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A new market leader in the growing leasing market in Poland

Presentation for investors and media

Warsaw, 3 November 2016

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1. Overview of the acquisition
2. Transaction rationale and financial impact
3. Transaction structure and expected timetable



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1. Overview of the acquisition

Key benefits resulting from the transaction for the PKO BP Group and its shareholders



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- Leasing market leader with more than 13% market share by sales value
- Doubling of the market share in the dynamically growing leasing market
- Significant strengthening of PKO BP Group's position in the promising SMEs segment
- Increase in revenues and profitability of leasing business resulting from the complementarity of sales networks and business models of both leasing companies
- Expected PKO BP EPS accretion of c. 4% since 2018

Transaction overview



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Transaction perimeter

- 100% of Raiffeisen Leasing Polska S.A. (“RLPL”), financial services company providing leasing and loans, and all of its subsidiaries

Transaction structure

- PKO Leasing S.A. (“PKO Leasing”) to acquire 100% RLPL shares from Raiffeisen Bank International (“RBI”)
- Transaction to be followed by a merger of PKO Leasing and RLPL

Consideration

- Agreed purchase price of PLN 850m
- PKO BP to replace existing funding from RBI Group at closing

Transaction rationale

- Leasing market leader with more than 13% market share by sales value
- Doubling of the current market share on the dynamically growing leasing market
- Increase in revenues and profitability of leasing business resulting from the complementarity of sales networks and business models of both leasing companies

Timing considerations

- 2 November 2016: signing of SPA
- December 2016: closing
- Mid-2017: legal merger

Comparison of RLPL's and PKOL's business models



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Parts of business model

Compared areas



Segments of Clients (%)	Split of portfolio by segments ¹	2015	2015
	Strategic	7%	8%
	Corporate and SMEs	39%	51%
	Micro	54%	41%
	Around 10% of sales through bank channel for RLPL vs. c. 75% for PKOL		
Distribution and service channels (#)	Structure of sales channel		
	Number of salesmen	296	176
	Number of dealers	542	330 ³
	Number of suppliers	2097	821
	Number of branches	44	15
Profitability (PLN m)	Revenues ²	248	203
	Net interest income	145	139
	Net profit	71	27

Merger provides PKOL with an opportunity to take advantage of a well-developed sales network and to increase profitability

¹ By PKOL's segmentation, strategic – 100+ million of revenues per annum, Corporate and SMEs – 5-30 million, Micro <5 million

² Net interest income, net F&C income, other operating income

³ Including 30 active agreements with dealers in the vendor channel

Raiffeisen Leasing Polska Overview



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Key financials

PLN m	2013	2014	2015	CAGR
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Balance sheet				
Net receivables from clients	4 446	5 107	5 538	11,7%
Total assets	5 514	6 551	7 294	9,4%
Due to banks	4 807	5 147	5 167	(2,2%)
Debt securities	0	634	1 257	n.m.
Equity	596	614	645	5,3%

Income statement				
Net interest income	114	138	145	6,7%
Net F&C income	39	36	40	8,4%
Operating income	245	230	248	(0,3%)
Administrative expenses	(119)	(118)	(125)	1,8%
Provisions	(56)	(39)	(31)	(18,6%)
Net profit	53	57	71	7,6%

KPIs				
Cost/income	48,6%	51,4%	50,5%	
Cost of risk	1,3%	0,8%	0,6%	
RoAE	9,1%	9,4%	11,3%	
NPL ratio	10,3%	9,0%	8,9%	
Coverage ratio ¹	51,3%	57,7%	54,0%	

Key operating metrics

PLN m	2013	2014	2015	H1'16	CAGR
New business volume	2 589	3 294	3 532	1 731	10,2%
No. of customers ('000)	36,2	41,2	47,4	50,4	14,2%
o/w retail	28,7	33,0	38,5	41,4	15,8%
o/w corporate	7,6	8,2	8,8	9,0	7,4%

¹ Including IBNR provisions



Best Product
to support SME
2015



Leader of the National
Financial Intermediaries of
EU Programmes (Leasing)
Gru 2015



