

“Articles of Association of mBank Hipoteczny Spółka Akcyjna

I. GENERAL PROVISIONS

Article 1

mBank Hipoteczny Spółka Akcyjna, hereinafter referred to as the “Bank”, is a bank operating under the Act on Covered Bonds and Mortgage Banks (hereinafter referred to as the “Act”), the Banking Law, the Commercial Companies Code, other applicable laws, and these Articles of Association.

Article 2

The Bank’s name shall be mBank Hipoteczny Spółka Akcyjna.

The Bank may use the abbreviated name of mBank Hipoteczny S.A.

Article 3

1. The Bank shall operate in the territory of Poland and, subject to applicable authorisations and permits, outside the Republic of Poland.
2. The Bank’s registered office shall be situated in the capital city of Warsaw, Poland.
3. The Bank was established for an unspecified period.

Article 4

The Bank was founded by Bank Rozwoju Eksportu Spółka Akcyjna of Warsaw, Poland, and RHEINHYP Rheinische Hypothekenbank Aktiengesellschaft of Frankfurt am Main, the Federal Republic of Germany.

II. BUSINESS SCOPE

Article 5

1. The Bank’s business shall consist in the provision of banking services within the scope defined in the Act and these Articles of Association (PKD 2007 – 6419 Z).
2. The Bank shall offer its services to natural persons, legal entities and unincorporated organisational units, both in the złoty and foreign currencies.

Article 6

The Bank’s principal business shall include:

- 1) making mortgage loans;

- 2) making non-mortgage loans specified in Art. 3.2 of the Act,
- 3) acquisition of other banks' claims under mortgage loans made by those banks and claims under non-mortgage loans specified in item 2;
- 4) issue of mortgage covered bonds based on the Bank's claims under:
 - a) mortgage loans made by the Bank, and
 - b) other banks' claims under mortgage loans made by those banks, purchased by the Bank;
- 5) issue of public sector covered bonds based on:
 - a) the Bank's claims under non-mortgage loans made by the Bank, referred to in item 2,
 - b) other banks' claims under non-mortgage loans made by those banks, purchased by the Bank, referred to in item 2.

Article 7

1. In addition to the operations listed in Art. 6, the Bank may only:

- 1) contract loans;
- 2) issue bonds, with a proviso that any funds raised as specified in items 1 – 2 may be used by the Bank only to refinance the activities listed in Art. 6;
- 3) hold securities;
- 4) purchase or acquire shares or equity interests in other entities whose legal form limits the Bank's liability to the amount of invested funds, provided that this is conducive to the Bank's activities, as defined by the provisions of the Act,
- 5) provide consultancy and advisory services related to the real estate market, including services related to determining the mortgage lending value of real estate,
- 6) manage the Bank's claims and other banks' claims under the loans referred to in Art. 6, as well as originate such loans on behalf of other banks under agreements concluded with such banks.

2. The Bank may use any free funds to:

- 1) place deposits and acquire securities within the scope specified in Art. 16.1.1, 16.1.3 and 16.1.4 of the Act;
- 2) purchase covered bonds issued by the Bank on the terms and conditions defined in Art. 16.1.2 of the Act, and,
- 3) purchase covered bonds issued by other mortgage banks.

3. The Bank may purchase real estate only to prevent losses under mortgage loans made by

the Bank and only if it is necessary for the purposes of the Bank's operations.

Article 8

1. The Bank may undertake the following steps supporting the activities listed in Article 6 and Article 7.1.1–7.1.3 and 7.1.5:
 - 1) sell and buy foreign currencies and receivables denominated in foreign currencies and intermediate in money transfers and foreign-exchange trading settlements,
 - 2) perform activities mitigating currency risk and interest rate risk, subject to Article 8.2.
2. If covered bonds are issued in a currency other than the currency of the Bank's claims serving as security for such bonds or the currency of the funds referred to in Art. 18.3 of the Act, the Bank shall undertake actions to limit its exposure to foreign exchange risk.
3. Any operations which under the applicable laws require special permits or authorisations shall be conducted by the Bank upon obtaining such permits and authorisations.

