



Annual Report 2022





**Basic
information
about
the Bank**

Share capital ownership structure/shareholders

Set up by cooperative banks, SGB-Bank SA has been operating since 1990 as an affiliating bank for a group of cooperative banks.

SGB-Bank SA operates in the territory of Poland in cooperation with and for the benefit of SGB cooperative banks. At the same time, it provides corporate banking services, in this in particular, it provides funding to business undertakings, mainly in the area of agriculture and food processing.

The strategic goal of SGB-Bank SA is to set up a competitive group of banks offering the cutting edge banking technologies, that will assure the group a leading position in the commercial banking sector, and a group operating based on long-term and successful cooperation with affiliated cooperative banks.

Table 1 presents basic identification data of SGB-Bank S.A.

Table 1. Registered data

Business name	SGB-Bank Spółka Akcyjna [joint stock company]
Seat	Poznań
Address	ul. Szarych Szeregów 23a, 60-462 Poznań
[National Court Register] KRS number	0000058205
REGON	004848247
Vat reg.# [NIP]	7770005362

Shareholding structure

As of 31 December 2022, the shares of the Bank were taken up by 220 business entities, registered in the Shareholder Register, including 179 cooperative banks affiliated with SGB-Bank SA, 37 cooperative banks that were non-affiliated with SGB-Bank SA and 4 other business entities. The shares held by the aforementioned entities in the share capital of the Bank were as follows: 95.25%, 1.95% and 2.80%.

The governing bodies of SGB-Bank SA

The GAS [General Assembly of Shareholders]

In accordance with the Charter of SGB-Bank SA, the General Assembly of Shareholders (GAS) is convened by the Management Board of the Bank.

Regulations concerning the GAS are contained in the Charter of SGB-Bank SA which is available on: www.sgb.pl/bank-sgb/sgb-bank-s-a/statut-struktura-banku.

On 5 May 2022, Extraordinary General Assembly of Shareholders of SGB-Bank SA was held. The GAS adopted a resolution on the increase of share capital and approved the changes to the Charter of SGB-Bank S.A. On 23 June 2022, the General Assembly of Shareholders of SGB-Bank SA approved the financial statements as well as the report on operations of SGB-Bank for 2021 and elected members of the Supervisory Board for the term of 2022-2025.

The Supervisory Board of SGB-Bank SA

The Supervisory Board shall exercise regular supervision over all aspects of the Bank operations. In 2022, the Supervisory Board of SGB-Bank SA was composed as follows:

- in the period from 1 January to 22 June:

Table 2. Composition of the Supervisory Board

Chairman of the Supervisory Board	Sławomir Flissikowski
Deputy Chairman	Katarzyna Zimniak
Secretary of the Supervisory Board	Sebastian Nietyksza
Members of the Supervisory Board	Jerzy Bibro Piotr Pniewski Halina Wilk Zofia Kałek-Bazyluk Adam Trzos

- in the period from 23 June to 31 December:

Table 3. Composition of the Supervisory Board

Chairman of the Supervisory Board	Jan Grzesiek
Deputy Chairman	Marek Byzdra
Secretary of the Supervisory Board	Adam Trzos
Members of the Supervisory Board	Roman Dawidowski Maciej Kłosowski Piotr Pniewski Grzegorz Karbowski Krzysztof Michalczyk Halina Wilk

The Management Board of SGB-Bank SA

In 2022, the Management Board of SGB-Bank SA was composed as follows:

- Mirosław Skiba – President of the Management Board,
- Andrzej Chmielecki – Vice-President of the Management Board,
- Błażej Mika – Vice-President of the Management Board,
- Karol Wolniakowski – Vice-President of the Management Board.

Organisational structure and branch offices

In accordance with the Charter, the scope of Bank operations consists of serving the function of a bank affiliating cooperative banks, based on an affiliation agreement concluded with the Bank, providing comprehensive banking services addressed to individuals and legal persons or unincorporated units, including self-government entities and bodies, and offering other types of cooperation with cooperative banks (the shareholders) as well as undertaking initiatives for the development of cooperative banking.

The Bank executes its tasks via its Head Office and branch offices.

In 2022 the organisational structure of the Head Office of SGB-Bank SA comprised of four divisions:

- President of the Management Board,
- Business Division,
- Technology and Operations Division,
- Risk and Finance Division.

The organisational chart of SGB-Bank SA as of 31 December 2022 is appended to the Report as Appendix no. 1.

As of 01 January 2022 SGB-Bank SA carried out its business operations via 11 branch offices, including 6 regional offices and 5 reporting offices. In February 2022, due to reorganisation of the sales network, the Branch in Brodnica was closed. The number of branch offices was reduced to 10.

The list of branch offices as at 31 December 2022 is appended to the Report as Appendix no. 2.

Employment structure

As of 31 December 2022 SGB-Bank SA employed 669 persons, of whom 665.83 on a full-time basis. The table below presents basic information pertaining to employment in the Bank in the last three years.

Table 4. Employment in SGB-Bank SA in the years 2020 to 2022

	31 December 2020	31 December 2021	31 December 2022
Full-time basis	709.35	648.73	665.83
Number of employees	717	717	669

Rotation of employees in SGB-Bank SA

Acquisition, maintenance and development of competences on the competitive market requires conduction of research into and implementation of various solutions that underlie attractive work-places. We regularly analyse the staff retention rate. Such analysis allow us to work out relevant growth plans to maintain the ongoing concern status and to create friendly environment, work culture and promote our values: cooperation, effective communication, involvement, responsibility. The following table presents the staff retention rate in the last three years.

Table 5. Total employee retention rate in SGB-Bank SA in the years 2020 to 2022

	2020	2021	2022
Total retention rate	16,39%	23,43%	19,68%

The following factors contributed to this rate in SGB-Bank SA in 2022:

- change of the profile of operations of the branch offices,
- looking for new competences on the job market,
- retiring employees,
- looking for the career development options and changes in the financial situation.

The most important achievements in 2022

“Evolution of Mobile Banking in SGB”

“Evolution of Mobile Banking in SGB” is not a single IT event, but an implementation process. In 2022, within the framework of the “Evolution of mobile banking” strategy, SGB-Bank SA and SGB cooperative banks decided to provide its clients with new solutions facilitating everyday online banking operations.

Within the framework of the “Evolution of mobile banking”, the services of “Selfie Account”, BS-API platform, and SGB ID continued to be developed. The BLIK P2P service was introduced in cooperative

banks together with Asseco CUI banking system (def2000, def2500), and remote issuance of cards in cooperative banks was introduced together with Novum banking system.

SGB-Bank SA continues to implement goals of the strategy adopted for 2021-2024.

SGB Mobile application

The development of SGB Mobile app is one of several strategic business goals of SGB Group. The slogan - “Evolution of Mobile Banking” – has been, for several years already, a symbol of dynamic development of SGB Mobile app in SGB affiliated banks. In 2022, we continued our intensive works to activate new services in the field of online banking to the clients of SGB affiliated banks.

