

The Articles of Association of the Bank were amended as follows:

1) § 1.1 received the following wording:

“1. Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, further in the Articles of Association referred to as the ‘**Bank**’, is a bank which conducts its activities pursuant to generally applicable laws, best market practice which the Bank chose to follow and these Articles of Association, while preserving the national character of the Bank.”,

previous wording of § 1.1:

“1. Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, further in the Articles of Association referred to as the “**Bank**”, is a bank that conducts its activity pursuant to generally applicable laws, the principles of good practices in place at the Bank and these Articles of Association, while preserving the national character of the Bank.”;

2) following § 5, a §5a added, reading as follows:

“§5a

“The Bank may perform the activities envisaged for domestic banks, stipulated in the Act of 11 February 2016 on State Aid in the Upbringing of Children.”;

3) Section 2 of § 9 received the following wording:

“2. The matters put on the agenda of a General Meeting shall, in accordance with the Rules and Regulations referred to in § 14, first be presented by the Management Board to the Supervisory Board for consideration and issuance of an opinion.”,

previous wording of Section 2 of § 9:

“ 2. All matters put on the agenda of a General Meeting by the Management Board should, in accordance with the Rules and Regulations referred to in § 14, first be presented by the Management Board to the Supervisory Board for consideration and issuance of an opinion.”;

4) Section 3 of § 9 is deleted,

previous wording of Section 3 of § 9:

“3. Draft resolutions proposed for approval by the General Meeting and other relevant materials should be presented to the shareholders by the Management Board together with a justification and opinion of the Supervisory Board, sufficiently in advance to enable familiarisation with them and their assessment.”

5) § 15 received the following wording:

“§ 15

1. Apart from the powers and responsibilities provided for in the generally applicable laws and these Articles of Association, the Supervisory Board has the authority to adopt resolutions regarding:
 - 1) the approval of the strategy of the Bank adopted by the Management Board,
 - 2) the approval of the risk management strategy and the general risk appetite adopted by the Management Board,
 - 3) the approval of the annual financial plan adopted by the Management Board,
 - 4) the nomination of an entity to audit or review the consolidated or separate financial statements of the Bank, the giving of permission for the signing of the engagement letter with such an entity or any of its subsidiaries, affiliates, parent entities or the subsidiaries or affiliates of its parent entities, and for the performance of any other activities which might adversely affect the independence of any such entity in the performance of the audit or review of the Bank's financial statements,
 - 5) the enactment of the Rules and Regulations of the Supervisory Board,
 - 6) the enactment of the Rules specifying the principles of the making of loans, cash advances, issuance of bank guarantees or suretyship to a member of the Management Board or the Supervisory Board or any other executive of the Bank, and to any party related a member of the Management Board or the Supervisory Board or any other executive of the Bank by capital or organization as per Article 79a of the Act of 29 August 1997 “Banking Law”,
 - 7) the appointment and recalling, in a secret ballot, of the President, Vice Presidents and members of the Management Board,
 - 8) the suspension of individual or all of the members of the Management Board for important reasons as well as delegating members of the Supervisory Board to temporarily (for a period not exceeding three months) act in the capacity of members of the Management Board who have been dismissed, have resigned or are incapable of performing their duties for any other reason
 - 9) the approval of the opening or closing of a branch abroad,

- 10) the approval of the following, as adopted by the Management Board:
 - a) Rules and Regulations:
 - the Rules and Regulations of the Management Board,
 - the Rules of Appropriation of Special Funds Established From After-Tax Profit,
 - the Organizational Rules of the Bank,
 - b) resolutions concerning:
 - the principles of the capital adequacy disclosure policy,
 - the guiding principles of the compliance risk management policy,
 - the rules of management of capital adequacy and equity, in particular regarding the processes of internal capital assessment, capital management and planning as well as the dividend policy,
 - the rules of operation of the internal control framework,
- 11) the approval of periodic reports on risk management, capital adequacy and internal control framework submitted by the Management Board,
- 12) the giving of prior consent to:
 - a) the acquisition or disposal of non-current assets whose value exceeds 1/10 of the Bank's own funds, except for any real property and perpetual usufruct right,
 - b) with the exclusion of the activities referred to in § 9 section 1 point 5, the acquisition and disposal of real property, an interest in a real property or a perpetual usufruct right, or their encumbrance with a limited property right or the giving of use of the same to a third party if the value of the real property or the right which is the object of such an act exceeds 1/50 of the Bank's share capital; such consent shall not be required if the acquisition of real property, an interest in a real property or a perpetual usufruct right forms a part of enforcement, bankruptcy, arrangement proceedings or any other settlement with a Bank's debtor, 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 cases the Management Board shall only be required to notify the Supervisory Board about the performed act

