



CONSOLIDATED FINANCIAL STATEMENTS OF BANK OCHRONY ŚRODOWISKA S.A. GROUP FOR THE FIRST QUARTER 2020

Warsaw, May 2020

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SUMMARY RESULTS OF THE BOŚ S.A. GROUP

The first social-economic consequences of the COVID-19 pandemic in the Polish economy occurred in March 2020. However, they have not yet had a significant impact on BOŚ S.A. Group's financial results in the first quarter 2020. Current expenditures associated with the fulfilment of guidelines to ensure epidemic safety of Bank's staff and clients as well as business continuity increased. The scale of the impact was not significant, however, and was set off by dropping expenditures in other business areas.

In 1Q2020 BOŚ S.A. Group generated net profits of 23.6m PLN versus 17.1m PLN in the same period the previous year. Increase was reported in all the areas of core operations.

Major achievements of BOŚ S.A. Group in the first quarter 2020:

- **increase of Group's net result by 38.0%** versus the same period the previous year;
- **increase of Group's interest margin by 0.2%.** Interest results amounted to 103.0m PLN versus 102.9m PLN in 1Q2019,
- **increase of Group's interest margin by 10.1%** compared to the same period in 2019,
- **Group overheads lower by 10.0%** versus the same period in 2019,
- **total loan balance higher by 2.1% and pro-ecology loan balance higher by 3.2%** versus end of 1Q2019,
- **balance sheet total increased by 5.8%** versus end of the first quarter 2019,
- **ROE increase up to 3.6%** versus 3.3% in the entire 2019,
- **improved Group's C/I – up to 56.0%,** or by 6.9 p.p. versus 2019,
- **secure capital base of the Group** - total capital ratio of the Group equalled 15.98% at the end of the first quarter 2020 versus 16.39% at the end of 2019.

A selection of balance sheet positions and financial ratios of BOŚ S.A. Group

	'000 PLN	1Q2020	1Q2019	Change %
Net interest and similar income	[1]	103 043	102 859	0,2
Net fee and commission income	[2]	29 695	26 967	10,1
Net income on financial instruments measured at fair value through P/L		10 303	4 953	108,0
Net impairment result		-22 738	-7 944	186,2
Administrative expenses, including:	[3]	-99 764	-110 880	-10,0
– contribution and payments to BFG		20 530	32 052	-35,9
NET PROFIT/LOSS		23 569	17 084	38,0

- [1] The Group's interest margin was 0.2m PLN or 0.2% higher in 1Q2020 than in the same period last year mainly as a result of lower interest costs. The lower cost figure resulted mainly from lower costs of bank accounts and deposits of individual customers which dropped by 0.9m PLN, or 2.9%. Interest costs were lower also as a result of decreased interest rates on deposits obtained by Bank branch network.
- [2] The Group's net fee and commission income increased by 2.7m PLN or 10.1% in January-March 2020 versus the same period in 2019 both as a result of higher commission income and lower costs. Brokerage service income increased the most – by 5.3m PLN or 32.6%.
- [3] Group's total administrative expenses were 11.1m PLN or 10.0% lower than in the same period the year before, mainly as a result of a lower BFG contribution. The total 2020 annual contribution set by the BFG for the mandatory restructuring fund of 15.7m PLN

was charged against the 1Q2020 result. In the same period in 2019 this contribution amounted to 29.3m PLN. In total, the BFG contributions charged against 1Q2020 costs amount to 20.5m PLN versus 32.1m PLN in the same period last year.

Financial ratios

	1Q2020	2019	Change p.p.
Return on equity (ROE)	3,6	3,3	0,3
Return on assets (ROA)	0,4	0,4	0,0
Interest on total assets	2,2	2,3	-0,1
Costs/income upon including one-off BFG contribution	56,0	62,9	-6,9
Risk costs	-0,9	-0,8	-0,1
Total capital ratio (solvency ratio)	12,5	12,2	0,3
Return on equity (ROE)	15,98	16,39	-0,41

Impact of the COVID-19 pandemic on BOŚ S.A. Group's operations and prospects

BOŚ S.A. Group is maintaining full operational capacity. A number of solutions have been implemented to maintain business continuity and mitigate the epidemic risk, both to the group's personnel and customers visiting the branches. A significant number of BOŚ S.A. Group's staff fulfil their duties on a remote basis

The Bank continues to generate financial results significantly higher than the minimum regulatory values and at present is not experiencing any significant impact of the COVID-19 pandemic on its liquidity and capital adequacy.

In 1Q2020 BOŚ S.A. Group did not report any significant impact of the Monetary Policy Council's first interest rate reduction by 50 bps on 17 March 2020 and weakening of the Polish zloty on the foreign currency market due to the short period of absorption of the effects. In subsequent quarters, including Monetary Policy Council's second interest rate cut by 50 bps announced on 8 Apr. 2020, the Bank expects a negative impact of deteriorating macroeconomic factors on its financial results. The Bank is estimating that the s-far interest rate cuts will reduce its interest margin in 2020 by about 35-50m PLN compared to the last year's result. The scale of the impact on the Bank's results depends particularly on the dynamics of interest cost reduction which is slower than the impact of interest rate cuts on interest income. As it is necessary to secure Bank's liquidity, asset costs will be reduced in stages. Additionally, in the Bank's judgement the forthcoming months will also bring about negative factors contributing to lower financial results, particularly:

- lower non-interest income due to significant limitation of customer activity,
- reduced dynamics of sale of new loans caused by overall economic slowdown,
- increased credit risk costs caused by deteriorated financial condition of customers,
- increased administrative costs arising from expenditures on counteracting the consequences of the pandemic.

Given this situation, the Bank undertook a number of actions to continuously monitor the unfolding situation and mitigate its negative impact on the Bank's results. In order to protect the interest margin, the Bank reduced interest rates on deposits. Further, the Bank reviewed the cost and investment expenditures planned for this year and decided to reduce them down to a level which is essential for secure and efficient functioning. Frozen expenditures, depending on the generated results and emerging needs may be gradually realized at a later

time. Additionally, given the significant risk of deterioration of Bank customers' credit situation, activity of Bank's salesforce focuses on the actions to protect the loan portfolio quality, particularly by identifying and supporting the borrowers who may need assistance to preserve liquidity and repay their loan amounts due to the Bank.

Supporting borrowers through Bank's involvement in government's assistance programs and offering loan assistance measures and other easing mechanisms

The Bank is participating in a number of government's programs which are to support enterprises and mitigate the economic consequences of the pandemic. Customers, among other things, may:

- submit, via BOŚ S.A., applications for financial support offered as part of the Financial Shield (Tarcza Finansowa) program conducted by the Polish Development Fund (PFR),
- use the de minimis guarantee Program conducted as part of the government's program called "Supporting entrepreneurship with endorsements and guarantees of Bank Gospodarstwa Krajowego" implemented to enhance access to financing,
- use the Biznesmax Guarantee granted from the Guarantee Fund of the Smart Growth Operational Program intended to support innovative undertakings in the SME segment,
- use the Portfolio Guarantee Line from the Liquidity Guarantee Fund. This offer targets small and medium enterprises. The guarantee is granted as security for a loan to ensure financial liquidity and may apply both to newly granted loans and those renewed within overdraft facilities or lines of credit,
- use special solutions dedicated to Borrowers - Jessica and Jeremie – intended to mitigate negative consequences of the COVID-19 pandemic.

Additionally, the Bank introduced a series of special solutions and products for companies suffering from the negative impact of the COVID-19 pandemic, more broadly described in Section 2 *Bank's actions related to COVID-19 pandemic and major events in first quarter 2020*.

Rating

On 14 April 2020 Fitch Ratings Ltd confirmed its ratings for the Bank, changed Bank's outlook from negative to stable and reduced from BB+ to BB the rating for subordinated bonds. The agency reviewed BOŚ S.A. ratings in relation to the COVID-19 pandemic in Europe and stated that despite the ultimate economic consequences of the pandemic are not yet known, they may affect Bank's credit portfolio. Information on Fitch Ratings's evaluations was published in Bank's Current Report RB 7/2020.

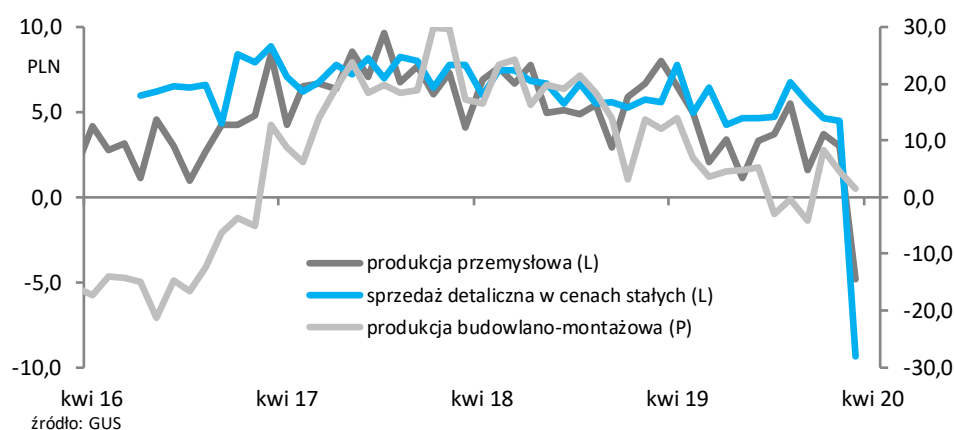
1. Macroeconomic situation

In the first quarter 2020, as a result of quickly spreading COVID-19 pandemic (in January in China, and at the end of the quarter in Europe and the USA) the prospects for both the world and Polish economies deteriorated. By the end of April the number of confirmed coronavirus infections exceeded 3m and 225 thousand deaths all over the world. Limited demand and supply amidst the pandemic and administrative restrictions imposed on social and economic

activity to curb the spreading of the virus, along with global supply chain disturbances resulted in an unprecedented weakening of economic activity in China, starting from January, and in most economies – from March 2020. As a result, in the first quarter 2020 China's GDP dropped by 6.8% y/y versus 6.0% growth y/y in 4Q2019, Eurozone's GDP dropped by 3.3% versus 1% growth y/y in 4Q2019, while in the United States economic growth approached 0.3% y/y versus 23% in 4Q2019.

In Poland, prior to the epidemic, economic activity in January and February remained solid. In March, as a result of the global economic slowdown, economic activity in industry hindered rapidly (including automobile and furniture markets). In March, industrial output dropped 2.3% y/y, versus 4.9% growth in February. Limitation of business activity introduced in March (including significant limitation of business activities of shopping malls, hotels, restaurants, shutdown of cinemas, theatres, schools and universities, suspension of international air travel, limited ability for foreigners to come to Poland, ban on public gathering) and also fear of infection resulted in a significant slowdown of activity in the retail and service areas. As a consequence, retail figures in March dropped by 9.0% y/y versus 7.3% growth y/y in February.

In March the construction sector remained the most resistant to the impact of the pandemic – the construction output increased by solid 3.7% y/y, dropping only slightly from 5.5% y/y in February.



The impact of the significant weakening of economic activity in 1Q2020 on the national labour market was limited, though the first symptoms of deterioration did occur. In March the dynamics of the hiring trend in the business sector dropped down to 0.3% y/y versus 1.1% y/y in January, while within the month the employment dropped by 29 thousand people. In the first quarter 2020 the unemployment rate reflected no visible impact of the economic slowdown with 5.4% at the end of March.

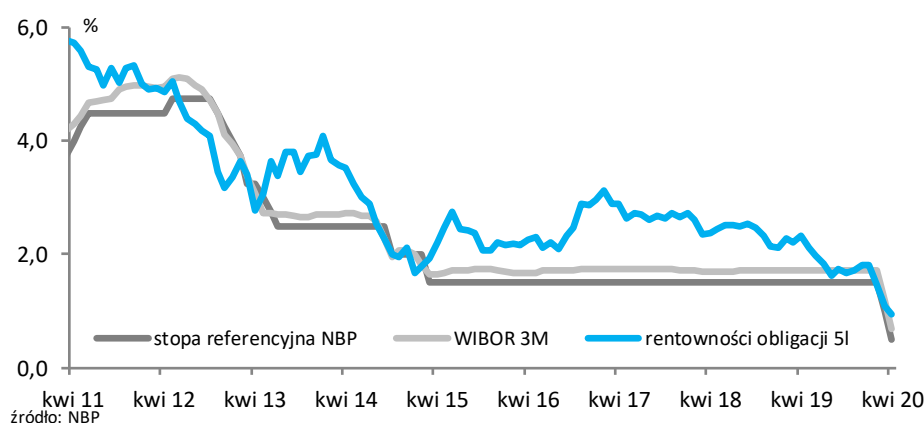
In April 2020, the Central Statistical Office reported a decrease in the business cycle indicators which fully take into account the impact of the pandemic on the condition of companies. The statistical data confirmed, just like in the case of business cycle indicators in multiple countries, an unprecedented scale of pessimistic moods among enterprises. According to the Central Statistical Office's data, in April the business cycle indicator dropped in manufacturing, construction, commerce and services dropped down to -44.2 points, which is the lowest figure since the very beginning of data collection in these economic sectors. These results, combined with the rapid deterioration of external environment of the Polish economy and administrative restrictions prevailing during the entire month of April, indicate that in the

second quarter 2020 the Polish economy will suffer a very steep drop of the gross domestic product.

Given the slowdown of the economic activity in the first quarter 2020 and potential further slowdown in the future, monetary and fiscal policy actions were undertaken to limit the negative consequences of the crisis.

After 5 years of stable NBP interest rates, in March and April 2020, the NBP Monetary Policy Council reduced interest rates by a total of 100 bps. As a result, the NBP reference rate decreased down to 0.50%; the deposit rate – down to 0.00%; the Lombard rate – down to 1.00%, the rediscount rate – down to 0.55%; and the discount rate – down to 0.60%.

At the same time, the NBP declared to be ready for delivering liquidity to the banking sector in repo transactions, to provide the sector with financing in the form of bill discount facilities and started redemption of state treasury bonds in the secondary market.



In March and April the government implemented or declared to implement a series of actions within the Anti-crisis Shield program (Tarcza Kryzysowa) to improve the financial situation of businesses and protect the labour market. The major actions include: temporary waiver of social securing contribution obligation, subsidies to employee salaries, extension of loan guarantee scope, increase of public investment. Additionally, as part of the Financial Shield program of the Polish Development Fund (PFR) companies which suffered from the coronavirus pandemic will be eligible for financial subsidies (non-repayable in part) for enterprises.

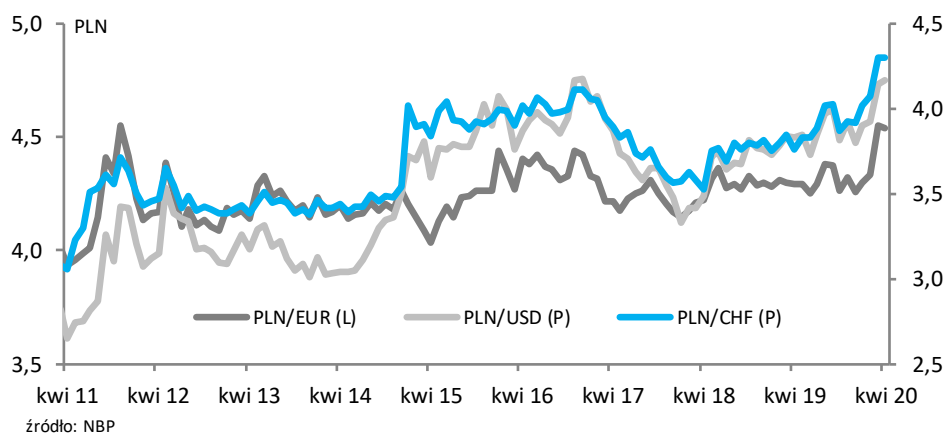
During the first four months of 2020 one could observe a very high volatility in the global financial market. During most of the first quarter, there was an aversion to risk in response to deterioration of global economic prospects, which resulted in stock index drops by nearly 30% compared to the beginning of the year. Afterwards, in March and April, following the economic stimuli introduced by central banks and governments, market sentiments improved, which limited the scale of decreases of stock exchange indexes at the end of April down to a dozen or so per cent (counting from year-beginning).

Interest rates on treasury securities in major markets (US, Germany) dropped significantly reaching historic lows.