The major business goal for 2022 was the launch of the SGB Mobile app for institutional clients. Prior to the launch of the app in September, we carried out conceptual and development works, and adjusted the app to the client’s needs in terms of legal requirements. The small and medium-size corporate clients, as well as sole traders, are now able to use our mobile app for their everyday banking.

In January, we tested the pilot programme of an online loan granting process on SGB-Bank SA clients, and in April we expanded the application with an option of displaying the credit history of individual clients. Therefore, the clients can now view the status of any active products, amounts and number of instalments, current repayment schedule and loan history. In November, we launched a new service - the “Mastercard Bezcenne Chwile” programme. The service allows new users to register to the programme via the application. Also in November, individual clients of those banks, that offer our Integrated Affiliation Solution, could view and make fixed term deposits as well as view active loan products. The aforementioned functionalities are available only to the banks within the Integrated Affiliation Solution.

New functionalities launched in 2022 also included: options of setting maximum debit-card spending limits, BLIK Services and options of changing the prior set limits. This has provided the clients with new options of managing their limits directly in the mobile application. At the same time, for the cooperative banks, the development has brought a new functionality that enabled them to activate or deactivate on relevant debit cards the limit changing option available to the clients. Card holders under the age of 18 can now change their BLIK limits.

Continuous development of SGB Mobile app is reflected in relevant figures.

As of the end of December 2022, SGB Mobile app was used by 229 847 unique users, i.e. clients of 146 cooperative banks which offer this solution. Thus, the share of SGB Mobile app in the overall number of applications available in SGB affiliated banks reached almost 64%.

As many as 132 thousand clients logged into their accounts on average per day just in 4Q 2022. We also see a constant growth in the number of transactions made via SGB Mobile app. In 4Q 2022 our clients made 3.2 million of such transactions. The value of transactions made directly via the app in the last quarter of the past year was 600.6 million PLN.

Information about awards and distinctions

In 2022, the SGB Mobile application was nominated to the Mobile Trends Award in the Mobile Banking category as one of the 5 best applications in Poland.

Advertising campaign

From the year onset, SGB-Bank continued its online advertising of the SGB cooperative banks as banks offering innovative solutions, in particular the SGB Mobile application.

In September 2022, a new image campaign was launched. The campaign focused on values of cooperative banking and contribution of SGB cooperative banks into the development of local communities. The campaign reached its peak in October and November, when 4 new commercials were broadcast on an alternate basis.

- TV – TVP, TVN, POLSAT,
- Radio – Eurozet Group stations,
- Internet – nationwide campaign on various websites, Google Ads, Facebook, YouTube,
- VOD – Polsat Go, Player (TVN),
- Spotify.

Additionally, we also applied the online advertising tools we had used before, that is:

- Facebook Ads,
- Google Ads,
- Programmatic Display&Video 360.

These tools allow us to fully use the potential of advertising in the Internet and to adjust the intensity of the popping up spots to the current needs.

In compliance with the rules adopted by the Affiliation, the campaign was financed from the funds (budgets) of the SGB cooperative banks and the affiliating bank.

Development of the Integrated Affiliation Solution within the framework of the System of SGB Services

The model of operation adopted by the Affiliated focuses on facilitating the SGB cooperative banks to concentrate on their core business. Services that support the core businesses are more and more often contracted from the affiliating bank. For the purpose, the System of SGB Services was developed. The System is understood as a set of services offered by SGB-Bank SA for the benefit of the affiliated banks. In such a model of operation, a cooperative bank receives ready solutions and pays only for the functions plan that it uses.

One of the basic elements of the System of SGB Services is the Integrated Affiliation Solution (Polish abbreviation: “ZRZ”) that offers a wide range of operations, starting from the transaction system via innovative online and mobile banking, ending on the reporting support services. The Integrated Affiliation Solution enables the cooperative banks to reduce time needed for administrative work in the area of back office services and time consuming IT operations, in this for assurance of cyber security. This way, the banks can concentrate on their core businesses, while enjoying full trading freedom as regards their pricing policies, client relations or managing the bank.

In November 2022, a new model of providing services to cooperative banks was launched. As a result, since 1 January 2023, the System of SGB Services (Polish abbreviation: “SUS”) was transformed into a Basic Plan for cooperative banks already offering the Integrated Affiliation Solution (ZRZ) and for

new banks interested therein. Basic Plan includes the following services: Integrated Affiliation Solution (ZRZ) (General Ledger, Transaction System, Online Banking with mobile Token, Reporting, BFG and BIK Reporting), AML, FDS (Fraud Detection System), SGB Mobile and SGB Mobile for Business, Call Center. SGB-Bank SA, in cooperation with cooperative banks, continues to develop further plans of integral services available to SGB Group.

Moreover Development Fund (Polish abbreviation: "FR") was created within the System of SGB Services. The Fund (FR) is financed jointly by cooperative banks and SGB-Bank SA. This way, the banks can finance the development of their services. It is the Integrated Affiliation Solution Programme Board that allocates funds to the services/functionalities of their choice to be developed.

In 2022 the Integrated Affiliation Solution was implemented by 5 more SGB cooperative banks and three affiliation projects (part of the Integrated Affiliation Solution) were completed. More and more banks are planned to get affiliated in 2023 and next years. As at 31 December 2022, 30% of accounts of the SGB Affiliation were the accounts kept within the Integrated Affiliation Solution in 40 cooperative banks.

Cyber security

In 2022 SGB-Bank SA implemented Fraud Detection System (FDS) that monitors SGB Affiliation clients' transactions to:

- ensure security of funds deposited by the clients and increase security of offered products and services,
- minimise own losses (clients, cooperative banks and SGB-Bank SA),
- increase clients' trust,
- reduce the risk of loss of reputation of SGB-Bank and affiliated banks.

Owing to advanced analytics based on integration of information obtained from different banking systems concerning client profiles, their devices and location, we can effectively detect and prevent any suspicious transactions.

In case of any thefts, the system can annul transactions and transfer funds back directly to the client's account.

FDS monitors clients' activities on an ongoing basis by verifying transactions, non-financial operations and clients' activities on accounts in banks affiliated in SBG Mobile and in the online banking system (def3000).

To improve the transaction confirmation process, we introduced verification of suspended transactions via SGB helpline - as additional support for cooperative banks. SGB-Bank SA actively cooperates with cooperative banks in the area of fraud detection, for the purpose each bank has appointed their own FDS coordinators. An important element of the mentioned service are the trainings for FDS Coordinators on the operation and functionalities of the system as well as on procedures of handling any payment security issues.

FDS tool is an innovative solution that improves the security of clients' electronic banking operations, which can be further developed and improved to effectively fight fraud.

