



Condensed Interim Stand-alone  
Financial Statements  
of Bank Handlowy w Warszawie S.A.  
for the 6 month period ended 30 June  
2024

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## Condensed income statement

		II quarter	I half of the year	II quarter	I half of the year
	For a period	01.04. - 30.06. 2024	01.01. - 30.06. 2024	01.04. - 30.06. 2023	01.01. - 30.06. 2023
PLN'000	Note				
Interest income		1,028,230	2,063,763	1,109,702	2,181,152
Similar income		73,148	143,254	45,914	89,550
Interest expense and similar charges		(298,108)	(607,240)	(325,745)	(595,689)
<b>Net interest income</b>		<b>803,270</b>	<b>1,599,777</b>	<b>829,871</b>	<b>1,675,013</b>
Fee and commission income		175,766	347,995	166,989	335,071
Fee and commission expense		(27,927)	(55,854)	(24,832)	(52,134)
<b>Net fee and commission income</b>		<b>147,839</b>	<b>292,141</b>	<b>142,157</b>	<b>282,937</b>
Dividend income		45,074	45,167	13,385	13,389
Net income on trading financial instruments and revaluation		143,958	279,386	183,436	415,279
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income	9	20,537	14,414	(28,179)	(3,923)
Net gain/(loss) on equity and other instruments measured at fair value through income statement		(9,621)	(6,660)	14,166	15,474
Net gain/(loss) on hedge accounting		1,807	9,560	(2,421)	(5,023)
Other operating income		6,261	12,536	5,901	11,989
Other operating expense		(23,109)	(31,087)	(6,734)	(13,180)
<b>Net other operating income and expense</b>		<b>(16,848)</b>	<b>(18,551)</b>	<b>(833)</b>	<b>(1,191)</b>
General administrative expense		(325,935)	(766,376)	(311,633)	(699,899)
Depreciation and amortization		(28,626)	(58,153)	(27,800)	(54,106)
Net impairment on non-financial assets	7	(180,064)	(180,064)	-	-
Profit on sale of other assets		(131)	1,716	(57)	(78)
Provision for expected credit losses on financial assets and provisions for contingent commitments	5	8,646	19,057	5,655	(6,244)
Tax on some financial institutions		(48,454)	(93,671)	(44,540)	(91,584)
<b>Profit before tax</b>		<b>561,452</b>	<b>1,137,743</b>	<b>773,207</b>	<b>1,540,044</b>
Income tax expense		(133,691)	(256,902)	(159,461)	(323,871)
<b>Net profit</b>		<b>427,761</b>	<b>880,841</b>	<b>613,746</b>	<b>1,216,173</b>
Weighted average number of ordinary shares (in pcs)			130,659,600		130,659,600
Earnings per share (in PLN)			6.74		9.31
Diluted net earnings per share (in PLN)			6.74		9.31

Explanatory notes are integral part of the condensed interim standalone financial statements.

Financial data presented on quarterly basis for the period of 1 April 2024 to 30 June 2024, as well as comparative data, was not subject to a separate review or audit by an auditor.

## Condensed statement of comprehensive income

		II quarter	I half of the year	II quarter	I half of the year
		01.04. – 30.06. 2024	01.01. – 30.06. 2024	01.04. – 30.06. 2023	01.01. – 30.06. 2023
For a period	Note				
PLN'000					
Net profit		427,761	880,841	613,746	1,216,173
Other comprehensive income, that is or might be reclassified to the income statement		(63,522)	51,254	136,525	360,404
Remeasurement of financial assets measured at fair value through other comprehensive income (net)	9	(46,887)	62,929	113,700	357,226
(Profit)/Loss reclassification to income statement after derecognition of financial assets measured at fair value through other comprehensive income (net)	9	(16,635)	(11,675)	22,825	3,178
Other comprehensive income which cannot be reclassified to the profit and loss account:		-	-	(4,230)	(4,230)
Actuarial gains/(losses) from the valuation of a defined benefit plan (net)		-	-	(4,230)	(4,230)
Other comprehensive income net of tax		(63,522)	51,254	132,295	356,174
Total comprehensive income		364,239	932,095	746,041	1,572,347

Explanatory notes are integral part of the condensed interim standalone financial statements.

Financial data presented on quarterly basis for the period of 1 April 2024 to 30 June 2024, as well as comparative data, was not subject to a separate review or audit by an auditor.

## Condensed statement of financial position

PLN '000	As at Note	30.06.2024	31.12.2023
<b>ASSETS</b>			
Cash and balances with the Central Bank		509,716	1,241,724
Amounts due from banks		4,215,076	15,371,552
Financial assets held-for-trading, including:		5,573,748	4,880,332
<i>Assets pledged as collateral</i>		9,870	-
Hedging derivatives		70,983	6,731
Debt investment financial assets measured at fair value through other comprehensive income, including:		39,213,829	29,560,292
<i>Assets pledged as collateral</i>		1,224,697	697,771
Shares in subsidiaries		91,318	91,639
Equity and other instruments measured at fair value through income statement		134,835	141,495
Amounts due from customers	6	21,245,636	20,054,454
Tangible fixed assets		536,712	508,403
Intangible assets	7	1,087,865	1,285,314
Deferred tax asset		153,757	115,401
Other assets		382,777	217,366
Non-current assets held-for-sale		-	9,266
<b>Total assets</b>		<b>73,216,252</b>	<b>73,483,969</b>
<b>LIABILITIES</b>			
Amounts due to banks		3,621,453	3,375,687
Financial liabilities held-for-trading		3,152,358	3,522,203
Hedging derivatives		98,484	92,869
Amounts due to customers		53,962,683	55,162,586
Provisions		122,242	111,011
Current income tax liabilities		134,655	457,871
Other liabilities		2,921,800	1,093,722
<b>Total liabilities</b>		<b>64,013,675</b>	<b>63,815,949</b>
<b>EQUITY</b>			
Share capital		522,638	522,638
Supplementary capital		2,944,585	2,944,585
Treasury stock		(18,812)	-
Revaluation reserve		179,660	128,406
Other reserves		4,051,583	3,191,946
Retained earnings		1,522,923	2,880,445
<b>Total equity</b>		<b>9,202,577</b>	<b>9,668,020</b>
<b>Total liabilities and equity</b>		<b>73,216,252</b>	<b>73,483,969</b>

Explanatory notes are integral part of the condensed interim standalone financial statements.



## Condensed statement of changes in equity

PLN '000	Share capital	Supplementary capital	Own shares	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2024	522,638	2,944,585	-	128,406	3,191,946	2,880,445	9,668,020
<b>Total comprehensive income, including:</b>	-	-	-	51,254	-	880,841	932,095
Net profit	-	-	-	-	-	880,841	880,841
Other comprehensive income	-	-	-	51,254	-	-	51,254
Net valuation of financial assets measured at fair value through other comprehensive income	-	-	-	51,254	-	-	51,254
Capital rewards program	-	-	(18,812)	-	59,377	-	40,565
Dividends to be paid	-	-	-	-	-	(1,454,930)	(1,454,930)
Effect of intra-group transformations	-	-	-	-	-	16,827	16,827
Transfer to capital	-	-	-	-	800,260	(800,260)	-
Balance as at 30 June 2024	522,638	2,944,585	(18,812)	179,660	4,051,583	1,522,923	9,202,577

PLN '000	Share capital	Supplementary capital	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2023	522,638	2,944,585	(573,528)	2,811,344	2,194,565	7,899,604
<b>Total comprehensive income, including:</b>	-	-	360,404	(4,230)	1,216,173	1,572,347
Net profit	-	-	-	-	1,216,173	1,216,173
Other comprehensive income	-	-	360,404	(4,230)	-	356,174
Net valuation of financial assets measured at fair value through other comprehensive income	-	-	360,404	-	-	360,404
Net actuarial profits/(losses) on defined benefit program valuation	-	-	-	(4,230)	-	(4,230)
Dividends paid	-	-	-	-	(1,175,937)	(1,175,937)
Transfer to capital	-	-	-	393,373	(393,373)	-
Balance as at 30 June 2023	522,638	2,944,585	(213,124)	3,200,487	1,841,428	8,296,014

PLN '000	Share capital	Supplementary capital	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2023	522,638	2,944,585	(573,528)	2,811,344	2,194,565	7,899,604
<b>Total comprehensive income, including:</b>	-	-	701,934	(12,771)	2,255,190	2,944,353
Net profit	-	-	-	-	2,255,190	2,255,190
Other comprehensive income	-	-	701,934	(12,771)	-	689,163
Net valuation of financial assets measured at fair value through other comprehensive income	-	-	701,934	-	-	701,934
Net actuarial profits/(losses) on defined benefit program valuation	-	-	-	(12,771)	-	(12,771)
Dividends paid	-	-	-	-	(1,175,937)	(1,175,937)
Transfer to capital	-	-	-	393,373	(393,373)	-

Condensed interim stand-alone financial statement of Bank Handlowy w Warszawie S.A  
for the 6 month period ended 30 June 2024

PLN '000	Share capital	Supplementary capital	Revaluation reserve	Other reserves	Retained earnings	Total equity
As at 31 December 2023	522,638	2,944,585	128,406	3,191,946	2,880,445	9,668,020

Explanatory notes are integral part of the condensed interim standalone financial statements.

