

***Drafts of resolutions of the AGM of the BOŚ S.A.***

**Resolution No. /2014  
of an Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on electing a Chairman of the General Meeting**

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

**Resolution No. /2014  
of an Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on electing a Secretary of the General Meeting**

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

**Resolution No. /2014  
of an Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on adopting the agenda.**

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

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on approving the Management Board Bank activity report for 2013**

Acting pursuant to the provisions of art. 393 point 1 and art. 395 § 2 point 1 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 1 and § 10 point 1 of the Bank Articles of Association, the Annual General Meeting of BOŚ S.A. resolves to approve the Management Board Bank activity report for 2013 the Bank Management Board presented to Shareholders at the Annual General Meeting on 30 April 2014.

*An assessment „The Management Board Bank activity report for 2013” approved by the Supervisory Board at a meeting on 31 March 2014 is attached as Appendix No. 1 to this Report.*

*The Management Board Bank activity report for 2013 was released and published in the Annual Report (R/2013) on 19 March 2014.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.**

**of 30 April 2014**  
**on approving the Bank financial statements**  
**for the period from 1 January 2013 to 31 December 2013**

Acting pursuant to the provisions of art. 393 point 1 and art. 395 § 2 point 1 of the Code of Commercial Companies and pursuant to the provisions of art. 53 subpara. 1 of the Accounting Act, in connection with § 9 subpara. 4 point 1 i § 10 point 1 of the Bank Articles of Association, the Annual General Meeting of Bank Ochrony Środowiska S.A. resolves to approve the audited financial statements of the Bank for the financial year 2013, which comprise:

- the income statement for the financial year 2013, showing a net profit of PLN 62 911 thousand;
- the comprehensive income statement for the financial year 2013, showing total income in the amount of PLN 37 386 thousand;
- the statement of financial position prepared to the date of 31 December 2013, with assets and liabilities representing the amount of PLN 18 331 881 thousand;
- the statement of changes in equity for the financial year 2013, showing an increase in equity in the amount of PLN 37 730 thousand;
- the cash flow statement for the financial year 2013 showing net inflows in the amount of PLN 440 894 thousand;
- the additional notes identifying the accounting standards applied and other explanations.

*An „Assessment of the financial statements of Bank Ochrony Środowiska S.A. for the period of 1 January 2013 to 31 December 2013” approved by the Supervisory Board at a meeting on 31 March 2014 is attached as Appendix No. 2 to this Report.*

*The financial statements of the Bank for 2013 were released and published in the Annual Report (R/2013) on 19 March 2014.*

**Resolution No. /2014**  
**of the Annual General Meeting of Bank Ochrony Środowiska S.A.**  
**of 30 April 2014**  
**on approving the Management Board BOŚ S.A. Group activity report for 2013**

Acting pursuant to the provisions of art. 395 § 5 of the Code of Commercial Companies, in connection with § 10 point 2 of the Bank Articles of Association, the Annual General Meeting of Bank Ochrony Środowiska S.A. resolves to approve the Management Board BOŚ S.A. Group activity report for 2013 the Bank Management Board presented to Shareholders at the Annual General Meeting on 30 April 2014.

*An assessment „The Management Board BOŚ S.A. Group activity report for 2013” approved by the Supervisory Board at a meeting on 31 April 2014 is attached as Appendix No. 3 to this Report.*

*The Management Board Bank activity report for 2013 was released and published in the Annual Report (RS/2013) on 19 March 2014.*

**Resolution No. /2014**  
**of the Annual General Meeting of Bank Ochrony Środowiska S.A.**  
**of 30 April 2014**  
**on approving the BOŚ S.A. Group consolidated financial statements**  
**for the period from 1 January 2013 to 31 December 2013**

Acting pursuant to the provisions of art. 395 § 5 of the Code of Commercial Companies and art. 63c subpara. 4 of the Accounting Act, in connection with § 10 point 2 of the Bank Articles of Association, the Annual General Meeting of BOŚ S.A. resolves to approve the audited Bank Ochrony Środowiska Group consolidated financial statements of S.A. for the financial year 2013, which comprise:

- the consolidated income statement for the financial year 2013, showing a net profit of PLN 65 903 thousand;
- the consolidated comprehensive income statement for the financial year 2013, showing total income in the amount of PLN 38 460 thousand;
- the statement of financial position prepared to the date of 31 December 2013, with assets and liabilities representing the amount of PLN 18 417 105 thousand;
- the statement of changes in equity for the financial year 2013, showing an increase in equity in the amount of PLN 38 686 thousand;
- the cash flow statement for the financial year 2013 showing net inflows in the amount of PLN 440 809 thousand;
- the additional notes identifying the accounting standards applied and other explanations.

*An „Assessment of the consolidated financial statements of Bank Ochrony Środowiska S.A. Group for the period of 1 January 2013 to 31 December 2013” approved by the Supervisory Board at a meeting on 31 March 2014 is attached as Appendix No. 4 to this Report.*

*The consolidated financial statements of Bank Ochrony Środowiska S.A. Group for the period of 1 January 2013 to 31 December 2013 were released and published in the Annual Report (RS/2013) on 19 March 2014.*

**Resolution No. /2014**  
**of the Annual General Meeting of Bank Ochrony Środowiska S.A.**  
**of 30 April 2014**  
**on approving the Bank 2013 profit distribution**

Acting pursuant to the provisions of art. 395 § 2 point 2 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 2 of the Bank Articles of Association, and Resolution No. /2014 of the Annual General Meeting of 30 April 2014 on approving the Bank financial statements for the period from 1 January 2013 to 31 December 2013, the Annual General Meeting of Bank Ochrony Środowiska S.A. resolves to recognise the net profit of the Bank for 2013 in the amount of PLN 62 910 541,21 as, and post it with, capital surplus of the Bank.

*The Supervisory Board opinion*

*The Bank Supervisory Board – at a meeting on 31 March 2014 – expressed their positive opinion on the draft of this resolution, and recommended approval thereof to the General Meeting.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on offsetting the Bank's previous year loss**

Acting pursuant to the provisions of art. 395 § 2 point 2, in connection with art. 396 § 5, of the Code of Commercial Companies, the Annual General Meeting of BOŚ S.A. hereby resolves to allocate a total amount of PLN 10 113 579.11 from the surplus capital of Bank Ochrony Środowiska S.A. to offset the Bank's previous year loss.

*The Supervisory Board opinion*

*The Bank Supervisory Board – at a meeting on 31 March 2014 – expressed their positive opinion on the draft of this resolution, and recommended approval thereof to the General Meeting.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on granting Mr Mariusz Klimczak the vote of approval for  
performance of duties in 2013**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant, **Mariusz Klimczak** President of the Bank Management Board, the vote of approval for performance of duties in the period of 1 January 2013 to 31 December 2013.

