

# Report on the activities of Bank Pekao S.A. Group for the first half of 2024



*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.*

**Warsaw, August 2024**

<b>1.</b>	<b>Highlights of Bank Pekao S.A. Group</b>	<b>3</b>
<b>2.</b>	<b>Highlights of Bank Pekao S.A.</b>	<b>4</b>
<b>3.</b>	<b>Summary of Performance</b>	<b>5</b>
<b>4.</b>	<b>External Activity Conditions</b>	<b>8</b>
<b>5.</b>	<b>Important Events and Achievements</b>	<b>11</b>
5.1	Description of the Group	11
5.2	Changes in the Group's structure	11
5.3	Changes in the Statutory Bodies of the Bank	11
5.4	The Bank's share capital and share ownership structure	13
5.5	Financial credibility ratings	14
<b>6.</b>	<b>Activity of Bank Pekao S.A. Group</b>	<b>16</b>
6.1	Achievements of Bank Pekao S.A.	16
6.2	Achievements of subsidiaries	27
6.3	Awards and distinctions	30
6.4	Factors which will affect the results of the Group	32
6.5	Description of major sources of risk and threats relating to the remaining months of 2024	33
<b>7.</b>	<b>Human Resources Management</b>	<b>34</b>
<b>8.</b>	<b>Statement of Financial Position and Financial Results</b>	<b>38</b>
8.1	The consolidated income statement – presentation form	38
8.2	Net allowances for expected credit losses	41
8.3	The structure of the net profit	42
8.4	Structure of the consolidated statement of financial position – short form	45
8.5	Provisions, deferred tax assets and liabilities	49
8.6	Off-balance sheet items	49
8.7	Capital adequacy	50
8.8	Reconciliation of income statement – presentation form and long form	52
<b>9.</b>	<b>Other Information</b>	<b>54</b>
9.1	Management Board position regarding the possibility of achieving previously published forecasts	54
9.2	Seasonality or cyclical nature of the Bank's activity	54
9.3	Information on dividend and appropriation of profit achieved	54
9.4	Shares in the Bank and related entities held by the Bank's Directors	54
9.5	Pending litigations	54
9.6	Related party transactions	54
9.7	Accounting principles adopted in the preparation of the report	55
9.8	Issuance, redemption and repayment of debt securities	55
9.9	Subsequent events	56
<b>10.</b>	<b>Representations of the Bank's Management Board on reliability of the presented financial statements</b>	<b>57</b>

## 1. Highlights of Bank Pekao S.A. Group

	1 HALF 2024	1 HALF 2023	2023	2023 (DATA PRESENTED IN PREVIOUS PERIODS)	2022 (DATA PRESENTED IN PREVIOUS PERIODS)
<b>INCOME STATEMENT – SELECTED ITEMS</b> <span style="float: right;">(in PLN million)</span>					
Operating income	7,678	7,473	15,200	14,733	10,664
Operating costs	(2,579)	(2,273)	(4,631)	(4,631)	(3,987)
Profit before income tax	3,760	4,180	8,565	8,480	2,882
Net profit attributable to equity holders of the Bank	2,936	3,263	6,659	6,578	1,717
<b>PROFITABILITY RATIOS</b>					
Return on average equity (ROE) – nominally	19.9%	26.2%	25.0%	24.7%	7.6%
Return on assets (ROA)	1.9%	2.2%	2.2%	2.2%	0.6%
Net interest margin	4.0%	4.2%	4.2%	4.2%	3.3%
Cost / income (including to contributions to the BFG cost and fee paid for the Protection Schemes)	36.7%	33.0%	31.7%	32.7%	44.4%
Costs of risk	0.46%	0.40%	0.36%	0.31%	1.12%
<b>STATEMENT OF FINANCIAL POSITION – SELECTED ITEMS</b> <span style="float: right;">(in PLN million)</span>					
Total assets	316,046	287,998	305,789	305,723	281,139
Customers' financing <sup>(*)</sup>	176,764	165,916	171,140	171,057	167,510
Amounts due to customers <sup>(**)</sup>	245,461	220,189	232,078	232,078	209,596
Debt securities issued and subordinated liabilities	16,080	10,952	12,739	12,739	13,127
Equity	28,223	26,095	30,428	30,341	22,775
<b>STATEMENT OF FINANCIAL POSITION STRUCTURE RATIOS</b>					
Customers' financing <sup>(*)</sup> / total assets	55.9%	57.6%	56.0%	56.0%	59.6%
Securities / total assets	32.9%	28.7%	32.7%	32.7%	25.3%
Deposits <sup>(***)</sup> / total assets	82.8%	80.3%	80.1%	80.1%	79.2%
Customers' financing <sup>(*)</sup> / deposits <sup>(***)</sup>	67.6%	71.8%	69.9%	69.9%	75.2%
Equity / total assets	8.9%	9.1%	10.0%	9.9%	8.1%
Total capital ratio <sup>(****)</sup>	16.6%	17.7%	17.5%	17.5%	17.8%
<b>EMPLOYEES AND NETWORK</b>					
Total number of employees <sup>(****)</sup>	15,259	14,918	15,129	15,129	14,642
Number of outlets	572	581	574	574	597
Number of ATMs	1,297	1,312	1,306	1,306	1,328

<sup>(\*)</sup> Including net investments in financial leases to customers, non-treasury debt securities and excluding reverse repo transactions.

<sup>(\*\*)</sup> Excluding repo transactions and lease liabilities.

<sup>(\*\*\*)</sup> Deposits include amounts due to customers, debt securities issued and subordinated liabilities.

<sup>(\*\*\*\*)</sup> Data for all reporting dates have been recalculated taking into account the retrospective recognition of part of the profit for respectively 2023 in accordance with the EBA position expressed in Q&A 2018\_3822 and Q&A 2018\_4085.

Note: Income statement data included in the table above and other notes to the Report on activities were presented according to income statement in a presentation form, which differs from the long form of the income statement presented in the Financial statements of the Group. Reconciliation of income statement in the presentation form and the long form is in the point 8.8 of the Report on activities.

## 2. Highlights of Bank Pekao S.A.

	1 HALF 2024	1 HALF 2023	2023	2023	2022
	DATA PRESENTED IN PREVIOUS PERIODS				
<b>INCOME STATEMENT – SELECTED ITEMS</b>					
<i>(in PLN million)</i>					
Operating income	7,418	7,304	14,657	14,283	10,320
Operating costs	(2,369)	(2,087)	(4,230)	(4,230)	(3,658)
Profit before income tax	3,773	4,243	8,643	8,559	3,012
Net profit	2,986	3,359	6,799	6,718	1,898
<b>PROFITABILITY RATIOS</b>					
Return on average equity (ROE) - nominally	20.5%	27.7%	26.1%	25.8%	8.7%
Return on assets (ROA)	2.0%	2.4%	2.4%	2.3%	0.7%
Net interest margin	4.1%	4.3%	4.3%	4.3%	3.3%
Cost / income (including to contributions to the BFG cost and fee paid for the Protection Schemes)	35.1%	31.1%	30.1%	30.9%	42.7%
Costs of risk	0.46%	0.40%	0.32%	0.26%	1.12%
<b>STATEMENT OF FINANCIAL POSITION – SELECTED ITEMS</b>					
<i>(in PLN million)</i>					
Total assets	302,552	276,691	294,552	294,477	271,705
Customers' financing <sup>(*)</sup>	161,877	152,835	157,406	157,322	155,477
Amounts due to customers <sup>(**)</sup>	245,756	220,526	232,307	232,307	209,802
Debt securities issued and subordinated liabilities	7,409	3,970	6,859	6,859	8,683
Equity	27,824	25,601	29,987	29,896	22,190
<b>STATEMENT OF FINANCIAL POSITION STRUCTURE RATIOS</b>					
Customers' financing <sup>(*)</sup> / total assets	53.3%	55.2%	53.4%	53.4%	57.2%
Securities / total assets	34.8%	30.1%	34.5%	34.5%	26.8%
Deposits <sup>(**)</sup> / total assets	83.7%	81.1%	81.2%	81.2%	80.4%
Customers' financing <sup>(*)</sup> / deposits <sup>(**)</sup>	63.8%	68.1%	65.8%	65.8%	71.2%
Equity / total assets	9.2%	9.3%	10.2%	10.2%	8.2%
Total capital ratio <sup>(****)</sup>	19.0%	20.3%	19.5%	19.5%	19.9%
<b>EMPLOYEES AND NETWORK</b>					
Total number of employees <sup>(****)</sup>	12,743	12,607	12,689	12,689	12,435
Number of outlets	572	581	574	574	597
Number of ATMs	1,297	1,312	1,306	1,306	1,328

<sup>(\*)</sup> Including non-treasury debt securities and excluding reverse repo transactions.

<sup>(\*\*)</sup> Excluding repo transactions and lease liabilities.

<sup>(\*\*\*)</sup> Deposits include amounts due to customers, debt securities issued and subordinated liabilities.

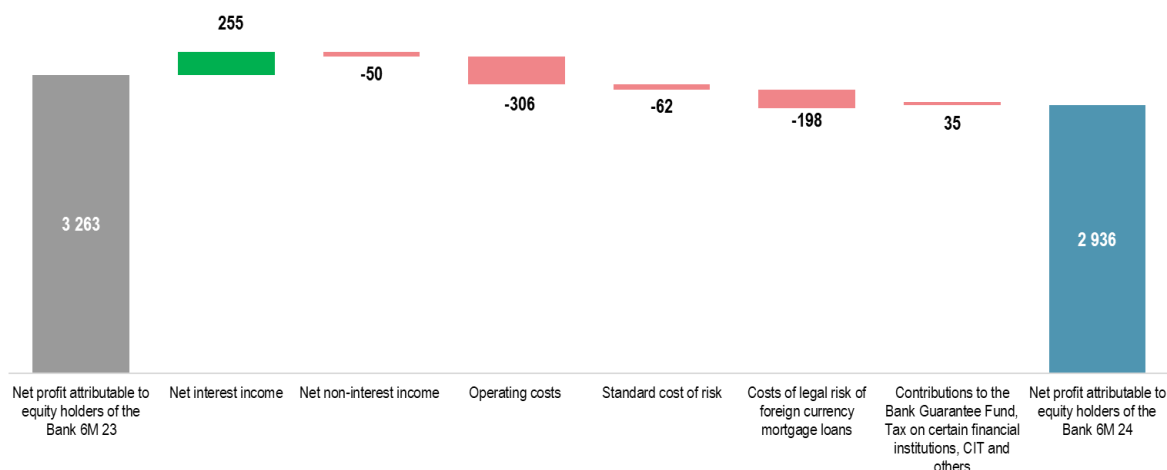
<sup>(\*\*\*\*)</sup> Data for all reporting dates have been recalculated taking into account the retrospective recognition of part of the profit for respectively 2023, in accordance with the EBA position expressed in Q&A 2018\_3822 and Q&A 2018\_4085.

### 3. Summary of Performance

#### Main P&L items

In the first half of 2024, we generated net profit of Bank Pekao S.A. Group attributable to the Bank's shareholders in the amount of PLN 2,936 million. This result was lower by PLN 327 million than the result achieved in the first half of 2023, mainly due to higher costs of legal risk of foreign currency mortgage loans, higher operating costs and the recognition of costs related to the modification of PLN mortgage loan agreements granted to consumers due to their suspension of loan repayments (credit holidays).

Net profit excluding the cost of credit holidays and the costs of legal risk of foreign currency mortgage loans amounted to PLN 3,369 million and was 4% higher year-on-year.



The ROE ratio was at the level of 19.9%.

The Group's operating income in the first half of 2024 amounted to PLN 7,678 million and was 2.7% higher than the income achieved in in the first half 2023, mainly due to the interest result, despite the recognition of credit holiday costs.

- Net interest income achieved in the first half of 2024 amounted to PLN 6,007 million and was higher by PLN 255 million, i.e. 4.4% compared to the result achieved in the first half of 2023, mainly due to higher volumes and a stable interest margin, despite the recognition of credit holiday costs in the amount of PLN 234 million.
- The net fee and commission income achieved in the first half of 2024 amounted to PLN 1,365 million and was higher by PLN 15 million, i.e. 1.1% compared to the result achieved in the first half of 2023, mainly due to higher commissions from investment funds and brokerage activities, as a result of improved sentiment on capital markets.
- The trading result achieved in the first half of 2024 amounted to PLN 209 million and was lower by PLN 113 million compared to the result achieved in the first half of 2023 due to the lower valuation of derivative instruments.

Operating costs in the first half of 2024 amounted to PLN 2,579 million and were higher by PLN 306 million, i.e. 13.5% compared to the first half of 2023, mainly due to inflation indexation of salaries and the variable part of personnel costs related to the profit.

The result of allowances for expected credit losses in the first half of 2024 amounted to PLN 413 million and was higher by PLN 62 million, i.e. 17.7% than in the first half of 2023.

Contributions to the Bank Guarantee Fund in the first half of 2024 amounted to PLN 239 million and were higher by PLN 49 million i.e. 25.8% than in the first half of 2023, due to the increase in the volume of guaranteed funds.

The tax on certain financial institutions in the first half of 2024 amounted to PLN 448 million and was higher by PLN 11 million, i.e. 2.5% than in the first half of 2023 due to the increase in the Bank's assets.

## Volumes

As at the end of June 2024, loans and advances at nominal value amounted to PLN 181,633 million and were higher by PLN 9,995 million, i.e. 5.8% than at the end of June 2023. As at the end of June 2024 the volume of retail loans amounted to PLN 81,879 million and were higher by PLN 8,059 million, i.e. 10.9% than at the end of June 2023. Corporate loans including non-treasury debt securities at the end of June 2024 amounted to PLN 99,754 million and were higher by PLN 1,936 million, i.e. 2.0% compared to the end of June 2023.

As at the end of June 2024 amounts due to the Group's Customers and Debt securities issued amounted to PLN 261,541 million and were higher by PLN 30,400 million, i.e. 13.2% than at the end of June 2023.

The value of net assets of investment funds managed by Pekao TFI S.A. amounted to PLN 28,236 million and was higher by PLN 6,810 million, i.e. 31.8% compared to the end of June 2023.

In the first half of 2024, we increased commercial activities, actively supported customers in maintaining financial liquidity, continued the digitization and automation of processes and the implementation of advanced digital solutions.

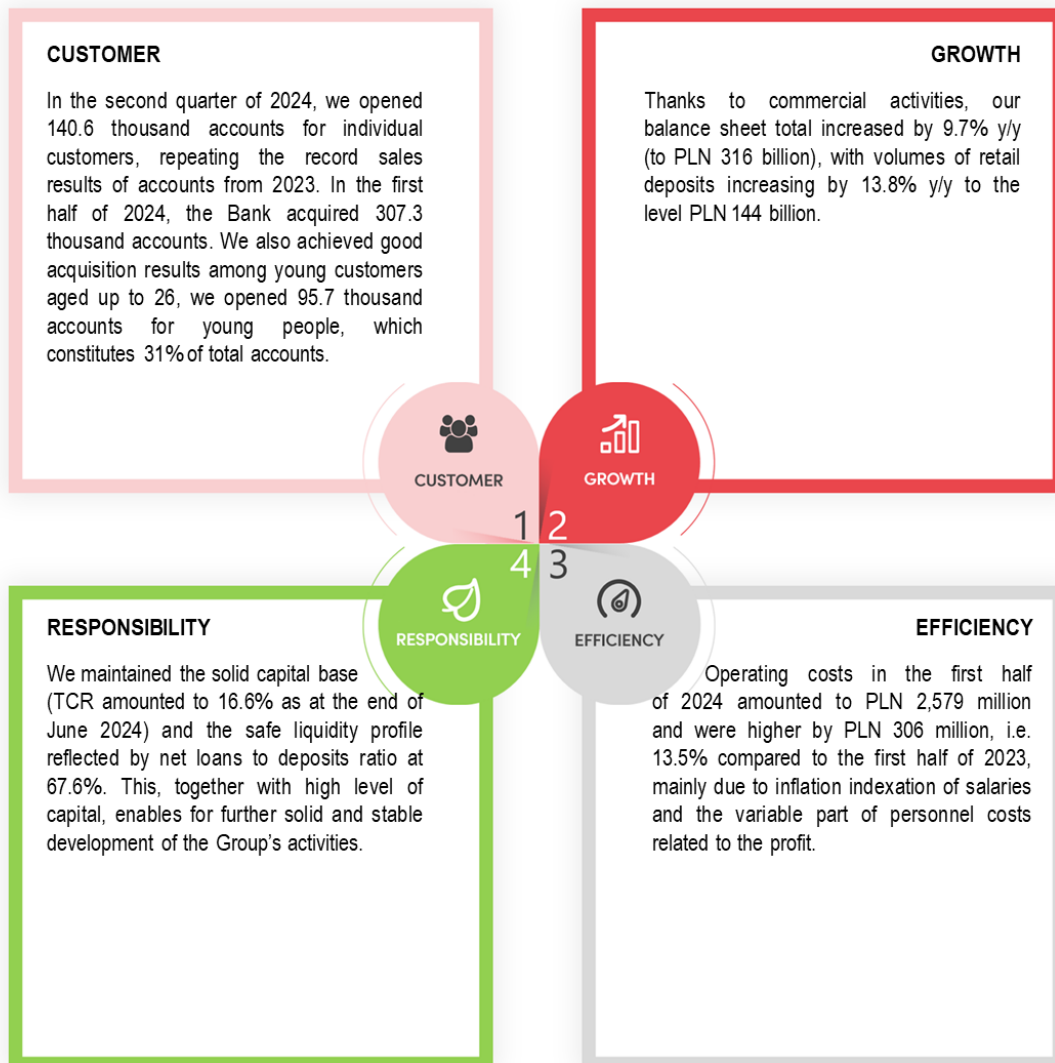
In the second quarter of 2024, we opened 140.6 thousand accounts for individual customers, repeating the high account sales results from 2023 - in the first half of 2024, the Bank acquired 307.3 thousand account.

We also achieved good acquisition results among young customers up to 26 years of age, opening 95.7 thousand accounts for young people, which constitutes 31% of total accounts. In the first half 2024, the number of active mobile banking customers increased by 162 thousand to 3.3 million, achieving the target assumed in the strategy at the end of 2024 (3.2 million). It was +11% higher than a year ago and +27% higher than two years ago.

We offer a wide range of deposit offers to individual clients, including: interest rate of 7.0% per annum on savings accounts, deposit with the fund at 7.5% per annum for a period of 6 months.

We have extended a special offer for individual and corporate customers from Ukraine.

We focused our activities in the following key strategic areas (in accordance with the adopted Strategy for 2021-2024).



## Strategy and key financial indicators

**„Responsible Bank. Modern banking”** is the strategy for the years 2021-2024, announced in March 2021.

According to the strategic plan:

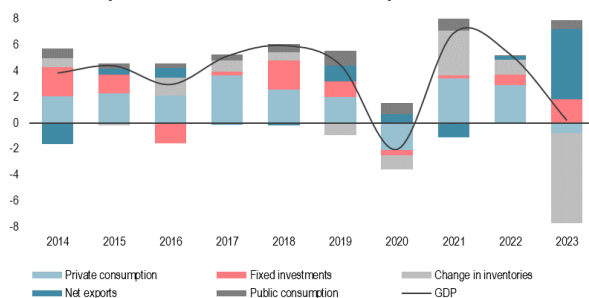
- we are a universal bank, we want to be the bank of first choice for our clients,
- we develop a remote distribution and customer service model,
- we focus on cost and process efficiency,
- we are growing in the most profitable market segments.

Our ambition is a strong position among the most profitable and effective banks in Poland, including increasing the return on equity (ROE), reducing the cost-to-income ratio and increasing the number of active mobile banking customers.

## 4. External Activity Conditions

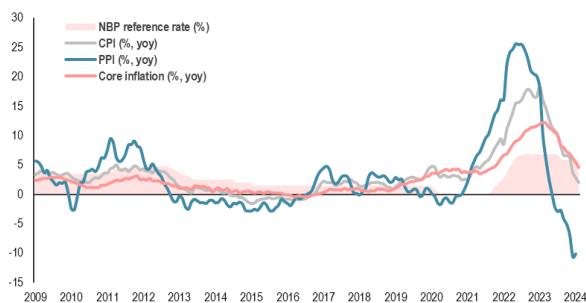
### Economic growth

After a weak year in the domestic economy in 2023, when GDP grew only by 0.2%, the beginning of this year brought the first signs of recovery. In the first quarter of 2023, the Polish economy grew by 2% yoy compared to 1% the previous quarter. The growth structure showed a clear recovery in consumption (+4.6% yoy) and at the same time a strong decline in investments (-1.8%) due to the high statistical base. The negative contribution of inventories had a strong impact on the GDP (-2.8 percentage points). The subsequent quarters of the year will bring further recovery of economic activity, but it will proceed at a moderate pace.