## Condensed statement of cash flows

	For a period	01.01.– 30.06. 2024	01.01.– 30.06. 2023
PLN '000			
<b>A. OPERATING ACTIVITIES</b>			
<b>I. Net profit</b>		880,841	1,216,173
<b>II. Adjustments:</b>		(1,881,438)	1,265,949
Current and deferred income tax recognized in income statement		256,902	323,871
Depreciation and amortization		58,153	54,106
Net impairment due to financial assets value loss		(15,115)	17,828
Net impairment due to non-financial assets value loss		180,064	-
Net provisions		17,411	(6,594)
Net interest income		(1,599,777)	(1,675,013)
Dividend income		(45,167)	(13,389)
Profit/loss on sale of fixed assets		(1,716)	78
Net unrealized exchange differences		(384)	20,852
Net gain/(loss) on equity and other instruments measured at fair value through income statement		6,660	(15,474)
Other adjustments		29,476	12,136
Change in amounts due from banks		11,109,797	(9,360,145)
Change in amounts due from customers		(1,168,385)	(1,196,681)
Change in debt securities measured at fair value through other comprehensive income		(8,956,611)	10,989,034
Change in financial assets held-for-trading		(666,989)	862,650
Change in derivative hedging instruments		(64,252)	623
Change in other assets		(105,237)	(82,544)
Change in amounts due to banks		245,222	(1,468,911)
Change in amounts due to customers		(1,198,752)	1,520,367
Change in liabilities held-for-trading		(369,845)	(273,494)
Change in amounts due to hedging derivatives		5,615	64,402
Change in other liabilities		401,492	1,492,247
<b>Interest received</b>		<b>1,583,933</b>	<b>1,814,940</b>
<b>Interest paid</b>		<b>(609,572)</b>	<b>(591,159)</b>
<b>Income tax paid</b>		<b>(630,497)</b>	<b>(308,357)</b>
<b>III. Net cash flows from operating activities</b>		<b>(656,733)</b>	<b>3,397,546</b>
<b>B. INVESTING ACTIVITIES</b>			
<b>Inflows</b>		<b>15,164</b>	<b>5,826</b>
Disposal of tangible fixed assets		1,273	499
Disposal of fixed assets held-for-sale		11,368	-
Dividends received		2,523	5,327
<b>Outflows</b>		<b>(65,141)</b>	<b>(72,740)</b>
Purchase of tangible fixed assets		(43,629)	(42,810)
Purchase of intangible assets		(21,512)	(29,930)
<b>Net cash flows from investing activities</b>		<b>(49,977)</b>	<b>(66,914)</b>
<b>C. FINANCING ACTIVITIES</b>			
<b>Inflows</b>		-	-
<b>Outflows</b>		<b>(25,474)</b>	<b>(1,181,954)</b>
Dividends paid		-	(1,175,937)
Outflows from lease payments		(6,662)	(6,017)
<b>Net cash flows from financing activities</b>		<b>(25,474)</b>	<b>(1,181,954)</b>
<b>D. Exchange rates differences resulting from cash and cash equivalent calculation</b>		<b>71</b>	<b>(23,276)</b>
<b>E. Net increase/(decrease) in cash and cash equivalent</b>		<b>(732,113)</b>	<b>2,125,402</b>

	For a period	01.01.– 30.06. 2024	01.01.– 30.06. 2023
PLN '000			
<b>F. Cash and cash equivalent at the beginning of reporting period</b>		1,241,873	658,777
<b>G. Cash and cash equivalent at the end of reporting period</b>		509,760	2,784,179

*The comparison data for the period of the first half-year of 2023 have been transformed due to the Bank's adjustment of classification of cash and cash equivalents in line with the position of IFRS Interpretations Committee and IAS 7 "Statement of cash flows" requirements, additional information can be found in the Bank Handlowy w Warszawie S.A Annual Report for the fiscal year ending 31 December 2023.*

Explanatory notes are integral part of the condensed interim standalone financial statement.

## Supplementary notes to the condensed interim standalone financial statement

### 1. General information about the Bank

Bank Handlowy w Warszawie S.A. ("the Bank") has the registered office in Poland at Senatorska 16, 00-923 Warsaw. The Bank was established on the basis of Certificate of Incorporation of 13 April 1870 and is registered and under entry No. KRS 0000001538 in the Register of Companies by the District Court for the capital city of Warsaw, XII Economic Department of the National Court Register. Bank works as a joint-stock company. During reporting period the name of entity has not changed.

Bank was granted a statistical REGON No. 000013037 and tax identification No. (NIP) 526-030-02-91.

The Bank was set up for an unspecified period of time.

The share capital of the Bank equals PLN 522,638,400 and is divided into 130,659,600 common bearer shares with a par value of PLN 4.00 per share. Bank is a listed company on the Warsaw Stock Exchange.

The majority and strategic shareholder of the Bank is Citibank Europe Plc based in Dublin, Ireland – a company in the Citi group that brings together foreign investments (parent company of the Bank). The ultimate parent is Citigroup Inc.

In addition, total share of funds managed by Nationale Nederlanden PTE S.A is above the threshold of 5% of shares in the capital and votes at the Bank's General Meeting.

Citi is a leading global provider of a wide range of financial services and products for corporations, institutional investors, public administration and individual clients. Operating in more than 160 countries and jurisdictions, Citi provides services to business entities with international ambitions and is also a global leader in the field of wealth management services. Citi also offers banking services for individual clients in the United States. For more information, please visit website: <https://www.citigroup.com/global/about-us>

The Bank operates on the basis of applicable regulations and its Articles of Association.

The Bank Handlowy S.A. is a universal commercial bank that offers a wide range of banking services for individuals and corporate clients, and through Brokerage Department provides brokerage services for individual and institutional clients.

### 2. Declaration of conformity

The interim condensed standalone financial statements of the Bank have been prepared for the period from 1 January 2024 to 30 June 2024 and for the standalone statement of financial position as at 30 June 2024. Comparative financial data are presented for the period from 1 January 2023 to 30 June 2023 and for the standalone statement of financial position as at 31 December 2023.

The interim condensed standalone financial statements are presented in PLN, rounded to the nearest thousand.

The condensed standalone interim financial statements of Bank Handlowy w Warszawie S.A. ("Bank") has been prepared in accordance with International Accounting Standard IAS 34 'Interim Financial Reporting' adopted by European Union and other applicable regulations.

The financial statements do not include all of the information required for full annual financial and should be read in conjunction with the standalone annual financial statements of the Bank for year ended 31 December 2023 and the consolidated interim financial statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the six-month period ended 30 June 2024.

In accordance with the Decree of the Ministry of Finance dated 29 March 2018 regarding current and periodic information provided by issuers of securities and the requirements for recognition of information required by the law of a non-Member State as equivalent (Official Journal from 2018 No 757) the Bank is obliged to publish its financial results for the six-month period ended 30 June 2024 which is deemed to be the current interim financial reporting period.

The condensed standalone interim financial statements of the Bank were approved by the Board of Directors on 29 August 2024.



This interim condensed standalone financial statement of the Bank has been prepared with the assumption of going concern in the period of at least 12 months since the date of publication. As of the day of signing the standalone financial statement, the Bank's Management does not establish the existence of facts and circumstances that would indicate threats to the Bank's ability to go concern in the period of 12 months since the date of publication due to omission or significant limitation of the Bank's current activities.

