



Bank Polski

Financial Results 3Q 2018

Record quarter in 100-year history of PKO Bank Polski

Key achievements in 3Q 2018



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- Over PLN 1 billion net profit in the quarter – historic record high
- A strong increase in the scale of operations: total balance sheet exceeded PLN 306 billion
- Strengthening capital position: TCR at a record high level
- Promotion to the group of large companies into the developed markets indices FTSE Russell and Stoxx Europe

*On track to achieve the financial goals of the 2016-2020 strategy:
"We support the development of Poland and the Poles"*



- Continuation of sustainable GDP growth
- Stable, lowest-ever interest rates of NBP
- The unemployment rate (BAEL) below 3.5%
- Lower fiscal deficit and increase to A- S&P rating



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Key achievements

1/4

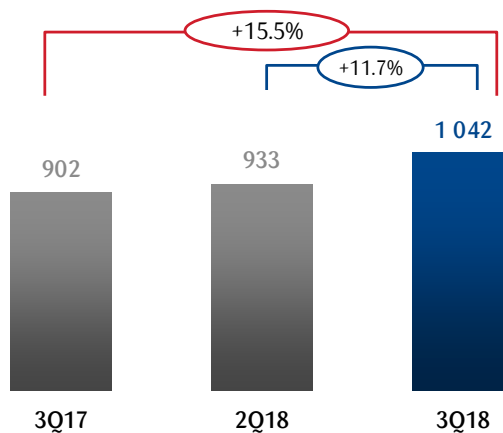
KEY ACHIEVEMENTS

Over PLN 1 billion net profit in the quarter

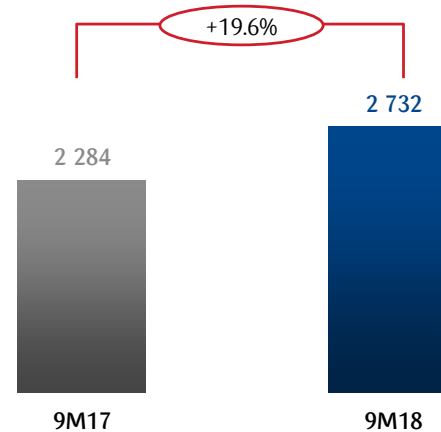


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Net profit
[PLN mn]



Nine-month
net profit
[PLN mn]



Double-digit net profit growth despite stable, lowest-ever
interest rates of NBP

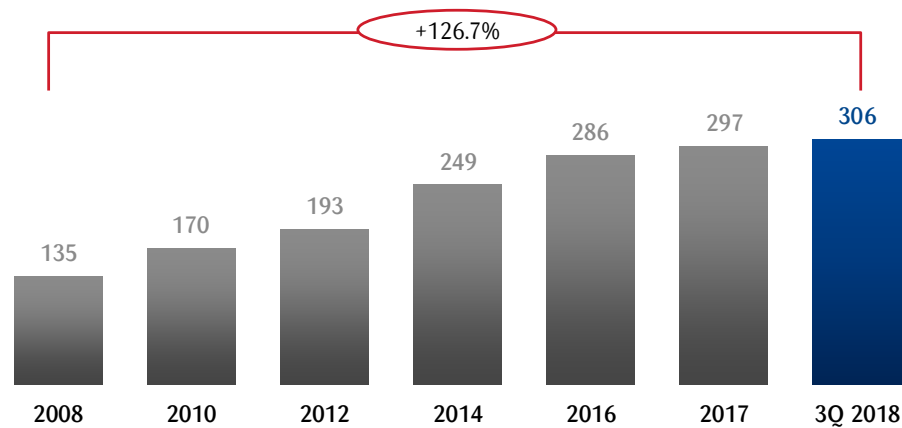
KEY ACHIEVEMENTS

Assets at the record high level



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Assets
[PLN md]



In the last 10 years PKO Bank Polski has more
than doubled the scale of operations

KEY ACHIEVEMENTS

On track to achieve strategic financial goals



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	2016	2017	3Q18	...	2020
ROE	7.7% ⁽¹⁾ /9.1%	9.0%	9.7%  		>10%
C/I	49.7% ⁽¹⁾ /47.4%	46.0%	45.1%  		<45%
COST OF RISK	0.75%	0.71%	0.63%  		0.75%-0.85% 
EQUITY	TCR: 15.8% Tier1: 14.5%	TCR: 17.4% Tier1: 16.5%	TCR: 18.4%   Tier1: 17.1%	Dividend capability 	

⁽¹⁾ After one-off and non-standard transaction adjustments

KEY ACHIEVEMENTS

Digital transformation



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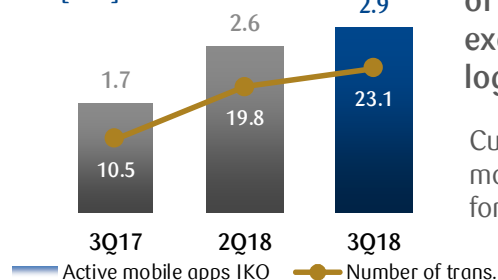


PKO's customers more often log in to IKO than to iPKO



Since IKO start in 2013, customers have paid over 113 million times!

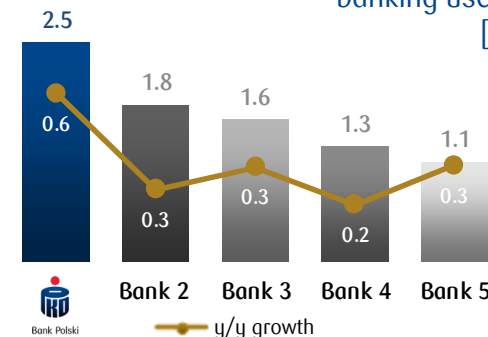
Number of IKO applications and number of transactions [mn]



In September, the number of logins to IKO once again exceeded the number of iPKO logins!

Customers are increasingly using the mobile application as the basic tool for managing personal finances.

Number of active mobile banking users⁽¹⁾ [mn]



Consumer Service

Digitalization of service, also using blockchain technology



National Cloud

SaaS, IaaS, PaaS offered in the cloud



Open banking

Using integrated services between suppliers



Cash Loan

A new sales process in IKO app

⁽¹⁾ According to PRNews data for 2Q18, logging in at least once a month from the level of a mobile device (mobile application, lite version or full transactional service)

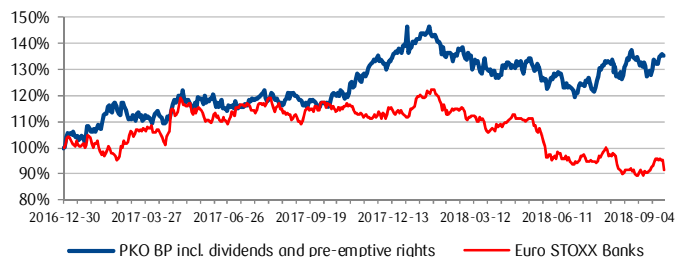
KEY ACHIEVEMENTS

PKO Bank Polski among the large cap constituents on the FTSE Russell Index

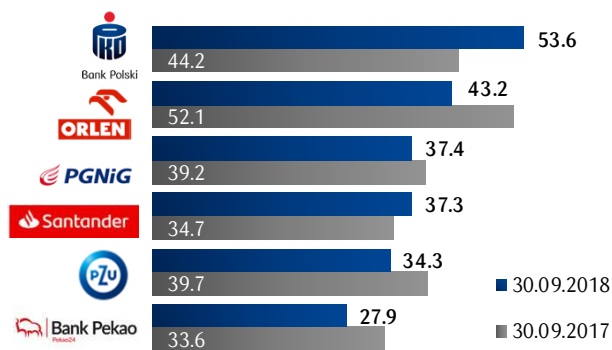


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Change in the share price of PKO Bank Polski vs. Euro STOXX Banks since 2017



The capitalization of the largest companies on the WSE [PLN bn]



Promotion in the FTSE Russell classification

PKO Bank Polski is the only Polish company included in the FTSE Russell large cap index. The Bank also joined the group of developed market companies of the STOXX Europe 600 index.



