

Draft resolutions of the Annual General Meeting of the Bank convened for 25 May 2011.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
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. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
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. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on appointing Scrutineer Committee Member**

This Annual General Meeting of BOŚ S.A. hereby appoints Member of
the Scrutineer Committee.

**Resolution No /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on adoption of Agenda**

The Annual General Meeting adopts the following Agenda:

1. Opening the meeting and election of the Chairman of the Annual General Meeting.
2. Pronouncement of the convocation of the Annual General Meeting and its capacity to adopt resolutions to be valid.
3. Election of Secretary of the meeting.
4. Election of a Scrutineer Committee.
5. Adoption of the agenda.
6. Presentation of the Management Board Bank activity report for 2010 and the Bank financial statements for the period from 1 January 2010 to 31 December 2010.
7. Presentation of the Management Board BOŚ S.A. Group activity report for 2010 and BOŚ S.A. Group consolidated financial statements for the period from 1 January to 31 December 2010.

8. Presentation of a motion regarding the Bank profit distribution for 2010.
9. Presentation of the Bank Supervisory Board activity report for 2010 with a brief assessment of the Bank situation and an assessment of Supervisory Board activities in 2010.
10. Discussion.
11. Adoption of resolutions regarding the following matters:
 - a) approving the Management Board Bank activity report for 2010,
 - b) approving the Bank financial statements for the period from 1 January 2010 to 31 December 2010,
 - c) approving the BOŚ S.A. Group activity report for 2010,
 - d) approving the BOŚ S.A. Group consolidated financial statements for the period from 1 January 2010 to 31 December 2010,
 - e) the Bank profit distribution for 2010,
 - f) approving the discharge of duties individually by members of the Bank Management Board in 2010,
 - g) approving the Bank Supervisory Board activity report for 2010 with a brief assessment of the Bank situation and an assessment of Supervisory Board activities in 2010,
 - h) approving the discharge of duties individually by members of the Bank Supervisory Board in 2010.
12. Adoption of a resolution regarding compliance by BOŚ S.A. with corporate governance rules set out in the „Code of Best Practice for WSE Listed Companies”
13. Adoption of a resolution regarding amendments to the Articles of Association of the Bank.
14. Adoption of a resolution authorising the Supervisory Board to approve a consolidated text of the Articles of Association of the Bank.
15. Adoption of a resolution regarding approval of Rules of Procedure for Annual General Meetings at BOŚ S.A.
16. Closing the meeting.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on approving the Management Board report on the Bank’s activity in 2010**

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 Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to approve the Management Board report on the Bank’s activity in 2009 laid before Shareholders by the Bank Management Board at the Annual General Meeting on 30 June 2010.

Justification

Pursuant to the provisions of the above regulations, consideration and approval of the Management Board report on the company's activity for the previous financial year shall require a resolution of the general meeting of shareholders.

The Management Board report on the Bank's activity in 2009 was published in the Annual Report of BOŚ S.A. (R/2009) on 18 March 2009.

An assessment „The Management Board report the Bank's activity in 2009” approved by the Supervisory Board at a meeting on 6 May 2010 is attached as Appendix No. 1 to this Report.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on approving the financial statements of the Bank
for the period from 1 January 2010 to 31 December 2010**

Acting pursuant to the provisions of art. 393 point 1 and art. 395 § 2 point 1 of the Code of Commercial Companies, and also pursuant to the provisions of art. 53 subpara. 1 of the Accounting Act, in connection with § 9 subpara. 4 point 1 and § 10 point 1 of the Articles of Association of the Bank, the Annual General Meeting of Bank Ochrony Środowiska S.A. resolves to approve the audited financial statements of the Bank for the year 2010, containing:

- the income statement for the financial year 2010, with net profit amounting to 54 059 thousand zlotys;
- the statement of comprehensive income for the financial year 2010, with a total comprehensive income amounting to 58 311 thousand zlotys;
- the balance sheet as at 31 December 2010, with assets and liabilities representing the amount of 15 065 358 thousand zlotys;
- the statement of changes in equity for the financial year 2010, with a net increase in equity amounting to 154 021 thousand zlotys,

- the cash flow statement for the financial year 2010, with a net cash outflow amounting to 643 917 thousand zlotys;
- the summary of significant accounting policies and other explanatory notes.

Justification

Pursuant to the provisions of the above regulations, consideration and approval of the Management Board report on the company's activity and the financial statements the previous financial year requires a resolution of the general meeting of shareholders.

The financial statements of Bank Ochrony Środowiska S.A. for the period from 1 January 2010 to 31 December 2010 were published in the Annual Report of BOŚ S.A. (R/2010) on 17 March 2011.

An assessment of „The financial statements of Bank Ochrony Środowiska S.A. for the period from 1 January 2010 to 31 December 2010” approved by the Supervisory Board at a meeting on 28 April 2011 is attached as Appendix No. 2 to this Report.

Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on approving the BOŚ S.A. Group activity report for 2010

Acting pursuant to the provisions of art. 395 § 5 point 1 of the Code of Commercial Companies, in connection with § 10 point 2 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to approve the BOŚ S.A. Capital Group activity report for 2010 laid before Shareholders by the Bank Management Board at the Annual General Meeting on 25 May 2011.

Justification

Pursuant to the provisions of the above regulations, consideration and approval of the BOŚ S.A. Group activity for the previous financial year requires a resolution of the annual general meeting of shareholders.

The Management Board report on the BOŚ S.A. Group activity in 2010 was published in the Annual Report of the BOŚ S.A. Group BOŚ S.A. (RS/2010) on 17 March 2011.

An assessment of „The Management Board report on the BOŚ S.A. Group activity in 2010” adopted by the Supervisory Board at a meeting on 28 April is attached as Appendix No. 3 to this Report.

Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on approving the BOŚ S.A. Group consolidated financial statements
for the period from 1 January 2010 to 31 December 2010

Acting pursuant to the provisions of art. 395 § 5 of the Code of Commercial Companies, and also pursuant to the provisions of art. 63c subpara. 4 of the Accounting Act, in connection with and § 10 point 2 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to approve the audited consolidated financial statements of the BOŚ S.A. Group for the year 2010, containing:

- the consolidated income statement for the financial year 2010, with net profit amounting to 63 182 thousand zlotys;
- the consolidated statement of comprehensive income for the financial year 2010, with a total comprehensive income in the amount of 67 434 thousand zlotys;
- the consolidated statement of financial position as at the date of 31 December 2010, with assets and liabilities representing the amount of 15 180 187 thousand zlotys;
- the consolidated statement of changes in equity for the financial year 2010 with a net increase in equity amounting to 163 154 thousand zlotys;
- the consolidated cash flow statement for the financial year 2010, with a net cash increase amounting to 645 206 thousand zlotys;
- the summary of significant accounting policies and other explanatory notes.

Justification

Pursuant to the provisions of the above regulations, consideration and approval of the BOŚ S.A. Group activity for the previous financial year requires a resolution of the annual general meeting of shareholders.

The consolidated financial statements of the Bank Ochrony Środowiska S.A. Group for the period from 1 January 2010 to 31 December 2010 was published in the Annual Report of the BOŚ S.A. Group (RS/2010) on 17 March 2011.

An assessment of the „Consolidated financial statements of the Bank Ochrony Środowiska S.A. Group for the period from 1 January 2010 to 31 December 2010” adopted by the Supervisory Board at a meeting on 28 April is attached as Appendix No. 4 to this Report.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on the allocation of profit of 2010**

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 Articles of BOŚ S.A. and Resolution No. ../2011 of the Annual General Meeting of 25 May 2011 on approving the financial statements of the Bank for the period of 1 January 2009 to 31 December 2009, the Annual General Meeting of Bank Ochrony Środowiska S.A. resolves to allocate the net profit of the Bank of 2010 in the total amount of PLN 54 058 723.57 to recognise it with supplementary capital.

Justification

The proposal to allocate the entire net profit posted in 2010 to recognise it with supplementary capital is corollary to the Bank’s long-term policy line set out in the BOŚ S.A. Strategy for the years 2009–2013, which provides for the dynamic development of BOŚ S.A. activities. Lending to clients increased nearly 18% in 2010. The Bank Strategy requires the Bank to increase its own funds regularly.

The Supervisory Board opinion

The Bank Supervisory Board – at a meeting on 28 April 2011 – expressed their positive opinion on the draft of this resolution, and recommended approval thereof to the General Meeting.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on granting Mr Mariusz Klimczak the vote of approval
for performance of duties in 2010**

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 Mariusz Klimczak, President of the Bank Management Board, the vote of

approval for performance of duties in the period of 1 January 2010 to 31 December 2010.

Justification

Pursuant to the provisions of the above regulations, approval of the fulfilment of duties by members of the company's governing bodies in the previous financial year shall require a resolution of the general meeting of shareholders.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2010 the Supervisory Board recommends to the General Meeting approval of granting Mr M. Klimczak the vote of approval for performance of duties in 2010.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on granting Mr Adam Zbigniew Grzebieluch the vote of approval
for performance of duties in 2010**

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 the Bank Management Board, the vote of approval for performance of duties in the period of 1 January 2010 to 31 December 2010.

Justification

Pursuant to the provisions of the above regulations, approval of the fulfilment of duties by members of the company's governing bodies in the previous financial year shall require a resolution of the general meeting of shareholders.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2010 the Supervisory Board recommends to the General Meeting approval of granting Mr A. Z. Grzebieluch the vote of approval for performance of duties in 2010.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on granting Mr Stanisław Kolasiński the vote of approval
for performance of duties in 2010**

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 the Bank Management Board, the vote of approval for performance of duties in the period of 1 January 2010 to 24 November 2010.

