



Bank Polski

# Financial Results of the PKO Bank Polski Group for the year 2013

Warsaw, 10 March 2014



Bank Polski

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# Executive summary



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- Consolidated net income in Q4 2013 rose by 25% q/q to PLN 938 mn, bringing consolidated net income for the year 2013 to PLN 3,230 mn (y/y decline of 13.6%).
- Net income on business activity for the year 2013 reached PLN 10.7 bn (y/y decline of 7.9%), including the Q4 2013 increase of 25.8% q/q.
  - Increase in net interest income (+5.4% q/q) achieved primarily through reduction of interest expense resulting from adjustment of the price offer for deposit products and shift in their structure toward current deposits;
  - Increase in net fee & commission income (+7.7% q/q) achieved primarily through increased net income from servicing of investment funds and brokerage activities; and increased net income from sale of loan insurance;
  - Increase in net other income by PLN 505 mn q/q, primarily the effect of sale of a majority interest in the eService company.
- Expansion of the operating base
  - Assets increase to PLN 199 bn (+3.1% y/y) as net loans increase to PLN 150 bn (+4.3% y/y), funded through increase in deposits from customers to PLN 152 bn (+3.9% y/y).
- Cost discipline and improved portfolio quality
  - Reduction of operating costs by 1.3% in annual terms;
  - Reduction of the cost of risk by 14 bps y/y, improvement in coverage ratio by 1.2 pps y/y and decline in NPL by 0.7 pps y/y (-0.4 pps q/q).
- Retention of high operational efficiency
  - Cost / Income ratio (C/I) at 43.2%
  - Return on Equity (ROE) at 13.2%
  - Return on Assets (ROA) at 1.6%
  - Interest margin at 3.7%
- Strong liquidity and capital position
  - Loans / Stable funding resources at 90%
  - Capital Adequacy Ratio at 13.6% (Core Tier 1 at 12.5%)

# Selected 2013 Business Initiatives



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## Acquisition of Nordea Group assets in accordance with Strategy for 2013-2015



PKO Bank Polski executed an agreement for acquisition of Nordea Bank Polska, Nordea Finance Polska, Nordea Polska TUnŻ, and of a corporate loan portfolio serviced by Nordea, a Nordic-based financial services group. The benefits accruing from the transaction will include, among others: growth of its affluent segment customer base; expansion of the key urban party of its distribution network; and strengthening of its corporate banking operations. The merger has also created growth opportunities for its bancassurance services and mortgage banking.

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## PKO Bank Polski and EVO Payments International entered into a strategic alliance



The Bank signed an agreement with a leading payment services operator active in US, Canada and Europe under which it sold a share stake in eService and concluded a 20-year strategic alliance in the electronic payments market. The transaction was approved by the European Commission and by the end of 2013 PKO Bank Polski finalised the sale of a 66% equity interest in CEUP eService. The alliance with an international technology partner will accelerate development of the company based on innovative solutions offered to the existing and future clients and customers.

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## New local mobile payments standard



PKO Bank Polski and five other banks came to an agreement on development of a new mobile payments standard for Poland, which would be based on the innovative IKO mobile payments solution PKO Bank Polski implemented. In December 2013 the aforementioned banks executed a joint investment agreement while in January 2014 they registered with the National Court Register the Polski Standard Płatności Sp. z o.o. company and are currently in the process of organising its operational launch.

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## PKO Junior or banking for minors of up to 13 years of age



The Bank launched one of the world's first internet banking services addressed to minors, a comprehensive financial education programme in itself. The new personal internet bank account enables children of up to 13 years of age to: collect their allowances and pocket money; initiate money transfers; save for specific purposes; and achieve challenging goals set by parents. Also, with the parents of children between ages of 0 and 12 years in mind the Bank developed the PKO Initial Capital deposit product.

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## New retail network sales model

**Nowy Rytm**  The Bank has launched a retail network project aimed at strengthening its market leadership. The project's key pillars include: a new goal setting and rewards system; focus on profit driving activities and initiatives; and new management tools. Under the branch network regeneration scheme, the customers received 105 upgraded branch facilities in 2013 and over 200 such branches over 2012-2013. 2013 also saw reorganisation of the Banks corporate outlet network and implementation of new standards in the work of customer advisers and specialists; all aimed at providing the customers with higher standard customer service efficiency and ensuring greater customer satisfaction at collaboration with the Bank.

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## Bank's Quality 2013 and the Most Valuable Brand once more



PKO Bank Polski ranked in the forefront as it took the third position in a league table prepared by TNS Polska and Puls Biznesu. The quality of its customer service standards was rated very highly: with a result of 71.4%, between this year and a year earlier, the Bank leapfrogged four positions. In 2013 Dom Maklerski PKO Banku Polskiego ranked first in the Forbes league table of brokerage firms; as assessed by institutional investors (up from position no. 5). The Bank also defended its top positions gained in 2012 and was once again number one among financial companies and number 2 in the general classification of the Ranking of Polish Brands. The banking sector leader's brand was valued at PLN 3.7 bn.

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# Selected 2013 Business Initiatives



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## PKO Bank Polski investment loans with *de minimis* guarantees

PKO Bank Polski and Bank Gospodarstwa Krajowego signed another cooperation agreement within the framework of a government programme for small and medium enterprises. It enables businesses to apply BGK loan guarantee support toward financing business expansion investment projects. Since March 2013 loan guarantee Programme *de minimis* has supported companies, which had not got sufficient collateral and could not receive a loan. By the 2013-end 17.7 thousand guarantees in the amount of about PLN 2.2 billion was granted via PKO Bank Polski, which was about 30% of all guarantees granted via banks participating in the Programme. Total amount of guaranteed loans, which were sold by PKO Bank Polski exceeded PLN 3.5 billion in 2013



## The Inteligo internet banking system experiences important changes

PKO Bank Polski completed the process of migrating Inteligo on to the Alnova IT platform, which the Bank operates on. Having a common IT has opened up possibilities of implementing functionalities Inteligo could not offer before.



## IKO a winner of the Effective Mobile Marketing Awards 2013

The IKO application was the winner in the Most Effective Mobile Payment Solution category at the international Effective Mobile Marketing Awards 2013 competition organised by the Mobile Marketing Magazine. The competition organisers praised IKO for its attractive graphics and utility. Over 100,000 users have now activated the app, completing over 250,000 phone-enabled transactions.



## Local government friendly PKO Bank Polski

The Bank won a tender for servicing current accounts of the Mazowieckie Region, including its subordinate budgetary units and cultural institutions, for a renewed four-year period. The Bank also services the budgets of the Wielkopolskie, Zachodniopomorskie, Lubelskie and Kujawsko-Pomorskie regions as well as of many municipalities. At the 11th Local Self Government Capital and Finance Forum, held under the auspices of the President of Poland, the Bank was awarded the King Casimir the Great statuette for its attractive offer based on understanding of market realities and its openness to the needs of self-government entities.



## Once more the Contact Center leads the Bank Call Centres Ranking

Dedication, credibility and professionalism of its consultants, as well as product knowledge and the capabilities of matching the offer and the customer needs enabled PKO Bank Polski Contact Center to come out the winner of the ARC Rynek i Opinia ranking for the fifth consecutive year. The Bank collected 99.4 out of the 100 points achievable. Interviewers assessed very highly the commitment and professionalism of the Bank's consultants in providing information on mortgage loans, credit cards, loans, bank accounts, etc.



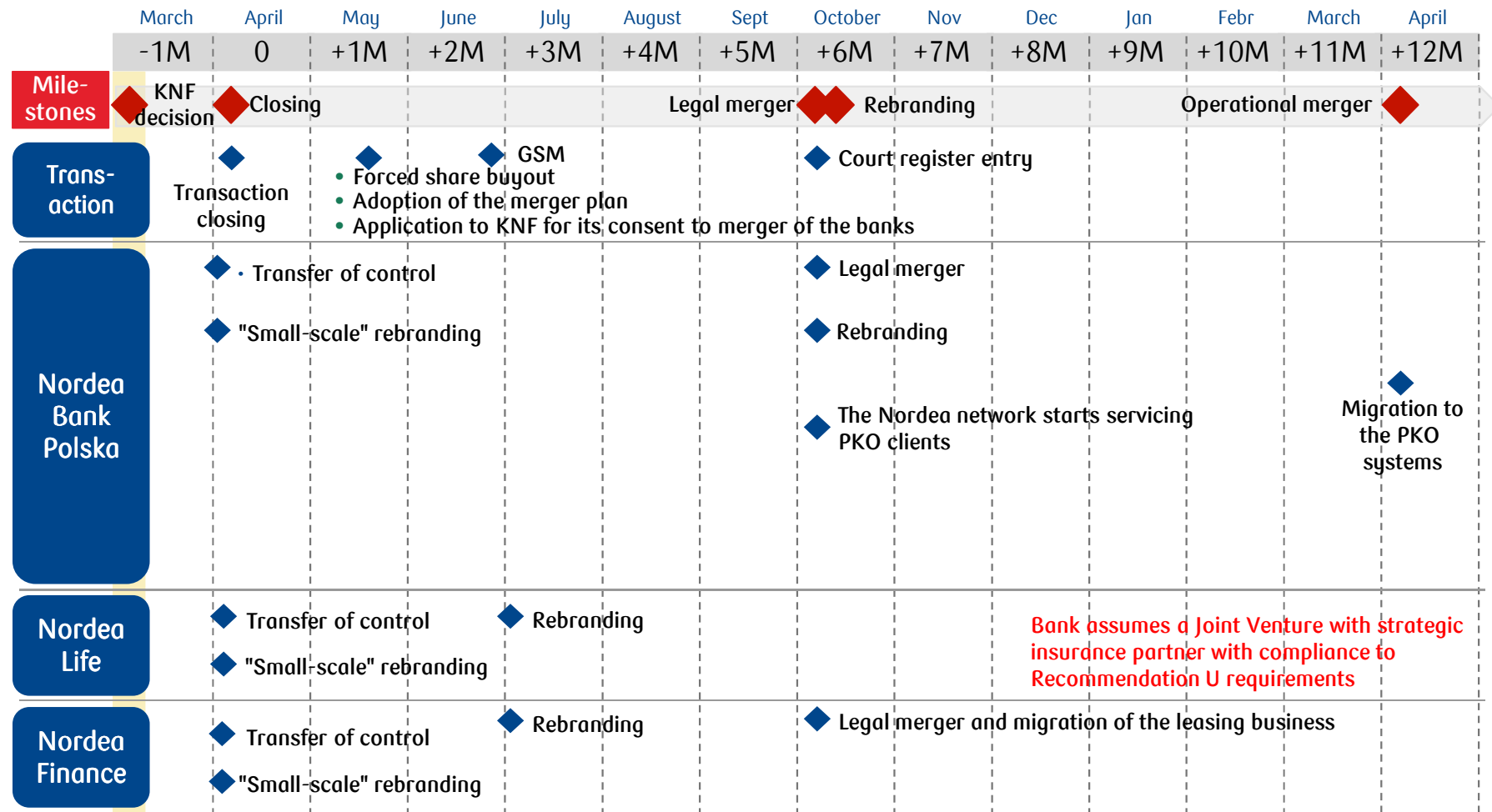
## Customer Ombudsman in PKO Bank Polski

Cultivating customer satisfaction and long term customer relationships form part of its priority objectives, which is why PKO Bank Polski appointed the Customer Ombudsman; as one of the few in the Polish banking sector. From 1 January 2014 has been available to the customers, with the primary role of considering applications of customers dissatisfied with the way the Bank had handled their claims and complaints.

# Plan for integration of the Nordea assets assumes finalizing the main stage of works in Q2 2015



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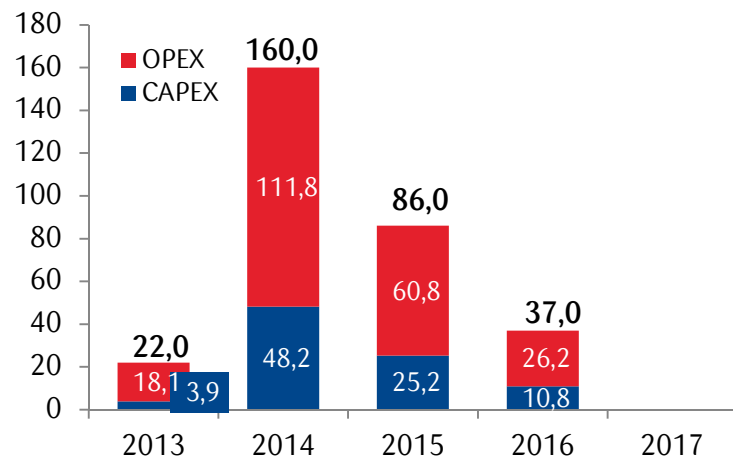


# Integration synergies and costs in the years 2013-2017

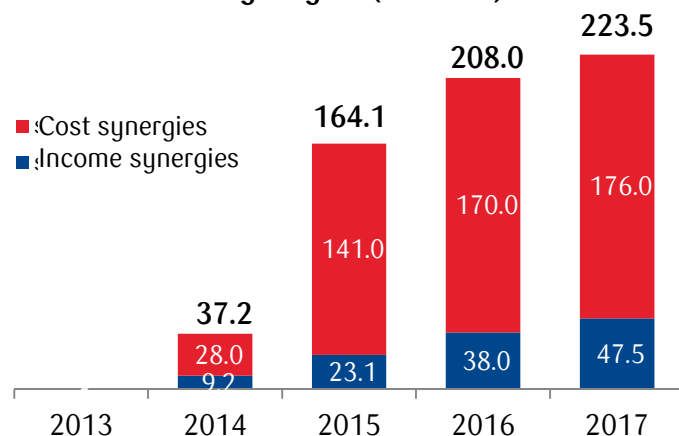


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Costs of integration (PLN mn)



Income and costs synergies (PLN mn)



- PKO Bank Polski has assumed the total integration expenditures over four years to close at PLN 305 mn;
- Opex will represent over 75% or PLN 237.8 mn of those expenditures;
- Capex will thus stand at close to 25% of the integration expenditures;
- The key integration budget items will include: IT system migration (over 55%), personnel costs (21%), marketing and communications (7%), real estate (5%) and other (12.5%);
- The assumed integration expenditures are equivalent to average in comparable transactions in both Poland and the international markets, even though the cost structure is somewhat different on account of the cost of unbundling of the IT area.
- After a detailed verification exercise, the Bank now expects the cost saving synergies to be higher than originally assumed;
- The Bank expects to realise the IT area related synergies rather rapidly: at termination of cooperation with the supplier of the IT services carved out of Nordea Bank Polska;
- Total acquisition synergies are estimated at PLN 223.5 mn (gross); as of 2017, i.e. counting from completion of the integration process;
- Key synergies will be delivered through: integration of the functions such as IT, support and cross-selling; acquisition of new clients and customers; and bancassurance in the retail banking business;
- The transaction will have a positive impact on the PKO BP Group's net financial result as early as in 2014;
- At completion of the integration process in 2017, estimated increase in EPS attributable to the transaction will reach nearly 9%, with ROI of around 13%.

# Financial Summary \*



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	2013	2012	Change y/y	Q4'13	Q3'13	Change q/q	
<b>P&amp;L items (PLN mn)</b>	Net interest income	6 722	8 089	-16.9%	1 715	1 627	+5.4%
	Net F&C income	3 006	2 917	+3.1%	815	757	+7.7%
	Result on business activity	10 707	11 622	-7.9%	3 176	2 525	+25.8%
	Administrative expenses	-4 623	-4 683	-1.3%	-1 281	-1 116	+14.9%
	Net impairment allowance	-2 038	-2 325	-12.4%	-683	-488	+40.1%
	Net profit	3 230	3 739	-13.6%	938	752	+24.7%
<b>Balance sheet (PLN bn)</b>	Assets	199.2	193.2	+3.1%	199.2	201.3	-1.0%
	Net loans	149.6	143.5	+4.3%	149.6	149.6	+0.0%
	Deposits	151.9	146.2	+3.9%	151.9	150.9	+0.7%
	Stable financial resources	166.7	160.6	+3.8%	166.7	165.7	+0.6%
	Total equity	25.2	24.4	+2.9%	25.2	24.2	+4.0%

\*) Due to a change in the accounting principles applicable to recognition of insurance products related revenues and expenses, relevant data in respect of the previous periods have been restated to ensure comparability.

# Key performance indicators\*



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	2013	2012	Change y/y	Q4'13	Q3'13	Change q/q	
<b>Basic financial indicators</b>	ROE net (%)	13.2	16.0	-2.8 pp.	13.2	12.9	+0.3 pp.
	ROA net (%)	1.6	2.0	-0.4 pp.	1.6	1.6	0.0 pp.
	C/I <sup>1)</sup> (%)	43.2	40.3	+2.9 pp.	43.2	44.7	-1.5 pp.
	NIM <sup>2)</sup> (%)	3.7	4.7	-1.0 pp.	3.7	3.9	-0.2 pp.
<b>Quality of loan portfolio</b>	NPL ratio <sup>3)</sup> (%)	8.2	8.9	-0.7 pp.	8.2	8.6	-0.4 pp.
	Coverage ratio <sup>4)</sup> (%)	51.7	50.5	+1.2 pp.	51.7	51.4	+0.3 pp.
	Cost of risk (bp.)	131	145	-14	131	129	2
<b>Capital position</b>	CAR (%)	13.6	12.9	+0.7 pp.	13.6	13.7	-0.1 pp.
	Core Tier 1 (%)	12.5	11.8	+0.7 pp.	12.5	12.6	-0.1 pp.

\*) Due to a change in the accounting principles applicable to recognition of insurance products related revenues and expenses, relevant data in respect of the previous periods have been restated to ensure comparability.

