

**RESOLUTION No.    /2017  
of the Extraordinary General Meeting  
of Powszechna Kasa Oszczędności  
Bank Polski Spółka Akcyjna  
of 13 March 2017**

**on the election of the Chairman of the Extraordinary General Meeting**

Pursuant to Article 409 § 1 of the Code of Commercial Companies the Extraordinary General Meeting elects as its Chairman .....

**Rationale**

**to draft resolution on the election of the Chairman of the Extraordinary General Meeting**

Pursuant to Article 409 § 1 of the Code of Commercial Companies, the chairman shall be elected from among those entitled to participate in the general meeting. Pursuant to § 6 Section 2 of the PKO Bank Polski S.A. General Meeting's Rules and Regulations, the person opening the General Meeting conducts the election of the Chairman of the General Meeting in a secret ballot, ensures the correct conduct of voting, and announces the result.

In relation to the above the resolution should be considered at the Extraordinary General Meeting.

The resolution has received the approval of the Supervisory Board.

Draft resolution submitted by the State Treasury represented by the Minister of Economic Development and Finance

RESOLUTION No. /2017  
of the Extraordinary General Meeting  
of Powszechna Kasa Oszczędności  
Bank Polski Spółka Akcyjna  
of 13 March 2017

**determining the terms of setting the remuneration of members of the Management Board**

Acting in compliance with article 378 § 2 of the Code of Commercial Companies, the Extraordinary General Meeting resolves hereby as follows:

§ 1.

1. An agreement on management services is concluded with a Management Board Member for the duration of his/her appointment (**the Agreement**) and this Agreement includes an obligation of personal performance of services regardless of whether a Management Board Member act within the scope of his/her business activity.
2. The provisions of the Agreement shall be defined by the Supervisory Board in compliance with the conditions defined in the Act on Determination of Remuneration of Persons Managing Certain Companies of 9 June 2016 (**the Act**) and in compliance with the provisions of this resolution.

§ 2.

1. Total remuneration of a Management Board Member consists of a fixed part, that is monthly basic salary (**Fixed Remuneration**) and a variable part, that is supplementary salary for the Bank's financial year (**Variable Remuneration**).
2. The amount of Fixed Remuneration shall be set by the Supervisory Board for each of the Management Board Members respectively and it shall fall within the range from 7-fold to 15-fold average monthly remuneration in the business sector, but excluding profit sharing in the fourth quarter of the previous year, as published by the Chairman of the Central Statistical Office.

### § 3.

1. The Variable Remuneration depends on the level of accomplishment of management objectives and it may not be higher than 100% (one hundred percent) of the Fixed Remuneration in the preceding financial year of the year, for which the value of Variable Remuneration is calculated.
2. The management objectives are agreed to refer in particular to:
  - 1) Achievement of the net financial result by the Bank and the Capital Group of the Bank,
  - 2) Achievement of economic and financial ratios, and in particular C/I of the Capital Group of the Bank (%), ROE of the Capital Group of the Bank (%), share of impaired receivables in the credit portfolio of the Capital Group (%), interest margin of the Capital Group of the Bank (%), customer satisfaction index based on the customer resignation index according to the definition of finalty,
  - 3) Fulfilment of the strategies of the Bank and its Capital Group,
  - 4) Maintenance of the Bank's market position (**the Management Objectives**).
3. Additional Management Objectives are defined to be achieved by 31 December 2017, on the basis of which Variable Salary for financial year 2017 is to be received:
  - 1) Determination of and compliance with principles of remuneration of members of management and supervisory bodies of companies belonging to the Capital Group of the Bank, that will reflect the principles defined in the Act,
  - 2) Fulfilment of obligations referred to in articles 17-20, 22 and 23 of the Act of 16 December 2016 on Principles of Management of State Property in Companies, where the Bank is the prevailing entrepreneur within the meaning of article 4 item 3 of the Act on Competition and Consumer Protection of 16 February 2007.
4. The Supervisory Board is authorised to determine detailed Management Objectives for individual Management Board Members.