Justification

Pursuant to the provisions of the above regulations, approval of the fulfilment of duties by members of the company's governing bodies in the previous financial year shall require a resolution of the general meeting of shareholders.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2010 the Supervisory Board recommends to the General Meeting approval of granting Mr S.Kolasiński the vote of approval for performance of duties in 2010.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on granting Mr Jacek Pierzyński the vote of approval
for performance of duties in 2010**

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 Pierzyński, Vice-President First Deputy President the Bank Management Board, the vote of approval for performance of duties in the period of 24 November 2010 to 31 December 2010.

Justification

Pursuant to the provisions of the above regulations, approval of the fulfilment of duties by members of the company's governing bodies in the previous financial year shall require a resolution of the general meeting of shareholders.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2010 the Supervisory Board recommends to the General Meeting approval of granting Mr J.Pierzyński the vote of approval for performance of duties in 2010.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on granting Mr Marek Kazimierz Serafiński the vote of approval
for performance of duties in 2010**

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 Marek Kazimierz Serafiński, Vice-President the Bank Management Board, the vote of approval for performance of duties in the period of 1 January 2010 to 31 December 2010.

Justification

Pursuant to the provisions of the above regulations, approval of the fulfilment of duties by members of the company's governing bodies in the previous financial year shall require a resolution of the general meeting of shareholders.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2010 the Supervisory Board recommends to the General Meeting approval of granting Mr M. K. Serafiński the vote of approval for performance of duties in 2010.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on granting Mr Krzysztof Wojciech Telega the vote of approval
for performance of duties in 2010**

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 the Bank Management Board, the vote of approval for performance of duties in the period of 1 January 2010 to 31 December 2010.

Justification

Pursuant to the provisions of the above regulations, approval of the fulfilment of duties by members of the company's governing bodies in the previous financial year shall require a resolution of the general meeting of shareholders.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2010 the Supervisory Board recommends to the General Meeting approval of granting Mr K. W. Telega the vote of approval for performance of duties in 2010.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on approving the report on the Bank Supervisory Board activity in 2010
with a brief assessment of the situation of the Bank
and of the work of the Supervisory Board in 2010**

Acting pursuant to the provisions of § 10 point 4 of the Articles of Association of the Bank, the General Meeting of BOŚ S.A. resolves to approve the report on the activity of the Bank Supervisory Board in 2010 with a brief assessment of the situation of the Bank and an assessment of the work of the Supervisory Board in 2009 laid before Shareholders at the Annual General Meeting of Bank Ochrony Środowiska S.A. on 25 May 2011.

Justification

Pursuant to the above-quoted provision of the Articles of the Bank, consideration and approval of the report on the activity of the Supervisory Board for the previous financial year shall be adopted by the Annual General Meeting of shareholders by resolution. The Supervisory Board activity report is attached hereto as Appendix No. 5.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on granting Mr Marcin Likierski the vote of approval
for performance of duties in 2010**

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 Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2010 to 31 December 2010.

Justification

Pursuant to the provisions of the above regulations, approval of the fulfilment of duties by members of the company's governing bodies in the previous financial year shall require a resolution of the general meeting of shareholders.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on granting Mr Jacek Maciej Bajorek the vote of approval
for performance of duties in 2010**

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 Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2010 to 31 December 2010.

Justification

Pursuant to the provisions of the above regulations, approval of the fulfilment of duties by members of the company's governing bodies in the previous financial year shall require a resolution of the general meeting of shareholders.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on granting Mr Marian Adam Pigan the vote of approval
for performance of duties in 2010**

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 Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2010 to 31 December 2010.

Justification

Pursuant to the provisions of the above regulations, approval of the fulfilment of duties by members of the company's governing bodies in the previous financial year shall require a resolution of the general meeting of shareholders.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on granting Mr Józef Koziół the vote of approval
for performance of duties in 2010**

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 Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2010 to 31 December 2010.

Justification

Pursuant to the provisions of the above regulations, approval of the fulfilment of duties by members of the company's governing bodies in the previous financial year shall require a resolution of the general meeting of shareholders.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on granting Mr Michał Juliusz Machlejd the vote of approval
for performance of duties in 2010**

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 Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2010 to 31 December 2010.

Justification

Pursuant to the provisions of the above regulations, approval of the fulfilment of duties by members of the company's governing bodies in the previous financial year shall require a resolution of the general meeting of shareholders.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on granting Mr Marcin Malicki the vote of approval
for performance of duties in 2010**

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 Malicki, Member of the Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2010 to 31 December 2010.

Justification

Pursuant to the provisions of the above regulations, approval of the fulfilment of duties by members of the company's governing bodies in the previous financial year shall require a resolution of the general meeting of shareholders.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on granting Mr Ryszard Ochwat the vote of approval
for performance of duties in 2010**

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 Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2010 to 31 December 2010.

Justification

Pursuant to the provisions of the above regulations, approval of the fulfilment of duties by members of the company's governing bodies in the previous financial year shall require a resolution of the general meeting of shareholders.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on granting Mr Janusz Marek Topolski the vote of approval
for performance of duties in 2010**

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 Supervisory Board, the vote of approval for performance of duties in the period of 25 August 2010 to 31 December 2010.

Justification

Pursuant to the provisions of the above regulations, approval of the fulfilment of duties by members of the company's governing bodies in the previous financial year shall require a resolution of the general meeting of shareholders.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on granting Mr Michał Jacek Wysocki the vote of approval
for performance of duties in 2010**

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 Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2010 to 31 December 2010.

Justification

Pursuant to the provisions of the above regulations, approval of the fulfilment of duties by members of the company's governing bodies in the previous financial year shall require a resolution of the general meeting of shareholders.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on compliance by BOŚ S.A. with corporate governance rules set out
in the „Code of Best Practice for WSE Listed Companies”**

1. Acting pursuant to the provisions of § 10 point 4 of the Articles of Association of the Bank, in connection with Resolution Resolution No. 12/1170/2007 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange, WSE) 19 May 2010 to adopt amendments to the „Code of Best Practice for WSE Listed Companies”, the Annual General Meeting of BOŚ S.A. resolves to approve compliance by BOŚ S.A. with corporate governance rules set out in the „Code of Best Practice for WSE Listed Companies” attached as appendix to the above-named WSE Resolution, except for the rules set out under point 1 dash 3, point 5 and point 9 in section I, and point 10 in section IV thereof.
2. BOŚ S.A. Annual General Meeting Resolution No. 26/2008 of 17 June 2008 on compliance by BOŚ S.A. with corporate governance rules set out in the „Code of Best Practice for WSE Listed Companies” is hereby rescinded.

Justification:

The Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange, WSE) adopted, by Resolution No. 17/1249/2010 of 19 May 2010, a number of amendments to the „Code of Best Practice for WSE Listed Companies” which was in force from 2008.

The previous corporate governance rules were adopted by Resolution No. 12/1170/2007 on 4 July 2007. The Annual General Meeting of BOŚ S.A. approved adoption of, and compliance by the Bank with, these rules in Resolution No. 26/2008 on 17 June 2008.

The proposed non-adoption of certain amended rules set out in the presently binding „Code of Best Practice for WSE Listed Companies” results from:

- 1) the rule set out in section I point 1 dash 3 reading: *„A company should pursue a transparent and effective information policy using both traditional methods and modern technologies and latest communication tools ensuring fast, secure and effective access to information.
Using such methods to the broadest extent possible, a company should in particular:
- enable on-line broadcasts of General Meetings over the Internet, record General Meetings, and publish the recordings on the company website.”*

Given its ownership structure – as a majority of shareholders representing more than 80% of capital of BOŚ S.A. participate in General Meetings – there is no need to enable on-line broadcasts of General Meetings over the Internet, to make recordings of the proceedings, or to publish the recordings on the company website.

For the same reason neither the Articles of Association of the Bank and its Rules of Procedure at the Bank's General Meetings provide for shareholders to participate in a General Meeting using electronic communication means;

- 2) the rule set out in section I point 5 reading: *„A company should have a remuneration policy and rules of defining the policy. The remuneration policy should in particular determine the form, structure, and level of remuneration of members of supervisory and management bodies. Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and Commission Recommendation of 30 April 2009 complementing that Recommendation (2009/385/EC) should apply in defining the remuneration policy for members of supervisory and management bodies of the company”.*

BOŚ S.A. operates on the basis of a written remuneration policy which covers all employees working at the Bank based on an employment relationship.

Remuneration of members of the Supervisory Board, in accordance with the Articles of Association of the Bank, is determined by resolution of the General Meeting. Conditions and remuneration of members of the Management Board of the Bank are determined by collective decision of the Supervisory Board;

- 3) the rule set out in section I point 9 reading: *„The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business”.*

BOŚ S.A. has no regulation that would discriminate against women regarding their proportion in management and supervisory functions in the Company. Ensuring compliance at the Bank with the rule to ensure a balanced proportion of women and men in management and supervisory functions is a responsibility of the Supervisory Board when it appoints members of the Management Board and of shareholders when members of the Supervisory Board are to be appointed.

- 4) the rule set out in section IV point 10 reading: *„A company should enable its shareholders to participate in a General Meeting using electronic communication means through: 1) real-life broadcast of General Meetings, 2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting, 3) exercise their right to vote during a General Meeting either in person or through a plenipotentiary”.*

The justification for non-adoption of this rule is the same as in the case of point 1 dash 3 in section 1.

The Supervisory Board opinion

The Supervisory Board – at a meeting on 28 April 2011 – expressed their positive opinion on the draft General Meeting resolution on compliance by Bank Ochrony Środowiska S.A. with corporate governance rules set out in the „Code of Best Practice for WSE Listed Companies”.

