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Bank Polski

**REPORT OF  
THE PKO BANK POLSKI S.A. GROUP  
FOR THE FIRST QUARTER OF 2024**

## SELECTED CONSOLIDATED FINANCIAL DATA

SELECTED FINANCIAL DATA	PLN million			EUR million		
	01.01- 31.03.2024	01.01- 31.03.2023	Change % (A-B)/B	01.01- 31.03.2024	01.01- 31.03.2023	Change % (D-E)/E
	A	B	C	D	E	F
Net interest income	5,192	4,187	24.0%	1,202	891	34.9%
Net fee and commission income	1,278	1,103	15.9%	296	235	26,0%
Net expected credit losses and net impairment allowances on non-financial assets	(314)	(339)	(7.4%)	(73)	(72)	1.4%
Administrative expenses	(2,179)	(1,985)	9.8%	(504)	(422)	19.4%
Profit before tax	2,736	1,965	39.2%	633	418	51.4%
Net profit (including non-controlling shareholders)	2,043	1,453	40.6%	473	309	53.0%
Net profit attributable to the parent company	2,044	1,454	40.6%	473	309	52.9%
Earnings per share for the period - basic (in PLN/EUR)	1.64	1.16	41.4%	0.38	0.25	52.9%
Earnings per share for the period - diluted (in PLN/EUR)	1.64	1.16	41.4%	0.38	0.25	52.9%
Net comprehensive income	2,403	3,536	(32.0%)	556	752	(26.1%)
Total net cash flows	(5,644)	(4,036)	39.8%	(1,306)	(859)	52.1%

SELECTED FINANCIAL DATA	PLN million			EUR million		
	31.03.2024	31.12.2023	Change % (A-B)/B	31.03.2024	31.12.2023	Change % (D-E)/E
	A	B	C	D	E	F
Total assets	496,985	501,516	(0.9%)	115,554	115,344	0.2%
Total equity	47,630	45,227	5.3%	11,074	10,402	6.5%
Share capital	1,250	1,250	-	291	287	1.1%
Number of shares (in million)	1,250	1,250	-	1,250	1,250	-
Book value per share (in PLN/EUR)	38.10	36.18	5.3%	8.86	8.32	6.5%
Diluted number of shares (in million)	1,250	1,250	-	1,250	1,250	-
Diluted book value per share (in PLN/EUR)	38.10	36.18	5.3%	8.86	8.32	6.5%
Total Capital Ratio (%)	18.22	18.65	(2.3%)	18.22	18.65	(2.3%)
Tier 1	41,575	41,727	(0.4%)	9,667	9,597	(0.7%)
Tier 2	1,945	2,080	(6.5%)	452	478	(5.5%)

## SELECTED SEPARATE FINANCIAL DATA

SELECTED FINANCIAL DATA	PLN million			EUR million		
	01.01-31.03.2024	01.01-31.03.2023	Change % (A-B)/B	01.01-31.03.2024	01.01-31.03.2023	Change % (D-E)/E
	A	B	C	D	E	F
Net interest income	4,915	3,920	25.4%	1,137	834	36.3%
Net fee and commission income	1,112	931	19.4%	257	198	29.8%
Net expected credit losses and net impairment allowances on non-financial assets	(269)	(274)	(1.8%)	(62)	(58)	6.9%
Administrative expenses	(1,935)	(1,742)	11.1%	(448)	(371)	20.7%
Profit before tax	2,311	1,667	38.6%	535	355	50.7%
Net profit	1,766	1,256	40.6%	409	267	53.2%
Earnings per share for the period - basic (in PLN/EUR)	1.41	1.00	41.0%	0.33	0.21	57.1%
Earnings per share for the period - diluted (in PLN/EUR)	1.41	1.00	41.0%	0.33	0.21	57.1%
Net comprehensive income	2,077	3,193	(34.9%)	481	679	(29.2%)
Total net cash flows	(5,042)	(3,656)	37.9%	(1,167)	(778)	50.0%

SELECTED FINANCIAL DATA	PLN million			EUR million		
	31.03.2024	31.12.2023	Change % (A-B)/B	31.03.2024	31.12.2023	Change % (D-E)/E
	A	B	C	D	E	F
Total assets	470,426	474,680	(0.9%)	109,379	109,172	0.2%
Total equity	45,031	42,954	4.8%	10,470	9,879	6.0%
Share capital	1,250	1,250	-	291	287	1.4%
Number of shares (in million)	1,250	1,250	-	1,250	1,250	-
Book value per share (in PLN/EUR)	36.02	34.36	4.8%	8.37	7.90	5.9%
Diluted number of shares (in million)	1,250	1,250	-	1,250	1,250	-
Diluted book value per share (in PLN/EUR)	36.02	34.36	4.8%	8.37	7.90	5.9%
Total Capital Ratio (%)	20.32	20.84	(2.5%)	20.32	20.84	(2.5%)
Tier 1	39,732	39,729	0.0%	9,238	9,137	1.1%
Tier 2	1,945	2,080	(6.5%)	452	478	(5.5%)

SELECTED FINANCIAL STATEMENT ITEMS HAVE BEEN TRANSLATED INTO EUR AT THE FOLLOWING RATES	01.01-31.03.2024	01.01-31.03.2023
arithmetic mean of the NBP exchange rates at the end of a month (income statement, statement of comprehensive income and cash flow statement items)	4.3211	4.7005
	31.03.2024	31.12.2023
NBP mid exchange rates at the date indicated (statement of financial position items)	4.3009	4.3480



Bank Polski

Directors' Commentary to the financial results  
of the PKO Bank Polski S.A. Group  
for the three-month period ended  
31 March 2024

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The Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Group (**PKO Bank Polski S.A. Group** or **the Bank's Group** or **Group**) is one of the largest groups of financial institutions in Poland and in Central and Eastern Europe.

The Parent company of the Group is Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna (**PKO Bank Polski S.A.** or **Bank**). PKO Bank Polski S.A. is the largest commercial bank in Poland and the leading bank on its domestic market in terms of the scale of operations, equity, loans, savings, number of customers and size of the distribution network. PKO Bank Polski S.A. is an universal bank that provides services to individuals, legal entities and other domestic and foreign entities.

## I. SUMMARY OF THE OPERATION IN THE FIRST QUARTER OF 2024

### A. MAJOR EVENTS, INCLUDING NON-TYPICAL EVENTS

#### 1. MORTGAGE LOANS IN FOREIGN CURRENCIES

##### CJEU CASE-LAW

The Court of Justice of the European Union (CJEU) expressed its position on the banks' ability to pursue claims beyond the reimbursement of the capital paid in nominal amounts, in two orders issued in late 2023 and early 2024. In an order of 11 December 2023, the CJEU ruled that a banking institution is not entitled to demand from a consumer the reimbursement of amounts other than the capital paid for the performance of that agreement and statutory default interest from the time of the demand for payment. In this ruling, the CJEU, as in judgment C-520/21, did not explicitly rule out valorisation, leaving the possibility for banks to pursue this claim open. However, by another decision, issued in case C-488/23 of 12 January 2024, the CJEU definitively determined that Banks are not able to claim valorisation from customers if the invalidity of the agreement is a consequence of the removal of abusive clauses from the agreement. The CJEU thus ruled that banks may not demand compensation from consumers consisting of a judicial valorisation of the payment corresponding to that capital, in the event of a substantial change in the purchasing power of the currency concerned after the transfer of that capital to the consumer.

##### RESOLUTION OF THE SUPREME COURT OF 25 APRIL 2024

In a resolution of 25 April 2024, the Supreme Court (SC) expressed its opinion on the legal questions of the First President of the Supreme Court concerning Swiss frank loans. In announcing the resolution, the SC noted that the determination of the issues addressed by the resolution was based on the assumption that the contractual provisions concerning the determination of exchange rates had been declared illicit. In the first place, the SC pointed out that, in the current state of the law, an illicit contractual provision concerning the method of determining the foreign currency exchange rate cannot be replaced by another method of determining the foreign currency exchange rate resulting from law or custom. Once it has been eliminated from a loan agreement that is indexed to or denominated in a foreign currency, the remaining part of the agreement cannot be binding. The parties are entitled to separate claims for reimbursement of unduly performed services. In such a case, the limitation period of the bank's claim for repayment of amounts disbursed under the loan begins to run, in principle, from the day following the day on which the borrower challenged the fact of being bound by the provisions of the agreement against the bank. At the same time, there is no legal basis for either party to claim consideration for the use of its funds. When announcing the resolution, it was also noted that the object of the SC's decision was not to prejudge in which exact cases such clauses should be considered illicit provisions.

##### SETTLEMENT PROGRAMME

In the first quarter of 2023 PKO Bank Polski S.A. continued offering settlements to its retail customers who had active mortgage-backed loans in CHF. The settlement involves converting CHF loans into PLN loans as if it had been a PLN loan from the start subject to interest rate at the WIBOR reference rate increased by the margin historically applied to such loans. The settlements are offered during mediation proceedings conducted by the Mediation Centre of the Polish Financial Supervision Authority (PFSA). The bank also offers settlements on a large scale for loans subject to litigation.

By 31 March 2024, 59 thousand mediation applications were registered, 38,855 mediations concluded with a positive outcome, 13,572 mediations concluded with a negative outcome. The total number of settlements concluded as at 31 March 2024 was 38,428, of which 36,585 were concluded in mediation proceedings and 1,843 in court proceedings.

#### **INCREASED COST OF LEGAL RISK OF MORTGAGE LOANS IN CONVERTIBLE CURRENCIES**

In the first quarter of 2024, the Bank's Group increased the allowance for the cost of legal risk of mortgage loans in convertible currencies (CHF) by PLN 1,338 million. The increase in the cost of risk was caused by an update of the parameters of the legal risk assessment model, which relate to the probabilities of litigation settlement scenarios and take into account the anticipated costs associated with lost litigation. For detailed information on the allowance for the cost of legal risk in the first quarter of 2024, please refer to the condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group for the three-month period ended 31 March 2024 (Financial statements of the Bank's Group for the first quarter of 2024) – note 15 “Cost of legal risk of mortgage loans in convertible currencies”.

#### **2. DIVIDEND AND PROFIT APPROPRIATION – RECOMMENDATIONS RECEIVED IN THE FIRST QUARTER OF 2024**

Information on the PFSA's position on the 2024 dividend policy of commercial banks, cooperative and associating banks, insurance companies, reinsurance companies, insurance and reinsurance companies, investment fund companies, universal pension companies and brokerage houses is described in the PKO Bank Polski S.A. Group Directors' Report for 2023.

On 21 February 2024, the Bank received the individual recommendation from the PFSA in which the PFSA confirmed that the Bank fulfils the criteria for the payment of dividend up to 75% of the profit for 2023, whereby the maximum amount of payment may not exceed the amount of the annual profit less the profit generated in 2023 already counted as own funds. The Bank has included in its own funds the net profit, achieved in the first half of 2023, in the amount of PLN 1,624,430,283 at standalone level. At the same time, the PFSA advised the Bank to mitigate the risks inherent in its operations by: not conducting any other activities, in particular those beyond the scope of current business and operating activities, which may result in a reduction of own funds, including possible dividend payments from undistributed profits from previous years and buybacks or buyouts of own shares, without prior consultation with the supervisory authority.

#### **3. SECURITIES ISSUED BY ENTITIES OF THE BANK'S GROUP**

##### **ISSUE OF BONDS TO COVER THE MINIMUM LEVEL OF OWN FUNDS AND ELIGIBLE LIABILITIES (MREL) REQUIREMENT**

###### **PROGRAMME FOR THE ISSUE OF OWN BONDS ON THE EUROBOND MARKET**

On 8 August 2022, the Management Board of the Bank approved the establishment of a programme for the issue of Eurobonds by the Bank as the issuer (the Euro Medium Term Notes Programme – the “EMTN Programme”) of up to EUR 4 billion. Under the EMTN Programme, it is possible to issue unsecured Eurobonds in any currency, including those in respect of which obligations may be classified as eligible liabilities or as the Bank's own funds. Bonds issued under the EMTN Programme will be registered with the international central securities depository (ICSD) operated by Euroclear Bank SA/NV or Clearstream Banking société anonyme.

Under the EMTN Programme, on 27 March 2024 the Bank issued senior non preferred four years bond, with the possibility of early redemption three years after the issue (subject to the approval of the Bank Guarantee Fund), in the format of "senior non preferred notes" with an aggregate nominal value of EUR 500,000,000 on the basis of a prospectus approved on 15 March 2024 by Commission de Surveillance du Secteur Financier. The bonds are classified as eligible liabilities of the Bank within the meaning of Article 97a(1)(2) of the Act of 10 June 2016 on the Bank Guarantee Fund, the deposit guarantee scheme and resolution (MREL requirement). The coupon of the issue is fixed, at 4.5%, payable annually until the early redemption date, and variable thereafter, with quarterly payments.

Moody's Investors Service has assigned a rating of Baa3 to the issue. The bonds were admitted to trading on a regulated market on the Luxembourg Stock Exchange. The Bank also intends to list the bonds on the regulated market in Warsaw.

###### **PROGRAMME FOR THE ISSUE OF OWN BONDS ON THE DOMESTIC MARKET**

On 28 February 2024, the Bank issued five-year senior non preferred bonds with an aggregate nominal value of PLN 1,000,000,000 on the domestic market, under the Bank's own bond issue programme of PLN 5 billion. The interest rate on the bonds is variable, representing the sum of the WIBOR 6M benchmark rate and a margin of 159 bps. The Bank may have the right of early redemption of the Bonds upon approval of the Bank Guarantee Fund. The bonds are classified as eligible liabilities of the Bank within the meaning of Article 97a(1)(2) of the Act of 10 June 2016 on the Bank Guarantee Fund, the deposit guarantee scheme and resolution (MREL requirement).

Moody's Investors Service has assigned a rating of Baa3 to the issue. The Bank intends to introduce the bonds in question to the Catalyst alternative trading system.

#### PKO LEASING S.A. AND PKO BANK HIPOTECZNY S.A. BOND ISSUE

In the first quarter of 2024, PKO Leasing S.A. issued bonds in the amount of PLN 1,779 million\* and redeemed bonds in the amount of PLN 1,559 million\*. The Company's bond issues are governed by the Bond Issue Programme Agreement with PKO Bank Polski S.A. Under the aforementioned agreement, the maximum nominal value of the issued and outstanding bonds may amount to PLN 2,500 million. As at 31 March 2024, the company's debt on account of the issue of the aforementioned bonds at nominal value amounted to PLN 1,972 million.

In the first quarter of 2024, PKO Bank Hipoteczny S.A. issued bonds with a total nominal value of PLN 1,780 million\* under the Bond Issue Programme and redeemed bonds with a total nominal value of PLN 863 million\*.

The Company's bond issues are governed by the Bond Issue Programme Agreement with PKO Bank Polski S.A. Under the aforementioned agreement, the maximum nominal value of the issued and outstanding bonds amounts to PLN 6,000 million. At the same time, pursuant to the Commitment Agreement, the Bank undertakes to underwrite bonds of PKO Bank Hipoteczny S.A. up to a total value of PLN 1,000 million. As at 31 March 2024, the company's liability under the bonds issued at nominal value amounted to PLN 2,942 million. As at 31 March 2024, the Bank's portfolio contained no bonds issued by PKO Bank Hipoteczny S.A.

\* nominal value, without excluding bonds subscribed for by companies of the PKO Bank Polski S.A. Group.

#### EMISJA LISTÓW ZASTAWNYCH PKO BANKU HIPOTECZNEGO S.A.

Under the International Programme of Covered Bond Issuance, PKO Bank Hipoteczny S.A. issued mortgage covered bonds with a total nominal value of PLN 1 billion, which was the highest amount of PLN-denominated covered bond issues in PKO Bank Hipoteczny S.A.'s history.

At the same time, PKO Bank Hipoteczny S.A. redeemed mortgage covered bonds with a total nominal value of EUR 525 million in the first quarter of 2024.

#### 4. INTEREST RATE BENCHMARKS REFORM IN POLAND

The work on benchmark reform is being carried out by the National Working Group on Benchmark Reform (NWG), appointed by the Office of the Polish Financial Supervision Authority. The NWG is working on a recommendation on the principles and methods for replacing the WIBOR/WIBID benchmarks with a new benchmark. On 29 March 2024, the Steering Committee of the National Working Group for benchmark reform (NWG SC) decided to commence a review and analysis of risk-free-rate (RFR) replacement choices for WIBOR benchmark, including both WIRON and other interest rate indices or benchmarks. The purpose is to review the decision of the NWG SC adopted in September 2022, based on a wider scope of market information in the dynamically changing macroeconomic environment of the Polish economy. In view of the above, possible changes to the milestones of the existing Roadmap for the process of replacing the WIBOR and WIBID benchmarks are possible, but as indicated by the NWG SC, without changing the final deadline for the completion of the benchmark reform, i.e. the end of 2027.

#### 5. SUPPORT FOR UKRAINE

In the first quarter of 2024, KREDOBANK S.A. and Bank Gospodarstwa Krajowego (BGK) signed an annex to an agreement with the European Commission (EC) concerning cooperation in support of business lending. BGK guarantees the repayment of loans to be granted by KREDOBANK S.A. The EC has allocated an additional EUR 10 million in 2024 for BGK to secure KREDOBANK S.A.'s lending to companies operating in Ukraine. This will enable to continue financing of micro, small and medium-sized enterprises - primarily those operating in high-risk areas, i.e. de-occupied areas and areas close to hostilities.

#### 6. DEPOSIT OFFERING OF THE BANK

Taking into account changes in its competitors' offerings and the bank's liquidity, in the first quarter of 2024 PKO Bank Polski S.A. introduced 24-month structured term deposits:

- ✓ based on a basket of sustainable development leader shares III<sup>1</sup>,
- ✓ based on a basket of shares of European companies,
- ✓ based on a basket of shares of pharmaceutical companies,
- ✓ based on a basket of shares of gold mining companies.

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<sup>1</sup> Companies with a Bloomberg ESG Score of at least 7 (on a scale of 0-10) were selected to be included in the basket. This result demonstrates very high environmental, social and governance standards.

In the first quarter of 2024, the bank launched two editions of the new funds promotion for the Plus Savings Account with a promotional interest rate of 5% per annum for new funds up to PLN 250,000 for a period of 90 days.

The average interest rate on new term deposits in PLN (for individuals and enterprises) in the first quarter of 2024 was 3.78%. The average interest rate on all term deposits in PLN placed with PKO Bank Polski S.A. was 4.52% in the first quarter of 2024, compared with 5.08% in 2023 and 4.88% in the first quarter of 2023.

## B. CHANGES IN THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF PKO BANK POLSKI S.A.

### 1. CHANGES IN THE COMPOSITION OF THE BANK'S SUPERVISORY BOARD

On 2 February 2024, the Extraordinary General Shareholders' Meeting (EGM) of the Bank:

- dismissed 8 of the 10 members from the Supervisory Board of PKO Bank Polski S.A., i.e. Messrs: Mariusz Andrzejewski, Wojciech Jasiński, Dominik Kaczmarek, Rafał Kos, Tomasz Kuczur, Maciej Łopiński, Robert Pietryszyn and Bogdan Szafranski,
- appointed the following Ladies to the Supervisory Board of PKO Bank Polski S.A.: Hanna Kuzińska and Katarzyna Zimnicka-Jankowska, and the following Messrs: Maciej Cieślukowski, Szymon Midera, Andrzej Ośliżło, Marek Panfil, Marek Radzikowski and Paweł Waniowski.

The State Treasury as the Eligible Shareholder, pursuant to the Bank's Articles of Association, appointed:

- Ms Katarzyna Zimnicka-Jankowska – for the position of the Chair of the Bank's Supervisory Board
- Mr Paweł Waniowski – for the position of the Deputy Chair of the Bank's Supervisory Board.

The Extraordinary General Shareholders' Meeting confirmed the individual suitability of the newly appointed members of the Supervisory Board and the collective suitability of the entire body.

As a result of the aforementioned changes, the composition of the Supervisory Board as at 31 March 2024 was as follows:

- Katarzyna Zimnicka-Jankowska, Chair of the Supervisory Board,
- Paweł Waniowski, Deputy Chair of the Supervisory Board,
- Marek Panfil, Secretary of the Supervisory Board,
- Maciej Cieślukowski, Member of the Supervisory Board delegated to temporarily act as Vice-President of the Management Board,
- Andrzej Kisielewicz, Member of the Supervisory Board,
- Hanna Kuzińska, Member of the Supervisory Board,
- Andrzej Ośliżło, Member of the Supervisory Board,
- Marek Radzikowski, Member of the Supervisory Board delegated to temporarily act as Vice-President of the Management Board,
- Agnieszka Winnik-Kalemba, Member of the Supervisory Board.

[Biographical notes of members of the Supervisory Board](#) are available on the Bank's website.

### 2. CHANGES IN THE COMPOSITION OF THE BANK'S MANAGEMENT BOARD

On 7 February 2024, Mr. Dariusz Szwed resigned from the function of the President of the Bank's Management Board as well as from the membership in the Bank's Management Board effective as of 14 February 2024.

On 14 February, the Bank's Supervisory Board:

- dismissed 6 of the 8 members from the Management Board of PKO Bank Polski S.A., i.e. Messrs: Andrzej Kopyrski, Paweł Gruza, Maciej Brzozowski, Marcin Eckert, Wojciech Iwanicki, Artur Kurcweil,
- delegated for a period of 3 months members of the Bank's Supervisory Board, i.e. Messrs:
  - Szymon Midera to temporarily act as Vice-President of the Management Board in the President's Area with simultaneous assignment to manage the work of the Management Board – as of 15 February 2024,
  - Maciej Cieślukowski to temporarily act as Vice-President of the Bank's Management Board for the Finance and Accounting Area, Corporate and Enterprise Banking Area and the Operations and International Banking Area – as of 14 February 2024,
  - Marek Radzikowski to temporarily act as Vice-President of the Management Board for the Retail and Business Banking Area, the Administration Area and the Technology Area – as of 14 February 2024,

approved the individual suitability assessments of the aforementioned delegated members of the Bank's Supervisory Board and the collective suitability assessments of the entire Management Board of the Bank.

On 25 March 2024, the Bank's Supervisory Board:

- appointed the Bank's Management Board for a new joint three-year term, which began on 26 March 2024:
  - Mr Szymon Midera:
    - ✓ to the position of Vice-President of the Management Board as of 26 March 2024, while entrusting him with directing the work of the Management Board,
    - ✓ to the position of President of the Management Board subject to the consent of the PFSA as of the date of such consent,
  - Mr Krzysztof Dresler to the position of Vice-President of the Management Board as of 26 March 2024,
  - Mr Piotr Mazur to the position of Vice-President of the Management Board as of 26 March 2024,
  - Ms Ludmila Falak-Cyniak to the position of Vice-President of the Management Board as of 1 July 2024,
- approved the individual suitability assessments of the aforementioned members of the Bank's Management Board and the collective suitability assessments of the entire Management Board of the Bank.

Following the appointment to the Bank's Management Board, Mr Szymon Midera resigned as a member of the Bank's Supervisory Board.

In view of the ongoing open selection procedure for the positions of Vice-Presidents of the Bank's Management Board, as at 31 March 2024, Mr Maciej Cieślukowski and Mr Marek Radzikowski remained delegated to temporarily act as Vice-Presidents of the Bank's Management Board for the areas of the Bank's operations remaining to be filled.

As a result of the aforementioned changes, the composition of the Management Board as at 31 March 2024 was as follows:

- Szymon Midera, Vice-President of the Management Board managing the work of the Management Board, in charge of the Area of the President of the Management Board,
- Krzysztof Dresler, Vice-President of the Management Board in charge of the Finance and Accounting Area,
- Piotr Mazur, Vice-President of the Management Board in charge of the Risk Management Area,
- Maciej Cieślukowski, Member of the Supervisory Board delegated to temporarily act as Vice-President of the Management Board for the Corporate and Enterprise Banking Area and the Operations and International Banking Area,
- Marek Radzikowski, Member of the Supervisory Board delegated to temporarily act as Vice-President of the Management Board for the Retail and Business Banking Area, the Administration Area and the Technology Area.

[Biographical notes of the current members of the Bank's Management Board](#) are available on the Bank's website.

There were no changes to the policies for assessing the suitability of the members of the Bank's bodies and key officers in the first quarter of 2024.

### 3. KEY CHANGES TO THE STRUCTURE OF THE BANK'S GROUP

In the first quarter of 2024, the structure of the Bank Group changed as a result of the merger of the investment funds NEPTUN - fizan (the acquiring fund) and Mercury - fiz an (the acquired fund) by transferring the assets of the acquired fund to the existing acquiring fund and allocating investment certificates of the acquired fund to a participant of the acquiring fund in exchange for investment certificates of the acquired fund. The merger took place on 30 January 2024. Mercury - fiz an has been deleted from the list of PKO Bank Polski S.A.'s subsidiaries. The companies of the Mercury - fiz an fund have been transferred to the NEPTUN fizan fund.

## C. BUSINESS CONDITIONS

### MACROECONOMIC ENVIRONMENT

Monthly data for the period from January to February indicate that the start of 2024 has brought an upturn, particularly on the consumer demand side. Retail sales (in real terms) returned to growth, and were more than 5% higher y/y in February. Industrial output increased to a slightly lesser extent. Opposing trends prevailed in the construction industry, where the completion of investment projects financed by cohesion funds from the 2014-20 financial perspective in 2023 resulted in year-on-year lower output volumes in the first quarter of 2024.

The recovery in consumer demand was primarily driven by very strong real income growth, resulting from the juxtaposition of high nominal wage dynamics and declining inflation. In the period from January to February, average wages in the corporate sector grew by an average of 12.9% year-on-year, driven in part by a 17.8% increase in the minimum wage as of January. Demand for labour remained subdued, but the recorded increase in the registered unemployment rate (5.4% in January and February against 5.1% at the end of 2023) was mainly attributable to seasonal factors. At the same time, the business climate surveys signalled a strengthening of demand for workers in the coming months.

The first quarter of 2024 saw a further strong decline in CPI inflation, which stood at 2.0% y/y in March. The decision to return to a 5% VAT rate on basic food goods and the increasing likelihood of unfreezing prices of energy carriers from July 2024 herald a moderate pick-up in inflation, which was reflected in a renewed increase in household inflation expectations. The prospect of a renewed upward movement in inflation in the later part of 2024, in an environment of continued high wage dynamics, was presented by the Monetary Policy Council (MPC) as a compelling argument for keeping interest rates unchanged. As a result, the reference rate remained at 5.75% throughout the first quarter of 2024, and signals coming from the MPC indicated that the majority of its members were in favour of stabilising interest rates until at least June 2024.

**NBP interest rates as at the end of the first quarter of 2024 (in %)**



#### SITUATION ON THE FINANCIAL MARKET

The first quarter of the year proved to be favourable for the stock market. The stock markets posted solid gains, with the main index of the Warsaw trading floor - the WIG - rising by more than 5%. Investors assumed that the improving economic situation would compensate for the absence of interest rate cuts. Global economic conditions came as a positive surprise and Poland's prospects stood out favourably against other countries, which supported optimistic projections for corporate earnings.

Polish bond yields rose noticeably closing the quarter at a level of around 5.5%. Although inflation fell below the National Bank of Poland's (NBP) target, concerns remained about the continuation of this trend and a rebound in prices in the second half of the year. Investors became convinced that interest rates would be kept at elevated levels for longer than expected until recently.

The zloty (PLN) remained strong in the first months of the year. The EUR and USD exchange rates moved below the levels of PLN 4.30 and 4. Investors were buying the zloty on the assumption that the economic recovery, combined with positive real interest rates, would support its exchange rate. The prospects of a substantial inflow of EU funds and an expected surplus on the current trading account, driven by a good export performance, were also favourable.

#### ECONOMIC SITUATION ON THE UKRAINIAN MARKET

In the fourth quarter of 2023, economic growth decelerated to 4.7% y/y from 9.6% y/y in the third quarter of 2023. For 2023 as a whole, GDP increased by 5.3%, following a deep decline of 28.8% in 2022. The National Bank of Ukraine (NBU) predicts that GDP growth will decelerate to 3.6% in 2024. The economy is expected to be positively affected by private consumption, supported by growth in household incomes and relaxed fiscal and monetary policies. The risks are related to war (loss of energy infrastructure and the condition of agriculture). The labour market sees a gradual increase in demand for workers and the shortage of workers, caused mainly by migration, creates pressure for further strong wage growth. In March 2024, CPI inflation dropped to 3.2% y/y, continuing the disinflation that had been ongoing since the beginning of 2023, allowing the NBU to make further interest rate cuts - to 14.5% in April. Fiscal stability continues to rely on international aid - the cumulative budget deficit for the previous 12 months stood at around 20% of GDP in February, with  $\frac{3}{4}$  financed with foreign funds. The hryvnia exchange rate remains relatively liquid, with the NBU using currency interventions to limit the scale of its depreciation.

#### UKRAINIAN BANKING SECTOR

According to NBU data, the number of banks that were operational in Ukraine at the end of February 2024 was 63 compared to 65 at the end of February 2023. At the end of February 2024, the value of the banking sector's assets increased by 21.5% y/y to 2.91 trillion Ukrainian hryvnias (UAH) and equity by 35.6% y/y to UAH 320.3 billion. At the end of February 2024, the return on assets (ROA) in the Ukrainian banking sector stood at 5.3% and the return on equity (ROE) reached 50.0%, slightly below the corresponding ratios a year earlier.

The capital position of the banking sector remains good, with the R2 capital adequacy ratio at the end of March 2024 at 20.4% (with a minimum requirement of 10%). At the same time, the sector remains liquid, with the loan-to-

deposit ratio standing at 43.6% at the end of February, which was close to historical minima. In February 2024, total lending volumes increased by 2.2% y/y, which was the second consecutive increase after 14 months of declines, with household lending volumes growing by 12.9% y/y and total corporate lending volumes declining by 1.9% y/y. Deposit volumes continued to grow at a high rate (by 21.6% y/y in February 2024), with corporate deposits increasing by 38.9% y/y and household deposits by 14.5% y/y.

## D. BUSINESS DEVELOPMENT AND FINANCING

### DEVELOPMENT OF SERVICES, PRODUCTS AND TOOLS

#### Achievements of PKO Bank Polski S.A.

Product development in retail banking, corporate and housing markets	
Mortgage banking	In the first quarter of 2024, sales of housing loans to individuals amounted to more than PLN 7.9 billion, allowing the bank to maintain its leading position with a market share of 30.4%.
	In the first quarter of 2024, the share of fixed-rate loans in new sales (granted by PKO Bank Polski S.A. and PKO Bank Hipoteczny S.A.) reached nearly 79.5%, and their total share in the portfolio of PLN mortgage loans increased to 31.7% as at 31 March 2024 (from 27.3% as at the end of 2023).
	As at the end of the first quarter of 2024, the share of loans granted under the Government's Safe 2% Loan programme was 57.37%.
Financing	Signing of an agreement with Bank Gospodarstwa Krajowego S.A. concerning the FG FENG programme (Biznesmax Plus and Ekamax Plus) to offer guarantees to businesses interested in investment and revolving loans. The guarantee is free of charge and covers up to 80% of the loan amount.
	Offering, in cooperation with the Agency for the Restructuring and Modernisation of Agriculture, a preferential loan for the purchase of cereals and soft fruit with an interest rate subsidy for corporate customers. The programme runs until the end of June 2024.
	Cash loan sales reached a record level of PLN 4.1 billion, up 28% year-on-year. As at 31 March 2024, the portfolio stood at PLN 30.3 billion, up 12% year-on-year.
Saving and investing	Under the government's First Home programme, the Bank's customers opened 3,024 Housing Accounts between 10 August 2023 and 31 March 2024, in which they deposited more than PLN 23 million.
	A new iteration of Investment Advice - from March 2024, Personal Banking customers can take advantage of multi-fund advice offered within the PKO Inwestomat app, both in the branch with an adviser and through remote channels, iPKO and IKO.
Development of corporate banking and the services of the Brokerage Office	
Corporate banking	Conclusion of 12 syndicated loan agreements in a total amount of nearly PLN 8.9 billion and more than EUR 1.9 billion. The Bank's share was nearly PLN 2.1 billion and EUR 0.2 billion respectively.
	Conclusion of 5 municipal bond issue agreements with a total amount of more than PLN 72 million.
	Execution of 1 corporate bond issue within a banking syndicate with a value of PLN 230 million.
	Signing of a comprehensive agreement for the provision of banking services to the Wielkopolska Region and its unincorporated organisational units and for the provision of banking services relating to the budget of the City of Płock and its organisational units.
	Conducting, as sole global coordinator and sole bookrunner, an offering of shares in BNP Paribas Bank Polska S.A., under the accelerated book-building procedure, with a value of approximately PLN 886 million.

