

Draft resolutions

**Resolution No. /2015
of an Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
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. /2015
of an Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on electing a Secretary of the General Meeting**

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

**Resolution No. /2015
of an Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on adopting the agenda.**

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

- 1) Opening the General Meeting.
- 2) Appointing the Chairman of the General Meeting.
- 3) Stating the legitimacy of convocation of the General Meeting and the capacity thereof to pass resolutions.
- 4) Appointing the Secretary of the General Meeting.
- 5) Adopting the agenda.
- 6) Presenting the Management Board Bank activity report for 2014 and the Bank financial statements for the period from 1 January 2014 to 31 December 2014.
- 7) Presenting the Management Board BOŚ S.A. Group activity report for 2014 and the BOŚ S.A. Group consolidated financial statements for the period from 1 January 2014 to 31 December 2014.
- 8) Presenting a motion on Bank 2014 profit distribution.
- 9) Presenting a motion on offsetting the Bank`s previous year loss.
- 10) Presenting an Activity Report of the Supervisory Board and its committees in 2014.
- 11) Discussion.
- 12) Adopting resolutions regarding the following matters:
 - a) approving the Management Board Bank activity report for 2014,
 - b) approving the Bank financial statements for the period from 1 January 2014 to 31 December 2014,

- c) approving the Management Board BOŚ S.A. Group activity report for 2014,
 - d) approving the BOŚ S.A. Group consolidated financial statements for the period from 1 January 2014 to 31 December 2014,
 - e) approving the Bank 2014 profit distribution,
 - f) approving the offsetting the Bank's previous year loss,
 - g) granting members of the Bank Management Board the vote of approval for performance of duties in 2014,
 - h) approving the Activity Report of the Supervisory Board and its committees in 2014,
 - i) granting members of the Bank Supervisory Board the vote of approval for performance of duties in 2014.
- 13) Changes in membership status of the Supervisory Board:
- a) adopting resolutions regarding dismissal of Supervisory Board members,
 - b) adopting resolutions regarding appointment of Supervisory Board members.
- 14) Presenting the draft text and passing resolution 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.
- 15) Presenting the draft text and passing resolution on regarding the scope of application of the Polish Financial Supervision Authority's "Principles of Corporate Governance for supervised entities" by Shareholders of BOŚ S.A.
- 16) Closing the General Meeting.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on approving the Management Board Bank activity report for 2014**

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 2014 the Bank Management Board presented to Shareholders at the Annual General Meeting on 10 June 2015.

An assessment „The Management Board Bank activity report for 2014” approved by the Supervisory Board at a meeting on 7 May 2015 is attached as Appendix No. 1 to this Report.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on approving the Bank financial statements
for the period from 1 January 2014 to 31 December 2014**

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 2014, which comprise:

- the income statement for the financial year 2014, showing a net profit of PLN 60 828 thousand;
- the comprehensive income statement for the financial year 2014, showing total income in the amount of PLN 67 335 thousand;
- the statement of financial position prepared to the date of 31 December 2014, with assets and liabilities representing the amount of PLN 19 479 980 thousand;
- the statement of changes in equity for the financial year 2014, showing an decrease in equity in the amount of PLN 69 470 thousand;
- the cash flow statement for the financial year 2014 showing net inflows in the amount of PLN 518 212 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 2014 to 31 December 2014” approved by the Supervisory Board at a meeting on 7 May 2015 is attached as Appendix No. 2 to this Report.

The financial statements of the Bank for 2014 were released and published in the Annual Report (R/2014) on 19 March 2015

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on approving the Management Board BOŚ S.A. Group activity report for 2014**

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 2014 the Bank Management Board presented to Shareholders at the Annual General Meeting on 10 June 2015.

An assessment „The Management Board BOŚ S.A. Group activity report for 2014” approved by the Supervisory Board at a meeting on 7 May 2015 is attached as Appendix No. 3 to this Report.

The Management Board Bank activity report for 2014 was released and published in the Annual Report (RS/2014) on 19 March 2015.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on approving the BOŚ S.A. Group consolidated financial statements
for the period from 1 January 2014 to 31 December 2014**

Acting pursuant to the provisions of art. 395 § 5 of the Code of Commercial Companies and art. 63c subpara. 4 of the Accounting Act and § 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 2014, which comprise:

- the consolidated income statement for the financial year 2014, showing a net profit of PLN 65 906 thousand;
- the consolidated comprehensive income statement for the financial year 2014, showing total income in the amount of PLN 73 329 thousand;
- the consolidated statement of financial position as at the date of 31 December 2014, with assets and liabilities representing the amount of 19 677 717 thousand zlotys;
- the consolidated statement of changes in equity for the financial year 2014 with a net increase in equity amounting to 75 466 thousand zlotys;
- the consolidated cash flow statement for the financial year 2014, with a net cash decrease amounting to 516 473 thousand zlotys;
- 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 2014 to 31 December 2014” approved by the Supervisory Board at a meeting on 7 May 2015 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 2014 to 31 December 2014 were released and published in the Annual Report (RS/2015) on 19 March 2015.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on approving the Bank 2014 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. /2015 of the Annual General Meeting of 10 June 2015 on approving the Bank financial statements for the period from 1 January 2014 to 31 December 2014, the Annual General Meeting of Bank Ochrony Środowiska S.A. resolves to recognise the net profit of the Bank for 2014 in the amount of PLN 60 828 112,11 as, and post it with, capital surplus of the Bank.

The Supervisory Board opinion

The Bank Supervisory Board – at a meeting on 7 May 2015 – expressed their positive opinion on the draft of this resolution, and recommended approval thereof to the General Meeting.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
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 2 434 796,97 from the surplus capital of Bank Ochrony Środowiska S.A. to offset the Bank's previous year loss.

