



Bank Polski

REGULATIONS OF THE MANAGEMENT BOARD OF
POWSZECHNA KASA OSZCZĘDNOŚCI
BANK POLSKI SPÓŁKA AKCYJNA

Chapter 1 General provisions

§ 1.

The Regulations of the Management Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, hereinafter called the “**Regulations**”, define the organization and the method of work of the Management Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna.

§ 2.

The terms used in the Regulations shall have the following meanings:

- 1) **Bank** – Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna;
- 2) **Members of the Management Board** – the President of the Management Board, the Vice-Presidents of the Management Board and the members of the Management Board;
- 3) **Best Practice** – the “Best Practice for GPW Listed Companies 2016” or otherwise called corporate governance principles in force on the regulated market on which the Bank’s shares are listed;
- 4) **Bank’s unit** – an organizational unit of the Head Office and an organizational unit of the Bank other than the Head Office;
- 5) **Commercial Companies Code** – the Act of 15 September 2000 – the Commercial Companies Code;
- 6) **area of activity** – an area of the Bank’s operations separated functionally and organizationally by the Management Board, as part of the internal division of competencies on the Management Board, supervised by a Management Board Member in accordance with the Bank’s Organizational Regulations;
- 7) **functional division** – a group of functionally related units of the Bank, which design, organize and carry out specific tasks within the entire Bank;
- 8) **Banking Law** – the Act of 29 August 1997 – the Banking Law;
- 9) **Bank’s internal regulations** – resolutions of the General Meeting of Shareholders, Supervisory Board and Management Board, orders of the President of the Management Board and decisions within the meaning of the Bank’s internal regulations concerning making internal regulations at PKO Bank Polski SA;
- 10) **Supervisory Board** – the supervisory board of the Bank;
- 11) **Articles of Association** – the Articles of Association of the Bank;
- 12) **Management Board** – the management board of the Bank;
- 13) **Corporate governance principles** – the “Corporate governance principles for supervised institutions” issued by the Polish Financial Supervision Authority;
- 14) **ordinary management** – managing the Bank’s affairs to the extent not reserved for the competencies of the Bank’s authorities pursuant to the Articles of Association or the committees established by the Management Board;
- 15) **General Meeting of Shareholders** – an ordinary or extraordinary general meeting of the Bank.

§ 3.

1. The Management Board shall manage the Bank’s affairs and represent the Bank.
2. In carrying out their activities, the Management Board and its members shall follow the provisions of these Regulations, the Articles of Association, as well as the generally applicable laws, in particular the Commercial Companies Code, the Banking Law, the regulations on trading in financial instruments, the provisions of the Accounting Act, and the Bank’s internal regulations.
3. The Management Board and its members shall comply with the standards set out in the Best Practices and the Corporate governance principles, and the Management Board shall report any deviations in this regard in accordance with the procedure defined therein.

Chapter 2
Division of competencies between the Management Board and the Members of the Management Board

§ 4.

1. The resolutions of the Management Board shall be adopted on all matters which, in accordance with the Articles of Association, the generally applicable laws, supervisory recommendations and the Bank's other internal regulations, require collective action by the Management Board.
2. In the form of a resolution, the Management Board shall, in particular:
 - 1) define the Bank's Strategy, the Strategy for managing the Bank, taking into account the risk related to its activities, and the principles of prudent and stable management of the Bank;
 - 2) define the risk management strategy and the general risk tolerance level;
 - 3) establish and liquidate the standing committees of the Bank and define their competencies;
 - 4) establish, transform and liquidate the Bank's units at home and abroad;
 - 5) set out the following regulations:
 - a) the Regulations on managing special funds created from net profit;
 - b) the Bank's Organizational Regulations;
 - c) the Regulations of the Management Board;
 - 6) appoint proxies and set out the principles of appointment of plenipotentiaries at the Bank;
 - 7) lay down the principles of operation of the management system, in particular:
 - a) the principles of operation of the internal control system;
 - b) the principles of management of individual types of risk;
 - c) the assumptions of the policy on compliance risk management;
 - d) the principles of the information policy on capital adequacy;
 - e) the principles of management of capital adequacy and equity, which concern the processes of estimating internal capital, capital management, capital planning and the dividend policy;
 - 8) give its opinion on strategic (long-term) and operating (annual) internal audit plans and modifications thereto;
 - 9) give its opinion on the annual action plan of the Compliance Department;
 - 10) give its opinion on the operating strategy of the Internal Audit Department;
 - 11) determine the annual financial plan of the Bank and the Bank's Group;
 - 12) lay down the principles of the identification of business models and conducting contractual cash flow characteristics tests;
 - 13) determine the accounting policies;
 - 14) approve the annual and interim financial statements of the Bank, the consolidated financial statements of the Bank's Group and the quarterly reports of the Bank's Group;
 - 15) define the bancassurance policy;
 - 16) define the remuneration policy which also applies to the Bank's subsidiaries;
 - 17) determine banking products as well as other banking and financial services;
 - 18) lay down the principles of the Bank's participation in companies and other organizations;
 - 19) make decisions on the payment of an interim dividend to the shareholders;
 - 20) convene the General Meeting;
 - 21) make decisions on matters at the request of a Management Board Member or submitted for consideration by the Supervisory Board.