Worse sentiments in the global financial market resulted in deterioration of the Polish stock market and PLN rates. From the beginning of the year to the end of April, WIG, the major Warsaw stock exchange market index, dropped by 20%. In the first quarter the PLN rate lost nearly 10% to the US dollar and Swiss franc and 6.7% - to the euro.

Following the NBP interest rate drops, the national interbank rates dropped by 100 bps down to 0.70% (WIBOR 3M). At the same time, due to lower NBP interest rates, NBP's bond

redemption and lower interest rates on treasury securities in major markets, interest rates on treasury bonds in the Polish market declined. Profitability of 10-year bonds dropped by over 60 bps.



2. Bank's actions related to COVID-19 pandemic and major events in first quarter 2020

In relation to the COVID-19 pandemic, business entities' activity is slowing down and macroeconomic prospects in Poland are deteriorating. At the same time, public authorities have implemented a number of major legal and organizational solutions to restrain the spreading of the pandemic and financial solutions to provide economic aid to business entities which had their activity limited. The Bank also initiated actions to support the financial condition of borrowers, such as loan payment holiday which is suspension of loan principal payments for 3 months. As the situation is very dynamic, the Bank is not able to currently estimate, in a reliable manner, the impact of the COVID-19 pandemic on the Bank's financial results.

The Bank is gradually monitoring the financial condition of borrowers, on an individual basis, and continuously manages the loan risk. Additionally, the Bank is adjusting its risk policy to the changes within the economic environment regarding new borrowers and is undertaking a number of actions related to new borrowers, and also towards the current borrowers, to ensure stable balance and quality of the loan payment portfolio.

The Bank is monitoring the current economic situation also with regard to the impact on its financial liquidity. The analysed information includes data regarding the situation in individual sectors and customer behaviours: monitoring of cash and deposit outflows, increase of EUR/PLN and CHF/PLN exchange rates and their impact on individual areas of Bank's operations. The Bank has reviewed the assumptions of stress tests to include pandemic risk factors in the test scenarios.

In 1Q2020 there was no significant negative impact on Bank's liquidity reported from pandemic events. In March cash withdrawals increased temporarily, which resulted from consumers' uncertainty about the scale of the economic lockdown. An informational campaign was initiated to promote cashless payments as more hygienic and safer in the context of virus contagion risk. April brought stabilisation of cash withdrawals at cash desks. Now, the Bank is monitoring balances of deposits and loans, particularly in the context of

interest rate changes and loan easing mechanisms introduced as part of the anti-crisis shield. The Bank is undertaking actions to correlate the demand for loan capital with acquired financing, making sure the liquidity surplus remains at a safe level.

Bank's participation in government support programs for the business entities which suffered from COVID-19 pandemic

■ Participation in "Financial Shield" of Polish Development Fund for SME

SME customers may file applications, via BOŚ S.A., for financial support offered within the Financial Shield of the Polish Development Fund (PFR). The Bank acts as an intermediary of the Polish Development Fund concluding financial support agreements with companies on the Fund's behalf.

The Financial Shield is a government support program targeting those enterprises which suffered from the coronavirus pandemic. Entities eligible for the program are enterprises which are reporting dropping sales from income by at least 25Q% during any month past 1 Feb. 2020 versus the previous month or the same period the year before as a result of disturbed functioning of economy as a consequence of COVID-19.

Repayable aid which is a financial instrument of the Polish Development Fund are intended for covering overheads, early repayment of loans up to 25% of the loan or settlements with associated entities. Business entities may file applications for the subsidies via iBoss24 e-banking system.

■ Broader scope of de minimis guarantees

On 20 March 2020 BOŚ S.A. signed an Annex with Bank Gospodarstwa Krajowego (BGK) to the de minimis PKD-KFG guarantee line agreement which introduces special solutions for companies suffering from difficult situation caused by the COVID-19 pandemic. The de minimis guarantee program is conducted as part of a government program called "Supporting entrepreneurship with endorsements and guarantees of Bank Gospodarstwa Krajowego". The de minimis guarantees have been implemented to make it easier for SME businesses access financing and to provide an offer of commonly available guarantees that support the development of enterprises. de minimis aid is a form of public support allowed by the EU regulations.

Amendments introduced by this Annex include:

- when the loan is covered by the guarantee or the amount of a guarantee-protected loan is increased from 20 March 2020 to 31 Dec. 2020, the amount of a single guarantee for the loan constitutes maximum 80% of the loan amount,
- when the guarantee covers a working capital loan or when a guarantee-protected working capital loan is extended from 20 March 2020 to 31 Dec. 2020, the guarantee is granted for a maximum period of 39 months,
- the guarantee fee due is 0% till 31 Dec. 2020.

■ New terms and conditions of the Biznesmax Guarantee from the Guarantee Fund of the Smart Growth Operational Program

The Biznesmax Guarantee is offered by BOŚ S.A. as part of cooperation with BGK. The new terms and conditions of the Biznesmax Guarantee are to make it easier to access current financing, and also further development of SMEs' activities.

The Biznesmax Guarantee is granted from the Guarantee Fund of the Smart Growth Program (FG POIR). The guarantee is free of charge and secures up to 80% of the loan granted for the financing of innovative undertakings in the SME sector. The guarantee period may not exceed 20 years. The beneficiaries of the guarantee may be granted subsidies to loan interest even for a period of 3 years. The subsidy consists in refunding of paid interest.

In April the bank received an Annex amending the Biznesmax Guarantee terms:

- introduction of a possibility to apply the de minimis aid guarantee to renewable working capital loan, including renewable overdraft facility (thus the renewable loan will no longer be disbursed on the basis of financial and accounting documents, expenditure documentation solely at customer level). The renewable working capital loan period is maximum 39 months.
- in the case of a de minimis aid guarantee BGK resigned from the catalogue of qualified costs and the Borrower's obligation to present a draft of an investment plan,
- in the case of a de minimis aid guarantee, in the evaluation path, BGK introduced an additional criterion that allows eco-efficient companies to use the guarantee applicable to a renewable working capital loan,
- 31 December 2021 is the new effective end-date of the period during which 5% rate of subsidy to loan interest is in force (the subsidies will also apply to renewable loans).

■ Agreement signed for the Portfolio Guarantee Line of the Liquidity Guarantee Fund

On 15 April 2020 BOŚ S.A. signed an agreement with BGK for a portfolio line guarantee of the Liquidity Guarantee Fund. The Bank was granted a limit of 2.5bn PLN for guarantees for working capital loans. The goal of the Agreement is to enable those Customers who suffer from the pandemic to use the Portfolio Guarantee Line from the Liquidity Guarantee Fund. The offer targets medium and large enterprises. The guarantee is granted as security for the loan to ensure financial liquidity and may apply both to new loans and renewed overdraft facilities and credit lines, for which agreements were concluded no earlier than on 1 March 2020. Terms and conditions of the guarantee:

- the BGK guarantee-secured loan may not repay another loan,
- the total loan amount for the entrepreneur including the Liquidity Guarantee Fund subsidy - max. 250m PLN,
- guarantee coverage ratio – up to 80%,
- guarantee amount – min. 3.5m PLN, max. 200m PLN;
- guarantee period – max 27 months and no longer than the loan period + 3 months,
- the guarantee is granted until 31 December 2020,
- for the Guarantee the customer is charged a commission due to BGK.

■ Loans granted within Jessica and Jeremie initiatives

Following arrangements made with Fund Managers (Zachodniopomorska Agencją Rozwoju Regionalnego S.A., Śląskie Voivodeship Marshal Office, Pomorski Fundusz Rozwoju Sp. z o.o.) special solutions were introduced for Jessica and Jeremie borrowers to mitigate negative consequences of the COVID-19 pandemic, including:

- possibility to introduce six-month grace period for principal repayment and 4-month currency for principal-interest repayment for Bank customers who use Jeremie and Jessica Zachodniopomorska I and II circuit and Jessica Pomorska loans,
- obtaining from the Śląskie Voivodeship Marshal Office individual consents to extend loans for Katowice Business Centre customers using Jessica Śląska loans.

Bank introduced a number of special solutions and products dedicated to companies suffering from COVID-19 pandemic

■ Loan payment holidays and other facilitations for customers

- Introduction of a number of facilitations for borrowers, i.e. particularly, the possibility to suspend repayment of loan principal payments (excluding stock exchange loans). The offer targets individual customers, entrepreneurs and housing communities and SMEs and corporate customers. The repayment suspension application may be filed from home, in BOŚBank24 and iBOŚ24 electronic banking systems,
- Waiver of fees and commissions charged from Customers for all activities performed by the Bank in relation to the mitigation of negative COVID-19 pandemic consequences,
- Waiving sanctions imposed for the Customers' failure to fulfil account deposit covenants and to reach and/or maintain financial ratios,
- Postponing, by 3 months, upon Customer's request, the deadline for presenting invoices or acceptance protocols in order to confirm accomplishment of an investment project in accordance with its purpose for "Transparent Loan" and "Sun Energy" products,
- Enable delivery of renewals of insurance policies, securing amounts due to the bank, in the form of copies not authenticated against the original document or in the form of an emailed scanned document,
- With regard to credit cards – implementation of a possibility to postpone, by three months, the deadline for repayment of the "minimum amount". This solution has been offered to all Bank customers,
- With regard to payment cards, increase the contactless payment limit up to 100 PLN. Due to the growing number of COVID-19 infections, in care of Customers' health, the Bank offered the possibility to make contactless payments, without PIN, up to the amount of 100 PLN. This change also requires modifications to be made to merchant terminals. The higher limit will be made available gradually in those terminals whose operators have already increased the transaction amount limit,
- Collection of documents signed with a secure electronic signature from customers.

■ Change of work organisation and supporting employees in relation to COVID-19

- Starting from 1 April 2020 until revoked, the Bank introduced a principle of a limited number of customers in branches (3 times as many customers as there are customer service desks in the branch, on condition the distance between customers is at least 2 metres);
- The Bank is gradually increasing the hygienic protection of Bank employees, providing both antibacterial liquids and soaps as well as protective gloves and also undertakes measures to ensure appropriate distance between workstations, which should be min. 1.5m;

- The Bank has undertaken actions to provide its employees with multiple-use masks. The Bank purchased masks with textile product safety certificate compliant with the Health Minister's ordinance. The masks have been distributed among all the Bank employees with relevant instructions on how to use them;
- The Bank enabled its employees to work remotely from their homes and for some personnel introduced a rotational work schedule; the employees who may work remotely, both those from branches and Head Office, have been provided with relevant equipment and licences which allow them to perform work in that manner. Despite the work mode was changed to remote, all processes continued to operate continuously with no disruptions. There were about 450 simultaneous inbound connections in the Bank network from 8am till 4pm.
- Preventive actions were implemented to limit the change of virus infection, including frequent disinfection of intensively used areas like elevator buttons, handrails on stairs, door handles, gates, etc.;
- The Bank established a Crisis Staff whose tasks are to continuously monitor the unfolding coronavirus pandemic situation in Poland and to quickly react to changes, to ensure protection for the health of BOŚ employees, ensure Bank's business continuity, care for smooth information flow within and outside the organisation;
- In order to ensure business continuity of Bank branches, on 1 April the Bank implemented the so-called protection package offering additional remuneration for all retail account managers, who actively participated in a given month in the operations of the Bank branch and supported Branch directors to ensure full staffing of the branch;
- In order to support the employees in the monitoring of the situation within the economic environment of the Bank and Customers, all Bank employees keep receiving daily reports comprising up-to-date information on the economy and individual economic segments in the context of COVID-19.

■ Bank's more intense business activity in electronic distribution channels

As a result of the COVID-19 pandemic, the Bank reported Customers' wider interest in electronic distribution channels:

- the total number of inbound connections (individual and corporate customers) in 1Q2020 increased by 115% versus the first quarter the year before;
- the total number of messages processed by the electronic banking system (individual and corporate customers) increased by 96%,
- the total number of incoming emails increased by 66%.

Actions the Bank has implemented in its Call Center to ensure business continuity and increase its workload capacity:

- dividing employees between two locations,
- implementation of remote work for some employees whose duties provide for such a possibility;
- cooperation with a third-party Call Center to collect Customers' applications for loan holidays,
- starting works to implement remote for Operators handling inbound and outbound calls.

In order to ensure safety for employees the Bank provided protective masks and gloves and relocated employees within the Call Center zone to ensure relevant distancing and the that zone was isolated from employees working in other parts of the building.

■ **Impact of Finance Minister's decision revoking the systemic risk buffer ordinance**

The Finance Minister's Decision of 18 March 2020 to revoke the systemic risk buffer ordinance (Finance Minister's ordinance of 1 Sep. 2017 on the systemic risk buffer no longer in force) will result in lowering of minimum capital requirements for the Bank, both on the separate and consolidated levels, by 3 p.p. i.e.

- at the separate level: for TCR the limit drops from 14.04% down to 11.04% and for Tier I capital ratio the limit drops from 11.90% down to 8.90%,
- at the consolidated level: TCR the limit drops from 14.02% down to 11.02% and for Tier I capital ratio the limit drops from 11.89% down to 8.89%.

Thus, the capital ratios are above the minimum regulatory levels and are as follows:

- at the separate level: for TCR 4.92% (ca. 726m PLN) and for Tier I capital ratio 4.95% (ca. 730m PLN),
- at the consolidated level: for TCR 4.96% (ca. 747m PLN) and for Tier I capital ratio 5.03% (ca. 757m PLN).

The Finance Minister's release of the systemic buffer is to provide additional capital which may be allocated to stimulate the economy (according to the recommendation of the Financial Stability Committee the released funds should be allocated to credit the economy and cover the losses of the forthcoming quarters). As regards the Bank, the release of the systemic buffer releases the capital of approx. 440m PLN.

■ **Impact of Monetary Policy Council's decision to reduce interest rates**

The Monetary Policy Council's decisions to cut interest rates, dated 17 March and 8 April 2020, and to change the mandatory reserve parameters will negatively affect the Group's net results in 2020. This impact is estimated at 35 to 50m PLN and will materialize in the forthcoming quarters. The scale of the impact on the Group's results depends particularly on the dynamics of interest cost reduction, which is slower than the impact of reduced interest rates on interest income. As it is necessary to secure Bank's liquidity, the asset costs are reduced in stages.

■ **BOŚ S.A. ratings confirmed and outlook changed**

On 14 April 2020 Fitch Ratings Ltd (Agency) confirmed its ratings and downgraded Bank's outlook from stable to negative and downgraded from BB+ to BB the rating of subordinated bonds.

Below find the ratings of BOŚ S.A.:

- Long-term Foreign Currency IDR confirmed at 'BB-', outlook downgraded from stable to negative
- Short-term Foreign Currency IDR confirmed at 'B',
- National Long-term Rating confirmed at 'BBB-(pol)', outlook downgraded from stable to negative,
- National Short-term Rating confirmed at 'F3(pol)'
- Support Rating: confirmed at '4',

- Support Rating Floor confirmed at 'B',
- Viability Rating confirmed at 'bb-',
- National long-term senior unsecured bond programme confirmed at 'BBB-(pol)',
- National short-term senior unsecured bond programme confirmed at 'F3 (pol)',
- Rating for subordinated bonds downgraded from 'BB+(pol)' to 'BB (pol)'.

The Agency has reviewed the ratings of BOŚ S.A. in relation to the coronavirus epidemic in Europe. The Agency concluded that though the final economic consequences of the coronavirus epidemic are not yet known, they may affect the bank's loan portfolio.

The information on Fitch Ratings' decisions was presented in Current Report RB 7/2020.

■ **Charity**

Under a charitable grant agreement the Bank, via Father Werenfried Foundation, gave substances and equipment for fighting COVID-19.

