

RB 27/2013 – Draft resolutions of an Annual General Meeting of BOŚ S.A. convened for 20 June 2013 *announced 24 May 2013*

In fulfilment of provisions of § 38 subpara. 1 point 3 of the Regulation of the Minister of Finance of 19 February 2009 on current and interim reports published by issuers of securities and on the conditions under which such information are recognised as equivalent to information required under regulations of a non-member state, Bank Ochrony Środowiska S.A. with registered seat in Warsaw presents herewith draft resolutions to be considered by an Annual General Meeting of BOŚ S.A. convened for 20 June 2013

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on appointing a Chairman of the General Meeting**

This Annual General Meeting of BOŚ S.A. hereby appoints
Chairman of the General Meeting.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on appointing a Secretary of the General Meeting**

This Annual General Meeting of BOŚ S.A. hereby appoints
Secretary of the General Meeting.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on adoption of the agenda**

The Annual General Meeting of BOŚ S.A. hereby adopts the following agenda:

1. Opening the General Meeting.
2. Appointing the Chairman of the General Meeting.
3. Stating the legitimacy of convocation of the General Meeting and the capacity thereof to pass resolutions.
4. Appointing the Secretary of the General Meeting.
5. Adopting the agenda.
6. Presenting the Management Board Bank activity report for 2012 and the Bank financial statements for the period from 1 January 2012 to 31 December 2012.
7. Presenting the Management Board BOŚ S.A. Group activity report for 2012 and the BOŚ S.A. Group consolidated financial statements for the period from 1 January 2012 to 31 December 2012.
8. Presenting a motion on Bank 2012 profit distribution.

9. Presenting an Activity Report of the Supervisory Board and its committees in 2012.
10. Discussion.
11. Adopting resolutions regarding the following matters:
 - a) approving the Management Board Bank activity report for 2012,
 - b) approving the Bank financial statements for the period from 1 January 2012 to 31 December 2012,
 - c) approving the Management Board BOŚ S.A. Group activity report for 2012,
 - d) approving the BOŚ S.A. Group consolidated financial statements for the period from 1 January 2012 to 31 December 2012,
 - e) approving the Bank 2012 profit distribution,
 - f) granting members of the Bank Management Board the vote of approval for performance of duties in 2012,
 - g) approving the Activity Report of the Supervisory Board and its committees in 2012,
 - h) granting members of the Bank Supervisory Board the vote of approval for performance of duties in 2012.
12. Adopting resolutions regarding appointment of members of the Supervisory Board of the 9th term of office.
13. Presenting a draft text and passing a resolution on Bank Ochrony Środowiska S.A. compliance with corporate governance rules set out in the „Code of Best Practice for WSE Listed Companies”.
14. Presenting a draft text and passing a resolution on acquisition of BOŚ S.A. shares for the purpose of offering them to persons holding managerial positions at the Bank having significant impact on the Bank’s risk profile.
15. Presenting a draft text and passing a resolution on disposal of usufruct interest in the Bank real property situated in Warsaw at the address Aleja Jana Pawła II.
16. Closing the General Meeting.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on approving the Management Board Bank activity report for 2012**

Acting pursuant to the provisions of art. 393 point 1 and art. 395 § 2 point 1 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 1 and § 10 point 1 of the Bank Articles of Association, the Annual General Meeting of BOŚ S.A. resolves to approve the Management Board Bank activity report for 2012 the Bank Management Board presented to Shareholders at the Annual General Meeting on 20 June 2013.

An assessment „The Management Board Bank activity report for 2012” approved by the Supervisory Board at a meeting on 22 May 2013 is attached as Appendix No. 1 to this Report.

The Management Board Bank activity report for 2012 was released and published in the Annual Report (R/2012) on 19 March 2013.

Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on approving the Bank financial statements
for the period from 1 January 2012 to 31 December 2012

Acting pursuant to the provisions of art. 393 point 1 and art. 395 § 2 point 1 of the Code of Commercial Companies and pursuant to the provisions of art. 53 subpara. 1 of the Accounting Act, in connection with § 9 subpara. 4 point 1 i § 10 point 1 of the Bank Articles of Association, the Annual General Meeting of Bank Ochrony Środowiska S.A. resolves to approve the audited financial statements of the Bank for the financial year 2012, which comprise:

- the income statement for the financial year 2012, showing a net profit of PLN 58 489 thousand;
- the comprehensive income statement for the financial year 2012, showing total income in the amount of PLN 90 047 thousand;
- the statement of financial position prepared to the date of 31 December 2012, with assets and liabilities representing the amount of PLN 16 784 706 thousand;
- the statement of changes in equity for the financial year 2012, showing an increase in equity in the amount of PLN 307 386 thousand;
- the cash flow statement for the financial year 2012 showing net inflows in the amount of PLN 1 525 738 thousand;
- the additional notes identifying the accounting standards applied and other explanations.

An „Assessment of the financial statements of Bank Ochrony Środowiska S.A. for the period of 1 January 2012 to 31 December 2012” approved by the Supervisory Board at a meeting on 22 May 2013 is attached as Appendix No. 2 to this Report.

The financial statements of the Bank for 2012 were released and published in the Annual Report (R/2012) on 19 March 2013.

Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on approving the Management Board BOŚ S.A. Group activity report for 2012

Acting pursuant to the provisions of art. 395 § 5 of the Code of Commercial Companies, in connection with § 10 point 2 of the Bank Articles of Association, the Annual General Meeting of Bank Ochrony Środowiska S.A. resolves to approve the Management Board BOŚ S.A. Group activity report for 2012 the Bank Management Board presented to Shareholders at the Annual General Meeting on 20 June 2013.

An assessment „The Management Board BOŚ S.A. Group activity report for 2012” approved by the Supervisory Board at a meeting on 22 May 2013 is attached as Appendix No. 3 to this Report.

The Management Board Bank activity report for 2012 was released and published in the Annual Report (R/2012) on 19 March 2013.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on approving the BOŚ S.A. Group consolidated financial statements
for the period from 1 January 2012 to 31 December 2012**

Acting pursuant to the provisions of art. 395 § 5 of the Code of Commercial Companies and art. 63c subpara. 4 of the Accounting Act, in connection with § 10 point 2 of the Bank Articles of Association, the Annual General Meeting of Bank Ochrony Środowiska S.A. resolves to approve the audited financial statements of the Bank for the financial year 2012, which comprise resolves to approve the audited Bank Ochrony Środowiska Group consolidated financial statements of S.A. for the financial year 2012, which comprise:

- the consolidated income statement for the financial year 2012, showing a net profit of PLN 37 494 thousand;
- the consolidated comprehensive income statement for the financial year 2012, showing total income in the amount of PLN 71 277 thousand;
- the statement of financial position prepared to the date of 31 December 2012, with assets and liabilities representing the amount of PLN 16 876 740 thousand;
- the statement of changes in equity for the financial year 2012, showing an increase in equity in the amount of PLN 289 386 thousand;
- the cash flow statement for the financial year 2012 showing net inflows in the amount of PLN 1 521 401 thousand;
- the additional notes identifying the accounting standards applied and other explanations.