Macroeconomic data for the second quarter suggest that the Polish economy grew by 2.8% yoy. We expect that the economic recovery will continue in the second half of the year, mainly due to the accelerating consumption supported by the continued recovery of real household incomes. At the same time, we expect a further decline in investments (-0.6%) and a slightly negative contribution of inventories (-0.3 percentage points). As a result, we forecast GDP growth at the level of 3% in 2024 and its significant acceleration in the following year (4.3%).

### Inflation and monetary policy



In the second quarter of 2024, consumer inflation (CPI) remained close to the NBP inflation target (2.5% yoy), rebounding slightly from the cycle minimum (March 2.0% yoy). However, inflation's stay near the target will be short-term. From July, due to the partial unfreezing of energy tariffs for households, both electricity and gas bills will go up on average by about 20%, which will quickly increase inflation by almost 1.5 pp. to 4% yoy.

As for food prices, the second quarter was marked by the return to the higher VAT rate on food products (from 0% back to 5%). This process, as expected, was spread over time by retailers. Moreover, higher VAT returned with an asymmetric effect known to economists - prices rose more after VAT hikes than they fell after its cuts. Hence, the scale of food price increases in the second quarter was higher than expected. However, the vast majority of this adjustment has already taken place and we do not expect any surprising price jumps in the coming months. The underlying pressure on food prices remains low, but unfortunately with great potential for its increase due to unfavorable weather conditions, which will significantly limit the supply of fruit and vegetables this year.

In turn, year-on-year core inflation continued its disinflationary trend in the second quarter, falling to 3.6% yoy in June. We have already finished benefiting from a high reference base and current drops in core inflation are much less spectacular. In the coming months, core inflation will converge to its minimum in this cycle, to approximately 3.5% yoy. A good situation in the labour market (especially high growth in real wages) together with the gaining momentum of economic recovery will bring us closer to a rebound in core inflation, but it will not be a dynamic process.

At the end of 2024, CPI will rebound to approximately 4.5% yoy, but this rebound will be based mainly on non-core factors.

The Monetary Policy Council remains strongly "hawkish" regarding the uncertainty related to regulated prices, as well as a scale of the expected economic recovery and the resulting rebound in inflation in the second half of 2024 and later. Also, the NBP forecasts published in July indicate that inflation will return to the target permanently only in 2026. In such an environment, Bank Pekao economists still predict that the NBP interest rates will remain unchanged at least until the end of 2025.



## Fiscal policy

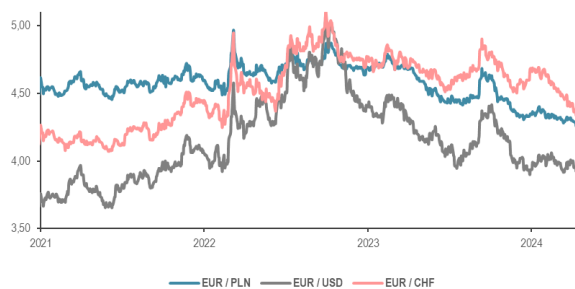


The first half of 2024 saw a further deterioration in the condition of the public finance sector at a pace consistent with earlier forecasts. Net borrowing needs are on a trajectory towards the PLN 252bn (as stipulated in the budget bill), while the budget deficit (understood as the 12-month rolling sum of monthly balances) in February broke through the record levels of the COVID pandemic period (PLN 93.4 billion vs. PLN 85.0 billion). The budget deficit is worsening despite a marked acceleration on the revenue side, with total budget revenue growth of 18.6% y/y in June 2024. In particular, the growth in the annual

rolling total of VAT revenues was 13.1% y/y (the highest so far in the whole of 2024), which was linked to the improvement in Poland's consumer economy, as well as the increase in the effective tax rate due to the abolition of 0% VAT on food. Nonetheless, VAT dynamics lagged behind the ambitious assumptions of the MF which had assumed a 29.5% year-on-year increase in nominal VAT receipts. The impressive growth in PIT income (71.6% y/y) was in turn derived from a favourable statistical base for 2023. Despite these increases, rising budget revenues were unable to balance rising expenditure, which recorded a 32.8% y/y growth rate in May (this is also the highest growth rate since the beginning of the year). The increase in budget expenditure is *prima facie* related to the cost of increased military spending following the outbreak of war in Ukraine, as well as the implementation of public policies announced in the parliamentary elections (increases for the budget sphere, the valorisation of the parental benefit, the 'Active Parent' programme).

A budget deficit of around 5% of GDP is expected in 2024. The increased level of public spending related to both the defense needs of the Polish Armed Forces and energy grid modernisation will continue in 2024 and subsequent years (according to the notification to the EU, defense spending will oscillate around 4% of GDP in subsequent years). There are no plans for these expenditures to be accompanied by a commensurate increase in the tax burden - the abolition of 0% VAT on food brings in less than PLN 10 billion a year to the budget, the unfreezing of energy prices is gradual and, in addition, the ongoing discussions on the reform of the capital gains tax (the so-called Belka tax) and the health insurance contribution may indicate an even stronger depletion of state revenues. This will result in an increase in the budget's borrowing needs, which will put upward pressure on government bond yields (despite the over-liquidity observed in the financial sector over the past few months, which has a mitigating effect on potential yield increases). Poland's inclusion in the EU's excessive deficit procedure does not change the projected path of deficits - the Multiannual Financial Plan of the State, published in recent months, already assumed a reduction in the negative balance of the public finance sector from 5.1% of GDP in 2023 to 3.3% of GDP in 2027.

## Exchange rate



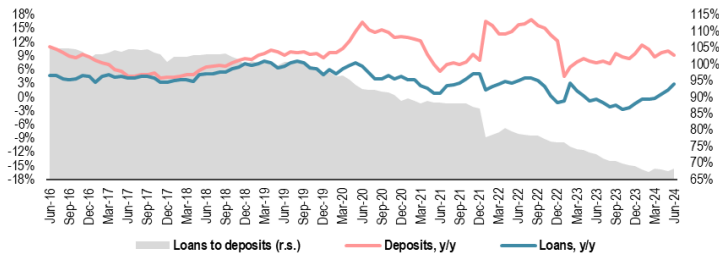
In the first half of 2024, the global monetary policy easing cycle begun. It was most visible in the CEE countries, namely Hungary and the Czechia, where rate cuts were started back in 4Q 2023 and in recent months have taken place on a large scale (of the order of 50bp) at every MPC meeting. More cautious are banks from developed countries, such as Switzerland, Sweden or the eurozone, which started cutting rates later (March, May and June, respectively) and are willing to follow suit at a quarterly intervals. The Fed will be the last to join them - probably in September 2024.

The pace of monetary easing – due to the high persistence of inflation - is slower than the market expected, so bond yields in major markets rose in H1 half of 2024, by about 50bp in the case of eurozone countries and at half the smaller scale in the US. The second half of the year is likely to bring stabilization and a reversal of this trend. Polish bond yields also rose, mainly on the back of hawkish communication from the MPC and the postponement of expectations for rate cuts in Poland.

In H1 2024, the zloty maintained its value. EUR/PLN fluctuated around the level of 4.30 (+/- 0.05) and USD/PLN around 4.00 (+/- 0.1) throughout the period. Polish currency benefited from hawkish stance of MPC (in the face of monetary easing in the countries of the region and in the Eurozone) but also encountered headwinds from geopolitical tensions (war in Gaza, premature elections in France, decline in J. Biden's chances for re-election in the US). The two factors essentially balanced each other out.

## Banking sector

At the end of May 2024, net profit in the banking sector stood at PLN 17.4bn, up by PLN 0.4 billion year-on-year (+2.4% y-o-y) and PLN 2.9bn higher than in March. On the revenue side, the main driver of profit growth was interest income, which rose by PLN 1.6bn year-on-year despite lower interest rates than a year ago. Rising costs, as well as depreciation and amortisation (PLN 2.2bn y/y) had a limiting effect on profit growth.



The balance sheet total of the banking sector amounted to PLN 3,102.4 billion in April, an increase of +8.8% year-on-year. The growth in monetary assets of financial institutions, although still high, is losing momentum compared to the previous years.

According to NBP data, the gap between loans and deposits remains wide, although robust credit expansion has corrected the gap upwards in the recent months. High positive deposit

dynamics (9.2% y/y in June) and slowly accelerating loan dynamics (2.8% y/y) are stabilising the loan-to-deposit ratio, which is currently at a very low level (68.3% against a historical low of 67.2% in February). The rapid growth of nominal deposits is linked to the structural process of rebuilding household savings - household deposits have been growing at a double-digit rate for months (10.6% y/y in June). Admittedly, loan sales are likely to be below expectations at the beginning of the year (this is due to delays in the implementation of the government's #NaStart programme, which in the second half of the year will clearly reduce annual growth in the volume of housing loans), but the scale of the correction will be limited by an improving consumer economy, which generates increased demand for retail loans.

Corporate deposit growth also remains positive, but is clearly decelerating (from 13.4% y-o-y in June 2023 to 2.3% y-o-y in June 2024). With negative corporate credit dynamics, this may indicate an increased scale of financing of working capital (and, in part, investment) expenditure from companies' own funds. Meanwhile, retail credit volume dynamics are improving (1.4% y-o-y in June 2024 against 0.5% y-o-y in May and continuously negative dynamics from September 2023 to March 2024). The positive dynamics of consumer credit (4.5% y-o-y) plays a large role in this, and the appetite for housing loans also seems to be growing (2.1% y-o-y in June against -1.9% y/y in January and -5.0% y/y in February last year).

## 5. Important Events and Achievements

### 5.1 Description of the Group

The composition of Bank Pekao S.A. Group is presented in the Notes to the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the first half of 2024.

### 5.2 Changes in the Group's structure

In the first half of 2024, there were no changes in the Bank Pekao S.A. Group.

### 5.3 Changes in the Statutory Bodies of the Bank

#### Supervisory Board

On 17 April 2024 the Ordinary General Meeting of the Bank, taking into account the assessment of compliance with suitability requirements, appointed the members of the Supervisory Board of the Bank for a new joint term of three years, beginning on 18 April 2024.

The following persons were appointed to the Supervisory Board of the Bank:

Mr. Krzysztof Czeszejko-Sochacki – member of the Supervisory Board

Mr. Bartosz Grześkowiak – member of the Supervisory Board

Mr. Radosław Niedzielski – member of the Supervisory Board

Mr. Jacek Nieścior – member of the Supervisory Board

Mr. Artur Nowak-Far – member of the Supervisory Board

Mr. Artur Olech – member of the Supervisory Board

Mr. Robert Sochacki – member of the Supervisory Board

Mrs. Anna Wawrzyńczak-Palynyczak – member of the Supervisory Board

Due to the appointment to the Management Board of the Bank, Mr. Robert Sochacki resigned from the Supervisory Board of the Bank, as of 9 July 2024.

According to the submitted statements none of the members of the Supervisory Board of the Bank conduct any business competitive to that of the Bank and none of the members is involved in a competitive business as a shareholder or partner in a civil law company, a partnership or a corporation or a member of a corporate body of a legal person. According to the submitted statements none of the members of the Supervisory Board of the Bank is registered in the Register of Insolvent Debtors kept pursuant to the provisions of the KRS (National Court Register) Act of 20 August 1997.

#### The composition of the Supervisory Board of Bank Pekao S.A. has as follows:

AS AT THE DATE OF SUBMITTING THE REPORT FOR THE FIRST HALF OF 2024	30 JUNE, 2024	AS AT THE DATE OF SUBMITTING THE REPORT FOR THE FIRST QUARTER OF 2024
Artur Olech Chairman of the Supervisory Board	Artur Olech Chairman of the Supervisory Board	Artur Olech Chairman of the Supervisory Board
Bartosz Grześkowiak Deputy Chairman of the Supervisory Board	Bartosz Grześkowiak Deputy Chairman of the Supervisory Board	Bartosz Grześkowiak Deputy Chairman of the Supervisory Board
Artur Nowak-Far Deputy Chairman of the Supervisory Board	Artur Nowak-Far Deputy Chairman of the Supervisory Board	Artur Nowak-Far Deputy Chairman of the Supervisory Board
Anna Wawrzyńczak-Palynyczak Secretary of the Supervisory Board	Anna Wawrzyńczak-Palynyczak Secretary of the Supervisory Board	Anna Wawrzyńczak-Palynyczak Secretary of the Supervisory Board
Krzysztof Czeszejko-Sochacki Member of the Supervisory Board	Krzysztof Czeszejko-Sochacki Member of the Supervisory Board	Krzysztof Czeszejko-Sochacki Member of the Supervisory Board
Radosław Niedzielski Member of the Supervisory Board	Radosław Niedzielski Member of the Supervisory Board	Radosław Niedzielski Member of the Supervisory Board
Jacek Nieścior Member of the Supervisory Board	Jacek Nieścior Member of the Supervisory Board	Jacek Nieścior Member of the Supervisory Board
	Robert Sochacki Member of the Supervisory Board	Robert Sochacki Member of the Supervisory Board

### Management Board of the Bank

On 8 May 2024 the Bank's Supervisory Board adopted the resolutions to recall at the day the following persons from the Management Board: Mr. Leszek Skiba, Mr. Jarosław Fuchs, Mr. Jerzy Kwieciński, Mr. Wojciech Werochowski, Mr. Paweł Strączyński, Mr. Piotr Zborowski

On 8 May 2024 Supervisory Board of Bank Pekao S.A. delegated Members of the Bank's Supervisory Board to perform the duties of the Vice President of the Bank's Management Board for a period of up to 3 months – subject to the possibility of terminating the delegation earlier.

The following people were delegated to the Bank's Management Board:

Mr. Robert Sochacki – Supervisory Board member delegated to perform temporarily the duties of Vice President of the Management Board managing the work of the Management Board

Mrs. Anna Wawrzyńczak-Palynyczak – Supervisory Board member delegated to perform temporarily the duties of Vice President of the Management Board

On 9 July 2024 the Supervisory Board of the Bank, in an open selection process and after assessing suitability, appointed:

- effective from 5 October 2024 in the Bank's Management Board of the current joint term of office Mr. Cezary Stypułkowski (i) for the position of the President of the Management Board of the Bank provided and upon obtaining the consent of the Polish Financial Supervision Authority, but not earlier than on 5 October 2024, (ii) and in the absence of the consent of the Polish Financial Supervision Authority by 5 October 2024 to the Management Board of the Bank as Vice President, until the condition specified above is met, entrusting Mr. Cezary Stypułkowski with assignment to manage the work of the Management Board during the time,
- effective from 10 July 2024 in the Bank's Management Board of the current joint term of office Mr. Robert Sochacki for the position of Vice President of the Management Board of the Bank,
- effective from 18 July 2024 in the Bank's Management Board of the current joint term of office Ms. Dagmara Wojnar for the position of Vice President of the Management Board of the Bank.

Until Mr. Cezary Stypułkowski is appointed to the Bank's Management Board, the work of the Management Board is managed by Mr. Robert Sochacki, Vice-President of the Bank's Management Board.

### The composition of the Management Board of Bank Pekao S.A. has as follows:

AS AT THE DATE OF SUBMITTING THE REPORT FOR THE FIRST HALF OF 2024	30 JUNE, 2024	AS AT THE DATE OF SUBMITTING THE REPORT FOR THE FIRST QUARTER OF 2024
Robert Sochacki Vice President of the Bank's Management Board, managing the work of the Bank's Management Board	Robert Sochacki Supervisory Board member delegated to perform temporarily the duties of Vice President of the Management Board managing the work of the Management Board	Leszek Skiba President of the Management Board
Anna Wawrzyńczak-Palynyczak Member of the Supervisory Board delegated to perform temporarily the duties of Vice President of the Bank's Management Board	Anna Wawrzyńczak-Palynyczak Supervisory Board member delegated to perform temporarily the duties of Vice President of the Management Board	Jarosław Fuchs Vice President of the Management Board
Marcin Gadomski Vice President of the Management Board	Marcin Gadomski Vice President of the Management Board	Marcin Gadomski Vice President of the Management Board
Błażej Szczecki Vice President of the Management Board	Błażej Szczecki Vice President of the Management Board	Jerzy Kwieciński Vice President of the Management Board
Dagmara Wojnar Vice President of the Management Board	Magdalena Zmitrowicz Vice President of the Management Board	Paweł Strączyński Vice President of the Management Board
Magdalena Zmitrowicz Vice President of the Management Board		Błażej Szczecki Vice President of the Management Board
		Wojciech Werochowski Vice President of the Management Board
		Piotr Zborowski Vice President of The Management Board
		Magdalena Zmitrowicz Vice President of the Management Board

The Management Board ensures that the management system at the Bank is transparent and effective and runs the Bank's affairs in compliance with applicable laws and Best Practices. The core values underlying the management of the Bank are professionalism, reliability and confidentiality.

## 5.4 The Bank's share capital and share ownership structure

As at 30 June, 2024, the share capital of Bank Pekao S.A. amounted to PLN 262,470,034 and remained unchanged until the date of submitting the report. The Bank's share capital was divided into 262,470,034 shares in the following series:

- 137,650,000 Series A bearer shares with a par value of PLN 1.00 per share,
- 7,690,000 Series B bearer shares with a par value of PLN 1.00 per share,
- 10,630,632 Series C bearer shares with a par value of PLN 1.00 per share,
- 9,777,571 Series D bearer shares with a par value of PLN 1.00 per share,
- 373,644 Series E bearer shares with a par value of PLN 1.00 per share,
- 621,411 Series F bearer shares with a par value of PLN 1.00 per share,
- 603,377 Series G bearer shares with a par value of PLN 1.00 per share,
- 359,840 Series H bearer shares with a par value of PLN 1.00 per share,
- 94,763,559 Series I bearer shares with a par value of PLN 1.00 per share.

All the existing shares are ordinary bearer shares. There are no special preferences or limitations connected with the shares, or differences in the rights attached to them. The rights and obligations related to the shares are defined by the provisions of the Polish Commercial Companies Code and other applicable law.

Shareholders of Bank Pekao S.A., holding directly or indirectly, through subsidiaries, at least 5% of the total number of votes at the General Meeting of the Bank, are as follows:

SHAREHOLDER'S NAME	NUMBER OF SHARES AND VOTES AT THE GENERAL MEETING	SHARE IN SHARE CAPITAL AND TOTAL NUMBER OF VOTES AT THE GENERAL MEETING	NUMBER OF SHARES AND VOTES AT THE GENERAL MEETING	SHARE IN SHARE CAPITAL AND TOTAL NUMBER OF VOTES AT THE GENERAL MEETING
	AS AT THE DATE OF SUBMITTING THE REPORT FOR THE FIRST HALF OF 2024		AS AT THE DATE OF SUBMITTING THE REPORT FOR THE FIRST QUARTER OF 2024	
Powszechny Zakład Ubezpieczeń S.A.	52,494,007	20.00%	52,494,007	20.00%
Polski Fundusz Rozwoju S.A.	33,596,166	12.80%	33,596,166	12.80%
Funds managed by Nationale-Nederlanden Powszechnie Towarzystwo Emerytalne S.A.	18,893,000	7.20%	18,893,000	7.20%
Funds managed by Powszechnie Towarzystwo Emerytalne Allianz Polska S.A.	14,175,051	5.40%	14,175,051	5.40%
Other shareholders (below 5%)	143,311,810	54.60%	143,311,810	54.60%
<b>Total</b>	<b>262,470,034</b>	<b>100.00%</b>	<b>262,470,034</b>	<b>100.00%</b>

Until the date of submitting the report the Bank has not received any other notifications regarding changes in the ownership structure in accordance with par. 69 of the Act of July 29, 2005 on Public Offerings and Conditions Governing the Introduction of Financial Instruments to an Organized System of Trading, and on Public Companies.

## 5.5 Financial credibility ratings

### Bank Pekao S.A. financial credibility ratings

Bank Pekao S.A. co-operates with three leading credit rating agencies: Fitch Ratings (the Fitch), S&P Global Ratings (S&P), and Moody's Investors Service. In the case of the first two agencies, the ratings are provided on a solicited basis under relevant agreements and with respect to Moody's Investors Service the ratings are unsolicited and they are based on publicly available information and review meetings.