Justification:

The Bank proceeded, at the turn of 2014 to 2015, to accommodate its internal regulations to standards the Polish Financial Supervision Authority (UKNF) set out in their Recommendation U on best practice in bancassurance operations, which came into force as of 1 April this year.

The Bank has effectively developed a new refund calculation model in tune with Recommendation U standards, as a tool to determine the exact amount of provisions, if any, that may be necessary to secure indispensable refunds.

As applied for a first time to assess the statements to the date of 31 December 2014, the model showed the Bank had adopted too low levels of provisioning against refunds in previous years, which had left an aggregate gap of PLN 3 005 922.97 (on net PLN 2 434 796.97) in provisions against refunds, as at 31 December 2014.

As the missing provisions had accumulated in previous years (2011–2013), the adjustment was recognised in retrospective, i.e., reducing the Bank's equity value in "Net profit of previous years".

The Supervisory Board opinion

The Bank Supervisory Board – at a meeting on 7 May 2015 – expressed their positive opinion on the draft of this resolution, and recommended approval thereof to the General Meeting.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Mariusz Klimczak the vote of approval for
performance of duties in 2014**

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 2014 to 31 December 2014.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2014 the Supervisory Board recommends to the General Meeting approval of granting Mr M. Klimczak the vote of approval for performance of duties in 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015**

on granting Mr Stanisław Kolasiński the vote of approval for performance of duties in 2014

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 2014 to 31 December 2014.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2014 the Supervisory Board recommends to the General Meeting approval of granting Mr S.Kolasiński the vote of approval for performance of duties in 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Dariusz Daniluk the vote of approval for performance of duties
in 2014**

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 Dariusz Daniluk, Vice-President of the Management Board, the vote of approval for performance of duties in the period of 5 May 2014 to 31 December 2014.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2014 the Supervisory Board recommends to the General Meeting approval of granting Mr D.Daniluk the vote of approval for performance of duties in 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Przemysław Lech Figarski the vote of approval for
performance of duties in 2014**

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 2014 to 30 April 2014.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2014 the Supervisory Board recommends to the General Meeting approval of granting Mr P.L.Figarski the vote of approval for performance of duties in 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Adam Zbigniew Grzebieluch the vote of approval for
performance of duties in 2014**

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 2014 to 31 December 2014.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2014 the Supervisory Board recommends to the General Meeting approval of granting Mr A. Z. Grzebieluch the vote of approval for performance of duties in 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Paweł Kazimierz Lemańczyk the vote of approval for
performance of duties in 2014**

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 Paweł Kazimierz Lemańczyk, Vice-President of the Management Board, the vote of approval for performance of duties in the period of 5 May 2014 to 31 December 2014.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2014 the Supervisory Board recommends to the General Meeting approval of granting Mr P.K.Lemańczyk the vote of approval for performance of duties in 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Krzysztof Wojciech Telega the vote of approval for
performance of duties in 2014**

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 2014 to 30 April 2014.

The Supervisory Board opinion

Having considered the Management Board report on the Bank's activities in 2014 the Supervisory Board recommends to the General Meeting approval of granting Mr K.W. Telega the vote of approval for performance of duties in 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on approving the Activity Report of the Supervisory Board of the BOŚ S.A. and
its committees in 2014**

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 2014 presented to Shareholders at the Annual General Meeting of the Bank on 10 June 2015.

The „Activity Report 2014 of the Supervisory Board and its committees at Bank Ochrony Środowiska S.A. with a brief assessment of the Bank standing in 2014, and of risk management and internal control system at the Bank” is attached hereto as Appendix No. 5 to this report.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Marcin Likierski the vote of approval for performance of duties
in 2014**

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 2014 to 31 December 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Jacek Maciej Bajorek the vote of approval for performance of
duties in 2014**

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 2014 to 30 April 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Piotr Bogdan Kaczyński the vote of approval for performance of
duties in 2014**

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 Piotr Bogdan Kaczyński, Member of the Bank Supervisory Board, who served as Deputy Chairman of the Bank Supervisory Board from 30 April 2014 to 31 December 2014, the vote of approval for performance of duties in the period of 13 March 2014 to 31 December 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Adam Grzegorz Wasiak the vote of approval for performance of
duties in 2014**

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 2014 to 31 December 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Jacek Czesław Ciepluch the vote of approval for
performance of duties in 2014**

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 Czesław Ciepluch, Member of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 30 April 2014 to 31 December 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Mariusz Roman Karpiński the vote of approval for
performance of duties in 2014**

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 Roman Karpiński, Member of the Bank Supervisory Board, the vote of approval for performance of duties in the period of 30 April 2014 to 31 December 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Józef Koziół the vote of approval for
performance of duties in 2014**

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 2014 to 31 December 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Andrzej Kazimierz Kraszewski the vote of approval for
performance of duties in 2014**

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 2014 to 31 December 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Michał Juliusz Machlejd the vote of approval for
performance of duties in 2014**

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 2014 to 30 April 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015**

**on granting Mr Ryszard Ochwat the vote of approval for
performance of duties in 2014**

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 2014 to 31 December 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Krzysztof Władysław Rogala the vote of approval for
performance of duties in 2014**

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 2014 to 13 March 2014.

**Resolution No. /2015
of the Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
on granting Mr Adam Aleksander Wojtaś the vote of approval for
performance of duties in 2014**

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 1 January 2014 to 31 December 2014.