An „Assessment of the consolidated financial statements of Bank Ochrony Środowiska S.A. Group for the period of 1 January 2012 to 31 December 2012” approved by the Supervisory Board at a meeting on 22 May 2013 is attached as Appendix No. 4 to this Report.

The consolidated financial statements of Bank Ochrony Środowiska S.A. Group for the period of 1 January 2012 to 31 December 2012 were released and published in the Annual Report (R/2012) on 19 March 2013.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on approving the Bank 2012 profit distribution**

Acting pursuant to the provisions of art. 395 § 2 point 2 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 2 of the Bank Articles of Association, and Resolution No. /2013 of the Annual General Meeting of 20 June 2013 on approving the Bank financial statements for the period from 1 January 2012 to 31 December 2012, the Annual General Meeting of Bank Ochrony Środowiska S.A. resolves to recognise the net profit of the Bank for 2012 in the amount of PLN 58 489 496.05 as, and post it with, capital surplus of the Bank.

The Supervisory Board opinion

The Bank Supervisory Board – at a meeting on 22 May 2013 – expressed their positive opinion on the draft of this resolution, and recommended approval thereof to the General Meeting.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on granting Mr Mariusz Klimczak the vote of approval for
performance of duties in 2012**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant, **Mariusz Klimczak** President of the Bank Management Board, the vote of approval for performance of duties in the period of 1 January 2012 to 31 December 2012.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2012 the Supervisory Board recommends to the General Meeting approval of granting Mr M. Klimczak the vote of approval for performance of duties in 2012.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on granting Mr Przemysław Lech Figarski the vote of approval for
performance of duties in 2012**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant, **Mr Przemysław Lech Figarski** Vice-President of the Bank Management Board, the vote of approval for performance of duties in the period of 2 January 2012 to 31 December 2012.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2012 the Supervisory Board recommends to the General Meeting approval of granting Mr P.L.Figarski the vote of approval for performance of duties in 2012.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.**

of 20 June 2013
on granting Mr Adam Zbigniew Grzebieluch the vote of approval for
performance of duties in 2012

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant, **Mr Adam Zbigniew Grzebieluch** Vice-President of the Bank Management Board, the vote of approval for performance of duties in the period of 1 January 2012 to 31 December 2012.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2012 the Supervisory Board recommends to the General Meeting approval of granting Mr A. Z. Grzebieluch the vote of approval for performance of duties in 2012.

Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on granting Mr Stanisław Kolasiński the vote of approval for performance of
duties in 2012

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Stanisław Kolasiński**, Vice-President of the Bank Management Board, who served as First Deputy President of the Management Board from 17 July 2012 to 31 December 2012, the vote of approval for performance of duties in the period of 1 January 2012 to 31 December 2012.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2012 the Supervisory Board recommends to the General Meeting approval of granting Mr S.Kolasiński the vote of approval for performance of duties in 2012.

Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on granting Mr Krzysztof Wojciech Telega the vote of approval for
performance of duties in 2012

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant, **Mr Krzysztof Wojciech Telega** Vice-President of the Bank Management Board, the vote of approval for performance of duties in the period of 1 January 2012 to 31 December 2012.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2012 the Supervisory Board recommends to the General Meeting approval of granting Mr K. W. Telega the vote of approval for performance of duties in 2012.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on approving the Activity Report of the Supervisory Board and its committees
in 2012**

Acting pursuant to the provisions of § 10 point 4 of the Bank Articles of Association, the Annual General Meeting of BOŚ S.A. resolves to approve the Activity Report of the Supervisory Board and its committees in 2012 presented to Shareholders at the Annual General Meeting of the Bank on 20 June 2013.

The „Activity Report 2012 of the Supervisory Board and its committees at Bank Ochrony Środowiska S.A. with a brief assessment of the Bank standing in 2012, and of risk management and internal control system at the Bank” is attached hereto as Appendix No. 5 to this report.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on granting Mr Marcin Likierski the vote of approval for performance of duties
in 2012**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Marcin Likierski**, Chairman of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2012 to 31 December 2012.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on granting Mr Jacek Maciej Bajorek the vote of approval for performance of
duties in 2012**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Jacek Maciej Bajorek**, Deputy Chairman of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2012 to 31 December 2012.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on granting Mr Marian Adam Pigan the vote of approval for performance of
duties in 2012**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr Marian Adam Pigan, Secretary Chairman of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2012 to 14 March 2012.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on granting Mr Adam Grzegorz Wasiak the vote of approval for performance of
duties in 2012**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Adam Grzegorz Wasiak**, Secretary Chairman of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 14 March 2012 to 31 December 2012.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on granting Mr Józef Koziół the vote of approval for performance of duties in
2012**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Józef Koziół**, Member of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2012 to 31 December 2012.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on granting Mr Andrzej Kazimierz Kraszewski the vote of approval for
performance of duties in 2012**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Andrzej Kazimierz Kraszewski**, Member of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 28 June 2012 to 31 December 2012.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on granting Mr Michał Juliusz Machlejd the vote of approval for
performance of duties in 2012**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Michał Juliusz Machlejd**, Member of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2012 to 31 December 2012.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on granting Mr Marian Malicki the vote of approval for
performance of duties in 2012**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Marian Malicki**, Member of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2012 to 14 March 2012.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on granting Mr Ryszard Ochwat the vote of approval for
performance of duties in 2012**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Ryszard Ochwat**, Member of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2012 to 31 December 2012.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013**

on granting Mr Krzysztof Władysław Rogala the vote of approval for performance of duties in 2012

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Krzysztof Władysław Rogala**, Member of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 14 March 2012 to 31 December 2012.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on granting Mr Janusz Marek Topolski the vote of approval for performance of duties in 2012**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Janusz Marek Topolski**, Member of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2012 to 31 December 2012.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on granting Mr Michał Jacek Wysocki the vote of approval for performance of duties in 2012**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Michał Jacek Wysocki**, Member of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2012 to 28 June 2012.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on appointing
member of the Supervisory Board for its 9th term**

Acting pursuant to the provisions of § 10 point 6 of the Articles of Association of the Bank, the General Meeting of BOŚ S.A. resolves to appoint
..... member of the Supervisory Board for its 9th term.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on Bank Ochrony Środowiska S.A. compliance with corporate governance rules set out in the „Code of Best Practice for WSE Listed Companies”**

1. Acting pursuant to provisions of § 10 point 15 of the Articles of Association of the Bank, and in connection with Resolution No. 19/1037/2012 of the Supervisory Board of the Warsaw Stock Exchange [Giełda Papierów Wartościowych w Warszawie S.A.] of 21 November 2012 approving amendments to „Code of Best Practice for WSE Listed Companies”, the Annual General Meeting of BOŚ S.A. resolves hereby to approve application by BOŚ S.A. of corporate governance rules set out in the „Code of Best Practice for WSE Listed Companies” attached as Appendix to the above-mentioned GPW Resolution, except for rules set out under point 5, point 9, point 12 in Part I and under point 10 in Part IV.
2. Resolution No. 28/2011 of the Annual General Meeting of BOŚ S.A. of 25 May 2011 on BOŚ S.A. compliance with corporate governance rules set out in the „Code of Best Practice for WSE Listed Companies” shall be repealed.

