



**REPORT**  
**OF THE BANK OCHRONY ŚRODOWISKA**  
**GROUP**  
**FOR THE THIRD QUARTER OF 2024**

**Warsaw, November 2024**

## Contents

FINANCIAL HIGHLIGHTS .....	4
SUMMARY OF THE FINANCIAL RESULTS OF THE GROUP .....	5
1. Macroeconomic situation .....	8
2. Factors which will affect the Group's performance in the next quarter and beyond .....	10
3. The Group's primary products, services and business areas .....	12
3.1. Expansion of banking business .....	12
3.2. Brokerage business.....	20
4. Selected operational data of the Group.....	23
5. Development directions for the Bank.....	23
6. Financial results of the Group.....	25
6.1. Statement of profit or loss.....	25
6.2. Assets of the Group .....	28
6.3. Total equity and liabilities of the Group .....	32
7. Key financial ratios.....	33
8. Capital management.....	33
9. Segment reporting.....	35
10. Pending proceedings and changes in law .....	39
11. Non-recurring factors and events with a bearing on financial results .....	41
12. Management Board's position on the ability to deliver on published forecasts .....	41
13. Seasonal or cyclical nature of the business .....	41
14. Issue, redemption and repayment of debt and equity securities.....	41
15. Information about dividend.....	41
16. Related party transactions.....	41
17. Credit repayment sureties and guarantees where the aggregate value of existing sureties or guarantees represents 10% or more of the issuer's equity.....	42
18. Shareholders holding directly and indirectly 5% or more of total voting rights in the issuer.....	42
19. Bank shares held by management and supervisory personnel.....	42
20. Other information which the issuer believes to be material to the assessment of its human resources, assets, financial standing, financial performance and changes thereto, and information which is material to the issuer .....	43
21. Supervisory Board .....	43
22. Management Board .....	43
CONDENSED INTERIM FINANCIAL STATEMENTS OF THE BOŚ GROUP .....	45
CONDENSED INTERIM FINANCIAL STATEMENTS OF BOŚ S.A.....	53
I. Accounting policies applied in preparing the condensed consolidated interim financial statements of the BOŚ Group and the condensed interim financial statements of the Bank .....	61
1.1. Basis of preparation and statement of compliance .....	61
II. Fair value of financial assets and liabilities.....	63

III.	Consolidated contingent liabilities and assets.....	65
IV.	Organisation of the Group.....	65
V.	Key events subsequent to the date of this report .....	66

## FINANCIAL HIGHLIGHTS

Data from condensed consolidated interim financial statements of BOŚ Group	GROUP	PLN thousand		EUR thousand	
		9 months ended 30 Sep 2024	9 months ended 30 Sep 2023	9 months ended 30 Sep 2024	9 months ended 30 Sep 2023
Interest and similar income		1,075,807	1,220,000	250,060	266,533
Fee and commission income		127,739	128,952	29,692	28,172
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)		39,743	33,736	9,238	7,370
Gain (loss) on investment securities		29	-	7	-
Profit before tax		97,055	136,720	22,559	29,869
Net profit attributable to owners of parent		41,056	78,655	9,543	17,184

	GROUP	PLN thousand		EUR thousand	
		30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
Total assets		20,549,629	22,032,451	4,802,325	4,752,880
Amounts due to central bank and other banks		281,690	75,146	65,829	16,211
Amounts due to clients		17,085,066	18,565,197	3,992,677	4,004,918
Equity attributable to owners of parent		2,216,447	2,148,620	517,970	463,504
Common equity		1,461,036	1,461,036	341,435	315,177
Number of shares		92,947,671	92,947,671		
Capital ratio		17.54	16.27		

Data from condensed interim financial statements of BOŚ S.A.	BANK	PLN thousand		EUR thousand	
		9 months ended 30 Sep 2024	9 months ended 30 Sep 2023	9 months ended 30 Sep 2024	9 months ended 30 Sep 2023
Interest and similar income		1,062,921	1,207,431	247,065	263,787
Fee and commission income		59,679	62,574	13,872	13,671
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)		4,033	3,827	937	836
Gain (loss) on investment securities		29	-	7	-
Profit before tax		86,529	107,026	20,113	23,382
Net profit		40,753	64,765	9,473	14,149

	BANK	PLN thousand		EUR thousand	
		30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
Total assets		20,390,666	21,869,452	4,765,176	4,717,718
Amounts due to central bank and other banks		281,690	75,146	65,829	16,211
Amounts due to clients		17,149,853	18,641,304	4,007,818	4,021,336
Equity attributable to owners of parent		2,197,329	2,129,805	513,503	459,445
Common equity		1,460,364	1,460,364	341,278	315,032
Number of shares		92,947,671	92,947,671		
Capital ratio		18.00	16.71		



## SUMMARY OF THE FINANCIAL RESULTS OF THE GROUP

### Results of the Group

In the period from 1 January to 30 September 2024, the BOŚ Group earned a net profit of PLN 41.1 million, compared with PLN 78.7 million reported for the corresponding period of 2023.

The Group's net result was significantly affected by impairment allowances recognised on reclassification of material credit exposures following a review of the loan portfolio. The decrease in net profit was also attributable to non-recurring factors: a decision to write off certain assets and recognise a provision for future payments related to capital expenditures and personnel-related expenses on projects to develop credit process support systems, as well as the government's loan moratorium scheme ('loan repayment holidays').

### Selected items of the statement of profit or loss

SELECTED ITEMS OF THE STATEMENT OF PROFIT OR LOSS, PLN thousand	Q1-Q3 2024	Q1-Q3 2023	Change (%)
Net interest income	618,492	613,164	0.9
Net fee and commission income	95,962	96,536	-0.6
Dividend income	12,246	8,280	47.9
Gain (loss) on financial instruments	39,743	33,736	17.8
Gain (loss) on foreign exchange transactions	9,607	19,698	-51.2
Net other income	-1,091	-616	77.1
Other income and expenses	-31,090	-2,853	989.7
Effect of legal risk of mortgage loans denominated in foreign currencies	-179,040	-237,011	-24.5
Net impairment losses	-38,968	-18,393	111.9
Administrative expenses	-428,806	-375,821	14.1
Profit before tax	97,055	136,720	-29.0
<b>NET PROFIT</b>	<b>41,056</b>	<b>78,655</b>	<b>-47.8</b>

Between 1 January and 30 September 2024, the BOŚ Group generated net interest income of PLN 618.5 million, compared with PLN 613.2 million in the nine months ended 30 September 2023.

In the nine months ended 30 September 2024, interest income fell by PLN 144.2 million year on year. The decrease in interest income was attributable to investment debt securities, as well as interest income from retail and institutional clients. On the other hand, an increase was recorded in interest from financial instruments held for trading.

The decrease in interest income was due primarily to lower WIBOR rates than those prevailing in the corresponding period of the previous year, following the Polish Monetary Policy Council's rate cuts in September 2023 by 75 basis points and a further reduction in October 2023 by 25 basis points, bringing the NBP's reference rate to 5.75%.

At the same time, total interest expense fell by PLN 149.5 million compared with the nine months ended 30 September 2023. The Bank offered term deposits to clients with terms reflecting the decline in interest rates. Despite these reductions, the interest rates on selected deposit products positioned the BOŚ offering as a market leader compared with other banks.

The Group's net fee and commission income was PLN 96.0 million, which represents a year-on-year decrease of PLN 0.6 million. The decrease was mainly attributable to lower loan commissions and account handling fees, with a higher income on brokerage service fees and fees for other settlement transactions, as well as commissions from guarantees and letters of credit.

Net other income was affected by the decision to discontinue a project to develop credit process support systems and to write off capital expenditures and personnel-related expenses incurred in the amount of PLN

17.4 million, combined with the recognition of a provision for expenditure under contracts concluded in the course of the project of PLN 2.2 million.

Gain (loss) on financial instruments measured at fair value through profit or loss was PLN 39.7 million, compared with PLN 33.7 million in the same period of 2023.

The net effect of legal risk related to foreign-currency mortgage loans was PLN -179.0 million, compared with PLN -237.0 million in the nine months ended 30 September 2023. This result was due to updated parameters of the model used to calculate the legal risk provision.

In the nine months ended 30 September 2024, impairment losses totalled PLN -39.0 million, relative to PLN -18.4 million in the corresponding period of 2023. In the three months ended 30 September 2024, an impairment loss of PLN 34.2m was recognised following a review of the loan portfolio.

The Group's total administrative expenses amounted to PLN 428.8 million, an increase of PLN 53.0 million compared with the corresponding period of 2023. Employee benefit expense increased by PLN 40.3 million, or 21.2%, primarily due to salary and wage adjustments to market levels for individual positions within the Bank, an increase in employment, and provisions recognised for bonuses. Another significant driver of administrative expenses were material costs, which increased by PLN 8.4 million, or 8.7%. The Group also reported lower costs of contributions and payments to the Bank Guarantee Fund (BFG), marking a decrease of PLN 2.7 million, or 11.9%.

#### **Impact of annual contribution to BFG's resolution fund**

According to information received by the Bank from the Bank Guarantee Fund (BFG) on 18 April 2024, the annual contribution to the resolution fund for 2024 set by BFG for the Bank, after accounting for adjustments to the 2023 contribution, amounted to PLN 19.9 million. The entire contribution was charged to the Bank's financial result for the nine months ended 30 September 2024.

The annual contribution to the resolution fund for 2023 amounted to PLN 22.0 million.

#### **Provision for the legal risk of foreign currency mortgage loans. Settlement Programme**

As at 30 September 2024, the provision for foreign currency-linked mortgage risk amounted to a total of PLN 744.2 million, of which PLN 235.8 million is presented as a provision for litigation and claims for legal risk related to foreign currency mortgage loans, and PLN 508.3 million – as an adjustment to the gross carrying amount. As at 31 December 2023, the amount of the provision was PLN 692.7 million.

The provisions recognised by the Bank for the risk associated with mortgage loans denominated in foreign currencies cover the costs of the Settlement Programme for clients repaying these loans, as proposed by the Chairman of the Polish Financial Supervision Authority. The Settlement Programme was launched by the Bank on 31 January 2022. By 30 September 2024, a total of 806 settlements had been concluded under the Programme.

#### **Loan moratorium**

Under the Act of 14 April 2024 Amending the Act on Support for Distressed Borrowers who Incurred Housing Loans and the Business Crowdfunding and Borrowers Assistance Act, borrowers have the right to temporarily suspend repayment of up to four instalments of a mortgage loan granted in the Polish currency for their own housing needs in 2024. This temporary suspension is commonly referred to as 'loan repayment holidays'. Given the likelihood of borrowers exercising this right, the Bank adjusts the gross carrying amount of the loans for the instalments eligible for suspension during this period, in line with provision B5.4.6 of IFRS 9 *Financial Instruments*. In estimating the adjustment to the gross carrying amount, it was assumed that 70% of eligible instalments would be suspended. As borrowers are likely to exercise this right, the Bank, acting in accordance with the applicable accounting policies, recognised the effect in advance on a one-off basis in May 2024 at PLN 7.6 million. **The ultimate effect of the loan moratorium scheme will depend on the actual level of borrowers' interest in having their loan repayments suspended and, among other things, the timing of clients' applications under the scheme.**

As at 30 September 2024, the total of housing loan accounts that were granted repayment moratorium amounted to 0.6 thousand. The gross carrying amount of housing loans denominated in Polish currency, before applying any adjustments associated with the statutory repayment holidays approved by the Bank, was PLN 175.2 million.

### Financial ratios

FINANCIAL RATIOS (%)	Q1-Q3 2024	2023	Change in percentage points
Return on capital (ROE)	1.9	3.8	-1.9
Return on assets (ROA)	0.2	0.4	-0.2
Interest margin on total assets	3.8	3.7	0.1
Cost-of-risk	-0.8	-0.4	-0.4
Cost/income (C/I), assuming even distribution of the cost of the one-time contribution to the Bank Guarantee Fund over the year	57.0	51.3	5.7
Tier 1 capital ratio	17.07	15.17	1.90
Total capital ratio	17.89	16.27	1.62

Interest margin on total assets, calculated as the ratio of net interest income for the last 12 months to average assets, was 3.8%, compared with 3.7% in 2023.

The capital adequacy ratio of the Group was above the levels recommended by the Polish Financial Supervision Authority. As at 30 September 2024, the Bank and the Group met the applicable capital standards. The BOŚ Group's Tier 1 capital ratio was 17.07%, and the Total Capital Ratio (TCR) was 17.89%.

### Impact of the war in Ukraine on operations

The Bank monitored the economic and market situation, in particular the risk of major sudden external events likely to have a significant indirect impact on the Bank's overall condition.

The potential impact of such events on its financial risk exposure is assessed by the Bank through periodic stress tests. Such tests have not revealed any significant increases in liquidity or interest rate risks (including due to changes in credit spread), with the Bank's financial risk exposure maintained within anticipated limits.

Under the current stress scenario arising from the ongoing Russia-Ukraine conflict, the Bank has not faced any issues with maintaining liquidity or experienced adverse effects on other financial risks. Despite short-lasting liquidity problems on the interbank market and a temporary sharp increase in cash withdrawals seen during the initial phase of the conflict (in 2022), no major threats to the Bank's liquidity have been observed. Simultaneously, no other significant indicators suggesting an increase in financial risk were recorded in the nine months ended 30 September 2024.

The Bank closely monitors the portfolio of its largest exposures associated with the conflict zone based on established rules and guidelines.

The international situation invariably has a very strong impact on the Bank's cybersecurity. There is a continuing trend of an increased number of attempted attacks on the Bank's electronic banking services. Most frequently, those have been attempts to break through the security systems exploiting vulnerabilities recently communicated to the public. No successful security breach has been identified. DDoS attacks targeting the Bank's infrastructure did occur, but they did not result in any service disruptions. Cybersecurity is ensured by 24/7 monitoring of cyberspace events by the Bank's Security Operation Centre. The Head of the Cybersecurity Department plays an active role in the activities of the financial sector groups operating at the Polish Bank Association and participates in monthly meetings organised by the PFSA, sharing information on current international developments.

## 1. Macroeconomic situation

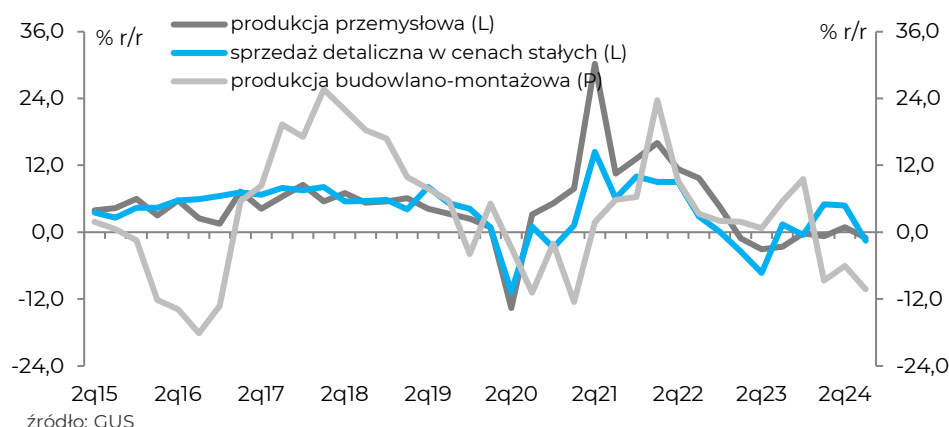
Between 1 January and 30 September 2024, the global economy displayed signs of weakness, although the overall slowdown was moderate and marked by significant regional variations. In the United States, GDP growth decelerated from the elevated levels of late 2023 but economic activity levels remained solid, outperforming the euro area, where recovery fell far short of expectations. Meanwhile, in China, GDP growth decelerated progressively on a quarterly basis.

Inflation trends in 2024 showed gradual improvement across major economies. By the third quarter, inflation in both the United States and eurozone edged closer to, respectively, the Fed and ECB targets, driven primarily by subdued energy and food price dynamics. However, inflation in the services sector remained elevated, reflecting persistent upward pressures from labour costs.

These inflationary developments marked by inflation declines toward target rates projected to continue, coupled with signs of economic softening, paved the way for monetary policy easing by key central banks. In June, the ECB cut interest rates by 25 basis points, followed by another 25-basis-point reduction in September. The Federal Reserve lowered rates by 50 basis points in September, while the Swiss National Bank reduced them by a total of 75 basis points during the three quarters of 2024.

In Poland, the picture was mixed. During the first half of 2024, Polish economy showed signs of improvement with GDP growing by 3.2% year on year in the second quarter, driven by a recovery in consumer spending, as strong growth of real household incomes supported a 4.9% year-on-year surge in retail sales. However, momentum weakened in the third quarter, with retail sales contracting by 1.5% year on year. During the nine months to 30 September 2024, manufacturing activity remained subdued, largely constrained by tepid foreign demand (particularly from the eurozone) and weaker domestic investment demand. Throughout the January–September period, manufacturing output rose by a mere 0.2% year on year. The construction sector faced even greater challenges, with construction and assembly output declining by 7.0% year on year in the first three quarters, compared with a 4.1% increase during the same period of 2023. The reason for such major weakening in construction activity was the waning positive impact of EU fund expenditures under the EU Multiannual Financial Framework for 2014-2020 at the end of 2023, with limited commencements of new projects co-funded under the 2021-2027 Financial Framework.

**Production and retail sales dynamics in Poland**



	% y/y
	Industrial output (L)
	Retail sales at constant prices (L)
	Construction and assembly output (R)
	36.0

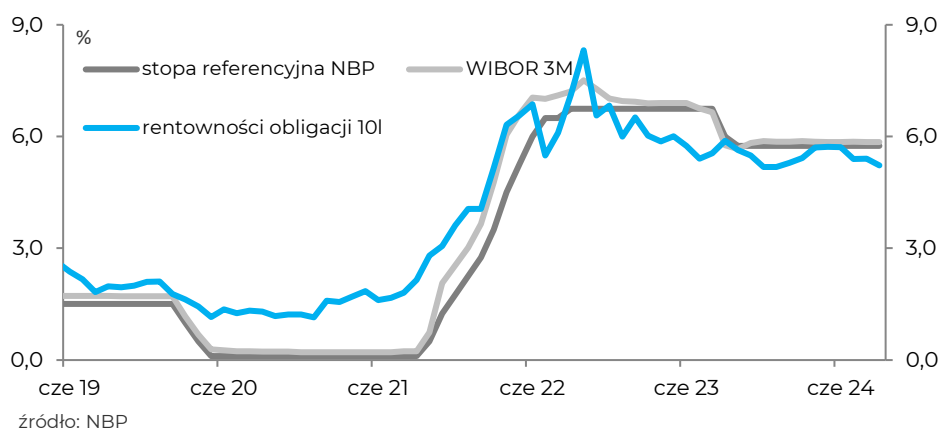


	24.0
	Q2 2015
	Q2 2016
	Q2 2017
	Q2 2018
	Q2 2019
	Q2 2020
	Q2 2021
	Q2 2022
	Q2 2023
	Q2 2024
	Source: Statistics Poland

After reaching a low of 2.0% year on year in March 2024, CPI inflation rebounded in subsequent months, rising to 4.9% year on year by September. Its increase was driven by several factors, including partial lifting of the energy price caps in July and the reinstatement of 5% VAT on basic food items in April. Core inflation remained elevated throughout the period, consistently exceeding 3.5%, due mainly to sustained high price growth in the services sector.