As far as AML Service implemented in 2021 is concerned, SGB-Bank SA continued supporting cooperative banks in the area of AML/CFT, and in effect, from May 2022, all cooperative banks within SGB Affiliation could use the online transaction screening service. The service allows the banks to automatically verify incoming and outgoing transactions in real time to prevent any possible acts of money laundering and financing terrorism, but above all, it allows the banks to quickly verify the applicable sanctions, therefore, it facilitates compliance with the statutory obligations of the banks. The service was designed together with cooperative banks within the framework of an affiliation working group. As a result we have successfully developed an innovative solution, which puts us ahead of the competition on the financial market. Besides technology and technical support, SGB-Bank SA manages alerts, therefore, it is the first service in the area of AML/CFT that also incorporates operational support.

SGB Platform

SGB Platform is offered to the affiliated cooperative banks as the Integrated Affiliation Service. As per the assumed objectives, SGB Platform is planned to become a basic tool used by consultants in the sales departments of SGB-Bank SA as well as any other SGB cooperative banks interested therein. Cooperative banks could use the SGB Platform to open checking and savings accounts for individual

clients via the distribution channel in branch offices since May 2021 and via the remote banking channel since July 2021. As of 31 December 2022, 31 banks implemented the solution offered by SGB-Bank SA.

In 2022 we noticed an increase of users of SGB Platform as regards opening payment accounts in the retail sector, up to 70%. Also, the bank started relevant works to activate the same service for institutional clients via the distribution channel in branch offices. As of 31 December 2022, 7 banks in total used the solution offered to them by SGB-Bank SA. In 2022, SGB-Bank SA implemented a new loan granting process for retail loans granted in a branch office or online.

As at the date of drawing up the report, the loan could have been contracted and processed via SGB Platform in two cooperative banks. The Bank continues implementation of the said services in other cooperative banks.

SGB24/SGB24 Biznes online banking

In 2022, SGB-Bank SA continued its strategy of development of online channels and provision of services to individual and corporate clients via SGB24/SGB24 Biznes online banking. Over this period, the bank released 3 new updates of online banking system for the clients. The new releases for the clients contained newly added or modified functionalities in respect of as many as 13 services. The most relevant changes include:

- implementation of new calculating mechanism and the option of opening new saving deposits via SGB24 by the clients of cooperative banks,
- option of updating personal data by the clients via SGB24,
- implementation of online card issuance process for the clients via SGB24,
- new functionality related to generating collective transaction confirmations,
- option of cancelling traditional current transfers, VAT or tax transfers by the client via SGB24/SGB24 Biznes until the session data is sent to KIR (National Clearing Body),
- implementation of a POP'UP messaging mechanism when logging from mobile devices to SGB24, which encourages users to install the SGB Mobile application,
- new formats of exporting account statements and new formats of mass payment analytics,

- new option of using a multisignature on applications and requests for opening deposit accounts online available in cooperative banks,
- access to My Documents SBG option [Moje Dokumenty SGB] where clients can read the documents addressed to them by the bank.

Development of online channels also allows individual and corporate clients to submit new applications and requests for financing/co-financing within various government programmes, such as Rodzicielski Kapitał Opiekuńczy (Family Care Capital), next stages of Tarcza PFR (the Financial Shield - Polish Development Fund), application for "500+ child benefit" for Ukrainian citizens, "Świadczenie Dobry Start Dziecka" (the Good Start) child benefit, and "500+" child benefit for next benefit periods. In 2022, additional 8 cooperative banks joined the Integrated Affiliation System, thus, more banks could offer the services among others, the shared online banking platform SGB24/SGB24 Biznes, and the total number of cooperative banks, including SGB-Bank SA, that implemented and used the shared solution, reached 41 at the end of the year. At the end of 2022, the total number of online banking users was 236,000, which is a growth by +19% y/y. In 2022, the volume of amounts transferred via SGB24/SGB24 Biznes increased by +30% y/y. The share of active users of SGB24/SGB24 Biznes online banking ranged from 53 to 57%.

SGB Currency Exchange

SGB Currency Exchange facilitates immediate foreign currency exchange via online banking 24/7. The amount debited from the account in Polish zloty is exchanged and credited on the account kept in a given foreign currency or vice versa. SGB-Bank SA enables the clients and banks that use the def3000 system to exchange currency via the SGB24 and SGB 24 Biznes within the framework of online banking services. SGB-Bank SA supports the SGB currency exchange in cooperative banks which do not have access to Def3000 system - through all other systems which they use. 2022 showed a dynamic growth of the service implementation in SGB cooperative banks (growth by 43%), which translated into a significant increase of currency exchange operations in SGB Currency Exchange in the entire affiliation, as a result SGB clients got online access to the service of currency exchange. In the banks using def3000 system, the volume of currency exchange operations grew by 45%.

Macroeconomic situation

World economy

The most important events impacting on the world economy in 2022 included: tightening of the monetary policy by main central banks, war between Russia and Ukraine and the crisis on the energy market resulting therefrom, as well as recurrence of SARS-CoV-2 infections and increase in the number of cases of other viral diseases due to removal of previous COVID-19 sanitary restrictions.

In 2022, the USA GDP rose by 2.1%, while in 2021 - by 5.7%. The growth rate was recorded mainly owing to private consumption, which increased after the removal of COVID-19 restrictions, and also owing to foreign demand. It was, however, slowed down due to a decline in the residential housing sector. In view of such market conditions, in 2022, the Federal Open Market Committee continued the tightening of the monetary policy, and ended the year with the increase of the federal funds rate by 50 basis points, to 4.25-4.50%. After its meeting, the committee issued an announcement that further increases shall be addressed at reaching the inflation target, which was 2.0%. In 2022, the Committee increased the rates 7 times, in total by 425 basis points.

The GDP growth rate slowed down, also in the Euro zone. In Q4 2022, it was as low as 1.9% y/y and 0.1% q/q. The Board of European Banking Commission (EBC) started the process of tightening of the monetary policy half way through 2022, that is later than in the United States. 2022 ended with the increase of EBC basic interest rates by 50 basis points and reference rate grew to 2.5%. The Board announced - based on significant upward adjustment of inflation forecast - that it will continue to raise the rates. The Board decided that the rates should grow steadily until they reached the level restrictive enough to make sure that the inflation would come back to the target level of 2% over the medium term. At the same time, the Board informed that starting from the beginning of March 2023, it would be decreasing the asset purchase programmes (APP) on average by 15 billion euro monthly until the end of Q2 2023, and the thereafter, accordingly to decisions made at any future Board meetings.