The highest capitalisation

PKO Bank Polski is the most valuable company on the Warsaw Stock Exchange with capitalisation in excess of PLN 50 billion. The PKO Bank Polski Group is the largest financial institution in Poland and one of the leading financial groups in Central and Eastern Europe.



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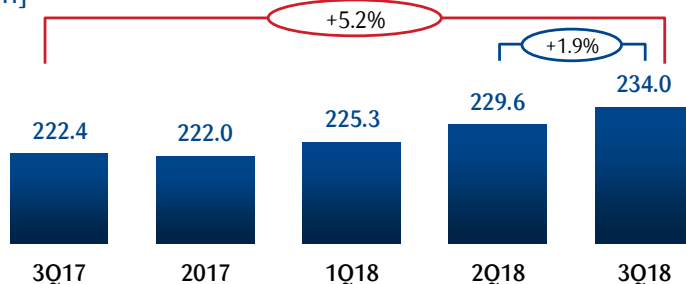
Business activity

Customer saving growth outpaces the advance in financing

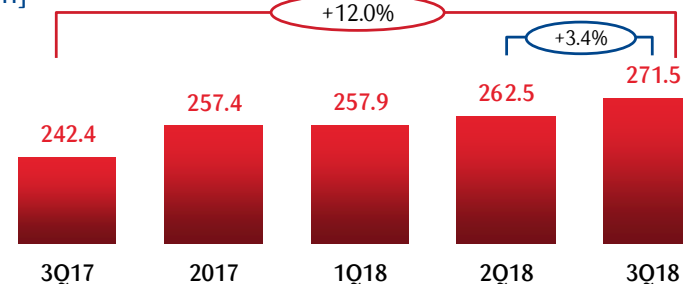


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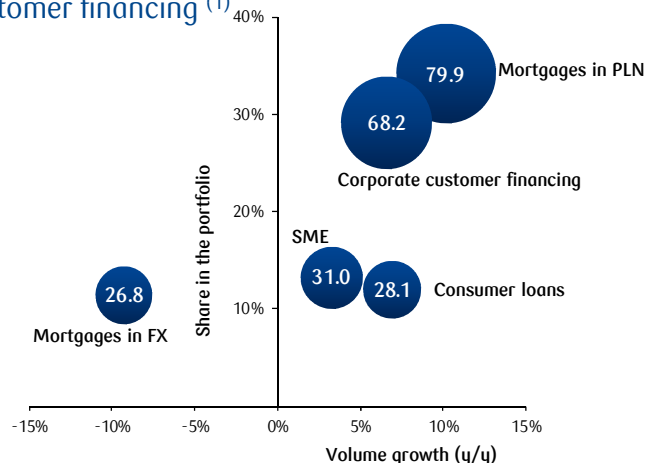
Gross customer financing ⁽¹⁾
[PLN bn]



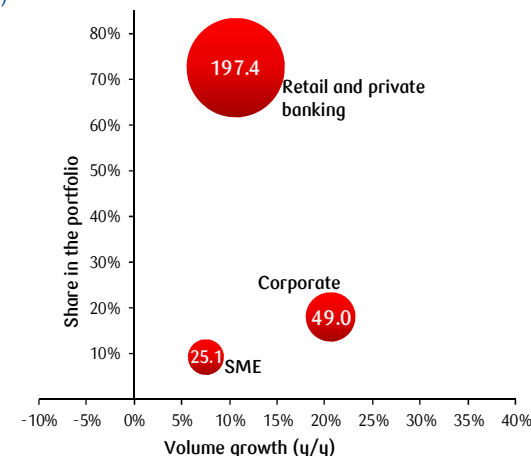
Customer savings ⁽²⁾
[PLN bn]



Gross customer financing ⁽¹⁾
[PLN bn]



Customer savings ⁽²⁾
[PLN bn]



(1) Includes loans, corporate and municipal bonds, leasing and factoring (excluding repo transactions)

(2) Includes deposits, TFI (mutual funds) assets and saving treasury bonds

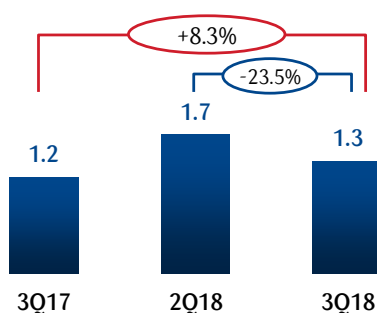
BUSINESS ACTIVITY

Retail segment: PKO BP Group - leader in the retail mutual fund market

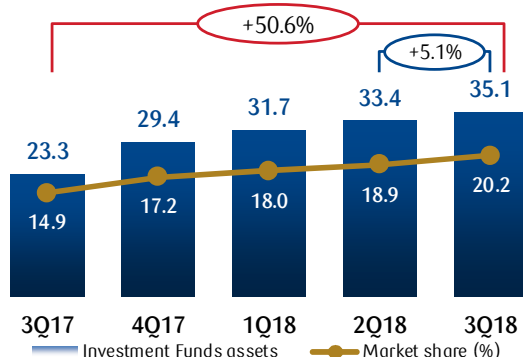


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Net sales
[PLN bn]



AuM⁽¹⁾
[PLN bn]



Market leader with PLN 35.1 billion of assets

Increase of assets under management by 5.1 % compared to the previous quarter versus a drop of the fund market in Poland by 1.8%.



New investment fund PKO VC (venture capital)

The fund invests in startups and fintechs. In August, the Bank purchased investment certificates of the Strategic Subfund and certificates of the Financial Subfund issued by PKO VC. The total value of the investment was PLN 200 million.



Promotions in the product offer

From 2 October management fees in sub-funds: PKO Asia-Pacific Stock Market, PKO US Stock Market, PKO Japanese Stock Market, PKO Emerging Markets and PKO European Markets were reduced to 0.7% p.a. Until the end of the year there are no handling fees on the online platforms ifundusze.pl and iPKO.pl

⁽¹⁾ Data for 4Q17, 1Q18, 2Q18 and 3Q18 include Gamma assets (PLN 3.9bn, PLN 4.3 bn, PLN 4.5 bn and PLN 4.7 bn, respectively). Market share in non-dedicated assets.

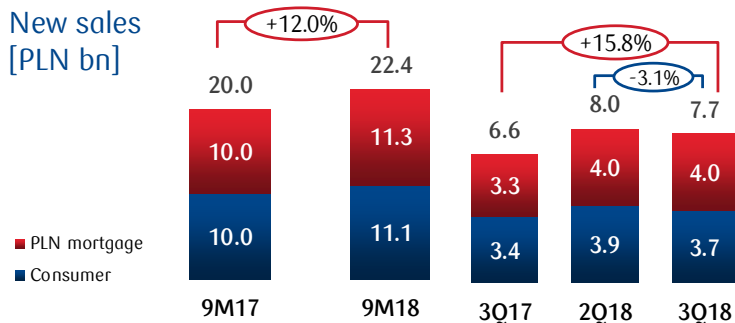
Retail segment: high sale of loans



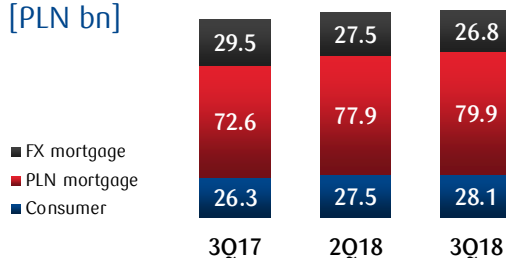
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Consumer and mortgage loans

New sales
[PLN bn]



Volume outstanding⁽¹⁾
[PLN bn]



Apple Pay in PKO Bank Polski

Holders of PKO BP and Inteligo payment cards can pay contactless using Apple Pay.