The Supervisory Board opinion

The Bank Supervisory Board expressed their positive opinion on this draft text of the Annual General Meeting of BOŚ S.A. resolution on BOŚ S.A. compliance with corporate governance rules set out in the „Code of Best Practice for WSE Listed Companies” at their meeting on 22 May 2013.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 20 June 2013
on acquisition of Bank Ochrony Środowiska S.A. shares for the purpose of
offering them to persons holding managerial positions at the Bank having
significant impact on the Bank’s risk profile**

§ 1

Pursuant to provisions of art. 393 point 6 of the Code of Commercial Companies in connection with art. 362 § 1 point 2 and § 2 of the Code of Commercial Companies and art. 362 of the Code of Commercial Companies, the Annual General Meeting of BOŚ S.A. resolves hereby as follows:

1. To approve acquisition of the Bank’s own shares, in keeping with rules set out hereunder.
2. Acquisition shall not be allowed of shares other than fully covered shares of the Bank.
3. Acquisition shall comprise the Bank’s own shares in a number equal to not more than 0.13% of the total number of shares of the Bank, which is not more than 0.13% of the total number of votes at the General Meeting of BOŚ S.A. and of the authorised share capital of the Bank.
4. Acquisition of the Bank’s own shares may be effected over a period not longer than up to and inclusive of 31 July 2013 or until the amount referred to under point 6 below has been exhausted.
5. Acquisition of the Bank’s own shares may be effected at minimum price of not less than PLN 10 and maximum price not more than PLN 40 per share.
6. To the amount of PLN 1 154 000 is set aside for acquisition of the Bank’s own shares, which price shall cover, in addition to the price of own shares, cost of acquisition thereof too.

7. Own shares the Bank has acquired may be set aside for offering to persons holding managerial positions at the Bank having significant impact on the Bank's risk profile within the meaning of Resolution No. 258/2011 Polish Financial Supervision Authority [KNF] of 4 October 2011 on detailed principles of functioning of the risk management system and internal control system and detailed conditions of internal capital assessment by banks and of reviewing the process of internal capital assessment and maintenance and the principles of determining the policy on variable components of remuneration of persons holding managerial positions at a bank.
8. Own shares the Bank has acquired but that have not been acquired by persons referred to under point 7 may be sold by the Bank not later than before lapse of one year from the date of acquisition.
9. The Bank Management Board shall be authorised to perform any factual and legal operations connected with the acquisition of own shares and operations referred to under points 7 and 8 above. In particular, under provisions of this resolution, the final number of shares, the price, and the date of acquisition of the shares shall be determined by the Bank Management Board.
10. In the event that members of the Bank Management Board should be party to operations referred to under point 7 above, authorisation set out under point 9 above to determine the final number of shares, the price, and the date of acquisition of the shares shall be transferred on the Bank Supervisory Board.
11. This resolution comes into force on the date of adoption.

**Explanatory statement to the draft resolution
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
on acquisition of Bank Ochrony Środowiska S.A. shares for the purpose of
offering them to persons holding managerial positions at the Bank having
significant impact on the Bank's risk profile**

In part fulfilment of provisions of Resolution No. 258/2011 Polish Financial Supervision Authority [KNF] of 4 October 2011 on detailed principles of functioning of the risk management system and internal control system and detailed conditions of internal capital assessment by banks and of reviewing the process of internal capital assessment and maintenance and the principles of determining the policy on variable components of remuneration of persons holding managerial positions at a bank, Bank Ochrony Środowiska S.A. has introduced written rules of procedure on approving bonuses and other variable components of remuneration of persons holding managerial positions at Bank Ochrony Środowiska S.A. under which bonus shall be disbursed partly in a form of transfer of rights from shares.

Accordingly, to open possibilities for the Bank to acquire its own shares for transfer to persons referred to above this resolution has to be submitted as motion to vote on.

The Supervisory Board opinion

The Bank Supervisory Board expressed their positive opinion on this draft resolution at their meeting on 22 May 2013 recommending approval thereof by the General Meeting.

**Resolution No. /2013
of the Annual General Meeting of Bank Ochrony Środowiska S.A.**

of 20 June 2013
**on approving disposal of usufruct interest in the Bank real property situated
in Warsaw at the address Aleja Jana Pawła II**

Pursuant to provisions of art. 393 point 4 of the Code of Commercial Companies, the Annual General Meeting of Bank Ochrony Środowiska S.A. resolves hereby as follows:

§ 1

1. To approve disposal of usufruct interest equal to 2 918 053/10 000 000 of plot No. 15/1 within cadastral parcel 5-03-08, surface area 2 202 m² situated in the Warsaw borough of Śródmieście between Śliska, Sienna and Aleja Jana Pawła II streets, for which District Court for Warsaw Mokotów, Department X Land and Mortgage Register Nos. WA4M/00306265/5 and WA4M/00139522/3, subject subpara. 2 I 3.
2. The Bank Management Board is hereby to carry out an economic viability analysis of every possible form of utilisation of the bank property situated in Warsaw at the address Aleja Jana Pawła II.
3. In the event that the analysis referred to under subpara. 2 should demonstrate disposal of the usufruct rights referred to under subpara. 1 to be the best solution economically, the Bank Management Board shall make a decision to dispose of said rights upon the Bank Supervisory Board expressing positive view of such decision.

§ 2

This resolution shall come into force on the date of adoption.

**Explanatory statement to the draft resolution
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
on approving disposal of usufruct interest in the Bank real property situated in
Warsaw at the address Aleja Jana Pawła II**

In connection with the Bank's intent to dispose of a real property of the Bank situated in Warsaw at the address Aleja Jana Pawła II, pursuant to provisions of art. 393 point 4 of the Code of Commercial Companies a resolution is required of the Annual General Meeting of Bank Ochrony Środowiska S.A. to approve disposal of usufruct interest equal to 2 918 053/10 000 000 of plot No. 15/1 within cadastral parcel 5-03-08, surface area 2 202 m² situated in the Warsaw borough of Śródmieście between Śliska, Sienna and Aleja Jana Pawła II streets, for which District Court for Warsaw Mokotów, Department X Land and Mortgage Register Nos. WA4M/00306265/5 and WA4M/00139522/3.

The draft resolution provides for the BOŚ S.A. General Meeting to approve disposal of the usufruct right on the following conditions:

- 1) the Bank Management Board shall have carried out an economic viability analysis of possible forms of utilisation of the bank property situated in Warsaw at the address Aleja Jana Pawła II,
- 2) the analysis should have demonstrated disposal of the usufruct rights by the Bank to be the best solution economically,

- 3) the Bank Management Board shall not make their decision to dispose of the usufruct rights prior to the Bank Supervisory Board expressing positive view of such decision.

The Supervisory Board opinion

The Bank Supervisory Board expressed their positive opinion on this draft resolution at their meeting on 22 May 2013 recommending approval thereof by the General Meeting.

