



## **BY-LAWS OF mBANK SPÓŁKA AKCYJNA**

### **I. GENERAL PROVISIONS**

#### **§ 1**

mBank Spółka Akcyjna is a bank acting on the basis of the present By-laws, the Banking Law, and the Code of Commercial Partnerships and Companies.

#### **§ 2**

1. The name of the Bank is: mBank Spółka Akcyjna.
2. The Bank may use the abbreviation mBank S.A.
3. The activity of the Bank extends throughout the territory of the Republic of Poland and abroad. The seat of the Bank is in the City of Warsaw.

#### **§ 3 (deleted)**

#### **§ 4**

The Bank may hold foreign-currency values and engage in the turnover of foreign-currency values, and is authorized to purchase foreign currencies.

### **II. ACTIVITIES OF THE BANK**

#### **§ 5**

1. The Bank's business purpose is to provide banking services, as well as consulting and advisory services in financial matters, and to perform economic activity within the scope defined in § 6 of the By-laws.
2. The Bank may open and operate accounts both in Polish and foreign banks.

## § 6

In order to accomplish its tasks specified in § 5, the Bank performs the following:

### 1. banking operations:

- 1) receiving cash deposits payable on request or within due time limits and operating the accounts of such deposits,
- 2) operating other bank accounts,
- 3) performing bank financial settlements,
- 4) extending financial credits and loans,
- 5) performing cheques and bills of exchange operations and operations with warrants,
- 6) extending and confirming sureties,
- 6a) extending and confirming bank guarantees, opening and confirming letters of credit,
- 7) intermediation in effecting money transfers and settlements made in foreign exchange dealings,
- 8) issuing bank securities,
- 9) performing operations ordered by third parties related to issuing of securities,
- 10) taking into deposit valuables and securities, and making safe deposit boxes available to customers,
- 11) performing forward financial transactions,
- 12) purchasing and selling of monetary receivables,
- 13) performing the functions of a representative bank as stipulated in the Bonds Law,
- 14) purchasing and selling foreign exchange values,
- 15) issuing payment instruments, including cards and performing operations using such instruments,
- 16) issuing electronic money.

### 2. other operations:

- 1) providing consulting and advisory services in financial matters,
- 2) purchasing or acquiring shares and rights, shares of another legal entity and purchasing participatory units and investment certificates in investment funds,

- 3) acting as depository in the sense of the provisions of the Law on the Organization and Operation of Pension Funds,
- 4) acting as depository in accordance with the provisions of the Law on Investment Funds,
- 5) performing activities consisting in accepting purchase and re-purchase orders and subscriptions for participation units or certificates of investment in investment funds,
- 6) managing registers of members of the pension funds and investment funds,
- 7) operating as an insurance agent,
- 8) acquisition and disposal of real estate,
- 9) converting debt into the debtor's assets, under terms and conditions arranged with the debtor,
- 10) trading in securities, providing custody services, including maintaining securities accounts, as well as executing activities related to providing custody services,
- 11) issuing securities other than bank securities,
- 12) providing leasing and factoring services, including agency activities to the extent of those services,
- 13) performing the function of payment agent within the meaning of the act on investment funds,
- 14) performing the function of billing agent,
- 15) providing trust services and issuing electronic identification means within the meaning of trust services regulations,
- 16) providing reporting services to trade repositories and providing services related to direct and indirect clearing of financial services by central counterparties (CCP) within the meaning of Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories,
- 17) providing other financial services, in particular services of accepting information regarding receivables and enabling other banks to access this information in order to transmit it to debtors.

3. brokerage activities.

4. following activities conducted under Art. 70.2 of the Act on Trading in Financial Instruments:

- 1) acceptance and transfer of orders to acquire or dispose of financial instruments,
  - 2) execution of orders, referred to in point 1, on behalf of clients from whom those orders originate,
  - 3) acquisition or disposal of financial instruments for own account,
  - 4) investment advisory,
  - 5) offering financial instruments,
  - 6) provision of services under standby underwriting agreement and firm commitment underwriting agreements or execution and performance of other similar agreements on financial instruments.
5. The Bank may perform activities indicated in section 1 and 2, for banks, credit institutions, financial institutions or affiliates, providing that those activities are included in the scope of activities of the commissioning entity.

#### § 6<sup>1</sup>

Apart from its objects and scope of activities, the Bank is additionally entitled to:

- 1) perform the function of point confirming trusted profiles (ePUAP) within the meaning of art. 20c of the Act of 17 February 2005 on implementation of IT solutions in activities of entities rendering public services,
- 2) perform activities specified in art. 13.5.3 and 13.5.10 of the Act of 11 February 2016 on state's help in raising children.

