

Report of Bank Pekao S.A. Group for the third quarter of 2023



Warsaw, November 2023

Report on the activities of Bank Pekao S.A. Group for the third quarter of 2023



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Warsaw, November 2023

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1. Highlights of Bank Pekao S.A. Group

	3 QUARTERS OF 2023	3 QUARTERS OF 2022	2022	2021
INCOME STATEMENT – SELECTED ITEMS (in PLN million)				
Operating income	11,176	6,941	10,761	8,522
Operating costs	(3,497)	(3,046)	(4,083)	(3,739)
Profit before income tax	6,270	1,420	2,883	3,002
Net profit for the period attributable to equity holders of the Bank	4,855	832	1,718	2,175
PROFITABILITY RATIOS				
Return on average equity (ROE) - nominally	25.2%	4.9%	7.6%	8.7%
Return on assets (ROA)	2.2%	0.4%	0.6%	0.9%
Net interest margin	4.2%	2.7%	3.3%	2.4%
Cost / income (including to contributions to the BFG cost and fee paid for the Protection Schemes)	33.0%	54.7%	44.9%	47.3%
Costs of risk	0.42%	0.68%	1.12%	0.45%
STATEMENT OF FINANCIAL POSITION – SELECTED ITEMS (in PLN million)				
Total assets	309,935	279,563	281,139	250,567
Customers' financing ^(*)	168,898	175,896	167,510	169,073
Amounts due to customers ^(**)	239,695	206,780	209,596	194,804
Debt securities issued and subordinated liabilities	12,758	11,388	13,127	8,117
Equity	28,336	20,949	22,775	23,863
STATEMENT OF FINANCIAL POSITION STRUCTURE RATIOS				
Customers' financing ^(*) / total assets	54.5%	62.9%	59.6%	67.5%
Securities / total assets	32.5%	18.6%	25.3%	22.9%
Deposits ^(***) / total assets	81.5%	78.0%	79.2%	81.0%
Customers' financing ^(*) / deposits ^(***)	66.9%	80.6%	75.2%	83.3%
Equity / total assets	9.1%	7.5%	8.1%	9.5%
Total capital ratio ^(****)	17.3%	16.8%	17.4%	17.7%
EMPLOYEES AND NETWORK				
Total number of employees ^(****)	15,086	14,645	14,642	14,702
Number of outlets	580	615	597	650
Number of ATMs	1,301	1,371	1,328	1,475

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

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

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

^(****) Data for September 30, 2022 have been recalculated taking into account the retrospective recognition of part of the profit for the first half of 2022, in accordance with the EBA position expressed in Q&A 2018_3822 and Q&A 2018_4085.

Note: Income statement data included in the table above and other notes to the Report on activities were presented according to income statement in a presentation form, which differs from the long form of the income statement presented in the Financial statements of the Group. Reconciliation of income statement in the presentation form and the long form is in the point 6.8 of the Report on activities.

2. Highlights of Bank Pekao S.A.

	3 QUARTERS OF 2023	3 QUARTERS OF 2022	2022	2021
INCOME STATEMENT – SELECTED ITEMS <i>(in PLN million)</i>				
Operating income	10,825	6,713	10,417	8,084
Operating costs	(3,206)	(2,813)	(3,756)	(3,438)
Profit before income tax	6,274	1,496	3,012	2,995
Net profit	4,908	941	1,898	2,237
PROFITABILITY RATIOS				
Return on average equity (ROE) - nominally	26.1%	5.8%	8.7%	9.2%
Return on assets (ROA)	2.3%	0.5%	0.7%	0.9%
Net interest margin	4.3%	2.7%	3.3%	2.4%
Cost / income (including to contributions to the BFG cost and fee paid for the Protection Schemes)	31.4%	53.0%	43.2%	46.1%
Costs of risk	0.40%	0.68%	1.12%	0.41%
STATEMENT OF FINANCIAL POSITION – SELECTED ITEMS <i>(in PLN million)</i>				
Total assets	297,572	268,880	271,705	241,275
Customers' financing ^(*)	154,954	163,273	155,477	157,783
Amounts due to customers ^(**)	240,050	206,970	209,802	195,064
Debt securities issued and subordinated liabilities	5,060	5,835	8,683	2,940
Equity	27,792	20,297	22,190	23,100
STATEMENT OF FINANCIAL POSITION STRUCTURE RATIOS				
Customers' financing ^(*) / total assets	52.1%	60.7%	57.2%	65.4%
Securities / total assets	34.1%	19.8%	26.8%	24.2%
Deposits ^(**) / total assets	82.4%	79.1%	80.4%	82.1%
Customers' financing ^(*) / deposits ^(**)	63.2%	76.7%	71.2%	79.7%
Equity / total assets	9.3%	7.5%	8.2%	9.6%
Total capital ratio	19.9%	18.8%	19.5%	19.6%
EMPLOYEES AND NETWORK				
Total number of employees ^(***)	12,734	12,485	12,435	12,661
Number of outlets	580	615	597	650
Number of ATMs	1,301	1,371	1,328	1,475

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

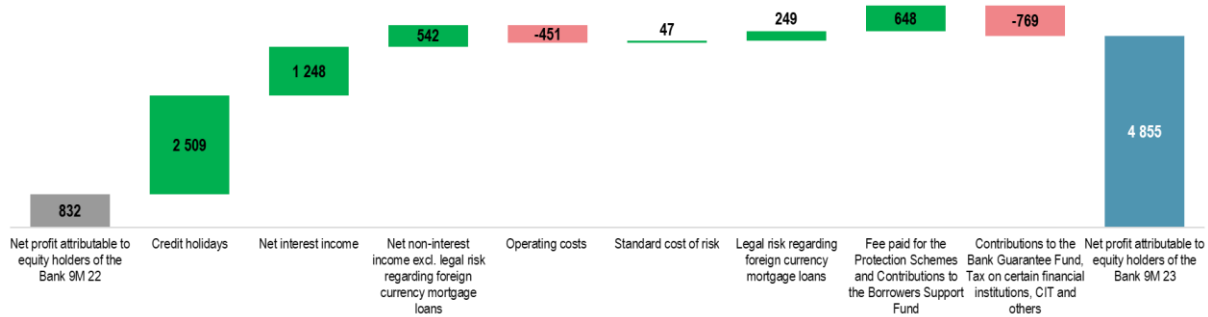
^(**) Excluding repo transactions and lease liabilities.

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

3. Summary of Performance

Main P&L items

In the 3 quarters of 2023, we generated net profit of the Bank Pekao S.A. Group attributable to the Bank's shareholders in the amount of PLN 4,855.3 million. This result is higher by PLN 4,023.8 million than the result achieved in the 3 quarters of 2022, mainly due to lower costs related to the modification of PLN mortgage loan agreements granted to consumers due to the suspension of their loan repayments (credit holidays), lower risk provisions regarding foreign currency mortgage loans, no additional regulatory costs, including those for the Bank Protection System and payments to the Borrower Support Fund, lower contributions to the BFG, as well as higher income despite the increase in operating costs.



The ROE ratio was at the level of 25.2%.

The Group's operating income in the 3 quarters of 2023 amounted to PLN 11,175.7 million and was 61.0% higher than the income generated in the 3 quarters of 2022, mainly due to interest income and trading results.

- The net interest income achieved in the 3 quarters of 2023 amounted to PLN 8,790.6 million and was higher by PLN 3,757.1 million, i.e. 74.6% compared to the result achieved in the 3 quarters of 2022. Net interest income in the 3 quarters of 2022 included costs related to the modification of PLN mortgage loan agreements granted to consumers due to the suspension of their loan repayments in the amount of PLN 2,429 million.
- The Group's net fee and commission income achieved in the 3 quarters of 2023 amounted to PLN 2,127.9 million and was lower by PLN 7.3 million, i.e. 0.3% compared to the result achieved in the 3 quarters of 2022, mainly due to adapting the offer to market conditions and due to the high margin on FX transactions with customers last year as a result of increased customer activity on the currency market after the outbreak of the war.
- Trading result achieved in the 3 quarters of 2023 amounted to PLN 407.4 million and was higher by PLN 381.2 million compared to the result achieved in the 3 quarters of 2022, due to a higher FX result and a higher valuation of derivatives.
- Net other operating income and expenses achieved in the 3 quarters of 2023 amounted to (minus) PLN 179.4 million and were higher by PLN 101.4 million compared to the 3 quarters of 2022, mainly due to lower provisions for disputes and revaluation of real estate carried out in 2022.

Operating costs in the 3 quarters of 2023 amounted to PLN 3,496.8 million and were higher by PLN 451.3 million, i.e. 14.8% compared to the 3 quarters of 2022, mainly due to the inflation indexation of salaries and higher property maintenance costs, due to increases in energy prices and the minimum wage.

The result on allowances for expected credit losses in the 3 quarters of 2023 amounted to PLN 563.4 million and was lower by PLN 361.4 million, i.e. 39.1% than in the 3 quarters of 2022, mainly due to lower risk provisions regarding foreign currency mortgage loans in CHF.

Contributions to the Bank Guarantee Fund in the 3 quarters of 2023 amounted to PLN 190.4 million and were PLN 76.8 million lower than in the 3 quarters of 2022.

The tax on certain financial institutions in the 3 quarters of 2023 amounted to PLN 659.2 million and was higher by PLN 20.7 million, i.e. 3.2% than in the 3 quarters of 2022 due to the increase in the Bank's assets.

Volumes

As at the end of September 2023, loans and advances at nominal value amounted to PLN 177,296.5 million and were lower by PLN 6,025.9 PLN million, i.e. 3.3% than at the end of September 2022. As at the end of September 2023 the volume of retail loans amounted to PLN 76,794.1 million and were lower by PLN 932.4 million, i.e. 1.2% than at the end of September 2022. Corporate loans including non-treasury debt securities at the end of September 2023 amounted to PLN 100,502.5 million and were lower by PLN 5,093.4 million, i.e. 4.8% compared to the end of September 2022.

As at the end of September 2023 amounts due to the Group's customers and debt securities issued amounted to PLN 252,452.8 million and were higher by PLN 34,285.3 million, i.e. 15.7% than at the end of September 2022.

The value of net assets of investment funds managed by Pekao TFI S.A. amounted to PLN 22,637.5 million and was higher by PLN 5,168.3 million, i.e. 29.6% compared to the end of September 2022.

We continued to increase commercial activity, actively support clients in maintaining financial liquidity, continue to digitize and automate processes and implement advanced digital solutions.

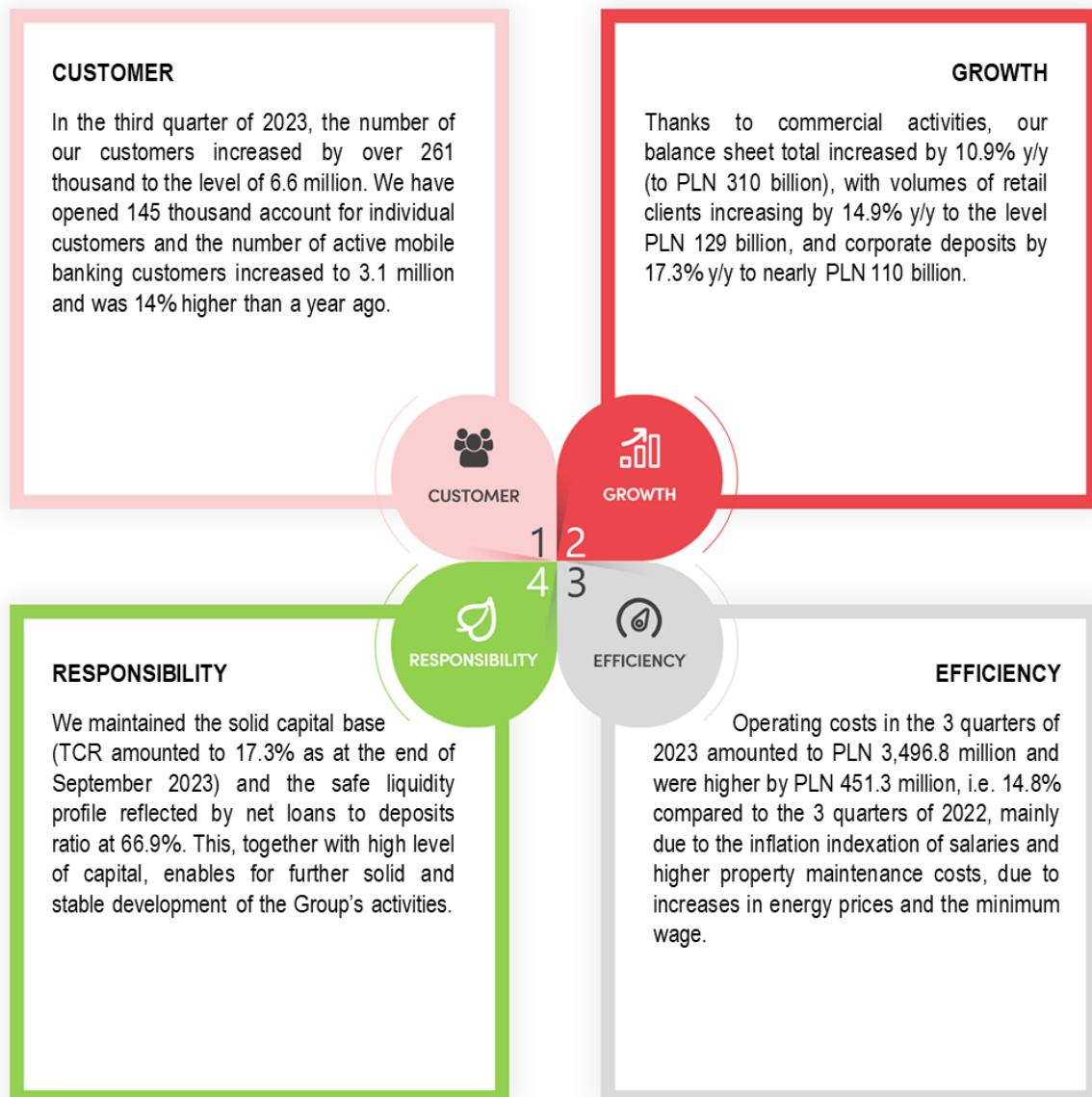
We have opened over 145 thousand new accounts and the number of active mobile banking customers increased to 3.1 million and was 14% higher than a year ago.

During the first 3 months of operation of the government housing program "Bezpieczny Kredyt 2%", we signed over 7 thousand agreements, for the amount PLN 2.8 billion, which allowed us to achieve over 40% share in the banking sector. The offer is very popular and the continuing large number of applications received (3 times more than before the introduction of this program) constitutes the potential to maintain high sales volumes of housing loans in the following months.

We offer a wide range of deposit offers to individual clients, including: interest rate of 7.0% per annum on savings accounts, deposit with a fund at 8.0% per annum for a period of 12 months, deposits with "Żubr" in PeoPay with an interest rate of up to 7.0% per annum.

We have extended a special offer for individual and corporate customers from Ukraine.

We focused our activities in the following key strategic areas (in accordance with the adopted Strategy for 2021-2024).



Strategy and key financial indicators

„**Responsible Bank. Modern banking**” is the strategy for the years 2021-2024, announced in March 2021.

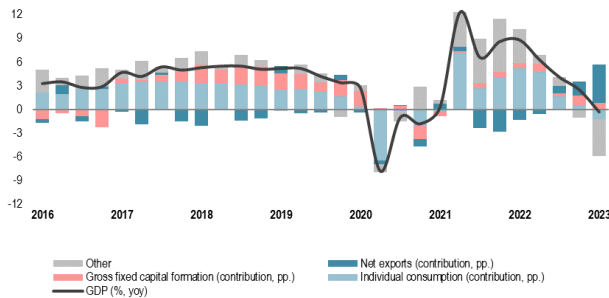
According to the strategic plan:

- we are a universal bank, we want to be the bank of first choice for our clients,
- we develop a remote distribution and customer service model,
- we focus on cost and process efficiency,
- we are growing in the most profitable market segments.

Our ambition is a strong position among the most profitable and effective banks in Poland, including increasing the return on equity (ROE), reducing the cost-to-income ratio and increasing the number of active mobile banking customers.

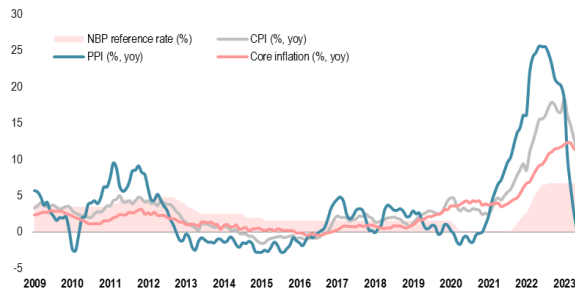
4. External Activity Conditions

Economic growth



The second quarter of 2023 brought a decrease in GDP by 0.6% y/y compared to a decline of 0.3% in the previous quarter. The structure of growth indicated a significant and strongest contraction in consumption since the pandemic crisis by 2.7% y/y. On the other hand, the solid investment result (+7.9% y/y) and the contribution of net exports (+3.4 p.p.) supported GDP growth. The second quarter was most likely the bottom of the current economic cycle. Current data suggest that the third quarter of 2023 will bring a slight recovery - in our opinion, GDP will increase by 0.3% y/y. The economy will recover at a slow pace due to the constantly limited propensity to consume and weak foreign demand. As a result, 2023 will prove to be a time of economic stagnation, with GDP growth slowing to 0.4% from 5.1% in 2022. However, in 2024 the GDP recovery will gain momentum due to a rebound in domestic demand, but on the other hand it will be limited by the decline in public investment and the lower contribution of net exports.

Inflation and monetary policy

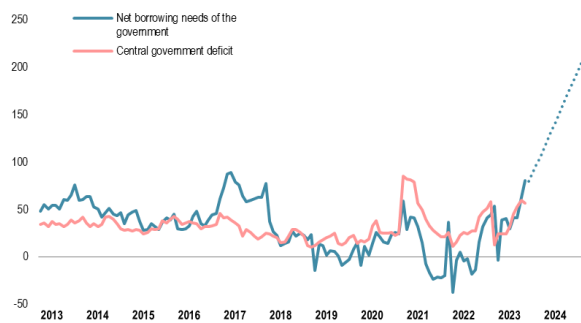


Consumer inflation (CPI) in Poland continued its disinflationary trend in the third quarter of 2023, decreasing to single-digit levels in September (8.2% y/y). Disinflation is not only because of fading external shocks or a high reference base, but also of weakening impact of domestic inflationary factors. Current momentum points to easing inflationary pressure and September was the fifth month in a row without a price increase. In the face of weaker economic conditions, core inflation also decreased, falling to 8.4% y/y in September. In the third quarter, food prices continued to decline, which was due not only to seasonal drops in the prices of fruit and vegetables, but also to most food products. Compared to September last year, food prices were 10.1% higher, but yearly food inflation will continue to go down in the following months and will reach a single-digit level in October. Fuel and energy prices were relatively stable in the third quarter. In September, fuel prices decreased by 3.1% mom. In turn, energy prices fell by 0.7% in September, which was mainly a consequence of introduction of higher limit on electricity consumption with a frozen price for households. Moreover, the almost year-long downward trend in coal prices is gradually coming to an end.

Inflation will continue to decline in the last quarter of 2023. According to our forecasts, inflation will fall below 7% y/y at the end of the year. The pace of disinflation will slow down significantly in 2024. Regulated factors generate high uncertainty here, such as new energy tariffs for households and phasing out of the Anti-Inflation Shield (we assume a return of the 5% VAT rate on food products from the beginning of 2024). There is a high risk of inflation remaining at an elevated level, approximately 5% y/y, in the longer term.

Subsequent MPC meetings failed to bring any changes to NBP rates and the NBP reference rate stood at 6.75% throughout the entire quarter. However, in Q2 there was a major shift in the MPC's rhetoric as multiple MPC members began to signal their increased willingness to cut rates later this year. According to those members (and the NBP governor himself), if inflation continued to decline in H2 and forecasts continued to show this trend extending into 2024, the Council would consider cutting rates. This culminated in the July meeting which turned this into de facto commitment to start an easing cycle in the Autumn. The aforementioned conditions for rate cuts will be met in September already and the new cycle will start. According to the Bank, interest rates will be cut by a total of 100 bps this year.

Fiscal policy

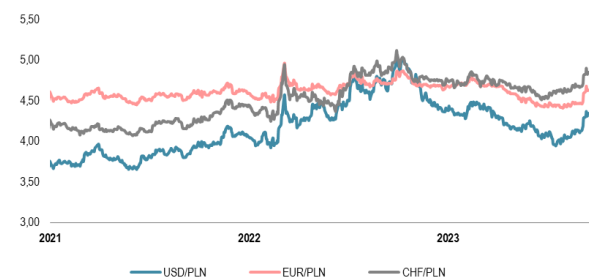


The condition of public finances in 3Q 2023 was deteriorating as the state budget deficit increased from PLN 12.7 billion at the end of June to PLN 34.7 billion at the end of September 2023. While tax revenues rebounded in this period - from about PLN 40 billion per month on average in the first half of the year to PLN 43 billion on average from July to September, public spending accelerated even more strongly - from PLN 47 to 56 billion on average per month in the same periods. On the plus side, there was a steady improvement in PIT revenues and also, though to a lesser extent, VAT revenues. On the negative side, however, CIT revenues surprised on the downside, falling in line with the deteriorating business climate. The increase in budget

expenditures is related to the cost of freezing energy and fuel prices to households and small and medium-sized businesses and the cost of increased arms spending following the outbreak of war in Ukraine.

We maintain our view that the public finance deficit for the whole of 2023 will be around 4.2% of GDP, 0.5 p.p. higher than in 2022. Pekao's economists expect the high deficit (>4% of GDP) to continue in the subsequent years through 2025. This will be due to an increase in social transfers, e.g., due to the indexation of the 500+ benefit to 800+, as well as high arms spending on the basis of already concluded contracts in this regard (e.g., for the purchase of F-35 aircraft, AH-64 helicopters, rocket artillery and tanks). There are no plans for this spending to be accompanied by a commensurate increase in the tax burden. This will increase the borrowing needs of the state budget, which will put upward pressure on Polish government bond yields.

Exchange rate



The third quarter of 2023 was a period of relentless and systematic increases in market interest rates. Quite quickly, this increase ceased to give the impression of a post-banking mini-crisis unwinding and quite quickly became a topic in itself. Over the course of the three months, the yield on the US 10-year note rose by 70 bps and the German by 45 bps. Movements at the short end were correspondingly smaller and, consequently, yield curves steepened noticeably. Their causes were ambiguous and can be cited among them primarily the rhetoric of the major central banks (who want to

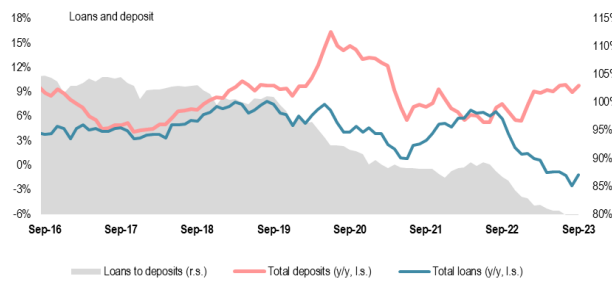
keep interest rates high for a long time), a significant increase in the supply of bonds due to the deterioration of the fiscal situation in the US, relatively good data from the major economies (especially the US) and speculation about the increasing resilience of major economies to high interest rates.

The appreciation trend of the zloty, which had been ongoing since the beginning of the year, culminated in July this year, and since then the zloty has been under pressure. At first, it was due to the deterioration of the global environment (the strengthening of the dollar and the rise in market rates) and the exhaustion of previously dominant narratives regarding the reasons for its appreciation. In September, however, another factor came to the fore - the MPC's surprising decision to cut interest rates by 75 bps contributed to the depreciation of the zloty by nearly 20 grosz against the euro and the Swiss franc, and slightly more against the dollar. The end of this depreciation would be facilitated only by the reaction to the results of the parliamentary elections in October. Third quarter 2023 was thus a period of weakening of the zloty and a gentle increase in Treasury bond yields.

Banking sector

Cumulative net profit of the banking sector totalled PLN 21.2 billion after September, according to the Financial Supervision Authority (KNF). The profits rose by PLN 16.7 billion y/y (283.5%) or, equivalently, PLN 2.5 billion mom (13.2%). The key factor behind profit growth was net interest income which grew by PLN 17.1 billion y/y (32.6%) with interest revenue rising by PLN 45 billion y/y and interest costs by PLN 27.1 billion y/y. As regards the costs, crucial role was played by cost of risk (which translated to reserves rising by PLN 4.3 billion y/y).

Balance sheet total rose by 8.4% y/y in September with assets worth PLN 3.0 trillion. Total deposits grew by 6.5% y/y. The asset growth was fueled primarily by debt securities which increased by PLN 154.0 billion y/y (42.2%).



According to the National Bank of Poland (NBP), the gap between credits and deposits becomes wider. Positive dynamics of deposits (9.8% y/y in September) and shrinkage of credits (-1.2% y/y) account for persistence of credit-to-deposit falling ratio which, at 78.0%, hits a 21-year minimum. Falls of credits to households are slowing down (with September dynamics of -3.9% y/y vs -4.3% in August). In the upcoming months further bolstering of credit to households is to be expected due to the monetary loosening underway. The recent crunch in corporate credit (-5.1% y/y in

September, -6.2% y/y in August) was a statistical artifact of last year's elevated basis. However, on the deposit side, the situation is stable: the growth of total deposits remains stable (9.8% in September) amid a slight acceleration in household deposits (12.2% y/y compared to 11.6% in August) and stable dynamics in the segment corporate deposits (11.1% y/y compared to 11.0% in August).

5. Important Events and Achievements

5.1 Description of the Group

The composition of Bank Pekao S.A. Group is presented in the Notes to the Interim Condensed Separate Financial Statements of Bank Pekao S.A. for the period of 9 months ended on 30 September 2023.

5.2 Changes in the Group's structure

In the third quarter of 2023, there were no changes in the Capital Group.

