

# ARTICLES OF ASSOCIATION

## PKO Bank Hipoteczny

### Spółka Akcyjna

#### I. GENERAL PROVISIONS

##### § 1.

1. PKO Bank Hipoteczny Spółka Akcyjna (the **Bank**) is a bank that conducts its activity on the basis of the Act on Covered Bonds and Mortgage Banks of 29 August 1997 (the **Act**), the Banking Law of 29 August 1997 (the **Banking Law**), the Commercial Companies Code and other generally applicable laws, the principles of good practice adopted for use by the Bank, and these Articles of Association.
2. The founder of the Bank is Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna (**PKO BP**).

##### § 2.

1. The bank operates under the name “PKO Bank Hipoteczny Spółka Akcyjna”.
2. The Bank may use the following abbreviated name: “PKO Bank Hipoteczny S.A.”

##### § 3.

1. The registered office of the Bank is in Warsaw.
2. The Bank operates on the territory of the Republic of Poland.
3. The Bank is established for an indefinite period of time.

#### II. SCOPE OF BUSINESS

##### § 4

The area of the Bank's operations is the performance of activities in the area defined in the Act and in these Articles of Association.

##### § 5.

The basic activities of the Bank comprise:

- 1) granting loans secured by mortgages,
- 2) granting loans unsecured by mortgages, within the scope permitted by the Act,
- 3) acquiring receivables from other banks arising from loans they have granted secured by mortgages, and receivables arising from loans not secured by mortgages, as described in point 2,
- 4) issuing mortgage covered bonds, on the basis of:
  - a) receivables of the Bank arising from granted loans that are secured by mortgages,
  - b) receivables of the Bank acquired from other banks arising from loans they have granted secured by mortgages,
  - c) assets of the Bank within the scope allowed by the Act,
- 5) issuing public covered bonds, on the basis of:
  - a) receivables of the Bank arising from loans granted not secured by mortgages, as described in point 2,
  - b) receivables of the Bank acquired from other banks arising from loans they have granted that are not secured by mortgages, as described in point 2,
  - c) assets of the Bank within the scope allowed by the Act.

##### § 6.

In addition to the activities described in § 5, within the scope allowed by the Act, the Bank may carry out the following activities:

- 1) *deleted*,
- 2) take out credits and loans,
- 3) issue bonds,
- 4) hold securities,
- 5) acquire or take up shares in other entities, whose legal form ensures that the Bank's liability is limited to the value of invested funds, provided that such investment supports the Bank's business activities,
- 6) *deleted*,
- 7) provide consulting and advisory services related to the real estate market, including in the area of determining the mortgage lending value of property,
- 8) manage the receivables of the Bank and of other banks arising from loans as described in § 5, as well as granting such loans on behalf of other banks under agreements entered into with them.

#### § 7.

1. The Bank may undertake activities supporting the performance of the activities described in § 5 and § 6 points 1-3 and point 5, and in particular it may:
  - 1) perform currency trading activities,
  - 2) perform activities limiting foreign exchange risk and interest rate risk, subject to the provisions of section 2.
2. The Bank is obliged to perform activities limiting foreign exchange risk if it issues covered bonds in a currency other than:
  - 1) the currency of the Bank's receivables collateralising such bonds, or
  - 2) the currency of the funds invested in securities described in the Act, deposited in the National Bank of Poland or held in cash, that constitute the basis for the issue of such bonds.

#### § 8.

The performance by the Bank of activities that by law require particular licenses or permits shall be undertaken by the Bank after obtaining such licenses and permits.

### III.SHARE CAPITAL

#### § 9.

1. The Bank's share capital amounts to PLN 1,611,300,000 (one billion six hundred and eleven million three hundred thousand zlotys) and is divided into 1,611,300,000 (one billion six hundred and eleven million three hundred thousand) ordinary registered shares, with a nominal value of PLN 1 (one zloty) each, which include:
  - 1) 300,000,000 (three hundred million) Series A shares;
  - 2) 200,000,000 (two hundred million) Series B shares;
  - 3) 200,000,000 (two hundred million) Series C shares;
  - 4) 100,000,000 (one hundred million) Series D shares;
  - 5) 150,000,000 (one hundred and fifty million) Series E shares;
  - 6) 150,000,000 (one hundred and fifty million) Series F shares;
  - 7) 100,000,000 (one hundred million) Series G shares;
  - 8) 95,000,000 (ninety-five million) Series H shares;
  - 9) 100,000,000 (one hundred million) Series I shares;

- 10) 131,500,000 (one hundred and thirty-one million five hundred thousand) Series J shares;
  - 11) 84,800,000 (eighty-four million eight hundred thousand Series K shares.
2. The share capital is fully paid up in cash contributions.

#### **§ 10.**

1. Shares may be redeemed only with the consent of the shareholder. Such redemption requires a resolution of the General Meeting and cannot be carried out more than once in a financial year.
2. Redemption of shares shall require a decrease in the share capital.
3. The procedure of redemption of shares and the amount of consideration for the shares to be redeemed shall be specified in a resolution of the General Meeting.
4. The acquisition of its own shares by the Bank for the purpose of redeeming such shares shall require a resolution of the General Meeting.

### **IV. GOVERNING BODIES OF THE BANK**

#### **§ 11.**

The governing bodies of the bank are:

- 1) the General Meeting,
- 2) the Supervisory Board,
- 3) the Management Board.