### III. ORGANISATION OF THE BANK

#### § 7

1. The Bank together with selected affiliates may act as a group and co-operate with such affiliates in order to provide financial service.
2. In order to pursue the objective set out in section 1 above, the Bank may undertake various ventures, including the provision of specialized service to selected affiliates.
3. The Board of Management shall set the terms and conditions of implementing such ventures.

## § 8

1. In order to perform its statutory activities, the Bank may open and close down branches and other offices in Poland and abroad.
2. The organizational structure of the Bank shall be set by the Board of Management in the Organizational Rules subject to § 22 section 1 letter a) hereof.
3. The Bank may form advisory groups in order to obtain opinions and establish and maintain contacts with business communities. The Board of Management may appoint members of such advisory groups, issue regulations for them and set the amount of remuneration due to their members.

## § 8a

1. The organisational structure of the Bank consists of:
  - a/ the Head Office,
  - b/ the Branches.
2. The basic organisational units of the Head Office are Departments and Bureaus.
3. The Management Board may appoint standing committees or teams to perform specific functions or to co-ordinate the work of organisational units of the Bank as well as teams for specific tasks.
4. Management Board Members and Managing Directors may appoint teams and working groups in order to perform casual tasks.

## § 9

The authorities of the Bank are:

1. General Meeting,
2. Supervisory Board,
3. Board of Management.

## GENERAL MEETING

## § 10

1. A General Meeting is convened under ordinary or extraordinary procedures by the Board of Management. An Ordinary General Meeting shall be convened once a year, in June at the latest.
2. The Supervisory Board may convene the ordinary general meeting if the Management Board fails to convene it within the timeframe stipulated in the By-laws, and it may also convene the Extraordinary General Meeting if deemed necessary.

3. The shareholders representing at least half of the share capital or at least half of the total number of votes in the company may convene the extraordinary general meeting. The shareholders appoint the chairman of such meeting.
4. The shareholder(s) representing at least one twentieth of the share capital may request that the extraordinary general meeting be convened and that specific issues be entered to agenda of such meeting. The request for convening the extraordinary general meeting must be submitted to the Management Board in writing or by means of electronic communication. The request for convening the extraordinary general meeting should contain proposals of:
  - a) the General Meeting agenda,
  - b) the draft resolutions along with rationale for those resolutions.
5. If the General Meeting is convened by parties other than the Management Board, the Management Board is obligated to take measures necessary for the General Meeting to take place.

## § 11

The following matters require a resolution of the General Meeting except other matters set out in the Code of Commercial Partnerships and Companies:

- a) examination and approval of the report of the Board of Management on the Bank's operations and financial statements for the past accounting year;
- b) adoption of resolutions on the distribution of profit or coverage of losses;
- c) vote of discharge of duties to the members of the Bank's authorities;
- d) election and dismissal of members of the Supervisory Board;
- e) amendment of the By-laws;
- f) raise or reduction of the Bank's share capital;
- g) adoption of resolutions concerning the cancellation of shares and resolution to cancel shares, in particular setting the policy of share cancellation not regulated in the By-laws;
- h) creation and winding up of special purpose funds;
- i) issuance of convertible bonds or preferred bonds;
- j) determination of remuneration for members of the Supervisory Board;
- k) liquidation of the Bank or a merger with another Bank;
- l) appointment of liquidators;
- ł) matters submitted by the Supervisory Board;
- m) matters submitted by shareholders in accordance with the provisions of the By-laws,
- n) election of an entity qualified to audit financial statements as auditor of the Bank.

## § 12

All matters submitted to the General Meeting should have been previously submitted to the Supervisory Board for consideration.

## § 13

Shareholders can participate in the General Meeting and cast their votes either in person or by proxies. The powers of attorney for participation in the General Meeting shall be made out in writing or in electronic form and attached to the minutes.

## § 14

1. Shares of the Bank are registered or bearer shares. Each share represents one vote. With the reservation of cases determined in the Code of Commercial Partnerships and Companies, the General Meeting shall be valid regardless of the number of shares represented at the General Meeting.
2. Resolutions of the General Meeting shall be passed by an ordinary majority of the votes cast, unless the provisions of the Code of Commercial Partnerships and Companies and/or the By-laws stipulate more stringent conditions required to pass resolutions on specific issues.
3. A resolution to refrain from reviewing an issue listed in the agenda of the General Meeting may be passed if there are important, material reasons. A motion mentioned on this matter shall include detailed grounds. Decisions to take items off the agenda of the General Meeting or not to consider an issue placed on the agenda of the General Meeting at the request of shareholders requires the adoption of a resolution following the consent of all present shareholders who tabled the motion supported by 75% of votes at the General Meeting.

## § 15

Voting shall be held in an open ballot. A secret ballot shall be ordered during elections as well as on voting motions calling for recalling of members of the Bank's authorities or liquidators, bringing them to justice, and on voting on personal matters. Moreover, a secret ballot shall be ordered on demand of at least one shareholder present or represented at the General Meeting.

