

Appendix No 1



Bank Polski

ARTICLES OF ASSOCIATION
POWSZECHNA KASA OSZCZĘDNOŚCI BANK
POLSKI
SPÓŁKA AKCYJNA

I. General provisions

§ 1

1. Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, hereinafter referred to as the "**Bank**", is a bank operating pursuant to generally applicable laws and regulations, good practices pertaining to the banking industry adopted by Bank as well as to the Articles of Association, while maintaining the national character of the Bank.
2. The State Treasury is the founder of the Bank.

§ 2

1. The Bank operates under the name of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna.
2. The Bank may use the following abbreviated names: Powszechna Kasa Oszczędności Bank Polski S.A., PKO Bank Polski S.A. and PKO BP S.A.

§ 3

1. The registered seat of the Bank shall be in the capital city of Warsaw.
2. The Bank operates within the territory of the Republic of Poland and abroad.
3. The Bank may open branches, representative offices and other entities in Poland and abroad.

II. The scope of the Bank's business

§ 4

1. The scope of business of the Bank consists in the following banking operations:
 - 1) accepting cash deposits payable on demand or on a specified maturity and managing the bank's accounts for such deposits;
 - 2) managing other accounts of the bank;
 - 3) extending credit facilities;
 - 4) extending cash loans;

- 5) extending and confirming bank guarantees as well as issuing and confirming letters of credit;
 - 6) carrying out inter-bank settlements;
 - 7) operations on cheques, bills of exchange and warrants;
 - 8) issuing bank securities;
 - 9) issuing payment cards and performing operations with such cards;
 - 10) executing forward transactions;
 - 11) acquiring and disposing of cash receivables;
 - 12) issuing the electronic money instrument;
 - 13) performing operations relating to issue of securities;
 - 14) safekeeping valuables and securities and providing safe deposit facilities;
 - 15) performing banking operations on request of other banks;
 - 16) operating a building savings scheme;
 - 17) buying and selling foreign currencies;
 - 18) acting as intermediary in money transfers and settlements in foreign exchange transactions;
 - 19) granting and confirming sureties.
2. In addition to the activities referred to in Clause 1 above, the scope of business of the Bank includes:
- 1) servicing treasury loans and bonds;
 - 2) taking out credit facilities and cash loans;
 - 3) accepting guarantees and sureties;
 - 4) carrying out brokerage operations in accordance with principles set out in generally applicable laws and regulations;
 - 5) providing financial services in respect of customer acquisition within the meaning of the Act on Organisation and Operation of Pension Funds;

- 6) performing the function of a depository on the basis of the Act on Organisation and Operation of Pension Funds and the Act on Investment Funds;
 - 7) trading in securities issued in Poland or abroad, within the scope and in accordance with principles set out in the generally applicable laws and regulations and maintaining a deposit of such securities;
 - 8) operating school savings schemes;
 - 9) providing fiduciary services;
 - 10) providing insurance agency services;
 - 11) providing consulting services in financial matters;
 - 12) providing services in respect of transportation of valuables;
 - 13) arranging and servicing financial leasing transactions as well as acting as an intermediary in this respect;
 - 14) buying and selling of shares and receivables on its own account and providing factoring services.
 - 15) performance by the Bank of the following activities that do not constitute brokerage business:
 - a) acceptance and transferring buy and sell orders for financial instruments,
 - b) buying or selling financial instruments for its own account,
 - c) investment advice,
 - 16) provision of certification services, within the meaning of the provisions on electronic signature, excluding the issuance of qualified certificates used for the performance of actions to which the Bank is a party,
 - 17) provision of agency services to an investment company and performance of commissioned activities related to the investment company's business, including the brokerage business carried out by the investment company.
3. In addition, the Bank may:
- 1) subscribe for or acquire shares or rights attached to shares, as well interests in other legal entities, and acquire participation units in investment funds;

- 2) invest money in domestic and foreign securities;
- 3) acquire and dispose of real-estate and movable property, and rent or lease such property;
- 4) provide financial, settlement and advisory services in respect of financial market instruments;
- 5) trade in securities;
- 6) incur liabilities related to the issuing of securities;
- 7) convert, on terms and conditions agreed with a debtor, liabilities into the debtor's assets.

§ 5

The Bank may instruct banks or other entities to perform activities falling within its scope of business and may provide financial services for the benefit of other entities.