### 3. Significant accounting policies

The interim condensed standalone financial statements of the Bank for the first half of 2024 has been prepared in accordance with accounting principles adopted and described in the annual standalone financial statements of the Bank for the financial year ended 31 December 2023, except for the burden of income tax that was calculated according to the rules of IAS 34.

Due to implementation of the incentive programs referred to in the resolutions adopted by the Extraordinary General Meeting of the Bank on December 16, 2022, in the first half of 2024, the Group converted a specific part of the awards settled in cash into awards settled in equity instruments of Bank Handlowy S.A., which resulted in a change of method of recognizing certain equity awards in accordance with IFRS 2 "Share-based payments". The conversion of awards involved the transfer of part of liabilities to employees previously included in the statement of financial position in the item Other liabilities to the equity item Other reserves. Awards are recognized as costs in the period of acquiring rights by the awarded employees in correspondence with equity. The value of the award is determined according to the fair value of the shares determined on the date of granting and is not subject to revaluation thereafter. As described in Note 36 *Information on own shares' buy back process*, in order to implement the program, the Bank started purchasing its own shares, which until they are issued as rewards are presented in the statement of financial position in the item Own shares and in the statement of cash flows in cash flows from financial activities.

The preparation of interim condensed standalone financial statements of the Bank with accordance to International Financial Reporting Standards requires that the management should make certain estimates and adopt related assumptions that affect the amounts reported in the financial statements. The financial statements are based on the same estimation rules which were used in the annual standalone financial statements of the Bank for the financial year ended 31 December 2023.

The estimations and respective assumptions are made based on historical data available and other multiple factors which under given conditions are considered proper and which form the basis for estimation regarding balance sheet values of assets and liabilities whose value cannot be determined clearly based on other sources. However, actual values may differ from estimates.

The estimations and respective assumptions are subject to recurring reviews. Changes of estimations are recognized in the period in which the estimation was modified if the adjustment concerns only this period or in the period of the change and future periods if the adjustment concerns both this period and the future periods.

The key estimates were presented in the annual standalone financial statements of the Bank for 2023. Additionally, with respect to interim financial statements, the Bank applies the principle of recognizing the financial result income tax charges based on the estimate of the annual effective income tax rate expected by the Bank in the full financial year.

Standards and interpretations applicable from 1 January 2024:

- IAS 1 "Presentation of financial statements" amendment, issued on 31 October 2022, concerns the area of classification of liabilities as current or non-current and clarifies that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current on a given reporting date;
- IFRS 16 "Leases" amendment, issued on 22 September 2022, concerns the accounting treatment of a transaction, where an entity sold an asset and concurrently said asset became the subject of a lease agreement concluded with a new owner (leaseback);
- IAS 7 "Statement of cash flows" and IFRS 7 "Financial instruments: disclosures", issued on May 25, 2023, introduce the requirement for additional disclosures targeting the improvement of transparency of the presentation of supplier financing arrangements, their impact on the entity's liabilities, cash flows and exposure to liquidity risk; will not have significant impact on the financial statements.

Standards and interpretations European Union's approval:

- IAS 21 "Effects of changes in foreign exchange rates", issued August 15, 2023, clarifies when a currency is convertible into other currencies, how an entity determines the exchange rate when a currency is non-convertible, and specifies the scope of disclosures that will help the financial statements' users to understand the impact of the lack of convertibility of currency on entity's financial position, financial performance and cash flows. The amendment will be applicable from January 1, 2025. The Bank believes that the change in the standard will not have a significant impact on the financial statements.

- On 9 April 2024, the IASB issued IFRS 18 “Presentation and Disclosure in Financial Statements”. The standard will be effective for annual reporting periods beginning on January 1, 2027. The new standard is intended to replace IAS 1 – “Presentation of Financial Statements” and will help to achieve comparability of the financial performance of similar entities. The new standard:
  - ✓ Introduces a defined structure for the statement of profit or loss. Items in the statement of profit or loss will be classified into one of five categories: operating, investing, financing, income taxes and discontinued operations. The standard requires also to present totals and subtotals, including mandatory inclusion of “Operating profit or loss”;
  - ✓ Introduces an additional note presenting management-defined performance measures which are subtotals of income and expenses an entity uses in public communications outside financial statements, an entity uses to communicate to users of financial statements management’s view of an aspect of the financial performance of the entity as a whole. The disclosure will have to contain a description of the aspect of financial performance that in management’s view, is communicated by the management-defined performance measures, how the management-defined performance measure is calculated and reconciliation between the management-defined performance measure and the position from financial statement measured in accordance with other standards;
  - ✓ Clarifies the guidelines for data aggregation and disaggregation which focus on grouping items based on their shared characteristics enabling entities to decide which items are presented in the primary financial statements and what information is disclosed in the notes.

The new IFRS 18 standard will also result in certain changes to the statement of cash flows and the statement of financial position, as well as changes to other standards harmonizing disclosure requirements. The Bank is in the process of assessing the impact of the new standard on the financial statements.

- On May 9, 2024, the IASB issued IFRS 19 “Subsidiaries without Public Accountability: Disclosures”, which allows eligible subsidiaries to apply reduced information disclosure requirements, instead of the requirements of other IFRS Accounting Standards. The new standard will be applicable to the annual reporting periods beginning January 1, 2027 and the Bank believes it will not have a significant impact on the financial statements.
- The amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” issued May 30, 2024 clarify:
  - ✓ The timing of discontinuation of recognition of financial liabilities from the balance sheet, introducing an option for early derecognition of financial liabilities that are settled through an electronic payment system that meets certain criteria
  - ✓ How to assess the characteristics of contractual cash flows from “non-recourse” financial assets and financial assets in cases where contractual provisions refer to contingent events, including, for example, related to ESG objectives (for the purpose of classifying financial assets)

The amendments to the aforementioned standards also introduce additional disclosure requirements for financial assets and liabilities whose contractual terms make cash flows contingent on contingent events and for equity instruments designated at fair value through other comprehensive income. The amendments will be applicable from January 1, 2026. The Bank is in the process of assessing the impact of the new standard on the financial statements.

## Income tax in interim financial statements

Income tax in interim financial statements is accrued in accordance with IAS 34. Interim period tax expense is accrued using the estimated average annual effective income tax rate applied to the pre-tax result of the interim period. The calculation of the average annual effective income tax rate requires the use of a pre-tax income forecast for the entire fiscal year and permanent differences between the carrying amounts of assets and liabilities and their tax base.

## Foreign currency

The statement of financial position and contingent liabilities received and granted denominated in foreign currencies are converted to PLN equivalents using the average exchange rate of the currency determined by the Governor of the National Bank of Poland (“NBP”) prevailing at the date of preparation of the condensed interim consolidated statement of financial position.

Foreign currency transactions are converted at initial recognition to the functional currency (PLN) using the exchange rates prevailing at the date of transactions.

Foreign exchange profits and losses resulting from revaluation of the statement of financial position items denominated in foreign currencies and settlement of transactions in foreign currencies are included in net profit on foreign exchange, within the Net income on trading financial instruments and revaluation.

The exchange rates of the major currencies applied in the preparation of these financial statements are:

PLN	30 June 2024	31 December 2023	30 June 2023
1 USD	4.0320	3.9350	4.1066
1 CHF	4.4813	4.6828	4.5562
1 EUR	4.3130	4.3480	4.4503

#### 4. Segment reporting

Information on operating segments is presented in the Condensed Interim Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the 6 month period ended 30 June 2024.

