

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



**Warsaw, August 2023**

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

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## I. Consolidated income statement

	NOTE	II QUARTER 2023 PERIOD FROM 01.04.2023 TO 30.06.2023	I HALF 2023 PERIOD FROM 01.01.2023 TO 30.06.2023	II QUARTER 2022 PERIOD FROM 01.04.2022 TO 30.06.2022 RESTATED	I HALF 2022 PERIOD FROM 01.01.2022 TO 30.06.2022 RESTATED
Interest income	8	4 587 755	8 828 784	3 057 527	5 312 641
Interest income calculated using the effective interest method		4 578 968	8 813 201	3 051 232	5 303 620
Financial assets measured at amortised cost		4 096 596	7 890 589	2 934 683	5 085 082
Financial assets measured at fair value through other comprehensive income		482 372	922 612	116 549	218 538
Other interest income related to financial assets measured at fair value through profit or loss		8 787	15 583	6 295	9 021
Interest expense	8	(1 595 966)	(3 062 671)	(491 018)	(677 046)
<b>Net interest income</b>		<b>2 991 789</b>	<b>5 766 113</b>	<b>2 566 509</b>	<b>4 635 595</b>
Fee and commission income	9	886 236	1 741 203	866 981	1 703 165
Fee and commission expense	9	(172 907)	(341 946)	(151 121)	(282 311)
<b>Net fee and commission income</b>		<b>713 329</b>	<b>1 399 257</b>	<b>715 860</b>	<b>1 420 854</b>
Dividend income		28 198	28 632	26 074	26 350
Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result	10	144 811	306 861	(39 778)	13 647
Result on fair value hedge accounting		583	(133)	1 197	2 367
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	11	12 526	9 594	(7 095)	(11 305)
Net allowances for expected credit losses	12	(291 003)	(396 201)	(530 575)	(665 019)
including: legal risk regarding foreign currency mortgage loans		(67 485)	(40 510)	(300 061)	(308 697)
Operating income	13	25 874	63 855	23 884	52 494
Operating expenses	13	(74 047)	(174 939)	(199 060)	(228 479)
including: legal risk regarding foreign currency mortgage loans		(59 968)	(132 140)	(104 256)	(110 562)
General administrative expenses and depreciation	14	(1 408 527)	(2 949 466)	(1 797 035)	(3 244 287)
Gains on associates		1 529	2 570	565	1 657
<b>PROFIT BEFORE INCOME TAX</b>		<b>2 145 062</b>	<b>4 056 143</b>	<b>760 546</b>	<b>2 003 874</b>
Income tax expense	15	(451 086)	(915 387)	(291 813)	(627 253)
<b>NET PROFIT</b>		<b>1 693 976</b>	<b>3 140 756</b>	<b>468 733</b>	<b>1 376 621</b>
1. Attributable to equity holders of the Bank		1 693 372	3 139 722	467 925	1 375 090
2. Attributable to non-controlling interests		604	1 034	808	1 531
Earnings per share (in PLN per share)					
basic for the period	16	6.45	11.96	1.78	5.24
diluted for the period	16	6.45	11.96	1.78	5.24

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

## II. Consolidated statement of comprehensive income

	II QUARTER 2023 PERIOD FROM 01.04.2023 TO 30.06.2023	I HALF 2023 PERIOD FROM 01.01.2023 TO 30.06.2023	II QUARTER 2022 PERIOD FROM 01.04.2022 TO 30.06.2022	I HALF 2022 PERIOD FROM 01.01.2022 TO 30.06.2022
<b>Net profit</b>	<b>1 693 976</b>	<b>3 140 756</b>	<b>468 733</b>	<b>1 376 621</b>
<b>Other comprehensive income</b>				
<b>Item that are or may be reclassified subsequently to profit or loss:</b>				
Impact of revaluation of debt financial instruments and loan measured at fair value through other comprehensive income (net):	139 297	470 188	(297 356)	(751 518)
Profit or loss on fair value measurement	145 191	479 372	(295 037)	(744 871)
Profit or loss reclassification to income statement after derecognition	(5 894)	(9 184)	(2 319)	(6 647)
Impact of revaluation of derivative instruments hedging cash flows (net)	427 080	988 505	(987 309)	(1 787 652)
<b>Items that will never be reclassified to profit or loss:</b>				
Impact of revaluation of investments in equity instruments designated at fair value through other comprehensive income (net)	(5 004)	37 803	(45 946)	(67 255)
Remeasurements of the defined benefit liabilities (net)	(21 621)	(21 621)	14 251	14 251
<b>Other comprehensive income (net of tax)</b>	<b>539 752</b>	<b>1 474 875</b>	<b>(1 316 360)</b>	<b>(2 592 174)</b>
<b>Total comprehensive income</b>	<b>2 233 728</b>	<b>4 615 631</b>	<b>(847 627)</b>	<b>(1 215 553)</b>
1. Attributable to equity holders of the Bank	2 233 124	4 614 597	(848 435)	(1 217 084)
2. Attributable to non-controlling interests	604	1 034	808	1 531

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

### III. Consolidated statement of financial position

	NOTE	30.06.2023	31.12.2022
<b>ASSETS</b>			
Cash and due from Central Bank	18	9 912 213	13 436 334
Loans and advances to banks	19	6 772 927	4 678 613
Derivative financial instruments (held for trading)	20	11 725 827	15 088 916
Hedging instruments		517 443	279 589
Loans and advances to customers (including receivables from finance leases)	21	159 591 883	158 720 990
Securities	22	91 091 990	80 317 445
Assets pledged as security for liabilities	23	1 217 614	929 526
Assets held for sale		11 778	12 382
Investments in associates		50 153	48 476
Intangible assets	24	2 287 291	2 253 287
Property, plant and equipment	25	1 753 399	1 572 093
Income tax assets		1 337 594	1 849 574
1. Current tax assets		13 348	271 047
2. Deferred tax assets	15	1 324 246	1 578 527
Other assets		1 651 200	1 951 807
<b>TOTAL ASSETS</b>		<b>287 921 312</b>	<b>281 139 032</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Amounts due to Central Bank		-	-
Amounts due to other banks	26	7 793 946	8 594 396
Financial liabilities held for trading	27	592 191	874 591
Derivative financial instruments (held for trading)	20	11 368 936	15 521 489
Amounts due to customers	28	221 760 569	210 747 090
Hedging instruments		1 962 607	3 176 413
Debt securities issued	29	8 165 725	10 337 485
Subordinated liabilities		2 786 341	2 789 132
Income tax liabilities		457 304	26 826
1. Current tax liabilities		435 650	4 001
2. Deferred tax liabilities	15	21 654	22 825
Provisions	30	1 588 322	1 402 154
Other liabilities		5 479 655	4 894 444
<b>TOTAL LIABILITIES</b>		<b>261 955 596</b>	<b>258 364 020</b>
<b>Equity</b>			
Share capital		262 470	262 470
Other capital and reserves		20 936 409	18 978 222
Retained earnings and net profit for the period		4 755 567	3 522 191
<b>Total equity attributable to equity holders of the Bank</b>		<b>25 954 446</b>	<b>22 762 883</b>
Non-controlling interests		11 270	12 129
<b>TOTAL EQUITY</b>		<b>25 965 716</b>	<b>22 775 012</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>287 921 312</b>	<b>281 139 032</b>

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

## IV. Consolidated statement of changes in equity

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK										
	SHARE CAPITAL	OTHER CAPITAL AND RESERVES						RETAINED EARNINGS AND NET PROFIT FOR THE PERIOD	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	NON - CONTROLLING INTERESTS	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES	OTHER				
<b>Equity as at 1.01.2023</b>	<b>262 470</b>	<b>18 978 222</b>	<b>9 137 221</b>	<b>1 982 459</b>	<b>10 800 588</b>	<b>(3 295 657)</b>	<b>353 611</b>	<b>3 522 191</b>	<b>22 762 883</b>	<b>12 129</b>	<b>22 775 012</b>
<b>Comprehensive income</b>	-	<b>1 474 875</b>	-	-	-	<b>1 474 875</b>	-	<b>3 139 722</b>	<b>4 614 597</b>	<b>1 034</b>	<b>4 615 631</b>
Remeasurements of the defined benefit liabilities (net of tax)	-	(21 621)	-	-	-	(21 621)	-	-	(21 621)	-	(21 621)
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	470 188	-	-	-	470 188	-	-	470 188	-	470 188
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	37 803	-	-	-	37 803	-	-	37 803	-	37 803
Revaluation of cash flow hedging financial instruments (net of tax)	-	988 505	-	-	-	988 505	-	-	988 505	-	988 505
Other comprehensive income (net of tax)	-	1 474 875	-	-	-	1 474 875	-	-	1 474 875	-	1 474 875
Net profit for the period	-	-	-	-	-	-	-	3 139 722	3 139 722	1 034	3 140 756
<b>Appropriation of retained earnings</b>	-	<b>483 312</b>	-	-	<b>481 993</b>	-	<b>1 319</b>	<b>(1 905 900)</b>	<b>(1 422 588)</b>	<b>(1 792)</b>	<b>(1 424 380)</b>
Dividend paid	-	-	-	-	-	-	-	(1 422 588)	(1 422 588)	(1 792)	(1 424 380)
Profit appropriation to other reserves	-	483 312	-	-	481 993	-	1 319	(483 312)	-	-	-
<b>Other</b>	-	-	-	-	<b>894</b>	<b>(894)</b>	-	<b>(446)</b>	<b>(446)</b>	<b>(101)</b>	<b>(547)</b>
Result on sales of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	-	-	-	894	(894)	-	-	-	-	-
Other	-	-	-	-	-	-	-	(446)	(446)	(101)	(547)
<b>Equity as at 30.06.2023</b>	<b>262 470</b>	<b>20 936 409</b>	<b>9 137 221</b>	<b>1 982 459</b>	<b>11 283 475</b>	<b>(1 821 676)</b>	<b>354 930</b>	<b>4 755 567</b>	<b>25 954 446</b>	<b>11 270</b>	<b>25 965 716</b>

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	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK										
	SHARE CAPITAL	OTHER CAPITAL AND RESERVES						RETAINED EARNINGS AND NET PROFIT FOR THE PERIOD	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	NON - CONTROLLING INTERESTS	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES	OTHER				
<b>Equity as at 1.01.2022</b>	<b>262 470</b>	<b>19 554 958</b>	<b>9 137 221</b>	<b>1 982 459</b>	<b>9 684 220</b>	<b>(1 618 480)</b>	<b>369 538</b>	<b>4 034 001</b>	<b>23 851 429</b>	<b>11 857</b>	<b>23 863 286</b>
<b>Comprehensive income</b>	-	<b>(1 677 177)</b>	-	-	-	<b>(1 677 177)</b>	-	<b>1 717 570</b>	<b>40 393</b>	<b>1 933</b>	<b>42 326</b>
Remeasurements of the defined benefit liabilities (net of tax)	-	(8 163)	-	-	-	(8 163)	-	-	(8 163)	12	(8 151)
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	(637 915)	-	-	-	(637 915)	-	-	(637 915)	-	(637 915)
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	(47 835)	-	-	-	(47 835)	-	-	(47 835)	-	(47 835)
Revaluation of cash flow hedging financial instruments (net of tax)	-	(983 264)	-	-	-	(983 264)	-	-	(983 264)	-	(983 264)
Other comprehensive income (net of tax)	-	(1 677 177)	-	-	-	(1 677 177)	-	-	(1 677 177)	12	(1 677 165)
Net profit for the period	-	-	-	-	-	-	-	1 717 570	1 717 570	1 921	1 719 491
<b>Appropriation of retained earnings</b>	-	<b>1 100 409</b>	-	-	<b>1 116 336</b>	-	<b>(15 927)</b>	<b>(2 229 030)</b>	<b>(1 128 621)</b>	<b>(1 560)</b>	<b>(1 130 181)</b>
Dividend paid	-	-	-	-	-	-	-	(1 128 621)	(1 128 621)	(1 560)	(1 130 181)
Profit appropriation to other reserves	-	1 100 409	-	-	1 116 336	-	(15 927)	(1 100 409)	-	-	-
<b>Other</b>	-	<b>32</b>	-	-	<b>32</b>	-	-	<b>(350)</b>	<b>(318)</b>	<b>(101)</b>	<b>(419)</b>
Other	-	32	-	-	32	-	-	(350)	(318)	(101)	(419)
<b>Equity as at 31.12.2022</b>	<b>262 470</b>	<b>18 978 222</b>	<b>9 137 221</b>	<b>1 982 459</b>	<b>10 800 588</b>	<b>(3 295 657)</b>	<b>353 611</b>	<b>3 522 191</b>	<b>22 762 883</b>	<b>12 129</b>	<b>22 775 012</b>

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

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK										
	SHARE CAPITAL	OTHER CAPITAL AND RESERVES						RETAINED EARNINGS AND NET PROFIT FOR THE PERIOD	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	NON - CONTROLLING INTERESTS	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES	OTHER				
<b>Equity as at 1.01.2022</b>	<b>262 470</b>	<b>19 554 958</b>	<b>9 137 221</b>	<b>1 982 459</b>	<b>9 684 220</b>	<b>(1 618 480)</b>	<b>369 538</b>	<b>4 034 001</b>	<b>23 851 429</b>	<b>11 857</b>	<b>23 863 286</b>
<b>Comprehensive income</b>	-	<b>(2 592 174)</b>	-	-	-	<b>(2 592 174)</b>	-	<b>1 375 090</b>	<b>(1 217 084)</b>	<b>1 531</b>	<b>(1 215 553)</b>
Remeasurements of the defined benefit liabilities (net of tax)		14 251	-	-	-	14 251	-	-	14 251	-	14 251
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	(751 518)	-	-	-	(751 518)	-	-	(751 518)	-	(751 518)
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	(67 255)	-	-	-	(67 255)	-	-	(67 255)	-	(67 255)
Revaluation of cash flow hedging financial instruments (net of tax)	-	(1 787 652)	-	-	-	(1 787 652)	-	-	(1 787 652)	-	(1 787 652)
Other comprehensive income (net of tax)	-	(2 592 174)	-	-	-	(2 592 174)	-	-	(2 592 174)	-	(2 592 174)
Net profit for the period	-	-	-	-	-	-	-	1 375 090	1 375 090	1 531	1 376 621
<b>Appropriation of retained earnings</b>	-	<b>1 100 409</b>	-	-	<b>1 116 336</b>	-	<b>(15 927)</b>	<b>(2 229 030)</b>	<b>(1 128 621)</b>	<b>(1 560)</b>	<b>(1 130 181)</b>
Dividend paid	-	-	-	-	-	-	-	(1 128 621)	(1 128 621)	(1 560)	(1 130 181)
Profit appropriation to other reserves	-	1 100 409	-	-	1 116 336	-	(15 927)	(1 100 409)	-	-	-
<b>Other</b>	-	<b>30</b>	-	-	<b>30</b>	-	-	<b>(350)</b>	<b>(320)</b>	<b>(101)</b>	<b>(421)</b>
Other	-	30	-	-	30	-	-	(350)	(320)	(101)	(421)
<b>Equity as at 30.06.2022</b>	<b>262 470</b>	<b>18 063 223</b>	<b>9 137 221</b>	<b>1 982 459</b>	<b>10 800 586</b>	<b>(4 210 654)</b>	<b>353 611</b>	<b>3 179 711</b>	<b>21 505 404</b>	<b>11 727</b>	<b>21 517 131</b>

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

## V. Consolidated cash flow statement

	NOTE	I HALF 2023 PERIOD FROM 01.01.2023 TO 30.06.2023	I HALF 2022 PERIOD FROM 01.01.2022 TO 30.06.2022
<b>Cash flow from operating activities – indirect method</b>			
<b>Profit before income tax</b>		<b>4 056 143</b>	<b>2 003 874</b>
<b>Adjustments for:</b>		<b>7 461 156</b>	<b>7 563 953</b>
Depreciation and amortization	14	313 960	317 101
Share in gains (losses) from associates		(2 570)	(1 657)
(Gains) losses on investing activities		(18 905)	(15 609)
Net interest income	8	(5 766 113)	(4 635 595)
Dividend income		(28 632)	(26 350)
Interest received		8 807 220	4 894 030
Interest paid		(2 792 829)	(593 288)
Income tax paid		(317 603)	(498 172)
Change in loans and advances to banks		251 246	(85 533)
Change in derivative financial instruments (assets)		3 363 089	(10 551 407)
Change in loans and advances to customers (in this receivables from financial leases)		(825 857)	(3 702 331)
Change in securities (including assets pledged as security for liabilities)		(364 300)	167 776
Change in other assets		1 087 731	(3 136 881)
Change in amounts due to banks		(413 242)	3 824 787
Change in financial liabilities held for trading		(282 400)	9 710
Change in derivative financial instruments (liabilities)		(4 152 553)	10 289 665
Change in amounts due to customers		10 743 275	8 063 959
Change in debt securities issued		(1 026 944)	(231 942)
Change in subordinated liabilities		(2 792)	21 040
Payments for short-term leases and leases of low-value assets		(772)	(1 166)
Change in provisions		186 168	123 838
Change in other liabilities		(1 296 021)	3 331 978
<b>Net cash flows from operating activities</b>		<b>11 517 299</b>	<b>9 567 827</b>
<b>Cash flow from investing activities</b>			
<b>Investing activity inflows</b>		<b>654 798 287</b>	<b>18 445 184</b>
Sale of securities measured at amortized cost and at fair value through other comprehensive income		654 757 673	18 376 089
Sale of intangible assets and property, plant and equipment		11 982	42 745
Dividend received		28 632	26 350
<b>Investing activity outflows</b>		<b>(665 901 239)</b>	<b>(15 462 393)</b>
Acquisition of securities measured at amortized cost and at fair value through other comprehensive income		(665 431 445)	(15 313 998)
Acquisition of intangible assets and property, plant and equipment		(469 794)	(148 395)
<b>Net cash flows from investing activities</b>		<b>(11 102 952)</b>	<b>2 982 791</b>

	NOTE	I HALF 2023 PERIOD FROM 01.01.2023 TO 30.06.2023	I HALF 2022 PERIOD FROM 01.01.2022 TO 30.06.2022
<b>Cash flows from financing activities</b>			
<b>Financing activity inflows</b>		<b>950 002</b>	<b>3 194 877</b>
Loans and advances received from banks		200 002	632 595
Issue of debt securities		750 000	2 562 282
<b>Financing activity outflows</b>		<b>(2 536 889)</b>	<b>(892 982)</b>
Repayment of loans and advances received from banks		(589 159)	(544 166)
Redemption of debt securities		(1 895 853)	(291 922)
Payments for the principal portion of the lease liabilities		(51 877)	(56 894)
<b>Net cash flows from financing activities</b>		<b>(1 586 887)</b>	<b>2 301 895</b>
<b>Total net cash flows</b>		<b>(1 172 540)</b>	<b>14 852 513</b>
including effect of exchange rate fluctuations on cash and cash equivalents held		(288 707)	107 814
<b>Net change in cash and cash equivalents</b>		<b>(1 172 540)</b>	<b>14 852 513</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>17 693 385</b>	<b>7 735 625</b>
<b>Cash and cash equivalents at the end of the period</b>	32	<b>16 520 845</b>	<b>22 588 138</b>

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

## VI. Notes to the Interim Condensed Consolidated Financial Statements

### 1. General information

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

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

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

Bank Pekao S.A. is a universal commercial bank, offering a broad range of banking services on domestic financial markets, provided to retail and corporate clients, in compliance with the scope of services, set forth in the Bank's Articles of Association. The Bank runs both PLN and forex operations, and it actively participates in both domestic and foreign financial markets. Moreover, acting through its subsidiaries, the Group provides stockbroking, leasing, factoring operations and offering other financial services. The Bank Pekao S.A. Group's activities do not show any significant cyclical or seasonal changes.