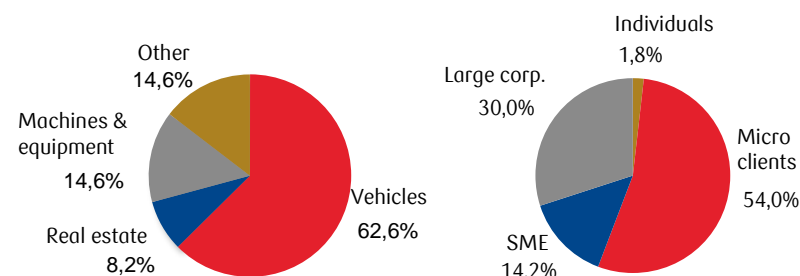
Best Leasing
Company
Oct. 2014



Customer Friendly
Company
Dec. 2014

- Established in 1998
- One of leaders of Polish leasing market with 6.2% market share in H1'16 (by sales value)
- Strong growth potential, proved by 10% CAGR in new leasing volumes in 2013-H1'16
- Well diversified portfolio, with strong market shares across products and focus on mid-market clients
- Experienced management team

Split of net receivables from customers (2015)

















Net receivables from customers: PLN 5,538 m

Acquisition propels PKO BP into a market leadership position in a highly attractive Polish leasing market



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Polish leasing market rankings (H1'16)

		Total leasing		Vehicles		o.w. passenger		Machines and devices	
Net asset value sold		MS%	Rank	MS%	Rank	MS%	Rank	MS%	Rank
1	 Leasing 	13,3%	#1	13,9%	#1	15,9%	#1	10,1%	#3
2	 	9,8%	#1	11,6%	#1	10,9%	#2	6,0%	#8
3		8,8%	#2	8,6%	#2	8,2%	#4	10,3%	#2
4		7,4%	#3	7,5%	#4	9,7%	#3	5,8%	#9
5	 Leasing	7,1%	#4	7,6%	#3	8,1%	#5	4,1%	#12
6	 	7,1%	#5	5,5%	#7	5,7%	#8	12,1%	#1
7		6,2%	#6	6,3%	#5	7,8%	#6	6,1%	#7
8		5,5%	#7	5,3%	#8	3,3%	#10	6,5%	#6
9		5,4%	#8	3,7%	#10	2,8%	#13	7,6%	#4
10		4,4%	#9	4,2%	#9	3,1%	#12	5,1%	#10
11		4,3%	#10	6,0%	#6	12,0%	#1	0,0%	#23

Source: Polish Leasing Association

Acquisition of an attractive leasing platform strengthens PKO BP's position in the strategically important SME segment



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62%

of SME clients use the services of only one Bank

~75%

of the leasing market value is generated by the SMEs¹

~50%

of GDP is generated by SMEs

35%

of companies use leasing to finance investments

By strengthening the value proposition for the SME clients...

Access to financing

More efficient and faster credit process, pricing adjusted to the Client's value

Efficient
Omni channel

Increased ability to access the SME clients, intuitive digital channels

Advanced product
offering

Broadening the product offering for SME clients, further personalization of the offer and service based on the holistic knowledge of clients' needs and history

Professional advisory

Strengthening competencies, acquisition of best practises and their implementation at the Group's level

... we will build the positive experience and strong relations with clients...



Increased clients' engagement in preferred channels, developing their relations with the Bank



Strengthening position among clients looking for the comprehensive offer



Advisor as a clients' business partner who supports them and anticipates their needs

