

**RESOLUTION No. /2024
of the Annual General Meeting of
Powszechna Kasa Oszczędności
Bank Polski Spółka Akcyjna
of 28 June 2024**

**on amendments to the Articles of Association of Powszechna Kasa Oszczędności Bank Polski Spółka
Akcyjna**

Acting on the basis of Article 430 § 1 of the Commercial Companies Code, the Annual General Meeting adopts the following:

§ 1.

The Articles of Association of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna are hereby amended as follows:

1. in § 4:
 - 1) item 10 and item 16 in section 1 shall be deleted;
 - 2) in section 2, item 4 shall be amended to read as follows:
 - “4) carrying out brokerage activities referred to in Article 69 of the Act of 29 July 2005 on trading in financial instruments, in the following scope:
 - a) accepting and transferring orders to purchase or sell financial instruments;
 - b) executing the orders referred to in point a) above on behalf of the principal;
 - c) purchasing or selling financial instruments on own account;
 - d) investment advice;
 - e) offering financial instruments;
 - f) provision of services in the performance of the underwriting agreements or the performance of other agreements of a similar nature, if their subject matter is financial instruments;
 - g) safekeeping and recording financial instruments, including keeping securities accounts, derivatives accounts and omnibus accounts, as well as keeping cash accounts, and keeping records of financial instruments;
 - h) providing advice on the capital structure, business strategy or other issues related to such structure or strategy to businesses;
 - i) consultancy and other services related to mergers, splits and acquisitions;
 - j) currency exchange, where this is related to brokerage activities within the scope specified in Article 69 section 2 of the Act of 29 July 2005 on trading in financial instruments;
 - k) preparation of investment analyses, financial analyses and other general recommendations concerning transactions in financial instruments;”;
 - 3) item 1, item 5 and item 6 in section 3 shall be deleted.

2. in § 9 section 1, item 6) shall be amended to read as follows:
“6) issue of bonds convertible into shares, bonds with pre-emptive rights, as well as subscription warrants and issue of capital bonds convertible into Bank’s shares in the event of a trigger event and increase of the share capital by converting capital bonds into Bank’s shares;”;
3. in § 20, section 1 shall be amended to read as follows:
“1. All issues related 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 or the provisions of these Articles of Association, shall fall within the competences of the Management Board, including acquisition and disposal of real estate, an interest in real estate or a perpetual usufruct, which do not require permission of the General Meeting in accordance with § 9 or permission of the Supervisory Board in accordance with § 15, and the granting of the Bank’s shares in exchange for capital bonds in connection with the conversion of capital bonds into Bank’s shares in the event of a trigger event.”;
4. in § 28:
 - 1) section 1 shall be amended to read as follows:
“1. The Bank’s own funds shall be the sum of the Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital.”
 - 2) sections 3 and 4 shall be added, reading as follows:
“3. The Bank may issue capital bonds and other financial instruments, on the basis of generally applicable laws, in order to qualify them as own funds.
4. Prior authorization of the Polish Financial Supervision Authority shall be required in case are:
 - 1) reduction, redemption or repurchase of instruments in Common Equity Tier 1 capital;
 - 2) reduction, distribution or reclassification as another own funds item of the share premium accounts related to own funds instruments;
 - 3) calling for the sale, redemption, repayment or repurchase of Tier 1 additional instruments or Tier 2 instruments before their contractual maturity.”

§ 2.

The Supervisory Board is hereby authorized to prepare the consolidated text of the Articles of Association of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, taking into account the amendments referred to in § 1 hereof.

§ 3.

This resolution shall come into force as of the date of its adoption.

Rationale
to the draft resolution on amendments to the Articles of Association of
Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna

I. Deletion of item 10 and item 16 in § 4 section 1 of the Articles of Association and item 1, item 5 and item 6 in § 4 section 3 of the Articles of Association.

In connection with the entry into force on 29 September 2023 of the Act of 16 August 2023 on amendments to certain acts in connection with ensuring the development of the financial market and the protection of investors in that market (Journal of Laws of 2023, item 1723), in relation with the expectation of the Polish Financial Supervision Authority expressed in the PFSA's letter of 2 February 2024 to the industry, ref. no: DLB-DLBZ2.700.24.2023.MW.DK and the letter of 28 March 2024 addressed to the Bank, ref. no: DLB-DLBZ2.706.46.2024.MG, it became necessary to process the application for authorization to amend the Bank's Articles of Association due to the need to delete the following activities from the Bank's scope of activity:

- 1) **§ 4 section 1 point 10 reading as follows: “executing financial forward transactions”** – the amendment resulting from the repeal of Article 5 section 2 item 4 of the Banking Law by virtue of the provisions of the Act of 16 August 2023 on amendments to certain acts in connection with ensuring the development of the financial market and the protection of investors in that market (Journal of Laws of 2023, item 1723);
- 2) **§ 4 section 1 point 16 reading as follows: “operation of a housing fund”** – the amendment resulting from adding section 4 in Article 34 of the Banking Law by virtue of the provisions of the Act of 16 August 2023 on amendments to certain acts in connection with ensuring the development of the financial market and the protection of investors in that market (Journal of Laws of 2023, item 1723);
- 3) **§ 4 section 3 point 1 reading as follows: “take up or acquire shares and rights on such shares, shares in other legal persons and units in investment funds”** – the amendment resulting from the repeal of Article 6 section 1 item 1 of the Banking Law by virtue of the provisions of the aforementioned Act of 16 August 2023;
- 4) **§ 4 section 3 point 5 reading as follows: “trade in securities”** – the amendment resulting from amending the text of Article 6 section 1 item 3 of the Banking Law by virtue of the provisions of the aforementioned Act of 16 August 2023;
- 5) **§ 4 section 3 point 6 reading as follows: “incur liabilities relating to the issue of securities”** – the amendment resulting the repeal of Article 6 section 1 item 2 of the Banking Law by virtue of the provisions of the aforementioned Act of 16 August 2023.

