



**REPORT OF THE CAPITAL GROUP  
OF BANK OCHRONY ŚRODOWISKA S.A.  
FOR THE 3RD QUARTER OF 2021**

**Warsaw, November 2021**

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## SELECTED FINANCIAL DATA

GROUP	in thousand PLN		in thousand EUR		
	Data from the interim condensed consolidated financial statement of the BOŚ S.A. Group	for the 9-month period ended on 30-09-2021	for the 9-month period ended on 30-09-2020	for the 9-month period ended on 30-09-2021	for the 9-month period ended on 30-09-2020
Interest and similar revenue		306,745	410,416	67,289	92,394
Fee and commission revenue		134,576	124,116	29,521	27,941
Result on financial instruments measured at fair value through profit or loss		46,793	48,773	10,265	10,980
Result on investment securities		-	4,239	-	954
Gross profit		47,492	71,024	10,418	15,989
Net profit		30,739	50,524	6,743	11,374

GROUP	in thousand PLN		in thousand EUR		
		30-09-2021	31-12-2020	30-09-2021	31-12-2020
Total assets		19,498,386	20,505,829	4,208,678	4,443,492
Liabilities to the Central Bank and other banks		411,185	732,743	88,753	158,781
Liabilities to customers		15,942,137	16,560,715	3,441,071	3,588,609
Equity attributable to shareholders of the parent company		1,920,309	1,913,170	414,494	414,573
Share capital		1,461,036	1,461,036	315,361	316,598
Number of shares		92,947,671	92,947,671		
Capital ratio		15.57	14.86		

BANK	in thousand PLN		in thousand EUR		
	Data from the interim condensed financial statement of the BOŚ S.A. Group	for the 9-month period ended on 30-09-2021	for the 9-month period ended on 30-09-2020	for the 9-month period ended on 30-09-2021	for the 9-month period ended on 30-09-2020
Interest and similar revenue		301,494	409,250	66,137	92,132
Fee and commission revenue		62,651	55,523	13,743	12,500
Result on financial instruments measured at fair value through profit or loss		19,499	13,036	4,277	2,935
Result on investment securities		-	4,239		954
Gross profit		43,283	63,534	9,495	14,303
Net profit		30,583	49,366	6,709	11,113

BANK	in thousand PLN		in thousand EUR		
		30-09-2021	31-12-2020	30-09-2021	31-12-2020
Total assets		19,341,685	20,298,862	4,174,855	4,484,153
Liabilities to the Central Bank and other banks		411,185	732,743	88,753	161,868
Liabilities to customers		15,940,897	16,553,777	3,440,803	3,656,839
Equity attributable to shareholders of the parent company		1,917,389	1,910,406	413,864	422,021
Share capital		1,460,364	1,460,364	315,216	322,604
Number of shares		92,947,671	92,947,671		
Capital ratio		16.01	14.98		

# SUMMARY OF THE RESULTS OF THE BOŚ S.A. GROUP

The Capital Group of Bank Ochrony Środowiska S.A. consists of Bank Ochrony Środowiska S.A., acting as a parent company for its direct subsidiaries: Dom Maklerski BOŚ S.A. and BOŚ Leasing Eko Profit S.A., and its indirect subsidiary: MS Wind Sp. z o.o.

## Results of the BOŚ S.A. Group

In the period from 1 January to 30 September 2021, the BOŚ S.A. Group gained a net profit of PLN 30.7 m, as compared to PLN 50.5 m of profit realised in the same period of the previous year. Since the beginning of 2021, the Bank has shown an increase in the interest margin, after an earlier decrease due to the interest rate reductions by the Monetary Policy Council in the first half of the year. The interest margins in each of the three quarters of this year were higher than those recorded in the second half of the previous year. The improvement was due to the reduction in the interest rates on deposits and the restructuring of the credit portfolio. In subsequent quarters, the interest margin will be further supported by a higher interest rate level. The result was also positively influenced by the 9.3% increase in the income on commissions. The low interest rates and continued high market volatility influenced the increase in the interest of individual customers in the capital market, which translated into the 5.3% increase in the BOŚ S.A. Group's brokerage activity. The fact that the customer account service commissions increased by 13.7% and the loan credit commissions increased by 11.1% between January and September 2021 in relation to the same period of the previous year is also worth emphasising.

In Q3 2021, the BOŚ S.A. Group recorded a net profit of PLN 23.9 m against the PLN 4.7 m profit in Q2 2021, and the PLN 10.8 m net profit in Q3 of the previous year. This means an increase in the quarterly profit of the BOŚ S.A. Group to the level reported before the COVID-19 pandemic.

The increase in loans sales should be stressed. From 1 January to 30 September 2021, the value of sale of credits and loans (new loans) amounted to 3.0 billion PLN, i.e. it was 26.6% higher than in the same period of 2020. The sales to institutional customers increased by 28.2% and the sales to individual customers increased by 13.8%. The share of green credits in the total sale of loans amounted to approx. 40%, i.e. PLN 1.2 billion. Their sale was 13.5% higher than in the corresponding period of 2020. Due to early repayment of large loan receivables, the higher sales did not translate into an increase in the volume of loans during this period.

## Improvement of the rating outlook

The improvement in the financial situation of the BOŚ S.A. Group enabled the change of the rating outlook. On 28 October 2021, the Fitch Agency increased the rating outlook for Bank Ochrony Środowiska from negative to stable. In its report, the Agency informed that the confirmation of the Bank's ratings and the change in the outlook reflect the Agency's view that the current rapid economic recovery and the adjustment of the Bank's business model should support the quality of assets and the operational viability over the next two years. In addition, the Agency indicated that the Bank would be able to absorb considerable additional reserves for foreign currency mortgages without a significant impact on its own capital.

## Provisions for the legal risk relating to foreign currency mortgage loans

Until the date of this Report, the Bank did not implement a programme of offering broad settlements to its customers. However, when estimating the provision for the legal risk related to foreign currency mortgage loans, the Bank's Management Board took into account the scenario of concluding agreements with customers in justified cases, due to the high estimated willingness of customers to conclude agreements with the Bank, despite the jurisprudence in court proceedings being unfavourable for banks.

As on 30 September 2021, the total provisions for risk related to foreign currency mortgage loans amount to PLN 415.2 m, of which PLN 376.7 m is presented as a provision for litigation and claims for legal risk related to foreign currency mortgage loans, and PLN 38.5 m is presented as additional allowance for expected

credit loss. The level of covering the CHF gross housing loans with reserves was 48% at the end of Q3 and was one of the highest in the banking sector.

### Safety indicators

The Group's level of capital adequacy, both with and without the application of the transitional arrangements of IFRS 9, remained above the levels recommended by the Polish Financial Supervision Authority. As at 30 September 2021, the Bank and the Group complied with the applicable capital standards. The Common Equity Tier 1 ratio was 14.06% and the total capital ratio was 15.57%.

### Selected items in the profit and loss account

thousand PLN		Q3 21	Q2 21	Q1-3 21	Q1-3 20	Change (%) Q3 21 / Q2 21	Change (%) Q1-3 21 / Q1- 3 20
Net interest income	[1]	88,533	90,050	266,053	285,352	-1.7	-6.8
Net fee and commission income	[2]	35,151	33,765	104,945	96,032	4.1	9.3
Result on financial instruments measured at fair value through profit or loss (including receivables from customers)		15,841	6,657	46,793	48,773	138.0	-4.1
Expenses of legal risk of mortgage loans in foreign currencies		9,035	-9,050	-15	-10,542	x	-99.9
Result on other activities		17,680	6,552	26,430	25,687	169.8	2.9
Result of impairment allowances	[3]	-43,271	-24,291	-106,420	-100,958	78.1	5.4
G&A costs	[4]	-93,234	-93,678	-290,294	-273,320	-0.5	6.2
Gross profit		29,735	10,005	47,492	71,024	197.2	-33.1
<b>NET PROFIT</b>		<b>23,875</b>	<b>4,744</b>	<b>30,739</b>	<b>50,524</b>	<b>403.3</b>	<b>-39.2</b>

1. The Group's net interest income in Q1-Q3 2021 was lower by PLN 19.3 m or 6.8% than in the corresponding period of the previous year. The interest and similar income decreased by PLN 103.7 m or 25.3% as compared to the three quarters of 2020. The interest expense decreased by PLN 84.4 m or 67.5%. The decrease in the interest income and expenses was mainly a consequence of the lowering of the interest rates by the MPC in 2020.
2. The net fee and commission income in Q1-Q3 2021 rose by PLN 8.9 m or 9.3% compared to the three quarters of 2020, mainly due to the increased brokerage fees, higher income on customer account fees, other domestic and foreign clearing operations and commissions on loans, guarantees and letters of credit.
3. The result of impairment losses in Q1-Q3 2021 was PLN -106.4 m, compared to PLN -101.0 m in the corresponding period of 2020, due to higher write-offs in the individual customers division.
4. The Group's G&A costs in Q1-Q3 were higher by PLN 17.0 m or 6.2% as compared to the corresponding period of 2020, mainly due to the higher salary costs (by PLN 13.2 m or 10.6%).

### The BOŚ Group's actions during the COVID-19 pandemic and the impact on the BOŚ S.A. Group's prospects

In the three quarters of 2021, the BOŚ S.A. Group conducted its operations using a number of solutions aimed at reducing the epidemic risk, both for employees and customers visiting the branch chain. A significant part of the BOŚ S.A. Group's employees performed their duties remotely.

In the three quarters of 2021, the Capital Group offered special solutions to customers to mitigate the negative effects of the COVID-19 pandemic, including support to help them maintain their liquidity. Customers took advantage of the options offered by the Bank:

- to obtain a guarantee from the Portfolio Guarantee Line from BGK Liquidity Guarantee Fund (PLG FGP) as collateral for a loan intended to ensure financial liquidity. The guarantee covered both newly granted loans and renewals of overdrafts and lines of credit. The offer was addressed to the sector of medium-sized and large enterprises. The total sales of loans covered by PLG FGP guarantees amounted to PLN 615.7 m,

- to obtain the Biznesmax Guarantee granted from the Guarantee Fund of the BGK Smart Development Operational Programme intended to support innovative undertakings in the SME sector. The total amount of loans covered by the Biznesmax guarantees was PLN 205.6 m,
- to obtain guarantees from the de minimis guarantee programme implemented under the governmental programme "Support for entrepreneurship with the use of BGK guarantees and sureties", implemented to improve the access to finance. The total amount of loans covered by the PLD-KFG de minimis guarantees was PLN 169.7 m,
- to obtain a factoring limit repayment guarantee from the Portfolio Factoring Guarantee Line of BGK Liquidity Guarantee Fund (LGF FGP). The guarantee is offered to SME customers and large enterprises affected by the COVID-19 pandemic for liquidity purposes - regardless of their line of business. The total amount of loans covered by the Factoring Guarantees was PLN 152.2 m,
- to receive support through BOŚ S.A. in the form of financial subsidies offered within the Financial Shield 2.0 of the Polish Development Fund (PFR). In total, 126 applications for financial subsidies for the total amount of PLN 43.9 m were accepted under the PFR 2.0 Shield,
- specific solutions for Jessica and Jeremie borrowers to mitigate the negative effects of the COVID-19 pandemic.

The Bank also implemented a number of assistance instruments and facilities for Borrowers to mitigate the effects of the pandemic, including, among others:

- specific principles of financing and monitoring customers, in the adopted solutions being guided by the Supervisory Impulse Package for Security and Development prepared by the KNF,
- the possibility of granting financing based on forward-looking creditworthiness and simplified liquidity projections, while adjusting the basic credit risk measures to the degree of economic uncertainty,
- guidelines on the specific procedure for processing applications for suspension of loan and credit instalments and for renewal of revolving loans based on non-statutory moratorium.

In order to mitigate the negative impact of the economic consequences of the COVID-19 pandemic on the quality of the loan portfolio, the Bank continued a number of risk mitigation measures, also for applications for new financing, among others:

- a ban on financing industries particularly affected by the pandemic,
- lowering the permissible LtV values for mortgage-backed loans on commercial real property,
- tightening the criteria for lending to individuals.

During the pandemic, the Bank modifies the restrictions introduced depending on the market situation, reducing or removing some of the restrictions on financing and the LtV restrictions on real properties.

The Bank and the Group entities maintained the solvency and liquidity ratios above the minimum regulatory levels and did not experience a significant impact of the COVID-19 pandemic on the liquidity and capital adequacy.

## **ESG strategy**

The Supervisory Board of BOŚ S.A. approved the ESG Strategy in October 2021. Its announcement is a part of the implementation of the BOŚ Development Strategy adopted in June for the years 2021-2023. The document lists internal and external actions in three areas – for the environment and climate, for the social surrounding and for the corporate governance, and sets fully measurable targets for them. BOŚ will continue to focus strongly on the development of green financial products and increasing their importance in the business activities.

The Bank assumes an increase in the share of green assets in the credit portfolio to 50% in 2023 (36.3% at the end of 2020). In addition, the plans are to increase the volume of sales of products supporting sustainable development (including the focus on developing cooperation with SMEs) to PLN 400 m in 2022. At the same time, BOŚ will not finance the extraction of power coal and new coal blocks, in accordance with the adopted Climate Policy. BOŚ also intends to reduce its negative impact on the environment. Some of the objectives are: reduction in the carbon footprint by 20% (compared to 2020) and

the composition of the company fleet of 30% hybrid or electric cars by the end of 2023, as well as the full shift to RES electricity starting from next year. The Bank intends to significantly increase the share of energy-efficient lighting, and improve the waste management system.

The main direction of the BOŚ S.A.'s strategy for the years 2021-2023 is the further expansion of the Bank specialising in the financing of projects aimed at environmental protection, implementation of environmentally-friendly investments and modernisations, and commercialisation of eco-friendly technologies.

### Development of cooperation with NFOŚiGW

On 7 September 2021, a contract with the NFOŚiGW was signed on the basis of which the Bank will grant subsidies for the leasing of zero-emission vehicles under the priority scheme 'My electric car'. The programme is to be implemented until 2026. At least PLN 400 m will be allocated for lease subsidies. BOŚ is currently the only operator bank in the programme. The lease subsidies will be granted from the NFOŚiGW funds.

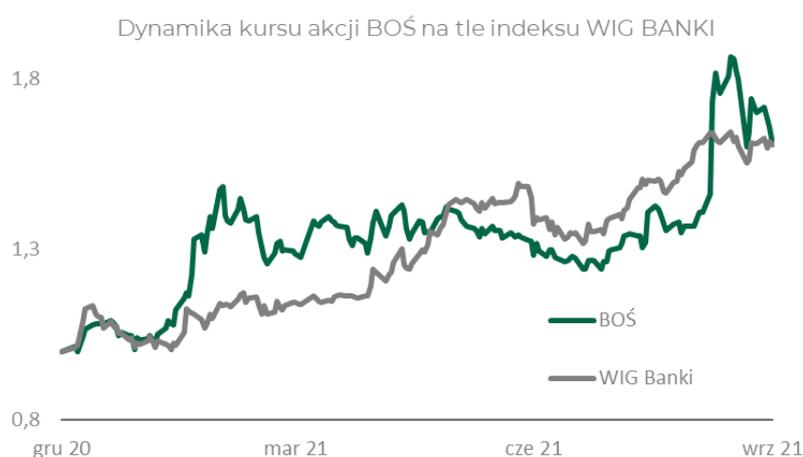
According to the NFOŚiGW agreement, on 30 September 2021 the Bank announced an open recruitment for leasing companies, which, after a positive assessment by the Bank (according to the criteria set by the NFOŚiGW), will offer the lease with subsidy. The Bank charges a commission (the so-called transfer fee) for the operation of the programme. "My electric car" is the first flow programme operated by the Bank.

In addition, the Bank is working with the National Fund for Environmental Protection and Water Management to support the NFOŚiGW Clean Air programme, and with the Voivodeship Environmental Protection Funds under existing agreements to finance pro-environmental projects, mainly in the field of air protection.

### The European Investment Bank funds to finance small and medium-sized enterprises and public sector entities

On 28 October 2021, BOŚ signed a loan agreement with the European Investment Bank. The EIB will lend BOŚ up to EUR 75 m to finance small and medium-sized enterprises and public sector entities. At least 50% of the loan will be allocated to climate protection measures such as the development of energy efficiency in buildings or the use of renewable energy sources, including solar energy. Thanks to the loan granted to BOŚ by the European Investment Bank, small and medium-sized enterprises, the so-called mid-caps, housing communities and public sector entities (including self-governments) will be able to obtain more resources for implementing environmentally-friendly solutions.

### BOŚ share price against the market



From January to September 2021, the situation on the Warsaw Stock Exchange was favourable for

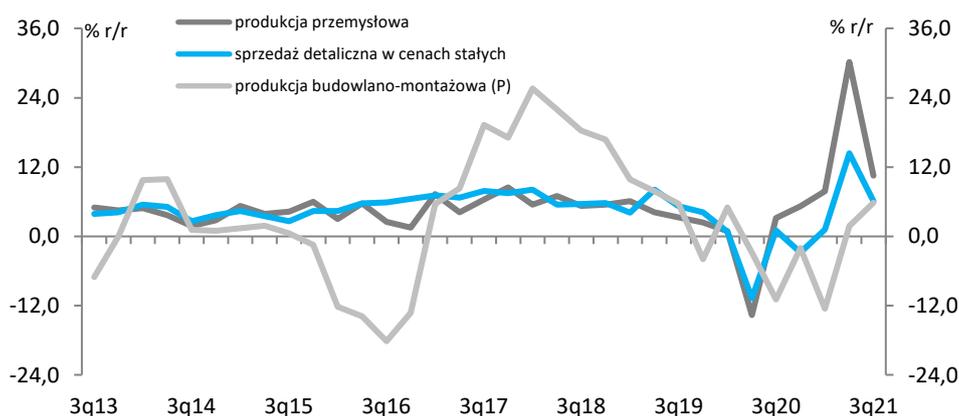
investors. All of the most important stock exchange indices recorded increases in quotations, with the scale of growth ranging from +16.4% (WIG20) to 60.7% (WIG BANKI). The WIG index rose by 23.3%. The BOŚ share price increased by 60.7%, as well as the WIG BANKI index. During the analysed period, the BOŚ share price at the closure of the stock exchange reached the highest value of PLN 11.15 on 15 September 2021.

## 1. Macroeconomic situation

The situation in the global and domestic economies in the first three quarters of 2021 was strongly influenced by COVID-19 pandemic factors. After restrictions on socio-economic activities were in place in Q1 2021, particularly in Europe, Q2 and Q3, with the decreasing number of COVID-19 cases and the vaccination process moving forward, brought a process of eliminating the pandemic-related restrictions. This contributed to a very strong recovery of the economic activity in Q2. In particular, there was a marked increase in activity in the US and Euro zone service sectors. Global supply chain problems intensified in Q3 (among others, problems with availability of semiconductors, the surge in maritime transport prices from China), which resulted in a slowdown in the global industry economic recovery. The parallel combination of the supply and demand factors resulted in Q3 in a very dynamic price rise of most raw materials, which, combined with the price increases associated with the opening up of economies, resulted in most economies in an increase of inflation to levels that have not been seen for decades.

In Poland, after a dynamic recovery of economic activity in Q2, when GDP growth was 11.1%, the pace of recovery in Q3 slowed down. In Q3, industrial production and retail sales saw a significantly lower growth rate, in case of industrial production - up to 10.5% yoy vs. 30.2% in Q2, and in case of retail sales - up to 6.1% vs. 14.4% in Q2. These changes were primarily the result of a higher reference base a year ago, when the activity hiked in Q3 with the lifting of most of the Covid restrictions from the beginning of the pandemic. At the same time, the seasonally adjusted data showed a reduction in the quarterly growth rate, which, in the case of industry and trade, was, among others, a result of the redirection of the consumer demand in Q3 from durable goods to services, which benefited in Q3 from the abolition of the administrative restrictions. In turn, the activity in construction in Q3 turned out to be significantly weaker (a drop qoq) after a strong impact in Q2.

Polish economy activity indicators



During Q3, improvements on the labour market continued. The registered unemployment rate fell to 5.6% at the end of Q3, as compared to 6.1% in September 2020, and the number of unemployed fell by nearly 90,000 to 935,000 in 12 months.