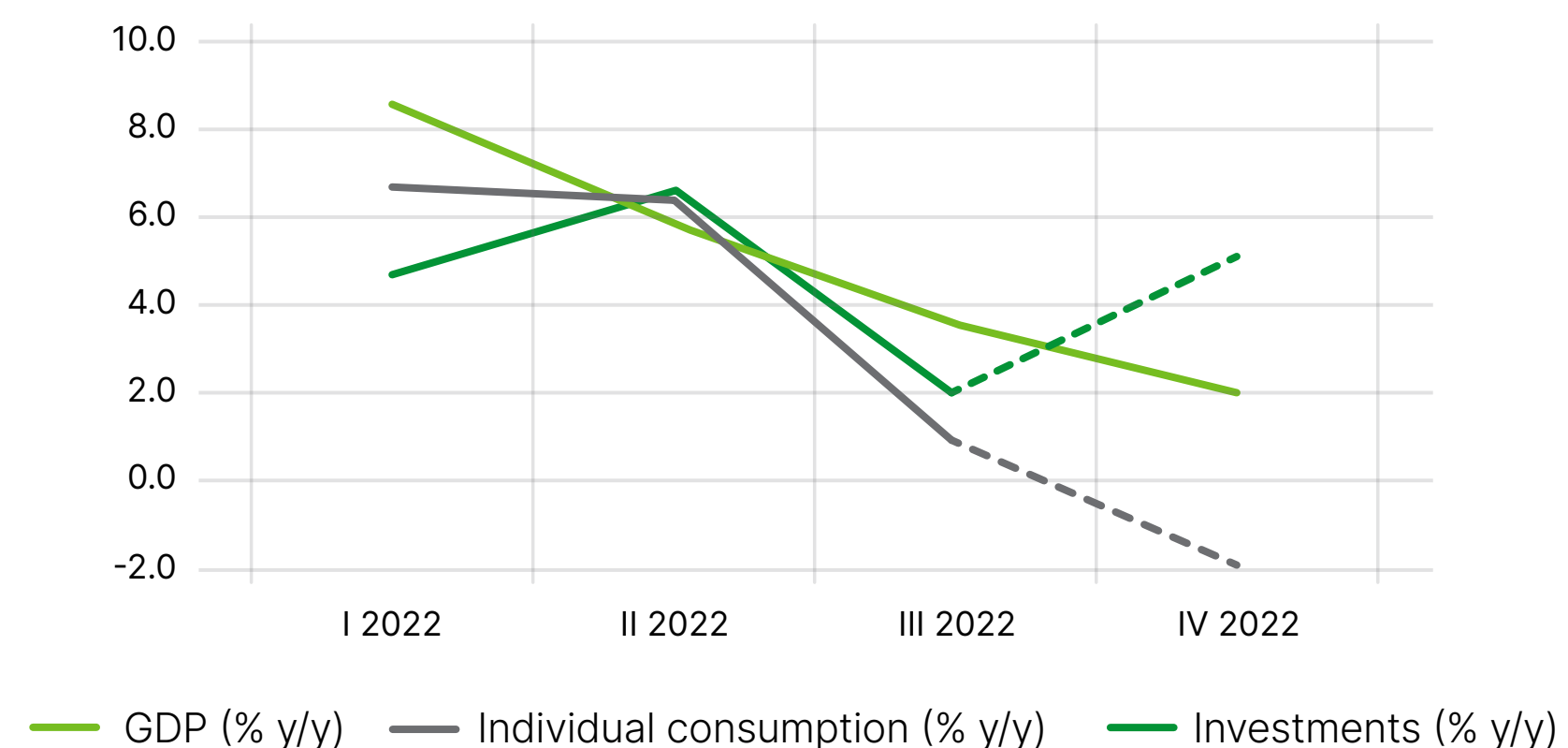
Table 6. Basic interest rates, as at 31 December 2022

Central Bank	Bank of England	Bank of Switzerland	ECB	Fed
Basic interest rate	3.50%	1.00%	2.50%	4.25-4.50%
Date of the last change of the interest rates	December 2022	December 2022	December 2022	December 2022

Polish economy

According to the preliminary estimates, the dynamics of the Gross Domestic Product (GDP) in 2022 was 4.9%. The consumption of households grew by 3.0%, and investments - by 4.6%. In Q4 2022, the seasonally unadjusted GDP grew only by 2.0% y/y. In the last quarter of 2022, the Polish economy entered the stage of economic slowdown.

Graph 1. Dynamics of selected macroeconomic indices in 2022 (%)



Conditions on the agricultural production market slightly deteriorated in 2022 as compared with the previous year. As a matter of fact, the prices of basic agricultural products were higher than in the previous year and the price dynamics were the highest for triticale, rye, potato, poultry and milk, yet the prices of basic means of agricultural production were also higher than in the previous year. Prices of fertilisers grew the most, in some cases even doubled. Prices of fuel and fodder were also much higher than in 2021.

In 2022 sold production in industry increased by 10.2% (as compared to a 14.8% growth a year before). The dynamics were the highest in Q1, and in the next quarters the growth gradually slowed down, to hit 4.6% in Q4 2022. In all industry sectors, sold production in 2022 was higher than in the previous year. The highest growth was observed in mining and quarrying (by 13.0%). Food processing, i.e. the main industry sector, grew by 10.6%. In 2022, the growth of sold production was maintained also in the majority of main industry sectors. Production of durable consumer goods was an exception, in this sector the sales dropped by 0.6%, which was the effect of lower demand resulting from higher prices and shrinkage of income available for spending. Labour efficiency in industry, measured as sold production per one employee, was higher in 2022 by 8.7% as compared to efficiency in 2021. At the same time, average employment rate increased by 1.4%.

According to the data of the Central Statistical Office, in 2022 construction and assembly services grew in Poland by 6.5% as compared to the previous year. Growth rate that was observed in Q1 was particularly high; yet, in subsequent periods the production dynamics slowed down. In particular, in December 2022, after the seasonal adjustment, the production rate dropped by 3.7% m/m. In 2022, construction companies specialising in erection of buildings completed and commissioned into use more residential and commercial buildings than in the previous year (by 15.1%). However, demand for design services in the area of building construction was lower than in 2021 (by 8.0%). Many more structures were erected by companies operating in the land and water civil engineering sector (by 20.9%). Sold construction works in the area of construction of motorways and railways decreased slightly (by 0.8%). This was due to few investment projects. In the sector of specialised construction works, sold production was higher than in 2021 in the sector of demolition and site preparation (by 18.9%) and in the sector of electrical, water, sewage and other building systems. On the other hand, the production in the sector of building completion and finishing works was much lower (by 23.3%), which was due to difficult economic situation in the residential housing sector.

In 2022, as regards residential housing, 234,700 apartments were granted the occupancy permit, i.e. by 1.7% more than in the previous year (when the increase amounted to 6.3%). The number of apartments available in the private housing sector or in the real estate agency sales and rental sector - increased respectively by 3.2% and 1.3%. Building permits were issued or alternatively motions (with designs) for building permits were filed for as many as 297,400 apartments, this represents a 12.8% drop y/y. Construction of 200,300 apartments was commenced, i.e. this represents a 27.8% decline y/y. In December 2022, the number of granted building permits or filed motions (with building designs) for the building permit dropped by 39.5% (to 20,000) as compared to December 2021 and the number of commenced construction investment projects decreased by 43.3% (to 9,800 and was the lowest since January 2016). As of the end of December 2022, 833,000 apartments were still under construction, which represents a drop by 4.4% y/y.