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

The Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the first half of 2023 contain financial information of the Bank and its subsidiaries (together referred to as the 'Group'), and the associates accounted for using equity method.

The share ownership structure of the Bank is presented in the Note 5.4 of the Report on the activities of Bank Pekao S.A. Group for the first half of 2023.

### 2. Group structure

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

NAME OF ENTITY	LOCATION	CORE ACTIVITY	PERCENTAGE OF THE GROUP'S OWNERSHIP RIGHTS IN SHARE CAPITAL/VOTING	
			30.06.2023	31.12.2022
Pekao Bank Hipoteczny S.A.	Warsaw	Banking	100.00	100.00
Pekao Leasing Sp. z o.o.	Warsaw	Leasing services	100.00	100.00
PeUF Sp. z o.o.	Warsaw	Financial support	100.00	100.00
Pekao Investment Banking S.A.	Warsaw	Brokerage	100.00	100.00
Pekao Faktoring Sp. z o.o.	Lublin	Factoring services	100.00	100.00
Centrum Kart S.A.	Warsaw	Financial support	100.00	100.00
Pekao Financial Services Sp. z o.o.	Warsaw	Transferable agent	66.50	66.50
Pekao Direct Sp. z o.o.	Cracow	Call-center services	100.00	100.00
Pekao Property S.A. (in liquidation)	Warsaw	Real estate development	100.00	100.00
FPB - Media Sp. z o.o. (in bankruptcy)	Warsaw	Real estate development	100.00	100.00
Pekao Fundusz Kapitałowy Sp. z o.o. (in liquidation)	Warsaw	Business consulting	100.00	100.00
Pekao Investment Management S.A.	Warsaw	Holding	100.00	100.00
Pekao TFI S.A.	Warsaw	Asset management	100.00	100.00

As at 30 June 2023 and 31 December 2022 all subsidiaries of the Bank have been consolidated.

As at 30 June 2023 and 31 December 2022 the Group held no shares in entities under joint control.

**Investments in associates**

NAME OF ENTITY	LOCATION	CORE ACTIVITY	PERCENTAGE OF THE GROUP'S OWNERSHIP RIGHTS IN SHARE CAPITAL/VOTING	
			30.06.2023	31.12.2022
Krajowy Integrator Płatności S.A.	Poznań	Monetary brokerage	38.33	38.33

### 3. Business combinations

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

### 4. Statement of compliance

The Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the first half of 2023 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union and other applicable regulations.

These financial statements do not include all information and disclosures required for annual financial statements, and shall be read in conjunction with the consolidated financial statements of Bank Pekao S.A. Group for the year ended 31 December 2022.

The consolidated financial statements of Bank Pekao S.A. Group as at and for the year ended 31 December 2022 are available at the Bank's website [www.pekao.com.pl](http://www.pekao.com.pl).

In accordance with the Decree of the Ministry of Finance dated 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State, the Bank is required to publish the financial report for the first half of 2023, i.e. current interim period.

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

#### 4.1. New standards, interpretations and amendments to published standards that have been approved and published by the European Union and are effective on or after 1 January 2023

STANDARD / INTERPRETATION	DESCRIPTION	IMPACT ASSESSMENT
<b>IFRS 17</b> 'Insurance contracts'	The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 'Insurance Contracts' and related interpretations while applied.	The Group analyzed the products offered, whether they meet the definition of insurance contracts in the light of IFRS 17. The results of the analysis show that the products offered by the Group do not carry significant insurance risk and are not insurance contracts. Thus, the new standard did not have a material impact on the financial statements in the period of their first application.
<b>IAS 1 (amendment)</b> 'Presentation of financial statement' and 'IFRS 2 Principles of Practice: Accounting Policy Disclosures' (amendment)	The amendments to IAS 1 include: <ul style="list-style-type: none"> <li>an entity is required to disclose its material accounting policy information instead of its significant accounting policies,</li> <li>clarification that accounting policy information may be material because of its nature, even if the related amounts are immaterial,</li> <li>clarification that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and</li> <li>clarification that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.</li> </ul>	The standard's amendments did not have a material impact on the financial statements in the period of their first application.

STANDARD / INTERPRETATION	DESCRIPTION	IMPACT ASSESSMENT
<b>IAS 8 (amendment)</b> 'Accounting policies, changes in accounting estimates and errors'	<p>The amendments to IAS 8 include:</p> <ul style="list-style-type: none"> <li>the definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty,</li> <li>clarification that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors,</li> <li>clarification that a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.</li> </ul>	The standard's amendments did not have a material impact on the financial statements in the period of their first application.
<b>IAS 12 (amendment)</b> 'Income taxes'	The amendments introduce the requirement to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments will mainly apply to transactions such as leases for the lessee and decommissioning obligations.	The standard's amendments did not have a material impact on the financial statements in the period of their first application.
<b>IFRS 17 (amendment)</b> 'Insurance contracts' and <b>IFRS 9 (amendment)</b> 'Financial instruments'	The main amendment regards entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9. There are no changes to the transition requirements in IFRS 9.	The standard's amendments did not have a material impact on the financial statements in the period of their first application.

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

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

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

STANDARD/ INTERPRETATION	DESCRIPTION	IMPACT ASSESSMENT
<b>IAS 1 (amendment)</b> 'Presentation of financial statements'	<p>The amendments affect requirements in IAS 1 for the presentation of liabilities. In particular, these amendments clarify that the classification of liabilities as current or non-current is only affected by covenants with which an entity is required to comply on or before the reporting date. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.</p> <p>Date of application: annual periods beginning on or after 1 January 2024.</p>	The Group claims that the standard's amendments will not have a material impact on the financial statements in the period of its first application.
<b>IFRS 16 (amendment)</b> 'Leases'	<p>The amendments to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retain. A sale and leaseback transaction involves the transfer of an asset by an entity (the seller-lessee) to another entity (the buyer-lessor) and the leaseback of the same asset by the seller-lessee.</p> <p>Date of application: annual periods beginning on or after 1 January 2024.</p>	The Group claims that the standard's amendments will not have a material impact on the financial statements in the period of its first application.

STANDARD/ INTERPRETATION	DESCRIPTION	IMPACT ASSESSMENT
<b>IAS 12 (amendment)</b> 'Income taxes'	<p>The amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's ('OECD') international tax reform. The OECD published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate.</p> <p>The amendments to IAS 12 include:</p> <ul style="list-style-type: none"> <li>• an exception to the requirements in IAS 12 that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes. An entity has to disclose that it has applied the exception,</li> <li>• a disclosure requirement that an entity has to disclose separately its current tax expense (income) related to pillar two income taxes,</li> <li>• a disclosure requirement that state that in periods in which pillar two legislation is enacted or substantively enacted, but not yet in effect, an entity discloses known or reasonably estimable information that helps users of financial statements understand the entity's exposure to pillar two income taxes arising from that legislation,</li> <li>• The requirement that an entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023.</li> </ul> <p>Date of application: annual periods beginning on or after 1 January 2023.</p>	<p>The Group claims that the standard's amendments will not have a material impact on the financial statements in the period of its first application.</p>
<b>IAS 7 (amendment)</b> 'Statement of cash flows' <b>and IFRS 7 (amendment)</b> 'Financial instruments: Disclosures'	<p>The "Supplier Finance Arrangements" (amendments to IAS 7 and IFRS 7) include:</p> <ul style="list-style-type: none"> <li>• do not define supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements.</li> <li>• entities will have to disclose in the notes information that enables users of financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it,</li> <li>• adding to IAS 7 additional disclosure requirements about:             <ul style="list-style-type: none"> <li>➢ the terms and conditions of the supplier finance arrangements,</li> <li>➢ for the arrangements, as at the beginning and end of the reporting period::                 <ol style="list-style-type: none"> <li>a) the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented,</li> <li>b) the carrying amount of financial liabilities disclosed under a) for which suppliers have already received payment from the finance providers,</li> <li>c) the range of payment due dates of financial liabilities disclosed under a) and comparable trade payables that are not part of a supplier finance arrangement; and</li> </ol> </li> <li>➢ the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement,</li> </ul> </li> <li>• add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7.</li> </ul> <p>Date of application: annual periods beginning on or after 1 January 2024.</p>	<p>The Group claims that the standard's amendments will not have a material impact on the financial statements in the period of its first application.</p>

#### 4.4. Other expected regulatory changes

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

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

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

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

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

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

## 5. Significant accounting policies

### General information

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

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

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

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

Changes in published standards and interpretations, which became effective on or after 1 January 2023, had no material impact on the Group's financial statements.

The financial statements do not take into consideration interpretations and amendments to standards, pending approval by the European Union or approved by the European Union but came into force or shall come into force after the balance sheet date (Note 4.2 and Note 4.3). In the Group's opinion, amendments to standards and interpretations will not have a material impact on the consolidated financial statements of the Group.

### Comparability of financial data

In the interim condensed consolidated financial statements of Bank Pekao S.A. Group for the first half of 2023, the Group changed the accounting principles in the method of presenting in the income statement of interest income and expenses on hedging derivatives, including them with interest on hedged items.

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

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

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

CONSOLIDATED INCOME STATEMENT	DATA FOR II QUARTER 2022 BEFORE RESTATEMENT	RESTATEMENT	DATA FOR II QUARTER 2022 AFTER RESTATEMENT
Interest income	3 058 208	(681)	3 057 527
Interest income calculated using the effective interest method	3 090 641	(39 409)	3 051 232
Financial assets measured at amortised cost	2 967 493	(32 810)	2 934 683
Financial assets measured at fair value through other comprehensive income	123 148	(6 599)	116 549
Other interest income related to financial assets measured at fair value through profit or loss	(32 433)	38 728	6 295
Interest expense	(491 699)	681	(491 018)

CONSOLIDATED INCOME STATEMENT	DATA FOR I HALF 2022 BEFORE RESTATEMENT	RESTATEMENT	DATA FOR I HALF 2022 AFTER RESTATEMENT
Interest income	5 312 347	294	5 312 641
Interest income calculated using the effective interest method	5 274 044	29 576	5 303 620
Financial assets measured at amortised cost	5 040 876	44 206	5 085 082
Financial assets measured at fair value through other comprehensive income	233 168	(14 630)	218 538
Other interest income related to financial assets measured at fair value through profit or loss	38 303	(29 282)	9 021
Interest expense	(676 752)	(294)	(677 046)

## 6. Accounting estimates

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

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

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

Significant accounting estimates related uncertainties relate primarily to expected credit losses and the determination of the recoverable amount of non-financial assets.

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

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

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

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

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

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

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

Sensitivity analysis of expected credit losses is presented in Note 34.1

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

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

Where such indications exist, the Group makes a formal estimation of the recoverable value (of a given assets or – in the case of goodwill - all cash-generating units to which the goodwill relates).

If the carrying amount of a given asset is in excess of its recoverable value, impairment is defined and a write-down is recorded to adjust the carrying amount to the level of its recoverable value. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use.

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

As at 30 June 2023, there was no need to make impairment allowances for non-current assets, including goodwill.

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

As at 30 June 2023 the Group assessed the probability of the impact of legal risk regarding foreign currency mortgage loans in CHF on future expected cash flows from loan exposures and the probability of cash outflows.

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

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

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

As at 30 June 2023 the Group estimated the possible amount of cash outflow as a refund of commission to the customer in relation to early repayment of consumer loans (for loans prepaid before the judgment of the CJEU, i.e. before 11 September 2019).

The Group also estimated the possible amount of cash outflow for the return of the commission to the client in connection with early repayment of mortgage loans.

In addition, with regard to balance sheet exposures as at 30 June 2023, the Group estimated the possible prepayments of these exposures in the future which is reflected in the reduction of the gross carrying amount of these exposures.

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

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

**Fair value measurement**

The principles of estimating fair value of derivative instruments and unquoted debt securities measured at fair value did not change in relation to 31 December 2022.

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

In connection with the entry into force in 2022 of the Act on social financing for business ventures and support to borrowers, enabling consumers with PLN mortgage loan agreements to suspend their repayments, the Group estimates the costs associated with a possible with modification of these agreements in this respect, taking into account the expertly determined participation ratio. Details are presented in the Note 8.

## 7. Operating segments

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

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

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

### Operating segments

The operating segments of the Group are as follows:

- Retail banking – all banking activities related to retail customers (excluding private banking customers) and micro companies with annual turnover not exceeding PLN 5 million, as well as results of the subsidiaries, and shares in net profit of associates accounted for using the equity method, that are assigned to the retail banking activity,
- Private banking – all banking activities related to the most affluent individual customers,
- Corporate and Investment banking – all banking activities related to large companies and results of the subsidiaries that are assigned to the Corporate and Investment banking activity,
- Enterprise banking - all banking activities related to the small and medium enterprises and medium corporations with annual turnover to PLN 500 million and below 50 million in the case of companies conducting full accounting,
- Assets and Liabilities management and other – supervision and monitoring of fund transfers, interbank market, debt securities and other instruments, other activities centrally managed as well as the results of subsidiaries and share in net profit of associates accounted for using the equity method that are not assigned to other reported segments.

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

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND INVESTMENT BANKING	ENTERPRISE BANKING	ASSETS & LIABILITIES MANAGEMENT AND OTHER	TOTAL
External interest income	3 830 660	4 962	2 554 954	959 815	1 478 393	8 828 784
External interest expenses	(1 082 250)	(219 208)	(1 337 988)	(166 783)	(256 442)	(3 062 671)
<b>Net external interest income</b>	<b>2 748 410</b>	<b>(214 246)</b>	<b>1 216 966</b>	<b>793 032</b>	<b>1 221 951</b>	<b>5 766 113</b>
Internal interest income	3 769 825	393 167	2 288 526	872 605	(7 324 123)	-
Internal interest expenses	(2 866 089)	(4 738)	(2 392 949)	(770 395)	6 034 171	-
<b>Net internal interest income</b>	<b>903 736</b>	<b>388 429</b>	<b>(104 423)</b>	<b>102 210</b>	<b>(1 289 952)</b>	<b>-</b>
<b>Total net interest income</b>	<b>3 652 146</b>	<b>174 183</b>	<b>1 112 543</b>	<b>895 242</b>	<b>(68 001)</b>	<b>5 766 113</b>
<b>Fee and commission income and expense</b>	<b>559 933</b>	<b>70 143</b>	<b>352 080</b>	<b>343 697</b>	<b>73 404</b>	<b>1 399 257</b>
<b>Other non-interest income</b>	<b>(136 960)</b>	<b>(666)</b>	<b>152 648</b>	<b>27 017</b>	<b>191 831</b>	<b>233 870</b>
including: legal risk regarding foreign currency mortgage loans	(132 140)	-	-	-	-	(132 140)
<b>Operating income of reportable segments</b>	<b>4 075 119</b>	<b>243 660</b>	<b>1 617 271</b>	<b>1 265 956</b>	<b>197 234</b>	<b>7 399 240</b>
Personnel expenses	(548 782)	(50 956)	(149 105)	(132 266)	(457 826)	(1 338 935)
General administrative expenses and depreciation (including allocation of operating costs)	(934 323)	(35 301)	(157 414)	(191 040)	334 910	(983 168)
<b>Operating costs</b>	<b>(1 483 105)</b>	<b>(86 257)</b>	<b>(306 519)</b>	<b>(323 306)</b>	<b>(122 916)</b>	<b>(2 322 103)</b>
<b>Gross operating profit</b>	<b>2 592 014</b>	<b>157 403</b>	<b>1 310 752</b>	<b>942 650</b>	<b>74 318</b>	<b>5 077 137</b>
Net allowances for expected credit losses	(168 922)	615	(184 970)	21 919	(64 843)	(396 201)
including: legal risk regarding foreign currency mortgage loans	(40 510)	-	-	-	-	(40 510)
<b>Net operating profit</b>	<b>2 423 092</b>	<b>158 018</b>	<b>1 125 782</b>	<b>964 569</b>	<b>9 475</b>	<b>4 680 936</b>
Contributions to the Bank Guarantee Fund	(66 766)	(136)	(47 306)	(21 881)	(54 287)	(190 376)
Tax on certain financial institutions	(163 944)	(615)	(61 177)	(56 338)	(154 913)	(436 987)
Gains on associates	-	-	-	-	2 570	2 570
<b>Profit before tax</b>	<b>2 192 382</b>	<b>157 267</b>	<b>1 017 299</b>	<b>886 350</b>	<b>(197 155)</b>	<b>4 056 143</b>
Income tax expense						(915 387)
<b>Net profit</b>						<b>3 140 756</b>
<b>Attributable to equity holders of the Bank</b>						<b>3 139 722</b>
Attributable to non-controlling interests						1 034
Allocated assets	72 873 767	447 645	74 245 547	25 580 890	91 103 307	264 251 156
Unallocated assets						23 670 156
<b>Total Assets</b>						<b>287 921 312</b>
Allocated liabilities	127 849 442	13 588 180	58 105 620	35 352 938	5 949 062	240 845 242
Unallocated liabilities						21 110 354
<b>Total Liabilities</b>						<b>261 955 596</b>

Operating segments reporting for the period from 1 January to 30 June 2022

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND INVESTMENT BANKING	ENTERPRISE BANKING	ASSETS & LIABILITIES MANAGEMENT AND OTHER	TOTAL
External interest income	2 607 916	3 780	1 422 618	563 816	714 511	5 312 641
External interest expenses	(83 837)	(39 837)	(401 124)	(18 243)	(134 005)	(677 046)
<b>Net external interest income</b>	<b>2 524 079</b>	<b>(36 057)</b>	<b>1 021 494</b>	<b>545 573</b>	<b>580 506</b>	<b>4 635 595</b>
Internal interest income	2 785 158	333 079	964 911	364 508	(4 447 656)	-
Internal interest expenses	(1 607 720)	(2 939)	(1 149 568)	(398 131)	3 158 358	-
<b>Net internal interest income</b>	<b>1 177 438</b>	<b>330 140</b>	<b>(184 657)</b>	<b>(33 623)</b>	<b>(1 289 298)</b>	<b>-</b>
<b>Total net interest income</b>	<b>3 701 517</b>	<b>294 083</b>	<b>836 837</b>	<b>511 950</b>	<b>(708 792)</b>	<b>4 635 595</b>
<b>Fee and commission income and expense</b>	<b>555 298</b>	<b>75 228</b>	<b>343 451</b>	<b>360 004</b>	<b>86 873</b>	<b>1 420 854</b>
<b>Other non-interest income</b>	<b>(106 523)</b>	<b>(515)</b>	<b>68 281</b>	<b>39 456</b>	<b>(145 625)</b>	<b>(144 926)</b>
including: legal risk regarding foreign currency mortgage loans	(110 562)	-	-	-	-	(110 562)
<b>Operating income of reportable segments</b>	<b>4 150 292</b>	<b>368 796</b>	<b>1 248 569</b>	<b>911 410</b>	<b>(767 544)</b>	<b>5 911 523</b>
Personnel expenses	(481 321)	(41 184)	(126 470)	(112 081)	(378 310)	(1 139 366)
General administrative expenses and depreciation (including allocation of operating costs)	(785 099)	(29 560)	(118 616)	(161 927)	170 975	(924 227)
<b>Operating costs</b>	<b>(1 266 420)</b>	<b>(70 744)</b>	<b>(245 086)</b>	<b>(274 008)</b>	<b>(207 335)</b>	<b>(2 063 593)</b>
<b>Gross operating profit</b>	<b>2 883 872</b>	<b>298 052</b>	<b>1 003 483</b>	<b>637 402</b>	<b>(974 879)</b>	<b>3 847 930</b>
Net allowances for expected credit losses	(445 814)	676	(92 859)	(86 770)	(40 252)	(665 019)
including: legal risk regarding foreign currency mortgage loans	(308 697)	-	-	-	-	(308 697)
<b>Net operating profit</b>	<b>2 438 058</b>	<b>298 728</b>	<b>910 624</b>	<b>550 632</b>	<b>(1 015 131)</b>	<b>3 182 911</b>
Contributions to the Bank Guarantee Fund	(72 212)	(162)	(45 836)	(19 722)	(186 327)	(324 259)
Fee paid for the Protection Scheme	-	-	-	-	(440 302)	(440 302)
Tax on certain financial institutions	(179 616)	(676)	(125 068)	(50 933)	(59 840)	(416 133)
Gains on associates	-	-	-	-	1 657	1 657
<b>Profit before tax</b>	<b>2 186 230</b>	<b>297 890</b>	<b>739 720</b>	<b>479 977</b>	<b>(1 699 943)</b>	<b>2 003 874</b>
Income tax expense	-	-	-	-	-	(627 253)
<b>Net profit</b>	-	-	-	-	-	<b>1 376 621</b>
<b>Attributable to equity holders of the Bank</b>	-	-	-	-	-	<b>1 375 090</b>
Attributable to non-controlling interests	-	-	-	-	-	1 531
Allocated assets	78 399 406	956 233	73 659 491	24 422 232	68 465 394	245 902 756
Unallocated assets	-	-	-	-	-	31 665 238
<b>Total Assets</b>	-	-	-	-	-	<b>277 567 994</b>
Allocated liabilities	112 125 035	14 022 287	64 518 064	28 367 883	6 620 294	225 653 563
Unallocated liabilities	-	-	-	-	-	30 397 300
<b>Total Liabilities</b>	-	-	-	-	-	<b>256 050 863</b>

