



**REPORT
OF THE BANK OCHRONY ŚRODOWISKA
GROUP FOR THE THREE MONTHS ENDED
31 MARCH 2024**

Warsaw, May 2024

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FINANCIAL HIGHLIGHTS

THE GROUP Data from condensed consolidated interim financial statements of BOŚ Group	PLN thousand		EUR thousand	
	3 months ended 31 Mar 2024	3 months ended 31 Mar 2023	3 months ended 31 Mar 2024	3 months ended 31 Mar 2023
Interest and similar income	363,369	396,969	84,092	84,453
Fee and commission income	43,508	43,189	10,069	9,188
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)	20,130	12,920	4,659	2,749
Gain (loss) on investment securities	-	-	-	-
Profit before tax	77,459	87,154	17,926	18,541
Net profit attributable to owners of parent	45,883	56,987	10,618	12,124

THE GROUP	PLN thousand		EUR thousand	
	31 Mar 2024	31 Mar 2023	31 Mar 2024	31 Mar 2023
Total assets	21,002,610	22,032,451	4,883,306	4,712,320
Amounts due to central bank and other banks	61,696	75,146	14,345	16,072
Amounts due to clients	17,573,989	18,565,197	4,086,119	3,970,740
Equity attributable to owners of parent	2,189,775	2,148,620	509,143	459,549
Common equity	1,461,036	1,461,036	339,705	312,488
Number of shares	92,947,671	92,947,671		
Capital ratio	16.44	16.27		

BANK Data from condensed interim financial statements of BOŚ S.A.	PLN thousand		EUR thousand	
	3 months ended 31 Mar 2024	3 months ended 31 Mar 2023	3 months ended 31 Mar 2024	3 months ended 31 Mar 2023
Interest and similar income	356,521	395,932	82,507	84,232
Fee and commission income	21,177	20,680	4,901	4,400
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)	5,592	4,905	1,294	1,044
Gain (loss) on investment securities	0	0	0	0
Profit before tax	71,431	82,674	16,531	17,588
Net profit	44,536	57,193	10,307	12,167

BANK	PLN thousand		EUR thousand	
	31 Mar 2024	31 Mar 2023	31 Mar 2024	31 Mar 2023
Total assets	20,896,850	21,869,452	4,858,716	5,029,773
Amounts due to central bank and other banks	61,696	75,146	14,345	17,283
Amounts due to clients	17,684,201	18,641,304	4,111,744	4,287,328
Equity attributable to owners of parent	2,169,613	2,129,805	504,456	489,836
Common equity	1,460,364	1,460,364	339,548	335,870
Number of shares	92,947,671	92,947,671		
Capital ratio	16.71	16.71		

SUMMARY OF THE FINANCIAL RESULTS OF THE GROUP

The BOŚ Group consists of Bank Ochrony Środowiska S.A., as the parent, two direct subsidiaries: Dom Maklerski BOŚ S.A. and BOŚ Leasing Eko Profit S.A., and MS Wind Sp. z o.o., an indirect subsidiary.

Results of the Group

In the first quarter of 2024, the BOŚ S.A. Group achieved a net profit of PLN 45.9 million compared with PLN 57.0 million in the corresponding period of 2023. BOŚ enhanced its net interest income and commission income while expanding its loan portfolio. The Bank successfully decreased concentration risks associated with loans and deposits and improved the quality of its loan portfolio.

The first quarter of 2024 results were impacted by the annual contribution to the Bank Guarantee Fund for the 2024 resolution fund and significant provisioning costs for legal risks.

Selected items of statement of profit or loss

Selected items of the statement of profit or loss, PLN thousand	Q1 2024	Q1 2023	Change (%)
Net interest income	202,682	196,299	3.3
Net fee and commission income	33,828	32,536	4.0
Dividend income	12,065	-	x
Gain (loss) on financial instruments	20,130	12,920	55.8
Gain (loss) on foreign exchange transactions	-619	4,519	x
Net other income	-2,300	-425	441.2
Legal risk costs of mortgage loans denominated in foreign currencies	-50,440	-43,156	16.9
Net impairment losses	14,136	19,015	-25.7
Administrative expenses	-152,023	-134,554	13.0
Profit before tax	77,459	87,154	-11.1
NET PROFIT	45,883	56,987	-19.5

In the three months ended 31 March 2024, the BOŚ S.A. Group generated interest income of PLN 202.7 million. This represents an increase of PLN 6.4 million compared with the corresponding period of the previous year, primarily due to a more significant reduction in interest expenses relative to interest income.

Interest income was PLN 33.6 million lower compared with the corresponding period in 2023. The most significant decline occurred in interest from investment debt securities and interest income from institutional clients. The primary factor driving this decrease was the lower WIBOR rates compared with the corresponding period of the previous year, following the Monetary Policy Council's interest rate cuts in September 2023 by 75 basis points and a further reduction in October 2023 by 25 basis points, bringing the NBP's reference rate to 5.75%.

Total interest expenses decreased by PLN 40.0 million compared with the three months ended 31 March 2023. The Bank offered term deposits to clients with terms reflecting the decline in interest rates. Despite these reductions, the interest rates on selected deposit products positioned the Bank's offering as a market leader compared with other banks.

The Group's net fee and commission income was PLN 33.8 million, which represents a year-on-year increase of PLN 1.3 million. The main driver behind the increased result was higher commissions from guarantees and letters of credit, as well as account handling fees and other settlement services. Brokerage fees were also lower compared with the corresponding period of the previous year.

Gain (loss) on financial instruments measured at fair value through profit or loss was PLN 20.1 million, compared with PLN 12.9 million in the same period of 2023.

The effect of legal risk of mortgage loans denominated in foreign currencies was PLN -50.4 million, compared with PLN -43.2 million in the three months ended 31 March 2023. The results reflect updates to the model

parameters determining provisions, notably a significant deterioration in the indicator for awarded interest on delayed payments calculated from the date of the lawsuit and an increase in new lawsuits concerning EUR-denominated loans.

In the first quarter of 2024, impairment charges amounted to PLN 14.1 million, compared with PLN 19.0 million in the same period of the previous year. The positive result in impairment charges was seen within the corporate portfolio, driven by the reversal of provisions following loan repayments, amendments to existing credit facility agreements, and the execution of restructuring agreements. Changes in the loan portfolio structure, along with the Bank's debt collection and restructuring initiatives, have resulted in a systematic improvement in the NPL ratio.

The Group's total administrative expenses amounted to PLN 152.0 million, an increase of PLN 17.5 million compared with the corresponding period in 2023. Employee benefit expense increased by PLN 13.4 million, or 22.0%, primarily due to salary and wage adjustments to market levels for individual positions within the Bank, an increase in employment, and recognised provisions for bonuses. Another significant driver of administrative expenses were material costs, which increased by PLN 3.1 million, or 10.2%. The Group also reported lower costs of contributions and payments to the Bank Guarantee Fund, marking a decrease of PLN 2.1 million, or 9.5%. The reduction in costs was primarily driven by the BFG's decision to levy a lower contribution to the Guarantee Fund for 2024 compared with the previous year.

Impact of annual contribution to BFG's resolution fund

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

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

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

As at 31 March 2024, the provision for foreign currency-linked mortgage risk amounted to a total of PLN 673.0 million, of which PLN 175.7 million is presented as a provision for litigation and claims for legal risk related to foreign currency mortgage loans, and PLN 497.3 million – as an adjustment to the gross carrying amount. As at 31 December 2023, the amount of the provision was PLN 692.7 million.

The provisions recognised by the Bank for the risk associated with mortgage loans denominated in foreign currencies cover the costs of the Settlement Programme for clients repaying these loans, as proposed by the Chairman of the Polish Financial Supervision Authority. The Bank launched the Programme on 31 January 2022. By 31 March 2024, a total of 726 settlements had been concluded under the Programme.

Financial ratios

FINANCIAL RATIOS	Q1 2024	2023	Change in percentage points
Return on capital (ROE)	3.2	3.8	-0.6
Return on assets (ROA)	0.3	0.4	-0.1
Interest margin on total assets	3.8	3.7	0.1
Risks costs	-0.5	-0.4	-0.1
Cost/income (C/I), assuming uniform distribution of the cost of the one-time contribution to the Bank Guarantee Fund over the year	51.6	51.3	0.3
Tier 1 capital ratio	15.45	15.17	0.28
Total capital ratio	16.44	16.27	0.17

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

The capital adequacy ratio of the Group was above the levels recommended by the Polish Financial Supervision Authority, both with and without the application of IFRS 9 transitional arrangements. As at 31 March 2024, the Bank and the Group met the applicable capital standards. The BOŚ Group's Tier I capital ratio was 15.45%, and the total capital ratio was 16.44%.

Impact of the war in Ukraine on operations

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

As part of its stress tests, the Bank analysed the impact of these events on financial risk and assessed the consequences of possible negative scenarios.

The stress tests' results show a modest increase in exposure to liquidity risk, interest rate risk in the banking book; however the overall impact on risk exposure within what is expected by the Bank.

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

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

The economic and financial conditions in Poland took a turn for the worse due to, among others, the energy crisis triggered directly by the war in Ukraine, which – as a critical factor behind the health of all Polish businesses, i.e. also the Bank's clients – is affecting the quality of its loan portfolio and the level of impairment losses.

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

1. Macroeconomic situation

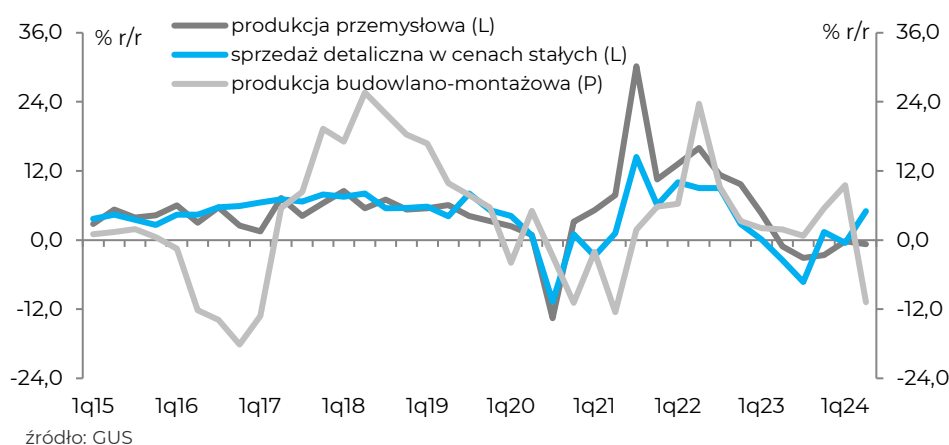
In the first quarter of 2024, economic activity in the United States expanded, albeit at a slower pace than at the end of 2023, bolstered by an increase in private consumption amid favourable labour market conditions. In the second half of 2023, the euro area saw a 0.3% increase in GDP, marking its emergence from a technical recession. In China, the GDP growth rate slightly accelerated to 5.3% year on year.

Throughout the three months ended 31 March 2024, global markets experienced continued declines in the prices of food raw materials and most energy commodities, leading to lower consumer inflation in most economies. However, the dissipation of the effects of high statistical reference bases from a year ago contributed to a slower pace of inflation decline compared with the trend observed in 2023. At the same time, the inflation of service prices continued in the first quarter, hampering the reduction of core inflation (CPI excluding food and energy prices).

In response to elevated core inflation and rising wage dynamics, the Federal Reserve System (Fed) and the European Central Bank (ECB) maintained their high interest rate stabilisation policies. Conversely, the Swiss National Bank reduced interest rates by 25 basis points to 1.5%.

In Poland, the economic situation improved in the first quarter of 2024, driven primarily by an increase in consumer demand, supported by a significant rise in real household income as inflation declined. Retail sales increased by 5.0% year on year, compared with a 0.5% year-on-year decrease in the fourth quarter of 2023. On the other hand, industrial production continued to exhibit weak activity, declining by 0.7% year on year, amid stagnation in the European manufacturing. Construction and assembly production decreased by 10.8% year on year, compared with a 9.5% year-on-year increase in the fourth quarter of 2023. One reason for the weakening activity in the construction sector was the waning positive impact of EU fund expenditures under the EU Financial Perspective for 2014-2020 at the end of 2023.

Production and retail sales dynamics in Poland



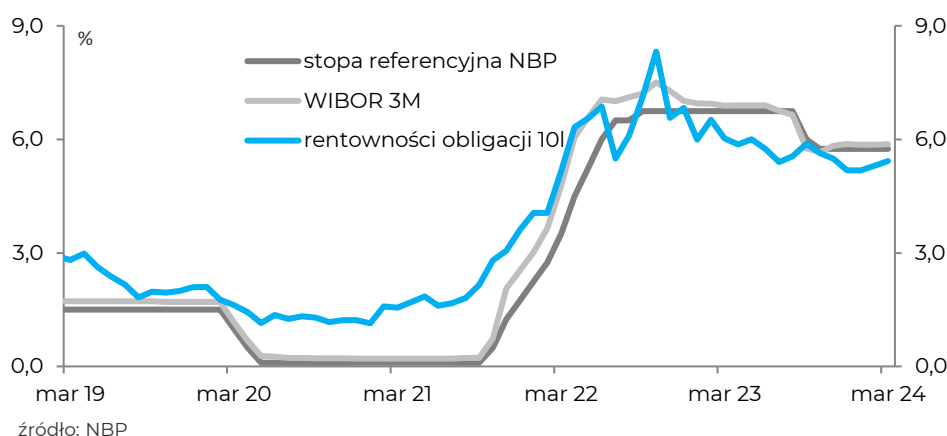
Produkcja przemysłowa (L)	Industrial production (L)
Sprzedaż detaliczna w cenach stałych (L)	Retail sales at constant prices (L)
Produkcja budowlano-montażowa (P)	Construction and assembly production (P)
r/r	y/y

In the first quarter of 2024, CPI inflation in Poland continued its downward trend, reaching 2.0% year on year in March. This was primarily due to a slower annual increase in food and energy prices, against the backdrop of very high statistical base effects from the previous year. Core inflation also followed a downward trend, although this decline progressed more slowly than the CPI index due to elevated service price dynamics.