2022 showed an increase in retail sales by 2.9%. In enterprises with more than 9 employees, sales in 2022 increased by 5.0% in comparison to the previous year. In majority of sales groups, the figures were higher than last year, the highest growth was observed in the textile, clothes and footwear sectors (by 21.7%), and among the sales groups that have major shares in the retail sector, the growth was observed e.g. in the sales of food, beverages and tobacco products (by 4.4%). This can be linked with the influx of refugees from Ukraine. The sales dropped, however, in the area of motor vehicles and motorcycles and spare parts (by 9.6%), in the sector of solid, liquid and gas fuels (by 7.0%) and - slightly - in the sector of furniture and household appliances (by 0.3%). In 2022, wholesale figures were higher by 35.9% than last year, in this the volume of sales in wholesale trade increased by 39.3% (as compared to 22.5% and 21.8%, respectively, in 2021).

Foreign trade turnover was stable. Foreign trade turnover in 2022 in current prices was PLN 1,607.3 billion (exports) and PLN 1,699.8 billion (imports). The negative balance was at the level of PLN 92.5 billion, whereas in respective period in 2021 - it was minus PLN 7.0 billion. As compared to a respective period in 2021, exports increased by 22.1% and imports by 28.5%. In the last months of 2022 the growth of exports exceeded the growth of imports. It resulted, among others, from an accelerated increase in prices of industrial processing products and, at the same time, from a slow-down in the upward trend in raw materials and semi-finished goods sector.

Labour market situation improved in 2022 as compared to that in the previous year. Average employment in the business sector increased, and the annual growth was maintained throughout all quarters. There were more registered unemployed people that found employment than those that lost jobs and registered as the unemployed. The registered unemployment rate in all months of 2022 was below the level recorded last year. According to the data estimates, the number of people working in Poland at the end of 2022 was by approximately 0.2% higher than a year before (comparing to the increase by 1.4% in 2021, respectively). The registered unemployment rate at the end of 2022 was 5.2%.

Average monthly gross remuneration in the business sector was 6,653.67 PLN in 2022 and was by 13.0% higher than a year before. The spending power of this remuneration dropped by 1.0%. The annual drop of real wages was observed from Q2 2022. In December 2022, average monthly gross remuneration in the business sector increased by 6.9% m/m, and by 10.3% y/y, even though the dynamics was high, it slowed down in comparison with November. As a result, real remuneration budget dropped again by 3.3% y/y. It means that the demand-side barrier is maintained.

The inflation pressure in Polish economy was much stronger than in 2021. The annual Consumer Price Index (CPI) in 2022 was 14.4%, thus, it reached the peak in the last 25 year timespan. The growth of prices was particularly high as regards apartments, transport and food. They increased the CPI index respectively by 5.01 pp, 1.90 pp and 3.86 pp. The price dynamics accelerated in the next months; and slowed down only in November and December, however, still remaining high. In 2022, also the dynamics of manufacturers' prices was record high in a long term perspective. As regards sold production of industry, price growth exceeded 22%, so it was the highest since 1995, while in construction and assembly services, price increased by 12%, the increase was the highest since 1998.

Financial services market in Poland

In 2022, the tightening of the monetary policy continued. The process was not officially closed, even though the last increase of basic interest rates was in September 2022. As of the end of 2022, basic interest rates of the National Bank of Poland were as follows:

- reference rate: 6.75%
- lombard rate: 7.25%
- deposit rate: 6.25%
- rediscount rate of bills of exchange 6.80%
- discount rate of bills of exchange 6.85%.

The tightening of the monetary policy has translated into an increase of rates on the interbank market and a yield increase of Polish treasury bonds.

Table 7. WIBOR rates and the yield from Polish debt securities 2021 – 2022 (%)

Date	31 December 2022	31 December 2021	Change (pp.)
O/N	5,90	1,63	+4,27
1W	6,86	2,09	+4,77
1M	6,93	2,23	+4,70
3M	7,02	2,54	+4,48
6M	7,14	2,84	+4,30
12M	7,23	3,13	+4,10
Yield from 2 year bonds	6,73	3,35	+3,38
Yield from 5 year bonds	6,88	3,99	+2,89

The Polish zloty exchange rate was mainly influenced with uncertainty arising due to Russian aggression against Ukraine, decisions of monetary authorities and signs of slowdown in economy in Poland and worldwide. Despite the fact that the basic interest rates were increased by the Monetary Policy Council, Polish zloty was subject to depreciation. At the end of 2022, average exchange rates of Polish zloty published by the National Bank of Poland into main foreign currencies were 4.40 USD/PLN and 4.69 EUR/PLN as compared to 4.06 USD/ PLN and 4.60 EUR/PLN as at the end of 2021.



Financial statements

Report of an independent statutory auditor



Report of an independent statutory auditor on the audit of the annual financial statements

For the Shareholders of SGB-Bank Spółka Akcyjna [joint stock company]

Report on the audit of the annual financial statements

Opinion

We have audited the annual financial statements of SGB-Bank Spółka Akcyjna (hereinafter the “Bank”) with the registered office in Poznań, ul. Szarych Szeregów 23a, that comprise introduction to the financial statements, balance sheet as of 31 December 2022, profit and loss account, statement of changes in shareholders’ equity, cash flow statement for the fiscal year ended on 31 December 2022 and additional information and explanatory notes.

In our opinion, the attached annual financial statements:

- truly and fairly present the assets of property of the Bank as of 31 December 2022 as well as the financial result and cash flows of the Bank in the fiscal year ended on the aforementioned date in accordance with the provisions of the Law of 29 September 1994 - the Accounting Act (consolidated text: Journal of Laws of 2023, item 120 as amended) (the Accounting Act) and are consistent with the applied accounting principles (policy),
- have been drawn up on the basis of properly maintained books of accounts,
- the form and content thereof complies with applicable provisions of the law and the Bank charter.

This opinion is consistent with the additional report for the Audit Committee issued at date hereof.

Basis of the opinion

We have carried out the audit in accordance with:

- the Law of 11 May 2017 on statutory auditors, auditing companies and public supervision (consolidated text: Journal of Laws of 2022, item 1302 as amended) (The Law on statutory auditors),
- International Standards on Auditing in the version adopted as the National Standards on Auditing (NSA) by way of a resolution of the National Council of Statutory Auditors no. 3430/52a/2019 of 21 March 2019 as amended and
- The EU Regulation No. 537/2014 of the European Parliament and of Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing the Commission Decision 2005/909/EC (EU Official Journal L 158 of 27.05.2014, p. 77 and EU Official Journal EU L 170 of 1.06.2014, p. 66 (Regulation 537/2014).

In accordance with the aforementioned standards, our liability is specified in a further section hereof entitled *Liability of a statutory auditor for the audit of the annual financial statements*.

