

**Condensed interim financial statements  
of PKO Bank Polski SA  
for the six-month period ended  
30 June 2021**

SELECTED FINANCIAL DATA	PLN million		EUR million	
	period from 01.01.2021 to 30.06.2021	period from 01.01.2020 to 30.06.2020	period from 01.01.2021 to 30.06.2021	period from 01.01.2020 to 30.06.2020
Net interest income/(expense)	4 145	4 742	912	1 068
Net fee and commission income	1 693	1 480	372	333
Profit before tax	3 217	1 823	707	410
Net profit	2 486	1 185	547	267
Earnings per share for the period - basic (in PLN/EUR)	1,99	0,95	0,44	0,21
Earnings per share for the period - diluted (in PLN/EUR)	1,99	0,95	0,44	0,21
Total net comprehensive income	1 072	2 239	236	504
Total net cash flows	(2 343)	(12 401)	(328)	(2 792)

SELECTED FINANCIAL DATA	PLN million		EUR million	
	as at 30.06.2021	as at 31.12.2020	as at 30.06.2021	as at 31.12.2020
Total assets	361 072	345 027	79 869	74 765
Total equity	39 649	38 577	8 770	8 359
Share capital	1 250	1 250	276	271
Number of shares (in million)	1 250	1 250	1 250	1 250
Book value per share (in PLN/EUR)	31,72	30,86	7,02	6,69
Diluted number of shares (in million)	1 250	1 250	1 250	1 250
Diluted book value per share (in PLN/EUR)	31,72	30,86	7,02	6,69
Total capital adequacy ratio	20,52	19,78	20,52	19,78
Tier 1	36 191	37 564	8 005	8 140
Tier 2	2 700	2 700	597	585

SELECTED FINANCIAL STATEMENT ITEMS HAVE BEEN TRANSLATED INTO EUR AT THE FOLLOWING RATES	period from 01.01.2021 to 30.06.2021	period from 01.01.2020 to 30.06.2020
arithmetic mean of NBP exchange rates at the end of a month (income statement, statement of comprehensive income and cash flow statement items)	4.5472	4.4413
	30.06.2021	31.12.2020
NBP mid exchange rates at the date indicated (statement of financial position items)	4.5208	4.6148

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## INCOME STATEMENT

INCOME STATEMENT	Note	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
<b>Net interest income/(expense)</b>	9	2 118	4 145	2 299	4 742
Interest income, including:		2 224	4 367	2 651	5 568
of which calculated under the effective interest rate method		2 005	3 946	2 308	4 891
Interest expenses		(106)	(222)	(352)	(826)
<b>Net fee and commission income</b>	10	847	1 693	722	1 480
Fee and commission income		1 110	2 176	937	1 956
Fee and commission expense		(263)	(483)	(215)	(476)
<b>Other net income</b>		665	889	303	93
Dividend income		429	463	201	201
Gains/(losses) on financial transactions		(22)	(27)	(2)	(137)
Foreign exchange gains/ (losses)		207	388	13	19
Gains/(losses) on derecognition of financial instruments, of which:		60	92	30	65
measured at amortized cost		1	1	(10)	(24)
Net other operating income and expenses	11	(9)	(27)	61	(55)
<b>Result on business activities</b>		3 630	6 727	3 324	6 315
<b>Net expected credit losses</b>	12	(217)	(340)	(336)	(773)
Net Impairment allowances on non-financial assets	13	(19)	(33)	(142)	(257)
<b>Cost of the legal risk of mortgage loans in convertible currencies</b>	14	-	-	(105)	(190)
<b>Administrative expenses, of which:</b>	15	(1 234)	(2 666)	(1 224)	(2 788)
net regulatory charges		(73)	(414)	(102)	(523)
Tax on certain financial institutions		(238)	(471)	(247)	(484)
Share in profits and losses of associates and joint ventures		-	-	-	-
<b>Profit before tax</b>		1 922	3 217	1 270	1 823
Income tax expense	16	(445)	(731)	(445)	(638)
<b>Net profit</b>		1 477	2 486	825	1 185
<b>Earnings per share</b>					
- basic earnings per share for the period (PLN)		1,18	1,99	0,66	0,95
- diluted earnings per share for the period (PLN)*		1,18	1,99	0,66	0,95
Weighted average number of ordinary shares during the period (in million)		1 250	1 250	1 250	1 250

\*Both in the six-month period ended 30 June 2021 and in the same period of 2020, there were no dilutive instruments. Therefore, the amount of diluted earnings per share is the same as the amount of basic earnings per share.

## STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME	Note	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
Net profit (including non-controlling shareholders)		1 477	2 486	825	1 185
Other comprehensive income		(819)	(1 414)	660	1 054
Items which may be reclassified to profit or loss		(819)	(1 414)	660	1 054
Cash flow hedges (net)		(240)	(667)	(5)	488
Cash flow hedges (gross)		(296)	(823)	(6)	603
Deferred income tax	16	56	156	1	(115)
Fair value of financial assets measured at fair value through other comprehensive income (net)		(579)	(747)	665	566
Remeasurement of fair value, gross		(655)	(831)	862	788
Gains /losses transferred to the profit or loss (on disposal)		(59)	(91)	(40)	(89)
Deferred income tax	16	135	175	(157)	(133)
<b>Total net comprehensive income</b>		<b>658</b>	<b>1 072</b>	<b>1 485</b>	<b>2 239</b>

## STATEMENT OF FINANCIAL POSITION

	Note	30.06.2021	31.12.2020
<b>ASSETS</b>		<b>361 072</b>	<b>345 027</b>
Cash and balances with the Central Bank		3 860	7 397
Amounts due from banks		7 101	5 304
Hedging derivatives	17	372	618
Other derivative instruments		6 237	5 416
Securities	18	135 034	119 973
Reverse repo transactions		77	-
Loans and advances to customers	19	194 910	193 063
Property, plant and equipment		2 676	2 737
Non-current assets held for sale		12	124
Intangible assets		2 705	2 737
Investments in subsidiaries		3 613	3 612
Investments in associates and joint ventures		257	257
Deferred income tax assets		2 215	1 806
Other assets		2 003	1 983

		30.06.2021	31.12.2020
<b>LIABILITIES AND EQUITY</b>		<b>361 072</b>	<b>345 027</b>
<b>LIABILITIES</b>		<b>321 423</b>	<b>306 450</b>
Amounts due to the Central Bank		8	-
Amounts due to banks		4 333	2 583
Hedging derivatives	17	847	543
Other derivative instruments		6 926	6 632
Amounts due from repurchase agreements		48	47
Amounts due to customers	20	290 209	278 894
Loans and advances received	21	4 945	4 906
Debt securities in issue		3 928	4 020
Subordinated liabilities		2 716	2 716
Other liabilities		5 797	4 464
Current income tax liabilities		128	178
- of the Bank		125	166
- of the subsidiaries belonging to the Tax Group		3	12
Provisions	22	1 538	1 467
<b>EQUITY</b>		<b>39 649</b>	<b>38 577</b>
Share capital		1 250	1 250
Other capital		30 413	34 771
Retained earnings		5 500	5 500
Net profit or loss for the year		2 486	(2 944)

## STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED 30 JUNE 2021	Share capital	Other capital Reserves			Accumulated other comprehensive income	Total other capital and reserves	Retained earnings	Net profit or loss for the year	Total equity
		Supplementary capital	General banking risk fund	Other reserves					
As at the beginning of the period	1 250	29 168	1 070	2 990	1 543	34 771	5 500	(2 944)	38 577
Transfer from retained earnings	-	-	-	-	-	-	(2 944)	2 944	-
Comprehensive income	-	-	-	-	(1 414)	(1 414)	-	2 486	1 072
Special fund set up for the purpose of covering individual balance sheet losses (notes 6.1 and 24)	-	(6 700)	-	6 700	-	-	-	-	-
Offset of accumulated losses (note 24)	-	-	-	(2 944)	-	(2 944)	2 944	-	-
<b>As at the end of the period</b>	<b>1 250</b>	<b>22 468</b>	<b>1 070</b>	<b>6 746</b>	<b>129</b>	<b>30 413</b>	<b>5 500</b>	<b>2 486</b>	<b>39 649</b>

FOR 6 MONTHS ENDED 30 JUNE 2020	Share capital	Other capital Reserves			Accumulated other comprehensive income	Total other capital and reserves	Retained earnings	Net profit or loss for the year	Total equity
		Supplementary capital	General banking risk fund	Other reserves					
As at the beginning of the period	1 250	29 168	1 070	3 099	434	33 771	1 556	3 835	40 412
Transfer from retained earnings	-	-	-	-	-	-	3 835	(3 835)	-
Comprehensive income	-	-	-	-	1 054	1 054	-	1 185	2 239
<b>As at the end of the period</b>	<b>1 250</b>	<b>29 168</b>	<b>1 070</b>	<b>3 099</b>	<b>1 488</b>	<b>34 825</b>	<b>5 391</b>	<b>1 185</b>	<b>42 651</b>

## STATEMENT OF CHANGES IN EQUITY (cont.)

FOR THE 6 MONTHS ENDED 30 JUNE 2021	Accumulated other comprehensive income			
	Fair value of financial assets measured at fair value through other comprehensive income	Cash flow hedges	Actuarial gains and losses	Total
As at the beginning of the period	1 244	319	(20)	1 543
Comprehensive income	(747)	(667)	-	(1 414)
<b>As at the end of the period</b>	<b>497</b>	<b>(348)</b>	<b>(20)</b>	<b>129</b>

FOR THE 6 MONTHS ENDED 30 JUNE 2020	Accumulated other comprehensive income			
	Fair value of financial assets measured at fair value through other comprehensive income	Cash flow hedges	Actuarial gains and losses	Total
As at the beginning of the period	354	95	(15)	434
Comprehensive income	566	488	-	1 054
<b>As at the end of the period</b>	<b>920</b>	<b>583</b>	<b>(15)</b>	<b>1 488</b>



## STATEMENT OF CASH FLOWS

	01.01.2021- 30.06.2021	01.01.2020- 30.06.2020
<b>Cash flows from operating activities</b>		
Profit before tax	3 217	1 823
Income tax paid	(851)	(835)
<b>Total adjustments:</b>	<b>9 547</b>	<b>24 793</b>
Amortization	427	424
(Gains)/losses on investing activities	(7)	(4)
Interest and dividends	(1 425)	(690)
Change in:		
amounts due from banks	(592)	(1 120)
hedging derivatives	550	260
other derivative instruments	(527)	(94)
securities	(629)	(1 998)
loans and advances to customers	(1 882)	(1 933)
reverse repo transactions	(77)	928
non-current assets held for sale	111	(5)
other assets	(20)	(33)
accumulated allowances for expected credit losses	(30)	197
accumulated allowances on non-financial assets and other provisions	139	955
amounts due to Central Bank	8	-
amounts due to banks	1 750	8
amounts due to customers	11 314	26 129
repo transactions	1	61
loan and advances received	40	214
liabilities in respect of debt securities in issue	(92)	282
other liabilities	1 441	786
Other adjustments	(953)	426
<b>Net cash from/used in operating activities</b>	<b>11 913</b>	<b>25 781</b>

## STATEMENT OF CASH FLOWS (cont.)

	01.01.2021- 30.06.2021	01.01.2020- 30.06.2020
<b>Cash flows from investing activities</b>		
<b>Inflows from investing activities</b>	<b>35 793</b>	<b>37 355</b>
Proceeds from sale of and interest on securities measured at fair value through other comprehensive income	33 943	36 856
Proceeds from sale of and interest on securities measured at amortized cost	1 227	487
Proceeds from sale of intangible assets, property, plant and equipment and assets held for sale	24	11
Other inflows from investing activities (dividends)	599	1
<b>Outflows from investing activities</b>	<b>(49 827)</b>	<b>(74 143)</b>
Increase in equity of a subsidiary	-	(5)
Increase in equity of joint ventures	(18)	-
Purchase of securities measured at fair value through other comprehensive income	(28 468)	(46 346)
Purchase of securities measured at amortized cost	(21 112)	(27 492)
Purchase of intangible assets and property, plant and equipment	(229)	(300)
<b>Net cash from investing activities</b>	<b>(14 034)</b>	<b>(36 788)</b>

	01.01.2021- 30.06.2021	01.01.2020- 30.06.2020
<b>Cash flows from financing activities</b>		
Redemption of debt securities	-	(1 129)
Payment of lease liabilities	(107)	(108)
Repayment of interest on long-term liabilities	(115)	(157)
<b>Net cash from financing activities</b>	<b>(222)</b>	<b>(1 394)</b>
<b>Total net cash flows</b>	<b>(2 343)</b>	<b>(12 401)</b>
of which foreign exchange differences on cash and cash equivalents	(30)	107
Cash equivalents at the beginning of the period	9 126	17 993
Cash equivalents at the end of the period	6 783	5 592

## GENERAL INFORMATION

### 1. BUSINESS ACTIVITIES OF THE BANK

Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna (“**PKO BANK POLSKI S.A.**” or “**THE BANK**”) was established by virtue of a decree signed on 7 February 1919 by the Head of State Józef Piłsudski, Prime Minister Ignacy Paderewski and Hubert Linde, post and telegraph minister and simultaneously the first president, as Poczтовая Kasa Oszczędnościowa. In 1950, the Bank began operating as Powszechna Kasa Oszczędności bank państwowy (state-owned bank). Pursuant to the Decree of the Council of Ministers dated 18 January 2000, Powszechna Kasa Oszczędności (a state-owned bank) was transformed into a state owned joint-stock company, Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna.

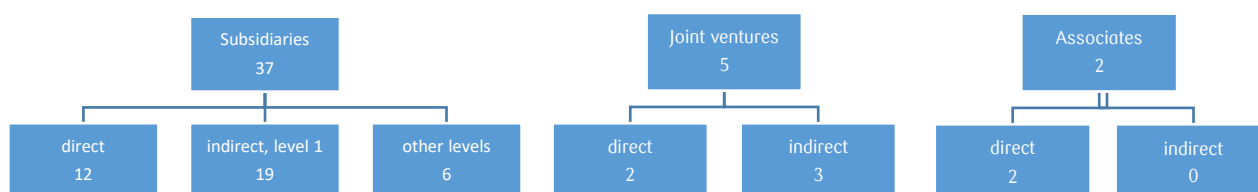
On 12 April 2000, Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna was registered and entered into the Commercial Register maintained by the District Court for the City of Warsaw, Commercial Court, 16th Registration Department. At present, the court with jurisdiction over the Bank’s affairs is the District Court in Warsaw, the 13th Business Department of the National Court Register. The Bank was registered under the number KRS 0000026438 and was assigned the statistical number REGON 016298263 and tax identification number NIP 525-000-77-38 .

Country of registration	Poland
Registered office	Warsaw
Address of the registered office of the entity	ul. Puławska 15, 02-515 Warsaw

According to the Bulletin of the Warsaw Stock Exchange (Cedula Giełdowa), the Bank is classified under the macro-sector “Finance”, in the “Banks” sector.

PKO Bank Polski S.A., as the parent company, is a universal deposit and credit bank which services both Polish and foreign individuals, legal and other entities. The Bank may hold and trade cash in foreign currencies, as well as conduct foreign exchange and foreign currency transactions, open and maintain bank accounts in banks abroad, and deposit foreign currency in those accounts.

#### PKO BANK POLSKI S.A. – the Parent Company;



The PKO Bank Polski SA Group consists of the following subsidiaries:

No.	ENTITY NAME DIRECT SUBSIDIARIES	REGISTERED OFFICE	ACTIVITY	% SHARE IN CAPITAL	
				30.06.2021	31.12.2020
1	PKO Bank Hipoteczny S.A.	Warsaw	banking activities	100	100
2	PKO Towarzystwo Funduszy Inwestycyjnych S.A.	Warsaw	investment fund management	100	100
3	PKO Leasing S.A.	Łódź	leasing and loans	100	100
4	PKO BP BANKOWY PTE S.A.	Warsaw	pension fund management	100	100
5	PKO BP Finat sp. z o.o.	Warsaw	services, including transfer agent services and IT specialist outsourcing	100	100
6	PKO Życie Towarzystwo Ubezpieczeń S.A.	Warsaw	life insurance	100	100
7	PKO Towarzystwo Ubezpieczeń S.A.	Warsaw	other personal insurance and property insurance	100	100
8	PKO Finance AB	Stockholm, Sweden	financial services	100	100
9	KREDOBANK S.A.	Lviv, Ukraine	banking activities	100	100
10	Merkury - fiz an <sup>1</sup>	Warsaw		100	100
11	NEPTUN - fizan <sup>1</sup>	Warsaw	investing funds collected from fund participants	100	100
12	PKO VC - fizan <sup>1</sup>	Warsaw		100	100

- 1) PKO Bank Polski S.A. has investment certificates of the Fund; the share in the Fund's investment certificates is presented in the item "Share in equity".