In the nine months to 30 September 2024, Poland's Monetary Policy Council (RPP) kept interest rates stable, including the NBP reference rate at 5.75%. The RPP cited the uncertain outlook for inflation, potential regulatory changes, elevated core inflation, and rising wage dynamics as key factors behind its decisions. The 3M WIBOR rate at the end of September remained at a level similar to the end of December 2023, at 5.85%.

**Interest rates in Poland**



	NBP reference rate
	10-year treasury yield
	3M WIBOR
	9.0
	6.0
	Jun 2019
	Jun 2020
	Jun 2021
	Jun 2022
	Jun 2023
	Jun 2024
	Source: NBP

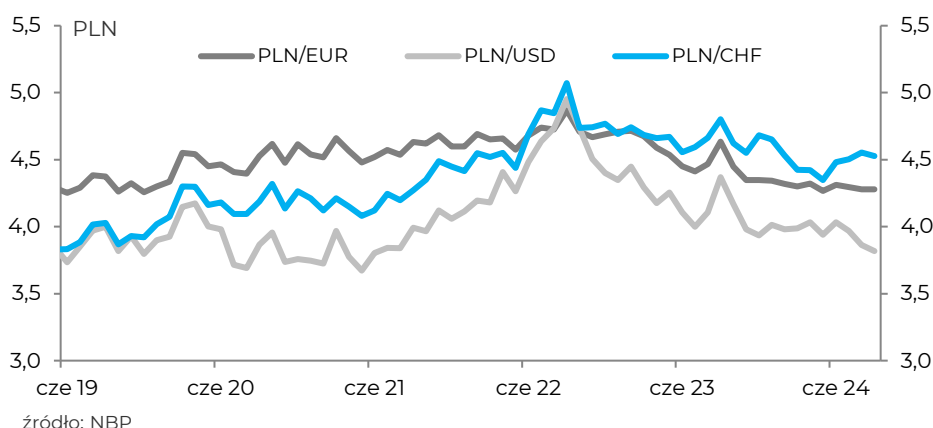
The first three quarters of 2024 saw increased volatility in treasury bond yields across the core markets, shaped by shifting monetary policy expectations. Treasury bond yields initially declined in early 2024 amid forecasts of

accelerated monetary policy easing by major central banks, prompted by moderating inflation. However, yields rose in the second quarter as central banks adopted a more cautious tone in response to persistent core inflation pressures. The third quarter witnessed a return to declining yields, reflecting market reassessments with aggressive monetary easing expected amid fears of a more profound economic slowdown. By the close of the quarter, stronger-than-expected US labour market data led again to rising yields, undermining expectations for the pace and scale of further Fed rate cuts.

Throughout the period January–September 2024, Polish treasury bonds mirrored this volatility. In the first half of the year, yields rose due to core market trends and recalibrated expectations for policy moves by Poland’s Monetary Policy Council (RPP). The third quarter saw yields decline, in line with global movements. Overall, during the first three quarters of 2024, the yield on Poland’s two-year treasury bonds fell by 28 basis points, ending at 4.67%, while the yield on ten-year bonds edged up by 5 basis points to 5.23%. At the close of the third quarter and early in the fourth quarter, Polish bond yields began to rise again, following trends in the core markets.

In the nine months to 30 September 2024, the Polish złoty remained strong against the basket of major currencies. At the end of September, the złoty was trading at 4.28 PLN/EUR, having strengthened by 1.6% against the euro compared with December 2023, at 3.82 PLN/USD, having strengthened by 2.9% against the US dollar, and at 4.53 PLN/CHF, having strengthened by 3.3% against the Swiss franc. However, at the onset of the fourth quarter, the złoty faced depreciation pressures. This shift was driven by a rise in the global risk premium amid escalating uncertainty regarding the US political landscape.

**PLN exchange rates**



## 2. Factors which will affect the Group’s performance in the next quarter and beyond

The Group’s business in the fourth quarter of 2024 will be affected by macroeconomic factors and conditions prevailing on financial markets.

The most significant of the macroeconomic and market factors remains the heightened geopolitical risk, particularly due to the ongoing military conflict between Russia and Ukraine, tensions in the Middle East, and escalating trade disputes among major economies.

Key potential impacts of these risks include:

- downturn in the economic performance of Poland’s main trading partners, which may lead to a slowdown of Polish economy,
- increased volatility of commodity prices, triggering price volatility across the economy,

- increased volatility of financial asset prices,
- subdued demand for credit in an environment of economic uncertainty and high interest rates.

These factors are a source of uncertainty regarding the future trajectory of the macroeconomic and market environment of the Bank's Group.

Legal risks associated with foreign currency-denominated housing loans continue to be a significant factor impacting the Bank's performance.

## 3. The Group's primary products, services and business areas

### 3.1. Expansion of banking business

The Bank's portfolio includes deposit, loan, and payment products available to all client groups.

The terms of engagement with each client group are adapted by the Bank in response to changing market conditions and the needs of the Bank's targeted client groups, while maintaining the objective of continually improving client service efficiency.

#### **Institutional clients**

The Bank has a wide range of payment, deposit and credit products, based on which it can build individual offers for each client, tailored to their specific needs.

As part of its range of payment products, the Bank offers standard current accounts that serve as payment accounts in domestic and international transactions but are also used to accumulate funds.

There is also a separate offering of bank accounts for institutional clients who are sole traders. The Bank launched the product to meet the requirements of the Act of 31 July 2019 Amending Certain Acts to Reduce Regulatory Burdens (the 'Act on Reduction of Regulatory Burdens'), which instituted the category of an entrepreneur-consumer.

During the nine months ended 30 September 2024, in the area of payment products:

- The rules governing the provision of bank account and payment services were amended to comply with legal requirements, specifically the Act of 26 May 2023 on the mObywatel Application and the Act of 18 November 2020 on Electronic Delivery;
- The Bank aligned its operations with the requirements of the new property development law, specifically the Act of 20 May 2021 on Safeguarding the Rights of Purchasers of Dwellings or Single-Family Houses and Establishing the Developers Guarantee Fund.

#### **Credit products for institutional clients**

In the area of lending products:

- The Bank offered its clients loans for energy retrofitting and renovation projects with a bonus from the Energy Retrofitting and Renovation Fund;
- In selected provinces, the Bank offered preferential loans for environmentally-friendly projects in cooperation with the Provincial Funds for Environmental Protection and Water Management;
- The Bank took steps to optimise and automate the lending process, from client acquisition, to assessment of credit application and credit decision-making, to disbursement of funds, credit monitoring and credit administration;
- The Bank continued efforts aimed to implement the EU Regulation concerning benchmark rates – WIBOR, LIBOR, EURIBOR, including through participation in the National Working Group developing measures to replace WIBOR with substitute rates.

#### **Collaboration with National and Provincial Funds for Environmental Protection and Water Management**

BOŚ collaborates with key institutions that form the environmental protection financing system and play a significant role in efforts to prevent the adverse impacts of climate change: the National Fund for Environmental Protection and Water Management (NFOŚiGW) and its regional branches (WFOŚiGW). The Bank's offering complements the priority programmes implemented by NFOŚiGW and WFOŚiGWs. The collaborative partnerships include the My EV and Clean Air programmes run by the Bank.

As the first bank in Poland, Bank Ochrony Środowiska launched lending activities under the banking path framework of the Clean Air government programme on 6 July 2021. The programme is intended for owners

and joint owners of single-family residential buildings or separate units in single-family residential buildings with separate entries in land and mortgage registers. By 30 September 2024, clients entered into 746 Clean Air loan agreements with the Bank for a total amount of about PLN 41.6 million.

In addition, BOŚ collaborates with NFOŚiGW in the My EV programme. The Bank has six active cooperation agreements concluded in previous years with Provincial Funds for Environmental Protection and Water Management, which focus on providing preferential loans for environmental protection and water management projects. The preferential terms include below-market interest rates on loans or subsidies for loan principal repayment. The agreements specify the scope of the financing and the types of entities eligible for such loans. The financing targets projects focused on:

- air quality protection, encompassing heat sources, renewable energy sources, and energy retrofitting;
- water protection, which includes wastewater treatment plants and sewage systems;
- and land protection, covering waste management, and the removal and neutralisation of products containing substances such as asbestos and xlenamide.

On 26 August 2024, BOŚ entered into another cooperation agreement with the Provincial Fund for Environmental Protection and Water Management in Katowice whereby PLN 10 million was made available to BOŚ for distribution as preferential green loans among private individuals and housing communities.

The Bank entered into an agreement with the National Fund for Environmental Protection and Water Management (NFOŚiGW) to administer subsidies for leasing zero-emission vehicles as part of the 'My EV' Priority Programme on 8 September 2021. The purpose of the programme is to support the purchase of zero-emission vehicles. The Bank has PLN 660 million available for subsidies for leases of zero-emission vehicles. The funds are available for use in 2021–2025.

From the programme's inception until 30 September 2024, the Management Board of the National Fund for Environmental Protection and Water Management approved 141 collective applications relating to subsidies for 20,789 vehicles. The total amount of subsidies under approved applications reached PLN 669.3 million, which means that BOŚ used up all the funds made available by NFOŚiGW for 2021–2025.

The Bank signed subsidy agreements in respect of 16,182 applications for an amount of PLN 538.1 million.

### **Loans with BGK bonus**

Loans granted under the cooperation agreement between BOŚ and Bank Gospodarstwa Krajowego (BGK). A key benefit for the client is the bonus granted and disbursed by BGK, intended for principal repayment:

- energy retrofitting bonus, amounting to 26% of the energy retrofitting project budget (with the possibility of increasing the bonus to 31% if renewable energy sources (RES) are used, or by utilising the TERMO grant for up to 10% of the energy retrofitting costs),
- renovation bonus, amounting to 25% of the renovation project budget.

The product is targeted at housing cooperatives, housing communities, local government units and municipal companies managing municipal resources, retail clients, and micro-enterprises.

Clients receiving a loan with the BGK bonus are also eligible to have 90% of the necessary audit and technical documentation costs reimbursed (out of ELENA grant funds received by BOŚ from the European Investment Bank).

By 30 September 2024, BOŚ advanced 37 loans with the BGK bonus totalling approximately PLN 20 million.

### **ELENA grant**

Pursuant to Agreement No. ELENA-2019-157 signed between the Bank and the European Investment Bank (EIB) in February 2022 under the ELENA initiative, the Bank received a grant of EUR 2.6 million. The agreement remains in effect until 28 February 2025.

Grant funds, designated among others for supporting projects aimed at enhancing energy efficiency, are available to investors undertaking projects in areas such as:



- energy retrofitting of residential buildings, public utility buildings and buildings constituting corporate property,
- upgrades of district heating networks,
- construction of electric vehicle charging stations,
- street lighting upgrades.

Eligible for support are public sector entities (local government units and municipal companies), housing sector entities (housing cooperatives and housing communities) and businesses (including SMEs and mid-caps).

The grant support entails financing 90% of the cost of the required technical documentation for the implementation of projects in the specified areas. This funding is distributed through two channels:

- reimbursement of 90% of the cost of technical documentation for projects carried out by housing sector entities;
- co-financing of 90% of the cost of technical documentation for projects implemented in areas other than energy retrofitting of multi-family residential buildings.

By the end of September 2024, 33 agreements had been signed for the provision of ELENA grant funds to local government units totalling PLN 3.8 million (i.e. 42% of the funds allocated to support project owners). These agreements will facilitate the development and launch by the local governments of 33 projects, valued at PLN 112.4 million (i.e. 43.2% of the target value).

In addition, by the end of September 2024, PLN 411.6 million had been spent to reimburse costs incurred by housing cooperatives and housing communities – all these investments are financed by the Bank through loans with the BGK bonus.

The total estimated value of projects reportable to EIB is over PLN 130 million, i.e. about 50% of the target value set out in the agreement with EIB.

#### **EU funds under the European Funds for a Modern Economy 2021-2027 Programme**

On 29 December 2022, Cooperation Agreement no. 9/2022/KTEKO was signed with BGK under the European Funds for a Modern Economy 2021-2027 Programme (FENG Programme). The agreement sets out the terms of cooperation regarding the provision by BOŚ of technology and green loans, as well as the disbursement of technology and green bonuses by BGK.

The FENG environmental credit is a facility for companies aiming to modernise their infrastructure (e.g. buildings, machinery and equipment). The effect of such modernisation must be a reduction of primary energy consumption in the modernised area by at least 30% compared to current consumption. The product is designed for the SME sector as well as small mid-cap and mid-cap enterprises.

- The first call for funding applications was held from June to August 2023. During that period, the Bank issued commitments and signed conditional loan agreements with five clients for a total funding amount of PLN 3.2 million, with the planned value of the projects amounting to PLN 7.2 million.
- During the second call for funding applications held between 25 April and 25 July 2024, the Bank signed conditional loan agreements with two clients for a total amount of PLN 1.2 million, with the planned value of the projects amounting to PLN 1.7 million.
- On 26 September 2024, BGK announced the third call for funding applications, due to last from 17 October 2024 to 31 January 2025, with the minimum amount of eligible project costs set at PLN 2 million.

## **EU loans financed under the European Funds for the Lublin Province 2021-2027 Programme**

### **RES loans**

BOŚ has been designated by BGK, acting as the Trust Fund Manager, to administer preferential loans aimed at the development of renewable energy sources (RES). The aggregate value of RES loans to be facilitated by BOŚ over a 24-month term is set at PLN 62.5 million, inclusive of PLN 12.5 million to be sourced from BOŚ's own funds. Should the demand for such loans exceed initial projections, BGK retains the option to increase the amount of funds allocated to BOŚ.

The funding can be provided for:

- construction and extension of RES installations for electricity generation (also with energy storage units serving the needs of a given RES source and connection to the grid);
- construction and extension of RES installations for heat production (also with heat storage units serving the needs of a given RES source).

The main groups of potential beneficiaries include: local government units (LGUs), their associations, unions and alliances; organisational units of LGUs with legal personality; municipal companies; housing cooperatives and communities, social housing associations (TBS); hospitals, and other entities involved in healthcare.

### **Enterprise EE loans**

Under successive Operational Agreements concluded with BGK, BOŚ is also a Finance Partner providing preferential EE loans to micro-enterprises, small-sized enterprises and municipal companies. Such loans are also partly financed under the European Funds for the Lublin Province 2021-2027 Programme.

The funding can be provided for:

- audit-based energy efficiency (EE) improvement projects at enterprises (reduction of energy intensity, switch to energy efficient internal and external lighting, heating system upgrades, minimisation of heat losses, introduction of closed circuits);
- comprehensive energy retrofitting and installation of RES systems;
- energy recovery technologies with waste heat utilisation systems; energy efficient manufacturing technologies;
- conversion/replacement of inefficient solid fuels heating sources;
- connection of buildings to gas or district heating networks.

As a condition for obtaining such loans, borrowers must achieve primary energy savings of at least 30% (based on an energy audit).

### **JESSICA initiative**

JESSICA loans were financed with EU funds under the regional operational programmes of the 2007-2013 edition. The Bank disbursed as loans all funds administered by the Bank under the programme. Currently, BOŚ's role is to passively manage the loan portfolio.

The Bank has acted as the administrator of the Urban Development Fund in the following provinces:

- Province of Szczecin, excluding the Szczecin Metropolitan Area – since 2010;
- Province of Gdańsk, excluding Tricity – since 2011;
- Province of Katowice – since 2011.

As at 30 September 2024:

- 53 loan agreements signed for a total amount of PLN 422.2 million,
- Principal repaid PLN 287.66 million, with the current outstanding balance of PLN 134.6 million.

The Bank is compensated for the processing and administration of JESSICA loans. The fee received in the nine months ended 30 September 2024 for managing the Jessica Initiative was PLN 0.84 million.

### **JEREMIE initiative**

Since 2017, BOŚ S.A. has been acting as a Financial Intermediary for the JEREMIE II Initiative in the Province of Szczecin. The programme is administered on behalf of the Province of Szczecin by Zachodniopomorska Agencja Rozwoju Regionalnego S.A. (ZARR S.A.).

The disbursed loans were funded by the Regional Operational Programme for the Province of Szczecin 2007-2013. BOŚ was selected to act as an intermediary in a competitive process announced by BGK.

In August 2018, the implementation of the facility was concluded. BOŚ S.A. contracted 100% of the funds for qualifying projects, amounting to a total of PLN 65.35 million, including the Bank's own funds of PLN 32.7 million. The outstanding balance as at 30 September 2024 was PLN 46.08 million (with PLN 23.04 million owed to both BOŚ and ZARR S.A.).

The Bank is compensated for the administration of JEREMIE loans. In the nine months ended 30 September 2024, the management fee related to the JEREMIE initiative amounted to PLN 0.4 million.

### **BGK portfolio guarantees**

1. On 2 January 2024, a cooperation agreement was signed with BGK for two guarantee products under FG FENG:
  - Biznesmax Plus guarantee,
  - Ekomax guarantee.

BGK granted separate limits for the Biznesmax Plus guarantee of PLN 150 million and Ekomax guarantee of PLN 80 million.

Within the limit granted for the Biznesmax Plus guarantee, up to 40%, i.e. PLN 60 million, will be available to secure working capital facilities.

2. On 4 July 2024, a cooperation agreement was signed with BGK for a new guarantee product called Investmax, provided with an EIF counter-guarantee under the InvestEU scheme. Securing 80% of the principal loan amount, the Investmax guarantee is available to micro, small and medium-sized enterprises under two financial facilities:
  - SME support facility – dedicated to SMEs (including micro-enterprises), where it secures loans of up to PLN 8.6 million;
  - Micro-financial facility – dedicated exclusively to micro-enterprises, where it secures loans of up to PLN 216 thousand.