As of 30 June 2024, Bank Pekao S.A. had assigned following financial credibility ratings:

<b>FITCH RATINGS</b>	<b>BANK PEKAO S.A.</b>	<b>POLAND</b>
Long-Term Default rating (IDR)	BBB	A-
Short-Term Default Rating	F2	F1
Viability Rating	bbb	-
Government Support Rating	No support	-
Outlook	Stable	Stable
National Long-Term Rating	AA-(pol) (stable outlook)	-
National Short-Term Rating	F1+(pol)	-
<b>S&amp;P GLOBAL RATINGS</b>	<b>BANK PEKAO S.A.</b>	<b>POLAND</b>
Long-term rating in foreign currencies	BBB+	A-
Long-term rating in domestic currency	BBB+	A
Short-term rating in foreign currencies	A-2	A-2
Short-term rating in domestic currency	A-2	A-1
Stand-alone credit profile	bbb+	-
Outlook	Positive	Stable
Rating of Senior Non-Preferred series ESN1 bonds	BBB	-
Rating of Senior Non-Preferred series SN3 bonds	BBB	-
Rating of Senior Preferred series SP2 bonds	BBB+	-
<b>S&amp;P GLOBAL RATINGS (RESOLUTION COUNTERPARTY RATING)</b>	<b>BANK PEKAO S.A.</b>	<b>POLAND</b>
Long - term RCR in foreign currencies	A-	-
Short - term RCR in foreign currencies	A-2	-
Long - term RCR in domestic currency	A-	-
Short - term RCR in domestic currency	A-2	-
<b>MOODY'S INVESTORS SERVICE (UNSOLICITED RATING)</b>	<b>BANK PEKAO S.A.</b>	<b>POLAND</b>
Long-term foreign-currency deposit rating	A2	A2
Short-term deposit rating	Prime-1	Prime-1
Baseline Credit Assessment	baa2	-
Long-term counterparty risk assessment	A2(cr)	-
Short-term counterparty risk assessment	Prime-1(cr)	-
Outlook	Stable	Stable
Long-term Counterparty Risk Rating (CRR)	A2	-
Short-term Counterparty Risk Rating (CRR)	Prime-1	-

On 4 April 2024 S&P informed the bank about assigning long-term rating of BBB for the issue of Senior Non-Preferred series SN3 bonds.

On 10 April 2024 Moody's informed the bank about maintaining the ratings of the bank at the current level with the stable outlook.

According to Moody's the affirmation of Bank Pekao's baa2 BCA reflects the bank's improved profitability, which Moody's Ratings expects will soften in 2024 but to remain at strong levels, and robust capitalization with a substantial buffer over regulatory requirements. The affirmation of Bank Pekao's BCA also incorporates its stable funding profile, predominantly with domestic deposits and large liquidity buffers.

On 5 July 2024 S&P informed the bank about assigning long-term rating of BBB+ for the issue of Senior Preferred series SP2 bonds.

On 17 July 2024 Fitch informed the bank about maintaining the ratings of the bank at the current level with the stable outlook. According to Fitch Pekao's ratings reflect its strong competitive position as the second-largest bank in Poland, seasoned business model and adequate risk-weighted regulatory capital metrics. It also reflects adequate near-term profitability prospects, stable deposit-based funding and robust liquidity. The bank's asset quality, which is weaker than peers, remains a rating weakness.

#### **Pekao Bank Hipoteczny S.A. financial credibility ratings**

Pekao Bank Hipoteczny S.A. cooperates with the international rating agency Fitch Ratings.

Fitch emphasizes that the rating of Pekao Bank Hipoteczny S.A. is linked to the rating of Bank Pekao S.A., which holds 100% of the Bank's shares. According to Fitch, the rating of Pekao Bank Hipoteczny S.A. is influenced by the level of integration with the parent entity and the scale of operations and the Bank's capital.

At the end of June 2024, the long-term rating of Pekao Bank Hipoteczny S.A., assigned by the Fitch rating agency, was BBB with a "Stable" outlook. Covered bonds issued by Pekao Bank Hipoteczny S.A. had a "BBB+" rating.

A high rating of the bonds means that Pekao Bank Hipoteczny S.A. has the ability to issue securities with a high level of security and obtain long-term funds for credit activity.

## 6. Activity of Bank Pekao S.A. Group

### 6.1 Achievements of Bank Pekao S.A.

Bank Pekao S.A. is a universal commercial bank offering all financial services available in Poland for individual and institutional clients. A wide range of products, innovative solutions and individual approach ensure comprehensive financial support for clients and an integrated customer service model is a guarantee of the highest quality of services and optimal adjustment to changing customer needs. Since 2017, Bank Pekao S.A. is part of the PZU S.A. capital group, the largest financial institution in Central and Eastern Europe.

A wide product offer, innovative solutions and individual approach provide comprehensive financial service to clients and the integrated customer service model provides the highest quality of services and their optimal adaptation to changing needs. The Bank has measurable advantages that allow it to compete effectively on the market and strengthen its market position in the strategic areas of the Bank's operations. The Bank offers competitive products and services on the Polish market, and high level of customer service and a well-developed distribution network.

#### BUSINESS MODEL

The Bank's business model is based on customer segmentation with the following groups of customers:

- **RETAIL BANKING AND PRIVATE BANKING** – serving individual clients, including affluent private banking clients and micro enterprises. Private banking clients are offered investment advisory through private banking centers and remote channels, while all individual clients and micro-enterprises are served through a wide network of branches and partner outlets supported by market-leading remote service channels, including digital channels,
- **ENTERPRISE BANKING** – providing financial services to clients from small and medium-sized enterprises sector that are served by relationship managers with the support of product specialists. The service is carried out in specialized Business Customer Centers, Corporate Centers and universal retail branches. Customers are offered with products and services tailored to their individual needs based on solutions proven in corporate banking and adapted to the needs of the enterprise segment,
- **CORPORATE AND INVESTMENT BANKING** – providing financial services to large enterprises (segmentation by revenues of companies), public sector entities, financial institutions and entities from the commercial real estate financing sector. Corporate and investment banking clients are served by relationship managers with the support of product specialists.

#### Distribution channels

The Bank offers to its clients a broad distribution network with ATMs and outlets conveniently located throughout Poland as well as a professional call center and a competitive online and mobile banking platform for individual, corporate and micro-enterprises.

	30.06.2024	30.06.2023
Total number of outlets	572	581
own outlets	485	506
partner branches	87	75
Total number of own ATMs	1,297	1,312

#### The number of accounts

At the end of June 2024, the Bank maintained 8,377.3 thousand PLN denominated current accounts, 361.6 thousand mortgage loan accounts and 577.7 thousand "Pożyczka Ekspresowa" (Express Loan) accounts.

	30.06.2024	30.06.2023
Total number of PLN current accounts <sup>(*)</sup>	8,377.3	7,729.6
of which packages	5,867.6	5,514.9
Number of mortgage loans accounts <sup>(**)</sup>	361.6	362.1
of which PLN mortgage loans accounts	344.7	337.8
Number of Pożyczka Ekspresowa loan accounts <sup>(***)</sup>	577.7	583.8

(\*) Number of accounts including accounts of prepaid cards.

(\*\*) Retail customers accounts.

(\*\*\*) Pożyczka Ekspresowa, Pożyczka Ekspresowa Biznes.

The data presented according to the business model based on the managerial model in which the main criterion for dividing the Group's reporting is the classification of the client depending on his profile and service model.



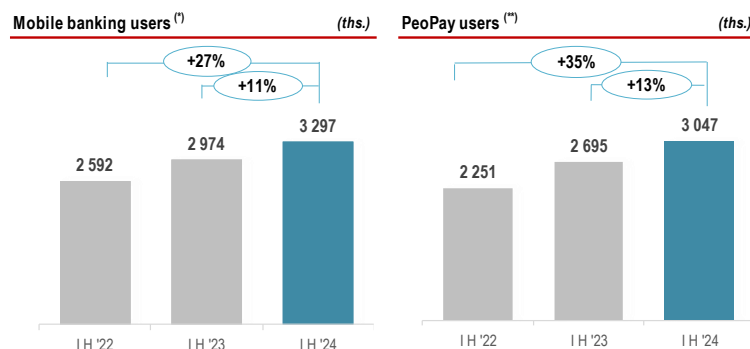
**RETAIL BANKING AND PRIVATE BANKING**
**Strategy - The „Customer” pillar**

We are intensively developing digital channels as well as quick and convenient service processes. We seek to enable retail clients to handle almost any matter online. **The digitization rate of nearly 100% is one of the key strategic aspirations.**

The PeoPay mobile application becomes the main channel of contact with the client. We plan to make even greater use of advanced data analytics and modern sales support tools in order to personalize the offer, improve service quality and increase the tendency to recommend our services. The key measure of success that we strive for is a leap advance in customer satisfaction rankings.

**Development of electronic and mobile banking**

In the first half of 2024, the number of active mobile banking customers increased by 162 thousand to the level of over 3.3 million, i.e. to the target assumed in the strategy at the end of 2024 (3,2 million) and was +11% higher than a year ago and +27% higher than two years ago. The number of active mobile customers using the PeoPay application increased by 174 thousand to 3.0 million and was +13% higher than a year ago and +35% higher than two years ago.



(\*) Unique user actively using electronic banking is a user who logged in to the system and the mobile service m.pekao24.pl. at least once during the last quarter (in case of using different mobile channels the client is counted only once).

(\*\*) Unique user PeoPay application who logged in to the system PeoPay at least once during the last quarter.

In the first half of 2024, the number of business customers actively using electronic banking increased by 4.7 thousand to the level of 248 thousand. The number of active business mobile banking customers increased by 20 thousand to the level of 164 thousand.

In the first half of 2024, we introduced the following in PeoPay and Pekao24 electronic banking:

- registration in the Miles & More program,
- Skarbonka account, which supports saving for a selected purpose,
- request for a BLIK transfer in PeoPay,
- information about the client's insurance,
- ability to personalize the application for Private Banking,
- new and more functional chat with hotline employees and presentation of customer advisor data,
- new seasons of educational games in the PeoPay KIDS application,
- two level login to the Pekao24 website using the PeoPay application,
- ability to submit applications for support services for people with disabilities,
- possibility of ordering a duplicate credit card,
- further personalization and visualization options in the PeoPay application related to sports and music,
- providing credit products to business customers,
- making it easier to open a company with an account in PeoPay,
- improvements in additional services such as: geolocation, public transport tickets before logging in,
- a new tab in the "Your products" menu with products arranged in categories,
- handling PESEL number objections.

**Strategy - The „Growth” pillar**

**We strive for business growth in the most profitable market segments product groups and areas of untapped potential, which will result in improved profitability. i.e. consumer finance and in the micro-enterprises segment.**

We plan to acquire over 400 thousand individual customers every year and increase its market share in cash loans. Moreover we will seek to rejuvenate the demographic structure of the retail customer base. The goal is to acquire over 600 thousand customers under 26 years of age by 2024.

**We also focus on digital growth in investment products.** We are also strengthening business synergies with the PZU Group, which will result in an **increase in sales of insurance products** and a twofold increase in the gross written premium by 2024.

**Number of clients and accounts**

In the second quarter of 2024, we opened 140.6 thousand accounts for individual customers, repeating the high sales results of accounts from 2023 - in the first half of 2024, the Bank acquired 307.3 thousand accounts compared to 304.9 thousand (+1% y/y) in the same period in 2023. As a result, the number of personal accounts for individual clients increased by +86 thousand in the second quarter by as much as +191 thousand in the first half of 2024 by 338 thousand (+7% y/y).

Thanks to online marketing activities, over 62 thousand accounts were created for selfies. We also achieved good acquisition results among young customers aged up to 26, we opened 95.7 thousand accounts for young people, which constitutes 31% of total accounts.

The high sales of accounts were influenced by the attractive offer of Konto Przekorzystne with a high-interest Savings Account and activities encouraging parents to open their child's first account at the Bank.

We launched subsequent editions of promotions for opening online accounts, under which customers could receive a bonus of up to PLN 200 for opening an account and actively using a debit card, offers with attractive interest rates on funds on the Moje Skarb savings account and promotions for opening an account were still available.

Number of new Świat Premium accounts opened, offered to customers who deposit funds above PLN 200 thousand in the Bank's savings products reached over 19 thousand with an increase of +25% compared to the same period in 2023.

In the PeoPay application and the Pekao24 website, we have enabled savings for specific purposes. The product Skarbonka is linked to the Savings Account. Customers can save regularly by specifying their goal, time and amount necessary to achieve it. Relatives can also transfer funds directly to the Skarbonka account and thus support the idea of family banking with Pekao. By the end of June 2024, customers had opened almost 19 thousand such accounts.

In June, we introduced the ability to choose 20 new card images and personalize visualizations in the PeoPay application, related to the passion for sports and music. A special catalog of prizes has been prepared in the Mastercard Bezcenne Chwile program and a promotion for signing up to the program with a card with a music, sports and gaming image, thanks to which the pursuit of passions, goals and dreams with Bank Pekao S.A. becomes easier.

Changes in the product offer were appreciated in the Złoty Bankier ranking in 2024 conducted by Bankier.pl and Puls Biznesu. We received three awards for second place in the following categories: best account, best account for a child and payment card - best design.

Until the end of 2025, we have extended a special offer for Ukrainian citizens, under which maintaining a Konto Przekorzystne, handling a card to the account and cash withdrawals from all ATMs in Poland, as well as outgoing and incoming transfers from Ukrainian banks are free of charge. In the first half of 2024, we opened nearly 17.5 thousand accounts for Ukrainian citizens.

### Payment cards

As part of cooperation with LOT Polish Airlines and Miles & More, our customers can collect miles for transactions made with a Żubr Credit Card and then exchange them, for example, for airline tickets.

The promotion of the Miles & More program was supported by an intensive marketing campaign on the Internet, social media and at Chopin Airport, and one of the planes was marked with the colors and logo of our Bank and at the same time became a showcase of strategic cooperation.

At the end of the first half of 2024, nearly 170 thousand people used the Żubr Credit Card. customers. From the second quarter, new customers can receive a Credit Card with Żubr by submitting an online application.

### Lending products

In the first half of 2024, we achieved very good sales results of cash loans, in line with the assumed goals. The value of cash loans increased to PLN 3.1 billion in terms of net volumes by +24% compared to the same period of 2023, the value of gross contracts signed increased to PLN 3.5 billion, i.e. by +27% y/y, achieving higher sales growth dynamics compared to the result of the entire banking sector .

In the second quarter of 2024, sales of cash loans increased to PLN 1.7 billion net, i.e. by +25% quarter on quarter, and the gross value of signed contracts amounted to PLN 2.0 billion, reaching an increase of +29% compared to the first quarter 2024.

In the first half of 2024, the sales volume of cash loans in remote channels increased by +24% compared to the first half of 2023. In the second quarter of 2024, we achieved a record volume of electronic sales of PLN 1.2 billion. The share of loans granted electronically on Pekao24 websites, in the PeoPay mobile application and via the Bank's line in the first half of 2024 remains above 80%.

We were constantly adapting the offer to changing market conditions, we ran active advertising campaigns "Weż wygodną pożyczkę gdzie chcesz i na co chcesz" on the Internet and in the Bank's internal channels and national media.

We continue to provide loans to finance tuition for paid medical studies. At the beginning of each semester, students can apply for a loan to benefit from interest subsidies, loan guarantees granted by BGK, as well as full or partial amortization. So far, over 3.1 thousand customers took advantage of this loan for a total amount of over PLN 620 million, of which we have already disbursed almost PLN 183 million of semester tranches of the loan.

In the first quarter of 2024, we concluded an agreement with the Terg S.A. Capital Group. (owner of the Media Expert brand chain of stores) in the field of intermediation in offering installment loans in stationary and online stores.

### Mortgage loans

In the first half of 2024, the Bank achieved very good sales results of mortgage loans. Loan sales in the first half of 2024 amounted to over PLN 6.6 billion and were more than three times (i.e. +235% y/y) higher than in the first half of 2023. The achieved sales results allowed us to achieve sales dynamics significantly exceeding the results of the entire banking sector.

Applications under the loan program "Bezpieczny Kredyt 2%" submitted at the end of 2023 still supported sales results in the first quarter of 2024, but already then the sales of standard housing loans (excluding Bezpieczny Kredyt 2%) increased by +60%.

In the second quarter of 2024, sales of mortgage loans amounted to PLN 2.4 billion and were +83% higher compared to with the second quarter of 2023.

We constantly updated and adapted our mortgage loan offer to changing market conditions and needs, and also expanded our loan offers for higher amounts.

We have consistently improved the processes of granting and servicing loans, including: taking into account the benefit under the Family 800+ Program in the assessment of creditworthiness and expanding the availability of remote instructions (eDisposition).

In May, we made it possible for our borrowers to submit applications for suspension of mortgage repayments as part of the so-called statutory loan holidays in 2024 and we have implemented new solutions to support borrowers in financial difficulty in accordance with statutory changes.

The settlement offer introduced for borrowers with active housing loans denominated in CHF, which are included in the Bank's portfolio almost entirely through the merger of a separated part of Bank BPH SA in 2007, met with great interest and acceptance from customers. We have already prepared a settlement offer for over 80% of borrowers, of which over half, i.e. 6.5 thousand clients accepted our proposal and as a result, we signed over 6.3 thousand settlements.

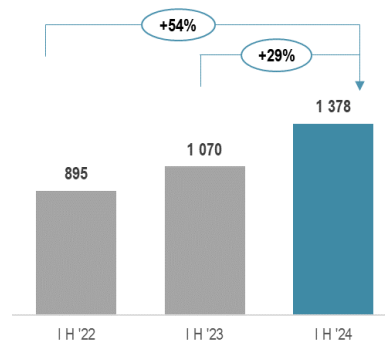
In March 2024, we transferred another part of mortgage loan receivables to Pekao Bank Hipoteczny. The total number of loans transferred so far is over 10.9 thousand worth PLN 2.1 billion.

### Business clients loans

In the first half of 2024, new sales of financing to business customers in total (loans, leasing and factoring) amounted to PLN 1,378 million and were higher by +29% y/y. The increase in new sales of bank loans in the business segment in the first half of 2024 by +25% y/y to the level of PLN 693 million was supported by attractive terms of the new offer related to the possibility of repaying liabilities from another bank, development of the offer of loans with pre-tested creditworthiness for existing customers who can easily and quickly use the promised limits for an overdraft, loan or credit card.

In the second quarter of 2024, we launched a new, remote electronic process thanks to which micro-entrepreneurs/sole proprietorships can apply for financing. The Bank's customers who have been running a sole proprietorship for at least two years can remotely apply for a loan or loan for an amount of up to PLN 1 million in electronic banking.

**Sale of financing for business clients** (PLN million)



### Development in the area of insurance products

In the first half of 2024, intensive promotional and sales support activities in the bancassurance area, which translated into high sales volumes and significantly exceeded the budgeted plans.

We have modified the product offer to include key insurance related to banking products: CPI for cash loans and mortgage loans. The new products are characterized by a wider scope and a higher insurance sum.

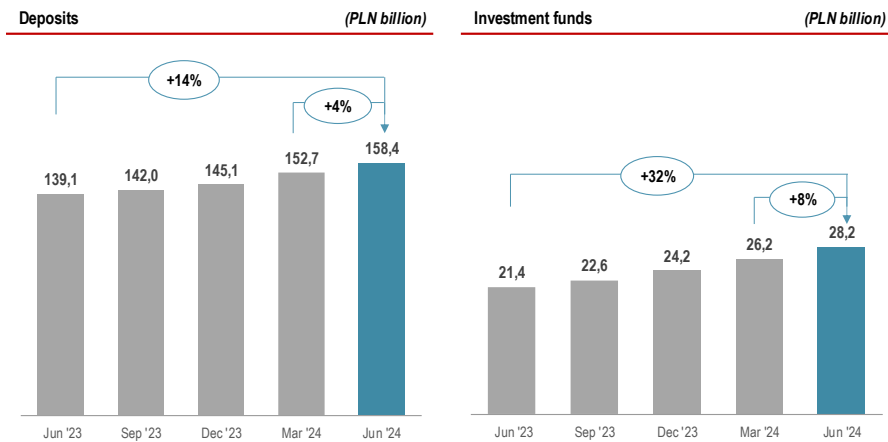
In the first half of 2024, the collected premium from protection insurance was higher by +66% y/y; after taking into account investment products, the dynamics reached +16% y/y.

The high increase in sales concerned products unrelated to banking products, including: real estate insurance (+26% of the collected premium y/y), travel insurance (2.5-fold increase in the number of policies y/y) and motor insurance - in the first half of 2024, 5x more motor policies were sold than in the same period of 2023.

The share of the number of mortgage loans sold with insurance (for which insurance could be offered) remained at a stable high level of 89%, and in the number of cash loans it was 39%.

### Deposit, brokering activity and sale of investment products

At the end of the first half of 2024, the total value of deposits held by individual clients (including Private Banking clients) and business clients amounted to PLN 158.4 billion, with an increase of PLN 13 billion (+9%) compared to the end of December 2023 and PLN 19 billion (+14%) compared to June 2023.



Promotions on savings accounts and Mój Skarb accounts were most popular among new individual customers. By the end of June 2024, we had opened over 134 thousand savings accounts and almost 50 thousand account Mój Skarb accounts.

At the end of June 2024, we operated over 2.6 thousand Konto Mieszaniowe, where customers deposited almost PLN 35 million. In 2024, we offered customers who decided to save for their first apartment an attractive 7% interest rate per annum for the first 6 months.

From June 2024, we have introduced Lokata dla Młodych in PLN, available in the PeoPay application for customers aged 18-26. As well as a promotional offer of currency deposits available online, in the PeoPay application and on the Pekao24 website.