CONDENSED INTERIM FINANCIAL STATEMENTS OF PKO BANK POLSKI SA  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021  
(IN PLN MILLION)

No.	ENTITY NAME INDIRECT SUBSIDIARIES	REGISTERED OFFICE	ACTIVITY	% SHARE IN CAPITAL*	
				30.06.2021	31.12.2020
<b>The PKO Leasing S.A. GROUP</b>					
1	PKO Agencja Ubezpieczeniowa sp. z o.o.	Warsaw	intermediation in concluding insurance agreements	100	100
	1.1 PKO Leasing Finanse sp. z o.o.	Warsaw	sale of post-lease assets	100	100
2	PKO Leasing Sverige AB	Stockholm, Sweden	leasing	100	100
3	Prime Car Management S.A.	Gdańsk	leasing, fleet management	100	100
	3.1 Futura Leasing S.A.	Gdańsk	leasing and sales of post-lease assets	100	100
	3.2 Masterlease sp. z o.o.	Gdańsk	leasing	100	100
	3.3 MasterRent24 sp. z o.o.	Gdańsk	short-term lease of cars	100	100
4	PKO Faktoring S.A.	Warsaw	factoring	100	100
5	ROOF Poland Leasing 2014 DAC <sup>1</sup>	Dublin, Ireland	SPV established for securitization of lease receivables	-	-
6	Polish Lease Prime 1 DAC <sup>1</sup>	Dublin, Ireland		-	-
<b>PKO Życie Towarzystwo Ubezpieczeń S.A. GROUP</b>					
7	Ubezpieczeniowe Usługi Finansowe sp. z o.o.	Warsaw	services	100	100
<b>KREDOBANK S.A. GROUP</b>					
8	Finansowa Kompania "Idea Kapitał" sp. z o.o.	Lviv, Ukraine	services	100	100
<b>Merkury - fiz an</b>					
9	"Zarząd Majątkiem Górczewska" sp. z o.o.	Warsaw	property management	100	100
10	Molina sp. z o.o.	Warsaw	general partner in partnerships limited by shares of a fund	100	100
11	Molina spółka z ograniczoną odpowiedzialnością 1 S.K.A.	Warsaw	buying and selling real estate on own account, property management	100	100
12	Molina spółka z ograniczoną odpowiedzialnością 2 S.K.A.	Warsaw		100	100
13	Molina spółka z ograniczoną odpowiedzialnością 4 S.K.A.	Warsaw		100	100
14	Molina spółka z ograniczoną odpowiedzialnością 5 S.K.A. w likwidacji	Warsaw		100	100
15	Molina spółka z ograniczoną odpowiedzialnością 6 S.K.A. w likwidacji	Warsaw		100	100
<b>NEPTUN - fiz an</b>					
16	Qualia sp. z o.o.	Warsaw	sale services in respect of developer products	100	100
17	Sarnia Dolina sp. z o.o.	Warsaw	development activities	100	100
18	Bankowe Towarzystwo Kapitałowe S.A.	Warsaw	services	100	100
	18.1 "Inter-Risk Ukraina" additional liability company <sup>2</sup>	Kiev, Ukraine	debt collection	99,90	99,90
	18.2 Finansowa Kompania "Prywatne Inwestycje" sp. z o.o. <sup>3</sup>	Kiev, Ukraine	financial services	95,4676	95,4676
19	"Sopot Zdrój" sp. z o.o. <sup>4</sup>	Sopot	property management	72,9769	72,9766

\* share of the direct parent in equity

<sup>1</sup>) In accordance with IFRS 10, PKO Leasing S.A. exercises control over the Company, although it does not have a capital share in it.

<sup>2</sup>) Finansowa Kompania "Prywatne Inwestycje" Sp. z o.o. is the second shareholder of the Company.

<sup>3</sup>) "Inter-Risk Ukraina" – a company with additional liability – is the second shareholder of the Company.

<sup>4</sup>) On 14 January 2021, a reverse acquisition of "CENTRUM HAFFNERA" sp. z o.o. – as the acquiree – and its subsidiary "Sopot Zdrój" sp. z o.o. – as the acquirer – was registered with the National Court Register (KRS) with jurisdiction over the acquirer. As at 31 December 2020, NEPTUN - fiz an's share in the share capital of "CENTRUM HAFFNERA" sp. z o.o. was presented in the item "Share in capital".

The Group holds the following associates and joint ventures:

No.	ENTITY NAME	REGISTERED OFFICE	ACTIVITY	% SHARE IN CAPITAL*	
				30.06.2021	31.12.2020
<b>Joint ventures of PKO Bank Polski S.A.</b>					
1	Operator Chmury Krajowej sp. z o.o.	Warsaw	cloud computing services	50	50
2	Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	Warsaw	financial services support activities, including handling transactions concluded using payment instruments	34	34
	1 EVO Payments International s.r.o.	Prague, the Czech Republic	financial services support activities	100	100
<b>Joint venture NEPTUN - fizan</b>					
	2 "Centrum Obsługi Biznesu" sp. z o.o.	Poznań	property management	41,45	41,45
<b>Joint venture PKO VC - fizan</b>					
	3 BSafe sp. z o.o.	Stalowa Wola	managing marketing consents	35,06	35,06
<b>Associates of PKO Bank Polski S.A.</b>					
1	Bank Pocztowy S.A.	Bydgoszcz	banking activities	25,0001	25,0001
2	"Poznański Fundusz Poręczeń Kredytowych" Sp. z o.o.	Poznań	guarantees	33,33	33,33

\* share in equity of the entity exercising joint control / having a significant impact / the direct parent

## 2. CHANGES TO COMPANIES COMPRISING THE GROUP

In the six-month period ended 30 June 2021, there were no significant changes in the structure of the Group.

There was a business combination of "CENTRUM HAFFNERA" sp. z o.o. as the acquiree and its subsidiary "Sopot Zdrój" sp. z o.o. as the acquirer

The process of liquidation of ROOF Poland Leasing 2014 DAC was initiated.

The process of the sale of interests in Finansowa Kompania "Idea Kapitał" sp. z o.o. (a subsidiary of KREDOBANK S.A.) to Finansowa Kompania "Prywatne Inwestycje" sp. z o.o. (an indirect subsidiary through a company in the portfolio of NEPTUN – fizan) was carried out. The transaction was finalized in July 2021.

## 3. INFORMATION ON MEMBERS OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD

As at 30 June 2021, the Bank's Supervisory Board consisted of:

- Maciej Łopiński – Chair of the Supervisory Board – appointed on 7 June 2021
- Wojciech Jasiński – Deputy Chair of the Supervisory Board
- Dominik Kaczmarek – Secretary of the Supervisory Board – appointed on 7 June 2021
- Mariusz Andrzejewski – Member of the Supervisory Board
- Grzegorz Chłopek – Member of the Supervisory Board
- Zbigniew Hajłasz – Member of the Supervisory Board
- Andrzej Kisielewicz – Member of the Supervisory Board
- Rafał Kos – Member of the Supervisory Board
- Krzysztof Michalski – Member of the Supervisory Board
- Piotr Sadownik – Member of the Supervisory Board
- Agnieszka Winnik-Kalemba – Member of the Supervisory Board – appointed on 7 June 2021.

As at 30 June 2021, the Bank's Management Board consisted of:

- Jan Emeryk Rosciszewski – Vice-President of the Management Board directing the work of the Management Board
- Rafał Antczak – Vice-President of the Management Board
- Bartosz Drabikowski – Vice-President of the Management Board – appointed on 15 June 2021

- Marcin Eckert – Vice-President of the Management Board – appointed on 7 June 2021
- Maks Kraczkowski – Vice-President of the Management Board
- Mieczysław Król – Vice-President of the Management Board
- Adam Marciniak – Vice-President of the Management Board
- Piotr Mazur – Vice-President of the Management Board
- Jakub Papierski – Vice-President of the Management Board.

On 11 May 2021, Mr Zbigniew Jagiełło submitted his resignation as President and Member of the Management Board of the Bank, effective from 7 June 2021.

On 7 June 2021, Ms Agnieszka Winnik-Kalemba, Mr Dominik Kaczmarek and Mr Maciej Łopiński were appointed Members of the Supervisory Board, and Ms Grażyna Cieurzyńska was dismissed at the same time. In addition, Mr Marcin Eckert was appointed Member of the Management Board.

On 15 June 2021 the Supervisory Board of the Bank dismissed Mr Rafał Kozłowski from the position of Vice-President of the Management Board and appointed Mr Bartosz Drabikowski as Member of the Management Board.

On 26 July 2021 Mr Adam Marciniak submitted his resignation, effective from 13 August 2021, from membership in and his position on the Bank's Management Board.

#### 4. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These condensed interim financial statements of the Bank (**THE FINANCIAL STATEMENTS**) cover the six-month period ended 30 June 2021 and contain comparative data for:

- the six-month period ended 30 June 2020 (with regard to the income statement, statement of comprehensive income, statement of changes in equity, and statements of cash flows);
- as at 31 December 2020 in respect of the statement of financial position.

The financial statements also cover the three-month period from 1 April to 30 June 2021 and 2020 with regard to the income statement and the statement of comprehensive income.

The financial data is presented in Polish zloty (PLN) in millions, unless otherwise indicated. Therefore, discrepancies may occur due to the rounding of amounts to full millions.

The Bank prepared the financial statements in accordance with the requirements of the International Accounting Standard No. 34 "Interim Financial Reporting" endorsed by the European Union, taking into account the principle of recognizing income tax expense in the interim financial statements based on the best possible estimate of the weighted average annual income tax rate expected in the whole of the financial year.

To prepare the financial statements, the Bank applied the accounting policies and calculation methods consistent with those applicable in the financial year ended 31 December 2020.

These financial statements for the six-month period ended 30 June 2021 do not comprise all the information and disclosures which may be required in annual financial statements and should be read jointly with the annual financial statements of PKO Bank Polski S.A. for the year ended 31 December 2020 that were prepared in accordance with the International Financial Reporting Standards endorsed by the European Union.

#### GOING CONCERN

The Bank prepared the financial statements on the basis of the assumption that the Bank will continue as a going concern for a period of at least 12 months from the preparation date, i.e. from 11 August 2021. As at the date of signing these financial statements, the Bank's Management Board is not aware of any facts or circumstances that would indicate a threat to the Bank's ability to continue in operation as a going concern for the 12 months following the publication date as a result of any intended or compulsory discontinuation or significant limitation of the Bank's existing operations.

#### MANAGEMENT REPRESENTATION

The Management Board hereby represents that, to the best of their knowledge, the financial statements and the comparative data have been prepared in accordance with the applicable rules of accounting practice and give a true, fair and clear view of the Bank's financial position and results of operations.

## 5. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The financial statements, having been reviewed by the Supervisory Board Audit Committee and by the Supervisory Board on 11 August 2021, were approved for publication by the Bank's Management Board on 11 August 2021.

## 6. MAJOR EVENTS IN THE FIRST HALF OF 2021

### 6.1. MORTGAGE LOANS IN CONVERTIBLE CURRENCIES

On 23 April 2021 the Extraordinary General Shareholders' Meeting of PKO Bank Polski S.A. decided to conclude settlements with consumers who had concluded loan or borrowing agreements with the Bank secured by mortgages indexed to foreign currencies or denominated in foreign currencies (hereinafter: settlements with consumers). Pursuant to the resolution passed:

- the Bank set up a special fund of PLN 6,700 million for offsetting particular balance sheet losses which will arise as a result of recognizing the financial effects of the settlements with consumers;
- the Bank set aside from the Bank's supplementary capital, in the part created from prior years' retained earnings available for distribution, PLN 6,700 million and transferred it to the special fund referred to above;
- the General Meeting obliged the Bank's Management Board to present for approval by the Bank's Supervisory Board the terms and conditions on which the settlements will be concluded with consumers, including the terms and conditions for forgiving debt;
- The Bank's Management Board proceeded to conclude settlements with consumers (including those containing debt release), after the Bank's Supervisory Board gave a positive opinion on the terms on which they would be concluded, including debt release (Supervisory Board Resolution of 27 May 2021).

In estimating the cost of the legal risk of mortgage loans in foreign currencies, the Group recognized the impact of the projected settlements in the consolidated financial statements of PKO Bank Polski S.A. for 2020.

Currently, the Bank is implementing a pilot programme of settlements as part of which the Bank participates in mediation in the arbitration court of the PFSA and reaches settlements before common courts.

Additional information on the portfolio of mortgage loans in convertible currencies and consumer settlements is presented by the Bank in the notes: "Cost of the legal risk of mortgage loans in convertible currencies", "Legal claims".

### 6.2. IMPACT OF THE COVID-19 PANDEMIC ON THE BANK'S OPERATIONS

The impact of the COVID-19 pandemic on the operations of the Bank and the banking sector and measures adopted by the Bank to ensure the safety of its Customers and employees and business process continuity are described in detail in the PKO Bank Polski S.A. Directors' Report for 2020 and for the first half of 2021.

#### • IMPACT ON ESTIMATES AND ASSUMPTIONS

The COVID-19 pandemic increased the level of uncertainty. Its consequences for the global economy and measures adopted by governments and regulators affect and may affect the Bank's financial results and position, including, among other things, on the expected credit losses or goodwill recognized. The Bank is monitoring the development on an ongoing basis and takes them into account in the current period.



- **MORATORIA AND PUBLIC GUARANTEES – MODIFICATIONS AND THE QUALITY OF THE LOAN PORTFOLIO**

In order to mitigate the economic effects of the spread of the COVID-19 pandemic, the Bank introduced a number of corrective measures for retail customers, companies, enterprises, corporate customers and local authority units aimed at mitigating the economic effects of the spread of COVID-19:

- credit moratoria in accordance with the European Banking Authority guidelines and non-legislative moratoria;
- granting loans and advances covered by public guarantee initiatives in the context of the crisis associated with COVID-19.

A detailed description of the moratoria offered to the Bank's Customers and the public guarantee initiatives is included in the financial statement of PKO Bank Polski S.A. for 2020 in the note "Specific risk management measures adopted by the Group in 2020", and in the "PKO Bank Polski S.A. Directors' Report for 2020", and in the "Directors' Report of the PKO Bank Polski S.A. Group for the first half of 2021".

Offering borrowers, at their request, the possibility of suspending or postponing the repayment of loan instalments for a maximum of 6 months is the common element of all these measures. Given the fact that these relief measures contributed to modification of contractual cash flows from contracts with customers, the Bank performed an assessment of individual contract from the perspective of compliance with quantitative and qualitative criteria in order to determine, whether a modification was significant (derecognition) or insignificant. The assessment was conducted in accordance with a policy described in the note "Description of significant accounting policies", "Modifications – Changes in contractual cash flows" in the financial statements of the PKO Bank Polski S.A. for 2020. The analysis showed that none of the criteria of a significant modification were met. Changes in contractual cash flows as a result of the relief measures offered were insignificant modifications whose impact was recognized by the Bank as a decrease in interest income.

Guarantees received by the Bank as part of public guarantee initiatives under Annex to the *de minimis* guarantee line portfolio agreement of 22 June 2018 (as amended) and the portfolio guarantee line agreement of the Liquidity Guarantee Fund of 10 April 2020 concluded with Bank Gospodarstwa Krajowego meet the definition of financial guarantees and are presented in the note "Contingent liabilities and off-balance sheet commitments received and granted".

The qualitative and quantitative impact of COVID-19 on the quality of the loan portfolio, including the estimated credit losses, is presented in the note "Risk management objectives and policies". The impact of COVID-19 on the deterioration in the portfolio of loans measured at fair value through profit or loss was recognized in "Net income from financial instruments designated at fair value through profit or loss", and on the portfolio of loans measured at amortized cost and at fair value through OCI – in "Allowances for expected credit losses".

- **GOODWILL AND INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES – IMPAIRMENT TEST**

In 2020, taking into account the fact that the COVID-19 pandemic has an adverse effect on the economic environment, the Bank conducted an impairment test of goodwill on Nordea Bank Polska S.A. The results of the test are described in detail in the note "Intangible assets" of the financial statements of PKO Bank Polski S.A. for 2020 and in the note "Impairment of non-financial assets" in these financial statements.

The COVID-19 pandemic also affected the results of an impairment test of shares in Bank Pocztowy (for further information, see the note "Investments in subsidiaries" of the financial statements of PKO Bank Polski S.A. for 2020 and in note "Impairment of non-financial assets" in these financial statements).

- **CAPITAL ADEQUACY**

The impact of COVID-19 on capital adequacy and the activities of the regulatory bodies – Regulation (EU) 2020/873 of the European Parliament and of the Council amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic (CRR Quick Fix) are described in the financial statements of PKO Bank Polski S.A. for 2020 in the note "Capital adequacy" and in the Report "Capital adequacy and other information subject to disclosure of the Group" for 2020 and for the first half of 2021".