The funding limits provided by BGK for the SME support facility and micro-financial facility were PLN 70 million and PLN 10 million, respectively.

Value and number of new portfolio guarantees issued by BGK and the utilisation of limits as at 30 September 2024:

### BGK portfolio guarantees – active

(PLN thousand)	DE MINIMIS guarantee	Biznesmax Plus guarantee	Ekomax guarantee	Investmax guarantee	Clean Air (Czyste powietrze) guarantee
Allocated limit	700,000 (revolving limit)	150,000 90,000 – Investment loans, 60,000 – Working capital facilities	80,000	70,000 SME 10,000 Micro	38,800
Availability period	30 Apr 2025	30 Apr 2025	30 Apr 2025	30 Apr 2025	31 May 2025
Limit utilisation as at 30 Sep 2024	552,482.06	99.36 Investment loans 34,200.00 Working capital facilities	665.60	0	31,073.38
Limit remaining	147,517.94	115,700.64 Investment loans 89,900.64 Working capital facilities 25,800.00	79,334.40	70,000 SME 10,000 Micro	7,726.62
Amount and number of new guarantees issued in the nine months ended 30 September 2024	191,181.78 (152)	99.36 (1) Investment loans 34,200.00 (16) Working capital facilities	665.60 (1)	0 (0) SME 0 (0) Micro	7,984.84 (143)

Based on BGK–Zlecenia

Between 1 January and 30 September 2024, clients of the Bank who utilised the Biznesmax FG POIR Guarantee submitted 38 applications for interest subsidies, for a total amount of PLN 6.3 million. The subsidies were disbursed to the clients (guarantees were available until 31 December 2023).

### Retail clients

The Bank's portfolio for retail clients encompasses all essential products and services available on the Polish banking market, including bank accounts, payment solutions, payment cards, options for managing surplus funds, electronic banking services, and lending products. Additionally, it offers an extensive selection of green financial products designed to support environmentally-friendly solutions, as well as services tailored for VIP clients, managed by dedicated account managers. Regarding payment cards, the Bank continued to issue debit cards featuring images of protected species, aiming to raise clients' awareness of endangered wild animals in Poland and broader environmental issues.

Together with Mastercard the Bank offered participation in the Priceless Moments scheme, promoting cashless transactions. Thanks to payments made at retail outlets and online purchases, clients can collect points under the scheme and redeem them for rewards.

The Bank conducted a review of its Fee and Commission Tariff for domestic and international retail banking services. The objective of the review was to optimise and align fee and commission rates with market levels for accounts and payment cards, thereby increasing the Bank's revenue and supporting the process of obtaining consents for electronic correspondence. The changes to the Tariff took effect on 1 June 2024.

Additionally, the Rules for opening and maintaining retail savings and current accounts, the Rules for opening and maintaining basic payment accounts, the Rules for opening and maintaining retail term deposit accounts, and the Rules for issuing and using credit cards were amended to comply with legal requirements, specifically the Act of 26 May 2023 on the mObywatel Application and the Act of 18 November 2020 on Electronic Delivery. The changes took effect on 1 June 2024.

In the area of electronic banking, work is ongoing on the project titled 'Digital Vehicle for Acquiring Bank Deposits' aimed at remotely acquiring clients by facilitating client identification and the opening of savings accounts through the mobile application.

### Amounts due to retail clients

Measures taken by the Bank with respect to deposit products for retail clients were aimed at:

- adapting them to the changing market environment;
- maintaining the balance of deposits as needed to meet the Bank's liquidity needs.

The key deposit products for retail clients were:

- current accounts, including personal accounts (*Konto bez Kosztów*), and savings accounts (*Konto Oszczędnościowe*) in PLN;
- new funds deposit, as well as standard term deposits and negotiated term deposits.

The Bank focused on building retail deposit balances by promoting new fund deposit products as well as standard deposit products, including options with longer terms, such as a 36-month term. The distinctive feature of promotional deposits for new funds is the ability to create a deposit up to the maximum amount of new funds held. Clients can set up more than one deposit.

The Bank continued a special offer of the *Konto Oszczędnościowe* PLN savings account, which stood out in the market as a savings product with no additional conditions attached for the client to benefit from a higher interest rate (no requirement to have a checking account or to deposit new funds).

The Fee and Commission Tariff stipulates that the Bank exempts savings account holders from fees for internal transfers to deposits established under the same account relationship (where the client is the sole account holder or a joint holder with the same person). This measure supports the sale of deposits and management of the deposit portfolio through savings accounts.

The Bank's other activities with respect to checking accounts focused on maintaining a transparent offering by retaining the following checking accounts: *Konto bez Kosztów* fee-free account, *Konto VIP* account, *Konto PRP* account and *Konto Oszczędnościowe* savings accounts in the following currencies: PLN, EUR, CHF, USD and GBP.

### Credit products for retail clients

In the nine months ended 30 September 2024, the Bank conducted a number of promotional campaigns targeting retail clients to support the sales of cash loan products:

- For environmental purposes:
  - 'Green Loan' (*Pożyczka zielona*) – a promotional cash loan offer, initially available from February 2024 to the end of April 2024, is being continued from May 2024 to the end of July 2024, to finance investments across five categories of green projects:
    - renewable energy sources,
    - energy efficiency/energy retrofitting,
    - waste management,
    - water management/small retention,
    - eco-vehicles.
- For use on any personal expenditure:
  - 'Flexible Loan' (*Pożyczka elastyczna*) – a promotional cash loan, initially available from February 2024 to the end of April 2024, was continued from May 2024 to the end of July 2024, with another edition made available from July 2024 to November 2024, to cater to clients' immediate personal spending needs.
  - 'Silver Loan' (*Pożyczka srebrna*) – a promotional cash loan, available from 24 April 2024 to 30 June 2024, offered on a pre-selected basis to a target group of the Bank's clients based on the quality and length of the relationships through a telephone campaign carried out by the Operating Branches.

The Bank's regular offerings include the *EkoKredyt PV* for retail clients. The funds from this loan can be used for:



- the purchase and installation of brand new photovoltaic systems or refinancing the acquisition of a new system,
- the purchase and installation of energy storage systems,
- the purchase and installation of home charging stations,
- the purchase and installation of heat pumps.

The Bank's regular offerings also include mortgage loans for Large Family Card holders, who are exempted from the arrangement fee or 50% of the arrangement fee with the margin reduced by 0.1 percentage point relative to the standard margin.

The Bank's preferential terms for the financial sector feature reduced commission and margin rates compared to the standard mortgage loan offering. The offer targets employees of:

- banks,
- insurance companies,
- brokerage houses,
- fund management companies,
- other financial sector institutions.

The most recognisable mortgage product offered by BOŚ is the *Ekologiczny Kredyt Hipoteczny* green mortgage loan. To meet clients' expectations and adapt to the dynamic market conditions, the Bank updated the environmental criteria required to qualify for the green mortgage offer, to align them with the Environmental Risk Assessment Principles. The Bank was also engaged in day-to-day management of the BK2% housing loan portfolio, fulfilling the reporting obligations towards BKG and the Ministry of Finance.

In addition, the Bank offers a stock exchange loan designed for individuals with an investment account at BOŚ Brokerage House (DM BOŚ). The loan can be used to:

- buy securities via BOŚ Brokerage House
  - in organised markets,
  - in primary market or in initial public offerings,
  - in special cases – repay a stock exchange loan previously granted by BOŚ S.A.,
- refinance securities previously bought with the borrower's own funds.

With respect to this loan, the product regulations were reviewed, and updates were made to the loan origination, administration and monitoring process. Training was also provided to sales teams involved.

### **Credit products for micro-enterprises and housing communities**

The Bank's permanent offering also includes loan products specifically designed for micro-enterprises, including sole traders using simplified accounting, as well as housing communities.

### **Insurance products and additional services**

The Bank provides insurance products as additional offerings alongside its banking services.

As at 30 September 2024, the Bank offered eco equipment insurance and insurance packages for payment card holders.

BOŚ S.A. acts as an insurance agent but also offers insurance cover as an insurer,

focusing mainly on green insurance products. In partnership with PZU S.A., the Bank offers a specialised insurance product called *Ubezpieczenie urządzeń eko* (eco equipment insurance). This cover is designed for a variety of eco-friendly installations and devices, including photovoltaic systems (complete with car chargers and batteries), solar thermal installations, central heating boilers, heat pumps, and hybrid heating systems.

The Bank offers a variety of additional products that contribute to generating commission income, including *Mecenas Direct*, a legal assistance service to personal account holders, providing professional legal support via remote communication tools.

## Factoring

BOŚ S.A. uses the specialised online system, BOŚ Faktor, for factoring services, providing clients full control over receivables and enabling 24-hour contact with the Bank seven days a week. The system is used for the automated processing of factoring transactions.

As at 30 September 2024, the turnover from factoring transactions at BOŚ S.A. was PLN 3.3 billion, with 31.6 thousand invoices processed. In the three months ended 30 September 2024, the Bank's factoring services managed accounts for 3.3 thousand clients.

## 3.2. Brokerage business

In the three months ended 30 September 2024, the Polish equity market experienced a strong price correction. All major indices recorded losses ranging from -9.3% (Wig20) to -4.2% (sWig80), with the Wig index receding over the period by 6.0%. Investor activity in session trading increased on the equity market (+29.0% year on year), but decreased both on the futures market (-5.6% year on year) and the NewConnect market (-29.2% year on year). Investor activity increased on the equity market (+16.8% year on year), with declines recorded both on the futures market (-1.6% year on year) and the NewConnect market (-19.3%).

In the three months ended 30 September 2024, BOŚ Brokerage House (DM BOŚ) remained the leader of the NewConnect market, with a share of 18.52%. Its share in session trading on the Warsaw Stock Exchange equity market and on the futures market over the period was 2.25% and 12.86%, respectively.

The third quarter of 2024 saw a persistent downturn on the primary market, with no new listings on the main market of the WSE. Five companies debuted on the NewConnect market in the period, including Lichthund S.A., whose shares were publicly issued by DM BOŚ. The activity of BOŚ Brokerage House focused on the issuance of bonds. It was involved as a syndicate member in six corporate debt offerings for four issuers: Ghelamco Invest Sp. z o.o., Best S.A., PragmaGo S.A. and Victoria Dom S.A.

During the period, DM BOŚ also concluded agreements to facilitate municipal bond programmes worth a total of PLN 204.4 million for 21 local government units. It served as an issue arranger for 62 municipal bond issues with a total value of approximately PLN 110 million for 19 local government units.

At the same time, it continued cooperation with AgioFunds TFI and Beta Securities Poland S.A. to promote the domestic market for investment certificates. In the third quarter of 2024, two new ETFs were introduced to trading on the Warsaw Stock Exchange. As at 30 September 2024, 11 Beta ETF certificates were being traded on the WSE, for which BOŚ Brokerage House acts as an offering broker and market maker.

The third quarter was another period of robust client acquisition for DM BOŚ. At the end of September 2024, BOŚ Brokerage House managed a total of 194.9 thousand investment accounts. The balance of opened investment accounts in the reporting period reached 5.3 thousand, compared with 4.1 thousand in the same period last year. After the first nine months of 2024, the balance of opened accounts was 13,662, of which 12,637 were stock market accounts registered with the CSDP. In the nine months ended 30 September 2024, DM BOŚ ranked second among all brokerage houses in terms of the balance of opened stock market accounts registered with the CSDP.

## Highlight events of the period January–September 2024

### Awards and recognitions

#### (January) BOŚ with HR Quality Certificate 2024

The Polish Human Resources Management Association (PSZK) awarded BOŚ the HR Quality Certificate for 2024. These certificates are presented annually to outstanding employers based on the results of a comprehensive HR process survey and an analysis of a selected HR project. Our 'Out For Well-Being' project

was evaluated, which included consultations, workshops, webinars, and e-learning sessions. Our initiatives were particularly appreciated: a series of short relaxation sessions and the 'Short Break' campaign, which aimed to enhance efficiency by shortening standard meeting durations, allowing for brief rest periods between meetings. The survey results were also positively verified, highlighting internship programmes, onboarding practices, professional development opportunities (such as education funding), additional benefits (such as Legimi), and flexible remote work options.

The HR Quality Certificate for 2024 reaffirms that BOŚ is a reputable, reliable, and trustworthy employer that applies the latest solutions in human capital management.

### **(January) Top Employer 2024 Poland title for BOŚ**

BOŚ has earned this title for the second consecutive year. The recognition by the international research organisation, Top Employers, confirms the Bank's commitment to creating excellent working conditions and caring for its employees. These efforts establish BOŚ as a trustworthy employer that prioritises employee well-being and implements HR practices that align with current needs and the latest trends.

### **(March) BOŚ economists again in the forefront**

In this year's 16th edition of the competition for the best macroeconomic analyst, Łukasz Tarnawa and Aleksandra Świątkowska secured second place. The BOŚ team deserves special recognition for its consistent strong performance in the macroeconomic analyst competition. They achieved first place in the medium-term forecast ranking in 2013, secured second place in 2020, and third place in 2021. In the short-term forecast competition organised by *Parkiet*, our economists won four times (in 2022 and three consecutive times from 2017 to 2019), marking the best ever result in the *Parkiet* competition. Organised since 2007, it saw participation from 35 analytical centres in its latest edition.

The *Parkiet* and *Rzeczpospolita* competition assesses the accuracy of macroeconomic forecasts for the upcoming year. Participants submit forecasts four times a year for the four consecutive quarters, covering eight macroeconomic and market indicators: GDP, CPI inflation, investment, consumption, unemployment rate, NBP reference rate, and the exchange rate of the złoty against the euro and US dollar.

### **(March) Distinction for BOŚ as the leader of the Biznesmax guarantee for green projects**

On 20 March, during the event titled 'Biznesmax Guarantee as an Effective Instrument for Supporting Innovative Enterprises – Programme Summary', BGK recognised BOŚ as the leader in Biznesmax guarantees granted for green projects.

The Biznesmax Guarantee was financed with EU funds (Innovative Economy Programme for 2014–2020). Small and medium-sized enterprises (SMEs) were eligible to use this guarantee. Throughout the duration of the programme, BOŚ issued 218 guarantees for a total amount of approximately PLN 505 million, securing loans worth over PLN 1 billion. Starting from February this year, we offer the Biznesmax Plus and Ekomax guarantees for businesses in the SME sector, as well as for small mid-caps and mid-caps (i.e. companies employing up to 3,000 people). Both guarantees are financed by the new EU programme – European Funds for a Modern Economy 2021–2027.

A key advantage of BOŚ is its ability to utilise EU funds from the ELENA grant. Clients applying for an investment loan with the Ekomax guarantee can additionally seek funding for 90% of the costs of an energy audit, which is necessary to obtain a principal subsidy for the loan, and – in justified cases – funding for project documentation.

### **(April) BOŚ as best rated bank according to NetMonitor Banking Review**

In its report on the Polish banking sector at the beginning of April, BOŚ was named as first among the TOP 3 best rated Polish banks, alongside Santander Bank Polska and Nest Bank S.A.

### **(April) Five BOŚ practices highlighted in FOB report**

The Responsible Business Forum (FOB) has released its 22nd report titled 'Responsible Business in Poland. Good Practices', providing Poland's most comprehensive overview of sustainability projects.

This year's report, which summarises 1,046 projects undertaken by 266 companies, includes educational initiatives of the BOŚ Foundation: the Filmeko film competition for schools, Fit Diet, Fit Brain (*Zdrowo jem, więcej wiem*), a nationwide project for the youngest students; the Ecomurals – World in the Eyes of the Young (*Ekomurale – Świat oczami młodych*) creative grant competition, as well as grants for 10 youth groups and 5 science clubs active in environmental protection.

FOB has also mentioned Bank Ochrony Środowiska's *EcoBusiness Stop* project, a platform through which BOŚ experts share their knowledge to promote general environmental awareness. It is a platform for dialogue between the Bank's environmental engineers and market participants to raise awareness of green finance and sustainable investment projects.

The distinction by FOB is a token of appreciation for the Bank's activities, confirming their alignment with the principles of sustainability and corporate social responsibility.

#### **(April) BOŚ honoured as a Laureate of the Social Responsibility Leaders programme**

BOŚ was again named a Laureate of the Social Responsibility Leaders programme 2024, in the 17th edition of the project organised by editors of *Business Forum*, *Biznes Trendy* and *SpolecznieOdpowiedzialni.info*.

The Bank was announced winner in three categories: Good Employer 2024, ECO Company 2024, and Good Company 2024.

These titles serve as a confirmation of the Bank's reputation as a robust organisation that is attentive to the needs of local communities and its employees, seen as an employer of choice.

#### **(April) Golden Banker – BOŚ topping the ranking in social media category**

In the 15th edition of the Golden Banker ranking, BOŚ was ranked third among banks standing out for their effective social media presence. The selection of BOŚ as a winner of Poland's largest survey of the banking sector, organised by *Bankier.pl* and *Puls Biznesu*, came as one of the biggest surprises of this year's ranking, justified by the judging panel as follows: "The Bank consistently pursues its mission on social media channels, not trying to be a 'cool bank' but placing the primary focus on environmental education."

Bank Ochrony Środowiska is present on all popular social networking sites: Facebook, LinkedIn, Twitter (X), and YouTube.

In the same ranking, the Bank was ranked seventh in the Branches category. The result – achieved through efforts of employees of BOŚ branches – improved by 10 percentage points year on year, moving the Bank up the list by three places. This testifies to the amount of work put in by the Bank to improve service quality. Additionally, the result achieved by BOŚ branches gave it a better position in the overall ranking. We were ranked 10th overall (up from 11th place in 2023 and 12th place in 2022). The final result was also boosted by the ranking of the BOŚ helpline, which took eighth place (12th in 2023).

#### **(June) BOŚ comes 17th in the 'Responsible Management ESG Ranking'**

Bank Ochrony Środowiska was covered by 18th edition of the 'Responsible Management ESG Ranking' study organised by the Kozminski Business Hub at Kozminski University. Evolved from the Responsible Companies Ranking, it has long been recognised by the market as a reliable gauge of the maturity of responsible management among the largest companies.

In this year's ranking BOŚ emerged 17th with a score of 79 points, having advanced by three places on the previous year. Notably, for the first time BOŚ became a Leader of the 'G' Area, standing for Governance, i.e. a system of rules designed to ensure proper corporate management.

In the 'Banking, Financial and Insurance Sector' category, Bank Ochrony Środowiska took eighth place, ranking just behind large international banking corporations.

#### **BOŚ's improvement in rankings**

*Wprost* published its 10th list of '200 largest Polish companies', ranking BOŚ as 120th, up from 200th the year before.