5.3 Changes in the Statutory Bodies of the Bank

Supervisory Board

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

AS AT THE DATE OF SUBMITTING THE REPORT FOR THE THIRD QUARTER OF 2023	30 SEPTEMBER, 2023	AS AT THE DATE OF SUBMITTING THE REPORT FOR THE FIRST HALF OF 2023
Beata Kozłowska-Chyla Chairman of the Supervisory Board	Beata Kozłowska-Chyla Chairman of the Supervisory Board	Beata Kozłowska-Chyla Chairman of the Supervisory Board
Joanna Dynysiuk Deputy Chairman of the Supervisory Board	Joanna Dynysiuk Deputy Chairman of the Supervisory Board	Joanna Dynysiuk Deputy Chairman of the Supervisory Board
Małgorzata Sadurska Deputy Chairman of the Supervisory Board	Małgorzata Sadurska Deputy Chairman of the Supervisory Board	Małgorzata Sadurska Deputy Chairman of the Supervisory Board
Stanisław Ryszard Kaczoruk Secretary of the Supervisory Board	Stanisław Ryszard Kaczoruk Secretary of the Supervisory Board	Stanisław Ryszard Kaczoruk Secretary of the Supervisory Board
Sabina Bigos-Jaworowska Member of the Supervisory Board	Sabina Bigos-Jaworowska Member of the Supervisory Board	Sabina Bigos-Jaworowska Member of the Supervisory Board
Justyna Głębiowska-Michalak Member of the Supervisory Board	Justyna Głębiowska-Michalak Member of the Supervisory Board	Justyna Głębiowska-Michalak Member of the Supervisory Board
Michał Kaszyński Member of the Supervisory Board	Michał Kaszyński Member of the Supervisory Board	Michał Kaszyński Member of the Supervisory Board
Marian Majcher Member of the Supervisory Board	Marian Majcher Member of the Supervisory Board	Marian Majcher Member of the Supervisory Board
Marcin Izdebski Member of the Supervisory Board	Marcin Izdebski Member of the Supervisory Board	Marcin Izdebski Member of the Supervisory Board

Management Board of the Bank

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

AS AT THE DATE OF SUBMITTING THE REPORT FOR THE THIRD QUARTER OF 2023	30 SEPTEMBER, 2023	AS AT THE DATE OF SUBMITTING THE REPORT FOR THE FIRST HALF OF 2023
Leszek Skiba President of the Management Board	Leszek Skiba President of the Management Board	Leszek Skiba President of the Management Board
Jarosław Fuchs Vice President of the Management Board	Jarosław Fuchs Vice President of the Management Board	Jarosław Fuchs Vice President of the Management Board
Marcin Gadomski Vice President of the Management Board	Marcin Gadomski Vice President of the Management Board	Marcin Gadomski Vice President of the Management Board
Jerzy Kwieciński Vice President of the Management Board	Jerzy Kwieciński Vice President of the Management Board	Jerzy Kwieciński Vice President of the Management Board
Paweł Strączyński Vice President of the Management Board	Paweł Strączyński Vice President of the Management Board	Paweł Strączyński Vice President of the Management Board
Błażej Szczecki Vice President of the Management Board	Błażej Szczecki Vice President of the Management Board	Błażej Szczecki Vice President of the Management Board
Wojciech Werochowski Vice President of the Management Board	Wojciech Werochowski Vice President of the Management Board	Wojciech Werochowski Vice President of the Management Board
Piotr Zborowski Vice President of The Management Board	Piotr Zborowski Vice President of The Management Board	Piotr Zborowski Vice President of The Management Board
Magdalena Zmitrowicz Vice President of the Management Board	Magdalena Zmitrowicz Vice President of the Management Board	Magdalena Zmitrowicz Vice President of the Management Board

5.4 The Bank's share capital and share ownership structure

As at 30 September, 2023, the share capital of Bank Pekao S.A. amounted to PLN 262,470,034 and remained unchanged until the date of submitting the report. The Bank's share capital was divided into 262,470,034 shares in the following series:

- 137,650,000 Series A bearer shares with a par value of PLN 1.00 per share,
- 7,690,000 Series B bearer shares with a par value of PLN 1.00 per share,
- 10,630,632 Series C bearer shares with a par value of PLN 1.00 per share,
- 9,777,571 Series D bearer shares with a par value of PLN 1.00 per share,
- 373,644 Series E bearer shares with a par value of PLN 1.00 per share,
- 621,411 Series F bearer shares with a par value of PLN 1.00 per share,
- 603,377 Series G bearer shares with a par value of PLN 1.00 per share,
- 359,840 Series H bearer shares with a par value of PLN 1.00 per share,
- 94,763,559 Series I bearer shares with a par value of PLN 1.00 per share.

All the existing shares are ordinary bearer shares. There are no special preferences or limitations connected with the shares, or differences in the rights attached to them. The rights and obligations related to the shares are defined by the provisions of the Polish Commercial Companies Code and other applicable law.

Shareholders of Bank Pekao S.A., holding directly or indirectly, through subsidiaries, at least 5% of the total number of votes at the General Meeting of the Bank, are as follows:

SHAREHOLDER'S NAME	NUMBER OF SHARES AND VOTES AT THE GENERAL MEETING	SHARE IN SHARE CAPITAL AND TOTAL		NUMBER OF SHARES AND VOTES AT THE GENERAL MEETING	SHARE IN SHARE CAPITAL AND TOTAL	
		NUMBER OF VOTES AT THE GENERAL MEETING			NUMBER OF VOTES AT THE GENERAL MEETING	
		AS AT THE DATE OF SUBMITTING THE REPORT FOR THE THIRD QUARTER OF 2023			AS AT THE DATE OF SUBMITTING THE REPORT FOR THE FIRST HALF OF 2023	
Powszechny Zakład Ubezpieczeń S.A.	52,494,007	20.00%		52,494,007	20.00%	
Polski Fundusz Rozwoju S.A.	33,596,166	12.80%		33,596,166	12.80%	
Funds managed by Nationale-Nederlanden Powszechnie Towarzystwo Emerytalne S.A.	16,800,000	6.40%		16,800,000	6.40%	
Funds managed by Powszechnie Towarzystwo Emerytalne Allianz Polska S.A.	15,500,051	5.91%		15,500,051	5.91%	
Subsidiaries managed by BlackRock, Inc	-	-		13,231,421	5.04%	
Other shareholders (below 5%)	144 079 810	54.89%		130,848,389	49.85%	
Total	262,470,034	100.00%		262,470,034	100.00%	

On 10 October 2023, in the current Report No. 23/2023, Bank Pekao S.A. informed that received a notification from BlackRock, Inc. on reducing the voting share below the threshold of 5% of the total number of votes in the General Meeting of Bank.

Until the date of submitting the report the Bank has not received any other notifications regarding changes in the ownership structure in accordance with par. 69 of the Act of July 29, 2005 on Public Offerings and Conditions Governing the Introduction of Financial Instruments to an Organized System of Trading, and on Public Companies.

5.5 Financial credibility ratings

Bank Pekao S.A. financial credibility ratings

Bank Pekao S.A. co-operates with three leading credit rating agencies: Fitch Ratings (the Fitch), S&P Global Ratings (S&P), and Moody's Investors Service. In the case of the first two agencies, the ratings are provided on a solicited basis under relevant agreements and with respect to Moody's Investors Service the ratings are unsolicited and they are based on publicly available information and review meetings.

As of 30 September 2023, Bank Pekao S.A. had assigned following financial credibility ratings:

Long-Term Default rating (IDR)	BBB	A-
Short-Term Default Rating	F2	F1
Viability Rating	bbb	-
Government Support Rating	No support	-
Outlook	Stable	Stable
National Long-Term Rating	AA-(pol) (stable outlook)	-
National Short-Term Rating	F1+(pol)	-
S&P GLOBAL RATINGS	BANK PEKAO S.A.	POLAND
Long-term rating in foreign currencies	BBB+	A-
Long-term rating in domestic currency	BBB+	A
Short-term rating in foreign currencies	A-2	A-2
Short-term rating in domestic currency	A-2	A-1
Stand-alone credit profile	bbb+	-
Outlook	Stable	Stable
Long-term issue rating for series SP1 SP bonds	BBB+	-
S&P GLOBAL RATINGS (RESOLUTION COUNTERPARTY RATING)	BANK PEKAO S.A.	POLAND
Long - term RCR in foreign currencies	A-	-
Short - term RCR in foreign currencies	A-2	-
Long - term RCR in domestic currency	A-	-
Short - term RCR in domestic currency	A-2	-
MOODY'S INVESTORS SERVICE (UNSOLICITED RATING)	BANK PEKAO S.A.	POLAND
Long-term foreign-currency deposit rating	A2	A2
Short-term deposit rating	Prime-1	Prime-1
Baseline Credit Assessment	baa2	-
Long-term counterparty risk assessment	A2(cr)	-
Short-term counterparty risk assessment	Prime-1(cr)	-
Outlook	Stable	Stable
Long-term Counterparty Risk Rating (CRR)	A2	-
Short-term Counterparty Risk Rating (CRR)	Prime-1	-

On 27 June 2023 rating agency S&P Global Ratings informed the bank about maintaining the ratings of the bank at the current level with the stable outlook and assigning long-term rating of BBB+ for the issue of "Senior Preferred" series SP1 bonds.

According to S&P, the bank's ratings assessments reflect the Bank's limited exposure to legacy CHF-denominated loans, which puts the bank in a comfortable position regarding this legal risk. Also, considering its strong capitalization, Pekao might actually benefit from competitors' capital constraints and gain market share in the domestic corporate and retail business should loan demand pick up in the future. In addition, S&P considers that Pekao's strong capital and robust profitability provide comfortable buffers to absorb costs from potentially adverse scenarios. Its affiliation with its largest single investor, state-owned insurance company PZU, benefits its franchise in the domestic corporate banking business and also supports the placement of MREL instruments with domestic investors.

On 28 September 2023 Fitch rating agency informed the Bank about maintaining the Bank Pekao S.A.'s Long-Term Issuer Default Rating (IDR) at 'BBB' with "Stable" outlook and Viability Rating (VR) at 'bbb'.

Bank Pekao S.A.'s ratings reflect its strong domestic franchise, and its seasoned and stable business model. This, combined with a moderate risk appetite, allows the bank to generate fairly stable returns, while maintaining reasonable capitalisation, and strong funding and liquidity. This is despite it being exposed to risks in the domestic operating environment, including government intervention risk. Bank Pekao S.A.'s National Ratings reflect the bank's creditworthiness relative to that of other issuers in Poland.

Pekao Bank Hipoteczny S.A. financial credibility ratings

Pekao Bank Hipoteczny S.A. cooperates with the international rating agency Fitch Ratings.

Fitch emphasizes that the rating of Pekao Bank Hipoteczny S.A. is related to the rating of Bank Pekao S.A., which holds 100% of the Bank's shares. According to Fitch Pekao BH's IDR, National Ratings and SSR are driven by institutional support from Bank Pekao.

On 6 September 2023, the Fitch Ratings rating agency informed the bank about maintaining the Long-Term IDR of Pekao's fully-owned mortgage bank subsidiary, Pekao Bank Hipoteczny S.A. (Pekao BH), at 'BBB'/Stable. On 11 September 2023, the Fitch Ratings rating agency maintained the rating of mortgage covered bonds of Pekao Bank Hipoteczny S.A. at the "BBB+" level, with a Stable outlook.

A high rating for the letters means that Pekao Bank Hipoteczny S.A. has the ability to issue securities with a high level of security and obtain long-term funds for lending activities.

5.6 Achievements of Bank Pekao S.A.

Bank Pekao S.A. is a universal commercial bank offering all financial services available in Poland for individual and institutional clients. A wide range of products, innovative solutions and individual approach ensure comprehensive financial support for clients and an integrated customer service model is a guarantee of the highest quality of services and optimal adjustment to changing customer needs. Since 2017, Bank Pekao S.A. is part of the PZU S.A. capital group, the largest financial institution in Central and Eastern Europe.

A wide product offer, innovative solutions and individual approach provide comprehensive financial service to clients and the integrated customer service model provides the highest quality of services and their optimal adaptation to changing needs. The Bank has measurable advantages that allow it to compete effectively on the market and strengthen its market position in the strategic areas of the Bank's operations. The Bank offers competitive products and services on the Polish market, and high level of customer service and a well-developed distribution network.

BUSINESS MODEL

The Bank's business model is based on customer segmentation with the following groups of customers:

- **RETAIL BANKING AND PRIVATE BANKING** – serving individual clients, including affluent private banking clients and micro enterprises. Private banking clients are offered investment advisory through private banking centers and remote channels, while all individual clients and micro-enterprises are served through a wide network of branches and partner outlets supported by market-leading remote service channels, including digital channels,
- **ENTERPRISE BANKING** – providing financial services to clients from small and medium-sized enterprises sector that are served by relationship managers with the support of product specialists. The service is carried out in specialized Business Customer Centers, Corporate Centers and universal retail branches. Customers are offered with products and services tailored to their individual needs based on solutions proven in corporate banking and adapted to the needs of the enterprise segment,
- **CORPORATE AND INVESTMENT BANKING** – providing financial services to large enterprises (segmentation by revenues of companies), public sector entities, financial institutions and entities from the commercial real estate financing sector. Corporate and investment banking clients are served by relationship managers with the support of product specialists.

Distribution channels

The Bank offers to its clients a broad distribution network with ATMs and outlets conveniently located throughout Poland as well as a professional call center and a competitive online and mobile banking platform for individual, corporate and micro-enterprises.

	30.09.2023	30.09.2022
Total number of outlets	580	615
own outlets	505	532
partner branches	75	83
Total number of own ATMs	1,301	1,371

The number of accounts

At the end of September 2023, the Bank maintained 7,850.5 thousand PLN denominated current accounts, 363.7 thousand mortgage loan accounts and 584.6 thousand "Pożyczka Ekspresowa" (Express Loan) accounts.

(in thousand)

	30.09.2023	30.09.2022
Total number of PLN current accounts (*)	7,850.5	7,300.0
of which packages	5,585.8	5,211.1
Number of mortgage loans accounts (**)	363.7	379.3
of which PLN mortgage loans accounts	340.0	353.9
Number of Pożyczka Ekspresowa loan accounts (***)	584.6	593.7

(*) Number of accounts including accounts of prepaid cards.

(**) Retail customers accounts.

(***) Pożyczka Ekspresowa, Pożyczka Ekspresowa Biznes.

The data presented according to the business model based on the managerial model in which the main criterion for dividing the Group's reporting is the classification of the client depending on his profile and service model.

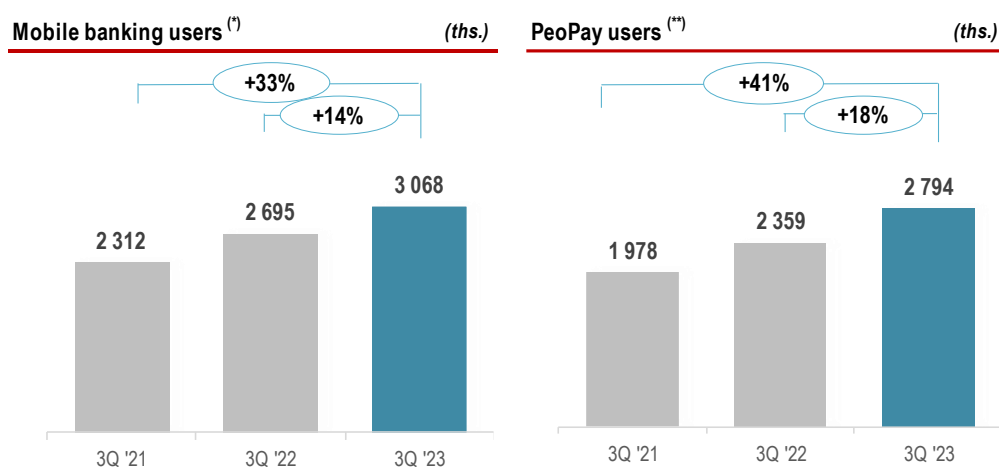
RETAIL BANKING AND PRIVATE BANKING
Strategy - The „Customer” pillar

We are intensively developing digital channels as well as quick and convenient service processes. We seek to enable retail clients to handle almost any matter online. **The digitization rate of nearly 100% is one of the key strategic aspirations.**

The PeoPay mobile application becomes the main channel of contact with the client. We plan to make even greater use of advanced data analytics and modern sales support tools in order to personalize the offer, improve service quality and increase the tendency to recommend our services. The key measure of success that we strive for is a leap advance in customer satisfaction rankings.

Development of electronic and mobile banking

In the third quarter of 2023, the number of active mobile banking customers increased by 93.5 thousand to 3.1 million and was 14% higher than a year ago and 33% higher than two years ago. The number of active mobile customers using the PeoPay application increased by 99 thousand to 2.8 million and was 18% higher than a year ago and 41% higher than two years ago.



(*) Unique user actively using electronic banking is a user who logged in to the system and the mobile service m.pekao24.pl. at least once during the last quarter (in case of using different mobile channels the client is counted only once).

(**) Unique user PeoPay application who logged in to the system PeoPay at least once during the last quarter.

In the third quarter of 2023, the number of corporate customers actively using electronic banking remained at 241 thousand. The number of active corporate mobile banking customers increased by 4 thousand to the level of 141 thousand.

In the third quarter of 2023, we introduced the following solutions in electronic banking:

- new card images and personalization of the PeoPay application as part of the Youth Strategy,
- ability to redirect the customer during service by an employee to the PeoPay application or Peako24 website - to any screen in the application PeoPay or Pekao24,
- possibility of verifying the identity of a Bank employee in the PeoPay application and the Peako24 website by the customer during a telephone conversation,
- monitoring customer satisfaction after the completed process in Pekao24,
- providing new landing pages for applications for co-financing a nursery, family care capital, and a trusted profile.

Strategy - The „Growth” pillar

We strive for business growth in the most profitable market segments product groups and areas of untapped potential, which will result in improved profitability. i.e. consumer finance and in the micro-enterprises segment.

Over the next four years, Pekao wants to acquire over 400 thousand individual customers every year and increase its market share in cash loans. Moreover we will seek to rejuvenate the demographic structure of the retail customer base. The goal is to acquire over 600 thousand customers under 26 years of age by 2024.

We also focus on digital growth in investment products. We are also strengthening business synergies with the PZU Group, which will result in an **increase in sales of insurance products** and a twofold increase in the gross written premium by 2024.

Number of clients and accounts

In the third quarter of 2023, we opened over 145 thousand accounts, nearly 450 thousand accounts since the beginning of the year accounts, maintaining a record level of acquisition. The following factors had an impact on the acquisition results: a television and online campaign of Konto Przekorzystne with a gold card, the acquisition of selfie accounts combined with attractive interest rates on Konto Oszczedniowe for new customers and promotional activities aimed at customers aged up to 26.

We also achieved a significant increase in the number of new Świat Premium Accounts opened, dedicated to customers who deposit savings above PLN 200 thousand on various savings products of the Bank. Since the beginning of the year, the number of new accounts opened has reached 22 thousand which is an increase of over +40% compared to the same period in 2022.

In the third quarter of 2023, we promoted the "Lato pełne swobody" holiday offer addressed to new customers - Konto Przekorzystne with a gold card with a guarantee of low currency conversion rates and no commission for money withdrawals from all ATMs in the country and abroad.

We have introduced a new communication platform addressed primarily to young people, "Jeśli nie teraz to kiedy..." we support young people entering adulthood by presenting them with safe, modern and comprehensive financial solutions that will make it easier to realize their passions, goals and dreams.

The knowledge and commitment of branch employees was appreciated in the Institution of the Year survey. In the category of service quality in bank branches for young customers aged up to 17, we took first place, while in the general category we took second place.

In August, we prepared an offer as part of the "back to school" campaign, thanks to which customers could gain an attractive bonus for opening an account (for parents and children) and an attractive interest rate on a Savings Account of 7% up to PLN 100 thousand for 152 days and on the Moje Skarb savings account 7% per annum up to PLN 5 thousand for a period of 5 months from opening the account.

We continue the special offer for citizens of Ukraine, under which the account management, account card service and cash withdrawals from all ATMs in Poland and abroad (including Ukraine) are free of charge for a period of 24 months. In addition, outgoing transfers to banks in Ukraine and incoming from banks in Ukraine are free until the end of 2023. We promote our products on one of the largest portals in Poland - ukrainianinpoland.pl

Payment cards

In the first three quarters of 2023, we achieved the best credit card sales result compared to previous years, and compared to the same period in 2022, sales more than doubled. At the end of the third quarter of 2023, the number of active Credit Cards in Żubra exceeded 100 thousand (+11% q/q increase). Since the introduction of the Żubr Credit Card to the offer, the Bank's share in credit card sales has almost doubled, and almost every fifth card of this type issued in Poland is a new product of the Bank. In the Mastercard Priceless Moments program, holders of the Żubrem Credit Card can gain as much as PLN 600 in the form of points that can be exchanged for attractive prizes. The promotion will last until the end of December 2023.

We also have an attractive credit card offer for business customers. MOTO Biznes card holders can benefit from an interest rate of 9.99% and receive a refund for payments at gas stations up to PLN 600 per year. The new credit card sales process for business segment customers allowed for a significant increase in the number of MOTO Biznes credit cards sold compared to 2022.

Lending products

In the third quarter of 2023, sales of cash loans measured by net volume reached PLN 1.36 billion, i.e. more by +15% compared to the third quarter of last year, and PLN 1.50 billion, i.e. an increase by +24% y/y in terms of the volume of signed contracts. Since the beginning of the year, sales have amounted to PLN 4.24 billion in terms of the volume of signed contracts, which is an increase of +18.3% compared to last year. The number of contracts concluded after 9 months was higher by +15.4% y/y.

The increase in the number of cash loans granted was influenced by the development of remote sales processes and their availability in electronic channels on the Pekao24 website and in the PeoPay mobile application. Compared to the third quarter of 2022, we recorded another record result of remote sales of almost PLN 1 billion, with an increase of +20% y/y. Over the period of 9 months, the increase in the volume of loans granted in electronic channels was +28.5%, while the share of loans sold digitally is 82% of all concluded contracts.

Mortgage loans

In the third quarter of 2023, the housing loan offer was adjusted to the market situation. We were one of the first banks to introduce "Bezpieczny Kredyt 2%" as part of the government program "Pierwsze mieszkanie". In the first week of the program, we acquired 1.5 thousand applications and signed the first contracts with clients.

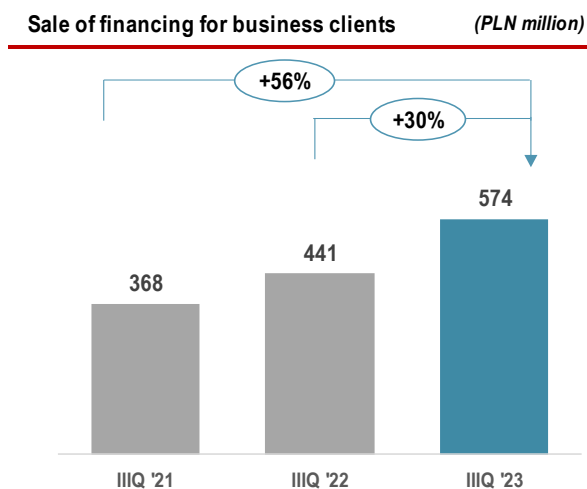
During the first 3 months of the program's operation, we signed over 7 thousand agreements on Bezpieczny Kredyt 2%, for the amount of PLN 2.8 billion, which allowed us to achieve over 40% share in the banking sector. The offer is very popular and the continuing large number of applications received (3 times more than before the introduction of this program) constitutes the potential to maintain high sales volumes of housing loans in the following months.

In the third quarter of 2023, sales of housing loans reached PLN 3.55 billion and it was a 7-fold increase in sales compared to the third quarter of 2022. In September, we achieved a record sales volume of over PLN 1.7 billion. In August and September 2023, the market share in the Bank's sales volume was above 26%. Since the beginning of the year, sales amounted to PLN 5.53 billion, which is an increase of +82.5% compared to last year and achieved higher growth dynamics compared to the entire banking sector.

At the beginning of October, the Bank's offer also included a new settlement offer for borrowers with active housing loans denominated in CHF, which are in the Bank's portfolio almost entirely as a result of the merger of a separated part of Bank BPH SA in 2007.

Business clients loans

In the third quarter of 2023, new sales of financing to business customers amounted to PLN 574 million and were +30% higher y/y. The dynamic increase in new sales of bank loans in the business segment in the third quarter of 2023 by +65% y/y to the level of PLN 296 million was supported by the implementation of the quick risk assessment path, which allows for quick calculation of the available limit and quick disbursement of a loan or revolving limit, implementation of a loan to maintain financial liquidity by agricultural producers and marketing activities supporting the development of relationships with customers.

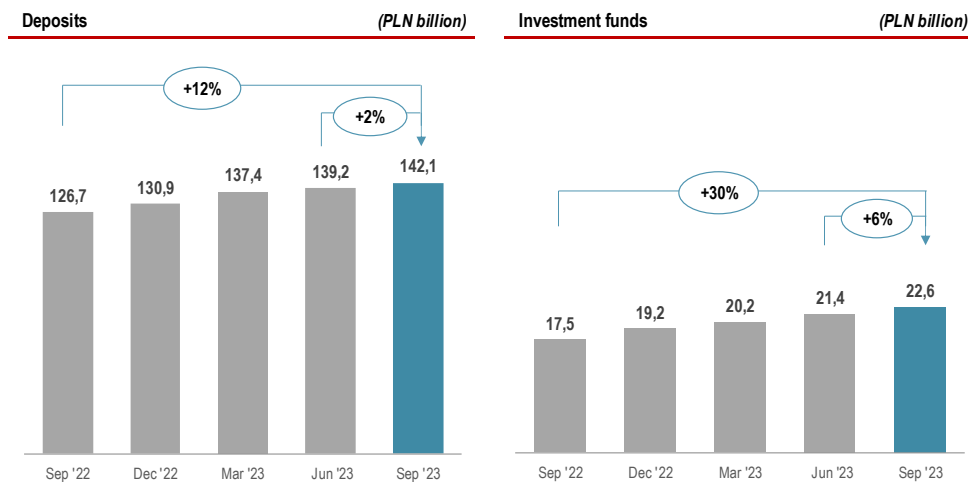


Development in the area of insurance products

In the third quarter of 2023, we developed and digitized the bancassurance and assurbanking offer. We carried out sales support activities, including the promotion of motor and travel insurance. As a result, the number of motor insurance policies sold in the third quarter of 2023 was +56% higher than in the second quarter of 2023, while the sales of travel insurance were +256% higher y/y.

The share of mortgage loans sold with insurance in the third quarter of 2023 remained at a stable high level of 93.2% (in relation to the potential, i.e. loans where insurance could be offered), and in the case of cash loans it amounted to 41.6%.

As part of the assurbanking cooperation, after the third quarter of 2023, +17% more customers were acquired than in the same period of the previous year.

Deposit, brokering activity and sale of investment products


At the end of September 2023, the total value of deposits held by individual clients (including Private Banking clients) and business clients amounted to PLN 142.1 billion, an increase of PLN +2.9 billion (+2%) compared to the end of June 2023, and PLN +15.4 billion (+12%) compared to September 2022.

In the third quarter of 2023, promotions on savings accounts and Moje Skarb accounts were most popular among new individual customers. Customers with a savings account chose promotional deposits Lokata z Żubrem or Lokata Bankuj z Pekao with an interest rate of 7%. Among customers expecting higher income on deposited funds and accepting the possibility of investing part of their savings in investment products, the Investing Deposit and the Deposit with a Fund were very popular.

We actively offered a new savings product, Konto Mieszaniowe, which was implemented as part of the new government First Apartment Program. At the end of September 2023, we had opened 1.5 thousand account.

In the third quarter of 2023, we introduced the following investment products to our offer for individual clients:

- Structured product with full capital protection on the redemption date in PLN: Certificate with Capital Protection Linked to Alphabet Inc. Shares. - Class A, Microsoft Corporation and Nvidia Corporation for 1 year and 3 months in PLN, issued by Goldman Sachs International,
- Structured product with full capital protection on the redemption date in PLN: Annual Certificate with Capital Protection Linked to Shares of Samsung Electronics Co., Ltd., Apple Inc. and Nvidia Corporation in PLN, issued by Goldman Sachs International,
- Structured product with full capital protection at maturity in USD: Two-Year Certificate with 100% Capital Protection Only at Worst Of Maturity Linked to Samsung Electronics Co Ltd and Alphabet Inc Class C Shares in USD, issued by SG,
- Structured product with full capital protection at maturity in EUR: Two-Year Certificate with 100% Capital Protection Only at Maturity Worst Of Type Linked to Shares of Tesla Inc and Toyota Motor Corp in EUR, issued by SG Issuer,
- Structured product with full capital protection on the maturity date: 15-month Share-Linked Certificate: Mercedes-Benz Group AG, Pfizer Inc and Ubisoft Entertainment SA with Capital Protection Only at Maturity in PLN, issued by SG Issuer.

We have prepared preferential price conditions for clients purchasing investment products via Internet applications and actively encouraged clients to use remote channels for their ongoing service.

ENTERPRISE BANKING

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

In the third quarter of 2023 we focused on the automation and digitization of the credit process and the development of electronic banking functionalities enabling customer self-service.

Strategy - The „Customer” pillar

We put the customer and his needs at the center of our activities. intensively develop digital channels and fast and convenient service processes. To an even greater extent, we will use advanced data analytics and modern CRM tools to support sales, which will allow us to better adjust the offer improve the quality of service and increase the tendency to recommend our services.

Lending activities and customer financing

In the third quarter of 2023, we maintained high dynamics of the loan portfolio volume +7% y/y - an increase by PLN +2.4 billion. The growth dynamics in the segments amounted to:

- small and medium-sized enterprises: +17% y/y, PLN +1.5 billion,
- medium-sized corporations: +4% y/y, PLN +0.9 billion.

The increase in the value of the loan portfolio is visible in both bank loans, leasing and factoring.

In the third quarter of 2023, the value of new loans sold (excluding renewals) in the SME segment reached PLN 5.0 billion, maintaining the high level from the previous quarters and 2022.