**Resolution No. /2015
of an Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
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. /2015
of an Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
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. /2015
of an Annual General Meeting of Bank Ochrony Środowiska S.A.
of 10 June 2015
regarding 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, art. 363 of the Code of Commercial Companies, the Annual General Meeting of BOŚ S.A. 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 below.
2. No shares of the Bank shall be eligible for acquisition except fully paid shares.
3. Eligible for acquisition may be own shares of the Bank in a number representing not more than 0.05% of the total number of the Bank shares, which represents no more than 0.05% 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 2015 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 20 and a maximum price not higher than PLN 50 per share.
6. An amount of up to PLN 532 000, 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 such shares, the price thereof, and term of acquisition of own shares.
12. In the event that members of the Bank Management Board should be party to the actions referred to under point 7 above, empowerment to determine the definitive number of such shares, the price thereof, and term of acquisition of own shares as referred to under point 11 above shall be vested in the Bank Supervisory Board.
13. 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, BOS 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 7 May 2015 – expressed their positive opinion on the draft of this resolution, and recommended approval thereof to the General Meeting.

**Resolution No. /2015
of an Annual General Meeting of Bank Ochrony Środowiska S.A.**

of 10 June 2015
regarding the scope of application of the Polish Financial Supervision
Authority's "Principles of Corporate Governance for supervised entities" by
Shareholders of BOŚ S.A.

1. Acting pursuant to provisions of § 10 point 15 of the Articles of Association of the Bank, in connection with Polish Financial Supervision Authority Resolution No. 218/2014 of 22 July 2014 to issue "Principles of Corporate Governance for supervised entities" (hereafter "the Principles" document), the Annual General Meeting of BOŚ S.A. resolves hereby to have Shareholders of the Bank to apply the following principles set out in "the Principles" document:
 - 1) "§ 9.1 – Shareholders of a supervised institution should cooperate to implement its goals and to ensure the security of the operations of that institution.",
 - 2) "§ 9.2 – Shareholders may influence the functioning of a supervised institution only through the decisions of the General Meeting, without infringing upon the prerogatives of the other bodies. Unauthorised exertion of influence on the General Meeting or Supervisory Board should be reported to the Polish Financial Supervision Authority.",
 - 3) "§ 9.3 – Shareholders shall be guided in their decisions by the interest of the supervised institution.",
 - 4) "§ 9.5 – Shareholders should efficiently use the tools of ownership supervision, so as to ensure proper functioning of the management body and supervisory body of the supervised institution. The bodies of the institution should function in a way that ensures separation of the ownership and management functions. Combining the role of shareholder with a management function shall require limitation of the role of entities related to the person in the supervisory body, to avoid lowering the efficiency of internal supervision.",
 - 5) "§ 9.6 – Any occurring conflicts between shareholders should be resolved without delay, so as to prevent the occurrence of infringement of the interest of the supervised institution and its clients",
 - 6) "§ 10.1 – Shareholders may not interfere with the way of exercising management, including running affairs by the management body of the supervised institution.",
 - 7) "§ 10.4 – Shareholders should not use their position for making decisions leading to the transfer of assets from the supervised institution to other entities, or purchasing or making other transactions causing disposal by the supervised institution of its assets on terms other than market terms, or with a threat to the security or interest of the supervised institution.",
 - 8) "§ 11.3 – In the event that the decision concerning a transaction with an related party was made by the General Meeting, all shareholders should have access to any information necessary for assessment of the terms on which the transaction is to be executed and its impact on the situation of the supervised institution.",
 - 9) "§ 12.1 – Shareholders shall be responsible for immediate capital increase of the supervised institution when it is necessary for maintaining own capitals of the supervised institution at a level required by the legal

regulations or supervision regulations, as well as when this is required by the security of the supervised institution.”,

- 10) “§ 12.2 – Shareholders should be responsible for immediate provision of financial support to the supervised institution, should it be necessary for maintaining liquidity of the supervised institution at a level required by the legal regulations or the supervision regulations, as well as when this is required by the security of the supervised institution.”,
- 11) “§ 12.3 – Decisions on whether to pay the dividend or not should depend on the need to maintain a proper level of own capitals and implementation of the strategic goals of the supervised institution, as well as they should take into account the guidelines and individual recommendations issued by the supervision bodies.”,
- 12) “§ 19.1 – A member of the supervisory body should have the competences to properly perform the obligations of supervising the supervised institution resulting from:
 - 1) knowledge (possessed as a result of education, undergone trainings, obtained professional qualifications or academic titles, or acquired otherwise in the course of professional career),
 - 2) experience (gained in the course of performing specific functions or occupying specific positions),
 - 3) skills necessary to perform the entrusted function.”,
- 13) “§ 19.2 – Individual competences of specific members of the collective supervisory bodies should complement one another, so as to enable ensuring proper level of collective exercise of supervision over all areas of activity of the supervised institution.”,
- 14) “§ 19.3 – A member of a supervisory body should warrant due performance of the duties entrusted to him or her.”,
- 15) “§ 19.4 – The composition of the management body shall include an appropriate participation of people who speak Polish and manifest an appropriate experience and knowledge of the Polish financial market necessary for supervision over a supervised institution on the Polish financial market.”,
- 16) “§ 21.1 – The number of members of a supervisory body shall be adequate to the nature and scale of the activity conducted by the supervised institution.”
- 17) “§ 22.1 – The composition of a supervised institution's supervisory body shall include an appropriate proportion of independent members, and when this is not possible, appointed from among candidates identified by minority shareholders. Independence is manifested, most of all, in lack of direct and indirect connections with the supervised institution, members of the management and supervisory bodies, significant shareholders and entities related to them.”,
- 18) “§ 26 – In the event of incomplete composition of the supervisory body of a supervised institution, it should be supplemented without delay.”,
- 19) “§ 28.4 – The General Meeting shall assess whether the established remuneration policy contributes to the development and security of the operations of the supervised institution.”,

- 20) „§ 29.1 – Remuneration of the members of the supervisory body shall be established adequately to the fulfilled function, as well as adequately to the scale of operations of the supervised institution. Supervisory body members appointed to work in committees, including the audit committee, should be remunerated adequately to the additional tasks performed within a given committee”,
 - 21) “§ 29.2 – Remuneration of supervisory body members, unless regulations prohibit the payment of such remuneration, should be established by the decision-making body.”,
 - 22) “§ 29.3 – The principles of remunerating supervisory body members should be transparent and included in the relevant internal regulation of a supervised institution.”.
2. This Resolution comes into force on the day it is adopted.