*Appendix No. 1
to draft resolutions
of the Annual General Meeting of BOŚ S.A. convened for 20 June 2013*

**Supervisory Board
Bank Ochrony Środowiska S.A.**

**To the General Meeting
of BOŚ S.A.**

**Assessment of the Directors' Report
of The Bank Ochrony Środowiska S.A. for the year 2012**

Pursuant to provisions of art. 382 § 3 of the Code of Commercial Companies and § 43 subpara. 1 of BOŚ S.A. Articles of Association, the Supervisory Board of the Bank examined the Directors' Report of The Bank Ochrony Środowiska S.A. for the year 2012 which comprises information on:

- the Bank's financial results in 2012, including data on the comprehensive income statement, the balance sheet total, and basic products, services and business areas of the Bank;
- data concerning:
 - factors and events affecting the financial position of the Bank in 2012;
 - financial risk management and internal control system at the Bank in 2012;
- the lines and factors of development of the Bank;
- running contracts and other supplementary details concerning:
 - employment at the Bank,
 - promotional and social responsibility of business activities,
- a corporate governance statement, including information concerning directing bodies at the Bank and their work.

Following a scrutiny of the Management Board report the Supervisory Board:

- approved the audit report as conformant in form and substance with the regulations of the law and the provisions of the Articles of Association of the Bank, and as presenting accurate and clear data relevant for the assessment of the activities of the Bank in the period of 1 January 2012 to 31 December 2012,
- requests approval of said report by the General Meeting of BOŚ S.A.

For the Supervisory Board of Bank Ochrony Środowiska S.A.
Chairman
/-/ Marcin Likierski

Warsaw 22 May 2013

**Supervisory Board
Bank Ochrony Środowiska S.A.**

**To the General Meeting
of BOŚ S.A.**

**Assessment of the financial statements of Bank Ochrony Środowiska S.A.
for the period of 1 January 2012 to 31 December 2012**

Pursuant to provisions of art. 382 § 3 of the Code of Commercial Companies and § 43 subpara. 1 of BOŚ S.A. Articles of Association, the Supervisory Board of the Bank examined the financial statements of Bank Ochrony Środowiska S.A. for the period of 1 January 2012 to 31 December 2012 which comprise:

- the income statement for the financial year 2012, showing a net profit of PLN 58 489 thousand;
- the comprehensive income statement for the financial year 2012, showing total income in the amount of PLN 90 047 thousand;
- the statement of financial position prepared to the date of 31 December 2012, with assets and liabilities representing the amount of PLN 16 784 706 thousand;
- the statement of changes in equity for the financial year 2012, showing an increase in equity in the amount of PLN 307 386 thousand;
- the cash flow statement for the financial year 2012 showing net inflows in the amount of PLN 1 525 738 thousand;
- the additional notes identifying the accounting standards applied and other explanations.

The Supervisory Board, having heard the auditor report on the completion and findings of their audit of the above-defined financial statements:

- approved the audit report as conformant in form and substance with the regulations of the law and the provisions of the Articles of Association of the Bank, and as presenting accurate and clear data relevant for the assessment of the financial result of business operations for 2012, as well as the material standing and financial position of the Bank at 31 December 2012,
- requests approval of said financial statements by the General Meeting of BOŚ S.A.

For the Supervisory Board of Bank Ochrony Środowiska S.A.
Chairman
/-/ Marcin Likierski

Warsaw 22 May 2013

**Supervisory Board
Bank Ochrony Środowiska S.A.**

**To the General Meeting
of BOŚ S.A.**

**Assessment of the Directors' Report of The Bank Ochrony Środowiska S.A.
Capital Group for the year 2012**

Pursuant to provisions of art. 382 § 3 of the Code of Commercial Companies and §§ 43 subpara. 1 of BOŚ S.A. Articles of Association, the Supervisory Board of the Bank examined the Directors' Report of the Bank Ochrony Środowiska S.A. Capital Group for the year 2012 which is composed of:

- Bank Ochrony Środowiska S.A., the parent organisation;
- Dom Maklerski Banku Ochrony Środowiska S.A.;
- BOS Finance AB (publ) with seat in Stockholm;
- BOŚ Eko Profit S.A.;
- Invest Management Bank Ochrony Środowiska S.A. S.K.A.

Following a scrutiny of the Management Board report which comprises information on:

- financial results of the Group, including the consolidated income statement, the statement of financial position, the balance sheet total, and basic products, services and business areas of the Group;
- data concerning:
 - factors and events affecting the financial position of the Group;
 - financial risk management at the Group and internal control system;
 - lines and factors of development of the Group;
 - organisation of the Group,

the Bank Supervisory Board:

- approved the report as conformant in with the regulations of the law relevant to activities of the Group and as presenting clear and accurate data relevant for the assessment of the activities of Bank Ochrony Środowiska S.A. Group in the period of 1 January 2012 to 31 December 2012,
- requests approval of said report by the General Meeting of BOŚ S.A.

For the Supervisory Board of Bank Ochrony Środowiska S.A.
Chairman
/-/ Marcin Likierski

Warsaw 22 May 2013

**Supervisory Board
Bank Ochrony Środowiska S.A.**

**To the General Meeting
of BOŚ S.A.**

**Assessment of the the Annual Consolidated Financial Statements of the Capital Group
of Bank Ochrony Środowiska S.A. for the year ended 31 December 2012**

Pursuant to provisions of art. 382 § 3 of the Code of Commercial Companies and § 43 subpara. 2 of BOŚ S.A. Articles of Association, the Supervisory Board of the Bank examined the Annual Consolidated Financial Statements of the Capital Group of Bank Ochrony Środowiska S.A. for the year ended 31 December 2012 which comprise:

- the consolidated income statement for the financial year 2012, showing a net profit of PLN 37 494 thousand;
- the consolidated comprehensive income statement for the financial year 2012, showing total income in the amount of PLN 71 277 thousand;
- the statement of financial position prepared to the date of 31 December 2012, with assets and liabilities representing the amount of PLN 16 876 740 thousand;
- the statement of changes in equity for the financial year 2012, showing an increase in equity in the amount of PLN 289 386 thousand;
- the cash flow statement for the financial year 2012 showing net inflows in the amount of PLN 1 521 401 thousand;
- the additional notes identifying the accounting standards applied and other explanations.

The Supervisory Board, having heard the auditor report on the completion and findings of their audit of the above-defined financial statements:

- approved the audit report as conformant in form and substance with the regulations of the law and the provisions of the Articles of Association of the Bank, and as presenting accurate and clear data relevant for the assessment of the financial result of business operations for 2012, as well as the material standing and financial position of the Group at 31 December 2012,
- requests approval of said financial statements by the General Meeting of BOŚ S.A.

For the Supervisory Board of Bank Ochrony Środowiska S.A.
Chairman
/-/ Marcin Likierski

Warsaw 22 May 2013

*Appendix No. 5
to draft resolutions
of the Annual General Meeting of BOŚ S.A. convened for 20 June 2013*

**Activity Report 2012
of the Supervisory Board and its committees
at Bank Ochrony Środowiska S.A.**

with a brief assessment of the Bank standing in 2012, and of risk management and internal control system at the Bank

Warsaw May 2013

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In the report period, the Bank Supervisory Board exercised its supervisory function at Bank Ochrony Środowiska S.A. as required under the relevant regulations and the Articles of Association of the Bank.