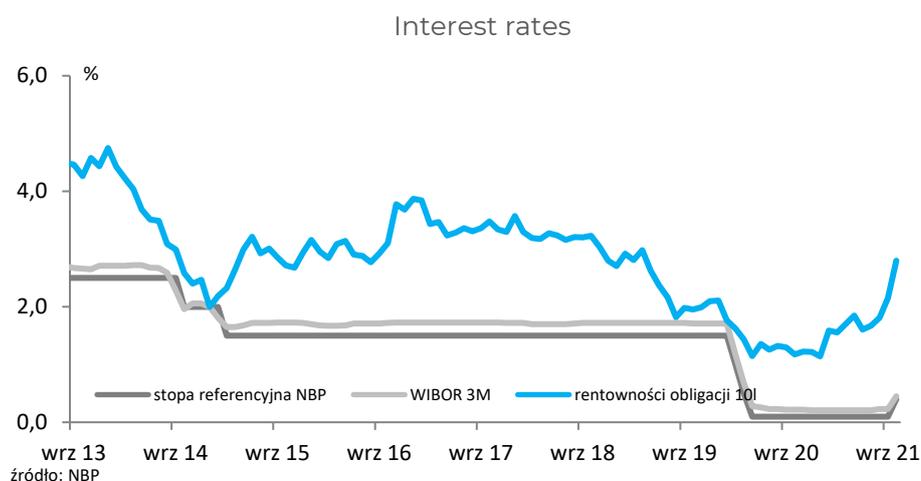
The inflation rate rose sharply in the three quarters of 2021 - to 5.9% in September, as compared to 2.4% in December 2020. The increase in inflation was mainly influenced by the increase in fuel prices as a result of

the increase in crude oil prices on the global market as compared to the very low levels in the first half of 2020. In addition, a gradual increase in the dynamics of food prices from the low level recorded in 2020 and of administered prices, among others, due to the increase in electricity and gas prices for individual customers, had an impact on higher inflation. An elevated core inflation rate was also observed - among others, the effect of demand as a result of lifting the epidemic restrictions and the global problems in logistics supply chains.

Until the end of Q3 The NBP maintained a loose monetary policy, with the NBP reference rate of 0.10%. However, in Q4 The Monetary Policy Council began to strengthen the monetary policy by increasing the interest rates twice - at the October and November Council meetings.

During the October meeting, the MPC increased the reference rate by 40 bps to 0.50%, the lombard rate by 50 bps to 1.00%, the bill rediscount rate by 40 bps to 0.51%, the bill discount rate by 40 bps to 0.52%, and maintained the deposit rate at 0.00%. At the same time, the Council decided to increase the basic statutory reserve rate from 0.5% to 2.0%. During the November meeting, the MPC increased the NBP interest rates by 75 bps, including: - the NBP reference rate to 1.25%, - the lombard rate up to 1.75%, - the deposit rate to 0.75%. In addition, the MPC increased the bill rediscount rate to 1.30% and the bill discount rate to 1.35%. The tightening of the monetary policy was justified by an increase in concerns about the persistence of increased inflation longer than previously expected and by the risk of the impact of the increased inflation on the increase in wage dynamics.

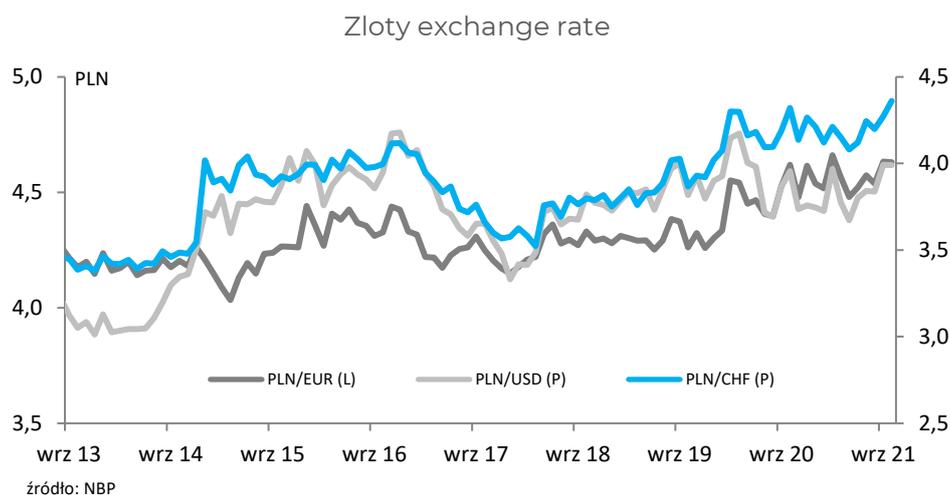
During Q3, the central bank significantly reduced the scale of the redemption of financial assets under the programme launched in March 2020. From the start of the programme to the end of Q3 2021, the NBP redeemed assets worth nearly PLN 143.1 billion, including assets worth PLN 9.3 billion in Q3 only.



After the majority of the first 6 months of the year on the global financial market was dominated by optimism, supported by expectations to boost the activities as the vaccination process expanded, in Q3 the financial markets were dominated by the fear of stagflation, as the dynamic increase in raw material prices translated into the increase in the risk of economic growth forecasts, at the same time resulting in a significant increase in the inflation forecast. As a result, the market expectations for the tightening of the monetary policy by the main central banks increased at the end of Q3 and the beginning of Q4, which resulted in a clear increase in the yield of government bonds on most markets.

In the Polish bond market in Q3, there was a hike in profitability, following the October tightening of the monetary policy and the expectations of further increases in the NBP interest rates under the conditions of the expected further inflation growth. From the beginning of the year until the end of October, the yields on 2-year bonds increased by 184 bps to 1.85%, while yields on 10-year bonds increased by 163 bps to 2.85%. Similarly, the tightening of the NBP monetary policy and the waiting for it to continue resulted in a hike in the money market interest rates. At the end of October, the WIBOR 3M rate rose to 0.70%, compared to 0.21% at the end of 2020.

In the context of the growing uncertainty on the global financial market and the market concerns regarding the postponement of the fund inflow to Poland from the National Recovery Plan, in Q3 and at the beginning of Q4 the Zloty exchange rate weakened (after the increase in Q2). As a result, at the end of October the exchange rate of the Zloty in relation to the Euro was PLN 4.62/EUR 1.00 and reached the levels close to the end of 2020. In relation to the Swiss Franc, the Zloty weakened from the beginning of the year to the end of October by 1.3%, amounting to PLN 4.32/CHF 1.00, and in relation to the US dollar - it weakened by 6%, amounting to PLN 3.98/USD 1.00.



## 2. The Bank's response to the COVID-19 pandemic and significant events

**The Bank offers a number of special products and solutions to companies affected by the COVID-19 pandemic and participates in activities aimed at supporting and assisting both entrepreneurs and natural persons**

- **Wider scope of the de minimis guarantee**

Pursuant to the Annexes to the agreement on the de minimis portfolio guarantee line concluded with Bank Gospodarstwa Krajowego under the National Guarantee Fund, the Bank introduced special solutions for companies affected by the difficult situation related to the COVID-19 pandemic. The de minimis guarantee programme is implemented under the government programme "Supporting entrepreneurship with the use of guarantees and sureties of Bank Gospodarstwa Krajowego". The de minimis guarantees were implemented to improve the access to finance for companies in the SME sector and to provide a range of widely available guarantees to support the development of companies. De minimis aid is a form of public aid allowed by the European Union regulations.

Detailed solutions:

- in case of covering a loan with a guarantee or increasing the amount of a loan covered with a guarantee in the period from 20 March 2020 to 31 December 2021, the amount of a unit guarantee of the loan repayment does not exceed 80% of the loan amount;
- in case of covering a working capital facility with a guarantee or extending a working capital facility covered by a guarantee in the period from 20 March 2020 to 31 December 2021, the guarantee is granted for a period no longer than 75 months;
- the possibility to guarantee investment loans for a period of 120 months;
- increase of the guarantee amount from PLN 3.5 m to the maximum amount resulting from the EU regulations on de minimis aid, i.e. EUR 1.5 m,
- the possibility to also guarantee loans in foreign currencies,
- waiver of the guarantee commission fee by 31 December 2021.

- **Broader scope of the Biznesmax Guarantee from the Guarantee Fund of the Smart Development Operational Programme**

The Biznesmax Guarantee has been offered by BOŚ S.A. in cooperation with BGK since 2017. The broader scope of the Biznesmax guarantee is designed to increase access to current financing as well as to enable SME companies to further develop their operations.

The guarantee is free of charge and secures up to 80% of the loan amount for the financing of innovative ventures and environmentally-friendly projects in the SME sector. The duration of the guarantee may not exceed 20 years. The beneficiaries of the guarantee may benefit from subsidised loan interest rates for up to 3 years. The subsidy consists of a refund of the interest paid.

Since April 2020, the Bank has signed a number of annexes amending the Biznesmax Warranty.

Detailed solutions:

- the option of covering revolving working capital facilities, including revolving facilities in current accounts, with a guarantee constituting de minimis aid (thus, revolving facilities will no longer be released on the basis of financial and accounting documents, and expenditures will be documented only at the customer level),
- the maximum period for a revolving working capital facility is 39 months,
- in case of guarantees constituting de minimis aid, the catalogue of eligible costs and the obligation for the Borrower to submit an investment project plan as an appendix to the agreement with BGK have been abolished. Moreover, under the subjective evaluation path, an additional criterion was introduced as follows: "within the last 5 years I/we have implemented a pro-environmental project with an environmental effect". As a result, the guarantee covering a revolving working capital facility was made available to eco-efficient companies,
- the option of providing a guarantee constituting de minimis aid for non-revolving working capital facilities unrelated to an investment, which, together with revolving overdrafts, were named the 'COVID-19 pandemic liquidity facility',
- the option of covering the COVID-19 pandemic liquidity loan with a guarantee in case of a revolving facility and making the credit limit available for a subsequent period or increasing the credit limit amount, provided that the terms of the loan agreement are amended to include the Bank's acceptance of the collateral in the form of a guarantee,
- the option of covering a loan with a guarantee, provided that it meets the conditions of a loan that may be covered by a guarantee and is granted under the same rules, including the evaluation of the creditworthiness, with the rules applied by the Bank when granting loans for the same purposes, and the loan agreement has all the essential features of a loan agreement,
- extension of the validity period of the 5% annual rate for calculating the loan interest subsidy to 31 December 2021, the subsidies also apply to revolving loans.

- **Portfolio Guarantee Line from the Liquidity Guarantee Fund (PLG FGP).**

On the basis of the agreement on the portfolio guarantee line of the Liquidity Guarantee Fund signed with BGK in April 2020, the Bank introduced the Liquidity Guarantee addressed to the sector of medium-sized and large enterprises. In June, an annex was concluded which maintained the terms of the liquidity guarantee and extended its term to 31 December 2021. The fund is a part of the government's Anti-Crisis Shield. The guarantee is granted to secure a loan for the purpose of ensuring financial liquidity and may relate to both new loans and renewed overdrafts and lines of credit, including those for which loan agreements were concluded no earlier than on 1 March 2020.

The basic parameters of the Liquidity Guarantee:

- guarantee coverage ratio - up to 80%,
- guarantee amount - up to PLN 200 m,
- total amount of a loan for an entrepreneur with the collateral from the Liquidity Guarantee Fund - maximum PLN 250 m,
- guarantee period - maximum 27 months and no longer than the credit period + 3 months,
- the guarantee is granted until 31 December 2021,
- a fee for the guarantee due to BGK is charged; foreign currency loans may be covered by the guarantee,
- a loan with the BGK guarantee cannot be used to repay another loan;
- the possibility of guaranteeing syndicated loans.

- **Changes to the COSME Guarantee**

The COSME Guarantee is another guarantee offered by the Bank to customers from the SME segment under a cooperation agreement with BGK.

Starting from September 2020, a number of annexes were signed to the Agreement on Portfolio Guarantee Line with a counter-guarantee provided by the EIF under the COSME Programme No. 6/PLG-COSME/2015 of 23 October 2015, which introduced subsequent changes to the guarantee.

The changes introduced by the Annexes mainly concern:

- extending the duration of the guarantees for working capital facilities granted between 6 April 2020 and 31 December 2021 from 27 to 39 months;
- the possibility to extend the maximum rollover period of the revolving facility from 5 to 9 years;
- reduction to 0.7% of the guarantee fee for the above mentioned working capital loans for the period from 6 April 2020 to 31 December 2021;
- introduction of extended restructuring periods for loans with the COSME guarantee.

- **Changes to the Creative Europe Guarantee**

The BGK Creative Europe guarantee is addressed to the cultural and creative sectors. Under Annex No. 3 to the Portfolio Guarantee Line Agreement with counter-guarantee granted by the European Investment Fund under the Creative Europe Programme No. 5/PLG - Kreatywna Europa/2019 (as amended), BGK reduced the rate of the commission fee payable under the guarantee for the period from 1 January to 30 June 2021, which is 0%. On the other hand, Annex 5 signed in June this year maintained the commission rate of 0% without determining its duration.

- **Factoring Portfolio Guarantee Line from the Liquidity Guarantee Fund (LGF FGP).**

In 2020, BOŚ S.A. expanded the BGK portfolio guarantee offer by introducing the Factoring Guarantee under the LGF FGP Liquidity Guarantee Fund. The introduction of the Guarantee was a result of the factoring portfolio guarantee line agreement No. 14/LGF-FGP/2020 signed on 22 October 2020 with BGK under the Liquidity Guarantee Fund.

The Liquidity Guarantee Fund is a part of the so-called government anti-crisis shield.

The LGF FGP guarantee is designed for SME customers and large enterprises affected by the COVID-19 pandemic and intended for financial liquidity purposes - regardless of their line of business.

The basic parameters of the LGF FGP Guarantee:

- the guarantee may secure both a new and an existing factoring limit up to 80% of its value;
- the guarantee may cover factoring with recourse and reverse factoring;
- a factoring limit granted in PLN and in a foreign currency may be secured by the guarantee;
- the maximum guarantee period is 27 months;
- the total amount of factoring limits secured by the LGF FGP guarantees granted to a single entrepreneur may not exceed PLN 250 m.

The guarantees from the Liquidity Guarantee Fund will be granted until 31 December 2021. However, the European Commission is currently examining the possibility of extending the guarantee period for the LGF FGP until 30 June 2022. In September this year, the Bank asked BGK to extend the deadline and increase the limit.

### ● **FGR Portfolio Guarantee Line - Agricultural Guarantee**

On 17 March 2021, the Bank entered into another agreement with Bank Gospodarstwa Krajowego regarding guarantees for entrepreneurs. The guarantees under the FGR portfolio guarantee line agreement No. 12/PLG-FGR/2021 are intended for micro, small and medium-sized enterprises (SMEs) operating in the agricultural sector. The limit granted by BGK for the Agricultural Guarantee for BOŚ S.A. amounts to PLN 20 m and is available until 31 January 2022.

The basic parameters of the FGR Guarantee:

1. the Guarantee may cover a loan granted in accordance with the rules binding at BOŚ S.A. to a Borrower being:
  - a) a farmer or
  - b) a processor of agricultural products, or
  - c) a processor of non-agricultural products.
2. The Guarantee may cover non-renewable and renewable investment and working capital loans granted in PLN and intended to finance a part of or the entire investment costs or the working capital costs.
3. The Guarantee may represent no more than 80% of the loan amount and may not exceed:
  - a) PLN 5 m for a farmer or
  - b) PLN 10 m for a processor.However, a working capital loan may be granted up to the amount not exceeding the PLN equivalent of EUR 200 thousand.
4. Guarantee period:
  - a) 183 months (or 120 months in case of a guarantee constituting de minimis aid) - for an investment loan,
  - b) 51 months - for a non-revolving loan;
  - c) 39 months - for a revolving working capital loan (including an overdraft facility).
5. The guarantee constitutes de minimis aid or public aid.
6. No commission fee for BGK.

In addition, Borrowers using loans secured by an agricultural guarantee until 31 December 2021 will benefit from the Interest Subsidy.

The interest subsidy will cover the loan period of no more than 12 months, starting from the date of the loan disbursement, and will amount to no more than 2% of the loan amount p.a.

- **Dolnośląski Fundusz Gwarancyjny**

On 26 March 2021, Bank Ochrony Środowiska signed a cooperation agreement with Dolnośląski Fundusz Gwarancyjny Sp. z o.o. regarding the provision of sureties for credits and loans for micro, small and medium-sized entrepreneurs conducting business activity, having the registered offices or making investments in the territory of the Dolnośląskie voivodeship.

In 2021, the Fund determined the maximum annual exposure under the loan repayment guarantees granted by the Fund to the Bank:

- for PLN 1 m in case of sureties for repayment of investment credits and loans;
- for PLN 4 m in case of sureties for repayment of working capital credits and loans.

The surety may cover new loans granted in Polish zloty intended exclusively for financing business activities. However, the surety period covers the period of the loan or credit extended by a maximum of 6 months. The value of the surety may not exceed 80% of the loan amount granted.

- **PFR Anti-Crisis Shield**

On the basis of the Agreement for the provision of services under the "PFR Financial Shield" programme signed with Polski Fundusz Rozwoju S.A. (PFR), the Bank enabled its customers to use funds under the aid programme launched by PFR under the Anti-Crisis Shield. The programme was targeted at enterprises affected by the COVID-19 pandemic.

In accordance with the adopted programme schedule, 31 July 2020 was the deadline for accepting applications for subsidies under the PFR 1.0 Financial Shield programme for micro, small, and medium-sized enterprises.

Applications for the Financial Subsidy under the PFR 1.0 Shield could be submitted by the Bank's customers until 31 July 2020. Customers could appeal against the PFR decision until 30 September 2020. Until 31 January 2021, the Programme Beneficiaries were obliged to submit to banks documents confirming the authorisation of persons submitting applications under the governmental program "Financial Shield of the Polish Development Fund for Small and Medium-Sized Companies 1.0".

In November 2020, the PFR presented the assumptions of the Financial Shield 2.0 programme, which aims at providing financial assistance to companies from 45 industries that had to limit or suspend their operations due to the COVID-19 outbreak.

On 14 January 2021, BOŚ S.A. signed an agreement with the PFR for the provision of services related to the process of granting financial subsidies by the PFR to Entrepreneurs. The PFR 2.0 Shield programme was launched on 15 January 2021. The Bank's customers were enabled to apply for a subsidy under the pandemic relief aid programme ANTI-CRISIS SHIELD 2.0. The applications were made available in the electronic banking BOŚBank24 and iBOSS24.

On 5 February 2021, the PFR extended support to micro, small and medium-sized enterprises by 9 additional industries particularly affected by the COVID-19 situation.

Under the PFR 2.0 Shield the Bank's customers could apply for financial subsidies until 28 February 2021. The Bank accepted complaints about the negative decision of the PFR until 15 April this year.

In total, 126 applications for financial subsidies for the total amount of PLN 43.9 m were accepted under the PFR 2.0 Shield,

- **Loans granted under the Jessica and Jeremie initiatives**

As a result of arrangements made with the Fund Managers (Zachodniopomorska Agencja Rozwoju Regionalnego S.A., the Governor's Office of the Śląskie Voivodeship, Pomorski Fundusz Rozwoju Sp. z o.o.), specific solutions for Jessica and Jeremie Borrowers were introduced to limit the negative effects of the COVID-19 pandemic, including:

- the option of introducing a six-month grace period in repayment of principal instalments and a four-month grace period in repayment of principal and interest instalments for the customers of Centrum Biznesowe Szczecin using the Jeremie and Jessica Zachodniopomorska I and II loans,
- obtaining individual approvals from the Governor's Office of the Śląskie Voivodeship for prolongation of loan repayments for customers of the Bank's Business Center in Katowice who benefit from the Jessica Śląska loans,
- the option of introducing changes to agreements for customers of the Gdańsk Business Centre who benefit from the Jessica Pomorska loans, in accordance with the annex signed with PFR Sp. z o.o.

In addition, on 28 January 2021, Annex No. 6 to the Funds Deposit and Management Agreement was signed with the Governor's Office. The provisions of the Annex enable the Bank's current customers holding JESSICA loans granted under the JESSICA Initiative from the Regional Operational Programme of the Śląskie Voivodeship to change the loan term from 15 years to 20 years.

### ● **Technological innovation loans**

Bank Ochrony Środowiska S.A. is one of the banks granting Technology Loans as part of the Intelligent Development Operational Programme Sub-measure 3.2.2 "Loan for technological innovation". The loan may be taken by business entities operating in the territory of the Republic of Poland and it may be allocated for the implementation of technological investments. The loan provides financial support in the form of a technology bonus.

All competitions have now been closed. In contrast, under the 'European Funds for Modern Economy' (FENG) programme, PLN 2.5 billion is to be allocated to two subsidy schemes (i.e. a subsidy for redemption of part of a loan) implemented by the BGK in cooperation with banks - the Technological Loan (most likely to be implemented under the current KIIT rules – the planned allocation is about 20% of the PLN 2.5 billion) and the Green Loan (allocation about 80%).

The Green Loan is intended to finance the "green transformation of enterprises", namely "the introduction of a new product, service or process that will significantly reduce the demand for energy (electricity or heat)".

### ● **BGK Portfolio Guarantee Line - PLG - EFPiG - Clean Air Programme**

On 24 June 2021, the Bank signed an agreement with BGK for the portfolio guarantee line of the Green Guarantee Fund No. 2/PLG-EFPiG/2021. The Agreement introduced the BGK guarantee, in this case intended for natural persons wishing to take advantage of a preferential pro-environmental loan enabling them to obtain a subsidy from WFOŚiGW for partial repayment of the loan principal under the NFOŚiGW Clean Air Priority Programme.

The Clean Air loan with PLG - EFPiG Guarantee is intended to finance projects involving the replacement of heat sources and the improvement of energy efficiency in single-family residential buildings and separate premises in these buildings.