In the first quarter of 2024, the Monetary Policy Council (RPP) maintained stable interest rates, including the NBP reference rate at 5.75%. The RPP justified its decisions with the uncertainty regarding inflation prospects, including expected regulatory changes affecting food and energy prices, elevated core inflation, and increased wage dynamics.

The stabilisation of NBP interest rates resulted in a further reduction of market expectations for interest rate cuts throughout 2024. The WIBOR 3M rate at the end of March remained at the same level as at the end of December 2023, at 5.88%.

Interest rates in Poland

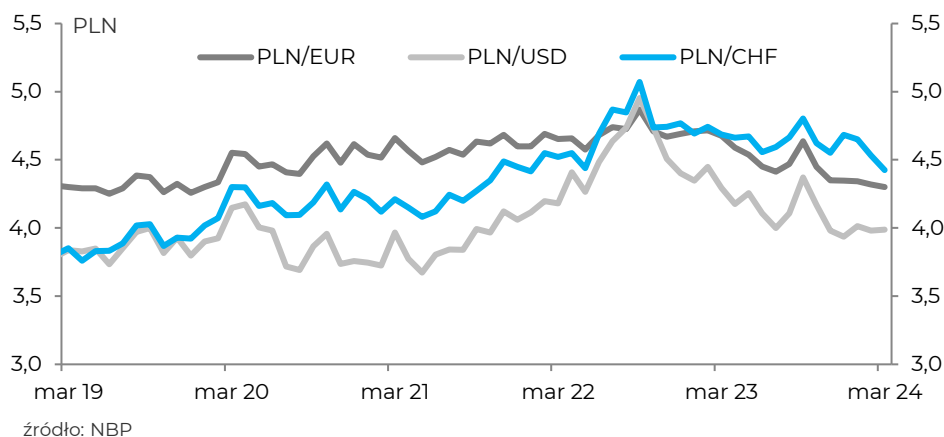


Stopa referencyjna NBP	NBP reference rate
WIBOR 3M	3M WIBOR
Rentowność obligacji 10	10-year treasury yields
Źródło: NBP	Source: NBP

At the beginning of 2024, market expectations for a swift monetary policy easing by major central banks remained prevalent, keeping government bond yields low in core markets. However, cautious communications from the Fed and ECB, along with higher-than-expected inflation in the United States in the first quarter, led to a reassessment of market expectations regarding the outlook for monetary policy. This resulted in a notable rise in bond yields in the U.S. and Germany during the first quarter.

For most of the first quarter, domestic government bond yields increased, influenced by developments in core bond markets and a reassessment of expectations for the RPP's monetary policy. Over the quarter, the yield on 2-year government bonds rose by 12 basis points to 5.07%, and the yield on 10-year government bonds increased by 25 basis points to 5.43%.

PLN exchange rates



In the first quarter, the Polish złoty remained strong against a basket of major currencies. At the end of March, the złoty was trading at 4.30 PLN/EUR, strengthening by 1.1% compared with the end of 2023, and at 3.99 PLN/USD, strengthening by 1.4% against the U.S. dollar. Simultaneously, the depreciation of the Swiss franc in global markets, following interest rate cuts by the Swiss National Bank, led to a more pronounced appreciation

of the zloty against the franc. By the end of the first quarter, the exchange rate of the zloty against the franc was 4.43 PLN/CHF, representing a 5.5% appreciation compared with the level recorded at the end of 2023.

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

The Group's business in 2024 will be affected by macroeconomic factors and the situation in financial markets.

The prevailing geopolitical risk, primarily arising from the Russian-Ukrainian war and the economic sanctions imposed on Russia and Belarus by the European Union, the United States, and other countries, continues to be the most significant factor influencing the macroeconomic and market environment. These geopolitical tensions have implications for various aspects, including the commodities market, particularly the energy sector. The situation in the Middle East will be an additional risk factor in the geopolitical landscape.

In particular, the heightened geopolitical risk could mean:

- weaker activity in the Polish economy;
- increased volatility of prices of Polish financial assets;
- subdued demand for credit in an environment of economic uncertainty and high interest rates.

At the same time, geopolitical risk introduces heightened uncertainty when it comes to the future development of the macroeconomic and market environment.

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

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

Expansion of banking business

The Bank's portfolio includes deposit, loan, and payment products available to all customer groups, as well as offerings tailored specifically for selected client segments.

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

Institutional clients

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

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

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

During the first quarter of 2024, in the area of payment products:

- the rules governing the provision of bank account and payment services were amended to comply with legal requirements, specifically the Act of 26 May 2023 on the mObywatel application and the Act of 18 November 2020 on electronic delivery.
- The Bank continued its efforts to align with the requirements of the new property development law, specifically the Law of 20 May 2021, which concentrates on safeguarding the rights of purchasers of dwellings or single-family houses and establishing the Developers Guarantee Fund.

Credit products for institutional clients

As regards the financing of small and medium-sized enterprises, in addition to the standard credit offering, the Bank continued the special offer implemented in 2022 – financing of Polish Strategic Investments.

On 29 December 2022, Cooperation Agreement no. 9/2022/KTEKO was signed with Bank Gospodarstwa Krajowego under the European Funds for a Modern Economy 2021-2027 Programme, Measure 2.32 – Priority 2 Technological Credit. Environment for Innovation and Measure 3.1 Green Credit – Priority 3 Greening of Enterprises. The Agreement sets out the rules for cooperation in the provision of technology and green credits to enterprises by the Lending Bank and the technology bonus and green bonus by Bank Gospodarstwa Krajowego (BGK).

Pursuant to the Agreement, changes were made regarding the technology credit and a new product – the environmental credit – was added to the Bank's offering: The FENG technology credit is a new edition of the technology credit offered as part of the POIG 2007-2013 programme and the technology innovation credit offered as part of the POIR 2014-2020 programme. This is offered as support for micro, small and medium-sized enterprises in the form of a technology bonus for repayment of part of the credit. The product is designed for SMEs that implement novel technologies and leverage them to initiate the production of innovative or substantially enhanced products, processes, or services. Funding applications were accepted from 23 March to 31 May 2023. The Bank signed conditional technology credit facility agreements with three clients, totalling approximately PLN 44.8 million, and issued one financing commitment letter for a PLN 23.9 million technology credit facility.

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

- The first call for funding applications was held from June to August 2023. During this period, the Bank issued commitments and signed conditional loan agreements with five clients for a total funding amount of PLN 3.2 million, with the planned value of the projects amounting to PLN 7.2 million.
- On 28 March 2024, BGK announced the second call for funding applications for the FENG Environmental Credit. The application period will run from 25 April to 25 July 2024.

Moreover, in the area of lending products:

- The Bank offered its clients loans for energy retrofitting and renovation projects with a bonus from the Energy Retrofitting and Renovation Fund;
- in selected provinces, the Bank offered preferential loans for environmentally-friendly projects in cooperation with the Provincial Funds for Environmental Protection and Water Management;
- The Bank took steps to optimise and automate the lending process, from client acquisition, to assessment of credit application and credit decision-making, to disbursement of funds, credit monitoring and credit administration;
- The Bank continued efforts to implement the EU Regulation concerning benchmark rates – WIBOR, LIBOR, EURIBOR, which included:
 - participation, as part of the National Working Group, in the work on developing measures to replace WIBOR and LIBOR USD with substitute rates;
 - implementation of the CME Term SOFR rate, which replaced LIBOR USD, in the Bank's offering of US dollar credit products for institutional clients.

Factoring

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

In the first quarter of 2024, the turnover from factoring transactions at the Bank was PLN 1.1 billion.

- In the three months ended 31 March 2024, the factoring services were provided to:
- 56 clients (54 clients in the first quarter of 2023),
- 3,093 counterparties (2,820 counterparties in the first quarter of 2023),
- with a total of 9,999 invoices purchased (10,156 invoices in the first quarter of 2023).

Retail clients

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

The Bank, in partnership with Mastercard, offered the 'Points to Start' promotion. The initiative was part of the Priceless Moments Programme and exclusively targeted new clients. Together with Mastercard, the Bank promoted cashless transactions, which contributed to reinforcing the ecological attitudes of clients, such as supporting the protection of rare species of wild animals and donating tree saplings for reforestation. Clients participating in the promotion earned extra points for their cashless transactions, which they could ultimately redeem for rewards in the Programme.

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

Additionally, in the first quarter of 2024, the Rules for opening and maintaining retail savings and current accounts, the Rules for opening and maintaining basic payment accounts, the Rules for opening and maintaining retail term deposit accounts, and the Rules for issuing and using credit cards were amended to comply with legal requirements, specifically the Act of 26 May 2023 on the mObywatel application and the Act of 18 November 2020 on electronic delivery. The changes will take effect on 1 June 2024.

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

Amounts due to retail clients

In the first quarter of 2024, the measures taken by the Bank with respect to deposit products for retail clients were aimed at:

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

The key deposit products for retail clients were:

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

The Bank focused on building retail deposit balances by promoting new fund deposit products as well as standard deposit products, including options with longer terms, such as a 36-month term. The distinctive

feature of promotional deposits for new funds is the ability to create a deposit up to the maximum amount of new funds held. Clients can set up more than one deposit.

In the first quarter of 2024, the Bank continued a special offer of the EKOkonto Oszczędnościowe bez ograniczeń savings account, which stood out in the market as a savings product with no additional conditions attached for the client to benefit from a higher interest rate (no requirement to have a checking account or to deposit new funds).

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

The Bank's other activities with respect to checking accounts focused on maintaining a transparent offering by retaining the following checking accounts: EKOkonto bez Kosztów, EKOkonto VIP, EKOkonto PRP and EKOkonto oszczędnościowe in five currencies: PLN, EUR, CHF, USD and GBP.

Credit products for retail clients

The Bank conducted a number of promotional campaigns targeting retail clients in 2024 to support the sales of cash loan products:

- For environmental purposes:
 - 'Green Loan' (*Pożyczka zielona*) – a promotional cash loan offer, available from February 2024 to the end of April 2024, is offered to finance investments across five categories of green projects:
 - renewable energy sources,
 - energy efficiency/energy retrofitting,
 - waste management,
 - water management/small retention,
 - eco-vehicles.
- For use on any personal expenditure:
 - 'Flexible Loan' (*Pożyczka elastyczna*) – a promotional cash loan, available from until to the end of April 2024, tailored to cater to clients' immediate personal spending needs.

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

- the purchase and installation of brand new photovoltaic systems or refinancing the acquisition of a new system,
- the purchase and installation of energy storage systems,
- the purchase and installation of home charging stations,
- covering the cost of the arrangement fee.

The Bank's product portfolio also includes mortgage loans specifically designed for Large Family Card holders. These customers can benefit from either a complete waiver of the arrangement fee or a 50% discount on the arrangement fee. Additionally, they receive a margin that is reduced by 0.1 percentage points compared with the standard margin.

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

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

The most recognisable mortgage product offered by BOŚ is the Ekologiczny Kredyt Hipoteczny green mortgage loan. To meet clients' expectations and adapt to the dynamic market conditions, the Bank updated the eco-friendly criteria required to qualify for the green mortgage offer, to align them with the Environmental Risk Assessment Principles.

The Bank offers a stock exchange loan designed for individuals with an investment account at BOŚ Brokerage House. The loan can be used to:

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

Credit products for micro-enterprises and housing communities

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

Insurance products and additional services

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

The Bank offers a comprehensive range of insurance products, including insurance for financed assets, specifically for devices and installations that protect the environment, life and health insurance for borrowers, insurance covering loss of income for borrowers, and insurance packages for payment card holders.

The Bank acts as an insurance agent for six insurance companies. PZU S.A., PZU Życie S.A., STUnŻ ERGO HESTIA S.A., TU EUROPA SA i TUŹYCIE EUROPA S.A.

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

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

Development of brokerage activities

The first quarter of 2024 on the Warsaw Stock Exchange saw a strong market upturn. Throughout the quarter, all major stock indices rose, with the broadest domestic index, Wig, increasing by 5.46%. The activity of DM BOŚ varied depending on the markets where its clients were executing transactions. On the WSE equity market, the turnover realised by DM BOŚ in session transactions was 9.5% lower year on year and 6.9% lower quarter on quarter. On the futures market, DM BOŚ's turnover was 9.2% lower year on year but 7.2% higher quarter on quarter. However, there was an increase in DM BOŚ's activity in overall transactions on the NewConnect market, with a rise of 9.6% year on year and 8.3% quarter on quarter.

In the first quarter of 2024, DM BOŚ had a market share of 2.17% in session transactions on the equity market and 12.00% on the futures market. During this period, DM BOŚ strengthened its position on the NewConnect market, achieving a market share of 20.62%, up from 16.45% in the same period of the previous year. As a result, DM BOŚ maintained its position as the leader of the NewConnect market.

The first quarter of this year was marked by a continued downturn in the primary market. During this period, only three entities debuted on the regulated market of the WSE, all of which had transitioned from NewConnect without conducting a public offering. Consequently, DM BOŚ focused its primary market activities on the bond market. DM BOŚ participated as a consortium member in the distribution of five retail bond issues and won eight tenders to execute municipal bond issues.

In the first quarter of this year, DM BOŚ continued to record strong growth in the number of managed investment accounts. The total number of open accounts reached 3,490. However, the number of open stock exchange accounts registered at the CDSP was higher, totalling 4,325. As a result, DM BOŚ secured the third position in the market in terms of the number of open brokerage accounts.

For the fifth consecutive time, DM BOŚ secured the top position in the 21st edition of the National Investor Survey 2023 (OBI), conducted by the Polish Association of Individual Investors. Based on the votes from investors, the Association awarded DM BOŚ the highest possible rating of three stars.

The Bank's involvement in national and regional operational programmes

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

BOŚ collaborates with key institutions that form the environmental protection financing system and play a significant role in efforts to prevent the negative impacts of climate change. These are: The National Fund for Environmental Protection and Water Management, Provincial Funds for Environmental Protection and Water Management, Bank Gospodarstwa Krajowego and Polish Development Fund.

Cooperation between BOŚ and institutions managing funds for environmental protection allows us to offer preferential loans, and also ensures seamless operation within the framework of the National Environmental Policy. The Bank's offering complements the priority programmes implemented by the National Fund for Environmental Protection and Water Management and Provincial Funds for Environmental Protection and Water Management.