III. Share capital

§ 6

1. The Bank's share capital amounts to PLN 1,250,000,000 (one billion two hundred fifty million) and is divided into 1,250,000,000 (one billion two hundred fifty million) shares with the nominal value of PLN 1 (one) each, including:
 - 1) 510,000,000 (five hundred ten million) series A shares numbered from A 000000001 to A 510000000, including 312,500,000 (three hundred twelve million five hundred thousand) registered series A shares numbered from A 000000001 to A 312500000 and 197,500,000 (one hundred ninety-seven million five hundred thousand) series A bearer shares numbered from A 312500001 to A 510000000;
 - 2) 105,000,000 (one hundred five million) series B bearer shares numbered from B 000000001 to B 105000000;
 - 3) 385,000,000 (three hundred eighty-five million) series C bearer shares numbered from C 000000001 to C 385000000;

- 4) 250,000,000 (two hundred fifty million) series D bearer shares numbered from D 000000001 to D 250000000.

Subject to Article 28(1) of the Banking Law, shares of the Bank can be registered shares or bearer shares.

2. The conversion of registered series A shares into bearer shares and the transfer of these shares shall require a consent expressed in an ordinance of the Council of Ministers. The conversion into bearer shares or transfer of registered series A shares upon obtaining such consent shall result in the expiration of the restrictions provided for in the preceding sentence in respect of the shares that are subject to such conversion into bearer shares or transfer, to the extent such consent was granted.
3. Subject to Art. 28.2 of the Banking Law, the conversion of bearer shares into registered shares is not allowed.

§ 7

1. The shares of the Bank may be redeemed only upon the consent of the shareholder.
2. The redemption of shares shall require a decrease of the share capital and may be only funded from net profit. The shares shall be redeemed against consideration.
3. The procedure of redemption of shares and the amount of consideration for the shares to be redeemed shall be specified in a resolution of the General Meeting.
4. The acquisition of own shares by the Bank with a view to redeeming such shares shall require a resolution of the General Meeting.

IV. Governing Bodies of the Bank

§ 8

The governing bodies of the Bank shall be:

- 1) the General Meeting;
- 2) the Supervisory Board;
- 3) the Management Board.

General Meeting

§ 9

1. In addition to other matters reserved by the generally applicable laws and regulations or the provisions of the Articles of Association, the General Meeting shall adopt resolutions in the following matters:
 - 1) appointing and dismissing the members of the Supervisory Board in accordance with § 11;
 - 2) approving the Rules and Regulations of the Supervisory Board;
 - 3) specifying the procedure for redemption of shares and the amount of consideration for the shares to be redeemed;
 - 4) creation and dissolution of special funds created from net profit;
 - 5) approving the Bank's disposing of real-estate or right of perpetual usufruct, if the value of the real-estate or the perpetual usufruct right being subject to such activities exceeds one fourth of the Bank's share capital; such an approval is not required if the acquisition of the disposed real estate, interest in the real estate or right of perpetual usufruct is part of enforcement, bankruptcy or arrangement proceedings, or any kind of arrangement with a Bank's debtor;
 - 6) issuing bonds convertible into shares or other instruments entitling to the acquisition of or subscription for the shares of the Bank.
2. All matters brought before the General Meeting by the Management Board should be previously presented by the Management Board to the Supervisory Board for its consideration and opinion, in accordance with the Rules and Regulations referred to in § 14.
3. Draft resolutions proposed for approval by the General Meeting and other relevant matters should be presented to the shareholders by the Management Board together with a supporting rationale and the opinion of the Supervisory Board appropriately ahead of the General Meeting, so that they can be reviewed and assessed.

§ 10

1. The General Meeting shall be held at the registered seat of the Bank or in another location within the territory of Poland as indicated in the notice on convening the General Meeting.
2. The General Meeting shall adopt its Rules and Regulations.
3. The General Meeting shall adopt its resolutions by an absolute majority of votes, unless the generally applicable laws and regulations or the Articles of Association provide otherwise.
4. Removal from the General Meeting agenda or desistance, at the request of the shareholders, from further discussion of the matter included in the General Meeting agenda requires that the General Meeting resolution is adopted by the 75% majority of votes, after prior consent of all those shareholders present at the General Meeting, who applied for inclusion the matter in the agenda.
5. The shareholders' voting rights shall be limited in a way that at the General Meeting no shareholder can exercise more than 10% of the total number of votes of the Company existing at the date of the General Meeting, save that for the purposes of defining obligations for buyers of substantial blocks of shares, as defined in the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, such a limitation of the voting rights will be deemed as non-existing.
6. The limitation of voting rights, referred to in Clause 5, shall not apply to:
 - 1) shareholders who on the day of adopting the resolution of the General Meeting introducing the limitation, referred to in Clause 5, are beneficial holders of shares representing more than 10% of the total number of votes of the Bank,
 - 2) shareholders who are beneficial holders of registered series A shares,
 - 3) shareholders who cooperate with the shareholder defined in point 2 on the basis of agreements on joint exercise of voting rights attached to the shares.