### **THE GENERAL MEETING**

#### **§ 12.**

1. In addition to the issues stipulated in the generally applicable laws or the provisions of these Articles of Association, the duties of the General Meeting shall include adopting resolutions in the following matters:
  - 1) appointment and dismissal of the members of the Supervisory Board in accordance with § 14, and setting the rules for their remuneration and the Bank's reimbursement of costs related to the performance of the function of Supervisory Board member,
  - 2) establishing the procedure for redemption of shares as described in § 10 section 1, the level of compensation for the redemption of shares and the expression of consent to the acquisition of the Bank's own shares for the purpose of redemption,
  - 3) creation and dissolution of special funds created from net profit,
  - 4) issue of bonds convertible into shares or other instruments entitling the holder to acquire or take up shares in the Bank,
  - 5) liquidation, disposal or lease of enterprises of the Bank or an organised part of the Bank's enterprises, and establishing limited property rights over them,
  - 6) claims for damage caused at the establishment of the Bank, or by the exercise of management or supervision,
  - 7) granting consent to the Bank's taking up or acquisition, as well as disposal or encumbrance, within the scope permitted by the Act, of shares in companies, redemption of the Bank's shares in companies, as well as contribution by the Bank of additional payments to such companies, payment of contributions, joining or exiting companies and granting consent to the acquisition and disposal of bonds or other securities convertible into shares,
  - 7a) evaluating whether the remuneration policy applied in the Bank is conducive to the growth and safety of the Bank's operations,

- 7b) *deleted*,
- 7c) approving disposals of fixed assets accounted for as intangible assets, property, plant and equipment or long-term investments, which includes making in-kind contributions to a company or a cooperative, if the market value of these assets exceeds 5% of the sum of assets determined on the basis of the most recent approved financial statements, as well as making these assets available for use by another entity for more than 180 days in a calendar year, on the basis of a legal act, if the market value of the subject of the legal act exceeds 5% of the sum of assets,
- 7d) approving acquisitions of fixed assets with a value exceeding:
- a) PLN 100,000,000 or
  - b) 5% of the sum of assets, determined on the basis of the most recent approved financial statements.
- 8) other matters presented to the General Meeting by the Management Board or the Supervisory Board.
2. All other matters introduced into the proceedings of the General Meeting by the Management Board should be, in accordance with the Supervisory Board Regulations, presented in advance by the Management Board to the Supervisory Board for review and evaluation.
3. The draft resolutions proposed for adoption by the General Meeting and other significant materials should be presented by the Management Board to shareholders before the General Meeting, with sufficient time for them to be studied and evaluated, no less than 21 days before the date of the General Meeting, unless the General Meeting takes place without being formally called.
4. Subject to section 1 point 7c and 7d, no approval of the General Meeting is required for disposals or acquisitions of real properties, perpetual usufruct or shares in real properties, and the provisions of § 18 section 1 point 10 shall be applied thereto.

### § 13.

1. The General Meeting shall take place in the registered office of the Bank.
2. The General Meeting shall be opened by a representative of PKO BP, unless the Supervisory Board Chairman or the Management Board President is participating in the Meeting, in which case the meeting shall be opened by one of these individuals.
3. The General Meeting is valid regardless of the number of shares being represented.
4. The resolutions of the General Meeting are adopted by an absolute majority of votes, unless the generally applicable laws or the provisions of these Articles of Association provide otherwise. Resolutions on changes to these Articles of Association increasing the benefits to shareholders or restricting the rights granted individually to particular shareholders require the consent of the shareholders to whom they apply.
5. At the General Meeting, each share shall be entitled to one vote.

## THE SUPERVISORY BOARD

### § 14.

1. The Supervisory Board shall consist of between 5 (five) and 9 (nine) members appointed by the General Meeting for a common four-year term of office.
  - 1a. The term of office referred to in section 1 begins from the date of appointment of the Supervisory Board for a given term and covers three consecutive full financial years. The mandate of Supervisory Board member expires on the date of the General Meeting approving the financial report for the third full financial year in which the term of office of the Supervisory Board was held.
  - 1b. The mandate of Supervisory Board member appointed to the Supervisory Board during the term of office shall expire no later than the date of the General Meeting approving the financial report for the most recent full financial year in which they served as Supervisory Board member within a given term.