Full implementation of the blockchain-based solution

Over 5 million bank customers received new product regulations in digital form. It is the largest application of blockchain technology in banking in Europe. The solution was worked out, inter alia, together with the National Clearing House and the Polish-British company Coinfirm, with which the Bank cooperates as part of the platform for the development of innovation and modern technologies "Let's Fintech with PKO Bank Polski!"



100,000 clients of the PKO Bank Polski internet exchange

Clients made more than 300,000 transactions for a total of over PLN 1.4bn. In September half of the FX transactions were made using IKO mobile application.

⁽¹⁾ Historic data adjusted for the effect of IFRS 9 implementation

BUSINESS ACTIVITY

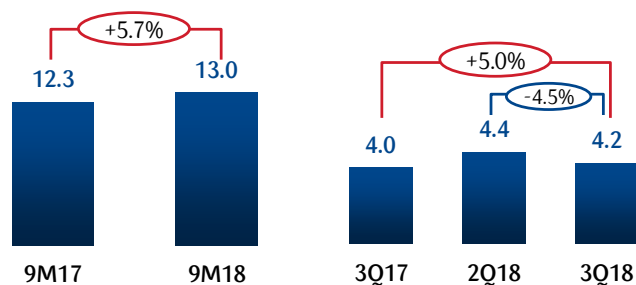
Retail segment: sales growth in SME driven also by leading position on the leasing market



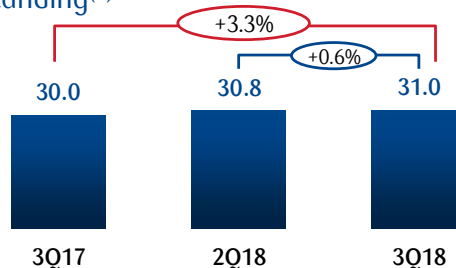
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Enterprise banking (SME) loans and leasing

New sales
[PLN bn]



Volume outstanding⁽¹⁾
[PLN bn]



⁽¹⁾ Historic data adjusted for the effect of IFRS9 implementation



e-shop for companies in PKO Bank Polski

From the iPKO level, the entrepreneur can open a store, track information on the stock status of products, new orders and completed orders and returns. The platform is integrated with all major online payment systems and many courier companies.



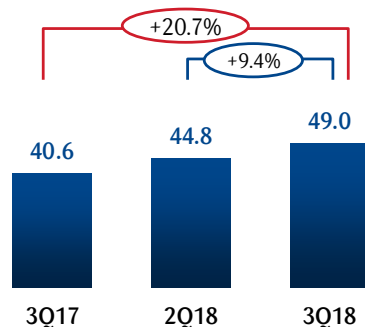
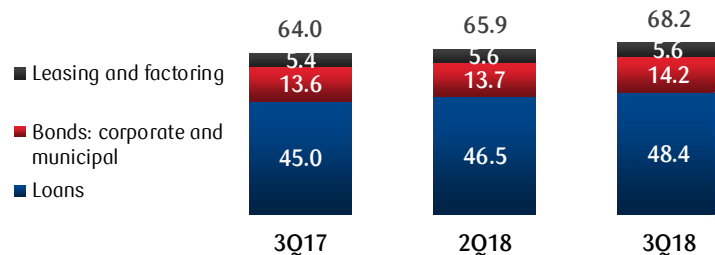
Business assistant

The bank provides support in running the company 24/7, from anywhere thanks to the corporate assistant function. The company assistant is also a calendar of events integrated with payments - notifications (SMS or e-mail) remind about the need to pay social security contributions or submit VAT returns.

Corporate segment: strong deposit and client financing growth



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Deposits
[PLN bn]Gross client
financing⁽¹⁾
[PLN bn]

PKO Bank Polski leads a consortium of banks financing PGE Group



PKO Bank Polski, together with a consortium of banks, signed a loan agreement with PGE for the total amount of PLN 4.1 billion. Funds from the loan will provide e.g. for the investment program of the PGE Group for the years 2016-2020 and the working capital needs. The share of PKO Bank Polski is PLN 1 billion.

International meetings organized by PKO Securities



More than a dozen leading Romanian companies and the most important representatives of the game industry listed on the WSE participated in Romanian Capital Day and CEE Gaming.

PKO Bank Polski intends to join the information-sharing network based on blockchain technology



Interbank Information Network is a solution, whose task is to accelerate and better secure the payments and cross-border transfers.

⁽¹⁾ Historic data adjusted for the effect of IFRS9 implementation



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Financial results

3/4



Over PLN 1 billion in net profit in the quarter

High cost efficiency (C/I at 45.1%)

Cost of risk (0.63%) below strategically defined level

Capital ratios close to dividend requirements
for 50% net profit payout

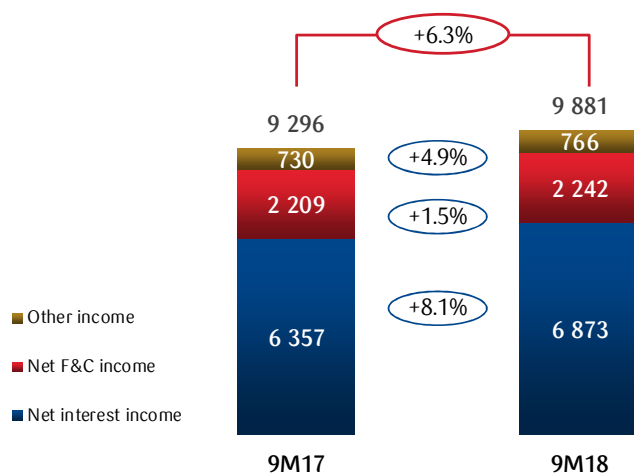
FINANCIAL RESULTS

The revenue improvement mainly thanks to a solid increase in net interest income

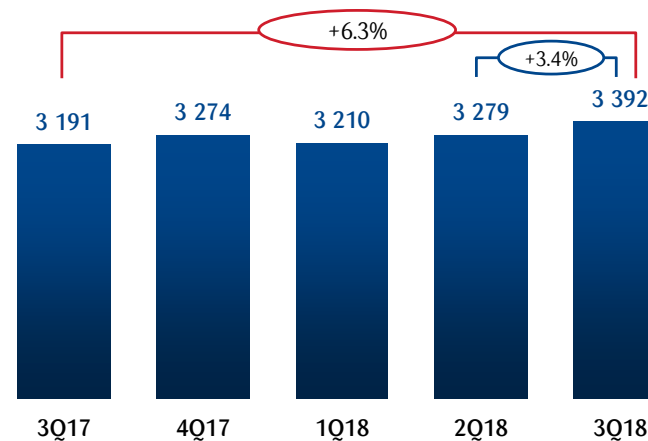


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Result on business activity
[PLN mn]



Quarterly result on business activity
[PLN mn]