The collaborative partnerships include the Clean Air and My EV programmes run by the Bank.

As the first bank in Poland, Bank Ochrony Środowiska launched lending activities under the banking path framework of the Clean Air government programme on 6 July 2021. The programme is intended for owners and joint owners of single-family residential buildings or separate units in single-family residential buildings with separate land and mortgage registers.

Another programme run by the Bank in partnership with the National Fund for Environmental Protection and Water Management is My EV (*Mój elektryk*) programme, a scheme designed to reduce air pollution emissions by providing assistance with the cost of projects seeking to reduce fuel consumption in transport. The National Fund for Environmental Protection and Water Management provides assistance with the purchase or lease of zero-emission vehicles. Under the programme, Bank Ochrony Środowiska S.A. and its partner leasing companies provide grants for the lease of zero-emission vehicles (including EVs) using funds entrusted to them by the National Fund for Environmental Protection and Water Management under an agreement executed in September 2021.

The Bank has six active cooperation agreements with regional Environmental Protection and Water Management Funds, which focus on providing preferential loans for environmental protection and water management projects. The preferential terms include below-market interest rates on loans or subsidies for loan principal repayment. The agreements specify the scope of the financing and the types of entities eligible for such loans. The financing targets projects focused on:

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

Mój Elektryk (My EV) programme

The Bank entered into an agreement with the National Fund for Environmental Protection and Water Management (NFOŚiGW) to administer subsidies for leasing zero-emission vehicles as part of the Priority Programme 'My EV' in September 2021. The Bank has PLN 600 million available for subsidies for leases of zero-emission vehicles. These funds are to be utilised between 2021 and 2025. Thirty lease companies have entered into cooperation agreements with the Bank. The list of the partner companies is available at <https://www.bosbank.pl/moj-elektryk>.

Between 6 December 2021 and 31 March 2024, the Bank received over 17 thousand applications for an aggregate amount of PLN 568 million. In the first quarter of 2024, the Bank received over 2,500 applications totalling PLN 73.69 million, averaging 214 applications per week with a total value of PLN 6.14 million.

Since the launch of the Programme until 31 December 2023, the Management Board of the National Fund for Environmental Protection and Water Management approved 118 collective applications relating to subsidies for 15,990 vehicles. The total amount of subsidies under approved applications is PLN 530.08 million, representing 88% of the funds made available to BOŚ for 2021–2025.

The Bank signed subsidy agreements in respect of 11,075 applications for an amount of PLN 372.0 million.

Czyste Powietrze (Clean Air) programme

Under the agreement on the provision of funds for the implementation of the *Czyste Powietrze* (Clean Air) Priority Programme, concluded on 14 April 2021 between BOŚ S.A., the National Fund for Environmental Protection and Water Management (NFOŚiGW) and 16 provincial environmental protection and water management funds, the Bank is involved in the implementation of the Programme.

Since mid-2021, BOŚ S.A. has been offering loans to individuals as part of the Programme's 'banking path'. These are loans with a loan principal repayment subsidy financed by the individual provincial environmental protection and water management funds.

By the end of the first quarter of 2024, clients entered into 627 Clean Air Loan agreements with the Bank for a total amount of about PLN 33 million.

ELENA grant

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

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

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

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

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

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

By the end of the first quarter of 2024, subsidies were disbursed to 17 investors, facilitating the execution of 38 energy efficiency-enhancing projects, cumulatively valued at PLN 128.5 million.

European Union funds under the programme European Funds for a Modern Economy 2021-2027

On 29 December 2022, Cooperation Agreement no. 9/2022/KTEKO was signed with Bank Gospodarstwa Krajowego under the European Funds for a Modern Economy 2021-2027 Programme (FENG Programme). The Agreement sets out the terms of cooperation regarding the provision by BOŚ of technology and green loans, as well as the disbursement of technology and green bonuses by BGK. (This is described in more detail above in the section titled 'Credit products for institutional clients').

European Union loans financed under the European Funds Scheme for the Lublin Province 2021-2027

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

Objectives of RES loan financing:

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

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

JESSICA initiative

The purpose of the JESSICA loans was to increase the socio-economic potential of cities and to foster urban development through investments in public transport services and infrastructure/amenities, making them more attractive as economic and cultural centres and places to live.

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

The Bank serves as the manager of the Urban Development Fund (i.e., the loan provider) in three provinces:

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

Status as at 31 March 2024:

- 53 loan agreements signed for a total amount of PLN 422.2 million,
- Principal repaid PLN 273.4 million, with the current outstanding balance of PLN 148.8 million.

BOŚ S.A. is compensated for the processing and administration of JESSICA loans. The fee received in the three months ended 31 March 2024 was PLN 0.3m.

JEREMIE initiative

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

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

On 28 August 2018, the implementation of the facility was concluded. BOŚ S.A. contracted 100% of the funds for qualifying projects, amounting to a total of PLN 65.35 million, including the Bank's own funds of PLN 32.7 million. The outstanding balance as at 31 March 2024 was PLN 48.6 million (with PLN 24.3 million owed to both BOŚ and ZARR S.A.).

The Bank is compensated for the administration of JEREMIE loans. In the first quarter of 2024, it received a management fee of PLN 0.1 million.

BGK portfolio guarantees

On 2 January 2024, a cooperation agreement was signed with BGK for two guarantee products under FG FENG:

- Businessmax Plus Guarantee,
- Ekomax Guarantee.

BGK granted separate limits for the Biznesmax Plus guarantee of PLN 150m and Ekomax of PLN 80 million. Within the limit granted for the Biznesmax Plus guarantee, up to 40%, i.e., PLN 60 million, will be available to secure working capital facilities.

The table below presents the value and number of new portfolio guarantees issued by BGK in the first quarter of 2024 and the utilisation of limits as at 31 March 2024.

BGK portfolio guarantees – active (PLN thousand)

	DE MINIMIS guarantee	Businessmax Plus guarantee	Ekomax guarantee	Clean Air (Czyste powietrze) guarantee
Allocated limit	1,700,000	150,000	80,000	28,800
Availability period	31 Aug 2024	30 Jun 2024	30 Jun 2024	30 Jun 2024
Utilisation of the limit as at 31 March 2024	1,492,549	4,600	0	24,177
Limit remaining	207,451	145,400	0	4,623
Amount and number of new guarantees issued in the three months ended 31 March 2024	55,738 (44)	4,600 (2)	0 (0)	1,088 (17)

Based on BGK-Zlecenia

In the first quarter of 2024, clients of the Bank who utilised the Biznesmax FG POIR Guarantee submitted 17 applications for interest subsidies, for a total amount of PLN 1.5 million. The subsidies were disbursed to the clients (guarantees were available until 31 December 2023).

BGK premium credit

Credit granted under the Cooperation Agreement between BOŚ and BGK. A key benefit for the client is the premium granted and disbursed by BGK, intended for principal repayment:

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

The product is designed for: housing cooperatives, housing associations, local government units and municipal companies managing municipal resources, retail clients, and micro-enterprises.

Thanks to the ELENA grant, BOŚ is able to refund 90% of the costs for audits and technical documentation required in the process of applying for a premium credit.

Highlights of the first quarter of 2024

Awards and recognitions

(January) BOŚ with HR Quality Certificate 2024

The Polish Human Resources Management Association (PSZK) awarded BOŚ the HR Quality Certificate for 2024. These certificates are presented annually to distinguished employers based on the results of a comprehensive HR process survey and an analysis of a selected HR project. Our 'Wellbeing Stop' project was evaluated, which included consultations, workshops, webinars, and e-learning sessions. Our initiatives were particularly appreciated: a series of short relaxation sessions and the 'Short Break' campaign, which aimed to enhance efficiency by shortening standard meeting durations and allowing for brief rest periods between

meetings. The survey results were also positively verified, highlighting internship programs, onboarding practices, professional development opportunities (such as education funding), additional benefits (such as Legimi), and flexible remote work options.

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

(January) Top Employer 2024 Poland title for BOŚ

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

(March) BOŚ economists again in the forefront

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

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

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

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

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

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

4. Selected operational data of the Group

SELECTED DATA ON THE GROUP'S BUSINESS, thousand	31 Mar 2024	31 Dec 2023	Change (%)
BANK OCHRONY ŚRODOWISKA S.A.			
Number of clients	151.3	154.0	-1.8
Number of retail clients	141.4	143.8	-1.7
Number of micro-enterprise clients	6.3	6.5	-3.1
Number of institutional clients	3.6	3.7	-2.7
Number of clients using electronic channels	99.1	100.8	-1.7
Number of checking accounts ¹⁾	152.7	155.4	-1.7
Debit and credit cards in total	57.9	59.1	-2.0
Number of branches	54.0	54	0.0
DOM MAKLERSKI BOŚ S.A.			
Number of investment accounts	184.8	181.3	1.9
including online accounts	182.5	179.0	2.0
Number of branches	8.0	8	0.0

¹⁾ including savings accounts

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

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

5. Development directions for the Bank

Strategy of Bank Ochrony Środowiska S.A.

On 15 December 2023, the Bank published a new Strategy for 2024-2026.

By the end of 2026, the Bank aims to achieve the following objectives as set in the Strategy:

- a net banking income of PLN 1 billion,
- a return on equity (ROE) over 10%,
- a cost-to-income (C/I) ratio at 46%,
- a non-performing loan (NPL) ratio at 7.5%,
- the share of green loans in the total loan portfolio over 50%,
- employee engagement above 58%.

These objectives and strategy pillars are not to be interpreted as forecasts or predictive outcomes (including financial forecasts) but instead underline the Bank's strategic intent over the span of 2024-2026.

In line with the Bank's strategy, the focus is on supporting clients in their green transition efforts, particularly corporate clients. The Bank strives to achieve sustainable profitability by executing key strategic initiatives and strengthening its position as a bank specialised in financing the green transition. This is reflected in the mission:

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

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

Among the priorities for the coming years, the Bank emphasises developing relationships with existing customers and acquiring new ones through a comprehensive product offering for companies, particularly in the area of organic products. Other priorities include improving product profitability, simplifying interactions

with clients, optimising processes, and enhancing digitalisation to increase the Bank's overall efficiency and profitability.

Activities undertaken as part of the Strategy

As part of the operationalisation of its strategy, the Bank has defined a series of initiatives in the area of organisational culture. The Management Board aims to position BOŚ as a modern and flexible organisation.

Several projects have been undertaken to optimise current processes. Enhancements to the credit process include the implementation of a new tool with defined efficiency metrics for the client segments identified in the strategy.

The implementation of the strategic goals and assumptions for 2024–2026 is intended to fully unlock and leverage the Bank's potential. The Bank aims to become faster, more flexible, and more accessible to clients, leading to a greater scale of operations. These goals will be pursued in accordance with sustainability principles, with particular attention to environmental, social, and corporate governance standards. Thanks to its unique experience and the expert knowledge of its employees, the Bank is naturally positioned to play a leading role in financing and supporting the pro-environmental initiatives of Polish enterprises.

Key capex projects

In addition to the key strategic projects mentioned above, the Bank undertook approximately 30 projects in the first quarter of 2024. These projects spanned initiatives of both strategic importance and operational improvements.

Furthermore, the Bank executed several regulatory compliance projects. Among the most significant were adjustments to align with the new R Recommendation issued by the (PFSA). The Bank also initiated projects to facilitate handling invoices via the National e-Invoicing System (KSeF) and to adapt internal regulations to comply with EU taxonomy standards for investment classification. These projects included developing internal tools and processes to ensure accurate reporting in line with legal requirements.

6. Financial results of the Group

6.1. Statement of profit or loss

STATEMENT OF PROFIT OR LOSS OF THE GROUP, PLN thousand	Q1 2024	Q1 2023	Change (%)
Interest and similar income	363,369	396,969	-8.5
Interest expense and similar charges	-160,687	-200,670	-19.9
Net interest income	202,682	196,299	3.3
Fee and commission income	43,508	43,189	0.7
Fee and commission expense	-9,680	-10,653	-9.1
Net fee and commission income	33,828	32,536	4.0
Dividend income	12,065	-	x
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)	20,130	12,920	55.8
Gain (loss) on hedge accounting	-311	-463	-32.8
Gain (loss) on foreign exchange transactions	-619	4,519	x
Gain (loss) on derecognition of financial instruments	203	547	-62.9
Other income	10,596	13,000	-18.5
Other expenses	-12,788	-13,509	-5.3
Effect of legal risk of mortgage loans denominated in foreign currencies	-50,440	-43,156	16.9
Net impairment losses	14,136	19,015	-25.7
Administrative expenses	-152,023	-134,554	13.0
Profit (loss) before tax	77,459	87,154	-11.1
Income tax expense	-31,576	-30,167	4.7
Net profit (loss)	45,883	56,987	-19.5

In the three months ended 31 March 2024, the BOŚ Group earned a net profit of PLN 45.9 million, compared with PLN 57.0 million reported in the corresponding period of 2023.

In the first quarter of 2024, the BOŚ Group generated net interest income of PLN 202.7 million, an increase of PLN 6.4 million, or 3.3%, year on year. The improvement in net interest income was attributable to a more rapid decline in interest expenses than the pace of the fall in interest income.

Interest and similar income in the first quarter of 2024 declined by PLN 33.6 million, or 8.5%, compared to the first quarter of 2023, primarily due to lower WIBOR rates than those observed in the corresponding period of the previous year. The decline was primarily due to a decline in interest from non-trading investment debt securities by PLN 33.6 million, or 22.9%, and a decrease in interest income from institutional clients by PLN 8.9 million, or 5.0%. This was partially offset by an increase in interest income from amounts due from banks and the Central Bank, which rose by PLN 8.7 million, or 48.1%.

The average base interest rate on loans in PLN extended by the Bank (adjusted for impaired interest) was 7.93% in the first quarter of 2024, compared with 8.84% in the first quarter of 2023. For foreign currency loans, the average base interest rate was 6.50%, compared with 4.33% in the first quarter of 2023. For total loans, the rate was 7.60%, compared with 7.67% in the first quarter of 2023.