## § 16

1. The General Meeting is opened by the Chairman of the Supervisory Board or by the Deputy Chairman of the Supervisory Board. If due to obstacles neither of them can open the meeting, the meeting shall be opened by a member of the Supervisory Board.

2. The General Meeting elects a Chairperson for the meeting from among persons authorized to participate in the General Meeting.

## **SUPERVISORY BOARD**

### **§ 17**

1. The Supervisory Board shall be composed of not less than five members elected by the General Meeting, for a joint term of office of three years. Members of the Supervisory Board shall possess knowledge, skills and experience adequate for fulfilling their function and duties entrusted to them and shall guarantee the proper fulfilment of these duties. At least half of the members of the Supervisory Board, including the Chairman, shall hold Polish citizenship, permanently reside in Poland, speak Polish and have experience on the Polish market which can be used in supervision of the Bank.
2. The terms of members of the Supervisory Board shall expire at the latest on the day of the General Meeting approving the financial statements of the Bank for the last full year of the term of office of the members of the Supervisory Board.
3. The term of a member of the Supervisory Board shall also expire in the case of death, resignation, or recalling of the member.
4. The number of members of the Supervisory Board shall be determined by the General Meeting with the provision of sections 5 and 6. Members of the Supervisory Board may be re-elected. The Supervisory Board elects its Chairman and Deputy Chairmen from among the Supervisory Board members.
5. At least two of the Supervisory Board Members shall be Independent Supervisory Board Members, unless the General Meeting decides otherwise in a resolution electing the Members of the Supervisory Board or in a resolution adopted pursuant to § 19 section 3 of the By-laws.
6. Criteria characterising an Independent Supervisory Board Member are specified in a separate resolution of the General Meeting.

### **§ 18**

The Supervisory Board acts in accordance with rules passed by its own resolution.

### **§ 19**

1. A member of the Supervisory Board whose term expired in the course of the joint term of office of the Supervisory Board can be replaced with another person, elected by the Supervisory Board.
2. The term of a member of the Supervisory Board elected before the end of the term of office of the Supervisory Board shall expire on the expiration of the terms of the other members of the Supervisory Board.
3. Election of members of the Supervisory Board within the joint term of office of the Supervisory Board requires an approval of the next General Meeting. If the General Meeting refuses to approve any member of the Supervisory Board elected within the joint term of office, the General Meeting shall elect another member of the Supervisory Board in lieu of the person whose election was refused.



4. If the number of members of the Supervisory Board is less than five due to expiration of the terms of members of the Supervisory Board within the joint term of office, the Supervisory Board shall elect new members to replace the members whose terms have expired.

#### § 20

1. The Supervisory Board can pass resolutions provided that at least half of its members are present at the meeting while all the members have been invited.
2. In exceptional cases, members of the Supervisory Board may pass resolutions by casting their votes in writing, with the mediation of another member of the Supervisory Board. No votes can be cast in writing on issues added to the agenda in the course of the meeting of the Supervisory Board.
3. The Supervisory Board can pass resolutions in writing or through telecommunications. A resolution is valid if all the members of the Supervisory Board were informed of the draft.
4. Resolutions of the Supervisory Board shall be passed by an ordinary majority of votes and in case of an equal number of votes, the vote of the Chairman of the Supervisory Board shall prevail.
5. No resolution should be passed without the consent of the majority of the Independent Members of the Supervisory Board on the following matters:
  - a) any benefits provided by the Bank or any entities associated with the Bank to the Members of the Management Board;
  - b) consent for the Bank to enter into a significant agreement with an entity associated with the Bank, a member of the Supervisory Board or the Management Board, or entities associated with them.
6. Adoption of resolution in contravention with requirements under section 5 shall not, however affect its validity, if adopted in accordance with the provisions of § 20 sections 1 - 4. The provisions of section 5 shall not apply if the General Meeting elects a Supervisory Board where there are fewer Independent Members than described in § 17 section 5 of the By-laws.

#### § 21

Members of the Supervisory Board may exercise their duties only in person.

#### § 22

1. In addition to the rights and obligations prescribed by law and the By-laws, the responsibilities of the Supervisory Board shall specifically include the following matters:
  - a) approving the proposals of the Management Board concerning: the essential organizational structure of the Bank which shall be construed as separated structurally and organizationally basic areas of the Bank's operation reporting to particular members of the Management Board and internal division of competences in the Management Board;