7. For the purposes of limiting voting rights according to Clause 5, votes of shareholders with relation of domination or dependence, are aggregated according the rules described below.
8. In the meaning of Clause 5, a shareholder means any person, including its dominant entity and subsidiary, who is, directly or indirectly, entitled to vote at the General Meeting on the basis of any legal entitlement. This also applies to a person who does not hold any shares of the Company, in particular a pledgee or usufructuary, person entitled on the basis of a certificate of deposit in the meaning of the Act of 29 July 2005 on Trading in Financial Instruments, as well as a person entitled to participate in the General Meeting despite having transferred shares held after the date of setting the right to participate in the General Meeting.
9. Dominant entity and subsidiary shall mean a person:
 - 1) fulfilling criteria set in Article 4.1.4 of the Code of Commercial Partnerships and Companies, or
 - 2) having status of a dominant entity, subsidiary or dominant entity and subsidiary at the same time in the meaning of the Act of 16 February 2007 on Competition and Consumer Protection, or
 - 3) having status of a dominant entity, higher-level dominant entity, subsidiary, lower-level subsidiary or having status of a dominant entity (including higher-level dominant entity) and a subsidiary (including lower-level subsidiary and co-subsidiary) at the same time in the meaning of provisions of the Accounting Act of 29 September 1994, or
 - 4) who exerts a decisive influence (dominant entity) or on whom a decisive influence is exerted (subsidiary) in the meaning of provisions of the Act of 22 September 2006 on Transparency of Financial Relations between the State and Public Undertakings and on Financial Transparency of Certain Undertakings, or
 - 5) whose voting rights stemming from directly or indirectly held shares of the Company are aggregated with voting rights of another person(s) according to the rules set out in the provisions of the Act of 29 July 2005

on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, in connection with holding, transferring or acquiring substantial blocks of the Bank's shares, or

- 6) mentioned in Article 4.1.8 and 4.1.9 of the Banking Law of 29 August 1997.

10. Shareholders whose votes are accumulated and reduced according to Clauses 7–11, are together called “the Grouping”. Accumulation of votes comprises aggregating votes held by different shareholders participating in the Grouping. Reduction of votes comprises decreasing the total number of votes in the Company that shareholders participating in the Grouping are entitled to at the General Meeting. Reduction of votes is made according to the following rules:

- 1) number of votes of a shareholder who holds the highest number of votes in the Company among all the shareholders participating in the Grouping is reduced by the number of votes equal to the surplus over 10% of the total number of votes in the Company, held by all the shareholders participating in the Grouping,
- 2) if, despite the reduction mentioned in point 1) above, the total number of votes at the General Meeting held by the shareholders participating in the Grouping exceeds the limit mentioned in Clause 5, a further reduction of votes that are held by the other shareholders participating in the Grouping shall be made. Further reduction of votes of the other shareholders is made in the order based on the number of votes held by different shareholders participating in the Grouping (from the highest number to the lowest number). Further reduction of votes is made until the total number of votes held by the shareholders participating in the Grouping does not exceed 10% of the total number of votes in the Company,
- 3) if, for the purposes of reduction referred to in points 1) or 2), it is not possible to set the order of the reduction of votes because two or more shareholders hold the same number of votes, the votes of shareholders

holding the same number of votes shall be reduced proportionally and the fraction shall be rounded down to the full number of shares. For the rest, rules specified in points 1) or 2) shall apply mutatis mutandis,

- 4) in each case a shareholder, whose voting rights are limited, has a right to exercise at least one vote,
- 5) limitation of exercising voting rights applies also to a shareholder who is not present at the General Meeting.

11. In order to make grounds for the accumulation and reduction of votes, each shareholder of the Company, the Management Board of the Bank, the Supervisory Board of the Bank and different members of these bodies, as well as the Chairman of the General Meeting, can demand that a shareholder of the Company, who is subject to limiting the voting rights, provide them with information on whether he/she is a dominant entity or a subsidiary for any other shareholder of the Company in the meaning of Clause 9. The right specified in the previous sentence includes also the right to demand disclosure of the number of votes held by the shareholder of the Company individually or jointly with other shareholders of the Company, for whom he/she is a dominant entity or a subsidiary in the meaning of Clause 9. The person who did not fulfil the information obligation, referred to in the first sentence, or fulfilled it in an undue manner, can – until the information obligation is fulfilled – exercise voting right from one share only and the exercising by such a person of voting rights from other shares shall be ineffective.

12. In case of doubts, interpretation of provisions concerning limiting the voting rights shall be made according to Article 65.2 of the Civil Code.

13. From the moment when the share of the State Treasury in the share capital of the Bank falls below 5%, limitations of shareholders' voting rights specified in Clause 5 shall expire.

14. Resolutions of the General Meeting concerning preference for shares or merger of the Company when all the Company's assets are transferred to another company, its liquidation, decrease of share capital by redeeming of part of the shares without simultaneous increase of the capital or change of the scope of the Company's

business resulting in discontinuation of the banking activities by the Company, shall require majority of 90% of the votes cast.

