

**RESOLUTION No /2017  
of the Annual General Meeting  
of Powszechna Kasa Oszczędności  
Bank Polski Spółka Akcyjna  
of 22 June 2017**

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

Acting pursuant to Article 430 § 1 of the Commercial Companies Code, the Annual General Meeting hereby adopts the following:

§ 1.

The Articles of Association of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna shall be amended as follows:

1) § 4 section 2 item 16 of the Bank's Articles of Association of the Bank shall be reworded as follows:

“16) provision of trust services and issuing electronic identification means within the meaning of the laws on trust services;”;

2) § 9 of the Bank's Articles of Association of the Bank shall be reworded as follows:

“§ 9

1. The competences of the General Meeting, apart from other matters stipulated in the separate provisions of these Articles of Association, cover adopting resolutions in the matters of:

- 1) appointing and recalling the members of the Supervisory Board in accordance with § 11,
- 2) approving the Regulations of the Supervisory Board,
- 3) acquiring the shares of the Bank in order to redeem them and determining the amount of payment for the redeemed shares,
- 4) creating and liquidating special funds created of the net profit,
- 5) selling by the Bank of the real property, an interest in real property or perpetual usufruct, if the value of the real property or the right being the object of such action exceeds 25% of the share capital; subject to item 7 hereinbelow, such consent shall not be required, if the purchase of the real property sold in this way, interest in real property or perpetual usufruct was made as part of the execution, bankruptcy, restructuring proceedings or another agreement with the Bank's debtor,
- 6) issuing bonds convertible to shares, bonds with pre-emptive rights or subscription warrants,
- 7) granting consent for performing actions, referred to in Art. 17 section 1 items 1-4 of the Act on the Principles of Management of State Property of 16 December 2016; such consent shall not be required, if obtaining it would lead

to an illegal disclosure of the banking secret or professional secret which the Bank has to observe or to infringement by the Bank of the generally applicable legal provisions,

- 8) determining the wage-setting policy for the members of the Management Board,
  - 9) determining the wage-setting policy for the members of the Supervisory Board,
  - 10) approving the reports of the Management Board of the Bank's operations containing also information on representation expenses, legal fees, costs of marketing services, public relations and social communication services and advisory services relating to the management, as well as the report of the Management Board of the operations of the Bank's capital group,
  - 11) approving the report of the Supervisory Board's operations,
  - 12) approving financial statements of the Bank and the consolidated financial statements of the capital group of the Bank,
  - 13) granting a vote of acceptance to the performance by the members of the Management Board and the Supervisory Board,
  - 14) distribution of profits or covering loss,
  - 15) specifying the dividend date and the date of dividend pay-out,
  - 16) disposing or leasing a part of business or its organised part and establishing a limited property right thereon,
  - 17) amendments to the Articles of Association of the Bank,
  - 18) increasing or decreasing the share capital of the Bank,
  - 19) other than indicated above, and resulting from the generally applicable legal provisions.
2. The matters to be addressed at the General Meeting should be, in accordance with the Regulations of the Supervisory Board, subject to the opinion of the Supervisory Board in the time enabling the shareholders to become aware of the opinion of the Supervisory Board.”;
- 3) §11 section 1 of the Bank's Articles of Association shall be reworded as follows:
- „1. The Supervisory Board shall be composed of 5 (five) to 13 (thirteen) members appointed for the joint three-year term. The number of the members of the Supervisory Board shall be established by the Authorised Shareholder (in accordance with the definition below), including in the case of submission of the application for the election of the Supervisory Board by voting in separate groups.”;
- 4) in §11 section 2 first sentence of the Bank's Articles of Association shall be reworded as follows:
- “The members of the Supervisory Board shall be appointed and recalled by the General Meeting, taking into account the assessment of fulfilment by the candidates of the requirements resulting from Art. 22aa of the Banking Law of 29 August 1997”;

5) §11 section 6 of the Bank's Articles of Association shall be reworded as follows:

“6. As long as the Supervisory Board is composed of at least 5 (five) members, the Supervisory Board is capable of taking any actions stipulated by law and the Articles of Associations. In the event that the number of the members of the Supervisory Board decreases below 5 (five) members of the Supervisory Board, the Management Board shall convene the General Meeting in order to complete the composition of the Supervisory Board.”;