- (1) Administrative expenses of last 4 quarters / result on business activity for last 4 quarters
- (2) Net interest margin = net interest income of last 4 quarters / average interest bearing assets at the beginning and the end of the period of last 4 quarters (formula consistent with that applied in the PKO Bank Polski Group Directors' Report)
- (3) Share of loans with recognised impairment in total gross loans
- (4) Coverage of loans with recognised impairment with impairment allowances

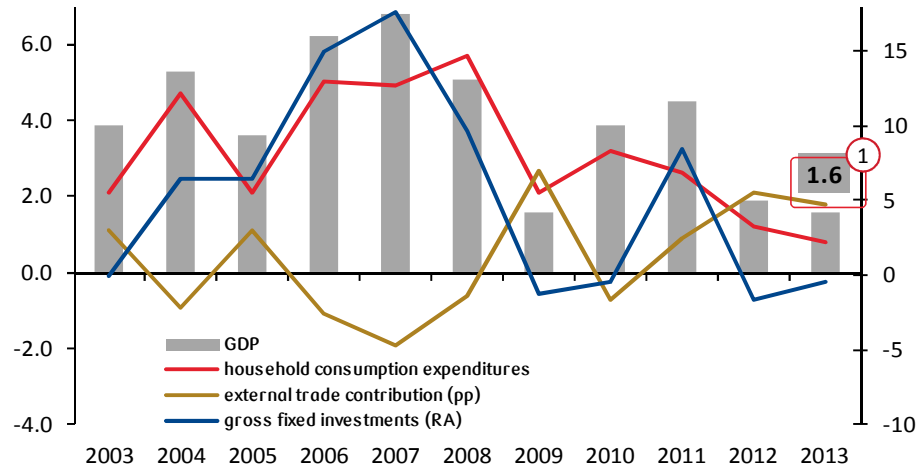
# Macroeconomic environment

## The economy has moved into the recovery phase

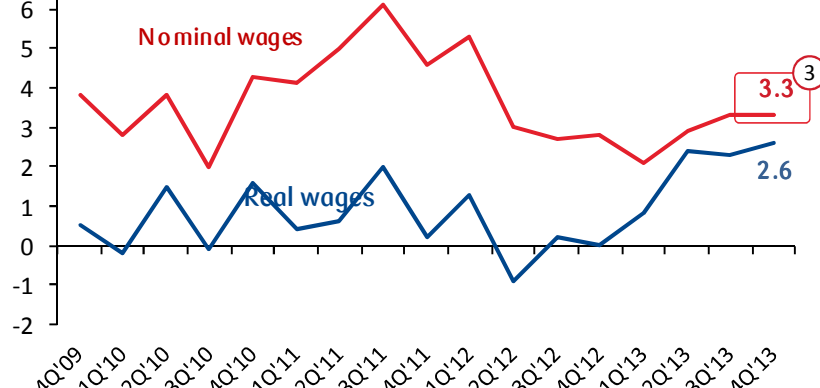


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GDP and decomposition of growth rate (% y/y)

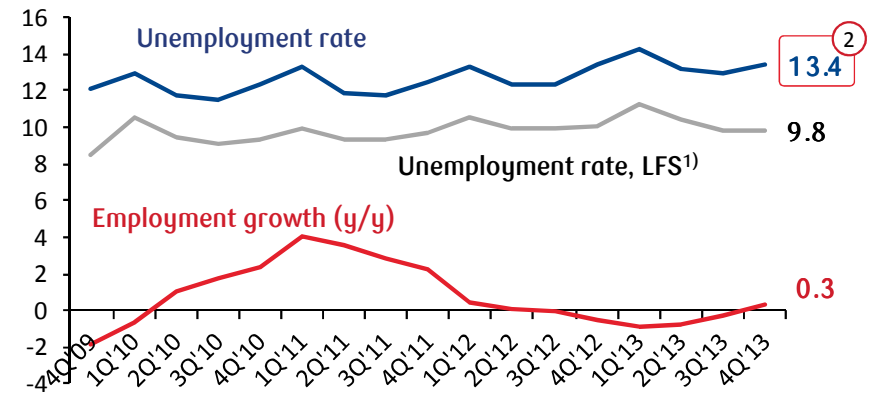


Wages growth in enterprises (% y/y)



(1) Percentage share of the number of unemployed population in the number of economically active population (i.e. employed and unemployed persons); consistent with EU methodology.

Labour market (%)



- 1 Having reached cyclical trough in Q1-Q2 2013, the economy accelerated to 2.7% y/y in Q4 2013; not just confirming the expected recovery, but delivering a surprising upside. Importantly, domestic final sales were the driver of that acceleration; expanding 1.9% y/y in Q4 vs. 1.0% in Q3. The recovery has a solid domestic momentum: we expect GDP growth of ~3% in 2014. The main risk is the potential escalation of the Russia-Ukraine crisis.
- 2 in Q4 unemployment rose less than suggested by seasonal pattern; resulting in a deceleration/reversal of the trend (0.0pp. y/y vs. +0.6pp y/y in Q3). This is consistent with acceleration of GDP growth around potential growth (2.5%-3%).
- 3 Stable nominal wage growth, combined with low inflation boosts real wages, which are growing at the strongest pace since 2009, in turn, boosting private consumption

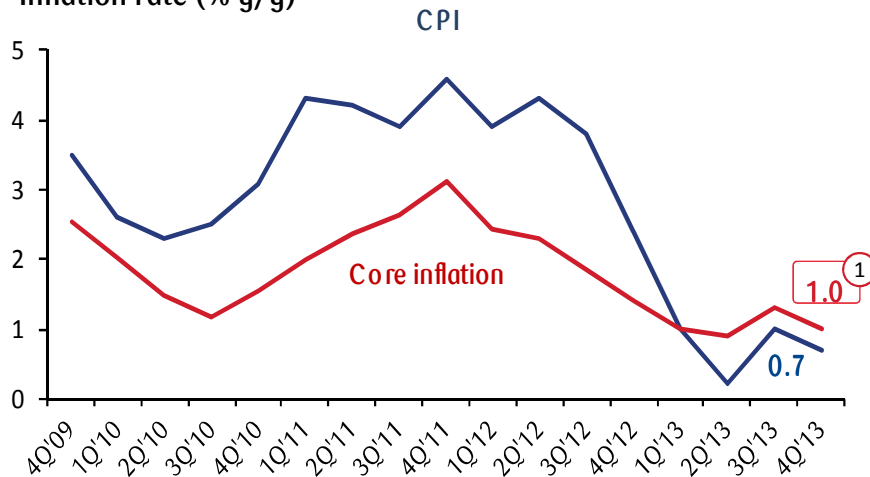
# Macroeconomic environment

## Inflation trend reversal, stronger PLN, neutral monetary policy

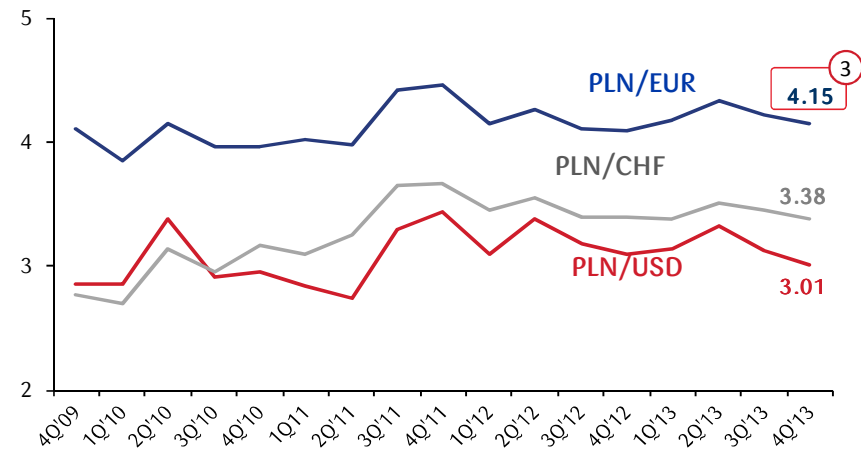


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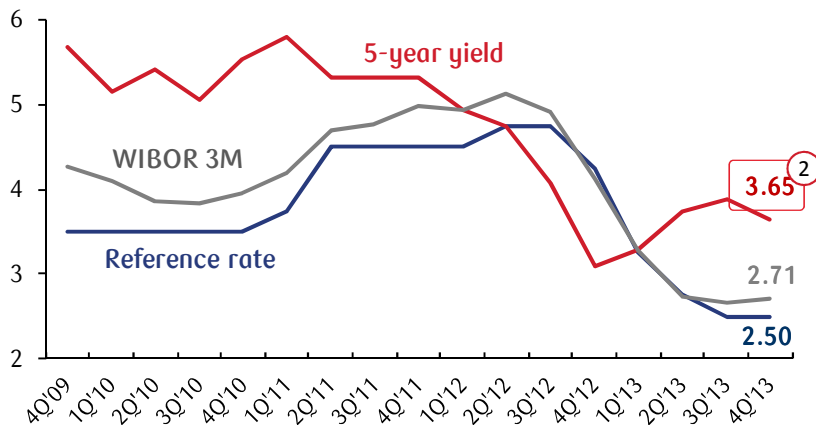
Inflation rate (% y/y)



PLN exchange rates



Interest rates (% eop)



- 1 CPI inflation fell to 0.7% y/y in December 2013. The main drivers of the decline were falling communication service and fuel prices. We forecast inflation to start drifting upwards from Q1 2014 onwards and to reach the lower bound of the NBP's inflation target (1.5% +/- 1%pt) by June 2014.
- 2 In November 2013 the MPC hinted at the intention of leaving interest rates unchanged (2.50% of the reference rate) at least until mid-2014. We expect the start of the policy normalization at the turn of Q4 2014 and Q1 2015. The MPC may – but does not have to – change its “guidance” (they can also drop the reference to “mid-2014” and shift to “data-driven” mode).
- 3 Economic recovery helped the zloty to appreciate against the major currencies in Q4 2013. Tapering in the U.S. and deterioration of the situation in Turkey, Ukraine, India and other emerging markets are likely to stop further appreciation in Q1 2014.

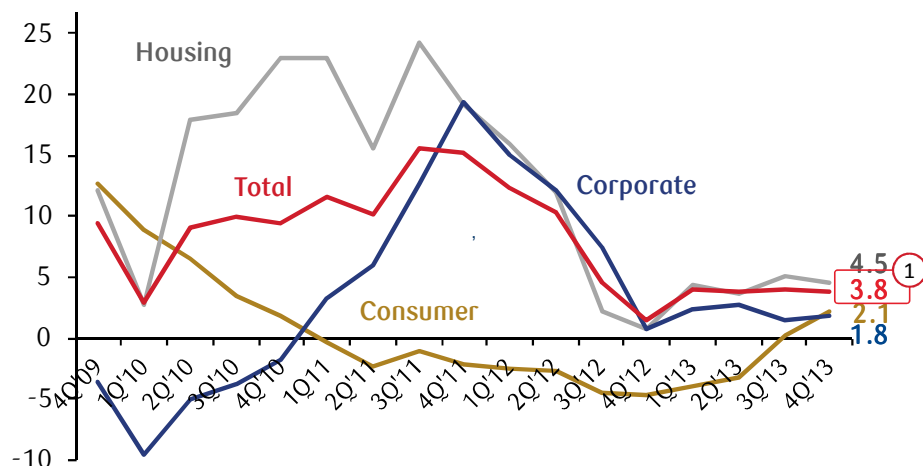
# Banking sector performance

## Robust deposits growth, moderate loans dynamics

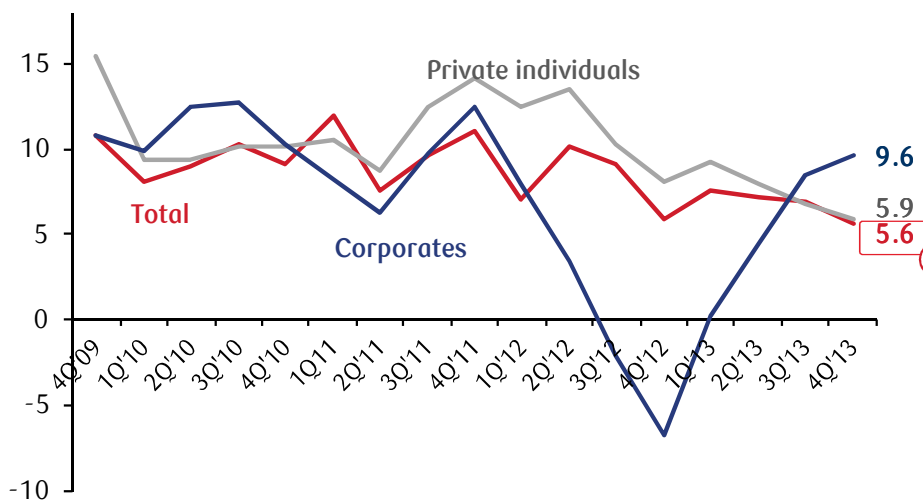


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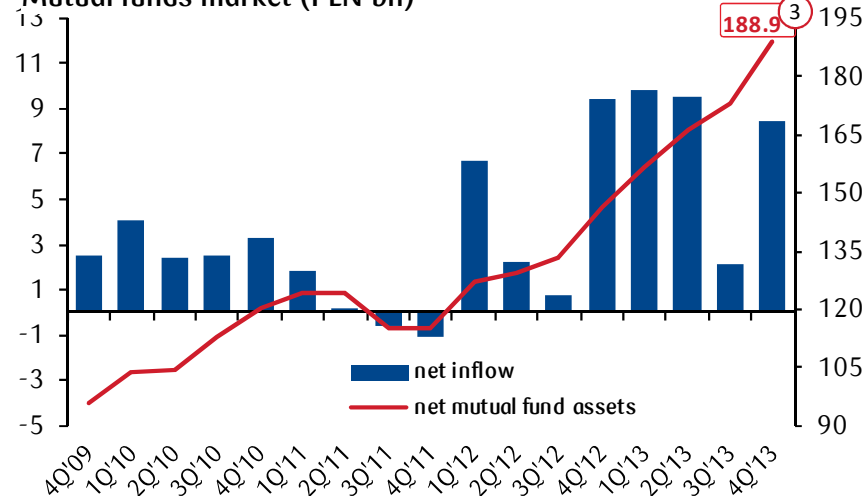
Loan growth rates (% y/y)



Deposit growth rates (% y/y)



Mutual funds market (PLN bn)



- 1 Economic recovery helped the zloty to appreciate against the major currencies in Q4 2013. Tapering in the U.S. and deterioration of the situation in Turkey, Ukraine, India and other emerging markets are likely to stop further appreciation in Q1 2014.
- 2 The deceleration in total deposits growth (5.6% y/y) largely due to slower household deposits dynamics, while corporate deposits growth accelerated. The Loan-to-Deposit (LTD) ratio stabilized at 106%.
- 3 Inflows into mutual funds continued in 4Q 2013, driven by a rise in real disposable income, low interest rates on bank deposits and rising stock prices.

# 2014 macroeconomic and banking sector outlook



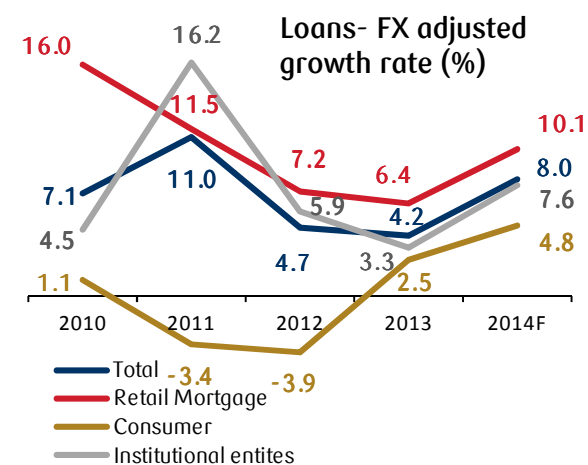
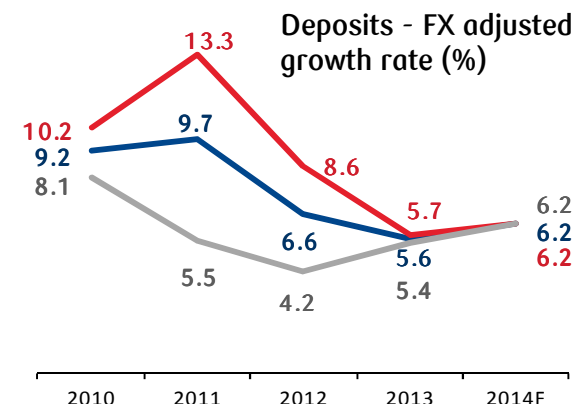
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		2012	2013	2014F
GDP	% y/y	1.9	1.6	2.8
Consumption	% y/y	1.2	0.8	1.9
Investments	% y/y	-1.7	-0.4	5.5
Public sector deficit <sup>1)</sup>	% GDP	-3.9	-4.2	4.6
Public debt <sup>2)</sup>	% GDP	52.7	54.5	47.6
CPI	%	3.7	0.9	1.8
Unemployment rate	% eop	13.4	13.4	13.2
WIBOR 3M	% eop	4.11	2.71	3.15
Reference rate	% eop	4.25	2.50	3.00
PLN/EUR exchange rate	PLN eop	4.09	4.15	4.15
PLN/USD exchange rate	PLN eop	3.10	3.01	3.14

1) According to the ESA95 methodology, with one-off capital transfer due to pension funds asset transfer; without the transfer, the public sector deficit in 2014 remains close to 2013; at -4.2% GDP.

2) According to domestic methodology.