Reconciliations of operating income for reportable segments

	I HALF 2023	I HALF 2022
Net interest income	5 766 113	4 635 595
Net fee and commission income	1 399 257	1 420 854
Dividend income	28 632	26 350
Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result	306 861	13 647
Result on fair value hedge accounting	(133)	2 367
Profit (loss) from derecognition of financial assets and financial liabilities not at fair value through profit or loss	9 594	(11 305)
<b>Operating income</b>	<b>7 510 324</b>	<b>6 087 508</b>
Other operating income	63 855	52 494
Other operating expenses	(174 939)	(228 479)
<b>Operating income for reportable segments</b>	<b>7 399 240</b>	<b>5 911 523</b>

## 8. Interest income and expense

### Interest income

	II QUARTER 2023			TOTAL
	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	
Interest income calculated using the effective interest method	4 096 596	482 372	-	4 578 968
Loans and advances (in this receivables from financial leases)	3 160 284	4 406	-	3 164 690
Interbank placements	202 285	-	-	202 285
Reverse repo transactions	99 410	-	-	99 410
Debt securities	634 617	477 966	-	1 112 583
Other interest income related to financial assets measured at fair value through profit or loss	-	-	8 787	8 787
Loans and other receivables from customers	-	-	4 785	4 785
Debt securities held for trading	-	-	4 002	4 002
<b>Total</b>	<b>4 096 596</b>	<b>482 372</b>	<b>8 787</b>	<b>4 587 755</b>

	I HALF 2023			TOTAL
	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	
Interest income calculated using the effective interest method	7 890 589	922 612	-	8 813 201
Loans and advances (in this receivables from financial leases)	6 165 830	9 686	-	6 175 516
Interbank placements	391 745	-	-	391 745
Reverse repo transactions	181 068	-	-	181 068
Debt securities	1 151 946	912 926	-	2 064 872
Other interest income related to financial assets measured at fair value through profit or loss	-	-	15 583	15 583
Loans and other receivables from customers	-	-	9 134	9 134
Debt securities held for trading	-	-	6 449	6 449
<b>Total</b>	<b>7 890 589</b>	<b>922 612</b>	<b>15 583</b>	<b>8 828 784</b>

**Interest income**

	II QUARTER 2022			TOTAL
	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	
Interest income calculated using the effective interest method	2 934 683	116 549	-	3 051 232
Loans and advances (in this receivables from financial leases)	2 501 891	4 969	-	2 506 860
Interbank placements	113 491	-	-	113 491
Reverse repo transactions	54 172	-	-	54 172
Debt securities	265 129	111 580	-	376 709
Other interest income related to financial assets measured at fair value through profit or loss	-	-	6 295	6 295
Loans and other receivables from customers	-	-	2 423	2 423
Debt securities held for trading	-	-	3 872	3 872
<b>Total</b>	<b>2 934 683</b>	<b>116 549</b>	<b>6 295</b>	<b>3 057 527</b>

	I HALF 2022			TOTAL
	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	
Interest income calculated using the effective interest method	5 085 082	218 538	-	5 303 620
Loans and advances (in this receivables from financial leases)	4 386 444	6 984	-	4 393 428
Interbank placements	151 715	-	-	151 715
Reverse repo transactions	78 405	-	-	78 405
Debt securities	468 518	211 554	-	680 072
Other interest income related to financial assets measured at fair value through profit or loss	-	-	9 021	9 021
Loans and other receivables from customers	-	-	3 827	3 827
Debt securities held for trading	-	-	5 194	5 194
<b>Total</b>	<b>5 085 082</b>	<b>218 538</b>	<b>9 021</b>	<b>5 312 641</b>

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

According to par. 5.4.3 of IFRS 9 introduced in July 2022 by the Act on social financing for business ventures and support to borrowers, rights for customers to suspend their loan repayments constitutes a modification of the expected cash flows and requires the adjustment of the gross carrying amount of the abovementioned loans by designating and recognizing in the Group's financial result the estimated cost resulting from the above-mentioned permissions as the difference between:

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

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

1. current status as at the balance sheet date of the portfolio covered by the above-mentioned entitlements, i.e. the volume of loan agreements that meet the criteria for exercising the entitlements in the second half of 2023,
2. the expected level of participation rate (use of rights under the Act) for the following months of 2023, i.e. taking into account the existing participation rate (participation level in terms of loan volume 70% as at 30 June 2023 and the observed trend, the Group estimated the participation rate for 2023 at the level of 72%),
3. allocation of 60% of the suspended payments by borrowers using credit holidays in 2023 for early loan repayment (compared to the previously estimated level of 50%).

The Group maintained the originally adopted estimates with regard to the use of the maximum suspension period provided for in the Act.

Due to the fact that the above calculation is an estimate of the expected exercise by customers of the rights resulting from the Act, and the actual implementation will take place in the period specified in the Act, i.e. to the end of 2023 under the conditions specified in the Act, the final cost related to the above-mentioned modifications may change and will be charged to the Group's current financial results.

#### Interest expense

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Deposits from customers	(1 205 492)	(2 319 629)	(258 893)	(336 552)
Interbank deposits	(20 816)	(42 336)	(27 344)	(36 869)
Repo transactions	(105 847)	(156 439)	(59 859)	(90 026)
Loans and advances received	(57 255)	(114 841)	(25 264)	(40 570)
Leasing	(4 417)	(7 646)	(2 664)	(5 242)
Debt securities	(202 139)	(421 780)	(116 994)	(167 787)
<b>Total</b>	<b>(1 595 966)</b>	<b>(3 062 671)</b>	<b>(491 018)</b>	<b>(677 046)</b>

## 9. Fee and commission income and expense

#### Fee and commission income

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Accounts maintenance, payment orders and cash transactions	145 595	307 116	183 569	377 486
Payment cards	203 948	399 855	187 306	352 025
Loans and advances	134 989	251 591	116 499	214 215
Margin on foreign exchange transactions with clients	185 501	361 053	188 330	372 466
Service and sell investment and insurance products	112 245	216 313	96 552	187 430
Securities operations	38 744	75 955	30 138	70 456
Custody activity	16 683	33 434	17 568	36 315
Guarantees, letters of credit and similar transactions	19 909	40 726	21 727	41 681
Other	28 622	55 160	25 292	51 091
<b>Total</b>	<b>886 236</b>	<b>1 741 203</b>	<b>866 981</b>	<b>1 703 165</b>

#### Fee and commission expense

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Payment cards	(124 580)	(242 357)	(110 821)	(203 063)
Money orders and transfers	(5 967)	(13 067)	(6 489)	(12 464)
Securities and derivatives operations	(14 034)	(31 158)	(12 015)	(25 745)
Acquisition services	(10 443)	(22 058)	(5 291)	(9 089)
Custody activity	(5 328)	(10 409)	(6 066)	(12 656)
Accounts maintenance	(1 421)	(2 622)	(1 456)	(2 532)
Investment funds management	(1 095)	(1 618)	(618)	(1 338)
Other	(10 039)	(18 657)	(8 365)	(15 424)
<b>Total</b>	<b>(172 907)</b>	<b>(341 946)</b>	<b>(151 121)</b>	<b>(282 311)</b>

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

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Gains (losses) on loans and advances to customers measured mandatorily at fair value through profit or loss	(3 410)	(2 364)	1 478	618
Gains (losses) on securities measured mandatorily at fair value through profit or loss	9 788	25 269	(21 627)	(17 657)
Foreign exchange result	93 777	176 095	(31 891)	20 386
Gains (losses) on derivatives	35 967	95 049	16 942	14 419
Gains (losses) on securities held for trading	8 689	12 812	(4 680)	(4 119)
<b>Total</b>	<b>144 811</b>	<b>306 861</b>	<b>(39 778)</b>	<b>13 647</b>

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

### Realized gains

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

### Realized losses

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

<b>Net realized profit / loss</b>	<b>12 526</b>	<b>9 594</b>	<b>(7 095)</b>	<b>(11 305)</b>
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## 12. Net allowances for expected credit losses

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Receivables from banks and the central bank	5 389	2 058	(5 352)	(7 874)
Loans and other financial assets measured at amortized cost (*) (**)	(196 923)	(329 783)	(502 678)	(646 464)
including: legal risk regarding foreign currency mortgage loans	(67 485)	(40 510)	(300 061)	(308 697)
Debt securities measured at amortized cost	125	(7 397)	(595)	(31)
Loans measured at fair value through other comprehensive income	2 277	2 272	(679)	(145)
Debt securities measured at fair value through other comprehensive income	4 257	6 176	(768)	2 252
Off-balance sheet commitments	(106 128)	(69 527)	(20 503)	(12 757)
<b>Total</b>	<b>(291 003)</b>	<b>(396 201)</b>	<b>(530 575)</b>	<b>(665 019)</b>

(\*) The item includes impairment losses on receivables from financial leases.

(\*\*) In 2023, the Group sold a portfolio of loan receivables with a total gross carrying amount of PLN 264 458 thousand. The realized gross result on the transaction in the amount of PLN 8 550 thousand.

## 13. Other operating income and expenses

### Other operating income

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Gains on disposal of property, plant and equipment	6 633	7 706	4 547	6 860
Premises rental income, terminals and IT equipment	6 278	12 019	5 759	11 302
Operating leasing net income (*)	1 361	2 478	1 335	1 670
Compensation, recoveries, penalty fees and fines received	2 303	5 272	2 784	7 329
Miscellaneous income	2 930	18 640	828	5 405
Recovery of debt collection costs	3 124	8 173	4 234	9 829
Net revenues from sale of products, goods and services	1 313	3 029	1 344	2 697
Other	1 932	6 538	3 053	7 402
<b>Total</b>	<b>25 874</b>	<b>63 855</b>	<b>23 884</b>	<b>52 494</b>

### (\*) Operating leasing net income

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Income from operating leases	2 589	4 985	3 165	5 368
Costs of depreciation of fixed assets provided under operating leases	(1 228)	(2 507)	(1 830)	(3 698)
<b>Total</b>	<b>1 361</b>	<b>2 478</b>	<b>1 335</b>	<b>1 670</b>

### Other operating expenses

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Provision for liabilities disputable and other provisions (*)	10 621	10 637	(25 426)	(28 042)
Provision for legal risk regarding foreign currency mortgage loans	(59 968)	(132 140)	(104 256)	(110 562)
Credit and factoring debt collection costs	(8 783)	(15 294)	(5 841)	(13 125)
Loss on disposal of property, plant and equipment and intangible assets	(387)	(524)	(189)	(261)
Card transactions monitoring costs	(5 358)	(10 244)	(4 834)	(8 984)
Sundry expenses	(976)	(2 592)	(2 220)	(4 234)
Costs of litigation and claims	(6 596)	(11 903)	(2 903)	(4 850)
Impairment allowance on fixed assets, litigations and other assets	(539)	(532)	(47 438)	(46 472)
Compensation, penalty fees and fines	(400)	(871)	438	(1 141)
Other	(1 661)	(11 476)	(6 391)	(10 808)
<b>Total</b>	<b>(74 047)</b>	<b>(174 939)</b>	<b>(199 060)</b>	<b>(228 479)</b>

(\*) The item also includes the provision for commission reimbursements in case of previously repaid consumer loans repaid before the CJEU judgment. (Note 30).

## 14. General administrative expenses and depreciation

### Personnel expenses

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Wages and salaries	(606 043)	(1 119 543)	(487 412)	(958 799)
Insurance and other charges related to employees	(113 179)	(207 848)	(88 410)	(170 036)
Share-based payments expenses	(5 772)	(11 544)	(5 405)	(10 531)
<b>Total</b>	<b>(724 994)</b>	<b>(1 338 935)</b>	<b>(581 227)</b>	<b>(1 139 366)</b>

### Other administrative expenses

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Overheads	(298 960)	(615 880)	(353 403)	(559 731)
Tax on certain financial institutions	(217 664)	(436 987)	(214 375)	(416 133)
Fee paid for the Protection Scheme	-	-	(440 302)	(440 302)
Contribution and payments to the Bank Guarantee Fund, including:	1 339	(190 376)	(57 040)	(324 259)
to the resolution fund	1 339	(190 376)	-	(210 179)
to the banks' guarantee fund	-	-	(57 040)	(114 080)
Fees to cover costs of supervision over banks (KNF)	(43)	(30 102)	(55)	(26 852)
Other taxes and fees	(10 205)	(23 226)	(10 519)	(20 543)
<b>Total</b>	<b>(525 533)</b>	<b>(1 296 571)</b>	<b>(1 075 694)</b>	<b>(1 787 820)</b>

### Depreciation

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Property, plant and equipment	(83 422)	(165 140)	(80 790)	(162 779)
Intangible assets	(74 578)	(148 820)	(59 324)	(154 322)
<b>Total</b>	<b>(158 000)</b>	<b>(313 960)</b>	<b>(140 114)</b>	<b>(317 101)</b>

<b>Total Administrative Expense and Depreciation</b>	<b>(1 408 527)</b>	<b>(2 949 466)</b>	<b>(1 797 035)</b>	<b>(3 244 287)</b>
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## 15. Income tax

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
<b>INCOME STATEMENT</b>				
<b>Current tax</b>	<b>(494 803)</b>	<b>(1 008 026)</b>	<b>(34 372)</b>	<b>(52 273)</b>
Current tax charge in the income statement	(504 221)	(1 017 207)	(24 319)	(40 177)
Adjustments related to the current tax from previous years	10 221	10 257	(9 444)	(11 190)
Other taxes (e.g. withholding tax)	(803)	(1 076)	(609)	(906)
<b>Deferred tax</b>	<b>43 717</b>	<b>92 639</b>	<b>(257 441)</b>	<b>(574 980)</b>
Occurrence and reversal of temporary differences	43 717	92 639	(257 441)	(574 980)
<b>Tax charge in the consolidated income statement</b>	<b>(451 086)</b>	<b>(915 387)</b>	<b>(291 813)</b>	<b>(627 253)</b>
<b>EQUITY</b>				
<b>Current tax</b>			-	-
<b>Deferred tax</b>	<b>(126 611)</b>	<b>(345 959)</b>	<b>308 775</b>	<b>608 042</b>
Income and costs disclosed in other comprehensive income:				
revaluation of financial instruments - cash flows hedges	(100 180)	(231 872)	231 591	419 326
fair value revaluation through other comprehensive income	(32 676)	(110 291)	69 750	176 283
<b>Tax on items that are or may be reclassified subsequently to profit or loss</b>	<b>(132 856)</b>	<b>(342 163)</b>	<b>301 341</b>	<b>595 609</b>
<b>Tax charge on items that will never be reclassified to profit or loss</b>	<b>6 245</b>	<b>(3 796)</b>	<b>7 434</b>	<b>12 433</b>
fair value revaluation through other comprehensive income – equity securities	1 173	(8 868)	10 777	15 776
remeasurements the defined benefit liabilities	5 072	5 072	(3 343)	(3 343)
<b>Total charge</b>	<b>(577 697)</b>	<b>(1 261 346)</b>	<b>16 962</b>	<b>(19 211)</b>

## 16. Earnings per share

### Basic earnings per share

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

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Net profit	1 693 372	3 139 722	467 925	1 375 090
Weighted average number of ordinary shares in the period	262 470 034	262 470 034	262 470 034	262 470 034
Earnings per share (in PLN per share)	6.45	11.96	1.78	5.24

### Diluted earnings per share

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

As at 30 June 2023 and 30 June 2022 here were no diluting instruments in the Group.

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Net profit	1 693 372	3 139 722	467 925	1 375 090
Weighted average number of ordinary shares in the period	262 470 034	262 470 034	262 470 034	262 470 034
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	262 470 034	262 470 034	262 470 034	262 470 034
Diluted earnings per share (in PLN per share)	6.45	11.96	1.78	5.24

## 17. Dividends

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

## 18. Cash and balances with Central Bank

CASH AND DUE FROM CENTRAL BANK	30.06.2023	31.12.2022
Cash	3 815 116	4 316 728
Current account at Central Bank	6 102 473	7 935 484
Placements	469	1 191 833
Other	86	110
<b>Gross carrying amount</b>	<b>9 918 144</b>	<b>13 444 155</b>
Impairment allowances	(5 931)	(7 821)
<b>Net carrying amount</b>	<b>9 912 213</b>	<b>13 436 334</b>

## 19. Loans and advances to banks

Loans and advances to banks by product type

	30.06.2023	31.12.2022
Current accounts	393 279	436 980
Interbank placements	5 024 129	668 335
Loans and advances	108 573	159 135
Cash collaterals	909 702	2 150 015
Reverse repo transactions	199 857	755 684
Other	139 631	511 305
<b>Total gross amount</b>	<b>6 775 171</b>	<b>4 681 454</b>
Impairment allowances	(2 244)	(2 841)
<b>Total net amount</b>	<b>6 772 927</b>	<b>4 678 613</b>

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

Fair value of trading derivatives

30.06.2023	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	10 177 291	10 005 013
Forward Rate Agreements (FRA)	37 658	40 034
Options	84 475	91 986
Other	2 594	706
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	96 192	158 224
Currency Forward Agreements	476 482	337 168
Currency Swaps (FX-Swap)	495 654	398 382
Options for currency and gold	16 518	33 856
Transactions based on equity securities and stock indexes		
Options	1 111	1 107
Transactions based on commodities and precious metals		
Options	15 761	15 742
Other	322 091	286 718
<b>Total</b>	<b>11 725 827</b>	<b>11 368 936</b>
31.12.2022	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	13 484 234	13 339 355
Forward Rate Agreements (FRA)	40 125	36 501
Options	98 847	109 757
Other	4 541	183
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	149 206	780 597
Currency Forward Agreements	467 115	316 622
Currency Swaps (FX-Swap)	353 402	469 236
Options for currency and gold	49 910	38 713
Transactions based on equity securities and stock indexes		
Options	1 810	1 804
Transactions based on commodities and precious metals		
Options	-	-
Other	439 726	428 721
<b>Total</b>	<b>15 088 916</b>	<b>15 521 489</b>

## 21. Loans and advances to customers

Loans and advances to customers by product type

	30.06.2023			TOTAL
	AMORTISED COST	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FAIR VALUE THROUGH PROFIT OR LOSS	
Mortgage loans	73 865 277	258	7 953	73 873 488
Current accounts	15 061 557	-	-	15 061 557
Operating loans	11 274 752	-	7 751	11 282 503
Investment loans	27 098 897	110 138	9 323	27 218 358
Cash loans	13 078 146	-	-	13 078 146
Payment cards receivables	1 142 336	-	-	1 142 336
Financial leasing	10 554 858	-	-	10 554 858
Factoring	8 515 440	-	-	8 515 440
Other loans and advances	5 228 343	-	174 119	5 402 462
Reverse repo transactions	3 344 419	-	-	3 344 419
Other	121 479	-	-	121 479
<b>Gross carrying amount</b>	<b>169 285 504</b>	<b>110 396</b>	<b>199 146</b>	<b>169 595 046</b>
Impairment allowances (*) (**)	(10 003 163)	-	-	(10 003 163)
<b>Carrying amount</b>	<b>159 282 341</b>	<b>110 396</b>	<b>199 146</b>	<b>159 591 883</b>

(\*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 1 159 thousand is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

(\*\*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 1 696 731 thousand.

