

RB 23/2016 – Draft resolutions of the EGM of BOŚ S.A. to be held on 27 April 2016 – released 30 March 2016

Pursuant to § 38 subpara. 1 point 3 of the Regulation of the Minister of Finance of 19 February 2009 on current and interim reports published by issuers of securities and on the conditions under which such information is recognised as equivalent to information required under regulations of a non-member state, the Management Board of Bank Ochrony Środowiska S.A. with seat in Warsaw presents herebelow draft texts of resolutions submitted for approval by an Extraordinary General Meeting of the Bank convened to be held on 27 April 2016.

Appendix

Draft resolutions

**Resolution No. /2016
of the Extraordinary General Meeting of Bank Ochrony Środowiska S.A.
of 27 April 2016
on electing a Chairman of the General Meeting**

The Extraordinary General Meeting of BOŚ S.A. hereby appoints
Chairman of the General Meeting.

This resolution comes into force as of the day of adoption.

**Resolution No. /2016
of the Extraordinary General Meeting of Bank Ochrony Środowiska S.A.
of 27 April 2016
on electing a Secretary of the General Meeting**

The Extraordinary General Meeting of BOŚ S.A. hereby appoints
Secretary of the General Meeting.

This resolution comes into force as of the day of adoption.

**Resolution No. /2016
of the Extraordinary General Meeting of Bank Ochrony Środowiska S.A.
of 27 April 2016
on adopting the agenda**

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

1. Opening the meeting.
2. Electing a Chairman of the General Meeting.
3. Pronouncing the convention of the Extraordinary General Meeting valid and declaring it capable of adopting resolutions.
4. Electing a Secretary of the General Meeting.
5. Adoption of the agenda.
6. Presentation of a draft, and adoption, of a resolution on: increasing capital through the issue of series U shares in private placement, disapplication of pre-

emption rights of current shareholders to take up any series U shares, dematerialising, and seeking admission, and introducing, series U shares and rights to series U shares, to trading on the regulated market operated by the Warsaw stock exchange Giełda Papierów Wartościowych w Warszawie S.A., and amendments to the Articles of Association of the Bank.

7. Closing the meeting.

This resolution comes into force as adopted.

**Resolution No. /2016
of the Extraordinary General Meeting of Bank Ochrony Środowiska S.A.
of 27 April 2016**

on: increasing capital through the issue of series U shares in private placement, disapplication of pre-emption rights of current shareholders to take up any series U shares, dematerialising, and seeking admission, and introducing, series U shares and rights to series U shares, to trading on the regulated market operated by the Warsaw stock exchange Giełda Papierów Wartościowych w Warszawie S.A., and amendments to the Articles of Association of the Bank

The Extraordinary General Meeting of Bank Ochrony Środowiska Spółka Akcyjna with registered seat in Warsaw (hereafter: **“the Company”**, **“the Bank”**), acting pursuant to provisions of art. 431 § 1 and 2 point 1, art. 432 and art. 433 § 2 of the Commercial Companies Code Act of 15 September 2000 (Journal of Laws Dz.U. 2013, item 1030 as amended) (**“the Commercial Companies Code”**), art. 27 subpara. 2 points 3, 3a and 3b of the **Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies Act** of 29 July 2005 (Journal of Laws Dz.U. 2013, item 1382 as amended) (**“the Public Offering Act”**), art. 5 subpara. 1 points 1 and 2 of the Trading in Financial Instruments Act of 29 July 2005 (Journal of Laws Dz.U. 2014, item 94 as amended) (**“the Trading in Financial Instruments Act”**), and of § 10 point 9 and § 30 of the Articles of Association of Bank Ochrony Środowiska S.A. with registered seat in Warsaw, resolves as follows:

§ 1

1. The Extraordinary General Meeting of the Company resolves to increase the share capital of the Company from the amount of PLN 228 732 450 (two hundred twenty-eight million seven hundred thirty-two thousand four hundred fifty) to an amount not less than PLN 451 232 450 (four hundred fifty-one million two hundred thirty-two thousand four hundred fifty) and not more than PLN 665 413 670 (six hundred sixty-five million four hundred thirteen thousand six hundred seventy *złotys*), i.e., by an amount not less than PLN 222 500 000.00 (two hundred twenty-two million five hundred thousand) and not more than PLN 436 681 220.00 (four hundred thirty-six million six hundred eighty-one thousand two hundred twenty) through the issue of not less than 22 250 000 and not more than 43 668 122 series U bearer shares designated numbers from 000000001 to 043668122 of nominal value PLN 10.00 (ten *złotys*) each. The increase in capital shall be effected through private placement with disapplication of pre-emptive rights, under the following provisions.*

2. All Series U Shares shall be ordinary bearer shares.
3. Series U Shares shall entail no specific extra rights.
4. Series U Shares shall be fully paid up for in cash prior to registration of the increase of capital.
5. Series U Shares shall participate in dividend, starting with disbursement of profit for financial year beginning 1 January 2016.
6. In a move designed to serve the interest of the Company, as explained in a written position paper the Bank Management Board is going to submit to the General Meeting, pre-emptive rights of current shareholders to take up any Series U Shares will be disapplied. The written opinion of the Management Board of the Company explaining the reasons for disapplication of pre-emption rights of current shareholders to take up any series U shares and the manner of determining the issue price of series U shares is attached as Appendix to this resolution.
7. The issue price of Series U Shares will be determined by the Supervisory Board of the Company.
8. Series U Shares will be offered in a private placement regime, such as is referred to in art. 431 § 2 point 1 of the Commercial Companies Code Act.
9. Contracts on taking up Series U Shares in the manner specified in art. 431 § 2 point 1 of the Commercial Companies Code Act, i.e., in a private placement, shall be concluded not later than on 13 May 2016.
10. Offers to take up Series U Shares will be addressed to legal persons or unincorporated organisational units indicated in a resolution the Supervisory Board of the Company.
11. Series U Shares and, where applicable, rights to Series U Shares ("**the RTS**") will be securities without documentary form and they will be subject to dematerialisation within the meaning defined in the Trading in Financial Instruments Act.
12. Series U Shares and the RTS will be objects of application for admission, and introduction, to trading on the regulated market operated by the Warsaw stock exchange Giełda Papierów Wartościowych w Warszawie S.A. ("**the GPW**"), on fulfilment of the appropriate regulatory criteria and GPW requirements regarding admission of Series U Shares and the RTS to trading on that market.

§ 2

1. In connection with provisions of § 1 of this resolution, § 28 of the Articles of Association the Bank ("**the Articles**"):

"The authorised share capital of the Bank amounts to PLN 228 732 450 (two hundred twenty-eight million seven hundred thirty-two thousand four hundred fifty złotych), divided into 22 873 245 (twenty-two million eight hundred seventy-three thousand two hundred forty five) shares of PLN 10 (ten złotych) nominal value each. Shares are equal and indivisible. Each shareholder may hold more than one share.";

shall be reworded to read:

"The authorised share capital of the Bank amounts to not less than PLN

PLN 451 232 450 (four hundred fifty-one million two hundred thirty-two thousand four hundred fifty złotych) and not more than PLN 665 413 670 (six hundred sixty-five million four hundred thirteen thousand six hundred seventy złotych), and is divided into not less than 45 123 245 (forty-five million one hundred twenty-three thousand two hundred forty-five) shares of PLN 10 (ten złotych) nominal value each. Shares are equal and indivisible. Each shareholder may hold more than one share.”

2. The final amount of capital taken up and the wording of § 28 of the Articles of Association will be determined by the Bank Management Board pursuant to art. 431 § 7 in connection with art. 310 of the Commercial Companies Code Act, by a statement in the form of a notarial deed on the amount of capital taken up upon allotment of Series U Shares.

§ 3

Amendments to the Articles of Association such as are specified herein are subject to prior approval by the Polish Financial Supervision Authority (“**the KNF**”) pursuant to art. 34 subpara. 2 in connection with art. 31 subpara. 3 of the Banking Act of August 29, 1997 (Journal of Laws Dz.U. 2015, item 128, as amended).