*Gazeta Finansowa* – BOŚ gained in three rankings:

'50 most dynamic financial institutions' – having advanced to 28th place,

'100 largest financial institutions' – where it was ranked 21st;

'1,000 largest companies in Poland' – Bank Ochrony Środowiska Group ranked 240th, up from 294th in 2023.

### Third place among banks with the most engaging FB profiles

The Institute for Internet and Social Media Research prepared a report ranking banking sector players for their engagement on Facebook profiles in July 2024, in which BOŚ came up third, having also recorded the highest increase in follower numbers.

### Bartosz Kublik, the then Vice President of the BOŚ Management Board in charge of management operations, awarded Medal for Service to Poland's Economy

The accolade was conferred by the Polish Minister of Development and Technology as an honorary distinction recognising the awardee's significant contributions to Polish economy. The medal was presented during a gala event at the conference hosted by the Polish Bank Association – Micro, Small and Medium-Sized Enterprises' (MSMEs) Financing Forum.

## 4. Selected operational data of the Group

SELECTED OPERATIONAL DATA, all amounts in thousands	30 Sep 2024	31 Dec 2023	Change (%)
<b>BANK OCHRONY ŚRODOWISKA S.A.</b>			
Number of clients	149.0	154.0	-2.0
Number of retail clients	139.3	143.8	-3.1
Number of micro-enterprise clients	6.1	6.5	-6.2
Number of institutional clients	3.6	3.7	-2.7
Number of clients using electronic channels	97.4	100.8	-3.4
Number of checking accounts <sup>1)</sup>	150.9	155.4	-2.9
Debit and credit cards in total	55.0	59.1	-6.9
Number of branches	54	54	0.0
<b>DOM MAKLERSKI BOŚ S.A.</b>			
Number of investment accounts	194.9	181.3	7.5
including online accounts	192.7	179.0	7.7
Number of branches	8	8	0.0

<sup>1)</sup> including savings accounts

As at the end of September 2024, the Bank had 54 outlets, including:

- 16 business centres serving corporate and SME clients only,
- 38 branches serving retail clients.

## 5. Development directions for the Bank

### Strategy of Bank Ochrony Środowiska for 2024-2026

On 15 December 2023, the Bank announced the 'Strategy of Bank Ochrony Środowiska S.A. for 2024-2026'. The strategic focus is on supporting clients in their green transition efforts, particularly corporate clients. The Bank strives to achieve sustainable profitability by executing key strategic initiatives and strengthening its position as a bank specialised in financing the green transition. This is reflected in the Bank's mission:

'We provide comprehensive finance and support for initiatives driving the transition towards a greener future' and the Bank's vision:



'BOŚ is the premier specialist bank for corporate clients aiming to invest in projects that foster environmental sustainability. We are a valued partner in banking services'.

Among the priorities for the coming years, we emphasise developing relationships with existing clients and acquiring new ones through a comprehensive product offering for companies, particularly in the area of green products. Other priorities include improving product profitability, simplifying interactions with clients, optimising processes, and enhancing digitalisation to increase the Bank's overall efficiency and profitability.

### **Activities undertaken as part of the Strategy and key ongoing projects**

As part of the operationalisation of its Strategy, the Bank has defined a series of key initiatives. The Management Board aims to position BOŚ as a modern and flexible organisation. The Bank is working to develop business partnerships, including with cooperative banks, and to reorganise its sales network.

In the three months ended 30 September 2024, several projects were under way to optimise existing processes. Ongoing projects include work to enhance the digital vehicle for acquiring bank deposits with a remote client acquisition process by opening savings accounts for new clients. Remote onboarding mechanisms that are being developed will be used to support existing and new clients via the online channel. Work was also carried out to ensure regulatory compliance, including on a system designed to support daily reporting of active derivative transactions, and to align the Bank's internal regulations with the requirements serving to classify investments under the EU taxonomy.

The implementation of the strategic goals and objectives for 2024–2026 is intended to fully unlock and leverage the Bank's potential. The Bank aims to become faster, more flexible, and more accessible to clients, leading to a greater scale of operations. These goals will be pursued in accordance with sustainability principles, with particular attention to environmental, social, and corporate governance standards. Thanks to its green DNA, unique experience and expert knowledge of its employees, Bank Ochrony Środowiska is naturally positioned to play a leading role in financing and supporting the pro-environmental initiatives of Polish enterprises. By delivering on its Strategy, BOŚ intends to achieve the best ever financial results and ratios in 2026.

## 6. Financial results of the Group

### 6.1. Statement of profit or loss

STATEMENT OF PROFIT OR LOSS OF THE BOŚ GROUP, PLN thousand	Q1-Q3 2024	Q1-Q3 2023	Change (%)
Interest and similar income	1,075,807	1,220,000	-11.8
Interest expense and similar charges	-457,315	-606,836	-24.6
<b>Net interest income</b>	<b>618,492</b>	<b>613,164</b>	<b>0.9</b>
Fee and commission income	127,739	128,952	-0.9
Fee and commission expense	-31,777	-32,416	-2.0
<b>Net fee and commission income</b>	<b>95,962</b>	<b>96,536</b>	<b>-0.6</b>
Dividend income	12,246	8,280	47.9
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)	39,743	33,736	17.8
Gain (loss) on investment securities	29	-	x
Gain (loss) on hedge accounting	-1,454	-1,187	22.5
Gain (loss) on foreign exchange transactions	9,607	19,698	-51.2
Gain (loss) on derecognition of financial instruments	334	571	-41.5
Other income	29,199	31,023	-5.9
Other expenses	-60,289	-33,876	78.0
Effect of legal risk of mortgage loans denominated in foreign currencies	-179,040	-237,011	-24.5
Net impairment losses	-38,968	-18,393	111.9
Administrative expenses	-428,806	-375,821	14.1
<b>Profit (loss) before tax</b>	<b>97,055</b>	<b>136,720</b>	<b>-29.0</b>
Income tax expense	-55,999	-58,065	-3.6
<b>Net profit (loss)</b>	<b>41,056</b>	<b>78,655</b>	<b>-47.8</b>

In the period from 1 January to 30 September 2024, the BOŚ Group earned a net profit of PLN 41.1 million, compared with PLN 78.7 million reported in the corresponding period of 2023.

In the nine months ended 30 September 2024, the BOŚ Group generated net interest income of PLN 618.5 million, an increase of PLN 5.3 million, or 0.9%, year on year. The improvement in net interest income was attributable to a more rapid decline in interest expenses compared with interest income.

Interest and similar income decreased in the nine months to 30 September 2024 by PLN 144.2 million, or 11.8%, year on year, due primarily to lower WIBOR rates than those prevailing in the corresponding period of 2023. The decline was mainly attributable to a decline in interest from non-trading investment debt securities by PLN 102.9 million, or 23.5%, and a decrease in interest income from institutional clients by PLN 9.4 million, or 1.7%. This was partially offset by an increase in interest income on financial instruments held for trading, which rose by PLN 9.4 million, or 326.1%.

The average base interest rate on loans in PLN extended by the Bank (adjusted for impaired interest) was 8.00% in the nine months ended 30 September 2024, compared with 9.11% in the same period of 2023. For foreign currency loans, the average base interest rate was 6.45%, compared with 4.99% in the nine months to 30 September 2023. For total loans, the rate was 7.59%, compared with 7.99% in the period 1 January–30 September 2023.

Net interest income, PLN thousand	Q1-Q3 2024	Q1-Q3 2023	Change (%)
<b>Interest and similar income:</b>	<b>1,075,807</b>	<b>1,220,000</b>	<b>-11.8</b>
Amounts due from banks and the central bank	32,482	33,926	-4.3
Amounts due from institutional clients	558,219	567,585	-1.7
Amounts due from retail clients	137,707	161,839	-14.9
Non-trading investment debt securities	335,089	438,006	-23.5
Financial instruments held for trading	12,310	2,889	326.1
Hedging transactions	-	15,755	-100.0
<b>Interest expense and similar charges on:</b>	<b>457,315</b>	<b>606,836</b>	<b>-24.6</b>
Bank accounts and deposits from banks	4,523	2,307	96.1
Bank accounts and deposits from institutional clients	155,161	204,805	-24.2
Bank accounts and deposits from retail clients	256,499	355,568	-27.9
Borrowings from banks	-	-	x
Borrowings from clients	12,954	13,453	-3.7
JESSICA lending support funds	461	1,094	-57.9
Financial instruments – own debt securities	25,346	25,796	-1.7
Lease liabilities	2,360	2,561	-7.8
Other	11	1,252	-99.1
<b>NET INTEREST INCOME</b>	<b>618,492</b>	<b>613,164</b>	<b>0.9</b>

Interest expense and similar charges decreased by PLN 149.5 million, or 24.6%, compared with the nine months ended 30 September 2023, due primarily to a reduction in interest expense on retail deposits by PLN 99.1 million, or 27.9%, and a decrease in the costs of institutional accounts and deposits by PLN 49.6 million, or 24.2%. Costs of financial instruments (own debt securities) increased by PLN 0.5 million, or 1.7%.

The decrease in interest expense was mainly attributable to lower interest rates on deposits. The average base interest rate on deposits placed with the Bank branches between 1 January and 30 September 2024 was as follows:

- 3.89% in PLN, compared with 5.05% in the same period of 2023;
- 1.03% in foreign currencies, compared with 0.72% in the same period of 2023.

The Group's net fee and commission income amounted to PLN 96.0 million, representing a decrease of PLN 0.6 million, or 0.6%, compared with the nine months to 30 September 2023, due primarily to a reduction in fee and commission expenses.

Commission income on loans fell by PLN 3.4 million (11.3%), reflecting mainly a decrease in loan prepayment commissions. Conversely, commission income on guarantees and letters of credit increased by PLN 0.7 million, or 12.7%.

Fee and commission expense fell over the period by PLN 0.6 million, or 2.0%. The decrease was primarily due to lower brokerage fees, which declined by PLN 1.4 million, or 5.3%.

NET FEE AND COMMISSION INCOME, PLN thousand	Q1-Q3 2024	Q1-Q3 2023	Change (%)
<b>Fee and commission income</b>	<b>127,739</b>	<b>128,952</b>	<b>-0.9</b>
Brokerage service fees	68,571	66,886	2.5
Fees for maintaining client accounts, other domestic and international settlement transactions	26,249	26,637	-1.5
Commission fees on credit facilities	26,389	29,758	-11.3
Commission fees on guarantees and letters of credit	5,910	5,244	12.7
Fees for portfolio management services and other management fees	616	422	46.0
Other fees	4	5	-20.0
<b>Fee and commission expense</b>	<b>31,777</b>	<b>32,416</b>	<b>-2.0</b>
Brokerage fees, including:	24,382	25,737	-5.3
for custody services	714	628	13.7
Payment card fees	6,073	4,943	22.9
Current account fees	441	448	-1.6
ATM service charges	372	680	-45.3
Fees on amounts due from clients	4	74	-94.6
<b>Other fees</b>	<b>505</b>	<b>534</b>	<b>-5.4</b>
<b>TOTAL NET FEE AND COMMISSION INCOME</b>	<b>95,962</b>	<b>96,536</b>	<b>-0.6</b>

Gain (loss) on financial instruments measured at fair value through profit or loss was PLN 39.7 million, compared with PLN 33.7 million in the nine months ended 30 September 2023. The improvement was mainly due to the higher gain delivered by DM BOŚ in this area, driven by the high market volatility.

The effect of legal risk of mortgage loans denominated in foreign currencies was PLN -179.0 million, compared with PLN -237.0 million in the nine months to 30 September 2023. The decrease resulted from the high level of provisioning for the CHF loan portfolio.

In the nine months ended 30 September 2024, impairment losses totalled PLN 39.0 million, relative to PLN 18.4 million in the corresponding period of 2023. Net impairment losses were mainly attributable to the corporate portfolio, due to the recognition of provisions. The net result was significantly affected by impairment allowances recognised on reclassification of material credit exposures.

Administrative expenses of the Group increased by PLN 53.0 million, or 14.1%, relative to the same period of 2023. The largest increase of PLN 40.3 million, or 21.2%, related to employee benefit expense, due primarily to salary and wage adjustments to market levels for individual positions within the Bank, an increase in employment, and provisions recognised for bonuses. Another significant driver of administrative expenses were material costs, which increased by PLN 8.4 million, or 8.7%. The Group also reported lower costs of contributions and payments to the Bank Guarantee Fund (BFG), marking a decrease of PLN 2.7 million, or 11.9%.

The Bank continuously implements measures to optimise administrative expenses, both at the budgeting stage and as part of its day-to-day management. The Bank strives to maximise the utilisation of its existing physical and personnel resources. This approach enables the Bank to effectively manage cost growth while ensuring the smooth and secure operation of the organisation in compliance with applicable laws and supervisory requirements. The Bank also conducts regular evaluations of the efficiency and profitability of individual outlets within its network.

ADMINISTRATIVE EXPENSES, PLN thousand	Q1-Q3 2024	Q1-Q3 2023	Change (%)
Employee benefits	230,886	190,559	21.2
Administrative expenses, including:	139,115	130,697	6.4
material costs	104,999	96,601	8.7
taxes and charges	10,254	7,995	28.3
contribution and payments to BFG	20,251	22,980	-11.9
contribution and payments to PFSA	2,998	2,628	14.1
contribution to Borrowers Support Fund	-	-	x
contribution to cover operating expenses of the Financial Ombudsman	348	328	6.1
contribution to Chamber of Brokerage Houses (Izba Domów Maklerskich, IDM)	90	90	0.0
payment to PFSA towards costs of capital market supervision	175	75	133.3
Amortisation and depreciation, including:	58,805	54,565	7.8
depreciation of property, plant and equipment	15,540	14,702	5.7
amortisation of intangible assets	29,649	27,468	7.9
depreciation of rights-of-use assets	13,616	12,395	9.9
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>428,806</b>	<b>375,821</b>	<b>14.1</b>

As at 30 September 2024, the Bank employed 1,642 persons (FTEs), compared with 1,557 as at 30 September 2023. The headcount at the Bank increased by 5.8% compared with 30 September 2023, while the subsidiaries experienced 4.3% growth in headcount during the same period. The table below presents employment (FTEs) at the Bank and its subsidiaries. The workforce at the BOŚ Group increased by 5.5% relative to 30 September 2023.

Employment, FTEs	30 Sep 2024	30 Sep 2023	Change (%)
Employment at BOŚ S.A.	1,311	1,239	5.8
Employment at subsidiaries	332	318	4.3
<b>EMPLOYMENT AT THE BOŚ GROUP</b>	<b>1,642</b>	<b>1,557</b>	<b>5.5</b>

## 6.2. Assets of the Group

As at 30 September 2024, the Group's total assets stood at PLN 20,549.6 million, having decreased by 6.7% on 31 December 2023.

### Changes in the structure of the Group's assets

As at 30 September 2024, amounts due from clients were the largest item of total assets, accounting for 51.4%. Their share in total assets increased by 2.5 percentage points from the end of 2023, while the share of investment securities decreased by 2.6 percentage points.

ASSETS, PLN thousand	30 Sep 2024	31 Dec 2023	Change (%)
Cash and balances with central bank	605,612	584,089	3.7
Amounts due from banks	147,398	162,781	-9.5
Financial assets held for trading	167,754	169,494	-1.0
Derivative hedging instruments	8,326	15,556	-46.5
Investment securities:	8,307,011	9,484,770	-12.4
Amounts due from clients, including:	10,555,380	10,767,436	-2.0
measured at amortised cost	10,555,330	10,767,297	-2.0
measured at fair value through profit or loss	50	139	-64.0
Intangible assets	105,080	131,833	-20.3
Property, plant and equipment	89,423	92,327	-3.1
Right of use – leases	52,038	53,967	-3.6
Tax assets:	137,793	158,734	-13.2
Other assets	373,814	411,464	-9.2
<b>TOTAL ASSETS</b>	<b>20,549,629</b>	<b>22,032,451</b>	<b>-6.7</b>

#### Amounts due from clients

The carrying amount of amounts due from clients of the Group as at 30 September 2024 was PLN 10,555.4 million, a decrease of 2.0% on 31 December 2023.

AMOUNTS DUE FROM CLIENTS, PLN thousand	30 Sep 2024	31 Dec 2023	Change (%)
<b>Measured at amortised cost</b>	<b>10,518,470</b>	<b>10,726,424</b>	<b>-1.9</b>
<b>Amounts due from retail clients</b>	<b>1,936,279</b>	<b>2,140,943</b>	<b>-9.6</b>
overdraft facilities	740	1,722	-57.0
cash loans	216,378	243,660	-11.2
housing loans	1,525,816	1,695,002	-10.0
other credit facilities	193,345	200,559	-3.6
<b>Amounts due from institutional clients</b>	<b>8,582,191</b>	<b>8,585,481</b>	<b>0.0</b>
working capital facilities	913,191	901,662	1.3
term facilities	5,836,561	6,023,495	-3.1
factoring receivables	473,190	464,404	1.9
lease receivables	243,893	240,526	1.4
purchased receivables	64,539	72,864	-11.4
commercial paper	1,050,817	882,530	19.1
<b>Measurement at fair value through profit or loss</b>	<b>50</b>	<b>139</b>	<b>-64.0</b>
<b>Amounts due from retail clients</b>	<b>37</b>	<b>109</b>	<b>-66.1</b>
housing loans	15	43	-65.1
other credit facilities	22	66	-66.7
<b>Amounts due from institutional clients</b>	<b>13</b>	<b>30</b>	<b>-56.7</b>
working capital facilities	-	-	x
term facilities	13	30	-56.7
<b>Total</b>	<b>10,518,520</b>	<b>10,726,563</b>	<b>-1.9</b>
Margin deposits	31,048	34,296	-9.5
Other amounts due from clients	5,812	6,577	-11.6
<b>TOTAL AMOUNTS DUE FROM CLIENTS</b>	<b>10,555,380</b>	<b>10,767,436</b>	<b>-2.0</b>

Amounts due from institutional clients measured at amortised cost accounted for the highest proportion of total amounts due from clients, at 81.3%. Their share increased by 1.6 percentage points on year-end 2023. Amounts due from institutional clients measured at amortised cost were PLN 8,582.2 million.

The share of amounts due from retail clients measured at amortised cost in total amounts due fell by 1.5 percentage points, to 18.3%. The amount of retail loans measured at amortised cost was PLN 1,936.3 million at 30 September 2024, compared with PLN 2,140.9 million at year-end 2023. Amounts due from retail clients measured at amortised cost decreased by PLN 204.7 million, or 9.6%. Housing loans are the largest item among retail loans measured at amortised cost. As at 30 September 2024, they amounted to PLN 1,525.8 million, a decrease of 10.0% on 31 December 2023.