	31.12.2022			TOTAL
	AMORTISED COST	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FAIR VALUE THROUGH PROFIT OR LOSS	
Mortgage loans	75 136 487	257	9 262	75 146 006
Current accounts	14 439 605	-	-	14 439 605
Operating loans	12 575 920	-	11 647	12 587 567
Investment loans	26 768 715	253 440	11 396	27 033 551
Cash loans	12 767 146	-	-	12 767 146
Payment cards receivables	1 090 998	-	-	1 090 998
Financial leasing	9 900 109	-	-	9 900 109
Factoring	7 896 200	-	-	7 896 200
Other loans and advances	6 374 851	-	151 615	6 526 466
Reverse repo transactions	1 337 846	-	-	1 337 846
Other	37 490	-	-	37 490
<b>Gross carrying amount</b>	<b>168 325 367</b>	<b>253 697</b>	<b>183 920</b>	<b>168 762 984</b>
Impairment allowances (*) (**)	(10 041 994)	-	-	(10 041 994)
<b>Carrying amount</b>	<b>158 283 373</b>	<b>253 697</b>	<b>183 920</b>	<b>158 720 990</b>

(\*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 3 431 thousand is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

(\*\*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 1 724 895 thousand.

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

	30.06.2023					
	AMORTISED COST			FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (*)	FAIR VALUE THROUGH PROFIT OR LOSS	TOTAL
	GROSS CARRYING AMOUNT	IMPAIRMENT ALLOWANCES (**)	CARRYING AMOUNT			
Corporate	91 534 360	(5 999 343)	85 535 017	110 396	15 650	85 661 063
Individuals	76 081 662	(3 990 769)	72 090 893	-	174 120	72 265 013
Budget entities	1 669 482	(13 051)	1 656 431	-	9 376	1 665 807
<b>Loans and advances to customers</b>	<b>169 285 504</b>	<b>(10 003 163)</b>	<b>159 282 341</b>	<b>110 396</b>	<b>199 146</b>	<b>159 591 883</b>

(\*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 1 159 thousand is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

(\*\*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 1 696 731 thousand.

	31.12.2022					
	AMORTISED COST			FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (*)	FAIR VALUE THROUGH PROFIT OR LOSS	TOTAL
	GROSS CARRYING AMOUNT	IMPAIRMENT ALLOWANCES (**)	CARRYING AMOUNT			
Corporate	89 346 720	(5 944 032)	83 402 688	253 697	18 218	83 674 603
Individuals	77 272 224	(3 976 483)	73 295 741	-	151 615	73 447 356
Budget entities	1 706 423	(121 479)	1 584 944	-	14 087	1 599 031
<b>Loans and advances to customers</b>	<b>168 325 367</b>	<b>(10 041 994)</b>	<b>158 283 373</b>	<b>253 697</b>	<b>183 920</b>	<b>158 720 990</b>

(\*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 3 431 thousand is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

(\*\*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 1 724 895 thousand.

## 22. Securities

	30.06.2023	31.12.2022
Debt securities held for trading	1 340 614	878 534
Debt securities measured at amortised cost	75 141 323	62 655 238
Debt securities measured at fair value through other comprehensive income	14 003 805	16 234 557
Equity instruments held for trading	8 166	2 268
Equity instruments designated for measurement at fair value through other comprehensive income	398 526	359 659
Equity instruments mandatorily measured at fair value through profit or loss	199 556	187 189
<b>Total</b>	<b>91 091 990</b>	<b>80 317 445</b>

**Debt securities held for trading**

	30.06.2023	31.12.2022
Debt securities issued by central governments	1 268 308	673 701
T- bills	-	-
T- bonds	1 268 308	673 701
Debt securities issued by banks	11 696	19 595
Debt securities issued by business entities	60 383	184 809
Debt securities issued by local governments	227	429
<b>Total</b>	<b>1 340 614</b>	<b>878 534</b>

**Debt securities measured at amortised cost**

	30.06.2023	31.12.2022
Debt securities issued by State Treasury	33 739 431	27 891 583
T-bills	5 047 524	3 033 902
T-bonds	28 691 907	24 857 681
Debt securities issued by central banks	14 063 270	12 245 549
Debt securities issued by banks	13 228 449	9 859 598
Debt securities issued by business entities	10 063 326	8 941 791
Debt securities issued by local governments	4 046 847	3 716 717
<b>Total</b>	<b>75 141 323</b>	<b>62 655 238</b>
impairment of assets	(177 583)	(154 471)

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

	30.06.2023	31.12.2022
Debt securities issued by State Treasury	7 022 917	8 005 145
T-bills	-	-
T-bonds	6 773 541	7 756 577
Other	249 376	248 568
Debt securities issued by central banks	998 700	998 900
Debt securities issued by banks	2 302 707	3 114 123
Debt securities issued by business entities	2 294 644	2 526 227
Debt securities issued by local governments	1 384 837	1 590 162
<b>Total</b>	<b>14 003 805</b>	<b>16 234 557</b>
impairment of assets (*)	(29 500)	(35 772)

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

**Equity securities held for trading**

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

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

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

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

	30.06.2023	31.12.2022
Shares	199 556	187 189
<b>Total</b>	<b>199 556</b>	<b>187 189</b>

## 23. Assets pledged as security for liabilities

TYPE OF TRANSACTION AS AT 30.06.2023	SECURITY	CARRYING VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES)	NOMINAL VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	VALUE OF LIABILITIES SUBJECT TO SECURITY
Repo transactions	Bonds held for trading (measured at fair value through profit or loss)	127 732	111 161	127 710
Repo transactions	Bonds measured at fair value through other comprehensive income	1 089 882	1 134 075	1 091 651
<b>Total</b>		<b>1 217 614</b>	<b>1 245 236</b>	<b>1 219 361</b>

TYPE OF TRANSACTION AS AT 31.12.2022	SECURITY	CARRYING VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES)	NOMINAL VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	VALUE OF LIABILITIES SUBJECT TO SECURITY
Repo transactions	Bonds held for trading (measured at fair value through profit or loss)	50 923	56 393	50 942
Repo transactions	Bonds measured at fair value through other comprehensive income	878 603	914 446	879 014
<b>Total</b>		<b>929 526</b>	<b>970 839</b>	<b>929 956</b>

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

TYPE OF TRANSACTION AS AT 30.06.2023	SECURITY	CARRYING VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	NOMINAL VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	VALUE OF LIABILITIES SUBJECT TO SECURITY
Coverage of Fund for protection of guaranteed assets to the benefit of the Bank Guarantee Fund	bonds	743 749	710 000	-
Coverage of payment commitments to the guarantee fund for the Bank Guarantee Fund	bonds	313 202	300 000	173 465
Coverage of payment commitments to the resolution fund for the Bank Guarantee Fund	bonds	611 853	654 250	372 593
Lombard and technical loan	bonds	6 528 839	6 647 643	-
Other loans	bonds	200 031	202 700	196 489
Debt securities issued	loans, bonds	962 352	986 606	606 368
Coverage of the Guarantee Fund for the Settlement of Stock Exchange Transactions to Central Securities Depository (KDPW)	bonds, cash deposits	32 005	32 005	-
Derivatives	bonds	22 649	22 561	7 174
Uncommitted Collateralized Intraday Technical Overdraft Facility Agreement	bonds	26 067	31 152	-

TYPE OF TRANSACTION AS AT 31.12.2022	SECURITY	CARRYING VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	NOMINAL VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	VALUE OF LIABILITIES SUBJECT TO SECURITY
Coverage of Fund for protection of guaranteed assets to the benefit of the Bank Guarantee Fund	bonds	741 156	710 000	-
Coverage of payment commitments to the guarantee fund for the Bank Guarantee Fund	bonds	310 489	300 000	173 465
Coverage of payment commitments to the resolution fund for the Bank Guarantee Fund	bonds	616 945	654 250	372 593
Lombard and technical loan	bonds	6 482 909	6 647 643	-
Other loans	bonds	275 753	283 900	206 521
Debt securities issued	loans, bonds	1 261 765	1 297 095	944 159
Coverage of the Guarantee Fund for the Settlement of Stock Exchange Transactions to Central Securities Depository (KDPW)	bonds, cash deposits	36 334	36 334	-
Derivatives	bonds	37 314	36 453	14 655
Uncommitted Collateralized Intraday Technical Overdraft Facility Agreement	bonds	28 195	32 829	-

## 24. Intangible assets

	30.06.2023	31.12.2022
Intangible assets, including:	1 538 739	1 504 735
research and development expenditures	59 317	13 269
licenses and patents	752 036	814 596
other	113 508	119 974
assets under construction	613 878	556 896
Goodwill	748 552	748 552
<b>Total</b>	<b>2 287 291</b>	<b>2 253 287</b>

## 25. Property, plant and equipment

	30.06.2023	31.12.2022
Non-current assets, including:	1 658 195	1 445 902
land and buildings	1 079 204	880 117
machinery and equipment	364 777	360 140
transport vehicles	110 503	106 867
other	103 711	98 778
Non-current assets under construction and prepayments	95 204	126 191
<b>Total</b>	<b>1 753 399</b>	<b>1 572 093</b>

In the period from 1 January to 30 June 2023 the Bank acquired 'Property, plant and equipment' amounted PLN 333 842 thousand (in 2022 - PLN 169 969 thousand), while the net carrying amount of property, plant and equipment sold amounted to PLN 9 225 thousand (in 2022 - PLN 39 313 thousand).

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

### Contractual commitments

As at 30 June 2023 the contractual commitments for the acquisition of property, plant and equipment amounted to PLN 9 353 thousand, (as at 31 December 2022 - PLN 11 815 thousand).

## 26. Amounts due to other banks

Amounts due to other banks by product type

	30.06.2023	31.12.2022
Current accounts	1 124 781	827 482
Interbank deposits and other liabilities	1 801 426	2 468 248
Loans and advances received	4 632 481	5 156 566
Repo transactions	127 710	50 942
Other	107 236	90 789
Lease liabilities	312	369
<b>Total</b>	<b>7 793 946</b>	<b>8 594 396</b>

## 27. Financial liabilities held for trading

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

## 28. Amounts due to customers

Amounts due to customers by entity and product type

	30.06.2023	31.12.2022
Amounts due to corporate, including:	80 087 547	76 823 387
current accounts	61 392 711	57 966 167
term deposits and other liabilities	18 694 836	18 857 220
Amounts due to budget entities, including:	12 337 910	13 758 619
current accounts	10 510 646	12 158 968
term deposits and other liabilities	1 827 264	1 599 651
Amounts due to individuals, including:	127 449 137	118 671 856
current accounts	91 636 142	87 558 793
term deposits and other liabilities	35 812 995	31 113 063
Repo transactions	1 091 651	879 014
Other	314 455	341 984
Lease liabilities	479 869	272 230
<b>Total</b>	<b>221 760 569</b>	<b>210 747 090</b>

## 29. Debt securities issued

Debt securities issued by type

	30.06.2023	31.12.2022
Liabilities from bonds	6 839 477	3 487 601
Certificates of deposit	416 519	5 893 923
Mortgage bonds	909 729	955 961
<b>Total</b>	<b>8 165 725</b>	<b>10 337 485</b>

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

## 30. Provisions

Changes in provisions in the reporting period

I HALF 2023	PROVISIONS FOR LITIGATION AND CLAIMS (*)	RESTRUCTURING PROVISION	PROVISIONS FOR DEFINED BENEFIT PLANS	PROVISIONS FOR UNDRAWN CREDIT FACILITIES AND GUARANTEES ISSUED	OTHER PROVISIONS	TOTAL
<b>Opening balance</b>	<b>586 884</b>	<b>10 864</b>	<b>244 130</b>	<b>396 861</b>	<b>163 415</b>	<b>1 402 154</b>
Provision charges/revaluation	145 834	-	42 527	248 117	11 544	448 022
Provision utilization	(30 610)	(2 662)	(5 257)	-	(13 724)	(52 253)
Provision releases	(23 389)	-	-	(178 590)	(943)	(202 922)
Foreign currency exchange differences	(1 886)	-	-	(4 793)	-	(6 679)
Other changes	-	-	-	-	-	-
<b>Closing balance</b>	<b>676 833</b>	<b>8 202</b>	<b>281 400</b>	<b>461 595</b>	<b>160 292</b>	<b>1 588 322</b>
Short term	2 588	8 202	21 940	86 669	454	119 853
Long term	674 245	-	259 460	374 926	159 838	1 468 469

(\*) Including the provision for legal risk regarding foreign currency mortgage loans in CHF in the amount of PLN 594 514 thousand (details of this provision are presented in Note 34.2) and a provision for early repayments of consumer loans in the amount of PLN 23 027 thousand as at 30 June 2023.

**Changes in provisions in the reporting period**

2022	PROVISIONS FOR LITIGATION AND CLAIMS (*)	RESTRUCTURING PROVISION	PROVISIONS FOR DEFINED BENEFIT PLANS	PROVISIONS FOR UNDRAWN CREDIT FACILITIES AND GUARANTEES ISSUED	OTHER PROVISIONS	TOTAL
<b>Opening balance</b>	<b>211 909</b>	<b>17 330</b>	<b>240 368</b>	<b>360 133</b>	<b>53 368</b>	<b>883 108</b>
Provision charges/revaluation	553 461	-	24 410	317 895	134 705	1 030 471
Provision utilization	(24 452)	(6 466)	(30 566)	-	(24 658)	(86 142)
Provision releases	(155 634)	-	(144)	(288 057)	-	(443 835)
Foreign currency exchange differences	1 600	-	-	6 890	-	8 490
Other changes	-	-	10 062	-	-	10 062
<b>Closing balance</b>	<b>586 884</b>	<b>10 864</b>	<b>244 130</b>	<b>396 861</b>	<b>163 415</b>	<b>1 402 154</b>
Short term	4 239	10 864	6 866	109 563	539	132 071
Long term	582 645	-	237 264	287 298	162 876	1 270 083

(\*) Including the provision for legal risk regarding foreign currency mortgage loans in CHF in the amount of PLN 473 517 thousand (details of this provision are presented in Note 34.2) and a provision for early repayments of consumer loans in the amount of PLN 35 323 thousand as at 31 December 2022.

## 31. Contingent commitments and contingent assets

### Court cases

As of 30 June 2023 the following court cases for payment are pending with involvement of the Group, that are important in view of the value of the object of litigation:

- 1) in the group of liabilities (against the Group):
  - brought by the association – a claim for payment of damages against the Bank and 3 other legal person for damages incurred in connection with irregularities committed by the defendants, according to the association, when offering the purchase of premises and financing the construction of a condohotel; value of the object of litigation PLN 86 703 762, litigation initiation date – 14 November 2022, in the present factual and legal circumstances the Bank assesses the funds outflow risk as possible,
  - brought by the receiver for a joint stock company in liquidation bankruptcy – lawsuit for payment of compensation for a damage incurred as a result of the Bank's demanding immediate payment of the amounts due in virtue of payment of the price from the credit receivables transfer agreement and conducting debt enforcement collection of the portion of the price remaining for payment by a court enforcement officer, value of the object of litigation PLN 57 450 130, litigation initiation date – 30 April 2015, in the present factual and legal circumstances the Bank assesses the funds outflow risk as possible,
  - brought by a natural person – lawsuit for payment by the Bank of an amount charged by virtue of settlement of financial future or forward transactions, value of the object of litigation PLN 38 916 555.18, litigation initiation date – 2 October 2016, on 6 May 2019 the Regional Court in Warsaw issued a sentence ordering the Bank to pay the amount of PLN 3 392 349.18 and as to the remainder the Court dismissed the suit, the sentence is not legally valid, the Bank and the plaintiff appealed against the judgment. On the 16 December 2020 the Court of Appeal in Warsaw quashed the sentence of the Regional Court in its entirety and remitted the case to that Court. In the present factual and legal circumstances the Bank assesses the funds outflow risk in the amount of PLN 35 524 206.00 as possible,
  - brought by a natural person – lawsuit for invalidation of the loan agreement and legal collateral agreements and payment of undue benefit, damages and compensation; value of the object of litigation PLN 30 469 753.05, litigation initiation date – 22 June 2023, in the present factual and legal circumstances, the Bank assesses the funds outflow risk as possible,
  - brought by a legal person – lawsuit for payment of damages for a tort and improper performance of a bank account agreement in connection with the execution of payment instructions from the plaintiff's bank accounts, value of the object of litigation PLN 14 579 152.50, litigation initiation date – 17 August 2015, in the present factual and legal circumstances, the Bank assesses the funds outflow risk as possible.
- 2) in the group of receivables (brought by the Group):
  - Bank's lawsuit for payment against the guarantors for surety securing the repayment of the loan granted, value of the object of litigation PLN 136 495 075, litigation initiation date – 18 July 2022,
  - Bank's lawsuit for payment against limited debtor by virtue of mortgage collateralizing repayment of the granted credit, value of the object of litigation PLN 132 877 901, litigation initiation date – 21 January 2016,
  - Bank's lawsuit for payment against limited debtor by virtue of mortgage collateralizing repayment of the Bank's receivables resulting from banking activities, value of the object of litigation PLN 46 695 088, litigation initiation date – 15 September 2010, invalid sentence of the Regional Court in Warsaw of 13 January 2015 awarding for the benefit of the Bank the amount of PLN 40 425 047,

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

None of the litigations pending in the first half of the year 2023 before the court, authority competent for arbitrary proceedings or a body of public administration posed a threat for financial liquidity of the Group.

The Group created provisions for litigations against the Group entities which, according to the legal opinion, are connected with a risk of the funds outflow resulting from the fulfillment of the obligation. The value of the provisions as at 30 June 2023 is PLN 676 833 thousand (PLN 586 884 thousand as at 31 December 2022).