#### 5. Provision for expected credit losses on assets and provisions for contingent commitments

PLN '000	II quarter 01.04. - 30.06. 2024	I half of the year 01.01. - 30.06. 2024	II quarter 01.04. - 30.06. 2023	I half of the year 01.01. - 30.06. 2023
<b>Provision for expected credit losses on equity investments</b>				
Provision creation	-	(27)	(45)	(94)
Provision reversal	11	11		
	<b>11</b>	<b>(16)</b>	<b>(45)</b>	<b>(94)</b>
<b>Provision for expected credit losses on amounts due from banks</b>				
Provision creation	(398)	(1,071)	(2,092)	(2,860)
Provision reversal	144	1,657	467	1,744
	<b>(254)</b>	<b>586</b>	<b>(1,625)</b>	<b>(1,116)</b>
<b>Provision for expected credit losses on amounts due from customers</b>				
<b>Provision creation and reversals</b>	<b>888</b>	<b>7,783</b>	<b>(14,196)</b>	<b>(30,820)</b>
Provision creation	(53,840)	(109,540)	(66,421)	(134,419)
Provision reversal	57,716	123,864	55,340	109,611
Other	(2,988)	(6,541)	(3,115)	(6,012)
<b>Recoveries from sold debts</b>	<b>10,266</b>	<b>10,276</b>	<b>11,100</b>	<b>11,107</b>
	<b>11,154</b>	<b>18,059</b>	<b>(3,096)</b>	<b>(19,713)</b>
<b>Provision for expected credit losses on debt investment financial assets measured at fair value through other comprehensive income</b>				
Provision creation	(1,017)	(4,472)	(1,439)	(1,780)
Provision reversal	383	958	4,265	4,875
	<b>(634)</b>	<b>(3,514)</b>	<b>2,826</b>	<b>3,095</b>
<b>Provision for expected credit losses on financial assets</b>	<b>10,277</b>	<b>15,115</b>	<b>(1,940)</b>	<b>(17,828)</b>
Created provisions for granted financial and guarantee commitments	(8,625)	(13,355)	(11,023)	(21,458)
Release of provisions for granted financial and guarantee commitments	6,994	17,297	18,618	33,042
<b>Provision for expected credit losses for contingent commitments</b>	<b>(1,631)</b>	<b>3,942</b>	<b>7,595</b>	<b>11,584</b>
<b>Provision for expected credit losses on financial assets and provisions for contingent commitments</b>	<b>8,646</b>	<b>19,057</b>	<b>5,655</b>	<b>(6,244)</b>

## 6. Amounts due from customers

PLN '000	30.06.2024	31.12.2023
<b>Amounts due from financial sector entities</b>		
Loans, placements and advances	1,748,495	1,408,492
Unlisted debt financial assets	1,002,540	1,002,530
Receivables due to purchased securities with a repurchase agreement	625,335	181,616
Guarantee funds and deposits pledged as collateral	1,960,479	1,585,568
<b>Total gross value</b>	<b>5,336,849</b>	<b>4,178,206</b>
Provision for expected credit losses	(2,605)	(2,873)
<b>Total net value</b>	<b>5,334,244</b>	<b>4,175,333</b>
<b>Amounts due from non-financial sector entities</b>		
Loans and advances	14,392,524	14,177,379
Purchased receivables	2,009,387	2,388,441
Realized guarantees	30,608	30,709
Other receivables	12,972	16,838
<b>Total gross value</b>	<b>16,445,491</b>	<b>16,613,367</b>
Provision for expected credit losses	(534,099)	(734,246)
<b>Total net value</b>	<b>15,911,392</b>	<b>15,879,121</b>
<b>Total net value of receivables from customers</b>	<b>21,245,636</b>	<b>20,054,454</b>

Movement in amounts due from customers presents as follows:

PLN '000	Stage 1	Stage 2	Stage 3	Originated credit-impaired assets	Total
<b>Provision for expected credit losses - amounts due from customers</b>					
<b>Provision for expected credit losses as at 1 January 2024</b>	<b>(52,475)</b>	<b>(99,751)</b>	<b>(585,363)</b>	<b>470</b>	<b>(737,119)</b>
Transfer to Stage 1	(19,528)	18,910	618	-	-
Transfer to Stage 2	4,684	(6,372)	1,688	-	-
Transfer to Stage 3	447	15,116	(15,247)	(316)	-
Transfer to Purchased or originated credit-impaired assets	-	-	8,370	(8,370)	-
(Creation)/Releases in the period through the income statement	24,668	(17,583)	(1,208)	1,906	<b>7,783</b>
Decrease in provisions due to write-offs	-	-	110,108	-	<b>110,108</b>
Decrease in provisions in connection with the sale of receivables	-	-	90,214	2,141	<b>92,355</b>
Changes in accrued interest in Stage 3 other than written off and sale of receivables	10	3	(16,612)	(2,173)	<b>(18,772)</b>
Decrease in provisions due to derecognition from the balance sheet as a result of significant change	-	-	-	7,968	<b>7,968</b>
Foreign exchange and other movements	50	(6)	730	199	<b>973</b>
<b>Provision for expected credit losses as at 30 June 2024</b>	<b>(42,144)</b>	<b>(89,683)</b>	<b>(406,702)</b>	<b>1,825</b>	<b>(536,704)</b>

PLN '000	Stage 1	Stage 2	Stage 3	Originated credit-impaired assets	Total
<b>Provision for expected credit losses - amounts due from customers</b>					
<b>Provision for expected credit losses as at 1 January 2023</b>	<b>(81,235)</b>	<b>(108,385)</b>	<b>(662,627)</b>	<b>(1,758)</b>	<b>(854,005)</b>
Transfer to Stage 1	(12,761)	11,475	1,286	-	-

Condensed interim stand-alone financial statement of Bank Handlowy w Warszawie S.A  
for the 6 month period ended 30 June 2024

PLN '000	Stage 1	Stage 2	Stage 3	Originated credit-impaired assets	Total
<b>Provision for expected credit losses - amounts due from customers</b>					
Transfer to Stage 2	7,941	(10,517)	2,576	-	-
Transfer to Stage 3	2,537	24,086	(26,623)	-	-
Transfer to impaired assets	-	-	20,688	(20,688)	-
(Creation)/Releases in the period though the income statement	31,950	(22,310)	(53,729)	3,045	(41,044)
Decrease in provisions due to write-offs	-	-	72,769	-	72,769
Decrease in provisions in connection with the sale of receivables	-	-	96,478	417	96,895
Changes in accrued interest in Stage 3 other than written off and sale of receivables	(10)	8	(42,587)	(3,005)	(45,594)
Reduction of impairment loss due to de-balance sheet as a result of a material change	-	-	-	21,321	21,321
Foreign exchange and other movements	(897)	5,892	6,406	1,138	12,539
<b>Provision for expected credit losses as at 31 December 2023</b>	<b>(52,475)</b>	<b>(99,751)</b>	<b>(585,363)</b>	<b>470</b>	<b>(737,119)</b>
<i>Effect of minor modification on provision for expected credit losses is insignificant</i>					

## 7. Intangible assets

Intangible assets in the amount of PLN 1,087,866 thousand as at 30 June 2024 (as at 31 December 2023: PLN 1,285,314 thousand) include goodwill in the amount of PLN 851,206 thousand (as at 31 December 2023: PLN 1,031,269 thousand).

Goodwill proceed from merger from 28 February 2001 between Bank Handlowy w Warszawie S.A and Citibank (Poland) S.A, and from acquisition of organized part of the banking enterprise ABN Amro Bank (Poland) S.A, which happened on 1 March 2005. Goodwill represents the difference between the cost of the acquisition and the fair value of the Group's interest in identifiable assets, liabilities and contingent liabilities acquired at the business combination date and is subject to periodic impairment testing in accordance with IAS 36 *Impairment of assets*, independently of objective evidence of impairment. As of the balance sheet day, Goodwill is stated at cost minus any accumulated impairment losses. The revaluation write-off for impairment for goodwill cannot be reversed.

For the purpose of carrying out impairment tests, goodwill has been allocated to two cash-generating units: the Institutional Bank and Consumer Bank. Assignment was made on the basis of discounted cash flows models on the basis of the strategy before the merge.

The impairment test is conducted through the comparison of the carrying value of a given cash-generating unit with its recoverable amount. The basis of valuation of the recoverable amount for a unit is the value in use, assessed on the basis financial plan. The plan is based on rational assumptions about future facts that reflect management assessment of future economic conditions and expected results of the Bank.

The valuation used different discount rates for each year of forecast (10.9 - 12%) estimated using a beta coefficient for the banking sector, a risk premium and risk-free rate. Extrapolation of cash flows, which exceed the period covered by the financial plan, has been based on growth rates reflecting the long-term NBP inflation target that amounted to 2.5% as at 30 June 2024.