The Supervisory Board opinion

The Bank Supervisory Board – at a meeting on 7 May 2015 – 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 2014**

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 2014 which comprises information on:

- information on the Bank's financial results in 2014, including data on the comprehensive income statement, the balance sheet total, and basic products, services and business areas of the Bank;
- information on the factors and events affecting the financial position of the Bank in 2014;
- information on the financial risk management;
- supplementary information concerning, inter alia, major investment of the Bank, Bank's agreements, executive share option scheme;
- a corporate governance statement, including information concerning Bank's shareholders, 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 2014 to 31 December 2014,
- 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 7 May 2015

**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 2014 to 31 December 2014**

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 2014 to 31 December 2014 which comprise:

- the income statement for the financial year 2014, showing a net profit of PLN 60 828 thousand;
- the comprehensive income statement for the financial year 2014, showing total income in the amount of PLN 67 335 thousand;
- the statement of financial position prepared to the date of 31 December 2014, with assets and liabilities representing the amount of PLN 19 479 980 thousand;
- the statement of changes in equity for the financial year 2014, showing an increase in equity in the amount of PLN 69 470 thousand;
- the cash flow statement for the financial year 2014 showing net decrease in the amount of PLN 518 212 thousand;
- the explanatory notes to the financial statements.

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 2014, as well as the material standing and financial position of the Bank at 31 December 2014,
- 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 7 May 2015

**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 2014**

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 2014 which is composed of:

- Bank Ochrony Środowiska S.A. - the parent organisation;
- Dom Maklerski Banku Ochrony Środowiska S.A. – direct subsidiary;
- BOS Finance AB (publ) with seat in Stockholm - direct subsidiary;
- BOŚ Eko Profit S.A. – direct subsidiary;
- BOŚ Invest Management Sp. z .o.o. – direct subsidiary ;
- BOŚ Nieruchomości Sp. z o.o. – direct subsidiary;
- BOŚ Nieruchomości Sp. z o.o. S.K.A. – direct subsidiary;
- MS Wind sp. z o.o. – indirect subsidiary (a subsidiary of BOŚ Eko Profit S.A.)

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

- financial results of the Group, including the consolidated income statement, the statement of financial position, the balance sheet total, and basic products, services and business areas of the Group;
- data concerning:
 - factors and events affecting the financial position of the Group;
 - financial risk management at the Group;
 - organisation of the Group,
- corporate governance principles.

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 2014 to 31 December 2014,
- 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 7 May 2015

**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 2014 to 31 December 2014

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 2014 which comprise:

- the consolidated income statement for the financial year 2014, showing a net profit of PLN 65 906 thousand;
- the consolidated comprehensive income statement for the financial year 2014, showing total income in the amount of PLN 73 329 thousand;
- the consolidated statement of financial position as at the date of 31 December 2014, with assets and liabilities representing the amount of 19 677 717 thousand zlotys;
- the consolidated statement of changes in equity for the financial year 2014 with a net increase in equity amounting to 516 473 thousand zlotys;
- the consolidated cash flow statement for the financial year 2014, with a net cash decrease amounting to 516 473 thousand zlotys;
- 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 2014, as well as the material standing and financial position of the Group at 31 December 2014,
- 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 7 May 2015

*Appendix No. 5
to draft resolutions
of the Annual General Meeting of BOŚ S.A. convened for 10 June 2015*

**Bank Ochrony Środowiska S.A.
Activity Report 2014
of the Supervisory Board and its committees**

**with a brief assessment of the Bank standing in 2014
and of risk management and internal control systems at the Bank**

Warsaw, May 2015

Contents:

- 1. Supervisory Board membership structure in 2014**
- 2. Number of meetings in 2014**
- 3. Main activities of the Supervisory Board in 2014**
- 4. Supervisory Board committees**
 - 4.1. Internal Audit Committee**
 - 4.2. Remuneration Committee**
 - 4.3. Ecology Committee**
- 5. Brief assessment of the Bank standing in 2014**
- 6. Assessment of the risk management system and the internal control system**
- 7. Recommendations**

In the report period, the Bank Supervisory Board exercised its ongoing 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 2014

The Bank Articles of Association provides for the Supervisory Board to be composed of natural persons the General Meeting has appointed for a collective term of office in a number not less than 5 persons and not more than 11 persons.

The Annual General Meeting of BOŚ S.A. on 30 April 2014 determined, by Resolution No. 26/2014, that the Bank Supervisory Board shall be composed of 9 persons.

As at 1 January 2014, 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) Adam Aleksander Wojtaś.

An Extraordinary General Meeting of BOŚ S.A. on 13 March 2014 adopted:

- a resolution to dismiss Mr Krzysztof Rogala as Member of the Supervisory Board;
- a resolution to appoint Mr Piotr Bogdan Kaczyński Member of the Supervisory Board.

