



Bank Polski

Subordinated liabilities

Annual Report 2017

Accounting policies

Subordinated liabilities are measured at amortized cost using the effective interest rate method.

Financial information

	Nominal value in a foreign currency	Currency	Period	Special terms	Balance in PLN	
					31.12.2017	31.12.2016
Subordinated bonds	1 700	PLN	28/08/2017 - 28/08/2027	right to early redemption within 5 years from the issue date	1 720	-
Subordinated bonds	1 601	PLN	14/09/2012 - 14/09/2022	right to early redemption within 5 years from the issue date	-	1 617
Subordinated loan from Nordea Bank AB (publ)	224	CHF	24/04/2012 - 24/04/2022		-	922
Total					1 720	2 539

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Both the subordinated bonds and the subordinated loan were designated on the approval of the Polish Financial Supervision Authority for increasing the Group's supplementary funds.

On 25 April 2017, the subordinated loan from Nordea Bank AB (publ) was repaid in the amount of CHF 224 million.

On 23 August 2017, the Group placed an issue of subordinated bonds with a total nominal value of PLN 1,700 million and issue price of one bond of PLN 0.1 million. The bonds bear interest in semi-annual interest periods, and interest on the bonds is assessed on the nominal value at a variable interest rate of WIBOR 6M increased by a margin of 155 pb. over the entire issue period. The issue was settled on 28 August 2017. The bonds mature after 10 years, whereas the Bank is entitled to early repurchase of the bonds within 5 years from the issue date, subject to the approval of the Polish Financial Supervision Authority. On 30 August 2017, the PFSA agreed to designate proceeds from the issue of subordinated loans for an increase in the Bank's and Group's supplementary funds. As of 27 September 2017, the bonds are listed on the Catalyst market.

On 30 August 2017, the Group obtained the PFSA's approval for exercising its call option in respect of subordinated bonds. On 14 September 2017, the Group repurchased all its subordinated bonds series OP0922, with a total nominal value of PLN 1,601 million, issued on 14 September 2012. The legal basis for early repurchase referred to the terms and conditions of the issue of subordinated bonds series OP0922, which allowed the Group to repurchase all subordinated OP0922 bonds earlier, after the lapse of 5 years from the issue.