Supervisory Board

§ 11

1. The Supervisory Board shall consist of 5 (five) to 13 (thirteen) members appointed for a joint term of three years. The number of members of the Supervisory Board shall be set by the Eligible Shareholder (as defined below), also in the event when a motion for election of the Supervisory Board through vote by separate groups is presented. In the event when a motion for election of the Supervisory Board through vote by separate groups is presented, 5 (five) members of the Supervisory Board shall be elected.
2. The members of the Supervisory Board are appointed and dismissed by the General Meeting. Nominations for a certain number of members of the Supervisory Board, such number to be derived in accordance with the formula referred to in Clause 3 below, may be only recommended by the shareholder who, individually and on its own behalf, is authorised to exercise the voting rights from the largest number of shares in the share capital of the Bank at the General Meeting that elects the members of the Supervisory Board, hereinafter the **"Eligible Shareholder"**. Nominations for the remaining members of the Supervisory Board may be recommended by all shareholders, including the Eligible Shareholder.
3. The number of members of the Supervisory Board for whom only the Eligible Shareholder may recommend nominations, shall be calculated in accordance with the following formula:
L = 13*U where:
L – means the number of members of the Supervisory Board for whom the Eligible Shareholder may recommend nominations, save that in the event when L is not an integer, the number of the members of the Supervisory Board equals L rounded up to the next integer, provided that the total

number of the Supervisory Board for whom the nominations may be recommended by the Eligible Shareholder must not be greater than 8 (eight);

- U – means the share of the Eligible Shareholder in the share capital of the Bank, calculated as the quotient of shares from which the Eligible Shareholder may exercise the voting rights at the General Meeting that elects the members of the Supervisory Board and the total number of shares in the share capital of the Bank existing at the date of such General Meeting.
4. In the event that the General Meeting appoints a smaller number of members than the number resulting from the formula set out in Clause 3 above, the Eligible Shareholder shall have the right to put forward nominations and demand that they be put subsequently to vote at the same General Meeting, provided that the number of such nominations cannot be larger than double the difference between the number of the members of the Supervisory Board calculated in accordance with the formula set out in Clause 3 above and the number of the members of the Supervisory Board appointed out of the nominations previously put forward by the Eligible Shareholder.
 5. Recommendations of nominations for members of the Supervisory Board shall be submitted to the Management Board, provided however that if a recommendation is made at the General Meeting that is to elect the Supervisory Board, such recommendation in order to be valid should be submitted to the Chairman of the General Meeting immediately after his or her election, however not later than prior to the beginning of the vote on election of members of the Supervisory Board. Each nomination shall be voted on individually. The Supervisory Board shall consist of the individuals who received consecutively the largest number of votes, provided, however, that they achieve at least the ordinary majority of the votes cast.
 6. If, following the expiration of the mandate of a Supervisory Board member, the number of Supervisory Board members falls below the minimum specified in § 11.1, the Management Board shall promptly convene the General Meeting in order to supplement the composition of the Supervisory Board.

§ 12

1. The Chairman and the Deputy Chairman of the Supervisory Board shall be appointed by the Eligible Shareholder from among the elected members of the Supervisory Board, including also the case when the Supervisory Board is elected by voting by separate groups.
2. The Supervisory Board may elect a Secretary from among its members.

§ 13

Members of the Supervisory Board who are delegated to perform certain supervisory functions individually are obliged to present a written report to the Supervisory Board on performance of such functions.

§ 14

1. Supervisory Board acts based on the Rules and Regulations decided by the Supervisory Board and approved by the General Meeting.
2. The subject of the first meeting of the Supervisory Board after electing the Supervisory Board for a new term is formation of the Supervisory Board, including in particular election of a Secretary of the Supervisory Board. The subject of the first meeting of the Supervisory Board may not be adoption of resolutions concerning appointing and dismissing the President of the Management Board, members of the Management Board or the Management Board as a whole, except for the resolutions on appointing a member or members of the Management Board when the Management Board of the Company consists of a smaller number of members than required by the provisions of the Articles of Association. The next meeting of the Supervisory Board may be held seven days from the date of the first Supervisory Board meeting at the earliest. Until then the Supervisory Board may adopt resolutions using the means of instantaneous communication in accordance with § 17.4.

§ 14a

The Supervisory Board supervises the Bank's operations in all the areas of its activity, in particular the risk management system and the internal audit system.