We are independent from the Bank in accordance with the *International Code of Ethics for Professional Accountants* (including the International *Standards of Independence*) issued by the International Ethics Standards Board for Accountants (IESBA Code), adopted by way of a resolution of the National Council of Statutory Auditors no. 3431/52a/2019 of 25 March 2019 as rules of professional ethics of statutory auditors, and in accordance with other requirements concerning professional ethics applicable to audits of annual financial statements in Poland. In particular, carrying out the audit, the chief statutory auditor and the auditing firm were independent from the Bank and, thus, met the independence requirement following from the Law on statutory auditors and from the Regulation 537/2014. Moreover, we have fulfilled other obligations of professional ethics in accordance with the said requirements and the IESBA Code.

In our opinion, the audit evidence we have obtained provide sufficient and appropriate basis for our opinion.

Key issues of the audit

In our professional judgement, key issues of the audit are those that represent the most important information for the auditor's assessment of the annual financial statements drawn up for the current reporting period. Such information includes the identified, most significant risks of material misstatements, including the risk of fraudulent material misstatement. We have referred to those issues in the context of our overall audit of the entire annual financial statements and we have taken them into account while expressing our opinion about the statements. Below, we have also summarised our approach to the said risks, and, where appropriate, we have presented our most important observations concerning those risks. We do not express any separate opinion thereon.

Valuation of receivables**Description**

In its financial statements as of 31 December 2022, the Bank presented receivables due from financial institutions, from customers other than financial institutions and receivables from the state budget, the total of which amounted to PLN 5,767 million. These receivables represented 21% of the assets of the Bank as at the balance sheet date. Amounts of receivables and their portfolio reflect the scale and efficiency of loan granting operations of the Bank and significantly affect the assessment of the entire financial statements.

Those receivables entail a risk that arises when a loan is granted. In order to reduce the risk that the receivables recognised in the balance sheet might be totally written off, the process of loan granting must be properly structured and secured. The receivables are also at risk of impairment. The assessment of whether the criteria of value impairment of individual items of receivables have been met and the assessment of the scale of the risk of impairment is reflected in amounts allocated to special purpose funds (provisions) for the risk of bad debts and in amounts of write downs on such receivables in view of their exposure to such risk, which provisions are created by the Management Board of the Bank in accordance with the accounting policy, developed based on the provisions of the law applicable to the operations of banks. Improper assessment of receivables and improper qualification of the scale of the risk of their value impairment as well as improper management of

the risk related to receivables may result in the overestimation of the receivables in the financial statement of the Bank.

In the Introduction to the financial statements and in notes 10-12 of the additional information and explanatory notes, the Management Board presented main assumptions regarding the valuation of receivables. It, furthermore, presented the created reserve funds (provisions) and made write-downs on receivables as at the end of 2022 and 2021.

Opinion of the statutory auditor

Within the framework of the audit and to address the risk of overestimation of the receivables presented in the financial statements of the Bank, we have performed the following acts:

- we have identified, analysed and described the loan granting process, designed by the Bank,
- we have identified key measures of control used by the Bank in the loan granting process and we have audited the efficiency of these measures through compliance tests,
- we have assessed the accounting policy in reference to the creation of special purpose funds (provisions) and in reference to the recognition of write-downs on receivables, including the assessment of compliance of the accounting policy with the applicable laws and whether the accounting policy is proper in view of the current structure of receivables in the Bank portfolio.

Moreover, with regard to the analysis of the selected sample of granted loans in view of credit risk, we have applied the following procedures:

- we have confirmed the account receivable balances,
- we have audited whether relevant exposure to credit risk was properly classified into relevant risk categories identified in appropriate regulations in response to the needs of creating special purpose reserve funds (provisions) and in response to the needs of making relevant write-downs, in particular, we have audited whether timely repayments of amounts receivable were properly assessed and we have audited the financial and economic situation of the debtors,
- we have analysed the methodology applied to calculate the amounts of special purpose reserve funds (provisions) and write-downs and the methodology used for their recalculation,
- we have assessed whether the applied reduction of provisions and write-downs was justified in view of the set up loan securities,
- we have audited the quality and pricing of securities, based on which provisions and write-downs on receivables were reduced.

Additionally, taking into account the entire portfolio of the receivables, we have applied the following procedures:

- we have assessed whether the interest accrued on the receivables was calculated properly and in full amounts,
- we have analysed the ratio of receivables to income presented in the financial statements of the Bank in view of receivables recorded in 2022 and in the previous year.

Liability of the Management Board and the Supervisory Board for the annual financial statements

The Management Board of the Bank is responsible for preparation of the annual financial statements based on the properly maintained books of accounts. The financial statements shall truly and fairly present the assets of property, financial result and cash flows of the Bank in accordance with the provisions of the Accounting Act, executive provisions based thereon, the adopted accounting principles (policy) and other applicable provisions of the law as well as with the Bank charter. The Management Board of the Bank is also liable for the internal control that is necessary to draw up the annual financial statements without any material fraudulent or erroneous misstatement.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Pursuant to the Accounting Act, the Management Board and members of the Supervisory Board of the Bank are obliged to ensure that the annual financial statements meet the requirements specified in the Accounting Act. Members of the Supervisory Board are responsible for the supervision of the financial reporting of the Bank.

Liability of the statutory auditor for the audit of the annual financial statement

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that

an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

The scope of this audit cannot assure any future profitability of the Bank or effectiveness and efficiency of running the business of the Bank by the Management Board either at present or in the future.

Carrying out the audit in accordance with NSA, we exercise professional judgement and maintain professional scepticism as well as:

- we identify and evaluate assess risks of material misstatements in the annual financial statements due to a fraud or an error, we design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Bank;
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board of the Bank.
- we conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, however, future events or conditions may cause the Bank to cease to continue as a going concern.
- we evaluate the overall presentation, structure and content of the annual financial statements, including disclosures, and review whether the annual financial statements fairly present business transactions and relevant events.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We submit a declaration to the Supervisory Board, stating that we have complied with the relevant requirements of professional ethics concerning independence and we inform the Supervisory Board about any related or other issues which might be reasonably deemed as posing a threat to our independence. Whenever applicable, we also inform the Supervisory Board about the applied security measures.

Out of the information provided to the Supervisory Board, we have indicated the issues that proved the most significant for the audit of the annual financial statements for the current fiscal year and we have explained why that information is of key importance for the audit. We present such key issues in more detail in our auditor's report, unless legal provisions or other regulations prohibit public disclosure of such information, or unless - in unusual circumstances - we shall find that such key information should not be presented in our report as it could be reasonably expected that the adverse effects of such a disclosure would exceed any public interests resulting therefrom.

Other information, including the report on operations

Other information includes the report on the operations of the Bank for the fiscal year ended on 31 December 2022 and a declaration on non-financial information specified in Art. 49B section 1 of the Accounting Act. It makes up a separate part of the report on the operations of the Bank.