**... becoming ...
the New Leader of the leasing market**

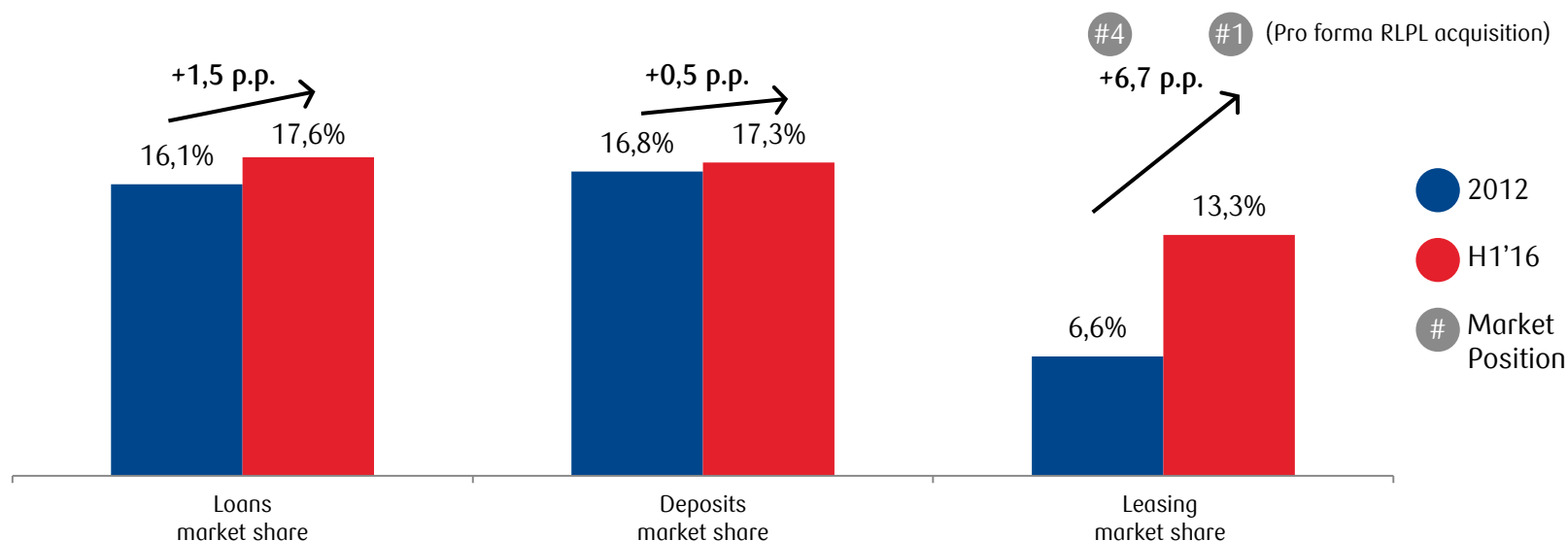
¹ SMEs understood as enterprises with annual revenues of max. PLN 30mm

PKO BP continues to improve its position in the Polish financial market



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Creating market leader in leasing and closing the gap in the market share



Acquisition of Raiffeisen Leasing Polska enables PKO BP to become the market leader in leasing with 13.3% market share by sales value and is consistent with the strategy to improve PKO BP Group's position in financial services via acquisitions in segments where its market share is relatively lower