Basic features of the PLG-EFPiG Guarantee

- addressed to natural persons,
- The PLG-EFPiG Guarantee may cover a non-revolving loan, the so-called Clean Air Loan, intended for the implementation of an objective consistent with the NFOŚiGW Priority Programme,
- the maximum term of the loan covered by the PLG-EFPiG Guarantee is 144 months,
- the maximum term covered by the PLG-EFPiG Guarantee is 147 months,
- the maximum loan amount is PLN 100 thousand,
- the guarantee amount constitutes 80% of the loan granted and may not exceed PLN 80 thousand,
- no commission fee for BGK,
- no collateral for BGK,
- loan currency PLN.

The guarantee with the Clean Air Loan not only provides financial support to the Bank's customers, but also strengthens the Bank's image by building a portfolio that finances one of the objectives of sustainable development.

On 6 July 2021, the Bank launched the sale of the Clean Air Loans where the PLG-EFPIG Guarantee (Clean Air Guarantee) is the obligatory collateral.

## **Significant events in Q3 2021**

### **Financing of wind farms**

In Q3 2021, the Bank entered into a consortium which will finance the construction of two wind farms with the total installed capacity of 49.9 MW. Special-purpose companies building farms won an auction organised by the ERO in November 2020 and were entitled to sell electricity under the auction support system in the form of a differential contract. The amount of funding granted by BOŚ S.A. amounts to PLN 73.6 m.

### **Adoption by the Supervisory Board of Bank Ochrony Środowiska S.A. of the Rules of procedure for participation in the General Meeting using electronic means of communication**

The Supervisory Board of Bank Ochrony Środowiska S.A., at its meeting on 29 September 2021, adopted the Rules for participation in the General Meeting using electronic means of communication (e-walne). This will enable the bank's shareholders to participate in General Meetings via electronic communication devices, which is particularly important in the context of the COVID-19 pandemic. As a result of the adoption by the Bank's Supervisory Board of the Rules of procedure for participation in the General Meeting using electronic means of communication, the Bank updated the application of the Good Practice for Companies Listed at the Warsaw Stock Exchange 2021 and started applying rule No. 4.1 (EIB current report No. 2/2021).

### **Conclusion of a loan agreement worth EUR 75 m with the European Investment Bank**

On 28 October 2021, BOŚ signed a loan agreement with the European Investment Bank. The EIB will lend BOŚ up to EUR 75 m to finance small and medium-sized enterprises and public sector entities. At least 50% of the loan will be allocated to climate protection measures such as the development of energy efficiency in buildings or the use of renewable energy sources, including solar energy. Thanks to the loan granted to BOŚ by the European Investment Bank, small and medium-sized enterprises, the so-called mid-caps, housing communities and public sector entities (including self-governments) will be able to obtain more resources for implementing environmentally-friendly solutions.

## Distinctions and awards in Q3 2021

- In July 2021, the Bank received the Friendly Workplace 2021 distinction, awarded by the editorial staff of one of the most valued and opinion-making HR portals in Poland – MarkaPracodawcy.pl. The award is given to companies that, among others, respect and support the work-life balance model, support and promote community-friendly and environmentally-friendly projects, create a healthy, safe and friendly working environment, invest in the development of professional competencies and interests of their employees, respect the employees' rights. In this year's edition, MarkaPracodawcy.pl paid special attention to the area of health and safety at work and measures to protect workers' health. The distinguished companies protect their people through increased security standards and shift or remote work organisation, invest, for example, in additional protective equipment or tools to support remote work, and provide other specific assistance (e.g. psychological support).
- In September 2021, Bank Ochrony Środowiska received the third prize in the Laur CESSIO competition for outsourcing. The prize is awarded by the Association of Financial Enterprises in partnership with the content partner - PwC. CESSIO is a significant distinction in the broad debt management industry.
- In September 2021, Dom Maklerski BOŚ S.A. received awards for its activity on the power exchange. DM received a recognition for the highest activity on the Agricultural Exchange Trade, the Rozrachunek 2020 award for its contribution to the development of the agricultural and food commodity markets and the Platinum Megawat Award in the Broker of the Year category for a DM BOŚ broker for the highest activity in proprietary interest market sessions. Also in September, DM received distinction 'Financial Brand of the Year' awarded by Gazeta Finansowa daily in the category of Brokerage Houses "for high quality analyses, easy access to information and quotes, and care for the financial education of customers".
- In October 2021, the Bank received the Responsible Employer - HR Leader award. The award is given to companies that promote and apply the right patterns, models and strategies for human resources policy and for the integration of personal affairs into business issues. The award shows that the institution cares for the working conditions and employee development. The main criterion for selecting the programme's winners is the broadly-defined quality of employment.
- In October 2021, the mojobankowanie.pl portal held the second stage of survey for the best service. They checked the customer service in facilities and remote channels for customers interested in personal accounts, paying attention to the free use of the account abroad. Four BOŚ branches were among those with the best results. These were the operational branches in Gliwice, Kielce, Nowy Targ and Zawiercie.
- In October 2021, BOŚ received the international Best Green Banking Solutions CEE 2021 award. The Bank was awarded for the best green banking solutions in Central and Eastern Europe in 2021. The CFI jury particularly appreciated BOŚ for its funding projects that have a positive environmental impact, which translates into a significant green bank loan portfolio. The ambitious plans set out in the new development strategy were also important for the award. The award is granted on the basis of a broad range of criteria, including functioning in compliance with the sustainability principles, promotion of financial products with a high and positive social impact, conducting CSR activities and transparent communication with the market.

## 3. Key products, services and spheres of activity of the Group

### Banking products

#### Institutional Customers Division

BOŚ S.A. has a wide range of clearing, deposit and loan products, on the basis of which an individual offer tailored to the specific needs can be built for each customer. Within its clearing offer, the Bank maintains standard current accounts that have clearing functions and are used to gather funds and to effect domestic and international settlements.

As of 1 January 2021, there is also a separate offer of bank accounts for institutional customers of Bank Ochrony Środowiska S.A. who are natural persons carrying out business activities. This action fulfilled the requirements of the Act of 31 July 2019 on amending certain laws to reduce regulatory burdens (the "Regulatory Burden Reduction Act"), which introduced the term of Entrepreneur-Consumer.

In the area of settlement products in Q3 2021, the Bank started works on the project to align the Bank with the requirements of the Financial Information System Act. The entry into force of the act will entail a new reporting obligation aimed at preventing money laundering and terrorist financing. The act incorporates Directive 2018/843 into the Polish law, which will result in the creation of the Financial Information System (SInF) for the collection, processing and sharing of information on broadly defined open and closed accounts of institutional, individual and private customers, as well as on contracts for the provision of security boxes. The financial information system is another reporting obligation in the Polish legislation aimed at preventing money laundering and terrorist financing. It is also intended to contribute to the limitation of financial offences through all accounts being supervised by authorised bodies.

The adjustment of the Bank to the requirements of the Financial Information System Act will consist in implementing changes in the Bank's reporting systems, which currently support the fulfilment of the reporting duties under the STIR (Clearing House ICT System).

Regarding credit products:

- Bank offered a loan for thermal modernisation and renovation projects to its customers, with a bonus from the Thermal Modernisation and Renovation Fund.
- In selected voivodeships, the Bank offers preferential loans for the implementation of environmental projects in cooperation with the Provincial Funds for Environmental Protection and Water Management.
- The Bank conducted activities aimed at optimisation and automation of the credit process at its different stages: customer acquisition, credit application assessment, credit decision making, funds disbursement, credit monitoring and administration. The project involved, among others, the implementation of a tool to support the evaluation process and the development of rating systems taking into account the specific nature of eco-friendly products.

#### Local government units

The Bank cooperates with local government units. It provides comprehensive banking services to their budgets for effective cash management. Services for local government units are provided under the Public Procurement Law Act.

The Bank provides all standard deposit and loan products offered to the public sector customers. The special scope of BOŚ S.A.'s offer includes products aimed at financing pro-environmental projects (preferential and commercial loans), as well as credits from foreign banks to finance environmental protection undertakings and infrastructural investments, and also the European Offer, which is a package of products addressed to entrepreneurs, local governments and municipal companies.

## Individual Customers Division

The Bank's offer for individual customers includes all basic products and services available on the Polish banking market (bank accounts, clearing products, payment cards, cash surplus placement products and services, e-banking services and loan products), as well as a wide range of pro-environmental products used for financing pro-environmental solutions, and services for VIP customers provided by specialised consultants.

As regards payment cards, the Bank continued to offer debit cards with images of protected species, through which the Bank would like to draw the attention of customers to the endangered species of wild animals living in Poland and the related environmental issues.

In Q3 2021:

- works on launching the possibility of requesting Gpay payments in the Bank's mobile application were started,
- the handling of online payment card transactions was adapted to the requirements of the supervisory organisations regarding strong customer authentication,

In the electronic banking, in July 2021, the Bank implemented BLIK mobile payments, enabling its customers to make quick and efficient payments. By using a 6-digit BLIK code, users of the BOŚBank24 mobile application can pay online and in-store and receive cash from ATMs without using a card. The application also includes BLIK telephone transfers, thanks to which one can instantly transfer money to a BLIK user's account, using his/her phone number.

In Q3 2021, the Bank's actions in the area of deposit products for individual customers were focused on:

- care for cost optimisation of the deposit portfolio and ongoing adaptation to the changing market environment,
- maintaining the deposit balance in line with the Bank's liquidity needs.

The most significant deposit products for individual customers were:

- current accounts, including personal accounts with the basic EKOkonto bez kosztów account and savings accounts with EKOkonto Oszczędnościowe in PLN,
- promotional deposits: EKOklokata Na Dobry Początek, EKOklokata Zyskowna and standard deposits,
- foreign currency deposit: EKOklokata z Frankiem in CHF.

At the same time the offer included products aimed at building permanent relations with customers, e.g. customers actively using checking and savings accounts.

The Bank's other business in the area of savings and checking accounts focused on maintaining a transparent offer by the following keeping savings and checking accounts on offer: EKOkonto bez Kosztów, EKOkonto VIP, EKOkonto PRP and EKOkonto oszczędnościowe in three currencies: PLN, EUR and CHF.

To support the sales of credit products addressed to individual customers, promotional campaigns for the Cash Loan were carried out:

- for any purpose:
  - "Portfel Zapasowy", the 4th edition introduced on 15 September 2021 - continuation of the idea of providing customers with financing for any purpose in the field of medium-term loans, also offered with the insurance,
- for environmental purposes:
  - "Our Water", a continuation of the offer with the expiry date of 31 December 2021 to support investments aimed at preventing and counteracting the effects of drought, complements the government programme "My Water" and is the only loan product of this kind certified with the "Climate Leadership" label.
  - "Pełnym Oddechem", a partnership offer dedicated to the current and future customers of PGNiG supporting the customers' activities in the area of heat source replacement and other anti-smog measures.
  - "Przejrzysta Pożyczka", the Bank's leading product dedicated to supporting the Eco-Investments of customers in the commercial market and customers who are beneficiaries of the Clean Air government programme. The promotion is being transformed into a permanent product of the Bank.
  - "Energia ze słońca", a continuation of the offer dedicated to renewable energy sources intended mainly for the purchase and installation of photovoltaic systems.

The Bank offers a mortgage loan for holders of the Large Family Card. They are exempt from the initial commission or exempt from 50% of the initial commission together with a margin reduction by 0.1 pps compared to the standard margin.

Under the preferential terms and conditions of the offer for the financial sector, the Bank offers lower commission and margin than the standard mortgage credit and mortgage loan offer. The offer is addressed to employees of:

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

The Green Mortgage Credit, whose advantages were recognised, among others, by the jury of the Golden Banker competition, is the hallmark of the mortgage offer of the Bank. The Bank's mortgage offer received the silver award.

## **Insurance products and additional services**

The Bank offers insurance products such as: insurance of the loan object, including environmental protection equipment and installations, life and health insurance for borrowers and insurance packages for payment card holders.

BOŚ S.A. acts as an insurance agent for five insurance companies. To increase the employee safety and convenience, all insurance training and licensing exams are conducted remotely.

As additional services to the banking products generating additional commission revenues, the Bank offers a legal assistance service - Mecenat Direct for holders of personal accounts, under which customers receive professional legal aid via e-mail and telephone.

## Green activities

### Sale of green loans

	in thousand PLN	Q1-3 2021	Q1-3 2020	Change %
Loans granted to institutional customers in Q1-Q3		1,043,505	899,326	16.0
Loans granted to individual customers in Q1-Q3		131,174	135,343	-3.1
<b>LOANS GRANTED IN Q1-Q3</b>		<b>1,174,678</b>	<b>1,034,669</b>	<b>13.5</b>

The value of new green loans in the three quarters of 2021 amounted to PLN 1,174.7 m and was higher by 13.5% than in the corresponding period of the previous year. In the vast majority (by amount), new green loans were granted to institutional customers (89%). The largest share was the money paid out for energy and municipal tasks (40% of the total volume of green loans).

## Development of brokerage activity

In Q3 2021, the activity of investors on the national stock market decreased significantly. The realised turnover in the WSE share market in session transactions was lower by 18.8% qoq and by 3.4% yoy. The limitation of the investor activities was mainly visible in the segment of individual investors, i.e. among investors constituting the main group of customers of Dom Maklerski BOŚ S.A. As a result, the realised turnover in DM BOŚ in the share market in Q3 2021 was lower by 22.0% qoq and by 30.8% yoy. On the futures market, the realised turnover of DM BOŚ decreased by 8.3% qoq and by 0.5% yoy. The decline in investor activity took place despite the favourable economic situation on the domestic share market. All major stock indices recorded a rise in the quotations. The increases ranged from 2.6% (sWig80) to 8.9% (mWig40).

The market share of DM BOŚ on the WSE share market after the three quarters of 2021 in session transactions was 4.08%, whereas in the same period of 2020 it was 4.23%. On the futures market, after September DM BOŚ remained the market leader with a cumulative share of 18.35%. After the three quarters of 2021, DM BOŚ also held the third place among all brokerage houses in terms of NewConnect market position with a share of 14.94%.

At the end of Q3 2021, DM BOŚ held a total of 129.3 thousand investment accounts. The number of investment accounts increased in Q3 by 2,2 thousand. After the 9 months of 2021, Dom Maklerski BOŚ S.A. remains the vice-leader in terms of the number of open accounts registered in KDPW (the Central Securities Depository of Poland) (an increase in the number of accounts by 9.2 thousand).

In Q3 2021, DM BOŚ participated actively in public offerings on the primary market, at the time of the issue of shares of: OZE-Biomar SA, Cavatina Holding SA, Modern Commerce SA, and the bonds of: Best (W1 and W2 series) and Decpol SA (P2021A series).

DM BOŚ is also involved in the development of the market for financing green investments. In September 2021, DM concluded a programme agreement with Famur SA on the basis of which the company can issue bonds, including green bonds.

In Q3 2021, Baltic Capital TFI funds were introduced to the bossafund.pl platform. In total, there are more than 300 funds in the bossafund offer, making it one of the largest national platforms for the distribution of investment funds in terms of the number of funds available.

In the face of the ongoing Covid-19 pandemic, Dom Maklerski BOŚ S.A. maintains its full operational continuity. Dom Maklerski introduced a number of solutions aimed at maintaining the continuity of its operations and limiting the epidemic risk, both with regard to its employees and customers visiting the branches of Dom Maklerski BOŚ in person. A significant portion of DM BOŚ's employees perform their

duties remotely. DM BOŚ allows you to open electronic investment accounts (online) without leaving your home. DM BOŚ S.A. observes a permanent significant activity of existing customers, and an interest in opening new investment accounts, which positively impacts the Company's ongoing financial performance and liquidity. The Covid-19 pandemic did not change the objectives, strategic orientation and liquidity risk management strategy of DM BOŚ. Between January and September this year, DM BOŚ did not receive support and did not apply for public support under the government's Anti-Crisis Shield programme, which is designed to protect against the crisis caused by the COVID-19 pandemic.

## 4. Selected figures concerning the Group's activities

	thousand	30-09-2021	31-12-2020	Change %
<b>BANK OCHRONY ŚRODOWISKA S.A.</b>				
Number of customers		183.6	216.8	-15.3
Number of individual customers		166.4	197.1	-15.6
Number of institutional customers		17.2	19.7	-12.7
Number of customers using electronic channels		104.5	119.0	-12.2
Number of savings and checking accounts <sup>1</sup>		175.1	208.9	-16.2
Total payment and credit cards		70.1	79.7	-12.0
Number of branches (pcs)		50	51	-2.0
<b>DOM MAKLERSKI BOŚ S.A.</b>				
Number of investment accounts		129.3	120.1	7.7
including the number of online accounts		126.1	116.8	8.0
Number of branches (pcs)		9	9	0.0

1) together with savings accounts

As at 30 September 2021, the number of Bank branches was 50, including:

- 13 Business Centres,
- 37 Operating Divisions.

## 5. Directions of the Bank's development

### Information on the adopted Development Strategy

On 22 June 2021, the Supervisory Board of Bank Ochrony Środowiska S.A. approved the Development Strategy of Bank Ochrony Środowiska S.A. for the years 2021-2023, which takes into account the current market and macroeconomic conditions, and is consistent with the Group Recovery Plan presented to the Polish Financial Supervision Authority.

The plan envisages reaching the sustained profitability through greater specialisation in green transformation and improved organisational effectiveness.

The main direction of the strategic development of the Bank will be the further expansion of the Bank specialising in the financing of projects aimed at environmental protection, implementation of environmentally-friendly investments and modernisations, and commercialisation of eco-friendly technologies.

The Bank's mission: "Innovative and effective support for green transformation" is to highlight the directions of the Bank's activities for the greening of the Polish economy and the methods of their

implementation. The bank aims at introducing innovative financial solutions which will contribute to the effective implementation of the green transformation.

The Bank's vision is: "Comprehensive financing of green transformation by offering unique products, dedicated experts and a variety of financial instruments". The Bank's ambition is to specialise in financing projects that contribute to the green transformation. The Bank has unique environmental and business expertise in financing the wide "green" sector, and more broadly, the green transformation across all sectors of the economy, as well as many years of experience in analysing the environmental risk. It creates new financial products thanks to which customers can implement their business projects while respecting the natural resources.

In accordance with the BOŚ strategy, the Bank's activity will focus on five main pillars:

- 1) Ecology and Climate - key objectives:
  - Continued development of competences in ecology and emission reduction technologies, sector expertise and green financing
  - Offering valuable consulting services on green transformation, taxonomy, adequate technologies and available public resources
- 2) Business model - key objectives:
  - Strong development of the partnership cooperation based on digital channels - the most convenient channel for the customer, which is also cost-effective for the Bank
  - Financing of green transformation for corporate and LGU clients
  - Development of comprehensive consultancy services and providing support to corporate customers during the full cycle of investment projects
- 3) Operational efficiency - key objectives:
  - Aligning the operating model with the Bank's new business strategy
  - Optimisation of key processes for customers (e.g. credit process) and internal processes
- 4) Organisational culture - key objectives:
  - Cultural change within the organisation - increasing employee involvement and competence development
  - Introduction of a new working model - agile and hybrid
- 5) Finance - key objectives:
  - Introduction of a sustainably profitable business model and improvement of the Bank's rating
  - Abandoning the Recovery Proceedings Programme
  - Diversification of the sources of financing and gradual reduction of financing from retail customers
  - Active inclusion of financing from external sources

### **Information on actions taken as part of implementation of the Strategy**

In Q3 2021, the strategic projects were carried out, concerning, among others, increasing the role of electronic distribution channels and adapting the traditional distribution channels to the new market challenges.

Following the implementation of the new Internet banking, work continued on the expansion of electronic and mobile banking with more new functionalities. A mobile payment card service for individual customers has been launched in the GPay telephone application. In October, works on registering mobile cards in the BOŚ mobile application were finalised.

As part of its strategic initiatives, the Bank purchased a new front office system, KONDOR+. This will result in efficiency gains and improved service quality. The implementation of this initiative (planned completion of the project next June) will result in increased automation of liquidity, market and credit risk management processes. KONDOR+ will also have an impact on the increase in the control of the fiscal limits on foreign exchange and derivative transactions established for the bank's customers. The new system will enable additional non-interest revenues to be realised, and revenue products to be developed through the development of digital channels.

In collaboration with the National Cloud, the idea of transforming IT solutions into a cloud model was developed. The cloud technology is expected to become one of the key tools to support the implementation of the Bank's business strategy. It is designed to help build competitive advantages, promote communication and collaboration within the organisation, and significantly accelerate the development of new solutions. One of the first cloud applications in the SaaS model (Software as a Service) is the planned implementation of the Microsoft365 integrated teamwork package, which significantly supports productivity and improves communication, especially when working in a hybrid model that is now becoming a market standard.

The Bank enabled applying for the government subsidy under the Clean Air programme and the related Clean Air Loan. The preferential offer of BOŚ is addressed to homeowners interested, among other things, in replacement of a furnace, purchase of a heat pump, window and door frames, installation of photovoltaic panels or insulation of building walls. The maximum value of a subsidy from the Clean Air programme is PLN 37,000. The governmental aid, which can be applied for under the so-called bank path, can be obtained with taking a preferential loan at the same time. The maximum loan amount that one can apply for is PLN 100,000. The loan can be repaid for no more than 12 years. The annual percentage rate (APR) is 6.11%. The Bank does not require an own contribution, and, moreover, the loan is covered by the BGK guarantee.

