

**RESOLUTION No. /2023
of the Annual General Meeting
of Powszechna Kasa Oszczędności
Bank Polski Spółka Akcyjna
of 21 June 2023**

on distributing the profit earned by PKO Bank Polski S.A. in 2022

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

§ 1.

From the net profit of PKO Bank Polski S.A. earned in 2022 in the amount of PLN 3 258 276 027.00:

- 1) PLN 1 629 138 013.50 is allocated to the reserve capital for the purpose of paying a dividend, including an interim dividend in accordance with § 30 of the Bank's Articles of Association,
- 2) PLN 1 629 138 013.50 shall remain undistributed.

§ 2.

The Management Board of PKO Bank Polski S.A. is authorized to use the reserve capital for the payment of the interim dividend.

§ 3.

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

Rationale

to the draft resolution on distribution of the profit earned by PKO Bank Polski S.A. in 2022

In compliance with the provisions of the Commercial Companies Code, the distribution of net profit is the prerogative of the Annual General Meeting.

The draft resolution contains the following assumptions regarding the distribution of profit of PKO Bank Polski S.A. ("Bank"):

1. from the net profit earned in 2022 in the amount of PLN 3 258 276 027.00, the amount of PLN 1 629 138 013.50 is allocated to the reserve capital for the purpose of paying dividend, including interim dividend,
2. the remaining part of the net profit for 2022 in the amount of PLN 1 629 138 013.50 is left undistributed. The rationale for refraining from distributing a part of the profit is the possibility of using it to pay dividends in the following years. Undistributed part of the net profit does not affect the Bank's capital ratios.

The proposed profit distribution for 2022 takes into account the current macroeconomic situation as well as the recommendations and the current position of the Polish Financial Supervision Authority ("PFSA"), including those resulting from the individual recommendation of March 16, 2023, about which the Bank informed in the report No. 6/2023 published on March 17, 2023 ("PFSA Recommendation").

As at 31 December 2022, the capital ratios of the Bank and the Bank's Group amounted to:

- Tier I (T1) capital ratio for the Bank 17.56% and for the Bank's Group 16.65%,
- total capital ratio for the Bank 18.86% and for the Bank's Group 17.78%.

In accordance with the PFSA Recommendation, as at 31 December 2022, the Bank meets the criteria for paying dividend from the profit for 2022 in the amount of up to 50% of this profit. Nevertheless, the PFSA recommended that the Bank should not pay dividend from the profit generated in 2022 until the decision of the Court of Justice of the European Union on the return of additional funds over and above those paid in the performance of the contract cancelled on the basis of abusive clauses of the Swiss franc loan agreement (case C-520/21), and after its issue, the Bank should consult the dividend payment with the PFSA. Moreover, the PFSA recommended limiting the risk in the Bank's operations by not taking, without prior consultation with the supervisory authority, actions, in particular those outside the scope of current business and operating activities, which may result in a decrease in own funds, including possible dividend payments from undistributed profit from previous years and repurchases or redemptions of own shares. In connection with the above, despite the Bank fulfils the criteria enabling the payment of dividend for 2022 in the amount of up to 50% of the profit from 2022, the Bank decided to suspend the payment of dividend from the profit from 2022.

The above way of profit distribution by the Annual General Meeting will not preclude the Management Board from making a possible decision, after obtaining the consent of the Supervisory Board, to pay the profit to shareholders in the form of an interim dividend and to use the reserve capital for this purpose (based on the authorization for the Management Board under § 34a of the Articles of Association of the Bank), in the amount compliant with the requirements set out in Art. 349 § 2 of the Commercial Companies Code and the terms of the PFSA Recommendation. The payment of the interim dividend will also be conditional upon the Bank obtaining a positive position of the PFSA, following the ruling of the Court of Justice of the European Union in case C-520/21, and the current economic and market situation.

The project of the resolution has received the positive opinion of the Supervisory Board.