INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE BANK OCHRONY ŚRODOWISKA GROUP AND INTERIM CONDENSED FINANCIAL STATEMENTS OF BANK OCHRONY ŚRODOWISKA S.A. FOR THE SIX MONTHS ENDED 30 JUNE 2024

Warsaw, August 2024

Contents

I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE BOŚ GROUP

Interim consolidated statement of profit or loss of the BOŚ Group

Continuing operations	Note	for 3 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2024 unaudited	for 3 months ended 30 Jun 2023 unaudited	for 6 months ended 30 Jun 2023 unaudited
Interest and similar income, including:		350,562	713,931	414,087	811,056
financial assets measured at amortised cost		261,823	533,422	295,951	566,914
assets measured at fair value through other comprehensive income		83,153	168,956	111,713	231,322
financial assets measured at fair value through profit or loss		5,586	11,553	6,423	12,820
Interest expense and similar charges, including:		- 150,824	- 311,511	- 199,483	- 400,153
financial liabilities measured at amortised cost		- 150,824	- 311,511	- 199,483	- 400,153
Net interest income	11	**199,738**	**402,420**	**214,604**	**410,903**
Fee and commission income		40,835	84,343	42,400	85,589
Fee and commission expense		- 11,003	- 20,683	- 10,949	- 21,602
Net fee and commission income	12	**29,832**	**63,660**	**31,451**	**63,987**
Dividend income	13	120	12,185	8,160	8,160
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)	14	3,984	24,114	13,584	26,504
Gain (loss) on investment securities	15	29	29	-	-
Gain (loss) on hedge accounting		- 651	- 962	- 779	- 1,242
Gain (loss) on foreign exchange transactions		6,976	6,357	- 4,170	349
Gain (loss) on derecognition of financial instruments		106	309	24	571
Other income	16	11,241	21,837	10,462	23,462
Other expenses	17	- 33,275	- 46,063	- 9,094	- 22,603
Effect of legal risk of mortgage loans denominated	18	- 57,083	- 107,523	- 118,637	- 161,793
Net impairment losses	19	- 10,668	3,468	- 12,987	6,028
Administrative expenses	20	- 138,997	- 291,020	- 120,936	- 255,490
Profit before tax		**11,352**	**88,811**	**11,682**	**98,836**
Income tax expense	21	- 7,004	- 38,580	- 12,918	- 43,085
Net profit		**4,348**	**50,231**	**- 1,236**	**55,751**
Earnings per share attributable to owners of the parent during period (PLN)	22				
basic			0.54		0.60
diluted			0.54		0.60

The notes presented on the following pages are an integral part of these financial statements.

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

Interim consolidated statement of comprehensive income of the BOŚ Group

Continuing operations	for 3 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2024 unaudited	for 3 months ended 30 Jun 2023 unaudited	for 6 months ended 30 Jun 2023 unaudited
Net profit	**4,348**	**50,231**	**- 1,236**	**55,751**
Items that may be reclassified to profit or loss:	**1,569**	**- 3,160**	**18,323**	**53,684**
Fair value of financial assets measured at fair value through other comprehensive income, gross	1,937	- 3,901	22,620	66,276
Deferred tax	- 368	741	- 4,297	- 12,592
Items that will not be reclassified to profit or loss:	**1**	**2**	**1**	**2**
Fair value of equity instruments carried at fair value through other comprehensive income, gross	1	2	2	3
Deferred tax	-	-	- 1	- 1
Other comprehensive income	**1,570**	**- 3,158**	**18,324**	**53,686**
Total comprehensive income	**5,918**	**47,073**	**17,088**	**109,437**
of which attributable to owners of parent	5,918	47,073	17,088	109,437

The notes presented on the following pages are an integral part of these financial statements.

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

Interim consolidated statement of financial position of the BOŚ Group

Assets	Note	30 Jun 2024 unaudited	31 Dec 2023
Cash and balances with central bank		663,176	584,089
Amounts due from banks	23	214,183	162,781
Financial assets held for trading, including:	254	187,960	169,494
equity securities		27,856	28,848
debt securities		30,234	209
derivative instruments		129,870	140,437
Derivative hedging instruments		9,340	15,556
Investment securities:	25	8,448,481	9,484,770
equity securities measured at fair value through other comprehensive income		106,657	106,656
debt securities measured at fair value through other comprehensive income		6,338,966	6,885,521
debt securities measured at amortised cost		1,880,231	2,366,265
debt securities measured at fair value through profit or loss		122,627	126,328
Amounts due from clients, including:	26	10,791,443	10,767,436
measured at amortised cost		10,791,371	10,767,297
measured at fair value through profit or loss		72	139
Intangible assets		106,818	131,833
Property, plant and equipment		87,291	92,327
Right of use – leases		56,374	53,967
Tax assets:		140,168	158,734
current		5,608	402
deferred	30	134,560	158,332
Other assets		323,342	411,464
Total assets		**21,028,576**	**22,032,451**

The notes presented on the following pages are an integral part of these financial statements.

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

Liabilities	Note	30 Jun 2024 unaudited	31 Dec 2023
Amounts due to central bank and other banks		282,257	75,146
Financial liabilities held for trading, including:	24	70,016	79,920
equity securities		184	950
derivative instruments		69,832	78,970
Amounts due to clients	27	17,362,997	18,565,197
Subordinated liabilities	28	445,983	447,184
Provisions	29	300,597	256,289
Tax liabilities:		1,842	3,260
current		549	2,312
deferred	30	1,293	948
Lease liabilities		54,066	53,253
Other liabilities	31	315,125	403,582
Total liabilities		**18,832,883**	**19,883,831**

Equity	Note	30 Jun 2024 unaudited	31 Dec 2023
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT			
Common equity:	32	1,461,036	1,461,036
Share capital		929,477	929,477
Treasury shares		-1,292	-1,292
Share premium		532,851	532,851
Revaluation reserve		46,087	49,245
Retained earnings		688,570	638,339
Total equity		**2,195,693**	**2,148,620**
Total equity and liabilities		**21,028,576**	**22,032,451**

The notes presented on pages 13 to 111 are an integral part of these financial statements.

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

Interim consolidated 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)	
As at 1 Jan 2024	**929,477**	**- 1,292**	**532,851**	**49,245**	**599,609**	**23,605**	**48,302**	**- 33,177**	**2,148,620**
Net profit	-	-	-	-	-	-	-	50,231	50,231
Other comprehensive income	-	-	-	- 3,158	-	-	-	-	- 3,158
Total comprehensive income	**-**	**-**	**-**	**- 3,158**	**-**	**-**	**-**	**50,231**	**47,073**
Profit distribution, including:	**-**	**-**	**-**	**-**	**94,643**	**-**	**-**	**- 94,643**	**-**
Transfer of net profit to reserves	-	-	-	-	94,643	-	-	- 94,643	-
30 Jun 2024 unaudited	**929,477**	**- 1,292**	**532,851**	**46,087**	**694,252**	**23,605**	**48,302**	**- 77,589**	**2,195,693**

(all amounts in PLN thousand)

	Share capital	Treasury shares	Share premium	Revaluation reserve	Other statutory reserve funds	Other capital reserves	General risk fund	Undistributed profit (loss)	Total equity
	Equity attributable to owners of the Bank								
	Common equity				Retained earnings				
As at 1 Jan 2023	**929,477**	**- 1,292**	**532,851**	**- 56,863**	**457,479**	**23,605**	**48,302**	**30,579**	**1,964,138**
Net profit	-	-	-	-	-	-	-	78,374	78,374
Other comprehensive income	-	-	-	106,108	-	-	-	-	106,108
Total comprehensive income	**-**	**-**	**-**	**106,108**	**-**	**-**	**-**	**78,374**	**184,482**
Profit distribution, including:	**-**	**-**	**-**	**-**	**142,130**	**-**	**-**	**- 142,130**	**-**
Offset of losses from prior years	-	-	-	-	142,130	-	-	- 142,130	-
As at 31 Dec 2023	**929,477**	**- 1,292**	**532,851**	**49,245**	**599,609**	**23,605**	**48,302**	**- 33,177**	**2,148,620**
As at 1 Jan 2023	**929,477**	**- 1,292**	**532,851**	**- 56,863**	**457,479**	**23,605**	**48,302**	**30,579**	**1,964,138**
Net profit	-	-	-	-	-	-	-	55,751	55,751
Other comprehensive income	-	-	-	53,686	-	-	-	-	53,686
Total comprehensive income	**-**	**-**	**-**	**53,686**	**-**	**-**	**-**	**55,751**	**109,437**
Profit distribution, including:	**-**	**-**	**-**	**-**	**142,130**	**-**	**-**	**- 142,130**	**-**
Transfer of net profit to reserves	-	-	-	-	142,130	-	-	- 142,130	-
As at 30 Jun 2023 unaudited	**929,477**	**- 1,292**	**532,851**	**- 3,177**	**599,609**	**23,605**	**48,302**	**- 55,800**	**2,073,575**

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

The notes presented on the following pages are an integral part of these financial statements.

(all amounts in PLN thousand)

Interim consolidated statement of cash flows of the BOŚ Group

Indirect method	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit before tax	**88,811**	**98,836**
Total adjustments:	**-1,379,148**	**-255,117**
Amortisation and depreciation	38,580	36,218
Interest income on investing activities	-129,796	-120,887
Interest income on financing activities	17,418	18,496
Dividends received:	-6,157	-8,160
on securities held for trading	128	42
on investment securities	6,029	8,118
Change in:		
amounts due from banks	-1,812	9,054
assets on securities held for trading	-29,033	3,946
assets and liabilities from measurement of derivative and hedging financial instruments	7,645	4,616
investment securities	-302,743	-1,030,968
amounts due from clients	-24,007	683,939
other assets and income tax	99,744	-21,365
amounts due to central bank and other banks	207,111	-16,310
amounts due to clients	-1,202,200	185,694
liabilities arising from securities held for trading	-766	2,158
provisions	44,308	27,077
other liabilities and income tax	-81,771	879
Income tax paid	-21,826	-37,664
Net cash flows from (used in) operating activities	**-1,290,337**	**-156,281**

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Inflows	**627,509**	**107,570**
Cash receipts from redemption of securities measured at amortised cost	490,000	4,205
Interest income on securities measured at amortised cost	137,509	103,365
Outflows	**-28,653**	**-330,616**
Payments for acquisition of securities measured at amortised cost	-11,679	-308,366
Payments for acquisition of intangible assets	-12,086	-15,413
Payments for acquisition of property, plant and equipment	-4,888	-6,837
Net cash flows from (used in) investing activities	**598,856**	**-223,046**
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Inflows	**-**	**-**
Outflows	**-28,941**	**-28,881**
Interest paid on bonds issued by the Group, including:	-17,026	-17,313
subordinated bonds	-17,026	-17,313
Lease payments, IFRS 16	-10,279	-8,340
Lease interest paid	-1,636	-3,228
Net cash flows from (used in) financing activities	**-28,941**	**-28,881**
TOTAL NET CASH FLOWS	**-720,422**	**-408,208**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**4,024,053**	**5,254,792**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,303,631**	**4,846,584**
Restricted cash and cash equivalents	584,586	609,505

The notes presented on the following pages are an integral part of these financial statements.

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

Notes to the interim condensed consolidated financial statements

1. General information – Bank Ochrony Środowiska S.A. and the Bank Ochrony Środowiska Group

1.1. Bank Ochrony Środowiska S.A.

Name of the reporting entity or other identification data	Bank Ochrony Środowiska Group
Explanation of changes to the name of the reporting entity or other identification data since the end of the previous reporting period	-
Registered office	ul. Żelazna 32, 00-832 Warsaw
Legal form	Joint Stock Company (*spółka akcyjna*)
Country of registration	Poland
Address	00-832 Warsaw, ul. Żelazna 32
Principal place of business	Poland
Principal business activity	The Bank's primary objective is to effectively manage the shareholders' equity and clients' funds, ensuring the profitability of its business and the security of the funds entrusted. The Bank's business consists in banking activities, including accumulating funds, granting credits, effecting cash settlements, performing other banking services as well as providing financial consulting and advisory services.
Name of the parent	Bank Ochrony Środowiska S.A.
Name of the ultimate parent of the group	Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej (National Fund for Environmental Protection and Water Management)

The Bank Ochrony Środowiska Group (the 'BOŚ Group' or the 'Group') is a group of entities linked through equity in which Bank Ochrony Środowiska S.A. is the parent. For a list of subordinated entities, see Note 1.3.

Bank Ochrony Środowiska S.A. (the 'Bank', 'BOŚ S.A.', the 'Company'), with its registered office at ul. Żelazna 32 in Warsaw, was established by Decision No. 42 of the Governor of the National Bank of Poland 15 September 1990, and a notarial deed of incorporation of 28 September 1990.

The Bank is entered in the National Court Register of the District Court for the Capital City of Warsaw, 12th Commercial Division, under No. KRS 0000015525, and has Industry Identification Number (REGON) 006239498.

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

According to the Polish Classification of Business Activities (PKD), the Bank's activities are classified as PKD 6419Z.

The Bank was established for an indefinite period.

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

The Bank pursues its mission mainly by:
- providing banking services to retail and institutional clients, in particular those implementing environmentally-friendly projects or operating in the environmental protection and water management sectors, and to people who value eco-friendly lifestyles,
- participating in distribution of funds for environmental protection projects and sustainable development in Poland.

Since 24 January 1997 the Bank shares have been traded on the Warsaw Stock Exchange and listed in the finance/banking segment of the market.

1.2. Shareholding structure of Bank Ochrony Środowiska S.A.

Shareholders holding directly and indirectly 5% or more of total voting rights in the Bank as at 30 June 2024:

Shareholder	30 Jun 2024 unaudited		31 Dec 2023	
	Number of voting rights (shares)	% voting interest (ownership interest)	Number of voting rights (shares)	% voting interest (ownership interest)
Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej (National Fund for Environmental Protection and Water Management)	53,951,960	58.05	53,951,960	58.05
PFR Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	8,000,000	8.61	8,000,000	8.61
Dyrekcja Generalna Lasów Państwowych (Directorate General of State Forests)	5,148,000	5.54	5,148,000	5.54

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

1.3. BOŚ Group – consolidated entities

Consolidated subsidiaries of the Group and the consolidation method as at 30 June 2024:

No.	Subordinated entities	Registered office	% equity interest as at	% voting interest as at	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 (a direct subsidiary of BOŚ Leasing - EKO Profit S.A.) engaged in execution of a wind farm project.

The composition of the BOŚ Group, the number of shares held in subsidiaries and the consolidation method did not change relative to 31 December 2023.

1.4. Effect of changes in the entity's structure in the six months ended 30 June 2024, including changes resulting from business combinations, acquisition or disposal of subsidiaries, long-term investments, restructuring or discontinuation of business

In the six months ended 30 June 2024, no such events took place at the BOŚ Group.

1.5. Authorisation of the financial statements

These interim consolidated financial statements of the BOŚ Group were authorised by the Management Board of the parent on 13 August 2024 for issue on the Warsaw Stock Exchange on 14 August 2024.

The consolidated full-year financial statements of the Bank Ochrony Środowiska Group for the year ended 31 December 2023 were approved by the Bank's General Meeting on 19 June 2024.

1.6. Seasonal or cyclical nature of the business in the reporting period

The BOŚ Group's business do not involve any significant events or factors that would be subject to seasonal or cyclical variations.

The performance of Dom Maklerski BOŚ S.A. (BOŚ Brokerage House) is influenced by conditions on the stock market.

for the six months ended 30 June 2024 (all amounts in PLN thousand)

2. Significant events in the six months ended 30 June 2024

2.1. General Meeting of Bank Ochrony Środowiska S.A.

On 19 June 2024, the Bank's General Meeting passed resolutions to:

- approve the full-year financial statements of the Bank and the Bank Ochrony Środowiska Group for the year ended 31 December 2023
- approve the Directors' Report on the operations of the Bank Ochrony Środowiska Group in 2023, prepared jointly with the Directors' Report on the operations of BOŚ S.A.
- allocate the Bank's net profit for 2023
- grant discharge from liability to members of the Management Board of Bank Ochrony Środowiska S.A. for 2023
- approve the report on the activities of the Supervisory Board of Bank Ochrony Środowiska S.A for 2023
- give an assessment of the adequacy of internal regulations governing the operation of the Supervisory Board of Bank Ochrony Środowiska S.A. and on the effectiveness of its activities in 2023
- grant discharge from liability to members of the Supervisory Board of Bank Ochrony Środowiska S.A. for 2023, including a periodic assessment of the suitability of individual members of the Supervisory Board
- re-assess the individual suitability of a Member of the Supervisory Board of Bank Ochrony Środowiska S.A.
- give an opinion on the 'Report on the Remuneration of Members of the Supervisory Board and the Management Board of Bank Ochrony Środowiska S.A. for 2023' submitted by the Supervisory Board
- adopt the 'Policy on the Assessment of Suitability of Candidates for the Supervisory Board, Members of the Supervisory Board and the Supervisory Board of BOŚ S.A.'
- amend the Articles of Association of Bank Ochrony Środowiska S.A. and authorise the Supervisory Board to draw up the consolidated text of the Articles of Association.

2.2. Allocation of the Bank's net profit for 2023

On 19 June 2024, the Annual General Meeting of Bank Ochrony Środowiska S.A. passed a resolution to allocate the Bank's entire net profit for the period 1 January – 31 December 2023 of PLN 61,700,770,96 to statutory reserve funds.

2.3. Changes in the composition of the Management Board and Supervisory Board of BOŚ S.A.

Management Board

As at 1 January 2024, the composition of the Management Board was as follows:

- Paweł Trętowski – Member of the Supervisory Board delegated to temporarily serve as Vice President of the Management Board in charge of the Management Board,
- Arkadiusz Garbarczyk – Vice President of the Management Board, First Deputy President of the Management Board,
- Sebastian Bodzenta – Vice President of the Management Board,
- Iwona Marciniak – Vice President of the Management Board

Changes in the composition of the Management Board in the six months ended 30 June 2024:

1. with effect as of 11 March 2024,
   - the Bank's General Meeting removed from the Supervisory Board Paweł Trętowski, Member of the Supervisory Board delegated to temporarily serve as Vice President of the Management Board in charge of the Management Board,
   - the Supervisory Board:
     - removed from the Management Board Sebastian Bodzenta and Iwona Marciniak,
     - delegated from among its members Marcin Liberadzki to temporarily serve as Vice President of the Management Board in charge of the Management Board, and Marzenna Sendecka to temporarily serve as Vice President of the Management Board.
2. On 3 April 2024, the Supervisory Board:
   - passed a resolution to remove, with effect from 3 April 2024, Arkadiusz Garbarczyk as Vice President, first Deputy President of the Management Board of Bank Ochrony Środowiska S.A.;
   - passed a resolution to delegate, with effect from 4 April 2024, Artur Stefański, Member of the Supervisory Board, to temporarily serve as Vice President of the Management Board of Bank Ochrony Środowiska S.A. until the end of day on 10 April 2024;
   - passed resolutions whereby the delegation of Marcin Liberadzki and Marzenna Sendecka to the Management Board would expire at the end of day on 10 April 2024,
   - appointed, with effect from 11 April 2024, Bartosz Kublik as Vice President of the Management Board in charge of the Management Board for a definite period until the effective date of the Supervisory Board's resolution appointing President of the Management Board of Bank Ochrony Środowiska S.A. Simultaneously, the Supervisory Board resolved to appoint Bartosz Kublik as President of the Management Board, conditional upon and becoming effective following approval by the Polish Financial Supervision Authority;
   - appointed, with effect from 11 April 2024, Tomasz Jodłowski as Vice President of the Management Board for a definite period until the effective date of the Supervisory Board's resolution appointing Vice President and First Deputy President of the Management Board of Bank Ochrony Środowiska S.A. Simultaneously, the Supervisory Board resolved to appoint Tomasz Jodłowski as Vice President and First Deputy President of the Management Board, conditional upon and becoming effective following approval by the Polish Financial Supervision Authority;
   - appointed, with effect from 11 April 2024, Kamil Kuźmiński as Vice President of the Management Board of Bank Ochrony Środowiska S.A.,
   - appointed, with effect from 11 April 2024, Krzysztof Łabowski as Vice President of the Management Board of Bank Ochrony Środowiska S.A.,
   - appointed, with effect from 15 May 2024, Michał Należyty as Vice President of the Management Board of Bank Ochrony Środowiska S.A.

All appointments to the Bank's Management Board are effective for a new joint three-year term beginning 11 April 2024.

As at 30 June 2024, the Bank's Management Board was composed of:

- Bartosz Kublik – Vice President of the Management Board in charge of the Management Board,
- Tomasz Jodłowski – Vice President of the Management Board,
- Kamil Kuźmiński – Vice President of the Management Board,
- Krzysztof Łabowski – Vice President of the Management Board,
- Michał Należyty – Vice President of the Management Board.

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

Supervisory Board

As at 1 January 2024, the composition of the Supervisory Board was as follows:

- Piotr Sadownik – Chair,
- Tadeusz Wyrzykowski – Deputy Chair,
- Andrzej Matysiak – Secretary,
- Piotr Bielarczyk – Member,
- Wojciech Krawczyk – Member,
- Marian Niemirski – Member,
- Aleksandra Świderska – Member,
- Waldemar Trelka – Member,
- Paweł Trętowski – Member (delegated to temporarily serve as Vice President of the Management Board in charge of the Management Board (no longer than until 28 March 2024).

Changes in the composition of the Supervisory Board in the six months ended 30 June 2024:

1. On 5 March 2024, Waldemar Trelka submitted a statement of resignation, effective from that date, from his membership on the Supervisory Board of the Bank;
2. On 11 March 2024, the Extraordinary General Meeting of BOŚ S.A.
   - removed Piotr Bielarczyk, Andrzej Matysiak, Marian Niemirski, Piotr Sadownik, Paweł Trętowski and Tadeusz Wyrzykowski from the Supervisory Board,
   - appointed Marcin Liberadzki, Marcin Likierski, Władysław Mańkut, Adam Ruciński, Marzenna Sendecka, Artur Stefański and Piotr Wybieralski to the Supervisory Board;
3. On 11 March 2024, the Supervisory Board:
   - appointed:
     - Adam Ruciński as Chair of the Supervisory Board,
     - Artur Stefański as Deputy Chair of the Supervisory Board,
     - Marzenna Sendecka as Secretary of the Supervisory Board;
   - passed resolutions to:
     - delegate Marcin Liberadzki to temporarily serve as Vice President of the Management Board in charge of the Management Board,
     - delegate Marzenna Sendecka to temporarily serve as Vice President of Management Board.
4. On 3 April 2024, the Supervisory Board:
   - passed a resolution to delegate, with effect from 4 April 2024, Artur Stefański, Member of the Supervisory Board, to temporarily serve as Vice President of the Management Board of Bank Ochrony Środowiska S.A. until the end of day on 10 April 2024;
   - passed resolutions whereby the delegation of Marcin Liberadzki and Marzenna Sendecka to the Management Board expired at the end of day on 10 April 2024.

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

- Adam Ruciński – Chair,
- Artur Stefański– Deputy Chair,
- Marzenna Sendecka – Secretary,
- Wojciech Krawczyk – Member,
- Marcin Liberadzki – Member,
- Marcin Likierski – Member,
- Władysław Mańkut – Member,
- Aleksandra Świderska – Member,
- Piotr Wybieralski – Member.

Until the date of these financial statements, the composition of the Supervisory Board had not changed.

2.4. Annual contribution to BFG's resolution fund in 2024

On 18 April 2024, the Bank was notified by the Bank Guarantee Fund (BFG) that the annual contribution to the resolution fund for 2024 set by the BFG for the Bank, after accounting for adjustments to the 2019–2023 contributions, amounted to PLN 19,943 thousand.

The amount of the annual contribution to the resolution fund for 2024 was charged to the Bank's profit or loss for the three months ended 31 March 2024.

2.5. Loan repayment holiday adjustment

Following the promulgation of the Act of 12 April 2024 Amending the Act on Support for Distressed Borrowers who Incurred Housing Loans and the Business Crowdfunding and Borrowers Assistance Act, the BOŚ Group enabled its clients to apply for temporary suspension of their mortgage or mortgage-backed loan repayments ('loan repayment holidays').