§ 5.

The President of the Management Board shall represent the Bank and perform managerial functions within the limits of the powers laid down in the Articles of Association and, in addition:

- 1) appoint the directors of the functional divisions and the directors of the Bank's units;
- 2) establish and liquidate functional divisions;
- 3) define ad hoc or specific tasks for the Members of the Management Board, including in the event of changes to the composition of the Management Board, define the areas of operation and the assignment thereof to the individual Members of the Management Board, until the Supervisory Board has approved the new division of competencies within the Management Board made by the Management Board;
- 4) establish the rules of replacing other Members of the Management Board who are absent;
- 5) exercise its rights related to entering into and terminating an employment relationship, changing the remuneration or working conditions, implementing penalties for breach of internal discipline and delegate rights in this respect, in line with the Bank's internal regulations on the division of competencies to carry out activities relating to labour law;
- 6) specify the manner of executing the individual elements of the internal control system;
- 7) give rewards to the Bank's employees from the rewards fund of the President of the Management Board;
- 8) perform tasks arising from other legal regulations, reserved for the President of the Management Board.

§ 6.

1. The Members of the Management Board shall exercise supervision over the areas of activity subordinated to them and shall make decisions on matters relating to ordinary management with respect to the areas of activity they supervise.
2. The competencies of the Members of the Management Board shall include, in particular:
 - 1) approving sales plans and other plans;
 - 2) giving consent to submitting materials prepared in the supervised areas of activity for consideration by the Management Board; a Management Board Member shall immediately notify the President of the Management Board of the lack of such consent;
 - 3) presenting the President of the Management Board with requests and opinions in the matters referred to in § 5(5) and (7).
3. Where the Bank's units are directly subordinated to a Management Board Member, he/she shall exercise direct supervision over the subordinated units of the Bank, carrying out the supervisory activities specified in § 7 with respect to them, whereas where a Management Board Member manages a functional division, he/she shall carry out the tasks specified, as appropriate, for the director of the functional division.

§ 7.

The competencies of the Members of the Management Board to whom the Bank's units which do not form part of the functional divisions are subordinated directly shall include, in particular:

- 1) coordinating the work of the subordinated units of the Bank;
- 2) initiating the work of the subordinated units of the Bank, necessary to ensure the correct and effective operations of the Bank;
- 3) initiating the development of the Bank's internal regulations, in line with the scope of activities of the subordinated units of the Bank;
- 4) approving materials prepared in the subordinated units of the Bank and giving consent to submitting them for consideration by the Management Board;
- 5) approving sales plans and other plans at the request of the directly subordinate directors;
- 6) accepting the proposals of the subordinated units of the Bank, concerning the Bank's annual financial plan.

Chapter 3. Method of work of the Management Board

§ 8.

The Management Board shall perform its activities at Management Board meetings, in recognition of § 22(1) and § 23(1).

§ 9.

1. Management Board meetings shall be held as required, however, at least once a week, in recognition of section 2.
2. In justified cases, Management Board meetings may be held at intervals longer than those specified in section 1.
3. Management Board meetings shall be convened by the President of the Management Board:
 - 1) on his own initiative;
 - 2) at the request of at least two Members of the Management Board.

§ 10.

Management Board meetings shall be chaired by the President of the Management Board. In the absence of the President of the Management Board, the meetings shall be chaired by the Vice-President of the Management Board designated to replace the President of the Management Board in accordance with other internal regulations.

§ 11.

1. The following persons shall participate in a Management Board meeting:
 - 1) the Members of the Management Board;
 - 2) the manager of the Internal Audit Department and the manager of the Compliance Department or their replacements;
 - 3) permanent participants in the meetings, designated by the President of the Management Board;
 - 4) persons invited by the chairman of the meeting of the Management Board.
2. The persons listed in section 1(3) and the manager of the Compliance Department shall participate in a Management Board meeting as advisors.
3. The presence of the Members of the Management Board at the meetings shall be obligatory. The Members of the Management Board who cannot participate in a Management Board meeting should notify the President of the Management Board of their absence before the meeting and state the reasons for it.

