



Bank Polski

REPORT

“Assessment of compliance of PKO Bank Polski S.A. with the disclosure requirements concerning the application of the principles of corporate governance, as laid down in the GPW Rules and in the regulations concerning current and periodic disclosures to be made by issuers of securities, for submission to the Annual General Meeting of PKO Bank Polski S.A. in 2017”

According to the principle contained in section II.Z.10.3 of the 2016 Best Practice for GPW Listed Companies, the Supervisory Board shall prepare and submit to the Annual General Meeting an assessment of the Company's compliance with the disclosure requirements concerning the principles of corporate governance, as laid down in the Rules of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) (the "GPW Rules") and in the regulations concerning current and periodic disclosures to be made by issuers of securities.

The Supervisory Board of the Bank hereby gives a positive assessment of the Bank's compliance in 2016 with the disclosure requirements concerning the principles of corporate governance.

These requirements were complied with in 2016 in accordance with the GPW Rules 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 recognising information whose disclosure is required under the laws of a non-member state as equivalent ("Regulation").

- I. Disclosure requirements concerning the principles of corporate governance, as laid down in the GPW Rules

2016 Best Practice for GPW Listed Companies

On 13 October 2015, the Supervisory Board of GPW adopted "2016 Best Practice for GPW Listed Companies" ("2016 Best Practice") effective 1 January 2016.

On 8 December 2015, the Management Board of the Bank as a body and members of the Management Board adopted the 2016 Best Practice for application while making a stipulation that recommendation contained in Section IV.R.2. on offering the shareholders an option to participate in a General Meeting via electronic communication means would not be applied unless the General Meeting made appropriate amendments to the Bank's Articles of Association authorising the Management Board to organize a General Meeting with the use of electronic communication means.

A corresponding resolution on the adoption of the 2016 Best Practice was adopted by the Supervisory Board on 28 December 2015.

As of 1 January 2016, companies shall publish on their websites, regardless of the reports concerning any non-compliance with the detailed principles contained in the 2016 Best Practice, information on the status of compliance with the recommendations and detailed principles contained in the 2016 Best Practice.

Therefore, on 1 January 2016, the Bank published on its website information about the status of compliance with the recommendations and detailed principles of the 2016 Best Practice (<http://www.pkobp.pl/pkobppl-en/investor-relations/corporate-governance/best-practice-of-gpw-listed-companies-2016/>). The information is prepared on the template established by the GPW, provides details of the status of compliance or non-compliance with specific recommendations and detailed principles, and constitutes direct fulfilment of the principle contained in Section I.Z.1.13.

In order to constantly monitor the compliance with the 2016 Best Practice, certain mechanisms have been put in place at the Bank to enable such monitoring and the publication, as necessary, of a relevant report in line with the GPW Rules.

In 2016, the detailed principles and recommendations of the 2016 Best Practices were complied with in the Bank, with the exception of:

1. Recommendation contained in Section IV.R.2., on offering the shareholders an option to participate in a General Meeting via electronic communication means, of which the Bank informs on its website, in accordance with the principle expressed in Section I.Z.1.13.;
2. Incidental non-compliance with the detailed principle laid down in Section IV.Z.17., according to which "A resolution of the general meeting concerning a conditional dividend payment may only contain such conditions whose potential fulfilment takes place before the record date."

The Bank did not comply with this principle in its decision on the distribution of profit for 2015. The resolution of the Annual General Meeting concerning a conditional dividend payment contained conditions whose potential fulfilment could take place after the record date. The Annual General Meeting of the Bank held on 30 June 2016 adopted a resolution on the distribution of profit for 2015, according to which the dividend payment was to take place provided that the conditions described in the resolution were jointly fulfilled by 8 December 2016 (inclusive) (the "Fulfilment of the Dividend Conditions"). The AGM set 30 September 2016 as the record date and 9 December 2016 as the latest date on which it should be established whether the Dividend Conditions had been fulfilled or not. The dates indicated for the fulfilment of the conditions provided for in the resolution were set in a way that allowed the Bank to carry out the necessary analyses, taking into account the possible deadlines for submitting new supervisory requirements with reference to own funds, and for determining their impact on the levels of capital adequacy ratios contained in the Bank's financial statements for Q3 2016, which, in turn, was necessary for establishing whether the Dividend Conditions had been fulfilled or not. The above assumptions determined the dividend payment date set. The dividend payment date could not fall earlier than the date that was relevant for establishing whether the dividend payment conditions have been fulfilled or not. In view of the above, the dividend payment date was set for 20 December 2016.

The Bank informed of its non-compliance with the aforementioned detailed principle in a report on 30 June 2016.

- II. Disclosure requirements regarding the principles of corporate governance, as laid down in the regulations concerning current and periodic disclosures to be made by issuers of securities

Pursuant to the Regulation, the Bank is required to include in its annual periodic report a statement, forming a separate part of the report, on the compliance with the principles of corporate governance and such declaration should contain the elements listed in the Regulation.

The scope of the statement is defined in § 91(5)(4) of the Regulation.

The statement is included in Chapter 8 (pages 93-122) of the Directors' Report for 2016 and contains all the elements required under the Regulation.