The Bank continues the process of applying for the ESG rating, which is an assessment of our business in terms of environmental impact, social responsibility and corporate governance - ESG - environmental, social, governance. On 26 October this year, the ESG Strategy was announced, listing the internal and external actions in these areas – for the environment and climate, for the social surrounding and for the corporate governance, and setting fully measurable targets, among others, achieving the climate neutrality in 2030. By the end of 2023, we have committed to reducing our carbon footprint by 20% compared to 2020, and to modernising our fleet so that it is made up of 30% hybrid or electric cars. Earlier, next year, all electricity consumed by BOŚ is to come from RES.

The ESG strategy will affect the products and the composition of the credit portfolio offered by BOŚ. A strong emphasis is placed on the development of sustainable products for the corporate and self-government customers. The sales volume of sustainable products in 2022 will rise to PLN 400 m.

The second pillar on which the ESG strategy is based focuses on social activity. The Bank wants to put more emphasis on creating opportunities for BOŚ Bank employees to develop and gain self-fulfilment. It has implemented the diversity policy, and it plans to implement training programmes for staff at different levels, support employee volunteering, organise projects to improve the well-being of employees, and conduct regular surveys of employee satisfaction and needs.

Externally, there are plans to get involved with the organisations and initiatives that focus sustainable business. Later this year, we will officially join the United Nations Global Compact (UNGC), the world's largest sustainable business organisation founded by Kofi Annan. The Bank will also join the Science Based Targets initiative (SBTi). This is an international initiative that helps companies set greenhouse gas emission reduction targets and align their activities with the principles of the low-carbon economy. There are also plans to launch an umbrella project entitled "Because we are full of green energy", which will comprise conferences, regional partner initiatives, workshops and educational activities on the social engagement. We also intend to develop a guide to help our customers to move around the world of sustainable financing.

The Bank plans to obtain the ESG rating by the end of 2021. In parallel with the strategy, the Bank published its 2020 ESG report. It provides detailed calculations summarising our efforts to minimise the negative impact of BOŚ on the environment, a list of actions aimed at employees and the development of the bank's organisational structure.

On 12 October 2021, Bank Ochrony Środowiska became one of the signatories to the Polish Hydrogen Agreement. This is the first Polish inter-ministerial initiative coordinated by the Ministry of Climate and Environment, which brings together public and private actors around the development of hydrogen energy. The agreement is to be the key instrument for the implementation of the Polish Hydrogen Strategy

until 2030, with a perspective until 2040, in which a list of long-term measures for the implementation and development of the hydrogen economy in our country is defined. BOŚ will be one of the institutions providing and organising the funding for forward-looking projects and entities operating in the hydrogen supply chain and its final customers. The development of the hydrogen-based energy is an important element of Poland's Energy Policy adopted this year until 2040. It involves taking actions to develop hydrogen mobility and achieve by 2030 the ability to transport a mixture containing about 10% non-natural gases (including hydrogen) through gas grids. On the other hand, the EU Hydrogen Strategy confirms the drive to increase the share of hydrogen in the EU's energy mix from the current 2% to 14% by 2050.

On 15 September this year the Bank signed the "Polish Offshore Wind Sector Deal". The overarching aim of the deal is to support the development of the sector in Poland and to maximise the participation of Polish entrepreneurs in the supply chain for offshore wind farms that are established in the Polish exclusive economic zone. The parties to the deal are representatives of the government administration and representatives of local government units, educational system operators, higher education and science, financial and budgetary units, investors and the industry, the Polish Wind Energy Association and the Polish Offshore Wind Energy Society. The value of investments in the Offshore Wind Energy Sector in Poland is estimated at PLN 130 billion by 2030. The accession to the agreement is a natural step for the Bank in the context of its strategy and long-term objectives related to the mission of the green transformation of the energy sector in Poland.

BOŚ is the first bank to fulfil the criteria for the open recruitment and sign an agreement with the National Fund for Environmental Protection and Water Management for the distribution of subsidies to the leasing of zero-emission vehicles under the priority scheme 'My electric car'. The objective of the programme is to stimulate the transformation of transport towards zero-emission transport, as companies, local authorities and institutions interested in leasing electric and hydrogen cars will be able to benefit from the subsidies, also through our bank. The budget of the 'My electric car' programme, which is planned to be implemented in the years 2021-2026, now amounts to PLN 500 m, including PLN 400 m for lease subsidies. From the funds received from the NFOŚiGW, intermediary banks will grant financial support to companies and institutions in the form of a non-returnable grant on factory new zero-emission vehicles of M1, N1 and L1e-L7e categories. The "My electric car" programme will result not only in the expansion of environmentally-friendly fleet, but also, indirectly, to the development of charging infrastructure. This will enable the partners to achieve two economic objectives – to boost the economy and to reduce emissions of harmful gases and substances into the atmosphere.

## 6. Financial results of the Group

### 6.1. Profit and loss account of the Group

thousand PLN	Q3 2021	Q2 2021	Q1-3 2021	Q1-3 2020	Change (%) Q3 21 / Q2 21	Change (%) Q1-3 21 / Q1-3 20
Interest and similar revenue	100,754	103,475	306,745	410,416	-2.6	-25.3
Interest and similar expenses	-12,221	-13,425	-40,692	-125,064	-9.0	-67.5
<b>Net interest income</b>	<b>88,533</b>	<b>90,050</b>	<b>266,053</b>	<b>285,352</b>	<b>-1.7</b>	<b>-6.8</b>
Fee and commission revenue	44,086	43,586	134,576	124,116	1.1	8.4
Costs of fees and commissions	-8,935	-9,821	-29,631	-28,084	-9.0	5.5
<b>Net fee and commission income</b>	<b>35,151</b>	<b>33,765</b>	<b>104,945</b>	<b>96,032</b>	<b>4.1</b>	<b>9.3</b>
Dividend revenue	382	6,321	6,706	6,255	-94.0	7.2
Result on financial instruments measured at fair value through profit or loss (including receivables from customers)	15,841	6,657	46,793	48,773	138.0	-4.1
Result on investment securities	-	-	-	4,239	x	x
Result on hedge accounting	65	-112	293	-1,557	-158.0	-118.8
Result on foreign exchange position	6,257	12,175	19,651	19,489	-48.6	0.8
Other operating revenues	11,775	7,219	26,449	16,474	63.1	60.5
Other operating expenses	-799	-19,051	-26,669	-19,213	-95.8	38.8
Result on legal risk of mortgage loans in foreign currencies	9,035	-9,050	-15	-10,542	x	-99.9
Result of impairment allowances	-43,271	-24,291	-106,420	-100,958	78.1	5.4
G&A costs	-93,234	-93,678	-290,294	-273,320	-0.5	6.2
<b>Gross profit</b>	<b>29,735</b>	<b>10,005</b>	<b>47,492</b>	<b>71,024</b>	<b>197.2</b>	<b>-33.1</b>
Tax burden	-5,860	-5,261	-16,753	-20,500	11.4	-18.3
<b>NET PROFIT</b>	<b>23,875</b>	<b>4,744</b>	<b>30,739</b>	<b>50,524</b>	<b>403.3</b>	<b>-39.2</b>

From 1 January to 30 September 2021, the BOŚ S.A. Group gained a net profit of PLN 30.7 m, as compared to PLN 50.5 m of profit realised in the corresponding period of 2020. In Q3 2021, net profit amounted to PLN 23.9 m, as compared to PLN 4.7 m in Q2 2021.

In the three quarters of 2021, the BOŚ S.A. Group generated the net interest income of PLN 266.1 m, i.e. lower by PLN 19.3 m or 6.8% than in the corresponding period of 2020.

The interest and similar income decreased by PLN 103.7 m or 25.3% during the three quarters of 2021 compared to the corresponding period of 2020, mainly due to the decrease in the interest income from institutional customers by PLN 56.1 m or 23.1%, the decrease in the interest income from receivables from individual customers by PLN 19.7 m or 23.0%, and also the decrease in the interest on investment debt securities not held for trading by PLN 32.1 m or 40.1%.

The decrease in the interest income was mainly due to the reduction of the interest rates. The average basic interest rate for loans granted by the Bank between January and September 2021 (without an impairment interest adjustment) was 2.90% compared to 3.80% in the same period of 2020, whereas:

- in PLN it was 3.09% as compared to 4.25% in the corresponding period of 2020,
- in foreign currency it was 2.23% as compared to 2.31% in the corresponding period of 2020.

thousand PLN	Q1-3 2021	Q1-3 2020	Change %
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<b>Interest and similar revenue on:</b>	<b>306,745</b>	<b>410,416</b>	<b>-25.3</b>
Receivables from banks and the Central Bank	3,514	646	444.0
Receivables from institutional customers	186,621	242,760	-23.1
Receivables from individual customers	66,187	85,916	-23.0
Investment debt securities not held for trading	47,983	80,055	-40.1
Financial instruments held for trading	2,440	1,039	134.8
<b>Interest and similar expenses on:</b>	<b>40,692</b>	<b>125,064</b>	<b>-67.5</b>
Bank accounts and deposits from banks	759	376	101.9
Bank accounts and deposits of institutional customers	1,042	21,107	-95.1
Bank accounts and deposits of individual customers	21,702	81,738	-73.4
Credits and loans from banks	-	-	x
Credits and loans from customers	122	409	-70.2
Funds for loans (JESSICA)	43	163	-73.6
Financial instruments - own issue debt securities	9,024	12,015	-24.9
Hedging transactions	4,986	5,891	-15.4
Lease liabilities	3,011	2,723	10.6
Litigation and claims related to foreign currency mortgage loans.	-	201	x
Other	3	441	-99.3
<b>NET INTEREST INCOME</b>	<b>266,053</b>	<b>285,352</b>	<b>-6.8</b>

The interest and similar revenues decreased by PLN 84.4 m or 67.5% as compared to the three quarters of 2020. The biggest impact on the decrease had the lower costs of bank accounts and deposits of individual customers by PLN 60.0 m or 73.4%, and of institutional customers by PLN 20.1 or 95.1%. The costs of financial instruments – own issue debt securities - decreased by PLN 3.0 m or 24.9%, and the costs of hedging transactions decreased by PLN 0.9 m or 15.4%.

The decrease in the interest expenses was mainly due to lower interest rates. The average base interest rate on deposits acquired through the Bank's branch chain from January to September 2021:

- in PLN it was 0.20% as compared to 0.96% in the corresponding period of 2020,
- in foreign currency it was 0.16% as compared to 0.29% in the corresponding period of 2020.

The Bank's interest result was influenced by the decisions of the Monetary Policy Council of 17 March, 8 April and 28 May 2020 to reduce the interest rates by a total of 140 bps.

The Group's result on fees and commissions amounted to PLN 104.9 million, which means an increase by PLN 8.9 m or 9.3% year-on-year, driven by a higher (8.4%) growth rate of fee and commission income than the growth rate of the fee and commission expenses (5.5%).

thousand PLN	Q1-3 2021	Q1-3 2020	Change %
<b>Fee and commission revenue</b>	<b>134,576</b>	<b>124,116</b>	<b>8.4</b>
Fees for brokerage services	73,796	70,081	5.3
Fees for servicing customer accounts, other clearing operations in domestic and foreign trade	27,389	24,082	13.7
Commissions on loans	28,171	25,354	11.1
Commissions on guarantees and letters of credit	4,768	4,231	12.7
Portfolio management and other management fees	449	367	22.3
Other charges	3	1	200.0
<b>Costs of fees and commissions</b>	<b>29,631</b>	<b>28,084</b>	<b>5.5</b>
Fees from brokerage activities, including:	21,624	20,747	4.2
from fiduciary activities	479	313	53.0
Payment card fees	5,376	4,862	10.6
Fees on current accounts	1,211	672	80.2
ATM service charges	919	919	0.0
Commission on receivables from customers	61	177	-65.5
Other charges	440	707	-37.8
<b>TOTAL NET FEE AND COMMISSION INCOME</b>	<b>104,945</b>	<b>96,032</b>	<b>9.3</b>

The fee and commission revenues grew by PLN 10.5 m or 8.4%. The highest growth was recorded in revenues on brokerage services, which increased by PLN 3.7 m or 5.3%. There was also an increase in the income on customer account fees, other domestic and international clearing transactions grew by PLN 3.3 m or 13.7%, the loan commission income - by PLN 2.8 m or 11.1% and the commission on guarantees and letters of credit - by PLN 0.1 m or 22.3%.

The fee and commission revenues grew by PLN 1.5 m or 5.5%. The increase was mainly due to higher charges on brokerage activity by PLN 0.9 m, or 4.2%.

The result on financial instruments valued at fair value through profit or loss was PLN 46.8m as compared to PLN 48.8m in the same period of 2020.

The foreign exchange position result amounted to PLN 19.7 m as compared to PLN 19.5 m in the same period of 2020.

In the three quarters of 2021, the result of impairment write-offs amounted to PLN -106.4 m as compared to PLN -101.0 m in the corresponding period of 2020. The lower result was related to the increase in the write-offs of individual customers.

The Group's general administrative expenses were higher by PLN 17.0 m or 6.2%, as compared to the corresponding period of 2020, mainly due to the salary costs higher by PLN 13.2 m or 10.6%.

The total annual contribution to the compulsory bank restructuring fund for 2021, set by BGF and amounting to PLN 15.7 m, was taken into account in the overall administrative costs. The total premiums to BGF included in the costs of the three quarters of 2021 amount to PLN 24.3 m against PLN 30.5 m in the corresponding period of last year.

	thousand PLN	Q1-3 2021	Q1-3 2020	Change %
Employee benefits		137,540	124,335	10.6
Administrative expenses, including:		111,331	108,897	2.2
– material costs		79,890	72,990	9.5
– taxes and charges		4,750	3,389	40.2
– contribution and payments to the BGF		24,304	30,494	-20.3
– contribution and payments to the PFSA		2,202	1,832	20.2
– contribution to the Financial Ombudsman's operating costs		117	124	-5.6
– contribution to the Chamber of Brokerage Houses		68	68	0.0
Depreciation and amortisation, including:		41,423	40,088	3.3
- fixed assets		10,135	10,028	1.1
– intangible assets		20,201	18,061	11.8
– rights of use		11,087	11,999	-7.6
<b>TOTAL G&amp;A EXPENSES</b>		<b>290,294</b>	<b>273,320</b>	<b>6.2</b>

The costs of employee benefits of the BOŚ S.A. Group in the three quarters of 2021 amounted to PLN 137.5 m against PLN 124.3 m in the corresponding period of last year. Employment in the BOŚ S.A. Group increased by 3.8%.

Employment in FTEs	30-09-2021	30-09-2020	Change %
Employment in BOŚ S.A.	1,135	1,105	2.7
Employment in subsidiaries	269	248	8.5
<b>EMPLOYMENT IN THE BOŚ S.A. GROUP</b>	<b>1,404</b>	<b>1,353</b>	<b>3.8</b>

## 6.2. The Group's assets

The balance sheet total of the Group as at 30 September 2021 amounted to PLN 19,498.4 m and was lower by 4.9% than at 31 December 2020.

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

As at 30 September 2021, receivables from customers accounted for the largest share of assets amounting to 59.2%. Their share in the assets increased by 1.2 pps since the end of 2020. On the other hand, the share of investment securities and the cash position, the funds in the Central Bank decreased, respectively, by 0.6 pps and 0.4 pps.

	thousand PLN	30-09-2021	31-12-2020	Change %
Cash in hand, cash at the Central Bank		169,404	266,552	-36.4
Receivables from other banks		116,134	155,616	-25.4
Financial assets held for trading		127,069	113,134	12.3
Investment securities:		6,887,656	7,371,414	-6.6
Receivables from customers, including:		11,539,233	11,887,297	-2.9
measured at amortised cost		11,522,195	11,861,783	-2.9
measured at fair value through profit or loss		17,038	25,514	-33.2
Intangible assets		107,567	110,902	-3.0
Tangible fixed assets		79,957	84,651	-5.5
Right of use - leasing		75,183	67,796	10.9
Income tax assets:		128,701	129,136	-0.3
Other assets		267,482	319,331	-16.2
<b>TOTAL ASSETS</b>		<b>19,498,386</b>	<b>20,505,829</b>	<b>-4.9</b>

### Receivables from customers

The carrying value of receivables from the Group's customers as at the end of Q3 2021 amounted to PLN 11,539.2 m and was lower by 2.9% than on 31 December 2020.

	thousand PLN	30-09-2021	31-12-2020	Change %
<b>Valuation at amortised cost</b>		<b>11,482,446</b>	<b>11,827,480</b>	<b>-2.9</b>
Receivables from individual customers		3,329,767	3,463,724	-3.9
overdrafts		2,715	3,028	-10.3
cash loans		325,293	364,300	-10.7
housing loans		2,756,868	2,845,873	-3.1
other credits and loans		244,891	250,523	-2.2
Receivables from institutional customers		8,152,679	8,363,756	-2.5
working capital facilities		703,463	518,709	35.6
time credits and loans		6,601,898	7,237,795	-8.8
factoring receivables		471,336	331,450	42.2
lease receivables		145,433	105,756	37.5
debt purchased		133,350	96,123	38.7
commercial securities		97,199	73,923	x
<b>Valuation at fair value through profit or loss</b>		<b>17,038</b>	<b>25,514</b>	<b>-33.2</b>
Receivables from individual customers		812	1,192	-31.9
housing credits and loans		300	427	-29.7
other credits and loans		512	765	-33.1
Receivables from institutional customers		16,226	24,322	-33.3
working capital facilities		26	39	-33.3
time credits and loans		16,200	24,283	-33.3
Total		11,499,484	11,852,994	-3.0
Margin deposited		36,839	31,704	16.2
Other receivables		2,910	2,599	x
<b>TOTAL RECEIVABLES FROM CUSTOMERS</b>		<b>11,539,233</b>	<b>11,887,297</b>	<b>-2.9</b>

At the end of Q3 2021, compared to the balance as at 31 December 2020, the volume of receivables valued at amortised cost from individual customers decreased by PLN 134.0 m or 3.9%, and the volume of receivables valued at amortised cost from institutional customers decreased by PLN 211.1 m or 2.5%.

The highest share in the total receivables, at 70.7%, was held by receivables from institutional customers measured at amortised cost. Their share increased by 0.3 pps, as compared to the end of 2020. The receivables of institutional customers measured at amortised cost amounted to PLN 8,152.7 m.

The share of receivables from individual customers measured at amortised cost in the total receivables decreased by 0.3 pps to 28.9%. The amount of loans of individual customers measured at amortised cost amounted to PLN 3,329.8 m at the end of Q3 2021, compared to PLN 3,463.7 m at the end of 2020.

	thousand PLN	30-09-2021	31-12-2020	Change %
Credits and loans measured at amortised cost		2,756,868	2,845,873	-3.1
housing loans in PLN		1,405,927	1,367,273	2.8
housing loans in CHF		776,203	860,971	-9.8
housing loans in EUR		541,721	583,561	-7.2
housing loans in USD		33,017	34,068	-3.1
Credits and loans at fair value through profit or loss		300	427	-29.7
Housing loans in PLN		300	427	-29.7
<b>TOTAL HOUSING LOANS</b>		<b>2,757,168</b>	<b>2,846,300</b>	<b>-3.1</b>

The main position in loans to individual customers is the housing loans valued at amortised cost, which at the end of Q3 2021 amounted to PLN 2,756.9 m, against PLN 2,845.9 m at the end of 2020.

The highest share in the housing loans portfolio is 49.0% of foreign currency loans (51.9% at the end of 2020). The share of housing loans in CHF in the total loan portfolio of the BOŚ S.A. Group (net) was 6.7% against 7.2% at the end of 2020.

### **New sales - loans granted between January and September 2021, compared to the corresponding period of the previous year**

	thousand PLN	Q1-3 2021	Q1-3 2020	Change %
Loans granted to institutional customers during the period		2,688,630	2,096,716	28.2
Loans granted to individual customers during the period		294,379	258,602	13.8
<b>LOANS GRANTED TO CUSTOMERS DURING THE PERIOD</b>		<b>2,983,009</b>	<b>2,355,318</b>	<b>26.6</b>

From January to September 2021, the Bank granted credits and loans (new sales) for the amount of PLN 3,0 billion, i.e. 26.6% more than in the corresponding period of 2020 (according to the principal value at the time of granting the loan). The sales to institutional customers increased by 28.2% and the sales to individual customers increased by 13.8%.

The sales of green loans from January to September of 2021 amounted to PLN 1,174.7 m and was higher by 13.5% than in the corresponding period of 2020.

