



Bank Polski

**Supplement dated 12 August 2015
to the Base Prospectus dated 6 May 2015**

€3,000,000,000

Programme for the Issuance of Loan Participation Notes

to be issued by, but with limited recourse to,

PKO Finance AB (publ)

(incorporated with limited liability under the laws of the Kingdom of Sweden)

for the sole purpose of financing senior and subordinated loans to

Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna

(incorporated as a joint stock company in the Republic of Poland)

This supplement (the “**Second Supplement**”) constitutes a second supplement and must be read in conjunction with the base prospectus dated 6 May 2015 as supplemented by means of the first supplement dated 27 May 2015 (the “**First Supplement**”) (jointly the “**Base Prospectus**”) prepared by PKO Finance AB (publ) (the “**Issuer**”) and Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna (the “**Borrower**” or the “**Bank**”) with respect to the programme for the issuance of loan participation notes (the “**Notes**”) referred to above (the “**Programme**”).

Terms defined in the Base Prospectus have the same meanings when used in the Second Supplement. To the extent that there is any inconsistency between any statement in the Second Supplement and any other statement in or incorporated in the Base Prospectus, the statements in the Second Supplement will prevail.

Application has been made to the Luxembourg *Commission de Surveillance du Secteur Financier* (the “**CSSF**”), which is the competent Luxembourgish authority, for the purpose of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”), and the relevant implementing measures in Luxembourg to approve this document as a supplement.

Each of the Issuer and the Borrower accepts responsibility for the information contained or incorporated by reference in the Second Supplement. To the best of their knowledge (having taken all reasonable care to ensure that such is the case), the information contained in the Second Supplement is in accordance with the facts and contains no omission likely to affect its import.

Publication of the Half Yearly Financial Statements of the Borrower

The Second Supplement has been prepared pursuant to Article 16.1 of the Prospectus Directive and Article 13 of the Luxembourg Law on prospectuses for securities dated 10 July 2005 (the “**Luxembourg Law**”) in connection with the release by the Borrower on 10 August 2015 of its condensed interim consolidated financial statements for the six-month period ended 30 June 2015 (the “**Condensed Interim Consolidated Financial Statements**”) and for the purposes of incorporating by reference the Condensed Interim Consolidated Financial Statements as set out below. A copy of the Condensed Interim Consolidated Financial Statements has been filed with the CSSF and is

incorporated by reference into, and forms part of, the Second Supplement and, by virtue of the Second Supplement, is incorporated by reference into, and forms part of, the Base Prospectus.

The following information is included in the Condensed Interim Consolidated Financial Statements on the pages indicated:

(a) Consolidated Income Statement	4
(b) Consolidated Statement of Comprehensive Income	4
(c) Consolidated Statement of Financial Position	5
(d) Consolidated Statement of Changes in Equity	6
(e) Consolidated Statement of Cash Flows	7
(f) Notes to the Condensed Interim Consolidated Financial Statements	10-89

The information incorporated by reference that is not included in the cross-reference list is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and the dissemination of advertisements. Each of the Borrower and the Issuer accepts responsibility as to the accuracy and completeness of any translations into English set out in any documents incorporated by reference in this Base Prospectus.

Significant and Material Change

Update of a risk factor

In connection with the proposals raised during and directly after the presidential campaign in mid-2015 to commence work on the introduction of a tax on the assets of banks, the following change is deemed to be introduced to the Base Prospectus:

- (a) The second and third paragraph of the “An Additional Tax Levy May Be Imposed on Banks in Poland and the EU” risk factor on page 12 of the Base Prospectus shall be deemed to be added with the following wording:

“Additionally, from time to time various Polish politicians propose the introduction of what they refer to as a ‘banking tax’. Such a proposal was the subject of discussions during the presidential campaign in mid-2015. A recent proposal from the main parliamentary opposition for such a banking tax made on 7 July 2015 is based on the previous draft of the act on tax with regard to certain financial institutions from 2011 (which was rejected during the legislative procedure), which envisaged taxation of assets of banks at a rate of 0.39%. However, as of the date of the Second Supplement neither the exact rules regarding such tax nor the possible date of such tax being introduced are known.

If a financial transaction tax or a banking tax is introduced, that could have an adverse effect on the Group’s business, financial condition and results of operations.”

Changes in the Supervisory Board members

On 25 June 2015, the annual general meeting of the shareholders dismissed Jarosław Klimont from his position as a Supervisory Board member. On the same day, Tomasz Zganiacz – a Vice-Chairman of the Supervisory Board – resigned from his position as a member of the Supervisory Board as of 25 June 2015.

