

ANSWERS TO QUESTIONS ASKED BY A SHAREHOLDER AT THE ANNUAL GENERAL MEETING OF BANK OCHRONY ŚRODOWISKA S.A. HELD ON 17 JUNE 2025

7. At what point will the Management Board state that a clear line has now been drawn under legacy issues? What factors contributed to the deterioration in the credit portfolio structure? What prompted the revision of the mathematical model? As regards the credit portfolio structure, can it now be said that a line has been drawn and the matter is resolved? Can the market expect that future quarters will no longer be impacted by ad hoc adjustments to models or estimates?

BOŚ Bank, in its 2025–2027 strategy, has set a target of reducing the non-performing loan (NPL) ratio to 8% by the end of 2027. As at year-end 2024, the increase in the NPL ratio was driven by the reclassification of a number of significant credit exposures. In the first quarter of 2025, the value of the non-performing loan portfolio rose slightly, while the previously declining trend in total credit exposure reversed – resulting in stabilisation of the NPL ratio.

Following the targeted supervisory investigation conducted by the Polish Financial Supervision Authority in 2023, the Bank received a set of recommendations concerning the credit risk parameter models used in its expected credit loss (ECL) estimation process. In response, and in cooperation with an external consultancy, the Bank aligned its models with the requirements of IFRS 9 and Recommendation R, with the objective of ensuring that the models accurately reflect credit risk and that the resulting loss estimates are appropriate given the risk profile. The newly implemented statistical models fully address supervisory expectations. They are grounded in historical data analysis and factor in expected cash flows from collateral enforcement, in line with the prevailing market practice. The changes were reviewed by the external auditor, who issued a positive opinion. The cumulative impact of parameter updates on the impairment result – incorporating all model changes – amounted to a net reversal of PLN 67.2 million, recognised as at 31 December 2024.

In addition, as part of ongoing project work in 2024, and following a spike in new loans with identified impairment triggers in September 2024, the Bank applied a buffer by adjusting the probability of default (PD) parameter. This resulted in an additional allowance of PLN 18.8 million.

Further detail on the credit portfolio structure was disclosed in Current Report No. 24/2024 of 4 October 2024 and in the BOŚ Group's Annual Consolidated Financial Statements for 2024.

2. Why was the project to develop systems intended to support credit process workflows ultimately abandoned? Was this a case of a misjudged investment? What was the specific scope and intended outcome of the project? Has responsibility for the project's failure been clearly identified?

The project concerned the development of systems to support the Bank's credit process workflows, which had been in place for several years. On 27 June 2024, the Management Board took the decision to discontinue the project. It was concluded that continuing the work would not allow the project's objectives to be met within a cost-effective framework, and that further investment was unlikely to deliver the expected outcomes.

As a result, the Bank wrote off capitalised expenditure and personnel costs incurred to date, amounting to PLN 17,429 thousand, and recognised a provision of PLN 2,174 thousand for Obligations arising under existing contracts. These charges impacted the Bank's pre-tax result for the first half of 2024.

Details regarding the termination of the project were disclosed in Current Report No. 17/2024 dated 27 June 2024 and are also included in the BOŚ Group's Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024.

3. Is it to be expected that the Bank will receive funds and/or compensation in connection with the so-called "forestry bonds"? Has any party been held accountable in this regard? Are any actions currently being pursued in this context? What is the total amount of impairment recognised in recent years in respect of the "forestry bonds" (cooperation with Alior Bank)?

Between 2015 and 2017, the Bank acted as an intermediary in the distribution of investment certificates issued by several investment funds. These funds were subject to supervision by the competent regulatory authorities in accordance with applicable law. Due to the financial condition and legal status of some of the investment funds, a number of purchasers of investment certificates brought claims for damages against the Bank.

As at 31 December 2024, forty-four court proceedings concerning these investment certificates were pending, with the aggregate value of claims amounting to PLN 24,581.82 thousand. The Bank continues to monitor the redemption of certificates by the funds and regularly assesses the legal risks associated with potential adverse rulings and the resulting obligation to comply with any judgments issued. On the basis of this assessment, the Bank recognised a provision which, as at 31 December 2024, amounted to PLN 10,500.60 thousand.

Disclosures relating to the investment certificates were included in the BOŚ Group's Annual Consolidated Financial Statements for 2024 and in the Directors' Report on the operations of the BOŚ Group for 2024.