Liability of the Management Board and the Supervisory Board

Under the Accounting Act and other applicable laws, the Management Board of the Bank bears liability for drawing up the report on the operations of the Bank. Moreover, the Management Board and members of the Supervisory Board of the Bank are liable for compliance of the report on operations with the requirements specified in the Accounting Act.

Liability of a statutory auditor

Our opinion on the annual financial statements does not cover the report on operations and we refrain from expressing any opinion concerning the compliance of the report on the operations with NSA. In connection with our audit of the consolidated financial statements our responsibility is to read the report on the operations and, in doing so, consider whether the report on the operations is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the audit works, we should confirm any material misstatements in the report on the operations, we are obliged to communicate the findings respectively in our auditor's report. Pursuant to the requirements of the Law on statutory auditors, it is our obligation to issue an opinion whether the report on operations (excluding the declaration specified in Article 49b of the Accounting Act) has been drawn up in compliance with the law and consistently with the information included in the annual financial statements or not. Additionally, pursuant to Art. 111a section 3 of the Law of 29 August 1997 the Banking Law (consolidated text: Journal of Laws of 2022, item 2324, as amended) (The Banking Law), we are obliged to examine the information specified in Art. 111a section 2 of the Banking Law. Moreover, we are obliged to provide the information whether the Bank has made a declaration or a separate report concerning the non-financial data or not.

Opinion on the report of the operations

In our opinion, the report on operations was drawn up in accordance with the applicable provisions and complies with the provisions of Art. 49 of the Accounting Act and Art. 111a section 1 and 2 of the Banking Law and with the information included in the appended annual financial statements. Moreover, we declare that, as per our best knowledge about the Bank and its environment that we acquired during the audit of the annual financial statements, we have not found any material misstatements in the report on operations.

Information about the declaration on the non-financial data

In accordance with the requirements of the Law on statutory auditors, we hereby provide the information that the Bank made a declaration on the non-financial information specified in Art. 49B section 1 of the Accounting Act. It makes up a separate part of the report on operations.

Report on other requirements of the legal provisions and regulations

Information on the compliance with the prudence principles

The Management Board of the Bank is liable for assurance of compliance of operations of the Bank with the prudence principles specified in separate provisions, in particular it is liable for proper assessment of capital ratios.

The purpose of the audit of the annual financial statements was not to draw up an opinion on the compliance by the Bank with the prudence principles, thus, we do not issue any opinion thereon. Within the audit of the annual financial statements of the Bank, we have carried out procedures intended to identify any breaches by the Bank of the prudence principles specified in separate provisions, in particular we have examined if the Bank has correctly assessed the capital ratios presented in Note 1 of the additional information and explanatory notes appended to the annual financial statements, which might have any significant impact on the annual financial statements.

Be informed that we have not found any breaches by the Bank - in the period from 1 January 2022 to 31 December 2022 - of the applicable prudence principles, in particular we have found no incorrect assessments of capital ratios by the Bank as at 31 December 2022, which might have any significant impact on the financial statements.

Declaration on the provided services other than the audit of the financial statements

In accordance with our best knowledge and belief, we represent that we have not provided any services other than the audit of the financial statements, that are forbidden from providing under the provisions of Art. 136 of the Law on statutory auditors and Art. 5 section 1 of the Regulation 537/2014.

Selection of the auditing firm

We were selected to carry out the audit of the annual financial statements of the Bank for the fiscal years 2021 and 2022 by the virtue of the resolution of the Supervisory Board of the Bank no. 47/2021 of 26 May 2021. We have been auditing financial statements of the Bank continuously from the fiscal year ended on 31 December 2016, i.e. for seven subsequent financial years. For the audit of the financial statements for 2016, we were selected by way of a separate procedure, next we were selected for two year periods: 2017-2018, 2019-2020 and 2021-2022.

Paweł Zaczyński

Statutory auditor no. 13290

Key chartered auditor supervising the audit on behalf of
Grant Thornton Polska Prosta spółka akcyjna,
Poznań, ul. Abpa Antoniego Baraniaka 88 E,
auditing firm no. 4055

Poznań, 26 May 2023

Financial statements of SGB-Bank SA for 2022 in thousand PLN

Balance sheet – assets

Assets	31/12/2022	31/12/2021
Cash, funds in the Central Bank	965,547	894,321
In current account	876,027	772,621
Other funds	89,520	121,700
Receivables from the financial sector	1,465,939	1,798,223
In current account	1,357,086	1,107,095
Fix term deposits	108,853	691,127
Receivables from the non-financial sector	3,157,594	3,378,184
In current account	262,719	273,663
Fix term deposits	2,894,874	3,104,521
Receivables from the state treasury sector	1,143,441	890,605
Fix term deposits	1,143,441	890,605
Debt securities	19,524,627	18,704,600
Banks	6,565,370	6,130,828
Government and self-government institutions	11,824,612	11,442,017
Other	1,134,645	1,131,754
Shares in subsidiary entities	13,604	12,855
In financial institutions	4,413	3,499
In other entities	9,190	9,356
Shares in other entities	21,905	28,934
In financial institutions	21,866	28,895
In other entities	40	40
Other securities and financial assets	277,861	310,758
Intangible assets	83,765	76,656
Other intangible assets	73,404	66,591
Outlay for the intangible assets	10,361	10,066

Tangible fixed assets	67,945	76,605
Real estates	52,377	56,970
Other fixed assets	14,109	18,394
Fixed assets under construction	1,458	1,241
Other assets	12,904	22,274
Assets taken over – for sale	4,227	4,604
Other	8,677	17,670
Prepayments	135,324	117,837
Assets under deferred income tax	127,690	108,090
Other prepayments	7,634	9,746
Equity shares	0	0
TOTAL ASSETS	26,870,455	26,311,851

Financial statements of SGB-Bank SA for 2022 in thousand PLN

Balance sheet – liabilities

Liabilities	31/12/2022	31/12/2021
Liabilities towards the financial sector	24,226,953	23,640,001
In current account	7,247,533	5,947,037
Fix term deposits	16,979,420	17,692,964
Liabilities towards the non-financial sector	891,176	1,058,213
Saving accounts, in this:	798,413	958,400
a) current	656,247	906,744
b) fix term	142,166	51,656
Other, including:	92,763	99,813
a) current	9,578	90,651
b) fix term	83,185	9,162
Liabilities towards the state treasury sector	154,394	57,340
Current	57,970	57,012
Fix term deposits	96,424	328
Liabilities under debt securities issuance	905	4,515
Other liabilities under financial instruments	331	507
Special funds and other payables	57,202	399,457
Special funds	480	676
Other payables (liabilities)	56,722	398,781
Accruals and deferred costs and income	13,915	9,367
Accruals	9,042	5,013
Other deferred income	4,873	4,354
Provisions	118,845	115,142
Provisions under deferred income tax	89,121	73,750
Other provisions	29,724	41,391
Subordinated liabilities	438,585	238,992

