

Report No. 32/2019

Date: 23-08-2019

Subject: Registration of share capital increase

Legal basis: Art. 56 par. 1 pt. 2 of the Act on Public Offering – current and periodic information

Content:

The Management Board of PKO Bank Hipoteczny S.A., with its registered office in Gdynia, (the "Bank") hereby informs that on 23 August 2019 it received information that the District Court Gdańsk-Północ in Gdańsk, VIII Commercial Division of the National Court Register on 20 August 2019 entered in the Bank's file in the register of entrepreneurs the increase in the Bank's share capital from PLN 1,526,500,000.00 to PLN 1,611,300,000.00 through the issue of 84,800,000 ordinary registered Series K shares with a nominal value of PLN 1.00 each. As at the day of releasing this current report, the total number of votes attached to all the issued shares in the Bank is 1,611,300,000 votes, while the share capital is represented by 1,611,300,000 ordinary shares with a nominal value of PLN 1.00 each, including: 300,000,000 ordinary Series A shares, 200,000,000 ordinary Series B shares, 200,000,000 ordinary Series C shares, 100,000,000 ordinary Series D shares, 150,000,000 ordinary Series E shares, 150,000,000 ordinary Series F shares, 100,000,000 ordinary Series G shares, 95,000,000 ordinary Series H shares, 100,000,000 ordinary Series I shares, 131,500,000 ordinary Series J shares and 84,800,000 ordinary Series K shares.

In addition, the Management Board of PKO Bank Hipoteczny S.A. with its registered office in Gdynia on 23 August 2019, became aware that pursuant to Resolution No. 1 of the Extraordinary General Meeting of PKO Bank Hipoteczny S.A. with headquarters in Gdynia from 27 June 2019 and Resolution No. 2 of the Extraordinary General Meeting of PKO Bank Hipoteczny S.A. with headquarters in Gdynia from 19 July 2019 the District Court Gdańsk-Północ in Gdańsk, VII Commercial Division of the National Court Register on 20 August 2019 registered the following changes to the Bank's Article of Association:

- § 18 para. 1 point 1, m): "the assumptions with respect to introducing a new product to the Bank's offer";
- § 18 para. 1 point 2: "approving the performance of the cooperation agreements concluded with PKO BP";
- § 18 para. 2: semicolon is replaced by a dot and the sentence after the semicolon is deleted;
- § 21 para. 1: "The Supervisory Board may adopt resolutions in written form (by circulation), including by means of electronic mail bearing a qualified electronic signature, or by the use of direct long-distance communication methods. Resolutions adopted in this form shall be valid if all members of the Supervisory Board have been notified of the text of the draft resolution.";
- § 25 para. 1: "The Management Board acts and performs its functions in the registered office of the Bank, decisions of the Management Board are taken at meetings or, if the circumstances so require, in written form (by circulation), including by means of electronic mail bearing a qualified electronic signature. The Management Board may also, if circumstances so require, hold meetings and take decisions using the means of direct remote communication. ";
- § 25 para. 3: "Resolutions of the Management Board are required with respect to all matters exceeding the scope of the Bank's normal activities. The resolutions of the Management Board

are passed by an absolute majority of votes present at the Management Board meeting. In the event of an equal number of votes, the President of the Management Board has the casting vote. The detailed procedures for passing resolutions are set out in the Management Board Regulations.";

- § 25 para. 6 was added: "The Management Board will inform the Supervisory Board about changes and planned directions of changes in the Bank's product offer at least once in every quarter."

- § 25 para. 7 was added: "The Management Board will inform the Supervisory Board about issues of mortgage bonds made and planned at least once in every quarter ";

- § 33 was amended: "1. The Bank's own funds are set up in accordance with the policies specified in the binding legal regulations and comprise the sum of Tier I and Tier II capital.

2. Own funds comprise:

- 1) paid-up and registered share capital;
- 2) supplementary capital;
- 3) reserves;
- 4) accumulated other comprehensive income;
- 5) general risk reserve;
- 6) special funds;
- 7) retained earnings / (accumulated losses); "

- § 33a was added: "1. The Bank's supplementary capital is set up from annual transfers of net profit of at least 8% of the profit for a given financial year, until it attains a level of no less than one-third of the share capital. Supplementary capital is earmarked for the offset of balance-sheet losses that may arise as a result of the Bank's operations. Supplementary capital in an amount not required to offset the loss may also be earmarked for other purposes, in particular for increasing share capital.

2. The following items also have an impact on supplementary capital: additional contributions made by shareholders in return for being awarded special rights with respect to shares they already hold without increasing the share capital, and share premiums.

3. The General Shareholders' Meeting decides on the utilization of supplementary capital, but a portion of its balance, amounting to one-third of the share capital may be used exclusively for offsetting balance-sheet losses. ";

- § 33b was added: "1. The Bank's reserves are created independently of its supplementary capital from profit appropriations in the amount passed by the General Meeting.

2. Reserves are designated exclusively for offsetting the Bank's potential balance sheet losses. The General Meeting decides on the utilization of the reserves. ";

- § 33c was added: "The general risk reserve is earmarked for unidentified risk arising from banking activities and is created from the appropriation of net profit in the amount passed by the General Meeting."

- § 33d was added: "1. Special funds may be created from the appropriation of net profit based on resolutions passed by the General Meeting.

2. In creating special funds the General Meeting defines their purpose."

- § 36 was amended: " The General Meeting decides on the appropriation of the Bank's net profit, determining the amounts to be appropriated for particular purposes, in recognition of § 33a section 1:

- 1) supplementary capital;

- 2) reserves;
- 3) general risk reserve against unidentified risk arising from banking activities;
- 4) dividend;
- 5) special funds;
- 6) other purposes."

The consolidated text of the Articles of Association of PKO Bank Hipoteczny SA taking into account the changes referred to above, adopted by the Resolution No. 3 of the Extraordinary General Meeting of PKO Bank Hipoteczny S.A. with headquarters in Gdynia on 19 July 2019, is an attachment to this report.

SIGNATURES OF COMPANY REPRESENTATIVES

23.08.2019 Agnieszka Krawczyk, Vice President of the Management Board

23.08.2019 Piotr Kochanek, Vice President of the Management Board