Source: Bank's forecasts



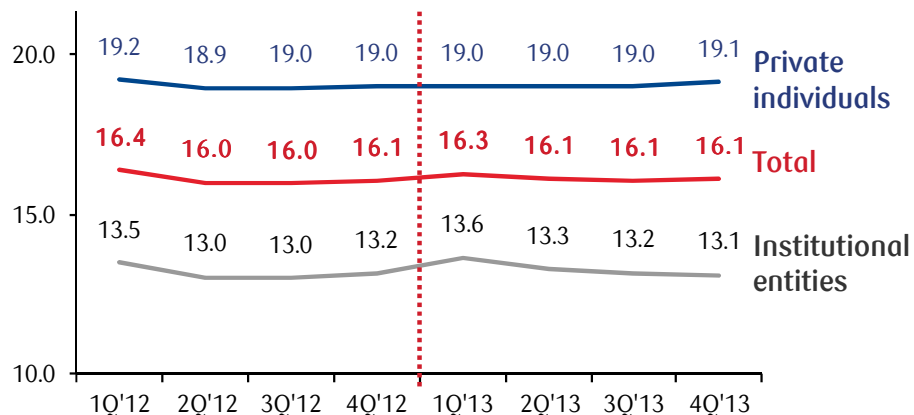
# Market share



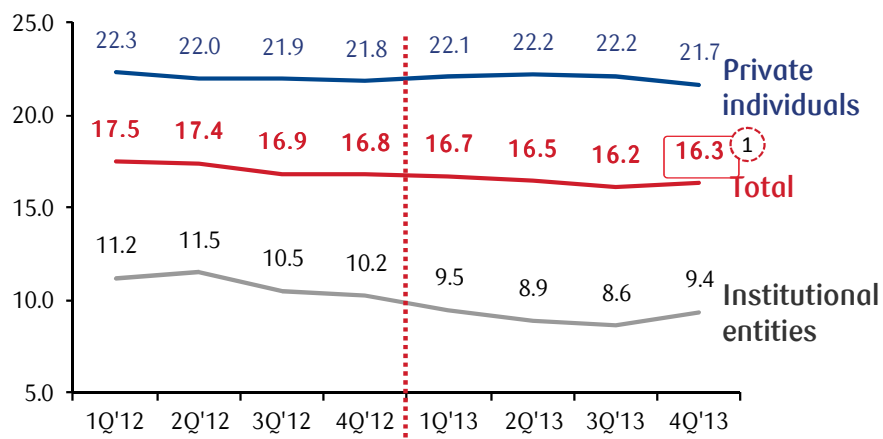
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Standalone data

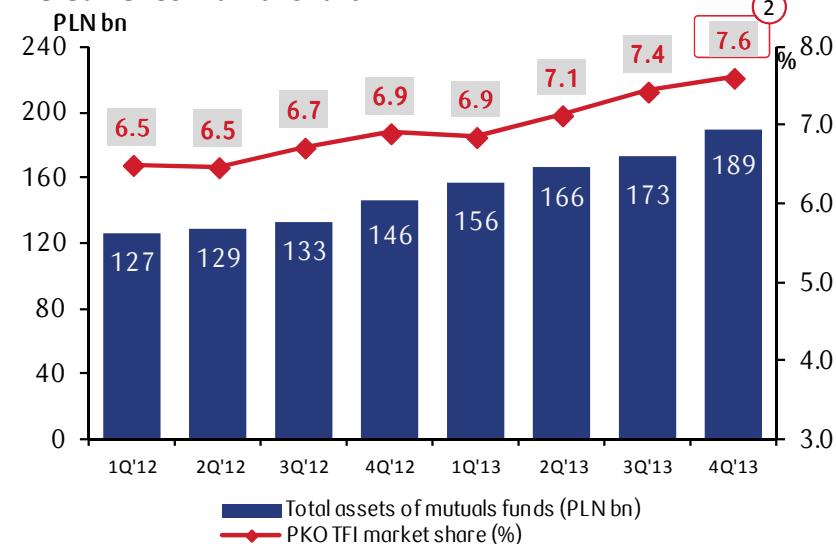
### Loans market share (%)



### Deposits market share (%)



### Mutual funds market share



- ① Decrease in market share by 0.5 pp y/y; mainly as an effect of net interest income optimization as well as mutual fund units sale.
- ② Growth of PKO TFI's market share in total assets of mutual funds by 0.7 pp. y/y; thanks to higher than market growth rate (+43% y/y vs. +30% y/y for the market).



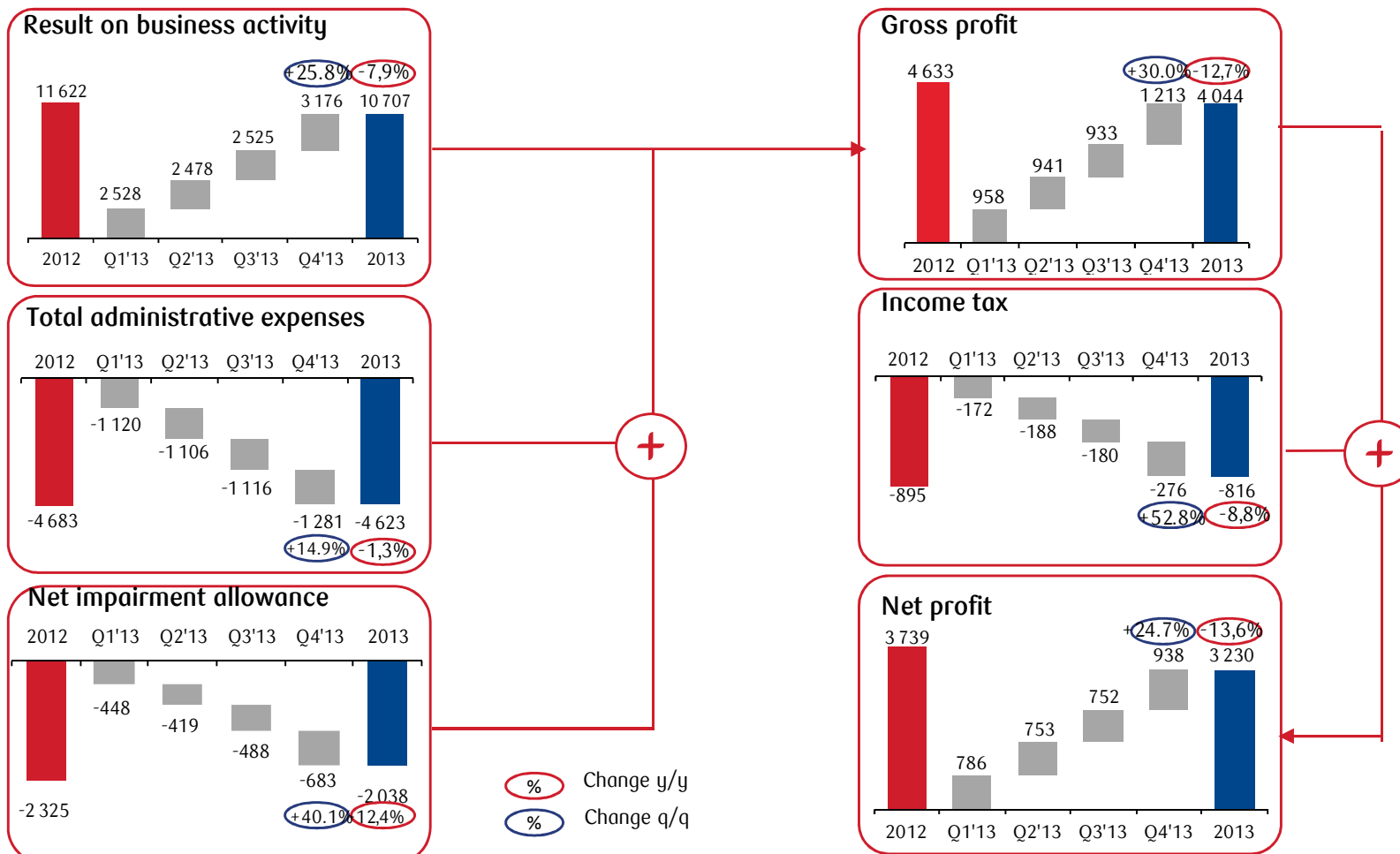
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# Financial results

# Profit and loss account\*



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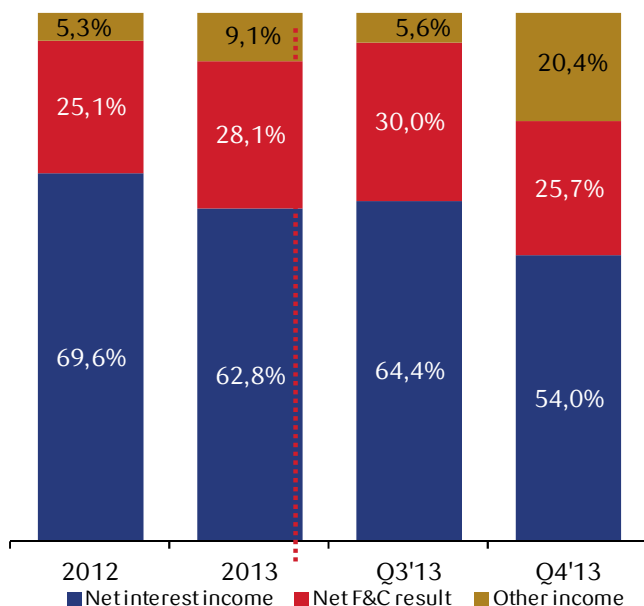
\*) Due to a change in the accounting principles applicable to recognition of insurance products related revenues and expenses, relevant data in respect of the previous periods have been restated to ensure comparability.

# Result on business activity



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Split of result on business activity



	PLN mn	2012	2013	Change y/y	Q3'13	Q4'13	Change q/q
Net interest income	1	8 089	6 722	-16,9%	2 1 627	1 715	+5,4%
Net F&C result		2 917	3 006	+3,1%	757	815	+7,7%
Other income		616	979	+59,0%	141	647	+357,6%
Result on financial operations and dividends		182	128	-29,9%	35	23	-35,2%
Net FX result		256	242	-5,6%	67	99	+47,5%
Net other income	3	178	610	+243,2%	39	525	+1247,4%
<b>Result on business activity</b>		<b>11 622</b>	<b>10 707</b>	<b>-7,9%</b>	<b>2 525</b>	<b>3 176</b>	<b>+25,8%</b>

1 In 2013 a change in the accounting principles applicable to recognition of insurance products related revenues and expenses was enacted. As a result:

- the previously presented net interest income of 2012 increased by PLN 207 mn
- the previously presented net F&C income of 2012 decreased by PLN 155 mn

Without the accounting principle adjustment, net interest income would have declined by (-)17.5% y/y while net F&C income would have risen by (+)4.9% y/y

2 For the quarterly data restated for comparability, the following adjustments were made:

- net interest income of Q3'13 increased by PLN 49 mn, and of Q4'13 by PLN 60 mn
- net F&C income of Q3'13 decreased by PLN 52 mn, and of Q4'13 by PLN 60 mn

Without the accounting principle adjustment, net interest income would have risen by (+)5.0% q/q while net F&C income would have risen by (+)7.8% q/q.

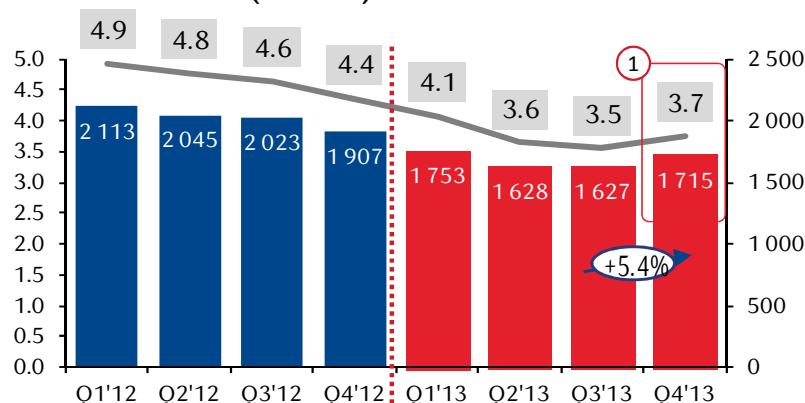
3 This net income item increased as it includes income of PLN 315 mn from the sale in Q4'13 of a 66% interest in the eService subsidiary and income of PLN 162 mn on fair value adjustment of the remaining eService share interest.

# Net interest income (1)

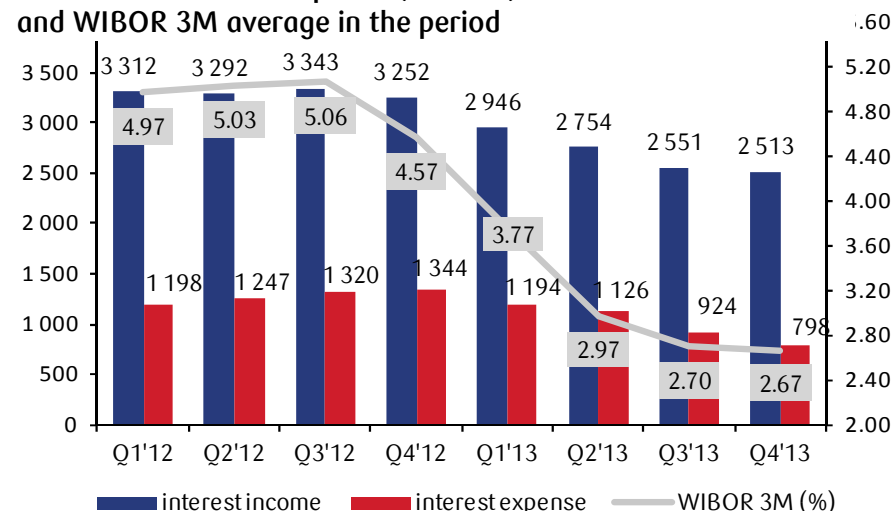


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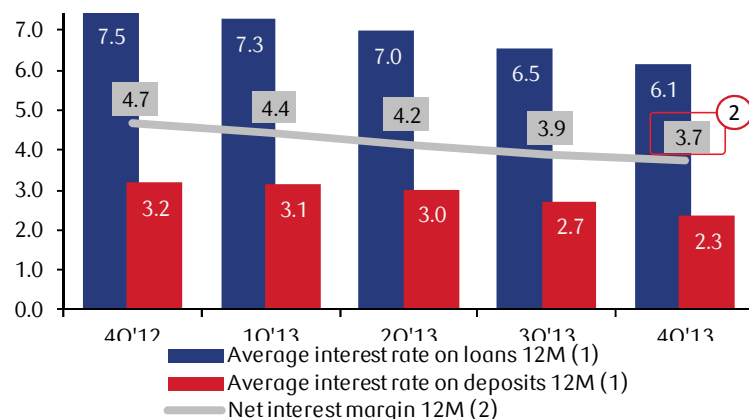
Net interest income (PLN mn)



Interest income and expense (PLN mn) and WIBOR 3M average in the period



Net Interest margin and average interest rates on loans and deposits (%)



1 Stabilisation of NII and NIM in Q4'13 under conditions of maintenance of low market interest rates; mainly due to lower average interest rates on deposits; adjustment of the price offer for deposit products; and change of the structure in favour of current deposits.

2 Drop in interest margin by 1.0 pp. y/y to 3.7% as a result of a decrease in annualised net interest income (due to a drop in market interest rates causing directly a decrease in interest-bearing assets mostly based on market rates faster paced than the decline in interest rates of the deposit offer); accompanied by an increase in the volume of average interest-bearing assets (mainly the portfolio of loans and advances to customers). Change of accounting rules increased NIM by ca. 0.1 pp.

(1) Interest income (expense) for last 4 quarters / average net loans (deposits) at the beginning and the end of the period of last 4 quarters

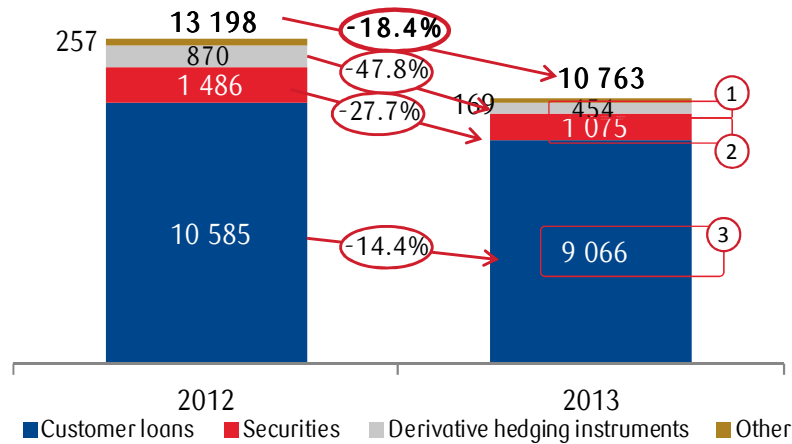
(2) Net Interest income for last 4 quarters / average interest bearing assets at the beginning and the end of the period of last 4 quarters (formula consistent with that applied in the PKO Bank Polski Group Directors' Report)

# Net interest income (2)

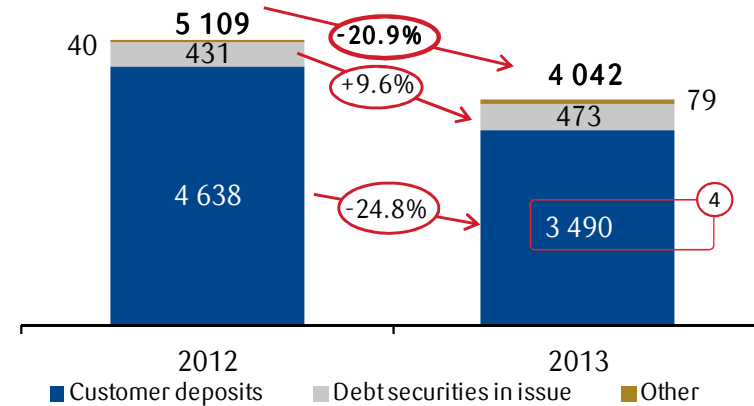


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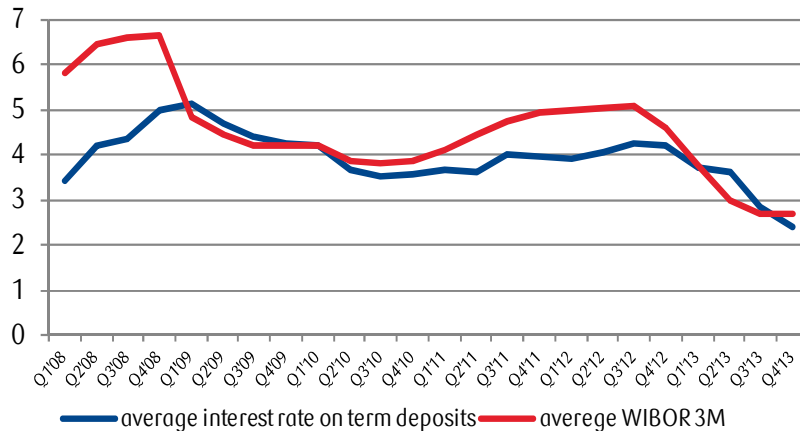
Structure of interest income (PLN mn)



Structure of interest expense (PLN mn)



Interest rates on term deposits vs. WIBOR 3M (%)