III. ORGANISATION OF THE BANK

Article 9

1. The Bank shall conduct its operations through the Head Office, including its organisational units, branches and regional representative offices in Poland and abroad.
2. The Bank may open and close branches, regional representative offices and other organisational units in Poland and abroad.
3. Decisions on opening and closing of branches and representative offices abroad shall require prior approval of the Supervisory Board.
4. The organisational structure of the Head Office shall comprise divisions, departments, offices and advisers (appointed on an as-needed basis).
5. The detailed organisational structure of the Bank is presented in the Bank's Organisational Rules.

Article 10

1. The Bank shall operate a management system based on a set of rules and tools designed to support decision-making processes at the Bank and evaluate the Bank's operations.
2. The management system shall include procedures for anonymous reporting, to a designated member of the Management Board or, in special cases, to the Supervisory Board, of violations of law, and of procedures and ethical standards adopted by the Bank.
3. The management system at the Bank shall comprise in particular:

- 1) a risk management system, and
- 2) an internal control system.
4. The Management Board shall design and implement the management system and shall ensure its proper functioning.
5. The Supervisory Board shall oversee the implementation of the management system and shall assess its adequacy and efficiency.
6. Detailed rules governing the operation of the management system shall be provided for in the Bank's internal regulations.

Article 10a

1. The risk management system shall be used to identify, measure or estimate, control and monitor the risks inherent in the Bank's operations in order to ensure that the process of setting and attaining particular objectives related to the Bank's operations functions properly.
2. As part of the risk management system, the Bank shall:
 - 1) apply formalised rules aimed at defining the magnitude of accepted risks and risk management principles,
 - 2) apply formalised procedures aimed at identifying, measuring or estimating and monitoring the risk inherent in the Bank's operations, taking into account the expected level of future risk,
 - 3) apply formalised limits mitigating the risk and procedures to follow if the limits are exceeded,
 - 4) apply the management reporting system to monitor the level of risk,
 - 5) have an organisational structure adjusted to the size and nature of the Bank's risk exposure.

Article 10b

1. There shall be an internal control system in place at the Bank, intended to ensure:
 - 1) efficiency and effectiveness of the Bank's operations,
 - 2) reliability of its financial reporting,
 - 3) compliance with the Bank's risk management rules,
 - 4) compliance of the Bank's operations with applicable laws, internal regulations and market standards.
2. As part of its internal control system the Bank shall establish the following functions:

- 1) control function designed to ensure compliance with control mechanisms regarding, in particular, risk management at the Bank, which shall cover positions, teams and organisational units responsible for the implementation of tasks assigned to the function;
 - 2) compliance function designed to identify, assess, control and monitor the risk of non-compliance of the Bank's operations with applicable laws, internal regulations and market standards, and to submit relevant reports;
 - 3) internal audit function designed to independently and objectively examine and assess the adequacy and effectiveness of the risk management system and the internal control system, excluding the internal audit team.
3. The internal control system shall be regulated in detail by the relevant rules adopted by the Bank's Management Board and approved by the Supervisory Board.

Article 11

1. The Bank's internal regulations shall be issued in the form of:
 - 1) Management Board's resolutions, in the event that generally applicable laws or regulatory recommendations provide for the issue of such regulations,
 - 2) orders of the Management Board President in matters relating to fundamentals of the Bank's operations,
 - 3) written instructions of respective heads of the Bank's organisational units in matters which are not reserved for the Bank's Management Board or other governing bodies,
 - 4) organisational rules of the Bank's organisational units – by their respective heads, upon approval by a competent Management board member.
2. Detailed rules governing the issue of the Bank's internal regulations are provided for in the relevant order on internal legislation.

IV. GOVERNING BODIES

Article 12

The Bank's governing bodies shall be:

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

General Meeting

Article 13

1. The General Meeting shall be convened as the Annual General Meeting or Extraordinary General Meeting.
2. The Annual General Meeting shall be convened by the Bank's Management Board once a year, by the end of May.
3. Extraordinary General Meetings may be convened as required, by the Bank's Management Board on its own initiative, at the request of the Supervisory Board or on the demand of shareholders representing in total at least 1/10 (one-tenth) of the share capital.
4. The Supervisory Board shall have the right to convene the General Meeting if the Bank's Management Board fails to do so in accordance with the rules and within the time period provided for in these Articles of Association.

Article 14

1. The following matters shall require a resolution of the General Meeting:
 - 1) review and approval of the Directors' Report on the Bank's operations and the financial statements for the previous financial year;
 - 2) approval of the discharge of duties by members of the Bank's governing bodies;
 - 3) distribution of the Bank's net profit or coverage of loss;
 - 4) amendments to the Articles of Association;
 - 5) appointment and removal from office of the Supervisory Board members and determination of the terms of their remuneration;
 - 6) increase or reduction of the Bank's share capital;
 - 7) liquidation or sale of the entire business of the Bank or its merger with another bank;
 - 8) appointment of liquidators and determination of their remuneration;
 - 9) decisions concerning claims for compensation for damage caused in the course of formation, management or supervision of the Bank;
 - 10) setting of the dividend payment date;
 - 11) sale or encumbrance of the Bank's real estate where its governing bodies are located;
 - 12) matters submitted for consideration by the Supervisory Board;
 - 13) matters submitted for consideration by the shareholders in accordance with the procedure provided for in these Articles of Association;
 - 14) granting consent for the Bank to purchase or sell shares or other equity interests, or to

establish or join other business organisations; such consent not being required if the purchase of shares or equity interests in other companies takes place under enforcement, insolvency or restructuring proceedings or other arrangement with the Bank's debtors, or if the Bank sells shares or equity interests purchased in the manner just described; in such a case, the Bank's Management Board shall inform the Supervisory Board of the above actions;

15) other matters provided for in the applicable laws or these Articles of Association.

2. Approval of the General Meeting shall not be required for acquisition of real estate, perpetual usufruct rights and interests in real estate in the event that such acquisition takes place under enforcement, insolvency or restructuring proceedings or any other arrangement with the Bank's debtors. Approval of the General Meeting shall not be required for disposal of assets acquired in the manner specified in the previous sentence. In such cases, a resolution of the Management Board shall be required.

Article 15

1. Matters to be discussed at the General Meeting should be first submitted by the Bank's Management Board to the Supervisory Board for consideration.
2. A shareholder or shareholders intending to put forward to the General Meeting a motion concerning the Bank's affairs should submit it in writing to the Bank's Management Board at least one month prior to the General Meeting.
3. Any motions put forward by the Bank's shareholders shall be submitted by the Bank's Management Board, together with its opinion, to the Supervisory Board.
4. The Supervisory Board, at its sole discretion, may decide whether a given motion should be put forward at the General Meeting; however, a motion put forward at least a month prior to the meeting date by the shareholders holding jointly at least 1/10 (one-tenth) of the share capital must be submitted to the General Meeting.

Article 16

1. Shareholders may participate in the General Meeting in person or by proxy.
2. Powers of proxy to participate and vote at the General Meeting shall be null and void unless made in writing.

Article 17

1. Except where the provisions of the Commercial Companies Code provide otherwise, the

General Meeting shall be valid irrespective of the number of shares represented.

2. Resolutions of the General Meeting shall be adopted by an absolute majority of votes cast, unless the provisions of the Commercial Companies Code and Article 17.3 below provide otherwise.
3. Resolutions concerning matters listed in Article 14.1, 14.2, 14.3, 14.4, 14.6 and 14.7 shall be adopted by a majority of at least three-quarters of votes cast.

Article 18

The provisions of Art. 420.1 and Art. 420.2 of the Commercial Companies Code shall not apply to voting at the General Meeting.

Article 19

1. The General Meeting shall be opened by the Chairperson or Deputy Chairperson of the Supervisory Board. In their absence, the General Meeting shall be opened by one of the members of the Supervisory Board or President of the Management Board.
2. The General Meeting shall elect its chairperson from among those entitled to participate in the Meeting.

Supervisory Board

Article 20

1. The Supervisory Board shall be composed of five to nine members, appointed for a joint three-year term of office. Members of the Supervisory Board shall be appointed and removed from office by the General Meeting, subject to the assessment whether they satisfy the requirements referred to in Art. 22aa of the Banking Law.
2. The mandate of a Supervisory Board member shall expire on or before the date of the General Meeting approving the financial statements for the last full financial year in which the member held the office. The mandate of a Supervisory Board member shall also expire in the event of their death, resignation or removal from the Supervisory Board, as of the date of the event causing the expiry, unless the resolution on the removal specifies a different expiry date.
3. Members of the Supervisory Board may be re-appointed.
4. The mandates of the Supervisory Board members appointed mid-term shall expire upon the end of the respective term of office of the Supervisory Board.
5. Any or all Supervisory Board members may be removed by the General Meeting prior to

the expiry of their term of office.

6. Promptly after the Supervisory Board is appointed or its composition is changed, the Bank shall notify the Polish Financial Supervision Authority of the composition of the Supervisory Board and of any changes to the Supervisory Board, as well as of satisfaction by the relevant Supervisory Board members of the requirements referred to in Art. 22aa of the Banking Law.

Article 21

Supervisory Board members may perform their duties in person only.

Article 22

The Supervisory Board shall appoint its Chairperson and Deputy Chairperson from among its members.

Article 23

The Supervisory Board shall operate pursuant to the rules adopted by the Supervisory Board and approved by the General Meeting.

Article 24

1. Supervisory Board resolutions shall be valid provided that all the Supervisory Board members have been invited and at least half of the Supervisory Board members, including the Chairperson or Deputy Chairperson, are present at the meeting.
2. Resolutions of the Supervisory Board, including appointment resolutions, shall be passed by an absolute majority of votes. In the case of a voting tie, the Chairperson or, failing him or her, the Deputy Chairperson of the Supervisory Board, shall have the casting vote.
3. Each Supervisory Board member shall have one vote.
4. Resolutions of the Supervisory Board shall be recorded in the minutes.
5. In special cases, Supervisory Board members may vote on a resolution in writing through another member of the Supervisory Board. Matters placed on the agenda during a meeting of the Supervisory Board may not be voted on in writing.
6. Resolutions of the Supervisory Board may be adopted also by written ballot or by using means of remote communication. A resolution shall be valid if all of the Supervisory

Board members have been informed of the text of the draft resolution and participated in voting by casting their votes.

7. The procedures for adopting resolutions specified in Art. 24.5 and 24.6 above shall not apply to the election of Chairperson and Deputy Chairperson of the Supervisory Board, the appointment of a Management Board member, or to the removal or suspension of these persons.

Article 25

1. Supervisory Board meetings shall be held as needed, at least three times in a financial year.
2. Supervisory Board meetings shall be convened by the Chairperson of the Supervisory Board on his/her own initiative or at the written request of the Bank's Management Board or a member of the Supervisory Board. If the Chairperson is unable to convene a meeting, it shall be convened by the Deputy Chairperson or another Supervisory Board member indicated by the Chairperson. Until the Chairperson or Deputy Chairperson is appointed, Supervisory Board meetings shall be convened by two members of the Supervisory Board.

Article 26

The Supervisory Board shall exercise ongoing supervision over each area of the Bank's operations. In particular, its powers shall include:

- 1) approving the Bank's strategy and the principles of sound and prudent management of the Bank,
- 2) approving the Bank's full-year budgets and long-term development programmes;
- 3) approving the Management Board's requests concerning the opening and closing of the branches and regional representative offices abroad,
- 4) granting consent for the Bank's Management Board to purchase, encumber or sell real estate, perpetual usufruct rights, and interests in real estate; such consent not being required if the purchase of real estate, perpetual usufruct rights, and interests in real estate takes place under enforcement, insolvency or restructuring proceedings or other arrangement with the Bank's debtors, or if the Bank sells assets purchased in the manner just described; in such a case, the Bank's Management Board shall inform the Supervisory Board of the above actions,
- 5) issuing or approving the Bank's internal regulations reserved for the competence of

the Supervisory Board under generally applicable laws, especially approving the rules issued by the Bank's Management Board concerning internal control and determination of the mortgage lending value of real estate; the rules on mortgage lending value of real estate shall come into effect upon approval by the Polish Financial Supervision Authority,

- 6) reviewing the Directors' Report on the Bank's operations and the financial statements for the previous financial year in terms of their consistency with the accounting books, documents and facts, and reviewing the motions submitted by the Bank's Management Board concerning profit distribution or coverage of loss, and submitting to the General Meeting annual written reports on the findings of such reviews,
- 7) reviewing other matters and motions requiring the General Meeting's resolution,
- 8) appointing, at the request of the Bank's Management Board, an auditor to audit the Bank's financial statements,
- 9) appointing and removing from office the President and other members of the Management Board, as well as assigning the functions of Vice President of the Management Board and member of the Management Board responsible for oversight over the management of risks material to the Bank's operations,
- 10) determining the terms and conditions of the contracts and remuneration for members of the Bank's Management Board and representing the Bank at the execution of contracts with the Management Board members,
- 11) approving the Rules of Procedure for the Management Board,
- 12) approving the payment of interim dividends to shareholders, and
- 13) approving the Management Board's proposals concerning the Bank's future activities abroad.

Article 27

1. The Supervisory Board shall appoint and remove from office members of the Bank's Management Board, including the President, subject to the assessment whether they satisfy the requirements referred to in Art. 22aa of the Banking Law.
2. Appointment of the President of the Management Board and member of the Management Board responsible for oversight over the management of risks material to the Bank's operations, as well as assignment of the latter's functions, shall be subject to approval of the Polish Financial Supervision Authority. Such approval shall be applied for by the Supervisory Board.

3. As soon as the Management Board is appointed or its composition is changed, the Supervisory Board shall notify the Polish Financial Supervision Authority of the composition of the Management Board or of the change in its composition, as well as of the Management Board members' satisfaction of the requirements referred to in Art. 22aa of the Banking Law, assessed in accordance with Art. 20.1 above. Additionally, the Supervisory Board shall notify the Polish Financial Supervision Authority of the approval or any change of the internal division of responsibilities between the Bank's Management Board members.

Management Board

Article 28

1. The Management Board of the Bank shall be composed of three to four members, appointed and removed from office by the Supervisory Board.
2. The Management Board shall be composed of the President of the Management Board and other members of the Management Board. The Supervisory Board may assign the function of Vice President to members of the Management Board.
3. The President and other members of the Management Board shall be appointed for a joint three-year term of office.
4. The mandate of a Management Board member shall expire on or before the date of the General Meeting approving the financial statements for the last full financial year in which the member held the office. The mandate of a Management Board member shall also expire in the event of their death, resignation or removal from the Management Board, as of the date of the event causing the expiry, unless the resolution on the removal specifies a different expiry date.
5. Members of the Bank's Management Board may be removed from office at any time before their term of office expires.
6. The Bank's Management Board may adopt its resolutions if all of its members have been properly notified of a Management Board meeting. In order for Management Board decisions to be valid, at least two members of the Management Board shall have to be present.
7. Resolutions of the Management Board shall be passed by an absolute majority of votes. In the case of a voting tie, the President of the Management Board shall have the casting vote.
8. In special cases, resolutions of the Management Board may be adopted also by written

ballot or by using means of remote communication.

9. A motion to pass a resolution by written ballot and a draft of the resolution that is to be adopted in that manner shall be delivered to the Management Board members so that each member is able to get acquainted with them.
10. A resolution may be passed by written ballot if more than half of the Management Board members vote in favour of the resolution, provided that all Management Board members have been notified of the draft resolution.
11. Decisions on the assumption of liabilities or disposal of assets whose total value with respect to one entity exceeds 5% of the Bank's equity shall be made by the Management Board. This shall not apply to any activities reserved for other governing bodies of the Bank.
12. Management Board resolutions shall be recorded in the minutes.
13. The Management Board shall be authorised to pay interim dividends to shareholders if the Bank holds sufficient funds to make such payments and if the Bank's approved financial statements for the previous financial year show a profit. Payment of interim dividends shall require the Supervisory Board's consent and approval of the Polish Financial Supervision Authority. The interim dividend amount may not be higher than half of the profit earned by the Bank from the end of the previous financial year, as shown in the audited financial statements, reduced by the amount of any uncovered losses and treasury shares.

Article 29

1. The Management Board shall represent the Bank and manage its affairs.
2. The Management Board shall adopt, and the Supervisory Board shall approve, annual budgets and business strategies, where it shall define the maximum size of covered bond and bond issues in a given year.
3. The Management Board shall act in accordance with the rules of procedure adopted by the Management Board and approved by the Supervisory Board.

Article 30

1. Powers of the Management Board shall include all matters which do not fall, pursuant to the Commercial Companies Code and these Articles of Association, within the scope of powers of the Supervisory Board or the General Meeting.

2. The internal division of responsibilities between the Bank's Management Board members shall be determined by the Management Board and approved by the Supervisory Board.
3. The President of the Management Board shall manage the work of the Management Board and represent the Management Board before the General Meeting and the Supervisory Board. Responsibilities of the President of the Management Board shall include, in particular, supervision over the Bank's internal audit function.
4. The Bank's Management Board shall include the position of Management Board member responsible for oversight over the management of risks material to the Bank's operations.

Article 31

1. The following persons shall be authorised to make declarations concerning the Bank's property and non-property rights and obligations, and sign documents on behalf of the Bank:
 - 1) two members of the Management Board acting jointly or a member of the Management Board and a commercial proxy acting jointly, or each of these persons acting jointly with an attorney-in-fact,
 - 2) commercial proxies – acting within their powers under applicable laws jointly with a Management Board member, a commercial proxy or attorney-in-fact acting within their respective powers,
 - 3) attorneys-in-fact acting independently or jointly within their respective powers.
2. The Management Board shall have the right to appoint commercial proxies. Appointment of a commercial proxy shall require approval by all the Management Board members. Powers of proxy may be revoked by any Management Board member.
3. Attorneys-in-fact may be appointed to perform certain acts or types of acts, acting within the scope of powers granted to them. Powers of attorney may be granted and revoked in accordance with the procedure prescribed for making declarations on behalf of the Bank.

Article 32

1. The Management Board shall prepare annual Directors' Reports on the Bank's operations and ensure that full-year financial statements are prepared within three months of the end of a given financial year.
2. The Management Board shall submit the Directors' Report and full-year financial statements to the Supervisory Board for review and then to the General Meeting for approval.

V. SHARE CAPITAL AND SHARES

Article 33

1. The share capital shall amount to PLN 309,000,000 (three hundred and nine million złoty) and shall be divided into 3,090,000 (three million, ninety thousand) registered shares with a par value of PLN 100 (one hundred złoty) per share, including: 500,000 (five hundred thousand) Series A ordinary registered Shares numbered from 000001 to 500000, 850,000 (eight hundred and fifty thousand) Series B ordinary registered Shares numbered from 000001 to 850000, 400,000 (four hundred thousand) Series C ordinary registered Shares numbered from 000001 to 400000, 1,000,000 (one million) Series D ordinary registered shares numbered from 0000001 to 1000000, 100,000 (one hundred thousand) Series E ordinary registered Shares numbered from 000001 to 100000, 140,000 (one hundred forty thousand) Series F ordinary registered Shares numbered from 000001 to 140000, and 100,000 (one hundred thousand) Series G ordinary registered Shares numbered from 000001 to 100000. Each share shall confer the right to one vote at the General Meeting.
2. The Bank's share capital shall be covered with cash paid in full prior to the registration of the Bank or prior to the registration of a capital increase at the Bank.
3. The shares may be cancelled. The cancellation shall be effected either through share capital reduction or with funds from net profit.

Article 34

The Bank shares shall be transferable.

VI. FUNDS, FINANCIAL MANAGEMENT AND ACCOUNTING

Article 35

1. The Bank's equity shall comprise:
 - 1) Tier 1 funds
 - 2) Tier 2 (additional) funds in an amount not exceeding the Bank's Tier 1 funds.
2. Tier 1 funds shall include:
 - 1). paid in and registered share capital,
 - 2). statutory reserve funds,

- 3). capital reserve,
- 4). general risk fund for unidentified banking risk,
- 5). retained earnings,
- 6). profit pending approval and net profit for current reporting period, computed in compliance with applicable accounting policies and limitations provided for in the Banking Law,
- 7). other balance-sheet items reported by the Bank, as specified by the Polish Financial Supervision Authority, net of the items provided for in the Banking Law.

Article 36

1. Statutory reserve funds shall be created to cover any net loss which might arise in connection with the Bank's business. At least 8% of net profit disclosed in full-year financial statements shall be transferred to statutory reserve funds until their amount has reached at least one-third of the share capital.
2. Share premium, net of share issue costs, shall also be transferred to statutory reserve funds.
3. Statutory reserve funds shall also comprise additional contributions made by shareholders in return for attaching special preferences to their existing shares without a share capital increase, unless such contributions are used to cover extraordinary write-offs or losses.
4. The General Meeting shall decide on the application of statutory reserve funds, with the proviso that a part of statutory reserve funds equal to one-third of the share capital may be applied exclusively to cover a net loss.

Article 37

In addition to statutory reserve funds, a part of net profit shall be used to create capital reserve to be applied towards covering the Bank's special losses or expenses.

The General Meeting shall decide on the application of capital reserve.

Article 38

1. A general banking risk fund shall be created in accordance with the rules stipulated in the Banking Law.
2. The general banking risk fund shall be applied towards covering losses connected with banking activities.
3. The Bank's Management Board shall decide on the use of the general banking risk fund referred to in Article 39.1.

Article 39

Full-year net profit shall be applied, in line with a resolution of the Annual General Meeting, towards:

- 1) statutory reserve funds,
- 2) capital reserve,
- 3) general risk fund for unidentified banking risk,
- 4) other funds,
- 5) dividends to shareholders,
- 6) other purposes.

Article 40

1. The Bank's financial management shall be based on and shall be consistent with budgets approved by the Supervisory Board.
2. The Bank's Management Board shall define detailed rules of financial management, based on criteria approved by the Supervisory Board.

Article 41

1. As of January 1st 2006, the Bank's accounting records shall be maintained in accordance with the International Accounting Standards and the International Financial Reporting Standards. Any matters not covered by those regulations shall be governed by the applicable Polish accounting standards.
2. The Bank shall maintain a separate Covered Bond Collateral Account in order to monitor long-term compliance with the requirements referred to in Art. 18 of the Act.
3. The Bank's Management Board shall define the detailed rules for and organisation of the Bank's accounting procedures.

Article 42

The Bank's financial year shall coincide with a calendar year. Should the Bank commence its activity in the second half of a calendar year, the Bank may combine the accounting books and financial statements relating to the remaining part of that year with the accounting books and financial statements relating to the next year.

VII. FINAL PROVISIONS

Article 43

Copies of the Directors' Report on the Bank's operations, full-year financial statements and the Supervisory Board's report shall be made available to shareholders for inspection at their request, not later than 15 days prior to the Annual General Meeting.

Article 44

Dividends shall be paid out on the date designated in the relevant resolution of the General Meeting. If the General Meeting's resolution does not specify the dividend payment date, dividends shall be paid on a date designated by the Supervisory Board. The Bank shall not pay interest on dividends not collected in due time.

Article 45

1. The Bank's announcements required by law shall be published in Monitor Sądowy i Gospodarczy, unless applicable Polish laws provide otherwise.

Article 46

Not later than three months after the end of each financial year, the Bank shall publish in Monitor Sądowy i Gospodarczy:

- 1) the total par value of covered bonds issued by the Bank and outstanding as at the last day of a given financial year;
- 2) the total amount of the Bank's receivables and funds entered in the collateral register for covered bonds as at the last day of a given financial year.

Article 47

Any matters not provided for in these Articles of Association shall be governed by applicable laws, in particular the Commercial Companies Code, the Banking Law, and the Act.”