Net interest income, PLN thousand	Q1 2024	Q1 2023	Change (%)
Interest and similar income:	363,369	396,969	-8.5
Amounts due from banks and the central bank	26,742	18,057	48.1
Amounts due from institutional clients	168,321	177,208	-5.0
Amounts due from retail clients	49,211	48,598	1.3
Non-trading investment debt securities	113,206	146,837	-22.9
Financial instruments held for trading	1,722	911	89.0
Hedging transactions	4,167	5,358	-22.2
Interest expense and similar charges on:	160,687	200,670	-19.9
Bank accounts and deposits from banks	534	818	-34.7
Bank accounts and deposits from institutional clients	52,290	67,710	-22.8
Bank accounts and deposits from retail clients	91,363	118,964	-23.2
Borrowings from banks	-	-	x
Borrowings from clients	4,478	3,552	26.1
JESSICA lending support funds	242	311	-22.2
Financial instruments – own debt securities	9,635	8,407	14.6
Lease liabilities	802	905	-11.4
Other	1,343	3	44,666.7
NET INTEREST INCOME	202,682	196,299	3.3

Interest expense and similar charges decreased by PLN 40.0 million, or 19.9%, compared with the first quarter of 2023, primarily due to a reduction in interest expense on retail deposits by PLN 27.6 million, or 23.2%, and a decrease in the costs of institutional accounts and deposits by PLN 15.4 million, or 22.8%. Costs of financial instruments (own debt securities) increased by PLN 1.2 million, or 14.6%.

The decrease in interest expense was mainly attributable to lower interest rates on deposits. The average base interest rates on deposits placed with the Bank branches in the three months ended 31 March 2024 were as follows:

- 4.04%, compared with 5.14% in the first quarter of 2023, for PLN deposits,
- 1.08%, compared with 0.47% in the first quarter of 2023, for foreign currency deposits.

The Group's net fee and commission income amounted to PLN 33.8 million, representing an increase of PLN 1.3 million, or 4.0%, compared with the first quarter of 2023, primarily due to a reduction in fee and commission expenses.

Decrease was seen mainly in loan commissions, which fell by PLN 1.2 million, or 11.6%. Conversely, commissions from guarantees and letters of credit increased by PLN 1.1 million, or 68.7%.

Fee and commission expenses decreased by PLN 1.0 million, or 9.1%. The decrease was primarily due to lower brokerage fees, which declined by PLN 1.2 million, or 13.3%.

NET FEE AND COMMISSION INCOME, PLN thousand	Q1 2024	Q1 2023	Change (%)
Fee and commission income	43,508	43,189	0.7
Brokerage service fees	22,510	22,698	-0.8
Fees for maintaining client accounts, other domestic and international settlement transactions	9,138	8,662	5.5
Commission fees on credit facilities	8,861	10,025	-11.6
Commission fees on guarantees and letters of credit	2,818	1,670	68.7
Fees for portfolio management services and other management fees	180	132	36.4
Other fees	1	2	-50.0
Fee and commission expense	9,680	10,653	-9.1
Brokerage fees, including:	7,629	8,803	-13.3
for custody services	231	203	13.8
Payment card fees	1,568	1,528	2.6
Current account fees	143	143	0.0
ATM service charges	112	-	x
Fees on amounts due from clients	1	2	-50.0
Other fees	227	177	28.2
TOTAL NET FEE AND COMMISSION INCOME	33,828	32,536	4.0

Gain (loss) on financial instruments measured at fair value through profit or loss was PLN 20.1 million, compared with PLN 12.9 million in the first quarter of 2023. The improvement was mainly due to the higher gain delivered by DM BOŚ in this area, driven by the high market volatility.

The effect of legal risk of mortgage loans denominated in foreign currencies was PLN -50.4 million, compared with PLN -43.1 million in the first quarter of 2023. The increase reflects updates to the model parameters determining provisions, notably a significant deterioration in the indicator for awarded interest on delayed payments calculated from the date of the lawsuit and an increase in new lawsuits concerning EUR-denominated loans. The Bank will continue to monitor emerging trends in case law, track the influx of new cases, and thoroughly study their effect on the parameters of the estimation model.

In the first quarter of 2024, impairment losses were PLN 14.1 million, compared with PLN 19.0 million in the first quarter of 2023. The improvement was seen primarily in the corporate portfolio and was driven by the reversal of write-downs following loan repayments as well as execution of amendments and restructuring agreements.

Administrative expenses of the Group increased by PLN 17.5 million, or 13.0%, relative to the same period of 2023. The primary driver of the increase was the employee benefit expense, which grew by PLN 13.4 million, or 22.0%. Employee benefit expense increased by PLN 13.4 million, or 22.0%, primarily due to salary and wage adjustments to market levels for individual positions within the Bank, an increase in employment, and recognised provisions for bonuses. Another significant driver of administrative expenses were material costs, which increased by PLN 3.1 million, or 10.2%. The Group also reported lower costs of contributions and payments to the Bank Guarantee Fund, marking a decrease of PLN 2.1 million, or 9.5%. The reduction in costs was primarily driven by the BFG's decision to levy a lower contribution to the Guarantee Fund for 2024 compared with the previous year.

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

ADMINISTRATIVE EXPENSES, PLN thousand	Q1 2024	Q1 2023	Change (%)
Employee benefits	74,035	60,675	22.0
Administrative expenses, including:	59,028	56,120	5.2
material costs	33,152	30,079	10.2
taxes and charges	4,419	2,741	61.2
contribution and payments to BFG	20,243	22,366	-9.5
contribution and payments to PFSA	836	623	34.2
contribution to Borrowers Support Fund	-	-	x
contribution to cover operating expenses of Financial Ombudsman	348	281	23.8
contribution to Chamber of Brokerage Houses (Izba Domów Maklerskich, IDM)	30	30	0.0
Amortisation and depreciation, including:	18,960	17,759	6.8
depreciation of property, plant and equipment	5,073	4,825	5.1
amortisation of intangible assets	9,739	8,677	12.2
depreciation of rights-of-use assets	4,148	4,257	-2.6
TOTAL ADMINISTRATIVE EXPENSES	152,023	134,554	13.0

As at 31 March 2024, the Bank employed 1,275 persons (FTEs), compared with 1,208 at the end of the first quarter of 2023. The headcount at the Bank increased by 5.5% compared with 31 March 2023, while the subsidiaries experienced a 0.7% growth in headcount during the same period. The table below presents employment (FTEs) at the Bank and its subsidiaries. The headcount at the BOŚ Group increased by 4.5% on 31 March 2023.

Employment, FTEs	31 Mar 2024	31 Mar 2023	Change (%)
Employment at BOŚ S.A.	1275	1,208	5.5
Employment at subsidiaries	320	318	0.7
EMPLOYMENT AT THE BOŚ GROUP	1,595	1,526	4.5

6.2. Assets of the Group

As at 31 March 2024, the Group's total assets stood at PLN 21,002.6 million, having decreased by 4.7% on 31 December 2023.

Changes in the structure of the Group's assets

As at 31 March 2024, at 51.9%, amounts due from clients had the highest share in total assets. Their share in total assets increased by 3.0 pp since the end of 2023, while the share of investment securities decreased by 5.1 pp.

Assets, PLN thousand	31 Mar 2024	31 Dec 2023	Change (%)
Cash and balances with central bank	783,406	584,089	34.1
Amounts due from banks	112,026	162,781	-31.2
Financial assets held for trading	445,161	169,494	162.6
Derivative hedging instruments	8,981	15,556	-42.3
Investment securities:	7,971,732	9,484,770	-16.0
Amounts due from clients, including:	10,892,749	10,767,436	1.2
measured at amortised cost	10,892,650	10,767,297	1.2
measured at fair value through profit or loss	99	139	-28.8
Intangible assets	127,304	131,833	-3.4
Property, plant and equipment	88,423	92,327	-4.2
Right of use – leases	51,159	53,967	-5.2
Tax assets:	145,078	158,734	-8.6
Other assets	376,591	411,464	-8.5
TOTAL ASSETS	21,002,610	22,032,451	-4.7

Amounts due from clients

The carrying amount of amounts due from clients of the Group at the end of the first quarter of 2024 was PLN 10,892.7 million, a decrease of 1.2% on 31 December 2023.

AMOUNTS DUE FROM CLIENTS, PLN thousand	31 Mar 2024	31 Dec 2023	Change (%)
Measured at amortised cost	10,849,116	10,726,424	1.1
Amounts due from retail clients	2,085,359	2,140,943	-2.6
overdraft facilities	239	1,722	-86.1
cash loans	233,609	243,660	-4.1
housing loans	1,650,402	1,695,002	-2.6
other credit facilities	201,109	200,559	0.3
Amounts due from institutional clients	8,763,757	8,585,481	2.1
working capital facilities	904,281	901,662	0.3
term facilities	6,131,125	6,023,495	1.8
factoring receivables	470,641	464,404	1.3
lease receivables	239,750	240,526	-0.3
purchased receivables	71,481	72,864	-1.9
commercial paper	946,479	882,530	7.2
Measurement at fair value through profit or loss	99	139	-28.8
Amounts due from retail clients	75	109	-31.2
housing loans	30	43	-30.2
other credit facilities	45	66	-31.8
Amounts due from institutional clients	24	30	-20.0
working capital facilities	-	-	x
term facilities	24	30	-20.0
Total	10,849,215	10,726,563	1.1
Margin deposits	34,744	34,296	1.3
Other amounts due from clients	8,790	6,577	33.6
TOTAL AMOUNTS DUE FROM CLIENTS	10,892,749	10,767,436	1.2

Amounts due from institutional clients measured at amortised cost accounted for the highest share of total amounts due from clients, at 80.5%. Their share increased by 0.7pp on year-end 2023. Amounts due from institutional clients measured at amortised cost were PLN 8,763.8 million.

Amounts due from institutional clients measured at amortised cost increased by PLN 178.3 million, or 2.1%. In the first quarter of 2024, the Bank recorded an increase in amounts due from clients, driven by higher loan sales to the institutional segment.

The share of amounts due from retail clients measured at amortised cost in total amounts due decreased by 0.7pp, to 19.1%. The amount of retail loans measured at amortised cost was PLN 2,085.4 million at the end of the first quarter of 2023, compared with PLN 2,140.9 million at year-end 2024. Amounts due from retail clients measured at amortised cost decreased by PLN 55.6 million, or 2.6%. Housing loans are the largest item among retail loans measured at amortised cost. As at 31 March 2024, they amounted to PLN 1,650.4 million, a decrease of 2.6% on 31 December 2023.

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

HOUSING LOANS, PLN thousand	31 Mar 2024	31 Dec 2023	Change (%)
Loans measured at amortised cost	1,650,402	1,695,002	-2.6
Housing loans in PLN	1,209,534	1,194,758	1.2
Housing loans in CHF	110,057	139,620	-21.2
Housing loans in EUR	316,512	344,047	-8.0
Housing loans in USD	14,299	16,577	-13.7
Loans measured at fair value through profit or loss	30	43	-30.2
Housing loans in PLN	30	43	-30.2
TOTAL HOUSING LOANS	1,650,432	1,695,045	-2.6

Foreign currency loans accounted for 26.7% of total housing loans (29.5% at year-end 2023). The share of housing loans denominated in CHF in the total loan portfolio of the Group (net) was 1.0%, having decreased by 0.3pp on year-end 2023.

Balance of green loans

The balance of green loans as at 31 March 2024 was 4,899.3 million, a decrease of 0.5% on 31 December 2023. The green loans accounted for 39% of the Bank's total lending portfolio (vs 41% as at 31 December 2023).

GREEN LOANS, PLN thousand	31 Mar 2024	31 Dec 2023	Change (%)
Green loans to institutional clients	4,498,446	4,513,330	-0.3
Green loans to retail clients	400,831	409,739	-2.2
GREEN LOANS	4,899,277	4,923,069	-0.5

* nominal value

Total loan sales

TOTAL LOAN SALES, PLN thousand	Q1 2024	Q1 2023	Change (%)
Loans to institutional clients during the quarter	1,006,053	691,385	45.5
Loans to retail clients during the quarter	80,501	34,734	131.8
LOANS MADE DURING THE QUARTER	1,086,554	726,119	49.6

Total loan sales amounted to PLN 1,086.6 million, representing an increase of 49.6% compared with the first quarter of 2023.

Sales of green loans

GREEN LOAN SALES, PLN thousand	Q1 2024	Q1 2023	Change (%)
Sales to institutional clients during the quarter	463,010	357,447	29.5
Sales to retail clients during the quarter	16,066	7,316	119.6
SALES DURING THE QUARTER	479,077	364,763	31.3

In the first quarter of 2024, sales of new green loans amounted to PLN 479,1 million, representing a 31.3% year-on-year increase. The vast majority (in value terms) of the new green loans were made to institutional clients (97%). Loans for energy and municipal utility projects represented the largest share of the total, followed by construction loans.

Quality of the loan portfolio

QUALITY OF THE LOAN PORTFOLIO	31 Mar 2024	%	31 Dec 2023	%
AMOUNTS DUE FROM CLIENTS MEASURED AT AMORTISED COST				
Amounts due from clients without indications of impairment, including:	10,205,335	86.6	10,081,168	86.5
exposures without significant credit risk increase since initial recognition (Bucket 1)	9,127,923	77.5	9,027,502	77.5
exposures with significant increase in risk since initial recognition (Bucket 2)	1,077,412	9.1	1,053,666	9.0
Amounts due from clients with indication of impairment, impaired (Bucket 3)	1,576,407	13.4	1,573,263	13.5
Total amounts due from clients measured at amortised cost (gross)	11,781,742	100.0	11,654,431	100.0
Impairment losses on:				
amounts due from clients – (Bucket 1)	-123,654		-121,105	
amounts due from clients – (Bucket 2)	-65,598		-64,508	
amounts due from clients – (Bucket 3) with indication of impairment	-743,374		-742,394	
Total impairment losses	-932,626	-7.9	-928,007	-8.0
Total amounts due from clients measured at amortised cost (net)	10,849,116		10,726,424	
AMOUNTS DUE FROM CLIENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS				
Fair value	99		139	
Total amounts due from clients measured at fair value through profit or loss	99		139	
Margin deposits	34,744		34,296	
Other amounts due from clients	8,790		6,577	
Total amounts due from clients	10,892,749		10,767,436	

The share of amounts due from clients with indications of impairment and impaired (Bucket 3) in the loan portfolio measured at amortised cost was 13.4% as at 31 March 2024, compared with 13.5% as at year-end 2023. The amount of total loans in Bucket 3 fell by PLN 3.1 million from year-end 2023.