§ 15

1. In addition to the rights and obligations provided for by the generally applicable laws and regulations and the provisions of the Articles of Association, the Supervisory Board shall adopt resolutions in the following matters:
 - 1) approving the strategy of the Bank adopted by the Management Board;
 - 1a) approving the Bank's general risk level;
 - 2) approving the annual financial plan adopted by the Management Board;
 - 3) appointing the entity to audit or review the consolidated and individual financial statements of the Bank, granting consent to entering into agreements with such entity or its subsidiaries, controlled entities, dominant entities or subsidiaries or controlled entities of its dominant entities, and to performance of any other acts that may adversely affect the independence of such entity in performing the audit or review of the financial statements of the Bank;
 - 4) adopting the Rules and Regulations of the Supervisory Board;
 - 5) adopting the Regulations that set out the principles of granting credits, loans, bank guarantees and sureties to the members of the Management Board or the Supervisory Board and persons holding managerial positions at the Bank, as well as to the entities linked by participation or control with the members of the Management Board or the Supervisory Board and persons holding managerial positions at the Bank in accordance with Article 79a of the Banking Law;
 - 6) adopting the Rules and Regulations concerning utilisation of the reserves;
 - 7) appointing and dismissing the President of the Management Board by secret vote;
 - 8) appointing and dismissing by secret vote the Vice-Presidents and other members of the Management Board, upon a motion of the President of the Management Board;
 - 9) suspending, for important reasons, the selected or all members of the Management Board in the performance of their duties, and delegating the

- members of the Supervisory Board, for up to three months, to temporarily perform the duties of members of the Management Board who were dismissed, resigned or are unable, for other reasons, to perform their duties;
- 10) granting consent to opening or closing branches abroad;
- 11) approving adopted by the Management Board:
- a) Rules and Regulations concerning
 - the Management Board;
 - management of special funds created from net profits;
 - organisation of the Bank;
 - b) resolutions concerning:
 - the principles of information policy regarding capital adequacy;
 - the principles of the lack of compliance risk management policy;
 - the banking risk management strategy;
 - estimates of the internal capital, management and capital planning;
 - the principles of functioning of the internal audit system.
- 11a) approving the periodical reports of the Management Board on risk management, capital adequacy and the internal audit system.
- 12) granting prior consent to:
- a) acquisition and disposal of fixed assets of the value exceeding 1/10 of the equity of the Bank, excluding real property and rights of perpetual usufruct;
 - b) with the exclusion of the activities referred to in § 9.1.5, acquisition and disposal of real property, an interest in a real property or the right of perpetual usufruct, or their encumbrance with a limited property right or making it available for use by a third party, if the value of the real property or the right that is the object of such act exceeds 1/50 of the share capital of the Bank; such consent is not required if the acquisition of real property, an interest in a real property or a right of perpetual usufruct

takes place as a part of enforcement, bankruptcy, arrangement proceedings or any other agreement with a debtor of the Bank, as well as in the event of legal transactions concerning real property or rights acquired by the Bank in the manner described above; in such events the Management Board shall be only obliged to notify the Supervisory Board about the performed act;

- c) establishment of a company, subscription for or acquisition of shares, bonds convertible into shares or other instruments entitling to acquire or subscribe for shares if the financial commitment of the Bank resulting from such act exceeds 1/10 of the equity;
- d) any transaction to be entered between the Bank and an affiliated entity, if the value of such transaction exceeds 1/10 of the share capital, except for typical and routine transactions concluded at arm's length between affiliated entities, when the nature and terms of such transactions are determined by the current operations of the Bank;
- e) performance of any act by the Bank, as a result of which the sum of receivables of the Bank and the off-balance sheet commitments exposed to the risk of a state-owned legal person or a company with the State Treasury as the majority shareholder and entities linked by participation or control with such legal person or company would exceed 5% of the equity of the Bank;

13) applying to the Financial Supervision Authority for granting consent to appointing two Members of the Management Board, including the President of the Board.

2. The Supervisory Board shall notify the Financial Supervision Authority of the composition of the Management Board and each change in the composition of the Management Board promptly after election of the Management Board or any change in its composition. The Supervisory Board shall also notify the Financial Supervision Authority of the members of the Management Board who, in the organisational structure of the Bank, are in charge of the credit risk management and internal audit.

3. The Supervisory Board shall adopt resolutions by an absolute majority of votes in the presence of at least half of the members of the Supervisory Board, including the Chairman or the Deputy Chairman of the Supervisory Board, except for resolutions concerning the matters referred to in Clauses 1.1–1.3, 5, 7–9 and 12, which in addition to the above quorum shall require a qualified majority of $\frac{2}{3}$ of the votes.
4. The members of the Supervisory Board who are concerned by the matter that is subject to vote shall be excluded from the vote.

§ 16

The meetings of the Supervisory Board shall be held at least once every quarter.