## Quality of the loan portfolio

	30-09-2021		31-12-2020	
<b>Receivables from customers measured at amortised cost</b>				
Receivables from customers without evidence of impairment, of which	10,905,040	86.3	10,983,679	84.3
<i>exposures for which no significant increase in credit risk has occurred since their initial recognition (Basket 1)</i>	8,581,217	67.9	8,582,957	65.9
<i>exposures for which a significant increase in risk has occurred since the initial recognition (Basket 2), including:</i>	2,323,823	18.4	2,400,722	18.4
<i>wind farms</i>	1,031,774	8.2	1,167,101	9.0
Receivables from customers showing evidence of impairment (Basket 3) but not impaired due to estimated cash flows, including:	21,849	0.2	337,120	2.6
<i>wind farms</i>	6,755	0.1	219,641	1.7
Receivables from customers showing evidence of impairment and impaired (Basket 3), including:	1,702,427	13.5	1,709,690	13.1
<i>wind farms</i>	5,904	0.0	13,434	0.1
<b>Total receivables from customers measured at amortised cost (gross)</b>	<b>12,629,316</b>	<b>100.0</b>	<b>13,030,489</b>	<b>100.0</b>
<b>Impairment write-offs to:</b>				
<i>receivables from customers - (Basket 1)</i>	- 84,694		- 84,772	
<i>receivables from customers - (Basket 2), including:</i>	- 131,586		- 126,123	
<i>wind farms</i>	- 27,334		- 30,947	
<i>receivables from customers - (Basket 3) not impaired, of which:</i>	- 476		- 10,245	
<i>wind farms</i>	- 268		- 8,734	
<i>receivables from customers - (Basket 3) impaired, of which:</i>	- 930,114		- 981,869	
<i>wind farms</i>	- 91		- 1,578	
<b>Total impairment write-offs</b>	<b>- 1,146,870</b>		<b>- 1,203,009</b>	
<b>Total receivables from customers measured at amortised cost (net)</b>	<b>11,482,446</b>	<b>90.9</b>	<b>11,827,480</b>	<b>90.8</b>
<b>Receivables from customers measured at fair value through profit or loss</b>				
Fair value, including:	17,038		25,514	
<i>wind farms</i>	-		-	
<b>Total receivables from customers measured at fair value through profit or loss</b>	<b>17,038</b>		<b>25,514</b>	
Margin deposited	36,839		31,704	
Other receivables	2,910		2,599	
<b>Total receivables from customers</b>	<b>11,539,233</b>		<b>11,887,297</b>	

At the end of Q3 2021, the balance of impairment write-offs amounted to PLN 1,146.9 m. The share of impaired receivables from customers in the total portfolio measured at amortised cost was 13.5% at 30 September 2021 as compared to 13.1% at the end of 2020.

## 6.3. Total equity and liabilities of the Group

### Changes in the structure

	thousand PLN	30-09-2021	31-12-2020	Change %
Liabilities to the Central Bank and other banks		411,185	732,743	-43.9
Financial liabilities held for trading		65,835	103,316	-36.3
Derivative hedging instruments		8,021	24,497	-67.3
Liabilities to customers		15,942,137	16,560,715	-3.7
Subordinated liabilities		368,211	368,996	-0.2
Provisions		424,351	418,534	1.4
Income tax liabilities		4,542	1,103	311.8
Leasing liabilities		77,740	71,229	9.1
Other liabilities		276,055	311,526	-11.4
<b>Total equity</b>		<b>1,920,309</b>	<b>1,913,170</b>	<b>0.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,498,386</b>	<b>20,505,829</b>	<b>-4.9</b>

At the end of Q3 2021, liabilities to customers accounted for the highest share in the balance sheet total, at 81.8%. Their share increased by 1.0 pps as compared to 31 December 2020. On the other hand, the share of liabilities to the Central Bank and other banks and the share of liabilities held for trading decreased by 1.5 pps and 0.2 pps, respectively. The share of equity in the balance sheet total increased by 0.5% as a result of the inclusion of the total income in the current year.

### Liabilities of the Capital Group

	thousand PLN	30-09-2021	31-12-2020	Change %
Individual customers		8,594,426	9,380,943	-8.4
<i>current/settlement accounts</i>		4,981,522	5,206,561	-4.3
<i>term deposits</i>		3,612,904	4,174,382	-13.5
Institutional customers		6,553,019	6,305,999	3.9
<i>current/settlement accounts</i>		5,306,350	5,126,798	3.5
<i>term deposits</i>		1,246,669	1,179,201	5.7
Other customers		71,925	72,182	-0.4
Credits and loans received from International Financial Institutions		630,698	715,708	-11.9
Funds for loans		92,069	85,883	7.2
<b>TOTAL LIABILITIES</b>		<b>15,942,137</b>	<b>16,560,715</b>	<b>-3.7</b>

The main source of financing for the Group's operations are the liabilities to customers, including:

- deposit funds acquired through the Bank's branch network,
- credits and loans received from international financial institutions,
- funds obtained from external donors for credit activity in the form of direct lines, interest rate subsidies or principal grants (NFOŚiGW, the Voivodeship Funds for Environmental Protection and

Water Management, the European Fund for the Development of Polish Villages, JESSICA - Urban Development Fund).

The liabilities of the BOŚ S.A. Capital Group to customers, as at 30 September 2021, amounted to PLN 15,942.1 m and were lower by 3.7% than at the end of 2020.

The liabilities to institutional customers increased by 247.0m or 3.9%, and the liabilities to individual customers decreased by PLN 786.5m or 8.4% as compared to the end of 2020.

## 7. Basic financial indices

	Q1-3 2021	2020	Change in pps
Return on equity (ROE) <sup>1</sup>	2.1	-14.9	17.0
Return on assets (ROA) <sup>2</sup>	0.2	-1.6	1.8
Interest margin on total assets <sup>3</sup>	1.8	1.9	-0.1
Cost of risk <sup>4</sup>	-1.2	-1.2	0.0
Cost/income (C/I) <sup>5</sup> assuming an even distribution of the one-off BGF contribution costs over the year	64.5	62.0	2.5

1) the ratio of the annualised net profit to the average capital stock,

2) the ratio of the annualised net profit to the average assets,

3) the ratio of the annualised net interest income to the average opening and closing balance of assets,

4) the ratio of the result of impairment write-offs with fair value measurement for the last 12 months to the average balance of credits and loans in that period,

5) the ratio of the sum of the general administrative expenses and usage costs to the net interest income, net fee and commission income, dividend income, net income on financial instruments at fair value through profit or loss excluding valuation of receivables, net income on investment securities, net income on hedge accounting, net foreign exchange income, and net income on other operations.

The interest margin on total assets, calculated as the ratio of the net interest income to the average balance of assets, was 1.8% against 1.9% for the 2020 period. The decrease was mainly due to the lower market interest rates.

Assuming an even distribution of the costs of the BGF premium for the compulsory bank restructuring fund over the year, the cost/revenue ratio was 64.5% compared to 62.0% in 2020.

## 8. Capital management

The Group has decided, for capital adequacy purposes, to apply transitional solutions during the transitional period, to mitigate the impact of the implementation of IFRS 9 on own funds, based on Article 1(9) of Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017 (Regulation) amending Regulation (EU) No. 575/2013. In addition, it was decided not to apply section 4 of Article 1 of Regulation (EU) 2017/2395.

Taking into account the impact of the implementation of IFRS 9 both with and without the transitional arrangements, the Bank and the Group meet the applicable capital standards as at 30 September 2021.

In connection with the decision to apply the transitional provisions from 1 February 2018, the Group discloses own funds, the capital ratios, as well as the leverage ratio, both with and without the application of the transitional arrangements arising from Article 473a of Regulation (EU) No. 575/2013.

The levels of the capital, the risk-weighted assets, the capital ratios and the leverage ratio in the Group were as follows:

	30-09-2021	31-12-2020
<b>Available capital</b>		
Share capital Tier 1	1,870,852	1,889,750
Common Equity Tier 1 capital - excluding transitional provisions of IFRS 9	1,813,689	1,809,722
Tier 1 capital	1,870,852	1,889,750
Tier 1 capital - excluding transitional provisions of IFRS 9	1,813,689	1,809,722
Own funds	2,071,818	2,145,333
Equity - excluding transitional provisions of IFRS 9	2,014,655	2,065,305
<b>Risk-weighted assets</b>		
Total amount of risk-weighted assets	13,304,759	14,438,751
Total risk-weighted assets - excluding transitional provisions of IFRS 9	13,253,971	14,386,856
<b>Capital ratios</b>		
Common Equity Tier 1 ratio	14.06	13.09
Common Equity Tier 1 ratio - excluding transitional provisions of IFRS 9	13.68	12.58
Tier 1 capital ratio	14.06	13.09
Tier 1 capital ratio - excluding transitional provisions of IFRS 9	13.68	12.58
Total capital ratio	15.57	14.86
Total capital ratio - excluding transitional provisions of IFRS 9	15.20	14.36
<b>Leverage ratio</b>		
Exposure value	21,773,668	22,073,776
Leverage ratio	8.6	8.6
Leverage ratio - excluding transitional provisions of IFRS 9	8.3	8.3

Under Article 92 of the CRR Regulation, the Group is required to maintain a total capital ratio of at least 8%. The Tier 1 capital ratio and the Common Equity Tier 1 capital ratio should be at least 6% and 4.5%, respectively.

Pursuant to the CRR Regulation and the act of 5 August 2015 on macroprudential supervision of the financial system and crisis management in the financial system, financial institutions are required to

maintain additional capital buffers for capital ratios. As of 1 January 2019, the security buffer is 2.5 pps, and the countercyclical buffer is 0 pps. Bank Ochrony Środowiska S.A. and the BOŚ S.A. Capital Group were not covered by buffers of another institution of systemic importance. The system buffer was dissolved by decision of the Minister of Finance of 18 March 2020.

On 16 December 2020, the Polish Financial Supervision Authority recommended that the Bank should maintain own funds, at the consolidated level, to cover the additional capital requirement to secure the risk arising from mortgage-backed foreign currency loans and advances to households, at a level of 0.5 pps above the total capital ratio referred to in Article 92(1)(c) of the CRR Regulation, which should consist of at least 75% of Tier 1 capital (corresponding to the capital requirement of 0.37 pps above the Tier 1 capital ratio referred to in Article 92(1)(c) of the CRR Regulation) and at least 56% of Common Equity Tier 1 capital (which corresponds to the capital requirement of 0.28 pps above the Common Equity Tier 1 capital ratio referred to in Article 92(1)(a) of the CRR Regulation).

As a result, as at 30 September 2021, the minimum capital ratios recommended by the Commission are 8.87% for the Tier 1 capital ratio and 11.0% for the total capital ratio TCR.

The levels of the capital, the risk-weighted assets, the capital ratios and the leverage ratio in the Bank were as follows:

	30-09-2021	31-12-2020
<b>Available capital</b>		
Share capital Tier 1	1,834,411	1,858,426
Common Equity Tier 1 capital - excluding transitional provisions of IFRS 9	1,763,839	1,759,626
Tier 1 capital	1,834,411	1,858,426
Tier 1 capital - excluding transitional provisions of IFRS 9	1,763,839	1,759,626
Own funds	2,035,376	2,114,009
Equity - excluding transitional provisions of IFRS 9	1,964,805	2,015,209
Risk-weighted assets		
Total amount of risk-weighted assets	12,709,902	14,111,218
Total risk-weighted assets - excluding transitional provisions of IFRS 9	12,658,148	14,013,272
<b>Capital ratios</b>		
Common Equity Tier 1 ratio	14.43	13.17
Common Equity Tier 1 ratio - excluding transitional provisions of IFRS 9	13.93	12.56
Tier 1 capital ratio	14.43	13.17
Tier 1 capital ratio - excluding transitional provisions of IFRS 9	13.93	12.56
Total capital ratio	16.01	14.98
Total capital ratio - excluding transitional provisions of IFRS 9	15.52	14.38
<b>Leverage ratio</b>		
Exposure value	21,383,913	22,001,072
Leverage ratio	8.6	8.4
Leverage ratio - excluding transitional provisions of IFRS 9	8.3	8.0

On 3 December 2020, the Polish Financial Supervision Authority recommended that the Bank should maintain own funds, at the consolidated level, to cover the additional capital requirement to secure the risk arising from mortgage-backed foreign currency loans and advances to households, at a level of 0.51 pps above the total capital ratio referred to in Article 92(1)(c) of the CRR Regulation, which should consist of at least 75% of Tier 1 capital (corresponding to the capital requirement of 0.38 pps above the Tier 1 capital ratio referred to in Article 92(1)(c) of the CRR Regulation) and at least 56% of Common Equity Tier 1 capital (which corresponds to the capital requirement of 0.29 pps above the Common Equity Tier 1 capital ratio referred to in Article 92(1)(a) of the CRR Regulation).

As a result, as at 30 September 2021, the minimum capital ratios recommended by the Commission are 8.88% for the Tier 1 capital ratio and 11.01% for the total capital ratio TCR.

## 9. Segment reporting

As required by IFRS 8, operating segments were determined on the basis of internal reports on the components of the enterprise subject to periodic review by the executive responsible for making operational decisions. The principles applied in preparing the segment reporting are described in note 47 of the annual consolidated financial statement for the year ended on 31 December 2020. The operating segment's performance for the corresponding period of the previous year was made comparable. The consolidated financial results of BOŚ S.A. Capital Group for the nine-month periods ended on 30 September 2021 and 30 September 2020 attributable to the adopted segments are presented below.

Item	Report showing the components of the profit and loss account for the 9-month period ended on 30 September 2021	INSTITUTIONAL DIVISION	INDIVIDUAL DIVISION	TREASURY AND INVESTMENT ACTIVITIES	BROKERAGE ACTIVITIES	OTHER (NOT ALLOCATED TO SEGMENTS)	BOŚ GROUP
<b>I.</b>	<b>Net interest income</b>	<b>123,391</b>	<b>36,333</b>	<b>107,724</b>	<b>- 795</b>	<b>- 600</b>	<b>266,053</b>
1.	Interest and similar revenue, including:	200,856	97,487	16,479	81	2	314,905
	<i>sales to external customers</i>	190,331	66,643	49,690	81	-	306,745
	<i>sales to other segments</i>	10,525	30,844	- 33,211	-	2	8,160
2.	Interest and similar expenses, including:	- 77,465	- 61,154	91,245	- 876	- 602	- 48,852
	<i>sales to external customers</i>	- 1,038	- 21,710	- 17,769	- 175	-	- 40,692
	<i>sales to other segments</i>	- 76,427	- 39,444	109,014	- 701	- 602	- 8,160
<b>II.</b>	<b>Net fee and commission income</b>	<b>47,308</b>	<b>5,422</b>	<b>-</b>	<b>52,621</b>	<b>- 406</b>	<b>104,945</b>
III.	Dividend revenue	241	-	6,286	179	-	6,706
IV.	Result on financial instruments measured at fair value through profit or loss	24	52	19,856	26,861	-	46,793
V.	Result on hedge accounting	-	-	293	-	-	293
VI.	Result on investment securities	-	-	-	-	-	-
VII.	Result on foreign exchange position	13,525	13,231	- 7,024	- 76	- 5	19,651
<b>VIII.</b>	<b>Result on banking activities</b>	<b>184,489</b>	<b>55,038</b>	<b>127,135</b>	<b>78,790</b>	<b>- 1,011</b>	<b>444,441</b>
IX.	Result of other operating income and expenses	- 4,069	- 5,016	11,047	- 1,391	- 791	- 220
X.	Result on legal risk of mortgage loans in foreign currencies	-	- 15	-	-	-	- 15
XI.	Result of impairment allowances	- 58,450	- 46,322	- 1,648	-	-	- 106,420
<b>XII.</b>	<b>Result on financial activities</b>	<b>121,970</b>	<b>3,685</b>	<b>136,534</b>	<b>77,399</b>	<b>- 1,802</b>	<b>337,786</b>
1.	Direct costs	- 25,744	- 17,227	- 1,943	- 51,435	- 992	- 97,341
	<b>Result after direct costs</b>	<b>96,226</b>	<b>- 13,542</b>	<b>134,591</b>	<b>25,964</b>	<b>- 2,794</b>	<b>240,445</b>
2.	Indirect costs and mutual services	- 53,437	- 56,328	- 10,324	-	-	- 120,089
	<b>Result after direct and indirect costs</b>	<b>42,789</b>	<b>- 69,870</b>	<b>124,267</b>	<b>25,964</b>	<b>- 2,794</b>	<b>120,356</b>
3.	Depreciation and amortisation	- 15,078	- 17,530	- 1,554	- 5,982	- 1,279	- 41,423
5.	Other costs (taxes, BGF, KNF)	- 16,194	- 11,892	- 325	- 2,816	- 214	- 31,441
<b>XIII.</b>	<b>Gross financial result</b>	<b>11,517</b>	<b>- 99,292</b>	<b>122,388</b>	<b>17,166</b>	<b>- 4,287</b>	<b>47,492</b>
XIV.	Allocated ALM result	67,658	40,013	- 107,671	-	-	-
<b>XV.</b>	<b>Gross financial result after allocation of the ALM result</b>	<b>79,175</b>	<b>- 59,279</b>	<b>14,717</b>	<b>17,166</b>	<b>- 4,287</b>	<b>47,492</b>
XVI.	Tax burden						- 16,753
<b>XVII.</b>	<b>Net financial result</b>						<b>30,739</b>
	<b>Segment assets</b>	<b>8,292,975</b>	<b>3,328,130</b>	<b>7,359,538</b>	<b>328,353</b>	<b>189,390</b>	<b>19,498,386</b>
	including receivables from banks and customers						-
	<b>Segment liabilities</b>	<b>5,824,598</b>	<b>7,565,133</b>	<b>3,405,910</b>	<b>1,987,578</b>	<b>715,167</b>	<b>19,498,386</b>
	including liabilities to banks and customers	5,407,963	8,817,833	1,753,117	1,206,400	74,179	17,259,492
	<b>Expenditures on non-current assets and intangible assets</b>	<b>7,709</b>	<b>7,985</b>	<b>938</b>	<b>5,789</b>	<b>44</b>	<b>22,465</b>

Item	Report showing the components of the profit and loss account for the 9-month period ended on 30 September 2020	INSTITUTIONAL DIVISION	INDIVIDUAL DIVISION	TREASURY AND INVESTMENT ACTIVITIES	BROKERAGE ACTIVITIES	OTHER (NOT ALLOCATED TO SEGMENTS)	BOŚ GROUP
<b>I.</b>	<b>Net interest income</b>	<b>159,101</b>	<b>47,996</b>	<b>77,465</b>	<b>1,570</b>	<b>- 780</b>	<b>285,352</b>
1.	Interest and similar revenue, including:	303,558	188,297	- 76,438	3,013	14	418,444
	<i>sales to external customers</i>	248,257	86,349	75,436	374	-	410,416
	<i>sales to other segments</i>	55,301	101,948	- 151,874	2,639	14	8,028
2.	Interest and similar expenses, including:	- 144,457	- 140,301	153,903	- 1,443	- 794	- 133,092
	<i>sales to external customers</i>	- 21,330	- 81,588	- 21,487	- 659	-	- 125,064
	<i>sales to other segments</i>	- 123,127	- 58,713	175,390	- 784	- 794	- 8,028
<b>II.</b>	<b>Net fee and commission income</b>	<b>40,313</b>	<b>6,701</b>	<b>2</b>	<b>49,701</b>	<b>- 685</b>	<b>96,032</b>
III.	Dividend revenue	679	-	5,526	50	-	6,255
IV.	Result on financial instruments measured at fair value through profit or loss	7	12	12,046	36,708	-	48,773
V.	Result on hedge accounting	-	-	- 1,557	-	-	- 1,557
VI.	Result on investment securities	-	-	4,239	-	-	4,239
VII.	Result on foreign exchange position	8,813	2,209	8,617	- 135	- 15	19,489
<b>VIII.</b>	<b>Result on banking activities</b>	<b>208,913</b>	<b>56,918</b>	<b>106,338</b>	<b>87,894</b>	<b>- 1,480</b>	<b>458,583</b>
IX.	Result of other operating income and expenses	568	10,940	- 6	- 2,567	- 11,674	- 2,739
X.	Result on legal risk of mortgage loans in foreign currencies	-	- 10,542	-	-	-	- 10,542
XI.	Result of impairment allowances	- 80,050	- 20,193	- 715	-	-	- 100,958
<b>XII.</b>	<b>Result on financial activities</b>	<b>129,431</b>	<b>37,123</b>	<b>105,617</b>	<b>85,327</b>	<b>- 13,154</b>	<b>344,344</b>
1.	Direct costs	- 19,139	- 18,249	- 1	- 47,207	- 1,000	- 85,596
	<b>Result after direct costs</b>	<b>110,292</b>	<b>18,874</b>	<b>105,616</b>	<b>38,120</b>	<b>- 14,154</b>	<b>258,748</b>
2.	Indirect costs and mutual services	- 50,335	- 51,008	- 10,386	-	-	- 111,729
	<b>Result after direct and indirect costs</b>	<b>59,957</b>	<b>- 32,134</b>	<b>95,230</b>	<b>38,120</b>	<b>- 14,154</b>	<b>147,019</b>
3.	Depreciation and amortisation	- 13,971	- 17,301	- 1,458	- 6,083	- 1,275	- 40,088
5.	Other costs (taxes, BGF, KNF)	- 17,875	- 15,059	- 107	- 2,658	- 208	- 35,907
<b>XIII.</b>	<b>Gross financial result</b>	<b>28,111</b>	<b>- 64,494</b>	<b>93,665</b>	<b>29,379</b>	<b>- 15,637</b>	<b>71,024</b>
XIV.	Allocated ALM result	47,570	41,105	- 88,675	-	-	-
<b>XV.</b>	<b>Gross financial result after allocation of the ALM result</b>	<b>75,681</b>	<b>- 23,389</b>	<b>4,990</b>	<b>29,379</b>	<b>- 15,637</b>	<b>71,024</b>
XVI.	Tax burden	-	-	-	-	-	- 20,500
<b>XVII.</b>	<b>Net financial result</b>						<b>50,524</b>
	<b>Segment assets</b>	<b>8,657,628</b>	<b>3,520,639</b>	<b>7,803,259</b>	<b>327,311</b>	<b>178,465</b>	<b>20,487,302</b>
	including receivables from banks and customers	8,472,097	3,520,639	202,450	17,465	2,810	12,215,461
	<b>Segment liabilities</b>	<b>5,423,439</b>	<b>8,817,833</b>	<b>4,444,443</b>	<b>1,458,555</b>	<b>343,032</b>	<b>20,487,302</b>
	including liabilities to banks and customers	5,407,963	8,817,833	1,753,117	1,206,400	74,179	17,259,492
	<b>Expenditures on non-current assets and intangible assets</b>	<b>7,709</b>	<b>7,985</b>	<b>938</b>	<b>5,789</b>	<b>44</b>	<b>22,465</b>

## 10. Information on ongoing proceedings

### Litigation in general

As at 30 September 2021, Bank Ochrony Środowiska S.A. was:

- a plaintiff in 794 cases for the total amount of: PLN 77.97 million,
- a defendant in 650 cases for the total amount of: PLN 190.91 million.

