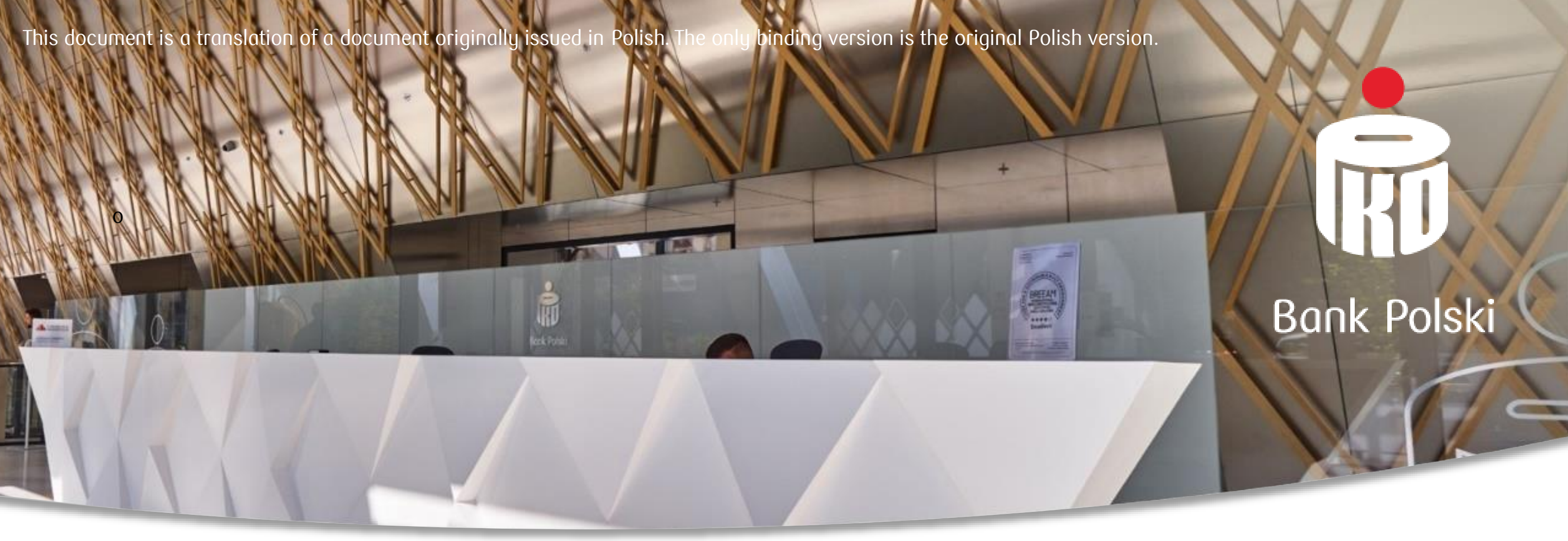

Capital Adequacy and Other Information of the Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjne Group Subject to Disclosure as at 31 March 2025

Disclosure

Quarterly

Semi-annual

Annual

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1 INTRODUCTION

The report "Capital Adequacy and Other Information of the Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Group Subject to Disclosure as at 31 March 2025", hereinafter referred to as the "Report", was prepared in accordance with:

- Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, hereinafter referred to as the "CRR", taking into account acts amending the CRR,
- Commission Implementing Regulation (EU) 2024/3172 of 29 November 2024 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council taking into account acts amending Regulation No 2021/637,
- Guidelines EBA/GL/2020/12 amending Guidelines EBA/GL/2018/01 of 4 August 2017 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 (CRR) as regards the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds in order to ensure compliance with the CRR "quick fix" in response to the COVID-19 pandemic.

Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, hereinafter referred to as "PKO Bank Polski S.A." or the "Bank", meeting the definition of a large institution within the meaning of Article 4(1)(146) of the CRR, in accordance with Article 13(1) and Article 433a of the CRR, announces information on capital adequacy referred to in Part Eight of the CRR on an annual, semi-annual and quarterly basis in a separate document.

This Report has been prepared in accordance with the Bank's internal regulations concerning the information policy of PKO Bank Polski S.A. regarding capital adequacy and other information subject to disclosure (hereinafter: "The information policy") shared on the Bank's website (www.pkobp.pl).

Unless otherwise indicated, the figures presented in the Report are expressed in PLN million. Any differences in totals and percentages result from rounding amounts off to PLN million and rounding percentages off to one place after the decimal point.