## 7. NEW STANDARDS AND INTERPRETATIONS AND THEIR AMENDMENTS

### • STANDARDS AND INTERPRETATIONS AND THEIR AMENDMENTS EFFECTIVE FROM 2021

STANDARDS AND INTERPRETATIONS*	DESCRIPTION OF CHANGES AND IMPACT
AMENDMENTS TO IFRS 9, IFRS 7, IAS 39 AND IFRS 16, IFRS 4 – IBOR REFORM – PHASE 2 (1.01.2021/14.01.2021)	<p>Regulations issued under Phase 2 of the IBOR reform relate to the following:</p> <ul style="list-style-type: none"> <li>• changes to contractual cash flows – adding to IFRS 9 a practical expedient which will enable accounting for modifications of contractual cash flows arising from the IBOR reform by updating the effective interest rate of the contract to reflect the transition to an alternative benchmark rate (there will be no obligation to derecognize or adjust carrying amounts of financial instruments); practical expedient was introduced for lessee accounting applying IFRS 16;</li> <li>• hedge accounting: - there will be no need to discontinue applying hedge accounting solely due to the changes required by the reform, provided that the hedge meets other hedge accounting criteria, and</li> <li>• disclosures - companies will be obliged to disclose information on new risks arising from the reform and on its management of the transition to alternative benchmark rates.</li> </ul> <p>The Bank does not expect these amendments to have a material effect.</p>
AMENDMENTS TO IFRS 4 “INSURANCE CONTRACTS” (1.01.2021/16.12.2020)	<p>The amendments move the date of termination of the temporary relief from the application of IFRS 9 from 01 January 2021 to 01 January 2023 in order to align it with the effective date of IFRS 17. The amendments provides for optional solutions in order to mitigate the impact of different effective dates of IFRS 9 and IFRS 17.</p> <p>The changes do not apply to the Bank</p>

\* the effective date in EU / date of endorsement by EU is provided in parentheses

### • NEW STANDARDS AND INTERPRETATIONS, AND AMENDMENTS THERETO, THAT HAVE BEEN PUBLISHED AND ENDORSED BY THE EUROPEAN UNION, BUT ARE NOT YET BINDING AND HAVE NOT BEEN APPLIED BY THE BANK

STANDARDS AND INTERPRETATIONS*	DESCRIPTION OF CHANGES AND IMPACT
AMENDMENT TO MSSF 3 “BUSINESS COMBINATIONS” (1.01.2022/28.06.2021)	<p>Amendments to IFRS 3 have updated references to the Conceptual Framework issued in 2018. In order to ensure that this will not impact assets and liabilities which qualify for the recognition on a business combination, the amendment introduces new exceptions from the recognition and measurement principles of IFRS 3.</p> <p>The Bank does not expect these amendments to have a material effect.</p>
AMENDMENT TO IAS 16 “PROPERTY, PLANT AND EQUIPMENT” (1.01.2022/28.06.2021)	<p>The amendment specifies that, among other things, proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the intended manner cannot be deducted from the cost associated with that asset. Instead, such proceeds should be recognized as cost of producing those items, in profit or loss.</p> <p>The Bank does not expect these amendments to have a material effect.</p>

AMENDMENT TO IAS 37 "PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS" (1.01.2022/28.06.2021)	<p>The amendment clarifies that, when assessing whether or not a contract is onerous, the cost of fulfilling a contract comprises all costs that relate directly to the contract.</p> <p>The Bank does not expect these amendments to have a material effect.</p>
ANNUAL IMPROVEMENTS TO IFRS 2018-2020 (1.01.2022/28.06.2021)	<ul style="list-style-type: none"> <li>• The amendment to IFRS 1 relates to situations when a subsidiary adopts IFRS for the first time at a later date than its parent; in such a case, the subsidiary may decide to measure cumulative translation differences for all foreign operations using the amounts reported by its parent in its consolidated financial statements, based on the parent's date of transition to IFRS.</li> <li>• The amendment to IAS 41 aligns fair value measurement requirements set out in IAS 41 with the assumptions of IFRS 13.</li> </ul> <p>Not applicable to the Bank</p> <ul style="list-style-type: none"> <li>• The amendment clarifies which fees should be included for purposes of the '10 per cent' test in the case of derecognition of financial liabilities.</li> <li>• Amendments to illustrative examples in IFRS 16 relating to identification of lease incentives.</li> </ul> <p>The Bank does not expect these amendments to have a material effect.</p>

- **NEW STANDARDS AND INTERPRETATIONS, AS WELL AS THEIR AMENDMENTS, WHICH WERE PUBLISHED AND HAVE NOT YET BEEN ENDORSED BY THE EUROPEAN UNION**

STANDARDS AND INTERPRETATIONS*	DESCRIPTION OF CHANGES AND IMPACT
IFRS 17 "Insurance Contracts" (1.01.2023 / Q42021) and amendments to IFRS 17 (1.01.2023/Q42021)	<p>IFRS 17 will replace IFRS 4 which enabled entities to recognize insurance contracts according to the accounting principles in force in the national standards, which, as a result, meant applying many different solutions. IFRS 17 introduces the requirements to recognize all insurance agreements in a consistent manner, including, among others, with regard to the measurement of insurance liabilities, recognition of the profit or loss over time, accounting for reinsurance, separation of an investment component. The application of the standard should follow the full retrospective approach with certain departures.</p> <p>The Bank is in the process of estimating the impact on the financial statements.</p>
AMENDMENT TO IAS 1 – CLASSIFICATION OF LIABILITIES (1.01.2023/NO DATA)	<p>The amendments relate to the presentation of liabilities in the statement of financial position. In particular, the amendment clarifies that classification of liabilities as current or non-current should be based on the contractual arrangements in place at the reporting date. A prospective approach will apply to these amendments.</p> <p>The Bank is in the process of estimating the impact on the financial statements.</p>
AMENDMENT TO IAS 1 AND IAS 8 (1.01.2023/NO DATA)	<p>Amendments to IAS 1 contain guidelines on the application of the term "material" in disclosures of the accounting policies.</p> <p>Amendments to IAS 8 explain how companies should distinguish changes in accounting policies from changes in accounting estimates.</p> <p>The Bank does not expect these amendments to have a material effect.</p>

AMENDMENT TO IFRS 12 (1.01.2023/NO DATA)	The amendment clarifies uncertainty with regard to the deferred tax on transactions where entities recognize both an asset and a liability, which in turn gives rise to both taxable and deductible temporary differences at the same time. This related to transactions such as leases or decommissioning liabilities. The amendment clarifies that entities are obliged to recognize a deferred tax on such transactions.  The Bank does not expect these amendments to have a material effect on consolidated financial statements.
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\* The expected effective date in EU / date of endorsement by EU is provided in parentheses

## 8. EXPLANATION OF THE DIFFERENCES BETWEEN PREVIOUSLY PUBLISHED FINANCIAL STATEMENTS AND THESE FINANCIAL STATEMENTS

The changes to previously published data for the period from 1 January to 30 June 2020 resulted from the changes introduced by the Bank in 2020:

- RECLASSIFICATION OF FEES COLLECTED FROM THE BANK'S CUSTOMERS TO COMPENSATE NEGATIVE INTEREST RATES ON THE BANK'S FINANCIAL LIABILITIES (1)**

Starting from the financial statements for 2020, the Bank presents fees collected from the Bank's customers to compensate negative interest rates on the Bank's financial liabilities (customer current accounts) in interest income. Previously, such fees were presented in commission income.

- INCLUSION OF NET REGULATORY CHARGES IN ADMINISTRATIVE EXPENSES (2)**

In order to make the presentation of administrative expenses more consistent with the market practice, the Bank combined the line "Administrative expenses" with "Net regulatory charges".

INCOME STATEMENT - selected items	01.01.2020 - 30.06.2020	(1)	(2)	01.01.2020 - 30.06.2020 restated
Net interest income/(expense)	4 732	10	-	4 742
Interest income	5 558	10	-	5 568
Net fee and commission income	1 490	(10)	-	1 480
Fee and commission income	1 966	(10)	-	1 956
Administrative expenses	(2 265)	-	(523)	(2 788)
Net regulatory charges	(523)	-	523	-
Net profit	1 185	-	-	1 185

- RECLASSIFICATION OF HOLIDAY PAY PROVISIONS FROM OTHER LIABILITIES TO PROVISIONS (3)**

In the fourth quarter of 2020, the bank reclassified holiday pay provisions from other liabilities to provisions, since in the Bank's judgment these provisions are of a similar nature to other provisions, and are based on estimates similarly to other employee-related provisions presented under Provisions, such as e.g. provisions for pensions and other defined post-employment benefits.

Cash flows from operating activities - selected items	01.01.2020 - 30.06.2020	(3)	01.01.2020 - 30.06.2020 restated
Total adjustments:			
Change in:			
- accumulated allowances on non-financial assets and other provisions	941	14	955
- other liabilities	800	(14)	786

## NOTES TO THE FINANCIAL STATEMENTS

### 9. INTEREST INCOME AND EXPENSE

INTEREST INCOME	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
Loans to and other receivables from banks	11	19	28	68
Pooling	1	1	2	6
Hedging derivatives	115	207	185	311
Debt securities:	444	863	455	876
measured at amortized cost	218	405	133	227
measured at fair value through other comprehensive income	223	453	314	634
measured at fair value through profit or loss	3	5	8	15
Loans and advances to customers	1 649	3 269	1 976	4 297
measured at amortized cost	1 464	2 893	1 717	3 734
measured at fair value through other comprehensive income	84	167	109	212
measured at fair value through profit or loss	101	209	150	351
Amounts due to customers	4	8	5	10
<b>Total</b>	<b>2 224</b>	<b>4 367</b>	<b>2 651</b>	<b>5 568</b>
of which: interest income on impaired financial instruments	47	89	51	121
Interest income calculated under the effective interest rate method on financial instruments measured	2 005	3 946	2 308	4 891
at amortized cost	1 698	3 326	1 885	4 045
at fair value through other comprehensive income	307	620	423	846
Income similar to interest income on instruments at fair value through profit or loss	219	421	343	677
<b>Total</b>	<b>2 224</b>	<b>4 367</b>	<b>2 651</b>	<b>5 568</b>

INTEREST EXPENSE	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
Amounts due to banks	(4)	(6)	(2)	(5)
Interbank deposits	(2)	(3)	(3)	(7)
Loans and advances received	(47)	(95)	(53)	(105)
Leases	(2)	(4)	(4)	(8)
Amounts due to customers	(33)	(78)	(260)	(641)
Debt securities in issue	(6)	(12)	(7)	(15)
Subordinated liabilities	(12)	(24)	(23)	(45)
<b>Total</b>	<b>(106)</b>	<b>(222)</b>	<b>(352)</b>	<b>(826)</b>

INTEREST INCOME BY SEGMENT:	second quarter period from 01.04.2021 to 30.06.2021			
	Retail segment	Corporate and investment segment	Transfer centre and other	Total
Loans to and other receivables from banks	-	10	1	11
Pooling	-	1	-	1
Hedging derivatives	-	-	115	115
Debt securities	-	98	345	443
Loans and advances to customers	1387	263	-	1 650
Amounts due to customers	-	4	-	4
<b>Total</b>	<b>1 387</b>	<b>376</b>	<b>461</b>	<b>2 224</b>

INTEREST INCOME BY SEGMENT:	2 quarters cumulative period from 01.01.2021 to 30.06.2021			
	Retail segment	Corporate and investment segment	Transfer centre and other	Total
loans to and other receivables from banks	-	18	1	19
pooling	-	1	-	1
hedging derivatives	-	-	207	207
debt securities	-	208	655	863
loans and advances to customers	2 731	538	-	3 269
amounts due to customers	-	8	-	8
<b>Total</b>	<b>2 731</b>	<b>773</b>	<b>863</b>	<b>4 367</b>

INTEREST INCOME BY SEGMENT:	second quarter period from 01.04.2020 to 30.06.2020			
	Retail segment	Corporate and investment segment	Transfer centre and other	Total
loans to and other receivables from banks	-	23	5	28
pooling	-	2	-	2
hedging derivatives	-	-	185	185
debt securities	-	209	246	455
loans and advances to customers	1 601	375	-	1 976
amounts due to customers	-	5	-	5
<b>Total</b>	<b>1 601</b>	<b>614</b>	<b>436</b>	<b>2 651</b>

INTEREST INCOME BY SEGMENT:	2 quarters cumulative period from 01.01.2020 to 30.06.2020			
	Retail segment	Corporate and investment segment	Transfer centre and other	Total
loans to and other receivables from banks	-	53	15	68
pooling	-	6	-	6
hedging derivatives	-	-	311	311
debt securities	-	430	446	876
loans and advances to customers	3 426	871	-	4 297
amounts due to customers	-	10	-	10
<b>Total</b>	<b>3 426</b>	<b>1 370</b>	<b>772</b>	<b>5 568</b>

## 10. FEE AND COMMISSION INCOME AND EXPENSES

FEE AND COMMISSION INCOME	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
<b>Loans and insurance</b>	235	452	205	427
lending	178	347	163	333
offering insurance products	57	105	42	94
<b>Investment funds, pension funds and brokerage activities</b>	88	197	71	173
servicing investment funds and OFE (including management fees)	14	25	3	16
servicing and selling investment and insurance products	3	4	2	5
brokerage activities	71	168	66	152
<b>Cards</b>	344	649	290	604
<b>Margins on foreign exchange transactions</b>	142	274	105	215
<b>Bank accounts and other</b>	301	604	266	537
servicing bank accounts	231	469	205	410
cash operations	15	29	16	33
servicing foreign mass transactions	22	41	16	33
customer orders	14	27	13	25
fiduciary services	2	4	1	3
other	17	34	15	33
<b>Total</b>	<b>1 110</b>	<b>2 176</b>	<b>937</b>	<b>1 956</b>

FEE AND COMMISSION EXPENSE	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
<b>Loans and insurance</b>	(31)	(53)	(26)	(69)
commission paid to external entities for product sales	(6)	(12)	(6)	(18)
cost of construction investment supervision and property valuation	(12)	(20)	(7)	(16)
fees to Biuro Informacji Kredytowej	(5)	(9)	(2)	(10)
loan handling	(8)	(12)	(11)	(25)
<b>Investment funds, pension funds and brokerage activities</b>	(8)	(16)	(7)	(12)
<b>Cards</b>	(195)	(358)	(160)	(341)
<b>Bank accounts and other</b>	(29)	(56)	(22)	(54)
clearing services	(8)	(16)	(7)	(17)
commissions for operating services provided by banks	(3)	(5)	(1)	(4)
sending short text messages (SMS)	(13)	(26)	(8)	(19)
selling banking products	-	(1)	-	(3)
servicing foreign mass transactions	(4)	(7)	(6)	(6)
other	(1)	(1)	-	(5)
<b>Total</b>	<b>(263)</b>	<b>(483)</b>	<b>(215)</b>	<b>(476)</b>

FEE AND COMMISSION INCOME BY SEGMENT	second quarter period from 01.04.2021 to 30.06.2021			
	Retail segment	Corporate and investment segment	Transfer centre and other	Total
<b>Loans and insurance</b>	172	63	-	235
lending	115	63	-	178
offering insurance products	57	-	-	57
<b>Investment funds, pension funds and brokerage activities</b>	37	49	-	86
servicing investment funds and OFE (including management fees)	11	2	-	13
servicing and selling investment and insurance products	2	-	-	2
brokerage activities	24	47	-	71
<b>Cards</b>	340	5	-	345
<b>Margins on foreign exchange transactions</b>	92	49	-	141
<b>Bank accounts and other</b>	238	65	-	303
servicing bank accounts	203	29	-	232
cash operations	8	8	-	16
servicing foreign mass transactions	12	10	-	22
selling and distributing court fee stamps	12	-	-	12
customer orders	19	9	-	28
fiduciary services	-	2	-	2
other	(16)	7	-	(9)
<b>Total</b>	<b>879</b>	<b>231</b>	<b>-</b>	<b>1 110</b>

FEE AND COMMISSION INCOME BY SEGMENT	2 quarters cumulative period from 01.01.2021 to 30.06.2021			
	Retail segment	Corporate and investment segment	Transfer centre and other	Total
<b>Loans and insurance</b>	329	123	-	452
lending	224	123	-	347
offering insurance products	105	-	-	105
<b>Investment funds, pension funds and brokerage activities</b>	78	119	-	197
servicing investment funds and OFE (including management fees)	20	5	-	25
servicing and selling investment and insurance products	4	-	-	4
brokerage activities	54	114	-	168
<b>Cards</b>	640	10	-	650
<b>Margins on foreign exchange transactions</b>	178	95	-	273
<b>Bank accounts and other</b>	481	123	-	604
servicing bank accounts	406	63	-	469
cash operations	15	14	-	29
servicing foreign mass transactions	22	19	-	41
selling and distributing court fee stamps	12	-	-	12
customer orders	26	15	-	41
fiduciary services	-	4	-	4
other	-	8	-	8
<b>Total</b>	<b>1 706</b>	<b>470</b>	<b>-</b>	<b>2 176</b>



FEE AND COMMISSION INCOME BY SEGMENT	second quarter period from 01.04.2020 to 30.06.2020			
	Retail segment	Corporate and investment segment	Transfer centre and other	Total
<b>Loans and insurance</b>	149	56	-	205
lending	107	56	-	163
offering insurance products	42	-	-	42
<b>Investment funds, pension funds and brokerage activities</b>	28	43	-	71
servicing investment funds and OFE (including management fees)	2	1	-	3
servicing and selling investment and insurance products	2	-	-	2
brokerage activities	24	42	-	66
<b>Cards</b>	287	3	-	290
<b>Margins on foreign exchange transactions</b>	73	32	-	105
<b>Bank accounts and other</b>	231	35	-	266
servicing bank accounts	190	15	-	205
cash operations	12	4	-	16
servicing foreign mass transactions	9	7	-	16
customer orders	7	6	-	13
fiduciary services	-	1	-	1
other	13	2	-	15
<b>Total</b>	<b>768</b>	<b>169</b>	<b>-</b>	<b>937</b>

FEE AND COMMISSION INCOME BY SEGMENT	2 quarters cumulative period from 01.01.2020 to 30.06.2020			
	Retail segment	Corporate and investment segment	Transfer centre and other	Total
<b>Loans and insurance</b>	317	110	-	427
lending	223	110	-	333
offering insurance products	94	-	-	94
<b>Investment funds, pension funds and brokerage activities</b>	72	101	-	173
servicing investment funds and OFE (including management fees)	12	4	-	16
servicing and selling investment and insurance products	5	-	-	5
brokerage activities	55	97	-	152
<b>Cards</b>	595	9	-	604
<b>Margins on foreign exchange transactions</b>	145	70	-	215
<b>Bank accounts and other</b>	462	75	-	537
servicing bank accounts	377	33	-	410
cash operations	24	9	-	33
servicing foreign mass transactions	18	15	-	33
customer orders	14	11	-	25
fiduciary services	-	3	-	3
other	29	4	-	33
<b>Total</b>	<b>1 591</b>	<b>365</b>	<b>-</b>	<b>1 956</b>

## 11. OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
Gains on sale or scrapping of property, plant and equipment, intangible assets and assets held for sale	3	8	1	5
Damages, compensation and penalties received	8	8	1	2
Ancillary income	7	15	6	13
Recovery of receivables expired, forgiven or written off	-	1	1	2
Release of provisions for unpaid costs	-	5	-	-
Release of provision for legal claims excluding legal claims relating to mortgage loans in convertible currencies	1	1	-	4
Other	10	27	15	38
<b>Total</b>	<b>29</b>	<b>65</b>	<b>24</b>	<b>64</b>

OTHER OPERATING EXPENSE	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
Losses on sale or scrapping of property, plant and equipment, intangible assets and assets held for sale	-	-	-	(1)
Donations made	-	(14)	(1)	(16)
Sundry expenses	(3)	(8)	(3)	(6)
Provision recognized for potential refunds of fees and commission to customers	(26)	(26)	-	(70)
Provision for unpaid costs	(6)	(16)	-	-
Provision recognized for legal claims excluding legal claims relating to mortgage loans in convertible currencies	(2)	(3)	-	(3)
Cost of providing additional financing to a subsidiary	7	(8)	46	(10)
Other	(8)	(17)	(5)	(13)
<b>Total</b>	<b>(38)</b>	<b>(92)</b>	<b>37</b>	<b>(119)</b>