As a result of a performed test, as of June 30, 2024 the Bank's Management Board has fully written off the goodwill attributable to the Retail Banking Segment, in the amount PLN 180,063 thousand. The written off value has been presented under Net impairment on non-financial assets. The key factor which triggered goodwill impairment in Consumer Banking segment is due to the assumed increase in operating costs.

The allocation of goodwill to cash-generating units is presented in the table below.

PLN'000	30.06.2024	31.12.2023
Corporate Bank	851,206	851,206
Consumer Bank	-	180,063
	<b>851,206</b>	<b>1,031,269</b>



## 8. Financial instruments disclosures

### Fair value of financial assets and liabilities

The summary below provides statement of financial position (by category) and fair value information for each category of financial assets and liabilities.

PLN '000	30.06.2024			31.12.2023	
	Note	Balance value	Fair value	Balance value	Fair value
Assets					
Amounts due from banks	14	4,215,076	4,215,096	15,371,552	15,371,619
Amounts due from customers	17	21,245,636	21,317,958	20,054,454	19,848,322
Amounts due from institutional customers		15,166,014	15,166,810	14,126,464	13,982,239
Amounts due from individual customers		6,079,622	6,151,148	5,927,990	5,866,083
Liabilities					
Amounts due to banks	21	3,621,453	3,621,551	3,375,687	3,375,960
Amounts due to customers	22	53,962,683	53,939,957	55,162,586	55,135,468

### Valuation methods and assumptions used for the purposes of fair value

Fair value of assets and financial liabilities are estimated as follows:

- The fair value of financial instruments not quoted on active markets is determined using valuation techniques. If valuation techniques are used to determine the fair values, these methods are periodically assessed and verified. All the models are tested and approved before application. As far as possible, only observable data are used in the models, although in some areas, the Banks's management must use estimates. Changes in the assumptions relating to the estimated factors may affect the fair value of financial instruments disclosed.

The Bank applies the following methods of measurement of particular types of derivative instruments:

- FX forwards – discounted cash flow model;
- options – option market-based valuation model;
- interest rate transactions – discounted cash flow model;
- futures – current quotations.
- For valuation of securities' transactions – current quotations are used. In case of lack of quotations, adequate models based on discount and forward curves including decrease of credit spread if needed, are used for valuation.
- The fair value of other assets and financial liabilities (excluding described above) are estimated in accordance to commonly accepted models of valuation based on discounted cash flow analysis taking into account fluctuations in market interest rates and changes in margins during the financial period.

### Fair value included in standalone statement of financial position

Depending on the method of determining fair value, individual financial assets or liabilities are classified into the following categories:

- Level I: financial assets / liabilities valued directly on the basis of prices quoted in an active market, where regular quotations are available and turnover is sufficient.  
The active market includes stock and brokerage quotes and quotes in pricing services type systems, such as Reuters and Bloomberg, which represent the actual market transactions concluded on the market conditions. Level I mainly include debt securities held-for-trading or measured at fair value through other comprehensive income;
- Level II: financial assets / liabilities valued on the basis of models based on input data from the active market, presented in Reuters and Bloomberg systems. Depending on financial instruments, the following specific valuation techniques are used:
  - listed prices for a given instrument or listed prices for an alternative instrument,
  - fair value of interest rate swaps and forward foreign exchange contracts is calculated as the current value of future cash flows based on the market yield curves and current NBP fixing exchange rate in case of foreign currency instruments,
  - other techniques, such as yield curves based on alternative prices for a given financial instrument;
- Level III: financial assets / liabilities valued on the basis of valuation techniques using relevant, non-market parameters.

The tables below present values of financial assets and liabilities in the standalone statement of financial position, in accordance with a fair value, classified by above levels.

### As at 30 June 2024

PLN '000	Level I	Level II	Level III	Total
<b>Financial assets</b>				
Financial assets held-for-trading	2,404,965	3,168,783	-	5,573,748
derivatives	18,291	3,168,783	-	3,187,074
debt securities	2,352,630	-	-	2,352,630
Equity instruments	34,044	-	-	34,044
Hedging derivatives	-	70,983	-	70,983
Debt financial assets measured at fair value through other comprehensive income	21,863,725	17,350,104	-	39,213,829
Equity and other investments measured at fair value through income statement	20,737	-	114,098	134,835
<b>Financial liabilities</b>				
Financial liabilities held-for-trading	583,734	2,568,624	-	3,152,358
short sale of securities	536,015	-	-	536,015
derivatives	47,719	2,568,624	-	2,616,343
Hedging derivatives	-	98,484	-	98,484

### As at 31 December 2023

PLN '000	Level I	Level II	Level III	Total
<b>Financial assets</b>				
Financial assets held-for-trading	844,480	4,035,852	-	4,880,332
derivatives	45,970	4,035,852	-	4,081,822
debt securities	791,112	-	-	791,112
equity instruments	7,398	-	-	7,398
Hedging derivatives	-	6,731	-	6,731
Debt financial assets measured at fair value through other comprehensive income	24,564,280	4,996,012	-	29,560,292
Equity and other investments measured at fair value through income statement	19,739	-	121,756	141,495
<b>Financial liabilities</b>				
Financial liabilities held-for-trading	140,524	3,381,679	-	3,522,203
short sale of securities	133,495	-	-	133,495
derivatives	7,029	3,381,679	-	3,388,708
Hedging derivatives	-	92,869	-	92,869

As at June 30, 2024, the amount of financial assets classified to level III includes the value of the share in Visa Inc. (preference series C) in the amount of PLN 16,346 thousand and the value of other minority shareholding in the amount of PLN 97,752 thousand (as at December 31, 2023 respectively PLN 15,669 thousand and PLN 106,087 thousand).

The sensitivity analysis for equity instruments classified to level III as at 30 June 2024 is presented in the table below:

PLN '000	Fair value	Scenario	Fair value in positive scenario	Fair value in negative scenario
Capital instruments compulsorily measured at fair value through profit or loss	114,098	Change of the key parameter (cost of capital by - 10% / + 10% or conversion rate by + 10% / - 10%)	129,460	101,767

The method of estimating the fair value of series C Visa Inc preference shares takes into account the value of Visa Inc. shares and corrections resulting from disputes (current or potential) to which Visa or the Bank would be a party. Minority shareholding in infrastructure companies measured at fair value taking into account, inter alia, the expected discounted dividends using an assumed cost of capital and the history of profit distribution in the particular companies. Changes in the valuation are taken to the Income statement and presented in the Net gain/(loss) on equity and other instruments measured at fair value through income statement.

Changes in financial assets and liabilities in, measured at a fair value that was defined by using relevant parameters not-market based are presented below:

PLN '000	Equity and other investments measured at fair value through income statement	
	01.01-30.06.2024	01.01.-31.12.2023
As at the beginning of period	121,756	88,484
Revaluation	(7,658)	33,272
As at the end of period	114,098	121,756

In the first half of 2024, the Bank has not made any changes in classification criteria of financial instruments (presented in the consolidated statement of financial position at fair value) to each category reflecting the fair value (level I, level II, level III).

During the same period, the Bank has not made any changes in financial assets classification that could result from asset's purpose or usage change.

## 9. Net gain/ (loss) on derecognition of asset from balance sheet

The net gain/(loss) on derecognition of financial assets in Bank relates to the gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income and amounted to PLN 14,414 thousand in the first half of 2024 (PLN (3,923) thousands in the first half of 2023).

PLN '000	II quarter	I half of the year	II quarter	I half of the year
	01.04. - 30.06. 2024	01.01. - 30.06. 2024	01.04. - 30.06. 2023	01.01. - 30.06. 2023
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income				
Polish treasury bonds	20,525	14,402	110	24,294
EBI securities	12	12	(28,289)	(28,289)
Other	-	-	-	72
	20,537	14,414	(28,179)	(3,923)

Due to specific activity of the Bank, changes in debt investment financial assets measured at fair value through other comprehensive income are presented in operating activities in cash flow statement.

## 10. Seasonality or periodicity of business activity

The business activity of the Bank does not involve significant events that would be subject to seasonal or cyclical variations.

## 11. Issue, redemption and repayment of debt and equity securities

In the first half of the year 2024 no issue or pay back of debt or equity securities took place.