■ **Awards and honorary mentions in first quarter 2020**

- In January 2020 for the third time running Łukasz Tarnawa and Aleksandra Świątkowska, Bank Ochrony Środowiska S.A. economists won the Award of *Parkiet Gazeta Gieldy* daily (Stock Exchange and Investors Daily) for the best forecasts of macroeconomic and market indicators in 2019. This is an unprecedented achievement in the history of the competition. The "Parkiet Daily" Ranking is the most prestigious competition for economists and analysts of Polish financial institutions. The competition has been organised since 2005 and evaluates monthly forecasts for key macroeconomic variables (incl. GDP, inflation, output, retail or unemployment rate) and market indicators (PLN rate, profitability rate of treasury bonds and NBP interest rate). The contestants include over 20 analytic teams from national and international financial institutions,
- In January and February 2020 BOŚ EKOlokata Plus time deposit found itself among the top 12-month time deposits of up to 10,000 PLN with additional terms and conditions in a competition organised by Bankier.pl website,
- In March 2020 Bank Ochrony Środowiska S.A. was awarded in the Financial Brand of the Year competition organised by "Gazeta Finansowa" weekly. The Bank was included in a list of 100 largest financial institutions in Poland. The ranking evaluates the results of firms operating in the Polish financial market: banks, insurance companies, leasing companies, factoring service providers, brokerage houses, and other enterprises operating on a broadly understood financial market,
- On 24 March 2020, once the Monetary Policy Council announced its decision to reduce interest rates, the BOŚ EKOlokata Plus time deposit was classified among top 12-month time deposits up to 10,000 PLN with additional terms by Bankier.pl website,
- In February 2020 BOŚ S.A. Brokerage House, in the 17th National Edition of Investors' Survey conducted by the Individual Investors' Association, was chose, by votes of the investors, the Best Brokerage House of 2019. Over 2,600 investors participated in the survey,
- In March 2020 BOŚ Brokerage House was chosen the Best Brokerage House of 2019 by "Parkiet Gazeta Gieldy" daily receiving the Bull and Bear Award in the Brokerage House of the Year category,
- BOŚ S.A. Brokerage House was awarded the Financial Brand of the year in the Brokerage House category for its 25-year contribution in the development of Poland's

capital market – for its awareness of customer needs, exceeding their expectations and building market trust through creating clear, legible and pro-customer operation mechanisms,

- Home&Market Monthly awarded BOŚ Brokerage House its Financial Medal 2019 for BOŚ IKE/IKZE accounts within the brokerage account, in the Investment Product category.

3. Core products, services and areas of operations of the Group

Corporate Client Division

BOŚ S.A. has a wide range of settlement, deposit, and loan products on the basis of which it may build a custom offer adjusted to individual needs of customers from the corporate segment, SME, microbusinesses, housing communities and non-governmental organisations.

- To mitigate negative consequences of the COVID-19 pandemic the Bank is gradually expanding its capabilities to execute remote instructions and orders, particularly by electronic means, and to provide account and settlement services to Customers.
- In the electronic banking area in the first quarter 2020 the Bank offered the possibility to file applications for suspending borrowing and loan payments as a facilitation for borrowers who suffer the consequences of the pandemic. The following is available in iBOSS24:
 - application for Suspending Borrowing and Loan Repayment,
 - application for Factoring Transaction Adjustment – traditional factoring,
 - application for Factoring Transaction Adjustment – reverse factoring,
 - order to return funds from the Housing Escrow Account (pilot),
 - applications regarding the obligation to submit tax residency declarations (CRS). The Bank is analysing an option to submit orders and applications related to credit and settlement services, which have so far been reserved for paper-based handling only.
- The Bank continued to perform actions to optimise and automate the loan process at various stages of the procedure: client acquisition, evaluation of loan applications, undertaking the credit decision, disbursement of funds or loan monitoring and administration. The plan provides, among others, for implementing a tool supporting the evaluation process and developing rating systems adjusted to handle pro-ecology products.
- The Bank extended until 31 October 2020 the offer called “Wspólnota z Premią” (Community with Bonus) which offers promotional prices for Customers applying for investment loans or loans with thermal insulation or renovation subsidies from the Thermal Insulation and Renovation Fund granted in cooperation with BGK Bank,
- The Bank continued to work on making corporate product offer more attractive through various modifications:
 - modifying the parameters of the multi-purpose line to make the product qualify for the de minimis guarantee and the FGP guarantee,
 - introducing the purchase loan for SMEs which may be spent on ecological purposes.
- In relation to the COVID-19 pandemic, in the first quarter of 2020, in order to support its

customers, the Bank:

- offered a possibility to Customers to suspend principal payments of loan products (except for stock exchange loans) without the obligation to submit extra documentation,
- waived sanctions imposed for the Customers' failure to fulfil account deposit covenants and to reach and/or maintain financial ratios and refrained from charging fees for payment applications and suspensions.

Local government units

The Bank cooperates with local government units. It provides comprehensive banking services supporting their budgets, provides effective fund management services. Local government units are serviced in a procedure specified in the Public Procurement Act.

To public finance clients the Bank offers all standard deposit and loan products in its offer. A specific portion of BOŚ S.A. offer is constituted by products for the financing of pro-ecology projects (preferential and commercial loans) as well as loans granted out of foreign banks' credit lines for the financing of environment protection and infrastructure investment projects, such as the European Offer, which is a package of products targeting entrepreneurs, local government units and municipal companies.

Retail Client Division

The Retail Client Division services primarily the individual client segment. BOŚ S.A. offer for Retail Clients, the biggest group of Bank Customers, is comprehensive and comprises all major products and services offered in the Polish banking market (bank accounts, settlement products, payment cards, services and products involving investment of cash surpluses, e-banking and loan products) and a wide selection of pro-ecology products supporting the financing of environmental solutions and services for VIP customers provided by specialised account managers.

In relation to the COVID-19 pandemic in March 2020, following the Polish Financial Supervision Authority's recommendation, the Bank implemented a solution that enables BOŚ S.A. Customers to make contactless payments up to 100 PLN.

The Bank is working on implementing a new card system, which, along with new suppliers will allow implementation of new card functionalities.

The Bank continued to develop the offer of open investment funds to diversify solutions available to the client, tailored to individual investment needs and acceptable investment risk profile. Bank clients were offered services of over 300 open investment funds. The Bank was also pursuing its business goal to increase product saturation of clients and to increase the sales income in the retail segment, particularly in the VIP client sub-segment.

Amounts owed to retail customers

Actions undertaken by the Bank in the first quarter 2020 regarding deposit products for retail clients were focused on:

- building permanent relations with Clients by promoting those Customers who actively use savings and clearing accounts as the foundation of the Client-Bank relationship
- caring for the optimisation of costs of the deposit portfolio and continuous adjustment to

the changing macroeconomic environment,

- maintaining the balance of the Retail deposits in accordance with the Bank's liquidity needs.

In terms of balance amounts, major deposit products for retail customers that built the deposit balance included:

- current accounts, including personal accounts with the basic EKOkonto bez Kosztów account and savings accounts with the new EKOkonto Oszczędnościowe PLN account,
- promotional time deposits: e-lokata na Plusie, EKOkokata Na Dobry Początek, EKOkokata Zyskowna, EKOkokata Rentowna EKOkokata Plus, EKOkokata na Lata and EKOkokata 5 na 5,
- FX time deposit: EKOkokata z Frankiem in CHF.

The change of the deposit product market situation caused by the COVID-19 pandemic was the reason for introducing, in early April 2020, lower interest rates on time deposits and savings accounts. For time deposits, the interest rates were reduced on time deposits in the sales offer and those withdrawn from the offer, standard and promotional ones. The interest on savings accounts was reduced on accounts withdrawn from sale. This will contribute to Bank's interest cost reduction.

Bank activities related to accounts focused on continuing to provide a transparent offer of accounts by keeping, in the offer, savings and clearing accounts: EKOkonto bez Kosztów and EKOkont VIP, EKOPkonto PRP and EKOkonto oszczędnościowe (savings account) in three options tailored to Customer needs and encouraging to active use of savings and clearing account and to regularly saving even small amounts on the savings account. EKOkonto oszczędnościowe account is available in PLN as well as in EUR and CHF. In 1Q2020 the Bank continued to promote accounts for beneficiaries of the government's Rodzina 500+ program

Insurance Products

The Bank is consistently developing its insurance product operations. In the third quarter 2019 the Bank offered insurance of the credited item to its customers, life insurance to borrowers, job-loss insurance and insurance packages for payment cards. BOŚ S.A. sells insurance products as an agent of insurance companies.

Loan products – retail customers

Major loan products for retail customers include:

- pro-ecology loans,
- cash advance,
- credit cards,
- mortgage loan and borrowing,
- pro-ecology mortgage loan,
- stock-exchange loan.

The Bank supports pro-ecology solutions by, among other things, granting mortgage loans for the construction of prefabricated timber-frame houses. In 1Q2020 the Bank started negotiations with BUDIZOL Limited Liability Company, Limited Joint-Stock Partnership to start cooperation on mutual promotion of prefabricated houses manufactured by BUDIZOL and Bank's mortgage loan. Within this cooperation both companies are preparing a promotional offer of a mortgage loan on preferential terms.

The Bank has an attractive mortgage loan offer for the holders of the Big Family Card (government's pro-family program KDR), within which the customers have their front-end fee waived or reduced by 50% as well as the margin is reduced by 0.1 p.p. versus the standard margin.

The Bank also offers preferential terms for the finance sector – fee and margin lower than in the standard mortgage loan and borrowing offers. This offer targets the employees of:

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

The Bank is consistently conducting initiatives to support the government's Clean Air Program. Since 2019 the Bank has been cooperating with PGNiG Obrót Detaliczny (natural gas network operator) on the promotion of products and services which promote upgrades of heating systems and thermal insulation projects. PGNiG Obrót Detaliczny customers are offered promotional loans "Pełnym Oddechem".

The Bank is also concluding further agreements with local government units on cooperation to improve air quality. The local dwellers of the communities are offered preferential terms for loans for pro-ecology tasks, particularly for the replacement of old heating stoves.

Product offers which support pro-ecological initiatives of households have encountered a very wide interest among Customers.

In the first quarter 2020 the Bank was selling, in a new, attractive formula, the "Energia ze słońca" (Sun Energy) loan for prosumers solar panel systems.

For those who wish to care for the surrounding air quality could use the „Przejrzysta Pożyczka" (Transparent Loan) product.

The sale of EKO Pożyczka (ecoloan) was supported by the promotional "Gwiazdka z nieba" (star from the sky) offer. The loan was introduced into the offer in December 2019 but its attractive design and marketing support allowed the Bank to maintain this offer until end of February 2020.

In the retail area, the Bank introduced amended "Instruction for granting cash loans to individual customers using its Sales Platform". The amended regulation will contribute to higher security and efficiency of the loan application process.

As part of COVID-19-related actions the Bank allowed the Customers to provide renewed insurance policies collateralising amounts due to the Bank in the form of copies not authenticated against the original document or send scanned documents via email. The Customers may also submit documents signed with the secure digital signature.

The Bank introduced solutions allowing customers to handle urgent issues by electronic means. The Customers were informed through Bank's website and messages about applications which allow them to suspend loan and borrowing payments.

In the BOŚBank24 system the Customers may submit:

- Application for suspension of Cash Loan payments,
- Application for suspension of Mortgage Loan payments,
- Application for suspension of Ecological Loan payments,

- Application for suspension of Credit Card payments.

Additionally, as part of COVID-19-related actions, the Customers were offered the possibility to suspend principal payments for loan products (except for stock-exchange loans) for individual and corporate customers from all the segments, without having to submit additional documents.

Pro-ecology activities

The amount of new pro-ecology loans in the first quarter 2020 amounted to 319.05m PLN and was 49.3% lower than in the same period the year before. The vast majority of the loans were corporate customer products (86%).

Segment structure of pro-ecology loans (by principal value)

	'000 PLN	31 March 2020	31 March 2019	Change %
Pro-ecology loans granted to corporate clients		4 204 686	4 207 753	-0,1
Pro-ecology loans granted to retail clients		331 352	187 157	77,0
PRO-ECOLOGY LOANS		4 536 038	4 394 910	3,2

BOŚ S.A. was developing its activity on the market of financing pro-ecology projects. The balance of pro-ecology loans as of 31 March 2020 totalled 4,536.0m PLN. The share of loans granted for purposes related to environment protection and sustainable development in the total loan portfolio amounted to 35.4% of Bank's total loans (at the end of the first quarter 2019 it totalled 34.77%).

Development of cooperation with the National and Voivodship Funds for Environment Protection and Water Management

In the first quarter 2020 cooperation with Bank's major shareholder – NFOŚiGW – focused on operational maintenance of top-priority projects implemented in the Bank in past years, mainly the Prosumer II program and on acquiring new customers for financing of pro-ecology projects, who are applying for or have been granted direct support of NFOŚiGW within subsidy, EU or national programs.

In the case of individual clients, the Bank is actively participating in works to encourage the banking sector to participate in the NFOŚiGW program called "Czyste Powietrze" (Clean Air), the purpose of which is to improve life quality of the Polish people through elimination of air pollution. The new version of the program, within the available subsidy options, provides for a subsidy for partial waiving of a bank loan. In its offer the Bank has "Przejrzysta Pożyczka" (Transparent Loan) which on preferential terms allows financing the costs of non-qualified undertakings conducted within this program or bridge financing until the investor obtains the subsidy. BOŚ is continuity its actions in this respect by signing agreements with subsequent local government units – Elbląg is a good example here. The city allowed the Bank to support local dwellers in their efforts to replace obsolete heating systems with modern ecological solutions, to carry out thermal insulation projects and other initiatives compliant with the government's "Clean Air" program.

As part of cooperation with the Voivodship Funds for Environment Protection and Water Management the Bank financed pro-ecology projects related mainly to protecting the air from pollution, i.e. renewable energy sources and replacement of heating systems with environment-friendly solutions.

BOŚ Capital Group is a natural partner of entrepreneurs who develop their operations within the realm of environment protection. In order to develop partner product offers, within which the Bank would provide financing for pro-ecology projects, BOŚ S.A. carries out negotiations with multiple large entities. Bank's main lines of interest involve replacement of heating systems, RES systems (particularly PV) and replacement of lighting.

BOŚ Capital Group is also a natural partner of entrepreneurs who develop their operations within the realm of environment protection. In order to develop partner product offers, within which the Bank would provide financing for pro-ecology projects, BOŚ S.A. carries out negotiations with entities like KAPE, PGNiG, TAURON, ENEA, ENERGA, PGE. Bank's main lines of interest involve replacement of heating systems, RES systems (particularly PV) and replacement of lighting.

Development of brokerage services

Dom Maklerski BOŚ S.A. (BOŚ S.A. Brokerage House), in the light of the ongoing COVID-19 pandemic, retains full business continuity and continues to handle all its key processes. The company has implemented solutions mitigating the epidemic risk, both with regard to their employees and customers visiting branches in person. A significant number of employees perform their work duties on a remote basis.

The first quarter 2020 was a period during which the economic situation and the financial markets were affected by the COVID-19 pandemic. As a result, volatility was significant in the markets and as a result – investors' activity intensified vastly. Compared to the fourth quarter 2019, turnover on WSE stock market increased by 36.1%. During this period, the investors' activity in BOŚ S.A. Brokerage House was more intensive and increased in session transactions by +97.3% q/q. The turnover of BOŚ Brokerage House increased also in the forward contract market (by 61.2% q/q) and on the NewConnect market (by 162.2% q/q).

The market share of BOŚ S.A. Brokerage House in the stock market of Warsaw Stock Exchange in the first quarter 2020 in session deals totalled 3.71%, which means that it was nearly 45% higher than in the fourth quarter 2019 (2.56%). On the forward deal market evaluated on a quarterly basis, BOŚ Brokerage House continued to be the market leader with a share of 19.94%. In the first quarter 2020 the Company was the second biggest leader of the New Connect market with a share of 15.81%.

The first quarter of 2020 was a slowdown period in the primary market. During this time, there were no debuts on the regulated WSE market. BOŚ Brokerage House participated, in that period, in a distribution consortium which issued the shares of Games Operators S.A. and C1-series bonds of PCC Exol S.A.

From the beginning of March 2020 GK GPW launched a pilot agricultural stock market within the Platforma Żywnościowa (Food Platform) project. BOŚ Brokerage House was the first entity accepted for operations in the Food and Farming Commodity Market conducted by the TGE Energy Market.

In response to the extraordinary epidemic situation, beginning from 2 April 2020 the Customers have been able to sign a brokerage account agreement online, without having to leave their homes.

