



Information on capital adequacy
of the Capital Group of
Bank Handlowy w Warszawie S.A.
as of 30 June 2024

This document is a translation from the original Polish version. In case of any discrepancies between the Polish and English versions, the Polish version shall prevail.

INTRODUCTION	3
I. Information regarding own funds	4
1. Disclosure of own funds and eligible liabilities	7
II. Capital Adequacy	11
III. Capital Buffers	13
IV. Information regarding risk	15
1. Credit Risk	15
2. Counterparty credit risk	28
3. Market Risk	34
Interest rate risk in the banking book	35
V. Information related to the liquidity	37
VI. Leverage Ratio	41
VII. Key capital metrics after the retrospective profit incorporation	45
VIII. Declaration of the Management Board of Bank	46

INTRODUCTION

This document has been laid down to execute The Disclosure Policy of Bank Handlowy w Warszawie S.A. on capital adequacy¹, to meet the disclosure requirements of:

- 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 and amending Regulation (EU) No. 648/2012 with amendments (Regulation (EU) No. 575/2013),
- Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No. 575/2013 and (EU) 2019/876
- as regards certain adjustments in response to the COVID-19 pandemic,
- as well as of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (“CRD”)
- and on the basis of other EU Commission regulations imposing regulatory and implementing technical standards in the area of information disclosure.

The objective of the document is presenting to the third parties, especially customers of the Capital Group of Bank Handlowy w Warszawie S.A. (hereinafter referred to as: Group) and financial market participants, the Group’s risk management strategy and processes, information on the capital structure, exposure to risk and capital adequacy, which enable thorough assessment of the Group’s financial stability. This document complements information included in:

- the condensed interim consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A for the period of 6 months ended 30 June 2024
- and in the Report on Activities of the Capital Group of Bank Handlowy w Warszawie S.A. for the first half of 2024.

In accordance with Article 13 of the 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 and amending Regulation (EU) No. 648/2012, the Bank, as a large subsidiary of the EU parent institution Citibank Europe plc, publishes disclosures on capital adequacy as of 30 June 2024 at the highest national level of consolidation i.e at the level of the Capital Group of Bank Handlowy w Warszawie S.A. The report doesn’t include the risks related to environmental protection, social policy and corporate governance indicated in art. 449a CRR, because in line with art. 6 CRR does not require to compliance with these obligation on an individual basis.

The amounts are presented in PLN, rounded to the nearest thousands, except for situations in which a different unit of measurement was used and is specifically indicated in the presented data.

¹ “The Disclosure Policy of Bank Handlowy w Warszawie S.A. on capital adequacy and other information to be disclosed” laid down by the Management Board and approved by the Supervisory Board are available at the Bank’s website www.citihandlowy.pl in the “Investor Relations” section.

I. Information regarding own funds

Information on the individual components of the Group's own funds is presented in detail in Table EU CC1 below, while the reconciliation of the Group's own funds with the Group's equity is provided in Table EU CC2.

Data are presented as at the end of June 30, 2024 in accordance with the requirements specified in Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 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 and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295.

Table EU CC1 - Composition of regulatory own funds

	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves		
1 Capital instruments and the related share premium accounts	3,008,172	d, e
of which: Instrument type 1	3,008,172	
of which: Instrument type 2	-	
of which: Instrument type 3	-	
2 Retained earnings	630,594	i
3 Accumulated other comprehensive income (and other reserves)	4,146,814	g, h, e
EU-3a Funds for general banking risk	540,200	h
4 Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5 Minority interests (amount allowed in consolidated CET1)	-	
EU-5a Independently reviewed interim profits net of any foreseeable charge or dividend	-	i
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	8,325,781	
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7 Additional value adjustments (negative amount)	(51,055)	
8 Intangible assets (net of related tax liability) (negative amount)	(960,501)	b
9 Not applicable	-	
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(2,500)	c
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(2,633)	
16 Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	(18,812)	f
27a Other regulatory adjustments	(2,724)	
28 Total regulatory adjustments to Common Equity Tier 1 (CET1)	(1,038,225)	
29 Common Equity Tier 1 (CET1) capital	7,287,556	
Additional Tier 1 (AT1) capital: instruments		
36 Additional Tier 1 (AT1) capital before regulatory adjustments	-	
Additional Tier 1 (AT1) capital: regulatory adjustments		
43 Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	
44 Additional Tier 1 (AT1) capital	-	
45 Tier 1 capital (T1 = CET1 + AT1)	7,287,556	
Tier 2 (T2) capital: instruments		
51 Tier 2 (T2) capital before regulatory adjustments	-	
Tier 2 (T2) capital: regulatory adjustments		
57 Total regulatory adjustments to Tier 2 (T2) capital	-	
58 Tier 2 (T2) capital	-	
59 Total capital (TC = T1 + T2)	7,287,556	
60 Total Risk exposure amount	30,923,643	

Capital ratios and requirements including buffers

61	Common Equity Tier 1 capital	23,57%
62	Tier 1 capital	23,57%
63	Total capital	23,57%
64	Institution CET1 overall capital requirements	2,83%
65	of which: capital conservation buffer requirement	2,50%
66	of which: countercyclical capital buffer requirement	0,08%
67	of which: systemic risk buffer requirement	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0,25%
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	15,57%

National minima (if different from Basel III)

Amounts below the thresholds for deduction (before risk weighting)

72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	60,613	a
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
74	Not applicable	-	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	151,267	c

Applicable caps on the inclusion of provisions in Tier 2

76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based	-

As at June 30th 2024, regulatory own funds increased by PLN 204,482 thousand, i.e. 2.9%, as compared with December 31st 2023, mainly due to a decrease in fund reductions as a result of an impairment loss on goodwill by PLN 180m in the Retail Banking segment.

The scope of Group's consolidation, defined in accordance with the prudential regulations (Regulation No 575/2013) matches the scope of consolidation applied for financial reporting.

Information on the consolidation method used for each entity within the scope of accounting and regulatory consolidation ranges is presented in Report on Activities of the Capital Group of Bank Handlowy w Warszawie S.A. in the first half of 2024, in chapter III. "The organizational structure of the Capital Group of Bank Handlowy w Warszawie S.A."

Table EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at 30.06.2024	As at 30.06.2024	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
1 Cash and balances with the Central Bank	509,716	509,716	
2 Amounts due from banks	4,215,076	4,215,076	
3 Financial assets held-for-trading	5,573,748	5,573,748	
4 Debt financial assets measured at fair value through other comprehensive income, including:	70,983	70,983	
5 Assets pledged as collateral	39,213,829	39,213,829	
6 Equity and other instruments measured at fair value through income statement	134,835	134,835	a
7 Amounts due from customers	21,245,636	21,245,636	
8 Tangible fixed assets	536,712	536,712	
9 Intangible assets	1,087,865	1,087,865	b
10 Current income tax receivables	-	-	
11 Deferred income tax asset	153,766	153,766	c
12 Other assets	331,385	331,385	
13 Non-current assets held-for-sale	-	-	
14 Total assets	73,073,551	73,073,551	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
1 Amounts due to banks	3,621,453	3,621,453	
2 Financial liabilities held-for-trading	3,152,358	3,152,358	
3 Hedging derivatives	98,484	98,484	
4 Amounts due to customers	53,806,343	53,806,343	
5 Provisions	122,945	122,945	
6 Current income tax liabilities	134,731	134,731	
7 Deferred tax provision	36	36	
8 Other liabilities	2,922,705	2,922,705	
9 Total liabilities	63,859,055	63,859,055	
Shareholders' Equity			
1 Share capital	522,638	522,638	d
2 Supplementary capital	3,001,260	3,001,260	e
3 Treasury shares	-18,812	-18,812	f
4 Revaluation reserve	179,660	179,660	g
5 Other reserves	4,051,006	4,051,006	h
6 Retained earnings	1,478,744	1,478,744	i
7 Total equity	9,214,496	9,214,496	
Total liabilities and equity	73,073,551	73,073,551	

1. Disclosure of own funds and eligible liabilities

Bank as a resolution entity that is part of a global systemically important institution (G-SII) in accordance with the definition contained in Art. 4 (136) CRR., is obliged to fulfill the following requirements in terms of own funds and eligible liabilities in accordance with Article 92a CRR:

- a) 18 % of the total risk exposure amount (TLAC TREA);
- b) 6.75 % of the total exposure measure (TLAC TEM).

In accordance with the CRR regulations, the amount of the required TLAC TREA plus the combined buffer requirement for the Bank is 20.83%, while the total capital ratio of the Bank at the end of June 2024 was 23.57%.