The largest decline was seen in housing loans denominated in CHF and EUR. The decrease is attributable to adjustments in legal risk provisions for foreign currency loans, concluded settlements, and early repayments.

HOUSING LOANS, PLN thousand	30 Sep 2024	31 Dec 2023	Change (%)
Loans measured at amortised cost	1,525,816	1,695,002	-10.0
Housing loans in PLN	1,177,556	1,194,758	-1.4
Housing loans in CHF	73,708	139,620	-47.2
Housing loans in EUR	263,627	344,047	-23.4
Housing loans in USD	10,925	16,577	-34.1
<b>Loans measured at fair value through profit or loss</b>	<b>15</b>	<b>43</b>	<b>-65.1</b>
Housing loans in PLN	15	43	-65.1
<b>TOTAL HOUSING LOANS</b>	<b>1,525,831</b>	<b>1,695,045</b>	<b>-10.0</b>

Foreign currency loans accounted for 22.8% of total housing loans (29.5% at year-end 2023). The share of housing loans denominated in CHF in the total loan portfolio of the Group (net) was 0.7%, having decreased by 0.5 percentage point on year-end 2023.

### Balance of green loans

The balance of green loans as at 30 September 2024 was PLN 4,742 million, a decrease of 1.9% on 30 September 2023. Green loans accounted for 40% of the Bank's total lending portfolio (vs 41% as at 31 December 2023).

GREEN LOANS, PLN thousand	30 Sep 2024	31 Dec 2023	Change (%)
Green loans to institutional clients	4,347,215	4,413,650	-1.5%
Green loans to retail clients	394,390	418,584	-5.8%
<b>GREEN LOANS</b>	<b>4,741,605</b>	<b>4,832,234</b>	<b>-1.9%</b>

\* nominal value

### Total loan sales

TOTAL LOAN SALES, PLN thousand	Q1-Q3 2024	Q1-Q3 2023	Change (%)
Loans to institutional clients during the quarter	2,529,750	2,946,281	-14.1
Loans to retail clients during the quarter	161,665	152,798	5.8
<b>LOANS MADE DURING THE QUARTER</b>	<b>2,691,415</b>	<b>3,099,078</b>	<b>-13.2</b>

Total loan sales amounted to PLN 2,691.4 million, representing a decrease of 13.2% compared with the nine months ended 30 September 2023.

### Green loan sales

GREEN LOAN SALES, PLN thousand	Q1-Q3 2024	Q1-Q3 2023	Change (%)
Sales to institutional clients during the quarter	1,250,272	1,206,895	3.6%



Sales to retail clients during the quarter	49,892	37,251	33.9%
<b>SALES DURING THE QUARTER</b>	<b>1,300,164</b>	<b>1,244,145</b>	<b>4.5%</b>

In the nine months ended 30 September 2024, sales of green loans amounted to PLN 1,300 million, representing a 4.5% year-on-year increase. The vast majority (in value terms) of the new green loans were made to institutional clients (96%). Loans for construction and energy projects (including municipal sector projects) represented the largest share of the total.

### Quality of the loan portfolio

QUALITY OF THE LOAN PORTFOLIO	30 Sep 2024	%	31 Dec 2023	%
<b>AMOUNTS DUE FROM CLIENTS MEASURED AT AMORTISED COST</b>				
Amounts due from clients without indications of impairment, including:	9,716,976	84.6	10,081,168	86.5
exposures without significant credit risk increase since initial recognition (Bucket 1)	8,129,055	70.8	9,027,502	77.5
exposures with significant increase in risk since initial recognition (Bucket 2)	1,587,921	13.8	1,053,666	9.0
Amounts due from clients with indication of impairment, impaired (Bucket 3)	1,639,584	14.3	1,472,394	12.6
<b>Total amounts due from clients measured at amortised cost (gross)</b>	<b>11,485,318</b>	<b>100.0</b>	<b>11,654,431</b>	<b>100.0</b>
Impairment losses on:				
amounts due from clients – (Bucket 1)	-105,382		-121,105	
amounts due from clients – (Bucket 2)	-81,803		-64,508	
amounts due from clients – (Bucket 3) with indication of impairment	-787,440		-760,846	
<b>Total impairment losses</b>	<b>-966,848</b>	<b>-8.4</b>	<b>-928,007</b>	<b>-8.0</b>
<b>Total amounts due from clients measured at amortised cost (net)</b>	<b>10,518,470</b>		<b>10,726,424</b>	
<b>AMOUNTS DUE FROM CLIENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
Fair value	50		139	
<b>Total amounts due from clients measured at fair value through profit or loss</b>	<b>50</b>		<b>139</b>	
Margin deposits	31,048		34,296	
Other amounts due from clients	5,812		6,577	
<b>Total amounts due from clients</b>	<b>10,555,380</b>		<b>10,767,436</b>	

The share of amounts due from clients with indications of impairment and impaired (Bucket 3) in the loan portfolio measured at amortised cost was 14.3% as at 30 September 2024, compared with 12.6% at year-end 2023. The amount of total loans in Bucket 3 fell by PLN 167.2 million from year-end 2023.

As at 30 September 2024, the loan loss provision coverage ratio for Bucket 3 loans was 48.0%, down by 3.7 percentage points on 31 December 2023.

## 6.3. Total equity and liabilities of the Group

Equity and liabilities, PLN thousand	30 Sep 2024	31 Dec 2023	Change (%)
Amounts due to central bank and other banks	281,690	75,146	274.9
Financial liabilities held for trading	59,266	79,920	-25.8
Amounts due to clients	17,085,066	18,565,197	-8.0
Subordinated liabilities	169,269	447,184	-62.1
Provisions	344,217	256,289	34.3
Tax liabilities	1,334	3,260	-59.1
Lease liabilities	49,170	53,253	-7.7
Other liabilities	343,170	403,582	-15.0
<b>Total equity</b>	<b>2,216,447</b>	<b>2,148,620</b>	<b>3.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>20,549,629</b>	<b>22,032,451</b>	<b>-6.7</b>

### Equity and liabilities of the Group

As at 30 September 2024, amounts due to clients represented the largest share (83.1%) of total equity and liabilities. Their share changed by -1.1 percentage points on 31 December 2023.

Equity amounted to PLN 2,216.5 million as at 30 September 2024, having increased by PLN 67.8 million, or 3.2%, primarily due to net profit earned.

### Liabilities of the Group

AMOUNTS DUE TO CLIENTS, PLN thousand	30 Sep 2024	31 Dec 2023	Change (%)
Retail clients	10,418,794	10,669,066	-2.3
current/checking accounts	4,957,563	4,624,837	7.2
term deposits	5,461,231	6,044,229	-9.6
Institutional clients	6,175,857	7,204,703	-14.3
current/checking accounts	3,706,382	4,627,042	-19.9
term deposits	2,469,475	2,577,661	-4.2
Other clients	57,422	208,099	-72.4
Borrowings from international financial institutions	406,668	439,283	-7.4
Lending support funds	26,325	44,046	-40.2
<b>TOTAL LIABILITIES</b>	<b>17,085,066</b>	<b>18,565,197</b>	<b>-8.0</b>

The main source of financing the Group's activities were amounts due to clients, including:

- deposits obtained through the Bank's outlets,
- borrowings from international financial institutions,
- funds provided by external donors for lending activity in the form of direct facilities, interest subsidies or contributions to equity (National Fund for Environmental Protection and Water Management, Provincial Funds for Environmental Protection and Water Management, European Fund for the Development of Polish Villages and JESSICA – Urban Development Fund).

As at 30 September 2024, amounts due to clients of the Group were PLN 17,085.1 million, having decreased by PLN 1,480.1 million, or 8.0%, on year-end 2023.

Amounts due to retail clients decreased by PLN 250.3 million, or 2.3%, in the nine months to 30 September 2024. Amounts due to institutional clients fell by PLN 1,028.8 million, or 14.3%.

## 7. Key financial ratios

FINANCIAL RATIOS (%)	Q1-Q3 2024	Q1-Q3 2023	Change in percentage points
Return on equity (ROE) <sup>1</sup>	1.9	3.8	-1.9
Return on assets (ROA) <sup>2</sup>	0.2	0.4	-0.2
Interest margin on total assets <sup>3</sup>	3.8	3.7	0.1
Cost-of-risk <sup>4</sup>	-0.8	-0.4	-0.1
Cost/income (C/I) <sup>5</sup> , assuming even distribution of the cost of the one-time contribution to the Bank Guarantee Fund over the year	57.0	51.3	5.7

<sup>1</sup>) net profit earned in the last four quarters to average equity,

<sup>2</sup>) net profit earned in the last four quarters to average assets,

<sup>3</sup>) net interest income in the last four quarters to average assets,

<sup>4</sup>) net impairment losses including measurement at fair value for the last 12 months to the average amount of the loan portfolio during period,

<sup>5</sup>) total administrative expenses and costs of use to net interest income, net fee and commission income, dividend income, gain (loss) on financial instruments measured at fair value through profit or loss net of valuation of receivables, gain (loss) on investment securities, gain (loss) on hedge accounting, gain (loss) on foreign exchange transactions and gain (loss) on other operations.

Interest margin on total assets, calculated as the ratio of net interest income for the twelve months to average assets, was 3.8%, compared with 3.7% in 2023.

The cost-to-income ratio deteriorated to 57.0% in the nine months ended 30 September 2024, compared with 51.3% for the entirety of 2023, primarily due to costs growing at a faster rate than income. Inclusive of the full-year contribution to the Bank Guarantee Fund charged to the costs of the period 1 January–30 September 2024, the C/I ratio stands at 57.7%. The cost-to-income ratio was affected by higher administrative expenses, as well as the consequences of the decision to discontinue a project to develop credit process support systems, with the related capital expenditures and personnel-related expenses written off, and to recognise a provision for expenditure under contracts concluded in the course of the project. The ratio was also negatively affected by the provisions for 'loan repayment holidays' charged to profit or loss.

## 8. Capital management

For detailed information on the capital adequacy management process, its purpose and capital adequacy measures, see the full-year financial statements. Presented below is key information on the capital ratios.

In accordance with Article 92 of the CRR, the Group is required to maintain the total capital ratio at a minimum of 8%. The Tier 1 capital ratio and Common equity Tier 1 capital ratio should amount at least to 6% and 4.5%, respectively.

According to the CRR and the Act of 5 August 2015 on Macroprudential Supervision of the Financial System and Crisis Management in the Financial System, financial institutions are required to maintain additional capital buffers for capital ratios. As of 1 January 2019, the capital conservation buffer is 2.5 percentage points and the countercyclical buffer is 0 percentage point. The Bank and the Group are not required to maintain the buffer defined for other systemically important institution. The systemic risk buffer was released by decision of the Minister of Finance dated 18 March 2020.

On 13 December 2023, the Polish Financial Supervision Authority recommended that own funds should be maintained, on a standalone basis, to cover the additional capital add-on to absorb potential losses resulting from the occurrence of stress conditions at the level of 1.43 percentage points and a standalone basis and at 1.33 percentage points on a consolidated basis above the total capital ratio referred to in Article 92(1)(a-c) of Regulation No 575/2013, increased by the additional own funds requirement referred to in Article 138(2)(2) of the Banking Law and by the combined buffer requirement referred to in Article 55.4 of the Macroprudential Supervision Act. The additional add-on should consist entirely of Common Equity Tier 1 capital.

As a result, as at 30 September 2024, the minimum capital ratios recommended by the PFSA for the Bank were:

- common equity Tier 1 capital ratio – 8.43%,
- Tier 1 capital ratio – 9.93%,
- total capital ratio TCR – 11.93%.

As at 30 September 2024, the minimum capital ratios recommended by the PFSA for the Group were:

- common equity Tier 1 capital ratio – 8.33%,
- Tier 1 capital ratio – 9.83%,
- total capital ratio TCR – 11.83%.

The capital adequacy ratios of the Bank and the Group as at 30 September 2024 were above the supervisory and internal limits.

**The Bank's capital adequacy levels were as follows:**

Item	30 Sep 2024	31 Dec 2023
<b>Available capital</b>		
Common equity Tier 1 capital	2,002,841	1,839,154
Tier 1 capital	2,002,841	1,839,154
Own funds	2,103,957	1,982,180
<b>Risk-weighted assets</b>		
Total amount of risk-weighted assets	11,433,421	11,865,406
Credit risk and counterparty credit risk	9,953,854	10,400,318
Operational risk	1,364,505	1,364,505
Market risk	104,443	84,796
CVA	10,618	15,787
<b>Capital ratios</b>		
Common equity Tier 1 capital ratio	17.52	15.50
Tier 1 capital ratio	17.52	15.50
Total capital ratio	18.40	16.71
<b>Leverage ratio</b>		
Exposure value	22,317,781	23,811,085
Leverage ratio	9.0	7.7
<b>Internal capital</b>		
Internal capital	1,525,319	1,478,513
Internal capital to equity ratio	72.5	74.6

The Group's capital adequacy levels were as follows:

Item	30 Sep 2024	31 Dec 2023
<b>Available capital</b>		
Common equity Tier 1 capital	2,097,980	1,970,827
Tier 1 capital	2,097,980	1,970,827
Own funds	2,199,097	2,113,853
<b>Risk-weighted assets</b>		
Total amount of risk-weighted assets	12,293,846	12,990,139
Credit risk and counterparty credit risk	9,988,683	10,621,687
Operational risk	1,722,501	1,722,501
Market risk	570,866	630,187
CVA	11,796	15,764
<b>Capital ratios</b>		
Common equity Tier 1 capital ratio	17.07	15.17
Tier 1 capital ratio	17.07	15.17
Total capital ratio	17.89	16.27
<b>Leverage ratio</b>		
Exposure value	22,699,788	24,326,140
Leverage ratio	9.2	8.1
<b>Internal capital</b>		
Internal capital	1,595,708	1,569,754
Internal capital to equity ratio	72.6	74.3

## 9. Segment reporting

In accordance with IFRS 8, operating segments are determined on the basis of internal reports on components of an enterprise that are subject to periodic reviews by the management responsible for taking operational decisions. For a description of the policies applied in segment reporting, see Note 50 to the full-year consolidated financial statements of the Group for the year ended 31 December 2023. The results of the operating segments for the corresponding period of the previous year have been restated to ensure comparability. Below are presented the consolidated financial results of the BOŚ Group attributable to the segments for the three months ended 30 September 2024 and 30 September 2023:

Statement of items of profit or loss for 9 months ended 30 Sep 2024		INSTITUTIONAL CLIENTS	RETAIL CLIENTS	TREASURY AND INVESTMENTS	BROKERAGE BUSINESS	OTHER (NOT ALLOCATED TO SEGMENTS)	BOŚ GROUP
<b>I.</b>	<b>Net interest income</b>	<b>227,186</b>	<b>167,912</b>	<b>163,924</b>	<b>60,599</b>	<b>- 1,129</b>	<b>618,492</b>
1.	Interest and similar income, including:	895,070	546,463	- 357,865	70,540	35	1,154,243
	transactions with external clients	563,113	137,489	367,967	7,238	-	1,075,807
	transactions with other segments	331,957	408,974	- 725,832	63,302	35	78,436
2.	Interest expense and similar charges, including:	- 667,884	- 378,551	521,789	- 9,941	- 1,164	- 535,751
	transactions with external clients	- 148,218	- 253,095	- 48,605	- 7,373	- 24	- 457,315
	transactions with other segments	- 519,666	- 125,456	570,394	- 2,568	- 1,140	- 78,436
<b>II.</b>	<b>Net fee and commission income</b>	<b>44,612</b>	<b>6,943</b>	<b>-</b>	<b>44,805</b>	<b>- 398</b>	<b>95,962</b>
III.	Dividend income	-	-	12,057	189	-	12,246
IV.	Gain (loss) on financial instruments measured at fair value through profit or loss	- 89	- 141	4,300	35,673	-	39,743
V.	Gain (loss) on hedge accounting	-	-	- 1,454	-	-	- 1,454
VI.	Gain (loss) on investment securities	-	-	29	-	-	29
VII.	Gain (loss) on foreign exchange transactions	25,727	2,319	- 18,154	- 285	-	9,607
VIII.	Gain (loss) on derecognition of financial instruments	329	5	-	-	-	334
IX.	Net banking income	297,765	177,038	160,702	140,981	- 1,527	774,959
X.	Net other income and expenses	- 4,397	- 16,284	-	- 1,000	- 9,409	- 31,090
XI.	Effect of legal risk of mortgage loans denominated in foreign currencies	-	- 179,040	-	-	-	- 179,040
XII.	Net impairment losses	- 59,710	12,743	7,999	-	-	- 38,968
XIII.	Net finance income (costs)	233,658	- 5,543	168,701	139,981	- 10,936	525,861
1.	Direct costs	- 25,579	- 20,667	- 2,013	- 82,642	- 1,783	- 132,684
	Profit (loss) after direct costs	208,079	- 26,210	166,688	57,339	- 12,719	393,177
2.	Indirect costs and mutual services	- 105,027	- 81,524	- 16,649	-	-	- 203,200
	Profit (loss) after direct and indirect costs	103,052	- 107,734	150,039	57,339	- 12,719	189,977
3.	Amortisation and depreciation	- 24,523	- 21,433	- 2,141	- 9,392	- 1,316	- 58,805
4.	Other costs (taxes, BFG, PFSA)	- 15,573	- 13,312	- 880	- 3,837	- 515	- 34,117
XIV.	Profit (loss) before tax	62,956	- 142,479	147,018	44,110	- 14,550	97,055
XV.	Allocated profit (loss) of ALM	52,261	91,312	- 143,573	-	-	-
<b>XVI.</b>	<b>Gross profit (loss) after ALM allocation</b>	<b>115,217</b>	<b>- 51,167</b>	<b>3,445</b>	<b>44,110</b>	<b>- 14,550</b>	<b>97,055</b>
<b>XVII.</b>	<b>Income tax expense</b>						<b>- 55,999</b>
<b>XVIII.</b>	<b>Net profit (loss)</b>						<b>41,056</b>
XIX.	Segment assets	8,630,010	1,936,316	9,359,736	395,640	227,927	20,549,629
	Segment liabilities	5,767,617	9,272,328	3,040,276	1,856,669	612,739	20,549,629

Expenditure on property, plant and equipment and intangible assets	12,063	10,032	1,588	9,047	52	32,782
--	--------	--------	-------	-------	----	--------