As of 31 March 2024, the loan loss provision coverage ratio for Bucket 3 loans was 47.2%, remaining at a similar level compared with 31 December 2023.

6.3. Total equity and liabilities of the Group

Equity and liabilities, PLN thousand	31 Mar 2024	31 Dec 2023	Change (%)
Amounts due to central bank and other banks	61,696	75,146	-17.9
Financial liabilities held for trading	76,139	79,920	-4.7
Amounts due to clients	17,573,989	18,565,197	-5.3
Subordinated liabilities	439,784	447,184	-1.7
Provisions	268,721	256,289	4.9
Tax liabilities	2,493	3,260	-23.5
Lease liabilities	49,663	53,253	-6.7
Other liabilities	340,350	403,582	-15.7
Total equity	2,189,775	2,148,620	1.9
TOTAL EQUITY AND LIABILITIES	21,002,610	22,032,451	-4.7

Equity and liabilities of the Group

As at 31 March 2024, amounts due to clients represented the largest share (83.7%) of total equity and liabilities. Their share changed by -0.6pp on 31 December 2023.

Equity amounted to PLN 2,189.8 million at the end of the first quarter of 2024, having increased by PLN 41.2 million, or 1.9%, primarily due to the net profit earned.

Liabilities of the Group

AMOUNTS DUE TO CLIENTS, PLN thousand	31 Mar 2024	31 Dec 2023	Change (%)
Retail clients	10,353,854	10,669,066	-3.0
current/checking accounts	4,511,829	4,624,837	-2.4
term deposits	5,842,025	6,044,229	-3.3
Institutional clients	6,667,757	7,204,703	-7.5
current/checking accounts	4,013,270	4,627,042	-13.3
term deposits	2,654,487	2,577,661	3.0
Other clients	71,127	208,099	-65.8
Borrowings from international financial institutions	434,494	439,283	-1.1
Lending support funds	46,757	44,046	6.2
TOTAL LIABILITIES	17,573,989	18,565,197	-5.3

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

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

As at 31 December 2024, the Group's amounts due to clients were PLN 17,574.0 million, having decreased by PLN 991.2 million, or 5.3%, on year-end 2023.

Amounts due to retail clients decreased by PLN 315.2 billion, or 3.0%, in the first quarter of 2024. Amounts due to institutional clients fell by PLN 536.9 million, or 7.5%.

7. Key financial ratios

FINANCIAL RATIOS	Q1 2024	2023	Change in percentage points
Return on equity (ROE) ¹	3.2	3.8	-0.6
Return on assets (ROA) ²	0.3	0.4	-0.1
Interest margin on total assets ³	3.8	3.7	0.1
Risks costs ⁴	-0.5	-0.4	-0.1
Cost/income (C/I) ⁵ , assuming uniform distribution of the cost of the one-time contribution to the Bank Guarantee Fund over the year	51.6	51.3	0.3

¹) net profit earned in the last four quarters to average equity,

²) net profit earned in the last four quarters to average assets,

³) net interest income in the last four quarters to average assets,

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

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

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

The cost-to-income ratio marginally deteriorated, reaching 51.6% in the first quarter of 2024, compared with 51.3% for the entirety of 2023, primarily due to costs growing at a faster rate than income. Assuming the entire annual contribution to the Bank Guarantee Fund (BFG) was expensed in the first quarter of 2024, the cost-to-income (C/I) ratio stood at 57.2%.

8. Capital management

Capital adequacy

The objective of capital adequacy management is to:

- maintain an optimal level and structure of own funds so that capital adequacy measures remain above the minimum level required by banking supervision and above the level accepted by the Bank, which enables safe operation while ensuring the achievement of its business objectives;
- ensure that risks inherent in the Bank's operations are covered by equity;
- provide an appropriate return on capital through efficient use of equity.

The principal measures of capital adequacy include:

- Total capital ratio (TCR),
- Tier 1 capital ratio,
- Common equity Tier 1 capital ratio,
- Leverage ratio,
- Internal capital to equity ratio,
- Minimum requirement for own funds and eligible liabilities (MREL) to the total risk exposure amount,
- Minimum requirement for own funds and eligible liabilities (MREL) to the total exposure amount.

The capital adequacy management process consists in:

- creating short-term and long-term capital plans, specifically:
 - defining capital objectives,
 - identifying sources of equity funding and their structure,
 - determining the preferred structure of the balance sheet and the factors influencing regulatory requirements and internal capital,

- conducting stress tests to determine their impact on capital adequacy measures,
- implementing the objectives of capital plans,
- identifying and measuring significant types of risk in the Bank's operations,
- setting internal limits for capital adequacy measures,
- reporting (both internal and external) on the variables that affect the level of capital adequacy measures, enabling an assessment of their adequacy,
- monitoring and forecasting capital adequacy metrics to determine the utilisation levels of supervisory and internal limits, as well as assessing the risk of needing to implement measures outlined in the emergency capital plan, capital conservation plan, or group recovery plan,
- creating short-term and long-term capital plans, particularly focusing on contingency capital planning and a group recovery plan.

Own funds

The amount of own funds was determined in accordance with Regulation (EU) 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended (the 'CRR').

The transitional period for mitigating the impact of implementing IFRS 9 on own funds, as referred to in Article 1(1)(9) of Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017 amending the CRR, ended on 31 December 2022. The Bank does not apply the transitional arrangements concerning the reversal of the effects of implementing IFRS 9 on own funds, as referred to in Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020, which amends the CRR and Regulation (EU) 2019/876 with regard to certain adjustments in response to the COVID-19 pandemic. Therefore, as of 1 January 2023, the Bank does not apply transitional arrangements.

Regulatory requirements

The value of regulatory requirements for own funds has been determined in accordance with the CRR. The Bank calculates the regulatory requirement for own funds using standard methods (with a simplified standard method for counterparty credit risk) with respect to:

- credit risk: the product of the fully-adjusted exposure value (covering both on-balance sheet items and off-balance liabilities), the credit conversion factor (for off-balance liabilities), the appropriate risk weight applied for the Basel class of the exposure, and other adjustments, in accordance with the CRR, and a value of 8%,
- counterparty credit risk: the product of the balance-sheet equivalent and the appropriate risk weight applied for the Basel class of the exposure, and other adjustments, in accordance with the CRR, and a value of 8%,
- operational risk,
- market risk,
- credit valuation adjustment (CVA) risk.

In 2024, the regulatory requirements constituted the internal capital as determined under Pillar 1. As at 31 March 2024, the surcharge for non-performing exposures (NPE) / non-performing loans (NPL) amounted to PLN 0.

Total capital ratio, Tier 1 capital ratio and common equity Tier 1 capital ratio

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.

Pursuant to the decision of the Polish Financial Supervision Authority dated 5 December 2022, the requirement to maintain an additional capital buffer to cover the risk associated with mortgage-secured foreign currency loans for households has been abolished for Bank Ochrony Środowiska S.A., both on a standalone and consolidated basis. Following the regulator's decision, the Bank has discontinued the additional capital requirement previously established to mitigate the risk associated with mortgage-secured foreign currency loans for households.

According to the CRR and the Act of 5 August 2015 on macro-prudential 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 points. 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 point and a standalone basis and at 1.33 percentage points on a consolidated basis above the total capital ratio referred to in Article 92(1)(a-c) of Regulation no. 575/2013, increased by the additional own funds requirement referred to in Article 138(2)(2) of the Banking Law and by the combined buffer requirement referred to in Article 55.4 of the Macroprudential Supervision Act. The additional add-on should consist entirely of Common Equity Tier 1 capital.

As a result, as of 31 March 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%,
- for the total capital ratio TCR – 11.93%.

As of 31 March 2024, the minimum capital ratios recommended by the PFSA for the Group were:

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

Leverage

The risk of excessive leverage refers to the risk of disproportionate growth in on-balance sheet (asset side) and off-balance sheet exposures relative to Tier 1 capital. Managing the risk of excessive leverage involves identifying risk factors that expose the Bank to excessive asset exposure relative to its capital and determining their impact on the Bank's operations. To assess the risk of excessive leverage, the leverage ratio is calculated, defined as the relationship between Tier 1 capital and the total exposure measure.

In accordance with Article 92(1)(d) of the CRR, the leverage ratio limit is set at 3%.

Internal capital – Pillar 2

Internal capital is defined by the Bank as the estimated amount of capital required to cover all identified significant types of risk within the Bank's operations. This estimation takes into account changes in the economic environment and the expected level of risk. Internal capital is intended to cover the expected level of unexpected losses to which the Bank might be exposed in the future.

A significant risk refers to any risk that can substantially, negatively impact the Bank's capital and/or own funds. These include risks that are consistently significant and those deemed significant during periodic assessments for a specific timeframe.

The estimation of internal capital, along with periodic assessments of risk significance, is carried out quarterly, using methodologies outlined in the Bank's internal regulations.

The Bank's capital adequacy levels were as follows:

Item	31 Mar 2024	31 Dec 2023
Available capital		
Common equity Tier 1 capital	1,844,476	1,839,154
Tier 1 capital	1,844,476	1,839,154
Own funds	1,970,916	1,982,180
Risk-weighted assets		
Total amount of risk-weighted assets	11,793,434	11,865,406
Credit risk and counterparty credit risk	10,393,884	10,400,318
Operational risk	1,364,505	1,364,505
Market risk	22,318	84,796
CVA	12,727	15,787
Capital ratios		
Common equity Tier 1 capital ratio	15.64	15.50
Tier 1 capital ratio	15.64	15.50
Total capital ratio	16.71	16.71
Leverage ratio		
Exposure value	22,796,553	23,811,085
Leverage ratio	8.1	7.7
Internal capital		
Internal capital	1,514,041	1,478,513
Internal capital to equity ratio	76.8	74.6

The capital adequacy ratio of the Bank as at 31 March 2024 was above the supervisory and internal limits.

The Group's capital adequacy measures were as follows:

Item	31 Mar 2024	31 Dec 2023
Available capital		
Common equity Tier 1 capital	1,964,889	1,970,827
Tier 1 capital	1,964,889	1,970,827
Own funds	2,091,330	2,113,853
Risk-weighted assets		
Total amount of risk-weighted assets	12,720,100	12,990,139
Credit risk and counterparty credit risk	10,524,833	10,621,687
Operational risk	1,722,501	1,722,501
Market risk	460,058	630,187
CVA	12,708	15,764
Capital ratios		
Common equity Tier 1 capital ratio	15.45	15.17
Tier 1 capital ratio	15.45	15.17
Total capital ratio	16.44	16.27
Leverage ratio		
Exposure value	23,260,990	24,326,140
Leverage ratio	8.4	8.1
Internal capital		
Internal capital	1,588,807	1,569,754
Internal capital to equity ratio	76.0	74.3

The capital adequacy ratio of the Group as at 31 March 2024 was above the supervisory and internal limits.

9. Segment reporting

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

Statement of items of profit or loss 3 months ended 31 March 2024		INSTITUTIONAL CLIENTS	RETAIL CLIENTS	TREASURY AND INVESTMENTS	BROKERAGE BUSINESS	OTHER (NOT ALLOCATED TO SEGMENTS)	BOŚ GROUP
I.	Net interest income	76,045	54,915	51,599	20,531	- 408	202,682
1.	Interest and similar income, including:	300,383	188,216	- 122,348	23,770	12	390,033
	transactions with external clients	187,697	49,513	123,872	2,287	-	363,369
	transactions with other segments	112,686	138,703	- 246,220	21,483	12	26,664
2.	Interest expense and similar charges, including:	- 224,338	- 133,301	173,947	- 3,239	- 420	- 187,351
	transactions with external clients	- 51,314	- 90,297	- 16,703	- 2,365	- 8	- 160,687
	transactions with other segments	- 173,024	- 43,004	190,650	- 874	- 412	- 26,664
II.	Net fee and commission income	16,107	2,841	-	15,022	- 142	33,828
III.	Dividend income	-	-	12,057	8	-	12,065
IV.	Gain (loss) on financial instruments measured at fair value through profit or loss	- 29	- 46	5,705	14,500	-	20,130
V.	Gain (loss) on hedge accounting	-	-	- 311	-	-	- 311
VI.	Gain (loss) on investment securities	-	-	-	-	-	-
VII.	Gain (loss) on foreign exchange transactions	9,777	945	- 11,314	- 27	-	- 619
VIII.	Gain (loss) on derecognition of financial instruments	203	-	-	-	-	203
IX.	Net banking income	102,103	58,655	57,736	50,034	- 550	267,978
X.	Net other income and expenses	- 564	- 264	-	- 1,016	- 348	- 2,192
XI.	Effect of legal risk of mortgage loans denominated in foreign currencies	-	- 50,440	-	-	-	- 50,440
XII.	Net impairment losses	- 1,468	7,876	7,728	-	-	14,136
XIII.	Net finance income (costs)	100,071	15,827	65,464	49,018	- 898	229,482
1.	Direct costs	- 9,084	- 7,238	- 732	- 25,828	- 347	- 43,229
	Profit (loss) after direct costs	90,987	8,589	64,732	23,190	- 1,245	186,253
2.	Indirect costs and mutual services	- 33,514	- 25,760	- 4,684	-	-	- 63,958
	Profit (loss) after direct and indirect costs	57,473	- 17,171	60,048	23,190	- 1,245	122,295
3.	Amortisation and depreciation	- 8,060	- 6,789	- 712	- 2,974	- 425	- 18,960
4.	Other costs (taxes, BFG, PFSA)	- 13,040	- 10,530	- 349	- 1,628	- 329	- 25,876
XIV.	Profit (loss) before tax	36,373	- 34,490	58,987	18,588	- 1,999	77,459
XV.	Allocated profit (loss) of ALM	23,410	16,570	- 39,980	-	-	-
XVI.	Gross profit (loss) after ALM allocation	59,783	- 17,920	19,007	18,588	- 1,999	77,459
XVII.	Income tax expense						- 31,576
XVIII.	Net profit (loss)						45,883
XIX.	Segment assets	8,823,505	2,085,434	9,466,286	391,503	235,882	21,002,610
	Segment liabilities	6,179,717	9,268,587	3,081,723	1,917,722	554,861	21,002,610