In the first half of 2024, the Bank began implementing the program of buy-backs of own shares adopted under resolution no. 5/2022 of the Extraordinary General Meeting of Shareholders of the Bank of 16 December 2022 on authorizing the Bank's Management Board to purchase treasury shares by the Bank and the establishment of reserve capital for the purposes of the own shares buy-back program.

The Bank has been purchasing own shares to issue them to eligible employees of the Bank as indicated in the incentive programs referred to in the resolutions adopted by the Extraordinary General Meeting of Shareholders of the Bank on 16 December 2022.

In the first half of 2024, the Bank purchased a total of 172,550 own shares with the face value of one purchased share being PLN 4.00 representing 0.1320607% of the Bank's share capital and authorizing to 172,550 votes at the General Meeting of Shareholders of the Bank which constitutes 0.1320607% of the total number of votes at the General Meeting of Shareholders of the Bank.

On July 22, 2024 the Bank issued (i.e. initiated the transfer) to eligible Bank employees a total of 116,994 treasury shares previously acquired by the Bank and completed the issuance of treasury shares in 2024.

Accounting policy regarding incentive program being the basis of own shares buy back is described in Note 3.

## 12. Paid or declared dividends

On June 19, 2024, the Ordinary General Meeting of Shareholders of the Bank adopted a resolution on distribution of net profit for 2023. Pursuant to the resolution the net profit for 2023 in the amount of PLN 2,255,190,345.46 was distributed as follows:

- Dividend: PLN 1,454,930,607.50, i.e. PLN 11.15/per share,
- Reserve capital: PLN 800,259,737.96

Dividend day was set for June 27, 2024, and the dividend payment date for July 4 2024. The number of shares covered by dividend was 130 487 050.

The dividend accounted for 65% of the net profit for 2023, and the payment of funds in this amount was in line with the individual recommendation of the Polish Financial Supervision Authority regarding fulfilling by the Bank of requirements for dividend payment from net profit generated in 2023.

## 13. Changes in the Bank's structure

In the first half of 2024 the structure of the Bank has not changed compared to the end of 2023. .

## 14. Changes in granted and received financial and guarantee commitments

The detailed specification of granted and received financial and guarantee commitments as at 30 June 2024 and changes in comparison with the end of 2023 are as follows:

PLN '000	State as at		Change	
	30.06.2024	31.12.2023	PLN '000	%
<b>Contingent liabilities and guarantees granted</b>				
Letters of credit	173,050	157,836	15,214	9.6%
Guarantees granted	3,111,269	2,999,009	112,260	3.7%
Credit lines granted	14,849,305	14,165,469	683,836	4.8%
Other financial liabilities	1,232,909	-	1,232,909	100%
Other guaranteed liabilities	18,338	19,988	(1,650)	(8.3%)
	<b>19,384,871</b>	<b>17,342,302</b>	<b>2,042,569</b>	<b>11.8%</b>
<b>Letters of credit</b>				
Import letters of credit issued	173,050	157,836	15,214	9.6%
	<b>173,050</b>	<b>157,836</b>	<b>15,214</b>	<b>9.6%</b>

The provisions of contingent liabilities and guarantees granted by the Bank are established. As at 30 June, 2024 the amount of provisions of granted contingent liabilities and guarantees was PLN 31,023 thousand (31 December 2023: PLN 34,960 thousand).

Guarantees granted include guarantees of credit repayment for payer, other guarantees of payment, guarantees on advance payments, guarantees on properly performance, tender guarantees and endorsements on bills.

PLN '000	State as at		Change	
	30.06.2024	31.12.2023	PLN '000	%
<b>Contingent liabilities and guarantees received</b>				
Guarantees	10,288,074	9,442,297	845,777	9.0%
	<b>10,288,074</b>	<b>9,442,297</b>	<b>845,777</b>	<b>9.0%</b>

## 15. Information about shareholders

In the period from the publication of the previous interim report, i.e. from 9 May 2024 to the date of publication of this half-year report for the first half of 2024, the ownership structure of significant blocks of the Bank's shares has not changed.

As at the date of publication of this report for the first half of 2024, in accordance with the information held by the Bank on shareholders holding, directly or indirectly, through subsidiaries, at least 5% of the total number of votes at the General Meeting or at least 5% of the Bank's share capital, had the following entities:

	Number of shares	% Shares	Number of votes at GM	% votes at GM
Citibank Europe PLC, Ireland	97,994,700	75.00	97,994,700	75.00
Pension funds managed by Nationale-Nederlanden PTE S.A, including:	6,876,766	5.26	6,876,766	5.26
Nationale Nederlanden OFE	6,539,514	5.01	6,539,514	5.01
Other shareholders	25,788,134	19.74	25,788,134	19.74
	<b>130,659,600</b>	<b>100.00</b>	<b>130,659,600</b>	<b>100.00</b>

## 16. Contingent liabilities and litigation proceedings

No proceedings regarding receivables or liabilities of the Bank conducted in the first half of 2024 in court, public administration authorities or an arbitration authority is of significant value. In Bank's opinion no proceedings conducted in court, public administration authority or an arbitration authority, pose a threat to the Bank's financial liquidity, individually or in total.

In the case of legal proceedings involving the risk of cash outflow as a result of meeting the Bank's commitments, the appropriate provisions are created.

In accordance with applicable regulations, the Bank recognizes impairment losses for receivables subject to legal proceedings.

PLN '000	31.06.2024	31.12.2023
<b>Provisions for disputes, including:</b>	<b>50,151</b>	<b>47,028</b>
provisions for option cases on derivative instruments	16,297	15,880
provisions for individual cases relating, including:	27,167	23,512
provisions for cases related to CHF-indexed loans	26,393	22,625
provisions for cases related to the return of a part of the commission for granting consumer loan	774	887
<b>Provisions for disputes</b>	<b>50,151</b>	<b>47,028</b>

The above values do not include portfolio provisions created in connection with the judgments of the CJEU.

No significant settlements occurred in the first half of 2024 due to court cases concluded with a final judgment.

- On 27 May 2019 the Bank received a statement of claim submitted by Rigall Arteria Management spółka z ograniczoną odpowiedzialnością sp. k. for the payment of PLN 386,139,180.89 along with statutory interest for delay from the date of filing the claim to the payment date and the amount of PLN 50,017,463.89 including statutory interest for delay from the date of filing the claim to the date of payment. The statement of claim refers to the agency agreement, which covered intermediary services for the Bank's products and services, primarily in the segment of consumer banking, and was terminated in 2014. The Court has referred the matter to mediation proceedings, which have not resulted in a mutual agreement, so the case is pending before the court of first instance.

On 10 February 2020 the Bank received a statement of claim submitted by Rotsa Sales Direct sp. z o.o. for the payment of PLN 419,712,468.48 along with statutory interest for delay from the date of filing the claim to the payment date and the amount of PLN 33,047,245.20 including statutory interest for delay from the date of filing the claim to the date of payment. The statement of claim refers to the agency agreement, which covered intermediary services for the Bank's products and services, primarily in the segment of consumer banking, and was terminated in 2014. The court referred the matter to mediation proceedings, so the case is pending before the court of first instance.

In the Bank's opinion, the amount of claims filed by the companies is not justified. The Bank's position is confirmed by legally binding resolutions of legal actions taken by the companies against the Bank, which are beneficial for the Bank, as well as by the judgement expressed in the proceedings with reference number C-64/21 pending before the Court of Justice of the European Union in connection with preliminary ruling from the Supreme Court of October 13, 2022.

- As at June 30, 2024, the Bank was among others a party to 13 court proceedings associated with derivative transactions. Among these, 7 proceedings have not been terminated with a legally binding conclusion, and 6 have been terminated with a legally binding conclusion, but three of these proceedings are pending in the Supreme Court cassation proceeding and in the other 2 cases there are ongoing proceedings regarding process costs. In 7 proceedings the Bank acted as a defendant and in 6 as a plaintiff. The claims and allegations in the individual cases against the Bank are based on various legal bases. The subject of the dispute refers mainly to the validity of the derivative transactions and clients' liabilities demanded by the Bank with respect to those derivative transactions,



as well as potential claims regarding potential invalidation of such demands by court decisions. Clients try to prevent the Bank from seeking claims resulting from derivative transactions; they dispute their liabilities towards the Bank, question the validity of the agreements and, in some cases, demand payment from the Bank.