§ 12.

The President of the Management Board may order:

- 1) that a Management Board meeting be secret in whole or in part;
- 2) that a Management Board meeting be held exclusively with the participation of the Members of the Management Board.

§ 13.

1. An agenda for a Management Board meeting shall be set by the President of the Management Board, taking into account the matters raised by the Members of the Management Board.
2. Suggested matters which should be considered at a Management Board meeting shall be put forward to the competent Members of the Management Board by:
 - 1) the directors of the functional divisions;
 - 2) the directors of the Bank's units subordinated directly to a Management Board Member.

§ 14.

1. A notification that a Management Board meeting is to be convened, along with the agenda for the Management Board meeting, shall be sent to the Members of the Management Board and the persons participating in the meeting by e-mail to a personal company address in the Bank's domain no later than two working days before the meeting.
2. The agenda for a Management Board meeting convened within a period shorter than that specified in section 1 shall be communicated to the persons referred to in section 1 in the manner specified in that provision or in some other technically feasible manner.

§ 15.

1. Materials prepared for consideration at a Management Board meeting shall be made available to the Members of the Management Board and the persons referred to in § 11(1)(2) and (3) in electronic versions by means of secure electronic communication channels used at the Bank, along with the agenda for the meeting, in recognition of sections 2 and 3.
2. Materials shall be forwarded to a Management Board meeting:
 - 1) once they have been approved by the director of the functional division in which the Bank's unit that prepared the materials is situated, and
 - 2) once consent has been obtained to presenting them to the Management Board; such consent shall be given by the Management Board Member supervising the area of activity in which the Bank's unit that prepared the materials functions, and
 - 3) once they have been approved by the President of the Management Board.
3. Where the Bank's unit which prepared the materials is subordinated directly to a Management Board Member, approving the materials and giving consent to presenting them to the Management Board shall fall within the competence of the Management Board Member who directly supervises that unit.

§ 16.

In justified cases, the President of the Management Board may introduce changes to the agenda for a Management Board meeting in the event of matters:

- 1) which are urgent but which could not have been submitted earlier;
- 2) the materials for which were provided to the Management Board Members who are to participate in a Management Board Meeting convened within a period shorter than that specified in § 14(1).

§ 17.

The President of the Management Board shall set out a detailed procedure for convening Management Board meetings, preparing and providing materials to be considered by the Management Board, establish the rules of participation in Management Board Meetings and the detailed rules of drawing up and signing the minutes of a Management Board Meeting.

§ 18.

1. Management Board Meetings shall be minuted.
2. The minutes of a Management Board meeting should contain:
 - 1) the title, number and date;
 - 2) the first and last names of the Management Board Members and other persons participating in the meeting;
 - 3) the agenda;
 - 4) a list of the resolutions adopted;
 - 5) a description of the course of the meeting, including:
 - a) the number of votes cast "for" or "against" individual resolutions, and the number of "abstentions";
 - b) an indication of the method and form in which the votes are cast, even if only one of the Management Board Members participates in the meeting by means of remote direct communication;

- c) dissenting opinions on the adopted resolutions, expressed by the Members of the Management Board and the statements of grounds for such dissenting opinions – if requests were made that statements of grounds be included;
 - 6) information about a Management Board Member refraining from participating in adopting a resolution in accordance with § 21(3);
 - 7) information about the Management Board adopting resolutions outside the meeting;
 - 8) the first and last name of the minutes secretary;
 - 9) appendices, i.e.: the contents of the resolutions adopted by the Management Board, signed by all the Management Board Members present at the meeting and initialled by the director of the Bank's unit which prepared a draft and the director of the Legal Department, the contents of the resolutions referred to in point 7.
3. The minutes of a Management Board meeting shall be signed by:
 - 1) the Management Board Members present at the Management Board meeting to which the minutes relate – as proof of the fact that the minutes were approved;
 - 2) the Management Board Members absent from the Management Board meeting to which the minutes relate – as proof of the fact that they read the minutes being signed.
 4. Copies of the minutes of a Management Board meeting shall be made available in electronic versions, by means of secure communication channels used at the Bank, to the Management Board Members, the persons referred to in §11(1)(2) and (3), and the directors of the functional divisions. The President of the Management Board may specify a list of the Bank's units entitled to receive copies of the minutes.
 5. At the request of the Bank's unit whose matter was the subject of a Management Board meeting, the Office of the Bank's Management Board shall prepare and present an excerpt from the minutes concerning the said matter.
 6. At the request of the Supervisory Board, a copy of the minutes of a Management Board meeting shall be presented to the Supervisory Board.
 7. Should it be ordered that the proceedings of a Management Board meeting be kept secret, the minutes of such meeting shall be provided to the Management Board Members and the persons indicated by the President of the Management Board.
 8. The course of a meeting may be recorded on electronic media, using audio or video equipment. The originals of the minutes of Management Board meetings and recordings of Management Board meetings shall be stored by the Office of the Bank's Management Board.
 9. Recordings of Management Board meetings shall be used exclusively for preparing or supplementing the minutes of a Management Board meeting, and they shall be destroyed one month after the adoption of the minutes by the Management Board.
 10. Before the expiry of the deadline referred to in section 9, each of the Management Board members shall have the right to play the recording of a Management Board meeting.