No.	Statement of items of profit or loss for 9 months ended 30 Sep 2023	INSTITUTIONAL CLIENTS	RETAIL CLIENTS	TREASURY AND INVESTMENTS	BROKERAGE BUSINESS	OTHER (NOT ALLOCATED TO SEGMENTS)	BOŠ GROUP
<b>I.</b>	<b>Net interest income</b>	<b>226,930</b>	<b>154,548</b>	<b>149,022</b>	<b>84,110</b>	<b>- 1,446</b>	<b>613,164</b>
1.	Interest and similar income, including:	996,946	651,139	- 417,538	111,932	34	1,342,513
	transactions with external clients	570,642	161,768	480,241	7,349	-	1,220,000
	transactions with other segments	426,304	489,371	- 897,779	104,583	34	122,513
2.	Interest expense and similar charges, including:	- 770,016	- 496,591	566,560	- 27,822	- 1,480	- 729,349
	transactions with external clients	- 180,581	- 350,349	- 51,155	- 24,727	- 24	- 606,836
	transactions with other segments	- 589,435	- 146,242	617,715	- 3,095	- 1,456	- 122,513
<b>II.</b>	<b>Net fee and commission income</b>	<b>46,948</b>	<b>8,447</b>	<b>-</b>	<b>41,571</b>	<b>- 430</b>	<b>96,536</b>
III.	Dividend income	-	-	8,118	162	-	8,280
IV.	Gain (loss) on financial instruments measured at fair value through profit or loss	- 138	- 203	4,015	30,062	-	33,736
V.	Gain (loss) on hedge accounting	-	-	- 1,187	-	-	- 1,187
VI.	Gain (loss) on investment securities	-	-	-	-	-	-
VII.	Gain (loss) on foreign exchange transactions	11,414	2,639	5,887	- 242	-	19,698
VIII.	Gain (loss) on derecognition of financial instruments	571	-	-	-	-	571
IX.	Net banking income	285,725	165,431	165,855	155,663	- 1,876	770,798
X.	Net other income and expenses	4,477	- 973	-	- 5,697	- 660	- 2,853
XI.	Effect of legal risk of mortgage loans denominated in foreign currencies	-	- 237,011	-	-	-	- 237,011
XII.	Net impairment losses	- 14,241	6,623	- 10,690	-	- 85	- 18,393
XIII.	Net finance income (costs)	275,961	- 65,930	155,165	149,966	- 2,621	512,541
1.	Direct costs	- 27,783	- 20,242	- 2,128	- 45,390	- 1,027	- 96,570
	Profit (loss) after direct costs	248,178	- 86,172	153,037	104,576	- 3,648	415,971
2.	Indirect costs and mutual services	- 82,254	- 68,645	- 13,319	-	-	- 164,218
	Profit (loss) after direct and indirect costs	165,924	- 154,817	139,718	104,576	- 3,648	251,753
3.	Amortisation and depreciation	- 22,410	- 20,597	- 2,089	- 8,190	- 1,279	- 54,565
4.	Other costs (taxes, BFG, PFSA)	- 15,601	- 12,749	- 510	- 30,469	- 1,139	- 60,468
XIV.	Profit (loss) before tax	127,913	- 188,163	137,119	65,917	- 6,066	136,720
XV.	Allocated profit (loss) of ALM	35,104	113,540	- 148,644	-	-	-
<b>XVI.</b>	<b>Gross profit (loss) after ALM allocation</b>	<b>163,017</b>	<b>- 74,623</b>	<b>- 11,525</b>	<b>65,917</b>	<b>- 6,066</b>	<b>136,720</b>
<b>XVII.</b>	<b>Income tax expense</b>						<b>- 58,065</b>
<b>XVIII.</b>	<b>Net profit (loss)</b>						<b>78,655</b>
XIX.	Segment assets	8,367,626	2,222,604	10,807,339	342,786	257,723	21,998,078



Segment liabilities	6,898,677	9,838,990	3,374,090	1,842,895	43,426	21,998,078
Expenditure on property, plant and equipment and intangible assets	12,807	11,062	1,633	7,719	-	33,221

## 10. Pending proceedings and changes in law

### Lawsuits – total

As at 30 September 2024, Bank Ochrony Środowiska S.A. was:

1. a claimant in 831 lawsuits for a total amount of PLN 161.3 million,
2. a respondent in 2,225 lawsuits for a total amount of PLN 882.4 million.

As at 30 September 2024, the Bank was not involved in any material proceedings pending before any court, arbitration body or public administration authority where the amount of the Bank's liabilities or claims would represent at least 10% of the Bank's equity.

### Investment certificates

Between 2015 and 2017, the Bank acted as a broker for the distribution of investment certificates from several investment funds. These funds were subject to regulation and oversight by the relevant authorities, in accordance with applicable laws. Due to the financial circumstances and legal status of certain investment funds, some purchasers of investment certificates have lodged compensation claims against the Bank.

As at 30 September 2024, there were 42 ongoing court cases concerning investment certificates, with the disputed amounts totalling PLN 18.75 million.

The Bank continuously monitors the funds' capacity to redeem certificates and updates its assessment of legal risks associated with adverse court rulings and the obligation to enforce judgments. Based on this assessment, a provision of PLN 9.53 million was recognised.

### Proceedings by UOKiK

On 13 February 2024, the Bank received a notification from the President of the Office of Competition and Consumer Protection (UOKiK) dated 8 February 2024, initiating proceedings regarding practices that infringe upon the collective interests of consumers. The President of UOKiK raised the following allegations against the Bank:

1. The Bank allegedly failed to reimburse the amount of an unauthorised payment transaction or to restore the affected account to its pre-transaction state by no later than D+1 (i.e. by the end of the next business day following the consumer's report of the unauthorised transaction). This was despite there being no valid reasons to withhold such actions, such as when the Bank has reasonable and properly documented grounds to suspect fraud by the consumer and has reported this suspicion to law enforcement, or when the notification of the unauthorised transaction was received from the consumer more than 13 months after the account was debited.
2. The Bank is also accused of misleading consumers in its responses to reports of unauthorised payment transactions by suggesting that the mere authentication of a transaction by the Bank is equivalent to its authorisation, thus absolving the Bank of liability. This involves the use of individual authentication data in a way that might misleadingly indicate that authentication alone constitutes authorisation. In other words, the President of UOKiK accuses the Bank of misleading consumers by implying in its responses that authenticating a transaction is the same as authorising it.

According to the President of UOKiK, the Bank's practice described in point 1 above may violate Article 46(1) of the Payment Services Act of 19 August 2011 and infringe upon the collective interests of consumers. Consequently, this could constitute a practice that breaches the collective interests of consumers as specified in Articles 24(1) and 24(2) of the Act on Competition and Consumer Protection.

In the view of the President of UOKiK, the practice described in point 2 may mislead consumers about the Bank's obligations under Article 46(1) of the Payment Services Act. It may also misrepresent the distribution of the burden of proof in demonstrating that a payment transaction was authorised (i.e. shifting the burden of proof onto the consumer). This could constitute an unfair market practice as outlined in Article 5(1), 5(2)(1) and 5(3)(3) in conjunction with Article 4(2) of the Act of 23 August 2007 on Counteracting Unfair Market Practices, infringing upon the collective interests of consumers. Consequently, this could represent a practice that

breaches the collective interests of consumers as specified in Articles 24(1) and 24(2)(3) of the Act on Competition and Consumer Protection.

The Bank does not know the timeline for the conclusion of the proceedings, nor can it predict the outcome or decision that will result from these proceedings.

This issue impacts a substantial segment of the banking sector and has been addressed in submissions by the Polish Bank Association to UOKiK.

### **Proceedings by PFSA**

On 27 April 2023, the Polish Financial Supervision Authority initiated administrative proceedings to impose an administrative penalty on Bank Ochrony Środowiska S.A. under Articles 147(4)(a), 147(5), 147(11) and 147(13) of the Anti-Money Laundering and Terrorist Financing Act as a result of an audit. At this stage, it is not possible to determine the possible financial impact of the proceedings.

### **'Free credit' sanction**

The Bank has noted complaints and legal actions filed with respect to consumer loans wherein borrowers allege violations of the Consumer Credit Act of 12 May 2011, resulting in the imposition of 'free credit' sanctions. Consumers argue that the Bank has not adequately fulfilled its obligations to provide information about variable loan interest rates and misstated credit costs. They also challenge the validity of interest charged on financed arrangement fees and other loan-related charges.

The successful assertion of violations of the provisions of the Consumer Credit Act and the consumer's use of 'free credit' sanctions does not render the consumer credit agreement void. The agreement remains legally binding, but the Bank loses interest income.

As at 30 September 2024, there were 24 ongoing court cases concerning 'free credit' sanctions, with the disputed amounts totalling PLN 781.6 thousand.

### **Litigation against the Bank concerning loans denominated in or tied to foreign currencies**

The vast majority of court rulings delivered after the judgment of the Court of Justice of the European Union ('CJEU') of 3 October 2019 in case C-260/18 are unfavourable to banks.

The Bank monitors both domestic case law and the CJEU's rulings on an ongoing basis when assessing the legal risks of foreign currency-indexed loans and takes into account in its analyses that the CJEU judgments and rulings by Polish courts to the disadvantage of banks result in a growing number of court proceedings and increase in the value of claims sought.

In 2021, BOŚ SA, together with a group of other banks, initiated a project to create a voluntary settlement offer for clients. This agreement stipulates that loans originally denominated in foreign currencies be recalculated as if they had been issued in Polish zloty from the outset, applying an interest rate based on the WIBOR plus an appropriate margin.

Having obtained the approval of the Extraordinary General Meeting (Resolution No. 4/2021 of 8 December 2021), on 31 January 2022 the Bank implemented the BOŚ S.A. Settlement Programme based on a framework communicated by the President of the PFSA. By 30 September 2024, a total of 806 settlements had been concluded under the Programme.

As at 30 September 2024, the provision for foreign currency-linked mortgage risk amounted to a total of PLN 744.2 million, of which PLN 235.8 million is presented as a provision for litigation and claims for legal risk related to foreign currency mortgage loans, and PLN 508.3 million – as an adjustment to the gross carrying amount.

As at 30 September 2024, there were 2,120 court cases pending against the Bank concerning loans denominated mainly in CHF (as well as USD and EUR), with a total value of claims of PLN 830.4 million. The claims filed in lawsuits concerning credit agreements and loans tied to foreign currency exchange rates

typically seek to have the loan agreement declared null and void and to secure a refund of paid credit instalments and other loan-related charges.

## **11. Non-recurring factors and events with a bearing on financial results**

In the three months ended 30 September 2024, there were no other events at the Bank that would be material to the assessment of its human resources, assets, financial position, financial result and any changes thereto, as well as for the assessment of the Bank's ability to fulfil its obligations.

## **12. Management Board's position on the ability to deliver on published forecasts**

In the three months to 30 September 2024, the BOŚ Group did not publish any performance forecasts.

## **13. Seasonal or cyclical nature of the business**

The Bank's business does not involve any significant events or factors that would be subject to seasonal or cyclical variations. Dom Maklerski BOŚ S.A.'s performance depends on the prevailing situation on the Warsaw Stock Exchange.

## **14. Issue, redemption and repayment of debt and equity securities**

The Bank did not issue or redeem any BOŚ S.A. securities in the three months to 30 September 2024.

## **15. Information about dividend**

In the three months to 30 September 2024, the Bank did not make or declare any dividend payments.

## **16. Related party transactions**

In the period from 1 January to 30 September 2024, the Bank and its subsidiaries did not enter into any related party transactions which, individually or in the aggregate, would be material and executed on non-arm's length terms.

## **17. Credit repayment sureties and guarantees where the aggregate value of existing sureties or guarantees represents 10% or more of the issuer's equity**

In the three months to 30 September 2024, the Bank did not issue any credit repayment sureties or guarantees whose aggregate amount would represent 10% or more of its equity.

## **18. Shareholders holding directly and indirectly 5% or more of total voting rights in the issuer**

The following shareholders held at least 5% of the share capital and total voting rights:

- National Fund for Environmental Protection and Water Management – holding 53,951,960 shares, which represent 58.05% of the share capital and total voting rights.
- Polish Enterprises Closed-End Investment Fund for Non-Public Assets Management – holding 8,000,000 shares, which represent 8.61% of the share capital and total voting rights.
- Directorate General of State Forests Management – holding 5,148,000 shares, which represent 5.54% of the share capital and total voting rights.

The total number of shares and voting rights in BOŚ S.A. is 92,947,671. All shares are ordinary bearer shares with a par value of PLN 10 per share.

As at 30 September 2024, the Bank held 37,775 treasury shares, representing 0.04% of its share capital and 0.04% of total voting rights in the Bank.

In accordance with the Commercial Companies Code, the Bank may not exercise voting rights attached to its own shares.

The Bank is not aware of any agreements concerning future changes in the shareholding structure.

## **19. Bank shares held by management and supervisory personnel**

According to statements made by members of the Management and Supervisory Boards, none of them held any shares in the Bank or any of its related entities as at 30 September 2024.

## 20. Other information which the issuer believes to be material to the assessment of its human resources, assets, financial standing, financial performance and changes thereto, and information which is material to the issuer

In the three months ended 30 September 2024, there were no other events at the Bank that would be material to the assessment of its human resources, assets, financial position, financial result and any changes thereto, as well as for the assessment of the Bank's ability to fulfil its obligations.

## 21. Supervisory Board

As at 30 September 2024, the composition of the Supervisory Board was as follows:

1. Adam Ruciński – Chair,
2. Artur Stefański – Deputy Chair,
3. Marzenna Sendecka – Secretary,
4. Wojciech Krawczyk – Member,
5. Marcin Liberadzki – Member,
6. Marcin Likierski – Member,
7. Władysław Mańkut – Member,
8. Aleksandra Świdorska – Member,
9. Piotr Wybieralski – Member.

During the three months ended 30 September 2024, the composition of the Supervisory Board did not change.

After the reporting period:

In the period 1 October–13 October 2024, Artur Stefański was delegated to temporarily serve as Vice President of the Bank's Management Board under a resolution of the Supervisory Board.

Until the date of this report, the composition of the Supervisory Board did not change.

## 22. Management Board

In the three months ended 30 September 2024, the composition of the Management Board changed as follows:

On 18 July 2024, the Polish Financial Supervision Authority approved the appointment of Bartosz Kublik to the position of President of the Management Board of Bank Ochrony Środowiska S.A.

On 21 August 2024, the Bank was notified of sudden and unexpected expiry of the mandate held by Tomasz Jodłowski, Vice President of the Management Board of Bank Ochrony Środowiska S.A. (the mandate expired on 20 August 2024 as a result of his death).

Therefore, as at 30 September 2024, the Management Board was composed of:

1. Bartosz Kublik – President of the Management Board,
2. Kamil Kuźmiński – Vice President of the Management Board,
3. Krzysztof Łabowski – Vice President of the Management Board,
4. Michał Należyty – Vice President of the Management Board.

After the reporting period:

1 October 2024 was the effective date of the Supervisory Board's resolution of 26 September 2024 delegating Artur Stefański to temporarily serve as Vice President of the Management Board (from 1 October to 13 October 2024).

Therefore, on 1–13 October 2024, the Management Board was composed of:

- 1.** Bartosz Kublik – President of the Management Board,
- 2.** Kamil Kuźmiński – Vice President of the Management Board,
- 3.** Krzysztof Łabowski – Vice President of the Management Board,
- 4.** Michał Należyty – Vice President of the Management Board,
- 5.** Artur Stefański – Member of the Supervisory Board delegated to temporarily serve as Vice President of the Management Board.

14 October 2024 was the effective date of the Supervisory Board's resolution of 26 September 2024 appointing Piotr Kubaty as Vice President of the Management Board.

Therefore, since 14 October 2024, the composition of the Management Board has been as follows:

- 1.** Bartosz Kublik – President of the Management Board,
- 2.** Piotr Kubaty – Vice President of the Management Board,
- 3.** Kamil Kuźmiński – Vice President of the Management Board,
- 4.** Krzysztof Łabowski – Vice President of the Management Board,
- 5.** Michał Należyty – Vice President of the Management Board.

Until the date of this report, the composition of the Management Board did not change.

At its meeting held on 26 September 2024, the Supervisory Board also passed a resolution to appoint Piotr Kubaty as Vice President – First Deputy President of the Management Board. The resolution will take effect subject to approval of that appointment by the Polish Financial Supervision Authority, as of the date of such approval.



# CONDENSED INTERIM FINANCIAL STATEMENTS OF THE BOŚ GROUP

## Consolidated interim statement of profit or loss of the BOŚ Group

Continuing operations	for 3 months ended 30 Sep 2024	for 9 months ended 30 Sep 2024	for 3 months ended 30 Sep 2023	for 9 months ended 30 Sep 2023
Interest and similar income, including:	361,876	1,075,807	408,944	1,220,000
<i>financial assets measured at amortised cost</i>	268,455	801,877	288,382	855,296
<i>assets measured at fair value through other comprehensive income</i>	88,215	257,171	114,437	345,759
<i>financial assets measured at fair value through profit or loss</i>	5,206	16,759	6,125	18,945
Interest expense and similar charges, including:	- 145,804	- 457,315	- 206,683	- 606,836
<i>financial liabilities measured at amortised cost</i>	- 145,804	- 457,315	- 206,683	- 606,836
<b>Net interest income</b>	<b>216,072</b>	<b>618,492</b>	<b>202,261</b>	<b>613,164</b>
Fee and commission income	43,396	127,739	43,363	128,952
Fee and commission expense	- 11,094	- 31,777	- 10,814	- 32,416
<b>Net fee and commission income</b>	<b>32,302</b>	<b>95,962</b>	<b>32,549</b>	<b>96,536</b>
Dividend income	61	12,246	120	8,280
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)	15,629	39,743	7,232	33,736
Gain (loss) on investment securities	-	29	-	-
Gain (loss) on hedge accounting	- 492	- 1,454	55	- 1,187
Gain (loss) on foreign exchange transactions	3,250	9,607	19,349	19,698
Gain (loss) on derecognition of financial instruments	25	334	-	571
Other income	7,362	29,199	7,561	31,023
Other expenses	- 14,226	- 60,289	- 11,273	- 33,876
Effect of legal risk of mortgage loans denominated in foreign currencies	- 71,517	- 179,040	- 75,218	- 237,011
Net impairment losses	- 42,436	- 38,968	- 24,421	- 18,393
Administrative expenses	- 137,786	- 428,806	- 120,331	- 375,821
<b>Profit before tax</b>	<b>8,244</b>	<b>97,055</b>	<b>37,884</b>	<b>136,720</b>
Income tax expense	- 17,419	- 55,999	- 14,980	- 58,065
<b>Net profit</b>	<b>- 9,175</b>	<b>41,056</b>	<b>22,904</b>	<b>78,655</b>
<i>of which attributable to owners of parent</i>	- 9,175	41,056	22,904	78,655

Earnings per share attributable to owners of the parent during period (PLN)				
<i>basic</i>		0.44		0.85
<i>diluted</i>		0.44		0.85

No operations were discontinued in the nine months ended 30 September 2024 or in 2023.