- b) approving the Bank's annual financial plans and multi-annual development plans;
  - c) examination of all motions and matters subject to resolutions of the General Meeting of Shareholders;
  - d) issuance or approval of rules provided for in the By-laws;
  - e) defining management contracts and setting remuneration for members of the Board of Management;
  - f) receipt of information on formation, acquisition, closing and disposal of branches, permanent establishments and parts of a business as well as of initiation and termination of lines of business and fields of activity in advance;
  - g) approval of conclusion or amendment of each significant agreement or arrangement with the members of the Management Board or the Supervisory Board;
  - h) approval of conclusion, amendment or termination of any significant affiliation agreements or cooperation treaties;
  - i) receipt of information on expected deviations from the annual budget;
  - j) issuing general guidelines for the Management Board regarding the level and structure of remuneration for senior management of the Bank;
  - k) approval of the policy of variable items of remuneration of the persons holding managerial positions at the Bank;
  - l) issuing opinions regarding transactions with related entities, if total expected amount of a single transaction exceeds 20% of the Bank's own funds, as defined in § 33, calculated as at 31 December of the preceding year. Opinions of the Supervisory Board will not be required in regards to derivative transactions where risk is limited through collateral posting, however, the Supervisory Board will be informed of such transactions.
2. The Supervisory Board may appoint Standing Committees whose members shall perform their functions as Members of the Supervisory Board delegated to carry out specific supervision activities at the Bank. The scope of authority of a Committee shall be set out in a resolution of the Supervisory Board.
3. In particular, the Supervisory Board may appoint the following Standing Committees:
- 1) the Executive and Nomination Committee, whose authority includes, among others, the following:
    - a) to exercise regular supervision of the operations of the Bank between meetings of the Supervisory Board;
    - b) authorizing the Board of Management to acquire, encumber, and sell real estate, a perpetual usufruct or part of real estate and stock and participatory shares in companies as well as other fixed assets, if the value of the said transactions exceeds 1% of the Bank's own funds as defined in § 33, as per December 31 of the preceding year. Such authorization is not required if such acquisition results from execution, bankruptcy, or negotiation procedures, or other settlements with the Bank's debtors, or in the case of sale of assets so acquired. In the case of such acquisitions, resulting from execution, bankruptcy, or negotiation procedures, or other settlements with the Bank's debtors, or in the case

of sale of assets so acquired, the Board of Management is obliged to inform the Executive and Nomination Committee of any such activity;

- c) performing the initial recruitment process of candidates for Members of the Management Board and the Supervisory Board of the Bank.

2) the Audit Committee, whose authority includes, among others, the following:

- a) to give opinions about the election of the auditor by the General Meeting;
- b) to recommend approval or rejection of financial statements by the Supervisory Board;
- c) to exercise regular supervision of the internal audit system at the Bank;
- d) to accept the changes proposed by the Management Board for the post of a manager of the Internal Audit Department and for the post of a manager of the Compliance Department.

3) The Risk Committee, whose authority includes, among others, the following:

- a) exercising regular supervision of credit risks, market risks, operational risks and liquidity risks as well as recommending to approve individual counterparty risk according to parameters defined by the Supervisory Board from time to time;
- b) to recommend approval or disapproval to the Supervisory Board for transactions between the Bank and the Members of the Bank's bodies, as provided by the Banking law.

The Supervisory Board is entitled to define afore mentioned parameters, further rights and authorities of the Risk Committee.

4) The Remuneration Committee, whose authority includes, among others, the following:

- a) to review principles and amounts of remuneration of Members of the Management Board, including the setting of relevant amounts,
- b) to table opinions concerning approval for Members of the Management Board to engage in competitive activity,
- c) issuing recommendations to the Supervisory Board regarding: general guidelines for the Management Board on the level and structure of remuneration for the senior management of the Bank and the policy of variable items of remuneration of the persons holding managerial positions at the Bank,
- d) monitoring the level and structure of remuneration of the senior management,
- e) issuing opinions and monitoring the remuneration policy adopted by the Bank and assisting the Bank's bodies in matters regarding development and implementation of this policy.

4. The Audit Committee shall include at least one Independent Supervisory Board Member with qualifications and experience in accounting and finance.

5. The Standing Committees of the Supervisory Board shall report to the Supervisory Board with annual reports. The Bank shall make the report available to the shareholders before the General Meeting.

#### § 23

The Supervisory Board appoints and dismisses the President of the Board of Management, the Deputy Presidents, and other members of the Board of Management in keeping with the provisions of the Banking Law.

#### § 24

Meetings of the Supervisory Board shall be held as required, at least three times each accounting year.

### **BOARD OF MANAGEMENT**

#### § 25

1. The Board of Management is composed of at least three members appointed for a joint term of office of 5 years. Members of the Board of Management shall possess knowledge, skills and experience adequate for fulfilling their function and duties entrusted to them and shall guarantee the proper fulfilment of these duties. At least half of the members of the Management Board, including the President of the Management Board, shall hold Polish citizenship, permanently reside in Poland, speak Polish and have experience on the Polish market which can be used in management of the Bank.
2. The Board of Management is composed of the President of the Board of Management and other members of the Board of Management. The Supervisory Board may entrust members of the Board of Management with the function of the First Deputy President or a Deputy President of the Board of Management.
3. The term of a member of the Board of Management shall expire at the latest on the General Meeting that approves the financial statements for the last full accounting year of the term of office of the Board of Management.
4. The term of a member of the Board of Management shall also expire in the case of death, resignation, or recalling of the member from the Board of Management.
5. The term of a member of the Board of Management appointed before the end of the term of office shall expire on the expiration of the terms of the other members of the Board of Management.