Services of the Brokerage Office – Biuro Maklerskie PKO Banku Polskiego	Conducting, as offering agent and global coordinator, two issues of bonds of Echo Investment S.A. with a total value of approximately PLN 140 million and an issue of bonds of Ghelamco Invest Sp. z o.o. with a value of approximately PLN 125 million.
	Reaching PLN 14.7 billion in the value of turnover in the secondary equity market in the first quarter of 2024, which accounts for 8.56% of the market turnover and places Brokerage Office – Biuro Maklerskie PKO Banku Polskiego at the 2 <sup>nd</sup> position in the ranking of brokerage offices.
	At the end of March 2024, the Brokerage Office: <ul style="list-style-type: none"> <li>maintained 154.3 thousand securities accounts and cash accounts, as well as 589.6 thousand registration accounts;</li> <li>provided services concerning units in 392 funds and sub-funds managed by 10 fund management companies.</li> </ul>
<b>Development of insurance products</b>	
Home insurance PKO Dom	Gross written premiums at the end of the first quarter of 2024 amounted to PLN 42 million, up 45% year-on-year. Since the launch of the product, 914 thousand policies have been sold with a renewal rate of over 73%.
PKO Moto motor insurance	Gross written premiums at the end of the first quarter of 2024 amounted to PLN 41 million. In addition, an omni-channel renewal process was introduced (in branches, via iPKO, IKO, Contact Centre and the Bank's agencies).
<b>Development of IT projects and other services</b>	
PKO Pay Later	At the end of March 2024, 212 thousand customers were active users of the service, and the total amount of limits granted reached PLN 171 million. Customers have so far executed close to 2.9 million transactions for the total amount of more than PLN 400 million. 98% of transactions were executed using a BLIK code.
Digital credit card	Release of new features for credit cards issued to individual customers: <ul style="list-style-type: none"> <li>in the IKO mobile app and iPKO website, the possibility of checking card details (number, expiry date, variable CVV/CVC code) and copying the card number for online payments,</li> <li>a changeable CVV/CVC code, which is valid for several hours and can be retrieved from the IKO app, iPKO website and the Bank's call centre,</li> <li>the ability to use the card for phone and watch payments (Apple Pay, Google Pay, Garmin Pay and others) and for online payments immediately after signing the agreement, before the plastic card is delivered by post.</li> </ul>
Digital Mortgage	Production implementation of a pilot version of the Digital Mortgage enabling the process to be completed through digital channels from application to the disbursement of funds to the customer's account. The first agreement was signed as part of the pilot project on 8 April.
Automation and robotisation	Robotisation of 14 processes in the first quarter of 2024 and completion of 25.2 million tasks.
	Completion of more than 278 million tasks in total by the end of the first quarter of 2024. The total number of processes robotised to date has reached 309.
	Implementation of automation to reduce the processing time of the credit certificate requested by the customer.
	Provision of enhanced access to enforcement seizure information in electronic banking.
	Release of a chat service channel on the Bank's website to provide information on the most frequent customer questions.
Bank in the Metaverse	Completion of work on the Virtual Reality application (VR game) for the educational programme "Cash with Class".
Cloud technologies	Development of technological framework, based on public data, for the first applications of artificial intelligence in the cloud.

	<p>In the first quarter of 2024, PKO Faktoring, as the first banking factor in Poland and as a pioneer in the Bank's Group, migrated fully into the cloud. The migration of systems to Azure offers many benefits, such as:</p> <ul style="list-style-type: none"> <li>• failure-free operation - if one server stops working, another takes over the service,</li> <li>• improved system performance and a secure environment for business growth,</li> <li>• no hardware restrictions and a wide range of automatically updated software.</li> </ul> <p>The migration took place in collaboration with Operator Chmury Krajowej.</p>
Contact Center	Implementation of the new NEXIDIA speech analytics system.
Personal Insurance	Implementation of a new personal insurance sales process and the launch of a standalone product sales pilot project.
Other significant achievements	Implementation of an additional level of security in the login process for cooperating entities (agents), which mitigates the risks of unauthorised logins to the Bank's application made available to third parties for the distribution of mortgage loans.
<b>Development of functionalities in electronic and mobile banking channels</b>	
IKO mobile application	<p>Implementation of a new function for hiding product balances on the home screen and when purchasing public transport tickets (discrete mode).</p> <p>Implementation of changes to existing functions:</p> <ul style="list-style-type: none"> <li>• expansion of information on enforcement seizures,</li> <li>• increase of transaction limits.</li> </ul>
	Delivering a record 4.2 million calls via Voice Assistant in IKO in the first quarter of 2024. A total of more than 9 million conversations with nearly 3 million customers at the end of March.
Electronic banking service iPKO	<p>Implementation of new functionalities:</p> <ul style="list-style-type: none"> <li>• application for a support allowance for persons with disabilities,</li> <li>• PKO Moto insurance renewal options,</li> <li>• reporting the death of a relative in iPKO.</li> </ul> <p>Implementation of changes to existing functions:</p> <ul style="list-style-type: none"> <li>• applying for a lease for any fixed asset,</li> <li>• verification of the sign-in password to check whether it is listed in the database of compromised passwords,</li> <li>• withdrawal from a cash loan on one's own,</li> <li>• addition of multi-fund baskets to investment advice,</li> <li>• foreign transfer form,</li> <li>• increase of IKO transaction limits.</li> </ul>
Electronic banking service iPKO biznes	<p>Launch of new functionalities:</p> <ul style="list-style-type: none"> <li>• full integration with the financial and accounting system Comarch ERP Optima,</li> <li>• self-service administration of the PKO Cash module for managing cash deposits,</li> <li>• giving names to prepaid cards,</li> <li>• automatic sending of confirmation of completed transfers to e-mail addresses,</li> <li>• blocking of virtual accounts by uploading a file with the list of accounts,</li> <li>• generating immediate confirmation of the completion of transfers.</li> </ul> <p>Implementation of changes to existing functions:</p> <ul style="list-style-type: none"> <li>• quicker searches for counterparties on transfer forms,</li> <li>• functions to facilitate the international transfer process,</li> <li>• ordering transfers to the accounts of trusted customers without the need for authorisation,</li> <li>• application for authorisation tools for iPKO biznes Integra,</li> <li>• multicontext application - adding a user to multiple contexts,</li> </ul>

	<ul style="list-style-type: none"> <li>determination of amount limits for transactions in the iPKO biznes Mobile application.</li> </ul>
Website PKO Insurance	Implementation of forms to support customers in the process of reporting issues to the Customer Support Department.

### Achievements of the PKO Leasing S.A. Group (PKO Leasing Group)

Spring with Leasing	Making a fuel card worth PLN 500 available to small and medium-sized enterprises from the banking channel (for agreements with a value of more than PLN 100 thousand).
Invest EU guarantee	Launch of the first product (lease or loan agreement) with the Invest EU guarantee as part of PKO Leasing S.A.'s framework programme in cooperation with the European Investment Fund (EIF) for business competitiveness, supporting in particular small and medium-sized enterprises. The offering is addressed to customers who want to finance plant and machinery and heavy transport equipment with low CO <sub>2</sub> footprint. The guarantee is free of charge for the customer and requires a minimum amount of paperwork.
CEB Programme	Provision of financing in the form of a lease or loan agreement in PLN and EUR with reduced margins for new and used machinery and equipment in line with the customer's business profile. The CEB programme offers preferential financing conditions, based on funds received from the Council of Europe Development Bank (CEB) and intended for micro, small and medium-sized enterprises - as defined by the EU (less than 250 employees in the entire customer group; annual revenue of less than EUR 50 million in the entire customer group).
Artificial intelligence (AI) in the operationalisation of tasks	Introduction of an operational AI-based solution for the reading of data from temporary vehicle registration certificates and their archiving.
Gold Sponsor of the Dealer TOP 100 Forum	PKO Leasing S.A. was named the Gold Sponsor of the Dealer TOP 100 Forum, the most important event for the dealership industry.

### Achievements of PKO Towarzystwo Funduszy Inwestycyjnych S.A.

Top places in the investment fund market	The net asset value of funds managed by the company reached PLN 44.7 billion at the end of the first quarter of 2024, including the net asset value of retail funds at PLN 42.8 billion, which allowed the company to maintain, respectively, its 2 <sup>nd</sup> place (with a share of 13.18%) in the total investment fund market and 1 <sup>st</sup> place (with a share of 20.07%) in managed retail fund assets.*
PPK market leader	Maintaining a leading position in the Employee Capital Plans (PPK) market with a market share of 31.2%*. Assets of PLN 7.7 billion were accumulated in PPK accounts managed by the company at the end of the first quarter of 2024.
MiFID survey	Implementation of a change to the MiFID Customer Survey pursuant to the Regulation of the Minister of Finance of 29 June 2023 amending the Regulation on the manner, procedure and conditions for the conduct of activities by investment fund companies. The change involved the requirement to include the customer's investment objectives in the target markets, which are linked to sustainability (ESG) factors.

\* Source: Analityz Online

### PRO-ENVIRONMENTAL EFFORTS

In the first quarter of 2024, the Bank analysed all of the Bank's properties (owned and leased) in terms of heat source emissions. 41 sites (including 39 branches) heated with coal, eco-pea coal, pellets or fuel oil were identified. Further action plans are being developed for each of them, i.e.: upgrade of heating sources (estimated reduction of around 72t CO<sub>2</sub>e per year). The replacement of the heat source with a low-carbon one has already been completed in five locations as a result of parallel efforts.

## ESG RATINGS

In the first quarter of 2024, Sustainalytics took into account public information on pending litigation against the Bank, which was reflected in a slight revision of the rating (from 23.5 to 24). The remaining ESG ratings remained unchanged (FTSE Russell - 3.3), MSCI - A (MSCI), Moody's Analytics (formerly V.E) - 46).

## E. RISK MANAGEMENT

The risk management system is aimed at ensuring the profitability of business activities while ensuring control over the risk level and maintaining it within the system of limits and risk tolerance limits adopted by the Bank and the Bank's Group in the changing macroeconomic and legal environment. The priority is to ensure adequate management of all types of risk related to its business.

For a detailed description of the Group's risk management policies, please refer to the Consolidated financial statements of the PKO Bank Polski S.A. Group for the year ended 31 December 2023 and to the report entitled "Capital adequacy and other information of the Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Group subject to disclosure as at 31 December 2023".

In the first quarter of 2024, the main objectives, principles and organisation of the Group's risk management process did not change.

The Group has maintained a safe level of liquidity, allowing for a quick and effective response to potential threats. In the first quarter of 2024, PKO Bank Polski S.A. structured its sources of funding accordingly by adjusting its deposit offering (in particular deposit interest rates) to meet current needs and by raising funds from the financial market through the issue of bonds. The liquidity situation of KREDOBANK S.A., despite the on-going war in Ukraine, remained stable and secure.

In terms of interest rate risk, the banking sector is challenged by the benchmark reform, including in particular the roadmap for replacing the WIBID/WIBOR indices with the WIRON index proposed by the National Working Group. The reform could have a significant impact on the valuation of financial instruments and the effectiveness of hedging relationships held as part of interest rate risk management. The reform will also have a significant impact on the products offered to customers and on the structure of revaluation of the Bank's assets, liabilities and off-balance sheet items, determining the level of interest rate risk to which the Group is exposed.

At the same time, due to the expected interest rate cuts in 2024, with a significant and increasing proportion of mortgage loans with periodically fixed rates, an increase in prepayments of the above loans is possible.

The Bank's Group is continuously developing IT systems for collecting, aggregating and managing sustainability data.

The Bank obtains, on a continuous basis, information on building energy efficiency and carbon performance from the Central Register of Building Energy Performance, which allows for efficient reporting in accordance with the Taxonomy and ITS based on actual EP data<sup>2</sup>.

Work is currently underway to determine the emission performance of the loan portfolio (scope 3 from a Group perspective in line with the Greenhouse Gas Protocol). One of the key steps in achieving this was the accession of the Bank in December 2023 to the Partnership for Carbon Accounting Financials (PCAF), which has developed a single global standard for calculating and reporting greenhouse gas emissions for the financial sector. The PCAF methodology enables the quantification of greenhouse gas emissions associated with, among other factors, corporate loans, securities, mortgage loans and car loans. The results of the greenhouse gas emissions calculations will be presented in the F3 Disclosure Report as at 30 June 2024. Going forward, by determining the level of funding for Scope 3 emissions, the Bank will be able to update the relevant credit policies and strategies for decarbonising the loan portfolio.

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<sup>2</sup> The EP indicator describes the annual non-renewable primary energy demand required for heating, ventilation, cooling and domestic hot water, and, in the case of public buildings, collective housing, production, utility and storage buildings, also for lighting

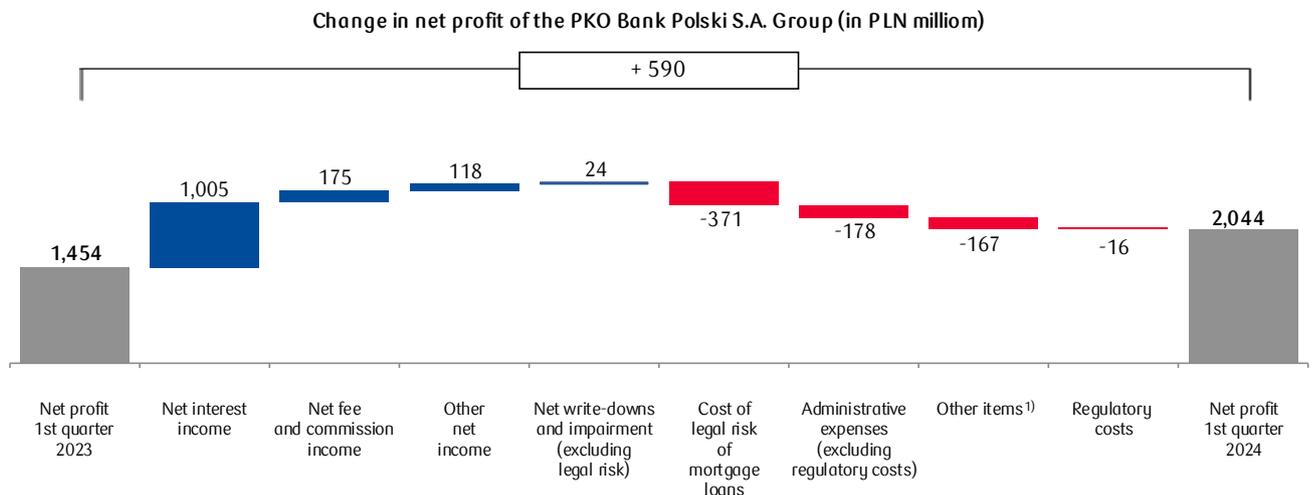
## II. FINANCIAL POSITION AFTER THE FIRST QUARTER OF 2024

Financial data is presented on a management basis.

The PKO Bank Polski Group's consolidated net profit for the three months of 2024 reached PLN 2,044 million, and was PLN 590 million higher than in the corresponding period of 2023.

The change in net profit was determined by:

- 1) an improvement in the result on business activities, which reached PLN 6,843 million (up by PLN 1,298 million year-on-year), mainly as a result of an increase in net interest income by PLN 1,005 million, with an increase in net fee and commission income by PLN 175 million and an increase in other net income by PLN 118 million year-on-year,
- 2) deterioration in net write-downs and impairment<sup>3</sup> of PLN 347 million, mainly as a result of an increase in cost of legal risk of mortgage loans in convertible currencies, by PLN 371 million,
- 3) an increase in administrative expenses by PLN 194 million, driven by an increase in employee benefit expenses by PLN 148 million, depreciation and amortisation expenses by PLN 25 million and regulatory costs by PLN 16 million.



<sup>1)</sup> This item comprises tax on certain financial institutions, share in profits/(losses) of associates and joint ventures, income tax and profit (loss) attributable to non-controlling shareholders

Owing to its performance in the three months of 2024, the Group reported the following levels of key financial performance, cost of risk and capital adequacy indicators:

- return on equity as measured by ROE stood at 13.9% on an annual basis (+4.3 p.p. y/y),
- net interest margin was 4.44% on an annual basis (excluding the impact of “credit holidays”) (+0.41 p.p. y/y),
- operating efficiency, as measured by the C/I ratio, stood at 30.7% (-12.6 p.p. y/y),
- the cost of credit risk on an annualised basis stood at (-)0.48% at the end of March 2024 and remained unchanged year-on-year,
- the total capital ratio came in at 18.2%, down 0.4 p.p. compared to the end of March 2023, and the core T1 capital ratio remained unchanged at 17.4%.

<sup>3</sup> Net write-downs and impairment: net allowances for expected credit losses, net impairment losses on non-financial assets, net result on loans measured at fair value through profit or loss and cost of legal risk of mortgage loans in convertible currencies.

Events which had a significant impact on the net profit of the Group in the 3 months of 2024 compared with the corresponding period of 2023:

#### RESULT ON BUSINESS ACTIVITIES

- an increase in net interest income driven by:
  - ✓ a decrease in interest expense on derivative hedging instruments, resulting from the narrowing of the negative difference between the variable rate paid and the fixed rate received and the decrease in the average volume of IRS transactions,
  - ✓ an increase in interest income on securities mainly related to an increase in the volume of the securities portfolio by approximately PLN 42 billion year-on-year, with an improvement in its average interest rate resulting from higher yields on new additions to the portfolio,
  - ✓ an increase in interest expenses on customer deposits (mainly as a result of an increase in the average volume of deposits by around PLN 50 billion year-on-year),
- an increase in net fee and commission income mainly due to increased results from brokerage, cards and investment funds activities despite lower margins on foreign exchange transactions,
- improvement in net other income mainly as a result of an increase in net foreign exchange income and result on financial transactions<sup>4</sup>.

#### ADMINISTRATIVE EXPENSES

- an increase in the cost of employee benefits by PLN 148 million y/y, mainly as a result of wage regulations,
- an increase in depreciation and amortization expense by PLN 25 million as a result of increased amortization of IT intangible assets,
- an increase in regulatory costs by PLN 16 million y/y, partly as a result of an increase in the cost of court fees by PLN 19 million y/y in cases brought by clients against the Bank relating to CHF loans,
- an increase in material costs by PLN 5 million y/y.

#### NET WRITE-DOWNS AND IMPAIRMENT

- an increase in the cost of legal risk of mortgage loans in convertible currencies by PLN 371 million, as a result of an update of the parameters of the legal risk assessment model, which relate to the probabilities of litigation settlement scenarios and take into account the anticipated costs associated with lost litigation,
- an improvement in net credit risk allowances by PLN 125 million, due to decreased allowances for exposures to businesses (total on-balance sheet and off-balance sheet exposures),
- deterioration of allowances on non-financial assets by PLN 101 million - the effect of the recognition of allowances on amounts due from customers on account of principal disbursed, in connection with settled court judgements related to CHF loans, as well as the update of the Bank's share in the net assets of Bank Pocztowy with a corresponding change in the share in profits and losses of associates.

As a result of measures taken in the first quarter of 2024, there was an increase in the scale of operations year-on-year, with a slight decrease in total assets relative to the end of 2023:

- total assets reached approximately PLN 497 billion, which represents an increase by PLN 53 billion year-on-year and a decrease by PLN 5 billion compared to the end of 2023,
- customer deposits<sup>5</sup> stood at PLN 393 billion, which means an increase by PLN 43 billion compared to the end of March 2023 (as a result of an increase in retail and private banking deposits) and a decrease by PLN 7 billion relative to the balance at the end of December 2023 (due to a decrease in corporate deposits),
- financing granted to customers<sup>6</sup> stood at around PLN 268 billion and increased by more than PLN 16 billion year-on-year (mainly as a result of an increase in PLN mortgage loans and financing granted to businesses, especially in the form of bond issues and leases, with a decrease in foreign currency mortgage loans due to, among other factors, repayments, settlements concluded and an increase in provisions for legal risk, which

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<sup>4</sup>Result on financial transactions – result on financial transactions and gains or losses on derecognition of financial instruments less the result on loans measured at fair value through profit or loss.

<sup>5</sup>Customer deposits – amounts due to customers.

<sup>6</sup>Financing granted to customers – loans and advances granted to customers (including finance lease receivables) and municipal and corporate bonds (excluding the bonds of international financial organizations) presented in securities, other than securities held for trading.

reduces the gross carrying amount of these loans) and increased by nearly PLN 6 billion compared with the end of December 2023 (driven primarily by an increase in financing granted in the mortgage banking segment),

- the banking and trading portfolio of securities<sup>7</sup> amounted to PLN 177 billion, up by PLN 46 billion relative to the end of March 2023 and decreased by approximately PLN 3 billion relative to the end of December 2023.

The structure of the Group's balance sheet, particularly relative to the corresponding period of the previous year, was also driven by: a decrease in liquid assets (including amounts due from banks and receivables from repo transactions) and a decrease in the valuation of derivative instruments (included in other assets and other liabilities); in addition, an increase in equity by more than PLN 8 billion.

In first quarter of 2024, the Bank's Group recorded a further increase in the scale of operations, in particular increasing the following figures year-on-year:

- the number of customers by more than 241 thousand to nearly 12 million, mainly in the retail customer segment,
- the number of current accounts serviced by nearly 186 thousand to more than 9.3 million accounts,
- sales of housing loans by more than PLN 5 billion, which amounted to nearly PLN 8 billion in the first quarter of 2024, which constituted 30.4% of the market share of new sales.

As at 31 March 2024, the Bank's Group held a high share of the loan and savings market (at 18.3% and 20.9% respectively) and held the leading position in the investment funds market for individuals with a market share of 20.1%.

### III. FACTORS THAT DETERMINE FUTURE PERFORMANCE

In the global economy:

- increased geopolitical risk, with the risk of escalating conflicts in Ukraine, around Taiwan and in the Middle East, and increased political uncertainty around the US presidential election,
- a drop in interest rates in major economies in the context of a stable monetary policy in Poland resulting in a strengthening of the PLN and a decrease in the value of foreign currency loans (lower bank tax and costs of legal risk),
- continued relatively low rates of global economic growth, including the slowdown in the US economy and the recession in Germany,
- the risk of repeated disruptions to supply chains due to, among other factors, transport disruptions in the Red Sea and in the event of an escalation of tensions between China and Taiwan,
- the possibility of access to investors from the European market due to debt issuance in the context of the regulatory requirements for minimum own funds and eligible liabilities (if necessary), as well as increased supply of US government bonds,
- risk of a potential additional burden related to the implementation of the global minimum tax (Pillar II) in connection with Council Directive (EU) 2022/2523, which has not yet been implemented in Poland but is effective from 1 January 2024 in selected tax jurisdictions where the Bank operates foreign branches and subsidiaries,
- changes in climate policy, including the accelerating energy transition and the increasing stringency and importance of environmental requirements.

In the Polish economy:

- economic recovery, primarily driven by a recovery in private consumption,
- the scale and pace of the inflow of EU funds, including under the National Recovery Plan (NRP), and the possibility of their quick utilisation with the risk of supply constraints,
- the path of further changes in NBP interest rates and the level of the reserve requirement,
- the continuation of strong cost pressures from the labour market, in the face of a significant increase in the minimum wage and a recovery in demand for employees,
- the intensity and persistence of pro-inflationary factors and regulatory action aimed at limiting the scale of price growth,
- the expected recovery in demand for loans, especially from households,

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<sup>7</sup>Securities (banking and trading portfolio) – securities less municipal and corporate bonds, and bonds of international financial organizations.

- risks associated with the increasing polarisation of the political scene, which may limit the effectiveness of the government and affect the operation of some public institutions, including the NBP,
- migration flows, including their impact on labor supply and aggregate demand in the economy,
- introduction of the government's new "Housing for a start" loan programme will increase demand for mortgage loans, as well as the level of housing prices, which will translate into a higher value of loans applied for,
- credit holidays 2.0 and their impact on the decline in interest income,
- inflows of EU funds from the new EU financial perspective and the NRP will support domestic demand as well as demand for loans,
- the CJEU's ruling on the mutual settlements between the parties to a CHF mortgage loan agreement following its annulment, in particular in relation to the CJEU's judgment in Case C-520/21, which held that EU rules preclude a judicial interpretation of national law where a credit institution is entitled to demand an amount from a consumer in excess of the principal of the loan disbursed and any interest on arrears from the date of the demand for repayment of the principal disbursed,
- further court decisions on the issue of foreign-currency housing loans and PLN loans based on WIBOR rates;
- the risk of national courts or the CJEU challenging the ability to charge interest on the so-called credited costs of consumer credit that are not paid "into the hands" of the borrower, and consequently allowing borrowers to effectively benefit from the sanction of free credit,
- the risk that the President of the UOKiK will impose a penalty as part of the proceedings pending against the Bank: for violating the collective interests of consumers in the handling of complaints of the so-called "unauthorised transactions", as well as concerning modification clauses in the contractual templates used by the Bank,
- the risk of a fine being imposed by the Polish Financial Supervision Authority as part of ongoing administrative proceedings in connection with suspected breaches of governance and control requirements by PKO Bank Polski S.A. due to the submission to GPW Benchmark (Administrator) of incorrect input data necessary for the development of the WIRON benchmark,
- the establishment of a neutral countercyclical capital buffer level (2%) announced in the Financial Stability Committee's (M) Methodology for setting the countercyclical capital buffer, published in March this year, will result in increased capital requirements in the sector, which may alternatively imply the need to strengthen the capital position through new issues or profit retention or to take optimisation measures with respect to the assets,
- the risk of incurring a minimum corporate income tax liability, effective as of 1 January 2024, if the taxpayer incurs a loss or low income,
- changes concerning the implementation of the remitter's obligations (including the technical remitter) in corporate and personal income tax, as well as disclosure requirements, with regard to, inter alia, selected bond income, income from investments in equity funds, including the extension of the period of application of the exclusion of the so-called pay & refund mechanism (changes effective as of 1 January 2024).

## IV. EVENTS THAT OCCURRED AFTER THE DATE ON WHICH THE DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS IS PREPARED

### CHANGES IN THE COMPOSITION OF THE BANK'S MANAGEMENT BOARD AND SUPERVISORY BOARD

On 11 April 2024, the Bank's Supervisory Board:

- appointed the Bank's Management Board for the current joint three-year term of office, which began on 26 March 2024:
  - ✓ Mr Marek Radzikowski as Vice-President of the Management Board with effect from 22 April 2024,
  - ✓ Mr Mariusz Zarzycki as Vice-President of the Management Board with effect from 22 April 2024,
- approved the individual suitability assessments of the aforementioned members of the Bank's Management Board and the collective suitability assessments of the entire Management Board of the Bank.
- adopted the resolution to terminate as of 21 April 2024 delegation of Mr. Maciej Cieślukowski, Supervisory Board member, to temporarily perform the duties of the member of the Bank's Management Board.

On 17 April 2024, Mr Marek Radzikowski tendered his resignation from the position of Member of the Supervisory Board, effective as of the end of 21 April 2024, in connection with his appointment as Vice-President of the Management Board.

On 25 April 2024, the Bank's Supervisory Board appointed Mr Michał Sobolewski as Vice-President of the Management Board for the current joint three-year term of office of the Bank's Management Board, which began on 26 March 2024, with effect from 1 August 2024.

#### **EFFECT OF THE CONTRIBUTION TO THE BANK GUARANTEE FUND ON THE PERFORMANCE OF THE FIRST QUARTER OF 2024**

On 18 April 2024, the Bank received information from the Bank Guarantee Fund (BGF) on the amount of the annual contribution to the Bank Resolution Fund for 2024. For the Bank, the contribution amounts to PLN 257,808,808.64 and for the Bank's Group (including the contribution of PKO Bank Hipoteczny S.A.) a total of PLN 271,755,363.70. The aforesaid amount will be charged to the Bank Group's costs relating to the first quarter of 2024. The position was published in the [Current Report No 24/2024](#).

#### **CREDIT HOLIDAYS**

On 12 April 2024, the Polish Parliament passed an amendment to the Act on support for borrowers who have taken out a mortgage loan and are in a difficult financial situation and the Act on the crowdfunding of business ventures and on assistance for borrowers of 7 July 2022. For details of the amendment, see the Bank's Group Financial Statements for the first quarter of 2024 - note 41 "Events that occurred after the date on which the financial statements are prepared".