6) § 14a of the Bank's Articles of Association shall be deleted;

7) §15 section 1 of the Bank's Articles of Association shall be reworded as follows:

“1. The Supervisory Board shall exercise constant supervision over the Bank's operations in all areas of its business. The competences of the Supervisory Board, apart from the rights and obligations provided for in other provisions of these Articles of Association, include:

- 1)approval of the annual financial plan adopted by the Management Board,
- 2)selection of the audit firm to audit and review financial statements of the Bank and the consolidated financial statements of the capital group of the Bank,
- 3)adopting the Regulations of the Supervisory Board,
- 4)adopting the rules of granting loans, cash loans, bank guarantees or sureties to the members of the Management Board, the Supervisory Board, persons holding managerial positions at the Bank and entities linked with it by capital or organisationally, referred to in Art. 79a of the Banking Law of 29 August 1997,
- 5)appointing and recalling, in a secret ballot, the President of the Management Board, Vice-presidents and members of the Management Board.
- 6)suspending in duties, due to important reasons, individual or all members of the Management Board and delegating the members the Supervisory Board, for the period no longer than three months, for the temporary performance of duties of the members of the Management Board who have been recalled, resigned or cannot perform their duties for other reasons,
- 7)conducting qualification procedure for the member of the Management Board and specifying detailed rules and manner of its conducting,
- 8)setting the remuneration and terms of employment of the members of the Management Board on the basis of wage-setting policy for the members of the Management Board, referred to in § 9 section 1 item 8,
- 9)granting consent for opening or closing the branch abroad,
- 10) approving the following strategies, policies and regulations adopted by the Management Board:
  - a)Bank's Strategy,
  - b)Risk management strategy,
  - c)Bank management strategy,

- d) Dividend policy,
  - e) Remuneration policy,
  - f) Policy on estimating internal capital and capital management and reviewing strategies and procedures of estimating internal capital and capital management,
  - g) Compliance policy of the Bank,
  - h) Rules of managing special funds created of the net profit,
  - i) Organisational Regulations of the Bank,
  - j) Regulations of the Management Board,
- 11) granting prior consent to:
- a) disposal of non-current assets of the value exceeding 10% of own funds of the Bank, but not exceeding 5% of total assets, excluding real property, an interest in real property or perpetual usufruct,
  - b) excluding the actions, referred to in § 9 section 1 items 5 and 7, purchase and sale by the Bank of the real property, an interest in real property or perpetual usufruct or encumbering them with a limited property right or making available to third party, if the value of the real property or the right being the object of such action exceeds 2% of the share capital of the Bank; such consent shall not be required, if the purchase of the real property, an interest in real property or perpetual usufruct is made as part of the execution, bankruptcy, restructuring proceedings or another agreement with the Bank's debtor, as well as in the case of legal actions relating to the real property or rights acquired by the Bank in the above way; in such cases the Management Board is obliged to only inform the Supervisory Board of the actions made,
  - c) concluding by the Bank of the significant agreement with the shareholder holding at least 5% of the total number of votes at the Bank or with a related entity, typical transactions and transactions concluded at arm's length as part of the Bank's operations shall not be subject to the above obligation, if they are concluded with the entities forming part of the Bank's capital group,
  - d) concluding by the Bank of the agreement for legal services, marketing services, public relations and social communication services as well as advisory relating to the management services, if the value of the remuneration provided for in total for the rendered services exceeds PLN net 500 000 per annum,
  - e) amendment to the concluded by the Bank agreement for legal services, marketing services, public relations and social communication services as well as advisory relating to the management services increasing the remuneration above the amount, referred to in letter d),
  - f) concluding by the Bank of the agreement for legal services, marketing services, public relations and social communication services as well as

advisory relating to the management services, in which the maximum amount of remuneration is not provided for,