## 12. NET EXPECTED CREDIT LOSSES

NET ALLOWANCES FOR EXPECTED CREDIT LOSSES	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
Amounts due from banks	-	(1)	(2)	(5)
Debt securities	-	4	7	8
Loans and advances to customers	(214)	(391)	(300)	(677)
Other financial assets	-	2	1	-
Provisions for financial liabilities and guarantees granted	(3)	46	(42)	(99)
<b>Total</b>	<b>(217)</b>	<b>(340)</b>	<b>(336)</b>	<b>(773)</b>

CHANGES IN ACCUMULATED ALLOWANCES FOR EXPECTED CREDIT LOSSES	As at the beginning of the period	Net expected credit losses	Decrease due to write-off and other adjustments	As at the end of the period
<b>Period from 01.01. to 30.06.2021</b>				
Amounts due from banks	(7)	(1)	-	(8)
Debt securities	(51)	4	(2)	(49)
Loans and advances to customers	(7 875)	(391)	370	(7 896)
Other financial assets	(136)	2	1	(133)
Financial and guarantee commitments granted	(626)	46	2	(578)
<b>Total</b>	<b>(8 695)</b>	<b>(340)</b>	<b>371</b>	<b>(8 664)</b>

CHANGE IN ACCUMULATED ALLOWANCES FOR EXPECTED CREDIT LOSSES	As at the beginning of the period	Net expected credit losses	Decrease due to write-off and other adjustments	As at the end of the period
<b>Period from 01.01 to 30.06.2020</b>				
Amounts due from banks	(4)	(5)	1	(8)
Debt securities	(20)	8	(2)	(14)
Loans and advances to customers	(6 443)	(677)	(110)	(7 230)
Other financial assets	(82)	-	(55)	(137)
Financial and guarantee commitments granted	(268)	(99)	(2)	(369)
<b>Total</b>	<b>(6 817)</b>	<b>(773)</b>	<b>(168)</b>	<b>(7 758)</b>

### 13. NET IMPAIRMENT ALLOWANCES ON NON-FINANCIAL ASSETS

NET IMPAIRMENT OF NON-FINANCIAL ASSETS	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
Property, plant and equipment	-	-	5	(3)
Non-current assets held for sale	(2)	(2)	(1)	(1)
Intangible assets	-	-	(116)	(116)
Investments in associates and joint ventures	-	-	(20)	(108)
Other financial assets, including inventories	(17)	(31)	(10)	(29)
<b>Total</b>	<b>(19)</b>	<b>(33)</b>	<b>(142)</b>	<b>(257)</b>

CHANGE IN ACCUMULATED IMPAIRMENT ALLOWANCES ON NON-FINANCIAL ASSETS	As at the beginning of the period	Net Impairment allowances on non-financial assets	Other	As at the end of the period
<b>Period from 01.01. to 30.06.2021</b>				
Property, plant and equipment	(93)	-	2	(91)
Non-current assets held for sale	(3)	(2)	1	(4)
Intangible assets	(131)	-	(1)	(132)
Investments in subsidiaries	(830)	-	-	(830)
Investments in associates and joint ventures	(186)	-	-	(186)
Other financial assets, including inventories	(164)	(31)	9	(186)
<b>Total</b>	<b>(1 407)</b>	<b>(33)</b>	<b>11</b>	<b>(1 429)</b>

CHANGE IN ACCUMULATED IMPAIRMENT ALLOWANCES ON NON-FINANCIAL ASSETS	As at the beginning of the period	Net Impairment allowances on non-financial assets	Other	As at the end of the period
<b>Period from 01.01 to 30.06.2020</b>				
Property, plant and equipment	(42)	(3)	2	(43)
Non-current assets held for sale	(1)	(1)	-	(2)
Intangible assets	(23)	(116)	-	(139)
Investments in subsidiaries	(817)	-	28	(789)
Investments in associates and joint ventures	(98)	(108)	-	(206)
Other financial assets, including inventories	(127)	(29)	3	(153)
<b>Total</b>	<b>(1 108)</b>	<b>(257)</b>	<b>33</b>	<b>(1 332)</b>

- INTANGIBLE ASSETS**

The Bank has carried out an impairment test of goodwill arising on the acquisition of Nordea Bank Polska S.A. on the basis of a model based on the discounted dividend method, by comparing the carrying amount of the cash-generating units ("CGU") with their recoverable amount. Upon acquisition, two CGUs were identified to which goodwill was assigned – retail and corporate

As at 30 June 2021, the Bank performed the impairment tests in respect of goodwill on the acquisition of Nordea Bank Polska assigned to the retail CGU. The test conducted did not show impairment.

As at 30 June 2020, the Bank recognized an impairment allowance on goodwill arising on the acquisition of Nordea Bank Polska S.A. assigned to the corporate CGU by PLN 116 million. The main reasons which contributed to recognizing the write-down were the COVID-19 pandemic and its impact (an increase in the cost of credit risk and the expected weakening of economic activity) and NBP interest rate cuts introduced by the Monetary Policy Council (MPC).

- INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**

As at 31 March 2020, the Bank tested the shares held in Bank Pocztowy S.A. for impairment. The valuation was performed using the discounted dividend method. The valuation model took into account the effect of the COVID-19 pandemic on the financial projections, including in particular the expected increase in the cost of credit risk and low level of interest rates. As a result of the test, an impairment allowance in the full amount was recognized.

The impairment test carried out as at 30 June 2021 did not show any need to change the existing full impairment allowance and the carrying amount of Bank Pocztowy shares as at 30 June 2021 in the Bank's books of account remained at the previous level of PLN 0.00.

#### 14. COST OF THE LEGAL RISK OF MORTGAGE LOANS IN CONVERTIBLE CURRENCIES

	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
Cost of the legal risk of mortgage loans in convertible currencies	-	-	(105)	(190)

IMPACT OF THE LEGAL RISK OF MORTGAGE LOANS IN CONVERTIBLE CURRENCIES	Gross carrying amount of mortgage loans in convertible currencies before taking into account the cost of the legal risk of mortgage loans in convertible currencies	Cost of the legal risk relating to mortgage loans in convertible currencies	Gross carrying amount of mortgage loans in convertible currencies taking into account the cost of the legal risk of mortgage loans in convertible currencies
<b>as at 30 June 2021</b>			
Loans and advances to customers – adjustment reducing the carrying amount of loans	20 323	5 997	14 326
Provisions (Note 22)		515	
<b>Total</b>		<b>6 512</b>	
<b>as at 31 December 2020</b>			
Loans and advances to customers – adjustment reducing the carrying amount of loans	21 983	6 617	15 366
Provisions (Note 22)		426	
<b>Total</b>		<b>7 043</b>	

As at 30 June 2021, the Bank recognized in the financial statements the impact of the legal risk associated with the portfolio of mortgage loans in convertible currencies. The change in the adjustment of the gross carrying amount of mortgage loans to reflect the expected impact of settlements and disputes compared with 31 December 2020 was mainly due to a decrease in the CHF exchange rate

Additional information on the portfolio of mortgage loans in convertible currencies are presented by the Bank in the note “Legal claims”.

#### 15. ADMINISTRATIVE EXPENSES

ADMINISTRATIVE EXPENSES	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
Employee benefits	(677)	(1 292)	(650)	(1 311)
Overheads, of which:	(270)	(533)	(260)	(530)
rent	(22)	(43)	(20)	(39)
IT	(82)	(161)	(70)	(137)
Depreciation and amortization	(214)	(427)	(212)	(424)
property, plant and equipment, of which:	(115)	(232)	(118)	(236)
IT	(19)	(39)	(21)	(42)
right-of-use assets	(54)	(109)	(51)	(102)
intangible assets, of which:	(99)	(195)	(94)	(188)
IT	(98)	(193)	(92)	(183)
Net regulatory charges	(73)	(414)	(102)	(523)
<b>Total</b>	<b>(1 234)</b>	<b>(2 666)</b>	<b>(1 224)</b>	<b>(2 788)</b>

EMPLOYEE BENEFITS	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
Wages and salaries, including:	(566)	(1 075)	(542)	(1 087)
costs of contributions to the employee pension plan	(16)	(31)	(15)	(31)
Social insurance, of which:	(94)	(186)	(92)	(190)
contributions for disability and retirement benefits	(80)	(165)	(82)	(171)
Other employee benefits	(17)	(31)	(16)	(34)
<b>Total</b>	<b>(677)</b>	<b>(1 292)</b>	<b>(650)</b>	<b>(1 311)</b>

NET REGULATORY CHARGES	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
Contributions and fees to the Bank Guarantee Fund (BGF), of which:	(58)	(346)	(88)	(467)
to the Resolution Fund	-	(232)	-	(296)
to the Banks' Guarantee Fund	(58)	(114)	(88)	(171)
Fees to the PFSA	-	(39)	-	(29)
Flat-rate income tax	(2)	(4)	(2)	(4)
Other taxes and fees	(13)	(25)	(12)	(23)
<b>Total</b>	<b>(73)</b>	<b>(414)</b>	<b>(102)</b>	<b>(523)</b>

## 16. INCOME TAX EXPENSE

INCOME TAX EXPENSE	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
Income tax expense recognized in the income statement	(445)	(731)	(445)	(638)
Current income tax expense	(453)	(810)	(335)	(650)
Deferred income tax on temporary differences	8	79	(110)	12
Income tax reported in other comprehensive income in respect of temporary differences	191	331	(156)	(248)
<b>Total</b>	<b>(254)</b>	<b>(400)</b>	<b>(601)</b>	<b>(886)</b>

RECONCILIATION OF THE EFFECTIVE TAX RATE	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
Profit or loss before tax	1 924	3 217	1 270	1 823
Tax calculated using the enacted rate in force in Poland (19%)	(365)	(611)	(241)	(346)
<b>Effect of permanent differences between profit before income tax and taxable income, including:</b>	<b>(80)</b>	<b>(122)</b>	<b>(207)</b>	<b>(297)</b>
non-deductible impairment allowance on investments in subordinated entities	-	-	(3)	(20)
non-deductible allowances for expected credit losses on credit exposures and securities	(7)	(18)	(14)	(26)
contributions and payments to BGF	(11)	(66)	(13)	(89)
tax on certain financial institutions	(45)	(89)	(47)	(92)
cost of the legal risk of mortgage loans in convertible currencies other	-	-	(20)	(36)
cost of providing additional financing to a subsidiary	1	(2)	9	(2)
asset/provision on the average tax rate	(87)	(22)	(120)	(36)
dividend income	82	88	38	38
allowance in respect of the identified impairment of goodwill	-	-	(22)	(22)
other permanent differences	(12)	(12)	(15)	(12)
<b>Effect of other differences between profit before income tax and taxable income, including donations</b>	<b>-</b>	<b>2</b>	<b>3</b>	<b>5</b>
Income tax expense recognized in the income statement	(445)	(731)	(445)	(638)
<b>Effective tax rate (in %)</b>	<b>23,12</b>	<b>22,72</b>	<b>35,04</b>	<b>35,00</b>

## 17. HEDGE ACCOUNTING

### TYPES OF HEDGING STRATEGIES APPLIED BY THE BANK

As at 30 June 2021, the Bank had active relationships as part of:

- 6 strategies for hedging cash flow volatility;
- 5 strategies for hedging fair value volatility.

In the six months of 2021, as part of the hedging strategy “Hedges against fluctuations in cash flows from floating interest rate loans in EUR, resulting from the risk of fluctuations in interest rates, using IRS transactions”, the Bank closed hedging relationships:

- due to their failing to pass the prospective test of sufficient nominal amount. The effect of discontinuation of hedge accounting as part of the said relationship on the profit or loss amounted to PLN 0,4 million;
- due to the discontinuation of hedge accounting. The effect of the discontinuation of hedge accounting as part of the said relationship on the profit or loss amounted to PLN 0,6 million.

In the six months of 2021, the Bank introduced one hedging strategy for fair value hedges:

- “Hedging fair value volatility of net investments in a foreign operation whose functional currency is a foreign currency, measured in the separate financial statements of PKO Bank Polski S.A. using the purchase price method less impairment allowances, against the foreign exchange risk which materializes upon the potential future sale of the investment, using Forward or NDF transactions.”

and two hedging strategies for cash flow hedges:

- “Hedges against fluctuations in cash flows from floating interest rate loans in PLN arising from interest rate risk and hedges against fluctuations in cash flows from convertible currency financial liabilities arising from foreign exchange risk using CIRS transactions”, and
- “Hedges against fluctuations in cash flows from PLN deposits arising from interest rate risk, using IRS transactions”.

No changes were made to other hedging strategies in 2021.

In 2020, the Bank introduced two new hedging strategies for fair value hedges and cash flow hedges.

### FINANCIAL INFORMATION

CARRYING AMOUNT OF HEDGING INSTRUMENTS	30.06.2021		31.12.2020	
	Assets	Liabilities	Assets	Liabilities
<b>Cash flow hedges</b>	<b>363</b>	<b>826</b>	<b>618</b>	<b>489</b>
- interest rate risk - IRS	334	481	618	14
- foreign exchange risk and interest rate risk - CIRS	29	345	-	475
<b>Fair value hedges</b>	<b>9</b>	<b>21</b>	<b>-</b>	<b>54</b>
- interest rate risk - IRS	9	20	-	54
- foreign exchange risk - Forward	-	1	-	-
<b>Total</b>	<b>372</b>	<b>847</b>	<b>618</b>	<b>543</b>



#### CASH FLOW HEDGES

CHANGE IN OTHER COMPREHENSIVE INCOME RELATING TO CASH FLOW HEDGES AND AN INEFFECTIVE PORTION OF CASH FLOW HEDGES	second quarter period from 01.04.2021 to 30.06.2021	2 quarters cumulative period from 01.01.2021 to 30.06.2021	second quarter period from 01.04.2020 to 30.06.2020	2 quarters cumulative period from 01.01.2020 to 30.06.2020
Accumulated other comprehensive income at the beginning of the period, net	(104)	319	588	95
Impact on other comprehensive income during the period, gross	(296)	(823)	(6)	603
Gains/losses recognized in other comprehensive income during the period	(53)	(463)	570	(23)
Amounts transferred from other comprehensive income to the income statement, of which:	(243)	(360)	(576)	626
- interest income	(119)	(215)	(185)	(311)
- net foreign exchange gains/(losses)	(124)	(145)	(391)	937
Tax effect	56	156	1	(115)
<b>Accumulated other comprehensive income at the end of the period, net</b>	<b>(348)</b>	<b>(348)</b>	<b>583</b>	<b>583</b>
Ineffective portion of cash flow hedges recognized in the income statements, including in:	3	-	-	(11)
Foreign exchange gains/ (losses)	3	3	1	(10)
Gains/(losses) on financial transactions	-	(3)	(1)	(1)

#### FAIR VALUE HEDGES

HEDGES OF INTEREST RATE RISK AND FOREIGN EXCHANGE RISK	30.06.2021	31.12.2020
Fair value measurement of the hedging derivative instrument	(12)	(54)
Hedges of interest rate risk – IRS fixed - float	(11)	(54)
Hedges of foreign exchange risk - Forward	(1)	-
<b>Fair value adjustment of the hedged instrument attributable to the hedged risk</b>	<b>8</b>	<b>46</b>
Hedges of interest rate risk	7	46
Securities	1	5
Loans and advances to customers	2	4
Fair value adjustment recognized in OCI	4	37
Hedges of foreign exchange risk – net investments in a foreign operation whose functional currency is a foreign currency	1	-

## 18. SECURITIES

SECURITIES	held for trading	not held for trading, measured at fair value through profit or loss	measured at fair value through other comprehensive income	measured at amortized cost	Total
<b>30.06.2021</b>					
<b>Debt securities</b>	<b>715</b>	<b>612</b>	<b>65 484</b>	<b>67 854</b>	<b>134 665</b>
Treasury bonds (in PLN)	559	103	44 829	47 523	93 014
Treasury bonds (in foreign currencies)	4	347	2 027	-	2 378
corporate bonds (in PLN) guaranteed by the State Treasury	-	-	10 171	11 767	21 938
municipal bonds (in PLN)	16	-	4 054	5 018	9 088
corporate bonds (in PLN)	130	162	4 046	1 989	6 327
corporate bonds (in foreign currencies)	-	-	357	1 557	1 914
covered bonds	6	-	-	-	6
<b>Equity securities</b>	<b>28</b>	<b>340</b>	<b>-</b>	<b>-</b>	<b>368</b>
shares in other entities - not listed	-	318	-	-	318
shares in other entities - listed	26	22	-	-	48
participation units in investment funds, investment certificates, rights to shares, pre-emptive rights	2	-	-	-	2
<b>Total (excluding fair value adjustments under hedge accounting)</b>	<b>743</b>	<b>952</b>	<b>65 484</b>	<b>67 854</b>	<b>135 033</b>
Fair value adjustments under hedge accounting	-	-	-	1	1
<b>Total</b>	<b>743</b>	<b>952</b>	<b>65 484</b>	<b>67 855</b>	<b>135 034</b>

CONDENSED INTERIM FINANCIAL STATEMENTS OF PKO BANK POLSKI SA  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021  
(IN PLN MILLION)

SECURITIES	held for trading	not held for trading, measured at fair value through profit or loss	measured at fair value through other comprehensive income	measured at amortized cost	Total
<b>31.12.2020</b>					
<b>Debt securities</b>	<b>1 171</b>	<b>647</b>	<b>70 446</b>	<b>47 217</b>	<b>119 481</b>
Treasury bonds (in PLN)	685	119	50 654	29 617	81 075
Treasury bonds (in foreign currencies)	4	367	2 090	-	2 461
Treasury bills	349	-	500	-	849
corporate bonds (in PLN) guaranteed by the State Treasury	-	-	8 704	9 887	18 591
municipal bonds (in PLN)	15	-	4 640	5 060	9 715
corporate bonds (in PLN)	110	161	3 835	1 517	5 623
corporate bonds (in foreign currencies)	-	-	23	1 136	1 159
covered bonds	8	-	-	-	8
<b>Equity securities</b>	<b>27</b>	<b>460</b>	<b>-</b>	<b>-</b>	<b>487</b>
shares in other entities - not listed	-	443	-	-	443
shares in other entities - listed	25	17	-	-	42
participation units in investment funds, investment certificates, rights to shares, pre-emptive rights	2	-	-	-	2
<b>Total (excluding fair value adjustments under hedge accounting)</b>	<b>1 198</b>	<b>1 107</b>	<b>70 446</b>	<b>47 217</b>	<b>119 968</b>
Fair value adjustments under hedge accounting	-	-	-	5	5
<b>Total</b>	<b>1 198</b>	<b>1 107</b>	<b>70 446</b>	<b>47 222</b>	<b>119 973</b>

The item "T-bonds in PLN and in foreign currencies" comprises bonds issued by the State Treasury of the Republic of Poland.