The Bank's clients have the right to temporarily suspend repayment of up to four instalments of a mortgage loan in 2024.

Clients eligible to benefit from the suspension are those who concluded a PLN-denominated mortgage loan agreement prior to 1 July 2022 for no more than PLN 1,200,000 to meet their own housing needs and are not benefiting from the suspension of repayments of any other loan in which they are a borrower or co-borrower.

The effect of the loan repayment holidays was charged to the Bank's profit or loss by adjusting the gross carrying amount of PLN-denominated mortgage loans. For details of the estimates of that adjustment, see Note 6.3.

2.6. Write-off of capital expenditure

Following a decision of 27 June 2024 to discontinue a project to develop credit process support systems, the related capital expenditures and personnel-related expenses incurred in the amount of PLN 17,429 thousand were written off and a provision was recognised for expenditure under contracts concluded in the course of the project of PLN 2,174 thousand. These amounts will be charged to the Bank's profit or loss before tax.

3. Going concern

On 26 January 2024, the Polish Financial Supervision Authority approved the updated Group Recovery Plan of BOŚ S.A. In the period 1 January – 30 June 2024, the Bank continued to implement the plan.

As required by Article 141m, the Bank must update the Group Recovery Plan at least annually. On 29 April 2024, it submitted another update of the plan to the PFSA. On 23 July 2024, the PFSA requested the Bank to supplement and revise the updated Group Recovery Plan with respect to: the recovery plan indicators, inclusion of BOŚ Brokerage House and tables presenting the impact of test scenarios.

As at 30 June 2024, all key GRP indicators, both on a separate and consolidated basis, remained at safe levels. As at 30 June 2024, the Bank exceeded one of the recovery plan profitability metrics – 'monthly result for the current period', being a supplementary indicator. Exceeding the supplementary indicator was not material in terms of the going concern assumption, as it was temporary and resulted mainly from the decision of the Bank's Management Board 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.

In the six months ended 30 June 2024, the Bank generated net profit. For details of the implementation of the Group Recovery Plan, see the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

The BOŚ Group maintains its capital adequacy ratios above the levels recommended by the Polish Financial Supervision Authority (see Note 41.6 for details). The Bank's liquidity is adequate and exceeds the regulatory requirements (see Note 41.2.1 for details).

The armed conflict in Ukraine did not have a significant impact on the liquidity position and capital adequacy of the Bank. The Bank maintained its full operational capacity throughout the period.

Taking into consideration the factors described above, there are no circumstances that would indicate a threat to the Bank's ability to continue as a going concern for at least 12 months after the reporting date as a result of voluntary or compulsory discontinuation or limitation of their current operations.

4. Statement of accounting policies

4.1. Reporting period and comparative data

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

- The interim consolidated statement of profit or loss for the six months ended 30 June 2024 and comparative data for the six months ended 30 June 2023, as well as data for the three months ended 30 June 2024 and comparative data for the three months ended 30 June 2023;
- The interim consolidated statement of comprehensive income for the six months ended 30 June 2024, comparative data for the six months ended 30 June 2023, data for the three months ended 30 June 2024 and comparative data for the three months ended 30 June 2023;
- The interim consolidated statement of financial position as at 30 June 2024 and comparative data as at 31 December 2023;
- The interim consolidated statement of changes in equity for the six months ended 30 June 2024 and comparative data for the six months ended 30 June 2023 and for the 12 months ended 31 December 2023;
- The interim consolidated statement of cash flows for the six months ended 30 June 2024 and comparative data for the six months ended 30 June 2023;
- Notes to the financial statements.

4.2. Compliance with International Financial Reporting Standards

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and other International Financial Reporting Standards (IFRSs) as endorsed by the European Union (EU), effective as at the reporting date, i.e. 30 June 2024.

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

These interim condensed consolidated financial statements of the BOŚ Group and the interim condensed financial statements of the Bank for the six months ended 30 June 2024 do not include all the disclosures required to be included in the 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 interim condensed consolidated financial statements of the BOŚ Group and the interim condensed financial statements of the Bank for the six months ended 30 June 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, approved by the Bank's General Meeting on 19 June 2024, available on the Bank's website (www.bosbank.pl).

4.3. Entities covered and reporting currency

These interim condensed financial statements of the BOŚ Group include data relating to the Bank and its subsidiaries. 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 (IFRSs) as endorsed by the European Union (EU).

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

4.4. Standards, interpretations and amendments to standards first applied in 2024

IFRS	Amendment	Effective as of	Impact on the Group
Amendments to IFRS 16 *Leases – Lease Liability in a Sale and Leaseback*	Change in the presentation of non-current liabilities with covenants.	1 January 2024 / 20 November 2023	The amendment has no material effect on the financial statements.
Amendments to IFRS 17 *Insurance Contracts* • Amendments to IAS 1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*	The amendments relate to classification of liabilities in the statement of financial position as current or non-current. They specify that when classifying liabilities as current or non-current, the existence of a rollover of the liability should be considered as of the date of classification, regardless of the entity's intention to utilise it for more than 12 months. Additionally, they state that the classification should also consider the fulfilment, as of the date of assessment, of the conditions for such rollover if it is contingent.	1 January 2024 / 19 December 2023	The amendment has no material effect on the financial statements.
Amendments to IAS 1 *Presentation of Financial Statements – Non-current Liabilities with Covenants*	Change in the presentation of non-current liabilities with covenants.	1 January 2024 / 19 December 2023	The amendment has no material effect on the financial statements.
Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures – Supplier Finance Arrangements*	Additional disclosures on supplier finance agreements	1 January 2024 / 15 May 2024	The amendment has no material effect on the financial statements.

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4.5. Standards, interpretations and amendments thereto issued but not yet endorsed by the European Union, which have not been applied by the BOŚ Group.

IFRS	Amendment	Date of entry into force in the EU / approval by the EU	Effect on the Bank
Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*	Assessment whether a currency is exchangeable into another currency and, when it is not, determination of the exchange rate to use and the disclosures to provide.	1 January 2025	The amendment will have no material effect on the financial statements.
Amendments to the guidance for classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7)	The amendments clarify when a financial liability should be derecognised (on the 'settlement date'), permit an entity to select accounting treatment for financial liabilities settled through electronic transfer, classify financial assets with ESG-linked features, clarify provisions concerning loans with non-recourse features and contractually linked instruments, require additional disclosures for financial instruments that are conditional and equity instruments designated at fair value through other comprehensive income.	1 January 2026	The amendment will have no material effect on the financial statements.
IFRS 18 *Presentation and Disclosure in Financial Statements*	New presentation requirements for the statement of profit or loss, including in relation to specified totals and subtotals, disclosure of management-defined performance measures, and new requirements for aggregation and disaggregation of financial information.	1 January 2027	The amendment will have an effect on the presentation of data in the statement of profit or loss and disclosures in the financial statements.
IFRS 19 *Subsidiaries without Public Accountability: Disclosures*	Reduced disclosures by subsidiaries classified as entities without public accountability when the entity has an ultimate or intermediate parent that produces consolidated financial statements in accordance with IFRSs.	1 January 2027	The amendment will have no material effect on the financial statements.

4.6. Reform of benchmarks

To align the Bank with the requirements arising from Regulation of the European Parliament and the Council (EU) 2016/1011 of 8 June 2016 and Regulation (EU) 596/2014 (OJ L 171 of 29 June 2016, as amended),referred to as the 'BMR Regulation', the Bank initiated the project 'Implementation of the requirements of the BMR Regulation' ('BMR Project'). The BMR Project involves the participation of representatives from various organisational units responsible for product areas (such as retail and corporate), interest rate risk management, legal, accounting, and IT.

Following the discontinuation of the LIBOR USD rate by the Financial Conduct Authority as of 30 June 2023, the Bank opted to adopt the CME Term SOFR as the benchmark rate for USD-denominated credit agreements. The

CME Term SOFR, a forward-looking benchmark interest rate for the US dollar, has been incorporated into the Bank's lending products for the SME/CORPORATE segment clients. The index is administered by CME Group Benchmark Administration Limited (Administrator's website: www.cmegroup.com). The CME Term SOFR was endorsed by the Alternative Reference Rates Committee (ARRC) on 29 July 2021 as a replacement for LIBOR USD. In the context of the BMR Regulation, the benchmark is administered by an entity from a third country (namely, a firm based in the United States of America). The application of this benchmark is permitted under the transitional provisions outlined in Article 51(5) of the Benchmarks Regulation (BMR) – Regulation (EU) 2016/1011 of the European Parliament and of the Council dated 8 June 2016. This regulation governs the use of indices as benchmarks in financial instruments and contracts, or for measuring the performance of investment funds, and it amends Directives 2008/48/EC and 2014/17/EU as well as Regulation (EU) No 596/2014, as amended.

The Bank's existing USD-denominated loan agreements accrue interest based on USD synthetic LIBOR. Legally, the 'synthetic' benchmark is the same as the previous LIBOR benchmark. It is calculated using a new methodology, but it remains classified as a LIBOR benchmark. The synthetic USD LIBOR benchmark is determined based on the CME Term SOFR benchmark, adjusted by an appropriate ISDA spread. The synthetic benchmark will be published until 30 September 2024. The Bank is transitioning existing credit agreements from the USD LIBOR benchmark to the corresponding CME Term SOFR benchmark.

Members of the BMR Project continue to be actively engaged in the activities of the National Working Group on Benchmark Reform (NGR), which was established in July 2022. Apart from having a broad representation of financial institutions, the NGR Group also includes representatives from various entities and organisations. These include the Polish Financial Supervision Authority, the Ministry of Finance, the National Bank of Poland, the Bank Guarantee Fund, the Polish Bank Association and GPW Benchmark.

The goal of the National Working Group is to prepare and facilitate the effective implementation of the Risk-Free Rate (RFR) reference index in the Polish financial market.

In September 2022, the Steering Committee of the National Working Group (NGR SC) made the decision to select WIRON as the index to replace WIBOR in the Polish financial market.

According to the NGR SC Communication of 25 October 2023, the WIBOR and WIBID benchmarks would be discontinued and would cease to be published by the end of 2027. Work is under way to update the Roadmap so it reflects the new time frame.

On 24 May 2024, NGR announced public consultation of a consultation paper on the review and evaluation of alternative interest rate indices. The outcome will underlie a review of NGR SC's decision of September 2022 to select an optimum replacement for the WIBOR benchmark, which would become a commonly used interest rate benchmark if WIBID and WIBOR are discontinued. The consultation process is to be concluded by 1 July 2024.

Meetings of the Loans / Business Client Stream of the National Working Group have been suspended until the new Roadmap is released.

The Bank had planned and was executing project work in line with the NGR Roadmap and the recommendations approved by the NGR Steering Committee. These guidelines provide a framework for the implementation of the WIRON benchmark in both new contracts and the existing portfolio.

In May 2024, the Bank decided to suspend work on the implementation of WIRON benchmark considering:

1. announcement by the NGR Steering Committee on extending the time frame for the Roadmap implementation and re-setting the deadline for conversion of the portfolio of contracts and instruments from WIBOR to WIRON to the end of 2027,
2. NGR Communication of 3 April 2024 on the initiation of a review and analysis of RFR alternative indices to replace WIBOR,
3. limited offerings of WIRON-based products at competitor banks,
4. decision by GPW Benchmark – in accordance with its Communication of 29 April 2024, the Administrator suspended implementation of the revised method to provide the WIRON benchmark until the review initiated by NGR is completed. GPW Benchmark will not launch work on the WIRON Compound Index (WIRON CI) until the review is concluded.

The Bank maintains a continuous monitoring process to stay informed about the market developments and updates related to the benchmark reform and the reform's impact on the Bank.

The project work will be planned again upon:

1. completion of the review and analysis of RFR alternative indices by NGR,
2. announcement of the analysis results,
3. update the NGR Roadmap.

Item	30 Jun 2024 unaudited	31 Dec 2023
Assets based on the WIBOR rate		
Mortgage loans	1,164,680	1,224,861
Consumer loans	251,544	268,797
Other credit products	6,719,948	6,814,291
Debt securities	1,966,848	2,533,882
Liabilities based on the WIBOR rate		
Issue of debt securities	445,842	447,032
Deposits	244,934	238,317
Liabilities based on the WIBID rate		
Deposits	2,724,882	3,068,177
Derivative instruments (notional amount)		
IRS	1,985,963	2,223,220
Assets based on the LIBOR rate		
Mortgage loans	13,379	16,742
Other credit products	94,311	121,247

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Interest rate risk

Interest rate risk can arise from mismatches in the repricing dates between the replacement index and the contract index, as well as mismatches in the index conversion dates across various agreements and contracts, such as loans and IRS contracts. Furthermore, there is a potential risk that the interbank derivatives market may not provide sufficient hedging options for mitigating the underlying interest rate risk inherent in credit-related on-balance sheet transactions. The risk may also materialise due to imperfect correlation in adjusting the interest rates of various interest rate-sensitive instruments, which would result in a mismatch between interest received and paid by the Bank.

The Bank actively monitors the magnitude of sensitivity of its exposure to the risk and implements appropriate measures in line with its interest rate risk management principles. The risks mentioned above have no impact on the interest rate risk management strategy.

Legal risk

Regarding legal (including judicial) risks, it is important to consider the treatment of loans linked to the BMR index in the event that a specific index is discontinued. Two distinct situations should be distinguished: one where a specific index ceases to be published without a designated replacement and the other where a replacement index is specified in accordance with applicable law (similar to CHF LIBOR).

1. In the first situation, the legal risk (and potential litigation risk) pertains to the determination of the interest rate on the loan, specifically the calculation of interest amount for the client. If the contract between the Bank and the client specifies the method of determining the alternative benchmark, there is a risk which arises from the potential that the client rejects the benchmark chosen by the Bank, leading to a dispute regarding the interpretation of the contractual provisions. If the contract does not specify an alternative benchmark, uncertainty arises regarding the method of determining the interest rate on the loan.
2. In the second situation, the legal risk is significantly lower because the ‘new’ BMR will automatically become part of the contract by operation of law, reducing the likelihood of potential claims by clients.

Hedge accounting

The Bank uses hedge accounting to hedge the fair value of fixed-rate bonds with WIBOR-based Interest Rate Swap instruments (see Note 35 ‘Hedge accounting’ for details). As a result of the BMR reform, the reference rate for the hedging instrument will change. The change in the benchmark will result in a corresponding change in the value of such instruments – which will be the higher, the greater the difference between the new benchmark and the previously used rate. Thus, the hedging transactions would have to be assessed for continued effectiveness (looking at the value of the hedged item and value of the hedging instrument). Their effectiveness will also depend on the existence of a liquid market for WIRON-based derivatives.

However, as the BMR reform is not expected to be completed until 2027 and the Bank’s accounting horizon runs to July 2025, the reform will not have an impact on hedge accounting risk in the medium term.

5. Corrections of prior period errors

In these condensed consolidated financial statements, the Group has not corrected any errors in the financial statements of prior periods.

6. Significant estimates and judgments

The preparation of the Group's interim consolidated financial statements requires judgments, estimates and assumptions that affect the reported income, expenses, assets, and liabilities and related notes, as well as disclosure of contingent liabilities. Uncertainties related to these assumptions and estimates may result in changes to carrying amounts of assets and liabilities in the future. They also require exercising professional judgment in the process of applying the adopted accounting policies.

In the six months ended 30 June 2024, there were no material changes in the methodology underlying the calculation of estimated amounts recognised in previous interim periods of the current financial year and in the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023 .

6.1. Expected credit losses on financial assets

Impairment of amounts due from clients

The Group reviews all credit exposures on a monthly basis to identify credit exposures threatened with impairment and measures the impairment of credit exposures. The measurement of impairment is based mainly on identifying indications of impairment, estimating the probability of impairment based on historical analysis, estimating potential losses (LGD parameter) and assessing the macroeconomic environment in which the Group operates.

The methodology used to estimate the impairment of amounts due from clients is presented in the full-year consolidated financial statements of the BOŚ the Group for the year ended 31 December 2023. Between 1 January 2024 and 30 June 2024, no changes were made to the methodology.

The model also contains a component comprising macroeconomic forecasts. Due to the significant share of unique credit exposures in the Group's portfolio, whose characteristics and structure indicate little connection between their risk and the macroeconomic environment, the historically observed impact of forecasts was not material to the valuation. Accordingly, the sensitivity of the estimated loss to changes in macroeconomic forecasts is very limited.

In June 2024, a sensitivity analysis was conducted on the non-performing loan portfolio to assess the impact of changes in portfolio parameters (LGD and PD) using the group approach. If recovery rates changed by +/- 10 percentage points, the estimated amount of loss allowances for the portfolio would decrease by PLN 21.2 million or increase by PLN 21.2 million, respectively. A simultaneous +/-10 percentage point change in the PD parameter would result in a decrease of PLN 19.1 million or an increase of PLN 23.3 million in the expected credit loss allowances, respectively.

6.2. Estimates of the impact of legal risk associated with foreign currency-linked mortgages

Estimating the effect of legal risks associated with foreign currency-linked mortgages is uncertain due to the evolving case law, the size of lawsuits brought by the Bank's clients and the level of acceptance of the dedicated settlement programme by clients. Therefore, this estimate is uncertain and the amount may change in the future. The estimate is subject to periodic monitoring and updating.

Legal claims made by borrowers concerning the nullity of loan agreements may give rise to an obligation to reimburse borrowers for any undue benefits received. Settlements proposed by the Bank to borrowers, consisting in cancellation of a portion of the debt and conversion of the currency for the outstanding loan amount into PLN, have an effect on the amount and timing of expected cash flows under those loans. Based on these estimates, the Bank adjusts the carrying amount of loan receivables and recognises a provision.

Note 8 'Legal risk associated with residential mortgage-backed loans tied to foreign currency exchange rates' provides an overview of the factors and circumstances that could significantly affect the amount of adjustment of the carrying amount of credit receivables and the provision for legal risk along with an explanation of how the risk is recognised in the financial statements.

The Bank conducted a sensitivity analysis of the estimated impact of legal risk, considering changes in key parameters associated with the number of lawsuits and signed settlements with clients.

Model sensitivity	Parameter change		
	-25pp	base-case scenario	+25pp
Increase in the number of lawsuits	-44	706	36
Increase in the number of settlements under the settlement programme	3	706	-3
Probability of settlement *\	18	706	-74

*\ In the -25% scenario, the minimum possible value of the parameter, that is 0%, was assumed.

6.3. Loan repayment holidays

Note 2.5. describes how borrowers can benefit from loan repayment holidays. Given the likelihood of borrowers exercising this right, the BOŚ Group recognises, at the reporting date, an adjustment to the gross carrying amount of the loans reflecting a revised estimate of expected cash flows (extension of the receivables recovery period by four months), in accordance with paragraph 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.

The adjustment to the gross carrying amount of the loans under this scheme amounts to PLN 6.7 million.

Change in instalment value assumption based on client requests	Impact on the amount of adjustment to gross carrying amount – loan repayment holidays
+ 5pp	PLN +0.54 million
- 5pp	PLN -0.54 million

7. Type and amounts of items affecting the assets, equity and liabilities, net profit/loss or cash flows, which are material due to their type, size or frequency

In the six months ended 30 June 2024, there were no non-recurring events that would have a significant impact on the Bank's assets, liabilities, equity, net financial result or cash flows.

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8. Legal risk associated with residential mortgage-backed loans tied to foreign currency exchange rates

For full information on the legal risk of residential mortgage-backed loans tied to foreign currency exchange rates, see the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

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 risk of foreign currency-indexed loans and takes into account in its analyses the unfavourable effect of that case law on the number of court proceedings and the value of claims sought. In the six months ended 30 June 2024, the Group did not observe any material changes to the case law that could have an effect on the Bank's situation.

As at 30 June 2024, there were 1,988 court cases pending against the Bank concerning loans denominated in relation to foreign currencies (mainly CHF, as well as USD and EUR), with a total value of claims of PLN 767,125 thousand EUR. Through claims raised in the lawsuits concerning credit/loan agreements, borrowers generally seek to declare the credit/loan agreements invalid, thereby seeking a refund of loan instalments paid and other payments made in connection with the credit/loan.

In 2021, BOŚ S.A., together with a group of other banks, initiated a project to create a voluntary settlement offer for clients repaying loans linked to foreign currency exchange rates. The general framework for such settlements was communicated by the President of the Polish Financial Supervision Authority.

Entered into on a voluntary basis, such settlements basically provide for settling the loans tied to foreign currency exchange rate as if they had been originally advanced in PLN, bearing interest at the WIBOR rate plus a fixed 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. By 30 June 2024, a total of 770 settlements had been concluded under the Programme, with 69 more pending conclusion.

The Group keeps monitoring interest in the Settlement Programme and willingness to enter into settlements by its clients. Based on the findings, in the six months ended 30 June 2024 the Group modified the Settlement Programme to make it more advantageous to clients, seeking to increase the number of settlements concluded.

8.1. Recognition of legal risk of residential mortgage-backed loans tied to foreign currency exchange rates

For rules governing the recognition and measurement of legal risk of residential mortgage-backed loans tied to foreign currency exchange rates, see the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023. In the six months ended 30 June 2024, these rules did not change.

8.2. Adjustment to gross carrying amount of loans and estimates of legal risk

Gross carrying amount of amounts due from loans tied to foreign currency exchange rates before legal-risk costs	30 Jun 2024 unaudited	31 Dec 2023
CHF	524,964	625,170
EUR	401,651	429,314
USD	25,548	28,101
Total	**952,163**	**1,082,585**

Adjustment to gross carrying amount of foreign currency-linked mortgage loans and legal-risk provision	30 Jun 2024 unaudited	31 Dec 2023
WBB adjustment:		
CHF	419,252	471,191
EUR	73,122	49,349
USD	9,408	8,149
	501,782	**528,689**
Provisions:		
CHF	179,683	149,450
EUR	20,100	11,932
USD	4,021	2,618
	203,804	**164,000**
Total	**705,586**	**692,689**

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

8.3. Changes in adjustment to gross carrying amount of loans and legal-risk provision

30 Jun 2024 unaudited	Total	Adjustment to gross carrying	Provision
At beginning of period	**692,689**	**528,689**	**164,000**
Change following conclusion of settlement under Settlement Programme	-17,911	-17,177	-734
Change following dispute resolution	4,534	-29,583	34,117
Change (recognition/reversal)	53,037	40,063	12,974
Exchange differences	-26,763	-20,210	-6,553
At end of period	**705,586**	**501,782**	**203,804**

31 Dec 2023	Total	Adjustment to gross carrying	Provision
At beginning of period	**514,764**	**398,307**	**116,457**
Change following conclusion of settlement under Settlement Programme	-23,864	-23,188	-676
Change following dispute resolution	16,133	-35,572	51,705
Change (recognition/reversal)	197,148	198,585	-1,437
Exchange differences	-11,492	-9,443	-2,049
At end of period	**692,689**	**528,689**	**164,000**

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

9. Legal and administrative proceedings

9.1. ‘Free credit’ sanction – consumer loans

The Bank has observed a rise in complaints and legal actions pertaining 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 June 2024, there were 23 ongoing court cases concerning ‘free credit’ sanctions, with the disputed amounts totalling PLN 617 thousand. The BOŚ Group did not recognise any related provision given low probability of a cash outflow resulting from unfavourable court judgments.

9.2. 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 June 2024, there are 41 ongoing court cases concerning investment certificates, with the disputed amounts totalling PLN 18,594 thousand.

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 9,526 thousand was recognised.

9.3. 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.

9.4. 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.

9.5. Proceedings by UODO

The President of the Polish Data Protection Authority (UODO) initiated administrative proceedings concerning the processing by the Bank of personal data of its clients and prospective clients in connection with their profiling.

The proceedings concern two breaches of personal data protection laws, identified during the audit carried out at the Bank in 2022. After assessing the pertinent circumstances, the President of UODO may impose an administrative fine or other non-financial penalties. At this stage, it is not possible to determine the possible financial impact of the proceedings.

10. 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. IFRS 8 defines an operating segment is a component of an entity:

1. that engages in business activities from which it may earn revenues and incur expenses,
2. whose operating results are regularly reviewed by the entity's chief operating decision maker,
3. for which discrete financial information is available.