- g) concluding by the Bank of the donation agreement or another agreement with similar effect of the value exceeding PLN 20 000 or 0.1% of total assets,
  - h) concluding by the Bank of the release of debt agreement or another agreement with similar effect of the value exceeding PLN 50 000 or 0.1% of total assets,
- 12) filing an application to the Polish Financial Supervision Authority for granting consent to appoint the President of the Management Board and the member of the Management Board supervising management of significant risk in the Bank's operations, as well as entrusting the function of the member of the Management Board supervising management of significant risk in the Bank's operations to the current member of the Management Board who has not supervised the management of this risk,
  - 13) assessing the functioning of the remuneration policy at the Bank and presenting report in this regard to the General Meeting,
  - 14) issuing opinions on application by the Bank of the "Principles of corporate governance for supervised institutions",
  - 15) presenting to the General Meeting an annual report of the Supervisory Board's operations, including also the assessment of the Management Board's report of the Bank's operations and financial statements of the Bank for the last financial year in terms of their compliance with the books and documents, as well as with the actual state and requests of the Management Board regarding the distribution of profit or covering loss,
  - 16) approving of the acceptable general risk level specified by the Management Board,
  - 17) determining the rules of reporting to the Supervisory Board about the types and size of risk in operations, after prior presenting proposals by the Management Board, in the manner enabling supervising the risk management system at the Bank,
  - 18) analysing reports provided to the Supervisory Board regarding risk management, estimating internal capital and capital management and internal control system,
  - 19) making an annual assessment of the adequacy and effectiveness of the risk management system,
  - 20) making an annual assessment of the adequacy and effectiveness of the internal control system, including the adequacy and effectiveness of the control function, compliance unit and internal audit unit,
  - 21) making an annual assessment of the level of effectiveness of the non-compliance risk management by the Bank,
  - 22) approving of, previously accepted by the Bank, rules of functioning of the compliance unit and internal audit unit,

- 23) making an annual assessment of the adequacy and effectiveness of the anonymous reporting procedure of breaches by the Bank's employees,
  - 24) taking decisions in other matters subject to the competences of the Supervisory Board on the basis of the generally applicable legal provisions and recommendations issued by the Polish Financial Supervision Authority.”;
- 8) §15 section 3 of the Articles of Association of the Bank shall be reworded as follows:
- “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 Chairperson or Vice-chairperson of the Supervisory Board, except for the resolutions on the matters, referred to in section 1 items 1-2, 4-6, 10 letters a-b, 11 letters a-c and 16, for adopting of which apart from the indicated quorum, the qualified majority of two thirds of votes is required.”;
- 9) §17 section 4 first sentence of the Bank's Articles of Association shall be reworded as follows:
- “The Supervisory Board may adopt resolutions in writing (by circulation) or using means of direct remote communication, except for resolutions on the matters referred to in § 15 section 1 items 1-2, 4-6, 10 letters a-b and 16 and resolutions adopted by secret ballot.”;

- 10) §17a section 1 first sentence shall be reworded as follows:

“The Supervisory Board shall appoint its members to the committees, an obligation of appointment of which results from the applicable provisions.”;

- 11) § 19 of the Bank's Articles of Association shall be reworded as follows:

### „§ 19

1. The members of the Management Board shall be appointed by the Supervisory Board for a joint three-year term.
2. The members of the Management Board shall be appointed by the Supervisory Board after conducting a qualification procedure which aim is to check and assess the qualifications of candidates and selecting the best candidate for the member of the Management Board.
3. The person who meets jointly the following conditions can be the member of the Management Board:
  - 1) s/he meets the requirements provided for in Art. 22aa of the Banking Law of 29 August 1997,
  - 2) has a higher education or higher education obtained abroad recognised in the Republic of Poland, on the basis of separate provisions,
  - 3) has at least 5-year period of employment under an employment contract, appointment, election, nomination, cooperative employment contract or of providing services under other agreement or conducting business on their own account,

- 4) has at least 3-year experience on managerial or independent positions or resulting from conducting business on their own account,
  - 5) meets the requirements other than specified in items 1-4 defined in other separate provisions, and in particular does not infringe restrictions or prohibitions of holding a position of the member of governing bodies at commercial companies.
4. The person who meets at least one of the following conditions cannot be a member of the Management Board:
- 1) a person who works as a social collaborator or is employed in a parliamentary, senatorial, parliamentary and senatorial office or office of a Member of the European Parliament under an employment contract or performs work under a mandate contract or other similar contract,
  - 2) is a member of a political party body representing a political party outside and entitled to incur liabilities,
  - 3) is employed by a political party under an employment contract or performs work under a mandate contract or other similar contract,
  - 4) performs a function by choice at the company's trade union organisation or trade union organisation of the company of the capital group,
  - 5) their social or profit-earning activity creates a conflict of interests towards the activities of the company.”

