

**RESOLUTION No. /2015  
of the Annual General Meeting  
of Powszechna Kasa Oszczędności  
Bank Polski Spółka Akcyjna  
of 25 June 2015**

**regarding the 'Principles of corporate governance for supervised institutions'**

Acting pursuant to Article 395 § 5 of the Commercial Companies Code, the Annual General Meeting hereby resolves as follows:

§ 1.

The General Meeting of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna hereby declares that while acting in the exercise of its competences the General Meeting will be guided by the 'Principles of corporate governance for supervised institutions' in the version annexed to this resolution, subject to § 2.

§ 2.

The General Meeting of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna will not follow the rules specified in:

1. sub-§ 8.4 of the 'Principles of corporate governance for supervised institutions', which provides for the possibility of electronic participation of shareholders in meetings of a governing body;
2. sub-§ 10.2 of the "Principles of corporate governance for supervised institutions" in the scope of introducing personal authorizations or other special authorizations for the shareholders;
3. sub-§ 12.1 of the "Principles of corporate governance for supervised institutions" in the scope of shareholders' responsibility for immediate recapitalization of the supervised institution;
4. sub-§ 28.4 of the "Principles of corporate governance for supervised institutions" in the scope of making assessment by the governing body whether the established remuneration policy is conducive to the development and safety of operation of the supervised institution.

§ 3.

The resolution shall come into force on the day of its adoption.

## **Rationale**

### **to the draft resolution on the 'Principles of corporate governance for supervised institutions'**

In regard of the fact that the Polish Financial Supervision Authority issued the 'Principles of corporate governance for supervised institutions' and of the supervisory authority's declarations that the application of these by the supervised institutions starting from the year 2015 would be taken into consideration within the framework of the BION supervisory assessments, adoption by the General Meeting of a resolution on adoption for use of the 'Principles of corporate governance for supervised institutions' is justified.

As the current rules of participation in the General Meetings of PKO Bank Polski S.A. enable shareholders to effectively exercise all rights attached to shares and protect the interests of all shareholders, the waiver of the rules specified in sub-§ 8.4, sub-§ 10.2, sub-§ 12.1 and sub-§ 28.4 of the 'Principles of corporate governance for supervised institutions' is justified.

The above position, to waive the rule specified in sub-§ 8.4, is consistent with the earlier decision of the PKO BP S.A. AGM of 30 June 2011 not to adopt a draft resolution on amendment of the articles of association of the Bank enabling participation in the General Meeting via electronic means of communication. The decision not to apply the said rule had been adopted in consideration of the legal and organisational and technical risks that could which could jeopardise the proper of conduct of the general meeting.

The waiver of the rule set out in sub-§ 10.2 and sub-§ 12.1 is justified by the unfinished process of the Company privatization by the State Treasury.

The waiver of the rule set out in sub-§ 28.4 is justified by the too broad personal scope of the remuneration policy subject to the assessment of the general meeting. The remuneration policy of the persons holding key functions who are not members of the supervisory body and managing body should be subject to the assessment of their employer or principal, which is the Company represented by the Management Board and controlled by the Supervisory Board.

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**on amendments to the Articles of Association of Powszechna Kasa Oszczędności Bank Polski S.A.**

Acting pursuant to Article 430 § 1 of the Commercial Companies Code, the Annual General Meeting hereby resolves as follows:

**§ 1.**

The Articles of Association of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna shall be amended as follows:

1) **sub-§ 15.1 point 8 of the Articles of Association**, which currently reads as follows:

“appointment and dismissal, at the motion of the President of the Management Board, by secret ballot, of Vice - Presidents and other members of the Management Board,”

**shall receive the following wording:**

*“appointment and dismissal, by secret ballot of Vice - Presidents and other members of the Management Board,”*

2) **sub-§ 19.4 of the Articles of Association**, which currently reads as follows:

“A member of the Management Board may be dismissed only for important reasons.”  
**this sub-§ 19.4 shall be deleted.**

3) **sub-§ 23.1 point 4 of the Articles of Association**, which currently reads as follows:

“determine the assignment of the individual areas of the Bank’s operations to the members of the Management Board, subject to Clause 4,”

**this sub-§ 23.1 point 4 shall be deleted.**

4) **sub-§ 23.1 point 7 of the Articles of Association**, which currently reads as follows:

“presents motions to the Supervisory Board for appointment and dismissal of the Vice-Presidents and other members of the Management Board,”

**this sub-§ 23.1 point 7 shall be deleted.**

5) **sub-§ 23.3 of the Articles of Association**, which currently reads as follows:

“During the absence of the President of the Management Board his or her duties shall be fulfilled by a member of the Management Board appointed by the President of the Management Board.”

