

## **Articles of Association of mBank Hipoteczny Spółka Akcyjna**

### **I. GENERAL**

#### 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 business name is as follows: mBank Hipoteczny Spółka Akcyjna.

The Bank may use its abbreviated name: 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 seat of the Bank shall be the Capital City of Warsaw.
3. The Bank’s duration is not limited.

#### Article 4

The Bank was founded by Bank Rozwoju Eksportu Spółka Akcyjna with its registered office in Warsaw and RHEINHYP Rheinische Hypothekenbank Aktiengesellschaft with its registered office in 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, as well as organisational units without legal personality, both in PLN and in foreign currencies.

#### Article 6

The Bank’s principal business shall include:

- 1) granting mortgage-backed loans;

- 2) granting non-mortgage loans specified in Article 3(2) of the Act,
- 3) acquisition of other banks' receivables on account of mortgage-backed loans taken out by those banks and receivables on account of non-mortgage-backed loans specified in (2);
- 4) issuing mortgage covered bonds based on the Bank's claims under:
  - a) mortgage-backed loans granted by the Bank, and
  - b) other banks' claims under mortgage-backed loans taken out 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 granted by the Bank, referred to in (2),
  - b) other banks' claims under non-mortgage loans granted by those banks, purchased by the Bank, referred to in (2).

#### Article 7

1. In addition to the operations listed in Article 6, the Bank shall be permitted to perform solely the following operations:

- 1) taking out loans;
- 2) issuing bonds, with a proviso that any funds raised as specified in (1) – (2) may be used by the Bank only to refinance the operations listed in Article 6;
- 3) holding securities;
- 4) purchasing or acquiring 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 operations, as defined by the provisions of the Act,
- 5) providing consultancy and advisory services related to the real estate market, including services related to determining the mortgage lending value of real estate,
- 6) managing the Bank's claims and other banks' claims under the loans referred to in Article 6, as well as granting such loans on behalf of other banks under agreements concluded with them.

2. The Bank may use any free funds to:

- 1) place deposits and acquire securities within the scope specified in Article 16(1)(1), (3) and (4) of the Act;
- 2) purchase covered bonds issued by the Bank on the terms and conditions specified in Article 16(1)(2) of the Act,

- 3) purchase covered bonds issued by other mortgage banks.
3. The Bank may purchase real estate only to prevent losses on account of mortgage-backed loans granted 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 operations specified in Article 6 and Article 7(1)(1) – (3) and Article 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 (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 Article 18(3) of the Act, the Bank shall undertake actions aimed at limiting 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 agencies, in Poland and abroad.
2. The Bank may open and close down branches, regional agencies and other organisational units in Poland and abroad.
3. Decisions on opening and closing of branches and regional agencies abroad shall require prior approval of the Supervisory Board.
4. The organisational structure of the Bank's Head Office shall comprise divisions, departments, offices and advisers (appointed on an as-needed basis).
5. The detailed internal organisation of the Bank is specified in the Organisational Rules of the Bank.

#### Article 10

1. 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 shall operate at the Bank.
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 applicable at the Bank.

3. The management system at the Bank shall comprise in particular:
  - 1) the risk management system
  - 2) the 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 specified in the Bank's internal regulations.

#### Article 10a

1. The purpose of the risk management system shall be 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 achieving 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 size of accepted risks and the 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 adopted 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, whose purpose shall be to ensure the following:
  - 1) efficiency and effectiveness of the Bank's operations,
  - 2) reliability of financial reporting,
  - 3) compliance with the Bank's risk management rules,

- 4) compliance of the Bank's operations with the law, internal regulations and market standards.
2. As part of its internal control system the Bank shall establish the following functions:
  - 1) a control function intended to ensure compliance with the controls pertaining, in particular, to the risk management at the Bank, comprising positions, groups of people or organisational units responsible for performing the tasks assigned to this function;
  - 2) a compliance unit whose task is to identify, assess, control and monitor the risk of non-compliance of the Bank's operations with the law, internal regulations and market standards, and to submit relevant reports;
  - 3) an independent internal audit unit whose task is to audit and assess, on an independent and objective basis, the adequacy and effectiveness of the risk management and internal control systems, excluding the internal audit unit.
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.
4. The compliance unit and the internal audit unit report to the President of the Management Board. The operations of the compliance unit and the internal audit unit shall be supervised by the Supervisory Board.

#### Article 11

1. The Bank's internal legislation shall be issued in the form of:
  - 1) resolutions of the Management Board, provided that generally applicable laws or regulatory recommendations provide for the issue of such regulations,
  - 2) orders of the President of the Management Board in matters relating to fundamentals of the Bank's operations,
  - 3) executive letters of organisational unit directors in matters not reserved for the Management Board of the Bank or for other bodies of the Bank,
  - 4) organisational rules of the Bank's organisational units – by organisational unit directors, upon approval by the competent member of the Management Board.
2. Detailed rules governing the issuing 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 of the Bank.

## **General Meeting**

### Article 13

1. The General Meeting shall be convened as an Annual General Meeting or an 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 at the latest.
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 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 a General Meeting if the Bank's Management Board fails to do so in accordance with the rules and within the time period provided for herein.

### Article 14

1. The following matters shall require a resolution of a General Meeting:
  - 1) review and approval of the management 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 dismissal of the Supervisory Board members and determination of the terms of their remuneration;
  - 6) raise or reduction in the Bank's share capital;
  - 7) liquidation or disposal of the entire business of the Bank or its merger with another bank;
  - 8) appointment of official receivers 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) determination of the dividend payment date;

- 11) disposal 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 shareholders in accordance with the procedure provided for in these Articles of Association;
  - 14) giving consent to the Bank's acquisition or disposal of shares or other equity interests or establishment or accession to the other economic organisations; however, such consent shall not be required if the acquisition of shares or other equity interests in other companies takes place as part of enforcement, bankruptcy, restructuring proceedings or under another agreement with the Bank's debtor and in the case of disposal of stocks or other equity interests acquired in the above way; in such cases, the Bank's Management Board will be required to notify the Supervisory Board of the activities referred to above;
  - 15) other matters provided for in the applicable laws or these Articles of Association.
2. Acquisition of real estate, perpetual usufruct rights and shares in real estate shall not require approval from the General Meeting if such acquisition takes place as part of enforcement, bankruptcy or restructuring proceedings or under any other agreement with the Bank's debtor. 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 shall 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 shall 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 shareholders holding jointly at least 1/10 (one tenth) of the share capital must be put forward to the General Meeting.

#### Article 16

1. Shareholders may participate in the General Meeting in person or by proxy.
2. Powers of attorney 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 (3) below provide otherwise.
3. In the cases referred to in Article 14(1),(2),(3),(4),(6) and (7), resolutions shall be adopted by a three-quarter majority vote.

#### Article 18

The provisions of Article 420(1) and (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 the President of the Management Board.
2. The General Meeting shall elect its chairperson from among those entitled to participate in the General Meeting.

### **Supervisory Board**

#### Article 20

1. The Supervisory Board shall be composed of 5 to 9 Members. Members of the Supervisory Board shall be appointed, for a joint three-year term of office, and dismissed by the General Meeting, subject to the assessment of meeting the requirements of Article 22aa of the Banking Law.
2. The mandate of a Supervisory Board member shall expire at the latest on the date of the General Meeting approving the financial statements for the last full financial year in which the member held office. The mandate of a Supervisory Board member shall also expire upon their death, resignation or removal from the Supervisory Board, as of the date of



event resulting in 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. Immediately after appointing the Supervisory Board and changing the composition thereof, the Bank shall notify the Polish Financial Supervision Authority of the composition of the Supervisory Board and of any changes to the composition thereof and shall provide the information, based on the assessment referred to in (1), on fulfilment by the relevant members of the Supervisory Board of the requirements specified in Article 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 acts under the Regulation adopted by the Annual General Meeting.

#### Article 24

1. Resolutions of the Supervisory Board shall be valid provided that all members of the Supervisory Board were invited and if at least half of the members are present at the meeting, including the Chairperson or Deputy Chairperson.
2. Resolutions of the Supervisory Board, including on elections, shall be adopted by an absolute majority of votes, and in the case of a tie vote, it shall be resolved by the vote of the Chairperson of the Supervisory Board or, in their absence, of the Deputy Chairperson.
3. Each Supervisory Board member shall have one vote.
4. Resolutions of the Supervisory Board shall be recorded in minutes.

5. In exceptional cases, members of the Supervisory Board may adopt resolutions of the Supervisory Board by casting their votes in writing through another member of the Supervisory Board. Votes shall not be cast in writing for items that were added to the agenda in the course of a meeting of the Supervisory Board.
6. The Supervisory Board may adopt its resolutions by written ballot or by using means of remote communication. A resolution shall be valid if all of the Supervisory Board members were informed of the text of the draft resolution and participated in voting by casting their votes.
7. The adoption of resolutions in the manner specified in (5) and (6) shall not apply to the election of the Chairperson and Deputy Chairperson of the Supervisory Board, the appointment of a member of the Management Board or to the dismissal or suspension of such persons.

#### Article 25

1. The Supervisory Board shall hold meetings as needed, at least three times in a financial year.
2. The meetings of the Supervisory Board shall be convened by the Chairperson of the Supervisory Board on their own initiative or at a 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 elected, meetings of the Supervisory Board shall be convened by two members of the Supervisory Board.

#### Article 26

1. The Supervisory Board shall supervise the Bank's operations in all areas of its business on an ongoing basis and its competence shall include, in particular:
  - 1) approving the business strategy and the principles of sound and prudent management of the Bank;
  - 2) approving the Bank's annual financial plans and long-term development programmes;
  - 3) approving motions of the Management Board of the Bank regarding the establishment and liquidation of branches and regional agencies located abroad;
  - 4) authorising the Bank's Management Board to act in matters related to acquisition, encumbrance and sale of real estate, perpetual usufruct rights and shares in real estate;

however, such authorisation shall not be required if such acquisition of real estate, perpetual usufruct rights and shares in real estate take place as part of enforcement, bankruptcy or restructuring proceedings or under another agreement with the Bank's debtor and in the case of the sale of assets acquired in the aforesaid manner; in such cases, the Bank's Management Board shall be required to inform the Supervisory Board of the activities referred to above;

- 5) issuing or approving the Bank's internal regulations, remaining within the powers of the Supervisory Board under generally applicable laws, and in particular: approving regulations issued by the Management Board of the Bank with respect to internal control and determination of the mortgage lending value of real estate; The rules for determining the mortgage lending value of real estate comes into force upon their 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 loss coverage, and submitting to the General Meeting annual written reports on the findings of such reviews,
- 7) reviewing other motions and matters requiring the adoption of resolutions by the General Meeting,
- 8) appointing, at the request of the Audit Committee, an auditing firm to audit the Bank's financial statements,
- 9) appointing and dismissing the President of the Management Board, members of the Management Board, as well as assigning the functions of the Vice President of the Management Board and member of the Management Board responsible for overseeing 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 when concluding contracts with members of the Management Board,
- 11) approving the Regulations of the Management Board;
- 12) approving the payment of interim dividends to shareholders,
- 13) approving the Management Board's proposals concerning the Bank's future operations abroad.

2. The Council appoints the Audit Committee and the Risk Committee.

3. The Supervisory Board may, by way of a resolution, appoint committees other than indicated in (2), the members of which shall hold functions as members of the Supervisory Board delegated to carry out specific supervisory activities at the Bank.

#### Article 27

1. The Supervisory Board shall appoint and dismiss members of the Bank's Management Board, including the President of the Management Board, subject to the assessment of fulfilment of the requirements referred to in Article 22aa of the Banking Law.
2. The appointment of the President of the Management Board and the member of the Management Board responsible for overseeing 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. Immediately after appointing the Management Board and changing the composition thereof, the Supervisory Board shall notify the Polish Financial Supervision Authority of the composition of the Management Board and changes in the composition thereof, and shall provide the information, based the assessment referred to in (1), on fulfilment by the members of the Management Board of the requirements referred to in Article 22aa of the Banking Law. In addition, the Supervisory Board shall notify the Polish Financial Supervision Authority of the approval of and changes in the internal division of responsibilities within the Bank's Management Board.

### **Bank's Management Board**

#### Article 28

1. The Bank's Management Board shall be composed of 3 to 4 members appointed and dismissed 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 entrust members of the Management Board with the function of the Vice President 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. Mandates of the Management Board members shall expire at the latest at the General Meeting that approves the financial statements for the last full financial year of the term of

office of the Management Board members. Furthermore, the mandate of a Management Board member shall also expire in case of death, resignation or dismissal of the member from the Management Board, as of the date of the event which causes the expiry, unless the resolution on dismissal provides for a different expiry date.

5. Members of the Bank's Management Board may be dismissed at any time before their term of office expires.
6. The Bank's Management Board may adopt its resolutions if all of its members were properly notified about a meeting of the Management Board. Decisions of the Management Board shall only be valid if made in the presence of at least two Management Board members.
7. Resolutions of the Management Board of the Bank shall be adopted by an absolute majority of votes and, in the case of a tie vote, 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 are in favour of such adoption, provided that all Management Board members were notified of the content 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. Resolutions of the Management Board shall be recorded in minutes.
13. The Management Board shall be authorised to pay interim dividends to shareholders, on account of the dividend expected at the end of the financial year, if the Bank has sufficient funds to pay the same and if the approved financial statements of the Bank for the previous financial year show a profit. The payment of interim dividends shall require consent from the Supervisory Board and consultation with 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 manage the Bank's affairs and represent it.
2. The Management Board shall accept the annual financial plans and the business strategy to be approved by the Supervisory Board. The Management Board shall determine in these documents the maximum issues of covered bonds and other bonds issued during the year.
3. The Management Board shall act in accordance with the regulations adopted by the Management Board and approved by the Supervisory Board.