DRAFT VERSION

(note: proposed amendments are shown in bold print)

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
regarding amendments to the Articles of Association of the Bank**

§ 1

Acting pursuant to the provisions of art. 430 § 1 of the Code of Commercial Companies and in connection with § 10 point 7) of the Articles of Association of the Bank, the General Meeting of BOŚ S.A. resolves to approve the following amendments to the Articles of the Bank:

1. In § 4, subparas 3–4 shall be reworded to read as follows:
„**3. The mission of the Bank shall be to support undertakings contributing to the development of production and services in environmental protection, the development of the market of ecology-related goods and services, and to further and encourage environment-friendly attitudes and environmental protection initiatives.**
4. The Bank realizes mission in particular by:
 - 1) **providing specialised banking services to support undertakings contributing to the protection of environment and water resource management;**
 - 2) **providing general banking services to personal customers, small and medium enterprises and large enterprises, as well as municipalities.”.**
2. In § 4, subpara. 5 shall be deleted.
3. § 5 subpara. 2 point 3 shall be reworded to read as follows:
„3) trading in **financial instruments, including securities and derivatives,”.**
4. § 11 shall be reworded to read as follows:
„§ 11
Any matter **the Management Board** may bring for consideration before the General Meeting shall first be presented to the Supervisory Board, for the Supervisory Board to consider and **to express their opinion** on such document.”.
5. In § 19 subpara. 8, the word „work” shall be deleted.
6. In § 20 subpara. 3 shall be reworded to read as follows:
„3. The Supervisory Board shall appoint an Internal Audit Committee from among its members. The composition and detailed list of responsibilities of the Internal Audit Committee shall be laid down by the Supervisory Board in a separate resolution.”.
7. In § 20, a new subpara. 4 shall be inserted to read as follows:
„4. The responsibilities of the Internal Audit Committee shall include in particular:

- 1) the watching of the risk management system and the internal control system for efficiency,
 - 2) the monitoring of financial reporting processes at the Bank,
 - 3) **the overseeing of activity of the internal audit unit.**"
8. In § 20, subparas 4–8 shall be renumbered 5–9.
9. In § 20 new subpara. 9, point 2) shall be reworded to read as follows:
„2) approving the Bank's prudential and stable management rules, the overall risk level of the Bank, **as well as** banking risk management policies,".
10. In § 20 new subpara. 9, point 12) shall be reworded to read as follows:
„12) adopting resolutions to approve the extension of loans, cash advances, guarantees or endorsements to members of the Bank's directing bodies and other persons mentioned in **art. 79a** of the Banking Act,".
11. In § 20 new subpara. 9, point 16) shall be reworded to read as follows:
„16) **reviewing periodic reports on banking risk levels and banking risk management quality,**".
12. In § 20 new subpara. 9 point 17), the full-stop shall be replaced with a comma, and a new point 18) shall be inserted to read as follows:
18) approving the procedure for appointment and dismissal of director of the audit unit and the manner of determining his/her pay."
13. In § 21 subpara. 6, point 2) shall be reworded to read as follows:
„2) to adopt, by resolution, the Strategy of BOŚ S.A., yearly financial plans, **and yearly internal audit plans of the Bank,**"
14. In § 21 subpara. 6 point 13), the full-stop shall be replaced with a comma, and a new point 14) shall be inserted to read as follows:
„14) **to approve, by resolution, the procedure for appointment and dismissal of director of the internal audit unit and the manner of determining his/her pay.**"
15. In § 21 subpara. 7, the word „work” shall be deleted.
16. in § 22 subpara. 1, point 2) shall be reworded to read as follows:
„2) to issue **Management Board President** regulations,"
17. In § 22, subpara. 2 shall be reworded to read as follows:
„2. The president of the Management Board is empowered in particular:
- 1) to appoint and to dismiss the managing director, directors of Head Office organisational units and their deputies, and directors of branches, **except the director of the internal audit unit, who shall be appointed and dismissed, and his/her pay determined, under a separate procedure adopted by the Management Board and approved by the Supervisory Board,**

- 2) to issue Rules of organisation of the Bank and Rules of organisation of Branch and Operating Branch, and to approve rules of organisation of Head Office organisational units,
- 3) to manage functional control processes at the Bank,**
- 4) to issue post-audit recommendations within the framework of internal control.”.

18. In § 24, subpara. 5 shall be reworded to read as follows:

„**5. Internal regulatory acts** of the Bank shall be issued by:

- 1) the Supervisory Board – in the form of Supervisory Board **resolution**,
- 2) the Management Board – in the form of Management Board **resolution**,
- 3) the president of the Management Board – in the form of Management Board President **regulations**,
- 4) **by Management Board member / managing director – in the form of circular notes having the status of implementing regulations to Management Board resolutions and Management Board President regulations**,
- 5) by branch directors – in the form of regulation **binding upon the relevant branch.**”.

19. In § 24, subpara. 6 shall be reworded to read as follows:

„6. The manner and rules of issuing **internal regulatory acts** of the Bank shall be laid down in detail in a Management Board President regulation.”.

20. In § 25, subpara. 4 shall be reworded to read as follows:

„4. The activity of the Bank’s organisational units and of subsidiary entities shall be submitted to **internal audit services** exercised by a separate organisational unit of the Head Office performing internal audits.”.

21. In § 25, subpara. 7 shall be reworded to read as follows:

„7. Internal functional control is a fundamental control service at the Bank and shall be performed by all employees of the Bank. Management Board members shall oversee functional control job delivery in their respective areas of supervision.”.

§ 2

This Resolution comes into force as of the date the relevant amendments have been registered by District Court for the Capital City of Warsaw Department XII Commercial Section National Court Register.

Justification:

- The reason for making amendments to provisions of § 4 related to the mission of the Bank is that these are necessary in order to fulfil of the Polish Financial Supervision Authority [KNF] recommendations issued following a comprehensive inspection at the Bank in 2010 calling upon the Bank to ensure conformity between the Articles of the Bank and its written Strategy;
- The reason for changing the wording of § 5 subpara. 2 point 3) is that provisions of the Articles have to be supplemented to be in conformity with provisions of:
 - the Trading in Financial Instruments Act of 29 July 2005, amended,

- amendments to the Banking Act which came into force as of 21 October 2009. The amended art. 31 subpara. 3 point 2 of this act stipulates that the Articles of the Bank shall specify the Bank's registered office, objects and scope of activity. Bank taking into account activities referred to in art. 69 subpara. 2 points 1–7 of the Trading in Financial Instruments Act of 29 July 2005 the Bank is going to perform in accordance with art. 70 subpara. 2 of this act.

Under provisions of art. 2 subpara. 1 of the Trading in Financial Instruments Act the generic term „financial instruments” comprises both securities and any other financial instruments other than securities. This act of law institutes a very broad closed catalogue of enumerated financial instruments which may be used in trading. In the present wording, § 5 subpara. 2 point 3 of the Articles of the Bank (as laid down by BOŚ S.A. Supervisory Board to the date of 22 July 2010) authorises the Bank to engage in the trading of securities. The Articles, however, are not definitely clear whether the Bank may engage in the trading of financial instruments other than securities. It should be understood that BOŚ S.A. (as other banks) does trade financial instruments and has adopted the relevant internal regulations and written procedures for this purpose. The proposed amendment of provisions is thus going to put in order and clarify provisions of the Articles that authorise the Bank to perform trading transactions in securities and other financial instruments – in full scope, as specified by the relevant act of law;

- The reason for changing the wording of § 11 is that the „Code of Best Practice for WSE Listed Companies” were amended as from 1 July 2010, so now, except for justifications specifically required by law, General Meeting resolutions are no longer required to be brought forward along with a justification, and the Supervisory Board opinion is sufficient;
- the proposed changes in the wording of provisions § 19 subpara. 8 and § 21 subpara. 7 is necessary as the written provisions have to be in conformity with the terms used in the Code of Commercial Companies (these are formal changes only),
- The reason for making amendments to provisions:
 - concerning the powers of the Supervisory Board as set out in § 20 subpara. 3 and in the new subpara. 4, as well as in § 20 the new subpara. 9 point 16) and the new inserted point 18),
 - concerning the powers of the Management Board and the Management Board president as set out in § 21 subpara. 6 point 2), § 21 subpara. 6 and the new inserted point 14), as well as in § 22 subpara. 2 point 1) and in § 25 subpara. 4,

is necessary in order to fulfil of the Polish Financial Supervision Authority [KNF] recommendations issued following a comprehensive inspection at the Bank in 2010 calling upon the Bank to implement organisational changes in the internal audit unit to enable the Management Board to meet the requirement specified under § 33 subpara. 2 of KNF Resolution No. 383/2008 of 17 December 2008, while fully respecting provisions of § 36 of the Resolution regarding mechanisms ensuring independence of its internal audit unit. The purpose of the proposed change is to get the internal audit unit from under direct supervision of the Supervisory Board and to reinstate it as reporting to the Management Board president (this change will be reflected both in the resolution concerning the Organisational Structure of the Bank and the Management Board President regulation concerning the Rules of

Organisation of the Bank); and supervision of the work of the internal audit unit will be a responsibility of the Internal Audit Committee of the Supervisory Board, as provided for in provisions of art. 9e subpara. 2 of the Banking Act,

- the reason for making amendments to provisions of § 20 new subpara. 9 point 2) and point 16) is to bring in conformity, and to supplement, provisions of the Articles defining the powers of the Supervisory Board in supervising the management of banking risk (comprehended as managing all kinds of risk: credit, market, liquidity, operating, and non-compliance, risks),
- the proposed change of the provision in § 20 new subpara. 9 point 12) is a formal alteration, to give the regulation a more precise wording,
- the proposed changes in wordings of provisions of § 22 subpara. 1 point 2) and § 24 subparas 5 and 6 are intended to put the provisions in order and to adapt them to the terms adopted at the Bank (internal provisions for internal normative acts), and also to enact solutions such as are standard on the market, where individual members of the Management Board and managing directors are responsible for areas they are specifically charged to oversee, including, for example, for issuing certain types of regulation applicable in their respective areas of supervision. Regulations of branch directors apply to the respective branch's internal business and have no overall validity for the Bank as a whole, and so a more precise wording of the provision in question is proposed,
- the proposed changes in wordings of provisions of § 25 subpara. 7, as well as § 22 subpara. 2 point 3) are intended to put in place more precise wordings to define the exercise of functional control at the Bank, as the present provisions have been prone to ambiguity.