## Consolidated interim statement of comprehensive income of the BOŚ Group

Continuing operations	for 3 months ended 30 Sep 2024	for 9 months ended 30 Sep 2024	for 3 months ended 30 Sep 2023	for 9 months ended 30 Sep 2023
<b>Net profit</b>	<b>- 9,175</b>	<b>41,056</b>	<b>22,904</b>	<b>78,655</b>
<b>Items that may be reclassified to profit or loss:</b>	<b>29,930</b>	<b>26,770</b>	<b>23,700</b>	<b>77,384</b>
Fair value of financial assets measured at fair value through other comprehensive income, gross	36,950	33,049	29,260	95,536
Deferred tax	- 7,020	- 6,279	- 5,560	- 18,152
<b>Items that will not be reclassified to profit or loss:</b>	<b>- 1</b>	<b>1</b>	<b>-</b>	<b>2</b>
Fair value of equity instruments carried at fair value through other comprehensive income, gross	- 1	1	-	3
Deferred tax	-	-	-	- 1
<b>Other comprehensive income</b>	<b>29,929</b>	<b>26,771</b>	<b>23,700</b>	<b>77,386</b>
<b>Total comprehensive income:</b>	<b>20,754</b>	<b>67,827</b>	<b>46,604</b>	<b>156,041</b>
<i>of which attributable to owners of the parent</i>	20,754	67,827	46,604	156,041

## Consolidated interim statement of financial position of the BOŚ Group

Assets	30 Sep 2024	31 Dec 2023
Cash and balances with central bank	605,612	584,089
Amounts due from banks	147,398	162,781
Financial assets held for trading, including:	167,754	169,494
<i>equity securities</i>	34,431	28,848
<i>debt securities</i>	16,737	209
<i>derivative instruments</i>	116,586	140,437
Derivative hedging instruments	8,326	15,556
Investment securities:	8,307,011	9,484,770
<i>equity securities measured at fair value through other comprehensive income</i>	106,654	106,656
<i>debt securities measured at fair value through other comprehensive income</i>	6,247,055	6,885,521
<i>debt securities measured at amortised cost</i>	1,824,726	2,366,265
<i>debt securities measured at fair value through profit or loss</i>	128,576	126,328
Amounts due from clients, including:	10,555,380	10,767,436
<i>measured at amortised cost</i>	10,555,330	10,767,297
<i>measured at fair value through profit or loss</i>	50	139
Intangible assets	105,080	131,833
Property, plant and equipment	89,423	92,327
Right of use – leases	52,038	53,967
Tax assets:	137,793	158,734
<i>current</i>	2,883	402
<i>deferred</i>	134,910	158,332
Other assets	373,814	411,464
<b>Total assets</b>	<b>20,549,629</b>	<b>22,032,451</b>

Liabilities	30 Sep 2024	31 Dec 2023
Amounts due to central bank and other banks	281,690	75,146
Financial liabilities held for trading, including:	59,266	79,920
<i>equity securities</i>	1,167	950
<i>derivative instruments</i>	58,099	78,970
Amounts due to clients	17,085,066	18,565,197
Subordinated liabilities	169,269	447,184
Provisions	344,217	256,289
Tax liabilities:	1,334	3,260
<i>current</i>	76	2,312
<i>deferred</i>	1,258	948
Lease liabilities	49,170	53,253
Other liabilities	343,170	403,582
<b>Total liabilities</b>	<b>18,333,182</b>	<b>19,883,831</b>

Equity	30 Sep 2024	31 Dec 2023
<b>Equity attributable to owners of the parent:</b>		
Common equity:	1,461,036	1,461,036
<i>Share capital</i>	929,477	929,477
<i>Treasury shares</i>	-1,292	-1,292
<i>Share premium</i>	532,851	532,851
Revaluation reserve	76,016	49,245
Retained earnings	679,395	638,339
<b>Total equity</b>	<b>2,216,447</b>	<b>2,148,620</b>
<b>Total equity and liabilities</b>	<b>20,549,629</b>	<b>22,032,451</b>

## Consolidated interim statement of changes in equity of the BOŚ Group

	Equity attributable to owners of the Bank								Total equity
	Common equity			Revaluation reserve	Retained earnings				
	Share capital	Treasury shares	Share premium		Other statutory reserve funds	Other capital reserves	General risk fund	Undistributed profit (loss)	
<b>As at 1 Jan 2024</b>	<b>929,477</b>	<b>- 1,292</b>	<b>532,851</b>	<b>49,245</b>	<b>599,609</b>	<b>23,605</b>	<b>48,302</b>	<b>- 33,177</b>	<b>2,148,620</b>
Net profit	-	-	-	-	-	-	-	41,056	41,056
Other comprehensive income	-	-	-	26,771	-	-	-	-	26,771
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,771</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,056</b>	<b>67,827</b>
<b>Profit distribution, including:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94,643</b>	<b>-</b>	<b>-</b>	<b>- 94,643</b>	<b>-</b>
Transfer of net profit to reserves	-	-	-	-	94,643	-	-	- 94,643	-
<b>As at 30 Sep 2024</b>	<b>929,477</b>	<b>- 1,292</b>	<b>532,851</b>	<b>76,016</b>	<b>694,252</b>	<b>23,605</b>	<b>48,302</b>	<b>- 86,764</b>	<b>2,216,447</b>

<b>As at 1 Jan 2023</b>	<b>929,477</b>	<b>- 1,292</b>	<b>532,851</b>	<b>- 56,863</b>	<b>457,479</b>	<b>23,605</b>	<b>48,302</b>	<b>30,579</b>	<b>1,964,138</b>
Net profit	-	-	-	-	-	-	-	78,374	78,374
Other comprehensive income	-	-	-	106,108	-	-	-	-	106,108
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,374</b>	<b>184,482</b>
<b>Profit distribution, including:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142,130</b>	<b>-</b>	<b>-</b>	<b>- 142,130</b>	<b>-</b>

Transfer of net profit to reserves	-	-	-	-	142,130	-	-	- 142,130	-
<b>As at 31 Dec 2023</b>	<b>929,477</b>	<b>- 1,292</b>	<b>532,851</b>	<b>49,245</b>	<b>599,609</b>	<b>23,605</b>	<b>48,302</b>	<b>- 33,177</b>	<b>2,148,620</b>

<b>As at 1 Jan 2023</b>	<b>929,477</b>	<b>- 1,292</b>	<b>532,851</b>	<b>- 56,863</b>	<b>457,479</b>	<b>23,605</b>	<b>48,302</b>	<b>30,579</b>	<b>1,964,138</b>
Net profit	-	-	-	-	-	-	-	78,655	78,655
Other comprehensive income	-	-	-	77,386	-	-	-	-	77,386
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,386</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,655</b>	<b>156,041</b>
<b>Profit distribution, including:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142,130</b>	<b>-</b>	<b>-</b>	<b>- 142,130</b>	<b>-</b>
Transfer of net profit to reserves	-	-	-	-	142,130	-	-	- 142,130	-
<b>As at 30 Sep 2023</b>	<b>929,477</b>	<b>- 1,292</b>	<b>532,851</b>	<b>20,523</b>	<b>599,609</b>	<b>23,605</b>	<b>48,302</b>	<b>- 32,896</b>	<b>2,120,179</b>

There were no non-controlling interests in the nine months ended 30 September 2024 or in 2023.

## Consolidated interim statement of cash flows of the BOŚ Group

Indirect method	for 9 months ended 30 Sep 2024	for 9 months ended 30 Sep 2023
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>97,055</b>	<b>136,720</b>
<b>Total adjustments:</b>	<b>-1,233,471</b>	<b>-1,032,108</b>
Amortisation and depreciation	58,805	54,565
Interest income on investing activities	-154,249	-155,479
Gain (loss) on investing activities	2	1
Interest income on financing activities	27,704	28,351
Dividends received:	-12,246	-8,280
<i>on securities held for trading</i>	189	162
<i>on investment securities</i>	12,057	8,118
Change in:		
<i>amounts due from banks</i>	-2,815	4,443
<i>assets on securities held for trading</i>	-22,111	-3,071
<i>assets and liabilities from measurement of derivative and hedging financial instruments</i>	10,210	26,044
<i>investment securities</i>	-128,783	-1,256,013
<i>amounts due from clients</i>	212,056	568,085
<i>other assets and income tax</i>	52,038	-32,075
<i>amounts due to central bank and other banks</i>	206,544	28,621
<i>amounts due to clients</i>	-1,480,131	-293,198
<i>liabilities arising from securities held for trading</i>	217	392
<i>provisions</i>	87,928	35,494
<i>other liabilities and income tax</i>	-57,288	41,500
Income tax paid	-43,598	-79,768
<b>Net cash flows from (used in) operating activities</b>	<b>-1,136,416</b>	<b>-895,388</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
<b>Inflows</b>	<b>714,417</b>	<b>159,946</b>
Cash receipts from sale of property, plant and equipment	-	3
Cash receipts from redemption of securities measured at amortised cost	540,000	9,833
Interest received on securities measured at amortised cost	174,417	150,110
<b>Outflows</b>	<b>-51,340</b>	<b>-526,837</b>
Payments for acquisition of securities measured at amortised cost	-18,629	-493,679
Payments for acquisition of intangible assets	-20,341	-22,469



Payments for acquisition of property, plant and equipment	-12,370	-10,689
<b>Net cash flows from (used in) investing activities</b>	<b>663,077</b>	<b>-366,891</b>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
<b>Inflows</b>	<b>-</b>	<b>100,000</b>
Interest received on bonds issued by the Group, including:	-	100,000
<i>subordinated bonds</i>	-	100,000
<b>Outflows</b>	<b>-321,389</b>	<b>-47,539</b>
Redemption of bonds issued by the Group	-267,214	-
Interest paid on bonds issued by the Group, including:	-36,045	-30,110
<i>subordinated bonds</i>	-36,045	-30,110
Lease payments	-15,925	-13,078
Lease interest paid	-2,205	-4,351
<b>Net cash flows from (used in) financing activities</b>	<b>-321,389</b>	<b>52,461</b>
<b>TOTAL NET CASH FLOWS</b>	<b>-794,728</b>	<b>-1,209,818</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>4,024,053</b>	<b>5,254,792</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>3,229,325</b>	<b>4,044,974</b>
Restricted cash and cash equivalents	575,976	623,121

## CONDENSED INTERIM FINANCIAL STATEMENTS OF BOŚ S.A.

### Interim statement of profit or loss of the Bank

Continuing operations	for 3 months ended 30 Sep 2024	for 9 months ended 30 Sep 2024	for 3 months ended 30 Sep 2023	for 9 months ended 30 Sep 2023
Interest and similar income, including:	358,506	1,062,921	403,088	1,207,431
<i>financial assets measured at amortised cost</i>	265,056	789,014	282,535	842,744
<i>assets measured at fair value through other comprehensive income</i>	88,215	257,171	114,437	345,759
<i>financial assets measured at fair value through profit or loss</i>	5,235	16,736	6,116	18,928
Interest expense and similar charges, including:	- 164,627	- 513,539	- 231,712	- 685,812
<i>financial liabilities measured at amortised cost</i>	- 164,627	- 513,539	- 231,712	- 685,812
<b>Net interest income</b>	<b>193,879</b>	<b>549,382</b>	<b>171,376</b>	<b>521,619</b>
Fee and commission income	19,294	59,679	21,277	62,574
Fee and commission expense	- 2,577	- 7,394	- 2,206	- 6,638
<b>Net fee and commission income</b>	<b>16,717</b>	<b>52,285</b>	<b>19,071</b>	<b>55,936</b>
Dividend income	-	12,057	-	8,118
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)	2,506	4,033	- 2,150	3,827
Gain (loss) on investment securities	-	29	-	-
Gain (loss) on hedge accounting	- 492	- 1,454	55	- 1,187
Gain (loss) on foreign exchange transactions	3,470	9,966	19,331	20,018
Gain (loss) on derecognition of financial instruments	25	334	-	571
Other income	3,585	10,723	3,420	14,729
Other expenses	- 10,963	- 47,841	- 6,199	- 19,601
Effect of legal risk of mortgage loans denominated in foreign currencies	- 71,517	- 179,040	- 75,218	- 237,011
Net impairment losses	- 42,705	- 36,551	- 24,373	- 29,100
Administrative expenses	- 101,115	- 323,906	- 87,719	- 281,163
Share of profit (loss) of equity-accounted entities	11,769	36,512	14,318	50,270
<b>Profit before tax</b>	<b>5,159</b>	<b>86,529</b>	<b>31,912</b>	<b>107,026</b>
Income tax expense	- 14,200	- 45,776	- 10,332	- 42,261
<b>Net profit</b>	<b>- 9,041</b>	<b>40,753</b>	<b>21,580</b>	<b>64,765</b>
<b>Earnings per share attributable to owners of the parent during period (PLN)</b>				
<i>basic</i>		0.44		0.70
<i>diluted</i>		0.44		0.70

No operations were discontinued in the nine months ended 30 September 2024 or in 2023.

## Interim statement of comprehensive income of the Bank

Continuing operations	for 3 months ended 30 Sep 2024	for 9 months ended 30 Sep 2024	for 3 months ended 30 Sep 2023	for 9 months ended 30 Sep 2023
<b>Net profit</b>	- 9,041	40,753	21,580	64,765
<b>Items that may be reclassified to profit or loss:</b>	<b>29,930</b>	<b>26,770</b>	<b>23,700</b>	<b>77,384</b>
Fair value of financial assets measured at fair value through other comprehensive income, gross	36,950	33,049	29,260	95,536
Deferred tax	- 7,020	- 6,279	- 5,560	- 18,152
<b>Items that will not be reclassified to profit or loss:</b>	<b>- 1</b>	<b>1</b>	<b>-</b>	<b>2</b>
Fair value of equity instruments carried at fair value through other comprehensive income, gross	- 1	1	-	3
Deferred tax	-	-	-	- 1
<b>Other comprehensive income</b>	<b>29,929</b>	<b>26,771</b>	<b>23,700</b>	<b>77,386</b>
<b>Total comprehensive income</b>	<b>20,888</b>	<b>67,524</b>	<b>45,280</b>	<b>142,151</b>

## Interim statement of financial position of the Bank

Assets	30 Sep 2024	31 Dec 2023
Cash and balances with central bank	605,607	584,082
Amounts due from banks	143,205	162,681
Financial assets held for trading, including:	106,004	113,345
<i>debt securities</i>	15,678	-
<i>derivative instruments</i>	90,326	113,345
Derivative hedging instruments	8,326	15,556
Investment securities:	8,307,011	9,484,770
<i>equity securities measured at fair value through other comprehensive income</i>	106,654	106,656
<i>debt securities measured at fair value through other comprehensive income</i>	6,247,055	6,885,521
<i>debt securities measured at amortised cost</i>	1,824,726	2,366,265
<i>debt securities measured at fair value through profit or loss</i>	128,576	126,328
Amounts due from clients, including:	10,570,735	10,819,261
<i>measured at amortised cost</i>	10,570,685	10,819,122
<i>measured at fair value through profit or loss</i>	50	139
Investments in subsidiaries	272,703	276,191
Intangible assets	88,037	115,815
Property, plant and equipment	46,673	48,477
Right of use – leases	43,208	47,211
Tax assets:	121,448	143,464
<i>current</i>	2,883	-
<i>deferred</i>	118,565	143,464
Other assets	77,709	58,599
<b>Total assets</b>	<b>20,390,666</b>	<b>21,869,452</b>

Liabilities	30 Sep 2024	31 Dec 2023
Amounts due to central bank and other banks	281,690	75,146
Derivative financial instruments held for trading	51,073	76,653
Amounts due to clients	17,149,853	18,641,304
Subordinated liabilities	169,134	447,032
Provisions	317,015	228,388
Tax liabilities:	-	2,312
<i>current</i>	-	2,312
Lease liabilities	39,729	46,378
Other liabilities	184,843	222,434
<b>Total liabilities</b>	<b>18,193,337</b>	<b>19,739,647</b>

Equity	30 Sep 2024	31 Dec 2023
<b>Equity attributable to owners of the parent:</b>		
Common equity:	1,460,364	1,460,364
<i>Share capital</i>	929,477	929,477
<i>Treasury shares</i>	- 1,294	- 1,294
<i>Share premium</i>	532,181	532,181
Revaluation reserve	76,016	49,245
Retained earnings	660,949	620,196
<b>Total equity</b>	<b>2,197,329</b>	<b>2,129,805</b>
<b>Total equity and liabilities</b>	<b>20,390,666</b>	<b>21,869,452</b>

## Interim statement of changes in equity of the Bank

	Common equity			Revaluation reserve	Retained earnings			Total equity
	Share capital	Treasury shares	Share premium		Other statutory reserve funds	General risk fund	Undistributed profit (loss)	
<b>As at 1 Jan 2024</b>	<b>929,477</b>	<b>- 1,294</b>	<b>532,181</b>	<b>49,245</b>	<b>510,193</b>	<b>48,302</b>	<b>61,701</b>	<b>2,129,805</b>
Net profit	-	-	-	-	-	-	40,753	40,753
Other comprehensive income	-	-	-	26,771	-	-	-	26,771
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,771</b>	<b>-</b>	<b>-</b>	<b>40,753</b>	<b>67,524</b>
<b>Profit distribution, including:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,701</b>	<b>-</b>	<b>- 61,701</b>	<b>-</b>
Transfer of net profit to reserves	-	-	-	-	61,701	-	- 61,701	-
<b>As at 30 Sep 2024</b>	<b>929,477</b>	<b>- 1,294</b>	<b>532,181</b>	<b>76,016</b>	<b>571,894</b>	<b>48,302</b>	<b>40,753</b>	<b>2,197,329</b>
<b>As at 1 Jan 2023</b>	<b>929,477</b>	<b>- 1,294</b>	<b>532,181</b>	<b>- 56,863</b>	<b>382,585</b>	<b>48,302</b>	<b>127,608</b>	<b>1,961,996</b>
Net profit	-	-	-	-	-	-	61,701	61,701
Other comprehensive income	-	-	-	106,108	-	-	-	106,108
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,108</b>	<b>-</b>	<b>-</b>	<b>61,701</b>	<b>167,809</b>
<b>Profit distribution, including:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127,608</b>	<b>-</b>	<b>- 127,608</b>	<b>-</b>
Transfer of net profit to reserves	-	-	-	-	127,608	-	- 127,608	-
<b>As at 31 Dec 2023</b>	<b>929,477</b>	<b>- 1,294</b>	<b>532,181</b>	<b>49,245</b>	<b>510,193</b>	<b>48,302</b>	<b>61,701</b>	<b>2,129,805</b>

<b>As at 1 Jan 2023</b>	<b>929,477</b>	<b>- 1,294</b>	<b>532,181</b>	<b>- 56,863</b>	<b>382,585</b>	<b>48,302</b>	<b>127,608</b>	<b>1,961,996</b>
Net profit	-	-	-	-	-	-	64,765	64,765
Other comprehensive income	-	-	-	77,386	-	-	-	77,386
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,386</b>	<b>-</b>	<b>-</b>	<b>64,765</b>	<b>142,151</b>
<b>Profit distribution, including:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127,608</b>	<b>-</b>	<b>- 127,608</b>	<b>-</b>
Transfer of net profit to reserves	-	-	-	-	127,608	-	- 127,608	-
<b>As at 30 Sep 2023</b>	<b>929,477</b>	<b>- 1,294</b>	<b>532,181</b>	<b>20,523</b>	<b>510,193</b>	<b>48,302</b>	<b>64,765</b>	<b>2,104,147</b>

There were no non-controlling interests in the nine months ended 30 September 2024 or in 2023.