In addition, as at 30 June 2023 the Group assessed the legal risk of foreign currency mortgage loans in CHF and created a provision related to this risk. Details are presented in the Note 34.2.

### Financial commitments granted

Financial commitments granted by entity

	30.06.2023	31.12.2022
Financial commitments granted to:		
banks	1 494 618	472 910
customers	49 284 029	56 009 200
budget entities	975 552	726 549
<b>Total</b>	<b>51 754 199</b>	<b>57 208 659</b>

### Guarantees issued

Guarantees issued by entity

	30.06.2023	31.12.2022
Issued to banks:	1 406 229	1 752 546
guarantees	1 389 039	1 726 926
securities' underwriting guarantees	-	-
confirmed export letters of credit	17 190	25 620
Issued to customers	8 713 796	9 369 160
guarantees	6 373 718	6 858 820
securities' underwriting guarantees	2 079 877	2 222 671
sureties	260 201	287 669
Issued to budget entities:	1 257 858	958 663
guarantees	22 891	23 106
securities' underwriting guarantees	1 234 967	935 557
<b>Total</b>	<b>11 377 883</b>	<b>12 080 369</b>

### Off-balance sheet commitments received

Off-balance sheet commitments received by entity

	30.06.2023	31.12.2022
Financial received from:	690 567	2 088 893
banks	690 567	921 691
customers	-	1 167 202
budget entities	-	-
Guarantees received from:	29 973 439	40 119 313
banks	14 317 144	13 767 719
customers	12 550 691	13 698 895
budget entities	3 105 604	12 652 699
<b>Total</b>	<b>30 664 006</b>	<b>42 208 206</b>

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

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

Cash and cash equivalents

	30.06.2023	30.06.2022
Cash and amounts due from Central Bank	9 912 213	12 865 757
Loans and receivables from banks with maturity up to 3 months	6 608 632	9 722 381
<b>Cash and Cash equivalents presented in the cash flow statement</b>	<b>16 520 845</b>	<b>22 588 138</b>

Restricted availability cash and cash equivalents as at 30 June 2023 amounted to PLN 6 096 543 thousand (PLN 8 217 909 thousand as at 30 June 2022).

## 33. Related party transactions

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

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

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

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

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

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

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

**Related party transactions**

Related party transactions as at 30 June 2023

NAME OF ENTITY	RECEIVABLES FROM LOANS AND PLACEMENTS	SECURITIES	RECEIVABLES FROM REVALUATION OF DERIVATIVES	OTHER RECEIVABLES	LIABILITIES FROM LOANS AND DEPOSITS	LIABILITIES FROM REVALUATION OF DERIVATIVES	OTHER LIABILITIES
PZU S.A. – the Bank's parent entity	25	-	1 066	3 324	202 095	-	290 872
Entities of PZU S.A. Group excluding of Bank Pekao S.A. Group entities	6 801	-	139	13 256	268 427	1 867	599
Subsidiaries of Bank Pekao S.A Group entities							
Krajowy Integrator Płatności S.A.	-	-	-	21	49 529	-	-
Key management personnel of the Bank Pekao S.A.	2 370	-	-	-	8 756	-	-
<b>Total</b>	<b>9 196</b>	<b>-</b>	<b>1 205</b>	<b>16 601</b>	<b>528 807</b>	<b>1 867</b>	<b>291 471</b>

Related party transactions as at 31 December 2022

NAME OF ENTITY	RECEIVABLES FROM LOANS AND PLACEMENTS	SECURITIES	RECEIVABLES FROM REVALUATION OF DERIVATIVES	OTHER RECEIVABLES	LIABILITIES FROM LOANS AND DEPOSITS	LIABILITIES FROM REVALUATION OF DERIVATIVES	OTHER LIABILITIES
PZU S.A. – the Bank's parent entity	8	-	3 991	4 389	185 051	-	5 247
Entities of PZU S.A. Group excluding of Bank Pekao S.A. Group entities	4 884	-	2 532	5 464	235 161	2 185	1 620
Subsidiaries of Bank Pekao S.A Group entities							
Krajowy Integrator Płatności S.A.	-	-	-	11	36 624	-	34
Key management personnel of the Bank Pekao S.A.	1 065	-	-	-	8 566	-	-
<b>Total</b>	<b>5 957</b>	<b>-</b>	<b>6 523</b>	<b>9 864</b>	<b>465 402</b>	<b>2 185</b>	<b>6 901</b>

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

NAME OF ENTITY	INTEREST INCOME	INTERES EXPENSE	FEE AND COMMISSION INCOME	FEE AND COMMISSION EXPENSE	POSITIVE VALUATION OF DERIVATIVES AND OTHER INCOME	NEGATIVE VALUATION OF DERIVATIVES AND OTHER EXPENSES
PZU S.A. – the Bank 's parent entity	(933)	(9 428)	26 545	(273)	945	(4 655)
Entities of PZU S.A. Group excluding of Bank Pekao S.A. Group entities	229	(10 820)	29 914	(169)	316	(26 204)
Subsidiaries of Bank Pekao S.A Group entities						
Krajowy Integrator Płatności S.A.	-	(325)	161	(28)	-	-
Key management personnel of the Bank Pekao S.A.	59	(216)	-	-	-	-
<b>Total</b>	<b>(645)</b>	<b>(20 789)</b>	<b>56 620</b>	<b>(470)</b>	<b>1 261</b>	<b>(30 859)</b>

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

NAME OF ENTITY	INTEREST INCOME	INTERES EXPENSE	FEE AND COMMISSION INCOME	FEE AND COMMISSION EXPENSE	POSITIVE VALUATION OF DERIVATIVES AND OTHER INCOME	NEGATIVE VALUATION OF DERIVATIVES AND OTHER EXPENSES
PZU S.A. – the Bank 's parent entity	(908)	(2 266)	23 085	(170)	1 082	(889)
Entities of PZU S.A. Group excluding of Bank Pekao S.A. Group entities	112	(1 501)	25 558	(157)	1 044	(15 444)
Subsidiaries of Bank Pekao S.A Group entities						
Krajowy Integrator Płatności S.A.	-	-	151	-	-	-
Key management personnel of the Bank Pekao S.A.	22	(6)	-	-	-	-
<b>Total</b>	<b>(774)</b>	<b>(3 773)</b>	<b>48 794</b>	<b>(327)</b>	<b>2 126</b>	<b>(16 333)</b>

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

NAME OF ENTITY	GRANTED		RECEIVED	
	FINANCIAL	GUARANTEES	FINANCIAL	GUARANTEE
PZU S.A. – the Bank's parent entity	7 695	15 000	-	-
Entities of PZU S.A. Group excluding of Bank Pekao S.A. Group entities	12 516	10 046	-	-
Subsidiaries of Bank Pekao S.A Group entities				
Krajowy Integrator Platności S.A.	-	1 500	-	-
Key management personnel of the Bank Pekao S.A.	349	-	-	-
<b>Total</b>	<b>20 560</b>	<b>26 546</b>	<b>-</b>	<b>-</b>

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

NAME OF ENTITY	GRANTED		RECEIVED	
	FINANCIAL	GUARANTEES	FINANCIAL	GUARANTEE
PZU S.A. – the Bank's parent entity	3 028	15 000	-	-
Entities of PZU S.A. Group excluding of Bank Pekao S.A. Group entities	9 566	10 046	-	-
Subsidiaries of Bank Pekao S.A Group entities				
Krajowy Integrator Platności S.A.	-	1 500	-	-
Key management personnel of the Bank Pekao S.A.	1 382	-	-	-
<b>Total</b>	<b>13 976</b>	<b>26 546</b>	<b>-</b>	<b>-</b>

### Transactions with the State Treasury

The Bank's transactions with the State Treasury were mostly related to treasury securities (Note 22) and banking services. These transactions are concluded and settled on terms obtainable by customers who are not related parties.

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

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

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

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

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

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

The Bank's Management Board and Supervisory Board Members did not receive any remuneration from subsidiaries and associates in the period from 1 January to 30 June 2023 and in the period from 1 January to 30 June 2022.

### Remuneration expenses of Supervisory Boards and Management Boards of subsidiaries

	VALUE OF BENEFITS	
	I HALF 2023	I HALF 2022
<b>Companies' Management Boards</b>		
Short-term employee benefits	9 046	7 124
Post-employment benefits	157	600
Paid termination benefits	124	242
<b>Total</b>	<b>9 327</b>	<b>7 966</b>
<b>Companies' Supervisory Boards</b>		
Short-term employee benefits	737	337
<b>Total</b>	<b>737</b>	<b>337</b>

## 34. Risk management and fair value

### 34.1. Credit risk

The general framework for the risk management, credit risk mitigation methods and rating models did not change substantially compared to those described in the in the Consolidated Financial Statements of the Bank Pekao S.A. Group for the year ended on 31 December 2022.

Due to the risk:

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

The Group identifies increased credit risk, which was included in the estimation of impairment losses on credit exposures according to the principles described in the Consolidated Financial Statements of the Bank Pekao S.A. Group for the year ended on 31 December 2022.

Additionally, the Group issued guidelines for the assessment of transactions with entities related to Ukraine, Belarus and Russia, taking into account the impact of the risk arising from the war on the territory of Ukraine. The guidelines define the requirements / restrictions with regard to providing financing to these entities and managing the existing loan portfolio.

Modifying these requirements by adjusting them to the changing situation related to the war in Ukraine and using the experience gained in this area will be carried out in subsequent periods.

### **Armed conflict in Ukraine**

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

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

As at 30 June 2023, the Group balance sheet net exposure to countries involved in the conflict amounted to PLN 160 million (which represents 0.10% of the Group's total exposure), and as at 31 December 2022 amounted to PLN 225 million (which represents 0.14% of the Group's total exposure).

The tables below present the Group's exposures to countries involved in the armed conflict in Ukraine as at 30 June 2023 and 31 December 2022.

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

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

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

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

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

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

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

*Sensitivity analysis concerning the forecast of the macroeconomic situation*

The Group estimates probability weighted expected credit losses taking into account 3 macro-economic scenarios: baseline (occurring with a probability of 45%), upward (assuming positive change of the quality of the portfolio in the next years compared to the baseline, occurring with a probability of 5%) and downward (assuming worsening of the quality of the portfolio in the next years compared to the baseline that could occur with a probability of 50%).

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

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

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

The table below presents the results of the ECL sensitivity analysis for the assumed changes in PD and RR/LGD parameters carried out separately for exposures subject to individual and group analysis. For the exposures included in the Bank analysis, the PD and recovery rate (1-RR=LGD) increase and decrease by 1% and 5% scenario were presented compared to the values used to calculate the expected credit loss as of date 30 June.2023. For the exposures analyzed individually, the estimated impact is presented as a reduction of recoveries from collaterals included in the debt collection scenario by 10%.

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

DELTA PARAMETER	SCENARIO		
	STATISTICAL ANALYSIS		INDIVIDUAL ANALYSIS
	PD CHANGE	RECOVERY RATE CHANGE (1-LGD)	DEBT COLLECTION CHANGE
-10.0%	n/a	n/a	30.1
-5.0%	(94.4)	230.0	n/a
-1.0%	(24.7)	46.0	n/a
1.0%	17.9	(46.0)	n/a
5.0%	90.4	(230.0)	n/a

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

	LOANS AND ADVANCES TO BANKS AND CENTRAL BANKS MEASURED AT AMORTISED COST (*)					TOTAL
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT-IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT-IMPAIRED (POCI)	
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
<b>GROSS CARRYING AMOUNT</b>						
<b>GROSS CARRYING AMOUNT AS AT 1.01.2023</b>	<b>13 681 057</b>	<b>116</b>	<b>127 674</b>	<b>29</b>	<b>5</b>	<b>13 808 881</b>
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
New / purchased / granted financial assets	5 545 271	-	-	-	-	5 545 271
Financial assets derecognised, other than write-offs (repayments)	(6 259 853)	-	(43 131)	-	-	(6 302 984)
Financial assets written off	-	-	-	-	-	-
Other, in this changes resulting from exchange rates	(168 300)	(6)	(4 658)	(8)	3	(172 969)
<b>GROSS CARRYING AMOUNT AS AT 30.06.2023</b>	<b>12 798 175</b>	<b>110</b>	<b>79 885</b>	<b>21</b>	<b>8</b>	<b>12 878 199</b>
<b>IMPAIRMENT ALLOWANCE</b>						
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2023</b>	<b>8 409</b>	<b>-</b>	<b>2252</b>	<b>1</b>	<b>-</b>	<b>10 662</b>
Changes in balances included in the income statement (table in the Note 12), of which:	(1 935)	-	(122)	(1)	-	(2 058)
New / purchased / granted financial assets	95	-	-	-	-	95
Financial assets derecognised, other than write-offs (repayments)	(146)	-	-	-	-	(146)
Changes in level of credit risk (excluding the transfers between the Stages)	(1 884)	-	(122)	(1)	-	(2 007)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Financial assets written off (**)	-	-	-	-	-	-
Other, in this changes resulting from exchange rates	(75)	-	(355)	1	-	(429)
<b>IMPAIRMENT ALLOWANCE AS AT 30.06.2023</b>	<b>6 399</b>	<b>-</b>	<b>1 775</b>	<b>1</b>	<b>-</b>	<b>8 175</b>

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

LOANS AND ADVANCES TO BANKS AND CENTRAL BANKS MEASURED AT AMORTISED COST (*)						
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	INDIVIDUAL ASSESSMENT	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED) GROUP ASSESSMENT	PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL
<b>GROSS CARRYING AMOUNT</b>						
<b>GROSS CARRYING AMOUNT AS AT 1.01.2022</b>	<b>4 276 944</b>	<b>49 296</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>4 326 280</b>
Transfer to Stage 1	11	(11)	-	-	-	-
Transfer to Stage 2	(7)	14	-	(7)	-	-
Transfer to Stage 3	(127 688)	(1)	127 687	1	-	(1)
New / purchased / granted financial assets	11 477 653	-	-	-	5	11 477 658
Financial assets derecognised, other than write-offs (repayments)	(2 040 948)	(49 191)	-	(4)	-	(2 090 143)
Financial assets written off (**)	-	-	(13)	-	-	(13)
Other, in this changes resulting from exchange rates	95 092	9	-	(1)	-	95 100
<b>GROSS CARRYING AMOUNT AS AT 31.12.2022</b>	<b>13 681 057</b>	<b>116</b>	<b>127 674</b>	<b>29</b>	<b>5</b>	<b>13 808 881</b>
<b>IMPAIRMENT ALLOWANCE</b>						
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2022</b>	<b>1 255</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1 256</b>
Changes in balances included in the income statement, of which:	7 218	-	1 723	(1)	-	8 940
New / purchased / granted financial assets	284	-	-	-	-	284
Financial assets derecognised, other than write-offs (repayments)	(756)	-	-	-	-	(756)
Changes in level of credit risk (excluding the transfers between the Stages)	7 690	-	1 723	(1)	-	9 412
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	(542)	-	542	-	-	-
Financial assets written off (**)	-	-	(13)	-	-	(13)
Other, in this changes resulting from exchange rates	478	-	-	1	-	479
<b>IMPAIRMENT ALLOWANCE AS AT 31.12.2022</b>	<b>8 409</b>	<b>-</b>	<b>2 252</b>	<b>1</b>	<b>-</b>	<b>10 662</b>

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

(\*\*) Including the value of contractual interest subject to partial write-off in the amount of PLN 13 thousand.

TOTAL	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST					LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME			
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT-IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT-IMPAIRED)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT					
<b>GROSS CARRYING AMOUNT</b>									
<b>GROSS CARRYING AMOUNT AS AT 1.01.2023</b>	<b>137 554 326</b>	<b>19 412 535</b>	<b>4 556 264</b>	<b>5 440 539</b>	<b>1 361 703</b>	<b>168 325 367</b>	<b>253 697</b>	<b>-</b>	<b>253 697</b>
Transfer to Stage 1	4 869 586	(4 590 564)	(127 821)	(151 201)	-	-	-	-	-
Transfer to Stage 2	(5 212 170)	5 351 685	(21 791)	(117 724)	-	-	-	-	-
Transfer to Stage 3	(775 720)	(1 025 148)	920 425	880 443	-	-	-	-	-
New / purchased / granted financial assets	31 412 303	-	-	-	34 500	31 446 803	-	-	-
Financial assets derecognised, other than write-offs (repayments)	(26 375 355)	(2 424 765)	(813 994)	(425 690)	(94 375)	(30 134 179)	(145 962)	-	(145 962)
Financial assets written off (*)	-	-	(166 486)	(247 583)	(29 934)	(444 003)	-	-	-
Modifications not resulting in derecognition	(1 492)	(245)	-	(67)	46	(1 758)	-	-	-
Adjustment related to credit holidays (****)	476 565	48 014	6	2 526	173	527 284	-	-	-
Other, in this changes resulting from exchange rates	(717 616)	(202 333)	104 795	148 022	233 122	(434 010)	2 661	-	2 661
<b>GROSS CARRYING AMOUNT AS AT 30.06.2023</b>	<b>141 230 427</b>	<b>16 569 179</b>	<b>4 451 398</b>	<b>5 529 265</b>	<b>1 505 235</b>	<b>169 285 504</b>	<b>110 396</b>	<b>-</b>	<b>110 396</b>
<b>IMPAIRMENT ALLOWANCE (**)</b>									
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2023</b>	<b>842 019</b>	<b>1 304 247</b>	<b>3 399 720</b>	<b>3 716 461</b>	<b>779 547</b>	<b>10 041 994</b>	<b>3 431</b>	<b>-</b>	<b>3 431</b>
Changes in balances included in the income statement (table in the Note 12), of which:	(132 321)	123 226	129 317	215 914	(6 353)	329 783	(2 272)	-	(2 272)
New / purchased / granted financial assets	191 424	-	-	-	2 422	193 846	-	-	-
Financial assets derecognised, other than write-offs (repayments)	(68 350)	(41 618)	(8 008)	(31 084)	(10 046)	(159 106)	(1 654)	-	(1 654)
Changes in level of credit risk (excluding the transfers between the Stages) (***)	(255 395)	164 844	137 325	246 998	1 271	295 043	(618)	-	(618)
Transfer to Stage 1	208 757	(193 654)	(2 076)	(13 027)	-	-	-	-	-
Transfer to Stage 2	(64 212)	97 169	(789)	(32 168)	-	-	-	-	-
Transfer to Stage 3	(23 633)	(131 773)	62 730	92 676	-	-	-	-	-
Financial assets written off (*)	-	-	(166 486)	(247 583)	(29 934)	(444 003)	-	-	-
Other, in this changes resulting from exchange rates	(12 764)	(50 954)	(309 514)	161 451	287 170	75 389	-	-	-
<b>IMPAIRMENT ALLOWANCE AS AT 30.06.2023</b>	<b>817 846</b>	<b>1 148 261</b>	<b>3 112 902</b>	<b>3 893 724</b>	<b>1 030 430</b>	<b>10 003 163</b>	<b>1 159</b>	<b>-</b>	<b>1 159</b>

(\*) Including the value of contractual interest subject to partial write-off in the amount of PLN 402 549 thousand.

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

(\*\*\*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 1 696 731 thousand.

(\*\*\*\*) Settlement of a part of the result related to the modification of PLN mortgage loan agreements granted to consumers due to their suspension of loan repayments in the first half of 2023 (details in Note 8)

The total value of undiscounted expected credit losses at the time of initial recognition of financial assets purchased or originated credit impaired in the period ended 30 June 2023 amounted to PLN 36 161 thousand.