The following is the policy for segment reporting applied in the periods ended 30 June 2024 and 30 June 2023, by the following lines of business:

1. institutional clients,
2. retail clients,
3. treasury and investments,
4. brokerage business,
5. other (not allocated to the segments).

The Institutional Client business line covers transactions made through Business Centres, branches and the Bank's Head Office with corporate clients, small and medium-sized enterprises and strategic clients. The Retail Client business comprises natural persons, micro-enterprises, housing communities and non-governmental organisations without credit.

The Treasury and Investments business line includes transactions on the interbank market as well as transaction in debt securities, derivatives, and equity investments. Treasury and investment activities include management of the Bank's liquidity, foreign exchange and interest rate risks and fund transfer pricing settlements with other business divisions (segments).

The Brokerage business provides services to both retail and institutional clients.

Other activities (not allocated to segments) include items of the statement of profit or loss that are not allocated to any of the business areas listed in items 1-4, in particular income and expenses related to unclassified clients.

The financial data of BOŚ Leasing–EKO Profit S.A. and MS Wind Sp. z o.o. are classified into the institutional client segment.

The treasury and investment products include financial instruments, current and term deposits, interbank deposits and deposits from ALM clients, loans from other banks and loans granted to banks, debt and equity securities, and derivatives.

Brokerage activities mainly involve purchase and sale of securities for the banking book and for the trading book, maintaining securities accounts, fee-based management of third parties' securities portfolios, and offering securities the primary market or through initial public offerings.

Assets and liabilities of the areas specified in items 1-2 above have been separated on the basis of the Bank's loan and deposit base.

Net interest income includes transfer settlements between the institutional client segment, the retail client segment, and the treasury and investment business. Transfer measurement of funds is based on reference rates and additional funding rates, taking into account currency, stability of funds and maturities, which are referenced to the yield curve. All relevant assets and interest-bearing liabilities, as well as off-balance sheet items that generate demand for liquidity are subject to transfer rates measurement. Measurement is performed on a monthly basis and is based on the (daily) average of individual interest-rate transactions allocated to a given division separately for each currency.

The operating result of the institutional client segment and the retail client segment is determined by subtracting administrative costs directly related to the segments' transactions or units and costs and loss allowances allocated to the segments, including cross-settlements for serving clients of the institutional client division by the Bank's operating branches (focused on services for clients of the retail division), from the result of banking activities within these divisions.

Segment's net finance income (costs) comprises:

1. Net interest income, i.e. the sum of the difference between interest income on credit facilities and municipal bonds from clients and cost of funds received from ALM (treasury and investment activity) and income from the transfer of funds to ALM less interest expenses paid to the Bank's clients.
2. Net fee and commission income, i.e. the difference between fee and commission income and expenses allocated to a given transaction and allocated to the business area. The net result includes income and expenses both recognised on a one-off basis and accounted for on a straight-line basis, while transaction-related income and expenses accounted for at the effective interest rate are recognised in net interest income.
3. Gain (loss) on foreign exchange transactions, i.e. income on negotiated FX transactions (forwards and spots) and income on foreign exchange according to the Bank's exchange rate table. The item includes gain (loss) on derivative transactions.
4. Net other income and expenses
5. Effect of legal risk of mortgage loans denominated in foreign currencies, relating to recognised / reversed provisions for pending and future court cases, as well as the settlement programme related to the judgment of the Court of Justice of the European Union (CJEU) in case C-260/18.
6. Net impairment losses and measurement of receivables at fair value through profit or loss, i.e. gain (loss) on changes in impairment losses on loans, municipal and corporate bonds, and gain (loss) on loans, municipal and corporate bonds measured at fair value allocated to a given business area. The result includes changes in the portfolio of impaired foreign currency loans due to exchange rate fluctuations.

The financial result of the treasury and investment business area is the sum of the results of the treasury and equity investment business areas of the Bank, which include:

1. Interest income – calculated as the sum of interest income on transactions with external clients and the result of transfer pricing settlements between funds and other segments. External interest income and expense relate to transactions on the interbank market (deposits and loans), as well as debt securities purchased and issued. The result on transfer pricing settlements of funds is the difference between income from financing of assets of other segments and transfer costs for deposits received from other segments.
2. Gain (loss) on foreign exchange transactions includes gain (loss) on foreign exchange trading transactions, remeasurement of the provision for foreign-currency loans, and changes in the measurement of active currency forward hedges. This item includes gain (loss) on foreign exchange transactions not allocated to other segments.
3. Gain (loss) on hedge accounting includes gain (loss) on cash-flow hedging transactions and fair-value hedging transactions.
4. Gain (loss) on financial instruments measured at fair value through profit or loss, gain (loss) on transactions in the trading book and on transactions in financial instruments, including FX swaps.
5. Gain (loss) on investment securities – gain (loss) on shares and debt securities and on measurement of financial instruments.
6. Dividend income
7. Difference in the value of impairment allowances, gain (loss) on shares and exposures to financial institutions allocated to the treasury and investment business area.

Below are presented the consolidated financial results of the BOŚ Group for the periods ended 30 June 2024 and 30 June 2023 attributable to the segments.

No.	Statement of items of profit or loss 6 months ended 30 Jun 2024 unaudited	INSTITUTIONAL CLIENTS	RETAIL CLIENTS	TREASURY AND INVESTMENT BUSINESS	BROKERAGE BUSINESS	OTHER (NOT ALLOCATED TO SEGMENTS)	BOŚ GROUP
I.	**Net interest income**	**153,997**	**103,985**	**104,899**	**40,306**	**- 767**	**402,420**
1.	Interest and similar income, including:	599,350	362,425	- 242,544	46,892	24	766,147
	transactions with external clients	377,629	88,579	242,885	4,838	-	713,931
	transactions with other segments	221,721	273,846	- 485,429	42,054	24	52,216
2.	Interest expense and similar charges, including:	- 445,353	- 258,440	347,443	- 6,586	- 791	- 363,727
	transactions with external clients	- 98,748	- 173,637	- 34,245	- 4,865	- 16	- 311,511
	transactions with other segments	- 346,605	- 84,803	381,688	- 1,721	- 775	- 52,216
II.	**Net fee and commission income**	**30,309**	**4,797**	**-**	**28,813**	**- 259**	**63,660**
III.	Dividend income	-	-	12,057	128	-	12,185
IV.	Gain (loss) on financial instruments measured at fair value through profit or loss	- 151	-	1,728	22,537	-	24,114
V.	Gain (loss) on hedge accounting	-	-	- 962	-	-	- 962
VI.	Gain (loss) on investment securities	-	-	29	-	-	29
VII.	Gain (loss) on foreign exchange transactions	16,677	1,666	- 11,882	- 103	- 1	6,357
VIII.	Gain (loss) on derecognition of financial instruments	309	-	-	-	-	309
IX.	**Net banking income**	**201,141**	**110,448**	**105,869**	**91,681**	**- 1,027**	**508,112**
X.	Net other income and expenses	- 4,730	- 15,870	-	86	- 3,712	- 24,226
XI.	Effect of legal risk of mortgage loans denominated in foreign currencies	-	- 107,523	-	-	-	- 107,523

(all amounts in PLN thousand)

XII.	Net impairment losses	- 12,969	9,687	6,750	-	-	3,468
XIII.	**Net finance income (costs)**	**183,442**	**- 3,258**	**112,619**	**91,767**	**- 4,739**	**379,831**
1.	Direct costs	- 17,847	- 14,812	- 1,325	- 53,254	- 736	- 87,974
	Profit (loss) after direct costs	**165,595**	**- 18,070**	**111,294**	**38,513**	**- 5,475**	**291,857**
2.	Indirect costs and mutual services	- 70,743	- 52,748	- 10,847	-	-	- 134,338
	Profit (loss) after direct and indirect costs	**94,852**	**- 70,818**	**100,447**	**38,513**	**- 5,475**	**157,519**
3.	Amortisation and depreciation	- 16,480	- 13,761	- 1,348	- 6,141	- 850	- 38,580
4.	Other costs (taxes, BFG, PFSA)	- 14,402	- 12,092	- 561	- 2,642	- 431	- 30,128
XIV.	**Profit (loss) before tax**	**63,970**	**- 96,671**	**98,538**	**29,730**	**- 6,756**	**88,811**
XV.	Allocated profit (loss) of ALM	37,359	53,135	- 90,494	-	-	-
XVI.	**Gross profit (loss) after ALM allocation**	**101,329**	**- 43,536**	**8,044**	**29,730**	**- 6,756**	**88,811**
XVII.	Income tax expense						- 38,580
XVIII.	**Net profit (loss)**						**50,231**
XIX.	**Segment assets**	**8,768,539**	**2,006,976**	**9,643,824**	**338,725**	**270,512**	**21,028,576**
	including amounts due from banks and clients	8,747,911	2,006,976	241,612	6,404	2,723	11,005,626
	Segment liabilities	**6,113,642**	**9,205,054**	**3,310,908**	**1,815,387**	**583,585**	**21,028,576**
	of which amounts due to banks and clients	6,087,880	9,205,054	712,332	1,554,014	85,974	17,645,254
	Expenditure on property, plant and equipment	**23,231**	**20,187**	**3,087**	**10,537**	**-**	**57,042**

(all amounts in PLN thousand)

No.	Statement of items of profit or loss 6 months ended 30 Jun 2023 unaudited	INSTITUTIONAL CLIENTS	RETAIL CLIENTS	TREASURY AND INVESTMENT BUSINESS	BROKERAGE BUSINESS	OTHER (NOT ALLOCATED TO SEGMENTS)	BOŚ GROUP
I.	**Net interest income**	**148,578**	**101,872**	**104,020**	**57,430**	**- 997**	**410,903**
1.	Interest and similar income, including:	663,658	429,700	- 274,988	77,184	21	895,575
	transactions with external clients	373,654	108,692	324,105	4,605	-	811,056
	transactions with other segments	290,004	321,008	- 599,093	72,579	21	84,519
2.	Interest expense and similar charges, including:	- 515,080	- 327,828	379,008	- 19,754	- 1,018	- 484,672
	transactions with external clients	- 119,169	- 230,421	- 32,917	- 17,624	- 22	- 400,153
	transactions with other segments	- 395,911	- 97,407	411,925	- 2,130	- 996	- 84,519
II.	**Net fee and commission income**	**30,996**	**5,490**	**-**	**27,787**	**- 286**	**63,987**
III.	Dividend income	-	-	8,118	42	-	8,160
IV.	Gain (loss) on financial instruments measured at fair value through profit or loss	- 64	- 101	6,057	20,612	-	26,504
V.	Gain (loss) on hedge accounting	-	-	- 1,242	-	-	- 1,242
VI.	Gain (loss) on investment securities	-	-	-	-	-	-
VII.	Gain (loss) on foreign exchange transactions	8,137	1,802	- 9,372	- 221	3	349
VIII.	Gain (loss) on derecognition of financial instruments	571	-	-	-	-	571
IX.	**Net banking income**	**188,218**	**109,063**	**107,581**	**105,650**	**- 1,280**	**509,232**
X.	Net other income and expenses	5,081	- 923	-	- 2,757	- 542	859
XI.	Effect of legal risk of mortgage loans denominated in foreign currencies	-	- 161,793	-	-	-	- 161,793

(all amounts in PLN thousand)

XII.	Net impairment losses	15,566	1,067	- 10,605	-	-	6,028
XIII.	**Net finance income (costs)**	**208,865**	**- 52,586**	**96,976**	**102,893**	**- 1,822**	**354,326**
1.	Direct costs	- 19,251	- 13,485	- 1,415	- 46,888	- 638	- 81,677
	Profit (loss) after direct costs	**189,614**	**- 66,071**	**95,561**	**56,005**	**- 2,460**	**272,649**
2.	Indirect costs and mutual services	- 53,688	- 44,903	- 9,054	-	-	- 107,645
	Profit (loss) after direct and indirect costs	**135,926**	**- 110,974**	**86,507**	**56,005**	**- 2,460**	**165,004**
3.	Amortisation/depreciation	- 15,076	- 13,514	- 1,398	- 5,370	- 860	- 36,218
4.	Other costs (taxes, BFG, PFSA)	- 14,566	- 11,691	- 346	- 2,549	- 798	- 29,950
XIV.	**Profit (loss) before tax**	**106,284**	**- 136,179**	**84,763**	**48,086**	**- 4,118**	**98,836**
XV.	Allocated profit (loss) of ALM	33,084	58,713	- 91,797	-	-	-
XVI.	**Gross profit (loss) after ALM allocation**	**139,368**	**- 77,466**	**- 7,034**	**48,086**	**- 4,118**	**98,836**
XVII.	Income tax expense	-	-	-	-	-	- 43,085
XVIII.	**Net profit (loss)**	-	-	-	-	-	**55,751**
XIX.	**Segment assets**	**8,157,326**	**2,302,678**	**11,198,643**	**337,013**	**279,692**	**22,275,352**
	including amounts due from banks and clients	8,098,843	2,302,678	163,533	2,356	3,902	10,571,312
	Segment liabilities	**6,315,490**	**9,838,990**	**3,196,056**	**2,426,544**	**498,272**	**22,275,352**
	of which amounts due to banks and clients	6,301,846	9,838,990	727,079	2,188,421	75,000	19,131,336
	Expenditure on property, plant and equipment	**8,413**	**7,199**	**1,052**	**5,355**	**-**	**22,019**

(all amounts in PLN thousand)

Notes to the interim condensed consolidated statement of profit or loss

11. Net interest income

<table>
<tr><th rowspan="3">Item</th><th colspan="4">for 6 months ended 30 Jun 2024 unaudited</th><th colspan="4">for 6 months ended 30 Jun 2023 unaudited</th></tr>
<tr><th colspan="2">Interest income</th><th>Income similar to interest income</th><th rowspan="2">Total</th><th colspan="2">Interest income</th><th>Income similar to interest income</th><th rowspan="2">Total</th></tr>
<tr><th>Financial assets measured at amortised cost</th><th>Assets measured at fair value through other comprehensive income</th><th>Financial assets mandatorily measured at fair value through profit or loss</th><th>Financial assets measured at amortised cost</th><th>Assets measured at fair value through other comprehensive income</th><th>Financial assets mandatorily measured at fair value through profit or loss</th></tr>
<tr><td>Amounts due from banks and the central bank</td><td>21,783</td><td>-</td><td>-</td><td>21,783</td><td>23 088*\</td><td>-</td><td>-</td><td>23,088</td></tr>
<tr><td>Amounts due from institutional clients</td><td>372,325</td><td>-</td><td>-</td><td>372,325</td><td>375 842*\</td><td>-</td><td>47</td><td>375,889</td></tr>
<tr><td>Amounts due from retail clients</td><td>87,208</td><td>-</td><td>155</td><td>87,363</td><td>108,490</td><td>-</td><td>166</td><td>108,656</td></tr>
<tr><td>Non-trading investment debt securities</td><td>52,106</td><td>168,956</td><td>1,613</td><td>222,675</td><td>59,494</td><td>231,322</td><td>-</td><td>290,816</td></tr>
<tr><td>Financial instruments held for trading</td><td>-</td><td>-</td><td>1,589</td><td>1,589</td><td>-</td><td>-</td><td>1,937</td><td>1,937</td></tr>
<tr><td>Hedging transactions</td><td>-</td><td>-</td><td>8,196</td><td>8,196</td><td>-</td><td>-</td><td>10,670</td><td>10,670</td></tr>
<tr><td>Total</td><td>533,422</td><td>168,956</td><td>11,553</td><td>713,931</td><td>566,914</td><td>231,322</td><td>12,820</td><td>811,056</td></tr>
</table>

*\ Comparative data for the six months ended 30 June 2023 reflect a presentation change relative to data reported in the previous year. The amount of PLN 11,571 has been recognised as interest income on 'Amounts due from institutional clients', while in the previous year it was presented as interest income on 'Amounts due from banks and the central bank'.

(all amounts in PLN thousand)

Item	for 6 months ended 30 Jun 2024 unaudited			for 6 months ended 30 Jun 2023 unaudited		
Interest expense and similar charges on:	**Financial liabilities measured at amortised cost**	**Financial liabilities measured at fair value through profit or loss**	**Total**	**Financial liabilities measured at amortised cost**	**Financial liabilities measured at fair value through profit or loss**	**Total**
Bank accounts and deposits from banks	2,061	-	2,061	1,487	-	1,487
Bank accounts and deposits from institutional clients	103,617	-	103,617	136,594	-	136,594
Bank accounts and deposits from retail clients	175,780	-	175,780	233,614	-	233,614
Borrowings from clients	8,955	-	8,955	8,054	-	8,054
Lending support funds	366	-	366	663	-	663
Financial instruments – own debt securities	19,131	-	19,131	16,745	-	16,745
Lease liabilities	1,592	-	1,592	1,756	-	1,756
Other	9	-	9	1,240	-	1,240
Total	**311,511**	**-**	**311,511**	**400,153**	**-**	**400,153**

(all amounts in PLN thousand)

12. Net fee and commission income

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Fee and commission income		
Fee and commission income from contracts with customers under IFRS 15, including:	62,809	62,427
brokerage service fees	44,291	44,642
fees for maintaining client accounts, other domestic and international settlement transactions	18,109	17,504
fees for portfolio management services and other management fees	405	278
other fees	4	3
Commission fees on credit facilities	17,322	19,457
Commission fees on guarantees and letters of credit	4,212	3,705
Total	**84,343**	**85,589**
Fee and commission expense		
Brokerage fees, including:	15,883	17,133
for custody services	473	414
Payment card fees	3,923	3,585
Current account fees	293	296
ATM service charges	242	218
Fees on amounts due from clients	3	4
Other fees	339	366
Total	**20,683**	**21,602**

13. Dividend income

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Securities held for trading at fair value through profit or loss	128	42
Securities measured at fair value through other comprehensive income	12,057	8,118
Total	**12,185**	**8,160**

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

14. Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Securities held for trading	3,581	1,838
Derivative financial instruments	20,929	22,567
Amounts due from clients	- 151	- 165
Securities measured at fair value through profit or loss and related derivative financial instruments	- 245	2,264
Total	**24,114**	**26,504**

15. Gain (loss) on investment securities

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Gain (loss) on sale of securities measured at fair value through other comprehensive income	29	-
Total	**29**	**-**

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

16. Other income

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Reversal of provisions for liabilities, including:	2,703	1,926
provisions for liabilities and claims	1,632	776
Provision for refunds of increased interest charged until court entry of mortgage security	-	760
other provisions	1,071	390
Reversal of impairment losses on receivables	5,813	2,938
Recoveries of prescribed, cancelled or uncollectible receivables	18	5,621
Proceeds from sale or retirement of property, plant and equipment	11	98
Reimbursement of debt collection costs	331	405
Revenue from sale of goods and provision of services	8,783	8,639
Adjustment of interest on cancelled deposits from previous years	392	631
Income from damages, penalties and fines	91	54
Income from grant refinancing	844	-
Revenue from contracts/products performed by the Bank	1,648	1,306
Other	1,203	1,844
Total	**21,837**	**23,462**

(all amounts in PLN thousand)

17. Other expenses

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Retirement of property, plant and equipment and intangible assets	6	17
Donations	1,458	1,913
Recognised provisions for liabilities and claims, including:	3,927	640
provision for other liabilities and claims	3,670	274
Provision for refunds of increased interest charged until court entry of mortgage security	237	354
other provisions	20	12
Impairment losses on receivables	4,178	5,260
Costs of debt collection	1,467	1,296
Adjustment to interest and commission fees on loans earned in previous years	2,298	2,919
Lease payments	2,960	2,343
Costs of maintenance and administration of own leased premises	203	217
Costs damages, penalties and fines	75	856
Costs of erroneous brokerage transactions	85	107
Fees for handling payment of benefits on securities	568	-
Costs of property appraisal reports	44	76
Write-off of capital expenditure*\	17,429	-
Costs of handling claims and disputes with clients	9,096	4,911
Costs of grant refinancing	374	-
Other	1,895	2,048
Total	**46,063**	**22,603**

*\ For detailed information, see Note 2.6.

18. Effect of legal risk of mortgage loans denominated in foreign currencies

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Change in legal-risk adjustment to gross carrying amount of loans	-40,063	-110,588
Change in legal-risk provision	-12,973	2,277
Effect of voluntary settlements with clients or of contract cancellation in excess of the provision or adjustment to the gross carrying amount of loans	-54,487	-53,482
Total	**-107,523**	**-161,793**

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

19. Net impairment losses

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Securities measured at fair value through other comprehensive income	7,901	- 15,303
Securities measured at amortised cost	59	- 45
Amounts due from banks	- 54	37
Amounts due from clients and off-balance-sheet liabilities, including:	- 4,438	21,339
on-balance-sheet receivables	- 2,116	24,305
from retail clients	9,928	1,230
from institutional clients	- 12,044	23,075
off-balance-sheet liabilities	- 2,322	- 2,966
from retail clients	- 189	- 69
from institutional clients	- 2,133	- 2,897
Total	**3,468**	**6,028**

Net impairment losses on amounts due from clients:

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Individual assessment	- 16,096	- 7,238
Collective assessment	13,980	31,543
Total	**- 2,116**	**24,305**

(all amounts in PLN thousand)

20. Administrative expenses

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Employee benefits	152,919	126,980
Administrative expenses, including:	99,521	92,292
material costs	69,393	62,343
taxes and charges	7,768	5,447
contribution and payments to BGF	20,243	22,667
contribution and payments to PFSA	1,709	1,447
contribution to cover operating expenses of Financial Ombudsman	348	328
contribution to Chamber of Brokerage Houses (Izba Domów Maklerskich, IDM)	60	60
Amortisation and depreciation, including:	38,580	36,218
depreciation of property, plant and equipment	10,196	9,740
amortisation of intangible assets	19,656	17,987
depreciation of rights-of-use assets	8,728	8,491
Total	**291,020**	**255,490**

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

21. Income tax expense

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Tax expenses disclosed in statement of profit or loss	**- 38,580**	**- 43,085**
Current tax expense	- 13,722	- 52,216
Deferred tax on temporary differences	- 24,858	9,131

Reconciliation of effective tax rate

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Profit before tax	**88,811**	**98,836**
Income tax at 19% tax rate	- 16,874	- 18,779
Effect of permanent differences between profit or loss before tax and taxable income:	- 21,706	- 24,306
legal-risk charges related to mortgage loans denominated in convertible currencies	- 21,023	- 21,541
contribution and payments to BGF	- 3,789	- 4,178
allowances for expected credit losses	- 2,683	- 1,118
dividend income	2,315	2,272
donations	277	364
tax on income subject to tax collection waiver	3,962	1,057
other	- 765	- 1,162
Tax expenses disclosed in statement of profit or loss	**- 38,580**	**- 43,085**
Effective tax rate	**43%**	**44%**

For detailed information on deferred tax, see Note 30.

(all amounts in PLN thousand)

22. Earnings per share

Basic earnings per share are calculated as the quotient of profit attributable to shareholders of the Bank and the weighted average number of ordinary shares during the year.

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Net profit	50,231	55,751
Weighted average number of ordinary shares (thousand)	92,910	92,910
Basic earnings per share (PLN)	**0.54**	**0.60**

Diluted earnings per share are equal to basic earnings per share in the periods presented.