Sources: NBP, Polish Leasing Association, KNF



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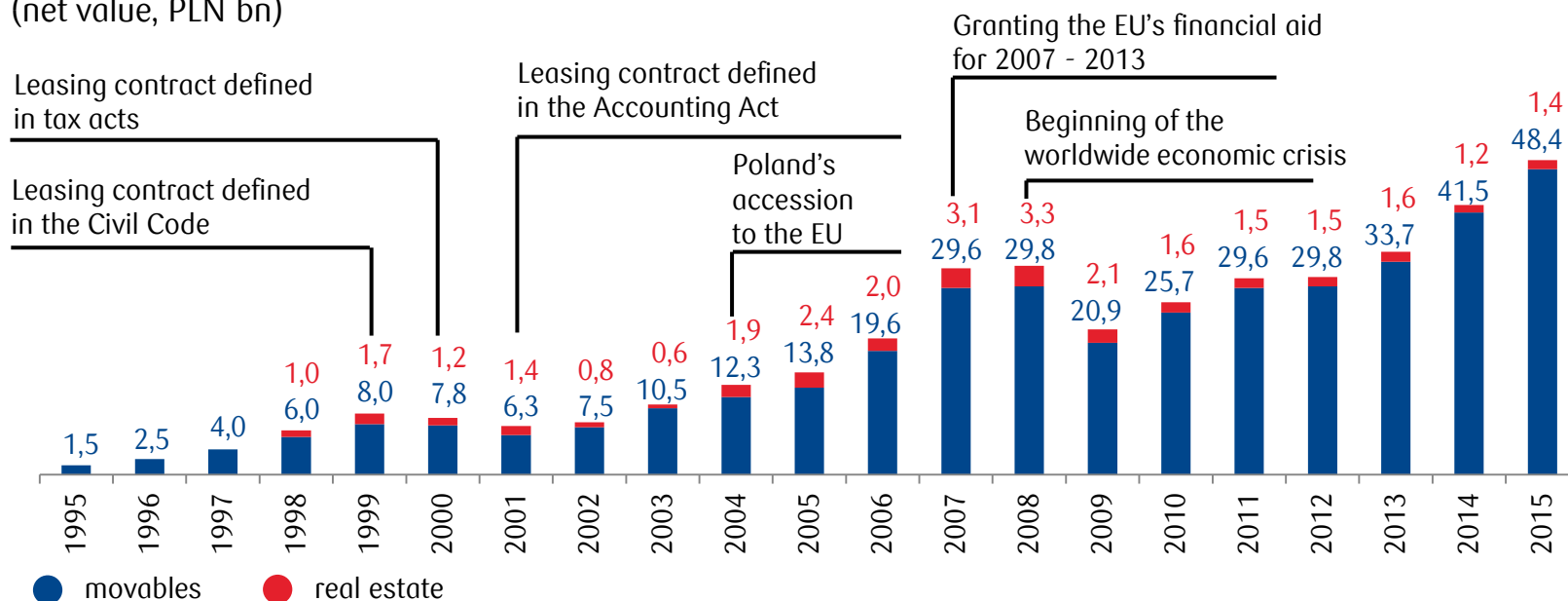
2. Transaction rationale and financial impact