1. Supervisory Board membership structure in 2012

The Articles of Association provides for the Supervisory Board to be composed of natural persons appointed by the General Meeting for a collective term of office in a number the General Meeting may establish yet not less than 5 persons and not more than 13 persons.

An Extraordinary General Meeting of BOŚ S.A. on 25 August 2010 determined, by Resolution No. 7/2010, that the Bank Supervisory Board shall be composed of 9 persons.

In 2012, the Supervisory Board sat in the following composition:

- 1) Jacek Maciej Bajorek (Deputy Chairman of the Supervisory Board)
- 2) Józef Koziół (Supervisory Board Member)
- 3) Andrzej Kazimierz Kraszewski (from 28 June 2012, Supervisory Board Member)
- 4) Marcin Likierski (Chairman of the Supervisory Board)
- 5) Michał Juliusz Machlejd (Supervisory Board Member)
- 6) Marian Malicki (till 14 March 2012, Supervisory Board Member)
- 7) Ryszard Ochwat (Supervisory Board Member)
- 8) Marian Adam Pigan (till 14 March 2012, Secretary of the Supervisory Board)
- 9) Krzysztof Władysław Rogala (from 14 March 2012, Supervisory Board Member)
- 10) Janusz Marek Topolski (Supervisory Board Member)
- 11) Adam Grzegorz Wasiak (from 14 March 2012, Supervisory Board Member; as of 18 May 2012 elected Secretary of the Supervisory Board)
- 12) Michał Jacek Wysocki (till 28 June 2012, Supervisory Board Member)

As at 31 December 2012, the BOŚ S.A. Supervisory Board sat in the following composition:

- 1) Marcin Likierski – Chairman of the Supervisory Board
- 2) Jacek Maciej Bajorek – Deputy Chairman of the Supervisory Board
- 3) Adam Grzegorz Wasiak – Secretary of the Supervisory Board
- 4) Józef Koziół – Supervisory Board Member
- 5) Andrzej Kazimierz Kraszewski – Supervisory Board Member
- 6) Michał Juliusz Machlejd – Supervisory Board Member
- 7) Ryszard Ochwat – Supervisory Board Member
- 8) Krzysztof Władysław Rogala – Supervisory Board Member
- 9) Janusz Marek Topolski – Supervisory Board Member

2. Number of meetings in 2012

In exercising their duty of ongoing supervision of the Bank activities, the Supervisory Board held 13 meetings in 2012 (including three two-day meetings) and 1 working meeting, in 2012.

The above-quoted number of meetings shows the Supervisory Board delivered their duties better than required under provisions of § 19 subpara. 2 of the Articles of Association and art. 389 § 3 of the Code of Commercial Companies.

In principle all members of the Supervisory Board participated in meetings. The few cases of absence were always explained.

3. Main activities of the Supervisory Board in 2012

In 2012, the Supervisory Board addressed issues specified in the yearly agenda of Supervisory Board work as well as matters resulting from going operations of the Bank.

Activities the Supervisory Board is obliged to carry out were delivered on time and with utmost diligence. Decisions were made on careful consideration and after hearing the Management Board present their arguments.

In 2012, the Supervisory Board focused in particular on the following issues:

- approving updates to the “BOŚ S.A. Strategy of activity” for the years 2012–2015 and approval of the Financial Plan of the Bank for 2012;
- regular reviews of operations connected with issues of shares of the Bank in the course of the year. The Supervisory Board discussed the relevant information reports at each of their meetings, through to completion of the process;
- consideration and assessment of financial statements of the Bank and the BOŚ S.A. Group for 2011 and Management Board activity reports for the Bank and the Group in 2011, as required under provisions of the Code of Commercial Companies and the Bank Articles of Association;
- consideration and evaluation of materials presented to general meetings of the Bank: a BOŚ S.A. Extraordinary General Meeting on 14 March 2012 and an Annual General Meeting on 28 June 2012.

Apart from that, the Supervisory Board discussed and assessed on a regular basis, in keeping with its adopted agenda for 2012, the following matters:

- the financial situation of the Bank after the months and/or quarters, with a progress report on the 2012 financial plan implementation and a forecast of results of the coming months. That particular issue, as a matter of basic importance to the Bank, was a subject of discussion at every meeting. As they considered regular information notices on results posted and the financial situation of the Bank in the course of the year the Supervisory Board looked closely at 1) the degree to which the results the Bank actually posted agreed with the targets set out in its Operations Strategy and in Financial Plan, and 2) effectiveness and operating costs of the Bank, with emphasis on the need to optimise all activities in that respect;
- BOŚ S.A. standing in the banking sector and compared with the peer group;
- progress in implementation of UKNF post-audit recommendations, issued following inspections the UKNF performed at BOŚ S.A. in 2010 and 2012;
- reports and information notices on implementation at BOŚ S.A. of a Central Banking System. That topic, an outstandingly important issue at the Bank, was discussed at every meeting of the Supervisory Board through to project completion;
- reports and information notices on managing banking risks. The Supervisory Board regularly considered information the level and quality of management of various types of risk, including especially liquidity risk and credit risk;
- reports on results of internal audits and institutional control inspections – within the scope of tasks the Supervisory Board fulfils in respect of functioning of the risk management system and system internal control. The Supervisory Board dealt with that particular issue on a regular basis by discussing quarterly reports on results and findings of audits and control inspections carried out in the period;
- the Bank’s pro-ecology activities, as a statutory mission of BOŚ S.A. The Supervisory Board, among other things, underlined the importance of further strengthening actions designed to increase the proportion of loans to finance environment-friendly projects in the Bank’s total loan portfolio, especially given the low level of risk attributed to that portfolio and the expansion of co-operation with other entities working in the environmental financing system, in particular with the NFOŚiGW [National Fund for

Environmental Protection and Water Resource Management] and its counterparts in the regions, the WFOŚiGW.