As at 30 September 2021, the Bank was not involved in any material proceedings pending before courts, arbitration authorities or public administration bodies, concerning the issuer's liabilities or receivables, i.e. proceedings whose value represents at least 10% of the Bank's equity.

## 11. Other factors that will affect performance over at least the next quarter

### Risks material from the BOŚ Group's point of view with regard to financing customers from the wind farm portfolio

A part of BOŚ S.A.'s corporate loan portfolio is comprised of exposures related to loans granted in the past years to finance on-shore wind farms benefiting from the green certificate support system. The risks relating to the financing of this group of customers, identified by the Bank as part of its ongoing monitoring of the economic and financial standing, in particular the market and regulatory risk, are taken into account in the process of individual assessment of exposure, carried out on a monthly basis based on a dedicated valuation model.

The risk of volatility of market prices of electricity and green certificates is addressed in the valuation model by implementing the price paths forecast by the Bank in the medium and long term. The price paths adopted for the valuation are subject to periodical updates based on reports of renowned independent third-party experts; the last update of the price path forecasts took place in June 2021, another update is planned for December 2021. The funds deposited in the reserve accounts, intended for supporting the on-going handling of loans, still mitigate the potential reduction of the revenues realised by the Customers as a result of periodical decreases in the prices of energy and/or green certificates.

### Impact of the coronavirus pandemic on the business of customers from the wind farm portfolio

The economic downturn caused by the COVID-19 epidemic has not, to date, materially affected the financial position of customers from the wind farm portfolio. The loans are handled on time, in accordance with the agreed repayment schedules.

### Risk of legal disputes between the Bank's customers and Energa - Obrót S.A.

The actions of Energa - Obrót S.A., taken in September 2017 and resulting in the discontinuation of twenty-two framework CPAs (Certificate Purchase Agreements) for the receipt of property rights resulting from green certificates and in instituting legal proceedings against the counterparties and banks for declaring the absolute invalidity of the agreements concluded, concerned eight customers financed by the Bank.

As at 30 September 2021, six customers of BOŚ S.A. were in litigation with Energa Obrót S.A., with a total exposure of the Bank amounting to PLN 87.9 m, representing 8.4% of the total exposure on account of credit exposures from the wind farm portfolio. So far, the conducted proceedings have resulted in six

disputes ended with dismissal of Energa Obrót S.A.'s claim by virtue of final judgments issued by the Court of Appeal.

By the end of Q3 2021, Energa Obrót S.A. filed cassation appeals against three judgments of the Court of Appeal favourable to the Bank's customers; further proceedings in these cases are pending before the Supreme Court.

The Bank conducts an ongoing monitoring of the status of pending court proceedings. All customers being in litigation with Energa Obrót S.A. are handling their loan liabilities on time.

As at 30 September 2021, BOŚ S.A. did not act as a co-respondent in any of the pending court disputes with Energa Obrót S.A., therefore the Bank does not identify any risk of having to incur additional costs arising from the proceedings to which its customers are the parties.

### **Risk of regulatory changes with respect to property tax**

The amendment to the Act on amending the renewable energy sources act and certain other acts, published on 29 June 2018, enabled the reinstatement, with retroactive effect as of 1 January 2018, of the provisions favourable to investors concerning the rules of property taxation for wind power plants, which had been in force before 1 January 2017.

On 22 July 2020 the Constitutional Court ruled that the regulations implementing the retroactive reduction of property tax liabilities on wind farms for 2018 were unconstitutional. At the same time, the Constitutional Tribunal set a deadline of 18 months for the legislator to introduce appropriate statutory solutions in order to compensate the communes for the losses suffered as a result of the enactment of the regulations resulting in lowering their income from the wind power plant tax. As at 30 September 2021, the legislative work was ongoing on a draft act prepared by the Ministry of Climate and Environment on compensation for income lost by municipalities.

The scale of potential additional tax burdens and their impact on the financial standing of the Bank's customers from the wind farms portfolio will depend on the legal solutions finally adopted by the legislator, which should ensure compliance of the amended RES Act with the Constitution.

### **Information on proceedings held against the Bank regarding reimbursement of a portion of costs of a consumer credit in connection with early repayment**

On 11 September 2019, the CJEU gave a preliminary ruling in Case C-383/18 Lexitor vs. SKOK Stefczyka, Santander Consumer Bank and mBank, which interpreted the provisions of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC.

In response to the preliminary question raised by the domestic court, EUCJ stated that the consumer's right to reduce the total cost of a loan in the event of an early repayment includes all costs imposed on the consumer.

No proceedings are pending against the Bank concerning the reimbursement of part of the costs of consumer loans under the act of 17 December 2009 on the recovery of claims in group proceedings.

As at 30 September 2021, there were 4 proceedings pending before the courts against the Bank concerning the reimbursement of a portion of the costs of consumer loans due to early repayment.

### **Information on initiated court proceedings concerning credits and loans denominated or indexed in foreign currencies**

On 3 October 2019, the European Union Court of Justice ('EUCJ') gave a preliminary ruling in Case C-260/18 Kamil Dziubak, Justyna Dziubak vs. Raiffeisen Bank International AG, Vienna, which operates in Poland in

the form of a branch known as Raiffeisen Bank International AG Branch in Poland, formerly Raiffeisen Bank Polska S.A. based in Warsaw, which interpreted the provisions of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts in response to the questions referred for a preliminary ruling from the national court after an examination of the provisions of the credit agreement indexed to CHF.

According to the judgment, the EUCJ did not address the issue of the non-permitted nature of contractual clauses, indicating that it is up to the national courts to examine the existence of all grounds of abusiveness and to assess the contractual provisions in each individual case. At the same time, the EUCJ did not exclude the possibility for the national court to decide that a contract may continue to function without an indexation mechanism (which would lead to treating the loan as a zloty loan at the LIBOR rate), but this was considered an uncertain solution in the EUCJ opinion. The EUCJ excluded the possibility of supplementing agreements after the elimination of the abusive clauses under the general provisions of the national law. However, the EUCJ confirmed the possibility of filling the gaps in agreements with the rules resulting from an explicit dispositive provision or other rules agreed by the parties.

Since the issuance of the EUCJ judgment, the number of court proceedings concerning loan agreements linked to foreign exchange rates has been increasing. The reasons for this phenomenon can be found in the intensified marketing activity of entities representing borrowers in court proceedings and the continued presence of the issue in the mass media, and the evolving trend in the national courts' case law.

Most court judgments issued after the EUCJ ruling of 3 October 2019 are not beneficial for banks, but the case-law is still not uniform. Some courts which have dealt with mortgage loans linked to the foreign exchange rate submitted further preliminary ruling questions to the EUCJ. The position of the EUCJ in this respect may have an impact on further judicial case-law.

The Bank continuously monitors the national case-law by assessing the legal risks related to loans valued with the exchange rate of foreign currency and takes into account the fact that the EUCJ judgment of 3 October 2019 and the judgments of Polish courts in similar cases have an effect on the increase in the number of court proceedings and the increase in the value of claims.

On 7 May 2021, the Supreme Court composed of 7 judges adopted a resolution on the response to the questions asked by the Financial Ombudsman, confirming that, in case of invalidity of a credit agreement, each party is entitled to a separate claim for reimbursement of the performance and indicating that a contract can only be declared definitively ineffective if the consumer is duly informed of the consequences of the contract annulment and does not agree to being bound by a provision considered abusive. The questions asked by the Financial Ombudsman only partially coincided with the questions sent to the Supreme Court by the First President of the Supreme Court. The resolution of the full composition of the Supreme Court Civil Chamber covering all the issues raised by the First President of the Supreme Court has not been adopted so far. The meeting of the full Supreme Court Civil Chamber was scheduled for 11 May 2021 (the previous terms were 25 March and 13 April 2021). However, the Supreme Court did not adopt the proposed resolution within the time limit specified above, but asked the Civil Rights Ombudsman, the Ombudsman for Children, the Office of the Banking Supervision Commission and the President of the National Bank of Poland to present a position on the direction of settlements of the legal issues presented by the First President of the Supreme Court. The expected positions were transferred to the Supreme Court. At the next meeting of the full Civil Chamber, scheduled for 2 September this year, no substantive resolution was adopted. The decision to refer the questions regarding the the rules of appointment and disciplinary responsibility of judges to the Court of Justice of the European Union. Referring preliminary ruling questions on the systemic issues to the EUCJ means that the next meeting of the full Chamber may probably take place in a dozen or so months. In parallel, in the decision of 29 July 2021, the Supreme Court composed of three judges presented the enlarged composition of the Supreme Court (7 judges) a legal question relating to the remuneration for using the capital. The date of the meeting is not known.

At the same time, also in January 2021, a group of banks, including Bank Ochrony Środowiska S.A., based on the proposal of the President of the UKNF (announced in December 2020), launched cross-sectoral consultations on the creation of a catalogue of best practices in order to prepare an agreement to be

concluded with customers on the basis of a voluntary offer, under which foreign currency loans would be settled as if they were initially PLN loans with interest at WIBOR rates and a corresponding margin.

Until the date of this Report, the Bank did not implement a programme of offering broad settlements to its customers. However, when estimating the provision for the legal risk related to foreign currency mortgage loans, the Bank's Management Board took into account the scenario of concluding agreements with customers in justified cases, due to the development of case law that is disadvantageous for the banks and the high estimated willingness of customers to enter into an agreement with the Bank.

As on 30 September 2021, the total provisions for risk related to foreign currency mortgage loans amount to PLN 415.2 m, of which PLN 376.7 m is presented as a provision for litigation and claims for legal risk related to foreign currency mortgage loans, and PLN 38.5 m is presented as additional allowance for expected credit loss.

As at 30 September 2021, there were a total of 582 cases pending before courts against the Bank, which concerned credits and loans denominated mainly to CHF, with the litigation value of PLN 167.56 m. The claims raised in the lawsuits stemming from the denominated credit and loan agreements generally concern declaring the credit/loan agreement invalid, and, alternatively, declaring the denomination (conversion) clauses abusive.

#### **PFSA – administrative procedure on administrative penalty**

At the turn of July and August 2018, the PFSA carried out an audit of the Bank regarding the implementation of its anti-money laundering and terrorist financing obligations. Following the audit, the PFSA issued post-inspection recommendations and initiated an ex officio administrative penalty procedure, as a result of which the Bank was punished with a fine of PLN 1.2 m. The administrative decision on the imposition of the penalty is not final and Bank Ochrony Środowiska S.A. has submitted an application for reviewing the case. The BOŚ Group created a reserve of the above amount. The proceeding has not finished.

#### **GIIF – administrative procedure on administrative penalty**

In March 2019, the General Financial Information Inspector (GIIF) carried out an audit of the Bank regarding the implementation of its anti-money laundering and terrorist financing obligations. Following the audit work, the Bank received a positive rating with irregularities. The GIIF initiated an ex officio administrative penalty procedure, as a result of which the Bank was punished with a fine of PLN 4.5 m. The Bank appealed against the GIIF decision to the Minister of Finance, who issued a decision in December 2020 annulling the entire GIIF decision contested by the Bank concerning imposing a fine of PLN 4.5 m on the Bank, and imposed a fine of PLN 3.7 m on the Bank. The Bank submitted a complaint against the Minister's decision to the Voivodeship Administrative Court. On 21 July 2021, the Voivodeship Administrative Court in Warsaw issued a judgment in which it annulled the decision of the MoF and the preceding decision of the GIIF.

The Bank's attorney was served the cassation appeal of the MoF. A reply to the appeal has been sent.

#### **Other factors**

The activities of the Bank's Capital Group in Q4 2021 will be strongly influenced by the macroeconomic conditions and the situation of the financial markets.

The following factors (often interrelated and interdependent) will influence the economic situation in the world, thus affecting the economic situation of Poland:

- the continued recovery of the global economy, albeit at a slower pace than in Q2 and Q3,
- the evolution of the epidemic situation in the autumn and winter in the northern hemisphere, in particular the evolution of the number of hospital admissions affecting the robustness of the health systems,
- possible tightening of the anti-pandemic restrictions,
- the existence of supply limitations in the industry, persistent distortions in global supply chains and high raw material prices resulting in a risk of limiting the global economic activity (among others, through the impact on the reduction of production in certain economic sectors, on the propensity to consume of private individuals and on the employment and investment of companies), while maintaining (at least in the short term) the cost and inflationary pressures in the economy,
- start/continuation by some central banks of tightening the monetary policy in the context of increased inflation.

As regards the Polish economy, important macroeconomic and market factors are:

- the continuation of the domestic economy recovery in the context of the growing household consumption, the growth in private and public investment and the continued activity in the global economy,
- the evolution of the epidemic situation in the autumn and winter, in particular the evolution of the number of hospital admissions affecting the robustness of the health systems,
- possible tightening of the anti-pandemic restrictions,
- the existence of supply limitations in the industry, persistent distortions in global supply chains and high raw material prices resulting in a risk of limiting the global economic activity (among others, through the impact on the reduction of production in certain economic sectors, on the propensity to consume of private individuals and on the employment and investment of companies), while maintaining (at least in the short term) the cost and inflationary pressures in the economy,
- the continuation standardisation of the NBP monetary policy (increase in the NBP rates) in the context of the high current CPI inflation exceeding the NBP's inflation target, with a clear reduction in the volume of NBP's financial asset redemption,
- maintaining a high level of government bond yields under the market expectations for further tightening of the monetary policy,
- post-pandemic adjustments in the business sector, among others, in the context of the phasing-out of the public support and the longer-term effects of the crisis,
- the gradual increase in the loan demand in the context of a progressive recovery of activity, with a continuation of the increase in the deposit volume, high liquidity in the national banking sector,
- the risk of increased volatility of the PLN exchange rate in view of the uncertainty on the global financial market as to the realisation of the global economic development scenario and the uncertainty as to the final solutions concerning mortgage loans denominated in foreign currencies.

## **12. Description of unusual factors and events affecting the financial performance**

In Q3 2021, in BOŚ S.A. there were no other significant events for the assessment of its HR, property or financial situation, financial result and their changes and for the assessment of the ability to pay its liabilities.

### **13. The Management Board's position regarding the possibility of fulfilling the published forecasts**

The BOŚ S.A. Group did not publish forecasts of the financial results in Q3 2021.

### **14. Seasonality or cyclic nature of the activity**

In the operations of the Bank there are no significant phenomena subject to seasonal fluctuations or of a cyclic nature. The results of Dom Maklerski BOŚ S.A. are influenced by the business situation on the Warsaw Stock Exchange.

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

During Q3 2021, the Bank did not issue or redeem any BOŚ S.A. securities.

### **16. Information on dividend**

In Q3 2021, the Bank did not pay or declare to pay any dividends.

### **17. Transactions of related parties**

From 1 January 2021 to 30 September 2021, the Bank and its subsidiaries did not conclude any transactions with related parties which, individually or in combination, would be material and concluded on terms other than market terms.

### **18. Information on credit or loan sureties or the granting of guarantees, if the total value of existing sureties or guarantees is equivalent to at least 10% of the issuer's equity**

In Q3 2021, the Bank did not grant any sureties or guarantees for credits or loans whose total value is equivalent to at least 10% of own equity.

### **19. Shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total voting rights at the issuer's General Meeting**

The following Shareholders held at least 5% of the total number of votes and of the share in the equity:

- National Fund for Environmental Protection and Water Management - holding 53,951,960 shares or 58.05% of the share capital and of the total number of votes at the General Meeting,
- Fundusz Inwestycji Polskich Przedsiębiorstw Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych - holding 8,000,000 shares or 8.61% of the share capital and of the total number of votes at the General Meeting,
- Dyrekcja Generalna Lasów Państwowych (State Forest Enterprise Directorate General) - holding 5,148,000 shares or 5.54% of the share capital and of the total number of votes at the General Meeting.

The total number of shares and votes at the General Meeting of BOŚ S.A. is 92,947,671. All shares are ordinary bearer shares with a nominal value of PLN 10 each.

## **20. Statement of the holding of the Bank's shares by managers and supervisors**

On 1 July 2021, 22,107 phantom shares were converted into cash and paid out to Mr. Arkadiusz Garbarczyk, Vice-President and first deputy to the President of the Management Board.

Phantom shares are derivative instruments within the meaning of the regulations on trading in financial instruments, the underlying instrument of which is the value of the Bank's shares on the WSE used by the Bank to effect the payment of the variable remuneration in accordance with the requirements of the Regulation of the Minister of Development and Finance of 6 March 2017 on risk management system and internal control system, remuneration policy and the detailed method of estimating internal capital in banks (report ESPI 24/2021).

According to the information provided, none of the members of the Management Board and none of the members of the Supervisory Board held any of the Bank's shares or any shares in related entities at the end of Q3 2021.

## **21. Other information which, in the opinion of the issuer, is relevant for the assessment of its personnel, property, financial situation, its financial result and changes thereof, and information which is relevant to the issuer**

In Q3 2021, in BOŚ S.A. there were no other significant events for the assessment of its HR, property or financial situation, financial result and their changes and for the assessment of the ability to pay its liabilities.

## **22. Composition of the Bank's Supervisory Board**

At the meeting on 13 July 2021, the Supervisory Board elected Mr. Emil Ślęzak as Chairman of the Supervisory Board.

In Q3 2021, the composition of the Supervisory Board did not change any other way.

In view of the above, the composition of the Bank's Supervisory Board as at 30 September 2021 was as follows:

1. Emil Ślężak - Chairman of the Supervisory Board
2. Ireneusz Purgacz - Vice-Chairman of the Supervisory Board
3. Paweł Sałek - Secretary of the Supervisory Board
4. Leszek Banasak - Member of the Supervisory Board,
5. Robert Czarnecki - Member of the Supervisory Board,
6. Zbigniew Dynak - Member of the Supervisory Board,
7. Janina Goss - Member of the Supervisory Board,
8. Marcin Jastrzębski - Member of the Supervisory Board,
9. Andrzej Matysiak - Member of the Supervisory Board,
10. Piotr Wróbel - Member of the Supervisory Board.

As at the date of this report, the composition of the Bank's Supervisory Board did not change.

## 23. Composition of the Bank's Management Board

In Q3 2021 and until the date of this report, the composition of the Bank's Management Board did not change.

As at 30 September 2021, the Management Board was composed of:

1. Wojciech Hann - President of the Management Board,
2. Arkadiusz Garbarczyk - Vice-President - First Deputy President of the Management Board,
3. Robert Kasprzak - Vice-President of the Management Board,
4. Marzena Koczut - Vice-President of the Management Board,
5. Jerzy Zań - Vice-President of the Management Board.