The Supervisory Board opinion:

The Supervisory Board Bank – at a meeting on 28 April 2011 – expressed their positive opinion on the proposed amendments to the Articles of Association of the Bank and recommended to the General Meeting adoption of the resolution on the matter as proposed.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
authorising the Supervisory Board to approve a consolidated text
of the Articles of Association of the Bank**

Acting pursuant to the provisions of art. 430 § 5 of the Code of Commercial Companies, the Annual General Meeting of BOŚ S.A. hereby authorises the Supervisory Board to approve the consolidated text of the Articles of Association of the Bank.

Justification

The consolidated text of the Articles of Association of the Bank shall be approved on receipt of the Polish Financial Supervision Authority [KNF] expressing consent to amendments to provisions of the Articles adopted by the AGM.

The Supervisory Board opinion

The Supervisory Board – at a meeting on 28 April 2011 – expressed their positive opinion on the proposed General Meeting resolution authorising the Supervisory

Board to approve a consolidated text of the Articles of Association of the Bank, and recommended adoption thereof by the General Meeting.

**Resolution No. /2011
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 25 May 2011
on adopting Rules of Procedure at General Meetings at BOŚ S.A.**

§ 1

Acting pursuant to corporate governance rule IV point 2 set out in the „Code of Best Practice for WSE Listed Companies” Bank Ochrony Środowiska S.A. undertook to comply with by Resolution No. /2011 of the Annual General Meeting of BOŚ S.A. of 25 May 2011, the Annual General Meeting of BOŚ S.A. hereby resolves to adopt the following Rules of Procedure at General Meetings at BOŚ S.A.:

„RULES OF PROCEDURE AT GENERAL MEETINGS
AT BANK OCHRONY ŚRODOWISKA S.A.

§ 1

The Annual General Meeting is the supreme authority of the Company working on the basis of:

- regulations of the Code of Commercial Companies,
- provisions of the Articles of BOŚ S.A.,
- regulations of the „Code of Best Practice for WSE Listed Companies”,
- these Rules of Procedure.

§ 2

The General Meeting shall have competence in any issue provided for in the Articles of Association of the Bank and in binding regulations of the law.

§ 3

1. Entitlement to attend a General Meeting shall pertain only to persons who are shareholders of the Company sixteen days before the date of the General Meeting (the date of registration of attendance at a General Meeting). The registration date of attendance at a General Meeting shall be the same for shareholders owning bearer shares and for shareholders owning registered shares.
2. Shareholders have the right to attend a General Meeting in person or by proxy. Power of attorney to attend and to vote at a General Meeting shall be made out in writing or in electronic form. Power of attorney granted in electronic form should be sent to the Company to the following address: walne.zgromadzenie@bosbank.pl. Forms to fill are available on the website the Bank, www.bosbank.pl, under the bookmark „General Meeting” [General Meeting].
3. Members of the Management Board and of the Supervisory Board shall attend the General Meeting, and, where the agenda provides for consideration of any financial matter of the Bank, attendance of a Chartered Auditor shall be required.
4. The directing body convening a General Meeting may invite other persons as well to attend the proceedings with an advisory vote.

§ 4

1. Proceedings at a General Meeting shall be opened by the Chairman of the Supervisory Board or the Deputy Chairman of the Supervisory Board, or another member of the Supervisory Board, who, while refraining from any decision on the merits of the case or its formal aspects, shall inform shareholders of the invited guests attending the proceedings, and shall call election – in secret ballot – of a Presiding Officer of the General Meeting from among the shareholders.
2. In the absence of persons referred to in subpara. 1, the General Meeting shall be opened by the President of the Management Board or a person named by the Management Board.

§ 5

1. Ballots at a General Meeting shall be held using a computer-based general meeting support system, in accordance with rules of operation of the system.
2. A General Meeting may resolve, at the request of shareholders, to have the vote held without using a computer-based system.
3. Every shareholder may cast different votes on any of the shares they hold.

§ 6

1. Immediately upon the election of a Presiding Officer of the General Meeting an attendance list shall be drawn up showing names of participants in the General Meeting along with the number of shares represented by each name and the number of votes represented by the shares.
2. The attendance list, signed by the Presiding Officer of the General Meeting, shall be laid out during the proceedings.
3. ----- T
he Presiding Officer shall announce the number of shares represented at the General Meeting along with the votes conferred, state the validity of convocation of the General Meeting and its capacity to pass binding resolutions.

§ 7

1. The Presiding Officer of the General Meeting directs the discussion, ensures observance of these Rules and the agenda, ensures efficient progress of the proceedings, accords the right to speak.
2. The Presiding Officer calls and oversees the ballots, checks and announces results of ballots, and calls and oversees secret ballots for election and on motions for dismissal of members of the Bank's directing bodies or of liquidators, or on motions to call them to account for their actions, as well on motions concerning personnel policy decisions, should such vote be called.
3. The Presiding Officer states adoption of each resolution, and next announces the results quoting the number of votes „for”, „against” and „abstained”.
4. The Presiding Officer shall prevent any abuse of rights by participants in the General Meeting and see to it that rights of minority shareholders are respected.

§ 8

1. Prior to the debate, on a motion brought by its Presiding Officer, the General Meeting shall elect, in secret ballot, a Secretary of the General Meeting.

2. Where ballots cannot be held using a computer-based vote casting and counting system for technical reasons, the Presiding Officer shall call a count of votes by technical support personnel of the Bank attending the General Meeting.
3. The personnel referred to in subpara. 2 above are responsible for ensuring that there is a fair process of voting, for counting the votes, and for presenting results of the vote to the Presiding Officer of the General Meeting.

§ 9

1. The Presiding Officer of the General Meeting shall advise shareholders on the agenda and these Rules, and next call a vote thereon.
2. No change of the order of points of the agenda or cancellation of any particular point from the agenda of a General Meeting shall be valid unless by resolution of the General Meeting. No resolution to cancel a point from the agenda may be passed unless reasonable and justified reasons for such move are presented.
3. Cancellation from the agenda or waiver of consideration of a point on the agenda at the request of shareholders requires a resolution of the General Meeting, upon the expression of consent by all attending shareholders who seconded such request, supported by 75% votes at the General Meeting.

§ 10

1. The particular points of the agenda shall be presented by rapporteurs appointed by the directing body that convened the General Meeting.
2. Following presentation of every point on the agenda the Presiding Officer calls upon shareholders to ask questions concerning the point and then again gives the floor to the rapporteur to answer queries and to provide clarification.
3. Any query to the Bank Management Board shall be answered by members of the Management Board in accordance with rules following from regulations of disclosure duties in public liability companies.
4. In formal matters the Presiding Officer accords the right to speak outside the order. Motions on formal matters shall be understood to be motions related to the conduct of proceedings and of ballots.
5. The Presiding Officer and the Directing Bodies of the Company shall not resolve on matters that belong in the competence of courts.
6. The Presiding Officer shall, after consulting the case for its legal implications, put to vote any dispute over the merits in a case or points of order that may arise between shareholders at the General Meeting.
7. Matters covered in the points of the agenda shall be considered in a joint discussion.

§ 11

1. A General Meeting shall pass no resolution other than in matters covered in the points of the agenda. If 100% of share capital is represented at a General Meeting, the meeting is empowered to pass resolutions also on matters not covered in points of the agenda, provided that none of those attending objects to such resolution. Polls shall be held as set out in § 14 of the Articles of the Bank.
2. Resolutions shall be carried by a simple majority of votes cast, except on matters where the Articles of the Bank or the Code of Commercial Companies require that a qualified majority is obtained..

3. In each of the cases where special conditions must be met under regulations of the law or the Articles of the Bank for a resolution to pass, for instance where a definite part of share capital has to be represented, the Presiding Officer shall have a duty to declare and announce the General Meeting capable of passing the resolution.
4. No shareholder may vote in person, or by proxy, on resolutions relating to his liability towards the company for any reason, specifically in votes of approval of performance of duties, or on being released from any liability towards the company, or on any dispute between such shareholder and the Bank.

§ 12

1. Every one of the shareholders attending a General Meeting may propose draft resolutions on matters covered in the points of the agenda. Every one of the shareholders may at General Meeting propose draft resolutions on matters covered in the points of the agenda.
2. Where an amendment is proposed to a draft resolution, the amendment should first put to vote, and the draft resolution as amended thereafter.
3. The Presiding Officer shall give any person objecting a resolution an opportunity to have their arguments recorded in the minutes along with a brief justification of their objections.
4. The Presiding Officer shall declare that a resolution was passed or did not pass and shall quote the number of shares representing valid votes, the percentual proportion of such shares in share capital, the total number of valid votes, the number of votes for the resolution, against it, as well as the number of abstentions, and any objections raised against it.

§ 13

1. At the request of shareholders representing at least one-fifth of share capital, the Supervisory Board shall be elected by way of voting by separate groups.
2. Persons representing at a General Meeting such part of shares as is allocated from a division of the total number of represented shares by the number of members of the Supervisory Board may establish a separate group for the purpose of electing one member of the Supervisory Board but shall not vote in the election of the remaining members.
3. Mandates in the Supervisory Board not filled by an appropriate group of shareholders shall be filled by a vote in which participate all shareholders whose votes were not cast in electing members of the Supervisory Board elected by way of voting by separate groups – according to rules set out under § 14 herein..
4. With at least one member of the Supervisory Board having been elected in voting by separate groups, any mandate of a current member of the Supervisory Board shall expire before the term.