For customers who accept the possibility of investing part of their savings in investment products, we offer attractive solutions combining the advantages of investment and deposit, i.e. Deposit with a Fund and Investing Deposit, which automatically transfers funds from a term deposit to an investment fund selected by the customer. Savings products combining deposits with a wide range of investment funds were very popular, which resulted in an increase in Pekao TFI's assets by 32% y/y and 17% compared to the end of 2023.

In the first half of 2024, net sales of investment products amounted to PLN 9.1 billion (+80% y/y). The greatest interest was in Treasury Bonds, in which clients had invested PLN 5 billion since the beginning of the year, and in investment funds - PLN 3.4 billion (including combined products).

In the first half of 2024, the Bank introduced the following investment products to its offer for individual clients:

- Structured product with full capital protection at maturity in PLN,USD,EUR: 2-year Certificate with Capital Protection at Maturity Linked to Meta Platforms, Inc. Shares. and Netflix, Inc., issued by Goldman Sachs International,
- Structured product with full capital protection at maturity in PLN,EUR,USD: 2-year Certificate with 100% Capital Protection Only at Worst Of Maturity Linked to Shares of Sony Group Corporation and Advanced Micro Devices, Inc. (AMD),
- Structured Product with Capital Protection at Maturity in USD: 2-year Certificate with Capital Protection at Maturity Linked to Shares of AstraZeneca Plc and Novo Nordisk A/S, issued by Goldman Sachs International.

The bank applies preferential pricing conditions for customers purchasing investment products by online applications and actively encourages customers to use remote channels.

## ENTERPRISE BANKING

Enterprise Banking consists of two segments: Small and Medium Enterprises (SME) and Medium Enterprises (MID) segments.

In the the first half of 2024 we focused on the automation and digitization of the credit process and the development of electronic banking functionalities enabling customer self-service.

### Strategy - The „Customer” pillar

We put the customer and his needs at the center of our activities. intensively develop digital channels and fast and convenient service processes. To an even greater extent, we will use advanced data analytics and modern CRM tools to support sales, which will allow us to better adjust the offer improve the quality of service and increase the tendency to recommend our services.

### Lending activities and customer financing

After the second quarter of 2024, the dynamics of the loan portfolio volume amounted to 7.5% y/y, which translated into an increase of PLN +2.6 billion. The increase in the value of the financing portfolio volume was visible in both bank loans and leasing. In the first half of 2024, the value of new loans sold (excluding renewals) in the SME segment reached PLN 3.3 billion. In the MID segment, the value of new loans sold amounted to PLN 7.2 billion, achieving a 4.4% y/y dynamics.

In the first half of 2024, the most important activities include:

- Introduction to the offer of loans secured by the Biznesmax Plus guarantee with a capital subsidy in the case of investment loans and an interest subsidy for working capital loans,
- Providing investment loans with an Ekomax guarantee with a subsidy of up to 20% of capital for investments supporting energy efficiency and sustainable development of companies,
- Providing an ecological loan to support companies in the implementation of projects aimed at increasing energy efficiency,
- Providing the Union Loan enabling the financing of investment projects implemented with funds from the new European Union perspective for 2021-2027 and the National Reconstruction and Resilience Plan,
- Providing an investment loan to finance biogas plants,
- Increasing the availability and extending the period of their offering until June 30, 2024, of loans for the purchase of cereals and soft fruit under line S, in cooperation with the Agency for Restructuring and Modernization of Agriculture,
- Introduction of our own EU subsidy search engine dedicated to entrepreneurs seeking subsidies from funds from the new European Union perspective for 2021-2027 and from the National Reconstruction and Resilience Plan.

### Customer acquisition

In the first half of 2024, we maintained a high level of new customer acquisition: in the SME segment, we acquired over 1.6 thousand customers (increase by 7% y/y), and in the MID segment 477 new customers. In total, acquisition was higher by 13% y/y.

### Self-Service at PekaoBiznes24

In the first half of 2024, we continued the development of the self-service zone at PekaoBiznes24. We have made available to our clients a new process for applying and purchasing closed cash services, we have introduced improvements in the card management process, further improvements in general instructions, opening sub-accounts and in the "enterprise declaration" application.

We have enabled the most active customers to collectively send, cancel and sign multiple applications at the same time.

### PekaoBiznes24

At PekaoBiznes24, we have made it possible for corporate clients to download electronic confirmations of balances at the end of the year, and we have also implemented information about a block due to account seizure at the request of the enforcement authority.

We conducted the first in a series of meetings with clients devoted to education in the area of cybersecurity.

### PeoBiz

We have completed the process of customer migration from the old mobile banking to PeoBiz, and we have introduced a number of minor changes to facilitate the use of the new mobile application.

## CORPORATE AND INVESTMENT BANKING

The Corporate Banking includes corporate segments, significant capital groups (the so-called large corporations), public sector clients, financial institutions as well as commercial real estate and specialized financing. The Pekao Group is a leader in these segments. It has a competitive advantage resulting from experience, unique staff, specialized knowledge and processes and the potential to co-finance large projects based on a very strong liquidity and capital position. The Bank provides both the comprehensive services of a universal bank and the services in such areas as leasing, factoring, investment advisory services, advisory in M&A as well as highly advanced treasury, capital market products and custody services. A wide range of products and services, innovative solutions, customised approach and the comprehensive financial services for the largest enterprises, institutions and public sector units are appreciated by clients and decide about the strength of corporate banking of Bank Pekao S.A.

## CLIENTS

At the end of the first half of 2024, we serviced 6.6 thousand clients. We cooperate with the largest companies, we provide support in the field of substantive, operational and financial development of our clients both in everyday business and large strategic projects.

### Strategy

Since 2021, we have been implementing a strategy providing for effective volume growth, using competitive advantages such as: in-depth sector expertise, specialist financing knowledge as well as the growing digitalization of processes. According to this Strategy, we want to maintain our leadership position and a high market share in revenues.

Plans and ambitions of Corporate Banking rest on 4 pillars:

#### Growth:

- increase of x-sell.
- high market share in the segment of large corporations.

#### Effectiveness:

- digitalisation and automation of processes.
- promotion of self-service in digital channels.

#### Clients:

- specialist, customised service of complex transactions.
- support in financing public sector projects.

#### Responsibility:

- responsible capital management.
- support of sustainable economic development.

An integral part of our business strategy is the adopted ESG strategy. Pursuing this strategy we want to engage in financing sustainable projects, support the energy transformation of our clients and their transition to a low-carbon economy. We want to achieve these goals, among other things, by financing the development of renewable energy sources (RES), entities operating in the sectors of new technologies, as well as by actively participating in the government and EU programs aimed at reconstruction and climate transformation. The development and modernization of the Polish economy, supporting the service and use of state and EU programs.

**Our approach to growth** is focused on the continuous development of modern digital tools that support the activities of analysts, relationship managers and clients. In business areas, we engage in projects related to a responsible approach to the way in which business activity is conducted. We are also developing international banking and supporting the foreign expansion of our clients.

**While strengthening our effectiveness** we focus on increasing the level of robotization and automation of internal processes as well as solutions available to clients. We are also continuously expanding the scope of self-service operations in digital channels and we are implementing more products available to corporate clients for online purchase.

**We are invariably building a customer-centric culture** and we want to be the first choice bank for our clients. Therefore, we try to quickly and accurately recognize their needs. We provide advice based on our knowledge of client's profile, industry and segment. We try to increase the level of satisfaction of clients with their interaction with the Bank.

**Supporting sustainable economic development**, we engage in private as well as in government and EU programs for economic recovery and climate transformation. An important area of our activity is also the cooperation with public sector entities, where, in addition to green investments and infrastructural projects, we are involved in financing socially responsible projects which have a positive impact upon the living standard of Poles.

**The fundamental of our business is responsible capital management.** We do this relying on sector expertise, a flexible and specialized product offer, unique competences in structuring financing and extensive opportunities to operate on Polish and foreign financial markets. Such knowledge allows us to rationally and maturely select customers and the most appropriate products and transactions.

#### **Cooperation with financial institutions and custody services**

The Bank holds a leadership position in servicing domestic financial institutions, focusing on providing the highest quality services to insurance companies, investment funds, brokerage houses, financial sector infrastructure entities, cooperative banks as well as savings and credit unions. The range of services includes modern transactional banking products, clearing products, treasury products, custody services and services of depository bank, as well as the access to the comprehensive offer of the Pekao Group entities addressed to this segment of clients.

We are engaged in an extensive cooperation with banks from all over the world. With more than 1.3 thousand exchanged swift keys, direct or indirect access to major clearing systems, nostro accounts and maintaining loro accounts for a very large group of foreign banks – the Bank has the infrastructure to ensure efficient foreign settlements in 19 major currencies.

#### **Transactional banking**

In the first quarter of 2024:

- we recorded an increased number of domestic transfers by over +11% y/y (we maintain about 20% market share for domestic payments),
- we recorded an increased number of outgoing foreign transfers by +10% and an increased number of incoming transfers by +9%.

In the self-service zone in PekaoBiznes24:

- we introduced a new functionality that allows our clients to submit cash applications on their own, which gives them an opportunity to solicit pricing offers from outsourcing companies and then select an offer and conclude – fully electronically - the agreement for handling cash deposits/withdrawals in a closed form,
- we enabled our clients to block cards in real time,
- we introduced the possibility to receive confirmation of balances at the end of the year.
- we introduced new functionalities allowing clients to apply for a confirmation of maintained account.

We also introduced a new type of fee machine for clients that generate a high cash turnover.

#### **Cooperation with international clients**

We support the expansion of Polish entrepreneurs on both European markets and in developing countries. We prepared comprehensive offers for short and long-term financing and the offers for hedging risk of international transactions. The Bank's clients can take advantage of the package of the most beneficial financial solutions adjusted to the model of the conducted business activity.

In the first quarter of 2024, we concluded an agreement with the South Korea's largest bank: KB Kookmin Bank. The initiative involves cooperation in corporate finance transactions, development of trade finance transactions, including letters of credit and bank guarantees, and the acquisition of new corporate clients. A Korea Desk, dedicated to Korean clients, will be established at the Bank, specialized in servicing Korean companies operating in Poland and the ones intending to enter our market.

As part of the signed cooperation agreement with the National Chamber of Commerce, we jointly conducted another workshop for entrepreneurs which this time was devoted to conducting business in the Middle East. The Bank's experts and invited guests, who know the local economic and cultural realities, presented the prospects and opportunities for entering this market.

In the first half of 2024, the exposure resulting from open documentary letters of credit increased by 34% as compared to the first half of 2023. A double-digit growth rate was recorded in the area of guarantees and sureties. The amount of new transactions increased by 18% as compared to the same period of 2023, and the Bank's exposure under guarantees issued in the comparable periods increased by nearly 17%.

The continuous development of the Open Financing Platform (OPF) - which provides a comprehensive and fully electronic service for the receivables financing process - made it possible to finance nearly 30 000 invoices worth more than PLN 1.2 billion in the first half of 2024.



**Investment finance, structured finance and commercial real estate**

We offer our clients the services in the field of investment banking, structured finance and financing of commercial real estate projects, including financing of the construction of warehouses.

The key projects financed by the Bank in the first half of 2024 include:

- a syndicated loan in the amount of PLN 2,5 billion granted to a leading company from the pharmaceutical industry; the Bank was the loan arranger,
- a syndicated loan granted to a leading entity operating in the retail industry in Poland. The syndicated loan amount was 1,3 billion. The Bank was the MLA.
- a syndicated loan granted for development of an enterprise operating in a paper industry. The syndicated loan amounted to EUR 270 million,
- an ESG investment loan for a renewable energy sources granted to a leading company from the energy sector. The financing amounted to PLN 1 billion. The Bank was the loan agent.
- an investment loan of PLN 741 million granted to a leading European manufacturer of electric car chargers. The Bank acted as the leader and agent of the consortium, and at a further stage of this transaction, the Bank and the company will select the co-consortium participants,
- a working capital loan in the amount of PLN 500 million granted to a company from the leasing industry,
- a loan of PLN 295 million granted to a client from the real estate industry for construction of flats for long-term rent,
- a non-revolving working capital loan in the amount of PLN 200 million granted to a company from the mining and steel industry.

**Issuance of debt securities**

In the first half of 2024, the Bank participated in issuance of non-treasury debt securities (of corporate entities, banks and municipal units) for the total amount of more than PLN 31,1 billion, of which the following transactions deserve special attention:

- the issue of 6 series of bonds denominated in PLN for the leasing company from the Bank Pekao Capital Group for the total amount of PLN 2,65 billion and the issue of 17 series of bonds denominated in PLN and EUR for the factoring company from the Bank Pekao Capital Group for the total amount being the equivalent of over PLN 10,5 billion. The Bank was the sole leader and dealer in those transactions,
- the issue of two series of Eurobonds (8- and 15-year) for a Polish bank for the total amount of EUR 2 billion; the Bank acted as the co-arranger,
- the issue of 3-year and 6-year bonds for the total amount of 2 billion for one of the biggest producers of electricity in Poland. The Bank was the arranger, dealer and coordinator of the bond issue. The bonds are linked to sustainability indicators such as reduction of CO2 emissions and addition of power capacity from renewable energy sources,
- the issue of 3-year bonds for a leasing company owned by an international automotive concern for the amount of PLN 1,5 billion. The Bank was the sole arranger and dealer,
- the issue of 7-year bonds for the amount of PLN 1 billion for a leading producer of copper and silver. The Bank was the co-arranger and dealer in this transaction,
- the issue of 15-year Eurobonds for the Polish Development Bank for the amount of EUR 200 million, in which the Bank was the dealer,
- the issue of 3-year bonds for the amount of PLN 500 million for a leasing company belonging to the a global automotive concern. The Bank was the co-arranger and dealer,
- the issue of the Bank's 5-year (5nc4) senior unsecured bonds for the amount of PLN 500 million which the Bank carried out on its own,
- the issue of 1-year bonds for a multilateral financial institution for the amount of PLN 500 million, where the Bank acted as an additional dealer,
- the issue of 3 series of short-term bonds of a mortgage bank from the Bank Pekao Capital Group for the total amount of PLN 440 million where the Bank was the sole arranger and dealer,
- the issue of 1-year bonds for a leasing company belonging to the international financial group for the amount of PLN 300 million in which the Bank was the co-arranger and dealer.
- the issue of 4,5-year covered bonds for the amount of PLN 180 million and the 5-year public covered bonds for the amount of PLN 100 million for a mortgage bank from the Group in which the Bank acted as the sole arranger and the dealer,

- the issue of 3-year bonds for a developer company for the amount of PLN 230 million in which the Bank was the co-arranger and dealer,
- the issue of 3-year bonds for a developer company for the amount of PLN 150 million. The Bank acted as the dealer of the consortium,
- the issue of 5-year bonds for a company owned by the international developer group for the amount of PLN 85 million in which the Bank was the arranger and dealer,
- the issue of 15 series of bonds of 2 local government units (JST) for the total amount of more than PLN 66,5 million,
- the issue of 3-year bonds for the top company operating in the loan workout industry for the amount of PLN 50 million in which the Bank was the dealer of the consortium.

**Comprehensive service of public sector finances**

One of the elements of our strategy is to finance public sector and municipal projects. We are actively involved in activities related to building and developing Polish infrastructure, including the support for sustainable development of the economy and environmental protection. We render our services and we provide financing to self-government units, municipal companies, institutions of higher education as well as entities established as part of public-private partnership.

We cooperate with 11 out of 12 Polish metropolises (92% market share) and we provide ongoing budget support for five of them. We cooperate with every fourth municipality in Poland. We maintain business relationships with 92% of towns with county rights and we provide ongoing services to every fifth of them (21%). We also cooperate with every third county (37%) and with almost all provinces (94%). We are a major bank for state universities – 60 of them use our services.

In the first half of 2024, we provided financing in the form of bond issues to: the city of Zabrze in the amount of PLN 60 million, Łódź in the amount of PLN 274 million and Lublin in the amount of PLN 120 million.

We will arrange a bond issue worth PLN 550 million for the Wrocław Airport, with a repayment period until 2043. As a result, it will be possible to expand the existing and build a new airport infrastructure, including the expansion of the existing terminal and airside area, the purchase of machinery and airport equipment.

## 6.2 Achievements of subsidiaries

Bank Pekao S.A. is one of the leading providers of banking services and groups together a number of financial institutions active in the asset management, pension funds, brokerage services, transactional advisory, leasing and factoring markets. Below are described the areas of operations of the Group's key companies from the financial sector.

### ***Pekao Bank Hipoteczny S.A. – Pekao Bank Hipoteczny***

Pekao Bank Hipoteczny (pekaobh.pl)

Pekao Bank Hipoteczny is a specialist bank, focusing on granting mortgage loans and servicing assets, using the issue of covered bonds to finance them. As part of the Group's cooperation, portfolios of mortgage loans and bonds of local government units (LGUs) are transferred to Pekao Bank Hipoteczny, which can serve as collateral for covered bonds issued by Pekao Bank Hipoteczny.

In the first half of 2024, Pekao Bank Hipoteczny completed transactions of acquisition and transfer of mortgage receivables from Bank Pekao S.A. for a total amount of PLN 218 million. The transferred portfolio of mortgage receivables included loans granted in PLN, which were to be used to finance the housing needs of individuals.

In the first half of 2024, the transfer of bonds of local government units (LGUs) from Bank Pekao S.A. was continued and bonds with a total value of PLN 117 million were acquired and transferred.

The net value of the loan portfolio (including the local government bond portfolio) at the end of June 2024 amounted to PLN 3,145 million and was higher by PLN 133 million (i.e. 4.4%) compared to June 2023. Loans granted to individual clients accounted for 68.2% of the portfolio, while loans granted to enterprises and local government units accounted for 10.9% and 20.9% of the loan portfolio, respectively.

In the first half of 2024, Pekao Bank Hipoteczny conducted 2 issues of covered bonds. The total value of liabilities under covered bonds as at June 30, 2024 amounted to PLN 2,232 million (including EUR 50 million). As part of the diversification of financing sources, Pekao Bank Hipoteczny conducted four bond issues in the first half of 2024. The value of liabilities under bonds as of June 30, 2024 amounted to PLN 444 million.

### ***Pekao Investment Management S.A. – Pekao IM***

Pekao Investment Management S.A. - Pekao TFI

Pekao IM, in which the Bank holds 100% of shares, is the owner of Pekao Towarzystwo Funduszy Inwestycyjnych S.A. (Pekao TFI).

Pekao TFI is the longest operating investment fund company in Poland, offers clients modern financial products, provides the opportunity to invest on the Polish market and on global capital markets. For many years, it has been creating savings programs, including those offering the possibility of additional retirement savings under the third voluntary pension pillar. Pekao TFI's offer also includes a portfolio management service and Employee Capital Plans (PPK). The company is in the PPK register, and its offer is also available through the website: [mojeppk.pl](http://mojeppk.pl).

As of June 30, 2024, the net asset value of Pekao TFI investment funds (including PPK) amounted to PLN 23.2 billion and was higher by PLN 6.9 billion, i.e. by 31.8% compared to the end of June 2023. The higher value of assets was influenced by the favourable situation on capital markets.

### ***Pekao Leasing Sp. z o.o. – Pekao Leasing***

Pekao Leasing - Pekao Leasing Sp. z o.o

Pekao Leasing provides financial services supporting the sale and purchase of fixed assets, i.e. means of transport, machinery and equipment, as well as office properties - both through operational and financial leasing.

The company cooperates with Bank Pekao S.A. in the scope of leasing sales to customers who are also the Bank's customers. Pekao Leasing, under agreements with the European Investment Bank, offers financing for small and medium-sized enterprises on preferential terms. The company also cooperates with BGK S.A., offering financing for vehicles, machinery and equipment with a BGK guarantee.

In the first half of 2024, the Company concluded 10.1 thousand new agreements. The value of assets leased was higher by 1.9% than in the first half of 2023 and amounted to PLN 3.4 billion, including: 56.2% were means of transport, 41.6% - machinery and equipment, 1.1% - real estate, 1.2% - other.

***Pekao Faktoring Sp. z o.o. - Pekao Faktoring***

[Pekao Faktoring Sp. z o.o.](#)

The company offers a full range of factoring services (including full and partial factoring), as well as services accompanying factoring, which include, among others, collecting information on the financial situation of debtors, collection, debt collection, accounting of settlements and ongoing monitoring of payment execution.

The company's offer is complemented by the settlement of mass transactions, financial advice and consulting in the selection of the method of financing the business, as well as granting credits and loans related to the factoring agreement. The company cooperates with the Bank in the area of activating and developing new sales channels.

As part of the cooperation with the Bank, a factoring service is offered for micro entrepreneurs, based on a fully automated decision-making process. Pekao Faktoring ranks second on the Polish factoring market with a 17.1% market share.