4. Selected figures related to Group's operations

	'000	31 March 2020	31 December 2019	Change %
BANK OCHRONY ŚRODOWISKA S.A.				
Customers		239,3	242,0	-1,1
Retail Customers		217,5	220,0	-1,1
Corporate Clients		21,8	22,0	-0,9
Customers using electronic channels		123,1	124,1	-0,8
Savings-clearing accounts ¹		236,7	241,8	-2,1
Payment and credit cards combined		90,8	86,2	5,3
Branches		53	53	0,0
BOŚ S.A. BROKERAGE HOUSE				
Investment accounts		108,0	104,6	3,3
including online accounts		104,6	101,2	3,4
Branches		10	11	-9,1

As of 31 March 2020 the Bank had 53 branches, including:

- 13 Business Centers,
- 40 Operational Branches.

5. Bank's development directions

The primary goals of BOŚ S.A. Development Strategy are achieved through the accomplishment of three defined strategic directions, based on both existing and still being developed competitive advantages of the Bank:

Direction I

Increased financing of pro-ecology investment projects and synergies in cooperation with Partners – the development vision provides for, among others:

- BOŚ has market's best specialised products regarding financing of environmental undertakings offered from own funds, from the funds of NFOŚiGW/WFOŚiGW, foreign banks, government programs arising, among other things, from the Sustainable Development Strategy,
- The offer of pro-ecology products and services is characterised by comprehensive nature and targets both corporate and individual customers,
- The key competitive edge is constituted by market leading processes of handling domestic and international programs involving financing of environmental initiatives,
- BOŚ stands out with its service quality and innovative approach to the Bank's ecological mission and the best environment engineering specialists.

Direction II

Increased effectiveness of business operations – the development vision provides for, among others:

- BOŚ is a professional partner who understands and satisfies unique needs of selected corporate customer segments,
- The developed competitive edge is based on delivering high-quality, comprehensive products to corporate customers, particularly SMEs,
- A competitive offer for Corporate Customers interested in allocation of their financial surpluses,
- Modern distribution channels address: the expectations of target Customer segments and

meet the market standards,

- Quick, relational and friendly sales and post-sale processes contribute to higher satisfaction and loyalty of Bank Customers.

Direction III

Building the culture of high results and quality based on Bank's goodwill – the development vision provides for, among others:

- The BOŚ corporate culture is characterised by being client-oriented and focused on quality and results. It is created by Employees who stand out with their commitment and pro-environmental, prosocial attitudes,
- The effective internal communication system allows engaging the Employees in Bank initiatives and make them ambassadors of the promoted concepts,
- The Bank stands out with its high cost effectiveness, adequate to its business activity,
- BOŚ as an employer is a reliable brand – the bank offers one of the best workplaces in the sector for Employees who share common values.

Information on actions undertaken within Strategy execution

In the first quarter 2020 the Bank's Development Strategy was executed within 10 Strategic Programs according to Bank's ecological mission. The strategic projects carried out were ones whose goals were to increase the role of electronic distribution channels and adjust traditional distribution channels to current market challenges and expectations of target Customer segments, including mobile application development actions. Soon after tests are completed by internal users, the mobile application will be provided for use to Bank Customers. In January 2020 the Bank launched a new, modern, functional and state-of-the-art website. The layout of the site was designed according to the latest online design trends. Minimalistic, modern graphics design allows the visitors to focus on the contents, and at the same time, the site's design strengthens the bank's information and sales roles.

In the first quarter, the Bank worked on enhancing its processes: cash management and CRM processes. It also started pilot roll-outs of automation of business processes (RPA – Robotic Process Automation – a technology which automates recurring business processes using computer software commonly referred to as robots). Automation of processes will not only take some burden off of employees doing dull and recurring business processes, but will also allow improving Customer service.

According to the strategic directions set, the Bank continued to perform actions related to client-centric approach, particularly collection and using Customer votes, which will translate into introduction of a pro-Customer working culture and tools that will improve Customer experience when contacting the Bank. A number of actions were undertaken to increase awareness of environment protection and to promote pro-ecological behaviours among Bank employees and Customers and among local communities.

The Bank will be soon undertaking a number of actions related, on one hand, with increasing the level of financing pro-ecology investment projects, and on the other, increasing the effectiveness of its business operations. This increase will focus to a large extent on developing the pro-ecology offer and on the transformation of Customer service towards more modern distribution channels.

The market of environmental investment projects is still stimulated by prevailing support for those projects coming from EU 2014-2020 framework. Additional support mechanisms, e.g. for renewable energy sources and co-generation suggest to entrepreneurs ecological areas of investment. At the same time, Polish people's growing environmental awareness and

popularity of healthy lifestyle are building space for forming up communities around ECO values.

6. Group's financial results

6.1. Group's profit and loss account

	'000 PLN	1Q2020	1Q2019	Change %
Interest and similar income		153 308	153 862	- 0,4
Interest expense and similar charges		- 50 265	- 51 003	- 1,4
Net interest income		103 043	102 859	0,2
Fee and commission income		38 894	36 253	7,3
Fee and commission expense		- 9 199	- 9 286	- 0,9
Net fee and commission income		29 695	26 967	10,1
Dividend income		1	5 447	- 100,0
Income from financial instruments measured at fair value through P/L (including amounts due from customers)		10 303	4 953	108,0
Investment securities income		687	301	128,2
Net hedge accounting income		333	119	179,8
Foreign exchange result		15 357	5 413	183,7
Other operating income		6 965	5 355	30,1
Other operating expense		- 9 309	- 4 324	115,3
Net impairment gains		- 22 738	- 7 944	186,2
Administrative expenses		- 99 764	- 110 880	- 10,0
Profit before tax		34 573	28 266	22,3
Tax charges		- 11 004	- 11 182	- 1,6
NET PROFIT		23 569	17 084	38,0

In the first quarter 2020 BOŚ S.A. Group generated net profit of 23.6m PLN versus 17.1m PLN in the same period the year before. The net result was 6.5m PLN or 38.0% higher than in the similar period in 2019.

In 1Q2020 BOŚ S.A. Group generated interest income of 103.0m PLN. This figure was 0.2m PLN or 0.2% higher than in the same period in 2019.

Interest and similar income dropped by 0.6m PLN, or 0.4%, in the first quarter 2020 compared to the same period the year before. Interest income from retail customer loans fell down by 1.8m PLN or 5.5%, while interest income from corporate clients increased by 2.9m PLN or 3.3%.

The average interest rate on loans granted by the Bank in the first quarter 2020 (excluding impairment adjustment of interest) totalled 4.35% versus 4.37% in the same period in 2019, while:

- in PLN it totalled 4.93%, versus 4.90% in the first quarter 2019,
- in foreign currencies it totalled 2.43%, versus 2.53% in the first quarter 2019.

Interest income dropped also as a result of lower interest income from banks and the Central Bank which fell down by 1.0m PLN or 61.9%, from non-trading investment debt instruments by 0.6m PLN, or 1.8% and from trading financial instruments by 0.1m PLN, or 47.8%.

	'000 PLN	1Q2020	1Q2019	Change %
Total interest and similar income on account of:		153 308	153 862	- 0,4
Loans from banks and Central Bank		595	1 562	- 61,9
Loans from corporate customers		90 884	88 023	3,3
Loans from retail customers		30 500	32 290	- 5,5
Non-trading investment debt instruments		31 234	31 805	- 1,8
Trading financial instruments		95	182	- 47,8
Total interest and similar expense on account of:		50 265	51 003	- 1,4
Bank accounts and deposits from banks		122	325	- 62,5
Bank accounts and deposits of corporate customers		11 822	11 775	0,4
Bank accounts and deposits of retail customers		30 461	31 374	- 2,9
Loans and advances from banks		-	35	- 100,0
Loans and advances from customers		140	255	- 45,1
Funds entrusted to use for lending (JESSICA)		77	61	26,2
Financial instruments – debt securities from own issue		4 403	4 745	- 7,2
Hedging transactions		1 927	2 398	- 19,6
Leases		941	35	2 588,6
Other		372	-	x
NET INTEREST INCOME		103 043	102 859	0,2

Interest expenses dropped by 0.7m PLN, or by 1.4% versus the same period in 2019. The decrease is primarily owed to lower costs of bank accounts and deposits of retail customers, which decreased by 0.9m PLN, or by 2.9%. Expenses of bank account and deposits from corporate customers slightly increased.

Interest expenses fell down primarily as a result of interest rate cuts. The average interest rate on deposits acquired through the Bank network branch in the first quarter 2020:

- in PLN totalled 1.31%, versus 1.40% in the first quarter 2019,
- in foreign currencies totalled 0.42%, compared to 0.56% in the first quarter 2019.

The Group's income from fees and commissions increased by 2.7m PLN, or by 10.1% between January and March 2020 compared to the same period in 2019, both as a result of higher commission income and lower expenses.

	'000 PLN	1Q2020	1Q2019	Change %
Net fee and commission income		38 894	36 253	7,3
Brokerage service fees		21 371	16 117	32,6
Client account maintenance fees, other settlements at home and abroad		8 249	9 163	- 10,0
Commissions on loans		7 823	9 580	- 18,3
Commissions on guarantees and letters of credit		1 323	1 274	3,8
Portfolio management fees and other management fees		128	119	7,6
Total fee and commission expense		9 199	9 286	-0,9
Brokerage service fees, including:		6 762	5 334	26,8
- custody activity		93	422	- 78,0
Payment card fees		1 651	1 669	- 1,1
Current account fees		63	378	- 83,3
ATM service fees		306	215	42,3
Commissions paid for amounts due to customers		63	195	- 67,7
Commissions paid to other banks in cash turnover		-	2	- 100,0
Other fees and commissions		354	1 493	- 76,3
NET FEE AND COMMISSION INCOME		29 695	26 967	10,1

Fee and commission income increased by 2.6m PLN, or by 7.3%. The highest growth was reported in brokerage service fees – by 5.3m PLN, or by 32.6%. However, income from commissions on loans dropped by 1.8m PLN, or by 18.3% and from client account maintenance fees, other settlements at home and abroad by 0.9m PLN, or by 10.0%.

Total fee and commission expense dropped by 0.1m PLN, or by 0.9%.

In the first quarter 2020 dividend income totalled 1,000 PLN. Dividend income in 1Q2020 was owed from the dividend from Kemipol Sp. z o.o. in the amount of 5.4m PLN.

Income from financial instruments measured at fair value through P/L totalled 10.3m PLN versus 5.0m PLN in the first quarter 2019.

The Group's investment securities income in the first quarter 2020 totalled 0.7m PLN, while in the same period the year before it equalled 0.3m PLN.

The foreign exchange result amounted to 15.4m PLN versus 5.4m PLN the year before, which means it was 9.9m PLN, or 183.7% higher than in the first quarter 2019 mainly due to revaluation of impairment gains classified in the P/L on the exchange position.

In the first quarter 2020 net impairment gains totalled (22.7)m PLN versus (7.9)m PLN in the same period in 2019. The net impairment gains result was primarily owed to 10.5m PLN higher gains in the retail division and 4.3m PLN higher in the corporate division.

Total administrative expenses of the Group were 11.1m PLN or 10.0% lower than in the same period the year before, mainly owing to the lower BFG contribution. The total annual contribution for the BFG forced restructuring of banks fund for 2020 in the amount of 15.7m

PLN encumbered the 1Q2020 result. In the same period last year this contribution totalled 29.3m PLN. In total, BFG contributions charged against the first quarter 2020 total 20.5m PLN versus 32.1m PLN in the same period the year before.

Material costs in the January – March 2020 period compared to the same months in 2019 were 0.4m PLN or 1.6% higher.

	'000 PLN	1Q2020	1Q2019	Change %
Employee benefits		40 078	39 911	0,4
Administrative expenses, of which:		45 588	56 880	- 19,9
– material costs		23 234	22 873	1,6
– taxes and duties		1 236	1 272	- 2,8
- contribution and payments to Bank Guarantee Fund (BFG)		20 530	32 052	- 35,9
- contribution and payments to Polish Financial Supervision Authority (KNF)		533	641	- 16,8
- contribution to cover Financial Ombudsman expenses		32	18	77,8
- contribution to support the Chamber of Brokerage Houses		23	23	-
- other		-	1	- 100,0
Amortization and depreciation of:		14 098	14 089	0,1
– fixed assets		3 477	3 196	8,8
– intangible assets		6 194	6 461	- 4,1
– leases		4 427	4432	-0,1
TOTAL ADMINISTRATIVE EXPENSES		99 764	110 880	- 10,0

Employee benefits expense of the BOŚ S.A. Group in the first quarter 2020 totalled 40.1m PLN versus 39.9m PLN in the same period the year before. Employment in BOŚ S.A. dropped by 7.1% and the entire Group by 6.4% versus the figures at the end of 1Q2019.

FTEs	31 March 2020	31 March 2019	Change %
Employment BOŚ S.A.	1079	1162	-7,1
Employment subsidiaries	242	250	-3,2
TOTAL EMPLOYMENT IN BOŚ S.A. GROUP	1 322	1 412	-6,4

6.2. Group Assets

The Group's balance sheet total as of 31 March 2020 amounted to 19,529.1m PLN and was 5.6% higher than the figure as of 31 December 2019.

6.2.1. Changes to Group asset structure

As of 31 March 2020 the biggest portion of assets of 61.6% was constituted by amounts due from customers. Their share in the assets since the beginning of 2019 decreased by 3.3 p.p. However, the share of Cash and balances with the Central Bank increased by 1.4 p.p. and of investment securities – by 0.8 p.p. Amounts due from other banks also went up by 0.8 p.p.

	'000 PLN	31 March 2020	31 March 2019	Change %
Cash and balances with the Central Bank		592 793	297 866	99,0
Amounts due from other banks		322 096	165 733	94,3
Trading securities		163 265	140 344	16,3
Investment securities:		5 759 841	5 302 078	8,6
Amounts due from customers, of which:		12 029 036	12 003 794	0,2
<i>valuated at amortized cost</i>		11 993 631	11 965 509	0,2
<i>valuated at fair value through P/L</i>		35 405	38 285	- 7,5
Intangible assets		113 370	117 062	- 3,2
Property and equipment		78 025	77 743	0,4
Right of use - leasing		76 803	79 738	- 3,7
Income tax assets:		110 693	109 418	1,2
Other assets		283 141	193 221	46,5
ASSETS		19 529 063	18 486 997	5,6

6.2.2. Amounts due from customers

The balance sheet value of the amounts due from Group customers, as at the end of 1Q 2020 totalled 12,029.0m PLN and was 0.2% higher than on 31 December 2019.

	'000 PLN	31 March 2020	31 March 2019	Change %
Valuation at amortized cost		11 978 936	11 961 192,0	0,1
Amounts due from retail customers		3 627 324	3 552 255	2,1
overdraft facilities		2 258	1 362	65,8
cash loans		398 911	367 484	8,6
housing loans		2 974 075	2 888 692	3,0
other loans and advances		252 080	294 717	-14,5
Amounts due from corporate customers		8 351 612	8 408 937	-0,7
revolving loans		513 815	530 544	-3,2
term loans and advances		7 279 130	7 222 945	0,8
factoring amounts due		395 516	511 344	-22,7
leasing amounts due		111 078	93 629	18,6
repurchased dues		52 073	50 475	3,2
commercial securities		-	-	x
Valuation at fair value through P/L		35 405	38 285	-7,5
Amounts due from retail customers		1 732	1 938	-10,6
housing loans and advances		584	648	-9,9
other loans and advances		1 148	1 290	-11,0
Amounts due from corporate customers		33 673	36 347	-7,4
revolving loans		236	195	21,0
term loans and advances		33 437	36 152	-7,5
Total		12 014 341	11 999 477	0,1
Collateral deposits		14 668	4 317	239,8
Other dues		27	-	x
TOTAL AMOUNTS DUE FROM CUSTOMERS		12 029 036	12 003 794	0,2

At the end of the first quarter 2020, compared to the figures as of 31 Dec. 2019, loans and advances valued at amortized cost from retail customers increased by 75.1m PLN, or by 2.1% while loans from corporate customers dropped by 57.3m PLN, or by 0.7%.

The major item in total amounts due from customers, the share of which is 69.4%, is amounts due from corporate customers valued at amortized cost. Their share shrank by 0.6 p.p. versus end-of-2019. Amounts due from corporate customers totalled 8,351.6m PLN.

The share of amounts due from retail customers valued at amortized cost in total dues increased by 0.6 p.p. to reach 30.2%. Retail loans valued at amortized cost amounted to 3,627.3m PLN at the end of 1Q2020 versus 3,552.3m PLN at the end of 2019.