§ 14

1. The General Meeting elects members of the Supervisory Board in secret ballot in the following procedure:
 - 1) shareholders propose candidates for Supervisory Board members to the Secretary of the General Meeting. The number of candidates is not limited;
 - 2) such proposals are submitted in writing within the time frame set by the Presiding Officer of the General Meeting;

- 3) the Secretary compiles a list of candidates for Supervisory Board members in alphabetical order;
 - 4) when the list has been closed, the Presiding Officer of the General Meeting calls a vote on appointments of Supervisory Board members;
 - 5) where no electronic vote is possible to hold the Presiding Officer calls a vote by ballot papers;
 - 6) a ballot paper is printed in four columns marked, respectively:
 - a) member's surname and given name,
 - b) for,
 - c) against,
 - d) abstained,
 - 7) the voting person puts an X in the appropriate column on the ballot paper by the given name and surname of the person they vote for;
 - 8) where the vote is held using a computer system, technical solutions provided for the given system shall apply instead of points 5–7;
 - 9) those candidates that won the next biggest number of votes “for”, this number being greater than the number of votes cast “against” them, shall be declared elected Supervisory Board members;
 - 9) where two or more candidates have won the same number of votes in the ballot and where that results in the number of elected candidates being greater than the number of seats in the Supervisory Board, a run-off vote shall be called to be held in accordance with the above-defined rules;
 - 10) with the vote on all candidates completed the Presiding Officer of the General Meeting announces results of the vote for all candidates on whom votes were held, and declares which of the candidates have been elected Supervisory Board members.
2. The General Meeting dismisses members of the Supervisory Board in secret ballot in the following procedure:
- 1) shareholders propose names of Supervisory Board members to dismiss,
 - 2) such proposals are submitted in writing to the Secretary of the General Meeting within the time frame set by the Presiding Officer,
 - 3) the Secretary compiles a list in alphabetical order of persons to be dismissed from the Supervisory Board,
 - 4) with the list completed the Presiding Officer of the General Meeting calls a vote on the dismissal of members from the Supervisory Board,
 - 5) where no electronic vote is possible to hold the Presiding Officer calls a vote by ballot papers,
 - 6) a ballot paper is printed in four columns marked, respectively:
 - a) member's surname and given name,
 - b) for,
 - c) against,
 - d) abstained,
 - 7) the voting person puts an X in the appropriate column on the ballot paper by the given name and surname of the person they vote for,
 - 8) where the vote is held using a computer system, technical solutions provided for the given system shall apply instead of points 5–7,
 - 9) with the vote on dismissals of members from the Supervisory Board, completed the Presiding Officer of the General Meeting announces the results of the vote naming those Supervisory Board members that have dismissed.

§ 15

1. The Presiding Officer calls brief technical adjournments in justified cases.
2. A General Meeting may order, by a two-thirds majority of votes, adjournment of proceedings. Such adjournments may not last in total more than for thirty days.
3. There being no further business to discuss the Presiding Officer calls the close of the General Meeting.

§ 16

1. Resolutions of General Meetings shall be recorded in minutes by a notary public.
2. In the minutes, the notary public shall further state the validity of convocation of the General Meeting and its capacity to pass binding resolutions, and shall list up the resolutions passed, indicating, by each resolution: the number of shares representing valid votes, the percentual proportion of such shares in share capital, the total number of valid votes, the number of votes “for”, “against” or “abstained”, and any dissenting opinion brought forward. An attendance list signed by those attending the General Meeting shall be attached to the minutes.
3. The Management Board should attach a transcript of the minutes, and also the evidence that the meeting was convened, to the minute book.

§ 17

The directing body which convenes the General Meeting shall provide notarial and legal support to the General Meeting.”.

§ 2

Resolution No. 30/2009 of the Annual General Meeting of BOŚ S.A. of 25 June 2009 on adopting Rules of Procedure of General Meetings of Shareholders of BOŚ S.A. expires hereby.

§ 3

This Resolution comes into force as of the day of adoption. The adopted Rules of Procedure of General Meetings of BOŚ S.A. shall be in force beginning with the next general meeting of the Bank.

Justification:

The main change in the „Rules of Procedure of General Meetings of BOŚ S.A.” is the cancellation of the provisions concerning election of a Scrutineer Committee, which is charged with the job of counting votes cast by shareholders in votes on general meeting resolutions.

Election of a Scrutineer Committee is no longer reasonable as electronic voting systems have been in use at general meetings of BOŚ S.A., as in other public liability companies, for years now.

The Supervisory Board opinion

The Supervisory Board – at a meeting on 28 April 2011 – expressed their positive opinion on the proposed General Meeting resolution on adopting Rules of Procedure at General Meetings at BOŚ S.A. , and recommended adoption thereof by the General Meeting and recommended adoption thereof by the General Meeting.

The Supervisory Board
Bank Ochrony Środowiska S.A.

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

**Assessment of the Management Board Report
on the activity of Bank Ochrony Środowiska S.A. in 2010**

Acting pursuant to Art. 382 § 3 of the Code of Commercial Companies and § 43 subpara. 1 of the Articles of BOŚ S.A., the Supervisory Board considered in detail the Management Board report on the activity of Bank Ochrony Środowiska S.A. in 2010 including:

- information on activities of the Bank in 2009, among other things on:
 - factors and events affecting the financial standing of the Bank in 2010;
 - operations of the Bank and its basic products, services and lines of business activity;
 - main markets;
 - management and equity links and significant agreements of the Bank;
- information on financial results of the Bank in 2010;
- assessments and forecasts concerning the business of the Bank, including:
 - an assessment of the management of the Bank and of financial risks,
 - an assessment of the management of the Bank's financial resources,
 - prospects for development of the business of the Bank,
- additional information, concerning:
 - ownership structure of the Bank;
 - the governing bodies of the Bank and its staff;
 - promotional activities of the Bank.
- statement on application corporate governance principles at the Bank.

Following a close study of the report presented to it, the Supervisory Board:

- found the report to comply with binding regulations of the law and with the Articles of the Bank, and also as a true and fair presentation of all information material to the assessment of the activity of the Bank in the period of 1 January 2010 to 31 December 2010;
- expressed a positive opinion on the draft resolution of the Annual General Meeting of BOŚ S.A. on approving the Management Board Report on the activity of Bank Ochrony Środowiska S.A. in 2010;
- requests the Annual General Meeting of BOŚ S.A. approval of the report.

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

Warsaw, 28 April 2010

The 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 2010 to 31 December 2010**

Acting pursuant to Art. 382 § 3 of the Code of Commercial Companies and § 43 subpara. 1 of the Articles of BOŚ S.A., the Supervisory Board considered in detail financial statements of Bank Ochrony Środowiska S.A. for 2010 containing:

- the income statement for the period from 1 January 2010 to 31 December 2010 with a net profit amounting to 54,059 thousand zlotys,
- the statement of comprehensive income for the period from 1 January 2010 to 31 December 2010 with a total comprehensive loss amounting to 58,311 thousand zlotys,
- the balance sheet as at 31 December 2010 with total assets amounting to 15,065 358 thousand zlotys,
- the statement of changes in equity for the period from 1 January 2010 to 31 December 2010 with a net increase in equity amounting to 154,021 thousand zlotys,
- the cash flow statement for the period from 1 January 2010 to 31 December 2010 with a net cash outflow amounting to 643,917 thousand zlotys,
- the summary of significant accounting policies and other explanatory notes.

The Supervisory Board, having heard the chartered auditor's report on the course and results of the financial statements and on the economic and financial situation of the Bank:

- expressed a positive opinion on the draft resolution of the Annual General Meeting of BOŚ S.A. on approving the financial statements of Bank Ochrony Środowiska S.A. for the period of 1 January 2010 to 31 December 2010;
- requests the Annual General Meeting of BOŚ S.A. approval of the financial statements.

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

Warsaw, 28 April 2010

The Supervisory Board
Bank Ochrony Środowiska S.A.

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

**Assessment of the Report on the Activity of the Capital Group
of Bank Ochrony Środowiska S.A. in 2010**

The Supervisory Board of the Bank, acting pursuant to art. 382 § 3 of the Code of Commercial Companies and § 43 subpara. 2 of the Articles of Association of BOŚ S.A., considered in detail the Management Board report on the activities in 2010 of the Bank Ochrony Środowiska S.A. Group, which is composed of:

- Bank Ochrony Środowiska S.A. – the parent undertaking
- Dom Maklerski Banku Ochrony Środowiska S.A. – direct subsidiary undertaking
- BOŚ Eko Profit S.A. – indirect subsidiary undertaking (subsidiary undertaking of Dom Maklerski BOŚ S.A., entered in the National Court Register on 2 September 2009).

Following an analysis of the report presented, with data concerning:

- the Group business activity, including:
 - factors and events likely to affect the Group's financial situation,
 - the Group organisation,
 - the basic scope of business activity of the Group and its main products, services and areas of business,
- the Group financial results,
- assessments and forecasts concerning the business of the Group, including:
 - the management of financial risks in the Group,
 - the internal control system,
 - prospects for development of the business of the Group,
- the business undertakings of the Bank Ochrony Środowiska S.A. Group,

The Supervisory Board:

- found the report to comply with regulations of the law binding upon the Group, and also as a true and fair presentation of all information material to the assessment of the activity of the Capital Group of Bank Ochrony Środowiska S.A. in the period of 1 January 2010 to 31 December 2010;
- expressed a positive opinion on the draft resolution of the Annual General Meeting of BOŚ S.A. on approving the Management Board report on the activity of the Capital Group of Bank Ochrony Środowiska S.A. in 2010;
- requests the Annual General Meeting of BOŚ S.A. approval of the report.

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

/–/ Marcin Likierski

Warsaw, 28 April 2010

The Supervisory Board
Bank Ochrony Środowiska S.A.