- c) the establishment of a company, taking up or acquisition of shares, bonds convertible into shares or other instruments entitling the holder to acquire or take up shares if the financial commitment of the Bank resulting from such an act exceeds 1/10 of the Bank's own funds;
 - d) the Bank entering into a material contract with a shareholder holding at least 5% of the total voting rights in the Bank or with an affiliate; this obligation shall not apply in relation to typical transactions and transactions performed at arm's length as part in the regular course of the Bank's operating activities if such transactions are performed with entities belonging to the Bank's corporate group,
- 13) applying to the Polish Financial Supervision Authority for permission to appoint the President of the Management Board and the member of the Management Board in charge of the management of a material risk in the operations of the Bank as well as for the assignment of the function of the Member of the Management Board in charge of the management of a material risk in the operations of the Bank to a member of the Management Board who has not overseen the management of such risk,
- 14) assessment of the remuneration policy followed by the Bank and the presentation of reports in this regard to the General Meeting,
- 15) opinions on the observance by the Bank of the 'Principles of Corporate Governance for Supervised Institutions',
2. The Supervisory Board shall notify the Polish Financial Supervision Authority of the composition of the Management Board and each change therein immediately after the appointment of or making a change in the composition of the Management Board. The Supervisory Board shall also, following a prior review performed by the Supervisory Board, report to the Polish Financial Supervision Authority on the satisfaction by the members of the Management Board of the requirements for the members of the management board of a major bank stipulated in the Act of 29 August 1997 "Banking Law". The Supervisory Board shall also advise the Polish Financial Supervision Authority of the approval of or any alterations in the internal division of responsibilities in the Management Board.
3. The Supervisory Board shall adopt resolutions by an absolute majority of votes cast, subject to the attendance 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 issues referred to in section 1 points 1-4, 6-8 and 12, which shall require a qualified majority of 2/3 of the votes in addition to the said quorum.

4. The members of the Supervisory Board who are concerned by the issue to be voted on shall not participate in voting.”,

previous wording of § 15:

“§ 15

1. Besides the rights and obligations provided for by the generally applicable laws and the provisions of these Articles of Association, the Supervisory Board shall adopt resolutions concerning:
 - 1) approval of the strategy of the Bank adopted by the Management Board;
 - 1a) approval of the Bank's general risk level;
 - 2) approval of the annual financial plan adopted by the Management Board;
 - 3) appointment of the entity to audit or review the Bank's consolidated and individual financial statements, granting consent to entering into agreements with such entity or its subsidiaries, controlled entities, dominant entities or its dominant entities' subsidiaries or controlled entities, and to performance of any other actions that may adversely affect the independence of such entity in performing the audit or review of the Bank's financial statements;
 - 4) adoption of the Rules and Regulations of the Supervisory Board;
 - 5) adoption of the Rules that lay down the principles of extending a loan, cash advance, bank guarantee or surety to a member of the Management Board or the Supervisory Board and a person occupying a managerial position in the Bank, as well as to an undertaking linked by capital or management to a member of the Management Board or the Supervisory Board or occupying a managerial position in the Bank, pursuant to Article 79a of the Banking Law;
 - 6) adoption of the Rules of utilisation of the reserve capital;
 - 7) appointment and dismissal of the President of the Management Board by secret vote;
 - 8) appointment and dismissal, by secret ballot of Vice - Presidents and other members of the Management Board;

- 9) suspension, for important reasons, of selected or all members of the Management Board in the performance of their duties, and delegating members of the Supervisory Board, for up to three months, to temporarily perform the duties of members of the Management Board who have been dismissed, resigned or are unable, for other reasons, to perform their duties;
- 10) granting permission to opening or closing branches abroad;
- 11) approval of the following, adopted by the Management Board:
 - a) Bylaws and Rules concerning
 - the Management Board;
 - management of special funds created from net profit;
 - 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, capital management and planning;
 - the principles of functioning of the internal audit system.
- 11a) approval of 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 a value exceeding 1/10 of the Bank's own funds, excluding real estate property and perpetual usufruct rights;
 - b) with the exclusion of the activities referred to in § 9 section 1 point 5, acquisition and disposal of real estate property, an interest in a real estate property or a perpetual usufruct right, 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 an action exceeds 1/50 of the Bank's share capital; such consent shall not be required if the acquisition of real estate property, an interest in a real estate property or a perpetual usufruct right forms a part of enforcement, bankruptcy, arrangement proceedings or any other

settlement with a Bank's debtor, as well as in the event of legal transactions concerning real estate property or rights acquired by the Bank in the manner described above; in such cases the Management Board shall only be required to notify the Supervisory Board about the performed act;

- c) establishment of a company, taking up or acquisition of shares, bonds convertible into shares or other instruments entitling to acquire or take up shares if the financial commitment of the Bank resulting from such an action exceeds 1/10 of own funds;
 - d) any transaction to be concluded between the Bank and an affiliated entity, if the value of such a transaction exceeds 1/10 of the share capital, except for typical and routine transactions concluded at arm's length between affiliated entities, whose nature and terms result from the Bank's current operations;
- 13) applying to the Polish Financial Supervision Authority for permission to appoint two members of the Management Board, including the President of the Management Board,
 - 14) evaluation of the functioning of the remuneration policy in place at the Bank and presentation of a report on it to the General Meeting,
 - 15) opinions on the "Principles of Corporate Governance for Supervised Institutions" followed by the Bank.
2. The Supervisory Board shall notify the Polish Financial Supervision Authority of the composition of the Management Board and each change in its composition immediately after its election or making a change in its composition. The Supervisory Board shall also notify the Polish Financial Supervision Authority of the members of the Management Board who, according to the division of competences at the Bank, are responsible for credit risk management and the internal audit unit.
 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 issues referred to in section 1 points 1-3, 5, 7-9 and 12, which shall require a qualified majority of $\frac{2}{3}$ of the votes in addition to the said quorum.
 4. The members of the Supervisory Board who are concerned by the issue subject to vote shall be excluded from the vote."

6) in § 17 section 4, the first sentence reworded as follows:

“The Supervisory Board may adopt resolutions in writing (by circulation) or by means of direct remote communication facilities, with the exception of resolutions on matters referred to in § 15 section 1 points 1-4 and 6-8 and any resolutions to be adopted is a secret ballot.”,

previous wording of the first sentence of § 17 section 4:

“The Supervisory Board may adopt resolutions in writing (by circulation) or by means of direct remote communication facilities, with the exception of resolutions on the matters referred to in § 15 section 1 points 1-3, 5 and 7-9, and any resolutions adopted in a secret ballot.”

7) in § 17a section 1, the first sentence reworded as follows:

“The Supervisory Board shall appoint, from among its members, the Audit Committee, the Remuneration Committee and the Risk Committee.”,

previous wording of the first sentence of § 17a section 1:

“The Supervisory Board shall appoint from among its members the Audit Committee and the Remuneration Committee.”;

8) § 19 received the following wording:

“§ 19

“The members of the Management Board shall be appointed by the Supervisory Board for a common three-year term of office.”,

previous wording of § 19:

“§ 19

1. The members of the Management Board shall be appointed for a common three-year term of office.
2. The Management Board shall be appointed by the Supervisory Board in accordance with the procedure laid down in § 15 section 1 points 7 and 8.
3. Appointment of two members of the Management Board, including the President of the Management Board, shall require approval by the Polish Financial Supervision Authority.”;

9) Sections 2-4 of § 22 received the following wording:

- “2. The Management Board shall make decisions in the form of resolution.
3. Resolutions of the Management Board shall be required for all matters beyond the scope of ordinary business of the Bank. Resolutions of the Management Board shall be adopted by an absolute majority of votes. In the event of a tie, the President of the Management Board shall have the casting vote.
4. The operating procedure of the Management Board and matters requiring a resolution to be adopted by the Management Board shall be defined in the Rules and Regulations of the Management Board.”,

previous wording of Sections 2-4 of § 22:

- “2. The operating procedure of the Management Board shall be defined in detail in the Bylaws adopted by the Management Board and approved by the Supervisory Board.
3. The Management Board shall make its decisions in the form of resolutions.
4. Resolutions of the Management Board shall be required for all issues that exceed the scope of ordinary operations of the Bank. Resolutions of the Management Board shall be adopted by an absolute majority of votes cast by those present at a meeting of the Management Board. In case of a tie, the President of the Management Board shall have the casting vote.”;

10) Section 5 of § 22 is deleted,

previous wording of Sections 5 of § 22:

“5. The Management Board shall adopt resolutions to:

- 1) define 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) define the annual financial plans, including the conditions of its implementation;
- 3) adopt organisational rules and the principles of division of competences;
- 4) establish and dissolve permanent committees of the Bank and determine their competences;
- 5) adopt the Rules and Regulations of the Management Board;
- 6) determine the internal rules for management of special funds created from net profit;
- 7) set the dates of dividend payment within the deadlines set by the General Meeting;
- 8) appoint proxies;
- 9) defines banking products and other banking and financial services;
- 10) define the principles of participation of the Bank in companies and other organisations, taking into account § 15 section 1 point 12 letter c);
- 10a) define effective systems for risk management, internal control, estimation of the Bank's internal capital.
- 11) determine the principles of operation of internal control and annual internal audit plans;
- 12) create, transform and dissolve organisational units of the Bank in Poland and abroad.”;

11) Sections 4-5 of § 23 reworded as follows:

“4. The Member of the Management Board in charge of the management of material risk in the operations of the Bank shall be appointed by permission of the Polish Financial Supervision Authority. The member of the Management Board referred to in the preceding sentence may not be put in charge of the area of Bank’s operations generating the risk he/she is in charge of overseeing.

5. The Management Board members shall participate in the management of the operations of the Bank in accordance with the Rules and Regulations of the Management Board and the Organizational Regulations of the Bank.”,

previous wording of Sections 4-5 of § 23:

- “4. The member of the Management Board, whose appointment was approved by the Polish Financial Supervision Authority, shall be responsible in particular for issues related to risk management, including credit risk management.
5. Management Board members shall participate in management of the operations of the Bank in accordance with the Rules and Regulations of the Management Board.”;

12) § 25 section 1, point 3 subpoints a)-c) reworded as follows:

- “a) requiring, in accordance with the law, the Articles of Association and the Rules and Regulations of the Management Board, joint action of the Management Board – shall be issued in the form of resolutions of the Management Board adopted in accordance with the relevant provisions of law, the Articles of Association and the Rules and Regulations of the Management Board,
- b) not requiring a resolution of the Management Board and which, in accordance with the Articles of Association and the Rules and Regulations of the Management Board, fall within the competence of the President of the Management Board – shall be issued in the form of an order,
- c) not requiring a resolution of the Management Board and which, in accordance with the Articles of Association and the Rules and Regulations of the Management Board, have been delegated to the competence of individual members of the Management Board – shall be issued in the form of a decision of the relevant member of the Management Board,”

previous wording of § 25 section 1, point 3 subpoints a)-c):

- “a) that require, in accordance with the law, the Articles of Association or the Rules and Regulations of the Management Board, collective action of the Management Board – shall be issued in the form of resolutions of the Management Board, adopted in accordance with the relevant legal regulations, the Articles of Association and the Rules and Regulations of the Management Board,
- b) that do not require a resolution of the Management Board and which, in accordance with the Articles of Association and the Rules and Regulations of the Management

Board, fall within the competences of the President of the Management Board – shall be issued in the form of a regulation,

- c) that do not require a resolution of the Management Board and which, in accordance with the Articles of Association, the Rules and Regulations of the Management Board and a regulation of the President of the Management Board have been assigned to specific Management Board members – shall be issued in the form of decisions of the relevant Management Board member.”;

13) The title of Chapter VI - “Rules of Operation of the Internal Control Framework” shall be reworded as follows:

“VI. Rules of Operation of the Governance System”;

14) §§ 26-27 reworded as follows:

“§ 26

1. The Bank shall have a governance system.
2. The governance system shall be comprised of a set of rules and mechanisms related to the decision-making processes occurring in the Bank and the evaluation of the Bank’s operations.
3. The governance system of the Bank shall comprise in particular:
 - 1) a risk management system,
 - 2) an internal control framework.
4. The Management Board shall design, implement and ensure the operation of the governance system. The Supervisory Board shall oversee the implementation of the governance system and evaluate its adequacy and effectiveness.
5. The rules of operation of the governance system, including the risk management system and the internal control framework, shall be specified in the internal regulations of the Bank.

§ 27

1. The aim of the internal control framework is to ensure:
 - 1) efficiency and effectiveness of the Bank’s operations,
 - 2) reliability of financial reporting,
 - 3) observance of the rules of risk management in the Bank,

- 4) compliance of the Bank's operation with the laws, internal policies and market standards.
2. Within the internal control framework, the Bank shall have a separate:
 - 1) control function responsible for the observance of controls regarding in particular risk management in the Bank, which shall comprise positions, groups of staff or organizational units responsible for the performance of duties assigned to the function;
 - 2) compliance function responsible for identifying, evaluating, controlling and monitoring the risk of the Bank's activities failing to comply with the laws, internal regulations and market standards and for reporting in this regard;
 - 3) internal audit function responsible for independent and objective auditing and evaluation of the adequacy and effectiveness of the risk management system and the internal control framework except for the internal audit function.
 3. The internal audit function and the compliance function shall be independent and shall report directly to the President of the Management Board.
 4. The appointment and dismissal of the head of the internal audit function and of the compliance function shall require prior approval of the Supervisory Board.”,

previous wording of §§ 26-27

“§ 26

1. An internal audit system shall be established at the Bank.
2. The internal audit system shall cover all activities of the Bank set out in these Articles of Association.
3. The purpose of the internal audit system shall be to facilitate the decision-making processes, helping to ensure:
 - 1) 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 shall include:
 - 1) control mechanisms;

2) examination of compliance of the Bank's operations with the generally applicable laws and the Bank's internal regulations.