Notes to the interim condensed consolidated statement of financial position

23. Amounts due from banks

Item	30 Jun 2024	31 Dec 2023
Deposits with other banks, recognised as cash equivalents	193,096	143,507
Deposits with other banks up to 3 months	4,252	7
including: deposits with other banks up to 3 months (funds of Dom Maklerski BOŚ S.A. clients)	4,252	7
Amounts due from banks under derivative hedging transactions	1,403	4,559
Debt securities classified as amounts due from banks	15,136	15,135
Other amounts due from banks	803	26
Total gross	**214,690**	**163,234**
Impairment losses on debt securities classified as amounts due from banks	- 507	- 453
Total net	**214,183**	**162,781**

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

24. Financial assets and liabilities held for trading

Assets	30 Jun 2024	31 Dec 2023
Derivative financial instruments, including:	129,870	140,437
foreign exchange and currency derivative transactions	4,844	4,902
interest rate derivative transactions	103,837	108,819
forward contracts and options	21,189	768
contracts for difference (CFDs)	-	25,948
Securities held for trading	58,090	29,057
debt securities	30,234	209
equity securities	27,856	28,848
Total financial assets held for trading	**187,960**	**169,494**

Liabilities	30 Jun 2024	31 Dec 2023
Derivative financial instruments, including:	69,832	78,970
foreign exchange and currency derivative transactions	1,896	3,413
interest rate derivative transactions	63,792	73,466
forward contracts and options	4,144	243
contracts for difference (CFDs)	-	1,848
Securities held for trading	184	950
equity securities	184	950
Total financial liabilities held for trading	**70,016**	**79,920**

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

25. Investment securities

Item	30 Jun 2024 unaudited				31 Dec 2023			
	Measured at fair value through other comprehensive income	Measured at amortised cost	Measured at fair value through profit or loss	Total	Measured at fair value through other comprehensive income	Measured at amortised cost	Measured at fair value through profit or loss	Total
Debt securities:	**6,338,966**	**1,880,231**	**122,627**	**8,341,824**	**6,885,521**	**2,366,265**	**126,328**	**9,378,114**
Treasury bonds	2,885,608	1,391,191	-	4,276,799	2,470,032	1,879,119	-	4,349,151
NBP money market bills – recognised as cash equivalents	2,447,359	-	-	2,447,359	3,296,458	-	-	3,296,458
municipal bonds	33,018	-	-	33,018	32,690	-	-	32,690
bonds of other banks	545,365	221,633	122,627	889,625	518,656	221,721	126,328	866,705
bonds of other financial institutions	427,616	267,407	-	695,023	567,685	265,425	-	833,110
Equity securities	**106,657**	**-**	**-**	**106,657**	**106,656**	**-**	**-**	**106,656**
listed	33,085	-	-	33,085	39,780	-	-	39,780
unlisted	73,572	-	-	73,572	66,876	-	-	66,876
Total	**6,445,623**	**1,880,231**	**122,627**	**8,448,481**	**6,992,177**	**2,366,265**	**126,328**	**9,484,770**

(all amounts in PLN thousand)

26. Amounts due from clients

Item	30 Jun 2024 unaudited			31 Dec 2023		
	Gross amounts due from clients	Impairment losses	Net amounts due from clients	Gross amounts due from clients	Impairment losses	Net amounts due from clients
Measured at amortised cost	**11,712,901**	**958,086**	**10,754,815**	**11,654,431**	**928,007**	**10,726,424**
Amounts due from retail clients	**2,242,744**	**235,822**	**2,006,922**	**2,380,130**	**239,187**	**2,140,943**
overdraft facilities	3,620	2,849	771	4,465	2,743	1,722
cash loans	320,491	95,061	225,430	337,391	93,731	243,660
housing loans	1,689,745	103,938	1,585,807	1,804,172	109,170	1,695,002
other credit facilities	228,888	33,974	194,914	234,102	33,543	200,559
Amounts due from institutional clients	**9,470,157**	**722,264**	**8,747,893**	**9,274,301**	**688,820**	**8,585,481**
working capital facilities	1,051,397	52,282	999,115	953,311	51,649	901,662
term facilities	6,511,384	584,220	5,927,164	6,588,436	564,941	6,023,495
factoring receivables	550,413	44,209	506,204	502,412	38,008	464,404
lease receivables	268,964	26,352	242,612	265,174	24,648	240,526
purchased receivables	75,590	7,749	67,841	76,253	3,389	72,864
commercial paper	1,012,409	7,452	1,004,957	888,715	6,185	882,530
Measurement at fair value through profit or loss	**-**	**-**	**72**	**-**	**-**	**139**
Amounts due from retail clients	**-**	**-**	**54**	**-**	**-**	**109**
housing loans	-	-	22	-	-	43
other credit facilities	-	-	32	-	-	66
Amounts due from institutional clients	**-**	**-**	**18**	**-**	**-**	**30**
term facilities	-	-	18	-	-	30
Total	**-**	**-**	**10,754,887**	**-**	**-**	**10,726,563**
Margin deposits	31,788	4	31,784	34,335	39	34,296
Other amounts due from clients	4,772	-	4,772	6,577	-	6,577
Total amounts due from clients	**-**	**-**	**10,791,443**	**-**	**-**	**10,767,436**

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

Amounts due from clients included preferential loans with subsidised interest from NFOŚiFW and WFOŚiGW; in the reporting period, the amounts were as follows (nominal values):

Item	30 Jun 2024 unaudited	31 Dec 2023
Preferential loans with subsidies, including:	**24,186**	**24,715**
measured at amortised cost	24,085	24,614
measured at fair value through profit or loss	101	101

(all amounts in PLN thousand)

Change in impairment losses on amounts due from clients:

Item	Allowances for amounts due from retail clients					Allowances for amounts due from institutional clients				
	Bucket 1	Bucket 2	Bucket 3	POCI	Total	Bucket 1	Bucket 2	Bucket 3	POCI	Total
At beginning of period 1 Jan 2024	**14,273**	**4,839**	**219,884**	**191**	**239,187**	**106,832**	**59,669**	**540,962**	**- 18,643**	**688,820**
Increase due to origination and acquisition of financial assets	2,174	9	-	-	2,183	12,584	1,606	-	-	14,190
Changes due to change in credit risk	- 9,612	- 3,406	14,072	- 8	1,046	- 5,193	4,611	41,175	- 2,734	37,859
Decrease due to derecognition of financial assets including:	- 895	- 106	- 4,978	-	- 5,979	- 4,848	- 9,953	- 4,372	- 46	- 19,219
change in impairment losses on financial instruments written off from the statement of financial position	-	- 3	- 240	-	- 243	-	-	-	-	-
Change in impairment losses due to reallocations of financial assets between Buckets	8,302	3,068	- 11,370	-	-	- 2,988	- 1,819	4,806	-	- 1
Reallocation to Bucket 1	8,934	- 967	- 7,967	-	-	7,373	- 6,864	- 510	-	- 1
Reallocation to Bucket 2	- 336	5,523	- 5,187	-	-	- 9,090	9,146	- 56	-	-
Reallocation to Bucket 3	- 296	- 1,488	1,784	-	-	- 1,271	- 4,101	5,372	-	-
Other changes	-	- 615	-	-	- 615	-	615	-	-	615
At end of period 30 Jun 2024	**14,242**	**3,789**	**217,608**	**183**	**235,822**	**106,387**	**54,729**	**582,571**	**- 21,423**	**722,264**

(all amounts in PLN thousand)

Item	Allowances for amounts due from retail clients					Allowances for amounts due from institutional clients				
	Bucket 1	Bucket 2	Bucket 3	POCI	Total	Bucket 1	Bucket 2	Bucket 3	POCI	Total
At beginning of period 1 Jan 2023	**10,367**	**6,351**	**257,351**	**403**	**274,472**	**86,712**	**50,924**	**703,979**	**- 6,843**	**834,772**
Increase due to origination and acquisition of financial assets	2,816	224	-	-	3,040	11,639	1,088	1,219	18,205	32,151
Changes due to change in credit risk	161	1,248	12,609	- 187	13,831	- 3,069	12,111	29,094	- 535	37,601
Decrease due to derecognition of financial assets including:	- 665	- 246	- 6,797	-	- 7,708	- 6,235	- 15,885	- 87,226	-	- 109,346
change in impairment losses on financial instruments written off from the statement of financial position	- 1	- 4	- 1,792	-	- 1,797	-	-	- 63,526	-	- 63,526
Change in impairment losses due to reallocations of financial assets between Buckets	1,762	- 3,133	1,371	-	-	- 4,292	2,637	1,655	-	-
Reallocation to Bucket 1	2,436	- 1,823	- 613	-	-	673	- 373	- 300	-	-
Reallocation to Bucket 2	- 402	846	- 444	-	-	- 4,444	4,251	193	-	-
Reallocation to Bucket 3	- 272	- 2,156	2,428	-	-	- 521	- 1,241	1,762	-	-
Other changes	- 1	- 2	3	-	-	- 1	1	-	-	-
At end of period 30 Jun 2023	**14,440**	**4,442**	**264,537**	**216**	**283,635**	**84,754**	**50,876**	**648,721**	**10,827**	**795,178**

(all amounts in PLN thousand)

27. Amounts due to clients

Item	30 Jun 2024	31 Dec 2023
Retail clients	10,350,013	10,669,066
current/checking accounts	4,800,367	4,624,837
term deposits	5,549,646	6,044,229
Institutional clients	6,502,116	7,204,703
current/checking accounts	4,067,410	4,627,042
term deposits	2,434,706	2,577,661
Other clients	80,793	208,099
Borrowings from international financial institutions	409,921	439,283
Lending support funds	20,154	44,046
Total	**17,362,997**	**18,565,197**

In the six months ended 30 June 2024 and in 2023, the Group made all principal and interest payments on time, and did not breach any other contractual provisions regarding its payment obligations.

28. Subordinated liabilities

Series	Currency	Interest rate	Maturity	Nominal value	Amount outstanding	Nominal value	Amount outstanding
				30 Jun 2024 unaudited		31 Dec 2023	
AA1	PLN	6M WIBOR + margin (six-month coupons)	7 years (with early repayment option after 5 years)	34,214	35,711	34,214	35,843
AA2	PLN	6M WIBOR + margin (six-month coupons)	7 years (with early repayment option after 5 years)	65,786	66,918	65,786	66,876
P	PLN	6M WIBOR + margin (six-month coupons)	10 years (with early repayment option after 5 years)	150,000	155,734	150,000	156,584
R1	PLN	6M WIBOR + margin (six-month coupons)	10 years (with early repayment option after 5 years)	83,000	84,782	83,000	84,733
AB	PLN	6M WIBOR + margin (six-month coupons)	7 years (with early repayment option after 5 years)	100,000	102,838	100,000	103,148
Total				**433,000**	**445,983**	**433,000**	**447,184**

In the six months ended 30 June 2024 and in 2023, the BOŚ Group did not breach any contractual provisions regarding its subordinated liabilities.

(all amounts in PLN thousand)

29. Provisions

Item	30 Jun 2024	31 Dec 2023
Provisions for contingent liabilities, including:	47,716	45,395
open lines of credit	27,078	31,270
guarantees	20,638	14,125
Provision for employee benefits – retirement and disability benefits	5,788	5,697
Provision for legal risk related to foreign currency mortgage loans	203,804	164,000
Provision for refund of commission fees due to early loan repayment	194	171
Provision for refunds of increased interest charged until court entry of mortgage security	1,900	1,880
Provision for other liabilities and claims	41,195	39,146
Total	**300,597**	**256,289**

Change in provisions

Item	30 Jun 2024	31 Dec 2023
Provisions for contingent liabilities		
At beginning of period	**45,395**	**34,238**
recognition of provisions for impairment of off-balance-sheet liabilities	53,033	91,643
reversal of provisions for impairment of off-balance-sheet liabilities	- 50,712	- 80,486
At end of period	**47,716**	**45,395**
Provisions for employee benefits		
At beginning of period	**5,697**	**4,314**
recognition of provisions	150	1,725
use of provisions	- 59	- 342
At end of period	**5,788**	**5,697**
Provision for legal risk related to foreign currency mortgage loans		
At beginning of period	**164,000**	**116,457**
recognition of provisions	12,973	95,676
exchange differences on measurement of provisions	- 6,552	- 2,049
use of provisions	33,383	51,029
reversal of provisions	-	- 97,113
At end of period	**203,804**	**164,000**

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

Provision for refund of commission fees due to early loan repayment		
At beginning of period	**171**	**260**
recognition of provisions	94	18
use of provisions	- 71	- 69
reversal of provisions	-	- 38
At end of period	**194**	**171**
Provision for refunds of increased interest charged until court entry of mortgage security		
At beginning of period	**1,880**	**2,710**
recognition of provisions	237	354
use of provisions	- 217	- 314
reversal of provisions	-	- 870
At end of period	**1,900**	**1,880**
Provision for other liabilities and claims		
At beginning of period	**39,146**	**7,479**
recognition of provisions	3,670	33,711
use of provisions	-	- 62
reversal of provisions	- 1,621	- 1,982
At end of period	**41,195**	**39,146**
Total provisions at end of period	**300,597**	**256,289**

for the six months ended 30 June 2024 (all amounts in PLN thousand)

Provisions for court proceedings, legal risk related to foreign currency mortgage loans, claims and reimbursement of commission fees are recognised at the amount of expected outflows of economic benefits in the presented periods:

Item	1 Jan 2024 30 Jun 2024		1 Jan 2023 31 Dec 2023	
	Amount	Expected outflow of benefits	Amount	Expected outflow of benefits
Provision for amounts due to clients	28,891	up to 1 year	28,891	up to 1 year
Provision for other liabilities and claims	12,304		10,255	
	2,490	up to 1 year	138	up to 1 year
	9,814	over 1 year	10,117	over 1 year
Provision for legal risk related to foreign currency mortgage loans	203,804		164,000	
	86,599	up to 1 year	61,078	up to 1 year
	117,205	over 1 year	102,922	over 1 year
Provision for refund of commission fees due to early loan repayment	194		171	
	65	up to 1 year	57	up to 1 year
	129	over 1 year	114	over 1 year
Provision for refunds of increased interest charged until court entry of mortgage security	1,900		1,880	
	633	up to 1 year	627	up to 1 year
	1,267	over 1 year	1,253	over 1 year
Total	**247,093**		**205,197**	

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

For information on litigation related to loans denominated in or tied to foreign currencies, see Note 8: ‘Legal risk associated with residential mortgage-backed loans tied to foreign currency exchange rates’.

for the six months ended 30 June 2024 (all amounts in PLN thousand)

30. Deferred income tax

Deferred income tax is calculated on all temporary differences using an income tax rate of 19%.

Deferred tax assets and liability	30 Jun 2024 unaudited	Statement of profit or loss	Other comprehensive income	31 Dec 2023
interest accrued on loans, advances and securities	67,529	5,731	-	61,798
differences between carrying amounts of property, plant and equipment and intangible assets, including lease contracts, and their tax base	22,048	- 5,890	-	27,938
positive value of securities and financial instruments	43,858	- 2,681	- 2,918	49,457
deferred commissions	17,429	3,236	-	14,193
other	-	- 187	-	187
IBNR recognised as tax-deductible in previous years	124	- 125	-	249
Gross deferred tax liability	**150,988**	**84**	**- 2,918**	**153,822**
allowances for expected credit losses	120,441	- 8,185	-	128,626
provision for legal risk of foreign currency mortgage loans relating to the Settlement Programme	12,792	- 594	-	13,386
interest accrued on deposits and securities	64,517	- 10,726	-	75,243
provision for material and labour costs	9,537	- 2,499	-	12,036
negative value of securities and financial instruments	30,393	- 2,792	- 2,177	35,362
other	4,175	- 43	-	4,218
interest received on securities previously purchased by the Bank	22,263	8,192	-	14,071
deferred commissions	20,137	- 8,127	-	28,264
Gross deferred tax assets	**284,255**	**- 24,774**	**- 2,177**	**311,206**
Total effect of temporary differences – net assets	**133,267**	**- 24,858**	**741**	**157,384**

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

Deferred tax assets and liability	30 Jun 2023 unaudited	Statement of profit or loss	Other comprehensive income	31 Dec 2022
interest accrued on loans, advances and securities	54,212	- 2,309	-	56,521
differences between carrying amounts of property, plant and equipment and intangible assets, including lease contracts,	43,714	- 629	-	44,343
increase on valuation	47,113	- 19,397	13,338	53,172
deferred commissions	10,395	1,273	-	9,122
other	496	326	-	170
taxable income from reversal of IBNR losses, recognised as tax-deductible in previous years, following the implementation of IFRS 9	373	- 124	-	497
Gross deferred tax liability	**156,303**	**- 20,860**	**13,338**	**163,825**
allowances for expected credit losses	139,123	- 8,674	-	147,797
provision for legal risk of foreign currency mortgage loans relating to the Settlement Programme	9,199	9,199	-	-
interest accrued on deposits and securities	84,930	5,963	-	78,967
provision for material and labour costs	9,706	- 1,500	-	11,206
decrease on valuation of assets	43,266	- 12,604	- 7,348	63,218
other	6,393	2,671	-	3,722
interest received on securities previously purchased by the Bank	22,029	- 998	-	23,027
deferred commissions	11,650	2,307	-	9,343
Gross deferred tax assets	**326,296**	**- 3,636**	**- 7,348**	**337,280**
Total effect of temporary differences – net assets	**- 169,993**	**- 17,224**	**20,686**	**- 173,455**

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

31. Other liabilities

Item	30 Jun 2024 unaudited	31 Dec 2023
Interbank settlements	28,602	84,140
Amounts due to Dom Maklerski BOŚ counterparties	59,735	92,175
Accrued expenses and deferred income	68,022	62,696
Public charges	52,415	58,163
Trade liabilities	86,354	91,585
Deferred commissions	6,891	8,561
Payment card settlements	1,785	1,293
Provision for refund of commission fees due to early loan repayment	2,100	2,286
Other	9,221	2,683
Total	**315,125**	**403,582**

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

32. Common equity

Registered share capital

As of 30 June 2023, the share capital was PLN 929,477 thousand and did not change relative to the amount as at 31 December 2022.

Series/issue	Type of shares	Type of preference	Number of shares	Par value of series/issue, PLN thousand	Method of payment for shares	Date of registration	Dividend right as of
A	O	ordinary	236,700	2,367	cash	09-01-91	01-01-92
B	O	ordinary	1,263,300	12,633	cash	11-03-92	01-01-93
C	O	ordinary	477,600	4,776	cash	30-12-92	01-01-93
C	O	ordinary	22,400	224	in-kind contribution	30-12-92	01-01-93
D	O	ordinary	1,300,000	13,000	cash	30-12-93	01-01-94
E	O	ordinary	647,300	6,473	cash	30-06-94	01-01-95
E	O	ordinary	15,500	155	in-kind contribution	30-06-94	01-01-95
E	O	ordinary	37,200	372	in-kind contribution	30-06-94	01-01-95
F	O	ordinary	1,500,000	15,000	cash	30-12-94	01-01-95
G	O	ordinary	1,260,000	12,600	cash	30-06-95	01-01-96
H	O	ordinary	670,000	6,700	cash	30-06-95	01-01-96
I	O	ordinary	70,000	700	cash	30-06-95	01-01-96
J	O	ordinary	1,055,000	10,550	cash	21-06-96	01-01-96
K	O	ordinary	945,000	9,450	cash	21-06-96	01-01-96
L	O	ordinary	1,200,000	12,000	cash	29-11-96	01-01-96
M	O	ordinary	2,500,000	25,000	cash	07-05-98	01-01-97
N	O	ordinary	1,853,000	18,530	cash	13-06-07	01-01-07
O	O	ordinary	1,320,245	13,202	in-kind contribution	25-06-10	01-01-10
P	O	ordinary	6,500,000	65,000	cash	15-06-12	01-01-11
U	O	ordinary	40,000,000	400,000	cash	12-07-17	01-01-16
V	O	ordinary	30,074,426	300,744	cash	04-07-18	01-01-18
Total number of shares			**92,947,671**				
Total par value of share capital				**929,477**			
Total share capital				**929,477**			

Par value of share is PLN 10.

As at 30 June 2024, the total number of voting rights attached to all shares issued by the Bank was 92,947,671 and did not change relative to 31 December 2023.

Each share carries the right to one vote at the General Meeting.

Other shareholders hold in total 27.8% of shares in the Bank's share capital.

As at the date of these interim condensed consolidated financial statements, no changes in the ownership structure of major holdings were known.

Treasury shares

As at 30 June 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.

Share premium

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

As at 30 June 2024 and 31 December 2023, the share premium was PLN 532,181 thousand.

33. Issue, redemption and repayment of debt and equity securities

In the six months ended 30 June 2024, there were no issues, redemptions or repayments of any debt or equity securities.

34. Off-balance-sheet items – Contingent assets and liabilities

Item	30 Jun 2024 unaudited	31 Dec 2023
Contingent liabilities:	**3,429,339**	**3,797,386**
Financial assets, including:	2,870,061	3,252,643
open lines of credit, including:	2,846,274	3,249,265
revocable	2,431,267	2,763,285
irrevocable	415,007	485,980
open import letters of credit	23,787	3,378
Guarantees, including:	514,469	534,943
credit repayment sureties and guarantees	12,739	12,739
performance bonds	501,730	522,204
Underwriting	44,809	9,800
Contingent assets:	**2,274,216**	**2,396,932**
Financial assets, including:	142,329	143,484
open lines of credit	142,329	143,484
Guarantees	2,108,466	2,231,402
Other	23,421	22,046
Total contingent assets and contingent liabilities	**5,703,555**	**6,194,318**

34.1. Changes in contingent liabilities

In the six months ended 30 June 2024, there were no changes in off-balance-sheet liabilities other than those resulting from the Bank's day-to-day operations. There was no single instance of issuing a guarantee or assuming any other contingent liability of significant value for the Bank.

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35. Hedge accounting

35.1. Hedge accounting policies

In the Group, hedge accounting was applied by the Bank only.

Hedge accounting is an integral part of the financial risk management process. Financial risk is managed as part of the risk management process in place at the Group.

The Bank hedges the interest rate risk in the banking book The Bank uses fair value hedges to hedge the fair value of fixed-rate Treasury bonds.

35.2. Cash flow hedge accounting

As at 30 June 2024, the BOŚ Group did not apply cash flow hedge accounting.

35.3. Fair value hedge accounting

During the hedging period, the Bank hedges the volatility of fair value of fixed-rate bonds, resulting from movements of market interest rates. The hedged item is part of the Treasury bonds held in the HtCS business model. The hedging instrument is an Interest Rate Swap (IRS), under which the Bank makes a payment based on a fixed interest rate and receives a coupon based on a variable rate (6M WIBOR).For details, see the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

As at 30 June 2024, the Bank had one fair value hedge relationship – a hedge established on 20 October 2015.

The hedged item within the hedging relationship established in 2015 includes PLN 240 million of Treasury bonds DS0725, maturing in July 2025.

As at 30 June 2024, an amount of PLN 2,226 thousand resulting from changes in fair value of the bonds due to movements of interest rates and changes in the fair value of the IRS transactions was recognised in the statement of profit or loss. The amount of PLN -2,194 thousand was recognised in the revaluation reserve. It represented the sum of the impact of the bonds on equity as at the date the hedge relationship was established (PLN -11,345 thousand) and the change in the fair value of the bonds resulting from the unhedged part of the risk (spread between the quoted prices of the bonds and the IRS transactions).

Item	30 Jun 2024 unaudited			31 Dec 2023		
	carrying amount	nominal value	fair value*\	carrying amount	nominal value	fair value*\
Hedging instruments						
Interest Rate Swap (IRS) – positive valuation	9,340	258,000	8,707	15,556	258,000	10,762
Hedged items						
Treasury bonds – positive valuation	242,945	240,000	-6,481	236,786	240,000	-7,574
Total effect on profit or loss			**2,226**			**3,188**

*\ for the hedged bonds it is an adjustment to the fair value

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BOŚ BANK

36. Fair value of financial assets and liabilities

The carrying amount and the fair value of financial assets and liabilities other than measured at fair value disclosed in the financial statements are presented below.

Item	Carrying amount 30 Jun 2024 unaudited	Fair value 30 Jun 2024 unaudited	Carrying amount 31 Dec 2023	Fair value 31 Dec 2023
FINANCIAL ASSETS				
Amounts due from banks	**214,183**	**230,047**	**162,781**	**164,042**
Amounts due from clients including:	**10,791,443**	**10,822,545**	**10,767,436**	**10,791,596**
amounts due in PLN	8,528,059	8,549,623	8,595,907	8,612,168
amounts due in foreign currencies	2,263,384	2,272,922	2,171,529	2,179,428
Investment securities – measured at amortised cost	**1,880,231**	**1,860,723**	**2,366,265**	**2,354,967**
Debt securities, including:	1,880,231	1,860,722	2,366,265	2,354,967
Treasury securities	1,391,191	1,397,368	1,879,119	1,891,197
other	489,040	463,354	487,146	463,770
FINANCIAL LIABILITIES				
Amounts due to central bank and other banks	**282,257**	**218,768**	**75,146**	**75,146**
Amounts due to clients, including:	**17,362,997**	**17,511,167**	**18,565,197**	**18,315,578**
institutional clients	6,522,270	6,522,580	7,248,749	7,249,471
retail clients	10,350,013	10,352,970	10,669,066	10,694,970
other clients	80,793	80,793	208,099	208,099
international financial institutions	409,921	554,824	439,283	163,038
Subordinated liabilities	**445,983**	**524,100**	**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.