Group presents the following tables regarding the disclosure of information on own funds and eligible liabilities, in accordance with Commission Implementing Regulation (EU) 2021/763 of April 23rd 2021 laying down implementing technical standards for the application of Regulation (EU) No. 575/2013 of the European Parliament and of the Council and the Directive 2014/59/UE of the European Parliament and of the Council with regard to the supervisory reporting and public disclosure of the minimum requirement for own funds and eligible liabilities (Regulation 2021/763).

Table EU KM2: Key metrics - MREL and, where applicable, G-SII requirement for own funds and eligible liabilities

	a	b	c	d	e	f
	Minimum requirement for own funds and eligible liabilities (MREL)	G-SII Requirement for own funds and eligible liabilities (TLAC)				
	2024.06.30	2024.06.30	2024.03.31	2023.12.31	2023.09.30	2023.06.30
Own funds and eligible liabilities, ratios and components						
1 Own funds and eligible liabilities	7,287,556	7,287,556	7,197,364	7,083,074	6,824,753	5,927,686
EU-1a Of which own funds and subordinated liabilities	-					
2 Total risk exposure amount of the resolution group (TREA)	30,923,643	30,923,643	30,346,212	30,020,075	29,667,006	29,228,968
3 Own funds and eligible liabilities as a percentage of TREA (%)	23.57	23.57	23.72	23.59	23.00	20.28
EU-3a Of which own funds and subordinated liabilities (%)	-					
4 Total exposure measure of the resolution group	77,777,946	77,777,946	78,165,949	74,905,759	74,831,453	73,458,159
5 Own funds and eligible liabilities as percentage of the total exposure measure (%)	9.37	9.37	9.21	9.46	9.12	8.07
EU-5a Of which own funds or subordinated liabilities (%)	9.37					
6a Does the subordination exemption in Article 72b(4) of the CRR apply? (5% exemption)		no	no	no	no	no
6b Pro-memo item - Aggregate amount of permitted non-subordinated eligible liabilities instruments If the subordination discretion as per Article 72b(3) CRR is applied (max 3.5% exemption)		-	-	-	-	-
6c Pro-memo item: If a capped subordination exemption applies under Article 72b (3) CRR, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded Liabilities and that would be recognised under row 1 if no cap was applied (%)		-	-	-	-	-
Minimum requirement for own funds and eligible liabilities (MREL)*						
TLAC requirement expressed as percentage of TREA	18.00					
TLAC requirement expressed as percentage of TEM	6.75					
EU-7 MREL requirement expressed as percentage of the total risk exposure amount (%)	15.36					
EU-8 Of which to be met with own funds or subordinated liabilities (%)	15.36					
EU-9 MREL requirement expressed as percentage of the total exposure measure (%)	5.91					
EU-10 Of which to be met with own funds or subordinated liabilities (%)	5.91					

* without combined buffer requirement

Table EU TLAC1 – Composition – MREL and, where applicable, G-SII Requirement for own funds and eligible liabilities

	a	b	c
	Minimum requirement for own funds and eligible liabilities (MREL)	G-SII requirement for own funds and eligible liabilities (TLAC)	Memo item: Amounts eligible for the purposes of MREL, but not TLAC
Own funds and eligible liabilities and adjustments			
1 Common Equity Tier 1 capital (CET1)	7,287,556	7,287,556	-
2 Additional Tier 1 capital (AT1)	-	-	-
6 Tier 2 capital (T2)	-	-	-
11 Own funds for the purpose of Articles 92a CRR and 45 BRRD	7,287,556	7,287,556	-
Own funds and eligible liabilities: Non-regulatory capital elements			
12 Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	-	-	-
EU-12a Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	-	-	-
EU-12b Eligible liabilities instruments that are subordinated to excluded liabilities, issued prior to 27 June 2019 (subordinated grandfathered)	-	-	-
EU-12c Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	-	-	-
13 Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre cap)	-	-	-
EU-13a Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	-	-	-
14 Amount of non subordinated instruments eligible, where applicable after application of Article 72b (3) CRR	-	-	-
17 Eligible liabilities items before adjustments	-	-	-
EU-17a Of which subordinated	-	-	-
Own funds and eligible liabilities: Adjustments to non-regulatory capital elements			
18 Own funds and eligible liabilities items before adjustments	7,287,556	7,287,556	-
19 (Deduction of exposures between MPE resolution groups)		-	
20 (Deduction of investments in other eligible liabilities instruments)		-	
22 Own funds and eligible liabilities after adjustments	7,287,556	7,287,556	-
EU-22a Of which own funds and subordinated	7,287,556		
Risk-weighted exposure amount and leverage exposure measure of the resolution group			
23 Total risk exposure amount	30,923,643	30,923,643	-
24 Total exposure measure	77,777,946	77,777,946	-
Ratio of own funds and eligible liabilities			
25 Own funds and eligible liabilities as a percentage of total risk exposure amount (%)	23.57	23.57	-
EU-25a Of which own funds and subordinated (%)	23.57		
26 Own funds and eligible liabilities as a percentage of total exposure measure (%)	9.37	9.37	-
EU-26a Of which own funds and subordinated (%)	9.37		
27 CET1 (as a percentage of TREA) available after meeting the resolution group's requirements (%)	5.57	5.57	
28 Institution-specific combined buffer requirement (%)		2.83	
29 of which: capital conservation buffer requirement (%)		2.50	
30 of which: countercyclical buffer requirement (%)		0.08	
31 of which: systemic risk buffer requirement (%)		-	
EU-31a of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer (%)		0.25	
Memorandum items			
EU-32 Total amount of excluded liabilities referred to in Article 72a(2) CRR		61,370,046	

Table EU TLAC3a: creditor ranking - resolution entity

	Insolvency ranking			Sum of 1 to n
	1	2	n	
	(most junior)		(most senior)	
1 Description of insolvency rank (free text)	category no.10	-	-	
2 Liabilities and own funds	7,242,930	-	-	7,242,930
3 of which excluded liabilities	-	-	-	-
4 Liabilities and own funds less excluded liabilities	7,242,930	-	-	7,242,930
5 Subset of row 4 that are own funds and liabilities potentially eligible for meeting [choose as appropriate: TLAC/ MREL]	7,242,930	-	-	7,242,930
6 of which residual maturity \geq 1 year < 2 years	-	-	-	-
7 of which residual maturity \geq 2 year < 5 years	-	-	-	-
8 of which residual maturity \geq 5 years < 10 years	-	-	-	-
9 of which residual maturity \geq 10 years, but excluding perpetual securities	-	-	-	-
10 of which perpetual securities	7,242,930	-	-	7,242,930

According with Regulation 2021/763 the information included in the template EU TLAC3a are disclosed at the individual level of the Bank.

II. Capital Adequacy

Below we present data on the Group's capital adequacy, the amount of risk-weighted assets and capital requirements for own funds, broken down by individual risk types and key capital ratios.

Table EU OV1 – Overview of total risk exposure amounts

	Total risk exposure amounts (TREA)		Total own funds requirements
	a		c
	30.06.2024	31.03.2024	30.06.2024
1 Credit risk (excluding CCR)	20,691,604	19,832,912	1,655,328
2 Of which the standardised approach	20,691,604	19,832,912	1,655,328
3 Of which the Foundation IRB (F-IRB) approach	-	-	-
4 Of which slotting approach	-	-	-
EU 4a Of which equities under the simple riskweighted approach	-	-	-
5 Of which the Advanced IRB (A-IRB) approach	-	-	-
6 Counterparty credit risk – CCR	1,371,257	1,445,335	109,701
7 Of which the standardised approach	1,236,132	1,308,791	98,891
8 Of which internal model method (IMM)	-	-	-
EU 8a Of which exposures to a CCP	29,462	29,564	2,357
EU 8b Of which credit valuation adjustment – CVA	103,718	106,980	8,297
9 Of which other CCR	1,945	-	156
15 Settlement risk	-	-	-
16 Securitisation exposures in the non-trading book (after the cap)	150,313	150,296	12,025
17 Of which SEC-IRBA approach	-	-	-
18 Of which SEC-ERBA (including IAA)	-	-	-
19 Of which SEC-SA approach	150,313	150,296	12,025
EU 19a Of which 1250% / deduction	-	-	-
20 Position, foreign exchange and commodities risks (Market risk)	1,658,843	1,866,044	132,707
21 Of which the standardised approach	1,658,843	1,866,044	132,707
22 Of which IMA	-	-	-
EU 22a Large exposures	-	-	-
23 Operational risk	7,051,625	7,051,625	564,130
EU 23a Of which basic indicator approach	-	-	-
EU 23b Of which standardised approach	7,051,625	7,051,625	564,130
EU 23c Of which advanced measurement approach	-	-	-
24 Amounts below the thresholds for deduction (subject to 250% risk weight)	378,167	195,998	30,253
29 Total	30,923,643	30,346,212	2,473,891