§ 4

The Extraordinary General Meeting hereby authorises the Bank Supervisory Board to present a consolidated text of the Articles of Association upon inclusion therein of amendments resulting from provisions of this resolution of the General Meeting .

§ 5

The Extraordinary General Meeting of the Company authorises the Bank Management Board to take, and to put in place, any measure necessary to fulfil provisions of this resolution and regulations of the law required in connection with the issue of Series U Shares with the approval of the Supervisory Board, and in particular:

1. to present offers to take up Series U Shares to entities the Company’s Supervisory Board may indicate pursuant to art. 431 § 2 point 1 of the Commercial Companies Code Act as provided for in this resolution;
2. to conclude contracts on taking up Series U Shares in the manner specified in art. 431 § 2 point 1 of the Commercial Companies Code Act, i.e., in a private placement, with entities that have accepted the offers referred to point 1 in this paragraph;
3. to submit a statement or statements in the form of a notarial deed on the amount of capital taken up in the private placement action involving Series U Shares;
4. to seek admission, and introduction, of series U shares and the RTS to trading on the regulated market operated by the Warsaw stock exchange Giełda Papierów Wartościowych w Warszawie S.A. when conditions of such admission and introduction have been met;

5. to conclude with the National Depository for Securities [Krajowy Depozyt Papierów Wartościowych S.A.] (“**the KDPW**”) an agreement on registration of Series U Shares and the RTS in the depository for securities maintained by the KDPW, for the purpose of dematerialisation thereof;
6. to apply to the KNF for approval of the issue prospectus prepared at least in connection with seeking admission of Series U Shares and the RTS to trading on the regulated market;
7. to put in place any and all material and legal measures connected with fulfilment of provisions of this resolution.

Further, the Extraordinary General Meeting of the Company authorises the Bank Management Board, to declare, upon approval from the Bank Supervisory Board, a waiver of execution of this resolution, suspension of execution thereof, and a waiver of execution of the private placement process within the meaning of art. 431 § 2 point 1 of the Commercial Companies Code Act, or suspension of execution thereof at any time. In taking a decision to suspend the private placement process within the meaning of art. 431 § 2 point 1 of the Commercial Companies Code Act, the Bank Management Board may set no next deadline for completion of the process, which deadline may be announced at a later date, subject to the deadline referred to in § 1 subpara. 9 of this resolution.

§ 6

This resolution comes into force as of the day of adoption, and in respect of amendments to the Articles of Association as of the date of registration thereof by the relevant court of registration.

* the actual number of newly issued shares is associated with the issue price, so the final number of shares, and, consequently, the amount of capital, will be quoted in the Management Board statement (the Opinion).

The Supervisory Board opinion

The Bank Supervisory Board – at a meeting on 29 March 2016 – expressed their positive opinion on the draft of this resolution, recommending approval thereof to the General Meeting.

Appendix to: Resolution No. /2016 of the Extraordinary General Meeting of Bank Ochrony Środowiska S.A. of 27 April 2016 on: increasing capital through the issue of series U shares in private placement, disapplication of pre-emption rights of current shareholders to take up any series U shares, dematerialising, and seeking admission, and introducing, series U shares and rights to series U shares, to trading on the regulated market operated by the Warsaw stock exchange Giełda Papierów Wartościowych w Warszawie S.A., and amendments to the Articles of Association of the Bank.

The Bank Management Board opinion explaining the reasons for disapplication of pre-emption rights of current shareholders to take up any series U shares and the manner of determining the issue price of series U shares

