

**RESOLUTION No. /2014  
of the Annual General Meeting  
of Powszechna Kasa Oszczędności  
Bank Polski Spółka Akcyjna  
of 26 June 2014**

**on distribution of the profit earned by PKO Bank Polski SA in 2013 and coverage of unappropriated loss of previous years**

Acting pursuant to Article 395 § 2 point 2 of the Commercial Companies Code, the Annual General Meeting hereby adopts the following:

§ 1.

Unappropriated loss of previous years in an amount of PLN 271 242k will be covered out of net profit of the year 2013.

§ 2.

Net profit of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna of the period of 1 January 2013 to 31 December 2013 in an amount of PLN 3 233 762k will be appropriated in the following way:

- |  |             |
|--|-------------|
| 1) coverage of unappropriated loss of previous years PLN | 271 242k;   |
| 2) dividend to shareholders in an amount of PLN          | 937 500k;   |
| 3) reserve capital in an amount of PLN                   | 2 020 000k; |
| 4) other reserves in an amount of PLN                    | 5 020k.     |

§ 3.

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

## RATIONALE

### to the draft resolution on distribution the profit earned by PKO Bank Polski SA in 2013 and coverage of unappropriated loss of previous years

In compliance with the provisions of the 15 September 2000 Commercial Companies Code Act (Journal of Laws of 2000, item 1030), distribution of net profit is the prerogative of the annual general meeting. The proposal involves coverage of unappropriated loss of previous years in an amount of **PLN 271 242k** (which resulted from the Bank having introduced a retrospective change in the accounting policies on the recognition of income and expense from fees charged/paid by the Bank on account of its clients having entered into insurance policy agreements linked to its offered banking products) out of net profit of the year 2013. As proposed, net profit for the period of 1 January to 31 December 2013 would be appropriated in a manner specified in the draft resolution of the Annual General Meeting.

1. In the case of **dividend** to shareholders, the proposed amount to be allocated is **PLN 937 500k**, i.e. 31.65 per cent of net profit of the year 2013 and unappropriated loss of previous years (**PLN 0.75 per share, gross**).

The proposed dividend rate is consistent with the dividend policy declared by the Management Board and the Supervisory Board, which provides for stable payments to shareholders out of net profit in the long term in amount equivalent to capital surplus over the adopted minimum capital adequacy ratios. Dividend payout realised at the proposed value will ensure retention of the capital adequacy measures at a safe level, consistent with the that expressed in the position of the Polish Financial Supervision Commission, and will ensure continued development of PKO Bank Polski S.A.'s lending operations. The Bank's dividend policy is consistent with the general recommendations of the Polish Financial Supervision Authority on the payment of dividends out of profits of the year 2013; as addressed to the banks' presidents.

2. In the case of **reserve capital**:

- 1) the proposed net profit amount to be allocated is **PLN 2 020 000k**, i.e. 68.19 per cent of the appropriated net profit of the year 2013 and unappropriated loss of previous years,

- 2) the relatively high allocation to reserve capital is justified by the primary role of that capital fund whenever a balance sheet loss occurs,
- 3) consistent with the regulations of the Bank's Articles of Association and of the Commercial Companies Code, reserve capital is the primary source for covering of potential losses; and only at depletion of its funds the use of other capital funds becomes possible.

At profit distribution, reserve capital would increase from an amount of **PLN 16 598 111k to PLN 18 618 111k.**

3. In the case of **other reserves:**

The proposed net profit amount to be allocated is **PLN 5 020k**. Inclusion of this item in the annual profit allocation is necessary as the regulations of the Bank's Articles of Association require PKO Bank Polski SA to make contributions to other reserves out of profit of every respective financial year. In consideration of the fact that other reserves serve to cover potential balance sheet losses (§ 30 section 2 of the Articles of Association), the proposed allocation would represent 0.17 per cent of net profit of the year 2013 and unappropriated loss of previous years, because the value of other reserves of PKO Bank Polski SA is adequate from the standpoint of the purposes to which it can be appropriated.

At profit distribution, other reserves would increase from an amount of **PLN 3 416 893k to PLN 3 421 913k.**

The resolution has received the approval of the Supervisory Board.