Table EU KM1 - Key metrics template

	a	b	c	d	e
	30.06.2024	31.03.2024	31.12.2023	30.09.2023	30.06.2023
Available own funds (amounts)					
1 Common Equity Tier 1 (CET1) capital	7,287,556	7,197,364	7,083,074	6,824,753	5,927,686
2 Tier 1 capital	7,287,556	7,197,364	7,083,074	6,824,753	5,927,686
3 Total capital	7,287,556	7,197,364	7,083,074	6,824,753	5,927,686
Risk-weighted exposure amounts					
4 Total risk exposure amount	30,923,643	30,346,212	30,020,075	29,667,006	29,228,968
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common Equity Tier 1 ratio (%)	23.57	23.72	23.59	23.00	20.28
6 Tier 1 ratio (%)	23.57	23.72	23.59	23.00	20.28
7 Total capital ratio (%)	23.57	23.72	23.59	23.00	20.28
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	-	-	-	-	-
EU 7b of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 7c of which: to be made up of Tier 1 capital (percentage points)	-	-	-	-	-
EU 7d Total SREP own funds requirements (%)	8.00	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 (%)	-	-	-	-	-
9 Institution specific countercyclical capital buffer (%)	0.08	0.08	0.07	0.08	0.05
EU 9a Systemic risk buffer (%)	-	-	-	-	-
10 Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a Other Systemically Important Institution buffer (%)	0.25	0.25	0.25	0.25	0.25
11 Combined buffer requirement (%)	2.83	2.83	2.82	2.83	2.80
EU 11a Overall capital requirements (%)	10.83	10.83	10.82	10.83	10.80
12 CET1 available after meeting the total SREP own funds requirements (%)	15.57	15.72	15.59	15.00	12.28
Leverage ratio					
13 Total exposure measure	77,777,946	78,165,949	74,905,759	74,831,453	73,458,159
14 Leverage ratio (%)	9.37	9.21	9.46	9.12	8.07
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 (%)	-	-	-	-	-
EU 14b of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
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 (%)	-	-	-	-	-
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)	43,439,683	41,835,188	39,721,691	37,732,937	35,075,143
EU 16a Cash outflows - Total weighted value	62,261,850	63,031,699	62,362,010	61,703,419	58,582,231
EU 16b Cash inflows - Total weighted value	39,297,625	40,090,511	39,837,649	39,442,520	37,411,122
16 Total net cash outflows (adjusted value)	22,964,225	22,941,188	22,524,361	22,260,899	21,171,108
17 Liquidity coverage ratio (%)	189.16	182.36	176.35	169.50	165.67
Net Stable Funding Ratio					
18 Total available stable funding	43,076,241	43,444,238	43,298,485	42,404,060	40,835,730
19 Total required stable funding	18,663,554	17,776,244	18,398,626	19,025,979	20,049,040
20 NSFR ratio (%)	230.80	244.39	235.34	222.87	203.68

Capital ratios are calculated according to respective regulations. Key capital ratios after retrospective inclusion of profit are presented in the chapter VII of this report.

III. Capital Buffers

In accordance with the Act on macroprudential supervision, the Group is obliged to maintain the combined buffer requirement above the minimum levels of capital ratios specified in Article 92 of the CRR Regulation. As at 30 June 2024, the Group is subject to the following buffers:

- The buffer level indicator, the value of which in the amount of 2.5%, results from Art. 84 of the Act on macroprudential supervision,
- Countercyclical buffer rate of 0.08%, - weighted average countercyclical treasure statue for recipients,
- Systemic risk buffer rate of 0%, due to the fact that on March 18, 2020, the Minister of Finance issues a regulation issuing a regulation on systemic security.
- Other institution's buffer rate with a systemic value of 0.25%.

The Group calculates the countercyclical buffer rate specific for a given institution taking into account the value of all credit exposures in other countries and the value of the countercyclical buffer appropriate for these countries.

On 13 December 2023, the Polish Financial Supervision Authority recommended that the Bank maintain own funds to cover the additional capital charge in order to absorb potential losses resulting from the stress conditions under Pillar II (P2G). The Bank's sensitivity to the possible materialization of stress scenarios was assessed as low and a P2G capital charge of 0.28 p.p. was set at the standalone and consolidated level. According to the Recommendation, the P2G capital add-on should be maintained above the value of the total capital ratio plus the combined buffer requirement. The additional add-on should consist entirely of Common Equity Tier 1 capital.

Table EU CCyB1 presents geographic color transfers of relevant credit exposures

Table EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	General credit exposures		Relevant credit exposures – Market risk			Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements			Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Relevant credit risk exposures - Credit risk			Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
010 Poland	22,310,595	-	30,196	-	1,002,089	23,342,880	1,552,102	2,416	12,025	1,566,543	19,581,785	92.41	0.0000
011 United Kingdom	536,995	-	521	-	-	537,516	29,445	42	-	29,487	368,584	1.74	2.0000
012 Luxembourg	457,779	-	2,381	-	-	460,161	36,622	191	-	36,813	460,161	2.17	0.5000
013 Korea, Republic of	165,555	-	-	-	-	165,555	13,244	-	-	13,244	165,555	0.78	1.0000
014 Norway	86,204	-	-	-	-	86,204	6,896	-	-	6,896	86,204	0.41	2.5000
015 Malta	83,393	-	-	-	-	83,393	6,671	-	-	6,671	83,393	0.39	0.0000
016 Switzerland	76,501	-	-	-	-	76,501	6,120	-	-	6,120	76,501	0.36	0.0000
017 Czech Republic	68,017	-	-	-	-	68,017	5,355	-	-	5,355	66,942	0.32	1.7500
018 United States	59,303	-	36	-	-	59,339	6,125	3	-	6,128	76,602	0.36	0.0000
019 Ireland	58,711	-	-	-	-	58,711	4,697	-	-	4,697	58,711	0.28	1.5000
020 Germany	57,632	-	-	-	-	57,632	4,511	-	-	4,511	56,383	0.27	0.7500
021 Netherlands	28,306	-	-	-	-	28,306	2,265	-	-	2,265	28,306	0.13	2.0000
022 France	26,527	-	-	-	-	26,527	2,122	-	-	2,122	26,527	0.13	1.0000
023 Hungary	21,417	-	-	-	-	21,417	1,713	-	-	1,713	21,417	0.10	0.0000
024 Belgium	19,998	-	-	-	-	19,998	1,600	-	-	1,600	19,998	0.09	0.5000
025 Sweden	7,287	-	-	-	-	7,287	583	-	-	583	7,287	0.03	2.0000
026 Italy	4,412	-	-	-	-	4,412	351	-	-	351	4,387	0.02	0.0000
027 Other countries	712	-	201	-	-	913	55	16	-	71	885	0.01	0.0000
028 Total	24,069,343	-	33,335	-	1,002,089	25,104,767	1,680,478	2,667	12,025	1,695,170	21,189,626	100	

Table EU CCyB2 – Amount of institution-specific countercyclical capital buffer

1 Total risk exposure amount	30,923,643
2 Institution specific countercyclical capital buffer rate	0.08%
3 Institution specific countercyclical capital buffer requirement	24,739

IV. Information regarding risk

1. Credit Risk

Credit risk is understood as the risk of incurring a loss as a result of the client's failure to meet its obligations towards the Group or the risk of a decrease in the economic value of the Group's receivables as a result of a deterioration in the client's ability to service obligations.

The main purpose of risk management in the Group is ensuring both high quality of credit portfolio and business activity stabilization through minimizing the risk of credit losses. Credit risk management is executed based on the policies and procedures that consistently and clearly define and communicate standards for risk identification, measurement, acceptance, control, monitoring and reporting.

Capital requirement in relation to Own Funds of Group is calculated according to the Regulation No. 575/2013.

The Group applies only the standard method to calculate the capital requirement for credit risk.

The Group presents the following tables regarding the disclosure of information credit risk, in accordance with Commission Implementing Regulation (EU) 2021/637:

- EU CR1-A: Maturity of exposures,
- EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques,
- EU CR4 – standardised approach – Credit risk exposure and CRM effects,
- EU CR5 – standardised approach,
- EU SEC1 – Securitisation exposures in the non-trading book,
- EU-SEC4 – Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor.