#### § 26

1. The Board of Management directs the Bank's business and represents the Bank, including decisions regarding the acquisition, encumbering or disposal of real estate, a perpetual usufruct or part of real estate, subject to § 22 section 3.1

letter b). The Management Board defines the guidelines for the activity of the Bank, especially as activities subject to risks, such as the credit policy, the investment policy, assets and liabilities management and the guarantee policy are concerned.

2. Resolutions of the Board of Management shall be passed by an ordinary majority of the votes of the members of the Board of Management present at the meeting of the Board of Management; if there is an equal number of votes, the vote of the President of the Board of Management shall prevail.
3. In exceptional cases, members of the Management Board may pass resolutions by casting their votes in writing, with the mediation of another member of the Management Board. No votes can be cast in writing on issues added to the agenda in the course of the meeting of the Management Board.
4. The Management Board can pass resolutions in writing or through telecommunications. A resolution is valid if all the members of the Management Board were informed of the draft.
5. The Board of Management acts in accordance with regulations approved by the Supervisory Board. These regulations shall determine, among others, matters which require collective examination and decision by the Board of Management.

## § 27

1. The President of the Board of Management heads the work of the Board of Management. The responsibilities of the President include, among others:
  - 1) heading the Board of Management,
  - 2) representing the Bank,
  - 3) issuing internal regulations and instructions, rules, and other provisions that regulate the Bank's activities, however if required by a provision of law or internal regulation of the Bank, such internal regulations and instructions, rules, and other provisions should be based on a prior resolution of the Board of Management with this respect,
  - 4) division of competences among the Management Board Members and subordinate Managing Directors, based on a resolution of the Board of Management, however no resolution with this respect can be passed without the consent of the President of the Board of Management and it requires approval from the Supervisory Board.
2. The Management Board Member responsible for the development and implementation of the Bank's credit policy and for the management of the Bank's credit and financial risk shall be appointed upon the approval of the Financial Supervision Commission.

## § 28

1. Members of the Board of Management direct the Bank's activities in accordance with the regulations for the Board of Management.

2. Members of the Board of Management may be entrusted by the President of the Board of Management with supervision over specific areas of the Bank's activities.

#### § 29

1. Appointment of a procurator (prokurent) is only allowed upon the approval of all members of the Board of Management.
2. A power of attorney shall be granted by two members of the Management Board acting jointly or by one Management Board member acting jointly with the procurator or by two procurators acting jointly.
3. Procuration may be revoked by each Management Board member acting individually.

#### § 30

1. The following persons are entitled to make statements of will with respect to property rights and obligations of the Bank:
  - 1) within the competence of the Board of Management each member of the Board of Management Board acting jointly with another member of the Board of Management or with a procurator or proxy acting within the granted power of attorney;
  - 2) procurators (prokurenci) - jointly with a Member of the Management Board, another procurator or proxy acting within the limits of the power of attorney granted thereto, within their powers under procuration regulations;
  - 3) proxies-under general powers of attorney and specific powers of attorney applicable to actions of a given type and given actions. Proxies act single-handedly or jointly, within their powers.
2. Persons authorized to act on behalf of the Bank shall not be personally liable to third parties for obligations assumed on behalf of the Bank, provided that they act within their powers.

#### § 30a

1. Decisions to incur obligations or to dispose of assets whose total value in relation to one entity exceeds 5% of the Bank's own funds shall require a resolution of the Management Board, subject to section 2 below.
2. By way of its resolution the Management Board may authorise the standing committees, appointed on the basis of § 8a section 3, or relevant persons within the Bank, to decide on incurring obligations or disposing of assets, resulting from the normal conduct of business, whose total value in relation to one entity exceeds 5% of the Bank's own funds. The respective resolution of the Management Board shall determine the scope of authorisation and the manner of adopting decisions by the authorised committees or relevant persons.
3. Subject to fulfillment of other requirements stipulated in the By-laws, acquiring, encumbering, and selling real estate, a perpetual usufruct or part of

real estate and stock and participatory shares in companies as well as other fixed assets, shall require a resolution of the Management Board, if the value of the said transactions exceeds 1% of the Bank's own funds as defined in § 33, as per December 31 of the preceding year, unless such acquisition results from execution, bankruptcy, or negotiation procedures, or other settlements with the Bank's debtors, or in the case of sale of assets so acquired.

#### § 30b

1. The Bank's internal legislation shall be issued in the form of:
  - a) policies - by the standing committees, appointed on the basis of § 8a section 3, Management Board or Management Board and Supervisory Board,
  - b) regulations - by the President of the Management Board,
  - c) circular letters - by the Management Board Members, Managing Directors or directors of organisational units of the Bank,
  - d) organisational rules of organisational units of the Bank - by the Management Board Members or Managing Directors,
  - e) work procedures - by the Management Board Members, Managing Directors or directors of organizational units of the Bank.
2. Detailed rules of issuing internal legislation of the Bank are specified in a relevant regulation on internal legislation.

#### § 31

1. The annual balance sheet and profit and loss account are audited by a certified auditing firm, elected of the General Meeting.
2. The certified auditing firm presents its report and recommendations to the Supervisory Board which presents them to the General Meeting.

#### § 31a

1. The Bank has an internal control system which aims at ensuring security and stability of the Bank's operations, supporting management of the Bank, and improving performance of its tasks.
2. Internal controls apply to the operation of all organisational units of the Bank.
3. The Bank's internal control system includes the work of the Internal Audit Department which reports to the President of the Management Board. The tasks of the Internal Audit Department include in particular:
  - a) independent evaluation and audit of compliance with the Bank's procedures for process performance,
  - b) audit and evaluation of internal control mechanisms,
  - c) audit and evaluation of the Bank's risk management,
  - d) evaluation of operating risk.

4. The Internal Audit Department shall prepare regular reports on its work for the Management Board and the Supervisory Board. Notwithstanding any specific internal regulations to this effect, every internal audit report of Internal Audit Department has to be also provided for information purposes for the attention of the Chairman of the Supervisory Board.
5. Detailed principles of internal controls are specified in the relevant rules introduced in a regulation issued by the President of the Management Board based on a resolution by the Management Board.

#### **IV. PRINCIPLES OF THE BANK'S FINANCIAL MANAGEMENT**

##### **§ 32**

The Bank conducts independent financial management according to annual financial plans approved by the Supervisory Board. The Board of Management defines detailed financial guidelines.

##### **§ 33**

1. The Bank's own funds include:
  - a) share capital,
  - b) supplementary capital,
  - c) reserve capital,
  - d) general banking risk reserve,
  - e) retained profit from previous years,
  - f) net profit for the current reporting period, calculated in accordance with the accounting principles currently in force,
  - g) other items of own capital.
2. The Bank shall create specific funds, including a Company Social Benefits Fund.

##### **§ 34**

The share capital amounts to PLN 169.120.508 (one hundred sixty nine million one hundred twenty thousand five hundred and eight) and is divided into 42.280.127 (forty two million two hundred eighty thousand one hundred and twenty seven) registered and bearer shares with a nominal value of PLN 4 (four) per share.

##### **§ 34a**

The Bank has made the following conditional increasing of its share capital:

- a) Pursuant to the resolution on issuing series A bonds with the priority warrant to take up shares and upon the conditional increasing of the



share capital by issuing shares, with the exclusion of the right of the hitherto existing shareholders to take up the shares, adopted by the General Meeting on May 21, 2003, the Bank's share capital has been conditionally increased by PLN 1,918,000 (one million nine hundred eighteen thousand) by issuing 479,500 (four hundred seventy nine thousand five hundred) ordinary bearer's shares of the nominal value being PLN 4 (four) each share;

- b) Pursuant to the resolution on issuing series B bonds with the priority warrant to take up shares and upon the conditional increasing of the share capital by issuing shares, with the exclusion of the right of the hitherto existing shareholders to take up the shares, adopted by the General Meeting on May 21, 2003, the Bank's share capital has been conditionally increased by PLN 2,000,000 (two million) by issuing 500,000 (five hundred thousand) ordinary bearer's shares of the nominal value being PLN 4 (four) each share;
- c) On the basis of the resolution concerning issue of series C1, C2, C3, C4, C5, C6, C7, C8, C9, C10 bonds with priority rights for acquisition of shares and the conditional share capital increase by way of issue of shares, with acquisition of shares by existing shareholders excluded, adopted by the General Meeting on 14 March 2008, the share capital of the Bank has been conditionally increased by PLN 2,200,000 (two million two hundred thousand zloty) through issue of 550,000 (five hundred fifty thousand) ordinary bearer shares with a nominal value of PLN 4.00 (four zloty) each;
- d) On the basis of the resolution concerning issue of series D bonds with priority rights for acquisition of shares and the conditional share capital increase by way of issue of shares, with acquisition of shares by existing shareholders excluded, adopted by the General Meeting on 27 October 2008, the share capital of the Bank has been conditionally increased by PLN 2,800,000 (two million eight hundred thousand zloty) through issue of 700,000 (seven hundred thousand) ordinary bearer shares with a nominal value of PLN 4.00 (four zloty) each.

#### § 35

The share capital may be increased by issuing new shares or by raising the nominal value of the existing shares.

#### § 35a

1. The Management Board shall be authorized to increase the share capital of the Bank by the amount not higher than PLN 60,000,000 (in words: sixty million) by way of single or repeated share capital increase within the limits indicated above by way of bearer shares issue (hereinafter the "authorized capital").

2. The authorization described in point 1 above shall expire after three years from the date the amendments to the By-laws of the Bank including the authorized

capital are entered into the register of entrepreneurs of the National Court Register.

3. The Management Board of the Bank shall be authorized to increase the share capital within the limits of the authorized capital provided the Supervisory Board gives its consent to such capital increase and an appropriate resolution in the form of a notarial deed is adopted by the Management Board.

4. The Management Board of the Bank shall be authorized to set detailed conditions and ways of subscription of shares issued in connection with the share capital increase within the limits of the authorized capital and in case of decision to issue shares within an open or closed subscription, and in particular to:

- set the time limit to open and close the share subscription,
- set the conditions and ways to subscribe for shares,
- allocate shares, including allocation of shares not taken up upon exercising the preemptive right.

5. The resolutions of the Management Board on fixing the issue price of shares issued within the limits of the authorized capital shall require consent of the Supervisory Board of the Bank.

6. The Management Board of the Bank is authorized upon the consent of the Supervisory Board to divest a shareholder of the preemptive right (in whole or in part) as regards shares issued within the share capital increase within the limits of the authorized capital.

7. In case the Management Board of the Bank, upon the consent of the Supervisory Board, deprives a shareholder of the pre-emptive right (in whole or in part) with respect to the shares issued within the share capital increase within the scope of the authorized share capital, the Management Board of the Bank shall offer the issued shares in a private placement within the meaning of Article 431(2)(1) of the Code of Commercial Companies to the eligible Investors (the "Eligible Investors Holding the Right of First Refusal") who were the Bank's shareholders eligible to participate in the last General Meeting before the Management Board adopted a resolution regarding depriving shareholders of the pre-emptive right (in whole or in part) with respect to the shares issued within the share capital increase within the scope of the authorized share capital (the "Record Date for the Right of First Refusal"). The Eligible Investors Holding the Right of First Refusal shall have the right of first refusal to subscribe for the shares issued within the share capital increase within the scope of the authorized share capital in a number which shall be the product of: (a) the ratio of the number of the Bank's shares held by such Eligible Investor Holding the Right of First Refusal on the Record Date for the Right of First Refusal to the number of all of the Bank's shares existing on the Record Date for the Right of First Refusal, and (b) the final number of offered shares issued within the share capital increase within the scope of the authorized share capital set by the Management Board of the Bank, provided that if the number of shares so determined is not an integer, it shall be rounded down to the nearest integer (the "Right of First Refusal to Subscribe for Shares"). To exercise the Right of First Refusal to Subscribe for Shares, an Eligible Investor Holding the Right of First Refusal must meet the following additional conditions (the "Qualifying Criteria for an Eligible Investor Holding the Right of First Refusal"): (a) the submission during the bookbuilding process of a document confirming that such investor was the Bank's shareholder on the Record Date for the Right of First Refusal and held at least 0.1% of total voting rights in the Bank's share capital, where the investor's

entry in the list of entities entitled to participate in the last General Meeting shall be sufficient proof that the investor was the Bank's shareholder on the Record Date for the Right of First Refusal; (b) the submission by such investor during the bookbuilding process of a declaration of interest in acquiring shares for a price not lower than the final issue price set by the Management Board of the Bank; and (c) the execution with the Bank of an agreement to subscribe for the shares offered to such investor for the issue price set by the Management Board of the Bank. The above shall not limit the Management Board of the Bank's right to offer any remaining shares issued within the share capital increase within the scope of the authorized capital that have not been subscribed for in the exercise of the right of first refusal at its own discretion, including to selected Eligible Investors, at the price not lower than the price paid by the Eligible Investors Holding the Right of First Refusal.

8. The Management Board of the Bank shall issue shares within the share capital increase exclusively for cash contributions.

9. The Management Board of the Bank shall not issue preference shares or shares carrying personal preferences within the share capital increase within the limits of the authorized capital.

10. Unless provisions of law or this paragraph state otherwise, the Management Board is authorized to decide on all matters connected with the share capital increase within the limits of the authorized capital, and in particular to:

1) conclude standby commitment underwriting agreements, firm commitment underwriting agreements or other agreements securing the success of the share issue,

2) take all necessary actual and legal steps to admit shares to trading on the regulated market operated by Giełda Papierów Wartościowych S.A. (Warsaw Stock Exchange), including submitting all necessary applications, documentation or notifications to the Polish Financial Supervision Authority and to perform appropriate acts, submit all necessary applications, documentation or notifications in order to admit shares to trading on the regulated market operated by Giełda Papierów Wartościowych S.A. (Warsaw Stock Exchange).

3) adopt resolutions and take all other necessary actual and legal steps as regards dematerialization of shares and to conclude agreements for registration and dematerialization of shares with Krajowy Depozyt Papierów Wartościowych S.A. (Central Securities Depository of Poland).

#### § 35b

1. Shares of the Bank can be cancelled following their prior purchase by the Bank with the approval of the shareholder (voluntary cancellation) or without the approval of the shareholder under the provisions of the Code of Commercial Partnerships and Companies.

2. Voluntary cancellation of shares of the Bank can be made with or without compensation.

3. Upon a motion of the Management Board approved by the Supervisory Board, the General Meeting adopts a resolution concerning the cancellation of shares, a resolution to cancel shares, a resolution to reduce the share capital, and a resolution concerning relevant amendments of the Bank's By-laws. Authority not

reserved for other authorities of the Bank under a resolution of the General Meeting or the By-laws rests with the Management Board.

4. The General Meeting adopts a resolution concerning the cancellation, defining the terms and conditions of the purchase of the shares by the Bank, in particular the amount allocated for the purchase of the shares to be cancelled and the sources of financing. After the purchase of the shares, the General Meeting adopts resolutions to cancel the shares and to reduce the share capital as per Art. 360.1 of the Code of Commercial Partnerships and Companies.
5. Reduction of the share capital of the Bank through the cancellation of some of its shares is not allowed if the share capital after the reduction were less than the amount set as the minimum share capital required to establish a Bank with its registered office in the Republic of Poland under legal regulations.

#### § 36

Supplementary capital is built from the net profit generated in the accounting year and from the surplus gained in the issue of shares above the nominal value that remains when the cost of the issue is covered; its purpose is to cover balance-sheet losses which may arise in connection with the Bank's activities. In the supplementary capital the Bank also reflects settlements from incentive programmes based on shares of the Bank, in accordance with the accounting principles currently in force.

#### § 37

Reserve capital is built from a part of the annual net profit, separate from the supplementary capital, with the purpose of covering specific losses and expenses of the Bank or for other purposes. In the reserve capital the Bank also reflects the valuation of incentive programmes based on shares of the Bank, in accordance with the accounting principles currently in force.

#### § 38

The General Meeting takes decisions on utilizing supplementary capital and reserve capital; however, a part of the supplementary capital, amounting to one third of the share capital, may be used only to cover balance sheet losses.

#### § 39

Other items of own capital are created in accordance with the accounting principles currently in force.

#### § 40

The general banking risk reserve shall be formed from amounts written off from the annual net profit for unidentified risks in banking activity.

#### § 41

The principles of building up and using the company social fund are set forth in separate regulations. Allocations made on the basis of net profit can also add to the fund.

#### § 42

The net profit may be allocated to:

- a) supplementary capital, reserve capital, general banking risk reserve and other, in an amount stipulated every year by the General Meeting for each capital and fund separately,
- b) dividend for shareholders in an amount stipulated every year by the General Meeting,
- c) other purposes as per resolutions adopted by the General Meeting.

#### § 43

1. The payment of dividend - if it is made - shall take place on dates fixed by the General Meeting.
2. The Bank does not pay interest to shareholders on dividend not collected in due time.

### **V. ACCOUNTANCY OF THE BANK**

#### § 44

The Bank keeps accounting books pursuant to accounting regulations set out under separate provisions. Detailed principles and organization of accountancy shall be determined by the Board of Management.

#### § 45

Annual financial statements and the annual report of the Board of Management on the Bank's operations shall be drafted at the latest within three months of the end of each accounting year. The accounting year is the calendar year.

#### § 46

Annual financial statements, the report of the Board of Management on the Bank's operations, and motions of the Board of Management regarding the allocation of the profit or the coverage of the loss shall be submitted by the Board of Management to the Supervisory Board for its review, and then to the General Meeting for review and approval. The Supervisory Board shall submit a written report on its review to the General Meeting.

## § 47

Copies of annual financial statements, the report of the Board of Management, the report of the Supervisory Board, and the auditor's opinion shall be distributed to the shareholders at their request not later than fifteen days before the Ordinary General Meeting.

## VI. FINAL PROVISIONS

### § 48

In all matters not provided for herein, the provisions in force of the Banking Law and of the Code of Commercial Partnerships and Companies shall apply.

### § 49

The following acted as the Bank's founders:

1. The Minister of Foreign Trade and the Minister of Finance, representing the State Treasury - Warsaw,
2. The National Bank of Poland, domiciled in Warsaw,
3. Bank Gospodarki Żywnościowej, domiciled in Warsaw,
4. Bank Handlowy w Warszawie S.A. - Warsaw,
5. Bank Polska Kasa Opieki S.A. - Warsaw.