The Report has been prepared taking into account all data available as at 31 March 2025. The Report addresses the requirements of the regulations described above insofar as they relate to the Bank and the Bank's Group. Lack of a reference to a particular article means that the related disclosures are not applicable. This Report was subject to an internal verification by the Bank's Internal Audit Department.

According to the CRR, prudential consolidation is used for capital adequacy purposes; unlike consolidation in accordance with the International Financial Reporting Standards, covers only subsidiaries that meet the definition of an institution, financial institution or any ancillary services enterprise.

2 OWN FUNDS

For capital adequacy purposes, own funds are calculated in accordance with the provisions of the Banking Law, Part Two of the CRR and the secondary legislation for the CRR.

The own funds of the Bank's Group include Common Equity Tier 1 capital and Tier 2 capital. No elements of Additional Tier 1 capital are identified in the Bank's Group.

Table 2.1 Key metrics [Template EU KM1]

		a	b	c	d	e
		31.03.2025	31.12.2024	30.09.2024	30.06.2024	31.03.2024
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	43 433	44 256	42 841	42 097	41 575
2	Tier 1 capital	43 433	44 256	42 841	42 097	41 575
3	Total capital	46 338	47 294	44 516	43 908	43 520
Risk-weighted exposure amounts						
4	Total risk exposure amount	269 278	254 518	246 877	245 475	238 795
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	16,13%	17,39%	17,35%	17,15%	17,41%
6	Tier 1 ratio (%)	16,13%	17,39%	17,35%	17,15%	17,41%
7	Total capital ratio (%)	17,21%	18,58%	18,03%	17,89%	18,22%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 7e	of which: to be made up of CET1 capital (percentage points)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 7g	Total SREP own funds requirements (%)	0,00%	8,00%	8,00%	8,00%	8,00%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2,50%	2,50%	2,50%	2,50%	2,50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,00%	0,00%	0,00%	0,00%	0,00%
9	Institution specific countercyclical capital buffer (%)	0,05%	0,05%	0,04%	0,04%	0,04%
EU 9a	Systemic risk buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%
10	Global Systemically Important Institution buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 10a	Other Systemically Important Institution buffer (%)	2,00%	2,00%	2,00%	2,00%	2,00%
11	Combined buffer requirement (%)	4,55%	4,55%	4,54%	4,54%	4,54%
EU 11a	Overall capital requirements (%)	12,55%	12,55%	12,54%	12,54%	12,54%
12	CET1 available after meeting the total SREP own funds requirements (%)	9,21%	10,58%	10,03%	9,89%	10,22%
Leverage ratio						
13	Total exposure measure	590 720	569 033	550 005	542 490	529 757
14	Leverage ratio (%)	7,35%	7,78%	7,79%	7,76%	7,85%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 14c	Total SREP leverage ratio requirements (%)	3,00%	3,00%	3,00%	3,00%	3,00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 14e	Overall leverage ratio requirement (%)	3,00%	3,00%	3,00%	3,00%	3,00%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	170 048	165 252	161 759	154 453	147 216
EU 16a	Cash outflows - Total weighted value	81 012	79 871	79 676	78 384	77 823
EU 16b	Cash inflows - Total weighted value	12 821	13 001	13 496	14 144	14 318
16	Total net cash outflows (adjusted value)	68 190	66 870	66 180	64 240	63 504
17	Liquidity coverage ratio (%)	249,6%	247,3%	244,5%	240,3%	231,7%
Net Stable Funding Ratio						
18	Total available stable funding	425 491	429 210	413 872	402 335	391 809
19	Total required stable funding	275 770	275 010	263 562	258 633	255 657
20	NSFR ratio (%)	154,3%	156,1%	157,0%	155,6%	153,3%

3 Own funds requirements and risk-weighted exposure amounts

Pursuant to the CRR, the Bank's Group calculates own funds requirements for the following types of risk:

1) credit risk – under the standardized approach (pursuant to Part Three, Title II, Chapter 2 of the CRR),
2) operational risk - calculated under approach specified in Part III Title III of the CRR,
3) market risk (pursuant to Part Three, Title IV, Chapters 2-4 of the CRR):
   a) foreign exchange risk – calculated under the basic approach,
   b) commodity risk – calculated under the simplified approach,
   c) equity instruments risk – calculated under the simplified approach,
   d) specific debt instrument risk – calculated under the basic approach,
   e) general debt instrument risk – calculated under the duration-based approach,
   f) other types of risk other than delta risk (non-delta risk) – calculated under the scenario approach for options for which the Bank uses its own valuation models and under the delta plus approach for the remaining options.
4) other risks:
   a) settlement/delivery risk – calculated under the approach specified in Part Three, Title V, of the CRR,
   b) counterparty credit risk, including the exposures to the central counterparty (CCP) – calculated under the standard method specified in Part Three, Title II, Chapter 6 of the CRR,
   c) credit valuation adjustment (CVA) risk – calculated under the approach specified in Part Three, Title VI of the CRR,
   d) exceeding the large exposures limit – calculated under the approach specified in Part Four of the CRR.