2. Members of the Supervisory Board, as stipulated in the Act of 11 May 2017 on certified auditors, audit firms and public oversight, should meet the requirements concerning the knowledge, skills and independence stipulated in that Act for members of audit committees.
- 2a. A member of the Supervisory Board must obtain a positive opinion of the Council for Companies with the Participation of the State Treasury or State Legal Persons referred to in Article 24 of the Act on State Property Management of 16 December 2016 and meet all of the following requirements:
  - 1) Have a college or university degree or a college or university degree earned abroad and recognised in the Republic of Poland under separate legislation,
  - 2) Have been employed for at least 5 years on the basis of an employment contract, appointment, election, nomination, cooperative employment contract or have performed services under another contract or operated as a self-employed entity,
  - 3) Meet at least one of the following requirements:
    - a) have a doctorate in economics, law or engineering,
    - b) have the professional title of attorney-at-law, certified auditor, tax advisor, investment advisor or restructuring advisor,
    - c) have completed a post-graduate Master of Business Administration (MBA) programme,
    - d) be a certified Chartered Financial Analyst (CFA),
    - e) be a certified Certified International Investment Analyst (CIIA),
    - f) be certified by the Association of Chartered Certified Accountants (ACCA),
    - g) be Certified in Financial Forensics (CFF),
    - h) have proof of having taken an examination before a panel appointed by the Minister of Ownership Transformation, Minister of Industry and Commerce, Minister of the State Treasury or before a selection panel appointed pursuant to Article 15 par. 2 of the Act of 30 April 1993 on National Investment Funds and their Privatisation (Journal of Laws, item 202, as amended),
    - i) have proof of having taken an examination before a panel appointed by the Minister responsible for State Treasury matters pursuant to Article 12 par. 2 of the Act of 30 August 1996 on Commercialisation and Privatisation (Journal of Laws of 2016, items 981 and 1174),
    - j) have proof of taking an examination for candidates for supervisory body members before an examination panel appointed by the President of the Council of Ministers as referred to in Article 21 of the Act of 16 December 2016 on the rules of managing state assets (Journal of Laws of 2016, item 2259),
  - 4) not be bound to the Bank by an employment relationship and not perform any work or services for the Bank under any other legal relationship;
  - 5) not hold shares in a subsidiary, save for shares admitted to trading on the regulated market, as defined in the Act of 29 July 2005 on Trading in Financial Instruments;
  - 6) not be bound to the entity referred to in point 5 by an employment relationship and not perform any work or services for that entity under any other legal relationship;
  - 7) not conduct any activities that would conflict with its obligations as a member of a supervisory body or could raise suspicions about its lack of impartiality or pursuit of self-interest, or give rise to a conflict of interests with the entity's activities;
  - 8) meet requirements for members of supervisory bodies not listed in points 1-7 and specified in separate provisions, and in particular, not be in breach of any restrictions or prohibitions on serving on supervisory bodies of commercial companies.
- 2b. A member of the Supervisory Board must not meet any of the following requirements:
  - 1) Act as a community liaison or be employed at an MP, Senate or MP and Senate office or an office of a Member of the European Parliament under an employment contract or perform work under a mandate contract or other similar contract,
  - 2) Be a member of a body of a political party that represents the party externally and is authorised to enter into commitments on its behalf,

- 3) Be employed by a political party under an employment contract or perform work under a mandate contract or other similar contract.
- 2c. The General Meeting shall take actions to immediately dismiss a Supervisory Board member who does not meet the requirements specified herein.
3. *deleted*
4. Supervisory Board members may be re-appointed.
5. *deleted*
6. The Supervisory Board or its individual members may be dismissed by the General Meeting before the end of the term of office.
7. The Management Board shall inform the Financial Supervisory Authority of the composition of the Supervisory Board and of any changes to its composition immediately after its appointment or after the changes are made.
8. If, as a result of expiry of a Supervisory Board member's mandate, the number of Supervisory Board members falls below the minimum described in section 1, the Management Board shall immediately call a General Meeting for the purpose of completing the composition of the Supervisory Board.

#### § 15.

1. From among its members, the Supervisory Board elects a Chairman and at least one Deputy Chairman.
2. The Supervisory Board may elect a Secretary from among its members.
3. The first meeting of the Supervisory Board in a new term is convened by the President of the Management Board who presides over the meeting until the Chairman or Deputy Chairman of the Supervisory Board is elected.

#### § 16.

The Supervisory Board may delegate its members to independently perform designated supervisory functions.

#### § 17.

1. The Supervisory Board performs continuous supervision over the activities of the Bank in all its areas of operation, in particular over the risk management system and the internal control system and the compliance of the Bank's policies on undertaking risk with the Bank's strategy and financial plan.
2. The Supervisory Board acts on the basis of the Supervisory Board By-laws it enacts.

#### § 18.

1. In addition to the rights and obligations provided for by the generally applicable laws and the provisions of these Articles of Association, the Supervisory Board shall adopt resolutions concerning:
  - 1) approval of:
    - a) the Bank's strategy,
    - b) the strategy for managing the Bank,
    - c) the risk management strategy, including the Bank's overall risk exposure,
    - d) the Bank's annual financial plan,
    - e) the Bank's compliance policy,
    - f) the policy concerning internal capital assessment and capital management and reviewing the strategy and procedures concerning internal capital assessment and capital management,
    - g) the principles of the internal control system, the criteria for the assessment of adequacy and effectiveness of the internal control system and the principles of classifying irregularities identified by the internal control system,
    - h) the by-laws of the compliance unit and the internal audit unit,