In 2012, the Supervisory Board adopted altogether 52 resolutions, including resolutions:

- to appoint from among its members a Remuneration Committee and to approve rules of procedure thereof (Supervisory Board Resolution No. 2/2012 of 8 February 2012);
- to approve Terms of Reference of an options program addressed to executive managers at the BOŚ S.A. Group (Supervisory Board Resolution No. 36/2012 of 13 September 2012);
- to amend Rules of Procedure of the Supervisory Board at BOŚ S.A. (Supervisory Board Resolution No. 38/2012 of 17 October 2012);
- to amend Bank Ochrony Środowiska S.A. Rules on extending loans, cash advances, guarantees and other off balance sheet liabilities to members of the Bank directing bodies, persons holding managerial positions at BOŚ S.A., and entities related by capital or management to the above-named ones, or on their behalf (Supervisory Board Resolution No. 40/2012 of 28 November 2012);
- to approve:
 - Bank Ochrony Środowiska S.A. Rules (Strategy) of prudential and stable management (Supervisory Board Resolution No. 1/2012 of 2 February 2012);
 - the Bank's Financial Plan for 2012 (Supervisory Board Resolution No. 3/2012 of 8 February 2012);
 - amendments to update the Bank Operations Strategy for the years 2012–2015 (Supervisory Board Resolution No. 7/2012 of 13 March 2012);
 - Rules of Procedure of Internal Control at BOŚ S.A. (Supervisory Board Resolution No. 13/2012 of 18 May 2012);
 - the Organisational Structure of the Bank (Supervisory Board Resolution No. 14/2012 of 18 May 2012);
 - a Policy of variable components of remunerations of persons in managerial positions at BOŚ S.A. document (Supervisory Board Resolution No. 20/2012 of 18 May 2012);
 - Bank Ochrony Środowiska S.A. operating risk management policy (Supervisory Board Resolution No. 24/2012 of 7 August 2012);
 - Bank Ochrony Środowiska S.A. lack of compliance risk management policy principles and practice (Supervisory Board Resolution No. 25/2012 of 7 August 2012);
 - Publication of information rules of the Bank, resulting from Polish Financial Supervision Authority [KNF] Resolution No. 385/2008 of 17 December 2008 (Supervisory Board Resolution No. 26/2012 of 7 August 2012);
 - Bank Ochrony Środowiska S.A capital management and managing ICAAP policies (Supervisory Board Resolution No. 39/2012 of 28 November 2012);
 - Rules of procedure of performing internal audits by the Internal Audit unit at BOŚ S.A. (Supervisory Board Resolution No. 47/2012 of 19 December 2012).

4. Supervisory Board committees

4.1. Internal Audit Committee

The Supervisory Board has an Internal Audit Committee in its structure. In 2012, the Committee worked in the following composition:

- Marcin Likierski – Chairman of the Committee
- Józef Kozioł – Deputy Chairman of the Committee

- Marian Pigan – Committee Member (till 14 March 2012)
- Krzysztof Rogala – Committee Member (as of 13 June 2012)
- Janusz Topolski – Committee Member

At the close of the reporting year the Internal Audit Committee worked as a 4-member body.

In 2012, Internal Audit Committee held meetings as needed, usually in response to current developments in the Financial Plan realisation and needs of the Bank. Altogether 10 meetings were held, each recorded in written minutes.

Two meetings of the Internal Audit Committee were called to discuss with the auditor details of the Bank preparing itself to the audit of financial statements of the Bank and the BOŚ S.A. Group for 2012, and to hear details on results of the audits. The relevant information notice was presented to the Supervisory Board at its meeting on 7 March 2013.

Each Committee meeting hosted the President of the Bank Management Board and the Director heading the Internal Audit unit; where the Committee agenda provided for a discussion of quarterly reports concerning banking risk management or UKNF recommendations progress reports, the Vice-President First Deputy President of the Management Board attended, as did the Chief Accountant of the Bank where accounting or financial reporting issues were to be considered.

In the reporting period, the Internal Audit Committee issued opinions, suggestions and recommendations to raise safety levels at the Bank and to curb risk in banking operations. Measures to take such as result from the Committee suggestions and recommendations were responsibilities, respectively, of the Bank's Supervisory and Management Boards. Recommendations the Committee issued in 2012 have all been implemented and completed.

In 2012, the Director of the Internal Audit unit held 2 meetings with members of the Internal Audit Committee in the absence of Bank Management Board members.

4.2. Remuneration Committee

In part fulfilment of Supervisory Board Resolution No. 2/2012 of 8 February 2012, the Supervisory Board appointed certain members to establish a separate Remuneration Committee.

The Committee was created to take care of actions set out in Polish Financial Supervision Authority Resolution [KNF] No. 258/2011 of 4 October 2011 as relevant for such committees, in particular:

- review and design of remuneration rules for members the Management Board at Bank Ochrony Środowiska S.A.,
- review of the policy on variable components of remuneration, including amounts and the particular components, of persons holding managerial positions at Bank Ochrony Środowiska S.A., within the meaning of provisions of the above-mentioned KNF Resolution No. 258/2011,
- review and observation of variable remuneration of persons in managerial positions at the Bank responsible for risk management and for the Bank working in compliance with regulations of the law and internal regulations.

The Remuneration Committee worked in the following composition in 2012:

- Michał Wysocki – Committee Chairman (till 28 June 2012)
- Ryszard Ochwat – Committee Chairman (as of 7 August 2012)
- Józef Kozioł – Committee Member
- Janusz Topolski – Committee Member.

At the close of the reporting year the Remuneration Committee worked as a 3-member body.

The Remuneration Committee holds meetings as needed, yet not less frequently than 2 times in a year. In 2012, the Committee got together for 7 meetings.

In the reporting period, the Remuneration Committee issued opinions and recommendations designed to implement and observe at the Bank provisions of KNF Resolution No. 258/2011 in respect of variable remuneration. Measures to take such as result from the suggestions and recommendations issued were responsibilities, respectively, of the Bank's Supervisory and Management Boards. Recommendations the Committee issued in 2012 have all been implemented and completed.

In 2012, the Remuneration Committee delivered above all the following:

- they reviewed draft proposals regarding the policy on variable components of remuneration of persons holding managerial positions at BOŚ S.A. (subsequently adopted by Bank Management Board resolution and approved by the Supervisory Board),
- they reviewed a draft List of persons holding managerial positions at BOŚ S.A. who have significant impact on the risk profile of the Bank (subsequently adopted by Bank Management Board resolution),
- they reviewed draft proposals regarding Rules of procedure of an options program addressed to executive managers at the BOŚ S.A. Group (subsequently approved by Bank Supervisory Board resolution),
- they established rules of awarding bonuses and other variable remuneration components of Bank Management Board members and designed a specimen agreement to change as needed contract of employment of a Management Board member (the wording of the agreement was approved by Supervisory Board resolution).

5. Brief assessment of the Bank standing in 2012 with an assessment of the risk management system and the internal control system

The Supervisory Board made its assessment of the Bank's activity in 2012 on the basis of:

- current reports on the economic situation and financial situation of the Bank the Supervisory Board considered at meetings during the year;
- reports of the Internal Audit unit on audits and ad hoc inspections it performed during the year;
- an analysis of the Management Board 2012 activity report for the Bank;
- an analysis of BOŚ S.A. financial statements for 2012;
- the opinion of the auditors on the course and findings of audits of the financial statements of the Bank.

The Supervisory Board emphasise the fact that 2012 was one more year of the Polish economy grappling with a financial crisis, a situation that did affect the financial standing of the Bank as well.

The Bank moreover coped with consequences of a 2011 amendments package changing the Public Finance Act, which resulted in a consolidation of public finances, with the effect of deposits to the tune of over PLN 2 billion having been withdrawn from the Bank. The Bank saw itself forced to substitute the withdrawn deposits with funding taken from the financial markets, to ensure adequate financing of its operations. As a result of the measures taken the Bank, on the one hand, succeeded in improving its financing structure (deconcentration of deposits, extension of maturities, and better currency structure adjustments) yet, on the other, it had to pay a higher price for money.