§ 17

1. The Supervisory Board shall adopt resolutions in an open vote. Secret vote shall be ordered in personnel matters and at the request of at least one member of the Supervisory Board. When secret vote is ordered, the provisions of Clause 3 below shall not apply.
2. The members of the Supervisory Board are entitled to remuneration.
3. A member of the Supervisory Board may vote in writing through another member of the Supervisory Board. The votes cast in this manner must not concern any matters placed on the agenda during the meeting of the Supervisory Board.
4. The Supervisory Board may adopt resolutions in writing (by circulation) or using the means of instantaneous communication, except for resolutions concerning the matters referred to in § 15 Clauses 1.1–1.3, 5, 7–9 and 12 and the resolutions adopted by secret vote. A resolution is valid when all members of the Supervisory Board were informed in advance about the content of the draft resolution and when at least half of the members of the Supervisory Board, including the Chairman or the Deputy Chairman of the Supervisory Board, have taken part in the vote on the resolution.
5. Resolutions adopted following the procedure set out in Clause 4 above shall be presented at the next meeting of the Supervisory Board together with the result of the vote.

§ 17a

1. The Supervisory Board appoints from among its members the Audit Committee; it can also appoint other committees composed of its members.
2. The committees of the Supervisory Board act on the basis of Rules and Regulations agreed by the Supervisory Board.

Management Board

§ 18

1. The Management Board shall consist of 3 (three) to 9 (nine) members.
2. The Management Board shall include: the President of the Management Board, Vice-Presidents and other members of the Management Board.

§ 19

1. The members of the Management Board are appointed for a joint term of three years.
2. The Management Board is appointed by the Supervisory Board in accordance with the procedure set out in § 15 Clauses 1.7 and 1.8.
3. Appointment of two members of the Management Board, including the President of the Management Board, requires approval by the Financial Supervision Authority.
4. A member of the Management Board may be dismissed only for important reasons.

§ 20

1. All matters relating to the management of the affairs of the Bank, which are not reserved for the General Meeting or the Supervisory Board by the generally applicable laws and regulations or provisions of the Articles of Association, shall fall within the authority of the Management Board, including acquisition and disposal of real property, an interest in real property or the right of perpetual usufruct, which do not require a consent of the General Meeting in accordance with § 9 Clause 1.5.

2. Making decisions on incurring liabilities or disposing of assets the total value of which, in relation to one entity, exceeds 5% of the Bank's equity shall fall within the authority of the Management Board, save for the powers of the General Meeting set out in § 9 or of the Supervisory Board set out in § 15.

§ 21

Representations on behalf of the Bank shall be made by:

- 1) the President of the Management Board acting individually;
- 2) two members of the Management Board acting jointly, or one member of the Management Board acting jointly with a commercial proxy;
- 3) attorneys acting individually or jointly, to the extent of the power of attorney granted.

§ 22

1. The Management Board shall make its decisions during a meeting or in writing (by circulation). The Management Board may also make decisions using the means of instantaneous communication.
2. The operating procedure of the Management Board shall be defined in detail in Rules and Regulations adopted by the Management Board and approved by the Supervisory Board.
3. The Management Board shall make its determinations by way of resolutions.
4. Resolutions of the Management Board shall be required for all matters that go beyond the scope of ordinary activities of the Bank. Resolutions of the Management Board shall be adopted by an absolute majority of votes cast by those present at the meeting of the Management Board. In case of a tie, the President of the Management Board shall have the casting vote.
5. The Management Board, in the form of resolutions, fulfils the following functions:
 - 1) defines the Bank's strategy, taking into consideration the risk involved in the activities of the Bank as well as the principles of prudential and stable management of the Bank;

- 2) defines the annual financial plans, including the conditions of its implementation;
 - 3) adopts organisational regulations and principles of division of authority;
 - 4) establishes and dissolves permanent committees of the Bank and determines their competences;
 - 5) adopts the Rules and Regulations of the Management Board;
 - 6) determines the internal regulations for managing the special funds set up from the net profit;
 - 7) sets the dates of dividend payment within the deadlines set by the General Meeting;
 - 8) appoints commercial proxies;
 - 9) defines banking products and other banking and financial services;
 - 10) defines the principles of participation of the Bank in companies and other organisations, taking into account § 15 Clause 1.12.c;
 - 10a) defines the effective systems for risk management, internal control, estimating the Bank's internal capital.
 - 11) determines the principles of operation of the internal controls and the annual internal audit plans;
 - 12) creates, transforms and dissolves organisational units of the Bank in Poland and abroad.
6. The Management Board provides the Supervisory Board with periodical reports on risk management, capital adequacy and the effectiveness of the internal control system.