***Pekao Investment Banking S.A. – Pekao IB***

[Pekao Investment Banking S.A. \(pekaoib.pl\)](#)

Pekao IB specializes in advisory and brokerage services for large and medium-sized enterprises and financial institutions. The scope of services provided by Pekao IB includes, in particular, accepting and transmitting orders to purchase or sell financial instruments, offering financial instruments, as well as advisory services for enterprises in the field of capital structure, corporate strategy, as well as other services in the field of mergers, divisions and acquisitions of enterprises.

In the first half of 2024, Pekao IB provided bond issue services for six entities and successfully closed two financing advisory transactions. During this period, Pekao IB also conducted a number of transactions on the private and public capital market, as well as in the field of debt advisory with a plan to implement them in the coming quarters.

***Centrum Kart S.A. - CK S.A.***

[Centrum Kart S.A. - O nas](#)

Centrum Kart provides comprehensive services related to, among others, the management of payment card management systems, transaction authorization and card personalization. The company mainly provides services for the needs of Bank Pekao S.A. and, in cooperation with the Bank, implements projects aimed at expanding the Bank's product offer.

In the first half of 2024, Centrum Kart implemented further functionalities for debit cards and made improvements in the areas of authorization and processing of card transactions.

***Krajowy Integrator Płatności S.A.– KIP***

[Szybkie przelewy i płatności online | Tpay](#)

Bank Pekao S.A. owns 38.33% of the shares of Krajowy Integrator Płatności S.A., the owner of the fast online payment system Tpay (formerly Transferuj.pl).

The company has the status of a national payment institution and is supervised by the Polish Financial Supervision Authority. KIP's activity consists of acting as an intermediary in transferring payments between the payer and the recipient.

The company continues to expand the scale of its operations in the area of online payment services, service websites and has been looking for new areas that expand the possibilities of services provided by KIP, including within the framework of cooperation with Bank Pekao S.A.

***Pekao Direct Sp. z o.o. – Pekao Direct***

[Strona główna - Pekao Direct](#)

Pekao Direct provides financial intermediation services, as well as comprehensive services via alternative communication channels for non-banking sector clients.

The company supports the Bank as the main client in the scope of online banking, cards and product hotlines. Pekao Direct serves clients via alternative communication channels, including primarily telephone, e-mail and chat. The main communication channel is telephone calls, in the first half of 2024. Pekao Direct handled 8.0 million calls more by 0.9% than in the same period of 2023.

Pekao Direct participates in the process of setting up selfie accounts, in the first half of 2024 it verified 51.1 thousand accounts opened on selfie. The number of chat and video call services (within the PeoPay application) amounted to 174.9 thousand. Marketing campaign management and sale of banking products (including express loans and mortgages) is an increasingly important element of services provided by Pekao Direct for Bank Pekao S.A. The company, in cooperation with the Bank, conducts projects aimed at developing communication with customers, including the use of mobile banking.

***Pekao Financial Services Sp. o.o. – PFS***

<https://www.pekao-fs.com.pl>

PFS provides outsourcing transfer agent services for financial institutions in the field of operational and technological solutions. PFS specializes in servicing domestic and foreign investment funds, universal and employee pension funds, as well as entities offering insurance products. The Company's clients include companies with an established market position. PFS is the only company that services OFE funds using the services of an external transfer agent.

***PeUF Sp. z o.o. – PEUF***

PeUF is a company whose 100% owner is Pekao Leasing Sp. z o.o. and operates as an insurance agent, providing insurance sales services.

The Company's business includes agency services, concerning insurance services for newly concluded leasing transactions, as well as policy renewal services. In addition to agency services, the activities concern: policy monitoring, claims settlement services, as well as insurance terminations. In the first half of 2024, PeUF provided brokerage services for six insurance companies, and the value of commission from sold policies amounted to PLN 24.5 million, which is an increase of 23.3%.

### 6.3 Awards and distinctions

The activities of Bank Pekao S.A. gained wide recognition by clients, industry specialists, the market and the media, as evidenced by numerous awards and distinctions granted by Polish and foreign institutions.

The most important awards and distinctions received in the first half of 2024:

#### Top Employer



For the fourteenth time, we have received the Top Employer title, which strengthens our position as one of the best employers in the country. Thanks to excellent HR policy and constantly improved HR practices, the organization creates an inspiring, friendly work environment for its employees and an attractive offer for candidates.

#### SME Banking Awards 2024



Vice-President of the Management Board of Bank Pekao S.A. - Magdalena Zmitrowicz, supervising the Corporate Banking Division, was the winner in the SME Banker of the Year category in the competition of the international organization Qorus. The vice president was recognized for her exceptional contribution to the development of SME banking, long-term support for companies and above-average results in the sector.



#### Bank Pekao S.A. recognized as the best investment bank for the eighth time

For the eighth time, we have won the title of the best investment bank in Poland "The Best Investment Bank in Poland for 2024" awarded by the renowned Global Finance magazine.

#### Bank Pekao S.A. For the sixth time, it received the prestigious distinction "The Best Trade Finance Provider in Poland"

For the sixth time, we received a distinction from Global Finance magazine. Our knowledge of local economic conditions, customer needs and innovation in products and services were appreciated.

#### The Best Bank in Poland and the Central and Eastern European region in terms of Sustainable Financing

We were recognized as the best bank in Poland and the Central and Eastern European region in terms of sustainable financing and received the awards "The Best Bank for Sustainable Finance in Poland for 2024" and "The Best Bank for Sustainable Finance in Central and Eastern Europe for 2024", which were awarded by the renowned Global Finance magazine.

In addition, we received additional awards "The Best Bank for Green Bonds in Central and Eastern Europe for 2024" and "The Best Bank for Transition/Sustainability Linked Bonds in Central and Eastern Europe for 2024".

Our activities in financing initiatives and bond issue programs aimed at the country's energy transformation, mitigating the negative effects of climate change, supporting local communities and the development of sustainable infrastructure projects were appreciated.

#### Best bank in Poland in the Treasury and Cash Management Provider category and the best bank in the Payments category in Central and Eastern Europe

For another year in a row, we have been awarded by the renowned financial magazine Global Finance and won on the Polish market in the Treasury and Cash Management Provider category and was recognized as the best bank in the Payments category in Central and Eastern Europe.

Our strengths in the area of treasury services, cash management and payments were appreciated.

### Euromoney magazine awards in the Market Leader in Poland and Best Services in Poland categories



For the third year in a row, we were awarded for trade financing services in a competition organized by the renowned international magazine Euromoney. In this year's Best Trade Finance Survey ranking, the Bank was recognized as the market leader in Poland, winning the title of Market Leader in Poland 2024 and overtook the competition in the Best Services in Poland 2024 category.

### "Institution of the Year"



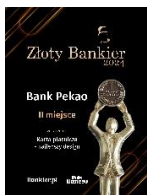
In the 9th edition of the ranking, we were distinguished in seven categories. We took first places in two categories related to remote and mobile service, and in the next five the Bank was among the leaders

The Bank was also awarded in the following categories:

- the best service in the facility for positive experiences and understanding of customers during direct contacts. The titles of the Best Bank Branches in Poland were awarded to as many as 30 branches of the Bank,
- the best Private Banking - the high competences of advisors, the ability to present a wide range of solutions and the partnership approach during meetings were appreciated,
- the best bank for companies - the outstanding quality of customer service for customers interested in learning about the account offer and additional services for companies was appreciated,
- the best process of opening an account at a branch,
- the best remote account opening process - the efficient and friendly account opening process was appreciated both in the branch and in the selfie process.

After summarizing all 10 ranking categories, we were recognized as the second best bank in Poland.

### Złoty Bankier 2024



In the Złoty Bankier 2024 ranking organized by Bankier.pl and Plus Biznesu, we won second place in the categories: personal account, child account, mortgage loan and payment card design. The products offered by the bank were appreciated for their attractive offer and the aesthetic and educational values of the Mastercard PeoPay KIDS card

### Five Alfa awards for Pekao TFI



Pekao TFI won the Alfa 2023 main prize in the "Investment Fund Company" category and in the "Best PPK funds" category. Alfa 2023 awards also went to the following subfunds: Pekao Stabilnego Wzrostu, Pekao Obligacji – Dynamiczna Alokacja 2, Pekao Dłużny Active.

In addition, Pekao TFI subfunds won Alfa 2023 awards: Pekao Dynamicznych Spółek, Pekao Obligacji – Dynamiczna Alokacja FIO, Pekao Obligacji Plus.

### Pekao Leasing awarded by the Home&Market

The company received a distinction for the offer of a non-standard product - real estate leasing, and thanks to the volume of contracts concluded every year, we are among the leading companies on the leasing market.

## 6.4 Factors which will affect the results of the Group

The activity of Bank Pekao S.A. and the Group's companies is in majority conducted on the Polish territory, hence the Group's performance will be mainly affected by economic situation in the country and international events that have influence on domestic economy.

Our macroeconomic scenario assumes a gradual acceleration of economic growth from 2.0% y/y in the first quarter of 2024 in the first quarter of 2024 to 3.7% in the fourth quarter of 2024 and 4.6% in the fourth quarter of 2025. Growth will be driven in the first stage by private consumption, stimulated by increases in household income (real wages and social transfers). However, we do not expect a consumption boom. It will be prevented by high interest rates (temporarily as high as 3% in real terms), i.e. low demand for credit and a growing propensity to save. The weaker situation in the euro area will weigh on Polish exports. In 2025, an additional growth factor will be the acceleration of investments financed by the National Recovery Plan (NRP) and the cohesion fund from the new EU budget (for 2021-2026).

Inflation rose to 2.6% in June 2024 and will be bumped up to 4.1% y/y from July onwards by the unfreezing of energy prices. Strong consumer demand will also start to put pressure on prices. In our view, core inflation will stop at around 3.5% y/y with upward deviations, and CPI inflation will reach 4.4% y/y by the end of the year and peak at 5.8% y/y in the first quarter of 2025. Our scenario for economic growth assumes the risk of no further decline in core inflation in 2025, but this is a horizon where forecasts are subject to significant error.

A key macroeconomic factor affecting the banking sector's bottom line is monetary policy. The cycle of increases initiated by the MPC in October 2021, which raised the reference rate to its historic level of 6.75%, has had a positive impact on the sector's bottom line, boosting interest income. We expect that after the strong cut in second half of 2023 (-100 bps), the MPC will not decide on any interest rate adjustment in 2024 or 2025 (we remain here in line with the forward guidance regularly formulated by the NBP President), which means that the next two years will pass in an environment of high nominal and non-negative real interest rates.

Sales of new PLN mortgage loans in 2024 will be slightly lower than a year earlier (in nominal terms) due to the expiry of the positive effects of the "Bezpieczny Kredyt 2%" programme and the delay of the #NaStart programme (government mortgage subsidies). Mortgage volume dynamics went into positive territory in April 2024 to reach 2.1% y/y in June. Rising real wages will be associated with an increase in consumption, which will underpin demand for consumer credit (4.5% y/y in June). In turn, the movement towards a recovery in real savings will be associated with increased inflows of deposits from individuals - our forecast for 2024 is for growth of 10.9% y/y with the June reading accelerating to 10.6% y/y (11.9% y/y excluding foreign currency deposits).

A significant factor affecting the Bank Pekao S.A. Group's profit will be the government's programmes to support borrowers, including the so-called 'NaStart' programme. The government's impact assessment indicated that the programme will cost the State Treasury PLN 350 million, in 2024 and PLN 1.7 billion in 2025. The 'NaStart' programme, which consists of subsidies for loans financing the purchase of the first property by households, will not be a cost for the Group - on the contrary, by stimulating demand for credit, it may have a positive impact on its financial position. However, the future of the programme is in question, with the latest information from the government side indicating that after summer break a new, third version of the legislation will be presented. As a result, mortgage sales will probably realise at lower levels than expected at the beginning of the year due to the lack of government support and, consequently, weaker sales.

Bank Pekao Group's financial performance may also be susceptible to risks associated with the investment cycle. The inflow of European funds from the NRP will provide a significant boost to the economy, positively influencing investment dynamics and demand for corporate credit. However, before this happens, the Polish economy will be affected by the exhaustion of EU funds from the 2014-2020 budget (the 2021-2027 budget will not have time to gain momentum), which, according to our forecasts, will translate into negative fixed asset investment dynamics in 2024 (-0.6% y/y). A rebound in NRP influenced investment will not be seen until 2025 (+8.2% y/y).



## **6.5 Description of major sources of risk and threats relating to the remaining months of 2024**

### **Risk management**

Effective risk management is a prerequisite for maintaining a high level of security of the funds entrusted to the Group, and for achieving a sustainable and balanced profit growth within the Group's risk appetite.

The key risks material for the Group include credit risk, liquidity and market risks and operational risk. Moreover, the Group identifies the following risks as material in its business activity: business, reputation, compliance, excessive leverage, bancassurance, model risks and ESG risk defined as risk of losses arising from environmental, social and governance factors.

The Group has adopted a comprehensive and consolidated approach to risk management. It extends to all units of the Bank and subsidiaries. Risks are monitored and managed taking into account business profitability and the capital required to cover the losses resulting from these risks.

The Management Board of the Bank is responsible for achieving the strategic risk management goals. The Management Board designs, implements and ensures the operation of the risk management system which covers all material risks. The Management Board develops the risk management strategy and defines the Group's risk appetite. The Supervisory Board, supported by the Risk Committee and Audit Committee, oversees whether the Group's policy of taking various risks is compliant with the overall strategy and financial plan. The Supervisory Board approves the risk management strategy and risk appetite of the Group and evaluates the adequacy and efficiency of the risk management system. The Credit Committee and Credit Risk Committee play an important role in the credit risk management, the Asset, Liability and Risk Committee and Liquidity and Market Risk Committee in market and liquidity risk management, the Operational Risk Committee and Bank Security Committee in the management of the operational risk and the Model Risk Committee in model risk management.

The rules of managing each of the risks are defined by internal procedures and the guidelines set up by the credit risk strategy and policy, financial risk strategy and investment and market risk policy and the operational risk management strategy and policy accepted annually by the Management Board (policies) and by the Supervisory Board (strategies).

Detailed reports on credit, liquidity, market, operational and model risks are presented to the Management Board and the Supervisory Board on a regular basis.

The rules and instruments of managing each of the risks and information on the risk exposure are included in Note 32 to the Condensed Interim Consolidated Financial Statements of Bank Pekao S.A. Group for the first half of 2024 and in the document "Information in respect to capital adequacy of Bank Pekao S.A Group as at 30 June 2024" published on the Bank's website.

### **Risks related to the remaining months of 2024**

In the second half of 2024, the Bank will continue its strategy focused on keeping credit risk at adequate and safe level through prudent policy of credit portfolio development. Prudent credit risk management at Bank Pekao S.A. is based on the Credit Risk Strategy and Credit Risk Policy, which take into account, among the others, measures reducing the threats coming from macroeconomic factors related to the armed conflict in Ukraine and their impact on the quality of credit portfolio. The same approach is applied to the performance of the Bank's subsidiaries. Regardless of the measures taken, the credit risk of the entire sector depends on the development of the macroeconomic situation.

In the case of liquidity and market risks the main challenges are related to the regulatory changes such as the introduction of the IRRBB SOT requirements, the extension of credit holidays or the reference indices reform. Risks associated with the portfolio of mortgages based on temporary fixed interest rates come into play, in particular the early repayment risk.

Nevertheless in the area of liquidity risk Bank is characterized by a well-diversified, stable deposits base with low concentration and manages a substantial liquidity buffer of eligible and marketable government securities. The cautious liquidity risk management policy enables to expect stable liquidity situation and safe liquidity level in the second half of 2024. As to market risk, the Bank is to keep the level of its exposure strictly under control.

The Bank does not identify any new significant factors implying change of operational risk profile, which could occur in the second half of 2024.

## 7. Human Resources Management

### Human Capital as a key asset

The principles of the Bank's policy in the area of Human Resources (HR) development are set by its mission and values considered as the key for the Bank sustainable growth.

The Bank invests in training, professional development, cares for the well-being of employees, and creation of a friendly work environment and it conducts questionnaire surveys on employees opinion and engagement as well as satisfaction. Significant area of the Bank's HR policy is outstanding talents spotting within the organization and investing in development of their skills.

### Training and professional development

The Bank creates learning opportunities and provides access to various forms of training for its employees. Educational activities focus on realization of in-class training programs, remote training, hybrid training, on-the-job learning, coaching and Virtual Class system allowing for distance learning in form of Webinars.

In the first half of 2024, the main training priorities of the Bank were as follow:

- sales training dedicated to Business Divisions,
- training for managerial staff,
- professional knowledge development of the Bank's employees,
- implementation of cybersecurity trainings,
- realization of mandatory training required under internal and external regulations.

We continued the implementation of training projects related to the implementation of the adopted business strategies. We conducted training dedicated to employees with high potential and introductory training for new employees.

In the first half of 2024, the following training projects were continued:

- Banking School of Sales - a program whose aim is to support effective sales behavior, improve competences in the area of up-selling, reaching new customers, conducting meetings and dealing with difficult situations,
- "Leadership Network" - a series of inspiring events dedicated to managers,
- "Innovation Laboratory", the aim of which is to actively build a culture of innovation at the Bank and support digital transformation,
- "Robotic Academy" - a proprietary training program developed by our practitioners in cooperation with an external company. The program allows you to develop digital competences and use automation on a daily basis, thanks to the acquired competences you can independently build robots that will perform the most repetitive tasks,
- Forge of Agility - a program thanks to which each employee has the opportunity to gain specialist knowledge in the field of agile methodologies (Agile path) and process optimization (Lean path).

In the first half of 2024, the Bank delivered in form of classroom above 103 thousand of training hours (classroom and virtual sessions), in which attended above 8,6 thousand of employees confirming the Bank's determination in efficient implementation of required regulations and customer care.

E-learning courses have been delivered at the level of over 203 thousand hours, including projects related to granting power of attorney rules, code of conduct, confidential information management rules, mortgage directive.

### Development programs and initiatives

In the first half of 2024, are consistently implemented development programs and initiatives were provided for the Bank employees, aimed at providing support in the development of managerial and interpersonal skills.

The Bank also offers the development initiatives focused on supporting the employees in their professional career development and improvement of their skills, knowledge, and competencies as well as a number of initiatives strengthening the employees' engagement. The priority of development programs in the Bank is identification, review, verification and development of current and future leaders of the Bank.

We are implementing the following processes related to this issue:

- Succession Plans, which have fundamental importance in ensuring continuous employment on strategic positions, continuity of long-term projects and minimizing operational risk,

- Annual Employee Appraisal System – process of evaluation of the Bank’s employees which comprises in particular the appraisal of results, commitment and compliance with legal regulations, as well as planning of individual development,
- Assessment Centre/Development Centre session – a diagnostic tool designed to identify employee’s potential, used in recruitment, promotion and employee development processes. Bank implemented a permanent process of the Assessment Center for selected positions.

As part of development activities in the first half of 2024:

- we continued the implementation of a new development tool CliftonStrengths®, under which we carry out individual coaching (26 individual coaching) and team workshops (11 workshops),
- we continued the process of implementing team coaching to support teams in building effective relationships and achieving business goals (4 team coaching sessions were completed),
- we continued activities related to the Insights Discovery tool, systematically held group workshops (3 workshops) and individual development meetings based on the results of ID (13 individual development meetings),
- we carried out a promotional and communication campaign and a recruitment campaign for the Talents Up development program (2<sup>nd</sup> edition): the recruitment process included 3 stages (recruitment questionnaire, tests, Assessment Center sessions); 319 Bank employees went through the recruitment process; finally, 26 sessions were held Assessment Center, in which 149 people participated. A supplementary recruitment process for the new version of the program is currently underway.

#### **“Without Sugar” – program for Women**

In the first half of 2024, we celebrated the 3<sup>rd</sup> birthday of the "Without Sugar" Program, which was attended by almost 330 ladies on-site and over 300 via the streaming platform.

In the first half of 2024 In H1 2024, we held weekly meetings and webinars regarding the development of personal and professional competences. In total, as part of the "Without Sugar" Program, we organized 18 webinars, attended by over 3,500 people.

In the area of the "Without Sugar" Program, we realized stationary training, that were conducted by local leaders from the 1<sup>st</sup> edition of the development program. Over 165 women took part in the training in the field MS Excel program (project implemented in 7 largest cities in Poland) and over 96 took part in the training “Communication without sugar” in Lublin and Kraków.

We also conducted the recruitment process for the 2<sup>nd</sup> edition of development program for the local leaders, during which participants develop leadership competences and carry out activities in local communities. We selected 6 leaders. We also completed the recruitment process for the development program “Excelentni”, in which we selected 6 Trainers.

#### **Pro-Wellness activities**

On the website "Take your health by the horns!" we support and educate employees on comprehensive health care.