TOTAL	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST					LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME			
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT					
<b>GROSS CARRYING AMOUNT</b>									
<b>GROSS CARRYING AMOUNT AS AT 1.01.2022</b>	<b>132 465 053</b>	<b>25 032 106</b>	<b>4 501 279</b>	<b>3 541 375</b>	<b>983 888</b>	<b>166 523 701</b>	<b>115 140</b>	<b>130 689</b>	<b>245 829</b>
Transfer to Stage 1	10 383 110	(10 151 133)	(128 531)	(103 446)	-	-	-	-	-
Transfer to Stage 2	(10 306 954)	10 597 882	(80 547)	(210 381)	-	-	-	-	-
Transfer to Stage 3	(1 424 079)	(2 241 611)	709 758	2 955 932	-	-	-	-	-
New / purchased / granted financial assets	41 673 707	-	-	-	127 971	41 801 678	150 000	-	150 000
Financial assets derecognised, other than write-offs (repayments)	(34 522 928)	(4 012 596)	(419 755)	(498 391)	(76 513)	(39 530 183)	(7 865)	(131 930)	(139 795)
Financial assets written off (*)	-	-	(310 996)	(345 474)	(5 113)	(661 583)	-	-	-
Modifications not resulting in derecognition	(4 470)	(511)	-	(144)	-	(5 125)	-	-	-
Adjustment related to credit holidays (****)	(946 413)	(93 044)	(59)	(5 551)	(120)	(1 045 187)	-	-	-
Other, in this changes resulting from exchange rates	237 300	281 442	285 115	106 619	331 590	1 242 066	(3 578)	1 241	(2 337)
<b>GROSS CARRYING AMOUNT AS AT 31.12.2022</b>	<b>137 554 326</b>	<b>19 412 535</b>	<b>4 556 264</b>	<b>5 440 539</b>	<b>1 361 703</b>	<b>168 325 367</b>	<b>253 697</b>	<b>-</b>	<b>253 697</b>
<b>IMPAIRMENT ALLOWANCE (**)</b>									
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2022</b>	<b>586 640</b>	<b>1 101 304</b>	<b>3 412 466</b>	<b>2 357 048</b>	<b>243 695</b>	<b>7 701 153</b>	<b>1 954</b>	<b>1 923</b>	<b>3 877</b>
Changes in balances included in the income statement, of which:	(57 950)	313 774	75 396	1 641 794	7 300	1 980 314	1 478	(1 923)	(445)
New / purchased / granted financial assets	298 241	-	-	-	11 289	309 530	1 778	-	1 778
Financial assets derecognised, other than write-offs (repayments)	(99 536)	(70 843)	(14 271)	(50 328)	(4 123)	(239 101)	-	(1 923)	(1 923)
Changes in level of credit risk (excluding the transfers between the Stages) (***)	(256 655)	384 617	89 667	1 692 122	134	1 909 885	(300)	-	(300)
Transfer to Stage 1	452 007	(384 658)	(39 988)	(27 361)	-	-	-	-	-
Transfer to Stage 2	(77 154)	168 996	(16 400)	(75 442)	-	-	-	-	-
Transfer to Stage 3	(198 592)	(216 935)	34 255	381 272	-	-	-	-	-
Financial assets written off (*)	-	-	(310 996)	(345 474)	(5 113)	(661 583)	-	-	-
Other, in this changes resulting from exchange rates	137 068	321 766	244 987	(215 376)	533 665	1 022 110	(1)	-	(1)
<b>IMPAIRMENT ALLOWANCE AS AT 31.12.2022</b>	<b>842 019</b>	<b>1 304 247</b>	<b>3 399 720</b>	<b>3 716 461</b>	<b>779 547</b>	<b>10 041 994</b>	<b>3 431</b>	<b>-</b>	<b>3 431</b>

(\*) Including the value of contractual interest subject to partial write-off in the amount of PLN 540 240 thousand.

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

(\*\*\*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 1 724 895 thousand.

(\*\*\*\*) Recognition of the result related to the modification of PLN mortgage loan agreements granted to consumers due to their suspension of loan repayments and settlement of a part of this result in 2022 (details in Note 8).

The total value of undiscounted expected credit losses at the time of initial recognition of financial assets purchased or originated credit impaired in the period ended 31 December 2022 amounted to PLN 56 263 thousand.

CORPORATE	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST						LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT-IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT-IMPAIRED)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT					
<b>GROSS CARRYING AMOUNT</b>									
<b>GROSS CARRYING AMOUNT AS AT 1.01.2023</b>	<b>71 197 801</b>	<b>10 761 740</b>	<b>4 291 622</b>	<b>1 820 074</b>	<b>1 275 483</b>	<b>89 346 720</b>	<b>253 697</b>	<b>-</b>	<b>253 697</b>
Transfer to Stage 1	3 578 323	(3 357 392)	(127 821)	(93 110)	-	-	-	-	-
Transfer to Stage 2	(3 476 897)	3 516 908	(21 785)	(18 226)	-	-	-	-	-
Transfer to Stage 3	(676 943)	(676 719)	920 343	433 319	-	-	-	-	-
New / purchased / granted financial assets	26 340 969	-	-	-	21 881	26 362 850	-	-	-
Financial assets derecognised, other than write-offs (repayments)	(20 746 261)	(1 708 586)	(698 366)	(219 338)	(82 267)	(23 454 818)	(145 962)	-	(145 962)
Financial assets written off	-	-	(153 147)	(86 344)	(29 862)	(269 353)	-	-	-
Modifications not resulting in derecognition	(1 139)	6	-	-	51	(1 082)	-	-	-
Other, in this changes resulting from exchange rates	(691 562)	(180 244)	99 118	102 430	220 301	(449 957)	2 661	-	2 661
<b>GROSS CARRYING AMOUNT AS AT 30.06.2023</b>	<b>75 524 291</b>	<b>8 355 713</b>	<b>4 309 964</b>	<b>1 938 805</b>	<b>1 405 587</b>	<b>91 534 360</b>	<b>110 396</b>	<b>-</b>	<b>110 396</b>
<b>IMPAIRMENT ALLOWANCE (*)</b>									
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2023</b>	<b>648 221</b>	<b>364 224</b>	<b>3 155 179</b>	<b>1 023 872</b>	<b>752 536</b>	<b>5 944 032</b>	<b>3 431</b>	<b>-</b>	<b>3 431</b>
Changes in balances included in the income statement (table in the Note 12), of which:	(30 868)	29 615	130 122	(6 720)	(3 775)	118 374	(2 272)	-	(2 272)
New / purchased / granted financial assets	148 976	-	-	-	662	149 638	-	-	-
Financial assets derecognised, other than write-offs (repayments)	(56 515)	(21 410)	(5 724)	(9 767)	(8 767)	(102 183)	(1 654)	-	(1 654)
Changes in level of credit risk (excluding the transfers between the Stages)	(123 329)	51 025	135 846	3 047	4 330	70 919	(618)	-	(618)
Transfer to Stage 1	81 244	(75 273)	(2 076)	(3 895)	-	-	-	-	-
Transfer to Stage 2	(50 424)	53 560	(783)	(2 353)	-	-	-	-	-
Transfer to Stage 3	(20 086)	(51 493)	63 413	8 166	-	-	-	-	-
Financial assets written off	-	-	(153 147)	(86 344)	(29 862)	(269 353)	-	-	-
Other, in this changes resulting from exchange rates	(10 678)	(25 998)	(205 535)	172 249	276 252	206 290	-	-	-
<b>IMPAIRMENT ALLOWANCE AS AT 30.06.2023</b>	<b>617 409</b>	<b>294 635</b>	<b>2 987 173</b>	<b>1 104 975</b>	<b>995 151</b>	<b>5 999 343</b>	<b>1 159</b>	<b>-</b>	<b>1 159</b>

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

CORPORATE	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST						LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT					
<b>GROSS CARRYING AMOUNT</b>									
<b>GROSS CARRYING AMOUNT AS AT 1.01.2022</b>	<b>64 585 717</b>	<b>10 454 389</b>	<b>4 245 739</b>	<b>1 135 228</b>	<b>923 901</b>	<b>81 344 974</b>	<b>115 140</b>	<b>130 689</b>	<b>245 829</b>
Transfer to Stage 1	4 477 797	(4 336 862)	(128 531)	(12 404)	-	-	-	-	-
Transfer to Stage 2	(6 864 106)	6 943 665	(75 900)	(3 659)	-	-	-	-	-
Transfer to Stage 3	(1 038 460)	(538 351)	691 141	885 670	-	-	-	-	-
New / purchased / granted financial assets	32 780 290	-	-	-	99 338	32 879 628	150 000	-	150 000
Financial assets derecognised, other than write-offs (repayments)	(22 977 496)	(1 842 285)	(404 154)	(129 739)	(68 892)	(25 422 566)	(7 865)	(131 930)	(139 795)
Financial assets written off	-	-	(279 535)	(137 486)	(5 098)	(422 119)	-	-	-
Modifications not resulting in derecognition	(2 754)	175	-	1	-	(2 578)	-	-	-
Other, in this changes resulting from exchange rates	236 813	81 009	242 862	82 463	326 234	969 381	(3 578)	1 241	(2 337)
<b>GROSS CARRYING AMOUNT AS AT 31.12.2022</b>	<b>71 197 801</b>	<b>10 761 740</b>	<b>4 291 622</b>	<b>1 820 074</b>	<b>1 275 483</b>	<b>89 346 720</b>	<b>253 697</b>	<b>-</b>	<b>253 697</b>
<b>IMPAIRMENT ALLOWANCE (*)</b>									
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2022</b>	<b>447 553</b>	<b>287 293</b>	<b>3 179 916</b>	<b>842 741</b>	<b>223 626</b>	<b>4 981 129</b>	<b>1 954</b>	<b>1 923</b>	<b>3 877</b>
Changes in balances included in the income statement, of which:	76 617	149 137	59 705	469 194	15 194	769 847	1 478	(1 923)	(445)
New / purchased / granted financial assets	239 889	-	-	-	6 959	246 848	1 778	-	1 778
Financial assets derecognised, other than write-offs (repayments)	(80 548)	(29 951)	(10 568)	(12 989)	(2 149)	(136 205)	-	(1 923)	(1 923)
Changes in level of credit risk (excluding the transfers between the Stages)	(82 724)	179 088	70 273	482 183	10 384	659 204	(300)	-	(300)
Transfer to Stage 1	192 964	(151 846)	(39 988)	(1 130)	-	-	-	-	-
Transfer to Stage 2	(75 352)	92 082	(14 822)	(1 908)	-	-	-	-	-
Transfer to Stage 3	(131 235)	(102 790)	27 901	206 124	-	-	-	-	-
Financial assets written off	-	-	(279 535)	(137 486)	(5 098)	(422 119)	-	-	-
Other, in this changes resulting from exchange rates	137 674	90 348	222 002	(353 663)	518 814	615 175	(1)	-	(1)
<b>IMPAIRMENT ALLOWANCE AS AT 31.12.2022</b>	<b>648 221</b>	<b>364 224</b>	<b>3 155 179</b>	<b>1 023 872</b>	<b>752 536</b>	<b>5 944 032</b>	<b>3 431</b>	<b>-</b>	<b>3 431</b>

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

LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST						
MORTGAGE LOANS TO INDIVIDUAL CLIENTS	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
<b>GROSS CARRYING AMOUNT</b>						
<b>GROSS CARRYING AMOUNT AS AT 1.01.2023</b>	<b>55 456 497</b>	<b>6 346 431</b>	<b>69 524</b>	<b>2 406 762</b>	<b>51 310</b>	<b>64 330 524</b>
Transfer to Stage 1	866 732	(828 923)	-	(37 809)	-	-
Transfer to Stage 2	(1 164 364)	1 216 059	-	(51 695)	-	-
Transfer to Stage 3	(37 259)	(199 463)	(1 196)	237 918	-	-
New / purchased / granted financial assets	1 970 245	-	-	-	6 407	1 976 652
Financial assets derecognised, other than write-offs (repayments)	(3 317 866)	(349 189)	(4 803)	(132 034)	(3 491)	(3 807 383)
Financial assets written off	-	-	(7 017)	(62 333)	-	(69 350)
Modifications not resulting in derecognition	(151)	(12)	-	-	(1)	(164)
Adjustment related to credit holidays	476 715	47 989	6	2 551	158	527 419
Other, in this changes resulting from exchange rates	(80 905)	(35 241)	4 051	(25 307)	4 603	(132 799)
<b>GROSS CARRYING AMOUNT AS AT 30.06.2023</b>	<b>54 169 644</b>	<b>6 197 651</b>	<b>60 565</b>	<b>2 338 053</b>	<b>58 986</b>	<b>62 824 899</b>
<b>IMPAIRMENT ALLOWANCE</b>						
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2023</b>	<b>60 821</b>	<b>589 959</b>	<b>55 928</b>	<b>1 852 846</b>	<b>20 468</b>	<b>2 580 022</b>
Changes in balances included in the income statement (table in the Note 12), of which:	(57 479)	40 431	(1 756)	162 026	622	143 844
New / purchased / granted financial assets	1 015	-	-	-	519	1 534
Financial assets derecognised, other than write- offs (repayments)	(1 452)	(5 663)	(1 866)	(10 202)	(784)	(19 967)
Changes in level of credit risk (excluding the transfers between the Stages)	(57 042)	46 094	110	172 228	887	162 277
Transfer to Stage 1	59 581	(54 663)	-	(4 918)	-	-
Transfer to Stage 2	(769)	15 650	-	(14 881)	-	-
Transfer to Stage 3	(163)	(21 583)	(1 075)	22 821	-	-
Financial assets written off	-	-	(7 017)	(62 333)	-	(69 350)
Other, in this changes resulting from exchange rates	(5 468)	(24 632)	4 231	(71 928)	3 345	(94 452)
<b>IMPAIRMENT ALLOWANCE AS AT 30.06.2023</b>	<b>56 523</b>	<b>545 162</b>	<b>50 311</b>	<b>1 883 633</b>	<b>24 435</b>	<b>2 560 064</b>

LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST						
MORTGAGE LOANS TO INDIVIDUAL CLIENTS	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
<b>GROSS CARRYING AMOUNT</b>						
<b>GROSS CARRYING AMOUNT AS AT 1.01.2022</b>	<b>55 327 153</b>	<b>12 593 477</b>	<b>69 525</b>	<b>1 180 331</b>	<b>36 463</b>	<b>69 206 949</b>
Transfer to Stage 1	5 500 465	(5 431 884)	-	(68 581)	-	-
Transfer to Stage 2	(1 931 558)	2 091 941	(3 462)	(156 921)	-	-
Transfer to Stage 3	(162 714)	(1 521 550)	16 554	1 667 710	-	-
New / purchased / granted financial assets	4 699 640	-	-	-	15 008	4 714 648
Financial assets derecognised, other than write-offs (repayments)	(7 072 311)	(1 514 913)	(13 294)	(138 308)	(2 633)	(8 741 459)
Financial assets written off	-	-	(16 047)	(61 295)	-	(77 342)
Modifications not resulting in derecognition	(301)	(120)	-	(8)	(1)	(430)
Adjustment related to credit holidays	(946 373)	(92 958)	(59)	(5 547)	(100)	(1 045 037)
Other, in this changes resulting from exchange rates	42 496	222 438	16 307	(10 619)	2 573	273 195
<b>GROSS CARRYING AMOUNT AS AT 31.12.2022</b>	<b>55 456 497</b>	<b>6 346 431</b>	<b>69 524</b>	<b>2 406 762</b>	<b>51 310</b>	<b>64 330 524</b>
<b>IMPAIRMENT ALLOWANCE</b>						
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2022</b>	<b>29 499</b>	<b>477 022</b>	<b>51 664</b>	<b>635 779</b>	<b>16 182</b>	<b>1 210 146</b>
Changes in balances included in the income statement, of which:	(133 981)	60 294	4 501	1 098 241	(195)	1 028 860
New / purchased / granted financial assets	3 285	-	-	-	2 870	6 155
Financial assets derecognised, other than write-offs (repayments)	(1 551)	(12 379)	(3 670)	(16 163)	(865)	(34 628)
Changes in level of credit risk (excluding the transfers between the Stages)	(135 715)	72 673	8 171	1 114 404	(2 200)	1 057 333
Transfer to Stage 1	179 851	(166 458)	-	(13 393)	-	-
Transfer to Stage 2	(373)	43 208	(1 209)	(41 626)	-	-
Transfer to Stage 3	(7 616)	(45 937)	5 765	47 788	-	-
Financial assets written off	-	-	(16 047)	(61 295)	-	(77 342)
Other, in this changes resulting from exchange rates	(6 559)	221 830	11 254	187 352	4 481	418 358
<b>IMPAIRMENT ALLOWANCE AS AT 31.12.2022</b>	<b>60 821</b>	<b>589 959</b>	<b>55 928</b>	<b>1 852 846</b>	<b>20 468</b>	<b>2 580 022</b>

OTHER LOANS AND ADVANCE TO INDIVIDUAL CLIENTS	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST					
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
<b>GROSS CARRYING AMOUNT</b>						
<b>GROSS CARRYING AMOUNT AS AT 1.01.2023</b>	<b>9 421 530</b>	<b>2 188 607</b>	<b>83 010</b>	<b>1 213 647</b>	<b>34 906</b>	<b>12 941 700</b>
Transfer to Stage 1	422 143	(401 915)	-	(20 228)	-	-
Transfer to Stage 2	(534 765)	582 573	(5)	(47 803)	-	-
Transfer to Stage 3	(61 517)	(148 966)	1 277	209 206	-	-
New / purchased / granted financial assets	2 889 290	-	-	-	6 212	2 895 502
Financial assets derecognised, other than write-offs (repayments)	(2 120 955)	(359 465)	1 207	(74 279)	(8 618)	(2 562 110)
Financial assets written off	-	-	(6 322)	(98 812)	(72)	(105 206)
Modifications not resulting in derecognition	(202)	(239)	-	(67)	(4)	(512)
Other, in this changes resulting from exchange rates	(6 727)	13 482	1 695	70 714	8 225	87 389
<b>GROSS CARRYING AMOUNT AS AT 30.06.2023</b>	<b>10 008 797</b>	<b>1 874 077</b>	<b>80 862</b>	<b>1 252 378</b>	<b>40 649</b>	<b>13 256 763</b>
<b>IMPAIRMENT ALLOWANCE</b>						
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2023</b>	<b>130 769</b>	<b>342 426</b>	<b>77 000</b>	<b>839 722</b>	<b>6 544</b>	<b>1 396 461</b>
Changes in balances included in the income statement (table in the Note 12), of which:	(44 047)	52 586	1 369	60 609	(3 199)	67 318
New / purchased / granted financial assets	41 209	-	-	-	1 241	42 450
Financial assets derecognised, other than write-offs (repayments)	(10 341)	(14 499)	-	(11 115)	(495)	(36 450)
Changes in level of credit risk (excluding the transfers between the Stages)	(74 915)	67 085	1 369	71 724	(3 945)	61 318
Transfer to Stage 1	67 869	(63 654)	-	(4 215)	-	-
Transfer to Stage 2	(9 855)	24 794	(5)	(14 934)	-	-
Transfer to Stage 3	(3 385)	(58 697)	393	61 689	-	-
Financial assets written off	-	-	(6 322)	(98 812)	(72)	(105 206)
Other, in this changes resulting from exchange rates	(192)	714	2 987	61 054	7 569	72 132
<b>IMPAIRMENT ALLOWANCE AS AT 30.06.2023</b>	<b>141 159</b>	<b>298 169</b>	<b>75 422</b>	<b>905 113</b>	<b>10 842</b>	<b>1 430 705</b>

LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST						
OTHER LOANS AND ADVANCE TO INDIVIDUAL CLIENTS	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
<b>GROSS CARRYING AMOUNT</b>						
<b>GROSS CARRYING AMOUNT AS AT 1.01.2022</b>	<b>10 534 201</b>	<b>1 846 367</b>	<b>73 760</b>	<b>1 225 794</b>	<b>23 522</b>	<b>13 703 644</b>
Transfer to Stage 1	398 155	(375 694)	-	(22 461)	-	-
Transfer to Stage 2	(1 458 021)	1 509 007	(1 185)	(49 801)	-	-
Transfer to Stage 3	(222 809)	(181 710)	2 063	402 456	-	-
New / purchased / granted financial assets	4 186 972	-	-	-	13 621	4 200 593
Financial assets derecognised, other than write-offs (repayments)	(4 015 228)	(586 046)	(2 309)	(230 346)	(4 988)	(4 838 917)
Financial assets written off	-	-	(15 414)	(146 525)	(15)	(161 954)
Modifications not resulting in derecognition	(1 415)	(566)	-	(137)	1	(2 117)
Other, in this changes resulting from exchange rates	(325)	(22 751)	26 095	34 667	2 765	40 451
<b>GROSS CARRYING AMOUNT AS AT 31.12.2022</b>	<b>9 421 530</b>	<b>2 188 607</b>	<b>83 010</b>	<b>1 213 647</b>	<b>34 906</b>	<b>12 941 700</b>
<b>IMPAIRMENT ALLOWANCE</b>						
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2022</b>	<b>103 822</b>	<b>332 855</b>	<b>68 852</b>	<b>878 525</b>	<b>3 888</b>	<b>1 387 942</b>
Changes in balances included in the income statement, of which:	2 310	104 242	11 609	74 360	(7 697)	184 824
New / purchased / granted financial assets	55 044	-	-	-	1 460	56 504
Financial assets derecognised, other than write-offs (repayments)	(17 317)	(27 478)	(32)	(21 176)	(1 108)	(67 111)
Changes in level of credit risk (excluding the transfers between the Stages)	(35 417)	131 720	11 641	95 536	(8 049)	195 431
Transfer to Stage 1	79 072	(66 234)	-	(12 838)	-	-
Transfer to Stage 2	(309)	32 586	(369)	(31 908)	-	-
Transfer to Stage 3	(59 725)	(68 208)	590	127 343	-	-
Financial assets written off	-	-	(15 414)	(146 525)	(15)	(161 954)
Other, in this changes resulting from exchange rates	5 599	7 185	11 732	(49 235)	10 368	(14 351)
<b>IMPAIRMENT ALLOWANCE AS AT 31.12.2022</b>	<b>130 769</b>	<b>342 426</b>	<b>77 000</b>	<b>839 722</b>	<b>6 544</b>	<b>1 396 461</b>

	DEBT SECURITIES MEASURED AT AMORTISED COST (*)					DEBT SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (**)		
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED) INDIVIDUAL ASSESSMENT	PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	TOTAL
<b>GROSS CARRYING AMOUNT</b>								
<b>GROSS CARRYING AMOUNT AS AT 1.01.2023</b>	<b>62 723 513</b>	<b>69</b>	<b>23 553</b>	<b>62 574</b>	<b>62 809 709</b>	<b>17 049 089</b>	<b>64 071</b>	<b>17 113 160</b>
Transfer to Stage 1	-	-	-	-	-	893	(893)	-
Transfer to Stage 2	(48 973)	48 973	-	-	-	(29 414)	29 414	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
New / purchased / granted financial assets	142 319 910	-	-	-	142 319 910	523 122 115	-	523 122 115
Financial assets derecognised, other than write-offs (repayments)	(129 889 514)	(70)	-	-	(129 889 584)	(525 820 347)	(12 902)	(525 833 249)
Financial assets written off	-	-	-	-	-	-	-	-
Modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Other, in this changes resulting from exchange rates	61 524	10	354	16 983	78 871	688 526	3 135	691 661
<b>GROSS CARRYING AMOUNT AS AT 30.06.2023</b>	<b>75 166 460</b>	<b>48 982</b>	<b>23 907</b>	<b>79 557</b>	<b>75 318 906</b>	<b>15 010 862</b>	<b>82 825</b>	<b>15 093 687</b>
<b>IMPAIRMENT ALLOWANCE (*)</b>								
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2023</b>	<b>77 998</b>	<b>2</b>	<b>23 553</b>	<b>52 918</b>	<b>154 471</b>	<b>34 192</b>	<b>2 472</b>	<b>36 664</b>
Changes in balances included in the income statement (table in the Note 12), of which:	7 399	(2)	-	-	7 397	(5 344)	(832)	(6 176)
New / purchased / granted financial assets	10 582	-	-	-	10 582	1 713	-	1 713
Financial assets derecognised, other than write-offs (repayments)	(4 300)	-	-	-	(4 300)	(4 135)	-	(4 135)
Changes in level of credit risk (excluding the transfers between the Stages)	1 117	(2)	-	-	1 115	(2 922)	(832)	(3 754)
Transfer to Stage 1	-	-	-	-	-	4	(4)	-
Transfer to Stage 2	(1 856)	1 856	-	-	-	(826)	826	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Financial assets written off	-	-	-	-	-	-	-	-
Other, in this changes resulting from exchange rates	(484)	-	353	15 846	15 715	-	-	-
<b>GROSS CARRYING AMOUNT AS AT 30.06.2023</b>	<b>83 057</b>	<b>1 856</b>	<b>23 906</b>	<b>68 764</b>	<b>177 583</b>	<b>28 026</b>	<b>2 462</b>	<b>30 488</b>

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

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

	DEBT SECURITIES MEASURED AT AMORTISED COST (*)					DEBT SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (**)		
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED) INDIVIDUAL ASSESSMENT	PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	TOTAL
<b>GROSS CARRYING AMOUNT</b>								
<b>GROSS CARRYING AMOUNT AS AT 1.01.2022</b>	<b>44 016 625</b>	<b>318 725</b>	<b>34 554</b>	<b>38 951</b>	<b>44 408 855</b>	<b>22 662 766</b>	<b>89 027</b>	<b>22 751 793</b>
Transfer to Stage 1	80 170	(80 170)	-	-	-	25 833	(25 833)	-
Transfer to Stage 2	(70)	70	-	-	-	(16 830)	16 830	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
New / purchased / granted financial assets	30 561 145	-	-	-	30 561 145	135 043 056	-	135 043 056
Financial assets derecognised, other than write-offs (repayments)	(12 918 237)	(238 500)	-	-	(13 156 737)	(141 259 522)	(18 353)	(141 277 875)
Financial assets written off	-	-	(12 700)	-	(12 700)	-	-	-
Modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Other, in this changes resulting from exchange rates	983 880	(56)	1 699	23 623	1 009 146	593 786	2 400	596 186
<b>GROSS CARRYING AMOUNT AS AT 31.12.2022</b>	<b>62 723 513</b>	<b>69</b>	<b>23 553</b>	<b>62 574</b>	<b>62 809 709</b>	<b>17 049 089</b>	<b>64 071</b>	<b>17 113 160</b>
<b>IMPAIRMENT ALLOWANCE (*)</b>								
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2022</b>	<b>60 717</b>	<b>7 625</b>	<b>34 554</b>	<b>29 858</b>	<b>132 754</b>	<b>45 615</b>	<b>3 073</b>	<b>48 688</b>
Changes in balances included in the income statement, of which:	16 555	(7 273)	-	-	9 282	(10 862)	(1 163)	(12 025)
New / purchased / granted financial assets	18 050	-	-	-	18 050	695	-	695
Financial assets derecognised, other than write-offs (repayments)	(2 504)	(5 196)	-	-	(7 700)	(7 148)	(100)	(7 248)
Changes in level of credit risk (excluding the transfers between the Stages)	1 009	(2 077)	-	-	(1 068)	(4 409)	(1 063)	(5 472)
Transfer to Stage 1	354	(354)	-	-	-	56	(56)	-
Transfer to Stage 2	(2)	2	-	-	-	(619)	619	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Financial assets written off	-	-	(12 700)	-	(12 700)	-	-	-
Other, in this changes resulting from exchange rates	374	2	1 699	23 060	25 135	2	(1)	1
<b>GROSS CARRYING AMOUNT AS AT 31.12.2022</b>	<b>77 998</b>	<b>2</b>	<b>23 553</b>	<b>52 918</b>	<b>154 471</b>	<b>34 192</b>	<b>2 472</b>	<b>36 664</b>

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

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

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

### Adopted accounting principles

The Group recognizes that the legal risk related to the outstanding portfolio of foreign currency mortgage loans in CHF as at 30 June 2023 affects the expected cash flows from this portfolio and the level of expected credit loss within the meaning of IFRS 9 that can be incurred by the Group.

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

With regard to the repaid portfolio of foreign currency mortgage loans in CHF, Bank applies IAS 37 and recognizes provisions allocated to this part of the portfolio under 'Provisions' and 'Other operating expenses', which were presented in the Note 30 and Note 14, respectively.

### Portfolio characteristics

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

As at 30 June 2023, the Group had a portfolio of foreign currency mortgage loans in CHF with a total gross carrying amount of PLN 2 295 million (i.e. CHF 503.7 million) compared to PLN 2 566 million (i.e. CHF 538.2 million) as at 31 December 2022.

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

	30.06.2023					TOTAL
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	INDIVIDUAL ASSESSMENT	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED) GROUP ASSESSMENT	PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	
<b>Gross carrying amount, of which:</b>	<b>397</b>	<b>683 644</b>	<b>76 116</b>	<b>1 527 091</b>	<b>7 572</b>	<b>2 294 820</b>
denominated in CHF	397	683 213	76 116	1 526 860	7 572	2 294 158
indexed to CHF	-	431	-	231	-	662
<b>Impairment allowances, of which (*):</b>	<b>(93)</b>	<b>(349 906)</b>	<b>(66 646)</b>	<b>(1 452 557)</b>	<b>(5 940)</b>	<b>(1 875 142)</b>
denominated in CHF	(93)	(349 899)	(66 646)	(1 452 399)	(5 940)	(1 874 977)
indexed to CHF	-	(7)	-	(158)	-	(165)
<b>Carrying amount, of which:</b>	<b>304</b>	<b>333 738</b>	<b>9 470</b>	<b>74 534</b>	<b>1 632</b>	<b>419 678</b>
denominated in CHF	304	333 314	9 470	74 461	1 632	419 181
indexed to CHF	-	424	-	73	-	497

(\*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 1 696 731 thousand (including Stage 1 in the amount of PLN 89 thousand, Stage 2 in the amount of PLN 342 086 thousand, Stage 3 in the amount of PLN 1 354 556 thousand).

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

	31. 12 2022					TOTAL
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	INDIVIDUAL ASSESSMENT	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED) GROUP ASSESSMENT	PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	
<b>Gross carrying amount, of which:</b>	<b>837</b>	<b>832 023</b>	<b>83 617</b>	<b>1 641 962</b>	<b>7 610</b>	<b>2 566 049</b>
denominated in CHF	837	831 372	83 617	1 641 656	7 610	2 565 092
indexed to CHF	-	651	-	306	-	957
<b>Impairment allowances, of which: (*)</b>	<b>(233)</b>	<b>(387 488)</b>	<b>(71 172)</b>	<b>(1 470 376)</b>	<b>(5 501)</b>	<b>(1 934 770)</b>
denominated in CHF	(233)	(387 484)	(71 172)	(1 470 208)	(5 501)	(1 934 598)
indexed to CHF	-	(4)	-	(168)	-	(172)
<b>Carrying amount, of which:</b>	<b>604</b>	<b>444 535</b>	<b>12 445</b>	<b>171 586</b>	<b>2 109</b>	<b>631 279</b>
denominated in CHF	604	443 888	12 445	171 448	2 109	630 494
indexed to CHF	-	647	-	138	-	785

(\*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 1 724 895 thousand (including Stage 1 in the amount of PLN 224 thousand, Stage 2 in the amount of PLN 377 445 thousand, Stage 3 in the amount of PLN 1 347 226 thousand).

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

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

The ruling of the CJEU constitutes general guidelines for Polish courts. Final decisions made by Polish courts are made on the basis of EU regulations interpreted in accordance with the CJEU judgment, taking into account the provisions of domestic law and the analysis of the individual circumstances of each case. At the same time, it is difficult to talk about that the jurisprudence developed in an unfavorable way, which results in the issuance of judgments by the courts declaring the invalidity of loan agreements and ordering borrowers to return the benefits they have provided.

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

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

In the Group opinion, the Supreme Court's ruling may be significant as regards the questions re. 4)-6), as the remaining issues have already been resolved in preliminary rulings issued by the CJEU. In addition, it should be noted that it is not certain whether and when the Civil Chamber will adopt a resolution on the above-mentioned legal questions.

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

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

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

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

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

- 1) The national court may not find that the entire contract term is unfair, but only its element which renders it unfair, if such removal would amount to changing the content of the term which would affect its essence. This means that, in principle, the national court is confined to finding that a whole contract term is unfair.
- 2) If a national court finds that a contract term is unfair, with the result that the entire contract may continue in force despite the exclusion of the unfair terms, the national court cannot replace these terms with a national provision of an optional nature. This means that in such a case the national court may not apply the provisions of the Civil Code concerning the conversion of installments with the average exchange rate of the National Bank of Poland.
- 3) The national court, after finding that a contract term is unfair, is not entitled to amend the content of that term in order to maintain the validity of the contract, which cannot remain in force after removal of the term, if the relevant consumer has been informed of the consequences of nullity of the contract and has agreed to the consequences of this nullity. This means that if the consumer has agreed to the consequences of the nullity of the contract (being informed of them), the national court may not, by ruling, change the content of such a condition, but must declare nullity.
- 4) The run of the 10-year limitation period for the consumer's claim for reimbursement of the paid installments may not start from the moment of performance of each service in the performance of the contract (repayment of each installment), even if the consumer was not able to independently assess the unfairness of a contract term or did not become aware of unfair nature of this condition and without taking into account that the loan agreement provided for a much longer (30-year) repayment period. This means that the 10-year limitation period for the consumer's claim for repayment of installments does not start from the date of repayment of each installment. In practice, it should be assumed that no consumer claims for reimbursement of installments paid have expired.

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

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

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

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

Until 30 June 2023, 4 132 individual court cases were pending against the Group regarding foreign currency mortgage loans in CHF, which were granted in previous years, with the total value of the claim in the amount of PLN 1 355.1 million (as at 31 December 2022, the number of cases was 2 922, and the corresponding value of the dispute is PLN 916 million). The main cause of the dispute, as indicated by the plaintiffs, concerns the questioning of the provisions of the loan agreement with regard to the Group's application of conversion rates and results in claims regarding the partial or complete invalidity of the loan agreements, the Group received 580 unfavorable court judgments in cases brought by borrowers, including 89 final

judgments and 19 favorable court judgments, including 2 final judgments (in 2022: 578 unfavorable court judgments, including 95 final judgments stating the invalidity of the loan agreement and 24 favorable court judgments, including 5 final judgments).

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

In the first half of 2023, the Group did not introduce any significant changes in the assumptions and methodology of calculating provision analogous to what was presented in the Consolidated Financial Statements of Bank Pekao S.A. Group for the year ended on 31 December 2022.

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

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

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

As at 30 June 2023, the level of the provision for the aforementioned legal risk related to CHF-denominated mortgage contracts estimated by the Group amounted to PLN 2 291.2 million and increased by PLN 92.8 million relative to the level of such provisions as at 31 December 2022.

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

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

STATEMENT OF FINANCIAL POSITION	30.06.2023	31.12.2022
<b>Impairment allowances for loan exposures, in this:</b>	<b>1 696 731</b>	<b>1 724 895</b>
Individual provisions	435 856	378 242
Portfolio provisions	1 260 875	1 346 653
<b>Provisions for litigation and claims, in this:</b>	<b>594 514</b>	<b>473 517</b>
Individual provisions	274 144	176 257
Portfolio provisions	320 370	297 260
<b>Total</b>	<b>2 291 245</b>	<b>2 198 412</b>

INCOME STATEMENT	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Net allowances for expected credit losses	(67 485)	(40 510)	(300 061)	(308 697)
Other operating expenses	(59 968)	(132 140)	(104 256)	(110 562)
Foreign exchange result (foreign currency exchange differences)	40 642	66 678	-	-
<b>Total</b>	<b>(86 811)</b>	<b>(105 972)</b>	<b>(404 317)</b>	<b>(419 259)</b>

Sensitive analysis

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

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

PARAMETR	SCENARIO	IMPACT ON THE PROVISION LEVEL on 30.06.2023	IMPACT ON THE PROVISION LEVEL on 31.12.2022
Number of lawsuits	+10%	217 900	210 568
	-10%	(217 900)	(210 568)
Probability of failure	+5 p.p.	120 607	116 241
	-5 p.p.	(122 750)	(118 231)
Probability of a contract invalidity scenario	+5 p.p.(no more than 100%)	50 787	75 879
	-5 p.p.	(109 750)	(67 163)

### 34.3 Market risk

#### Market risk of the trading book

The model of market risk measurement has not changed in relation to the one described in the Consolidated Financial Statements of Bank Pekao S.A. Group for the year ended on 31 December 2022.

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

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

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

#### Interest rate risk of the banking book

The banking book interest rate risk management process has not changed significantly in relation to the one described in the Consolidated Financial Statements of the Bank Pekao S.A. Group for the year ended on 31 December 2022. Due adjustments resulting from the updated EBA guidelines on IRRBB (EBA/GL/2022/14) have been introduced.

The table below presents the sensitivity of contractual interest income (NII) to the interest rate change by 100 b.p. and sensitivity of economic value of the Group's equity (EVE) to the interest rate change by 200 b.p. (standard regulatory shock excluding the risk profile of own funds) as at 30 June 2023 and as at 31 December 2022

SENSITIVITY IN % (*)	30.06.2023	31.12.2022
NII	(1.12)	(3.85)
EVE	(5.02)	(5.75)

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

#### Currency risk

The foreign currency exchange risk management process has not changed significantly in relation to the one described in the Consolidated Financial Statements of the Bank Pekao S.A. Group for the year ended on 31 December 2022.