*The Supervisory Board opinion*

*Having considered the Management Board report on the Bank's activities in 2013 the Supervisory Board recommends to the General Meeting approval of granting Mr M. Klimczak the vote of approval for performance of duties in 2013.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on granting Mr Stanisław Kolasiński the vote of approval for performance of  
duties in 2013**

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 - First Deputy President of the Management Board, the vote of approval for performance of duties in the period of 1 January 2013 to 31 December 2013.

*The Supervisory Board opinion*

*Having considered the Management Board report on the Bank's activities in 2013 the Supervisory Board recommends to the General Meeting approval of granting Mr S.Kolasiński the vote of approval for performance of duties in 2013.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on granting Mr Przemysław Lech Figarski the vote of approval for  
performance of duties in 2013**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant, **Mr Przemysław Lech Figarski** Vice-President of the Bank Management Board, the vote of approval for performance of duties in the period of 1 January 2013 to 31 December 2013.

*The Supervisory Board opinion*

*Having considered the Management Board report on the Bank's activities in 2013 the Supervisory Board recommends to the General Meeting approval of granting Mr P.L.Figarski the vote of approval for performance of duties in 2013.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on granting Mr Adam Zbigniew Grzebieluch the vote of approval for  
performance of duties in 2013**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant, **Mr Adam Zbigniew Grzebieluch** Vice-President of the Bank Management Board, the vote of approval for performance of duties in the period of 1 January 2013 to 31 December 2013.

*The Supervisory Board opinion*

*Having considered the Management Board report on the Bank's activities in 2013 the Supervisory Board recommends to the General Meeting approval of granting Mr A. Z. Grzebieluch the vote of approval for performance of duties in 2013.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on granting Mr Krzysztof Wojciech Telega the vote of approval for  
performance of duties in 2013**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant, **Mr Krzysztof Wojciech Telega** Vice-President of the Bank Management

Board, the vote of approval for performance of duties in the period of 1 January 2013 to 31 December 2013.

The Supervisory Board opinion

*Having considered the Management Board report on the Bank's activities in 2013 the Supervisory Board recommends to the General Meeting approval of granting Mr K. W. Telega the vote of approval for performance of duties in 2013.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on approving the Activity Report of the Supervisory Board of the BOŚ S.A. and  
its committees in 2013**

Acting pursuant to the provisions of § 10 point 4 of the Bank Articles of Association, the Annual General Meeting of BOŚ S.A. resolves to approve the Activity Report of the Supervisory Board of the BOŚ S.A. and its committees in 2013 presented to Shareholders at the Annual General Meeting of the Bank on 30 April 2014.

*The „Activity Report 2013 of the Supervisory Board and its committees at Bank Ochrony Środowiska S.A. with a brief assessment of the Bank standing in 2013, and of risk management and internal control system at the Bank” is attached hereto as Appendix No. 5 to this report.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on granting Mr Marcin Likierski the vote of approval for performance of duties  
in 2013**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Marcin Likierski**, Chairman of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2013 to 31 December 2013.

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on granting Mr Jacek Maciej Bajorek the vote of approval for performance of  
duties in 2013**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Jacek Maciej Bajorek**, Deputy Chairman of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2013 to 31 December 2013.

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on granting Mr Adam Grzegorz Wasiak the vote of approval for performance of  
duties in 2013**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Adam Grzegorz Wasiak**, Secretary Chairman of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2013 to 31 December 2013.

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on granting Mr Józef Koziół the vote of approval for  
performance of duties in 2013**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Józef Koziół**, Member of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2013 to 31 December 2013.

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on granting Mr Andrzej Kazimierz Kraszewski the vote of approval for  
performance of duties in 2013**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Andrzej Kazimierz Kraszewski**, Member of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2013 to 31 December 2013.

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on granting Mr Michał Juliusz Machlejd the vote of approval for  
performance of duties in 2013**

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

of approval for performance of duties in the period of 1 January 2013 to 31 December 2013.

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on granting Mr Ryszard Ochwat the vote of approval for  
performance of duties in 2013**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Ryszard Ochwat**, Member of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2013 to 31 December 2013.

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on granting Mr Krzysztof Władysław Rogala the vote of approval for  
performance of duties in 2013**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Krzysztof Władysław Rogala**, Member of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2013 to 31 December 2013.

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on granting Mr Janusz Marek Topolski the vote of approval for  
performance of duties in 2013**

Acting pursuant to the provisions of art. 395 § 2 point 3 of the Code of Commercial Companies, in connection with § 9 subpara. 4 point 3 and § 10 point 5 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. resolves to grant Mr **Janusz Marek Topolski**, Member of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 1 January 2013 to 20 June 2013.

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on granting Mr Adam Aleksander Wojtaś the vote of approval for  
performance of duties in 2013**

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 Aleksander Wojtaś**, Member of the Bank Supervisory Board, the vote



of approval for performance of duties in the period of 20 June 2013 to 31 December 2013.

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on establishing the number of members on the Supervisory Board**

1. Acting pursuant to the provisions of § 17 subpara. 1 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. hereby establishes the number of members on the Supervisory Board as .....
2. Resolution No. 7/2010 of the Extraordinary General Meeting of BOŚ S.A. of 25 August 2010 on establishing the number of members on the Supervisory Board as 9 is hereby rescinded.

*Draft resolution submitted in a manner described in Art. 401 § 1 of the Code of Commercial Companies by a Shareholder representing more than one-twentieth of equity of the Bank.*

**Resolution No. /2014  
of an Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
regarding dismissal of Supervisory Board member**

Acting pursuant to provisions of art. 385 § 1 of the Code of Commercial Companies, in connection with § 10 subpara. 6 of the Articles of Association of the Bank, this Annual General Meeting of BOŚ S.A., following secret ballot, hereby dismisses Mr. .... as Supervisory Board member.

*Draft resolution submitted in a manner described in Art. 401 § 1 of the Code of Commercial Companies by a Shareholder representing more than one-twentieth of equity of the Bank.*

**Resolution No. /2014  
of an Extraordinary General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
regarding appointment of Supervisory Board member**

Acting pursuant to provisions of art. 385 § 1 of the Code of Commercial Companies, in connection with § 10 subpara. 6 of the Articles of Association of the Bank, this Annual General Meeting of BOŚ S.A., following secret ballot, hereby appoints Mr. .... Supervisory Board member.

*Draft resolution submitted in a manner described in Art. 401 § 1 of the Code of Commercial Companies by a Shareholder representing more than one-twentieth of equity of the Bank.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on establishing the remuneration of members of the Bank Supervisory Board**

Acting pursuant to the provisions of art. 392 § 1 of the Code of Commercial Companies point 2 and § 10 point 14 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. hereby resolves as follows:

§ 1

Monthly remuneration of members of the Bank Supervisory Board is hereby established in the following amounts:

- 1) Chairman of the Supervisory Board: .....
- 2) Deputy Chairman of the Supervisory Board: .....
- 3) other members of the Supervisory Board: .....