- i) the framework organisational structure of the Bank, adjusted to the scale and profile of the risk taken on by the Bank,
  - j) the Management Board By-laws,
  - k) the Regulations for Setting the Mortgage Lending Value of Property, which take effect after their approval by the Financial Supervision Authority,
  - l) the Code of Ethics and the Rules for Managing Conflicts of Interest,
  - m) the assumptions with respect to introducing a new product to the Bank's offer;
  - n) the audit charter, the strategy for the functioning of the internal audit unit, annual and multi-year internal audit plans and principles of cooperation with the corresponding unit at PKO BP and certified auditor,
  - o) the annual plan for the functioning of the compliance unit and the principles of cooperation between the compliance unit and the corresponding unit at PKO BP,
- 2) approving the performance of the cooperation agreements concluded with PKO BP;
  - 3) approving the policy on the remuneration of persons whose professional activity has a significant effect on the Bank's risk profile,
- 3a) approving the policy and process for selecting an audit firm to audit the Bank's financial statements and the policy concerning the provision to the Bank by the audit firm, its affiliates and a member of the audit firm's network of any services other than an audit;
  - 4) designating the entity to audit or review the Bank's consolidated and non-consolidated financial statements,
  - 5) approving the Supervisory Board By-laws,
  - 6) appointing and dismissing individual members of the Management Board,
  - 6a) determining detailed terms and process for the appointment for Management Board members,
  - 7) representing the Bank in agreements with members of the Management Board,
  - 8) suspending, for valid reasons, members of the Management Board or the entire board, and delegating members of the Supervisory Board, for a period no longer than three months, to the temporary performance of the functions of Management Board members who have been dismissed, resigned or cannot perform their functions for other reasons,
  - 9) granting consent to the creation and liquidation of branches and other organisational units of the Bank in Poland and abroad,
  - 10) granting to the Management Board prior approval for the acquisition, encumbrance or disposal of property, shares in property or perpetual usufruct rights to property; this approval is not required if the acquisition of disposed-of property, the share in property or the perpetual usufruct of property occurs within the framework of foreclosure, bankruptcy or arrangement proceedings or another agreement with a debtor of the Bank; in such cases the Management Board is obliged to inform the Supervisory Board of the aforementioned actions; no approval by the Supervisory Board is required if the acquisition or disposal of a property, a share in a property or perpetual usufruct thereof requires the approval of the General Meeting under § 12 section 1 point 7c or 7d,
  - 11) evaluating the Management Board's report on the operations of the Bank and the financial report for the previous financial year on their conformity with the financial records and documents, and with the factual state of affairs, and Management Board requests concerning the division of profit or the coverage of losses, and submitting to the General Meeting an annual written report with the results of this evaluation,
  - 11a) issuing an opinion on:

- a) the report on entertainment expenditures, as well as the cost of legal services, marketing services, public relations and social communications services, as well as management consulting services incurred in that financial year,
- b) the report on the application of good practices referred to in Article 7 par. 3 of the Act on State Property Management of 16 December 2016, provided that they are applicable to the Bank,

provided always that the scope of the reports is defined by the Supervisory Board with a view to maintaining the secrecy of the information protected by law,

- 12) applying to the Financial Supervision Authority for consent to the appointment of two members of the Management Board, including the President and a member of the Bank's Management Board overseeing the management of risk crucial to the Bank's operations, and to the entrusting of the role of a Management Board member overseeing the management of risk crucial to the Bank's operations to that Management Board member,
- 13) applying to the Financial Supervision Authority for the appointment of a Bank cover pool monitor and deputy cover pool monitor,
- 14) *deleted*,
- 15) subject to the circumstances referred to in point 10, granting advance approval to the Bank's disposal of a right, or undertaking of obligations, with a value exceeding PLN 2,500,000 (two million five hundred thousand zlotys), arising from a single legal act or several acts between the Bank and the same entity or an entity related to it during the course of a financial year, insofar as this was not foreseen in the Bank's annual financial plan approved by the Supervisory Board or if approval from the General Meeting is required under § 12 section 1 point 7c or 7d (whereas the approval of the annual financial plan by the Supervisory Board is equivalent to granting the approval for disposal of a right or undertaking of an obligation referred to in the said plan); in the case of obligations calling for periodic statements to determine the value of the obligation, the value of the statement (or the expected value of the statements) for the entire period of the obligation is summed up, and if the obligation is to last longer than a year, the value of the services (or the expected value of the services) for the period of one year is summed up,
- 16) subject to the circumstances referred to in point 10, granting advance approval for the Bank's disposal of a right or undertaking of an obligation in the form of a legal act between the Bank and its shareholders or their related entities, or members of the Bank's governing bodies, if the value of such act exceeds PLN 2,500,000 (two million five hundred thousand zlotys), with the exception of typical and routine acts concluded on market terms between related entities whose nature and conditions arise from ongoing operations conducted by the Bank, and transactions clearly called for in the Bank's annual financial plan approved by the Supervisory Board, whereas the approval of the annual financial plan by the Supervisory Board is equivalent to granting the approval for disposal of a right or undertaking of an obligation referred to in the said plan,
- 17) *deleted*,
- 18) granting consent to a change of the Bank's registered office or location (address),
- 19) granting consent for a member of the Management Board to undertake competing activities or to participate in a competing company as a partner of a civil-law company, a sole proprietorship or as a member of a governing body of a capital company, or participation in another competing legal person as a member of a governing body,
- 19a) evaluating the functioning of the remuneration policy in the Bank and presenting a report in this regard to the General Meeting,
- 19b) evaluating the Bank's implementation of the "Principles of Corporate Governance for Supervised Institutions"
- 19c) evaluating the adequacy and effectiveness of the Bank's internal control system, including the control function, the compliance unit and the internal audit unit, as well as evaluating the adequacy and effectiveness of the risk management system,