## INTERIM CONDENSED FINANCIAL STATEMENT OF BOŠ S.A. CAPITAL GROUP

### Interim consolidated profit and loss account

Continuing operations	for the 3-month period ended on 30-09-2021	for the 9-month period ended on 30-09-2021	for the 3-month period ended on 30-09-2020	for the 9-month period ended on 30-09-2020
Interest and similar revenue, including:	100,754	306,745	117,228	410,416
<i>financial assets measured at amortised cost</i>	90,194	274,726	101,513	352,316
<i>assets measured at fair value through other comprehensive income</i>	9,580	29,025	14,618	56,108
<i>financial assets mandatorily measured at fair value through profit or loss</i>	980	2,994	1,097	1,992
Interest and similar expenses, including:	- 12,221	- 40,692	- 33,117	- 125,064
<i>financial liabilities measured at amortised cost</i>	- 10,538	- 35,706	- 31,080	- 119,173
<i>financial liabilities measured at fair value through profit or loss</i>	- 1,683	- 4,986	- 2,037	- 5,891
<b>Net interest income</b>	<b>88,533</b>	<b>266,053</b>	<b>84,111</b>	<b>285,352</b>
Fee and commission revenue	44,086	134,576	42,854	124,116
Costs of fees and commissions	- 8,935	- 29,631	- 8,325	- 28,084
<b>Net fee and commission income</b>	<b>35,151</b>	<b>104,945</b>	<b>34,529</b>	<b>96,032</b>
Dividend revenue	382	6,706	695	6,255
Result on financial instruments measured at fair value through profit or loss (including receivables from customers)	15,841	46,793	14,074	48,773
Result on investment securities	-	-	513	4,239
Result on hedge accounting	65	293	- 1,585	- 1,557
Result on foreign exchange position	6,257	19,651	7,802	19,489
Other operating revenues	11,775	26,449	3,501	16,474
Other operating expenses	- 799	- 26,669	- 5,013	- 19,213
Result on legal risk of mortgage loans in foreign currencies	9,035	- 15	- 1,994	- 10,542
Result of impairment allowances	- 43,271	- 106,420	- 37,933	- 100,958
G&A costs	- 93,234	- 290,294	- 86,368	- 273,320
<b>Gross profit</b>	<b>29,735</b>	<b>47,492</b>	<b>12,332</b>	<b>71,024</b>
Tax burden	- 5,860	- 16,753	- 1,490	- 20,500
<b>Net profit</b>	<b>23,875</b>	<b>30,739</b>	<b>10,842</b>	<b>50,524</b>
<b>of which attributable to:</b>				
<i>shareholders of the parent company</i>		30,739		50,524
<i>non-controlling shareholders</i>		-		-

Earnings per share attributable to shareholders of the parent company during the period (in PLN)				
<i>basic</i>		0.33		0.54
<i>diluted</i>		0.33		0.54

There were no discontinued operations during the 9-month period ended on 30 September 2021 and in 2020.

## Interim consolidated statement of comprehensive income

Continuing operations	for the 3-month period ended on 30-09-2021	for the 9-month period ended on 30-09-2021	for the 3-month period ended on 30-09-2020	for the 9-month period ended on 30-09-2020
Net profit	23,875	30,739	10,842	50,524
<b>Items that can be reclassified to the profit and loss account:</b>	<b>- 8,532</b>	<b>- 23,600</b>	<b>- 3,408</b>	<b>15,362</b>
Fair value of financial assets measured at fair value through other gross comprehensive income	- 10,533	- 29,136	- 4,207	18,966
Deferred tax	2,001	5,536	799	- 3,604
<b>Items not subject to reclassification to the profit and loss account:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>15,343</b>	<b>7,139</b>	<b>7,434</b>	<b>65,886</b>
<b>of which attributable to:</b>				
<i>shareholders of the parent company</i>	15,343	7,139	7,434	65,886

## Interim consolidated statement of financial position

Assets	30-09-2021	31-12-2020
Cash in hand, cash at the Central Bank	169,404	266,552
Receivables from other banks	116,134	155,616
Financial assets held for trading, including:	127,069	113,134
<i>equity securities</i>	23,721	14,032
<i>debt securities</i>	1,060	805
<i>derivatives</i>	102,288	98,297
Investment securities:	6,887,656	7,371,414
<i>equity securities measured at fair value through other comprehensive income</i>	85,483	85,480
<i>debt securities measured at fair value through other comprehensive income</i>	5,052,889	5,597,061
<i>debt securities measured at amortised cost</i>	1,604,493	1,535,239
<i>debt securities measured at fair value through profit or loss</i>	144,791	153,634
Receivables from customers, including:	11,539,233	11,887,297
<i>measured at amortised cost</i>	11,522,195	11,861,783
<i>measured at fair value through profit or loss</i>	17,038	25,514
Intangible assets	107,567	110,902
Tangible fixed assets	79,957	84,651
Right of use - leasing	75,183	67,796
Income tax assets:	128,701	129,136
<i>current</i>	47	8,433
<i>deferred</i>	128,654	120,703
Other assets	267,482	319,331
<b>Total assets</b>	<b>19,498,386</b>	<b>20,505,829</b>

Liabilities	30-09-2021	31-12-2020
Liabilities to the Central Bank and other banks	411,185	732,743
Financial liabilities held for trading, including:	65,835	103,316
<i>equity securities</i>	526	575
<i>debt securities</i>	-	-
<i>derivatives</i>	65,309	102,741
Derivative hedging instruments	8,021	24,497
Liabilities to customers	15,942,137	16,560,715
Subordinated liabilities	368,211	368,996
Provisions	424,351	418,534
Income tax liabilities:	4,542	1,103
<i>current</i>	2,280	856
<i>deferred</i>	2,262	247
Leasing liabilities	77,740	71,229
Other liabilities	276,055	311,526
<b>Total liabilities</b>	<b>17,578,077</b>	<b>18,592,659</b>

Equity	30-09-2021	31-12-2020
<b>Equity attributable to shareholders of the parent company:</b>		
Share capital:	1,461,036	1,461,036
<i>Issued capital</i>	929,477	929,477
<i>Own shares</i>	-1,292	-1,292
<i>Share premium account</i>	532,851	532,851
Revaluation reserve	44,269	67,869
Retained earnings	415,004	384,265
<b>Total equity</b>	<b>1,920,309</b>	<b>1,913,170</b>
<b>Total equity and liabilities</b>	<b>19,498,386</b>	<b>20,505,829</b>

## Restated interim consolidated profit and loss account of the BOŠ Group

Continuing operations	Data in published financial statement for 3-month period ended on 30-09-2020	Adjustment due to change in the presentation method	Adjusted data in this financial statement for 3-month period ended on 30-09-2020	Data in published financial statement for 9-month period ended on 30-09-2020	Adjustment due to change in the presentation method	Adjusted data in this financial statement for 9-month period ended on 30-09-2020
Interest and similar revenue, including:	117,228	-	117,228	410,416	-	410,416
<i>financial assets measured at amortised cost</i>	101,513	-	101,513	352,316	-	352,316
<i>assets measured at fair value through other comprehensive income</i>	14,618	-	14,618	56,108	-	56,108
<i>financial assets measured at fair value through profit or loss</i>	1,097	-	1,097	1,992	-	1,992
Interest and similar expenses, including:	- 33,117	-	- 33,117	- 125,064	-	- 125,064
<i>financial liabilities measured at amortised cost</i>	- 31,080	-	- 31,080	- 119,173	-	- 119,173
<i>financial liabilities measured at fair value through profit or loss</i>	- 2,037	-	- 2,037	- 5,891	-	- 5,891
<b>Net interest income</b>	<b>84,111</b>	-	<b>84,111</b>	<b>285,352</b>	-	<b>285,352</b>
Fee and commission revenue	42,854	-	42,854	124,116	-	124,116
Costs of fees and commissions	- 8,325	-	- 8,325	- 28,084	-	- 28,084
<b>Net fee and commission income</b>	<b>34,529</b>	-	<b>34,529</b>	<b>96,032</b>	-	<b>96,032</b>
Dividend revenue	695	-	695	6,255	-	6,255
Result on financial instruments measured at fair value through profit or loss (including receivables from customers)	14,074	-	14,074	48,773	-	48,773
Result on investment securities	513	-	513	4,239	-	4,239
Result on hedge accounting	- 1,585	-	- 1,585	- 1,557	-	- 1,557
Result on foreign exchange position	7,802	-	7,802	19,489	-	19,489
Other operating revenues	3,507	- 6	3,501	16,485	- 11	16,474
Other operating expenses	- 7,013	2,000	- 5,013	- 29,766	10,553	- 19,213
Result on legal risk of mortgage loans in foreign currencies	-	- 1,994	- 1,994	-	- 10,542	- 10,542
Result of impairment allowances	- 37,933	-	- 37,933	- 100,958	-	- 100,958
G&A costs	- 86,368	-	- 86,368	- 273,320	-	- 273,320

<b>Gross profit</b>	<b>12,332</b>	-	<b>12,332</b>	<b>71,024</b>	-	<b>71,024</b>
Tax burden	- 1,490	-	- 1,490	- 20,500	-	- 20,500
<b>Net profit</b>	<b>10,842</b>	-	<b>10,842</b>	<b>50,524</b>	-	<b>50,524</b>

## Interim consolidated statement of changes in equity

Specification	Capital attributable to the Bank's shareholders								Total equity
	Share capital			Revaluation reserve	Retained earnings				
	Issued capital	Own shares	Share premium account		Other supplementary capital	Other reserve capitals	General risk fund	Undistributed financial result	
<b>As at 01-01-2021</b>	<b>929,477</b>	<b>- 1,292</b>	<b>532,851</b>	<b>67,869</b>	<b>776,085</b>	<b>23,605</b>	<b>48,302</b>	<b>- 463,727</b>	<b>1,913,170</b>
Net profit	-	-	-	-	-	-	-	30,739	30,739
Other comprehensive income	-	-	-	- 23,600	-	-	-	-	- 23,600
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>- 23,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,739</b>	<b>7,139</b>
<b>Profit appropriation, including:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>- 377,457</b>	<b>-</b>	<b>-</b>	<b>377,457</b>	<b>-</b>
Coverage of loss from previous years	-	-	-	-	- 374,421	-	-	374,421	-
Coverage of 2018 issue costs from supplementary capital	-	-	-	-	- 3,036	-	-	3,036	-
<b>As at 30-09-2021</b>	<b>929,477</b>	<b>- 1,292</b>	<b>532,851</b>	<b>44,269</b>	<b>398,628</b>	<b>23,605</b>	<b>48,302</b>	<b>- 55,531</b>	<b>1,920,309</b>
<b>As at 01-01-2020</b>	<b>929,477</b>	<b>- 1,292</b>	<b>532,851</b>	<b>47,695</b>	<b>694,403</b>	<b>23,605</b>	<b>48,302</b>	<b>- 75,111</b>	<b>2,199,930</b>
Net profit	-	-	-	-	-	-	-	- 306,934	- 306,934
Other comprehensive income	-	-	-	20,174	-	-	-	-	20,174
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>- 306,934</b>	<b>- 286,760</b>
<b>Profit appropriation, including:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,682</b>	<b>-</b>	<b>-</b>	<b>- 81,682</b>	<b>-</b>
Transfer of profit or loss to other capitals	-	-	-	-	81,682	-	-	- 81,682	-
<b>As at 31-12-2020</b>	<b>929,477</b>	<b>- 1,292</b>	<b>532,851</b>	<b>67,869</b>	<b>776,085</b>	<b>23,605</b>	<b>48,302</b>	<b>- 463,727</b>	<b>1,913,170</b>

<b>As at 01-01-2020</b>	<b>929,477</b>	<b>- 1,292</b>	<b>532,851</b>	<b>47,695</b>	<b>694,403</b>	<b>23,605</b>	<b>48,302</b>	<b>- 75,111</b>	<b>2,199,930</b>
Net profit	-	-	-	-	-	-	-	50,524	50,524
Other comprehensive income	-	-	-	15,362	-	-	-	-	15,362
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,362</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,524</b>	<b>65,886</b>
<b>Profit appropriation, including:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,682</b>	<b>-</b>	<b>-</b>	<b>- 81,682</b>	<b>-</b>
Transfer of profit or loss to other capitals	-	-	-	-	81,682	-	-	- 81,682	-
<b>As at 30-09-2020</b>	<b>929,477</b>	<b>- 1,292</b>	<b>532,851</b>	<b>63,057</b>	<b>776,085</b>	<b>23,605</b>	<b>48,302</b>	<b>- 106,269</b>	<b>2,265,816</b>

There were no non-controlling interests in the 9-month period ended on 30 September 2021 and in 2020.

## Interim consolidated cash flow statement

Indirect method	for the 9-month period ended on 30-09-2021	for the 9-month period ended on 30-09-2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Gross profit</b>	<b>47,492</b>	<b>71,024</b>
<b>Total adjustments:</b>	<b>19,288</b>	<b>1,014,646</b>
Depreciation and amortisation	41,423	40,088
Interest on investment activities	-39,394	-44,882
Profit/loss on investment activities	11	49
Interest on financial activities	12,074	14,734
Dividends received:	-6,706	-6,255
<i>from securities held for trading</i>	179	50
<i>from investment securities</i>	6,527	6,205
Change of balance of:		
<i>receivables from other banks</i>	56,392	-38,965
<i>assets from securities held for trading</i>	-9,944	36,252
<i>assets and liabilities arising from valuation of derivative and investment securities</i>	-57,899	33,022
<i>receivables from customers</i>	348,064	-29,345
<i>other assets and income tax</i>	58,147	-83,394
<i>liabilities to the Central Bank and other banks</i>	-321,558	273,499
<i>liabilities to customers</i>	-618,578	1,475,345
<i>provisions</i>	5,817	21,596
<i>other liabilities and income tax</i>	-34,361	117,878
Income tax paid	-14,823	-38,063
<b>Net cash flows from operating activities</b>	<b>66,780</b>	<b>1,085,670</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
<b>Receipts</b>	<b>40,749</b>	<b>50,313</b>
Disposal of tangible fixed assets	14	165
Interest received on securities measured at amortised cost	40,735	50,148
<b>Expenditures</b>	<b>-92,882</b>	<b>-22,431</b>
Acquisition of securities measured at amortised cost	-70,595	-
Acquisition of intangible assets	-16,606	-10,906
Acquisition of tangible fixed assets	-5,681	-11,525
<b>Net cash flows from investment activities</b>	<b>-52,133</b>	<b>27,882</b>
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		
<b>Receipts</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>	<b>-24,795</b>	<b>-29,050</b>
Interest paid on bonds issued by BOŚ Group, including:	-9,804	-14,440
<i>subordinated bonds</i>	-9,804	-14,440
Lease payments IFRS 16	-14,991	-14,610
<b>Net cash flows from financial activities</b>	<b>-24,795</b>	<b>-29,050</b>
<b>TOTAL NET CASH FLOWS</b>	<b>-10,148</b>	<b>1,084,502</b>

<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>2,479,832</b>	<b>1,687,915</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>2,469,684</b>	<b>2,772,417</b>
Restricted cash and cash equivalents	31,594	30,390

## INTERIM CONDENSED FINANCIAL STATEMENT OF BOŠ S.A.

### Interim Profit and Loss Account of the Bank

Continuing operations	for the 3-month period ended on 30-09-2021	for the 9-month period ended on 30-09-2021	for the 3-month period ended on 30-09-2020	for the 9-month period ended on 30-09-2021
Interest and similar revenue, including:	99,144	301,494	116,727	409,250
<i>financial assets measured at amortised cost</i>	88,595	269,494	101,036	351,212
<i>assets measured at fair value through other comprehensive income</i>	9,580	29,025	14,618	56,108
<i>financial assets measured at fair value through profit or loss</i>	969	2,975	1,073	1,930
Interest and similar expenses, including:	- 12,170	- 40,516	- 32,879	- 126,655
<i>financial liabilities measured at amortised cost</i>	- 10,487	- 35,530	- 30,842	- 120,764
<i>financial liabilities measured at fair value through profit or loss</i>	- 1,683	- 4,986	- 2,037	- 5,891
<b>Net interest income</b>	<b>86,974</b>	<b>260,978</b>	<b>83,848</b>	<b>282,595</b>
Fee and commission revenue	21,372	62,651	17,881	55,523
Costs of fees and commissions	- 2,568	- 7,971	- 2,358	- 7,251
<b>Net fee and commission income</b>	<b>18,804</b>	<b>54,680</b>	<b>15,523</b>	<b>48,272</b>
Dividend revenue	241	6,527	679	6,205
Result on financial instruments measured at fair value through profit or loss (including receivables from customers)	8,774	19,499	2,042	13,036
Result on investment securities	-	-	513	4,239
Result on hedge accounting	65	293	- 1,585	- 1,557
Result on foreign exchange position	6,116	19,907	7,243	18,999
Other operating revenues	8,193	13,951	1,025	7,583
Other operating expenses	- 1,796	- 19,972	- 1,874	- 12,945
Result on legal risk of mortgage loans in foreign currencies	9,035	- 15	- 1,994	- 10,542
Result of impairment allowances	- 43,030	- 102,218	- 38,616	- 103,079
G&A costs	- 69,715	- 222,160	- 64,708	- 211,052
Share in profits (losses) of entities valued with the equity method	4,992	11,813	8,748	21,780
<b>Gross profit</b>	<b>28,653</b>	<b>43,283</b>	<b>10,844</b>	<b>63,534</b>
Tax burden	- 4,496	- 12,700	1,017	- 14,168
<b>Net profit</b>	<b>24,157</b>	<b>30,583</b>	<b>11,861</b>	<b>49,366</b>

Earnings per share attributable to shareholders of the parent company during the period (in PLN)				
<i>basic</i>		0.33		0.53
<i>diluted</i>		0.33		0.53

There were no discontinued operations during the 9-month period ended on 30 September 2021 and in 2020.

## Interim Statement of Comprehensive Income of the Bank

Continuing operations	for the 3-month period ended on 30-09-2021	for the 9-month period ended on 30-09-2021, adjusted	for the 3-month period ended on 30-09-2020	for the 9-month period ended on 30-09-2020, adjusted
<b>Net profit</b>	<b>24,157</b>	<b>30,583</b>	<b>11,861</b>	<b>49,366</b>
<b>Items that can be reclassified to the profit and loss account:</b>	<b>- 8,532</b>	<b>- 23,600</b>	<b>- 3,408</b>	<b>15,362</b>
Fair value of financial assets measured at fair value through other gross comprehensive income	-10,533	- 29,136	- 4,207	18,966
Deferred tax	2,001	5,536	799	- 3,604
<b>Items not subject to reclassification to the profit and loss account:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>15,625</b>	<b>6,983</b>	<b>8,453</b>	<b>64,728</b>

## Interim Statement of Financial Position of the Bank

Assets	30-09-2021	31-12-2020
Cash in hand, cash at the Central Bank	169,387	266,532
Receivables from other banks	97,147	142,015
Financial assets held for trading, including:	74,586	79,827
<i>derivatives</i>	74,586	79,827
Investment securities:	6,887,656	7,371,414
<i>equity securities measured at fair value through other comprehensive income</i>	85,483	85,480
<i>debt securities measured at fair value through other comprehensive income</i>	5,052,889	5,597,061
<i>debt securities measured at amortised cost</i>	1,604,493	1,535,239
<i>debt securities measured at fair value through profit or loss</i>	144,791	153,634
Receivables from customers, including:	11,566,091	11,891,853
<i>measured at amortised cost</i>	11,549,053	11,866,339
<i>measured at fair value through profit or loss</i>	17,038	25,514
Investments in subsidiaries	189,617	193,803
Intangible assets	95,704	99,484
Tangible fixed assets	34,734	38,429
Right of use - leasing	71,684	63,482
Income tax assets:	122,670	124,127
<i>current</i>	-	8,433
<i>deferred</i>	122,670	115,694
Other assets	32,409	27,896
<b>Total assets</b>	<b>19,341,685</b>	<b>20,298,862</b>

Liabilities	30-09-2021	31-12-2020
Liabilities to the Central Bank and other banks	411,185	732,743
Derivative financial instruments held for trading	59,952	97,410
Derivative hedging instruments	8,021	24,497
Liabilities to customers	15,940,897	16,553,777
Subordinated liabilities	368,211	368,996
Provisions	418,620	415,070
Income tax liabilities:	2,280	-
<i>current</i>	2,280	-
Leasing liabilities IFRS 16	74,218	66,733
Other liabilities	140,912	129,230
<b>Total liabilities</b>	<b>17,424,296</b>	<b>18,388,456</b>

Equity	30-09-2021	31-12-2020
<b>Equity</b>		
Share capital:	1,460,364	1,460,364
<i>Share capital</i>	929,477	929,477
<i>Own shares</i>	- 1,294	- 1,294
<i>Share premium account</i>	532,181	532,181
Revaluation reserve	44,269	67,869
Retained earnings	412,756	382,173
<b>Total equity</b>	<b>1,917,389</b>	<b>1,910,406</b>
<b>Total equity and liabilities</b>	<b>19,341,685</b>	<b>20,298,862</b>

## Transformed Interim Profit and Loss Account of the Bank

Continuing operations	Data in the published financial statement for the 3-month period ended on 30-09-2020 unaudited	Adjustment due to change in the presentation method	Adjusted data in this financial statement for the 3-month period ended on 30-09-2020 unaudited	Data in the published financial statement for the 9-month period ended on 30-09-2020 unaudited	Adjustment due to change in the presentation method	Adjusted data in this financial statement for the 9-month period ended on 30-09-2020 unaudited
Interest and similar revenue, including:	116,727	-	116,727	409,250	-	409,250
<i>financial assets measured at amortised cost</i>	101,036	-	101,036	351,212	-	351,212
<i>assets measured at fair value through other comprehensive income</i>	14,618	-	14,618	56,108	-	56,108
<i>financial assets measured at fair value through profit or loss</i>	1,073	-	1,073	1,930	-	1,930
Interest and similar expenses, including:	- 32,879	-	- 32,879	- 126,655	-	- 126,655
<i>financial liabilities measured at amortised cost</i>	- 30,842	-	- 30,842	- 120,764	-	- 120,764
<i>financial liabilities measured at fair value through profit or loss</i>	- 2,037	-	- 2,037	- 5,891	-	- 5,891
<b>Net interest income</b>	<b>83,848</b>	-	83,848	<b>282,595</b>	-	282,595
Fee and commission revenue	17,881	-	17,881	55,523	-	55,523
Costs of fees and commissions	- 2,358	-	- 2,358	- 7,251	-	- 7,251
<b>Net fee and commission income</b>	<b>15,523</b>	-	15,523	<b>48,272</b>	-	48,272
Dividend revenue	679	-	679	6,205	-	6,205
Result on financial instruments measured at fair value through profit or loss (including receivables from customers)	2,042	-	2,042	13,036	-	13,036
Result on investment securities	513	-	513	4,239	-	4,239
Result on hedge accounting	- 1,585	-	- 1,585	- 1,557	-	- 1,557
Result on foreign exchange position	7,243	-	7,243	18,999	-	18,999
Other operating revenues	1,031	- 6	1,025	7,594	- 11	7,583