§ 2

Apart from the remuneration referred to under § 1, members of the Bank Supervisory Board are eligible each for a share of profit in amounts to be determined by the Annual General Meeting of Bank Ochrony Środowiska S.A. in adopting a resolution on profit distribution.

§ 3

Resolution No. 41/2002 of the Annual General Meeting of Bank Ochrony Środowiska S.A. of 25 June 2002 on establishing the remuneration of members of the Bank Supervisory Board is hereby rescinded.

§ 4

This resolution shall come into force on .....

*Draft resolution submitted in a manner described in Art. 401 § 1 of the Code of Commercial Companies by a Shareholder representing more than one-twentieth of equity of the Bank.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on amendments to § 5 subpara. 2 point 10 of the Articles of Association of the  
Bank**

§ 1

Acting pursuant to the provisions of art. 430 § 1 of the Code of Commercial Companies, in connection with § 10 point 7 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. hereby resolves to amend § 5 subpara. 2 point 10 of the Articles of Association of the Bank, to read now as follows:

“10) the provision of services of investment company agent,”.

§ 2

This resolution shall come into force on the day the amendment shall have been registered by the District Court for the Capital City of Warsaw Department XII National Court Register.

The Supervisory Board opinion

*The Supervisory Board – at a meeting on 31 March 2014 – expressed their positive opinion on the proposed General Meeting resolution on amendments to § 5 subpara. 2 point 10 of the Articles of Association of the Bank, and recommended adoption thereof by the General Meeting.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on amendments to § 17 subpara. 1 of the Articles of Association of the Bank**

§ 1

Acting pursuant to the provisions of art. 430 § 1 of the Code of Commercial Companies, in connection with § 10 point 7 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. hereby resolves to amend § 17 subpara. 1 of the Articles of Association of the Bank, to read now as follows:

“1. The Supervisory Board shall consist of natural persons appointed by the General Meeting for a collective term of office but not less than 5 persons and not more than 11 persons.”.

§ 2

This resolution shall come into force on the day the amendment shall have been registered by the District Court for the Capital City of Warsaw Department XII National Court Register.

*Draft resolution submitted in a manner described in Art. 401 § 1 of the Code of Commercial Companies by a Shareholder representing more than one-twentieth of equity of the Bank.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on amendments to § 20 subpara. 3 of the Articles of Association of the Bank**

§ 1

Acting pursuant to the provisions of art. 430 § 1 of the Code of Commercial Companies, in connection with § 10 point 7 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. hereby resolves to amend § 20 subpara. 3 of the Articles of Association of the Bank, to read now as follows:

“3. The Supervisory Board shall appoint, from among its members, an Internal Audit Committee and a Remuneration Committee. The Board may appoint from among its members and other committee. The composition and detailed list of responsibilities of the Committees shall be laid down by the Supervisory Board in separate

resolutions.”.

§ 2

This resolution shall come into force on the day the amendment shall have been registered by the District Court for the Capital City of Warsaw Department XII National Court Register.

The Supervisory Board opinion

*The Supervisory Board – at a meeting on 31 March 2014 – expressed their positive opinion on the proposed General Meeting resolution on amendments to § 20 subpara. 3 of the Articles of Association of the Bank, and recommended adoption thereof by the General Meeting.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on amendments to § 20 subpara. 10 point 4 of the Articles of Association of the  
Bank**

§ 1

Acting pursuant to the provisions of art. 430 § 1 of the Code of Commercial Companies, in connection with § 10 point 7 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. hereby resolves to amend § 20 subpara. 10 point 4 of the Articles of Association of the Bank, to read now as follows:

“4) approving the Bank's internal procedures for internal equity valuation, capital management and capital planning,”.

§ 2

This resolution shall come into force on the day the amendment shall have been registered by the District Court for the Capital City of Warsaw Department XII National Court Register.

The Supervisory Board opinion

*The Supervisory Board – at a meeting on 31 March 2014 – expressed their positive opinion on the proposed General Meeting resolution on amendments to § 20 subpara. 10 point 4 of the Articles of Association of the Bank, and recommended adoption thereof by the General Meeting.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on amendments to § 21 subpara. 6 point 11 of the Articles of Association of the  
Bank**

§ 1

Acting pursuant to the provisions of art. 430 § 1 of the Code of Commercial Companies, in connection with § 10 point 7 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. hereby resolves to amend § 21 subpara. 6 point 11 of the Articles of Association of the Bank, to read now as follows:

“11) to lay down internal procedures for internal equity valuation, capital management and capital planning,”.

## § 2

This resolution shall come into force on the day the amendment shall have been registered by the District Court for the Capital City of Warsaw Department XII National Court Register.

### The Supervisory Board opinion

*The Supervisory Board – at a meeting on 31 March 2014 – expressed their positive opinion on the proposed General Meeting resolution on amendments to § 21 subpara. 6 point 11 of the Articles of Association of the Bank, and recommended adoption thereof by the General Meeting.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on amendments to § 21 subpara. 7 of the Articles of Association of the Bank**

## § 1

Acting pursuant to the provisions of art. 430 § 1 of the Code of Commercial Companies, in connection with § 10 point 7 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. hereby resolves to amend § 21 subpara. 7 of the Articles of Association of the Bank, to read now as follows:

“7. The Management Board adopts, by resolution, rules of procedure for Management Board. The rules shall specify matters that may not be adopted unless by collective resolution, as well as procedural and formal requirements regarding the holding of proceedings and a detailed procedure for adopting resolutions.”.

## § 2

This resolution shall come into force on the day the amendment shall have been registered by the District Court for the Capital City of Warsaw Department XII National Court Register.

### The Supervisory Board opinion

*The Supervisory Board – at a meeting on 31 March 2014 – expressed their positive opinion on the proposed General Meeting resolution on amendments to § 21 subpara. 7 of the Articles of Association of the Bank, and recommended adoption thereof by the General Meeting.*

**Resolution No. /2014**

**of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on amendments to § 22 subpara. 2 of the Articles of Association of the Bank**

§ 1

Acting pursuant to the provisions of art. 430 § 1 of the Code of Commercial Companies, in connection with § 10 point 7 of the Articles of Association of the Bank, the Annual General Meeting of BOŚ S.A. hereby resolves to amend § 22 subpara. 2 of the Articles of Association of the Bank, to read now 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 Operation branch, and to approve rules of organisation of Head Office organisational units,
- 3) to manage internal control processes at the Bank.

