

Queries asked by a Shareholder of the Bank during the Annual General Meeting of Bank Ochrony Środowiska S.A. on 30 April 2014 with replies thereto by the President of the BOŚ S.A. Management Board

1. Why was the changed determination of remuneration for sales of insurance products not recognised under point 3.1 in the Annual Financial Statements of Bank Ochrony Środowiska S.A. for the period of 12 months ended 31 December 2013 as a change in accounting principles?

In 2013, the Bank changed its approach to recognition of fees and commissions related to insurance products. Point 3.1 contains a reference to point 3.30 of the BOŚ S.A. Financial Statements for the period of 12 months ended 31 December 2013 where the description of the change is supplemented with a presentation of its impact on income statement items from previously published financial statements drawn up to the date of 31 December 2012. Further, a description of the manner of recognising such income is provided in note 3.8 therein.

2. Which period is covered in the position loss of previous years?

In previous years, income from fees and commissions related to insurance products used to be recognised once with the net income of the Bank. Following the changed approach to recognition of such income not all insurance products, but only some of them, can be recognised once with the net income of the Bank. Under accounting principles now in force a change of approach to recognition of income of previous years necessitates a review of equity of the Bank in the position "Loss of previous years". That change must not be identified as losses sustained in the previous period. The change is merely to 'pull out' part of the income from compensation for the sale of insurance products in previous years to get it cleared in the ensuing years.

The change of approach to recognition of income from compensation for the sale of insurance products was performed backwards for the years 2009–2012, i.e., in such a manner as if that principle had been applied all along.

3. Which losses were sustained in every one year covered by that period?

The changed approach to recognition of income of previous years was reflected in the adjustment of equity of the Bank in the position "Loss of previous years" and does not represent any loss actually sustained over that period.

Adjustments for the period of 2010–2012 averaged approximately PLN 3–3.5 million a year.