Initial (share) capital	613,260	421,383
Supplementary capital	271,171	258,163
Revaluation reserve	5,861	41,030
Other reserve funds	54,734	54,734
Provision for general risks in banking	38,244	38,244
Other	16,490	16,490
Net profit (loss)	23,123	13,008
TOTAL LIABILITIES	26,870,455	26,311,851
SOLVENCY RATIO	23.76%	16.20%

Financial statements of SGB-Bank SA for 2022 in thousand PLN

Off balance sheet items

	31/12/2022	31/12/2021
Contingent liabilities granted and received	600,197	681,397
Liabilities granted:	590,375	666,933
a) financial	566,166	612,071
b) guarantees	24,208	54,861
Liabilities received:	9,822	14,464
a) financial	0	0
b) guarantees	9,822	14,464
Liabilities arising due to purchase/sale transactions	157,583	196,613
Other	60,700	18,300

Financial statements of SGB-Bank SA for 2022 in thousand PLN

Profit and loss account

	01/01-31/12/2022	01/01-31/12/2021
Income generated from the interest	1,291,329	345,284
Interest from the financial sector	26,723	4,817
from the non-financial sector	271,825	117,581
from the state treasury sector	69,275	11,258
Securities generating fixed amount of income	923,507	211,627
Cost of the interest	1,025,394	94,007
from the non-financial sector	959,329	67,805
Interest from the non-financial sector	2,838	1,167
from the state treasury sector	1,471	9
From the securities	61,756	25,025
cost of the issue of equity shares	32,246	7,693
cost of share premium	29,510	17,333
Financial result from the interest	265,935	251,277
Financial income from commission fees	61,546	57,718
Cost of commission fees	6,129	6,325
Financial result from commission fees	55,417	51,393
Income from shares, other securities and financial instruments of the floating income rate	1,090	949
from subsidiary entities	111	44
from other entities	979	905
Result of financial operations	15,701	-14,209
Securities and other financial instruments	15,701	-14,209
Foreign exchange gain/loss	22,297	21,238
Result of the banking operations	360,440	310,649
Other operating income	58,129	62,769
Other operating costs	49,668	53,929

Costs of the operations of the Bank	227,076	190,325
Remunerations	64,471	61,601
Insurance and other benefits	17,209	15,626
Other	145,397	113,097
Depreciation of fixed assets and amortisation of intangible assets	34,725	29,202
Write-offs to reserves and impairment write downs	377,101	318,368
Write offs to special purpose reserves	334,887	318,368
Impairment write downs	42,214	0
Release of reserves and impairment write downs	-302,476	-239,639
Release of special purpose reserve funds	-301,428	-237,814
Release of provisions for the impairment of assets	-1,048	-1,825
Difference between the value of the reserve funds and the impairment value	74,624	78,729
Gross profit	32,475	21,233
Income tax	9,352	8,224
NET PROFIT	23,123	13,008

Financial statements of SGB-Bank SA for 2022 in thousand PLN

Changes in equity

	01/01-31/12/2022	01/01-31/12/2021
Equity capital at the opening balance	788,318	779,880
adjustments of fundamental errors		
Opening balance of equity after adjustments	788,318	779,880
Opening balance of share capital	421,383	411,383
Changes in share capital (equity)	191,877	10,000
increases due to:	191,877	10,000
issuance of shares	191,877	10,000
Share capital at the closing balance	613,260	421,383
Supplementary capital at the opening balance	258,163	254,395
Changes in the supplementary capital	13,008	3,768
increases due to:	13,008	3,768
distribution of profit over the statutory minimum value	13,008	3,768
Supplementary capital at the closing balance	271,171	258,163
Revaluation capital at the opening balance	41,030	55,600
Changes in revaluation capital	-35,169	-14,570
reductions due to:	35,169	14,570
pricing of the assets available for sale	35,169	14,570
Revaluation capital at the closing balance	5,861	41,030
General banking risk reserve fund at the opening balance	38,244	38,244
General banking risk reserve fund at the opening balance	38,244	38,244
Opening balance of other reserve capitals	16,490	12,722
Changes in other reserves	0	3,768
increases due to:	0	3,768
distribution of profit	0	3,768

Closing balance of other reserve capitals	16,490	16,490
Profit (loss) brought forward at the opening balance	13,008	7,537
Profit brought forward at the opening balance	13,008	7,537
Opening balance of previous years' profit, after adjustments	13,008	7,537
Change in the previous years' profit	-13,008	-7,537
decreases due to:	13,008	7,537
allocation to the supplementary capital	13,008	3,768
allocation to the reserve capital	0	3,768
Profit brought forward at the closing balance	0	0
Profit (loss) brought forward at the closing balance	0	0
Nett result	23,123	13,008
a) net profit	23,123	13,008
b) net loss	0	0
Equity capital at the closing balance	968,149	788,318
Equity capital after the proposed distribution of profit	968,149	788,318

Financial statements of SGB-Bank SA for 2022 in thousand PLN

Cash flow statement

Cash flows from operating activities	01/01-31/12/2022	01/01-31/12/2021
Net profit (loss)	23,123	13,008
Total adjustments:	216,808	314,301
Depreciation and amortisation	34,725	29,202
Interest and profit sharing (dividend)	1,090	949
Profit (loss) on investment activities	-644	-6,115
Change in the provisions	3,703	29,176
Change in the debt securities	-844,401	-693,907
Change in the receivables from the financial sector	903,415	-281,765
Change in receivables from the non-financial sector and state treasury sector	-32,245	161,415
Change in shares, other securities and financial assets	-4,515	475
Change in the liabilities towards the financial sector	586,952	1,083,343
Change in liabilities towards the non-financial sector and state treasury sector	-69,983	-162,694
Change in other liabilities	-342,430	184,440
Change in accruals and prepayments	-13,458	-1,085
Change in deferred income	519	-1,260
Other adjustments	-5,920	-27,872
Net cash flows from operating activities	239,931	327,309
Cash flows from investment activities		
Inflows	50,889	52,020
Sale of shares in other entities, other securities and financial assets	32,897	22,307
Sale of intangible assets and tangible fixed assets	19,082	29,259
Other investment income	-1,090	454

Outflows	36,322	42,416
Purchase of shares in other entities, other securities and financial assets	0	0
Purchase of fixed intangible assets and tangible assets	36,322	42,416
Net cash flows from investment activities	14,567	9,604
Cash flows from financial activities		
Inflows	387,860	10,000
Increase in subordinate liabilities	195,983	0
Net inflows from the issue of shares and additional contributions towards the share capital	191,877	10,000
Outflows	0	55,966
Decrease in subordinate liabilities	0	55,966
Net cash flows from financial activities	387,860	-45,966
Net cash flows in total	642,358	290,947
Balance sheet change in cash	642,358	290,947
including the change in cash due to foreign exchange differences	0	0
Cash opening balance	1,441,801	1,150,854
Cash closing balance	2,084,159	1,441,801