§ 23

1. The President of the Management Board shall:

- 1) manage the work of the Management Board;
- 2) convene and preside over meetings of the Management Board;

- 3) present the position of the Management Board to the governing bodies of the Bank and in external relations;
 - 4) determine the assignment of the individual areas of the Bank's operations to the members of the Management Board, subject to Clause 4;
 - 5) ensure implementation of the resolutions of the Management Board;
 - 6) issue instructions and regulations;
 - 7) present motions to the Supervisory Board for appointment and dismissal of the Vice-Presidents and other members of the Management Board;
 - 8) take decisions concerning staffing of the positions reserved for his or her competence.
2. In particular the President of the Management Board shall be responsible for the matters related to supervision over the functions supporting the operation of the Bank's governing bodies and matters related to supervision over the functions supporting the operation of the standing committees of the Bank, and the matters related to internal audit, communication and promotion, and legal matters.
 3. 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.
 4. The member of the Management Board, whose appointment was approved by the Financial Supervision Authority, shall be responsible in particular for the matters related to risk management including credit risk.
 5. The members of the Management Board shall participate in managing the operations of the Bank in accordance with the Rules and Regulations of the Management Board.
 6. The members of the Management Board shall supervise the areas of the Bank's operations assigned to them and shall make decisions in matters of the usual management within the areas of the Bank's operations they supervise.

V. Organisation of the Bank

§ 24

1. The objectives and tasks of the Bank are accomplished by the Bank's organisational entities and organizational units of the Head Office, representative offices and other entities.
2. The organisation of the Bank shall be defined in the Organisational Regulations adopted by the Management Board and approved by the Supervisory Board.

§24a

The Bank may cooperate, within the confines of the PKO Bank Polski Group, with other financial institutions, in the meaning of the Commercial Companies Code or the 29 April 1997 Banking Law Act, in particular, by utilising the Bank's available technical, organisational and human resources or information systems in ways that are consistent with their economic purpose and with particular regard for the operational security of the Bank and of those institutions.

§ 25

1. The governing bodies of the Bank shall issue the following internal regulations:
 - 1) resolutions – the Supervisory Board and the Management Board;
 - 2) orders – the President of the Management Board;
 - 3) decisions – the entities authorised under separate internal regulations.
2. Defining the banking products and other banking and financial services shall require a resolution of the Management Board.
3. The procedure of issuing internal regulations shall be specified in separate provisions.

VI. The principles of functioning of the internal audit system

§ 26

1. An internal audit system shall be established at the Bank.
2. The scope of internal audit system shall cover all activities of the Bank set out in the Articles of Association.
3. The purpose of internal audit system is facilitating the decision-making processes helping to ensure:
 - 1) the effectiveness and efficiency of the Bank's operations;
 - 2) reliability of financial reporting; and
 - 3) compliance of the Bank's operations with the generally applicable laws and internal regulations.
4. The internal audit system includes:
 - 1) control mechanisms;
 - 2) examination of compliance of the Bank's operations with the generally applicable laws and Bank's internal regulations.
 - 3) internal audit.
5. Organising an internal audit unit is within the discretion of the Management Board.
6. The internal audit unit is independent and is directly responsible to the President of the Management Board.
7. The appointment and dismissal of the director of the internal audit unit requires prior approval of the Supervisory Board.

§ 27

1. The principles of functioning of the internal audit system shall be set by the Management Board including definition of organisational entities and units that are responsible for performance of such audit and specification of the tasks of respective organisational entities and units with regard to the audit.

2. The method of performing the internal audit in organisational entities of the Bank and the organisational units of the Head Office shall be defined by the President of the Management Board.

VII. Funds of the Bank

§ 28

1. The own funds of the Bank shall consist of:
 - 1) the core funds;
 - 2) the additional capital;
 - 3) the balance-sheet items classified in accordance with the Banking Law as funds deductible from the own funds of the Bank.
2. The core funds shall consist of:
 - 1) the basic funds consisting of:
 - a) the share capital;
 - b) the reserve capital;
 - c) the reserves;
 - 2) the additional items of the core funds consisting of:
 - a) the general risk fund for unidentified risks associated with banking activity;
 - b) profit brought forward;
 - c) interim profit and the net profit for the current statement period, calculated in accordance with the applicable accounting principles, reduced by any anticipated charges and dividends in the amounts not exceeding the amounts of profit verified by the chartered auditors;
 - 3) deductions from the core funds, consisting of:
 - a) own shares held by the Bank, valued at their balance-sheet value, reduced by write-offs on account of permanent loss of their value;
 - b) intangible assets valued at their balance-sheet value;

- c) loss brought forward;
 - d) interim loss;
 - e) net loss for the current accounting period.
3. Additional capital shall be created by virtue of resolutions of the General Meeting. The classification of funds as additional capital shall be governed by the regulations of the Banking Law.
 4. The Bank may create special funds. Special funds shall be created and dissolved by virtue of resolutions of the General Meeting.
 5. The detailed principles guiding the creation and use of the funds shall be defined in Rules and Regulations adopted by the Supervisory Board.

