



Bank Polski

Report

Evaluation of the fulfilment by PKO Bank Polski S.A. of the disclosure requirements concerning the observance of the corporate governance rules laid down in the Rules of the Stock Exchange and the provisions concerning current and periodic disclosures to be made by issuers of securities, submitted to the Annual General Meeting of PKO Bank Polski S.A. in 2016

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 of the Stock Exchange and the provisions concerning current and periodic disclosures to be made by issuers of securities.

The Supervisory Board of the Bank, having reviewed the information provided by PKO Bank Polski S.A. and the supporting documents, has made a positive assessment of the fulfilment by the Bank of the disclosure obligations concerning the corporate governance rules in 2015.

The obligations were fulfilled in 2015 in accordance with the WSE 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 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 Rules.

Best Practice for WSE-Listed Companies

According to Paragraph 29.1 of the WSE Rules, the Stock Exchange Supervisory Board, acting at the request of the Stock Exchange Management Board, may enact corporate governance rules for joint-stock companies issuing shares, convertible bonds or senior bonds admitted to exchange trading. If a resolution to this effect is adopted, then pursuant to § 29.2 of the WSE Rules, the issuers are expected to observe the corporate governance rules enacted by the Stock Exchange.

Based on the regulation quoted above, the Stock Exchange Supervisory Board carried Resolution No. 12/1170/2007 whereby it enacted the Best Practice for WSE-Listed Companies (as amended) which are mandatory for the Bank.

The observance of the best practice followed the "comply or explain" rule, so the Bank was required to evaluate whether every rule in the set was observed and if not - make a public disclosure of this fact.

The relevant public disclosure obligation could be triggered (according to §29.3 of the WSE Rules) where the Bank became aware that a specific corporate governance rule would not be observed as a matter of course or be neglected occasionally.

Such a report should specify which rule is not observed or was not observed, what the circumstances of and reasons for such failure to observe were and how the issuer intends to make good any possible consequences of the failure to observe the specific corporate governance rule in the future.

The disclosure obligation must be fulfilled as soon as the issuer is reasonably convinced that a specific rule will not be observed as a matter of course or will not be observed on a specific occasion, in any case as soon as an event constituting an infringement on a corporate governance rule occurred.

Following said rules, when the Management Board of the Bank resolved not to observe the rule whereby the Bank is expected to enable the shareholders to participate in a general meeting via

electronic communication means (Chapter IV section 10 of the Best Practice for WSE-Listed Companies), on 24 May 2013, the Management Board of PKO Bank Polski S.A. reported its decision not to observe this rule. The report, as required by the WSE Rules, specified the reasons underlying such a decision, referring to legal as well as organizational and technical risks which could jeopardise the correct conduct of the general meeting.

In 2015, PKO Bank Polski S.A. made efforts to fully observe the rules contained in the set and identify any cases of non-observance. Information about that and about the rule concerning the organization of general meetings by means of electronic communication, which was not followed, was included in the statement of observance of the corporate governance rules in the PKO Bank Polski S.A. Directors' Report for the year 2015.

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 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 on 28 December 2015.

Due to the fact that under § 29.3 of the WSE Rules effective as of 1 January 2016, companies are required to publish a report only if they intentionally do not follow a specific rule rather than a recommendation as a matter of course or choose not to do so occasionally, on 1 January 2016, the Bank was not required to make a public disclosure regarding non-observance of any of the specific rules.

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

Therefore, as of 1 January 2016, the Bank published on its website a report about the status of observance of the recommendations and specific rules of the Good Practice 2016 (<http://www.pkobp.pl/pkobpppl-en/investor-relations/corporate-governance/best-practice-of-gpw-listed-companies-2016/>). The report is stated on the form approved by the WSE, it provides details of the status of observance or non-observance of each of the recommendations and specific rules and its publication represents direct fulfilment of rule I.Z.1.13.

Due to the necessity for constant monitoring of the observance of the Good 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 Rules, as applicable.

By the date of preparation of this evaluation, all the specific rules and recommendations have been observed in the Bank, except the recommendation referred to above.

- 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 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"), 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 the Regulation.

The scope of the statement is defined in § 91.5.4 of the Regulation.

The statement is included in the Directors' report 2015 in Chapter 7 (pages 72-88) and it comprises all the elements required under the Regulation.