12) § 20 section 1 of the Bank’s Articles of Association shall be reworded as follows:

“1. Any matters related to the transacting of the Bank’s business not specifically reserved under the general laws or these Articles of Association for the discretion of the Annual General Meeting or the Supervisory Board shall fall within the powers of the Management Board, including the purchase and sale of real property, an interest in real property or perpetual usufruct, which do not require approval of the General Meeting as per § 9 or the approval of the Supervisory Board as per § 15.”

13) section 6 of § 22 of the Bank’s Articles of Association shall be deleted;

14) Following Chapter IV. Governing Bodies of the Bank, a new Chapter IVa. Rules of Disposal of the Bank’s Non-Current Assets shall be added to the Articles of Association of the Bank, as follows:

**“IVa. Rules of Disposal of the Bank’s Non-Current Assets**

**§ 23b**

1. Non-current assets with a value exceeding 0.1% of total assets shall be disposed of in a tender procedure, with the reservation of sections 5 and 6.
2. The tender shall be conducted by the Bank or another entity commissioned by the Bank to conduct the tender.
3. Intending to dispose of non-current assets as mentioned in section 1, the Management Board shall set the tender method and procedure, including in particular:

- 1) how information about the tender is to be made available,
- 2) how the asking price of the non-current assets to be disposed is to be determined if the tender formula assumes that the Bank should set an asking price,
- 3) the minimum requirements to be satisfied by a bidder and by a bid,
- 4) the final date for tendering bids and the end date of the tender,
- 5) the conditions under which the price may be reduced below the asking price or the conditions of the tender might be changed or the tender might be terminated without selecting a bid,
  - taking into account the need to safeguard the interest of the Bank.
4. Where the disposal of non-current assets requires approval of the General Meeting, the Bank may only perform the act in law leading to the disposal of such non-current assets subject to prior approval expressed by the General Meeting.
5. Where non-current assets are to be disposed of by approval of the General Meeting, the obligation to follow the tender procedure shall not apply.
6. Where the disposal of non-current assets does not require approval of the General Meeting, the Management Board may choose not to follow the tender procedure, subject to prior notification to the Supervisory Board of its intention not to follow the tender procedure, if:
  - 1) the non-current assets to be sold were previously purchased by the Bank in execution, bankruptcy or restructuring proceedings or a part of another arrangement with a Bank's debtor, or
  - 2) the necessity to follow the tender procedure might expose the Bank to a loss (in particular by adversely affecting the conditions of the disposal of the non-current assets) or if it might cause the Bank to breach the requirements of the law or regulatory enactments.”;

15) § 36 of the Bank's Articles of Association shall be reworded as follows:

### “§ 36

Whenever a reference is made in the Articles of Association to:

- 1) “**non-current assets**” – they shall be understood as the Bank's assets which are non-current assets in the sense of the Act of 29 September 1994 on Accounting,
- 2) “**affiliated entity**” – it shall be understood as an affiliate in the sense of the Act of 29 September 1994 on Accounting,
- 3) “**dominant entity**” and “**subsidiary**” – it shall be understood as the entity defined in § 10 section 9,
- 4) “**related party**” – it shall be understood as a related party in the sense of the law on trading in financial instruments,
- 5) “**total assets**” – it shall be understood as total assets in the sense of the Act of 29 September 1994 on Accounting, determined on the basis of the most recent approved financial statements of the Bank.”.

Draft resolution on amendments in the Articles of Association of PKO Bank Polski SA submitted by the State Treasury represented by the Ministry of Development and Finance

The Supervisory Board shall hereby be authorised to prepare the consolidated text of the Articles of Association of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna comprising the amendments referred to in § 1 of this resolution.