SECURITIES (excluding fair value adjustments under hedge accounting) 30.06.2021	Stage 1	Stage 2	Stage 3	Total	of which POCI
<b>Measured at: at fair value through other comprehensive income</b>					
<b>Gross amount</b>	<b>64 989</b>	<b>67</b>	<b>428</b>	<b>65 484</b>	<b>410</b>
Treasury bonds (in PLN)	44 829	-	-	44 829	-
Treasury bonds (in foreign currencies)	2 027	-	-	2 027	-
corporate bonds (in PLN) guaranteed by the State Treasury	10 171	-	-	10 171	-
municipal bonds (in PLN)	3 988	66	-	4 054	-
corporate bonds (in PLN)	3 617	1	428	4 046	410
corporate bonds (in foreign currencies)	357	-	-	357	-
<b>Net amount</b>	<b>64 989</b>	<b>67</b>	<b>428</b>	<b>65 484</b>	<b>410</b>
Treasury bonds (in PLN)	44 829	-	-	44 829	-
Treasury bonds (in foreign currencies)	2 027	-	-	2 027	-
corporate bonds (in PLN) guaranteed by the State Treasury	10 171	-	-	10 171	-
municipal bonds (in PLN)	3 988	66	-	4 054	-
corporate bonds (in PLN)	3 617	1	428	4 046	410
corporate bonds (in foreign currencies)	357	-	-	357	-
<b>Measured: at amortized cost</b>					
<b>Gross amount</b>	<b>67 614</b>	<b>289</b>	<b>-</b>	<b>67 903</b>	<b>-</b>
Treasury bonds (in PLN)	47 523	-	-	47 523	-
corporate bonds (in PLN) guaranteed by the State Treasury	11 770	-	-	11 770	-
municipal bonds (in PLN)	4 964	70	-	5 034	-
corporate bonds (in PLN)	1 790	219	-	2 009	-
corporate bonds (in foreign currencies)	1 567	-	-	1 567	-
<b>Allowances for expected credit losses</b>	<b>(30)</b>	<b>(19)</b>	<b>-</b>	<b>(49)</b>	<b>-</b>
corporate bonds (in PLN) guaranteed by the State Treasury	(3)	-	-	(3)	-
municipal bonds (in PLN)	(15)	(1)	-	(16)	-
corporate bonds (in PLN)	(2)	(18)	-	(20)	-
corporate bonds (in foreign currencies)	(10)	-	-	(10)	-
<b>Net amount</b>	<b>67 584</b>	<b>270</b>	<b>-</b>	<b>67 854</b>	<b>-</b>
Treasury bonds (in PLN)	47 523	-	-	47 523	-
corporate bonds (in PLN) guaranteed by the State Treasury	11 767	-	-	11 767	-
municipal bonds (in PLN)	4 949	69	-	5 018	-
corporate bonds (in PLN)	1 788	201	-	1 989	-
corporate bonds (in foreign currencies)	1 557	-	-	1 557	-
<b>Total securities</b>					
<b>Gross amount</b>	<b>132 603</b>	<b>356</b>	<b>428</b>	<b>133 387</b>	<b>410</b>
<b>Allowances for expected credit losses</b>	<b>(30)</b>	<b>(19)</b>	<b>-</b>	<b>(49)</b>	<b>-</b>
<b>Net amount</b>	<b>132 573</b>	<b>337</b>	<b>428</b>	<b>133 338</b>	<b>410</b>

SECURITIES (excluding fair value adjustments under hedge accounting) 31.12.2020	Stage 1	Stage 2	Stage 3	Total	of which POCI
<b>Measured at: at fair value through other comprehensive income</b>					
<b>Gross amount</b>	<b>69 935</b>	<b>68</b>	<b>457</b>	<b>70 460</b>	<b>438</b>
Treasury bonds (in PLN)	50 654	-	-	50 654	-
Treasury bonds (in foreign currencies)	2 090	-	-	2 090	-
Treasury bills	500	-	-	500	-
corporate bonds (in PLN) guaranteed by the State Treasury	8 704	-	-	8 704	-
municipal bonds (in PLN)	4 573	67	-	4 640	-
corporate bonds (in PLN)	3 391	1	457	3 849	438
corporate bonds (in foreign currencies)	23	-	-	23	-
<b>Allowances for expected credit losses</b>	<b>-</b>	<b>-</b>	<b>(14)</b>	<b>(14)</b>	<b>(14)</b>
corporate bonds (in PLN)	-	-	(14)	(14)	(14)
<b>Net amount</b>	<b>69 935</b>	<b>68</b>	<b>443</b>	<b>70 446</b>	<b>424</b>
Treasury bonds (in PLN)	50 654	-	-	50 654	-
Treasury bonds (in foreign currencies)	2 090	-	-	2 090	-
Treasury bills	500	-	-	500	-
corporate bonds (in PLN) guaranteed by the State Treasury	8 704	-	-	8 704	-
municipal bonds (in PLN)	4 573	67	-	4 640	-
corporate bonds (in PLN)	3 391	1	443	3 835	424
corporate bonds (in foreign currencies)	23	-	-	23	-
<b>Measured: at amortized cost</b>					
<b>Gross amount</b>	<b>47 026</b>	<b>228</b>	<b>-</b>	<b>47 254</b>	<b>-</b>
Treasury bonds (in PLN)	29 617	-	-	29 617	-
corporate bonds (in PLN) guaranteed by the State Treasury	9 889	-	-	9 889	-
municipal bonds (in PLN)	5 052	24	-	5 076	-
corporate bonds (in PLN)	1 330	204	-	1 534	-
corporate bonds (in foreign currencies)	1 138	-	-	1 138	-
<b>Allowances for expected credit losses</b>	<b>(21)</b>	<b>(16)</b>	<b>-</b>	<b>(37)</b>	<b>-</b>
corporate bonds (in PLN) guaranteed by the State Treasury	(2)	-	-	(2)	-
municipal bonds (in PLN)	(16)	-	-	(16)	-
corporate bonds (in PLN)	(1)	(16)	-	(17)	-
corporate bonds (in foreign currencies)	(2)	-	-	(2)	-
<b>Net amount</b>	<b>47 005</b>	<b>212</b>	<b>-</b>	<b>47 217</b>	<b>-</b>
Treasury bonds (in PLN)	29 617	-	-	29 617	-
corporate bonds (in PLN) guaranteed by the State Treasury	9 887	-	-	9 887	-
municipal bonds (in PLN)	5 036	24	-	5 060	-
corporate bonds (in PLN)	1 329	188	-	1 517	-
corporate bonds (in foreign currencies)	1 136	-	-	1 136	-
<b>Total securities</b>					
<b>Gross amount</b>	<b>116 961</b>	<b>296</b>	<b>457</b>	<b>117 714</b>	<b>438</b>
<b>Allowances for expected credit losses</b>	<b>(21)</b>	<b>(16)</b>	<b>(14)</b>	<b>(51)</b>	<b>(14)</b>
<b>Net amount</b>	<b>116 940</b>	<b>280</b>	<b>443</b>	<b>117 663</b>	<b>424</b>

## 19. LOANS AND ADVANCES TO CUSTOMERS

LOANS AND ADVANCES TO CUSTOMERS 30.06.2021	not held for trading, measured at fair value through profit or loss	measured at fair value through other comprehensive income	measured at amortized cost	Total
retail and private banking	5 091	13 657	96 707	115 455
housing	4	13 657	72 824	86 485
consumer	5 087	-	23 883	28 970
SME	45	-	17 239	17 284
housing	-	-	5 509	5 509
corporate	45	-	11 730	11 775
corporate	61	-	62 108	62 169
housing	-	-	147	147
corporate	61	-	61 961	62 022
Loans and advances to customers (excluding adjustments relating to fair value hedge accounting)	5 197	13 657	176 054	194 908
Fair value adjustments under hedge accounting	2	-	-	2
<b>Total</b>	<b>5 199</b>	<b>13 657</b>	<b>176 054</b>	<b>194 910</b>

LOANS AND ADVANCES TO CUSTOMERS 31.12.2020	not held for trading, measured at fair value through profit or loss	measured at fair value through other comprehensive income	measured at amortized cost	Total
retail and private banking	5 895	14 054	93 748	113 697
housing	7	14 054	71 363	85 424
consumer	5 888	-	22 385	28 273
SME	46	-	16 835	16 881
housing	-	-	5 673	5 673
corporate	46	-	11 162	11 208
corporate	68	-	62 413	62 481
housing	-	-	292	292
corporate	68	-	62 121	62 189
Loans and advances to customers (excluding adjustments relating to fair value hedge accounting)	6 009	14 054	172 996	193 059
Fair value adjustments under hedge accounting	4	-	-	4
<b>Total</b>	<b>6 013</b>	<b>14 054</b>	<b>172 996</b>	<b>193 063</b>

LOANS AND ADVANCES TO CUSTOMERS (excluding adjustments relating to fair value hedge accounting) 30.06.2021	Stage 1	Stage 2	Stage 3	Total	of which POCI
<b>Measured at: at fair value through other comprehensive income</b>					
Gross amount (housing loans)	12 572	1 069	16	13 657	-
Net amount (housing loans)	12 572	1 069	16	13 657	-
<b>Measured: at amortized cost</b>					
<b>Gross amount</b>	<b>147 765</b>	<b>27 309</b>	<b>8 876</b>	<b>183 950</b>	<b>170</b>
housing loans	66 799	11 547	2 034	80 380	79
business loans	60 082	12 606	5 272	77 960	43
consumer loans	20 884	3 156	1 570	25 610	48
<b>Allowances for expected credit losses</b>	<b>(596)</b>	<b>(1 863)</b>	<b>(5 437)</b>	<b>(7 896)</b>	<b>(7)</b>
housing loans	(44)	(453)	(1 403)	(1 900)	(24)
business loans	(338)	(902)	(3 029)	(4 269)	(4)
consumer loans	(214)	(508)	(1 005)	(1 727)	21
<b>Net amount</b>	<b>147 169</b>	<b>25 446</b>	<b>3 439</b>	<b>176 054</b>	<b>163</b>
housing loans	66 755	11 094	631	78 480	55
business loans	59 744	11 704	2 243	73 691	39
consumer loans	20 670	2 648	565	23 883	69
<b>Loans and advances to customers, total</b>					
<b>Gross amount</b>	<b>160 337</b>	<b>28 378</b>	<b>8 892</b>	<b>197 607</b>	<b>170</b>
<b>Allowances for expected credit losses</b>	<b>(596)</b>	<b>(1 863)</b>	<b>(5 437)</b>	<b>(7 896)</b>	<b>(7)</b>
<b>Net amount</b>	<b>159 741</b>	<b>26 515</b>	<b>3 455</b>	<b>189 711</b>	<b>163</b>

LOANS AND ADVANCES TO CUSTOMERS (excluding adjustments relating to fair value hedge accounting) 31.12.2020	Stage 1	Stage 2	Stage 3	Total	of which POCI
<b>Measured at: at fair value through other comprehensive income</b>					
Gross amount (housing loans)	13 181	863	10	14 054	-
Net amount (housing loans)	13 181	863	10	14 054	-
<b>Measured: at amortized cost</b>					
<b>Gross amount</b>	<b>145 125</b>	<b>27 062</b>	<b>8 684</b>	<b>180 871</b>	<b>185</b>
housing loans	66 428	10 951	1 882	79 261	81
business loans	58 985	13 271	5 423	77 679	51
consumer loans	19 712	2 840	1 379	23 931	53
<b>Allowances for expected credit losses</b>	<b>(537)</b>	<b>(1 863)</b>	<b>(5 475)</b>	<b>(7 875)</b>	<b>(34)</b>
housing loans	(42)	(522)	(1 369)	(1 933)	(26)
business loans	(297)	(920)	(3 179)	(4 396)	(4)
consumer loans	(198)	(421)	(927)	(1 546)	(4)
<b>Net amount</b>	<b>144 588</b>	<b>25 199</b>	<b>3 209</b>	<b>172 996</b>	<b>151</b>
housing loans	66 386	10 429	513	77 328	55
business loans	58 688	12 351	2 244	73 283	47
consumer loans	19 514	2 419	452	22 385	49
<b>Loans and advances to customers, total</b>					
<b>Gross amount</b>	<b>158 306</b>	<b>27 925</b>	<b>8 694</b>	<b>194 925</b>	<b>185</b>
<b>Allowances for expected credit losses</b>	<b>(537)</b>	<b>(1 863)</b>	<b>(5 475)</b>	<b>(7 875)</b>	<b>(34)</b>
<b>Net amount</b>	<b>157 769</b>	<b>26 062</b>	<b>3 219</b>	<b>187 050</b>	<b>151</b>

## 20. AMOUNTS DUE TO CUSTOMERS

AMOUNTS DUE TO CUSTOMERS 30.06.2021	Amounts due to households	Amounts due to business entities	Amounts due to State Budget entities	Total
Measured at fair value through profit or loss	-	78	-	78
Liabilities in respect of a short position in securities	-	78	-	78
Measured at amortized cost	231 980	43 142	15 009	290 131
Current accounts and overnight deposits, of which:	190 176	41 628	14 982	246 786
savings accounts and other interest-bearing assets	55 137	16 841	7 016	78 994
Term deposits	41 219	382	15	41 616
Other liabilities	585	1 132	12	1 729
<b>Total</b>	<b>231 980</b>	<b>43 220</b>	<b>15 009</b>	<b>290 209</b>

AMOUNTS DUE TO CUSTOMERS 31.12.2020	Amounts due to households	Amounts due to business entities	Amounts due to State Budget entities	Total
Measured at amortized cost	221 988	43 162	13 744	278 894
Current accounts and overnight deposits, of which:	173 732	41 850	13 706	229 288
savings accounts and other interest-bearing assets	53 569	15 935	7 322	76 826
Term deposits	47 780	629	18	48 427
Other liabilities	476	683	20	1 179
<b>Total</b>	<b>221 988</b>	<b>43 162</b>	<b>13 744</b>	<b>278 894</b>

AMOUNTS DUE TO CUSTOMERS BY SEGMENT	30.06.2021	31.12.2020
retail and private banking	205 787	195 985
corporate	43 436	41 171
SME	40 986	41 738
<b>Total</b>	<b>290 209</b>	<b>278 894</b>

## 21. FINANCING RECEIVED

FINANCING RECEIVED	30.06.2021	31.12.2020
Loans and advances received from:	4 945	4 906
banks	13	14
international financial institutions	850	855
other financial institutions	4 082	4 037
Liabilities in respect of security issues - bonds issued	3 928	4 020
Subordinated liabilities	2 716	2 716
<b>Total</b>	<b>11 589</b>	<b>11 642</b>

In the six-month period ended 30 June 2021, the Bank did not take out new loans or repay any loans. In the six-month period ended 30 June 2020, the Bank did not carry out any new bond issues and no bonds issued by the Bank matured in this period.