Pursuant to Art. 385 § 1 of the Commercial Companies Code, on 25 June 2015, the annual general meeting of the shareholders appointed Małgorzata Dec-Kruczkowska and Krzysztof Kilian as members of the Bank’s Supervisory Board.

Pursuant to paragraph 12.1 of the Bank’s Statute, the State Treasury, acting as the Eligible Shareholder, appointed Mirosław Czekaj to the position of Vice-Chairman of the Bank’s Supervisory Board.

In relation to the newly appointed members of the Supervisory Board, no conflict of interest occurs. Therefore, the appointment of the new members of the Supervisory Board does not have an impact on the information included on pages 147–148 of the Base Prospectus (the section titled “*Conflict of Interest*”).

Accordingly, the following changes are deemed to be introduced to the Base Prospectus:

- (a) The last sentence of the third paragraph of the section “*Composition*” on page 141 shall be deemed to be replaced with the following wording:

“The State Treasury, acting as the Eligible Shareholder, pursuant to § 12 clause 1 of the Bank’s Statute, appointed: Jerzy Góra as the Chairman of the Bank’s Supervisory Board and Mirosław Czekaj as the Deputy-Chairman of the Bank’s Supervisory Board.”

- (b) The fourth and fifth paragraph of the section “*Audit Committee*” on page 143 shall be deemed to be replaced with the following wording:

“As of the date of the Base Prospectus, the composition of the Supervisory Board Audit Committee was as follows: Mirosław Czekaj (Chairman of the Committee); Zofia Dzik (Vice-Chairperson of the Committee); Mirosława Boryczka (Member of the Committee); Krzysztof Kilian (Member of the Committee); and Piotr Marczak (Member of the Committee).

As of the date of the Base Prospectus, there are five members of the Supervisory Board Audit Committee, all of whom satisfy the independence criteria set forth in Art. 86 clause 4 of the Auditor Act. The Chairman of the Audit Committee, Mirosław Czekaj, in accordance with the relevant declaration, also holds qualifications in accounting and auditing.”

- (c) The second paragraph of the section “*Remuneration Committee*” on page 143 shall be deemed to be replaced with the following wording:

“As of the date of the Base Prospectus, the composition of the Supervisory Board Remuneration Committee was as follows; Małgorzata Dec – Kruczkowska (Chairman of the Committee), Jerzy Góra (Vice-chairman of the Committee); Elżbieta Mączyńska-Ziemacka (Member of the Committee); Marek Mroczkowski (Member of the Committee).”

- (d) The fifth paragraph of the section “*Remuneration Committee*” on page 144 shall be deemed to be replaced with the following wording:

“As of the date of the Base Prospectus, there are four members of the Supervisory Board Remuneration Committee.”

- (e) The current wording of the section “*Members of the Supervisory Board*” on pages 144 to 147 of the Base Prospectus shall be deemed to be deleted and replaced with the following wording:

“As of the date of the Base Prospectus, the Supervisory Board consists of nine members.

The current term of office of the Supervisory Board members commenced on 26 June 2014 (except for Małgorzata Dec-Kruczkowska and Krzysztof Kilian, who were appointed later). Their appointments (terms of office) expire at the latest on the date of the General Meeting that approves the financial statements for the financial year ended 31 December 2016.

The table below presents a list of the current members of the Supervisory Board, their age and position, the date their current term began and the expiration date of their current term of office.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date current term began</u>	<u>Expiration of term of office</u>
Jerzy Góra	59	Chairman of the Supervisory Board	26 June 2014	On the date of the general meeting of the shareholders in 2017
Mirosława Boryczka	45	Member of the Supervisory Board	26 June 2014	On the date of the general meeting of the shareholders in 2017
Mirosław Czekaj	50	Deputy-Chairman of the Supervisory Board	26 June 2014	On the date of the general meeting of the shareholders in 2017
Zofia Dzik	44	Member of the Supervisory Board	26 June 2014	On the date of the general meeting of the shareholders in 2017

Name	Age	Position	Date current term began	Expiration of term of office
Piotr Marczak	50	Member of the Supervisory Board	26 June 2014	On the date of the general meeting of the shareholders in 2017
Elżbieta Mączyńska-Ziemacka	69	Member of the Supervisory Board	26 June 2014	On the date of the general meeting of the shareholders in 2017
Marek Mroczkowski	58	Member of the Supervisory Board	26 June 2014	On the date of the general meeting of the shareholders in 2017
Małgorzata Dec-Kruczkowska	35	Member of the Supervisory Board	25 June 2015	On the date of the general meeting of the shareholders in 2017
Krzysztof Kilian	56	Member of the Supervisory Board	25 June 2015	On the date of the general meeting of the shareholders in 2017

Jerzy Góra

From 27 June 2014 to 31 December 2014, Mr Góra was the acting president of the management board of Agencja Rozwoju Przemysłu S.A. (the Industrial Development Agency). Since 1 January 2015, Mr Góra has been the president of the management board of Polskie Inwestycje Rozwojowe S.A.