This opinion of the Bank Management Board (“**the Opinion**”) was adopted by the Management Board on 23 March 2016 in connection with a view to convening an Extraordinary General Meeting of the Bank with an agenda providing for a resolution to increase capital by way of a private placement through an issue of series U shares, disapplication of pre-emption rights of current shareholders to take up any shares of this issue, their dematerialisation, and seeking admission, and introduction, of shares of the new issue to trading on the regulated market operated by the Warsaw stock exchange Giełda Papierów Wartościowych w Warszawie S.A., and amendments to the Articles of Association the Bank, whereby the share capital of the Bank would be increased by an amount of not less than PLN 222 500 000.00 (two hundred twenty-eight million seven hundred thirty-two thousand four hundred fifty) PLN and not more than PLN 436 681 220.00 (four hundred thirty-six million six hundred eighty-one thousand two hundred twenty) through the issue of not less than 22 250 000 and not more than 43 668 122 series U bearer shares of nominal value PLN 10.00 (ten złotych) each. The increase in capital would be effected through private placement with disapplication of pre-emptive rights of current shareholders to take up any Series U Shares.

This Opinion was adopted by the Management Board pursuant to art. 433 § 2 of the Commercial Companies Code Act.

The reasons for disapplication of pre-emptive rights to take up Series U Shares

The Bank has adopted as a priority for the years 2016–2020 to raise profitability of banking operations to a level above the sector average, which should enable the Bank to target, in keeping with its mission, substantial funds to financing environmental protection and sustainable development projects in Poland. The Bank anticipates hold a lead position on the pro-ecology projects. With its expertise in the area of environmental protection the Bank will participate in, and organise, syndicated loans to finance undertakings which stand up to environmental challenges facing the Polish economy. In 1991–2015, the Bank extended a total of more than PLN 17.5 billion in pro-ecology loans. The Bank had a part in co-financing undertakings the total value whereof amounted to PLN 46.9 billion.

The anticipated increase in own funds is going to enable the Bank to meet, given the assumed growth in scale, prudential standards, specifically concentration limits, and to uphold capital adequacy at a level required under prudential standards recommended by the Banking Supervision authority. Amidst its Rehabilitation Program the Bank is badly in need of fresh capital. The Bank Management Board recommends a quickest possible increase of capital of BOŚ S.A., which should be effected through a private placement of series U shares, paid for in cash, a process that cannot be put through without prior disapplication of pre-emptive rights of current shareholders.

Disapplication of pre-emptive rights of current shareholders alongside with a possibility to complete the series U shares issue by way of a private placement addressed to a defined number of select investors is giving the Bank a chance to increase capital and complete the series U shares issue with no obligation to prepare a prospectus for the issue and without seeking KNF acceptance thereof, which, it is

reasonable to expect, the Company should be able to complete the issue within the time frame indicated in the resolution of the Extraordinary General Meeting and to get hold of the capital within a relatively short time.

With the above in mind the Bank Management Board are positive that the series U shares issue with disapplication of pre-emptive rights of current shareholders of the Bank is clearly in the Bank's interest. Accordingly, the Bank Management Board recommends the series U share issue to be effected with disapplication of any pre-emptive rights of current shareholders of the Bank.

Setting the price of the Series U Shares issue

The issue price of the series U shares, as stated in the above-indicated draft resolution of the Extraordinary General Meeting, will be determined by the series U shares on authority vested in by resolution (art. 432 § 1 point 4 of the Commercial Companies Code Act).

In setting the issue price of the series U shares the Bank Supervisory Board will be guided primarily by listings of the Bank shares on the regulated market operated by the Warsaw stock exchange GPW (specifically weighted averages of the Bank share prices at which they were traded on the regulated market in the three or six months preceding the date of setting the issue price), as well as the level of registered interest in share acquisition and other circumstances liable to affect the issue price of the series U shares, not least the general business outlook on capital markets and the financial standing of the Bank about the time the subscription was running, current developments, and prospects of the Bank's growth.

Given the volatility of capital markets and the period of time between the date of the Extraordinary General Meeting resolution and the date of series U shares issue price setting, this authorisation accorded to the Bank Supervisory Board is reasonable and beneficial to the Bank interest.

A reservation

In connection with activities under way towards instituting a Rehabilitation Program the Bank reserves the right to publish additional information notices in that respect, where the Bank may judge such information is liable to affect the proposed increase of capital at the Bank, doing so within time frames such as are necessary for shareholders to get acquainted with it prior to the Extraordinary General Meeting scheduled to be held on 27 April 2016.