

Report of Bank Pekao S.A. Group for the third quarter 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, November 2024

Report on the activities of Bank Pekao S.A. Group for the third quarter of 2024



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1. Highlights of Bank Pekao S.A. Group

Due to changes in accounting principles made in the first half of 2024 (described in Note No. 4 to the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the first half of 2024) and in order to ensure comparability, the data for 2023 and the third quarter of 2023 have been corrected compared to those previously published.

	3 QUARTERS OF 2024	3 QUARTERS OF 2023	2023	2023 (DATA PRESENTED IN PREVIOUS PERIODS)	2022
INCOME STATEMENT – SELECTED ITEMS (in PLN million)					
Operating income	11,700	11,270	15,200	14,733	10,664
Operating costs	(3,816)	(3,422)	(4,631)	(4,631)	(3,987)
Profit before income tax	6,070	6,434	8,565	8,480	2,882
Net profit attributable to equity holders of the Bank	4,764	5,018	6,659	6,578	1,717
PROFITABILITY RATIOS					
Return on average equity (ROE) – nominally	21.4%	26.0%	25.0%	24.7%	7.6%
Return on assets (ROA)	2.0%	2.3%	2.2%	2.2%	0.6%
Net interest margin	4.1%	4.2%	4.2%	4.2%	3.3%
Cost / income (including to contributions to the BFG cost and fee paid for the Protection Schemes)	34.7%	32.0%	31.7%	32.7%	44.4%
Costs of risk	0.45%	0.36%	0.36%	0.31%	1.12%
STATEMENT OF FINANCIAL POSITION – SELECTED ITEMS (in PLN million)					
Total assets	324,411	310,021	305,789	305,723	281,139
Customers' financing ^(*)	179,013	168,999	171,140	171,057	167,510
Amounts due to customers ^(**)	249,058	239,695	232,078	232,078	209,596
Debt securities issued and subordinated liabilities	18,619	12,758	12,739	12,739	13,127
Equity	30,657	28,506	30,428	30,341	22,775
STATEMENT OF FINANCIAL POSITION STRUCTURE RATIOS					
Customers' financing ^(*) / total assets	55.2%	54.5%	56.0%	56.0%	59.6%
Securities / total assets	32.5%	32.5%	32.7%	32.7%	25.3%
Deposits ^(***) / total assets	82.5%	81.4%	80.1%	80.1%	79.2%
Customers' financing ^(*) / deposits ^(***)	66.9%	66.9%	69.9%	69.9%	75.2%
Equity / total assets	9.5%	9.2%	10.0%	9.9%	8.1%
Total capital ratio	16.9%	17.3%	17.5%	17.5%	17.8%
EMPLOYEES AND NETWORK					
Total number of employees	15,447	15,086	15,129	15,129	14,642
Number of outlets	572	580	574	574	597
Number of ATMs	1,308	1,301	1,306	1,306	1,328

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

(**) Excluding repo transactions and lease liabilities.

(***) Deposits include amounts due to customers, debt securities issued and subordinated liabilities.

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 6.8 of the Report on activities.

2. Highlights of Bank Pekao S.A.

Due to changes in accounting principles made in the first half of 2024 (described in Note No. 4 to the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the first half of 2024) and in order to ensure comparability, the data for 2023 and the third quarter of 2023 have been corrected compared to those previously published.

	3 QUARTERS OF 2024	3 QUARTERS OF 2023	2023	2023 DATA PRESENTED IN PREVIOUS PERIODS	2022
INCOME STATEMENT – SELECTED ITEMS (in PLN million)					
Operating income	11,218	10,905	14,657	14,283	10,320
Operating costs	(3,496)	(3,132)	(4,230)	(4,230)	(3,658)
Profit before income tax	6,007	6,441	8,643	8,559	3,012
Net profit	4,754	5,074	6,799	6,718	1,898
PROFITABILITY RATIOS					
Return on average equity (ROE) - nominally	21.7%	26.9%	26.1%	25.8%	8.7%
Return on assets (ROA)	2.1%	2.4%	2.4%	2.3%	0.7%
Net interest margin	4.2%	4.3%	4.3%	4.3%	3.3%
Cost / income (including to contributions to the BFG cost and fee paid for the Protection Schemes)	33.3%	30.4%	30.1%	30.9%	42.7%
Costs of risk	0.43%	0.34%	0.32%	0.26%	1.12%
STATEMENT OF FINANCIAL POSITION – SELECTED ITEMS (in PLN million)					
Total assets	309,382	297,667	294,552	294,477	271,705
Customers' financing ^(*)	162,115	155,055	157,406	157,322	155,477
Amounts due to customers ^(**)	249,345	240,050	232,307	232,307	209,802
Debt securities issued and subordinated liabilities	9,454	5,060	6,859	6,859	8,683
Equity	30,188	27,969	29,987	29,896	22,190
STATEMENT OF FINANCIAL POSITION STRUCTURE RATIOS					
Customers' financing ^(*) / total assets	52.4%	52.1%	53.4%	53.4%	57.2%
Securities / total assets	34.3%	34.1%	34.5%	34.5%	26.8%
Deposits ^(**) / total assets	83.7%	82.4%	81.2%	81.2%	80.4%
Customers' financing ^(*) / deposits ^(**)	62.6%	63.2%	65.8%	65.8%	71.2%
Equity / total assets	9.8%	9.3%	10.2%	10.2%	8.2%
Total capital ratio	19.5%	19.9%	19.5%	19.5%	19.9%
EMPLOYEES AND NETWORK					
Total number of employees	12,841	12,734	12,689	12,689	12,435
Number of outlets	572	580	574	574	597
Number of ATMs	1,308	1,301	1,306	1,306	1,328

^(*) Including non-treasury debt securities and excluding reverse repo transactions.

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

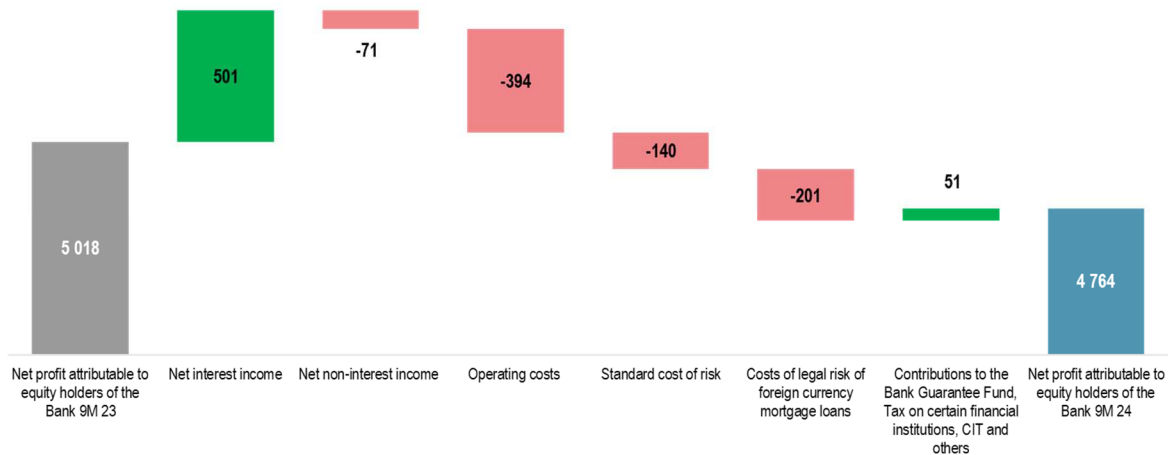
^(***) Deposits include amounts due to customers, debt securities issued and subordinated liabilities.

3. Summary of Performance

Main P&L items

In the 3 quarters of 2024, we generated net profit of Bank Pekao S.A. Group attributable to the Bank's shareholders in the amount of PLN 4,764 million. This result was lower by PLN 254 million than the result achieved in the 3 quarters 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 5,253 million and was 4.0% higher y/y.



The ROE ratio was at the level of 21.4%.

The Group's operating income in the 3 quarters of 2024 amounted to PLN 11,700 million and was 3.8% higher than the income achieved in the 3 quarters of 2023, mainly due to net interest income, despite the recognition of credit holiday costs.

- Net Net interest income achieved in the 3 quarters of 2024 amounted to PLN 9,268 million and was higher by PLN 501 million, i.e. 5.7% compared to the result achieved in the 3 quarters 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 3 quarters of 2024 amounted, to PLN 2,078 million and was higher by PLN 25 million, i.e. 1.2% compared to the result achieved in the 3 quarters of 2023, mainly due to higher commissions from investment funds, as a result of improved sentiment on capital markets.
- The trading result achieved in the 3 quarters of 2024, amounted to PLN 280 million and was lower by PLN 127 million compared to the result achieved in the 3 quarters of 2023 due to the lower valuation of derivative instruments.

Operating costs in the 3 quarters of 2024 amounted to PLN 3,816 million and were higher by PLN 394 million, i.e. 11.5% compared to the 3 quarters 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 3 quarters of 2024 amounted to PLN 611 million and was higher by PLN 140 million, i.e. 29.7% than in the 3 quarters of 2023.

Contributions to the Bank Guarantee Fund in the 3 quarters of 2024 amounted to PLN 239 million and were higher by PLN 49 million i.e. 25.8% than in the 3 quarters of 2023, due to the increase in the volume of guaranteed funds.

The tax on certain financial institutions in the 3 quarters of 2024 amounted to PLN 671 million and was higher by PLN 12 million, i.e. 1.8% than in the 3 quarters of 2023 due to the increase in the Bank's assets.

Volumes

As at the end of September 2024, loans and advances at nominal value amounted to PLN 184,093 million and were higher by PLN 9,247 million, i.e. 5.3% than at the end of September 2023. As at the end of September 2024 the volume of retail loans amounted to PLN 82,898 million and were higher by PLN 7,964 million, i.e. 10.6% than at the end of September 2023. Corporate loans including non-treasury debt securities at the end of September 2024 amounted to PLN 101,195 million and were higher by PLN 1,282 million, i.e. 1.3% compared to the end of September 2023.

As at the end of September 2024 amounts due to the Group's Customers and Debt securities issued amounted to PLN 267,677 million and were higher by PLN 15,224 million, i.e. 6.0% than at the end of September 2023.

The value of net assets of investment funds managed by Pekao TFI S.A. amounted to PLN 30,216 million and was higher by PLN 7,579 million, i.e. 33.5% compared to the end of September 2023.

In the third quarter 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 third quarter of 2024, we opened 141.8 thousand accounts for individual customers, repeating the high sales results from the same period in 2023. In the nine-month period of 2024, we opened 449 thousand accounts. We also achieved good results in acquisition among young customers up to 26 years of age. In the third quarter of 2024, we opened 53 thousand accounts for young customers, which constituted 37%.

In the third quarter of 2024, the number of active mobile banking customers increased by 85 thousand to 3.4 million, exceeding the target set in the strategy for the end of 2024 (3.2 million). It was +10% higher than a year ago and +26% 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 6.5% per annum for a period of 6 months.

We offered individual, business and SME customers who were affected by the flood or its direct consequences the "SOS Pakiet Pomocowy", which allows for the suspension of installment repayments for up to 3 months or the extension of the grace period.

In addition, individual clients who have a housing loan and were affected by the flood or its direct consequences can take advantage of statutory non-refundable financial support paid in installments under the Borrower Support Fund.

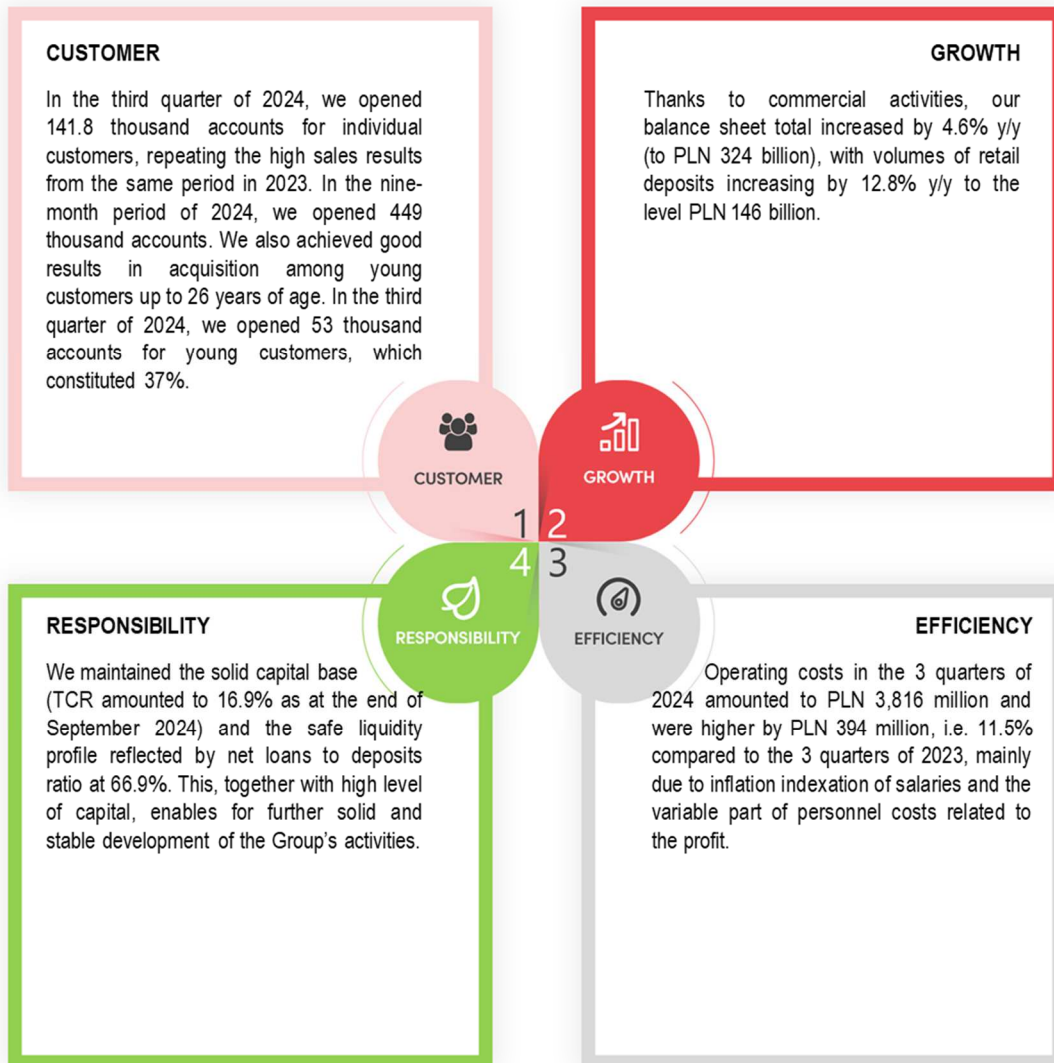
The Bank decided to transfer PLN 1 million to the "Great Orchestra of Christmas Charity Foundation", which acts as the national coordinator of aid activities for flood victims.

The Bank also supported employees who live or work in areas affected by the flood. We offered them assistance adequate to their needs, including psychological, financial and logistical support.

The Bank's employees also got involved in helping communities affected by the effects of the natural disaster in southern Poland by organizing many volunteering events.

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.

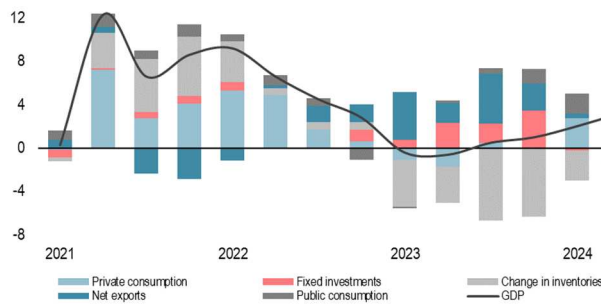
According to the strategic plan:

- 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

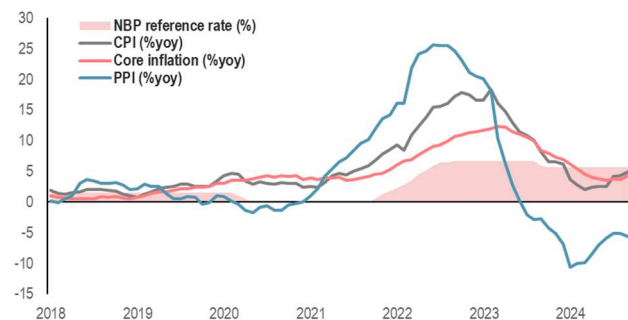
Economic growth



The second quarter of 2024 brought GDP growth of 3.2% y/y, compared to 2.0% growth in the previous quarter. The pace of consumption recovery was solid (4.7% y/y), although it did not accelerate significantly compared to first quarter of 2024. Fixed investments made a surprisingly large contribution to the economic growth (+2.7% y/y), but this is not a recovery of strong foundations. Both inventories (-1.1 p.p.) and net exports (-0.8 p.p.) contributed to a lower reading. The negative impact of the latter will continue in the coming quarters due to the strengthening of domestic consumption and the

simultaneous weakness of the foreign consumer. The macroeconomic data for the third quarter of 2024 to date suggest that we will see a slight weakening of the economic growth to around 3% y/y. Private consumption will continue to recover, albeit at a slightly slower pace. Investments, on the other hand, will remain on the weaker side and will contribute to lower GDP growth. As a result, economic growth in 2024 will be solid and amount to around 3.0%, compared to economic stagnation (0.1%).

Inflation and monetary policy



At the beginning of the third quarter of 2024, consumer inflation (CPI) jumped above 4% y/y due to the partial defreezing of electricity and gas prices for households (this factor increased inflation by 1.4 p.p.). In turn, in September, inflation rose to almost 5% y/y due to a very low reference base. Let us recall that in September last year, free medicines for young people and seniors were introduced at the same time as limits on cheaper electricity usage.

The food prices, a period of retailers "introduction" of higher VAT rates has ended in June. However, in the third quarter, food prices rose faster than the seasonal pattern would indicate due to the limited supply of domestic crops (especially fruit because of unfavorable weather conditions during their growing season). This factor will drive food prices up in the rest of the year.

In the third quarter, fuel prices continued the downward trend that began in the second quarter. However, the potential for further declines in fuel prices is already constrained by a consecutive rise in tensions on the Arabian Peninsula and a resulting rebound in oil market prices.

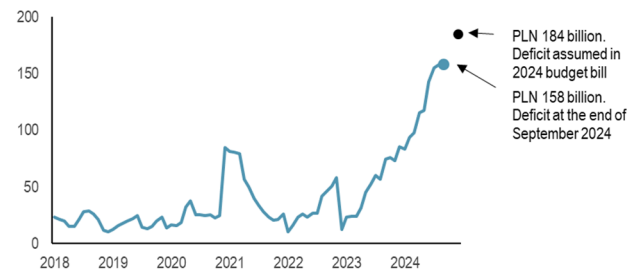
Core inflation has passed its minimum in the current cycle and at the end of the third quarter it rose to 4.3% y/y. An upward rebound in the current momentum of services inflation is already noticeable - this is a reaction to the continued high labour costs with solid growth of real wages and growing consumption, especially of services. In the coming months, core inflation will remain stubbornly high, its gradual increase should be expected, however, it will not be a dynamic process. In turn, stable prices of industrial or energy goods do not increase inflationary pressure on prices of goods for now.

By the end of 2024, consumer inflation will move close to 5% y/y. At the beginning of 2025, we assume a further sharp increase in inflation (even to around 6% in the first quarter of 2025), among others due to the further defreezing of energy prices and again the low reference base. From the second half of next year, due to base effects, we will see a downward dip to around 4-4.5%. We will not return to the NBP inflation target quickly – in our opinion, this will not be possible before 2026.

There has been a noticeable dovish turn in Polish monetary policy which can be observed in the statements of MPC members. The NBP President Adam Glapiński spoke at the conference after the October Council meeting about the potential start of the interest rate cut cycle in the second quarter of 2025. He also outlined the conditions that must be met: stable current inflation and a forecasted decline in inflation to the target. However, a list of risks for the implementation of this scenario is long and dominated by factors favoring higher inflation. In our opinion, the macro situation will not be conducive to a rapid pace of monetary policy easing. However, we have revised our previous forecast of no rate cuts until the end of 2025 and now expect a total of 100 bp cuts only after the first quarter of 2025.

Fiscal policy

Deficit of central government in Poland, PLN billion
12-month rolling sum



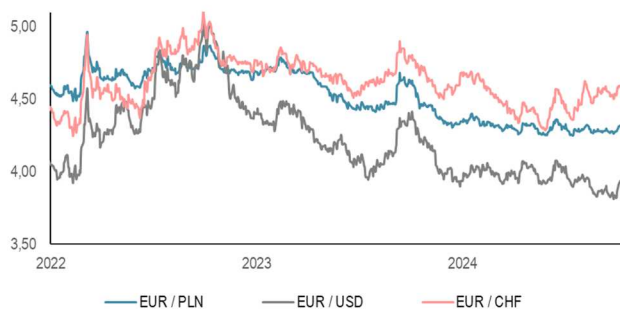
The third quarter of 2024 saw a marginal improvement in Poland's fiscal balance, with total revenues reaching PLN 156 billion, nearly unchanged from the previous quarter (PLN 157 billion). The composition of tax revenues shifted, with a decline in CIT collections, offset by higher VAT and excise tax revenues. The drop in CIT collections was driven by weaker financial results in the corporate sector and postponed settlement deadlines. Conversely, indirect tax revenues were boosted by robust consumption growth and the reintroduction of a 5% VAT rate on food in April 2024.

Budget spending decreased by PLN 9 billion compared to the previous quarter (from PLN 203 billion to PLN 194 billion), narrowing the quarterly deficit from PLN 45 billion to PLN 37.4 billion. Despite this improvement, the reduction was insufficient to justify revising the deficit forecast for 2024, which is expected to remain around 5.5% of GDP.

With the deficit exceeding 3% of GDP and public debt projected to rise above 60% of GDP by 2025, the European Commission has initiated the excessive deficit procedure against Poland. This will likely increase pressure for fiscal consolidation over the next four years. Despite these challenges, the 2025 draft budget, announced in August, projects no reduction in the general government deficit, which is expected to remain at 5.5% of GDP. This suggests a neutral fiscal stance next year, with no significant stimulus or austerity measures. Meanwhile, Poland's borrowing requirements are set to rise sharply, from PLN 250 billion in 2024 to PLN 366 billion in 2025, largely due to the assumption of off-budget pandemic-related liabilities from the Polish Development Fund and Polish Development Bank (BGK).

Exchange rate

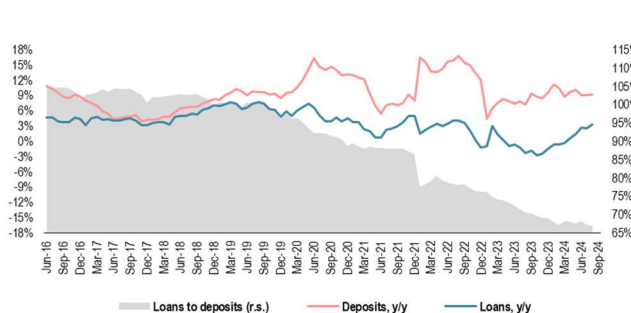
The third quarter of 2024, brought several changes in global and domestic monetary policy, which resulted in significant moves in prices of key financial instruments. Monetary policy easing by major central banks gained momentum. Initially, the markets, driven by comments from Jerome Powell and weak data from the U.S. labor market, not only began to expect a rate cut at the September meeting but also a cut of a bigger size (50 bp). These expectations were realized. Secondly, the ECB maintained a cautious approach until mid-September, suggestive of skipping some meetings in the cycle. Weak economic data and further declines in inflation forced the ECB to take more decisive actions, including a cut at the October Governing Council meeting. At the same time, improved data from the U.S. reduced market appetites for further rate cuts there. This divergence between the ECB and the Fed initially caused a sharp appreciation of the euro against the dollar (an increase in EUR/USD from 1.07 to 1.12) and then its decline, which continues to this day. Since the last quarter was marked by monetary policy easing, it should not surprise anyone that it ended with solid declines in bond yields and steepening yield curves.



Polish markets were partially immune to these trends – EUR/PLN fluctuated in a sideways trend (4.25-4.33) and, considering the environment, remained exceptionally strong. Other zloty currency pairs were thus influenced by global factors, and this is how the fluctuations of USD/PLN and CHF/PLN during this period should be viewed (respectively, 3.80-4.05 and 4.35-4.70). Polish bond yields fell less than their global counterparts (50 bps), owing to challenging fiscal situation and high supply of bonds.

Banking sector

At the end of August 2024, net profit in the banking sector stood at PLN 29.0 billion, up by PLN 10.2 billion y/y (+54.5% y/y) and PLN 4.9 billion higher than in July. On the revenue side, the main driver of profit growth was interest income, which rose by PLN 3.2 billion y/y despite lower interest rates than a year ago. At the same time, less stringent monetary policy in line with excessive liquidity in the sector, drove interest costs downwards by PLN 4.6 billion. Rising overall costs, as well as depreciation and amortisation (PLN 3.7 billion y/y) had a limiting effect on profit growth.



The balance sheet total of the banking sector amounted to PLN 3,195.8 billion in April, an increase of +10.0% y/y. The growth in monetary assets of financial institutions is paced similarly 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 (7.9% y/y in September) and accelerating loan dynamics (4.3% y/y) are stabilising the loan-to-deposit ratio, which is currently at a historically

low level (67.3%, around previous historical low of 67.1% in August). The rapid growth of nominal deposits is linked to the structural process of rebuilding household savings, which is, however, slowing down – household deposits grew by 8.5% y/y, which is the second below-two-digit growth rate in 16 months. 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 hit the bottom in the third quarter of 2024 (falling from 14.8% y/y in July 2023 to 1.7% y/y in September 2024). With low 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 remained positive (1.4% y/y in September 2024 against 2.0% y/y in August and continuously negative dynamics from September 2023 to March 2024). The positive dynamics of consumer credit (4.6% y/y) plays a large role in this, and the appetite for housing loans also seems to be growing (2.2% y/y in September against -1.9% y/y in January and -5.7% y/y in August last year). Housing loans denominated in PLN grew faster from overall mortgages (due to negative growth rates of FX mortgages), but – probably given high statistical basis effects of second half of 2023 – series of y/y growth rates flattened out, reaching 9.5% y/y in August.

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 period of 9 months ended on 30 September 2024.

5.2 Changes in the Group's structure

In the third quarter 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.

On 6 September 2024, the Extraordinary General Meeting of the Bank taking into account the assessment of compliance with suitability requirements, appointed Mr. Witold Walkowiak to the composition of the Supervisory Board of the Bank for a joint term of three years, which began on 18 April 2024.

According to the submitted statement Mr. Witold Walkowiak does not conduct any business competitive to that of the Bank and is not involved in a competitive company as a 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 statement Mr. Witold Walkowiak is not 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 THIRD QUARTER OF 2024	30 SEPTEMBER, 2024	AS AT THE DATE OF SUBMITTING THE REPORT FOR THE FIRST HALF 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
Witold Walkowiak Member of the Supervisory Board	Witold Walkowiak Member of the Supervisory Board	Witold Walkowiak 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 has been managed by Mr. Robert Sochacki, Vice-President of the Bank's Management Board.

In accordance with the submitted declarations, none of the newly appointed members of the Bank's Management Board will, from the date of taking up the function, conducts any activity competitive to the Bank, in particular will not hold the status of a partner in a civil partnership, partnership or capital company competitive to the Bank, nor act as a member of the governing body of another legal person competing with the Bank or run his own business activity competitive with the Bank. None of the newly appointed members of the Bank's Management Board is entered in the Register of Insolvent Debtors kept pursuant to the Act of August 20, 1997 on the National Court Register.

On 9 August 2024, the Supervisory Board of the Bank adopted a resolution on the delegation of the Member of the Supervisory Board of the Bank, Ms Anna Wawrzyńczak-Palynyczak, to act as Vice-President of the Management Board of the Bank for the period from 10 August 2024 to 10 September 2024 - subject to the possibility of an earlier termination of the delegation.

The aforementioned resolution came into effect upon adoption.

According to the submitted statement the member of the Supervisory Board of the Bank Ms Anna Wawrzyńczak-Palynyczak does not conduct any business competitive to that of the Bank and is not 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 statement the member of the Supervisory Board of the Bank Ms Anna Wawrzyńczak-Palynyczak is not registered in the Register of Insolvent Debtors kept pursuant to the provisions of the KRS (National Court Register) Act of 20 August 1997.