He gathered his work experience holding managerial positions at, among others, Bank Gospodarstwa Krajowego as a director of the department for financing investment projects. He was a vice-president of the management board of Stocznia Szczecińska Porta Holding S.A., deputy director of GK Polska Żegluga Morska w Szczecinie and a department director in Bank Morski S.A.

He also worked in the Ministry of the Treasury as a director in the department of ownership supervision and privatisation II.

Earlier he served as a member of the supervisory boards of: Polimex-Mostostal S.A., LZPS Protektor S.A., Elektrociepłownia Będzin S.A., Euroafrica sp. z o.o., Polska Agencja Informacji i Inwestycji Zagranicznych S.A., Grupa Azoty Zakłady Chemiczne "Police" S.A. and Polskie Inwestycje Rozwojowe S.A. as well as of banks, including Bank Morski S.A. and BIG Bank S.A.

Mr Góra holds a Ph.D. in Economics from the University of Szczecin and was a scholarship recipient of the Saint Ignatius University Faculties of Antwerp (UFSIA).

The business address of Jerzy Góra is Polskie Inwestycje Rozwojowe SA, ul. Książęca 4, 00-498 Warsaw, Poland.

Mirosława Boryczka

Ms Boryczka is a director general in the Ministry of Finance and serves as a public sector manager and expert on public finance. For many years already she has been managing financial affairs and leading public sector institutions, starting her career with a civil service position in the Chancellery of the Prime Minister. Subsequently, she held advisory, managerial and supervisory posts in institutions both in the public and private sectors, including the Government Office for Legislation, the Municipal Office of the Capital City of Warsaw, the Polish Agency for Enterprise Development, the Industrial Development Agency, the Polish Information and Foreign Investment Agency and Bank Gospodarstwa Krajowego. She has also held the position of director general in the Ministry of the Economy and the Ministry of Science and Higher Education. In the years 2007-2008 and 2009-2013 Mirosława Boryczka was a member of the management board of the Polish Social Insurance Institution (ZUS), being responsible, among others, for the daily operations of the pension fund and investments of the pension reserve fund.

Mirosława Boryczka is a graduate of Jagiellonian University, the National School of Public Administration and the Advanced Management Programme at IESE Business School.

The business address of Mirosława Boryczka is Ministerstwo Finansów, ul. Świętokrzyska 12, 00-916 Warsaw, Poland.

Mirosław Czekał

Mr Czekał has been a member of the Supervisory Board since August 2009.

Mr Czekaj has a PhD in Economics, is a graduate of the Nicolaus Copernicus University in Toruń and a Certified Auditor.

In January 2007, he was elected by the City Council of the Capital City of Warsaw to the position of City Treasurer.

Between 2004 and 2006, he served as vice-president of Bank Gospodarstwa Krajowego, where he was responsible for the commercial activities of the bank and for supervising its branches.

Previously, he was responsible for public sector and corporate finances.

From 1992 to 2009, he held positions on the supervisory boards of numerous companies, including as chairman of the supervisory board of Remondis - Szczecin sp. z o.o., chairman of the supervisory board of Fundusz Wspierania Rozwoju Gospodarczego Miasta Szczecina, chairman of the supervisory board of Szczecińskie Centrum Renowacji sp. z o.o. and chairman of the supervisory board of MPT sp. z o.o. in Warsaw.

He was also a supervisory board member of Pomorski Bank Kredytowy S.A. in Szczecin.

Mr Czekaj is the author and co-author of several finance-related publications.

The business address of Mirosław Czekaj is Urząd Miasta st. Warszawy, ul. Kredytowa 3, 00-056 Warsaw, Poland.

Zofia Dzik

Ms Dzik is a graduate of the Krakow University of Economics, the University of Illinois in Chicago, the University of Social Sciences and Humanities in Warsaw and executive programs at the INSEAD Business School, she also holds an MBA from the Manchester Business School and is a certified member of the Association for Project Management (APMP).