Bank Polski

**Condensed interim consolidated  
financial statements of  
the PKO Bank Polski S.A. Group  
for the three-month period ended  
31 March 2024 together with the condensed interim separate  
financial statements of PKO Bank Polski S.A.  
for the three-month period ended  
31 March 2024**

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# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE PKO BANK POLSKI S.A. GROUP FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

## CONSOLIDATED INCOME STATEMENT

	Note	01.01- 31.03.2024	01.01- 31.03.2023
<b>Net interest income</b>		<b>5,192</b>	<b>4,187</b>
Interest and similar income	<a href="#">11</a>	7,822	7,346
of which calculated under the effective interest rate method		7,706	7,198
Interest expense	<a href="#">11</a>	(2,630)	(3,159)
<b>Net fee and commission income</b>		<b>1,278</b>	<b>1,103</b>
Fee and commission income	<a href="#">12</a>	1,623	1,494
Fee and commission expense	<a href="#">12</a>	(345)	(391)
<b>Net other income</b>		<b>359</b>	<b>242</b>
Net income from insurance business, of which:	<a href="#">25</a>	176	166
Insurance revenue (net of reinsurance)	<a href="#">25</a>	348	280
Cost of insurance activities (net of reinsurance)	<a href="#">25</a>	(133)	(88)
Dividend income		-	1
Gains/(losses) on financial transactions		62	34
Net foreign exchange gains/ (losses)		66	4
Gains/(losses) on derecognition of financial instruments		20	17
including measured at amortized cost		9	4
Net other operating income and expense		35	20
Other operating income		101	93
Other operating expenses		(66)	(73)
<b>Result on business activities</b>		<b>6,829</b>	<b>5,532</b>
Net allowances for expected credit losses	<a href="#">13</a>	(202)	(328)
Impairment of non-financial assets	<a href="#">14</a>	(112)	(11)
Cost of legal risk of mortgage loans in convertible currencies	<a href="#">15</a>	(1,338)	(967)
Administrative expenses,	<a href="#">16</a>	(2,179)	(1,985)
of which net regulatory charges		(394)	(378)
Tax on certain financial institutions		(303)	(299)
Share in profits and losses of associates and joint ventures		41	23
<b>Profit before tax</b>		<b>2,736</b>	<b>1,965</b>
Income tax	<a href="#">17</a>	(693)	(512)
<b>Net profit (including non-controlling shareholders)</b>		<b>2,043</b>	<b>1,453</b>
Profit (loss) attributable to non-controlling shareholders		(1)	(1)
<b>Net profit attributable to equity holders of the parent company</b>		<b>2,044</b>	<b>1,454</b>
<b>Earnings per share</b>			
- basic earnings per share for the period (PLN)		1.64	1.16
- diluted earnings per share for the period (PLN)*		1.64	1.16
Weighted average number of ordinary shares during the period (in million)*		1,250	1,250

\* Both in the period of three months ended 31 March 2024 and in the corresponding period of 2023, there were no dilutive instruments. Therefore, the amount of diluted earnings per share is the same as the amount of basic earnings per share.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	01.01- 31.03.2024	01.01- 31.03.2023
Net profit (including non-controlling shareholders)		2,043	1,453
<b>Other comprehensive income</b>		<b>360</b>	<b>2,083</b>
<b>Items which may be reclassified to profit or loss</b>		<b>360</b>	<b>2,083</b>
Cash flow hedges (net)		(25)	1,152
Cash flow hedges (gross)	19	(31)	1,422
Deferred tax	17	6	(270)
Fair value of financial assets measured at fair value through other comprehensive income (net)		376	955
Remeasurement of fair value, gross		477	1,192
Gains /losses transferred to the profit or loss (on disposal)		(11)	(13)
Deferred tax	17	(90)	(224)
Currency translation differences on foreign operations		(10)	(1)
Share in other comprehensive income of associates and joint ventures		17	(13)
Finance income and costs from insurance business, net		2	(10)
Finance income and costs from insurance business, gross		3	(12)
Deferred tax	17	(1)	2
<b>Total net comprehensive income, of which attributable to:</b>		<b>2,403</b>	<b>3,536</b>
equity holders of the parent		2,404	3,537
non-controlling interest		(1)	(1)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31.03.2024	31.12.2023
<b>ASSETS</b>		<b>496,985</b>	<b>501,516</b>
Cash and balances with the Central Bank		15,935	17,813
Amounts due from banks	<a href="#">18</a>	11,160	14,438
Hedging derivatives	<a href="#">19</a>	528	1,174
Other derivative instruments	<a href="#">19</a>	7,226	8,406
Securities	<a href="#">20</a>	194,436	197,484
Reverse repo transactions		527	372
Loans and advances to customers	<a href="#">21</a>	251,061	245,776
Assets in respect of insurance activities	<a href="#">25</a>	69	90
Property, plant and equipment under operating lease		2,254	2,117
Property, plant and equipment		3,220	3,203
Non-current assets held for sale		9	19
Intangible assets		3,871	3,918
Investments in associates and joint ventures		295	284
Current income tax receivable		7	6
Deferred tax assets		3,878	4,000
Other assets		2,509	2,416

		31.03.2024	31.12.2023
<b>LIABILITIES AND EQUITY</b>		<b>496,985</b>	<b>501,516</b>
<b>Liabilities</b>		<b>449,355</b>	<b>456,289</b>
Amounts due to Central bank		10	10
Amounts due to banks	<a href="#">22</a>	2,852	3,423
Hedging derivatives	<a href="#">19</a>	3,010	2,992
Other derivative instruments	<a href="#">19</a>	7,990	9,291
Amounts due to customers	<a href="#">23</a>	392,620	399,193
Liabilities in respect of insurance activities	<a href="#">25</a>	2,924	2,915
Loans and advances received	<a href="#">24</a>	1,446	1,489
Liabilities in respect of debt securities in issue	<a href="#">24</a>	19,977	17,201
Subordinated liabilities	<a href="#">24</a>	2,717	2,774
Other liabilities		9,502	11,007
Current income tax liabilities		1,219	1,117
Deferred tax liabilities		750	712
Provisions	<a href="#">26</a>	4,338	4,165
<b>EQUITY</b>		<b>47,630</b>	<b>45,227</b>
Share capital		1,250	1,250
Reserves and accumulated other comprehensive income		28,036	27,676
Retained earnings		16,312	10,810
Net profit or loss for the period		2,044	5,502
<b>Capital and reserves attributable to equity holders of the parent company</b>		<b>47,642</b>	<b>45,238</b>
Non-controlling interests		(12)	(11)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR 3 MONTHS ENDED 31 MARCH 2024	Share capital	Reserves and accumulated other comprehensive income					Retained earnings	Net profit or loss for the period	Total capital and reserves attributable to equity holders of the parent company	Total non-controlling interests	Total equity
		Reserves			Accumulated other comprehensive income	Reserves and accumulated other comprehensive income					
		Supplementary capital	General banking risk fund	Other reserves							
As at the beginning of the period	1,250	22,860	1,070	7,138	(3,392)	27,676	10,810	5,502	45,238	(11)	45,227
Transfer from retained earnings	-	-	-	-	-	-	5,502	(5,502)	-	-	-
Comprehensive income	-	-	-	-	360	360	-	2,044	2,404	(1)	2,403
<b>As at the end of the period</b>	<b>1,250</b>	<b>22,860</b>	<b>1,070</b>	<b>7,138</b>	<b>(3,032)</b>	<b>28,036</b>	<b>16,312</b>	<b>2,044</b>	<b>47,642</b>	<b>(12)</b>	<b>47,630</b>

FOR 3 MONTHS ENDED 31 MARCH 2024	Accumulated other comprehensive income							Total
	Share in other comprehensive income of associates and joint ventures	Fair value of financial assets measured at fair value through other comprehensive income	Cash flow hedges	Finance income and costs from insurance business	Actuarial gains and losses	Currency translation differences on foreign operations		
As at the beginning of the period	(66)	(1,021)	(1,860)	(1)	(24)	(420)	(3,392)	
Comprehensive income	17	376	(25)	2	-	(10)	360	
<b>As at the end of the period</b>	<b>(49)</b>	<b>(645)</b>	<b>(1,885)</b>	<b>1</b>	<b>(24)</b>	<b>(430)</b>	<b>(3,032)</b>	



Bank Polski

FOR 3 MONTHS ENDED 31 MARCH 2023	Share capital	Reserves and accumulated other comprehensive income					Retained earnings	Net profit or loss for the period	Total capital and reserves attributable to equity holders of the parent company	Total non-controlling interests	Total equity
		Reserves			Accumulated other comprehensive income	Reserves and accumulated other comprehensive income					
		Supplementary capital	General banking risk fund	Other reserves							
As at the beginning of the period	1,250	23,085	1,070	7,091	(9,007)	22,239	8,920	3,312	35,721	(14)	35,707
Transfer from retained earnings	-	-	-	-	-	-	3,312	(3,312)	-	-	-
Comprehensive income	-	-	-	-	2,083	2,083	-	1,454	3,537	(1)	3,536
<b>As at the end of the period</b>	<b>1,250</b>	<b>23,085</b>	<b>1,070</b>	<b>7,091</b>	<b>(6,924)</b>	<b>24,322</b>	<b>12,232</b>	<b>1,454</b>	<b>39,258</b>	<b>(15)</b>	<b>39,243</b>

FOR 3 MONTHS ENDED 31 MARCH 2023	Accumulated other comprehensive income							Total
	Share in other comprehensive income of associates and joint ventures	Fair value of financial assets measured at fair value through other comprehensive income	Cash flow hedges	Finance income and costs from insurance business	Actuarial gains and losses	Currency translation differences on foreign operations		
As at the beginning of the period	(35)	(3,461)	(5,218)	24	(21)	(296)	(9,007)	
Comprehensive income	(13)	955	1,152	(10)	-	(1)	2,083	
<b>As at the end of the period</b>	<b>(48)</b>	<b>(2,506)</b>	<b>(4,066)</b>	<b>14</b>	<b>(21)</b>	<b>(297)</b>	<b>(6,924)</b>	

## CONSOLIDATED STATEMENT OF CASH FLOWS

	01.01- 31.03.2024	01.01- 31.03.2023
<b>Cash flows from operating activities</b>		
Profit before tax	2,736	1,965
Income tax paid	(520)	(389)
<b>Total adjustments:</b>	<b>(14,480)</b>	<b>283</b>
Depreciation and amortization	361	327
(Gains)/losses on investing activities	(18)	(4)
Interest and dividends received	(744)	(559)
Interest paid	425	290
<b>Change in:</b>		
amounts due from banks	(503)	(95)
hedging derivatives	664	(1,413)
other derivative instruments	(121)	120
securities	(1,787)	(1,453)
loans and advances to customers	(5,511)	(4,902)
reverse repo transactions	(155)	(4,769)
assets in respect of insurance activities	21	11
property, plant and equipment under operating lease	(137)	(73)
non-current assets held for sale	10	1
other assets	(167)	(87)
accumulated allowances for expected credit losses	146	304
accumulated allowances on non-financial assets and other provisions	377	41
amounts due to the Central Bank	-	31
amounts due to banks	(571)	740
amounts due to customers	(6,573)	10,805
liabilities in respect of insurance activities	9	(37)
loan and advances received	(16)	(3)
liabilities in respect of debt securities in issue	(127)	4
subordinated liabilities	(57)	(61)
other liabilities	167	(57)
Other adjustments	(173)	1,122
<b>Net cash from/used in operating activities</b>	<b>(12,264)</b>	<b>1,859</b>

	01.01- 31.03.2024	01.01- 31.03.2023
<b>Cash flows from investing activities</b>		
<b>Inflows from investing activities</b>	<b>201,225</b>	<b>78,369</b>
Redemption of securities measured at fair value through other comprehensive income	199,815	75,960
Interest received on securities measured at fair value through other comprehensive income	672	452
Redemption of securities measured at amortized cost	629	1,822
Interest received on securities measured at amortized cost	72	107
Proceeds from disposal of intangible assets, property, plant and equipment and assets held for sale	37	28
<b>Outflows on investing activities</b>	<b>(195,384)</b>	<b>(85,630)</b>
Purchase of securities measured at fair value through other comprehensive income	(184,089)	(83,227)
Purchase of securities measured at amortized cost	(11,058)	(2,245)
Purchase of intangible assets and property, plant and equipment	(237)	(158)
<b>Net cash from/used in investing activities</b>	<b>5,841</b>	<b>(7,261)</b>

	01.01- 31.03.2024	01.01- 31.03.2023
<b>Cash flows from financing activities</b>		
Distribution of dividends	(1,600)	-
Proceeds from debt securities in issue	7,381	5,458
Redemption of debt securities	(4,478)	(3,676)
Repayment of loans and advances	(27)	(57)
Payment of lease liabilities	(72)	(69)
Repayment of interest on long-term liabilities	(425)	(290)
<b>Net cash from financing activities</b>	<b>779</b>	<b>1,366</b>
<b>Total net cash flows</b>	<b>(5,644)</b>	<b>(4,036)</b>
of which foreign exchange differences on cash and cash equivalents	(66)	86
Cash and cash equivalents at the beginning of the period	31,328	31,995
Cash and cash equivalents at the end of the period	25,684	27,959

## GENERAL INFORMATION ABOUT THE BANK'S GROUP

### 1. ACTIVITIES OF THE GROUP

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

On 12 April 2000, Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna was registered and entered into the Commercial Register maintained by the District Court for the City of Warsaw, Commercial Court, 16<sup>th</sup> Registration Department. At present, the court with jurisdiction over the Bank's affairs is the District Court in Warsaw, 13<sup>th</sup> Commercial Division of the National Court Register. The Bank was registered under the number KRS 0000026438 and was assigned the statistical number REGON 016298263.

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

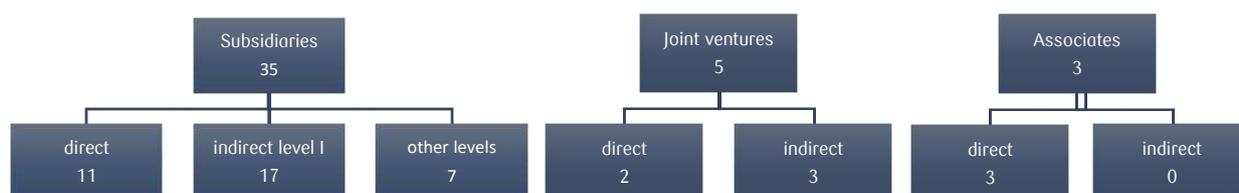
According to the Bulletin of the Warsaw Stock Exchange (Cedula Giełdowa), the Bank is classified under the macro-sector "Finance", in the "Banks" sector.

The Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Group ("**THE PKO BANK POLSKI S.A. GROUP**", "**THE BANK'S GROUP**", "**THE GROUP**") conducts its operations within the territory of the Republic of Poland and through subsidiaries in Ukraine, Sweden and Ireland; it also has branches in the Federal Republic of Germany ("the German Branch"), the Czech Republic ("the Czech Branch") and in the Slovak Republic ("the Slovak Branch").

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

Through its subsidiaries, the Group offers mortgage loans, provides specialized financial services related to leases, factoring, debt collection, investment funds, pension funds and insurance, as well as provides services related to car fleet management, transfer agent, technological solutions, IT outsourcing and business support, real estate management and also conducts banking operations and provides debt collection and financing services in Ukraine.

#### PKO BANK POLSKI S.A. – the parent company



The PKO Bank Polski S.A. Group consists of the following subsidiaries:

No.	ENTITY NAME DIRECT SUBSIDIARIES	REGISTERED OFFICE	ACTIVITY	OWNERSHIP INTEREST (%)	
				31.03.2024	31.12.2023
1	PKO Bank Hipoteczny S.A.	Warsaw	banking activities	100	100
2	PKO Towarzystwo Funduszy Inwestycyjnych S.A.	Warsaw	investment fund management	100	100
3	PKO Leasing S.A.	Łódź	leasing and lending	100	100
4	PKO BP BANKOWY PTE S.A.	Warsaw	pension fund management	100	100
5	PKO BP Finat sp. z o.o.	Warsaw	services, including transfer agent services and outsourcing of IT specialists	100	100
6	PKO Życie Towarzystwo Ubezpieczeń S.A.	Warsaw	life insurance	100	100
7	PKO Towarzystwo Ubezpieczeń S.A.	Warsaw	other personal insurance and property insurance	100	100
8	PKO Finance AB	Sollentuna, Sweden	financial services	100	100
9	KREDOBANK S.A.	Lviv, Ukraine	banking activities	100	100
	Merkury - fiz an <sup>1,2</sup>	Warsaw		-	100
10	NEPTUN - fizan <sup>1</sup>	Warsaw	investing funds collected from fund participants	100	100
11	PKO VC - fizan <sup>1</sup>	Warsaw		100	100

<sup>1</sup> PKO Bank Polski S.A. holds investment certificates of the Fund; the percentage of the Fund's investment certificates held is presented in the item "Share in capital".

<sup>2</sup> On 30 January 2024, the merger of the investment funds NEPTUN - fizan (the acquiring fund) and Mercurius - fiz an (the acquired fund) was entered in the Register of Investment Funds. Mercurius - fiz an has been deleted from the list of PKO Bank Polski S.A.'s subsidiaries.

No.	ENTITY NAME INDIRECT SUBSIDIARIES	REGISTERED OFFICE	ACTIVITY	OWNERSHIP INTEREST (%)*	
				31.04.2024	31.12.2023
<b>PKO Leasing S.A. GROUP</b>					
1	PKO Agencja Ubezpieczeniowa sp. z o.o.	Warsaw	intermediation in concluding insurance agreements	100	100
	1.1 PKO Leasing Finanse sp. z o.o.	Warsaw	sale of post-lease assets	100	100
2	PKO Leasing Sverige AB	Stockholm, Sweden	leasing	100	100
3	Prime Car Management S.A.	Gdańsk	leasing, fleet management	100	100
	3.1 Futura Leasing S.A.	Gdańsk	sale of post-lease assets	100	100
	3.2 Masterlease sp. z o.o.	Gdańsk	leasing	100	100
	3.3 MasterRent24 sp. z o.o.	Gdańsk	short-term lease of cars	100	100
4	PKO Faktoring S.A.	Warsaw	factoring	100	100
5	Polish Lease Prime 1 DAC <sup>1</sup>	Dublin, Ireland	SPV established for securitization of lease receivables	-	-
<b>PKO Życie Towarzystwo Ubezpieczeń S.A. GROUP</b>					
6	Ubezpieczeniowe Usługi Finansowe sp. z o.o.	Warsaw	services	100	100
<b>KREDOBANK S.A. GROUP</b>					
7	"KREDOLEASING" sp. z o.o.	Lviv, Ukraine	leasing	100	100
<b>NEPTUN - fizan</b>					
8	Qualia sp. z o.o.	Warsaw	after-sale services in respect of developer products	100	100
9	Sarnia Dolina sp. z o.o.	Warsaw	development activities	100	100
10	Bankowe Towarzystwo Kapitałowe S.A.	Warsaw	services	100	100
	10.1 „Inter-Risk Ukraina” spółka z dodatkową odpowiedzialnością <sup>2</sup>	Kyiv, Ukraine	debt collection	99.90	99.90
	10.2 Finansowa Kompania „Prywatne Inwestycje” sp. z o.o. <sup>3</sup>	Kyiv, Ukraine	financial services	95.4676	95.4676
	10.2.1 Finansowa Kompania „Idea Kapitał” sp. z o.o.	Lviv, Ukraine	services	100	100
11	„Sopot Zdrój” sp. z o.o.	Sopot	property management	72.9769	72.9769
12	„Zarząd Majątkiem Górczewska” sp. z o.o. <sup>4</sup>	Warsaw	property management	100	100
13	Molina sp. z o.o. <sup>4</sup>	Warsaw	general partner in partnerships limited by shares of a fund	100	100
14	Molina spółka z ograniczoną odpowiedzialnością 1 S.K.A. <sup>4</sup>	Warsaw		100	100
15	Molina spółka z ograniczoną odpowiedzialnością 2 S.K.A. w likwidacji (in liquidation) <sup>4</sup>	Warsaw	buying and selling real estate on own account, real estate management	100	100
16	Molina spółka z ograniczoną odpowiedzialnością 4 S.K.A. w likwidacji (in liquidation) <sup>4</sup>	Warsaw		100	100
17	Molina spółka z ograniczoną odpowiedzialnością 6 S.K.A. w likwidacji (in liquidation) <sup>4</sup>	Warsaw		100	100

\* share of direct parent in the entity's equity

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

<sup>2.</sup> Finansowa Kompania „Prywatne Inwestycje” sp. z o.o. is the second shareholder of the company.

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

<sup>4.</sup> On 30 January 2024, the companies were transferred to the NEPTUN fizan fund from the Mercury fund - fizan - following a merger, as recorded in the Register of Investment Funds, of the investment funds NEPTUN - fizan (the acquiring fund) and Mercury - fizan (the acquired fund) by transferring the assets of the acquired fund to the existing acquiring fund and allocating investment certificates of the acquired fund to a participant of the acquiring fund in exchange for investment certificates of the acquired fund.

The Group has the following associates and joint ventures:

No.	ENTITY NAME	REGISTERED OFFICE	ACTIVITY	OWNERSHIP INTEREST (%) <sup>*</sup>	
				31.03.2024	31.12.2023
<b>Joint ventures of PKO Bank Polski S.A.</b>					
1	Operator Chmury Krajowej sp. z o.o.	Warsaw	cloud computing services	50	50
2	Centrum Elektronicznych Usług Płatniczych eService sp. z o.o.	Warsaw	financial services support activities, including handling transactions concluded using payment instruments	34	34
1	EVO Payments International s.r.o.	Prague, the Czech Republic	financial services support activities	100	100
<b>Joint venture NEPTUN - fizan</b>					
2	"Centrum Obsługi Biznesu" sp. z o.o.	Poznań	property management	41.45	41.45
<b>Joint venture PKO VC - fizan</b>					
3	BSafer sp. z o.o.	Stalowa Wola	managing marketing consents	35.06	35.06
<b>Associates of PKO Bank Polski S.A.</b>					
1	Bank Pocztowy S.A.	Bydgoszcz	banking activities	25.0001	25.0001
2	Poznański Fundusz Poręczeń Kredytowych sp. z o.o.	Poznań	guarantees	33.33	33.33
3	System Ochrony Banków Komercyjnych S.A.	Warsaw	manager of the security system referred to in Article 130e of the Banking Law	21.11	21.11

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

## 2. CHANGES IN THE GROUP COMPANIES

During the three months ended 31 March 2024, the structure of the Bank Group changed as a result of the merger of the investment funds NEPTUN - fizan (the acquiring fund) and Mercury - fizan (the acquired fund) by transferring the assets of the acquired fund to the existing acquiring fund and allocating investment certificates of the acquired fund to a participant of the acquiring fund in exchange for investment certificates of the acquired fund. This merger was effected on 30 January 2024. Mercury - fizan has been deleted from the list of PKO Bank Polski S.A.'s subsidiaries. The companies of the Mercury - fizan fund have been transferred to the NEPTUN fizan fund.

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

Composition of the Bank's Supervisory Board as at 31 March 2024:

- Katarzyna Zimnicka-Jankowska – Chair of the Supervisory Board
- Paweł Waniowski – Deputy Chair of the Supervisory Board
- Marek Panfil – Secretary of the Supervisory Board
- Maciej Cieślukowski – Member of the Supervisory Board - delegated to temporarily act as Vice-President of the Bank's Management Board
- Andrzej Kisielewicz – Member of the Supervisory Board
- Hanna Kuzińska – Member of the Supervisory Board
- Andrzej Oślizło – Member of the Supervisory Board
- Marek Radzikowski – Member of the Supervisory Board - delegated to temporarily act as Vice-President of the Bank's Management Board
- Agnieszka Winnik-Kalemba – Member of the Supervisory Board.

### Composition of the Bank's Management Board as at 31 March 2024:

- Szymon Midera – Vice-President of the Bank's Management Board managing the work of the Bank's Management Board
- Maciej Cieślukowski – Member of the Supervisory Board delegated to temporarily act as Vice-President of the Bank's Management Board for the Corporate and Enterprise Banking Area and the Operations and International Banking Area
- Krzysztof Dresler – Vice-President of the Bank's Management Board in charge of the Finance and Accounting Area
- Piotr Mazur – Vice-President of the Bank's Management Board in charge of the Risk Management Area
- Marek Radzikowski – Member of the Supervisory Board delegated to temporarily act as Vice-President of the Bank's Management Board for the Retail and Business Banking Area, the Administration Area and the Technology Area.

For a description of changes in the composition of the Management Board and Supervisory Board during the 3 months ended 31 March 2024, see point B **"CHANGES IN THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF PKO BANK POLSKI S.A."** DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI S.A. GROUP FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024.

### CHANGES IN THE OWNERSHIP STRUCTURE OF THE PKO BANK POLSKI S.A. SHARES AND THE RIGHTS ATTACHED TO THEM BY MEMBERS OF THE MANAGEMENT AND SUPERVISORY STAFF

No.	Name and surname	Number of shares as at the date of publication of the report	Number of shares as at 31.03.2024	Purchase	Disposal	Number of shares as at 31.12.2023
<b>Management Board of the Bank</b>						
1	Szymon Midera, Vice-President of the Management Board managing the work of the Management Board	-	-	-	-	-
2	Krzysztof Dresler, Vice-President of the Management Board	-	-	-	-	-
3	Piotr Mazur, Vice-President of the Management Board	8,000	8,000	-	-	8,000
4	Marek Radzikowski, Vice-President of the Management Board	-	-	-	-	-
5	Mariusz Zarzycki, Vice-President of the Management Board	-	-	-	-	-

As at 31 March 2024 and as at the date of publication, the members of the Supervisory Board did not hold any shares in PKO Bank Polski S.A.

## 4. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group (the **FINANCIAL STATEMENTS**), reviewed by the Audit Committee of the Supervisory Board and reviewed by the Supervisory Board on 8 May 2024, were approved for publication by the Management Board on 8 May 2024.

## 5. REPRESENTATION BY THE MANAGEMENT BOARD

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

## 6. THE BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE

The Group has prepared its financial statements in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" as endorsed by the European Union.

These condensed interim consolidated financial statements of the Group for the three-month period ended 31 March 2024 do not comprise all the information and disclosures which may be required in annual consolidated financial statements and should be read jointly with the annual consolidated financial statements of the PKO Bank Polski S.A. Group for the year ended 31 December 2023 that were prepared in accordance with the International Financial Reporting Standards endorsed by the European Union.

The consolidated financial statements of the PKO Bank Polski S.A. Group cover the three-month period ended 31 March 2024 and contains comparative figures:

- the three-month period ended 31 March 2023 with regard to the consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity, and consolidated statement of cash flows,
- as at 31 December 2023 with regard to the consolidated statement of financial position.

The financial data is presented in millions of Polish zlotys (PLN), unless otherwise indicated.

To prepare the financial statements, the Group applied the accounting policies and calculation methods consistent with those applicable in the financial year ended 31 December 2023, as described in detail in the consolidated financial statements of the PKO Bank Polski S.A. Group for the year ended 31 December 2023. In addition, the Group has taken into account the principle of recognising income tax expense based on the best estimate of the weighted average annual income tax rate expected by the Group for the full financial year (see note 17 [“Income tax”](#)).

## 7. GOING CONCERN

The financial statements have been prepared on the basis of the assumption that the Bank's Group will continue as a going concern for a period of at least 12 months from the date of approval for publication by the Management Board, i.e. from 8 May 2024. As at the date of signing of these financial statements, the Management Board of the Bank did not identify any facts or circumstances which would indicate any threats to the Group's ability to continue in operation as a going concern for at least 12 months after the publication as a result of intended or forced discontinuing or significantly curtailing the existing operations of the Bank's Group.

The Bank's Management Board considered the impact of: current situation in Ukraine, legal risk of mortgage loans in convertible currencies and planned amendments to the Act on crowdfunding for business ventures and assistance to borrowers in respect of the new credit holiday programme and assessed that these factors do not cause significant uncertainty in the Bank's ability to continue as a going concern.

Disclosures concerning: the situation in Ukraine are presented in the note 38 [“Impact of the geopolitical situation in Ukraine on the PKO Bank Polski S.A. Group”](#), the legal risk of mortgage loans in convertible currencies in the note 15 [“The costs of legal risk of mortgage loans in convertible currencies”](#) and credit holidays in the note 41 [“Events that occurred after the date on which the financial statements are prepared”](#).

## 8. CHANGES IN ACCOUNTING POLICIES APPLICABLE FROM 1 JANUARY 2024 AND EXPLANATION OF THE DIFFERENCES BETWEEN PREVIOUSLY PUBLISHED FINANCIAL STATEMENTS AND THESE FINANCIAL STATEMENTS

With the exception of the changes required by standards and amendments to standards that became effective as of 1 January 2024, the Group has not implemented any new accounting policies since 1 January 2024 or made any changes resulting in differences between the previously published financial statements and these financial statements. The amendments to the standards, which are effective as of 1 January 2024, did not have a material impact on the Group's financial statements.

## 9. NEW STANDARDS AND INTERPRETATIONS AND THEIR AMENDMENTS

STANDARDS AND INTERPRETATIONS	DESCRIPTION OF AMENDMENTS	EFFECTIVE DATE
Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures – Supplier Finance Arrangements”	The amendments introduce requirements for additional disclosures related to supplier financing (reverse factoring), including extended payment terms, collateral and guarantees provided. The amendments aim to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk.	1 January 2024 (the effective date may potentially change following endorsement by the EU)
Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability”	The amendments clarify how an entity should assess the currency exchangeability and require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.	1 January 2025
IFRS 18 Presentation and disclosures in financial statements	IFRS 18 will replace the current IAS 1. The amendments relative to the standard being replaced will mainly affect three areas: <ul style="list-style-type: none"> <li>▪ they define the mandatory subtotals in the income statement,</li> <li>▪ they introduce disclosures on Alternative Performance Measurements (APMs) used by the management board,</li> <li>▪ they extend the guidelines on information aggregation.</li> </ul>	1 January 2027

The amendments will not have a material impact on the financial statements.

## SUPPLEMENTARY NOTES TO THE INCOME STATEMENT

### 10. SEGMENT REPORTING

The PKO Bank Polski S.A. Group conducts business activities within segments offering specific products and services addressed to specific groups of customers. The manner in which the business segments are divided ensures consistency with the sales management model and offers customers a comprehensive product mix comprising both traditional banking products and more complex investment products, as well as services provided by the Group entities.

Due to organisational changes at the Bank related to the introduction of a new business supervision assignment for customer groups and individual Group companies, the segmentation notes were revised accordingly in the first quarter of 2024.

The changes include, in particular, the reclassification of results and balance sheet items relating to:

- enterprise segment customers from the Retail Segment to the Corporate and Investment Segment,
- selected companies not directly related to business activities to the Transfer Centre and Other,
- investments in equity instruments held in the banking book (equity securities) from the Corporate and Investment Segment to the Transfer Centre and Other

The data for 2023 was adjusted for comparability on the basis of the data available in the reporting systems.

The segmentation note presented below is consistent with the internal reporting system, i.e. the information presented to the Management Board of PKO Bank Polski S.A. taken into account in the assessment of performance.

The segment report presented below reflects the internal organizational structure of the PKO Bank Polski S.A. Group.

<p><b>RETAIL SEGMENT</b></p>	<p>The retail segment offers a full range of services to individuals as part of retail, private and mortgage banking. It also comprises transactions concluded with legal persons, i.e. businesses. The products and services offered to customers in this segment include, among other things: current accounts, savings accounts, term deposits, private banking services, investment and insurance products, investment funds, credit and debit cards, electronic and mobile banking services. With regard to financing, this segment offers consumer loans, mortgage loans, including those offered by PKO Bank Hipoteczny S.A., as well as Corporate loans for businesses, developers, cooperatives and property managers, and leases and factoring offered by the PKO Leasing S.A. Group. In addition, the results of the retail segment comprise the results of the following companies: PKO TFI S.A., PKO BP BANKOWY PTE S.A., PKO Życie Towarzystwo Ubezpieczeń S.A., PKO Towarzystwo Ubezpieczeń S.A.</p>
<p><b>CORPORATE AND INVESTMENT SEGMENT</b></p>	<p>The corporate and investment segment comprises transactions concluded with large corporate customers, state budget entities, enterprises and financial institutions. This segment offers the following products and services: maintaining current accounts and term deposits, cash management and trade finance services, currency products and derivatives, corporate loans, leasing and factoring offered by the PKO Leasing S.A. Group. As part of this segment's activities, the Group also concludes, on its own or in consortiums with other banks, agreements for financing large projects in the form of loans and issues of non-Treasury securities. In addition, the segment carries out its own activities, in particular: those related to liquidity, currency and derivative risk management and brokerage activities. The results of the corporate and investment segments also comprise the results of the Kredobank Group in Ukraine.</p>
<p><b>TRANSFER CENTER AND OTHER</b></p>	<p>The transfer &amp; other activities centre comprises the result on internal settlements related to funds transfer pricing, the result on the Group's investment portfolio of debt securities, the result on long-term sources of financing and the result on positions classified for hedge accounting, as well as the results not allocated to any other segment. Internal funds transfer is based on arm's length transfer pricing. Long-term external financing includes issuing securities, including mortgage covered bonds, subordinated liabilities and loans received from financial institutions. This segment includes the results of PKO Finance AB, companies conducting technological services, real estate development and real estate management activities as well as funds investing money collected from investment fund participants.</p>

## FINANCIAL INFORMATION

Income statement by segment	Continuing operations			
	Retail segment	Corporate and investment segment	Transfer center and other	Total operations of the Group
<b>FOR 3 MONTHS ENDED 31 MARCH 2024</b>				
Net interest income	4,108	1,725	(641)	5,192
Net fee and commission income	953	338	(13)	1,278
Net other income	251	36	72	359
Net income from insurance business	171	5	-	176
Gains/(losses) on financial transactions	4	26	32	62
Net foreign exchange gains/ (losses)	44	4	18	66
Gains/(losses) on derecognition of financial instruments	14	6	-	20
Net other operating income and expense	13	-	22	35
Income/(expenses) relating to internal customers	5	(5)	-	-
<b>Result on business activities</b>	<b>5,312</b>	<b>2,099</b>	<b>(582)</b>	<b>6,829</b>
Net allowances for expected credit losses	(235)	33	-	(202)
Impairment of non-financial assets	(68)	-	(44)	(112)
Cost of legal risk of mortgage loans in convertible currencies	(1,338)	-	-	(1,338)
Administrative expenses, of which:	(1,673)	(465)	(41)	(2,179)
depreciation and amortization	(237)	(42)	(3)	(282)
net regulatory charges	(217)	(169)	(8)	(394)
Tax on certain financial institutions	(205)	(122)	24	(303)
Share in profits and losses of associates and joint ventures	-	-	-	41
<b>Segment profit</b>	<b>1,793</b>	<b>1,545</b>	<b>(643)</b>	<b>2,736</b>
Income tax expense (tax burden)				(693)
Net profit (including non-controlling shareholders)				2,043
Profit (loss) attributable to non-controlling shareholders				(1)
<b>Net profit attributable to equity holders of the parent company</b>				<b>2,044</b>

Assets and liabilities by segment	Retail segment	Corporate and investment segment	Transfer center and other	Total operations of the Group
<b>31.03.2024</b>				
Assets	185,937	185,949	120,919	492,805
Investments in associates and joint ventures	-	-	-	295
Unallocated assets	-	-	-	3,885
<b>Total assets</b>	<b>185,937</b>	<b>185,949</b>	<b>120,919</b>	<b>496,985</b>
Liabilities	334,366	85,307	27,713	447,386
Unallocated liabilities	-	-	-	1,969
<b>Total liabilities</b>	<b>334,366</b>	<b>85,307</b>	<b>27,713</b>	<b>449,355</b>

Income statement by segment <sup>1</sup>	Continuing operations			
	Retail segment	Corporate and investment segment	Transfer center and other	Total operations of the Group (restated)
FOR 3 MONTHS ENDED 31 MARCH 2023				
Net interest income	3,535	1,439	(787)	4,187
Net fee and commission income	781	325	(3)	1,103
Net other income	225	47	(30)	242
Net income from insurance business	163	3	-	166
Dividend income	-	-	1	1
Gains/(losses) on financial transactions	14	7	13	34
Net foreign exchange gains/ (losses)	24	25	(45)	4
Gains/(losses) on derecognition of financial instruments	6	12	(1)	17
Net other operating income and expense	11	7	2	20
Income/(expenses) relating to internal customers	7	(7)	-	-
<b>Result on business activities</b>	<b>4,541</b>	<b>1,811</b>	<b>(820)</b>	<b>5,532</b>
Net allowances for expected credit losses	(199)	(129)	-	(328)
Impairment of non-financial assets	(2)	-	(9)	(11)
Cost of legal risk of mortgage loans in convertible currencies	(967)	-	-	(967)
Administrative expenses, of which:	(1,504)	(440)	(41)	(1,985)
depreciation and amortization	(217)	(37)	(3)	(257)
net regulatory charges	(197)	(171)	(10)	(378)
Tax on certain financial institutions	(180)	(109)	(10)	(299)
Share in profits and losses of associates and joint ventures	-	-	-	23
<b>Segment profit</b>	<b>1,689</b>	<b>1,133</b>	<b>(880)</b>	<b>1,965</b>
Income tax expense (tax burden)				(512)
Net profit (including non-controlling shareholders)				1,453
Profit (loss) attributable to non-controlling shareholders				(1)
<b>Net profit attributable to equity holders of the parent company</b>				<b>1,454</b>

<sup>1</sup>Figures for the three months ended 31 March 2023 have been adjusted for comparability.

Assets and liabilities by segment <sup>1</sup>	Retail segment	Corporate and investment segment	Transfer center and other	Total operations of the Group
31.12.2023				
Assets	176,682	210,632	109,912	497,226
Investments in associates and joint ventures	-	-	-	284
Unallocated assets	-	-	-	4,006
<b>Total assets</b>	<b>176,682</b>	<b>210,632</b>	<b>109,912</b>	<b>501,516</b>
Liabilities	329,449	99,032	25,979	454,460
Unallocated liabilities	-	-	-	1,829
<b>Total liabilities</b>	<b>329,449</b>	<b>99,032</b>	<b>25,979</b>	<b>456,289</b>

<sup>1</sup>Figures as at 31 December 2023 have been adjusted for comparability.

## INTEREST INCOME AND COMMISSION INCOME BY SEGMENT

INTEREST INCOME BY SEGMENT	01.01 - 31.03.2024			
	Retail segment	Corporate and investment segment	Transfer center and other	Total
Loans and other amounts due from banks and the Central Bank	1	207	187	395
Debt securities	38	1,102	782	1,922
Loans and advances to customers (excluding finance lease receivables)	3,792	1,321	-	5,113
Repo transactions	-	4	-	4
Finance lease receivables	244	144	-	388
<b>Total</b>	<b>4,075</b>	<b>2,778</b>	<b>969</b>	<b>7,822</b>

INTEREST INCOME BY SEGMENT <sup>1</sup>	01.01 - 31.03.2023			
	Retail segment	Corporate and investment segment	Transfer center and other	Total
Loans and other amounts due from banks and the Central Bank	3	216	186	405
Debt securities	22	961	455	1,438
Loans and advances to customers (excluding finance lease receivables)	3,778	1,336	-	5,114
Repo transactions	-	3	-	3
Finance lease receivables	255	131	-	386
<b>Total</b>	<b>4,057</b>	<b>2,647</b>	<b>641</b>	<b>7,346</b>

<sup>1</sup>Figures for the three months ended 31 March 2023 have been adjusted for comparability.

FEE AND COMMISSION INCOME BY SEGMENT	01.01 - 31.03.2024			
	Retail segment	Corporate and investment segment	Transfer center and other	Total
<b>Loans, insurance, operating leases and fleet management</b>	<b>171</b>	<b>147</b>	<b>3</b>	<b>321</b>
lending	120	1189	-	239
offering insurance products	12	6	3	21
operating leases and fleet management	39	22	-	61
<b>Investment funds, pension funds and brokerage activities</b>	<b>208</b>	<b>47</b>	<b>-</b>	<b>255</b>
servicing investment funds and OFE (including management fees)	108	1	-	109
servicing and selling investment and insurance products	1	-	-	1
brokerage activities	99	46	-	145
<b>Cards</b>	<b>537</b>	<b>13</b>	<b>-</b>	<b>550</b>
<b>Margins on foreign exchange transactions</b>	<b>84</b>	<b>65</b>	<b>-</b>	<b>149</b>
<b>Bank accounts and other</b>	<b>252</b>	<b>96</b>	<b>-</b>	<b>348</b>
servicing bank accounts	190	54	-	244
cash operations	13	14	-	27
servicing foreign mass transactions	26	10	-	36
customer orders	4	9	-	13
fiduciary services	-	3	-	3
other	19	6	-	25
<b>Total</b>	<b>1,252</b>	<b>368</b>	<b>3</b>	<b>1,623</b>

FEE AND COMMISSION INCOME BY SEGMENT <sup>1</sup>	01.01-31.03.2023			
	Retail segment	Corporate and investment segment	Transfer center and other	Total
<b>Loans, insurance, operating leases and fleet management</b>	<b>166</b>	<b>130</b>	<b>4</b>	<b>300</b>
lending	111	108	-	219
offering insurance products	21	5	4	30
operating leases and fleet management	34	17	-	51
<b>Investment funds, pension funds and brokerage activities</b>	<b>157</b>	<b>39</b>	<b>-</b>	<b>196</b>
servicing investment funds and OFE (including management fees)	88	2	-	90
servicing and selling investment and insurance products	1	-	-	1
brokerage activities	68	37	-	105
<b>Cards</b>	<b>465</b>	<b>16</b>	<b>-</b>	<b>481</b>
<b>Margins on foreign exchange transactions</b>	<b>107</b>	<b>72</b>	<b>-</b>	<b>179</b>
<b>Bank accounts and other</b>	<b>243</b>	<b>95</b>	<b>-</b>	<b>338</b>
servicing bank accounts	196	47	-	243
cash operations	7	14	-	21
servicing foreign mass transactions	18	13	-	31
customer orders	5	9	-	14
fiduciary services	-	2	-	2
other	17	10	-	27
<b>Total</b>	<b>1,138</b>	<b>352</b>	<b>4</b>	<b>1,494</b>

<sup>1</sup>Figures for the three months ended 31 March 2023 have been adjusted for comparability.

## 11. INTEREST INCOME AND EXPENSE

INTEREST AND SIMILAR INCOME	01.01-31.03.2024	01.01-31.03.2023
<b>Loans and other amounts due from banks and the Central Bank<sup>1</sup></b>	<b>395</b>	<b>405</b>
<b>Debt securities</b>	<b>1,922</b>	<b>1,438</b>
measured at amortized cost	758	461
measured at fair value through other comprehensive income	1,155	968
measured at fair value through profit or loss	9	9
<b>Loans and advances to customers</b>	<b>5,113</b>	<b>5,114</b>
measured at amortized cost	5,006	4,975
measured at fair value through profit or loss	107	139
<b>Repo transactions</b>	<b>4</b>	<b>3</b>
<b>Finance lease receivables</b>	<b>388</b>	<b>386</b>
<b>Total</b>	<b>7,822</b>	<b>7,346</b>
of which: interest income on impaired financial instruments	135	136

<sup>1</sup> Under this item, in the three-month period ended 31 March 2024, the Group recognised interest income on funds in call accounts (central clearing through a clearing broker) of PLN 22 million (PLN 75 million in the corresponding period) and interest income on funds in the current account with the NBP of PLN 185 million (PLN 185 million in the corresponding period).

INTEREST EXPENSE	01.01- 31.03.2024	01.01- 31.03.2023
Amounts due to banks	(18)	(21)
Hedging derivatives <sup>1</sup>	(504)	(1,155)
Loans and advances received	(16)	(26)
Leases	(8)	(7)
Amounts due to customers	(1,833)	(1,716)
Repo transactions	(3)	(4)
Issues of securities	(195)	(172)
Subordinated liabilities	(53)	(58)
<b>Total</b>	<b>(2,630)</b>	<b>(3,159)</b>

<sup>1</sup> The decrease in interest expense related to hedging derivatives by PLN 651 million is due to the narrowing of the negative difference between the variable rate paid and the fixed rate received and the decrease in the average volume of IRS transactions.

## 12. FEE AND COMMISSION INCOME AND EXPENSES

FEE AND COMMISSION INCOME	01.01- 31.03.2024	01.01- 31.03.2023
<b>Loans, insurance, operating leases and fleet management</b>	<b>321</b>	<b>300</b>
lending	239	219
offering insurance products	21	30
operating leases and fleet management	61	51
<b>Investment funds, pension funds and brokerage activities</b>	<b>255</b>	<b>196</b>
servicing investment funds and OFE (including management fees)	109	90
servicing and selling investment and insurance products	1	1
brokerage activities	145	105
<b>Cards</b>	<b>550</b>	<b>481</b>
<b>Margins on foreign exchange transactions</b>	<b>149</b>	<b>179</b>
<b>Bank accounts and other</b>	<b>348</b>	<b>338</b>
servicing bank accounts	244	243
cash operations	27	21
servicing foreign mass transactions	36	31
customer orders	13	14
fiduciary services	3	2
other	25	27
<b>Total, of which:</b>	<b>1,623</b>	<b>1,494</b>
income from financial instruments not measured at fair value through profit or loss	1,496	1,381

FEE AND COMMISSION EXPENSE	01.01- 31.03.2024	01.01- 31.03.2023
<b>Loans and insurance</b>	<b>(29)</b>	<b>(28)</b>
commission paid to external entities for product sales	(5)	(5)
cost of construction project supervision and property appraisal	(10)	(6)
fees to Biuro Informacji Kredytowej	(8)	(11)
loan handling	(6)	(6)
<b>Investment funds, pension funds and brokerage activities</b>	<b>(14)</b>	<b>(11)</b>
<b>Cards</b>	<b>(245)</b>	<b>(308)</b>
<b>Bank accounts and other</b>	<b>(57)</b>	<b>(44)</b>
clearing services	(16)	(14)
commissions for operating services provided by banks	(3)	(4)
sending short text messages (SMS)	(13)	(13)
servicing foreign mass transactions	(6)	(5)
other	(19)	(8)
<b>Total</b>	<b>(345)</b>	<b>(391)</b>

### 13. NET ALLOWANCES FOR EXPECTED CREDIT LOSSES

NET ALLOWANCES FOR EXPECTED CREDIT LOSSES	01.01-31.03.2024	01.01-31.03.2023
Amounts due from banks	3	(1)
Debt securities measured:	4	(3)
at fair value through other comprehensive income	10	(8)
at amortized cost	(6)	5
Loans and advances to customers	(308)	(368)
measured at amortized cost	(308)	(368)
real estate loans	(10)	(20)
business loans	(69)	(140)
consumer loans	(201)	(179)
finance lease receivables	(28)	(29)
Other financial assets	(3)	1
Provisions for financial liabilities and guarantees granted	102	43
<b>Total</b>	<b>(202)</b>	<b>(328)</b>

CHANGE IN ACCUMULATED ALLOWANCES FOR EXPECTED CREDIT LOSSES	Opening balance	Net allowances for expected credit losses	Change in allowances due to write-offs and other adjustments	Closing balance
<b>FOR 3 MONTHS ENDED 31 MARCH 2024</b>				
Amounts due from banks	(9)	3	-	(6)
Debt securities	(72)	4	(10)	(78)
Loans and advances to customers	(10,206)	(308)	63	(10,451)
Other financial assets	(136)	(3)	3	(136)
Financial and guarantee commitments granted	(751)	102	-	(649)
<b>Total</b>	<b>(11,174)</b>	<b>(202)</b>	<b>56</b>	<b>(11,320)</b>

CHANGE IN ACCUMULATED ALLOWANCES FOR EXPECTED CREDIT LOSSES	Opening balance	Net allowances for expected credit losses	Change in allowances due to write-offs and other adjustments	Closing balance
<b>FOR 3 MONTHS ENDED 31 MARCH 2023</b>				
Amounts due from banks	(2)	(1)	1	(2)
Debt securities	(68)	(3)	11	(60)
Loans and advances to customers	(9,748)	(368)	14	(10,102)
Other financial assets	(147)	1	-	(146)
Financial and guarantee commitments granted	(833)	43	3	(787)
<b>Total</b>	<b>(10,798)</b>	<b>(328)</b>	<b>29</b>	<b>(11,097)</b>

In the first quarter of 2024, the Group updated its projections of macroeconomic ratios to account for expected credit losses - the impact on net allowances for expected credit losses on this account was a positive figure of PLN 89 million.

The tables below present projections of the key macroeconomic parameters and their assumed probabilities of materialization.

scenario as at 31.03.2024	Baseline			optimistic			pessimistic		
probability	75%			5%			20%		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
GDP growth y/y	3.6	3.7	3.0	9.1	9.2	5.1	(1.8)	(1.7)	1.0
Unemployment rate	2.9	2.8	2.9	2.6	2.6	2.7	4.0	4.1	3.2
Property price index	106.2	117.3	120.2	111.4	133.1	136.5	101.1	103.1	105.7
WIBOR 3M (%)	5.9	5.3	3.9	6.5	5.8	4.1	5.0	3.5	3.1
CHF/PLN	4.5	4.3	4.0	4.0	3.6	3.6	5.1	5.0	4.5

scenario as at 31.12.2023	Baseline			optimistic			pessimistic		
probability	75%			5%			20%		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
GDP growth y/y	3.9	3.8	3.2	9.4	8.8	4.7	(1.7)	(1.7)	1.3
Unemployment rate	2.7	2.7	2.5	2.4	2.5	2.7	4.3	4.4	3.0
Property price index	107.7	115.4	118.3	115.1	130.7	134.0	100.6	101.6	104.2
WIBOR 3M (%)	5.6	5.0	3.7	6.6	5.7	3.9	4.3	2.5	2.8
CHF/PLN	4.4	4.1	3.9	4.1	3.8	3.6	5.1	4.9	4.5

#### 14. IMPAIRMENT OF NON-FINANCIAL ASSETS

IMPAIRMENT OF NON-FINANCIAL ASSETS	01.01-31.03.2024	01.01-31.03.2023
Property, plant and equipment	15	-
Intangible assets	-	(1)
Investments in associates and joint ventures	(47)	-
Other non-financial assets	(80)	(10)
<b>Total</b>	<b>(112)</b>	<b>(11)</b>

CHANGE IN ACCUMULATED IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS	Opening balance	Impairment of non-financial assets	Other	Closing balance
<b>FOR 3 MONTHS ENDED 31 MARCH 2024</b>				
Property, plant and equipment under operating lease	(3)	-	-	(3)
Property, plant and equipment	(135)	15	6	(114)
Intangible assets	(382)	-	-	(382)
Investments in associates and joint ventures	(275)	(47)	-	(322)
Other non-financial assets	(358)	(80)	4	(434)
<b>Total</b>	<b>(1,153)</b>	<b>(112)</b>	<b>10</b>	<b>(1,255)</b>

CHANGE IN ACCUMULATED IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS	Opening balance	Impairment of non-financial assets	Other	Closing balance
<b>FOR 3 MONTHS ENDED 31 MARCH 2023</b>				
Property, plant and equipment under operating lease	(4)	-	1	(3)
Property, plant and equipment	(102)	-	-	(102)
Non-current assets held for sale	(1)	-	1	-
Intangible assets	(382)	(1)	-	(383)
Investments in associates and joint ventures	(263)	-	-	(263)
Other non-financial assets	(337)	(10)	(4)	(351)
<b>Total</b>	<b>(1,089)</b>	<b>(11)</b>	<b>(2)</b>	<b>(1,102)</b>

## 15. COST OF LEGAL RISK OF MORTGAGE LOANS IN CONVERTIBLE CURRENCIES

The accounting policies and methodology for estimating the cost of legal risk of mortgage loans in convertible currencies are described in the Group's consolidated financial statements for the year ended 31 December 2023 in note 15 "Cost of legal risk of mortgage loans in convertible currencies".

The Group regularly, on a quarterly basis, monitors the model's adequacy by comparing the actual key model parameters with the calculated values. In addition, new empirical data (more accurate or resulting from a longer observation) gradually modify or replace previous assumptions. The model is being adapted to the current settlement offer and changes made in this respect. In the first quarter of 2024, the Group updated the parameters of the model, which relate in particular to the probabilities of litigation settlement scenarios and regarding the expected costs associated with lost litigation.

The Management Board considered the impact of the resolution of the Supreme Court of April 25, 2024, described in detail in note 28 "[LEGAL CLAIMS](#)" and in point A "[MOST IMPORTANT EVENTS, INCLUDING OF AN ATYPICAL NATURE](#)", 1. "[CURRENCY MORTGAGE LOANS](#)" OF THE MANAGEMENT BOARD'S COMMENTARY ON THE RESULTS OF THE PKO GROUP BANK POLSKI S.A. FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024 on the results of the Capital Group. In the opinion of the Management Board, the resolution does not significantly affect the level of the accumulated cost of legal risk recognized as at 31 March 2024 regarding mortgage loans in convertible currencies.

In the first quarter of 2024, the Group recognised the cost of legal risk of PLN 1,338 million (in the first quarter of 2023: PLN 967 million).

### FINANCIAL INFORMATION

(pcs)	31.03.2024	31.12.2023
Number of mediation applications registered	59,344	57,036
Total number of settlements concluded, including those concluded	38,428	36,822
in mediation proceedings	36,585	35,154
in court proceedings	1,843	1,668

IMPACT OF LEGAL RISK OF MORTGAGE LOANS IN CONVERTIBLE CURRENCIES	Gross carrying amount of mortgage loans in convertible currencies net of the cost of legal risk of mortgage loans in convertible currencies	Accumulated cost of legal risk of mortgage loans in convertible currencies	Gross carrying amount of mortgage loans in convertible currencies including the cost of legal risk of mortgage loans in convertible currencies
<b>as at 31.03.2024</b>			
Loans and advances to customers/adjustment reducing the carrying amount of loans, of which:	13,616	8,353	5,263
- related to the portfolio of mortgage loans in CHF	11,849	8,353	3,496
Provisions		3,285	
<b>Total</b>		<b>11,638</b>	
<b>as at 31.12.2023</b>			
Loans and advances to customers/adjustment reducing the carrying amount of loans, of which:	14,945	8,306	6,639
- related to the portfolio of mortgage loans in CHF	13,096	8,306	4,790
Provisions		3,001	
<b>Total</b>		<b>11,307</b>	

Change in the accumulated cost of legal risk of mortgage loans in convertible currencies during the period	01.01-31.03.2024	01.01-31.03.2023
<b>Carrying amount at the beginning of the period</b>	<b>11,307</b>	<b>8,323</b>
revaluation of loss for the period	(583)	(205)
offset of settlements and judgments for the period against accumulated losses*	(424)	(664)
increase in adjustment to gross carrying amount of loans and advances to customers, increase in provisions for legal risk	1,338	967
<b>Carrying amount at the end of the period</b>	<b>11,638</b>	<b>8,421</b>

\* The item also includes the effects of final judgements mainly invalidating loan agreements, which amount to PLN 222 million for the three months ended 31 March 2024 (in the period of three months ended 31 March 2023: PLN 83 million)

Revaluation of the loss in respect of the legal risk is associated with the effect of changes in foreign exchange rates on the part of the loss which is recognized in the convertible currency as adjustment to the gross carrying amount of loans.

## 16. ADMINISTRATIVE EXPENSES

ADMINISTRATIVE EXPENSES	01.01-31.03.2024	01.01-31.03.2023
Employee benefits	(1,090)	(942)
Overheads, of which:	(413)	(408)
rent	(27)	(28)
IT	(105)	(98)
Depreciation and amortization	(282)	(257)
property, plant and equipment, of which:	(135)	(131)
IT	(33)	(30)
right-of-use assets	(66)	(58)
intangible assets, of which:	(147)	(126)
IT	(146)	(125)
Net regulatory charges	(394)	(378)
<b>Total</b>	<b>(2,179)</b>	<b>(1,985)</b>

NET REGULATORY CHARGES	01.01- 31.03.2024	01.01- 31.03.2023
<b>Contribution and payments to the Bank Guarantee Fund (BFG), of which:</b>		
to the Resolution Fund	(272)	(280)
Fees to PFSA	(57)	(51)
Other taxes and fees	(65)	(47)
<b>Total</b>	<b>(394)</b>	<b>(378)</b>

## 17. INCOME TAX

Income tax in the interim financial statements is determined in accordance with IAS 34. The tax expense in the interim period is determined using the tax rate that would have applied to the expected profit before tax for the full year, i.e. using the estimated average annual effective income tax rate applied to income before tax in the interim period.

The calculation of the average annual effective income tax rate requires the use of a forecast of income before tax for the full year and permanent differences relating to the carrying amounts and tax bases of assets and liabilities. The projected annual effective tax rate is 25.33%.

The increase in the average annual effective income tax rate relative to the nominal income tax rate is mainly driven by the cost of legal risk associated with foreign currency loans, the tax on certain financial institutions and contributions and other compulsory levies that are not tax-deductible (including contributions to the Bank Guarantee Fund).

The deviation of the average annual effective income tax rate from the actual tax rate of 29.83% in the first quarter of 2024 was mostly driven by the costs recognised in the first quarter of 2024 in respect of legal risks associated with foreign currency loans and contributions to the Bank Guarantee Fund.

	01.01- 31.03.2024	01.01- 31.03.2023
Income tax expense recognized in the income statement	(693)	(512)
Income tax expense recognized in other comprehensive income in respect of temporary differences	(85)	(492)
<b>Total</b>	<b>(778)</b>	<b>(1,004)</b>

RECONCILIATION OF THE EFFECTIVE TAX RATE	01.01- 31.03.2024	01.01- 31.03.2023
Profit before tax	2,736	1,965
Tax at the statutory rate in force in Poland (19%)	(520)	(373)
Effect of different tax rates of foreign entities	(6)	-
<b>Effect of permanent differences between profit before income tax and taxable income:</b>	<b>(167)</b>	<b>(139)</b>
Income tax expense recognized in the income statement	(693)	(512)
<b>Effective tax rate (%)</b>	<b>25.33</b>	<b>26.06</b>

## SUPPLEMENTARY NOTES TO THE STATEMENT OF FINANCIAL POSITION – FINANCIAL INSTRUMENTS

### 18. AMOUNTS DUE FROM BANKS

For more information on credit risk exposures, see note 33 “[CREDIT RISK – FINANCIAL INFORMATION](#)”.

AMOUNTS DUE FROM BANKS	31.03.2024	31.12.2023
<b>Measured at amortized cost</b>	<b>11,166</b>	<b>14,447</b>
Deposits with banks	8,543	11,994
Current accounts	1,257	1,676
Loans and advances granted	1,364	776
Other receivables	1	-
Cash in transit	1	1
<b>Gross carrying amount</b>	<b>11,166</b>	<b>14,447</b>
Allowances for expected credit losses	(6)	(9)
<b>Net carrying amount</b>	<b>11,160</b>	<b>14,438</b>

### 19. HEDGE ACCOUNTING AND OTHER DERIVATIVE INSTRUMENTS

#### TYPES OF HEDGING STRATEGIES APPLIED BY THE GROUP

As at 31 March 2024, the Group had had active relationships as part of:

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

For a detailed description of the hedging strategies, see the consolidated financial statements of the PKO Bank Polski S.A. Group for the year ended 31 December 2023.

CARRYING AMOUNT OF HEDGING INSTRUMENTS	31.03.2024		31.12.2023	
	Assets	Liabilities	Assets	Liabilities
<b>Cash flow hedges</b>	<b>188</b>	<b>2,983</b>	<b>473</b>	<b>2,972</b>
interest rate risk – IRS	68	2,283	147	2,167
foreign exchange risk and interest rate risk – CIRS	120	700	326	805
<b>Fair value hedges</b>	<b>340</b>	<b>27</b>	<b>701</b>	<b>20</b>
interest rate risk – IRS	340	27	701	20
<b>Total</b>	<b>528</b>	<b>3,010</b>	<b>1,174</b>	<b>2,992</b>

CHANGE IN OTHER COMPREHENSIVE INCOME RELATING TO CASH FLOW HEDGES AND AN INEFFECTIVE PORTION OF CASH FLOW HEDGES	01.01-31.03.2024	01.01-31.03.2023
Accumulated other comprehensive income at the beginning of the period, net	(1,860)	(5,218)
Impact on other comprehensive income during the period, gross	(31)	1,422
Gains/losses recognized in other comprehensive income during the period	(704)	(5)
Amounts transferred from other comprehensive income to the income statement, of which:	673	1,427
- net interest income	495	1,150
- net foreign exchange gains/ (losses)	178	277
Tax effect	6	(270)
<b>Accumulated other comprehensive income at the end of the period, net</b>	<b>(1,885)</b>	<b>(4,066)</b>
Ineffective portion of cash flow hedges recognized in the income statements:	(5)	(4)
Net foreign exchange gains/ (losses)	(5)	(4)

INTEREST RATE AND FOREIGN EXCHANGE RISK HEDGES	31.03.2024	31.12.2023
<b>Fair value measurement of the hedging derivative instrument</b>	<b>313</b>	<b>681</b>
Interest rate risk hedge – fixed – float IRSs	313	681
<b>Fair value adjustment of the hedged instrument attributable to the hedged risk</b>	<b>(286)</b>	<b>(461)</b>
Interest rate risk hedge, of which:	(286)	(461)
Securities	(22)	(21)
Loans and advances to customers	(2)	(2)
Fair value adjustment of hedged instruments recognised in other comprehensive income before designation for hedge accounting	(22)	(26)
Amounts due to customers	(240)	(412)

OTHER DERIVATIVE INSTRUMENTS - BY TYPE	31.03.2024		31.12.2023	
	Assets	Liabilities	Assets	Liabilities
IRS	4,115	4,862	4,398	5,153
CIRS	59	61	46	49
FX Swap	1,138	1,103	1,648	1,942
Options	770	952	952	1,051
Commodity swap <sup>1</sup>	124	115	167	157
FRA	62	61	31	30
Forward	611	526	930	695
Commodity Forward <sup>2</sup>	346	310	234	213
Other	1	-	-	1
<b>Total</b>	<b>7,226</b>	<b>7,990</b>	<b>8,406</b>	<b>9,291</b>

<sup>1</sup> The item includes valuation of gas market participation contracts: assets of PLN 64 million (PLN 84 million as at 31 December 2023) – and liabilities of PLN 61 million (PLN 81 million as at 31 December 2023).

<sup>2</sup> The item includes valuation of contracts for CO<sub>2</sub> emission allowances.

NOMINAL AMOUNTS OF UNDERLYING INSTRUMENTS (BUY AND SELL TOGETHER) hedging instruments and other derivative instruments	31.03.2024	31.12.2023
<b>IRS</b>	<b>468,338</b>	<b>492,308</b>
<b>hedging instruments</b>	<b>111,410</b>	<b>125,598</b>
purchase	55,705	62,799
sale	55,705	62,799
<b>other</b>	<b>356,928</b>	<b>366,710</b>
purchase	178,464	183,355
sale	178,464	183,355
<b>CIRS</b>	<b>28,205</b>	<b>28,969</b>
<b>hedging instruments</b>	<b>19,551</b>	<b>20,199</b>
purchase	9,520	9,893
sale	10,031	10,306
<b>other</b>	<b>8,654</b>	<b>8,770</b>
purchase	4,334	4,390
sale	4,320	4,380
<b>FX Swap</b>	<b>88,082</b>	<b>100,119</b>
purchase of currencies	44,031	49,826
sale of currencies	44,051	50,293
<b>Options</b>	<b>100,116</b>	<b>113,235</b>
purchase	49,799	56,568
sale	50,317	56,667
<b>FRA</b>	<b>43,207</b>	<b>42,542</b>
purchase	21,528	21,888
sale	21,679	20,654
<b>Forward</b>	<b>44,297</b>	<b>49,261</b>
purchase of currencies	22,253	24,816
sale of currencies	22,044	24,445
<b>Other, including commodity swap, commodity forward and futures</b>	<b>6,874</b>	<b>7,880</b>
purchase	3,558	3,955
sale	3,316	3,925
<b>Total</b>	<b>779,119</b>	<b>834,314</b>

## 20. SECURITIES

For more information on credit risk exposures, see note 33 “[CREDIT RISK – FINANCIAL INFORMATION](#)”.

SECURITIES 31.03.2024	held for trading	not held for trading, measured at fair value through profit or loss	measured at fair value through other comprehensive income	measured at amortized cost	Total
<b>Debt securities</b>	<b>416</b>	<b>580</b>	<b>93,950</b>	<b>98,392</b>	<b>193,338</b>
NBP money bills	-	-	12,276	-	12,276
treasury bonds (in PLN)	348	231	57,991	67,394	125,964
treasury bonds (in foreign currencies)	1	282	4,256	1,337	5,876
corporate bonds (in PLN) secured with the State Treasury guarantees	10	-	7,794	13,676	21,480
municipal bonds (in PLN)	12	-	5,190	8,793	13,995
corporate bonds (in PLN) <sup>1</sup>	45	67	2,612	3,484	6,208
corporate bonds (in foreign currencies) <sup>2</sup>	-	-	3,831	3,708	7,539
<b>Equity securities</b>	<b>38</b>	<b>1,082</b>	<b>-</b>	<b>-</b>	<b>1,120</b>
<b>Total (excluding adjustment relating to fair value hedge accounting)</b>	<b>454</b>	<b>1,662</b>	<b>93,950</b>	<b>98,392</b>	<b>194,458</b>
Adjustment relating to fair value hedge accounting (note 19 “ <a href="#">Hedge accounting and other derivative instruments</a> ”)	-	-	-	(22)	(22)
<b>Total</b>	<b>454</b>	<b>1,662</b>	<b>93,950</b>	<b>98,370</b>	<b>194,436</b>

<sup>1</sup> The item includes bonds of international financial organizations of PLN 4,710 million.

<sup>2</sup> The item includes bonds of international financial organizations of PLN 5,572 million.

SECURITIES 31.12.2023	held for trading	not held for trading, measured at fair value through profit or loss	measured at fair value through other comprehensive income	measured at amortized cost	Total
<b>Debt securities</b>	<b>546</b>	<b>592</b>	<b>108,054</b>	<b>87,227</b>	<b>196,419</b>
NBP money bills	-	-	28,974	-	28,974
treasury bonds (in PLN)	472	232	52,545	58,836	112,085
treasury bonds (in foreign currencies)	1	295	4,574	1,439	6,309
corporate bonds (in PLN) secured with the State Treasury guarantees	9	-	10,180	13,619	23,808
municipal bonds (in PLN)	12	-	5,105	8,658	13,775
corporate bonds (in PLN) <sup>1</sup>	52	65	2,609	2,413	5,139
corporate bonds (in foreign currencies)	-	-	4,067	2,262	6,329
<b>Equity securities</b>	<b>32</b>	<b>1,054</b>	<b>-</b>	<b>-</b>	<b>1,086</b>
<b>Total (excluding adjustment relating to fair value hedge accounting)</b>	<b>578</b>	<b>1,646</b>	<b>108,054</b>	<b>87,227</b>	<b>197,505</b>
Adjustment relating to fair value hedge accounting (note 19 “ <a href="#">Hedge accounting and other derivative instruments</a> ”)	-	-	-	(21)	(21)
<b>Total</b>	<b>578</b>	<b>1,646</b>	<b>108,054</b>	<b>87,206</b>	<b>197,484</b>

<sup>1</sup> The item includes bonds of international financial organizations of PLN 3,658 million.

## 21. LOANS AND ADVANCES TO CUSTOMERS

For more information on credit risk exposures, see note 33 "[CREDIT RISK – FINANCIAL INFORMATION](#)".

LOANS AND ADVANCES TO CUSTOMERS	31.03.2024	31.12.2023
real estate	116,200	112,514
business	78,064	76,515
consumer	32,572	32,263
factoring receivables	4,831	5,386
finance lease receivables	19,396	19,100
<b>Loans and advances to customers (excluding adjustment relating to fair value hedge accounting)</b>	<b>251,063</b>	<b>245,778</b>
Adjustment relating to fair value hedge accounting (note 19 " <a href="#">Hedge accounting and other derivative instruments</a> ")	(2)	(2)
<b>Total</b>	<b>251,061</b>	<b>245,776</b>

LOANS AND ADVANCES TO CUSTOMERS 31.03.2024	not held for trading, measured at fair value through profit or loss	measured at amortized cost	Total
<b>retail and private banking</b>	<b>2,584</b>	<b>141,267</b>	<b>143,851</b>
real estate	2	111,173	111,175
consumer	2,582	29,990	32,572
finance lease receivables	-	104	104
<b>businesses</b>	<b>55</b>	<b>27,291</b>	<b>27,346</b>
real estate	-	4,941	4,941
business	55	10,532	10,587
factoring receivables	-	297	297
finance lease receivables	-	11,521	11,521
<b>corporate</b>	<b>15</b>	<b>79,851</b>	<b>79,866</b>
real estate	-	84	84
business	15	67,462	67,477
factoring receivables	-	4,534	4,534
finance lease receivables	-	7,771	7,771
<b>Loans and advances to customers (excluding adjustment relating to fair value hedge accounting)</b>	<b>2,654</b>	<b>248,409</b>	<b>251,063</b>
Adjustment relating to fair value hedge accounting (note 19 " <a href="#">Hedge accounting and other derivative instruments</a> ")	-	(2)	(2)
<b>Total</b>	<b>2,654</b>	<b>248,407</b>	<b>251,061</b>

LOANS AND ADVANCES TO CUSTOMERS 31.12.2023	not held for trading, measured at fair value through profit or loss	measured at amortized cost	Total
<b>retail and private banking</b>	<b>2,790</b>	<b>136 903</b>	<b>139,693</b>
real estate	1	107,333	107,334
consumer	2,789	29,474	32,263
finance lease receivables	-	96	96
<b>firm<sup>1</sup></b>	<b>52</b>	<b>25,794</b>	<b>25,846</b>
real estate	-	5,055	5,055
business	52	9,393	9,445
factoring receivables	-	61	61
finance lease receivables	-	11,285	11,285
<b>korporacyjne<sup>1</sup></b>	<b>29</b>	<b>80,210</b>	<b>80,239</b>
real estate	-	126	126
business	29	67,041	67,070
factoring receivables	-	5,325	5,325
finance lease receivables	-	7,718	7,718
<b>Loans and advances to customers (excluding adjustment relating to fair value hedge accounting)</b>	<b>2,871</b>	<b>242,907</b>	<b>245,778</b>
Adjustment relating to fair value hedge accounting (note 19 "Hedge accounting and other derivative instruments")	-	(2)	(2)
<b>Total</b>	<b>2,871</b>	<b>242,905</b>	<b>245,776</b>

<sup>1</sup> Figures for 2023 have been adjusted for comparability. The changes are described in note 10 "[Segment reporting](#)".

## 22. AMOUNTS DUE TO BANKS

AMOUNTS DUE TO BANKS	31.03.2024	31.12.2023
<b>Measured at fair value through profit or loss</b>	-	25
Liabilities in respect of a short position in securities	-	25
<b>Measured at amortized cost</b>	<b>2,852</b>	<b>3,398</b>
Deposits from banks	996	1,120
Current accounts	1,835	2,240
Other monetary market deposits	21	38
<b>Total</b>	<b>2,852</b>	<b>3,423</b>

## 23. AMOUNTS DUE TO CUSTOMERS

AMOUNTS DUE TO CUSTOMERS 31.03.2024	Amounts due to households	Amounts due to business entities	Amounts due to public sector	Total
<b>Measured at fair value through profit or loss</b>	<b>171</b>	<b>8</b>	<b>-</b>	<b>179</b>
Liabilities in respect of a short position in securities	-	8	-	8
Liabilities in respect of insurance products	171	-	-	171
<b>Measured at amortized cost</b>	<b>306,433</b>	<b>68,587</b>	<b>17,181</b>	<b>392,201</b>
Cash on current accounts and overnight deposits of which	205,464	47,408	13,957	266,829
savings accounts and other interest-bearing assets	50,825	15,334	6,538	72,697
Term deposits	100,443	20,374	3,126	123,943
Other liabilities	508	805	98	1,411
Liabilities in respect of insurance products	18	-	-	18
<b>Amounts due to customers (excluding adjustment relating to fair value hedge accounting)</b>	<b>306,604</b>	<b>68,595</b>	<b>17,181</b>	<b>392,380</b>
Adjustment relating to fair value hedge accounting (note 19 " <a href="#">Hedge accounting and other derivative instruments</a> ")	240	-	-	240
<b>Total</b>	<b>306,844</b>	<b>68,595</b>	<b>17,181</b>	<b>392,620</b>

AMOUNTS DUE TO CUSTOMERS 31.12.2023	Amounts due to households	Amounts due to business entities	Amounts due to public sector	Total
<b>Measured at fair value through profit or loss</b>	<b>165</b>	<b>277</b>	<b>-</b>	<b>442</b>
Liabilities in respect of a short position in securities	-	277	-	277
Liabilities in respect of insurance products	165	-	-	165
<b>Measured at amortized cost</b>	<b>306,450</b>	<b>76,372</b>	<b>15,517</b>	<b>398,339</b>
Cash on current accounts and overnight deposits of which	201,238	55,097	14,551	270,886
savings accounts and other interest-bearing assets	49,845	18,765	9,956	78,566
Term deposits	104,689	20,450	927	126,066
Other liabilities	505	825	39	1,369
Liabilities in respect of insurance products	18	-	-	18
<b>Amounts due to customers (excluding adjustment relating to fair value hedge accounting)</b>	<b>306,615</b>	<b>76,649</b>	<b>15,517</b>	<b>398,781</b>
Adjustment relating to fair value hedge accounting (note 19 " <a href="#">Hedge accounting and other derivative instruments</a> ")	412	-	-	412
<b>Total</b>	<b>307,027</b>	<b>76,649</b>	<b>15,517</b>	<b>399,193</b>

## 24. FINANCING RECEIVED

FINANCING RECEIVED	31.03.2024	31.12.2023
<b>Loans and advances received from:</b>	<b>1,446</b>	<b>1,489</b>
international financial organisations	1,435	1,478
other financial institutions	11	11
<b>Liabilities in respect of debt securities in issue:</b>	<b>19,977</b>	<b>17,201</b>
mortgage covered bonds issued by PKO Bank Hipoteczny S.A.	9,112	10,418
bonds issued by PKO Bank Hipoteczny S.A.	2,613	3,421
bonds issued by PKO Bank Polski S.A.	6,398	1,755
bonds issued by the PKO Leasing S.A. Group	1,854	1,607
<b>Subordinated liabilities</b>	<b>2,717</b>	<b>2,774</b>
<b>Total</b>	<b>24,140</b>	<b>21,464</b>

- LOANS AND ADVANCES RECEIVED**

In the three-month period ended 31 March 2024, the Group did not contract any new loans. At the same time, the Group repaid loans amounting to EUR 6 million. In the three-month period ended 31 March 2023, the Group did not contract new loans and repaid loans amounting to PLN 57 million.

- COVERED BONDS AND BONDS ISSUED BY PKO BANK HIPOTECZNY S.A.**

In the three-month period ended 31 September 2024, the company issued new covered bonds in the amount of PLN 1,000 million and redeemed covered bonds in the amount of PLN 2,293 million, as well as issued new bonds in the amount of PLN 1,570 million and redeemed bonds in the amount of PLN 752 million.

In the three-month period ended 31 March 2023, the company carried out new bond issues amounting to PLN 768 million and redeemed bonds amounting to PLN 2,591 million.

- BONDS ISSUED BY PKO BANK POLSKI S.A.**

In the three months ended 31 March 2024, the Bank carried out two bond issues under its own bond programme in the Eurobond market in the amount of EUR 500 million and its own bond programme in the domestic market in the amount of PLN 1,000 million.

Bonds issued under both programmes are classified as eligible liabilities of the Bank within the meaning of Article 97a(1)(2) of the Act of 10 June 2016 on the Bank Guarantee Fund, the deposit guarantee scheme and resolution (MREL requirement).

In the three months ended 31 March 2023, the Bank issued 3-year Senior Preferred Notes with a total value of EUR 750 million.

- BONDS ISSUED BY THE PKO LEASING S.A. GROUP**

In the three-month period ended 31 March 2024, the company issued new bonds amounting to PLN 1,654 million and redeemed bonds amounting to PLN 1,434 million. In the three-month period ended 31 March 2023, the company issued new bonds amounting to PLN 1,159 million and redeemed bonds amounting to PLN 1,085 million.

- BONDS ISSUED BY KREDOBANK SA**

In the three-month period ended 31 March 2023, the company did not issue any new bonds and no bonds issued by the company matured during the period.

For details of issues carried out by Group entities, see point **A “MAJOR EVENTS, INCLUDING NON-TYPICAL EVENTS”, 3. SECURITIES ISSUED BY THE BANK’S GROUP ENTITIES” TO THE DIRECTORS’ COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI S.A. GROUP FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024.**

## OTHER SUPPLEMENTARY NOTES TO THE STATEMENT OF FINANCIAL POSITION AND CONTINGENT LIABILITIES

### 25. INSURANCE ACTIVITIES

NET INCOME FROM INSURANCE BUSINESS	01.01 – 31.03.2024	01.01 – 31.03.2023
Insurance revenue (net of reinsurance)	348	280
Costs of insurance activities (net of reinsurance)	(133)	(88)
Investment components excluded from insurance revenue and insurance service expenses (net of reinsurance)	(47)	(39)
Net income from reinsurance business	(12)	(8)
Change in fair value of underlying assets for contracts with direct profit sharing	20	21
<b>Net income from insurance business in the income statement</b>	<b>176</b>	<b>166</b>

LIABILITIES IN RESPECT OF INSURANCE ACTIVITIES – INSURANCE (NET OF REINSURANCE)	Estimates of present value of future cash flows	Non-financial risk adjustment	Contract margin	Total
31 December 2023	1,680	81	1,154	2,915
31 March 2024	1,707	83	1,134	2,924

ASSETS IN RESPECT OF INSURANCE ACTIVITIES – REINSURANCE	Estimates of present value of future cash flows	Non-financial risk adjustment	Contract margin	Total
31 December 2023	48	11	31	90
31 March 2024	17	11	41	69

## 26. PROVISIONS

FOR 3 MONTHS ENDED 31 MARCH 2024	Provisions for financial liabilities and guarantees granted <sup>1</sup>	Provisions for legal claims, excluding legal claims relating to repaid mortgage loans in convertible currencies	Provisions for legal claims against the bank relating to mortgage loans in convertible currencies <sup>2</sup>	Provisions for refunds of costs to customers on early repayment of consumer and mortgage loans	Provisions for pensions and other defined post-employment benefits	Restructuring	Provision for accrued holiday entitlements	Other provisions, including provisions for employee disputed claims	Total
As at the beginning of the period	751	114	3,001	10	72	29	138	50	4,165
Increases, including increases of existing provisions	2	11	950	-	1	-	6	1	971
Utilized amounts	-	(2)	(86)	(2)	(2)	(3)	(3)	(10)	(108)
Unused provisions reversed during the period	(104)	(3)	-	-	(1)	-	(1)	-	(109)
Other changes and reclassifications	-	-	(580) <sup>3</sup>	-	-	-	-	(1)	(581)
<b>As at the end of the period</b>	<b>649</b>	<b>120</b>	<b>3,285</b>	<b>8</b>	<b>70</b>	<b>26</b>	<b>140</b>	<b>40</b>	<b>4,338</b>
Short-term provisions	510	7	-	7	11	26	140	7	708
Long-term provisions	139	113	3,285	1	59	-	-	33	3,630

<sup>1</sup> See note 33 "[Credit risk – financial information](#)".

<sup>2</sup> See note 15 "[Cost of legal risk of mortgage loans in convertible currencies](#)".

<sup>3</sup> Reclassification as a reduction in the gross carrying amount of loans and advances to customers



FOR 3 MONTHS ENDED 31 MARCH 2023	Provisions for financial liabilities and guarantees granted <sup>1</sup>	Provisions for legal claims, excluding legal claims relating to repaid mortgage loans in convertible currencies	Provisions for legal claims against the bank relating to mortgage loans in convertible currencies <sup>2</sup>	Provisions for refunds of costs to customers on early repayment of consumer and mortgage loans	Provisions for pensions and other defined post-employment benefits	Restructuring	Provision for accrued holiday entitlements	Other provisions, including provisions for employee disputed claims	Total
<b>As at the beginning of the period</b>	<b>833</b>	<b>103</b>	<b>851</b>	<b>18</b>	<b>66</b>	<b>35</b>	<b>119</b>	<b>65</b>	<b>2,090</b>
Increases, including increases of existing provisions	4	3	148	-	-	-	6	1	162
Utilized amounts	-	(1)	(78)	(3)	(3)	(2)	(4)	(15)	(106)
Unused provisions reversed during the period	(47)	(1)	-	-	-	-	(1)	(1)	(50)
Other changes and reclassifications	(3)	1	-	1	-	-	-	-	(1)
<b>As at the end of the period</b>	<b>787</b>	<b>105</b>	<b>921</b>	<b>16</b>	<b>63</b>	<b>33</b>	<b>120</b>	<b>50</b>	<b>2,095</b>
Short-term provisions	655	6	-	15	8	33	120	7	844
Long-term provisions	132	99	921	1	55	-	-	43	1,251

<sup>1</sup> See note 33 "[Credit risk – financial information](#)".

<sup>2</sup> See note 15 "[Cost of legal risk of mortgage loans in convertible currencies](#)".

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

- FINANCIAL AND GUARANTEE COMMITMENTS GRANTED

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED 31.03.2024	Total	Provisions per IFRS 9	Net carrying amount
<b>Credit lines and limits</b>	<b>79,366</b>	<b>(553)</b>	<b>78,813</b>
real estate	6,744	(23)	6,721
business	56,238	(401)	55,837
consumer	11,052	(129)	10,923
in respect of factoring	4,783	-	4,783
in respect of finance leases	549	-	549
<b>Other</b>	<b>3,808</b>	<b>-</b>	<b>3,808</b>
<b>Total financial commitments granted, including:</b>	<b>83,174</b>	<b>(553)</b>	<b>82,621</b>
irrevocable commitments granted	30,439	(308)	30,131
POCI	3	-	3
<b>Guarantees and sureties granted</b>			
guarantees in domestic and foreign trading	9,984	(92)	9,892
domestic municipal bonds	437	(1)	436
letters of credit	1,388	(3)	1,385
payment guarantee	88	-	88
<b>Total guarantees and sureties granted, including:</b>	<b>11,897</b>	<b>(96)</b>	<b>11,801</b>
irrevocable commitments granted	5,292	(74)	5,218
performance guarantee	3,641	(51)	3,590
POCI	438	(2)	436
<b>Total financial and guarantee commitments granted</b>	<b>95,071</b>	<b>(649)</b>	<b>94,422</b>

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED 31.12.2023	Total	Provisions per IFRS 9	Net carrying amount
<b>Credit lines and limits</b>	<b>79,038</b>	<b>(641)</b>	<b>78,397</b>
real estate	6,898	(20)	6,878
business	56,333	(498)	55,835
consumer	10,780	(123)	10,657
in respect of factoring	4,289	-	4,289
in respect of finance leases	738	-	738
<b>Other</b>	<b>3,884</b>	<b>-</b>	<b>3,884</b>
<b>Total financial commitments granted, including:</b>	<b>82,922</b>	<b>(641)</b>	<b>82,281</b>
irrevocable commitments granted	29,830	(392)	29,438
POCI	2	-	2
<b>Guarantees and sureties granted</b>			
guarantees in domestic and foreign trading	10,615	(107)	10,508
domestic municipal bonds	243	-	243
letters of credit	1,277	(3)	1,274
payment guarantee	101	-	101
<b>Total guarantees and sureties granted, including:</b>	<b>12,236</b>	<b>(110)</b>	<b>12,126</b>
irrevocable commitments granted	5,503	(94)	5,409
performance guarantee	3,592	(57)	3,535
POCI	452	(2)	450
<b>Total financial and guarantee commitments granted</b>	<b>95,158</b>	<b>(751)</b>	<b>94,407</b>

For more information on credit risk exposures, see note 33 "[CREDIT RISK – FINANCIAL INFORMATION](#)".

- **OFF-BALANCE SHEET LIABILITIES RECEIVED**

OFF-BALANCE SHEET LIABILITIES RECEIVED BY NOMINAL VALUE	31.03.2024	31.12.2023
Financial	269	132
Guarantees	23,839	19,361
<b>Total</b>	<b>24,108</b>	<b>19,493</b>

On 28 March 2024, PKO Bank Polski S.A. concluded an annex to the guarantee agreement of 27 February 2023 providing unfunded credit protection in respect of a portfolio of selected corporate credit receivables of the Bank, in accordance with the CRR ("Guarantee"). Following the execution of the annex, the terms and conditions of the Guarantee have changed to the effect that the total value of the Bank's debt portfolio covered by this Guarantee is PLN 17,017 million, and the portfolio consists of the bond portfolio of PLN 1,844 million ("Portfolio A") and the portfolio of other receivables of PLN 15,173 million ("Portfolio B"). As at December 31, 2023, the total value of the Bank's receivables portfolio covered by the Guarantee was PLN 12,292 million (Portfolio A PLN 1,515 million and Portfolio B PLN 10,777 million, respectively). The Guarantee coverage ratio is 100% - in relation to Portfolio A and 80% - in relation to Portfolio B, therefore the total maximum amount of the Guarantee is PLN 13,982 million (as at December 31, 2023, PLN 10,137 million).

## 28. LEGAL CLAIMS

As at 31 March 2024, the total value of the subject matter of litigation in court proceedings (trials) pending in which the companies belonging to the PKO Bank Polski S.A. Group were defendants amounted to PLN 14,497 million (as at 31 December 2023: PLN 13,110 million), and the total value of the subject matter of litigation in court proceedings (trials) pending in which the companies belonging to the PKO Bank Polski S.A. Group were claimants as at 31 March 2024 was PLN 4,374 million (as at 31 December 2023: PLN 4,519 million).

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

As at 31 March 2024, 33,148 on court proceedings were pending against the Bank (as at 31 December 2023: 30,498) relating to mortgage loans granted in previous years in foreign currency with a total value in dispute of PLN 13,247 million (as at 31 December 2023: PLN 11,948 million), including one group proceeding with 72 loan agreements. The subject matter of the Bank's customers' actions are mainly claims for declaration of invalidity of an agreement or for payment of amounts paid by the customer to the Bank in performance of an invalid agreement. Customers allege abusive provisions or that the agreements are contrary to the law. None of the clauses used by the Bank in the agreements was entered in the register of prohibited contractual clauses. The number of lawsuits filed by customers against the Bank is significantly influenced by the intensive advertising campaign of law firms, which encourages borrowers to commission to them – for a fee – conducting cases against banks.

The Group monitors the status of court rulings in cases indexed or denominated in foreign currencies on an ongoing basis with respect to the shaping and possible changes in rulings.

As at 31 March 2024, 3,372 final rulings have been issued by the courts in cases against the Bank (including 3,329 rulings after 3 October 2019). 187 of these rulings (including in 146 rulings issued after 3 October 2019) are favorable for the Bank (as at December 31, 2023, courts issued 2,696 final judgments in cases against the Bank (including 2,653 judgments after October 3, 2019). 138 of these judgments (including 97 judgments issued after October 3, 2019) were favorable to the Bank.

On 29 January 2021, in connection with the discrepancies in the interpretation of legal provisions in the jurisprudence of the Supreme Court and common courts and in order to ensure the uniformity of jurisprudence, the First President of the Supreme Court submitted a request for the full panel of the Civil Chamber of the Supreme Court to resolve the following legal issues concerning the subject of loans denominated and indexed in foreign currencies:

1. If a provision of an indexed or denominated loan agreement relating to the method of determining the foreign currency exchange rate is found to constitute an illicit contractual provision and is not binding on the consumer – is it then possible to assume that another method of determining the foreign currency exchange rate resulting from law or custom takes its place?

If the above question is answered in the negative:

2. In the event that it is impossible to establish a foreign currency exchange rate binding on the parties in a loan agreement indexed to such a currency, can the remainder of the agreement still be binding for the parties?
3. If it is not possible to establish a binding rate for a foreign currency in a loan agreement denominated in a foreign currency, can the remainder of the agreement still be binding for the parties?

Notwithstanding the content of the answers to questions 1 to 3:

4. In the event of the invalidity or ineffectiveness of a loan agreement, in the performance of which the bank disbursed to the borrower all or part of the amount of the loan and the borrower made repayments of the loan, do separate claims for wrongful performance arise for each of the parties, or does only a single claim arise, equal to the difference in performance, for the party whose total performance was higher?
5. Where a loan agreement is invalid or ineffective as a result of the unlawful nature of certain of its terms, does the limitation period for the bank's claim for repayment of the sums paid under the loan begin to run from the time at which those sums were paid?
6. If, in the case of the invalidity or ineffectiveness of a loan agreement, either party has a claim for repayment of a performance made in performance of that agreement, may that party also claim a fee for the use of its funds by the other party?

On 25 April 2024, the Supreme Court, sitting as the full Civil Chamber, issued a resolution which reads:

1. If a provision of an indexed or denominated loan agreement relating to the method of determining the foreign currency exchange rate is found to constitute an illicit contractual provision and is not binding, in the current legal state it cannot be assumed that another method of determining the foreign currency exchange rate resulting from law or custom takes its place.
2. In the event that it is impossible to establish a foreign currency exchange rate binding on the parties in a loan agreement indexed to or denominated in foreign currency, the remainder of the agreement is also not binding.
3. Where, in the performance of a loan agreement which is not binding due to the illicit nature of its terms, the bank has disbursed to the borrower all or part of the amount of the loan and the borrower has made repayments of the loan, independent claims for the repayment of the wrongful performance arise in favour of each party.
4. If a loan agreement is not binding due to the illicit nature of its provisions, the limitation period of the bank's claim for repayment of amounts disbursed under the loan begins to run, in principle, from the day following the day on which the borrower challenged the fact of being bound by the provisions of the agreement against the bank.
5. If a loan agreement is not binding due to the illicit nature of its terms, there is no legal basis for either party to claim interest or other consideration for the use of its funds during the period from the time the wrongful performance was made until it falls into arrears as to the repayment of that performance.

Pursuant to Article 87 § 1 of the Supreme Court Act, the resolution has the force of law and is binding on all panels of the Supreme Court.

The resolution passed with a majority vote. The following Supreme Court judges filed dissenting opinions: Joanna Misztal-Konecka (item 2), Beata Janiszewska (items 2, 3), Marcin Krajewski (item 2), Dariusz Pawłyszcz (items 1-4), Krzysztof Wesołowski (item 2) i Kamil Zaradkiewicz (item 2). A written statement of reasons for the resolution is pending.

Earlier Supreme Court resolutions significant from the perspective of the claims of Swiss franc borrowers were passed in 2021. On 7 May 2021, the Supreme Court, represented by 7 judges of the Civil Chamber, passed the following resolution in case III CZP 6/21:

- 1) A prohibited contractual clause (Article 385<sup>1</sup> § 1 of the Civil Code) is, from the beginning, by operation of law, ineffective in favour of the consumer, who may however subsequently grant an informed and voluntary consent for such a clause and thus make it effective retrospectively.
- 2) If a loan agreement cannot be binding without the ineffective clause, the consumer and the lender are entitled to bring separate claims for repayment of the benefits provided in the performance of the agreement (Article 410 § 1 in conjunction with Article 405 of the Civil Code). The lender may claim repayment of the benefit from the moment the loan agreement became permanently ineffective.

The resolution has the force of a legal rule, which means that an ordinary panel of the Supreme Court may not withdraw from the interpretation presented in an earlier resolution that has the force of a legal rule. If any panel of the Supreme Court intends to withdraw from a legal rule, it must present the legal issue for resolution to the full panel of the Chamber. In its justification for the said resolution, the Supreme Court referred to an earlier opinion (resolution III CZP 11/20 dated 16 February 2021) that the period of limitation of claims resulting from a loan agreement which is invalid due to the elimination of abusive clauses commences after the consumer has expressed informed consent not to be bound by the abusive clauses.

Taking into account the content of the Supreme Court's resolution III CZP 6/21 and the non-uniform decisions of the common courts made against it, the Bank has filed lawsuits against customers whose agreements have been validly annulled, or whose lawsuits calls for payment based on the premise of invalidity derived from abusiveness were served on the Bank before 31 December 2020, for reimbursement of amounts disbursed in connection with the conclusion of an agreement whose validity has been questioned. Bearing in mind the content of the CJEU rulings made, including in particular the CJEU judgment of 25 June 2023 in case C-520/21 and the CJEU order of 12 January 2024 in case C-488/23, the Bank limits its claims to the amounts disbursed and statutory default interest.

- **LITIGATION AGAINST THE BANK CONCERNING MORTGAGE LOANS BEARING INTEREST AT A FLOATING RATE**

As at 31 March 2024, 198 court proceedings were pending against the Group (as at 31 December 2023: 147 proceedings), in which customers challenge that the mortgage agreement was based on a floating interest rate structure and the rules for setting the WIBOR benchmark rate. The Group disputes the validity of the claims raised in these cases. The case law to date is in favor of the Bank.

- **LITIGATION AGAINST THE BANK CONCERNING THE FREE CREDIT SANCTION**

As at 31 March 2024, there were 1,520 court proceedings pending against the Bank relating to the free credit sanction, with a total value in dispute of PLN 29.2 million (as at December 31, 2023, 1,159 proceedings with a value in dispute of PLN 20.7 million). These proceedings are initiated by customers or entities that have acquired receivables from customers and relate to the provisions of cash loan agreements. The Bank disputes the validity of the claims raised in these cases. The case law to date is largely in favour of the Bank.

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

In December 2020, the Chair of the Polish Financial Supervision Authority (hereinafter: the PFSA Chair) made a proposal aimed at providing a systemic solution to the problem of housing loans in Swiss francs. In accordance with this solution, the banks would voluntarily offer settlement agreements to their customers. Under such agreements, the customers would repay their loans to the bank as if they had been originally granted in PLN with interest at WIBOR plus a historical margin applied to such loans.

The Group has analysed the benefits and risks associated with the possible approaches to the issue of foreign currency housing loans. In the Group's opinion, for both the Bank and its customers it is better to reach a compromise and conclude a settlement agreement than engage in long legal disputes whose outcome is uncertain.

On 23 April 2021, the Extraordinary General Shareholders' Meeting approved the possibility of offering settlement agreements to the customers. Subsequently, by a resolution dated 27 May 2021, the Supervisory Board approved the terms and conditions for offering settlement agreements proposed by the PFSA Chair. The process of amicable resolution of disputes concerning the validity of housing loan agreements was launched on 4 October 2021. The settlements are offered during mediation proceedings conducted by the Mediation Centre of the PFSA Court of Arbitration, during court proceedings and during proceedings initiated by a motion for settlement (see note 15: [COST OF LEGAL RISK OF MORTGAGE LOANS IN CONVERTIBLE CURRENCIES](#)).

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

The following proceedings initiated ex officio by the President of the UOKiK are pending against the Bank:

- **PROCEEDINGS RELATING TO MODIFICATION CLAUSES**

Proceedings initiated on 12 March 2019 on the acknowledgement that the provisions of the template agreement are inadmissible. The proceedings are related to modification clauses which specify the circumstances in which the Bank is entitled to amend the terms and conditions of the agreement, including the amount of fees and commission. In the opinion of the President of UOKiK the modification clauses applied by the Bank give the Bank unilateral unlimited and arbitrary possibilities of modifying the execution of the agreement. Consequently, the President of UOKiK is of the opinion that the clauses applied by the Bank shape the rights and obligations of the consumers in a way that is contrary to good practice and are a gross violation of their interests, which justifies the conclusion that they are abusive. In a letter of 31 May 2019, the Bank commented on the allegations of the President of UOKiK, indicating that they are unfounded. The Bank pointed out, among other things, that the contested clauses are specific and they precisely define the circumstances entitling the Bank to change the template. By order of 7 June 2022, UOKiK summoned the Bank to provide a range of information regarding the disputed clauses, the Bank's turnover and the revenue generated from changes in fees and commissions based on the disputed clauses. The UOKiK summons was implemented on 11 July and 30 September 2022. By subsequent orders, the President of UOKiK extended the deadline for the completion of the proceedings. By letter of 19 April 2024, the President of UOKiK requested the Bank to provide further information and materials. The Bank is preparing a response. As at 31 March 2024, the Group had not set up a provision for these proceedings.

- **PROCEEDINGS IN RESPECT OF UNAUTHORISED TRANSACTIONS**

Proceedings initiated by decision of the President of UOKiK of 2 February 2024. The proceedings concern an allegation of PKO BP's practices violating the collective interests of consumers consisting of:

- providing consumers - in responses to reports of unauthorised payment transactions - with information that the Bank has established the consumer's responsibility for the transaction reported, based on ascertaining that the authentication process performed was correct and referencing the provisions of the General Terms and Conditions of keeping bank accounts and providing services to individual customers by PKO Bank Polski S.A. regarding gross negligence and intent, without specifying to the consumer the factual basis for gross negligence or intent, and thus the presumption of gross negligence or intent without proving it, which misleads consumers about the entrepreneur's obligations under Article 45(2) of the Act on payment services with respect to the burden of proving gross negligence on the part of the consumer and the further pursuit of claims in this regard, which may constitute an unfair market practice and harm the collective interests of consumers,
- making a refund to a consumer who is a customer of the Bank of the amount of a payment transaction reported by that consumer as unauthorised, pending the Bank's investigation of the complaint, and thereafter, if the Bank finds, during the complaint procedure, that the transaction was authorised by the consumer or that the consumer is liable for an unauthorised payment transaction, withdrawing the conditional return and deducting that amount from the consumer's current account or credit card account, except where there is a simultaneous return of that amount to the consumer under the so-called chargeback mechanism, which may breach Article 46(1) of the Act on payment services and harm the collective interests of consumers.

By letter dated 27 March 2024, the Bank responded to the UOKiK's allegations, claiming that they were unfounded. As at 31 March 2024, the Group had not set up a provision for these proceedings.

- **PROCEEDINGS RELATING TO INTEREST RATE VARIATION CLAUSES**

By a decision of 5 April 2024, the President of UOKiK initiated proceedings against the Bank to declare the provisions of the template as prohibited contractual provisions. The proceedings relate to clauses in the contractual templates used by the Bank, which allow the Bank to change the interest rate on the revolving limit in a situation of an increase or decrease, respectively:

- of any of the basic NBP interest rates set by the Monetary Policy Council, published on the NBP website, by at least 0.25 percentage points - the range of change is from 0.25 percentage points to three times the value by which the specific interest rate was changed
- determined as the arithmetic mean of quotations for a calendar month, of any of the following benchmark rates for PLN deposits placed on the Polish interbank market: WIBOR 1M, WIBOR 3M, WIBOR 6M, WIBOR 9M, WIBOR 12M, published on the GPW Benchmark S.A. information website by at least 0.10 percentage points in any period within the last 6 months - the range of change is from 0.10 percentage points to three times the value by which a specific benchmark rate was changed.

UOKiK also challenges the clause allowing the Bank to change the interest rate within 6 months of the occurrence of the above-mentioned circumstances. As at 31 March 2024, the Group had not set up a provision for these proceedings.

- **PROCEEDINGS BEFORE THE COURT OF COMPETITION AND CONSUMER PROTECTION**

Two proceedings involving the Bank are pending before the Court of Competition and Consumer Protection.

- **PROCEEDINGS ON SPREAD CLAUSES**

The proceedings were initiated by the Bank's appeal (submitted on 13 November 2020) against the decision of the President of UOKiK dated 16 October 2020. In the said decision, the President of UOKiK declared the provisions of the template agreement "Annex to the housing loan/mortgage loan agreement" in the section "Appendix to the annex "Rules for determining foreign exchange spreads at PKO BP S.A." as inadmissible provisions and prohibited their use.

In addition, the President of UOKiK ordered that all consumers being parties to the assessed annexes about the decision to declare them inadmissible and its consequences be informed no later than within nine months from the effective date of the decision and ordered that a declaration be published whose text was indicated in the decision on the Bank's website not later than 1 month from the effective date of the decision and to keep it there for 4 months. Furthermore, the President of UOKiK imposed a fine on the Bank of PLN 41 million, payable to the Financial Education Fund.

In its appeal against that decision, the Bank requested that the decision be amended by finding that there had been no breach of the ban on the use of prohibited contractual clauses, or by discontinuing the proceedings. It was also requested that the decision be annulled or amended by waiving or substantially reducing the fine. The appeal raised a number of substantive and procedural grounds of appeal. The Bank's main arguments consist in pointing out that the decision of the President of UOKiK is a manifestation of unlawful and groundless interference with the Bank's pricing policy, pointing out that there are no substantive grounds for the intervention of the President of UOKiK, i.e. there are no grounds for concluding that the Bank applied prohibited contractual provisions, and pointing out that the penalty imposed on the Bank is abnormally high. In response to the appeal, the President of UOKiK sustained the position expressed in the decision appealed against. In a judgment of 10 October 2023, the Court of Competition and Consumer Protection overturned the decision of the UOKiK in its entirety.

The ruling was appealed by the President of the UOKiK and the public prosecutor. At 31 March 2024, the Bank recognizes a provision for these proceedings of PLN 41 million (31 December 2023: PLN 41 million).

- **PROCEEDINGS RELATED TO RESTRICTIVE PRACTICES ON THE MARKET OF PAYMENTS WITH PAYMENT CARDS IN POLAND**

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

The claims under these proceedings relate to the use of practices limiting competition on the market of banking card payments in Poland, consisting of applying pre-agreed "interchange" fees for transactions made using the Visa and Europay/Eurocard/Mastercard cards as well as limiting access to this market for external entities. On 29 December 2006, the UOKiK recognised practices involving the joint determination of interchange fees as restrictive of competition and ordered them to be abandoned, at the same time imposing, inter alia, a fine of PLN 16.6 million on the Bank. The Bank appealed against the decision of the President of UOKiK to the Court for Competition and Consumer Protection (Sąd Ochrony Konkurencji i Konsumentów - SOKiK). In its ruling dated 21 November 2013, SOKiK reduced the penalty imposed on the Bank to PLN 10.4 million.

The parties to the proceedings appealed against the ruling. The Court of Appeal in Warsaw in its ruling dated 6 October 2015 reinstated the initial amount of the imposed fines set in the decision of the UOKiK, i.e. the fine of PLN 16.6 million (the fine imposed on PKO Bank Polski S.A.) and the fine of PLN 4.8 million (the fine imposed on Nordea Bank Polska S.A., and PKO Bank Polski S.A. is a legal successor of Nordea Bank Polska SA through a merger under Article 492 § 1(1) of the Commercial Companies Code). The Bank paid the fine in October 2015. As a result of a cassation appeal brought by the Bank, the Supreme Court in a ruling dated 25 October 2017 annulled the contested ruling of the Court of Appeal in Warsaw and submitted the case for re-examination. The fine paid by the Bank was reimbursed to the Bank on 21 March 2018. On 23 November 2020, the Court of Appeal in Warsaw issued a ruling in which it revoked the ruling of the District Court in Warsaw dated 21 November 2013 and submitted it for re-examination. The case is currently proceeding at first instance before the Warsaw District Court. At 31 March 2024, the Group recognizes a provision for these proceedings of PLN 21 million (31 December 2023: PLN 21 million).

- **PROCEEDINGS BEFORE THE POLISH FINANCIAL SUPERVISION AUTHORITY**

- Administrative proceedings initiated ex officio by the Polish Financial Supervision Authority (PFSA) are pending against the Bank. According to the PFSA's letters, irregularities have been identified which indicate that the Bank (as an insurance agent) has breached the legislation on the organisation and supervision of agency activities at the insurance agent's premises, to the extent related to the fulfilment of the obligation of professional development by individuals performing agency activities on behalf of the Bank. In the course of the proceedings, the Bank took steps to rectify the irregularities in the area of supervision of the performance of agency activities by natural persons acting on behalf of the Bank, including with regard to compliance with the fulfilment of continuing professional development obligations by such individuals in subsequent years. The proceedings have been extended several times, most recently by an order of 28 February 2024 for an additional period of two months. Formally, the PFSA has not formulated the specific allegations underlying the proceedings. Proceedings were held on the application of supervisory measures.

By decision of 5 April 2024, the PFSA discontinued this administrative proceeding in its entirety due to the removal of irregularities by the Bank in the course of the proceedings. As at 31 March 2024, the Group had not set up a provision for these proceedings.

- The PFSA is conducting proceedings to impose an administrative penalty on the Bank, which conducts brokerage activities through an organizationally separate unit - the Brokerage Office - in connection with a suspected failure to comply with its obligations in the area of anti-money laundering and terrorist financing (hereinafter: "AML"). The Bank responded to the PFSA's request for written explanations regarding the scale of benefits achieved or losses avoided by the Bank in connection with violations of the AML Act, losses incurred by third parties in connection with violations of the AML Act, possible administrative penalties imposed under the provisions of the AML Act. In addition, the PFSA forwarded to the Bank's attention a letter addressed to the General Inspectorate of Financial Information (GIIF) requesting information on the Bank's violations of the AML Act to date. On 29 February 2024, the PFSA communicated a notice that, due to the need for an in-depth analysis of the evidence collected, the administrative proceedings are scheduled to be completed by 30 April 2024. As at 31 March 2024, the Group had not set up a provision for these proceedings.
- The PFSA is conducting proceedings to impose a monetary penalty on the Bank pursuant to Article 176i(1)(4) of the Act of 29 July 2005 on trading in financial instruments, in connection with the Bank's suspected breach of the management and control requirements set out in Article 16 of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 2016 No 171, p. 1 as amended). By letter dated 27 March 2024, the PFSA notified the extension of the administrative proceedings until May 2024. As at 31 March 2024, the Group had not set up a provision for these proceedings.
- Administrative proceedings, initiated ex officio by the Polish Financial Supervision Authority are pending against PKO TFI S.A. (hereinafter: the Company) in respect of the imposition of an administrative penalty on PKO TFI S.A. under the provisions of the Act on counteracting money laundering and terrorist financing (hereinafter: the "Act"), in connection with the suspected failure to comply with the obligation set out in the Act by: (i) failure to properly apply financial security measures in the form of identification and verification of the customer when establishing a business relationship via remote channels; (ii) failure to properly apply financial security measures in the form of identification and verification of the customer at the commencement of the business relationship and failure to obtain data on the customer's country of birth; (iii) failure to properly apply financial security measures in the form of identifying the beneficial owner when establishing a business relationship; failure to ensure that documents, data or information it holds relating to the business relationship are kept up to date; (iv) failure to apply enhanced financial security measures in cases of higher risk of money laundering or terrorist financing and in cases referred to in Articles 44 and 46 of the Act; (v) failure to introduce all necessary elements in the internal procedure of the obliged institution. By letter dated 20 April 2023, PKO TFI S.A. responded to the request from the PFSA. By notice of 29 February 2024, the PFSA announced that the proceedings had been further extended until 30 April 2024. As at 31 March 2024 the Group recorded a provision for this litigation of PLN 2 million.
- **CLAIMS FOR DAMAGES IN RESPECT OF THE INTERCHANGE FEE**

The Bank was served eight summons to participate, as an outside intervener on the defendant's side, in cases relating to the interchange fees. Other banks are defendants in the case and, in some cases, also card organizations. At present, the claims vis-à-vis the sued banks total PLN 849 million and are pursued as damages for differences in interchange fees resulting from applying practices that restrict competition. Since these proceedings are not pending against the Bank, their value was not included in the total value of the cases against the Bank.

If the courts find the claims justified, the defendants may claim recourse in separate court proceedings from other banks including from PKO Bank Polski S.A. As at 31 March 2024, the Bank joined eight proceedings as an outside intervener. Four of these proceedings resulted in final judgments in favour of the defendants dismissing the plaintiffs' claims. In another proceedings there was a non-final judgment dismissing the plaintiffs' claims. The claims were dismissed as the statute of limitations was upheld.

- **MEDIATION BEFORE ARBITRATION**

On 23 January 2024, the Bank concluded an agreement with Polski Holding Nieruchomości S.A. (PHN) SPV 1 PHN SKYSAWA spółka z ograniczoną odpowiedzialnością S.K.A. an agreement to conduct mediation at the Arbitration Court at the Attorney General of the Republic of Poland in connection with a dispute arising from the performance of a lease agreement with the right of pre-emption of 24 January 2022 regarding an office and service complex at ul. Świętokrzyska 36 in Warsaw. In the opinion of the Capital Group, the resolution of the dispute will not have a significant impact on the financial result of the Capital Group.

- **RE-PRIVATIZATION CLAIMS RELATING TO PROPERTIES HELD BY THE GROUP**

As at the date of the consolidated financial statements, there are:

- two proceedings to which the Bank is a party. In one proceeding, the Bank filed a cassation appeal against an unfavourable final judgment dismissing the Bank's claims, which was accepted for consideration. The second proceeding, concerning the annulment of the decision refusing to grant the applicant temporary ownership of the Bank's property, is pending before the Supreme Administrative Court, as the other party has filed a cassation appeal;
- three proceedings, two of which are suspended, to which the other Bank Group companies are parties. Two proceedings are at the administrative stage, one at the judicial and administrative stage.

The probability of serious claims arising against the Group as a result of the aforesaid proceedings is low.

## 29. SHAREHOLDING STRUCTURE OF THE BANK

According to information held by PKO Bank Polski S.A, as at the date of the report, there are three shareholders holding directly or indirectly significant blocks of shares (at least 5%): State Treasury, Nationale-Nederlanden Otwarty Fundusz Emerytalny and Allianz Polska Otwarty Fundusz Emerytalny.

According to the information available as at 31 March 2024, the Bank's shareholding structure is as follows:

ENTITY NAME	number of shares	% of votes	Nominal value of 1 share	Ownership interest (%)
<b>As at 31 March 2024</b>				
State Treasury	367,918,980	29.43%	PLN 1	29.43%
Nationale-Nederlanden Open Pension Fund <sup>1</sup>	115,594,152	9.25%	PLN 1	9.25%
Allianz Polska Otwarty Fundusz Emerytalny <sup>1</sup>	101,787,594	8.14%	PLN 1	8.14%
Other shareholders <sup>2</sup>	664,699,274	53.18%	PLN 1	53.18%
<b>Total</b>	<b>1,250,000,000</b>	<b>100%</b>	<b>---</b>	<b>100%</b>
<b>As at 31 December 2023</b>				
State Treasury	367,918,980	29.43%	PLN 1	29.43%
Nationale-Nederlanden Open Pension Fund <sup>1</sup>	115,594,152	9.25%	PLN 1	9.25%
Allianz Polska Otwarty Fundusz Emerytalny <sup>1</sup>	101,787,594	8.14%	PLN 1	8.14%
Other shareholders <sup>3</sup>	664,699,274	53.18%	PLN 1	53.18%
<b>Total</b>	<b>1,250,000,000</b>	<b>100%</b>	<b>---</b>	<b>100%</b>

<sup>1</sup> Calculation of shareholdings as at the end of the year published by PTE in bi-annual and annual information about the structure of fund assets and quotation from the WSE Statistic Bulletin.

<sup>2</sup> Including Bank Gospodarstwa Krajowego, which as at 31 March 2024 and 31 December 2023 held 24,487,297 shares carrying 1.96% of the votes at the GSM.

The Bank's shares are listed on the Warsaw Stock Exchange.

• **STRUCTURE OF PKO BANK POLSKI S.A.'S SHARE CAPITAL:**

Series	Type of shares	Number of shares	Nominal value of 1 share	Nominal value of the series
A Series	ordinary registered shares	312,500,000	PLN 1	312,500,000
A Series	ordinary bearer shares	197,500,000	PLN 1	197,500,000
B Series	ordinary bearer shares	105,000,000	PLN 1	105,000,000
C Series	ordinary bearer shares	385,000,000	PLN 1	385,000,000
D Series	ordinary bearer shares	250,000,000	PLN 1	250,000,000
<b>Total</b>	<b>- - -</b>	<b>1,250,000,000</b>	<b>- - -</b>	<b>1,250,000,000</b>

In the three-month period ended 31 March 2024 and in 2023, there were no changes in the amount of the share capital of PKO Bank Polski S.A. Shares of PKO Bank Polski S.A. issued are not preference shares and are fully paid up.

## FAIR VALUE OF FINANCIAL INSTRUMENTS

### 30. FAIR VALUE HIERARCHY

For a description of fair value measurement techniques and inputs, see the consolidated financial statements of the PKO Bank Polski S.A. Group for the year ended 31 December 2023.

ASSETS MEASURED AT FAIR VALUE 31.03.2024	Carrying amount	Level 1	Level 2	Level 3
		Prices quoted on active markets	Valuation techniques based on observable market data	Other valuation techniques
Hedging derivatives	528	-	528	-
Other derivative instruments	7,226	1	7,225	-
<b>Securities</b>	<b>96,066</b>	<b>88,271</b>	<b>7,115</b>	<b>680</b>
<b>held for trading</b>	<b>454</b>	<b>454</b>	-	-
debt securities	416	416	-	-
equity securities	38	38	-	-
<b>not held for trading, measured at fair value through profit or loss</b>	<b>1,662</b>	<b>1,131</b>	<b>128</b>	<b>403</b>
debt securities	580	514	19	47
equity securities	1,082	617	109	356
<b>measured at fair value through other comprehensive income (debt securities)</b>	<b>93,950</b>	<b>86,686</b>	<b>6,987</b>	<b>277</b>
<b>Loans and advances to customers</b>	<b>2,654</b>	-	-	<b>2,654</b>
<b>not held for trading, measured at fair value through profit or loss</b>	<b>2,654</b>	-	-	<b>2,654</b>
real estate loans	2	-	-	2
business loans	70	-	-	70
consumer loans	2,582	-	-	2,582
<b>Total financial assets measured at fair value</b>	<b>106,474</b>	<b>88,272</b>	<b>14,868</b>	<b>3,334</b>

LIABILITIES MEASURED AT FAIR VALUE 31.03.2024	Carrying amount	Level 1	Level 2	Level 3
		Prices quoted on active markets	Valuation techniques based on observable market data	Other valuation techniques
Hedging derivatives	3,010	-	3,010	-
Other derivative instruments	7,990	-	7,990	-
Liabilities in respect of a short position in securities	8	8	-	-
Liabilities in respect of insurance products	171	-	171	-
<b>Total financial liabilities measured at fair value</b>	<b>11,179</b>	<b>8</b>	<b>11,171</b>	<b>-</b>

ASSETS MEASURED AT FAIR VALUE 31.12.2023	Carrying amount	Level 1	Level 2	Level 3
		Prices quoted on active markets	Valuation techniques based on observable market data	Other valuation techniques
Hedging derivatives	1,174	-	1,174	-
Other derivative instruments	8,406	2	8,404	-
<b>Securities</b>	<b>110,278</b>	<b>99,964</b>	<b>9,652</b>	<b>662</b>
<b>held for trading</b>	<b>578</b>	<b>578</b>	<b>-</b>	<b>-</b>
debt securities	546	546	-	-
equity securities	32	32	-	-
<b>not held for trading, measured at fair value through profit or loss</b>	<b>1,646</b>	<b>1,132</b>	<b>128</b>	<b>386</b>
debt securities	592	526	20	46
equity securities	1,054	606	108	340
<b>measured at fair value through other comprehensive income (debt securities)</b>	<b>108,054</b>	<b>98,254</b>	<b>9,524</b>	<b>276</b>
<b>Loans and advances to customers</b>	<b>2,871</b>	<b>-</b>	<b>-</b>	<b>2,871</b>
<b>not held for trading, measured at fair value through profit or loss</b>	<b>2,871</b>	<b>-</b>	<b>-</b>	<b>2,871</b>
real estate loans	1	-	-	1
business loans	81	-	-	81
consumer loans	2,789	-	-	2,789
<b>Total financial assets measured at fair value</b>	<b>122,729</b>	<b>99,966</b>	<b>19,230</b>	<b>3,533</b>

LIABILITIES MEASURED AT FAIR VALUE 31.12.2023	Carrying amount	Level 1	Level 2	Level 3
		Prices quoted on active markets	Valuation techniques based on observable market data	Other valuation techniques
Hedging derivatives	2,992	-	2,992	-
Other derivative instruments	9,291	-	9,291	-
Liabilities in respect of a short position in securities	302	302	-	-
Liabilities in respect of insurance products	165	-	165	-
<b>Total financial liabilities measured at fair value</b>	<b>12,750</b>	<b>302</b>	<b>12,448</b>	<b>-</b>

IMPACT OF ESTIMATES ON FAIR VALUE MEASUREMENT OF LEVEL 3 FINANCIAL INSTRUMENTS	31.03.2024		31.12.2023	
	Fair value in		Fair value in	
	positive scenario	negative scenario	positive scenario	negative scenario
Shares in Visa Inc. <sup>1</sup>	94	85	86	77
Other equity investments <sup>2</sup>	246	222	238	215
Corporate bonds <sup>3</sup>	326	325	326	325
Loans and advances to customers <sup>4</sup>	2,787	2,521	3,015	2,727

<sup>1</sup> scenario assuming a discount rate in respect of the future conditions of converting C-series shares to ordinary shares at a level of 0%/100% respectively

<sup>2</sup> scenario assuming a change in the discount rate of +/- 5%

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

<sup>4</sup> scenario assuming a change in the company's value of +/- 0.5p.p.

RECONCILIATION OF CHANGES DURING THE REPORTING PERIOD TO FAIR VALUE AT LEVEL 3	01.01 - 31.03.2024	01.01 - 31.03.2023
Opening balance at the beginning of the period	3,533	4,610
Increase in exposure to equity instruments	13	22
Decrease in exposure to equity instruments	-	(79)
Increase in exposure to corporate bonds	-	3
Decrease in exposure to corporate bonds	(1)	(1)
Increase in exposure to loans and advances to customers	374	426
Decrease in exposure to loans and advances to customers	(535)	(636)
Net gain/(loss) on financial instruments measured at fair value through profit or loss	(7)	(136)
Other, including exchange difference	(43)	(40)
<b>Closing balance</b>	<b>3,334</b>	<b>4,169</b>

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

For a description of fair value measurement techniques and inputs, see the consolidated financial statements of the PKO Bank Polski S.A. Group for the year ended 31 December 2023.

31.03.2024	carrying amount	fair value			Total fair value
		Level 1	Level 2	Level 3	
Cash and balances with the Central Bank	15,935	3,950	11,985	-	15,935
Amounts due from banks	11,160	-	11,159	-	11,159
<b>Securities (excluding adjustments relating to fair value hedge accounting)</b>	<b>98,392</b>	<b>79,078</b>	<b>12,661</b>	<b>3,364</b>	<b>95,103</b>
treasury bonds (in PLN)	67,394	64,671	-	-	64,671
treasury bonds (in foreign currencies)	1,337	1,336	-	-	1,336
corporate bonds (in PLN) secured with the State Treasury guarantees	13,676	13,071	-	-	13,071
municipal bonds (in PLN)	8,793	-	9,075	-	9,075
corporate bonds (in PLN)	3,484	-	-	3,364	3,364
corporate bonds (in foreign currencies)	3,708	-	3,586	-	3,586
Reverse repo transactions	527	-	527	-	527
<b>Loans and advances to customers (excluding adjustment relating to fair value hedge accounting)</b>	<b>248,409</b>	-	-	<b>250,553</b>	<b>250,553</b>
real estate loans <sup>1</sup>	116,198	-	-	115,136	115,136
business loans	77,994	-	-	80,388	80,388
consumer loans	29,990	-	-	30,813	30,813
factoring receivables	4,831	-	-	4,831	4,831
finance lease receivables	19,396	-	-	19,385	19,385
Other financial assets	1,485	-	-	1,485	1,485
Amounts due to Central bank	10	-	10	-	10
Amounts due to banks	2,852	-	2,852	-	2,852
<b>Amounts due to customers (excluding adjustment relating to fair value hedge accounting)</b>	<b>392,201</b>	-	-	<b>391,844</b>	<b>391,844</b>
amounts due to households	306,433	-	-	306,074	306,074
amounts due to business entities	68,587	-	-	68,588	68,588
amounts due to public sector	17,181	-	-	17,182	17,182
Loans and advances received	1,446	-	-	1,446	1,446
Liabilities in respect of debt securities in issue	19,977	9,040	9,076	1,854	19,970
Subordinated liabilities	2,717	-	2,754	-	2,754
Other financial liabilities	6,046	-	-	6,046	6,046

<sup>1</sup> the fair value measurement takes into account the effect of the credit holidays described in note 41 "Events that occurred after the date on which the financial statements are prepared"

31.12.2023	carrying amount	fair value			Total fair value
		Level 1	Level 2	Level 3	
Cash and balances with the Central Bank	17,813	4,382	13,431	-	17,813
Amounts due from banks	14,438	-	14,436	-	14,436
<b>Securities (excluding adjustments relating to fair value hedge accounting)</b>	<b>87,227</b>	<b>70,018</b>	<b>10,936</b>	<b>2,285</b>	<b>83,239</b>
treasury bonds (in PLN)	58,836	55,709	-	-	55,709
treasury bonds (in foreign currencies)	1,439	1,441	-	-	1,441
corporate bonds (in PLN) secured with the State Treasury guarantees	13,619	12,868	-	-	12,868
municipal bonds (in PLN)	8,658	-	8,803	-	8,803
corporate bonds (in PLN)	2,413	-	-	2,285	2,285
corporate bonds (in foreign currencies)	2,262	-	2,133	-	2,133
Reverse repo transactions	372	-	372	-	372
<b>Loans and advances to customers (excluding adjustment relating to fair value hedge accounting)</b>	<b>242,907</b>	<b>-</b>	<b>-</b>	<b>245,291</b>	<b>245,291</b>
real estate loans <sup>1</sup>	112,513	-	-	111,723	111,723
business loans	76,434	-	-	78,801	78,801
consumer loans	29,474	-	-	30,285	30,285
factoring receivables	5,386	-	-	5,386	5,386
finance lease receivables	19,100	-	-	19,096	19,096
Other financial assets	1,474	-	-	1,474	1,474
Amounts due to Central bank	10	-	10	-	10
Amounts due to banks	3,423	-	3,423	-	3,423
<b>Amounts due to customers (excluding adjustment relating to fair value hedge accounting)</b>	<b>398,339</b>	<b>-</b>	<b>-</b>	<b>398,708</b>	<b>398,708</b>
amounts due to households	306,450	-	-	306,817	306,817
amounts due to business entities	76,372	-	-	76,375	76,375
amounts due to public sector	15,517	-	-	15,516	15,516
Loans and advances received	1,489	-	-	1,489	1,489
Liabilities in respect of debt securities in issue	17,201	10,330	5,237	1,607	17,174
Subordinated liabilities	2,774	-	2,804	-	2,804
Other financial liabilities	6,084	-	-	6,084	6,084

<sup>1</sup> the fair value measurement takes into account the effect of the credit holidays described in the consolidated financial statements of the PKO Bank Polski S.A. Group for the year ended 31 December 2023.

## RISK MANAGEMENT WITHIN THE GROUP

### 32. RISK MANAGEMENT WITHIN THE GROUP

A detailed description of the management policies for material risks is presented in the consolidated financial statements of the PKO Bank Polski S.A. Group for the year ended 31 December 2023 and in the report "REPORT ON CAPITAL ADEQUACY AND OTHER INFORMATION SUBJECT TO PUBLICATION BY THE PKO BANK POLSKI S.A. GROUP". For a description of the activities taken in the area of risk management during the three months ended 31 March 2024, see point E "RISK MANAGEMENT" TO THE DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI S.A. GROUP FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024.

### 33. CREDIT RISK – FINANCIAL INFORMATION

- AMOUNTS DUE FROM BANKS

As at 31 March 2024 and 31 December 2023 all amounts due from banks were classified as Stage 1.

- SECURITIES

SECURITIES (excluding adjustments relating to fair value hedge accounting) 31.03.2024	Stage 1	Stage 2	Stage 3	Total	of which POCI
Measurement method: measured at fair value through other comprehensive income					
Net amount	93,541	398	11	93,950	-
Measurement: at amortized cost					
Gross amount	97,945	525	-	98,470	-
Allowances for expected credit losses	(55)	(23)	-	(78)	-
Net amount	97,890	502	-	98,392	-
Total securities					
Gross carrying amount	191,486	923	11	192,420	-
Allowances for expected credit losses	(55)	(23)	-	(78)	-
Net carrying amount	191,431	900	11	192,342	-

SECURITIES (excluding adjustments relating to fair value hedge accounting) 31.12.2023	Stage 1	Stage 2	Stage 3	Total	of which POCI
Measurement method: measured at fair value through other comprehensive income					
Net amount	107,649	393	12	108,054	-
Measurement: at amortized cost					
Gross amount	86,900	399	-	87,299	-
Allowances for expected credit losses	(54)	(18)	-	(72)	-
Net amount	86,846	381	-	87,227	-
Total securities					
Gross carrying amount	194,549	792	12	195,353	-
Allowances for expected credit losses	(54)	(18)	-	(72)	-
Net carrying amount	194,495	774	12	195,281	-

• LOANS AND ADVANCES TO CUSTOMERS

LOANS AND ADVANCES TO CUSTOMERS (excluding adjustment relating to fair value hedge accounting) 31.03.2024	Stage 1	Stage 2	Stage 3	Total	of which POCI
<b>Measurement: at amortized cost</b>					
<b>Gross carrying amount</b>	<b>210,895</b>	<b>39,097</b>	<b>8,868</b>	<b>258,860</b>	<b>336</b>
real estate loans	105,190	11,848	1,497	118,535	83
business loans	60,689	18,109	3,602	82,400	166
consumer loans	26,393	3,811	2,607	32,811	85
factoring receivables	4,764	7	90	4,861	-
finance lease receivables	13,859	5,322	1,072	20,253	2
<b>Allowances for expected credit losses</b>	<b>(1,074)</b>	<b>(4,081)</b>	<b>(5,296)</b>	<b>(10,451)</b>	<b>66</b>
real estate loans	(93)	(1,216)	(1,028)	(2,337)	(1)
business loans	(434)	(1,851)	(2,121)	(4,406)	2
consumer loans	(463)	(779)	(1,579)	(2,821)	66
factoring receivables	(1)	-	(29)	(30)	-
finance lease receivables	(83)	(235)	(539)	(857)	(1)
<b>Net carrying amount</b>	<b>209,821</b>	<b>35,016</b>	<b>3,572</b>	<b>248,409</b>	<b>402</b>
real estate loans	105,097	10,632	469	116,198	82
business loans	60,255	16,258	1,481	77,994	168
consumer loans	25,930	3,032	1,028	29,990	151
factoring receivables	4,763	7	61	4,831	-
finance lease receivables	13,776	5,087	533	19,396	1
<b>Loans and advances to customers, total</b>					
<b>Gross carrying amount</b>	<b>210,895</b>	<b>39,097</b>	<b>8,868</b>	<b>258,860</b>	<b>336</b>
<b>Allowances for expected credit losses</b>	<b>(1,074)</b>	<b>(4,081)</b>	<b>(5,296)</b>	<b>(10,451)</b>	<b>66</b>
<b>Net carrying amount</b>	<b>209,821</b>	<b>35,016</b>	<b>3,572</b>	<b>248,409</b>	<b>402</b>

LOANS AND ADVANCES TO CUSTOMERS (excluding adjustment relating to fair value hedge accounting) 31.12.2023	Stage 1	Stage 2	Stage 3	Total	of which POCI
<b>Measurement: at amortized cost</b>					
<b>Gross carrying amount</b>	<b>203,569</b>	<b>40,623</b>	<b>8,921</b>	<b>253,113</b>	<b>324</b>
real estate loans	99,843	13,373	1,667	114,883	84
business loans	59,458	17,654	3,666	80,778	158
consumer loans	26,079	3,576	2,452	32,107	79
factoring receivables	5,302	26	88	5,416	-
finance lease receivables	12,887	5,994	1,048	19,929	3
<b>Allowances for expected credit losses</b>	<b>(1,072)</b>	<b>(3,824)</b>	<b>(5,310)</b>	<b>(10,206)</b>	<b>50</b>
real estate loans	(95)	(1,108)	(1,167)	(2,370)	(5)
business loans	(450)	(1,735)	(2,159)	(4,344)	1
consumer loans	(443)	(744)	(1,446)	(2,633)	55
factoring receivables	(1)	-	(29)	(30)	-
finance lease receivables	(83)	(237)	(509)	(829)	(1)
<b>Net carrying amount</b>	<b>202,497</b>	<b>36,799</b>	<b>3,611</b>	<b>242,907</b>	<b>374</b>
real estate loans	99,748	12,265	500	112,513	79
business loans	59,008	15,919	1,507	76,434	159
consumer loans	25,636	2,832	1,006	29,474	134
factoring receivables	5,301	26	59	5,386	-
finance lease receivables	12,804	5,757	539	19,100	2
<b>Loans and advances to customers, total</b>					
<b>Gross carrying amount</b>	<b>203,569</b>	<b>40,623</b>	<b>8,921</b>	<b>253,113</b>	<b>324</b>
<b>Allowances for expected credit losses</b>	<b>(1,072)</b>	<b>(3,824)</b>	<b>(5,310)</b>	<b>(10,206)</b>	<b>50</b>
<b>Net carrying amount</b>	<b>202,497</b>	<b>36,799</b>	<b>3,611</b>	<b>242,907</b>	<b>374</b>

● FINANCIAL AND GUARANTEE COMMITMENTS GRANTED

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED 31.03.2024	STAGE 1		STAGE 2		STAGE 3		Total nominal value	Provisions per IFRS 9
	Notional amount	Provision	Notional amount	Provision	Notional amount	Provision		
<b>Credit lines and limits</b>	<b>73,027</b>	<b>(138)</b>	<b>6,210</b>	<b>(390)</b>	<b>129</b>	<b>(25)</b>	<b>79,366</b>	<b>(553)</b>
real estate	6,586	(12)	153	(9)	5	(2)	6,744	(23)
business	51,666	(100)	4,490	(284)	82	(17)	56,238	(401)
consumer	9,473	(26)	1,560	(97)	19	(6)	11,052	(129)
in respect of factoring	4,753	-	7	-	23	-	4,783	-
in respect of finance leases	549	-	-	-	-	-	549	-
<b>Other</b>	<b>3,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,808</b>	<b>-</b>
<b>Total financial commitments granted, including:</b>	<b>76,835</b>	<b>(138)</b>	<b>6,210</b>	<b>(390)</b>	<b>129</b>	<b>(25)</b>	<b>83,174</b>	<b>(553)</b>
irrevocable commitments granted	26,791	(76)	3,623	(225)	25	(7)	30,439	(308)
POCI	-	-	2	-	1	-	3	-
<b>Guarantees and sureties granted</b>								
guarantees in domestic and foreign trading	7,770	(22)	1,585	(49)	629	(21)	9,984	(92)
domestic municipal bonds	437	(1)	-	-	-	-	437	(1)
letters of credit	1,187	-	201	(3)	-	-	1,388	(3)
payment guarantee	86	-	2	-	-	-	88	-
<b>Total guarantees and sureties granted, including:</b>	<b>9,480</b>	<b>(23)</b>	<b>1,788</b>	<b>(52)</b>	<b>629</b>	<b>(21)</b>	<b>11,897</b>	<b>(96)</b>
irrevocable commitments granted	3,309	(7)	1,389	(48)	594	(19)	5,292	(74)
performance guarantee	2,841	(4)	605	(36)	195	(11)	3,641	(51)
POCI	-	-	-	-	438	(2)	438	(2)
<b>Total financial and guarantee commitments granted</b>	<b>86,315</b>	<b>(161)</b>	<b>7,998</b>	<b>(442)</b>	<b>758</b>	<b>(46)</b>	<b>95,071</b>	<b>(649)</b>



Bank Polski

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED 31.12.2023	STAGE 1		STAGE 2		STAGE 3		Total nominal value	Provisions per IFRS 9
	Notional amount	Provision	Notional amount	Provision	Notional amount	Provision		
<b>Credit lines and limits</b>	<b>71,102</b>	<b>(137)</b>	<b>7,774</b>	<b>(476)</b>	<b>162</b>	<b>(28)</b>	<b>79,038</b>	<b>(641)</b>
real estate	6,722	(11)	170	(6)	6	(3)	6,898	(20)
business	50,189	(101)	6,055	(377)	89	(20)	56,333	(498)
consumer	9,220	(25)	1,542	(93)	18	(5)	10,780	(123)
in respect of factoring	4,233	-	7	-	49	-	4,289	-
in respect of finance leases	738	-	-	-	-	-	738	-
<b>Other</b>	<b>3,884</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,884</b>	<b>-</b>
<b>Total financial commitments granted, including:</b>	<b>74,986</b>	<b>(137)</b>	<b>7,774</b>	<b>(476)</b>	<b>162</b>	<b>(28)</b>	<b>82,922</b>	<b>(641)</b>
irrevocable commitments granted	25,379	(70)	4,418	(314)	33	(8)	29,830	(392)
POCI	-	-	1	-	1	-	2	-
<b>Guarantees and sureties granted</b>								
guarantees in domestic and foreign trading	8,138	(18)	1,692	(59)	785	(30)	10,615	(107)
domestic municipal bonds	243	-	-	-	-	-	243	-
letters of credit	1,175	-	102	(3)	-	-	1,277	(3)
payment guarantee	99	-	2	-	-	-	101	-
<b>Total guarantees and sureties granted, including:</b>	<b>9,655</b>	<b>(18)</b>	<b>1,796</b>	<b>(62)</b>	<b>785</b>	<b>(30)</b>	<b>12,236</b>	<b>(110)</b>
irrevocable commitments granted	3,275	(7)	1,479	(58)	749	(29)	5,503	(94)
performance guarantee	2,682	(4)	711	(43)	199	(10)	3,592	(57)
POCI	-	-	-	-	452	(2)	452	(2)
<b>Total financial and guarantee commitments granted</b>	<b>84,641</b>	<b>(155)</b>	<b>9,570</b>	<b>(538)</b>	<b>947</b>	<b>(58)</b>	<b>95,158</b>	<b>(751)</b>

### 34. MANAGEMENT OF INTEREST RATE RISK, CURRENCY RISK AND LIQUIDITY RISK

#### • INTEREST RATE RISK MANAGEMENT

Sensitivity of interest income in the banking book of the Group to the abrupt shift in the yield curve of 100 bp down in a one-year horizon in all currencies	31.03.2024	31.12.2023
Sensitivity of interest income (PLN million)	(885)	(1,014)

The economic value sensitivity measure (stress-test) of the banking book of the Group in all currencies	31.03.2024	31.12.2023
Sensitivity of economic value (PLN million)	(1,093)	(1,567)

IR VaR in the trading book	31.03.2024	31.12.2023
IR VaR for a 10-day time horizon at a confidence level of 99% (PLN million):		
Average value	8	59
Maximum value	13	133
Value at the end of the period	10	42

#### • CURRENCY RISK MANAGEMENT

The Bank's FX VaR, in aggregate for all currencies	31.03.2024	31.12.2023
VaR for a 10-day time horizon at a confidence level of 99% (in PLN million) <sup>1</sup>	3	3

<sup>1</sup> Taking into account the nature of the operation of the other Group companies which generate material currency risk and the specific characteristics of the market in which they operate, the Parent Company does not determine the consolidated VaR sensitivity measure. Such companies use their own risk measures to manage their interest rate risk. KREDOBANK SA applies the 10-day VaR which amounted to PLN 0.04 million as at 31 March 2024 and to PLN 0.3 million as at 31 December 2023.

The Group's foreign currency positions are presented in the table below:

FOREIGN CURRENCY POSITION	31.03.2024	31.12.2023
EUR	19	(59)
CHF	(132)	15
Other (Global, Net)	21	(20)

Currency positions (in addition to volatility of foreign exchange rates) are a key factor determining the level of currency risk to which the Group is exposed. The foreign currency positions are determined by all foreign currency transactions concluded, both in the statement of financial position and off-balance sheet transactions, with the exception of structural positions in UAH (PLN 655 million), for which the Bank obtained approval from the PFSA to exclude them from the calculation of the currency positions.

#### • LIQUIDITY RISK MANAGEMENT

	on demand	0 - 1 month	1 - 3 months	3 - 6 months	6 - 12 months	12 - 24 months	24 - 60 months	more than 60 months
<b>31.03.2024</b>								
Adjusted periodic gap	9,260	121,520	(11,180)	(8,093)	(5,631)	15,175	20,389	(141,440)
Adjusted cumulative periodic gap	9,260	130,780	119,600	111,507	105,876	121,051	141,440	
<b>31.12.2023</b>								
Adjusted periodic gap	8,465	128,262	(15,277)	2,326	(15,132)	13,284	25,761	(147,689)
Adjusted cumulative periodic gap	8,465	136,727	121,450	123,766	108,644	121,928	147,689	

In all time horizons, the adjusted cumulative liquidity gap of the Group, determined as the sum of the adjusted liquidity gaps of the Bank, PKO Bank Hipoteczny SA, PKO Leasing SA, KREDOBANK SA and PKO Życie Towarzystwo Ubezpieczeń SA and the contractual liquidity gaps of the other Group companies, was positive both as at 31 March 2024 and 31 December 2023. This means that the Group has a surplus of the assets receivable over the liabilities payable.

SUPERVISORY LIQUIDITY MEASURES	31.03.2024	31.12.2023
NSFR - net stable funding ratio	153.3%	156.6%
LCR - liquidity coverage ratio	234.1%	243.4%

In the period ended 31 March 2024 and 31 December 2023, liquidity measures remained above their respective supervisory limits.

## CAPITAL MANAGEMENT AT THE GROUP

### 35. CAPITAL ADEQUACY

Minimum levels of the capital ratios maintained by the Group in accordance with Article 92 of the CRR are as follows:

• total capital ratio (TCR)	8.0%
• Tier 1 capital ratio (T1)	6.0%
• Tier 1 core capital ratio (CET1)	4.5%

Obligation to maintain a combined buffer above the minimum amounts specified in Art. 92 of the CRR, representing the sum of the applicable buffers	31.03.2024	31.12.2023
<b>Total:</b>	<b>4.54%</b>	<b>4.52%</b>
• conservation buffer	2.5%	2.5%
• countercyclical buffer	0.04%	0.02%
• due to identifying the Bank as another systemically important institution ("O-SII")	2%	2%

According to the PFSA's position on dividend policy in 2024, the maximum possible level of dividend to be distributed is limited to 75% of profit. As at 31 March 2024, the minimum capital ratios authorising the payment of dividends at 75% of profit were as follows at the consolidated level:

- for the total capital ratio (TCR): 12.96%,
- for the Tier 1 capital ratio (T1): 10.96%,
- for the Tier 1 core capital ratio (CET1): 9.46%.

For detailed information on the PFSA's recommendation for dividend distribution for 2023, see the consolidated financial statements of the PKO Bank Polski S.A. Group for the year ended 31 December 2023.

Capital adequacy – consolidated data	31.03.2024	31.12.2023
<b>Equity</b>	<b>47,630</b>	<b>45,227</b>
capital: share capital, supplementary capital, other reserves, and general risk reserve	32,318	32,318
retained earnings	16,312	10,810
net profit or loss for the period	2,044	5,502
Accumulated other comprehensive income and non-controlling interests	(3,044)	(3,403)
<b>Exclusions from equity:</b>	<b>5,552</b>	<b>3,534</b>
deconsolidation - adjustments due to prudential consolidation	(117)	(109)
net profit or loss for the period	2,052	5,505
unappropriated profit for the prior year	5,505	-
cash flow hedges	(1,888)	(1,862)
<b>Other own fund reductions:</b>	<b>2,887</b>	<b>3,036</b>
goodwill	961	961
other intangible assets	1,522	1,587
additional asset adjustments (AVA, DVA, NPE, exceedance of the thresholds set out in Article 48 CRR) <sup>1</sup>	404	488
		-
<b>Temporary reversal of IFRS 9 impact</b>	<b>687</b>	<b>1,373</b>
<b>Net profit or loss included by permission from the PFSA</b>	<b>1,697</b>	<b>1,697</b>
<b>Tier 1</b>	<b>41,575</b>	<b>41,727</b>
<b>Tier 2 capital (subordinated debt)</b>	<b>1,945</b>	<b>2,080</b>
<b>Own funds</b>	<b>43,520</b>	<b>43,807</b>
<b>Requirements for own funds</b>	<b>19,104</b>	<b>18,787</b>
Credit risk	16,429	16,470
Operational risk	2,515	2,163
Market risk	133	125
Credit valuation adjustment risk	27	29
<b>Total capital ratio</b>	<b>18.22</b>	<b>18.65</b>
<b>Tier 1 capital ratio</b>	<b>17.41</b>	<b>17.77</b>

<sup>1</sup> AVA – additional valuation adjustment, DVA – debt valuation adjustment, NPE – non-performing exposures adjustment.

• CONSOLIDATED INCOME STATEMENT IN ACCORDANCE WITH THE CRR (PRUDENTIAL CONSOLIDATION)

CONSOLIDATED INCOME STATEMENT in accordance with the CCR	01.01- 31.03.2024	01.01- 31.03.2023
<b>Net interest income</b>	<b>5,224</b>	<b>4,224</b>
Interest income	7,859	7,389
Interest expense	(2,635)	(3,165)
<b>Net fee and commission income</b>	<b>1,357</b>	<b>1,156</b>
Fee and commission income	1,700	1,546
Fee and commission expense	(343)	(390)
<b>Net other income</b>	<b>160</b>	<b>57</b>
Dividend income	-	1
Gains/(losses) on financial transactions	59	31
Net foreign exchange gains/ (losses)	65	3
Gains/(losses) on derecognition of financial instruments	15	14
Net other operating income and expense	21	8
<b>Result on business activities</b>	<b>6,741</b>	<b>5,437</b>
Net allowances for expected credit losses	(198)	(327)
Impairment of non-financial assets	(128)	(12)
Cost of legal risk of mortgage loans in convertible currencies	(1,338)	(967)
Administrative expenses	(2,166)	(1,962)
Tax on certain financial institutions	(301)	(297)
Share in profits and losses of subsidiaries, associates and joint ventures	138	80
<b>Profit/(loss) before tax</b>	<b>2,748</b>	<b>1,952</b>
Income tax	(696)	(509)
Net profit/(loss) (including non-controlling interest)	2,052	(1,443)
Profit (loss) attributable to non-controlling shareholders	-	-
<b>Net profit attributable to equity holders of the parent company</b>	<b>2,052</b>	<b>1,443</b>

### 36. DIVIDENDS AND PROFIT APPROPRIATION

Information on dividend policy and the PFSA's position on the 2024 dividend policy of commercial banks, cooperative and associating banks, insurance companies, reinsurance companies, insurance and reinsurance companies, investment fund companies, universal pension companies and brokerage houses is described in the consolidated financial statements of the PKO Bank Polski Group for the year ended 31 December 2023.

On 19 December 2023, the Bank's Management Board decided to pay an interim dividend for the financial year from 1 January 2023 to 31 December 2023 and to earmark PLN 1,600,000,000 for this purpose. On the same day, the Supervisory Board approved the payment of the interim dividend. The interim dividend was paid out only of the reserve capital created for dividend payment, including interim dividends (the funds for the payment will not come from the Bank's profit earned since the end of 2022). 1,250,000,000 shares (series A, B, C, D) gave entitlement to the Interim Dividend. The interim dividend per share was PLN 1.28 gross. The record date for the interim dividend was 25 January 2024 and the dividend payment date was 1 February 2024.

On 21 February 2024, the Bank received the individual recommendation from the PFSA in which the PFSA confirmed that the Bank fulfils the criteria for the payment of dividend up to 75% of the profit for 2023, whereby the maximum amount of payment may not exceed the amount of the annual profit less the profit generated in 2023 already counted as own funds. The Bank has included in its own funds the net profit, achieved in the first half of 2023, in the amount of PLN 1,624,430,283 at standalone level.

At the same time, the PFSA advised the Bank to mitigate the risks inherent in its operations by: not conducting any other activities, in particular those beyond the scope of current business and operating activities, which may result in a reduction of own funds, including possible dividend payments from undistributed profits from previous years and buybacks or buyouts of own shares, without prior consultation with the supervisory authority.

## OTHER NOTES

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

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

The Group performs housing loan agreements in the "legacy" portfolio and carries out settlements in respect of repurchase of interest on housing loans by the State Budget. In the first quarter of 2024 and in the corresponding period of 2023, it received a commission of less than approximately PLN 0.1 million.

Biuro Maklerskie PKO BP plays the role of an agent for the issue of retail Treasury bonds and receives a fee for providing the services of an agent for the issue of bonds – in the three-month period ended 31 March 2024 in the amount of PLN 96 million, and in the same period of 2023 in the amount of PLN 67 million.

- RELATED-PARTY TRANSACTIONS – CAPITAL LINKS: ASSOCIATES AND JOINT VENTURES**

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

	Receivables	of which loans	Liabilities	Off-balance sheet liabilities granted
<b>31.03.2024</b>				
Associates and joint ventures	156	52	262	469
<b>31.12.2023</b>				
Associates and joint ventures	90	24	178	493

	Total income	of which interest and commission income	Total expense	of which interest and commission income
<b>01.01.-31.03.2024</b>				
Associates and joint ventures	168	167	55	42
<b>01.01.-31.03.2023</b>				
Associates and joint ventures	192	162	51	43

- TRANSACTIONS WITH PERSONALLY RELATED ENTITIES**

As at 31 March 2024, entities related to the Capital Group through key management personnel of PKO Bank Polski S.A. or close family members of key management personnel, nine entities remained. As of 31 December 2023, there were four entities. In the first quarter of 2024 and in the comparative period, the Capital Group did not enter into any mutual transactions with these entities.

• **BENEFITS FOR KEY MANAGEMENT PERSONNEL**

<b>COST OF REMUNERATION OF THE BANK'S MANAGEMENT AND SUPERVISORY BOARDS PAYABLE FOR THE PERIOD (in PLN thousand)</b>	<b>01.01-31.03.2024</b>	<b>01.01-31.03.2023</b>
<b>Management Board of the Bank</b>		
Short-term employee benefits	2,279	3,067
Long-term employee benefits	1,790	1,864
Share-based payments settled in cash <sup>1</sup>	3,030	2,227
Benefits to the Bank's Management Board members who ceased to perform their functions before the reporting date	1,188	389
<b>Total</b>	<b>8,287</b>	<b>7,547</b>
<b>Supervisory Board of the Bank</b>		
Short-term employee benefits	432	449
<b>Total</b>	<b>432</b>	<b>449</b>

<sup>1</sup> "Share-based payments settled in cash" includes both costs of variable remuneration in the form of a financial instrument for the current period, as well as the effect of revaluation of provisions for variable remuneration components in the form of a financial instrument for previous years based on the current price of the Bank's shares.

<b>COSTS OF REMUNERATION OF THE SUBSIDIARIES' MANAGEMENT AND SUPERVISORY BOARDS PAYABLE FOR THE PERIOD (in PLN thousand)</b>	<b>01.01-31.03.2024</b>	<b>01.01-31.03.2023</b>
<b>Management Boards of the Companies</b>		
Short-term employee benefits	7,199	7,428
Long-term employee benefits	1,738	1,732
Share-based payments settled in cash <sup>1</sup>	491	814
Benefits to the Bank's Management Board members who ceased to perform their functions before the reporting date	588	475
<b>Total</b>	<b>10,016</b>	<b>10,449</b>
<b>Supervisory Boards of the Companies</b>		
Short-term employee benefits	722	535
<b>Total</b>	<b>722</b>	<b>535</b>

<sup>1</sup> "Share-based payments settled in cash" includes both costs of variable remuneration in the form of a financial instrument for the current period, as well as the effect of revaluation of provisions for variable remuneration components in the form of a financial instrument for previous years.

The Bank provides the Bank's key management staff, members of the Supervisory Board and their close family members with standard financial services, including maintaining bank accounts, accepting deposits, granting loans and others. The terms of these transactions do not differ from market conditions.

### **38. IMPACT OF THE GEOPOLITICAL SITUATION IN UKRAINE ON THE PKO BANK POLSKI S.A. GROUP**

The macroeconomic situation in Ukraine, including in the banking sector, and the measures taken by the Group in connection with the geopolitical situation in Ukraine are described extensively in the Group's consolidated financial statements for the year ended 31 December 2023 in the note 38 "Impact of the geopolitical situation in Ukraine on the PKO Bank Polski S.A. Group".

Armed aggression of the Russian Federation on Ukraine have serious negative consequences for the financial system and the banking sector of Ukraine. The adaptation of business and the general population to war conditions, the rebound in economic activity, the resolution of some of the logistical problems, high crop yields and significant budgetary spending on infrastructure reconstruction and defence led to a revival of economic growth in 2023, with real GDP increasing by 5.3% y/y.

The warfare has adversely affected the Ukrainian banking sector, including through: a reduction in the loan portfolio due to a significant reduction in new lending, with the exception of lending under the state's "5-7-9" programme and loans granted by state-owned banks to strategic sectors and companies. The Government's '5-7-9' programme was initiated by the President of Ukraine and the Cabinet of Ministers to support the development of small and medium-sized enterprises by facilitating access to bank credit, including the possibility of obtaining loans at reduced interest rates by means of state compensation of interest rates up to 5%, 7% and 9% per annum for loans in domestic currency. After declines in 2022- 2023, the loan portfolio started to grow in the first quarter of 2024 - by 1.4% YTD;

Nevertheless, after an outflow of funds from banks at the beginning of the war, liquidity in the banking system is increasing. In the first quarter of 2024, retail deposits increased by 0.1% and corporate deposits by 2.4%.

The regulations of the National Bank of Ukraine (NBU) introducing simplified requirements for the day-to-day operations of banks continue to apply; however, the NBU is introducing new amendments tightening the previously introduced changes. These amendments are aimed at ensuring the timely and adequate assessment of credit risk and the adequate assessment of liquidity and capital requirements by banks. This includes, for example, the entry into force on 5 August 2024 of the NBU resolutions governing the new approach to the calculation of a bank's regulatory capital and implementing the new capital adequacy requirements (the method for calculating capital will be similar to that applied to EU banks).

In March 2024, the NBU cut the discount rate by a further 0.5 bps – to 14.5% per annum.

KREDOBANK S.A.'s liquidity situation, despite the ongoing conflict in Ukraine, remained stable and secure. Kredobank S.A. did not experience a material decline in liquidity measures or significant deposit outflows (LCR in foreign currencies of around 369%, LCR in all currencies of around 251%, NSFR of nearly 260%). The regulatory capital adequacy ratio of Kredobank S.A. at the end of the first quarter of 2024 is 33.0% (with a floor of no less than 10%), the core capital adequacy ratio of Kredobank S.A. is 22.2% (with a floor of no less than 7%).

As at 31 March 2024, the Group updated the analysis of the business loans portfolio of its Polish customers from the perspective of the customers' exposure to the adverse effects of the military conflict in Ukraine. If we adopt a threshold of at least 5% of the turnover generated from transactions with counterparties from Russia, Belarus or Ukraine, the risk-exposed portfolio amounts to approx. PLN 380 million (approximately PLN 660 million including off-balance sheet exposure), (as at 31 December 2023 PLN 2,46 billion). For the purpose of the measurement of credit exposures, the Group considered the information on the scale of the Polish customers' business relations with partners from Ukraine, Belarus and Russia, and performed an assessment of various scenarios of development of the macroeconomic situation. The exposures of these customers were classified to Stage 2 and were subject to the valuation of expected credit losses throughout their lifetime. If the probability of a customer repaying its loan liabilities was assessed as low, the exposures were reclassified to Stage 3.

Retail exposures granted to Russian, Belarusian or Ukrainian nationals, which as at 31 March 2024 amounted to PLN 167 million (as at 31 December 2023 PLN 151 million), were reclassified by the Group into Stage 2 and their credit risk was measured over the life of these loans. As at 31 March 2024, the allowance for expected credit losses for the above portfolios amounted to PLN 86 million (as at 31 December 2023 PLN 80 million).

As at 31 March 2024, the Ukrainian companies' assets accounted for 1% of the Group's assets (1% in the corresponding period) and the Ukrainian companies' net profit accounted for 3.4% of the Group's net profit for the three months ended 31 March 2024 (2.7% in the corresponding period).

### 39. INTEREST RATE BENCHMARKS REFORM

The reform of interest rate benchmarks and the steps taken by the Group in this regard are described extensively in the Group's consolidated financial statements for the year ended 31 December 2023 in the note 39 "Interest rate benchmarks reform".

On 29 March 2024, the Steering Committee of the National Working Group for benchmark reform (NWG SC) decided to commence a review and analysis of risk-free-rate (RFR) replacement choices for WIBOR benchmark, including both WIRON and other possible interest rate indices or benchmarks. The purpose is to review the decision of the NWG SC adopted in September 2022, based on a wider scope of market information in the dynamically changing macroeconomic environment of the Polish economy. In view of the above, possible changes to the milestones of the existing Roadmap for the process of replacing the WIBOR and WIBID benchmarks are possible, but as indicated by the NWG SC, without changing the final deadline for the completion of the benchmark reform.

## 40. OTHER INFORMATION

- **SEASONALITY OR CYCLICALITY OF ACTIVITIES IN THE REPORTING PERIOD**

The Bank's and the other PKO Bank Polski SA Group companies' activities do not show material cyclical or seasonal changes.

- **THE POSITION OF THE MANAGEMENT BOARD OF PKO BANK POLSKI S.A. ON THE POSSIBILITY OF THE ACHIEVEMENT OF PREVIOUSLY PUBLISHED FORECASTS OF THE RESULTS FOR THE YEAR**

PKO Bank Polski SA did not publish forecasts of financial performance for 2024. In current reports, the Bank communicated information on significant events that affected the Bank's and the Bank's Group's results.

- **SIGNIFICANT AGREEMENTS AND MATERIAL AGREEMENTS WITH THE CENTRAL BANK OR SUPERVISORY AUTHORITIES**

PKO Bank Polski S.A. is obliged to inform in the current reports about all agreements meeting the definition of confidential information provided in Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse.

In the first quarter of 2024, the Bank concluded and published information about an annex to the guarantee agreement entered into on 27 February 2023, providing unfunded credit protection in respect of a portfolio of selected corporate credit receivables of the Bank, in accordance with the CRR (for details, see note 27 "Contingent liabilities and off-balance sheet liabilities received and granted").

PKO Bank Polski S.A.'s subsidiaries did not enter into any significant agreements or material agreements with the central bank or supervisory authorities in the three-month period ended 31 March 2024.

- **LOANS DRAWN AND AGREEMENTS REGARDING ADVANCES, GUARANTEES AND PLEDGES WHICH ARE NOT RELATED TO OPERATING ACTIVITIES**

In the three-month period ended 31 March 2024, neither PKO Bank Polski S.A nor PKO Bank Polski S.A's subsidiaries took out any loans or advances or received any guarantees or pledges which were not related to their operating activities.

- **INFORMATION ON NON-PAYMENT OF A LOAN OR ADVANCE OR BREACHING MATERIAL PROVISIONS OF A LOAN OR ADVANCE AGREEMENT WITH RESPECT OF WHICH NO REMEDIAL ACTION WAS PERFORMED UNTIL THE END OF THE REPORTING PERIOD**

The Group has not identified any unpaid loans or advances or any breach of material provisions of a loan or advance agreement where the Group acts as a borrower with regard to which no remedial action had been taken until 31 March 2024.

- **INFORMATION ON TRANSACTION(S) WITH RELATED PARTIES CONCLUDED BY THE ISSUER OR ITS SUBSIDIARY, IF THEY HAVE BEEN CONCLUDED ON TERMS OTHER THAN ON AN ARM'S LENGTH BASIS**

The Bank's Group does not identify transactions with related parties that deviate materially from arm's length conditions. Subsidiaries of PKO Bank Polski S.A. did not conclude any transactions with related parties which differ significantly from arm's length basis.

- **INFORMATION ON SIGNIFICANT AGREEMENTS CONCERNING THE ISSUER OR ITS SUBSIDIARY GRANTING SURETIES FOR LOANS OR ADVANCES OR GRANTING GUARANTEES**

In the three-month period ended 31 March 2024, neither PKO Bank Polski S.A nor PKO Bank Polski S.A's subsidiaries have entered into significant agreements to guarantee the repayment of a loan or advance and to grant guarantees for the repayment of a loan or advance.

- **INFORMATION ON MATERIAL PROCEEDINGS AT COURT, BEFORE A COMPETENT ARBITRATION TRIBUNAL OR A PUBLIC ADMINISTRATION BODY**

As at 31 March 2024, 33,148 on court proceedings were pending against the Bank (as at 31 December 2023: 30,498) relating to mortgage loans granted in previous years in foreign currency with a total value in dispute of PLN 13,247 million (as at 31 December 2023: PLN 11,948 million), including one group proceeding with 72 loan agreements. Information on the value of all legal proceedings of the Bank and Bank's Group, as well as a description of the main disputes, including those relating to mortgage loans in convertible currencies, is presented in note 28 "Legal claims".

- **OTHER INFORMATION RELEVANT TO THE ASSESSMENT OF THE ISSUER'S PERSONNEL, ASSETS, FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CHANGES THEREIN**

In the three-month period ended 31 March 2024, PKO Bank Polski S.A and PKO Bank Polski S.A's subsidiaries did not experience any other significant events relevant to the assessment of their personnel, assets, financial position and financial performance.

#### **41. EVENTS THAT OCCURRED AFTER THE DATE ON WHICH THE FINANCIAL STATEMENTS ARE PREPARED**

1. On 11 April 2024, the Supervisory Board, as part of an open selection procedure, appointed the following persons as members of the Bank's Management Board with effect from 22 April 2024:

- Marek Radzikowski as Vice-President of the Bank's Management Board,
- Mariusz Zarzycki as Vice-President of the Bank's Management Board.

All aforementioned members of the Bank's Management Board were appointed for a new, common 3-years term of office beginning on 26 March 2024.

The Supervisory Board adopted also the resolution to terminate as of 21 April 2024 delegation of Mr. Maciej Cieślukowski, Supervisory Board member, to temporarily perform the duties of the member of the Bank's Management Board.

On 17 April 2024, Mr. Marek Radzikowski resigned from the position of a member of the Bank's Supervisory Board effective as of the end of 21 April 2024.

On 25 April 2024, the Bank's Supervisory Board appointed Mr Michał Sobolewski to the Bank's Management Board as Vice-President of the Management Board, effective as of 1 August 2024, as part of an open selection procedure. The appointment was made for the current joint three-year term of the Bank's Management Board, which began on 26 March 2024.

2. On 12 April 2024, the Polish Parliament passed an amendment to the Act on support for borrowers who have taken out a mortgage loan and are in a difficult financial situation and the Act on the crowdfunding of business ventures and on assistance for borrowers of 7 July 2022. The act was adopted by the Senate and signed by the President.

Pursuant to the above amendment, loan holidays will be available to borrowers who meet the following criteria:

- the value of the loan granted does not exceed PLN 1.2 million and
- the loan installment exceeds 30% of the household income, calculated as the average household income from the last three months, or the borrower has at least three children to support (as of the date of submitting the application).

The Act assumes that in 2024, housing loan installments will be suspended four times - twice between June 1 and August 31, 2024 and twice between September 1 and December 31, 2024.

The Group has adopted a judgement on when to recognise the impact of credit holidays introduced by the Act on the crowdfunding of business ventures and on assistance for borrowers. The Group believes that the entitlement of customers to benefit from the suspension of loan repayments is a statutory cash flow modification that occurs on the date the Act has been signed by the President, i.e. it is a subsequent event that does not require adjustments at 31 March 2024.

With regard to the housing loan portfolio measured at amortised cost, the Group adjusted the gross carrying amount of mortgage loans in May 2024 for PLN 489 million ((including PLN 427 million related to PKO Bank Polski S.A.), with a corresponding reduction in interest income. The value of the adjustment was determined as the difference between the present value of the estimated cash flows resulting from the loan agreements, taking into account the suspension of instalment payments, and the present gross carrying amount of the loan portfolio. The loss estimate is based on the assumption that 24% of customers will be eligible for and benefit from credit holidays (customer participation rate).

The actual impact of solutions in the area of credit holidays on the Group's profit or loss will depend, among other things, on the number of customers who benefit from these solutions.

# CONDENSED INTERIM FINANCIAL STATEMENTS OF PKO BANK POLSKI S.A. FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

## SEPARATE INCOME STATEMENT

	01.01- 31.03.2024	01.01- 31.03.2023
<b>Net interest income</b>	<b>4,915</b>	<b>3,920</b>
Interest and similar income	7,269	6,775
of which calculated under the effective interest rate method	7,153	6,628
Interest expense	(2,354)	(2,855)
<b>Net fee and commission income</b>	<b>1,112</b>	<b>931</b>
Fee and commission income	1,437	1,307
Fee and commission expense	(325)	(376)
<b>Net other income</b>	<b>114</b>	<b>81</b>
Dividend income	-	32
Gains/(losses) on financial transactions	47	13
Net foreign exchange gains/ (losses)	59	45
Gains/(losses) on derecognition of financial instruments	14	14
of which measured at amortized cost	9	4
Net other operating income and expense	(6)	(23)
Other operating income	40	36
Other operating expenses	(46)	(59)
<b>Result on business activities</b>	<b>6,141</b>	<b>4,932</b>
Net allowances for expected credit losses	(189)	(261)
Impairment of non-financial assets	(80)	(13)
Cost of legal risk of mortgage loans in convertible currencies	(1,338)	(967)
Administrative expenses	(1,935)	(1,742)
of which net regulatory charges	(370)	(350)
Tax on certain financial institutions	(288)	(282)
<b>Profit before tax</b>	<b>2,311</b>	<b>1,667</b>
Income tax	(545)	(411)
<b>Net profit</b>	<b>1,766</b>	<b>1,256</b>
Earnings per share		
- basic earnings per share for the period (PLN)	1.41	1.00
- diluted earnings per share for the period (PLN)*	1.41	1.00
Weighted average number of ordinary shares during the period (in million)*	1,250	1,250

\* Both in the period of three months ended 31 March 2024 and in the corresponding period of 2023, there were no dilutive instruments. Therefore, the amount of diluted earnings per share is the same as the amount of basic earnings per share.

## SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	01.01- 31.03.2024	01.01- 31.03.2023
Net profit	1,766	1,256
Other comprehensive income	311	1,937
Items which may be reclassified to profit or loss	311	1,937
Cash flow hedges (net)	(54)	1,174
Cash flow hedges (gross)	(67)	1,450
Deferred tax	13	(276)
Fair value of financial assets measured at fair value through other comprehensive income (net)	366	763
Remeasurement of fair value, gross	457	953
Gains /losses transferred to the profit or loss (on disposal)	(5)	(10)
Deferred tax	(86)	(180)
Currency translation differences on foreign operations	(1)	-
Net comprehensive income	2,077	3,193

## SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	31.03.2024	31.12.2023
<b>ASSETS</b>		<b>470,426</b>	<b>474,680</b>
Cash and balances with the Central Bank		15,740	17,676
Amounts due from banks		13,417	16,900
Hedging derivatives		649	1,084
Other derivative instruments		7,377	8,752
Securities	4	188,493	191,439
Reverse repo transactions		527	372
Loans and advances to customers	5	229,408	223,670
Property, plant and equipment		2,733	2,731
Non-current assets held for sale		9	139
Intangible assets		3,238	3,288
Investments in subsidiaries		3,560	3,440
Investments in associates and joint ventures		275	275
Deferred tax assets		2,963	3,048
Other assets		2,037	1,866

		31.03.2024	31.12.2023
<b>LIABILITIES AND EQUITY</b>		<b>470,426</b>	<b>474,680</b>
<b>LIABILITIES</b>		<b>425,395</b>	<b>431,726</b>
Amounts due to Central bank		10	10
Amounts due to banks		2,828	3,250
Hedging derivatives		2,623	2,456
Other derivative instruments		8,407	9,902
Amounts due to customers	6	388,058	394,551
Liabilities in respect of debt securities in issue		6,398	3,421
Subordinated liabilities		2,717	2,774
Other liabilities		8,887	10,235
Current income tax liabilities		1,178	1,008
- of the Bank		1,128	992
- of the subsidiaries belonging to the Tax Group		50	16
Provisions		4,289	4,119
<b>EQUITY</b>		<b>45,031</b>	<b>42,954</b>
Share capital		1,250	1,250
Reserves and accumulated other comprehensive income		27,710	27,399
Retained earnings		14,305	9,437
Net profit or loss for the period		1,766	4,868

## SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR 3 MONTHS ENDED 31 MARCH 2024	Share capital	Reserves and accumulated other comprehensive income					Retained earnings	Net profit or loss for the period	Total equity
		Reserves			Accumulated other comprehensive income	Reserves and accumulated other comprehensive income			
		Supplementary capital	General banking risk fund	Other reserves					
As at the beginning of the period	1,250	22,468	1,070	6,775	(2,914)	27,399	9,437	4,868	42,954
Transfer from retained earnings	-	-	-	-	-	-	4,868	(4,868)	-
Comprehensive income	-	-	-	-	311	311	-	1,766	2,077
<b>As at the end of the period</b>	<b>1,250</b>	<b>22,468</b>	<b>1,070</b>	<b>6,775</b>	<b>(2,603)</b>	<b>27,710</b>	<b>14,305</b>	<b>1,766</b>	<b>45,031</b>

FOR 3 MONTHS ENDED 31 MARCH 2024	Accumulated other comprehensive income				
	Fair value of financial assets measured at fair value through other comprehensive income	Cash flow hedges	Actuarial gains and losses	Currency translation differences on foreign operations	Total
As at the beginning of the period	(1,189)	(1,701)	(22)	(2)	(2,914)
Comprehensive income	366	(54)	-	(1)	311
<b>As at the end of the period</b>	<b>(823)</b>	<b>(1,755)</b>	<b>(22)</b>	<b>(3)</b>	<b>(2,603)</b>



Bank Polski

FOR 3 MONTHS ENDED 31 MARCH 2023	Share capital	Reserves and accumulated other comprehensive income					Retained earnings	Net profit or loss for the period	Total equity
		Reserves			Accumulated other comprehensive income	Reserves and accumulated other comprehensive income			
		Supplementary capital	General banking risk fund	Other reserves					
As at the beginning of the period	1,250	22,468	1,070	6,746	(8,516)	21,768	7,808	3,258	34,084
Transfer from retained earnings	-	-	-	-	-	-	3,258	(3,258)	-
Comprehensive income	-	-	-	-	1,937	1,937	-	1,256	3,193
<b>As at the end of the period</b>	<b>1,250</b>	<b>22,468</b>	<b>1,070</b>	<b>6,746</b>	<b>(6,579)</b>	<b>23,705</b>	<b>11,066</b>	<b>1,256</b>	<b>37,277</b>

FOR 3 MONTHS ENDED 31 MARCH 2023	Accumulated other comprehensive income				Total
	Fair value of financial assets measured at fair value through other comprehensive income	Cash flow hedges	Actuarial gains and losses	Currency translation differences on foreign operations	
As at the beginning of the period	(3,469)	(5,028)	(19)	-	(8,516)
Comprehensive income	763	1,174	-	-	1,937
<b>As at the end of the period</b>	<b>(2,706)</b>	<b>(3,854)</b>	<b>(19)</b>	<b>-</b>	<b>(6,579)</b>

## SEPARATE STATEMENT OF CASH FLOWS

	01.01- 31.03.2024	01.01- 31.03.2023
<b>Cash flows from operating activities</b>		
Profit before tax	2,311	1,667
Income tax paid	(398)	(360)
<b>Total adjustments:</b>	<b>(13,808)</b>	<b>(1,143)</b>
Depreciation and amortization	254	231
(Gains)/losses on investing activities	(4)	(4)
Interest and dividends received	(717)	(542)
Interest paid	299	133
<b>Change in:</b>		
amounts due from banks	364	(896)
hedging derivatives	602	(1,511)
other derivative instruments	(120)	(58)
securities	(1,715)	(1,633)
loans and advances to customers	(5,974)	(5,347)
reverse repo transactions	(155)	(4,769)
non-current assets held for sale	130	(3)
other assets	(247)	(124)
accumulated allowances for expected credit losses	119	240
accumulated allowances on non-financial assets and other provisions	350	50
amounts due to the Central Bank	-	31
amounts due to banks	(422)	803
amounts due to customers	(6,493)	10,996
loan and advances received	-	(1)
liabilities in respect of debt securities in issue	(179)	(5)
subordinated liabilities	(57)	(61)
other liabilities	323	(116)
Other adjustments	(166)	1,443
<b>Net cash from/used in operating activities</b>	<b>(11,895)</b>	<b>164</b>

	01.01- 31.03.2024	01.01- 31.03.2023
<b>Cash flows from investing activities</b>		
<b>Inflows from investing activities</b>	<b>199,932</b>	<b>77,313</b>
Redemption of securities measured at fair value through other comprehensive income	199,072	75,151
Interest received on securities measured at fair value through other comprehensive income	619	405
Redemption of securities measured at amortized cost	123	1,612
Interest received on securities measured at amortized cost	69	105
Proceeds from disposal of intangible assets, property, plant and equipment and assets held for sale	19	8
Other inflows from investing activities including dividends	30	32
<b>Outflows on investing activities</b>	<b>(194,264)</b>	<b>(84,465)</b>
Purchase of securities measured at fair value through other comprehensive income	(183,375)	(82,470)
Purchase of securities measured at amortized cost	(10,679)	(1,868)
Purchase of intangible assets and property, plant and equipment	(210)	(127)
<b>Net cash from/used in investing activities</b>	<b>5,668</b>	<b>(7,152)</b>

	01.01- 31.03.2024	01.01- 31.03.2023
<b>Cash flows from financing activities</b>		
Distribution of dividends	(1,600)	-
Proceeds from debt securities in issue	3,156	3,531
Payment of lease liabilities	(72)	(66)
Repayment of interest on long-term liabilities	(299)	(133)
<b>Net cash from financing activities</b>	<b>1,185</b>	<b>3,332</b>
<b>Total net cash flows</b>	<b>(5,042)</b>	<b>(3,656)</b>
of which foreign exchange differences on cash and cash equivalents	(46)	86
Cash and cash equivalents at the beginning of the period	29,851	29,611
Cash and cash equivalents at the end of the period	24,809	25,955

## SUPPLEMENTARY INFORMATION

### 1. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements of PKO Bank Polski S.A. (the **FINANCIAL STATEMENTS**), reviewed by the Audit Committee of the Supervisory Board and reviewed by the Supervisory Board on 8 May 2024, were approved for publication by the Management Board on 8 May 2024.

### 2. REPRESENTATION BY THE MANAGEMENT BOARD

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

### 3. THE BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE

The Bank has prepared its financial statements in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" as endorsed by the European Union.

These condensed interim separate financial statements of the Bank for the three-month period ended 31 March 2024 do not comprise all the information and disclosures which may be required in annual separate financial statements and should be read jointly with the annual separate financial statements of PKO Bank Polski S.A. for the year ended 31 December 2023 that were prepared in accordance with the International Financial Reporting Standards endorsed by the European Union.

The financial statements of PKO Bank Polski S.A. cover the three-month period ended 31 March 2024 and contains comparative figures:

- the three-month period ended 31 March 2023 with regard to the income statement, statement of comprehensive income, statement of changes in equity, and statement of cash flows,
- as at 31 December 2023 with regard to the statement of financial position.

The financial data is presented in millions of Polish zlotys (PLN), unless otherwise indicated.

To prepare the financial statements, the Bank applied the accounting policies and calculation methods consistent with those applicable in the financial year ended 31 December 2023, as described in detail in the Bank's annual separate financial statements for 2023. In addition, the Bank has taken into account the principle of recognising income tax expense based on the best estimate of the weighted average annual income tax rate expected by the Bank for the full financial year.

With the exception of the changes required by standards and amendments to standards that became effective as of 1 January 2024, the Bank has not implemented any new accounting policies since 1 January 2024 or made any changes resulting in differences between the previously published financial statements and these financial statements. The amendments to the standards, which are effective as of 1 January 2024, did not have a material impact on the Bank's financial statements.

#### 4. SECURITIES

SECURITIES	31.03.2024	31.12.2023
<b>Debt securities</b>	<b>188,117</b>	<b>191,092</b>
NBP money bills	12,276	28,974
treasury bonds (in PLN)	122,940	109,031
treasury bonds (in foreign currencies)	3,701	4,034
corporate bonds (in PLN) secured with the State Treasury guarantees	21,480	23,808
municipal bonds (in PLN)	13,985	13,767
corporate bonds (in PLN) <sup>1</sup>	6,188	5,121
corporate bonds (in foreign currencies) <sup>2</sup>	7,539	6,329
mortgage covered bonds	8	28
<b>Equity securities</b>	<b>398</b>	<b>368</b>
<b>Total (excluding adjustment relating to fair value hedge accounting)</b>	<b>188,515</b>	<b>191,460</b>
Adjustment relating to fair value hedge accounting	(22)	(21)
<b>Total</b>	<b>188,493</b>	<b>191,439</b>

<sup>1,2</sup>The item includes bonds of international financial organizations of PLN 4,710 million and PLN 5,572 million, respectively.

#### 5. LOANS AND ADVANCES TO CUSTOMERS

In the measurement of the portfolio of loans measured at fair value through other comprehensive income, the Bank has taken into account the effect of credit holidays referred to in the note 41 “EVENTS THAT OCCURRED AFTER THE DATE ON WHICH THE FINANCIAL STATEMENTS ARE PREPARED” of the condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group for the three-month period ended 31 March 2024, due to the fact that fair value is the price that would be received for the sale of an asset in a transaction between independent, knowledgeable and willing market participants, carried out under normal conditions.

LOANS AND ADVANCES TO CUSTOMERS 31.03.2024	not held for trading, measured at fair value through profit or loss	measured at fair value through other comprehensive income	measured at amortized cost	Total
<b>retail and private banking</b>	<b>2 573</b>	<b>10 458</b>	<b>112 016</b>	<b>125 047</b>
real estate	2	10 458	82 881	93 341
consumer	2 571	-	29 135	31 706
<b>businesses</b>	<b>55</b>	<b>-</b>	<b>13 284</b>	<b>13 339</b>
real estate	-	-	4 939	4 939
business	55	-	8 345	8 400
<b>corporate</b>	<b>16</b>	<b>-</b>	<b>91 008</b>	<b>91 024</b>
real estate	-	-	84	84
business	16	-	90 924	90 940
<b>Loans and advances to customers (excluding adjustment relating to fair value hedge accounting)</b>	<b>2 644</b>	<b>10 458</b>	<b>216 308</b>	<b>229 410</b>
Adjustment relating to fair value hedge accounting	-	-	(2)	(2)
<b>Total</b>	<b>2 644</b>	<b>10 458</b>	<b>216 306</b>	<b>229 408</b>

LOANS AND ADVANCES TO CUSTOMERS (transformed data) 31.12.2023	not held for trading, measured at fair value through profit or loss	measured at fair value through other comprehensive income	measured at amortized cost	Total
<b>retail and private banking</b>	2 777	10 751	106 899	120 427
real estate	1	10 751	78 314	89 066
consumer	2 776	-	28 585	31 361
<b>businesses</b>	52	-	12 292	12 344
real estate	-	-	5 056	5 056
business	52	-	7 236	7 288
<b>corporate</b>	29	-	90 872	90 901
real estate	-	-	126	5 056
business	29	-	90 746	90 775
<b>Loans and advances to customers (excluding adjustment relating to fair value hedge accounting)</b>	2 858	10 751	210 063	223 672
Adjustment relating to fair value hedge accounting	-	-	(2)	(2)
<b>Total</b>	<b>2 858</b>	<b>10 751</b>	<b>210 061</b>	<b>223 670</b>

<sup>1</sup> Data for 2023 have been made comparable. The changes are described in note 10 "Information on business segments" of the [condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group for the three-month period ended March 31, 2024](#).

## 6. AMOUNTS DUE TO CUSTOMERS

AMOUNTS DUE TO CUSTOMERS	31.03.2024	31.12.2023
<b>Measured at fair value through profit or loss</b>	8	277
Liabilities in respect of a short position in securities	8	277
<b>Measured at amortized cost</b>	387,810	393,862
Cash on current accounts and overnight deposits of which	263,497	267,625
savings accounts and other interest-bearing assets	71,546	77,446
Term deposits	123,043	125,045
Other liabilities	1,270	1,192
<b>Amounts due to customers (excluding adjustment relating to fair value hedge accounting)</b>	387,818	394,139
Adjustment relating to fair value hedge accounting	240	412
<b>Total</b>	<b>388,058</b>	<b>394,551</b>

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

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED 31.03.2024	Total	Provisions per IFRS 9	Net carrying amount
<b>Credit lines and limits</b>	<b>83,751</b>	<b>(550)</b>	<b>83,201</b>
real estate	6,658	(23)	6,635
business	66,097	(399)	65,698
consumer	10,996	(128)	10,868
<b>Other</b>	<b>3,808</b>	<b>-</b>	<b>3,808</b>
<b>Total financial commitments granted, including:</b>	<b>87,559</b>	<b>(550)</b>	<b>87,009</b>
irrevocable commitments granted	40,671	(308)	40,363
POCI	3	-	3
<b>Guarantees and sureties granted</b>			
guarantees in domestic and foreign trading	11,567	(91)	11,476
domestic corporate bonds	1,000	-	1,000
domestic municipal bonds	437	(1)	436
letters of credit	1,388	(3)	1,385
payment guarantee	99	-	99
<b>Total guarantees and sureties granted, including:</b>	<b>14,491</b>	<b>(95)</b>	<b>14,396</b>
irrevocable commitments granted	7,942	(74)	7,868
performance guarantee	3,641	(51)	3,590
POCI	438	(2)	436
<b>Total financial and guarantee commitments granted</b>	<b>102,050</b>	<b>(645)</b>	<b>101,405</b>

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED 31.12.2023	Total	Provisions per IFRS 9	Net carrying amount
<b>Credit lines and limits</b>	<b>82,295</b>	<b>(639)</b>	<b>81,656</b>
real estate	6,807	(20)	6,787
business	64,767	(497)	64,270
consumer	10,721	(122)	10,599
<b>Other</b>	<b>3,884</b>	<b>-</b>	<b>3,884</b>
<b>Total financial commitments granted, including:</b>	<b>86,179</b>	<b>(639)</b>	<b>85,540</b>
irrevocable commitments granted	38,419	(392)	38,027
POCI	2	-	2
<b>Guarantees and sureties granted</b>			
guarantees in domestic and foreign trading	12,241	(106)	12,135
domestic corporate bonds	1,000	-	1,000
domestic municipal bonds	243	-	243
letters of credit	1,277	(3)	1,274
payment guarantee	116	-	116
<b>Total guarantees and sureties granted, including:</b>	<b>14,877</b>	<b>(109)</b>	<b>14,768</b>
irrevocable commitments granted	8,194	(94)	8,100
performance guarantee	3,592	(57)	3,535
POCI	452	(2)	450
<b>Total financial and guarantee commitments granted</b>	<b>101,056</b>	<b>(748)</b>	<b>100,308</b>

OFF-BALANCE SHEET LIABILITIES RECEIVED BY NOMINAL VALUE	31.03.2024	31.12.2023
Financial	268	132
Guarantees	23,039	18,134
<b>Total</b>	<b>23,307</b>	<b>18,266</b>

Information on the increase in off-balance sheet guarantee liabilities received results from the annex to the guarantee agreement signed on 28 March 2024, described in note 27 "[Contingent liabilities and off-balance sheet liabilities received and granted](#)" in the part of the condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group. for the three-month period ended 31 March 2024.

## 8. FAIR VALUE HIERARCHY

For a description of fair value measurement techniques and inputs, see in the financial statements of PKO Bank Polski S.A. for the year ended 31 December 2023.

ASSETS MEASURED AT FAIR VALUE 31.03.2024	Carrying amount	Level 1	Level 2	Level 3
		Prices quoted on active markets	Valuation techniques based on observable market data	Other valuation techniques
Hedging derivatives	649	-	649	-
Other derivative instruments	7,377	2	7,375	-
<b>Securities</b>	<b>91,494</b>	<b>85,123</b>	<b>5,729</b>	<b>642</b>
<b>held for trading</b>	<b>461</b>	<b>461</b>	-	-
debt securities	423	423	-	-
equity securities	38	38	-	-
<b>not held for trading, measured at fair value through profit or loss</b>	<b>690</b>	<b>316</b>	<b>2</b>	<b>372</b>
debt securities	330	283	-	47
equity securities	360	33	2	325
<b>measured at fair value through other comprehensive income (debt securities)</b>	<b>90,343</b>	<b>84,346</b>	<b>5,727</b>	<b>270</b>
<b>Loans and advances to customers</b>	<b>13,102</b>	-	-	<b>13,102</b>
<b>not held for trading, measured at fair value through profit or loss</b>	<b>2,644</b>	-	-	<b>2,644</b>
real estate loans	2	-	-	2
business loans	71	-	-	71
consumer loans	2,571	-	-	2,571
<b>measured at fair value through other comprehensive income – housing loans</b>	<b>10,458</b>	-	-	<b>10,458</b>
<b>Total financial assets measured at fair value</b>	<b>112,622</b>	<b>85,125</b>	<b>13,753</b>	<b>13,744</b>

LIABILITIES MEASURED AT FAIR VALUE 31.03.2024	Carrying amount	Level 1	Level 2	Level 3
		Prices quoted on active markets	Valuation techniques based on observable market data	Other valuation techniques
Hedging derivatives	2,623	-	2,623	-
Other derivative instruments	8,407	-	8,407	-
Liabilities in respect of a short position in securities	8	8	-	-
<b>Total financial liabilities measured at fair value</b>	<b>11,038</b>	<b>8</b>	<b>11,030</b>	-

ASSETS MEASURED AT FAIR VALUE 31.12.2023	Carrying amount	Level 1	Level 2	Level 3
		Prices quoted on active markets	Valuation techniques based on observable market data	Other valuation techniques
Hedging derivatives	1,084	-	1,084	-
Other derivative instruments	8,752	2	8,750	-
<b>Securities</b>	<b>105,705</b>	<b>96,913</b>	<b>8,166</b>	<b>626</b>
<b>held for trading</b>	<b>606</b>	<b>606</b>	-	-
debt securities	574	574	-	-
equity securities	32	32	-	-
<b>not held for trading, measured at fair value through profit or loss</b>	<b>678</b>	<b>320</b>	<b>1</b>	<b>357</b>
debt securities	342	296	-	46
equity securities	336	24	1	311
<b>measured at fair value through other comprehensive income (debt securities)</b>	<b>104,421</b>	<b>95,987</b>	<b>8,165</b>	<b>269</b>
<b>Loans and advances to customers</b>	<b>13,609</b>	-	-	<b>13,609</b>
<b>not held for trading, measured at fair value through profit or loss</b>	<b>2,858</b>	-	-	<b>2,858</b>
real estate loans	1	-	-	1
business loans	81	-	-	81
consumer loans	2,776	-	-	2,776
<b>measured at fair value through other comprehensive income – housing loans</b>	<b>10,751</b>	-	-	<b>10,751</b>
<b>Total financial assets measured at fair value</b>	<b>129,150</b>	<b>96,915</b>	<b>18,000</b>	<b>14,235</b>

LIABILITIES MEASURED AT FAIR VALUE 31.12.2023	Carrying amount	Level 1	Level 2	Level 3
		Prices quoted on active markets	Valuation techniques based on observable market data	Other valuation techniques
Hedging derivatives	2,456	-	2,456	-
Other derivative instruments	9,902	-	9,902	-
Liabilities in respect of a short position in securities	302	302	-	-
<b>Total financial liabilities measured at fair value</b>	<b>12,660</b>	<b>302</b>	<b>12,358</b>	-

IMPACT OF ESTIMATES ON FAIR VALUE MEASUREMENT OF LEVEL 3 FINANCIAL INSTRUMENTS	31.03.2024		31.12.2023	
	Fair value in		Fair value in	
	positive scenario	negative scenario	positive scenario	negative scenario
Shares in Visa Inc. <sup>1</sup>	94	85	86	77
Other equity investments <sup>2</sup>	246	222	238	215
Corporate bonds <sup>3</sup>	326	325	326	325
Loans and advances to customers <sup>4</sup>	13,757	12,447	14,212	12,924

<sup>1</sup> scenario assuming a discount rate in respect of the future conditions of converting C-series shares to ordinary shares at a level of 0%/100% respectively

<sup>2</sup> scenario assuming a change in the discount rate of +/- 5%

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

<sup>4</sup> scenario assuming a change in the company's value of +/- 0.5p.p.

RECONCILIATION OF CHANGES DURING THE REPORTING PERIOD TO FAIR VALUE AT LEVEL 3	01.01 - 31.03.2024	01.01 - 31.03.2023
Opening balance at the beginning of the period	14,235	16,463
Increase in exposure to equity instruments	13	22
Decrease in exposure to equity instruments	-	(79)
Increase in exposure to corporate bonds	-	3
Decrease in exposure to corporate bonds	(1)	(1)
Increase in exposure to loans and advances to customers	406	498
Decrease in exposure to loans and advances to customers	(846)	(978)
Net gain/(loss) on financial instruments measured at fair value through profit or loss	(8)	(136)
Change in the valuation recognized in OCI	(33)	(182)
Other, including exchange difference	(22)	(43)
<b>Closing balance</b>	<b>13,744</b>	<b>15,567</b>

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

For a description of fair value measurement techniques and inputs, see the financial statements of PKO Bank Polski S.A. for the year ended 31 December 2023.

31.03.2024	carrying amount	fair value			Total
		Level 1	Level 2	Level 3	
Cash and balances with the Central Bank	15,740	3,755	11,985	-	15,740
Amounts due from banks	13,417	-	13,415	-	13,415
<b>Securities (excluding adjustments relating to fair value hedge accounting)</b>	<b>97,021</b>	<b>77,708</b>	<b>12,661</b>	<b>3,364</b>	<b>93,733</b>
treasury bonds (in PLN)	67,360	64,637	-	-	64,637
corporate bonds (in PLN) secured with the State Treasury guarantees	13,676	13,071	-	-	13,071
municipal bonds (in PLN)	8,793	-	9,075	-	9,075
corporate bonds (in PLN)	3,484	-	-	3,364	3,364
corporate bonds (in foreign currencies)	3,708	-	3,586	-	3,586
Reverse repo transactions	527	-	527	-	527
<b>Loans and advances to customers (excluding adjustment relating to fair value hedge accounting)</b>	<b>216,308</b>	<b>-</b>	<b>-</b>	<b>219,202</b>	<b>219,202</b>
real estate loans <sup>1</sup>	87,904	-	-	87,620	87,620
business loans	99,269	-	-	101,642	101,642
consumer loans	29,135	-	-	29,940	29,940
Other financial assets	1,352	-	-	1,352	1,352
Amounts due to Central bank	10	-	10	-	10
Amounts due to banks	2,828	-	2,828	-	2,828
<b>Amounts due to customers (excluding adjustment relating to fair value hedge accounting)</b>	<b>387,810</b>	<b>-</b>	<b>-</b>	<b>387,454</b>	<b>387,454</b>
amounts due to households	304,082	-	-	303,725	303,725
amounts due to business entities	66,547	-	-	66,547	66,547
amounts due to public sector	17,181	-	-	17,182	17,182
Liabilities in respect of debt securities in issue	6,398	-	6,463	-	6,463
Subordinated liabilities	2,717	-	2,754	-	2,754
Other financial liabilities	5,739	-	-	5,739	5,739

<sup>1</sup> the fair value measurement takes into account the effect of the credit holidays described in note 41 "Events that occurred after the date on which the financial statements are prepared" to the condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group for the three-month period ended 31 March 2024.

31.12.2023	carrying amount	fair value			Total
		Level 1	Level 2	Level 3	
Cash and balances with the Central Bank	17,676	4,245	13,431	-	17,676
Amounts due from banks	16,900	-	16,898	-	16,898
<b>Securities (excluding adjustments relating to fair value hedge accounting)</b>	<b>85,755</b>	<b>68,543</b>	<b>10,936</b>	<b>2,285</b>	<b>81,764</b>
treasury bonds (in PLN)	58,803	55,675	-	-	55,675
corporate bonds (in PLN) secured with the State Treasury guarantees	13,619	12,868	-	-	12,868
municipal bonds (in PLN)	8,658	-	8,803	-	8,803
corporate bonds (in PLN)	2,413	-	-	2,285	2,285
corporate bonds (in foreign currencies)	2,262	-	2,133	-	2,133
Reverse repo transactions	372	-	372	-	372
<b>Loans and advances to customers (excluding adjustment relating to fair value hedge accounting)</b>	<b>210,063</b>	<b>-</b>	<b>-</b>	<b>213,070</b>	<b>213,070</b>
real estate loans <sup>1</sup>	83,496	-	-	83,371	83,371
business loans	97,982	-	-	100,325	100,325
consumer loans	28,585	-	-	29,374	29,374
Other financial assets	1,309	-	-	1,309	1,309
Amounts due to Central bank	10	-	10	-	10
Amounts due to banks	3,250	-	3,250	-	3,250
<b>Amounts due to customers (excluding adjustment relating to fair value hedge accounting)</b>	<b>393,862</b>	<b>-</b>	<b>-</b>	<b>394,232</b>	<b>394,232</b>
amounts due to households	304,152	-	-	304,523	304,523
amounts due to business entities	74,193	-	-	74,193	74,193
amounts due to public sector	15,517	-	-	15,516	15,516
Liabilities in respect of debt securities in issue	3,421	-	3,482	-	3,482
Subordinated liabilities	2,774	-	2,804	-	2,804
Other financial liabilities	5,689	-	-	5,689	5,689

<sup>1</sup> the fair value measurement takes into account the effect of the credit holidays described in the financial statements of PKO Bank Polski S.A. for the year ended 31 December 2023.

## 10. RELATED-PARTY TRANSACTIONS – CAPITAL LINKS

### • TRANSACTIONS WITH CAPITAL-RELATED ENTITIES

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

	Receivables	of which loans	Liabilities	Off-balance sheet liabilities granted
<b>31.03.2024</b>				
Subsidiaries	30,159	29,816	567	13,219
Associates and joint ventures	156	52	262	469
<b>31.12.2023</b>				
Subsidiaries	30,848	30,550	582	11,782
Associates and joint ventures	90	24	178	493

	Total income	of which interest and commission income	Total expense	of which interest and commission income
<b>01.01.-31.03.2024</b>				
Subsidiaries	637	630	11	9
Associates and joint ventures	168	167	55	42
<b>01.01.-31.03.2023</b>				
Subsidiaries	623	616	7	4
Associates and joint ventures	192	162	51	43

### • TRANSACTIONS WITH PERSONALLY RELATED ENTITIES

As at 31 March 2024, entities related to the Capital Group through key management personnel of PKO Bank Polski S.A. or close family members of key management personnel, nine entities remained. As of 31 December 2023, there were four entities. In the first quarter of 2024 and in the comparative period, the Capital Group did not enter into any mutual transactions with these entities.

### • BENEFITS FOR KEY MANAGEMENT PERSONNEL

COST OF REMUNERATION OF THE BANK'S MANAGEMENT AND SUPERVISORY BOARDS PAYABLE FOR THE PERIOD (in PLN thousand)	01.01-31.03.2024	01.01-31.03.2023
<b>Management Board of the Bank</b>		
Short-term employee benefits	2,279	3,067
Long-term employee benefits	1,790	1,864
Share-based payments settled in cash <sup>1</sup>	3,030	2,227
Benefits to the Bank's Management Board members who ceased to perform their functions before the reporting date	1,188	389
<b>Total</b>	<b>8,287</b>	<b>7,547</b>
<b>Supervisory Board of the Bank</b>		
Short-term employee benefits	432	449
<b>Total</b>	<b>432</b>	<b>449</b>

<sup>1</sup> "Share-based payments settled in cash" includes both costs of variable remuneration in the form of a financial instrument for the current period, as well as the effect of revaluation of provisions for variable remuneration components in the form of a financial instrument for previous years based on the current price of the Bank's shares.

The Bank provides the Bank's key management staff, members of the Supervisory Board and their close family members with standard financial services, including maintaining bank accounts, accepting deposits, granting loans and others. The terms of these transactions do not differ from market conditions.

## 11. CAPITAL ADEQUACY

Capital adequacy – separate data	31.03.2024	31.12.2023
<b>Equity</b>	<b>45,031</b>	<b>42,954</b>
capital: share capital, supplementary capital, other reserves, and general risk reserve	31,563	31,563
retained earnings	14,305	9,437
net profit or loss for the year	1,766	4,868
Accumulated other comprehensive income	(2,603)	(2,914)
<b>Exclusions from equity:</b>	<b>4,879</b>	<b>3,167</b>
net profit or loss for the period	1,766	4,868
unappropriated profit for the prior year	4,868	
cash flow hedges	(1,755)	(1,701)
<b>Other fund reductions:</b>	<b>2,660</b>	<b>2,914</b>
goodwill	755	755
other intangible assets	1,383	1,454
additional asset adjustments (AVA, DVA, NPE, capital exposures and DTA above the thresholds specified in Art. 48 of the CRR) <sup>1</sup>	522	705
<b>Temporary reversal of IFRS 9 impact</b>	<b>616</b>	<b>1,232</b>
<b>Net profit or loss included by permission from the PFSA</b>	<b>1,624</b>	<b>1,624</b>
<b>Tier 1 capital</b>	<b>39,732</b>	<b>39,729</b>
<b>Tier 2 capital (subordinated debt)</b>	<b>1,945</b>	<b>2,080</b>
<b>Own funds</b>	<b>41,677</b>	<b>41,809</b>
<b>Requirements for own funds</b>	<b>16,409</b>	<b>16,049</b>
Credit risk	14,085	14,050
Operational risk	2,160	1,841
Market risk	132	125
Credit valuation adjustment risk	32	33
<b>Total capital ratio</b>	<b>20.32</b>	<b>20.84</b>
<b>Tier 1 capital ratio</b>	<b>19.37</b>	<b>19.80</b>

<sup>1</sup> AVA – additional valuation adjustment, DVA – debt valuation adjustment, NPE – non-performing exposures, DTA – deferred tax assets

## 12. EVENTS THAT OCCURRED AFTER THE DATE ON WHICH THE FINANCIAL STATEMENTS ARE PREPARED

An event that occurred after the date on which the financial statements were prepared is described in note 41 “[EVENTS THAT OCCURRED AFTER THE DATE ON WHICH THE FINANCIAL STATEMENTS ARE PREPARED](#)” to the condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group for the three-month period ended 31 March 2024.

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

Szymon Midera	Vice-President of the Management Board managing the work of the Management Board
Krzysztof Dresler	Vice-President of the Management Board
Piotr Mazur	Vice-President of the Management Board
Marek Radzikowski	Vice-President of the Management Board
Mariusz Zarzycki	Vice-President of the Management Board

## **SIGNATURE OF A PERSON WHO IS RESPONSIBLE FOR MAINTAINING THE ACCOUNTING RECORDS**

Danuta Szymańska	Director of the accounting division
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The original Polish document is signed with a qualified electronic signatures