## 22. PROVISIONS

FOR THE 6 MONTHS ENDED 30 JUNE 2021	Provisions for financial liabilities and guarantees granted	Provisions for legal claims, excluding legal claims relating to mortgage loans in convertible currencies	Provisions for legal claims against the bank relating to mortgage loans in convertible currencies (Note 14)	Provisions for refunds of costs to customers on early repayment of consumer and mortgage loans	Provisions for pensions and other defined post- employment benefits	Restructuring	Provision for holiday pay	Other provisions, including provisions for employee disputed claims	Total
<b>As at the beginning of the period</b>	626	96	426	23	61	38	77	120	1 467
Increases, including increases of existing provisions	-	3	91	26	-	-	29	16	165
Utilized amounts	-	(1)	(1)	(22)	(1)	(5)	(3)	(9)	(42)
Unused provisions reversed during the period	(46)	(1)	(1)	-	-	-	-	(5)	(53)
Other changes and reclassifications	(2)	1	-	-	-	-	-	2	1
<b>As at the end of the period</b>	<b>578</b>	<b>98</b>	<b>515</b>	<b>27</b>	<b>60</b>	<b>33</b>	<b>103</b>	<b>124</b>	<b>1 538</b>
Short-term provision	493	-	-	27	6	33	103	-	662
Long-term provision	85	98	515	-	54	-	-	124	876

FORTHE 6 MONTHS ENDED 30 JUNE 2020	Provisions for financial liabilities and guarantees granted	Provisions for legal claims, excluding legal claims relating to mortgage loans in convertible currencies	Provisions for legal claims against the bank relating to mortgage loans in convertible currencies (Note 14)	Provisions for refunds of costs to customers on early repayment of consumer and mortgage loans	Provisions for pensions and other defined post- employment benefits	Restructuring	Provision for holiday pay	Other provisions, including provisions for employee disputed claims	Total
<b>As at the beginning of the period</b>	268	50	29	104	55	41	80	26	653
Increases, including increases in existing provisions	99	3	50	70	-	-	14	-	236
Utilized amounts	-	(1)	-	(137)	(1)	(5)	-	(3)	(147)
Unused provisions reversed during the period	-	(4)	-	-	-	(2)	-	-	(6)
Other changes and reclassifications	2	-	3	-	-	-	-	-	5
<b>As at the end of the period</b>	<b>369</b>	<b>48</b>	<b>82</b>	<b>37</b>	<b>54</b>	<b>34</b>	<b>94</b>	<b>23</b>	<b>741</b>
Short-term provision	312	-	-	37	6	34	94	1	484
Long-term provision	57	48	82	-	48	-	-	22	257

### 23. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	30.06.2021			31.12.2020		
	Gross amount	Impairment	Net amount	Gross amount	Impairment	Net amount
<b>SUBSIDIARIES</b>						
PKO Bank Hipoteczny S.A.	1 650	-	1 650	1 650	-	1 650
KREDOBANK S.A.	1 072	(793)	279	1 072	(793)	279
PKO Leasing S.A.	496	-	496	496	-	496
PKO Życie Towarzystwo Ubezpieczeń S.A.	241	-	241	241	-	241
PKO Towarzystwo Funduszy Inwestycyjnych S.A.	225	-	225	225	-	225
PKO VC – fizan <sup>1</sup>	200	-	200	200	-	200
PKO BP BANKOWY PTE S.A.	151	(37)	114	151	(37)	114
NEPTUN – fizan <sup>1</sup>	132	-	132	132	-	132
Merkury - fiz an <sup>1</sup>	120	-	120	120	-	120
PKO Towarzystwo Ubezpieczeń S.A.	110	-	110	110	-	110
PKO Finance AB	24	-	24	24	-	24
PKO BP Finat sp. z o.o.	21	-	21	21	-	21
<b>JOINT VENTURES</b>						
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	197	-	197	197	-	197
Operator Chmury Krajowej sp. z o.o. <sup>2</sup>	60	-	60	60	-	60
<b>ASSOCIATES</b>						
Bank Pocztowy S.A.	184	(184)	-	184	(184)	-
“Poznański Fundusz Poręczeń Kredytowych” Sp. z o.o.	2	(2)	-	2	(2)	-
<b>Fair value adjustments under hedge accounting</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4 886</b>	<b>(1 016)</b>	<b>3 870</b>	<b>4 885</b>	<b>(1 016)</b>	<b>3 869</b>

<sup>1</sup> The Bank holds investment certificates of the Fund which allow it to control the Fund in accordance with IFRS.

<sup>2</sup> The value of exposure relating to Operator Chmury Krajowej sp. z o.o. does not take into account new shares issued amounting to PLN 17 500 000 at purchase price, paid up by PKO Bank Polski S.A.; the capital increase had not yet been registered by 30 June 2021.

In addition, as at 30 June 2021, PLN 500 million was included in off-balance sheet liabilities in respect of the planned taking up of A series investment certificates of the second and subsequent issues and B series certificates of the first and subsequent issues of PKO Energia Odnawialna FIZAN.

## 24. OFFSET OF THE NET LOSS FOR 2020, DISTRIBUTION OF RETAINED EARNINGS AND DIVIDENDS

- **OFFSET OF THE NET LOSS FOR 2020 AND DISTRIBUTION OF RETAINED EARNINGS**

On 7 June 2021, the Ordinary General Meeting adopted the following resolutions:

- 1) on offsetting the net loss of PKO Bank Polski S.A. for 2020 totalling PLN 2 943 792 603.05 against a special fund created by resolution of the Bank's Extraordinary Shareholders Meeting of 23 April 2021 for offsetting particular balance sheet losses which will arise as a result of recognizing the financial effects of financial settlements with consumers who had concluded loan or borrowing agreements with the Bank secured by mortgages indexed to foreign currencies or denominated in foreign currencies
- 2) retaining the Bank's unappropriated profits for prior years of PLN 5 500 000 000 as retained earnings.

- **DIVIDEND POLICY**

In March 2021, the Bank's Supervisory Board adopted the "Dividend policy of PKO Bank Polski S.A. and the PKO Bank Polski S.A. Group" (hereinafter the "Dividend Policy"). The Dividend Policy is based on an assumption of the stable execution of dividend payments over a long period in keeping with the principle of prudent management of the Bank and the Bank's Group, in accordance with the law and the PFSA positions on the assumptions for the dividend policies of commercial banks. The objective of the dividend policy is to optimally shape the Bank's and the Group's capital structure, taking into account the return on capital employed and its cost, capital requirements related to development, accompanied by the need to ensure an appropriate level of capital adequacy ratios. Pursuant to the adopted Dividend Policy, the purchase of own shares with a view to their redemption is another instrument for redistribution of capital, and the purchase of shares may be executed when the book value of shares is higher than their current market price upon permission of the PFSA.

- **PFSA RECOMMENDATION FOR THE PAYMENT OF DIVIDEND IN 2021**

In the first half of 2021, the PFSA considered it necessary for commercial banks to suspend any payment of dividend and not to undertake, without prior consultation with the supervisory authority, other activities, in particular those outside the scope of current business and operating activities that may result in a reduction in the capital base, as reflected in the PFSA's position of 16 December 2020 and in the individual recommendation for the Bank of 13 January 2021. Both the Bank's Management and Supervisory Boards passed resolutions stating that each of the authorities would implement the PFSA's recommendation within the scope of their respective responsibilities.

On 24 June 2021, the PFSA adopted a position on dividend policies of the commercial banks for the first half of 2021 which enables the payment of dividend from the 2020 profit upon meeting the conditions referred in the above-mentioned position. The PFSA maintained the recommendation not to undertake (without prior consultation with the supervisory authority) any other activities that may result in a reduction in the capital base, including the payment of dividend out of the retained earnings, and purchases of own Treasury shares. The above-mentioned position was confirmed by letters from the PFSA dated 30 June 2021 and 16 July 2021.

Pursuant to Art. 395.2.2 of the Commercial Companies Code, the decision on the distribution of profit remains within the competence of the Bank's Ordinary General Meeting.

## 25. CONTINGENT LIABILITIES AND OFF-BALANCE SHEET LIABILITIES RECEIVED AND GRANTED

### FINANCIAL AND GUARANTEE COMMITMENTS GRANTED

FINANCIAL AND GUARANTEE LIABILITIES GRANTED 30.06.2021	STAGE 1		STAGE 2		STAGE 3		Total	Provisions according to IFRS 9	Net amount
	Nominal value	Provision	Nominal value	Provision	Nominal value	Provision			
<b>credit lines and limits</b>	58 292	(95)	5 818	(201)	122	(25)	64 232	(321)	63 911
housing	4 890	(10)	138	(5)	2	(1)	5 030	(16)	5 014
corporate	44 552	(68)	4 224	(152)	104	(20)	48 880	(240)	48 640
consumer	8 850	(17)	1 456	(44)	16	(4)	10 322	(65)	10 257
<b>other</b>	3 119	-	-	-	4	-	3 123	-	3 123
<b>Total financial commitments granted, including:</b>	<b>61 411</b>	<b>(95)</b>	<b>5 818</b>	<b>(201)</b>	<b>126</b>	<b>(25)</b>	<b>67 355</b>	<b>(321)</b>	<b>67 034</b>
irrevocable commitments granted	27 642	(45)	2 783	(88)	64	(12)	30 489	(145)	30 344
POCI	-	-	-	-	25	-	25	-	25
<b>guarantees in domestic and foreign trading:</b>	<b>9 244</b>	<b>(6)</b>	<b>1 647</b>	<b>(77)</b>	<b>514</b>	<b>(170)</b>	<b>11 405</b>	<b>(253)</b>	<b>11 152</b>
financial	3 734	-	-	-	-	-	3 734	-	3 734
non-financial	5 468	(6)	1 647	(77)	514	(170)	7 629	(253)	7 376
public	42	-	-	-	-	-	42	-	42
<b>domestic corporate bonds (financial entities)</b>	<b>2 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 000</b>	<b>-</b>	<b>2 000</b>
<b>domestic municipal bonds (state budget entities)</b>	<b>415</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>415</b>	<b>-</b>	<b>415</b>
<b>letters of credit</b>	<b>1 194</b>	<b>(1)</b>	<b>54</b>	<b>(3)</b>	<b>1</b>	<b>-</b>	<b>1 249</b>	<b>(4)</b>	<b>1 245</b>
to financial entities	20	-	-	-	-	-	20	-	20
to non-financial entities	1 174	(1)	54	(3)	1	-	1 229	(4)	1 225
<b>payment guarantees (financial entities)</b>	<b>169</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169</b>	<b>-</b>	<b>169</b>
<b>Total guarantees and pledges granted, including:</b>	<b>13 022</b>	<b>(7)</b>	<b>1 701</b>	<b>(80)</b>	<b>515</b>	<b>(170)</b>	<b>15 238</b>	<b>(257)</b>	<b>14 981</b>
irrevocable commitments granted	9 403	(6)	1 647	(77)	514	(170)	11 564	(253)	11 311
performance guarantee	1 456	(2)	1 080	(51)	243	(143)	2 779	(196)	2 583
POCI	-	-	-	-	2	-	2	-	2
<b>Total</b>	<b>74 433</b>	<b>(102)</b>	<b>7 519</b>	<b>(281)</b>	<b>641</b>	<b>(195)</b>	<b>82 593</b>	<b>(578)</b>	<b>82 015</b>

CONDENSED INTERIM FINANCIAL STATEMENTS OF PKO BANK POLSKI SA  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021  
(IN PLN MILLION)

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED 31.12.2020	STAGE 1		STAGE 2		STAGE 3		Total	Provisions according to IFRS 9	Net amount
	Nominal value	Provision	Nominal value	Provision	Nominal value	Provision			
<b>credit lines and limits</b>	58 227	(79)	6 590	(228)	118	(30)	64 935	(337)	64 598
housing	4 166	(9)	147	(5)	3	(2)	4 316	(16)	4 300
corporate	45 287	(56)	5 029	(186)	105	(25)	50 421	(267)	50 154
consumer	8 774	(14)	1 414	(37)	10	(3)	10 198	(54)	10 144
<b>other</b>	3 002	(29)	-	-	-	-	3 002	(29)	2 973
<b>Total financial commitments granted, including:</b>	<b>61 229</b>	<b>(108)</b>	<b>6 590</b>	<b>(228)</b>	<b>118</b>	<b>(30)</b>	<b>67 937</b>	<b>(366)</b>	<b>67 571</b>
irrevocable commitments granted	30 121	(46)	2 883	(94)	42	(10)	33 046	(150)	32 896
POCI					20	-	20	-	20
<b>guarantees in domestic and foreign trading:</b>	<b>8 592</b>	<b>(4)</b>	<b>1 635</b>	<b>(88)</b>	<b>336</b>	<b>(162)</b>	<b>10 563</b>	<b>(254)</b>	<b>10 309</b>
financial	3 297	-					3 297	-	3 297
non-financial	5 247	(4)	1 635	(88)	336	(162)	7 218	(254)	6 964
public	48	-					48	-	48
<b>domestic corporate bonds (financial entities)</b>	<b>2 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 000</b>	<b>-</b>	<b>2 000</b>
<b>domestic municipal bonds (state budget entities)</b>	<b>166</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>166</b>	<b>-</b>	<b>166</b>
<b>letters of credit</b>	<b>1 427</b>	<b>(1)</b>	<b>77</b>	<b>(4)</b>	<b>13</b>	<b>(1)</b>	<b>1 517</b>	<b>(6)</b>	<b>1 511</b>
to financial entities	201	-	-	-	-	-	201	-	201
to non-financial entities	1 226	(1)	77	(4)	13	(1)	1 316	(6)	1 310
<b>payment guarantees (financial entities)</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83</b>	<b>-</b>	<b>83</b>
<b>Total guarantees and pledges granted, including:</b>	<b>12 268</b>	<b>(5)</b>	<b>1 712</b>	<b>(92)</b>	<b>349</b>	<b>(163)</b>	<b>14 329</b>	<b>(260)</b>	<b>14 069</b>
irrevocable commitments granted	8 668	(4)	1 635	(88)	336	(162)	10 639	(254)	10 385
performance guarantee	1 681	(1)	998	(54)	182	(135)	2 861	(190)	2 671
POCI	-	-	-	-	1	-	1	-	1
<b>Total</b>	<b>73 497</b>	<b>(113)</b>	<b>8 302</b>	<b>(320)</b>	<b>467</b>	<b>(193)</b>	<b>82 266</b>	<b>(626)</b>	<b>81 640</b>

- **OFF-BALANCE SHEET LIABILITIES RECEIVED**

OFF-BALANCE SHEET LIABILITIES RECEIVED BY NOMINAL VALUE	30.06.2021	31.12.2020
Financial	148	147
Guarantee	5 932	4 025
<b>Total</b>	<b>6 080</b>	<b>4 172</b>

- **SECURITY PROGRAMMES COVERED WITH UNDERWRITING AGREEMENTS**

As at 30 June 2021 and as at 31 December 2020 there were no underwriting agreements concluded.

- **CONTRACTUAL COMMITMENTS**

VALUE OF CONTRACTUAL COMMITMENTS CONCERNING:	30.06.2021	31.12.2020
intangible assets	31	24
property, plant and equipment	1	15
<b>Total</b>	<b>32</b>	<b>39</b>

## 26. LEGAL CLAIMS

As at 30 June 2021, the total value of the subject matter of litigation in court proceedings (trials) pending in which the Bank is a defendant amounted to PLN 3 078 million (as at 31 December 2020: PLN 2 028 million), and the total value of the subject matter of litigation in court proceedings (trials) pending in which the Bank is the claimant as at 30 June 2021 was PLN 1 790 million (as at 31 December 2020: PLN 2 230 million).

- **LITIGATION AGAINST THE BANK RELATING TO MORTGAGE LOANS IN CONVERTIBLE CURRENCIES**

As at 30 June 2021, 8 968 legal proceedings were pending against the Bank (as at 31 December 2020: 5 372) relating to mortgage loans granted in previous years in foreign currency with a total value in dispute of PLN 2 584 million (as at 31 December 2020: PLN 1 404 million), including one group proceeding with 72 loan agreements. The Bank's customers' claims concerned mainly demands to determine the invalidity of all or part of the agreements or to receive refunds of allegedly undue benefits in connection with the abusive nature of the foreign currency clauses. None of the clauses used by the Bank in the agreements was entered in the register of prohibited contractual provisions. The number of legal claims submitted by customers against the Bank was significantly affected by the intensive advertising campaign of law firms which encouraged borrowers to engage them, for a fee, to bring cases to court against the Bank.

The Bank is continuously monitoring the judgments issued in cases involving loans indexed to or denominated in, a foreign currency from the perspective of development and any potential changes in the line of jurisprudence.

By 30 June 2021, courts issued 101 valid judgments in cases against the Bank (including 59 judgments after 3 October 2019). 58 of these judgments (including 20 judgments issued after 3 October 2019) are favourable for the Bank. The Bank is filing cassation complaints to the Supreme Court concerning judgments which are unfavourable to the Bank.

On 29 January 2021, in connection with the discrepancies in the interpretation of legal provisions in the jurisprudence of the Supreme Court and common courts and in order to ensure the uniformity of jurisprudence, the First President of the Supreme Court submitted a request for the full panel of the Civil Chamber of the Supreme Court to resolve the following legal issues concerning the subject of loans denominated and indexed in foreign currencies (legal basis: Article 83 § 1 of the Act of 8 December 2017 on the Supreme Court):

1. If it is held that a provision of a loan agreement for a loan indexed to or denominated in, a foreign currency, which refers to how the rate of exchange of the foreign currency is to be determined constitutes a prohibited contractual provision, can it be assumed that that provision has been replaced by another manner of determining the rate of exchange of the foreign currency which results from legal or customary rules?

If the above question is answered in the negative:

2. In the event that it is impossible to establish a foreign currency exchange rate binding on the parties in a loan agreement indexed to such a currency, can the remainder of the agreement be still binding to the parties?

3. If it is impossible to determine an exchange rate of a foreign currency binding for both parties of an agreement for a loan denominated in such a foreign currency, may the agreement remain binding with regard to other contractual provisions?

Irrespective of the answers to questions 1-3:

4. Where a loan agreement is invalid or ineffective, but the bank, in the performance of the loan agreement, has disbursed to the borrower all or part of the amount of the credit and the borrower has made repayments on the credit, do separate claims for wrongful performance arise in favour of each of the parties, or does a single claim, equal to the difference in performance, arise in favour of the party whose total performance was higher?
5. If the loan agreement is invalid or ineffective as a result of the unlawful nature of some of its provisions, does the limitation period for the bank's claim for repayment of the sums paid under the loan begin to run from the time at which those sums were paid?
6. If, in the event that a loan agreement is invalid or ineffective, any of the parties is entitled to claim the repayment of the performance fulfilled in execution of such an agreement, can that party also claim consideration for the use of its money by the other party?

The hearing of the full panel of the Civil Chamber to consider the aforementioned motion was held on 11 May 2021. Before issuing its ruling, the Supreme Court decided to consult five public institutions. The case is scheduled to be heard on 2 September 2021.

In the first half of 2021, two important (from the perspective of the claims of borrowers of Swiss franc loans) resolutions of the Supreme Court and a judgment of the European Court of Justice were passed. On 7 May 2021, the Supreme Court, composed of seven judges of the Civil Chamber, adopted a resolution in case III CZP 6/21, which reads:

- 1) A prohibited contractual provision (Article 385<sup>1</sup> § 1 of the Civil Code) is from the outset, by operation of law, rendered ineffective in favour of the consumer, who may subsequently give his informed and free consent to the provision and thus restore its retroactive effectiveness.
- 2) If, without an ineffective provision, a credit agreement cannot be binding, the consumer and the lender have separate claims for the return of monetary performances made in performance of that agreement (Article 410 § 1 in connection with Article 405 of the Civil Code). The lender may demand repayment from the moment the loan agreement has become permanently ineffective.

The resolution was given the force of legal principle, which means that the ordinary composition of the Supreme Court cannot depart from the interpretation given in the earlier resolution, which has the force of legal principle. If any panel of the Supreme Court wishes to depart from the legal principle, it must refer the legal issue arising to the full bench for determination. When justifying the aforementioned resolution, the Supreme Court agreed with the view expressed earlier in case law (resolution III CZP 11/20 of 16 February 2021) that the running of the period of limitations for claims arising from a loan agreement that is invalid as a result of the removal of abusive provisions starts only after the consumer expresses a conscious intent not to be bound by the abusive provisions. The Supreme Court held that since the consumer is entitled to remedy a defective (abusive) contractual clause and express his or her intention to be bound by it, until this decision is taken the lender remains in uncertainty as to the validity of the agreement and the agreement itself is in a state of suspended ineffectiveness. It is only when this state of affairs ceases, which occurs as a rule as a result of a declaration by the borrower, that the lender's claims can arise and thus start to run the statute of limitations.

On 29 April 2021, the CJEU, answering legal questions formulated by the Regional Court in Gdańsk concerning a loan granted in a foreign currency, indicated, inter alia, that "Article 6(1) of Directive 93/13 must be interpreted as meaning that it is for the national court to find that a term in a contract concluded between a seller or supplier and a consumer is unfair, even if it has been contractually amended by those parties. Such a finding leads to the restoration of the situation that the consumer would have been in the absence of the term found to be unfair, except where the consumer, by means of amendment of the unfair term, has waived such restoration by free and informed consent, which it is for the national court to ascertain. However, it does not follow from that provision that a finding that the original term is unfair would, in principle, lead to the annulment of the contract, since the amendment of that term made it possible to restore the balance between the obligations and rights of those parties arising under the contract and to remove the defect which vitiated it." This means that amending a contract by means of an annex does not exclude its review by a court, but may exclude the effect of annulling the contract.

- **ACTIVITIES OF THE BANK UNDERTAKEN IN CONNECTION WITH A PROPOSAL OF THE CHAIR OF THE POLISH FINANCIAL SUPERVISION AUTHORITY AND THE EXPECTED HEARING OF THE SUPREME COURT REGARDING LOANS GRANTED IN FOREIGN CURRENCIES**

In December 2020, the Chair of the Polish Financial Supervision Authority (the “Chair of PFSA”) presented a proposal aimed at solving the problem of housing loans in Swiss francs at a systemic level. The proposed solution provides that banks would voluntarily offer their customers the possibility of entering into a settlement whereby the customers’ loans would be treated as if they had been granted in Polish zloty and had borne interest rate equal to the reference WIBOR rate plus a margin historically applied to such loans.

The Bank analysed the benefits and risks associated with the possible variants of dealing with the foreign currency housing loans. In the Bank’s opinion, for both the Bank and its customers reaching a compromise and concluding a settlement is more favourable than engaging in lengthy court cases with an uncertain outcome.

The Bank conducted a survey among its customers which showed that approximately 70% of the customers are interested in reaching a settlement with the Bank. Currently, the Bank is implementing a pilot programme of settlements as part of which the Bank participates in mediation in the arbitration court of the PFSA and reaches settlements before common courts.

On 23 April 2021, the Extraordinary Shareholders’ Meeting approved the possibility of offering settlements to the customer. By Resolution of 27 May 2021, the Supervisory Board accepted the terms of the settlement offer as proposed by the Chairman of the PFSA. The Bank is working on the details of the solution, including ensuring that customers can switch to a fixed interest rate in the settlement.

#### **PROCEEDINGS CONDUCTED BEFORE THE PRESIDENT OF THE OFFICE OF COMPETITION AND CONSUMER PROTECTION (UOKiK)**

Two proceedings have been brought before the President of UOKiK ex officio and are currently in progress:

- Proceedings initiated on 26 July 2017 ex officio concerning using practices which violate the collective interests of customers. The violation with which the Bank has been charged consists of collecting higher instalments on loans and advances denominated in foreign currencies to customers than those following from the advice about interest rate risk provided to customers before they had concluded the contracts, and transferring possible currency risk to the customers. The Bank presented its position on the claims in its letter dated 23 September 2017. In a letter dated 14 March 2019, the UOKiK President asked the Bank 16 detailed questions in order to establish the circumstances that are necessary to resolve the case. The Bank gave the answers in a letter dated 10 May 2019. In a letter dated 9 June 2021, the President of UOKiK extended the term of concluding the proceedings until 30 September 2021. As at 30 June 2021 the Bank did not set up a provision for the proceedings.
- Proceedings initiated ex officio on 12 March 2019 on the acknowledgement that the provisions of the template contract are inadmissible. The proceedings are related to modification clauses which specify the circumstances in which the Bank is entitled to amend the terms and conditions of the agreement, including the amount of fees and commission. In the opinion of the President of UOKiK the modification clauses applied by the Bank give the Bank unilateral unlimited and arbitrary possibilities of modifying the execution of the agreement. Consequently, the President of UOKiK is of the opinion that the clauses applied by the Bank shape the rights and obligations of the consumers in a way that is contrary to good practice and are a gross violation of their interests, which justifies the conclusion that they are abusive. In its letter of 31 May 2019, the Bank presented its position on the charges made by the President of UOKiK. In a letter dated 29 June 2021, the President of UOKiK extended the term of concluding the proceedings until 30 September 2021. As at 30 June 2021, the Bank did not set up a provision for the proceedings.

#### **PROCEEDINGS BEFORE THE COURT OF COMPETITION AND CONSUMER PROTECTION CONCERNING THE SPREAD PROVISIONS**

The proceedings were initiated by the Bank’s appeal (submitted on 13 November 2020) against the decision of the President of UOKiK dated 16 October 2020. In the said decision, the President of UOKiK declared the provisions of the template agreement “Annex to the housing loan/mortgage loan agreement” in the section “Appendix to the annex ‘Rules for determining foreign exchange spreads at PKO BP SA’” as inadmissible provisions and prohibited their use. In addition, the President of UOKiK ordered to inform all consumers being the parties to the assessed annexes about the decision to declare them inadmissible and about the consequences resulting therefrom, not later than within three months from the date the decision became legally binding and ordered to submit a declaration, with the contents as indicated in the decision, not later than 1 month from the date the decision became legally binding, which is to be kept on the website for 4 months. Furthermore, the President of UOKiK imposed on the Bank a fine of PLN 41 million, payable to the Financial Education Fund.



In its appeal against that decision, the Bank requested that the decision be amended by finding that there had been no breach of the prohibition on the use of prohibited contractual clauses, or by discontinuing the proceedings. It was also requested that the decision be annulled or amended by waiving or substantially reducing the fine. The appeal raised a number of substantive and procedural grounds of appeal.

The Bank's main arguments consists in pointing out that the decision of the President of UOKiK is a manifestation of unlawful and groundless interference with the Bank's pricing policy, pointing out that there are no substantive grounds for the intervention of the President of UOKiK, i.e. there are no grounds for concluding that the Bank applied prohibited contractual provisions, and pointing out that the penalty imposed on the Bank is abnormally high. In response to the appeal, the President of UOKiK sustained the position expressed in the decision appealed against. The Bank is currently awaiting for the setting of a hearing date.

#### **PROCEEDINGS RELATING TO RESTRICTIVE PRACTICES ON THE MARKET OF PAYMENTS WITH PAYMENT CARDS IN POLAND**

The Bank is a party to proceedings initiated by the President of UOKiK on the basis of a decision dated 23 April 2001 upon the request of the Polish Trade and Distribution Organization – Employers Association (Polska Organizacja Handlu i Dystrybucji - Związek Pracodawców - POHiD) against operators of the Visa and Europay payment systems and banks issuing Visa and Europay/ Eurocard/ Mastercard banking cards.

The claims under these proceedings relate to the use of practices limiting competition on the market of banking card payments in Poland, consisting of applying pre-agreed "interchange" fees for transactions made using the Visa and Europay/Eurocard/Mastercard cards as well as limiting access to this market for external entities. On 29 December 2006, UOKiK decided that the practices, consisting of joint determination of the "interchange" fee, did limit market competition and ordered that any such practices should be discontinued, and imposed a fine on, among others, the Bank, in the amount of PLN 16.6 million. The Bank appealed against the decision of the President of UOKiK to the Court for Competition and Consumer Protection (Sąd Ochrony Konkurencji i Konsumentów - SOKiK). By the ruling of 21 November 2013 SOKiK reduced the fine imposed on the Bank to the amount of PLN 10.4 million. The parties to the proceedings filed appeals. The Court of Appeal in Warsaw in its ruling dated 6 October 2015 reinstated the initial amount of the imposed fines set in the decision of the UOKiK, i.e. the fine of PLN 16.6 million (the fine imposed on PKO Bank Polski S.A.) and the fine of PLN 4.8 million (the fine imposed on Nordea Bank Polska SA. PKO Bank Polski S.A. is a legal successor of Nordea Bank Polska SA through a merger in accordance with Article 492 § 1(1) of the Commercial Companies Code). The fine was paid by the Bank in October 2015. As a result of the cassation complaint made by the Bank, in its ruling dated 25 October 2017, the Supreme Court revoked the appealed ruling of the Court of Appeal in Warsaw and submitted the case for re-examination. The fine paid by the Bank was reimbursed to the Bank on 21 March 2018. On 23 November 2020, the Court of Appeal in Warsaw issued a ruling in which it revoked the ruling of the District Court in Warsaw dated 21 November 2013 and submitted it for re-examination. As at 30 June 2021, the Bank recognized a provision for this litigation of PLN 21 million (PLN 21 million as at 31 December 2020).

- **CLAIMS FOR DAMAGES IN RESPECT OF THE INTERCHANGE FEE**

The Bank was served six summonses to participate, as an outside intervener on the defendant's side in cases relating to the interchange fees. Other banks are respondents in the case. The claims vis-à-vis the sued banks amount to the total of PLN 798 million and are pursued as damages for differences in interchange fees resulting from applying practices that limit competition. Since these proceedings are not pending against the Bank, their value was not included in the total value of the cases against the Bank.

If the courts find the claims justified, the defendants may claim recourse in separate court proceedings from other banks, including, among others, from PKO Bank Polski SA. As at 30 June 2021, the Bank entered seven proceedings as an outside intervener.

- **RE-PRIVATIZATION CLAIMS RELATING TO PROPERTIES USED BY THE BANK**

As at the date of preparing the financial statements, two proceedings are being conducted involving reprivatization claims. In one of the proceeding ended with a final court ruling favourable to the Bank, the opposing party lodged a cassation complaint, and the Supreme Court revoked the appealed judgment of the District Court and in that part submitted the case for re-examination. In the second proceeding the subject matter of which is to confirm invalidity of the decision refusing to grant temporary ownership of the Bank's property to the applicant, the cassation complaint has been lodged with the Voivodeship Administrative Court against the final decision discontinuing the proceedings as groundless. The claim was rejected by the Voivodeship Administrative Court but the opponent appealed against this decision. Following the annulment of the ruling by the Supreme Administrative Court, the Voivodeship Administrative Court re-examined the case and dismissed the complaint of the opposing party.

The Management Board of PKO Bank Polski S.A. is of the opinion that it is unlikely that serious claims may be brought against the Bank in these matters.

## 27. TRANSACTIONS WITH THE STATE TREASURY AND RELATED PARTIES

### • TRANSACTIONS WITH THE STATE TREASURY

The State Treasury holds a 29.43% interest in the Bank's share capital.

Pursuant to the Act of 30 November 1995 on state support in the repayment of certain housing loans, reimbursement of guarantee bonuses paid, and amendments to certain Acts, PKO Bank Polski S.A. receives payments from the State budget as the repurchase of interest receivable on housing loans.

TRANSACTIONS WITH THE STATE TREASURY	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Income recognized on the accruals basis	64	70
Income recognized on the cash basis	4	51
Income from temporary redemption by the State Treasury of interest on housing loans in the "old portfolio"	60	19

As of 1 January 2018 based on the provisions of the Act of 30 November 1995 on state support in the repayment of certain housing loans, and reimbursement of guarantee bonuses paid, the borrowers acquired the right to be forgiven the remaining debt by the State Treasury, which will result in gradual (until 2026) full settlement of the housing loan indebtedness from the so-called "old" portfolio. The Bank conducts settlements related to the purchase of interest on housing loans by the State Treasury and in the six-months ended 30 June 2021 and in the corresponding period of 2020, the Bank received commission of less than PLN 1 million.

Since 1 January 1996, the Bank has been the general distributor of revenue stamps, and in this respect, in the six month period ended 30 June 2021 and in the corresponding period of 2020, the Bank received commission of less than PLN 1 million.

Biuro Maklerskie PKO BP plays the role of an agent for the issue of retail treasury bonds under the agreement signed with the Ministry of Finance on 11 February 2003. Pursuant to the agreement, Biuro Maklerskie PKO BP receives commission for its role which amounted to PLN 82 million in the six-month period ended 30 June 2021 and PLN 89 million in the six-month period ended 30 June 2020.

### • SIGNIFICANT TRANSACTIONS WITH ENTITIES RELATED TO THE STATE TREASURY

The transactions were concluded on arm's length terms.

SIGNIFICANT TRANSACTIONS WITH THE STATE TREASURY'S RELATED ENTITIES	BALANCE SHEET EXPOSURE, INCLUDING EXPOSURE TO LOANS AND DEBT INSTRUMENTS		OFF-BALANCE SHEET EXPOSURE		LIABILITIES IN RESPECT OF DEPOSITS	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020
counterparty 1	-	-	2 453	2 453	25	793
counterparty 2	16 977	16 845	30	30	94	737
counterparty 3	413	1 617	2 216	2 291	807	48
counterparty 4	51	644	2 408	2 132	39	46
counterparty 5	612	623	1 709	1 683	56	63
counterparty 6	605	46	1 507	1 193	1	114
counterparty 7	408	129	1 363	667	19	41
counterparty 8	820	999	711	1 080	50	11
counterparty 9	88	465	1 282	3 520	908	98
counterparty 10	117	313	831	802	-	-

In the six-month period ended 30 June 2021, interest and commission income on the transactions with the 10 counterparties referred to above amounted to PLN 59 million (PLN 129 million in the six-month period ended 30 June 2020), and the respective interest expense amounted to PLN 1 million (PLN 16 million in the first six months of 2020). As at 30 June 2021 and as at 31 December 2020, the allowance for expected loan losses on these exposures

amounted to PLN 0 million. The remaining transactions with parties related to the State Treasury covered loans and advances, credit lines and guarantees granted, and deposits made.

- **RELATED-PARTY TRANSACTIONS - CAPITAL LINKS**

Transactions between the Bank as the parent and its subsidiaries, associates and joint ventures are presented in the table below. All transactions presented below were arm's length transactions.

The Bank provided services to PKO Bank Hipoteczny S.A. within the scope of intermediation in sales of housing loans for individuals, performing tasks as part of post-transaction services in respect of these loans and support tasks under the outsourcing agreement. The Bank offered its infrastructure and IT services and rented office space to selected companies of the Bank's Group. Together with Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o., the Bank rendered services of payment transaction clearance.

AS AT 30 JUNE 2021 / ENTITY	Receivables	of which loans	Liabilities	Off-balance sheet liabilities granted
KREDOBANK SA and its subsidiary	66	57	28	241
Merkury - fiz an and its subsidiaries	-	-	35	-
NEPTUN - fizan and its subsidiaries	152	152	40	-
PKO Bank Hipoteczny S.A.	4 161	4 128	828	6 324
PKO BP BANKOWY PTE S.A.	-	-	43	-
PKO BP Finat sp. z o.o.	12	-	3	10
PKO Finance AB	735	-	4 366	-
PKO Leasing SA and its subsidiaries	17 460	17 460	21	4 432
PKO Towarzystwo Funduszy Inwestycyjnych SA	-	-	116	-
PKO Towarzystwo Ubezpieczeń SA	-	-	66	-
PKO Życie Towarzystwo Ubezpieczeń SA and its subsidiary	-	-	505	-
<b>Total</b>	<b>22 586</b>	<b>21 797</b>	<b>6 051</b>	<b>11 007</b>

AS AT 30 JUNE 2021 / ENTITY	Receivables	of which loans	Liabilities	Off-balance sheet liabilities granted
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	85	6	88	52
"Centrum Obsługi Biznesu" Sp. z o.o.	15	15	4	-
Bank Pocztowy SA	-	-	-	1
"Poznański Fundusz Poręczeń Kredytowych" Sp. z o.o.	-	-	1	-
Operator Chmury Krajowej sp. z o.o.	-	-	31	776
<b>Total joint ventures and associates</b>	<b>100</b>	<b>21</b>	<b>124</b>	<b>829</b>

CONDENSED INTERIM FINANCIAL STATEMENTS OF PKO BANK POLSKI SA  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021  
(IN PLN MILLION)

AS AT 31 DECEMBER 2020 / ENTITY	Receivables	of which loans	Liabilities	Off-balance sheet liabilities granted
KREDOBANK SA and its subsidiary	11	-	19	296
Merkury - fiz an and its subsidiaries	-	-	25	-
NEPTUN - fizan and its subsidiaries	156	156	34	-
PKO Bank Hipoteczny S.A.	3 439	3 215	1 155	7 078
PKO BP BANKOWY PTE S.A.	-	-	13	-
PKO BP Finat sp. z o.o.	-	-	9	10
PKO Finance AB	742	-	4 343	-
PKO Leasing SA and its subsidiaries	16 753	16 753	16	5 708
PKO Towarzystwo Funduszy Inwestycyjnych S.A.	21	-	164	-
PKO Towarzystwo Ubezpieczeń S.A.	-	-	14	-
PKO Życie Towarzystwo Ubezpieczeń SA and its subsidiary	-	-	494	-
<b>Total</b>	<b>21 122</b>	<b>20 124</b>	<b>6 286</b>	<b>13 092</b>