- 19d) evaluating the effectiveness of the Bank's non-compliance risk management,
  - 19e) evaluating the adequacy and effectiveness of the whistleblowing process and the Bank's ethics and standards of practice,
  - 19f) approving conclusion by the Bank of contracts involving legal services, marketing services, public relations and social communications services, as well as management consulting services, if the combined fee for the services provided under such contract and other contracts concluded with the same entity exceeds PLN 500,000 net annually,
  - 19g) approving any amendment of the Bank's contracts involving legal services, marketing services, public relations and social communications services, as well as management consulting services that would increase the fee beyond the amount referred to in 19f,
  - 19h) approving conclusion by the Bank of contracts involving legal services, marketing services, public relations and social communications services, as well as management consulting services for which no maximum fee is specified,
  - 19i) approving conclusion by the Bank of a donation agreement or other agreement to a similar effect with a value of more than PLN 20,000 or 0.1% of the sum of assets determined on the basis of the most recent approved financial statements,
  - 19j) approving conclusion by the Bank of a debt release agreement or other agreement to a similar effect with a value of more than PLN 50,000 or 0.1% of the sum of assets determined on the basis of the most recent approved financial statements,
  - 20) handling other matters and requests raised by the Management Board.
2. The provisions of section 1 points 15 and 16 do not apply to issues of covered bonds.
  3. The documents whose approval has been assigned to the duties of the Supervisory Board in accordance with section 1 are adopted by the Management Board.
  4. The Supervisory Board adopts resolutions by an absolute majority of votes in the presence of at least half the Supervisory Board members, subject to the condition that all members of the Supervisory Board have been notified. In the case of a tie vote, the Chairman of the Supervisory Board shall have the casting vote.
  5. Members of the Supervisory Board do not participate in adopting resolutions if they are the subject of the question being voted on.

#### § 19.

1. *deleted*
2. The Supervisory Board appoints from among its members committees required to be appointed in accordance with the applicable laws.
  - 2a. The Supervisory Board may also appoint other committees from among its members.
  - 2b. The committees operate in accordance with the by-laws adopted by the Supervisory Board.
3. The Supervisory Board may appoint from among its members teams that prepare specific matters to be reviewed at a meeting of the Supervisory Board, as well as delegate one or several members of the Supervisory Board to the independently oversee an area in the scope stipulated by the Supervisory Board.
4. In the performance of its duties, the Supervisory Board may use the services of auditors, experts and audit, consulting and law firms. If agreements with such entities are needed, they will be concluded by the Management Board.

#### § 20.

The Supervisory Board shall meet at least once every quarter.

#### § 21.

1. The resolutions of the Supervisory Board may be adopted:

- 1) at a meeting of the Supervisory Board, including by means of direct long-distance communication methods;
  - 2) outside a meeting of the Supervisory Board, by means of electronic mail (electronically) or in written form (by circulation).
2. A member of the Supervisory Board may participate in the adoption of resolutions of the Supervisory Board by casting their vote in writing through another Supervisory Board member in recognition of the fact that casting a vote in this manner may not apply to:
- 1) matters added to the agenda during the course of a Supervisory Board meeting and in the event of a significant change in the contents of a resolution;
  - 2) resolutions adopted by means of direct long-distance communication methods.
3. *deleted*
4. The manner of the Supervisory Board's functioning, in particular the means of calling, holding and taking the minutes of the meetings of the Supervisory Board and the method of adopting resolutions by the Supervisory Board are set out in the Supervisory Board By-laws.

## THE MANAGEMENT BOARD

### § 22.

1. The Management Board shall consist of at least 3 (three) members.
2. The Management Board shall include the President, the Vice-Presidents and the remaining members.
3. The Supervisory Board shall inform the Financial Supervision Authority of the composition of the Management Board and of any changes to its composition immediately after its appointment or after the changes are made. The Supervisory Board shall also inform the Financial Supervisory Authority about members of the Management Board who, as part of the division of duties, are responsible specifically for risk management and the internal audit unit.
4. The Supervisory Board shall inform the Financial Supervision Authority of the intent to dismiss, and the reasons for dismissal of, a Management Board Member who, as part of the division of duties, is responsible for risk management or the internal audit unit, immediately after an item concerning this issue is placed on the agenda of the Supervisory Board.

### § 23.

1. Members of the Management Board are appointed for a common four-year term of office.
  - 1a. The term of office referred to in section 1 shall begin from the date of appointment of the Management Board for a given term and includes three consecutive full financial terms. The mandate of Management Board member expires on the day of the General Meeting approving the financial report for the third full financial year in which the term of office of the Management Board was held.
  - 1b. The mandate of the Management Board member selected during the board's term expires no later than the date of the General Meeting approving the most recent full financial year in which they served as a Management Board member within a given term.
2. Members of the Management Board are appointed and dismissed by a resolution of the Supervisory Board, following a selection process aimed at verifying and assessing the candidates' qualifications and identifying the best candidate for Management Board member. When appointing members of the Management Board, the Supervisory Board determines the number of members of the Management Board.
3. The appointment of two members of the Management Board, including the President, and a member of the Management Board overseeing the management of risk crucial to the Bank's operations and the entrusting of the role of a Management Board member overseeing the management of risk crucial to the Bank's operations to that Management Board member, requires the approval of the Financial Supervisory Authority.
4. *deleted*

5. The members of the Management Board may be dismissed before the end of their term of office at any time.
6. A member of the Management Board must meet all of the following requirements:
  - 1) Have a college or university degree or a college or university degree earned abroad and recognised in the Republic of Poland under separate legislation,
  - 2) Have been employed for at least 5 years on the basis of an employment contract, appointment, election, nomination, cooperative employment contract or have performed services under another contract or operated as a self-employed entity,
  - 3) Have at least 3 years' experience serving in a managerial or independent role or gained as a result of operating as a self-employed entity,
  - 4) Meet requirements not listed in points 1-3 and specified in separate provisions, and in particular, not be in breach of any restrictions or prohibitions on serving on management bodies of commercial companies.
7. A member of the Management Board must not meet any of the following requirements:
  - 1) Act as a community liaison or be employed at an MP, Senate or MP and Senate office or an office of a Member of the European Parliament under an employment contract or perform work under a mandate contract or other similar contract,
  - 2) Be a member of a body of a political party that represents the party externally and is authorised to enter into commitments on its behalf,
  - 3) Be employed by a political party under an employment contract or perform work under a mandate contract or other similar contract,
  - 4) Serve an elected role on the company union organisation or a group company union organisation,
  - 5) Conduct social or gainful activities that pose a conflict of interests with the company's activities.