As part of cooperation with the Agency for Restructuring and Modernization of Agriculture, we have introduced two new loans to our offer: liquidity and purchase loans. They will allow for comprehensive support for farmers, including: on the use of subsidized interest on loans and securing the repayment of loans granted to finance part of the investment costs with a guarantee or surety (purchase loan) or counteracting the threat of loss of financial liquidity due to restrictions on the agricultural market caused by the aggression of the Russian Federation towards Ukraine (liquidity loan). The interest rate on these loans is 2% per annum.

Customer acquisition

We have maintained a high level of new customer acquisition, in the SME segment we acquired over 2 thousand customers and over 500 new customers in the MID segment.

In the third quarter of 2023, we started piloting an application that, thanks to the automation of internal processes related to acquisition and product parameterization, supports employees in establishing relationships with new customers.

Transactional and product activity

In the third quarter of 2023, we developed the PekaoBiznes24 self-service zone and launched a fully automatic process of managing access to the card module, in which we made PIN distribution available to the user's phone via SMS. We have modified the handling of the autowypłata product and introduced additional options for managing ordered transfers in foreign exchange. We have also improved the management of personal data of electronic banking users, including granting authorizations to new electronic banking users.

CORPORATE AND INVESTMENT BANKING

The Corporate Banking includes corporate segments, significant capital groups (the so-called large corporations), public sector clients, financial institutions as well as commercial real estate and specialized financing. The Pekao Group is a leader in these segments. It has a competitive advantage resulting from experience, unique staff, specialized knowledge and processes and the potential to co-finance large projects based on a very strong liquidity and capital position. The Bank provides both the comprehensive services of a universal bank and the services in such areas as leasing, factoring, investment advisory services, advisory in M&A as well as highly advanced treasury, capital market products and custody services. A wide range of products and services, innovative solutions, customised approach and the comprehensive financial services for the largest enterprises, institutions and public sector units are appreciated by clients and decide about the strength of corporate banking of Bank Pekao S.A.

CLIENTS

At the end of the third quarter of 2023, we serviced 6.6 thousand clients. We cooperate with the largest companies, we provide support in the field of substantive, operational and financial development of our clients both in everyday business and large strategic projects.

Strategy

Since 2021, we have been implementing a strategy providing for effective volume growth, using competitive advantages such as: in-depth sector expertise, specialist financing knowledge as well as the growing digitalization of processes. According to this Strategy, we want to maintain our leadership position and a high market share in revenues.

Plans and ambitions of Corporate Banking rest on 4 pillars:

Growth:

- increase of x-sell.
- high market share in the segment of large corporations.

Effectiveness:

- digitalisation and automation of processes.
- promotion of self-service in digital channels.

Clients:

- specialist, customised service of complex transactions.
- support in financing public sector projects.

Responsibility:

- responsible capital management.
- support of sustainable economic development.

An integral part of our business strategy is the adopted ESG strategy. Pursuing this strategy we want to engage in financing sustainable projects, support the energy transformation of our clients and their transition to a low-carbon economy. We want to achieve these goals, among other things, by financing the development of renewable energy sources (RES), entities operating in the sectors of new technologies, as well as by actively participating in the government and EU programs aimed at reconstruction and climate transformation. The development and modernization of the Polish economy, supporting the service and use of state and EU programs.

Our approach to growth is focused on a responsible attitude to business and support for companies that contribute to the Polish economy. Therefore we support the largest enterprises in implementing their projects and running business in Poland and abroad. To this end, we are continuously expanding our capabilities and implementing digital tools to support the work of our analysts and relationship managers.

We are invariably building a customer-centric culture and we want to be the first choice bank for our clients. Therefore, we try to quickly and accurately recognize their needs. We provide advice based on our knowledge of client's profile, industry and segment. We try to increase the level of satisfaction of clients with their interaction with the Bank.

Supporting sustainable economic development, we engage in the government and EU programs for economic recovery and climate transformation. We support and finance the energy transformation of our clients and their evolution towards sustainable business. An important area of our activity is also the cooperation with public sector entities, where, in addition to green investments and infrastructural projects, we are involved in financing socially responsible projects.

While strengthening our effectiveness we want to provide our clients with quick and reliable service. Therefore, we focus on increasing the level of robotization and automation of internal processes. We are also continuously expanding the scope of self-service operations in digital channels and we are implementing more products available to corporate clients for online purchase.

At the same time, **we manage our capital in a responsible way** by selecting better clients, products and transactions. We rely on sector expertise, flexible and specialist product offer and competences in structured finance. Our capabilities are additionally strengthened by extensive knowledge of activities on the Polish and foreign financial markets.

Cooperation with financial institutions and custody services

The Bank holds a leadership position in servicing domestic financial institutions, focusing on providing the highest quality services to insurance companies, investment funds, brokerage houses, financial sector infrastructure entities, cooperative banks as well as savings and credit unions. The range of services includes modern transactional banking products, clearing products, treasury products, custody services and services of depository bank, as well as the access to the comprehensive offer of the Pekao Group entities addressed to this segment of clients.

We actively support micro, small and medium-sized Polish companies. In July, we guaranteed the payment of EUR 100 million of a loan from the Council of Europe Development Bank for Pekao Leasing, which was used to finance the investments made by Polish micro, small and medium-sized enterprises in the form of purchase of fixed assets and production equipment necessary for their core activities – and in particular those related to pro-ecological investments and supporting women's entrepreneurship.

In September, we signed the first loan agreement with the European Bank for Reconstruction and Development (EBRD) for the amount of EUR 150 million for Pekao Leasing, guaranteed by Bank Pekao, which will also be used by Pekao Leasing to support Polish micro, small and medium-sized enterprises affected by the effects of the Russian invasion of Ukraine. 60% of the loan will finance green investments, in line with the EBRD's approach to the ecological transformation of economy, including, among other things: improvement of energy, resource and water efficiency, renewable energy and waste minimization, and thus supporting Polish enterprises in increasing the use of efficient technologies. The bank was the coordinator and guarantor in both transactions.

We cooperate extensively with banks from all over the world. We have over 1.3 thousand exchanged swift keys, direct or indirect access to the most important settlement systems, nostro accounts and we run loro accounts for a very large group of foreign banks. The bank has infrastructure ensuring efficient foreign settlements in the 19 most important currencies.

Transactional banking

In the third quarter of 2023:

- we recorded an increased volume of transactions processed under Pekao Collect service by +2,5%, as compared to the data for the third quarter of 2022 (we processed more than 43 mln transactions with a total volume of over PLN 766 billion),
- as compared to 3 quarters of 2022, we recorded an increased number of outgoing foreign transfers by +10% and an increased number of incoming transfers by 6%,
- as compared to the third quarter of 2022, we recorded an increased number of Elixir domestic transfers by 5% and the number of ExpressElixir instant transfers sent from PekaoBiznes24 rose by 13% (we maintain about 19,5% market share for domestic payments),

The key achievements in the area of transaction banking include:

- introducing the possibility of making cash deposits in open form at the branches of Poczta Polska S.A.,
- implementing the automation of handling returns of postal orders for the Pekao Przekaz service, thanks to which the refunded amounts are automatically posted to customer accounts on the day the transfer is made from Poczta Polska,
- introducing the service of providing PIN code for business cards with the use of SMS messages.

In the self-service zone in PekaoBiznes24:

- we enabled all clients to open a new settlement account which the client can use immediately after signing the application. The client receives confirmation of opening the account in electronic form with the Bank's qualified seal,
- we introduced new functionalities that allow you to order changes or correct the sent foreign transfer instructions,
- we implemented the „Application for modification of authorisations for cards with the limit” that allows clients to modify on their own the authorisations for cards with the credit limit,

- we implemented the "Application for the Autowypłata service" which gives our clients the opportunity to: independently add or remove accounts available in the service and modify the service execution modes.

We introduced the possibility to use WIRON (Warsaw Interest Rate Overnight) reference rate to set interest on bank accounts (also under the Automatic Investment of Funds service).

Since September 2023, the Bank's branches have identified customers using the mID document, available in the mObywatel application.

Trade finance

In the first 9 months of 2023, the guarantees and sureties granted by the Bank showed the biggest growth dynamics among trade finance products - the amount of new transactions increased by almost 36% as compared to the same period in 2022.

The Bank financed invoices under the Open Financing Platform (OFF) in the total amount of nearly PLN 1,8 billion, while the number of bought out invoices increased by 4%.

Cooperation with international clients

The Bank granted loans and prepared comprehensive offers for short and long-term financing and the offers for hedging risk of international transactions, supporting the expansion of Polish enterprises on both European markets and in developing countries. The Bank's clients can take advantage of the package of the most beneficial financial solutions adjusted to the model of the conducted business activity.

Investment finance, structured finance and commercial real estate

We offer our clients the services in the field of investment banking, structured finance and financing of commercial real estate projects, including financing of the construction of warehouses.

The key projects financed by the Bank in the third quarter of 2023 include:

- granting a loan in the total amount of PLN 3.9 billion - as part of a consortium of financial institutions - for the construction of an offshore wind farm with a capacity of 1.2 GW,
- granting a loan to one of leading developers for building a logistic park in central Poland. The loan totalled EUR 25 million,
- granting a syndicated loan in the total amount of PLN 681 million to a company operating in the railway transport industry,
- granting a syndicated loan in the amount of PLN 180 million to a company from telecommunication industry.

Issuance of debt securities

In the third quarter of 2023, the Bank participated in issuance of non-treasury debt securities (of corporate entities, banks and municipal units) for the total amount of more than PLN 11.5 billion, of which the following transactions deserve special attention

- the issue of two series of MREL Bank's own bonds: 2-year (2NC1) senior preferred securities for the amount of PLN 750 million and 4-year (4NC3) non-preferred senior securities for the amount of PLN 350 million, which the Bank carried out on its own,
- the issue of 7-year Eurobonds for a leading multi-energy company in Poland for the amount of EUR 500 million, where the Bank was a global coordinator for Poland and co-bookrunner,
- the issue of 6-year Eurobonds of an international financial institution for the amount of PLN 1 billion, in which the Bank was the sole arranger,
- the issue of sustainability-linked bonds for the amount of PLN 820 million for the biggest provider of integrated media and telecommunication services in Poland with maturity date in January 2030. The Bank was a co-arranger and co-bookrunner. The bonds will finance the implementation of the development strategy of the issuer's group, including the construction of assets producing clean energy and green hydrogen, and they are based on sustainable development goals,
- the issue of 3,5-year green bonds of a company owned by an international development group for the amount of PLN 340 million in which the Bank was a co-arranger and dealer. The proceeds from the issue will be allocated exclusively to environmentally friendly investments, including energy-neutral buildings and renewable energy sources, such as solar and wind farms implemented for these projects,
- the issue of short-term securities of a multilateral financial institution for the amount of PLN 500 million in which the Bank was a dealer,

- the issue of 2 series of bonds of a leasing company from the Bank Pekao Capital Group for the total amount of PLN 900 million and the issue of 11 series of bonds of a factoring company from the Bank's Capital Group for the total amount being the equivalent in PLN and EUR of about PLN 5 559 billion. The Bank performed the role of a sole arranger and dealer in those transactions,
- the issue of short-term bonds of a mortgage bank from the Bank Pekao Capital Group for the amount of PLN 200 million in which the Bank performed was the sole arranger and dealer,
- the issue of short-term bonds of a leasing company belonging to an international financial group for the amount of PLN 100 million,
- the issue of 6 series of bonds of an enterprise involved in management of municipal waste and raw materials for the total amount of almost PLN 239 million,
- the issue of 27 series of bonds of 9 municipal units for the total amount of PLN 728 million,
- the issue of 3,5-year bonds of a company being the largest IT distributor in Poland for the amount of PLN 80 million in which the Bank performed the role of a sole arranger and dealer.

Comprehensive service of public sector finances

One of the elements of our strategy is to finance public sector and municipal projects. We render our services and we provide financing to self-government units, municipal companies, institutions of higher education as well as entities established as part of public-private partnership. We are actively involved in activities related to building and developing Polish infrastructure, including the support for sustainable development of the economy and environmental protection.

We cooperate with 11 out of 12 Polish metropolises (92% market share) and we provide ongoing budget support for five of them. We cooperate with every fourth municipality in Poland (25% market share). We maintain business relationships with 92% of towns with county rights and we provide ongoing services to every fifth of them (21%). We also cooperate with every third county (37%) and with almost all provinces (94%). We are a major bank for state universities – 60 of them use our services.

In the third quarter of 2023 we provided financing in the amount of more than PLN 400 million supporting the development of municipal units. In the area of financing municipal units we increased our exposure by over PLN 120 million and we started the cooperation with two other institutions of higher education.

5.7 Factors which will affect the results of the Group

The activity of Bank Pekao S.A. and the Group's companies is in majority conducted on the Polish territory, hence the Group's performance will be mainly affected by economic situation in the country and international events that have influence on domestic economy.

Our macroeconomic outlook assumes disinflation slowdown alongside with stable output growth and elevated uncertainty. CPI inflation decreases: it amounted to 13.1% y/y in the second quarter of 2023, while our estimates point to 9.7% and 6.6% respectively in the third and fourth quarter, and to 5.5% in 2024. Further disinflation means that global factors (energy, oil, goods in general) will play a diminishing role in the inflation-setting process, while domestic factors will become more important.

Perspectives for GDP growth remain optimistic. After contractionary second quarter of 2023 (-0.6% y/y) we expect output to grow by 0.3% and 2% respectively in the third and fourth quarter, and 2.0% in 2024. Growth will be propelled by private consumption (in line with historical trends). Negative contribution of stocks will wane, while net exports will contribute negatively to the GDP growth. A robust, consumption-fueled growth shall be considered a risk factor affecting path of disinflation; however, it may also bolster credit demand and drive further innovations to the cost of risk.

Monetary policy has always affected banks' financial results, and we consider it the pivotal factor shaping next year results. Profits achieved by the banking sector in 2022 and 2023 have been elevated by historically high interest rates. A cycle of rate hikes which started in October 2021 had raised the main interest rate to a historical high of 6.75%, which in turn drove banks interest revenue upwards. However, in the current disinflationary environment, monetary easing shall be considered. Before the surprising rate cut by 75 bp in September we had expected an aggregate cut by 100 bp in the second half of 2023, but we revised our forecasts downwards ever since. Now we expect a 5.5% interest rate by the end of 2023 and 4.0% by the end of 2024. Such hefty rate cuts, stronger from expected, may drive sector results downwards, but at the same time stimulatory effect of expansionary monetary policy could have positive second-round effects (i.e. stimulated growth shall drive credit demand upwards).

Another significant factors are Government mortgage debtor support programs, i.a. credit holidays and safe credit 2%. Aggregate cost of the credit holidays has been estimated to PLN 1.8 billion in years 2022-2023. A question whether the programme is continued in 2024 remains open: the government has proposed a bill on continuing the programme in 2024 (with a few eligibility restrictions added), but the sentiments of the newly-elected Parliament towards the bill remain obscure. On the other hand, 'safe credit 2%' incurs no cost at the Bank – both currently and in the medium-run perspective.

Financial results of the Pekao Group may be subject to the risks related to the investment cycle; in particular, Next Generation EU (NGEU) funds may have particular impact. NGEU funds inflow could boost investment and demand for corporate credit, especially given the slump in absorption of the EU 2021-2027 budgetary perspective resources which is expected in 2024-25. One shall bear in mind that according to our internal forecasts, average investment rate in 2025 will be negative. Yet the timing of NGEU funds inflow will be subject to political negotiation between Poland and the European Commission, possibly also to completion of given legislative or administrative procedures. Possibility of delay in the process of creation of the government constitutes an additional risk factor.

6. Statement of Financial Position and Financial Results

Consolidated income statement containing cumulated items for the period from 1 January to 30 September 2023 and 2022 respectively is presented in the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of 9 months ended on 30 September 2023.

The Report on activities of Bank Pekao S.A. Group for the third quarter of 2023, includes statement of financial position in a short form and income statement in a presentation form as well as the key, selected items from these statements are discussed.

6.1 The consolidated income statement – presentation form

In the 3 quarters of 2023, we generated net profit of the Bank Pekao S.A. Group attributable to the Bank's shareholders in the amount of PLN 4,855.3 million. This result is higher by PLN 4,023.8 million than the result achieved in the 3 quarters of 2022, mainly due to lower costs related to the modification of PLN mortgage loan agreements granted to consumers due to the suspension of their loan repayments (credit holidays), lower risk provisions regarding foreign currency mortgage loans, no additional regulatory costs, including those for the Bank Protection System and payments to the Borrower Support Fund, lower contributions to the BFG, as well as higher income despite the increase in operating costs.

	(in PLN million)		
	3 QUARTERS OF 2023	3 QUARTERS OF 2022	CHANGE
Net interest income	8,790.6	5,033.5	74.6%
Net fee and commission income	2,127.9	2,135.2	(0.3%)
Dividend, income	29.2	26.7	9.4%
Trading result	407.4	26.2	> 100%
Net other operating income and expenses	(179.4)	(280.8)	(36.1%)
including: legal risk regarding foreign currency mortgage loans	(193.2)	(128.5)	50.4%
Net non-interest income	2,385.1	1,907.4	25.0%
Operating income	11,175.7	6,940.8	61.0%
Operating costs	(3,496.8)	(3,045.5)	14.8%
Gross operating profit	7,678.9	3,895.4	97.1%
Net allowances for expected credit losses	(563.4)	(924.9)	(39.1%)
including: legal risk regarding foreign currency mortgage loans	(19.4)	(333.5)	(94.2%)
Net operating profit	7,115.5	2,970.5	> 100%
Contributions to the Bank Guarantee Fund	(190.4)	(267.2)	(28.7%)
Fee paid for the Protection Schemes	-	(482.1)	x
Contributions to the Borrowers Support Fund	-	(165.8)	x
Tax on certain financial institutions	(659.2)	(638.5)	3.2%
Gains on associates and disposal of subsidiaries	4.0	3.1	29.0%
Profit before tax	6,269.9	1,419.9	> 100%
Income tax expense	(1,412.8)	(586.4)	> 100%
Net profit	4,857.1	833.5	> 100%
Attributable to equity holders of the Bank	4,855.3	831.5	> 100%
Attributable to non-controlling interest	1.8	2.0	(10.0%)

Operating income

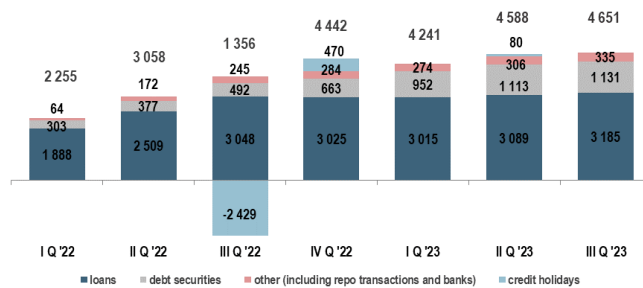
The Group's operating income in the 3 quarters of 2023 amounted to PLN 11,175.7 million and was 61.0% higher than the income generated in the 3 quarters of 2022, mainly due to interest income and trading results.

Total net interest income

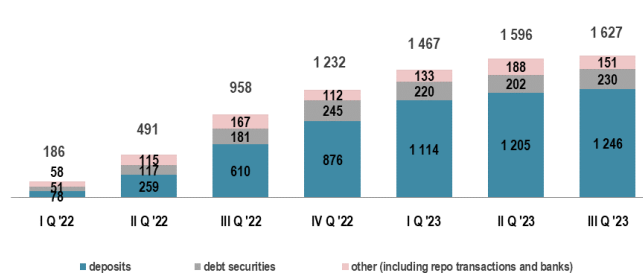
(in PLN million)

	3 QUARTERS OF 2023	3 QUARTERS OF 2022	CHANGE
Interest income	13,480.2	6,668.4	> 100%
Interest expense	(4,689.6)	(1,634.9)	> 100%
Net interest income	8,790.6	5,033.5	74.6%

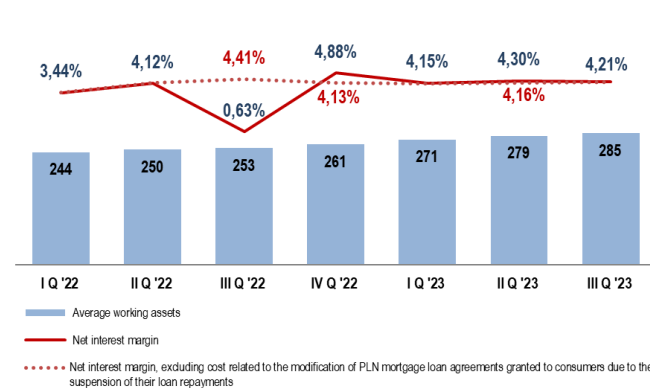
The net interest income achieved in the 3 quarters of 2023 amounted to PLN 8,790.6 million and was higher by PLN 3,757.1 million, i.e. 74.6% compared to the result achieved in the 3 quarters of 2022. Net interest income in the 3 quarters of 2022 included costs related to the modification of PLN mortgage loan agreements granted to consumers due to the suspension of their loan repayments in the amount of PLN 2,429 million.

Interest income


Interest income in the 3 quarters of 2023 amounted to PLN 13,480.2 million and was higher by PLN 6,811.8 million y/y, mainly due to higher interest rates. In the fourth quarter of 2022 and in the second quarter of 2023, one-off revenue was recognized in the amounts of PLN 470.3 million and PLN 80.3 million, respectively, in connection with the update of the provision related to the modification of PLN mortgage loan agreements granted to consumers due to their suspension of loan repayments (credit holidays).

Interest expense


Interest costs in the 3 quarters of 2023 amounted to PLN 4,689.6 million and were higher by PLN 3,054.7 million y/y due to the adjustment of the Bank's product offer to market conditions and customer expectations.

Interest margin


The interest margin achieved in the 3 quarters of 2023 amounted to 4.22% and was higher by 1.51 p.p than the margin achieved in the 3 quarters of 2022.

Net non-interest income

(in PLN million)

	3 QUARTERS OF 2023	3 QUARTERS OF 2022	CHANGE
Fee and commission income	2,654.0	2,575.9	3.0%
Fee and commission expense	(526.1)	(440.7)	19.4%
Net fee and commission income	2,127.9	2,135.2	(0.3%)
Dividend income	29.2	26.8	9.0%
Trading result	407.4	26.2	> 100%
Net other operating income and expense	(179.4)	(280.8)	(36.1%)
including: legal risk regarding foreign currency mortgage loans	(193.2)	(128.5)	50.4%
Net non-interest income	2,385.1	1,907.4	25.0%

The non-interest result achieved in the 3 quarters of 2023 amounted to PLN 2,385.1 and was higher by PLN 477.7 million, i.e. 25.0% compared to the result achieved last year, thanks to a higher result from trading activities, in particular the result from exchange items and the result on derivatives.

The Group's net fee and commission income achieved in the 3 quarters of 2023 amounted to PLN 2,127.9 million and was lower by PLN 7.3 million, i.e. 0.3% compared to the result achieved in the 3 quarters of 2022, mainly due to adapting the offer to market conditions and due to the high margin on FX transactions with customers last year as a result of increased customer activity on the currency market after the outbreak of the war.

The table below presents the Group's net fee and commission income divided according to the main areas of the activity.

(in PLN million)

	3 QUARTERS OF 2023	3 QUARTERS OF 2022	CHANGE
Net fee and commission income	2,127.9	2,135.2	(0.3%)
on loans	448.0	417.8	7.2%
on cards	248.8	222.2	12.0%
on mutual funds	256.1	226.3	13.2%
on brokerage activate	129.9	100.7	29.0%
on margins on foreign exchange transactions with clients	545.8	565.3	(3.4%)
other	499.3	602.9	(17.2%)

Operating costs

Operating costs in the 3 quarters of 2023 amounted to PLN 3,496.8 million and were higher by PLN 451.3 million, i.e. 14.8% compared to the 3 quarters of 2022, mainly due to the inflation indexation of salaries and higher property maintenance costs, due to increases in energy prices and the minimum wage.

(in PLN million)

	3 QUARTERS OF 2023	3 QUARTERS OF 2022	CHANGE
Personnel expenses	(2,027.4)	(1,708.3)	18.7%
General administrative expenses and depreciation	(1,469.4)	(1,337.2)	9.9%
Operating costs	(3,496.8)	(3,045.5)	14.8%

In the three quarters of 2023 cost / income ratio amounted to 31.3% and was lower by 12.6 p.p. y/y.

As of 30 September 2023 the Group employed 15,086 employees (in the Bank and the companies consolidated under full consolidation method) as compared to 14,645 employees as at the end of September 2022.

Contributions to the Bank Guarantee Fund

Contributions to the Bank Guarantee Fund in the 3 quarters of 2023 amounted to PLN 190.4 million and were PLN 76.8 million lower than in the 3 quarters of 2022.

Tax on certain financial institutions

The tax on certain financial institutions in the 3 quarters of 2023 amounted to PLN 659.2 million and was higher by PLN 20.7 million, i.e. 3.2% than in the 3 quarters of 2022 due to the increase in the Bank's assets.

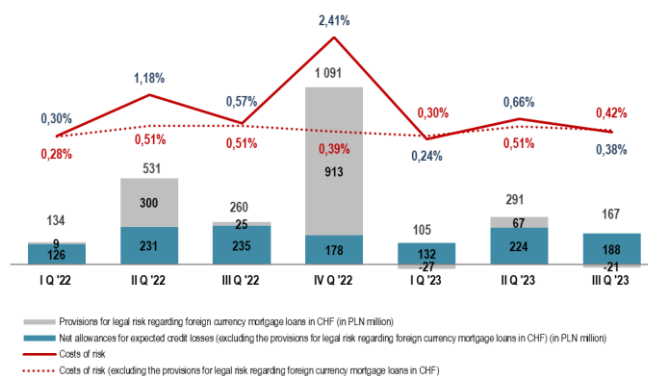
6.2 Net allowances for expected credit losses

(in PLN million)

	GROUP		BANK PEKAO S.A.	
	3 QUARTERS OF 2023	3 QUARTERS OF 2022	3 QUARTERS OF 2023	3 QUARTERS OF 2022
financial assets measured at amortized cost excluding provisions for legal risk regarding foreign currency mortgage loans in CHF	(501.6)	(605.2)	(463.6)	(574.5)
financial assets measured at fair value through other comprehensive income	9.7	10.1	19.2	15.3
financial liabilities measured at amortized cost	(52.2)	3.6	(37.7)	26.3
Net allowances for expected credit losses excluding provisions for legal risk regarding foreign currency mortgage loans in CHF	(544.0)	(591.4)	(482.1)	(532.9)
financial assets measured at amortized cost - provisions for legal risk regarding foreign currency mortgage loans in CHF	(19.4)	(333.5)	(15.1)	(333.0)
Net allowances for expected credit losses	(563.4)	(924.9)	(497.2)	(865.9)

The result on allowances for expected credit losses in the 3 quarters of 2023 amounted to PLN 563.4 million and was lower by PLN 361.4 million, i.e. 39.1% than in the 3 quarters of 2022, mainly due to lower risk provisions regarding foreign currency mortgage loans in CHF.

Costs of risk



The Group's risk costs, after excluding the provision for legal risk related to foreign currency mortgage loans, in the three quarters of 2023 amounted to 0.42% and were lower by 0.26 p.p. from last year's level. The increase in risk costs in the second quarter of 2023 compared to the first quarter results from the recognition of one-off events in both quarters and the update of model parameters, which resulted in the release of provisions in the first quarter.

6.3 The structure of the net profit

(in PLN million)

	3 QUARTERS OF 2023	3 QUARTERS OF 2022	CHANGE
Net profit of Bank Pekao S.A.	4,908.3	941.3	> 100%
Entities consolidated under full method			
Pekao Leasing Sp. z o.o.	74.0	82.4	(10.2%)
Pekao Investment Management S.A.	70.3	46.6	50.9%
Pekao Faktoring Sp. z o.o.	33.2	28.6	16.1%
Pekao Investment Banking S.A.	12.3	7.2	70.8%
Pekao Financial Services Sp. z o.o.	5.4	6.0	(10.0%)
PEUF Sp. z o.o.	5.3	2.6	> 100%
Centrum Kart S.A.	3.8	6.3	(39.7%)
Pekao Direct Sp. z o.o.	2.8	1.2	> 100%
Pekao Fundusz Kapitałowy Sp. z o.o. w likwidacji	1.6	0.4	> 100%
Pekao Property S.A. w likwidacji	0.6	(0.1)	x
FPB "MEDIA" Sp. z o.o. w upadłości	0.0	0.0	x
Pekao Bank Hipoteczny S.A.	(17.4)	(88.1)	(80.2%)
Entities valued under the equity method			
Krajowy Integrator Płatności S.A.	4.0	3.1	29.0%
Exclusions and consolidation adjustments ^(*)	(248.9)	(206.0)	20.8%
Net profit of the Group attributable to equity holders of the Bank	4,855.3	831.5	> 100%

^(*) Includes among others transactions within the Group (including dividends from subsidiaries for the previous years) and net profit attributable to non-controlling interest.