The major item is constituted by housing loans, the balance sheet value of which totalled 2,974.1m PLN at the end of 1Q2020 versus 2,888.7m PLN at the end of 2019.

The major share in the housing loans portfolio is held by FX loans – 54.3% (52.9% at the end of 2019). CHF housing loans constitute 7.9% of the total loan portfolio of BOŚ S.A. Group (net).

	'000 PLN	31 March 2020	31 March 2019	Change %
Loans and advances valued at amortized cost		2 974 075	2 888 692	3,0
Housing loans in PLN		1 359 703	1 361 358	-0,1
Housing loans in CHF		955 738	895 104	6,8
Housing loans in EUR		616 996	592 770	4,1
Housing loans in USD		41 638	39 460	5,5
Loans and advances valued at fair value through P/L		584	648	-9,9
Housing loans in PLN		584	648	-9,9
TOTAL HOUSING LOANS		2 974 659	2 889 340	3,0

New sales – loans granted in the first quarter 2020 versus the same period last year.

	'000 PLN	1Q2020	1QW2019	Change %
Loans granted to corporate customers in the quarter		477 506	1 049 994	-54,5
Loans granted to retail customers in the quarter		99 381	77 530	28,2
LOANS GRANTED TO CUSTOMERS IN THE QUARTER		576 887	1 127 524	-48,8

In the period of January-March 2020 the bank granted loans and advances (new sales) for an amount of 576.9m PLN, which is 48.8% less than in the same period in 2019 (by principal value at loan granting date). Sales to corporate customers fell by 54.5% and to retail customers increased by 28.2%.

The sale of pro-ecology loans in the first quarter 2020 totalled 319.0m PLN and was 49.3% lower than in the same period of 2019.

6.2.3. Loan portfolio quality

	'000 PLN	31 March 2020	%	31 Dec. 2019	%
Loans and advances valued at amortised cost					
Amounts due from customers not qualifying for posting as impaired, of which:	11 165 011	84,7	11 128 284	84,7	
<i>exposures for which since the start of recognition there have been no significant growth of credit risk (Basket 1)</i>	8 843 812	67,1	8 691 476	66,2	
<i>exposures for which since the start of recognition there has been a significant growth of risk (Basket 2), of which:</i>	2 321 199	17,6	2 436 808	18,6	
<i>wind farms</i>	1 273 089	9,7	1 290 953	9,8	
Amounts due from customers qualifying for posting as impaired (Basket 3) but not qualifying for posting as impaired due to estimated cash flows, of which:	378 140	2,9	402 594	3,1	
<i>wind farms</i>	245 077	1,9	252 616	1,9	
Amounts due from customers qualifying for posting as impaired and actually impaired (Basket 3), of which:	1 643 033	12,5	1 601 327	12,2	
<i>wind farms</i>	13 733	0,1	13 553	0,1	
Amounts due from customers valued at amortized cost (gross)	13 186 184	100,0	13 132 205	100,0	
Write-downs on expected losses on:					
<i>amounts from customers – (Basket 1)</i>	- 80 032		- 79 182		
<i>amounts from customers – (Basket 2), of which:</i>	- 113 136		- 124 948		
<i>wind farms</i>	- 32 381		- 32 837		
<i>amounts from customers – (Basket 3) not revealing impairment, of which:</i>	- 10 999		- 11 511		
<i>wind farms</i>	- 9 345		- 9 633		
<i>amounts from customers – (Basket 3) revealing impairment, of which:</i>	- 1 003 081		- 955 372		
<i>wind farms</i>	- 8 529		- 8 790		
Total write-downs on losses	- 1 207 248		- 1 171 013		
Total amounts due from customers valued at amortized cost (net)	11 978 936	90,8	11 961 192	91,1	
Amount due from customers valued at fair value through P/L					
Fair value, of which:	35 405		38 285		
<i>wind farms</i>	-		-		
Total amounts due from customers valued at fair value through P/L	35 405,0		38 285		
Collected collateral deposits	14 668		4 317		
Other amounts due	27		-		
AMOUNTS DUE FROM CUSTOMERS NET	12 029 036		12 003 794		

At the end of 1Q2020 the balance of impairment losses totalled 1,207.2m PLN. Amounts due from customers revealing impairment losses constituted 12.5% of the total loan portfolio as of 31 March 2020 compared to 12.2% at the end of 2019.

6.3. Total equity and liabilities of the Group

6.3.1. Changes to total equity and liabilities structure of the Group

	'000 PLN	31 March 2020	31 Dec. 2019	Change %
Amounts owed to Central Banks and other banks		598 618	595 667	0,5
Derivative financial instruments		135 618	50 926	166,3
Hedging derivative instruments		33 753	16 869	100,1
Amounts owed to clients		15 740 470	14 914 981	5,5
Debt securities issued		-	-	x
Subordinated debt		369 259	370 731	- 0,4
Provisions		64 387	57 705	11,6
Income tax liabilities		5 827	9 795	91,8
Leases		80 889	83 349	x
Other liabilities		282 275	187 044	50,9
Total equity		2 217 967	2 199 930	0,8
TOTAL EQUITY AND LIABILITIES		19 529 063	18 486 997	5,6

At the end of the first quarter 2020 the amounts owed to customers constituted the largest portion of the equity and liabilities balance, i.e. 80,6%. Their share decreased by 0.1 p.p. compared to the level as at 31 Dec. 2019. However, debt securities issued increased by 0.4 p.p.

6.3.2. Liabilities of the Group

	'000 PLN	31 March 2020	31 March 2019	Change %
Retail clients		9 066 062	8 891 460	2,0
– current/ settlement accounts		4 175 971	3 967 906	5,2
– term deposits		4 890 091	4 923 554	-0,7
Corporate clients		5 624 402	5 116 946	9,9
– current/ settlement accounts		3 619 729	3 099 678	16,8
– term accounts		2 004 673	2 017 268	-0,6
Other clients		73 720	63 607	15,9
Loans and advances received from international financial institutions		907 418	777 758	16,7
Money supplied by funds for lending purposes		68 868	65 210	5,6
TOTAL AMOUNTS OWED TO CLIENTS		15 740 470	14 914 981	5,5

The Group financed its activities mostly with liabilities owed to clients, specifically:

- cash deposits taken by the Bank outlets,
- loans and advances from international financial institutions,
- cash received from external donors to finance lending in the form of direct lines or principal subsidies (the National Fund for Environmental Protection and Water Management (Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej), Regional Funds for Environmental Protection and Water Management (Wojewódzkie Fundusze Ochrony Środowiska i Gospodarki Wodnej), European Fund for the Development of Polish

Villages (Europejski Fundusz Rozwoju Wsi Polskiej), and JESSICA (Joint European Support for Sustainable Investment in City Areas)

BOŚ S.A. Group liabilities to clients as at 31 March 2020 totalled 15,740.5m PLN and were 5.5% higher than at the end of 2019.

Amounts due to corporate customers increased by 507.5m PLN, or by 9.9%, and amounts owed to retail clients increased by 174.6m PLN, or by 2.0% versus the end of 2019.

7. Ratios

	1Q2020	2019	Change in p.p.
Return on equity (ROE) ¹	3,6	3,3	0,3
Return on assets (ROA) ²	0,4	0,4	0,0
Interest margin on total assets ³	2,2	2,3	-0,1
Cost of risk ⁴	-0,9	-0,8	-0,1
Cost/income (C/I) ⁵ assuming even distribution over the whole year of cost of one-off BFG contribution	56,0	62,9	-6,9

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

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

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

4) ratio of net impairment write-downs including valuation at fair value for the last 12 months to averaged balance of loans and advances in the period,

5) total administrative expense and other operating expense to net interest income, net fee and commission income, dividends received, net trading income, income from financial instruments measured at fair value through P/L excluding measurement of amounts due, net securities trading, net hedge accounting, net FX income and other operating income;

Interest margin on total assets, calculated as the annualised ratio of net interest income of the last four quarters to averaged assets balance totalled 2.2% versus 2.3% for 2019.

The cost/income ratio, assuming even distribution over the whole year of cost of one-off BFG contribution to forced banks' restructuring fund, totalled 56.0% versus 62.9% in 2019, both as a result of higher income and lower costs.

8. Capital management

The Group decided, for the purpose of capital adequacy, to apply transitional arrangements during the transition period to mitigate the impact of IFRS 9 on its equity under Art. 1 section 9 of Regulation (EU) of the European Parliament and of the Council of 12 December 2017 (Regulation) Amending Regulation (EU) 575/2013. Additionally, a decision was made not to apply the provisions of section 4 of art. 1 of the Regulation.

Taking into consideration the impact of IFRS 9, both with and without applying transitional arrangements, the Bank and the Group fulfil the capital norms as of 31 March 2020.

Following the decision to apply transitional arrangements effective from 1 Feb. 2018 the Group shall present equity, capital ratios and the leverage ratio, both with and without applying transitional arrangements specified in art. 473a of Regulation (EU) 575/2013.

Group's balances of equity, risk-weighted assets, capital ratios and leverage ratio were as follows:

	31 March 2020	31 Dec. 2019
Available capital		
Common Equity Tier I	2 096 019	2 115 730
Common Equity Tier I – excluding IFRS 9 transitional arrangements	2 015 991	2 018 553
Tier I capital	2 096 019	2 115 730
Tier I capital – excluding IFRS 9 transitional arrangements	2 015 991	2 018 553
Equity	2 406 620	2 444 537
Equity – excluding IFRS 9 transitional arrangements	2 326 591	2 347 360
Risk-weighted assets		
Total risk-weighted assets total	15 058 237	14 914 877
Total risk-weighted assets total – excluding IFRS 9 transitional arrangements	14 979 020	14 830 847
Capital ratios		
Common Equity Tier I capital ratio	13,92	14,19
Common Equity Tier I capital ratio - excluding IFRS 9 transitional arrangements	13,46	13,61
Tier I capital ratio	13,92	14,19
Tier I capital ratio – excluding IFRS 9 transitional arrangements	13,46	13,61
Total capital ratio	15,98	16,39
Total capital ratio - excluding IFRS 9 transitional arrangements	15,53	15,83
Leverage ratio		
Exposures	21 306 567	20 347 365
Leverage ratio	9,8	10,4
Leverage ratio - excluding IFRS 9 transitional arrangements	9,5	10,0

According to art. 92 of CRR the Group is obligated to keep the total capital ratio at the level of at least 8%. Tier I capital ratio and Common Equity Tier I capital ratio should total at least 6% and 4.5% respectively.

According to CRR and the act of 5 August 2015 on macroprudential supervision of financial systems and crisis management in the financial system, financial institutions are obligated to maintain additional capital buffers for capital ratios. Since 1 January 2019 the capital conservation buffer has totalled 2.5 p.p., the countercyclical buffer has totalled 0 p.p. Bank

Ochrony Środowiska S.A. and BOŚ S.A. Capital Group were not covered by buffers of other systemically important institutions. Following the Finance Minister's decision of 18 March 2020 the systemic buffer was released.

On 13 November 2019 the Financial Supervision Authority recommended that the BOŚ S.A. Group maintain its own funds to provide for an additional capital requirement against risk resulting from currency-denominated mortgage loans and advances for households, at a level of 0.52 p.p. above the total capital ratio referred to in art. 92 section 1 letter c in the CRR, which should be composed at least in 75% of Tier I capital (corresponding to capital requirement at a level of 0.39 p.p. above the value of Tier 1 capital ratio referred to in art. 92 section 1 letter b in the CRR Regulation) and at least in 56% of Common Equity Tier 1 capital ratio (corresponding to capital requirement at a level of 0.29 p.p. above the value of Common Equity Tier 1 capital ratio referred to in art. 92 section 1 letter a in the CRR).

As a result, as of 31 March 2020 the minimum capital ratios recommended by the KNF totalled 8.89% for Tier I capital ratio and 11.02% for total capital ratio (TCR).

Bank's balances of equity, risk-weighted assets, capital ratios and leverage ratio were as follows:

	31 March 2020	31 Dec. 2019
Available capital		
Common Equity Tier I	2 043 964	2 063 995
Common Equity Tier I – excluding IFRS 9 transitional arrangements	1 963 935	1 966 818
Tier I capital	2 043 964	2 063 995
Tier I capital – excluding IFRS 9 transitional arrangements	1 963 935	1 966 818
Equity	2 354 564	2 392 802
Equity – excluding IFRS 9 transitional arrangements	2 274 536	2 295 625
Risk-weighted assets		
Total risk-weighted assets total	14 755 939	14 433 553
Total risk-weighted assets total – excluding IFRS 9 transitional arrangements	14 677 321	14 350 159
Capital ratios		
Common Equity Tier I capital ratio	13,85	14,30
Common Equity Tier I capital ratio - excluding IFRS 9 transitional arrangements	13,38	13,71
Tier I capital ratio	13,85	14,30
Tier I capital ratio – excluding IFRS 9 transitional arrangements	13,38	13,71
Total capital ratio	15,96	16,58
Total capital ratio - excluding IFRS 9 transitional arrangements	15,50	16,00
Leverage ratio		
Exposures	21 183 489	20 234 791
Leverage ratio	9,6	10,2
Leverage ratio - excluding IFRS 9 transitional arrangements	9,3	9,8

On 12 November 2019 the Financial Supervision Authority recommended that the BOŚ S.A. Group maintain its own funds to provide for an additional capital requirement against risk resulting from currency-denominated mortgage loans and advances for households, at a level of 0.54 p.p. above the total capital ratio referred to in art. 92 section 1 letter c in the CRR, which should be composed at least in 75% of Tier I capital (corresponding to capital requirement at a level of 0.40 p.p. above the value of Tier 1 capital ratio referred to in art. 92 section 1 letter b in the CRR Regulation) and at least in 56% of Common Equity Tier 1 capital

ratio (corresponding to capital requirement at a level of 0.30 p.p. above the value of Common Equity Tier 1 capital ratio referred to in art. 92 section 1 letter a in the CRR).

As a result, as of 31 March 2020 the minimum capital ratios recommended by the KNF totalled 8.90% for Tier I capital ratio and 11.04% for total capital ratio (TCR).

9. Segment reporting

According to IFRS 8 requirements operational segments have been defined on the basis of internal reports of components of the business entity subject to periodic reviews conducted by a member of management responsible for undertaking operational decisions. A description of the principles applied when preparing reports on segments of operations have been described in Note 48 of the Annual consolidated financial statement for the year ended 31 December 2019. The results of operational segments for the same period last year were adjusted for comparison purposes. Below find consolidated financial results of BOŚ S.A. Group for the period of three months ended 31 March 2020 and 31 March 2019 falling to the classified segments.