§ 2

This resolution shall come into force on the day the amendment shall have been registered by the District Court for the Capital City of Warsaw Department XII National Court Register.

*The Supervisory Board opinion*

*The Supervisory Board – at a meeting on 31 March 2014 – expressed their positive opinion on the proposed General Meeting resolution on amendments to § 22 subpara. 2 of the Articles of Association of the Bank, and recommended adoption thereof by the General Meeting.*

**Resolution No. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on 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.

*The Supervisory Board opinion*

*The Supervisory Board – at a meeting on 31 March 2014 – expressed their positive opinion on the proposed General Meeting resolution on 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. /2014  
of the Annual General Meeting of Bank Ochrony Środowiska S.A.  
of 30 April 2014  
on a Buy-Back of BOŚ S.A. shares Programme to offer them to persons in  
managerial positions that have significant impact on the risk profile of the  
Bank**

Acting pursuant to the provisions of art. 393 point 6 of the Code of Commercial Companies, in connection with art. 362 § 1 point 2 and § 2 of art. 363 of the Code of Commercial Companies, the Annual General Meeting of BOŚ S.A. hereby resolves as follows:

1. The General Meeting of BOŚ S.A. hereby expresses consent to acquisition of the Bank's own shares, in the manner specified herebelow.
2. No shares of the Bank shall be eligible for acquisition except fully paid shares.
3. Eligible for acquisition may own shares of the Bank in a number representing not more than 0.12% of the total number of the Bank shares, which represents no more than 0.12% of the total number of votes at the general meeting of BOŚ S.A. and of the Bank equity.
4. Acquisition of the Bank's own shares may continue through to the period ending 31 July 2014 or until such time as the amount of funds referred to under point 6 below has been spent in its entirety.
5. Acquisition of the Bank's own shares may be effected at a minimum price not less than PLN 30 and a maximum price not higher than PLN 70 per share.
6. An amount of up to PLN 1 774 000, which comprises the price of own shares and costs of acquisition thereof, is hereby set aside for the purpose of acquisition of the Bank's own shares.
7. The Bank's own shares acquired in the prescribed manner may be set aside to be offered to persons in managerial positions that have significant impact on the risk profile of the Bank within the meaning of Polish Financial Supervision Authority Resolution No. 258/2011 of 4 October 2011 on detailed principles of functioning of the risk management system and internal control system and detailed conditions of internal capital assessment by banks and of reviewing the process of internal capital assessment and maintenance and the principles of determining the policy on variable components of remuneration of persons holding managerial positions at a bank.
8. The Bank's own shares acquired in the prescribed manner such that have not been subscribed to by persons referred to under point 7 may be disposed by the Bank within a period of time ending one year upon acquisition.
9. Acquisition of the Bank's own shares shall proceed in compliance with terms and conditions set out in Commission Regulation (EC) No. 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programmes and stabilisation of financial instruments.
10. The share buy-back programme referred to in this resolution shall be released by the Bank Management Board for publication in a current report released prior to the start of the programme.

11. The Bank Management Board is hereby empowered to carry out all and any actual and legal actions related to the own share acquisition and actions referred to under points 7 and 8 above. In particular, on the strength of this resolution the Bank Management Board is authorised to determine the definitive number of shares, the price, and term of acquisition of own shares.
12. This resolution shall come into force on the day of adoption.

#### *Justification*

*of draft resolution of the Annual General Meeting of Bank Ochrony Środowiska S.A. on a Buy-Back of BOŚ S.A. shares Programme to offer them to persons in managerial positions that have significant impact on the risk profile of the Bank*

*Pursuant to provisions of Polish Financial Supervision Authority Resolution No. 258/2011 of 4 October 2011 on detailed principles of functioning of the risk management system and internal control system and detailed conditions of internal capital assessment by banks and of reviewing the process of internal capital assessment and maintenance and the principles of determining the policy on variable components of remuneration of persons holding managerial positions at a bank, BOŚ S.A. enacted its own Rules of Procedure in granting bonuses and other variable components of remuneration for persons in managerial positions under which disbursement of part of bonus shall be effected in a form of transfer of rights to shares.*

*Accordingly, this resolution is necessary to provide possibilities for the Bank to buy back its own shares in order to offer them to persons referred to above.*

#### *The Supervisory Board opinion*

*The Bank Supervisory Board – at a meeting on 31 March 2014 – expressed their positive opinion on the draft of this resolution, and recommended approval thereof to the General Meeting.*



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

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

**Assessment of the Directors' Report  
of The Bank Ochrony Środowiska S.A. for the year 2013**

Pursuant to provisions of art. 382 § 3 of the Code of Commercial Companies and § 43 subpara. 1 of BOŚ S.A. Articles of Association, the Supervisory Board of the Bank examined the Directors' Report of The Bank Ochrony Środowiska S.A. for the year 2013 which comprises information on:

- the Bank's financial results in 2013, including data on the comprehensive income statement, the balance sheet total, and basic products, services and business areas of the Bank;
- data concerning:
  - factors and events affecting the financial position of the Bank in 2013;
  - financial risk management and internal control system at the Bank in 2013;
- the lines and factors of development of the Bank;
- running contracts and other supplementary details concerning:
  - employment at the Bank,
  - promotional and social responsibility of business activities,
- a corporate governance statement, including information concerning directing bodies at the Bank and their work.

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

- approved the audit report as conformant in form and substance with the regulations of the law and the provisions of the Articles of Association of the Bank, and as presenting accurate and clear data relevant for the assessment of the activities of the Bank in the period of 1 January 2013 to 31 December 2013,
- requests approval of said report by the General Meeting of BOŚ S.A.

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

Warsaw 31 March 2014

**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 2013 to 31 December 2013**

Pursuant to provisions of art. 382 § 3 of the Code of Commercial Companies and § 43 subpara. 1 of BOŚ S.A. Articles of Association, the Supervisory Board of the Bank examined the financial statements of Bank Ochrony Środowiska S.A. for the period of 1 January 2013 to 31 December 2013 which comprise:

- the income statement for the financial year 2013, showing a net profit of PLN 62 911 thousand;
- the comprehensive income statement for the financial year 2013, showing total income in the amount of PLN 37 386 thousand;
- the statement of financial position prepared to the date of 31 December 2013, with assets and liabilities representing the amount of PLN 18 331 881 thousand;
- the statement of changes in equity for the financial year 2013, showing an increase in equity in the amount of PLN 37 730 thousand;
- the cash flow statement for the financial year 2013 showing net inflows in the amount of PLN 440 894 thousand;
- the additional notes identifying the accounting standards applied and other explanations.

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

- approved the audit report as conformant in form and substance with the regulations of the law and the provisions of the Articles of Association of the Bank, and as presenting accurate and clear data relevant for the assessment of the financial result of business operations for 2013, as well as the material standing and financial position of the Bank at 31 December 2013,
- requests approval of said financial statements by the General Meeting of BOŚ S.A.