## Interim statement of cash flows of the Bank

Indirect method	for 9 months ended 30 Sep 2024	for 9 months ended 30 Sep 2023
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>86,529</b>	<b>107,026</b>
<b>Total adjustments:</b>	<b>-1,274,305</b>	<b>-1,032,251</b>
Share of (profit) loss of equity-accounted subordinated entities	-36,512	-50,270
Amortisation and depreciation	47,494	44,255
Interest income on investing activities	-154,249	-155,479
Gain (loss) on investing activities	-	-
Interest income on financing activities	27,201	27,958
Dividends received:	-12,057	-8,118
<i>on investment securities</i>	12,057	8,118
Change in:		
<i>amounts due from banks</i>	1,201	2,624
<i>assets on securities held for trading</i>	-15,678	3,624
<i>assets and liabilities from measurement of derivative and hedging financial instruments</i>	4,669	34,666
<i>investment securities</i>	-128,783	-1,256,013
<i>amounts due from clients</i>	248,526	597,428
<i>other assets and income tax</i>	-4,834	-14,818
<i>amounts due to central bank and other banks</i>	206,544	28,621
<i>amounts due to clients</i>	-1,491,451	-215,832
<i>provisions</i>	88,627	37,011
<i>other liabilities and income tax</i>	-34,701	-48,667
Income tax paid	-32,359	-67,359
<b>Net cash flows from (used in) operating activities</b>	<b>-1,187,776</b>	<b>-925,225</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
<b>Inflows</b>	<b>754,417</b>	<b>179,943</b>
Interest received on securities measured	174,417	150,110
Cash receipts from redemption of securities measured at amortised cost	540,000	9,833
Dividends received	40,000	20,000
<b>Outflows</b>	<b>-42,292</b>	<b>-519,068</b>
Payments for acquisition of securities measured at amortised cost	-18,629	-493,679
Payments for acquisition of intangible assets	-15,558	-18,326
Payments for acquisition of property, plant and equipment	-8,105	-7,063



<b>Net cash flows from (used in) investing activities</b>	<b>712,125</b>	<b>-339,125</b>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
<b>Inflows</b>	<b>-</b>	<b>100,000</b>
Interest received on bonds issued by the Bank, including:	-	100,000
<i>subordinated bonds</i>	-	100,000
<b>Outflows</b>	<b>-319,152</b>	<b>-45,459</b>
Redemption of bonds issued by the Bank	-267,214	-
Interest paid on bonds issued by the Bank, including:	-36,045	-30,110
<i>subordinated bonds</i>	-36,045	-30,110
Lease payments	-14,208	-11,234
Lease interest paid	-1,685	-4,115
<b>Net cash flows from (used in) financing activities</b>	<b>-319,152</b>	<b>54,541</b>
<b>TOTAL NET CASH FLOWS</b>	<b>-794,803</b>	<b>-1,209,809</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>4,023,953</b>	<b>5,254,664</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>3,229,150</b>	<b>4,044,855</b>
Restricted cash and cash equivalents	575,976	623,121

# **I. Accounting policies applied in preparing the condensed consolidated interim financial statements of the BOŚ Group and the condensed interim financial statements of the Bank**

## **1.1. Basis of preparation and statement of compliance**

The condensed consolidated interim financial statements of the BOŚ Group include:

- 1)** Condensed consolidated interim statement of profit or loss for the nine months ended 30 September 2024 and comparative data for the nine months ended 30 September 2023, as well as data for the three months ended 30 September 2024 and comparative data for the three months ended 30 September 2023;
- 2)** Condensed consolidated interim statement of comprehensive income for the nine months ended 30 September 2024 and comparative data for the nine months ended 30 September 2023, as well as data for the three months ended 30 September 2024 and comparative data for the three months ended 30 September 2023;
- 3)** Condensed consolidated interim statement of financial position as at 30 September 2024 and comparative data as at 31 December 2023;
- 4)** Condensed consolidated interim statement of changes in equity for the nine months ended 30 September 2024 and comparative data for the nine months ended 30 September 2023 and the twelve months ended 31 December 2023;
- 5)** Condensed consolidated interim statement of cash flows for the nine months ended 30 September 2024 and comparative data for the nine months ended 30 September 2023;
- 6)** Notes to the financial statements.

The condensed interim financial statements of the Bank include:

- 1)** Condensed interim statement of profit or loss for the nine months ended 30 September 2024 and comparative data for the nine months ended 30 September 2023, as well as data for the three months ended 30 September 2024 and comparative data for the three months ended 30 September 2023;
- 2)** Condensed interim statement of comprehensive income for the nine months ended 30 September 2024 and comparative data for the nine months ended 30 September 2023, as well as data for the three months ended 30 September 2024 and comparative data for the three months ended 30 September 2023;
- 3)** Condensed interim statement of financial position as at 30 September 2024 and comparative data as at 31 December 2023;
- 4)** Condensed interim statement of changes in equity for the nine months ended 30 September 2024 and comparative data for the nine months ended 30 September 2023 and the twelve months ended 31 December 2023;
- 5)** Condensed interim statement of cash flows for the nine months ended 30 September 2023 and comparative data for the nine months ended 30 September 2023;
- 6)** Notes to the financial statements.

These condensed consolidated interim financial statements of the BOŚ Group and condensed interim financial statements of the Bank have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), effective as at the reporting date, i.e.

30 September 2024, using the same accounting policies for each period, and on a historical cost basis, except for the following items measured at fair value:

<b>Recognition of changes in fair value through:</b>	
Financial instruments held for trading	profit or loss
Fair value hedging derivatives	profit or loss
Amounts due from clients whose cash flows fail to meet the SPPI (solely payment of principal and interest) test	profit or loss
Investment debt securities held within a business model whose objective is achieved by collecting contractual cash flows or selling financial assets	other comprehensive income
Investment equity securities	other comprehensive income

IFRSs comprise the standards and interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

Dom Maklerski BOŚ S.A., BOŚ Leasing - EKO Profit S.A. and MS Wind Sp. z o.o. prepare their financial statements in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU).

These condensed interim financial statements have been prepared in the Polish złoty (PLN), rounded to PLN thousand.

These condensed consolidated interim financial statements of the BOŚ Group and condensed interim financial statements of the Bank for the nine months ended 30 September 2024 do not include all the disclosures required to be included in full-year financial statements and should be read in conjunction with the BOŚ Group's and the Bank's full-year financial statements for the financial year ended 31 December 2023.

These condensed consolidated interim financial statements of the BOŚ Group and condensed interim financial statements of the Bank for the nine months ended 30 September 2024 follow the same accounting policies as those used in the preparation of the full-year financial statements for the year ended 31 December 2023.

As at the date of authorisation of the condensed consolidated interim financial statements of the BOŚ Group and the condensed interim financial statements of the Bank for issue, there were no circumstances that would indicate a threat to the Bank's or the BOŚ Group companies' ability to continue as going concerns for at least 12 months after the reporting date as a result of voluntary or compulsory discontinuation or limitation of their existing operations. Therefore, these condensed consolidated interim financial statements of the BOŚ Group and interim condensed financial statements of the Bank have been prepared on the assumption that the Bank and the BOŚ Group companies will continue as going concerns for the foreseeable future, i.e. for a period of at least 12 months from the reporting date.

## II. Fair value of financial assets and liabilities

	Carrying amount as at 30 Sep 2024	Fair value as at 30 Sep 2024	Carrying amount as at 31 Dec 2023	Fair value as at 31 Dec 2023
<b>FINANCIAL ASSETS</b>				
Amounts due from banks	147,398	148,083	162,781	164,042
Amounts due from clients, including:	10,555,380	10,561,875	10,769,583	10,793,743
- Loans in PLN	8,380,309	8,385,426	8,462,402	8,478,663
- Foreign currency loans	2,175,071	2,176,449	2,307,181	2,315,080
Investment securities – measured at amortised cost	1,824,726	1,822,069	2,366,265	2,354,967
Debt securities, including:	1,824,726	1,822,069	2,366,265	2,354,967
- State Treasury	1,331,938	1,348,027	1,879,119	1,891,197
- Other	492,788	474,042	487,146	463,770
<b>FINANCIAL LIABILITIES</b>				
Amounts due to central bank and other banks	281,690	281,690	75,146	75,146
Amounts due to clients, including:	17,085,066	17,229,022	18,565,197	18,315,578
- Institutional clients	6,202,182	6,203,118	7,248,749	7,249,471
- Retail clients	10,418,794	10,418,296	10,669,066	10,694,970
- Other clients	57,422	57,422	208,099	208,099
- International financial institutions	406,668	550,186	439,283	163,038
Liabilities arising from issue of bank securities	0	0	-	-
Subordinated liabilities	169,269	169,219	447,184	507,693

### Amounts due from banks

Amounts due from banks include interbank deposits, nostro accounts and loans and advances. Fair value of interbank deposits, due to their short-term nature (fixed-rate interbank deposits up to six months) is equal to their carrying amount. Bonds issued by banks were measured at fair value, after accounting for a change in the credit spread calculated on the basis of comparable issues by similar banks.

### **Amounts due from clients**

Amounts due from clients are disclosed net of impairment allowances. Amounts due from clients in the statement of financial position are chiefly measured at amortised cost using the effective interest rate (99% of the carrying amount of credit facilities).

The fair value of credit facilities is assumed to be their value resulting from currently estimated future principal and interest cash flows (separately for facilities denominated in foreign currencies and for facilities denominated in PLN) calculated using the effective interest rate for each facility (except for facilities with an undetermined schedule or non-performing loans, for which the fair value is assumed to be the same as carrying amount) and discounted at the average effective interest rate of the facilities granted over the last twelve months. For mortgage loans, account was taken of prepayments. In the case of facilities in foreign currencies, which the Bank ceased to grant, an average effective interest rate on the corresponding facilities denominated in PLN was applied, adjusted for the difference between the rates in specific currencies and PLN.

### **Investment securities measured at amortised cost**

Investment securities measured at amortised cost include Treasury bonds held within the HtC business model. The fair value of the bonds is assumed to be the current valuation derived from quoted market prices plus accrued interest.

### **Amounts due to central bank and other banks**

Amounts due to the central bank as well as liabilities arising from repo transactions are disclosed at carrying amount. Liabilities arising from repo transactions were recognised at carrying amount due to the lack of available market data necessary to calculate the fair value of basic repo transactions of the Bank with the counterparty.

Interbank deposits, due to short maturities, were disclosed at carrying amounts, and the borrowings (principal and interest) were discounted using the average effective interest rate.

### **Amounts due to clients**

Amounts due to clients disclosed in the statement of financial position are measured at amortised cost, using the effective interest rate method. The fair value of amounts due to clients is assumed to be their value resulting from discounting principal and interest for all deposits at the weighted average interest rate that was in effect for deposits accepted in September 2024. In the absence of payment schedules for current accounts, they were recognised at carrying amount.

Amounts due to international financial institutions (principal and interest) were discounted using the average effective interest rate (for EUR) or the interest rate of the most recent transaction executed in a given currency (for PLN).

### **Liabilities arising from issue of securities**

Liabilities arising from issue of securities are measured at fair value taking into account the change in credit spread for PLN-denominated bonds, determined based on the latest issue carried out by the Bank.

### **Subordinated liabilities**

Subordinated liabilities were measured at fair value, with the change in credit spread determined on the basis of the latest issue made by the Bank.

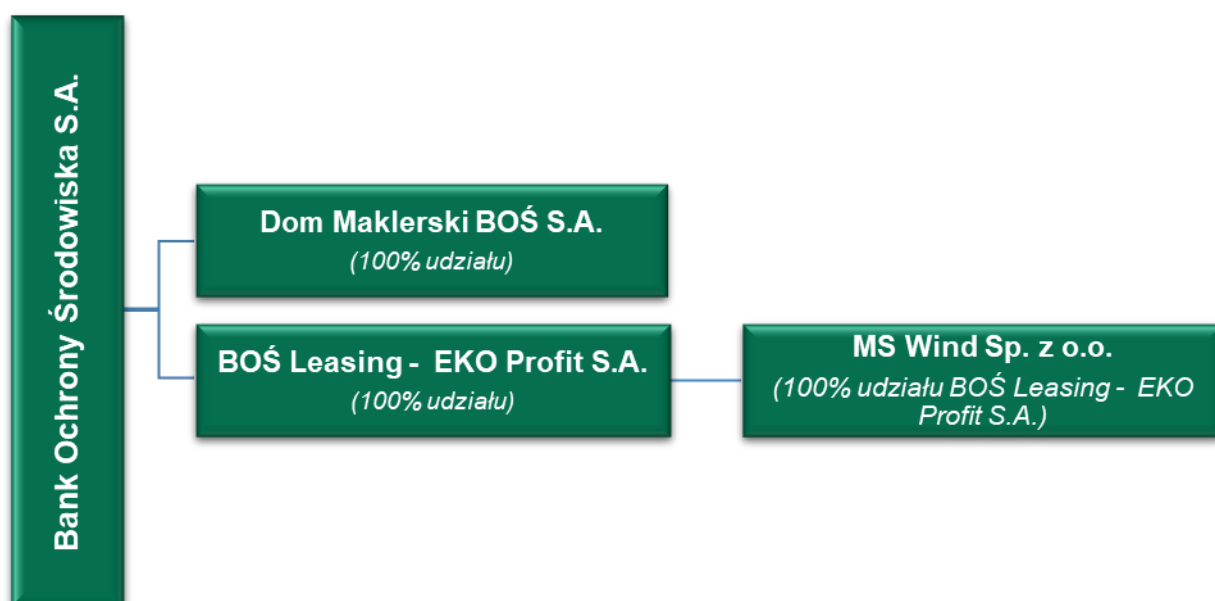
### III. Consolidated contingent liabilities and assets

CONTINGENT ASSETS AND CONTINGENT LIABILITIES, PLN thousand	30 Sep 2024	31 Dec 2023	Change (%)
<b>Contingent liabilities:</b>	<b>3,631,941</b>	<b>3,797,386</b>	<b>-4.4</b>
Financial assets, including:	3,072,099	3,252,643	-5.6
open lines of credit, including:	3,054,370	3,249,265	-6.0
revocable	2,610,142	2,763,285	-5.5
irrevocable	444,228	485,980	-8.6
open import letters of credit	17,729	3,378	424.8
Guarantees, including:	421,382	534,943	-21.2
credit repayment sureties and guarantees	14,910	12,739	17.0
performance bonds	406,472	522,204	-22.2
Underwriting	138,460	9,800	1,312.9
Contingent assets:	2,117,252	2,396,932	-11.7
<b>Financial assets, including:</b>	<b>141,210</b>	<b>143,484</b>	<b>-1.6</b>
open lines of credit	141,210	143,484	-1.6
Guarantees	1,951,978	2,231,402	-12.5
Other	24,064	22,046	9.2
<b>Total contingent assets and contingent liabilities</b>	<b>5,749,193</b>	<b>6,194,318</b>	<b>-7.2</b>

### IV. Organisation of the Group

#### Structure of the Group

In the three months ended 30 September 2024, the BOŚ Group comprised the following entities:



	(100% owned)
	(100% owned by BOŚ Leasing – EKO Profit S.A.)

Consolidated subsidiaries of the BOŚ Group as at 30 September 2024:

No.	Subordinated entities	Registered office	% equity interest as at 31 Mar 2023	% voting interest as at 31 Mar 2023	Consolidation method
Direct subsidiaries					
1.	Dom Maklerski BOŚ S.A.	Warszawa	100%	100%	Full consolidation
2.	BOŚ Leasing - EKO Profit S.A.	Warszawa	100%	100%	Full consolidation
Indirect subsidiary (subsidiary of BOŚ Leasing - Eko Profit S.A.)					
1.	MS Wind sp. z o.o.	Warszawa	100%	100%	Full consolidation

Dom Maklerski BOŚ S.A. – a direct subsidiary operating on the capital market, provides mainly brokerage services.

BOŚ Leasing – EKO Profit S.A. – a direct subsidiary engaged in lease activities involving financing of environmental protection projects, also provider of financial and advisory services complementary to the Bank's service offering.

MS Wind Sp. z o.o. – an indirect subsidiary (wholly-owned by BOŚ Leasing - EKO Profit S.A.) engaged in the execution of a wind farm project.

Other companies in which BOŚ S.A. holds equity interests:

- Wodkan Przedsiębiorstwo Wodociągów i Kanalizacji S.A. – 29.48%.
- Polskie Domy Drewniane S.A. – 0.42%.
- Kemipol Sp. z o.o. – 15.03%.

## V. Key events subsequent to the date of this report

After the reporting date there did not occur any significant events which would not be disclosed in the financial statements.

## Signatures for the Management Board of BOŚ S.A.:

Date	Name and surname	Position held	Signature
14 November 2024	Piotr Kubaty	Vice President of the Management Board	Signed with qualified electronic signature
14 November 2024	Krzysztof Łabowski	Vice President of the Management Board	Signed with qualified electronic signature

Signature of the person in charge of bookkeeping:

13 November 2024	Andrzej Kowalczyk	Director of the Accounting Department	Signed with qualified electronic signature
------------------	-------------------	---------------------------------------	--