Stable and dynamic growth have been observed in the Polish leasing market



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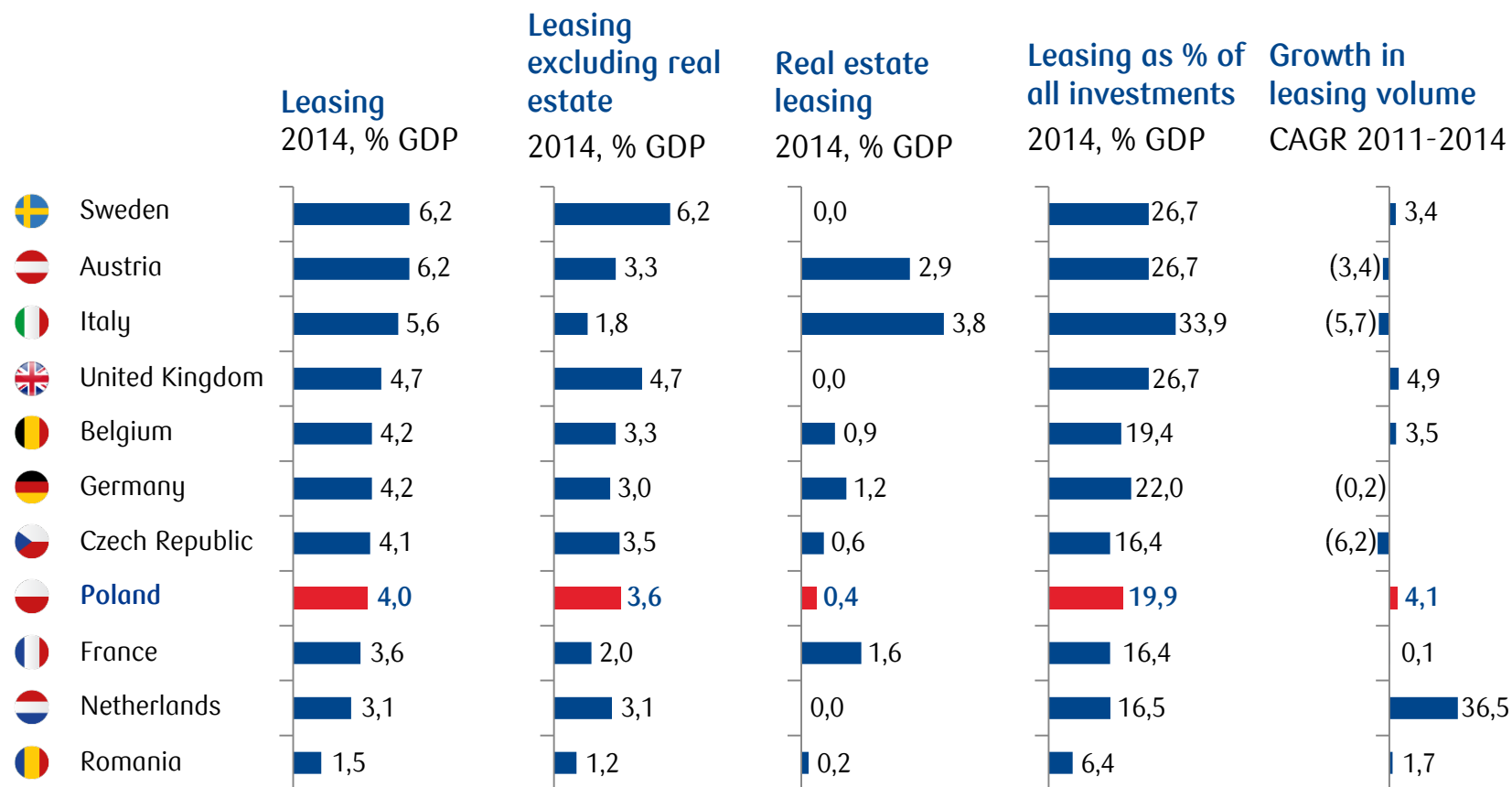
Total value of the leasing market in Poland in 1995 - 2015 (net value, PLN bn)