#### § 24.

1. All matters related to the conduct of the Bank's affairs that are not reserved by the generally applicable laws or the provisions of these Articles of Association for the General Meeting or the Supervisory Board are assigned to the duties of the Management Board.
2. The following persons may act on behalf of the Bank:
  - 1) two members of the Management Board acting jointly,
  - 2) a member of the Management Board together with a proxy,
  - 3) two proxies acting jointly,
  - 4) attorneys acting independently or jointly within the bounds of the power of attorney granted to them,
  - 5) each member of the Management Board acting independently with respect to petitions to change the mortgage holder and requests to provide information concerning the entry of a receivable secured by a mortgage into the cover pool registry of covered bonds, submitted in proceedings before a land and mortgage registry court.
3. The manner of the Management Board's functioning, in particular the means of calling, holding and taking the minutes of its meetings, the method of adopting resolutions, as well as the rules for determining replacements for absent Management Board members are set out in the Management Board By-laws adopted by the Management Board and approved by the Supervisory Board.

#### § 25.

1. *deleted*
2. The Management Board shall adopt resolutions:
  - 1) at a meeting of the Management Board, including by means of direct long-distance communication methods;

- 2) outside a meeting of the Management Board, by means of electronic mail (electronically) or in written form (by circulation).
- 2a A member of the Management Board may take part in the adoption of resolutions of the Management Board by casting their vote in writing through another Management Board member in recognition of the fact that casting a vote in this manner may not apply to:
- 1) matters added to the agenda during the course of a Management Board meeting and in the event of a significant change in the contents of a resolution;
  - 2) resolutions adopted by means of direct long-distance communication methods.
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.
4. In particular, the Management Board shall adopt resolutions to:
- 1) define the Bank's strategy, taking into account the risk of the operations it conducts and the Bank's management strategy,
  - 2) determine the risk management strategy, including determine the Bank's overall risk exposure,
  - 3) set the annual financial plan, including the conditions for its execution,
  - 4) adopt the Organisational Regulations of the Bank and the rules for division of duties
  - 5) establish and abolish permanent committees of the Bank and define their purview
  - 6) adopt the Management Board By-laws
  - 7) adopt the Regulations for Setting the Mortgage Lending Value of Property
  - 8) adopt the regulations for the usage of special funds created from net income,
  - 9) appoint proxies,
  - 10) set the rules for the functioning of the internal control system, the criteria for evaluating the system's adequacy and effectiveness and the principles of classifying irregularities identified by the internal control system,
  - 11) approve the by-laws of the internal audit unit and the audit charter, determine the principles of cooperation with the corresponding unit at PKO BP and certified auditor, issue an opinion on the strategy of the internal audit unit, as well as annual and multi-year internal audit plans,
  - 12) approve the by-laws of the compliance unit, determine the principles of cooperation between the compliance unit and the corresponding unit at PKO BP, and issue an opinion on the annual plan for the compliance unit,
  - 13) adopt an internal capital assessment and capital management policy,
  - 14) establish, restructure and abolish branches and other organisational units of the Bank within the country and abroad,
  - 15) take decisions on questions of issues of covered bonds.
5. The Management Board shall promptly submit to the Supervisory Board periodic reports on risk management, capital adequacy and the effectiveness of the internal control system.
6. 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.
7. The Management Board will inform the Supervisory Board about issues of mortgage bonds made and planned at least once in every quarter.

8. The Management Board shall be obliged to prepare and present to the General Meeting, along with the Directors' Report on the operations of the Bank in the previous financial year, the following documents with the opinions of the Supervisory Board thereon:

- 1) a report on entertainment expenses and expenses on legal, marketing, public relations, social communication and management consultancy services;
- 2) a report on the application of good practices referred to in Article 7 par. 3 of the Act on State Property Management of 16 December 2016, provided that they are applicable to the Bank,

provided always that the scope of such reports takes into account the need to maintain secrecy of the information protected by law, in particular defined in Articles 428 of the Commercial Companies Code.

#### **§ 26.**

1. The President of the Management Board shall, in particular:

- 1) head the work of the Management Board,
- 2) call meetings of the Management Board and preside over its deliberations,
- 3) present the Management Board's position to the governing bodies of the Bank and in external relations.

2. In particular, the President of the Management Board is responsible for matters concerning oversight of:

- 1) support of the functioning of the Bank's governing bodies,
- 2) support of the functioning of the Bank's internal audit.

3. In the absence of the President of the Management Board, his duties are performed by a Management Board member designated by the President of the Management Board.

4. The Management Board member overseeing the management of risk crucial for the Bank's operations shall be responsible in particular for:

- 1) overseeing the management of risk by the Bank's employees in dedicated organisational units, save for the compliance unit,
- 2) matters involving management of risk, including credit risk, model validation, debt collection and restructuring and mortgage lending value of properties,
- 3) the calculation of capital requirements, including internal capital assessment and the internal capital adequacy assessment process (ICAAP),
- 4) providing the Management Board and Supervisory Board with comprehensive information concerning risk.

5. Management Board members participate in heading the Bank's operations, in accordance with the principles set in the Management Board By-laws.

6. Management Board members oversee the organisational units subordinated to them and take decisions on matters of day-to-day management for the organisational units supervised.

### **V. BASIC ORGANISATIONAL STRUCTURE OF THE BANK**

#### **§ 27.**

1. The objectives and tasks of the Bank shall be accomplished by organisational units, branches and other organisational units within the Bank.

2. The organisation of the Bank shall be defined in the Organisational Rules.

#### **§ 28.**

1. Within the framework provided for by the generally applicable laws, the Bank may conduct its operations in cooperation with other banks, in particular PKO BP, and commission banks and other entities to carry out activities within the scope of the Bank's operations.

2. Within the bounds defined by the law, the Bank may work with other financial institutions as defined in the Commercial Companies Code and the Banking Law, in particular using the free resources or systems of the

Bank in accordance with their economic purpose and with particular regard for the operational security of the Bank and of those institutions.

## **VI. PROCEDURE FOR ISSUING INTERNAL REGULATIONS**

### **§ 29.**

1. Within the Bank, internal regulations are issued in the following forms:
  - 1) resolutions – the Supervisory Board and Management Board,
  - 2) ordinances – the President of the Management Board,
  - 3) decisions – entities authorised to do so in separate internal regulations.
2. The creation of a banking product and other banking and financial services requires a resolution of the Management Board.

## **VII. PRINCIPLES OF FUNCTIONING OF THE MANAGEMENT SYSTEM**

### **§ 30.**

1. The Bank has in place a management system.
2. The management system constitutes the aggregate of the rules and methods related to the decision-making processes taking place in the Bank and related to the assessment of the Bank's operations.
- 2a. The management system includes procedures for anonymous reporting to the Management Board President, and in specific cases to the Supervisory Board, of violations of the law and of the procedures and ethical standards in force in the Bank.
3. The management system in the Bank includes, at a minimum:
  - 1) the internal control system,
  - 2) the risk management system.
4. The purpose of the internal control system is to ensure:
  - 1) the effectiveness and efficiency of the Bank's operations,
  - 2) the credibility and accuracy of the financial reporting, the administrative and bookkeeping procedures and reliable internal and external reporting,
  - 3) observance of the principles of risk management,
  - 4) compliance of the Bank's activities with the generally applicable laws, the internal regulations and the market standards adopted by the bank, taking into consideration regulatory recommendations.
5. The internal control system comprises:
  - 1) the control function with the task of ensuring compliance with the control mechanisms applying in particular to risk management, which encompasses all organisational units of the Bank and the organisational units of the Head Office responsible for implementation of the tasks assigned to this function,
  - 2) the compliance unit with the task, in cooperation with the Bank's organisational units and the organisational units of the Head Office, of identifying, evaluating, controlling and monitoring the risk of non-compliance of the Bank's operations with the generally applicable laws, the Bank's internal regulations and the market standards adopted by the Bank, taking into consideration regulatory recommendations, and presenting reports in this regard,
  - 3) an independent internal audit unit, with the task of independently and objectively examining and evaluating the adequacy and effectiveness of the risk management system and the internal control system, with the exception of the internal audit unit.

6. The Management Board is responsible for designing, introducing and ensuring the efficient operation of the management system, including in particular the organisation of the internal control system and the key role of the internal audit unit.
7. The tasks of the risk-management system are the identification, measurement or estimation, control and monitoring of the risk reporting occurring in the Bank's operations, for the purpose of ensuring the propriety of the process of designating and implementing specific goals of the operations conducted by the Bank.
8. The Supervisory Board shall oversee the implementation of the management system and evaluate its adequacy and effectiveness.
9. *deleted*

#### § 30a

1. The compliance unit is appointed by the Management Board. The Supervisory Board oversees and approves the proper placement of the compliance unit in the Bank's organisational chart to ensure the unit's independence.
2. The compliance unit reports directly to the President of the Management Board or the member of the Management Board who, as part of the division of duties on the Bank's Management Board, was tasked with oversight of the risk of non-compliance and was not tasked with the duties referred to in art. 22a par. 4 and 6 item 2 of the Banking Law.
3. Appointing and dismissing the head of the compliance unit requires the approval of the Supervisory Board, and in the event of a dismissal, the head of the unit must first be heard by the Supervisory Board.
4. The salary of the head of the compliance unit may only be determined upon prior favourable opinion issued by the Supervisory Board.
5. The compliance unit performs its duties in accordance with an annual plan reviewed by the Management Board and approved by the Supervisory Board.

#### § 31.

1. Internal audit in the Bank is conducted by the internal audit unit.
2. The internal audit unit is appointed by the Management Board. The Supervisory Board oversees and approves the proper placement of the internal audit unit within the organisational structure of the bank, underscoring the role of this unit.
3. The internal audit unit reports directly to the President of the Management Board.
4. The appointment and dismissal of the head of the internal audit unit requires the approval of the Supervisory Board, and in the event of a dismissal, the head of the unit must first be heard by the Supervisory Board.
5. The salary of the head of the internal audit unit may only be determined upon prior favourable opinion issued by the Supervisory Board.
6. The internal audit unit conducts its tasks in accordance with an annual and multi-year internal audit plan. These plans must be reviewed by the Management Board and approved by the Supervisory Board.
7. Information on the findings that arise from an internal audit and the effectiveness of the implementation of the post-audit guidelines is provided to the Management Board and Supervisory Board of the Bank.