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

**Assessment of the consolidated financial statements
of the Capital Group of Bank Ochrony Środowiska S.A.
for the period of 1 January 2010 to 31 December 2010**

Acting pursuant to Art. 382 § 3 of the Code of Commercial Companies and § 43 subpara. 2 of the Articles of BOŚ S.A., the Supervisory Board considered in detail the consolidated financial statements of the Capital Group of Bank Ochrony Środowiska S.A. for 2010, containing:

- the consolidated income statement for the period from 1 January 2010 to 31 December 2010 with a net profit amounting to 63,182 thousand zlotys,
- the consolidated statement of comprehensive income for the period from 1 January 2010 to 31 December 2010 with a total comprehensive loss amounting to 67,434 thousand zlotys,
- the consolidated balance sheet as at 31 December 2010 with total assets amounting to 15,180,187 thousand zlotys,
- the consolidated statement of changes in equity for the period from 1 January 2010 to 31 December 2010 with a net increase in equity amounting to 163,154 thousand zlotys,
- the consolidated cash flow statement for the period from 1 January 2010 to 31 December 2010 with a net cash outflow amounting to 645,206 thousand zlotys, and
- the summary of significant accounting policies and other explanatory notes

The Supervisory Board, having heard the auditor express their opinion on the audit of the financial statements and the economic and financial situation of the Capital Group of the Bank:

- expressed a positive opinion on the draft resolution of the Annual General Meeting of BOŚ S.A. on approving the consolidated financial statements of the Capital Group of Bank Ochrony Środowiska S.A. for the period of 1 January 2010 to 31 December 2010;
- requests the Annual General Meeting of BOŚ S.A. approval of the financial statements.

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

/-/ Marcin Likierski

Warsaw, 28 April 2011

**Bank Ochrony Środowiska S.A.
Supervisory Board 2010 Activity Report**

with:

- **a brief assessment of the Bank standing in 2010, and of the Bank's risk management and internal control systems, and**
- **an appraisal of the Bank Supervisory Board performance in 2010**

Contents:

Composition of the Supervisory Board
Number and dates of Supervisory Board meetings in 2010
Main activities of the Supervisory Board in 2010
Brief assessment of the Bank standing in 2010, with:

- an assessment of the risk management system
- an assessment of the internal control system

Appraisal of the Supervisory Board performance in 2010
Recommendations

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

Composition of the Supervisory Board

The Supervisory Board worked in the following composition from 1 January to 24 August 2010:

- 1) Marcin Likierski (Chairman of the Supervisory Board)
- 2) Jacek Bajorek (Deputy Chairman of the Supervisory Board)
- 3) Marian Pigan (Secretary of the Supervisory Board)
- 4) Józef Koziół
- 5) Michał Machlejd
- 6) Marian Malicki
- 7) Ryszard Ochwat
- 8) Michał Wysocki.

(With the 7th term of office of the Supervisory Board expiring on 30 June 2010, the General Meeting of BOŚ S.A. appointed a Supervisory Board for the 8th term that day, its personal composition unchanged.)

An Extraordinary General Meeting BOŚ S.A. on 25 August 2010 passed a resolution to establish the number of members on the Supervisory Board at 9 persons and appointed Janusz Topolski Supervisory Board member.

So the Supervisory Board worked in the following composition from 25 August to 31 December 2010:

- 1) Marcin Likierski (Chairman of the Supervisory Board)
- 2) Jacek Bajorek (Deputy Chairman of the Supervisory Board)
- 3) Marian Pigan (Secretary of the Supervisory Board)
- 4) Józef Koziół
- 5) Michał Machlejd
- 6) Marian Malicki
- 7) Ryszard Ochwat
- 8) Janusz Topolski
- 9) Michał Wysocki.

Number and dates of Supervisory Board meetings in 2010

In the exercise of their duties of ongoing supervision of activities of the Bank, the Supervisory Board held 13 meetings in 2010, on the following dates:

- 20 January 2010
- 4 March 2010
- 16 March 2010
- 8 April 2010
- 6 May 2010
- 27 May 2010
- 24 June 2010
- 22 July 2010
- 2 September 2010
- 29 September 2010
- 18 November 2010
- 9 December 2010
- 16 December 2010

Main activities of the Supervisory Board in 2010

The main actions and policies of the Supervisory Board in 2010 comprised decisions the Board adopted in the form of resolutions, including:

- a resolution to approve the “Bank Ochrony Środowiska S.A. Financial Plan for 2010” (Resolution No. 1/2010 of 20 January 2010);
- a resolution to approve the „Internal Audit Agenda for 2010” (Resolution No. 2/2010 of 20 January 2010);
- a resolution to enact „Bank Ochrony Środowiska S.A. equity management policy” (Resolution No. 5/2010 of 20 January 2010);
- a resolution to approve „Bank Ochrony Środowiska S.A. liquidity risk management policy” (Resolution No. 6/2010 of 8 April 2010);
- resolutions to approve a consolidated text of the Articles of Association of the Bank (Resolution No. 7/2010 of 8 April 2010 and Resolution No. 14/2010 of 22 July 2010);
- a resolution to approve „Bank Ochrony Środowiska S.A. non-compliance risk management policy” (Resolution No. 8/2010 of 6 May 2010);

- a resolution to approve "Bank Ochrony Środowiska S.A. information policy rules of procedure revised pursuant to Banking Supervision Commission Resolution No. 385/2008 of 17 December 2008" (Resolution No. 9/2010 of 27 May 2010);
- a resolution to approve „Bank Ochrony Środowiska S.A. risk management system” Rules of Procedure (Resolution No. 10/2010 of 27 May 2010);
- a resolution to approve amendments to „Bank Ochrony Środowiska S.A. Rules on extending loans, cash advances, guarantees, endorsements 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” (Resolution No. 12/2010 of 24 June 2010);
- a resolution to approve amendments to „Bank Ochrony Środowiska S.A. Rules on extending loans, cash advances and guarantees, endorsements and other off balance sheet liabilities to subsidiaries and entities associated with the Bank, shareholders of the Bank, parties related to shareholders by capital or management, and employees of the Bank, or on their behalf”. (Resolution No. 13/2010 of 24 June 2010);
- a resolution to approve „Bank Ochrony Środowiska S.A. going concern management policy” (Resolution No. 21/2010 of 18 November 2010);
- a resolution to approve the “Bank Ochrony Środowiska S.A. Financial Plan for 2011” (Resolution No. 24/2010 of 16 December 2010).

The following topics were discussed by the Supervisory Board on a regular basis:

- management of basic financial risks at the Bank, including: liquidity risk, credit risk, interest rate risk, foreign exchange risk,
- the financial situation of the Bank after several months and/or quarters, with a progress report on 2010 financial plan implementation and a forecast of results of the coming months,
- results of the Bank’s lending activity, with emphasis on loan portfolio quality and debt recovery effectiveness,
- credit financing environment friendly projects and the environmental effect secured, with emphasis on co-operation with the National Fund for Environmental Protection and Water Resource Management [NFOŚiGW] and its regional counterparts [Wojewódzkie Fundusze Ochrony Środowiska i Gospodarki Wodnej],
- BOŚ S.A. standing in the banking sector and compared with the peer group,
- progress in the Central Information System project implementation,
- results of audit and institutional control activities, in performance of statutory duties to watch over the audit and internal control unit,
- progress in, and effects of, implementation of the Bank Strategy – adopted in 2009 – for the coming years and changes in the organisational structure of the Bank.

In regular discussions of reports on results the Bank posted and its financial standing during the year, the Supervisory Board focused in particular on the following issues:

- Watching the financial results actually posted for conformity with the targets staked out both in the „BOŚ S.A. Strategy for the years 2009–2013” and in the Bank’s Financial Plan for 2010. The Supervisory Board noted that the targets set out in the BOŚ S.A. Strategy the Bank adopted in May 2009 had become somewhat outdated, largely because market conditions had meanwhile changed, as had certain macroeconomic targets. That accounts for certain discrepancies between targets set out in the Strategy paper and results the Bank actually posted. On several occasions, the Supervisory Board discussed the direction the development of the Bank should take, not just because of the changed market conditions including macroeconomic objectives, but also because of certain regulatory changes enacted from January 2011, in particular amendments to the Public Finance Act which are designed to help consolidate public finances. The changes enacted through amendments to this Act affect the situation of the Bank, in particular the liquidity risk level, as the kinds of funds subject to provisions of this Act are a significant portion of the Bank’s deposit base the Bank draws upon in financing lending. That was why it was decided that the Bank Strategy has to be modified in significant points, especially where it specifies the methods and time frame for the targets declared. The Supervisory Board watches the progress of work of the Management Board on updating the Strategy document. The Supervisory Board, taking note of the changes in the Public Finance Act that were to (and did) come into force in 2011 expressed their positive opinion of the Management Board efforts last year to remedy the Bank’s stability in the area of liquidity (including the Bank’s own PLN 700 million bond issue).
- The management of banking risks: the Supervisory Board made a regular assessment of the level and quality of management of the particular risks, in particular liquidity risk and credit risk.
- The effectiveness of the Bank’s activities: emphasising the need for the Bank to take actions such as improve the situation in that respect, and so raise the Bank’s C/I (cost to income) ratio.
- The Bank’s pro-environment activities: as the statutory mission of BOŚ S.A. Taking a positive view of accomplishments and results in that area the Supervisory Board called on the Management Board: 1) to further step up efforts intended to increase the share of environmental loans in the total loan portfolio (among other things, by joining in the management of EU projects and establishing co-operation with implementing organisations), especially given the low risk level of this portfolio, 2) to enrich co-operation with other organisations involved in financing environmental protection, in particular with the National Fund for Environmental Protection and Water Resource Management and its counterparts in the regions.

Brief assessment of the Bank standing in 2010, 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 2010 on the basis of:

- an analysis of BOŚ S.A. financial statements for 2010,
- an analysis of the Management Board report the Bank activity in 2010,

- the opinion of the auditors on the course and findings of audits of the financial statements of the Bank,
- current reports on the economic situation and financial situation of the Bank the Supervisory Board considered at meetings during the year,
- reports on audits and ad hoc inspections performed by the internal audit unit.