Item	Statement presenting items of consolidated profit and loss account for the 3 months ended 31 March 2020	CORPORATE CLIENT DIVISION	RETAIL CLIENT DIVISION	TREASURY AND INVESTMENT OPERATIONS	BROKERAGE ACTIVITY	OTHER (NOT ALLOCATED TO SEGMENTS)	BOŚ GROUP
I.	Net interest income	51 082	21 745	28 756	1 752	-292	103 043
1.	Interest and similar income from:	119 198	74 299	-39 197	2 477	4	156 781
	– sale to external clients	92 307	30 705	30 052	244	0	153 308
	– sale to other segments	26 891	43 594	-69 249	2 233	4	3 473
2.	Interest and similar expense attributed to:	-68 116	-52 554	67 953	-725	-296	-53 738
	– sale to external clients	-11 898	-30 342	-7 680	-345	0	-50 265
	– sale to other segments	-56 218	-22 212	75 633	-380	-296	-3 473
II.	Fee and commission income	12 824	2 464	1	14 737	-331	29 695
III.	Dividend income	0	0	0	1	0	1
IV.	Income from financial instruments measured at fair value through P/L	20	4	3 046	7 233	0	10 303
V.	Net hedge accounting income	0	0	333	0	0	333
VI.	Investment securities income	0	0	687	0	0	687
VII.	Foreign exchange result	899	869	13 630	-35	-6	15 357
VIII.	Result on banking operations	64 825	25 082	46 453	23 688	-629	159 419
IX.	Result on other operating income and expense	17	219	-6	-1 221	-1 353	-2 344
X.	Net impairment gains	-8 724	-13 723	-291	0	0	-22 738
XI.	Net income from financing activities	56 118	11 578	46 156	22 467	-1 982	134 337
1.	Direct expense	-6 397	-7 207	0	-14 774	-326	-28 704
	Result including direct expense	49 721	4 371	46 156	7 693	-2 308	105 633
2.	Indirect and mutual services	-16 092	-15 231	-3 285	0	0	-34 608
	Result including direct and indirect expense	33 629	-10 860	42 871	7 693	-2 308	71 025
3.	Amortization and depreciation	-4 917	-6 194	-511	-2 055	-421	-14 098
5.	Other expenses (taxes, BFG, KNF)	-11 486	-9 924	-25	-871	-48	-22 354
XII.	Total gains and losses before tax	17 226	-26 978	42 335	4 767	-2 777	34 573
XIII.	Allocated ALM result	21 378	20 837	-42 215	0	0	0
XIV.	Total gains and losses before tax after ALM result allocation	38 604	-6 141	120	4 767	-2 777	34 573
XV.	Tax charges						-11 004
XVI.	Total gains/ losses after tax						23 569
	Assets of segment	8 586 997	3 627 221	7 003 437	322 104	-10 696	19 529 063
	Liabilities of segment	5 249 309	8 348 901	4 264 969	1 319 419	346 465	19 529 063
	Expenditures on fixed and intangible assets	982	1 002	99	3 436	1	5 520

Item	Statement presenting items of consolidated profit and loss account for the 3 months ended 31 March 2019	CORPORATE CLIENT DIVISION	RETAIL CLIENT DIVISION	TREASURY AND INVESTMENT OPERATIONS	BROKERAGE ACTIVITY	OTHER (NOT ALLOCATED TO SEGMENTS)	BOŚ GROUP
I.	Net interest income	48 108	22 326	31 246	1 477	-298	102 859
1.	Interest and similar income from:	117 470	76 102	-38 789	2 178	3	156 964
	– sale to external clients	92 214	31 406	29 995	247	0	153 862
	– sale to other segments	25 256	44 696	-68 784	1 931	3	3 102
2.	Interest and similar expense attributed to:	-69 362	-53 776	70 035	-701	-301	-54 105
	– sale to external clients	-11 736	-31 181	-7 816	-270	0	-51 003
	– sale to other segments	-57 626	-22 595	77 851	-431	-301	-3 102
II.	Fee and commission income	15 719	1 735	1	10 902	-1 390	26 967
III.	Dividend income	0	0	5 447	0	0	5 447
IV.	Income from financial instruments measured at fair value through P/L	0	-20	-1 137	6 110	0	4 953
V.	Net hedge accounting income	0	0	119	0	0	119
VI.	Investment securities income	0	0	301	0	0	301
VII.	Foreign exchange result	1 205	750	3 603	-146	1	5 413
VIII.	Result on banking operations	65 032	24 791	39 580	18 343	-1 687	146 059
IX.	Result on other operating income and expense	226	172	0	298	335	1 031
X.	Net impairment gains	-4 473	-3 215	-256	0	0	-7 944
XI.	Net income from financing activities	60 785	21 748	39 324	18 641	-1 352	139 146
1.	Direct expense	-5 822	-5 388	0	-14 561	-350	-26 121
	Result including direct expense	54 963	16 360	39 324	4 080	-1 702	113 025
2.	Indirect and mutual services	-16 387	-17 249	-3 026	0	0	-36 662
	Result including direct and indirect expense	38 576	-889	36 298	4 080	-1 702	76 363
3.	Amortization and depreciation	-6 982	-8 204	-754	-1 890	-294	-18 124
4.	Other expenses (taxes, BFG, KNF)	-16 147	-13 144	119	-721	-80	-29 973
XII.	Total gains and losses before tax	15 447	-22 237	35 663	1 469	-2 076	28 266
XIII.	Allocated ALM result	16 533	18 926	-35 459	0	0	0
XIV.	Total gains and losses before tax after ALM result allocation	31 980	-3 311	204	1 469	-2 076	28 266
XV.	Tax charges						-11 182
XVI.	Total gains/ losses after tax						17 084
	Assets of segment	8 358 120	3 669 982	6 025 401	251 559	150 718	18 455 780
	Liabilities of segment	4 834 657	8 274 931	4 127 864	851 450	366 878	18 455 780
	Expenditures on fixed and intangible assets	2 897	2 337	195	1 045	0	6 474

10. Factors likely to affect performance at least in the next quarter

Monetary Policy Council's cut of interest rates

The Monetary Policy Council's decisions to reduce interest rates of 17 March and 8 April 2020 and to change the mandatory loan loss provisions shall negatively affect the Group's net result of 2020 in the amount of 35 to 50m PLN. This impact will be realized gradually in subsequent quarters.

Risks which are significant from Group's perspective in the area of financing wind farm clients

Risks identified by BOŚ Group in relation to the investment loans granted in the past years for the financing of wind farms are taken into account in the process of individual valuation of exposures the Bank carries out on a monthly basis. The valuation is carried out on the basis of a dedicated model which allows simulation of cashflows for individual wind farm projects in the long run, comprising the project lifecycle, with provided pricing parameters updated on a regular basis, which include:

- 1) project productivity (volume of generated power and green certificates),
- 2) pricing curves for electrical energy and green certificates, forecasted and applied by the Bank based on an internal analysis using reports drawn by independent third parties,
- 3) weighted-average cost of capital (WACC),
- 4) pricing scenarios setting individual probability, for each project, of regular repayments, restructuring and debt collection,
- 5) amount of accrued property tax.

The Group evaluates the risk of wind farm clients, taking into account factors involving impairment of loan exposures/ impairment of exposures, potential deficit of funds (fund gap) and negative equity value for a scenario of potential restructure of debt in the modelled long-term perspective, comprising the entire project lifecycle.

Windfarm portfolio

	'000 PLN	31 March 2020	31 Dec. 2019
Amounts due from customers valued at amortized cost			
Amounts due from customers not qualifying for posting as impaired, of which:			
– exposures for which since the start of recognition there has been a significant growth of risk (Basket 2)		1 273 089	1 290 953
Amounts due from customers qualifying for posting as impaired (Basket 3) but not qualifying for posting as impaired due to estimated cash flows		245 077	252 616
Amounts due from customers qualifying for posting as impaired and actually impaired (Basket 3)		13 733	13 553
Total amounts due from customers at amortized cost		1 531 899	1 557 122
Write-down on losses:			
<i>amounts from customers – (Basket 1)</i>		-	-
<i>amounts from customers – (Basket 2)</i>		- 32 381	- 32 837
<i>amounts from customers – (Basket 3) not revealing impairment</i>		- 9 345	- 9 633
<i>amounts from customers – (Basket 3) revealing impairment</i>		- 8 529	- 8 790
Total write-downs on losses		- 50 255	- 51 260
Total amounts due from customers – valued at amortized cost net		1 481 644	1 505 862
Total amounts due from customers valued at fair value through P/L			
Fair value		-	-
Total amounts due from customers valued at fair value through P/L		-	-
Total amounts due from WINDFARM CUSTOMERS		1 481 644	1 505 862

Risk of electricity and green certificate price decline

COVID-19 lockdown resulted in a temporary decline of electricity demand, as in other pandemic-stricken countries. The reported decline of power consumption resulted in the drop of wholesale prices of electricity. The risk of volatility of market power and green certificate prices is addressed in the model pricing individual exposures from the windfarm portfolio through the implementation of price curves forecasted by the Group in the mid and long run. The price curves applied in the pricing model are updated in cycles, based on reports of recognized independent third-party experts with whom the Group has been cooperating since 2016. An additional factor mitigating the potential decline of customers' income caused by a temporary decrease of prices of power and/or green certificates is the funds deposited on reserve accounts used for supporting the current handling of loans. Relevant contract provisions obligate the customers to deposit additional funds to these accounts if it becomes necessary to repay the debt.

Risk of legal dispute between Bank Customers and Energa – Obrót S.A.

The actions of Energa - Obrót S.A. undertaken in September 2017 resulted in termination of execution of twenty-two CPAs (Certificate Purchase Agreement) for the collection of proprietary rights arising from certificates confirming the RES origin of electricity (green certificates and filing lawsuits with relevant courts of law against contractors and banks in order to declare null and void the conditions of the concluded agreements, applied to 8 Customers credited by the Group. In two cases initiated by lawsuits of Energa Obrót S.A., BOŚ S.A. and its Customers acted as defendants, however, once the Bank and clients concluded assignment contracts reversing from CPA agreements, Energa lost its legal interest and withdrew its lawsuits against the Bank.

Now BOŚ S.A. is not directly participating as Co-Defendant in any court disputes. Therefore, the Group does not anticipate any additional costs to be incurred by the Bank as a result of court disputes conducted by Customers.

As at 31 March 2020 there are lawsuits being conducted against 6 customers, whose total commitment towards the Group amounts to 110.9m PLN, or 7.2% of total commitment calculated at amortized cost arising from wind farm portfolio exposures. The Bank is continuously monitoring the status of these court disputes; it is also continuously in touch with the shareholders and sponsors of the Projects. Rulings so far issued in disputes initiated by Energa Obrót S.A. involve six verdicts positive to the Customers of the Group, i.e. repealing the litigation of Energa Obrót S.A., while five of the rulings were issued by a common court of the first instance, and one by an Arbitration Court as a final decision. As Energa Obrót S.A. filed appeals against the verdicts of the district courts and of the Arbitration Court, further proceedings shall be continued before the Court of Appeal. Amounts due from loans granted to customers who are conducting legal disputes with Energa Obrót S.A. are repaid in time.

Risk of negative impact of the judgement of the Court of Justice of the European Union (CJUE) in Case C-260/18 and changes of legal environment on foreign currency loan portfolio

On 3 October 2019 the Court of Justice of the European Union (CJEU) issued, in a preliminary ruling procedure, a judgement in case C-260/18 Kamil Dziubak, Justyna Dziubak against Raiffeisen Bank International AG domiciled in Vienna, pursuing operations in Poland in the form of a branch named Raiffeisen Bank International AG Oddział w Polsce, former Raiffeisen Bank Polska S.A. domiciled in Warsaw, which comprises an interpretation of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts in response to a request for a preliminary ruling filed by a Polish court following an analysis of provisions of a contract for an CHF denominated loan.

According to the wording of the ruling, the CJEU did not address the issue of unfair nature of contract terms indicating that investigation of occurrence of all abusive clauses and evaluation of contract provisions in each individual case remains within the competence of domestic courts.

Claims formulated in these lawsuits on the basis of denominated loan and advance agreements generally involve demands to deem the loan/ advance agreement null and void or optionally, to deem a part of those agreements null and void with regard to the indexation clauses.

Due to the coronavirus pandemic and a small number of court rulings issued in the first quarter this year the Bank's so-far approach has not changed.

The Bank is continuously monitoring the rulings of domestic courts in such cases and taking into account the legal risk of foreign currency-indexed loans concludes that the CJEU's judgement of 3 October 2019 and the rulings of Polish courts in similar cases may in the future result in the growing number of court disputes and the amount of claims.

At the end of the first quarter 2020, there were a total of 117 cases filed against the Bank in relation to loans and advances denominated primarily to CHF in which the value of the subject of litigation totalled 20.44m PLN. The claims formulated in these lawsuits on the basis of denominated loan and advance agreements generally involve demands to deem the loan/advance agreement null and void or optionally, to deem a part of those agreements null and void with regard to the indexation (conversion) and insurance clauses, bridge collateral clauses (low down payment insurance and loan insurance until recording a land and mortgage book entry). The total account of officially closed court cases regarding denominated loans and advances is beneficial to the Bank.

However, one cannot ignore the risk that the so-far ruling trend beneficial to the Bank (and banks in general) may change and as a result the rulings in courts of law may turn out to be unfavourable to the Bank. If materialized, this risk may negatively affect the Bank's future results.

After 1Q2020, the Bank updated its models estimating the corresponding risks and reserves set aside to cover those risks. Based on the obtained results, the Bank decided to set aside additional provisions for these disputes against 1Q2020 in the amount of 3.3m PLN. As of 31 March 2020 the reserves for the legal risk posed by denominated mortgage loans amount to 10m PLN for current lawsuits and 16.5m PLN for future court disputes and claims. The total provisions set aside for legal risk posed by loans and advances denominated to foreign currencies equal 26.5m PLN.

Risk of negative impact on Bank's results of CJEU's judgement on the consumer's right to reduced cost of loan upon earlier repayment of the amounts due under a loan agreement

On 11 September 2019 the CJEU issued, in a preliminary ruling procedure, a judgement in case C – 383/18 Lexitor versus SKOK Stefczyka, Santander Consumer Bank and mBank, which comprises an interpretation of 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 a request for a preliminary ruling filed by a Polish court, the CJEU adjudicated that the consumer's right to reduce the total cost of the loan upon an early repayment of that loan applies to any and all costs imposed onto the customer.

There are no court legal actions in progress against the Bank arising from the Act of 17 December 2009 on lodging claims in collective actions.

As at 31 March 2020 there is one lawsuit in progress against the Bank for the payback of a portion of consumer loan cost following an early repayment.

The Bank estimates that this judgement may, in future quarters, result in a growth of consumers' claims for compensation of some costs of early repayment of loans and a consequent increase of the number of court cases.

The impact of this risk onto Bank's results depends on the number of claims filed by the customers. The Bank has set aside a loan loss provision of 1.2m PLN for the compensation for commissions charged on early repaid loans and booked it against 1Q2020.

Other risk factors:

- **risk of PLN's serious weakening against CHF and EUR**

Such an event would result in an increase of foreign currency loans volume, which means growing capital requirement regarding these loans. Any permanent, significant depreciation of PLN against foreign currencies, particularly CHF, would mean one should expect deterioration of the quality of FX mortgage loan portfolio;

- **risk of growing volatility on global financial markets and of lowering ratings of Poland and of the Bank**

Consequences for the Bank may comprise, among other things, growing costs of external financing, impaired access to international financing sources, or difficulties in handling transactions in respect of foreign currency and interest rate risk management.

- **risk of enduring low interest rates or further interest cuts in PLN and foreign currency products**

Any further interest rate cuts, if put in place, would curtail the net interest margin now in effect and would push down net interest result, as regulatory restrictions already put caps on rates, any further lowering of interest rates on current accounts is no longer possible or agreement clauses.

11. Non-standard factors and events affecting performance

In the first quarter 2020 no non-standard events occurred at BOŚ S.A. that would be relevant for an assessment of its human resources, assets, financial position, financial performance, and changes thereof, or for an assessment of the issuer's capacity to meet its obligations.

12. Management Board position on the feasibility of the published forecasts

The BOŚ S.A. Group published no financial forecast in 1Q2020.

13. Seasonal or cyclical developments

No significant trends of seasonal or cyclical nature are known to occur in the business of the Bank. The performance of the Dom Maklerski BOŚ S.A. brokerage depends on the situation on the Warsaw Stock Exchange (WSE).

14. Issuance, redemption and payment of debt securities or equity securities

In the first quarter 2020 the Bank did not conduct any issue or redemption of securities.

15. Dividends

In the first quarter 2020 the Bank did not pay or declare payment of any dividends.

16. Transaction with related entities

From 1 January 2020 to 31 March 2020 either the Bank or its subsidiaries did not conclude any transactions with related entities which could individually or jointly be significant or concluded under non-market terms and conditions.

17. Loan or cash advance sureties or guarantees granted, where the total of running sureties or guarantees is equivalent to not less than 10% of issuer's equity

In the first quarter 2020 the Bank granted no collateral for a loan, advance or guarantee such as the total thereof would be equivalent to not less than 10% of issuer's equity.

18. Ongoing judicial or administrative proceedings

As at 31 March 2020 Bank Ochrony Środowiska S.A. was involved:

- as plaintiff in 386 judicial cases for a total amount of 75.3m PLN,
- as defendant in 167 judicial cases for a total amount of 44.5m PLN.

As at 31 March 2020 the Bank conducted no judicial proceedings in excess of 10% of the equity of the Bank.

19. Shareholders holding directly or indirectly, through subsidiaries, at least 5% of the total number of votes at Issuer's General Meeting

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

- Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej [National Fund for Environmental Protection and Water Resource Management, NFOŚiGW] held a total of

53,951,960 shares, which represents 58.05% of equity of the Bank and of total votes at the General Meeting,

- Fundusz Inwestycji Polskich Przedsiębiorstw Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych held a total of 8,000,000 shares, which represents 8.61% of equity of the Bank and of total votes at the General Meeting,
- Dyrekcja Generalna Lasów Państwowych [Directorate General of State Forests authority] held a total of 5,148,000 shares, which represents 5.54% of equity of the Bank and of total votes at the General Meeting.