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

Warsaw 31 March 2014

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

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

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

Pursuant to provisions of art. 382 § 3, in connection with art. 395 § 5 of the Code of Commercial Companies and §§ 43 subpara. 1 of BOŚ S.A. Articles of Association, the Supervisory Board of the Bank examined the Directors' Report of the Bank Ochrony Środowiska S.A. Capital Group for the year 2013 which is composed of:

- Bank Ochrony Środowiska S.A., the parent organisation;
- Dom Maklerski Banku Ochrony Środowiska S.A.,
- BOS Finance AB (publ) with seat in Stockholm ;
- BOŚ Eko Profit S.A. ;
- BOŚ Invest Management Sp. z .o.o. (dawniej Invest Management Bank Ochrony Środowiska S.A. S.K.A.) ;
- BOŚ Nieruchomości sp. z o.o. ;
- BOŚ Nieruchomości sp. z o.o. Spółka Komandytowo Akcyjna;
- MS Wind sp. z o.o..

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

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

the Bank Supervisory Board:

- approved the report as conformant in with the regulations of the law relevant to activities of the Group and as presenting clear and accurate data relevant for the assessment of the activities of Bank Ochrony Środowiska S.A. Group in the period of 1 January 2013 to 31 December 2013,
- requests approval of said report by the General Meeting of BOŚ S.A.

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

Warsaw 31 March 2014

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

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

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

Pursuant to provisions of art. 382 § 3, in connection with art. 395 § 5 of the Code of Commercial Companies and § 43 subpara. 2 of BOŚ S.A. Articles of Association, the Supervisory Board of the Bank examined the Annual Consolidated Financial Statements of the Capital Group of Bank Ochrony Środowiska S.A. for the year ended 31 December 2013 which comprise:

- the consolidated income statement for the financial year 2013, showing a net profit of PLN 65 903 thousand;
- the consolidated comprehensive income statement for the financial year 2013, showing total income in the amount of PLN 38 460 thousand;
- the statement of financial position prepared to the date of 31 December 2013, with assets and liabilities representing the amount of PLN 18 417 105 thousand;
- the statement of changes in equity for the financial year 2013, showing an increase in equity in the amount of PLN 38 686 thousand;
- the cash flow statement for the financial year 2013 showing net inflows in the amount of PLN 440 809 thousand;
- the additional notes identifying the accounting standards applied and other explanations.

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

- approved the audit report as conformant in form and substance with the regulations of the law and the provisions of the Articles of Association of the Bank, and as presenting accurate and clear data relevant for the assessment of the financial result of business operations for 2013, as well as the material standing and financial position of the Group at 31 December 2013,
- requests approval of said financial statements by the General Meeting of BOŚ S.A.

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

Warsaw 31 April 2014

*Appendix No. 5  
to draft resolutions  
of the Annual General Meeting of BOŚ S.A. convened for 30 April 2014*

**Activity Report 2013  
of the Supervisory Board and its committees  
at Bank Ochrony Środowiska S.A.**

**with a brief assessment of the Bank standing in 2013  
and of risk management and internal control systems at the Bank**

Warsaw March 2014

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

### **1. Supervisory Board membership structure in 2013**

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

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

From 1 January 2013 to the day the Bank held its Annual Meeting, i.e., 20 June 2013, the BOŚ S.A. Supervisory Board sat in the following composition:

1. Marcin Likierski – Chairman
2. Jacek Maciej Bajorek – Deputy Chairman
3. Adam Grzegorz Wasiak – Secretary

Members:

4. Józef Koziół
5. Andrzej Kazimierz Kraszewski
6. Michał Juliusz Machlejd
7. Ryszard Ochwat
8. Krzysztof Władysław Rogala
9. Janusz Marek Topolski

On 20 June 2013, the Annual Meeting appointed a Supervisory Board for the 9th term of office. Mr A. Wojtaś was appointed to replace Mr J. Topolski. No other changes were made to the membership structure of the Board.

Following the above change, and in connection with the Board having established itself (at their meeting on 10 July 2013), the BOŚ S.A. Supervisory Board sat in the following composition unchanged by 31 December 2013:

- 1) Marcin Likierski – Chairman
- 2) Jacek Maciej Bajorek – Deputy Chairman
- 3) Adam Grzegorz Wasiak – Secretary

Members:

- 4) Józef Koziół
- 5) Andrzej Kazimierz Kraszewski
- 6) Michał Juliusz Machlejd
- 7) Ryszard Ochwat
- 8) Krzysztof Władysław Rogala
- 9) Adam Aleksander Wojtaś

### **2. Number of meetings in 2013**

In exercising its duty of ongoing oversight of the Bank's operations the Supervisory Board held in 2013 a total of 11 meetings (including a two-day one) and 1 workshop meeting to discuss development of a strategy of the Bank for the next few years.

The above means the number of meetings the Board held during the report period was much better than required under provisions of § 19 subpara. 2 of the Articles of Association and art. 389 § 3 of the Code of Commercial Companies.

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

### **3. Main activities of the Supervisory Board in 2013**

In 2013, the Supervisory Board addressed issues set out in its yearly work schedule as well as matters related to the going operations of the Bank.

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

In 2013, the Supervisory Board focused in particular on the following issues:

- approving updates to the “BOŚ S.A. Strategy of activity” for the years 2013–2016 and approval of the Financial Plan of the Bank for 2013;
- consideration and assessment of financial statements of the Bank and the BOŚ S.A. Group for 2012 and Management Board activity reports for the Bank and the Group in 2012, as required under provisions of the Code of Commercial Companies and the Bank Articles of Association;
- consideration and evaluation of materials presented to the Annual Meeting of BOŚ S.A. held on 20 June 2013.

Apart from that, the Supervisory Board discussed and assessed on a regular basis, in keeping with its adopted agenda for 2013, the following matters:

- the financial situation of the Bank after the months and/or quarters, with a progress report on the 2013 financial plan implementation and a forecast of results of the coming months. That particular issue, as a matter of basic importance to the Bank, was a subject of discussion at every meeting. As they considered regular information notices on results posted and the financial situation of the Bank in the course of the year the Supervisory Board looked closely at: the agreement of the results the Bank actually posted with the targets set out in its Operations Strategy and in Financial Plan, and 2) operating effectiveness and costs of the Bank, with emphasis on the need to optimise all activities in that respect;
- BOŚ S.A. standing in the banking sector and compared with the peer group;
- reports and information notices on managing banking risks;
- reports on results of internal audits and institutional control inspections – within the scope of tasks the Supervisory Board fulfils in respect of functioning of the risk management system and the internal control system;
- the Bank’s pro-ecology activities, as a statutory mission of BOŚ S.A.