**shall receive the following wording:**

*“During the absence of the President of the Management Board his or her duties shall be fulfilled by a member of the Management Board with responsibility for the risk area. In the event of the absence of the President of the Management Board and the member of the Management Board with responsibility for the risk area, the duties of the President of the Management Board shall be fulfilled by a person appointed by the President of the Management Board. In the absence of such appointment, the duties of the President of the*

*Management Board shall be fulfilled by the member of the Management Board who is first in alphabetical order by surname.”*

§ 2.

The Supervisory Board is hereby authorised to prepare the uniform text of the Articles of Association of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, that would take into account the changes referred to in § 1 of this resolution.

§ 3.

The resolution shall come into force on the day of its adoption.

### **Rationale**

The change to § 15 of the Articles of Association aims to grant the Supervisory Board independence in assessment of the work of the individual members of the Management Board. In its current wording sub-§ 15.1 point 8 of the Articles of Association is consistent with sub-Art. 17.2 of the Banking Law Act, which is, however, applicable to the legal form of a state bank. In the current capital structure, the aforementioned provision is not applicable. The amendments of § 15 necessitates amendment of sub-§ 23.1 point 7 of the Articles of Association. Similar intentional logic, i.e. that of strengthening of the Supervisory Board's role, underpins reinstatement of the rule that a member of the Management Board may be dismissed at any time (sub-§ 19.4 of the Articles of Association).

Following the change to sub-§ 23.1 point 4 of the Articles of Association, assignment to individual members of the Management Board of the respective areas of the Bank's operations shall be established under the Rules and Regulations of the Management Board, approved in accordance with sub-§ 15.1 point 11 letter 'a' indent 1 by the Supervisory Board. The sole member of the Management Board whose competences and assignment of the areas of the Bank's operations are imposed on the Rules and Regulations of the Management Board is the member of the Management Board with responsibility for the risk area. The amendment to sub-§ 23.3 serves to permanently indicate the person who would direct the work of the Management Board in the event of absence of the President of the Management Board or the absence of such appointment of a deputy at the absence of the persons that lead the work of the Management Board.

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Acting pursuant to Article 430 § 1 of the Commercial Companies Code, the Annual General Meeting hereby resolves as follows:

§ 1.

The Articles of Association of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna shall be amended as follows:

1) sub-§ 1.1 shall receive the following wording:

“1. Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, further in the Articles of Association referred to as the **‘Bank’**, is a bank that conducts its activities pursuant to generally applicable laws, best practices adopted by the Bank for application and this Articles of Association, at preservation of the Bank’s national character.”;

2) sub-§ 4.1 point 9 shall receive the following wording:

“9) provision of the following payment services:

- a) acceptance of cash payments to and cash disbursements from payment accounts, and all actions required for operating accounts;
- b) execution of payment transactions, including the transfer of funds to payment accounts of user suppliers or other suppliers:
  - through provision of direct debit services, including one-off direct debits,
  - with the use of payment cards or similar payment instruments,
  - through provision of payment order services, including standing orders;
- c) execution of payment transactions specified in letter ‘b’, through allocation of funds made available to users through loans;

- d) issuance of payment instruments;
  - e) enabling execution of payment transactions initiated by the merchant or through their intermediation with employment of the payee's payment instrument, in particular through servicing authorisations, transfer to payment card issuers or payment systems of the payees' or merchants' payment orders, for the purpose of the funds owed to the merchant;
  - f) provision of money transfer services,"
- 3) in sub-§ 4.1 point 12, the word "instrument" is deleted,
  - 4) in sub-§ 4.1 point 13, before the word "activities" the word "commissioned" will be added,
  - 5) in sub-§ 4.2, point 5 is deleted,
  - 6) in sub-§ 15.1 point 12, letter 'e' is deleted,
  - 7) in sub-§ 15.1 point 13, the full stop is replaced with a comma and points 14 – 15 are added, with the following wording:
    - "14) assessment of the compensation policy followed by the Bank and presentation of a report on the subject to the General Meeting,
    - 15) opinions on the 'Principles of corporate governance for supervised institutions' followed by the Bank,
  - 8) in sub-§ 17.4, the first sentence shall receive the following wording:

"The Supervisory Board can adopt resolutions in writing (by circulation) or with employment of direct remote communication, with the exception resolution on matters referred to in sub-§ 15.1 points 1-3, 5 and 7-9 and resolutions adopted by secret ballot."
  - 9) sub-§ 17a.1 shall receive the following wording:

"1. The Supervisory Board shall appoint from among its members the Audit Committee and the Remuneration Committee. The Supervisory Board may also appoint other committees from among its members."
  - 10) § 21 shall receive the following wording:

## **"§ 21**

- 1. The following will be authorised to submit statements of intent on behalf of the Bank:

- 1) President of the Management Board independently,
- 2) two Management Board members jointly or one Management Board member together with a proxy,
- 3) two proxies acting jointly,