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

Value at Risk

CURRENCY	30.06.2023	31.12.2022
Currencies total (*)	565	3 460

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

**Currency position**

30.06.2023	BALANCE SHEET OPERATIONS		OFF-BALANCE SHEET OPERATIONS DERIVATIVES		NET POSITION
	ASSETS	LIABILITIES	LONG POSITION	SHORT POSITION	
EUR	47 069 877	35 124 778	10 932 310	22 886 692	(9 283)
USD	10 653 800	13 352 087	10 561 613	7 870 334	(7 008)
CHF	712 300	808 172	1 087 331	992 158	(699)
GBP	516 253	1 236 434	834 875	113 580	1 114
NOK	329 945	105 409	410	224 520	426
SEK	57 252	158 147	102 051	886	270
CAD	129 172	143 401	16 420	1 292	899
CZK	64 374	64 747	283 970	283 356	241
RON	42 473	12 154	141 084	171 394	9
CNY	62 327	13 407	688 161	736 403	678
HUF	8 646	20 555	16 679	4 466	304
Other currencies	88 653	136 127	114 783	65 972	1 337
<b>TOTAL</b>	<b>59 735 072</b>	<b>51 175 418</b>	<b>24 779 687</b>	<b>33 351 053</b>	<b>(11 712)</b>

31.12.2022	BALANCE SHEET OPERATIONS		OFF-BALANCE SHEET OPERATIONS DERIVATIVES		NET POSITION
	ASSETS	LIABILITIES	LONG POSITION	SHORT POSITION	
EUR	42 738 064	32 562 480	18 990 007	29 179 385	(13 794)
USD	8 370 804	12 684 301	12 833 731	8 502 441	17 793
CHF	1 030 978	844 495	2 987 908	3 181 198	(6 807)
GBP	334 704	1 280 639	983 535	37 313	287
NOK	283 290	67 897	24 218	239 119	492
SEK	64 985	82 652	42 758	25 227	(136)
CAD	20 508	82 980	65 687	3 349	(134)
CZK	49 677	46 313	273 804	276 058	1 110
RON	57 511	17 061	456 374	495 843	981
CNY	10 311	21 056	949 162	941 929	(3 512)
HUF	48 006	16 920	77 674	108 433	327
Other currencies	69 988	74 394	64 546	60 651	(511)
<b>TOTAL</b>	<b>53 078 826</b>	<b>47 781 188</b>	<b>37 749 404</b>	<b>43 050 946</b>	<b>(3 904)</b>

### 34.4 Liquidity risk

The liquidity risk management process has not changed significantly in relation to that described in the Consolidated Financial Statements of the Bank Pekao S.A. Group for the year ended on 31 December 2022. The liquidity situation of the Bank remains fully safe and stable with liquidity ratios remain at a high and safe level.

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

SUPERVISORY LIQUIDTY NORMS		LIMIT	30.06.2023	31.12.2022
LCR	Liquidity coverage ratio	100%	262%	222%
NSFR	Net stable funding ratio	100%	163%	154%

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

The tables below present adjusted liquidity gap:

30.06.2023	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
Balance sheet assets	86 298 126	9 181 631	35 420 025	92 877 173	64 144 357	287 921 312
Balance sheet liabilities	23 518 917	15 707 002	33 120 428	57 534 380	158 040 585	287 921 312
Off-balance sheet assets/liabilities (net)	(5 528 860)	(3 290 054)	(139 967)	4 635 759	4 690 663	367 541
<b>Periodic gap</b>	<b>57 250 349</b>	<b>(9 815 425)</b>	<b>2 159 630</b>	<b>39 978 552</b>	<b>(89 205 565)</b>	<b>367 541</b>
<b>Cumulated gap</b>	<b>-</b>	<b>47 434 924</b>	<b>49 594 554</b>	<b>89 573 106</b>	<b>367 541</b>	<b>-</b>

31.12.2022	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
Balance sheet assets	71 616 040	9 105 579	38 173 501	101 644 614	60 599 298	281 139 032
Balance sheet liabilities	26 873 154	17 310 199	35 750 564	62 402 089	138 803 026	281 139 032
Off-balance sheet assets/liabilities (net)	(3 782 026)	(4 215 334)	38 387	3 505 354	4 008 092	(445 527)
<b>Periodic gap</b>	<b>40 960 860</b>	<b>(12 419 954)</b>	<b>2 461 324</b>	<b>42 747 879</b>	<b>(74 195 636)</b>	<b>(445 527)</b>
<b>Cumulated gap</b>	<b>-</b>	<b>28 540 906</b>	<b>31 002 230</b>	<b>73 750 109</b>	<b>(445 527)</b>	<b>-</b>

### 34.5 Operational risk

There have been no significant changes in the operational risk management process in relation to the one described in the Consolidated Financial Statements of the Bank Pekao S.A. Group for the year ended on 31 December 2022.

### 34.6 Fair value of financial assets and liabilities

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

The process of measuring financial instruments at fair value has not changed significantly in relation to the one described in the Consolidated Financial Statements of the Bank Pekao S.A. Group for the year ended on 31 December 2022.

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

30.06.2023	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Assets:</b>	<b>8 236 010</b>	<b>15 765 597</b>	<b>5 719 486</b>	<b>29 721 093</b>
Financial assets held for trading	1 348 286	125 422	2 804	1 476 512
Derivative financial instruments, including:	-	11 725 827	-	11 725 827
Banks	-	2 686 937	-	2 686 937
Customers	-	9 038 890	-	9 038 890
Hedging instruments, including:	-	517 443	-	517 443
Banks	-	201 763	-	201 763
Customers	-	315 680	-	315 680
Securities measured at fair value through other comprehensive income	6 887 724	3 396 905	5 207 584	15 492 213
Securities measured at fair value through profit or loss	-	-	199 556	199 556
Loans and advances to customers measured at fair value through other comprehensive income	-	-	110 396	110 396
Loans and advances to customers measured at fair value through profit or loss	-	-	199 146	199 146
<b>Liabilities:</b>	<b>592 191</b>	<b>13 331 543</b>	<b>-</b>	<b>13 923 734</b>
Financial liabilities held for trading	592 191	-	-	592 191
Derivative financial instruments, including:	-	11 368 936	-	11 368 936
Banks	-	2 335 943	-	2 335 943
Customers	-	9 032 993	-	9 032 993
Hedging instruments, including:	-	1 962 607	-	1 962 607
Banks	-	62 450	-	62 450
Customers	-	1 900 157	-	1 900 157

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

<b>31.12.2022</b>	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>	<b>TOTAL</b>
<b>Assets:</b>	<b>7 465 923</b>	<b>21 519 315</b>	<b>5 410 349</b>	<b>34 395 587</b>
Financial assets held for trading	722 442	110 276	96 739	929 457
Derivative financial instruments, including:	-	15 088 624	292	15 088 916
Banks	-	2 889 685	292	2 889 977
Customers	-	12 198 939	-	12 198 939
Hedging instruments, including:	-	279 589	-	279 589
Banks	-	118 577	-	118 577
Customers	-	161 012	-	161 012
Securities measured at fair value through other comprehensive income	6 743 481	6 040 826	4 688 512	17 472 819
Securities measured at fair value through profit or loss	-	-	187 189	187 189
Loans and advances to customers measured at fair value through other comprehensive income	-	-	253 697	253 697
Loans and advances to customers measured at fair value through profit or loss	-	-	183 920	183 920
<b>Liabilities:</b>	<b>874 591</b>	<b>18 697 902</b>	<b>-</b>	<b>19 572 493</b>
Financial liabilities held for trading	874 591	-	-	874 591
Derivative financial instruments, including:	-	15 521 489	-	15 521 489
Banks	-	3 703 464	-	3 703 464
Customers	-	11 818 025	-	11 818 025
Hedging instruments, including:	-	3 176 413	-	3 176 413
Banks	-	125 949	-	125 949
Customers	-	3 050 464	-	3 050 464

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

I HALF 2023	FINANCIAL ASSETS HELD FOR TRADING	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)
<b>Opening balance</b>	<b>96 739</b>	<b>292</b>	<b>253 697</b>	<b>183 920</b>	<b>187 189</b>	<b>4 688 512</b>	<b>-</b>
Increases, including:	523 896	-	17 790	36 328	12 367	1 788 342	-
Reclassification from other levels	497	-	-	-	-	1 088 232	-
Transactions made in 2023	-	-	-	-	-	-	-
Acquisition/Granting	521 023	-	-	-	-	370 619	-
Settlement/Redemption	-	-	-	-	-	-	-
Gains on financial instruments	2 376	-	17 790	36 328	12 367	329 491	-
recognized in the income statement	2 376	-	11 958	36 328	12 367	134 360	-
recognized in revaluation reserves	-	-	5 832	-	-	195 131	-
Decreases, including:	(617 831)	(292)	(161 091)	(21 102)	-	(1 269 270)	-
Reclassification to other levels	(3 906)	(292)	-	-	-	(577 291)	-
Settlement/Redemption	(123 420)	-	(161 091)	(20 083)	-	(363 462)	-
Sale/Repayment	(490 505)	-	-	-	-	(326 228)	-
Losses on financial instruments	-	-	-	(1 019)	-	(2 289)	-
recognized in the income statement	-	-	-	(1 019)	-	(2 289)	-
recognized in revaluation reserves	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>2 804</b>	<b>-</b>	<b>110 396</b>	<b>199 146</b>	<b>199 556</b>	<b>5 207 584</b>	<b>-</b>
<b>Unrealized income from financial instruments held in portfolio at the end of the period, recognized in:</b>	<b>108</b>	<b>-</b>	<b>3 915</b>	<b>(1 059)</b>	<b>-</b>	<b>255 267</b>	<b>-</b>
Income statement:	108	-	1 467	(1 059)	-	50 015	-
net interest income	44	-	849	1 376	-	50 243	-
net allowances for expected credit losses	-	-	618	-	-	(228)	-
result on financial assets and liabilities held for trading	64	-	-	(2 435)	-	-	-
Other comprehensive income	-	-	2 448	-	-	205 252	-

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

2022	FINANCIAL ASSETS HELD FOR TRADING	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)
<b>Opening balance</b>	<b>94 433</b>	<b>5 860</b>	<b>245 829</b>	<b>160 379</b>	<b>171 496</b>	<b>5 181 843</b>	<b>-</b>
Increases, including:	1 110 681	849	165 052	56 009	15 693	1 536 071	-
Reclassification from other levels	13 962	849	-	-	-	1 117 713	-
Transactions made in 2022	-	-	-	52 772	-	-	-
Acquisition/Granting	1 093 759	-	151 248	-	-	233 859	-
Settlement/Redemption	-	-	-	-	-	-	-
Gains on financial instruments	2 960	-	13 804	3 237	15 693	184 499	-
recognized in the income statement	2 960	-	13 804	3 237	15 693	181 521	-
recognized in revaluation reserves	-	-	-	-	-	2 978	-
Decreases, including:	(1 108 375)	(6 417)	(157 184)	(32 468)	-	(2 029 402)	-
Reclassification to other level	(64 970)	(1 455)	-	-	-	(940 106)	-
Settlement/Redemption	(13 000)	(3 044)	(150 974)	-	-	(471 874)	-
Sale/Repayment	(1 030 348)	-	-	-	-	(301 526)	-
Losses on financial instruments	(57)	(1 918)	(6 210)	(32 468)	-	(315 896)	-
recognized in the income statement	(57)	(1 918)	-	(32 468)	-	(65 036)	-
recognized in revaluation reserves	-	-	(6 210)	-	-	(250 860)	-
<b>Closing balance</b>	<b>96 739</b>	<b>292</b>	<b>253 697</b>	<b>183 920</b>	<b>187 189</b>	<b>4 688 512</b>	<b>-</b>
<b>Unrealized income from financial instruments held in portfolio at the end of the period, recognized in:</b>	<b>(371)</b>	<b>(557)</b>	<b>(7 128)</b>	<b>3 101</b>	<b>-</b>	<b>(269 081)</b>	<b>-</b>
Income statement:	(371)	(557)	817	3 101	-	26 144	-
net interest income	13	-	2 295	2 439	-	19 142	-
net allowances for expected credit losses	-	-	(1 478)	-	-	7 002	-
result on financial assets and liabilities held for trading	(384)	(557)	-	662	-	-	-
Other comprehensive income	-	-	(7 945)	-	-	(295 225)	-

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

In the period from 1 January to 30 June 2023 the following transfers of financial instruments between the levels of the fair value hierarchy were made:

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

#### *Sensitivity analysis*

The impact of estimated parameters on measurement of financial instruments for which the Group applies fair value valuation according to Level 3 as at 30 June 2023 is as follows:

FINANCIAL ASSET/LIABILITY	FAIR VALUE AS AT 30.06.2023	VALUATION TECHNIQUE	UNOBSERVABLE FACTOR	ALTERNATIVE FACTOR RANGE (WEIGHTED AVERAGE)	IMPACT ON FAIR VALUE AS AT 30.06.2023	
					POSITIVE SCENARIO	NEGATIVE SCENARIO
Corporate and municipal debt securities	4 851 681	Discounted cash flow	Credit spread	0.73% - 1.65%	68 949	(76 866)
Loans and advances measured at fair value through profit or loss	199 146	Discounted cash flow	Credit spread	1.43% - 2.45%	6 447	(6 039)
Loans and advances measured at fair value through other comprehensive income	110 396	Discounted cash flow	Credit spread	2.77% - 3.79%	1 468	(1 447)

FINANCIAL ASSET	FAIR VALUE AS AT 30.06.2023	PARAMETR	SCENARIO	IMPACT ON FAIR VALUE AS AT 30.06.2023	
				POSITIVE SCENARIO	NEGATIVE SCENARIO
Equity instruments mandatorily measured at fair value through profit or loss	199 556	Conversion discount	+10% / -10%	5 598	(21 075)
Equity instrument in entity providing credit information designated for measurement at fair value through other comprehensive income	309 393	Discount rate	+1% / -1%	47 093	(36 162)

The impact of estimated parameters on measurement of financial instruments for which the Group applies fair value valuation according to Level 3 as at 31 December 2022 is as follows:

FINANCIAL ASSET/LIABILITY	FAIR VALUE AS AT 31.12.2022	VALUATION TECHNIQUE	UNOBSERVABLE FACTOR	ALTERNATIVE FACTOR RANGE (WEIGHTED AVERAGE)	IMPACT ON FAIR VALUE AS AT 31.12.2022	
					POSITIVE SCENARIO	NEGATIVE SCENARIO
Corporate and municipal debt securities	4 474 326	Discounted cash flow	Credit spread	1.52%-2.62%	94 198	(94 198)
Derivatives	292	Black Scholes Model	Variability	2.7%-4.1%	108	(91)
Loans and advances measured at fair value through profit or loss	183 920	Discounted cash flow	Credit spread	1.45%-2.55%	4 820	(4 544)
Loans and advances measured at fair value through other comprehensive income	253 452	Discounted cash flow	Credit spread	2.84%-3.94%	3 806	(3 743)

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

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

The process of valuation of financial instruments that are not presented at fair value in the financial statements has not changed significantly in relation to the one described in the Consolidated Financial Statements of the Bank Pekao S.A. Group for the year ended on 31 December 2022.

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

30.06.2023	CARRYING AMOUNT	FAIR VALUE	OF WHICH:		
			LEVEL 1	LEVEL 2	LEVEL 3
<b>Assets</b>					
Cash and due from Central Bank	9 912 213	9 877 383	3 815 116	6 062 183	84
Loans and advance to banks	6 772 927	6 726 298	-	5 600 474	1 125 824
Loans and advances to customers measured at amortised cost	159 282 341	160 046 479	-	3 343 797	156 702 682
Debt securities measured at amortised cost	75 141 323	72 009 947	32 511 282	33 616 694	5 881 971
Other assets	1 651 200	1 651 200	-	-	1 651 200
<b>Total Assets</b>	<b>252 760 004</b>	<b>250 311 307</b>	<b>36 326 398</b>	<b>48 623 148</b>	<b>165 361 761</b>
<b>Liabilities</b>					
Amounts due to Central Bank	-	-	-	-	-
Amounts due to other banks	7 793 946	7 809 885	-	825 275	6 984 610
Amounts due to customers	221 760 569	221 822 704	-	-	221 822 704
Debt securities issued	8 165 725	8 169 319	-	8 169 319	-
Subordinated liabilities	2 786 341	2 783 286	-	2 783 286	-
Other liabilities	5 479 655	5 479 655	-	-	5 479 655
<b>Total Liabilities</b>	<b>245 986 236</b>	<b>246 064 849</b>	<b>-</b>	<b>11 777 880</b>	<b>234 286 969</b>

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

31.12.2022	CARRYING AMOUNT	FAIR VALUE	OF WHICH:		
			LEVEL 1	LEVEL 2	LEVEL 3
<b>Assets</b>					
Cash and due from Central Bank	13 436 334	13 388 622	4 316 728	9 071 786	108
Loans and advance to banks	4 678 613	4 677 978	-	1 860 129	2 817 849
Loans and advances to customers measured at amortised cost	158 283 373	159 314 361	-	1 337 427	157 976 934
Debt securities measured at amortised cost	62 655 238	57 691 500	25 676 904	29 210 619	2 803 977
Other assets	1 951 807	1 951 807	-	-	1 951 807
<b>Total Assets</b>	<b>241 005 365</b>	<b>237 024 268</b>	<b>29 993 632</b>	<b>41 479 961</b>	<b>165 550 675</b>
<b>Liabilities</b>					
Amounts due to Central Bank	-	-	-	-	-
Amounts due to other banks	8 594 396	8 627 193	-	1 417 321	7 209 872
Amounts due to customers	210 747 090	210 551 859	-	-	210 551 859
Debt securities issued	10 337 485	10 315 091	-	10 315 091	-
Subordinated liabilities	2 789 132	2 788 412	-	2 788 412	-
Other liabilities	4 894 444	4 894 444	-	-	4 894 444
<b>Total Liabilities</b>	<b>237 362 547</b>	<b>237 176 999</b>	<b>-</b>	<b>14 520 824</b>	<b>222 656 175</b>

## 35. Subsequent events

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

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

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

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

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

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

1. Type of bonds: bearer bonds; the bonds will be registered on the deposit maintained by the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.),
2. Total number of bonds to be issued: 700,
3. The nominal value of one bond: PLN 500 000,
4. The total nominal value of bonds to be issued: PLN 350 000 000,
5. Interest rate: fixed, at 7.5% p.a. for the first 3 years and afterwards floating based on the benchmark of WIBOR for 6 months deposits (WIBOR 6M) plus a margin of 2.19% p.a.,
6. Format of issue: 4NC3, i.e. bonds with a maturity of 4 years, with an option giving the Bank the right to early redemption of the bonds within 3 years from the date of issue or in other cases indicated in the terms and conditions of the bond issue (regulatory change of bond classification, change of bond taxation), subject to the approval of the Bank Guarantee Fund, if such approval is required,
7. Issue price: nominal value,
8. Currency: Polish zloty,
9. Issue date: 28 July 2023,

10. Maturity date: 28 July 2027, subject to the possibility of their early redemption on the terms described in article 77 and 78a of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012,
11. Trading: bonds to be traded on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A. (Giełda Papierów Wartościowych w Warszawie S.A.);
12. Purpose of the issue: the purpose of the issue, within the meaning of Article 32 Section 1 of the Act of 15 January 2015 on bonds, has not been specified.

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

1. Type of bonds: bearer bonds; the bonds will be registered on the deposit maintained by the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.),
2. Total number of bonds to be issued: 1 500,
3. The nominal value of one bond: PLN 500 000,
4. The total nominal value of bonds to be issued: PLN 750 000 000,
5. Interest rate: floating, based on the benchmark of WIBOR for six months deposits (WIBOR 6M) plus a margin of 1.35% p.a.,
6. Format of issue: 2NC1, i.e. bonds with a maturity of 2 years, with an option giving the Bank the right to early redemption of the bonds within 1 year from the date of issue or in other cases indicated in the terms and conditions of the bond issue (regulatory change of bond classification, change of bond taxation), subject to the approval of the Bank Guarantee Fund, if such approval is required,
7. Issue price: nominal value,
8. Currency: Polish zloty,
9. Issue date: 28 July 2023,
10. Maturity date: 28 July 2025, subject to the possibility of their early redemption on the terms described in article 77 and 78a of Regulation (Eu) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012,
11. Trading: bonds to be traded on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A. (Giełda Papierów Wartościowych w Warszawie S.A.),
12. Purpose of the issue: the purpose of the issue, within the meaning of Article 32 Section 1 of the Act of 15 January 2015 on bonds, has not been specified.

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

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