

**RB 20/2021 Answer to the question from a shareholder provided pursuant to Art. 428 of the Code of Commercial Companies** - made public on 22 June 2021.

Pursuant to § 19 item 12 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and on the conditions under which information required by legal regulations of a non-member state may be recognised as equivalent (Journal of Laws 2018, item 757), the Management Board of Bank Ochrony Środowiska S.A. having the registered office in Warsaw ("Bank") hereby provides information given to the Bank's Shareholder – Fundusz Inwestycji Polskich Przedsiębiorstw FIZAN, under art. 428 § 6 of the Code of Commercial Companies, in connection with the inquiry addressed to the Management Board on 18 June 2021.

The Bank's Management Board provided the following answer on 22 June 2021:

In response to letter number PW/FIPP/2021/737/MC received on 18 June 2021, we kindly inform you that Bank Ochrony Środowiska S.A. ("Bank"), within its activities, complies with all the obligations arising from the legal regulations in force in Poland in the field of AML, in particular the Act of 1 March 2018 on preventing money laundering and terrorist financing (consolidated text: Journal of Laws 2020, item 971).

In the course of the inspection conducted at the Bank from 14 November 2019 to 24 January 2020 by the Polish Financial Supervision Authority (KNF), recommendations were issued to improve or amend some of the AML solutions adopted at the Bank. All these recommendations are subject to implementation at the Bank in cooperation with an external advisor and in close contact with the KNF, in order to adjust the AML mechanisms to the expectations indicated by this supervisory authority.

The Bank shall exercise due diligence to fulfil its AML obligations in accordance with all applicable laws and the highest market standards.

In response to the remaining questions, we kindly inform you that pursuant to art. 104 of the Act of 29 August 1997. - Banking Law (consolidated text: Journal of Laws 2020, item 1896), Bank Ochrony Środowiska, persons employed by it and persons through whom the bank performs the banking activities are obliged to keep banking secrecy, which includes all information concerning the banking activity, obtained during negotiations and in the course of concluding and executing agreements on the basis of which the bank performs the activities.

It should be stressed that, pursuant to art. 70 section 1 of the Banking Law Act, the Bank examines the borrower's creditworthiness in each case, and in the case of customers who are not creditworthy, pursuant to art. 70 section 2 of this act, the Bank may grant a loan on condition of establishing a specific method of securing the loan repayment in a form of a guarantee or presenting a recovery programme, irrespective of the loan repayment security, the implementation of which will ensure, in the Bank's opinion, that the customer will be able to achieve creditworthiness within a specified period of time. The provisions setting out the above mentioned procedure have been directly transposed to the Bank's internal regulations. The Bank does not provide for any deviations from the procedure in accordance with the contents of the adopted and internal regulations.

At the same time it should be noted that the Bank's internal regulations recognise collateral of the highest quality and liquidity as a special type of security. In practice, such a special method of securing the repayment of a loan is usually a cash deposit established under art. 102 of the Banking Law Act and a guarantee granted by the State Treasury or an entity acting on its behalf, e.g. BGK or KOWR.

From 19 May 2020 to 12 August 2020, the Bank underwent a problem inspection conducted by the KNF, with regard to, among others, credit risk management and asset valuation. On 9 November 2020, the Bank received the inspection report with recommendations. According to the timetable accepted by the KNF, most of the post-inspection recommendations have already been implemented. The remaining recommendations, mainly related to the parameter modelling under IFRS9 and the implementation of IT systems, will be completed on schedule by the end of 2021 and by 30 June 2022, respectively.

To the best knowledge of the Management Board, no explanatory proceedings are being held currently with respect to the credit exposures granted by the Bank.

To sum up, we would like to inform you that the Bank stays in touch with the KNF and systematically implements all the recommendations issued by the supervisory authority, both in the area of AML and credit risk. The Bank's internal procedures are reviewed on an ongoing basis and, in case of identifying any gaps that may generate risks, the procedures are adjusted on an ongoing basis so that the risks are adequately mitigated.

### **Legal basis**

Art. 56 section 1 item 2 of the Act of 29 July 2005 on public offering and conditions for the introduction of financial instruments to the organised trading system and on public companies - current and periodic information.