#### Article 30

1. The powers of the Management Board shall include all matters that have not been reserved for the Supervisory Board and the General Meeting pursuant to the Code of Commercial Companies and these Articles of Association.
2. The internal division of responsibilities between members of the Bank's Management Board shall be determined by the Management Board and approved by the Supervisory Board.
3. The President of the Management Board shall manage the operations of the Bank's Management Board, represent the Bank's Management Board before the General Meeting and the Supervisory Board.
4. The Bank's Management Board shall include a separate position of a member of the Management Board responsible for overseeing the management of risks material to the Bank's operations.

#### Article 31

1. The following persons shall be authorised to make statements concerning the Bank's proprietary and non-proprietary rights and obligation, and to 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 member of the Management Board, 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. The appointment of a commercial proxy shall require approval of all members of the Management Board. Powers of commercial proxy may be revoked by any member of the Management Board.
3. Attorneys-in-fact may be appointed to perform certain actions or types of actions, acting within the scope of the 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 annual 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 annual financial statements to the Supervisory Board for review and then to the General Meeting for approval.

### **V. SHARE CAPITAL, SHARES**

#### Article 33

1. The share capital amounts to 336,000,000 (three hundred and thirty six million) zlotys and it is divided into 3,360,000 (three million three hundred six thousand) registered shares of the nominal value of 100 (one hundred) zlotys each, of which: 500,000 (five hundred thousand) ordinary registered A series shares marked with numbers from 000001 to 500000, 850,000 (eight hundred and fifty thousand) ordinary registered B series shares marked with numbers from 000001 to 850000, 400,000 (four hundred thousand) ordinary registered C series shares marked with numbers from 000001 to 400000, 1,000,000 (one million) ordinary registered D series shares marked with numbers from 0000001 to 1 000000, 100,000 (one hundred thousand ) ordinary registered E series shares marked with numbers from 000001 to 1 00000, 140,000 (one hundred forty thousand) ordinary registered F series shares marked with numbers from 000001 to 140000, 100,000 (one hundred thousand ) ordinary registered G series shares marked with numbers from 000001 to 100000, 120,000 (one hundred twenty thousand ) ordinary registered H series shares marked with numbers from 000001 to 120000 and 150,000 ( one hundred fifty thousand) ordinary registered I series shares marked with numbers from 000001 to 150000. Each share carries one vote.
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. Shares may be redeemed. The cancellation shall be effected either through share capital reduction or with funds from net profit.

#### Article 34

The Bank's shares shall be transferable.

## **VI. FUNDS, FINANCIAL MANAGEMENT AND ACCOUNTING**

### *Article 35*

1. The Bank's own funds shall comprise:
  - 1) Tier 1 funds,
  - 2) Tier 2 (additional) funds in an amount not exceeding the Bank's Tier 1 funds.
2. The 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 profit from previous years,
  - 6). profit pending approval and net profit for current reporting period, calculated in accordance with applicable accounting principles 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 annual financial statements shall be transferred to statutory reserve funds until their amount reaches 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 maybe 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 a capital reserve to be applied towards covering the Bank's special losses or expenses.



The General Meeting shall decide on the use 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 reserve referred to in (1).

#### Article 39

1. The annual net profit shall be applied, in line with a resolution of the Annual General Meeting, towards:
  - 2) statutory reserve funds,
  - 3) capital reserve,
  - 4) general risk fund for unidentified banking risk,
  - 5) other funds,
  - 6) dividend to shareholders,
  - 7) other purposes.
2. Bank shall pay pecuniary obligations to shareholders arising out of their rights attached to shares on its own, without assistance of an entity maintaining the register of shareholders.

#### Article 40

1. The Bank's financial management shall be based on and shall be consistent with the financial plans 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 1 January 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 collateral account for covered bonds in order to monitor

long-term compliance with the requirements referred to in Article 18 of the Act.

3. The Bank's Management Board shall define detailed rules for and organisation of the Bank's accounting procedures.

#### Article 42

The financial year shall be the calendar year. Should the Bank commence its operations 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, annual 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 specified 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 specified by the Supervisory Board. The Bank shall not pay interest on dividends not collected in due time.

#### Article 45

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