In the first half of 2024, we prepared a series of initiatives related to health. The most important include:

- “Christmas Steps with Żubr” campaign, in which we encouraged employees to engage in physical activity and take a minimum of 7,5 thousand steps every day,
- Providing the Mindy app, which supports development, mindfulness exercises, improving sleep quality and reducing stress,
- The possibility of free and anonymous consultation with a psychologist, both through the bank and as part of the offered medical services,
- Implementation of the spring edition of the “MiLOVE activities with Żubr” campaign in which we encouraged outdoor activities,
- Providing a series of video courses of healthy eating regarding normalization of body weight, during which the dietitian explained: the causes of problems with weight reduction despite diet and exercise, the most common nutritional mistakes and indicated simple rules to help maintain proper body weight. The courses were enriched with additional articles and inspiring recipes,
- Start of a series of meetings "Academy of Memory", the aim of which is to educate on improving concentration and efficient brain function, along with suggestions for concentration exercises.

### **Apprenticeship programs**

Our goal is to attract a certain number of students and graduates from the best universities in Poland and abroad, and to offer them professional development within our organization.

In 2024, Bank Pekao S.A. launched recruitment for three programs:

- Banking Champions - the program for trainees that allows to gain unique competencies in the area of finance and banking. Participants will develop skills in risk management, corporate banking, data science and new technologies.
- IT Banking Champions – a program that will allow to gain experience in the IT area. The interns will work on projects aimed at transforming Bank Pekao into one of the most developed omnichannel banks in Poland.
- Żubr Academy - it has been designed to provide participants with substantive knowledge in a given area and the support of a mentor, who will be an experienced employee or unit manager. During the Program, the intern has a chance to see from behind the scenes what it is like to work in Retail Banking Branches, SME and Corporate Business Centers throughout Poland.

### **Compensation policy**

The compensation strategy was developed in line with the business standards and values underlying the Bank's mission and reflected in the internal regulations as well as it constitutes the basis for enhancing and protecting the Bank's reputation and creating long term value for all the stakeholders. The key regulation in this area is the *Remuneration Policy of Bank Polska Kasa Opieki Spółka Akcyjna*, the last update of which entered into force by the Ordinance of January 5, 2023 and the Remuneration Policy for Members of the Management Board and Members of the Supervisory Board, the last update of which entered into force by the Order of January 11, 2023. Remuneration Policy reflects the mission and values in the Bank's approach to remuneration systems. The main changes in the Remuneration Policy concern in particular the introduction of provisions emphasizing the gender-neutral nature of the policy as well as detailing the provisions regarding the part of variable remuneration in terms of deferral periods, by extending them.

### **Incentive systems**

In the Bank, there are three main incentive systems: an Executive Variable Compensation System, a System based on Management by Objectives (MBO), and a System based on provisions of Corporate Collective Labour Agreement, which is based on quarterly bonuses and incentive reward.

The Variable Remuneration System for the Management Staff is dedicated to persons holding managerial positions who have a significant impact on the Bank's risk profile. The purpose of the system is to support the implementation of the Bank's strategy and to limit excessive risk and conflicts of interest. Under the system, the participant may receive variable remuneration based on the bonus pool concept. The system provides a comprehensive measurement of the achievement of results at the individual level, organizational unit level and the results of the entire Bank, taking into account the assessment of the participant's compliance with the law, risk assessment and standards adopted by the Bank.

MBO system covers employees employed under the management contract and refers in particular to the positions in the front-office sales and to the managerial positions, which play a significant role in achieving the Bank's commercial goals. The employees covered by the MBO system receive individual goals resulting from the strategy and activity directions of the Bank approved for a particular year, the annual bonus value is conditioned by completion level of those tasks. Starting from 2018, the possibility of settling bonuses on a quarterly basis and the advance payment of bonuses for the achievement of individual annual goals was introduced, which it was restarted after a period determined by the epidemic situation affecting the way of setting and accounting for individual goals.

According to the provisions of the Corporate Collective Labour Agreement the basis of the system is a quarterly bonus which is discretionary and depends on evaluation of employee's performance, the level of commitment and the results achieved by the Bank in a given year, as well as the incentive bonus, which is granted for outstanding work achievements. Sales function employees receive an individual settlement of the objectives, including monitoring of the compliance and the quality of sales activities undertaken. As a result of negotiations with trade unions, a new bonus system for retailers was implemented from January 2023. The system addresses business needs, introduces transparent criteria for acquiring bonuses, supports the motivation and commitment of employees to take actions aimed at increasing sales, and promotes high standards of work quality and customer service.

### **Additional benefits for employees**

As part of non-wage benefits the Bank provides its employees with medical care in domestic network of private medical clinics. The Bank's employees have the opportunity to take advantage of a renovation or housing loan on preferential terms, as well as co-financing for holidays, cultural, educational, sports or recreation activities (including Multisport card).

**Selections and Suitability Assessment Policy**

The Bank has a *Policy of selecting candidates for the position of a member of the Management Board and the key function as well as assessing the suitability of proposed and appointed members of the Management Board, Supervisory Board and persons holding key functions at Bank*. In the first half of 2024, a secondary suitability assessment of Members of the Bank's Management Board and a collective assessment of the Bank's Management Board were carried out. The suitability assessment included an assessment of individual professional qualifications, reputation and additional management criteria in line with the aforementioned policy. The General Meeting assessed suitability by approving the presented self-assessments of the Members of the Supervisory Board as part of the secondary suitability assessment together with the collective self-assessment of the Supervisory Board. In connection with the appointment of the Supervisory Board for a new joint term of office, an initial assessment of the suitability of the Supervisory Board Members was carried out.

**Management Position Identification Policy**

The policy of identifying managerial positions was announced in the Bank by the Ordinance of January 11, 2022.

The purpose this Policy is to communicate the tasks performed by individual units and Bank authorities in the identification process, the course of the process and the procedure for updating the list of identified positions, as well as to indicate the criteria used by the Bank in the process of determining which positions have a significant impact on the Bank's risk profile. The Bank's Management Board approved the list of management positions for 2024.

**Gender equality and Diversity policy**

The Bank has a *Gender equality and diversity policy with regard to members of the Supervisory Board, members of the Management Board and persons holding Key Functions at Bank Polska Kasa Opieki Spółka Akcyjna*, which defines the strategy in the scope of managing diversity of the Bank's employees, including diversity with regard to the appointment of members of the Supervisory Board, members of the Management Board and persons performing Key Functions at the Bank. The gender equality and diversity policy defines guidelines aimed at ensuring that the Bank's employees can manage their careers, achieve success and evaluate their work on the basis of individual achievements, regardless of gender.

**Relations with Trade Union Organizations**

The cooperation between the Bank and trade unions in the range of consultation, negotiations and other agreements were led pursuant to the rules defined in the labour law, with respect for both sides' interests and social dialog rules. In the first half of the year 2024, 8 meetings took place (including 3 two-day meetings).

The talks and agreements between the parties mainly concerned salary increases for the Bank's employees, incentive awards for special achievements in professional work in 2023 and social benefits. As a result of the talks in the first half of 2024, the Agreement dated April 11, 2024 was concluded with six Trade Union Organizations to agree on the amount of funds for redeployment of Bank Polska Kasa Opieki S.A. employees covered by the Bank Pekao S.A. the Company Collective Labour Agreement in 2024 and the distribution of the incentive award fund referred to in § 19 of the Company Collective Labour Agreement for 2023." In addition, the Bank, taking into account the ongoing negotiations with the Trade Unions, has decided to release, pursuant to Article 105 of the Labor Code, additional funds for special prizes for employees who, through exemplary performance of their duties, showing initiative at work and improving its efficiency and quality, make a special contribution to the performance of the Bank's tasks. The rules for granting incentive awards were included in the Agreement dated April 11, 2024.

On March 2024, the Bank reached an agreement with seven Trade Union Organizations regarding the 2024 Company Social Benefits Fund spending plan.

In the first half of 2024, there were four industrial disputes at the Bank, initiated successively in 2016, 2019, 2021 and 2024 by one Trade Union Organization. Within the framework of the collective dispute initiated in 2016, it was signed on April 13, 2022.

Trade union organizations have the opportunity to post on the Bank's intranet sites their newsletters and information on important labor issues, including the dialogue conducted with the employer.

In its mutual relations with the trade unions, the Bank has followed the principle of good faith in working out the best solutions in terms of collective labor law for both employees and the Bank.

**Relations with the Works Council**

The Workers' Council is a representative of employees authorized to obtain information and consult with employees within the scope of the Law of April 7, 2006 on Informing and Consulting Employees. The subjects of information and consultation with the Workers' Council are matters specified by law, and cooperation is carried out with respect for the mutual rights of the parties. Information from meetings between the Staff Council and the employer is posted in the form of announcements on intranet sites accessible to all Bank employees.

**Workforce in number**

As at the end of June 2024 the Group employed 15,259 employees (in the Bank and the companies consolidated under full consolidation method) as compared to 15,129 employees as at the end of 2023. As at the end of June 2024, the Bank employed 12,743 employees as compared to 12,689 employees as at the end of 2023. The average age of the employees was 46,1 years, 77,2 % of the employees are university graduates, women represent 67,8 % of the total workforce.

## 8. Statement of Financial Position and Financial Results

Consolidated income statement containing cumulated items for the period from 1 January to 30 June, 2024 and 2023 respectively is presented in Interim Condensed Separate Financial Statements of Bank Pekao S.A. for the first half of 2024

The Report on activities of Bank Pekao S.A. Group for the first half of 2024, includes statement of financial position in a short form and income statement in a presentation form as well as the key, selected items from these statements are discussed.

### 8.1 The consolidated income statement – presentation form

In the first half of 2024, we generated net profit of Bank Pekao S.A. Group attributable to the Bank's shareholders in the amount of PLN 2,936 million. This result was lower by PLN 327 million than the result achieved in the first half of 2023, mainly due to higher costs of legal risk of foreign currency mortgage loans, higher operating costs and the recognition of costs related to the modification of PLN mortgage loan agreements granted to consumers due to their suspension of loan repayments (credit holidays).

Net profit excluding the cost of credit holidays and the costs of legal risk of foreign currency mortgage loans amounted to PLN 3,369 million and was 4% higher year-on-year.

	(in PLN million)		
	1 HALF OF 2024	1 HALF OF 2023	CHANGE
<b>Net interest income</b>	<b>6,007</b>	<b>5,752</b>	<b>4.4%</b>
<b>Net fee and commission income</b>	<b>1,365</b>	<b>1,350</b>	<b>1.1%</b>
Dividend income	30	29	x
Trading result	209	322	(35.1%)
Net other operating income and expenses	67	20	> 100%
<b>Net non-interest income</b>	<b>1,671</b>	<b>1,721</b>	<b>(2.9%)</b>
<b>Operating income</b>	<b>7,678</b>	<b>7,473</b>	<b>2.7%</b>
<b>Operating costs</b>	<b>(2,579)</b>	<b>(2,273)</b>	<b>13.5%</b>
<b>Gross operating profit</b>	<b>5,099</b>	<b>5,200</b>	<b>(1.9%)</b>
Net allowances for expected credit losses	(413)	(351)	17.7%
Costs of legal risk of foreign currency mortgage loans	(243)	(45)	> 100%
<b>Net operating profit</b>	<b>4,443</b>	<b>4,804</b>	<b>(7.5%)</b>
Contributions to the Bank Guarantee Fund	(239)	(190)	25.8%
Tax on certain financial institutions	(448)	(437)	2.5%
Share in profit on associates	4	3	33.3%
<b>Profit before tax</b>	<b>3,760</b>	<b>4,180</b>	<b>(10.0%)</b>
Income tax expense	(822)	(916)	(10.3%)
<b>Net profit</b>	<b>2,938</b>	<b>3,264</b>	<b>(10.0%)</b>
<b>Attributable to equity holders of the Bank</b>	<b>2,936</b>	<b>3,263</b>	<b>(10.0%)</b>
Attributable to non-controlling interest	2	1	100%

#### Operating income

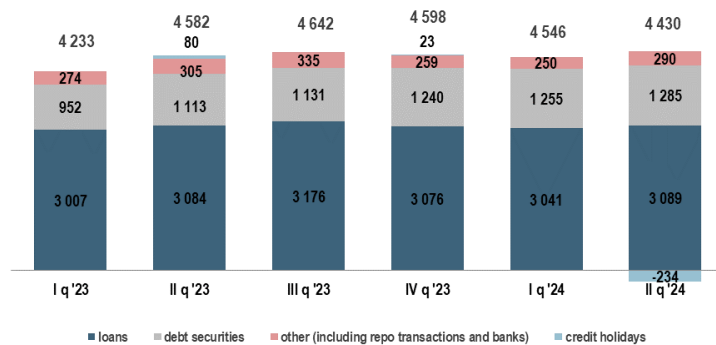
The Group's operating income in the first half of 2024 amounted to PLN 7,678 million and was 2.7% higher than the income achieved in in the first half 2023, mainly due to the interest result, despite the recognition of credit holiday costs.

**Total net interest income**

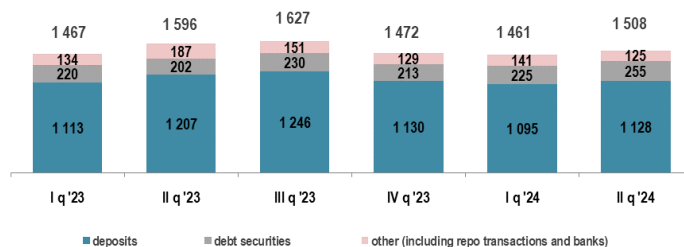
(in PLN million)

	1 HALF OF 2024	1 HALF OF 2023	CHANGE
Interest income	8,976	8,815	1.8%
Interest expense	(2,969)	(3,063)	(3.1%)
<b>Net interest income</b>	<b>6,007</b>	<b>5,752</b>	<b>4.4%</b>

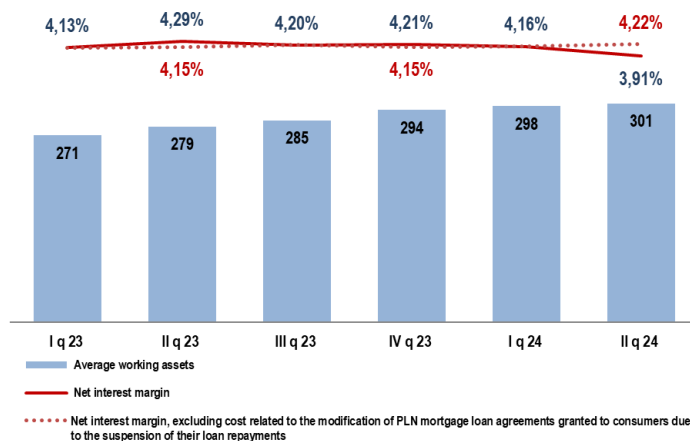
Net interest income achieved in the first half of 2024 amounted to PLN 6,007 million and was higher by PLN 255 million, i.e. 4.4% compared to the result achieved in the first half of 2023, mainly due to higher volumes and a stable interest margin, despite the recognition of credit holiday costs in the amount of PLN 234 million.

**Interest income**


Interest income in the first half of 2024 amounted to PLN 8,976 million and was higher by PLN 161 million year-on-year, thanks to higher volumes, despite lower interest rates and the recognition of credit holiday costs in the amount of PLN 234 million.

**Interest expense**


Interest expenses in the first half of 2024 amounted to PLN 2,969 million and were lower by PLN 94 million year-on-year, despite higher volumes of liabilities to customers and from the issue of debt securities.

**Interest margin**


The interest margin excluding the costs of recognizing credit holidays achieved in the first half of 2024 amounted to 4.19% and was 0.06 percentage points higher than the margin achieved in 2023.

**Net non-interest income**

(in PLN million)

	1 HALF OF 2024	1 HALF OF 2023	CHANGE
Fee and commission income	1,782	1,741	2.4%
Fee and commission expense	(417)	(391)	6.6%
<b>Net fee and commission income</b>	<b>1,365</b>	<b>1,350</b>	<b>1.1%</b>
Dividend income	30	29	3.4%
Trading result	209	322	(35.1%)
Net other operating income and expense	67	20	> 100%
<b>Net non-interest income</b>	<b>1,671</b>	<b>1,721</b>	<b>(2.9%)</b>

The non-interest income achieved in the first half of 2024 amounted to PLN 1,671 million and was lower by PLN 50 million, i.e. 2.9% compared to the result achieved in the previous year, due to the lower valuation of derivative instruments.

The net fee and commission income achieved in the first half of 2024 amounted to PLN 1,365 million and was higher by PLN 15 million, i.e. 1.1% compared to the result achieved in the first half of 2023, mainly due to higher commissions from investment funds and brokerage activities, as a result of improved sentiment on capital markets.

The table below presents the Group's net fee and commission income divided according to the main areas of the activity.

(in PLN million)

	1 HALF OF 2024	1 HALF OF 2023	CHANGE
<b>Net fee and commission income</b>	<b>1,365</b>	<b>1,350</b>	<b>1.1%</b>
on loans	291	302	(3.5%)
on cards	157	158	(0.6%)
on mutual funds	203	168	20.6%
on brokerage activate	79	75	5.1%
on margins on foreign exchange transactions with clients	344	361	(4.6%)
other	291	287	1.6%

**Operating costs**

Operating costs in the first half of 2024 amounted to PLN 2,579 million and were higher by PLN 306 million, i.e. 13.5% compared to the first half of 2023, mainly due to inflation indexation of salaries and the variable part of personnel costs related to the profit.

(in PLN million)

	1 HALF OF 2024	1 HALF OF 2023	CHANGE
Personnel expenses	(1,616)	(1,339)	20.7%
General administrative expenses and depreciation	(963)	(934)	3.1%
<b>Operating costs</b>	<b>(2,579)</b>	<b>(2,273)</b>	<b>13.5%</b>

The cost/income ratio in the first half of 2024 was 33.6% compared to 30.4% in the same period of 2023.

As of 30 June 2024 the Group employed 15,259 employees (in the Bank and the companies consolidated under full consolidation method) as compared to 14,918 employees as at the end of June 2023.

**Contributions to the Bank Guarantee Fund**

Contributions to the Bank Guarantee Fund in the first half of 2024 amounted to PLN 239 million and were higher by PLN 49 million i.e. 25.8% than in the first half of 2023, due to the increase in the volume of guaranteed funds.

**Tax on certain financial institutions**

The tax on certain financial institutions in the first half of 2024 amounted to PLN 448 million and was higher by PLN 11 million, i.e. 2.5% than in the first half of 2023 due to the increase in the Bank's assets.



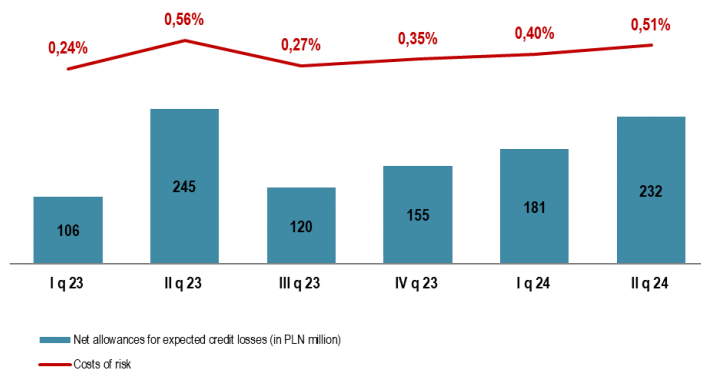
## 8.2 Net allowances for expected credit losses

(in PLN million)

	GROUP		BANK PEKAO S.A.	
	1 HALF OF 2024	1 HALF OF 2023	1 HALF OF 2024	1 HALF OF 2023
financial assets measured at amortized cost	(130)	(290)	(342)	(278)
financial assets measured at fair value through other comprehensive income	(2)	8	7	15
financial liabilities measured at amortized cost	(38)	(70)	(42)	(62)
<b>Net allowances for expected credit losses</b>	<b>(413)</b>	<b>(351)</b>	<b>(378)</b>	<b>(325)</b>
<b>Costs of legal risk of foreign currency mortgage loans</b>	<b>(243)</b>	<b>(45)</b>	<b>(213)</b>	<b>(24)</b>

The result of allowances for expected credit losses in the first half of 2024 amounted to PLN 413 million and was higher by PLN 62 million, i.e. 17.7% than in the first half of 2023.

### Costs of risk



The Group's cost of risk in the first half of 2024 amounted to 0.46%, up 0.06 p.p. from the previous year, and are in line with the strategic assumptions and the adopted risk appetite.