5. The Supervisory Board is authorised to determine weights of Management Objectives and objective and measurable criteria (ratios) of their fulfilment and settlement **(KPI)**.
6. The Supervisory Board sets the minimum ratio of Variable Remuneration and Fixed Remuneration for every Management Board Member in compliance with § 3 item 1. To determine the principles of granting and payment of Variable Remuneration to individual Management Board Members, the Supervisory Board shall comply with applicable provisions of the resolution no 258/2011 of the Polish Financial Supervision Authority of 4 October 2011 on detailed principles of operation of the risk management system and internal audit system, as well as detailed conditions of estimation of internal capital by banks and reviews of the process of estimation and maintenance of internal capital, and principles concerning determination of the policy on variable components of remuneration of persons on managerial positions in a bank, or provisions issued on the basis of article 9f of the Banking Act of 29 August 1997.
7. The Variable Remuneration may be paid to a Management Board Member after approval of the report of the Management Board report on the Bank's activities and financial statement for a previous financial year and acknowledgment of the duties performed by this Management Board Members by the General Meeting of Shareholders, provided that the Supervisory Board confirms that the Management Board Member achieved the Management Objectives and determines an amount to be paid to such Member.
8. Expiry of an appointment after a financial year assessed in respect to achievement of the Management Objectives shall not deprive a Member of the right to the Variable Remuneration. Expiry of an appointment during a financial year shall not deprive a Member of the right to the Variable Remuneration in a pro rata amount to the period of appointment.

#### § 4.

1. Regardless of the remuneration referred to in § 2 clause 1, the Supervisory Board may grant a right to the Management Board Members to the same benefits, to which the other Bank's employees are entitled, in particular to trainings aimed at

raising professional qualification necessary to hold a position of a Management Board Member in the Bank, or medical services, and insurance:

- a) directors and officers liability insurance (so called D&O),
  - b) liability insurance for issue of securities,
  - c) health and life insurance, including insurance of lost remuneration in result of work disability or an accident.
2. In the Agreement the Supervisory Board shall define the scope and principles of access of a Management Board Member to technical equipment and resources belonging to the Bank and necessary for performance of Management Board Member's function, as well as the limits of individual costs and the way in which they are defined.
  3. The Agreement may also define the principles of use of Bank's property by a Management Board Member for private purposes.

#### § 5.

1. The Agreement contains the Management Board Member's obligation to notify their intention to perform a function in a body of another commercial company, purchase of shares in such company and may include a prohibition to perform functions in a body of any other commercial company or contain other restrictions related to additional activities of a Management Board Member.
2. A Management Board Member may not receive remuneration for functions of a member of a body of the Bank's subsidiary in the capital group within the meaning of article 4 point 14 of the Act on Competition and Consumer Protection of 16 February 2007.
3. The Supervisory Board is hereby authorised to define prohibitions and restrictions referred to in clause 1 and 2 above, obligations to report their fulfilment and sanctions for failure to fulfil them.

#### § 6.

1. In case of an expiry of an appointment, in particular in result of death, dismissal or resignation, the Agreement shall be terminated on the last day when the function

is performed, without a period of notice and a need to undertake additional actions.

2. In case of termination of the Agreement upon agreement of the Parties, the agreed period of notice may not be longer than 3 (three) months.
3. Every Party has a right to terminate the Agreement with immediate effect in case of a material breach of the provisions of the Agreement by the other Party.
4. Every Party has the right to terminate the Agreement due to other reasons than defined in clause 3 with a period of notice that is not longer than 3 (three) months.
5. The Agreement may define various periods of notice depending on the duration of appointment of a Management Board Member, subject to clause 1 and subject to the condition that the period of notice ends upon an end of a calendar month.
6. In case of termination of the Agreement due to cessation of performance of the function because any other reason that a breach of major obligations by a Management Board Member, the Supervisory Board may grant a severance pay to such Management Board Member in an amount that is not higher than threefold Fixed Remuneration, provided that the function was performed by the Management Board at least for twelve (12) months before termination of such Agreement.

#### § 7.

1. The Supervisory Board may enter into a non-compete agreement with a Management Board Member, and such non-compete clause would be in force after the cessation of the function, but it may be concluded only if a Management Board Member performs a function for a period of at least 3 (three) months.
2. It is not allowed to enter into a non-compete agreement after termination or dissolution of the agreement on management services.
3. A non-compete clause may not be binding for a longer period than 6 (six) months after cessation of the function of a Management Board Member.
4. In case of a Management Board Member's failure to comply with the non-compete clause, he/she will be obliged to pay liquidated damages to the Bank that are not lower than the amount of compensation due for the entire duration of the non-compete clause.