Table EU CR1-A: Maturity of exposures

	Net exposure value					Total
	On demand	<= 1year	1 to 5 years	> 5 years	No stated maturity	
1 Loans and advances	7,639,945	10,191,181	3,856,515	3,735,578	75,852	25,499,071
2 Debt securities	-	17,610,181	14,553,914	8,051,832	-	40,215,927
3 Total	7,639,945	27,801,362	18,410,429	11,787,410	75,852	65,714,997

Table EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

	Secured carrying amount				
	Unsecured carrying amount	Of which secured by collateral		Of which secured by financial guarantees	
		a	b	c	d
1 Loans and advances	13,777,162	11,808,365	10,383,073	1,425,292	-
2 Debt securities	40,216,369	-	-	-	-
3 Total	53,993,531	11,808,365	10,383,073	1,425,292	-
4 Of which non-performing exposures	173,229	28,102	24,845	3,257	-
EU-5 Of which defaulted	173,229	28,102	-	-	-

Table EU CR4 – standardised approach – Credit risk exposure and CRM effects

Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
	a	b	c	d	e	f
1 Central governments or central banks	24,750,793	634	36,864,491	247	581,362	1.58
2 Regional government or local authorities	2	510,302	2	132,077	26,416	20.00
3 Public sector entities	285	1,850	285	790	534	49.72
4 Multilateral development banks	2,616,709	-	2,616,709	-	-	-
5 International organisations	-	-	-	-	-	-
6 Institutions	14,475,673	304,978	2,361,975	118,322	157,536	6.35
7 Corporates	10,914,244	11,818,206	10,708,755	3,812,317	14,290,893	98.41
8 Retail	3,803,228	5,243,949	3,803,228	28,415	2,870,183	74.91
9 Secured by mortgages on immovable property	2,818,955	224,158	2,818,955	66,230	1,447,144	50.16
10 Exposures in default	195,967	16,863	195,967	7,384	215,192	105.82
11 Exposures associated with particularly high risk	133,662	-	133,662	-	200,492	150.00
12 Covered bonds	-	-	-	-	-	-
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14 Collective investment undertakings	-	-	-	-	-	-
15 Equity	1,174	-	1,174	-	1,174	100.00
16 Other items	1,291,455	-	1,291,455	-	900,679	69.74
17 TOTAL	61,002,147	18,120,940	60,796,658	4,165,781	20,691,604	31.85

Table EU CR5 – standardised approach

Exposure classes	Risk weight															Total	Of which unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1 Central governments or central banks	34,681,521	-	-	2,031,950	-	-	0	-	-	-	-	151,267	-	-	-	36,864,738	151,267
2 Regional government or local authorities	-	-	-	-	132,078	-	-	-	-	-	-	-	-	-	-	132,078	12,002
3 Public sector entities	-	-	-	-	10	-	1,064	-	-	-	-	-	-	-	-	1,074	1,074
4 Multilateral development banks	2,616,709	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,616,709	-
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	55,033	1,980,765	-	-	348,028	-	96,312	-	-	159	-	-	-	-	-	2,480,297	424,254
7 Corporates	-	-	-	-	11	-	99,947	-	-	14,421,114	0	-	-	-	-	14,521,073	13,642,834
8 Retail exposures	-	-	-	-	-	-	-	-	3,831,643	-	-	-	-	-	-	3,831,643	3,831,643
9 Exposures secured by mortgages on immovable property	-	-	-	-	-	2,169,187	-	-	-	686,783	29,215	-	-	-	-	2,885,185	2,885,185
10 Exposures in default	-	-	-	-	-	-	-	-	-	179,671	23,681	-	-	-	-	203,352	203,352
11 Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	133,662	-	-	-	-	133,662	97,752
12 Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity exposures	-	-	-	-	-	-	-	-	-	1,174	-	-	-	-	-	1,174	1,174
16 Other items	381,578	-	-	-	11,498	-	-	-	-	898,379	-	-	-	-	-	1,291,455	1,291,455
17 TOTAL	37,734,841	1,980,765	-	2,031,950	491,625	2,169,187	197,323	-	3,831,643	16,187,280	186,557	151,267	-	-	-	64,962,439	22,541,993

Table EU-SEC1 - Securitisation exposures in the non-trading book

	Institution acts as originator						Institution acts as sponsor				Institution acts as investor				
	Traditional		Synthetic		Sub- total	of which SRT	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total	
	STS	Non-STS	STS	Non-STS			STS	Non-STS			STS	Non-STS			
	of which SRT	of which SRT													
1 Total exposures	-	-	-	-	-	-	-	-	-	-	-	-	1,002,089	-	1,002,089
2 Retail (total)	-	-	-	-	-	-	-	-	-	-	-	-	1,002,089	-	1,002,089
3 residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	1,002,089	-	1,002,089
6 re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Wholesale (total)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table EU-SEC 4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions
1 Total exposures	1,002,089	-	-	-	-	-	-	1,002,089	-	-	-	150,313	-	-	-	12,025	-
2 Traditional securitisation	1,002,089	-	-	-	-	-	-	1,002,089	-	-	-	150,313	-	-	-	12,025	-
3 Securitisation	1,002,089	-	-	-	-	-	-	1,002,089	-	-	-	150,313	-	-	-	12,025	-
4 Retail underlying	1,002,089	-	-	-	-	-	-	1,002,089	-	-	-	150,313	-	-	-	12,025	-
5 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Additional information on the credit risk is discussed in detail in the Condensed interim consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A for the period of 6 months ended 30 June 2024, in note 5 "Risk Management", in the section Credit Risk.

1.1 Non-performing and forborne exposures

According to Regulation 2021/637, the gross NPL ratio is the ratio of the gross carrying amount of non-performing exposures (NPL) to the total gross carrying amount of loans and advances that are subject to verification of the definition of non-performing exposures (NPEs).

As of 30th June of 2024, the Group presents gross NPL in amount of 2.30%.

Non-performing and forbearance exposures are defined in Commission Implementing Regulation (EU) No. 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No. 575/2013 of the European Parliament and of the Council with regard to supervisory reports of institutions and repealing Implementing Regulation (EU) No. 680/2014.

The Group presents the following tables regarding the disclosure of information on performing, non-performing, forbidden and foreclosed exposures, in accordance with Commission Implementing Regulation (EU) 2021/637:

- EU CR1: Performing and non-performing exposures and related provisions,
- EU CR2: Changes in the stock of non-performing loans and advances,
- EU CQ1: Credit quality of forborne exposures,
- EU CQ3: Credit quality of performing and non-performing exposures by past due days,
- EU CQ4: Quality of non-performing exposures by geography,
- EU CQ5: Credit quality of loans and advances to non-financial corporations by industry.

Group does not have collateral obtained by taking possession and execution processes.

Table EU CR1: Performing and non-performing exposures and related provisions

	a				b				c				d		e		f				g		h		i		j		k		l		m		n		o	
	Gross carrying amount/nominal amount								Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions								Collateral and financial guarantees received																					
	Performing exposures				Non-performing exposures				Performing exposures – accumulated impairment and provisions				Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Accumulated partial write-off		On performing exposures		On non-performing exposures																	
	Of which stage 1		Of which stage 2		Of which stage 2		Of which stage 3		Of which stage 1		Of which stage 2		Of which stage 2		Of which stage 3																							
005	Cash balances at central banks and other demand deposits	86,487	86,440	47	-	-	-	(31)	(31)	(0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
010	Loans and advances	25,429,553	23,187,724	2,241,829	608,177	-	608,177	(131,813)	(41,806)	(90,006)	(406,846)	-	(406,846)	(51,212)	11,780,263	28,102																						
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
030	General governments	133,113	1,032	132,082	10,561	-	10,561	(52)	(9)	(42)	(10,540)	-	(10,540)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
040	Credit institutions	4,257,187	4,247,735	9,453	-	-	-	(430)	(104)	(326)	-	-	-	-	3,997,330	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
050	Other financial corporations	5,333,083	5,332,847	235	-	-	-	(2,163)	(2,160)	(2)	-	-	-	(8,677)	1,769,610	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
060	Non-financial corporations	9,615,093	8,611,695	1,003,397	244,548	-	244,548	(60,196)	(18,554)	(41,643)	(145,470)	-	(145,470)	(42,536)	3,638,237	22,884																						
070	Of which SMEs	3,398,741	3,067,919	330,822	193,945	-	193,945	(26,922)	(7,697)	(19,225)	(109,021)	-	(109,021)	(31,422)	1,758,753	12,052																						
080	Households	6,091,077	4,994,415	1,096,662	353,067	-	353,067	(68,972)	(20,979)	(47,994)	(250,836)	-	(250,836)	-	2,375,087	5,217																						
090	Debt securities	40,216,369	40,216,369	-	-	-	-	(443)	(443)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
100	Central banks	17,350,104	17,350,104	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
110	General governments	7,183,338	7,183,338	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
120	Credit institutions	12,064,222	12,064,222	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
130	Other financial corporations	3,618,706	3,618,706	-	-	-	-	(443)	(443)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
150	Off-balance-sheet exposures	18,130,842	15,856,997	2,273,845	21,120	-	21,120	(26,765)	(10,898)	(15,867)	(4,258)	-	(4,258)		3,082,605	14,073																						
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
170	General governments	577,671	542,709	34,962	-	-	-	(126)	(122)	(4)	-	-	-	-	280	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
180	Credit institutions	294,874	294,874	-	-	-	-	(89)	(89)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
190	Other financial corporations	281,197	281,158	39	-	-	-	(145)	(145)	(0)	-	-	-	-	57,573	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
200	Non-financial corporations	11,706,685	11,069,451	637,234	14,881	-	14,881	(13,223)	(8,687)	(4,535)	(808)	-	(808)		3,013,297	14,073																						
210	Households	5,270,415	3,668,806	1,601,609	6,240	-	6,240	(13,182)	(1,854)	(11,328)	(3,450)	-	(3,450)		11,456	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
220	Total	83,863,252	79,347,531	4,515,721	629,297	-	629,297	(159,052)	(53,178)	(105,873)	(411,104)	-	(411,104)	(51,212)	14,862,869	42,174																						