In 2013, the Supervisory Board adopted altogether 61 resolutions; in particular, the Board:

- approved:
  - a “BOŚ S.A. Strategy of activity for the years 2013–2016”;
  - the Bank’s Financial Plan for 2013;
  - the Bank’s Policy lines on credit risk management and risk attaching to loan exposures financing real property and mortgaged at BOŚ S.A.;
  - BOŚ S.A. Policy lines on capital management and managing ICAAP;
  - Rules of prudential and stable management of the Bank;
  - BOŚ S.A. liquidity strategy for the years 2013–2015;
  - Long-term plan of acquisition and maintenance of stable non-proprietary funding with BOŚ S.A. for the years 2013-2015;
  - Bank Ochrony Środowiska S.A. operating risk management policy;

- BOŚ S.A. liquidity risk management policy, BOŚ S.A. policy on market risk management in the book of accounts, BOŚ S.A. policy on interest rate risk management in the bank book;
- Publication of information rules of the Bank, resulting from Polish Financial Supervision Authority [KNF] Resolution No. 385/2008 of 17 December 2008;
- set out duties to fulfil in oversight of the Business Areas and individual targets along with weights thereof for members of the Management Board for 2013;
- picked a chartered auditor to audit the financial statements of the Bank and the Group for the years 2013 and 2014;
- appointed an Ecology Committee and laid down its rules of procedure;
- amended:
  - Supervisory Board Rules of Procedure;
  - Rules of procedure of an options program addressed to executive managers at the BOŚ S.A. Group.

#### **4. Supervisory Board committees**

##### **4.1. Internal Audit Committee**

The Supervisory Board has an Internal Audit Committee in its structure. In 2013, the Committee worked in the following composition:

- 1) Mr Marcin Likierski – Chairman of the Committee
- 2) Mr Józef Koziół – Deputy Chairman of the Committee
- 3) Mr Janusz Topolski – Committee Member (till 20 June 2013)
- 4) Mr Krzysztof Rogala – Committee Member
- 5) Mr Adam Wojtaś – Committee Member (as of 10 July 2013)

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

In 2013, the Internal Audit Committee (KAW) held meetings as needed, usually in response to current developments in the Financial Plan realisation and needs of the Bank. Altogether 8 meetings were held, each recorded in written minutes. Pursuant to the defined KAW duties and empowerments the Internal Audit Committee last year focused efforts on four major areas:

- 1) monitoring the Bank's internal control and risk management systems for efficiency,
- 2) monitoring financial reporting processes at the Bank,
- 3) monitoring financial audit processes at the Bank,
- 4) monitoring the independence of the auditor and the entity authorised to review the Bank's financial statements in the discharge of their work.

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

In 2013, the Director of the Internal Audit unit held 3 meetings with members of the Internal Audit Committee in the absence of Bank Management Board members.

In the reporting period, the Internal Audit Committee issued opinions, suggestions and recommendations to raise safety levels at the Bank and to curb risk in banking operations.



Measures to take such as were set out in the Committee suggestions and recommendations were responsibilities, respectively, of the Bank's Supervisory and Management Boards. Recommendations the Committee issued had all been implemented and completed in 2013.

The Internal Audit Committee delivered in particular the following:

- they issued approximately 30 opinions, suggestions and recommendations, which had been put in place,
- they issued their opinions regarding proposed amendments to internal control system regulations and risk management policies,
- they approved updates of the Map of Risks along with the Audit Work Schedule for 2013 and further years (strategy-based plan),
- they exercised oversight over the internal control system, also with a view to quarterly Information notices on internal audit findings and to information received in letters from external supervision and control authorities,
- they exercised oversight over the risk management system at the Bank and in the BOŚ Group, also with a view to quarterly *Banking Risk Reports*,
- they discussed a Bank Management Board motion concerning the choice of an entity authorised to audit the Bank's financial statements and it presented the Committee's recommended choice to the Supervisory Board,
- they accepted a presentation of results of a review of the management information system at work in the Bank,
- they exercised oversight over the progress of audit work by an independent auditor in reviewing the Financial Reports of the Bank and the BOŚ Group in half-year periods and periodic reviews of financial results posted by the Bank and the BOŚ Group,
- they presented their assessment of the internal control system and the risk management system working at the Bank and the BOŚ Group based on internal and external tools the KAW had at its disposal.

In 2013, a control inspection was carried out at the Internal Audit unit for compliance of its operations with Internal Audit functions as prescribed in the Polish Financial Supervision Authority's (KNF) Recommendation H.

In conclusion of the review Internal Audit operations at the Bank were found to be generally in compliance with provisions of KNF's Recommendation H.

#### **4.2. Remuneration Committee**

The Remuneration Committee was appointed from among members of the Supervisory Board in 2012 to take care of actions set out in KNF Resolution No. 258/2011 of 4 October 2011 as relevant for such committees, specifically:

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

The Remuneration Committee worked in the following composition in 2013:

- 1) Ryszard Ochwat – Committee Chairman
- 2) Józef Koziol – Committee Member

- 3) Janusz Topolski – Committee Member (till 20 June 2013)
- 4) Michał Machlejd – Committee Member (from 10 July 2013).
- 5) At the close of the reporting year the Remuneration Committee worked as a 3-member body.

In 2013, the Remuneration Committee held 7 meetings, each recorded in written minutes.

The meetings focused on variable remuneration components available to persons holding managerial positions at the Bank, within the meaning of provisions of the above-mentioned KNF Resolution No. 258/2011, as well as amendments to an options program addressed to executive managers at the BOŚ S.A. Group.

The Bank Management Board President attended most meetings of the Committee.

In the reporting period, the Remuneration Committee issued opinions and recommendations designed to implement and observe at the Bank provisions of the above-mentioned KNF Resolution in respect of variable remuneration. Measures to take such as result from the suggestions and recommendations issued were responsibilities, respectively, of the Bank's Supervisory and Management Boards. Recommendations the Committee issued in 2013 had all been implemented and completed in that year.

The Remuneration Committee delivered in particular the following:

- they set out targets to meet in the supervised business areas and individual targets to meet along with weights thereof, for needs of the bonus system available to members of the Management Board,
- they issued their opinion regarding updates to the List of managerial positions at BOŚ S.A. that have significant impact on the risk profile of the Bank,
- they reviewed draft proposals regarding Rules of procedure of an options program addressed to executive managers at the BOŚ S.A. Group,
- they issued their opinion regarding rights to tranche II warrants (for Programme Year 2013) for members of the Management Board and so-called positions fulfilling control functions,
- they issued their opinion regarding determination and approval of variable remuneration for 2012 for staff in managerial positions within the meaning of KNF Resolution 258/2011,
- they recommended for approval by the Bank Supervisory Board the determined and approved variable remuneration components for 2012 for members of the Management Board.