Chapter 4

Resolutions of the Management Board

§ 19.

1. The Management Board shall adopt resolutions at meetings in which at least one half of its members participate, in recognition of § 22(1) and § 23(1).
2. With the consent of the President of the Management Board, the Management Board Members absent from a meeting may participate in the meeting or voting by means of remote direct communication in a manner which enables all the Management Board Members participating in the meeting or voting to communicate with each other at the same time and in real time and to identify each other (e.g. video conferencing, a teleconference).
3. A vote cast by a Management Board Member participating in a meeting in the manner indicated in section 2 shall be recorded in the minutes of the Management Board meeting, including the manner and form in which the vote was cast.

§ 20.

The Management Board may adopt resolutions on all matters which fall within its competence.

§ 21.

1. Resolutions shall be adopted in an open ballot. During a Management Board meeting, the President of the Management Board, on his own initiative or at the request of a Management Board Member, may order a secret ballot.
2. Resolutions shall be adopted by an absolute majority of votes, except where the generally applicable laws require the consent of all the Management Board Members. In the event of a tie, the President of the Management Board shall have a casting vote.
3. A Management Board Member should refrain from participating in adopting a resolution if there is a conflict between the Bank's interests and the personal interests of the Management Board Member, his/her spouse, relatives or kin to the second degree and persons with whom he/she is associated personally. This fact should be recorded in the minutes of the Management Board meeting.
4. A Management Board Member voting against a resolution may express a dissenting opinion on the adopted resolution. The dissenting opinion shall be included in the minutes of the Management Board meeting. At the request of the person expressing such an opinion, the statement of grounds for the dissenting opinion shall also be included in the minutes of the Management Board meeting.
5. Resolutions shall be signed as soon as they are adopted. In justified cases, the President of the Management Board may set a different deadline for signing a resolution.

§ 22.

1. The Management Board may adopt resolutions outside a meeting by circulation (in writing). A draft resolution which is to be adopted by circulation shall be delivered to all the Management Board Members along with other required documents to a personal company e-mail address in the Bank's domain.
2. A resolution may be adopted by circulation if at least one half of the Management Board Members are present at the Bank, whereas the absence of the other Management Board Members is due to their illness, holiday or business trip.
3. A resolution adopted by circulation shall be adopted on the date of the last signature being attached.
4. The Management Board shall adopt resolutions by circulation in such a manner that all the Management Board Members participating in voting sign one copy of the Management Board's resolution or in such a manner that each Management Board Member participating in voting signs separate identical copies of the Management Board's resolution.
5. Each Management Board Member may raise an objection to adopting a given resolution by circulation, in which case such draft resolution shall become the subject of the proceedings at the next Management Board meeting.

§ 23.

1. The Management Board may adopt resolutions outside a meeting, using means of remote direct communication, in particular by e-mail.
2. A draft resolution and other required documents and information about the manner and deadline for casting votes shall be sent to all Members of the Management Board to their personal company e-mail address in the Bank's domain or made available by means of secure electronic communication channels used at the Bank.
3. A resolution may be adopted using means of remote direct communication if all Members of the Management Board have been notified of the contents of a draft resolution in accordance with section 2 and if at least one half of the Members of the Management Board have participated in voting on the resolution.
4. The date on which votes are cast by all Members of the Management Board, using means of remote direct communication or the expiry of the deadline within which votes on a

resolution should be cast, whichever occurs first, shall be considered the date of adopting a resolution in the manner referred to in this paragraph.

5. Resolutions adopted using means of remote direct communication shall be signed by the Members of the Management Board who took part in the vote as soon as possible.
6. Each Management Board Member may raise an objection to adopting a given resolution outside a meeting, using means of remote direct communication, in which case such draft resolution shall become the subject of the proceedings at the next Management Board meeting.

§ 24.

The President of the Management Board shall decide on the use of the circulation voting referred to in § 22 or on adopting a resolution, using means of remote direct communication referred to in § 23, on his own initiative or at the request of a Management Board Member.