The Annual General Meeting of BOŚ S.A. on 30 April 2014 adopted:

- a resolution to dismiss:
 - Deputy Chairman Mr Jacek Maciej Bajorek as Member of the Supervisory Board;
 - Mr Michał Juliusz Machlejd as Member of the Supervisory Board;
- a resolution to appoint:
 - Mr Jacek Czesław Ciepluch Member of the Supervisory Board,
 - Mr Mariusz Roman Karpiński Member of the Supervisory Board.

The Supervisory Board elected, on 30 April 2014, Mr Piotr Bogdan Kaczyński Deputy Chairman.

As at 31 December 2014, the Bank Supervisory Board sat in the following composition:

- 1) Marcin Likierski (Chairman),
- 2) Piotr Bogdan Kaczyński (Deputy Chairman),
- 3) Adam Grzegorz Wasiak (Secretary),

Members :

- 4) Jacek Czesław Ciepluch,

- 5) Józef Koziół,
- 6) Andrzej Kazimierz Kraszewski,
- 7) Mariusz Roman Karpiński,
- 8) Ryszard Ochwat,
- 9) Adam Aleksander Wojtaś.

2. Number of meetings in 2014

In exercising its duty of ongoing oversight of the Bank's operations the Supervisory Board held in 2014 a total of 11 meetings and 1 workshop meeting.

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 2014

In 2014, 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 explanations.

In 2014, the Supervisory Board focused in particular on the following issues:

- consideration and approval of the Financial Plan of the Bank for 2014;
- appointment of the Bank Management Board for a next three-year term in office beginning 30 April 2014 and determination of conditions of employment for Management Board Members;
- consideration and assessment of financial statements of the Bank and the BOŚ S.A. Group for 2013 and Management Board activity reports for the Bank and the Group in 2013, 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 30 April 2014

The Supervisory Board discussed and assessed on a regular basis, in keeping with its adopted agenda for 2014, the following matters:

- the financial situation of the Bank after the months and/or quarters, with a progress report on the 2014 financial plan implementation, forecasts of results of the coming months, and BOŚ S.A. position in the banking sector and compared with the peer group. These issues are of basic importance to the Bank so they were discussed at every meeting. As they considered regular information notices on results posted and the financial situation of the Bank in the course of the year the Supervisory Board looked closely at: 1) the agreement of the results the Bank actually posted with the targets set out in its Operations Strategy and the Financial Plan; 2) operating effectiveness and costs of the Bank; and 3) factors

encumbering progress in implementing the Bank's Financial Plan and Operations Strategy;

- reports and information notices concerning bank risk management and reports on results of internal audits – 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.;
- employment fluctuations with the impact thereof on the standing of the Bank.

Further the Supervisory Board:

- approved:
 - “Rules on performance of internal audits by the internal audit unit at BOŚ S.A.”;
 - “Policy lines on business continuity management at BOŚ S.A.”;
 - “Policy lines on credit risk management at BOŚ S.A.”;
 - “BOŚ S.A. policy lines on capital management and the internal capital adequacy assessment process (ICAAP)”;
 - “Rules (strategy) of prudential and stable management at Bank Ochrony Środowiska S.A.”;
 - “Long-term plan of acquisition and maintenance of stable non-proprietary funding with BOŚ S.A. for the years 2013-2016”;
 - “BOŚ S.A. policy lines on liquidity risk management”;
 - “BOŚ S.A. policy lines on market risk management in the book of accounts”;
 - “BOŚ S.A. policy lines on interest rate risk management in the book of accounts”;
 - “Total internal quantitative limits in respect of financial risk at Bank Ochrony Środowiska S.A.”;
 - Changes in the organisational structure of Bank Ochrony Środowiska S.A.;
 - “BOŚ S.A. policy lines on operating risk management”;
 - “BOŚ S.A. targets and policy lines on non-compliance risk management”;
 - “Policy lines on variable remuneration components payable to persons in managerial positions at Bank Ochrony Środowiska S.A. and in the BOŚ S.A. Group”;
 - “The internal control system at BOŚ S.A. ”;
- amended “BOŚ S.A. Rules on extending loans, cash advances, guarantees and other off balance sheet liabilities to members of the Bank directing bodies, persons holding managerial positions at the Bank, and entities related by capital or management to the above-named ones, or on their behalf” and “BOŚ S.A. Rules on extending loans, cash advances, guarantees and other off balance sheet liabilities to subsidiaries and entities associated with the Bank, shareholders, parties related to shareholders by capital or management, and employees of the Bank, or on their behalf”;
- approved a consolidated text of Articles of Association of the Bank;
- laid down the numbers of Warrants series B and series C, respectively, set aside for subscription by the Eligible Persons being members of the Management Board of BOŚ S.A.;

- determined targets on areas supervised and individual targets along with weights thereof for every Management Board member to achieve in 2014;
- updated a List of Eligible Persons to participate in an options program addressed to executive managers at the BOŚ S.A. Group who are members of the BOŚ S.A. Management Board;
- approved “Rules of organization and responsibilities of the Internal Audit Committee”;
- determined the scope of application by the BOŚ S.A. Supervisory Board of “Principles of Corporate Governance for supervised entities” issued by the Polish Financial Supervision Authority.

4. Supervisory Board committees

4.1. Internal Audit Committee (KAW)

In 2014, the Internal Audit Committee worked in the following composition:

Marcin Likierski – Chairman,
 Józef Koziół – Deputy Chairman,
 Piotr Kaczyński – Member of the Committee (as of 31 March 2014),
 Mariusz Karpiński – Member of the Committee (as of 17 July 2014),
 Krzysztof Rogala – Member of the Committee (ending 13 March 2014),
 Adam Wojtaś – Member of the Committee.

At the close of the reporting year the Internal Audit Committee worked as a 5-member body.

In 2014, 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.