- 4) proxies acting independently or jointly within the limits of authorisation granted to them.
  2. The Bank shall grant joint powers of attorney which will authorise acting together with another proxy or Management Board member.”,
- 11) § 25 shall receive the following wording:

**“§ 25**

1. The decisions and internal regulations of the Bank on matters:
  - 1) within the competence of the General Meeting – are issued in the form of resolutions of the General Meeting adopted in accordance with the relevant provisions of law, the Articles of Association and the Rules and Regulations of the General Meeting,
  - 2) within the competence of the Supervisory Board – are issued in the form of resolutions the Supervisory Board adopted in accordance with the relevant provisions of law, the Articles of Association and the Rules and Regulations of the Supervisory Board,
  - 3) within the competence of the Management Board:
    - a) requiring in accordance with the law, the Articles of Association or the Rules and Regulations of the Management Board the collegiate action the Management Board – are issued in the form of resolutions of the Management Board adopted in accordance with the relevant provisions of law, the Articles of Association and the Rules and Regulations of the Management Board,
    - b) not requiring a resolution of the Management Board and which in accordance with the Articles of Association and the Rules and Regulations of the Management Board fall into the competence of the President of the Management Board – are issued in the form of an order,
    - c)not requiring a resolution of the Management Board and which in accordance with the Articles of Association and the Rules and Regulations of the Management Board are transferred into the competence of respective Management Board members – are issued in the form of decisions or the relevant members of the Management Board,

- d) in matters other than those provided under letters a-c above – are issued by persons or competent bodies, in keeping with relevant resolutions of the Management Board.
2. The detailed procedures for issuing the Bank's internal regulations on the matters referred to in § 25.1 point 3 shall be determined by resolution of the Management Board and separate internal regulations issued on the basis of relevant resolutions.”,
- 12) sub-§ 26.6 shall receive the following wording:
- “6. The internal audit unit and the compliance unit shall be independent, and report directly to the President of the Management Board.”,
- 13) sub-§ 26.7 shall receive the following wording:
- “7. Appointment and dismissal of the internal audit unit director and the compliance unit director will require prior approval of the Supervisory Board.”.

#### § 2.

The Supervisory Board is hereby authorised to prepare the uniform text of the Articles of Association of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, that would take into account the changes referred to in § 1 of this resolution.

#### § 3.

The resolution shall come into force on the day of its adoption.

## Rationale

### to the draft resolution on amendments to the Articles of Association of Powszechna Kasa Oszczędności Bank Polski S.A.

The primary rationale of the planned amendments to §1, §15 and §26 of the PKO Bank Polski S.A. Articles of Association is that of implementation of the 'Principles of corporate governance for supervised institutions', which constitute the annex to the Resolution 218/2014 of the Polish Financial Supervision Authority of 22 July 2014 concerning the issuance of the 'Principles of corporate governance for supervised institutions' (J.L. of KNF [PFSA] of 2014 item 17).

The change proposed in § 1 of the Articles of Association aims to underscore that beyond the mandatory provisions of law the Bank also applies various codes of best practice (*inter alia* in the domain of corporate governance), which it has decided to comply with, including in particular 'The Best Practices of WSE Listed Companies' and the 'Principles of corporate governance for supervised institutions'. In turn, the changes proposed to § 15 and § 26 of the Articles of Association aim to ensure effective implementation of the principles resulting from § 27, sub-§ 28.3, sub-§ 47.2 and § 49 of the 'Principles of corporate governance for supervised institutions'.

In addition to the amendments to the Articles of Association planned for the purpose of implementing the 'Principles of corporate governance for supervised institutions', the planned amendments to the Articles of Association are intended:

- to adjust the Articles of Association provisions that relate to field of the Bank's operation to the existing regulations and to the consent of the Polish Financial Supervision Authority to the amendment of the Articles of Association in that respect (the change of sub-§ 4.1 points 9, 12 and 13 and the deletion of sub-§ 4.2 point 5),
- to do away with previous duties of the Supervisory Board, which are no longer required under the effective regulations (the deletion of sub-§ 15.1 point 12 letter 'e'),
- to enable the Supervisory Board to adopt resolutions by circulation or with employment of direct remote communication also in the matters referred to in sub-§ 15.1 point 12 (the change in sub-§ 17.4),
- to clarify the Articles of Association provisions in respect of the existing committees of the Supervisory Board (the change of § 17a),
- to expand manner in which the Bank is represented (the change of § 21),
- to clarify the Articles of Association provisions in respect of the decisions and internal regulations of the Bank (the change of § 25).

Pursuant to sub-Article 34.2 of the 29 August 1997 Banking Law Act, the amendments in the Articles of Association within the scope specified in § 1 points 2 – 13 of the draft resolution require the authorisation of the Polish Financial Supervision Authority.