

## Questions

put by the holder of the power of attorney for the Individual Investors Association

1. Did the Company made net impairment allowance amounting to PLN 1.93 billion in 2011? For which entities and for what amounts were the greatest write-downs made?
2. Were the greater problems with net impairment allowance mainly for small and medium enterprises, or also large entities?
3. Could the Management Board briefly state how sensitive were the Bank's results in 2011 to the changes in interest rates? Namely, how did last year's change in the reference rate by 100 base points affect the Bank's result?
4. How does the Management Board assess the stability of the mortgage loan portfolio at the end of 2011? Has the Management Board noted any signs of deterioration in the quality of these loans?
5. What percentage of the portfolio of corporate loans was granted to companies from the construction sector at the end of 2011 ? Please express these values as an amount.
6. How do you assess the stability of the portfolio of loans granted to entities from the construction sector, and also the portfolio of corporate loans?
7. The Bank's capital adequacy ratio in 2011 fell again (2009 - 14.7%, 2010 - 12.5%, 2011 - 12.4%). Does the Management Board have a method to halt these trends? Will payment of the dividend pose a danger for the Bank as regards the future trend of the ratio?
8. What is the Bank's diversity of involvement in projects from the energy sector, what percentage are investments in renewable energy?
9. The Special Report was not published however in the annual report of the Management Board there are several pages devoted to topics connected with GRI, therefore with respect to the report, what is the involvement of the employees in the Bank's decision making process?

## Replies:

by Mr Zbigniew Jagiełło, President of the Management Board of PKO Bank Polski S.A.

One of the priorities of PKO Bank Polski is regular, open communication with shareholders. Our aim is to ensure clear information about the Bank's business.

In 2011, the Bank's representatives, including Management Board members, held over 400 meetings with Polish and international investors. The presentation of our financial results once per quarter is accompanied by a question-and-answer session. The Bank also regularly publishes current reports that are placed on its website.

In 2012 we released to investors our annual report online, making it easier for them to acquaint themselves with our financial results, including by creating an information bank.

The range of investors' presentation was widened, which the Bank considers is more extensive in comparison with other banks.

The Bank's web site was expanded to include information for investors on the debt instruments market, in particular from the time when the Bank commenced issuing bonds and other debt securities.

The Bank commissioned a second *rating* from the Standard & Poors agency, obtaining a high assessment of its financial credibility. The Bank received its first *rating* from Moodys.

Detailed information on net impairment allowance are to be found in our quarterly financial statements, in a form that makes it possible to reconcile current figures with those of previous reporting periods. The Bank pursues a conservative policy regarding risks. Its credit portfolio is diversified.

#### Ad. 1

It's not possible to answer this type of question as the Bank's clients are protected by bank secrecy.

#### Ad. 2

The Bank did not publish financial data relating to the net impairment allowance using such division of criteria. The publicly available structure of the net impairment allowance includes:

- For the PKO Bank Polski SA Capital Group - note 11 to the consolidated financial statements of the PKO Bank Polski S.A. Capital Group for 2011 (page 55);
- For PKO Bank Polski SA - note 10 to the financial statements of PKO Bank Polski S.A for 2011 (p. 48).

#### Ad 3

Sensitivity of the financial result to the change of the interest rates was presented in the financial report in the section "Objectives and principles of risk management related to financial instruments" in the part concerning the interest rate risk management :

- For the PKO Bank Polski SA Capital Group - note 56 to the consolidated financial statements of the PKO Bank Polski S.A. Capital Group for 2011 (p. 133 - 135);
- For PKO Bank Polski SA - note 50.3 to the financial statements of PKO Bank Polski S.A for 2011 (p. 123).

#### Ad 4

The Bank provided the data relating to the quality of the mortgage loan portfolio in the presentation for investors of " Financial results of the Capital Group PKO Bank Polski for 2011" (slides 20 and 28) published on the Bank's web site [www.pkobp.pl](http://www.pkobp.pl) in section: Investor relations /Financial reports / Presentations.

#### Ad 5

The concentration of involvement as regards the industry segments, including construction, is illustrated in the table in the financial report in section "Objectives and principles of risk management related financial instruments" in the part concerning credit risk management:

- For the PKO Bank Polski SA Capital Group - note 55 (part Concentration by industry) to the consolidated financial statements of the PKO Bank Polski S.A. Capital Group for 2011 (p. 125);
- For PKO Bank Polski SA - note 50.2 (part Concentration by industry) to the consolidated financial statements of PKO Bank Polski S.A for 2011 (p. 112).

#### Ad 6

The Bank does not release this type of information to the general public.

#### Ad 7

Information on the capital adequacy ratio and Bank Policy in this respect were published in the financial report in the section "Objectives and principles of risk management related to financial instruments" in the part concerning capital adequacy:

- For the PKO Bank Polski SA Capital Group - note 66 to the consolidated financial statements of the PKO Bank Polski S.A. Capital Group for 2011 (p. 149 - 150);
- For PKO Bank Polski SA - note 51 to the financial statements of PKO Bank Polski S.A for 2011 (p. 137).

Issues on the amount of dividend payment in the context of the level of the capital adequacy ratio is illustrated by the current policy on the dividend adopted by the Management Board of PKO Bank Polski S.A. on 4 April 2012 and made public in the current report no. 22/2012 which reads as follows:

"The general assumption of the Bank's dividend policy is to maintain a stable level of dividend payments in the long term, in compliance with the principles of prudent bank management and with consideration of the financial strength of the Bank and the Bank's Capital Group as determined on the basis of the adopted criteria. The aim of the dividend policy is an optimization of the capital structure of the Bank and the Bank's Capital Group, taking into account the return on capital and its cost, capital needs for development, while ensuring an appropriate level of capital adequacy ratios.

It is the Management Board's intention to recommend in the future to the Bank's General Meeting to adopt resolutions on the payment of dividend in an amount ensuring that the capital adequacy ratios are maintained at the following levels:

- capital adequacy ratio of the Bank and the Bank's Capital Group above 12 per cent while maintaining the necessary capital buffer,
- common equity Tier 1 ratio of the Bank and the Bank's Capital Group above 9 per cent while maintaining the necessary capital buffer.

However, the dividend policy may be amended by the Management Board depending on circumstances and any decisions with this respect will be taken in consideration of a number of factors concerning the Bank and the Bank's Capital Group, particularly the current and expected financial standing and regulatory requirements. According to applicable law, each resolution on the payment of a dividend will be considered by the General Meeting."

#### Ad 8

The Bank did not provide this type of information to the general public.

#### Ad 9

PKO Bank Polski is a socially responsible institution. It pursues many CSR projects that cover charitable work and sponsorship, addressed both to employees and to local communities. Charity work is the responsibility of the PKP Bank Polski Foundation, established on 22 July 2010, whose financial statements are available on the website. Sponsorship, on the other hand, is realised directly by the Bank. Details of Bank initiatives are to found in the reports that are published, and are also placed on the website on a regular basis.

Deserving particular mention are our model relations with representatives of trade unions and the employee council, with whom the most important employee issues are consulted.

*According to paragraph 24 section 5 of the Regulations the General Meeting (in the binding as at 6 June 2012) the Bank's Management Board responds to questions by the shareholders in accordance with the provisions of this paragraph taking into account the fact that the Bank as a public company is subject to particularly strict information principles and carries out its duties regarding provision of information according to the provisions of the law on the public trade in*

*securities, and in providing a variety of information must be in keeping with the provisions of the law of trading in securities.*