The total number of votes attached to all shares issued by BOŚ S.A. is 92,947,671. All shares are ordinary bearer shares of PLN 10 nominal value per share.

20. BOŚ S.A. shares held by members of executive and supervisory bodies

Members of the Bank Management Board and Members of the Bank Supervisory Boards hold no BOŚ S.A. shares or rights to such shares.

As variable remuneration for 2018 was granted to the Management Board Members:

- Management Board President Bogusław Białowąs held 18,630 phantom shares of BOŚ S.A.,
- Vice President – First Vice President of Management Board President Arkadiusz Garbarczyk held 16,405 phantom shares of BOŚ S.A.

The abovementioned phantom shares constitute short-term benefits which shall be disbursed to the Management Board Members within 14 days upon the retention period i.e. by the end of 2020.

21. Other information issuer deems necessary for assessments of its human resources, assets, financial position, financial performance, and changes thereof, and information relevant to issuer

In the first quarter 2020 no other events occurred at BOŚ S.A. that would be relevant for an assessment of its human resources, assets, financial position, financial performance, and changes thereof, or for an assessment of the issuer's capacity to meet its obligations.

22. Bank Supervisory Board

As at 31 December 2019 the Supervisory Board's composition was as follows:

- 1) Wojciech Wardacki – Chairman
- 2) Katarzyna Lewandowska – Vice Chairman
- 3) Andrzej Matysiak – Secretary
- 4) Iwona Duda
- 5) Janina Goss
- 6) Ireneusz Purgacz
- 7) Radosław Rasoła
- 8) Piotr Sadownik
- 9) Paweł Sałek
- 10) Emil Ślęzak

In the first quarter 2020 the composition of the Supervisory Board remained unchanged.

23. Bank Management Board

As at 31 December 2019 the Management Board's composition was as follows:

- Bogusław Białowąs, President of the Management Board,
- Arkadiusz Garbarczyk, Vice President – First Vice President of the Management Board
- Jerzy Zań, Vice President of the Management Board.

In the first quarter 2020 the composition of the Management Board remained unchanged.

ABRIDGED INTERIM CONSOLIDATED FINANCIAL STATEMENT OF BOŚ S.A. CAPITAL GROUP

Abridged interim consolidated profit and loss account statement

Continued operations	for 3 months ended 31 March. 2020	for 3 months ended 31 March 2019
Interest and similar income, of which:	153 308	153 862
<i>assets measured at amortised cost</i>	130 264	129 610
<i>assets measured at fair value through other total income</i>	22 566	23 255
<i>financial assets measured obligatorily at fair value through P/L</i>	478	997
Interest expense and similar charges, of which:	- 50 265	- 51 003
<i>financial liabilities measured at amortized cost</i>	- 48 338	- 48 605
<i>financial liabilities measured obligatorily at fair value through P/L</i>	- 1 927	- 2 398
Net interest income	103 043	102 859
Fee and commission income	38 894	36 253
Fee and commission expense	- 9 199	- 9 286
Net fee and commission income	29 695	26 967
Dividend income	1	5 447
Income from financial instruments measured at fair value through P/L (including amounts due from customers)	10 303	4 953
Investment securities income	687	301
Net hedge accounting income	333	119
Foreign exchange result	15 357	5 413
Other operating income	6 965	5 355
Other operating expense	- 9 309	- 4 324
Net impairment gains	- 22 738	- 7 944
Administrative expenses	- 99 764	- 110 880
Profit before tax	34 573	28 266
Tax charges	- 11 004	- 11 182
Net profit	23 569	17 084
of which attributable to:		
<i>equity holders of the Bank</i>	23 569	17 084
<i>non-controlling equity holders</i>	-	-
Earnings per share attributable to the Bank's equity holders during the period (in PLN)		
<i>basic</i>	0,25	0,18
<i>diluted</i>	0,25	0,18

No discontinued operations during the 3 months ended 31 March 2020 and in 2019.

Abridged interim consolidated comprehensive income statement

Continued operations	for 3 months ended 31 March. 2020	for 3 months ended 31 March 2019
Net profit	23 569	17 084
Positions which may be reclassified to profit and loss account statement	- 5 532	- 13 042
Fair value of financial assets measured at fair value through other total income, before tax	- 6 829	- 16 101
Deferred tax	1 297	3 059
Positions not transferred to income profit and loss account statement	-	-
Total gains and losses	18 037	4 042
Of which attributable to:		
<i>equity holders of the Bank</i>		
<i>non-controlling equity holders</i>	18 037	4 042
Net profit	-	-

Abridged interim consolidated financial position statement

Assets	31 March 2020	31 Dec. 2019
Cash and balances with the Central Bank	592 793	297 866
Amounts due from other banks	322 096	165 733
Trading securities of which:	163 265	140 344
<i>capital market securities</i>	12 695	20 111
<i>debt securities</i>	50 884	44 534
<i>derivative instruments</i>	99 686	75 699
Investment securities:	-	-
<i>capital market securities measured at fair value through other total income</i>	5 759 841	5 302 078
<i>debt securities measured at fair value through other total income</i>	85 522	85 510
<i>debt securities measured at amortised cost</i>	4 295 562	3 839 184
Cash and balances with the Central Bank	1 378 757	1 377 384
Amounts due from customers, of which:	12 029 036	12 003 794
<i>measured at amortized cost</i>	11 993 631	11 965 509
<i>measured at fair value through P/L</i>	35 405	38 285
Intangible assets	113 370	117 062
Property and equipment	78 025	77 743
Right of use – leasing	76 803	79 738
Income tax assets:	110 693	109 418
<i>current</i>	-	390
<i>deferred</i>	110 693	109 028
Other assets	283 141	193 221
Total assets	19 529 063	18 486 997

Liabilities	31 March 2020	31 Dec. 2019
Amounts owed to Central Bank and other banks	598 618	595 667
Trading derivative financial instruments	135 618	50 926
Hedging derivative instruments	11 569	-
Amounts owed to clients	124 049	50 926
Debt securities issued	33 753	16 869
Subordinate debt	15 740 470	14 914 981
Provisions	-	-
Income tax liabilities	369 259	370 731
<i>current</i>	64 387	57 705
<i>deferred</i>	5 827	9 795
leasing right liabilities	5 827	8 410
Other liabilities	-	1 385
Total liabilities	80 889	83 349
Amounts owed to Central Bank and other banks	282 275	187 044
Trading derivative financial instruments	17 311 096	16 287 067

Equity	31 March 2020	31 Dec. 2019
Equity attributable to equity holders of the Bank:		
Core capital:	1 461 036	1 461 036
<i>Share capital</i>	929 477	929 477
<i>Own shares</i>	-1 292	-1 292
<i>Supplementary capital from sale of shares above par</i>	532 851	532 851
Revaluation reserve	42 163	47 695
Retained earnings	714 768	691 199
Total equity	2 217 967	2 199 930
Total equity and liabilities	19 529 063	18 486 997

Abridged interim changes in equity statement

	Equity attributable to holders of the Bank equity								Total equity
	Share capital	Core capital	Supplementary capital from sale of shares above par	Revaluation reserve	Other supplementary capital	Other reserve capital	Zyski zatrzymane General Risk fund	Accumulated profit/ loss	
As at 1 Jan. 2020	929 477	- 1 292	532 851	47 695	694 403	23 605	48 302	- 75 111	2 199 930
Net profit	-	-	-	-	-	-	-	23 569	23 569
Other total income	-	-	-	- 5 532	-	-	-	-	- 5 532
Total gains and losses	-	-	-	- 5 532	-	-	-	23 569	18 037
As at 31 March 2020	929 477	- 1 292	532 851	42 163	694 403	23 605	48 302	- 51 542	2 217 967
As at 1 Jan. 2019	929 477	- 1 292	532 851	57 390	624 393	23 605	48 302	- 77 160	2 137 566
Net profit	-	-	-	-	-	-	-	71 994	71 994
Total net income	-	-	-	- 9 695	-	-	-	-	- 9 695
Total gains/ losses	-	-	-	- 9 695	-	-	-	71 994	62 299
Income from sale of securities classified under IFRS 9	-	-	-	-	-	-	-	65	65
Profit/ loss distribution, including:	-	-	-	-	70 010	-	-	- 70 010	-
Profit/ loss allocated to other equity	-	-	-	-	70 010	-	-	- 70 010	-
As at 31 Dec. 2019	929 477	- 1 292	532 851	47 695	694 403	23 605	48 302	- 75 111	2 199 930
As at 1 Jan. 2019	929 477	- 1 292	532 851	57 390	624 393	23 605	48 302	- 77 160	2 137 566
Net profit	-	-	-	-	-	-	-	17 084	17 084
Other total income	-	-	-	- 13 042	-	-	-	-	- 13 042
Total gains/ losses	-	-	-	- 13 042	-	-	-	17 084	4 042
Income from sale of securities classified under IFRS 9	-	-	-	-	-	-	-	19	19
As at 31 March 2019	929 477	- 1 292	532 851	44 348	624 393	23 605	48 302	- 60 057	2 141 627

No non-controlling shares for the 3 months ended 31 March 2020 and in 2019.

Abridged interim consolidated cash flow statement

Indirect method	for 3 months ended 31 March. 2020	for 3 months ended 31 March. 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	34 573	28 266
Total adjustment:	680 632	27 175
Amortization and depreciation	14 098	14 089
Net interest on investment activities	- 27 924	- 27 094
Gains/ losses on investment activities	44	- 16
Net interest on financing activities	5 338	5 608
Dividends received, of which:	-	- 5 447
<i>from trading financial instruments</i>	1	-
<i>from investment securities</i>	- 1	5 447
Change in the balance of:	703 766	42 360
<i>amounts due from other banks</i>	- 105 797	- 21 294
<i>trading securities</i>	1 066	- 42 793
<i>assets and liabilities due to valuation of derivative financial and hedging instruments</i>	66 020	22 400
<i>investment securities</i>	- 83 195	- 70 995
<i>amounts due from customers</i>	- 25 242	31 966
<i>other assets and income tax</i>	- 88 973	5 152
<i>amounts owed to Central Bank and other banks</i>	2 951	33 489
<i>amounts owed to clients</i>	825 489	86 348
<i>amounts due from trading securities</i>	11 569	
<i>provisions</i>	6 682	- 6 129
<i>other liabilities and tax income</i>	93 196	4 216
Income tax paid	- 14 690	- 7 772
Net cash flow from operating activities	715 205	55 441
CASH FLOW FROM INVESTMENT ACTIVITIES		
Inflows	26 634	25 814
Sale of material fixed assets	83	16
Interest received from maturities valued at amortized cost	26 551	25 798
Outflows	- 5 560	- 6 448
Acquisition of intangible assets	- 2 501	- 3 572
Acquisition of material fixed assets	- 3 059	- 2 876
Net cash flow from investment activities	21 074	19 366
CASH FLOW FROM FINANCING ACTIVITIES		
Inflows	-	-
Outflows	- 10 762	- 11 485
Interest paid on bonds issued by BOŚ Group, of which:	- 5 870	- 6 636
<i>subordinated bonds</i>	- 5 870	- 5 852

IFRS 16 leasing liabilities	- 4 892	- 4 849
Net cash flow from financing activities	- 10 762	- 11 485
TOTAL NET CASH FLOW	725 517	63 322
BALANCE SHEET CHANGE IN CASH AND CASH EQUIVALENTS	725 517	63 322
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1 687 915	1 733 481
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2 413 432	1 796 803
Cash and cash equivalents with limited disposability	195 939	197 028

ABRIDGED INTERIM SEPARATE FINANCIAL STATEMENTS OF BOŚ S.A.**Abridged interim separate profit and loss account statement**

Continued operations	for 3 months ended 31 March. 2020	for 3 months ended 31 March. 2019
Interest and similar income, of which:	152 885	153 750
<i>assets measured at amortised cost</i>	129 858	129 532
<i>assets measured at fair value through other total income</i>	22 566	23 255
<i>financial assets measured obligatorily at fair value through P/L</i>	461	963
Interest expense and similar charges, of which:	- 51 928	- 52 711
<i>financial liabilities measured at amortized cost</i>	- 50 001	- 50 313
<i>financial liabilities measured obligatorily at fair value through P/L</i>	- 1 927	- 2 398
Net interest income	100 957	101 039
Fee and commission income	17 951	20 226
Fee and commission expense	- 2 437	- 4 087
Net fee and commission income	15 514	16 139
Dividend income	-	5 447
Income from financial instruments measured at fair value through P/L (including amounts due from customers)	3 774	- 935
Investment securities income	687	301
Net hedge accounting income	333	119
Foreign exchange result	15 357	5 558
Other operating income	2 581	1 719
Other operating expense	- 6 230	- 3 305
Net impairment gains	- 22 285	- 7 767
Administrative expenses	- 80 141	- 92 082
Profit before tax	30 547	26 233
Tax charges	- 9 683	- 10 226
Net profit	20 864	16 007
Earnings per share attributable to the Bank's equity holders during the period (in PLN)		
<i>basic</i>	0,22	0,17
<i>diluted</i>	0,22	0,17

No discontinued operations during the 3 months ended 31 March 2020 and in 2019.

Abridged interim separate income statement of the Bank

Continued operations	for 3 months ended 31 March. 2020	for 3 months ended 31 March. 2019
Net profit	20 864	16 007
Positions which may be reclassified to profit and loss account statement	- 5 532	- 13 042
Fair value of financial assets measured at fair value through other total income, before tax	- 6 829	- 16 101
Deferred tax	1 297	3 059
Positions not transferred to income profit and loss account statement	-	-
Total gains and losses	15 332	2 965

Abridged interim separate financial position statement of the Bank

Assets	31 March 2020	31 Dec. 2019
Cash and balances with the Central Bank	592 789	297 862
Amounts due from other banks	303 198	148 918
Trading securities, of which:	132 022	100 513
<i>derivative instruments</i>	49 390	43 085
Cash and balances with the Central Bank	82 632	57 428
Hedging derivative instruments	-	-
Investment securities:	5 759 841	5 302 078
<i>capital market securities measured at fair value through other total income</i>	85 522	85 510
<i>debt securities measured at fair value through other total income</i>	4 295 562	3 839 184
<i>debt securities measured at amortised cost</i>	1 378 757	1 377 384
Amounts due from customers, of which:	12 057 692	12 029 020
<i>measured at amortized cost</i>	12 022 287	11 990 735
<i>measured at fair value through P/L</i>	35 405	38 285
Investments in subsidiaries	113 897	113 897
Intangible assets	102 501	106 169
Property and equipment	27 419	29 332
Right of use – leasing	70 999	73 330
Income tax assets:	104 917	104 171
<i>deferred</i>	104 917	104 171
Other assets	38 975	24 107
Total assets	19 304 250	18 329 397

Liabilities	31 March 2020	31 Dec. 2019
Amounts owed to Central Bank and other banks	598 618	595 667
Trading derivative financial instruments	121 372	48 741
Hedging derivative instruments	33 753	16 869
Amounts owed to clients	15 746 168	14 886 720
Debt securities issued	-	-
Subordinate debt	369 259	370 731
Provisions	63 328	57 872
Income tax liabilities	5 333	8 128
<i>current</i>	5 333	8 128
IFRS 16 leasing right liabilities	74 735	76 595
Other liabilities	129 314	121 036
Total liabilities	17 141 880	16 182 359

Equity	31 March 2020	31 Dec. 2019
Equity attributable to equity holders of the Bank:		
Core capital:	1 460 364	1 460 364
<i>Share capital</i>	929 477	929 477
<i>Own shares</i>	- 1 294	- 1 294
<i>Supplementary capital from sale of shares above par</i>	532 181	532 181
Revaluation reserve	42 163	47 695
Retained earnings	659 843	638 979
Total equity	2 162 370	2 147 038
Total equity and liabilities	19 304 250	18 329 397

Abridged interim changes in equity statement of the Bank

	Share capital	Own shares	Core capital Supplementary capital from sale of shares above par	Revaluation reserve	Other reserve capital	Retained earnings General risk fund	Accumulated profit/ losses	Total equity
As at Jan. 2020	929 477	- 1 294	532 181	47 695	645 531	48 302	- 54 854	2 147 038
Net profit	-	-	-	-	-	-	20 864	20 864
Other total income	-	-	-	- 5 532	-	-	-	- 5 532
Total gains and losses	-	-	-	- 5 532	-	-	20 864	15 332
As at 31 March 2020	929 477	- 1 294	532 181	42 163	645 531	48 302	- 33 990	2 162 370
As at 1 Jan. 2019	929 477	- 1 294	532 181	57 390	580 519	48 302	- 70 569	2 076 006
Net profit	-	-	-	-	-	-	80 662	80 662
Other total income	-	-	-	- 9 695	-	-	-	- 9 695
Total gains and losses	-	-	-	- 9 695	-	-	80 662	70 967
Income from sale of securities classified under IFRS 9	-	-	-	-	-	-	65	65
Profit/ loss distribution, including:	-	-	-	-	65 012	-	- 65 012	-
Profit/loss allocated to other equity	-	-	-	-	65 012	-	- 65 012	-
As at 31 Dec. 2019	929 477	- 1 294	532 181	47 695	645 531	48 302	- 54 854	2 147 038
As at 1 Jan. 2019	929 477	- 1 294	532 181	57 390	580 519	48 302	- 70 569	2 076 006
Net profit	-	-	-	-	-	-	16 007	16 007
Other total income	-	-	-	- 13 042	-	-	-	- 13 042
Total gains/losses	-	-	-	- 13 042	-	-	16 007	2 965
Income from sale of securities classified under IFRS 9	-	-	-	-	-	-	19	19
As at 31 March 2019	929 477	- 1 294	532 181	57 390	580 519	48 302	- 70 569	2 078 990

No non-controlling shares for the 3 months ended 31 March 2020 and in 2019.