Looking at the situation of the Bank it should be observed that certain events in 2012 were of importance to the further development of BOŚ S.A. and its market position, in particular:

- the Bank launched its new Central Banking System. Implementation of the new system created new development potentials for the Bank, boosting its competitive position on the market and enhanced sales opportunities. With the new solution now operational the Bank anticipates in the years to come effective increases in number of clients and possibilities to broaden its range of services, with effective cost savings at the same time;
- the Bank carried out successful public issues of BOŚ S.A. shares. The funding gained from the share issues made it possible for the Bank to boost its scale of business, mostly in financing environmental projects, to keep within liquidity standards and keep up a liquidity margin at a safe required level, and to maintain the Bank's capital adequacy ratio at not less than 12%.

The Supervisory Board noted that in 2012:

- the Bank posted a net profit of PLN 58.5 mn, close to the level it reported for 2011;
- the Bank balance sheet value was more than PLN 16.7 billion, 8.3% above the end 2011 figure;
- the Bank posted its net fee and commission result 5.5% above the 2011 figure;
- the Bank posted its net interest income figure 3.6% above the 2011 figure;
- capital adequacy ratio increased by 2.8 percentage points, to 14.75%, from the end 2011 figure, mainly following public issues of BOŚ S.A. shares;
- general administration expense of the Bank were kept basically at the 2011 level (0.5% drop), as scale of business as measured by assets growth increased 8.3%;
- a success of the Bank, amidst the general market instability, was that following its yearly review Fitch Ratings agency maintained its rating of BOŚ S.A. at the previous level (long-term rating at BBB; with prospect rated stable);
- the Bank got a better rating from the Polish Financial Supervision Authority which works by the CAEL method (a rating system evaluating different areas of banking activity, where C stands for capital adequacy, A for assets quality, E for financial result, L for liquidity). After Q3 2012, compared with ratings the Bank got after the first quarter of 2012, the Bank was given a higher overall rating, as well as better marks for capital adequacy and liquidity. KNF gave the Bank a positive opinion of its equity position, observance of regulatory liquidity standards and the Management Board's efficient measures for a diversification of sources of financing; a supervisory analysis and evaluation process (under the Polish acronym BION) the KNF office carried out to the date of 30 June 2012 also yielded better results than before,
- the Bank succeeded in holding:
 - its most important return rates and effectiveness ratios at levels close to figures of 31 December 2011. The exception is the ROE, which dropped in connection with the increase of capital following the Bank issue of series P shares and a slightly lower net profit. The growth in own funds following the public issue of shares towards the end of Q2 2012 pushed the ROE down as the funds gained from the issue had not yet fully translated into lending growth;
 - a lead position on the growing market of environment-friendly project financing and management. The Bank proffers what is a differentiated pro-ecology offer which meets needs of all kinds of entities comprising own products and loans granted in co-operation with donors. Such loans are offered for the purpose of financing pro-ecology undertakings and promoting environment-friendly solutions. The Bank also engages in financing renewable energy sources. The Bank increased its pro-ecology loans balance by 5.5% in 2012. Pro-ecology loans balance keeps increasing its share in the Bank's total lending. By end 2012 it had grown to 19.4%, from 18.1% at end 2011;
 - a good position in independent rankings, often among the top players;

- its share of the commercial banking sector at a level close to that of 2011:
 - 1.24% in respect of total balance sheet value, from 1.20% at end 2011,
 - 1.27% in respect of total liabilities, from 1.24% at end 2011,
 - 1.21% in respect of total assets, from 1.24% at end 2011.

Yet at the same time:

- in 2012, the Bank saw its net impairment result worsen from the previous year (PLN –54.1 million, up from PLN –42.6 million at end 2011). The biggest contribution to the increase of net impairment came from write-downs on exposures in the building sector. Adverse developments in the building sector and related industries occurred in 2012, which forces the Bank to take extra measures to mitigate risk for the portfolio generated in that business area;
- the Bank posted a worse net trading result in 2012 than in the previous year, mainly because of lower earnings from financial derivative instruments, in particular currency swaps and futures transactions;
- in response to materials and information it considered in the course of the year, the Supervisory Board recommended the following measures to the Management Board:
 - to improve the Bank's effectiveness ratios (in particular ROE,C/I);
 - to continue the Bank's cost retrenchment policy;
 - to boost the Bank's pro-active presence on the market,
 - to increase the number of new clients and to raise service quality for them;
 - to continue minimising risk in various business areas and to raise safety levels of banking operations;
 - to put to use fully the effects of the new Central Banking System;
 - to stabilise personnel policy at the Bank.

The Bank expects certain factors to impact its development strategy and results in the ensuing quarters, specifically:

- the final shape and date of coming into force of new legal regulations concerning renewable energy sources,
- the situation in the public finance sector, which is in a condition that may encourage investors in the sector to abandon or postpone environmental investment projects, which the Bank specialises in financing; investors outside the public finance sector may give up such plans as well because of the overall market situation or facing the changing legislation regulating all activity in that respect;
- an increase in impairment write-downs in effect of the deteriorating macro-economic situation at large and the condition of businesses and private individuals, in particular of the building industry and developer businesses;
- the actual development of cooperation with environmental funds to scale up the Bank's pro-ecology activities;
- the Bank's cost retrenchment policy, to hold back personnel expense and material costs alike;
- the Monetary Policy Council decisions in respect of interest rates.

The Supervisory Board takes positive view of BOŚ S.A.'s determination to strengthen its position on the market for environmental protection financing in the coming years. The Bank has the ambition to reinforce its competitive advantage in environmental protection market segments it believes hold the best opportunities for the Bank in the future, including financing undertakings in connection with energy efficiency and renewable energy sources. This is an important policy target in a situation where business prospects along with tougher regulatory requirements may be forcing banks to review their business models to depart from the model of universal banking and move towards more specialised service banking.

5.1. The risk management system

The basic document describing the system of risk management at the Bank is the “Bank Ochrony Środowiska S.A. Rules (Strategy) of prudential and stable management”. The purpose of that document is in particular to define the level of tolerance in respect of capital adequacy and the Bank’s appetite for types of significant risks – within the limits set by prudential practice and stable risk management – and taking into account experiences of the banking sector, in connection with market and internal conditions of work of the Bank.

The risk management system working at the Bank consists of a whole array of internal regulations, which are in compliance with external regulations adopted by the Management Board and approved by the Supervisory Board in keeping with provisions of the Articles of Association of the Bank.

Within the framework of the risk management system, in order to ensure realisation of its goals:

- definitions have been provided of roles, duties and entitlements of governing bodies and organisational units and offices at the Bank in the risk management process and mutual interactions between entities involved in the process. In particular, responsibilities have been defined of the particular bodies of the Bank, i.e., the Supervisory and Management Boards, as well as of members of the Management Board overseeing organisational units of the Bank Head Office responsible for risk identification and measurement, and the relevant Committees at the Bank Head Office, including in particular: the Assets and Liabilities Committee, the Operating Risk Committee, and the Credit Committee;
- a series of internal regulations, adopted by the Management Board and the Supervisory Board as compliant with external regulations, have been enacted and are functioning at the Bank (including, for instance, “Bank Ochrony Środowiska S.A. liquidity risk management policy”, “Bank Ochrony Środowiska S.A. market risk in trading book management policy” and “Bank Ochrony Środowiska S.A. interest rate risk in banking book management policy”, “Bank Ochrony Środowiska S.A. operating risk management policy” or “Bank Ochrony Środowiska S.A. policy in respect of capital management and ICAAP process management”).

