



Bank Polski

THE PRINCIPLES OF INFORMATION POLICY OF PKO BANK POLSKI SA REGARDING CAPITAL ADEQUACY AND OTHER INFORMATION SUBJECT TO DISCLOSURE

§ 1.

The principles of information policy of PKO Bank Polski SA regarding capital adequacy and other information subject to disclosure, hereinafter referred to as the "Principles", determine the scope, frequency, place and form of disclosures, as well as means of approval and verification of the disclosures regarding the capital adequacy and information subject to disclosure, as determined in:

- 1) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, and its subsequent amendments, hereinafter referred to as "CRR",
- 2) Rules for the implementation of the CRR and guidelines of the European Banking Authority referring to the Principles, including Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/3013 (hereinafter "EBA guidelines"),
- 3) the Act of 5 August 2015 on macroprudential supervision over the financial system and crisis management,
- 4) the Banking Law,
- 5) Recommendation H of the Polish Financial Supervision Authority, hereinafter referred to as "KNF", on internal control system at banks, hereinafter referred to as "Recommendation H",
- 6) Recommendation M of the KNF on the operational risk management in banks, hereinafter referred to as "Recommendation M",
- 7) Recommendation P of the KNF on liquidity risk management in banks, hereinafter referred to as "Recommendation P".

§ 2.

The terms used herein shall mean:

- 1) global systemically important institution – institution defined as such by the KNF,
- 2) PKO Bank Polski SA Group – PKO Bank Polski SA, hereinafter referred to as the "Bank", together with its related entities, as laid down in Article 4 par. 1 item 16 of the CRR (PKO Bank Polski SA Group's entities).

§ 3.

1. The Bank discloses the information, referred to in Part Eight, title II and Part Eight, title III of the CRR and implementing rules for the CRR, EBA guidelines and Recommendations H, M and P, hereinafter referred to as "Information".
2. The Information concerns in particular:
 - 1) the aims and principles of policies regarding the management of individual risks, as laid down in Article 435 of the CRR,
 - 2) the scope of application of prudential norms, as laid down in Article 436 of the CRR,
 - 3) own funds, as laid down in Article 437 of the CRR, including transitional provisions laid down in Article 492 of the CRR,
 - 4) own funds requirements, as laid down in Article 438 of the CRR,
 - 5) exposure to counterparty credit risk, as laid down in Article 439 of the CRR,
 - 6) countercyclical capital buffer requirements, as laid down in Article 440 of the CRR,
 - 7) indicator of global systemic importance, as laid down in Article 441 of the CRR,
 - 8) exposure to credit risk and dilution risk, as laid down in Article 442 of the CRR,
 - 9) unencumbered assets, as laid down in Article 443 of the CRR,
 - 10) the use of credit assessments issued by the External Credit Assessment Agencies, as laid down in Article 444 of the CRR,
 - 11) exposure to market risk, as laid down in Article 445 of the CRR,
 - 12) operational risk, as laid down in Article 446 of the CRR,
 - 13) exposures in equities not included in the trading book, as laid down in Article 447 of the CRR,
 - 14) exposure to interest rate risk on positions not included in the trading book, as laid down in Article 448 of the CRR,
 - 15) exposure to securitisation positions, as laid down in Article 449 of the CRR,
 - 16) remuneration policy, as laid down in Article 450 of the CRR,
 - 17) leverage ratio and leverage risk management, as laid down in Article 451 of the CRR,
 - 18) credit risk mitigation techniques used by the Bank, as laid down in Article 453 of the CRR,
 - 19) use of risk transfer mechanisms for the purpose of mitigation of operational risk, as laid down in Article 454 of the CRR,
 - 20) methods of calculating the own funds requirements, including specific requirements related to advanced measurement approaches, as laid down in Part Eight, Title III of the CRR,
 - 21) Bank's internal control system, as laid down in Recommendation H No 1.11,
 - 22) total gross losses due to operational risk recorded in the year for which the Information is reported, divided into specific categories of event type, including general information relating to operational risk mitigation management activities, as laid down in Recommendation M No 17,
 - 23) the most severe operational risk events that occurred in the year for which the Information is provided, subject to par. 4 item 5, as laid down in Recommendation M No 17,
 - 24) liquidity risk, as laid down in Recommendation H No 18,
 - 25) impact of the International Financial Reporting Standard 9 (IFRS 9) on capital adequacy.
3. The Information is disclosed in Polish and English.
4. The Bank discloses the Information, except for:
 - 1) non-material information, as laid down in Article 432 par. 1 of the CRR,
 - 2) proprietary or confidential information, as laid down in Article 432 par. 2 of the CRR,
 - 3) the information the disclosure of which may have a negative impact on the Bank's position on the relevant market in the light of the competition and consumer protection regulations,
 - 4) the information protected under the law,
 - 5) the information about operational risk events the disclosure of which could threaten the safety of the Bank's current operational processes or which may have a negative impact on the Bank's market position, which in consequence may result particularly in an increased reputation risk.

