



Bank Polski

## **Financial results 2017**

Bank 3.1

# Main achievements in 4Q and 2017



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- Net profit: PLN 3.1 bn
- Regulatory ability to distribute dividends
- Double-digit growth of NII and F&C
- Assets: ca PLN 300 bn
- The best mobile banking in the world (IKO)

*On track to achieve the financial goals of the 2016-2020 strategy:  
„We support the development of Poland and the Poles”*



- Strong 5% GDP growth
- Stable, lowest-ever interest rates of NBP
- Rising wage bill supporting the growth in household savings



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## Key achievements

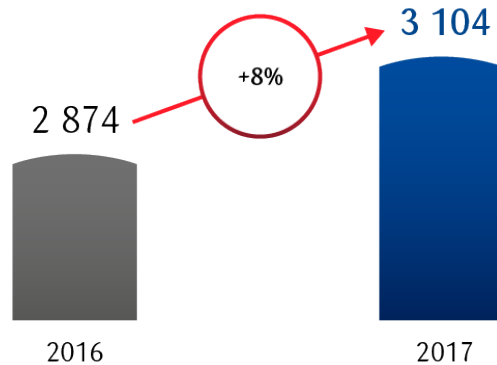
## KEY ACHIEVEMENTS

Net profit: PLN 3.1 billion

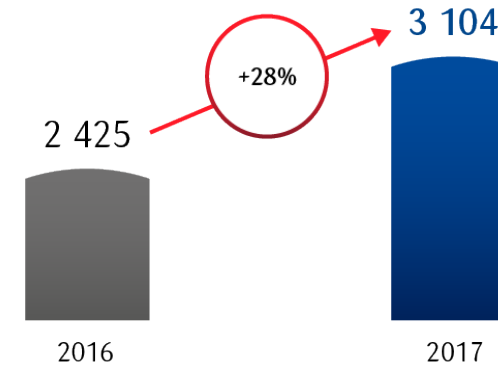


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Net profit  
[PLN mn]



Recurring net profit<sup>(1)</sup>  
[PLN mn]



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PKO Bank Polski is capable to generate strong growth of recurring net profit despite stable, lowest-ever interest rates of NBP

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<sup>(1)</sup> One-offs and non-standard events in 2016: PLN +418 mn PLN from Visa Europe transaction, PLN +114 mn PLN from Qualia property sale, adjusted by PLN -83 mn tax effect



## KEY ACHIEVEMENTS

We are on track to achieve strategic financial goals



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	2016	2017	...	2020
ROE	7.7% <sup>(1)</sup> / 9.1%	9.0%		> 10%
C/I	49.7% <sup>(1)</sup> / 47.4%	46.0%		< 45%
COST OF RISK	0.75%	0.71%		0.75% - 0.85%
EQUITY	TCR: 15.8% Tier1: 14.5%	TCR: 17.4% Tier1: 16.5%	Dividend capability	

<sup>(1)</sup> After one-off and non-standard transaction adjustments

## KEY ACHIEVEMENTS

# The best mobile banking in the world



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## IKO in the first place

in the mobile app ranking of banks from around the globe according to the Retail Banker International



Customer review of IKO app (December, 2017)

4.7



119.3 k reviews

4.8



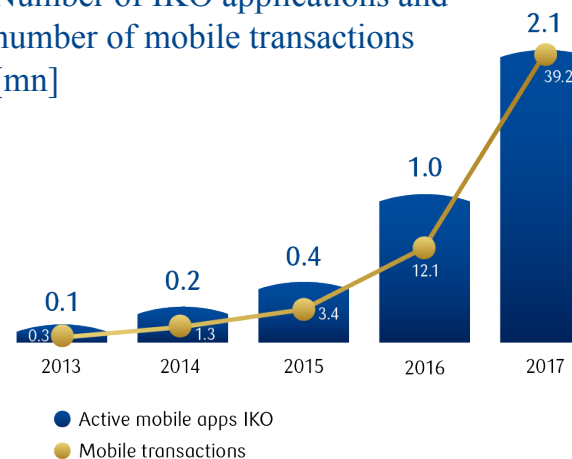
8.5 k reviews

4.6

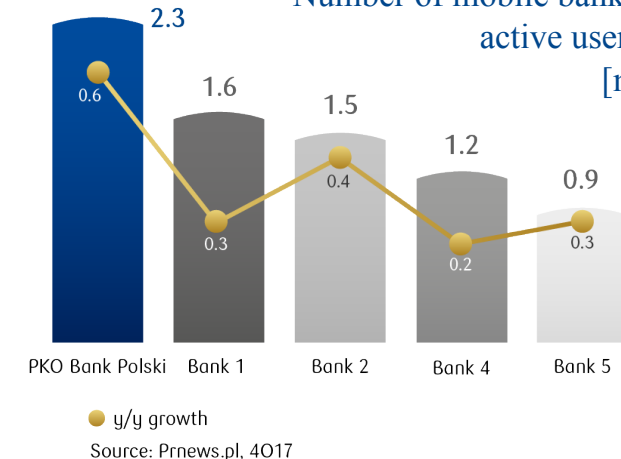


11 k reviews

Number of IKO applications and number of mobile transactions [mn]



Number of mobile banking active users<sup>(1)</sup> [mn]



## Undisputed leader of mobile banking in Poland and in the world

(1) At least 1 login monthly from mobile device (to mobile application, website service or mobile website)



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# Business activity

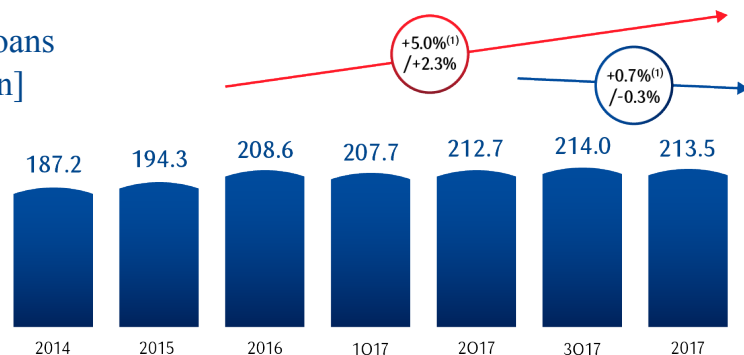
# BUSINESS ACTIVITY

## Business growth

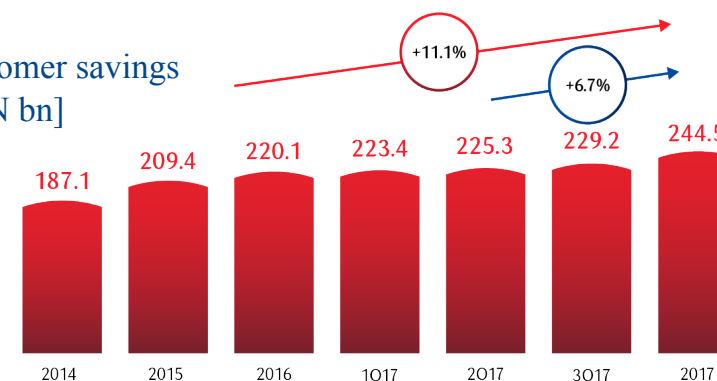


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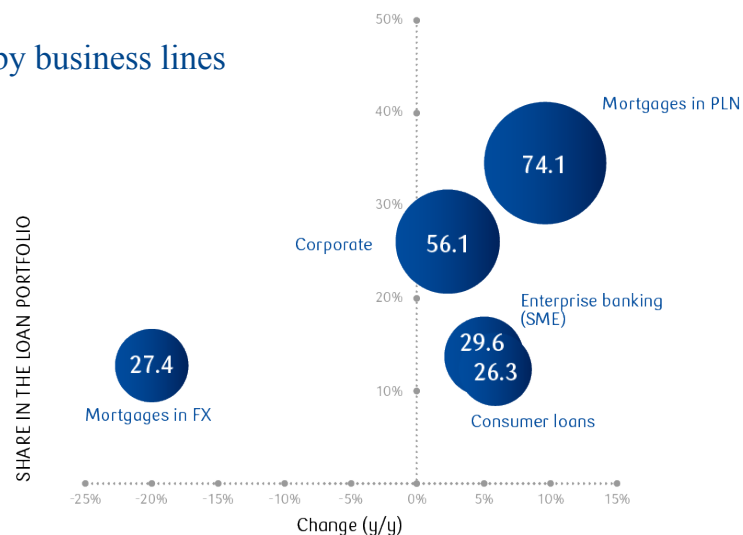
Gross loans  
[PLN bn]



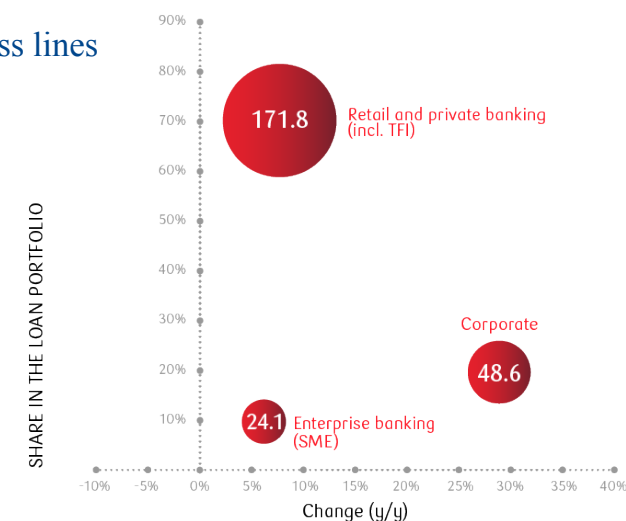
Customer savings  
[PLN bn]



Gross loans by business lines  
[PLN bn]



Savings by business lines  
[PLN bn]



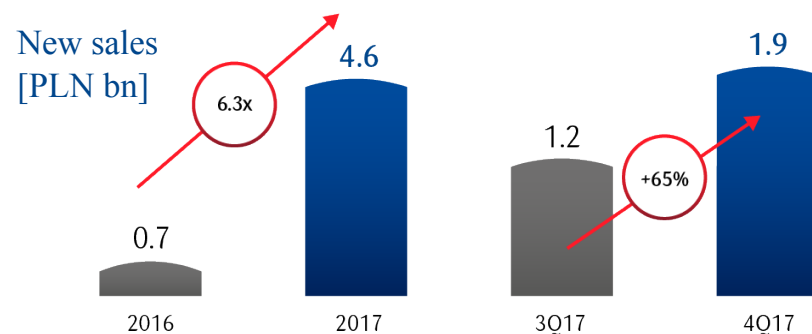
(1) Impact of PLN appreciation: ca PLN -2 bn in relation to 3Q16 and PLN -5.5 bn in relation to 2016

## BUSINESS ACTIVITY

# Retail segment: PKO Group – the leader of retail investment fund market

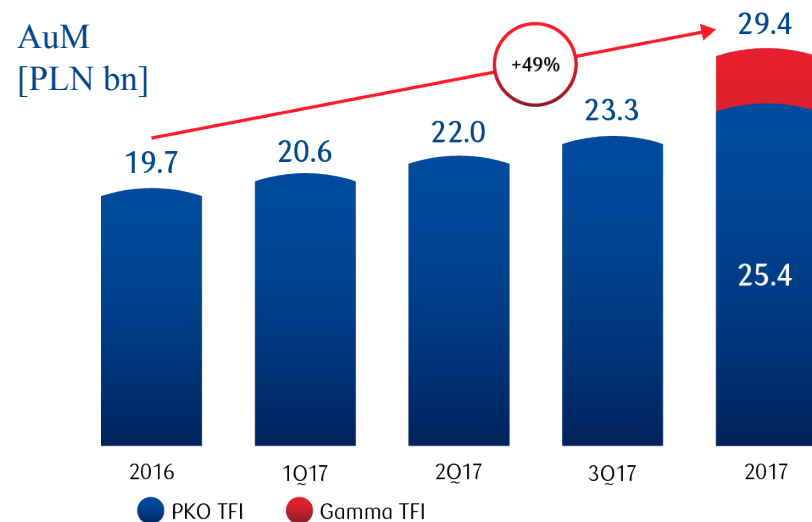


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## PKO Group – the leader of retail investment fund market

- Record high level of assets under management (PLN 29.4 bn)
- Organic market share growth from 14.4% to 15.7% in 2017 due to...
- ... record annual net sales (PLN 4.6 bn),
- Acquisition of Gamma TFI increases Group market share by additional 1.5 p.p.,
- High reviews of PKO Group investment products



## BUSINESS ACTIVITY

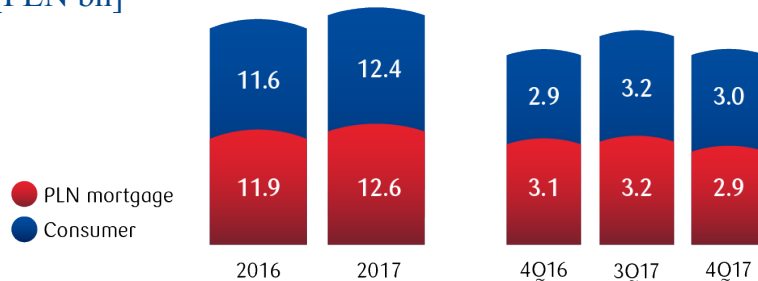
# Retail segment: growth in sales and portfolio of consumer and PLN mortgage loans



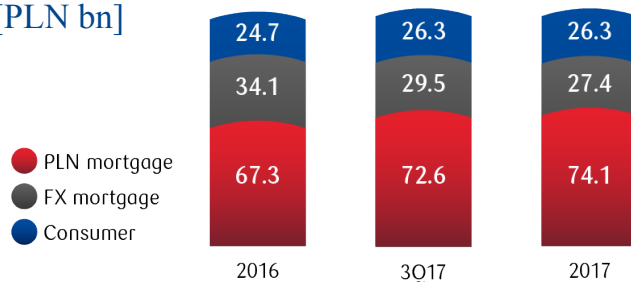
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## Consumer and mortgage loans

### New sales [PLN bn]



### Volume outstanding [PLN bn]



### Financial sector top brand

PKO Bank Polski is the most valuable brand in the Polish financial sector. In the Most Valuable Polish Brand Ranking prepared by Rzeczpospolita daily, PKO Bank Polski's brand was valued at PLN 2.7 bn.



### „Mini ratka to fulfill your wishes”

PKO Bank Polski refreshed the consumer loan offer Mini Ratka. In addition, Bank's customers are offered credit-related insurance products.



### Online currency exchange

Bank customers gained the opportunity to exchange currencies using iPKO transactional service. Within less than 1.5 months over 15 thousand of transactions amounting to PLN 100 mn have been executed.

## BUSINESS ACTIVITY

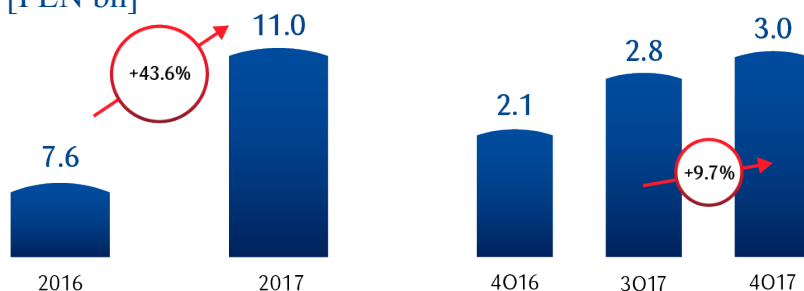
# Retail segment: sales growth in enterprise banking (SME) driven also by leading position on the leasing market



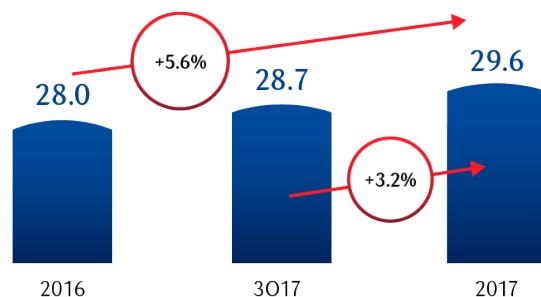
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### Enterprise banking (SME) loans and leasing

New sales  
[PLN bn]



Volume outstanding  
[PLN bn]



### Company registration in CEIDG through electronic banking

Customers can electronically establish businesses through the PKO electronic banking channel. The first such project on the Polish market and a breakthrough for corporate e-administration.



### Leader in sales of loans with *de minimis* guarantees

The award for leading position in sales of loans with guarantees on the Polish market.



### Enterprise Banking Centre

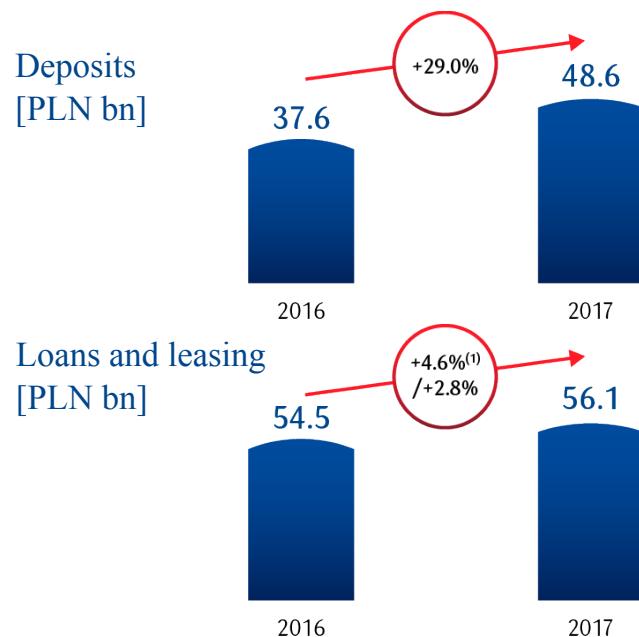
PKO Bank Polski launched Enterprise Banking Center that expands its cooperation with Polish entrepreneurs.

## BUSINESS ACTIVITY

# Corporate segment: positive customer experience

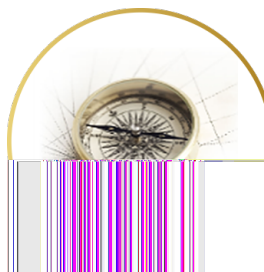


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## New services of „iPKO Business” electronic banking platform and corporate mobile app

PKO Bank Polski introduced a modern transactional service for institutional and corporate clients. In addition to refreshed interface, iPKO Business got new functionalities. To complete the upgrade PKO Bank Polski offered a new mobile app.



## Export Support Platform

Export Support Platform is the newest solution of PKO Bank Polski for exporters and companies that are considering foreign expansion. The platform grants access to information about 130 foreign markets and updated sector analysis.

 <b>PLAY</b> Consortium loan <b>7 000 000 000 PLN</b> Arranger, Creditor	 Subordinated debt issue <b>2 250 000 000 PLN</b> Joint Arranger, Agent, Dealer	 <b>AmRest</b> Consortium loan <b>1 875 520 000 PLN</b> Arranger, Creditor	 <b>TAURON</b> Eurobond program <b>500 000 000 EUR</b> Co-Manager	 <b>WP</b> Consortium loan <b>500 000 000 PLN</b> Arranger, Agent, Creditor	 <b>PRESSGLASS</b> Consortium loan <b>850 000 000 PLN</b> Arranger, Agent	 <b>ECHO investment</b> Bilateral loan <b>31 718 636 EUR</b> <b>6 000 000 PLN</b> Creditor	 <b>GK</b> Bilateral loan <b>260 000 000 PLN</b> Creditor	 <b>synthos</b> Consortium loan for FTF Galleon SA for share acquisition in Synthos SA <b>2 750 000 000 PLN</b> Arranger, Loan Agent, Primary Creditor	 <b>żabka CVC</b> Consortium loan <b>2 700 000 000 PLN</b> Capital Partners
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(1) Impact of PLN appreciation ca PLN -1.0 billion in relation to 2016



## BUSINESS ACTIVITY

# Corporate segment: PKO Securities – broker of the year in Poland



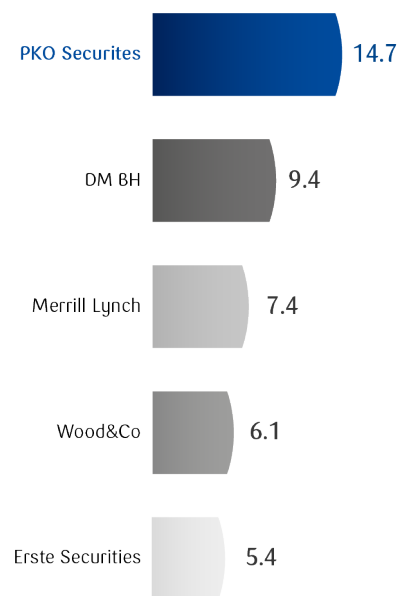
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### Ranking – ECM transactions in 2017

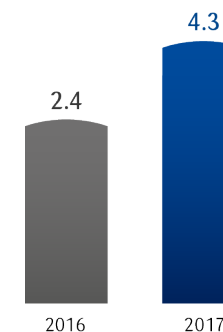
Bank	Transactions [PLN bn]	No.
1 PKO Securites	7.3	6
2 UBS	6.6	3
3 BZWBK	5.2	8
4 JP Morgan	4.4	1
5 BofA Merrill Lynch	4.4	1

 <b>RAFAKO</b> <small>GRUPA PBG</small>  SPO <b>170 000 000 PLN</b> Joint Bookrunner, Co-Offering Agent	 <b>CCC</b>  ABB <b>530 000 000 PLN</b> Lead Manager	 <b>PLAY</b>  IPO <b>4 375 764 574 PLN</b> Joint Bookrunner, Co-Offering Agent
 <b>Elemental Holding SA</b>  ABB <b>50 287 078 PLN</b> Global Coordinator, Joint Bookrunner	 <b>FAMUR</b>  ABB <b>535 117 000 PLN</b> Joint Bookrunner	 <b>dino</b>  IPO <b>1 654 978 000 PLN</b> Global Coordinator, Joint Bookrunner and Offering Agent

### Ranking – turnover on the WSE in 2017 [%]



### M&A – value of transactions organized by PKO Securities [PLN bn]



 <b>EDF</b>   <b>PGE</b>  Acquisition of EDF Assets in Poland by PGE <b>4 270 000 000 PLN</b> Buy-side advisory
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Source: PKO BP Securities, WSE, DealWatch, Bloomberg.



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# Financial results



Annual revenues at record high level  
due to double-digit growth of NII and F&C



Better cost efficiency (decrease of C/I to 46%)



Cost of risk (0.71 p.p.) below strategically defined level



Capital ratios enabling payment of dividends

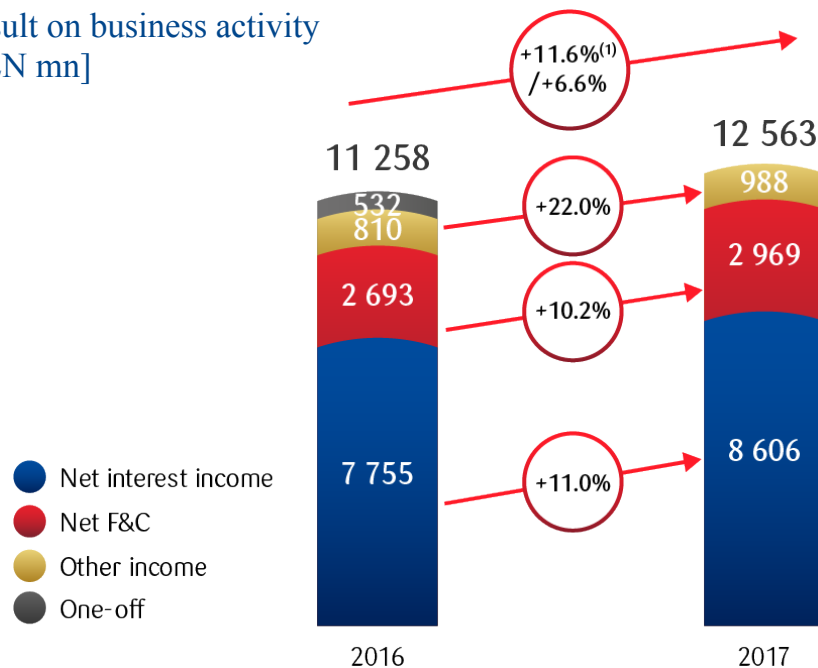
## FINANCIAL RESULTS

Annual revenues at record high level due to double-digit dynamics of NII and F&C

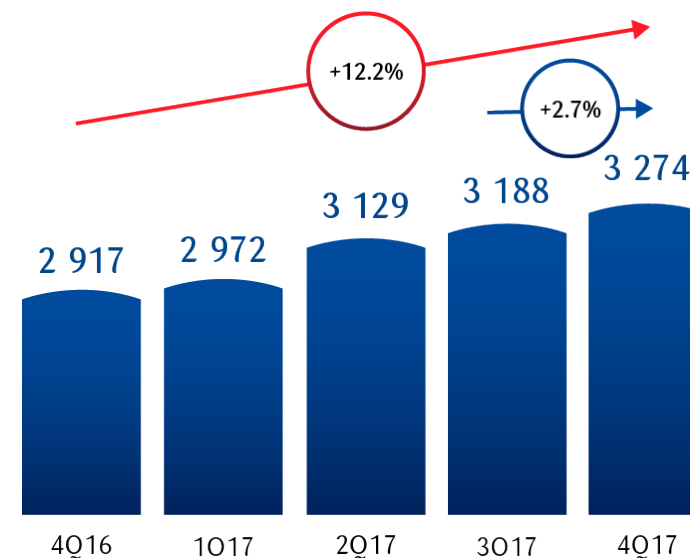


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Result on business activity  
[PLN mn]



Quarterly result on business activity  
[PLN mn]



PKO Bank Polski is capable to generate strong growth of revenues despite stable, lowest-ever interest rates of NBP

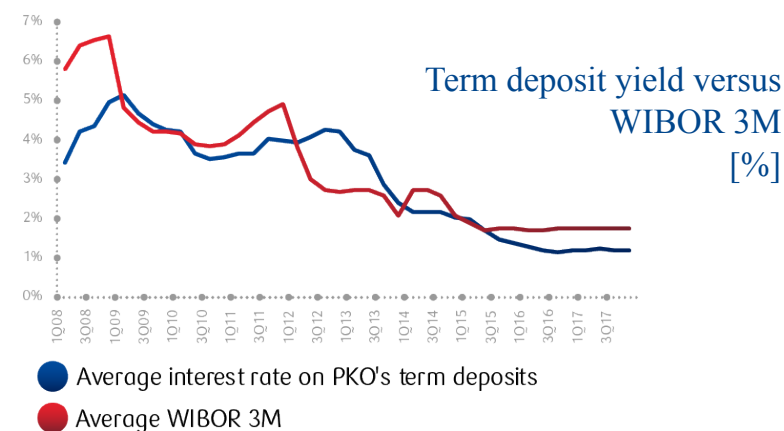
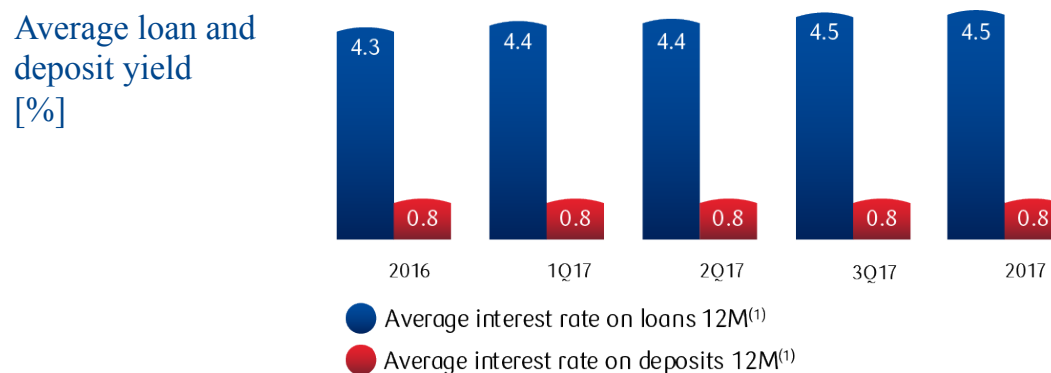
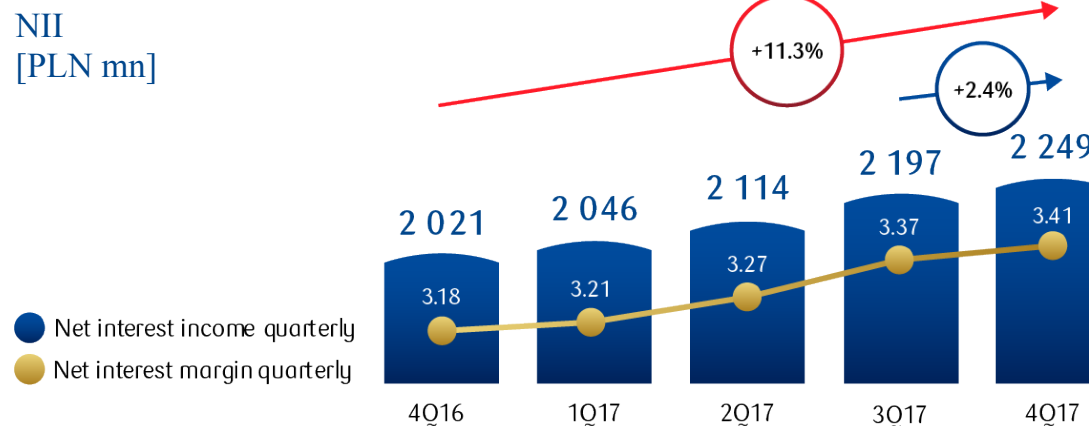
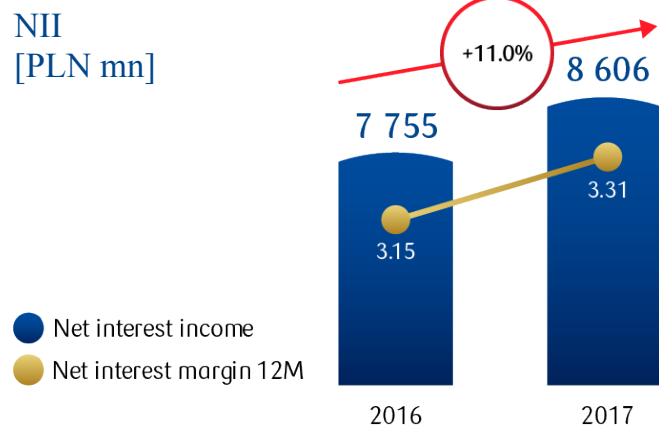
<sup>(1)</sup> One-offs and non-standard events in 2016: PLN +418 mn PLN from Visa Europe transaction, PLN +114 mn PLN from Qualia property sale

## FINANCIAL RESULTS

# Strong growth in NII amid rising NIM



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(1) Interest income (expense) for last 4 quarters / average net loans (deposits) of last 4 quarters

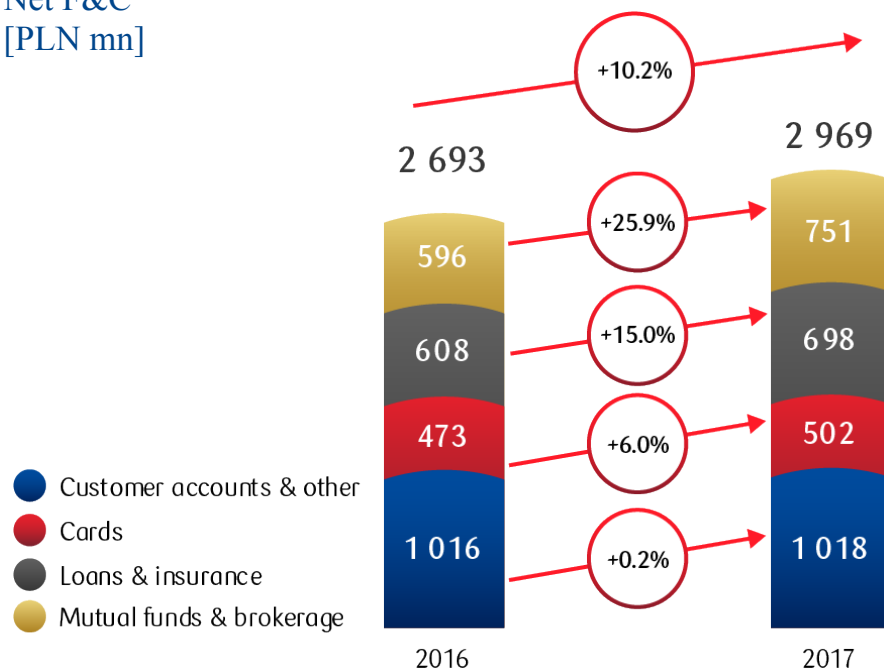
## FINANCIAL RESULTS

# Materially higher fees and commissions

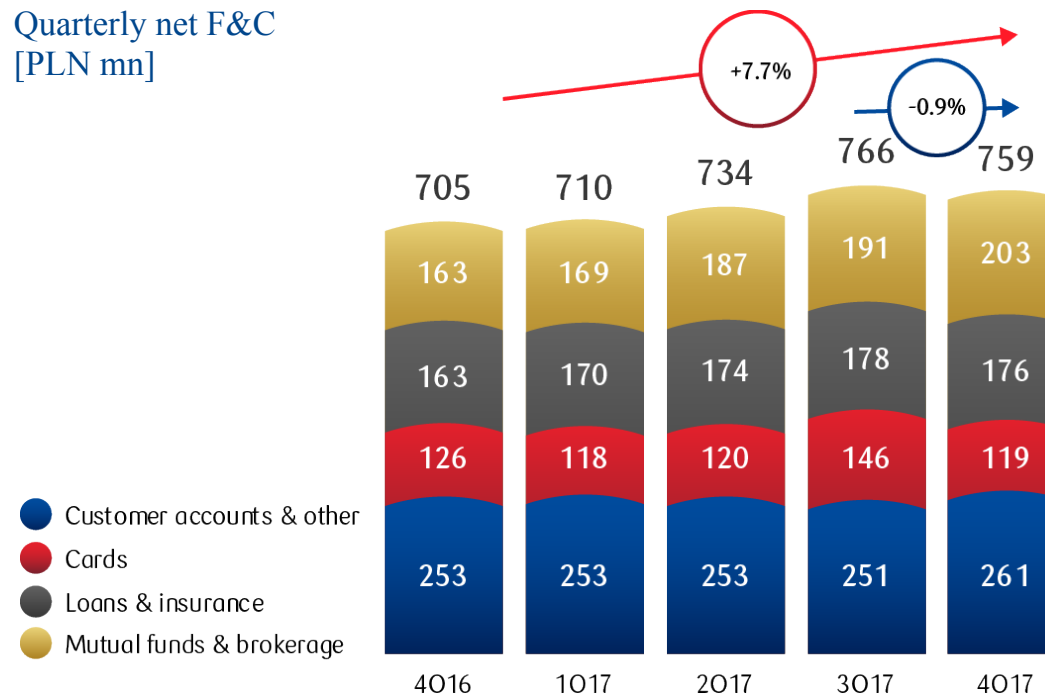


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Net F&C  
[PLN mn]



Quarterly net F&C  
[PLN mn]



- Dynamic growth of card fees, mutual fund, brokerage and loan/ insurance fees,
- Accounts: client migration to digital channels offset by increased client activity and transaction level

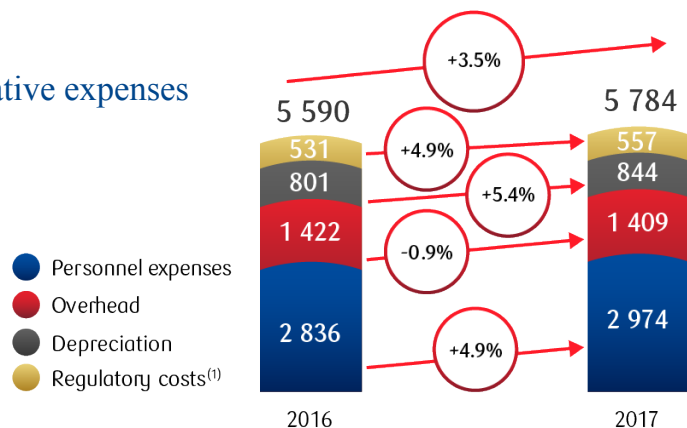
## FINANCIAL RESULTS

# Better cost efficiency (decrease of C/I to 46%)

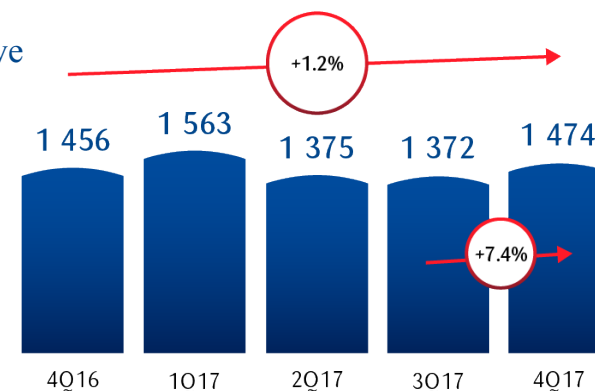


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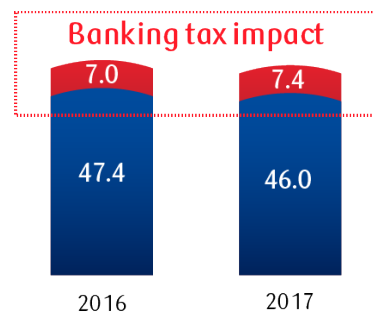
Administrative expenses  
[PLN mn]



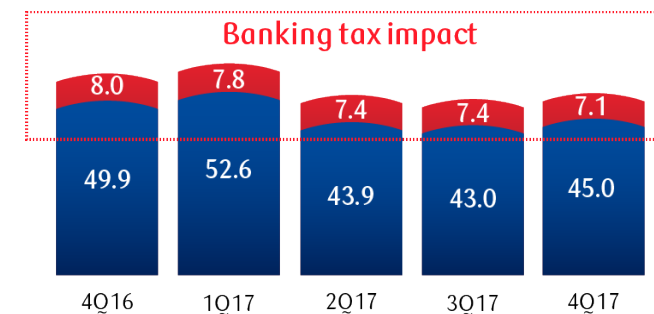
Quarterly administrative  
expenses  
[PLN mn]



Cost / Income 12M  
[%]



Quarterly C/I ratio  
[%]



- Administrative expenses increased by rising regulatory costs and remuneration amid savings in overhead,
- Continued FTE reduction driven by branch optimization

<sup>(1)</sup> Deposit guarantee scheme, FSA, levies and administrative charges

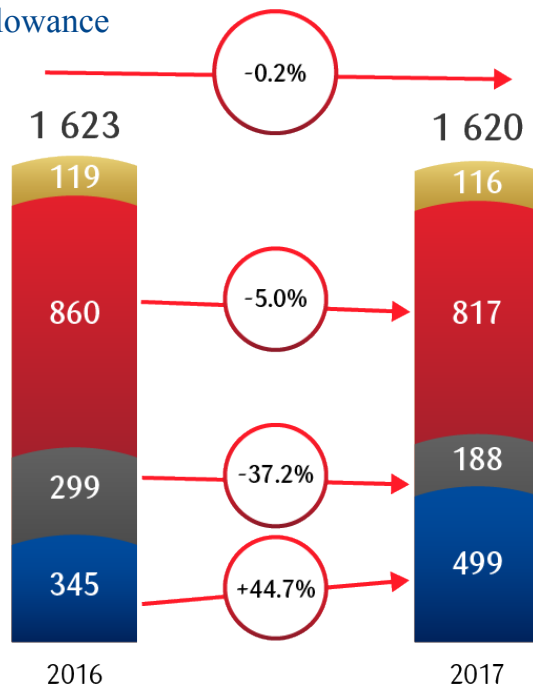
## FINANCIAL RESULTS

Cost of risk (0.71 p.p.) below strategically defined level



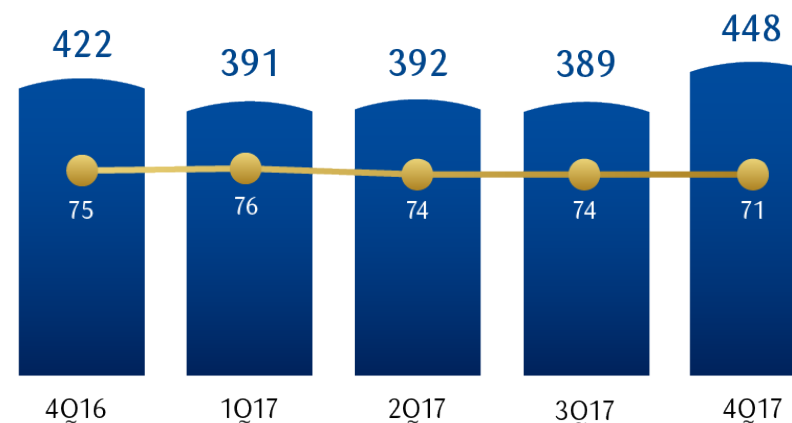
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Net impairment allowance  
[PLN mn]



- Consumer loans
- Mortgage loans
- Corporate loans
- Other

Quarterly net impairment  
allowance  
[PLN mn]



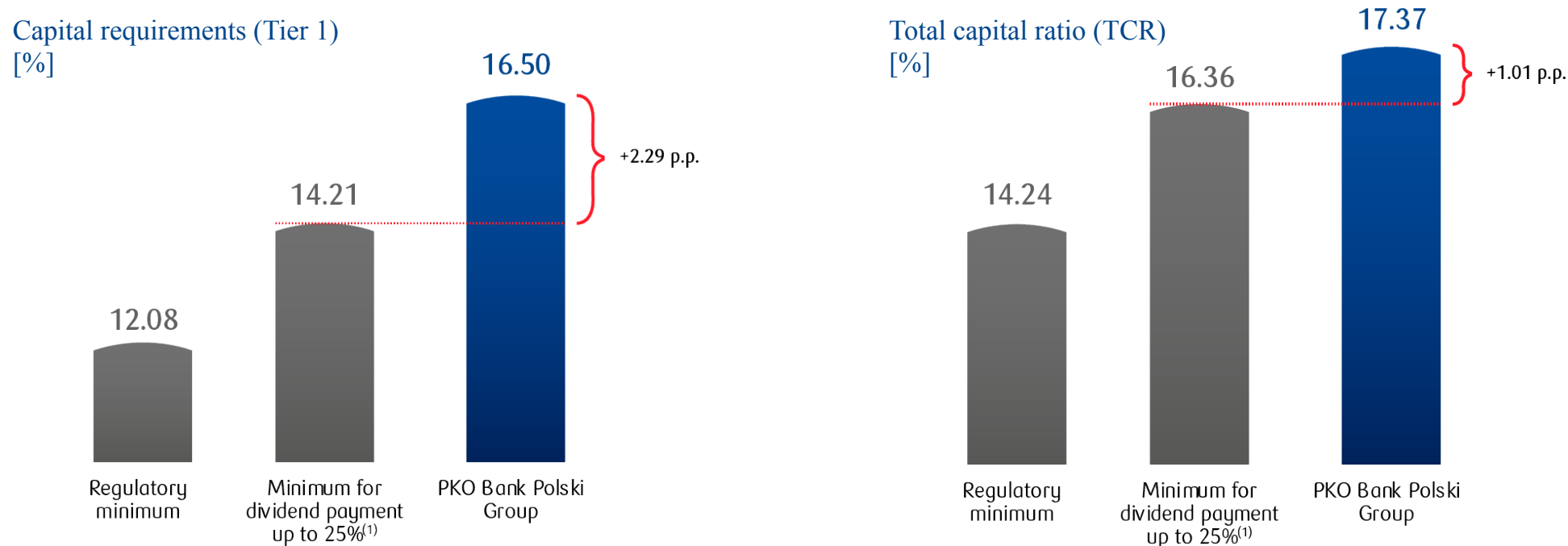
- Net impairment allowance
- Cost of risk 12M (bps)



## Capital ratios enabling payment of dividends



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**PKO Bank Polski has the regulatory ability  
to pay up to 25% of the 2017 net profit**

<sup>(1)</sup> Having considered dividend payment adjustments for the following criteria:

K1 - share of the foreign currency mortgages for households in total receivables from non-financial sector (16.9%) – adjustment by -20 p.p. (for >10% share)

K2 - share of the foreign currency mortgages granted in 2007 and 2008 in total portfolio of foreign currency mortgages for households (44.9%) – adjustment by -30 p.p. (for >20% share)

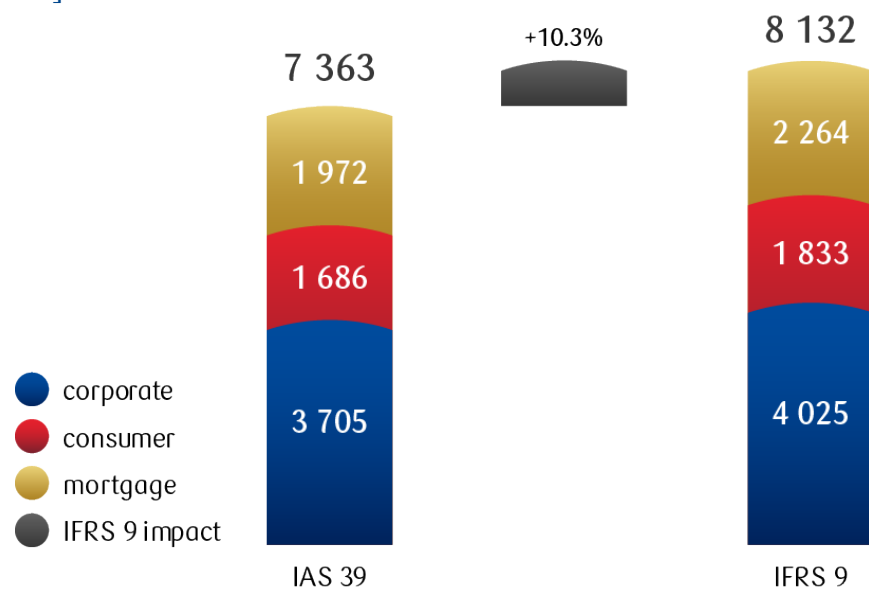
## FINANCIAL RESULTS

# IFRS 9 impact: rational increase in provisions consistent with the best market practices

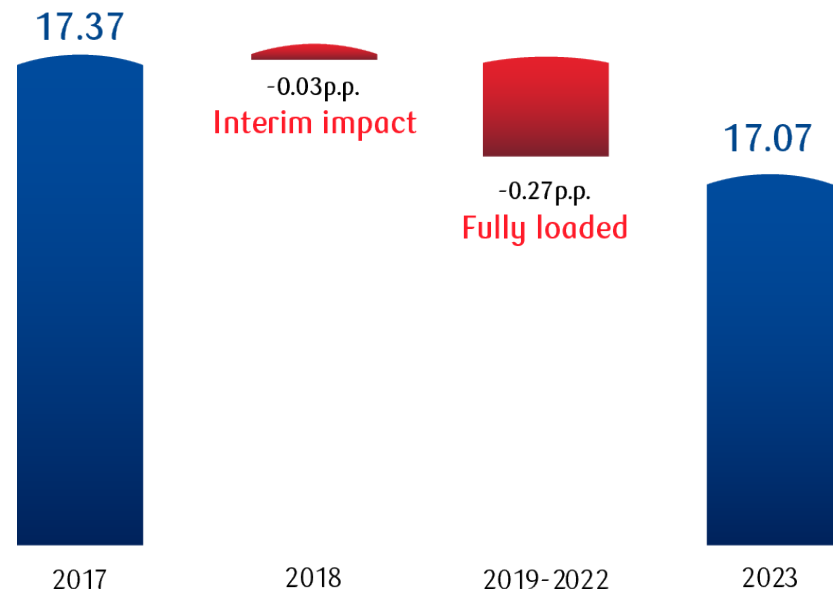


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Impact of the IFRS 9 implementation on provisions [PLN mn]



Impact of the IFRS 9 implementation on TCR [%]



Even having considered the full impact of IFRS 9, PKO Bank Polski meets regulatory criteria for dividend payment for 2017

# FINANCIAL RESULTS

## Key financial data



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### Profit and loss [PLN m]

	2017	2016	y/y	4Q17	3Q17	q/q
Net interest income	8 606	7 755	+11.0%	2 249	2 197	+2.4%
Net F&C	2 969	2 693	+10.2%	760	766	-0.8%
Result on business activity	12 563	11 790	+6.6%	3 274	3 188	+2.7%
Administrative expenses	-5 784	-5 590	+3.5%	-1 474	-1 372	+7.4%
Net impairment allowance	-1 620	-1 623	-0.2%	-448	-389	+15.2%
Banking tax	-932	-829	+12.4%	-234	-234	0.0%
Net profit	3 104	2 874	+8.0%	820	902	-9.1%

### Balance sheet [PLN bn]

Assets	296.9	285.6	+4.0%	296.9	290.0	+2.4%
Net loans	205.6	200.6	+2.5%	205.6	205.8	-0.1%
Deposits	218.8	205.1	+6.7%	218.8	209.7	+4.3%
Stable financial resources	247.2	239.7	+3.2%	247.2	243.0	+1.8%
Total equity	36.3	32.6	+11.3%	36.3	35.3	+2.6%

# FINANCIAL RESULTS

## Key financial ratios



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		2017	2016	y/y	4Q17 <sup>(4)</sup>	3Q17 <sup>(4)</sup>	q/q
Key financial ratios	ROE net [%]	9.0	9.1	-0.1 p.p.	9.1	10.3	-1.2 p.p.
	ROE net [%] excl. banking tax	11.7	11.7	0.0 p.p.	11.7	13.0	-1.3 p.p.
	ROA net [%]	1.1	1.1	0.0 p.p.	1.1	1.2	-0.1 p.p.
	ROA net [%] excl. banking tax	1.4	1.4	0.0 p.p.	1.4	1.6	-0.2 p.p.
	C/I [%]	53.5	54.4	-0.9 p.p.	52.2	50.4	+1.8 p.p.
	C/I [%] excl. banking tax	46.0	47.4	-1.4 p.p.	45.0	43.0	+2.0 p.p.
	NIM <sup>(1)</sup> [%]	3.31	3.15	+0.16 p.p.	3.41	3.37	+0.04 p.p.
Loan portfolio quality	NPL ratio <sup>(2)</sup> [%]	5.5	5.9	-0.4 p.p.	5.5	5.6	-0.1 p.p.
	Coverage ratio <sup>(3)</sup> [%]	67.0	65.5	+1.5 p.p.	67.0	68.6	-1.6 p.p.
	Cost of risk [bps]	71	75	-4 bps	67	73	-7 bps
Capital position	TCR [%]	17.4	15.8	+1.6 p.p.	17.4	17.7	-0.3 p.p.
	Tier 1 capital ratio [%]	16.5	14.5	+2.0 p.p.	16.5	16.8	-0.3 p.p.

(1) Net interest margin = net interest income of last 4 quarters / average interest bearing assets of last 4 quarters (formula consistent with that applied in the PKO Bank Polski Group Directors' Report)

(2) Share of loans with recognised impairment in total gross loans

(3) Coverage of loans with recognised impairment with impairment allowances

(4) Ratios on quarterly basis; ROE, ROA, NIM and cost of risk – annualised



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# Bank 3.1



Net profit: PLN 3.1 bn



Successful digital  
transformation

The best mobile banking in  
the world



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## Supplementary information, incl. macroeconomic backdrop

## MACROECONOMIC BACKDROP

# Macroeconomic and banking sector outlook

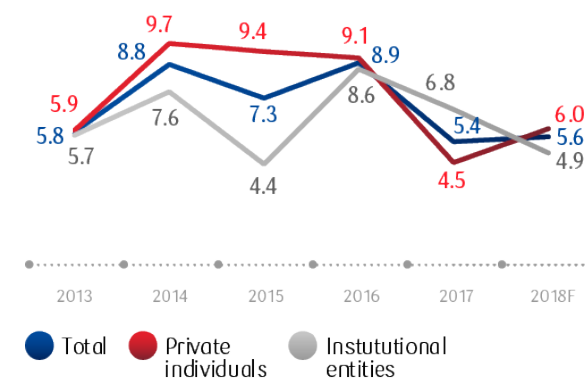


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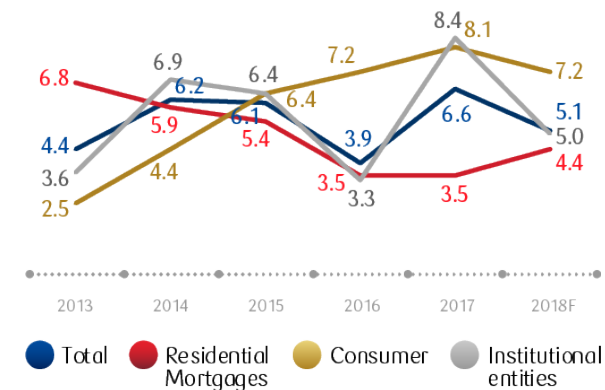
		2013	2014	2015	2016	2017	2018F
GDP	% y/y	1.4	3.3	3.8	2.9	4.6	4.6
Consumption	% y/y	0.3	2.6	3.0	3.9	4.8	4.3
Investments	% y/y	-1.1	10.0	6.1	-7.9	5.4	8.2
Fiscal deficit <sup>(1)</sup>	% GDP	-4.1	-3.6	-2.6	-2.5	-1.7	-1.9
Public debt <sup>(2)</sup>	% GDP	53.3	48.1	48.8	51.9	49.1	48.1
CPI inflation	%	0.9	0.0	-0.9	-0.6	2.0	2.0
LFS unemployment rate	%	9.8	8.1	6.9	5.5	5.0	4.6
NBP reference rate	% eop	2.50	2.00	1.50	1.50	1.50	1.50
WIBOR 3M	% eop	2.71	2.06	1.73	1.73	1.73	1.73
EURPLN	PLN eop	4.15	4.26	4.26	4.42	4.17	4.27
USDPLN	PLN eop	3.01	3.51	3.90	4.18	3.48	3.65

Source: GUS, Ministry of Finance, NBP, PKO Bank Polski forecasts

Deposit  
growth rate  
[% , FX adj.]



Loan  
growth rate  
[% , FX adj.]



(1) In ESA2010 terms. (2017 - PKOe)

(2) According to domestic methodology (2017 - PKOe)

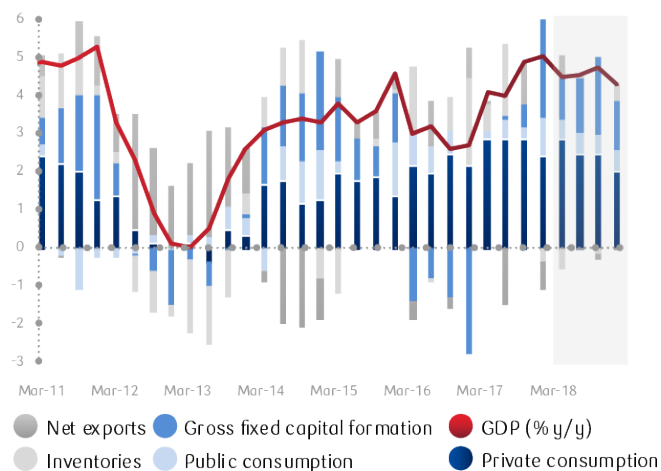
# MACROECONOMIC BACKDROP

## Sustainable economic boom

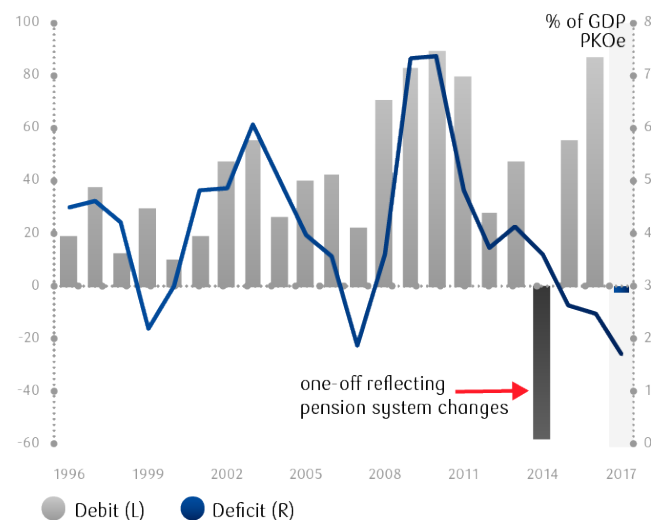


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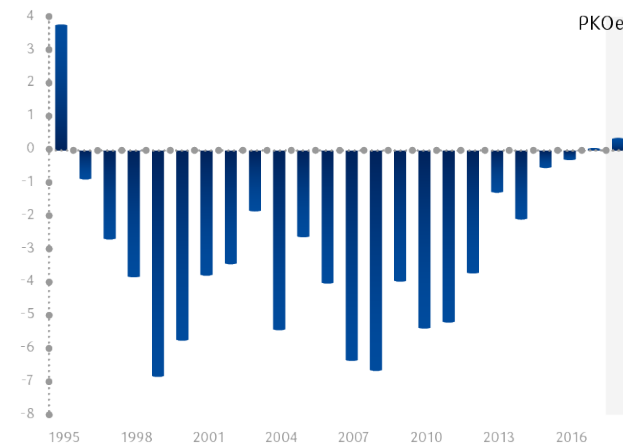
Real GDP growth and its structure  
[p.p.]



Fiscal deficit and debt  
[% of GDP, ESA2010]



Current account balance  
[% of GDP]



- Strong GDP growth driven by reviving fixed investments and continued solid consumption growth with broadly neutral contribution of net exports.
- Improved fiscal stance is supportive for stability of the economic growth. The fiscal deficit was all-time low after 3q17 while public debt in absolute terms edged down in 2017 for the first time ever (acc. to tentative estimates).
- Poland's current account in 2017 was in surplus for the first time in over 20 years, which means there is no build-up of excessive imbalances in the economy.



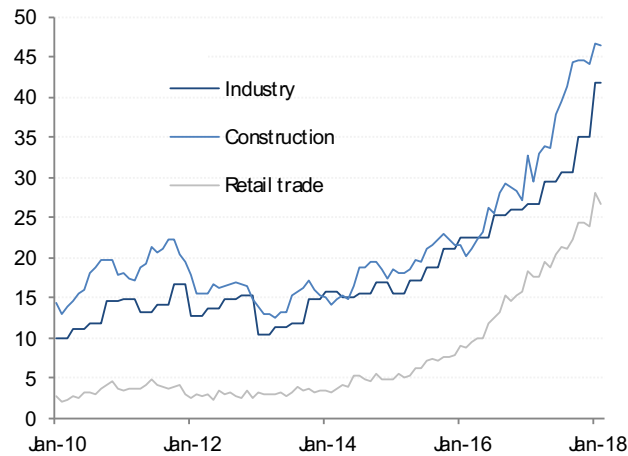
# MACROECONOMIC BACKDROP

## Rate hikes still distant

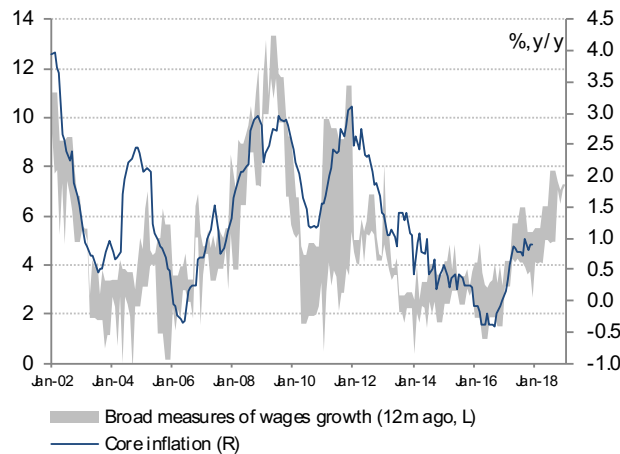


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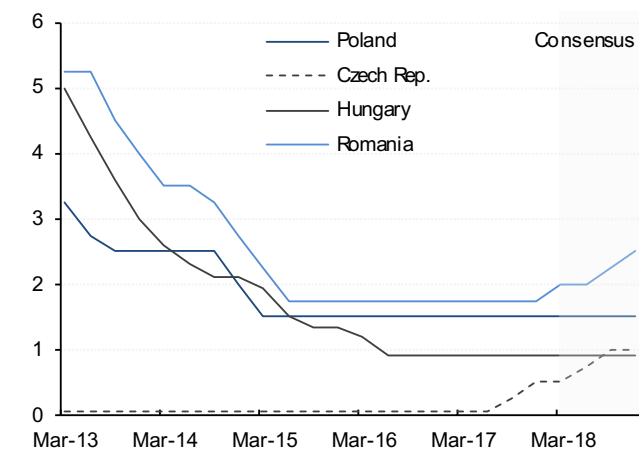
Corporate growth barriers - shortage of skilled labour  
[% of companies]



Range of wages growth vs core inflation  
[% , y/y]



Interest rates in the region  
[%]



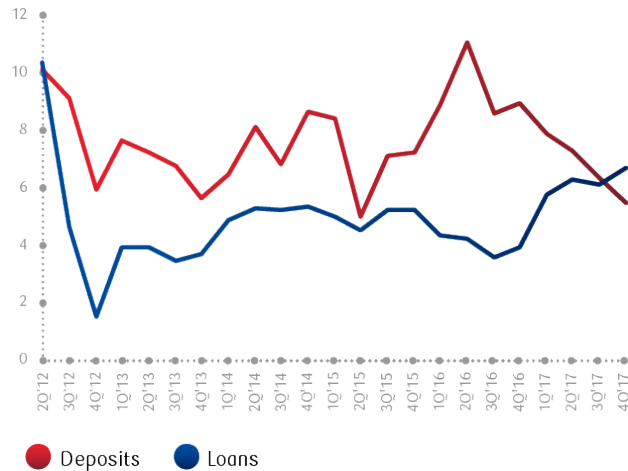
- Mounting shortage of the labour force - despite rising participation rate and massive immigration - translate into stronger wage pressure and acceleration of actual wage growth.
- Accelerating wage growth, exceeding labour productivity gains, translates into stronger unit labor cost growth and strengthening of underlying inflationary pressure (rise in core inflation towards 2% and CPI inflation above the target of 2.5%).
- Effective tightening of monetary conditions by the PLN appreciation, improvement of the balance of payments position, relatively stable housing market and moderate credit growth mean that the MPC is unlikely to raise NBP interest rates before the end of 2018.

## Banking sector and mutual funds: moderate volume growth

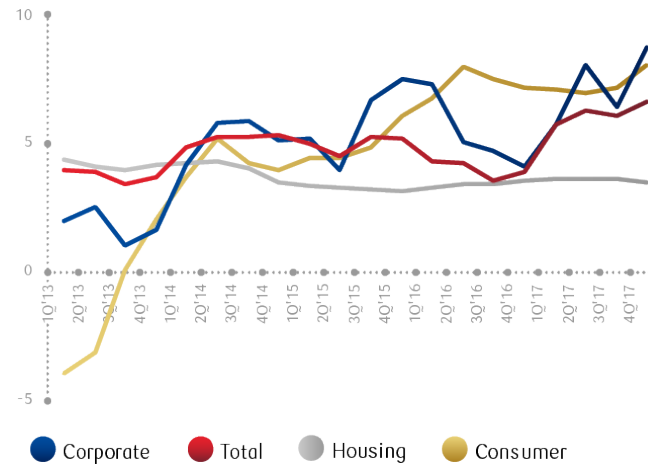


Bank Polski

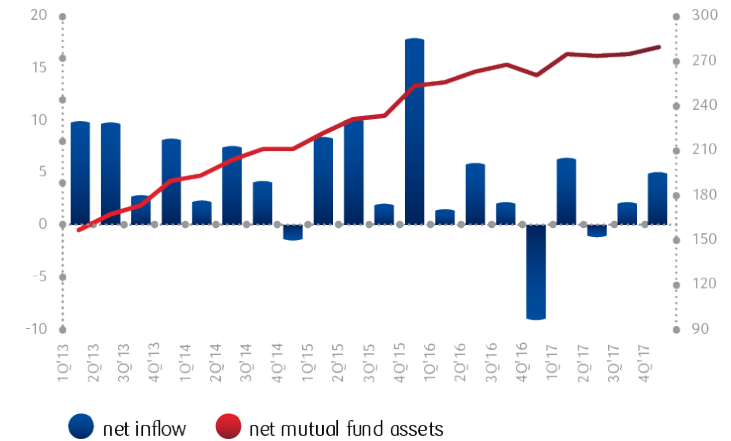
Deposit and loan growth rates  
[% y/y, FX adj.]



Loan growth rates  
[% y/y, FX adj.]



Mutual fund assets  
[PLN bn]



- Deposit growth is negatively affected by weak money creation and low interest rates, which increase attractiveness of alternative forms of savings (real estate and mutual funds).
- Low interest rates and improving financial situation of households support demand for consumer and mortgage loans. The revival of fixed investments is supportive for corporate lending.
- Strong performance of the stock market and improvement in financial situation of households are driving inflows to mutual funds.

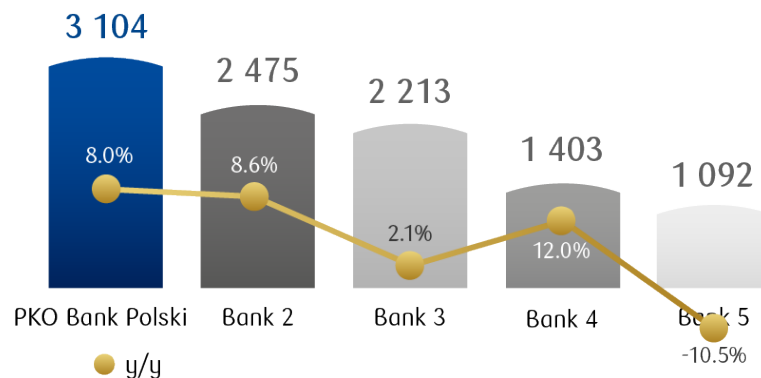
## SUPPLEMENTARY INFORMATION

# PKO Bank Polski generated the highest annual net profit in the banking sector

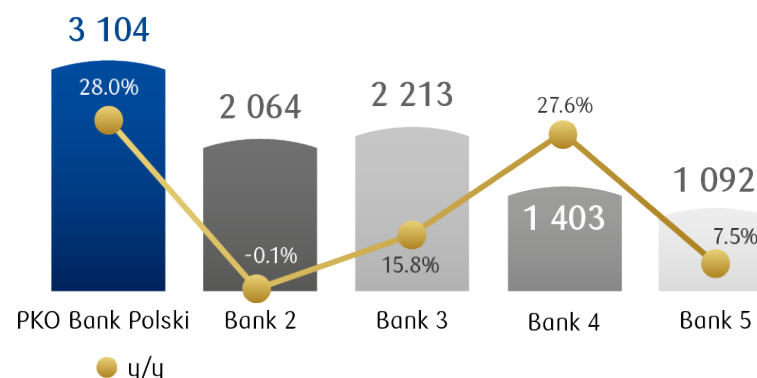


Bank Polski

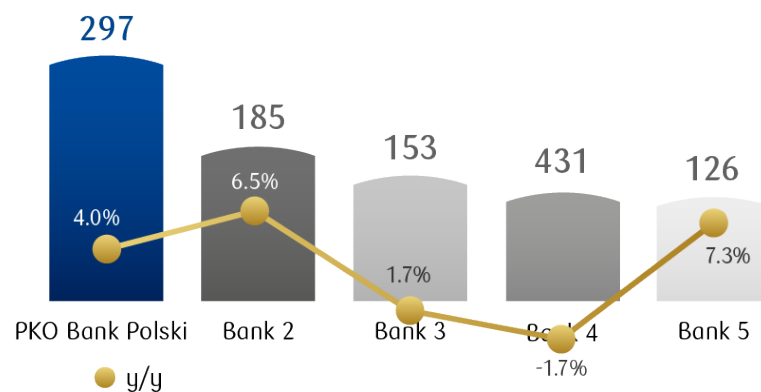
Net profit



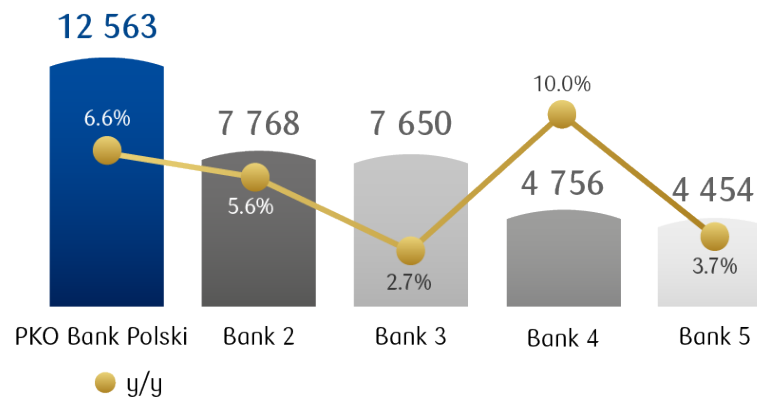
Recurring net profit



Assets



Result on business activity



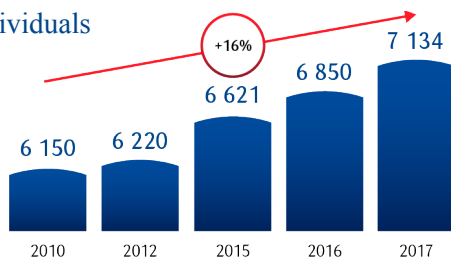
## SUPPLEMENTARY INFORMATION

# PKO Bank Polski - undisputed leader of the Polish banking sector

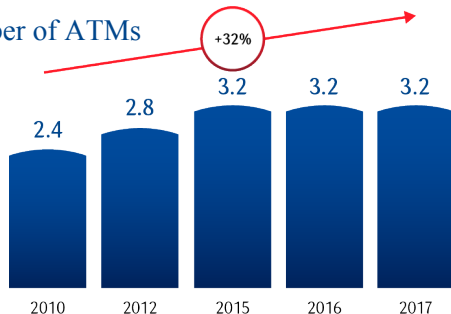


Bank Polski

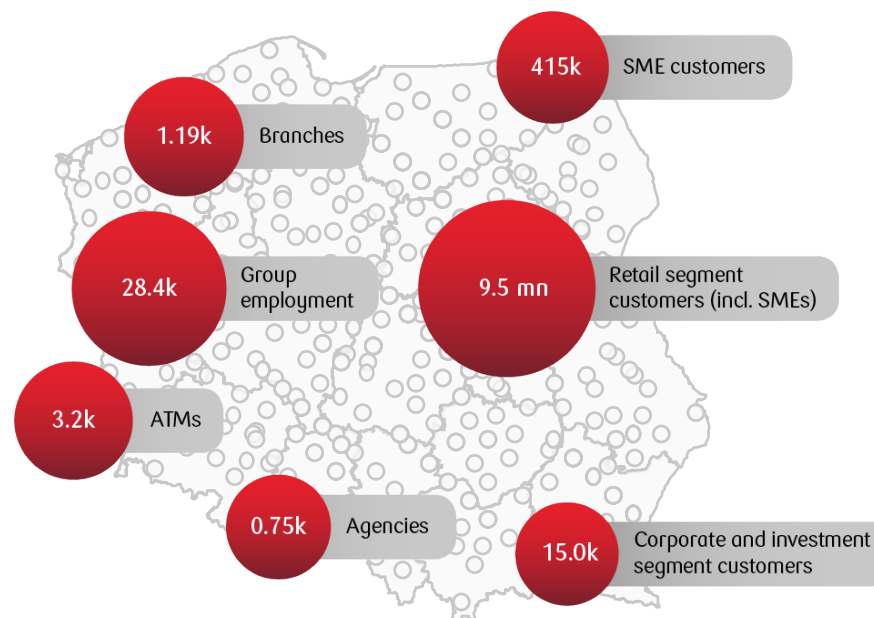
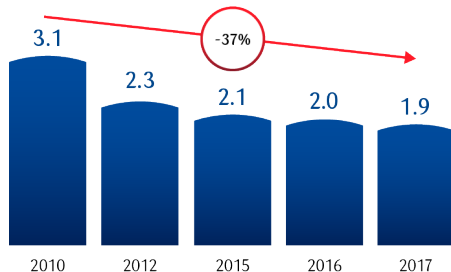
Number of current accounts of individuals [ths]



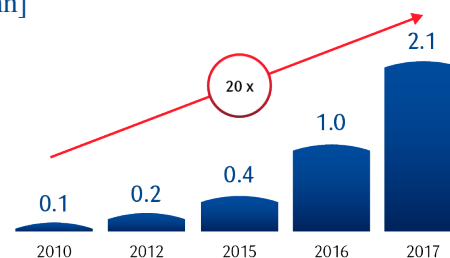
Number of ATMs [ths]



Number of retail agencies and branches [ths]



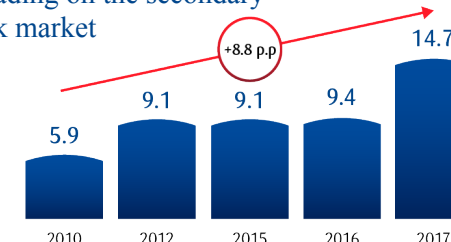
Mobile apps [mn]



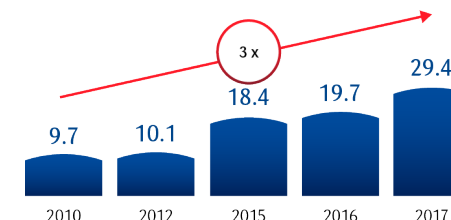
Number of corporate customers with access to e-banking [ths]



The share of PKO Securities in trading on the secondary stock market



PKO Investment Funds – AuM [PLN bn]



## SUPPLEMENTARY INFORMATION

# Improving structure of loans and deposits while maintaining high liquidity

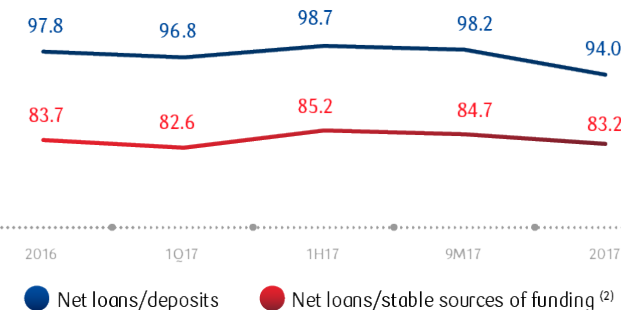
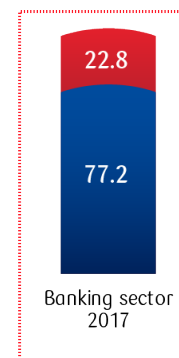
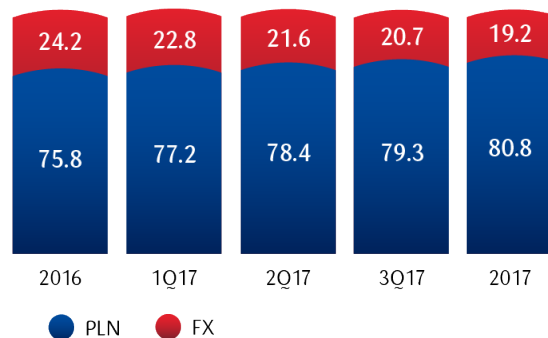


Bank Polski

Gross loans  
[PLN bn]

2016	1Q17	2Q17	3Q17	2017
208.6	208.7	212.7	214.0	213.5

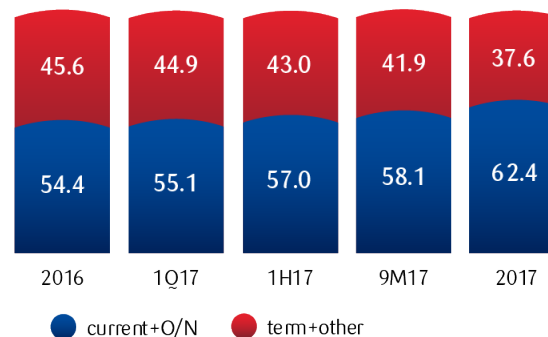
Currency structure of gross loans portfolio  
[%]



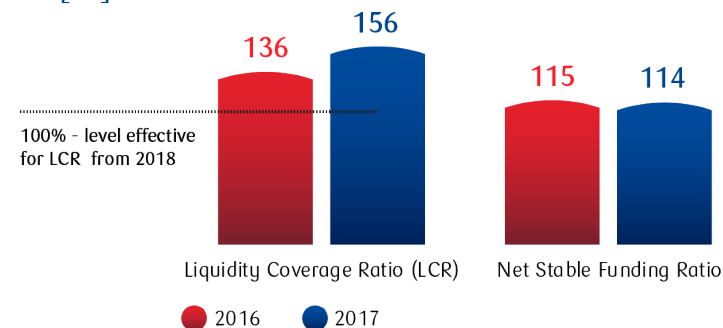
Deposits<sup>(1)</sup>  
[PLN bn]

2016	1Q17	2Q17	3Q17	2017
205.1	207.1	207.2	209.7	218.8

Term structure of total deposits<sup>(1)</sup>  
[%]



LCR and NSFR ratio  
[%]



(1) Amounts due to customers

(2) Amounts due to customers and long-term external funding in the form of: covered bonds, securitization, senior unsecured bonds, subordinated debt; and amounts due to financial institutions.

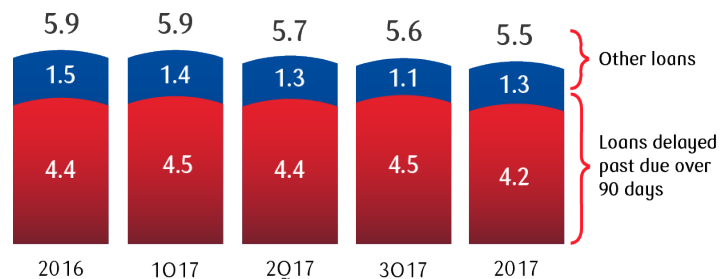
# SUPPLEMENTARY INFORMATION

## Loan portfolio quality - segments

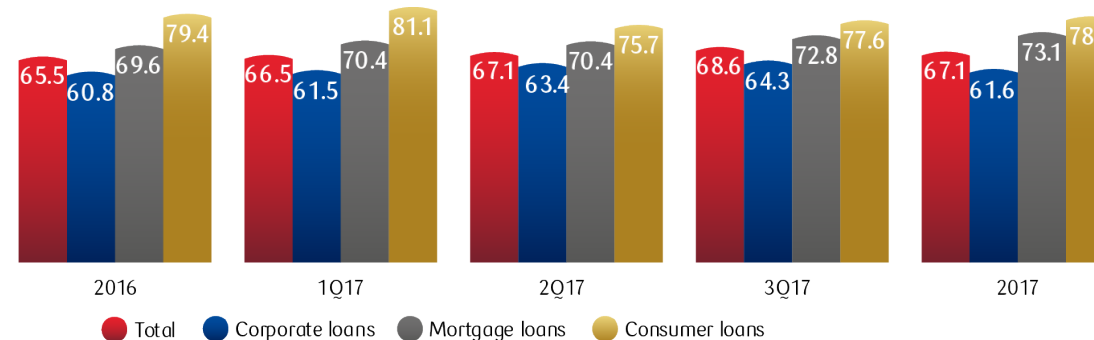


Bank Polski

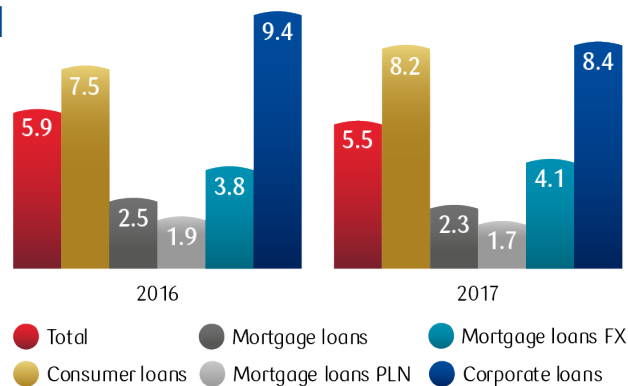
Share of loans with recognized impairment [%]



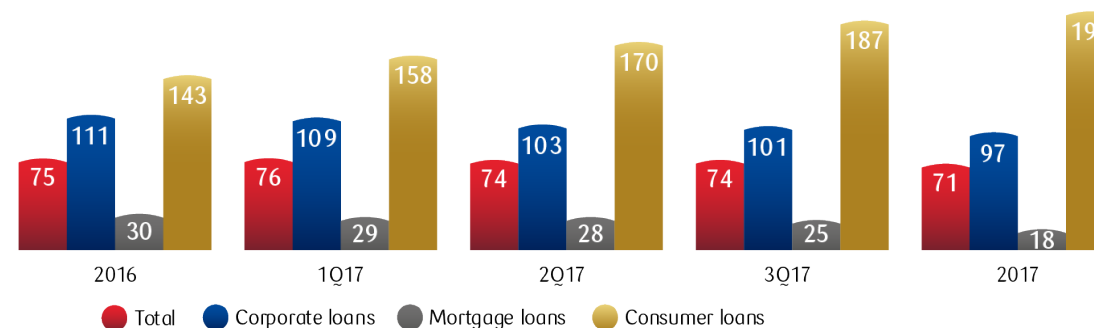
Coverage of loans with recognised impairment by impairment allowances [%]



Ratio of loans with recognised impairment<sup>(1)</sup> [%]



Cost of risk over the last 12M [bps]



(1) 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

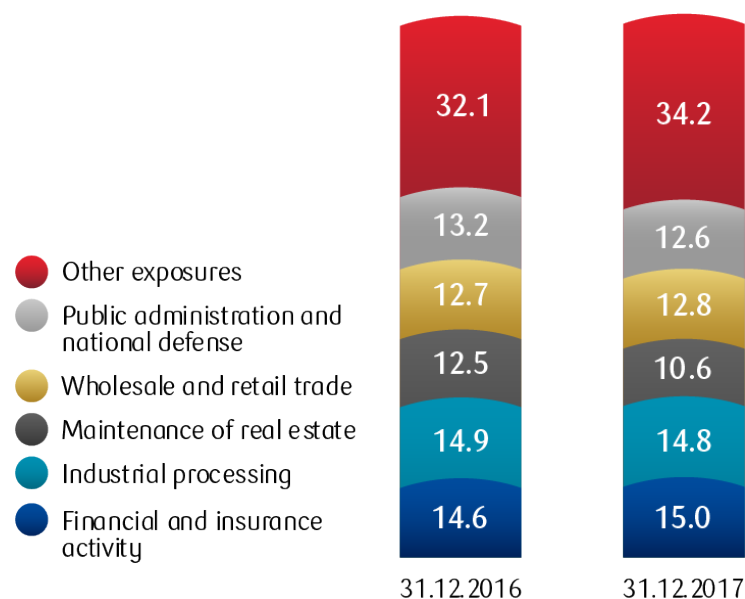
# SUPPLEMENTARY INFORMATION

## Credit risk concentration



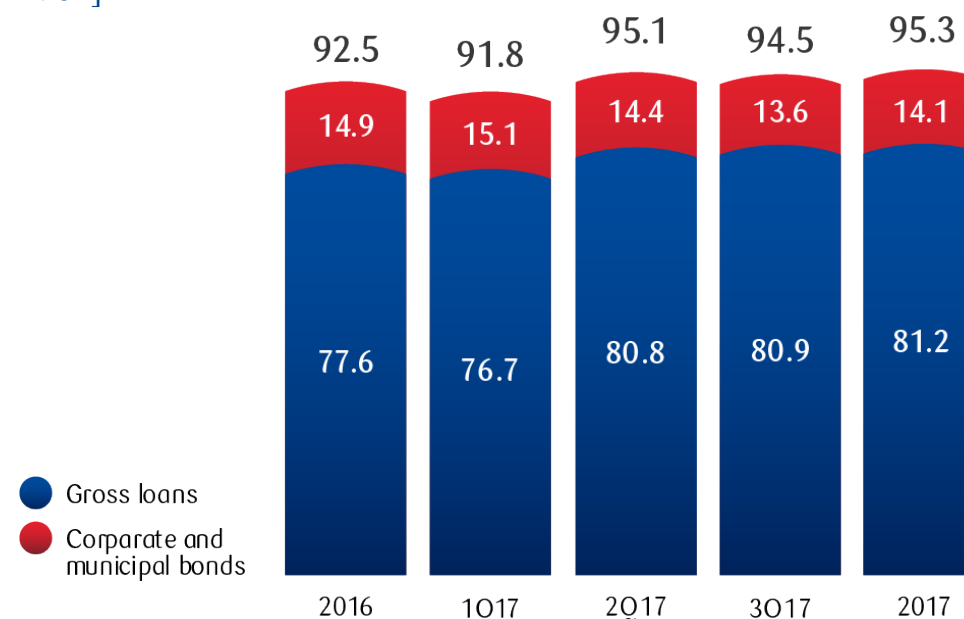
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Structure of corporate loans by industry segment  
[%]



Non-financial and state budget entities

Receiveables due from entities  
[PLN bn]



- Low industry concentration,
- Non-material exposure to the renewable energy sector

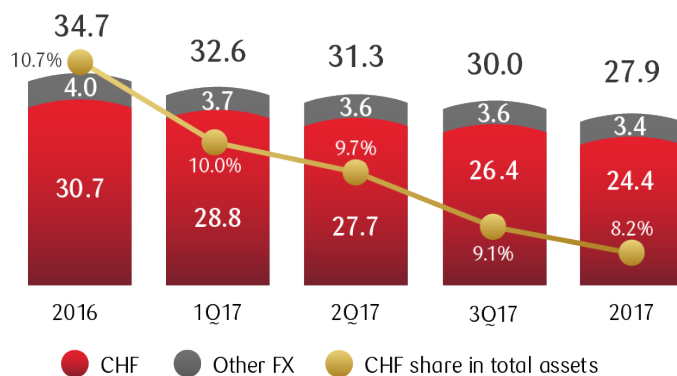
## SUPPLEMENTARY INFORMATION

# Mortgage loans

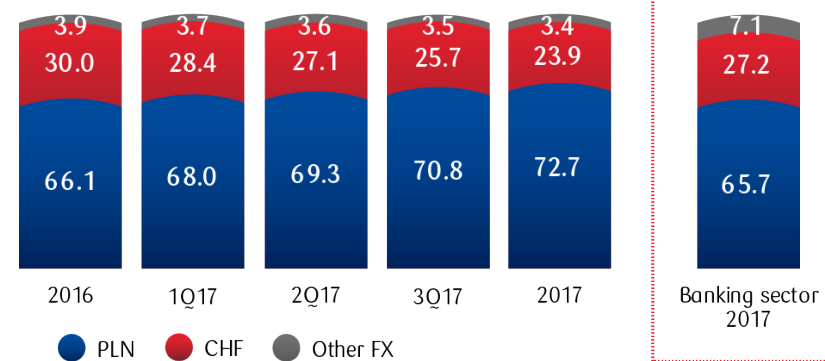


Bank Polski

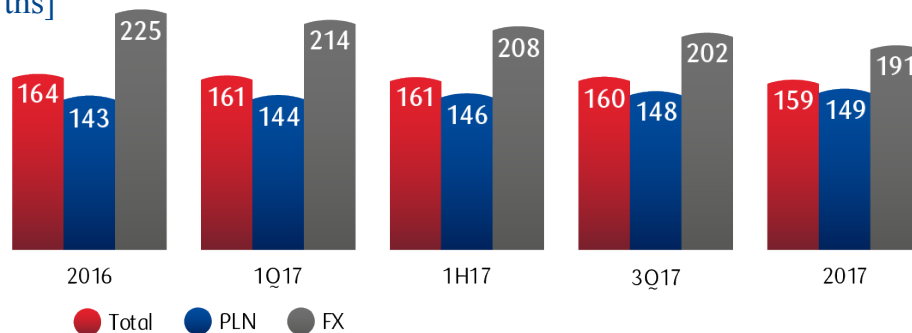
Volume of FX mortgage loans  
[PLN bn]



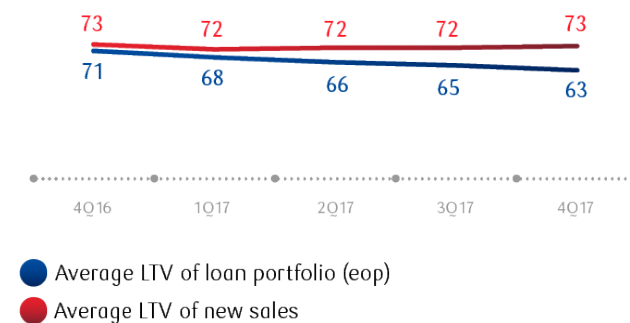
Structure of mortgage loans by currency  
[%]



Average carrying value of mortgage loan  
[PLN ths]



Average LTV  
[%]



Includes data of PKO Bank Polski and PKO Mortgage Bank



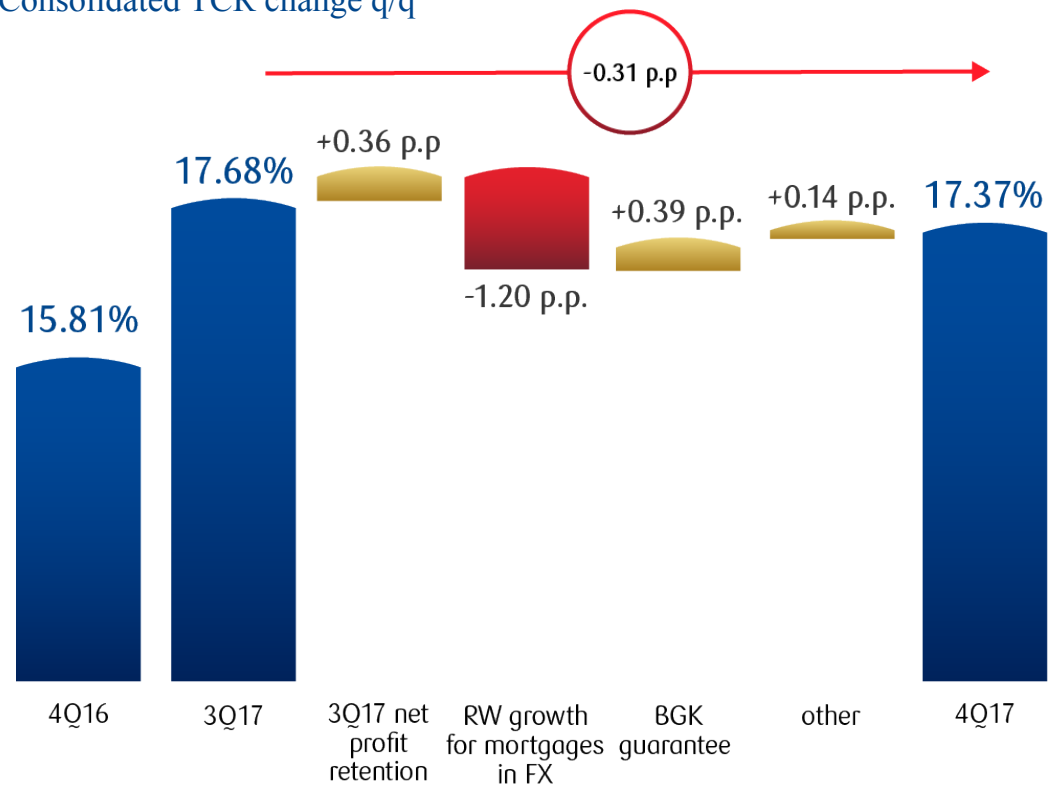
## SUPPLEMENTARY INFORMATION

### Capital adequacy

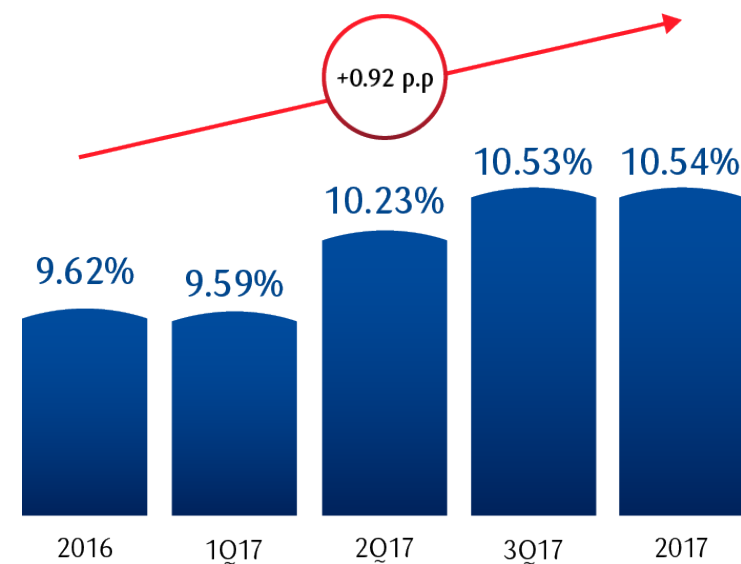


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Consolidated TCR change q/q



Leverage ratio



## SUPPLEMENTARY INFORMATION

# Operational data



Bank Polski

PKO Bank Polski operating data	4Q16	1Q17	2Q17	3Q17	4Q17	y/y	q/q
Current accounts [ths]	6 850	6 910	6 978	7 063	7 134	+4.1%	+1.0%
Banking cards [ths]	7 864	7 985	8 089	8 233	8 340	+6.1%	+1.3%
of which credit cards	852	859	859	866	875	+2.7%	+1.0%
Branches:	1 238	1 230	1 221	1 208	1 192	-3.7%	-1.3%
- retail	1 198	1 190	1 180	1 167	1 151	-3.9%	-1.4%
- corporate	40	40	41	41	41	+2.5%	0.0%
Agencies	837	819	790	769	745	-11.0%	-3.1%
ATMs	3 206	3 196	3 213	3 208	3 190	-0.5%	-0.6%
Active mobile banking applications IKO [ths]	1 045	1 243	1 463	1 719	2 072	+98.4%	+20.6%
Employment eop [FTE Bank ths]	25.4	25.0	24.7	24.6	24.5	-3.3%	-0.2%
Employment eop [FTEs Group ths]	29.2	28.9	28.6	28.4	28.4	-2.5%	+0.1%

- Bank increased the number of current accounts by 280 thousands y/y,
- The number of active IKO applications has almost doubled, ...
- ... and the change in distribution channels mix led to further optimization in number of branches

## SUPPLEMENTARY INFORMATION

# Consolidated income statement of the PKO Group



Bank Polski

Profit and loss account (PLN million)	2016	2017	y/y
Net interest income	7 755	8 606	+11.0%
Net fee and commission income	2 693	2 969	+10.2%
Other income	1 342	988	-26.4%
Dividend income	10	12	+20.0%
Net income from financial instruments designated at fair value	4	8	+100.0%
Gains less losses from investment securities	506	46	-90.9%
Net foreign exchange gains	503	452	-10.1%
Net other operating income and expense	319	470	+47.3%
<b>Total income items</b>	<b>11 790</b>	<b>12 563</b>	<b>+6.6%</b>
Net impairment allowance and write-offs	(1 623)	(1 620)	-0.2%
Administrative expenses	(5 590)	(5 784)	+3.5%
Banking tax	(829)	(932)	+12.4%
Share in net profit (losses) of associates and jointly controlled entities	35	22	-37.1%
<b>Profit before income tax</b>	<b>3 783</b>	<b>4 249</b>	<b>+12.3%</b>
Income tax expense	(907)	(1 140)	+25.7%
Net profit attributable to non-controlling shareholders	2	5	+150.0%
<b>Net profit attributable to the parent company</b>	<b>2 874</b>	<b>3 104</b>	<b>+8.0%</b>

Any differences in total balances, shares and growth rates result from rounding of balances to PLN million and percentage shares to one decimal place

# SUPPLEMENTARY INFORMATION

## Consolidated income statement of the PKO Group - quarterly



Bank Polski

Profit and loss account (PLN million)	4Q16	1Q17	2Q17	3Q17	4Q17	4Q17 /4Q16	4Q17 /3Q17
Net interest income	2 021	2 046	2 114	2 197	2 249	+11.3%	+2.4%
Net fee and commission income	705	710	733	766	760	+7.8%	-0.8%
Other income	191	216	282	225	265	+38.7%	+17.8%
Dividend income	-	-	11	1	-	x	x
Net income from financial instruments designated at fair value	(11)	19	(6)	(2)	(3)	-72.7%	+50.0%
Gains less losses from investment securities	3	5	(4)	16	29	9x	+81.3%
Net foreign exchange gains	152	116	107	101	128	-15.8%	+26.7%
Net other operating income and expense	47	76	174	109	111	+136.2%	+1.8%
<b>Total income items</b>	<b>2 917</b>	<b>2 972</b>	<b>3 129</b>	<b>3 188</b>	<b>3 274</b>	<b>+12.2%</b>	<b>+2.7%</b>
Net impairment allowance and write-offs	(422)	(391)	(392)	(389)	(448)	+6.2%	+15.2%
Administrative expenses	(1 456)	(1 563)	(1 375)	(1 372)	(1 474)	+1.2%	+7.4%
Banking tax	(234)	(233)	(231)	(234)	(234)	0.0%	0.0%
Share in net profit (losses) of associates and jointly controlled entities	10	5	6	9	2	-80.0%	-77.8%
<b>Profit before income tax</b>	<b>815</b>	<b>790</b>	<b>1 137</b>	<b>1 202</b>	<b>1 120</b>	<b>+37.4%</b>	<b>-6.8%</b>
Income tax expense	(220)	(262)	(279)	(300)	(299)	+35.9%	-0.3%
Net profit attributable to non-controlling shareholders	2	3	1	-	1	-50.0%	x
<b>Net profit attributable to the parent company</b>	<b>593</b>	<b>525</b>	<b>857</b>	<b>902</b>	<b>820</b>	<b>+38.3%</b>	<b>-9.1%</b>

Any differences in total balances, shares and growth rates result from rounding of balances to PLN million and percentage shares to one decimal place

## SUPPLEMENTARY INFORMATION

# Consolidated statement of financial position of the PKO Group



Bank Polski

Assets (PLN million)	31.12.16	31.03.17	30.06.17	30.09.17	31.12.17	y/y	q/q
Cash and balances with the Central Bank	13 325	14 087	13 637	16 880	17 810	+33.7%	+5.5%
Amounts due from other banks	5 345	5 659	3 339	3 651	5 233	-2.1%	+43.3%
Trading assets	326	1 381	1 499	1 838	431	6x	-76.6%
Derivative financial instruments	2 901	2 748	2 138	2 572	2 598	-10.4%	+1.0%
Financial assets designated at fair value through P&L	13 937	11 775	9 045	6 395	8 157	-41.5%	+27.6%
Loans and advances to customers	200 606	200 579	204 620	205 809	205 628	+2.5%	-0.1%
Investment securities available for sale and securities held to maturity	37 142	40 258	40 290	41 274	45 487	+22.5%	+10.2%
Tangible fixed assets	3 086	3 027	3 004	2 975	2 915	-5.5%	-2.0%
Other assets	8 905	9 002	8 817	8 567	8 653	-2.8%	+1.0%
<b>TOTAL ASSETS</b>	<b>285 573</b>	<b>288 516</b>	<b>286 389</b>	<b>289 961</b>	<b>296 912</b>	<b>+4.0%</b>	<b>+2.4%</b>

Liabilities and equity (PLN million)	31.12.16	31.03.17	30.06.17	30.09.17	31.12.17	y/y	q/q
Amounts due to the central bank	4	4	4	5	6	+50.0%	+20.0%
Amounts due to banks	19 208	18 162	16 703	11 098	4 558	-76.3%	-58.9%
Derivative financial instruments	4 198	3 805	3 023	2 554	2 740	-34.7%	+7.3%
Amounts due to customers	205 066	207 116	207 248	209 683	218 800	+6.7%	+4.3%
Liabilities of insurance activities	2 944	3 005	3 031	3 064	2 999	+1.9%	-2.1%
Debt securities in issue	14 493	16 547	16 256	21 970	23 932	+65.1%	+8.9%
Subordinated liabilities	2 539	2 487	1 617	1 705	1 720	-32.3%	+0.9%
Other liabilities	4 552	4 054	4 167	4 542	5 901	+29.6%	+29.9%
Total equity	32 569	33 336	34 340	35 340	36 256	+11.3%	+2.6%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>285 573</b>	<b>288 516</b>	<b>286 389</b>	<b>289 961</b>	<b>296 912</b>	<b>+4.0%</b>	<b>+2.4%</b>

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# SUPPLEMENTARY INFORMATION

## Shares and rating

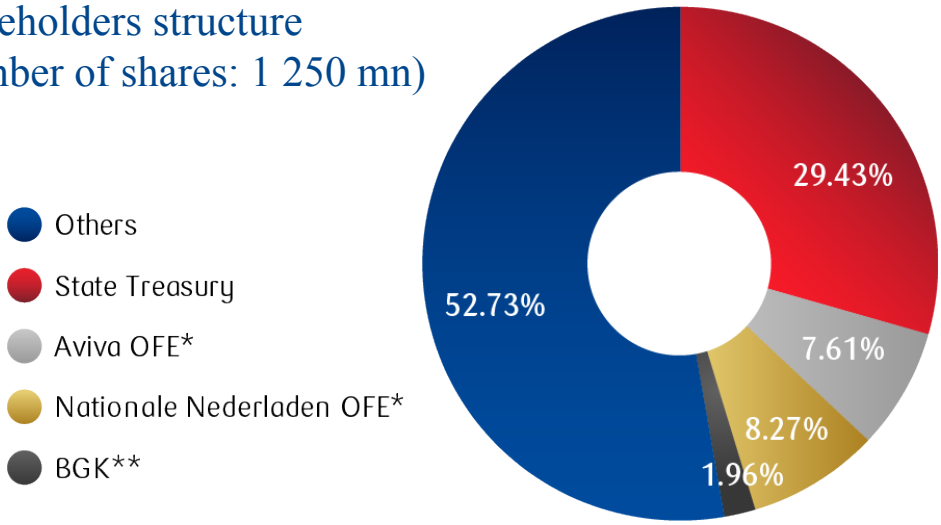


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### Basic information on shares

<b>Listed:</b>	Warsaw Stock Exchange since 10.11.2004.
<b>Indices:</b>	WIG, WIG20, WIG30, WIG Banki
<b>ISIN:</b>	PLPKO0000016
<b>Bloomberg:</b>	PKO PW
<b>Reuters:</b>	PKOB WA

### Shareholders structure (number of shares: 1 250 mn)



\* As published in the annual information on the assets structure of the Aviva and Nationale Nederlanden funds  
 \*\* From 26 August 2015 Bank Gospodarstwa Krajowego holds 24,487,297 shares constituting 1.96% of the share capital

### Rating

Agency:	Rating:	Long-term		Short-term	
		Deposits	Liabilities	Deposits	Liabilities
Moody's		A2 with stable outlook	A3 with stable outlook	P-1	(P)P-2

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Bank Polski

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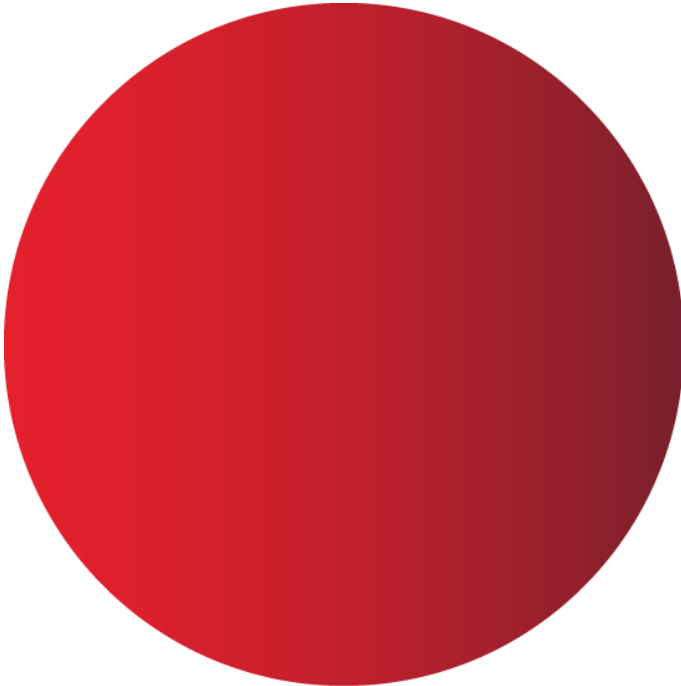
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Any differences in total balances, percentages and growth rates result from rounding the amounts to PLN million and rounding percentages to one decimal place.



Bank Polski



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PKO Bank Polski IR website:  
[www.pkobp.pl/investors](http://www.pkobp.pl/investors)

## Investor's calendar:

<b>23 May 2018</b>	Publication of the Quarterly 1Q 2018 Report
<b>29 August 2018</b>	Publication of the 1H 2018 Report
<b>12 November 2018</b>	Publication of the Quarterly 3Q 2018 Report
<b>11 March 2019</b>	Publication of the 2018 Annual Report