### § 3.

The Annual General Meeting obligates the Management Board of the Bank to provide for, in the articles and memorandums of associations of the companies in relation to which the Bank is the dominant undertaking in the sense of Article 4 item 3 of the Act of 16 February 2007 on Protection of Competition and Consumers (Journal of Laws 2017.229), the requirements set out in Article 17 section 1-6, Article 18 section 1, Article 19 section 1-5 and Article 22 of the Act of 16 December 2016 on the Rules of Management of State Assets (Journal of Laws, item 2259).

### § 4.

The resolution shall come into force on the day of its adoption.

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

### **General part**

According to the Act of 16 December 2016 on the Rules of Management of State Assets, an entity entitled to exercise ownership rights must take action to have the rules stated in the Act incorporated in the company's articles of association or resolution of the annual general meeting. Pursuant to the Regulation of the Council of Ministers of 3 January 2017 in respect of the list of companies in which the rights arising from shares are exercised by other members of the Council of Ministers than the Prime Minister, proxies of the Government or state legal persons, the Minister of Development and Finance exercises the rights from shares in Powszechna Kasa Oszczędności Bank Polski SA held by the State.

Therefore, the current provisions of the Articles of Association of the Bank concerning the powers of the governing bodies of the Bank, the procedure of appointment of the Members of the Management Board, the rules of administration of non-current assets need to be brought to compliance with the Act of 16 December 2016 on the Rules of Management of State Assets.

The proposed amendments to the Articles of Association of the Bank are also to align the Articles with the requirements set by the new legislation applicable to the Bank, particularly the Regulation of the Minister of Finance of 6 March 2017 on risk management and the internal control system, remuneration policy and the specific rules of estimation of internal capital in the banks, Regulation (EC) No. 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities and the new act on auditors, auditing firms and public supervision.

In addition, certain housekeeping changes are proposed clarifying and better organising the current text.

## 2. Specific part

### Re. 1):

The amendment to § 4 section 2 point 16 of the Articles of Association of the Bank is aimed to align the current wording to the amended Article 6 section 1 item 6a of the Banking Law.

### Re. 2):

The catalogue of powers of the General Meeting has been supplemented with powers resulting from the mandatory laws, which have not been reflected there before.

The proposed § 9 section 1 point 8 is to state that according to the Articles of Association of the Bank, the general rules of remuneration for the members of the Management Board shall be set by the General Meeting. Then, within the framework of the resolution of the General Meeting, the Supervisory Board shall determine the salaries and terms of employment of the members of the Management Board. The draft amendments to the Articles of Association set a clear division of powers between the Supervisory Board and the General Meeting with regard to the determination of the salaries of the Management Board members. The aim of the proposed amendment is to implement, in the Articles of Association, solutions provided for in the Act on setting salaries for the individuals managing certain companies.

The proposed § 9 section 1 point 7 is to implement the requirements set in the Act on the Management of State Assets. According to Article 17 section 1 of the Act, the following requires approval of the General Meeting:

- 1) disposal of non-current assets in the sense of the Act of 29 September 1994 on Accounting (Journal of Laws 2016 items 1047 and 2255) recognised as intangible assets, items of property, plant and equipment or long-term investments, including a contribution to a company or cooperative if the market value of such assets exceeds 5% of total assets in the sense of the Act of 29 September 1994 on Accounting determined on the basis of the most recent approved financial statements, as well as giving the use of such assets to another entity for a period exceeding 180 days in a calendar year on the basis of an act in law, if the market value of such assets exceeds 5% of total assets, where the giving the use of the assets in the case of:
  - a) lease agreements and other agreements for the giving the use of assets to other entities for a fee - the market value of the object of the act in law shall be understood as the value of fees for:
    - one year, if the use of the asset has been given under an agreement for unlimited time,
    - the whole term of the agreement, in the case of agreements for limited time,
  - b) loan agreements (*commodatum*) and other agreements for the giving the free use of assets to other entities - the market value of the object