The risk management process at the Bank operates based on a batch of quantitative internal risk limits. The batch includes internal limits, set up to reflect the scale and complexity of the Bank’s operations, to mitigate the respective risks. Levels of internal limits are adjusted to what the Supervisory Board defines as acceptable risk appetite for the Bank.

Risks classed significant are being under constant monitoring at the Bank. Any relevant information is transmitted – within the working management information system – to the Management Board, and the Management Board regularly advises the Supervisory Board of developments in this respect.

The Supervisory Board takes positive view of the circumstance that in respect of liquidity risk the Bank continued in 2012 a process it initiated in 2011 to improve its activity financing structure and to extend maturities, primarily by buying deposits from clients in both retail and corporate segments and by issuing own bonds, as well as its structured action designed to increase its retail deposits balance, including in particular the current deposits balance, as a major source of stable deposits at relatively lower cost levels.

The Supervisory Board, based on materials supplied by the Management Board and on information from the Internal Audit Committee and the external auditor, states hereby that:

- risk differs by level in the particular business areas, yet high-level risk has not been found in any area;
- the Bank continues to manage, successively and effectively, processes designed to warrant risk identification, quantification and management at the Bank;

- the risk management system working at the Bank provides good possibilities of risk identification, ongoing monitoring and reporting, and so, if necessary, of taking remedial action in due time.

The Supervisory Board finds that the risk management system working at the Bank is based on adequate identification and ongoing monitoring of risks liable to impact operations at the Bank and on the definition of their acceptable level. Sporadic irregularities do not encumber realisation of the targets or tasks the Bank has set out. It is necessary for the Bank to keep standard monitoring practices in place.

5.2. The internal control system

The internal control system at work at the Bank supports the Supervisory Board, the Management Board and employees in the regular, effective and efficient delivery of their duties.

The internal control system at BOŚ S.A. is composed of closely interrelated multilateral processes in directing and managing all activity areas at the Bank and it is permanently and coherently comprised in the system of management of the Bank at large.

The internal control system at the Bank is attuned to the organisational structure of BOŚ S.A. and encompasses organisational units of the Bank and its subsidiaries.

The aim of the internal control system is to support decision-making processes to ensure:

- efficiency and effectiveness of the Bank activities,
- reliability of finance data reporting,
- compliance of the Bank activities with the law and with internal regulations.

As a tool designed to ensure efficient control of the process and protection of the Bank's interest the internal control system is comprised of three components:

- 1) control mechanisms built into the Bank's internal regulations and in IT systems, together with internal control exercised by each employee and their immediate superior at every level of organisational structure;
- 2) watching the Bank's operations for compliance with regulations of the law and internal regulations (lack of compliance risk at the Bank is a responsibility of a special organisational unit dedicated to the job);
- 3) internal audit, an function performed by an Internal Audit unit which reports directly to the President of the Management Board. The main responsibility of internal audit is to watch and evaluate – in an independent and objective manner – the internal control system for adequacy, compliance with rules, and effectiveness, and to express opinions on the risk management system in connection with activities of the Bank and its subsidiaries.

The internal control system depends for efficiency on the effective functioning of each of the above components.

The Supervisory Board, based on materials supplied to it, states hereby that in 2012:

- the internal control system operating at the Bank was revamped and enriched with new elements which warrant better integration of system and raise efficiency and effectiveness of control functions at the Bank;
- the Internal Audit unit regularly formulated its comments and suggestions, to present them to the President of the Management Board for approval and to advise thereof the Internal Audit Committee as well as the Supervisory Board;
- system solutions for inspection audits were implemented in the sales network and for operational inspections in the Bank outlets;

- new solutions in respect of internal control were introduced to ensure greater efficiency of internal control functioning in the Bank outlets and Head Office departments by defining control mechanisms for ongoing and periodic monitoring which also allow for adjustment of control inspections in scope and frequency to specific features of the unit audited;
- the Internal Audit unit reviewed internal control mechanisms and procedures functioning at the Bank both in the Bank outlets and Head Office departments;
- the Bank continued to monitor functioning of the internal control system at the Bank and in its subsidiaries. Such monitoring was a responsibility of internal audit in the case of the Bank and its strategic company (Dom Maklerski brokerage), and of authorised staff of the companies in the cases of the subsidiaries;
- work on developing a Risk Map for the Bank was completed, and audit plans (yearly and multi-year) were designed based on risk analysis in processes, with reference to the Risk Map.

The Supervisory Board appoints certain of its members to sit on the Internal Audit Committee, which supports the Supervisory Board as an opinion-forming body in respect of the risk management system and internal control system, and monitors and appraises the internal control system for efficiency. In performing this job the Committee as well as the Supervisory Board rely for assistance and basic support on the internal audit service.

The Internal Audit unit worked in 2012 to an agenda structured on a yearly audits schedule approved by the Internal Audit Committee.

The internal audit unit submitted quarterly reports on audits/inspections performed in the quarter to the Management Board, the Internal Audit Committee and the Supervisory Board.

The Supervisory Board, based on materials supplied by the Management Board, periodic reports from the internal audit unit, and opinions from the Internal Audit Committee:

- states hereby that the internal control system operating at the Bank fulfils its main functions and contributes to a more efficient management of risks connected with the Bank's activities. It is necessary for the Bank to keep standard monitoring practices in place;
- recommends that the Bank exacts execution of suggested solutions and recommendations issued in the wake of internal audits, and that it ensures greater efficiency of control mechanisms built into applications and IT systems.

6. Recommendations

Acting pursuant to Art. 382 § 3 of the Code of Commercial Companies and § 43 of the Articles of Association of BOŚ S.A., the Supervisory Board, following consideration of:

- the Management Board activity report for the Bank in 2012,
- financial statements of the Bank for the period from 1 January 2012 to 31 December 2012,
- the Management Board activity report for the BOŚ S.A. Group in 2012,
- the consolidated financial statements of the BOŚ S.A. Group for the period from 1 January 2012 to 31 December 2012,

recommends them for approval by the Annual General Meeting BOŚ S.A.

The relevant Supervisory Board assessments were appended to each document.

In submitting this report, with an assessment of the situation of the Bank in 2012, along with an assessment of the Bank internal control system and its risk management system, the

Supervisory Board requests the General Meeting to approve this report and to adopt the other resolutions set out in the agenda of this Annual General Meeting, and in particular:

- to approve distribution of profit of the Bank for 2012, as proposed in the draft resolution,
- to acknowledge fulfilment of duties by every member of the Bank Management Board.

For the Supervisory Board of Bank Ochrony Środowiska S.A.
Chairman

/-/ Marcin Likierski

Warsaw, 22 May 2013