In 2014, the Internal Audit Committee held a total of 9 meetings, each recorded in minutes of Committee meetings.

KAW meetings were attended by:

- the President of the Bank Management Board (except two meetings) and the Director of the Internal Audit Department,
- the Vice-President First Deputy President of the Management Board where the Committee agenda provided for a discussion of quarterly reports concerning banking risk management or UKNF (Polish Financial Supervision Authority) recommendations progress reports,
- the Director of the Accounting Department and representatives of the external auditor (chartered auditor) where accounting or financial reporting issues were to be considered.

In 2014, the Internal Audit Committee held 3 meetings with members of the Bank Management Board absent: one with representatives of the external auditor (chartered auditor), one with the Director of the Internal Audit Department, and one with the Director of the Legal Support and Compliance Department.

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 KAW suggestions and recommendations were responsibilities, respectively, of the Bank Management Board, the Director of the Internal Audit Department, and the external auditor (chartered auditor). Most of KAW recommendations issued in 2014 (68%) were implemented that year, the outstanding ones signed off for implementation in 2015.

The Internal Audit Committee produced the following results:

- the system of managing key risks, specifically credit risk, operating risk, compliance risk, market risk and liquidity risk, was found to work well and to support adequately the specific needs of the Bank and its risk appetite (as presented to the Committee and the Board in regular reports on risks facing the Bank);
- the system of internal control, evaluated based on information notices submitted by the Bank Management Board and internal and external control tools, was confirmed to work efficiently, as demonstrated, e.g., by the disclosure of certain data quality gaps;
- the management information system was found to work well and appropriately to the scale of business and expectations of the Bank governing bodies.

The Committee found the above systems to be stable over time, willing to improve, and generally efficient, with a few flaws. This general assessment notwithstanding, the Committee recommends the standard monitoring of the above systems in an ongoing basis for risk mitigation.

4.2. Remuneration Committee (KW)

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

- to review and design remuneration patterns 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 the Bank;
- 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 internal regulations and regulations of the law.

In 2014, the Remuneration Committee worked in the following composition:

Ryszard Ochwat – Chairman,
Jacek Ciepluch – Member of the Committee (as of 28 May 2014)
Józef Koziół – Member of the Committee,
Michał Machlejd – Member of the Committee (ending 30 April 2014).

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

In 2014, the Remuneration Committee held 7 meetings.

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, new EU regulations: the CRD IV (Capital Requirement Directive), EBA (European Banking Authority) requirements, and Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk; and also on changes to contracts of employment and non-compete clauses in employment agreements concluded with Management Board members.

In the reporting period, the Remuneration Committee issued opinions and recommendations in respect of variable remuneration components, including the Bank's options programme addressed to executive managers at the BOŚ S.A. Group. 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 2014 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 BOŚ S.A. Management Board;
- they issued their opinion regarding the number of series B Warrants (for 2013) for and rights to series C Warrants (for 2014) for members of the Bank Management Board;
- they recommended for approval by the Bank Supervisory Board a review of performance of members of the Management Board in accomplishing targets set out to them for 2013, with proposed bonuses for 2013 performance, and with proposals to award a first tranche of deferred amounts of bonuses approved 2012;
- they recommended for approval by the Bank Supervisory a set of framework changes to contracts of employment and non-compete clauses in employment agreements concluded with Management Board members for a next term in office;
- they issued their opinion regarding a draft Policy on variable remuneration for staff in managerial positions at BOŚ S.A., as well as the BOŚ S.A. Group;
- they recommended for approval by the Bank Supervisory conditions of agreements changing contracts of employment with members of the Management Board, in connection with an amendments package to "Policy lines on variable remuneration components payable to persons in managerial positions at Bank Ochrony Środowiska S.A. and in the BOŚ S.A. Group".

4.3. Ecology Committee (KEK)

In 2014, the Ecology Committee worked in the following composition:

Andrzej Kraszewski – Chairman,

Ryszard Ochwat – Deputy Chairman,

- Jacek Bajorek – Member of the Committee (ending 30 April 2014),
Jacek Ciepluch – Member of the Committee (as of 17 July 2014),
Adam Wasiak – Member of the Committee.

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

The Ecology Committee was appointed from among members of the Supervisory Board in the fourth quarter of 2013. In its efforts to support the statutory mission of BOŚ S.A. the Committee advises the Bank Supervisory Board and the Management Board in developing pro-ecology operations, including the identification of activity areas in respect of ecology.

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 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 assist 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. In 2014, the body organised their work in meetings and working contacts.

5. Brief assessment of the Bank standing in 2014

The Supervisory Board made its assessment of the Bank's activity in 2014 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 inspections it had performed,
- an assessment of the Management Board 2014 activity report for the Bank,
- an assessment of BOŚ S.A. financial statements for 2014,
- the "Auditor's Opinion" and "Report on the audit of the financial statement of the Bank for the 2014 financial year" and auditor's information on the course and results of the audit.

Regarding the situation of the Bank in 2014 the Supervisory Board has noted in particular the following facts:

- the Bank balance sheet value was nearly PLN 19.5 billion at end 2014, 6.3% above the end 2013 figure;
- the profit figure the Bank posted in 2014 was PLN 73.1 million before provisions, and PLN 60.8 million in net profit, with the gross profit figure 10.2% on the previous year. The improvement in respect of profit before provisions from 2013 was a combined effect of growth in the following ratios:
 - net interest income (4.5%),
 - net trading income (29.0%),
 - net securities trading (74.5%),
 - net foreign exchange operations (10.9%),
 - net dividends (93.6%);
- the Bank recorded its loans and advances to clients at PLN 12.5 bn at end 2014, nearly 4% up on the 31 December 2013 figure, as its total amount owed to clients had grown liabilities by more than 7% over the year, to PLN 14.2 bn;
- general administration expense of the Bank rose 1.7% on the end 2013 figure, as scale of business as measured by assets growth increased 6.3% over the reporting period. That cost increase came mainly as a result of a 41.5% rise (by PLN 4.5 mn) of contributions and payments the Bank had to make to the Bank Guarantee Fund (BFG). Material costs of the Bank and depreciation and amortisation grew 0.7% and 1.6%, respectively, as employee benefits dropped 0.4%;
- the most important profitability and effectiveness ratios changed slightly, or stayed unchanged from the previous year: ROE ended up at 4.1%, compared with 4.3% in 2013, interest margin kept at previous year's level of 1.5%, C/I (cost to income) was at 68.7%, 2.0 percentage points short of the figure the year before; the raised income level was the main factor behind the improvement of this ratio;
- the Bank posted its net fee and commission result 7.5% below the 2013 figure;
- net impairment write-downs worsened, at PLN 68.2 mn, from the previous year figure of PLN 60.2 mn;
- the Bank saw its share of the commercial banking sector shrink in 2014, posting the following figures at end December:
 - 1.27% in respect of total balance sheet value, from 1.30% at end 2013 ,
 - 1.32% in respect of total liabilities, from 1.35% at end 2013 ,
 - 1.21% in respect of loans and advances, from 1.24% at end 2013;
- on 23 April 2014 Fitch Ratings Ltd reaffirmed its long-term ratings of the Bank at 'BBB' with negative prospects, short-term rating at 'F3', viability rating at 'bb', support rating at '2'. The lowering of prospects from stable to negative affected ratings of European banks where state holdings, direct or indirect, were substantial, or banks which, because of their importance to the banking system, could rely on sovereign support in case of difficulties. Fitch said the lowered prospects were attributed to banks where the likelihood of support, if necessary, was encumbered, not least in connection with the implementation by EU countries of a directive on the restructuring and orderly liquidation of banks. On 22 October 2014 Fitch gave the Bank ratings on the Poland scale as follows: long-term rating at 'A(pol)' with negative prospect and short-term rating at 'F1(pol)'.

It is important to point out that:

- BOŚ S.A. maintained its basic ratios at safe levels last year. Capital adequacy as measured by CRR¹ was 13.78% at end 2014, compared with 12.66% the year before. This particular change in the ratio is attributable to the growing equity value of the Bank following an increase in own funds balance after the Bank resolved to post its net profit with equity share capital and launched a subordinate bond issue, with capital requirement level having risen less than before,
- a review of assets quality and a series of stress tests the KNF Office carried out for the positions banks as at 31 December 2013 disclosed no capital shortage either in the basic or stress (or “adverse”) scenarios;
- 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. Such loans are offered for the purpose of financing pro-ecology undertakings and promoting environment-friendly solutions. In pursuit of its Strategy targets the Bank increased the share of loans granted to finance pro-ecology undertakings. By 31 December 2014, pro-ecology loans amounted to PLN 3.4 bn, which accounted for 26.5% of the total loan portfolio of the Bank (compared with 23.1% the year before);
 - a good position in independent rankings, often among the top players; for example, ranking 1st among lenders offering cash loans up to PLN 15 000 on a list of *TotalMoney* in June 2014; ranking 1st among lenders offering cash loans up to PLN 5 000 according to eBroker.pl in January and February 2014; ranking 1st in a Top Macroeconomic Analysts contest staged by the daily *Rzeczpospolita*, the Warsaw stock exchange newsletter *Parkiet* and the National Bank of Poland; or the Bank’s savings account EKOpfit (accessible on bossabank, a savings platform created and maintained by Bank Ochrony Środowiska S.A.) ranking 1st on a comparative list of savings accounts *TotalMoney* released in June 2014.

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

- highlighted, among other things, specific areas where the Bank – in comparison to data for the sector – has certain potentials to use. That holds true in particular of the cost to income ratio (C/I), return on equity (ROE), number of clients won for the Bank, or share of the banking market;
- recommended, among other things, the following policies for realisation by the Management Board:
 - to strengthen the Bank’s presence on the market, specifically to step up actions designed to enhance the scale of business, the Bank’s share of the sector, the number of clients won, and further improvement of quality service for clients – as these are all substantial factors of growth for the Bank;
 - 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);

¹ Capital Requirements Regulation – Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

- to launch actions helping to reinforce employment policy stability and curb personnel fluctuation;
- to reinforce efforts for further expansion and diversification of the Bank's declared pro-ecology mission;
- 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 [NFOŚiGW] and its counterparts in the regions;
- to keep in place the Bank's cost retrenchment policy.

The Supervisory Board deems it necessary to highlight factors that are likely to affect the work of the Bank in 2015 and in ensuing years. The most significant factors to point out in that connection:

- finalisation of the legislative process (which got started in December 2011 – of a Renewable Energy Sources Act, along with the related amendment packages to the Energy Act and the Environmental Protection Act. The act in question was signed by the Polish President on 11 March 2015;
- the January 2015 move by Switzerland's Central Bank to lift the Swiss franc's fixed exchange rate with the euro;
- effects of Poland's Monetary Policy Council decisions to cut rates;
- effects of Bank Guarantee Fund Council decision to increase annual premium and prudential levy fees;
- enactment, from January 2015, of amendments packages:
 - to the Public Finance Act, which results in a further consolidation of public finances and translates, for BOŚ S.A., to a further shrinkage of deposits of public finance entities;
 - to the Payment Services Act, which results in further cuts of interchange fees.

The Supervisory Board takes a positive view of BOŚ S.A.'s plans to reinforce, in pursuing its mission, coming years, its position on the market of financing actions contributing to the protection of environment. The Bank will seek to do the following:

- 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, renewable energy source development, and waste collection and processing;
- to the value of the Bank as a major actor in the system of financing ecology in Poland.

The Supervisory Board is positive that enactment of legal regulations applicable to renewable energy source utilisation is going to help the Bank to step up activity in that particular business area and to generate measurable benefits for the Bank as well as its clients.

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,
- external instruments, especially the KNF findings following the BION supervisory analysis and evaluation process, and 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 had no comments regarding the management information system at the Bank, which is proper and adequate for the Bank’s scale of operations and fully meets the governing bodies’ expectations.

Based on the exercise of its supervisory function 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, especially with special attention to the KNF-defined points, and following asset quality review (AQR) and BION tests;
- 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 for risk mitigation.

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

- in respect of the risk management system:
 - the risk management system at the Bank is composed of an array of internal regulations, which are in keeping with external regulations, adopted by the Management Board and signed off for application by the Supervisory Board, as required under the Articles of Association of the Bank. The basic document describing the risk management system working in the Bank is called “Rules (strategy) of prudential and stable management at Bank Ochrony Środowiska S.A.”. This document is to set tolerance levels in respect of capital adequacy and appetite for major kinds of risk the Bank may take – this within the boundaries set in the practice of prudent and stable risk management. The Bank adopted further documents to apply in its risk management system, including “BOŚ S.A. policy lines on liquidity risk management”; “BOŚ S.A. policy lines on market risk management in the book of accounts”; “BOŚ S.A. policy lines on interest rate risk management in the book of accounts”; “BOŚ S.A. policy lines on operating risk management”, “BOŚ S.A. policy lines on capital management and the internal capital adequacy assessment process (ICAAP)”;
 - to ensure realisation of the risk management system definitions were introduced of functions, duties and powers of governing bodies and individual organisational units in the risk management process and mutual interactions between entities involved in the process. In particular, the definitions described

responsibilities of the particular bodies of the Bank, i.e., the Supervisory Board and the Management Board, and of Management Board members supervising Head Office organisational units responsible for major risk identification and measurement, as well as the relevant Head Office committees, specifically the Assets and Liabilities Committee, the Operating Risk Committee, the Credit Risk Committee, the Liquidity and Market Risk Committee, and the Head Office Credit Committee,

- the risk management process at the Bank is supported by a set of internal quantitative risk limits. It is comprised of internal limits, appropriate to the scale and complexity of the Bank's operations, designed to lower the respective risk levels. Such internal limits are subject to review every year, to adapt them to the risk appetite level the Supervisory Board may accept every year;
- risks classed significant are subject to monitoring on a systematic basis at the Bank. Information notices in that respect are presented, within the framework of management information flow, to the Bank Management Board, with the Management Board advising the Supervisory Board on the situation on a regular periodic basis (in a form of detailed quarterly reports);
- in respect of the internal control system:
 - continuation of undertakings which were started in 2011, specifically:
 - ✓ development of a new approach to internal control culture and quality at the Bank;
 - ✓ refurbishment and extension of the internal control system by adding 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 detailed regulations specified in an *Auditor's Handbook*;
 - ✓ performance of self-evaluation on a regular basis by the Internal Audit Department and development and realisation of the adopted "Assurance and Quality Improvement Programme of Work at the Internal Audit 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 BOŚ S.A.);
 - completion of yearly updates of the Map of Risks, including the broadening of the previous process model of the Map of Risks to embrace separate processes in subsidiary entities, and preparation – in reliance on the modified process – of a yearly audit work schedule as well as multi-year ones;
 - continuation at the Bank of systematic solutions implemented in 2012 for control inspections to be carried out in external entities such as perform debt recovery services on behalf of the Bank on an amicable or pre-enforced collection basis;

- continuation at the Bank of support of the internal control system by specialised organisational units of the Bank: the Bank Security Department, the Accounting Department, and the Settlements Department;
- continuation of monitoring the internal control system of the Bank and of subsidiary companies. Such monitoring service used to be performed for the Bank and its strategic company (Dom Maklerski brokerage service) by an external audit organisation, and for the others by duly empowered staff of the respective companies.

In respect of financial reporting, including the financial statement production process, effectiveness of the functioning internal control system is subject to review 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. Starting in 2012 the audit service has verified, on an yearly basis, "Information Report on Capital Adequacy of the Bank, with related disclosures" (called Pillar 3). In 2014, the audit included verification of implementation at the Bank of KNF recommendations in respect of income recognition and insurance costs.

In summary, the BOŚ S.A. 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 recommends continuation of standard monitoring practices reinforcement of actions to take in the aspects the KNF indicated following the AQR review and the BION test;
- the internal control system operating at the Bank is stable over time, with a tendency to improvement, and generally efficient, with a few insignificant hitches, which results in residual risk keeping at low or moderate levels. The Supervisory Board recommends exacting the implementation on time of suggested solutions and recommendations issued following internal audits and a further strengthening of efficient control mechanisms in respect of tasks the distribution network is required to perform. With a view to keeping risks in the Bank's operations at acceptable levels it is recommended that the internal control system be kept under continuous monitoring for efficiency.

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 2014,
- financial statements of the Bank for the period from 1 January 2014 to 31 December 2014,
- the Management Board activity report for the BOŚ S.A. Group in 2014,
- the consolidated financial statements of the BOŚ S.A. Group for the period from 1 January 2014 do 31 December 2014

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 2014, 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 2014, as proposed in the draft resolution,
- to adopt a resolution on coverage of loss of previous years,
- 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, 7 May 2015