In the years 1995–2003 she worked as a consultant in Andersen Business Consulting. From 2003 she was engaged in work for Intouch Insurance Group (at present: RSA), where in the years 2004–2007 she performed the function of the president of the board of directors of TU LINK4 S.A., whereas in the years 2007–2009 she held the functions of a member of the board of directors of Intouch Insurance B.V. in the Netherlands and CEO for East-Central Europe of Intouch Insurance Group.

During her time with Intouch Insurance Group, Ms Dzik was in charge of the development of new markets – she was the chairman of the supervisory boards of the following companies: TU Link4 S.A. and Direct Insurance Shared Services Center in Poland, Intouch Strachowanie in Russia and Direct Pojistovna in the Czech Republic, as well as the vice-chairman of the supervisory board of TU na Życie Link4 Life S.A.

In the years 2006–2008, she served as a member of the board of directors of the Polish Insurance Association. In the years 2007–2010, Ms Dzik was a member of the supervisory board of the Insurance Guarantee Fund.

At present, she is the president of the management board of the ‘Humanities – The Art of Education’ Foundation, which supports the process of social transformation in Poland; the author of the ‘Cohesive Leadership in support of sustainable human development’ model; the director of the Leadership Academy for the Education Sector Leaders, which works towards the development of leadership in the education sector; and a supervisory board member of the following companies: TU Link4 S.A., ERBUD S.A., and PKO Bank Polski.

The business address of Zofia Dzik is Fundacja Humanites – Sztuka Wychowania, ul. Nowogrodzka 56/7, 00 695 Warsaw, Poland.

Piotr Marczak

Mr Marczak has been a member of the Supervisory Board since June 2010.

He graduated from the Warsaw School of Economics (previously known as the Main School of Planning and Statistics). He has worked for the Ministry of Finance since 1992 and is currently the director of the Public Debt Department the main tasks of which include, for instance, the preparation of public debt

management strategies, risk and debt management for the State Treasury, the management of the liquidity of the state budget and the consolidation of the liquidity of entities in the public finance sector.

He is the author of several papers and articles on public debt and the treasury securities market in Poland, and he was also a lecturer in Dolnośląska Szkoła Bankowa (the Banking School of Lower Silesia). At the moment, he is a member of the supervisory board of PKP INTERCITY S.A. and previously he was a member of the supervisory boards of, for instance, Bank Gospodarstwa Krajowego, Huta Będzin S.A., Huta Stalowa Wola S.A., Stomil Poznań S.A. and Polskie Koleje Linowe S.A.

The business address of Piotr Marczak is Ministerstwo Finansów, ul. Świętokrzyska 12, 00-916 Warsaw, Poland.

Elżbieta Mączyńska-Ziemacka

Elżbieta Mączyńska-Ziemacka is a professor of economics and has been employed by the Institute of Economics of the Polish Academy of Sciences since 1990, and since 1998 at the Warsaw School of Economics, where, since 2008, she has been the head of the Faculty for Business Bankruptcy Studies in the Department of Corporate Finance and Investment of the Business Administration College, the Warsaw School of Economics and the head of the post-graduate studies programme in real property appraisal.

Since 14 June 2013, Ms Mączyńska-Ziemacka has been the chairperson of the Economic Strategic Thinking Committee (Komitet Gospodarczej Myśli Strategicznej) at the Polish Ministry of the Economy, the president of the Polish Economics Society (Polskie Towarzystwo Ekonomiczne) since 2005 and, since 2011, a member of the Presidium of the "Poland 2000 Plus" Forecast Committee and the Committee of Economic Sciences of the Polish Academy of Sciences. Between 1994 and 2005 she was the scientific secretary and a member of the Presidium of the Social and Economic Strategy Council of the Council of Ministers.

Between 2005 and 2007, Ms Mączyńska-Ziemacka was an independent member of the supervisory board of Bank Gospodarki Żywnościowej S.A., served as an independent member of the supervisory board of Polski Bank Rozwoju between 1996 and 1998 and, between 1990 and 1991, was an advisor and consultant to the Polish-Swedish limited liability company SWEA SYSTEM.

Elżbieta Mączyńska-Ziemacka graduated from the Department of Political Economics of the University of Warsaw and specialised in econometrics. She has also completed scientific and research internships in Germany (at the University of Mannheim) and in Austria (Wirtschaftsuniversität Wien). She received the DAAD scholarship on three occasions. She is the author, co-author and editor of around 200 publications and expert opinions connected with economic analysis, finance and enterprise appraisal, as well as economic systems and social and economic development strategies.