On 10 September 2024 the Supervisory Board of the Bank adopted a resolution on the delegation Ms Anna Wawrzyńczak-Palynyczak, a Member of the Supervisory Board of the Bank, to act as Vice-President of the Management Board of the Bank for the period from 11 September 2024 to 4 October 2024, subject to the possibility of an earlier termination of the delegation. The resolution came into effect upon adoption.

On 26 September 2024 the Supervisory Board of the Bank:

1. in an open selection process and after assessing suitability, effective from 2 November 2024 in the Bank's Management Board of the current joint term of office Mr. Marcin Zygmanski for the position of Vice President of the Management Board of the Bank,
- 2) dismissed Vice President of the Bank's Management Board Ms. Magdalena Zmitrowicz from the Management Board of the Bank. The reasons for the cancellation were not given.

In accordance with the submitted declaration, Mr. Marcin Zygmanski, from the date of taking up the function, conducts any activity competitive to the Bank, in particular will not hold the status of a partner in a civil partnership, partnership or capital company competitive to the Bank, nor act as a member of the governing body of another legal person competing with the Bank or run his own business activity competitive with the Bank. Mr. Marcin Zygmanski is not entered in the Register of Insolvent Debtors kept pursuant to the Act of August 20, 1997 on the National Court Register.

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

AS AT THE DATE OF SUBMITTING THE REPORT FOR THE THIRD QUARTER OF 2024	30 SEPTEMBER, 2024	AS AT THE DATE OF SUBMITTING THE REPORT FOR THE FIRST HALF OF 2024
Cezary Stypułkowski 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	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
Marcin Gadomski Vice President of the Management Board	Anna Wawrzyńczak-Palynyczak Supervisory Board member delegated to perform temporarily the duties of Vice President of the Management Board	Anna Wawrzyńczak-Palynyczak Supervisory Board member delegated to perform temporarily the duties of Vice President of the Management Board
Robert Sochacki 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	Błażej Szczecki Vice President of the Management Board
Dagmara Wojnar Vice President of the Management Board	Dagmara Wojnar Vice President of the Management Board	Dagmara Wojnar Vice President of the Management Board
Marcin Zygmanski 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 September, 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 THIRD QUARTER OF 2024		AS AT THE DATE OF SUBMITTING THE REPORT FOR THE FIRST HALF 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.	18,367,000	7.00%	18,893,000	7.20%
Funds managed by Powszechnie Towarzystwo Emerytalne Allianz Polska S.A.	14,000,000	5.33%	14,175,051	5.40%
Other shareholders (below 5%)	144,012,861	54.87%	143,311,810	54.60%
Total	262,470,034	100.00%	262,470,034	100.00%

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 September 2024, Bank Pekao S.A. had assigned following financial credibility ratings:

FITCH RATINGS	BANK PEKAO S.A.	POLAND
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)	-
S&P GLOBAL RATINGS	BANK PEKAO S.A.	POLAND
Long-term rating in foreign currencies	A-	A-
Long-term rating in domestic currency	A-	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	Stable	Stable
Rating of Senior Preferred series SP2 bonds	A-	-
Rating of Senior Non-Preferred series ESN1 eurobonds	BBB	-
Rating of Senior Non-Preferred series ESN2 eurobonds	BBB	-
Rating of Senior Non-Preferred series SN3 bonds	BBB	-
S&P GLOBAL RATINGS (RESOLUTION COUNTERPARTY RATING)	BANK PEKAO S.A.	POLAND
Long - term RCR in foreign currencies	A	-
Short - term RCR in foreign currencies	A-1	-
Long - term RCR in domestic currency	A	-
Short - term RCR in domestic currency	A-1	-
MOODY'S INVESTORS SERVICE (UNSOLICITED RATING)	BANK PEKAO S.A.	POLAND
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.

On 13 September 2024, S&P informed bank about raising bank's long-term issuer credit rating to 'A-' from 'BBB+'. The outlook is stable. S&P also raised the long- and short-term resolution counterparty rating to 'A/A-1' from 'A-/A-2'. At the same time, S&P affirmed the 'A-2' short-term issuer credit rating. As a result, S&P also raised issue ratings on bank's Senior Preferred series SP2 bonds to 'A-'.

On 16 September 2024 S&P informed the bank about assigning long-term rating of BBB for the issue of Senior Non-Preferred series ESN2 eurobonds.

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 Septemebr 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.

5.6 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.

	30.09.2024	30.09.2023
Total number of outlets	572	580
own outlets	481	505
partner branches	91	75
Total number of own ATMs	1,308	1,301

The number of accounts

At the end of September 2024, the Bank maintained 8,560.3 thousand PLN denominated current accounts, 359.0 thousand mortgage loan accounts and 573.7 thousand "Pożyczka Ekspresowa" (Express Loan) accounts.

(in thousand)

	30.09.2024	30.09.2023
Total number of PLN current accounts (*)	8,560.3	7,850.5
of which packages	5,950.5	5,585.8
Number of mortgage loans accounts (**)	359.0	363.7
of which PLN mortgage loans accounts	343.0	340.0
Number of Pożyczka Ekspresowa loan accounts (***)	573.7	584.6

(*) 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.

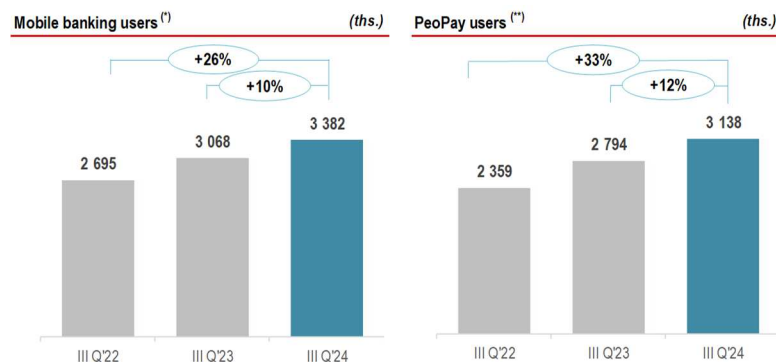
RETAIL BANKING AND PRIVATE BANKING
Strategy - The „Customer” pillar

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 third quarter of 2024, the number of active mobile banking customers increased by 85 thousand to 3.4 million, exceeding the target set in the strategy for the end of 2024 (3.2 million). It was +10% higher than a year ago and +26% higher than two years ago. The number of active mobile customers using the PeoPay application increased by 91 thousand to 3.1 million and was +12% higher than a year ago and +33% 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 third quarter of 2024, the number of business customers actively using electronic banking increased by 0.2 thousand to 249 thousand. The number of active customers of mobile banking increased by 4.0 thousand to 168 thousand.

In the third quarter of 2024, we introduced the following in PeoPay and Pekao24 electronic banking:

- a new discount program "Okazje z Żubrem" with new promotions and discounts,
- bank statements in JPK format for business customers,
- the ability to open an account with identity confirmation by logging to another bank - Open Banking (AIS) on the website,
- facilitation of verifying the client's identity in the processes of remotely establishing relationships with the bank - facilitation of recording the client's gestures and reading identity documents,
- additional information on the cost of the transfer, thanks to which the client can familiarize themselves with the costs before performing the operation,
- the ability to send a transfer confirmation directly to the e-mail address provided by the client,
- the "Make another transfer" function enabling the execution of subsequent transfers without having to return to the beginning of the navigation,
- 12 new self-service instructions for individual clients.

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 third quarter of 2024, we opened 141.8 thousand accounts for individual customers, repeating the high sales results from the same period in 2023. In the nine-month period of 2024, we opened 449 thousand accounts. We are also the leader in the growth of the number of net accounts - In the third quarter of 2024, the number of net accounts increased by +82 thousand and at the same time was higher by +347.5 thousand compared to the same period in 2023.

In the third quarter of 2024, we conducted a marketing campaign on internet portals and in social media of the PeoPay application together with the Konto Przekorzystne and the Konto Oszczędnościowe "Open up to PeoPay". The campaign was supported by the promotion of accounts opened on a selfie with a bonus of PLN 200. Thanks to the conducted marketing activities, over 28 thousand accounts were created in the selfie process. We also achieved good results in acquisition among young customers up to 26 years of age. In the third quarter of 2024, we opened 53 thousand accounts for young customers, which constituted 37% of total new account sales - 90% of accounts for young customers up to 26 years of age are also accounts for new customers of the Bank.

A significant impact on maintaining high sales of accounts in the third quarter of 2024 was the attractive offer of Konto Przekorzystne with a promotional interest rate of 7% in the Konto Oszczędnościowe and the promotion of opening the first account for a child among parents as part of the "Back to School" campaign. The attractive offer for children and the quality of service in the Bank's branches were once again appreciated by Mojebankowanie.pl - we maintained the status of the leader and were once again selected as the Bank with the highest quality of service in the branch in terms of the offer for children.

The new "Skarbonka" product available in PeoPay and Pekao24 also enjoyed great interest. Customers can save regularly, specifying their goal, time and amount necessary to achieve it. Relatives can also transfer funds to the "Skarbonka" account and thus support the idea of family banking at Pekao. At the end of September 2024, "Skarbonka" already had over 30 thousand customers.

In the third quarter of 2024, we promoted the sale of cards and the PeoPay application for young customers with new images related to passion, sports and music, as well as gaming images. The Mastercard Bezcenne Chwile program has prepared a special catalog of prizes and a promotion for signing up to the program with a card with a music, sports and gaming image, thanks to which realizing passions, goals and dreams with Bank Pekao S.A. becomes easier.

In the affluent customer segment, we achieved record sales of new personal accounts. The number of opened new Świat Premium Accounts, offered to customers depositing funds above PLN 200 thousand in savings and investment products, reached over 27 thousand at the end of the 3 quarters of 2024 which is an increase of +27% compared to the same period in 2023.

Until the end of 2025, we have extended the special offer for Ukrainian citizens, under which maintaining the Przekorzystne Account, handling the account card and cash withdrawals from all ATMs in Poland, as well as outgoing and incoming transfers from banks in Ukraine are free of charge.

Payment cards

In the third quarter of 2024, we launched a unique promotion for the Żubr Credit Card with a Świat Premium Account called "Travel with class - Miles & More Promotion in the Premium World of Bank Pekao S.A." As part of this promotion, Premium customers can receive 10 thousand miles in the Miles & More program, which can be exchanged for, among other things, a round-trip flight to one of the cities in Europe. The promotion is addressed to new customers who did not have a Bank credit card on the day the promotion started.

At the end of the third quarter of 2024, over 180 thousand customer customers had already used the Żubr Credit Card. The use of Mastercard credit cards was supported by a promotion, thanks to which customers can collect PLN 200 at points in the Bezcenne Chwile program after signing up for the program and meeting the required conditions.

Business customers who signed a MOTO Biznes credit card agreement in the period until end of September 2024 could take advantage of the promotional interest rate on the credit limit of 9.99% and free transfers via electronic banking PekaoBiznes24/Pekao24 dla Firm from a credit card to a business account in the Bank. At the end of the third quarter of 2024, we made the so-called Digital First service available for debit cards, thanks to which the customer can immediately add the card to their digital wallet in Google/Apple Pay or Garmin Pay and start paying with it, without having a plastic card.

Lending products

In the third quarter of 2024, we ran an advertising campaign on TV, the Internet, radio, social media and electronic channels for the cash loan "Take a convenient loan wherever you want and for whatever you want". The campaign supported the sale of cash loans by promoting a quick and easy process of obtaining them and a very attractive price offer.

In the third quarter of 2024, sales of cash loans amounted to PLN 1.7 billion measured in net volume, i.e. by +22% compared to the third quarter last year and PLN 1.9 billion, i.e. by +30% y/y in terms of the volume of signed agreements (gross) - achieving higher sales dynamics y/y compared to the banking sector.

Cumulatively since the beginning of the year after 3 quarters, sales in the Bank amount to PLN 5.4 billion in terms of the volume of signed agreements (gross), which is an increase of +28% compared to last year compared to +24.8% growth of the entire banking sector. The increase in sales was supported by an increase in the volume of the cash loan portfolio by +9.6% compared to its value at the end of the third quarter of 2024 last year.

In the third quarter of 2024, we recorded a record sales result in remote channels of PLN 1.3 billion, with an increase of +30% compared to the third quarter of 2024 last year. We consistently maintain a high share of loans granted electronically in Pekao24 services and in the PeoPay mobile application and via the Bank's hotline, which in the third quarter of 2024 increased to 85% of all concluded agreements. In the third quarter of 2024, we enabled customers who established relationships with the Bank using remote authorization to receive a cash loan completely remotely.

Our activities were supported by an attractive offer constantly adapted to changing market conditions and the promotion of remote sales processes and increasing the number of offers available "by click" as well as regular promotional campaigns conducted on the Internet and in the Bank's internal channels.

As part of the offer of loans to finance tuition fees for paid medical studies, students can take advantage of interest subsidies, a guarantee provided by BGK, as well as full or partial write-off. To date, 3.1 thousand customers have already taken advantage of this loan for a total amount of PLN 620 million, of which the Bank has already released PLN 185 million in semester loan tranches.

Mortgage loans

In the third quarter of 2024, sales of mortgage loans amounted to PLN 2.1 billion. In the scope of the standard offer (excluding the 2% Safe Loan offered in the previous year), sales in third quarter increased almost three times, i.e. by +189% compared to the third quarter of the previous year.

After three quarters of 2024, sales of mortgage loans in the Bank amount to PLN 8.7 billion, which is an increase of +58% compared to last year, achieving a higher growth rate compared to part of the banking sector. The achieved sales results influenced the increase in the volume of the mortgage loan portfolio by +11.2% compared to its value at the end of the third quarter last year, of which since the beginning of the year this portfolio has increased by +5.8%.

The offer of settlements for borrowers with active mortgage loans denominated in CHF (which appeared in the Bank's portfolio as a result of their acquisition as a result of the merger of the Bank with BPH) met with great interest and acceptance from customers. We have prepared a settlement offer for over 84% of borrowers and 7 thousand settlements have already been concluded.

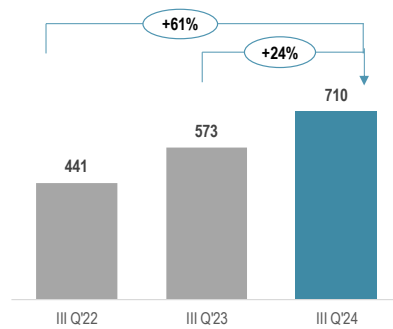
We have offered the SOS Assistance Package to borrowers who were affected by the flood or its direct consequences, which allows for the suspension of installment repayments for up to 3 months, as well as the possibility of submitting applications for support under the Borrower Support Fund.

In August 2024, we transferred another part of mortgage loan receivables to Pekao Bank Hipoteczny. The total number of loans transferred so far is over 12.2 thousand, worth PLN 2.4 billion.

Business clients loans

In the third quarter of 2024, new sales of financing for business customers in total (loans, leasing and factoring) amounted to PLN 710 million and were higher by +24% y/y. The increase in new sales of bank loans in the business segment in the third quarter of 2024 by +10% y/y to PLN 324 million was supported by attractive terms of the new offer related to the possibility of repaying liabilities from another bank and the development of the offer of loans with pre-examined creditworthiness for customers who can easily and quickly use overdraft limits, loans or credit cards. The change in the security policy and simplification of the credit process, implementation of optimization and digitalization works carried out in the business customer segment, translate into a simplified, fast credit process also available in remote channels.

Sale of financing for business clients (PLN million)



Development in the area of insurance products

In the third quarter of 2024, we intensified our marketing and promotional activities in the bancassurance area, which aimed to, among other things, raise customer awareness of insurance products available in the Bank's offer and support the sale of these products, which contributed to sales growth and high dynamics y/y.

The collected premium from protection insurance in the third quarter of 2024 was higher by +88% y/y, after taking into account investment products, the dynamics reached +134% y/y.

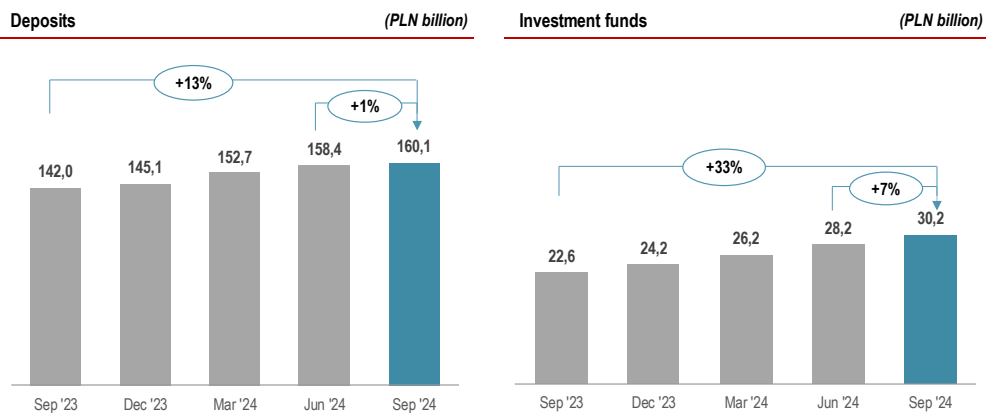
High sales dynamics concerned motor insurance, of which 130% more were sold in the third quarter of 2024 than in the same period last year. During the holiday season, we also sold 50% more travel policies compared to the same period in 2023.

The share of the number of mortgage loans sold with insurance (for which insurance could be offered) remained at a stable high level of 96%, and in terms of the number of cash loans it amounted to 34.5%.

In the assurbanking area, in September the sale of banking products was launched in a new distribution channel – exclusive agents of PZU (Agenci Wyłączni).

Deposit, brokering activity and sale of investment products

At the end of the third quarter of 2024, the total value of deposits held by individual customers (including Private Banking customers) and business customers amounted to PLN 160.1 billion, an increase of +PLN 18.1 billion (+13%) compared to the end of September 2023 and +PLN 1.6 billion, i.e. +1% compared to June 2024.



The greatest interest among new individual customers was enjoyed by the promotion of 7% for 5 months up to PLN 100 thousand on Savings Accounts or up to PLN 200 thousand on Premium Savings Accounts. In the 3 quarters of 2024, we opened over 192 thousand new savings accounts, +35% more compared to the same period in 2023.

In the third quarter of 2024, we offered attractive interest rates in USD and EUR to customers interested in investing new funds in currency deposits.

To customers who accepted investing part of their savings in investment products, we offered an attractive solution combining the advantages of an investment and a deposit, i.e. a Deposit with a Fund and an Investment Deposit, which automatically transfers funds from a fixed-term deposit to an investment fund selected by the customer. Total net sales of investment products in the third quarter of 2024 reached PLN 4.5 billion.

In the third quarter of 2024, the following new investment products were introduced to the offer for individual clients:

- Structured product with full capital protection on the redemption date in PLN: One-Year Certificate with 100% Capital Protection Only at Worst of Maturity Linked to NOVO NORDISK A/S-B and Advanced Micro Devices, Inc. (AMD) Shares,
- Structured product with capital protection on the redemption date in USD and EUR: Two-Year Certificate with Capital Protection on the Redemption Date Linked to ASML Holding N.V. and SAP SE Shares,
- Structured product with capital protection on the redemption date in PLN: One-Year Certificate with Capital Protection on the Redemption Date Linked to AbbVie Inc. and Intuitive Surgical, Inc., in PLN, issued by Goldman Sachs International,
- Structured product with capital protection at maturity in USD: Two-year Certificate with Capital Protection at Maturity Date Linked to Merck & Co., Inc. and Pfizer Inc. Shares, in USD,
- Structured product with capital protection at maturity in PLN: Certificate with Capital Protection at Maturity Date Linked to Merck & Co., Inc. and Pfizer Inc. Shares, for 1 year and 3 months, in PLN,
- Structured product with full capital protection at maturity in PLN: Certificate with 100% Capital Protection Only at Worst Of Maturity Date Linked to exchange rates, for 1 year and 6 months.

For customers purchasing investment products by the PeoPay or Pekao24 applications, the Bank applies preferential pricing conditions.

ENTERPRISE BANKING

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

In the third quarter 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

In the third quarter of 2024, the dynamics of the loan portfolio volume amounted to 5.4% y/y, which translated into an increase of +PLN 2.0 billion. The increase in the value of the financing portfolio volume was visible in both bank loans and leasing. In the third quarter of 2024, the value of new loans sold (excluding renewals) in the SME segment reached PLN 4.9 billion, and in the MID segment, the value of new loans sold amounted to PLN 10.1 billion. In the third quarter of 2024, the most important activities in the scope of the credit offer in the area of enterprise banking include:

- introduction of loans secured by the Investmax guarantee as part of the portfolio guarantee line with a re-guarantee provided by the European Investment Fund under the InvestEU program,
- introduction of preferential loans of the Agency for Restructuring and Modernization of Agriculture (ARiMR) for investment in agriculture and inland fisheries to the offer.

As the first bank on the Polish market, we have provided customers with the possibility of applying via an online platform for a pre-settlement limit, which allows entrepreneurs to conclude transactions hedging against the risk resulting from exchange rate fluctuations for a period of up to six months without the need to block funds.

For customers, we have prepared a publicly available platform dedicated to EU funds "Fundusze z Żubrem". The portal aims to support Polish entrepreneurs in obtaining European funds for the development of their business. We have also placed on the portal a comprehensive guide to funds prepared by the Bank "Compendium of knowledge about European funds", which contains detailed information on financing programs, application rules and key challenges that entrepreneurs may encounter. We have also organized the European Funds Forum devoted mainly to financing enterprises from central EU programs.

Customer acquisition

After the third quarter we maintained a high level of new customer acquisition: in the SME segment, we acquired 2.4 thousand customers (an increase of 3% y/y), and in the MID segment, 660 new customers - an increase of 26% y/y. In total, acquisition was higher by 7% y/y.

Corporate Customer Support Center

In the Corporate Customer Support Center, we have improved the quality of online service. We have shortened the waiting time for customers to contact a consultant and expanded the scope of their competences, which will translate into greater efficiency of customer service during a single conversation (First Call Resolution).

PekaoBiznes24

In the PekaoBiznes24 system, we have introduced the possibility of making currency transfers on holidays, making transfers in two new foreign currencies - MXN (Mexican Peso) and ILS (New Israeli Shekel), and we have also provided information on the status of payment cards and access to card statements.

PeoBIZ

In PeoBiz mobile banking, we have introduced changes that make it easier to use the application. Among other things, we have provided customers with: a new presentation of the summary of account balances and detailed information on the balances on individual accounts, a change of the application mode setting to "light-dark", a change of the application language (Polish-English) and we have expanded the scope of functionality of transfers to the phone.

CORPORATE AND INVESTMENT BANKING

The Corporate Banking includes corporate segments and 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

In the third quarter of 2024, we serviced 6.7 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 serving 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 a depository bank, as well as the access to the comprehensive offer of the Pekao Group entities addressed to this segment of clients.

In July 2024, we obtained financing for Pekao Leasing in the amount of EUR 250 million from the Council of Europe Development Bank to finance investments and development of micro, small and medium-sized enterprises in Poland in the form of leasing, under competitive conditions. As part of the agreement, a special support will be given to companies most vulnerable to the negative social and economic effects of the transformation: the companies from the regions exposed to risk resulting from unemployment and the companies owned and managed by women.

In August 2024, the European Investment Bank granted a loan of EUR 150 million to Pekao Leasing for investments made by small and medium-sized enterprises. At least 20% of the loan amount will be earmarked for green investments, including the energy efficiency improvements and development of renewable energy sources. A competitive leasing offer will be prepared for companies to finance low-carbon means of transport. The loan was secured by a guarantee from the PZU Group, and Bank Pekao acted as the transaction arranger.

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.



For the twelfth time, we won the title of the Poland's Best Sub-Custodian Bank, awarded by the renowned Global Finance magazine. In order to identify the banks providing the best custodian services, the editors of Global Finance researched the markets, solicited the opinions of experts and entities using custodian services and collected data from banks. The criteria included customer relations, quality of service, competitive pricing, smooth handling of exception items, technology platforms, post-settlement operations, business continuity plans, and knowledge of local markets, regulations, and practices.

Transactional banking

In the third quarter of 2024:

- we recorded an increased number of domestic transfers by over +10% y/y (we maintain about 20% market share for domestic payments),
- we recorded an increased number of outgoing foreign transfers by +11% y/y and an increased number of incoming transfers by +8%.

The new functionalities were added in the self-service zone of PekaoBiznes24:

- the possibility to change the limit for cards with a credit limit, both in terms of changing this limit for online transactions expressed in transaction value and the number of transactions made during the period covered by this limit in real time,
- the possibility to change the limit for debit cards, both in terms of changing this limit for a single debit card in real time for cash, non-cash and online transactions depending on the type of card selected.

In PekaoBiznes24, we made it possible to execute foreign currency transfers posted online at weekends. Transfers entered and sent on Saturdays and Sundays between the accounts maintained with Bank Pekao are posted in real time.

Trade finance

In the third quarter of 2024 we recorded a double-digit increase in sales of trade finance products

- the exposure resulting from opened letters of credit rose by 31% as compared to the same period in 2023,

- the amount of new transactions in the area of guarantees and sureties increased by 13% as compared to the same period of 2023,
- the exposure resulting from the newly granted guarantees in the comparable periods increased by nearly 15%.

In the first three quarters of 2024, as part of the Open Financing Platform (OFF), which provides a comprehensive and electronic service for the receivables financing process, we financed more than 46 thousand invoices for an amount of more than PLN 1.9 billion, which marks an increase of 11% as compared to the amount recorded in the same period of 2023.

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.

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 third quarter of 2024 include:

- a syndicated loan in the amount of PLN 1,8 zlotys granted to a leading company from the footwear industry. The Bank is the Security Agent,
- a syndicated loan in the amount EUR 103 million for the construction of an office-commercial-residential complex in Warsaw. The Bank is the Loan Agent,
- a syndicated loan in the amount of PLN 285 million granted to a company operating in the tourism industry. The Bank is the Security Agent,
- a loan in the amount of EUR 50 million for construction of a modern office building located in the centre of Warsaw. The Bank is the Sole Lender,
- a loan in the amount of PLN 43 million for construction of the 20 MW photovoltaic farm located in the Kujawsko-Pomorskie Province. The Bank is the Sole Lender.

Issuance of debt securities

In the third quarter of 2024, the Bank participated in the issuance of non-treasury debt securities (of corporate entities, banks and municipal units) for the total amount of more than PLN 9,7 billion, of which the following transactions deserve special attention:

- the issue of the Bank's 6-year (6nc5) senior unsecured Eurobonds for the amount of EUR 500 million. The Bank acted as the Global Coordinator and Co-bookrunner,
- the issue of the Bank's 2,5-year (2,5nc1,5) senior unsecured bonds on domestic market for the amount of PLN 600 million, which the Bank carried out on its own,
- the issue of 4-year bonds for a company owned by the international developer group for the amount of PLN 40 million. The Bank was the co-arranger and dealer of the transaction,
- the issue of 2 series of bonds denominated in PLN for Pekao Leasing for the total amount of 600 billion zlotys and the issue of 8 series of bonds denominated in PLN and EUR for Pekao Faktoring for the total amount being the equivalent of over PLN 5,5 billion. The Bank was the sole leader and dealer in those transactions,
- the issue of 6-year covered letters for the amount of PLN 120 million for Pekao Bank Hipoteczny. The Bank was the sole arranger and dealer in this transaction,
- the issue of 7 series of bonds of 4 municipal units for the total amount of over PLN 126,3 million.

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.

We are one of the two banks most frequently selected by local government units issuing bonds. In the third quarter of 2024, we provided financing in the form of bond issue for the City of Toruń in the amount of PLN 95 million zlotys. We also granted an investment loan and took over the service and financing of the Gdańsk International Fair in a total amount of PLN 80 million.

5.7 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 3.2% y/y in the second quarter of 2024 in the first quarter of 2024 to 3.5% in the fourth quarter of 2024 and 4.8% 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 has been prevented by high interest rates (temporarily as high as 3.75% 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), yet, in the last quarter of 2024 we expect stagnation in investment (0% y/y), null contribution of inventories and below-zero contribution of net exports (-0.8%) to GDP.

Inflation rose to 4.9% in September 2024 and we believe it to oscillate below 5% y/y till the end of the year. Strong consumer demand will also start to put pressure on prices. In our view, core inflation will be persistently above 4.0% y/y, and CPI inflation will reach 4.9% 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 persistently high core inflation in 2025.

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 cut again not sooner than after first quarter of 2025 (by -100 bps again), which means that years 2024-2025 will pass in an environment of high nominal and – but for a short period in 2025 – non-negative real interest rates.