Results of the Bank's major related entities

Pekao Leasing Sp. z o.o. - Pekao Leasing

In the three quarters of 2023, Pekao Leasing generated a net profit of **PLN 74.0 million**, compared to a profit of PLN 82.4 million in the three quarters of 2022. The result of Pekao Leasing in 2023 is burdened with a higher cost of financing and an increase in the level of operating costs, with higher cost of risk due to the revaluation of provisions for customers dependent on the increase in energy prices.

Pekao Investment Management S.A. - Pekao IM

Consolidated net profit of Pekao IM in the three quarters of 2023, amounted to **PLN 70.3 million**, compared to PLN 46.6 million in the three quarters of 2022. The result was influenced by the improving situation on the capital market, which translated into an increase in the value of Pekao TFI assets.

Pekao Faktoring Sp. z o.o. - Pekao Faktoring

In the three quarters of 2023, Pekao Faktoring generated a net profit of **PLN 33.2 million** compared to a profit of PLN 28.6 million in the three quarters of 2022. The higher result of Pekao Faktoring is the result of further business development (an increase in the level of income by 8.3% y/y) and a lower level of credit risk. Pekao Faktoring ranks first in turnover on the Polish factoring market.

Pekao Investment Banking S.A. - Pekao IB

In the three quarters of 2023, Pekao IB generated a net profit of **PLN 12.3 million**, compared to PLN 7.2 million in the three quarters of 2022. The result was affected by a smaller number and value of finalized transactions in the area of advisory services on the private and public capital market compared to the previous year.

PeUF Sp. z o.o. – PEUF

In the three quarters of 2023, PeUF generated a net profit of **PLN 5.3 million**. The company started its business operations in the second quarter of 2022.

Krajowy Integrator Płatności S.A.- KIP

In the three quarters of 2023, KIP generated a net profit of PLN 10.3 million (including the Bank's share of **PLN 4.0 million**), compared to a profit of PLN 7.3 million achieved in the three quarters of 2022. The results are the effect of the continuous development of KIP's activities in the area of online payment services, service websites, a wider range of services provided by KIP, including as part of cooperation with the Bank.

Centrum Kart S.A. – Centrum Kart

In the three quarters of 2023, Centrum Kart generated a net profit of **PLN 3.8 million** compared to PLN 6.3 million generated last year. The result was influenced by the stabilization of income, with the company's operating costs rising at an inflationary rate.

Pekao Financial Services Sp. z o.o. - PFS

In the three quarters of 2023, PFS generated a net profit of PLN 5.4million (including the Bank's share of **PLN 3.6 million**), compared to a profit of PLN 6.0 million in the three quarters of 2022. The net result was lower due to the growing operating costs, including those related to the start of servicing a new client, despite the increase in revenues.

Pekao Direct Sp. z o.o. - Pekao Direct

In the three quarters of 2023, Pekao Direct reported a net profit of **PLN 2.8 million**, compared to PLN 1.2 million profit generated in the three quarters of 2022. The result was influenced by the increase in income resulting from the increase in the scale of customer service and the increase in sales of banking products via remote channels, as well as taking into account the change in rates resulting from the growing operating costs of the company.

Pekao Bank Hipoteczny S.A. - Pekao Bank Hipoteczny

In the three quarters of 2023, Pekao Bank Hipoteczny reported a net loss of **PLN 17.4 million**, compared to a loss of PLN 88.1 million in the three quarters of 2022. The result of the current period was influenced by an increase by PLN 20.8 million in the provision for legal risk related to the portfolio of mortgage loans denominated in CHF. The loss after 3 quarters 2022 is mainly the result of taking into account credit holidays for mortgage loans in PLN and the costs of the Borrower Support Fund.

The results of Bank Pekao S.A.

The main items from the Bank's income statement in presentation form are as follows:

(in PLN million)

	3 QUARTERS OF 2023	3 QUARTERS OF 2022	CHANGE
Net interest income	8,546.0	4,888.7	74.8%
Net non-interest income	2,279.0	1,824.3	24.9%
including: legal risk regarding foreign currency mortgage loans	(176.6)	(126.1)	40.0%
Operating income	10,825.0	6,713.0	61.3%
Operating costs	(3,206.0)	(2,812.5)	14.0%
Gross operating profit	7,619.0	3,900.4	95.3%
Net allowances for expected credit losses	(497.2)	(865.9)	(42.6%)
including: legal risk regarding foreign currency mortgage loans	(15.1)	(333.0)	(95.5%)
Net operating profit	7,121.8	3,034.6	> 100%
Contributions to the Bank Guarantee Fund	(188.2)	(264.7)	(28.9%)
Fee paid for the Protection Schemes	-	(482.1)	x
Contributions to the Borrowers Support Fund	-	(153.5)	x
Tax on certain financial institutions	(659.2)	(638.5)	3.2%
Profit before tax	6,274.4	1,495.8	> 100%
Net profit	4,908.3	941.3	> 100%

Net profit of Bank Pekao S.A. in the three quarters of 2023 amounted to PLN 4,908.3 million and was higher by PLN 3,967.0 million compared to the three quarters of 2022, mainly due to lower costs related to the modification of PLN mortgage loan agreements granted to consumers due to the suspension of their loan repayments (credit holidays), lower risk provisions regarding foreign currency mortgage loans, no additional regulatory costs, including those for the Bank Protection System and payments to the Borrower Support Fund, lower contributions to the BFG, as well as higher income despite the increase in operating costs.

The main Bank's financial information are as follows:

	30.09.2023	30.09.2022	CHANGE
STATEMENT OF FINANCIAL POSITION – SELECTED ITEMS			
<i>(in PLN million)</i>			
Loans and advances at nominal value ^(*)	162,936.1	170,326.6	(4.3%)
Amounts due to customers	240,050.3	206,970.4	16.0%
Structured Certificates of Deposit	298.4	829.7	(64.0%)
Certificates of Deposit	-	2,158.8	x
Senior bonds	1,850.0	-	x
Subordinated bonds	2,750.0	2,750.0	0.0%
Repo transactions	1,094.5	2,148.8	(49.1%)
Total assets	297,571.6	268,880.2	10.7%
Investment funds distributed through the Bank's network	18,837.4	15,837.1	18.9%
Total capital ratio in %	19.9%	18.8%	1.1 p.p.

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

Loans and advances at nominal value at the end of September 2023 amounted to PLN 162,936.1 million and were lower by PLN 7,390.5 million, i.e. 4.3% than at the end of September 2022. At the end of September 2023, retail loans amounted to PLN 74,620.5 million, and corporate ones amounted to PLN 77,500.5 million.

Amounts due to customers, Structured Certificates of Deposit, Certificates of Deposit, Senior Bonds and Subordinated Bonds amounted to PLN 244,948.7 million at the end of September 2023 and were higher by PLN 32,239.8 million, i.e. 15.2% compared to the end of September 2022.

Net assets of investment funds managed by Pekao TFI S.A. distributed by the Bank's network at the end of September 2023 amounted to PLN 18,837.4 million and was higher by PLN 3,000.3 million, i.e. 18.9% compared to the end of September 2022.

6.4 Structure of the consolidated statement of financial position – short form

The balance sheet of Bank Pekao S.A. determines the amount of total assets in balance sheet and the structure of the assets and liabilities of the Group. As at the end of September 2023, the total assets of Bank Pekao S.A. constitutes 96.0% of the total assets of the whole Group.

ASSETS	30.09.2023		30.09.2022		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Cash and due from Central Bank	11,312.5	3.6%	17,879.3	6.4%	(36.7%)
Loans and advances to banks ^(*)	6,452.0	2.1%	6,096.3	2.2%	5.8%
Loans and advances to customers ^(**)	168,898.4	54.5%	175,896.2	62.9%	(4.0%)
Reverse repo transactions	4,025.8	1.3%	975.1	0.3%	> 100%
Securities ^(***)	100,819.8	32.5%	52,105.3	18.6%	93.5%
Investments in associates	51.6	0.0%	46.6	0.0%	10.7%
Property, plant and equipment and intangible assets	4,109.1	1.3%	3,734.8	1.3%	10.0%
Other assets	14,265.6	4.6%	22,828.9	8.2%	(37.5%)
Total assets	309,934.8	100.0%	279,562.5	100.0%	10.9%

(*) Including net investments in financial leases to banks.

(**) Including net investments in financial leases to customers and non-treasury debt securities.

(***) Including financial assets held for trading, other financial instruments at fair value through profit and loss and excluding non-treasury debt securities.

EQUITY AND LIABILITIES	30.09.2023		30.09.2022		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Amounts due to Central Bank	-	-	-	-	x
Amounts due to other banks	7,792.0	2.5%	9,141.3	3.3%	(14.8%)
Amounts due to customers	239,695.1	77.3%	206,779.9	74.0%	15.9%
Debt securities issued	9,912.1	3.2%	8,551.1	3.1%	15.9%
Subordinated liabilities	2,845.6	0.9%	2,836.5	1.0%	0.3%
Repo transactions	1,094.5	0.4%	2,148.8	0.8%	(49.1%)
Lease liabilities	518.8	0.2%	312.4	0.1%	66.1%
Other liabilities	19,741.0	6.4%	28,843.3	10.3%	(31.6%)
Total equity including	28,335.7	9.1%	20,949.2	7.5%	35.3%
non-controlling interests	12.0	0.0%	12.2	0.0%	(1.6%)
Total equity and liabilities	309,934.8	100.0%	279,562.5	100.0%	10.9%

Customer structure of loans and advances

(in PLN million)

	30.09.2023	30.09.2022	CHANGE
Loans and advances at nominal value ^(*)	177,296.5	183,322.4	(3.3%)
Loans and investments in financial leases	166,922.1	173,494.6	(3.8%)
Retail	76,794.1	77,726.5	(1.2%)
Corporate	90,128.1	95,768.1	(5.9%)
Non-treasury debt securities	10,374.4	9,827.8	5.6%
Other ^(**)	2,086.5	1,882.6	10.8%
Impairment allowances	(10,484.6)	(9,308.8)	12.6%
Total net receivables	168,898.4	175,896.2	(4.0%)
Reverse repo transactions	4,022.5	973.6	>100%
Total Customers' financing ^(***)	181,319.0	184,296.0	(1.6%)

(*) Excluding reverse repo transactions.

(**) Including interest and receivables in transit.

(***) Total customers' financing includes loans and advances at nominal value, securities issued by non-monetary entities and reverse repo transactions.

As at the end of September 2023, loans and advances at nominal value amounted to PLN 177,296.5 million and were lower by PLN 6,025.9 PLN million, i.e. 3.3% than at the end of September 2022.

As at the end of September 2023 the volume of retail loans amounted to PLN 76,794.1 million and were lower by PLN 932.4 million, i.e. 1.2% than at the end of September 2022. Corporate loans including non-treasury debt securities at the end of September 2023 amounted to PLN 100,502.5 million and were lower by PLN 5,093.4 million, i.e. 4.8% compared to the end of September 2022.

Receivables and impairment losses ^(*)

(in PLN million)

	30.09.2023	30.09.2022	CHANGE
Gross receivables	179,383.0	185,205.0	(3.1%)
Stage 1	150,787.9	153,906.5	(2.0%)
Stage 2	16,794.5	20,791.4	(19.2%)
Stage 3	11,800.6	10,507.1	12.3%
Impairment allowances	(10,484.6)	(9,308.8)	12.6%
Stage 1	(881.8)	(827.5)	6.6%
Stage 2	(1,151.6)	(1,386.3)	(16.9%)
Stage 3	(8,451.2)	(7,095.0)	19.1%
Total net receivables	168,898.4	175,896.2	(4.0%)

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

As at the end of September 2023 the ratio of impaired receivables (stage 3) to the gross receivables amounted to 6.6%.

Loans and advances to customers by currency ^(*)

	30.09.2023		30.09.2022		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Denominated in PLN	141,286.1	78.8%	147,045.9	79.4%	(3.9%)
Denominated in foreign currencies ^(**)	38,096.9	21.2%	38,159.1	20.6%	(0.2%)
Total	179,383.0	100.0%	185,205.0	100.0%	(3.1%)
Impairment allowances	(10,484.6)	x	(9,308.8)	x	12.6%
Total net	168,898.4	x	175,896.2	x	(4.0%)

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

^(**) Including indexed loans.

The currency structure of loans and advances to customers is dominated by amounts expressed in the Polish zloty, as at the end of September 2023 their share was 78.8%. The largest portion of foreign currency loans and advances to customers were represented by those denominated in EUR (86.9%), CHF (6.2%) and USD (5.6%).

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

	30.09.2023		30.09.2022		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Current and up to 1 month	22,866.4	12.7%	27,779.8	15.0%	(17.7%)
1 to 3 months	8,231.7	4.6%	8,539.3	4.6%	(3.6%)
3 months to 1 year	19,689.7	11.0%	17,580.8	9.5%	12.0%
1 to 5 years	54,890.0	30.6%	57,689.0	31.1%	(4.9%)
Over 5 years	66,865.4	37.3%	66,596.0	36.0%	0.4%
Past due	4,753.4	2.6%	5,137.5	2.8%	(7.5%)
Other	2,086.4	1.2%	1,882.6	1.0%	10.8%
Total	179,383.0	100.0%	185,205.0	100.0%	(3.1%)
Impairment allowances	(10,484.6)	x	(9,308.8)	x	12.6%
Total net	168,898.4	x	175,896.2	x	(4.0%)

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

As at the end of September 2023 loans and advances with maturity over 5 years represents 37.3% of total loans and advances (mainly attributed to mortgage loans, investment loans and non-treasury debt securities).

Information on loan concentration is included in the Note to the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of 9 months ended on 30 September 2023.

External sources of financing

(in PLN million)

	30.09.2023	30.09.2022	CHANGE
Amounts due to Central Bank	-	-	x
Amounts due to other banks	7,792.0	9,141.3	(14.8%)
Amounts due to customers	239,695.1	206,779.9	15.9%
Debt securities issued	9,912.1	8,551.1	15.9%
Subordinated liabilities	2,845.6	2,836.5	0.3%
Repo transactions	1,094.5	2,148.8	(49.1%)
Total external sources of financing	261,339.3	229,457.6	13.9%

The deposit base is widely diversified and is sourced from retail and corporate customers. In addition, the Group uses also funds borrowed on the interbank market. The Group is not dependent on any single customer nor group of customers.

Amounts due to customers and debt securities issued

(in PLN million)

	30.09.2023	30.09.2022	CHANGE
Corporate deposits	109,533.4	93,414.7	17.3%
Non-financial entities	87,031.8	71,935.5	21.0%
Non-banking financial entities	5,897.6	6,429.9	(8.3%)
Budget entities	16,604.0	15,049.3	10.3%
Retail deposits	129,000.6	112,308.6	14.9%
Other (*)	1,161.1	1,056.6	9.9%
Amounts due to customers(**)	239,695.1	206,779.9	15.9%
Debt securities issued of which	12,757.7	11,387.6	12.0%
Structured Certificates of Deposit (SCD)	298.4	829.7	(64.0%)
Certificates of Deposit	-	2,158.8	x
Senior bonds	1,850.0	-	x
Subordinated bonds	2,750.0	2,750.0	0.0%
Pekao Bank Hipoteczny S.A. covered bonds	986.8	936.4	5.4%
Pekao Bank Hipoteczny S.A. bonds	386.8	7.0	>100%
Pekao Leasing Sp. z o.o. bonds	2,818.6	1,747.6	61.3%
Pekao Faktoring Sp. z o.o. bonds	3,482.3	2,813.8	23.8%
Interest	184.8	144.3	28.1%
Amounts due to customers and debt securities issued (**)	252,452.8	218,167.5	15.7%
Lease liabilities	518.8	312.4	66.1%
Repo transactions	1,094.5	2,148.8	(49.1%)
Amounts due to customers and debt securities issued total (***)	254,066.1	220,628.7	15.2%
Investment funds of Pekao TFI S.A. (ex. Pioneer Pekao TFI)	22,637.5	17,469.2	29.6%
Bond and money market funds	15,721.4	12,988.0	21.0%
Balanced funds	4,008.6	2,237.6	79.1%
Equity funds	1,951.5	1,779.5	9.7%
PPK	956.0	464.0	> 100%
including distributed through the Group's network	19,585.9	16,483.6	18.8%

(*) Other item includes interest and funds in transit.

(**) Excluding repo transactions and lease liabilities.

(***) Including repo transactions and lease liabilities.

As at the end of September 2023 amounts due to the Group's customers and debt securities issued amounted to PLN 252,452.8 million and were higher by PLN 34,285.3 million, i.e. 15.7% than at the end of September 2022.

The total volume of retail deposits, Structured Certificates of Deposit and other amounted to PLN 130,322.4 million at the end of September 2023 an increase by PLN 16,316.8 million, i.e. 14.3% compared to the end of September 2022.

The total volume of corporate deposits, Certificates of Deposit, Senior bonds, Subordinated bonds, Pekao Bank Hipoteczny S.A. covered bonds and bonds Pekao Leasing Sp. z o.o. bonds Pekao Faktoring Sp. z o.o. bonds interest and other amounted to PLN 122,130.4 million and were higher by PLN 17,968.5 million, i.e. 17.3% compared to the end of September 2022.

The value of net assets of investment funds managed by Pekao TFI S.A. amounted to PLN 22,637.5 million and was higher by PLN 5,168.3 million, i.e. 29.6% compared to the end of September 2022.

Amounts due to customers by currency ^(*)

	30.09.2023		30.09.2022		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Denominated in PLN	197,253.3	82.3%	168,293.5	81.4%	17.2%
Denominated in foreign currencies	42,441.8	17.7%	38,486.4	18.6%	10.3%
Total	239,695.1	100.0%	206,779.9	100.0%	15.9%

^(*) Including interest and amounts due in transit and excluding repo transactions and lease liabilities.

The bulk of the amounts due to customers are denominated in the Polish currency and its share as at the end of September 2023 amounted to 82.3%. The majority of amounts due to customers denominated in foreign currencies were in EUR (62.6%) and USD (30.5%).

Amounts due to customers by contractual maturities ^(*)

	30.09.2023		30.09.2022		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Current accounts and overnight deposits	168,494.4	70.6%	160,402.2	78.0%	5.0%
Term deposits	70,039.6	29.4%	45,321.1	22.0%	54.5%
Total deposits	238,534.1	100.0%	205,723.3	100.0%	15.9%
Interest accrued	792.3	x	203.2	x	>100%
Funds in transit	368.8	x	853.5	x	(56.8%)
Total	239,695.1	x	206,779.9	x	15.9%

^(*) Excluding repo transactions and lease liabilities.

6.5 Provisions, deferred tax assets and liabilities

(in PLN million)

	GROUP		BANK PEKAO S.A.	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Total provisions	1,639.8	1,095.4	1,602.8	1,124.9
provisions for off-balance sheet commitments	448.5	367.6	486.5	426.4
provisions for liabilities to employees	371.3	270.3	362.5	261.6
other provisions	820.0	457.5	753.8	436.9
Deferred tax liabilities	21.1	23.5	-	-
Deferred tax assets	1,275.0	2,080.5	973.3	1,787.3

6.6 Off-balance sheet items

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

(in PLN million)

	30.09.2023	30.09.2022	CHANGE
Contingent liabilities granted and received	98,822.0	94,106.2	5.0%
Liabilities granted:	66,349.4	61,464.2	7.9%
financial	55,068.3	48,476.1	13.6%
guarantees	11,281.1	12,988.1	(13.1%)
Liabilities received:	32,472.6	32,642.0	(0.5%)
financial	855.2	465.8	83.6%
guarantees	31,617.4	32,176.2	(1.7%)
Derivative financial instruments	507,895.8	517,186.1	(1.8%)
interest rate transactions	387,880.9	334,922.2	15.8%
transactions in foreign currency and in gold	112,450.7	174,075.9	(35.4%)
transactions based on commodities and equity securities	7,564.2	8,188.0	(7.6%)
Total off-balance sheet items	606,717.8	611,292.3	(0.7%)

Information on loan concentration is included in the Notes to the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of 9 months ended on 30 September 2023.

6.7 Capital adequacy

Bank Pekao S.A. Group

Capital ratios are the basic measure applied for the measurement of capital adequacy according to Regulation of the European Parliament and of the Council (EU) No 575/2013 of June 26, 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012, which entered into force since January 1, 2014 together with further amendments, as well as Commission Implementing Regulations or Delegated Regulations (EU) (CRR Regulation).

Capital ratios, capital requirements and own funds have been calculated in accordance with the above mentioned CRR Regulation using national options defined in article 171a of The Banking Act, Act of 5 August 2015 on macro-prudential supervision over financial system and crisis management in financial system (Act on macro-prudential supervision), as well as regulations of minister in charge of the finance institutions.

According to law, Bank Pekao S.A. Group and Bank Pekao S.A. are required to maintain minimal values of capital ratios resulting from Pillar I level (CRR Regulation), capital requirement of Pillar II resulting from The Banking Act and combined buffer requirement resulting from Act on macro-prudential supervision.

Minimal value of capital ratios on Pillar I level are:

- Total capital ratio (TCR) in amount of 8%,
- Tier I capital ratio (T1) in amount of 6%,
- Common Equity Tier I capital ratio (CET 1) in amount of 4.5%.

Combined buffer requirement as at 30 September 2023 consists of:

- Capital conservation buffer in amount of 2.50%,
- Countercyclical capital buffer in amount of 0.02%¹,
- Other systemically important institution buffer in amount of 1.00%,
- Systemic risk buffer in amount of 0.00%².

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

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

- Total capital ratio (TCR) in amount of 11.52%,
- Capital ratio Tier I (T1) in amount of 9.52%,
- Common Equity Tier (CET 1) in amount of 8.02%.

The capital ratios of Bank Pekao S.A. Group and Bank Pekao S.A. were significantly above the minimum required by the law.

¹ Countercyclical capital buffer was calculated as of 30 September, 2023 at the level 0,0199% for Bank Pekao S.A. and 0,0231% for Bank Pekao S.A. Group.

² According to the Regulation of the Minister of Finance, the systemic risk buffer was abolished on 19 March, 2020. The buffer value applicable until that date was 3% of the total risk exposure amount for all exposures located only in the territory of the Republic of Poland.

Bank Pekao S.A. Group

As of 30 September, 2023 Bank Pekao S.A. Group total capital ratio amounted to 17.3% and common equity Tier I ratio amounted to 15.6%.

The table below presents the basic information concerning Bank Pekao S.A. Group capital adequacy as of 30 September, 2023 and 30 September, 2022.

(in PLN thousand)

CAPITAL REQUIREMENT	30.09.2023	30.09.2022⁽¹⁾
Credit Risk	10,291,288	10,474,852
Market Risk	96,131	91,899
Counterparty credit risk including CVA	222,164	333,206
Operational risk	1,434,416	1,018,388
Total capital requirement	12,043,999	11,918,345
OWN FUNDS		
Common Equity Tier I Capital	23,464,744	23,089,526
Tier II Capital	2,519,989	2,750,000
Own funds for total capital ratio	25,984,733	25,839,526
Common Equity Tier I Capital ratio (%)	15.6%	15.5%
Total capital ratio TCR (%)	17.3%	17.3%

⁽¹⁾ Data for September 30, 2022 have been recalculated taking into account the retrospective recognition of part of the profit for the first half of 2022, in accordance with the EBA position expressed in Q&A 2018_3822 and Q&A 2018_4085.

Total Capital Ratio of Bank Pekao S.A. Group as at the end of September 2023 was at the same level compared to the end of September 2022, mainly due to increase of own funds by 0.6% and in the same time increase of total capital requirement by 1.1%. Common equity Tier I Capital Ratio of Pekao S.A. Group as at the end of September 2023 was higher by 0.1 p.p. compared to the end of September 2022.

Decrease of Tier II Capital at the end of September 2023 compared to the end of September 2022 results from amortization of subordinated bonds A series (during final 5 years of maturity of the instrument).