5. A non-compete clause may stop being in force before a duration of a non-compete agreement, if a Management Board Member starts performing a function in another company within the meaning of article 1 clause 3 point 7 of the Act on Principles of Determination of Remuneration of Managers of Certain Companies.

#### § 8.

The Supervisory Board is hereby obligated to adjust the current conditions of remuneration of Management Board Members to the principles defined in this resolution and the Act by the date of the Ordinary General Meeting of Shareholders of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna with an agenda including examination and approval of the report of the Management Board on the Bank's activities and the Bank's financial statement for financial year starting in 2016.

#### § 9.

The resolution enters into force on the date of its adoption.

### **Rationale**

**of the draft resolution of the Extraordinary General Meeting of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna determining the terms of setting the remuneration of members of the Management Board**

Pertaining to articles 378 § 2 of the Code of Commercial Companies, the General Meeting may determine the principles of remuneration payment to the Management Board Members, in particular the maximum amounts of remuneration, granting rights to additional benefits for Management Board Members and maximum values of such benefits.

Pertaining to article 2 clause 1 and clause 2 of Act on Principles of Determination of Remuneration of Managers of Certain Companies of 9 June 2016 (Journal of Laws of 2016 item 1202 as amended) an entity entitled to enforce rights attached to shares is obliged to undertake activities aimed at determination of and compliance with the principles of remuneration payment to members of a management body and members of a supervisory body, as defined in the above mentioned Act. The enforcement of the foregoing obligations means in particular ensuring that an extraordinary meeting of

shareholders of a company votes and adopts draft a resolution on the subject concerned. Pertaining to the Regulation of the Council of Ministers of 3 January 2017 on a list of companies, in which the rights attached to Treasury's shares are enforced by other members of the Council of Ministers than the Prime Minister, or by plenipotentiary of the Government or state legal entities, the Minister of Economic Development and Finance executes rights attached to shares of Powszechna Kasa Oszczędności Bank Polski S.A., that are held by the State Treasury.

Due to the foregoing, for the purpose of adjustment of the current principles of remuneration payment to the Management Board Members of Powszechna Kasa Oszczędności Bank Polski S.A. to the provisions of the Act on Principles of Determination of Remuneration of Managers of Certain Companies, the Minister of Economic Development and Finance has asked for introduction of the issue of adoption of the resolution on the principles of determination of remuneration of Management Board Members in compliance with provided draft resolution to the agenda of the Extraordinary General Meeting.

Proposed remuneration of the Management Board Members of Powszechna Kasa Oszczędności Bank Polski S.A. has been determined in compliance with the provisions of the Act on Principles of Determination of Remuneration of Managers of Certain Companies.

The projected principles of remuneration payment to the Management Board Members shall replace the currently binding principles of remuneration payment to the Management Board Members, that have been defined by the Supervisory Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna.

Solutions adopted by the Supervisory Board under the resolution of the Extraordinary General Meeting on the principles of determination of remuneration of Management Board Members should comply with the provisions of resolution no 258/2011 of the Polish Financial Supervision Authority on detailed principles of operation of the risk management system and internal audit system, as well as detailed conditions of estimation of internal capital by banks and reviews of the process of estimation and maintenance of internal capital, and principles concerning determination of the policy on variable components of remuneration of persons on managerial positions in a bank,

and in the future also with provisions of the regulation of the Minister of Economic Development and Finance on risk management and internal audit system issued on the basis of article 9f of the Banking Act, that is to replace the above mentioned resolution of the Polish Financial Supervision Authority.

Due to the fact, among others, that at the moment all Management Board Members of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna are bound with an employment relationship and new principles resulting from the resolution of the Extraordinary General Meeting should be also coherent with the general remuneration policy that is adopted by the Supervisory Board in compliance with article 9ca of the Banking Act, the implementation of new principles of remuneration payment to Management Board Members requires a number of activities to be performed by the Supervisory Board.