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Amounts due from clients

Amounts due from clients are disclosed net of impairment allowances. Amounts due from clients in the balance sheet 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 June 2024. In the absence of payment schedules for current accounts, they were recognised at the 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 bank securities

Liabilities arising from issue of securities are measured at fair value taking into account 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 the credit spread determined on the basis of the latest issue made by the Bank.

37. Allocation of financial instruments measured at fair value based on the fair value measurement method

Under IFRS 13, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When estimating fair value, the Group takes into account the adjustment for counterparty credit risk.

As at 30 June 2024 and 31 December 2023, the Group allocated financial assets and liabilities measured at fair value into three categories (levels) based on the measurement method:

1. Level 1: mark-to-market valuation directly from available quotations of instruments on the market. This applies to quoted equity and debt securities and NBP bills (quotations based on the reference rate),
2. Level 2: mark-to-model valuation approach, with model parameterisation based on active market quotations for the type of instruments concerned or prices obtained in transactions concluded close to the reporting date on normal market terms. Fair value is also determined by reference to other, similar instruments, by analysing discounted cash flow and with other valuation methods commonly used by market participants, and in the case of financial instruments to which no valuation method can be applied – at cost. This applies to unlisted bank securities, equity securities and derivatives (including forward transactions for securities), except where they meet the criteria for allocation to Level 3. Additionally, in the portfolio of assets available for sale Dom Maklerski BOŚ holds shares of an entity for which there is no active market. Due to the above, the fair value of these securities is based on the valuation model developed by the Company and using comparable values for businesses listed on the Warsaw Stock Exchange,
3. Level 3: mark-to-model valuation approach, with model parameterisation based on active market quotes for a given type of instruments and the model parameters based on estimated risk factors. This applies to municipal securities (measured using the discounted cash flows method, with credit spreads used in the valuation determined on the basis of internal ratings), securities of other banks (prices are determined based on the margins of securities quoted in the market at the time of price determination, issued by selected issuers), unlisted equity securities and illiquid equity securities (measured using the discounted cash flows method). In the case of BOŚ Brokerage House (DM BOŚ), these are financial instruments acquired with the intention to introduce them to regulated trading. Fair value is determined based on an analysis of the company's financial position, taking into account impairment losses.

Financial instruments by fair-value hierarchy level:

30 Jun 2024 unaudited	Level 1	Level 2	Level 3	Total
Financial assets held for trading	**57,369**	**130,591**	**-**	**187,960**
debt securities	30,234	-	-	30,234
equity securities	27,113	743	-	27,856
derivative financial instruments	22	129,848	-	129,870
Derivative hedging instruments	**-**	**9,340**	**-**	**9,340**
Measured at fair value through other comprehensive income	**5,351,510**	**122,627**	**1,094,113**	**6,568,250**
debt securities	5,332,967	122,627	1,005,999	6,461,593
equity securities	18,543	–	88,114	106,657
Amounts due from banks	**–**	**–**	**230,047**	**230,047**
Amounts due from clients	**–**	**–**	**10,822,545**	**10,822,545**
Investment securities measured at amortised cost	**1,860,723**	**–**	**–**	**1,860,723**
Total	**7,269,602**	**262,558**	**12,146,705**	**19,678,865**

30 Jun 2024 unaudited	Level 1	Level 2	Level 3	Total
Financial liabilities held for trading	**395**	**69,621**	**-**	**70,016**
equity securities	184	-	-	184
derivative financial instruments	211	69,621	-	69,832
Amounts due to other banks	**- -**	**-**	**218,768**	**218,768**
Amounts due to clients	**-**	**-**	**17,511,167**	**17,511,167**
Subordinated liabilities	**-**	**-**	**524,100**	**524,100**
Total	**395**	**69,621**	**18,254,035**	**18,324,051**

Changes in securities measured at fair value through other comprehensive income	Level 3
At beginning of period 1 Jan 2024	**1,207,145**
Purchase	630,000
Sale and redemption	- 750,940
Total gains and losses	7,909
in profit or loss	- 31,077
in other comprehensive income	38,985
At end of period 30 Jun 2024	**1,094,113**

(all amounts in PLN thousand)

31 Dec 2023	Level 1	Level 2	Level 3	Total
Financial assets held for trading	**28,411**	**141,083**	**-**	**169,494**
debt securities	209	-	-	209
equity securities	28,038	810	-	28,848
derivative financial instruments	164	140,273	-	140,437
Derivative hedging instruments	**-**	**15,556**	**-**	**15,556**
Investment securities measured at fair value through other comprehensive income and profit or loss	**5,785,032**	**126,328**	**1,207,145**	**7,118,505**
debt securities	5,766,490	126,328	1,119,031	7,011,849
equity securities	18,542	-	88,114	106,656
Amounts due from banks	**-**	**-**	**164,042**	**164,042**
Amounts due from clients	**-**	**-**	**10,791,596**	**10,791,596**
Investment securities measured at amortised cost	**2,354,967**	**-**	**-**	**2,354,967**
Total	**8,168,410**	**282,967**	**12,162,783**	**20,614,160**

31 Dec 2023	Level 1	Level 2	Level 3	Total
Financial liabilities held for trading	**971**	**78,949**	**-**	**79,920**
debt securities	-	-	-	-
derivative financial instruments	21	78,949	-	78,970
equity securities	950	-	-	950
Amounts due to other banks	**-**	**-**	**75,146**	**75,146**
Amounts due to clients	**-**	**-**	**18,315,578**	**18,315,578**
Subordinated liabilities	**-**	**-**	**507,693**	**507,693**
Total	**971**	**78,949**	**18,898,417**	**18,978,337**

Changes in securities measured at fair value through other comprehensive income	Level 3
At beginning of period 1 Jan 2023	**690,467**
Purchase	836,000
Sale and redemption	-375,292
Total gains and losses	55,969
in profit or loss	-42,870
in other comprehensive income	98,839
At end of period 31 Dec 2023	**1,207,145**

Financial instruments may be reallocated between Level 1 and Level 2 based on the availability of quotations from an active market at the reporting date.

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An instrument is reallocated from Level 2 to Level 3 when valuation changes from an observable factor to an unobservable factor or when a new unobservable risk factor is applied to the valuation that simultaneously results in a significant effect on the valuation of the instrument.

An instrument is reallocated Level 3 to Level 2 when valuation changes from an unobservable factor to an observable factor or when the effect of the unobservable factor on the valuation of the instrument ceases to be significant.

Reallocations between the measurement methods take place on the date and as at the end of the reporting period.

In the period from 1 January to 30 June 2024, there were no reallocations of instruments between the levels. Measurement of Level 3 instruments does not affect the statement of profit or loss. The fair value measurement of Level 3 instruments is disclosed in other comprehensive income. Net profit (loss) includes interest accrued, interest paid, discount or premium, foreign exchange differences and reversed provisions (in the case of equity securities).

As at 30 June 2024, the sensitivity of the valuation of municipal instruments allocated to Level 3 to a +/- 1 bp change in the credit spread (unobservable model parameter) was PLN 4.2 thousand (31 December 2023: PLN 5.5 thousand).

Notes to the statement of cash flows

38. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include the following highly liquid balances with maturities of less than three months.

Item	30 Jun 2024 unaudited	31 Dec 2023
Cash and balances with central bank	663,176	584,089
Deposits with other banks, recognised as cash equivalents	193,096	143,506
Investment securities	2,447,359	3,296,458
Total	**3,303,631**	**4,024,053**

The balance of cash and cash equivalents includes the obligatory reserve maintained with the NBP.

In accordance with section 12 of NBP Resolution No. 40/2015, the Bank may use the funds held in the obligatory reserve for current cash settlements.

The amount of the obligatory reserve declared to be maintained in June 2024 was PLN 584,586 thousand (June 2023: PLN 609,505 thousand). The Bank is required to maintain the average cash balance per month above the declared obligatory reserve.

39. Related-party transactions

As at 30 June 2024, Bank Ochrony Środowiska S.A. was the parent of Dom Maklerski BOŚ S.A., BOŚ Leasing–EKO Profit S.A., as well as MS Wind Sp. z o.o.

The National Fund for Environmental Protection and Water Management (NFOŚiGW) was the parent of BOŚ S.A.

The key management personnel are also considered to be related parties.

Transaction with the National Fund for Environmental Protection and Water Management, i.e. the main shareholder of the Bank

As at 30 June 2024, the amount of funds provided by the NFOŚiGW for preferential loans under the Prosument programme for the financing of purchase and installation of renewable energy sources was PLN 4,215 thousand (31 December 2023: PLN 3,390 thousand).

NFOŚiGW is a party related to the State Treasury. The Bank enters into transactions with entities related to the State Treasury, mainly with entities operating in the public finance sector.

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39.1. Key management personnel

39.1.1. Loans to and deposits from members of the Management Board and the Supervisory Board of the Group

As part of the operating activities, transactions with members of the management body and the key management personnel comprise mainly loans and deposits. The balances of individual items of the statement of financial position as at 30 June 2024 and 31 December 2023 as well as income and expenses for the 6 months ended 30 June 2024 and 31 December 2023 are presented below:

Item	30 Jun 2024 unaudited	31 Dec 2023
Loans	11	7
Commitments under granted line of credit	4	8
Deposits	190	244
Total	**205**	**259**

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Interest expense on deposits	2	2
Interest income on loans	-	-

The credit and deposit products were provided to the key management personnel on the same terms as those offered by the Bank to the general public.

39.1.2. Remuneration of the key management personnel of the Bank

Item	6 months ended 30 Jun 2024 unaudited	6 months ended 30 Jun 2023 unaudited
Management Board		
short-term employee benefits*\	1,287	1,865
post-employment benefits	1,022	227
termination benefits	-	129
Total	**2,309**	**2,221**
Supervisory Board		
short-term employee benefits**\	806	623
Total	**806**	**623**

*\ Short-term employee benefits include: remuneration under a contract of mandate, reimbursement of overpaid Social Security contributions, income from PPK contributions, remuneration for a Supervisory Board Member temporarily delegated to perform the duties of a Management Board Member.
**\ Short-term employee benefits include remuneration for appointment to the Supervisory Board, reimbursement of overpaid contributions and reimbursement of travel expenses for Supervisory Board meetings, income from training provided, income from PPK contributions.

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39.2. Executive compensation policy at the Bank

In order to meet the requirements set out in the Regulation of the Minister Finance, Development Funds and Regional Policy of 8 June 2021 on banks' risk management and internal control systems, and on remuneration policy, and in accordance with Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, the Bank has implemented a Remuneration Policy, approved by the Supervisory Board of BOŚ S.A..

The Remuneration and Appointments Committee of the Supervisory Board gives its opinion on the Remuneration Policy, gives its opinion an and drafts rules of compensation of members of the Management Board, gives its opinion on the amount of variable remuneration for managers, gives its opinion on and monitors the amount of variable remuneration for managers at the Bank responsible for second-level risk management, management of the compliance function and management of the internal audit function.

The maximum amount of variable remuneration for each managing person may not exceed 100% of the person's fixed remuneration. The General Meeting of Bank Ochrony Środowiska S.A. has the authority to grant its consent to increase the maximum level of variable remuneration up to 200% of the fixed remuneration, in accordance with the procedure outlined in Section 25.3.4.b) and Section 25.3.4.c) of the Regulation of the Minister of Finance, Funds, and Regional Policy. The increase in the maximum amount of variable remuneration referred to in the preceding sentence does not apply to members of the Management Board.

In the reporting period following the end of the retention period, the following phantom shares were converted into cash and paid out to former members of the Bank's Management Board:

- third (last) tranche of deferred variable remuneration for 2019,
- first tranche of deferred variable remuneration for 2021,
- non-deferred portion of variable remuneration for 2022,
  with a total gross amount of PLN 893,358 thousand (64,896 phantom shares times the price equal to the arithmetic average of the closing prices at the first five sessions after the end of the retention period, i.e. PLN 11.72 and PLN 15.82).

Variable remuneration for the 2023 performance and the deferred tranches, with regard to Management Board members and other persons holding managerial positions with a material impact on the risk profile, are yet to be determined and awarded.

40. Dividends paid (aggregate or per share) separately for ordinary shares and other shares

No dividend was paid or declared in the six months ended 30 June 2024.

41. Risk and capital management

41.1. Credit risk

Definition of credit risk

Credit risk is defined as the risk of potential loss due to default by a client or counterparty at a contractual date.

Credit risk management methods

For details of the risk management methods, see the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

In the six months ended 30 June 2024, the Group pursued its credit risk management policy on an individual basis (credit transaction) and on a portfolio basis taking into account the level of risk appetite.

The risk appetite was determined within the limits set by prudent and stable risk management practices and was assumed to be moderate.

Processes established for risk management

For details of risk management processes, see the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

In the six months ended 30 June 2024, the Bank continued efforts to improve the efficiency of its risk assessment processes, including optimisation of the credit monitoring, credit decision and credit application processes, and took steps to reduce the credit portfolio concentration level.

With respect to the credit concentration risk, the Bank continued efforts to limit its large credit exposures, as well as exposures to a client and group of related clients, in order to reduce credit portfolio concentration.

Its credit regulations and processes were aligned with the new requirements:

- Recommendation S regarding best practice in managing mortgage-backed credit exposures, which came into force on 31 December 2023, save for the rules regarding identification of real estate in real estate market databases, for which the effective date is 31 March 2024, and
- Recommendation J regarding the collection and processing by banks of real estate data, which comes into force by 1 July 2024.

The Bank has introduced a simplified credit origination path for standardised small exposures supporting a diversification of its credit portfolio.

Techniques and tools for credit risk measurement

For detailed information on the techniques and tools used to measure credit risk, see the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023 .

Concentration risks, methods of their assessment and monitoring

For details of the concentration risk management at the Bank, see the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

In the six months ended 30 June 2024, the internal limits for credit risk were revised to limit large credit exposures, reduce credit portfolio concentration, and enhance the effectiveness of concentration risk management at the consolidated level.

Methodology for recognising impairment of credit exposures

At each reporting date, the Group reviews credit exposures, which consists in identification of credit exposures threatened with impairment and exposures with regard to which a significant increase in credit risk has been reported since their initial recognition – taking into account reasonable and supportable information, including forward-looking information. Subsequently, it designates an allowance for expected credit losses based on the allocation of the exposure to three Buckets depending on changes in credit quality.

As a general rule, all new exposures other than POCI assets and clients on the watch list are allocated to Bucket 1 exposures.

For details of the methodology for recognising impairment of credit exposures, see the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

41.1.1. Amounts due from banks

Below are presented gross amounts due from banks by rating groups:

Item	30 Jun 2024 unaudited	31 Dec 2023
AA+	809	58
AA	31,689	78,994
AA-	155,409	39,349
A+	5,683	22,457
A	5,486	2,071
A-	23	1,609
BBB+	454	3,559
unrated		
	14,630	14,684
Total	**214,183**	**162,781**

Internal rating	Rating groups	30 Jun 2024 unaudited	Rating groups	31 Dec 2023
A	AAA, AA+, AA, AA-		AAA, AA+, AA, AA-	
B	A+, A, A-		A+, A, A-	
C	BBB+, BBB, BBB-		BBB+, BBB, BBB-	
D	BB+, BB, BB-, B+, B, B-		BB+, BB, BB-, B+, B, B-	
E				14,682
F		14,630		2
Total		**14,630**		**14,684**

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

41.1.2. Amounts due from clients

Amounts due from clients by measurement category and by Bucket are presented below.

Item	30 Jun 2024 unaudited	31 Dec 2023
AMOUNTS DUE FROM CLIENTS MEASURED AT AMORTISED COST		
Amounts due from clients without indications of impairment, including:	10,078,799	10,081,168
exposures without significant credit risk increase since initial recognition (Bucket 1)	8,954,706	9,027,502
exposures with significant increase in risk since initial recognition (Bucket 2)	1,124,093	1,053,666
Amounts due from clients with indication of impairment, impaired (Bucket 3)	1,539,105	1,472,394
Amounts due from clients that were credit-impaired at the date of initial recognition (POCI)	94,997	100,869
Total amounts due from clients measured at amortised cost (gross)	**11,712,901**	**11,654,431**
Impairment losses on:		
amounts due from clients – (Bucket 1)	- 120,629	- 121,105
amounts due from clients – (Bucket 2)	- 58,518	- 64,508
amounts due from clients – (Bucket 3) with indication of impairment	- 800,179	- 760,846
amounts due from clients that were credit-impaired at the date of initial recognition (POCI)	21,240	18,452
Total impairment losses	**- 958,086**	**- 928,007**
Total amounts due from clients measured at amortised cost (net)	**10,754,815**	**10,726,424**
AMOUNTS DUE FROM CLIENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS		
Fair value	72	139
Total amounts due from clients measured at fair value through profit or loss	**72**	**139**
Margin deposits	31,784	34,296
Other amounts due from clients	4,772	6,577
Total amounts due from clients	**10,791,443**	**10,767,436**

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41.1.3. Classification of amounts due from clients by measurement category, by segment:

30 Jun 2024 unaudited	Institutional clients	Retail clients	Retail clients – housing loans	Retail clients – other loans	Total
Amounts due from clients measured at amortised cost					
Amounts due from clients without indications of impairment, including:	8,134,280	1,944,519	1,537,107	407,412	10,078,799
exposures without significant credit risk increase since initial recognition (Bucket 1)	7,072,799	1,881,907	1,487,815	394,092	8,954,706
exposures with significant increase in risk since initial recognition (Bucket 2)	1,061,481	62,612	49,292	13,320	1,124,093
Amounts due from clients with indication of impairment, impaired (Bucket 3), including:	1,241,575	297,530	151,963	145,567	1,539,105
individually assessed	1,211,595	68,284	52,695	15,589	1,279,879
Amounts due from clients that were credit-impaired at the date of initial recognition (POCI)	94,302	695	674	21	94,997
Total amounts due from clients measured at amortised cost (gross)	**9,470,157**	**2,242,744**	**1,689,744**	**553,000**	**11,712,901**

(all amounts in PLN thousand)

30 Jun 2024 unaudited	Institutional clients	Retail clients	Retail clients – housing loans	Retail clients – other loans	Total
Impairment losses on:					
amounts due from clients – (Bucket 1)	-106,387	-14,242	-6,921	-7,321	-120,629
amounts due from clients – (Bucket 2)	-54,729	-3,789	-1,978	-1,811	-58,518
amounts due from clients – (Bucket 3) with indications of impairment,	-582,571	-217,608	-94,877	-122,731	-800,179
individually assessed	-555,066	-38,473	-30,048	-8,425	-593,539
amounts due from clients that were credit-impaired at the date of initial recognition (POCI)	21,423	-183	-162	-21	21,240
Total impairment losses	**-722,264**	**-235,822**	**-103,938**	**-131,884**	**-958,086**
Total amounts due from clients measured at amortised cost (net)	**8,747,893**	**2,006,922**	**1,585,806**	**421,116**	**10,754,815**
Amounts due from clients measured at fair value through profit or loss					
Fair value	18	54	22	32	72
Total amounts due from clients measured at fair value through profit or loss	**18**	**54**	**22**	**32**	**72**
Margin deposits	31,784	-	-	-	31,784
Other amounts due from clients	2,723	2,049	-	2,049	4,772
Total amounts due from clients	**8,782,418**	**2,009,025**	**1,585,828**	**423,197**	**10,791,443**

(all amounts in PLN thousand)

31 Dec 2023	Institutional clients	Retail clients	Retail clients – housing loans	Retail clients – other loans	Total
Amounts due from clients measured at amortised cost					
Amounts due from clients without indications of impairment, including:	8,012,726	2,068,442	1,635,343	433,099	10,081,168
exposures without significant credit risk increase since initial recognition (Bucket 1)	7,045,797	1,981,705	1,572,908	408,797	9,027,502
exposures with significant increase in risk since initial recognition (Bucket 2)	966,929	86,737	62,435	24,302	1,053,666
Amounts due from clients with indication of impairment, impaired (Bucket 3), including:	1,161,430	310,964	168,129	142,835	1,472,394
individually assessed	1,115,922	65,413	50,144	15,269	1,181,335
Amounts due from clients that were credit-impaired at the date of initial recognition (POCI)	100,145	724	700	24	100,869
individually assessed	40,706	500	500	-	41,206
Total amounts due from clients measured at amortised cost (gross)	**9,274,301**	**2,380,130**	**1,804,172**	**575,958**	**11,654,431**

(all amounts in PLN thousand)

31 Dec 2023	Institutional clients	Retail clients	Retail clients – housing loans	Retail clients – other loans	Total
Impairment losses on:					
amounts due from clients – (Bucket 1)	-106,832	-14,273	-5,371	-8,902	-121,105
amounts due from clients – (Bucket 2)	-59,669	-4,839	-2,383	-2,456	-64,508
amounts due from clients – (Bucket 3) with indications of impairment,	-540,962	-219,884	-101,249	-118,635	-760,846
individually assessed	-516,406	-34,491	-26,385	-8,106	-550,897
amounts due from clients that were credit-impaired at the date of initial recognition (POCI)	18,643	-191	-167	-24	18,452
individually assessed	-2,962	6	6	-	-2,956
Total impairment losses	**-688,820**	**-239,187**	**-109,170**	**-130,017**	**-928,007**
Total amounts due from clients measured at amortised cost (net)	**8,585,481**	**2,140,943**	**1,695,002**	**445,941**	**10,726,424**
Amounts due from clients measured at fair value through profit or loss					
Fair value	30	109	43	66	139
Total amounts due from clients measured at fair value through profit or loss	**30**	**109**	**43**	**66**	**139**
Margin deposits	34,296	-	-	-	34,296
Other amounts due from clients	4,215	2,362	-	2,362	6,577
Total amounts due from clients	**8,624,022**	**2,143,414**	**1,695,045**	**448,369**	**10,767,436**

(all amounts in PLN thousand)

Rating/scoring groups of amounts due from Group clients (gross), by client segment, are presented below.

Item	Rating*\	30 Jun 2024	31 Dec 2023
Amounts due from institutional clients	(1-3)	1,558	32,165
	(4-5)	228,787	259,824
	(6-7)	1,447,110	1,386,571
	(8-9)	2,704,300	2,650,843
	(10-11)	3,077,977	2,892,020
	(12-13)	1,048,092	929,561
	(14-16)	673,881	504,751
	unrated	288,470	618,596
Total amounts due from institutional clients		**9,470,175**	**9,274,331**
Amounts due from retail clients	unrated	2,242,798	2,380,239
Total amounts due from retail clients		**2,242,798**	**2,380,239**
Total		**11,712,973**	**11,654,570**

General characteristics of the rating classes are presented below:

Rating 1 Highest credit quality
Rating 2 Very high credit quality
Rating 3 High credit quality
Ratings 4-5 Very good credit quality
Ratings 6-7 Good credit quality
Ratings 8-9 Satisfactory credit quality
Ratings 10-11 Mediocre and poor credit quality
Ratings 12-13 Very poor credit quality
Ratings 14-16 No creditworthiness (credit quality does not exist).

The ratings are presented as at the reporting date.

*\ The ratings are consistent with the Bank's internal classification, where '1' is the best rating and '16' is the worst rating.

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41.1.4. Concentration of exposures to industries and geographical markets, with assessment of the concentration risk

Industry	Credit risk exposure	30 Jun 2024 unaudited % share in total
Real estate activities	1,416,153	12.1%
Generation and supply of electricity, gas, steam, hot water and air for air conditioning systems	1,120,409	9.6%
Wholesale trade, except trade in motor vehicles	1,118,549	9.5%
Public administration and defence; compulsory social security	807,151	6.9%
Construction of buildings	729,537	6.2%
Hospitality	374,474	3.2%
Activities of head offices; management consultancy	280,506	2.4%
Financial services, except insurance and pension funds	229,492	2.0%
Manufacture of food products	193,999	1.6%
Manufacture of chemicals and chemical products	184,505	1.6%
Telecommunications	181,017	1.5%
Manufacture of metals	178,743	1.5%
Sports, entertainment and recreational activities	163,210	1.4%
Crop and animal production, hunting and related service activities	149,861	1.3%
Other personal service activities	147,636	1.3%
Manufacture of other non-metallic mineral products	142,662	1.2%
Manufacture and processing of coke and refined petroleum products	137,724	1.2%
Manufacture of fabricated metal products, except machinery and equipment	136,152	1.2%
Civil engineering	128,300	1.1%
Warehousing and support activities for transportation	122,835	1.0%
Renting and leasing	117,613	1.0%
Other sectors, including:	3,652,445	31.2%
retail clients	2,242,798	19.1%
Total gross amounts due from clients	**11,712,973**	**100.0%**
Impairment losses	- 958,086	
Margin deposits	31,784	
Other amounts due from clients	4,772	
Total net amounts due from clients	**10,791,443**	

(all amounts in PLN thousand)

Industry	Credit risk exposure	31 Dec 2023 % share in total
Real estate activities	1,229,609	10.6%
Generation and supply of electricity, gas, steam, hot water and air for air conditioning systems	1,193,558	10.2%
Wholesale trade, except trade in motor vehicles	1,176,598	10.1%
Public administration and defence, compulsory social security	775,644	6.7%
Construction of buildings	735,079	6.3%
Hospitality	391,349	3.4%
Activities of head offices; management consultancy	274,754	2.4%
Manufacture of food products	255,526	2.2%
Financial services, except insurance and pension funds	243,893	2.1%
Telecommunications	181,660	1.6%
Sports, entertainment and recreational activities	166,543	1.4%
Manufacture of fabricated metal products, except machinery and equipment	154,044	1.3%
Manufacture of chemicals and chemical products	153,318	1.3%
Manufacture of other non-metallic mineral products	149,697	1.3%
Other personal service activities	142,812	1.2%
Crop and animal production, hunting and related service activities	138,191	1.2%
Manufacture and processing of coke and refined petroleum products	121,653	1.0%
Warehousing and support activities for transportation	118,723	1.0%
Other sectors, including:	4,051,919	34.8%
retail clients	2,380,239	20.4%
Total gross amounts due from clients	**11,654,570**	**100.0%**
Impairment losses	- 928,007	
Margin deposits	34,296	
Other amounts due from clients	6,577	
Total net amounts due from clients	**10,767,436**	

(all amounts in PLN thousand)

41.1.5. Debt securities

Securities by rating assigned to issuers

30 Jun 2024 unaudited	State Treasury	NBP	Banks	Public finance	Other financial institutions	Corporate	Total
1	-	-	-	-	50,830	-	50,830
6	4,303,940	-	-	-	-	-	4,303,940
7	-	-	889,625	-	-	-	889,625
none	-	2,447,359	-	33,018	644,193	3,093	3,127,663
Total	**4,303,940**	**2,447,359**	**889,625**	**33,018**	**695,023**	**3,093**	**8,372,058**

31 Dec 2023	State Treasury	NBP	Banks	Public finance	Other financial institutions	Corporate	Total
1	-	-	-	-	50,069	-	50,069
6	4,349,151	-	-	-	-	-	4,349,151
7	-	-	866,705	-	-	-	866,705
none	-	3,296,458	-	32,690	783,041	209	4,112,398
Total	**4,349,151**	**3,296,458**	**866,705**	**32,690**	**833,110**	**209**	**9,378,323**

The tables present a unified rating scale, as specified below. If an issuer is rated by more than one agency, the highest rating is presented.

For municipal bonds for which there is no active market, internal ratings are assigned, in one of the following categories:

4-5 Very good credit quality
6-7 Good credit quality
8-9 Satisfactory credit quality
10 Mediocre and poor credit quality

Risk classes for issuers of municipal bonds serviced by the Bank are assigned in accordance with the credit rating methodology for local government units applied by the Bank.

Public finance		
Internal rating	**30 Jun 2024 unaudited**	**31 Dec 2023**
6	1,911	1,911
7	20,112	19,076
8	4,132	6,205
10	6,863	5,498
Total	**33,018**	**32,690**

(all amounts in PLN thousand)

41.2. Financial risk in the banking book and the trading book, and risk limits

The financial risk in the Group is concentrated mainly at the Bank and at BOŚ Brokerage House (DM BOŚ S.A.) and includes:

1. liquidity risk,
2. market risk, including:
   a. interest rate risk (in the banking book and the trading book),
   b. currency risk (mainly in the trading book; currency risk from the banking book is transferred to the trading book),
   c. other risks (general and specific risk of equity instruments, commodities risk and position risk in collective investment undertakings).

Liquidity risk and interest rate risk occur mainly at the Bank, and currency risk – at DM BOŚ S.A. (in the trading book and the non-trading book) and at the Bank (in the trading book; currency risk from the banking book is transferred to the trading book). DM BOŚ S.A. is also exposed to equity risk, commodity price risk and position risk at collective investment undertakings.

For detailed information on financial risk at the BOŚ Group, see the full-year consolidated financial statements of the Group for the year ended 31 December 2023.

In the six months ended 30 June 2024, the Group monitored the economic and market situation associated with the war in Ukraine and analysed its impact on financial risks, including the market and liquidity risks. The levels of individual risks remained within the limits applied by the Group.

Impact of the war in Ukraine on financial risk, including liquidity risk

The BOŚ Group monitors 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 situation.

In the six months ended 30 June 2024, no significant indicators suggesting an increase in financial risk due to the war in Ukraine were recorded.

41.2.1. Liquidity risk

The purpose of liquidity management by the Group is to maintain the ability to finance assets and pay liabilities in a timely manner and to maintain a sustainable structure of assets and liabilities, which ensures a safe liquidity profile in specific time bands, split into liquidity in PLN and the main foreign currencies, but mostly – for the total liquidity position.

The liquidity risk management strategy and processes are specifically tailored to align with the Bank's and the BOŚ Group's business profile and scale.

The structure and organisation of the liquidity risk management function includes all levels of the Bank's organisational structure and operates within the three lines of defence. A particular role in the liquidity risk management process is played by the Management Board of the Bank and the ALCO Committee.

For detailed information on liquidity risk at the BOŚ Group, see the full-year consolidated financial statements of the Group for the year ended 31 December 2023.

To measure the liquidity, as well as the intra-day, current, short-term, medium-term and long-term liquidity risk, the Bank uses the relevant tools, also described in the full-year financial statements. In the six months ended 30 June 2024, these tools were extended to include stress tests taking into account the ESG risks, and forecasts of the LCR, NSFR and liquid assets.

To evaluate the effectiveness of the liquidity risk management process, for most of these measures, limits or warning thresholds are established within a hierarchical framework of internal liquidity risk limits. These thresholds are set at various levels including the Supervisory Board, the Management Board, and the ALCO Committee. The limits and warning thresholds undergo regular reviews (at least annually) to ensure effective liquidity monitoring. The limits and warning thresholds define the framework for the Bank's liquidity tolerance and are consistent with the Bank's risk appetite. The shaping of an appropriate liquidity risk profile is supported by taking into account the cost of liquidity under the Bank's transfer pricing system.

The measures and tools used by the Bank are reviewed on a regular basis and are regularly updated to better map the liquidity profile.

Liquidity risk reports are presented to all the Bank's units involved in the liquidity risk management process. For details, see the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

Overall liquidity risk profile

The main source of funding for the Bank continues to be a systematically built and diversified deposit base with a share of stable retail deposits (and deposits from corporate clients and the public sector), followed by loans from international financial institutions (which, together with long-term bilateral interest rate swap agreements secured by debt papers and FX swap transactions, constitute a source of liquidity funding in foreign currencies). The Bank monitors the risk of concentration of the deposit base on an ongoing basis.

The Bank maintains its liquid assets primarily in the form of highly liquid NBP bills, which constituted 33% of the liquid portfolio of securities as at 30 June 2024. Additionally, Treasury bonds accounted for 62% of the liquid portfolio as at the same date, further contributing to the low specific risk of with these assets. The portfolio of these securities is supplemented with cash and funds held with the National Bank of Poland (above the declared obligatory reserves) and in nostro accounts with other banks. As at 30 June 2024, liquid assets amounted to approximately PLN 7,479 million. Liquid assets constitute a buffer to secure liquidity in potential crisis situations, i.e. they can be pledged, liquidated under repo transactions or sold at any time without significant loss of value. The Bank's ability to sell liquid assets (product liquidity risk) is monitored on a regular basis.

The Bank may access additional funding sources through a technical loan and a lombard loan from the NBP and, under exceptional circumstances, may apply for a refinancing facility from the NBP.

The Bank determines internal capital for liquidity risk, which is considered a significant constant risk, in accordance with the applicable internal capital estimation process. This capital is estimated on the basis of the cost of restoring regulatory and internal measures and liquidity limits under the conditions of stress test scenarios.

Measures of liquidity risk

The Bank establishes supervisory liquidity metrics in accordance with the supervisory regulations detailed in the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023 (including LCR and NSFR), and reports them to the National Bank of Poland.

In the six months ended 30 June 2024, the supervisory liquidity measures, i.e. LCR and NSFR, were calculated daily (i.e., every working day), and remained at a safe level, significantly above the regulatory requirements. As at 30 June 2024, these measures were as follows:

Metric	30 Jun 2024	31 Dec 2023	Supervisory limit
LCR	189%	199%	100%
NSFR	158%	162%	100%

The Bank has an Emergency Liquidity Action Plan in place, ensuring the uninterrupted continuation of operations and preservation of liquidity in the event of crisis situations.

As part of its risk management system, the Bank has in place an Emergency Liquidity Action Plan approved by the Management Board, which sets out potential sources of deterioration/loss of liquidity, rules of conduct and contingency powers. In addition to the Emergency Liquidity Action Plan, the Bank also conducts liquidity stress tests.The tests are conducted in accordance with the Liquidity Risk Stress Testing Programme. The objective of these tests is to assess the Bank's position in the event that highly unfavourable risk factors materialise. The specific type and extent of these risk factors are dynamically established, taking into account the current situation of the Bank and its clients and the prevailing market conditions. For further on information on stress testing, see the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

The internal stress tests performed in the six months ended 30 June 2024, as in 2023, show that the Bank has a stable liquidity position and its liquid assets (excess liquidity) allow it to survive the assumed stress scenarios in which the Bank assumes survival over a certain period of time.

In the six months ended 30 June 2024, as in 2023, the Group’s liquidity position was monitored on a regular basis and remained safe.

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41.2.2. Interest rate risk

Interest rate risk is defined as a potential negative impact of changes in interest rates on the projected financial result, economic value of equity and present value of debt securities held. The interest rate risk is primarily generated in the Bank, both in the banking book and the trading book.

Interest rate risk in the banking book

The main purpose of interest rate risk management in the banking book is to seek stabilisation and optimisation of net interest income ('NII') while limiting the negative effect of market interest rate movements on economic value of equity ('EVE').

For detailed information on interest rate risk management in the banking book, see the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

Measures of interest rate risk in the banking book

In order to control the interest rate risk in the banking book, the Bank uses two measures: sensitivity of net interest income to interest rate movements by +/-200 bps (NII) and sensitivity of the economic value of capital to interest rate movements by +/-200 bps (EVE).

The following table provides a comparison of the NII and EVE measures between 30 June 2024 and 31 December 2023:

Date	ΔNII		ΔEVE	
	-200 bps	+200 bps	-200 bps	+200 bps
30 Jun 2024	-15,609	15,185	177,004	-162,838
31 Dec 2023	-46,290	45,835	159,359	-145,744
Change	**30,681**	**-30,650**	**17,645**	**-17,094**

In the six months ended 30 June 2024, both NII and EVE were within limits/warning thresholds consistent with the risk appetite approved by the Supervisory Board. Changes in the values of these measures have a certain cyclical nature, which is due to the regular approximation of the timing of the repricing of floating rate positions and the maturity of fixed rate positions. The drop in sensitivity of net interest income in the six months ended 30 June 2024 to a 200 bps decrease in market interest rates was caused chiefly by a decline in the amount of retail and corporate loans. The decrease in sensitivity of EVE to interest rate hikes was mainly attributable to a lower amount of Treasury bonds. In the six months ended 30 June 2024, the war in Ukraine had no direct impact on the interest rate risk measures in the banking book.

In accordance with the EBA/GL/2018/02 and EBA/GL/2022/14 Guidelines on the management of interest rate risk arising from non-trading book activities, the Bank is obliged to carry out a Supervisory Outlier Test (SOT).

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Results of the SOT for the six standard shock scenarios specified in the Guidelines are presented in the table below as at 30 June 2024 and 31 December 2023, along with their change:

	ΔEVE in a given SOT scenario					
	parallel upward shift of the interest rate curve	parallel downward shift of the interest rate curve	steepener shock[1]	flattener shock[2]	short rates shock up[3]	short rates shock down[3]
30 Jun 2024	-166,066	94,030	40,256	-111,434	-161,691	87,731
31 Dec 2023	-146,017	84,320	31,049	-89,171	-133,973	73,442
Change	**-20,049**	**9,710**	**9,207**	**-22,263**	**-27,718**	**14,289**

[1] sharper shock (decrease in short-term rates and increase in long-term rates),
[2] more moderate shock (increase in short-term rates and decrease in long-term rates),
[3] interest rate shocks in the short run are extinguished in longer tenors.

The results of the SOT analysis indicate that the Bank is most vulnerable to a decline in the economic value of equity (EVE) in the parallel shock up scenario. The level of sensitivity of the economic value of equity is below the regulatory warning thresholds, which indicates moderate exposure to interest rate risk.

As at 30 June 2024, the Bank also designated new sensitivity measures for NII in accordance with the guidelines of Commission Delegated Regulation (EU) 2024/856 of 1 December 2023. The new SOT regulatory measure for NII was -2.1% FW/Tier1, that is below the required maximum of -5%, and NII's sensitivity to interest rate movements by +/-200 bps, taking into account the sensitivity of FV of the future NII recognised at fair value would be PLN -45.1 million.

In the six months ended 30 June 2024, the Bank introduced a warning threshold for maximum NII's sensitivity in case the SOT scenarios (as defined in the EBA Guidelines) materialise. This safeguards the Bank's net interest income against interest rate risk and helps maintain the Bank's exposure to IRRBB risk within NII's sensitivity levels recommended by EBA in the SOT scenarios.

Once a month, the Bank conducts a stress testing analysis examining the development of the interest rate risk in the banking and trading book in case of materialisation of extreme changes in risk factors. The scenarios are described in detail in the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

The results of the stress test as at 30 June 2024 show that, in extremely adverse market conditions and the Bank's increased exposure to instruments sensitive to interest rate risk, the banking book risk remained at a safe level.

Given the nature of the Bank's business and the structure of its securities portfolio, the interest rate risk in the banking book is consistently significant. The Bank, as part of the ICAAP process, estimates internal capital for this risk.

In order to hedge the interest rate risk of 10-year fixed-rate PLN 150 million BGK bonds (issued to the COVID-19 Fund and guaranteed by the State Treasury) held within the HtC&S business model, as of July 2020 the Bank applies the option of measurement at fair value through profit or loss (the FVPL option). The related IRS hedging transactions enable the Bank to change interest on the bonds accrued at a fixed interest rate into interest accrued at WIBOR 6M plus margin, which hedges the Bank's position against adverse effects of potential increase in market interest rates.

Results of the monitoring of the banking book interest rate risk are presented in reports for the Bank's governing bodies.

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Interest rate risk in the trading book

The objective of interest rate risk management in the trading book is to achieve a financial result in this line of business in keeping with the financial plan, at an acceptable level of the Bank's exposure to the risk, and to minimise the adverse effects of holding interest rate-sensitive instruments in the trading book.

In order to monitor interest rate risk in the trading book, BOŚ S.A. employs appropriate measures and tools (including VaR, BPV, relevant limits, and stress tests), as detailed in the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

In the six months ended 30 June 2024, there were no significant changes in the techniques applied to measure the interest rate risk of the Bank's trading book. The interest rate VaR in the trading book was as follows:

Date	VaR				Stress tests
	mean	max	min	as at	as at
1 Jan 2024/* 30 Jun 2024	143	205	45	100	-3600
1 Jan 2023/* 30 Jun 2023	170	233	77	120	-1,865

*\ 1-day VaR, stress tests: yield curve movement by +500 bps (long position) and by -300 bps (short position)

In order to verify the value-at-risk model, the Bank performs a back-testing analysis on a monthly basis, calculated by comparing the maximum losses from the VaR model with actual gains and losses and theoretical changes in profit or loss resulting from revaluation of positions. Results of monthly back-testing are presented in management reports.

The utilisation of each limit/warning threshold (minimum 1-day VaR, BPV, maximum loss) is calculated and monitored as at each business day, and for the BPV warning threshold – also during the day, and reported to the management on a regular basis.

Once a month, the Bank conducts a stress testing analysis examining the development of the interest rate risk in the banking and trading book in case of materialisation of extreme changes in risk factors.
Results of the analysis show that in the event of extremely adverse market conditions and the Bank's increased exposure to instruments sensitive to the interest rate risk both the Bank's banking and trading positions are maintained at a safe level.

Results of the monitoring of the banking book and trading book interest rate risk are presented in weekly reports for the Bank's governing bodies.

The interest rate volatility caused by the war in Ukraine did not lead to any material increase in interest rate risk. The measures of interest rate risk in the trading book were monitored on an ongoing basis, and although their levels generally increased, they remained within the limits/warning thresholds applied by the Bank.

41.2.3. Currency risk

Currency risk is understood as the risk of loss to the Group due to changes in currency exchange rates. This risk is generated by DM BOŚ S.A. (in the trading and non-trading book) and in the Bank (mainly in the trading book).

The objective of the Bank's currency risk management policy for the banking book is to not maintain open individual positions. Foreign currency exposures arising in the banking book are transferred systematically to the trading book on the same day or on the following business day at the latest.

For detailed information on currency risk management, see the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

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The currency risk in DM BOŚ S.A.'s non-trading book is attributable to deposits of foreign currency cash in the accounts of foreign brokers who buy and sell financial instruments on foreign exchanges on behalf of DM BOŚ clients. DM BOŚ S.A. has open currency positions in USD and EUR in the non-trading book, and the portfolio's currency risk is managed within the limit of the total currency position for the trading book and the non-trading book.

A currency position resulting from transactions in the banking book which has not been transferred on a given day to the trading book is controlled with end-of-day limits of open currency positions in the banking book.

Measures of currency risk

In order to monitor the currency risk of open foreign exchange positions (on- and off-balance-sheet) in the trading book of the Bank, as in the case of interest rate risk in the trading book, the Bank employs appropriate measures and tools (including VaR, BPV, relevant limits, and stress tests), as detailed in the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

The value of foreign exchange VaR in the trading book of the Bank and of the Group and the impact of the stress test scenario of a 30% decline in the exchange rates of all currencies in relation to PLN/a 50% increase in the exchange rates of all currencies in relation to PLN as at 30 June 2024, and the stress test scenario of a 30% decline/increase in the exchange rates of all currencies in relation to PLN as at 30 June 2023 – on the Group'sprofit or loss in semi-annual periods are presented below (maximum, minimum, mean and as at the reporting date).

Date	VaR						Stress tests for the Group
	Bank				DM	Group	
	mean	max	min	as at	as at	as at	as at
1 Jan 2024/ 30 Jun 2024	116	394	4	23	573	572	-37,777
1 Jan 2023 30 Jun 2023/*	125	317	12	261	785	686	-66,996

*\ 1-day VaR, a 50% increase in exchange rates in relation to PLN (short position) and a 30% decrease in exchange rates (long position)

In order to verify the value-at-risk model, the Group performs a back-testing analysis on a monthly basis, calculated by comparing the maximum losses from the VaR model with actual gains and losses and theoretical changes in profit or loss resulting from revaluation of positions. Results of monthly back-testing are presented in management reports.

Utilisation of the limits/warning thresholds (minimum 1-day VaR, total position, daily loss) is monitored every business day, and the utilisation of the warning threshold for the total position – also during the day. During the day, the Bank also monitors the warning threshold for the total position in the case of client transactions. Information on the utilisation of limits/warning thresholds is regularly reported to the management of the Bank.

Analyses show that the Group's foreign exchange risk during the reporting period remained moderate.

Once a month, the Bank conducts stress testing analysis, examining the development of the currency risk in the banking book and the trading book in case of materialisation of extreme changes in risk factors. The Bank tests mainly the impact of extremely unfavourable movements in the exchange rates against PLN on foreign exchange transactions using both the historical and parametric methods. The historical method took into account the volatility of foreign exchange rates caused by the war in Ukraine.

The outcomes of the stress test analysis indicate that, even under extremely unfavourable market conditions and heightened exposures, the Bank's foreign exchange risk is maintained at a safe level.

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

Results of the currency risk analysis in the trading book are reported at appropriate intervals to the Bank's governing bodies as part of the existing management information system (for details, see the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023).

The volatility of exchange rates caused by the war in Ukraine did not significantly increase the level of currency risk. The measures of currency risk were monitored on an ongoing basis, and although their levels generally increased they remained within the limits/warning thresholds applied by the Bank.

41.2.4. Other market risks

Other market risks are general and specific risk of equity instruments, commodities risk and position risk (related to collective investment undertakings). These risks arise from the effect of movements in prices of equities and commodities as well as investment certificates on the risk of impairment of assets, increase in liabilities or change in profit or loss.

These risks are mainly attributable to DM BOŚ S.A.'s trading book.

For more information, see the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

The volatility of equity and commodity prices and prices of investment certificates caused by the war in Ukraine had no material adverse effect on the level of other market risks. The measures of these risks were monitored on an ongoing basis, and although their levels generally increased they remained within the limits applied by DM BOŚ S.A.

41.3. Non-financial risk

41.3.1. Operational risk

For detailed information on the operational risk management system in place at the Bank and the Group, see the full-year financial statements for 2023.

In the six months ended 30 June 2024, no significant operational risk events were identified at the Bank or the subsidiaries caused by external factors which would affect the stability and safety of the Bank and the BOŚ Group.

41.3.2. Compliance risk

Compliance risk is defined as a risk of effects of failure to comply with laws, internal regulations and market standards.

The Bank maintains compliance with legal regulations, internal policies, and market standards through a comprehensive compliance risk management process. This process encompasses the identification, evaluation, control and monitoring of compliance risks, with regular reporting to the Bank's Management Board and Supervisory Board. It also includes the implementation of control mechanisms, their independent oversight, and the reporting of results from this independent monitoring.

The basic rules for ensuring compliance as part of the compliance risk management function and process are defined in the Compliance Policy of Bank Ochrony Środowiska S.A., adopted by the Management Board and approved by the Supervisory Board, and the Compliance Risk Management Rules of Bank Ochrony Środowiska S.A.

The Bank has a separate, independent compliance function, reporting directly to the President of the Bank's Management Board.

The compliance function, assisted by all organisational units forming the first and second lines of defence, is responsible for the compliance risk management process, including: identification of the compliance risk, particularly at the stage of developing new products and internal regulations, and in the course of day-to-day operations,

1. assessment of compliance risk,

2. control and monitoring of compliance risk,
3. reporting risk of non-compliance of the Bank's operations with applicable laws, internal regulations and market standards.

The Bank identifies the following key compliance areas:
1. implementing and monitoring compliance with laws, internal regulations and market standards,
2. implementing and monitoring compliance with ethical standards,
3. protection of collective interests of customers, including protection against unfair market practices,
4. accepting/giving benefits or gifts,
5. advertising and marketing activities,
6. offering products, including in particular implementation of new products,
7. handling client complaints,
8. fulfilment of disclosure obligations towards the Bank's clients,
9. preventing and managing conflicts of interest,
10. preventing money laundering and terrorist financing (AML/CFT),
11. trading in financial instruments.

The compliance unit is responsible for overseeing the anonymous reporting system for violations of laws, ethical procedures and standards adhered to by Bank Ochrony Środowiska S.A.

The Bank oversees and manages compliance risk related to the activities of its subsidiaries' within the BOŚ Group. This oversight is executed through ownership supervision exercised by individuals who serve on the supervisory boards of the subsidiaries, supported by the Bank's compliance function.

The approach to managing compliance risk within the Group is determined by the Internal Control System and Compliance Policy, as well as relevant internal regulations implemented by the subsidiaries.