### 8.3 The structure of the net profit

(in PLN million)

	1 HALF OF 2024	1 HALF OF 2023	CHANGE
<b>Net profit of Bank Pekao S.A.</b>	<b>2,986</b>	<b>3,359</b>	<b>(11.1%)</b>
<b>Entities consolidated under full method</b>			
Pekao Investment Management S.A.	59	46	28.3%
Pekao Leasing Sp. z o.o.	55	55	0.0%
Pekao Faktoring Sp. z o.o.	10	24	(58.3%)
Pekao Direct Sp. z o.o.	6	3	100.0%
Pekao Financial Services Sp. z o.o.	6	3	100.0%
Centrum Kart S.A.	4	3	33.3%
PEUF Sp. z o.o.	3	4	(25.0%)
Pekao Fundusz Kapitałowy Sp. z o.o. w likwidacji	1	1	0.0%
Pekao Property S.A. w likwidacji	-	-	x
FPB "MEDIA" Sp. z o.o. w upadłości	-	-	x
Pekao Investment Banking S.A.	(3)	3	x
Pekao Bank Hipoteczny S.A.	(22)	(14)	57.1%
<b>Entities valued under the equity method</b>			
Krajowy Integrator Płatności S.A.	4	3	33.3%
Exclusions and consolidation adjustments (*)	(173)	(227)	(23.8%)
<b>Net profit of the Group attributable to equity holders of the Bank</b>	<b>2,936</b>	<b>3,263</b>	<b>(10.0%)</b>

(\*) Includes among others transactions within the Group (including dividends from subsidiaries for the previous years) and net profit attributable to non-controlling interest.

#### Results of the Bank's major related entities

##### Pekao Investment Management S.A. – Pekao IM

Pekao IM's consolidated net profit in the first half of 2024 amounted to **PLN 59 million**, compared to PLN 46 million achieved in the first half of 2023. The result was influenced by the favorable situation on the capital market, encouraging clients to invest in investment funds, which translated into an increase in the value of assets managed by Pekao TFI.

##### Pekao Leasing Sp. z o.o. – Pekao Leasing

In the first half of 2024, Pekao Leasing generated a net profit of **PLN 55 million** and was close to the result achieved in the first half of 2023.

##### Pekao Faktoring Sp. z o.o. – Pekao Faktoring

In the first half of 2024, Pekao Faktoring generated a net profit of **PLN 10 million**, compared to PLN 24 million in the first half of 2023. The lower result was influenced by a higher level of credit risk costs. Pekao Faktoring ranks second in terms of turnover on the Polish factoring market.

##### Pekao Direct Sp. z o.o. – Pekao Direct

In the first half of 2024, Pekao Direct recorded a net profit of **PLN 6 million**. The higher result y/y was influenced by an increase in revenues from services provided to Bank Pekao S.A., as a result of an increase in the scale of support for the Bank's customer service.

##### Krajowy Integrator Płatności S.A. – KIP

In the first half of 2024, KIP generated a net profit of PLN 11.9 million (of which **PLN 4 million** was included in the Group's result), compared to PLN 7 million achieved in the first half of 2023. This result is the effect of further development of KIP's activities in the area of online payment services, maintenance services, a wider range of services provided by KIP, including in cooperation with the Bank.

##### Pekao Financial Services Sp. z o.o. – PFS

In the first half of 2024, PFS generated a net profit of PLN 6 million (including the Bank's share of **PLN 4 million**), compared to a profit of PLN 3 million achieved in the first half of 2023. The net result was higher due to the increase in PFS revenues as a result of the positive situation on the capital market and the optimization of the level of operating costs.

**Centrum Kart S.A. – Centrum Kart**

In the first half of 2024, Centrum Kart achieved a net profit of **PLN 4 million**, compared to PLN 3 million achieved in the first half of the previous year. The result was influenced by an increase in revenues from services provided to Bank Pekao S.A.

**PeUF Sp. z o. o. – PeUF**

In the first half of 2024, PeUF achieved a net profit of **PLN 3 million**, compared to PLN 4 million achieved in the first half of 2023.

**Pekao Investment Banking S.A. – Pekao IB**

In the first half of 2024, Pekao IB achieved a net loss of **PLN 3 million**, compared to a profit of PLN 3 million in the first half of 2023. The result was influenced by a lower number and value of finalized transactions in the area of advisory services on the private and public capital markets compared to the previous year.

**Pekao Bank Hipoteczny S.A. – Pekao Bank Hipoteczny**

In the first half of 2024, Pekao Bank Hipoteczny recorded a net loss of PLN 22 million, compared to a loss of PLN 14 million in the first half of 2023. The result of the current period was affected by costs related to the modification of PLN mortgage loan agreements granted to consumers in connection with their suspension of loan repayments (credit holidays) and updating the provision for legal risk related to the portfolio of mortgage loans denominated in CHF.

**The results of Bank Pekao S.A.**

The main items from the Bank's income statement in presentation form are as follows:

(in PLN million)

	1 HALF OF 2024	1 HALF OF 2023	CHANGE
<b>Net interest income</b>	<b>5,832</b>	<b>5,587</b>	<b>4.4%</b>
<b>Net fee and commission income</b>	<b>1,132</b>	<b>1,145</b>	<b>(1.1%)</b>
Dividend, income	190	237	(19.8%)
Trading result	200	317	(36.9%)
Net other operating income and expenses	64	18	> 100%
<b>Net non-interest income</b>	<b>1,586</b>	<b>1,717</b>	<b>(7.6%)</b>
<b>Operating income</b>	<b>7,418</b>	<b>7,304</b>	<b>1.6%</b>
<b>Operating costs</b>	<b>(2,369)</b>	<b>(2,087)</b>	<b>13.5%</b>
<b>Gross operating profit</b>	<b>5,049</b>	<b>5,217</b>	<b>(3.2%)</b>
Net allowances for expected credit losses	(378)	(325)	16.3%
Costs of legal risk of foreign currency mortgage loans	(213)	(24)	> 100%
<b>Net operating profit</b>	<b>4,458</b>	<b>4,868</b>	<b>(8.4%)</b>
Contributions to the Bank Guarantee Fund	(237)	(188)	26.1%
Tax on certain financial institutions	(448)	(437)	2.5%
<b>Profit before tax</b>	<b>3,773</b>	<b>4,243</b>	<b>(11.1%)</b>
Income tax expense	(787)	(884)	(11.0%)
<b>Net profit</b>	<b>2,986</b>	<b>3,359</b>	<b>(11.1%)</b>

The net profit of Bank Pekao S.A. in the first half of 2024 amounted to PLN 2,986 million. This result is lower by PLN 373 million than the result achieved in the first half of 2023, mainly due to higher costs of legal risk of foreign currency mortgage loans, higher operating costs and the recognition of costs related to the modification of PLN mortgage loan agreements granted to consumers due to their suspension of loan repayments (credit holidays).

**The main Bank's financial information are as follows:**

	30.06.2024	30.06.2023	CHANGE
<b>STATEMENT OF FINANCIAL POSITION – SELECTED ITEMS</b>			
<i>(in PLN million)</i>			
Loans and advances at nominal value <sup>(*)</sup>	166,415	158,338	5.1%
Amounts due to customers	245,756	220,526	11.4%
Structured Certificates of Deposit	-	401	x
Senior bonds	4,500	750	> 100%
Subordinated bonds	2,750	2,750	0.0%
Repo transactions	1,192	1,092	9.2%
Total assets	302,552	276,691	9.3%
Investment funds distributed through the Bank's network	23,710	17,818	33.1%
Total capital ratio in % <sup>(**)</sup>	19,0%	20,3%	1,3 p.p.

<sup>(\*)</sup> Including loans and non-treasury debt securities.

<sup>(\*\*)</sup> Data for 30 June, 2024 and 30 June, 2023 have been recalculated taking into account the retrospective recognition of part of the profit for respectively 2023 and 2022, in accordance with the EBA position expressed in Q&A 2018\_3822 and Q&A 2018\_4085.

Loans and advances at nominal value at the end of June 2024 amounted to PLN 166,415 million and were higher by PLN 8,077 million, i.e. 5.1% than at the end of June 2023. At the end of June 2024, retail loans amounted to PLN 79,777 million, and corporate amounted to PLN 72,538 million.

Amounts due to customers, Structured Certificates of Deposit, Certificates of Deposit, Senior Bonds and Subordinated Bonds amounted to PLN 253,005 million at the end of June 2024 and were higher by PLN 28,578 million, i.e. 12.7% compared to the end of March 2023.

Net assets of investment funds managed by Pekao TFI S.A. distributed by the Bank's network at the end of June 2024 amounted to PLN 23,710 million and was higher by PLN 5,893 million, i.e. 33.1% compared to the end of June 2023.

## 8.4 Structure of the consolidated statement of financial position – short form

The balance sheet of Bank Pekao S.A. determines the amount of total assets in balance sheet and the structure of the assets and liabilities of the Group. As at the end of June 2024, the total assets of Bank Pekao S.A. constitutes 95.7% of the total assets of the whole Group.

ASSETS	30.06.2024		30.06.2023		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Cash and cash equivalents (*)	15,523	4.9%	16,521	5.7%	(6.0%)
Loans and advances to banks (**)	325	0.1%	164	0.1%	98.2%
Loans and advances to customers (***)	176,764	55.9%	165,916	57.6%	6.5%
Reverse repo transactions	3,054	1.0%	3,344	1.2%	(8.7%)
Securities (****)	104,064	32.9%	82,732	28.7%	25.8%
Investments in associates	57	0.0%	50	0.0%	13.5%
Property, plant and equipment and intangible assets	4,401	1.4%	4,041	1.4%	8.9%
Other assets	11,857	3.8%	15,230	5.3%	(22.1%)
<b>Total assets</b>	<b>316,046</b>	<b>100.0%</b>	<b>287,998</b>	<b>100.0%</b>	<b>9.7%</b>

(\*) Cash and cash equivalents include cash in hand, amounts due from the National Bank of Poland, as well as amounts due from banks with a maturity of up to 3 months.

(\*\*) Including net investments in financial leases to banks.

(\*\*\*) Including net investments in financial leases to customers and non-treasury debt securities.

(\*\*\*\*) Including financial assets held for trading, other financial instruments at fair value through profit and loss and excluding non-treasury debt securities

EQUITY AND LIABILITIES	30.06.2024		30.06.2023		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Amounts due to other banks	6,572	2.1%	7,794	2.7%	(15.7%)
Amounts due to customers	245,461	77.7%	220,189	76.5%	11.5%
Debt securities issued	13,298	4.2%	8,166	2.8%	62.9%
Subordinated liabilities	2,782	0.9%	2,786	1.0%	(0.2%)
Repo transactions	1,192	0.4%	1,092	0.4%	9.2%
Lease liabilities	692	0.2%	480	0.2%	44.2%
Other liabilities	17,825	5.6%	21,397	7.4%	(16.7%)
Total equity including	28,223	8.9%	26,095	9.1%	8.2%
non-controlling interests	12	0.0%	11	0.0%	6.2%
<b>Total equity and liabilities</b>	<b>316,046</b>	<b>100.0%</b>	<b>287,998</b>	<b>100.0%</b>	<b>9.7%</b>

**Customers' Financing**
**Customer structure of loans and advances**

(in PLN million)

	30.06.2024	30.06.2023	CHANGE
<b>Loans and advances at nominal value <sup>(*)</sup></b>	<b>181,633</b>	<b>171,638</b>	<b>5.8%</b>
Loans and investments in financial leases	170,175	162,067	5.0%
Retail	81,879	73,820	10.9%
Corporate	88,296	88,247	0.1%
Non-treasury debt securities	11,458	9,571	19.7%
Other <sup>(**)</sup>	2,158	1,651	30.7%
<b>Impairment allowances</b>	<b>(7,027)</b>	<b>(7,373)</b>	<b>(4.7%)</b>
<b>Total net receivables</b>	<b>176,764</b>	<b>165,916</b>	<b>6.5%</b>
Reverse repo transactions	3,051	3,343	(8.7%)
<b>Total Customers' financing <sup>(***)</sup></b>	<b>184,684</b>	<b>174,980</b>	<b>5.5%</b>

(\*) Excluding reverse repo transactions.

(\*\*) Including interest and receivables in transit.

(\*\*\*) Total customers' financing includes loans and advances at nominal value, securities issued by non-monetary entities and reverse repo transactions.

As at the end of June 2024, loans and advances at nominal value amounted to PLN 181,633 million and were higher by PLN 9,995 million, i.e. 5.8% than at the end of June 2023.

As at the end of June 2024 the volume of retail loans amounted to PLN 81,879 million and were higher by PLN 8,059 million, i.e. 10.9% than at the end of June 2023.

Corporate loans including non-treasury debt securities at the end of June 2024 amounted to PLN 99,754 million and were higher by PLN 1,936 million, i.e. 2.0% compared to the end of June 2023.

**Receivables and impairment losses <sup>(\*)</sup>**

(in PLN million)

	30.06.2024	30.06.2023	CHANGE
<b>Gross receivables</b>	<b>183,791</b>	<b>173,289</b>	<b>6.1%</b>
Stage 1	157,081	147,369	6.6%
Stage 2	18,230	16,602	9.8%
Stage 3	8,480	9,318	(9.0%)
<b>Impairment allowances</b>	<b>(7,027)</b>	<b>(7,373)</b>	<b>(4.7%)</b>
Stage 1	(878)	(855)	2.7%
Stage 2	(1,049)	(810)	29.6%
Stage 3	(5,100)	(5,709)	(10.7%)
<b>Total net receivables</b>	<b>176,764</b>	<b>165,916</b>	<b>6.5%</b>

(\*) Including net investments in financial leases to customers, non-treasury debt securities, interest and receivables in transit and excluding reverse repo transactions.

As at the end of June 2024 the ratio of impaired receivables (stage 3) to the gross receivables amounted to 4.6%.

**Loans and advances to customers by currency <sup>(\*)</sup>**

	30.06.2024		30.06.2023		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Denominated in PLN	148,362	80.7%	139,216	79.6%	6.6%
Denominated in foreign currencies <sup>(**)</sup>	35,429	19.3%	34,074	20.4%	4.0%
<b>Total</b>	<b>183,791</b>	<b>100.0%</b>	<b>173,289</b>	<b>100.0%</b>	<b>6.1%</b>
Impairment allowances	(7,027)	x	(7,373)	x	(4.7%)
<b>Total net</b>	<b>176,764</b>	<b>x</b>	<b>165,916</b>	<b>x</b>	<b>6.5%</b>

(\*) Including net investments in financial leases to customers, non-treasury debt securities, interest and receivables in transit and excluding reverse repo transactions.

(\*\*) Including indexed loans.

The currency structure of loans and advances to customers is dominated by amounts expressed in the Polish zloty, as at the end of June 2024 their share was 80.7%. The largest portion of foreign currency loans and advances to customers were represented by those denominated in EUR (91.6%), CHF (1.2%) or USD (5.6%).

**Loans and advances to customers by contractual maturities <sup>(\*)</sup>**

	30.06.2024		30.06.2023		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Current and up to 1 month	20,901	11.4%	23,600	13,4%	(11.4%)
1 to 3 months	7,492	4.1%	6,620	3,8%	13.2%
3 months to 1 year	18,322	10.0%	19,166	10,9%	(4.4%)
1 to 5 years	61,060	33.2%	53,263	30,4%	14.6%
Over 5 years	70,046	38.1%	64,824	37,7%	8.1%
Past due	3,812	2.1%	4,164	2,6%	(8.5%)
Other	2,158	1.2%	1,651	1,1%	30.7%
<b>Total</b>	<b>183,791</b>	<b>100.0%</b>	<b>173,289</b>	<b>100,0%</b>	<b>6.1%</b>
Impairment allowances	(7,027)	x	(7,373)	x	(4.7%)
<b>Total net</b>	<b>176,764</b>	<b>x</b>	<b>165,916</b>	<b>x</b>	<b>6.5%</b>

<sup>(\*)</sup> Including net investments in financial leases to customers. non-treasury debt securities. interest and receivables in transit and excluding reverse repo transactions.

As at the end of June 2024 loans and advances with maturity over 5 years represents 38.1% of total loans and advances (mainly attributed to mortgage loans, investment loans and non-treasury debt securities).

Information on loan concentration is included in the Notes to the Condensed Interim Consolidated Financial Statements of Bank Pekao S.A. Group for the first half of 2024.

**External sources of financing**

(in PLN million)

	30.06.2024	30.06.2023	CHANGE
Amounts due to other banks	6,572	7,794	(15.7%)
Amounts due to customers	245,461	220,189	11.5%
Debt securities issued	13,298	8,166	62.9%
Subordinated liabilities	2,782	2,786	(0.2%)
Repo transactions	1,192	1,092	9.2%
<b>Total external sources of financing</b>	<b>269,305</b>	<b>240,027</b>	<b>12.2%</b>

The deposit base is widely diversified and is sourced from retail and corporate customers. In addition, the Group uses also funds borrowed on the interbank market. The Group is not dependent on any single customer nor group of customers.

**Amounts due to customers and debt securities issued**

(in PLN million)

	30.06.2024	30.06.2023	CHANGE
<b>Corporate deposits</b>	<b>100,104</b>	<b>92,325</b>	<b>8.4%</b>
Non-financial entities	72,167	74,334	(2.9%)
Non-banking financial entities	8,110	5,666	43.1%
Budget entities	19,827	12,324	60.9%
<b>Retail deposits</b>	<b>144,355</b>	<b>126,836</b>	<b>13.8%</b>
Other (*)	1,002	1,028	(2.6%)
<b>Amounts due to customers(**)</b>	<b>245,461</b>	<b>220,189</b>	<b>11.5%</b>
<b>Debt securities issued of which</b>	<b>16,080</b>	<b>10,952</b>	<b>46.8%</b>
Structured Certificates of Deposit (SCD)	-	401	x
Senior bonds	4,500	750	>100%
Subordinated bonds	2,750	2,750	0.0%
Pekao Bank Hipoteczny S.A. covered bonds	1,019	896	13.8%
Pekao Bank Hipoteczny S.A. bonds	384	194	97.9%
Pekao Leasing Sp. z o.o. bonds	2,787	3,220	(13.4%)
Pekao Faktoring Sp. z o.o. bonds	4,430	2,643	67.6%
Interest	210	98	> 100%
<b>Amounts due to customers and debt securities issued (**)</b>	<b>261,541</b>	<b>231,141</b>	<b>13.2%</b>
Lease liabilities	692	480	44.1%
Repo transactions	1,192	1,092	9.2%
<b>Amounts due to customers and debt securities issued total (***)</b>	<b>263,425</b>	<b>232,713</b>	<b>13.2%</b>
<b>Investment funds of Pekao TFI S.A. (ex. Pioneer Pekao TFI)</b>	<b>28,236</b>	<b>21,426</b>	<b>31.8%</b>
Bond and money market funds	19,907	14,699	35.4%
Balanced funds	4,627	3,853	20.1%
Equity funds	2,245	2,014	11.5%
PPK	1,457	860	69.4%
including distributed through the Group's network	24,564	18,551	32.4%

(\*) Other item includes interest and funds in transit.

(\*\*) Excluding repo transactions and lease liabilities.

(\*\*\*) Including repo transactions and lease liabilities.

As at the end of June 2024 amounts due to the Group's Customers and Debt securities issued amounted to PLN 261,541 million and were higher by PLN 30,400 million, i.e. 13.2% than at the end of June 2023.

The total volume of Retail deposits, Structured Certificates of Deposit and other amounted to PLN 145,223 million at the end of June 2024 an increase by PLN 17,062 million, i.e. 13.3% compared to the end of June 2023.

The total volume of Corporate deposits, Senior bonds, Subordinated bonds, Pekao Bank Hipoteczny S.A. covered bonds and bonds Pekao Leasing Sp. z o.o. bonds Pekao Faktoring Sp. z o.o. bonds interest and other amounted to PLN 116,316 million and were higher by PLN 13,336 million, i.e. 13.0% compared to the end of June 2023.

The value of net assets of investment funds managed by Pekao TFI S.A. amounted to PLN 28,236 million and was higher by PLN 6,810 million, i.e. 31.8% compared to the end of June 2023.

**Amounts due to customers by currency (\*)**

	30.06.2024		30.06.2023		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Denominated in PLN	203,521	82.9%	179,360	81.5%	13.5%
Denominated in foreign currencies	41,939	17.1%	40,830	18.5%	2.7%
<b>Total</b>	<b>245,461</b>	<b>100.0%</b>	<b>220,189</b>	<b>100.0%</b>	<b>11.5%</b>

(\*) Including interest and amounts due in transit and excluding repo transactions and lease liabilities.

The bulk of the amounts due to customers are denominated in the Polish currency and its share as at the end of June 2024 amounted to 82.9%. The majority of amounts due to customers denominated in foreign currencies were in EUR (64.3%) and USD (29.8%).



**Amounts due to customers by contractual maturities <sup>(\*)</sup>**

	30.06.2024		30.06.2023		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Current accounts and overnight deposits	177,758	72.7%	163,539	74.6%	8.7%
Term deposits	66,700	27.3%	55,622	25.4%	19.9%
<b>Total deposits</b>	<b>244,458</b>	<b>100.0%</b>	<b>219,161</b>	<b>100.0%</b>	<b>11.5%</b>
Interest accrued	672	x	714	x	(5.9%)
Funds in transit	330	x	315	x	4.9%
<b>Total</b>	<b>245,461</b>	<b>x</b>	<b>220,189</b>	<b>x</b>	<b>11.5%</b>

(\*) Excluding repo transactions and lease liabilities.