Abridged interim separate cash flow statement of the Bank

Indirect method	for 3 months ended 31 March. 2020	for 3 months ended 31 March. 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	30 547	26 233
Total adjustment:	685 182	30 817
Amortization and depreciation	11 471	11 769
Net interest on investment activities	-27 924	- 27 094
Gains/ losses on investment activities	-	- 1
Net interest on financing activities	5 296	5 573
Dividends received, of which:	-	- 5 447
<i>from investment securities</i>	-	5 447
Change in the balance of:	708 266	48 319
<i>amounts due from other banks</i>	-99 147	- 22 855
<i>trading securities</i>	-6 305	- 38 004
<i>assets and liabilities due to valuation of derivative financial and hedging instruments</i>	64 311	27 596
<i>investment securities</i>	-83 195	- 70 994
<i>amounts due from customers</i>	-28 672	14 974
<i>right of use – leasing</i>	-	-
<i>other assets and income tax</i>	-14 859	- 10 505
<i>amounts owed to Central Bank and other banks</i>	2 951	33 489
<i>amounts owed to clients</i>	859 448	81 503
<i>provisions</i>	5 456	- 6 203
<i>IFRS 16 leasing liabilities</i>	-	-
<i>other liabilities and tax income</i>	8 278	39 318
Income tax paid	-11 927	- 7 749
Net cash flow from operating activities	715 729	57 050
CASH FLOW FROM INVESTMENT ACTIVITIES		
Inflows	26 551	25 799
Sale of material fixed assets	-	1
Interest received from maturities valued at amortized cost	26 551	25 798
Outflows	-2 081	-4 888
Acquisition of stocks from subsidiary	-1 937	-2 636
Acquisition of intangible assets	-144	-2 252
Net cash flow from investment activities	24 470	20 911
CASH FLOW FROM FINANCING ACTIVITIES		
Inflows	-	-
Outflows	-10 115	-11 031
Interest paid on bonds issued by Bank, of which:	-5 870	-6 636
<i>subordinated bonds</i>	-5 870	-5 852

Leasing	-4 245	-4 395
Net cash flow from financing activities	-10 115	-11 031
TOTAL NET CASH FLOW	730 084	66 930
BALANCE SHEET CHANGE IN CASH AND CASH EQUIVALENTS	730 084	66 930
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1 677 058	1 726 005
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2 407 142	1 792 935
Cash and cash equivalents with limited disposability	195 939	197 028

I. Information on accounting principles (policy) adopted when preparing the abridged interim consolidated financial statement

Basis for statement and declaration of compliance

The abridged interim consolidated financial statement of Bank Ochrony Środowiska S.A. Capital Group comprises:

- 1) interim consolidated profit and loss account statement for the 3 months ended 31 March 2020 and reference data for the period of 3 months ended 31 March 2019, as well as data for the 3 months ended 31 March 2020 and reference data for the 3 months ended 31 March 2019.
- 2) interim consolidated comprehensive income statement for the 3 months ended 31 March 2020 and reference data for the period of 3 months ended 31 March 2019, as well as data for the 3 months ended 31 March 2020 and reference data for the 3 months ended 31 March 2019,
- 3) interim consolidated financial position statement as at 31 March 2020 and reference data as at 31 December 2019,
- 4) interim changes in equity statement for the 3 months ended 31 March 2020, for the period of 12 months ended 31 December 2019, and reference data for the 3 months ended 31 March 2019, and reference data for the 3 months ended 31 March 2019,
- 5) interim consolidated cash flow statement for the 3 months ended 31 March 2020 and reference data for the period of 3 months ended 31 March 2019.
- 6) additional explanations

This abridged interim consolidated financial statement has been drawn in the Polish zlotys (PLN) rounded to thousands PLN ('000 PLN).

This abridged interim consolidated financial statement has been drawn in compliance with the International Financial Reporting Standards (IFRS) in the version approved by the European Union (EU), in particular, with International Accounting Standard 34 "Interim financial reporting", effective as at the reporting date, i.e. 31 March 2020 upon application of the same accounting principles to each period in accordance with the historical cost concept, except for the following positions valued at fair value:

Changes to fair value valuated through:	
Trading financial instruments	P/L
Hedging derivative instruments	P/L
Amounts due from customers whose cash flows do not comply with cash flow test requirements	P/L
Debt investment securities in a business model the purpose of which is to generate contract cash flows or sales	other total income
Capital investment securities	other total income

Dom Maklerski BOŚ S.A., BOŚ Leasing – Eko Profit S.A. and MS Wind sp. z o.o., prepare financial statements in accordance with the International Financial Reporting Standards in the version approved by the European Union.

This interim abridged consolidated financial statement of the Group and interim abridged financial statement of the Bank for the 3 months ended 31 March 2020 does not comprise all disclosures required in annual financial statements and must be read along with the annual financial statements of BOŚ Group and of the Bank, drawn for the financial year ended 31 December 2019.

This abridged interim consolidated financial statement has been drawn on the basis of the same accounting rules as ones applied when drawing the annual consolidated financial statement of BOŚ Group for the year ended on 31 December 2019.

Other standards and interpretations and changes implemented for the first time in 2020 did not have any significant impact on this financial statement of BOŚ Group and of the Bank.

As at the date of approval of the abridged interim consolidated financial statement, there were no circumstances which would indicate a threat to the continuation, by the Bank and BOŚ Group companies, within at least 12 months past the balance sheet date, as a result of an intended or forced inaction or limitation of the current activities. Therefore, this interim consolidated financial statement has been drawn with the assumption of continuation of economic activity, by the Bank and BOŚ Group companies, within foreseeable future, i.e. at least 12 months past the balance sheet date.

II. Financial assets and liabilities at fair value

	Balance sheet value as at 31 March 2020	Fair value as at 31 March 2020	Balance sheet value as at 31 March 2019	Fair value as at 31 Dec. 2019
FINANCIAL ASSETS				
Amounts due from other banks	322 096	325 179	165 733	169 153
Amounts due from customers, of which:	12 029 036	11 973 365	12 003 794	11 965 167
- Loans in PLN	9 079 961	9 043 274	9 161 456	9 136 066
- Loans in foreign currencies	2 949 075	2 930 091	2 842 338	2 829 101
Investment securities valued at amortized cost	1 378 757	1 432 821	1 377 384	1 423 814
Debt securities, of which:	1 378 757	1 432 821	1 377 384	1 423 814
- State Treasury	1 378 757	1 432 821	1 377 384	1 423 814
FINANCIAL LIABILITIES				
Amounts owed to Central Bank and other banks	598 618	598 618	595 667	595 667
Amounts owed to clients, including:	15 740 470	15 751 023	14 914 981	14 924 644
- Corporate clients	5 693 270	5 694 874	5 182 156	5 182 596
- Retail clients	9 066 062	9 074 158	8 891 460	8 899 773
- Other clients	73 720	73 720	63 607	63 607
- International financial statements	907 418	908 271	777 758	778 668
Liabilities on account of securities issued	-	-	-	-
Subordinated debt	369 259	366 896	370 731	348 503

Amounts due from other banks

Amounts due from other banks include interbank term deposits, nostro accounts, loans and credits. Fair value of interbank time deposits, due to short maturity (up to 6 months interbank time deposits bearing fixed interest rate), equals the balance sheet value. Bonds issued by banks were valued at fair value, taking into account the loan rate spread set on the basis of comparable issues conducted by similar banks.

Amounts due from customers

Amounts due from customers were presented after deducting impairment write-offs. Amounts due from customers and other banks, on the balance sheet level, are valued mainly at amortized cost at the effective interest rate (99% of the balance sheet value of loans).

Fair value of loans is assumed to reflect their value resulting from current valuation of future principal and interest flows (separately for loans in foreign currencies and for those in PLN) calculated at the effective interest rate for each loan (except for loans with unspecified repayment schedules or non-performing loans for which the balance sheet value is taken to be their fair value) discounted at averaged effective interest rate of loans extended over the last twelve months. For mortgage loans, advance payments were taken into account. For loans

in foreign currencies that Bank has ceased selling, averaged effective interest rate for corresponding loans extended in PLN adjusted for the difference between rate levels in the particular currencies and in PLN, were used.

Investment securities valued at amortized cost

Investment securities valued at amortized cost include State Treasury bonds classified into the HtC business model. The fair value of bonds taken is the current evaluation from market quotations increased by accrued interest.

Amounts owed to Central Bank and other banks

Amounts owed to the Central Bank and liabilities arising from repurchase transactions were presented at balance sheet value. Liabilities arising on repurchase transactions were presented at balance sheet value as no market data are available to calculate the basic repo transaction of the Bank with the counterparty at fair value.

Interbank deposits, as short-term products, were presented at balance sheet value, and cash advances (principal and interest) were discounted by averaged effective interest rate.

Amounts owed to clients

Liabilities in the balance sheet are valued at depreciation cost at an effective interest rate. The fair value of such items applied is their value resulting from discounting principal and interest for all deposits by averaged weighted interest rate applicable to deposits taken in March 2020. As no specified schedules for current accounts are available these items are presented at their balance sheet value.

Amounts due (principal and interest) to international financial institutions were discounted by the average effective interest rate (for EUR) or the last transaction concluded in a given currency (for PLN).

Liabilities on account of securities

Liabilities on account of securities issued were valued at fair value adjusted for changing loan spreads for bonds in PLN determined based on the most recent issue launched by the Bank.

Subordinated liabilities

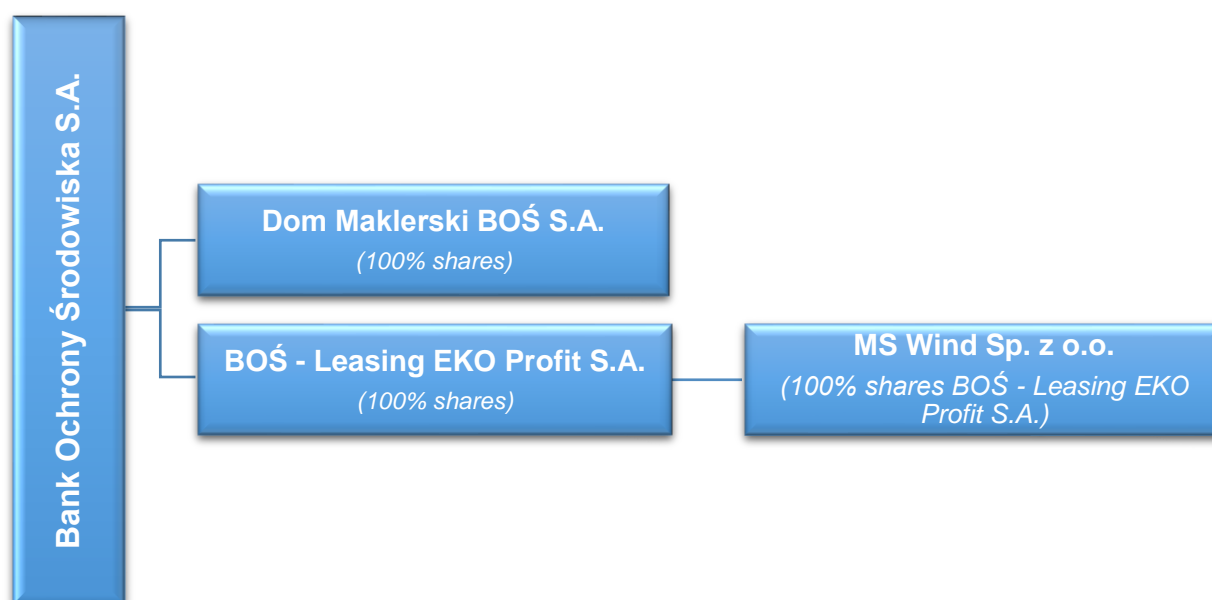
Subordinated debt at fair value was presented as adjusted for changing load spread determined based on the issue the Bank launched in 2017.

III. Changes in consolidated contingent liabilities and assets

	31 March 2020	31 Dec. 2019	Change %
Contingent liabilities:	2 929 473	2 846 868	3
Financial, of which:	2 552 585	2 538 723	0,5
– open credit lines, of which:	2 537 156	2 513 639	0,9
– revocable	2 238 955	2 267 427	- 1,3
– irrevocable	298 201	246 212	21,1
– open import letters of credit	15 129	5 839	159,1
– promises of loan, of which:	300	19 245	- 98,4
– revocable	-	-	x
– irrevocable	300	19 245	- 98,4
Guarantees, of which:	376 888	308 145	22,3
– loan payment endorsements and guarantees	12 909	12 909	-
– performance guarantees	363 979	295 236	23,3
Contingent assets:	292 641	480 132	- 39,0
Financial, of which:	-	85 170	- 100,0
– open credit lines	-	85 170	- 100,0
Guarantees	278 709	381 445	- 26,9
Other	13 932	13 517	3,1
Total contingent assets and liabilities	3 222 114	3 327 000	- 3,2

IV. Organization of Capital Group**Structure of Capital Group**

In the first quarter 2020 the Capital Group of BOŚ S.A. consisted of the following entities.



Type of operations conducted by BOŚ S.A. Subsidiaries:

- Dom Maklerski BOŚ S.A. - Brokerage House, brokerage services, capital market operations
- BOŚ Leasing -Eko Profit S.A. - leasing, financial and consultancy activity, supplementing Bank's service offer
- MS Wind sp. z o. o. - wind farm project management.

Capital investments

In the first quarter 2020 Bank Ochrony Środowiska SA did not acquire or dispose of any shares in or stocks of companies.

V. Major events past the date of this report

- On 9 April 2020 the Bank publicised its Current Report RB 5/2020 in the impact of the COVID-19 pandemic on the operations and financial results of Bank Ochrony Środowiska S.A.
- On 14 April 2020 the Bank publicised information (Current Report RB 6/2020) stating that the amount of the Bank's annual contribution to BFG's bank compulsory resolution fund for 2020 totals 15.7m PLN. In total, the contributions to BFG booked against the 1Q2020 cost amount to 20.5m PLN.
- On 14 April 2020 Fitch Ratings Ltd (Current Report RB 7/2020) confirmed its ratings and downgraded outlook for the Bank from stable to negative.

The Agency has reviewed the ratings of BOŚ S.A. in relation to the COVID-19 pandemic in Europe. The Agency concluded that though the final economic consequences of the coronavirus epidemic are not yet known, they may affect the bank's loan portfolio.

Signatures of Members of BOŚ S.A. Management Board

Date	Name	Position/ role	Signature
12.05.2020	Bogusław Białowas	Management Board President
12.05.2020	Arkadiusz Garbarczyk	Vice President – First Vice President of Management Board
12.05.2020	Jerzy Zań	Management Board Vice President