Even though Polish leasing market is well-developed in comparison to the rest of Europe, it has still much potential for further growth



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Źródło: Leaseurope; IMF; S&P Capital IQ

The transaction brings significant benefits to PKO BP Group and its leasing company



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Leasing

+



Undisputable market leader in the Polish leasing sector

- Market share of 13.3% vs 9.8% of the second biggest player
- Stronger position in the small and medium-sized enterprises (SME) segment

Complementary sales networks

- Economies of scale
- Implementation of know-how and best practices from both companies on the level of individual sales channels
- Diversification

Two-fold higher profitability of RLPL resulting from different pricing policy and growth strategy

- Cost optimization resulting from the HQ consolidation
- More efficient sales and post-sales processes
- Utilisation of Raiffeisen Leasing's strength in non-banking sales channels

Acquisition of the insurance service model

- More profitable insurance service model through internal insurance agency (Raiffeisen Insurance Agency)
- Model to be potentially utilised also in the Bank
- Higher insurance cross sell in both RLPL and PKO Leasing through transfer of best practices in particular products

Implementation of the most efficient operational and IT solutions

- Acceleration of time-to-market for the most modern processes and systems with no additional capex requirements

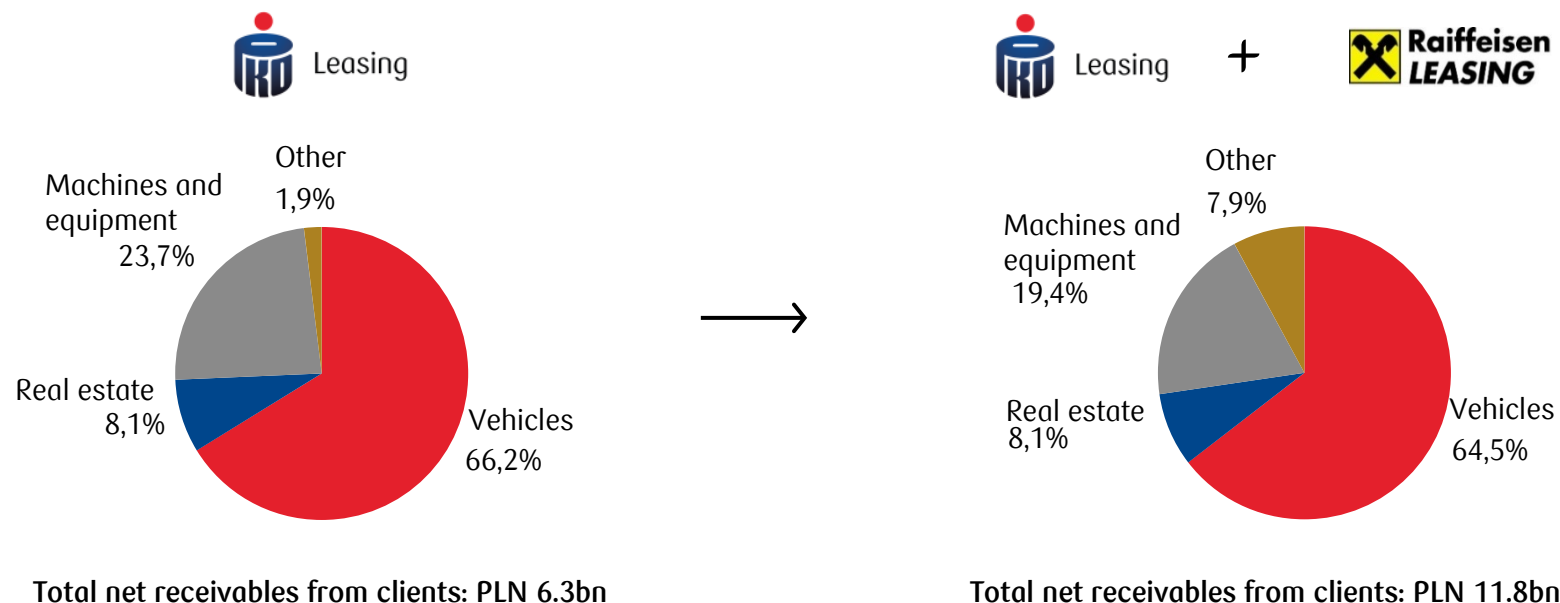
The Transaction offers significant synergy potential for PKO Leasing and financing opportunity for PKO Bank Polski

The transaction doubles existing portfolio of PKO Leasing while maintaining its current profile and structure



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Current and pro forma net receivables from clients of PKO Leasing (June 2016)¹



- Maintaining the current profile and structure of portfolio of merged entities will accelerate the integration of the managerial and operational processes
- Change in customer structure will support PKO BP's strategy regarding SMEs while a stable structure of net receivables by product and utilisation of experience of Raiffeisen-Leasing Polska and PKO Leasing will allow for exceptional value proposition for existing clients

¹ PKOL as of June 2016, RLPL as of December 2015

PKO BP expects that the transaction is EPS accretive for PKO BP and is expected to reach double-digit RoI already from 2017



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Projected financial impact on PKO BP Group

RLPL's net income will be consolidated since closing expected to take place in Dec'16

	2016E	2017E	2018E	2019E
RLPL's net income, synergies and integration costs (PLN m)	62	90	108	121
Expected PKO BP earnings accretion / (dilution)		+3,4%	+3,7%	+3,9%
Expected Return on Investment (RoI)		10,6%	12,8%	14,2%