6.8 Reconciliation of income statement – presentation form and long form

Consolidated income statement for the 2023

INCOME STATEMENT – PRESENTATION FORM'S ITEMS	LONG FORM'S ITEMS RECLASSIFIED TO PRESENTATION FORM	3 QUARTERS OF 2023
Net interest income	Net interest income	8,790,649
Net fee and commission income	Net fee and commission income	2,127,928
Dividend income	Dividend income	29,166
Trading result	-	407,432
	Net result on other financial instruments at fair value through profit and loss	383,191
	Result on fair value hedge accounting	562
	(Gains) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	23,679
Net other operating income and expenses	Net other operating income and expenses	(179,429)
	Operating income	86,528
	Operating expenses	(265,957)
Net non-interest income	-	2,385,097
Operating income	-	11,175,746
Operating costs	-	(3,496,791)
	General administrative expenses depreciation	(4,346,331)
	less - Contributions to the Bank Guarantee Fund	190,376
	less - Fee paid for the Protection Schemes	-
	less - Contributions to the Borrowers Support Fund	-
	less – Tax on certain financial institutions	659,164
Gross operating profit	-	7,678,955
Net allowances for expected credit losses	Net allowances for expected credit losses	(563,448)
Net operating profit	-	7,115,507
Contributions to the Bank Guarantee Fund	Contributions to the Bank Guarantee Fund	(190,376)
Fee paid for the Protection Schemes	Fee paid for the Protection Schemes	-
Contributions to the Borrowers Support Fund	Contributions to the Borrowers Support Fund	-
Tax on certain financial institutions	Tax on certain financial institutions	(659,164)
Gains (losses) on associates	Gains (losses) on associates	3,983
Profit before income tax	Profit before income tax	6,269,950
Income tax expense	Income tax expense	(1,412,829)
Net profit for the period	Net profit for the period	4,857,121
Attributable to equity holders of the Bank	Attributable to equity holders of the Bank	4,855,348
Attributable to non-controlling interest	Attributable to non-controlling interest	1,773

Consolidated income statement for the 2022

INCOME STATEMENT – PRESENTATION FORM'S ITEMS	LONG FORM'S ITEMS RECLASSIFIED TO PRESENTATION FORM	3 QUARTERS OF 2022
Net interest income	Net interest income	5,033,486
Net fee and commission income	Net fee and commission income	2,135,173
Dividend income	Dividend income	26,790
Trading result	-	26,171
	Net result on other financial instruments at fair value through profit and loss	34,156
	Result on fair value hedge accounting	1,963
	(Gains) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(9,948)
Net other operating income and expenses	Net other operating income and expenses	(280,777)
	Operating income	<u>88,878</u>
	Operating expenses	<u>(369,655)</u>
Net non-interest income	-	1,907,357
Operating income	-	6,940,843
Operating costs	-	(3,045,479)
	General administrative expenses depreciation	(4,599,185)
	less - Contributions to the Bank Guarantee Fund	267,219
	less - Fee paid for the Protection Schemes	482,140
	less - Contributions to the Borrowers Support Fund	165,835
	less – Tax on certain financial institutions	638,512
Gross operating profit	-	3,895,364
Net allowances for expected credit losses	Net allowances for expected credit losses	<u>(924,869)</u>
Net operating profit	-	2,970,495
Contributions to the Bank Guarantee Fund	Contributions to the Bank Guarantee Fund	(267,219)
Fee paid for the Protection Schemes	Fee paid for the Protection Schemes	(482,140)
Contributions to the Borrowers Support Fund	Contributions to the Borrowers Support Fund	(165,835)
Tax on certain financial institutions	Tax on certain financial institutions	(638,512)
Gains (losses) on associates	Gains (losses) on associates	3,122
Profit before income tax	Profit before income tax	1,419,911
Income tax expense	Income tax expense	<u>(586,394)</u>
Net profit for the period	Net profit for the period	833,517
Attributable to equity holders of the Bank	Attributable to equity holders of the Bank	831,507
Attributable to non-controlling interest	Attributable to non-controlling interest	2,010

7. Quarterly Income Statement

7.1 Consolidated income statement for 2023 and 2022

(in PLN thousand)

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Interest income	4,651,473	4,587,755	4,241,029	4,442,443	1,355,719	3,057,527	2,255,114
Interest income calculated using the effective interest method	4,638,046	4,578,968	4,234,233	4,429,212	1,347,093	3,051,232	2,252,388
Financial assets measured at amortised cost	4,215,857	4,096,596	3,793,993	4,129,794	1,188,983	2,934,683	2,150,399
Financial assets measured at fair value through other comprehensive income	422,189	482,372	440,240	299,418	158,110	116,549	101,989
Other interest income related to financial assets measured at fair value through profit or loss	13,427	8,787	6,796	13,231	8,626	6,295	2,726
Interest expense	(1,626,937)	(1,595,966)	(1,466,705)	(1,232,092)	(957,828)	(491,018)	(186,028)
Net interest income	3,024,536	2,991,789	2,774,324	3,210,351	397,891	2,566,509	2,069,086
Fee and commission income	912,791	886,236	854,967	863,087	872,750	866,981	836,184
Fee and commission expense	(184,120)	(172,907)	(169,039)	(191,085)	(158,431)	(151,121)	(131,190)
Net fee and commission income	728,671	713,329	685,928	672,002	714,319	715,860	704,994
Dividend income	534	28,198	434	1,084	440	26,074	276
Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result	76,330	144,811	162,050	153,057	20,509	(39,778)	53,425
Result on fair value hedge accounting	695	583	(716)	1,434	(404)	1,197	1,170
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	14,085	12,526	(2,932)	6,382	1,357	(7,095)	(4,210)
Net allowances for expected credit losses	(167,247)	(291,003)	(105,198)	(1,091,035)	(259,850)	(530,575)	(134,444)
including: legal risk regarding foreign currency mortgage loans	21,136	(67,485)	26,975	(912,861)	(24,757)	(300,061)	(8,636)
Operating income	22,673	25,874	37,981	48,126	36,384	23,884	28,610
Operating expenses	(91,018)	(74,047)	(100,892)	(271,971)	(141,176)	(199,060)	(29,419)
including: legal risk regarding foreign currency mortgage loans	(61,061)	(59,968)	(72,172)	(222,988)	(17,966)	(104,256)	(6,306)
General administrative expenses and depreciation	(1,396,865)	(1,408,527)	(1,540,939)	(1,268,697)	(1,354,898)	(1,797,035)	(1,447,252)
Gains (losses) on associates	1,413	1,529	1,041	1,894	1,465	565	1,092
Profit / loss before income tax	2,213,807	2,145,062	1,911,081	1,462,627	(583,963)	760,546	1,243,328
Income tax expense	(497,442)	(451,086)	(464,301)	(576,653)	40,859	(291,813)	(335,440)
Net profit / loss	1,716,365	1,693,976	1,446,780	885,974	(543,104)	468,733	907,888
Attributable to equity holders of the Bank	1,715,626	1,693,372	1,446,350	886,063	(543,583)	467,925	907,165
Attributable to non-controlling interests	739	604	430	(89)	479	808	723

7.2 Consolidated statement of comprehensive income

(in PLN thousand)

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net profit / loss	1,716,365	1,693,976	1,446,780	885,974	(543,104)	468,733	907,888
Other comprehensive income							
Item that are or may be reclassified subsequently to profit or loss:							
Impact of revaluation of debt financial instruments and loan measured at fair value through other comprehensive income (net):	168,984	139,297	330,891	174,838	(61,235)	(297,356)	(454,162)
Profit or loss on fair value measurement	174,028	145,191	334,181	184,673	(57,938)	(295,037)	(449,834)
Profit or loss reclassification to income statement after derecognition	(5,044)	(5,894)	(3,290)	(9,835)	(3,297)	(2,319)	(4,328)
Impact of revaluation of derivative instruments hedging cash flows (net)	466,219	427,080	561,425	762,134	42,254	(987,309)	(800,343)
Items that will never be reclassified to profit or loss:							
Impact of revaluation of investments in equity instruments designated at fair value through other comprehensive income (net)	18,395	(5,004)	42,807	25,253	(5,833)	(45,946)	(21,309)
Remeasurements of the defined benefit liabilities (net)	-	(21,621)	-	(22,402)	-	14,251	-
Other comprehensive income (net of tax)	653,598	539,752	935,123	939,823	(24,814)	(1,316,360)	(1,275,814)
Total comprehensive income	2,369,963	2,233,728	2,381,903	1,825,797	(567,918)	(847,627)	(367,926)
Attributable to equity holders of the Bank	2,369,224	2,233,124	2,381,473	1,825,874	(568,397)	(848,435)	(368,649)
Attributable to non-controlling interests	739	604	430	(77)	479	808	723

7.3 Consolidated income statement – presentation form

(in PLN thousand)

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net interest income	3,024,536	2,991,789	2,774,324	3,210,351	397,891	2,566,509	2,069,086
Net fee and commission income	728,671	713,329	685,928	672,002	714,319	715,860	704,994
Dividend income	534	28,198	434	1,084	440	26,074	276
Trading result	91,110	157,920	158,402	160,873	21,462	(45,676)	50,385
Net other operating income and expenses	(68,345)	(48,173)	(62,911)	(223,845)	(104,792)	(175,176)	(809)
including: legal risk regarding foreign currency mortgage loans	(61,061)	(59,968)	(72,172)	(222,988)	(17,966)	(104,256)	(6,306)
Net non-interest income	751,970	851,274	781,853	610,114	631,429	521,082	754,846
Operating income	3,776,506	3,843,063	3,556,177	3,820,465	1,029,320	3,087,591	2,823,932
Operating costs	(1,174,688)	(1,192,202)	(1,129,901)	(1,037,472)	(981,886)	(1,085,318)	(978,275)
Gross operating profit	2,601,818	2,650,861	2,426,276	2,782,993	47,434	2,002,273	1,845,657
Net allowances for expected credit losses	(167,247)	(291,003)	(105,198)	(1,091,035)	(259,850)	(530,575)	(134,444)
including: legal risk regarding foreign currency mortgage loans	21,136	(67,485)	26,975	(912,861)	(24,757)	(300,061)	(8,636)
Net operating profit	2,434,571	2,359,858	2,321,078	1,691,958	(212,416)	1,471,698	1,711,213
Contributions to the Bank Guarantee Fund	-	1,339	(191,715)	-	57,040	(57,040)	(267,219)
Fee paid for the Protection Schemes	-	-	-	-	(41,838)	(440,302)	-
Contributions to the Borrowers Support Fund	-	-	-	(3,547)	(165,835)	-	-
Tax on certain financial institutions	(222,177)	(217,664)	(219,323)	(227,678)	(222,379)	(214,375)	(201,758)
Gains (losses) on associates	1,413	1,529	1,041	1,894	1,465	565	1,092
Profit / loss before income tax	2,213,807	2,145,062	1,911,081	1,462,627	(583,963)	760,546	1,243,328
Income tax expense	(497,442)	(451,086)	(464,301)	(576,653)	40,859	(291,813)	(335,440)
Net profit / loss	1,716,365	1,693,976	1,446,780	885,974	(543,104)	468,733	907,888
Attributable to equity holders of the Bank	1,715,626	1,693,372	1,446,350	886,063	(543,583)	467,925	907,165
Attributable to non-controlling interest	739	604	430	(89)	479	808	723

8. Other Information

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

The Bank has not published the forecast of the financial results for 2023.

8.2 Seasonality or cyclical nature of the Bank's activity

The demand for the financial services offered by the Bank is stable with no material impact of seasonal changes. Due to the nature of the Bank's activity, it is not subject to seasonal or cyclical changes. Activities of other companies of the Bank Pekao S.A. Capital Group also does not show significant seasonal or cyclical characteristics.

8.3 Shares in the Bank and related entities held by the Bank's Directors

According to information available to the Bank as at the date of submitting of Report on the activities of Bank Pekao S.A. Group for the third quarter of 2023 and as at the date of submitting of Report on the activities of Bank Pekao S.A. Group for the first half of 2023 the Members of the Bank's management and supervisory bodies did not held shares of Bank Pekao S.A.

8.4 Pending litigations

Information on significant legal proceedings pending before courts, arbitration bodies or public administration authorities in respect of liabilities and receivables of the Bank and its subsidiaries is included in Note 31 to the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of 9 months ended on 30 September 2023.

8.5 Information on derivative financial instruments and hedge accounting

Information on derivative financial instruments and hedge accounting is included in Note 31 to the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of 9 months ended on 30 September 2023.

8.6 Related party transactions

In the third quarter of 2023, the Bank and its subsidiaries have not concluded any significant transactions (single or aggregate) with related entities other than those executed on arm's length.

In the third quarter of 2023, the Bank and its subsidiaries did not provide any sureties in respect of loans or advances or did not provide any guarantees to an entity or a subsidiary of such entity, which the total value would be significant.

Detailed information on related party transactions is included in 27 to the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of 9 months ended on 30 September 2023.

8.7 Accounting principles adopted in the preparation of the report

Accounting principles adopted in the preparation of the report are described in Note 5 to the Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of 9 months ended on 30 September 2023.

8.8 Issuance, redemption and repayment of debt securities

Structured Certificates of Deposit

Structured Certificates of Deposit are investment products for the Bank's clients that form an alternative to traditional banks' deposits. The total value of the Bank's liabilities relating to these products amounted to PLN 298.4 (principal value) as at the end of September 2023. There are 3 issuance of Structured Certificates of Deposit open in PLN with the maximum maturity date on 22 December 2023.

Senior bonds

On April 3, 2023, the Bank issued senior non-preferred bonds ("SNP bonds") with a maturity of 3 years and the total nominal value amounted to PLN 0.75 billion. The SNP bonds have an option giving the Bank the right to early redemption of the bonds within 2 years from the date of issue, subject to the approval of the Bank Guarantee Fund. The SNP bonds will constitute eligible liabilities of the Bank within the meaning of Article 97a (1) pt. 2) of the Act on the Bank Guarantee Fund, Deposit Guarantee System and Forced Restructuring of 10 June 2016. The bonds will be traded on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A.

On July 28, 2023, the Bank issued both senior non-preferred bonds with a maturity of 4 years and the total nominal value amounted to PLN 0.35 billion and senior preferred bonds ("SP bonds") with a maturity of 2 years and the total nominal value amounted to PLN 0.75 billion. The SNP bonds have an option giving the Bank the right to early redemption of the bonds within 2 years from the date of issue whereas the SP bonds have an option giving the Bank the right to early redemption of the bonds within 1 year from the date of issue, subject to the approval of the Bank Guarantee Fund. The SNP bonds and the SP bonds will constitute eligible liabilities of the Bank within the meaning of Article 97a (1) pt. 2) of the Act on the Bank Guarantee Fund, Deposit Guarantee System and Forced Restructuring of 10 June 2016. The bonds will be traded on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A.

Subordinated bonds

On 30 October 2017 the Bank issued 10 years subordinated bonds with a total nominal value of PLN 1.25 billion. The funds from the issue were designated – after receiving the approval of the Polish Financial Supervision Authority on 21 December 2017 – to increase the Bank's supplementary capital. pursuant to art. 127 para. 2 point 2 of the Banking Law and art. 63 of Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The bonds were introduced to trading on the ASO Catalyst market.

On 15 October 2018 the Bank issued 10 years subordinated bonds with a total nominal value of PLN 0.55 billion. The funds from the issue were designated – after receiving the approval of the Polish Financial Supervision Authority on 16 November 2018 – to increase the Bank's supplementary capital. pursuant to art. 127 para. 2 point 2 of the Banking Law and art. 63 of Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The bonds were introduced to trading on the ASO Catalyst market.

On 15 October 2018 the Bank issued 15 years subordinated bonds with a total nominal value of PLN 0.20 billion. The funds from the issue were designated – after receiving the approval of the Polish Financial Supervision Authority on 18 October 2018 – to increase the Bank's supplementary capital. pursuant to art. 127 para. 2 point 2 of the Banking Law and art. 63 of Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The bonds were introduced to trading on the ASO Catalyst market.

On 4 June 2019 the Bank issued 12 years subordinated bonds with a total nominal value of PLN 0.35 billion. The funds from the issue were designated – after receiving the approval of the Polish Financial Supervision Authority on 8 July 2019 – to increase the Bank's supplementary capital. pursuant to art. 127 para. 2 point 2 of the Banking Law and art. 63 of Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The bonds were introduced to trading on the ASO Catalyst market.

On 4 December 2019 the Bank issued 12 years subordinated bonds with a total nominal value of PLN 0.40 billion. The funds from the issue were designated – after receiving the approval of the Polish Financial Supervision Authority on 10 December 2019 – to increase the Bank's supplementary capital. pursuant to art. 127 para. 2 point 2 of the Banking Law and art. 63 of Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The bonds were introduced to trading on the ASO Catalyst market.

On 3 August 2022 the Management Board of the Bank adopted a resolution not to use the option of early redemption of subordinated bond issued by Bank on 30 October 2017 with a total nominal value of PLN 1.25 billion.

On 29 August 2023 the Management Board of the Bank adopted a resolution not to use the option of early redemption of subordinated bond issued by Bank on 15 October 2018 with a total nominal value of PLN 0.55 billion.

Pekao Bank Hipoteczny S.A. covered bonds

The total value of the company's liabilities due to covered bonds amounted to PLN 986.8 million (principal value) as at the end of September 2023. Liabilities from covered bonds with maturity, up to 6 months account for 14.0%, up to 2 years account for 31.4%, up to 5 years account for 54.6%.

Pekao Bank Hipoteczny S.A. bonds

The total value of the company's liabilities under bonds amounted to PLN 386.8 million (principal value) as at the end of September 2023 with maturity date up to 6 months.

Pekao Leasing Sp. z o.o. bonds

The total value of the company's liabilities under bonds amounted to PLN 2,818.6 million (principal value) as at the end of September 2023 with maturity date up to 3 months account for 47.8%, up to 6 months for 27.8%, and up to 1 year account for 24.4%.

Pekao Faktoring Sp. z o.o. bonds

The total value of the company's liabilities under bonds with maturity date to 3 months amounted to PLN 3,482.3 million (principal value) as at the end of September 2023.

8.9 Subsequent events

Expression of consent by the Management Board of Bank Pekao S.A. for the establishment of a programme for the issuance of euro medium term eurobonds

On 31 October 2023, the Management Board of the Bank adopted a resolution concerning the approval for the establishment by the Bank as issuer of a programme ("EMTN Programme") for the issuance of euro medium term eurobonds ("Eurobonds").

The EMTN Programme has been established under the following conditions:

1. value of the EMTN Programme: EUR 5,000,000,000 or its equivalent in other currencies,
2. Eurobonds issued under the EMTN Programme will be offered and sold outside the territory of the United States of America to, or for the account or benefit of, non-U.S. persons, as defined in Regulation S under the U.S. Securities Act of 1933 ("U.S. Securities Act"). Eurobonds will not be registered in accordance with the U.S. Securities Act or any other state regulations concerning securities,
3. the Eurobonds may be issued in euros, zlotys, and/or other currencies in any number of tranches, with various interest structures and maturities,
4. the Eurobonds may be issued as green or sustainable bonds,
5. the Eurobonds will be deposited with a common depositary and registered in the name of the entity designated as common depositary for Euroclear Bank SA/NV or Clearstream Banking, S.A.,
6. the Bank can apply for the admission of a particular series of Eurobonds to official listing on the Luxembourg Stock Exchange (the "LuxSE") and admission to trading on the regulated market of the LuxSE, the Luxembourg Green Exchange, the Warsaw Stock Exchange or any other entity operating a regulated market within the meaning of Directive 2014/65/EU on markets in financial instruments (as amended from time to time),
7. the issuance of each series of the Eurobonds under the EMTN Programme must be approved by separate resolutions of the Management Board.

In connection with the EMTN Programme, the Bank will prepare a base prospectus to be approved by the Commission de Surveillance du Secteur Financier in Luxembourg.

**Interim Condensed Consolidated
Financial Statements
of Bank Pekao S.A. Group
for the period of 9 months
ended on 30 September 2023**



Warsaw, November 2023

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

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I. Consolidated income statement

	NOTE	III QUARTER 2023 PERIOD FROM 01.07.2023 TO 30.09.2023	3 QUARTERS 2023 PERIOD FROM 01.01.2023 TO 30.09.2023	III QUARTER 2022 PERIOD FROM 01.07.2022 TO 30.09.2022 RESTATED	3 QUARTERS 2022 PERIOD FROM 01.01.2022 TO 30.09.2022 RESTATED
Interest income	8	4 651 473	13 480 257	1 355 719	6 668 360
Interest income calculated using the effective interest method		4 638 046	13 451 247	1 347 093	6 650 713
Financial assets measured at amortised cost		4 215 857	12 106 446	1 188 983	6 274 065
Financial assets measured at fair value through other comprehensive income		422 189	1 344 801	158 110	376 648
Other interest income related to financial assets measured at fair value through profit or loss		13 427	29 010	8 626	17 647
Interest expense	8	(1 626 937)	(4 689 608)	(957 828)	(1 634 874)
Net interest income		3 024 536	8 790 649	397 891	5 033 486
Fee and commission income	9	912 791	2 653 994	872 750	2 575 915
Fee and commission expense	9	(184 120)	(526 066)	(158 431)	(440 742)
Net fee and commission income		728 671	2 127 928	714 319	2 135 173
Dividend income		534	29 166	440	26 790
Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result	10	76 330	383 191	20 509	34 156
Result on fair value hedge accounting		695	562	(404)	1 963
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss		14 085	23 679	1 357	(9 948)
Net allowances for expected credit losses	11	(167 247)	(563 448)	(259 850)	(924 869)
including: legal risk regarding foreign currency mortgage loans		21 136	(19 374)	(24 757)	(333 454)
Operating income	12	22 673	86 528	36 384	88 878
Operating expenses	12	(91 018)	(265 957)	(141 176)	(369 655)
including: legal risk regarding foreign currency mortgage loans		(61 061)	(193 201)	(17 966)	(128 528)
General administrative expenses and depreciation	13	(1 396 865)	(4 346 331)	(1 354 898)	(4 599 185)
Gains on associates		1 413	3 983	1 465	3 122
PROFIT / LOSS BEFORE INCOME TAX		2 213 807	6 269 950	(583 963)	1 419 911
Income tax expense	14	(497 442)	(1 412 829)	40 859	(586 394)
NET PROFIT / LOSS		1 716 365	4 857 121	(543 104)	833 517
1. Attributable to equity holders of the Bank		1 715 626	4 855 348	(543 583)	831 507
2. Attributable to non-controlling interests		739	1 773	479	2 010
Earnings per share (in PLN per share)					
basic for the period		6.54	18.50	(2.07)	3.17
diluted for the period		6.54	18.50	(2.07)	3.17

Notes to the financial statements presented on pages 19 – 57 constitute an integral part of the interim condensed consolidated financial statements.

II. Consolidated statement of comprehensive income

	III QUARTER 2023 PERIOD FROM 01.07.2023 TO 30.09.2023	3 QUARTERS 2023 PERIOD FROM 01.01.2023 TO 30.09.2023	III QUARTER 2022 PERIOD FROM 01.07.2022 TO 30.09.2022	3 QUARTERS 2022 PERIOD FROM 01.01.2022 TO 30.09.2022
Net profit / loss	1 716 365	4 857 121	(543 104)	833 517
Other comprehensive income				
Item that are or may be reclassified subsequently to profit or loss:				
Impact of revaluation of debt financial instruments and loan measured at fair value through other comprehensive income (net):				
Profit or loss on fair value measurement	168 984	639 172	(61 235)	(812 753)
Profit or loss reclassification to income statement after derecognition	(5 044)	(14 228)	(3 297)	(9 944)
Impact of revaluation of derivative instruments hedging cash flows (net)	466 219	1 454 724	42 254	(1 745 398)
Items that will never be reclassified to profit or loss:				
Impact of revaluation of investments in equity instruments designated at fair value through other comprehensive income (net)	18 395	56 198	(5 833)	(73 088)
Remeasurements of the defined benefit liabilities (net)	-	(21 621)	-	14 251
Other comprehensive income (net of tax)	653 598	2 128 473	(24 814)	(2 616 988)
Total comprehensive income	2 369 963	6 985 594	(567 918)	(1 783 471)
1. Attributable to equity holders of the Bank	2 369 224	6 983 821	(568 397)	(1 785 481)
2. Attributable to non-controlling interests	739	1 773	479	2 010

Notes to the financial statements presented on pages 19 – 57 constitute an integral part of the interim condensed consolidated financial statements.

III. Consolidated statement of financial position

	NOTE	30.09.2023	31.12.2022
ASSETS			
Cash and due from Central Bank	16	11 312 470	13 436 334
Loans and advances to banks	17	6 452 017	4 678 613
Derivative financial instruments (held for trading)	18	10 212 324	15 088 916
Hedging instruments		622 401	279 589
Loans and advances to customers (including receivables from finance leases)	19	162 422 401	158 720 990
Securities	20	110 209 151	80 317 445
Assets pledged as security for liabilities		1 112 464	929 526
Assets held for sale		12 038	12 382
Investments in associates		51 566	48 476
Intangible assets		2 339 871	2 253 287
Property, plant and equipment		1 769 223	1 572 093
Income tax assets		1 289 395	1 849 574
1. Current tax assets		14 388	271 047
2. Deferred tax assets	14	1 275 007	1 578 527
Other assets		2 129 438	1 951 807
TOTAL ASSETS		309 934 759	281 139 032
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to Central Bank		-	-
Amounts due to other banks	21	7 791 984	8 594 396
Financial liabilities held for trading		431 216	874 591
Derivative financial instruments (held for trading)	18	10 010 184	15 521 489
Amounts due to customers	22	241 308 438	210 747 090
Hedging instruments		1 638 387	3 176 413
Debt securities issued	23	9 912 101	10 337 485
Subordinated liabilities		2 845 575	2 789 132
Income tax liabilities		1 256 545	26 826
1. Current tax liabilities		1 235 404	4 001
2. Deferred tax liabilities	14	21 141	22 825
Provisions	24	1 639 843	1 402 154
Other liabilities		4 764 811	4 894 444
TOTAL LIABILITIES		281 599 084	258 364 020
Equity			
Share capital		262 470	262 470
Other capital and reserves		21 590 003	18 978 222
Retained earnings and net profit for the period		6 471 193	3 522 191
Total equity attributable to equity holders of the Bank		28 323 666	22 762 883
Non-controlling interests		12 009	12 129
TOTAL EQUITY		28 335 675	22 775 012
TOTAL LIABILITIES AND EQUITY		309 934 759	281 139 032

Notes to the financial statements presented on pages 19 – 57 constitute an integral part of the interim condensed consolidated financial statements.

IV. Consolidated statement of changes in equity

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK											
	SHARE CAPITAL	OTHER CAPITAL AND RESERVES					REVALUATION RESERVES	OTHER	RETAINED EARNINGS AND NET PROFIT FOR THE PERIOD	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	NON - CONTROLLING INTERESTS	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL							
Equity as at 1.01.2023	262 470	18 978 222	9 137 221	1 982 459	10 800 588	(3 295 657)	353 611	3 522 191	22 762 883	12 129	22 775 012	
Comprehensive income	-	2 128 473	-	-	-	2 128 473	-	4 855 348	6 983 821	1 773	6 985 594	
Remeasurements of the defined benefit liabilities (net of tax)	-	(21 621)	-	-	-	(21 621)	-	-	(21 621)	-	(21 621)	
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	639 172	-	-	-	639 172	-	-	639 172	-	639 172	
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	56 198	-	-	-	56 198	-	-	56 198	-	56 198	
Revaluation of cash flow hedging financial instruments (net of tax)	-	1 454 724	-	-	-	1 454 724	-	-	1 454 724	-	1 454 724	
Other comprehensive income (net of tax)	-	2 128 473	-	-	-	2 128 473	-	-	2 128 473	-	2 128 473	
Net profit for the period	-	-	-	-	-	-	-	4 855 348	4 855 348	1 773	4 857 121	
Appropriation of retained earnings	-	483 312	-	-	481 993	-	1 319	(1 905 900)	(1 422 588)	(1 792)	(1 424 380)	
Dividend paid	-	-	-	-	-	-	-	(1 422 588)	(1 422 588)	(1 792)	(1 424 380)	
Profit appropriation to other reserves	-	483 312	-	-	481 993	-	1 319	(483 312)	-	-	-	
Other	-	(4)	-	-	8 405	(8 409)	-	(446)	(450)	(101)	(551)	
Result on sales of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	-	-	-	8 409	(8 409)	-	-	-	-	-	
Other	-	(4)	-	-	(4)	-	-	(446)	(450)	(101)	(551)	
Equity as at 30.09.2023	262 470	21 590 003	9 137 221	1 982 459	11 290 986	(1 175 593)	354 930	6 471 193	28 323 666	12 009	28 335 675	

Notes to the financial statements presented on pages 19 – 57 constitute an integral part of the interim condensed consolidated financial statements.

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

Notes to the financial statements presented on pages 19 – 57 constitute an integral part of the interim condensed consolidated financial statements.

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK										
	SHARE CAPITAL	OTHER CAPITAL AND RESERVES						RETAINED EARNINGS AND NET PROFIT FOR THE PERIOD	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	NON - CONTROLLING INTERESTS	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES	OTHER				
Equity as at 1.01.2022	262 470	19 554 958	9 137 221	1 982 459	9 684 220	(1 618 480)	369 538	4 034 001	23 851 429	11 857	23 863 286
Comprehensive income	-	(2 616 988)	-	-	-	(2 616 988)	-	831 507	(1 785 481)	2 010	(1 783 471)
Remeasurements of the defined benefit liabilities (net of tax)	-	14 251	-	-	-	14 251	-	-	14 251	-	14 251
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	(812 753)	-	-	-	(812 753)	-	-	(812 753)	-	(812 753)
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	(73 088)	-	-	-	(73 088)	-	-	(73 088)	-	(73 088)
Revaluation of cash flow hedging financial instruments (net of tax)	-	(1 745 398)	-	-	-	(1 745 398)	-	-	(1 745 398)	-	(1 745 398)
Other comprehensive income (net of tax)	-	(2 616 988)	-	-	-	(2 616 988)	-	-	(2 616 988)	-	(2 616 988)
Net profit for the period	-	-	-	-	-	-	-	831 507	831 507	2 010	833 517
Appropriation of retained earnings	-	1 100 409	-	-	1 116 336	-	(15 927)	(2 229 030)	(1 128 621)	(1 560)	(1 130 181)
Dividend paid	-	-	-	-	-	-	-	(1 128 621)	(1 128 621)	(1 560)	(1 130 181)
Profit appropriation to other reserves	-	1 100 409	-	-	1 116 336	-	(15 927)	(1 100 409)	-	-	-
Other	-	31	-	-	31	-	-	(350)	(319)	(101)	(420)
Other	-	31	-	-	31	-	-	(350)	(319)	(101)	(420)
Equity as at 30.09.2022	262 470	18 038 410	9 137 221	1 982 459	10 800 587	(4 235 468)	353 611	2 636 128	20 937 008	12 206	20 949 214

Notes to the financial statements presented on pages 19 – 57 constitute an integral part of the interim condensed consolidated financial statements.