The draft resolution allows a possibility for the Supervisory Board to grant the same additional benefits to the Management Board Members as benefits for other employees of the Bank, such as professional trainings, health insurance, etc. This results from specific conditions of the Bank's operations and the volume of its activities, and regulatory requirements. Pertaining to article 22aa clause 8 of the Banking Act, **the bank is obliged to ensure means necessary to prepare the Management Board Members for performance of their functions and funds necessary for trainings.**

The Supervisory Board will be obliged to adjust the currently binding conditions of remuneration payment to the Management Board Members to the Resolution of the Extraordinary Meeting on principles of determination of remuneration of the Management Board Members no later than by the date of the Annual General Meeting of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna with an agenda including examination and approval of the report of the Management Board on the Bank's activities and the Bank's financial statement for financial year starting in 2016.

The resolution has received the approval of the Supervisory Board.

RESOLUTION No. /2017  
of the Extraordinary General Meeting  
of Powszechna Kasa Oszczędności  
Bank Polski Spółka Akcyjna  
of 13 March 2017

**determining the terms of setting the remuneration of members of the Supervisory Board**

Acting in compliance with article 392 § 1 of the Code of Commercial Companies, the Extraordinary General Meeting resolves hereby as follows:

§ 1.

1. It is hereby agreed that the monthly remuneration of Supervisory Board Members shall be equal to monthly remuneration in the business sector, but excluding profit sharing in the fourth quarter of the previous year, as published by the Chairman of the Central Statistical Office multiplied by:
  - a) For a Chairperson of the Supervisory Board – 2.75;
  - b) For a Deputy Chairperson of the Supervisory Board – 2.5;
  - c) For a Secretary of the Supervisory Board – 2.25;
  - d) For other Members of the Supervisory Board – 2.
2. The remuneration referred to in clause 1 shall be raised by 10 %, if a Supervisory Board Member participates at least in one standing committee of the Supervisory Board.

§ 2.

1. The Supervisory Board Members shall be entitled to the remuneration referred to in § 1 regardless of frequency of convened meetings.
2. Remuneration shall not be paid for a month, when a Supervisory Board Member is not present at a meeting without a reason. The Supervisory Board shall decide whether an absence of a Supervisory Board Member from a meeting is justified or not.

3. If a Member is appointed, dismissed or resigns during a month, the remuneration referred to in § 1 shall be calculated pro rata to the number of days of his/her appointment.
4. The remuneration referred to in § 1 is a gross remuneration paid by the 10<sup>th</sup> day of the next month after a month, for which it is due.
5. Regardless of the remuneration referred to in § 1, a Supervisory Board Member shall be entitled to reimbursement for costs spent in relation to performance of his/her function, and in particular costs of return travels from his/her place of residence to the venue of a meeting of the Supervisory Board, costs of accommodation and catering.

### § 3.

The resolution no 36/2010 of the Extraordinary General Meeting of Powszechna Kasa Oszczędności Bank Polski S.A. dated 25 June 2010 on determination on remuneration principles for Supervisory Board Members of the Bank shall become null and void.

### § 4.

The resolution enters into force on the first day of a month after the closing of the Extraordinary Meeting convened for 13 March 2017.

### **Rationale**

**of the draft resolution of the Extraordinary General Meeting of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna determining the terms of setting the remuneration of members of the Supervisory Board**

Pertaining to articles 392 § 1 of the Code of Commercial Companies, remuneration of Supervisory Board Member of a company is defined in the Articles of Association or a Resolution of the General Meeting.

Pertaining to article 2 clause 1 and clause 2 of Act on Principles of Determination of Remuneration of Managers of Certain Companies of 9 June 2016 (Journal of Laws of 2016 item 1202 as amended) an entity entitled to enforce rights attached to shares is obliged to undertake activities aimed at determination of and compliance with the

principles of remuneration payment to members of a management body and members of a supervisory body, as defined in the above mentioned Act. The enforcement of the foregoing obligations means in particular ensuring that an extraordinary meeting of shareholders of a company votes and adopts draft a resolution on the subject concerned. Pertaining to the Regulation of the Council of Ministers of 3 January 2017 on a list of companies, in which the rights attached to Treasury's shares are enforced by other members of the Council of Ministers than the Prime Minister, or by plenipotentiary of the Government or state legal entities, the Minister of Economic Development and Finance executes rights attached to shares of Powszechna Kasa Oszczędności Bank Polski S.A., that are held by the State Treasury.