One off integration costs below PLN 20m

Source: PKO BP expected net income based on Bloomberg consensus

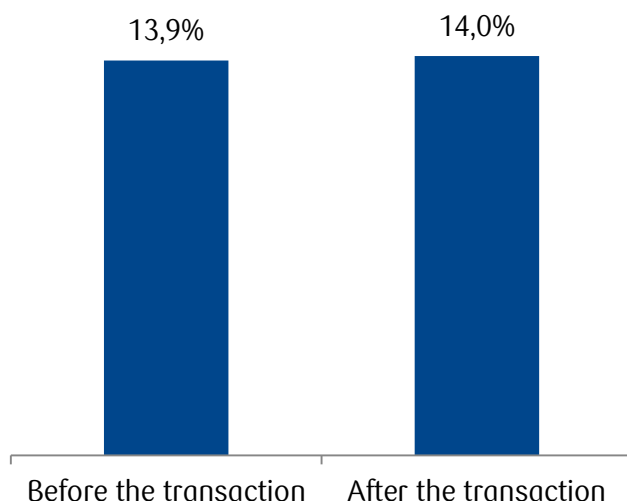
Note: The information outlined above being the financial planning data, forward-looking statements or other business outlook information shall be read as the internal targets of the Bank and shall not be construed as financial projections or forecasts. These targets have been prepared based on the information prepared by research analysts using only publicly available information. These targets may or may not prove to be accurate.

The transaction will be fully financed from PKO BP Group's own funds and will not have a meaningful impact on its capital ratios



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June 2016 CET1 ratio of PKO Group



- A targeted pro-forma CET1 ratio of c. 14.0% post transaction (June 2016), assuming no dividend payout, for PKO BP Group and a strong ability to generate capital through earnings
- Value of the transaction represents an equivalent of c. 30% of annual net profit of PKO BP Group
- Limited impact on PKO BP Bank capital position
 - Pro forma unconsolidated June 2016 CET1 ratio of 14.9% including full retention of 2015 net income vs. 14.7% pre transaction

The transaction results in one of the conditions precedents of dividend payment established by the resolution of PKO BP's EGM held on June 30, 2016 not being fulfilled

According to the EGM resolution, Bank's Management Board is obliged to adopt a formal resolution confirming lack of fulfilment of conditions required for dividend payment by December 9, 2016



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3. Transaction structure and expected timetable

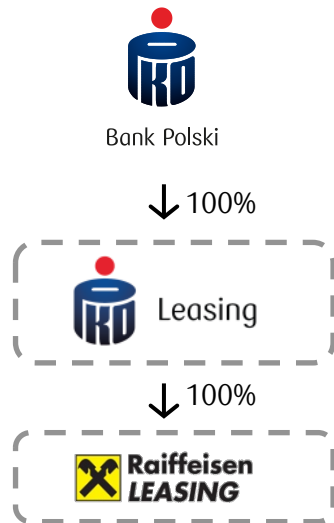
Transaction structure overview



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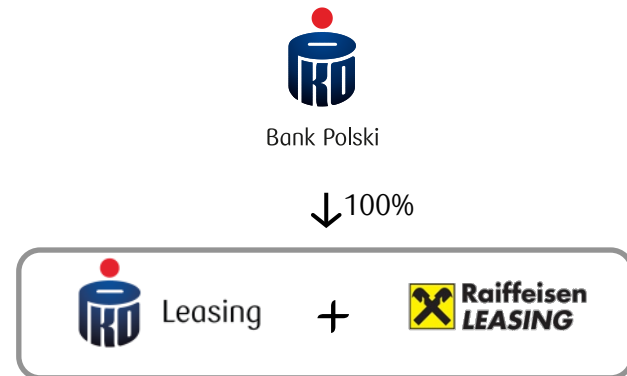
Transaction structure

Planned structure immediately after closing



- Between signing and closing PKO will obtain antitrust approvals, negotiate replacing RLPL's financing and refine the strategic roadmap for integration
- Closing is expected in December 2016
- Commencement of operational and IT integration will start immediately post closing

Planned structure post merger

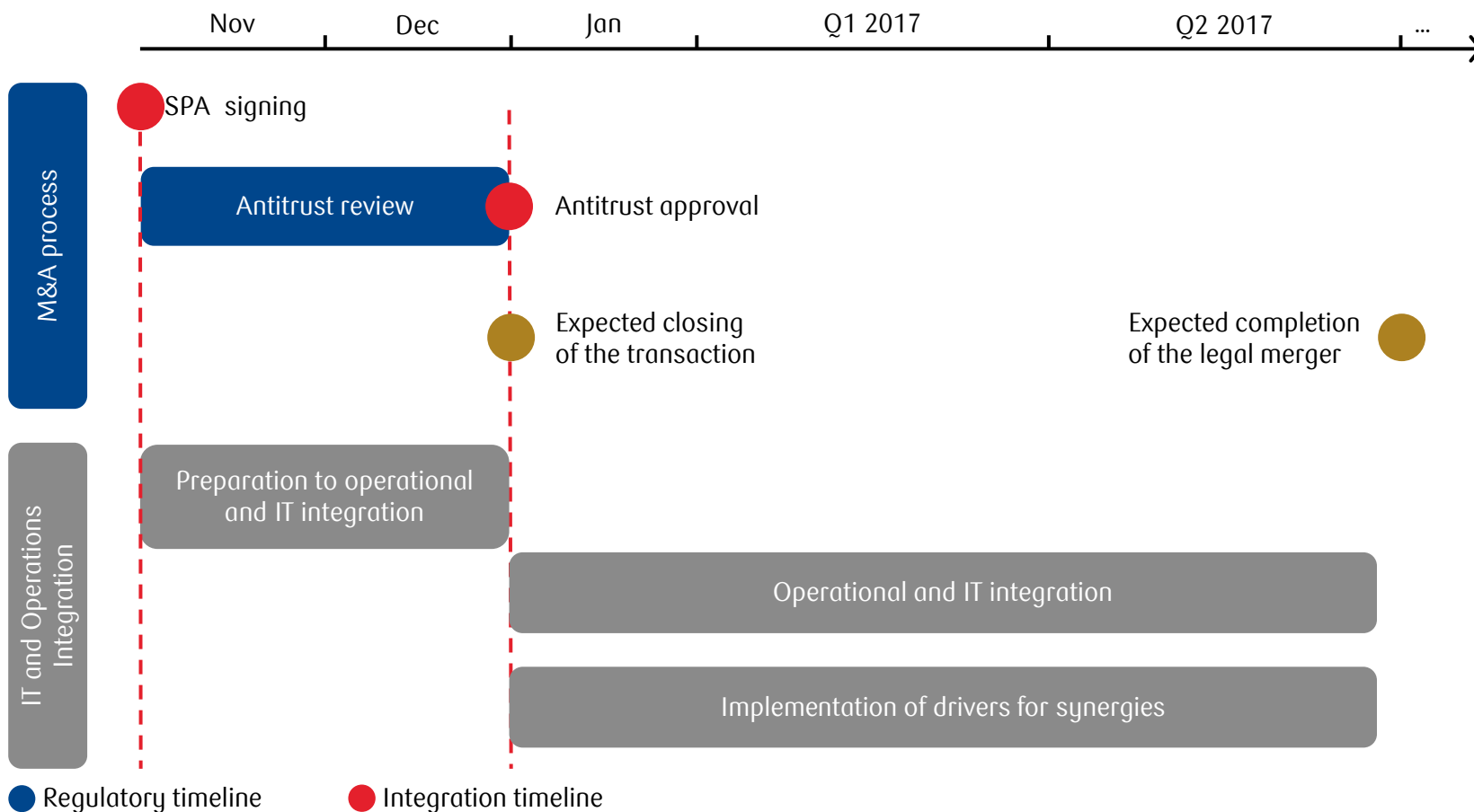


- Post closing, PKO Leasing and RLPL will be merged
- The legal merger is expected to be completed in mid-2017

Expected timetable



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Note: The timeline presented therein is the latest possible timeline of the transaction. The timeline may be subject to change based on antimonopoly decisions made or any further considerations of the Bank

Summary



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Benefits from the transaction for PKO BP Group and its shareholders:

- Leasing market leader with more than 13% market share by sales value
- Doubling of the market share in the dynamically growing leasing market
- Significant strengthening of PKO BP Group's position in the promising SMEs segment
- Increase in revenues and profitability of leasing business resulting from the complementarity of sales networks and business models of both leasing companies
- Expected PKO BP EPS accretion of c. 4% since 2018