§ 29

1. The reserve capital of the Bank shall be created from annual write-offs from net profit to cover potential balance-sheet losses generated due to the activity of the Bank.
2. The amount of the reserve capital shall also be increased by: additional contributions made by the shareholders in exchange for special rights granted to their existing shares without increasing the share capital, share premiums remaining after coverage of the share distribution costs.
3. Decisions concerning utilisation of the reserve capital shall be made by the General Meeting.

§ 30

1. The reserves of the Bank shall be created independently of the reserve capital from the annual write-offs from net profit in the amount specified in a resolution of the General Meeting.
2. The reserves shall serve exclusively to cover potential balance-sheet losses. Decisions concerning utilisation of the reserve shall be made by the General Meeting.
3. The detailed principles concerning utilisation of the reserves shall be set out in the relevant Rules and Regulations to be adopted by the Supervisory Board.

§ 31

1. The general risk fund shall be created from write-offs from net profit in the amount specified in a resolution of the General Meeting.
2. The general risk fund shall cover unidentified risks associated with banking activity.

VIII. Financial management of the Bank

§ 32

1. The financial management of the Bank shall be based on the annual financial plans to be approved by the Supervisory Board. The detailed principles of financial management shall be defined by the Management Board.
2. The financial year shall correspond to the calendar year.

§ 33

The organisation and method of accounting shall be determined by the Management Board.

§ 34

Decisions concerning allocation of net profit of the Bank to:

- 1) the reserve capital;
- 2) the reserves;
- 3) the general risk fund for unidentified risks associated with banking activity;
- 4) the dividend;
- 5) special funds;
- 6) other purposes;

shall be made by the General Meeting with determination of the amount of write-offs for specific purposes.

§ 34a

The Management Board is authorized to make an advance payment of anticipated dividend for the end of the financial year, provided that the Bank has sufficient funds for such a payment and that the financial statement for the previous year indicates a profit. The disbursement of such advance payment requires the approval of the Supervisory Board and arrangements with the Financial Supervision Authority. The advance payment for dividend may only amount to half of the Bank's profit made by the end of the previous financial year, reported in the financial statement examined by a chartered auditor, reduced by the uncovered losses and own shares.

IX. Entering into the rights of the Eligible Shareholder

§ 35

1. The rights vested in the Eligible Shareholder pursuant to the Articles of Association shall be vested in the entity that will acquire them until another shareholder enters into its rights in accordance with provisions of Clause 2. The acquisition by other shareholder of shares that entitle to a larger number of votes at the General Meeting than can be exercised by the Eligible Shareholder, if they are acquired in a different manner than in accordance with Clause 2, shall not result in termination of the rights acquired by such Eligible Shareholder.
2. The entering into the rights of the Eligible Shareholder may only take place when a shareholder, who individually acquires (acting on its own behalf and on its own account) and registers at the General Meeting the shares that constitute at least 75% (seventy five percent) of the total number of shares in the share capital of the Bank, of which all shares in the number that exceed 10% (ten percent) of the total number of shares in the share capital of the Bank shall be acquired by such shareholder:
 - 1) through the tender offer to acquire all shares of the Bank announced in accordance with the provisions of the laws and regulations governing trading in financial instruments, from the shareholders that a) are not subsidiaries, dominant entities or controlled entities in respect to such

shareholder, b) are not related to such shareholder in the manner described in of the laws and regulations governing trading in financial instruments, c) are not acting under other agreement with such shareholder aiming to circumvent the restrictions provided for in this Clause 1; or

- 2) on the primary market (as defined in the of the laws and regulations governing trading in financial instruments),

provided that such shareholder obtains consent or a permit on the principles set out in the generally applicable laws and regulations, should such consent be required.

X. Definitions

§ 36

Each reference in the Articles of Association to:

- 1) **"affiliated entity"** – means an affiliated entity within the meaning of the laws and regulations governing trading in financial instruments;
- 2) **"dominant entity"** and **"subsidiary"** means the person specified in § 10.9;
- 3) **"controlled entity"** – means a "controlled entity" within the meaning of the Accounting Act of 29 September, 1994 (i.e. Journal of Laws of 2002, No. 76, item 694, as amended).

The text of the Articles of Association in the wording specified in the resolution No. 34/2010 of the Annual General Meeting convened on 25 June 2010 on the amendments to the Articles of Association of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna including amendments arose from the resolutions:

- No. 3/2011 of the EGM of PKO Bank Polski SA on 14 April 2011
- No. 26/2011 of the AGM of PKO Bank Polski SA on 30 June 2011
- No. 45/2014 of the AGM of PKO Bank Polski SA on 26 June 2014
- No. 47/2014 of the AGM of PKO Bank Polski SA on 26 June 2014
- No. 48/2014 of the AGM of PKO Bank Polski SA on 26 June 2014