3) internal audit.

5. The Management Board shall be responsible for organising an internal audit unit.
6. The internal audit unit and the compliance unit shall be independent and shall report directly to the President of the Management Board.
7. Appointment and dismissal of the directors of the internal audit unit and the compliance unit shall require prior approval of the Supervisory Board.

§ 27

1. The principles of functioning of the internal audit system shall be established by the Management Board by defining the organisational entities and units that shall be responsible for carrying it out and specifying the tasks of respective organisational entities and units with regard exercise of control.
2. The method of carrying out 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.;

15) following § 27, a §27a added, reading as follows:

“§ 27a

1. The duties of the risk management system shall include the identification, measurement, evaluation, control, monitoring of and reporting on the risks inherent in the operations of the Bank so as to ensure the correct functioning of the process of setting and accomplishing specific targets in the Bank's operations.
2. Within the risk management system, the Bank shall:
 - 1) follow formalised rules for determining the size of the risk taken and the risk management rules;
 - 2) follow formalised procedures for identifying, measuring and evaluating, controlling, monitoring of and reporting on the risks inherent in the Bank's operations, also taking into account the anticipated level or risk in the future;
 - 3) implement formal risk mitigating limits and the rules of procedure in the event of overrun of such limits;

- 4) operate the implemented management information system allowing one to monitor the level of risk;
- 5) have an organizational structure appropriate for the size and profile of the risk the bank is exposed to.”

16) sub-§ 28 received the following wording:

“§ 28

1. The Bank’s own funds shall be the sum of Tier 1 capital and Tier 2 capital.
2. The Bank’s own funds shall be created in accordance with the rules set out in the applicable laws.”

previous wording of § 28

“§ 28

1. The Bank’s own funds shall comprise:
 - 1) required capital;
 - 2) supplementary capital;
 - 3) balance-sheet items classified in accordance with the Banking Law as funds that reduce the Bank’s own funds.
2. The required capital shall comprise:
 - 1) principal funds which constitute:
 - a) share capital;
 - b) supplementary capital;
 - c) reserve capital;
 - 2) additional items of the required capital, consisting of:
 - a) a general risk reserve held against unidentified risk arising from banking activity;
 - b) prior period undistributed profit;
 - c) profit under authorisation and net profit from the current reporting period, calculated in accordance with current accounting principles, reduced by the expected burdens and dividends, in the amounts not higher than the amounts of profit verified by external auditors;
 - 3) less – deductions from the required capital, consisting of:

- a) own shares in possession of the bank, priced at the balance sheet value, minus valuation allowances established against a permanent diminution in value;
 - b) intangible assets priced at balance sheet value;
 - c) prior period losses;
 - d) loss pending confirmation;
 - e) current period net loss.
3. Supplementary funds shall be created by virtue of resolutions of the General Meeting. The classification of funds into supplementary funds shall be governed by the provisions 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 adopted by the Supervisory Board.“

17) The following sentence added in § 29 section 1:

“The capital surplus may also be allocated for other purposes, including in particular for an increase of the share capital.”,

previous wording of § 29 section 1:

“1. The capital surplus of the Bank shall be created from annual appropriation of net earnings to absorb potential balance-sheet losses which may arise from the Bank’s activity.”

18) section 3 of § 29 reworded as follows:

“3. Decisions concerning the appropriation of the capital surplus shall be made by the General Meeting. However, a part of the capital surplus equal to a third of the share capital may only be allocated to the coverage of balance sheet loss, if any.”,

previous wording of § 29 section 3:

“3. Decisions concerning utilisation of the capital surplus shall be made by the General Meeting.”;

19) section 3 of § 30 is deleted

previous wording of § 30 section 3:

“3. The detailed principles concerning utilisation of the reserve capital shall be set out in the relevant Rules adopted by the Supervisory Board.”;

20) following § 31 a § 31a added, reading as follows:

“§ 31a

1. Special funds may be established by allocations from the after-tax profit, on the basis of resolutions of the General Meeting.
2. When establishing a special fund, the General Meeting shall define its purpose.”.