She is a member of the editorial board of the *Ekonomista*, a bi-monthly scientific journal published by the Polish Economic Society and the Committee of Economic Sciences of the Polish Academy of Sciences, a member of the editorial board of the *Kwartalnik Nauk o Przedsiębiorstwie*, a quarterly scientific journal published by the Collegium of Business Administration of the Warsaw School of Economics, and a member of the editorial team of the *International Journal of Sustainable Economy (IJSE)*, a quarterly scientific journal published by the Inderscience Publishers Editorial Office in the UK.

The business address of Elżbieta Mączyńska-Ziemacka is SGH Kolegium Nauk o Przedsiębiorstwie, ul Madalińskiego 6/8, 02-513 Warsaw, Poland.

Marek Mroczkowski

Mr Mroczkowski graduated from the Warsaw School of Economics. He completed postgraduate studies in the Faculty of Law and Administration at the University of Wrocław, as well as postgraduate studies in the Advanced Management Programme at INSEAD in Fontainebleau, France. Since 2009, he has been providing services in the field of consultancy and management in MRM Finance.

In the years 2007-2009, he was president of the management board and general director of MAŽEIKIU NAFTA AB in Lithuania. In the years 2005-2006 he was a vice-president of the management board and financial director of UNIPETROL A.S. in the Czech Republic (from September 2005 to April 2006 he was also the president of the management board and general director).

In the years 2003-2004 he was President of the management board and general director of ELANA S.A. in Toruń, Poland. In the years 2001-2002 he was president of the management board and general director of POLKOMTEL S.A., and from 1994 to 2001 he was vice-president of the management board and financial director of PKN ORLEN S.A. Also, he was a member of the management board and financial director of Eda Poniatowa S.A. (1986-1994).

He has experience in the field of supervisory body activities and has served as a member of the supervisory boards of the following companies: ZCH POLICE S.A., IMPEXMETAL S.A., ENERGOMONTAŻ PÓLNOC S.A., POLKOMTEL S.A., ANWIL S.A. and MOSTOSTAL Kraków S.A. He is currently a member of the supervisory board of Grupa AZOTY.

The business address of Marek Mroczkowski is “Marek Mroczkowski MRM Finance”, ul. Bielawska 6/40, 02-511 Warsaw, Poland.

Małgorzata Dec-Kruczkowska

Małgorzata Dec-Kruczkowska holds a doctorate in economics and is an expert on corporate finance. Her PhD dissertation at the School of Economics in Warsaw, which she defended in 2008, was devoted to research on the impact that compulsory social insurance has on the development of entrepreneurship.

She has many years of professional experience which include expert and managerial positions in the energy, finance and commerce sectors.

For nearly six years she has been working at the Ministry of the Treasury, where she holds the position of Director of the Analyses Department. In the Ministry of the Treasury she has been developing privatisation plans, shareholder supervision principles and best practices. She coordinates the preparation of economic and financial analyses of companies and corporate valuations. She is also responsible for the coordination of the planning and implementation of privatisation and dividend revenues generated by companies, including stock-exchange quoted companies.

From November 2014 to July 2015, she was the president of the supervisory board of Kompania Węglowa S.A. Previously, she was the president of the management board of RUCH S.A., and served as the president of the supervisory boards of Agencja Rozwoju Przemysłu S.A., PGE Polska Grupa Energetyczna S.A., RUCH S.A. and Nafta Polska S.A., among other. As part of her work on the governing bodies of these companies, she carried out activities in the fields of financial auditing, strategic investments and the renegotiation of trade contracts; moreover, she was responsible for reviewing and evaluating the effectiveness of projects that were implemented in such companies.

She is a co-author of academic textbooks and academic publications in the field of finance.

The business address of Małgorzata Dec-Kruczkowska is Ministerstwo Skarbu Państwa, ul. Krucza 36/Wspólna 6, 00-522 Warsaw, Poland.

Krzysztof Kilian

Krzysztof Kilian graduated from the Gdańsk University of Technology from the Faculty of Mechanical Engineering and Technology. Mr Kilian began his professional career at the “Wisła” shipyard in Gdańsk in 1983. After 1989 he took an active part in the political transformation of Poland first as a department head in Jan Krzysztof Bielecki’s government and then (in 1992-1993) as Communications Minister. He was employed at Bank Handlowy between 1994 and 1997. He acted as an advisor on matters concerning Poland at Morgan Stanley Dean Witter investment bank (1997-1998), and at ING Barings (1999-2000), where he also provided advice on mergers and takeovers. Until 2008, he also ran his own company which implemented telecommunications projects for PZU, PKO BP, BZWBK S.A., Siemens, Asseco, Prokom, Nokia and others. Between 2008 and 2011 he was vice-chairman of the board of Polkomtel S.A. in charge of marketing and customer relations. His duties included preparing and coordinating the sale of Polkomtel S.A. Between 2012 and 2013 he headed PGE Polska Grupa Energetyczna S.A. as chairman of the board. Since 2013 he has conducted his own business activity.

Mr Kilian possesses extensive experience in matters of corporate oversight after having served on the supervisory boards of PKO BP, TFI PZU, KGHM, BPH, PGF S.A. and Poczta Polska. Currently, he is a member of the supervisory board of CD Projekt S.A.

The business address of Krzysztof Kilian is PKO Bank Polski S.A., ul. Puławska 15, 02-515 Warsaw, Poland.

- (f) Given the resignation of Tomasz Zganiacz from the Supervisory Board effective as of 25 June 2015, on page 147 of the Base Prospectus, the last sentence of the first paragraph of the section “*Conflicts of Interest*” shall be deemed to be deleted.
- (g) Given the dismissal of Jarosław Klimont from the Supervisory Board by the annual General Meeting effective as of 25 June 2015, the references to Jarosław Klimont as a member of the Supervisory Board on page 148 of the Base Prospectus in the section: (i) “*Independence of the members of the Supervisory Board*” shall be deemed to be deleted.

Allocation of dividend for the financial year of 2014

On 25 June 2015, the annual General Meeting resolved to allocate the Bank’s profit for the financial year 2014 and unappropriated profit from previous years (PLN 3,212,264 thousand) (in line with the recommendation of the Management Board) to the Bank’s reserve capital (PLN 1,900,000 thousand) and other reserves (PLN 62,264 thousand), and further resolved that the part of the Bank’s profit in the amount of PLN 1,250,000 thousand will remain unappropriated and that no amount will be earmarked for dividend payment.

The resolution of the annual General Meeting on the distribution of profit for 2014 is consistent with the Bank’s decision to adhere to the recommendation of the Polish Financial Supervision Authority (the “**PFSA**”) to withhold the entire net profit earned by the Bank in the year 2014 until the PFSA determines the additional capital requirements of the Bank.

Accordingly, the following change is deemed to be introduced to the Base Prospectus:

- (a) The sixth paragraph of the “*The Bank May Pay Higher Dividends Than Those Provided for in its Dividend Policy*” risk factor on page 23 of the Base Prospectus shall be deemed to be added with the following wording:

“On 25 June 2015, the annual General Meeting resolved to allocate the Bank’s profit for the financial year 2014 and unappropriated profit from previous years (PLN 3,212,264 thousand) (in line with the recommendation of the Management Board) to the Bank’s reserve capital (PLN 1,900,000 thousand) and other reserves (PLN 62,264 thousand), and further resolved that the part of the Bank’s profit in the amount of PLN 1,250,000 thousand will remain unappropriated and that no amount will be earmarked for dividend payment.”

Updates relating to the ratings assigned to the Borrower

On 18 June 2015, the Management Board announced that on 17 June 2015 the rating agency Standard and Poor’s published a press release on the website www.standardandpoors.com (the “**Release**”) in which it disclosed information on a research update and the change of the Bank’s ratings.

According to the Release, Standard and Poor’s lowered the Bank’s long-term credit rating and senior unsecured rating to ‘BBB+’ from ‘A-’. At the same time, the agency affirmed the Bank’s ‘A-2’ short - term credit rating. The outlook is negative. Simultaneously, Standard and Poor’s lowered the rating for the long-term notes issued under the Programme from ‘A-’ to ‘BBB+’.

The agency affirmed the Bank’s ‘bbb’ ‘SACP’ (stand-alone credit profile) rating. Standard and Poor’s noted the Bank’s higher asset quality, lower cost of risk and its strong liquidity. In the Release, Standard and Poor’s described the Bank’s capital and earnings as being adequate.

Following the Bank’s government support review, the agency decided, that the Bank could not be classified as a government-related entity (‘GRE’). As a consequence, the agency reduced the government support indicator by two notches. Standard and Poor’s at the same time expressed the opinion that the Bank can receive government support because of its systemically important role in the Polish economy, and elevated the Bank one place in respect of the

government support indicator. Standard and Poor’s highlighted that the Polish government remains the Bank’s largest shareholder, but that it reduced its stake in the Bank’s share capital to 31.4% from 51.2% since 2013.