The Supervisory Board observed that:

- BOŚ S.A. posted a PLN 54.1 mn net profit in 2010, nearly 293% on the 2009 figure,
- the Bank's total assets grew to more than PLN 15 bn, nearly 26% on the 2009 figure,
- the Bank kept to its cost retrenchment line. With the scale of activity having grown growing more than 25%, general administrative cost grew a mere 0.7%.

The Supervisory Board further noted that in 2010:

- the Bank offer was more attractive to clients, which, along with the Bank's strong advertising and promotional presence in the media, resulted in significant increases in number and value of banking products sold, in particular:
 - an increase – nearly by 25.8% – of current transaction accounts,
 - an increase – by more than 16% – of payment cards and credit cards in the individual and corporate client segments,
 - an increase – by about 33% – of the mortgage loan portfolio in the retail clients segment,
- net impairment write-offs on assets were slightly under target, close to the previous year level,
- BOŚ S.A. further increased its share in the commercial banking sector. At end-December 2010 BOŚ S.A. held:
 - 1.22% – in total assets, from 1.06% at end 2009,
 - 1.32% – in total liabilities, from 1.19% at end 2009,
 - 1.25% – in total receivables, from 1.17% at end 2009,
- the Bank further increased its deposits portfolio (by about 30%), from 2009, as well as loans and cash advances to its clients (by about 18%),
- substantial progress was made in risk identification, quantification and management at the Bank, which was confirmed by the auditor following their audits of the Bank's yearly financial statements,
- loan portfolio quality and credit risk management improved further,
- following an increase of capital through an issue of O-series shares addressed to the National Fund for Environmental Protection and Water Resource Management [NFOŚiGW] in return for a contribution in kind in the form of shares and interests in companies owned by the NFOŚiGW, and also through a PLN 120 mn issue of A-series bonds with the recognition thereof with supplementary capital, BOŚ S.A. raised its own funds level, which made it possible for the Bank to continue its operations at a safe level and to implement the adopted direction the development of the Bank should take,
- Fitch Ratings agency reaffirmed in its yearly rating study its appraisal of the Bank's creditworthiness to maintain BOŚ S.A. Bank Ochrony Środowiska S.A. at the previous level (BBB long-term rating level).

In summary, the Supervisory Board took a positive view of the situation and results of the Bank for 2010, noting in particular:

- a better-than-expected significant increase in total assets and the financial result,
- an improved loan-to-deposit ratio and an improved structure of the Bank balance sheet, also owing to the issue of own bonds (the balance sheet structure became more secure mainly from the point of view of possibilities of risk management, especially liquidity risk),
- an improved net income from banking activity in 2010, including net interest and net fee and commission income,
- the Bank's successful cost retrenchment policy, which resulted in cost remaining unchanged from the 2009 level,
- an improved ROE (return on equity) and a better-than-projected C/I (cost to income),
- BOŚ S.A. increasing its shares of the market.

The Supervisory Board, taking a positive view of the Bank's accomplishments in 2010, as well as the Management Board intended policies in respect of the direction the development BOŚ S.A. should take in the coming years, including an increase in the Bank's goodwill and own funds, in consideration among others of the auditor's positive opinion on the audited financial statements for 2010 (an opinion without reservations), appointed a Management Board of the Bank for a next term in March 2011 – unchanged from the personal composition of the previous term – on the condition precedent that the respective resolutions may not come into force before the Annual General Meeting of BOŚ S.A. has approved the financial statements financial of the Bank for 2010 and members of the Management Board have been granted approval of the discharge of duties in 2010.

The above consideration was thought necessary as it sent participants in financial markets as potential investors a transparent message that the Bank stood firmly by its declared direction of development. Such a decision is also likely to meet expectations following from Best Practice of Public Liability Companies rules, which are mainly designed to reinforce transparency of stock exchange listed companies and to raise quality of communication with investors.

Assessment of the risk management system and the internal control system

The Bank operates a formalised bank management mechanism, enacted through resolutions of the the Management Board and the Supervisory Board, which consists of:

- a risk management system,
- an internal control system.

Both these systems are of crucial importance for the functioning of the Bank, implementation of its Strategy, and of shareholders' interests.

The risk management system defines the 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. The risk management process comprises: 1) the identification of risk, its assessment and measurement, 2) monitoring, control and reporting, 3) decision-making, and taking actions to change risk levels and profiles, along with the monitoring of effects of such decisions and actions.

The aim of risk management is to maximise goodwill of the Bank by adapting risk levels and profiles to market conditions and regulatory requirements and the character of the Bank's activities, including risk appetite.

Within the scope of the risk management system, the Bank operates:

- an Assets and Liabilities Committee, with responsibility for ongoing oversight over market risk, liquidity risk and for the management of credit risk in portfolio approach;
- an Operating Risk Committee, with responsibility for the ongoing oversight over operating risk management;
- a Credit Committee at the Head Office, with responsibility for the management of credit risk of individual transactions.

Risk management is performed at the Bank pursuant to written internal procedures signed off by the Management Board. Risks assessed as significant are monitored in monthly cycles at the Bank. Information notices on such cases are generated within the information management system in operation at the Bank, are presented to the Management Board, as the Management Board in turn presents its information notices on basic banking risk management regularly to the Supervisory Board.

The Bank applies in its operations:

- internal limits adequate to the scale and complexity of operations, to mitigate risk levels in the particular lines of business at the Bank,
- limits reducing overall risk levels at BOŚ S.A.

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 processes instituted in 2009 for the purpose of more efficient risk identification, quantification and management at the Bank were continued successively and effectively in 2010;
- declares that it takes a positive view of the risk management system working at the Bank, recognising that the structure thereof provides good possibilities of risk identification, ongoing monitoring and reporting, and so, if necessary, of taking remedial action in due time.

The internal control system

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 way to ensure efficient control of the process and protection of the Bank's interest the internal control system comprises the following functions:

- 1) risk control mechanisms, which operate in particular as internal rules, limits, procedures, enacted on motions of the particular governing bodies of the Bank and subsequently as checks of compliance therewith,
- 2) watching the Bank's operations for compliance with regulations of the law and internal regulations, and checking any risk control mechanisms implemented

for effectiveness. Such monitoring is a continuous process, especially as part of functional internal control examination, performed by all staff at the Bank. Functional control is a basic type of control at the Bank and an integral part of the system of leadership and managing the business of the Bank,

- 3) internal audit, a function reporting directly to the Bank Supervisory Board and being a major element of the Bank management process. 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.

The internal control system at BOŚ S.A. works on the basis of internal regulations, in particular written policies, rules of procedure and position papers signed off by the Management Board and approved by the Supervisory Board.

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 relies for assistance and basic support on the internal audit service.

In its review of internal audit activities in 2010 the Supervisory Board found that the audit unit performed 5 audits and 6 ad hoc control inspections in 2010.

The 2010 audits probed the following issues, among other things:

- the management at BOŚ S.A. of risk concentration of exposures, including big exposures,
- the course of selected phases of lending to clients, including mainly the monitoring of the economic and financial situation and monitoring legal security items of loan transactions, in connection with a new lending process implemented (post-implementation audits),
- the granting of housing loans to natural persons,
- direction and management of the banking operations process in operations branches, and in particular: directing the work of and exercising supervision and functional control in processes of: 1) deposit product sales, 2) cash operations, 3) settlements, 4) outlet security assurance, 5) outlet work organisation,
- the granting (in 2000) of security and managing a loan to the company Stoczniowy Fundusz Inwestycyjny sp. z o.o.,
- an assessment of the successive phases of the FERMAT system (in a project task procedure) an assessment of related risk analysis, identification and mitigation,
- the granting, in co-operation with financial intermediaries in 2007–2009, of mortgage loans and advances, cash borrowings backed with security of payment of the entire borrowing with life assurance policies to foreign clients,
- conclusion, in 2010, of buy and sell transactions and debt securities sale transactions with non-banking clients,
- progress of realisation of recommendations issued following internal audits performed in the period from June 2009 to May 2010.

Results of the particular audits and control inspections, in a form of reports possibly with post-audit recommendations, were immediately presented to the Supervisory

Board Chairman and the Management Board President, and also to members of the Bank Management Board and to interested directors of Head Office Departments.

The relevant recommendations put forward by auditors following every audit were signed off by the Management Board President and sent out with instructions to put them into effect. Leaders of the offices audited submitted written notices with progress reports on their implementation of any recommendations to the Management Board President with copy to the audit unit.

The status of recommendations issued in the last 12 months was the subject of a separate audit (review) for progress.

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.

Similar quarterly reports on results of audits/inspections performed in the quarter were submitted to the external auditor auditing the Bank financial statements and inspectors of the Financial Supervision Authority Office [UKNF] who performed a full-scale inspection at the Bank in autumn 2010.

Findings of the internal audit service in 2010 reaffirmed the need for further efficiency actions to be taken for the improvement of processes/procedures of direction, sales management, and risk and control evaluation mechanisms. Results of the audits performed were also used by the audit unit in drafting new regulations concerning rules and ways of functional control exercise at the Bank, which were enacted through Management Board President regulation on 1 April 2011.

New regulations due for implementation in 2011 are going to make possible more efficient recognition of risks in the Bank's business operations, weaknesses in control tools and mechanisms, inconsistencies and gaps in internal regulations, in addition to preventing them more efficiently. The new functional control rules are also going to help unify and streamline internal information flows on results of control inspections, thereby reinforcing the effects of the Head Office's managerial, supervisory, control and instruction activities.

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 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,
- findings of audits and recommendations are used in day-to-day management policies and decisions; implementation of recommendations was conducive to lowering the level of risk the Bank faced, and to development and implementation of efficient functional control mechanisms,
- implementation of the audit unit's recommendations on a systematic basis leads to the attainment of acceptable risk levels at the Bank.