#### § 32.

1. The principles of the functioning of the internal control system are set out in the regulations adopted by the Management Board in the form of a resolution and approved by the Supervisory Board.
2. The regulations described in section 1 shall describe, at a minimum, the method, scope and rules of implementation of the tasks of the internal control system by the organisational units, departments and other organisational structures of the Bank that are obliged to carry them out.

### VIII. OWN FUNDS, PRINCIPLES OF FINANCIAL MANAGEMENT WITHIN THE BANK AND PRINCIPLES OF DISPOSING OF THE BANK'S FIXED ASSETS

### § 33.

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);
  - 8) profit in the course of being approved and net profit for the current reporting period calculated in accordance with the binding accounting policies.

### § 33a.

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.

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.

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.

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.

### § 34.

1. The Bank conducts its financial management on the basis of annual financial plans approved by the Supervisory Board. The principles of financial management are determined by the Management Board.
2. The financial year is the calendar year.

**§ 35.**

The Management Board determines the organisation and method of accounting.

**§ 36.**

The General Meeting decides on the appropriation of the Bank's net profit into:

- 1) supplementary capital;
- 2) reserves;
- 3) general risk reserve against unidentified risk arising from banking activities;
- 4) dividend;
- 5) special funds;
- 6) other purposes,

by determining the amounts to be appropriated for particular purposes, in recognition of § 33a section 1.

**§ 37.**

The Management Board is authorised to pay out to the shareholders an interim dividend from the dividend expected at the end of the financial year if the Bank has sufficient funds for the payment and if the Bank's financial statements for the previous financial year show a profit. The payment of an interim dividend requires the consent of the Supervisory Board and the approval of the Financial Supervisory Authority. The interim dividend may constitute no more than half the profit of the Bank earned since the end of the previous financial year, disclosed in the audited financial statements, and reduced by losses carried forward and treasury shares.

**§ 37a.**

1. Fixed assets with a market value exceeding 0.1% of the sum of the Bank's assets must be disposed of by way of a tender or auction, subject to the exceptions mentioned in section 5 and 6, unless the market value of the fixed assets disposed of does not exceed PLN 20,000.
2. The tender or auction is conducted by the Bank or another entity to whom the Bank has entrusted the conduct of the tender or auction.
3. If the intention is to dispose of the fixed assets referred to in section 1, the Management Board determines the manner and procedure of the tender, including in particular:
  - 1) the manner of providing information about the tender or auction,
  - 2) the manner of determining the starting price of the fixed assets being disposed of, if the tender or auction formula involves stipulation of a starting price by the Bank,
  - 3) the minimum requirements that must be met by the bidder and the bid,
  - 4) the deadline for submitting bids and the date the tender or auction concludes,
  - 5) the scenarios in which the price may be lowered beneath the starting price or the terms of the tender or auction may be modified, and in which the tender or auction may be concluded without selecting a bid,- taking into account the need to protect the Bank's interests.
4. If the approval of the General Meeting is required in order to dispose of the fixed assets, the legal act aimed at disposing of such fixed assets may be undertaken if the General Meeting or the Supervisory Board, as appropriate, has granted its approval.

5. If the fixed assets are being disposed of with the General Meeting's approval in the cases mentioned in § 12 section 1 point 7) and 7c) hereof, or with the Supervisory Board's approval in all other cases, there is no obligation to conduct a tender or auction.
6. If the approval of the General Meeting referred to in § 12 section 1 point 7) and 7c) hereof or the approval of the Supervisory Board (in all other cases) is not required in order to dispose of the fixed assets, the Management Board may, upon notifying the Supervisory Board of its intention to refrain from conducting a tender or auction, refrain from conducting a tender or auction if:
  - 1) the assets being disposed of were previously acquired by the Bank as part of a foreclosure, bankruptcy, restructuring or other arrangement with the Bank's debtor, or
  - 2) the tender process could expose the Bank to damages (in particular, by having a negative effect on the terms of the potential disposal of the fixed assets) or could cause the Bank to violate any applicable laws or regulatory provisions, or
  - 3) the fixed assets being disposed of are acquired by the PKO BP Group companies

## **IX. FINAL PROVISIONS**

### **§ 38.**

The Bank shall announce in the Court & Commercial Journal (Monitor Sądowy i Gospodarczy), no later than three months after the end of the financial year:

- 1) the total nominal value of covered bonds issued by the Bank that are in circulation as of the last day of the financial year,
- 2) the total value of the Bank's receivables and funds written into the cover pool registry of the covered bonds as of the last day of the financial year.

### **§ 39.**

In all matters not regulated in these Articles of Association, the generally applicable laws, in particular the Commercial Companies Code, the Banking Law and the Act, shall be binding.

### **§ 40.**

Whenever these Articles of Association contain a reference to:

- 1) "fixed assets" – it shall mean the Bank's fixed assets as defined in the Accounting Act of 29 September 1994;
- 2) "sum of assets" – it shall mean the sum of the Bank's assets as defined in the Accounting Act of 29 September 1994, as determined on the basis of the most recent approved financial statements;
- 3) "market value of the subject of the legal act" – it shall mean:
  - a) In the case of lease, tenancy and other agreements that involve making an asset available for use to other parties against payment – the amount of payments for:
    - a year – if the asset was made available under agreements for an indefinite term,
    - the full term of the agreement – for fixed-term agreements,
  - b) In the case of agreements on lending for use and other unpaid agreements that involve making an asset available for use to other parties – the equivalent of payments that would be due under a lease or tenancy agreement for:
    - a year – if the asset was made available under agreements for an indefinite term,
    - the full term of the agreement – for fixed-term agreements.