The events occurring in the six months ended 30 June 2024 did not have a material impact on the compliance risk level, which remained unchanged relative to the previous six-month period.

41.4. Model risk

For detailed information on the model risk management at the Bank and the BOŚ Group, see the full-year consolidated financial statements of the Group for the year ended 31 December 2023.

As at 30 June 2024, the Bank operated a total of 24 models, including 10 material models and 14 non-material models.

41.5. ESG risk

The BOŚ Group provides financing for pro-environmental projects that generate both business results and environmental benefits.

The Group undertakes to co-finance various projects that improve the environment, in particular environmental projects supported by the policies of the state authorities and the European Union, including measures to develop a low-carbon economy.

The Group's business model is based on the pursuit of maximising green assets through such environmental objectives as climate change mitigation, climate change adaptation, sustainable use and conservation of water and marine resources, transition to a closed loop economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems.

The Group actively collaborates on financing eco-friendly initiatives with public and state institutions dedicated to environmental projects. Key partners include the National Fund for Environmental Protection and Water Management, various Regional Environmental Protection and Water Management Funds, Bank Gospodarstwa

Krajowego, and European banks engaged in funding sustainable development. The Bank has extensive structures and specialised expert resources committed to environmental protection.

The Group's mission is also pursued through appropriate ESG risk management. The purpose of this process is to ensure the Group's sustainable and secure development e.g. through the mitigation and prevention of adverse ESG impacts by addressing the risks and taking advantage of the opportunities and potential positive effects of ESG factors. The Bank has implemented a comprehensive regulation concerning the management of ESG risks, along with its detailed executive regulation, setting out the risk management objectives and framework.

In addition, the Bank has implemented a process of identifying ESG risks in the credit risk assessment process. Credit risk assessment involves assessment as to whether the client has ESG risks. Any such risks identified are measured. Depending on the level of ESG risk posed by a client seeking financing, financing may be granted subject to the client taking actions to mitigate those risks, or financing may be declined based on an unacceptable level of ESG risk – regardless of the client's creditworthiness or the level of collateral provided to support the debt.

In accordance with the ESG Strategy adopted in October 2021, the Bank has implemented and pursues a climate policy. The climate policy sets the direction of the Bank's efforts to counter and adapt to climate change, as well as to achieve emission reduction targets in line with its ESG Strategy. The policy's objectives are to be achieved by focusing on reducing the Bank's carbon footprint, supporting the climate transitions of its clients, reducing the financing of carbon-intensive sectors and projects, managing climate change risk, tapping the opportunities and potential positive effects of climate change.

In accordance with its commitments, the Bank calculates annual greenhouse gas emissions related to its operations (carbon footprint). The calculations are reviewed by an independent entity. The results of the calculations are published, among others, in the ESG Report.

41.6. Capital adequacy

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 BOŚ 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 Oversight 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 consolidated basis, to cover the additional capital add-on to absorb potential losses resulting from the occurrence of stress conditions, at the level of 1.33 percentage points above the total capital ratio referred to in Article 92(1)(a-c) of Regulation 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 Oversight Act. The additional add-on should consist entirely of Common Equity Tier 1 capital.

As a result, as at 30 June 2024, the minimum capital ratios recommended by the PFSA for the BOŚ Group were:
- common equity Tier 1 capital ratio – 8.33%,
- Tier 1 capital ratio – 9.83%,
- total capital ratio TCR – 11.83%.

41.6.1. The BOŚ Group's capital adequacy measures were as follows:

Item	30 Jun 2024	31 Dec 2023
Available capital		
Common equity Tier 1 capital	2,067,661	1,970,827
Tier 1 capital	2,067,661	1,970,827
Own funds	2,177,515	2,113,853
Risk-weighted assets		
Total amount of risk-weighted assets	12,415,387	12,990,139
Credit risk and counterparty credit risk	10,267,654	10,621,687
Operational risk	1,722,501	1,722,501
Market risk	415,972	630,187
CVA risk	9,259	15,764
Capital ratios		
Common equity Tier 1 capital ratio	16.65	15.17
Tier 1 capital ratio	16.65	15.17
Total capital ratio	17.54	16.27
Leverage ratio		
Exposure value	23,032,479	24,326,140
Leverage ratio	9.0	8.1
Internal capital		
Internal capital	1,610,408	1,569,754
Internal capital to equity ratio	74.0	74.3
MREL		
MREL to total risk exposure amount	17.5	16.3
MREL to the total exposure amount	9.5	8.7

The capital adequacy ratio of the BOŚ Group as at 30 June 2024 was above the supervisory and internal limits.

42. Prudential consolidation

42.1. Basis for preparing consolidated financial data taking into account the principles set out in Regulation 575/2013 on prudential requirements for credit institutions and investment firms (prudential consolidation)

Pursuant to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended (the 'CRR'), BOŚ Bank S.A. prepares consolidated financial data taking into account the principles of prudential consolidation.

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

The BOŚ Group's financial data subject to prudential consolidation has been prepared in accordance with the same accounting policies as those applied to prepare the consolidated financial statements of the BOŚ Group in accordance with IFRS, with the exception of the group of consolidated entities.

The BOŚ Group, subject to prudential consolidation, comprises entities determined in accordance with the prudential consolidation principles set out in the CRR.

No.	BOŚ Group entities subject to prudential consolidation	Status	Type of entity
1.	Bank Ochrony Środowiska S.A.	parent	Institution – credit institution
2.	Dom Maklerski BOŚ S.A.	subsidiary	Institution – investment firm
3.	BOŚ Leasing - EKO Profit S.A.	subsidiary	Financial institution

MS Wind Sp. z o.o. is excluded from prudential consolidation due to its business profile. The company owns and operates wind power plants. The company's principal business activity is the 'Generation of electricity' (PKD code: 3511Z). The activity falls outside the scope of Annex I to the CRD. Therefore, the company does not meet the definition of a financial institution or ancillary services undertaking in accordance with the CRR.

The consolidated profit for the current period presented below in the prudentially consolidated financial data may be included in the consolidated Common Equity Tier 1 capital in the calculation of the consolidated Common Equity Tier 1 ratio, the consolidated Tier 1 capital ratio and the consolidated total capital ratio after obtaining the authorisation from the Polish Financial Supervision Authority (PFSA).

42.2. Prudentially consolidated statement of profit or loss

Continuing operations	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Interest and similar income, including:	714,708	812,051
financial assets measured at amortised cost	534,198	567,910
assets measured at fair value through other comprehensive income	168,957	231,322
financial assets measured at fair value through profit or loss	11,553	12,819
Interest expense and similar charges, including:	- 311,519	- 400,151
financial liabilities measured at amortised cost	- 311,519	- 400,151
Net interest income	**403,189**	**411,900**
Fee and commission income	84,386	85,612
Fee and commission expense	-20,683	-21,594
Net fee and commission income	**63,703**	**64,018**
Dividend income	12,185	11,960
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)	24,113	26,534
Gain (loss) on investment securities	29	-
Gain (loss) on hedge accounting	-962	- 1,242
Gain (loss) on foreign exchange transactions	6,358	346
Gain (loss) on derecognition of financial instruments	309	571
Other income	16,900	18,631
Other expenses	-46,040	- 22,591
Effect of legal risk of mortgage loans denominated in foreign currencies	-107,523	- 161,793
Net impairment losses	3,491	6,028
Administrative expenses	-289,005	- 253,193
Profit before tax	**86,747**	**101,169**
Income tax expense	-38,114	- 42,718
Net profit	**48,633**	**58,451**

Interim condensed consolidated financial statements of the BOŚ Group for the six months ended 30 June 2024 (all amounts in PLN thousand)

42.3. Prudentially consolidated statement of financial position

Assets	30 Jun 2024 unaudited	31 Dec 2023
Cash and balances with central bank	663,176	584,089
Amounts due from banks	214,183	162,780
Financial assets held for trading, including:	187,960	169,494
equity securities	27,856	28,848
debt securities	30,234	209
derivative instruments	129,870	140,437
Derivative hedging instruments	9,340	15,556
Investment securities:	8,448,481	9,484,770
equity securities measured at fair value through other comprehensive income	106,657	106,656
debt securities measured at fair value through other comprehensive income	6,338,966	6,885,521
debt securities measured at amortised cost	1,880,232	2,366,265
debt securities measured at fair value through profit or loss	122,626	126,328
Amounts due from clients, including:	10,809,318	10,788,261
measured at amortised cost	10,809,246	10,788,123
measured at fair value through profit or loss	72	138
Investments in subsidiaries	11,799	11,799
Intangible assets	106,378	131,392
Property, plant and equipment	63,896	68,123
Right of use – leases	55,562	53,144
Tax assets:	139,804	158,358
current	5,608	402
deferred	134,196	157,956
Other assets	321,702	410,016
Total assets	**21,031,599**	**22,037,782**

(all amounts in PLN thousand)

Liabilities	30 Jun 2024 unaudited	31 Dec 2023
Amounts due to central bank and other banks	282,257	75,146
Financial liabilities held for trading, including:	70,016	79,941
equity securities	184	950
derivative instruments	69,832	78,991
Amounts due to clients	17,372,160	18,575,037
Subordinated liabilities	445,983	447,184
Provisions	300,597	256,289
Tax liabilities:	1,842	3,261
current	549	2,312
Deferred	1,293	949
Lease liabilities	53,255	52,429
Other liabilities	313,556	402,036
Total liabilities	**18,839,666**	**19,891,323**

Equity	30 Jun 2024 unaudited	31 Dec 2023
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT		
Common equity:	1,461,036	1,461,036
Share capital	929,477	929,477
Treasury shares	-1,292	-1292
Share premium	532,851	532,851
Revaluation reserve	46,086	49,245
Retained earnings	684,811	636,178
Total equity	**2,191,933**	**2,146,459**
Total equity and liabilities	**21,031,599**	**22,037,782**

(all amounts in PLN thousand)

43. Additional information

As at 30 June 2024, the Group had no material commitments or obligations related to purchase of property, plant and equipment.

In the six months ended 30 June 2024, the Group did not make:
- significant inventory write-downs,
- reversals of any provisions for restructuring costs,
- material transactions to purchase or sell property, plant and equipment,
- changes in the fair value measurement method for financial instruments designated at fair value,
- changes in the classification of financial assets due to a change in their purpose or use.

44. Events after the reporting date

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

Signatures of Members of the Management Board

Date	Name and surname	Position held	Signature
13 August 2024	Bartosz Kublik	President of the Management Board	Signed with qualified e-signature
13 August 2024	Tomasz Jodłowski	Vice President of the Management Board	Signed with qualified e-signature
13 August 2024	Kamil Kuźmiński	Vice President of the Management Board	Signed with qualified e-signature
13 August 2024	Krzysztof Łabowski	Vice President of the Management Board	Signed with qualified e-signature
13 August 2024	Michał Należyty	Vice President of the Management Board	Signed with qualified e-signature

Signature of the person in charge of bookkeeping:

13 August 2024	Andrzej Kowalczyk	Director of the Accounting Department	Signed with qualified e-signature

for the six months ended 30 June 2024 (all amounts in PLN thousand)

II. INTERIM CONDENSED FINANCIAL STATEMENTS OF THE BANK

Interim statement of profit or loss of the Bank

Continuing operations	Note	for 3 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2024 unaudited	for 3 months ended 30 Jun 2023 unaudited	for 6 months ended 30 Jun 2023 unaudited
Interest and similar income, including:		347,894	704,415	408,411	804,343
financial assets measured at amortised cost		259,203	523,958	290,279	560,209
assets measured at fair value through other comprehensive income		83,153	168,956	111,713	231,322
financial assets measured at fair value through profit or loss		5,538	11,501	6,419	12,812
Interest expense and similar charges, including:		- 170,359	- 348,912	- 225,173	- 454,100
financial liabilities measured at amortised cost		- 170,359	- 348,912	- 225,173	- 454,100
Net interest income	4	**177,535**	**355,503**	**183,238**	**350,243**
Fee and commission income		19,208	40,385	20,617	41,297
Fee and commission expense		- 2,786	- 4,817	- 2,608	- 4,432
Net fee and commission income	5	**16,422**	**35,568**	**18,009**	**36,865**
Dividend income	6	-	12,057	8,118	8,118
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)		- 4,065	1,527	1,072	5,977
Gain (loss) on investment securities		29	29	-	-
Gain (loss) on hedge accounting		- 651	- 962	- 779	- 1,242
Gain (loss) on foreign exchange transactions		7,074	6,496	- 3,936	687
Gain (loss) on derecognition of financial instruments		106	309	24	571
Other income		4,297	7,138	5,147	11,309
Other expenses		- 29,667	- 36,878	- 5,614	- 13,402
Effect of legal risk of mortgage loans denominated in foreign currencies		- 57,083	- 107,523	- 118,637	- 161,793
Net impairment losses	7	- 9,452	6,154	- 24,381	- 4,727
Administrative expenses		- 104,435	- 222,791	- 89,058	- 193,444
Share of profit (loss) of equity-accounted entities		9,829	24,743	19,237	35,952
Profit before tax		**9,939**	**81,370**	**- 7,560**	**75,114**
Income tax expense		- 4,681	- 31,576	- 6,448	- 31,929
Net profit		**5,258**	**49,794**	**- 14,008**	**43,185**
Earnings per share attributable to owners of the parent during period (PLN)	8				
basic			0.54		0.46
diluted			0.54		0.46

No operations were discontinued in the six months ended 30 June 2024 or in 2023.

The notes presented on the following pages are an integral part of these financial statements.

for the six months ended 30 June 2024** (all amounts in PLN thousand)

Interim statement of comprehensive income of the Bank

Continuing operations	for 3 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2024 unaudited	for 3 months ended 30 Jun 2023 unaudited	for 6 months ended 30 Jun 2023 unaudited
Net profit	**5,258**	**49,794**	**-14,008**	**43,185**
Items that may be reclassified to profit or loss:	**1,569**	**- 3,160**	**18,323**	**53,684**
Fair value of financial assets measured at fair value through other comprehensive income, gross	1,937	- 3,901	22,620	66,276
Deferred tax	- 368	741	-4,297	- 12,592
Items that will not be reclassified to profit or loss:	**1**	**2**	**1**	**2**
Fair value of equity instruments carried at fair value through other comprehensive income, gross	1	2	2	3
Deferred tax	-	-	-1	- 1
Other comprehensive income	**1,570**	**- 3,158**	**18,324**	**53,686**
Total comprehensive income	**6,828**	**46,636**	**4,316**	**96,871**

The notes presented on the following pages are an integral part of these financial statements.

for the six months ended 30 June 2024** (all amounts in PLN thousand)

Interim statement of financial position of the Bank

Assets	Note	30 Jun 2024 unaudited	31 Dec 2023
Cash and balances with central bank		663,171	584,082
Amounts due from banks		209,828	162,681
Financial assets held for trading, including:		133,815	113,345
debt securities		27,141	-
derivative instruments		106,674	113,345
Derivative hedging instruments		9,340	15,556
Investment securities:		8,448,481	9,484,770
equity securities measured at fair value through other comprehensive income		106,657	106,656
debt securities measured at fair value through other comprehensive income		6,338,966	6,885,521
debt securities measured at amortised cost		1,880,231	2,366,265
debt securities measured at fair value through profit or loss		122,627	126,328
Amounts due from clients, including:	9	10,805,163	10,819,261
measured at amortised cost		10,805,091	10,819,122
measured at fair value through profit or loss		72	139
Investments in subsidiaries		260,935	276,191
Intangible assets		90,076	115,815
Property, plant and equipment		43,556	48,477
Right of use – leases		46,791	47,211
Tax assets:		124,756	143,464
current		5,608	-
deferred		119,148	143,464
Other assets		116,758	58,599
Total assets		**20,952,670**	**21,869,452**

for the six months ended 30 June 2024 (all amounts in PLN thousand)

Liabilities	Note	30 Jun 2024 unaudited	31 Dec 2023
Amounts due to central bank and other banks		282,257	75,146
Derivative financial instruments held for trading		65,765	76,653
Amounts due to clients		17,484,513	18,641,304
Subordinated liabilities		445,842	447,032
Provisions	10	273,450	228,388
Tax liabilities:		-	2,312
current		-	2,312
Lease liabilities		43,956	46,378
Other liabilities	11	180,446	222,434
Total liabilities		**18,776,229**	**19,739,647**

Equity	Note	30 Jun 2024 unaudited	31 Dec 2023
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT			
Common equity:		1,460,364	1,460,364
Share capital		929,477	929,477
Treasury shares		- 1,294	- 1,294
Share premium		532,181	532,181
Revaluation reserve		46,087	49,245
Retained earnings		669,990	620,196
Total equity		**2,176,441**	**2,129,805**
Total equity and liabilities		**20,952,670**	**21,869,452**

The notes presented on the following pages are an integral part of these financial statements.

for the six months ended 30 June 2024 (all amounts in PLN thousand)

Interim statement of changes in equity of the Bank

Item	Common equity			Revaluation reserve	Retained earnings			Total equity
	Share capital	Treasury shares	Share premium		Other statutory reserve funds	General risk fund	Undistributed profit (loss)	
As at 1 Jan 2024	**929,477**	**- 1,294**	**532,181**	**49,245**	**510,193**	**48,302**	**61,701**	**2,129,805**
Net profit	-	-	-	-	-	-	49,794	49,794
Other comprehensive income	-	-	-	- 3,158	-	-	-	- 3,158
Total comprehensive income	**-**	**-**	**-**	**- 3,158**	**-**	**-**	**49,794**	**46,636**
Profit distribution, including:	**-**	**-**	**-**	**-**	**61,701**	**-**	**- 61,701**	**-**
Transfer of net profit to reserves	-	-	-	-	61,701	-	- 61,701	-
30 Jun 2024 unaudited	**929,477**	**- 1,294**	**532,181**	**46,087**	**571,894**	**48,302**	**49,794**	**2,176,441**

(all amounts in PLN thousand)

Item	Common equity			Revaluation reserve	Retained earnings			Total equity
	Share capital	Treasury shares	Share premium		Other statutory reserve funds	General risk fund	Undistributed profit (loss)	
As at 1 Jan 2023	**929,477**	**- 1,294**	**532,181**	**- 56,863**	**382,585**	**48,302**	**127,608**	**1,961,996**
Net profit	-	-	-	-	-	-	61,701	61,701
Other comprehensive income	-	-	-	106,108	-	-	-	106,108
Total comprehensive income	**-**	**-**	**-**	**106,108**	**-**	**-**	**61,701**	**167,809**
Profit distribution, including:	**-**	**-**	**-**	**-**	**127,608**	**-**	**- 127,608**	**-**
Offset of losses from prior years	-	-	-	-	127,608	-	- 127,608	-
As at 31 Dec 2023	**929,477**	**- 1,294**	**532,181**	**49,245**	**510,193**	**48,302**	**61,701**	**2,129,805**
As at 1 Jan 2023	**929,477**	**- 1,294**	**532,181**	**- 56,863**	**382,585**	**48,302**	**127,608**	**1,961,996**
Net profit	-	-	-	-	-	-	43,185	43,185
Other comprehensive income	**-**	**-**	**-**	53,686	-	-	-	53,686
Total comprehensive income	**-**	**-**	**-**	**53,686**	**-**	**-**	**43,185**	**96,871**
Profit distribution, including:	**-**	**-**	**-**	**-**	**127,608**	**-**	**- 127,608**	**-**
Offset of losses from prior years	**-**	**-**	**-**	**-**	127,608	-	- 127,608	-
As at 30 Jun 2023 unaudited	**929,477**	**- 1,294**	**532,181**	**- 3,177**	**510,193**	**48,302**	**43,185**	**2,058,867**

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

The notes presented on the following pages are an integral part of these financial statements.

(all amounts in PLN thousand)

Interim statement of cash flows of the Bank

Indirect method	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit before tax	**81,370**	**75,114**
Total adjustments:	**-1,419,713**	**-258,234**
Share in (profit) loss of equity-accounted subordinated entities	-24,743	-35,952
Amortisation and depreciation	31,159	29,427
Interest income on investing activities	-129,796	-120,887
Interest income on financing activities	17,074	18,325
Dividends received:	-6,029	-8,118
on investment securities	6,029	8,118
Change in:		
amounts due from banks	2,433	7,235
securities held for trading	-27,141	14,478
assets and liabilities from measurement of derivative and hedging financial instruments	1,999	16,565
investment securities	-302,743	-1,030,968
amounts due from clients	14,098	710,176
other assets and income tax	-46,616	-36,536
amounts due to central bank and other banks	207,111	-16,310
amounts due to clients	-1,156,791	231,072
provisions	45,062	28,965
other liabilities and income tax	-36,373	-44,125
Income tax paid	-14,446	-29,699
Net cash flows from (used in) operating activities	**-1,338,343**	**-183,120**
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Inflows	**667,509**	**127,570**
Interest income on securities measured at amortised cost	137,509	103,365
Cash receipts from redemption of securities measured at amortised cost	490,000	4,205
Dividends received	40,000	20,000
Outflows	**-22,058**	**-325,260**
Payments for acquisition of securities measured at amortised cost	-11,679	-308,366
Payments for acquisition of intangible assets	-8,849	-12,333
Payments for acquisition of property, plant and equipment	-1,530	-4,561
Net cash flows from (used in) investing activities	**645,451**	**-197,690**

Interim condensed financial statements of Bank Ochrony Środowiska S.A. for the six months ended 30 June 2024 (all amounts in PLN thousand)

CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Inflows	**-**	**-**
Outflows	**-27,538**	**-27,472**
Interest paid on bonds issued by the Bank, including:	-17,026	-17,313
subordinated bonds	-17,026	-17,313
Lease payments	-9,233	-7,102
Lease interest paid	-1,279	-3,057
Net cash flows from (used in) financing activities	**-27,538**	**-27,472**
TOTAL NET CASH FLOWS	**-720,430**	**-408,282**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**4,023,953**	**5,254,664**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,303,523**	**4,846,382**
Restricted cash and cash equivalents	584,586	609,505

The notes presented on the following pages are an integral part of these financial statements.

for the six months ended 30 June 2024 (all amounts in PLN thousand)

Notes to the interim condensed financial statements of the Bank

1. General information on Bank Ochrony Środowiska S.A.

For information on Bank Ochrony Środowiska S.A., including changes in the composition of the Bank's Management Board, see Notes 1 and 2 to the interim condensed consolidated financial statements of the Bank Ochrony Środowiska Group for the six months ended 30 June 2024.

1.1. Authorisation of the financial statements

These interim condensed financial statements of BOŚ S.A. for the six months ended 30 June 2024 were authorised by the Bank's Management Board on 13 August 2024 for issue on 14 August 2024.

The full-year financial statements of BOŚ S.A. for the year ended 31 December 2023 were approved by the Bank's General Meeting on 19 June 2024.

These interim condensed financial statements of BOŚ S.A. are issued jointly with the interim condensed consolidated financial statements of the Bank Ochrony Środowiska Group for the six months ended 30 June 2024.

These financial statements have been prepared in a condensed form. These interim condensed financial statements do not include all the disclosures required to be included in full-year financial statements and should be read in conjunction with the full-year financial statements of BOŚ S.A. for the financial year ended 31 December 2023 and with the interim condensed consolidated financial statements of the Bank Ochrony Środowiska Group for the six months ended 30 June 2024.

For information on the accounting policies applied in the preparation of the financial statements, see Note 4 to the interim condensed consolidated financial statements of the BOŚ Group.

1.2. Reporting period and comparative data

The interim condensed financial statements of Bank Ochrony Środowiska S.A. (the Bank, BOŚ S.A.) include:

- the interim statement of profit or loss for the six months ended 30 June 2024 and comparative data for the six months ended 30 June 2023, as well as data for the three months ended 30 June 2024 and comparative data for the three months ended 30 June 2023,
- the interim statement of comprehensive income for the six months ended 30 June 2024, comparative data for the six months ended 30 June 2023, data for the three months ended 30 June 2024 and comparative data for the three months ended 30 June 2023,
- the interim statement of financial position as at 30 June 2024 and comparative data as at 31 December 2023,
- the interim statement of changes in equity for the six months ended 30 June 2024 and comparative data for the six months ended 30 June 2023 and for the 12 months ended 31 December 2023,
- the interim statement of cash flows for the six months ended 30 June 2024 and comparative data for the six months ended 30 June 2023,
- notes to the financial statements.