II. Amendment to § 4 section 2 item 4) of the Articles of Association

In connection with the entry into force on 29 September 2023 of the Act of 16 August 2023 on amendments to certain acts in connection with ensuring the development of the financial market and the protection of investors in that market (Journal of Laws of 2023, item 1723), it became necessary to process the application for authorization to amend the Bank's Articles of Association due to the need to clarify in more details in the Articles of Association the activities referred to in:

- a) Article 69 section 2 of the Act of 29 July 2005 on trading in financial instruments (“**Act on Trading**”) that the Bank intends to carry out in keeping with the principles set out in Article 111 of the Act on Trading; or
- b) Article 69 section 2 items 1-7 of the Act on Trading that the Bank intends to carry out in accordance with Article 70 section 2 of the Act on Trading; or
- c) Article 69 section 4 of the Act on Trading.

Taking into account the above, the Bank, which holds the license to conduct brokerage activities or performs activities referred to in Article 69 section 2 in conjunction with Article 70 section 2 of the Act on Trading, shall apply to the PFSA for an authorization to amend the Articles of Association in order to ensure their compliance with the requirements set out in Article 31 section 3 item 2 of the Banking Law, as amended by the Act of 16 August 2023, within 6 months of its entry into force, i.e. by 29 March 2024. The relevant application was submitted to the PFSA on 16 February 2024.

III. Amendment to § 9 section 1 item 6), § 20 section 1) and § 28 section 1 of the Articles of Association

In connection with the entry into force on 1 October 2023 of the Act amending the Act on investment funds and management of alternative investment funds, the Act on bonds, the Act on the Bank Guarantee Fund, the deposit guarantee scheme and compulsory resolution and certain other acts, it became possible to extend the catalogue of issued capital instruments to so-called AT1 capital bonds, i.e. new debt instruments, containing a mechanism for loss absorption, inter alia, by redeeming bonds or converting them into shares. Due to the need for banks to satisfy requirements pertaining to the minimum level of own funds and eligible liabilities (MREL), it is necessary, as specified in the application, to extend, by means of capital bonds, the catalogue of capital market instruments available to the Bank, which will allow greater diversification of the debt instruments used, while at the same time facilitating compliance with the requirements of the MREL, which determines the success of the resolution process.

The introduced solution enables the issue of instruments that can be classified as the so-called Additional Tier 1 capital and Tier 2 capital, and will enable the Bank to add the aforementioned capital instruments to regulatory capital. Introducing the possibility to classify an appropriate category of equity instruments as additional components of own funds or own resources will contribute to increasing the Bank’s capital base. The PFSA also expects to clarify in the wording of the Articles of Association the provision concerning Tier 1 capital, as the sum of Common Equity Tier 1 and Additional Tier 1 capital:

“Adding, in the Articles of Association, a new instrument which may be included in AT1 requires the definition of own funds to be clarified by dividing Tier 1 capital into CET1 and AT1. Consequently, the provision of § 28 section 1 of the Articles of Association of the Bank should indicate that own funds are the sum of the Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital.”¹

Moreover, the intention of the amendment within the scope of § 20 section 1 of the Articles of Association is to grant the authorization for the Bank’s Management Board, referred to in Article 454(1) § 2 of the Act

¹ PFSA letter of 28 March 2024 to the Bank, ref. no DLB-DLBZ2.706.46.2024.MG.

of 15 September 2000 – Commercial Companies Code, authorizing the Management Board to adopt a resolution on granting the Bank’s shares in exchange for capital bonds in connection with the share capital increase by converting capital bonds into Bank’s shares in the event of a trigger event.

IV. Addition of sections 3 and 4 in § 28 of the Articles of Association

In connection with the PFSA’s expectation expressed in the circular letter of 27 May 2022 to commercial banks and in the PFSA letter of 11 July 2023 submitted to the Bank in the course of the procedure for granting permission to amend the Articles of Association in the scope of extending the scope of the Bank’s business activity to include “execution of orders to purchase or sale of financial instruments on behalf of the principal” and granting permission to use the reserve capital to purchase treasury shares for the purposes of their redemption, an obligation to obtain prior authorization from the PFSA to carry out the activities listed in Article 77(1) items (1)-(3) of 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 (CRR) has been added.

Those provisions stem from Articles 77 and 78 of the CRR.

Article 77(1) of the CRR stipulates:

“1. An institution shall require the prior permission of the competent authority to do either or both of the following:

- a) reduce, redeem or repurchase Common Equity Tier 1 instruments issued by the institution in a manner that is permitted under applicable national law;*
- b) reduce, distribute or reclassify as another own funds item the share premium accounts related to own funds instruments;*
- c) effect the call, redemption, repayment or repurchase of Additional Tier 1 instruments or Tier 2 instruments as applicable, prior to the date of their contractual maturity.”*

On the other hand, Article 78(1) of the CRR stipulates:

“(…) Where an institution provides sufficient safeguards as to its capacity to operate with own funds above the amounts required in this Regulation and in Directive 2013/36/EU, the competent authority may grant that institution a general prior permission to take any of the actions set out in Article 77(1) of this Regulation(…)”

On 2 May 2024, the Bank obtained the consent of the Polish Financial Supervision Authority to introduce the proposed amendments to the Bank’s Articles of Association.

This rationale is accompanied by the current text of the Bank’s Articles of Association, together with the proposed amendments marked.

The draft resolution has received the positive opinion of the Supervisory Board.