V. Consolidated cash flow statement

	NOTE	III QUARTER 2023 PERIOD FROM 01.07.2023 TO 30.09.2023	3 QUARTERS 2023 PERIOD FROM 01.01.2023 TO 30.09.2023	III QUARTER 2022 PERIOD FROM 01.07.2022 TO 30.09.2022	3 QUARTERS 2022 PERIOD FROM 01.01.2022 TO 30.09.2022
Cash flow from operating activities – indirect method					
Profit / loss before income tax		2 213 807	6 269 950	(583 963)	1 419 911
Adjustments for:		17 132 465	24 593 621	(2 713 217)	4 850 736
Depreciation and amortization	13	152 808	466 768	160 617	477 718
Share in gains (losses) from associates		(1 413)	(3 983)	(1 465)	(3 122)
(Gains) losses on investing activities		(19 444)	(38 349)	(21 427)	(37 036)
Net interest income	8	(3 024 536)	(8 790 649)	(397 891)	(5 033 486)
Dividend income		(534)	(29 166)	(440)	(26 790)
Interest received		4 438 096	13 245 316	1 153 864	6 047 894
Interest paid		(1 564 112)	(4 356 941)	(949 262)	(1 542 550)
Income tax paid		199 335	(118 268)	(14 369)	(512 541)
Change in loans and advances to banks		22 774	274 020	150 202	64 669
Change in derivative financial instruments (assets)		1 513 503	4 876 592	(284 100)	(10 835 507)
Change in loans and advances to customers (in this receivable from financial leases)		(2 732 966)	(3 558 823)	(3 510 633)	(7 212 964)
Change in securities (including assets pledged as security for liabilities)		(470 614)	(834 914)	(987 679)	(819 903)
Change in other assets		(623 537)	464 194	(228 092)	(3 364 973)
Change in amounts due to banks		(15 814)	(429 056)	(4 006 796)	(182 009)
Change in financial liabilities held for trading		(160 975)	(443 375)	(18 931)	(9 221)
Change in derivative financial instruments (liabilities)		(1 358 752)	(5 511 305)	195 903	10 485 568
Change in amounts due to customers		19 495 430	30 238 705	6 060 895	14 124 854
Change in debt securities issued		(446)	(1 027 390)	(72 545)	(304 487)
Change in subordinated liabilities		59 235	56 443	53 970	75 010
Payments for short-term leases and leases of low-value assets		(286)	(1 058)	(502)	(1 668)
Change in provisions		51 521	237 689	88 409	212 247
Change in other liabilities		1 173 192	(122 829)	(82 945)	3 249 033
Net cash flows from operating activities		19 346 272	30 863 571	(3 297 180)	6 270 647
Cash flow from investing activities					
Investing activity inflows		295 561 203	950 359 490	6 294 824	24 740 008
Sale of securities measured at amortized cost and at fair value through other comprehensive income		295 556 758	950 314 431	6 285 021	24 661 110
Sale of intangible assets and property, plant and equipment		3 911	15 893	9 363	52 108
Dividend received		534	29 166	440	26 790
Investing activity outflows		(314 172 255)	(980 073 494)	(2 520 129)	(17 982 522)
Acquisition of securities measured at amortized cost and at fair value through other comprehensive income		(313 991 260)	(979 422 705)	(2 426 608)	(17 740 606)
Acquisition of intangible assets and property, plant and equipment		(180 995)	(650 789)	(93 521)	(241 916)
Net cash flows from investing activities		(18 611 052)	(29 714 004)	3 774 695	6 757 486

NOTE	III QUARTER 2023	3 QUARTERS 2023	III QUARTER 2022	3 QUARTERS 2022
	PERIOD FROM 01.07.2023 TO 30.09.2023	PERIOD FROM 01.01.2023 TO 30.09.2023	PERIOD FROM 01.07.2022 TO 30.09.2022	PERIOD FROM 01.01.2022 TO 30.09.2022
Cash flows from financing activities				
Financing activity inflows	1 628 093	2 578 095	2 933 954	6 128 831
Loans and advances received from banks	528 093	728 095	922 952	1 555 547
Issue of debt securities	1 100 000	1 850 000	2 011 002	4 573 284
Financing activity outflows	(1 266 962)	(3 803 851)	(2 254 562)	(3 147 544)
Repayment of loans and advances received from banks	(478 949)	(1 068 108)	(314 032)	(858 198)
Redemption of debt securities	652 775	(1 243 078)	(784 935)	(1 076 857)
Dividends and other payments to shareholders	(1 422 588)	(1 422 588)	(1 128 621)	(1 128 621)
Payments for the principal portion of the lease liabilities	(18 200)	(70 077)	(26 974)	(83 868)
Net cash flows from financing activities	361 131	(1 225 756)	679 392	2 981 287
Total net cash flows	1 096 351	(76 189)	1 156 907	16 009 420
including effect of exchange rate fluctuations on cash and cash equivalents held	232 524	(56 183)	178 470	286 284
Net change in cash and cash equivalents	1 096 351	(76 189)	1 156 907	16 009 420
Cash and cash equivalents at the beginning of the period	16 520 845	17 693 385	22 588 138	7 735 625
Cash and cash equivalents at the end of the period	26	17 617 196	23 745 045	23 745 045

Notes to the financial statements presented on pages 19 – 57 constitute an integral part of the interim condensed consolidated financial statements.

VI. Income statement of Bank Pekao S.A.

	III QUARTER 2023 PERIOD FROM 01.07.2023 TO 30.09.2023	3 QUARTERS 2023 PERIOD FROM 01.01.2023 TO 30.09.2023	III QUARTER 2022 PERIOD FROM 01.07.2022 TO 30.09.2022 RESTATED	3 QUARTERS 2022 PERIOD FROM 01.01.2022 TO 30.09.2022 RESTATED
Interest income	4 389 398	12 768 429	1 262 516	6 301 057
Interest income calculated using the effective interest method	4 372 051	12 727 945	1 252 443	6 279 747
Financial assets measured at amortised cost	3 924 969	11 263 272	1 047 814	5 779 713
Financial assets measured at fair value through other comprehensive income	447 082	1 464 673	204 629	500 034
Other interest income related to financial assets measured at fair value through profit or loss	17 347	40 484	10 073	21 310
Interest expense	(1 444 646)	(4 222 346)	(844 571)	(1 412 318)
Net interest income	2 944 752	8 546 083	417 945	4 888 739
Fee and commission income	805 083	2 363 339	790 904	2 336 924
Fee and commission expense	(195 577)	(559 623)	(164 463)	(456 710)
Net fee and commission income	609 506	1 803 716	626 441	1 880 214
Dividend income	529	237 789	439	211 657
Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result	79 465	380 901	17 771	23 898
Result on fair value hedge accounting	695	562	(404)	1 963
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	14 085	23 679	1 357	(9 948)
Net allowances for expected credit losses	(134 079)	(497 209)	(250 804)	(865 881)
including: legal risk regarding foreign currency mortgage loans	19 520	(15 122)	(25 049)	(333 005)
Operating income	21 367	81 160	33 843	82 804
Operating expenses	(87 818)	(248 876)	(141 265)	(366 374)
including: legal risk regarding foreign currency mortgage loans	(57 982)	(176 672)	(18 149)	(126 227)
General administrative expenses and depreciation	(1 292 649)	(4 053 433)	(1 261 312)	(4 351 296)
PROFIT / LOSS BEFORE INCOME TAX	2 155 853	6 274 372	(555 989)	1 495 776
Income tax expense	(482 552)	(1 366 050)	36 804	(554 449)
NET PROFIT / LOSS	1 673 301	4 908 322	(519 185)	941 327
Earnings per share (in PLN per share)				
basic for the period	6.37	18.70	(1.97)	3.59
diluted for the period	6.37	18.70	(1.97)	3.59

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

	III QUARTER 2023 PERIOD FROM 01.07.2023 TO 30.09.2023	3 QUARTERS 2023 PERIOD FROM 01.01.2023 TO 30.09.2023	III QUARTER 2022 PERIOD FROM 01.07.2022 TO 30.09.2022	3 QUARTERS 2022 PERIOD FROM 01.01.2022 TO 30.09.2022
Net profit / loss	1 673 301	4 908 322	(519 185)	941 327
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Impact of revaluation of debt financial instruments and loan measured at fair value through other comprehensive income (net):	167 232	627 532	(58 323)	(811 773)
profit or loss on fair value measurement	172 276	641 760	(55 026)	(801 829)
profit or loss reclassification to income statement after derecognition	(5 044)	(14 228)	(3 297)	(9 944)
Impact of revaluation of derivative instruments hedging cash flows (net)	466 219	1 454 724	42 254	(1 745 398)
Items that will never be reclassified to profit or loss:				
Impact of revaluation of investments in equity instruments designated at fair value through other comprehensive income (net)	18 395	56 198	(5 833)	(73 088)
Remeasurements of the defined benefit liabilities (net)	-	(21 621)	-	14 251
Other comprehensive income (net of tax)	651 846	2 116 833	(21 902)	(2 616 008)
Total comprehensive income	2 325 147	7 025 155	(541 087)	(1 674 681)

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

	30.09.2023	31.12.2022
ASSETS		
Cash and due from Central Bank	11 312 138	13 434 904
Loans and advances to banks	7 163 109	5 401 659
Derivative financial instruments (held for trading)	10 256 120	15 134 095
Hedging instruments	622 401	279 589
Loans and advances to customers	148 040 936	142 425 702
Securities	111 306 733	86 151 126
Assets pledged as security for liabilities	1 112 464	929 526
Assets held for sale	12 038	12 382
Investments in subsidiaries	1 742 425	1 742 425
Investments in associates	42 194	42 194
Intangible assets	1 489 979	1 407 781
Property, plant and equipment	1 659 354	1 501 069
Income tax assets	973 312	1 547 469
1. Current tax assets	-	267 289
2. Deferred tax assets	973 312	1 280 180
Other assets	1 838 447	1 694 590
TOTAL ASSETS	297 571 650	271 704 511
EQUITY AND LIABILITIES		
Liabilities		
Amounts due to Central Bank	-	-
Amounts due to other banks	3 570 016	4 134 618
Financial liabilities held for trading	431 216	874 591
Derivative financial instruments (held for trading)	10 024 998	15 538 551
Amounts due to customers	241 672 073	210 988 577
Hedging instruments	1 638 387	3 176 413
Debt securities issued	2 214 236	5 893 923
Subordinated liabilities	2 845 575	2 789 132
Income tax liabilities	1 231 788	-
1. Current tax liabilities	1 231 788	-
2. Deferred tax liabilities	-	-
Provisions	1 602 825	1 394 068
Other liabilities	4 548 432	4 725 101
TOTAL LIABILITIES	269 779 546	249 514 974
Equity		
Share capital	262 470	262 470
Other capital and reserves	20 936 255	18 343 689
Retained earnings and net profit for the period	6 593 379	3 583 378
TOTAL EQUITY	27 792 104	22 189 537
TOTAL LIABILITIES AND EQUITY	297 571 650	271 704 511

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

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES					REVALUATION RESERVES	OTHER	RETAINED EARNINGS AND NET PROFIT FOR THE PERIOD	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL					
Equity as at 1.01.2023	262 470	18 343 689	9 137 221	1 982 459	10 254 551	(3 263 669)	233 127	3 583 378	22 189 537	
Comprehensive income	-	2 116 833	-	-	-	2 116 833	-	4 908 322	7 025 155	
Remeasurements of the defined benefit liabilities (net of tax)	-	(21 621)	-	-	-	(21 621)	-	-	(21 621)	
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	627 532	-	-	-	627 532	-	-	627 532	
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	56 198	-	-	-	56 198	-	-	56 198	
Revaluation of cash flow hedging financial instruments (net of tax)	-	1 454 724	-	-	-	1 454 724	-	-	1 454 724	
Other components of comprehensive income (net)	-	2 116 833	-	-	-	2 116 833	-	-	2 116 833	
Net profit for the period	-	-	-	-	-	-	-	4 908 322	4 908 322	
Appropriation of retained earnings	-	475 733	-	-	475 733	-	-	(1 898 321)	(1 422 588)	
Dividend paid	-	-	-	-	-	-	-	(1 422 588)	(1 422 588)	
Profit appropriation	-	475 733	-	-	475 733	-	-	(475 733)	-	
Other	-	-	-	-	8 409	(8 409)	-	-	-	
Result on sales of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	-	-	-	8 409	(8 409)	-	-	-	
Equity as at 30.09.2023	262 470	20 936 255	9 137 221	1 982 459	10 738 693	(1 155 245)	233 127	6 593 379	27 792 104	

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES					OTHER	RETAINED EARNINGS AND NET PROFIT FOR THE PERIOD	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES			
Equity as at 1.01.2022	262 470	18 915 464	9 137 221	1 982 459	9 146 343	(1 583 686)	233 127	3 921 887	23 099 821
Comprehensive income	-	(1 679 983)	-	-	-	(1 679 983)	-	1 898 320	218 337
Remeasurements of the defined benefit liabilities (net of tax)	-	(8 536)	-	-	-	(8 536)	-	-	(8 536)
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	(640 348)	-	-	-	(640 348)	-	-	(640 348)
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	(47 835)	-	-	-	(47 835)	-	-	(47 835)
Revaluation of cash flow hedging financial instruments (net of tax)	-	(983 264)	-	-	-	(983 264)	-	-	(983 264)
Other components of comprehensive income (net)	-	(1 679 983)	-	-	-	(1 679 983)	-	-	(1 679 983)
Net profit for the period	-	-	-	-	-	-	-	1 898 320	1 898 320
Appropriation of retained earnings	-	1 108 208	-	-	1 108 208	-	-	(2 236 829)	(1 128 621)
Dividend paid	-	-	-	-	-	-	-	(1 128 621)	(1 128 621)
Profit appropriation	-	1 108 208	-	-	1 108 208	-	-	(1 108 208)	-
Equity as at 31.12.2022	262 470	18 343 689	9 137 221	1 982 459	10 254 551	(3 263 669)	233 127	3 583 378	22 189 537

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES					OTHER	RETAINED EARNINGS AND NET PROFIT FOR THE PERIOD	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES			
Equity as at 1.01.2022	262 470	18 915 464	9 137 221	1 982 459	9 146 343	(1 583 686)	233 127	3 921 887	23 099 821
Comprehensive income	-	(2 616 008)	-	-	-	(2 616 008)	-	941 327	(1 674 681)
Remeasurements of the defined benefit liabilities (net of tax)	-	14 251	-	-	-	14 251	-	-	14 251
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	(811 773)	-	-	-	(811 773)	-	-	(811 773)
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	(73 088)	-	-	-	(73 088)	-	-	(73 088)
Revaluation of cash flow hedging financial instruments (net of tax)	-	(1 745 398)	-	-	-	(1 745 398)	-	-	(1 745 398)
Other components of comprehensive income (net)	-	(2 616 008)	-	-	-	(2 616 008)	-	-	(2 616 008)
Net profit for the period	-	-	-	-	-	-	-	941 327	941 327
Appropriation of retained earnings	-	1 108 208	-	-	1 108 208	-	-	(2 236 829)	(1 128 621)
Dividend paid	-	-	-	-	-	-	-	(1 128 621)	(1 128 621)
Profit appropriation	-	1 108 208	-	-	1 108 208	-	-	(1 108 208)	-
Equity as at 30.09.2022	262 470	17 407 664	9 137 221	1 982 459	10 254 551	(4 199 694)	233 127	2 626 385	20 296 519

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

	III QUARTER 2023 PERIOD FROM 01.07.2023 TO 30.09.2023	3 QUARTERS 2023 PERIOD FROM 01.01.2023 TO 30.09.2023	III QUARTER 2022 PERIOD FROM 01.07.2022 TO 30.09.2022	3 QUARTERS 2022 PERIOD FROM 01.01.2022 TO 30.09.2022
Cash flow from operating activities – indirect method				
Profit / loss before income tax	2 155 853	6 274 372	(555 989)	1 495 776
Adjustments for:	17 701 131	24 229 087	(2 177 468)	3 475 519
Depreciation and amortization	139 982	430 864	149 294	444 284
(Gains) losses on investing activities	(19 413)	(38 004)	(21 386)	(36 673)
Net interest income	(2 944 752)	(8 546 083)	(417 945)	(4 888 739)
Dividend income	(529)	(237 789)	(439)	(211 657)
Interest received	4 199 091	12 582 357	1 081 632	5 727 038
Interest paid	(1 300 799)	(3 851 652)	(627 411)	(1 088 125)
Income tax paid	212 034	(55 116)	-	(467 535)
Change in loans and advances to banks	116 311	31 705	428 859	(121 948)
Change in derivative financial instruments (assets)	1 490 890	4 877 975	(316 480)	(10 867 969)
Change in loans and advances to customers	(2 437 793)	(5 495 072)	(3 210 046)	(8 318 533)
Change in securities (including assets pledged as security for liabilities)	(341 267)	(118 523)	(1 038 017)	(923 920)
Change in other assets	(557 991)	477 399	250 098	(2 923 695)
Change in amounts due to banks	(108 736)	(312 370)	(4 116 520)	(310 507)
Change in financial liabilities held for trading	(160 975)	(443 375)	(18 931)	(9 221)
Change in derivative financial instruments (liabilities)	(1 352 893)	(5 513 553)	205 851	10 505 265
Change in amounts due to customers	19 489 986	30 353 470	5 804 472	13 907 792
Change in debt securities issued	(37 689)	8 798	(51 036)	(74 752)
Change in subordinated liabilities	59 234	56 443	53 970	75 010
Payments for short-term leases and leases of low-value assets	(193)	(507)	(219)	(764)
Change in provisions	40 267	208 757	88 883	188 879
Change in other liabilities	1 216 366	(186 637)	(422 097)	2 871 289
Net cash flows from operating activities	19 856 984	30 503 459	(2 733 457)	4 971 295
Cash flow from investing activities				
Investing activity inflows	298 833 483	963 716 796	11 065 841	36 285 841
Sale of securities measured at amortized cost and at fair value through other comprehensive income	298 831 082	963 499 474	11 009 587	36 084 678
Sale of intangible assets and property, plant and equipment	1 871	6 913	4 099	14 831
Dividend received	530	210 409	52 155	186 332
Investing activity outflows	(317 011 393)	(989 123 812)	(6 002 324)	(26 787 102)
Acquisition of subsidiaries and associates	-	-	(65 000)	(65 000)
Acquisition of securities measured at amortized cost and at fair value through other comprehensive income	(316 861 673)	(988 533 668)	(5 853 765)	(26 511 003)
Acquisition of intangible assets and property, plant and equipment	(149 720)	(590 144)	(83 559)	(211 099)
Net cash flows from investing activities	(18 177 910)	(25 407 016)	5 063 517	9 498 739

	III QUARTER 2023 PERIOD FROM 01.07.2023 TO 30.09.2023	3 QUARTERS 2023 PERIOD FROM 01.01.2023 TO 30.09.2023	III QUARTER 2022 PERIOD FROM 01.07.2022 TO 30.09.2022	3 QUARTERS 2022 PERIOD FROM 01.01.2022 TO 30.09.2022
Cash flows from financing activities				
Financing activity inflows	1 100 000	1 850 000	2 012 939	4 573 284
Due to loans and advances received from banks	1 100 000	1 850 000	2 012 939	4 573 284
Financing activity outflows	(1 717 386)	(7 276 003)	(3 014 405)	(3 217 053)
Repayment of loans and advances received from banks	(173 503)	(219 506)	(104 847)	(244 776)
Redemption of debt securities	(103 942)	(5 567 202)	(1 754 046)	(1 760 023)
Dividends and other payments to shareholders	(1 422 588)	(1 422 588)	(1 128 621)	(1 128 621)
Payments for the principal portion of the lease liabilities	(17 353)	(66 707)	(26 891)	(83 633)
Net cash flows from financing activities	(617 386)	(5 426 003)	(1 001 466)	1 356 231
Total net cash flows	1 061 688	(329 560)	1 328 594	15 826 265
including: effect of exchange rate fluctuations on cash and cash equivalents held	232 397	(56 324)	183 184	293 529
Net change in cash and cash equivalents	1 061 688	(329 560)	1 328 594	15 826 265
Cash and cash equivalents at the beginning of the period	16 820 138	18 211 386	22 771 178	8 273 507
Cash and cash equivalents at the end of the period	17 881 826	17 881 826	24 099 772	24 099 772

XI. Notes to the Interim Condensed Consolidated Financial Statements

1. General information

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

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

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

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

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

The Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of 1 January 2023 till to 30 September 2023 contain financial information of the Bank and its subsidiaries (together referred to as the 'Group'), and the associates accounted for using equity method.

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

2. Group structure

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

NAME OF ENTITY	LOCATION	CORE ACTIVITY	PERCENTAGE OF THE GROUP'S OWNERSHIP RIGHTS IN SHARE CAPITAL/VOTING	
			30.09.2023	31.12.2022
Pekao Bank Hipoteczny S.A.	Warsaw	Banking	100.00	100.00
Pekao Leasing Sp. z o.o.	Warsaw	Leasing services	100.00	100.00
PeUF Sp. z o.o.	Warsaw	Financial support	100.00	100.00
Pekao Investment Banking S.A.	Warsaw	Brokerage	100.00	100.00
Pekao Faktoring Sp. z o.o.	Lublin	Factoring services	100.00	100.00
Centrum Kart S.A.	Warsaw	Financial support	100.00	100.00
Pekao Financial Services Sp. z o.o.	Warsaw	Transferable agent	66.50	66.50
Pekao Direct Sp. z o.o.	Cracow	Call-center services	100.00	100.00
Pekao Property S.A. (in liquidation)	Warsaw	Real estate development	100.00	100.00
FPB - Media Sp. z o.o. (in bankruptcy)	Warsaw	Real estate development	100.00	100.00
Pekao Fundusz Kapitałowy Sp. z o.o. (in liquidation)	Warsaw	Business consulting	100.00	100.00
Pekao Investment Management S.A.	Warsaw	Holding	100.00	100.00
Pekao TFI S.A.	Warsaw	Asset management	100.00	100.00

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

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

Investments in associates

NAME OF ENTITY	LOCATION	CORE ACTIVITY	PERCENTAGE OF THE GROUP'S OWNERSHIP RIGHTS IN SHARE CAPITAL/VOTING	
			30.09.2023	31.12.2022
Krajowy Integrator Płatności S.A.	Poznań	Monetary brokerage	38.33	38.33

3. Business combinations

In the period of 9 months ended on 30 September 2023 and in 2022, there were no business combinations.

4. Statement of compliance

The Interim Condensed Consolidated Financial Statements of Bank Pekao S.A. Group for the period of 9 months ended on 30 September 2023 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union and other applicable regulations.

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

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

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

These interim condensed consolidated financial statements were authorized for issue by the Management Board on 7 November 2023.

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

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

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

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

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

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

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

STANDARD/ INTERPRETATION	DESCRIPTION	IMPACT ASSESSMENT
IAS 12 (amendment) 'Income taxes'	<p>The amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's ('OECD') international tax reform. The OECD published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate.</p> <p>The amendments to IAS 12 include:</p> <ul style="list-style-type: none"> • an exception to the requirements in IAS 12 that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes. An entity has to disclose that it has applied the exception, • a disclosure requirement that an entity has to disclose separately its current tax expense (income) related to pillar two income taxes, • a disclosure requirement that state that in periods in which pillar two legislation is enacted or substantively enacted, but not yet in effect, an entity discloses known or reasonably estimable information that helps users of financial statements understand the entity's exposure to pillar two income taxes arising from that legislation, • The requirement that an entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023. <p>Date of application: annual periods beginning on or after 1 January 2023.</p>	<p>The Group claims that the standard's amendments will not have a material impact on the financial statements in the period of its first application.</p>
IAS 7 (amendment) 'Statement of cash flows' and IFRS 7 (amendment) 'Financial instruments: Disclosures'	<p>The "Supplier Finance Arrangements" (amendments to IAS 7 and IFRS 7) include:</p> <ul style="list-style-type: none"> • do not define supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements. • entities will have to disclose in the notes information that enables users of financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it, • adding to IAS 7 additional disclosure requirements about: <ul style="list-style-type: none"> ➢ the terms and conditions of the supplier finance arrangements, ➢ for the arrangements, as at the beginning and end of the reporting period: <ol style="list-style-type: none"> a) the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented, b) the carrying amount of financial liabilities disclosed under a) for which suppliers have already received payment from the finance providers, c) the range of payment due dates of financial liabilities disclosed under a) and comparable trade payables that are not part of a supplier finance arrangement; and ➢ the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement, • add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7. <p>Date of application: annual periods beginning on or after 1 January 2024.</p>	<p>The Group claims that the standard's amendments will not have a material impact on the financial statements in the period of its first application.</p>
IAS 21 (amendment) 'The Effects of Changes in Foreign Exchange Rates'	<p>The amendment to IAS 21:</p> <ul style="list-style-type: none"> • specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency, • specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing, • require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows. <p>Date of application: annual periods beginning on or after 1 January 2025.</p>	<p>The Group claims that the standard's amendments will not have a material impact on the financial statements in the period of its first application.</p>

4.4. Other expected regulatory changes

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

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

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

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

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

Due to the very many interrelated elements involved in the reform of benchmarks, the process will be staggered over time. NGR specified in the Road Map that with the effective cooperation of all parties involved, the reform of benchmarks in Poland will be fully implemented by the end of 2027.

5. Significant accounting policies

General information

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

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

In the period of 9 months ended on 30 September of 2023 the Group did not amend its accounting policies in respect to valuation of assets and liabilities and profit measurement, except for the changes in presentation in the income statement of interest income and expense on hedging derivatives, which were described below.

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

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

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

Comparability of financial data

In the interim condensed consolidated financial statements of Bank Pekao S.A. Group for the period of 9 months ended on 30 September of 2023, the Group and Bank changed the accounting principles in the method of presenting in the income statement of interest income and expenses on hedging derivatives, including them with interest on hedged items.

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

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

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

CONSOLIDATED INCOME STATEMENT	DATA FOR III QUARTER 2022 BEFORE RESTATEMENT	RESTATEMENT	DATA FOR III QUARTER 2022 AFTER RESTATEMENT
Interest income	1 357 913	(2 194)	1 355 719
Interest income calculated using the effective interest method	1 512 453	(165 360)	1 347 093
Financial assets measured at amortised cost	1 352 082	(163 099)	1 188 983
Financial assets measured at fair value through other comprehensive income	160 371	(2 261)	158 110
Other interest income related to financial assets measured at fair value through profit or loss	(154 540)	163 166	8 626
Interest expense	(960 022)	2 194	(957 828)

CONSOLIDATED INCOME STATEMENT	DATA FOR 3 QUARTERS 2022 BEFORE RESTATEMENT	RESTATEMENT	DATA FOR 3 QUARTERS 2022 AFTER RESTATEMENT
Interest income	6 670 260	(1 900)	6 668 360
Interest income calculated using the effective interest method	6 786 497	(135 784)	6 650 713
Financial assets measured at amortised cost	6 392 958	(118 893)	6 274 065
Financial assets measured at fair value through other comprehensive income	393 539	(16 891)	376 648
Other interest income related to financial assets measured at fair value through profit or loss	(116 237)	133 884	17 647
Interest expense	(1 636 774)	1 900	(1 634 874)

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

SEPARATE INCOME STATEMENT	DATA FOR III QUARTER 2022 BEFORE RESTATEMENT	RESTATEMENT	DATA FOR III QUARTER 2022 AFTER RESTATEMENT
Interest income	1 264 710	(2 194)	1 262 516
Interest income calculated using the effective interest method	1 417 803	(165 360)	1 252 443
Financial assets measured at amortised cost	1 210 913	(163 099)	1 047 814
Financial assets measured at fair value through other comprehensive income	206 890	(2 261)	204 629
Other interest income related to financial assets measured at fair value through profit or loss	(153 093)	163 166	10 073
Interest expense	(846 765)	2 194	(844 571)

SEPARATE INCOME STATEMENT	DATA FOR 3 QUARTERS 2022 BEFORE RESTATEMENT	RESTATEMENT	DATA FOR 3 QUARTERS 2022 AFTER RESTATEMENT
Interest income	6 302 957	(1 900)	6 301 057
Interest income calculated using the effective interest method	6 415 531	(135 784)	6 279 747
Financial assets measured at amortised cost	5 898 606	(118 893)	5 779 713
Financial assets measured at fair value through other comprehensive income	516 925	(16 891)	500 034
Other interest income related to financial assets measured at fair value through profit or loss	(112 574)	133 884	21 310
Interest expense	(1 414 218)	1 900	(1 412 318)

6. Accounting estimates

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

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

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

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

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

Impairment of loans and advances to customers, expected credit losses

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

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

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

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

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

Impairment of non-current assets (including goodwill)

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

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

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

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

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

Provisions for legal risk regarding foreign currency mortgage loans in CHF

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

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

Details on the main assumptions used to estimate the provisions for legal risk regarding foreign currency mortgage loans in CHF are presented in the Note 28.

