



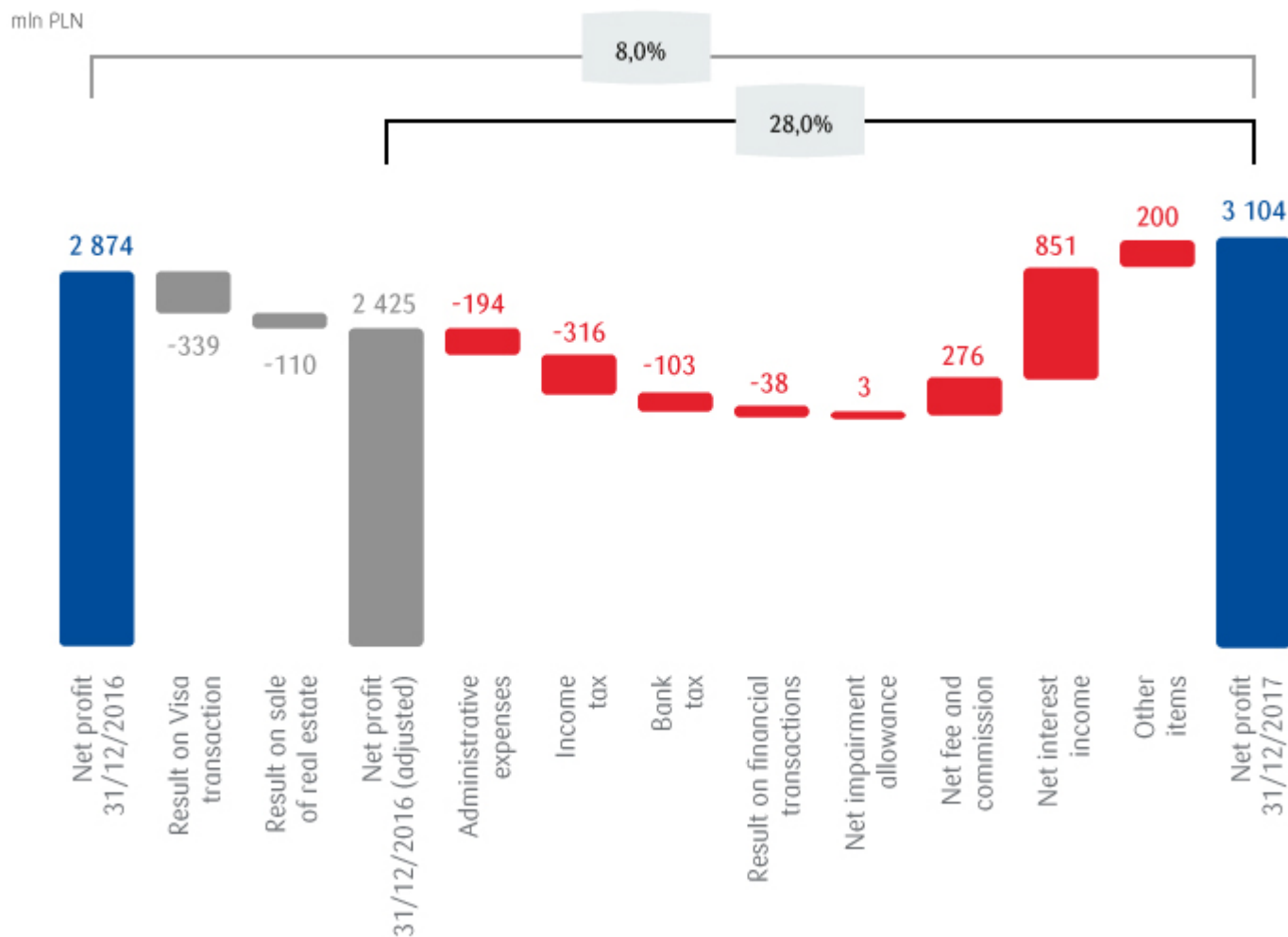
Bank Polski

Income statement

Annual Report 2017

Consolidated income statement

The consolidated net profit of the PKO Bank Polski SA Group achieved in 2017 amounted to PLN 3,104 million and was PLN 230 million (+8.0%) higher than in 2016.



In the income statement of the PKO Bank Polski SA Group for 2017, the result on business activity amounted to PLN 12,563 million and was PLN 773 million, i.e. 6.6% higher than in 2016, mainly due to an increase in net interest income and net commission income.

