



Bank Polski

Financial Results of the PKO Bank Polski Group for 1 Q 2017

22 May 2017

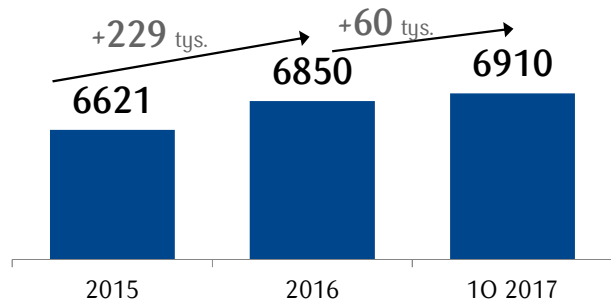
Dynamic growth in the number of customers and growing activity



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Greatest growth in the pool of accounts for individual clients in 2016

Dynamic increase in the number of current accounts of individual customers ¹(in thousands)



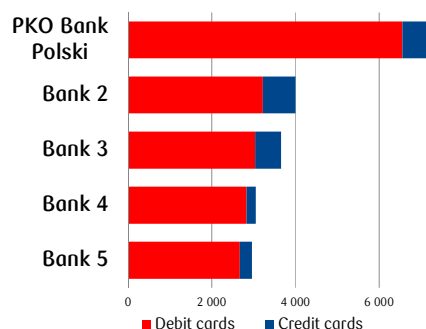
More than half of new accounts are opened by young people under the age of 26



The Bank maintains over 1.1 million accounts for persons younger than 26, and clients from this age group open new accounts in PKO every 20 seconds!

More than 8 million of all payment cards in the Bank's portfolio

Leader in debit and credit cards for retail customers² (in thousand)



Innovations in payments

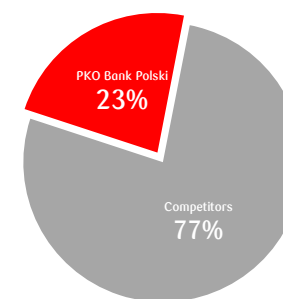
HCE – 90,000 of customers of PKO Bank Polski – i.e. most on the market activated contactless payments



New multi-currency card - One smart card for up to 4 accounts – PLN and currency, EUR, USD, GBP

23% share in the number of card transactions

Share in the number of card transactions³



PKO Bank Polski has the highest share in card transactions in the payment market.

Comparing year to year, the increase in card transactions is also above the market average

1) According to PRNews data in 2016 figures excluding data acquisition for ROR
 2) According to PRNews data - Cards for retail customers, data at the end of Q4 2016
 3) Based on NBP data, data for Q4 2016

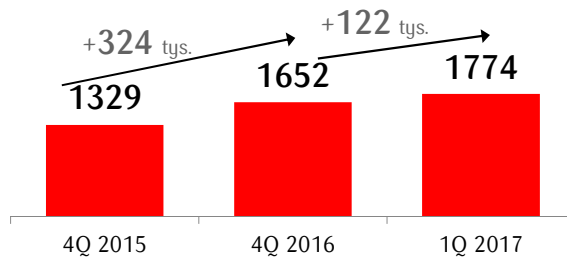
PKO Bank Polski - mobile banking leader



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The greatest number of customers who log on via smartphone or tablet - 22% ¹

The number of active mobile customers is growing (in thousands)



The widest range of mobile banking - over 1.2 million active IKO apps



Temporary blocking of pay cards in IKO



Nearly eight times growth year by year in the BLIK transactions

Solidification of the digitisation leader position with respect to the e-administration services



142,000 Trusted Profiles
Clients of PKO Bank Polski may handle administrative affairs by using the Trusted Profile



178,000 applications filed in the 500+ Programme



Customers of PKO Bank Polski may settle payments in offices via BLIK code from the IKO app



The Bank's customers can use a simplified mode of settling income tax. Almost 14,000 customers used the offer.

Prestigious prizes and clients' appreciation

IKO app receives prestigious prizes



Best Mobile Banking 2016 (Mobile Trends Awards)



Mobile Bank of the Year 2016 (Mobility Trends)



Distinction for the best and most ergonomic electronic channels iPKO and IKO in the Złoty Bankier competition.

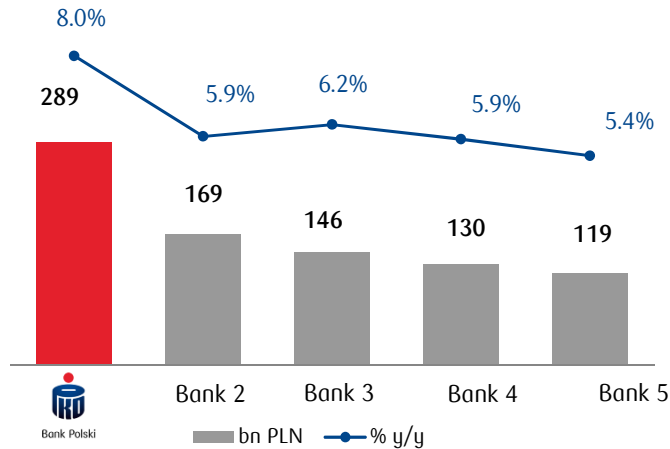
1) According to PRNews data - Mobile Banking Market - Q1207

PKO Bank Polski gained the highest net profit in the banking sector dynamically developing its business activity

(1Q 2017)

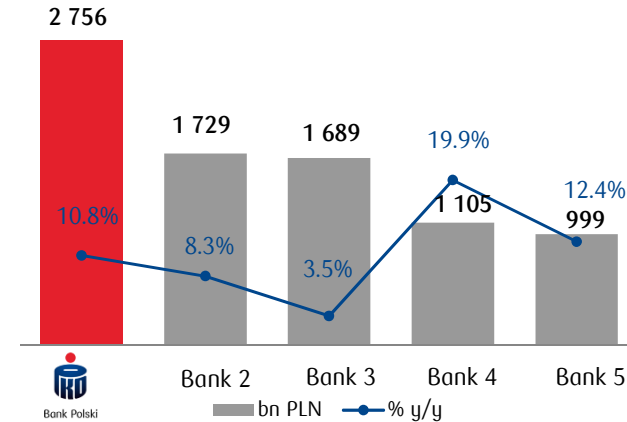
PKO Bank Polski strengthened its business activity...

Assets



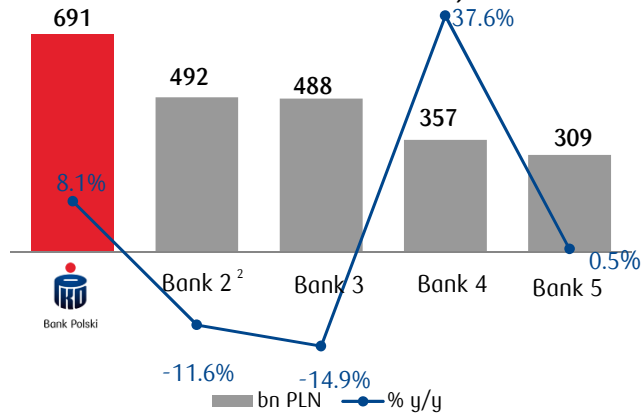
...achieving a solid result on core business...

Result on business activity



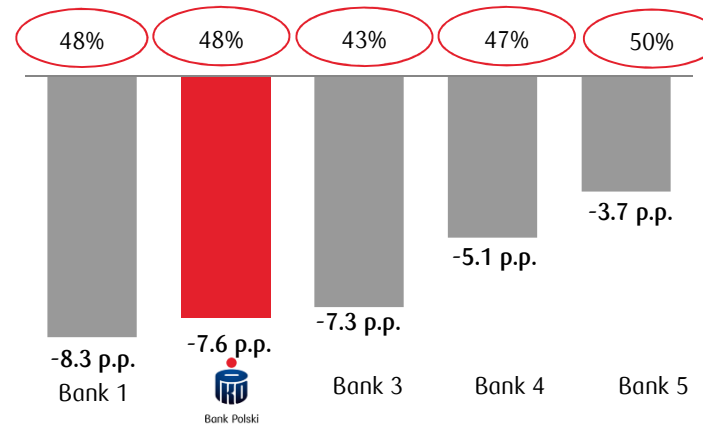
...generated the highest net profit in the banking sector...

Net profit (excluding the effect of change in the approach to inclusion of costs of fees for the BFG¹)



...also thanks to improved cost efficiency

C/I³ ratio - (%) i change y/y (pp.)



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1 Two effects were excluded: one-time posting of the premium for obligatory restructuring of banks and the effect of change in the tax approach to the recognition of a premium for the guarantee fund.
 2 Bank 2 did not provide detailed information about the premiums; the provided estimate only takes into account costs of the premium for the obligatory restructuring fund.
 3 C/I: relation between operational costs and amortisation for the last 4 quarters and the result on business operation for the last 4 quarters (does not include costs of banking tax); calculations by PKO BP

Financial summary



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	1Q'17	1Q'16	Change y/y	Q1'17	Q4'16	Change q/q	
P&L items (PLN mn)	Net interest income	2 046	1 853	+10.4%	2 046	2 021	+1.2%
	Net F&C income	710	635	+11.8%	710	705	+0.7%
	Result on business activity	2 972	2 685	+10.7%	2 972	2 917	+1.9%
	Administrative expenses	-1 563	-1 360	+14.9%	-1 563	-1 456	+7.4%
	Net impairment allowance	-391	-382	+2.4%	-391	-421	-7.2%
	Bank tax	-233	-148	+57.4%	-233	-234	-0.5%
	Net profit	525	639	-17.8%	525	593	-11.5%
Balance sheet (PLN bn)	Assets	288.5	267.1	+8.0%	288.5	285.6	+1.0%
	Net loans	200.6	187.9	+6.8%	200.6	200.6	-0.0%
	Deposits	207.1	194.9	+6.3%	207.1	205.1	+1.0%
	Stable financial resources	242.8	222.8	+8.9%	242.8	239.7	+1.3%
	Total equity	33.3	31.0	+7.4%	33.3	32.6	+2.4%

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

Financial results and key performance indicators for comparative purposes¹



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	Result on business activity	2 972	2 685	+10.7%	2 972	2 917	+1.9%
	Administrative expenses	-1 406	-1 360	+3.4%	-1 406	-1 456	-3.4%
	Bank tax	-233	-222	+5.0%	-233	-234	-0.5%
	Profit before income tax	947	724	+30.8%	947	815	+16.1%
	Net profit	691	565	+22.3%	691	593	+16.4%
Key financial indicators	ROE net (%)	9.1	8.5	+0.6 bp.	8.5	7.3	+1.2 bp.
	ROA net (%)	1.1	1.0	+0.1 bp.	1.0	0.8	+0.2 bp.
	C/I (%)	46.7	55.6	-8.9 bp.	47.3	49.9	-2.6 bp.

(1) In the 1Q 2017, the correction of the BGF contributions to the bank restructuring fund and the correction of the tax effect on the deposit guarantee premium. In 1Q 2016, bank tax for three months. C / I without bank tax

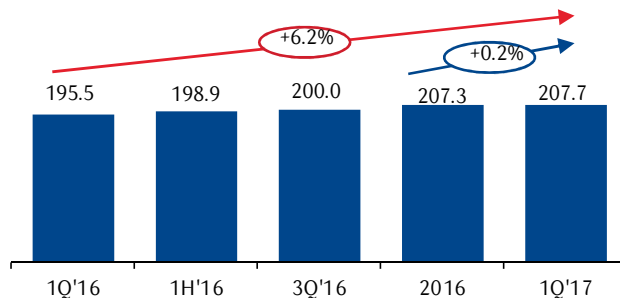
Business volumes – trends by business lines

Dynamic growth of volumes of deposits and gross loans

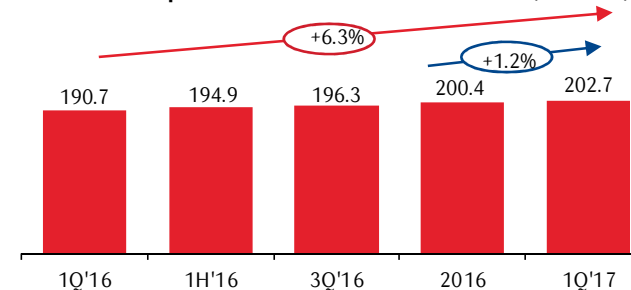


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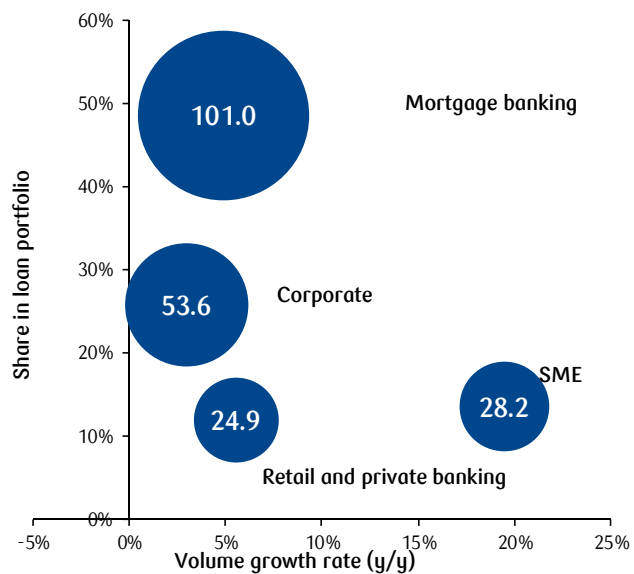
Gross loans – sum of business lines (PLN bn)



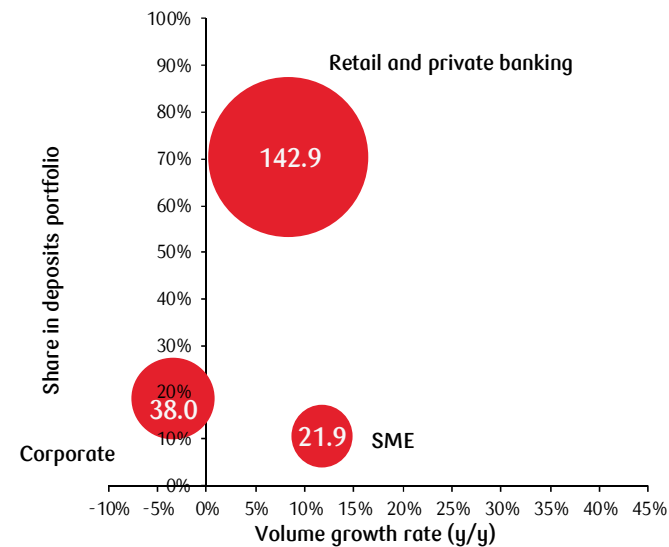
Customer deposits – sum of business lines (PLN bn)



Gross loans by business line as at 31/03/2017



Customer deposits by business line as at 31/03/2017



Key financial data



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Solid net profit

Net financial result in the first quarter of 2017 amounted to PLN 525 million and was 11.5 % lower than the result in the 4th quarter of 2016. Excluding the increase of contributions for the Banking Guarantee Fund (BFG), the profit in the 1st quarter would be 16.4 % higher in comparison to the 4th quarter.

Significant increase in revenues

Consolidated result from business activity in the 1st quarter of 2017 was on the level of almost PLN 3 billion (+10.7% y/y) mainly on account of an increase of interest result by 10.4 % y/y resulting from growth in the volume of loans and securities.

High operational efficiency ¹

The cost-to-income ratio (C/I on a year-to-year basis) in the 1st quarter of 2017 was on the level of 48.0%
ROE on the level 11.4%
ROA on the level 1.3%

Reliable capital position

The loan to stable funding ratio was on the level of 82.6%.
The total capital ratio was on the level of 15.60 % and the Tier1 capital ratio was 14.77 % (for the Bank: 16.94 % and 16.09 %, respectively).

Drop in risk costs

In comparison to 4th quarter of 2016 the risk cost in quarterly terms dropped by 6 bp. to the level of 74 bp.

(1) C/I ratio, ROE, ROA excluding banking tax

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