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

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

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

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

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

Fair value measurement

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

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

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

7. Operating segments

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

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

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

Operating segments

The operating segments of the Group are as follows:

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

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

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND INVESTMENT BANKING	ENTERPRISE BANKING	ASSETS & LIABILITIES MANAGEMENT AND OTHER	TOTAL
External interest income	5 676 234	7 416	3 942 762	1 465 990	2 387 855	13 480 257
External interest expenses	(1 651 873)	(338 579)	(2 062 123)	(268 836)	(368 197)	(4 689 608)
Net external interest income	4 024 361	(331 163)	1 880 639	1 197 154	2 019 658	8 790 649
Internal interest income	5 719 447	595 312	3 521 625	1 361 547	(11 197 931)	-
Internal interest expenses	(4 265 852)	(7 075)	(3 724 920)	(1 179 019)	9 176 866	-
Net internal interest income	1 453 595	588 237	(203 295)	182 528	(2 021 065)	-
Total net interest income	5 477 956	257 074	1 677 344	1 379 682	(1 407)	8 790 649
Fee and commission income and expense	856 557	109 720	526 219	517 836	117 596	2 127 928
Other non-interest income	(201 995)	(934)	203 938	39 145	217 015	257 169
including: legal risk regarding foreign currency mortgage loans	(193 201)	-	-	-	-	(193 201)
Operating income of reportable segments	6 132 518	365 860	2 407 501	1 936 663	333 204	11 175 746
Personnel expenses	(835 270)	(79 185)	(234 353)	(206 277)	(672 269)	(2 027 354)
General administrative expenses and depreciation (including allocation of operating costs)	(1 419 239)	(54 050)	(222 898)	(283 940)	510 690	(1 469 437)
Operating costs	(2 254 509)	(133 235)	(457 251)	(490 217)	(161 579)	(3 496 791)
Gross operating profit	3 878 009	232 625	1 950 250	1 446 446	171 625	7 678 955
Net allowances for expected credit losses	(283 234)	4 115	(238 672)	18 719	(64 376)	(563 448)
including: legal risk regarding foreign currency mortgage loans	(19 374)	-	-	-	-	(19 374)
Net operating profit	3 594 775	236 740	1 711 578	1 465 165	107 249	7 115 507
Contributions to the Bank Guarantee Fund	(99 419)	(206)	(71 658)	(33 127)	14 034	(190 376)
Tax on certain financial institutions	(245 997)	(934)	(124 775)	(84 959)	(202 499)	(659 164)
Gains on associates	-	-	-	-	3 983	3 983
Profit before tax	3 249 359	235 600	1 515 145	1 347 079	(77 233)	6 269 950
Income tax expense						(1 412 829)
Net profit						4 857 121
Attributable to equity holders of the Bank						4 855 348
Attributable to non-controlling interests						1 773
Allocated assets	74 038 123	241 016	76 084 210	26 747 278	109 642 449	286 753 076
Unallocated assets						23 181 683
Total Assets						309 934 759
Allocated liabilities	130 121 767	14 523 899	75 314 622	36 171 135	5 970 369	262 101 792
Unallocated liabilities						19 497 292
Total Liabilities						281 599 084

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

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND INVESTMENT BANKING	ENTERPRISE BANKING	ASSETS & LIABILITIES MANAGEMENT AND OTHER	TOTAL
External interest income	2 028 916	6 355	2 588 578	1 004 123	1 040 388	6 668 360
External interest expenses	(306 596)	(61 430)	(886 277)	(53 102)	(327 469)	(1 634 874)
Net external interest income	1 722 320	(55 075)	1 702 301	951 021	712 919	5 033 486
Internal interest income	4 416 465	477 992	1 919 113	700 766	(7 514 336)	-
Internal interest expenses	(2 996 245)	(5 370)	(2 245 850)	(741 159)	5 988 624	-
Net internal interest income	1 420 220	472 622	(326 737)	(40 393)	(1 525 712)	-
Total net interest income	3 142 540	417 547	1 375 564	910 628	(812 793)	5 033 486
Fee and commission income and expense	826 858	109 497	521 214	545 177	132 427	2 135 173
Other non-interest income	(234 545)	(965)	85 837	46 145	(124 288)	(227 816)
including: legal risk regarding foreign currency mortgage loans	(128 528)	-	-	-	-	(128 528)
Operating income of reportable segments	3 734 853	526 079	1 982 615	1 501 950	(804 654)	6 940 843
Personnel expenses	(733 291)	(64 519)	(190 297)	(172 378)	(547 847)	(1 708 332)
General administrative expenses and depreciation (including allocation of operating costs)	(1 137 019)	(43 999)	(177 330)	(234 224)	255 425	(1 337 147)
Operating costs	(1 870 310)	(108 518)	(367 627)	(406 602)	(292 422)	(3 045 479)
Gross operating profit	1 864 543	417 561	1 614 988	1 095 348	(1 097 076)	3 895 364
Net allowances for expected credit losses	(591 379)	(1 445)	(130 782)	(143 738)	(57 525)	(924 869)
including: legal risk regarding foreign currency mortgage loans	(333 454)	-	-	-	-	(333 454)
Net operating profit	1 273 164	416 116	1 484 206	951 610	(1 154 601)	2 970 495
Contributions to the Bank Guarantee Fund	(106 764)	(239)	(70 981)	(30 669)	(58 566)	(267 219)
Fee paid for the Protection Scheme	-	-	-	-	(482 140)	(482 140)
Contributions to the Borrowers Support Fund	(165 835)	-	-	-	-	(165 835)
Tax on certain financial institutions	(265 715)	(979)	(193 927)	(78 788)	(99 103)	(638 512)
Gains on associates					3 122	3 122
Profit before tax	734 850	414 898	1 219 298	842 153	(1 791 288)	1 419 911
Income tax expense						(586 394)
Net profit						833 517
Attributable to equity holders of the Bank						831 507
Attributable to non-controlling interests						2 010
Allocated assets	75 313 074	247 477	78 066 714	25 695 606	68 219 057	247 541 928
Unallocated assets						32 020 573
Total Assets						279 562 501
Allocated liabilities	114 185 991	14 729 101	62 451 830	30 167 689	7 863 701	229 398 312
Unallocated liabilities						29 214 975
Total Liabilities						258 613 287

Reconciliations of operating income for reportable segments

	3 QUARTERS 2023	3 QUARTERS 2022
Net interest income	8 790 649	5 033 486
Net fee and commission income	2 127 928	2 135 173
Dividend income	29 166	26 790
Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result	383 191	34 156
Result on fair value hedge accounting	562	1 963
Profit (loss) from derecognition of financial assets and financial liabilities not at fair value through profit or loss	23 679	(9 948)
Operating income	11 355 175	7 221 620
Other operating income	86 528	88 878
Other operating expenses	(265 957)	(369 655)
Operating income for reportable segments	11 175 746	6 940 843

8. Interest income and expense

Interest income

	III QUARTER 2023			TOTAL
	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	
Interest income calculated using the effective interest method	4 215 857	422 189	-	4 638 046
Loans and advances (in this receivables from financial leases)	3 178 354	2 329	-	3 180 683
Interbank placements	216 238	-	-	216 238
Reverse repo transactions	109 903	-	-	109 903
Debt securities	711 362	419 860	-	1 131 222
Other interest income related to financial assets measured at fair value through profit or loss	-	-	13 427	13 427
Loans and other receivables from customers	-	-	4 717	4 717
Debt securities held for trading	-	-	8 710	8 710
Total (*)	4 215 857	422 189	13 427	4 651 473

(*) Including the income from hedging derivative instruments in the amounts of minus PLN 231 250 thousand.

	3 QUARTERS 2023			TOTAL
	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	
Interest income calculated using the effective interest method	12 106 446	1 344 801	-	13 451 247
Loans and advances (in this receivables from financial leases)	9 344 184	12 015	-	9 356 199
Interbank placements	607 983	-	-	607 983
Reverse repo transactions	290 971	-	-	290 971
Debt securities	1 863 308	1 332 786	-	3 196 094
Other interest income related to financial assets measured at fair value through profit or loss	-	-	29 010	29 010
Loans and other receivables from customers	-	-	13 851	13 851
Debt securities held for trading	-	-	15 159	15 159
Total (*)	12 106 446	1 344 801	29 010	13 480 257

(*) Including the income from hedging derivative instruments in the amounts of minus PLN 806 808 thousand.

Interest income

	III QUARTER 2022			TOTAL
	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	
Interest income calculated using the effective interest method	1 188 983	158 110	-	1 347 093
Loans and advances (in this receivables from financial leases)	611 305	4 770	-	616 075
Interbank placements	165 061	-	-	165 061
Reverse repo transactions	74 303	-	-	74 303
Debt securities	338 314	153 340	-	491 654
Other interest income related to financial assets measured at fair value through profit or loss	-	-	8 626	8 626
Loans and other receivables from customers	-	-	3 036	3 036
Debt securities held for trading	-	-	5 590	5 590
Total (*)	1 188 983	158 110	8 626	1 355 719

(*) Including the income from hedging derivative instruments in the amounts of minus PLN 165 360 thousand.

	3 QUARTERS 2022			TOTAL
	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	
Interest income calculated using the effective interest method	6 274 065	376 648	-	6 650 713
Loans and advances (in this receivables from financial leases)	4 997 749	11 754	-	5 009 503
Interbank placements	316 776	-	-	316 776
Reverse repo transactions	152 708	-	-	152 708
Debt securities	806 832	364 894	-	1 171 726
Other interest income related to financial assets measured at fair value through profit or loss	-	-	17 647	17 647
Loans and other receivables from customers	-	-	6 863	6 863
Debt securities held for trading	-	-	10 784	10 784
Total (*)	6 274 065	376 648	17 647	6 668 360

(*) Including the income from hedging derivative instruments in the amounts of minus PLN 135 783 thousand.

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

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

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

As at 30 September 2023, the Group maintained the above-mentioned estimates for:

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

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

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

Interest expense

	III QUARTER 2023	3 QUARTERS 2023	III QUARTER 2022	3 QUARTERS 2022
Deposits from customers	(1 245 826)	(3 565 455)	(610 254)	(946 806)
Interbank deposits	(20 565)	(62 901)	(28 898)	(65 767)
Repo transactions	(61 572)	(218 011)	(102 472)	(192 498)
Loans and advances received	(62 476)	(177 317)	(32 887)	(73 457)
Leasing	(6 294)	(13 940)	(2 753)	(7 995)
Debt securities	(230 204)	(651 984)	(180 564)	(348 351)
Total (*)	(1 626 937)	(4 689 608)	(957 828)	(1 634 874)

(*) Including the interest expense from hedging derivative instruments in the amounts respectively, plus PLN 9 285 thousand on III quarter 2023 and plus PLN 20 189 thousand for 3 quarters 2023, plus PLN 2 194 thousand on the III quarter 2022 and plus PLN 1 900 thousand and for 3 quarters 2022.

9. Fee and commission income and expense

Fee and commission income

	III QUARTER 2023	3 QUARTERS 2023	III QUARTER 2022	3 QUARTERS 2022
Accounts maintenance, payment orders and cash transactions	153 541	460 657	178 410	555 896
Payment cards	219 815	619 670	192 522	544 547
Loans and advances	120 017	371 608	109 189	312 279
Margin on foreign exchange transactions with clients	184 816	545 869	192 871	565 337
Service and sell investment and insurance products	112 960	329 273	95 284	293 839
Securities operations	47 381	123 336	32 926	103 382
Custody activity	17 638	51 072	17 497	53 812
Guarantees, letters of credit and similar transactions	20 801	61 527	22 430	64 111
Other	35 822	90 982	31 621	82 712
Total	912 791	2 653 994	872 750	2 575 915

Fee and commission expense

	III QUARTER 2023	3 QUARTERS 2023	III QUARTER 2022	3 QUARTERS 2022
Payment cards	(128 559)	(370 916)	(113 143)	(316 206)
Money orders and transfers	(5 000)	(18 067)	(6 919)	(19 383)
Securities and derivatives operations	(15 980)	(47 138)	(13 493)	(39 238)
Acquisition services	(16 312)	(38 370)	(9 773)	(18 862)
Custody activity	(5 448)	(15 857)	(5 122)	(17 778)
Accounts maintenance	(1 492)	(4 114)	(1 489)	(4 021)
Investment funds management	(1 205)	(2 823)	(608)	(1 946)
Other	(10 124)	(28 781)	(7 884)	(23 308)
Total	(184 120)	(526 066)	(158 431)	(440 742)

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

	III QUARTER 2023	3 QUARTERS 2023	III QUARTER 2022	3 QUARTERS 2022
Gains (losses) on loans and advances to customers measured mandatorily at fair value through profit or loss	(858)	(3 222)	2 666	3 284
Gains (losses) on securities measured mandatorily at fair value through profit or loss	(7 088)	18 181	(10 814)	(28 471)
Foreign exchange result	30 898	206 993	(12 607)	7 779
Gains (losses) on derivatives	38 879	133 928	40 797	55 216
Gains (losses) on securities held for trading	14 499	27 311	467	(3 652)
Total	76 330	383 191	20 509	34 156

11. Net allowances for expected credit losses

	III QUARTER 2023	3 QUARTERS 2023	III QUARTER 2022	3 QUARTERS 2022
Receivables from banks and the central bank	851	2 909	(5 452)	(13 326)
Loans and other financial assets measured at amortized cost (*) (**)	(180 322)	(510 105)	(275 134)	(921 598)
including: legal risk regarding foreign currency mortgage loans	21 136	(19 374)	(24 757)	(333 454)
Debt securities measured at amortized cost	(6 358)	(13 755)	(3 651)	(3 682)
Loans measured at fair value through other comprehensive income	268	2 540	198	53
Debt securities measured at fair value through other comprehensive income	950	7 126	7 838	10 090
Off-balance sheet commitments	17 364	(52 163)	16 351	3 594
Total	(167 247)	(563 448)	(259 850)	(924 869)

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

(**) In 2023, the Group sold a portfolio of loan receivables with a total gross carrying amount of PLN 360 782 thousand. The realized gross result on the transaction in the amount of PLN 38 865 thousand.

12. Other operating income and expenses

Other operating income

	III QUARTER 2023	3 QUARTERS 2023	III QUARTER 2022	3 QUARTERS 2022
Gains on disposal of property, plant and equipment	1 137	8 843	15 842	22 702
Premises rental income, terminals and IT equipment	6 440	18 459	5 608	16 910
Operating leasing net income (*)	1 130	3 608	947	2 617
Compensation, recoveries, penalty fees and fines received	3 748	9 020	3 858	11 187
Miscellaneous income	2 541	21 181	2 323	7 728
Recovery of debt collection costs	3 457	11 630	3 093	12 922
Net revenues from sale of products, goods and services	2 040	5 069	2 403	5 100
Other	2 180	8 718	2 310	9 712
Total	22 673	86 528	36 384	88 878

(*) Operating leasing net income

	III QUARTER 2023	3 QUARTERS 2023	III QUARTER 2022	3 QUARTERS 2022
Income from operating leases	2 352	7 337	2 664	8 032
Costs of depreciation of fixed assets provided under operating leases	(1 222)	(3 729)	(1 717)	(5 415)
Total	1 130	3 608	947	2 617

Other operating expenses

	III QUARTER 2023	3 QUARTERS 2023	III QUARTER 2022	3 QUARTERS 2022
Provision for liabilities disputable and other provisions (*)	1 997	12 634	(102 879)	(130 921)
Provision for legal risk regarding foreign currency mortgage loans	(61 061)	(193 201)	(17 966)	(128 528)
Credit and factoring debt collection costs	(8 327)	(23 621)	(6 123)	(19 248)
Loss on disposal of property, plant and equipment and intangible assets	(131)	(655)	(38)	(299)
Card transactions monitoring costs	(5 412)	(15 656)	(5 586)	(14 570)
Sundry expenses	(1 770)	(4 362)	(1 752)	(5 986)
Costs of litigation and claims	(3 920)	(15 823)	(2 919)	(7 769)
Impairment allowance on fixed assets, litigations and other assets	(2 598)	(3 130)	(899)	(47 371)
Compensation, penalty fees and fines	(341)	(1 212)	(420)	(1 561)
Other	(9 455)	(20 931)	(2 594)	(13 402)
Total	(91 018)	(265 957)	(141 176)	(369 655)

(*) The item also includes the provision for commission reimbursements in case of previously repaid consumer loans repaid before the CJEU judgment (Note 24).

13. General administrative expenses and depreciation

Personnel expenses

	III QUARTER 2023	3 QUARTERS 2023	III QUARTER 2022	3 QUARTERS 2022
Wages and salaries	(577 571)	(1 697 114)	(478 605)	(1 437 404)
Insurance and other charges related to employees	(107 376)	(315 224)	(87 352)	(257 388)
Share-based payments expenses	(3 472)	(15 016)	(3 009)	(13 540)
Total	(688 419)	(2 027 354)	(568 966)	(1 708 332)

Other administrative expenses

	III QUARTER 2023	3 QUARTERS 2023	III QUARTER 2022	3 QUARTERS 2022
Overheads	(321 489)	(937 369)	(239 851)	(799 582)
Tax on certain financial institutions	(222 177)	(659 164)	(222 379)	(638 512)
Fee paid for the Protection Scheme	-	-	(41 838)	(482 140)
Contribution and payments to the Bank Guarantee Fund, including:	-	(190 376)	57 040	(267 219)
to the resolution fund	-	(190 376)	-	(210 179)
to the banks' guarantee fund	-	-	57 040	(57 040)
Contributions to the Borrowers Support Fund	-	-	(165 835)	(165 835)
Fees to cover costs of supervision over banks (KNF)	(2 008)	(32 110)	(2 242)	(29 094)
Other taxes and fees	(9 964)	(33 190)	(10 210)	(30 753)
Total	(555 638)	(1 852 209)	(625 315)	(2 413 135)

Depreciation

	III QUARTER 2023	3 QUARTERS 2023	III QUARTER 2022	3 QUARTERS 2022
Property, plant and equipment	(75 857)	(240 997)	(77 633)	(240 412)
Intangible assets	(76 951)	(225 771)	(82 984)	(237 306)
Total	(152 808)	(466 768)	(160 617)	(477 718)
Total Administrative Expense and Depreciation	(1 396 865)	(4 346 331)	(1 354 898)	(4 599 185)

14. Income tax

	III QUARTER 2023	3 QUARTERS 2023	III QUARTER 2022	3 QUARTERS 2022
INCOME STATEMENT				
Current tax	(600 266)	(1 608 292)	(353 388)	(405 661)
Current tax charge in the income statement	(599 739)	(1 616 946)	(353 058)	(393 235)
Adjustments related to the current tax from previous years	(73)	10 184	1	(11 189)
Other taxes (e.g. withholding tax)	(454)	(1 530)	(331)	(1 237)
Deferred tax	102 824	195 463	394 247	(180 733)
Occurrence and reversal of temporary differences	102 824	195 463	394 247	(180 733)
Tax charge in the consolidated income statement	(497 442)	(1 412 829)	40 859	(586 394)
EQUITY				
Current tax	(1 973)	(1 973)	-	-
Deferred tax	(151 340)	(497 299)	5 819	613 861
Income and costs disclosed in other comprehensive income:				
revaluation of financial instruments - cash flows hedges	(109 360)	(341 232)	(9 912)	409 414
fair value revaluation through other comprehensive income	(39 638)	(149 929)	14 363	190 646
Tax on items that are or may be reclassified subsequently to profit or loss	(148 998)	(491 161)	4 451	600 060
Tax charge on items that will never be reclassified to profit or loss	(2 342)	(6 138)	1 368	13 801
fair value revaluation through other comprehensive income – equity securities	(2 342)	(11 210)	1 368	17 144
remeasurements the defined benefit liabilities	-	5 072	-	(3 343)
Total charge	(650 755)	(1 912 101)	46 678	27 467

15. Dividends

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

16. Cash and balances with Central Bank

	30.09.2023	31.12.2022
Cash	4 442 805	4 316 728
Current account at Central Bank	5 828 649	7 935 484
Placements	1 046 633	1 191 833
Other	92	110
Gross carrying amount	11 318 179	13 444 155
Impairment allowances	(5 709)	(7 821)
Net carrying amount	11 312 470	13 436 334

17. Loans and advances to banks

Loans and advances to banks by product type

	30.09.2023	31.12.2022
Current accounts	539 753	436 980
Interbank placements	3 414 107	668 335
Loans and advances	108 452	159 135
Cash collaterals	887 059	2 150 015
Reverse repo transactions	1 439 026	755 684
Other	65 145	511 305
Total gross amount	6 453 542	4 681 454
Impairment allowances	(1 525)	(2 841)
Total net amount	6 452 017	4 678 613

18. Derivative financial instruments (held for trading)

Fair value of trading derivatives

30.09.2023	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	8 845 184	8 690 354
Forward Rate Agreements (FRA)	106 061	133 839
Options	74 122	77 966
Other	748	358
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	101 130	277 521
Currency Forward Agreements	299 563	242 915
Currency Swaps (FX-Swap)	354 268	195 102
Options for currency and gold	19 551	19 582
Transactions based on equity securities and stock indexes		
Options	861	858
Transactions based on commodities and precious metals		
Options	67 229	67 176
Other	343 607	304 513
Total	10 212 324	10 010 184

31.12.2022	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	13 484 234	13 339 355
Forward Rate Agreements (FRA)	40 125	36 501
Options	98 847	109 757
Other	4 541	183
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	149 206	780 597
Currency Forward Agreements	467 115	316 622
Currency Swaps (FX-Swap)	353 402	469 236
Options for currency and gold	49 910	38 713
Transactions based on equity securities and stock indexes		
Options	1 810	1 804
Transactions based on commodities and precious metals		
Options	-	-
Other	439 726	428 721
Total	15 088 916	15 521 489

19. Loans and advances to customers

Loans and advances to customers by product type

	30.09.2023			TOTAL
	AMORTISED COST	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FAIR VALUE THROUGH PROFIT OR LOSS	
Mortgage loans	75 295 001	258	7 230	75 302 489
Current accounts	15 028 828	-	-	15 028 828
Operating loans	11 189 009	-	7 714	11 196 723
Investment loans	27 301 554	91 778	8 684	27 402 016
Cash loans	13 350 262	-	-	13 350 262
Payment cards receivables	1 167 578	-	-	1 167 578
Financial leasing	11 048 163	-	-	11 048 163
Factoring	9 056 809	-	-	9 056 809
Other loans and advances	4 966 973	-	170 486	5 137 459
Reverse repo transactions	4 025 849	-	-	4 025 849
Other	52 081	-	-	52 081
Gross carrying amount	172 482 107	92 036	194 114	172 768 257
Impairment allowances (*) (**)	(10 345 856)	-	-	(10 345 856)
Carrying amount	162 136 251	92 036	194 114	162 422 401

(*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 891 thousand is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

(**) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 1 745 173 thousand.

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

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

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

Loans and advances to customers by customer type

	30.09.2023					
	AMORTISED COST			FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (*)	FAIR VALUE THROUGH PROFIT OR LOSS	TOTAL
	GROSS CARRYING AMOUNT	IMPAIRMENT ALLOWANCES (**)	CARRYING AMOUNT			
Corporate	93 672 623	(6 230 641)	87 441 982	92 036	14 300	87 548 318
Individuals	77 228 668	(4 107 113)	73 121 555	-	170 487	73 292 042
Budget entities	1 580 816	(8 102)	1 572 714	-	9 327	1 582 041
Loans and advances to customers	172 482 107	(10 345 856)	162 136 251	92 036	194 114	162 422 401

(*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 891 thousand is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

(**) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 1 745 173 thousand.

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

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

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

The tables below present the changes in impairment allowances and gross carrying amount of loans and advances to customers.

TOTAL	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST					LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME			
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT					
GROSS CARRYING AMOUNT									
GROSS CARRYING AMOUNT AS AT 1.01.2023	137 554 326	19 412 535	4 556 264	5 440 539	1 361 703	168 325 367	253 697	-	253 697
Transfer to Stage 1	5 380 095	(5 136 670)	(99 196)	(144 229)	-	-	-	-	-
Transfer to Stage 2	(6 522 276)	6 689 208	(36 743)	(130 189)	-	-	-	-	-
Transfer to Stage 3	(1 255 632)	(1 155 604)	831 485	1 579 751	-	-	-	-	-
New / purchased / granted financial assets	41 510 488	-	-	-	40 836	41 551 324	-	-	-
Financial assets derecognised, other than write-offs (repayments)	(33 195 598)	(3 372 811)	(914 780)	(605 219)	(122 061)	(38 210 469)	(167 238)	-	(167 238)
Financial assets written off (*)	-	-	(346 271)	(445 852)	(33 676)	(825 799)	-	-	-
Modifications not resulting in derecognition	(2 013)	(244)	-	(66)	41	(2 282)	-	-	-
Adjustment related to credit holidays (****)	693 625	69 360	44	3 782	254	767 065	-	-	-
Other, in this changes resulting from exchange rates	92 527	(26 536)	167 019	281 901	361 990	876 901	5 577	-	5 577
GROSS CARRYING AMOUNT AS AT 30.09.2023	144 255 542	16 479 238	4 157 822	5 980 418	1 609 087	172 482 107	92 036	-	92 036
IMPAIRMENT ALLOWANCE (**)									
IMPAIRMENT ALLOWANCE AS AT 1.01.2023	842 019	1 304 247	3 399 720	3 716 461	779 547	10 041 994	3 431	-	3 431
Changes in balances included in the income statement (table in the Note 11), of which:	(134 516)	197 064	174 405	290 343	(17 191)	510 105	(2 540)	-	(2 540)
New / purchased / granted financial assets	299 594	-	-	-	3 705	303 299	-	-	-
Financial assets derecognised, other than write-offs (repayments)	(116 667)	(55 802)	(4 934)	(44 863)	(10 804)	(233 070)	(1 654)	-	(1 654)
Changes in level of credit risk (excluding the transfers between the Stages) (***)	(317 443)	252 866	179 339	335 206	(10 092)	439 876	(886)	-	(886)
Transfer to Stage 1	250 333	(232 520)	(2 989)	(14 824)	-	-	-	-	-
Transfer to Stage 2	(60 182)	100 668	(812)	(39 674)	-	-	-	-	-
Transfer to Stage 3	(56 021)	(157 136)	(210 631)	423 788	-	-	-	-	-
Financial assets written off (*)	-	-	(346 271)	(445 852)	(33 676)	(825 799)	-	-	-
Other, in this changes resulting from exchange rates	982	(47 550)	(84 322)	357 009	393 437	619 556	-	-	-
IMPAIRMENT ALLOWANCE AS AT 30.09.2023	842 615	1 164 773	2 929 100	4 287 251	1 122 117	10 345 856	891	-	891

(*) Including the value of contractual interest subject to partial write-off in the amount of PLN 549 633 thousand.

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

(***) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 1 745 173 thousand.

(****) Settlement of a part of the result related to the modification of PLN mortgage loan agreements granted to consumers due to their suspension of loan repayments in the period of 9 months ended on 30 September 2023 (details in Note 8).

The total value of undiscounted expected credit losses at the time of initial recognition of financial assets purchased or originated credit impaired in the period ended 30 September 2023 amounted to PLN 59 999 thousand.