Income statement of the PKO Bank Polski SA Group (in PLN million)

Net interest income	8 606	7 755	851	11,0%
Net fee and commission income	2 969	2 693	276	10,2%
Net other income	988	1 342	-354	-26,4%
Dividend income	12	10	2	20,0%
Net income on financial operations	54	510	-456	-89,4%
Foreign exchange result	452	503	-51	-10,1%
Net other operating income and expenses	470	319	151	47,3%
Result on business activities	12 563	11 790	773	6,6%
General administrative expenses	-5 784	-5 590	-194	3,5%
Tax on some financial institutions	-932	-829	-103	12,4%
Net operating profit/(loss)	5 847	5 371	476	8,9%
Net impairment allowance and write-downs	-1 620	-1 623	3	-0,2%
Share in profits and losses of associates and joint ventures	22	35	-13	-37,1%
Profit before tax	4 249	3 783	466	12,3%
Corporate income tax	-1 140	-907	-233	25,7%
Net profit (including non-controlling interests)	3 109	2 876	233	8,1%
Profits (loss) attributable to non-controlling shareholders	5	2	3	2,5x
Net profit for the year	3 104	2 874	230	8,0%

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After eliminating the most significant one-off events from 2016, including:

- the settlement of the acquisition of Visa Europe Limited by Visa Inc., in which PKO Bank Polski SA took part; its effect on the Bank's results amounted to PLN 339 million;
- the settlement of the sale of assets of Qualia Development Sp. z o.o. and its subsidiaries (PLN 110 million); as a result, the Group recognized additional income of approx. PLN 114 million in net other operating income and expenses;

net profit in 2017 was 28% higher than in 2016.

Income statement of the PKO Bank Polski SA Group (in PLN million), excluding one-off events

	2017	2016	eliminations	2016 after eliminations	Change (in PLN million)	Change (in %)
Net interest income	8 606	7 755		7 755	851	11,0%
Net fee and commission income	2 969	2 693		2 693	276	10,2%
Net other income	988	1 342	532	810	178	22,0%
Dividend income	12	10		10	2	20,0%
Net income on financial operations	54	510	418	92	-38	-41,3%
Foreign exchange result	452	503		503	-51	-10,1%
Net other operating income and expenses	470	319	114	205	265	2,3x
Result on						

business activities	12 563	11 790	532	11 258	1 305	11,6%
General administrative expenses	-5 784	-5 590		-5 590	-194	3,5%
Tax on some financial institutions	-932	-829		-829	-103	12,4%
Net operating profit/(loss)	5 847	5 371	532	4 839	1 008	20,8%
Net impairment allowance and write-downs	-1 620	-1 623		-1 623	3	-0,2%
Share in profits and losses of associates and joint ventures	22	35		35	-13	-37,1%
Profit before tax	4 249	3 783	532	3 251	998	30,7%
Corporate income tax	-1 140	-907	-83	-824	-316	38,3%
Net profit (including non-controlling interests)	3 109	2 876	449	2 427	682	28,1%
Profits (loss) attributable to non-controlling shareholders	5	2		2	3	2,5x
Net profit for the year	3 104	2 874	449	2 425	679	28,0%

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Net interest income



Net fee and commission income



Net other income



General administrative expenses



Tax on some financial institutions



Consolidated income statement - details

	Note	2017	2016
Interest and similar income	7	10 919	9 965
Interest expenses and similar charges	7	(2 313)	(2 210)
Net interest income		8 606	7 755
Fee and commission income	8	3 918	3 579
Fee and commission expense	8	(949)	(886)
Net fee and commission income/(expense)		2 969	2 693
Dividend income	9	12	10
Net gain/(loss) on financial instruments measured at fair value	10	8	4

Gain/(loss) on investment securities	11	46	506
Net foreign exchange gains/(losses)	12	452	503
Other operating income	13	710	649
Other operating expenses	13	(240)	(330)
Net other operating income and expenses		470	319
Net impairment allowances and provisions	14	(1 620)	(1 623)
Administrative expenses	15	(5 784)	(5 590)
Tax on certain financial institutions	16	(932)	(829)
Operating profit/(loss)		4 227	3 748
Participation in profits/ (losses) of associates		22	35
Profit before income tax		4 249	3 783
Income tax expense	17	(1 140)	(907)
Net profit (including non-controlling shareholders)		3 109	2 876
Profit (loss) attributable to non-controlling shareholders		5	2
Net profit attributable to the equity holders of the parent company		3 104	2 874
Earnings per share	18		
- basic earnings per share for the period (PLN)		2,48	2,30
- diluted earnings per share for the period (PLN)		2,48	2,30
Weighted average number of ordinary shares during the period (in million)		1 250	1 250
Weighted average diluted number of ordinary shares during the period (in million)		1 250	1 250

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Consolidated statement of comprehensive income

	Note	2017	2016
Net profit (including non-controlling shareholders)		3 109	2 876
Other comprehensive income		578	(572)
Items which may be reclassified to profit or loss		577	(574)
Cash flow hedges (gross)	23	(8)	(63)
Deferred tax on cash flow hedges	17, 23	1	12
Cash flow hedges (net)	23	(7)	(51)
Remeasurement of available-for-sale financial assets (gross)		761	(636)
Deferred tax on available-for-sale financial assets	17	(142)	118

Unrealized net gains on available-for-sale financial assets (net)	619	(518)
Foreign exchange differences on translation of foreign branches	(36)	(4)
Share in other comprehensive income of associates and joint ventures	1	(1)
Items which cannot be reclassified to profit or loss	1	2
Actuarial gains and losses (gross)	1	2
Actuarial gains and losses (net)	1	2
Total net comprehensive income	3 687	2 304
Total net comprehensive income, of which attributable to:	3 687	2 304
equity holders of PKO Bank Polski SA	3 682	2 302
non-controlling shareholders	5	2

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