Other operating expenses	- 3,874	2,000	- 1,874	- 23,498	10,553	- 12,945
Result on legal risk of mortgage loans in foreign currencies	-	- 1,994	- 1,994	-	- 10,542	- 10,542
Result of impairment allowances	- 38,616	-	- 38,616	- 103,079	-	- 103,079
G&A costs	- 64,708	-	- 64,708	- 211,052	-	- 211,052
Share in profits (losses) of entities valued with the equity method	8,748	-	8,748	21,780	-	21,780
<b>Gross profit</b>	<b>10,844</b>	-	<b>10,844</b>	<b>63,534</b>	-	<b>63,534</b>
Tax burden	1,017	-	1,017	- 14,168	-	- 14,168
<b>Net profit</b>	<b>11,861</b>	-	<b>11,861</b>	<b>49,366</b>	-	<b>49,366</b>

## Interim Statement of Changes in the Bank's Equity

Specification	Share capital			Revaluation reserve	Retained earnings			Total equity
	Issued capital	Own shares	Share premium account		Other supplementary capital	General risk fund	Undistributed financial result	
<b>As at 01-01-2021</b>	<b>929,477</b>	<b>- 1,294</b>	<b>532,181</b>	<b>67,869</b>	<b>726,193</b>	<b>48,302</b>	<b>- 392,322</b>	<b>1,910,406</b>
Net profit	-	-	-	-	-	-	30,583	30,583
Other comprehensive income	-	-	-	- 23,600	-	-	-	- 23,600
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>- 23,600</b>	<b>-</b>	<b>-</b>	<b>30,583</b>	<b>6,983</b>
<b>Profit appropriation, including:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>- 392,322</b>	<b>-</b>	<b>392,322</b>	<b>-</b>
Coverage of loss from previous years	-	-	-	-	- 389,286	-	389,286	-
Coverage of 2018 issue costs from supplementary capital	-	-	-	-	- 3,036	-	3,036	-
<b>As at 30-09-2021</b>	<b>929,477</b>	<b>- 1,294</b>	<b>532,181</b>	<b>44,269</b>	<b>333,871</b>	<b>48,302</b>	<b>30,583</b>	<b>1,917,389</b>
<b>As at 01-01-2020 after adjustments</b>	<b>929,477</b>	<b>- 1,294</b>	<b>532,181</b>	<b>47,695</b>	<b>645,531</b>	<b>48,302</b>	<b>- 1,362</b>	<b>2,200,530</b>
Net profit	-	-	-	-	-	-	- 310,298	- 310,298
Other comprehensive income	-	-	-	20,174	-	-	-	20,174
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,174</b>	<b>-</b>	<b>-</b>	<b>- 310,298</b>	<b>- 290,124</b>
<b>Profit appropriation, including:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,662</b>	<b>-</b>	<b>- 80,662</b>	<b>-</b>
Transfer of profit or loss to other capitals	-	-	-	-	80,662	-	- 80,662	-
<b>As at 31-12-2020</b>	<b>929,477</b>	<b>- 1,294</b>	<b>532,181</b>	<b>67,869</b>	<b>726,193</b>	<b>48,302</b>	<b>- 392,322</b>	<b>1,910,406</b>
<b>As at 01-01-2020 after adjustments</b>	<b>929,477</b>	<b>- 1,294</b>	<b>532,181</b>	<b>47,695</b>	<b>645,531</b>	<b>48,302</b>	<b>- 1,362</b>	<b>2,200,530</b>
Net profit	-	-	-	-	-	-	49,366	49,366

Other comprehensive income	-	-	-	15,362	-	-	-	15,362
<b>Total comprehensive income</b>	-	-	-	<b>15,362</b>	-	-	<b>49,366</b>	<b>64,728</b>
<b>Profit appropriation, including:</b>	-	-	-	-	<b>80,662</b>	-	<b>- 80,662</b>	-
Transfer of profit or loss to other capitals	-	-	-	-	80,662	-	- 80,662	-
<b>As at 30-09-2020 after adjustments</b>	<b>929,477</b>	<b>- 1,294</b>	<b>532,181</b>	<b>63,057</b>	<b>726,193</b>	<b>48,302</b>	<b>- 32,658</b>	<b>2,265,258</b>

## Interim Statement of Cash Flows of the Bank

Indirect method	for the 9-month period ended on 30-09-2021	for the 9-month period ended on 30-09-2020, adjusted
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Gross profit</b>	<b>43,283</b>	<b>63,534</b>
<b>Total adjustments:</b>	<b>-155</b>	<b>1,019,162</b>
Share in net (profit) loss of subsidiaries valued with the equity method	-11,813	-21,780
Depreciation and amortisation	33,793	32,424
Interest on investment activities	-39,394	-44,882
Profit/loss on investment activities	-8	1
Interest on financial activities	11,959	14,622
Dividends received:	-6,527	-6,205
<i>from investment securities</i>	6,527	6,205
Change		
<i>receivables from other banks</i>	61,428	-35,131
<i>securities held for trading</i>	-	37,522
<i>assets and liabilities arising from valuation of derivative and hedging financial instruments</i>	-48,693	29,181
<i>investment securities</i>	593,917	-763,168
<i>receivables from customers</i>	325,762	-1,442
<i>other assets and income tax</i>	3,960	- 4,999
<i>liabilities to the Central Bank and other banks</i>	-321,558	273,499
<i>liabilities to customers</i>	-612,880	1,513,529
<i>provisions</i>	3,550	20,083
<i>other liabilities and income tax</i>	11,682	-206
Income tax paid	-11,860	-30,091
<b>Net cash flows from operating activities</b>	<b>43,128</b>	<b>1,082,696</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
<b>Receipts</b>	<b>56,745</b>	<b>50,149</b>
Disposal of tangible fixed assets	10	1
Interest received on securities measured at amortised cost	40,735	50,148
Dividends received	16,000	-
<b>Expenditures</b>	<b>-87,435</b>	<b>-16,561</b>
Acquisition of securities measured at amortised cost	-70,595	-
Acquisition of intangible assets	-14,181	-8,630
Acquisition of tangible fixed assets	-2,659	-7,931
<b>Net cash flows from investment activities</b>	<b>-30,690</b>	<b>33,588</b>
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		
<b>Receipts</b>	-	-

<b>Expenditures</b>	<b>-22,982</b>	<b>-27,281</b>
Interest paid on bonds issued by the Bank, including:	-9,804	-14,440
<i>subordinated bonds</i>	-9,804	-14,440
Lease instalments	-13,178	-12,841
<b>Net cash flows from financial activities</b>	<b>-22,982</b>	<b>-27,281</b>
<b>TOTAL NET CASH FLOWS</b>	<b>-10,544</b>	<b>1,089,003</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>2,475,299</b>	<b>1,677,058</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>2,464,755</b>	<b>2,766,061</b>
Restricted cash and cash equivalents	31,594	30,390

## I. Information on the accounting principles (policy) adopted in the preparation of the interim condensed consolidated financial statement of the BOŚ Group and the interim condensed financial statement of the Bank

### Basis of preparation and statement of compliance

The interim condensed consolidated financial statement of the BOŚ Group includes:

- 1) the interim condensed profit and loss summary account for the 9-month period ended on 30 September 2021 and the comparative data for the 9-month period ended on 30 September 2020, and the data for the 3-month period ended on 30 September 2021 and the comparative data for the 3-month period ended on 30 September 2020,
- 2) the interim condensed consolidated statement of comprehensive income for the 9-month period ended on 30 September 2021 and the comparative data for the 9-month period ended on 30 September 2020, and the data for the 3-month period ended on 30 September 2021 and the comparative data for the 3-month period ended on 30 September 2020,
- 3) the interim condensed consolidated statement of financial position as at 30 September 2021 and the comparative data as at 31 December 2020,
- 4) the interim condensed consolidated statement of changes in equity for the 9-month period ended on 30 September 2021 and the comparative data for the 9-month period ended on 30 September 2020 and for the 12-month period ended on 31 December 2020,
- 5) the interim condensed consolidated statement of cash flows for the 9-month period ended on 30 September 2021 and the comparative data for the 9-month period ended on 30 September 2020,
- 6) additional explanatory notes.

The interim condensed financial statement of the Bank covers:

- 1) the interim profit and loss account for the 9-month period ended on 30 September 2021 and the comparative data for the 9-month period ended on 30 September 2020, and the data for the 3-month period ended on 30 September 2021 and the comparative data for the 3-month period ended on 30 September 2020,
- 2) the interim statement of comprehensive income for the 9-month period ended on 30 June 2021 and the comparative data for the 9-month period ended on 30 September 2020, and the data for the 3-month period ended on 30 June 2021 and the comparative data for the 3-month period ended on 30 September 2020,
- 3) the interim condensed statement of financial position as at 30 September 2021 and the comparative data as at 31 December 2020,

- 4) the interim condensed statement of changes in equity for the 9-month period ended on 30 September 2021 and the comparative data for the 9-month period ended on 30 September 2020 and for the 12-month period ended on 31 December 2020,
- 5) the interim condensed statement of cash flows for the 9-month period ended on 30 September 2021 and the comparative data for the 9-month period ended on 30 September 2020,
- 6) additional explanatory notes.

This interim condensed consolidated financial statement has been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union (EU) and valid as at the reporting date, i.e. 30 September 2021, using the same accounting principles for each period while maintaining the historical cost concept, with the exception of the following items measured at fair value:

Method of presenting changes in fair value through:	
Financial instruments held for trading	financial result
Derivative financial instruments for fair value hedges	financial result
Receivables from customers whose cash flows do not pass the cash flow test	financial result
Investment debt securities held in the business model that is designed to generate contractual cash flows or to be sold	other comprehensive income
Investment equity securities	other comprehensive income

The IFRS include the standards and interpretations accepted 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. draw up their financial statements in accordance with the International Financial Reporting Standards (IFRS) in the version approved by the European Union (EU).

This interim condensed financial statement is presented in the Polish zloty (PLN) and rounded to the nearest thousand (thousand PLN).

This interim condensed consolidated financial statement of the BOŚ Group and the interim condensed financial statement of the Bank for the 9-month period ended on 30 September 2021 do not cover all disclosures required in the annual financial statements and should be read together with the annual financial statements of the BOŚ Group and of the Bank prepared for the financial year ended on 31 December 2020.

In this interim condensed consolidated financial statement of the BOŚ Group and the interim condensed financial statement of the Bank for the 9-month period ended on 30 September 2021, the same accounting principles were applied as when preparing the annual financial statements for the year ended on 31 December 2020.

## II.

## Fai

### Carrying value and fair value of financial assets and liabilities

	Carrying value as at 30-09-2021	Fair value as at 30-09-2021	Carrying value as at 31-12-2020	Fair value as at 31-12-2020
<b>FINANCIAL ASSETS</b>				
Receivables from other banks	116,134	118,248	155,616	158,813
Receivables from customers including:	11,539,233	11,485,360	11,887,297	11,751,753
- loans in Polish zloty	8,950,083	8,918,519	9,080,574	8,993,394
- loans in foreign currency	2,589,150	2,566,841	2,806,723	2,758,359
Investment securities - measured at amortised cost	1,604,493	1,643,232	1,535,239	1,615,371
Debt securities, including:	1,604,493	1,643,232	1,535,239	1,615,371
- State Treasury	1,396,659	1,441,110	1,397,710	1,472,158
- other	207,834	202,122	137,529	143,213
<b>FINANCIAL LIABILITIES</b>				
Liabilities of the Central Bank and other banks	411,185	411,185	732,743	732,743
Liabilities to customers, including:	15,942,137	15,958,492	16,560,715	16,583,462
- institutional customers	6,645,088	6,645,085	6,391,882	6,391,627
- private customers	8,594,426	8,610,461	9,380,943	9,403,399
- other customers	71,925	71,925	72,182	72,182
- international financial institutions	630,698	631,021	715,708	716,254
Liabilities arising from the issue of bank securities	-	-	-	-
Subordinated liabilities	368,211	353,708	368,996	351,812

#### Receivables from other banks

Receivables from other banks include interbank deposits, nostro accounts, and credits and loans. The fair value of interbank deposits, due to their short term (fixed-rate interbank deposits up to 6 months), is equal to the carrying amount. Bonds issued by banks were measured at fair value taking into account the credit spread determined on the basis of comparable issues carried out by similar banks.

#### Receivables from customers

Receivables from customers are presented net of impairment write-offs. Receivables from customers in the balance sheet are mainly measured at amortised cost using the effective interest rate (99% of the carrying amount of loans).

The fair value of loans is assumed to equal their value resulting from the currently estimated future principal and interest flows (separately for currencies and for PLN), calculated on the basis of the effective interest rate for each loan (except for loans with an undetermined schedule or non-performing loans, for which the carrying amount is assumed as the fair value) discounted with the average effective interest rate for loans granted over the last twelve months. Down payments are included for mortgage loans. In case of loans in foreign currencies, which the Bank ceased to grant, an average effective interest rate on the

corresponding loans in PLN was applied, adjusted by the difference between the rates in specific currencies and in PLN.

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

Investment securities measured at amortized cost include state treasury bonds assigned to the HtC business model. The fair value of the bonds is assumed to be the current valuation derived from market quotations plus accrued interest.

### **Liabilities of the Central Bank and other banks**

Liabilities to the Central Bank and liabilities under repo transactions are recorded at the carrying value. Repo liabilities are recorded at the carrying amount due to lack of available market data to calculate the fair value of the Bank's primary repo transaction with the counterparty.

Inter-bank deposits, due to their short term, are recognised at the carrying amount, and loans (principal and interest) are discounted at the average effective interest rate.

### **Liabilities to customers**

Liabilities in the balance sheet are measured at amortised cost using the effective interest rate. The fair value of liabilities is assumed to equal their value resulting from discounting the principal and interest for all deposits at the weighted average interest rate that was in effect for deposits accepted in September 2021. Due to the lack of schedules for current accounts, they are recognised at the carrying amount.

Liabilities (principal and interest) towards international financial institutions are discounted at the average effective interest rate (for EUR) or the last transaction concluded in a given currency (for PLN).

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

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

### **Subordinated liabilities**

Subordinated liabilities measured at fair value taking into account the change in the credit spread determined on the basis of the latest issue carried out by the Bank.

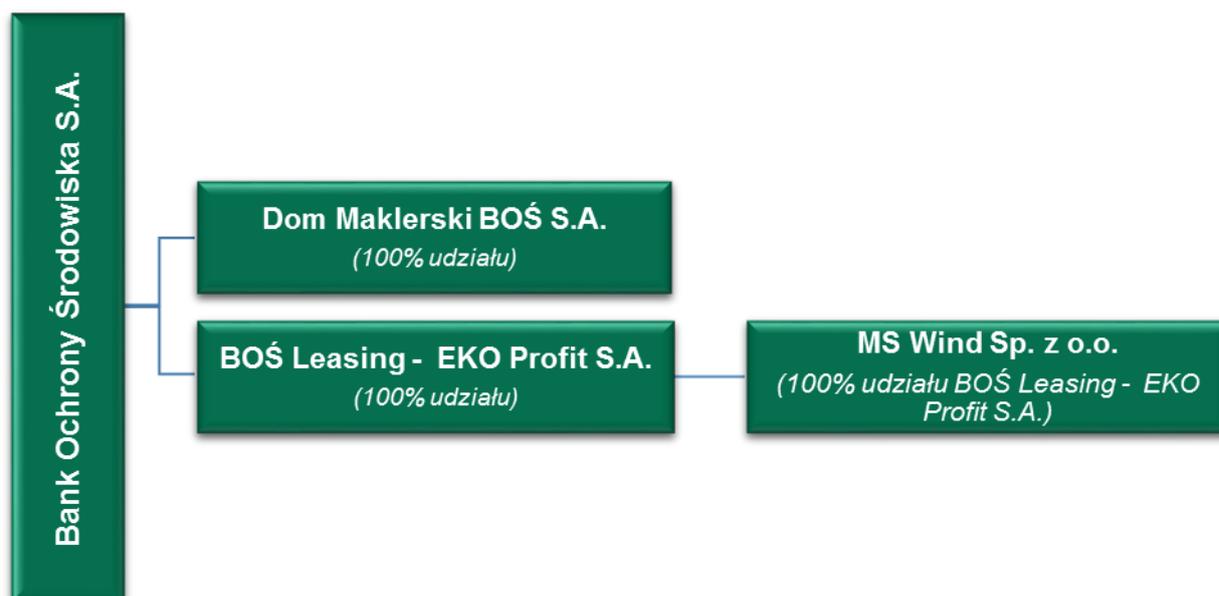
### III. Consolidated contingent liabilities and assets

	30-09-2021	31-12-2020
<b>Contingent liabilities:</b>	<b>3,356,376</b>	<b>2,863,156</b>
Financial, including:	2,903,938	2,490,309
open lines of credit, including:	2,860,940	2,464,889
cancellable	2,465,765	2,130,346
non-cancellable	395,175	334,543
open import letters of credit	42,998	20,250
credit promises, including:	-	5,170
cancellable	-	-
non-cancellable	-	5,170
FX transaction limits	-	-
other	-	-
Guarantees, including:	447,587	372,847
sureties and guarantees of loan repayment	12,739	12,739
performance bonds	434,848	360,108
guarantee for a subsidiary	-	-
warranty promise	-	-
other	-	-
Underwriting of emissions	-	-
Securities to be received	4,851	-
<b>Contingent assets:</b>	<b>1,358,713</b>	<b>915,199</b>
Financial, including:	-	-
open lines of credit	-	-
liabilities from NFOŚiGW and WFOŚiGW due to syndicated loans	-	-
other	-	-
Warranty	1,341,699	899,975
Other	17,014	15,224
<b>Total contingent assets and liabilities</b>	<b>4,715,089</b>	<b>3,778,355</b>

### IV. Organisation of the Capital Group

#### Structure of the Capital Group

In Q3 2021, the BOŚ S.A. Capital Group consisted of the following entities.



List of consolidated subsidiaries of the BOŚ Group as at 30 September 2021:

Item	Subordinated entities	Registered office	% share in the Company's capital as at	% share in the votes as at	Consolidation method
Direct subsidiaries					
1.	Dom Maklerski BOŚ S.A.	Warsaw	100%	100%	Full consolidation
2.	BOŚ Leasing - EKO Profit S.A.	Warsaw	100%	100%	Full consolidation
Indirect subsidiary (subsidiary of BOŚ Leasing - EKO Profit S.A.)					
1.	MS Wind sp. z o.o.	Warsaw	100%	100%	Full consolidation

Dom Maklerski BOŚ S.A. - a direct subsidiary operating on the capital market, in particular providing brokerage services;

BOŚ Leasing - EKO Profit S.A. - a direct subsidiary undertaking, involved in leasing activities with respect to the financing of eco-friendly projects and financial and advisory services that complement the Bank's range of services;

MS Wind Sp. z o.o. - an indirect subsidiary (100% involvement of BOŚ Leasing - Eko Profit S.A.), operating as a wind farm project developer.

## V. The most important events that occurred after the date of this report

### Replacement of LIBOR CHF

In its Regulation of 14 October 2021, the European Commission set the SARON benchmarks as a substitute for the LIBOR CHF indices, starting from 1 January 2022. This decision allows for the continuation of agreements concluded mainly for mortgage loans and minimises the legal risk associated with the change in the base rate.

### Increase of interest rates

The Monetary Policy Council decided to increase the NBP reference rate:

- on 6 October 2021, by 0.4 pps, i.e. to 0.50%,
- on 3 November 2021, by 0.75 pps, i.e. to 1.25%.

### Change in the Bank's rating outlook from negative to stable

On 28 October 2021, the Management Board of BOŚ S.A. published information in the form of current report No. 26/2021 that the Fitch Ratings Ltd agency had confirmed the Bank's rating and changed its outlook from negative to stable.

## Signatures of the members of the Management Board of BOŚ S.A.

Date	Name	Position/function	Signature
08/11/2021	Wojciech Hann	President of the Management Board	Signed with qualified e-signature
08/11/2021	Arkadiusz Garbarczyk	Vice-President of the Management Board - first deputy to President of the Management Board	Signed with qualified e-signature
08/11/2021	Robert Kasprzak	Vice-President of the Management Board	Signed with qualified e-signature
08/11/2021	Marzena Koczut	Vice-President of the Management Board	Signed with qualified e-signature
08/11/2021	Jerzy Zań	Vice-President of the Management Board	Signed with qualified e-signature