- The Bank was a party to proceedings initiated by the President of the Office of Competition and Consumer Protection (UOKiK) against the Visa and Europay payment system operators and banks – issuers of Visa cards and Europay/Eurocard/Mastercard cards. The Bank was one of the addressees of the President of UOKiK's decision in the case. The proceedings have concerned alleged practices limiting competition on the payment cards market in Poland consisting in the fixing of interchange fees for transactions made with Visa and Europay/Eurocard/Mastercard cards, as well as limiting access to the market for operators who do not belong to the unions of card issuers, against whom the proceedings were initiated. The President of UOKiK's decision was the subject of legal analyses in appeal proceedings. On April 22, 2010, the Appeal Court overturned the verdict of the Court of Competition and Consumer Protection (SOKiK) and referred the case back to the court of first instance. On 21 November 2013 SOKiK gave a judgment, under which a penalty imposed on the Bank was modified and set in the amount of PLN 1,775,720. On October 6, 2015 the Appeal Court modified the verdict of the Competition and Consumer Protection Court and denied all appeals from the decision of the President of the Competition and Consumer Protection Office, including the changes of amounts of the fines that were imposed upon banks. As a result, the fine in the amount of 10,228,470 PLN that was originally imposed upon the Bank has been reinstated. As the Bank submitted extraordinary appeal on the 25 October 2017 the Supreme Court has overturned the Appeal Court's verdict and the case has been returned to the Appeal Court for a second review. The appeals proceedings has begun again. In the first quarter of 2018, the Bank received the reimbursed. By the judgment of November 23, 2020, the Appeal Court set aside the judgment of November 21, 2013 and remitted the case to the court of first instance for reconsideration.
- The Bank is carefully following the changes of the legal environment arising out of the courts' case law regarding mortgage loans indexed to foreign currencies. On 15 June 2023, the Court of Justice of the European Union (CJEU) in case C 520/21 ruled that only the consumer may demand additional benefits resulting from the cancellation of the Swiss franc loan agreement. The bank may only demand the return of the loan capital together with statutory interest for delay without the possibility of demanding remuneration from the customer (consumer) for non-contractual use of capital. It has been held that Directive 93/13 does not directly govern the consequences of the invalidity of a contract concluded between a seller or supplier and a consumer after the unfair terms have been removed. It is for the Member States to determine the consequences of such a finding and the measures which they adopt in that regard must comply with EU law and, in particular, with the objectives of that directive. It will be for the national courts to assess, in the light of all the circumstances of the dispute, whether the acceptance of such consumer claims is compatible with the principle of proportionality.

When estimating the risk resulting from court litigations regarding indexation clauses in mortgage loan agreements, Bank Handlowy w Warszawie S.A. did not factor in receivables under its claims against borrowers for the payment of amounts equivalent to a fee for using the loan capital, therefore, the Bank does not have to revise its assumptions following the CJEU's opinion.

As at June 30, 2024, the Bank had receivables under CHF-indexed retail mortgage loans at the gross carrying amount of PLN 31.4 million. The Bank maintained a collective provision in the amount of PLN 23.9 million (compared to PLN 10.2 million as at December 31, 2023). Estimation of the provision assumes the expected level of probability of settlement or litigation resolution and an estimate of the Bank's loss should a dispute be settled in court. This value, as well as provisions for individual disputes, are included in the Bank's semi-annual financial statement under item: Provisions.

As at June 30, 2024, the Bank was sued in 89 cases for a total amount of approximately PLN 41.2 million. 30 cases were legally lost, and the Bank decided to file two cassation appeals (one appeal was rejected on formal grounds). Most of the cases are in the first instance.

- On September 11, 2019, CJEU passed a ruling in the case C 383/18, indicating the following interpretation of Article 16(1) of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers (Directive): "the right of the consumer to a reduction in the total cost of the credit in the event of early repayment of the credit includes all the costs imposed on the consumer." Hence, according to the provisions of the Directive, the above-mentioned right of the consumer includes costs both related and not related to the duration of the contract.

Starting from 28 September 2020, the Bank has been reimbursing fees using the "straight-line method" to all the consumers who repaid their consumer loans before the contractual deadline, after 11 September 2019, provided that the fee was charged during the term of the consumer loan act.

On 13 November 2020, the Bank received a decision initiating proceedings by the UOKiK (Office for Competition and Consumer Protection) regarding the practice of non-lowering the total loan cost by the prorated costs (calculated by the straight-line method) attributable to the period by which the term of the consumer loan agreement is reduced in the event of total or partial loan prepayment.

Proceeding has been closed by means of a UOKiK's binding decision from 6 May 2021 after Bank made commitments to change that practice. In accordance with the decision, consumers who repaid their cash or card loans before contractual maturity date in the period between 18 December 2011 and 10 September 2019 may apply

for recalculating the commission indicating the product, agreement and bank account number for which repayment is due. The Bank is obligated to close all the legal proceedings regarding the recalculation of the commission in which consumers are a party, and to inform about the decision as described, in particular through e-mail communication and publication of a statement on the website. Decision is implemented in accordance with its terms.

After the decision was issued, the President of the UOKiK asked the Bank to provide explanations regarding the manner in which the Bank reimburses a proportional part of the commission in the case where customer takes out another loan with the Bank in such a way that it replaces the original agreement ("Increase agreement"). The Bank decided to align its practice with the position of the UOKiK President and decided to settle the proportionate part of the commission in relation to clients who entered into the Increased agreement after 11 September 2019.

The Bank constantly monitors and estimates provisions for legal risk resulting from the ruling of the CJEU regarding the reimbursement of commissions for prepaid consumer loans and updates the possible amount of cash outflow as reimbursement of consumer loan commissions.

As of June 30, 2024, the Bank was sued in 970 cases concerning the return of a part of commission for granting a consumer credit for the total amount of PLN 4.3 million.

- On 22 June 2021, the President of the UOKiK initiated explanatory proceedings to initially determine whether the Bank's actions taken after consumers reported unauthorized payment transactions may justify the initiation of proceedings regarding practices violating the collective interests of consumers or proceedings regarding to recognize the provisions of the standard contract as prohibited. On 8 February 2024, the President of the Office of Competition and Consumer Protection initiated proceedings (decision delivered on 13 February 2024) regarding practices violating the collective interests of consumers regarding unauthorized payment transactions. The charges brought are:
  - failure to refund the amount of an unauthorized payment transaction to the customer within the D+1 deadline despite the lack of premises for such refusal,
  - misleading consumers as to the Bank's obligations and the distribution of the burden of proving the authorization of a payment transaction.

The proceedings are the result of the explanatory proceedings of the President of the Office of Competition and Consumer Protection initiated in June 2021. As at 31 June, 2024, the Bank did not create any provision in this respect because it is not possible to reliably estimate its potential outcome.

- On 22 November 2023, the Polish Financial Supervision Authority ("KNF") started administrative proceedings against the Bank that might result in a penalty being imposed on the Bank under Article 176i(1)(4) of the Act on trading in financial instruments. At this stage of the proceedings, it is not possible to reliably estimate its potential outcome.

## 17. Transactions with the key management personnel

PLN '000	30.06.2024		31.12.2023	
	Members of the Management Board	Members of the Supervisory Board	Members of the Management Board	Members of the Supervisory Board
<b>Loans granted</b>	65	5	69	-
<b>Deposits</b>				
Current accounts	10,286	9,542	8,456	3,949
Term deposits	1,340	28,506	1,566	32,916
<b>Total Deposits</b>	<b>11,626</b>	<b>38,048</b>	<b>10,022</b>	<b>36,865</b>

As at 30 June 2024 and 31 December 2023, no guarantees were granted to members of the Management Board and the Supervisory Board.

All transactions of the Bank with members of the Management Board and the Supervisory Board are at arm's length.

Cost of benefits of current and former members of the Management Board and the Supervisory Board are shown under Note 10.

### Changes in the composition of the Management Board of the Bank

On November 16, 2023 Ms. Natalia Bożek resigned from the role of Member of the Management Board effective January 31st, 2024 due to the acceptance of the role of Europe Cluster Chief Financial Officer (CFO) for Citi.

On January 25, 2024, the Supervisory Board of the Bank decided to appoint Mr. Patrycjusz Wójcik to the Management Board of Bank Handlowy w Warszawie S.A. with the position of the Vice President of the Management Board as of 1 February 2024 for a three-year term of office. As part of the internal division of powers in the Management Board, Mr. Patrycjusz Wójcik will be a Vice President of the Bank's Management Board responsible for finance.

### Changes in the composition of the Supervisory Board of the Bank

On June 19, 2024 the Ordinary General Meeting of Bank Handlowy w Warszawie S.A. decided to appoints as members of the Bank's Supervisory Board:

for the joint, current term of office of the Bank's Supervisory Board - Natalia Monika Bożek, Ignacio Gutierrez – Orrantia and Fabio Lisanti,

for a further joint term of office of the Bank's Supervisory Board starting on January 1, 2025 r. - Natalia Monika Bożek, Ignacio Gutierrez – Orrantia, Marek Kapuściński, Fabio Lisanti, Andras Reiniger, Anna Ewa Rulkiewicz, Sławomir Stefan Sikora and Barbara Karolina Smalska

Among all employment contracts between the Bank and the members of the Management Board of the Bank, there is no contract that provides for financial compensation in the case of termination with prior notice or for reasons specified in Article 53 of the Labour Code.

A separate non-competition agreement conducted with the Bank applies to each member of the Bank's Management Board. According to its provisions, in case of termination of employment in the Bank, in the period of 12 months (in case of one member of the Management Board – of 6 months) from the date of employment termination, the member of the Management Board is obligated to refrain from competitive activities against the Bank. Due to limitations mentioned above, the Bank will be obliged to pay the compensation to the member of the Management Board.

## 18. Related parties

The Bank is a member of Citigroup Inc which is the ultimate parent company. The parent entity of the Bank is Citibank Europe PLC based in Ireland.

Within its normal course of business activities, the Bank enters into transactions with related entities, in particular with entities of Citigroup Inc. and subsidiaries.

The transactions with related entities result from present Bank's activity and mainly include deposits, guarantees and derivatives transactions.

Apart from the transactions described in this section, in the presented period neither the Bank nor the Bank's subsidiaries conducted any transactions with related entities, which would be individually or jointly significant. No transaction with related entities was concluded on terms other than market terms.

### Transactions with subsidiaries

The receivables and liabilities towards subsidiaries are as follows.

PLN '000	30.06.2024	31.12.2023
<b>Deposits</b>		
Current accounts	32,522	593
Term deposits	123,830	154,004
	<b>156,352</b>	<b>154,597</b>
<b>Deposits</b>		
Balance at the beginning of period	154,004	35,939
Balance at the end of period	156,352	154,004

PLN '000	01.01. - 30.06. 2024	01.01. - 30.06. 2023
Interest and commission income	20	6
Interest and commission expense	2,834	906
Other operating income	59	24

On 30 June 2024 and 31 December 2023 there were no write-offs due to value loss of receivables and contingent liabilities granted.

### Transactions with other Citigroup Inc. subsidiaries

The receivables and liabilities towards Citigroup Inc. companies are as follows:

PLN '000	30.06.2024	31.12.2023
<b>Receivables</b>	<b>2,966,747</b>	<b>6,579,273</b>
<b>Liabilities, including:</b>	<b>2,897,890</b>	<b>2,878,689</b>

Condensed interim stand-alone financial statement of Bank Handlowy w Warszawie S.A  
for the 6 month period ended 30 June 2024

PLN '000	30.06.2024	31.12.2023
Deposits*	1,252,478	529,486
<b>Balance-sheet valuation of derivative transactions</b>		
Assets held-for-trading	1,449,598	1,471,839
Liabilities held-for-trading	996,056	1,308,037
<b>Contingent liabilities granted</b>	<b>271,184</b>	<b>276,572</b>
<b>Contingent liabilities received</b>	<b>201,916</b>	<b>216,832</b>
<b>Contingent derivative transactions (liabilities granted/received), including:</b>	<b>131,089,330</b>	<b>107,160,447</b>
Interest rate instruments	50,345,773	37,795,253
Currency instruments	80,295,874	68,813,986
Securities transactions	318,130	305,992
Commodity transactions	129,553	245,216

\*Including deposits of parent undertaking in amount of PLN 861 million as of 30 June 2024 (31 December 2023: PLN 1,333)

PLN '000	01.01.–30.06. 2024	01.01.–30.06. 2023
Interest and commission income*	97,272	40,973
Interest and commission expense*	24,355	8,648
General administrative expenses	96,836	95,349
Other operating income	4,408	4,379

\*Including interest and commission income in amount of PLN 8,153 thousand (for the first half of 2023: PLN 800 thousand) refer to parent undertaking, interest costs in amount of PLN 1,303 (for the first half of 2023: 0 thousand)

Until 15 November 2023, the Bank's parent company was Citibank Overseas Investment Corporation with headquarters in New Castle, USA. On 15 November 2023 a change was made in the shareholding structure of the Bank as a result of the transfer by Citibank Overseas Investment Corporation of 97,994,700 shares of the Bank, representing 75% of the share capital of the Bank and 75% of the total number of votes at the general meeting of shareholders of the Bank, to Citibank Europe PLC. Within Citi group of companies, the company being the majority shareholder of the Bank changed from Citibank Overseas Investment Corporation with registered office in the USA to Citibank Europe PLC with registered office in Ireland in order to fulfil the statutory obligation under which domestic banks belonging to a group from a third country, i.e. from outside the European Union and in the case of the Bank - the United States, an EU intermediate parent undertaking. The transaction results from the obligations arising from Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures and the Act of 29 August 1997 Banking Law.

The Bank receives income and incurs costs on derivative transactions with entities of Citigroup Inc. in order to hedge market risk. These are back to back derivative transactions, opposite to transactions with Group's other clients and closing Bank's own position. On 30 June 2024 net balance valuation of transactions on derivatives amounted to PLN 453,542 thousand (31 December 2023: PLN 163,802 thousand).

Furthermore, the Bank incurs costs and receives income from agreements between Citigroup Inc. entities and the Bank, regarding the provision of mutual services.

The costs incurred and accrued (including VAT reflected in the Bank's costs) in the first half of 2024 and also in the first half of 2023, due to the concluded agreements were concerned, in particular, with costs of services regarding maintenance of the Bank's information systems and advisory support. The income was related to data processing and other services rendered by the Bank.

In the first half of 2024, capitalization of capital expenditures related to work on modifying the functionality of the Bank's IT systems took place. The total amount of payments to Citigroup Inc. entities in this respect amounted to PLN 31,748 thousand (in the first half of 2023: 61,445 thousand).

## 19. The impact of the war in Ukraine

On February 24, 2022, an unprecedented event took place – the invasion of the independent state of Ukraine by Russian troops. The outbreak of war in a country neighboring Poland has a significant impact on the economic and operational environment in which the Bank operates.

The Bank's Management Board monitors the situation of the outbreak of war in Ukraine and its direct impact on lending activities and operational risk (mainly threats in cyberspace). In the case of lending activities, the Bank does not operate in Ukraine, Russia or Belarus, and the Bank's credit exposure to companies significantly involved in these countries is immaterial.

## 20. Major events after the balance sheet date

On July 22, 2024 the Bank, as part of the share buy-back program mentioned in Note 29, issued (i.e. initiated the transfer) to eligible Bank employees a total of 116,994 treasury shares previously acquired by the Bank and completed the issuance of treasury shares in 2024.

After the balance sheet date, there were no other material events that should be additionally included in these financial statements.



### Members of Management Board

29 August 2024 ..... Date	Elżbieta Świątopełk- Czetwertyńska ..... Name	President of the Management Board ..... Position/Function
29 August 2024 ..... Date	Maciej Kropidłowski ..... Name	Vice-president of the Management Board ..... Position/Function
29 August 2024 ..... Date	Katarzyna Majewska ..... Name	Vice-president of the Management Board ..... Position/Function
29 August 2024 ..... Date	Barbara Sobala ..... Name	Vice-president of the Management Board ..... Position/Function
29 August 2024 ..... Date	Andrzej Wilk ..... Name	Vice-president of the Management Board ..... Position/Function
29 August 2024 ..... Date	Patrycjusz Wójcik ..... Name	Vice-president of the Management Board ..... Position/Function
29 August 2024 ..... Date	Ivan Vrhel ..... Name	Member of the Management Board ..... Position/Function