Sales of new PLN home 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 2.2% y/y in September. Rising real wages will be associated with an increase in consumption, which will underpin demand for consumer credit (4.6% y/y in September). In turn, the movement towards a recovery in real savings will be associated with increased inflows of deposits from individuals – yet the data suggests that the peak momentum of the household deposit inflow is now in the past. In particular, July was the last of 15 consecutive months with two-digit dynamics of household deposit volumes, while September saw 8.5% y/y. 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.

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 (-0.4% y/y). A rebound in NRP influenced investment will not be seen until 2025 (+8.6% y/y), while green transformation funding (chiefly in the energy and transportation sectors) will constitute an investment impulse of more than PLN 100 billion.

As a result of the flood that hit south-western Poland in September, the Bank took action to support borrowers affected by the flood. Due to the limited size of total losses, we are of the opinion that the costs of statutory and non-statutory support for flood victims will not affect the Group's financial results.

Support for the flood victims includes:

- Repayment of 12 principal and interest instalments of housing loans from the Borrowers' Support Fund (statutory support) this mechanism has no direct financial impact on the Group. Indirectly, it may involve the need for a bank to subsidise the Fund; we estimate the scale of Pekao's participation in the additional contribution at around 15% (share of PLN mortgages granted by Pekao in the volume of PLN housing loans as of September 2024). However, it should be emphasised that the total cost of this instrument will be practically negligible on a national scale (the flood, according to the Chancellery of the Prime Minister, indeed affected around 0.2% of Poland's population, and the proportion of flood victims owning property purchased with a Pekao loan shall be even smaller).
- "SOS Pakiet Pomocowy" (Pekao's additional support) - this mechanism consists of suspending repayment of up to 3 instalments, which will, however, be due at a later date with contractual interest. This programme will not generate costs for the Group in the long term.

6. Statement of Financial Position and Financial Results

Consolidated income statement containing cumulated items for the period from 1 January to 30 September, 2024 and 2023 respectively is presented in Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of 9 months ended on 30 September 2024.

The Report on activities of Bank Pekao S.A. Group for the the third quarter 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.

6.1 The consolidated income statement – presentation form

In the 3 quarters of 2024, we generated net profit of Bank Pekao S.A. Group attributable to the Bank's shareholders in the amount of PLN 4,764 million. This result was lower by PLN 254 million than the result achieved in the 3 quarters 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 5,253 million and was 4.0% higher y/y.

	(in PLN million)		
	3 QUARTERS OF 2024	3 QUARTERS OF 2023	CHANGE
Net interest income	9,268	8,767	5.7%
Net fee and commission income	2,078	2,053	1.2%
Dividend, income	30	29	3.4%
Trading result	280	407	(31.2%)
Net other operating income and expenses	44	14	> 100%
Net non-interest income	2,432	2,503	(2.8%)
Operating income	11,700	11,270	3.8%
Operating costs	(3,816)	(3,422)	11.5%
Gross operating profit	7,884	7,848	0.5%
Net allowances for expected credit losses	(611)	(471)	29.7%
Costs of legal risk of foreign currency mortgage loans	(299)	(98)	> 100%
Net operating profit	6,974	7,279	(4.2%)
Contributions to the Bank Guarantee Fund	(239)	(190)	25.8%
Tax on certain financial institutions	(671)	(659)	1.8%
Share in profit on associates	6	4	50.0%
Profit before tax	6,070	6,434	(5.7%)
Income tax expense	(1,303)	(1,414)	(7.9%)
Net profit	4,767	5,020	(5.0%)
Attributable to equity holders of the Bank	4,764	5,018	(5.1%)
Attributable to non-controlling interest	3	2	50.0%

Operating income

The Group's operating income in the 3 quarters of 2024 amounted to PLN 11,700 million and was 3.8% higher than the income achieved in the 3 quarters of 2023, mainly due to net interest income, despite the recognition of credit holiday costs.

Total net interest income

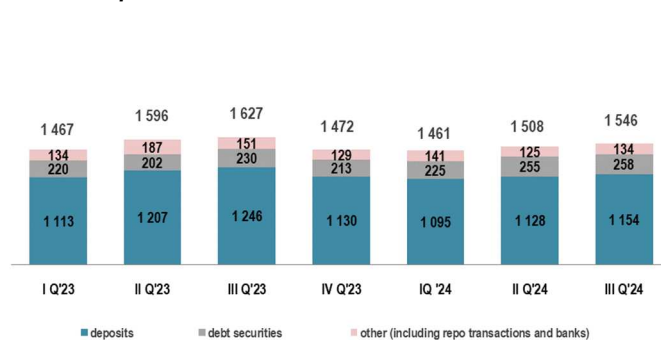
(in PLN million)

	3 QUARTERS OF 2024	3 QUARTERS OF 2023	CHANGE
Interest income	13,783	13,457	2.4%
Interest expense	(4,515)	(4,690)	(3.7%)
Net interest income	9,268	8,767	5.7%

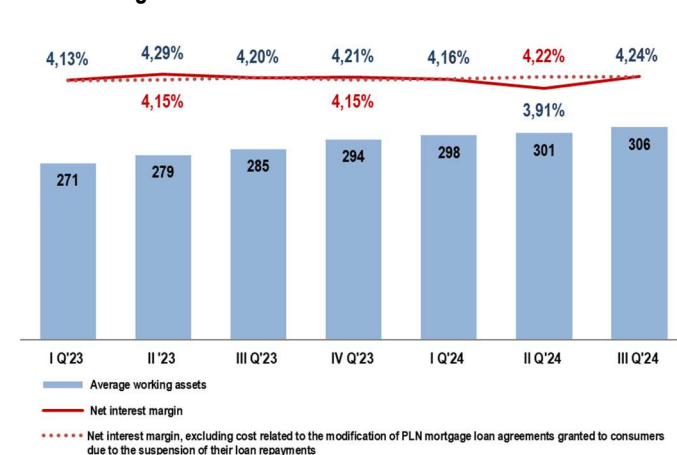
Net interest income achieved in the 3 quarters of 2024 amounted to PLN 9,268 million and was higher by PLN 501 million, i.e. 5.7% compared to the result achieved in the 3 quarters of 2023, mainly due to higher volumes and a stable interest margin, despite the recognition of credit holiday costs in the amount of PLN 234 million.

Interest income


Interest income in the 3 quarters of 2024 amounted to PLN 13,783 million and was higher by PLN 326 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 3 quarters of 2024 amounted to PLN 4,515 million and were lower by PLN 175 million y/y, 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 3 quarters of 2024 amounted to 4.21% and was 0.06 p.p. higher than the margin achieved in 2023.

Net non-interest income

(in PLN million)

	3 QUARTERS OF 2024	3 QUARTERS OF 2023	CHANGE
Fee and commission income	2,727	2,654	2.8%
Fee and commission expense	(649)	(601)	8.0%
Net fee and commission income	2,078	2,053	1.2%
Dividend income	30	29	3.4%
Trading result	280	407	(31.2%)
Net other operating income and expense	44	14	> 100%
Net non-interest income	2,432	2,503	(2.8%)

The non-interest income achieved in the 3 quarters of 2024 amounted to PLN 2,432 million and was lower by PLN 71 million, i.e. 2.8% 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 3 quarters of 2024 amounted to PLN 2,078 million and was higher by PLN 25 million, i.e. 1.2% compared to the result achieved in the 3 quarters of 2023, mainly due to higher commissions from investment funds, 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)

	3 QUARTERS OF 2024	3 QUARTERS OF 2023	CHANGE
Net fee and commission income	2,078	2,053	1.2%
on loans	453	448	1.2%
on cards	230	249	(7.3%)
on mutual funds	312	256	22.0%
on brokerage activate	115	130	(11.5%)
on margins on foreign exchange transactions with clients	524	546	(4.0%)
other	443	424	4.5%

Operating costs

Operating costs in the 3 quarters of 2024 amounted to PLN 3,816 million and were higher by PLN 394 million, i.e. 11.5% compared to the 3 quarters of 2023, mainly due to inflation indexation of salaries and the variable part of personnel costs related to the profit.

(in PLN million)

	3 QUARTERS OF 2024	3 QUARTERS OF 2023	CHANGE
Personnel expenses	(2,394)	(2,027)	18.1%
General administrative expenses and depreciation	(1,422)	(1,395)	1.9%
Operating costs	(3,816)	(3,422)	11.5%

The cost/income ratio in the 3 quarters of 2024 was 32.6% compared to 30.4% in the same period of 2023.

As of 30 September 2024 the Group employed 15,447 employees (in the Bank and the companies consolidated under full consolidation method) as compared to 15,086 employees as at the end of September 2023.

Contributions to the Bank Guarantee Fund

Contributions to the Bank Guarantee Fund in the 3 quarters of 2024 amounted to PLN 239 million and were higher by PLN 49 million i.e. 25.8% than in the 3 quarters 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 3 quarters of 2024 amounted to PLN 671 million and was higher by PLN 12 million, i.e. 1.8% than in the 3 quarters of 2023 due to the increase in the Bank's assets.

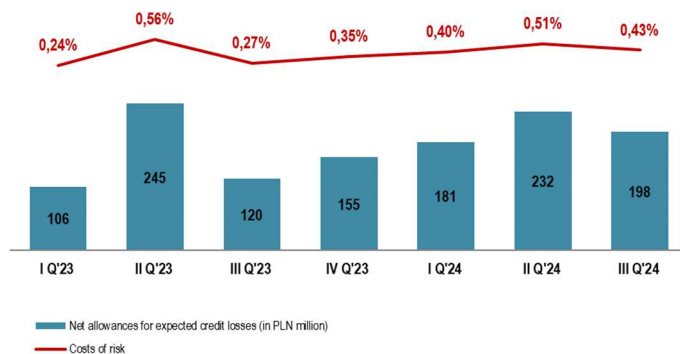
6.2 Net allowances for expected credit losses

(in PLN million)

	GROUP		BANK PEKAO S.A.	
	3 QUARTERS OF 2024	3 QUARTERS OF 2023	3 QUARTERS OF 2024	3 QUARTERS OF 2023
financial assets measured at amortized cost	(664)	(521)	(627)	(479)
financial assets measured at fair value through other comprehensive income	6	10	27	19
financial liabilities measured at amortized cost	46	(52)	60	(38)
Net allowances for expected credit losses	(611)	(471)	(540)	(410)
Costs of legal risk of foreign currency mortgage loans	(299)	(98)	(267)	(75)

The result of allowances for expected credit losses in the 3 quarters of 2024 amounted to PLN 611 million and was higher by PLN 140 million, i.e. 29.7% than in the 3 quarters of 2023.

Costs of risk



The Group's cost of risk in the 3 quarters of 2024 amounted to 0.45%, up 0.09 p.p. from the previous year, and are in line with the strategic assumptions and the adopted risk appetite.

6.3 The structure of the net profit

(in PLN million)

	3 QUARTERS OF 2024	3 QUARTERS OF 2023	CHANGE
Net profit of Bank Pekao S.A.	4,754	5,074	(6.3%)
Entities consolidated under full method			
Pekao Investment Management S.A.	93	70	32.9%
Pekao Leasing Sp. z o.o.	84	74	13.5%
Pekao Faktoring Sp. z o.o.	24	33	(27.3%)
Pekao Financial Services Sp. z o.o.	8	5	60.0%
Centrum Kart S.A.	7	4	75.0%
Pekao Direct Sp. z o.o.	6	3	100.0%
PEUF Sp. z o.o.	5	5	0.0%
Pekao Fundusz Kapitałowy Sp. z o.o. w likwidacji	2	2	0.0%
Pekao Property S.A. w likwidacji	1	1	0.0%
FPB "MEDIA" Sp. z o.o. w upadłości	-	-	x
Pekao Investment Banking S.A.	(1)	12	x
Pekao Bank Hipoteczny S.A.	(17)	(21)	(19.0%)
Entities valued under the equity method			
Krajowy Integrator Płatności S.A.	6	4	50.0%
Exclusions and consolidation adjustments (*)	(208)	(248)	(16.1%)
Net profit of the Group attributable to equity holders of the Bank	4,764	5,018	(5.1%)

(*) 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 3 quarters of 2024, amounted to **PLN 93 million**, compared to PLN 70 million achieved in the 3 quarters 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 3 quarters of 2024, Pekao Leasing generated a net profit of **PLN 84 million** compared to PLN 74 million in the the 3 quarters of 2024. The higher result was achieved with a 9.3% increase in the value of leased assets.

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

In the 3 quarters of 2024, Pekao Faktoring generated a net profit of **PLN 24 million**, compared to PLN 33 million in the the 3 quarters of 2024. 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.

Centrum Kart S.A. – Centrum Kart

In the the 3 quarters of 2024, Centrum Kart achieved a net profit of **PLN 7 million**, compared to PLN 4 million achieved in the the 3 quarters of 2023. The result was influenced by an increase in revenues from services provided to Bank Pekao S.A.

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

In the the 3 quarters 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 the 3 quarters of 2024, KIP generated a net profit of PLN 15 million (of which **PLN 6 million** was included in the Group's result), compared to PLN 10 million achieved in the the 3 quarters 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 the 3 quarters of 2024, PFS generated a net profit of PLN 8 million (including the Bank's share of **PLN 5 million**), compared to a profit of PLN 5 million achieved in the the 3 quarters 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.

PeUF Sp. z o. o. – PeUF

in the the 3 quarters of 2024, PeUF achieved a net profit of **PLN 5 million**, and was at a similar level compared to the previous year.

Pekao Investment Banking S.A. – Pekao IB

In the the 3 quarters of 2024, Pekao IB achieved a net loss of **PLN -1 million**, compared to a profit of PLN 12 million in the the 3 quarters 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 the 3 quarters of 2024, Pekao Bank Hipoteczny recorded a net loss of **PLN -17 million**, compared to a loss of PLN -21 million in the the 3 quarters 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)

	3 QUARTERS OF 2024	3 QUARTERS OF 2023	CHANGE
Net interest income	8,999	8,525	5.6%
Net fee and commission income	1,716	1,728	(0.7%)
Dividend, income	190	238	(20.2%)
Trading result	274	405	(32.3%)
Net other operating income and expenses	39	9	> 100%
Net non-interest income	2,219	2,380	(6.8%)
Operating income	11,218	10,905	2.9%
Operating costs	(3,496)	(3,132)	11.6%
Gross operating profit	7,722	7,773	(0.7%)
Net allowances for expected credit losses	(540)	(410)	31.7%
Costs of legal risk of foreign currency mortgage loans	(267)	(75)	> 100%
Net operating profit	6,915	7,288	(5.1%)
Contributions to the Bank Guarantee Fund	(237)	(188)	26.1%
Tax on certain financial institutions	(671)	(659)	1.8%
Profit before tax	6,007	6,441	(6.7%)
Income tax expense	(1,253)	(1,367)	(8.3%)
Net profit	4,754	5,074	(6.3%)

The net profit of Bank Pekao S.A. in the 3 quarters of 2024 amounted to PLN 4,754 million. This result is lower by PLN 320 million than the result achieved in the 3 quarters 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:

	30.09.2024	30.09.2023	CHANGE
STATEMENT OF FINANCIAL POSITION – SELECTED ITEMS			
<i>(in PLN million)</i>			
Loans and advances at nominal value ^(*)	166,862	160,681	3.8%
Amounts due to customers	249,345	240,050	3.9%
Structured Certificates of Deposit	-	298	x
Senior bonds	6,460	1,850	> 100%
Subordinated bonds	2,750	2,750	x
Repo transactions	1,490	1,095	36.2%
Total assets	309,382	297,667	3.9%
Investment funds distributed through the Bank's network	25,518	18,837	35.5%
Total capital ratio in %	19.5%	19.9%	(0.4 p.p.)

(*) Including loans and non-treasury debt securities.

Loans and advances at nominal value at the end of September 2024 amounted to PLN 166,862 million and were higher by PLN 6,181 million, i.e. 3.8% than at the end of September 2023. At the end of September 2024, retail loans amounted to PLN 80,577 million, and corporate amounted to PLN 74,117 million.

Amounts due to customers, Structured Certificates of Deposit, Certificates of Deposit, Senior Bonds and Subordinated Bonds amounted to PLN 258,555 million at the end of September 2024 and were higher by PLN 13,606 million, i.e. 5.6% compared to the end of September 2023.

Net assets of investment funds managed by Pekao TFI S.A. distributed by the Bank's network at the end of September 2024 amounted to PLN 25,518 million and was higher by PLN 6,681 million, i.e. 35.5% compared to the end of September 2023, thanks to higher asset valuation and positive net sales.

6.4 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 September 2024, the total assets of Bank Pekao S.A. constitutes 95.4% of the total assets of the whole Group.

ASSETS	30.09.2024		30.09.2023		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Cash and cash equivalents ^(*)	20,515	6.3%	17,617	5.7%	16.5%
Loans and advances to banks ^(**)	202	0.1%	147	0.0%	37.4%
Loans and advances to customers ^(***)	179,013	55.2%	168,999	54.5%	5.9%
Reverse repo transactions	5,237	1.6%	4,026	1.3%	30.1%
Securities ^(****)	105,393	32.5%	100,820	32.5%	4.5%
Investments in associates	58	0.0%	52	0.0%	12.4%
Property, plant and equipment and intangible assets	4,414	1.4%	4,109	1.3%	7.4%
Other assets	9,579	3.0%	14,252	4.6%	(32.8%)
Total assets	324,411	100.0%	310,021	100.0%	4.6%

(*) 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	30.09.2024		30.09.2023		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Amounts due to other banks	8,688	2.7%	7,792	2.5%	11.5%
Amounts due to customers	249,058	76.8%	239,695	77.3%	3.9%
Debt securities issued	15,786	4.9%	9,912	3.2%	59.3%
Subordinated liabilities	2,833	0.9%	2,846	0.9%	(0.4%)
Repo transactions	1,490	0.5%	1,095	0.4%	36.1%
Lease liabilities	714	0.2%	519	0.2%	37.6%
Other liabilities	15,185	4.7%	19,657	6.3%	(22.8%)
Total equity including non-controlling interests	30,657	9.5%	28,506	9.2%	7.5%
Total equity and liabilities	324,411	100.0%	310,021	100.0%	4.6%

Customers' Financing
Customer structure of loans and advances

(in PLN million)

	30.09.2024	30.09.2023	CHANGE
Loans and advances at nominal value ^(*)	184,093	174,846	5.3%
Loans and investments in financial leases	172,457	164,472	4.9%
Retail	82,898	74,934	10.6%
Corporate	89,559	89,538	0.0%
Non-treasury debt securities	11,636	10,374	12.2%
Other ^(**)	2,231	1,702	31.1%
Impairment allowances	(7,311)	(7,549)	(3.2%)
Total net receivables	179,013	168,999	5.9%
Reverse repo transactions	5,234	4,023	30.1%
Total Customers' financing ^(***)	189,327	178,869	5.8%

(*) 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 September 2024, loans and advances at nominal value amounted to PLN 184,093 million and were higher by PLN 9,247 million, i.e. 5.3% than at the end of September 2023.

As at the end of September 2024 the volume of retail loans amounted to PLN 82,898 million and were higher by PLN 7,964 million, i.e. 10.6% than at the end of September 2023.

Corporate loans including non-treasury debt securities at the end of September 2024 amounted to PLN 101,195 million and were higher by PLN 1,282 million, i.e. 1.3% compared to the end of September 2023.

Receivables and impairment losses ^(*)

(in PLN million)

	30.09.2024	30.09.2023	CHANGE
Gross receivables	186,324	176,548	5.5%
Stage 1	159,024	150,390	5.7%
Stage 2	17,764	16,622	6.9%
Stage 3	9,536	9,536	0.0%
Impairment allowances	(7,311)	(7,549)	(3.2%)
Stage 1	(731)	(879)	(16.8%)
Stage 2	(832)	(806)	3.2%
Stage 3	(5,748)	(5,864)	(2.0%)
Total net receivables	179,013	168,999	5.9%

(*) 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 September 2024 the ratio of impaired receivables (stage 3) to the gross receivables amounted to 5.1%.

Loans and advances to customers by currency ^(*)

	30.09.2024		30.09.2023		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Denominated in PLN	150,822	80.9%	140,304	79.5%	7.5%
Denominated in foreign currencies ^(**)	35,502	19.1%	36,244	20.5%	(2.0%)
Total	186,324	100.0%	176,548	100.0%	5.5%
Impairment allowances	(7,311)	.x	(7,549)	x	(3.1%)
Total net	179,013	x	168,999	x	5.9%

(*) 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 September 2024 their share was 80.9%. The largest portion of foreign currency loans and advances to customers were represented by those denominated in EUR (91.8%), CHF (1.1%) or USD (5.7%).

Loans and advances to customers by contractual maturities ^(*)

	30.09.2024		30.09.2023		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Current and up to 1 month	22,143	11.9%	22,820	12.9%	(3.0%)
1 to 3 months	8,840	4.7%	8,225	4.7%	7.5%
3 months to 1 year	18,320	9.8%	19,647	11.1%	(6.8%)
1 to 5 years	61,150	32.8%	54,626	30.9%	11.9%
Over 5 years	69,747	37.4%	65,313	37.0%	6.8%
Past due	3,893	2.1%	4,215	2.4%	(7.6%)
Other	2,231	1.2%	1,702	1.0%	31.1%
Total	186,324	100.0%	176,548	100.0%	5.5%
Impairment allowances	(7,311)	x	(7,549)	x	(3.1%)
Total net	179,013	x	168,999	x	5.9%

^(*) 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 September 2024 loans and advances with maturity over 5 years represents 37.4% 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 Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of 9 months ended on 30 September 2024.

External sources of financing

(in PLN million)

	30.09.2024	30.09.2023	CHANGE
Amounts due to other banks	8,688	7,792	11.5%
Amounts due to customers	249,058	239,695	3.9%
Debt securities issued	15,786	9,912	59.3%
Subordinated liabilities	2,833	2,846	(0.4%)
Repo transactions	1,490	1,095	36.1%
Total external sources of financing	277,855	261,339	6.3%

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)

	30.09.2024	30.09.2023	CHANGE
Corporate deposits	102,617	109,533	(6.3%)
Non-financial entities	73,972	87,032	(15.0%)
Non-banking financial entities	7,517	5,898	27.5%
Budget entities	21,128	16,604	27.2%
Retail deposits	145,525	129,001	12.8%
Other (*)	916	1,161	(21.1%)
Amounts due to customers(**)	249,058	239,695	3.9%
Debt securities issued of which	18,619	12,758	45.9%
Structured Certificates of Deposit (SCD)	-	298	x
Senior bonds	6,460	1,850	>100%
Subordinated bonds	2,750	2,750	x
Pekao Bank Hipoteczny S.A. covered bonds	1,191	987	20.7%
Pekao Bank Hipoteczny S.A. bonds	313	387	(19.1%)
Pekao Leasing Sp. z o.o. bonds	3,223	2,819	14.3%
Pekao Faktoring Sp. z o.o. bonds	4,422	3,482	27.0%
Interest	260	185	40.7%
Amounts due to customers and debt securities issued (**)	267,677	252,453	6.0%
Lease liabilities	714	519	37.7%
Repo transactions	1,490	1,095	36.2%
Amounts due to customers and debt securities issued total (***)	269,882	254,066	6.2%
Investment funds of Pekao TFI S.A. (ex. Pioneer Pekao TFI)	30,216	22,638	33.5%
Bond and money market funds	21,658	15,721	37.8%
Balanced funds	4,833	4,009	20.6%
Equity funds	2,166	1,952	11.0%
PPK	1,559	956	63.0%
including distributed through the Group's network	26,398	19,586	34.8%

(*) 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 Septemebr 2024 amounts due to the Group's Customers and Debt securities issued amounted to PLN 267,677 million and were higher by PLN 15,224 million, i.e. 6.0% than at the end of Septemebr 2023.

The total volume of Retail deposits, Structured Certificates of Deposit and other amounted to PLN 146,289 million at the end of Septemebr 2024 an increase by PLN 15,965 million, i.e. 12.3% compared to the end of Septemebr 2023.

As at the end of Septemebr 2024 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 121,388 million and were lower by PLN 742 million, i.e. 0.6% compared to the end of Septemebr 2023.

The value of net assets of investment funds managed by Pekao TFI S.A. amounted to PLN 30,216 million and was higher by PLN 7,579 million, i.e. 33.5% compared to the end of Septemebr 2023.

Amounts due to customers by currency (*)

	30.09.2024		30.09.2023		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Denominated in PLN	206,074	82.7%	197,253	82.3%	4.5%
Denominated in foreign currencies	42,984	17.3%	42,442	17.7%	1.3%
Total	249,058	100.0%	239,695	100.0%	3.9%

(*) 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 Septemebr 2024 amounted to 82.7%. The majority of amounts due to customers denominated in foreign currencies were in EUR (64.8%) and USD (29.5%).

Amounts due to customers by contractual maturities ^(*)

	30.09.2024		30.09.2023		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Current accounts and overnight deposits	177,560	71.6%	168,494	70.6%	5.4%
Term deposits	70,582	28.4%	70,040	29.4%	0.8%
Total deposits	248,142	100.0%	238,534	100.0%	4.0%
Interest accrued	650	x	792	x	(18.0%)
Funds in transit	266	x	369	x	(27.9%)
Total	249,058	x	239,695	x	3.9%

(*) Excluding repo transactions and lease liabilities.

6.5 Provisions, deferred tax assets and liabilities

(in PLN million)

	GROUP		BANK PEKAO S.A.	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Total provisions	2,024	1,557	1,895	1,521
provisions for off-balance sheet commitments	452	449	486	487
provisions for liabilities to employees	387	371	377	363
other provisions	1,185	737	1,033	672
Deferred tax liabilities	19	22	-	-
Deferred tax assets	1,181	1,261	840	966

6.6 Off-balance sheet items

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

(in PLN million)

	30.09.2024	30.09.2023	CHANGE
Contingent liabilities granted and received	106,606	98,822	7.9%
Liabilities granted:	70,414	66,349	6.1%
financial	59,636	55,068	8.3%
guarantees	10,777	11,281	(4.5%)
Liabilities received:	36,193	32,473	11.5%
financial	2,493	855	>100%
guarantees	33,700	31,617	6.6%
Derivative financial instruments	471,967	507,896	(7.1%)
interest rate transactions	370,350	387,881	(4.5%)
transactions in foreign currency and in gold	95,774	112,451	(14.8%)
transactions based on commodities and equity securities	5,843	7,564	(22.8%)
Total off-balance sheet items	578,574	606,718	(4.6%)

Information on loan concentration is included in the Notes to the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for period of 9 months ended on 30 September 2024.

6.7 Capital adequacy

Bank Pekao S.A. Group

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 September 2024 consists of:

- Capital conservation buffer in amount of 2.50%,
- Countercyclical capital buffer in amount of 0.06%¹ for Bank Pekao S.A. Group and 0.03% for Bank Pekao S.A.,
- Other systemically important institution buffer in amount of 1.00%,
- Systemic risk buffer in amount of 0.00%².

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

Together, Bank Pekao S.A. Group is obliged to maintain:

- Total capital ratio (TCR) in amount of 11.56%,
- Capital ratio Tier I (T1) in amount of 9.56%,
- Common Equity Tier (CET 1) in amount of 8.06%.

Together, Bank Pekao S.A. is 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.

¹ Countercyclical capital buffer was calculated as of September 30, 2024 at the level 0,0295% for Bank Pekao S.A. and 0,0611% for Bank Pekao S.A. Group.

² According to the Regulation of the Minister of Finance, the systemic risk buffer was abolished on 19 March, 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 30, September, 2024 Bank Pekao S.A. Group total capital ratio amounted to 16.9% and common equity Tier I ratio amounted to 15.6%.

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

CAPITAL REQUIREMENT (PLN mln)	30.09.2024	30.09.2023
Credit Risk	10,954	10,292
Market Risk	89	96
Counterparty credit risk including CVA	190	222
Operational risk	1,680	1,434
Total capital requirement	12,913	12,044
OWN FUNDS (PLN mln)		
Common Equity Tier I Capital	25,119	23,465
Tier II Capital	2,164	2,520
Own funds for total capital ratio	27,283	25,985
Common Equity Tier I Capital ratio (%)	15.6%	15.6%
Total capital ratio TCR (%)	16.9%	17.3%

Common equity Tier I Capital Ratio of Pekao S.A. Group as at the end of September 2024 was at the same level as on the end of September 2023. Increase of total capital requirement by 7.2% was offset by higher Common Equity Tier I Capital by 5.0% due to retention of the part of the net profit. Total Capital Ratio of Bank Pekao S.A. Group as at the end of September 2024 was lower by 0.4 p.p. compared to the end of September 2023.

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

6.8 Reconciliation of income statement – presentation form and long form

Consolidated income statement for the 3 quarters of 2024

INCOME STATEMENT – PRESENTATION FORM'S ITEMS	LONG FORM'S ITEMS RECLASSIFIED TO PRESENTATION FORM	3 QUARTERS OF 2024
Net interest income	Net interest income	9,268
Net fee and commission income	Net fee and commission income	2,078
Dividend income	Dividend income	30
Trading result	-	280
	Net result on other financial instruments at fair value through profit and loss	276
	Result on fair value hedge accounting	1
	(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	44
	Operating income	125
	Operating expenses	(81)
Net non-interest income	-	2,432
Operating income	-	11,700
Operating costs	-	(3,816)
	General administrative expenses depreciation	(4,726)
	less - Contributions to the Bank Guarantee Fund	239
	less – Tax on certain financial institutions	671
Gross operating profit	-	7,884
Net allowances for expected credit losses	Net allowances for expected credit losses	(611)
Costs of legal risk of foreign currency mortgage loans	Costs of legal risk of foreign currency mortgage loans	(299)
Net operating profit	-	6,974
Contributions to the Bank Guarantee Fund	Contributions to the Bank Guarantee Fund	(239)
Tax on certain financial institutions	Tax on certain financial institutions	(671)
Share in profit on associates	Share in profit on associates	6
Profit before income tax	Profit before income tax	6,070
Income tax expense	Income tax expense	(1,303)
Net profit for the period	Net profit for the period	4,767
Attributable to equity holders of the Bank	Attributable to equity holders of the Bank	4,764
Attributable to non-controlling interest	Attributable to non-controlling interest	3

Consolidated income statement for the 3 quarters of 2023

INCOME STATEMENT – PRESENTATION FORM'S ITEMS	LONG FORM'S ITEMS RECLASSIFIED TO PRESENTATION FORM	3 QUARTERS OF 2023
Net interest income	Net interest income	8,767
Net fee and commission income	Net fee and commission income	2,053
Dividend income	Dividend income	29
Trading result	-	407
	Net result on other financial instruments at fair value through profit and loss	382
	Result on fair value hedge accounting	1
	(Gains) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	24
Net other operating income and expenses	Net other operating income and expenses	14
	Operating income	86
	Operating expenses	(72)
Net non-interest income	-	2,503
Operating income	-	11,270
Operating costs	-	(3,422)
	General administrative expenses depreciation	(4,271)
	less - Contributions to the Bank Guarantee Fund	190
	less – Tax on certain financial institutions	659
Gross operating profit	-	7,848
Net allowances for expected credit losses	Net allowances for expected credit losses	(471)
Costs of legal risk of foreign currency mortgage loans	Costs of legal risk of foreign currency mortgage loans	(98)
Net operating profit	-	7,279
Contributions to the Bank Guarantee Fund	Contributions to the Bank Guarantee Fund	(190)
Tax on certain financial institutions	Tax on certain financial institutions	(659)
Share in profit on associates	Share in profit on associates	4
Profit before income tax	Profit before income tax	6,434
Income tax expense	Income tax expense	(1,414)
Net profit for the period	Net profit for the period	5,020
Attributable to equity holders of the Bank	Attributable to equity holders of the Bank	5,018
Attributable to non-controlling interest	Attributable to non-controlling interest	2

7. Other Information

7.1 Management Board position regarding the possibility of achieving previously published forecasts

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

7.2 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.

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

7.4 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 24 to the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of 9 months ended on 30 September 2024.

7.5 Related party transactions

In the third quarter 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 third quarter 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 25 to the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of 9 months ended on 30 September 2024.

7.6 Accounting principles adopted in the preparation of the report

Accounting principles adopted in the preparation of the report are described in Note 4 to the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of 9 months ended on 30 September 2024.

7.7 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 were admitted to trading 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 were admitted to trading on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A.

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 and the Warsaw Stock Exchange S.A.

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 were admitted to trading on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A.

On 18 June 2024 the Management Board of the Bank adopted a resolution to use the option of early redemption of senior preferred bonds issued by Bank on 28 July 2023 with a total nominal value of PLN 0.75 billion. The early redemption took place on 28 July 2024 and in accordance with the regulations of the Central Securities Depository of Poland (KDPW).

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 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 were admitted to trading on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A.

On September 24, 2024, the Bank issued senior non-preferred eurobonds with a maturity of 6 years and the total nominal value amounted to EUR 0.5 billion. The SNP eurobonds have an option giving the Bank the right to early redemption of the bonds within 5 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.

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 admitted to trading on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A.

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 admitted to trading on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A.

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 admitted to trading on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A.

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 admitted to trading on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A.

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 admitted to trading on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A.

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 1,191 million (principal value) as at the end of September 2024. Liabilities from covered bonds with maturity, up to 6 months account for 11%, up to 1 year account for 15%, up to 3 years account for 44%, up to 5 years account for 25%, up to 10 years account for 5%.

Pekao Bank Hipoteczny S.A. bonds

The total value of the company's liabilities under bonds amounted to PLN 313 million (principal value) as at the end of September 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 3,223 million (principal value) as at the end of September 2024 with maturity date up to 3 months account for 46%, up to 2 years for 54%.

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 4,422 million (principal value) as at the end of September 2024.

7.8 Subsequent events

Senior bonds

Since 18, October, 2024, the senior non-preferred eurobonds issued on 24, September, 2024 were also admitted to trading on the regulated market of the Warsaw Stock Exchange S.A.

Announcement on convening the Extraordinary General Meeting of Bank Polska Kasa Opieki Spółka Akcyjna

In current report No. 37/2024 of 31 October, 2024, the Management Board of Bank Polska, hereby convened the Extraordinary General Meeting of the Bank on 28 November 2024 at 10:00 a.m. in Warsaw, at 1 Żubra Street in Pekao Tower located in the Forest building complex.

Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of 9 months ended on 30 September 2024



Warsaw, November 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.

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I. Consolidated income statement

	NOTE	III QUARTER 2024 PERIOD FROM 01.07.2024 TO 30.09.2024	3 QUARTERS 2023 PERIOD FROM 01.01.2024 TO 30.09.2024	III QUARTER 2023 PERIOD FROM 01.07.2023 TO 30.09.2023 RESTATED	3 QUARTERS 2023 PERIOD FROM 01.01.2023 TO 30.09.2023 RESTATED
Interest income	7	4 807	13 783	4 642	13 457
Interest income calculated using the effective interest method		4 793	13 743	4 629	13 428
Income similar to interest		14	40	13	29
Interest expense	7	(1 546)	(4 515)	(1 627)	(4 690)
Net interest income		3 261	9 268	3 015	8 767
Fee and commission income	8	945	2 727	913	2 654
Fee and commission expense	8	(232)	(649)	(210)	(601)
Net fee and commission income		713	2 078	703	2 053
Dividend income		-	30	-	29
Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result	9	70	276	69	382
Result on fair value hedge accounting		1	1	1	1
Profit/loss on derecognition of financial assets and liabilities not measured at fair value through profit or loss		-	3	15	24
Net allowances for expected credit losses	10	(198)	(611)	(120)	(471)
Costs of legal risk of foreign currency mortgage loans		(56)	(299)	(53)	(98)
Other operating income	11	23	125	22	86
Other operating expenses	11	(46)	(81)	(28)	(72)
General administrative expenses and depreciation	12	(1 460)	(4 726)	(1 371)	(4 271)
Share in profit on associates		2	6	1	4
PROFIT BEFORE INCOME TAX		2 310	6 070	2 254	6 434
Income tax expense	13	(481)	(1 303)	(498)	(1 414)
NET PROFIT		1 829	4 767	1 756	5 020
1. Attributable to equity holders of the Bank		1 828	4 764	1 755	5 018
2. Attributable to non-controlling interests		1	3	1	2
Earnings per share (in PLN per share)					
basic for the period		6.96	18.15	6.69	19.12
diluted for the period		6.96	18.15	6.69	19.12

Notes to the financial statements presented on pages 17 – 64 constitute an integral part of the interim condensed consolidated financial statements.

II. Consolidated statement of comprehensive income

	III QUARTER 2024 PERIOD FROM 01.07.2024 TO 30.09.2024	3 QUARTERS 2023 PERIOD FROM 01.01.2024 TO 30.09.2024	III QUARTER 2023 PERIOD FROM 01.07.2023 TO 30.09.2023 RESTATED	3 QUARTERS 2023 PERIOD FROM 01.01.2023 TO 30.09.2023 RESTATED
Net profit	1 829	4 767	1 756	5 020
Other comprehensive income				
Item that are or may be reclassified subsequently to profit or loss:				
Impact of revaluation of debt financial instruments and loan measured at fair value through other comprehensive income (net):				
Profit/loss on fair value measurement	128	211	169	639
Profit/loss reclassification to income statement after derecognition	(6)	(16)	(6)	(15)
Impact of revaluation of derivative instruments hedging cash flows (net):				
Profit/loss from the fair value measurement of financial instruments hedging cash flows in the part constituting effective hedging	323	(103)	280	803
Profit/loss on financial instruments hedging cash flows reclassified to profit or loss	133	428	186	652
Items that will never be reclassified to profit or loss				
Impact of revaluation of investments in equity instruments designated at fair value through other comprehensive income (net)	22	(32)	18	56
Remeasurements of the defined benefit liabilities (net)	-	-	-	(22)
Other comprehensive income (net)	606	504	653	2 128
Total comprehensive income	2 435	5 271	2 409	7 148
1. Attributable to equity holders of the Bank	2 434	5 268	2 408	7 146
2. Attributable to non-controlling interests	1	3	1	2

Notes to the financial statements presented on pages 17 – 64 constitute an integral part of the interim condensed consolidated financial statements.

III. Consolidated statement of financial position

	NOTE	30.09.2024	31.12.2023 RESTATED	01.01.2023 RESTATED
ASSETS				
Cash and cash equivalents	15	20 515	14 715	17 693
Loans and advances to banks	16	202	173	422
Derivative financial instruments (held for trading)	17	5 515	9 317	15 089
Hedging instruments		753	805	280
Loans and advances to customers (including receivables from finance leases)	18	172 496	161 494	158 753
Securities	19	115 393	109 662	80 317
Assets pledged as security for liabilities		1 754	1 648	930
Assets held for sale		18	32	12
Investments in associates		58	53	48
Intangible assets		2 466	2 396	2 253
Property, plant and equipment		1 948	1 946	1 572
Income tax assets		1 181	1 103	1 837
1. Current tax assets		-	1	271
2. Deferred tax assets	13	1 181	1 102	1 566
Other assets		2 112	2 445	1 952
TOTAL ASSETS		324 411	305 789	281 158
EQUITY AND LIABILITIES				
Liabilities				
Amounts due to other banks	20	8 688	7 597	8 594
Financial liabilities held for trading		1 063	757	875
Derivative financial instruments (held for trading)	17	5 482	9 295	15 522
Amounts due to customers	21	251 263	234 306	210 747
Hedging instruments		955	1 429	3 176
Debt securities issued	22	15 786	9 958	10 337
Subordinated liabilities		2 833	2 781	2 789
Income tax liabilities		1 039	1 513	27
1. Current tax liabilities		1 020	1 492	4
2. Deferred tax liabilities	13	19	21	23
Provisions	23	2 024	1 956	1 415
Other liabilities		4 621	5 769	4 895
TOTAL LIABILITIES		293 754	275 361	258 377
Equity				
Share capital		262	262	262
Other capital and reserves		24 086	21 872	18 979
Retained earnings and net profit for the period		6 296	8 282	3 528
Total equity attributable to equity holders of the Bank		30 644	30 416	22 769
Non-controlling interests		13	12	12
TOTAL EQUITY		30 657	30 428	22 781
TOTAL LIABILITIES AND EQUITY		324 411	305 789	281 158

Notes to the financial statements presented on pages 17 – 64 constitute an integral part of the interim condensed consolidated financial statements.

IV. Consolidated statement of changes in equity

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK										TOTAL EQUITY
	SHARE CAPITAL	OTHER CAPITAL AND RESERVES						RETAINED EARNINGS AND NET PROFIT FOR THE PERIOD	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	NON-CONTROLLING INTERESTS	
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES	OTHER				
Equity as at 1.01.2024 (AFTER RESTATEMENT)	262	21 872	9 137	1 983	11 290	(893)	355	8 282	30 416	12	30 428
Total comprehensive income	-	504	-	-	-	504	-	4 764	5 268	3	5 271
Other comprehensive income (net)	-	504	-	-	-	504	-	-	504	-	504
Remeasurements of the defined benefit liabilities (net of tax)	-	-	-	-	-	-	-	-	-	-	-
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	211	-	-	-	211	-	-	211	-	211
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	(32)	-	-	-	(32)	-	-	(32)	-	(32)
Revaluation of cash flow hedging financial instruments (net of tax)	-	325	-	-	-	325	-	-	325	-	325
Net profit for the period	-	-	-	-	-	-	-	4 764	4 764	3	4 767
Appropriation of retained earnings	-	1 710	-	-	1 705	-	5	(6 749)	(5 039)	(2)	(5 041)
Dividend paid	-	-	-	-	-	-	-	(5 039)	(5 039)	(2)	(5 041)
Profit appropriation to other reserves	-	1 710	-	-	1 705	-	5	(1 710)	-	-	-
Others	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Others	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Equity as at 30.09.2024	262	24 086	9 137	1 983	12 995	(389)	360	6 296	30 644	13	30 657

Notes to the financial statements presented on pages 17 – 64 constitute an integral part of the interim condensed consolidated financial statements.

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK										TOTAL EQUITY
	SHARE CAPITAL	OTHER CAPITAL AND RESERVES						RETAINED EARNINGS AND NET PROFIT FOR THE PERIOD	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	NON-CONTROLLING INTERESTS	
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES	OTHER				
Equity as at 1.01.2023 (BEFORE RESTATEMENT)	262	18 979	9 137	1 983	10 800	(3 295)	354	3 522	22 763	12	22 775
The impact of changes in accounting principles regarding the recognition of the provision for legal risk of mortgage loans in CHF (Note 4)	-	-	-	-	-	-	-	6	6	-	6
Equity as at 1.01.2023 (AFTER RESTATEMENT)	262	18 979	9 137	1 983	10 800	(3 295)	354	3 528	22 769	12	22 781
Total comprehensive income	-	2 128	-	-	-	2 128	-	5 018	7 146	2	7 148
Other comprehensive income (net)	-	2 128	-	-	-	2 128	-	-	2 128	-	2 128
Remeasurements of the defined benefit liabilities (net of tax)	-	(22)	-	-	-	(22)	-	-	(22)	-	(22)
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	639	-	-	-	639	-	-	639	-	639
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	56	-	-	-	56	-	-	56	-	56
Revaluation of cash flow hedging financial instruments (net of tax)	-	1 455	-	-	-	1 455	-	-	1 455	-	1 455
Net profit for the period	-	-	-	-	-	-	-	5 018	5 018	2	5 020
Appropriation of retained earnings	-	483	-	-	482	-	1	(1 906)	(1 423)	(2)	(1 425)
Dividend paid	-	-	-	-	-	-	-	(1 423)	(1 423)	(2)	(1 425)
Profit appropriation to other reserves	-	483	-	-	482	-	1	(483)	-	-	-
Other	-	-	-	-	8	(8)	-	-	-	-	-
Result on sales of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	-	-	-	8	(8)	-	-	-	-	-
Equity as at 30.09.2023 (AFTER RESTATEMENT)	262	21 590	9 137	1 983	11 290	(1 175)	355	6 640	28 492	12	28 504

Notes to the financial statements presented on pages 17 – 64 constitute an integral part of the interim condensed consolidated financial statements.

V. Consolidated cash flow statement

	NOTE	III QUARTER 2024 PERIOD FROM 01.07.2024 TO 30.09.2024	3 QUARTERS 2024 PERIOD FROM 01.01.2024 TO 30.09.2024	III QUARTER 2023 PERIOD FROM 01.07.2023 TO 30.09.2023 RESTATED	3 QUARTERS 2023 PERIOD FROM 01.01.2023 TO 30.09.2023 RESTATED
Cash flow from operating activities – indirect method					
Profit before income tax		2 310	6 070	2 254	6 434
Adjustments for:					
Depreciation and amortization	12	177	513	153	467
Share in gains (losses) from associates		(2)	(6)	(1)	(4)
(Gains) losses on investing activities		(10)	(84)	(19)	(38)
Net interest income	7	(3 261)	(9 268)	(3 015)	(8 767)
Dividend income		-	(30)	-	(29)
Change in:					
Loans and advances to banks		66	(48)	23	274
Derivative financial instruments (assets)		2 112	3 802	1 514	4 877
Loans and advances to customers (in this receivables from financial leases)		(4 215)	(10 943)	(2 753)	(3 684)
Securities (including assets pledged as security for liabilities)		(449)	2 773	(471)	(835)
Other assets		377	1 506	(624)	484
Amounts due to banks		1 165	595	(16)	(429)
Financial liabilities held for trading		142	305	(161)	(443)
Derivative financial instruments (liabilities)		(2 166)	(3 812)	(1 359)	(5 511)
Amounts due to customers		3 967	17 017	19 495	30 239
Debt securities issued		(69)	(84)	-	(1 027)
Subordinated liabilities		52	53	59	56
Payments for short-term leases and leases of low-value assets		-	(1)	-	(1)
Provisions		(63)	48	21	155
Other liabilities		(556)	(2 014)	1 172	(124)
Interest received		5 941	14 371	4 438	13 245
Interest paid		(1 587)	(4 566)	(1 564)	(4 357)
Income tax paid		(177)	(1 973)	199	(118)
Net cash flows from operating activities		3 754	14 224	19 345	30 864
Cash flow from investing activities					
Investing activity inflows		337 003	1 028 491	295 562	950 359
Sale and redemption of securities measured at amortised cost and at fair value through other comprehensive income		336 929	1 028 367	295 557	950 314
Sale of intangible assets and property, plant and equipment		74	94	4	16
Dividend received		-	30	1	29
Investing activity outflows		(339 211)	(1 038 198)	(314 172)	(980 074)
Acquisition of securities measured at amortised cost and at fair value through other comprehensive income		(339 041)	(1 037 700)	(313 991)	(979 423)
Acquisition of intangible assets and property, plant and equipment		(170)	(498)	(181)	(651)
Net cash flows from investing activities		(2 208)	(9 707)	(18 610)	(29 715)

NOTE	III QUARTER 2024 PERIOD FROM 01.07.2024 TO 30.09.2024	3 QUARTERS 2024 PERIOD FROM 01.01.2024 TO 30.09.2024	III QUARTER 2023 PERIOD FROM 01.07.2023 TO 30.09.2023 RESTATED	3 QUARTERS 2023 PERIOD FROM 01.01.2023 TO 30.09.2023 RESTATED
Cash flows from financing activities				
Financing activity inflows	10 315	22 989	1 628	2 578
Due to loans and advances received from banks	1 178	1 178	528	728
Issue of debt securities	9 137	21 811	1 100	1 850
Financing activity outflows	(6 869)	(21 706)	(1 267)	(3 803)
Repayment of loans and advances received from banks	(276)	(722)	(479)	(1 067)
Redemption of debt securities	(6 577)	(15 897)	653	(1 243)
Dividends and other payments to shareholders	-	(5 039)	(1 423)	(1 423)
Payments for the principal portion of the lease liabilities	(16)	(48)	(18)	(70)
Net cash flows from financing activities	3 446	1 283	361	(1 225)
Total net cash flows	4 992	5 800	1 096	(76)
including effect of exchange rate fluctuations on cash and cash equivalents held	(63)	(70)	233	(56)
Net change in cash and cash equivalents	4 992	5 800	1 096	(76)
Cash and cash equivalents at the beginning of the period	15 523	14 715	16 521	17 693
Cash and cash equivalents at the end of the period	20 515	20 515	17 617	17 617

Notes to the financial statements presented on pages 17 – 64 constitute an integral part of the interim condensed consolidated financial statements.

VI. Income statement of Bank Pekao S.A.

	III QUARTER 2024 PERIOD FROM 01.07.2024 TO 30.09.2024	3 QUARTERS 2024 PERIOD FROM 01.01.2024 TO 30.09.2024	III QUARTER 2023 PERIOD FROM 01.07.2023 TO 30.09.2023 RESTATED	3 QUARTERS 2023 PERIOD FROM 01.01.2023 TO 30.09.2023 RESTATED
Interest income	4 533	12 989	4 382	12 747
Interest income calculated using the effective interest method	4 515	12 931	4 365	12 707
Income similar to interest	18	58	17	40
Interest expense	(1 366)	(3 990)	(1 444)	(4 222)
Net interest income	3 167	8 999	2 938	8 525
Fee and commission income	833	2 415	805	2 363
Fee and commission expense	(249)	(699)	(222)	(635)
Net fee and commission income	584	1 716	583	1 728
Dividend income	-	190	1	238
Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result	74	271	73	380
Result on fair value hedge accounting	1	1	1	1
Profit/loss on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(1)	2	14	24
Net allowances for expected credit losses	(162)	(540)	(85)	(410)
Costs of legal risk of foreign currency mortgage loans	(54)	(267)	(51)	(75)
Other operating income	21	120	21	81
Other operating expenses	(46)	(81)	(30)	(72)
General administrative expenses and depreciation	(1 350)	(4 404)	(1 267)	(3 979)
PROFIT BEFORE INCOME TAX	2 234	6 007	2 198	6 441
Income tax expense	(466)	(1 253)	(483)	(1 367)
NET PROFIT	1 768	4 754	1 715	5 074
Earnings per share (in PLN per share)				
basic for the period	6.73	18.11	6.53	19.33
diluted for the period	6.73	18.11	6.53	19.33

VII. Statement of comprehensive income of Bank Pekao S.A.

	III QUARTER 2024 PERIOD FROM 01.07.2024 TO 30.09.2024	3 QUARTERS 2024 PERIOD FROM 01.01.2024 TO 30.09.2024	III QUARTER 2023 PERIOD FROM 01.07.2023 TO 30.09.2023 RESTATED	3 QUARTERS 2023 PERIOD FROM 01.01.2023 TO 30.09.2023 RESTATED
Net profit	1 768	4 754	1 715	5 074
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Impact of revaluation of debt financial instruments and loan measured at fair value through other comprehensive income (net):				
profit/loss on fair value measurement	118	192	167	627
profit/loss reclassification to income statement after derecognition	124	208	173	642
profit/loss reclassification to income statement after derecognition	(6)	(16)	(6)	(15)
Impact of revaluation of derivative instruments hedging cash flows (net):				
profit/loss from the fair value measurement of financial instruments hedging cash flows in the part constituting effective hedging	456	325	466	1 455
profit/loss on financial instruments hedging cash flows reclassified to profit or loss	323	(103)	280	803
profit/loss on financial instruments hedging cash flows reclassified to profit or loss	133	428	186	652
Items that will never be reclassified to profit or loss:				
Impact of revaluation of investments in equity instruments designated at fair value through other comprehensive income (net)				
Remeasurements of the defined benefit liabilities (net)	22	(32)	19	57
Remeasurements of the defined benefit liabilities (net)	-	-	-	(22)
Other comprehensive income (net of tax)	596	485	652	2 117
Total comprehensive income	2 364	5 239	2 367	7 191

VIII. Statement of financial position of Bank Pekao S.A.

	30.09.2024	31.12.2023 RESTATED	01.01.2023 RESTATED
ASSETS			
Cash and cash equivalents	20 689	14 836	13 435
Loans and advances to banks	698	426	5 402
Derivative financial instruments (held for trading)	5 525	9 350	15 134
Hedging instruments	753	805	280
Loans and advances to customers	155 074	141 791	142 457
Securities	116 720	117 399	86 151
Assets pledged as security for liabilities	1 754	1 648	930
Assets held for sale	18	32	12
Investments in subsidiaries	1 922	1 922	1 742
Investments in associates	42	42	42
Intangible assets	1 616	1 546	1 408
Property, plant and equipment	1 792	1 798	1 501
Income tax assets	840	777	1 541
1. Current tax assets	-	-	267
2. Deferred tax assets	840	777	1 274
Other assets	1 939	2 180	1 695
TOTAL ASSETS	309 382	294 552	271 730
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to other banks	3 444	2 826	4 135
Financial liabilities held for trading	1 063	757	875
Derivative financial instruments (held for trading)	5 485	9 308	15 539
Amounts due to customers	251 524	234 541	210 989
Hedging instruments	955	1 429	3 176
Debt securities issued	6 621	4 078	5 894
Subordinated liabilities	2 833	2 781	2 789
Income tax liabilities	1 009	1 462	-
1. Current tax liabilities	1 009	1 462	-
2. Deferred tax liabilities	-	-	-
Provisions	1 895	1 854	1 408
Other liabilities	4 366	5 529	4 725
TOTAL LIABILITIES	279 195	264 565	249 530
Equity			
Share capital	262	262	262
Other capital and reserves	23 401	21 230	18 344
Retained earnings and net profit for the period	6 524	8 495	3 594
TOTAL EQUITY	30 187	29 987	22 200
TOTAL LIABILITIES AND EQUITY	309 382	294 552	271 730

IX. Statement of changes in equity of Bank Pekao S.A.

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES						RETAINED EARNINGS AND NET PROFIT FOR THE PERIOD	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES	OTHER		
Equity as at 1.01.2024 (AFTER RESTATEMENT)	262	21 230	9 137	1 983	10 738	(861)	233	8 495	29 897
Comprehensive income	-	485	-	-	-	485	-	4 754	5 239
Other components of comprehensive income (net)	-	485	-	-	-	485	-	-	485
Remeasurements of the defined benefit liabilities (net of tax)	-	-	-	-	-	-	-	-	-
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	192	-	-	-	192	-	-	192
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	(32)	-	-	-	(32)	-	-	(32)
Revaluation of cash flow hedging financial instruments (net of tax)	-	325	-	-	-	325	-	-	325
Net profit for the period	-	-	-	-	-	-	-	4 754	4 754
Appropriation of retained earnings	-	1 686	-	-	1 686	-	-	(6 725)	(5 039)
Dividend paid	-	-	-	-	-	-	-	(5 039)	(5 039)
Profit appropriation to other reserves	-	1 686	-	-	1 686	-	-	(1 686)	-
Equity as at 30.09.2024	262	23 401	9 137	1 983	12 424	(376)	233	6 524	30 187

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES					REVALUATION RESERVES	OTHER	RETAINED EARNINGS AND NET PROFIT FOR THE PERIOD	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL					
Equity as at 1.01.2023 (BEFORE RESTATEMENT)	262	18 344	9 137	1 983	10 254	(3 263)	233	3 583	22 189	
The impact of changes in accounting principles regarding the recognition of the provision for legal risk of mortgage loans in CHF (Note 4)	-	-	-	-	-	-	-	11	11	
Equity as at 1.01.2023 (AFTER RESTATEMENT)	262	18 344	9 137	1 983	10 254	(3 263)	233	3 594	22 200	
Total comprehensive income	-	2 116	-	-	-	2 116	-	5 074	7 190	
Other comprehensive income (net)	-	2 116	-	-	-	2 116	-	-	2 116	
Remeasurements of the defined benefit liabilities (net of tax)	-	(22)	-	-	-	(22)	-	-	(22)	
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	627	-	-	-	627	-	-	627	
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	56	-	-	-	56	-	-	56	
Revaluation of cash flow hedging financial instruments (net of tax)	-	1 455	-	-	-	1 455	-	-	1 455	
Net profit for the period	-	-	-	-	-	-	-	5 074	5 074	
Appropriation of retained earnings	-	476	-	-	476	-	-	(1 899)	(1 423)	
Dividend paid	-	-	-	-	-	-	-	(1 423)	(1 423)	
Profit appropriation to other reserves	-	476	-	-	476	-	-	(476)	-	
Other	-	-	-	-	8	(8)	-	-	-	
Result on sales of investments in equity instruments designated at fair value through other comprehensive income(net of tax)	-	-	-	-	8	(8)	-	-	-	
Equity as at 30.09.2023 (AFTER RESTATEMENT)	262	20 936	9 137	1 983	10 738	(1 155)	233	6 769	27 967	

X. Cash flow statement of Bank Pekao S.A.

	III QUARTER 2024 PERIOD FROM 01.07.2024 TO 30.09.2024	3 QUARTERS 2024 PERIOD FROM 01.01.2024 TO 30.09.2024	III QUARTER 2023 PERIOD FROM 01.07.2023 TO 30.09.2023 RESTATED	3 QUARTERS 2023 PERIOD FROM 01.01.2023 TO 30.09.2023 RESTATED
Cash flow from operating activities – indirect method				
Profit before income tax	2 234	6 007	2 198	6 441
Adjustments for:				
Depreciation and amortization	165	475	140	431
(Gains) losses on investing activities	(10)	(84)	(19)	(38)
Net interest income	(3 167)	(8 999)	(2 938)	(8 525)
Dividend income	-	(190)	(1)	(238)
Change in:				
Loans and advances to banks	(87)	(287)	116	32
Derivative financial instruments (assets)	2 108	3 826	1 491	4 878
Loans and advances to customers	(4 313)	(13 211)	(2 456)	(5 618)
Securities (including assets pledged as security for liabilities)	304	4 257	(341)	(119)
Other assets	272	1 354	(558)	494
Amounts due to banks	1 187	626	(109)	(312)
Financial liabilities held for trading	142	305	(161)	(443)
Derivative financial instruments (liabilities)	(2 168)	(3 823)	(1 353)	(5 514)
Amounts due to customers	3 941	17 039	19 490	30 353
Debt securities issued	(93)	(43)	(38)	9
Subordinated liabilities	52	53	59	56
Payments for short-term leases and leases of low-value assets	(1)	(1)	-	(1)
Provisions	(78)	24	9	127
Other liabilities	(599)	(2 054)	1 219	(184)
Interest received	4 880	13 136	4 199	12 582
Interest paid	(1 317)	(3 952)	(1 301)	(3 852)
Income tax paid	(159)	(1 883)	212	(55)
Net cash flows from operating activities	3 293	12 575	19 858	30 504
Cash flow from investing activities				
Investing activity inflows	339 611	1 037 153	298 834	963 717
Sale of securities measured at amortized cost and at fair value through other comprehensive income	339 547	1 036 897	298 831	963 500
Sale of intangible assets and property, plant and equipment	63	94	2	7
Dividend received	1	162	1	210
Investing activity outflows	(339 734)	(1 041 241)	(317 012)	(989 124)
Acquisition of securities measured at amortized cost and at fair value through other comprehensive income	(339 579)	(1 040 799)	(316 862)	(988 534)
Acquisition of intangible assets and property, plant and equipment	(155)	(442)	(150)	(590)
Net cash flows from investing activities	(123)	(4 088)	(18 178)	(25 407)

	III QUARTER 2024 PERIOD FROM 01.07.2024 TO 30.09.2024	3 QUARTERS 2024 PERIOD FROM 01.01.2024 TO 30.09.2024	III QUARTER 2023 PERIOD FROM 01.07.2023 TO 30.09.2023 RESTATED	3 QUARTERS 2023 PERIOD FROM 01.01.2023 TO 30.09.2023 RESTATED
Cash flows from financing activities				
Financing activity inflows	2 751	3 251	1 100	1 850
Issue of debt securities	2 751	3 251	1 100	1 850
Financing activity outflows	(773)	(5 885)	(1 718)	(7 276)
Repayment of loans and advances received from banks	(8)	(49)	(174)	(220)
Redemption of debt securities	(750)	(750)	(104)	(5 566)
Dividends and other payments to shareholders	-	(5 039)	(1 423)	(1 423)
Payments for the principal portion of the lease liabilities	(15)	(47)	(17)	(67)
Net cash flows from financing activities	1 978	(2 634)	(618)	(5 426)
Total net cash flows	5 148	5 853	1 062	(329)
including: effect of exchange rate fluctuations on cash and cash equivalents held	(63)	(70)	232	(56)
Net change in cash and cash equivalents	5 148	5 853	1 062	(329)
Cash and cash equivalents at the beginning of the period	15 541	14 836	16 820	18 211
Cash and cash equivalents at the end of the period	20 689	20 689	17 882	17 882

XI. Notes to the Interim Condensed Consolidated Financial Statements

1. General information

Bank Polska Kasa Opieki Spółka Akcyjna (hereafter 'Bank Pekao S.A.' or 'the Bank'), with its headquarters in Poland 01-066, Żubra Street 1 Warsaw, was incorporated on 29 October 1929 in the Commercial Register of the District Court in Warsaw and has been continuously operating since its incorporation.

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

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

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

The Bank runs both PLN and forex operations, and it actively participates in both domestic and foreign financial markets. Moreover, acting through its subsidiaries, the Group provides stockbroking, leasing, factoring operations and offering other financial services. The Bank Pekao S.A. Group's activities do not show any significant cyclical or seasonal changes.

According to IFRS 10 'Consolidated financial statements', the parent entity of Bank Pekao S.A. is Powszechny Zakład Ubezpieczeń S.A. (hereinafter 'PZU S.A.') with its registered office in Warsaw at Rondo Daszyńskiego 4, which is 34.2% owned by the State Treasury.

The Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of 9 months ended on 30 September 2024 contain financial information of the Bank and its subsidiaries (together referred to as the 'Group'), and the associates accounted for using equity method.

The share ownership structure of the Bank is presented in the Note 5.4 of the Report on the activities of Bank Pekao S.A. Group for the III quarter of 2024.

2. Group structure

The Group consists of Bank Pekao S.A. as the parent entity and the following subsidiaries

NAME OF ENTITY	LOCATION	CORE ACTIVITY	PERCENTAGE OF THE GROUP'S OWNERSHIP RIGHTS IN SHARE CAPITAL/VOTING	
			30.09.2024	31.12.2023
Pekao Bank Hipoteczny S.A.	Warsaw	Banking	100.00	100.00
Pekao Leasing Sp. z o.o.	Warsaw	Leasing services	100.00	100.00
<i>PeUF Sp. z o.o.</i>	<i>Warsaw</i>	<i>Financial support</i>	<i>100.00</i>	<i>100.00</i>
Pekao Investment Banking S.A.	Warsaw	Brokerage	100.00	100.00
Pekao Faktoring Sp. z o.o.	Lublin	Factoring services	100.00	100.00
Centrum Kart S.A.	Warsaw	Financial support	100.00	100.00
Pekao Financial Services Sp. z o.o.	Warsaw	Transferable agent	66.50	66.50
Pekao Direct Sp. z o.o.	Cracow	Call-center services	100.00	100.00
Pekao Property S.A. (in liquidation)	Warsaw	Real estate development	100.00	100.00
<i>FPB - Media Sp. z o.o. (in bankruptcy)</i>	<i>Warsaw</i>	<i>Real estate development</i>	<i>100.00</i>	<i>100.00</i>
Pekao Fundusz Kapitałowy Sp. z o.o. (in liquidation)	Warsaw	Business consulting	100.00	100.00
Pekao Investment Management S.A.	Warsaw	Holding	100.00	100.00
<i>Pekao TFI S.A.</i>	<i>Warsaw</i>	<i>Asset management</i>	<i>100.00</i>	<i>100.00</i>

Investments in associates

NAME OF ENTITY	LOCATION	CORE ACTIVITY	PERCENTAGE OF THE GROUP'S OWNERSHIP RIGHTS IN SHARE CAPITAL/VOTING	
			30.09.2024	31.12.2023
Krajowy Integrator Płatności S.A.	Poznań	Monetary brokerage	38.33	38.33

3. Statement of compliance

The Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of nine months ended 30 September of 2024 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union and other applicable regulations.

These financial statements do not include all information and disclosures required for annual financial statements, and shall be read in conjunction with the consolidated financial statements of Bank Pekao S.A. Group for the year ended 31 December 2023.

The consolidated financial statements of Bank Pekao S.A. Group as at and for the year ended 31 December 2023 are available at the Bank's website www.pekao.com.pl.

In accordance with the Decree of the Ministry of Finance dated 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State, the Bank is required to publish the financial report for the nine months period ended 30 September 2024, i.e. current interim period.

These interim condensed consolidated financial statements were authorized for issue by the Management Board on 6 November 2024.

3.1. New standards, interpretations and amendments to published standards that have been approved and published by the European Union and are effective on or after 1 January 2024

STANDARD / INTERPRETATION	DESCRIPTION	IMPACT ASSESSMENT
IAS 1 (amendment) 'Presentation of financial statement'	The amendments affect requirements in IAS 1 for the presentation of liabilities on account of loan agreements as short-term or long-term. In particular, these amendments clarify that the classification of liabilities as current or non-current is only affected by covenants with which an entity is required to comply on or before the reporting date. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.	The standard's amendments did not have a material impact on the financial statements in the period of their first application.
IFRS 16 (amendment) 'Leases'	The amendments to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retain. A sale and leaseback transaction involves the transfer of an asset by an entity (the seller-lessee) to another entity (the buyer-lessor) and the leaseback of the same asset by the seller-lessee.	The standard's amendments did not have a material impact on the financial statements in the period of their first application.
IAS 7 (amendment) 'Statement of cash flows' and IFRS 7 (amendment) 'Financial instruments: Disclosures'	The amendments to IAS 7 and IFRS 7 'Supplier Financing Arrangements' set out disclosure requirements to help users of financial statements understand the impact of supplier financing arrangements (in particular reverse factoring) on an entity's liabilities, cash flows and exposure to liquidity risk, including if these agreements cease to be valid. In particular: <ul style="list-style-type: none"> the amendments do not define supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements. adding to IAS 7 additional disclosure requirements about: <ul style="list-style-type: none"> the terms and conditions of the supplier finance arrangements, for the arrangements, as at the beginning and end of the reporting period: <ol style="list-style-type: none"> the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented, 	The standard's amendments did not have a material impact on the financial statements in the period of their first application.

STANDARD / INTERPRETATION	DESCRIPTION	IMPACT ASSESSMENT
	<ul style="list-style-type: none"> b) the carrying amount of financial liabilities disclosed under a) for which suppliers have already received payment from the finance providers, c) the range of payment due dates of financial liabilities disclosed under a) and comparable trade payables that are not part of a supplier finance arrangement; and <p>➤ the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement,</p> <ul style="list-style-type: none"> • add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7. 	

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

There are no new standards, interpretations or amendments to published standards that have been issued by the International Accounting Standards Board (IASB) and approved by the European Union, but have not yet entered into force.

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

STANDARD / INTERPRETATION	DESCRIPTION	IMPACT ASSESSMENT
IAS 21 (amendment) 'The Effects of Changes in Foreign Exchange Rates'	<p>The amendment to IAS 21:</p> <ul style="list-style-type: none"> • specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency, • specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing, • require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows. <p>Date of application: annual periods beginning on or after 1 January 2025.</p>	The Group claims that the standard's amendments will not have a material impact on the financial statements in the period of its first application.
IFRS 18 'Presentation and Disclosure in Financial Statements'	<p>IFRS 18 replaces IAS 1 'Presentation of financial statements'. The purpose of the new standard is to improve the comparability and transparency of an entity's communication through financial statements and introduces:</p> <ul style="list-style-type: none"> • new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations. The first three categories are new. These categories are complemented by the requirement to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. • the concept of management-defined performance measure ('MPM') and defines it as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management view's of an aspect of the financial performance of the entity as a whole to users. IFRS 18 requires entities to disclose information about all its MPMs, including: how the measure is calculated, how it provides useful information and a reconciliation to the most comparable subtotal specified by IFRS 18 or another standard. • new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. <p>Date of application: annual periods beginning on or after 1 January 2027.</p>	The Group is in the process of assessing the impact of the new standard on the financial statements during its first application.

STANDARD/ INTERPRETATION	DESCRIPTION	IMPACT ASSESSMENT
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	<p>IFRS 19 allows eligible subsidiaries to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards.</p> <p>This standard may be applied by subsidiaries that:</p> <ul style="list-style-type: none"> • it does not have public accountability (i.e. its equity or debts instruments are not traded in a public market or it does not hold assets in a fiduciary capacity for a broad group of outsiders), • it has an ultimate or intermediate parent entity that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. <p>Date of application: annual periods beginning on or after 1 January 2027.</p>	<p>The Group claims that the new standard will not have an impact on the financial statements in the period of its first application.</p>
IFRS 9 (amendment) 'Financial instruments' and IFRS 7 (amendment) 'Financial instruments: disclosures'	<p>The amendments to IFRS 9 and IFRS 7:</p> <ul style="list-style-type: none"> • provide an optional exception relating to the derecognition of a financial liability at an earlier date than settlement date, as long as specific conditions are met. This choice applies only to financial liabilities settled via the electronic payment system. An entity that chooses the accounting policy introduced by the above change will be obliged to apply it to all settlements made via the same electronic payment system, • clarify the method of analysis of three areas that are assessed when carrying out the test of the characteristics of contractual cash flows ('SPPI test') of financial assets, and thus affect the classification of financial assets, i.e.: <ul style="list-style-type: none"> ➢ additional guidelines have been introduced on the analysis of contractual terms that may change cash flows based on contingencies (for example interest rates linked to ESG goals), ➢ guidelines regarding 'non-recourse' financial assets have been clarified. A financial asset has 'non-recourse' characteristics if the lender has the right to receive the cash flows generated exclusively by the specified asset. In such a situation, the borrower is exposed to the operational risk of the assets and not the credit risk of the borrower, ➢ guidelines on contractually linked instruments have been clarified. In some transactions, the issuer may prioritize payments using multiple contractually linked instruments that result in a concentration of credit risk (so-called 'tranches'). The amendments clarify, among other things, that a key element that distinguishes contractually linked instruments from other 'non-recourse' financial assets is the cascading payment structure, which results in a disproportionate allocation of cash shortfalls (losses) between tranches, • introduce new disclosure requirements for: <ul style="list-style-type: none"> ➢ equity instruments designated for measurement at fair value through other comprehensive income, ➢ financial assets and liabilities measured at amortized cost, the contractual terms of which may change cash flows due to events not directly related to changes in basic credit risk (e.g. change in cash flows due to compliance with ESG standards or not). <p>Date of application: annual periods beginning on or after 1 January 2026.</p>	<p>The Group is in the process of assessing the impact of the standards' amendments on the financial statements during its first application.</p>

3.4. Other expected regulatory changes

The Act on social financing for business ventures and support to borrowers provides for the possibility of introducing a substitute for the WIBOR reference index, with the details of the substitute and the date of its introduction being determined by a dedicated regulation of the Minister of Finance.

In connection with the above, in July 2022, a national working group for the reform of reference indexes ('NGR') was established from representatives of inter alia the Ministry of Finance, the National Bank of Poland, the Office of the Polish Financial Supervision Authority, as well as the largest banks, insurance companies and investment companies. The purpose of NGR is to prepare a new index and a schedule for its implementation in such a way as to ensure the security of the financial system.

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

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

Due to the very many interrelated elements involved in the reform of benchmarks, it was agreed that this process will be staggered over time and the reform of benchmarks in Poland will be fully implemented by the end of 2027.

Moreover, in March 2024 NGR decided to start the process of reviewing and analyzing alternative indices to WIBOR type (RFR), including WIRON and other possible indices or indicators based on a wider range of market information in the dynamically changing macroeconomic environment of the Polish economy.

In May 2024, a public consultation began on the consultation document on the review and assessment of alternative interest rate indices was announced.

In October 2024, the NGR Steering Committee launched an additional round of public consultations with a modified list of alternative indices and interest rate index proposals. The WIRON, WIRON+ and WRR indices will not be included in the further consultations.

The results of public consultations will be an element taken into account when deciding on the selection of an alternative index/reference indicator to WIBOR and the development of an updated Road Map for the reform of benchmarks in Poland, including the required actions for the further development of the domestic money market.

4. Significant accounting policies

General information

These interim condensed consolidated financial statements have been prepared in Polish Zloty, and all amounts are stated in PLN million, unless indicated otherwise.

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

The accounting policies applied by the Group in these interim condensed consolidated financial statements, apart from the changes described below in the scope of recognizing the provision for legal risk of mortgage loans in CHF and in the presentation of loans taken over from Idea Bank S.A., as well as changes in the method of presenting interest income and expenses related to cash turnover in the income statement, are the same as those applied in the Consolidated Financial Statements of Bank Pekao S.A. Group for the year ended on 31 December 2023.

In addition, according to IFRS 34, in the interim condensed consolidated financial statements of Bank Pekao S.A. Group for the period of nine months ended on 30 September 2024 the Group has taken into account the principle of recognising income tax expense based on the best estimate of the weighted average annual income tax rate expected by the Group for the full financial year.

Changes in published standards and interpretations, which became effective on or after 1 January 2024, had no material impact on the Group's financial statements.

The financial statements does not take into consideration interpretations and amendments to standards, pending approval by the European Union or approved by the European Union but came into force or shall come into force after the balance sheet date (Note 3.2 and Note 3.3).

Comparability of financial data

In the consolidated financial statements of the Bank Pekao S.A. Group for the period of nine months ended on 30 September 2024 Group and Bank made the following described changes to accounting principles. Those accounting policies have been applied uniformly to all presented reporting periods and by all entities of the Group.

Change (1): Change in the recognition of the provision for legal risk of mortgage loans in CHF

Starting from 1 January 2024, the Group changed its accounting policy with respect to recognizing the impact of legal risk arising from court proceedings related to mortgage loans in CHF, assuming that this risk is separate from credit risk.

Therefore, in relation to active loans (unpaid at the balance sheet date), the Group presents the impact of this legal risk in accordance with the provisions of paragraph B.5.4.6 of IFRS 9 'Financial Instruments' as an adjustment to the gross carrying amount of the CHF mortgage loan portfolio (instead of the previous recognition of this legal risk as an element of expected credit losses, which resulted in the presentation of the legal reserve within 'Net income on expected credit losses' and 'Other operating expenses'). Furthermore, the Group does not treat legal risk as an impairment trigger of loan exposure (as it was in the previous approach).

The update of the accounting policy for CHF mortgage loan agreements results primarily from the need to better reflect the dynamic changes taking place in the Group's legal environment over recent months as a result of the materialization of the risk of inability to recover full scheduled cash flows for this portfolio (not due to the borrower's credit risk, but due to the invalidation of the agreement in its entirety). In light of the unfavorable line of judicature for banks, the Group observes a growing number of court proceedings and a significant share of unfavorable judgments (in particular regarding the invalidation of the loan agreement), which translates into the Group's inability to recover all contractual cash flows arising from CHF mortgage loan agreements.

The change in the approach to legal risk in the Group's opinion better reflects the nature of the risk of this portfolio and results in the information presented in the financial statements concerning CHF mortgage loans better and more adequately reflecting the economic nature of the risk of this portfolio. Additionally, this change leads to greater comparability of the data presented by the Group concerning the legal risk of CHF mortgage loans with the market practice in this area.

Due to the above change, the Group recalculated and restated the financial data for the comparative periods, which resulted in a positive impact on equity ('Retained earnings') in the amount of PLN 87 million, as well as a decrease in the value of the portfolio of non-performing loans ('NPL portfolio') by PLN 2 billion, which is primarily the result of a change in the assessment of the level of credit risk for this portfolio, i.e. the Group does not treat legal risk as a trigger for classifying loan exposure to Stage 3.

The impact of the above change on the statement of financial position, on the Group's financial results and on the structure of the CHF mortgage loan portfolio, which changed significantly, is presented in tabular form below.

Change (2): Change in the presentation of loans taken over from Idea Bank S.A. ('IB')

Based on the analysis carried out in 2024, in order to adapt the presentation of loans taken over from IB to the specific nature of the transaction of taking over this loan portfolio together with the collateral in the form of an integral guarantee against credit risk, as of 1 January 2024 the Group changed the method of presenting the received guarantee. In previous periods, the Group presented the expected credit losses of the portfolio taken over from IB separately (without taking into account the guarantee received in their calculation) and at the same time recognized the receivable resulting from this guarantee separately in the item of loans and advances to customers. From 1 January 2024 the Group presents expected credit losses on credit exposures taken over from IB net with settlements resulting from the guarantee held. In the Group's opinion, this method of presentation better reflects the economic nature of the acquired loan portfolio together with the integral guarantee received in the process of taking over IB.

The Group has restated comparative data accordingly, which resulted in a decrease in the gross carrying amount of loans and allowances for expected credit losses by PLN 0.9 billion as at 31 December 2023, in particular decreasing the NPL portfolio by PLN 0.7 billion, without affecting the statement of financial position and the financial result.

Change (3): Change in the method of presenting interest income in the income statement

The Group has changed the method of presenting interest income in the income statement. The change consists in the presentation of interest income divided into methods of calculation. In previous periods, the Group presented interest income based on categories of financial assets from which such income is made. The division in question based on the category of financial assets is included in the note 'Interest income and expense'. The name of the item for interest calculated differently than using the effective interest rate method was also changed, presenting it as income similar to interest. This change was introduced to better reflect the Group's activities and ensure comparability with the banking sector.

Change (4): Change in the method of presenting expenses related to cash turnover in the income statement

Following the change introduced in the consolidated financial statements of Bank Pekao S.A. Group for the year ended on 31 December 2023, the Group presented the expenses related to cash turnover (mainly the expenses related to cash processing outsourcing) in the item 'Fee and commission expense'. Before the change, such expenses were presented in the item 'General administrative expenses and depreciation'.

The introduced change results from adaptation to the observed market practice in this area and, in the Group's opinion, better reflects the nature of these transactions by recognizing both the income and the expense related to cash turnover in net fee and commission income.

The changes 3 and 4 do not affect the level of the presented financial result.

The changes in accounting principles indicated above resulted in the restatement of comparative data.

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

CONSOLIDATED INCOME STATEMENT	DATA FOR III QUARTER 2023 BEFORE RESTATEMENT	CHANGE (1)	CHANGE (3)	CHANGE (4)	DATA FOR III QUARTER 2023 AFTER RESTATEMENT
Interest income	4 651	(9)	-	-	4 642
Interest income calculated using the effective interest method	4 638	(9)	-	-	4 629
Financial assets measured at amortised cost	4 216	-	(4 216)	-	-
Financial assets measured at fair value through other comprehensive income	422	-	(422)	-	-
Other interest income related to financial assets measured at fair value through profit or loss	13	-	(13)	-	-
Income similar to interest	-	-	13	-	13
Interest expense	(1 627)	-	-	-	(1 627)
Net interest income	3 024	(9)	-	-	3 015
Fee and commission income	913	-	-	-	913
Fee and commission expense	(183)	-	-	(27)	(210)
Net fee and commission income	730	-	-	(27)	703
Dividend income	-	-	-	-	-
Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result	76	(7)	-	-	69
Result on fair value hedge accounting	1	-	-	-	1
Profit/loss on derecognition of financial assets and liabilities not measured at fair value through profit or loss	15	-	-	-	15
Net allowances for expected credit losses	(167)	47	-	-	(120)
Including: Legal risk regarding foreign currency mortgage loans	21	(21)	-	-	-
Costs of legal risk of foreign currency mortgage loans	-	(53)	-	-	(53)
Other operating income	22	-	-	-	22
Other operating expenses	(89)	61	-	-	(28)
Including: Legal risk regarding foreign currency mortgage loans	(61)	61	-	-	-
General administrative expenses and depreciation	(1 398)	-	-	27	(1 371)
Gains on associates	1	-	-	-	1
Profit before income tax	2 215	39	-	-	2 254
Income tax expense	(497)	(1)	-	-	(498)
Net profit	1 718	38	-	-	1 756
1. Attributable to equity holders of the Bank	1 717	38	-	-	1 755
2. Attributable to non-controlling interests	1	-	-	-	1
Earnings per share (in PLN per share)	6.54	0.15	-	-	6.69

CONSOLIDATED INCOME STATEMENT	DATA FOR 3 QUARTERS 2023 BEFORE RESTATEMENT	CHANGE (1)	CHANGE (3)	CHANGE (4)	DATA FOR 3 QUARTERS 2023 AFTER RESTATEMENT
Interest income	13 480	(23)	-	-	13 457
Interest income calculated using the effective interest method	13 451	(23)	-	-	13 428
Financial assets measured at amortised cost	12 106	-	(12 106)	-	-
Financial assets measured at fair value through other comprehensive income	1 345	-	(1 345)	-	-
Other interest income related to financial assets measured at fair value through profit or loss	29	-	(29)	-	-
Income similar to interest	-	-	29	-	29
Interest expense	(4 690)	-	-	-	(4 690)
Net interest income	8 790	(23)	-	-	8 767
Fee and commission income	2 654	-	-	-	2 654
Fee and commission expense	(526)	-	-	(75)	(601)
Net fee and commission income	2 128	-	-	(75)	2 053
Dividend income	29	-	-	-	29
Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result	383	(1)	-	-	382
Result on fair value hedge accounting	1	-	-	-	1
Profit/loss on derecognition of financial assets and liabilities not measured at fair value through profit or loss	24	-	-	-	24
Net allowances for expected credit losses	(563)	92	-	-	(471)
Including: Legal risk regarding foreign currency mortgage loans	(19)	19	-	-	-
Costs of legal risk of foreign currency mortgage loans	-	(98)	-	-	(98)
Other operating income	86	-	-	-	86
Other operating expenses	(266)	194	-	-	(72)
Including: Legal risk regarding foreign currency mortgage loans	(194)	194	-	-	-
General administrative expenses and depreciation	(4 346)	-	-	75	(4 271)
Gains on associates	4	-	-	-	4
Profit before income tax	6 270	164	-	-	6 434
Income tax expense	(1 413)	(1)	-	-	(1 414)
Net profit	4 857	163	-	-	5 020
1. Attributable to equity holders of the Bank	4 855	163	-	-	5 018
2. Attributable to non-controlling interests	2	-	-	-	2
Earnings per share (in PLN per share)	18.50	0.62	-	-	19.12

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	DATA FOR III QUARTER 2023 BEFORE RESTATEMENT	CHANGE (1)	DATA FOR III QUARTER 2023 AFTER RESTATEMENT
Net Profit	1 718	38	1 756
Total comprehensive income	2 371	38	2 409
1. Attributable to equity holders of the Bank	2 370	38	2 408

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	DATA FOR 3 QUARTERS 2023 BEFORE RESTATEMENT	CHANGE (1)	DATA FOR 3 QUARTERS 2023 AFTER RESTATEMENT
Net Profit	4 857	163	5 020
Total comprehensive income	6 985	163	7 148
1. Attributable to equity holders of the Bank	6 983	163	7 146

The impact of changes on the comparative data of the consolidated statement of financial position is presented in the tables below.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	DATA AS AT 31.12.2023 BEFORE RESTATEMENT	CHANGE (1)	DATA AS AT 31.12.2023 AFTER RESTATEMENT
Loans and advances to customers (including receivables from finance leases)	161 411	83	161 494
Income tax assets	1 120	(17)	1 103
2. Deferred tax assets	1 119	(17)	1 102
TOTAL ASSETS	305 723	66	305 789
Provisions	1 977	(21)	1 956
TOTAL LIABILITIES	275 382	(21)	275 361
Retained earnings and net profit for the period	8 195	87	8 282
Total equity attributable to equity holders of the Bank	30 329	87	30 416
TOTAL EQUITY	30 341	87	30 428
TOTAL LIABILITIES AND EQUITY	305 723	66	305 789

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	DATA AS AT 01.01.2023 BEFORE RESTATEMENT	CHANGE (1)	DATA AS AT 01.01.2023 AFTER RESTATEMENT
Loans and advances to customers (including receivables from finance leases)	158 721	32	158 753
Income tax assets	1 850	(13)	1 837
2. Deferred tax assets	1 579	(13)	1 566
TOTAL ASSETS	281 139	19	281 158
Provisions	1 402	13	1 415
TOTAL LIABILITIES	258 364	13	258 377
Retained earnings and net profit for the period	3 522	6	3 528
Total equity attributable to equity holders of the Bank	22 763	6	22 769
TOTAL EQUITY	22 775	6	22 781
TOTAL LIABILITIES AND EQUITY	281 139	19	281 158

The impact of changes on comparative data regarding the structure and quality of the CHF mortgage loan portfolio as at 31 December 2023 is presented in the tables below.