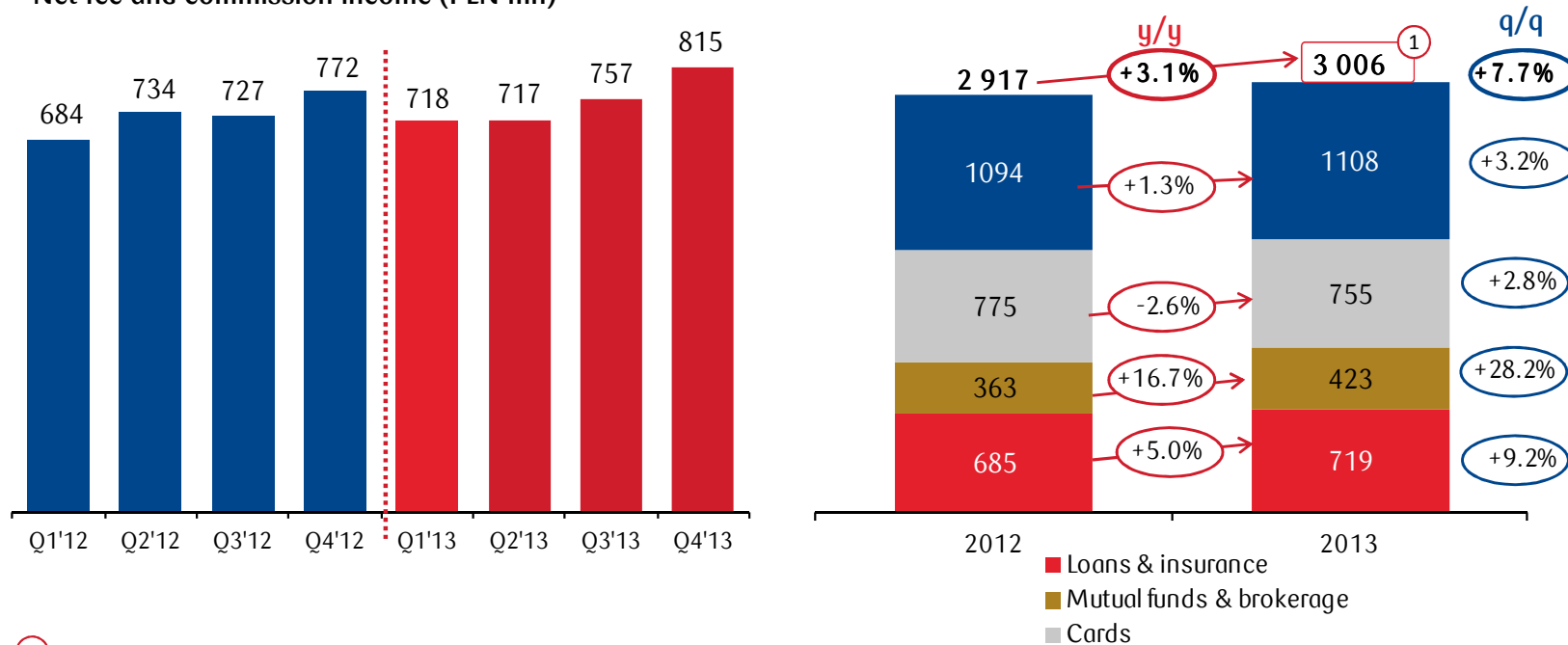
- ① Income declined as PLN to FX rate spreads narrowed; resulting from decline in the WIBOR market rates and fall in the average volume of CIRS transactions.
- ② Income declined mainly as a result of falling average interest and structural adjustment of the portfolio.
- ③ Income declined as a result of lower loan interest; tracking the falling market interest rates, and partly compensated by volume growth of new loans and advances portfolio by PLN 6.1 bn y/y.
- ④ Interest expense was reduced as a result of lower average deposit interest; a result of falling market interest rates and adjustments made in the deposit products price offer. Another positive factor impacting interest expense on customer deposits was the change in the overall structure of deposits: increase in current deposits

# Stable growth of F&C income despite of interchange fee drop and lower market growth



Bank Polski

Net fee and commission income (PLN mn)



<sup>1</sup> Net fee & commission income was primarily determined by:

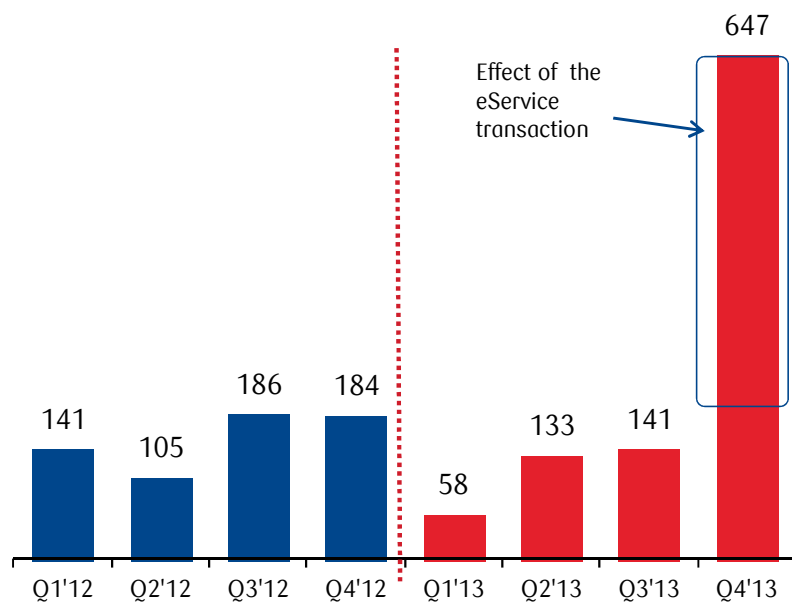
- increase in income from servicing of investment and pension funds (including management fees) resulting from: improved profitability of the funds' sales structures; over 40% increase in the value of assets under management; and the takeover in Q2'13 of the assets of OFE Polsat;
- increase in net income from loan insurance; an effect of increase in saturation of loans with insurance policies, additionally supported by an increase in new loan sales;
- increase in income from servicing of bank accounts;
- decline in net income from banking cards primarily the effect of decline in interchange fee (IF) commissions, as the Visa and MasterCard payment organisations reduced the IF rates at the beginning of the year; the lower IF commissions were accompanied by an increase in card transactions;
- decline in commission income from treasury bond issue agent services;
- decline in income from cash transactions; as driven by the development of electronic banking.

# Net other income

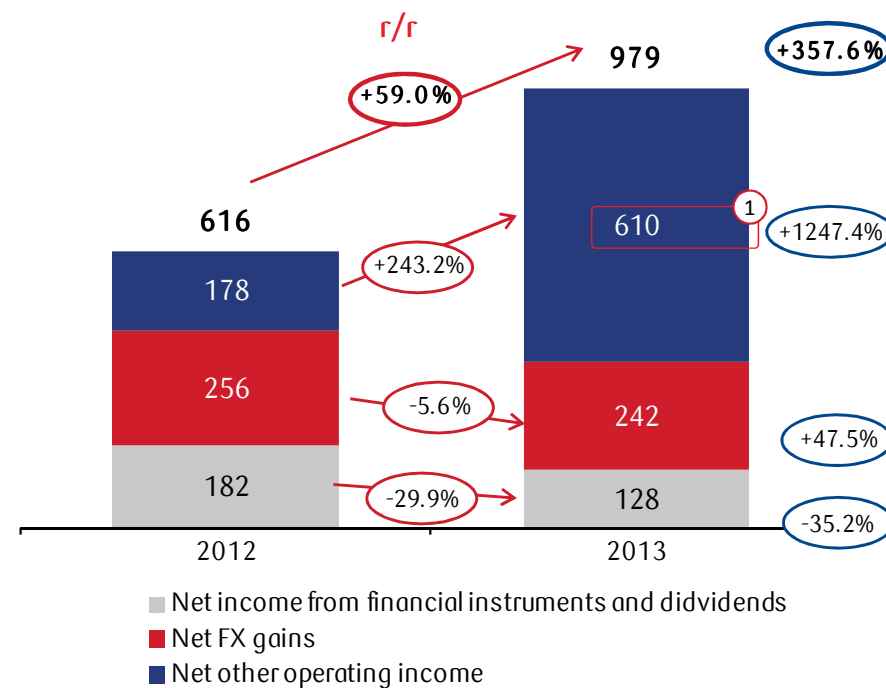


Bank Polski

Net other income (PLN mn)



q/q



1

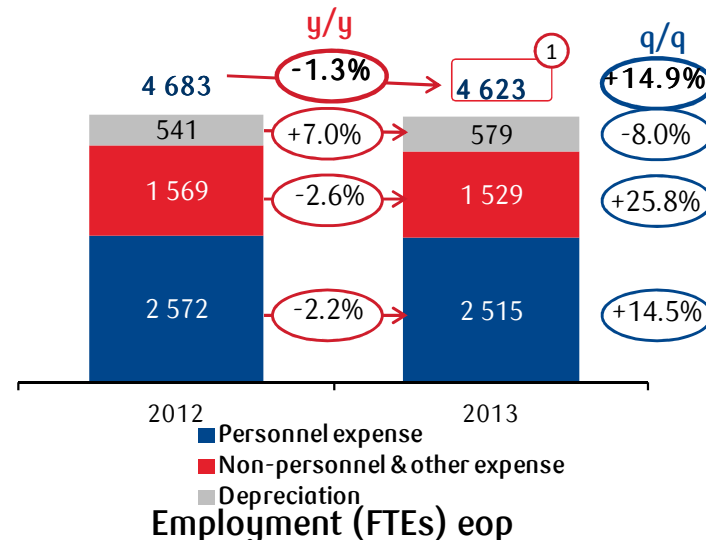
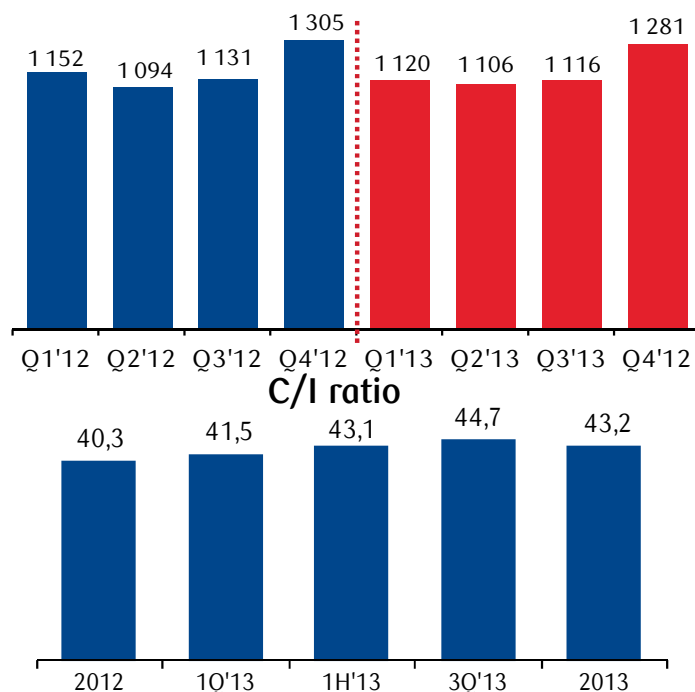
Growth in net other operating income on annual and quarterly basis resulted from inclusion in this item of income on the sale in Q4'13 of a 66% stake in the eService subsidiary amounting PLN 315 mn and on fair value readjustment of the remaining share interest in the eService amounting PLN 162 mn.

# Administrative expenses



Bank Polski

Administrative expenses (PLN mn)



Employment (FTEs) eop

	2012	2013	Change y/y	
			FTEs	%
Bank	25 399	24 437	-962	-3.8%
Group	28 556	27 387	-1 169	-4.1%

<sup>1</sup> Value of general and administrative expenses was primarily determined by:

- decline in employee benefit costs by PLN 57 mn y/y;
- decline in material and other costs by PLN 41 mn y/y, resulting, among others, from decline in costs of property maintenance and rental, in promotional expenses and KNF costs, and at increase in the Bank Guarantee Fund costs; primarily as a result of introduction of the prudential fee;
- increase in depreciation by PLN 38 mn y/y; primarily as a result of increase in amortisation of intangible fixed assets.

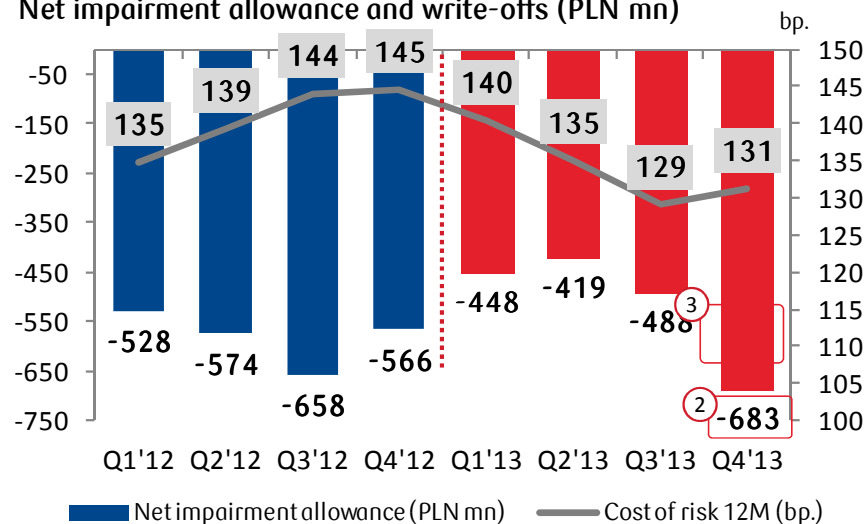
The year 2013 saw introduction of a change in accounting rules relating to presentation of actuarial gains and losses, which led to upward adjustment by PLN 64 mn of the previously presented employee benefit costs for the year 2012 (effect of implementation of a change in MSR 19).

# Net impairment allowance



Bank Polski

Net impairment allowance and write-offs (PLN mn)

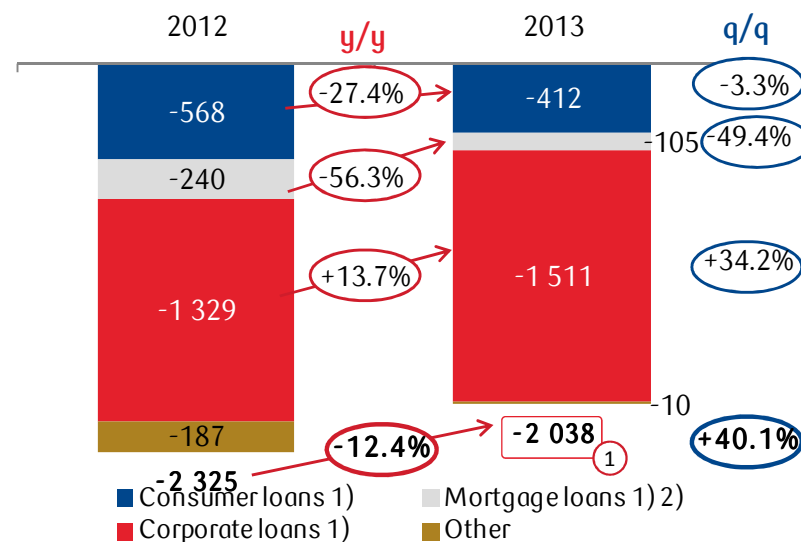


Share of loans with recognized impairment<sup>3)</sup>

	2012	2013	Change y/y
Consumer loans	8.9%	9.7%	+0.8 pp.
Mortgage loans	3.7%	3.6%	-0.1 pp.
PLN	3.6%	3.1%	-0.5 pp.
FX	4.0%	4.6%	+0.6 pp.
Corporate loans	14.1%	12.6%	-1.5 pp.
<b>Total</b>	<b>8.9%</b>	<b>8.2%</b>	<b>-0.7 pp.</b>

(1) management accounts data (2) Housing loans to individuals

(3) Calculated by dividing the gross carrying amount of impaired loans and advances to customers by the gross carrying amount of loans and advances to customers



1) Improvement in net income for the year primarily coming from reduced write-offs on consumer and housing loan portfolios and resulting from improved quality of the new loan originations comparative to the loans of the earlier generations.

2) Increase in net impairment allowances in Q4'13 resulting from increased write-offs on corporate loans.

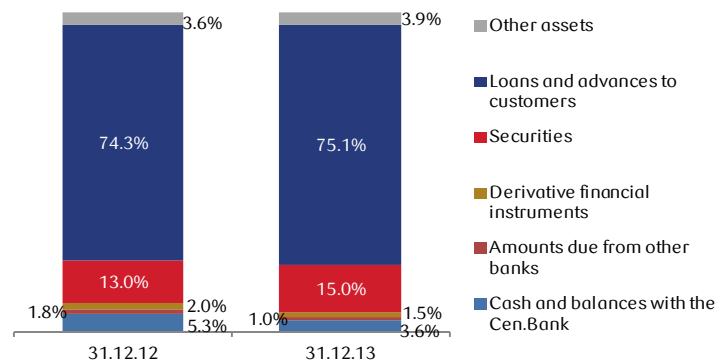
3) Increase in write-offs in Q4'13 by circa PLN 100 mn in the subsidiaries operating in Ukraine; caused by the economic conditions prevailing in that country and differed tax write-off.

# Consolidated balance sheet

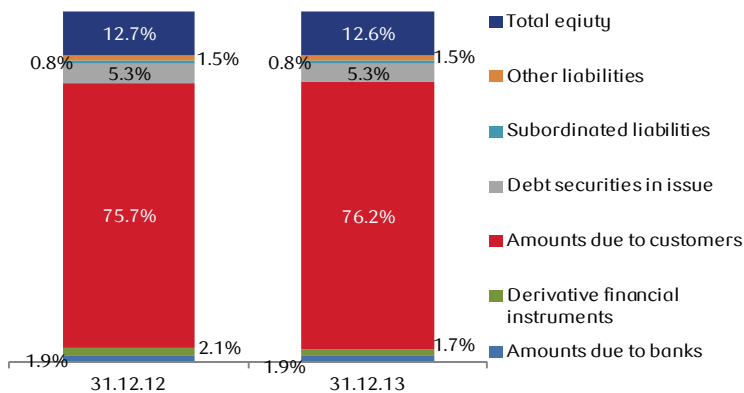


Bank Polski

## Total assets



## Total equity and liabilities



	PLN bn	31.12.12	31.12.13	Change y/y
Cash and balances with the Cen.Bank		10.3	7.2	-29.6%
Amounts due from other banks		3.4	1.9	-44.2%
Derivative financial instruments		3.9	3.0	-22.3%
Securities		25.2	29.8	+18.4%
Loans and advances to customers	1	143.5	149.6	+4.3%
Other assets		7.0	7.7	+10.1%
<b>Total assets</b>		<b>193.2</b>	<b>199.2</b>	<b>+3.1%</b>

	PLN bn	31.12.12	31.12.13	Change y/y
Amounts due to banks		3.7	3.8	+0.4%
Derivative financial instruments		4.0	3.3	-16.0%
Amounts due to customers		146.2	151.9	+3.9%
Debt securities in issue		10.3	10.5	+2.7%
Subordinated liabilities		1.6	1.6	-0.6%
Other liabilities	1	2.9	2.9	+0.3%
Total equity		24.4	25.2	+2.9%
<b>Total equity and liabilities</b>		<b>193.2</b>	<b>199.2</b>	<b>+3.1%</b>

1 The year 2013 saw introduction of a change in accounting rules relating to recognition of income and expense in the sale of insurance products, which led to the following adjustments in the balance of loans and advances to customers by PLN 393 mn; and increase in value of deferred income tax asset by PLN 64 mn;

- in assets: reduction in the balance of loans and advances to customers by PLN 393 mn; and increase in value of deferred income tax asset by PLN 64 mn;
- in liabilities: reduction in other liabilities by PLN 58 mn; and
- in own capital: reduction in retained net profit of previous periods by PLN 313 mn and increase in net current year profit by PLN 42 mn.

# Loans and deposits



Bank Polski

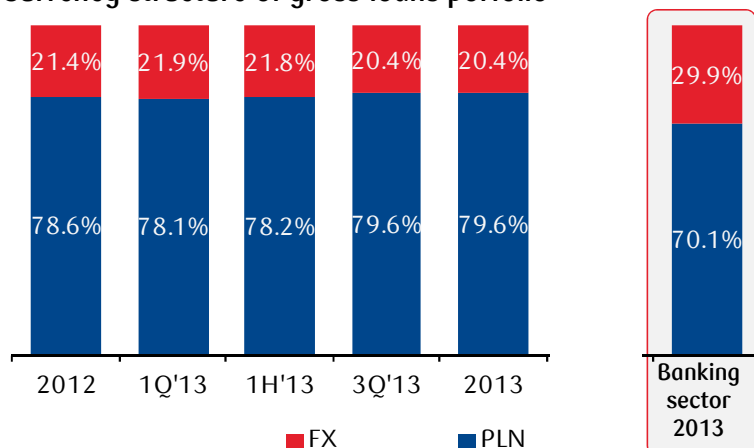
## Gross loans (PLN bn)

2012	1Q'13	1H'13	3Q'13	2013
150.3	154.3	155.9	156.5	156.3

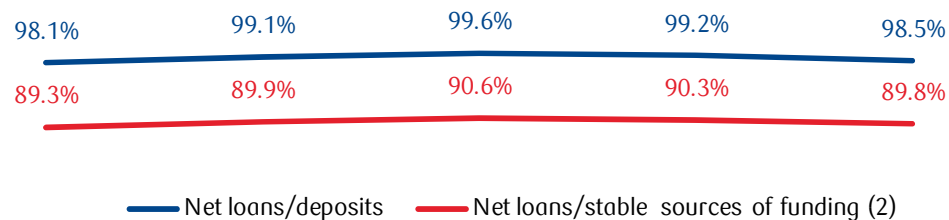
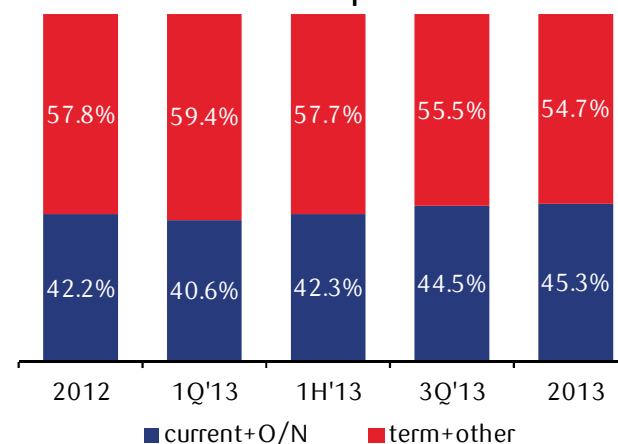
## Deposits(1) (PLN bn)

2012	1Q'13	1H'13	3Q'13	2013
146.2	148.4	149.2	150.9	151.9

## Currency structure of gross loans portfolio



## Term structure of total deposits<sup>1)</sup>



(1) Amounts due to customers

(2) Amounts due to customers and long-term external funding in the form of: securities issues (including funds raised through issuance under an EMTN programme executed by PKO Finance AB); subordinated debt; and amounts due to financial institutions

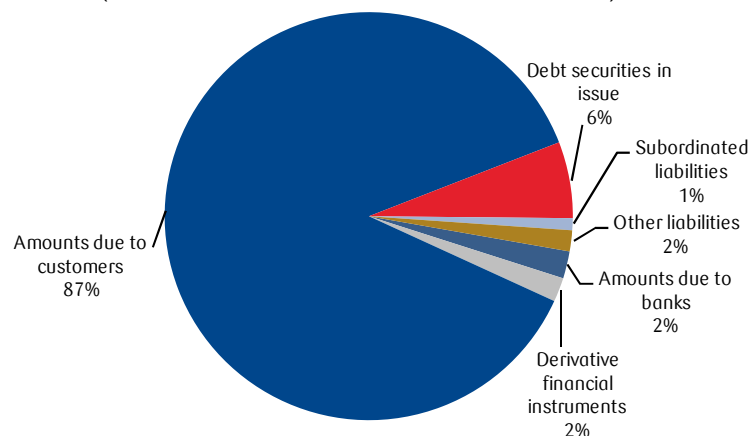
# Funding sources



Bank Polski

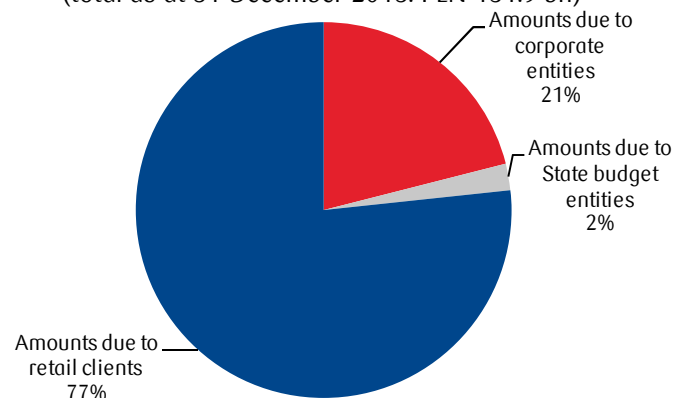
## Liabilities structure

(total as at 31 December 2013: PLN 174.1 bn)



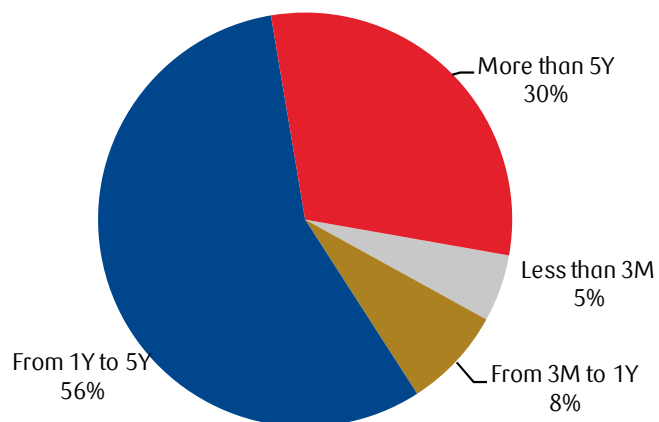
## Deposit structure

(total as at 31 December 2013: PLN 151.9 bn)



## Debt securities structure

(total as at 31 December 2013: PLN 10.5 bn)

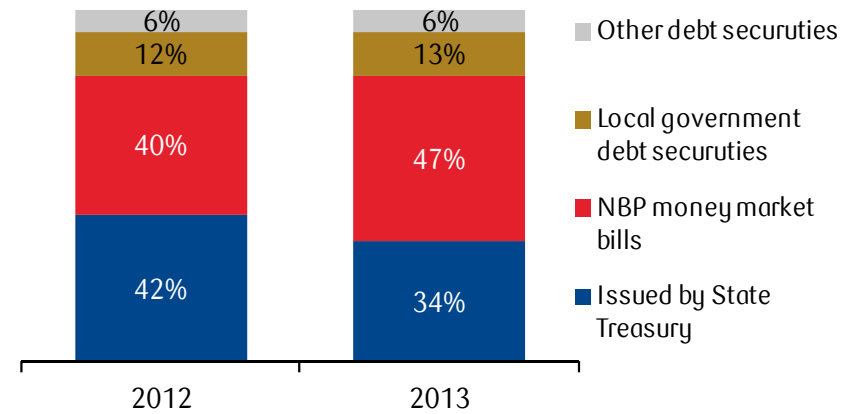
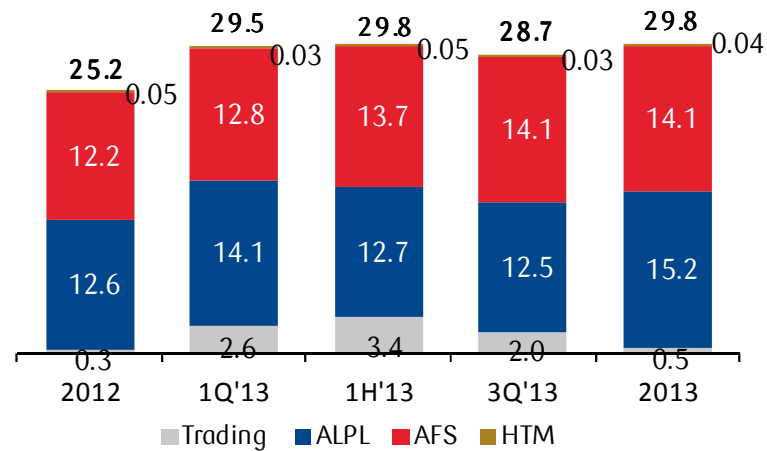


- Retail and corporate deposits are the primary funding source.
- Financing agreements as at the end of 2013 included:
  - CHF 410 mn 3-year credit facility opened in July 2012
  - EUR 800 mn 5Y Eurobonds raised in October 2010
  - CHF 250 mn 5Y bonds issued in July 2011
  - CHF 500 mn 3.25 Y bonds issued in September 2012
  - USD 1,000 mn 10Y notes issued in September 2012 on the US market under Rule 144A
  - a PLN 700 mn domestic issue (short term)
- Also, in January 2014 the Bank completed a EUR 500 mn 5Y bond issue

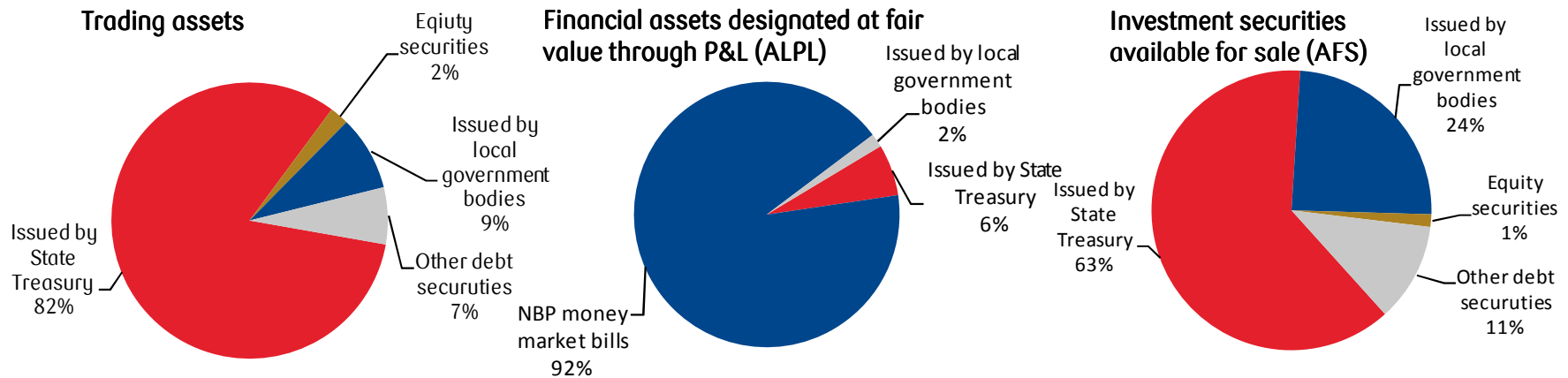
# Securities – split of portfolio



Bank Polski



## Structure as at the 2013 end





Bank Polski

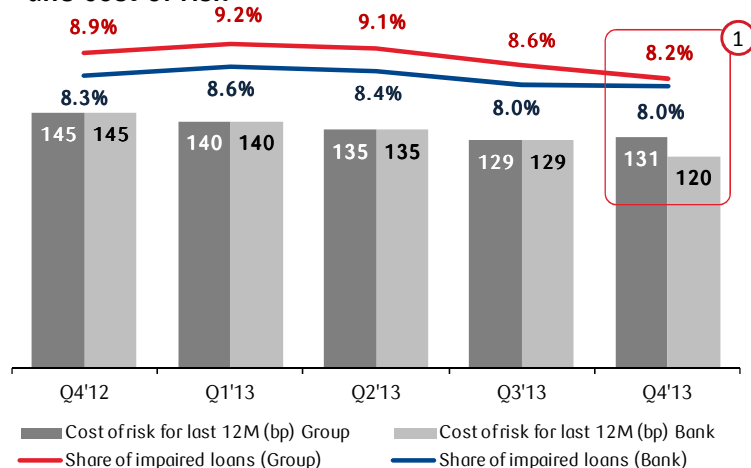
# Risk management

# Quality of loan portfolio

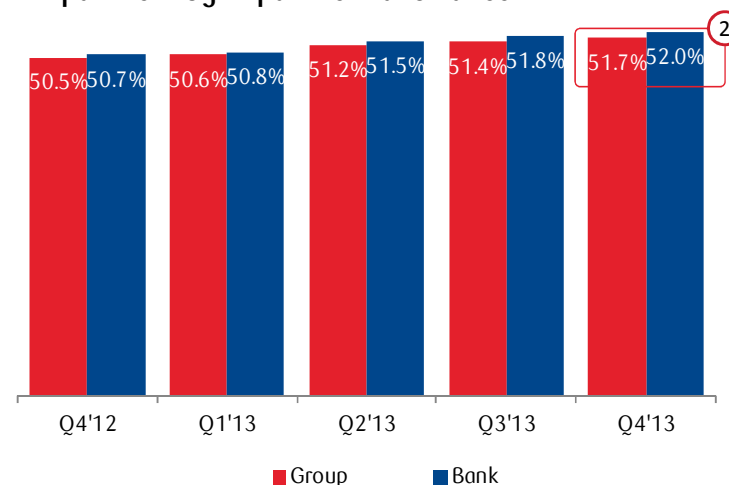


Bank Polski

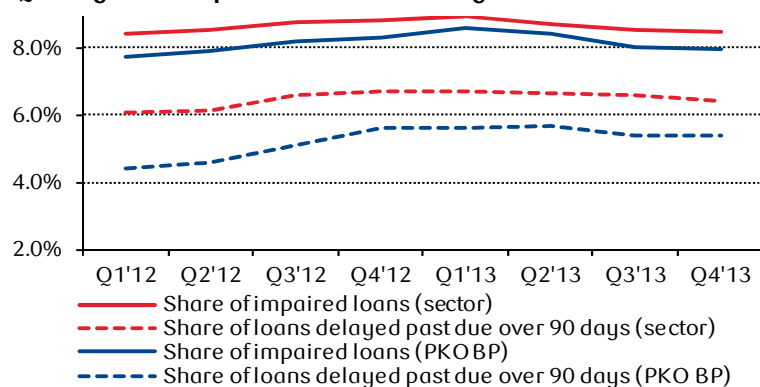
Share of loans with recognized impairment and cost of risk



Coverage of loans with recognized impairment by impairment allowance



Quality of loan portfolio vs. banking sector



Source: for the banking sector own calculations based on KNF data

1 Share of loans with recognised impairment was retained at the previous quarter level; while cost of risk declined from the beginning of the year on standalone basis, among others, through: reclassification to the performing loans portfolio of loan exposures with negligible impairment allowances; the sale of bad debts; and transfer of some debts from balance to off-balance sheet ledgers, in a tax position neutral manner; treatment as transfers between the Bank's accounting records.

2 Continuation of the gradual increase in the value of the coverage ratio for loans to customers with recognised impairment.

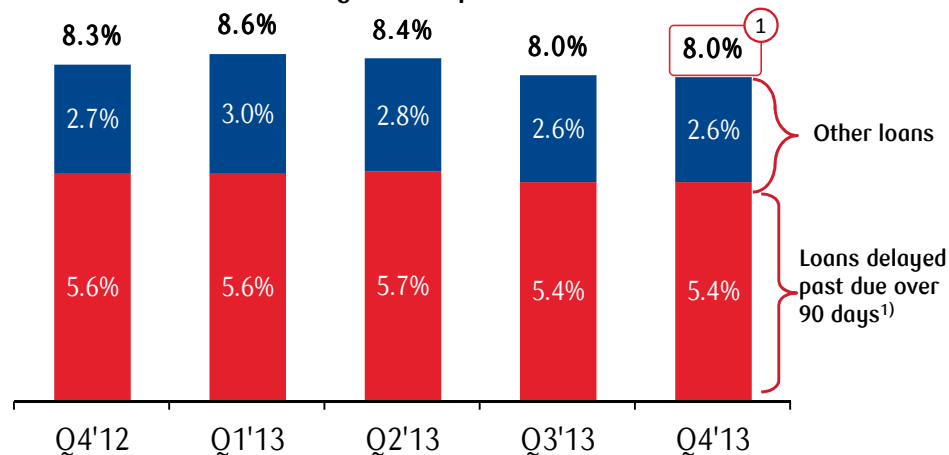
# Quality of loan portfolio



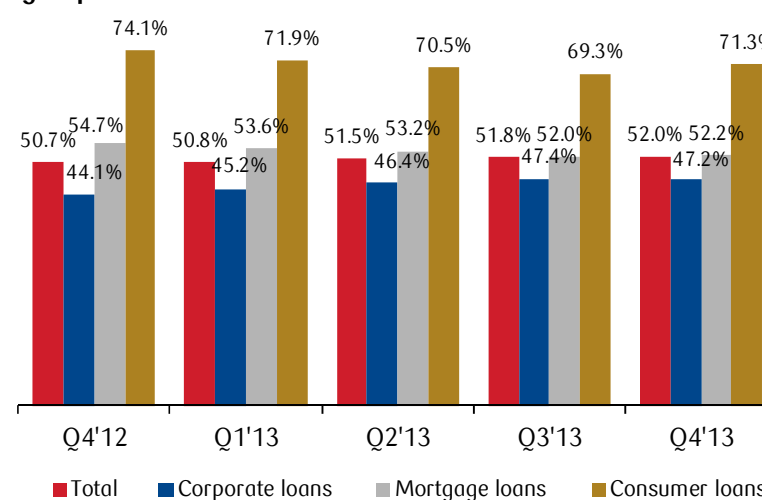
Bank Polski

Standalone data

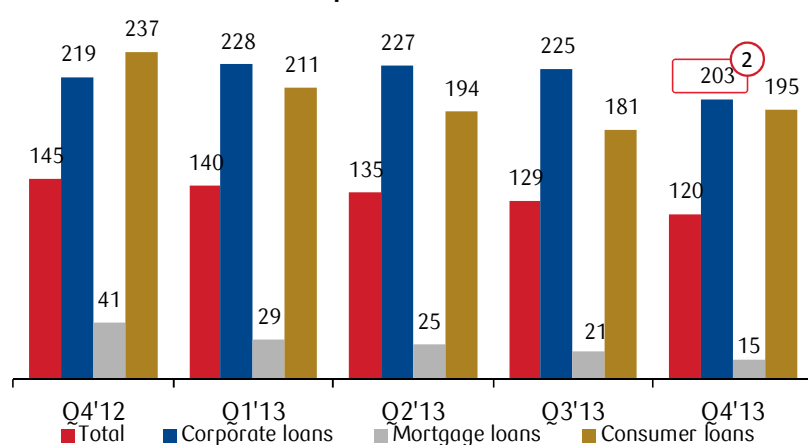
Share of loans with recognized impairment



Coverage of loans with recognized impairment by impairment allowance



Cost of risk for last 12M (bp.)



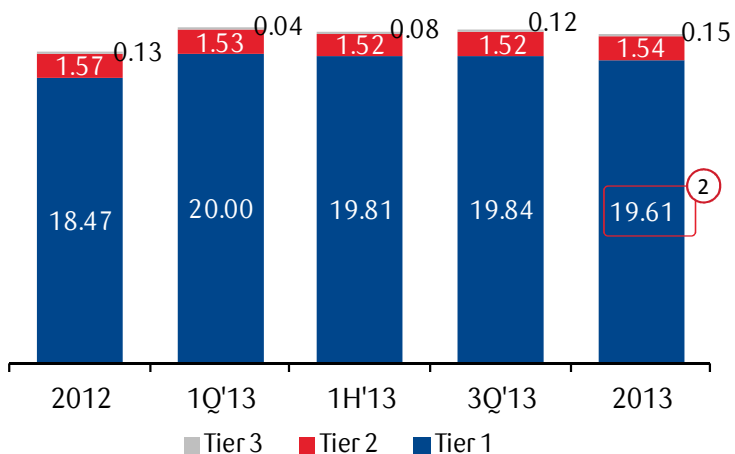
- 1 Share of loans with recognised impairment as part of the Bank's loan book remains unchanged, on q/q basis.
- 2 The declining trend in the costs of risk of corporate loans over the past 12 months has been sustained.

# Capital adequacy

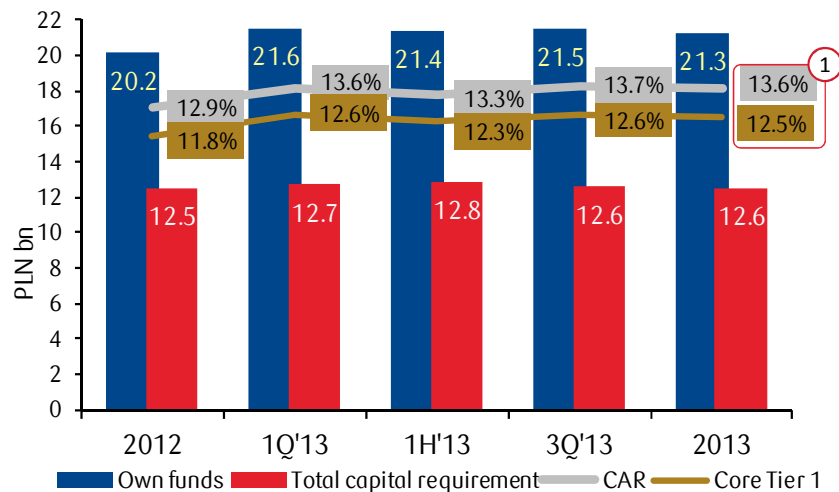
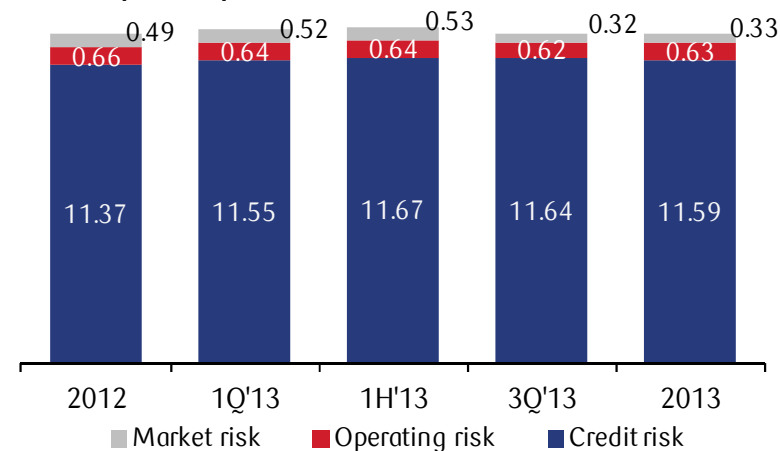


Bank Polski

Own funds (PLN bn)



Total capital requirement (PLN bn)



1 Increase in CAR value by 1.0 pp. y/y mainly an effect of cummulation of own funds.  
As at the end of 3Q'13, average banking sector CAR stood at 15.6% and its Core Tier 1 at 14.2%

2 Growth of Tier 1 funds y/y mainly due to the recognition of PLN 1.34 bn of profit earned by the Bank in 2012 and retained profit of previous years after dividend payout.

# Basel III and CRD IV/CRR



Bank Polski

## Capital adequacy

As part of the preparation for the changes resulting from enforcement of the Directive and the Regulation on prudential requirements and supervision (CRD IV / CRR Package), the Bank monitors regulatory changes (in particular, the technical standards associated with the CRD IV / CRR) on an ongoing basis. Additionally, in 2013 the Bank participated in quantitative studies (QIS) on the impact of Basel III on the banking sector conducted by the Polish Financial Supervision Authority (KNF) and the European Banking Authority (EBA).

The Bank continues implementation of the CRR/CRD IV regulations.

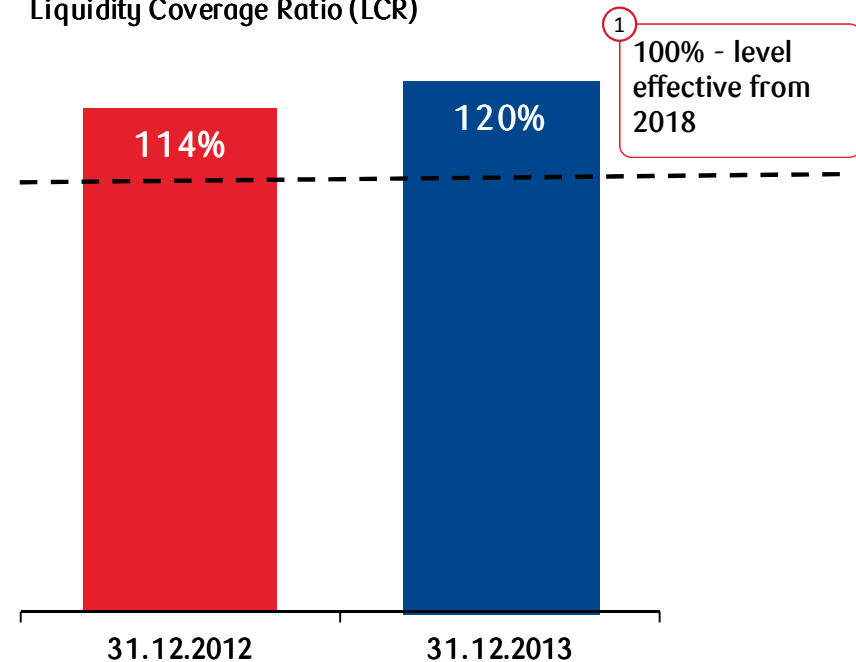
Preliminary estimates demonstrate limited impact of the new rules on the Bank's capital adequacy.

The most important changes from the Bank's perspective include:

- amendment to the definition of own funds; and
- introduction of capital charge on CVA risk and non-delta risk of option transactions.

## Liquidity

### Liquidity Coverage Ratio (LCR)



1 According to CRD IV / CRR, the minimum LCR levels to be maintained as of 1 January 2014 are:

- 60% in 2015
- 70% in 2016
- 80% in 2017
- 100% from 1 January 2018



Bank Polski

## Business activity

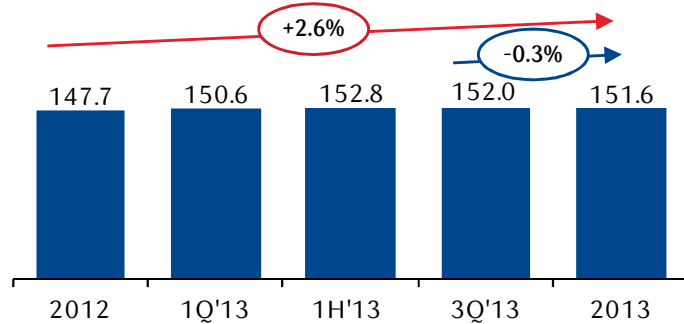
# Business activity - volumes



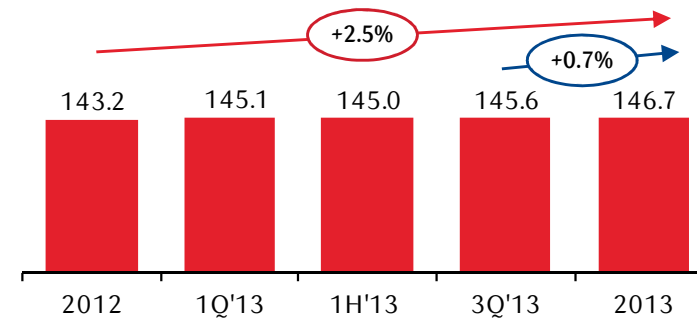
Bank Polski

Standalone management data

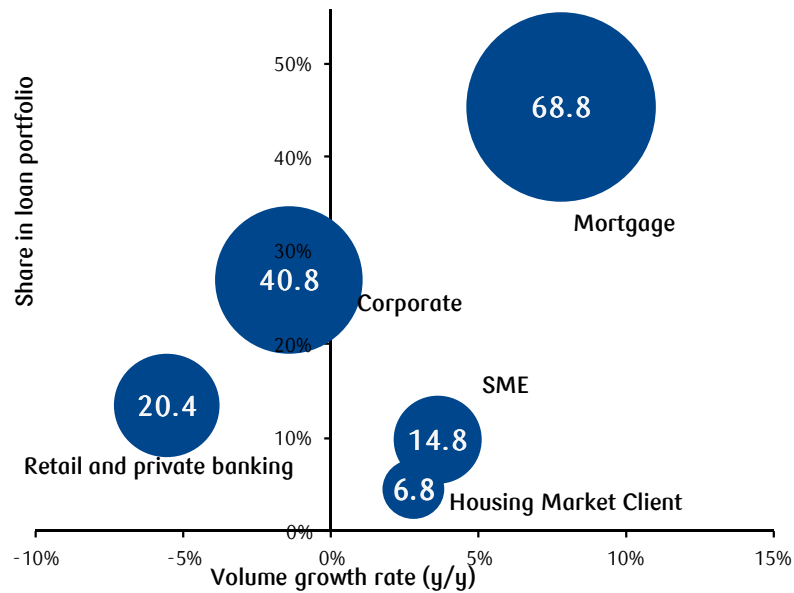
Gross loans (PLN bn)



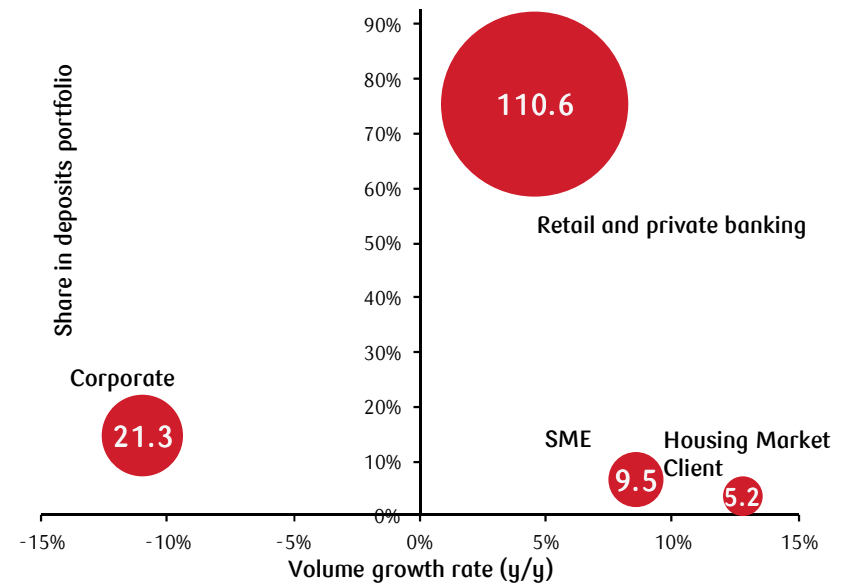
Customer deposits (PLN bn)



Gross loans by business lines (as at 31.12.2013)<sup>1)</sup>



Customer deposits by business lines (as at 31.12.2013)<sup>1)</sup>

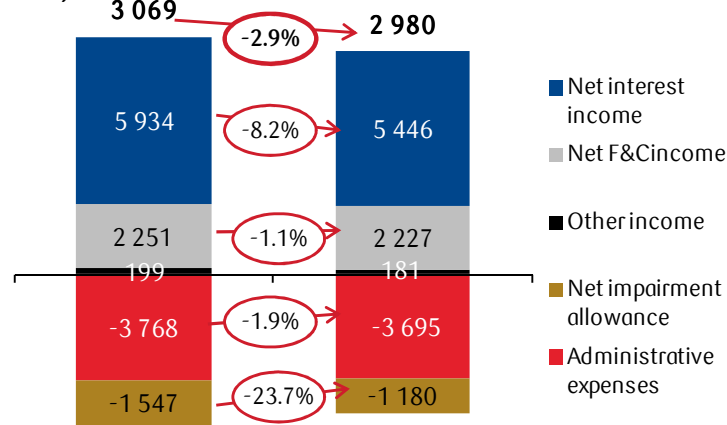


# Retail segment

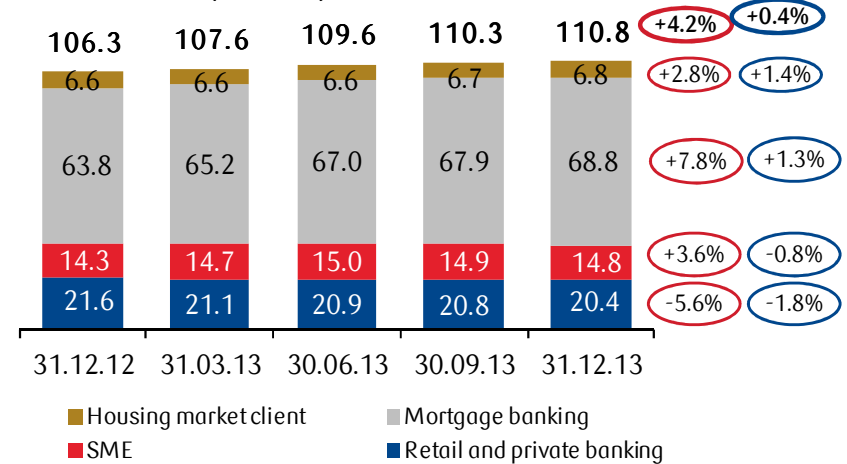


Bank Polski

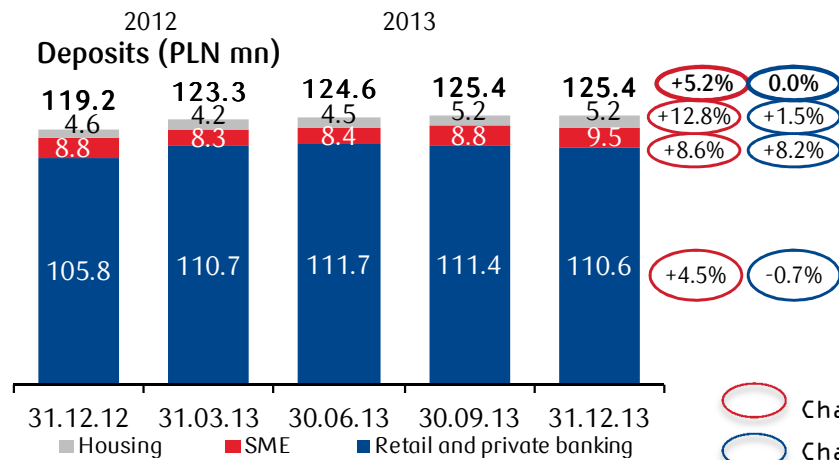
Gross financial result of retail segment (PLN mn)



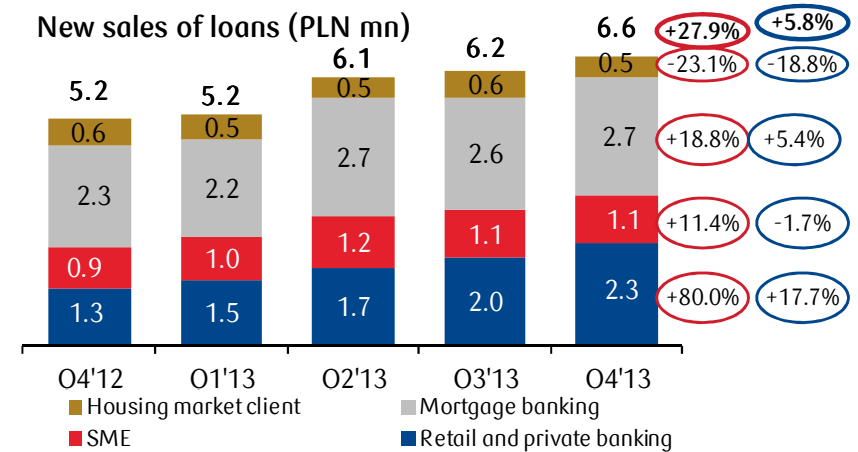
Gross loans (PLN mn)



2012 Deposits (PLN mn)



New sales of loans (PLN mn)



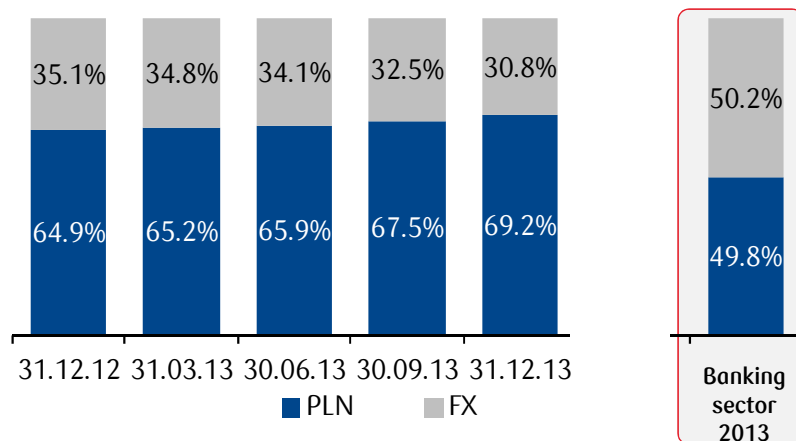
# Retail segment – mortgage loans



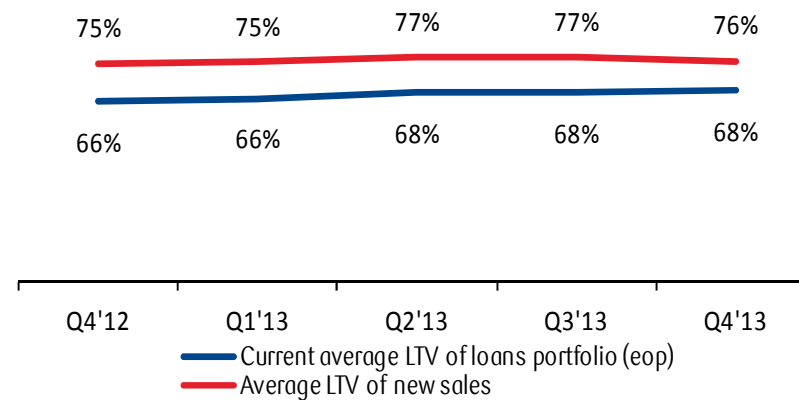
Bank Polski

Standalone data

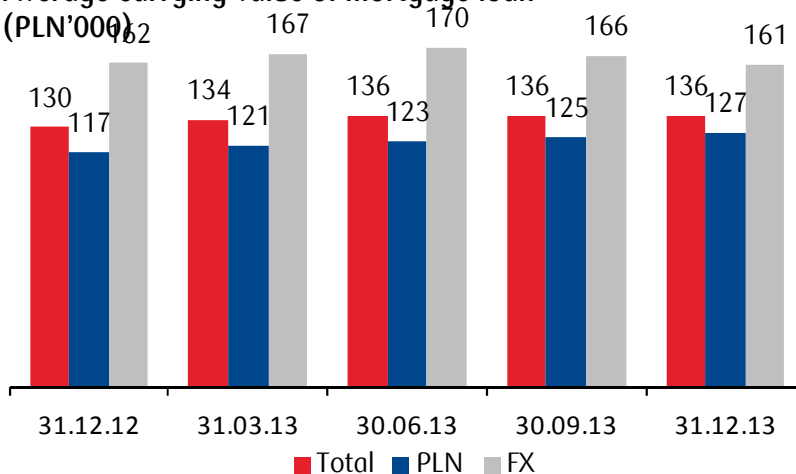
### Structure of mortgage loans portfolio



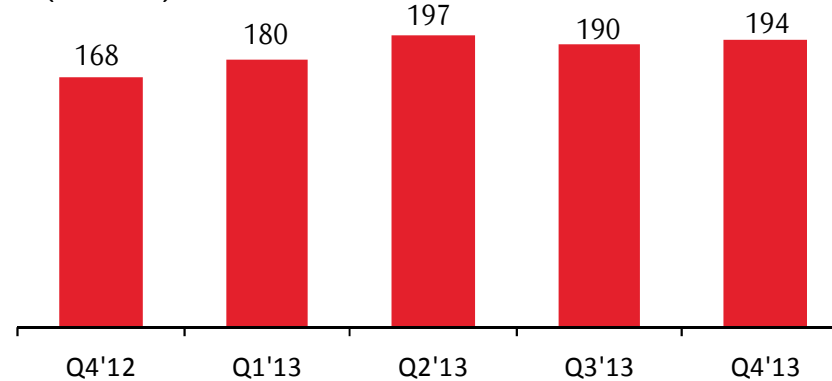
### Average LTV



### Average carrying value of mortgage loan (PLN'000)



### Average value of mortgage loan in new sales (PLN'000)

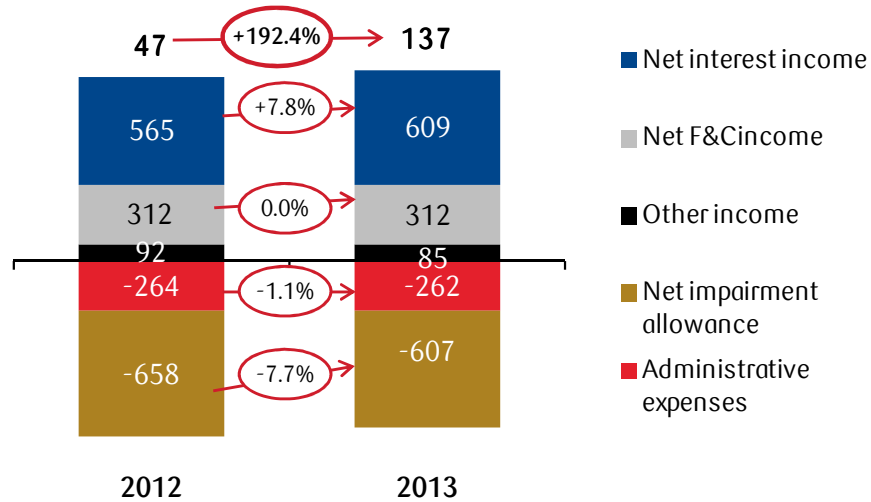


# Corporate segment

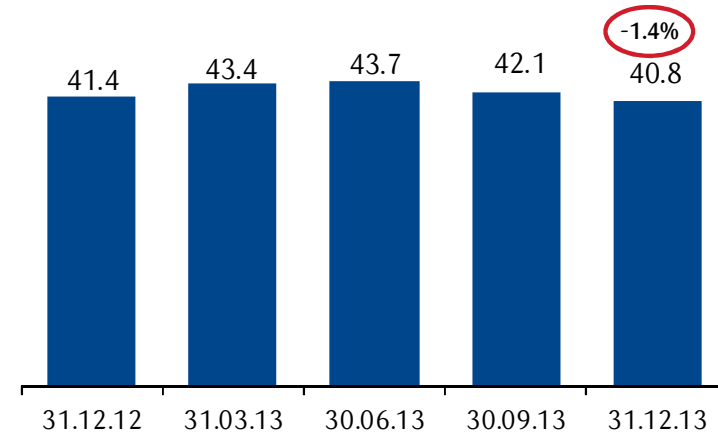


Bank Polski

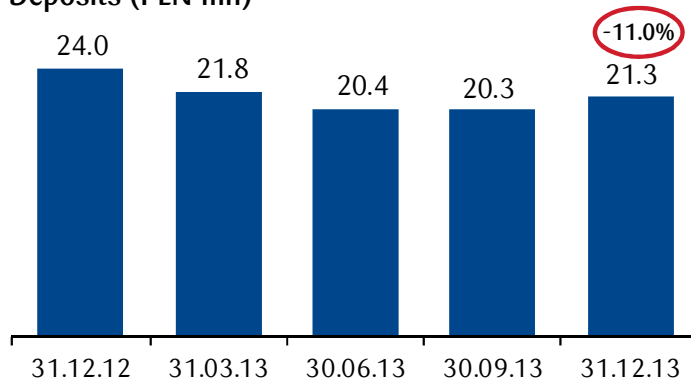
Gross financial result of corporate segment (PLN mn)



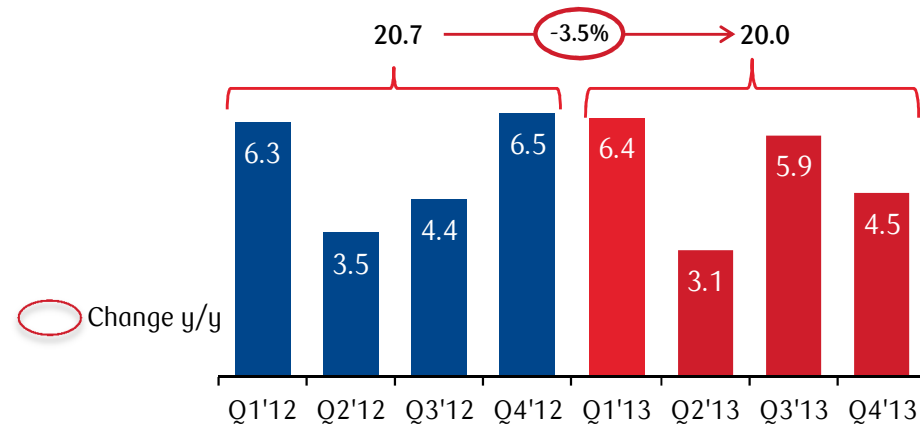
Gross loans (PLN mn)



Deposits (PLN mn)



New sales of loans (PLN mn)



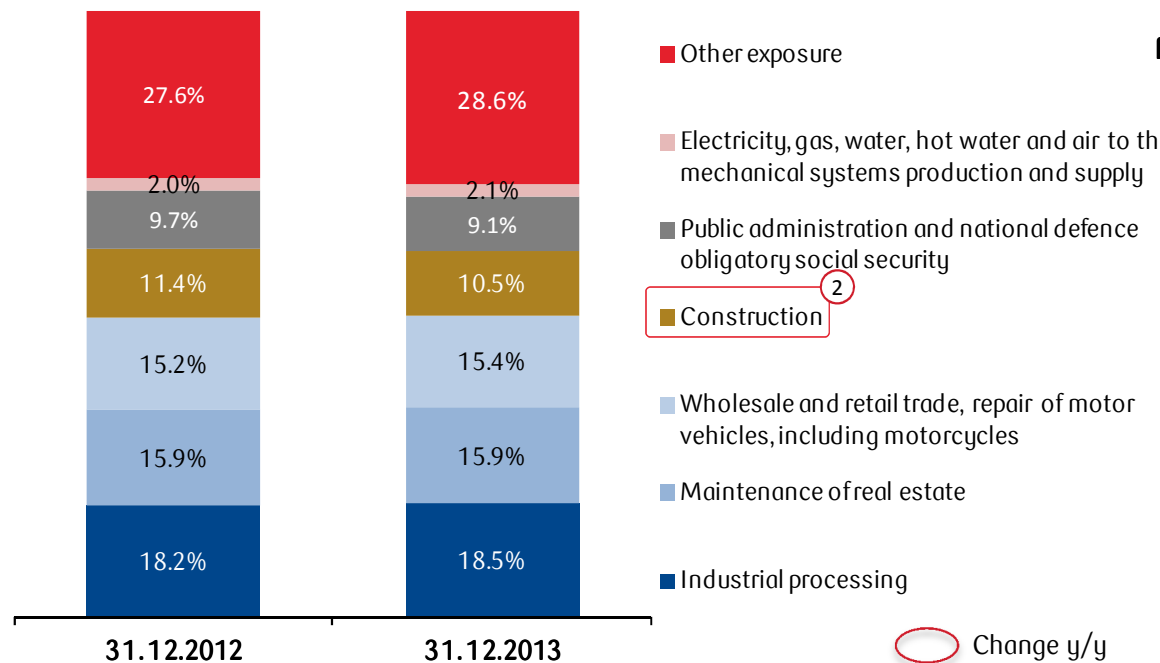
○ Change y/y

# Credit risk concentration

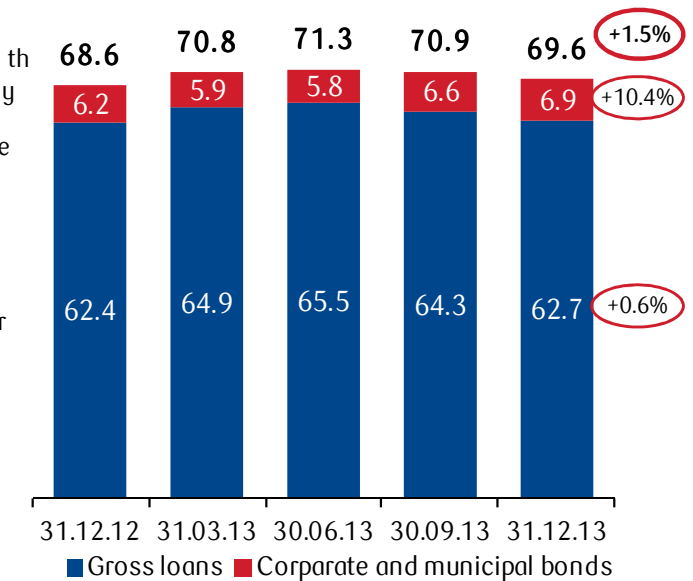


Bank Polski

Structure of corporate<sup>1)</sup> loans by industry segment



Receiveables due from corporate<sup>1)</sup> entities (PLN bn)



- 1) The highly diversified structure of the loan book points to low sector exposure concentration, with the Industrial Processing exposures being the highest represented in the loan portfolio and standing at 18.5% at the end of 2013. The greatest change occurred in Other Exposures, which declined by 1.0 pp. y/y.
- 2) Exposure vis-a-vis the Construction sector being 5.1% of gross loans at the end of 2013 represented a decline of 0.5 pp y/y while its share in corporate loans declined by 0.9 pp y/y.

(1) Gross loans of non-financial and state budget entities

# Net financial results of the Group Entities



Bank Polski

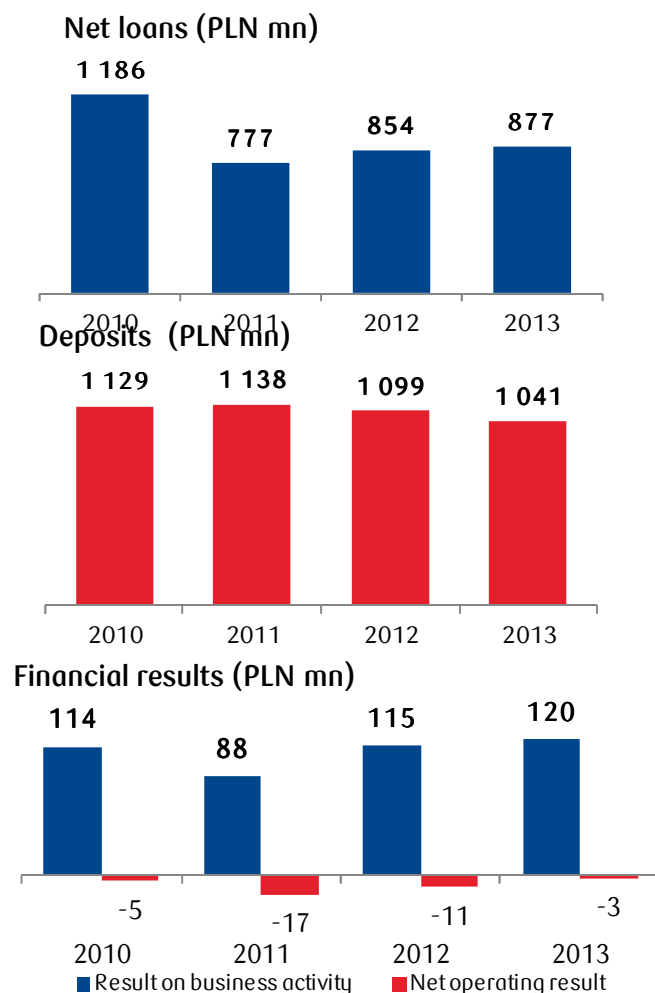
	PLN mn	2012	2013	Change
<b>Consolidated net profit</b>		<b>3 738.6</b>	<b>3 229.8</b>	<b>-13.6%</b>
PKO Bank Polski		3 582.6	3 233.8	-9.7%
PKO Towarzystwo Funduszy Inwestycyjnych		23.8	35.0	+46.9%
PKO BP BANKOWY PTE		16.8	14.4	-14.5%
PKO Leasing		10.9	17.0	+55.5%
Inteligo Financial Services		20.4	14.5	-29.0%
Kredobank		-36.8	-137.6	na
Qualia Development		-1.4	-49.7	na

- ① increase in net income resulting from increased income from management of a greater asset base (42.8% y/y increase in assets under management)
- ② decline in net income primarily resulting from creation of additional impairment allowances for assets effected by introduction of changes in the funded pillar of the pension system
- ③ increase in net income driven by growth trend in the leasing services market gaining momentum
- ④ decline in net income resulting from transfer of the *Pay-by-link* business line to PKO BP in 2013
- ⑤ decline in net income mainly driven by creation of accounting provision for deferred tax asset
- ⑥ decline in net income primarily resulting from lower sales of housing units; due to continuing adverse property market trend

# Activity in Ukraine – Kredobank (1)



Bank Polski



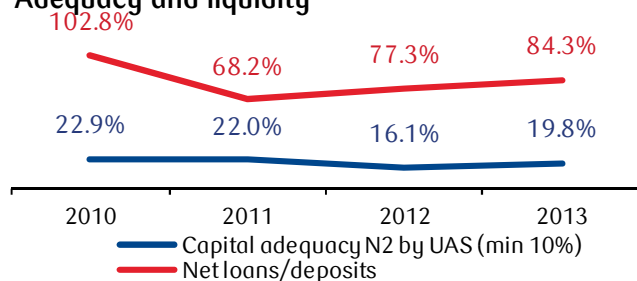
- In the post-crisis years of 2008-2009, PKO Bank Polski's strategy for the Ukrainian market provided for restructuring of Kredobank involving scaling down of its operations and its refocusing on the retail segment;
- In 2011-2013, Kredobank pursued prudential lending policies and succeeded in growing its loan book by 12.9% (on net basis);
- Deposits collected by Kredobank remained at a stable level of over PLN 1 billion;
- The subsidiary bank maintained strong liquidity position as a hedge against a macroeconomic crisis; with Loans to Deposits Ratio remaining in the extremely safe range of 75-85%;
- Kredobank registered no liquidity problems whatsoever during the period of heightened turmoil in the banking market, in 1H 2013 and in 2014 to date;
- Though downscaling its operations, the Bank has consistently improved its net income on business activity (36% in 2011-2013) and net operating income (costs down by 9.9% in 2013); approaching the break-even point before provisions;
- Main contributors to the net loss Kredobank generated for 2013 include: accounting provision for deferred tax asset (UAH 160 mn); implementation of the Postanova [regulation] No. 59 of the National Bank of Ukraine (additional general banking risk fund reserve); and additional impairments for the pre-2010 loan book.

## Activity in Ukraine – Kredobank (2)

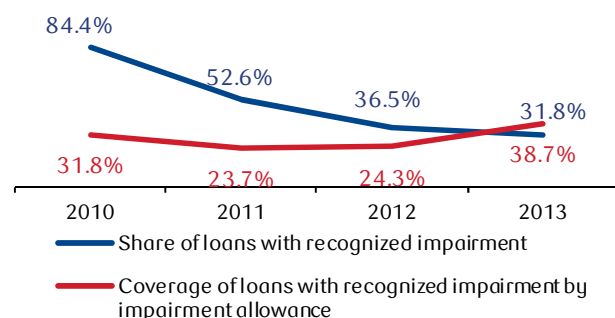


Bank Polski

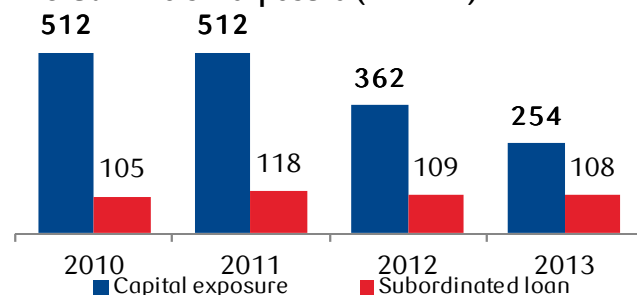
### Adequacy and liquidity



### Quality of loan portfolio



### PKO Bank Polski exposure (PLN mn)



- Despite its financial losses, Kredobank has a strong financial standing and maintains capital adequacy metrics at very high levels;
- Its capital buffer is maintained against such risks as the need to absorb the effects of a macroeconomic crisis or of any unforeseen adverse decision of the tax authorities;
- Impact of the devaluation of UAH on Kredobank in 2014 has been limited and occurred mainly through the capital funds, as a result of an increase in risk weighted assets denominated in foreign currencies; small part of the asset base, at less than 15%;
- Having restructured its loan portfolio and implemented prudential lending policies, Kredobank has demonstrated gradual asset quality improvement and increased coverage of NPLs with impairment allowances;
- Loans granted before 2010 continue to represent by far the main part of the NPL portfolio while quality of the loan book formed in the years 2010-2013 remains high;
- Considering the political and macroeconomic risks in the Ukraine, capital exposure of PKO Bank Polski to that market is relatively low: PLN 254 mn in Kredobank shares and another PLN 108 mn in subordinated loans;
- Capital exposure to Kredobank is approximately equivalent to one-third of PKO Bank Polski's quarterly profits, while Kredobank's assets are equivalent to bare 0.75% of the Bank assets.

## Basic operational data



Bank Polski

Item (eop)	2012	1Q'13	1H'13	3Q'13	2013	Change	
						y/y	q/q
Number of current accounts ('000)	6 220	6 245	6 254	6 283	6 318	+1.6%	+0.6%
Number of banking cards ('000)	7 164	7 120	7 225	7 090	7 080	-1.2%	-0.1%
of which: credit cards	980	938	919	899	893	-8.9%	-0.7%
Number of branches:	1 198	1 199	1 177	1 181	1 186	-1.0%	+0.4%
- retail	1 134	1 135	1 138	1 142	1 147	+1.1%	+0.4%
- corporate	64	64	39	39	39	-39.1%	0.0%
Number of agencies	1 208	1 202	1 149	1 115	1 074	-11.1%	-3.7%
Number of ATMs	2 803	2 911	2 945	2 960	2 992	+6.7%	+1.1%
Number of active IKO applications ('000)	x	11	39	57	101	x	+78.4%
Number of eService terminals	68 877	71 706	79 928	84 020	89 645	+30.2%	+6.7%



Bank Polski

# Appendix

# Consolidated income statement of the PKO Bank Polski Group



Bank Polski

Profit and loss account (PLN '000)	2012 restated*	2013	Change y/y
Net interest income	8 089 268	6 721 962	-16.9%
Net fee and commission income	2 916 537	3 005 752	+3.1%
Other income	615 873	979 152	+59.0%
Dividend income	8 081	5 766	-28.6%
Net income from financial instruments designated at fair value	94 188	54 309	-42.3%
Gains less losses from investment securities	79 813	67 484	-15.4%
Net foreign exchange gains	256 137	241 848	-5.6%
Net other operating income and expense	177 654	609 745	+243.2%
<b>Total income items</b>	<b>11 621 678</b>	<b>10 706 866</b>	<b>-7.9%</b>
Net impairment allowance and write-offs	(2 325 228)	(2 037 881)	-12.4%
Administrative expenses	(4 682 537)	(4 622 543)	-1.3%
Share in net profit (losses) of associates and jointly controlled entities	19 025	(1 978)	n.m.
<b>Profit before income tax</b>	<b>4 632 938</b>	<b>4 044 464</b>	<b>-12.7%</b>
Income tax expense	(895 476)	(816 271)	-8.8%
Net profit attributable to non-controlling shareholders	(1 178)	(1 600)	+35.8%
<b>Net profit attributable to the parent company</b>	<b>3 738 640</b>	<b>3 229 793</b>	<b>-13.6%</b>

\*) Due to a change in the accounting principles applicable to recognition of insurance products related revenues and expenses, relevant data in respect of the previous periods have been restated to ensure comparability.

# Consolidated income statement of the PKO Bank Polski Group -quarterly



Bank Polski

Profit and loss account (PLN '000)	Q4'12 restated*	Q1'13 restated*	Q2'13 restated*	Q3'13 restated*	Q4'13 restated*	Q4'13/ Q4'12	Q4'13/ Q3'13
Net interest income	1 907 278	1 752 651	1 627 850	1 626 932	1 714 529	-10.1%	+5.4%
Net fee and commission income	772 472	717 540	716 876	756 544	814 792	+5.5%	+7.7%
Other income	184 344	57 785	133 215	141 341	646 811	+250.9%	+357.6%
Dividend income	-	-	5 295	471	-	x	x
Net income from financial instruments designated at fair value	45 960	(155)	3 453	31 059	19 952	-56.6%	-35.8%
Gains less losses from investment securities	57 823	28 324	33 029	3 425	2 706	-95.3%	-21.0%
Net foreign exchange gains	22 750	(12 225)	87 168	67 445	99 460	+337.2%	+47.5%
Net other operating income and expense	57 811	41 841	4 270	38 941	524 693	+807.6%	13,5x
<b>Total income items</b>	<b>2 864 094</b>	<b>2 527 976</b>	<b>2 477 941</b>	<b>2 524 817</b>	<b>3 176 132</b>	<b>+10.9%</b>	<b>+25.8%</b>
Net impairment allowance and write-offs	(566 316)	(447 983)	(418 936)	(487 763)	(683 199)	+20.6%	+40.1%
Administrative expenses	(1 304 763)	(1 119 727)	(1 105 767)	(1 115 603)	(1 281 446)	-1.8%	+14.9%
Share in net profit (losses) of associates and jointly controlled entities	4 598	(2 337)	(12 316)	11 225	1 450	-68.5%	-87.1%
<b>Profit before income tax</b>	<b>997 613</b>	<b>957 929</b>	<b>940 922</b>	<b>932 676</b>	<b>1 212 937</b>	<b>+21.6%</b>	<b>+30.0%</b>
Income tax expense	(167 757)	(171 684)	(188 262)	(180 494)	(275 831)	+64.4%	+52.8%
Net profit attributable to non-controlling shareholders	(373)	(177)	(97)	(114)	(1 212)	+224.9%	+963.2%
<b>Net profit attributable to the parent company</b>	<b>830 229</b>	<b>786 422</b>	<b>752 757</b>	<b>752 296</b>	<b>938 318</b>	<b>+13.0%</b>	<b>+24.7%</b>

\*) Due to a change in the accounting principles applicable to recognition of insurance products related revenues and expenses, relevant data in respect of the previous periods have been restated to ensure comparability.

# Consolidated statement of financial position of the PKO Bank Polski Group



Bank Polski

<b>Assets (PLN '000)</b>	<b>31.12.12</b> restated *	<b>31.03.13</b> restated *	<b>30.06.13</b> restated *	<b>30.09.13</b> restated *	<b>31.12.13</b>	<b>Change</b> y/y	<b>Change</b> q/q
Cash and balances with the Central Bank	10 289 451	7 759 248	5 658 046	7 602 630	7 246 120	-29.6%	-4.7%
Amounts due from other banks	3 392 486	1 729 557	3 243 295	5 208 080	1 893 441	-44.2%	-63.6%
Trading assets	277 566	2 627 211	3 376 991	2 024 575	479 881	+72.9%	-76.3%
Derivative financial instruments	3 860 561	3 463 573	3 324 374	2 814 162	3 000 860	-22.3%	+6.6%
Financial assets designated at fair value through P&L	12 629 711	14 114 362	12 661 245	12 503 572	15 204 756	+20.4%	+21.6%
Loans and advances to customers	143 483 066	147 089 110	148 684 443	149 611 334	149 623 262	+4.3%	+0.0%
Investment securities available for sale and securities held to maturity	12 252 101	12 797 794	13 769 975	14 158 388	14 111 083	+15.2%	-0.3%
Tangible fixed assets	2 650 597	2 645 938	2 662 292	2 616 003	2 611 233	-1.5%	-0.2%
Other assets	4 315 136	4 566 331	4 484 811	4 712 613	5 060 474	+17.3%	+7.4%
<b>TOTAL ASSETS</b>	<b>193 150 675</b>	<b>196 793 124</b>	<b>197 865 472</b>	<b>201 251 357</b>	<b>199 231 110</b>	<b>+3.1%</b>	<b>-1.0%</b>

<b>Liabilities and equity (PLN '000)</b>	<b>31.12.12</b> restated *	<b>31.03.13</b> restated *	<b>30.06.13</b> restated *	<b>30.09.13</b> restated *	<b>31.12.13</b> *	<b>Change</b> y/y	<b>Change</b> q/q
Amounts due to the central bank	3 128	2 909	3 858	4 149	4 065	+30.0%	-2.0%
Amounts due to banks	3 733 947	4 056 803	3 876 976	5 728 855	3 747 337	+0.4%	-34.6%
Derivative financial instruments	3 964 098	3 577 349	3 684 673	3 283 884	3 328 211	-16.0%	+1.3%
Amounts due to customers	146 193 570	148 446 145	149 242 633	150 857 210	151 904 181	+3.9%	+0.7%
Debt securities in issue	10 270 783	10 924 388	10 939 240	10 658 002	10 546 446	+2.7%	-1.0%
Subordinated liabilities	1 631 256	1 604 076	1 624 355	1 603 338	1 620 857	-0.6%	+1.1%
Other liabilities	2 917 485	3 025 333	5 094 431	4 932 782	2 925 688	+0.3%	-40.7%
Total equity	24 436 408	25 156 121	23 399 306	24 183 137	25 154 325	+2.9%	+4.0%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>193 150 675</b>	<b>196 793 124</b>	<b>197 865 472</b>	<b>201 251 357</b>	<b>199 231 110</b>	<b>+3.1%</b>	<b>-1.0%</b>

\*) Due to a change in the accounting principles applicable to recognition of insurance products related revenues and expenses, relevant data in respect of the previous periods have been restated to ensure comparability.

# Income statement of the PKO Bank Polski



Bank Polski

Profit and loss account (PLN '000)	2012 restated *	2013	Change y/y
Net interest income	7 978 918	6 580 450	-17.5%
Net fees and commission income	2 649 919	2 655 482	+0.2%
Other income	537 132	1 032 246	+92.2%
Dividend income	93 200	96 049	+3.1%
Net income from financial instruments designated at fair value	95 092	54 389	-42.8%
Gains less losses from investment securities	81 605	66 909	-18.0%
Net foreign exchange gains	254 153	237 638	-6.5%
Net other operating income and expense	13 082	577 261	44x
<b>Total income items</b>	<b>11 165 969</b>	<b>10 268 178</b>	<b>-8.0%</b>
Net impairment allowance and write-offs	(2 458 590)	(2 087 567)	-15.1%
Administrative expenses	(4 256 897)	(4 220 766)	-0.8%
<b>Profit before income tax</b>	<b>4 450 482</b>	<b>3 959 845</b>	<b>-11.0%</b>
Income tax expense	(867 846)	(726 083)	-16.3%
<b>Net profit</b>	<b>3 582 636</b>	<b>3 233 762</b>	<b>-9.7%</b>

\*) Due to a change in the accounting principles applicable to recognition of insurance products related revenues and expenses, relevant data in respect of the previous periods have been restated to ensure comparability.

# Income statement of the PKO Bank Polski - quarterly



Bank Polski

Profit and loss account (PLN '000)	Q4'12 restated *	Q1'13 restated *	Q2'13 restated *	Q3'13 restated *	Q4'13 restated *	Q4'13/ Q4'12	Q4'13/ Q3'13
Net interest income	1 879 691	1 723 785	1 596 825	1 594 507	1 665 333	-11.4%	+4.4%
Net fees and commission income	699 795	656 059	618 487	660 956	719 980	+2.9%	+8.9%
Other income	134 132	23 101	198 587	113 863	696 695	+419.4%	+511.9%
Dividend income	-	-	78 567	471	17 011	n.m.	36x
Net income from financial instruments designated at fair value	47 482	504	3 347	30 169	20 369	-57.1%	-32.5%
Gains less losses from investment securities	58 363	27 568	33 205	3 423	2 713	-95.4%	-20.7%
Net foreign exchange gains	22 942	(13 608)	86 843	65 682	98 721	+330.3%	+50.3%
Net other operating income and expense	5 345	8 637	(3 375)	14 118	557 881	104x	40x
<b>Total income items</b>	<b>2 713 618</b>	<b>2 402 945</b>	<b>2 413 899</b>	<b>2 369 326</b>	<b>3 082 008</b>	<b>+13.6%</b>	<b>+30.1%</b>
Net impairment allowances	(721 165)	(430 046)	(453 636)	(482 023)	(721 862)	+0.1%	+49.8%
General administrative expenses	(1 188 276)	(1 022 736)	(1 008 708)	(1 012 472)	(1 176 850)	-1.0%	+16.2%
<b>Profit before income tax</b>	<b>804 177</b>	<b>950 163</b>	<b>951 555</b>	<b>874 831</b>	<b>1 183 296</b>	<b>+47.1%</b>	<b>+35.3%</b>
Income tax expense	(155 549)	(166 553)	(181 698)	(171 981)	(205 851)	+32.3%	+19.7%
<b>Net profit</b>	<b>648 628</b>	<b>783 610</b>	<b>769 857</b>	<b>702 850</b>	<b>977 445</b>	<b>+50.7%</b>	<b>+39.1%</b>

\*) Due to a change in the accounting principles applicable to recognition of insurance products related revenues and expenses, relevant data in respect of the previous periods have been restated to ensure comparability.

# Shares, rating and dividend policy



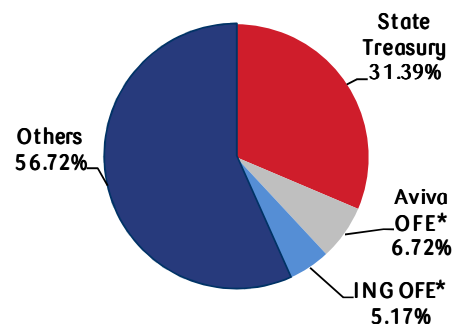
Bank Polski

## Basic information on shares

- **Listed:** Warsaw Stock Exchange since 10.11.2004 r.
- **Indices:** WIG, WIG20, WIG30, WIG Banki
- **ISIN:** PLPKO0000016
- **Bloomberg:** PKO PW
- **Reuters:** PKOB WA

## Shareholders structure

Number of shares: 1 250 mn



\*) Share reported by ING OFE after exceeding the threshold 5% of total number of votes at GM of PKO Bank Polski by ING OFE (as at 24.07.12) and Aviva OFE (as at 29.01.13)

## Dividend policy adopted on 4<sup>th</sup> April 2012 assumes:

- 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
- an optimization of the capital structure, taking into account the return on capital and its cost, capital needs for development, while ensuring an appropriate level of capital adequacy ratios
- to recommend in the future the payment of dividend in an amount ensuring that the capital adequacy ratios are maintained at the following levels:
  - capital adequacy ratio above 12 per cent while maintaining the necessary capital buffer
  - common equity Tier 1 ratio above 9 per cent while maintaining the necessary capital buffer

## Rating

Rating: Agency:	Long-term	Short-term	Financial strength	Support
Moody's	A2 with negative outlook	P-1	C- with negative outlook	
Standard&Poor's	A- with negative outlook	A-2 with stable outlook		
Fitch (unsolicited)				2

## Dividend

Payment from the net profit of the year	DPS (PLN)	Dividend yield (Div. Day)	Payout ratio
2012	1.80	4.9%	61.12%
2011	1.27	3.9%	40.15%
2010	1.98	5.5%	74.75%
2009	1,90	4.2%	97.65%
2008	1.00	2.9%	34.71%
2007	1.09	2.2%	40.07%
2006	0,98	1.7%	47.87%
2005	0.80	2.1%	47.71%
2004	1.00	3.6%	66,18%

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Bank Polski

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Bank Polski

**Investor's calendar:**

15 <sup>th</sup> May 2014	Publication of the Quarterly Report 1Q 2014
1 <sup>st</sup> September 2014	Publication of the Semi-Annual Report 1H 2014
6 <sup>th</sup> November 2014	Publication of the Quarterly Report 3Q 2014
12 <sup>th</sup> March 2015	Publication of the Annual Report 2014