Table EU CR2: Changes in the stock of non-performing loans and advances

	Gross carrying amount
010 Initial stock of non-performing loans and advances	822,993
020 Inflow s to non-performing portfolios	82,435
030 Outflow s from non-performing portfolios	(297,251)
040 Outflow s due to w rite-offs	(108,343)
050 Outflow due to other situations	(188,908)
060 Final stock of non-performing loans and advances	608,177

Table EU CQ1: Credit quality of forborne exposures

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired				
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010 Loans and advances	402,312	118,682	118,682	118,682	(28,122)	(43,019)	185,160	16,226
020 Central banks	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-
040 Credit institutions	-	-	-	-	-	-	-	-
050 Other financial corporations	-	-	-	-	-	-	-	-
060 Non-financial corporations	402,312	79,028	79,028	79,028	(28,122)	(33,701)	184,632	15,699
070 Households	-	39,653	39,653	39,653	-	(9,318)	527	527
080 Debt Securities	-	-	-	-	-	-	-	-
090 Loan commitments given	134,505	2	2	2	(758)	(1)	24,263	1
100 Total	536,817	118,684	118,684	118,684	(28,880)	(43,021)	209,423	16,227

Table EU CQ3: Credit quality of performing and non-performing exposures by past due days

	Gross carrying amount/nominal amount												
	Performing exposures				Non-performing exposures								
	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted			
Cash balances at central banks and other demand deposits	86,487	86,487	-	-	-	-	-	-	-	-	-	-	-
010 Loans and advances	25,429,553	25,409,455	20,098	608,177	153,639	66,651	67,623	45,059	97,036	113,564	64,606	608,177	
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	
030 General governments	133,113	133,109	4	10,561	-	-	-	-	-	-	10,561	10,561	
040 Credit institutions	4,257,187	4,257,187	-	-	-	-	-	-	-	-	-	-	
050 Other financial corporations	5,333,083	5,333,065	18	-	-	-	-	-	-	-	-	-	
060 Non-financial corporations	9,615,093	9,609,519	5,574	244,548	42,787	-	20,384	2,833	54,872	102,428	21,245	244,548	
070 Of which SMEs	3,398,741	3,398,532	210	193,945	42,785	-	20,384	2,830	9,603	102,428	15,915	193,945	
080 Households	6,091,077	6,076,575	14,502	353,067	110,852	66,651	47,239	42,226	42,164	11,136	32,799	353,067	
090 Debt securities	40,216,369	40,216,369	-	-	-	-	-	-	-	-	-	-	
100 Central banks	17,350,104	17,350,104	-	-	-	-	-	-	-	-	-	-	
110 General governments	7,183,338	7,183,338	-	-	-	-	-	-	-	-	-	-	
120 Credit institutions	12,064,222	12,064,222	-	-	-	-	-	-	-	-	-	-	
130 Other financial corporations	3,618,706	3,618,706	-	-	-	-	-	-	-	-	-	-	
140 Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	
150 Off-balance-sheet exposures	18,130,842	-	21,120	-	-	-	-	-	-	-	-	21,120	
160 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	
170 General governments	577,671	-	-	-	-	-	-	-	-	-	-	-	
180 Credit institutions	294,874	-	-	-	-	-	-	-	-	-	-	-	
190 Other financial corporations	281,197	-	-	-	-	-	-	-	-	-	-	-	
200 Non-financial corporations	11,706,685	-	14,881	-	-	-	-	-	-	-	-	14,881	
210 Households	5,270,415	-	6,240	-	-	-	-	-	-	-	-	6,240	
220 Total	83,863,252	65,712,311	20,098	629,297	153,639	66,651	67,623	45,059	97,036	113,564	64,606	629,297	

Table EU CQ4: Quality of non-performing exposures by geography

		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing			Of which subject to impairment			
			Of which defaulted					
010	On-balance-sheet exposures	66,254,099	608,177	608,177	66,254,099	(539,102)	-	
011	Poland	55,951,014	607,711	607,711	55,951,014	(536,070)	-	
012	United Kingdom	2,180,550	-	-	2,180,550	(1,007)	-	
013	Ireland	1,031,671	-	-	1,031,671	(455)	-	
014	Luxembourg	644,516	-	-	644,516	(384)	-	
015	Czech Republic	62,532	-	-	62,532	(265)	-	
016	Other countries	6,383,816	466	466	6,383,816	(920)	-	
080	Off-balance-sheet exposures	18,151,963	21,120	21,120		(31,023)		
081	Poland	16,445,297	21,120	21,120		(30,247)		
082	United Kingdom	282,461	-	-		(193)		
083	Ireland	294,422	-	-		(135)		
084	United States	155,404	-	-		(118)		
085	Norway	175,962				(81)		
086	Other countries	798,415	-	-		(250)		
150	Total	84,406,061	629,297	629,297	66,254,099	(539,102)	(31,023)	-

Table EU CQ5: Credit quality of loans and advances by industry

	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Of which non-performing		Of which loans and advances subject to impairment			
		Of which defaulted				
010 Agriculture, forestry and fishing	14,140	-	-	-	(8)	-
020 Mining and quarrying	117	-	-	-	(0)	-
030 Manufacturing	3,971,858	128,901	128,901	128,901	(108,895)	-
040 Electricity, gas, steam and air conditioning supply	727,205	-	-	-	(852)	-
050 Water supply	1,633	210	210	210	(211)	-
060 Construction	306,808	53,732	53,732	53,732	(39,449)	-
070 Wholesale and retail trade	2,639,754	51,611	51,611	51,611	(42,571)	-
080 Transport and storage	69,186	2,064	2,064	2,064	(239)	-
090 Accommodation and food service activities	5,160	48	48	48	(149)	-
100 Information and communication	450,554	745	745	745	(1,869)	-
110 Financial and insurance activities	-	-	-	-	-	-
120 Real estate activities	227,157	-	-	-	(99)	-
130 Professional, scientific and technical activities	1,061,261	912	912	912	(5,365)	-
140 Administrative and support service activities	313,357	-	-	-	(279)	-
150 Public administration and defense, compulsory social security	-	-	-	-	-	-
160 Education	5,242	-	-	-	(28)	-
170 Human health services and social work activities	28,841	-	-	-	(165)	-
180 Arts, entertainment and recreation	0	-	-	-	-	-
190 Other services	37,366	6,325	6,325	6,325	(5,488)	-
200 Total	9,859,640	244,548	244,548	244,548	(205,666)	-

2. Counterparty credit risk

Counterparty risk is incurred from derivative transactions and capital market transactions. For purposes of risk management the Group defines it as pre-settlement risk and settlement risk.

Pre-settlement exposure is defined by PSE measure (Pre-Settlement Exposure, „PSE”), reflecting future potential exposure of the counterparty. PSE reflects maximum expected exposure of the counterparty during the life of the transaction (or transaction portfolio) at the specified confidence level. The distribution of the market value (Mark-to-market) and PSE amount are dependent on market factors determining the values for particular transaction in the customer portfolio. In case there is no sufficient data, to simulate the value of the transactions’ portfolio more simplified method are used, same as for the purpose of capital requirement calculation.

Pre-settlement risk exposure is managed and reduced through the initial or variation margin deposits as well as conducting transactions using clearing houses. Moreover, the exposure arising from pre-settlement risk is continuously monitored and is also limited at the aggregate level broken down by product group.

Settlement risk arises when the Group exchanges cash payments to counterparty on a value date and is unable to verify that payments have been received in exchange. The exposure in this case equals the nominal transaction value.

The Bank calculates the value of exposures and capital requirements for counterparty credit risk in accordance with the standardised approach (SA-CCR) specified in the CRR Regulation.

Counterparty risk exposure is made up of **the replacement cost (RC)**, which is the possible loss that would arise if the counterparty defaulted, and **the potential future exposure (PFE)**, which is intended to reflect the potential increase in the value of the exposure.

The Group does not enter into agreements, which would require providing additional collateral in case of lowering its credit ratings.