### **4.3. Ecology Committee**

The Ecology Committee was appointed from among members of the Supervisory Board in the fourth quarter of 2013.

The Committee works in the following composition:

- Andrzej Kraszewski – Chairman Committee,
- Ryszard Ochwat – Deputy Chairman Committee,
- Jacek Bajorek – Committee Member,
- Adam Wasiak – Committee Member.

The Ecology Committee carries out its duties in that they submit recommendations and opinions regarding future lines of development for BOŚ S.A. in respect of ecology, including potentials for the Bank to grow in the pro-ecology services market and to expand its offer there.

The Ecology Committee works for the aim of supporting the Supervisory Board and the Bank Management Board in developing pro-ecology operations, including the identification of activity areas in respect of ecology, and in particular:

- to recommend lines of future development of the Bank's offer of pro-ecology banking products,
- to submit to the Supervisory Board their opinions on information notices presented to it regarding the Bank's pro-ecology operations, initiatives in that respect and lines of financing pro-ecology undertakings the Bank is developing,
- to support forms and methods of work the Bank may apply to push the cause of efficient environmental protection funding,
- to support the Bank in its co-operation with the National Fund for Environmental Protection and Water Resource Management and its regional arms as well as other organizations for environmental protection,
- to support the Bank in its work in respect of ecology policies in contacts with representatives of the Sejm and the Senate, public administration officers, including the Environmental Protection Minister.

Meetings of the Committee are convened by the Chairman, and held, as needed.

## **5. Brief assessment of the Bank standing in 2013**

The Supervisory Board made its assessment of the Bank's activity in 2013 on the basis of:

- current reports on the economic situation and financial situation of the Bank the Board considered at meetings over the year;
- reports of the Internal Audit unit on audits and ad hoc inspections it had performed;
- an analysis of the Management Board 2013 activity report for the Bank;
- an analysis of BOŚ S.A. financial statements for 2013;
- the opinion of the auditors on the course and findings of audits of the financial statements of the Bank for 2013.

Regarding the situation of the Bank it should in particular be noted that:

- the Bank posted a net profit of PLN 62.9 million in 2013, approximately 14.7% above the figure it reported for 2012;
- the Bank balance sheet value was more than PLN 18.3 billion, 9.3% above the end 2012 figure;
- the Bank posted its net fee and commission result 12% above the 2012 figure;
- the Bank posted a net trading income of PLN 22.8 million, an increase at 167.7%, i.e., by PLN 14.3 million, on the 2012 figure;
- factoring-based operations reached PLN 1.65 billion in 2013, nearly 41% above the figure posted at end 2012. Factoring trade at BOŚ S.A. has been growing at more than again the figure reported for the entire factoring services market in Poland; in 2013, the Bank had a 2% share of the Polish factoring services market;
- general administration expense of the Bank were reduced by 2.4% from the 2012 figure, as scale of business as measured by assets growth increased 9.3% over the reporting period. Material costs of the Bank dropped 9.0%, i.e., by PLN 10.2 million. Depreciation and amortisation, however, increased, by PLN 32.0%, i.e., by PLN 9.7 million, effectively following implementation of the Bank's Central Banking System;

- ROE kept at the previous year's level at 4.4%, as C/I (costs to income) dropped 3.7% from the previous year, posted at 70.4% at the end of 2013. Both the increased earnings and the reduced cost levels were responsible for the drop of C/I;
- net impairment write-downs amounted to PLN 60.2 million in 2013, up from PLN 52.4 million in 2012;
- the 2013 net interest income had dropped 2.7% from the 2012 figure. Net interest earnings dropped 14.1%, interest costs 19.2%. The 2013 drop was primarily due to subsiding market interest rates last year.

It is important to point out that:

- on 30 April 2013, Fitch Ratings maintained its rating of BOŚ S.A. at the previous levels, specifically: long-term rating at BBB, and short-term rating at F3; with the Bank's prospect rated Stable;
- the Bank, once more, was given better ratings than before following a supervisory analysis and evaluation process (under the Polish acronym BION) by the Polish Financial Supervision Authority (KNF);
- BOŚ S.A. maintained its basic ratios at safe levels last year. Capital adequacy of the Bank was 13.39% at end 2013, compared with 14.68% the year before (this particular change attributable to the development of lending activity at the Bank);
- in 2013, the Bank increased its share of the commercial banking sector. The end-2013 figures:
  - 1.30% in respect of total balance sheet value, from 1.24% at end 2012,
  - 1.35% in respect of total liabilities, from 1.28% at end 2012,
  - 1.24% in respect of total assets, from 1.19% at end 2012;
- the Bank succeeded in holding:
  - a lead position on the market of environment-friendly project financing and management. The Bank proffers what is a differentiated pro-ecology offer which meets needs of all kinds of entities comprising own products and loans granted in co-operation with donors. Such loans are offered for the purpose of financing pro-ecology undertakings and promoting environment-friendly solutions. By 31 December 2013, pro-ecology loans accounted for 23.1% of the total loan portfolio of the Bank, compared with 19.4% the year before;
  - a good position in independent rankings, often among the top players; for example, ranking 3rd on a list of most dynamic players in the factoring business *Gazeta Finansowa* published for the former half of 2013; rank 2 in a report called "Banking brand names in the media" [Marki bankowe] (September 2013); rank 1 as the Bank with the best image on the Internet according to *Gazeta Bankowa* (November 2013); the Bank's economists ranked at the top for best forecasts of macroeconomic ratios by *Gazeta Giełdy Parkiet* in 2013. Five different initiatives of the Bank and the BOŚ Foundation qualified in 2013 for a prestigious report by the Responsible Business Forum [Forum Odpowiedzialnego Biznesu] called "Responsible Business in Poland 2013. Best Practice"; including "eko-Polska.pl", an undertaking combining a banking institution's social responsibility with fosterage of environment-friendly attitudes, and "2 złotych for an animal", an action designed to advance and promote environmental protection.

In response to materials and information notices it considered in the course of the year, the Supervisory Board:

- highlighted, among other things, the following points:
  - in a few areas the Bank can still take advantage of certain reserves, in particular: the cost-to-income (C/I) and the ROE and ROA ratios; putting to use new potentials of its new information system; expanding its pro-ecology operations; the

- interest margin which is lower at the Bank than in the banking sector – this last-named factor being seen as one of the main factors responsible for the financial result and effectiveness level of the Bank’s operations;
  - the adverse effect the impairment write-downs are having on the Bank at large and the operating results it posts;
- recommended, among other things, the following policies for realisation by the Management Board:
  - to step up actions designed to raise profitability of assets and to reduce cost levels of liabilities, to improve the Bank’s basic effectiveness ratios (ROE, ROA and C/I);
  - to strengthen the Bank’s presence on the market, specifically to increase the number of new clients and to raise service quality for them, and to increase the Bank’s share of the banking market;
  - to reinforce efforts for further expansion of the Bank’s declared pro-ecology mission, which should result in increasing the proportion of low risk pro-ecology loans in the Bank’s loan portfolio, as well as to diversify and strengthen co-operation with organisations working in the system of financing ecology, in particular with the National Fund for Environmental Protection and Water Resource Management] and its counterparts in the regions;
  - to continue minimising risk in various business areas;
  - to put to use fully the effects of the new Central Banking System;
  - to stabilise personnel policy at the Bank;
  - to keep in place the Bank’s cost retrenchment policy, to hold back personnel expense and material costs alike.

The Supervisory Board takes a positive view of BOŚ S.A.’s plans to reinforce, in the coming years, its position on the market of financing actions contributing to the protection of environment. The Bank will seek to consolidate its competitive edge it has achieved and to build new advantages in what are the most promising banking market segments for BOŚ S.A., specifically the financing of environmental protection related undertakings and renewable energy source development. The Supervisory Board deems it necessary to caution though that the continuing lack of legal regulations applicable to renewable energy source utilisation is a major potential obstacle to the current and anticipated operations the Bank undertakes in that area.

## **6. Assessment of the risk management system and the internal control system**

The risk management system and the internal control system work at the Bank for the purpose of maintaining the company’s effective and efficient activity and to ensure compliance with all applicable regulations of the law in all aspects of banking activity.

The Supervisory Board, actively backed by the Internal Audit Committee, watched the two systems working at the Bank. The Board exercised its supervisory function based on internal tools specified in the Bank’s management information system, specifically reports and information notes, as well as external instruments, mostly findings of the BION supervisory analysis and evaluation process, external auditor’s reports and written opinions related to audits of financial statements of the Bank’s and the BOŚ S.A. Group, and other reports on control and supervision inspections carried out at the Bank.

The Supervisory Board is of the opinion that the Bank operates:

- adequate management systems to handle key risks, i.e., credit risk, operating risk, compliance risk, market risk and liquidity risk, all these well-attuned to the specific characteristics of the Bank and appetite for risk, which still need to be kept under standard monitoring;

- an efficient system of internal control, not without a few hitches, which results in residual risk keeping at low or moderate levels. The Supervisory Board identified certain points which need to be improved, in particular realisation, within the prescribed time frames, of recommendations spelt out following external audits and control duties the distribution network is required to perform. Standard monitoring is required to be continued in that respect.

The above evaluation of performance in 2013 was further a result of the following facts:

- continuation at the Bank of undertakings which were started in 2011 and signed off for realisation by the Governing Bodies of the Bank, specifically:
  - development of a new approach to internal control culture and quality at the Bank;
  - refurbishment and extension of the internal control system by addition of new components for better integration, efficiency and effectiveness of control functions at the Bank;
  - implementation of comprehensive regulative instruments related to the internal control system, including rules of procedure in internal audits, which put in place, among other things, formalised specimens of post-audit documentation and a 4-level risk assessment scale, along with an array of detailed regulations specified in an “Auditor’s Handbook”; also, an “Assurance and Quality Improvement Programme of Work at the Internal Audit Department” is underway, including regular self-evaluation reports submitted by the Department;
- performance of the Audit Work Schedule to book and on time, with the Internal Audit Department presenting periodic information notices to the President of the Management Board, the Management Board and the Internal Audit Committee, as well as to the Supervisory Board (in quarterly reports and an annual Information Notice on the effects of the work of the internal control system and of external control inspections carried out at BOS S.A.);
- findings of an “Assessment of Compliance of the Internal Audit function with the Polish Financial Supervision Authority’s Recommendation H” Deloitte professional services firm carried out at the Bank in the fourth quarter 2013;
- verification by the Internal Audit Department of risk control mechanisms for effectiveness and validity, including internal control performance and compliance risk management in keeping with the yearly Audit Work Schedule as signed off by the Management Board and approved by the Supervisory Board;
- verification by the Internal Audit Department of internal control mechanisms and procedures functioning in the Bank outlets, Corporate Centres and Head Office organisational units;
- continuation at the Bank of systematic solutions implemented in 2013 for automated inspection audits of the distribution network;
- completion of update of the Map of Risks and preparation of audit work schedules (yearly and multi-year ones) based on analyses of risks in processes in reliance on results of the Bank’s Map of Risks;
- continual monitoring of the internal control system at the Bank and its subsidiaries. Monitoring was performed of the Bank and its strategic subsidiary company (Dom Maklerski) by the internal audit service, and by authorised staff of the two strategic companies of the other subsidiary companies;
- in respect of financial reporting, effectiveness of the functioning internal control system, including the financial statement production process, is verified by a chartered auditor at half-year intervals. Effectiveness of the internal control system in respect of the regulative reporting process was also verified in the course of a systematic audit the Internal Audit Department carried out in 2013.

In a summary of its assessment of the BOŚ S.A. systems, the Supervisory Board states that:

- the risk management system functioning at the Bank relies on an adequate risk identification mechanism and on an ongoing monitoring of risks liable to affect the Bank's operations, and on definitions of acceptable such risk levels. Efficient risk mitigation measures are applied, as sporadic obstructions do not arrest realisation of the stated targets or objectives. The Supervisory Board, in accord with the Internal Audit Committee, recommends continuation of standard monitoring practice;
- the internal control system operating at the Bank is generally efficient, with a few insignificant hitches, which results in residual risk keeping at low or moderate levels. The Supervisory Board, in agreement with the position stated by the Internal Audit Committee, recommends exacting the implementation on time of suggested solutions and recommendations issued following internal audits and a further strengthening of efficient control mechanisms (manual and automatic) in respect of jobs the distribution network is required to perform.

## **7. Recommendations**

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

- the Management Board activity report for the Bank in 2013,
- financial statements of the Bank for the period from 1 January 2013 to 31 December 2013,
- the Management Board activity report for the BOŚ S.A. Group in 2012/3,
- the consolidated financial statements of the BOŚ S.A. Group for the period from 1 January 2013 to 31 December 2013,

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

The relevant Supervisory Board assessments were appended to each document.

In submitting this report, with a summary assessment of the situation of the Bank in 2013, along with an assessment of the Bank internal control system and its risk management system, the Supervisory Board requests the General Meeting to approve this report and to adopt the other resolutions set out in the agenda of this Annual General Meeting, and in particular:

- to approve distribution of profit of the Bank for 2013, as proposed in the draft resolution,
- to acknowledge fulfilment of duties by every member of the Bank Management Board.

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

/Marcin Likierski/

Warsaw, 31 March 2014