2. Going concern

In the period 1 January – 30 June 2024, the Bank continued to implement the Group Recovery Plan. As at 30 June 2024, all key GRP indicators, both on a separate and consolidated basis, remained at safe levels. As at 30 June 2024, the Bank exceeded one of the recovery plan profitability metrics – 'monthly result for the current period', being a supplementary indicator. Exceeding the supplementary indicator was not material in terms of the going concern assumption, as it was temporary and resulted mainly from the decision of the Bank's Management Board 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. In the six months ended 30 June 2023, the Bank generated net profit. For details of the implementation of the Group Recovery Plan, see the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

The Bank maintains its capital adequacy ratios above the levels recommended by the Polish Financial Supervision Authority (for detailed information, see Note 19.1). The Bank's liquidity is adequate and exceeds the regulatory requirements (for detailed information, see Note 41.2.1 to the interim condensed consolidated financial statements of the BOŚ Group).

The armed conflict in Ukraine did not have a significant impact on the liquidity position and capital adequacy of the Bank. The Bank maintained its full operational capacity throughout the period.

Taking into consideration the factors described above, there are no circumstances that would indicate a threat to the Bank's ability to continue as a going concern for at least 12 months after the reporting date as a result of voluntary or compulsory discontinuation or limitation of their current operations.

3. Corrections of prior period errors

In these condensed financial statements, the Bank has not corrected any errors in the financial statements of prior periods.

4. Net interest income

Item	for 6 months ended 30 Jun 2024 unaudited				for 6 months ended 30 Jun 2023 unaudited			
	Interest income		Income similar to interest income	Total	Interest income		Income similar to interest income	Total
	Financial assets measured at amortised cost	Assets measured at fair value through other comprehensive income	Financial assets mandatorily measured at fair value through profit or loss		Financial assets measured at amortised cost	Assets measured at fair value through other comprehensive income	Financial assets mandatorily measured at fair value through profit or loss	
Amounts due from banks and the central bank	21,459	-	-	21,459	22 780*\	-	-	22,780
Amounts due from institutional clients	363,185	-	-	363,185	369 445*\	-	47	369,492
Amounts due from retail clients	87,208	-	155	87,363	108,490	-	166	108,656
Non-trading investment debt securities	52,106	168,956	1,613	222,675	59,494	231,322	-	290,816
Financial instruments held for trading	-	-	1,537	1,537	-	-	1,929	1,929
Hedging transactions	-	-	8,196	8,196	-	-	10,670	10,670
Total	**523,958**	**168,956**	**11,501**	**704,415**	**560,209**	**231,322**	**12,812**	**804,343**

*\ Comparative data for the six months ended 30 June 2023 reflect a presentation change relative to data reported in the previous year. The amount of PLN 11,571 has been recognised as interest income on 'Amounts due from institutional clients', while in the previous year it was presented as interest income on 'Amounts due from banks and the central bank'.

(all amounts in PLN thousand)

Item	for 6 months ended 30 Jun 2024 unaudited			for 6 months ended 30 Jun 2023 unaudited		
Interest expense and similar charges on:	**Financial liabilities measured at amortised cost**	**Financial liabilities measured at fair value through profit or loss**	**Total**	**Financial liabilities measured at amortised cost**	**Financial liabilities measured at fair value through profit or loss**	**Total**
Bank accounts and deposits from banks	2,061	-	2,061	1,487	-	1,487
Bank accounts and deposits from institutional clients	143,527	-	143,527	195,121	-	195,121
Bank accounts and deposits from retail clients	173,624	-	173,624	230,445	-	230,445
Borrowings from clients	8,955	-	8,955	8,054	-	8,054
Lending support funds	366	-	366	663	-	663
Financial instruments – own debt securities	19,142	-	19,142	16,745	-	16,745
Lease liabilities	1,237	-	1,237	1,585	-	1,585
Total	**348,912**	**-**	**348,912**	**454,100**	**-**	**454,100**

(all amounts in PLN thousand)

5. Net fee and commission income

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Fee and commission income		
Fee and commission income from contracts with customers under IFRS 15, including:	18,695	18,029
fees for maintaining client accounts, other domestic and international settlement transactions	18,691	18,026
other fees	4	3
Commission fees on credit facilities	17,478	19,563
Commission fees on guarantees and letters of credit	4,212	3,705
Total	**40,385**	**41,297**
Fee and commission expense		
Payment card fees	3,923	3,585
Current account fees	293	296
ATM service charges	242	218
Fees on amounts due from clients	3	4
Other fees	356	329
Total	**4,817**	**4,432**

6. Dividend income

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Securities measured at fair value through other comprehensive income*\	12,057	8,118
Total	**12,057**	**8,118**

*\ relates to dividend received from Kemipol Sp. z o.o.

for the six months ended 30 June 2024 (all amounts in PLN thousand)

7. Net impairment losses

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Securities measured at fair value through other comprehensive income	7,901	- 15,303
Securities measured at amortised cost	59	- 45
Amounts due from banks	- 54	37
Amounts due from clients and off-balance-sheet liabilities, including:	- 1,752	10,584
on-balance-sheet receivables	1,324	15,437
from retail clients	9,928	1,230
from institutional clients	- 8,604	14,207
off-balance-sheet liabilities	- 3,076	- 4,853
from retail clients	- 189	- 69
from institutional clients	- 2,887	- 4,784
Total	**6,154**	**- 4,727**

Net impairment losses on amounts due from clients:

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Individual assessment	- 14,393	- 5,288
Collective assessment	15,717	20,725
Total	**1,324**	**15,437**

8. Earnings per share

Basic earnings per share are calculated as the quotient of profit attributable to shareholders of the Bank and the weighted average number of ordinary shares during the year.

Item	for 6 months ended 30 Jun 2024 unaudited	for 6 months ended 30 Jun 2023 unaudited
Net profit	49,794	43,185
Weighted average number of ordinary shares (thousand)	92,910	92,910
Basic earnings per share (PLN)	**0.54**	**0.46**

Diluted earnings per share are equal to basic earnings per share in the periods presented.

9. Amounts due from clients

Item	30 Jun 2024 unaudited			31 Dec 2023		
	Gross amounts due from clients	Impairment losses	Net amounts due from clients	Gross amounts due from clients	Impairment losses	Net amounts due from clients
Measured at amortised cost	**11,715,348**	**944,764**	**10,770,584**	**11,698,736**	**918,125**	**10,780,611**
Amounts due from retail clients	**2,242,744**	**235,822**	**2,006,922**	**2,380,130**	**239,187**	**2,140,943**
overdraft facilities	3,620	2,849	771	4,465	2,743	1,722
cash loans	320,491	95,061	225,430	337,391	93,731	243,660
housing loans	1,689,745	103,938	1,585,807	1,804,172	109,170	1,695,002
other credit facilities	228,888	33,974	194,914	234,102	33,543	200,559
Amounts due from institutional clients	**9,472,604**	**708,942**	**8,763,662**	**9,318,606**	**678,938**	**8,639,668**
working capital facilities	1,051,397	52,282	999,115	953,311	51,649	901,662
term facilities	6,782,795	597,250	6,185,545	6,897,915	579,707	6,318,208
factoring receivables	550,413	44,209	506,204	502,412	38,008	464,404
purchased receivables	75,590	7,749	67,841	76,253	3,389	72,864
commercial paper	1,012,409	7,452	1,004,957	888,715	6,185	882,530
Measurement at fair value through profit or loss	**-**	**-**	**72**	**-**	**-**	**139**
Amounts due from retail clients	**-**	**-**	**54**	**-**	**-**	**109**
housing loans	-	-	22	-	-	43
other credit facilities	-	-	32	-	-	66
Amounts due from institutional clients	**-**	**-**	**18**	**-**	**-**	**30**
term facilities	-	-	18	-	-	30
Total	**-**	**-**	**10,770,656**	**-**	**-**	**10,780,750**
Margin deposits	31,788	4	31,784	34,335	39	34,296
Other amounts due from clients	2,723	-	2,723	4,215	-	4,215
Total amounts due from clients	**-**	**-**	**10,805,163**	**-**	**-**	**10,819,261**

for the six months ended 30 June 2024** (all amounts in PLN thousand)

Amounts due from clients included preferential loans with subsidised interest from NFOŚiFW and WFOŚiGW; in the reporting period, the amounts were as follows (nominal values):

Item	30 Jun 2024 unaudited	31 Dec 2023
Preferential loans with subsidies, including:	**24,186**	**24,715**
measured at amortised cost	24,085	24,614
measured at fair value through profit or loss	101	101

for the six months ended 30 June 2024 (all amounts in PLN thousand)

Change in impairment losses on amounts due from clients:

Item	Allowances for amounts due from retail clients					Allowances for amounts due from institutional clients				
	Bucket 1	Bucket 2	Bucket 3	POCI	Total	Bucket 1	Bucket 2	Bucket 3	POCI	Total
At beginning of period 1 Jan 2024	**14,273**	**4,839**	**219,884**	**191**	**239,187**	**102,897**	**73,651**	**521,033**	**- 18,643**	**678,938**
Increase due to origination and purchase of financial assets	2,174	9	-	-	2,183	12,170	3,542	-	-	15,712
Changes due to change in credit risk	- 9,612	- 3,406	14,072	- 8	1,046	- 8,095	2,391	41,135	- 2,734	32,697
Decrease due to derecognition of financial assets, including:	- 895	- 106	- 4,978	-	- 5,979	- 4,649	- 9,953	- 4,372	- 46	- 19,020
change in impairment losses due to financial instruments written off from the statement of financial position	-	- 3	- 240	-	- 243	-	-	-	-	-
Change in impairment losses due to reallocations of financial assets between	8,302	3,068	- 11,370	-	-	403	- 4,436	4,033	-	-
Reallocation to Bucket 1	8,934	- 967	- 7,967	-	-	7,242	- 6,761	- 481	-	-
Reallocation to Bucket 2	- 336	5,523	- 5,187	-	-	- 6,352	6,367	- 15	-	-
Reallocation to Bucket 3	- 296	- 1,488	1,784	-	-	- 487	- 4,042	4,529	-	-
Other changes	-	- 615	-	-	- 615	-	615	-	-	615
At end of period 30 Jun 2024	**14,242**	**3,789**	**217,608**	**183**	**235,822**	**102,726**	**65,810**	**561,829**	**- 21,423**	**708,942**

(all amounts in PLN thousand)

Item	Allowances for amounts due from retail clients					Allowances for amounts due from institutional clients				
	Bucket 1	Bucket 2	Bucket 3	POCI	Total	Bucket 1	Bucket 2	Bucket 3	POCI	Total
At beginning of period 1 Jan 2023	**10,367**	**6,351**	**257,351**	**403**	**274,472**	**83,927**	**50,048**	**687,938**	**- 6,843**	**815,070**
Increase due to origination and purchase of financial assets	2,816	224	-	-	3,040	10,293	622	-	18,205	29,120
Changes due to change in credit risk	161	1,248	12,609	- 187	13,831	- 1,478	20,664	29,076	- 535	47,727
Decrease due to derecognition of financial assets, including:	- 665	- 246	- 6,797	-	- 7,708	- 5,560	- 15,885	- 86,129	-	- 107,574
change in impairment losses due to financial instruments written off from the statement of financial position	- 1	- 4	- 1,792	-	- 1,797	-	-	- 63,526	-	- 63,526
Change in impairment losses due to reallocations of financial assets between	1,762	- 3,133	1,371	-	-	5,112	- 22,837	17,725	-	-
Reallocation to Bucket 1	2,436	- 1,823	- 613	-	-	1,272	- 819	- 453	-	-
Reallocation to Bucket 2	- 402	846	- 444	-	-	- 8,317	8,317	-	-	-
Reallocation to Bucket 3	- 272	- 2,156	2,428	-	-	- 823	- 1,391	2,214	-	-
Other changes	- 1	- 2	3	-	-	- 1	1	-	-	-
At end of period 30 Jun 2023	**14,440**	**4,442**	**264,537**	**216**	**283,635**	**92,293**	**32,613**	**648,610**	**10,827**	**784,343**

(all amounts in PLN thousand)

10. Provisions

Item	30 Jun 2024 unaudited	31 Dec 2023
Provisions for contingent liabilities, including:	50,604	47,529
open lines of credit	29,966	33,404
guarantees	20,638	14,125
Provision for employee benefits – retirement and disability benefits	4,644	4,553
Provision for legal risk related to foreign currency mortgage loans	203,804	164,000
Provision for refund of commission fees due to early loan repayment	194	171
Provision for refunds of increased interest charged until court entry of mortgage security	1,900	1,880
Provision for other liabilities and claims	12,304	10,255
Total	**273,450**	**228,388**

Change in provisions

Item	30 Jun 2024 unaudited	31 Dec 2023
Provisions for contingent liabilities		
At beginning of period	**47,529**	**35,168**
recognition of provisions for impairment of off-balance-sheet liabilities	54,884	94,373
reversal of provisions for impairment of off-balance-sheet liabilities	- 51,809	- 82,012
Other	-	-
At end of period	**50,604**	**47,529**
Provisions for employee benefits		
At beginning of period	**4,553**	**3,483**
recognition of provisions	150	1,412
use of provisions	- 59	- 342
At end of period	**4,644**	**4,553**
Provision for legal risk related to foreign currency mortgage loans		
At beginning of period	**164,000**	**116,457**
recognition of provisions	12,973	95,676
exchange differences on measurement of provisions	- 6,552	- 2,049
use of provisions	33,383	51,029
reversal of provisions	-	- 97,113
At end of period	**203,804**	**164,000**

for the six months ended 30 June 2024** (all amounts in PLN thousand)

Provision for refund of commission fees due to early loan repayment		
At beginning of period	**171**	**260**
recognition of provisions	94	18
use of provisions	- 71	- 69
reversal of provisions	-	- 38
At end of period	**194**	**171**
Provision for refunds of increased interest charged until court entry of mortgage security		
At beginning of period	**1,880**	**2,710**
recognition of provisions	237	354
use of provisions	- 217	-314
reversal of provisions	-	-870
At end of period	**1,900**	**1,880**
Provision for other liabilities and claims		
At beginning of period	**10,255**	**1,279**
recognition of provisions	3,670	10,170
reversal of provisions	- 1,621	- 1,194
At end of period	**12,304**	**10,255**
Total provisions at end of period	**273,450**	**228,388**

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

For information on litigation related to loans denominated in or tied to foreign currencies, see Note 8 to the interim consolidated financial statements of the BOŚ Group: 'Legal risk associated with residential mortgage-backed loans tied to foreign exchange rates'.

for the six months ended 30 June 2024** (all amounts in PLN thousand)

11. Other liabilities

Item	30 Jun 2024 unaudited	31 Dec 2023
Interbank settlements	28,602	84,140
Accrued expenses and deferred income	47,845	36,082
Public charges	14,696	13,384
Trade liabilities	75,430	74,250
Deferred commissions	6,891	8,561
Payment card settlements	1,785	1,293
Provision for refund of commission fees due to early loan repayment	2,100	2,286
Other	3,097	2,438
Total	**180,446**	**222,434**

12. Off-balance-sheet items – Contingent assets and liabilities

Item	30 Jun 2024 unaudited	31 Dec 2023
Contingent liabilities:	**3,514,897**	**3,848,409**
Financial assets, including:	2,955,619	3,303,666
open lines of credit, including:	2,931,832	3,300,288
revocable	2,516,825	2,814,308
irrevocable	415,007	485,980
open import letters of credit	23,787	3,378
guarantees, including:	514,469	534,943
credit repayment sureties and guarantees	12,739	12,739
performance bonds	501,730	522,204
underwriting	44,809	9,800
Contingent assets:	**2,250,795**	**2,374,886**
Financial assets, including:	142,329	143,484
open lines of credit	142,329	143,484
Guarantees	2,108,466	2,231,402
Total contingent assets and contingent liabilities	**5,765,692**	**6,223,295**

for the six months ended 30 June 2024 (all amounts in PLN thousand)

13. Related-party transactions

As at 30 June 2024, Bank Ochrony Środowiska S.A. was the parent of Dom Maklerski BOŚ S.A., BOŚ Leasing–EKO Profit S.A., as well as MS Wind Sp. z o.o.

The National Fund for Environmental Protection and Water Management (NFOŚiGW) was the parent of BOŚ S.A.

The key management personnel are also considered to be related parties.

Transaction with the National Fund for Environmental Protection and Water Management, i.e. the main shareholder of the Bank

As at 30 June 2024, the amount of funds provided by the NFOŚiGW for preferential loans under the Prosument programme for the financing of purchase and installation of renewable energy sources was PLN 4,215 thousand (31 December 2023: PLN 3,390 thousand).

NFOŚiGW is a party related to the State Treasury. The Bank enters into transactions with entities related to the State Treasury, mainly with entities operating in the public finance sector.

Data on transactions with the subsidiaries are presented in the tables below.

As at 30 Jun 2024:

Item	Amounts due from clients	Investments in subsidiaries	Other assets	Financial liabilities held for trading	Amounts due to clients	Subordinated liabilities	Provisions	Other liabilities	Contingent liabilities
SUBSIDIARIES									
Dom Maklerski BOŚ S.A.	45,497	195,045	40,006	-	1,643,702	- 141	653	327	64,046
BOŚ Leasing – EKO Profit S.A.	211,728	65,890	-	125	22,888	-	2,235	645	21,512
INDIRECT SUBSIDIARIES									
MS Wind Sp. z o.o.	14,204	-	-	-	8,940	-	-	-	-
Total	**271,429**	**260,935**	**40,006**	**125**	**1,675,530**	**- 141**	**2,888**	**972**	**85,558**

As at 31 Dec 2023:

Item	Amounts due from clients	Investments in subsidiaries	Other assets	Financial liabilities held for trading	Amounts due to clients	Subordinated liabilities	Provisions	Other liabilities	Contingent liabilities
SUBSIDIARIES									
Dom Maklerski BOŚ S.A.	74,929	212,295	-	-	1,896,354	- 152	347	339	34,069
BOŚ Leasing – EKO Profit S.A.	215,679	66,034	-	124	24,344	-	1,787	308	16,954
INDIRECT SUBSIDIARIES									
MS Wind Sp. z o.o.	17,073	-	-	22	9,608	-	-	-	-
Total	**307,681**	**278,329**	**-**	**146**	**1,930,306**	**- 152**	**2,134**	**647**	**51,023**

(all amounts in PLN thousand)

Income and expenses in the six months ended 30 June 2024:

Item	Interest income and similar income	Interest expense and similar charges	Fee and commission income	Fee and commission expense	Gain (loss) on financial instruments measured at fair value through profit or loss	Other income	Net impairment losses	Administrative expenses	Share of profit (loss) of equity-accounted entities
Subsidiaries									
Dom Maklerski BOŚ S.A.	1,732	- 42,065	658	- 39	-	5	267	- 6	22,750
BOŚ Leasing - EKO Profit S.A.	7,364	- 267	44	-	- 50	335	692	- 40	1,993
Indirect subsidiaries									
MS Wind Sp. z o.o.	618	- 24	36	-	-	-	24	-	-
Total	**9,714**	**- 42,356**	**738**	**- 39**	**- 50**	**340**	**983**	**- 46**	**24,743**

Income and expenses in the six months ended 30 June 2023:

Item	Interest income and similar income	Interest expense and similar charges	Fee and commission income	Fee and commission expense	Gain (loss) on financial instruments measured at fair value through profit	Other income	Net impairment losses	Administrative expenses	Share of profit (loss) of equity-accounted entities
Subsidiaries									
Dom Maklerski BOŚ S.A.	2,130	- 72,579	572	-	-	9	- 395	- 1	36,316
BOŚ Leasing - EKO Profit S.A.	8,544	- 249	37	-	56	242	- 12,310	- 40	- 364
Indirect subsidiaries									
MS Wind sp. z o.o.	840	- 21	19	-	29	-	-	-	-
Total	**11,514**	**- 72,849**	**628**	**-**	**85**	**251**	**- 12,705**	**- 41**	**35,952**

(all amounts in PLN thousand)

14. Seasonal or cyclical nature of the business in the reporting period

The Bank's business does not involve any significant events or factors that would be subject to seasonal or cyclical variations.

15. Type and amounts of items affecting the assets, equity and liabilities, net profit/loss or cash flows, which are material due to their type, size or frequency

In the six months ended 30 June 2024, there were no non-recurring events that would have a significant impact on the Bank's assets, liabilities, equity, net financial result or cash flows.

16. Type and amount of changes to estimates reported in previous interim periods of the current financial year or in previous financial years, where they have a material effect on the current interim period

In the six months ended 30 June 2024, there were no material changes in the methodology underlying the calculation of estimated amounts recognised in previous interim periods of the current financial year and in the full-year consolidated financial statements of Bank Ochrony Środowiska S.A. for the year ended 31 December 2023 .

17. Issue, redemption and repayment of debt and equity securities

In the six months ended 30 June 2024, there were no issues, redemptions or repayments of any debt or equity securities.

18. Dividends paid (aggregate or per share) separately for ordinary shares and other shares

No dividend was paid or declared in the six months ended 30 June 2024. In 2023, the Bank generated net profit. On 19 June 2024, the Annual General Meeting of Bank Ochrony Środowiska S.A. passed a resolution to allocate the Bank's entire net profit for the period 1 January–31 December 2023 of PLN 61,701 thousand to statutory reserve funds.

19. Capital adequacy

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 Bank 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 Oversight 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 is 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 above the total capital ratio referred to in Article 92(1)(a-c) of Regulation 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 Oversight Act. The additional add-on should consist entirely of Common Equity Tier 1 capital.

As a result, as at 30 June 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%.

19.1. The Bank's capital adequacy levels

Item	30 Jun 2024 unaudited	31 Dec 2023
AVAILABLE CAPITAL		
Common equity Tier 1 capital	1,979,612	1,839,154
Tier 1 capital	1,979,612	1,839,154
Own funds	2,089,466	1,982,180
RISK-WEIGHTED ASSETS		
Total amount of risk-weighted assets	11,606,322	11,865,406
Credit risk and counterparty credit risk	10,214,026	10,400,318
Operational risk	1,364,505	1,364,505
Market risk	18,517	84,796
CVA risk	9,274	15,787
CAPITAL RATIOS		
Common equity Tier 1 capital ratio	17.06	15.50
Tier 1 capital ratio	17.06	15.50
Total capital ratio	18.00	16.71
LEVERAGE RATIO		
Exposure value	22,642,454	23,811,085
Leverage ratio	8.7	7.7
INTERNAL CAPITAL		
Internal capital	1,544,124	1,478,513
Internal capital to equity ratio	73.9	74.6

The capital adequacy ratio of the Bank as at 30 June 2024 was above the levels recommended by the Polish Financial Supervision Authority.

20. Additional information

As at 30 June 2024, the Bank did not have:
- material commitments or obligations related to purchase of property, plant and equipment.

In the six months ended 30 June 2024, the Bank did not make:

Interim condensed financial statements of Bank Ochrony Środowiska S.A. for the six months ended 30 June 2024 (all amounts in PLN thousand)

- significant inventory write-downs,
- reversals of any provisions for restructuring costs,
- material transactions to purchase or sell property, plant and equipment,
- changes in the fair value measurement method for financial instruments designated at fair value,
- changes in the classification of financial assets due to a change in their purpose or use.

21. Events after the reporting date

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

Signatures of Members of the Management Board

Date	Name and surname	Position held	Signature
13 August 2024	Bartosz Kublik	President of the Management Board	Signed with qualified e-signature
13 August 2024	Tomasz Jodłowski	Vice President of the Management Board	Signed with qualified e-signature
13 August 2024	Kamil Kuźmiński	Vice President of the Management Board	Signed with qualified e-signature
13 August 2024	Krzysztof Łabowski	Vice President of the Management Board	Signed with qualified e-signature
13 August 2024	Michał Należyty	Vice President of the Management Board	Signed with qualified e-signature

Signature of the person in charge of bookkeeping:

13 August 2024	Andrzej Kowalczyk	Director of the Accounting Department	Signed with qualified e-signature

for the six months ended 30 June 2024** (all amounts in PLN thousand)