Expenditure on property, plant and equipment and intangible assets	2,428	1,984	254	1,706	-	6,372
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No.	Statement of items of profit or loss 3 months ended 31 March 2023	INSTITUTIONAL CLIENTS	RETAIL CLIENTS	TREASURY AND INVESTMENTS	BROKERAGE BUSINESS	OTHER (NOT ALLOCATED TO SEGMENTS)	BOŠ GROUP
I.	Net interest income	74,948	44,549	49,484	27,815	- 497	196,299
1.	Interest and similar income, including:	330,649	211,442	- 140,118	37,399	8	439,380
	transactions with external clients	183,641	48,856	163,454	1,018	-	396,969
	transactions with other segments	147,008	162,586	- 303,572	36,381	8	42,411
2.	Interest expense and similar charges, including:	- 255,701	- 166,893	189,602	- 9,584	- 505	- 243,081
	transactions with external clients	- 57,787	- 118,264	- 16,361	- 8,250	- 8	- 200,670
	transactions with other segments	- 197,914	- 48,629	205,963	- 1,334	- 497	- 42,411
II.	Net fee and commission income	15,667	2,970	-	14,027	- 128	32,536
III.	Dividend income	-	-	-	-	-	-
IV.	Gain (loss) on financial instruments measured at fair value through profit or loss	- 48	- 32	4,931	8,069	-	12,920
V.	Gain (loss) on hedge accounting	-	-	- 463	-	-	- 463
VI.	Gain (loss) on investment securities	-	-	-	-	-	-
VII.	Gain (loss) on foreign exchange transactions	4,119	843	- 350	- 93	-	4,519
VIII.	Gain (loss) on derecognition of financial instruments	548	- 1	-	-	-	547
IX.	Net banking income	95,234	48,329	53,602	49,818	- 625	246,358
X.	Net other income and expenses	2,921	- 620	-	- 2,687	- 123	- 509
XI.	Effect of legal risk of mortgage loans denominated in foreign currencies	-	- 43,156	-	-	-	- 43,156
XII.	Net impairment losses	18,959	460	- 404	-	-	19,015
XIII.	Net finance income (costs)	117,114	5,013	53,198	47,131	- 748	221,708
1.	Direct costs	- 10,412	- 6,645	- 647	- 22,776	- 272	- 40,752
	Profit (loss) after direct costs	106,702	- 1,632	52,551	24,355	- 1,020	180,956
2.	Indirect costs and mutual services	- 24,083	- 21,751	- 4,169	-	-	- 50,003
	Profit (loss) after direct and indirect costs	82,619	- 23,383	48,382	24,355	- 1,020	130,953
3.	Amortisation and depreciation	- 7,436	- 6,611	- 697	- 2,588	- 427	- 17,759
4.	Other costs (taxes, BFG, PFSA)	- 13,563	- 10,630	- 178	- 1,329	- 340	- 26,040
XIV.	Profit (loss) before tax	61,620	- 40,624	47,507	20,438	- 1,787	87,154
XV.	Allocated profit (loss) of ALM	17,302	31,124	- 48,426	-	-	-
XVI.	Gross profit (loss) after ALM allocation	78,922	- 9,500	- 919	20,438	- 1,787	87,154
XVII.	Income tax expense						- 30,167
XVIII.	Net profit (loss)						56,987
XIX.	Segment assets	8,170,790	2,453,533	11,037,756	349,702	247,940	22,259,721

Segment liabilities	6,585,833	9,424,036	3,194,334	2,553,245	502,273	22,259,721
Expenditure on property, plant and equipment and intangible assets	5,038	4,330	540	2,270	-	12,178

10. Pending proceedings and changes in law

Lawsuits – total

As at 31 March 2024, Bank Ochrony Środowiska S.A. was:

1. a claimant in 928 lawsuits for a total amount of PLN 167.75 million,
2. a respondent in 1,905 lawsuits for a total amount of PLN 734.92 million.

As at 31 March 2024, the Bank was not involved in any material proceedings pending before any court, arbitration body or public administration authority where the amount of the Bank's liabilities or claims would represent at least 10% of the Bank's equity.

'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, misstated credit costs, and challenged the validity of interest charged on financed preparation 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 31 March 2024, there are 19 ongoing court cases concerning 'free credit' sanctions, with the disputed amounts totalling: PLN 462.8 thousand.

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 31 March 2024, the Bank was named as a defendant in 42 cases by purchasers of investment certificates. The total of the disputed amounts was PLN 18.72 million. The Bank continuously monitors the funds' capacity to redeem certificates and updates its assessment of legal risks associated with adverse court rulings and the obligation to enforce judgments. Based on this assessment, a provision of PLN 9.5 million was recognised.

Proceedings by UOKiK

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

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

the President of UOKiK accuses the Bank of misleading consumers by implying in its responses that authenticating a transaction is the same as authorising it.

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

In the view of the President of UOKiK, the practice described in point 2 may mislead consumers about the Bank's obligations under Article 46(1) of the Payment Services Act. It may also misrepresent the distribution of the burden of proof in demonstrating that a payment transaction was authorised (i.e. shifting the burden of proof onto the consumer). This could constitute an unfair market practice as outlined in Article 5(1), 5(2)(1) and 5(3)(3) in conjunction with Article 4(2) of the Act of 23 August 2007 on Counteracting Unfair Market Practices, infringing upon the collective interests of consumers. Consequently, this could represent a practice that breaches the collective interests of consumers as specified in Articles 24(1) and 24(2)(3) of the Act on Competition and Consumer Protection.

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

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

Proceedings by PFSA

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

Business Crowdfunding and Borrowers Assistance Act of 7 July 2022

29 July 2022 was the date of entry into force of the Business Crowdfunding and Borrowers Assistance Act of 7 July 2022 (the "Act"). The Act provides for assistance to consumers repaying mortgage loans denominated in PLN ("loan repayment holidays").

The Act provides consumers with an option to suspend the repayment of a mortgage loan advanced in PLN, excluding loans indexed to or denominated in currencies other than PLN. Pursuant to the Act, the suspension option is available for mortgage loans advanced under mortgage loan agreements, within the meaning of the Act on Mortgage Loans and Supervision of Mortgage Intermediaries and Agents, concluded to meet consumers' own housing needs. This means that the statutory support will be extended not only to mortgage loans taken out to acquire property but also to mortgage loans (including mortgage-backed cash loans) granted to maintain title to residential property or to finance the construction or alteration of a residential building or dwelling.

In the period from 1 August 2022 to 31 December 2023, borrowers could suspend loan repayments for a maximum of 8 months in total.

For consumers party to more than one loan agreement with a given lender, it was determined that an application requesting a repayment freeze could only be made with respect to one of those agreements concluded to meet the consumer's own housing needs.

Repayment of the loan is suspended on the day the lender receives the application for repayment suspension, for the period indicated in the application. During the suspension period, the consumer is not obliged to make any payments under the loan agreement except for any related insurance payments.

The payment suspension period is not counted towards the loan maturity period. The loan maturity period and all the time limits specified in the agreement will be extended by the duration of the loan suspension period. No interest or fees will be charged during the suspension period except for insurance payments related to the loan agreement (such payments are included in the payment suspension notice given by the Bank to the borrower within 21 days of the date of delivery of the suspension request to the Bank).

Loan payment holidays are available with respect to agreements concluded before 1 July 2022, including agreements concluded before the entry into force of the Act on Mortgage Loans and Supervision of Mortgage Intermediaries and Agents of 23 March 2017, i.e. before 22 July 2017; to the extent that the contractually specified loan maturity period falls on or after 1 January 2023 (in accordance with the law: 'six months after 1 July 2022').

Since the Act first came into effect, the President of the Office of Competition and Consumer Protection (the 'President of UOKiK') has expressed strong interest in how banks are performing their obligations under the Act relating to the 'loan repayment holidays' scheme, including those related to receiving and processing of loan suspension applications.

The loan repayment holidays available from August 2022 to December 2023 were accessible to all mortgage borrowers, regardless of the loan amount or their income levels.

Given that the mortgage holidays were set to expire at the end of 2023, efforts are currently underway to amend the relevant regulations to extend the period during which borrowers can take advantage of the mortgage holiday scheme. According to the draft Act amending the Act on Supporting Borrowers with Residential Loans who are in a Difficult Financial Situation and the Business Crowdfunding and Borrowers Assistance Act, borrowers will be able to utilise the mortgage holiday scheme during the following periods:

1. from 1 June 2024 to 31 August 2024 – up to two months of loan moratorium,
2. from 1 September 2024 to 31 December 2024 – up to two months of loan moratorium.

The afforested draft Act introduces a significant amendment concerning the eligibility criteria for the mortgage holiday scheme. Specifically, the right to suspend loan repayments will be conferred upon borrowers when the value of the loan granted does not exceed PLN 1,200,000 and:

1. the arithmetic average of the RdR ratio for the period of the last three months preceding the month of submission of the application to suspend loan repayments exceeds 30%, or
2. as of the date of submission of the application for the suspension of loan repayments, the borrower is responsible for the care of at least three children (including a child under the parental foster care, and a person staying in the existing foster family or family children's home), meeting the conditions referred to in Article 4(2b) of the Act of 5 December 2014 on the Large Family Card, i.e., children:
 - a. up to the age of 18;
 - b. up to the age of 25 – where the child continues education:
 - up to the secondary school level – by 30 September following the end of the school year,
 - at the university level – by 30 September of the year in which the graduation is planned,
 - without age restrictions – for children with moderate or significant disabilities.

The draft Act, therefore, sets forth specific eligibility criteria for accessing the mortgage holiday scheme. Borrowers are required to attach declarations to their loan repayment suspension applications, confirming that they meet the specified conditions. These declarations must be made under the penalty of criminal liability for false statements. Notably, the draft Act does not provide any mechanism for banks to verify the veracity of the borrower's declarations, nor does it require borrowers to submit supporting documents to confirm their income levels.

Act of 26 May 2023 on State Aid for Saving for Housing Purposes

The Act of 26 May 2023 on State Aid for Saving for Housing Purposes came into effect on 1 July 2023.

This Act established a special savings account, known as a housing account, designed for accumulating savings towards housing expenses. Regular deposits—at least 11 per year, each a minimum of PLN 500—will qualify savers for an additional housing bonus funded by the state budget. These savings will accrue interest per the bank's terms, and such interest will be exempt from capital gains tax.

Moreover, the Act amended the Act of 1 October 2021 on the Family Housing Loan by introducing the 'Safe Loan 2%', which includes state subsidies for loan instalments. The 'Safe Loan' provisions and the housing account took effect on 1 July 2023.

The 'Safe Loan' with a periodically fixed interest rate is designed for individuals up to the age of 45. This loan can be utilised to finance the purchase of a first home. Its amount is up to PLN 500,000; however, if the borrower maintains a household jointly with a spouse or has at least one child, the loan amount can be up to PLN 600,000.

The Act stipulates that borrowers are entitled to a subsidy on their repayments for a period of 10 years. During this period, the loan will be repaid with instalments comprising a fixed principal component and a decreasing interest component. During the subsidy period, the loan's interest rate for the borrower will be 2%, plus a margin, commission, and any other applicable bank fees.

On 5 September 2023, the Bank executed a cooperation agreement with Bank Gospodarstwa Krajowego (BGK) for the provision of Safe Loans, and on 6 September 2023, the Bank launched the product. The programme operated until the end of December 2023. During this period, the Bank concluded 174 agreements for the Safe Loan 2%. From 2 January 2024, following BGK's announcement of the programme's termination, banks no longer accept applications for the 2% loan.

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

Since the ruling issued by the Court of Justice of the European Union ('CJEU') on 3 October 2019 in Case C-260/18 Kamil Dziubak, Justyna Dziubak v Raiffeisen Bank International AG, Vienna, conducting business in Poland in the form of a branch under the name Raiffeisen Bank International AG Branch in Poland, there has been a growing number of lawsuits concerning loan agreements indexed to foreign exchange rates. This surge can be attributed to the CJEU's recent rulings, which generally favour consumers, and a shift in judgments by Polish courts that now lean to the disadvantage of banks.

Most of the court judgments issued following the CJEU ruling of 3 October 2019 are not in favour of banks. The jurisprudence of national courts concerning claims derived from credit agreements deemed void due to links with foreign exchange rates remains inconsistent. The complexity of the legal issues involved has led national courts to refer additional preliminary questions to the CJEU. In December 2023, the CJEU delivered several key decisions that will influence the jurisprudence of national courts in this domain.

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

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

Having obtained the approval of the Extraordinary General Meeting (Resolution No. 4/2021 of 8 December 2021), on 31 January 2022 the Bank implemented the BOŚ S.A. Compromise and Settlement Programme based on a framework communicated by the President of the PFSA. By 31 March 2024, a total of 726 settlements had been concluded under the Programme.

As at 31 March 2024, the provision for foreign currency-linked mortgage risk amounted to a total of PLN 673.0 million, of which PLN 175.7 million is presented as a provision for litigation and claims for legal risk related to foreign currency mortgage loans, and PLN 497.3 million – as an adjustment to the gross carrying amount.

As at 31 March 2024, there were 1,806 court cases pending against the Bank concerning loans denominated mainly in CHF (as well as USD and EUR), with a total value of claims of PLN 687.05 million. The claims filed in lawsuits related to credit agreements and loans associated with foreign currency exchange rates typically seek to have the loan agreement declared null and void and to secure a refund of paid credit instalments and other loan-related charges.

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

In the three months ended 31 March 2024, there were no other events at the Bank that would be material for the assessment of its human resources, assets, financial position, financial result and any changes thereto, as well as for the assessment of the Bank's ability to fulfil its obligations.

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

In the three months to 31 March 2024, the BOŚ Group did not publish any performance forecasts.

13. Seasonal or cyclical nature of the business

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

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

The Bank did not issue or redeem any BOŚ S.A. securities in the first quarter of 2024.