	31. 12 2023 (BEFORE RESTATEMENT)					TOTAL
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
Gross carrying amount, of which:	-	123	75	1 931	12	2 141
denominated in CHF	-	123	75	1 931	12	2 141
indexed to CHF	-	-	-	-	-	-
Allowances for expected credit losses, of which:	-	(51)	(68)	(1 623)	(9)	(1 751)
denominated in CHF	-	(51)	(68)	(1 623)	(9)	(1 751)
indexed to CHF	-	-	-	-	-	-
Carrying amount, of which:	-	72	7	308	3	390
denominated in CHF	-	72	7	308	3	390
indexed to CHF	-	-	-	-	-	-

	31. 12 2023 (AFTER RESTATEMENT)					TOTAL
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
Gross carrying amount, of which:	1	448	43	49	9	550
denominated in CHF	1	448	43	49	9	550
indexed to CHF	-	-	-	-	-	-
Allowances for expected credit losses, of which:	-	(17)	(24)	(31)	-	(72)
denominated in CHF	-	(17)	(24)	(31)	-	(72)
indexed to CHF	-	-	-	-	-	-
Carrying amount, of which:	1	431	19	18	9	478
denominated in CHF	1	431	19	18	9	478
indexed to CHF	-	-	-	-	-	-

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

CONSOLIDATED CASH FLOW STATEMENT	DATA FOR II QUARTER 2023 BEFORE RESTATEMENT	CHANGE (1)	DATA FOR III QUARTER AFTER RESTATEMENT
PROFIT BEFORE INCOME TAX	2 215	39	2 254
Adjustments:			
Net interest income	(3 024)	9	(3 015)
Change in:			
Loans and advances to customers (including receivables from finance leases)	(2 733)	(20)	(2 753)
Other assets	(627)	3	(624)
Provisions	52	(31)	21

CONSOLIDATED CASH FLOW STATEMENT	DATA FOR 3 QUARTERS 2023 BEFORE RESTATEMENT	CHANGE (1)	DATA FOR 3 QUARTERS 2023 AFTER RESTATEMENT
PROFIT BEFORE INCOME TAX	6 270	164	6 434
Adjustments:			
Net interest income	(8 790)	23	(8 767)
Change in:			
Loans and advances to customers (including receivables from finance leases)	(3 559)	(125)	(3 684)
Other assets	463	21	484
Provisions	238	(83)	155

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

SEPARATED INCOME STATEMENT OF BANK PEKAO S.A.	DATA FOR III QUARTER 2023 BEFORE RESTATEMENT	CHANGE (1)	CHANGE (3)	CHANGE (4)	DATA FOR III QUARTER 2023 AFTER RESTATEMENT
Interest income	4 389	(7)	-	-	4 382
Interest income calculated using the effective interest method	4 372	(7)	-	-	4 365
Financial assets measured at amortised cost	3 925	-	(3 925)	-	-
Financial assets measured at fair value through other comprehensive income	447	-	(447)	-	-
Other interest income related to financial assets measured at fair value through profit or loss	17	-	(17)	-	-
Income similar to interest	-	-	17	-	17
Interest expense	(1 444)	-	-	-	(1 444)
Net interest income	2 945	(7)	-	-	2 938
Fee and commission income	805	-	-	-	805
Fee and commission expense	(195)	-	-	(27)	(222)
Net fee and commission income	610	-	-	(27)	583
Dividend income	1	-	-	-	1
Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result	79	(6)	-	-	73
Result on fair value hedge accounting	1	-	-	-	1
Profit/loss on derecognition of financial assets and not measured at fair value through profit or loss	14	-	-	-	14
Net allowances for expected credit losses	(134)	49	-	-	(85)
Including: Legal risk regarding foreign currency mortgage loans	20	(20)	-	-	-
Costs of legal risk of foreign currency mortgage loans	-	(51)	-	-	(51)
Other operating income	21	-	-	-	21
Other operating expenses	(88)	58	-	-	(30)
Including: Legal risk regarding foreign currency mortgage loans	(58)	58	-	-	-
General administrative expenses and depreciation	(1 294)	-	-	27	(1 267)
Profit before income tax	2 155	43	-	-	2 198
Income tax expense	(483)	-	-	-	(483)
Net profit	1 672	43	-	-	1 715
Earnings per share (in PLN per share)	6.37	0.16	-	-	6.53

SEPARATED INCOME STATEMENT OF BANK PEKAO S.A.	DATA FOR 3 QUARTERS 2023 BEFORE RESTATEMENT	CHANGE (1)	CHANGE (3)	CHANGE (4)	DATA FOR 3 QUARTERS 2023 AFTER RESTATEMENT
Interest income	12 768	(21)	-	-	12 747
Interest income calculated using the effective interest method	12 728	(21)	-	-	12 707
Financial assets measured at amortised cost	11 263	-	(11 263)	-	-
Financial assets measured at fair value through other comprehensive income	1 465	-	(1 465)	-	-
Other interest income related to financial assets measured at fair value through profit or loss	40	-	(40)	-	-
Income similar to interest	-	-	40	-	40
Interest expense	(4 222)	-	-	-	(4 222)
Net interest income	8 546	(21)	-	-	8 525
Fee and commission income	2 363	-	-	-	2 363
Fee and commission expense	(560)	-	-	(75)	(635)
Net fee and commission income	1 803	-	-	(75)	1 728
Dividend income	238	-	-	-	238
Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result	381	(1)	-	-	380
Result on fair value hedge accounting	1	-	-	-	1
Profit/loss on derecognition of financial assets and liabilities not measured at fair value through profit or loss	24	-	-	-	24
Net allowances for expected credit losses	(497)	87	-	-	(410)
Including: Legal risk regarding foreign currency mortgage loans	(15)	15	-	-	-
Costs of legal risk of foreign currency mortgage loans	-	(75)	-	-	(75)
Other operating income	81	-	-	-	81
Other operating expenses	(249)	177	-	-	(72)
Including: Legal risk regarding foreign currency mortgage loans	(177)	177	-	-	-
General administrative expenses and depreciation	(4 054)	-	-	75	(3 979)
Profit before income tax	6 274	167	-	-	6 441
Income tax expense	(1 366)	(1)	-	-	(1 367)
Net profit	4 908	166	-	-	5 074
Earnings per share (in PLN per share)	18.70	0.63	-	-	19.33

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

SEPARATED INCOME STATEMENT OF BANK PEKAO S.A.	DATA FOR III QUARTER 2023 BEFORE RESTATEMENT	CHANGE (1)	DATA FOR III QUARTER 2023 AFTER RESTATEMENT
Net Profit	1 672	43	1 715
Total comprehensive income	2 324	43	2 367

SEPARATED INCOME STATEMENT OF BANK PEKAO S.A.	DATA FOR 3 QUARTERS 2023 BEFORE RESTATEMENT	CHANGE (1)	DATA FOR 3 QUARTERS 2023 AFTER RESTATEMENT
Net Profit	4 908	166	5 074
Total comprehensive income	7 025	166	7 191

The impact of changes on the comparative data of the separated statement of financial position is presented in the tables below.

SEPARATED STATEMENT OF FINANCIAL POSITION	DATA AS AT 31.12.2023 BEFORE RESTATEMENT	CHANGE (1)	DATA AS AT 31.12.2023 AFTER RESTATEMENT
Loans and advances to customers	141 707	84	141 791
Income tax assets	786	(9)	777
2. Deferred tax assets	786	(9)	777
TOTAL ASSETS	294 477	75	294 552
Provisions	1 871	(17)	1 854
TOTAL LIABILITIES	264 582	(17)	264 565
Retained earnings and net profit for the period	8 403	92	8 495
Total equity attributable to equity holders of the Bank	29 895	92	29 987
TOTAL EQUITY	294 477	75	294 552

SEPARATED STATEMENT OF FINANCIAL POSITION	DATA AS AT 01.01.2023 BEFORE RESTATEMENT	CHANGE (1)	DATA AS AT 01.01.2023 AFTER RESTATEMENT
Loans and advances to customers	142 426	31	142 457
Income tax assets	1 547	(6)	1 541
2. Deferred tax assets	1 280	(6)	1 274
TOTAL ASSETS	271 705	25	271 730
Provisions	1 394	14	1 408
TOTAL LIABILITIES	249 516	14	249 530
Retained earnings and net profit for the period	3 583	11	3 594
Total equity attributable to equity holders of the Bank	22 189	11	22 200
TOTAL EQUITY	271 705	25	271 730

The impact of changes on comparative separated data regarding the structure and quality of the CHF mortgage loan portfolio as at 31 December 2023 is presented in the tables below.

	31. 12 2023 (BEFORE RESTATEMENT)					TOTAL
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
Gross carrying amount, of which:	-	120	-	1 814	9	1 943
denominated in CHF	-	120	-	1 814	9	1 943
indexed to CHF	-	-	-	-	-	-
Allowances for expected credit losses, of which:	-	(49)	-	(1 515)	(7)	(1 571)
denominated in CHF	-	(49)	-	(1 515)	(7)	(1 571)
indexed to CHF	-	-	-	-	-	-
Carrying amount, of which:	-	71	-	299	2	372
denominated in CHF	-	71	-	299	2	372
indexed to CHF	-	-	-	-	-	-

	31. 12 2023 (AFTER RESTATEMENT)					TOTAL
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
Gross carrying amount, of which:	-	409	-	42	1	452
denominated in CHF	-	409	-	42	1	452
indexed to CHF	-	-	-	-	-	-
Allowances for expected credit losses, of which:	-	(16)	-	(28)	1	(43)
denominated in CHF	-	(16)	-	(28)	1	(43)
indexed to CHF	-	-	-	-	-	-
Carrying amount, of which:	-	393	-	14	2	409
denominated in CHF	-	393	-	14	2	409
indexed to CHF	-	-	-	-	-	-

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

SEPARATED CASH FLOW STATEMENT	DATA FOR III QUARTER 2023 BEFORE RESTATEMENT	CHANGE (1)	DATA FOR III QUARTER AFTER RESTATEMENT
PROFIT BEFORE INCOME TAX	2 155	43	2 198
Adjustments:			
Net interest income	(2 945)	7	(2 938)
Change in:			
Loans and advances to customers	(2 438)	(18)	(2 456)
Other assets	(557)	(1)	(558)
Provisions	40	(31)	9

SEPARATED CASH FLOW STATEMENT	DATA FOR 3 QUARTERS 2023 BEFORE RESTATEMENT	CHANGE (1)	DATA FOR 3 QUARTERS 2023 AFTER RESTATEMENT
PROFIT BEFORE INCOME TAX	6 274	167	6 441
Adjustments:			
Net interest income	(8 546)	21	(8 525)
Change in:			
Loans and advances to customers	(5 495)	(123)	(5 618)
Other assets	477	17	494
Provisions	209	(82)	127

5. Accounting estimates

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

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

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

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

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

Impairment of financial instruments, expected credit losses

With regard to all financial assets that are measured at amortised cost or at fair value through other comprehensive income and off-balance sheet liabilities, i.e. financial guarantees or loan commitments, the Group creates the allowance according to IFRS 9 based on the expected credit losses and taking into account forecasts and expected future economic conditions in the context of credit risk.

The process of estimating expected credit losses requires the use of significant estimates, in particular in the area of:

- 1) assumptions regarding macroeconomic forecasts and possible scenarios how these forecasts will develop in the future,
- 2) rules (thresholds) for identifying a significant increase in credit risk.

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

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

In order to determine the expected credit losses, the Group distinguishes individually significant exposures, in particular: all financial assets towards the borrower for which the Group's total exposure as at the balance sheet date is at least PLN 4 million.

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

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

Compared to the approach used to estimate expected credit losses at the end of the first half of 2024, several changes to the group approach were implemented in the third quarter of 2024 that do not substantially affect the structure of the approach used.

The most significant change concerned the withdrawal of the increase in the PD (Probability of Default) parameter for companies operating in high-risk industries introduced in 2022 and disclosed in the financial statements for the first half of this year. This withdrawal took place due to the stabilization of the economic situation and a decrease in the forecasted portfolio loss ratio. It also took into account the results of monitoring models for estimating the expected credit loss.

The second change included the introduction of an adjustment lowering the expected recovery for exposures for which all debtors are subject to consumer bankruptcy. The change was introduced due to the growing popularity of this form of debt relief and the expected significantly lower recovery in such cases.

The third change concerned the shortening of the maximum recovery period taken into account for the consumer loan portfolio from 72 to 60 months in connection with the results of analyses of recovery periods for the purposes of implementing new LGD (Loss Given Default) models.

Additionally, in the third quarter of 2024, there were several cases of significant customers who were identified as defaulted.

In total, the changes described above mostly compensated each other without significantly affecting the cost of allowances for expected credit losses.

Impairment of goodwill

At each balance sheet date, the Group assesses whether there are any indications of impairment of goodwill.

As at 30 September 2024, the Group did not identify any impairment triggers regarding goodwill.

Provisions for legal risk regarding foreign currency mortgage loans in CHF

At each balance sheet date, the Group estimates the amount of possible loss resulting from the legal risk related to foreign currency mortgage loans in CHF, and in the case of loans outstanding as at the balance sheet date, the estimate of this loss is an element of the gross carrying amount of the loan determined by the Group, and the possible excess of the estimated loss over the gross carrying amount is recognized as a provision in accordance with IAS 37.

Key elements of the estimate include:

- 1) a forecast of the total scale of disputes,
- 2) customers' willingness to conclude settlements with the Bank,
- 3) the probability of losing the court disputes,
- 4) the probability of possible scenarios of court decisions reflecting the current state of court judicature,
- 5) forecast of the duration of court cases and the costs of statutory interest that the Group will have to cover in connection with them.

Details on the provisions for legal risk regarding foreign currency mortgage loans in CHF are presented in the Note 26.

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

In connection with the entry into force in May 2024, the amendment to the Act on social financing for business ventures and support to borrowers, enabling consumers with PLN mortgage loan agreements to suspend their repayments, the Group estimates the costs related to the modification of these agreements in this respect, taking into account the expertly determined participation ratio. Details are presented in the Note 7.

Measurement of derivatives, unquoted debt securities measured at fair value through other comprehensive income and loans and advances to customers measured at fair value through other comprehensive income and measured at fair value through profit or loss

The principles of fair value measurement of derivatives, unquoted debt securities measured at fair value through other comprehensive income and loans and advances to customers measured at fair value through other comprehensive income and measured at fair value through profit or loss have not changed compared to 31 December 2023.

6. Operating segments

Data reported in the section stem from the application of the management model ('Model') in which the main criterion for segmentation is the classification of customers based on their profile and service model.

Reporting and monitoring of results, for managerial purposes, include all components of the income statement up to the gross profit level. Therefore, the income from the segment's activities as well as operating costs related to those activities (including direct and allocated costs in line with the allocation model applied) and other components of income statement are attached to each segment.

The Group settles transactions between segments on an arm's length basis by applying current market prices. Fund transfers between retail, private, corporate and investment banking segments, and the assets and liabilities management and other area are based on market prices applicable to the funds' currency and maturity, including liquidity margins.

Operating segments

The operating segments of the Group are as follows:

- Retail banking – all banking activities related to individual customers (excluding private banking customers) and micro companies with an annual turnover not exceeding EUR 2 million, using simplified accounting, as well as results of the subsidiaries, and shares in net profit of associates accounted for using the equity method, that are assigned to the retail banking activity,
- Private banking – all banking activities related to the most affluent individual customers,
- Corporate and Investment banking – all banking activities related to large companies and results of the subsidiaries that are assigned to the Corporate and Investment banking activity,
- Enterprise banking - full scope of banking activities concerning servicing small and medium-sized companies with annual turnover of up to PLN 500 million in the case of single enterprises and PLN 700 million in the case of capital groups and micro companies using full accounting,
- Assets and Liabilities management and other – supervision and monitoring of fund transfers, interbank market, debt securities and other instruments, other activities centrally managed as well as the results of subsidiaries and share in net profit of associates accounted for using the equity method that are not assigned to other reported segments

Operating segments reporting for the period from 1 January to 30 September 2024

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND INVESTMENT BANKING	ENTERPRISE BANKING	ASSETS & LIABILITIES MANAGEMENT AND OTHER	TOTAL
External interest income	5 132	6	3 874	1 454	3 317	13 783
External interest expenses	(1 658)	(346)	(1 708)	(374)	(429)	(4 515)
Net external interest income	3 474	(340)	2 166	1 080	2 888	9 268
Internal interest income	5 441	563	2 727	1 395	(10 126)	-
Internal interest expenses	(3 931)	(6)	(3 330)	(1 144)	8 411	-
Net internal interest income	1 510	557	(603)	251	(1 715)	-
Total net interest income	4 984	217	1 563	1 331	1 173	9 268
Fee and commission income and expense	899	118	483	532	46	2 078
Other non-interest income	(3)	(1)	158	52	148	354
Operating income of reportable segments	5 880	334	2 204	1 915	1 367	11 700
Personnel expenses	(968)	(91)	(265)	(236)	(834)	(2 394)
General administrative expenses and depreciation (including allocation of operating costs)	(1 504)	(67)	(259)	(336)	744	(1 422)
Operating costs	(2 472)	(158)	(524)	(572)	(90)	(3 816)
Gross operating profit	3 408	176	1 680	1 343	1 277	7 884
Net allowances for expected credit losses	(227)	1	(267)	(48)	(70)	(611)
Costs of legal risk of foreign currency mortgage loans	(299)	-	-	-	-	(299)
Net operating profit	2 882	177	1 413	1 295	1 207	6 974
Contributions to the Bank Guarantee Fund	(107)	-	(72)	(34)	(26)	(239)
Tax on certain financial institutions	(268)	(1)	(190)	(88)	(124)	(671)
Share in profit on associates	-	-	-	-	6	6
Profit before tax	2 507	176	1 151	1 173	1 063	6 070
Income tax expense						(1 303)
Net profit						4 767
Attributable to equity holders of the Bank						4 764
Attributable to non-controlling interests						3
Allocated assets	82 773	467	80 098	28 003	114 663	306 004
Unallocated assets						18 407
Total Assets						324 411
Allocated liabilities	147 864	14 579	64 181	39 737	12 246	278 607
Unallocated liabilities						15 147
Total Liabilities						293 754

Operating segments reporting for the period from 1 January to 30 September 2023

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND INVESTMENT BANKING	ENTERPRISE BANKING	ASSETS & LIABILITIES MANAGEMENT AND OTHER	TOTAL
External interest income	5 658	7	3 951	1 457	2 384	13 457
External interest expenses	(1 639)	(352)	(2 064)	(267)	(368)	(4 690)
Net external interest income	4 019	(345)	1 887	1 190	2 016	8 767
Internal interest income	5 296	590	3 521	1 277	(10 684)	-
Internal interest expenses	(4 264)	(7)	(3 779)	(1 178)	9 228	-
Net internal interest income	1 032	583	(258)	99	(1 456)	-
Total net interest income	5 051	238	1 629	1 289	560	8 767
Fee and commission income and expense	848	111	529	513	52	2 053
Other non-interest income	(10)	(1)	197	40	224	450
Operating income of reportable segments	5 889	348	2 355	1 842	836	11 270
Personnel expenses	(835)	(79)	(234)	(206)	(673)	(2 027)
General administrative expenses and depreciation (including allocation of operating costs)	(1 419)	(54)	(223)	(284)	585	(1 395)
Operating costs	(2 254)	(133)	(457)	(490)	(88)	(3 422)
Gross operating profit	3 635	215	1 898	1 352	748	7 848
Net allowances for expected credit losses	(199)	4	(239)	20	(57)	(471)
Costs of legal risk of foreign currency mortgage loans	(98)	-	-	-	-	(98)
Net operating profit	3 338	219	1 659	1 372	691	7 279
Contributions to the Bank Guarantee Fund	(99)	-	(72)	(33)	14	(190)
Tax on certain financial institutions	(246)	(1)	(192)	(85)	(135)	(659)
Share in profit on associates	-	-	-	-	4	4
Profit before tax	2 993	218	1 395	1 254	574	6 434
Income tax expense						(1 414)
Net profit						5 020
Attributable to equity holders of the Bank						5 018
Attributable to non-controlling interests						2
Allocated assets	74 115	469	76 181	26 610	109 471	286 846
Unallocated assets						23 175
Total Assets						310 021
Allocated liabilities	129 596	14 980	73 796	35 660	8 060	262 092
Unallocated liabilities						19 424
Total Liabilities						281 516

Reconciliations of operating income for reportable segments

	3 QUARTERS 2024	3 QUARTERS 2023
Net interest income	9 268	8 767
Net fee and commission income	2 078	2 053
Dividend income	30	29
Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result	276	382
Result on fair value hedge accounting	1	1
Profit / loss from derecognition of financial assets and financial liabilities not at fair value through profit or loss	3	24
Other operating income	125	86
Other operating expenses	(81)	(72)
Total operating income for reportable segments	11 700	11 270

7. Interest income and expense

Interest income

	III QUARTER 2024	3 QUARTERS 2024	III QUARTER 2023	3 QUARTERS 2023
Interbank placements	171	517	216	608
Loans and advances and other receivables from customers	2 905	8 339	2 950	8 715
measured at amortise cost	2 894	8 314	2 944	8 689
measured at fair value through other comprehensive income	5	8	2	12
measured at fair value through profit or loss	6	17	4	14
Receivables from financial leases	239	701	226	632
Debt securities	1 364	3 919	1 140	3 211
measured at amortise cost	932	2 652	710	1 863
measured at fair value through other comprehensive income	424	1 244	421	1 333
measured at fair value through profit or loss	8	23	9	15
Reverse repo transactions	128	307	110	291
Total (*)	4 807	13 783	4 642	13 457

(*) Including revenues from hedging derivative instruments in the amounts respectively, minus PLN 171 million for III quarter 2024 (minus PLN 231 million for III quarter 2023) and minus PLN 537 million for 3 quarters 2024 (minus PLN 807 million for 3 quarters 2023).

	III QUARTER 2024	3 QUARTERS 2024	III QUARTER 2023	3 QUARTERS 2023
Interest income calculated using the effective interest method on financial instruments valued:	4 793	13 743	4 629	13 428
measured at amortise cost	4 364	12 491	4 206	12 083
measured at fair value through other comprehensive income	429	1 252	423	1 345
Income similar to interest	14	40	13	29

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

In May 2024 an amendment to the Act of 7 July 2022 on social financing for business ventures and support to borrowers ('the Act') was introduced, which gives customers the right to benefit from the suspension of loan repayments in the period from June 1 to 31 December 2024 in a maximum of 4 installments while maintaining the following limits:

- from 1 June to 31 August 2024 – for a maximum of two months,
- from 1 September to 31 December 2024 – for a maximum of two months.

The client may suspend loan repayment only in one agreement concluded to meet own housing needs, which meets the following conditions:

- applies to loans granted in PLN, excluding loans indexed or denominated in another currency,
- was granted before 1 July 2022,
- the value of the loan granted does not exceed PLN 1 200 000,
- arithmetic mean of the RdD index value within the meaning of Art. 2 section 1 point 7 of the Act of 9 October 2015 on support for borrowers who took out a housing loan and are in a difficult financial situation for the period of the last three months preceding the month of submitting the application for suspension of loan repayment exceeds 30%, or
- as of the date of submitting the application for suspension of loan repayment, the client has at least three children to support, as referred to in Art. 4 section 2 point 3 of the Act of 5 December 2014 on the Large Family Card.

Pursuant to the requirements of IFRS 9, the above-mentioned amendment to the Act required the adjustment of the gross carrying amount of the above-mentioned loans by determining and recognizing in the Group's financial result the estimated cost resulting of the above entitlement determined as the difference between:

- 1) the present value of the expected cash flows from the loan portfolio that meets the criteria of the Act (gross carrying amount of this portfolio),
- 2) the present value of the expected cash flows from the loan portfolio, determined based on the modified cash flows taking into account the terms of the Act (i.e. the possibility of suspending the repayment of loan installments within the specified time frame with the simultaneous extension of the loan period) discounted with effective interest rate of the above-mentioned portfolio, taking into account the estimated level of participation of eligible customers who, in the Group's opinion, will exercise this right and recognition in the financial results of the cost related to the modification of PLN mortgage loan due to the suspension of loan repayments by customers.

In connection of entry into force of the provisions in question, the Group estimated and included in the financial results for 2024 the cost related to the modification of PLN mortgage loan agreements due to the suspension of loan repayments by customers in the total amount of PLN 234 million gross, assuming the expertly estimated participation rate (use of the rights arising from the Act) at the level of 21% of the volume.

Due to the fact that the above calculation is an estimate of the expected exercise by customers of the rights resulting from the Act, and the actual implementation will take place in the period specified in the Act, i.e. to the end of 2024 under the conditions specified in the Act, the final cost related to the above-mentioned modifications may change and will be charged to the Group's current financial results.

The Group does not identify an increase in credit risk if customers exercise the right to the loan repayment suspension. Moreover, during the repayment suspension period, the amount of delayed repayments (DPD) is maintained at the level from the date of suspension.

The table below presents the sensitivity of the estimated cost level related to the right to suspend repayment of loan installments in 2024 to the estimated participation rate.

PARAMETR	SCENARIO	IMPACT ON COST LEVEL
Change in participation rate	+10%	23 (cost increase)
	-10%	(23) (cost decrease)

Interest expense

	III QUARTER 2024	3 QUARTERS 2024	III QUARTER 2023	3 QUARTERS 2023
Deposits from customers	(1 154)	(3 377)	(1 245)	(3 565)
Interbank deposits	(14)	(41)	(22)	(64)
Repo transactions	(51)	(153)	(62)	(218)
Loans and advances received	(60)	(181)	(62)	(177)
Leasing	(9)	(25)	(6)	(14)
Debt securities	(258)	(738)	(230)	(652)
Total (*)	(1 546)	(4 515)	(1 627)	(4 690)

(*) Including the expenses from hedging derivative instruments in the amounts respectively, plus PLN 11 million on III quarter 2024 (plus PLN 9 million on III quarter 2023) and plus PLN 26 million for 3 quarters 2024 (plus PLN 20 million for 3 quarters 2023).

8. Fee and commission income and expense

Fee and commission income

	III QUARTER 2024	3 QUARTERS 2024	III QUARTER 2023	3 QUARTERS 2023
Accounts maintenance, payment orders and cash transactions	153	451	154	461
Payment cards	221	636	220	620
Loans and advances	132	361	120	372
Margin on foreign exchange transactions with clients	180	524	185	546
Service and sell investment and insurance products	142	401	113	329
Securities operations	38	132	47	123
Custody activity	20	58	18	51
Guarantees, letters of credit and similar transactions	24	72	21	62
Other	35	92	35	90
Total	945	2 727	913	2 654

Fee and commission expense

	III QUARTER 2024	3 QUARTERS 2024	III QUARTER 2023	3 QUARTERS 2023
Payment cards	(148)	(406)	(129)	(371)
Cash turnover	(27)	(76)	(26)	(75)
Money orders and transfers	(7)	(18)	(5)	(18)
Securities and derivatives operations	(14)	(41)	(16)	(47)
Acquisition services	(16)	(49)	(16)	(38)
Custody activity	(6)	(19)	(6)	(16)
Accounts maintenance	(2)	(5)	(1)	(4)
Investment funds management	-	(2)	(1)	(3)
Other	(12)	(33)	(10)	(29)
Total	(232)	(649)	(210)	(601)

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

	III QUARTER 2024	3 QUARTERS 2024	III QUARTER 2023	3 QUARTERS 2023
Result on loans and advances to customers measured mandatorily at fair value through profit or loss	(6)	10	(1)	(3)
Result on securities measured mandatorily at fair value through profit or loss	16	17	(7)	18
Foreign exchange result	42	126	24	206
Result on derivatives	1	68	39	134
Result on securities held for trading	17	55	14	27
Total	70	276	69	382

10. Net allowances for expected credit losses

	III QUARTER 2024	3 QUARTERS 2024	III QUARTER 2023	3 QUARTERS 2023
Receivables from banks and Cash and cash equivalents	(3)	(2)	-	2
Loans and other financial assets measured at amortised cost (*) (**)	(308)	(673)	(132)	(417)
Debt securities measured at amortised cost	18	10	(7)	(14)
Loans measured at fair value through other comprehensive income	2	(3)	1	3
Debt securities measured at fair value through other comprehensive income	7	10	1	7
Off-balance sheet commitments	86	47	17	(52)
Total	(198)	(611)	(120)	(471)

(*) Item includes impairment losses on receivables from financial leases.

(**) In 2024, the Group sold a portfolio of loan receivables with a total gross carrying amount of PLN 306 million. The realized gross result on the transaction in the amount of PLN 17 million.

11. Other operating income and expenses

Other operating income

	III QUARTER 2024	3 QUARTERS 2024	III QUARTER 2023	3 QUARTERS 2023
Gains on disposal of property, plant and equipment	2	58	1	9
Premises rental income, terminals and IT equipment	6	18	6	18
Operating leasing net income (*)	-	2	2	4
Compensation, recoveries, penalty fees and fines received	5	12	4	9
Miscellaneous income	3	13	2	21
Recovery of debt collection costs	3	11	4	12
Net revenues from sale of products, goods and services	2	5	2	5
Other	2	6	1	8
Total	23	125	22	86

(*) Operating leasing net income

	III QUARTER 2024	3 QUARTERS 2024	III QUARTER 2023	3 QUARTERS 2023
Income from operating leases	1	5	3	8
Costs of depreciation of fixed assets provided under operating leases	(1)	(3)	(1)	(4)
Total	-	2	2	4

Other operating expenses

	III QUARTER 2024	3 QUARTERS 2024	III QUARTER 2023	3 QUARTERS 2023
Provision for liabilities disputable and other provisions (*)	(14)	26	3	13
Credit and factoring debt collection costs	(8)	(22)	(9)	(24)
Loss on disposal of property, plant and equipment and intangible assets	(1)	(1)	-	(1)
Card transactions monitoring costs	(5)	(16)	(6)	(16)
Sundry expenses	-	(4)	(1)	(4)
Costs of pursuing disputed receivables and complaints	(17)	(38)	(4)	(16)
Impairment allowance on fixed assets, litigations and other assets	4	1	(2)	(3)
Compensation, penalty fees and fines	-	(2)	-	(1)
Other	(5)	(25)	(9)	(20)
Total	(46)	(81)	(28)	(72)

(*) The item also includes the provision for commission reimbursements in case of previously repaid consumer loans repaid before the CJEU judgment and the provision for refunds of commissions on prepaid mortgage loans (Note 23).

12. General administrative expenses and depreciation

Personnel expenses

	III QUARTER 2024	3 QUARTERS 2024	III QUARTER 2023	3 QUARTERS 2023
Wages and salaries	(644)	(1 994)	(578)	(1 697)
Insurance and other charges related to employees	(124)	(376)	(107)	(315)
Share-based payments expenses	(10)	(24)	(3)	(15)
Total	(778)	(2 394)	(688)	(2 027)

Other administrative expenses

	III QUARTER 2024	3 QUARTERS 2024	III QUARTER 2023	3 QUARTERS 2023
Overheads	(266)	(832)	(296)	(863)
Tax on certain financial institutions	(223)	(671)	(222)	(659)
Contributions to the Bank Guarantee Fund, including:	-	(239)	-	(190)
to the resolution fund	-	(239)	-	(190)
to the banks' guarantee fund	-	-	-	-
Fees to cover costs of supervision over banks (KNF)	(4)	(40)	(2)	(32)
Other taxes and fees	(12)	(37)	(10)	(33)
Total	(505)	(1 819)	(530)	(1 777)

Depreciation

	III QUARTER 2024	3 QUARTERS 2024	III QUARTER 2023	3 QUARTERS 2023
Property, plant and equipment	(84)	(253)	(76)	(241)
Intangible assets	(93)	(260)	(77)	(226)
Total	(177)	(513)	(153)	(467)

Total administrative expenses and depreciation	(1 460)	(4 726)	(1 371)	(4 271)
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13. Income tax

	III QUARTER 2024	3 QUARTERS 2024	III QUARTER 2023	3 QUARTERS 2023
INCOME STATEMENT				
Current tax charge in the income statement	(609)	(1 504)	(601)	(1 617)
Adjustments related to the current tax from previous years	-	3	-	10
Other taxes (e.g. withholding tax)	-	(1)	-	(2)
Current tax	(609)	(1 502)	(601)	(1 609)
Occurrence and reversal of temporary differences	128	199	103	195
Deferred tax	128	199	103	195
Tax charge in the consolidated income statement	(481)	(1 303)	(498)	(1 414)
EQUITY				
Current tax	-	-	(2)	(2)
Income and costs disclosed in other comprehensive income:				
revaluation of financial instruments – cash flows hedges	(107)	(76)	(109)	(341)
fair value revaluation through other comprehensive income	(31)	(50)	(40)	(150)
Tax on items that are or may be reclassified subsequently to profit or loss	(138)	(126)	(149)	(491)
Fair value revaluation through other comprehensive income – equity securities	(6)	7	(2)	(11)
Remeasurements the defined benefit liabilities	-	-	-	5
Tax charge on items that will never be reclassified to profit or loss	(6)	7	(2)	(6)
Deferred tax	(144)	(119)	(151)	(497)
Total charge	(625)	(1 422)	(651)	(1 913)

14. Dividends

On 17 April 2024, the Ordinary General Meeting of Bank Pekao S.A. adopted a resolution on the allocation of the undivided part of the Bank's net profit for 2019 in the amount of PLN 1 685 million to dividends and on the distribution of the Bank's net profit for 2023 in the amount of PLN 6 718 million. An amount of PLN 3 354 million was transferred for dividend to shareholders, and the amount of PLN 1 687 million for reserve capital. The remaining part of the profit in the amount of PLN 1 677 million was left undistributed. The dividend amount per share was PLN 19.20. The dividend record date was 24 April 2024, and the dividend payment date was 10 May 2024.

15. Cash and cash equivalents

	30.09.2024	31.12.2023
Cash	3 764	3 990
Current account and deposits at Central Bank	14 091	8 460
Amounts due from banks with a maturity of up to 3 months	2 670	2 273
Gross carrying amount	20 525	14 723
Allowances for expected credit losses	(10)	(8)
Net carrying amount	20 515	14 715

Restricted availability cash and cash equivalents as at 30 September 2024 amounted to PLN 14 082 million (PLN 5 822 million as at 30 September 2023).

16. Loans and advances to banks

Loans and advances to banks by product type

	30.09.2024	31.12.2023
Interbank placements	32	81
Loans and advances	170	93
Total gross amount	202	174
Allowances for expected credit losses	-	(1)
Total net amount	202	173

17. Derivative financial instruments (held for trading)

Fair value of trading derivatives

30.09.2024	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	4 773	4 663
Forward Rate Agreements (FRA)	81	63
Options	37	35
Other	1	-
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	19	154
Currency Forward Agreements	175	145
Currency Swaps (FX-Swap)	117	121
Options for currency and gold	4	20
Transactions based on equity securities and stock indexes		
Options	-	-
Other	-	-
Transactions based on commodities and precious metals		
Options	7	7
Other	301	274
Total	5 515	5 482

31.12.2023	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	8 305	8 183
Forward Rate Agreements (FRA)	63	58
Options	48	50
Other	-	-
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	114	194
Currency Forward Agreements	154	322
Currency Swaps (FX-Swap)	358	201
Options for currency and gold	6	25
Transactions based on equity securities and stock indexes		
Options	3	3
Other	-	-
Transactions based on commodities and precious metals		
Options	6	6
Other	260	253
Total	9 317	9 295

18. Loans and advances to customers

Loans and advances to customers by product type

	30.09.2024			TOTAL
	AMORTISED COST	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FAIR VALUE THROUGH PROFIT OR LOSS	
Mortgage loans (**)	79 877	-	5	79 882
Current accounts	14 689	-	-	14 689
Operating loans	11 599	139	4	11 742
Investment loans	26 511	127	4	26 642
Cash loans	14 742	-	-	14 742
Payment cards receivables	1 269	-	-	1 269
Financial leasing	12 007	-	-	12 007
Factoring	8 773	-	-	8 773
Other loans and advances	4 407	-	278	4 685
Reverse repo transactions	5 237	-	-	5 237
Gross carrying amount	179 111	266	291	179 668
Allowances for expected credit losses (*)	(7 172)	-	-	(7 172)
Carrying amount	171 939	266	291	172 496

(*) The allowance for expected credit losses for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 4 million is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

(**) In this the adjustment of the gross carrying amount regarding the legal risk of foreign currency mortgage loans in the amount of PLN 1 113 million described in the Note 26.

	31.12.2023			TOTAL
	AMORTISED COST	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FAIR VALUE THROUGH PROFIT OR LOSS	
Mortgage loans (**)	76 238	-	7	76 245
Current accounts	12 915	-	-	12 915
Operating loans	10 935	-	8	10 943
Investment loans	26 362	82	8	26 452
Cash loans	13 505	-	-	13 505
Payment cards receivables	1 164	-	-	1 164
Financial leasing	11 183	-	-	11 183
Factoring	9 524	-	-	9 524
Other loans and advances	4 614	-	226	4 840
Reverse repo transactions	1 703	-	-	1 703
Gross carrying amount	168 143	82	249	168 474
Allowances for expected credit losses (*)	(6 980)	-	-	(6 980)
Carrying amount	161 163	82	249	161 494

(*) The allowances for expected credit losses for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 1 million is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

(**) In this the adjustment of the gross carrying amount regarding the legal risk of foreign currency mortgage loans in the amount of PLN 1 734 million described in the Note 26.

Loans and advances to customers by customer type

30.09.2024						
	AMORTISED COST			FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (*)	FAIR VALUE THROUGH PROFIT OR LOSS	TOTAL
	GROSS CARRYING AMOUNT	ALLOWANCES FOR EXPECTED CREDIT LOSSES	CARRYING AMOUNT			
Corporate	94 678	(4 912)	89 766	266	8	90 040
Individuals (**)	83 304	(2 255)	81 049	-	278	81 327
Budget entities	1 129	(5)	1 124	-	5	1 129
Loans and advances to customers	179 111	(7 172)	171 939	266	291	172 496

(*) The allowances for expected credit losses for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 4 million is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

(**) In this the adjustment of the gross carrying amount regarding the legal risk of foreign currency mortgage loans in the amount of PLN 1 113 million described in the Note 26.

31.12.2023						
	AMORTISED COST			FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (*)	FAIR VALUE THROUGH PROFIT OR LOSS	TOTAL
	GROSS CARRYING AMOUNT	ALLOWANCES FOR EXPECTED CREDIT LOSSES	CARRYING AMOUNT			
Corporate	88 372	(4 796)	83 576	82	13	83 671
Individuals (**)	78 760	(2 175)	76 585	-	227	76 812
Budget entities	1 011	(9)	1 002	-	9	1 011
Loans and advances to customers	168 143	(6 980)	161 163	82	249	161 494

(*) The allowances for expected credit losses for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 1 million is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

(**) In this the adjustment of the gross carrying amount regarding the legal risk of foreign currency mortgage loans in the amount of PLN 1 734 million described in the Note 26.

The tables below present the changes in allowances for expected credit losses and gross carrying amount of loans and advances to customers.

TOTAL	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST					LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME			
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT-IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT-IMPAIRED (POCI)	TOTAL	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT-IMPAIRED)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT					
GROSS CARRYING AMOUNT									
GROSS CARRYING AMOUNT AS AT 1.01.2024	142 000	17 437	3 611	3 820	1 275	168 143	82	-	82
Transfer to Stage 1	3 284	(3 190)	(34)	(60)	-	-	-	-	-
Transfer to Stage 2	(7 791)	7 977	(22)	(164)	-	-	-	-	-
Transfer to Stage 3	(896)	(1 567)	1 383	1 080	-	-	-	-	-
New / purchased / granted financial assets	48 300	-	-	-	403	48 703	185	-	185
Financial assets derecognised, other than write-offs (repayments)	(32 289)	(3 285)	(1 257)	(461)	(256)	(37 548)	-	-	-
Financial assets written off (*)	-	(16)	(139)	(374)	(23)	(552)	-	-	-
Modifications not resulting in derecognition	(1)	-	-	-	-	(1)	-	-	-
Adjustment related to credit holidays (***)	(117)	(14)	-	(1)	-	(132)	-	-	-
Legal risk costs for mortgage loans in CHF	(132)	503	9	46	1	427	-	-	-
Other, in this changes resulting from exchange rates	(270)	(342)	16	343	324	71	(1)	-	(1)
GROSS CARRYING AMOUNT AS AT 30.09.2024	152 088	17 503	3 567	4 229	1 724	179 111	266	-	266
ALLOWANCES FOR EXPECTED CREDIT LOSSES (**)									
ALLOWANCES FOR EXPECTED CREDIT LOSSES AS AT 1.01.2024	794	907	2 159	2 371	749	6 980	1	-	1
Changes in balances included in the income statement (table in the Note 10), of which:	(190)	353	204	308	(4)	671	3	-	3
New / purchased / granted financial assets	280	-	-	-	21	301	2	-	2
Financial assets derecognised, other than write-offs (repayments)	(70)	(50)	(122)	(49)	(3)	(294)	-	-	-
Changes in level of credit risk (excluding the transfers between the Stages) (***)	(400)	403	326	357	(22)	664	1	-	1
Transfer to Stage 1	201	(193)	-	(8)	-	-	-	-	-
Transfer to Stage 2	(93)	160	(2)	(67)	-	(2)	-	-	-
Transfer to Stage 3	(33)	(258)	178	113	-	-	-	-	-
Financial assets written off (*)	-	(16)	(139)	(374)	(23)	(552)	-	-	-
Other, in this changes resulting from exchange rates	14	(58)	(363)	246	236	75	-	-	-
ALLOWANCES FOR EXPECTED CREDIT LOSSES AS AT 30.09.2024	693	895	2 037	2 589	958	7 172	4	-	4

(*) Including the value of contractual interest subject to partial write-off in the amount of PLN 472 million.

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

(***) Settlement of part of the result related to the modification of PLN mortgage loan agreements granted to consumers due to their suspension of their loan repayments in the 3 quarters of 2024 (details in Note 7).

The total value of undiscounted expected credit losses at the time of initial recognition of financial assets purchased or originated credit impaired in the period ended 30 September 2024 amounted to PLN 494 million.

TOTAL	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST					LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME			
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT					
GROSS CARRYING AMOUNT									
GROSS CARRYING AMOUNT AS AT 1.01.2023	137 475	19 218	4 477	3 535	1 084	165 789	254	-	254
Transfer to Stage 1	4 864	(4 597)	(103)	(164)	-	-	-	-	-
Transfer to Stage 2	(9 133)	9 385	(57)	(195)	-	-	-	-	-
Transfer to Stage 3	(1 522)	(1 293)	993	1 822	-	-	-	-	-
New / purchased / granted financial assets	50 985	-	-	-	91	51 076	-	-	-
Financial assets derecognised, other than write-offs (repayments)	(40 274)	(5 207)	(1 073)	(942)	(230)	(47 726)	(175)	-	(175)
Financial assets written off (*)	-	(2)	(813)	(433)	(37)	(1 285)	-	-	-
Modifications not resulting in derecognition	(2)	-	-	-	-	(2)	-	-	-
Adjustment related to credit holidays	944	93	-	6	-	1 043	-	-	-
Legal risk costs for mortgage loans in CHF	-	233	1	13	(1)	246	-	-	-
Other, in this changes resulting from exchange rates	(1 337)	(393)	186	178	368	(998)	3	-	3
GROSS CARRYING AMOUNT AS AT 31.12.2023	142 000	17 437	3 611	3 820	1 275	168 143	82	-	82
ALLOWANCES FOR EXPECTED CREDIT LOSSES (**)									
ALLOWANCES FOR EXPECTED CREDIT LOSSES AS AT 1.01.2023	842	941	3 321	1 849	521	7 474	3	-	3
Changes in balances included in the income statement, of which:	(150)	510	187	19	(52)	514	(3)	-	(3)
New / purchased / granted financial assets	387	-	-	-	3	390	-	-	-
Financial assets derecognised, other than write-offs (repayments)	(132)	(96)	(4)	(58)	(14)	(304)	(2)	-	(2)
Changes in level of credit risk (excluding the transfers between the Stages)	(405)	606	191	77	(41)	428	(1)	-	(1)
Transfer to Stage 1	293	(269)	(3)	(21)	-	-	-	-	-
Transfer to Stage 2	(122)	197	(3)	(72)	-	-	-	-	-
Transfer to Stage 3	(31)	(168)	(241)	440	-	-	-	-	-
Financial assets written off (*)	-	(2)	(813)	(434)	(37)	(1 286)	-	-	-
Other, in this changes resulting from exchange rates	(38)	(302)	(289)	590	317	278	1	-	1
ALLOWANCES FOR EXPECTED CREDIT LOSSES AS AT 31.12.2023	794	907	2 159	2 371	749	6 980	1	-	1

(*) Including the value of contractual interest subject to partial write-off in the amount of PLN 668 million.

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

The total value of undiscounted expected credit losses at the time of initial recognition of financial assets purchased or originated credit impaired in the period ended 31 December 2023 amounted to PLN 219 million.

19. Securities

	30.09.2024	31.12.2023
Debt securities held for trading	1 609	1 458
Debt securities measured at amortised cost	99 715	93 160
Debt securities measured at fair value through other comprehensive income	13 487	14 441
Equity instruments held for trading	13	4
Equity instruments designated for measurement at fair value through other comprehensive income	349	389
Equity instruments mandatorily measured at fair value through profit or loss	220	210
Total	115 393	109 662

Debt securities held for trading

	30.09.2024	31.12.2023
Debt securities issued by central governments	1 218	1 082
T- bills	21	-
T- bonds	1 197	1 082
Debt securities issued by banks	236	246
Debt securities issued by business entities	155	128
Debt securities issued by local governments	-	2
Total	1 609	1 458

Debt securities measured at amortised cost

	30.09.2024	31.12.2023
Debt securities issued by State Treasury	50 968	42 744
T-bills	4 036	8 715
T-bonds	46 932	34 029
Debt securities issued by central banks	20 038	18 502
Debt securities issued by banks	17 135	15 914
Debt securities issued by business entities	6 665	11 153
Debt securities issued by local governments	4 909	4 847
Total	99 715	93 160
including impairment of assets	(172)	(157)

Debt securities measured at fair value through other comprehensive income

	30.09.2024	31.12.2023
Debt securities issued by State Treasury	7 529	7 424
T-bills	-	-
T-bonds	7 529	7 424
Other	-	-
Debt securities issued by central banks	999	999
Debt securities issued by banks	1 133	2 175
Debt securities issued by business entities	2 288	2 226
Debt securities issued by local governments	1 538	1 617
Total	13 487	14 441
including impairment of assets (*)	(17)	(26)

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

Equity securities held for trading

	30.09.2024	31.12.2023
Shares	13	4
Total	13	4

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

	30.09.2024	31.12.2023
Shares	349	389
Total	349	389

Equity instruments mandatorily measured at fair value through profit or loss

	30.09.2024	31.12.2023
Shares	220	210
Total	220	210

20. Amounts due to other banks

Amounts due to other banks by product type

	30.09.2024	31.12.2023
Current accounts	931	692
Interbank deposits and other liabilities	1 692	1 640
Loans and advances received	5 597	5 265
Repo transactions	468	-
Lease liabilities	-	-
Total	8 688	7 597

21. Amounts due to customers

Amounts due to customers by entity and product type

	30.09.2024	31.12.2023
Amounts due to corporate, including:	81 622	82 885
current accounts	57 725	62 286
term deposits and other liabilities	23 897	20 599
Amounts due to budget entities, including:	21 147	17 282
current accounts	16 509	15 528
term deposits and other liabilities	4 638	1 754
Amounts due to individuals, including:	146 290	131 911
current accounts	103 336	93 170
term deposits and other liabilities	42 954	38 741
Repo transactions	1 490	1 649
Lease liabilities	714	579
Total	251 263	234 306

22. Debt securities issued

Debt securities issued by type

	30.09.2024	31.12.2023
Liabilities from bonds	14 583	8 903
Certificates of deposit	-	-
Mortgage bonds	1 203	1 055
Total	15 786	9 958

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

23. Provisions

Changes in provisions in the reporting period

3 QUARTERS 2024	PROVISIONS FOR LITIGATION AND CLAIMS (*)	RESTRUCTURING PROVISION	PROVISIONS FOR DEFINED BENEFIT PLANS	PROVISIONS FOR UNDRAWN CREDIT FACILITIES AND GUARANTEES ISSUED	OTHER PROVISIONS (**)	TOTAL
Opening balance	970	6	293	504	183	1 956
Provision charges/revaluation	493	-	23	285	42	843
Provision utilization	(239)	(2)	(12)	-	(64)	(317)
Provision releases	(81)	-	-	(332)	(37)	(450)
Foreign currency exchange differences	-	-	-	(5)	-	(5)
Other changes	1	-	-	-	(4)	(3)
Closing balance	1 144	4	304	452	120	2 024
Short term	-	4	34	56	23	117
Long term	1 144	-	270	396	97	1 907

(*) Including the provision for legal risk regarding foreign currency mortgage loans in CHF in the amount of PLN 1 058 million (details of this provision are presented in Note 26) and a provision for early repayments of consumer loans and mortgage in the amount of PLN 6 million as at 30 September 2024.

(**) Including provisions for refunds to customers of increased mortgage loan margins before establishing a mortgage in the amount of PLN 41 million as at 30 September 2024.

2023	PROVISIONS FOR LITIGATION AND CLAIMS (*)	RESTRUCTURING PROVISION	PROVISIONS FOR DEFINED BENEFIT PLANS	PROVISIONS FOR UNDRAWN CREDIT FACILITIES AND GUARANTEES ISSUED	OTHER PROVISIONS (**)	TOTAL
Opening balance	600	11	244	397	163	1 415
Provision charges/revaluation	596	-	33	435	57	1 121
Provision utilization	(91)	(5)	(13)	-	(38)	(147)
Provision releases	(136)	-	-	(318)	(12)	(466)
Foreign currency exchange differences	(1)	-	-	(10)	-	(11)
Other changes	2	-	29	-	13	44
Closing balance	970	6	293	504	183	1 956
Short term	-	6	24	133	28	191
Long term	970	-	269	371	155	1 765

(*) Including the provision for legal risk regarding foreign currency mortgage loans in CHF in the amount of PLN 891 million (details of this provision are presented in Note 26) and a provision for early repayments of consumer loans in the amount of PLN 11 million as at 31 December 2023.

(**) Including provisions for refunds to customers of increased mortgage loan margins before establishing a mortgage in the amount of PLN 84 million as at 31 December 2023.

24. Contingent commitments

Court cases

As of 30 September 2024 the following court cases for payment are pending with involvement of the Group, that are important in view of the value of the object of litigation (against the Group):

- brought by the association – a claim for payment of damages against the Bank and 2 other legal person for damages incurred in connection with irregularities committed by the defendants, according to the association, when offering the purchase of premises and financing the construction of a condohotel. Value of the object of litigation PLN 86 703 762, litigation initiation date – 14 November 2022. In the present factual and legal circumstances the Bank assesses the funds outflow risk as possible,
- brought by the receiver for a joint stock company in liquidation bankruptcy – lawsuit for payment of compensation for a damage incurred as a result of the Bank's demanding immediate payment of the amounts due in virtue of payment of the price from the credit receivables transfer agreement and conducting debt enforcement collection of the portion of the price remaining for payment by a court enforcement officer. Value of the object of litigation PLN 57 450 130, litigation initiation date – 30 April 2015. In the present factual and legal circumstances the Bank assesses the funds outflow risk as possible,
- brought by a natural person – lawsuit for payment by the Bank of an amount charged by virtue of settlement of financial future or forward transactions. Value of the object of litigation PLN 38 916 555.18, litigation initiation date 2 October 2016. On 6 May 2019 the Regional Court in Warsaw issued a sentence ordering the Bank to pay the amount of PLN 3 392 349.18 and as to the remainder the Court dismissed the suit. The sentence is not legally valid. The Bank and the plaintiff appealed against the judgment. On the 16 December 2020 the Court of Appeal in Warsaw quashed the sentence of the Regional Court in its entirety and remitted the case to that Court. In the present factual and legal circumstances the Bank assesses the funds outflow risk in the amount of PLN 35 524 206.00 as possible;
- brought by a natural person – lawsuit for invalidation of the loan agreement and legal collateral agreements and payment of undue benefit, damages and compensation. Value of the object of litigation PLN 30 469 753.05, litigation initiation date – 22 June 2023. In the present factual and legal circumstances, the Bank assesses the funds outflow risk as possible,
- brought by a legal person – lawsuit for payment of damages for a tort and improper performance of a bank account agreement in connection with the execution of payment instructions from the plaintiff's bank accounts. Value of the object of litigation PLN 14 579 152.50, litigation initiation date – 17 August 2015. In the present factual and legal circumstances, the Bank assesses the funds outflow risk as possible.

None of the litigations pending in the third quarter of the year 2024 before the court, authority competent for arbitrary proceedings or a body of public administration posed a threat for financial liquidity of the Group.

The Group created provisions for litigations against the Group entities which, according to the legal opinion, are connected with a risk of the funds outflow resulting from the fulfillment of the obligation. The value of the provisions as at 30 September 2024 is PLN 1 144 million (PLN 970 million as at 31 December 2023).

Proceedings of the Office of the Polish Financial Supervision Authority

On 22 November 2023, the Polish Financial Supervision Authority ('KNF') started administrative proceedings against the Bank that might result in a penalty being imposed on the Bank under Article 176i (1)(4) of the Act on trading in financial instruments. At this stage of the proceedings, the amount of the potential penalty cannot be estimated reliably.

Proceedings of the Office of Competition and Consumer Protection

Proceedings of the President of the Office of Competition and Consumer Protection regarding irregularities in the area of complaints

In a letter of 10 November 2023, the President of the Office of Competition and Consumer Protection ('UOKiK') initiated proceedings against the Bank regarding the Bank's use of practices violating the collective interests of consumers, consisting of:

- failure to respond to consumer complaints without undue delay, no later than within 30 days, and in particularly complicated cases - within 60 days,
- failure to indicate in the information provided to the customer filing a complaint the reason for the delay that makes it impossible to consider the complaint and provide a response without undue delay, no later than within 30 days, and the circumstances that must be established in order to consider the case.

In December 2023, the Bank submitted an application to the President of the Office of Competition and Consumer Protection with a request for a commitment decision. In May 2024, the Bank modified the content of the commitment. Then, in September 2024, the Management Board of the Bank decided to accept the submission to the President of the Office of Competition and Consumer Protection of a modified proposal for the Bank's actions resulting from the proceedings and to increase the provision for the Bank's future liabilities by PLN 10.6 million to a total amount of PLN 22.9 million. The Bank is waiting for the decision of the President of the Office of Competition and Consumer Protection in this matter. As at 30 September 2024, the Bank created a provision in the amount of PLN 22.9 million regarding the implementation of the commitment proposal presented to the President of the Office of Competition and Consumer Protection.

Proceedings of the President of the Office of Competition and Consumer Protection regarding unauthorized transactions

On 8 February 2024, the President of the Office of Competition and Consumer Protection initiated proceedings regarding practices violating the collective interests of consumers regarding unauthorized payment transactions. The charges brought are:

- failure to refund the amount of an unauthorized payment transaction to the customer within the D+1 deadline despite the lack of premises for such refusal,
- misleading consumers as to the Bank's obligations and the distribution of the burden of proving the authorization of a payment transaction.

The proceedings are the result of the explanatory proceedings of the President of the Office of Competition and Consumer Protection initiated in June 2021 and the collection of evidence in the case. The Bank analyzed the materials collected by the President of the Office of Competition and Consumer Protection in the initiated proceedings and on 13 September 2024 submitted explanations and a position regarding the allegations of the President of the Office of Competition and Consumer Protection. At this stage, the Bank did not create a provision for these proceedings.

Proceedings conducted by the Financial Ombudsman

As of 8 October 2024, the Financial Ombudsman is conducting 55 administrative proceedings against the Bank for failure to respond to customer complaints on time, of which 15 proceedings were concluded with decisions to impose a financial penalty on the Bank for a total amount of PLN 195 950. The current value of the provision created is PLN 160 000.

Financial commitments granted

Financial commitments granted by entity

	30.09.2024	31.12.2023
Financial commitments granted to:		
banks	993	422
customers	57 414	54 015
budget entities	1 230	699
Total	59 637	55 136

Guarantees issued

Guarantees issued by entity

	30.09.2024	31.12.2023
Issued to banks:		
guarantees	1 148	1 267
securities' underwriting guarantees	1 114	1 247
confirmed export letters of credit	-	-
confirmed export letters of credit	34	20
Issued to customers	8 815	8 883
guarantees	7 467	7 232
securities' underwriting guarantees	1 339	1 639
sureties	9	12
Issued to budget entities:	814	568
guarantees	36	22
securities' underwriting guarantees	778	546
Total	10 777	10 718

Off-balance sheet commitments received

Off-balance sheet commitments received by entity

	30.09.2024	31.12.2023
Financial received from:	2 493	452
banks	1 513	452
customers	980	-
budget entities	-	-
Guarantees received from:	33 712	31 426
banks	13 312	15 383
customers	18 577	13 711
budget entities	1 823	2 332
Total	36 205	31 878

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

25. Related party transactions

The transactions between the Bank and related parties are typical transactions arising from current operating activities conducted by the Bank. Such transactions mainly include loans, deposits, foreign currency transactions and guarantees. These transactions were concluded on terms that did not differ from market terms.

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

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

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

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

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

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

Related party transactions

Related party transactions as at 30 September 2024

NAME OF ENTITY	RECEIVABLES FROM LOANS AND PLACEMENTS	SECURITIES	RECEIVABLES FROM REVALUATION OF DERIVATIVES	OTHER RECEIVABLES	LIABILITIES FROM LOANS AND DEPOSITS	LIABILITIES FROM REVALUATION OF DERIVATIVES	OTHER LIABILITIES
PZU S.A. – the Bank's parent entity	-	-	-	7	242	-	37
Entities of PZU S.A. Group excluding of Bank Pekao S.A. Group entities	20	-	-	5	594	2	-
Associates of Bank Pekao S.A Group entities		-				-	
Krajowy Integrator Płatności S.A.	-	-	-	-	48	-	-
Key management personnel of the Bank Pekao S.A.	-	-	-	-	2	-	-
Total	20	-	-	12	886	2	37

Related party transactions as at 31 December 2023

NAME OF ENTITY	RECEIVABLES FROM LOANS AND PLACEMENTS	SECURITIES	RECEIVABLES FROM REVALUATION OF DERIVATIVES	OTHER RECEIVABLES	LIABILITIES FROM LOANS AND DEPOSITS	LIABILITIES FROM REVALUATION OF DERIVATIVES	OTHER LIABILITIES
PZU S.A. – the Bank's parent entity	-	-	-	3	289	-	25
Entities of PZU S.A. Group excluding of Bank Pekao S.A. Group entities	12	-	-	12	399	7	1
Associates of Bank Pekao S.A Group entities							
Krajowy Integrator Płatności S.A.	-	-	-	-	39	-	-
Key management personnel of the Bank Pekao S.A.	2	-	-	-	11	-	-
Total	14	-	-	15	738	7	26

Income and expenses from transactions with related parties for the period from 1 January 2024 to 30 September 2024

NAME OF ENTITY	INTEREST INCOME	INTERES EXPENSE	FEE AND COMMISSION INCOME	FEE AND COMMISSION EXPENSE	POSITIVE VALUATION OF DERIVATIVES AND OTHER INCOME	NEGATIVE VALUATION OF DERIVATIVES AND OTHER EXPENSES
PZU S.A. – the Bank 's parent entity	(1)	(14)	60	-	1	(7)
Entities of PZU S.A. Group excluding of Bank Pekao S.A. Group entities	1	(15)	56	-	1	(46)
Associates of Bank Pekao S.A Group entities						
Krajowy Integrator Płatności S.A.	-	-	1	-	-	-
Key management personnel of the Bank Pekao S.A.	-	-	-	-	-	-
Total	-	(29)	117	-	2	(53)

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

NAME OF ENTITY	INTEREST INCOME	INTERES EXPENSE	FEE AND COMMISSION INCOME	FEE AND COMMISSION EXPENSE	POSITIVE VALUATION OF DERIVATIVES AND OTHER INCOME	NEGATIVE VALUATION OF DERIVATIVES AND OTHER EXPENSES
PZU S.A. – the Bank 's parent entity	(1)	(17)	40	-	1	(8)
Entities of PZU S.A. Group excluding of Bank Pekao S.A. Group entities	-	(15)	45	-	1	(44)
Associates of Bank Pekao S.A Group entities						
Krajowy Integrator Płatności S.A.	-	-	-	-	-	-
Key management personnel of the Bank Pekao S.A.	-	-	-	-	-	-
Total	(1)	(32)	85	-	2	(52)

Off-balance sheet financial liabilities and guarantees as at 30 September 2024

NAME OF ENTITY	GRANTED		RECEIVED	
	FINANCIAL	GUARANTEES	FINANCIAL	GUARANTEE
PZU S.A. – the Bank's parent entity	3	15	-	738
Entities of PZU S.A. Group excluding of Bank Pekao S.A. Group entities	16	10	-	-
Associates of Bank Pekao S.A Group entities				
Krajowy Integrator Platności S.A.	-	2	-	-
Key management personnel of the Bank Pekao S.A.	-	-	-	-
Total	19	27	-	738

Off-balance sheet financial liabilities and guarantees as at 31 December 2023

NAME OF ENTITY	GRANTED		RECEIVED	
	FINANCIAL	GUARANTEES	FINANCIAL	GUARANTEE
PZU S.A. – the Bank's parent entity	3	15	-	-
Entities of PZU S.A. Group excluding of Bank Pekao S.A. Group entities	13	10	-	-
Associates of Bank Pekao S.A Group entities				
Krajowy Integrator Platności S.A.	-	2	-	-
Key management personnel of the Bank Pekao S.A.	-	-	-	-
Total	16	27	-	-

26. Legal risk regarding foreign currency mortgage loans in CHF

Adopted accounting principles

As indicated in Note 4, as of 1 January 2024 the Group changed its accounting policy with respect to recognizing the impact of legal risk arising from court proceedings related to mortgage loans in CHF and in relation to active loans (unpaid as at the balance sheet date) presents the impact of this legal risk in accordance with the provisions paragraph B.5.4.6 of IFRS 9 'Financial Instruments' as an adjustment to the gross carrying amount of the mortgage loan portfolio in CHF.

The allocation of the impact of legal risk resulting from court proceedings regarding mortgage loans in CHF between active and repaid loans is made on the basis of observations of received court claims. In the case of loans active at the balance sheet date, this approach results in the recognition of the estimated impact of legal risk as an adjustment to the gross carrying amount of these loans. However, in a situation where the estimated loss due to legal risk is higher than the gross carrying amount of the loan, the amount of the surplus is presented similarly to the provision determined for repaid loans, i.e. in accordance with IAS 37 'Provisions, contingent liabilities and contingent assets'.

At the same time, part of the provision concerns additional costs related to the possible loss of a court dispute (i.e. interest for delay and costs of legal representation) due to the fact that they do not result from the loan agreement are recognized in accordance with IAS 37 as an element of the 'Provisions' (regardless of whether this estimate concerns an active loan agreement or a repaid loan).

Court proceedings related to foreign currency mortgage loans in CHF

In 2019, the Court of Justice of the European Union (hereinafter the 'CJEU') issued a ruling on a CHF-indexed loan granted by another bank, in which it interpreted the provisions of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer loans based on the CHF indexed loan agreement. The CJEU indicated the consequences of recognizing the possible abusiveness of conversion clauses by the domestic court, without examining the possible abusiveness of contractual provisions at all. The CJEU did not prejudge that in the event that a domestic court finds possible abusiveness, the court should automatically declare the entire contract invalid. The assessment in this respect remains to be decided by the national court, but the CJEU has not ruled out the possibility of filling the gap resulting from the abusive nature of conversion clauses by means of domestic regulations. However, subsequent rulings of the CJEU exclude the admissibility of filling the gap after eliminating the prohibited provision under national law, as a result of which the courts of the countries recognize loan agreements as unenforceable after the removal of the abusive provision (conversion clause) and consider that the agreement cannot be enforced, as a result of which the courts declare the loan agreement invalid.

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

- a prohibited contractual provision (Art.385 (1) § 1 of the Civil Code) is from the outset, by operation of law, ineffective in favor of the consumer, who may subsequently give informed and free consent to this provision and thus restore its effectiveness retroactively,
- if the loan agreement cannot be binding without an ineffective provision, the consumer and the lender are entitled to separate claims for the reimbursement of cash benefits provided in the performance of the agreement (Art. 410 § 1 in conjunction with Art. 405 of the Civil Code). The lender may request the return of the benefit from the moment the loan agreement becomes permanently ineffective.

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

The judgment of the CJEU of 8 September 2022 issued in joined cases C-80/21 to C-82/21, in which the CJEU replied to the questions referred for a preliminary ruling by the District Court for Warszawa Śródmieście in Warsaw in the CHF case. The CJEU stated:

- 1) The national court may not find that the entire contract term is unfair, but only its element which renders it unfair, if such removal would amount to changing the content of the term which would affect its essence. This means that, in principle, the national court is confined to finding that a whole contract term is unfair.
- 2) If a national court finds that a contract term is unfair, with the result that the entire contract may continue in force despite the exclusion of the unfair terms, the national court cannot replace these terms with a national provision of an optional nature. This means that in such a case the national court may not apply the provisions of the Civil Code concerning the conversion of installments with the average exchange rate of the National Bank of Poland.
- 3) The national court, after finding that a contract term is unfair, is not entitled to amend the content of that term in order to maintain the validity of the contract, which cannot remain in force after removal of the term, if the relevant consumer has been informed of the consequences of nullity of the contract and has agreed to the consequences of this nullity. This means that if the consumer has agreed to the consequences of the nullity of the contract (being informed of them), the national court may not, by ruling, change the content of such a condition, but must declare nullity.
- 4) The run of the 10-year limitation period for the consumer's claim for reimbursement of the paid installments may not start from the moment of performance of each service in the performance of the contract (repayment of each installment), even

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

On 15 June 2023, the CJEU introduced a judgment in case C-520/21, in which it settled the question referred for a preliminary ruling by the District Court for Warsaw - Śródmieście in Warsaw, stated that in the context of recognizing a mortgage loan agreement as invalid in its entirety due to the fact that it cannot continue to apply after removing the unfair terms from it, Art. 6 sec. 1 and art. 7 sec. 1 of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts should be interpreted as follows:

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

The judgment in question closed the way for the banks to pursue the so-called remuneration for the use of capital, while as regards consumer claims against banks, the CJEU referred to national law and emphasized that it is for the referring court to assess, in the light of all the circumstances of the dispute, whether the inclusion of such consumer claims complies with the principle of proportionality. As of today, we are not aware of such claims by borrowers, and thus their legal basis, scope or nature. At the same time, this judgment does not literally refer to the admissibility of the bank's claim for judicial indexation of the amount corresponding to the amount of the loan capital granted.

On 7 December 2023, the CJEU issued a judgment in case C-140/22, which states that the possibility of exercising rights by a consumer cannot be made conditional on the consumer's submission to the court of consent to the maintenance of an unfair contract term, consent to invalidity contract and a statement that the consumer is aware of the consequences of the invalidity of the contract and that when settling the invalidity of the contract, banks cannot retain capital interest accrued in the course of performing the contract, thus stating that banks cannot demand compensation from the consumer that goes beyond the return of the paid capital.

On 11 December 2023, the CJEU issued a decision in case C-756/22, in which it ruled that Art. 6 section 1 and art. 7 section 1 of Directive 93/13 must be interpreted as meaning that in the context of declaring a mortgage loan agreement concluded with a consumer by a banking institution to be invalid in its entirety because that agreement contains unfair terms without which it cannot continue to be in force, precludes a judicial interpretation of the law of a Member State according to which that institution is entitled to demand from that consumer the repayment of sums other than the capital paid for the performance of that contract and statutory interest for delay from the time of the request for payment. The above ruling may in the future result in banks being able to claim from Swiss franc borrowers only the return of the loan capital along with statutory interest for delay from the moment of payment demand, without remuneration for the use of capital or capital indexation.

On 14 December 2023, the CJEU issued a judgment stating that Art. 6 section 1 and art. 7 section 1 of Directive 93/13, in connection with the principle of effectiveness, must be interpreted as precluding a judicial interpretation of national law according to which the limitation period for an entrepreneur's claims arising from the invalidity of a mortgage loan contract begins to run only from the date on which the contract becomes permanently ineffective and that they preclude a judicial interpretation of national law according to which the submission of an objection by the entrepreneur to the retention will from that moment result in the consumer losing the possibility of claiming interest for the delay. Moreover, the CJEU ruled that a credit institution is not obliged to examine whether a consumer who is a party to a loan agreement is aware of the consequences of the invalidity of the agreement.

On 12 January 2024, the CJEU in case C-488/23 ruled that the provisions of the Directive should be interpreted in such a way that they preclude the judicial interpretation of the law of a Member State, according to which a credit institution has the right to demand from the consumer - in addition to the reimbursement amounts of capital paid for the performance of this contract and statutory interest for delay from the date of request for payment - compensation consisting in judicial indexation of the benefit paid. In its decision, the CJEU assumed that the institution of indexation is part of the concept of compensation.

On 25 April 2024, the Supreme Court adopted a resolution (ref. no. III CZP 25/22) in which it confirmed its current position regarding the validity of the two-condition theory and the impossibility of filling the gap in the contract resulting from the removal of abusive clauses with legal provisions. Moreover, the Supreme Court stated that the limitation period for the Group's claim for reimbursement of amounts paid under the loan starts from the day following the day on which the borrower questioned the validity of the loan agreement and if the agreement is deemed invalid, there is no legal basis for any of the parties to demand interest or other remuneration for the use of its funds in the period from the fulfillment of the undue benefit until the delay in the return of this benefit. On 19 June 2024, the Supreme Court adopted a resolution in the case with reference number III CZP

31/23, in which it ruled that the right of retention is not available to a party that can set off its receivable against the other party's receivable. The resolution of the Supreme Court eliminates the possibility of applying the right of detention.

Until 30 September 2024, 8.2 thousand individual court cases were pending against the Group regarding foreign currency mortgage loans in CHF, which were granted in previous years, with the total value of the claim in the amount of PLN 2 905 million (as at 31 December 2023, the number of cases was 5.8 thousand, and the corresponding value of the dispute is PLN 1 938 million). The main cause of the dispute, as indicated by the plaintiffs, concerns the questioning of the provisions of the loan agreement with regard to the Group's application of conversion rates based on the Bank's exchange rate Table and results in claims regarding the partial or complete invalidity of the loan agreements. During the 9-month period ended on 30 September 2024, the Group received 1 624 unfavorable court judgments in cases brought by borrowers, including 294 final judgments and 21 favorable court judgments, including 2 final judgments (in 2023: 1 303 unfavorable court judgments, including 197 final judgments stating the invalidity of the loan agreement and 40 favorable court judgments, including 3 final judgments dismissing).

Court settlement program

On 2 October 2023, the Bank started offering out-of-court settlements under the name '2% safe settlement'. The program applies to borrowers who as of 31 March 2023 had an active mortgage loan agreement denominated in CHF, including those in legal dispute with the Bank.

As part of the settlement, a new debt balance is determined, expressed in PLN and calculated as the loan amount paid by the Bank, increased by contractual interest calculated at a fixed interest rate of 2% per annum and reduced by all repayments made by the borrower until the settlement is concluded. The amount of debt remaining after the settlement bears interest at a fixed interest rate of 2% per annum for the first 60 months, and thereafter in accordance with the Bank's current offer. If the new debt balance turns out to be negative (i.e. there is an overpayment), the Bank refunds the overpaid amount to the borrower.

The Bank successively sends settlement offers to subsequent groups of borrowers covered by the program, starting with the oldest loans granted. As of 30 September 2024, above 15 thousand of the borrowers responded to the settlement offer received, of which approximately 50% accepted the Bank's proposal. The program is scheduled to be completed by the end of 2024.

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

The calculation of the provision performed by the Group as at 30 September 2024 was based on estimating the expected loss of the Bank resulting from the possible materialization of the legal risk of mortgage loans in CHF. The estimate carried out by the Group includes the following key elements, for which possible changes in the assumptions and methodology of calculating provisions in relation to what was presented in the consolidated financial statements of Bank Pekao S.A. Group for the year ended 31 December 2023 were indicated:

1) forecast of disputes

The Group did not introduce any significant changes in this area in the III quarter of 2024. In particular, the entire forecast of future lawsuits concerns loans denominated, active or fully repaid within the last 10 years. The Group estimates that in total, i.e. counting the lawsuits that have been and will be brought by borrowers against the Group, approximately 45 (compared to 41% at the end of 2023) of the total amount of such loans granted, amounting to CHF 1.9 billion, may be covered by dispute (including approximately 70% for active agreements and approximately 20% for repaid agreements), and the phenomenon of the inflow of lawsuits may remain significant until the end of 2028.

2) the likelihood of losing a court case

According to the opinion of an external law firm, for the denominated loans acquired by the Bank as a result of the acquisition (demerger) of Bank BPH, the Bank estimates the probability that the contractual provisions will be considered abusive at a minimum of 99% (against 95% at the end of 2023).

3) financial implications of court disputes

The Group assumes that if the court finds the contractual provisions abusive, the resolution of the court dispute will be the invalidation of the loan agreement. In relation to the approach at the end of 2023, this means abandoning the consideration of other possible consequences ('de-franking' the contract, replacing the Bank's exchange rate table with the average NBP exchange rate and dismissing the lawsuit).

Moreover, additional costs related to the possible loss of a court dispute are recognized and are calculated for the entire portfolio covered by the reserve calculation: interest for delay and costs of legal representation.

4) inclusion of a settlement program

If a settlement is reached, the Bank no longer expects a lawsuit under a given contract. Otherwise, the probability and distribution of resolutions of the court dispute are the same as described in point 1)-3).

The Group does not expect a significant impact of the Supreme Court's ruling of 25 April 2024 on the level of provisions for legal risk. In particular, the provisions calculation methodology already takes into account separate claims from the Group and the borrower and does not assume any additional remuneration or indexation other than statutory interest to be awarded to any of the parties to the dispute, and the probability of invalidation of the contract if the court finds its provisions abusive is amount to 100%.

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

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

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

As at 30 September 2024, the level of the provision for the aforementioned legal risk related to CHF denominated mortgage contracts estimated by the Group amounted to PLN 2 171 million and decreased by PLN 454 million relative to the level of such provisions as at 31 December 2023.

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

30.09.2024	GROSS CARRYING AMOUNT OF MORTGAGE LOANS IN CHF NET OF THE COST OF LEGAL RISK	ACCUMULATED COSTS OF LEGAL RISK REGARDING MORTGAGE LOANS IN CHF	GROSS CARRYING AMOUNT OF MORTGAGE LOANS IN CHF INCLUDING THE COST OF LEGAL RISK
Loans and advances to customers (adjustment reducing the carrying amount of mortgage loans in CHF)	1 528	1 113	415
Provisions		1 058	
Total		2 171	

31.12.2023	GROSS CARRYING AMOUNT OF MORTGAGE LOANS IN CHF NET OF THE COST OF LEGAL RISK	ACCUMULATED COSTS OF LEGAL RISK REGARDING MORTGAGE LOANS IN CHF	GROSS CARRYING AMOUNT OF MORTGAGE LOANS IN CHF INCLUDING THE COST OF LEGAL RISK
Loans and advances to customers (adjustment reducing the carrying amount of mortgage loans in CHF)	2 295	1 734	561
Provisions		891	
Total		2 625	

Changes in the accumulated costs of legal risk regarding mortgage loans in CHF during the period present the table below.

3 QUARTERS 2024	LOANS AND ADVANCES TO CUSTOMERS (ADJUSTMENT REDUCING THE CARRYING AMOUNT OF MORTGAGE LOANS IN CHF)	PROVISIONS	TOTAL
Opening balance	1 734	891	2 625
Revaluation	(101)	400	299
Utilization	(455)	(234)	(689)
Foreign currency exchange differences	(65)	1	(64)
Closing balance	1 113	1 058	2 171

2023	LOANS AND ADVANCES TO CUSTOMERS (ADJUSTMENT REDUCING THE CARRYING AMOUNT OF MORTGAGE LOANS IN CHF)	PROVISION	TOTAL
Opening balance	1 980	486	2 466
Revaluation	(148)	465	317
Utilization	(72)	(59)	(131)
Foreign currency exchange differences	(26)	(1)	(27)
Closing balance	1 734	891	2 625

Sensitive analysis

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

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

PARAMETER	SCENARIO	IMPACT ON THE PROVISION LEVEL AS AT 30.09.2024	IMPACT ON THE PROVISION LEVEL AS AT 31.12.2023
Forecast of lawsuit volume on the active portfolio	+1 p.p.	11	10
Forecast of lawsuit volume on the repaid portfolio	+1 p.p.	16	17

27. Basic measures of liquidity

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

SUPERVISORY LIQUIDTY NORMS		LIMIT	30.09.2024	31.12.2023
LCR	Liquidity coverage ratio	100%	250%	254%
NSFR	Net stable funding ratio	100%	174%	167%

(*) The values of regulatory liquidity ratios have been determined in accordance with the principles set out by the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 (as amended) to supplement Regulation No. 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for credit institutions of 26 June 2013 (as amended).

28. Fair value of financial assets and liabilities

Financial instruments that are measured at fair value in the consolidated statement of financial position of the Group

The process of measuring financial instruments at fair value has not changed significantly in relation to the one described in the Consolidated Financial Statements of the Bank Pekao S.A. Group for the year ended on 31 December 2023.

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

30.09.2024	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets:	9 898	9 184	5 175	24 257
Financial assets held for trading	1 222	85	315	1 622
Derivative financial instruments, including:	-	5 512	3	5 515
Banks	-	1 528	-	1 528
Customers	-	3 984	3	3 987
Hedging instruments, including:	-	753	-	753
Banks	-	184	-	184
Customers	-	569	-	569
Securities measured at fair value through other comprehensive income	6 922	2 834	4 080	13 836
Securities measured at fair value through profit or loss	-	-	220	220
Assets pledged as security for liabilities	1 754	-	-	1 754
Loans and advances to customers measured at fair value through other comprehensive income	-	-	266	266
Loans and advances to customers measured at fair value through profit or loss	-	-	291	291
Liabilities:	1 063	6 436	1	7 500
Financial liabilities held for trading	1 063	-	-	1 063
Derivative financial instruments, including:	-	5 481	1	5 482
Banks	-	1 772	-	1 772
Customers	-	3 709	1	3 710
Hedging instruments, including:	-	955	-	955
Banks	-	36	-	36
Customers	-	919	-	919

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

31.12.2023	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets:	9 128	13 844	5 631	28 603
Financial assets held for trading	1 063	289	110	1 462
Derivative financial instruments, including:	-	9 314	3	9 317
Banks	-	2 119	-	2 119
Customers	-	7 195	3	7 198
Hedging instruments, including:	-	805	-	805
Banks	-	309	-	309
Customers	-	496	-	496
Securities measured at fair value through other comprehensive income	6 417	3 436	4 977	14 830
Securities measured at fair value through profit or loss	-	-	210	210
Assets pledged as security for liabilities	1 648	-	-	1 648
Loans and advances to customers measured at fair value through other comprehensive income	-	-	82	82
Loans and advances to customers measured at fair value through profit or loss	-	-	249	249
Liabilities:	757	10 724	-	11 481
Financial liabilities held for trading	757	-	-	757
Derivative financial instruments, including:	-	9 295	-	9 295
Banks	-	1 948	-	1 948
Customers	-	7 347	-	7 347
Hedging instruments, including:	-	1 429	-	1 429
Banks	-	73	-	73
Customers	-	1 356	-	1 356

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

3 QUARTERS.2024	FINANCIAL ASSETS HELD FOR TRADING	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)
Opening balance	110	3	82	249	210	4 977	-
Increases, including:	1 009	3	190	70	10	1 590	-
Reclassification from other levels	5	-	-	-	-	107	-
Transactions made in 2024	-	-	185	58	-	-	-
Granting	58	-	-	-	-	885	-
Purchase	942	-	-	-	-	372	-
Gains on financial instruments	4	3	5	12	10	226	-
recognized in the income statement	4	3	5	12	10	95	-
recognized in revaluation reserves	-	-	-	-	-	131	-
Decreases, including:	(804)	(3)	(6)	(28)	-	(2 487)	1
Reclassification to other level	(21)	-	-	-	-	(803)	-
Settlement/Redemption	-	(3)	(6)	(28)	-	(11)	-
Sale	(783)	-	-	-	-	(1 636)	-
Losses on financial instruments	-	-	-	-	-	(37)	1
recognized in the income statement	-	-	-	-	-	(1)	1
recognized in revaluation reserves	-	-	-	-	-	(36)	-
Closing balance	315	3	266	291	220	4 080	1
Unrealized income from financial instruments held in portfolio at the end of the period, recognized in:	1	3	(1)	11	-	94	(1)
Income statement:	1	3	(1)	11	-	46	(1)
net interest income	-	-	2	1	-	43	-
net allowances for expected credit losses	-	-	(3)	-	-	3	-
result on financial assets and liabilities held for trading	1	3	-	10	-	-	(1)
Other comprehensive income	-	-	-	-	-	48	-

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

2023	FINANCIAL ASSETS HELD FOR TRADING	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)
Opening balance	97	-	254	184	187	4 689	-
Increases, including:	809	3	24	102	25	2 409	-
Reclassification from other levels	54	3	-	-	-	1 123	-
Transactions made in 2023	-	-	-	-	-	-	-
Granting	-	-	-	90	-	749	-
Purchase	751	-	-	-	-	1	-
Gains on financial instruments	4	-	24	12	25	536	-
recognized in the income statement	4	-	17	12	25	254	-
recognized in revaluation reserves	-	-	7	-	-	282	-
Decreases, including:	(796)	-	(196)	(37)	(2)	(2 121)	-
Reclassification to other level	-	-	-	-	-	(725)	-
Settlement/Redemption	-	-	(196)	(37)	-	(659)	-
Sale	(796)	-	-	-	-	(734)	-
Losses on financial instruments	-	-	-	-	(2)	(3)	-
recognized in the income statement	-	-	-	-	(2)	(3)	-
recognized in revaluation reserves	-	-	-	-	-	-	-
Closing balance	110	3	82	249	210	4 977	-
Unrealized income from financial instruments held in portfolio at the end of the period, recognized in:	-	3	6	12	-	365	-
Income statement:	-	3	2	12	-	57	-
net interest income	-	-	1	3	-	56	-
net allowances for expected credit losses	-	-	1	-	-	1	-
result on financial assets and liabilities held for trading	-	3	-	9	-	-	-
Other comprehensive income	-	-	4	-	-	308	-

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

In the period from 1 January to 30 September 2024 the following transfers of financial instruments between the levels of the fair value hierarchy were made:

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

Financial instruments that are not measured at fair value in the consolidated statement of financial position of the Group

The process of valuation of financial instruments that are not presented at fair value in the financial statements has not changed significantly in relation to the one described in the Consolidated Financial Statements of the Bank Pekao S.A. Group for the year ended on 31 December 2023.

The fair value of mortgage loans in PLN as at 30 September 2024 estimated by the Group takes into account that there will be modifications in expected cash flows resulting from the suspension of loan repayments in the group of approximately 85% of eligible borrowers, in the event of the entry into force of the Act amending the Act on support for borrowers.

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

30.09.2024	CARRYING AMOUNT	FAIR VALUE	OF WHICH:		
			LEVEL 1	LEVEL 2	LEVEL 3
Assets					
Cash and cash equivalents	20 515	20 422	3 765	16 129	528
Loans and advance to banks	202	201	-	32	169
Loans and advances to customers measured at amortised cost	171 939	173 025	-	5 236	167 789
Debt securities measured at amortised cost	99 715	99 204	50 970	41 701	6 533
Assets pledged as security for liabilities	-	-	-	-	-
Other assets	2 112	2 212	-	-	2 212
Total Assets	294 483	295 064	54 735	63 098	177 231
Liabilities					
Amounts due to other banks	8 688	8 629	-	1 376	7 253
Amounts due to customers	251 263	251 010	-	-	251 010
Debt securities issued	15 786	15 854	-	15 854	-
Subordinated liabilities	2 833	2 833	-	2 833	-
Other liabilities	4 621	4 621	-	-	4 621
Total Liabilities	283 191	282 947	-	20 063	262 884

31.12.2023	CARRYING AMOUNT	FAIR VALUE	OF WHICH:		
			LEVEL 1	LEVEL 2	LEVEL 3
Assets					
Cash and cash equivalents	14 715	14 627	3 990	9 575	1 062
Loans and advance to banks	173	173	-	81	92
Loans and advances to customers measured at amortised cost	161 163	162 455	-	1 702	160 753
Debt securities measured at amortised cost	93 160	91 574	42 113	43 393	6 068
Assets pledged as security for liabilities	-	-	-	-	-
Other assets	2 445	2 445	-	-	2 445
Total Assets	271 656	271 274	46 103	54 751	170 420
Liabilities					
Amounts due to other banks	7 597	7 594	-	585	7 009
Amounts due to customers	234 306	234 233	-	-	234 233
Debt securities issued	9 958	10 004	-	10 004	-
Subordinated liabilities	2 781	2 778	-	2 778	-
Other liabilities	5 769	5 769	-	-	5 769
Total Liabilities	260 411	260 378	-	13 367	247 011

29. Impairment allowances on financial assets, property, plant and equipment, intangible assets or other assets and reversal of such impairment allowances

Details are presented in Notes 10, 11, 15, 16, 18, and 19.

30. Acquisition and sale of property, plant and equipment and commitments for the acquisition of property, plant and equipment

In the period from 1 January to 30 September 2024 the Group acquired 'Property, plant and equipment' amounted PLN 257 million (in 2023 - PLN 706 million), while the value of property, plant and equipment sold amounted to PLN 36 million (in 2023 - PLN 17 million).

In the period from 1 January to 30 September 2024 and in 2023 there have been no property, plant and equipment whose title is restricted and pledged as security for liabilities.

Contractual commitments

As at 30 September 2024 the contractual commitments for the acquisition of property, plant and equipment amounted to PLN 22 million (as at 31 December 2023 - PLN 20 million).

31. Subsequent events

Significant events after the balance sheet date are presented in Note 7.8 'Events after the balance sheet date' of the Report on the activities of Bank Pekao S.A. Group for the third quarter of 2024.

06.11.2024 Date	Cezary Stypulkowski 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
06.11.2024 Date	Marcin Gadomski Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
06.11.2024 Date	Robert Sochacki Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
06.11.2024 Date	Błażej Szczecki Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
06.11.2024 Date	Dagmara Wojnar Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
06.11.2024 Date	Marcin Zygmantowski Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature