



Bank Polski

REPORT

“Evaluation of the fulfilment by PKO Bank Polski S.A. of the disclosure requirements concerning the observance of the rules of corporate governance stipulated in the Warsaw Stock Exchange Regulations and the legislation concerning current and periodic disclosures by issuers of securities, to be submitted to the 2018 Annual General Meeting of Shareholders of PKO Bank Polski S.A.”

In accordance with the rule laid down in Section II.Z.10.3 of the Best Practice for WSE-Listed Companies 2016, the Supervisory Board prepares and presents to the annual general meeting an evaluation of the fulfilment by PKO Bank Polski S.A. of the disclosure obligations concerning the observance by the Company of the corporate governance rules laid down in the Rules and Regulations of Giełda Papierów Wartościowych w Warszawie SA [Warsaw Stock Exchange] ("WSE Regulations") the Stock Exchange and the provisions concerning current and periodic disclosures to be made by issuers of securities.

The Supervisory Board of the Bank has made a positive assessment of the fulfilment by the Bank of the disclosure obligations concerning the corporate governance rules in 2017.

The obligations were fulfilled in 2017 in accordance with the WSE Regulations as well as the requirements of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic disclosures to be made by issuers of securities and the conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state ("Regulation").

I. The disclosure obligations regarding corporate governance rules set in the WSE Regulations.

Best Practice for WSE-Listed Companies 2016

On 13 October 2015, the WSE Supervisory Board approved Best Practice for WSE-Listed Companies 2016 ("Best Practice 2016") with effect as of 1 January 2016.

On 8 December 2015, the Management Board of the Bank as a governing body and the members of the Management Board adopted the Best Practice 2016 with the reservation that recommendation stated in section IV.R.2. to enable the shareholders to participate in a general meeting via electronic communication means would not be observed unless the General Meeting amended the Bank's Articles of Association accordingly, authorising the Management Board to organize a General Meeting with the use of electronic communication means.

A corresponding resolution to adopt the Best Practice 2016 was carried by the Supervisory Board of the Bank on 28 December 2015.

As of 1 January 2016, in addition to the public disclosures regarding the non-observance of any of the specific rules of the Best Practice 2016, companies are required to publish reports on the status of observance of the recommendations and specific rules of the Best Practice 2016 on their websites.

Therefore, as of 1 January 2016, the Bank has published on its website reports about the status of observance of the recommendations and specific rules of the Best Practice 2016 (www.pkobp.pl/investors).

Such reports are provided on the form approved by the WSE, specifying details of the status of observance or non-observance of each of the recommendations and specific rules and its publication represents direct fulfilment of the rule as per section I.Z.1.13. Of the Best Practice 2016.

Due to the necessity for constant monitoring of the observance of the Best Practice 2016 in the Bank, certain mechanisms have been put in place to enable such monitoring and the publication of a relevant report in line with the WSE Regulations, as applicable.

The specific rules and recommendations of the Best Practice 2016 were observed in the Bank in 2017 except for the Recommendation as per section IV.R.2. in regard to enabling the

shareholders to participate in the General Meeting by electronic communication means, which the Bank announced on its website in line with the rule stated in section I.Z.1.13. As no specific rule was breached in 2017, the Bank did not publish any report regarding this matter.

II. The disclosure obligations regarding the corporate governance rules stated in the regulations concerning current and periodic disclosures to be made by issuers of securities

According to the Regulation, the Bank is required to include, in the annual periodic report, a statement on the observance of the corporate governance rules constituting a separate section of the report, including the elements specified in Article 91(5)(4).

The statement is included in the PKO Bank Polski SA Group Director' Report for the year 2017 in Chapter 10.

According to the Regulation, the statement is to cite and include:

- the sets of the corporate governance rules which the issuer is obliged to follow and the places where the text of the corporate governance rules is available to the public, or
- the sets of the corporate governance rules which the issuer had the discretion to follow and the places where the text of the corporate governance rules is available to the public, or
- any relevant information about the corporate governance practice applied by the issuer going beyond the requirements stated in the national legislation, along with information about the corporate governance practice applied by the issuer.

The Regulation stipulates that to the extent that the issuer has derogated from any provisions of the set of corporate governance rules referred to in bullet points one and two, these provisions should be specified and the reasons for the derogation explained.

As regards the obligations arising from the Regulation concerning the identification of the sets of corporate governance rules applicable in the Bank and disclosure on how they have been observed, the PKO Bank Polski SA Group Directors' Report for the year 2017 contains an account of the observance of:

- Best Practice 2016, indicating the recommendation which is not followed, along with the rationale,
- The Corporate Governance Rules for Supervised Entities issued by the PFSA, indicating the recommendation which is not followed, along with the rationale.

An account of other requirements concerning the content of the statement of observance of corporate governance rules is included in the following sections of the PKO Bank Polski SA Group Directors' Report for the year 2017:

- Control systems in the process of preparation of financial statements,
- The share capital and the shareholding structure of PKO Bank Polski SA,
- Restrictions on the shares in PKO Bank Polski SA
- Articles of Association of PKO Bank Polski SA
- Annual General Meeting
- The Supervisory Board of PKO Bank Polski SA during the reporting period,
- The Management Board of PKO Bank Polski SA during the reporting period,
- Diversity policy.