15. Information about dividend

In the three months ended 31 March 2024, the Bank did not make or declare any dividend payments.

16. Related party transactions

In the period from 1 January to 31 March 2024, the Bank and its subsidiaries did not enter into any related party transactions which, individually or in the aggregate, would be material and executed on non-arm's length terms.

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

In the three months ended 31 March 2024, the Bank did not issue any credit repayment sureties or guarantees whose aggregate amount represents 10% or more of its equity.

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

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

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

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

As at 31 March 2024, the Bank held 37,775 treasury shares, representing 0.04% of the share capital and 0.04% of total voting in the Bank, including:

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

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

19. Bank shares held by management and supervisory personnel

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

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

In the three months ended 31 March 2024, there were no other events at the Bank that would be material for the assessment of its human resources, assets, financial position, financial result and any changes thereto, as well as for the assessment of the Bank's ability to fulfil its obligations.

21. Supervisory Board

As at 31 December 2023, the composition of the Supervisory Board was as follows:

- | | | |
|-----------|----------------------|---|
| 1. | Piotr Sadownik | – Chairman |
| 2. | Tadeusz Wyrzykowski | – Deputy Chairman |
| 3. | Andrzej Matysiak | – Secretary |
| 4. | Piotr Bielarczyk | – Member |
| 5. | Wojciech Krawczyk | – Member |
| 6. | Marian Niemirski | – Member |
| 7. | Aleksandra Świdorska | – Member |
| 8. | Waldemar Trelka | – Member |
| 9. | Paweł Trętowski | – Member <i>(delegated to temporarily perform the duties of Vice President of the Management Board in charge of the Management Board (no longer than until 28 March 2024)).</i> |

Changes in the composition of the Supervisory Board in the three months ended 31 March 2024:

- On 5 March 2024, Mr. Waldemar Trelka submitted a statement of resignation, effective from that date, from his membership on the Supervisory Board of the Bank;
- On 11 March 2024, the Extraordinary General Meeting of BOŚ S.A. made changes to the composition of the Supervisory Board.

Consequently, as of 31 March 2024, the composition of the Supervisory Board was as follows:

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

1) from 11 March to 10 April 2024, delegated to temporarily serve as Vice President of the Management Board.

2) from 11 March to 10 April 2024, delegated to temporarily serve as Vice President of the Management Board responsible for managing the work of the Management Board.

22. Management Board

As at 31 December 2023, the composition of the Management Board was as follows:

1. Paweł Trętowski – Member of the Supervisory Board delegated to temporarily serve as Management Board Vice President responsible for managing the work of the Management Board
3. Arkadiusz Garbarczyk – Vice President of the Management Board, First Deputy President of the Management Board
4. Sebastian Bodzenta – Vice President of the Management Board
5. Iwona Marciniak – Vice President of the Management Board

The following changes occurred in the composition of the Bank's Management Board during the first quarter of 2024:

With effect as of 11 March 2024, the Supervisory Board:

- removed from the Management Board:
 - Sebastian Bodzenta
 - Iwona Marciniak, and
- passed resolutions to:
 - delegate Marcin Liberadzki to temporarily serve as Management Board Vice President responsible for managing the work of the Management Board
 - delegate Ms Marzenna Sendecka to temporarily serve as Vice President of Management Board.

Therefore, as at 31 March 2024, the Management Board was composed of:

1. Marcin Liberadzki – Vice President of the Management Board, responsible for managing the work of the Management Board,
2. Arkadiusz Garbarczyk – Vice President of the Management Board, First Deputy President of the Management Board,
3. Marzenna Sendecka – Member of the Supervisory Board delegated to temporarily perform the duties of Vice President of the Management Board.

Events after the reporting date:

At the meeting held on 3 April 2024, the Supervisory Board:

- passed a resolution to dismiss, 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 a resolution to amend the Supervisory Board's Resolution of 11 March 2024 to delegate Mr Marcin Liberadzki, Member of the Supervisory Board, to temporarily perform the duties of Vice President of the Management Board and manage the work of the Management Board of Bank Ochrony Środowiska S.A., indicating that the delegation will conclude on 10 April 2024;
- passed a resolution to amend the Supervisory Board's resolution of 11 March 2024 to delegate Ms Marzenna Sendecka, Member of the Supervisory Board, to temporarily perform the duties of Vice President of the Management Board of Bank Ochrony Środowiska S.A., indicating that the delegation will end on 10 April 2024.

Accordingly, in the period from 4 April to 10 April 2024 the composition of the Bank's Management Board was as follows:

1. Marcin Liberadzki – Member of the Supervisory Board delegated to temporarily serve as Vice President of the Management Board responsible for managing the work of the Management Board,
2. Marzenna Sendecka – Member of the Supervisory Board delegated to temporarily perform the duties of Vice President of the Management Board,

3. Artur Stefański – Member of the Supervisory Board delegated to temporarily perform the duties of Vice President of the Management Board.

Furthermore, at the meeting held on 3 April 2024, the Supervisory Board:

- passed resolutions to:
 - appoint, effective 11 April 2024, Bartosz Kublik as Vice President of the Management Board to manage the activities of the Management Board for a definite period until the effective date of the Supervisory Board's resolution appointing President of the Management Board. 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;
 - appoint, effective 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;
 - appoint, effective 11 April 2024, Kamil Kuźmiński as Vice President of the Management Board of Bank Ochrony Środowiska S.A.;
 - appoint, effective 11 April 2024, Krzysztof Łabowski as Vice President of the Management Board of Bank Ochrony Środowiska S.A.;
 - appoint, effective 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 of office.

Following the changes, the composition of the Management Board is as follows:

1. Bartosz Kublik – Vice President of the Management Board, responsible for managing the activities of the Management Board,
2. Tomasz Jodłowski – Vice President of the Management Board,
3. Kamil Kuźmiński – Vice President of the Management Board,
4. Krzysztof Łabowski – Vice President of the Management Board,
5. Michał Należyty – Vice President of the Management Board (from 15 May 2024).

CONDENSED INTERIM FINANCIAL STATEMENTS OF THE BOŚ GROUP

Consolidated interim statement of profit or loss of the BOŚ Group

Continuing operations	for 3 months ended 31 Mar 2024	for 3 months ended 31 Mar 2023
Interest and similar income, including:	363,369	396,969
<i>financial assets measured at amortised cost</i>	271,599	270,963
<i>assets measured at fair value through other comprehensive income</i>	85,803	119,609
<i>financial assets measured at fair value through profit or loss</i>	5,967	6,397
Interest expense and similar charges, including:	- 160,687	- 200,670
<i>financial liabilities measured at amortised cost</i>	- 160,687	- 200,670
Net interest income	202,682	196,299
Fee and commission income	43,508	43,189
Fee and commission expense	- 9,680	- 10,653
Net fee and commission income	33,828	32,536
Dividend income	12,065	-
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)	20,130	12,920
Gain (loss) on hedge accounting	- 311	- 463
Gain (loss) on foreign exchange transactions	- 619	4,519
Gain (loss) on derecognition of financial instruments	203	547
Other income	10,596	13,000
Other expenses	- 12,788	- 13,509
Effect of legal risk of mortgage loans denominated in foreign currencies	- 50,440	- 43,156
Net impairment losses	14,136	19,015
Administrative expenses	- 152,023	- 134,554
Profit before tax	77,459	87,154
Income tax expense	- 31,576	- 30,167
Net profit	45,833	56,987
<i>of which attributable to owners of parent</i>	45,833	56,987
Earnings per share attributable to owners of the parent during period (PLN)		
<i>basic</i>	0.49	0.61
<i>diluted</i>	0.49	0.61

No operations were discontinued in the three months ended 31 March 2024 or in 2023.

Interim consolidated statement of comprehensive income

Continuing operations	for 3 months ended 31 Mar 2024	for 3 months ended 31 Mar 2023
Net profit	45,833	56,987
Items that may be reclassified to profit or loss:	- 4,729	35,361
Fair value of financial assets measured at fair value through other comprehensive income, gross	- 5,838	43,656
Deferred tax	1,109	- 8,295
Items that will not be reclassified to profit or loss:	1	1
Fair value of equity instruments carried at fair value through other comprehensive income, gross	1	1
Other comprehensive income	- 4,728	35,362
Total comprehensive income	41,155	92,349
<i>of which attributable to owners of the parent</i>	41,155	92,349

Interim consolidated statement of financial position

Assets	31 Mar 2024	31 Dec 2023 audited
Cash and balances with central bank	783,406	584,089
Amounts due from banks	112,026	162,781
Financial assets held for trading, including:	445,161	169,494
<i>equity securities</i>	22,874	28,848
<i>debt securities</i>	274,013	209
<i>derivative instruments</i>	148,274	140,437
Derivative hedging instruments	8,981	15,556
Investment securities:	7,971,732	9,484,770
<i>equity securities measured at fair value through other comprehensive income</i>	106,656	106,656
<i>debt securities measured at fair value through other comprehensive income</i>	5,813,320	6,885,521
<i>debt securities measured at amortised cost</i>	1,925,294	2,366,265
<i>debt securities measured at fair value through profit or loss</i>	126,462	126,328
Amounts due from clients, including:	10,892,749	10,767,436
<i>measured at amortised cost</i>	10,892,650	10,767,297
<i>measured at fair value through profit or loss</i>	99	139
Intangible assets	127,304	131,833
Property, plant and equipment	88,423	92,327
Right of use – leases	51,159	53,967
Tax assets:	145,078	158,734
<i>current</i>	12,127	402
<i>deferred</i>	132,951	158,332
Other assets	376,591	411,464
Total assets	21,002,610	22,032,451

Liabilities	31 Mar 2024	31 Dec 2022 audited
Amounts due to central bank and other banks	61,696	75,146
Financial liabilities held for trading, including:	76,139	79,920
<i>equity securities</i>	193	950
<i>derivative instruments</i>	75,946	78,970
Amounts due to clients	17,573,989	18,565,197
Subordinated liabilities	439,784	447,184
Provisions	268,721	256,289
Tax liabilities:	2,493	3,260
<i>current</i>	1,150	2,312
<i>deferred</i>	1,343	948
Lease liabilities	49,663	53,253
Other liabilities	340,350	403,582
Total liabilities	18,812,835	19,883,831

Equity	31 Mar 2024	31 Dec 2023 audited
Equity attributable to owners of the parent:		
Common equity:	1,461,036	1,461,036
<i>Share capital</i>	929,477	929,477
<i>Treasury shares</i>	-1,292	-1,292
<i>Share premium</i>	532,851	532,851
Revaluation reserve	44,517	49,245
Retained earnings	684,222	638,339
Total equity	2,189,775	2,148,620
Total equity and liabilities	21,002,610	22,032,451

Interim consolidated statement of changes in equity

Item	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	-	-	-	-	-	-	-	45,883	45,883
Other comprehensive income	-	-	-	- 4,728	-	-	-	-	- 4,728
Total comprehensive income	-	-	-	- 4,728	-	-	-	45,883	41,155
As at 31 Mar 2024	929,477	- 1,292	532,851	44,517	599,609	23,605	48,302	12,706	2,189,775
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	-
Transfer of net profit to reserves	-	-	-	-	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	-	-	-	-	-	-	-	56,987	56,987
Other comprehensive income	-	-	-	35,362	-	-	-	-	35,362
Total comprehensive income	-	-	-	35,362	-	-	-	56,987	92,349
As at 31 Mar 2023	929,477	- 1,292	532,851	- 21,501	457,479	23,605	48,302	87,566	2,056,487

There were no non-controlling interests in the three months ended 31 March 2024 or in 2023.

Interim consolidated statement of cash flows

Indirect method	for 3 months ended 31 Mar 2024	for 3 months ended 31 Mar 2023
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit before tax	77,459	87,154
Total adjustments:	-1,410,063	346,406
Amortisation and depreciation	18,960	17,759
Interest income on investing activities	-104,666	-88,069
Gain (loss) on investing activities	-	-2
Interest income on financing activities	10,428	9,308
Dividends received:	-12,065	-
<i>on securities held for trading</i>	8	-
<i>on investment securities</i>	12,057	-
Change in:		
<i>amounts due from banks</i>	1,344	4,820
<i>assets on securities held for trading</i>	-267,830	5,217
<i>assets and liabilities from measurement of derivative and hedging financial instruments</i>	-4,286	3,762
<i>investment securities</i>	100,234	-291,112
<i>amounts due from clients</i>	-125,313	553,524
<i>other assets and income tax</i>	22,740	-30,341
<i>amounts due to central bank and other banks</i>	-13,450	-12,056
<i>amounts due to clients</i>	-991,208	217,720
<i>liabilities arising from securities held for trading</i>	-757	-411
<i>provisions</i>	12,432	-9,035
<i>other liabilities and income tax</i>	-51,087	-8,059
Income tax paid	-17,604	-26,619
Net cash flows from (used in) operating activities	-1,332,604	433,560
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Inflows	553,291	89,750
Cash receipts from sale of property, plant and equipment	-	2
Cash receipts from redemption of securities measured at amortised cost	440,000	4,205
Interest income on securities measured at amortised cost	113,291	85,543
Outflows	-14,020	-320,770
Payments for acquisition of securities measured at amortised cost	-7,654	-308,366
Payments for acquisition of intangible assets	-5,210	-7,640
Payments for acquisition of property, plant and equipment	-1,156	-4,764

Net cash flows from (used in) investing activities	539,271	-231,020
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Inflows	-	-
Outflows	-22,757	-18,947
Interest paid on bonds issued by the Group, including:	-17,026	-13,350
<i>subordinated bonds</i>	-17,026	-13,350
Lease payments	-5,034	-4,186
Lease interest paid	-697	-1,411
Net cash flows from (used in) financing activities	-22,757	-18,947
TOTAL NET CASH FLOWS	-816,090	183,593
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,024,053	5,254,792
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,207,963	5,438,385
Restricted cash and cash equivalents	599,408	644,327

CONDENSED INTERIM FINANCIAL STATEMENTS OF BOŚ S.A.

Interim statement of profit or loss of the Bank

Continuing operations	for 3 months ended 31 Mar 2024	for 3 months ended 31 Mar 2023
Interest and similar income, including:	356,521	395,932
<i>financial assets measured at amortised cost</i>	264,755	269,930
<i>assets measured at fair value through other comprehensive income</i>	85,803	119,609
<i>financial assets mandatorily measured at fair value through profit or loss</i>	5,963	6,393
Interest expense and similar charges, including:	- 178,553	- 228,927
<i>financial liabilities measured at amortised cost</i>	- 178,553	- 228,927
Net interest income	177,968	167,005
Fee and commission income	21,177	20,680
Fee and commission expense	- 2,031	- 1,824
Net fee and commission income	19,146	18,856
Dividend income	12,057	-
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)	5,592	4,905
Gain (loss) on hedge accounting	- 311	- 463
Gain (loss) on foreign exchange transactions	- 578	4,623
Gain (loss) on derecognition of financial instruments	203	547
Other income	2,841	6,162
Other expenses	- 7,211	- 7,788
Effect of legal risk of mortgage loans denominated in foreign currencies	- 50,440	- 43,156
Net impairment losses	15,606	19,654
Administrative expenses	- 118,356	- 104,386
Share of profit (loss) of equity-accounted entities	14,914	16,715
Profit before tax	71,431	82,674
Income tax expense	- 26,895	- 25,481
Net profit	44,536	57,193
Earnings per share attributable to owners of the parent during period (PLN)		
<i>basic</i>	0.48	0.62
<i>diluted</i>	0.48	0.62

No operations were discontinued in the three months ended 31 March 2024 or in 2023.

Interim statement of comprehensive income of the Bank

Continuing operations	for 3 months ended 31 Mar 2024	for 3 months ended 31 Mar 2023
Net profit	44,536	57,193
Items that may be reclassified to profit or loss:	- 4,729	35,361
Fair value of financial assets measured at fair value through other comprehensive income, gross	- 5,838	43,656
Deferred tax	1,109	- 8,295
Items that will not be reclassified to profit or loss:	1	1
Fair value of equity instruments carried at fair value through other comprehensive income, gross	1	1
Other comprehensive income	- 4,728	35,362
Total comprehensive income	39,808	92,555

Interim statement of financial position of the Bank

Assets	31 Mar 2024	31 Dec 2023 unaudited
Cash and balances with central bank	783,401	584,082
Amounts due from banks	111,944	162,681
Financial assets held for trading, including:	388,113	113,345
<i>debt securities</i>	273,822	-
<i>derivative instruments</i>	114,291	113,345
Derivative hedging instruments	8,981	15,556
Investment securities:	7,971,732	9,484,770
<i>equity securities measured at fair value through other comprehensive income</i>	106,656	106,656
<i>debt securities measured at fair value through other comprehensive income</i>	5,813,320	6,885,521
<i>debt securities measured at amortised cost</i>	1,925,294	2,366,265
<i>debt securities measured at fair value through profit or loss</i>	126,462	126,328
Amounts due from clients, including:	10,937,917	10,819,261
<i>measured at amortised cost</i>	10,937,818	10,819,122
<i>measured at fair value through profit or loss</i>	99	139
Investments in subsidiaries	291,106	276,191
Intangible assets	111,566	115,815
Property, plant and equipment	45,514	48,477
Right of use – leases	43,861	47,211
Tax assets:	129,805	143,464
<i>current</i>	12,127	-
<i>deferred</i>	117,678	143,464
Other assets	72,910	58,599
Total assets	20,896,850	21,869,452

Liabilities	31 Mar 2024	31 Dec 2023 unaudited
Amounts due to central bank and other banks	61,696	75,146
Derivative financial instruments held for trading	71,243	76,653
Amounts due to clients	17,684,201	18,641,304
Subordinated liabilities	439,638	447,032
Provisions	240,826	228,388
Tax liabilities:	-	2,312
<i>current</i>	-	2,312
Lease liabilities	41,999	46,378
Other liabilities	187,634	222,434
Total liabilities	18,727,237	19,739,647

Equity	31 Mar 2024	31 Dec 2023 unaudited
Equity attributable to owners of the parent:		
Common equity:	1,460,364	1,460,364
<i>Share capital</i>	929,477	929,477
<i>Treasury shares</i>	- 1,294	- 1,294
<i>Share premium</i>	532,181	532,181
Revaluation reserve	44,517	49,245
Retained earnings	664,732	620,196
Total equity	2,169,613	2,129,805
Total equity and liabilities	20,896,850	21,869,452

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	-	-	-	-	-	-	44,536	44,536
Other comprehensive income	-	-	-	- 4,728	-	-	-	- 4,728
Total comprehensive income	-	-	-	- 4,728	-	-	44,536	39,808
As at 31 Mar 2024	929,477	- 1,294	532,181	44,517	510,193	48,302	106,237	2,169,613
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	-
Transfer of net profit to reserves	-	-	-	-	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	-	-	-	-	-	-	57,193	57,193
Other comprehensive income	-	-	-	35,362	-	-	-	35,362
Total comprehensive income	-	-	-	35,362	-	-	57,193	92,555
As at 31 Mar 2023	929,477	- 1,294	532,181	- 21,501	382,585	48,302	184,801	2,054,551

There were no non-controlling interests in the three months ended 31 March 2023 or in 2023.

Interim statement of cash flows of the Bank

Indirect method	for 3 months ended 31 Mar 2024	for 3 months ended 31 Mar 2023
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit before tax	71,431	82,674
Total adjustments:	-1,406,343	346,561
Share in (profit) loss of equity-accounted subordinated entities	-14,914	-16,715
Amortisation and depreciation	15,347	14,462
Interest income on investing activities	-104,666	-88,069
Interest income on financing activities	10,255	9,228
Dividends received:	-12,057	-
<i>on investment securities</i>	12,057	-
Change in:		
<i>amounts due from banks</i>	1,339	3,170
<i>assets on securities held for trading</i>	-273,822	14,653
<i>assets and liabilities from measurement of derivative and hedging financial instruments</i>	219	9,624
<i>investment securities</i>	100,234	-291,112
<i>amounts due from clients</i>	-118,656	566,789
<i>other assets and income tax</i>	-26,452	-8,368
<i>amounts due to central bank and other banks</i>	-13,450	-12,056
<i>amounts due to clients</i>	-957,103	207,474
<i>provisions</i>	12,438	-9,262
<i>other liabilities and income tax</i>	-22,666	-30,477
Income tax paid	-14,446	-22,780
Net cash flows from (used in) operating activities	-1,334,912	429,235
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Inflows	553,291	89,748
Interest income on securities measured at amortised cost	113,291	85,543
Cash receipts from redemption of securities measured at amortised cost	440,000	4,205
Outflows	-12,314	-318,499
Payments for acquisition of securities measured at amortised cost	-7,654	-308,366
Payments for acquisition of intangible assets	-4,239	-6,095
Payments for acquisition of property, plant and equipment	-421	-4,038
Net cash flows from (used in) investing activities	540,977	-228,751
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Inflows	-	-
Outflows	-22,140	-18,284

Interest paid on bonds issued by the Bank, including:	-17,026	-13,350
<i>subordinated bonds</i>	-17,026	-13,350
Lease payments	-4,596	-3,595
Lease interest paid	-518	-1,339
Net cash flows from (used in) financing activities	-22,140	-18,284
TOTAL NET CASH FLOWS	-816,075	182,200
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,023,953	5,254,664
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,207,878	5,436,864
Restricted cash and cash equivalents	599,408	644,327

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

1.1. Basis of preparation and statement of compliance

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

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

The condensed interim financial statements of the Bank include:

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

These interim condensed consolidated financial statements of the BOŚ Group and the interim condensed financial statements of the Bank have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), effective as at the reporting date, i.e. 31 March 2024, using the same accounting policies for each period, and on a historical cost basis, except for the following items measured at fair value:

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

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

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

These interim condensed financial statements have been prepared in the Polish złoty (PLN), rounded to PLN thousand (PLN '000).

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

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

II. Fair value of financial assets and liabilities

	Carrying amount as at 31 Mar 2024	Fair value as at 31 Mar 2024	Carrying amount as at 31 Dec 2023	Fair value as at 31 Dec 2023
FINANCIAL ASSETS				
Amounts due from banks	112,026	113,220	162,781	164,042
Amounts due from clients, including:	10,892,749	10,921,392	10,769,583	10,793,743
- Loans in PLN	8,704,504	8,727,092	8,462,402	8,478,663
- Foreign currency loans	2,188,245	2,194,300	2,307,181	2,315,080
Investment securities – measured at amortised cost	1,925,294	1,908,580	2,366,265	2,354,967
Debt securities, including:	1,925,294	1,908,580	2,366,265	2,354,967
- State Treasury	1,434,245	1,442,517	1,879,119	1,891,197
- Other	491,049	466,063	487,146	463,770
FINANCIAL LIABILITIES				
Amounts due to central bank and other banks	61,696	61,696	75,146	75,146
Amounts due to clients, including:	17,573,989	17,586,722	18,565,197	18,315,578
- Institutional clients	6,714,514	6,715,496	7,248,749	7,249,471
- Retail clients	10,353,854	10,364,784	10,669,066	10,694,970
- Other clients	71,127	71,127	208,099	208,099
- International financial institutions	434,494	435,315	439,283	163,038
Liabilities arising from issue of bank securities	-	-	-	-
Subordinated liabilities	439,784	514,488	447,184	507,693

Amounts due from banks

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

Amounts due from clients

Amounts due from clients are disclosed net of impairment allowances. Amounts due from clients in the 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 March 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 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.

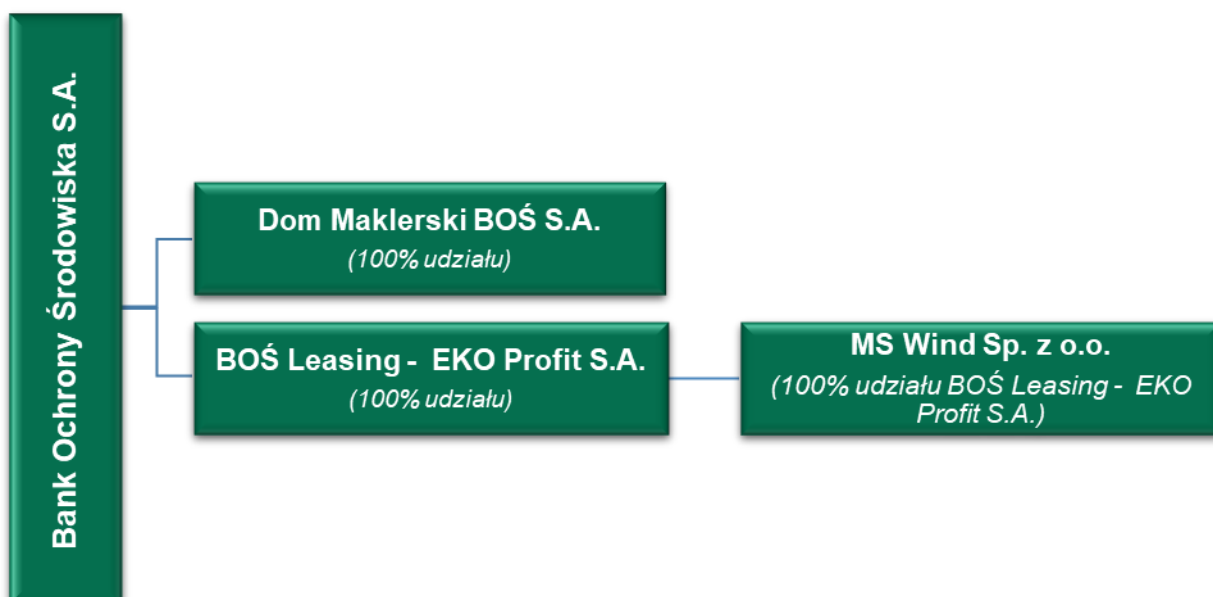
III. Consolidated contingent liabilities and assets

Contingent assets and liabilities, PLN thousand	31 Mar 2024	31 Dec 2023	Change (%)
Contingent liabilities:	3,703,775	3,797,386	-2.5
Financial assets, including:	3,152,274	3,252,643	-3.1
open lines of credit, including:	3,133,672	3,249,265	-3.6
revocable	2,638,108	2,763,285	-4.5
irrevocable	495,564	485,980	2.0
open import letters of credit	18,602	3,378	450.7
Guarantees, including:	551,501	534,943	3.1
credit repayment sureties and guarantees	12,739	12,739	0.0
performance bonds	538,762	522,204	3.2
Underwriting	0	9,800	-100.0
Contingent assets:	2,394,172	2,396,932	-0.1
Financial assets, including:	141,930	143,484	-1.1
open lines of credit	141,930	143,484	-1.1
Guarantees	2,229,437	2,231,402	-0.1
Other	22,805	22,046	3.4

IV. Organisation of the Group

Structure of the Group

In the three months ended 31 March 2024, the BOŚ Group comprised the following entities:



Consolidated subsidiaries of the Group as at 31 March 2024:

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

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

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

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

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

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

V. Key events subsequent to the date of this report

Changes in the composition of the Management Board of BOŚ S.A.

The Supervisory Board, at its meeting on 3 April 2024, changed the composition of the Management Board of the Bank. For details, see Note 22 (current report No. 9/2024).

Effect of contribution to resolution fund set by Bank Guarantee Fund on results for the first quarter 2024

The annual contribution determined by the Bank Guarantee Fund (BFG) for BOŚ Bank to the resolution fund for 2024, after adjustments for the contributions from 2019 to 2023, amounts to PLN 19.9 million (current report no. 10/2024). The entire amount of the contribution was charged against the financial result for the first quarter of 2024.

Signatures of Members of the Management Board

Date	Name and surname	Position held	Signature
14 May 2024	Bartosz Kublik	Vice President of the Management Board, responsible for managing the work of the Management Board	Signed with qualified e-signature
14 May 2024	Tomasz Jodłowski	Vice President of the Management Board	Signed with qualified e-signature
14 May 2024	Kamil Kuźmiński	Vice President of the Management Board	Signed with qualified e-signature
14 May 2024	Krzysztof Łabowski	Vice President of the Management Board	Signed with qualified e-signature

Signature of the person in charge of bookkeeping:

14 May 2024	Andrzej Kowalczyk	Director of the Accounting Department	Signed with qualified e-signature
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