The following change is therefore deemed to be introduced to the Base Prospectus:

- (a) *The following sentences shall be deemed to be added to the third paragraph of the “Any Reduction in the Bank’s Credit Rating Could Increase Its Cost of Funding and Adversely Affect Its Interest Margins” risk factor on page 17 of the Base Prospectus:*

“On 17 June 2015, Standard and Poor’s lowered the Bank’s long-term credit rating and senior unsecured rating to ‘BBB+’ from ‘A-’. At the same time, the agency affirmed the Bank’s ‘A-2’ short-term credit rating. The outlook is negative. Such negative outlook results from the fact that Standard and Poor’s took into account the implementation of BRRD, which, in the agency’s opinion, may result in the possibility of the Bank dropping one place in terms of its long-term rating in connection with the implementation of certain regulations which could result in the Bank’s creditors incurring losses if the Bank were to fail and the limited possibility of obtaining state support for the Bank. The agency affirmed the Bank’s ‘bbb’ ‘SACP’ (stand-alone credit profile) rating. Following the Bank’s government support review, the agency decided that the Bank cannot be classified as a government-related entity (‘GRE’).”

- (b) Section “Ratings” on page 67 of the Base Prospectus shall be deemed to be deleted and replaced with the following wording:

“Ratings

The following section contains information regarding ratings assigned by Moody’s, Fitch and Standard and Poor’s., all of which are established in the European Union and have been registered as credit rating agencies under Regulation (EU) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the “CRA Regulation”). The ratings of Moody’s, Fitch and Standard and Poor’s exclusively reflect the opinions and evaluations of such credit rating agencies. Such ratings do not constitute any recommendations to invest and should not be regarded as grounds for any investment decisions regarding the purchase or sale of any financial instruments. The ratings may be subject to review, adjustment, suspension or downgrading by the relevant agencies.

The list of credit rating agencies registered under the CRA Regulation is published by the European Securities and Markets Authority (the “ESMA”) in accordance with Article 18(3) of the CRA Regulation and is updated within five working days of the adoption of a registration or certification decision. The European Commission republishes the list in the Official Journal of the European Union within 30 days of any update thereof. There may, therefore, be differences between the list published by the ESMA and the list available in the Official Journal during that period. The up-to-date list of credit rating agencies registered under the CRA Regulation is available at the websites of the ESMA at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

The Bank has been assigned ratings by Fitch (on 18 December 1996 – maintained on 9 August 2010, 4 August 2011, 2 August 2012, 6 August 2013, 26 March 2014, 26 November 2014; and on 19 May 2015), Moody’s (on 14 January 2003, 24 February 2007, 18 June 2009 and 17 September 2012, 21 June 2013 and on 21 May 2015), Standard & Poor’s (on 25 August 2004, in September 2010 – maintained on 10 May 2011 and 13 December, unsolicited; on 8 May 2012, solicited and maintained on 14 June 2013, 20 September 2013 and 29 April 2014, on 17 June 2015) as set forth in the table below.

Category	Fitch	Moody’s	Standard & Poor’s
Long-term assessment of liabilities and deposits (foreign currencies/domestic currency)			BBB+ ⁽⁷⁾
Short-term assessment of liabilities and deposits (foreign currencies/domestic currency)			A-2 ⁽⁸⁾
Long-term deposit rating		A2 ⁽²⁾	
Short-term deposit rating		P – 1 ⁽³⁾	
Long-term debt rating		A3	

Category	Fitch	Moody's	Standard & Poor's
Short-term debt-rating		(P)P-2 ⁽⁴⁾	
Long-term counterparty risk assessment.....		A2(cr) ⁽⁵⁾	
Short-term counterparty risk assessment		P-1(cr) ⁽⁶⁾	
Support.....	5 ⁽¹⁾		
Outlook.....		Stable	Negative

Notes:

- ¹ A Bank Support Rating of "5" denotes a bank for which there is a possibility of external support, but that such support cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-Term Rating floor no higher than 'B-' and in many cases, no floor at all.
- ² Liabilities rated A are considered upper-medium grade and are subject to low credit risk. Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 2 indicates a mid-range ranking of that generic rating category. A Moody's rating outlook is an opinion regarding the likely direction of a rating over the medium term.
- ³ Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.
- ⁴ Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.
- ⁵ Issuers assessed Aa(cr) are judged to be of high quality and are subject to a very low risk of defaulting on certain senior operating obligations and other contractual commitments.
- ⁶ Issuers assessed Prime-1(cr) have a superior ability to honour short-term operating obligations.
- ⁷ "BBB" rated liabilities exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. Obligations rated "BB", "B", "CCC", "CC", and "C" are regarded as having significant speculative characteristics. "BB" indicates the least degree of speculation and "C" the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions. Ratings from "AA" to "CCC" may be modified by the addition of a "+" or "-" sign to show the relative standing within the major rating categories.
- ⁸ A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

Moreover, on 20 June 2012, Standard and Poor's granted a solicited rating of "A-" to the Programme and the rating was sustained on 20 January 2014, while on 3 September 2012 it granted a solicited rating at the same level to the CHF 500 million notes issued by the Issuer under the Programme. On 17 June 2015 Standard and Poor's lowered the rating for the long-term notes issued under the Programme from 'A-' to 'BBB+' (see "*Material Contracts – Material Issues of Debt Securities – Programme for the issuance of PKO Finance notes with a value of up to EUR 3,000,000,000 to finance senior and subordinated loans extended by PKO Finance to the Bank*"). On 4 September 2012, such notes were assigned an A2 rating by Moody's and this rating was sustained on 22 January 2014. On 21 May 2015, such notes were assigned an A3 rating by Moody's."

- (c) *The following sentence shall be deemed to be added after the fourth sentence of the sixth paragraph of the section titled "Programme for the issuance of PKO Finance notes with a value of up to EUR 3,000,000,000 to finance senior and subordinated loans extended by PKO Finance to the Bank (the "Programme")" on page 74 of the Base Prospectus:*

"On 17 June 2015, Standard & Poor's lowered the rating for the notes from 'A-' to 'BBB+'."

- (d) *The following sentence shall be deemed to be added after the fourth sentence of the seventh paragraph of the section titled "Programme for the issuance of PKO Finance notes with a value of up to EUR 3,000,000,000 to finance senior and subordinated loans extended by PKO Finance to the Bank (the "Programme")" on page 74 of the Base Prospectus:*

"On 17 June 2015, Standard & Poor's lowered the rating for the notes from 'A-' to 'BBB+'."

- (e) *The following sentence shall be deemed to be added to the twelfth paragraph of the section titled "Programme for the issuance of PKO Finance notes with a value of up to EUR 3,000,000,000 to finance senior and subordinated loans extended by PKO Finance to the Bank (the "Programme")" on page 74 of the Base Prospectus:*

"On 17 June 2015, Standard & Poor's lowered the rating for the long-term senior notes to be issued under the Programme from 'A-' to 'BBB+'."

- (f) *The following sentence shall be deemed to be added to the third paragraph of the section titled “Issuance of USD 1 billion of 4.630% of notes due September 2022” on page 75 of the Base Prospectus:*

“On 17 June 2015, Standard & Poor’s lowered the rating for the notes from ‘A-’ to ‘BBB+’.”

Update regarding a Significant/Material Change statement in the Base Prospectus

In connection with the above-referenced events, the following amendment is deemed to be introduced to the Base Prospectus:

- (a) The paragraph titled “Significant/Material Change” on page 218 shall be deemed to be replaced with the following wording:

“3. There has been no material adverse change in the prospects of the Issuer since 31 December 2014, nor any significant change in the financial or trading position of the Issuer since 31 December 2014. There has been no material adverse change in the prospects of the Borrower and its subsidiaries since 31 December 2014, nor, except as disclosed in the First Supplement and the Second Supplement, has there been any significant change in the financial or trading position of the Borrower and its subsidiaries since 30 June 2015.”

General

Save as disclosed in the Second Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus which is material in the context of the Programme since the date of publication of the First Supplement.

Copies of the Second Supplement and of the document incorporated by reference into the Second Supplement can be obtained, free-of-charge, at specified offices of Citibank, N.A., London Branch and Banque Internationale à Luxembourg, unless such documents have been modified or superseded. The First Supplement as well as such document which have been incorporated by reference into the Second Supplement will also be available to view on the website of the Luxembourg Stock Exchange (www.bourse.lu).

In accordance with Article 16.2 of the Prospectus Directive and Article 13 paragraph 2 of the Luxembourg Law, investors who have already agreed to purchase or subscribe for the securities before the publication of the Second Supplement have the right, exercisable within a time limit of two working days after the publication of the Second Supplement, i.e. 14 August 2015, to withdraw their subscription orders.