## 8.5 Provisions, deferred tax assets and liabilities

(in PLN million)

	GROUP		BANK PEKAO S.A.	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
<b>Total provisions</b>	<b>2,087</b>	<b>1,536</b>	<b>1,973</b>	<b>1,512</b>
provisions for off-balance sheet commitments	541	462	593	506
provisions for liabilities to employees	409	354	399	345
other provisions	1,136	720	980	660
<b>Deferred tax liabilities</b>	<b>20</b>	<b>22</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets</b>	<b>1,196</b>	<b>1,310</b>	<b>855</b>	<b>1,014</b>

## 8.6 Off-balance sheet items

**Bank Pekao S.A. Group - Statement of Off-balance sheet items**

(in PLN million)

	30.06.2024	30.06.2023	CHANGE
Contingent liabilities granted and received	105,121	93,796	12.1%
Liabilities granted:	72,352	63,132	14.6%
financial	60,735	51,754	17.4%
guarantees	11,616	11,378	2.1%
Liabilities received:	32,770	30,664	6.9%
financial	713	691	3.2%
guarantees	32,057	29,973	7.0%
Derivative financial instruments	510,865	505,902	1.0%
interest rate transactions	416,607	399,833	4.2%
transactions in foreign currency and in gold	89,206	99,238	(10.1%)
transactions based on commodities and equity securities	5,052	6,831	(26.0%)
<b>Total off-balance sheet items</b>	<b>615,986</b>	<b>599,698</b>	<b>2.7%</b>

Information on loan concentration is included in the Notes to the Condensed Interim Consolidated Financial Statements of Bank Pekao S.A. Group for the first half of 2024.

## 8.7 Capital adequacy

### **Bank Pekao S.A. Group and Bank Pekao S.A.**

Capital ratios are the basic measure applied for the measurement of capital adequacy according to Regulation of the European Parliament and of the Council (EU) No 575/2013 of June 26, 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012, which entered into force since January 1, 2014 together with further amendments, as well as Commission Implementing Regulations or Delegated Regulations (EU) (CRR Regulation).

Capital ratios, capital requirements and own funds have been calculated in accordance with the above mentioned CRR Regulation using national options defined in article 171a of The Banking Act, Act of 5 August 2015 on macro-prudential supervision over financial system and crisis management in financial system (Act on macro-prudential supervision), as well as regulations of minister in charge of the finance institutions.

According to law, Bank Pekao S.A. Group and Bank Pekao S.A. are required to maintain minimal values of capital ratios resulting from Pillar I level (CRR Regulation), capital requirement of Pillar II resulting from The Banking Act and combined buffer requirement resulting from Act on macro-prudential supervision.

Minimal value of capital ratios on Pillar I level are:

- Total capital ratio (TCR) in amount of 8%,
- Tier I capital ratio (T1) in amount of 6%,
- Common Equity Tier I capital ratio (CET 1) in amount of 4.5%.

Combined buffer requirement as at 30 June 2024 consists of:

- Capital conservation buffer in amount of 2.50%,
- Countercyclical capital buffer in amount of 0.03%<sup>1</sup> for Bank Pekao S.A. Group and for Bank Pekao S.A.,
- Other systemically important institution buffer in amount of 1.00%,
- Systemic risk buffer in amount of 0.00%<sup>2</sup>.

On Pillar II, Bank Pekao S.A. and Bank Pekao S.A. Group have no additional capital requirement (P2R).

Together, both Bank Pekao S.A. Group and Bank Pekao S.A. are obliged to maintain:

- Total capital ratio (TCR) in amount of 11.53%,
- Capital ratio Tier I (T1) in amount of 9.53%,
- Common Equity Tier (CET 1) in amount of 8.03%.

The capital ratios of Bank Pekao S.A. Group and Bank Pekao S.A. were significantly above the minimum required by the law.

<sup>1</sup> Countercyclical capital buffer was calculated as of June 30, 2024 at the level 0.0305% for Bank Pekao S.A. and 0.0327% for Bank Pekao S.A. Group.

<sup>2</sup> According to the Regulation of the Minister of Finance, the systemic risk buffer was abolished on March 19, 2020. The buffer value applicable until that date was 3% of the total risk exposure amount for all exposures located only in the territory of the Republic of Poland.

**Bank Pekao S.A. Group**

As of June 30, 2024 Bank Pekao S.A. Group total capital ratio amounted to 16.6% and common equity Tier I ratio amounted to 15.1%.

The table below presents the basic information concerning Bank Pekao S.A. Group capital adequacy as of 30 June, 2024 and 30 June, 2023.

(in PLN million)		
CAPITAL REQUIREMENT (mIn PLN)	30.06.2024 <sup>(*)</sup>	30.06.2023 <sup>(*)</sup>
Credit Risk	10,822	10,077
Market Risk	102	96
Counterparty credit risk including CVA	157	203
Operational risk	1,680	1,360
<b>Total capital requirement</b>	<b>12,761</b>	<b>11,736</b>
<b>OWN FUNDS (mIn PLN)</b>		
Common Equity Tier I Capital	24,144	23,362
Tier II Capital	2,255	2,583
<b>Own funds for total capital ratio</b>	<b>26,399</b>	<b>25,945</b>
<b>Common Equity Tier I Capital ratio (%)</b>	<b>15.1%</b>	<b>15.9%</b>
<b>Total capital ratio TCR (%)</b>	<b>16.6%</b>	<b>17.7%</b>

<sup>(\*)</sup> Data for June 30, 2023 have been recalculated taking into account the retrospective recognition of part of the profit for 2023, in accordance with the EBA position expressed in Q&A 2018\_3822 and Q&A 2018\_4085.

Common equity Tier I Capital Ratio of Pekao S.A. Group as at the end of June 2024 was lower by 0.8 p.p. compared to the end of June 2023 mainly due to increase of total capital requirement by 8.7% despite higher Common Equity Tier I Capital by 1.7%. Total Capital Ratio of Bank Pekao S.A. Group as at the end of June 2024 was lower by 1.1 p.p. compared to the end of June 2023.

Decrease of Tier II Capital at the end of June 2024 compared to the end of June 2023 results from amortization of subordinated bonds A series and B series (during final 5 years of maturity of the instrument).

## 8.8 Reconciliation of income statement – presentation form and long form

Consolidated income statement for the first half of 2024

INCOME STATEMENT – PRESENTATION FORM'S ITEMS	LONG FORM'S ITEMS RECLASSIFIED TO PRESENTATION FORM	1 HALF 2024
<b>Net interest income</b>	<b>Net interest income</b>	<b><u>6,007</u></b>
<b>Net fee and commission income</b>	<b>Net fee and commission income</b>	<b><u>1,365</u></b>
Dividend income	Dividend income	<u>30</u>
Trading result	-	<u>209</u>
	Net result on other financial instruments at fair value through profit and loss	206
	Result on fair value hedge accounting	-
	(Gains) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	3
Net other operating income and expenses	Net other operating income and expenses	<u>67</u>
	Operating income	<u>102</u>
	Operating expenses	<u>(35)</u>
<b>Net non-interest income</b>	-	<b><u>1,671</u></b>
<b>Operating income</b>	-	<b><u>7,678</u></b>
<b>Operating costs</b>	-	<b><u>(2,579)</u></b>
	General administrative expenses depreciation	(3,266)
	less - Contributions to the Bank Guarantee Fund	239
	less – Tax on certain financial institutions	448
<b>Gross operating profit</b>	-	<b><u>5,099</u></b>
Net allowances for expected credit losses	Net allowances for expected credit losses	<u>(413)</u>
Costs of legal risk of foreign currency mortgage loans	Costs of legal risk of foreign currency mortgage loans	<u>(243)</u>
<b>Net operating profit</b>	-	<b><u>4,443</u></b>
Contributions to the Bank Guarantee Fund	Contributions to the Bank Guarantee Fund	(239)
Tax on certain financial institutions	Tax on certain financial institutions	<u>(448)</u>
Share in profit on associates	Share in profit on associates	<u>4</u>
<b>Profit before income tax</b>	<b>Profit before income tax</b>	<b><u>3,760</u></b>
Income tax expense	Income tax expense	<u>(822)</u>
<b>Net profit for the period</b>	<b>Net profit for the period</b>	<b><u>2,938</u></b>
<b>Attributable to equity holders of the Bank</b>	<b>Attributable to equity holders of the Bank</b>	<b><u>2,936</u></b>
Attributable to non-controlling interest	Attributable to non-controlling interest	2

**Consolidated income statement for the first half of 2023**

INCOME STATEMENT – PRESENTATION FORM'S ITEMS	LONG FORM'S ITEMS RECLASSIFIED TO PRESENTATION FORM	1 HALF 2023
<b>Net interest income</b>	<b>Net interest income</b>	<b><u>5,752</u></b>
<b>Net fee and commission income</b>	<b>Net fee and commission income</b>	<b><u>1,350</u></b>
Dividend income	Dividend income	29
Trading result	-	322
	Net result on other financial instruments at fair value through profit and loss	313
	Result on fair value hedge accounting	-
	(Gains) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	9
Net other operating income and expenses	Net other operating income and expenses	20
	Operating income	<u>64</u>
	Operating expenses	<u>(44)</u>
<b>Net non-interest income</b>	-	<b>1,721</b>
<b>Operating income</b>	-	<b>7,473</b>
<b>Operating costs</b>	-	<b><u>(2,273)</u></b>
	General administrative expenses depreciation	(2,900)
	less - Contributions to the Bank Guarantee Fund	190
	less – Tax on certain financial institutions	437
<b>Gross operating profit</b>	-	<b>5,200</b>
Net allowances for expected credit losses	Net allowances for expected credit losses	<u>(351)</u>
Costs of legal risk of foreign currency mortgage loans	Costs of legal risk of foreign currency mortgage loans	<u>(45)</u>
<b>Net operating profit</b>	-	<b>4,804</b>
Contributions to the Bank Guarantee Fund	Contributions to the Bank Guarantee Fund	(190)
Tax on certain financial institutions	Tax on certain financial institutions	(437)
Share in profit on associates	Share in profit on associates	3
<b>Profit before income tax</b>	<b>Profit before income tax</b>	<b>4,180</b>
Income tax expense	Income tax expense	<u>(916)</u>
<b>Net profit for the period</b>	<b>Net profit for the period</b>	<b>3,264</b>
<b>Attributable to equity holders of the Bank</b>	<b>Attributable to equity holders of the Bank</b>	<b>3,263</b>
Attributable to non-controlling interest	Attributable to non-controlling interest	1

## 9. Other Information

### 9.1 Management Board position regarding the possibility of achieving previously published forecasts

The Bank has not published the forecast of the financial results for 2024.

### 9.2 Seasonality or cyclical nature of the Bank's activity

The demand for the financial services offered by the Bank is stable with no material impact of seasonal changes. Due to the nature of the Bank's activity, it is not subject to seasonal or cyclical changes. Activities of other companies of the Bank Pekao S.A. Capital Group also does not show significant seasonal or cyclical characteristics.

### 9.3 Information on dividend and appropriation of profit achieved

On 17 April 2024 the Ordinary General Meeting of the Bank adopted the resolution on the distribution of profit of the Bank (the "Resolution").

According to the Resolution:

1. The undistributed part of the net profit of Bank for the year 2019 in the amount of PLN 1,685,057,618.28 is allocated to dividend.
2. The profit of Bank for 2023 in the amount of PLN 6,718,134,911.22 is divided as follows:
  - 1) the amount of PLN 1,686,584,359.44 is allocated to reserve capital,
  - 2) the amount of PLN 3,354,367,034.52 is allocated to dividend,
  - 3) the remaining part of the profit in the amount of PLN 1,677,183,517.26 is left undistributed.
3. The amount of dividend per share is PLN 19.20.
4. The dividend date is 24 April 2024.
5. The dividend payment date is 10 May 2024.

Total number of Bank's shares entitled to dividend amounts to 262,470,034.

### 9.4 Shares in the Bank and related entities held by the Bank's Directors

According to information available to the Bank as at the date of submitting of Report on the activities of Bank Pekao S.A. Group for the first half of 2024 and as at the date of submitting of Report on the activities of Bank Pekao S.A. Group for the first quarter of 2024 the Members of the Bank's management and supervisory bodies did not held shares of Bank Pekao S.A.

### 9.5 Pending litigations

Information on significant legal proceedings pending before courts, arbitration bodies or public administration authorities in respect of liabilities and receivables of the Bank and its subsidiaries is included in Note 25 to the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the first half of 2024.

### 9.6 Related party transactions

In the first half of 2024, the Bank and its subsidiaries have not concluded any significant transactions (single or aggregate) with related entities other than those executed on arm's length.

In the first half of 2024, the Bank and its subsidiaries did not provide any sureties in respect of loans or advances or did not provide any guarantees to an entity or a subsidiary of such entity, which the total value would be significant.

Detailed information on related party transactions is included in Note 26 to the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the first half of 2024.

## 9.7 Accounting principles adopted in the preparation of the report

Accounting principles adopted in the preparation of the report are described in Note 5 to the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the first half of 2024.

## 9.8 Issuance, redemption and repayment of debt securities

### Senior bonds

On April 3, 2023, the Bank issued senior non-preferred bonds ("SNP bonds") with a maturity of 3 years and the total nominal value amounted to PLN 0.75 billion. The SNP bonds have an option giving the Bank the right to early redemption of the bonds within 2 years from the date of issue, subject to the approval of the Bank Guarantee Fund. The SNP 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 bonds will be traded on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A.

On July 28, 2023, the Bank issued senior non-preferred bonds with a maturity of 4 years and the total nominal value amounted to PLN 0.35 billion ("SNP bonds"). The SNP bonds have an option giving the Bank the right to early redemption of the bonds within 2 years from the date of issue, subject to the approval of the Bank Guarantee Fund. The SNP 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 bonds will be traded on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A.

On July 28, 2023, the Bank issued senior preferred bonds ("SP bonds") with a maturity of 2 years and the total nominal value amounted to PLN 0.75 billion. The SP bonds have an option giving the Bank the right to early redemption of the bonds within 1 year from the date of issue, subject to the approval of the Bank Guarantee Fund. The bonds will be traded on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A. On June 18, 2024, the Management Board of the Bank adopted a resolution regarding the early redemption of SP bonds. The early redemption will take place on 28 July 2024 and will cover all the series SP bonds issued, i.e. 1,500 SP bonds at their nominal value, for the total amount of PLN 0.75 billion. The SP bonds will be redeemed through and in accordance with the regulations of the Central Securities Depository of Poland (KDPW).

On November 23, 2023, the Bank issued senior non-preferred eurobonds ("SNP eurobonds") with a maturity of 4 years and the total nominal value amounted to EUR 0.5 billion. The SNP bonds have an option giving the Bank the right to early redemption of the bonds within 4 years from the date of issue, subject to the approval of the Bank Guarantee Fund. The SNP eurobonds 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 SNP eurobonds were issued under the Euro Medium Term Note Programme ("EMTN Programme") and were admitted to trading on the regulated market of the Luxembourg Stock Exchange.

On April 26, 2024, the Bank issued senior non-preferred bonds with a maturity of 5 years and the total nominal value amounted to PLN 0.5 billion. The SNP bonds have an option giving the Bank the right to early redemption of the bonds within 4 years or 4,5 years from the date of issue, subject to the approval of the Bank Guarantee Fund. The SNP 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 bonds will be traded on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A.

### Subordinated bonds

On 30 October 2017 the Bank issued 10 years subordinated bonds with a total nominal value of PLN 1.25 billion. The funds from the issue were designated – after receiving the approval of the Polish Financial Supervision Authority on 21 December 2017 – to increase the Bank's supplementary capital pursuant to art. 127 para. 2 point 2 of the Banking Law and art. 63 of Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The bonds were introduced to trading on the ASO Catalyst market.

On 15 October 2018 the Bank issued 10 years subordinated bonds with a total nominal value of PLN 0.55 billion. The funds from the issue were designated – after receiving the approval of the Polish Financial Supervision Authority on 16 November 2018 – to increase the Bank's supplementary capital pursuant to art. 127 para. 2 point 2 of the Banking Law and art. 63 of Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The bonds were introduced to trading on the ASO Catalyst market.

On 15 October 2018 the Bank issued 15 years subordinated bonds with a total nominal value of PLN 0.20 billion. The funds from the issue were designated – after receiving the approval of the Polish Financial Supervision Authority on 18 October 2018 – to increase the Bank's supplementary capital pursuant to art. 127 para. 2 point 2 of the Banking Law and art. 63 of Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The bonds were introduced to trading on the ASO Catalyst market.

On 4 June 2019 the Bank issued 12 years subordinated bonds with a total nominal value of PLN 0.35 billion. The funds from the issue were designated – after receiving the approval of the Polish Financial Supervision Authority on 8 July 2019 – to increase the Bank's supplementary capital pursuant to art. 127 para. 2 point 2 of the Banking Law and art. 63 of Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The bonds were introduced to trading on the ASO Catalyst market.

On 4 December 2019 the Bank issued 12 years subordinated bonds with a total nominal value of PLN 0.40 billion. The funds from the issue were designated – after receiving the approval of the Polish Financial Supervision Authority on 10 December 2019 – to increase the Bank's supplementary capital. pursuant to art. 127 para. 2 point 2 of the Banking Law and art. 63 of Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The bonds were introduced to trading on the ASO Catalyst market.

On 3 August 2022 the Management Board of the Bank adopted a resolution not to use the option of early redemption of subordinated bond issued by Bank on 30 October 2017 with a total nominal value of PLN 1.25 billion.

On 29 August 2023 the Management Board of the Bank adopted a resolution not to use the option of early redemption of subordinated bond issued by Bank on 15 October 2018 with a total nominal value of PLN 0.55 billion.

#### **Pekao Bank Hipoteczny S.A. covered bonds**

The total value of the company's liabilities due to covered bonds amounted to PLN 1,019 million (principal value) as at the end of June 2024. Liabilities from covered bonds with maturity, up to 6 months account for 14%, up to 1 year account for 10%, up to 3 years account for 42%, up to 5 years account for 33%.

#### **Pekao Bank Hipoteczny S.A. bonds**

The total value of the company's liabilities under bonds amounted to PLN 384 million (principal value) as at the end of June 2024 with maturity date up to 6 months.

#### **Pekao Leasing Sp. z o.o. bonds**

The total value of the company's liabilities under bonds amounted to PLN 2,787 million (principal value) as at the end of June 2024 with maturity date up to 3 months account for 32%, up to 1 year for 43%, and up to 2 years account for 25%.

#### **Pekao Faktoring Sp. z o.o. bonds**

The total value of the company's liabilities under bonds with maturity date to 3 months amounted to PLN 4,430 million (principal value) as at the end of June 2024.

## **9.9 Subsequent events**

#### **Issuance of series SP2 SP bonds**

On July 30, 2024, the Bank issued senior preferred bonds ("SP bonds") with a maturity of 2,5 years and the total nominal value amounted to PLN 0.6 billion. The SP bonds have an option giving the Bank the right to early redemption of the bonds within 1,5 year or 2 years from the date of issue, subject to the approval of the Bank Guarantee Fund. The 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 bonds will be traded on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A.



## 10. Representations of the Bank's Management Board on reliability of the presented financial statements

The Management Board of Bank Pekao S.A. declares to the best of its knowledge that:

- the Condensed Interim Separate Financial Statements of Bank Pekao S.A. for the first half of 2024 and Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the first half of 2024 and comparative figures have been prepared in accordance with applicable accounting policies and that they reflect in a true, fair and clear manner the Bank's and the Group's financial position and their results,
- the Report on the activities of Bank Pekao S.A. Group for the first half of 2024 provides a true picture of Bank Pekao S.A. Group's development, achievements and situation, including the main threats and risks.

The Management Board of Bank Pekao S.A. declares that the registered audit company performing the review of the Condensed Interim Separate Financial Statements of Bank Pekao S.A. for the first half of 2024 and Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the first half of 2024 has been selected in pursuance of applicable provisions of law. The company and the registered auditors performing the review meet the requirements indispensable for issuing an objective and independent report on the review concerning condensed interim unconsolidated financial statements and condensed interim consolidated financial statements, in accordance with applicable provisions of law and professional standards.

07.08.2024 Date	Robert Sochacki Name/Surname	Vice President of the Bank's Management Board, managing the work of the Bank's Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
07.08.2024 Date	Marcin Gadomski Name/Surname	Vice President of the Bank's Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
07.08.2024 Date	Błażej Szczecki Name/Surname	Vice President of the Bank's Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
07.08.2024 Date	Anna Wawrzyńczak - Palyniczak Name/Surname	Member of the Supervisory Board delegated to perform temporarily the duties of Vice President of the Bank's Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
07.08.2024 Date	Dagmara Wojnar Name/Surname	Vice President of the Bank's Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
07.08.2024 Date	Magdalena Zmitrowicz Name/Surname	Vice President of the Bank's Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature