



Bank Polski

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

SELECTED CONSOLIDATED FINANCIAL DATA

SELECTED CONSOLIDATED FINANCIAL DATA	PLN million			EUR million		
	01.01-30.09.2024	01.01-30.09.2023	Change % (A-B)/B	01.01-30.09.2024	01.01-30.09.2023	Change % (D-E)/E
	A	B	C	D	E	F
Net interest income	15,973	13,241	20.6%	3,713	2,893	28.3%
Net fee and commission income	3,857	3,390	13.8%	897	741	21.1%
Net expected credit losses and net impairment allowances on non-financial assets	(1,084)	(841)	28.9%	(252)	(184)	37.0%
Administrative expenses	(6,213)	(5,521)	12.5%	(1,444)	(1,206)	19.7%
Profit before tax	9,433	6,836	38.0%	2,193	1,493	46.9%
Net profit (including non-controlling shareholders)	6,859	4,822	42.2%	1,594	1,053	51.4%
Net profit attributable to the parent company	6,858	4,822	42.2%	1,594	1,053	51.4%
Earnings per share for the period - basic (in PLN/EUR)	5.49	3.86	42.2%	1.28	0.84	52.4%
Earnings per share for the period - diluted (in PLN/EUR)	5.49	3.86	42.2%	1.28	0.84	52.4%
Net comprehensive income	8,455	9,700	(12.8%)	1,965	2,119	(7.3%)
Total net cash flows	(2,715)	(1,620)	67.6%	(631)	(354)	78.3%

SELECTED CONSOLIDATED FINANCIAL DATA	PLN million			EUR million		
	30.09.2024	31.12.2023	Change % (A-B)/B	30.09.2024	31.12.2023	Change % (D-E)/E
	A	B	C	D	E	F
Total assets	511,510	501,516	2.0%	119,537	115,344	3.6%
Total equity	50,445	45,227	11.5%	11,789	10,402	13.3%
Share capital	1,250	1,250	-	292	287	1.7%
Number of shares (in million)	1,250	1,250	-	1,250	1,250	-
Book value per share (in PLN/EUR)	40.36	36.18	11.6%	9.43	8.32	13.3%
Diluted number of shares (in million)	1,250	1,250	-	1,250	1,250	-
Diluted book value per share (in PLN/EUR)	40.36	36.18	11.6%	9.43	8.32	13.3%
Total Capital Ratio (%)	18.03	18.84	(4.3%)	18.03	18.84	(4.3%)
Tier 1	42,841	41,918	(2.2%)	10,012	9,641	(3.9%)
Tier 2	1,675	2,080	(19.5%)	391	478	(18.2%)

SELECTED SEPARATE FINANCIAL DATA

SELECTED SEPARATE FINANCIAL DATA	PLN million			EUR million		
	01.01-30.09.2024	01.01-30.09.2023	Change % (A-B)/B	01.01-30.09.2024	01.01-30.09.2023	Change % (D-E)/E
	A	B	C	D	E	F
Net interest income	15,210	12,442	22.2%	3,535	2,718	30.1%
Net fee and commission income	3,292	2,889	13.9%	765	631	21.2%
Net expected credit losses and net impairment allowances on non-financial assets	(893)	(739)	20.8%	(208)	(161)	29.2%
Administrative expenses	(5,491)	(4,812)	14.1%	(1,276)	(1,051)	21.4%
Profit before tax	9,332	6,228	49.8%	2,169	1,361	59.4%
Net profit	6,946	4,444	56.3%	1,615	971	66.3%
Earnings per share for the period - basic (in PLN/EUR)	5.56	3.56	56.2%	1.29	0.78	65.4%
Earnings per share for the period - diluted (in PLN/EUR)	5.56	3.56	56.2%	1.29	0.78	65.4%
Net comprehensive income	8,395	9,125	(8.0%)	1,951	1,994	(2.2%)
Total net cash flows	(2,532)	(397)	537.8%	(589)	(87)	577.0%

SELECTED SEPARATE FINANCIAL DATA	PLN million			EUR million		
	30.09.2024	31.12.2023	Change % (A-B)/B	30.09.2024	31.12.2023	Change % (D-E)/E
	A	B	C	D	E	F
Total assets	487,636	474,680	2.7%	113,958	109,172	4.4%
Total equity	48,112	42,954	12.0%	11,243	9,879	13.8%
Share capital	1,250	1,250	-	292	287	1.7%
Number of shares (in million)	1,250	1,250	-	1,250	1,250	-
Book value per share (in PLN/EUR)	38.49	34.36	12.0%	8.99	7.90	13.8%
Diluted number of shares (in million)	1,250	1,250	-	1,250	1,250	-
Diluted book value per share (in PLN/EUR)	38.49	34.36	12.0%	8.99	7.90	13.8%
Total Capital Ratio (%)	19.98	21.02	(4.1%)	19.98	21.02	(4.1%)
Tier 1	40,638	39,864	2.3%	9,497	9,137	(3.8%)
Tier 2	1,675	2,080	(19.5%)	391	478	(18.2%)

SELECTED FINANCIAL STATEMENT ITEMS HAVE BEEN TRANSLATED INTO EUR AT THE FOLLOWING RATES	01.01-30.09.2024	01.01-30.09.2023
arithmetic mean of the NBP exchange rates at the end of a month (income statement, statement of comprehensive income and cash flow statement items)	4.3022	4.5773
	30.09.2024	31.12.2023
NBP mid exchange rates at the date indicated (statement of financial position items)	4.2791	4.3480



Bank Polski

Directors' Commentary to the financial results
of the PKO Bank Polski S.A. Group
for the nine-month period ended
30 September 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 a universal bank that services individuals, legal entities and other Polish and foreign entities.

I. SUMMARY OF THE OPERATION IN THE THIRD QUARTER OF 2024

A. MAJOR EVENTS, INCLUDING NON-TYPICAL EVENTS

1. MORTGAGE LOANS IN FOREIGN CURRENCIES

SETTLEMENT PROGRAMME

In the third quarter of 2024 PKO Bank Polski S.A. continued offering settlements to its retail customers who had active mortgage-backed loans in Swiss Francs (CHF). The settlement involves converting CHF loans into loans in Polish zlotys (PLN) as if, from the very start, it had been a PLN loan 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 30 September 2024, 63.3 thousand mediation applications were registered; 43,854 mediations concluded with a positive outcome, while 14,497 mediations concluded with a negative outcome. The total number of settlements concluded as at 30 September 2024 was 43,398, of which 38,863 were concluded through mediation proceedings and 4,535 through court proceedings.

INCREASED COST OF LEGAL RISK OF MORTGAGE LOANS IN CONVERTIBLE CURRENCIES

In the third 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 994 million. The amount of these costs is a result of an update of the parameters of the legal risk assessment model including increasing the expected costs of the settlement programme. For details of the allowance for the cost of legal risk in the third quarter of 2024, see the condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group for the nine-month period ended 30 September 2024 (Financial statements of the Bank's Group for the third quarter of 2024) – note 15 “Cost of legal risk of mortgage loans in convertible currencies”.

CJEU CASE-LAW

In its decision issued in case C-488/23 of 12 January 2024, the Court of Justice of the European Union (CJEU) 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 in 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 franc loans. A written statement of reasons for the resolution was drawn up and published on the SC's website. 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 removed 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. The object of the SC's decision was not to prejudge in which exact cases such clauses should be considered illicit provisions.

2. SUPPORT FOR UKRAINE AND SITUATION OF UKRAINIAN ENTITIES FROM THE GROUP

In March 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 the continued 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.

In June 2024, an agreement was also signed with the European Fund for Southeast Europe "EFSE" concerning a grant for KREDOBANK S.A. for the implementation of a remote onboarding and service project for SME and corporate customers.

KREDOBANK S.A. also entered into two guarantee agreements with international financial organisations to support the recovery of the Ukrainian economy:

- on 11 September 2024, KREDOBANK S.A. signed a two-year agreement with the European Bank for Reconstruction and Development (EBRD), under which it is able to release funding for Ukrainian entrepreneurs in the total amount of EUR 100 million. In accordance with the risk-sharing arrangement, the EBRD secures 50% of the credit risk on the new financing of up to EUR 100 million granted by KREDOBANK S.A. for the first 50% of past due loans (EUR 25 million). As at 30 September 2024, the first loan tranche of EUR 50 million was put in place, which was drawn down at 5%. At the same time, a sub-limit of EUR 10 million was granted for each of the two tranches for investment funding, with a simultaneously allocated grant of EUR 2 million for any purpose (SMECI Competitiveness programme). A call for applications from customers is underway.
- On 24 September 2024, KREDOBANK S.A. signed a ten-year credit portfolio guarantee agreement with the United States International Development Finance Corporation (DFC) which enables the mobilisation of financing for Ukrainian entrepreneurs in the total amount of USD 50 million. In accordance with the risk-sharing arrangement, DFC secures 80% of the credit risk on the new financing of up to USD 50 million granted by KREDOBANK S.A. for 80% of past due loans (USD 40 million). The duration of the agreement is 10 years, with the first 7 years being for the sale of loans and the last 3 years for the collection of overdue loans. KREDOBANK S.A. incurs an initial commission of 0.5% and a 'utilisation fee' of 0.85% of the loan portfolio.

The financial and organisational situation of the other Ukrainian companies in the Bank's Group remained stable at the end of the third quarter of 2024. The companies are operating under wartime austerity, maintaining relations with existing counterparties and acquiring new ones. Service restrictions and the organisation of work are being adjusted to the current situation on an ongoing basis.

3. SUPPORT FOR BORROWERS

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.

The Bank's Group offers statutory credit holidays, allowing the suspension of repayment of a mortgage loan or advancement used to meet the borrower's own housing needs that was granted in Polish currency under agreements concluded before 1 July 2022. Customers can take advantage of these solutions with respect to one agreement only.

Customers may have their loan repayments suspended if, apart from meeting the above conditions, they comply with the following criteria: the value of the loan granted did not exceed PLN 1,200,000 and the arithmetic mean of the ITI¹ ratio exceeds 30% or if the consumer has at least 3 dependent children (as at the date of application). The option to suspend repayment is also available to customers who have reached settlements concerning CHF loans and the current currency of their loan is PLN. Customers of PKO Bank Polski S.A. and PKO Bank Hipoteczny S.A. can apply through the iPKO website, the Bank's branches or by mail.

The amended Act gives borrowers the right to have their loan suspended for up to two months in the period from 1 June to 31 August 2024 and two months in the period from 1 September to 31 December 2024.

¹ Instalment to income, i.e. the ratio of the loan instalment to the household's net income for the last 3 months preceding the month of application.

By the end of September 2024, 26.7 thousand customers of the Group applied for a suspension of their mortgage loan or advance repayment, and the total number of instalments to be suspended was 100.9 thousand.

Detailed information on the impact of credit holidays on the Group's financial performance is presented in the Financial statements of the Bank's Group for the third quarter of 2024 – note 21 "Loans and advances to customers".

4. NEW DEPOSIT PRODUCTS INTRODUCED IN THE THIRD QUARTER

Taking into account changes in its competitors' offerings and the Bank's liquidity, in the third quarter of 2024 PKO Bank Polski S.A. introduced 24-month structured term deposits based on baskets of shares of companies:

- ✓ based on a basket of shares of companies related to the semiconductor sector,
- ✓ based on a basket of shares of insurance companies,
- ✓ based on a basket of shares of companies related to the fitness industry,
- ✓ based on a basket of shares of Scandinavian companies.

Moreover, for individual customers (natural persons) in particular, in the third quarter of 2024 the Bank changed the interest rate as follows: the mobile deposit – 4% per annum, deposits for Personal Banking customers – 3% per annum, the PKO TFI Investor deposit – 4.75% per annum.

In the third 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 thousand for a period of 90 days.

The average interest rate on new term deposits in PLN (for individuals and enterprises) in the third quarter of 2024 was 3.49%.

The average interest rate on all term deposits in PLN placed with PKO Bank Polski S.A was 3.3% in the third quarter of 2024, compared with 3.8% in the second quarter of 2024 and 5.3% in the third quarter of 2023.

5. 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 liabilities may be classified as eligible liabilities or as the Bank's own funds. Bonds issued under the EMTN Programme will be registered in 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 four-year non-preferred bonds, with the possibility of early redemption three years after the issue (subject to the approval by the Bank Guarantee Fund (BGF)), in the format of "senior non-preferred notes" with a total 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 coupon of the issue is fixed, at 4.5%, payable annually until the early redemption date (and variable thereafter, with quarterly payments),
- on 18 June 2024, the Bank issued five-year non-preferred bonds, with the possibility of early redemption four years after the issue (subject to the approval by the BGF), in the format of "senior non-preferred notes" with a total 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 and an addendum thereto approved on 7 June 2024. The coupon of the issue is fixed, at 4.5%, payable annually until the early redemption date (and variable thereafter, with quarterly payments),
- on 12 September 2024, the Bank issued three-year, green non-preferred bonds, with the possibility of early redemption two years after the issue (subject to the approval by the BGF), in the format of "senior non-preferred notes" with a total nominal value of EUR 750,000,000 on the basis of a prospectus approved on 15 March 2024 by Commission de Surveillance du Secteur Financier and addenda thereto approved on 7 June 2024, and 30 August 2024, as well as on the basis of the Green Bond Framework published on the Bank's website, to which the Bank obtained a Second Party Opinion on 23 August 2024. The coupon of the issue is fixed, at 3.875%, payable annually until the early redemption date (and variable thereafter, with quarterly payments).

The above mentioned 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 issues. The bonds were admitted to trading on a regulated market on the Luxembourg Stock Exchange and, in the case of issue of 27 March 2024 and 18 June 2024, on the Warsaw Stock Exchange. The Bank intends to introduce the bonds issued on 12 September 2024 to trading on a regulated market in Warsaw as well.

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 a total 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 obtaining the BGF's approval. 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 listed the bonds in the Catalyst alternative trading system.

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

In the period of nine months ended 30 September 2024, PKO Leasing S.A. issued bonds for the amount of PLN 6,466 million* and redeemed bonds for the amount of PLN 5,918 million*. The Company's bond issues are governed by the Bond Issue Programme Agreement concluded 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. Bond issues issued under the aforementioned agreement are not covered by any guarantee, including any guarantee provided by the Bank. As at 30 September 2024, the company's debt on account of the issue of the aforementioned bonds at nominal value amounted to PLN 2,300 million.

In the period of nine months ended 30 September 2024, PKO Bank Hipoteczny S.A. issued bonds with a total nominal value of PLN 3,948.5 million under the Bond Issue Programme and redeemed bonds with a total nominal value of PLN 2,809 million*. The Company's bond issues are governed by the Bond Issue Programme Agreement concluded with the Bank. Under the aforementioned agreement, the maximum nominal value of the issued and outstanding bonds amounts to PLN 6,000.00 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 1,000.00 million. As at 30 September 2024, the company's liability under the issued bonds at nominal value amounted to PLN 3,164.5 million.

As at 30 September 2024, the Bank's portfolio contained no bonds issued by PKO Bank Hipoteczny S.A.

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

ISSUE OF MORTGAGE COVERED BONDS OF PKO BANK HIPOTECZNY S.A.

In the period of nine months ended 30 September 2024, under the International Covered Bond Programme, PKO Bank Hipoteczny S.A. issued two series of mortgage covered bonds:

- 22 March 2024 – issue of series 12 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,
- 5 July 2024 – issue of series 13 with a nominal value of PLN 500 million.

Mortgage covered bonds issued under this programme are listed on the Luxembourg Stock Exchange and on the parallel market of the WSE regulated in Warsaw.

In the period of nine months ended 30 September 2024, PKO Bank Hipoteczny S.A. redeemed covered bonds with a total nominal value of EUR 1,025 million and PLN 950 million.

As at 30 September 2024, the total value of PKO Bank Hipoteczny S.A.'s bonds issued (domestically and internationally) was PLN 6,429.55 million (at nominal value).

As at 30 September 2024, the Bank's portfolio included covered bonds with the total nominal value of PLN 2.5 million.

6. INTEREST RATE BENCHMARKS REFORM IN POLAND

The work on a 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 (PFSA Office). The NWG is working on a recommendation on the principles and methods for replacing the WIBOR/WIBID benchmarks with a new benchmark.

Since the third quarter of 2020, with a view to the LIBOR benchmark reform, the PKO Bank Polski S.A. Group has been running an inter-disciplinary project supervised by members of the Bank's Management Board with the participation of subsidiaries: representatives of PKO Bank Hipoteczny S.A., PKO Leasing S.A. and PKO Faktoring S.A., related to the adjustment of the Bank and its subsidiaries to changes introduced as part of the benchmark 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. The review will cover 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, i.e. the end of 2027.

On 21 June 2024, the NWG invited stakeholders and financial market participants to read the consultation document on the review and assessment of alternative interest rate indices. The closing date for the consultation lapsed on 1 July 2024.

On 4 October 2024, the NWG announced the launch of an additional round of public consultation, whereby the NWG SC wishes to hear the views and positions of market stakeholders on the modified list of alternative indices and interest rate index proposals based on the analysis and discussions to date. The consultation runs until 31 October 2024.

The outcome of the public consultation will be a factor considered by the NWG in its decision on the selection of an index/benchmark as an alternative to WIBOR and the development of an updated Roadmap for benchmark reform in Poland, including the measures that are required for continued development of the national money market.

7. AID TO FLOOD VICTIMS

PKO Bank Polski S.A. and the Bank's Group companies are involved in helping those affected by the flood in southern Poland. As part of the #PomocDlaPowodzian campaign, the PKO Bank Polski Foundation (the Foundation) launched the following measures by the end of the third quarter of this year:

- it made a special account available for donations to help those affected by the floods. By 9 October 2024, PLN 5 million was credited to the account. To every one zloty donated, the Foundation will add another, bringing the total funds raised to PLN 10 million,
- it has partnered with 2 organisations that have experience in humanitarian aid and are providing vital assistance in flood-affected regions. The Foundation has allocated PLN 1.5 million from its own resources for this purpose,
- it made 1 cash donation to an NGO and is processing further requests for assistance,
- it supported the activities of the Bank's volunteers and covered the costs of day-to-day needs and equipment for clean-up and drainage work, allocating its own funds of more than PLN 93 thousand.

A total of more than PLN 2 million has been spent up to 30 September 2024.

In addition:

- solutions have been implemented in place for the agencies affected by the floods, so that each of the affected agencies received financial assistance. An individual support plan was prepared in terms of the possibility of lending IT equipment free of charge and furnishing agencies with furniture, multisafes and support was provided to entrepreneurs in the renovation of agency premises,
- the following were introduced for customers in the flood area:
 1. For individual customers:
 - ✓ possibility to suspend repayment of up to 3 mortgage loan instalments - PKO Bank Polski S.A., PKO Bank Hipoteczny S.A.,
 - ✓ possibility to suspend repayment of up to 3 advance loan instalments with the possibility to extend the repayment period by the suspension period,

- ✓ waiver of commissions and fees associated with the suspension of instalments,
 - ✓ possibility to benefit from non-refundable aid from the Borrower Support Fund in the form of covering the repayment of the expected 12 instalments if, as a result of the flood, the house or dwelling to which the housing loan relates has been damaged or destroyed and cannot be used, even temporarily - PKO Bank Polski S.A., PKO Bank Hipoteczny S.A.,
2. For corporate clients (businesses and enterprises):
- ✓ possibility to suspend repayment of loans (principal instalments, principal and interest instalments) for up to 3 months,
 - ✓ simplifying the extension of business overdraft and credit card agreements,
 - ✓ waiver of commission (in two consecutive monitoring quarters) if the level of receipts on the customer's account is lower than the amount specified in the agreement,
 - ✓ possibility to suspend up to 3 lease instalments with simultaneous extension of the agreement by the suspension period - PKO Leasing S.A.,
3. In terms of insurance:
- ✓ special terms for the payment of compensation under property insurance - PKO Towarzystwo Ubezpieczeń S.A.

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

The composition of the Bank's Supervisory Board did not change in the third quarter of 2024. On 11 July 2024, Mr Marek Panfil was elected Secretary of the Supervisory Board.

Accordingly, as at 30 September 2024, the composition of the Bank's Supervisory Board was as follows:

4. Katarzyna Zimnicka-Jankowska – Chair of the Supervisory Board
5. Paweł Waniowski – Deputy Chair of the Supervisory Board,
6. Marek Panfil – Secretary of the Supervisory Board,
7. Maciej Cieślukowski – Member of the Supervisory Board,
8. Jerzy Kalinowski – Member of the Supervisory Board,
9. Hanna Kuzińska – Member of the Supervisory Board,
10. Andrzej Oślizło, Member of the Supervisory Board.

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

On 1 July 2024, Mr Michał Sobolewski took up his position as Vice-President of the Management Board.

On 11 July 2024, the Bank's Supervisory Board approved the changes in the distribution of powers in the Bank's Management Board. The Corporate and Commercial Banking Division was renamed to the Corporate and Investment Banking Division.

Following the changes in the distribution of powers in the Bank's Management Board, the Nomination and Remuneration Committee (NRC) of the Supervisory Board carried out additional assessments of the individual suitability of the Bank's Management Board members affected by the change, while the Bank's Supervisory Board approved the assessments, confirming the individual suitability of the members of the Bank's Management Board.

Accordingly, as at 30 September 2024, the composition of the Bank's Management Board was as follows:

1. Szymon Midera – President of the Management Board in charge of the Management Board President's division,
2. Krzysztof Dresler – Vice-President of the Management Board in charge of the Finance and Accounting Division,
3. Piotr Mazur – Vice-President of the Management Board in charge of the Risk Management Division,
4. Ludmiła Falak-Cyniak – Vice-President of the Management Board in charge of the Corporate and Investment Banking Division,
5. Marek Radzikowski – Vice President of the Management Board in charge of the Operations and International Banking Division and, temporarily, the Retail and Corporate Banking Division,
6. Michał Sobolewski – Vice-President of the Management Board in charge of the Administration Division,
7. Mariusz Zarzycki – Vice-President of the Management Board in charge of the Technology Division.

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

In the nine-month period ended 30 September 2024, the following events occurred in the structure of the Bank's Group:

- On 30 January 2024, the investment funds NEPTUN - fizan (acquiring fund) and Mercury - fizan (acquired fund) merged through the transfer of the assets of the acquired fund to the existing acquiring fund and allocating investment certificates of the acquired fund to a participant in the acquiring fund in exchange for investment certificates of the acquired fund. Merkury -fiz an was struck off from the list of subsidiaries of PKO Bank Polski S.A. The companies of the Mercury - fiz an fund have been transferred to the NEPTUN fizan fund.
- In May 2024, the placing of Molina spółka z ograniczoną odpowiedzialnością and Molina spółka z ograniczoną odpowiedzialnością 1 S.K.A. (NEPTUN - fizan portfolio companies) was entered in the National Court Register. The business names under which the companies operate were changed to: Molina spółka z ograniczoną odpowiedzialnością w likwidacji (in liquidation) and Molina spółka z ograniczoną odpowiedzialnością w likwidacji 1 S.K.A. w likwidacji (in liquidation).
- On 23 July 2024, the placing of Sarnia Dolina sp. z o.o (an entity from NEPTUN fizan's portfolio) into liquidation was registered with the National Court Register, based on a resolution of the company's Annual General Meeting of 11 June 2024. The business name under which the company operates was changed to: Sarnia Dolina sp. z o.o. w likwidacji (in liquidation).
- In September 2024, an entry was disclosed in the National Court Register, dated 8 August 2024, stating that the deletion of Molina spółka z ograniczoną odpowiedzialnością 2 S.K.A. w likwidacji (in liquidation) (an entity from NEPTUN fizan's portfolio) from the Register of Entrepreneurs became final. The company ceased to a member of the PKO Bank Polski S.A. Group.

C. BUSINESS CONDITIONS

MACROECONOMIC ENVIRONMENT

Monthly data suggest that the economy remained in a phase of recovery in the third quarter of 2024. Retail sales continued to grow in real terms, although at a somewhat slower rate than in the second quarter of 2024. Service sector activity is expected to have recorded stronger growth. The dynamics of industrial output, despite significant fluctuations due to calendar effects, increased on average in the third quarter at a rate close to that observed in the second quarter. Opposing trends continued to dominate the construction industry, where activity remains lower than in the previous year due to the transitional period in the utilisation of EU funds. At the same time, business climate surveys indicate a gradual improvement in sentiment within this industry, foreshadowing an upcoming recovery.

Consumer demand remains the primary driver of economic growth, supported by solid real income growth, although at a lower rate than at the beginning of the year. Average wages in the corporate sector grew at a nominal rate close to 11% y/y in the third quarter, compared to nearly 13% y/y at the beginning of the year. Demand for labour remained subdued, as reflected in a decline in employment in the corporate sector. Meanwhile, the registered unemployment rate stabilised near its historical low of 5.0%.

In the third quarter, inflation moved out of the range of permissible deviations from the target set by the National Bank of Poland (NBP). Due to a partial deregulation of energy prices in July, inflation rose to 4.2% y/y, and statistical factors drove it up again in September to around 5.0% y/y, where it is expected to stabilise by the end of the year. The inflation outlook is improving, and the risk of a lasting divergence of inflation and inflation expectations from the target has decreased significantly. The Monetary Policy Council (MPC) has kept NBP interest rates unchanged since October 2023 (with the reference rate at 5.75%). Recent statements by MPC members indicate that room for rate cuts will likely emerge no sooner than in March 2025. In the MPC's view, the prerequisite for the start of monetary easing is a halt in inflation growth and a clear prospect, as indicated in the NBP's projections, of its sustained return to target. In the environment surrounding the Polish economy, major central banks, such as the Fed, ECB, and BoE, have initiated cycles of interest rate cuts.

NBP interest rates at the end of the third quarter of 2024

- reference rate 5,75%
- bill discount rate 5,85%
- bill rediscount rate 5,80%
- lombard rate 6,25%
- deposit rate 5,25%

SITUATION ON THE FINANCIAL MARKET

Bond yields fell during the third quarter, mainly due to monetary easing by central banks, including the Fed and the ECB. In the US, interest rates were cut by 50 bps, and in the eurozone by 25 bps, with announcements indicating

further cuts in the coming months. The MPC suggested that it would resume its cycle of rate cuts in the spring of next year. Consequently, at the end of September, yields on Polish treasury securities with maturities of 2, 5, and 10 years stood at 4.73%, 4.91%, and 5.26%, respectively, marking declines over three months of 43, 66, and 49 bps, respectively.

The PLN exchange rate fluctuated around 4.30 against the EUR and 3.90 against the USD. The Polish currency was supported by the relatively favourable domestic economic conditions, particularly in comparison to the EU average, as well as high interest rates. However, the zloty's strengthening was countered by concerns about the global economic outlook, particularly in the euro area, and heightened geopolitical risks, which discouraged international capital from entering emerging markets, still including Poland.

The third quarter was unfavourable for the stock market – the WIG index of the Warsaw Stock Exchange dropped by 6%. While equities were bolstered by the prospect of substantial interest rate cuts in core markets and Poland's relatively strong economic situation, negative factors prevailed. Geopolitical risks, linked to the escalating conflict in the Middle East and US international policy after the presidential election, increased. Additionally, there was a significant supply of shares on the market due to the sale of substantial stakes by strategic investors and the upcoming large public offering of Żabka.

ECONOMIC SITUATION ON THE UKRAINIAN MARKET

GDP growth decelerated to 3.7% y/y in the third quarter of 2024 from 6.5% y/y in the second quarter of 2024. The National Bank of Ukraine (NBU) forecasts that GDP growth for the entire year of 2024 will be 3.7%, down from 5.3% in 2023. In September, CPI inflation accelerated to 8.6% y/y from 7.5% y/y in August, exceeding the NBU's expectations. The higher inflation is driven by rising food, energy, and services prices. Labour market demand for workers is gradually increasing, and, together with recruitment challenges, this is leading to wage growth. The fiscal situation remains challenging, with stability sustained through financing from foreign partners. The hryvnia exchange rate remains partially floating, and the NBU intervenes in the foreign exchange market to mitigate the extent of depreciation.

In light of these challenges, the NBU has kept the base rate at 13%.

UKRAINIAN BANKING SECTOR

According to NBU data, 62 banks were in operation as of the end of August 2024. By the end of August, the banking sector's assets had increased by 20.6% y/y to UAH 3.16 trillion, while equity rose by 28.6% y/y to UAH 382.0 billion. At the end of August 2024, the return on assets (ROA) was 5.3%, and the return on equity (ROE) was 47.2%, both below the levels recorded at the beginning of the year.

The capital position of banks remains strong, with a capital adequacy ratio of 16.15% at the end of September (no historical comparability due to a change in methodology). Loans grew in August 2024 by 13.1% y/y to UAH 1.14 trillion. The lending recovery was primarily driven by household loans (up 22.7% y/y), with a weaker recovery in business loans (up 9.0% y/y). In August 2024, deposits rose by 19.1% y/y to UAH 2.59 trillion, and the loan-to-deposit ratio reached 43.9% – the highest level since the beginning of the year.

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	<p>In the third quarter of 2024, sales of housing loans to individuals amounted to almost PLN 5.8 billion, allowing the Bank to maintain its leading position with a market share of nearly 30%.</p> <p>In the third quarter of 2024, the share of fixed-rate mortgage loans in new sales (granted by PKO Bank Polski S.A. and PKO Bank Hipoteczny S.A.) reached 75.4%, and their total share in the portfolio of PLN mortgage loans as at 30 September 2024 increased to 35.5% (from 33.3% as at the end of June 2024).</p>
Financing	<p>Signing of an agreement with Bank Gospodarstwa Krajowego (BGK) regarding the InvestEU programme. Under this programme, BGK has made available a new guarantee instrument, the Investmax guarantee. The aim of the guarantee is to support the financing of businesses in the small and medium-sized enterprise sector.</p>

	<p>For businesses and enterprises, an increase in the thresholds for the upper exposure limit and maximum limit amount in credit processes assessed using the scoring method.</p> <p>In the third quarter of 2024, sales of cash advance reached a record level of more than PLN 5.6 billion, up more than 30% y/y. This helped to consolidate a leading position in the cash loan market. As at 30 September 2024, the Bank's portfolio stood at more than PLN 32.5 billion, up 13% y/y.</p>
Calculators for businesses and enterprises	<p>Making available to customers:</p> <ul style="list-style-type: none"> an invoice finance calculator that presents customers with the costs associated with factoring services, a lease cost calculator, which gives customers access to information on lease costs before they submit their application.
Development of corporate banking and the services of the Brokerage Office	
Corporate banking	<p>Conclusion of 18 syndicated loan agreements totalling nearly PLN 8.1 billion, nearly EUR 7.1 billion and CZK 5 billion. The Bank's share was nearly PLN 2.5 billion, more than EUR 0.2 billion and nearly CZK 0.7 billion respectively.</p> <p>Conclusion of 43 municipal bond issue agreements with a total amount of more than PLN 602 million.</p>
Services of PKO Bank Polski's Brokerage Office	<p>Reaching PLN 12.8 billion in the value of turnover in the secondary equity market in the third quarter of 2024, which accounts for 7.73% of the market turnover and places Brokerage Office – Biuro Maklerskie PKO Banku Polskiego at the 2nd position in the ranking of brokerage offices.</p> <p>At the end of September 2024, the Brokerage Office:</p> <ul style="list-style-type: none"> maintained 157.3 thousand securities accounts and cash accounts, as well as 634.3 thousand registration accounts; serviced participation units in 394 funds and sub-funds managed by 10 fund management companies.
Development of insurance products	
PKO Życie life insurance	<p>In the period from 1 January to 30 September 2024, the value of gross written premium was PLN 17.4 million, and the number of policies sold was 76.0 thousand.</p> <p>Implementing PKO Życie in a cross-sell to the Digital Mortgage.</p>
Home insurance PKO Dom	<p>In the period from 1 January to 30 September 2024, the value of gross written premium was PLN 131.0 million and the number of policies sold was 341.5 thousand.</p>
PKO Moto motor insurance	<p>In the period from 1 January to 30 September 2024, the value of gross written premium was PLN 138.5 million and the number of policies sold was 156.1 thousand.</p>
Development of IT projects and other services	
Community currency exchange	<p>The implementation of a new solution at the PKO Bank Polski S.A.'s currency exchange service - the market's first community online currency exchange available in a banking app, where customers can exchange the four most popular currencies: EUR, USD, GBP and CHF.</p>
Digital Mortgage	<p>On 30 September 2024, the Digital Mortgage, enabling the process to be completed through digital channels from application to the disbursement of funds to the customer's account, was fully implemented. As a start, this opportunity is available to unmarried people planning to buy a property from the secondary market or to do some renovation.</p>
PKO Pay Later	<p>At the end of September 2024, 253 thousand customers were active users of the service, and the total amount of limits granted reached PLN 234 million. Customers have so far executed close to 5.4 million transactions for the total amount of nearly PLN 755 million. 99% of the transactions were executed using a BLIK code.</p>

Contactless BLIK payments	The number of transactions concluded by 30 September 2024 using contactless BLIK in the IKO app was more than 170 million, which is an increase by nearly 189% year-on-year.
Automation and robotisation	Robotisation of 13 processes in the third quarter of 2024 and completion of nearly 27 million tasks. Completion of more than 331 million tasks in total by the end of the third quarter of 2024. The total number of processes robotised to date has reached 333.
Voicebots	In the third quarter of 2024, all bots held nearly 6 million calls. The total number of calls made by 30 September 2024 was more than 50 million. By 30 September 2024, a total of more than 19 million calls had been reached in the inbound hotline bot. Launch of a new bot to confirm activation of the mObywatel app.
Automation of cash transactions in the self-service channel	In the third quarter of 2024, as part of the project to replace ATMs and cash deposit machines with advanced closed-loop terminals (recyclers), 110 units were replaced. Since the beginning of 2024, a total of 265 units have been replaced. At the end of September 2024, the number of deposit machines in the Bank's network exceeded 1,500 devices, including 1,125 recyclers.
Financial innovation market (Lets Fintech)	Pilot launch, for customers in the agricultural segment, of the Agronet platform supporting crop management using sensors that measure physical parameters (IoT). Signing of an agreement with Huge Thing Startup Booster enabling collaboration with businesses under the PARP Startup Booster Poland programme. As part of the programme, an agreement was signed with a virtual reality solutions provider. Release of the Innovation Booster Package offering. As part of the package, start-ups housed in business incubators can benefit from tailored services, tools and educational materials free of charge.
Active Parent	Implementation of the application submission process for the government programme supporting parents of children under three years old, aimed at helping parents and carers balance parenting responsibilities with professional commitments.
Housing account with BGK subsidy mechanism	Provision of the option to link a housing account to an account held with another bank.
Consumer bankruptcy - implementation of the UOKIK's recommendations	Modification of trustee management functionality, with accounts under bankruptcy.
20 th anniversary of the PKO Bank Polski S.A. Contact Center.	In September 2024, PKO Bank Polski S.A.'s Contact Center celebrated its 20 th anniversary. The Bank's customers value the professional service and support provided by consultants available 24/7 from anywhere in the world. Since the beginning of 2024, the consultants have handled over 8 million calls, with high quality confirmed by numerous awards and distinctions received in external surveys, as well as a high Net Promoter Score (NPS) in customer ratings.
Development of functionalities in electronic and mobile banking channels	
IKO mobile application	Implementation of new functionalities: <ul style="list-style-type: none"> • chat with a consultant, • arranging appointments with advisors; • the ability to refresh the main application screen with a single gesture, • fundraising and facilities in loan repayments for those affected by the floods, • provision of the good start (300+) application, • the process of automatic token refreshment for BLIK contactless payments, • instant closure of savings and foreign currency accounts.

	<p>Implementation of changes to existing functions:</p> <ul style="list-style-type: none"> security settings - the central place where the customer can manage security options, on the Value Added Services (VAS) platform: telemedicine+ for PKO Życie insurance, Legimi audiobook offers - now in subscription, Canal + in new options. <p>Delivering 3.4 million calls made via Voice Assistant in IKO in the third quarter of 2024. By 30 September 2024, a total of 16.4 million calls were made with more than 4.1 million customers.</p>
Electronic banking service iPKO	<p>Implementation of new functionalities:</p> <ul style="list-style-type: none"> security keys - the strongest form of login security, a new instruction - repayment of enforcement seizures, a dedicated transfer to support flood victims, termination of liability insurance, new instruction - certificate of deposits, instant closure of savings and foreign currency accounts. <p>Implementation of changes to existing functions:</p> <ul style="list-style-type: none"> provision of information on the reason for charging a fee for maintaining an account or using a card, on the Value Added Services (VAS) platform: telemedicine+, Legimi - now in subscription, Canal + in new options, a new process for updating card limits - 'time-stopper' with fraud warnings, good start (300+) application for a new entitlement period, improved handling of advanced filters in transaction history, display of PKO Życie insurance policy details, changes to applications for customer debt restructuring.
Electronic banking service iPKO biznes	<p>Launch of new functionalities:</p> <ul style="list-style-type: none"> integration of iPKO Business Integra with the Softlab ERP system by Asseco, multicontext view - managing finances of multiple companies without the need to switch between contexts, information on interest rates, tariffs and commissions, as well as regulations. <p>Implementation of changes to existing functions:</p> <ul style="list-style-type: none"> simplification of the mobile app activation process by means of an activation code sent by a text message, without the need to download it from the iPKO biznes website, release of a new credit module, introduction of information on currency risk at the stage of ordering operations, improved ergonomics of account history search, extension of the options of physical tokens for authorising transactions and logging in.

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

Customer Portal	<p>Providing customers with the ability to make their own calculations of changes to the lease contract schedule for cars and heavy transport equipment, and to generate an annex amending the terms of the lease agreement.</p>
Digitalization	<ul style="list-style-type: none"> implementation of a model for recording paper invoices and incoming correspondence in the office, implementation of three robots to improve after-sales service, Leasing at iPKO - release of the proposal calculator to be used before entering the application process.

Free registration	<p>Launch of the next edition of the promotional offering: "Free registration", whereby customers can benefit from free vehicle registration if they take out GAP insurance (against financial loss in the event of total loss or theft of the car) in the invoice or index option.</p> <p>The offering is addressed to all customers of PKO Leasing S.A. and customers of PKO Bank Polski S.A.</p>
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Achievements of PKO Towarzystwo Funduszy Inwestycyjnych S.A.

Top places in the investment fund market	<p>The net asset value of funds managed by the company reached PLN 52.2 billion at the end of the third quarter of 2024, including the net asset value of retail funds at PLN 50.5 billion, which allowed the company to maintain, respectively, its 2nd place (with a share of 14.2%) in the total investment fund market and 1st place (with a share of 20.8%) in managed fund assets excluding selected investors.*</p> <p>As at 30 September 2024, PKO TFI S.A. managed 58 investment funds and sub-funds.</p>
PPK market leader	<p>Maintaining a leading position in the Employee Capital Plans (PPK) market with a market share of 31%*. At the end of the third quarter of 2024, there was PLN 9 billion worth of assets accumulated in PPK accounts managed by the company.</p>
WPI Akcjomat V distributed by PKO Bank Polski S.A.	<p>As of 6 September 2024, the Specialised Investment Programme "Akcjomat V" was added to PKO Bank Polski S.A.'s offering, allowing customers to spread their stock market investment over time and shift funds between sub-funds to adjust the level of risk. The product is available at the Bank's branches and through online platforms such as iPKO and IKO.</p>
Merger of the PKO Rubinowy and PKO Szafirowy sub-funds	<p>As of 9 August 2024, the PKO Investment Portfolios Fund - sfio revitalised its sub-funds by merging PKO Rubinowy (the absorbed sub-fund) with PKO Szafirowy (the absorbing sub-fund).</p>

* Source: Analizy Online

ESG RATINGS

In the third quarter of this year, the ESG ratings remained unchanged at: 3.3 (FTSE Russell), A (MSCI), 23.9 (Sustainalytics) oraz 46 V.E.

E. RISK MANAGEMENT

The risk management system is aimed to secure 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 primary objective 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 in the report "Report on capital adequacy and other information subject to publication by the PKO Bank Polski S.A. Group as at 31 December 2023". In the third 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 third quarter of 2024, the PKO structured its sources of financing by adjusting its deposit offering (in particular interest rates on deposits) to meet current needs and by raising funds from the financial market through the issue of bonds. The liquidity of KREDOBANK S.A., despite the on-going war in Ukraine, remained at a stable and safe level.

In face of the hostilities in Ukraine, the Bank is continuously taking measures to secure business continuity and reduce the potential impact of materialisation of cyber threats. Given that unauthorized transactions reported by customers are most often the result of social engineering activities, the Bank continues its educational projects aimed at customers. In terms of countering fraud in electronic banking, the Bank is continuously improving its processes and IT system security measures to block the aforementioned transactions and/or recover funds.

As regards interest rate risk, the banking sector is challenged by a benchmark reform, which involves the need to replace the WIBID/WIBOR benchmarks with a risk-free rate (RFR) benchmark. 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.

An additional challenge for the Bank's Group is the introduction of a supervisory requirement by the PFSA Office (through the new WFD Recommendation² dated 15 July 2024) obliging banks to maintain a minimum coverage of long-term funding sources for the portfolio of household loans secured by residential properties (on a consolidated basis). Long-term funding sources particularly include: the excess of own funds over the OCR requirements, long-term issues and loans (including covered bonds), and long-term retail deposits covered by the guarantee scheme (the ability to recognise these expires after 31 December 2027). Compliance with the supervisory minimum of 40% WFD, effective from the end of 2026, will result in a potential increase in the Bank's issuance needs.

A challenge, both for the Bank's Group and for the banking sector in general, is the new SOT NII supervisory limit introduced by Commission Delegated Regulation (EU) 2024/856 and effective from 14 May 2024. The limit determines the maximum permissible decrease in interest income as a result of a parallel change in interest rates by a certain amount for a given currency in relation to Tier 1 capital, and is set at 5%. In view of the above, the Bank has been taking adaptive measures to bring down the use of this limit to a level that reduces the risk of it being exceeded.

At the same time, in light of the interest rate cuts expected in 2025, given a significant and increasing proportion of mortgage loans with periodically fixed rates, an increase in prepayments of such loans is possible.

The Bank's Group is continuously developing IT systems used for collecting, aggregating and managing sustainability data, including int. al. data necessary for estimating CO₂ emissions and developing decarbonisation pathways, which fit into the Bank's credit portfolio transformation plan.

The Bank systematically obtains information on building energy performance (EP) and emission performance from the Central Register of Building Energy Performance, which allows for effective reporting of non-financial information on Taxonomy and Pillar III disclosures based on actual data.

The Bank disclosed for the first time the emission performance of the credit portfolio (scope 3, category 15, i.e. financed emissions from a Group perspective according to the Greenhouse Gas Protocol) in the "Report on capital adequacy and other information subject to publication by the PKO Bank Polski S.A. Group as at 30 June 2024". The calculation covered the exposures of the Bank and its subsidiaries: PKO Leasing S.A. (including Prime Car Management S.A.) and PKO Faktoring S.A.

Calculations for the following asset classes: business loans, shares and corporate bonds, Project Finance, vehicle financing (including vehicle leasing) and commercial real estate loans were carried out in accordance with the global greenhouse gas accounting and reporting standard for the financial industry, developed by the Partnership for Carbon Accounting Financials (PCAF), which the Bank joined in November 2023.

The Bank's Group conducted, for the first time, an analysis of its adaptation efforts towards the goals of the Paris Agreement, leading to low greenhouse gas emissions and climate-resilient development, and presented the results in the "Report on capital adequacy and other information subject to publication by the PKO Bank Polski S.A. Group as at 30 June 2024".

The results concerning emission calculations and adaptation ratios and the targets set for them over a three-year horizon for the sectors that are relevant to the Bank Group's activities depend on the calculation model adopted and the market values used. The Bank's Group has made every effort to ensure that the results are as precise and reliable as possible.

The Bank's Group is working on improving the quality of collected data and will strive to maximise portfolio coverage with actual data on emission intensity or production directly from its customers, so that future disclosures more accurately reflect the characteristics of the Bank's portfolio and so that the Bank can determine long-term decarbonisation goals based on them.

² Recommendation on the Long-Term Funding Ratio.

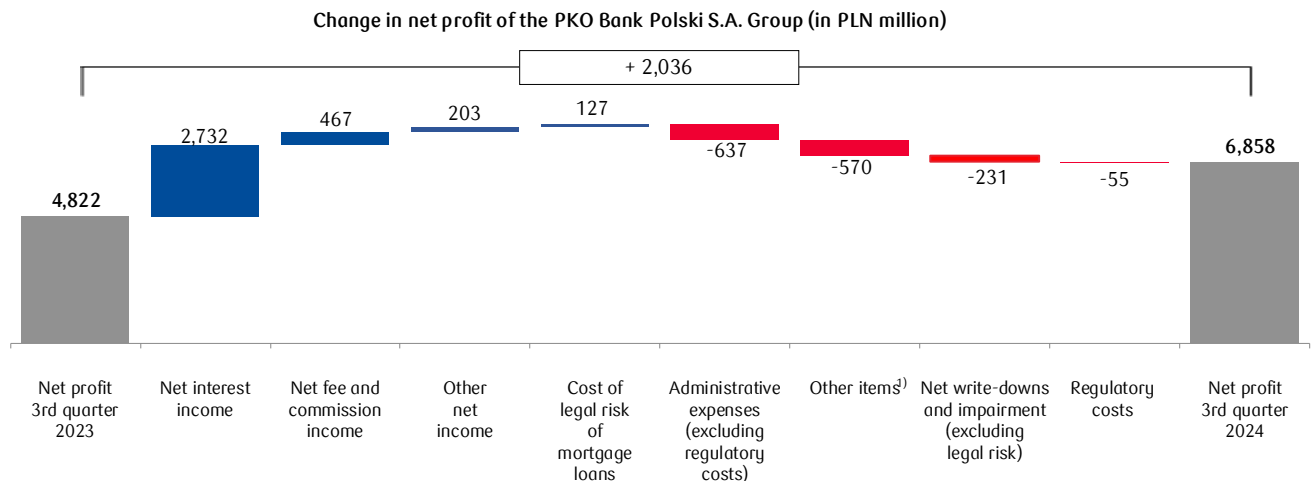
II. FINANCIAL POSITION AFTER THE FIRST QUARTER OF 2024

Financial data is presented on a management basis.

The consolidated net profit of the PKO Bank Polski S.A. Group for the nine months of 2024 amounted to PLN 6,858 million and was PLN 2,036 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 20,909 million (up by PLN 3,402 million year-on-year), mainly as a result of an increase in net interest income by PLN 2,732 million, with an increase in net fee and commission income by PLN 467 million and an increase in other net income by PLN 203 million,
- 2) a deterioration in net write-downs and impairment of PLN 104 million mainly as a result of an increase in net write-downs and impairment of non-financial assets by PLN 231 million and a decrease in the legal risk cost of mortgage loans in convertible currencies by PLN 127 million,
- 3) an increase in administrative expenses by PLN 692 million, mainly driven by an increase in employee benefit expenses by PLN 563 million, depreciation and amortisation expenses by PLN 78 million and regulatory costs by PLN 55 million.



¹⁾ 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 9 months of 2024, the Group reported the following levels of key performance, cost of risk and capital adequacy indicators:

- return on equity as measured by ROE stood at 16.0% on an annual basis (-0.9 p.p. y/y),
- net interest margin was 4.7% on an annual basis (excluding the impact of “credit holidays”) (+0.4 p.p. y/y),
- operating efficiency, as measured by the C/I ratio, stood at 30.2% (-1.3 p.p. y/y),
- the cost of credit risk on an annualised basis stood at (-)0.43% at the end of September 2024 (+0.04 p.p. y/y),
- the total capital ratio came in at 18.0%, down 2.2 p.p. compared to the end of September 2023, and the core Tier 1 capital ratio stood at 17.4% (-1.9 p.p. y/y). The decrease in the total capital ratio was mainly driven by an increase in capital requirements by PLN 1.9 billion (including for credit risk by PLN 1.6 billion as a result of an increase in lending volumes) and a decrease in own funds by PLN 0.6 billion.

Events which had a significant impact on the net profit of the Group in the 9 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,
 - ✓ an increase in interest income on securities mainly related to an increase in the volume of the average securities portfolio by approximately PLN 35 billion year-on-year, with an improvement in its total interest rate resulting from higher yields on new additions to the portfolio,
 - ✓ a decrease in interest expenses on customer deposits, despite an increase in the average volume of deposits by approximately PLN 40 billion year-on-year, mainly due to changes in the term structure of deposits (increase in the share of current deposits),
- an increase in net fee and commission income mainly due to increased results from card, brokerage and investment funds activities, with lower other commissions and margins earned 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 transactions³.

ADMINISTRATIVE EXPENSES

- an increase in the cost of employee benefits by PLN 563 million y/y, mainly as a result of wage regulations,
- an increase in depreciation and amortization expense by PLN 78 million as a result of increased amortization of IT intangible assets,
- an increase in regulatory costs by PLN 55 million y/y, mainly as a result of an increase in the cost of court fees in cases brought by customers against the Bank relating to CHF loans,
- a stable level of material costs.

NET WRITE-DOWNS AND IMPAIRMENT

- a decrease in the cost of legal risk of mortgage loans in convertible currencies by PLN 127 million – the allowances for costs of legal risk recognised in 2024 are the result of updating the parameters of the legal risk assessment model to take into account changes in the level of settlements, court case resolutions and assumptions regarding statutory interest costs, as well as an increase in the expected costs of the settlement programme associated with mortgage loans denominated in and indexed to CHF,
- an improvement in net credit risk allowances by PLN 118 million, due to lower allowances on consumer and housing loans,
- deterioration of allowances on non-financial assets by PLN 349 million, mainly due to the recognition of allowances on amounts due from customers for principal disbursed, in connection with lost court cases concerning CHF loans, and the recognition of an allowance due to the update of the Bank's share in the net assets of Bank Pocztowy.

As a result of measures taken in 2024, there was an increase in the scale of operations, both compared to the corresponding period of the previous year and to the end of 2023:

- total assets reached approximately PLN 512 billion, which represents an increase by PLN 39 billion year-on-year and by PLN 10 billion compared to the end of 2023,
- customer deposits⁴ amounted to PLN 404 billion, which means:
 - ✓ an increase by PLN 28 billion compared to the end of September 2023 as a result of an increase in retail and private banking deposits and corporate deposits,
 - ✓ an increase by PLN 5 billion compared to the end of December 2023 as a result of an increase in retail and private banking deposits with a decrease in corporate deposits,

³ 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.

⁴ Customer deposits – amounts due to customers.

- financing granted to customers⁵ amounted to approximately PLN 276 billion, which means:
 - ✓ an increase by PLN 20 billion year-on-year, mainly driven by an increase in PLN mortgage loans by nearly PLN 17 billion, in retail and private banking loans and in financing granted to businesses (in the form of bond issues, leases and factoring), 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 reduces the gross carrying amount of these loans),
 - ✓ an increase by nearly PLN 13 billion compared with the end of December 2023, driven primarily by an increase in financing granted in the mortgage banking as well as retail and private banking segments,
- the banking and trading portfolio of securities⁶ amounted to PLN 182 billion, up by PLN 22 billion relative to September 2023 and by approximately PLN 2 billion relative to 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 amounts due from banks and a decrease in the valuation of derivative instruments (included in other assets and other liabilities); in addition, an increase in equity by PLN 5 billion (primarily driven by an increase in earnings, improved valuation of instruments in hedge accounting and fair value of financial assets measured through equity).

During the third 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 12.1 million, mainly in the retail customer segment,
- the number of current accounts serviced by 186 thousand to more than 9.4 million accounts,

As at 30 September 2024, the Group held a high share of the loan and savings market (at 18.2% and 21.1% respectively) and held the leading position in the investment fund market for individuals with a market share of 20.8%.

III. FACTORS THAT DETERMINE FUTURE PERFORMANCE

The Bank identifies risk factors arising from macroeconomic and regulatory changes.

In the global economy:

- increased geopolitical risk, with the threat of escalating conflicts in Ukraine, in the Middle East, around Taiwan and their impact on commodity prices, risk appetite and supply chains,
- political uncertainty related to, among other factors, the US elections and future economic and trade policy of the United States,
- the initiation of a monetary easing cycle by the central banks of the United States, the European Union, and China – interest rate cuts and their likely continuation – resulting in a potential strengthening of the PLN and a slight global economic recovery,
- continued relatively low rates of global economic growth, including the slowdown in the US economy and the stagnation in Germany,
- an increase in the difference between interest rates in Poland and abroad, which may result in an appreciation of the PLN,
- 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, as well as climate changes itself and their consequences,
- 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),

⁵ Financing granted to customers – loans and advances granted to customers (including finance lease and factoring receivables) and municipal and corporate bonds (excluding the bonds of international financial organizations) presented in securities, other than securities held for trading.

⁶ Securities (banking and trading portfolio) – securities less municipal and corporate bonds, and bonds of international financial organizations.

- on 19 June 2024, the European Parliament and the Council of the European Union published Regulation 2024/1623 amending Regulation (EU) No 575/2013 with regard to requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the minimum capital threshold – a significant part of the Regulation's provisions will apply from 1 January 2025 and will result in a change in the approach to the calculation of capital requirements.

In the Polish economy:

- continued economic upswing, that is still to be driven primarily by a recovery in private consumption, with a gradually increasing role for investment,
- 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,
- growing fiscal imbalances in the face of significant state spending needs, including in the field of defence,
- the path of further changes in NBP interest rates and the level of the reserve requirement and its interest rate,
- the intensity of cost pressures, including those generated by the labour market and related to energy prices and their impact on international competitiveness,
- 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,
- regulatory changes with regard to labour costs (minimum wage, contribution regulations),
- migration flows, including their impact on labor supply and aggregate demand in the economy,
- the shape and timing of introduction of programmes to support mortgage borrowers,
- further court decisions on the issue of foreign-currency housing loans and PLN loans based on WIBOR rates,
- risk of an unfavourable trend in judicial decisions leading to borrowers' increased reliance on the free credit sanction due to inadequate – in the opinion of customers or law firms specialising in pursuing such claims – compliance by the Bank with its obligations under the Consumer Credit Act, including as a result of the CJEU or national courts possibly challenging the ability to charge interest on the so-called consumer credit costs which are not "hand-delivered" to the borrower,
- the final shape of the Long-Term Financial Ratio and its impact on the long-term financial market,
- the increase in capital requirements related to the CRD VI / CRR III package coming into force from January 2025 and the countercyclical buffer announced in the Regulation of the Minister of Finance, which will come into force at the end of the third quarter of 2025 – the establishment of a neutral level of the countercyclical buffer rate in accordance with the Regulation of the Minister of Finance of 18 September 2024 on the countercyclical buffer rate announced on 24 September 2024 (currently 1% after 12 months and a target of 2% after 24 months from the date of the announcement of the Regulation on this matter by the Minister of Finance),
- the risk of a fine being imposed by the PFSA Office on the Bank as part of the pending proceedings under 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 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),
- the risk of an administrative sanction being imposed by the PFSA Office as part of ongoing administrative proceedings in connection with suspected breaches by PKO Bank Polski S.A. of the requirements of the Regulation on key information documents for retail collective investment products and insurance investment products (PRIIPs),
- the risk of a fine being imposed by the President of the Office of Competition and Consumer Protection as part of proceedings pending against the Bank: in matters related to violation of the collective interest of consumers in the handling of complaints concerning the so-called "unauthorised transactions", and in matters related to modification clauses or clauses concerning a change of the interest rate in contractual templates used by the Bank,
- unfavourable rulings by common courts and the CJEU on mutual settlements between the parties to a mortgage loan agreement in CHF after its invalidation, in particular in connection with the Supreme Court's resolution under case No III CZP 25/22, where the Supreme Court indicated that the limitation period of the bank's claim begins, in principle, from the day following the day on which the borrower challenged the provisions of the agreement; the filing of a complaint by the borrower may constitute such a point in time.



Bank Polski

Condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group for the nine-month period ended 30 September 2024, together with the condensed interim separate financial statements of PKO Bank Polski S.A. for the nine-month period ended 30 September 2024

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE PKO BANK POLSKI S.A. GROUP FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT	Note	3 rd quarter period from 01.07.2024 to 30.09.2024	3 quarters period from 01.01.2024 to 30.09.2024	3 rd quarter period from 01.07.2023 to 30.09.2023	3 quarters period from 01.01.2023 to 30.09.2023
Net interest income		5,727	15,973	4,662	13,241
Interest income	11	8,177	23,537	8,016	23,170
of which calculated under the effective interest rate method		8,083	23,220	7,881	22,744
Interest expense	11	(2,450)	(7,564)	(3,354)	(9,929)
Net fee and commission income		1,299	3,857	1,176	3,390
Fee and commission income	12	1,768	5,072	1,625	4,646
Fee and commission expense	12	(469)	(1,215)	(449)	(1,256)
Net other income		276	1,053	321	838
Net income from insurance business, of which:		155	521	173	526
insurance revenue (net of reinsurance)		379	1,094	320	902
cost of insurance activities (net of reinsurance)		(207)	(479)	(106)	(275)
Dividend income		1	23	2	14
Gains/(losses) on financial transactions		14	116	58	86
Net foreign exchange gains/ (losses)		(7)	140	26	38
Gains/(losses) on derecognition of financial instruments, of which:		51	91	12	39
measured at amortized cost		11	29	5	14
Net other operating income and expense, of which:		62	162	50	135
other operating income		111	320	100	304
other operating expenses		(49)	(158)	(50)	(169)
Result on business activities		7,302	20,883	6,159	17,469
Net allowances for expected credit losses	13	(222)	(675)	(238)	(781)
Impairment of non-financial assets	14	(96)	(409)	(38)	(60)
Cost of legal risk of mortgage loans in convertible currencies	15	(994)	(3,314)	-	(3,441)
Administrative expenses, of which:	16	(2,072)	(6,213)	(1,790)	(5,521)
net regulatory charges		(78)	(535)	(51)	(480)
Tax on certain financial institutions		(316)	(942)	(302)	(912)
Share in profits and losses of associates and joint ventures		42	103	46	82
Profit before tax		3,644	9,433	3,837	6,836
Income tax	17	(1,179)	(2,574)	(1,057)	(2,014)
Net profit (including non-controlling shareholders)		2,465	6,859	2,780	4,822
Profit (loss) attributable to non-controlling shareholders		2	1	(1)	-
Net profit attributable to equity holders of the parent company		2,463	6,858	2,781	4,822
Earnings per share: basic/diluted for the period (PLN)*		1.97	5.49	2.22	3.86
Weighted average number of ordinary shares during the period (in million)*		1,250	1,250	1,250	1,250

*Both in the period of three and nine months ended 30 September 2024 and in the corresponding periods 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

STATEMENT OF COMPREHENSIVE INCOME	Note	3 rd quarter period from 01.07.2024 to 30.09.2024	3 quarters period from 01.01.2024 to 30.09.2024	3 rd quarter period from 01.07.2023 to 30.09.2023	3 quarters period from 01.01.2023 to 30.09.2023
Net profit (including non-controlling shareholders)		2,465	6,859	2,780	4,822
Other comprehensive income		1,048	1,596	1,502	4,878
Items which may be reclassified to profit or loss		1,048	1,596	1,502	4,878
Cash flow hedges (net)		678	889	1,077	3,131
Cash flow hedges (gross)	19	838	1,098	1,328	3,865
Deferred tax	17	(160)	(209)	(251)	(734)
Fair value of financial assets measured at fair value through other comprehensive income (net)		419	760	411	1,829
Remeasurement of fair value, gross		559	999	510	2,275
Gains /losses transferred to the profit or loss (on disposal)		(40)	(62)	(7)	(25)
Deferred tax	17	(100)	(177)	(92)	(421)
Currency translation differences on foreign operations		(52)	(76)	37	(29)
Share in other comprehensive income of associates and joint ventures		6	24	(15)	(30)
Finance income and costs from insurance business, net		(3)	(1)	(8)	(23)
Finance income and costs from insurance business, gross		(4)	(2)	(11)	(29)
Deferred tax	17	1	1	3	6
Total net comprehensive income, of which attributable to:		3,513	8,455	4,282	9,700
equity holders of the parent		3,511	8,454	4,283	9,700
non-controlling interest		2	1	(1)	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION	Note	30.09.2024	31.12.2023
ASSETS		511,510	501,516
Cash and balances with the Central Bank		19,711	17,813
Amounts due from banks	18	9,340	14,438
Hedging derivatives	19	922	1,174
Other derivative instruments	19	6,130	8,406
Securities	20	200,284	197,484
Reverse repo transactions		375	372
Loans and advances to customers	21	257,986	245,776
Assets in respect of insurance activities		111	90
Property, plant and equipment under operating lease		2,484	2,117
Property, plant and equipment		3,242	3,203
Assets held for sale		17	19
Intangible assets		3,877	3,918
Investments in associates and joint ventures		287	284
Current income tax receivable		7	6
Deferred tax assets		3,150	4,000
Other assets		3,587	2,416
LIABILITIES AND EQUITY		511,510	501,516
LIABILITIES		461,065	456,289
Amounts due to the Central bank		40	10
Amounts due to banks	22	3,162	3,423
Hedging derivatives	19	1,718	2,992
Other derivative instruments	19	6,134	9,291
Repo transactions		2	-
Amounts due to customers	23	404,089	399,193
Liabilities in respect of insurance activities		2,758	2,915
Loans and advances received	24	1,383	1,489
Liabilities in respect of debt securities in issue	24	23,346	17,201
Subordinated liabilities	24	2,717	2,774
Other liabilities		8,899	11,007
Current income tax liabilities		747	1,117
Deferred tax liabilities		800	712
Provisions	25	5,270	4,165
EQUITY		50,445	45,227
Share capital		1,250	1,250
Reserves and accumulated other comprehensive income		31,026	27,676
Retained earnings		11,321	10,810
Net profit or loss for the period		6,858	5,502
Capital and reserves attributable to equity holders of the parent company		50,455	45,238
Non-controlling interests		(10)	(11)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR 9 MONTHS ENDED 30 SEPTEMBER 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)	-	-	-
Dividend	-	-	-	-	-	-	(3,237)	-	(3,237)	-	(3,237)
Transfer between retained earnings and equity, including reserve capital for the payment of dividends (including interim dividends)*	-	(2)	-	1,756	-	1,754	(1,754)	-	-	-	-
Comprehensive income	-	-	-	-	1,596	1,596	-	6,858	8,454	1	8,455
As at the end of the period	1,250	22,858	1,070	8,894	(1,796)	31,026	11,321	6,858	50,455	(10)	50,445

* For information on the distribution of profit for 2023, see Note 35 "Dividends and profit appropriation"

FOR 9 MONTHS ENDED 30 SEPTEMBER 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)	-	-	-
Distribution of profit to be used for dividend payments, including interim dividends	-	-	-	1,629	-	1,629	(1,629)	-	-	-	-
Comprehensive income	-	-	-	-	4,878	4,878	-	4,822	9,700	-	9,700
Offset of accumulated losses	-	(340)	-	-	-	(340)	340	-	-	-	-
Transfer from retained earnings to equity	-	115	-	48	-	163	(163)	-	-	-	-
As at the end of the period	1,250	22,860	1,070	8,768	(4,129)	28,569	10,780	4,822	45,421	(14)	45,407

FOR 9 MONTHS ENDED

Accumulated other comprehensive income

30 SEPTEMBER 2024	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	Total
As at the beginning of the period	(66)	(1,021)	(1,860)	(1)	(24)	(420)	(3,392)
Comprehensive income	24	760	889	(1)	-	(76)	1,596
As at the end of the period	(42)	(261)	(971)	(2)	(24)	(496)	(1,796)

Accumulated other comprehensive income							
FOR 9 MONTHS ENDED 30 SEPTEMBER 2023	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	Total
As at the beginning of the period	(35)	(3,461)	(5,218)	24	(21)	(296)	(9,007)
Comprehensive income	(30)	1,829	3,131	(23)	-	(29)	4,878
As at the end of the period	(65)	(1,632)	(2,087)	1	(21)	(325)	(4,129)

CONSOLIDATED STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS	01.01- 30.09.2024	01.01- 30.09.2023 (restated)
Cash flows from operating activities		
Profit before tax	9,433	6,836
Income tax paid	(2,357)	(1,398)
Total adjustments:	(17,552)	21,919
Depreciation and amortization	1,125	1,010
(Gains)/losses on investing activities	(50)	(64)
Net interest income (from income statement)	(15,973)	(13,241)
Interest received	17,949	17,616
Interest paid	(7,371)	(8,931)
Dividends received	(13)	(14)
Change in:		
amounts due from banks	(25)	(1,464)
hedging derivatives	(1,260)	(4,315)
other derivative instruments	(881)	(169)
securities	(3,595)	(4,243)
loans and advances to customers	(12,076)	(6,320)
reverse repo transactions	(3)	(62)
assets in respect of insurance activities	(21)	22
property, plant and equipment under operating lease	(367)	(227)
assets held for sale	1	(3)
other assets	(1,460)	322
accumulated allowances for expected credit losses	(257)	265
accumulated allowances on non-financial assets and other provisions	1,571	764
amounts due to the Central Bank	30	1
amounts due to banks	(261)	558
amounts due to customers	5,646	37,069
repo transactions	2	5
liabilities in respect of insurance activities	(157)	1
loan and advances received	(71)	(41)
liabilities in respect of debt securities in issue	(109)	(142)
other liabilities	(297)	448
Other adjustments	371	3,074
Net cash from/used in operating activities	(10,476)	27,357

STATEMENT OF CASH FLOWS	01.01- 30.09.2024	01.01- 30.09.2023 (restated)
Cash flows from investing activities		
Inflows from investing activities	607,400	520,554
Redemption and sale of securities measured at fair value through other comprehensive income	596,433	512,578
Interest received on securities measured at fair value through other comprehensive income	3,159	2,831
Redemption of securities measured at amortized cost	5,991	3,809
Interest received on securities measured at amortized cost	1,656	1,148
Proceeds from disposal of intangible assets, property, plant and equipment and assets held for sale	100	96
Other inflows from investing activities including dividends	61	92
Outflows on investing activities	(599,828)	(550,079)
Purchase of securities measured at fair value through other comprehensive income	(571,997)	(534,478)
Purchase of securities measured at amortized cost	(27,212)	(14,459)
Purchase of intangible assets and property, plant and equipment	(618)	(1,142)
Other outflows on investing activities	(1)	-
Net cash from/used in investing activities	7,572	(29,525)
Cash flows from financing activities		
Distribution of interim dividend	(4,837)	-
Proceeds from debt securities in issue	19,593	10,136
Redemption of debt securities	(13,483)	(8,267)
Repayment of loans and advances received	(80)	(482)
Payment of lease liabilities	(214)	(200)
Repayment of interest on long-term liabilities	(790)	(639)
Net cash from financing activities	189	548
Total net cash flows	(2,715)	(1,620)
of which foreign exchange differences on cash and cash equivalents	(299)	(116)
Cash and cash equivalents at the beginning of the period	31,328	31,995
Cash and cash equivalents at the end of the period	28,613	30,375

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, 16th Registration Department. At present, the court with jurisdiction over the Bank's affairs is the District Court in Warsaw, 13th 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

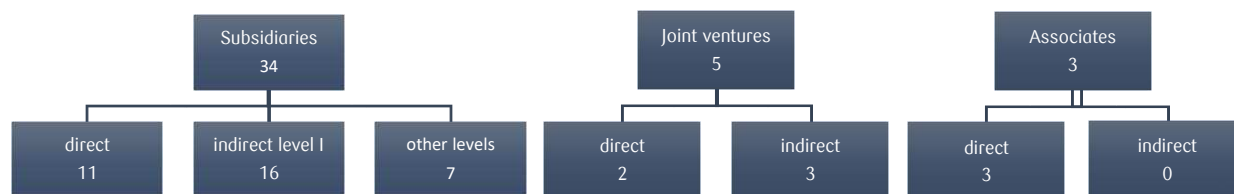
According to the Bulletin of the Warsaw Stock Exchange (Cedula Giełdowa), the Bank is classified under the macro-sector "Finance", in the "Banks" sector.

The Powszechna Kasa Oszczędnościowa 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 Czech Republic and in the Slovak Republic.

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 and real estate management.

PKO BANK POLSKI S.A. – the parent company



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

No.	ENTITY NAME	REGISTERED OFFICE	ACTIVITY	OWNERSHIP INTEREST (%)	
				30.09.2024	31.12.2023
DIRECT SUBSIDIARIES					
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 ^{1,2}	Warsaw		-	100
10	NEPTUN - fizan ¹	Warsaw	investing funds collected from fund participants	100	100
11	PKO VC - fizan ¹	Warsaw		100	100

¹ 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".

² See Note 2 "[Changes in the Group companies](#)".

No.	ENTITY NAME INDIRECT SUBSIDIARIES	REGISTERED OFFICE	ACTIVITY	OWNERSHIP INTEREST (%) [*]	
				30.09.2024	31.12.2023
PKO Leasing S.A. GROUP					
1	PKO Agencja Ubezpieczeniowa sp. z o.o.	Warsaw	intermediation in concluding insurance agreements	100	100
	• 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
	Futura Leasing S.A.	Gdańsk	sale of post-lease assets	100	100
	Masterlease sp. z o.o.	Gdańsk	leasing	100	100
	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 ¹	Dublin, Ireland	SPV established for securitization of lease receivables	-	-
PKO Życie Towarzystwo Ubezpieczeń S.A. GROUP					
6	Ubezpieczeniowe Usługi Finansowe sp. z o.o.	Warsaw	services	100	100
KREDOBANK S.A. GROUP					
7	“KREDOLEASING” sp. z o.o.	Lviv, Ukraine	leasing	100	100
NEPTUN - fizan					
8	Qualia sp. z o.o.	Warsaw	after-sale services in respect of developer products	100	100
9	Sarnia Dolina sp. z o.o. w likwidacji (in liquidation)	Warsaw	development activities	100	100
10	Bankowe Towarzystwo Kapitałowe S.A.	Warsaw	services	100	100
	“Inter-Risk Ukraina” spółka z dodatkową odpowiedzialnością ²	Kyiv, Ukraine	debt collection	99.90	99.90
	Finansowa Kompania “Prywatne Inwestycje” sp. z o.o. ³	Kyiv, Ukraine	financial services	95.4676	95.4676
	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. ⁴	Warsaw	property management	100	100
13	Molina sp. z o.o. w likwidacji (in liquidation) ⁴	Warsaw	general partner in partnerships limited by shares of a fund	100	100
14	Molina spółka z ograniczoną odpowiedzialnością w likwidacji 1 S.K.A. (in liquidation) ⁴	Warsaw		100	100
	Molina spółka z ograniczoną odpowiedzialnością 2 S.K.A. w likwidacji (in liquidation) ⁴	Warsaw	buying and selling real estate on own account, real estate management	-	100
15	Molina spółka z ograniczoną odpowiedzialnością 4 S.K.A. w likwidacji (in liquidation) ⁴	Warsaw		100	100
16	Molina spółka z ograniczoną odpowiedzialnością 6 S.K.A. w likwidacji (in liquidation) ⁴	Warsaw		100	100

^{*} share of direct parent in the entity's equity

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

²⁾ Finansowa Kompania “Prywatne Inwestycje” sp. z o.o. is the second shareholder of the company.

³⁾ “Inter-Risk Ukraina” – a company with additional liability – is the second shareholder of the company.

⁴⁾ See Note 2 “Changes in the Group companies”.

The Group has the following associates and joint ventures:

No.	ENTITY NAME	REGISTERED OFFICE	ACTIVITY	OWNERSHIP INTEREST (%) [*]	
				30.09.2024	31.12.2023
Joint ventures of PKO Bank Polski S.A.					
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
	EVO Payments International s.r.o.	Prague, the Czech Republic	financial services support activities	100	100
Joint venture NEPTUN - fizan					
	"Centrum Obsługi Biznesu" sp. z o.o.	Poznań	property management	41.45	41.45
Joint venture PKO VC - fizan					
	BSafer sp. z o.o.	Stalowa Wola	managing marketing consents	35.06	35.06
Associates of PKO Bank Polski S.A.					
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.

2. CHANGES IN THE GROUP COMPANIES

In the nine-month period ended 30 September 2024, changes in the Group's structure concerned:

- merger of investment funds NEPTUN - fizan (acquiring fund) and Merkury - fiz an (acquired fund)
- and liquidation processes in companies from the Neptun finan Group: Molina spółka z ograniczoną odpowiedzialnością, Molina spółka z ograniczoną odpowiedzialnością 1 S.K.A., Sarnia Dolina sp. z o.o., Molina spółka z ograniczoną odpowiedzialnością 2 S.K.A. in liquidation.

A detailed description of the changes in is included in point **B.3 "MOST IMPORTANT CHANGES IN THE STRUCTURE OF THE BANK'S CAPITAL GROUP"** of the Management Board's Commentary on the results of the PKO Bank Polski S.A. Capital Group for the nine-month period ended 30 September 2024.

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

For a description of changes in the composition of the Management Board and Supervisory Board during the 9 months ended 30 September 2024, see note **B.2 "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 nine-month period ended 30 September 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 30.09.2024	Purchase	Disposal	Number of shares as at 31.12.2023
4	Piotr Mazur, Vice-President of the Management Board	8,000	8,000	-	-	8,000

As at 30 September 2024 and as at the date of publication, the remaining members of the Management Board and all members of the Supervisory Board did not hold any shares in PKO Bank Polski S.A.

4. APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED 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 6 November 2024, were approved for publication by the Management Board on 6 November 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 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared its condensed interim consolidated 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 nine-month period ended 30 September 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 condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group cover the three- and nine-month period ended 30 September 2024 and contains comparative figures:

- the three- and nine-month period ended 30 September 2023 with regard to the consolidated income statement and consolidated statement of comprehensive income,
- the nine-month period ended 30 September with regard to the 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. Figures have been rounded to the nearest million Polish zloty and any differences from previously published figures may be due to rounding.

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, 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 Group will continue as a going concern for a period of at least 12 months from the date of approval of the financial statements by the Management Board for publication, i.e. from 7 November 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 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 note 37 "[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 note 15 "[The costs of legal risk of mortgage loans in convertible currencies](#)" and credit holidays in note 21 "[Loans and advances to customers](#)".

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. The amendments had no material impact on the Group's financial statements.

In these financial statements, the comparative figures in the statement of cash flows for the nine-month period ended 30 June 2023 were restated from those previously published. The restatement concerned the presentation of cash flows from interest income and interest expense relating to operating activities. Following the restatement, interest received and interest paid relating to operating activities is presented under separate line items in the statement of cash flows from operating activities. The Group has restated the comparative figures accordingly. The presentation of net interest income in the statement of cash flows and the separation of interest (interest received and interest paid) has, in the Group's opinion, contributed to the transparency of the disclosure and brought it in line with market practice.

CASH FLOWS FROM OPERATING ACTIVITIES – SELECTED DATA	01.01- 30.09.2023 before restatement	Change	01.01- 30.09.2023 restated
Total adjustments	21,919	-	21,919
Interest and dividends received (previous item)	(3,993)	3,993	-
Interest paid (previous item)	639	(639)	-
Net interest income (from income statement) (new item)	-	(13,241)	(13,241)
Interest received (new item)	-	17,616	17,616
Interest paid (new item)	-	(8,931)	(8,931)
Dividends received (new item)	-	(14)	(14)
Change in:			
amounts due from banks	(1,228)	(236)	(1,464)
hedging derivatives	(4,591)	276	(4,315)
securities	(5,312)	1,069	(4,243)
loans and advances to customers	(7,178)	858	(6,320)
amounts due to banks	561	(3)	558
amounts due to customers	37,630	(561)	37,069
loan and advances received	(13)	(28)	(41)
liabilities in respect of debt securities in issue	57	(199)	(142)
subordinated liabilities	(62)	62	-
other liabilities	470	(22)	448
Net cash from/used in operating activities	27,357	-	27,357

9. NEW STANDARDS AND AMENDMENTS TO STANDARDS

• STANDARDS AND INTERPRETATIONS AND THEIR AMENDMENTS EFFECTIVE FROM 1 JANUARY 2024

STANDARDS AND INTERPRETATIONS	DESCRIPTION OF AMENDMENTS	EFFECTIVE DATE
Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: disclosures"	<p>The amendments introduce requirements for additional disclosures related to supplier financing (reverse factoring), including information on extended payment terms, collateral and guarantees provided. The amendments aim to enhance transparency of information on supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.</p> <p>The amendments have no material impact on the financial statements.</p>	1 January 2024 (endorsed by the EU on 15 May 2024)
Amendments to IAS 1 - classification of liabilities	<p>The changes relate to the classification of liabilities in the statement of financial position as short-term or long-term. They clarify that the classification of liabilities as short-term or long-term should take into account, as at the classification date, the existence of a debt extension, regardless of the entity's intention to use it for a period longer than 12 months, and should take into account the fulfillment of the conditions of such extension as at the date of assessment, if it is conditional.</p> <p>The Group does not have any agreements containing the aforementioned provisions and therefore the Group is not affected by the amendment.</p>	1 January 2024 (endorsed by the EU on 19 December 2023)
Amendment to IFRS 16 "Leases"	<p>The amendments clarify how a seller-lessee should measure sale and leaseback transactions that meet the requirements of IFRS 15 to recognise an asset as a sale. The amendments concern cases where the instalments payable under a leaseback agreement are variable, i.e. other than based on a rate or index. The amendments require the seller-lessee to measure the lease liability in such a way that the differences between the actual variable amounts paid under the agreement and the amounts included in the initial measurement of the liability are recognised directly through profit or loss. A retrospective approach applies to these amendments.</p> <p>The Group does not currently have sale and leaseback transactions with variable lease instalments other than those based on a rate or index, and therefore the Group is not affected by the amendment.</p>	1 January 2024 (endorsed by the EU on 20 November 2023)

• NEW STANDARDS AND INTERPRETATIONS, AND AMENDMENTS THERETO, WHICH HAVE BEEN PUBLISHED BUT HAVE NOT BEEN ENDORSED BY THE EUROPEAN UNION

STANDARDS AND INTERPRETATIONS	DESCRIPTION OF AMENDMENTS	EFFECTIVE DATE
Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates"	<p>The amendments clarify how an entity should assess the currency exchangeability and how to determine the exchange rate in the absence of currency convertibility, and require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.</p> <p>The amendments will not have a material impact on the financial statements.</p>	1 January 2025 (not endorsed by the EU)
Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures"	<p>The guidance in IFRS 9 on the derecognition of a financial liability settled by electronic transfer has been amended. The amendment allows an entity to recognise a financial liability that has been settled using an electronic payment system as settled before the settlement date, if certain criteria are met (related, among other things, to the entity's inability to cancel the payment, immaterial risk regarding the settlement of the payment). The amendment addresses the issue of a later settlement date for payments made through electronic payment systems compared to the date of initiation of such payment by the individual. In addition, amendments have been made to the classification of financial assets, i.e: a) extension of the guidance for assessing whether the contractual cash flows related to a financial asset are consistent with the underlying loan agreement, b) clarification of the provisions on "non-recourse" assets, c) clarification of the characteristics of contractually linked instruments. The mandatory disclosures under IFRS 7 have been expanded.</p> <p>The Group is in the process of reviewing the impact of the amendments on the financial statements.</p>	1 January 2026 (not endorsed by the EU)

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: a) definition of mandatory subtotals in the income statement, b) disclosures on Alternative Performance Measurements (APMs) used by the management board, c) extension of guidelines on information aggregation. The Group is in the process of reviewing the impact of the amendments on the financial statements.	1 January 2027 (not endorsed by the EU)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	IFRS 19 introduces simplified reporting requirements and reduces the number of mandatory disclosures for eligible subsidiaries in their separate financial statements. The amendments will not have a material impact on the financial statements.	1 January 2027 (not endorsed by the EU)
“Annual Improvements to IFRSs – Volume 11” of the International Accounting Standards Board	On 18 July 2024, the Board published a document that contains clarifications, simplifications, amendments and changes aimed at improving the consistency of a number of accounting standards (IFRS 1, IFRS 7 and accompanying “IFRS 7 implementation guidance”; IFRS 9; IFRS 10 and IAS 7). The above amendments and corrections mainly clarify or bring consistency to existing provisions and do not introduce new requirements in IAS/IFRS. The amendments will not have a material impact on the financial statements.	1 January 2026 or later, with early application permitted

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 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 Segment,
- 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 and reflects the internal organisational structure of the Group.

INCOME STATEMENT BY SEGMENT	Continuing operations			
	Retail segment	Corporate and investment segment	Transfer center and other	Total operations of the Group
3 quarters YTD from 01.01.2024 to 30.09.2024				
Net interest income	12,477	5,166	(1,670)	15,973
Net fee and commission income	2,940	984	(67)	3,857
Net other income	779	155	119	1,053
Net income from insurance business	516	5	-	521
Dividend income	-	-	23	23
Gains/(losses) on financial transactions	32	65	19	116
Net foreign exchange gains/ (losses)	158	69	(87)	140
Gains on derecognition of financial instruments	37	32	22	91
Net other operating income and expense	24	(4)	142	162
Income/(expenses) relating to internal customers	12	(12)	-	-
Result on business activities	16,196	6,305	(1,618)	20,883
Net allowances for expected credit losses	(423)	(252)	-	(675)
Impairment of non-financial assets	(296)	(1)	(112)	(409)
Cost of legal risk of mortgage loans in convertible currencies	(3,314)	-	-	(3,314)
Administrative expenses, of which:	(4,962)	(1,135)	(116)	(6,213)
depreciation and amortization	(739)	(130)	(9)	(878)
net regulatory charges	(344)	(181)	(10)	(535)
Tax on certain financial institutions	(630)	(378)	66	(942)
Segment profit/(loss)	6,571	4,539	(1,780)	9,330
Share in profits and losses of associates and joint ventures				103
Profit before tax				9,433
Income tax expense (tax burden)				(2,574)
Net profit (including non-controlling shareholders)				6,859
Profit (loss) attributable to non-controlling shareholders				1
Net profit attributable to equity holders of the parent company				6,858

INCOME STATEMENT BY SEGMENT	Continuing operations			
	Retail segment	Corporate and investment segment	Transfer center and other	Total operations of the Group
3 rd quarter period from 01.07.2024 to 30.09.2024				
Net interest income	4,528	1,717	(518)	5,727
Net fee and commission income	1,013	312	(26)	1,299
Net other income	231	67	(22)	276
Net income from insurance business	155	-	-	155
Dividend income	-	-	1	1
Gains/(losses) on financial transactions	5	15	(6)	14
Net foreign exchange gains/ (losses)	55	43	(105)	(7)
Gains on derecognition of financial instruments	13	16	22	51
Net other operating income and expense	(1)	(3)	66	62
Income/(expenses) relating to internal customers	4	(4)	-	-
Result on business activities	5,772	2,096	(566)	7,302
Net allowances for expected credit losses	(172)	(50)	-	(222)
Impairment of non-financial assets	(71)	(1)	(24)	(96)
Cost of legal risk of mortgage loans in convertible currencies	(994)	-	-	(994)
Administrative expenses, of which:	(1,677)	(356)	(39)	(2,072)
depreciation and amortization	(254)	(45)	(3)	(302)
net regulatory charges	(71)	(6)	(1)	(78)
Tax on certain financial institutions	(214)	(125)	23	(316)
Segment profit/(loss)	2,644	1,564	(606)	3,602
Share in profits and losses of associates and joint ventures				42
Profit before tax				3,644
Income tax expense (tax burden)				(1,179)
Net profit (including non-controlling shareholders)				2,465
Profit (loss) attributable to non-controlling shareholders				2
Net profit attributable to equity holders of the parent company				2,463

ASSETS AND LIABILITIES BY SEGMENT	Retail segment	Corporate and investment segment	Transfer center and other	Total operations of the Group
30.09.2024				
Assets	195,097	179,763	133,206	508,066
Investments in associates and joint ventures				287
Unallocated assets				3,157
Total assets				511,510
Liabilities	338,525	85,737	35,256	459,518
Unallocated liabilities				1,547
Total liabilities				461,065

INCOME STATEMENT BY SEGMENT (RESTATED FIGURES) ¹	Continuing operations			
	Retail segment	Corporate and investment segment	Transfer center and other	Total operations of the Group
3 quarters YTD from 01.01.2023 to 30.09.2023				
Net interest income	10,817	5,154	(2,730)	13,241
Net fee and commission income	2,475	944	(29)	3,390
Net other income	696	(2)	144	838
Net income from insurance business	514	12	-	526
Dividend income	-	2	12	14
Gains/(losses) on financial transactions	26	11	49	86
Net foreign exchange gains/ (losses)	83	(37)	(8)	38
Gains on derecognition of financial instruments	16	18	5	39
Net other operating income and expense	41	8	86	135
Income/(expenses) relating to internal customers	16	(16)	-	-
Result on business activities	13,988	6,096	(2,615)	17,469
Net allowances for expected credit losses	(575)	(206)	-	(781)
Impairment of non-financial assets	(5)	1	(56)	(60)
Cost of legal risk of mortgage loans in convertible currencies	(3,441)	-	-	(3,441)
Administrative expenses, of which:	(4,390)	(1,014)	(117)	(5,521)
depreciation and amortization	(678)	(112)	(10)	(800)
Net regulatory charges	(280)	(188)	(12)	(480)
Tax on certain financial institutions	(560)	(326)	(26)	(912)
Segment profit/(loss)	5,017	4,551	(2,814)	6,754
Share in profits and losses of associates and joint ventures				82
Profit before tax				6,836
Income tax expense (tax burden)				(2,014)
Net profit (including non-controlling shareholders)				4,822
Net profit attributable to equity holders of the parent company				4,822

¹ Figures for the nine-month period of 2023 have been adjusted for comparability.

INCOME STATEMENT BY SEGMENT (RESTATED FIGURES) ¹	Continuing operations			
	Retail segment	Corporate and investment segment	Transfer center and other	Total operations of the Group
3 rd quarter period from 01.07.2023 to 30.09.2023				
Net interest income	3,663	2,285	(1,286)	4,662
Net fee and commission income	877	311	(12)	1,176
Net other income	231	6	84	321
Net income from insurance business	166	7	-	173
Dividend income	-	2	-	2
Gains/(losses) on financial transactions	6	36	16	58
Net foreign exchange gains/ (losses)	36	(43)	33	26
Gains on derecognition of financial instruments	5	7	-	12
Net other operating income and expense	15	-	35	50
Income/(expenses) relating to internal customers	3	(3)	-	-
Result on business activities	4,771	2,602	(1,214)	6,159
Net allowances for expected credit losses	(181)	(57)	-	(238)
Impairment of non-financial assets	(2)	1	(37)	(38)
Administrative expenses, of which:	(1,450)	(302)	(38)	(1,790)
depreciation and amortization	(238)	(38)	(4)	(280)
Net regulatory charges	(40)	(9)	(2)	(51)
Tax on certain financial institutions	(189)	(114)	1	(302)
Segment profit/(loss)	2,949	2,130	(1,288)	3,791
Share in profits and losses of associates and joint ventures				46
Profit before tax				3,837
Income tax expense (tax burden)				(1,057)
Net profit (including non-controlling shareholders)				2,780
Profit (loss) attributable to non-controlling shareholders				(1)
Net profit attributable to equity holders of the parent company				2,781

¹Figures for the three-month period ended 30 September 2023 have been adjusted for comparability.

ASSETS AND LIABILITIES BY SEGMENT (RESTATED FIGURES) ¹	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
Total assets				501,516
Liabilities	329,449	99,032	25,979	454,460
Unallocated liabilities				1,829
Total liabilities				456,289

¹Figures as at 31 December 2023 have been adjusted for comparability.

11. INTEREST INCOME AND EXPENSE

INTEREST AND SIMILAR INCOME	3 rd quarter period from 01.07.2024 to 30.09.2024	3 quarters period from 01.01.2024 to 30.09.2024	3 rd quarter period from 01.07.2023 to 30.09.2023	3 quarters period from 01.01.2023 to 30.09.2023
Loans and other amounts due from banks and balances with the Central Bank ¹	364	1,138	471	1,317
Debt securities measured:	2,176	6,174	1,796	4,948
at amortized cost	949	2,550	576	1,561
at fair value through other comprehensive income	1,220	3,600	1,209	3,355
at fair value through profit or loss	7	24	11	32
Loans and advances to customers, measured: ²	5,231	15,025	5,329	15,683
at amortized cost	5,144	14,732	5,205	15,289
at fair value through profit or loss	87	293	124	394
Repo transactions	4	14	16	34
Finance lease receivables	402	1,186	404	1,188
Total	8,177	23,537	8,016	23,170
of which: interest income on impaired financial instruments	230	515	156	434
Interest income calculated using the effective interest rate method on financial instruments measured:	8,083	23,220	7,881	22,744
at amortized cost	6,863	19,620	6,672	19,389
at fair value through other comprehensive income	1,220	3,600	1,209	3,355
Income similar to interest income on instruments measured at fair value through profit or loss	94	317	135	426
Total	8,177	23,537	8,016	23,170

¹ Under this item, in the nine-month period ended 30 September 2024, the Group recognised income on funds in the current account with the NBP of PLN 561 million (PLN 583 million in the corresponding period).

² The item loans and advances to customers includes the effect of the statutory credit holidays recognised in the nine-month period ended 30 September 2024 in the amount of PLN 488 million (Note 21 "Loans and advances to customers").

INTEREST EXPENSE	3 rd quarter period from 01.07.2024 to 30.09.2024	3 quarters period from 01.01.2024 to 30.09.2024	3 rd quarter period from 01.07.2023 to 30.09.2023	3 quarters period from 01.01.2023 to 30.09.2023
Amounts due to banks	(18)	(54)	(21)	(61)
Hedging derivatives ¹	(493)	(1,481)	(926)	(3,159)
Loans and advances received	(14)	(46)	(27)	(78)
Leases	(10)	(29)	(9)	(25)
Amounts due to customers	(1,576)	(5,071)	(2,116)	(5,868)
Repo transactions	(2)	(6)	(6)	(13)
Issues of securities	(286)	(724)	(192)	(553)
Subordinated liabilities	(51)	(153)	(57)	(172)
Total	(2,450)	(7,564)	(3,354)	(9,929)

¹ The decrease in interest expenses related to derivative hedging instruments by PLN 1,678 million in the nine-month period ended September 30, 2024 relates mainly to IRS transactions and results from the narrowing of the negative spread between the variable rate paid and the fixed rate received.

INTEREST INCOME BY SEGMENT	3 rd quarter period from 01.07.2024 to 30.09.2024			
	Retail segment	Corporate and investment segment	Transfer center and other	Total
Loans and other amounts due from banks and balances with the Central Bank	2	172	190	364
Debt securities	51	1,137	988	2,176
Loans and advances to customers	3,916	1,315	-	5,231
Repo transactions	-	4	-	4
Finance lease receivables	255	147	-	402
Total	4,224	2,775	1,178	8,177

INTEREST INCOME BY SEGMENT	3 quarters YTD from 01.01.2024 to 30.09.2024			
	Retail segment	Corporate and investment segment	Transfer center and other	Total
Loans and other amounts due from banks and balances with the Central Bank	4	570	564	1,138
Debt securities	131	3,404	2,639	6,174
Loans and advances to customers	11,081	3,944	-	15,025
Repo transactions	-	14	-	14
Finance lease receivables	749	437	-	1,186
Total	11,965	8,369	3,203	23,537

INTEREST INCOME BY SEGMENT ¹	3 rd quarter period from 01.07.2023 to 30.09.2023			
	Retail segment	Corporate and investment segment	Transfer center and other	Total
Loans and other amounts due from banks and balances with the Central Bank	3	264	204	471
Debt securities	28	1,171	597	1,796
Loans and advances to customers	3,793	1,535	1	5,329
Repo transactions	-	16	-	16
Finance lease receivables	281	123	-	404
Total	4,105	3,109	802	8,016

¹ Figures for the three-month period ended 30 September 2023 have been adjusted for comparability. The changes are described in note 10 "Segment reporting".

INTEREST INCOME BY SEGMENT ¹	3 quarters YTD from 01.01.2023 to 30.09.2023			
	Retail segment	Corporate and investment segment	Transfer center and other	Total
Loans and other amounts due from banks and balances with the Central Bank	11	722	584	1,317
Debt securities	73	3,286	1,589	4,948
Loans and advances to customers	11,268	4,414	1	15,683
Repo transactions	-	34	-	34
Finance lease receivables	840	348	-	1,188
Total	12,192	8,804	2,174	23,170

¹ Figures for the nine-month period ended 30 September 2023 have been adjusted for comparability. The changes are described in note 10 "Segment reporting".

12. FEE AND COMMISSION INCOME AND EXPENSES

FEE AND COMMISSION INCOME	3 rd quarter period from 01.07.2024 to 30.09.2024	3 quarters period from 01.01.2024 to 30.09.2024	3 rd quarter period from 01.07.2023 to 30.09.2023	3 quarters period from 01.01.2023 to 30.09.2023
Loans, insurance, operating leases and fleet management	322	958	317	924
lending	237	707	235	680
offering insurance products	23	66	24	80
operating leases and fleet management	62	185	58	164
Investment funds, pension funds and brokerage activities	261	760	186	542
servicing investment funds and OFE (including management fees)	130	360	98	282
servicing and selling investment and insurance products	-	3	1	3
brokerage activities	131	397	87	257
Karty1	606	1,665	550	1,499
Margins on foreign exchange transactions¹	218	627	227	656
Bank accounts and other	361	1,062	345	1,025
servicing bank accounts	253	744	243	731
cash operations	29	84	30	78
servicing foreign mass transactions	39	112	35	99
customer orders	13	39	13	40
fiduciary services	3	9	2	8
other	24	74	22	69
Total, of which:	1,768	5,072	1,625	4,646
income from financial instruments not measured at fair value through profit or loss	1,620	4,661	1,509	4,310

¹ In the first half of 2024, the Group made a presentation change (netting) relating to the currency conversion commission presented under the items "Cards" and "Margins on foreign exchange transactions". The comparative figures have been restated accordingly, for the period of nine months of 2023 by PLN 99 million.

FEE AND COMMISSION EXPENSE	3 rd quarter period from 01.07.2024 to 30.09.2024	3 quarters period from 01.01.2024 to 30.09.2024	3 rd quarter period from 01.07.2023 to 30.09.2023	3 quarters period from 01.01.2023 to 30.09.2023
Loans and insurance	(28)	(86)	(30)	(83)
commission paid to external entities for product sales	(5)	(15)	(7)	(19)
cost of construction project supervision and property appraisal fees to Biuro Informacji Kredytowej	(12)	(34)	(12)	(27)
loan handling	(4)	(17)	(5)	(20)
Investment funds, pension funds and brokerage activities	(10)	(33)	(12)	(35)
Cards	(352)	(886)	(348)	(982)
Bank accounts and other	(79)	(210)	(59)	(156)
clearing services	(21)	(53)	(15)	(46)
commissions for operating services provided by banks	(4)	(11)	(4)	(10)
sending short text messages (SMS)	(15)	(41)	(14)	(41)
selling banking products	(1)	(1)	(1)	(1)
servicing foreign mass transactions	(6)	(18)	(5)	(16)
other ¹	(32)	(86)	(20)	(42)
Total	(469)	(1,215)	(449)	(1,256)

¹ Under "other", the Group recognises costs for the guarantee agreement entered into by the Group on 27 February 2023, together with an annex dated 28 March 2024 (for details, see note 26 "Off-balance sheet liabilities received and granted").

COMMISSION INCOME BY SEGMENT	3 rd quarter period from 01.07.2024 to 30.09.2024			
	Retail segment	Corporate and investment segment	Transfer center and other	Total
Loans, insurance, operating leases and fleet management	176	143	3	322
Investment funds, pension funds and brokerage activities	233	28	-	261
Cards	589	17	-	606
Margins on foreign exchange transactions	155	63	-	218
Bank accounts and other	265	96	-	361
Total	1,418	347	3	1,768

FEE AND COMMISSION INCOME BY SEGMENT	3 quarters YTD from 01.01.2024 to 30.09.2024			
	Retail segment	Corporate and investment segment	Transfer center and other	Total
Loans, insurance, operating leases and fleet management	518	431	9	958
Investment funds, pension funds and brokerage activities	650	110	-	760
Cards	1,618	47	-	1,665
Margins on foreign exchange transactions	428	199	-	627
Bank accounts and other	769	293	-	1,062
Total	3,983	1,080	9	5,072

FEE AND COMMISSION INCOME BY SEGMENT ¹	3 rd quarter period from 01.07.2023 to 30.09.2023			
	Retail segment	Corporate and investment segment	Transfer center and other	Total
Loans, insurance, operating leases and fleet management	171	143	3	317
Investment funds, pension funds and brokerage activities	156	30	-	186
Karty ²	537	13	-	550
Margins on foreign exchange transactions ²	169	58	-	227
Bank accounts and other	249	96	-	345
Total	1,282	340	3	1,625

¹ Figures for the three-month period ended 30 September 2023 have been adjusted for comparability. The changes are described in note 10 "Segment reporting".

² In the first half of 2024, the Group made a presentation change (netting) relating to the currency conversion commission presented under the items "Cards" and "Margins on foreign exchange transactions" in the amount of PLN 42 million for the period of three months ended 30 September 2023.

FEE AND COMMISSION INCOME BY SEGMENT ¹	3 quarters YTD from 01.01.2023 to 30.09.2023			
	Retail segment	Corporate and investment segment	Transfer center and other	Total
Loans, insurance, operating leases and fleet management	515	399	10	924
Investment funds, pension funds and brokerage activities	453	89	-	542
Karty ²	1,454	45	-	1,499
Margins on foreign exchange transactions ²	455	201	-	656
Bank accounts and other	737	288	-	1,025
Total	3,614	1,022	10	4,646

¹ Figures for the nine-month period ended 30 September 2023 have been adjusted for comparability. The changes are described in note 10 "Segment reporting".

² In the first half of 2024, the Group made a presentation change (netting) relating to the currency conversion commission presented under the items "Cards" and "Margins on foreign exchange transactions" in the amount of PLN 99 million for the period of nine months ended 30 September 2023.

13. NET ALLOWANCES FOR EXPECTED CREDIT LOSSES

NET ALLOWANCES FOR EXPECTED CREDIT LOSSES	3 rd quarter period from 01.07.2024 to 30.09.2024	3 quarters period from 01.01.2024 to 30.09.2024	3 rd quarter period from 01.07.2023 to 30.09.2023	3 quarters period from 01.01.2023 to 30.09.2023
Amounts due from banks	1	4	(3)	(8)
Debt securities measured:	(4)	(23)	(14)	(23)
at fair value through other comprehensive income	(8)	(13)	(11)	(23)
at amortized cost	4	(10)	(3)	-
Loans and advances to customers	(350)	(744)	(215)	(869)
real estate loans	(17)	28	(16)	(13)
business loans	(197)	(309)	(54)	(332)
consumer loans	(107)	(368)	(131)	(463)
finance lease receivables	(26)	(90)	(14)	(56)
factoring receivables	(3)	(5)	-	(5)
Other financial assets	(1)	(6)	1	(2)
Provisions for financial liabilities and guarantees granted	132	94	(7)	121
Total	(222)	(675)	(238)	(781)

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
FOR 9 MONTHS ENDED 30 SEPTEMBER 2024				
Amounts due from banks	(9)	4	-	(5)
Debt securities	(72)	(23)	13	(82)
Loans and advances to customers	(10,206)	(744)	910	(10,040)
Other financial assets	(136)	(6)	4	(138)
Financial and guarantee commitments granted	(751)	94	3	(654)
Total	(11,174)	(675)	930	(10,919)

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
FOR 9 MONTHS ENDED 30 SEPTEMBER 2023				
Amounts due from banks	(2)	(8)	-	(10)
Debt securities	(68)	(23)	21	(70)
Loans and advances to customers	(9,748)	(869)	478	(10,139)
Other financial assets	(147)	(2)	17	(132)
Financial and guarantee commitments granted	(833)	121	1	(711)
Total	(10,798)	(781)	517	(11,062)

As at 30 September 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 151 million.

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

scenario as at 30.09.2024	baseline			optimistic			pessimistic		
probability	75%			5%			20%		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
GDP growth y/y	3.4	3.8	3.4	6.1	9.2	8.1	0.8	(1.5)	(1.3)
Unemployment rate	2.8	2.8	2.8	2.8	2.5	2.7	3.2	4.6	4.7
Property price index	101.8	106.0	109.9	103.8	115.8	125.0	99.9	96.9	96.3
WIBOR 3M (%)	5.9	5.6	4.6	6.3	7.4	7.1	5.6	4.4	3.0
CHF/PLN	4.6	4.4	4.2	4.3	3.6	3.6	4.7	5.2	5.0

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

NET IMPAIRMENT OF NON-FINANCIAL ASSETS	3 rd quarter period from 01.07.2024 to 30.09.2024	3 quarters period from 01.01.2024 to 30.09.2024	3 rd quarter period from 01.07.2023 to 30.09.2023	3 quarters period from 01.01.2023 to 30.09.2023
Property, plant and equipment	-	(16)	(4)	(4)
Non-current assets held for sale	-	-	(1)	(1)
Intangible assets	-	-	-	(1)
Investments in associates and joint ventures	(27)	(74)	(11)	(11)
Other non-financial assets, including inventories ¹	(69)	(319)	(22)	(43)
Total	(96)	(409)	(38)	(60)

¹ In 2024, the Group recognised an impairment loss on other non-financial assets of PLN 276 million relating to receivables from customers for whom the agreements have been legally declared invalid in respect of the principal originally disbursed to these customers.

CHANGE IN ACCUMULATED IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS	Opening balance	Impairment of non-financial assets	Other	Closing balance
FOR 9 MONTHS ENDED 30 SEPTEMBER 2024				
Property, plant and equipment under operating lease	(3)	-	-	(3)
Property, plant and equipment	(135)	(16)	8	(143)
Intangible assets	(382)	-	-	(382)
Investments in associates and joint ventures	(275)	(74)	-	(349)
Other non-financial assets, including inventories	(358)	(319)	32	(645)
Total	(1,153)	(409)	40	(1,522)

CHANGE IN ACCUMULATED IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS	Opening balance	Impairment of non-financial assets	Other	Closing balance
FOR 9 MONTHS ENDED 30 SEPTEMBER 2023				
Property, plant and equipment under operating lease	(4)	-	1	(3)
Property, plant and equipment	(102)	(4)	3	(103)
Non-current assets held for sale	(1)	(1)	1	(1)
Intangible assets	(382)	(1)	1	(382)
Investments in associates and joint ventures	(264)	(11)	-	(275)
Other non-financial assets	(337)	(43)	22	(358)
Total	(1,090)	(60)	28	(1,122)

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 "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 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 Supreme Court resolution of 25 April 2024, described in detail in note 27 "LEGAL CLAIMS" and in section A "MAJOR EVENTS, INCLUDING NON-TYPICAL EVENTS", Section A.1. "MORTGAGE LOANS IN FOREIGN CURRENCIES" of the Directors' Commentary to the financial results of the PKO Bank Polski S.A. Group for the nine-month period ended 30 September 2024 on the Group's results. The Management Board is of the opinion that the resolution does not materially affect the level of the accumulated cost of legal risk of mortgage loans in convertible currencies recognised as at 30 September 2024.

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
as at 30.09.2024			
Loans and advances to customers - adjustment reducing the carrying amount of loans	12,492	8,418	4,074
- related to the portfolio of mortgage loans in CHF	10,845	8,418	2,427
Provisions		4,216	
Total		12,634	
as at 31.12.2023			
Loans and advances to customers - adjustment reducing the carrying amount of loans	14,945	8,306	6,639
- related to the portfolio of mortgage loans in CHF	13,096	8,306	4,790
Provisions		3,001	
Total		11,307	

CHANGE IN THE ACCUMULATED COST OF LEGAL RISK OF MORTGAGE LOANS IN CONVERTIBLE CURRENCIES DURING THE PERIOD	01.01-30.09.2024	01.01-30.09.2023
Carrying amount at the beginning of the period	(11,307)	(8,323)
offset of settlements and judgments for the period against accumulated losses ¹	1,714	1,802
revaluation of loss for the period ²	364	(108)
cost of legal risk of mortgage loans in convertible currencies	(3,314)	(3,441)
Carrying amount at the end of the period	(12,634)	(10,070)

¹ The item also includes the effects of final judgements mainly invalidating loan agreements, which amount to PLN 673 million for the nine months ended 30 September 2024 (PLN 548 million for the nine months ended 30 September 2023, including PLN 264 million in relation to the derecognition of receivables from cost of use of capital).

² 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.

(pcs)	30.09.2024	31.12.2023
Number of mediation applications registered	63,346	57,036
Total number of settlements concluded, including those concluded	43,398	36,822
in mediation proceedings	38 863	35,154
in court proceedings	4 535	1,668

16. ADMINISTRATIVE EXPENSES

ADMINISTRATIVE EXPENSES	3 rd quarter period from 01.07.2024 to 30.09.2024	3 quarters period from 01.01.2024 to 30.09.2024	3 rd quarter period from 01.07.2023 to 30.09.2023	3 quarters period from 01.01.2023 to 30.09.2023
Employee benefits	(1,249)	(3,502)	(1,008)	(2,939)
Overheads, of which:	(443)	(1,298)	(451)	(1,302)
rent	(33)	(94)	(27)	(85)
IT	(121)	(339)	(106)	(316)
Depreciation and amortization	(302)	(878)	(280)	(800)
property, plant and equipment, of which:	(138)	(408)	(135)	(398)
IT	(33)	(98)	(32)	(93)
right-of-use assets	(67)	(199)	(62)	(181)
intangible assets, of which:	(164)	(470)	(145)	(402)
IT	(164)	(468)	(145)	(399)
Net regulatory charges	(78)	(535)	(51)	(480)
contribution and payments to the Bank Guarantee Fund (BFG) - Resolution Fund	-	(272)	-	(280)
fees to PFSA	(5)	(63)	(2)	(54)
other taxes and fees	(73)	(200)	(49)	(146)
Total	(2,072)	(6,213)	(1,790)	(5,521)

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 27.29%.

TAX EXPENSE	3 rd quarter period from 01.07.2024 to 30.09.2024	3 quarters period from 01.01.2024 to 30.09.2024	3 rd quarter period from 01.07.2023 to 30.09.2023	3 quarters period from 01.01.2023 to 30.09.2023
Income tax expense recognized in the income statement	(1,179)	(2,574)	(1,057)	(2,014)
Current income tax expense	(493)	(2,027)	(457)	(1,533)
Deferred income tax on temporary differences	(686)	(547)	(600)	(481)
Income tax expense recognized in other comprehensive income in respect of temporary differences	(259)	(385)	(340)	(1,149)
Total	(1,438)	(2,959)	(1,397)	(3,163)

RECONCILIATION OF THE EFFECTIVE TAX RATE	3 rd quarter period from 01.07.2024 to 30.09.2024	3 quarters period from 01.01.2024 to 30.09.2024	3 rd quarter period from 01.07.2023 to 30.09.2023	3 quarters period from 01.01.2023 to 30.09.2023
Profit or loss before tax	3,644	9,433	3,837	6,836
Tax at the statutory rate in force in Poland (19%)	(692)	(1,792)	(729)	(1,299)
Effect of different tax rates of foreign entities	(2)	(10)	1	2
Effect of permanent differences between profit before income tax and taxable income	(487)	(782)	(329)	(717)
Income tax expense recognized in the income statement	(1,179)	(2,574)	(1,057)	(2,014)
Effective tax rate (%)	-	27.29	-	29.46

The costs of legal risk related to mortgage loans in convertible currencies, the tax on certain financial institutions and contributions and other compulsory levies that are not tax-deductible (including contributions to the Bank Guarantee Fund) have the greatest impact on:

- the increase in the average annual effective income tax rate relative to the nominal income tax rate
- the deviation of the average annual effective income tax rate from the actual tax rate of 27.68% in the nine-month period ended 30 September 2024.

Tax systems of countries in which the Bank and the Group entities have their registered offices or branches are often subject to amendments to laws, including as a result of operations aimed at tightening the tax system, both at national and international level.

SUPPLEMENTARY NOTES TO THE STATEMENT OF FINANCIAL POSITION – FINANCIAL INSTRUMENTS

18. AMOUNTS DUE FROM BANKS

For more information on credit risk exposures, see note 32 “[CREDIT RISK MANAGEMENT](#)”.

AMOUNTS DUE FROM BANKS	30.09.2024	31.12.2023
Measured at amortized cost	9,345	14,447
Deposits with banks	7,489	11,994
Current accounts	1,454	1,676
Loans and advances granted	401	776
Cash in transit	1	1
Gross carrying amount	9,345	14,447
Allowances for expected credit losses	(5)	(9)
Net carrying amount	9,340	14,438

19. HEDGE ACCOUNTING AND OTHER DERIVATIVE INSTRUMENTS

• HEDGE ACCOUNTING

As at 30 September 2024, the Group had had active relationships as part of:

- 4 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.

In the nine-month period ended 30 September 2024, the Group terminated the hedging relationships:

- “Hedges against fluctuations in cash flows on variable interest PLN loans of a Group company other than the Bank, resulting from interest rate risk, and hedging against fluctuations in cash flows on a fixed-rate financial liability in a convertible currency of a Group company other than the Bank resulting from foreign currency risk, using CIRS or CIRS-EP transactions concluded by the Bank with a counterparty that is not a member of the Group” as a result of the expiry of the hedging relationships.
- “Hedges against fluctuations in cash flows on variable interest loans in convertible currencies, resulting from interest rate risk and currency risk, and hedging against fluctuations in cash flows on financial liabilities in a convertible currency resulting from foreign currency risk, using CIRS transactions”, due to failure to meet the prospective effectiveness test. The effect of discontinuing hedge accounting in the above strategies on profit or loss was PLN -0.05 million.
- “Hedges against fluctuations in cash flows on variable interest PLN loans of a company other than the Bank, resulting from interest rate risk, and hedging against fluctuations in cash flows on financial liabilities in a convertible currency of a Group company other than the Bank, resulting from foreign currency risk, using two CIRS transactions entered into by the Bank with a counterparty that is not a member of the Group” as a result of the expiry of the hedging relationships.

CARRYING AMOUNT OF HEDGING INSTRUMENTS	30.09.2024		31.12.2023	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges	285	1,713	473	2,972
interest rate risk – IRS	220	1,467	147	2,167
foreign exchange risk and interest rate risk – CIRS	65	246	326	805
Fair value hedges	637	5	701	20
interest rate risk – IRS	637	5	701	20
Total	922	1,718	1,174	2,992

CHANGE IN OTHER COMPREHENSIVE INCOME RELATING TO CASH FLOW HEDGES AND AN INEFFECTIVE PORTION OF CASH FLOW HEDGES	3 rd quarter period from 01.07.2024 to 30.09.2024	3 quarters period from 01.01.2024 to 30.09.2024	3 rd quarter period from 01.07.2023 to 30.09.2023	3 quarters period from 01.01.2023 to 30.09.2023
Accumulated other comprehensive income at the beginning of the period, net	(1,649)	(1,860)	(3,164)	(5,218)
Impact on other comprehensive income during the period, gross	838	1,098	1,328	3,865
Gains/losses recognized in other comprehensive income during the period	765	(111)	735	427
Amounts transferred from other comprehensive income to the income statement, of which:	73	1,209	593	3,438
- net interest income	486	1,454	904	3,112
- net foreign exchange gains/ (losses)	(413)	(245)	(311)	326
Tax effect	(160)	(209)	(251)	(734)
Accumulated other comprehensive income at the end of the period, net	(971)	(971)	(2,087)	(2,087)
Ineffective portion of cash flow hedges recognized in the income statements:	1	(3)	1	(3)
Net foreign exchange gains/ (losses)	-	(4)	1	(2)
Gains/(losses) on financial transactions	1	1	-	(1)

INTEREST RATE RISK HEDGE	30.09.2024	31.12.2023
Fair value measurement of the IRS fixed – float hedging derivative instrument	632	681
Fair value adjustment of the hedged instrument	(409)	(461)
Securities	(19)	(21)
Loans and advances to customers	(1)	(2)
Fair value adjustment of hedged instruments recognised in other comprehensive income before designation for hedge accounting	(15)	(26)
Amounts due to customers	(374)	(412)

• OTHER DERIVATIVE INSTRUMENTS

OTHER DERIVATIVE INSTRUMENTS - BY TYPE	30.09.2024		31.12.2023	
	Assets	Liabilities	Assets	Liabilities
IRS	3,352	3,612	4,398	5,153
CIRS	51	32	46	49
FX Swap	855	839	1,648	1,942
Options	607	859	952	1,051
Commodity swap ¹	122	112	167	157
FRA	31	29	31	30
Forward	694	261	930	695
Commodity Forward ²	418	390	234	213
Other	-	-	-	1
Total	6,130	6,134	8,406	9,291

¹ The item includes valuation of gas market participation contracts: assets of PLN 23 million (PLN 84 million as at 31 December 2023) - and liabilities of PLN 19 million (PLN 81 million as at 31 December 2023).

² The item includes valuation of contracts for CO₂ emission allowances.

• NOMINAL AMOUNT OF HEDGING AND OTHER DERIVATIVES

NOMINAL AMOUNTS OF UNDERLYING INSTRUMENTS (BUY AND SELL TOGETHER)	30.09.2024	31.12.2023
IRS	492,602	492,308
hedging instruments	142,500	125,598
purchase	71,250	62,799
sale	71,250	62,799
other	350,102	366,710
purchase	175,051	183,355
sale	175,051	183,355
CIRS	28,334	28,969
hedging instruments	19,939	20,199
purchase	9,822	9,893
sale	10,117	10,306
other	8,395	8,770
purchase	4,205	4,390
sale	4,190	4,380
FX Swap	91,491	100,119
purchase of currencies	45,729	49,826
sale of currencies	45,762	50,293
Options	105,663	113,235
purchase	52,421	56,568
sale	53,242	56,667
FRA	45,290	42,542
purchase	23,076	21,888
sale	22,214	20,654
Forward	56,763	49,261
purchase of currencies	28,707	24,816
sale of currencies	28,056	24,445
Other, including commodity swap, commodity forward and futures	10,883	7,880
purchase	5,502	3,955
sale	5,381	3,925
Total	831,026	834,314

20. SECURITIES

For more information on credit risk exposures, see note 32 “[CREDIT RISK MANAGEMENT](#)”.

SECURITIES 30.09.2024	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
Debt securities	246	578	87,609	110,838	199,271
NBP money bills	-	-	1,499	-	1,499
treasury bonds (in PLN)	170	205	61,017	77,415	138,807
treasury bonds (in foreign currencies)	1	286	7,484	1,352	9,123
corporate bonds (in PLN) secured with the State Treasury guarantees	21	26	8,370	13,656	22,073
municipal bonds (in PLN)	12	-	5,180	9,167	14,359
corporate bonds (in PLN) ¹	42	61	1,933	3,923	5,959
corporate bonds (in foreign currencies) ²	-	-	2,126	5,325	7,451
Equity securities	30	1,002	-	-	1,032
Total (excluding adjustment relating to fair value hedge accounting)	276	1,580	87,609	110,838	200,303
Adjustment relating to fair value hedge accounting (note 19 “ Hedge accounting and other derivative instruments ”)	-	-	-	(19)	(19)
Total	276	1,580	87,609	110,819	200,284

¹ The item includes, among other items, bonds of international financial organizations of PLN 3,982 million.

² The item includes, among other items, bonds of international financial organizations of PLN 5,562 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
Debt securities	546	592	108,054	87,227	196,419
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) ¹	52	65	2,609	2,413	5,139
corporate bonds (in foreign currencies) ²	-	-	4,067	2,262	6,329
Equity securities	32	1,054	-	-	1,086
Total (excluding adjustment relating to fair value hedge accounting)	578	1,646	108,054	87,227	197,505
Adjustment relating to fair value hedge accounting (note 19 “ Hedge accounting and other derivative instruments ”)	-	-	-	(21)	(21)
Total	578	1,646	108,054	87,206	197,484

¹ The item includes, among other items, bonds of international financial organizations of PLN 3,658 million.

² The item includes, among other items, bonds of international financial organizations of PLN 4,376 million.

21. LOANS AND ADVANCES TO CUSTOMERS

The Group adjusts the gross carrying amount of housing loans measured at amortised cost by recognizing the effect of the so-called statutory 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. The Act was passed by the Senate and signed by the President. Pursuant to the above amendment, credit holidays are available to borrowers who meet the following criteria:

- the value of the loan granted is not higher than PLN 1.2 million, and
- the loan instalment exceeds 30% of the household income, calculated as the average household income for the last three months, or the borrower has at least three dependent children (as at the date of application).

The Act stipulates that in 2024 housing loan instalments can be suspended four times - twice between 1 June and 31 August 2024 and twice between 1 September and 31 December 2024.

The Group made the judgment that the entitlement of customers to benefit from the suspension of loan repayments is a statutory cash flow modification that occurred on the date the Act has been signed by the President.

In May 2024, the Group adjusted the gross carrying amount of mortgage loans for PLN 488 million (of which PLN 427 million relates to PKO Bank Polski S.A), recognising it as a reduction of 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, discounted at the pre-modification effective interest rate and the current gross carrying amount of the loan portfolio. The loss estimate was based on the assumption that 24% of the maximum loss would be realised during the programme (customer participation rate).

By the end of September 2024, 26.7 thousand of the Group's customers applied for a suspension of repayment of one or more instalments on their mortgage loans, representing 6% of the number and 10% of the value of total loans. The total number of suspensions applied for as at 30 September 2024 was 100.9 thousand.

For more information on credit risk exposures, see note 32 "[CREDIT RISK MANAGEMENT](#)".

LOANS AND ADVANCES TO CUSTOMERS	30.09.2024	31.12.2023
real estate	119,863	112,515
business	76,899	76,515
consumer	35,608	32,263
factoring receivables	5,624	5,386
finance lease receivables	19,993	19,099
Loans and advances to customers (excluding adjustment relating to fair value hedge accounting)	257,987	245,778
Adjustment relating to fair value hedge accounting (note 19 " Hedge accounting and other derivative instruments ")	(1)	(2)
Total	257,986	245,776

LOANS AND ADVANCES TO CUSTOMERS 30.09.2024	not held for trading, measured at fair value through profit or loss	measured at amortized cost	Total
retail and private banking	2,253	148,276	150,529
real estate	2	114,805	114,807
consumer	2,251	33,357	35,608
finance lease receivables	-	114	114
businesses	58	28,042	28,100
real estate	-	4,973	4,973
business	58	10,911	10,969
factoring receivables	-	94	94
finance lease receivables	-	12,064	12,064
corporate	15	79,343	79,358
real estate	-	83	83
business	15	65,915	65,930
factoring receivables	-	5,530	5,530
finance lease receivables	-	7,815	7,815
Loans and advances to customers (excluding adjustment relating to fair value hedge accounting)	2,326	255,661	257,987
Adjustment relating to fair value hedge accounting (note 19 " Hedge accounting and other derivative instruments ")	-	(1)	(1)
Total	2,326	255,660	257,986

LOANS AND ADVANCES TO CUSTOMERS 31.12.2023 (restated) ¹	not held for trading, measured at fair value through profit or loss	measured at amortized cost	Total
retail and private banking	2,790	136,903	139,693
real estate	1	107,333	107,334
consumer	2,789	29,474	32,263
finance lease receivables	-	96	96
businesses¹	52	25,794	25,846
real estate	-	5,055	5,055
business	52	9,393	9,445
factoring receivables	-	61	61
finance lease receivables	-	11,285	11,285
korporacyjne¹	29	80,210	80,239
real estate	-	126	126
business	29	67,041	67,070
factoring receivables	-	5,325	5,325
finance lease receivables	-	7,718	7,718
Loans and advances to customers (excluding adjustment relating to fair value hedge accounting)	2,871	242,907	245,778
Adjustment relating to fair value hedge accounting (note 19 " Hedge accounting and other derivative instruments ")	-	(2)	(2)
Total	2,871	242,905	245,776

¹Figures 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	30.09.2024	31.12.2023
Measured at fair value through profit or loss	64	25
Liabilities in respect of a short position in securities	64	25
Measured at amortized cost	3,098	3,398
Deposits from banks	1,073	1,120
Current accounts	1,975	2,240
Other monetary market deposits	50	38
Total	3,162	3,423

23. AMOUNTS DUE TO CUSTOMERS

AMOUNTS DUE TO CUSTOMERS 30.09.2024	households ¹	business entities	public sector	Total
Measured at fair value through profit or loss	170	107	-	277
Liabilities in respect of a short position in securities	-	107	-	107
Liabilities in respect of insurance products	170	-	-	170
Measured at amortized cost	313,755	72,670	17,013	403,438
Cash on current accounts and overnight deposits of which	222,629	52,370	15,104	290,103
savings accounts and other interest-bearing assets	55,984	12,544	6,467	74,995
Term deposits	90,407	19,519	1,897	111,823
Other liabilities	700	781	12	1,493
Liabilities in respect of insurance products	19	-	-	19
Amounts due to customers (excluding adjustment relating to fair value hedge accounting)	313,925	72,777	17,013	403,715
Adjustment relating to fair value hedge accounting (note 19 " Hedge accounting and other derivative instruments ")	374	-	-	374
Total	314,299	72,777	17,013	404,089

¹Households include private individuals, sole proprietors and individual farmers.

AMOUNTS DUE TO CUSTOMERS 31.12.2023	households ¹	business entities	public sector	Total
Measured at fair value through profit or loss	165	277	-	442
Liabilities in respect of a short position in securities	-	277	-	277
Liabilities in respect of insurance products	165	-	-	165
Measured at amortized cost	306,450	76,372	15,517	398,339
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
Amounts due to customers (excluding adjustment relating to fair value hedge accounting)	306,615	76,649	15,517	398,781
Adjustment relating to fair value hedge accounting (note 19 " Hedge accounting and other derivative instruments ")	412	-	-	412
Total	307,027	76,649	15,517	399,193

¹Households include private individuals, sole proprietors and individual farmers.

AMOUNTS DUE TO CUSTOMERS BY SEGMENT	30.09.2024	31.12.2023
Amounts due to customers (excluding adjustment relating to fair value hedge accounting)	403,715	398,781
retail and private banking	285,199	275,458
corporate businesses	70,548	78,397
other liabilities (including liabilities in respect of insurance products)	47,779	44,741
	189	185
Adjustment relating to fair value hedge accounting	374	412
Total	404,089	399,193

24. FINANCING RECEIVED

FINANCING RECEIVED	30.09.2024	31.12.2023
Loans and advances received from:	1,383	1,489
international financial organisations	1,374	1,478
other financial institutions	9	11
Liabilities in respect of debt securities in issue:	23,346	17,201
mortgage covered bonds issued by PKO Bank Hipoteczny S.A.	6,469	10,418
bonds issued by PKO Bank Hipoteczny S.A.	2,861	1,755
bonds issued by PKO Bank Polski S.A.	11,869	3,421
bonds issued by the PKO Leasing S.A. Group	2,147	1,607
Subordinated liabilities	2,717	2,774
Total	27,446	21,464

- LOANS AND ADVANCES RECEIVED**

During the nine-month period ended 30 September 2024 and 2023, respectively, the Group did not contract any new loans or advances. At the same time, in the nine-month period ended 30 September 2024 and 2023 respectively, the Group repaid loans amounting to PLN 80 million and PLN 482 million.

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

In the nine-month period ended 30 September 2024, the company issued new covered bonds in the amount of PLN 1,498 million and redeemed covered bonds in the amount of PLN 5,376 million, as well as issued new bonds in the amount of PLN 3,506 million and redeemed bonds in the amount of PLN 2,526 million. In the nine-month period ended 30 September 2023, the company issued new covered bonds in the amount of PLN 999 million and redeemed covered bonds in the amount of PLN 2,859 million, as well as issued new bonds in the amount of PLN 2,050 million and redeemed bonds in the amount of PLN 1,567 million.

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

In the nine months ended 30 September 2024, the Bank carried out three bond issues under its own bond programme in the Eurobond market in the amount of EUR 1,750 million and its own bond programme in the domestic market in the amount of PLN 1,000 million. In the nine months ended 30 September 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 nine-month period ended 30 September 2024, the company issued new bonds amounting to PLN 6,035 million and redeemed bonds amounting to PLN 5,581 million. In the nine-month period ended 30 September 2023, the company issued new bonds amounting to PLN 3,556 million and redeemed bonds amounting to PLN 3,841 million.

For details of issues carried out by Group entities, see Section A “**MAJOR EVENTS, INCLUDING NON-TYPICAL EVENTS**”, item A.6. **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 nine-month period ended 30 March 2024.

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

25. PROVISIONS

FOR 9 MONTHS ENDED 30 SEPTEMBER 2024	Provisions for financial liabilities and guarantees granted ¹	Provisions for legal claims, excluding legal claims relating to mortgage loans in convertible currencies	Provisions for legal claims against the bank relating to mortgage loans in convertible currencies ^{2,3}	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	18	18	2,363	-	-	-	38	3	2,440
Utilized amounts	-	(5)	(568)	(6)	(4)	(4)	(11)	(28)	(626)
Unused provisions reversed during the period	(112)	(8)	-	-	-	-	(3)	(3)	(126)
Other changes and reclassifications	(3)	-	(580)	-	-	-	-	-	(583)
As at the end of the period	654	119	4,216	4	68	25	162	22	5,270
Short-term provisions	475	7	-	3	9	25	161	1	681
Long-term provisions	179	112	4,216	1	59	-	1	21	4,589

¹ See note 32 "[CREDIT RISK MANAGEMENT](#)"

² See note 15 "[COST OF LEGAL RISK OF MORTGAGE LOANS IN CONVERTIBLE CURRENCIES](#)".

³ The value of PLN 580 million in the line "other changes and reclassifications" in the column "Provisions for legal claims against the Bank relating to mortgage loans in convertible currency" relates to the reclassification (allocation) of the provision for legal risk of mortgage loans to loans and advances to customers (retail and private banking real estate loans) as a deduction from their gross carrying amount.

FOR 9 MONTHS ENDED 30 SEPTEMBER 2023	Provisions for financial liabilities and guarantees granted ¹	Provisions for legal claims, excluding legal claims relating to mortgage loans in convertible currencies	Provisions for legal claims against the Bank relating to mortgage loans in convertible currencies ²	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	833	103	851	18	66	35	119	65	2,090
Increases, including increases of existing provisions	7	10	937	-	2	-	29	3	988
Utilized amounts	-	(2)	(174)	(7)	(4)	(4)	(11)	(39)	(241)
Unused provisions reversed during the period	(128)	(2)	-	-	(2)	-	(3)	(1)	(136)
Other changes and reclassifications	(1)	(1)	-	-	-	-	(1)	-	(3)
As at the end of the period	711	108	1,614	11	62	31	133	28	2,698
Short-term provisions	559	6	-	10	7	31	132	8	753
Long-term provisions	152	102	1,614	1	55	-	1	20	1,945

¹ See note 32 "Credit risk management"

² See note 15 "[COST OF LEGAL RISK OF MORTGAGE LOANS IN CONVERTIBLE CURRENCIES](#)".

26. OFF-BALANCE SHEET LIABILITIES RECEIVED AND GRANTED

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED 30.09.2024	Notional amount	Provisions per IFRS 9	Net carrying amount
Credit lines and limits	84,560	(579)	83,981
real estate	6,952	(33)	6,919
business	60,231	(423)	59,808
consumer	11,608	(123)	11,485
in respect of factoring	5,332	-	5,332
in respect of finance leases	437	-	437
Other	3,803	-	3,803
Total financial commitments granted, including:	88,363	(579)	87,784
irrevocable commitments granted	34,177	(325)	33,852
POCI	3	-	3
Guarantees and sureties granted			
guarantees in domestic and foreign trading	10,417	(69)	10,348
domestic municipal bonds	1,347	(3)	1,344
letters of credit	1,441	(3)	1,438
payment guarantee	85	-	85
Total guarantees and sureties granted, including:	13,290	(75)	13,215
irrevocable commitments granted	5,840	(65)	5,775
performance guarantee	3,796	(44)	3,752
POCI	438	(2)	436
Total financial and guarantee commitments granted	101,653	(654)	100,999

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED 31.12.2023	Notional amount	Provisions per IFRS 9	Net carrying amount
Credit lines and limits	79,038	(641)	78,397
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
Other	3,884	-	3,884
Total financial commitments granted, including:	82,922	(641)	82,281
irrevocable commitments granted	31,406	(415)	30,991
POCI	2	-	2
Guarantees and sureties granted			
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
Total guarantees and sureties granted, including:	12,236	(110)	12,126
irrevocable commitments granted	5,503	(94)	5,409
performance guarantee	3,592	(57)	3,535
POCI	452	(2)	450
Total financial and guarantee commitments granted	95,158	(751)	94,407

For more information on credit risk exposures, see note 32 "[CREDIT RISK MANAGEMENT](#)".

OFF-BALANCE SHEET LIABILITIES RECEIVED BY NOMINAL VALUE	30.09.2024	31.12.2023
Financial	112	132
Guarantees	22,266	19,361
Total	22,378	19,493

On 28 March 2024, the Group 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 Group, 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 maximum value of the Group's debt portfolio covered by this Guarantee is PLN 17,017 million, and the portfolio consists of the bond portfolio of not more than PLN 1,844 million ("Portfolio A") and the portfolio of other receivables of not more than PLN 15,173 million ("Portfolio B"). The coverage ratio is 100% for Portfolio A and 80% for Portfolio B. As at 31 December 2023, the total value of the Group's debt portfolio covered by this Guarantee was PLN 12,292 million (Portfolio A – PLN 1,515 million and Portfolio B – PLN 10,777 million respectively). The coverage ratio is 100% for Portfolio A and 80% for Portfolio B, therefore the total maximum Guarantee amount was PLN 10,137 million as at 31 December 2023.

27. LEGAL CLAIMS

As at 30 September 2024, the total value of the subject matter of litigation in court proceedings (trials) pending in which the companies belonging to the Group were defendants amounted to PLN 16,211 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 Group were claimants as at 30 September 2024 was PLN 3,913 million (as at 31 December 2023: PLN 4,519 million).

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

As at 30 September 2024, 36,516 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 14,923 million (as at 31 December 2023: PLN 11,948 million), including one group proceeding with 47 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 and/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 30 September 2024, 4,661 final rulings have been issued by the courts in cases against the Bank, including 4,620 rulings after 3 October 2019. 173 of these rulings (including in 135 rulings issued after 3 October 2019) are favorable for the Bank. As at 31 December 2023, 2,696 final rulings have been issued by the courts in cases against the Bank (including 2,653 rulings after 3 October 2019). 138 of these rulings, including in 97 rulings issued after 3 October 2019, were favorable for 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 legal issues concerning the subject of loans denominated and indexed in foreign currencies: 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 was published on the Supreme Court's website.

Bearing in mind the content of the aforementioned resolution of the Supreme Court, as well as the content of the resolution of the Supreme Court of 7 May 2021 (ref. III CZP 6/21), the Bank has been filing 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 2021, 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 GROUP CONCERNING MORTGAGE LOANS BEARING INTEREST AT A FLOATING RATE**

As at 30 September 2024, 295 court proceedings were pending against the Group (as at 31 March 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 Group.

By order of 31 May 2024, in a case brought by a borrower against the Bank, the Regional Court of Częstochowa addressed the following questions to the Court of Justice of the European Union pursuant to Article 267 of the Treaty on the Functioning of the European Union:

1. whether Article 1(2) of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts must be interpreted as permitting an examination of contractual terms relating to variable interest rates on the basis of the WIBOR benchmark;
2. If the answer to the first question is in the affirmative, whether Article 4(2) of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts is to be interpreted as permitting examination of contractual terms relating to variable interest rates on the basis of the WIBOR benchmark;
3. if the answer to the first and second questions is in the affirmative, whether Article 3(1) of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts must be interpreted as meaning that contractual provisions concerning variable interest rates based on the WIBOR benchmark may be regarded as contrary to the requirements of good faith and as causing a significant imbalance in the contractual rights and obligations of the parties to the detriment of the consumer, by failing to inform the consumer adequately of the consumer's exposure to the risk of a variable interest rate, in particular by failing to indicate how the benchmark index, which is the basis for determining the variable interest rate, is determined and what uncertainties arise from its non-transparency, and by failing to distribute that risk between the contracting parties in an unequal manner;

4. If the answers to the previous questions are in the affirmative, whether Article 6(1), in conjunction with Article 3(1) and (2), second sentence, and Article 2 of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts is to be interpreted as meaning that, if a contractual provision concerning a variable interest rate based on the WIBOR benchmark index is found to be unfair, it is possible to continue with an agreement in which the interest rate on the principal amount of the loan is based on a second interest-rate component contained in the agreement, that is to say a fixed bank margin, which would cause the interest rate on the loan to change from a variable rate to a fixed rate

The case was registered under case number C-471/24. The request giving rise to the proceedings has been served on the Bank by the CJEU. The Bank will submit a written position on this matter.

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

As at 30 September 2024, there were 3,055 court proceedings pending against the Group relating to the free credit sanction, with a total value in dispute of PLN 68 million (as at 31 December 2023, there were 1,159 proceedings with a total 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 Group disputes the validity of the claims raised in these cases. The case law to date is largely in favour of the Group.

By order of 25 January 2024, in a case brought by a buyer of a claim against the Bank, the District Court for Warsaw-Śródmieście in Warsaw addressed the following questions to the Court of Justice of the European Union pursuant to Article 267 of the Treaty on the Functioning of the European Union:

1. Whether Article 22(2) of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC (OJ 2008 L 133, p. 66) is to be interpreted as precluding national legislation that allows a consumer to assign the rights conferred on him or her by the national legislation implementing the Directive to a third party who is not a consumer;
2. Whether Articles 6(1) and 7(1) of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts (consolidated version: OJ 1993 L 95, p. 29) it to be interpreted as meaning that the court's obligation to examine of its own motion the unfairness of a contractual term also applies to a term in a claim assignment agreement concluded between a consumer and a third party, if in the proceedings before the court the third party relies on that agreement as the basis for its standing to bring an action against the entrepreneur who was the consumer's original counterparty?

The proceedings are pending under case number C-80/24. By letter dated 3 June 2024, the Bank submitted its written position on the case to the CJEU.

By order of 19 July 2024, in a case brought by a purchaser of debt claims against the Bank, the Regional Court in Poznań (ref. No: II Ca 825/24) decided to submit the following legal issue to the Supreme Court for resolution:

1. Whether the court, ex officio, is obliged to examine all the reasons justifying the application of the free credit sanction provided for in Article 45(1) of the Consumer Credit Act of 12 May 2011, including those not mentioned by the borrower in their written statement, or whether the court is bound in this respect by the content of the borrower's statement.
2. Whether the entitlement to submit a written statement that the borrower has availed themselves of the free credit sanction lapses – pursuant to Article 45(5) of the Consumer Credit Act of 12 May 2011 – one year after the date of execution of the agreement by the lender, or from the date of execution of the agreement by both parties, i.e. both the lender and the borrower.
3. Whether a finding that the provisions of a consumer loan agreement to which the provisions referred to in Article 45(1) of the Consumer Credit Act of 12 May 2011 apply are abusive and thus not binding on the borrower provides grounds for the application of the free credit sanction.
4. Whether, in light of the provisions of the Consumer Credit Act of 12 May 2011, it is permissible to stipulate in a consumer loan agreement an interest rate on the principal amount also in respect of that part of the loan granted which was used by the borrower to pay a commission, i.e. non-interest costs of the loan.

5. If the actual annual interest rate and the total amount payable by the consumer have been incorrectly calculated and indicated in the loan agreement, the sole reason for which is the inadmissible application of the interest rate to non-interest costs on the loan, whether such a failure gives rise to the free credit sanction under Article 45(1) of the Consumer Credit Act of 12 May 2011.

The Regional Court in Poznań is in the process of preparing the grounds for the order, and the case has not yet been referred to the Supreme Court.

- **ACTIVITIES OF THE GROUP UNDERTAKEN IN CONNECTION WITH A PROPOSAL OF THE CHAIR OF THE POLISH FINANCIAL SUPERVISION AUTHORITY 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 OCCP are pending against the Bank:

1. **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 UOKiK summons was implemented by letters dated 24 May 2024 and 27 June 2024 the President of UOKiK extended the deadline for completion of the proceedings until 31 December 2024. As at 30 September 2024, the Group had not recognised a provision for these proceedings.

2. 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 the Group'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. The deadline for conclusion of the proceedings indicated by the UOKiK is 31 January 2025. As at 30 September 2024, the Group had not recognised a provision for these proceedings.

3. 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 six 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 six months of the occurrence of the above-mentioned circumstances. By letter dated 29 May 2024, the Bank responded to the UOKiK's allegations, claiming that they were unfounded. As at 30 September 2024, the Group had not recognised 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.

1. 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. In a judgment of 5 July 2024, the Court of Appeal in Warsaw amended the judgment of the Court of Competition and Consumer Protection and dismissed the Bank's appeal. By order of 12 July 2024, issued at the Bank's request, the Court of Appeal halted enforcement of the judgment and decision pending the outcome of the cassation proceedings. At 30 September 2024, the Group recognizes a provision for these proceedings of PLN 41 million (31 December 2023: PLN 41 million).

2. 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 Regional in Warsaw dated 21 November 2013 and submitted it for re-examination. The case is currently proceeding at first instance before the Warsaw Regional Court. At 30 September 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:**

1. 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 (GIFI) requesting information on the Bank's violations of the AML Act to date. On 26 August 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 28 October 2024. As at 30 September 2024, the Group had not recognised a provision for these proceedings.
2. 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 29 August 2024, the PFSA notified the extension of the administrative proceedings until October 2024. As at 30 September 2024, the Group had not recognised a provision for these proceedings.
3. The PFSA is conducting proceedings to impose an administrative sanction on the Bank under Article 3c of the Act on financial market supervision in connection with a suspected breach by the Bank of the requirements of Article 5(1) and 14 in conjunction with Article 4(1) and (3) and (4) and (5) of Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs). On 16 September 2024, the PFSA served notice to extend the deadline for the proceedings until 16 November 2024. As at 30 September 2024, the Group had not recognised a provision for these proceedings.
4. 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 the Company 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, the Company responded to the request from the PFSA. By notice of 22 August 2024, the PFSA announced that the proceedings had been further extended until 28 October 2024. As at 30 September 2024 the Group recognises a provision for these proceedings in the amount of PLN 2 million (as at 31 December 2023: PLN 2 million).

- **OTHER PROCEEDINGS**

- **PROCEEDINGS BEFORE THE GENERAL INSPECTOR OF FINANCIAL INFORMATION**

The General Inspector of Financial Information (hereinafter: GIFI) is conducting administrative proceedings against the Bank regarding the imposition of an administrative penalty for failure to fulfil the obligations arising from the Act of 1 March 2018 on Combating Money Laundering and Terrorism Financing (ALM). The failure to fulfil the obligations was found by the PFSA during an inspection conducted at the Bank from 22 December 2022 to 9 March 2023, covering: (a) the period from 13 July 2018 to 22 December 2022 in terms of fulfilment of the obligation indicated in Article 72 of the AML Act, (b) the period from 20 July 2021 to 22 December 2022 in terms of fulfilment of the remaining obligations indicated in the AML Act.

GIIF found that the Bank failed to fulfil the following obligations: (1) apply financial security measures referred to in Article 33 and Article 43 of the AML Act, (2) ensuring the participation of persons performing AML-related duties in training programs referred to in Art. 52 of the AML Act, (3) providing or making available the information referred to in Art. 72 and 76 of the AML Act. In a letter dated 9 September 2024, the Bank replied to the GIIF letter, also requesting that the administrative penalty be waived due to the remedial actions taken.

- **PROCEEDINGS BEFORE THE TAX AND CUSTOMS OFFICE**

The Head of the Mazovian Customs and Tax Office in Warsaw initiated proceedings to impose a financial penalty on the Bank in connection with the violation of Article 1(1) in connection with Article 2(1) of the Act on special solutions in the field of counteracting aggression in Ukraine and Article 1u(1) of Council Regulation No 765/2006 of 18 May 2006 concerning restrictive measures in view of the situation in Belarus and Belarus' participation in Russia's aggression against Ukraine. By decision of the Head of the Mazovian Customs and Tax Office in Warsaw dated 18 June 2024, the deadline for resolving the case was set to 15 August 2024. Following the expiry of this deadline, the Bank did not receive a further decision setting a new deadline for resolving the case. As at 30 September 2024, the Bank recognises a provision for these proceedings in the amount 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 834 million and are pursued as damages for differences in interchange fees resulting from applying practices that restrict competition, as well as capitalised statutory interest for delay. The Bank joined these proceedings as an outside intervener. 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 30 September 2024, four of these proceedings resulted in final judgments in favour of the defendants dismissing the plaintiffs' claims, save that one of them was a partial judgment and the remainder of the proceedings will be pursued by the Court of First Instance. However, a cassation appeal was filed by the plaintiff in one case. Two further proceedings resulted in non-final judgments dismissing the plaintiffs' claims. In all cases where claims were dismissed in whole or in part, the statute of limitations was upheld.

- **MEDIATION BEFORE AN ARBITRATION TRIBUNAL**

On 13 September 2024, the Bank entered into a settlement agreement with Polski Holding Nieruchomości (PHN) SPV 1 PHN SKYSAWA spółka z ograniczoną odpowiedzialnością S.K.A, ending the dispute arising from the execution of a lease agreement with the right of first refusal dated 24 January 2022 concerning a commercial and office complex at ul. Świętokrzyska 36 in Warsaw.

- **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's 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.

28. 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, Allianz Polska Otwarty Fundusz Emerytalny.

According to the information available, the Bank's shareholding structure is as follows:

ENTITY NAME	number of shares	% of votes	Nominal value of 1 share	Ownership interest (%)
As at 30 September 2024				
State Treasury	367,918,980	29.43%	PLN 1	29.43%
Nationale-Nederlanden Open Pension Fund ¹	105,470,597	8.44%	PLN 1	8.44%
Allianz Polska Otwarty Fundusz Emerytalny ¹	86,867,594	6.95%	PLN 1	6.95%
Other shareholders ²	689,742,829	55.18%	PLN 1	55.18%
Total	1,250,000,000	100.00%	---	100.00%
As at 31 December 2023				
State Treasury	367,918,980	29.43%	PLN 1	29.43%
Nationale-Nederlanden Open Pension Fund ¹	115,594,152	9.25%	PLN 1	9.25%
Allianz Polska Otwarty Fundusz Emerytalny ¹	101,787,594	8.14%	PLN 1	8.14%
Other shareholders ²	664,699,274	53.18%	PLN 1	53.18%
Total	1,250,000,000	100%	---	100%

¹ 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 Bloomberg.

² Including Bank Gospodarstwa Krajowego, which as at 30 September 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.

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
Total	---	1,250,000,000	---	1,250,000,000

In the nine-month period ended 30 September 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

29. 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 30.09.2024	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	922	-	922	-
Other derivative instruments	6,130	1	6,129	-
Securities	89,465	71,384	17,259	822
held for trading	276	276	-	-
debt securities	246	246	-	-
equity securities	30	30	-	-
not held for trading, measured at fair value through profit or loss	1,580	1,068	152	360
debt securities	578	491	39	48
equity securities	1,002	577	113	312
measured at fair value through other comprehensive income (debt securities)	87,609	70,040	17,107	462
Loans and advances to customers (not held for trading, measured at fair value through profit or loss)	2,326	-	-	2,326
Total financial assets measured at fair value	98,843	71,385	24,310	3,148

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	-
Securities	110,278	62,975	46,641	662
held for trading	578	578	-	-
debt securities	546	546	-	-
equity securities	32	32	-	-
not held for trading, measured at fair value through profit or loss	1,646	1,132	128	386
debt securities	592	526	20	46
equity securities	1,054	606	108	340
measured at fair value through other comprehensive income (debt securities)	108,054	61,265	46,513	276
Loans and advances to customers (not held for trading, measured at fair value through profit or loss)	2,871	-	-	2,871
Total financial assets measured at fair value	122,729	62,977	56,219	3,533

LIABILITIES MEASURED AT FAIR VALUE 30.09.2024	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	1,718	-	1,718	-
Other derivative instruments	6,134	1	6,133	-
Liabilities in respect of a short position in securities	171	171	-	-
Liabilities in respect of insurance products	170	-	170	-
Total financial liabilities measured at fair value	8,193	172	8,021	-

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	-
Total financial liabilities measured at fair value	12,750	302	12,448	-

RECONCILIATION OF CHANGES DURING THE REPORTING PERIOD TO FAIR VALUE AT LEVEL 3	01.01- 30.09.2024	01.01- 30.09.2023
Opening balance at the beginning of the period	3,533	4,634
Acquisition of equity instruments	1	-
Acquisition of corporate bonds	185	9
Redemption of corporate bonds	(1)	(364)
Granting and increase in exposure to loans and advances to customers	498	622
Repayment of loans and advances to customers	(848)	(1,001)
Derecognition of loans and advances to customers	(1)	(1)
Write-off of loans and advances to customers	(169)	(35)
Net gain/(loss) on financial instruments measured at fair value through profit or loss	168	2
Change in the valuation recognized in OCI	2	(3)
Other, including exchange difference ¹	(220)	(232)
Closing balance	3,148	3,631

¹ The item "Other, including exchange difference" includes a decrease due to conversion of Visa Inc. series C shares into Visa series A Preferred shares

IMPACT OF ESTIMATES ON FAIR VALUE MEASUREMENT OF LEVEL 3 FINANCIAL INSTRUMENTS	30.09.2024		31.12.2023	
	Fair value according to the scenario:		Fair value according to the scenario:	
	positive	negative	positive	negative
Shares in Visa Inc. ¹	45	42	86	77
Other equity investments ²	261	237	238	215
Corporate bonds ³	544	542	326	325
Loans and advances to customers ⁴	2,442	2,210	3,015	2,727

¹ 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

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

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

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

30. 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.

30.09.2024	carrying amount	fair value			Total fair value
		Level 1	Level 2	Level 3	
Cash and balances with the Central Bank	19,711	3,802	15,909	-	19,711
Amounts due from banks	9,340	-	9,340	-	9,340
Securities¹	110,838	77,363	28,076	3,842	109,281
treasury bonds (in PLN)	77,415	76,008	-	-	76,008
treasury bonds (in foreign currencies)	1,352	1,355	-	-	1,355
corporate bonds (in PLN) secured with the State Treasury guarantees	13,656	-	13,326	-	13,326
municipal bonds (in PLN)	9,167	-	9,435	-	9,435
corporate bonds (in PLN)	3,923	-	-	3,842	3,842
corporate bonds (in foreign currencies)	5,325	-	5,315	-	5,315
Reverse repo transactions	375	-	375	-	375
Loans and advances to customers¹	255,661	-	-	258,107	258,107
real estate loans	119,861	-	-	118,939	118,939
business loans	76,826	-	-	79,253	79,253
consumer loans	33,357	-	-	34,270	34,270
factoring receivables	5,624	-	-	5,624	5,624
finance lease receivables	19,993	-	-	20,021	20,021
Other financial assets	2,749	-	-	2,749	2,749
Amounts due to the Central bank	40	-	40	-	40
Amounts due to banks	3,162	-	3,098	-	3,098
Repo transactions	2	-	2	-	2
Amounts due to customers¹	403,438	-	-	403,745	403,745
amounts due to households	313,755	-	-	314,064	314,064
amounts due to business entities	72,670	-	-	72,668	72,668
amounts due to public sector	17,013	-	-	17,013	17,013
Loans and advances received	1,383	-	-	1,383	1,383
Liabilities in respect of debt securities in issue	23,346	6,465	14,914	2,147	23,526
Subordinated liabilities	2,717	-	2,760	-	2,760
Other financial liabilities	6,088	-	-	6,088	6,088

¹ excluding adjustment relating to fair value hedge accounting

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
Securities¹	87,227	57,150	23,804	2,285	83,239
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
Loans and advances to customers¹	242,907	-	-	245,291	245,291
real estate loans ²	112,514	-	-	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	19,099	-	-	19,096	19,096
Other financial assets	1,474	-	-	1,474	1,474
Amounts due to the Central bank	10	-	10	-	10
Amounts due to banks	3,423	-	3,423	-	3,423
Amounts due to customers¹	398,339	-	-	398,708	398,708
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

¹ excluding adjustment relating to fair value hedge accounting

² 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

31. 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 nine months ended 30 September 2024, see Section E “[RISK MANAGEMENT](#)” to the Directors’ Commentary to the financial results of the PKO Bank Polski S.A. Group for the nine-month period ended 30 September 2024.

32. CREDIT RISK MANAGEMENT

- AMOUNTS DUE FROM BANKS

As at 30 September 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) 30.09.2024	Stage 1	Stage 2	Stage 3	Total	of which POCI
Measurement method: measured at fair value through other comprehensive income					
Net amount	87,177	421	11	87,609	-
Measurement: at amortized cost					
Gross amount	109,842	1,078	-	110,920	-
Allowances for expected credit losses	(57)	(25)	-	(82)	-
Net amount	109,785	1,053	-	110,838	-
Total securities					
Gross carrying amount	197,019	1,499	11	198,529	-
Allowances for expected credit losses	(57)	(25)	-	(82)	-
Net carrying amount	196,962	1,474	11	198,447	-

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) ¹ 30.09.2024	Stage 1	Stage 2	Stage 3	Total	of which POCI
Measurement: at amortized cost					
Gross carrying amount	214,782	41,291	9,628	265,701	405
real estate loans	109,848	10,848	1,452	122,148	74
business loans	55,993	21,018	4,227	81,238	235
consumer loans	30,049	3,463	2,268	35,780	94
factoring receivables	5,500	75	84	5,659	-
finance lease receivables	13,392	5,887	1,597	20,876	2
Allowances for expected credit losses	(1,114)	(4,017)	(4,909)	(10,040)	102
real estate loans	(87)	(1,211)	(989)	(2,287)	9
business loans	(445)	(1,926)	(2,041)	(4,412)	4
consumer loans	(490)	(665)	(1,268)	(2,423)	90
factoring receivables	(1)	-	(34)	(35)	-
finance lease receivables	(91)	(215)	(577)	(883)	(1)
Net carrying amount	213,668	37,274	4,719	255,661	507
real estate loans	109,761	9,637	463	119,861	83
business loans	55,548	19,092	2,186	76,826	239
consumer loans	29,559	2,798	1,000	33,357	184
factoring receivables	5,499	75	50	5,624	-
finance lease receivables	13,301	5,672	1,020	19,993	1
Loans and advances to customers, total					
Gross carrying amount	214,782	41,291	9,628	265,701	405
Allowances for expected credit losses	(1,114)	(4,017)	(4,909)	(10,040)	102
Net carrying amount	213,668	37,274	4,719	255,661	507

¹ In 2024, the Group made changes to the rating model in the business loan segment, which resulted in the reclassification of several individually significant exposures to Stage 2 with no material impact on the Group's profit or loss. The risk of insolvency for these customers remains low.

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
Measurement: at amortized cost					
Gross carrying amount	203,569	40,623	8,921	253,113	324
real estate loans	99,844	13,373	1,667	114,884	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	12,886	5,994	1,048	19,928	3
Allowances for expected credit losses	(1,072)	(3,824)	(5,310)	(10,206)	50
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)
Net carrying amount	202,497	36,799	3,611	242,907	374
real estate loans	99,749	12,265	500	112,514	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	12,803	5,757	539	19,099	2
Loans and advances to customers, total					
Gross carrying amount	203,569	40,623	8,921	253,113	324
Allowances for expected credit losses	(1,072)	(3,824)	(5,310)	(10,206)	50
Net carrying amount	202,497	36,799	3,611	242,907	374

• FINANCIAL AND GUARANTEE COMMITMENTS GRANTED

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED 30.09.2024	STAGE 1		STAGE 2		STAGE 3		Total nominal value	Total provisions per IFRS 9
	Notional amount	Provision	Notional amount	Provision	Notional amount	Provision		
Credit lines and limits	74,116	(163)	10,124	(369)	320	(47)	84,560	(579)
real estate	6,812	(20)	137	(11)	3	(2)	6,952	(33)
business ¹	51,545	(117)	8,434	(266)	252	(40)	60,231	(423)
consumer	10,061	(26)	1,528	(92)	19	(5)	11,608	(123)
in respect of factoring	5,261	-	25	-	46	-	5,332	-
in respect of finance leases	437	-	-	-	-	-	437	-
Other	3,803	-	-	-	-	-	3,803	-
Total financial commitments granted, including:	77,919	(163)	10,124	(369)	320	(47)	88,363	(579)
irrevocable commitments granted	27,772	(88)	6,172	(202)	233	(35)	34,177	(325)
POCI	-	-	2	-	1	-	3	-
Guarantees and sureties granted								
guarantees in domestic and foreign trading	8,247	(7)	1,577	(44)	593	(18)	10,417	(69)
domestic municipal bonds	1,344	(3)	3	-	-	-	1,347	(3)
letters of credit	1,283	(2)	158	(1)	-	-	1,441	(3)
payment guarantee	85	-	-	-	-	-	85	-
Total guarantees and sureties granted, including:	10,959	(12)	1,738	(45)	593	(18)	13,290	(75)
irrevocable commitments granted	3,955	(6)	1,327	(43)	558	(16)	5,840	(65)
performance guarantee	2,896	(3)	707	(31)	193	(10)	3,796	(44)
POCI	-	-	-	-	438	(2)	438	(2)
Total financial and guarantee commitments granted	88,878	(175)	11,862	(414)	913	(65)	101,653	(654)

¹ In 2024, the Group made changes to the rating model in the business loan segment, which resulted in the reclassification of several individually significant exposures to Stage 2 with no material impact on the Group's profit or loss. The risk of insolvency for these customers remains low.

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED 31.12.2023	STAGE 1		STAGE 2		STAGE 3		Total nominal value	Total provisions per IFRS 9
	Notional amount	Provision	Notional amount	Provision	Notional amount	Provision		
Credit lines and limits	71,102	(137)	7,774	(476)	162	(28)	79,038	(641)
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	-
Other	3,884	-	-	-	-	-	3,884	-
Total financial commitments granted, including:	74,986	(137)	7,774	(476)	162	(28)	82,922	(641)
irrevocable commitments granted	26,720	(73)	4,621	(329)	65	(13)	31,406	(415)
POCI	-	-	1	-	1	-	2	-
Guarantees and sureties granted								
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	-
Total guarantees and sureties granted, including:	9,655	(18)	1,796	(62)	785	(30)	12,236	(110)
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)
Total financial and guarantee commitments granted	84,641	(155)	9,570	(538)	947	(58)	95,158	(751)

33. 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	30.09.2024	31.12.2023
Sensitivity of interest income (PLN million)	(669)	(1,014)
The economic value sensitivity measure (stress-test) of the banking book of the Group in all currencies	30.09.2024	31.12.2023
Sensitivity of economic value (PLN million)	(1,170)	(1,567)
IR VaR in the Bank's trading book	30.09.2024	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	15	133
Value at the end of the period	12	42

• CURRENCY RISK MANAGEMENT

The Bank's FX VaR, in aggregate for all currencies	30.09.2024	31.12.2023
VaR for a 10-day time horizon at a confidence level of 99% (in PLN million) ¹	3	3

¹ 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 0.3 million as at 30 September 2024 (a similar amount as at 31 December 2023, i.e. approximately PLN 0.3 million).

FOREIGN CURRENCY POSITION	30.09.2024	31.12.2023
EUR	90	(59)
CHF	(145)	15
Other (Global, Net)	15	(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 668 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
30.09.2024								
Adjusted periodic gap	15,509	126,639	(14,423)	(700)	(17,491)	19,921	25,476	(156,931)
Adjusted cumulative periodic gap	15,509	144,148	129,725	129,025	111,534	131,455	156,931	-
31.12.2023								
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	123,776	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 S.A., PKO Leasing S.A., KREDOBANK S.A. and PKO Życie Towarzystwo Ubezpieczeń S.A. and the contractual liquidity gaps of the other Group companies, was positive both as at 30 September 2024 and 31 December 2023. This means that the Group has a surplus of the assets receivable over the liabilities payable.

SUPERVISORY LIQUIDITY MEASURES	30.09.2024	31.12.2023
NSFR - net stable funding ratio	157.0%	156.6%
LCR - liquidity coverage ratio	253.3%	243.4%

In the period ended 30 September 2024 and 31 December 2023, liquidity measures remained above their respective supervisory limits.

CAPITAL MANAGEMENT AT THE BANK

34. 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	30.09.2024	31.12.2023
Total:	4.54%	4.54%
• conservation buffer	2.5%	2.5%
• countercyclical buffer	0.04%	0.04%
• 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 30 September 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	30.09.2024	31.12.2023 (restated)	31.12.2023 (published)
Equity	50,445	45,227	45,227
capital: share capital, supplementary capital, other reserves, and general risk reserve	34,072	32,318	32,318
retained earnings	11,321	10,810	10,810
net profit or loss for the period	6,858	5,502	5,502
accumulated other comprehensive income and non-controlling interests	(1,806)	(3,403)	(3,403)
Exclusions from equity:	5,777	3,534	3,534
deconsolidation - adjustments due to prudential consolidation	(74)	(109)	(109)
net profit or loss for the period (prudential consolidation)	6,824	5,505	5,505
cash flow hedges	(973)	(1,862)	(1,862)
Other fund reductions:	2,936	3,044	3,036
goodwill	961	961	961
other intangible assets	1,534	1,587	1,587
additional asset adjustments (AVA, DVA, NPE, exceedance of the thresholds set out in Article 48 CRR) ¹	441	496	488
Temporary reversal of measurement of securities at fair value through accumulated other comprehensive income	360	-	-
Temporary reversal of IFRS 9 impact	749	1,498	1,373
Net profit included in own funds²	-	1,771	1,697
Tier 1	42,841	41,918	41,727
Tier 2 capital (subordinated debt)	1,675	2,080	2,080
Own funds	44,516	43,998	43,807
Requirements for own funds	19,750	18,681	18,787
Credit risk	17,197	16,364	16,470
Operational risk	2,352	2,163	2,163
Market risk	164	125	125
Credit valuation adjustment risk	37	29	29
Total capital ratio	18.03	18.84	18.65
Tier 1 capital ratio	17.35	17.95	17.77

¹ AVA - additional valuation adjustment, DVA - debt valuation adjustment, NPE - non-performing exposures adjustment.

² The amount of PLN 1,697 million relates to the portion of the profit for 2023 included in own funds with the approval of the PFSA, and the amount of PLN 1,771 million relates to the amount of the profit for 2023 following approval of the profit distribution by the AGM. In line with the European Banking Authority's (EBA) guidance in the single rulebook Q&A setting out the EBA's position on when to recognise annual and interim profits in capital adequacy data (Q&A 2018_3822, Q&A 2018_4085 and Q&A 2013_208), from the point at which the institution formally meets the criteria to include the profit for the period in Tier 1 capital, it is considered that the profit should be included on a retrospective date (the date of the profit rather than the date the criterion is met) and an adjustment to own funds should be made to the date to which the profit relates. As the Bank's Annual General Meeting approved the distribution of the Bank's profits on 28 June 2024 and the General Meetings of the Group companies also approved the distribution of the companies' profits, the figures as at 31 December 2023 have been restated to include the impact of these profit distributions at the end of 2023. Consequently, the value of the credit risk requirement has also been recalculated, as the date on which the profit is included in own funds is also the date on which the specific credit risk adjustments (SCRA) included in the requirement are calculated. The date on which the profit is included also necessitates a recalculation of the NPE adjustment and a transitional reversal of the effect of IFRS9.

Net profit for the period of nine months ended 30 September 2024 in accordance with the scope of prudential consolidation referred to in the CRR Regulation, the principles of which have been described in the consolidated financial statements of the PKO Bank Polski S.A. Group for the year ended 31 December 2023, amounted to PLN 6,824 million.

35. DIVIDENDS AND PROFIT APPROPRIATION

Information on the PFSA's position on dividend policy in 2024 is described in the consolidated financial statements of the PKO Bank Polski S.A. Group for the year ended 31 December 2023 in the note **DIVIDENDS AND DISTRIBUTION OF RETAINED EARNINGS**.

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.

On 28 June 2024, the Annual General Meeting of PKO Bank Polski S.A. (AGM) passed a resolution on distribution of profit of the Bank for 2023, in accordance with which:

- From the net profit earned in 2023 in the amount of PLN 4,868,360,037.30, PLN 3,237,500,000 is to be allocated for the distribution among shareholders, which constitutes 66.50% of the net profit of the Bank earned in 2023 ("Distributable profit");
- The remainder of the profit in the amount of PLN 1,630,860,037.30 is to be allocated to the reserve capital for the payment of dividend, including interim dividend in accordance with § 30 of the Bank's Articles of Association;
- Distributable profit, increased by the amount of PLN 1,600,000,000 from the reserve capital established pursuant to resolution No 7/2023 of the AGM of 21 June 2023, paid by the Bank on 1 February 2024 as an interim dividend for the financial year 2023, i.e. a total amount of PLN 4,837,500,000 PLN, constitutes a dividend intended for distribution among all shareholders of the Bank. The gross dividend is PLN 2.59 per share. The dividend record date was 8 August 2024. The dividend was paid on 22 August 2024.

At the same time, the AGM passed a resolution to leave the Bank's retained earnings, in the amount of PLN 9,437,974,386.73, undistributed.

OTHER NOTES

36. TRANSACTIONS WITH THE STATE TREASURY AND RELATED ENTITIES

TRANSACTIONS WITH THE STATE TREASURY

The State Treasury holds a 29.43% interest in the Bank's share capital. The Group's transactions with the State Treasury were mostly related to treasury securities and banking services. These transactions are concluded and settled on terms obtainable by customers who are not related parties.

Moreover, 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.

Biuro Maklerskie PKO Banku Polskiego S.A. plays the role of an agent for the issue of retail Treasury bonds under the agreement signed with the Ministry of Finance on 11 February 2003. Under this agreement, Biuro Maklerskie PKO Banku Polskiego S.A. receives a fee for providing the services of an agent for the issue of bonds – in the period of nine months ended 30 September 2024 in the amount of PLN 282 million, and in the period of nine months ended 30 September 2023 in the amount of PLN 162 million.

RELATED-ENTITY TRANSACTIONS – CAPITAL LINKS (ASSOCIATES AND JOINT VENTURES)

Transactions presented below were arm's length transactions.

	Receivables	of which loans	Liabilities	Off-balance sheet liabilities granted
30.09.2024	208	98	297	429
31.12.2023	90	24	178	493

	Total income	of which interest and commission income	Total expense	of which interest and commission income
01.01-30.09.2024	673	621	186	149
01.01-30.09.2023	623	578	178	145

• **BENEFITS FOR THE KEY MANAGEMENT**

COST OF REMUNERATION OF THE BANK'S MANAGEMENT AND SUPERVISORY BOARDS FOR THE PERIOD (in PLN thousand)	01.01-30.09.2024	01.01-30.09.2023
Management Board of the Bank		
Short-term employee benefits ¹	9,145	10,846
Long-term employee benefits ²	1,948	2,542
Share-based payments settled in cash ³	8,084	6,647
Benefits to the Bank's Management Board members who ceased to perform their functions before the reporting date ⁴	4,754	2,439
Total	23,931	22,474
Supervisory Board of the Bank		
Short-term employee benefits ¹	1,399	1,644
Total	1,399	1,644

¹ The item includes: fixed remuneration, costs of provisions for the non-deferred component of variable remuneration in cash, social security contributions and other benefits which have been or will be settled within 12 months of the end of the reporting period.

² The item includes costs of provisions for the deferred component of variable remuneration in cash.

³ The item includes the non-deferred and deferred components of variable remuneration in the form of an instrument, i.e. Phantom shares (for which conversion into cash is carried out after an additional period of retention). This item includes both the cost of provisions for variable remuneration components in the form of an instrument for the current period, as well as the effect of revaluation of provisions for variable remuneration components in the form of an instrument for previous years based on the current price of the Bank's shares.

⁴ The item includes the costs of severance pay and non-compete benefits.

COSTS OF REMUNERATION OF THE SUBSIDIARIES' MANAGEMENT AND SUPERVISORY BOARDS FOR THE PERIOD (in PLN thousand)	01.01-30.09.2024	01.01-30.09.2023
Management Boards of the Companies		
Short-term employee benefits ¹	18,059	20,588
Long-term employee benefits ²	4,677	4,116
Share-based payments settled in cash ³	4,239	3,249
Benefits to the Companies' Management Board members who ceased to perform their functions before the reporting date ⁴	6,116	1,112
Total	33,091	29,065
Supervisory Boards of the Companies		
Short-term employee benefits ¹	1,504	1,548
Total	1,504	1,548

¹ The item includes: fixed remuneration, costs of provisions for the non-deferred component of variable remuneration in cash, social security contributions and other benefits which have been or will be settled within 12 months of the end of the reporting period.

² The item includes costs of provisions for the deferred component of variable remuneration in cash.

³ The item includes the non-deferred and deferred components of variable remuneration in the form of an instrument, i.e. Phantom shares (for which conversion into cash is carried out after an additional period of retention).

⁴ The item includes the costs of severance pay and non-compete benefits.

The Group provides the key management personnel, members of the Supervisory Board and their families with standard financial services which comprise, among other things, operating bank accounts, accepting deposits, granting loans and other services. All these transactions are concluded on an arm's length basis.

• **RELATED-ENTITY TRANSACTIONS – PERSONAL LINKS**

As at 30 September 2024, five entities were related to the Group through the key management personnel of PKO Bank Polski S.A. or close family members of the key management personnel. As at 31 December 2023, it was seven entities. In the nine-month period ended 30 September 2024 and in the corresponding period, no transactions were conducted between the Group and those entities.

37. IMPACT OF THE GEOPOLITICAL SITUATION IN UKRAINE ON THE PKO BANK POLSKI S.A. GROUP

• UKRAINIAN COMPANIES IN 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 **"IMPACT OF THE GEOPOLITICAL SITUATION IN UKRAINE ON THE PKO BANK POLSKI S.A. GROUP"**.

Armed aggression of the Russian Federation on Ukraine has negative consequences for the financial system and the banking sector of Ukraine. However, 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, continuing also in 2024.

The warfare has adversely affected the Ukrainian banking sector, including in particular through a reduction in the loan portfolio due to a significant reduction in new lending. Reductions do not apply to lending under the state's "5-7-9" programme to support the development of small and medium-sized enterprises and loans granted by state-owned banks to strategic sectors and companies. However, from 2024 onwards, the loan portfolio as well as retail and corporate deposits started to grow.

The regulations of the National Bank of Ukraine (NBU) introducing simplified requirements for the day-to-day operations of banks continue to apply. The NBU has initiated a process of restrictive amendments aimed at ensuring the timely and adequate assessment of credit risk and the adequate assessment of liquidity and capital requirements by banks. On 5 August 2024, 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) entered into force.

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. As at 30 September 2024, KREDOBANK S.A.'s capital adequacy measures remain above the levels.

As at 30 September 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 PLN 1.4 billion (PLN 2.46 billion as at 31 December 2023). 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 30 September 2024 amounted to PLN 179 million (PLN 151 million as at 31 December 2023), were reclassified by the Group into Stage 2 and their credit risk was measured over the life of these loans. As at 30 September 2024, the allowance for expected credit losses for the above portfolios amounted to PLN 91 million (PLN 80 million as at 31 December 2023).

38. INTEREST RATE BENCHMARKS REFORM

The reform of interest rate indicators and the actions taken by the Capital Group in this respect were described in detail in the consolidated financial statements of the Capital Group for the year ended **"INTEREST RATE INDICATORS"** of the Management Board's Commentary on the results of the PKO Bank Polski S.A. Capital Group for the nine-month period ended 30 September 2024.

39. OTHER INFORMATION

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

The Bank's and the other PKO Bank Polski S.A. 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**

The Bank 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 Group's results.

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

The Bank Polski is obliged to inform in the current reports about all agreements meeting the definition of confidential information specified in Regulation No 596/2014 of the European Parliament and of the Council on market abuse.

In the nine-month period ended 30 September 2024, the Bank concluded

- an annex to the guarantee agreement signed 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 26 "[OFF-BALANCE SHEET LIABILITIES RECEIVED AND GRANTED](#)").
- an annex to the loan agreement concluded in 2017, of which it had informed in Current Report No 18/2017 ("Agreement"). The information was published in Current Report No 30/2024. The annex stipulates the final date for the Bank's customer ("Customer") to repay the loan granted under the Agreement has been extended by a further 24 months from the previous extension, of which the Bank informed in Current Report No 14/2022. The outstanding loan amount is PLN 1.09 billion.

At the same time, in connection with the Agreement, the Bank signed a statement regarding a tripartite understanding with the customer and the institution with which the customer is implementing a joint investment project, co-financed with the funds raised under the Agreement ("Understanding"), as referred to in Current Report No 19/2017 of 30 May 2017. The statement confirms the fact that the term of the Understanding has been extended by another 24 months compared to the previous extension.

During the nine months ended 30 September 2024, KREDOBANK S.A. entered into two guarantee agreements with international financial organisations to support the recovery of the Ukrainian economy (for details see Section [A.2: SUPPORT FOR UKRAINE AND THE SITUATION OF UKRAINIAN COMPANIES FROM THE BANK'S GROUP, OF THE DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI S.A. GROUP FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024](#)).

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

In the period of nine months ended 30 September 2024, neither the Bank nor the Bank'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 30 September 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 Group does not identify transactions with subordinates that deviate materially from arm's length conditions. The Bank's subsidiaries 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 period of nine months ended 30 September 2024, the leasing companies of the Bank's Group actively participated in the handling and distribution of funds under the "My Electric Car" programme supporting the development of electromobility in Poland:

- PKO Leasing S.A. granted a surety to Bank BOŚ S.A. in the amount of up to PLN 80 million,
- PCM S.A. granted a surety to Bank BOŚ S.A. in the amount of up to PLN 30 million.
- the above sureties were granted for a period of 2 years from the date of delivery of the item indicated on the handover report + 120 days. PKO Leasing S.A. and PCM S.A. do not receive any remuneration for granting the surety (the surety serves as collateral for the grant agreement). The Bank and its subsidiary, the PKO Leasing S.A. Group, have no links with BOŚ S.A.

The budget for the "My Electric Car" programme in the leasing and rental path has been exhausted. From 30 August 2024 until 31 December 2024, the ability to apply for grants and provide sureties at the same time has been suspended. The programme is scheduled to resume in January 2025.

In the nine-month period ended 30 September 2024, neither the Bank nor PKO Bank Polski S.A.'s subsidiaries have entered into other 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**

Information on material proceedings of the 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 27 "[LEGAL CLAIMS](#)".

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

The "Principles of Corporate Governance for Supervised Institutions" (hereinafter referred to as: Principles), adopted by the PFSA by its Resolution No 218/2014 dated 22 July 2014, were adopted in the Bank for application in 2014 with regard to the powers and duties of the Bank's Management Board and Supervisory Board. As the Bank was not engaged in asset management at the customer's risk, Chapter 9 (concerning this matter) was excluded from application. In 2015, the Bank's General Meeting, within the scope of its powers, adopted the Principles for application, subject to the following principles being waived:

- § 8(4) of the Principles, with regard to ensuring that shareholders are able to participate in general meetings using means of electronic communication;
- the waiver of this principle was justified by legal as well as organisational and technical risks;
- § 10(2) of the Principles, with regard to the introduction of personal rights or other special rights for shareholders;
- § 12 section 1 of the Principles with reference to shareholders' responsibility for prompt recapitalisation of the supervised institution; The above principles were excluded due to the unfinished process of privatisation of the Bank by the State Treasury.
- § 28(4) of the Principles, with regard to the assessment by a decision-making body of whether the adopted remuneration policy promotes the development and operational security of a supervised institution.
- the waiver of this principle was justified by the excessive material scope of the remuneration policy that is subject to the assessment by a decision-making authority.

The scope of the waiver changed in 2021 - at that time, the waiver of the principle set out in § 8(4) was abandoned due to the pandemic period.

By way of a resolution dated 28 June 2024, the Bank's Annual General Meeting decided to repeal the remaining exemptions in the application of the Principles of Corporate Governance for Supervised Institutions, with a stipulation that, in the case of § 28(4) of the Principles, the assessment will be made starting from the Annual General Meeting held after the end of the current financial year.

FINANCIAL LIABILITIES	30.09.2024	31.12.2023
Financial liabilities, including:	449,333	443,208
Past due	3	3

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

- On 10 October 2024, the Bank's Supervisory Board appointed Mr Tomasz Pol to the Bank's Management Board as Vice-President of the Bank's Management Board with effect from 1 May 2025.
- On 16 October 2024, the Bank issued ten-year subordinated capital bonds with an aggregate nominal value of PLN 1,500 million in 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 220 bps. The Bank may have the right of early redemption of the Bonds upon approval of the PFSA on the following dates: 16 October 2029, 16 October 2030, 16 October 2031, 18 October 2032 or 17 October 2033, as well as on 7 January 2025 in the event that no approval is received from the PFSA to include the proceeds of the issue in Tier 2 capital. The Bank intends to introduce the bonds in question to the Catalyst alternative trading system.
- On 24 October 2024, mortgage bonds with a total nominal amount of PLN 500 million and a maturity date of 24 October 2028 were issued.
- On 24 October 2024, the strategy of the PKO Bank Polski S.A. Group for years 2025-2027 "The Number 1, full stop" was adopted. The strategy was approved by the Supervisory Board. Details of the Strategy were published in Current Report No 55/2024.
- Taking into account the current division of competences in the Management Board, the Management Board of the Bank is composed of eight persons, including one woman, which constitutes 12.5% of the Management Board composition, and therefore the target indicator of minimum participation of women in this body (30%) indicated in the Best Practices of Companies Listed on the WSE 2021 (DPSN 2021) has not been achieved. In connection with the above, there was an incidental violation of one of the best practices (No. 2.2 DPSN 2021). Details are presented in Report No. 4/2024.

CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS OF PKO BANK POLSKI S.A. FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

SEPARATE INCOME STATEMENT

INCOME STATEMENT	3 rd quarter period from 01.07.2024 to 30.09.2024	3 quarters period from 01.01.2024 to 30.09.2024	3 rd quarter period from 01.07.2023 to 30.09.2023	3 quarters period from 01.01.2023 to 30.09.2023
Net interest income	5,455	15,210	4,399	12,442
Interest income, of which:	7,635	21,952	7,430	21,446
calculated under the effective interest rate method	7,541	21,636	7,296	21,021
Interest expense	(2,180)	(6,742)	(3,031)	(9,004)
Net fee and commission income	1,090	3,292	1,010	2,889
Fee and commission income	1,541	4,453	1,442	4,098
Fee and commission expense	(451)	(1,161)	(432)	(1,209)
Net other income	192	1,426	77	752
Dividend income	19	993	8	639
Gains/(losses) on financial transactions	38	128	43	49
Net foreign exchange gains/ (losses)	61	189	22	46
Gains/(losses) on derecognition of financial instruments, of which:	50	81	12	35
measured at amortized cost	12	28	5	13
Net other operating income and expense, of which:	24	35	(8)	(17)
other operating income	45	121	26	108
other operating expenses	(21)	(86)	(34)	(125)
Result on business activities	6,737	19,928	5,486	16,083
Net allowances for expected credit losses	(181)	(557)	(207)	(687)
Impairment of non-financial assets	(69)	(336)	(27)	(52)
Cost of legal risk of mortgage loans in convertible currencies	(994)	(3,314)	-	(3,441)
Administrative expenses, of which:	(1,835)	(5,491)	(1,553)	(4,812)
net regulatory charges	(71)	(496)	(42)	(436)
Tax on certain financial institutions	(302)	(898)	(286)	(863)
Profit before tax	3,356	9,332	3,413	6,228
Income tax	(1,036)	(2,386)	(917)	(1,784)
Net profit	2,320	6,946	2,496	4,444
Earnings per share: basic/diluted for the period (PLN)*	1.86	5.56	2.00	3.56
Weighted average number of ordinary shares during the period (in million)*	1,250	1,250	1,250	1,250

*Both in the period of three and nine months ended 30 September 2024 and in the corresponding periods 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

STATEMENT OF COMPREHENSIVE INCOME	3 rd quarter period from 01.07.2024 to 30.09.2024	3 quarters period from 01.01.2024 to 30.09.2024	3 rd quarter period from 01.07.2023 to 30.09.2023	3 quarters period from 01.01.2023 to 30.09.2023
Net profit	2,320	6,946	2,496	4,444
Other comprehensive income	940	1,449	1,492	4,681
Items which may be reclassified to profit or loss	940	1,449	1,492	4,681
Cash flow hedges (net)	621	782	1,048	3,130
Cash flow hedges (gross)	766	965	1,293	3,863
Deferred tax	(145)	(183)	(245)	(733)
Fair value of financial assets measured at fair value through other comprehensive income (net)	319	666	443	1,551
Remeasurement of fair value, gross	431	875	554	1,937
Gains /losses transferred to the profit or loss (on disposal)	(38)	(53)	(7)	(22)
Deferred tax	(74)	(156)	(104)	(364)
Currency translation differences on foreign operations	-	1	1	-
Total net comprehensive income	3,260	8,395	3,988	9,125

SEPARATE STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION	30.09.2024	31.12.2023
ASSETS	487,636	474,680
Cash and balances with the Central Bank	19,550	17,676
Amounts due from banks	13,984	16,900
Hedging derivatives	1,190	1,084
Other derivative instruments	6,148	8,752
Securities (note 4)	194,137	191,439
Reverse repo transactions	375	372
Loans and advances to customers (note 5)	237,206	223,670
Property, plant and equipment	2,778	2,731
Assets held for sale	17	139
Intangible assets	3,225	3,288
Investments in subsidiaries	3,560	3,440
Investments in associates and joint ventures	275	275
Deferred tax assets	2,097	3,048
Other assets	3,094	1,866
LIABILITIES AND EQUITY	487,636	474,680
Liabilities	439,524	431,726
Amounts due to the Central bank	40	10
Amounts due to banks	3,123	3,250
Hedging derivatives	1,726	2,456
Other derivative instruments	6,129	9,902
Repo transactions	2	-
Amounts due to customers (note 6)	399,757	394,551
Liabilities in respect of debt securities in issue	11,869	3,421
Subordinated liabilities	2,717	2,774
Other liabilities	8,217	10,235
Current income tax liabilities	720	1,008
- of the Bank	626	992
- of the subsidiaries belonging to the Tax Group	94	16
Provisions	5,224	4,119
EQUITY	48,112	42,954
Share capital	1,250	1,250
Reserves and accumulated other comprehensive income	30,479	27,399
Retained earnings	9,437	9,437
Net profit or loss for the period	6,946	4,868

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR 9 MONTHS ENDED 30 SEPTEMBER 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)	-
Dividend	-	-	-	-	-	-	(3,237)	-	(3,237)
Transfer of profit to reserve capital for the payment of dividends, including interim dividends*	-	-	-	1,631	-	1,631	(1,631)	-	-
Comprehensive income	-	-	-	-	1,449	1,449	-	6,946	8,395
As at the end of the period	1,250	22,468	1,070	8,406	(1,465)	30,479	9,437	6,946	48,112

* For information on the distribution of profit for 2023, see Note 35 "Dividends and profit appropriation" of the condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group for the nine months ended 30 September 2024

FOR 9 MONTHS ENDED 30 SEPTEMBER 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)	-
Distribution of profit to be used for dividend payments, including interim dividends	-	-	-	1,629	-	1,629	(1,629)	-	-
Comprehensive income	-	-	-	-	4,681	4,681	-	4,444	9,125
As at the end of the period	1,250	22,468	1,070	8,375	(3,835)	28,078	9,437	4,444	43,209

Accumulated other comprehensive income					
FOR 9 MONTHS ENDED 30 SEPTEMBER 2024	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	666	782	-	1	1,449
As at the end of the period	(523)	(919)	(22)	(1)	(1,465)

Accumulated other comprehensive income					
FOR 9 MONTHS ENDED 30 SEPTEMBER 2023	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	(3,469)	(5,028)	(19)	-	(8,516)
Comprehensive income	1,551	3,130	-	-	4,681
As at the end of the period	(1,918)	(1,898)	(19)	-	(3,835)

SEPARATE STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS	01.01- 30.09.2024	01.01- 30.09.2023 (restated)
Cash flows from operating activities		
Profit before tax	9,332	6,228
Income tax paid	(2,105)	(1,340)
Total adjustments:	(21,507)	20,084
Depreciation and amortization	794	720
(Gains)/losses on investing activities	(14)	(9)
Net interest income (from income statement)	(15,210)	(12,442)
Interest received	15,541	14,789
Interest paid	(7,206)	(8,776)
Dividends received	(1,022)	(639)
Change in:		
amounts due from banks	(1,782)	(60)
hedging derivatives	(905)	(4,149)
other derivative instruments	(1,168)	(348)
securities	(3,851)	(4,438)
loans and advances to customers	(12,566)	(6,561)
reverse repo transactions	(3)	(62)
assets held for sale	121	(123)
other assets	(1,518)	230
accumulated allowances for expected credit losses	(299)	191
accumulated allowances on non-financial assets and other provisions	1,512	742
amounts due to the Central Bank	30	1
amounts due to banks	(127)	603
amounts due to customers	5,944	36,381
repo transactions	2	5
loan and advances received	-	(1)
liabilities in respect of debt securities in issue	(149)	(67)
other liabilities	(210)	277
Other adjustments	579	3,820
Net cash from/used in operating activities	(14,280)	24,972

STATEMENT OF CASH FLOWS	01.01- 30.09.2024	01.01- 30.09.2023 (restated)
Cash flows from investing activities		
Inflows from investing activities	603,059	518,642
Redemption and sale of securities measured at fair value through other comprehensive income	592,859	511,200
Interest received on securities measured at fair value through other comprehensive income	2,961	2,662
Redemption of securities measured at amortized cost	4,476	2,895
Interest received on securities measured at amortized cost	1,646	1,140
Proceeds from disposal of intangible assets, property, plant and equipment and assets held for sale	47	28
Other inflows from investing activities including dividends	1,070	717
Outflows on investing activities	(594,383)	(546,924)
Purchase of securities measured at fair value through other comprehensive income	(568,092)	(532,693)
Purchase of securities measured at amortized cost	(25,774)	(13,190)
Purchase of intangible assets and property, plant and equipment	(516)	(1,041)
Other outflows on investing activities	(1)	-
Net cash from/used in investing activities	8,676	(28,282)
Cash flows from financing activities		
Distribution of interim dividend	(4,837)	-
Proceeds from debt securities in issue	8,554	3,531
Repayment of loans and advances	-	(155)
Payment of lease liabilities	(209)	(190)
Repayment of interest on long-term liabilities	(436)	(273)
Net cash from financing activities	3,072	2,913
Total net cash flows	(2,532)	(397)
of which foreign exchange differences on cash and cash equivalents	(161)	(104)
Cash and cash equivalents at the beginning of the period	29,851	29,611
Cash and cash equivalents at the end of the period	27,319	29,214

SUPPLEMENTARY INFORMATION

1. APPROVAL OF THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

These condensed interim separate 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 6 November 2024, were approved for publication by the Management Board on 6 November 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 CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

The Bank has prepared its condensed interim separate 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 nine-month period ended 30 June 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 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.

These financial statements should also be read jointly with the condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group for the nine-month period ended 30 September 2024, which present a number of disclosures also applicable to the financial statements of the Bank.

The financial statements cover the three- and nine-month period ended 30 September 2024 and contains comparative figures:

- the three- and nine-month period ended 30 September 2023 with regard to the income statement and statement of comprehensive income,
- the nine-month period ended 30 September 2023 with regard to the 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. Figures have been rounded to the nearest million Polish zloty and any differences from previously published figures may be due to rounding.

To prepare these financial statements, the Bank applied the accounting policies and calculation methods consistent with those applicable in the financial year ended 31 December 2023, described in detail in the separate financial statements of PKO Bank Polski S.A. for the year ended 31 December 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. The amendments had no material impact on the Bank's financial statements.

In these financial statements, the comparative figures in the statement of cash flows for the nine-month period ended 30 September 2023 were restated from those previously published (see Note 8 **CHANGES IN ACCOUNTING POLICIES APPLICABLE FROM 1 JANUARY 2024 AND EXPLANATION OF THE DIFFERENCES BETWEEN PREVIOUSLY PUBLISHED FINANCIAL STATEMENTS AND THESE FINANCIAL STATEMENTS** to the condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group for the nine-month period ended 30 September 2024).

CASH FLOWS FROM OPERATING ACTIVITIES – SELECTED DATA	01.01-30.09.2023 before restatement	Change	01.01-30.09.2023 restated
Total adjustments	20,084	-	20,084
Interest and dividends received (previous item)	(4,442)	4,442	-
Interest paid (previous item)	273	(273)	-
Net interest income (from income statement) (new item)	-	(12,442)	(12,442)
Interest received (new item)	-	14,789	14,789
Interest paid (new item)	-	(8,776)	(8,776)
Dividends received (new item)	-	(639)	(639)
Change in:			
amounts due from banks	(138)	78	(60)
hedging derivatives	(4,743)	594	(4,149)
securities	(5,449)	1,011	(4,438)
loans and advances to customers	(8,445)	1,884	(6,561)
amounts due to banks	607	(4)	603
amounts due to customers	36,954	(573)	36,381
loan and advances received	(4)	3	(1)
liabilities in respect of debt securities in issue	64	(131)	(67)
subordinated liabilities	(62)	62	-
other liabilities	302	(25)	277
Net cash from/used in operating activities	24,972	-	24,972

4. SECURITIES

SECURITIES	30.09.2024	31.12.2023
Debt securities	193,805	191,092
NBP money bills	1,499	28,974
treasury bonds (in PLN)	136,284	109,031
treasury bonds (in foreign currencies)	6,601	4,034
corporate bonds (in PLN) secured with the State Treasury guarantees	21,632	23,808
municipal bonds (in PLN)	14,350	13,767
corporate bonds (in PLN) ¹	5,985	5,121
corporate bonds (in foreign currencies) ²	7,451	6,329
mortgage covered bonds	3	28
Equity securities	351	368
Total (excluding adjustment relating to fair value hedge accounting)	194,156	191,460
Adjustment relating to fair value hedge accounting	(19)	(21)
Total	194,137	191,439

¹ The item includes, among other items, bonds of international financial organizations of PLN 3,982 million (PLN 3,658 million as at 31 December 2023)

² The item includes, among other items, bonds of international financial organizations of PLN 5,562 million (PLN 4,376 million as at 31 December 2023)

5. LOANS AND ADVANCES TO CUSTOMERS

In the measurement of the portfolio of loans, the Bank has taken into account the effect of credit holidays referred to in note 21 “[Loans and advances to customers](#)” in the section of the condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group for the nine-month period ended 30 September 2024.

LOANS AND ADVANCES TO CUSTOMERS 30.09.2024	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
retail and private banking	2,246	9,570	120,519	132,335
real estate	2	9,570	87,861	97,433
consumer	2,244	-	32,658	34,902
businesses	57	-	13,644	13,701
real estate	-	-	4,975	4,975
business	57	-	8,669	8,726
corporate	15	-	91,156	91,171
real estate	-	-	83	83
business	15	-	91,073	91,088
Loans and advances to customers (excluding adjustment relating to fair value hedge accounting)	2,318	9,570	225,319	237,207
Adjustment relating to fair value hedge accounting	-	-	(1)	(1)
Total	2,318	9,570	225,318	237,206

LOANS AND ADVANCES TO CUSTOMERS ¹ (restated) 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
retail and private banking	2,777	10,751	106,899	120,427
real estate	1	10,751	78,314	89,066
consumer	2,776	-	28,585	31,361
businesses ¹	52	-	12,292	12,344
real estate	-	-	5,056	5,056
business	52	-	7,236	7,288
korporacyjne ¹	29	-	90,872	90,901
real estate	-	-	126	126
business	29	-	90,746	90,775
Loans and advances to customers (excluding adjustment relating to fair value hedge accounting)	2,858	10,751	210,063	223,672
Adjustment relating to fair value hedge accounting	-	-	(2)	(2)
Total	2,858	10,751	210,061	223,670

¹ Figures for 2023 have been adjusted for comparability. The changes are described in note 10 “Segment reporting” to the Group financial statements.

6. AMOUNTS DUE TO CUSTOMERS

AMOUNTS DUE TO CUSTOMERS	30.09.2024	31.12.2023
Measured at fair value through profit or loss	107	277
Liabilities in respect of a short position in securities	107	277
Measured at amortized cost	399,276	393,862
Cash on current accounts and overnight deposits of which	286,794	267,625
savings accounts and other interest-bearing assets	73,890	77,446
Term deposits	110,995	125,045
Other liabilities	1,487	1,192
Amounts due to customers (excluding adjustment relating to fair value hedge accounting)	399,383	394,139
Adjustment relating to fair value hedge accounting	374	412
Total	399,757	394,551

7. OFF-BALANCE SHEET LIABILITIES RECEIVED AND GRANTED

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED 30.09.2024	Notional amount	Provisions per IFRS 9	Net carrying amount
Credit lines and limits	84,354	(572)	83,782
Other	3,803	-	3,803
Total financial commitments granted, including:	88,157	(572)	87,585
irrevocable commitments granted	40,418	(325)	40,093
Guarantees and sureties granted, including:	15,776	(71)	15,705
irrevocable commitments granted	8,403	(63)	8,340
performance guarantee	3,796	(44)	3,752
POCI	438	(2)	436
Total financial and guarantee commitments granted	103,933	(643)	103,290

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED 31.12.2023	Notional amount	Provisions per IFRS 9	Net carrying amount
Credit lines and limits	82,295	(639)	81,656
Other	3,884	-	3,884
Total financial commitments granted, including:	86,179	(639)	85,540
irrevocable commitments granted	39,995	(415)	39,580
Guarantees and sureties granted, including:	14,877	(109)	14,768
irrevocable commitments granted	8,194	(94)	8,100
performance guarantee	3,592	(57)	3,535
POCI	452	(2)	450
Total financial and guarantee commitments granted	101,056	(748)	100,308

OFF-BALANCE SHEET LIABILITIES RECEIVED BY NOMINAL VALUE	30.09.2024	31.12.2023
Financial	112	132
Guarantees ¹	21,030	18,134
Total	21,142	18,266

¹ The increase in off-balance sheet guarantee commitments received is due to the annex signed on 28 March 2024 to the guarantee agreement described in note 26 "Off-balance sheet liabilities received and granted" in the section of the condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group for the nine-month period ended 30 September 2024.

8. FAIR VALUE HIERARCHY

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.

ASSETS MEASURED AT FAIR VALUE 30.09.2024	Carrying amount	Level 1	Level 2	Level 3
Hedging derivatives	1,190	-	1,190	-
Other derivative instruments	6,148	1	6,147	-
Securities	84,705	68,346	15,522	837
held for trading	318	278	-	40
not held for trading, measured at fair value through profit or loss	655	312	2	341
measured at fair value through other comprehensive income	83,732	67,756	15,520	456
Loans and advances to customers	11,888	-	-	11,888
not held for trading, measured at fair value through profit or loss	2,318	-	-	2,318
measured at fair value through other comprehensive income	9,570	-	-	9,570
Total financial assets measured at fair value	103,931	68,347	22,859	12,725

ASSETS MEASURED AT FAIR VALUE 31.12.2023	Carrying amount	Level 1	Level 2	Level 3
Hedging derivatives	1,084	-	1,084	-
Other derivative instruments	8,752	2	8,750	-
Securities	105,705	59,924	45,155	626
held for trading	606	606	-	-
not held for trading, measured at fair value through profit or loss	678	320	1	357
measured at fair value through other comprehensive income	104,421	58,998	45,154	269
Loans and advances to customers	13,609	-	-	13,609
not held for trading, measured at fair value through profit or loss	2,858	-	-	2,858
measured at fair value through other comprehensive income	10,751	-	-	10,751
Total financial assets measured at fair value	129,150	59,926	54,989	14,235

LIABILITIES MEASURED AT FAIR VALUE 30.09.2024	Carrying amount	Level 1	Level 2	Level 3
Hedging derivatives	1,726	-	1,726	-
Other derivative instruments	6,129	1	6,128	-
Liabilities in respect of a short position in securities	171	171	-	-
Total financial liabilities measured at fair value	8,026	172	7,854	-

LIABILITIES MEASURED AT FAIR VALUE 31.12.2023	Carrying amount	Level 1	Level 2	Level 3
Hedging derivatives	2,456	-	2,456	-
Other derivative instruments	9,902	-	9,902	-
Liabilities in respect of a short position in securities	302	302	-	-
Total financial liabilities measured at fair value	12,660	302	12,358	-

RECONCILIATION OF CHANGES DURING THE REPORTING PERIOD TO FAIR VALUE AT LEVEL 3	01.01-30.09.2024	01.01-30.09.2023
Opening balance at the beginning of the period	14,235	16,463
Acquisition of equity instruments	1	-
Acquisition of corporate bonds	225	9
Redemption of corporate bonds	(1)	(364)
Granting and increase in exposure to loans and advances to customers	624	824
Repayment of loans and advances to customers	(2,105)	(2,124)
Derecognition of loans and advances to customers	(24)	(21)
Write-off of loans and advances to customers	(172)	(37)
Net gain/(loss) on financial instruments measured at fair value through profit or loss	178	1
Change in the valuation recognized in OCI	(117)	(265)
Other, including exchange difference ¹	(119)	(174)
Closing balance	12,725	14,312

¹ The item "Other, including exchange difference" includes a decrease due to conversion of Visa Inc. series C shares into Visa series A Preferred shares

IMPACT OF ESTIMATES ON FAIR VALUE MEASUREMENT OF LEVEL 3 FINANCIAL INSTRUMENTS	30.09.2024		31.12.2023	
	Fair value in		Fair value in	
	positive scenario	negative scenario	positive scenario	negative scenario
Shares in Visa Inc. ¹	45	42	86	77
Other equity investments ²	261	237	238	215
Corporate bonds ³	544	542	326	325
Loans and advances to customers ⁴	12,483	11,294	14,212	12,924

¹ 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

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

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

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

9. FINANCIAL ASSETS AND FINANCIAL LIABILITIES NOT PRESENTED AT FAIR VALUE IN THE 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.

30.09.2024	carrying amount	fair value			TOTAL
		Level 1	Level 2	Level 3	
Cash and balances with the Central Bank	19,550	3,640	15,910	-	19,550
Amounts due from banks	13,984	-	13,984	-	13,984
Securities¹	109,451	75,972	28,076	3,842	107,890
Reverse repo transactions	375	-	375	-	375
Loans and advances to customers¹	225,319	-	-	228,679	228,679
Other financial assets	2,571	-	-	2,571	2,571
Amounts due to the Central bank	40	-	40	-	40
Amounts due to banks	3,123	-	3,059	-	3,059
Repo transactions	2	-	2	-	2
Amounts due to customers¹	399,276	-	-	399,587	399,587
Liabilities in respect of debt securities in issue	11,869	-	12,053	-	12,053
Subordinated liabilities	2,717	-	2,760	-	2,760
Other financial liabilities	5,762	-	-	5,762	5,762

¹ excluding adjustment relating to fair value hedge accounting

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
Securities¹	85,755	55,675	23,804	2,285	81,764
Reverse repo transactions	372	-	372	-	372
Loans and advances to customers^{1,2}	210,063	-	-	213,070	213,070
Other financial assets	1,309	-	-	1,309	1,309
Amounts due to the Central bank	10	-	10	-	10
Amounts due to banks	3,250	-	3,250	-	3,250
Amounts due to customers¹	393,862	-	-	394,232	394,232
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

¹ excluding adjustment relating to fair value hedge accounting

² 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. CAPITAL ADEQUACY

CAPITAL ADEQUACY	30.09.2024	31.12.2023 (restated)	31.12.2023 (published)
Equity	48,112	42,954	42,954
Exclusions from equity:	6,027	3,167	3,167
net profit or loss for the period	6,946	4,868	4,868
cash flow hedges	(919)	(1,701)	(1,701)
Other fund reductions:	2,583	2,901	2,914
goodwill	755	755	755
other intangible assets	1,388	1,454	1,454
additional asset adjustments (AVA, DVA, NPE, exceedance of the thresholds set out in Article 48 CRR) ¹	440	692	705
Provisional treatment of unrealized gains and losses on securities measured at fair value through OCI according to Art. 468 of the CRR	463	-	-
Temporary reversal of IFRS 9 impact	673	1,347	1,232
Net profit included in own funds²	-	1,631	1,624
Tier 1	40,638	39,864	39,729
Tier 2 capital (subordinated debt)	1,675	2,080	2,080
Own funds	42,313	41,944	41,809
Requirements for own funds	16,942	15,961	16,049
Credit risk	14,740	13,962	14,050
Operational risk	1,997	1,841	1,841
Market risk	164	125	125
Credit valuation adjustment risk	41	33	33
Total capital ratio	19.98	21.02	20.84
Tier 1 capital ratio	19.19	19.98	19.80

¹ AVA - additional valuation adjustment, DVA - debt valuation adjustment, NPE - non-performing exposures adjustment.

² The amount of PLN 1,624 million relates to the portion of the profit for 2023 included in own funds with the approval of the PFSA, and the amount of PLN 1,631 million relates to the amount of the profit for 2023 following approval of the profit distribution by the AGM.

11. RELATED ENTITY TRANSACTIONS

• RELATED-ENTITY TRANSACTIONS – CAPITAL LINKS

Transactions presented below were arm's length transactions.

	Receivables	of which loans	Liabilities	Off-balance sheet liabilities granted
30.09.2024				
Subsidiaries	33,983	33,596	460	9,028
Associates and joint ventures	208	98	297	429
31.12.2023				
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
01.01.-30.09.2024				
Subsidiaries	2,833	1,879	35	29
Associates and joint ventures	673	621	186	149
01.01.-30.09.2023				
Subsidiaries	1,749	1,647	56	48
Associates and joint ventures	623	578	178	145

• RELATED-ENTITY TRANSACTIONS – PERSONAL LINKS AND BENEFITS FOR THE KEY MANAGEMENT

Transactions parties related by personal links and benefits for key management personnel are described in note 36 “[TRANSACTIONS WITH THE STATE TREASURY AND RELATED ENTITIES](#)” in the section of the condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group for the nine-month period ended 30 September 2024.

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 40 “[EVENTS THAT OCCURRED AFTER THE DATE ON WHICH THE FINANCIAL STATEMENTS ARE PREPARED](#)” in the section of the condensed interim consolidated financial statements of the PKO Bank Polski S.A. Group for the nine-month period ended 30 September 2024.

SIGNATURES OF ALL MEMBERS OF THE BANK'S MANAGEMENT BOARD

Szymon Midera	President of the Management Board
Krzysztof Dresler	Vice-President of the Management Board
Ludmiła Falak-Cyniak	Vice-President of the Management Board
Piotr Mazur	Vice-President of the Management Board
Marek Radzikowski	Vice-President of the Management Board
Michał Sobolewski	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