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

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

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

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

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

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

20. Securities

	30.09.2023	31.12.2022
Debt securities held for trading	946 029	878 534
Debt securities measured at amortised cost	90 543 249	62 655 238
Debt securities measured at fair value through other comprehensive income	18 123 941	16 234 557
Equity instruments held for trading	8 770	2 268
Equity instruments designated for measurement at fair value through other comprehensive income	381 456	359 659
Equity instruments mandatorily measured at fair value through profit or loss	205 706	187 189
Total	110 209 151	80 317 445

Debt securities held for trading

	30.09.2023	31.12.2022
Debt securities issued by central governments	789 916	673 701
T- bills	-	-
T- bonds	789 916	673 701
Debt securities issued by banks	47 042	19 595
Debt securities issued by business entities	108 836	184 809
Debt securities issued by local governments	235	429
Total	946 029	878 534

Debt securities measured at amortised cost

	30.09.2023	31.12.2022
Debt securities issued by State Treasury	38 092 165	27 891 583
T-bills	7 010 861	3 033 902
T-bonds	31 081 304	24 857 681
Debt securities issued by central banks	23 068 167	12 245 549
Debt securities issued by banks	14 524 058	9 859 598
Debt securities issued by business entities	10 279 950	8 941 791
Debt securities issued by local governments	4 578 909	3 716 717
Total	90 543 249	62 655 238
impairment of assets	(186 117)	(154 471)

Debt securities measured at fair value through other comprehensive income

	30.09.2023	31.12.2022
Debt securities issued by State Treasury	7 953 795	8 005 145
T-bills	-	-
T-bonds	7 703 785	7 756 577
Other	250 010	248 568
Debt securities issued by central banks	4 397 200	998 900
Debt securities issued by banks	2 163 032	3 114 123
Debt securities issued by business entities	2 214 191	2 526 227
Debt securities issued by local governments	1 395 723	1 590 162
Total	18 123 941	16 234 557
impairment of assets (*)	(28 576)	(35 772)

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

Equity securities held for trading

	30.09.2023	31.12.2022
Shares	8 770	2 268
Total	8 770	2 268

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

	30.09.2023	31.12.2022
Shares	381 456	359 659
Total	381 456	359 659

Equity instruments mandatorily measured at fair value through profit or loss

	30.09.2023	31.12.2022
Shares	205 706	187 189
Total	205 706	187 189

21. Amounts due to other banks

Amounts due to other banks by product type

	30.09.2023	31.12.2022
Current accounts	1 200 062	827 482
Interbank deposits and other liabilities	1 593 783	2 468 248
Loans and advances received	4 811 913	5 156 566
Repo transactions	20 410	50 942
Other	165 549	90 789
Lease liabilities	267	369
Total	7 791 984	8 594 396

22. Amounts due to customers

Amounts due to customers by entity and product type

	30.09.2023	31.12.2022
Amounts due to corporate, including:	93 044 334	76 823 387
current accounts	64 544 658	57 966 167
term deposits and other liabilities	28 499 676	18 857 220
Amounts due to budget entities, including:	16 624 308	13 758 619
current accounts	12 298 150	12 158 968
term deposits and other liabilities	4 326 158	1 599 651
Amounts due to individuals, including:	129 657 678	118 671 856
current accounts	91 655 858	87 558 793
term deposits and other liabilities	38 001 820	31 113 063
Repo transactions	1 094 522	879 014
Other	368 802	341 984
Lease liabilities	518 794	272 230
Total	241 308 438	210 747 090

23. Debt securities issued

Debt securities issued by type

	30.09.2023	31.12.2022
Liabilities from bonds	8 603 283	3 487 601
Certificates of deposit	314 065	5 893 923
Mortgage bonds	994 753	955 961
Total	9 912 101	10 337 485

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

24. Provisions

Changes in provisions in the reporting period

3 QUARTERS 2023	PROVISIONS FOR LITIGATION AND CLAIMS (*)	RESTRUCTURING PROVISION	PROVISIONS FOR DEFINED BENEFIT PLANS	PROVISIONS FOR UNDRAWN CREDIT FACILITIES AND GUARANTEES ISSUED	OTHER PROVISIONS	TOTAL
Opening balance	586 884	10 864	244 130	396 861	163 415	1 402 154
Provision charges/revaluation	278 388	-	24 072	317 448	28 472	648 380
Provision utilization	(41 797)	(3 583)	(10 034)	-	(30 499)	(85 913)
Provision releases	(96 879)	-	-	(265 285)	(943)	(363 107)
Foreign currency exchange differences	482	-	-	(515)	-	(33)
Other changes	-	-	26 693	-	11 669	38 362
Closing balance	727 078	7 281	284 861	448 509	172 114	1 639 843
Short term	2 588	7 281	21 850	120 276	28 421	180 416
Long term	724 490	-	263 011	328 233	143 693	1 459 427

(*) Including the provision for legal risk regarding foreign currency mortgage loans in CHF in the amount of PLN 652 230 thousand (details of this provision are presented in Note 28) and a provision for early repayments of consumer and mortgage loans and , in the amount of PLN 16 595 thousand as at 30 September 2023.

Changes in provisions in the reporting period

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

(*) Including the provision for legal risk regarding foreign currency mortgage loans in CHF in the amount of PLN 473 517 thousand (details of this provision are presented in Note 28) and a provision for early repayments of consumer and mortgage loans in the amount of PLN 35 323 thousand as at 31 December 2022.

Detailed information on individual provisions is presented in the Consolidated Financial Statements of the Bank Pekao S.A. Group for the year ended on 31 December 2022.

25. Contingent commitments and contingent assets

Court cases

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

1) in the group of liabilities (against the Group):

- brought by the association – a claim for payment of damages against the Bank and 3 other legal person for damages incurred in connection with irregularities committed by the defendants, according to the association, when offering the purchase of premises and financing the construction of a condohotel; value of the object of litigation PLN 86 703 762, litigation initiation date – 14 November 2022, in the present factual and legal circumstances the Bank assesses the funds outflow risk as possible,
- brought by the receiver for a joint stock company in liquidation bankruptcy – lawsuit for payment of compensation for a damage incurred as a result of the Bank's demanding immediate payment of the amounts due in virtue of payment of the price from the credit receivables transfer agreement and conducting debt enforcement collection of the portion of the price remaining for payment by a court enforcement officer, value of the object of litigation PLN 57 450 130, litigation initiation date – 30 April 2015, in the present factual and legal circumstances the Bank assesses the funds outflow risk as possible,

- brought by a natural person – lawsuit for payment by the Bank of an amount charged by virtue of settlement of financial future or forward transactions, value of the object of litigation PLN 38 916 555.18, litigation initiation date 2 October 2016, on 6 May 2019 the Regional Court in Warsaw issued a sentence ordering the Bank to pay the amount of PLN 3 392 349.18 and as to the remainder the Court dismissed the suit, the sentence is not legally valid, the Bank and the plaintiff appealed against the judgment. On the 16 December 2020 the Court of Appeal in Warsaw quashed the sentence of the Regional Court in its entirety and remitted the case to that Court. In the present factual and legal circumstances the Bank assesses the funds outflow risk in the amount of PLN 35 524 206.00 as possible,
 - brought by a natural person – lawsuit for invalidation of the loan agreement and legal collateral agreements and payment of undue benefit, damages and compensation; value of the object of litigation PLN 30 469 753.05, litigation initiation date – 22 June 2023, in the present factual and legal circumstances, the Bank assesses the funds outflow risk as possible,
 - brought by a legal person – lawsuit for payment of damages for a tort and improper performance of a bank account agreement in connection with the execution of payment instructions from the plaintiff's bank accounts, value of the object of litigation PLN 14 579 152.50, litigation initiation date – 17 August 2015, in the present factual and legal circumstances, the Bank assesses the funds outflow risk as possible.
- 2) in the group of receivables (brought by the Group):
- Bank's lawsuit for payment against the guarantors for surety securing the repayment of the loan granted, value of the object of litigation PLN 136 495 075, litigation initiation date – 18 July 2022; a decision to suspend the proceedings in relation to one of the defendants due to his bankruptcy, a default judgment of 21 September 2023 awarding the entire claim in favor of the Bank in relation to the remaining defendants,
 - Bank's lawsuit for payment against limited debtor by virtue of mortgage collateralizing repayment of the granted credit, value of the object of litigation PLN 132 877 901, litigation initiation date – 21 January 2016,
 - Bank's lawsuit for payment against limited debtor by virtue of mortgage collateralizing repayment of the Bank's receivables resulting from banking activities, value of the object of litigation PLN 46 695 088, litigation initiation date – 15 September 2010, invalid sentence of the Regional Court in Warsaw of 13 January 2015 awarding for the benefit of the Bank the amount of PLN 40 425 047,
 - proceedings on the Bank's appeal against the decision of the President of the Office of Competition and Consumer Protection of 16 October 2020, pursuant to which the provisions on the rules for determining exchange rates in the exchange rate table, used by the Bank in annexes to currency-denominated mortgage loan agreements, value of the object of litigation PLN 21 088 807, litigation initiation date – 16 November 2020, on 14 July 2022 the Regional Court in Warsaw issued a sentence revoking the contested decision, the sentence is not final, the President of the Office of Competition and Consumer Protection and the Prosecutor of the District Prosecutor's Office in Warsaw appealed against the sentence; the Court of Appeal in Warsaw on 22 February 2023 issued the sentence: 1) partially changed the sentence of the District Court in Warsaw by dismissing the Bank's appeal with regard to point 1 of the Decision of the President of the Office of Competition and Consumer Protection (pursuant to which the provisions concerning the rules for determining exchange rates in table of exchange rates, used by the Bank in annexes to mortgage loan agreements denominated in a currency); 2) annulled the sentence of the Regional Court in Warsaw in the remaining scope and remanded the case for re-examination by the Regional Court in Warsaw (with regard to the imposed penalty and costs); in the scope of point 1), the sentence of the Court of Appeal in Warsaw is final, the Bank filed a cassation complaint,
 - Bank's lawsuit for payment against a legal person for improper performance of the agreement on the term and procedure of assigning receivables from leasing transactions and their redemption, value of the object litigation PLN 20 485 377.32, litigation initiation date – 12 June 2002.

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

The Group created provisions for litigations against the Group entities which, according to the legal opinion, are connected with a risk of the funds outflow resulting from the fulfillment of the obligation. The value of the provisions as at 30 September 2023 is PLN 727 078 thousand (PLN 586 884 thousand as at 31 December 2022).

In addition, as at 30 September 2023 the Group assessed the legal risk of foreign currency mortgage loans in CHF and created a provision related to this risk. Details are presented in the Note 28.

Financial commitments granted

Financial commitments granted by entity

	30.09.2023	31.12.2022
Financial commitments granted to:		
banks	1 171 908	472 910
customers	52 859 074	56 009 200
budget entities	1 037 169	726 549
Total	55 068 151	57 208 659

Guarantees issued

Guarantees issued by entity

	30.09.2023	31.12.2022
Issued to banks:	1 297 542	1 752 546
guarantees	1 239 346	1 726 926
securities' underwriting guarantees	-	-
confirmed export letters of credit	58 196	25 620
Issued to customers	8 926 646	9 369 160
guarantees	6 727 050	6 858 820
securities' underwriting guarantees	1 929 077	2 222 671
sureties	270 519	287 669
Issued to budget entities:	1 056 940	958 663
guarantees	27 463	23 106
securities' underwriting guarantees	1 029 477	935 557
Total	11 281 128	12 080 369

Off-balance sheet commitments received

Off-balance sheet commitments received by entity

	30.09.2023	31.12.2022
Financial received from:	855 170	2 088 893
banks	855 170	921 691
customers	-	1 167 202
budget entities	-	-
Guarantees received from:	31 617 420	40 119 313
banks	14 456 764	13 767 719
customers	13 937 026	13 698 895
budget entities	3 223 630	12 652 699
Total	32 472 590	42 208 206

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

26. Additional information to the consolidated cash flow statement

Cash and cash equivalents

	30.09.2023	30.09.2022
Cash and amounts due from Central Bank	11 312 470	17 879 295
Loans and receivables from banks with maturity up to 3 months	6 304 726	5 865 750
Cash and Cash equivalents presented in the cash flow statement	17 617 196	23 745 045

Restricted availability cash and cash equivalents as at 30 September 2023 amounted to PLN 5 822 946 thousand (PLN 13 126 275 thousand as at 30 September 2022).

27. Related party transactions

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

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

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

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

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

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

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

Related party transactions

Related party transactions as at 30 September 2023

NAME OF ENTITY	RECEIVABLES FROM LOANS AND PLACEMENTS	SECURITIES	RECEIVABLES FROM REVALUATION OF DERIVATIVES	OTHER RECEIVABLES	LIABILITIES FROM LOANS AND DEPOSITS	LIABILITIES FROM REVALUATION OF DERIVATIVES	OTHER LIABILITIES
PZU S.A. – the Bank's parent entity	26	-	1 957	3 202	237 064	-	317 293
Entities of PZU S.A. Group excluding of Bank Pekao S.A. Group entities	7 972	-	187	9 408	330 553	858	587
Subsidiaries of Bank Pekao S.A Group entities							
Krajowy Integrator Platności S.A.	-	-	-	20	48 381	-	-
Key management personnel of the Bank Pekao S.A.	2 165	-	-	-	8 385	-	-
Total	10 163	-	2 144	12 630	624 383	858	317 880

Related party transactions as at 31 December 2022

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

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

NAME OF ENTITY	INTEREST INCOME	INTERES EXPENSE	FEE AND COMMISSION INCOME	FEE AND COMMISSION EXPENSE	POSITIVE VALUATION OF DERIVATIVES AND OTHER INCOME	NEGATIVE VALUATION OF DERIVATIVES AND OTHER EXPENSES
PZU S.A. – the Bank 's parent entity	(1 414)	(16 843)	39 962	(416)	1 342	(7 700)
Entities of PZU S.A. Group excluding of Bank Pekao S.A. Group entities	375	(14 541)	45 196	(245)	857	(43 566)
Subsidiaries of Bank Pekao S.A Group entities						
Krajowy Integrator Platności S.A.	-	(443)	274	(65)	-	-
Key management personnel of the Bank Pekao S.A.	104	(334)	-	-	-	-
Total	(935)	(32 161)	85 432	(726)	2 199	(51 266)

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

NAME OF ENTITY	INTEREST INCOME	INTERES EXPENSE	FEE AND COMMISSION INCOME	FEE AND COMMISSION EXPENSE	POSITIVE VALUATION OF DERIVATIVES AND OTHER INCOME	NEGATIVE VALUATION OF DERIVATIVES AND OTHER EXPENSES
PZU S.A. – the Bank 's parent entity	(1 357)	(6 068)	33 383	(175)	477	(1 699)
Entities of PZU S.A. Group excluding of Bank Pekao S.A. Group entities	227	(4 499)	37 618	(216)	768	(37 478)
Subsidiaries of Bank Pekao S.A Group entities						
Krajowy Integrator Platności S.A.	-	-	184	-	-	-
Key management personnel of the Bank Pekao S.A.	31	(51)	-	-	-	-
Total	(1 099)	(10 618)	71 185	(391)	1 245	(39 177)

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

NAME OF ENTITY	GRANTED		RECEIVED	
	FINANCIAL	GUARANTEES	FINANCIAL	GUARANTEE
PZU S.A. – the Bank's parent entity	7 980	15 000	-	-
Entities of PZU S.A. Group excluding of Bank Pekao S.A. Group entities	18 103	10 088	-	-
Subsidiaries of Bank Pekao S.A Group entities				
Krajowy Integrator Płatności S.A.	-	1 500	-	-
Key management personnel of the Bank Pekao S.A.	371	-	-	-
Total	26 454	26 588	-	-

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

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

28. Legal risk regarding foreign currency mortgage loans in CHF

Adopted accounting principles

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

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

However, with regard to the repaid portfolio of foreign currency mortgage loans in CHF, the Group applies IAS 37 and recognizes provisions allocated to this part of the portfolio under 'Provisions' and 'Other operating expenses', which were presented in the Note 24 and Note 12, respectively.

Portfolio characteristics

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

As at 30 September 2023, the Group had a portfolio of foreign currency mortgage loans in CHF with a total gross carrying amount of PLN 2 335.5 million (i.e. CHF 486.3 million) compared to PLN 2 566 million (i.e. CHF 538.2 million) as at 31 December 2022.

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

	30.09.2023					TOTAL
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
Gross carrying amount, of which:	401	664 364	63 424	1 598 985	8 344	2 335 518
denominated in CHF	401	663 991	63 424	1 598 752	8 344	2 334 912
indexed to CHF	-	373	-	233	-	606
Impairment allowances, of which (*):	(101)	(348 122)	(51 342)	(1 540 075)	(6 637)	(1 946 277)
denominated in CHF	(101)	(348 109)	(51 342)	(1 539 904)	(6 637)	(1 946 093)
indexed to CHF	-	(13)	-	(171)	-	(184)
Carrying amount, of which:	300	316 242	12 082	58 910	1 707	389 241
denominated in CHF	300	315 882	12 082	58 848	1 707	388 819
indexed to CHF	-	360	-	62	-	422

(*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 1 745 173 thousand (including Stage 1 in the amount of PLN 97 thousand, Stage 2 in the amount of PLN 339 391 thousand, Stage 3 in the amount of PLN 1 405 685 thousand).

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

	31.12.2022					TOTAL
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
Gross carrying amount, of which:	837	832 023	83 617	1 641 962	7 610	2 566 049
denominated in CHF	837	831 372	83 617	1 641 656	7 610	2 565 092
indexed to CHF	-	651	-	306	-	957
Impairment allowances, of which (*):	(233)	(387 488)	(71 172)	(1 470 376)	(5 501)	(1 934 770)
denominated in CHF	(233)	(387 484)	(71 172)	(1 470 208)	(5 501)	(1 934 598)
indexed to CHF	-	(4)	-	(168)	-	(172)
Carrying amount, of which:	604	444 535	12 445	171 586	2 109	631 279
denominated in CHF	604	443 888	12 445	171 448	2 109	630 494
indexed to CHF	-	647	-	138	-	785

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

Court proceedings related to foreign currency mortgage loans in CHF

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

The ruling of the CJEU constitute interpretative guidelines for the above-mentioned Directive for Polish courts. At the same time, it can be rightly said that the unfavorable position has become permanent, which results in courts issuing judgments establishing the invalidity of loan agreements and ordering borrowers to refund the loan installments paid to the Bank as an undue benefit.

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

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

In the Group's opinion, the Supreme Court's is valid only to the question number 6), as the remaining issues have already been resolved in preliminary rulings issued by the CJEU. In addition, it should be noted that it is not certain whether the Civil Chamber will adopt a resolution on this question at all.

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

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

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

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

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

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

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

The judgment in question closed the way for banks to pursue the so-called remuneration for the use of capital, while as regards consumer claims against banks, the CJEU referred to national law and emphasized that it is for the referring court to assess, in the light of all the circumstances of the dispute, whether taking into account such consumer claims complies with the principle of proportionality. Currently, the Group is not aware of such claims from borrowers, and therefore of their legal basis, scope or nature. At the same time, this judgment does not literally refer to the admissibility of the bank's claim for judicial indexation of the capital amount, at this time, opinions are expressed that such a claim is not covered by the scope of this judgment. However, regarding this issue, the national court has already referred a question for a preliminary ruling to the CJEU.

Until 30 September 2023, 4 919 individual court cases were pending against the Group regarding foreign currency mortgage loans in CHF, which were granted in previous years, with the total value of the claim in the amount of PLN 1 632.7 million (as at 31 December 2022, the number of cases was 2 922, and the corresponding value of the dispute is PLN 916 million). The main cause of the dispute, as indicated by the plaintiffs, concerns the questioning of the provisions of the loan agreement with regard to the Group's application of conversion rates based on the Bank's Table and results in claims regarding the partial or complete invalidity of the loan agreements. In the period of 9 months ended on 30 September 2023 the Group received 807 unfavourable court judgments in cases brought by borrowers, including 127 final judgments and 25 favourable court judgments, including 2 final judgments (in 2022: 578 unfavourable court judgments, including 95 final judgments stating the invalidity of the loan agreement and 24 favourable court judgments, including 5 final judgments).

In the third quarter of 2023, the Bank developed a new settlement offer addressed to borrowers with active (not fully repaid) CHF loan agreements, including those in legal dispute with the Bank. As part of the settlement, a new debt balance is determined = [loan amount disbursed] + [contractual interest at a fixed rate of 2%] - [sum of repayments made by the client]. If the balance determined in this way is negative, the loan will be written off and the Bank will return the overpayment to the client. For a positive balance, the remaining amount will bear interest at a fixed rate of 2% (for the first 5 years), and then according to the Bank's current offer. The start of offering settlements under the new program is scheduled for 2 October 2023.

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

In the period of 9 months ended on 30 September 2023, the Group did not introduce any significant changes in the assumptions and methodology of calculating provisions in relation to what was presented in the consolidated financial statements of the Bank Pekao S.A. Group. for the year ended on 31 December 2022.

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

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

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

As at 30 September 2023, the level of the provision for the aforementioned legal risk related to CHF-denominated mortgage contracts estimated by the Group amounted to PLN 2 397.4 million and increased by PLN 199 million relative to the level of such provisions as at 31 December 2022.

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

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

STATEMENT OF FINANCIAL POSITION	30.09.2023	31.12.2022
Impairment allowances for loan exposures, in this:	1 745 173	1 724 895
Individual provisions	607 354	378 242
Portfolio provisions	1 137 819	1 346 653
Provisions for litigation and claims, in this:	652 230	473 517
Individual provisions	341 419	176 257
Portfolio provisions	310 811	297 260
Total	2 397 403	2 198 412

INCOME STATEMENT	III QUARTER 2023	3 QUARTERS 2023	III QUARTER 2022	3 QUARTERS 2022
Net allowances for expected credit losses	21 136	(19 374)	(24 757)	(333 454)
Other operating expenses	(61 061)	(193 201)	(17 966)	(128 528)
Foreign exchange result (foreign currency exchange differences)	(76 478)	(9 800)	-	-
Total	(116 403)	(222 375)	(42 723)	(461 982)

29. Basic measures of liquidity

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

SUPERVISORY LIQUIDITY NORMS		LIMIT	30.09.2023	31.12.2022
LCR	Liquidity coverage ratio	100%	254%	222%
NSFR	Net stable funding ratio	100%	171%	154%

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

30. Fair value of financial assets and liabilities

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

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

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

30.09.2023	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets:	8 441 334	19 282 976	4 076 043	31 800 353
Financial assets held for trading	794 277	177 100	3 852	975 229
Derivative financial instruments, including:	-	10 212 324	-	10 212 324
Banks	-	2 423 717	-	2 423 717
Customers	-	7 788 607	-	7 788 607
Hedging instruments, including:	-	622 401	-	622 401
Banks	-	210 777	-	210 777
Customers	-	411 624	-	411 624
Securities measured at fair value through other comprehensive income	7 647 057	8 271 151	3 580 335	19 498 543
Securities measured at fair value through profit or loss	-	-	205 706	205 706
Loans and advances to customers measured at fair value through other comprehensive income	-	-	92 036	92 036
Loans and advances to customers measured at fair value through profit or loss	-	-	194 114	194 114
Liabilities:	431 216	11 648 571	-	12 079 787
Financial liabilities held for trading	431 216	-	-	431 216
Derivative financial instruments, including:	-	10 010 184	-	10 010 184
Banks	-	2 271 105	-	2 271 105
Customers	-	7 739 079	-	7 739 079
Hedging instruments, including:	-	1 638 387	-	1 638 387
Banks	-	188 473	-	188 473
Customers	-	1 449 914	-	1 449 914
31.12.2022	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets:	7 465 923	21 519 315	5 410 349	34 395 587
Financial assets held for trading	722 442	110 276	96 739	929 457
Derivative financial instruments, including:	-	15 088 624	292	15 088 916
Banks	-	2 889 685	292	2 889 977
Customers	-	12 198 939	-	12 198 939
Hedging instruments, including:	-	279 589	-	279 589
Banks	-	118 577	-	118 577
Customers	-	161 012	-	161 012
Securities measured at fair value through other comprehensive income	6 743 481	6 040 826	4 688 512	17 472 819
Securities measured at fair value through profit or loss	-	-	187 189	187 189
Loans and advances to customers measured at fair value through other comprehensive income	-	-	253 697	253 697
Loans and advances to customers measured at fair value through profit or loss	-	-	183 920	183 920
Liabilities:	874 591	18 697 902	-	19 572 493
Financial liabilities held for trading	874 591	-	-	874 591
Derivative financial instruments, including:	-	15 521 489	-	15 521 489
Banks	-	3 703 464	-	3 703 464
Customers	-	11 818 025	-	11 818 025
Hedging instruments, including:	-	3 176 413	-	3 176 413
Banks	-	125 949	-	125 949
Customers	-	3 050 464	-	3 050 464

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

3 QUARTERS 2023	FINANCIAL ASSETS HELD FOR TRADING	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)
Opening balance	96 739	292	253 697	183 920	187 189	4 688 512	-
Increases, including:	357 783	-	16 572	39 233	18 517	855 143	-
Reclassification from other levels	3 330	-	-	-	-	236 452	-
Transactions made in 2023	-	-	-	39 233	-	-	-
Acquisition/Granting	351 985	-	-	-	-	213 924	-
Settlement/Redemption	-	-	-	-	-	-	-
Gains on financial instruments	2 468	-	16 572	-	18 517	404 767	-
recognized in the income statement	2 468	-	11 958	-	18 517	160 656	-
recognized in revaluation reserves	-	-	4 614	-	-	244 111	-
Decreases, including:	(450 670)	(292)	(178 233)	(29 039)	-	(1 963 320)	-
Reclassification to other levels	(9 096)	(292)	-	-	-	(1 061 483)	-
Settlement/Redemption	(124 780)	-	(178 233)	(27 773)	-	(414 045)	-
Sale/Repayment	(316 793)	-	-	-	-	(487 290)	-
Losses on financial instruments	(1)	-	-	(1 266)	-	(502)	-
recognized in the income statement	(1)	-	-	(1 266)	-	(502)	-
recognized in revaluation reserves	-	-	-	-	-	-	-
Closing balance	3 852	-	92 036	194 114	205 706	3 580 335	-
Unrealized income from financial instruments held in portfolio at the end of the period, recognized in:	24	-	2 698	(1 430)	-	240 994	-
Income statement:	24	-	1 467	(1 430)	-	38 042	-
net interest income	2	-	849	2 033	-	36 826	-
net allowances for expected credit losses	-	-	618	-	-	1 216	-
result on financial assets and liabilities held for trading	22	-	-	(3 463)	-	-	-
Other comprehensive income	-	-	1 231	-	-	202 952	-

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

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

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

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

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

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

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

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

30.09.2023	CARRYING AMOUNT	FAIR VALUE	OF WHICH:		
			LEVEL 1	LEVEL 2	LEVEL 3
Assets					
Cash and due from Central Bank	11 312 470	11 278 664	4 442 805	6 835 769	90
Loans and advance to banks	6 452 017	6 389 643	-	5 390 370	999 273
Loans and advances to customers measured at amortised cost	162 136 251	163 165 158	-	4 024 674	159 140 484
Debt securities measured at amortised cost	90 642 137	88 224 874	37 319 050	45 200 075	5 705 749
Other assets	2 129 438	2 129 438	-	-	2 129 438
Total Assets	272 672 313	271 187 777	41 761 855	61 450 888	167 975 034
Liabilities					
Amounts due to Central Bank	-	-	-	-	-
Amounts due to other banks	7 791 984	7 823 206	-	751 913	7 071 293
Amounts due to customers	241 308 438	241 559 539	-	-	241 559 539
Debt securities issued	9 912 101	9 934 598	-	9 934 598	-
Subordinated liabilities	2 845 575	2 846 540	-	2 846 540	-
Other liabilities	4 764 811	4 764 811	-	-	4 764 811
Total Liabilities	266 622 909	266 928 694	-	13 533 051	253 395 643

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

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

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

Details are presented in Notes 11, 12 and 19.

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

In the period from 1 January to 30 September 2023 the Group acquired 'Property, plant and equipment' amounted PLN 420 430 thousand (in 2022 - PLN 169 969 thousand), while the value of property, plant and equipment sold amounted to PLN 11 981 thousand (in 2022 - PLN 39 313 thousand).

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

Contractual commitments

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

33. Subsequent events

Significant subsequent events are presented in the Note 8.9 'Subsequent events' of the Report on the activities of Bank Pekao S.A. Group for the third quarter of 2023.

07.11.2023 Date	Leszek Skiba Name/Surname	President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
07.11.2023 Date	Jarosław Fuchs Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
07.11.2023 Date	Marcin Gadomski Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
07.11.2023 Date	Jerzy Kwieciński Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
07.11.2023 Date	Paweł Strączyński Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
07.11.2023 Date	Błażej Szczecki Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
07.11.2023 Date	Wojciech Werochowski Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
07.11.2023 Date	Piotr Zborowski Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
07.11.2023 Date	Magdalena Zmitrowicz Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature