



CHARACTERISTICS OF THE PKO BANK POLSKI SA GROUP ACTIVITY

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The PKO Bank Polski SA Group (the Bank's Group, the Group) is among the largest financial institutions in Poland and is one of the largest financial groups in Central - Eastern Europe. PKO Bank Polski SA (the Bank), the parent company of the Group, is the largest commercial bank in Poland and a leading bank on the Polish market in terms of scale of operations, equity, loans, deposits, number of clients and the size of the distribution network.

PKO Bank Polski SA is a universal deposit-loan commercial bank offering services to both residents and non-residents retail, corporate and other clients. PKO Bank Polski SA is licensed to hold foreign exchange and currencies and sell/buy them, as well as to perform a full range of foreign exchange services, to open and hold bank accounts abroad and to deposit foreign exchange in these accounts. The Bank stands out on the Polish banking market with high financial results, which ensure stable and safe development of the Bank. PKO Bank Polski SA has a leading share in the Polish banking market at the level of 17.3% (deposits) and 17.9% (loans). The Bank is a leader in the Polish market in terms of the number of current accounts, payment cards and the value of mortgage loans. PKO Bank Polski SA has high creditworthiness ratings, assigned by the rating agencies S&P and Moody's. Both agencies confirmed the high rating of financial credibility of the Bank after the acquisition of Nordea Bank Polska SA. In 2014, the rating agency Standard and Poor's affirmed PKO Bank Polski SA's long-term credit rating of 'A-' with negative perspective of maintaining assessment and PKO Bank Polski SA's short-term credit rating of 'A-2'. The agency Moody's Investors Service affirmed long- and short-term credit rating for the Bank's deposits at the level of 'A2' and 'Prime-1' respectively, and the Bank's financial strength rating at the level of 'C-'.

Apart from the strictly banking and brokerage activities, the PKO Bank Polski SA Group offers a range of specialised services relating to leasing, factoring, investment funds, pension funds and life insurance, and provides support services in the field of conducting business, it conducts real estate development and management activities, as well as through its subsidiaries in Ukraine, the Group conducts banking, debt collection and factoring activities.

The Group operates in the Republic of Poland and through its subsidiaries: KREDOBANK SA, 'Inter-Risk Ukraina' Sp. z d.o. (Additional Liability Company), Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o., Finansowa Kompania 'Idea Kapital' Sp. z o.o in Ukraine as well as through its subsidiaries PKO Finance AB and PKO Leasing Sverige AB in Sweden.

During the whole period of activity, the Bank had been consistently developing the prestige of its brand and providing services to many generations of Poles. The long tradition and clients' confidence are the source of an obligation, therefore, The PKO Bank Polski SA Group consistently takes measures in order to consolidate its perception as a group of institutions:

- secure, strong and competitive,
- modern and innovative, client-friendly and efficiently managed,
- socially responsible, concerned about the development of the cultural awareness of Poles.

Despite the keen market competition, the PKO Bank Polski SA Group effectively develops its operations not only in its traditional area of operations – serving retail clients. It became also a leader for corporate clients and small and medium enterprises – especially with regard to financing their operations and also in the market for financial services offered to communes, poviats, voivodeships and State budget sector. It is also the most important organiser of issues of municipal bonds. The high client service standards and effective credit risk assessment procedures enabled the PKO Bank Polski SA Group to increase its gross loan portfolio by 20.0% to the level of PLN 187.5 billion in 2014. With regard to consumer loans, the market share reached 22.9%, whereas the amounts due to customers reached the level of PLN 174.4 billion as at the end of 2014 which enabled the Group to maintain its leading position in respect of share in the deposit market, which amounted to 17.3%.

In 2014, the Group continued its activities concerning the improvement of efficiency of distribution network. As at the end of 2014, the largest network of PKO Bank Polski SA's branches in Poland comprised 1 319 branches (including 133 branches acquired as result of merger) and 1 001 agencies. The Bank's clients can use the systematically enriched electronic banking services offered under the iPKO brand and as a part of Inteligo account and introduced in 2013, new standard for mobile payments – IKO. Customers of PKO Bank Polski SA also have an increasing number of ATMs at their disposal – as at the end of 2014, there were 3 065 ATMs.

The PKO Bank Polski SA Group is one of the largest employers in Poland. As at the end of 2014, the PKO Bank Polski SA Group employed over 29 thousand people. The comprehensive learning and education offer was aimed at building professional and loyal staff providing increasingly higher standard of services to the clients and achieving high work performance. The activities of the PKO Bank Polski SA's Foundation for the public good in the widest possible range are the expression of the Bank's social responsibility.

The PKO Bank Polski SA group in years 2010-2014

	2014	2013	2012 restated*	2011	2010
Statement of financial position (in PLN million)					
Total assets	248,701	199,231	193,151	190,748	169,661
Equity	27,616	25,154	24,436	22,822	21,360
Loans and advances to customers	179,497	149,623	143,483	141,634	130,668
Amounts due to customers	174,387	151,904	146,194	146,474	132,981
Income statement (in PLN million)					
Net profit	3,254.1	3,229.8	3,739	3,807	3,217
Net interest income	7,523	6,722	8,089	7,609	6,516
Net fee and commission income	2,934	3,006	2,917	3,101	3,143
Result on business activities	11,147	10,707	11,622	11,142	10,198
Net impairment allowance and write-downs	(1,899)	(2,038)	(2,325)	(1,930)	(1,868)

Administrative expenses	(5,245)	(4,623)	(4,683)	(4,411)	(4,249)
Financial indicators					
ROE net	12.4%	13.2%	16.0%	17.5%	14.9%
ROA net	1.4%	1.6%	2.0%	2.1%	2.0%
Interest margin	3.7%	3.7%	4.7%	4.6%	4.4%
Capital adequacy ratio	13.0%	13.6%	12.9%	12.4%	12.5%
C/I	47.1%	43.2%	40.3%	39.6%	41.7%
Number of clients of PKO Bank Polski SA (in thousand)	8,894	8,451	8,173	8,234	8,116
Retail clients	8,431	8,024	7,761	7,822	7,711
Small and medium enterprises	449	415	401	400	394
Corporate clients	14	12	12	11	12
Operational data					
Number of branches of PKO Bank Polski SA (in number of units)	1,319	1,186	1,198	1,199	1,208
Number of employees (in number of full-time equivalents)	29,032	27,387	28,556	28,924	29,780
Number of current accounts in PKO Bank Polski SA (in thousand of units)	6,660	6,318	6,220	6,146	6,150
Data on shares					
Capitalisation of the stock exchange (in PLN million)	44,700	49,275	46,125	40,150	54,188
Number of shares (in million of units)	1,250	1,250	1,250	1,250	1,250
Share price (in PLN)	35.76	39.42	36.90	32.12	43.35
Dividend per share (in PLN) (paid in the particular year from the profit for the previous year)	0.75	1.80	1.27	1.98	1.90

Source: standalone financial statements for the particular years.

* Data comparable with data for 2013.



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