- of the act in law shall be understood as the equivalent of the fees which would be payable if a lease agreement were concluded, for:
- one year, if the use of the asset is to be given under an agreement for unlimited time,
  - the whole term of the agreement, in the case of agreements for limited time;
- 2) the acquisition of non-current assets, in the sense of the Act of 29 September 1994 on Accounting, whose value exceeds:
    - a) 100,000,000 Polish zloty, or
    - b) 5% of total assets in the sense of the Act of 29 September 1994 on Accounting, determined on the basis of the most recent approved financial statements;
  - 3) the taking up or acquisition of shares in another company, the value of which exceeds:
    - a) 100,000,000 Polish zloty, or
    - b) 10% of total assets in the sense of the Act of 29 September 1994 on Accounting, determined on the basis of the most recent approved financial statements;
  - 4) the disposal of shares in another company, the value of which exceeds:
    - a) 100,000,000 Polish zloty, or
    - b) 10% of total assets in the sense of the Act of 29 September 1994 on Accounting, determined on the basis of the most recent approved financial statements.

However, the permission of the General Meeting for such acts will not be required if obtaining such permission were to lead to unlawful disclosure of a bank secret or professional secret which the Bank is bound to or to a breach by the Bank of general laws.

The aim of the draft of § 9 section 1 item 10 is to make it clear that the report on the activities of the Management Board must include, apart from the information required under mandatory laws, information about entertainment costs as well as expenses on legal services, marketing services, public relations services and social communication. This requirement results from the Act on the Management of State Assets.

The draft § 9 section 1 item 11 sanctions the existing practice where the General Meeting approves the report on the activities of the Supervisory Board. The Commercial Companies Code only requires that the Supervisory Board presents its report to the General Meeting but it does not require approval of the report - cf. Article 382 § 3 of the Commercial Companies Code.

The purpose of the amendments to § 9 section 2 is to emphasise that the Supervisory Board may present its opinion regarding the matters put on the agenda of the General Meeting after the General Meeting has been convened.

**Re. 3):**

Draft resolution on amendments in the Articles of Association of PKO Bank Polski SA submitted by the State Treasury represented by the Ministry of Development and Finance

The amendment consist in the deletion of the last sentence in § 11 section 1: “In the event when a motion for election of the Supervisory Board through voting in separate groups is presented, 5 (five) members of the Supervisory Board shall be elected.” The amendment is to eliminate the contradiction between the current first and the second sentence.

**Re. 4):**

The aim of the amendment is to emphasise the rule that the General Meeting should evaluate if the candidates comply with the requirements set in the Banking Law.

**Re. 5):**

The amendment is aimed at clarifying the rule so as to dispel any doubts that the current reference in section 6 concerns 5 members rather than the number of the members indicated by the Entitled Shareholder. The provision emphasises that as long as the Supervisory Board consists of at least 5 members, the Supervisory Board is capable of performing all acts envisaged by the law and the Articles of Association.

**Re. 6):**

The deletion of § 14a: “The Supervisory Board shall supervise the Bank's operations in all the areas of its activity, in particular the risk management system and the internal control system.” is a consequence of the addition of the first sentence in § 15 section 1.

**Re. 7):**

The catalogue of powers of the Supervisory Board has been extended to include the duties provided for in the mandatory laws, including in particular the Regulation of the Minister of Finance of 6 March 2017 on risk management and the internal control system, remuneration policy and the specific rules of estimation of internal capital in the banks. In addition, it has been underlined that the Supervisory Board makes decisions on matters reserved for its discretion on the basis of recommendations issued by the Polish Financial Supervision Authority - point 24. With this provision, if the Polish Financial Supervision Authority issues new recommendation stipulating specific tasks for the Supervisory Board, it will not be necessary to amend the Articles of Association of the Bank again.

The proposed § 15 section 1 item 2 is aimed at aligning the wording of the provision on the conclusion of engagement letters with an auditing firm and members of the firm's chain with Regulation (EC) No. 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities (“Regulation No. 537/2014”) and the new act on auditors, auditing firms and public supervision. According to the new regulations, the provision by an auditing firm or members of the firm's chain of any services for the Bank shall require approval by the Audit Committee.