5. For the cases referred to in par. 4 item 3 and par. 4 item 4 the Bank states the reasons of resignation from information disclosure and discloses general data in that connection, provided it is not proprietary or confidential, while in the case referred to in par. 4 item 5 the Bank publishes the information about these events after the termination of the conditions that prevent their disclosure.

§ 4.

1. The Bank, being the holding company of the PKO Bank Polski SA Group, discloses the Information based on the Bank's solo data and consolidated data.
2. The Bank discloses the Information on annual basis, with the reporting date as of 31 December.
3. The Bank discloses quarterly and semi - annually the Information regarding the total capital ratio, the Bank's capital, as well as own funds requirements, risk profile, leverage ratio and the impact of IFRS 9 on capital adequacy.
4. The frequency and scope of quarterly and semi-annual Information is consistent with EBA guidelines.

§ 5.

1. The annual Information, referred to in par. 4 item 2, and semi-annual Information referred in par. 4 item 3 is subject to disclosure by the Bank in a report on capital adequacy and other information subject to disclosure. The term of publication should coincide with the date of publication of the financial statement.
2. The quarterly Information, referred to in par 4 item 3, is subject to disclosure by the Bank in a quarterly financial statement, being part of the consolidated quarterly report of the PKO Bank Polski SA Group; it is published at the date of disclosure of the report.

§ 6.

1. The report on capital adequacy and other information subject to disclosure, referred to in par. 5 item 1, is approved by the Management Board of the Bank.
2. The quarterly financial report, referred to in par. 5 item 2, is subject to approval in accordance with the Bank's separate internal regulations.

§ 7.

The Bank discloses the statement and the reports, referred to in par. 5, on the Bank's website (www.pkobp.pl).

§ 8.

1. The Information, which is subject to review or audit as a part of the financial statement, is verified by the certified auditor.
2. The report on capital adequacy and other information subject to disclosure, referred to in par. 5 item 1, is subject to verification by the Bank's organizational entity responsible for internal audit unit.
3. The report on capital adequacy and other information subject to disclosure, as referred to in par. 5 item 1, is verified taking into account, in particular, the completeness of capital adequacy-related disclosures, compliance with the financial report and correctness of the information published.
4. The quarterly Information, referred to in par. 4 item 3, is subject to verification in accordance with the Bank's separate internal regulations.

§ 9.

1. The Principles are published on the Bank's website (www.pkobp.pl).
2. The information regarding the means of publication of the Principles is published in the place where banking activities are performed.

§ 10.

1. The Principles and the amendments hereto are adopted by the Management Board of the Bank, and approved by the Bank's Supervisory Board.
2. The Principles are subject to review at least once a year.
3. The Principles are verified by the organizational unit of the Bank's Head Office responsible for the capital adequacy management in the Bank.
4. The Principles are verified taking into account, in particular, market practices regarding the capital adequacy-related disclosures, variable components of remuneration, compliance with the applicable legal regulations and the development of risk management methods.
5. Organizational unit of the Bank's Head Office, referred to in par. 10 item 3, assesses the appropriateness of the Bank's disclosures, including their verification and frequency, as well as determines whether the disclosed information comprehensively presents the Bank's risk profile.
6. The verification referred to in par. 10 item 4 and par. 10 item 5 is governed by Bank's separate internal regulations.