



**Letter of the President  
of the Management Board  
of Bank Ochrony Środowiska S.A. to Shareholders**

*Dear Sir/ Madam,*

2019 has been yet another year of improvement of financial results of the Group of Bank Ochrony Środowiska in the key areas of its operations. We have recorded an improved profitability, measured as return on equity and interest margin; we have also enhanced our cost effectiveness measured by the C/I ratio. The level of sales of loans increased almost twofold.

Implementation of a new business model in year 2018 has resulted in dynamic development of sales of loans for pro-ecological investments, which in 2019 was higher by 121.3% in comparison with the previous year. Entities of the BOŚ Group made effective use of their competitive advantages based on the complex product range, making it possible to finance undertakings contributing to environmental protection from our own funds, as well as from financing provided by the NFEPWM / VFEPWM, foreign banks, as well as governmental programmes based, among others, on the Strategy for Sustainable Development. Thanks to all of the above, we responded to market trends associated with the needs of Clients interested in investment projects of this kind.

Effective implementation of the Bank's Development Strategy has been reflected in our financial results. Despite the necessity to establish provisions for legal risk related to foreign currency mortgage loans and potential reimbursement of commissions due to early repayment or retail loans, as well as higher charges imposed upon the Bank due to the premium for the Bank Guarantee Fund, the BOŚ Group has improved its result in comparison with the previous year by 13.0%, achieving the highest net interest income in its history, amounting to PLN 420.0 million.

The unconsolidated net income of Bank Ochrony Środowiska in 2019 amounted to PLN 80.7 million, which represents an increase by 24.1% in comparison with year 2018. The Bank has also increased its interest margin to 2.3% from the level of 2.0% in 2018, and the cost/income (C/I) ratio amounted to 57.2% in comparison with 57.9% in the previous year.

We are changing and developing. In the previous year, we implemented a number of key projects in the field of enhancement of the role of electronic distribution channels and adaptation of the traditional ones to the present market challenges and expectations of our target segments of Clients. We implemented the new online banking system, a technologically advanced Web page of the Bank, and in the first half of the current year, we will provide our Clients with a mobile application.

In the near future, we will engage in further activity associated with increase in the level of financing of pro-ecological investments and enhanced effectiveness of business operations. We will focus on further development of the pro-ecological product range and transformation of retail customer services towards modern distribution channels.

We would like to thank all of our Clients and Business Partners for their trust and cooperation. We will do our best to respond to your needs better than ever, making sure that you find cooperation with us a satisfactory experience.

A handwritten signature in blue ink, appearing to read 'Białowas', with a long horizontal stroke extending to the right.

Bogusław Białowas

*President of the Management  
Board*