The aim of the draft § 15 section 1 item 7 is to indicate that the Supervisory Board shall set the specific rules and procedure for the recruitment process for a member of the Management Board. The Act on the Rules of Management of State Assets requires that the members of the management boards of companies in which the State holds shares be appointed following a recruitment process. Owing to the fact that according to the Banking Law, it is the supervisory board of a bank which is the body authorised to

appraise the candidates for members of the management board of the bank, it is appropriate to vest the power in the Supervisory Board to set the specific rules and procedure for conducting the recruitment process for a member of the Management Board in the Articles of Association .

The draft § 15 section 1 item 8 is the consequence of the proposed § 9 section 1 point 8. These provisions explicitly identify the powers of the different governing bodies in regard to the determinations of the salaries of the Management Board members.

The draft points 10, 16-17, 19-23 in § 15 section 1 serve to include the powers of the Supervisory Board provided for in the Regulation of the Minister of Finance of 6 March 2017 on risk management and the internal control system, remuneration policy and the specific rules of estimation of internal capital in the banks.

The draft § 15 section 1 point 11 (current point 12) defines the catalogue of activities performed by the Bank which require prior consent of the Supervisory Board. The catalogue lists the activities referred to in Article 17(2) and (3) of the Act of 16 December 2016 on the Rules of Management of State Assets. According to Article 17(2) and (3) of the cited Act, the following requires consent of the Supervisory Board:

- a) the conclusion of an agreement for legal services, marketing services, public relations and social communication services as well as advisory services connected with management if the total fee payable for such services exceeds 500,000 Polish zloty, net, per annum,
- b) amendment to the agreement for legal services, marketing services, public relations and social communication services as well as advisory services connected with management raising the total fee payable over the amount stipulated in sub-point a,
- c) the conclusion of an agreement for legal services, marketing services, public relations and social communication services as well as advisory services connected with management where the total fee payable for such services is not stated,
- d) the conclusion of a donation agreement or other agreement with a similar effect for an amount exceeding 20,000 Polish zloty,
- e) the conclusion of a debt forgiveness agreement or other agreement with a similar effect for an amount exceeding 50,000 Polish zloty,

The establishment of a company, the 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 have been deleted from the current catalogue of acts requiring the consent of the Supervisory Board (current § 15 section 12 sub-point c). This is due to the fact that according to the proposed amendments to § 9, it is the General Meeting which will grant permission for the acquisition of shares in excess of PLN 100 million. The Supervisory Board will review draft resolutions in this regard. The matter of consent for the acquisition of non-current assets (draft § 15 section 1 point 11 sub-point a) has been arranged in a similar way; in this regard the term "środki trwałe" [fixed assets] has been replaced with the term "aktywa trwałe" [non-current assets] so as to maintain consistency with other provisions.

Draft resolution on amendments in the Articles of Association of PKO Bank Polski SA submitted by the State Treasury represented by the Ministry of Development and Finance

**Re. 8):**

The draft changes in the references are a consequence of the amendment of § 15 section 1.

**Re. 9):**

The draft changes in the references are a consequence of the amendment of § 15 section 1.

**Re. 10):**

Instead of listing in the Articles of Association of the mandatory committees of the Supervisory Board, a reference has been made to the general laws. Where new legislation requires the establishment of further committees, there will be no need to amend the Articles of Association of the Bank.

**Re. 11):**

The amendment to § 19 is to implement the rules set out in Article 22 of the Act on the Rules of Management of State Assets.

**Re. 12):**

The provision concerning the consent of the Supervisory Board has been clarified.

**Re. 13):**

§ 15 states that the Supervisory Board is to receive periodic reports. Thus § 22 section 6 is redundant.

**Re. 14):**

Addition of chapter IVa. Rules of Disposal of the Bank's Non-Current Assets is aimed at the implementation of the requirements set in Article 17 section 4 of Act on the Management of State Assets.

**Re. 15):**

The terms "non-current assets" and "total assets" have been added to the definitions as they are frequently used in the draft provisions.

The amendments require permission of the Polish Financial Supervision Authority. The text of the currently ruling Articles of Association containing highlighted proposed amendments has been attached to this justification.