AS AT 31 DECEMBER 2020 / ENTITY	Receivables	of which loans	Liabilities	Off-balance sheet liabilities granted
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	54	6	168	54
"Centrum Obsługi Biznesu" Sp. z o.o.	17	17	4	-
Bank Pocztowy SA	-	-	-	1
"Poznański Fundusz Poręczeń Kredytowych" Sp. z o.o.	-	-	22	-
Operator Chmury Krajowej sp. z o.o.	-	-	18	767
<b>Total joint ventures and associates</b>	<b>71</b>	<b>23</b>	<b>212</b>	<b>822</b>

FOR THE PERIOD ENDED 30 JUNE 2021 / ENTITY	Total income	of which interest and commission expense	Total expense	of which interest and commission income
KREDOBANK SA and its subsidiary	1	1	-	-
NEPTUN - fizan and its subsidiaries	1	1	-	-
PKO Bank Hipoteczny S.A.	53	42	3	3
PKO BP BANKOWY PTE S.A.	-	-	-	-
PKO BP Finat sp. z o.o.	1	-	3	-
PKO Finance AB	17	17	92	92
PKO Leasing SA and its subsidiaries	310	81	-	-
PKO Towarzystwo Funduszy Inwestycyjnych S.A.	127	3	-	-
PKO Życie Towarzystwo Ubezpieczeń SA and its subsidiary	53	-	5	5
<b>Total</b>	<b>563</b>	<b>145</b>	<b>103</b>	<b>100</b>

FOR THE PERIOD ENDED 30 JUNE 2021 / ENTITY	Total income	of which interest and commission expense	Total expense	of which interest and commission income
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	265	225	33	33
<b>Total joint ventures and associates</b>	<b>265</b>	<b>225</b>	<b>33</b>	<b>33</b>

FOR THE PERIOD ENDED 30 JUNE 2020 / ENTITY	Total income	of which interest and commission expense	Total expense	of which interest and commission income
NEPTUN - fizan and its subsidiaries	1	1	-	-
PKO Bank Hipoteczny S.A.	163	151	1	1
PKO BP Finat sp. z o.o.	1	-	3	-
PKO Finance AB	7	7	108	98
PKO Leasing SA and its subsidiaries	149	148	-	-
PKO Towarzystwo Funduszy Inwestycyjnych S.A.	5	4	1	1
PKO Towarzystwo Ubezpieczeń S.A.	27	27	-	-
PKO Życie Towarzystwo Ubezpieczeń SA and its subsidiary	20	20	5	5
<b>Total</b>	<b>373</b>	<b>358</b>	<b>118</b>	<b>105</b>

FOR THE PERIOD ENDED 30 JUNE 2020 / ENTITY	Total income	of which interest and commission expense	Total expense	of which interest and commission income
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	205	203	36	35
<b>Total joint ventures and associates</b>	<b>205</b>	<b>203</b>	<b>36</b>	<b>35</b>

- BENEFITS FOR THE KEY MANAGEMENT PERSONNEL (IN PLN '000)**

COST OF REMUNERATION OF THE BANK'S MANAGEMENT BOARD AND SUPERVISORY BOARD	01.01.2021-30.06.2021	01.01.2020-30.06.2020
<b>Management Board of the Bank</b>		
Short-term employee benefits <sup>1</sup>	3 818	3 467
Long-term benefits <sup>2</sup>	1 546	1 896
Share-based payments settled in cash <sup>3</sup>	6 824	1 896
Severance benefits for Management Board members who ceased to perform their functions	467	-
<b>Total</b>	<b>12 655</b>	<b>7 259</b>
<b>Supervisory Board of the Bank</b>		
Short-term employee benefits <sup>1</sup>	634	643
<b>Total</b>	<b>634</b>	<b>643</b>

<sup>1</sup> Short-term employee benefits comprise: remuneration, social insurance contributions, and other benefits which were or will be settled within 12 months of the end of a reporting period;

<sup>2</sup> Long-term benefits include provisions for deferred remuneration components granted in cash;

<sup>3</sup> Share-based payments settled in cash comprise cost of accruals for deferred remuneration components granted in the form of financial instruments, i.e. phantom shares. Phantom shares are converted into cash after the retention period.

An increase in the cost of remuneration of the Bank's Management Board in the line "Share-based payments settled in cash" in the six-month period ended 30 June 2021 in relation to the comparative period was due to remeasurement of the provision for the variable remuneration component taking into account the current price of the Bank's shares.

LOANS AND ADVANCES GRANTED BY THE BANK TO THE ITS MANAGEMENT AND SUPERVISORY BOARDS	30.06.2021	31.12.2020
Supervisory Board of the Bank	2 144	902
Management Board of the Bank	763	769
<b>Total</b>	<b>2 907</b>	<b>1 671</b>

In the six-month period ended 30 June 2021, members of the Bank's Management Board did not receive remuneration from the Bank's related entities (in the corresponding period of 2020, they received remuneration of PLN 58 thousand).

## 28. FAIR VALUE HIERARCHY

The classification of financial instruments and methods of determining fair value are described in the Group's consolidated financial statements for 2020.

ASSETS MEASURED AT FAIR VALUE 30.06.2021	Carrying amount	Level 1	Level 2	Level 3
		Prices quoted on active markets	Measurement techniques based on observable market data	Other measurement techniques
Hedging derivatives	372	-	372	-
Other derivative instruments	6 237	-	6 237	-
<b>Securities</b>	<b>67 179</b>	<b>53 553</b>	<b>12 446</b>	<b>1 180</b>
<b>held for trading</b>	<b>743</b>	<b>743</b>	-	-
debt securities	715	715	-	-
shares in other entities - listed	26	26	-	-
participation units in investment funds, investment certificates, rights to shares, pre-emptive rights	2	2	-	-
<b>not held for trading, measured at fair value through profit or loss</b>	<b>952</b>	<b>473</b>	<b>1</b>	<b>478</b>
debt securities	612	451	-	161
shares in other entities - listed	22	22	-	-
shares in other entities - not listed	318	-	1	317
<b>measured at fair value through other comprehensive income - debt securities</b>	<b>65 484</b>	<b>52 337</b>	<b>12 445</b>	<b>702</b>
<b>Loans and advances to customers</b>	<b>18 854</b>	-	-	<b>18 854</b>
<b>not held for trading, measured at fair value through profit or loss</b>	<b>5 197</b>	-	-	<b>5 197</b>
housing loans	4	-	-	4
business loans	106	-	-	106
consumer loans	5 087	-	-	5 087
<b>measured at fair value through other comprehensive income - housing loans</b>	<b>13 657</b>	-	-	<b>13 657</b>
<b>Total</b>	<b>92 642</b>	<b>53 553</b>	<b>19 055</b>	<b>20 034</b>

LIABILITIES MEASURED AT FAIR VALUE 30.06.2021	Carrying amount	Level 1	Level 2	Level 3
		Prices quoted on active markets	Measurement techniques based on observable market data	Other measurement techniques
Hedging derivatives	847	-	847	-
Other derivative instruments	6 926	-	6 926	-
Liabilities in respect of a short position in securities	78	78	-	-
<b>Total</b>	<b>7 851</b>	<b>78</b>	<b>7 773</b>	<b>-</b>

ASSETS MEASURED AT FAIR VALUE 31.12.2020	Carrying amount	Level 1	Level 2	Level 3
		Prices quoted on active markets	Measurement techniques based on observable market data	Other measurement techniques
Hedging derivatives	618	-	618	-
Other derivative instruments	5 416	-	5 416	-
<b>Securities</b>	<b>72 751</b>	<b>64 285</b>	<b>7 147</b>	<b>1 319</b>
<b>held for trading</b>	<b>1 198</b>	<b>844</b>	<b>354</b>	<b>-</b>
debt securities	1 171	817	354	-
shares in other entities - listed	25	25	-	-
participation units in investment funds, investment certificates, rights to shares, pre- emptive rights	2	2	-	-
<b>not held for trading, measured at fair value   through profit or loss</b>	<b>1 107</b>	<b>506</b>	<b>1</b>	<b>600</b>
debt securities	647	489	-	158
shares in other entities - listed	17	17	-	-
shares in other entities - not listed	443	-	1	442
<b>measured at fair value through other   comprehensive income - debt securities</b>	<b>70 446</b>	<b>62 935</b>	<b>6 792</b>	<b>719</b>
<b>Loans and advances to customers</b>	<b>20 063</b>	<b>-</b>	<b>-</b>	<b>20 063</b>
<b>not held for trading, measured at fair value   through profit or loss</b>	<b>6 009</b>	<b>-</b>	<b>-</b>	<b>6 009</b>
housing loans	7	-	-	7
business loans	114	-	-	114
consumer loans	5 888	-	-	5 888
<b>measured at fair value through other   comprehensive income - housing loans</b>	<b>14 054</b>	<b>-</b>	<b>-</b>	<b>14 054</b>
<b>Total</b>	<b>98 848</b>	<b>64 285</b>	<b>13 181</b>	<b>21 382</b>

LIABILITIES MEASURED AT FAIR VALUE 31.12.2020	Carrying amount	Level 1	Level 2	Level 3
		Prices quoted on active markets	Measurement techniques based on observable market data	Other measurement techniques
Hedging derivatives	543	-	543	-
Other derivative instruments	6 632	-	6 632	-
<b>Total</b>	<b>7 175</b>	<b>-</b>	<b>7 175</b>	<b>-</b>

In the six-month period ended 30 June 2020 there were, there were no changes to the measurement techniques and input data for respective levels of the fair value hierarchy and there were no transfers between levels.

IMPACT OF ESTIMATES ON FAIR VALUE MEASUREMENT OF LEVEL 3 FINANCIAL INSTRUMENTS	30.06.2021		31.12.2020	
	Fair value under		Fair value under	
	positive scenario	negative scenario	positive scenario	negative scenario
Shares in Visa Inc. <sup>1</sup>	136	122	255	244
Other equity investments <sup>2</sup>	201	182	200	181
Corporate bonds <sup>3</sup>	864	861	879	876
Loans and advances to customers <sup>4</sup>	19 089	18 338	20 303	19 529

<sup>1</sup> a scenario assuming a change in the discount rate of +/- 0.5 p.p.

<sup>2</sup> a scenario assuming a discount rate in respect of the future conditions of converting C-series shares to ordinary shares at a level of 0%/100% respectively

<sup>3</sup> a scenario assuming a change in credit spread of +/- 10%

<sup>4</sup> a scenario assuming a change in the company's value of +/-5%

RECONCILIATION OF CHANGES DURING THE REPORTING PERIOD TO FAIR VALUE AT LEVEL 3	01.01.2021- 30.06.2021	01.01.2020- 30.06.2020
Opening balance at the beginning of the period	21 382	20 729
Increase / (decrease) in exposure to equity instruments	(126)	-
Increase / (decrease) in exposure to corporate bonds	-	114
Increase / (decrease) in exposure to loans and advances to customers	(927)	2 058
Transfer from level 3 to level 2	-	(1 458)
Reclassification of credit exposures from the category 'measured at amortized cost' to the category 'measured at fair value through profit or loss'	14	9
Net gain/(loss) in financial instruments measured at fair value through profit or loss	(82)	(54)
Change in the valuation recognized in OCI	(215)	(214)
Foreign exchange differences	12	12
Other	-	(320)
<b>As at the end of the period</b>	<b>20 034</b>	<b>20 876</b>



## 29. FINANCIAL ASSETS AND FINANCIAL LIABILITIES NOT PRESENTED AT FAIR VALUE IN THE STATEMENT OF FINANCIAL POSITION

Methods for determining fair value are described in the Group's consolidated financial statements for 2020.

	fair value hierarchy level	30.06.2021		31.12.2020	
		carrying amount	fair value	carrying amount	fair value
Cash and balances with the Central Bank	n/a	3 860	3 860	7 397	7 397
Amounts due from banks	2	7 101	7 101	5 304	5 304
Securities (excluding adjustment relating to fair value hedge accounting)	1, 2, 3	67 854	68 447	47 217	48 420
Treasury bonds (in PLN)	1	47 523	48 072	29 617	30 648
corporate bonds (in PLN) guaranteed by the State Treasury	1	11 767	11 753	9 887	10 015
municipal bonds (in PLN)	2	5 018	5 035	5 060	5 056
corporate bonds (in PLN)	1, 2, 3	1 989	1 992	1 517	1 539
corporate bonds (in foreign currencies)	2	1 557	1 595	1 136	1 162
Receivables in respect of repurchase agreements	2	77	77	-	-
Loans and advances to customers (excluding adjustments relating to fair value hedge accounting)	3	176 054	177 263	172 996	174 176
housing loans	3	78 480	78 040	77 328	76 895
business loans	3	73 691	74 869	73 283	74 455
consumer loans	3	23 883	24 354	22 385	22 826
Other financial assets	3	1 814	1 814	1 772	1 772
Amounts due to the Central Bank	2	8	8	-	-
Amounts due to banks	2	4 333	4 333	2 583	2 583
Amounts due from repurchase agreements	2	48	48	47	47
Amounts due to customers	3	290 131	290 129	278 894	278 892
amounts due to households	3	231 980	231 979	221 988	221 986
amounts due to business entities	3	43 142	43 141	43 162	43 162
amounts due to State Budget entities	3	15 009	15 009	13 744	13 744
Loans and advances received	3	4 945	5 138	4 906	5 153
Debt securities in issue	1, 2, 3	3 928	3 932	4 020	4 035
Subordinated liabilities	2	2 716	2 752	2 716	2 768
Other financial liabilities	3	4 082	4 082	2 983	2 983

## 30. RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management is one of the most important internal processes in the Bank.

Risk management is aimed at ensuring the profitability of the business activities (in the evolving environment) while monitoring the risk level, keeping the risks within the risk tolerances and limits adopted by the Bank, in a changing macroeconomic environment. The level of risk is an important part of the planning processes.

The Bank identifies risks which are to be managed in its activities and analyses the impact of particular types of risk on its business operations. All the risks are managed; some of them have a material effect on the profitability and capital needed to cover them. The following risks are considered material for the Bank: credit risk, risk of foreign currency mortgage loans for households, foreign exchange risk, interest rate risk, liquidity risk (including financing risk), operating risk, business risk, risk of macroeconomic changes and model risk. The Bank assesses the materiality of all the identified risks on a regular basis, at least annually.

In the six-month period ended 30 June 2021, the Bank did not change the main principles and organization of the risk management process compared with the principles described in the Bank's financial statements for 2020.

### 31. CAPITAL ADEQUACY

	30.06.2021	31.12.2020
<b>Equity</b>	<b>39 649</b>	<b>38 577</b>
capital: share capital, supplementary capital, other reserves, and general risk reserve	31 534	34 478
retained earnings.	5 500	5 500
net profit or loss for the year	2 486	(2 944)
other comprehensive income	129	1 543
<b>Exclusions from equity:</b>	<b>2 138</b>	<b>319</b>
cash flow hedges	(348)	319
net profit or loss for the year	2 486	
<b>Other fund reductions:</b>	<b>2 691</b>	<b>2 254</b>
goodwill	755	755
other intangible assets	1 198	1 138
additional asset adjustments (AVA, DVA, NPE, capital exposure)	738	361
<b>Temporary reversal of IFRS 9 impact</b>	<b>1 372</b>	<b>1 560</b>
<b>Current year profit included upon approval of the PFSA</b>	<b>-</b>	<b>-</b>
<b>Tier 1</b>	<b>36 192</b>	<b>37 564</b>
<b>Tier 2 (subordinated debt)</b>	<b>2 700</b>	<b>2 700</b>
<b>Own funds</b>	<b>38 892</b>	<b>40 264</b>
<b>Requirements for own funds</b>	<b>15 161</b>	<b>16 287</b>
Credit risk	13 289	13 268
Operational risk	1 510	1 339
Market risk	321	1 652
Credit valuation adjustment risk	41	28
<b>Total capital adequacy ratio</b>	<b>20,52</b>	<b>19,78</b>
<b>Tier 1 capital ratio</b>	<b>19,10</b>	<b>18,45</b>

### 32. EVENTS THAT TOOK PLACE AFTER THE BALANCE SHEET DATE

- On 25 July 2021 (with settlement on 26 July 2021), own issue of bonds of PKO Bank Polski S.A. with a nominal value of EUR 500 million was redeemed (bond ISIN XS1650147660).
- On 26 July 2021 Mr Adam Marciniak submitted his resignation, effective from 13 August 2021, from membership in and his position on the Bank's Management Board.

#### SIGNATURES OF ALL MEMBERS OF THE BANK'S MANAGEMENT BOARD

11.08.2021	JAN EMERYK ROŚCISZEWSKI	VICE-PRESIDENT OF THE MANAGEMENT BOARD DIRECTING THE WORK OF THE MANAGEMENT BOARD
11.08.2021	RAFAŁ ANT CZAK	VICE-PRESIDENT OF THE MANAGEMENT BOARD
11.08.2021	BARTOSZ DRABIKOWSKI	VICE-PRESIDENT OF THE MANAGEMENT BOARD
11.08.2021	MARCIN ECKERT	VICE-PRESIDENT OF THE MANAGEMENT BOARD
11.08.2021	MAKS KRACZKOWSKI	VICE-PRESIDENT OF THE MANAGEMENT BOARD
11.08.2021	MIECZYŚŁAW KRÓL	VICE-PRESIDENT OF THE MANAGEMENT BOARD
11.08.2021	ADAM MARCINIAK	VICE-PRESIDENT OF THE MANAGEMENT BOARD
11.08.2021	PIOTR MAZUR	VICE-PRESIDENT OF THE MANAGEMENT BOARD
11.08.2021	JAKUB PAPIERSKI	VICE-PRESIDENT OF THE MANAGEMENT BOARD

SIGNATURE OF THE PERSON RESPONSIBLE  
FOR MAINTAINING THE BOOKS OF ACCOUNT

DANUTA SZYMAŃSKA  
DIRECTOR OF THE ACCOUNTING DIVISION