Due to the foregoing, for the purpose of adjustment of the current principles of remuneration payment to the Supervisory Board Members of Powszechna Kasa Oszczędności Bank Polski S.A. to the provisions of the Act on Principles of Determination of Remuneration of Managers of Certain Companies, the Minister of Economic Development and Finance has asked for introduction of the issue of adoption of the resolution on determination of remuneration principles of Supervisory Board Members in compliance with provided draft resolution to the agenda of the Extraordinary General Meeting.

Proposed remuneration of the Supervisory Board Members of Powszechna Kasa Oszczędności Bank Polski S.A. has been determined in compliance with article 10 of the Act on Principles of Determination of Remuneration of Managers of Certain Companies.

Presented draft resolution of the Extraordinary Meeting includes a possibility to raise the remuneration defined in § 1 clause 1 of the draft resolution, if a Supervisory Board Member participates at least in one standing committee of the Supervisory Board. At the moment, there are the following four standing committees in the Supervisory Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna: the Remuneration Committee, the Risk Committee, the Audit Committee and the Strategy Committee. Additional remuneration shall be granted to the Supervisory Board Members due to

numerous obligations of Supervisory Board Members related to participation in the above mentioned committees.

The draft presented to the Extraordinary Meeting complies also with good practice applied by Powszechna Kasa Oszczędności Bank Polski S.A. Pertaining to § 29 clause 1 of the Corporate Governance Principles for supervised institutions *“Remuneration of members of supervisory body is set in a way corresponding to the performed function, and to the volume of activities of a supervised institution. Members of a supervisory body, who have been appointed as members of committees, including an audit committee, should be remunerated for additional tasks performed in a given committee accordingly.”*. But according to clause VI.R.4 of Good Practices of Companies Quoted on WSE 2016 *“Remuneration should correspond to the scope of responsibilities defined for individual persons and should cover performance of additional functions, like for instance work in committees of a supervisory board.”*

The projected principles of remuneration payment to the Supervisory Board Members shall replace the currently binding principles of remuneration payment to the Supervisory Board Members of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, that were defined in resolution no 36/2010 of the Extraordinary General Meeting of Shareholders of Powszechna Kasy Oszczędności Bank Polski S.A. dated 25 June 2010 on determination on remuneration principles for Supervisory Board Members of the Bank.

The resolution has received the approval of the Supervisory Board.

**RESOLUTION No. /2017**  
**of the Extraordinary General Meeting**  
**of Powszechna Kasa Oszczędności**  
**Bank Polski Spółka Akcyjna**  
**of 13 March 2017**

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

Acting in compliance with article 430 § 1 of the Code of Commercial Companies, the Extraordinary General Meeting resolves hereby as follows:

§ 1.

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

1) in § 23, section 2 shall read as follows:

“2. The President of the Management Board shall be accountable for, without limitation, matters related to supervision over the maintenance of functioning of Bank authorities and matters related to supervision over the maintenance of functioning of Bank standing committees, as well as related to internal audit, security, communication and promotion, strategy and human resources management.”,

2) in § 27, section 3 shall read as follows:

“3. An internal audit unit and a compliance unit shall be independent. The internal audit unit shall report directly to the President of the Management Board.”.

§ 2.

The Supervisory Board is hereby authorized to draw up a uniform text of the Articles of Association of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, including the amendments contemplated in § 1 hereof.

### § 3.

The resolution shall enter into force as of the date of its adoption.

#### **Rationale**

**for a proposal of the resolution on amendments to the Articles of Association of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna**

The proposed amendments to the Articles of Association of the Bank aim at enabling supervision over Bank activities related to legal services and risk of non-compliance by a member of the Management Board of the Bank other than the President of the Management Board. Apart from the above-mentioned issue, the proposed amendments to the Articles of Association of the Bank include more precise specification of the areas of Bank activities which are supervised by the President of the Management Board, involving matters related to security, strategy and human resources management.

Upon the above-mentioned amendments to the statute of the Bank, the Legal and Compliance Area created within the framework of internal division of powers in the Management Board of the Bank can be supervised not only by the President of the Management Board but also by the Vice-President of the Management Board or a member of the Management Board.

The proposed amendments to the Articles of Association of the Bank were allowed by the Polish Financial Supervision Authority.

The resolution has received the approval of the Supervisory Board.