Table EU CCR1 – Analysis of CCR exposure by approach

	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1 EU - Original Exposure Method (for derivatives)	-	-		1.40	-	-	-	-
EU-2 EU - Simplified SA-CCR (for derivatives)	-	-		1.40	-	-	-	-
1 SA-CCR (for derivatives)	444,362	672,333		1.40	3,261,776	1,563,373	1,563,373	1,236,132
2 IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a Of which securities financing transactions netting sets			-		-	-	-	-
2b Of which derivatives and long settlement transactions netting sets			-		-	-	-	-
2c Of which from contractual cross-product netting sets			-		-	-	-	-
3 Financial collateral simple method (for SFTs)					-	-	-	-
4 Financial collateral comprehensive method (for SFTs)					-	-	-	-
5 VaR for SFTs					-	-	-	-
6 Total					3,261,776	1,563,373	1,563,373	1,236,132

Table EU CCR2 – Transactions subject to own funds requirements for CVA risk

	Exposure value	RWEA
1 Total transactions subject to the Advanced method	-	-
2 (i) VaR component (including the 3× multiplier)	-	-
3 (ii) stressed VaR component (including the 3× multiplier)	-	-
4 Transactions subject to the Standardised method	554,511	103,718
EU-4 Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5 Total transactions subject to own funds requirements for CVA risk	554,511	103,718

Table EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

Exposure classes	Risk weight											Total exposure value
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1 Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2 Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3 Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	1,452,505	-	-	73,853	282,281	-	-	-	-	-	1,808,638
7 Corporates	-	-	-	-	-	241,838	-	-	959,960	-	-	1,201,798
8 Retail	-	-	-	-	-	-	-	3	-	-	-	3
9 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10 Other items	-	-	-	-	-	-	-	-	-	-	-	-
11 Total exposure value	-	1,452,505	-	-	73,853	524,119	-	3	959,960	-	-	3,010,439

Table EU CCR5 – Composition of collateral for CCR exposures

Collateral type	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1 Cash – domestic currency	-	931,973	-	92,004	-	-	-	-
2 Cash – other currencies	-	562,457	-	-	-	-	-	-
3 Domestic sovereign debt	-	-	-	-	-	-	-	-
4 Other sovereign debt	-	-	-	-	-	-	-	-
5 Government agency debt	-	-	-	-	-	-	-	-
6 Corporate bonds	-	-	-	-	-	-	-	-
7 Equity securities	-	-	-	-	-	-	-	-
8 Other collateral	-	-	-	-	-	-	-	-
9 Total	-	1,494,430	-	92,004	-	-	-	-

Table EU CCR8 – Exposures to CCPs

	Exposure value	RWEA
1 Exposures to QCCPs (total)		29,462
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,441,335	28,827
3 (i) OTC derivatives	1,429,107	28,582
4 (ii) Exchange-traded derivatives	12,228	245
5 (iii) SFTs	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	-	
8 Non-segregated initial margin	11,170	223
9 Prefunded default fund contributions	20,604	412
10 Unfunded default fund contributions	-	-
11 Exposures to non-QCCPs (total)		-
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13 (i) OTC derivatives	-	-
14 (ii) Exchange-traded derivatives	-	-
15 (iii) SFTs	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	
18 Non-segregated initial margin	-	-
19 Prefunded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

3. Market Risk

Market risk is the risk of a negative impact on the Group's financial result and the value of own funds, change of interest rates, currency exchange rates, share prices, prices of goods and all parameters of change of these rates and prices.

The aim of managing market risk is to ensure that the sizes of Group's incurred risk match the level acceptable by the shareholders and bank supervisory institutions, as well as ensuring that all expositions on market risk are correctly reflected by calculated measures of risk delivered to the appropriate persons and institutions.

The amount of capital requirements for individual types of market risk are presented below for:

- fx risk,
- general and specific equity risk,
- specific risk for debt securities,
- general interest rate risk.

Table EU MR1 – Market risk under the standardised approach

	RWEAs
Outright products	
1 Interest rate risk (general and specific)	1,613,326
2 Equity risk (general and specific)	45,517
3 Foreign exchange risk	-
4 Commodity risk	-
Options	
5 Simplified approach	-
6 Delta-plus approach	-
7 Scenario approach	-
8 Securitisation (specific risk)	-
9 Total	1,658,843

Interest rate risk in the banking book

The Group defines interest rate risk in the banking book (IRRBB) for the purposes of risk control and measurement as the risk of a negative impact of changes in interest rates on the financial result and the value of the Group's own funds.

Stress tests measure the potential impact of significant changes in the level or shape of interest rate curves on positions opened in the banking book.

The Group performs stress tests for predefined scenarios of interest rate movements that are combinations of market factors movements defined as large moves and stress moves occurring both domestically and abroad. The amounts of the assumed shifts of market factors are revised at least once a year and appropriately adjusted to changes in the market conditions of the Group's operations.

The longest maturity after repricing, assigned to deposits with undefined maturity is 5 years.

Presented below are the changes in the economic value of equity (EVE), calculated in accordance with the six supervisory shock scenarios, and the changes in net interest income (NII), calculated in accordance with the two supervisory shock scenarios as of June 30, 2024 and for the comparative period, i.e. December 31, 2023.

The tables present data for the Group. In calculating the sensitivities for the following scenarios, assumptions made by EBA are used. The worst of these scenarios (WCS - worst case scenario) is applied to the Capital Group's Tier 1 Capital.

The regulatory limit is 15% and it relates to the sensitivity of the MVE. For the sensitivity of MVE, the test result on June 30, 2024 is amounted to - 9.91%, which means that the regulatory limit (15%) was not exceeded, while on December 31, 2023 it was - 8.29% and was also not exceeded.

NII sensitivity: in the event of a 200bp increase in interest rates, the net interest income would increase by 415 million PLN (as at June 30, 2024). In the event of a 200bp drop in interest rates, the net interest result would decrease by 429 million PLN. As at December 31, 2023: in the event of a 200 bp increase in interest rates, the net interest income would increase by 457 million PLN. However, in the event of a 200 bp decrease in interest rates, the net interest result would decrease by PLN 476 million PLN.

Table EU IRRBB1 - Interest rate risks of non-trading book activities

Supervisory shock scenarios	a	b	c	d
	Changes of the economic value of equity		Changes of the net interest income (NI)	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
1 Parallel up	-55,747	-250,803	415,437	457,247
2 Parallel down	-677,934	-538,955	-429,402	-475,742
3 Steepener	-362,497	-313,270		
4 Flattener	-15,410	-143,487		
5 Short rates up	-30,864	-217,038		
6 Short rates down	-704,541	-587,002		
Worst case scenario	-704,541	-587,002		
Tier 1 - Grupa	7,287,556	7,083,074		
Result	-9.67%	-8.29%		

Additional information on market risk is presented in the Condensed interim consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A for the period of 6 months ended 30 June 2024, in note 5 "Risk Management", in the "Market Risk" section.

V. Information related to the liquidity

Liquidity risk management

Liquidity risk is the risk that the Group may be unable to meet on time its financial obligations towards a client, lender or an investor as a result of the mismatches in cash flows due to the balance and off-balance sheet positions that the Group has at a given date.

The liquidity risk management policy in the Group primarily aims to ensure and maintain the ability to meet both: current and future financial obligations (also in the event of extremely stressed conditions), while minimizing the cost of obtaining liquidity. This is possible due to the proper identification of the liquidity risk, its constant monitoring as well as the establishment of limits with full understanding of: the macroeconomic environment, the Group's business profile, regulatory requirements as well as, strategic and business objectives within available liquidity resources.

The liquidity risk strategy, including the acceptable risk level, assumed balance sheet structure and financing plan is approved by the Bank's Management Board and then accepted by the Bank's Supervisory Board. The management of the Group's balance sheet structure is managed by the Asset and Liability Management Committee (ALCO). The organization of the liquidity risk management process that exists in the Group, is aimed to ensure the separation of functions between entities that conduct transactions (affecting the liquidity risk), monitor and control the risk. The management of intraday, current and short-term liquidity is a task of the Financial Markets and Corporate Banking Sector, while the management of medium and long-term liquidity lies on ALCO responsibilities. Reporting functions are performed by the Risk Strategy and Capital Department, while the monitoring and control of the level of liquidity risk is performed by the Department of Balance Sheet Management Supervision and by Market Risk Department. Activities of companies from the Group of the Bank in the area of liquidity risk management are supervised by the Bank by way of delegating its employees to supervisory bodies (supervisory boards) of such affiliates. Supervision over liquidity of companies from the Group of the Bank is exercised by ALCO.

The source data and models used to generate liquidity reports come from independent management systems or other independent record systems. The reports and stress tests are generated on a daily bases by the Risk Strategy and Capital Department - a unit independent from the Financial Markets and Corporate Banking Sector - and sent to the Group's units responsible for the liquidity risk management and to the Market Risk Department, who is responsible for the substantive content of those reports, including recognition of all elements that affect the liquidity risk. On monthly bases, the Market Risk Department prepares the analysis of the Group's liquidity position and liquidity risk level for the Assets and Liabilities Management Committee and the Risk and Capital Management Committee. Daily reports are sent to those who are directly involved in the intraday, current and short-term liquidity management processes. Monthly and quarterly reports are prepared on the basis of daily data and are submitted to the members of the Bank's Committees that deal with medium- and long-term liquidity risk and structural liquidity risk (the Assets and Liabilities Management Committee and the Risk and Capital Management Committee). Such organization ensures:

- current and forward looking information;
- gives a picture of the liquidity risk for the total balance and off-balance sheet and for the relevant for the Bank currencies (PLN, USD, EUR);
- the diversity of prepared reports allows to assess the level of intraday, current and structural liquidity risk,
- obtaining stress test results with a sufficient frequency (daily for the S2 and monthly for the remaining ones);
- comprehensiveness of the approach in the preparation of the liquidity reports covering both balance and off-balance sheet items.

As a part of the liquidity risk management, the Group pursues the following goals:

- providing Group's entities (at any time) with an access to the liquid funds in order to meet all their financial obligations in a timely manner, also in extreme but probable crisis situations;
- maintaining an adequate level of high-quality liquid assets in the event of a sudden deterioration of the Group's liquidity position;
- defining the scale of the liquidity risk undertaken by the Group by establishing, at an appropriate and safe level, internal measures and limits aimed at limiting excessive concentration in the scope of the adopted balance sheet structure or sources of financing;
- constant monitoring of the Group's liquidity situation with respect to the occurrence of an emergency situation in order to launch the Contingency Funding Plan;
- ensuring compliance of the processes operating at the Bank with the Polish and European regulatory requirements regarding liquidity risk management.

As part of liquidity risk management, the Group also applies a number of control mechanisms ensuring compliance with the liquidity risk management principles. They include in particular:

- separation of the function of measuring, monitoring and controlling risks from operating activities, including separation of functions in areas of potential conflicts of interest and areas of increased risk level;
- reviews of processes, performed by persons performing management functions or managerial functions or delegated by these persons;

- control activities integrated into the operations of the Bank's organizational units and adapted to the profile, scale and specificity of the operations of the Bank's organizational units;
- checking that the exposure limits are met and tracking cases when they are breached;
- monitoring the reports with excesses;
- monitoring of risk indicators;
- self-evaluation process;
- monitoring and testing of contingency funding plans and continuity of business plans.

The main source of funding the Group's activity, including liquid assets portfolio, is deposit base, where at end of June 2024 deposits constituted 78% of total liabilities. The Group maintains buffer of unencumbered high quality assets at high level, investing in sovereign bonds and liquid bonds issued by highly rated corporations. Every year the Group performs analysis if held bond portfolio is possible to liquid at the market condition, in order to set amount of bonds possible to liquidate within timeframe compliant with local regulatory liquidity measure calculation as well as LCR calculation.

The Group constantly monitors funding concentration. To realize that target, the structure of funds is well diversified in each segment of deposits – retail, small enterprises, corporations and public finance sector. The concentration is monitored in break down for client categories and currencies and it is compared to an early warning triggers approved by ALCO. In addition to that there is an early warning trigger for net funding on wholesale market applied.

The Group is one of the biggest market participants on Polish derivative market, however net flows on that instruments in 30 days are irrelevant for LCR. Simultaneously the Group's methodology of evaluating potential outflows of margin deposits from the Group to other entities or potential decrease of margin deposits kept by Bank's customers bases on maximal outflows within last 24 months and it secures Bank from underestimation of outflows within 30 days.

In accordance with the Regulation No. 575/2013 the Group monitors and maintains an adequate level of Liquidity Coverage Ratio (LCR). As of June 30, 2024 LCR was 189% and was 2 p.p. lower than as of December 31, 2023. The change in the ratio is primarily driven by changes in the level of liquid assets and the level of deposits from non-financial enterprises.

The Group recognizes that the depth of the FX swap market allows the assumption that the existing mismatch (the excess of FX liabilities over assets) can be easily eliminated by means of current FX swaps. Additionally, the Group does not identify other significant components of the net outflow coverage ratio than those included in the net coverage coverage disclosure formula.

Detailed data on the volume of regulatory measures for H1 2024, as well as the applied internal measures in the area of the liquidity risk management, are included in the Condensed interim consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A for the period of 6 months ended 30 June 2024, in note 5 "Risk Management".

As the result of the assessment of the level of liquidity risk and current and structural liquidity ratios (ILAAP), documented during the review of the Risk Management System (meeting of the Risk and Capital Management Committee in March 2024), the Assets and Liabilities Management Committee in the process of adopting the annual "Financing and Liquidity Plan" (plan for 2024 reviewed and approved in December 2023), did not recommend any changes to the liquidity risk management system.

Table EU LIQ1 – Quantitative information of LCR

Scope of consolidation: consolidated		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	30.06.2024	31.03.2024	31.12.2023	30.09.2023	30.06.2024	31.03.2024	31.12.2023	30.09.2023
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)					43,439,683	41,835,188	39,721,691	37,732,937
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	20,612,781	20,434,108	20,123,219	19,908,890	1,786,287	1,760,084	1,719,264	1,693,390
3	Stable deposits	10,159,807	10,086,858	10,016,121	9,993,032	507,990	504,343	500,806	499,652
4	Less stable deposits	10,452,974	10,347,250	10,107,098	9,915,858	1,278,297	1,255,741	1,218,458	1,193,739
5	Unsecured wholesale funding	35,032,135	34,471,495	34,009,873	33,883,449	13,592,712	13,446,805	13,299,858	13,638,005
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	21,883,347	21,655,746	21,628,205	21,185,878	5,470,837	5,413,937	5,407,051	5,296,470
7	Non-operational deposits (all counterparties)	13,148,788	12,815,749	12,381,669	12,697,571	8,121,876	8,032,868	7,892,807	8,341,535
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	56,635,297	57,339,305	56,576,226	55,589,558	45,088,861	45,898,279	45,380,012	44,740,789
11	Outflows related to derivative exposures and other collateral requirements	43,981,332	44,823,541	44,335,717	43,737,100	43,981,332	44,823,541	44,335,717	43,737,100
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	12,653,964	12,515,764	12,240,508	11,852,458	1,107,529	1,074,738	1,044,295	1,003,689
14	Other contractual funding obligations	1,318,673	1,470,199	1,542,642	1,247,235	1,318,673	1,470,199	1,542,642	1,247,235
15	Other contingent funding obligations	4,753,170	4,563,320	4,202,334	3,839,996	475,317	456,332	420,233	384,000
16	TOTAL CASH OUTFLOWS					62,261,850	63,031,699	62,362,010	61,703,419
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	9,624,363	9,933,360	8,886,652	5,626,782	-	-	-	-
18	Inflows from fully performing exposures	1,687,356	1,708,507	1,798,478	1,894,163	1,458,123	1,480,347	1,601,012	1,696,716
19	Other cash inflows	37,839,502	38,610,165	38,236,637	37,745,804	37,839,502	38,610,165	38,236,637	37,745,804
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	49,151,221	50,252,031	48,921,767	45,266,749	39,297,625	40,090,511	39,837,649	39,442,520
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	49,151,221	50,252,031	48,921,767	45,266,749	39,297,625	40,090,511	39,837,649	39,442,520
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					43,439,683	41,835,188	39,721,691	37,732,937
22	TOTAL NET CASH OUTFLOWS					22,964,225	22,941,188	22,524,361	22,260,899
23	LIQUIDITY COVERAGE RATIO					189.16	182.36	176.35	169.50

Table EU LIQ2: Net Stable Funding Ratio

	a	b	c	d	e
	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items					
1 Capital items and instruments	8,306,968	-	-	-	8,306,968
2 Own funds	8,306,968	-	-	-	8,306,968
3 Other capital instruments		-	-	-	-
4 Retail deposits		20,656,883	158,564	2,455	19,255,769
5 Stable deposits		10,388,233	-	-	9,868,822
6 Less stable deposits		10,268,650	158,564	2,455	9,386,948
7 Wholesale funding:		35,924,579	181,487	517	15,513,273
8 Operational deposits		21,739,202	-	-	10,869,601
9 Other wholesale funding		14,185,377	181,487	517	4,643,672
10 Interdependent liabilities		-	-	-	-
11 Other liabilities:	-	3,674,964	460	-	230
12 NSFR derivative liabilities	-				
13 All other liabilities and capital instruments not included in the above categories		3,674,964	460	-	230
14 Total available stable funding (ASF)					43,076,241
Required stable funding (RSF) Items					
15 Total high-quality liquid assets (HQLA)					781,728
EU-15a Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16 Deposits held at other financial institutions for operational purposes		-	-	-	-
17 Performing loans and securities:		9,906,113	1,079,445	13,928,915	13,686,004
18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		5,627,318	-	-	-
19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		672,607	255,880	1,429,863	1,625,064
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1,617,445	823,565	11,322,728	10,844,824
21 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
22 Performing residential mortgages, of which:		-	-	-	-
23 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
24 HQLA, including exchange-traded equities and trade finance on-balance sheet products		1,988,744	-	1,176,323	1,216,116
25 Interdependent assets		-	-	-	-
26 Other assets:		2,387,253	519	2,424,676	3,123,645
27 Physical traded commodities					
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				445,584	378,747
29 NSFR derivative assets		223,891			223,891
30 NSFR derivative liabilities before deduction of variation margin posted		1,696,436			84,822
31 All other assets not included in the above categories		21,341	519	2,424,676	2,436,185
32 Off-balance sheet items		-	-	18,174,586	1,072,177
33 Total RSF					18,663,554
34 Net Stable Funding Ratio (%)					230,80

VI. Leverage Ratio

Information on the leverage ratio as of June 30, 2024, summary reconciliation of accounting assets and leverage ratio exposures, leverage ratio common disclosure, split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) are presented in the following tables in accordance with Commission Implementing Regulation (EU) 2021/637:

Table EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

	Applicable amount
1 Total assets as per published financial statements*	76,064,056
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
3 (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4 (Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5 (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6 Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7 Adjustment for eligible cash pooling transactions	-
8 Adjustment for derivative financial instruments	-1,719,057
9 Adjustment for securities financing transactions (SFTs)	-
10 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	5,134,480
11 (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a (Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b (Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12 Other adjustments	-1,701,533
13 Total exposure measure	77,777,946

* The amount of assets has been presented in accordance with the EBA guidelines and is equal to the total assets in the FINREP statements and not the total assets presented in the financial statements. The difference between these values is due to the offsetting effect of derivatives. In the consolidated statement of financial position, all liabilities and assets of the Group resulting from forward and derivative transactions settled by the central counterparty of KDPW_CCP S.A. are reported as netted (offsetting liabilities and assets).

Table EU LR2 - LRCom: Leverage ratio common disclosure

	CRR leverage ratio exposures	
	30.06.2024	31.12.2023
On-balance sheet exposures (excluding derivatives and SFTs)		
1 On-balance sheet items (excluding derivatives, SFTs, but including collateral)	65,141,686	53,586,329
2 Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(347,053)	(484,152)
4 (Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5 (General credit risk adjustments to on-balance sheet items)	-	-
6 (Asset amounts deducted in determining Tier 1 capital)	(963,001)	(1,159,419)
7 Total on-balance sheet exposures (excluding derivatives and SFTs)	63,831,632	51,942,758
Derivative exposures		
8 Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	1,289,606	1,645,785
EU-8a Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9 Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	2,241,124	1,783,637
EU-9a Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b Exposure determined under Original Exposure Method	-	-
10 (Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a (Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b (Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11 Adjusted effective notional amount of written credit derivatives	-	-
12 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13 Total derivatives exposures	3,530,730	3,429,422
Securities financing transaction (SFT) exposures		
14 Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	5,627,318	15,056,723
15 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16 Counterparty credit risk exposure for SFT assets	-	-
EU-16a Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17 Agent transaction exposures	-	-
EU-17a (Exempted CCP leg of client-cleared SFT exposure)	-	-
18 Total securities financing transaction exposures	5,627,318	15,056,723
Other off-balance sheet exposures		
19 Off-balance sheet exposures at gross notional amount	18,151,963	17,342,302
20 (Adjustments for conversion to credit equivalent amounts)	(13,363,697)	(12,865,445)
21 (General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22 Off-balance sheet exposures	4,788,265	4,476,857

Excluded exposures

EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22j	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	(Total exempted exposures)	-	-

Capital and total exposure measure

23	Tier 1 capital	7,287,556	7,083,074
24	Total exposure measure	77,777,946	74,905,759

Leverage ratio

25	Leverage ratio (%)	9.37	9.46
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	9.37	9.46
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	9.37	9.46
26	Regulatory minimum leverage ratio requirement (%)	3.00	3.00
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b	of which: to be made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3.00	3.00

Choice on transitional arrangements and relevant exposures

EU-27b	Choice on transitional arrangements for the definition of the capital measure	Transitional	Transitional
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Disclosure of mean values

28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	8,886,678	18,470,975
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	5,627,318	15,056,723
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	81,012,462	78,320,012
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	81,012,462	78,320,012
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.00	9.04
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.00	9.04

Table EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

	CRR leverage ratio exposures
EU-1 Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	70,421,951
EU-2 Trading book exposures	2,344,094
EU-3 Banking book exposures, of which:	68,077,856
EU-4 Covered bonds	-
EU-5 Exposures treated as sovereigns	39,434,224
EU-6 Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	286
EU-7 Institutions	7,411,244
EU-8 Secured by mortgages of immovable properties	2,818,955
EU-9 Retail exposures	3,803,228
EU-10 Corporates	11,025,072
EU-11 Exposures in default	195,967
EU-12 Other exposures (eg equity, securitisations, and other non-credit obligation assets)	3,388,880

VII. Key capital metrics after the retrospective profit incorporation

The table shows the main capital metrics with consideration of retrospective profit incorporation into Tier 1 capital.

The data from March 31st 2024 and December 31st 2023 have been processed with a consideration of retrospective acceptance of profit for the year 2023 (the result has been certified by the General Meeting of Shareholders) in accordance with the EBA position expressed in Q&A 2018_4085.

Table EU KM1 - Key capital metrics after the retrospective profit incorporation

	a	b	c	d	e
	30.06.2024	31.03.2024	31.12.2023	30.09.2023	30.06.2023
Available own funds (amounts)					
1 Common Equity Tier 1 (CET1) capital	7,287,556	7,199,816	7,086,384	6,824,753	6,728,039
2 Tier 1 capital	7,287,556	7,199,816	7,086,384	6,824,753	6,728,039
3 Total capital	7,287,556	7,199,816	7,086,384	6,824,753	6,728,039
Risk-weighted exposure amounts					
4 Total risk exposure amount	30,923,643	30,346,212	30,020,075	29,667,006	29,228,968
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common Equity Tier 1 ratio (%)	23.57	23.73	23.61	23.00	23.02
6 Tier 1 ratio (%)	23.57	23.73	23.61	23.00	23.02
7 Total capital ratio (%)	23.57	23.73	23.61	23.00	23.02
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	-	-	-	-	-
EU 7b of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 7c of which: to be made up of Tier 1 capital (percentage points)	-	-	-	-	-
EU 7d Total SREP own funds requirements (%)	8.00	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 (%)	-	-	-	-	-
9 Institution specific countercyclical capital buffer (%)	0.08	0.08	0.07	0.08	0.05
EU 9a Systemic risk buffer (%)	-	-	-	-	-
10 Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a Other Systemically Important Institution buffer (%)	0.25	0.25	0.25	0.25	0.25
11 Combined buffer requirement (%)	2.83	2.83	2.82	2.83	2.80
EU 11a Overall capital requirements (%)	10.83	10.83	10.82	10.83	10.80
12 CET1 available after meeting the total SREP own funds requirements (%)	15.57	15.73	15.61	15.00	15.02
Leverage ratio					
13 Total exposure measure	77,777,946	78,165,949	74,905,759	74,831,453	73,458,159
14 Leverage ratio (%)	9.37	9.21	9.46	9.12	9.16
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 (%)	-	-	-	-	-
EU 14b of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
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 (%)	-	-	-	-	-
EU 14e Overall leverage ratio requirement (%)	3.00	3.00	3.00	3.00	3.00

VIII. Declaration of the Management Board of Bank

The Management Board of Bank Handlowy w Warszawie S.A hereby:

- declares that, to the best of its knowledge, the information disclosed in the document "Information on capital adequacy of the Capital Group of Bank Handlowy w Warszawie S.A. as at June 30, 2024" in accordance with part eight of Regulation No. 575/2013, are adequate to the actual state; the adequacy of risk management arrangements at the Bank ensures that the applied risk management systems are appropriate from the point of view of the risk profile and strategy of the Bank and the entire Group.
- approves this document "Information on capital adequacy of the Capital Group of Bank Handlowy w Warszawie S.A. as at June 30, 2024", which includes information on risk, discusses the overall risk profile of the Bank and the Group related to the business strategy, and includes key indicators and figures that provide external stakeholders with a comprehensive view of the Group's risk management, including the interaction between the Bank's risk profile and the risk appetite, defined by the Management Board and approved by the Supervisory Board.

Members of Management Board

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