Appraisal of the performance of the Supervisory Board of Bank Ochrony Środowiska S.A. in 2010

As provided for in the Best Practice Code of companies listed at the Warsaw stock exchange [GPW], the Supervisory Board performed an assessment of their activity for presentation to the General Meeting, with highlights on the assessment of:

- The composition and organisation and work of the Supervisory Board as a collective body.
- Competences and performance of individual members of the Supervisory Board and the Internal Audit Committee.
- Results of the work of the Supervisory Board in the light of the targets.

The Supervisory Board held 13 meetings in 2010, which means the number of Supervisory Board meetings was well above the requirements set out in § 19 subpara. 2 of the Bank Articles of Association and art. 389 § 3 of the Code of Commercial Companies. The Supervisory Board activities concerned matters on the Supervisory Board agenda for the year and any business emerging in the current work of the Bank.

As a matter of principle, all Supervisory Board members attended board meetings. The few cases of absence were always explained and justified. Each of its members watched the developing situation of the Bank, not only by virtue of their functions but also by education, experience and interests. Some valuable observations were recorded in minutes from Supervisory Board meetings.

With their personal qualities and professional experience every one of the Supervisory Board members made their own contribution to the work of the Supervisory Board as a collective body:

- Marcin Likierski, Chairman of the Supervisory Board, Chairman of the Audit Committee, with a PhD in economics. Expert and adviser in building visions of corporate development and strategy objectives, strategy implementation based on Balanced Scorecard management techniques. Specialist on change management, restructuring tasks, introducing organisational changes for enhanced economic effectiveness. Expert in strategy management, corporate strategy development and implementation;
- Jacek Bajorek, Deputy Chairman of the Supervisory Board, legal adviser. Experience in counselling to local government institutions (among others, the Marshal's Office in Województwo Małopolskie province). In 1994–2004, arbiter with the Public Procurement Office; World Bank consultant on a flood damage recovery project. Lecturer with Małopolska Szkoła Administracji Publicznej at the Academy of Economics in Kraków, and lecturer with Tischner European University in Kraków.
- Marian Pigan – Secretary of the Supervisory Board, Member of the Audit Committee, holds doctor's degree, forestry engineer. Director General with Lasy Państwowe state forestry enterprise. Broad ecological expertise, in particular in forest management; t in modern technology in forest management and the timber industry;
- Józef Koziół, Member of the Supervisory Board, Deputy Chairman of the Audit Committee, with PhD in economics. Prorektor and professor with WSRL agricultural college in Żyrardów. Specialist in banking and finance. Author of the concept of founding the NFOŚiGW national environmental protection fund as well as the establishment of BOŚ S.A. bank; long-time President of the Management Board of the bank. Initiated the process that led BOŚ S.A. eventually go public

and listed on the GPW Warsaw stock exchange. He served in government positions as well, among others as Deputy Prime Minister, and Minister for Environmental Protection. Member of the Chief Council of Business Centre Club, author of many publications, mostly on banking business

- Michał Machlejd, Member of the Supervisory Board: long-standing service in banking, sat as member in boards of top Polish banks: Polski Bank Inwestycyjny S.A., PKO BP, BGŻ S.A., as well as member of the board of the Polish Bank Association [ZBP]. Presently serves as head of the Warsaw district heating supplier SPEC. Member of the Chief Council of Business Centre Club. With broad background in running large business organisations and in managing large staff forces;
- Marian Malicki, Member of the Supervisory Board: professors' knowledge and experience in the economics of environmental protection, risk management and regional planning. Now heads Socio-Economic Policy Chair and European Regional Studies at Szczecin University; professor with Zachodniopomorska Szkoła Biznesu school of business in Szczecin. Organised many international conferences mainly on ecology and regional policy. Hosted by many foreign research institutions. Author of a number of scientific publications;
- Ryszard Ochwat, Member of the Supervisory Board: expert in environmental protection and its financing mechanisms; long-standing staff member at the NFOŚiGW, senator of the Republic of Poland in 1993–1997, chaired the Senate Environmental Protection Commission;
- Janusz Topolski, Member of the Supervisory Board: specialises in monetary policy and settlements. Started his career in the banking industry. From 2000, staff member at the National Fund for Environmental Protection and Water Resource Management [NFOŚiGW], working on finance posts in the area of monetary transactions and settlements, among other things as Director of Accounting and Settlements Department, now Office Director;
- Michał Wysocki, Member of the Supervisory Board: legal adviser, specialist in commercial law, business law, copyright and related law, civil law, investment advice to enterprises. Author of many publications on commercial law applications, securities law, and public trading in securities.

The Supervisory Board delivered all duties that are vested in this Bank directing body on time and with utmost diligence. The Supervisory Board took its decision only after a scrupulous consideration of the merits of the case, and after it heard the Management Board present their position.

The Supervisory Board performed its duties of standing supervision over the business of the company strictly in keeping with the relevant provisions set out in the Code of Commercial Companies and in the Bank's own statutes. This showed especially in discussing the following issues:

- 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;
- the financial standing of the Bank at the moment of the year, and how close the results the Bank was posting matched the targets set out in its Financial Plan and its Strategy document. A matter of fundamental importance at the Bank, this was also was discussed at every meeting;

- results of audit and institutional control activities were a topic the Supervisory Board considered in the delivery of its statutory duty of supervising the audit unit and the internal control service, and in fulfilment of its role in the operation of its risk management system and internal control system. Every quarter the Supervisory Board discussed detailed reports on results and findings of audits and control inspections performed in the preceding quarter of the year;
- results of a full-scale inspection the Financial Supervision Authority Office [UKNF] performed at the Bank from 23 August to 01 October 2010. The Supervisory Board dealt with that particular issue on several occasions, to study and discuss: 1) the text of the report on the inspection, with Management Board explanations of the facts and findings mentioned in the report, 2) the UKNF post-inspection recommendations, 3) a Management Board time schedule for implementation of the recommendations. Supervisory Board representatives also held a meeting with the UKNF officers to discuss the results and findings of the inspection. The Supervisory Board then resolved it will join in monitoring the implementation of recommendations by considering regular (quarterly) progress reports on the implementation of the particular recommendations, and that the internal audit unit will be directed to perform the necessary control inspection in the fourth quarter this year.

Some other points frequently raised for discussion at Supervisory Board meetings were to do with the following issues:

- assessment and mitigation of banking risks in the work of BOŚ S.A.,
- development of co-operation with the NFOŚiGW and its counterparts in the regions, the WFOŚiGW,
- effectiveness levels at the Bank,
- competitive offer and effective marketing actions.

The Supervisory Board had an Internal Audit Committee in its structure. In 2010 the Committee worked in the following composition:

- Marcin Likierski Chairman of the Supervisory Board,
Chairman of the Committee
- Józef Koziół Deputy Chairman of the Committee
- Marian Pigan Member of the Committee

In 2010, the Committee performed the duties defined for it in the relevant Supervisory Board Resolution and in the Auditors and their Self-Governing Body, Entities Entitled to Carry Out Audits of Financial Statements, and Public Supervision Act, reporting to the Supervisory Board the topics considered and opinions issued.

In its six meetings in 2010, the Committee discussed the following matters, among other things:

- 1) on 20 January 2010: a draft Resolution of the Bank Supervisory Board to approve the „Internal Audit Agenda for 2010”;
- 2) on 4 March 2010: an information report on „Banking Risk in Q4 2009”;
- 3) on 8 April 2010: an information report on the realization of the internal audits agenda for Q1 2010;
- 4) on 27 May 2010:

- an information report on „Banking Risk in Q1 2010”;
 - a motion for adoption of a resolution to approve Bank Ochrony Środowiska S.A. Management Board Resolution No. 45/2010 of 22 April 2010 to enact to approve „Bank Ochrony Środowiska S.A. risk management system” Rules of Procedure;
 - information reports on internal audit results:
 - a) for Q4 2009;
 - b) for Q1 2010;
- 5) on 2 September 2010:
- an information report on „Banking Risk in Q2 2010”;
 - an information report on results of internal audits performed in Q2 2010;
- 6) on 18 November 2010:
- an information report on „Banking Risk in Q3 2010”
 - an information report on results of internal audits performed in Q3 2010.

In the light of the above facts and data, the results of work of the BOŚ S.A. Supervisory Board in 2010 in pursuit of goals set for it deserve, in the Board's opinion, to be described as positive.

Recommendations

Acting pursuant to Art. 382 § 3 of the Code of Commercial Companies and § 20 subpara. 7 and § 43 of the Articles of Association of BOŚ S.A., the Supervisory Board considered materials for debate at the Annual General Meeting of BOŚ S.A., including:

- the agenda of the General Meeting,
- draft texts of all resolutions, in particular: a draft resolution regarding the distribution of profit of 2010 and a draft resolution regarding amendments to the Articles of Association of the Bank, along with written opinions of the documents,
- the Management Board report on the Bank operations in 2010, along with a written assessment of the report,
- the financial statements of the Bank for the period from 1 January 2010 to 31 December 2010 (with the auditors' opinion), along with an assessment thereof,
- the report on activities of the BOŚ S.A. Group in 2010, along with its opinion thereof,
- the consolidated financial statements of the BOŚ S.A. Group for the period from 1 January 2010 to 31 December 2010 (with the auditors' opinion), along with an assessment thereof.

Having reviewed the above documents the Supervisory Board recommends them for approval to the Annual General Meeting of 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 2010, along with an assessment of the Bank internal control system and its risk management system, as well as an assessment of the Supervisory Board activity in

2010, the Supervisory Board requests the General Meeting to approve it and also to adopt:

- the proposed resolutions to approve this report,
- the other resolutions related to matters set out in the agenda of the Annual General Meeting, in particular:
 - to approve the distribution of the Bank's profit for 2010, as proposed in the draft resolution,
 - to approve the Management Board proposed amendments to the Articles of Association of the Bank,
 - to approve the discharge of duties by all members of the Bank Management Board.

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

/Marcin Likierski/

Warsaw, 28 April 2011