The total own funds requirement for the Bank's Group is the sum of the aforementioned own funds requirements for individual types or risk.

In calculating the own funds requirement for counterparty credit risk, the Bank uses contractual netting pursuant to the CRR (Articles 295–298).

Table 3.1 Overview of total risk exposure amounts [Template EU OV1]

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31.03.2025	31.12.2024	31.03.2025
1	Credit risk (excluding CCR)	226 765	215 381	18 142
2	Of which the standardised approach	226 765	215 381	18 142
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple risk weighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	Counterparty credit risk - CCR	3 893	3 892	311
7	Of which the standardised approach	3 868	3 877	309
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	7	7	1
9	Of which other CCR	19	8	2
10	Credit valuation adjustments risk - CVA risk	489	408	39
EU 10a	Of which the standardised approach (SA)	489		39
EU 10b	Of which the basic approach (F-BA and R-BA)	-		-
EU 10c	Of which the simplified approach	-		-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	1 382	1 434	111
21	Of which the Alternative standardised approach (A-SA)	-		-
EU 21a	Of which the Simplified standardised approach (S-SA)	1 382	1 434	111
22	Of which Alternative Internal Model Approach (A-IMA)	-	-	-
EU 22a	Large exposures	-	-	-
23	Reclassifications between the trading and non-trading books	-		-
24	Operational risk	36 748	33 404	2 940
EU 24a	Exposures to crypto-assets	-		-
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	8 031	9 009	643
26	Output floor applied (%)	-		-
27	Floor adjustment (before application of transitional cap)	-		-
28	Floor adjustment (after application of transitional cap)	-		-
29	Total	269 278	254 518	21 543

Table 3.2 RWEA flow statements of credit valuation adjustment risk under the Standardised Approach (SA) [Template EU CVA4]

	31.03.2025	a
		Risk weighted exposure amount
1	Risk weighted exposure amount as at the end of the previous reporting period	408
2	Risk weighted exposure amount as at the end of the current reporting period	489

4 LIQUIDITY RISK INCLUDING FINANCING RISK

Liquidity risk is the risk of inability to settle liabilities as they become due as a result of absence of liquid assets. Lack of liquidity may arise from inappropriate structure of the balance sheet, mismatch of cash flows, not received payments from counterparties, sudden withdrawal of cash by customers or other market events.

The purpose of liquidity risk management is to ensure the necessary level of funds needed to settle current and future liabilities (including potential ones), taking into account the nature of the activities conducted and the needs which may arise as a result of changes in the market environment, by appropriately shaping the structure of the balance sheet and off-balance sheet liabilities.

Quantitative information presenting the liquidity risk profile of the Bank's Group.

Table 4.1 Quantitative information of LCR (Liquidity Coverage Ratio) [Template EU LIQ1]

		a	b	c	d	e	f	g	h
		Total unweighted value (avg)				Total weighted value (avg)			
EU 1a	Quarter ending on	31.03.2025	31.12.2024	30.09.2024	30.06.2024	31.03.2025	31.12.2024	30.09.2024	30.06.2024
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					170 048	165 252	161 759	154 453
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	301 315	297 712	293 580	287 853	22 493	22 343	22 069	21 702
3	Stable deposits	219 466	215 562	211 769	206 734	10 973	10 778	10 588	10 337
4	Less stable deposits	81 821	82 124	81 786	81 094	11 493	11 539	11 455	11 341
5	Unsecured wholesale funding	110 372	107 545	105 881	102 817	38 628	37 416	36 920	35 551
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	30 144	30 103	30 091	29 679	7 188	7 181	7 187	7 093
7	Non-operational deposits (all counterparties)	78 481	75 924	74 273	71 915	29 691	28 716	28 217	27 235
8	Unsecured debt	1 748	1 518	1 516	1 224	1 748	1 518	1 516	1 224
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	93 017	92 835	91 179	89 945	14 927	15 283	15 646	16 137
11	Outflows related to derivative exposures and other collateral requirements	3 326	3 684	4 397	5 177	3 326	3 684	4 397	5 177
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	89 690	89 152	86 782	84 767	11 600	11 599	11 249	10 960
14	Other contractual funding obligations	3 114	3 007	3 160	3 080	2 107	1 973	2 191	2 158
15	Other contingent funding obligations	7 334	7 372	7 231	7 064	2 857	2 858	2 850	2 835
16	TOTAL CASH OUTFLOWS					81 012	79 871	79 676	78 384
CASH-INFLOWS									
17	Secured lending (e.g. reverse repos)	560	612	508	451	32	30	20	15
18	Inflows from fully performing exposures	12 943	12 978	13 125	13 818	11 132	11 188	11 420	12 134
19	Other cash inflows	1 657	1 782	2 055	1 995	1 657	1 782	2 055	1 995
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	15 160	15 372	15 688	16 263	12 821	13 001	13 496	14 144
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	15 160	15 372	15 688	16 263	12 821	13 001	13 496	14 144
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					170 048	165 252	161 759	154 453
22	TOTAL NET CASH OUTFLOWS					68 190	66 870	66 180	64 240
23	LIQUIDITY COVERAGE RATIO					249,6%	247,3%	244,5%	240,3%

The liquidity coverage ratio is determined individually by each entity in the Bank's Group which is required to determine this ratio as well as on a consolidated basis.

The Bank maintains a high and safe level of high quality unencumbered liquid assets which constitute a collateral in case extreme liquidity scenarios (a liquidity surplus) materialize. Easily disposable assets include: cash (less the minimum balance maintained at the ATMs and in the Bank's branches), funds in the Bank's nostro accounts (excluding the average level of the mandatory reserve), interbank deposits placed with other banks and liquid securities.

As at the end of March 2025, the outflows in respect of derivative instruments calculated in accordance with the CRR amounted to approx. PLN 1.1 billion, whereas the impact of the unfavorable market conditions scenario on derivative instruments, financing transactions and other agreements accounted for approx. 0.2% of the total unweighted outflows recognized in the liquidity coverage ratio.

As at the end of March 2025, the Bank's Group had 2 currencies for which the ratio of the value of liabilities in a given currency to the total value of liabilities in all currencies amounted to at least 5%: PLN and EUR. The Bank's Group had an LCR above 100% for all currencies in total and for PLN.

The structure of the Bank's sources of financing was described in the Bank's annual financial statements as at and for the year ended 31 December 2024 (Note 63. Liquidity risk management). The Bank follows a strategy which consists of using the stable part of the deposit base as the basic source of financing in all currencies. Issues of bonds denominated in EUR and PLN as well as covered bonds denominated in EUR and PLN also constitute a significant part of financing for the Bank and the Bank's Group (especially in the case of foreign currencies). Surplus financing obtained on the market in a given currency (issues of securities) are manage using derivative transactions (mainly CIRS and FX swaps), taking into account liquidity needs in this currency.

5 IMPACT OF TRANSITIONAL ARRANGEMENTS ON CAPITAL ADEQUACY

PKO Bank Polski S.A. Capital Group applies the solutions in the calculation of own funds temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income (in accordance with Article 468 of the CRR). The Bank's Group applied up to 2024 a transitional adjustment related to minimizing the impact for the implementation of IFRS 9 on own funds (in accordance with Article 473a of the CRR).

According to Article 468 of the CRR (as amended by the aforementioned Regulation 2024/1623) banks were allowed to apply provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income. This approach enables excluding from the calculation of the Bank's common equity position the portion of the unrealized gains and losses accumulated from 31 December 2019 included in the balance sheet under "changes in fair value of debt instruments measured at fair value through OCI" corresponding to exposures to central governments, regional governments or local authorities, and to public sector entities, excluding those financial assets that are impaired due to credit risk.

Table 5.1 Comparison of the Bank's Group own funds and capital ratio and leverage ratio with and without the application of IFRS 9 transitional arrangements and corresponding expected credit losses. [Template IFRS 9]

		31.03.2025	31.12.2024	30.09.2024	30.06.2024	31.03.2024
Available capital (amounts)						
1	Common Equity Tier 1 capital (CET1)	43 433	44 255	42 841	42 098	41 575
2	Common Equity Tier 1 (CET1) capital if the IFRS 9 transitional arrangements or similar expected credit losses were not applied	43 433	43 445	42 092	41 349	40 888
2a	Common Equity Tier 1 capital (CET1) if the provisional treatment of unrealized gains and losses measured at fair value through other comprehensive according to Article 468 of the CRR	42 803	43 434	42 481	42 098	41 575
3	Tier 1 capital (T1)	43 433	44 255	42 841	42 098	41 575
4	Tier 1 capital if the IFRS 9 transitional arrangements or similar expected credit losses were not applied	43 433	43 445	42 092	41 349	40 888
4a	Tier 1 capital if the provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income according to Article 468 of the CRR	42 803	43 434	42 481	42 098	41 575
5	Total capital	46 338	47 294	44 516	43 909	43 520
6	Total capital, if the IFRS 9 transitional or similar expected loan losses were not applied	46 338	46 484	43 767	43 160	42 833
6a	Total capital, if the provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income according to Article 468 of the CRR	45 708	46 473	44 156	43 909	43 520
RWAs (amounts)						
7	Total RWAs	269 278	254 517	246 877	245 463	238 795
8	Total RWAs if the IFRS 9 transitional or similar expected credit losses were not applied	269 278	253 715	246 126	244 714	238 113
Capital ratios						
9	Common Equity Tier 1 capital (as a percentage of the risk exposure amount)	16,13%	17,39%	17,35%	17,15%	17,41%
10	Common Equity Tier 1 capital (as a percentage of the risk exposure amount) if the IFRS 9 transitional arrangements or similar expected credit losses were not applied	16,13%	17,12%	17,10%	16,90%	17,17%
10a	Common Equity Tier 1 capital (as a percentage of the risk exposure amount) if the provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income, according to Art. 468 of the CRR	15,89%	17,06%	17,21%	17,15%	17,41%
11	Tier 1 capital (as a percentage of the risk exposure amount)	16,13%	17,39%	17,35%	17,15%	17,41%
12	Tier 1 capital (as a percentage of the risk exposure amount) if the IFRS 9 transitional arrangements or similar expected credit losses were not applied	16,13%	17,12%	17,10%	16,90%	17,17%
12a	Tier 1 capital (as a percentage of the risk exposure amount) if there was no provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income, according to Article 468 of the CRR	15,89%	17,06%	17,21%	17,15%	17,41%
13	Total capital (as a percentage of the risk exposure amount)	17,21%	18,58%	18,03%	17,89%	18,22%
14	Total capital (as a percentage of the risk exposure amount) if the IFRS 9 transitional or similar expected credit losses were not applied	17,21%	18,32%	17,78%	17,64%	17,99%
14a	Total capital (as a percentage of the risk exposure amount), if there was no provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income, according to Article 468 of the CRR	16,97%	18,26%	17,89%	17,89%	18,22%
Leverage ratio						
15	The leverage ratio total exposure measure	590 720	569 033	550 005	542 490	529 757
16	Leverage ratio	7,35%	7,78%	7,79%	7,76%	7,85%
17	The leverage ratio if the IFRS 9 transitional arrangements or similar expected credit losses were not applied	7,35%	7,65%	7,66%	7,63%	7,73%

If transitional solutions were not applied regarding temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in accordance with Article 468 of the CRR Regulation, the Bank's Tier 1 capital would amount to PLN 40,879 million, total capital would amount to PLN 43,784 million, the Tier 1 capital ratio would be 17.36%, the total capital ratio would be 18.59% and the leverage ratio would be 7.63%

Representation by the Management Board of PKO Bank Polski S.A.

The Management Board of PKO Bank Polski S.A.:

- represents that, to the best of its knowledge, the information has been prepared in compliance with the internal control processes;
- represents that, to the best of its knowledge, the adequacy of risk management arrangements at PKO Bank Polski S.A. ensures that the risk management systems used are appropriate to the risk profile and strategy of the Bank and the Bank's Group;
- approves this Report "Capital Adequacy and other information subject to disclosure of the Group of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna as at 31 March 2025", which includes information on risk, discusses the overall risk profile of the Bank and the Bank's Group related to the business strategy and includes key indicators and figures that provide external stakeholders with a holistic view of the risk management of PKO Bank Polski S.A. and the PKO Bank Polski S.A. Group, including interactions between the Bank's risk profile and risk tolerance expressed in the form of strategic tolerance limits determined by the Management Board and approved by the Supervisory Board.

Signatures of the Management Board of PKO Bank Polski S.A on the original version.