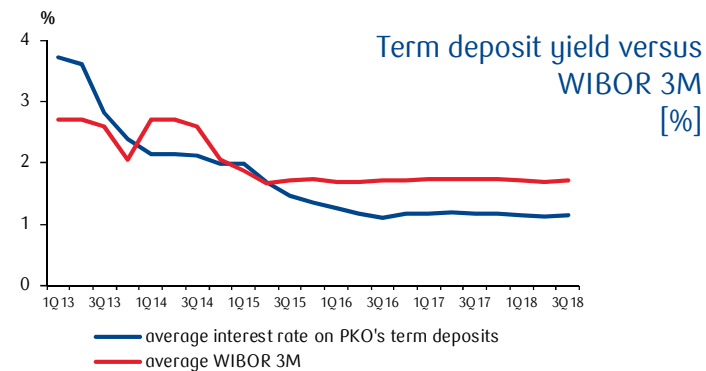
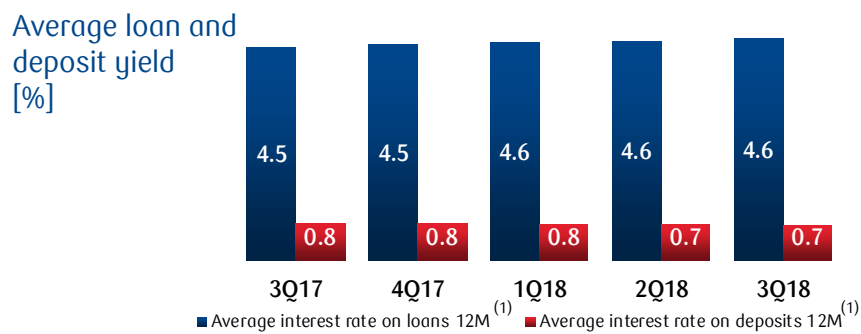
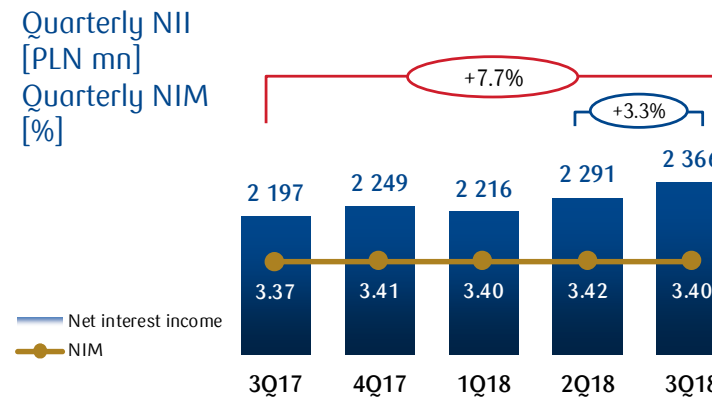
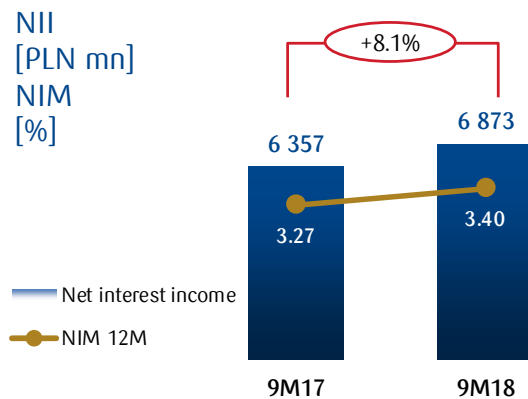
Consistent increase in revenues despite stable, record low NBP interest rates.

FINANCIAL RESULTS

Strong growth in NII



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⁽¹⁾ Interest income (expense) for last 4 quarters / average net loans (deposits) of last 4 quarters

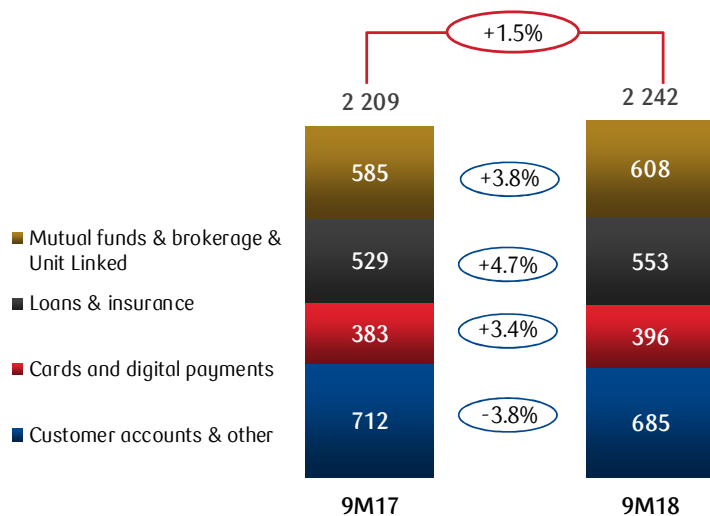
FINANCIAL RESULTS

Higher net fee and commission result

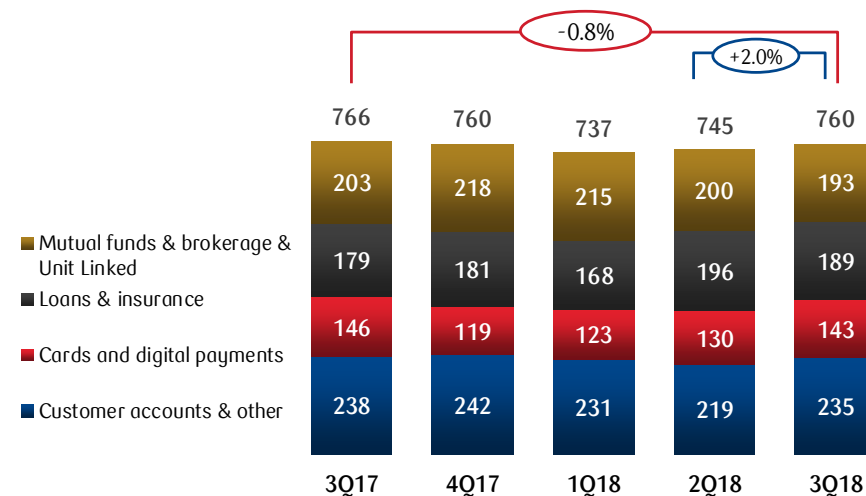


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Net F&C
[PLN mn]



Quarterly net F&C
[PLN mn]



- Dynamic growth of loans and insurance and card and digital payments revenues
- Decrease in F&C from customer accounts & other due to the migration of customers to a cheaper offer

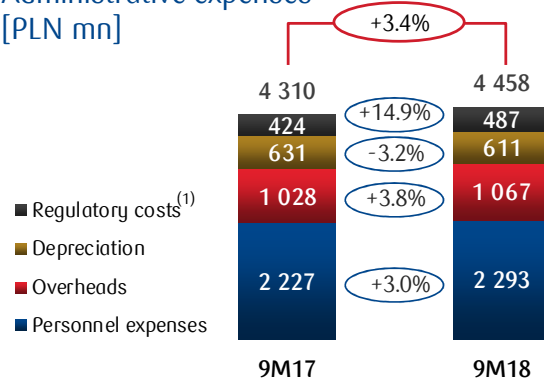
FINANCIAL RESULTS

High cost efficiency (C/I at 45.1%)

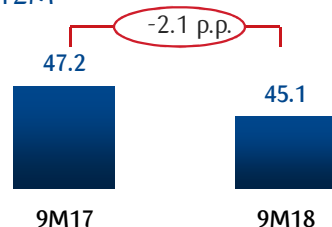


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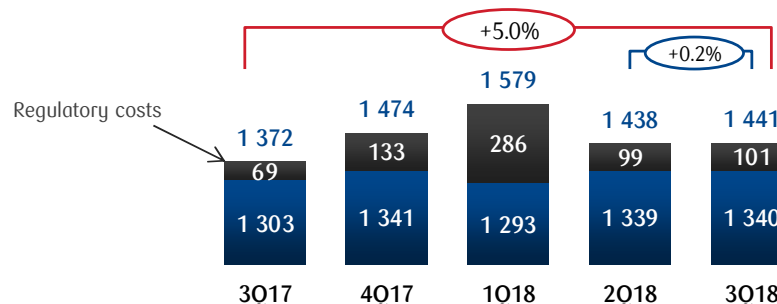
Administrative expenses
[PLN mn]



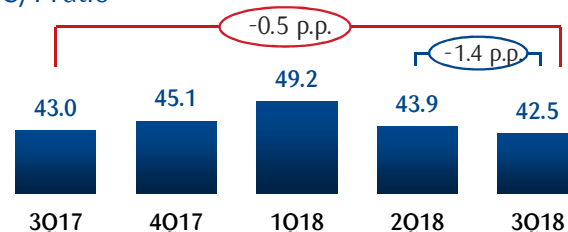
Cost / Income 12M
[%]



Quarterly administrative expenses
[PLN mn]



Quarterly C/I ratio
[%]



- Overheads influenced by higher marketing costs (+ PLN 46 mn y/y)
- Regulatory costs under the influence of higher costs of interest tax on foreign bonds
- Significant C/I improvement on an annual basis thanks to a higher result on business activity

⁽¹⁾ Banking Guarantee Fund, FSA, levies and administrative charges

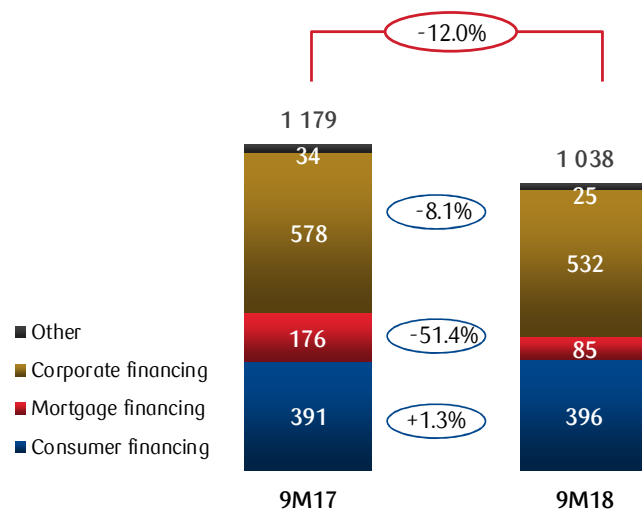
FINANCIAL RESULTS

Cost of risk (0.63%) below strategically defined level

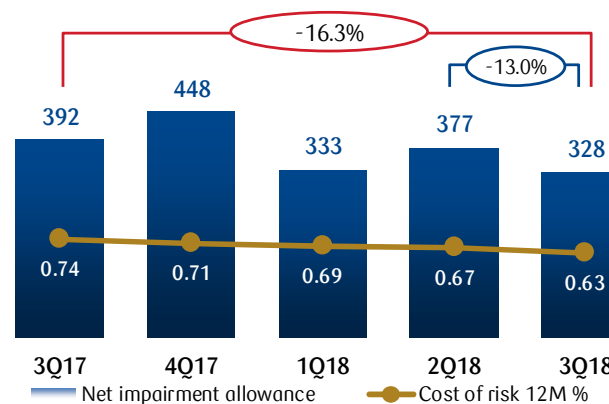


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Net impairment allowance
[PLN mn]



Quarterly net impairment allowance
[PLN mn]



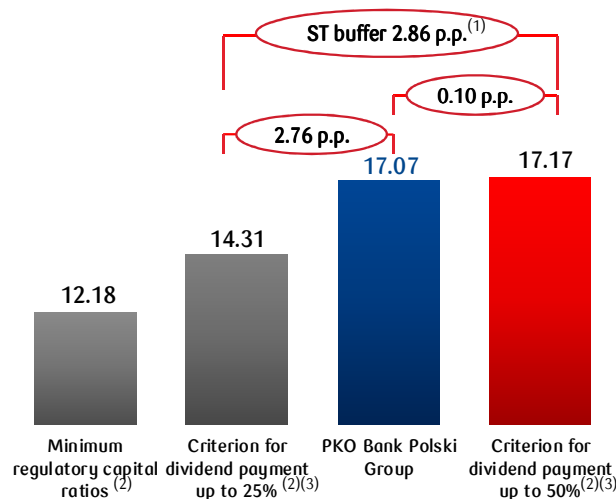
FINANCIAL RESULTS

Capital ratios close to dividend requirements for up to 50% net profit payout

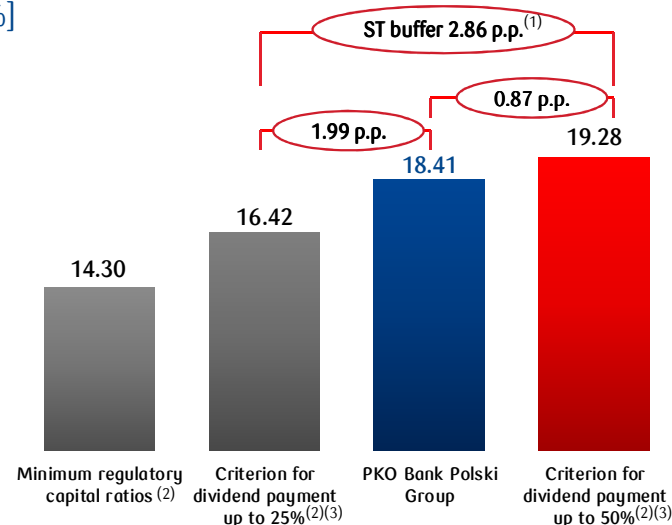


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Capital requirements (Tier 1)
[%]



Total capital ratio (TCR)
[%]



The application of the preferential risk weighting for PLN mortgage loans in 3Q18 increased the capital ratios by 0.64 p.p.

(1) Based on Polish FSA's 2017 stress-test and to be verified based on 2018 EBA stress-tests.

(2) Regulatory minima / criteria for dividend payment include the O-SII buffer increased from 0.75% to 1.00% from July 31, 2018. and the estimated reduction of the FX buffer for the Group, by 0.15 p.p. for Tier1 and 0.19 p.p. for TCR, equal to the buffer reduction for the Bank from October 22, 2018.

(3) Having considered dividend payment adjustments for the following criteria:

K1 - share of the foreign currency mortgages for households in total receivables from non-financial sector (3Q18: 15.11%: -0.55p.p. q/q; -1.79 p.p. y/y) - adjustment by -20 p.p. (for >10% share)

K2 - share of the foreign currency mortgage granted in 2007/08 in total portfolio of foreign currency mortgages in PKO Bank Polski (3Q18: 45.23%: -0.18 p.p. q/q; +0.36 p.p. y/y) - adjustment by -30 p.p. (for >20% share if K1>5%).

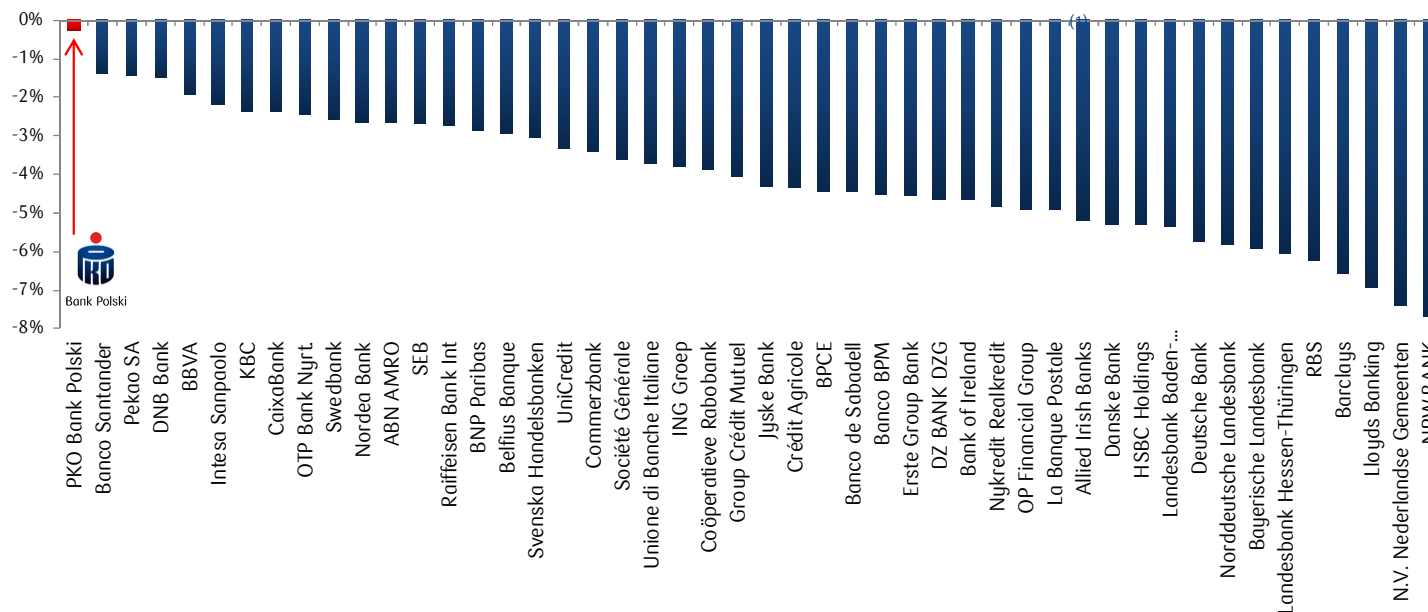
FINANCIAL RESULTS

The results of EBA stress-tests: PKO Bank Polski is the most resilient bank in Europe



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The change in fully loaded CET1 ratio between 2017 and 2020 adverse scenario (%)⁽¹⁾



The results of EBA stress-tests can allow the material reduction in the criterion for dividend payment up to 50% of net profit

(1) In line with the results of pan-European EBA stress tests, the consolidated Common Equity Tier 1 (CET1) ratio in 2020 would be at the level of 17.39% in the baseline scenario and 15.93% in the adverse scenario, while the consolidated CET 1 at the end of 2017 amounted to 16.50%. After considering the full effect of the implementation of CRR / CRD and IFRS 9, the consolidated CET1 ratio at the end of 2020 would stand at 16.89% and 15.62%, respectively, while at the end of 2017 it would equal 15.91%. The difference between 2020 adverse and baseline scenario stands at 1.27 p.p. or 1.46 p.p. (excluding the IFRS 9 impact).



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Record quarter
in 100-year
history of PKO
Bank Polski



Net profit: PLN 1.042 bn in 3Q18



Assets: PLN 306 bn



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Supplementary
information,
including
macroeconomic
backdrop

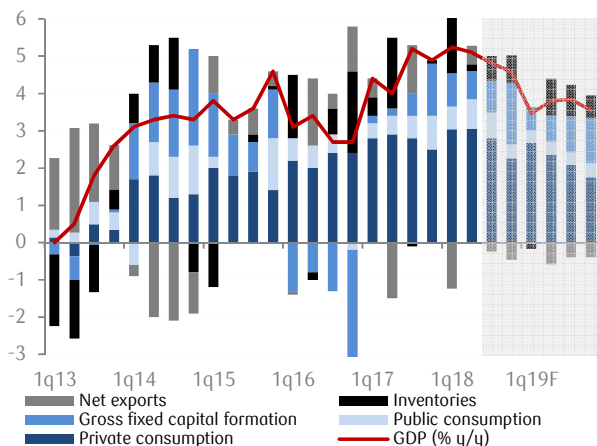
MACROECONOMIC BACKDROP

Sustainable economic growth



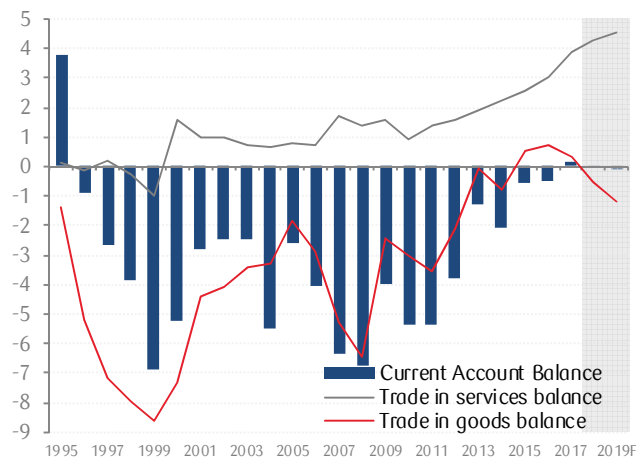
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GDP growth breakdown [pp]



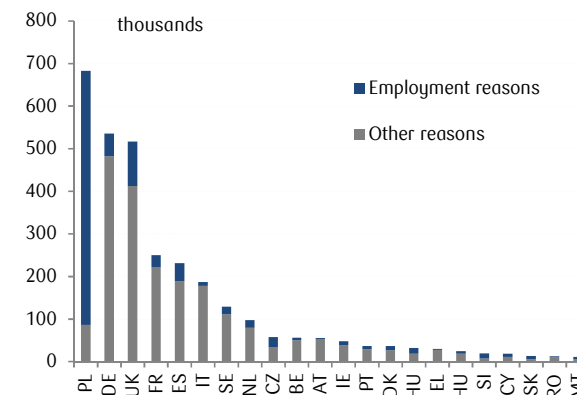
Source: GUS, PKO Bank Polski

Current account and its main components [% of GDP]



Source: NBP, GUS, PKO Bank Polski

Inflow of foreign workers in 2017 [thousands]



Source: Eurostat, PKO Bank Polski

- Poland's GDP growth in 3q18 moderated to below 5.0%, mostly due to weaker external demand (softer economic conditions in the euro area). However, the **economic growth in Poland remains stronger than potential** amid strong domestic demand, i.e. continued revival in fixed investments and steadily strong consumption growth driven by booming labour market.
- The **above-potential GDP growth does not lead to build-up of macroeconomic imbalances**. Large inflow of foreign workers contains the unit labour costs growth, which enables to keep stable inflation and balanced current account of the balance of payments.
- Strong rise in real incomes coupled with reduction in macroeconomic imbalances (drop in fiscal deficit and public debt as well as lowered external debt to GDP ratio) were the main factors behind **upgrade of Poland's rating by S&P**.
- Fiscal deficit after 3q18 was at **all-time low** of ca. 1% of GDP (on PKO BP estimates), translating into further drop in public debt to GDP ratio.

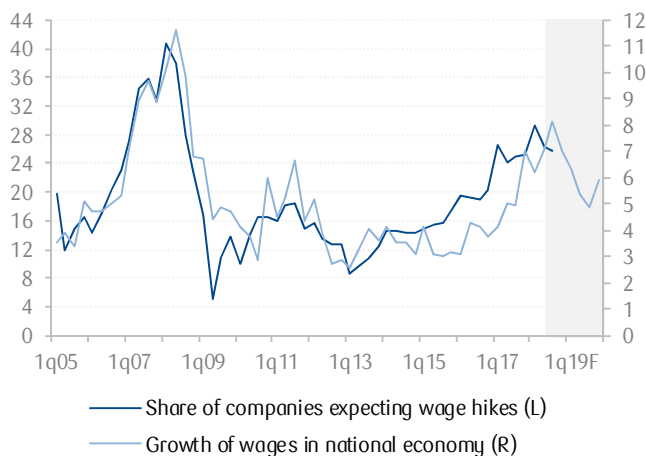
MACROECONOMIC BACKDROP

Stable interest rates



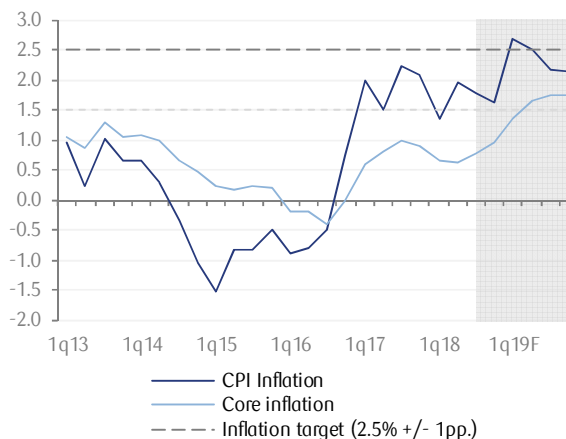
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Wage pressure measures [% of firms, % y/y]



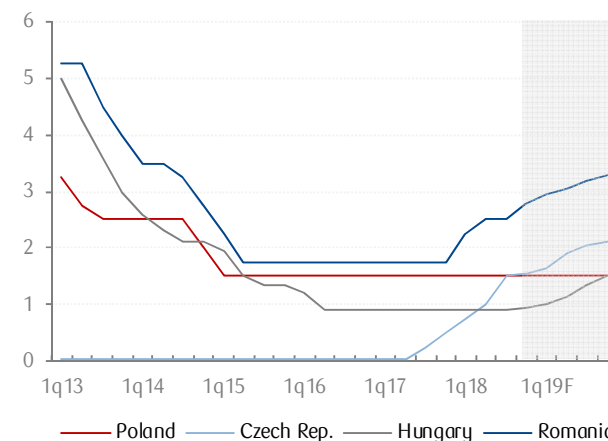
Source: GUS, NBP, PKO Bank Polski

Inflation measures [% y/y]



Source: GUS, NBP, PKO Bank Polski

Key policy rates in CEE region* [%]

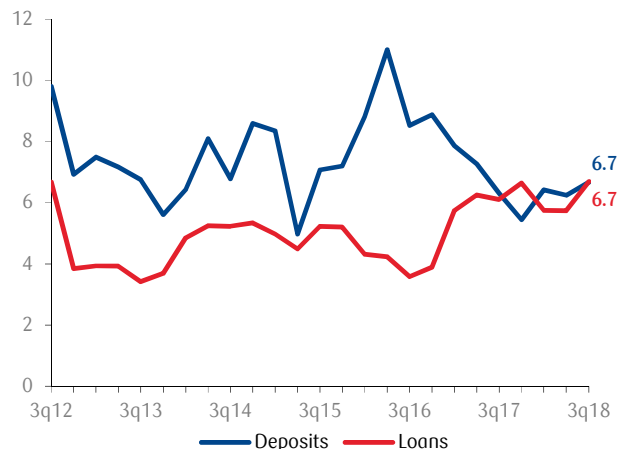


* For Poland – PKO Bank Polski forecasts; for other countries – Bloomberg consensus
Source: Reuters Datastream, PKO Bank Polski

- Survey data indicate that importance of labour force constraints as a development barrier for enterprises has been waning and wage pressure has eased somewhat. This suggests that actual **wage growth should not accelerate further in the coming quarters**.
- Costs pressure, strong domestic demand growth (larger positive output gap) and PLN depreciation should lead to an acceleration in core inflation. However, in the remainder of 2018 it will be offset by high base effects for food and fuel prices. In subsequent quarters, given rising energy and oil prices, **the headline inflation rate might temporary exceed the inflation target in the first half of 2019**.
- **Limited risk of further tightening of labour market conditions, benign inflation outlook, strong balance of payments position and improvement in fiscal stance are arguments for stabilization of NBP interest rates**, against the background of upward trend in key policy rates in the CEE region (rate hikes in the Czech Republic and Romania in reaction to macroeconomic imbalances).

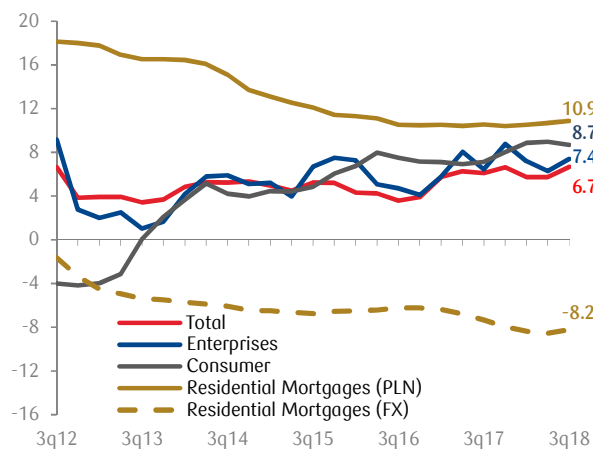


Deposits and loans growth [% y/y, FX adjusted]



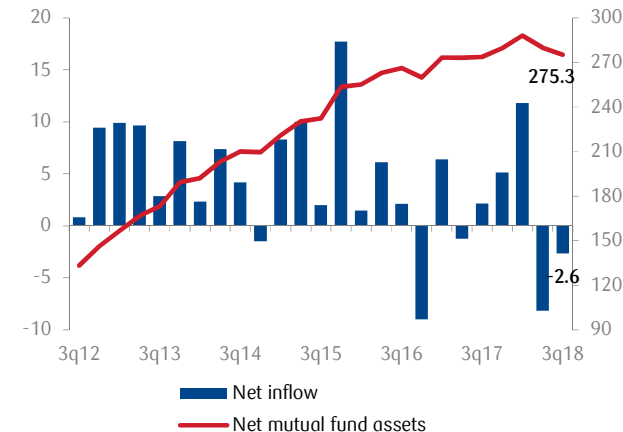
Source: NBP, PKO Bank Polski

Loans growth [% y/y, FX adjusted]



Source: NBP, PKO Bank Polski

Mutual funds assets [PLN bn]



Source: Anality Online, PKO Bank Polski

- Robust economic growth translated into further acceleration in corporate deposits growth and higher risk aversion is positively affecting households deposits growth. However, overall deposits growth is constrained by weaker growth in public sector deposits amid stronger investment activity in the public sector.
- Low interest rates and improving financial situation of households support demand for consumer and mortgage loans.
- Stronger investment activity is potentially positive for corporates demand for loans, but own funds remain the key source of funding corporate investments in Poland.
- After a drop in assets inflow to mutual funds in 2q18, the inflows recovered somewhat in 3q18, but they are constrained by increased volatility and risk aversion in the financial markets.

MACROECONOMIC BACKDROP

Macroeconomic forecasts



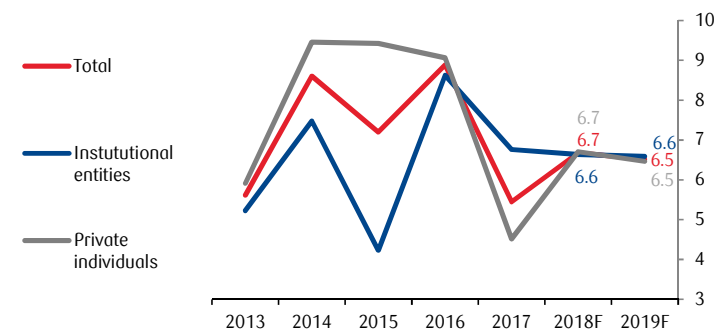
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		2014	2015	2016	2017	2018F	2019F
GDP	% y/y	3.3	3.8	3.1	4.8	4.9	3.7
Consumption	% y/y	2.6	3.0	3.9	4.9	4.7	3.8
Investments	% y/y	10.0	6.1	-8.2	3.9	6.1	4.9
Fiscal deficit ¹⁾	% GDP	-3.6	-2.6	-2.3	-1.7	-1.2	-1.7
Public debt ¹⁾	% GDP	50.3	51.1	54.2	50.6	50.4	49.2
CPI inflation	%	0.0	-0.9	-0.6	2.0	1.7	2.4
LFS unemployment rate	%	8.1	6.9	5.5	4.5	3.5	3.3
NBP reference rate	% eop	2.00	1.50	1.50	1.50	1.50	1.50
WIBOR 3M	% eop	2.06	1.73	1.73	1.72	1.70	1.70
EUR/PLN	PLN eop	4.26	4.26	4.42	4.17	4.33	4.35
USD/PLN	PLN eop	3.51	3.90	4.18	3.48	3.80	3.85

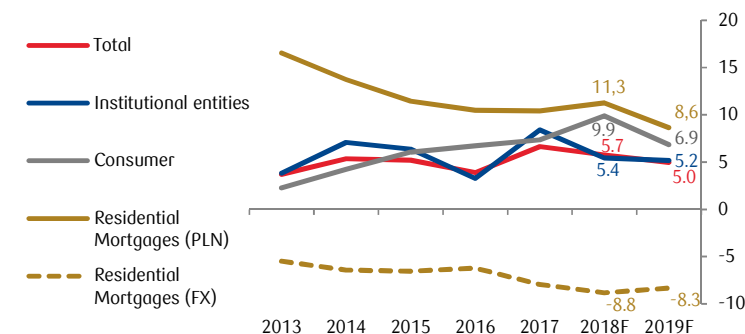
Source: Statistics Poland, Ministry of Finance, National Bank of Poland, PKO Bank Polski forecasts

1) In ESA2010 terms

Deposits growth [% , FX adjusted]



Loans growth [% , FX adjusted]



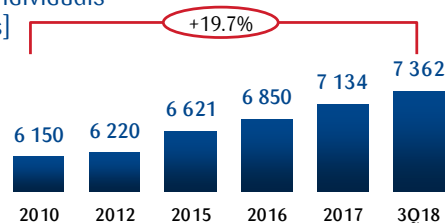
SUPPLEMENTARY INFORMATION

PKO Bank Polski - undisputed leader of the Polish banking sector

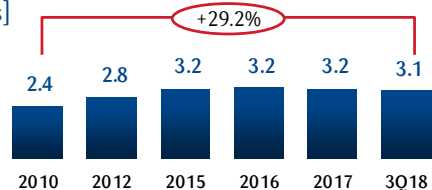


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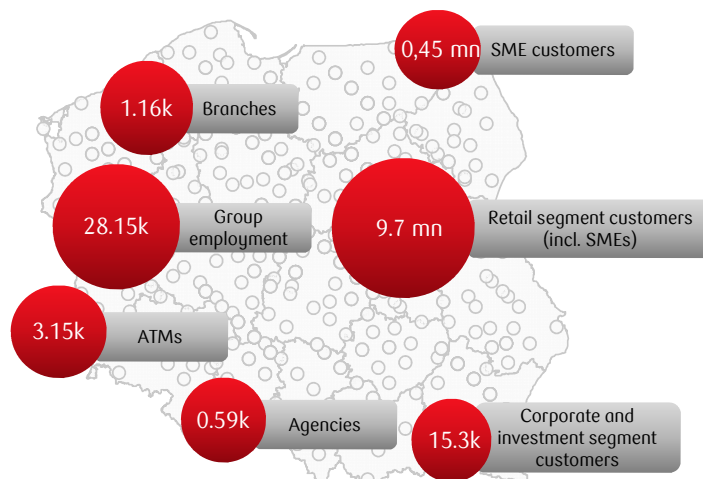
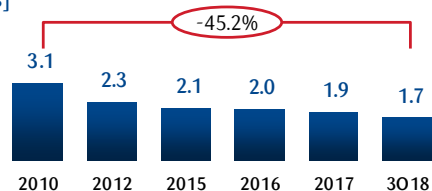
Number of current accounts of individuals [ths]



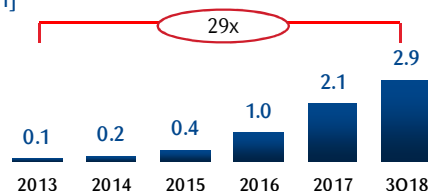
Number of ATMs [ths]



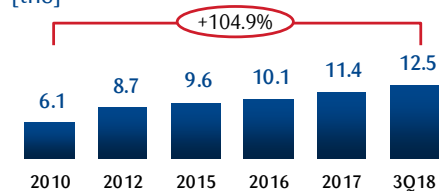
Number of retail agencies and branches [ths]



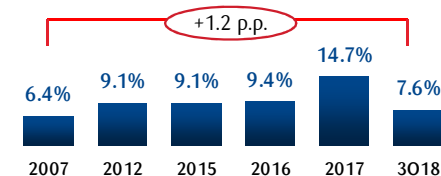
Mobile apps [mn]



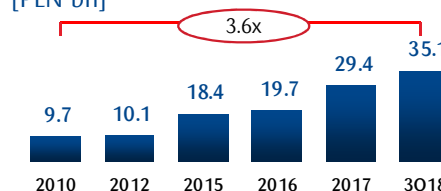
Number of corporate customers with access to e-banking [ths]



The share of PKO Securities in trading on the secondary stock market



Investment Funds – AuM [PLN bn]



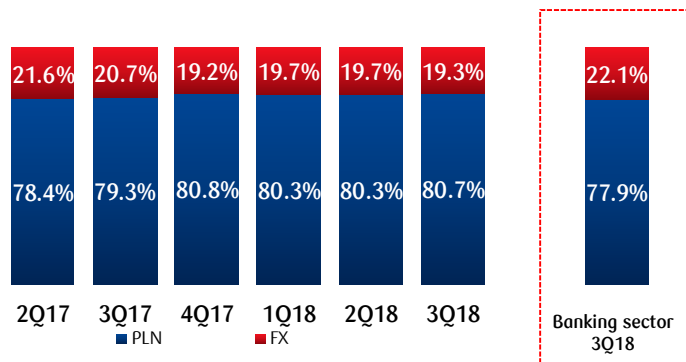
SUPPLEMENTARY INFORMATION

Improving structure of loans and deposits while maintaining high liquidity

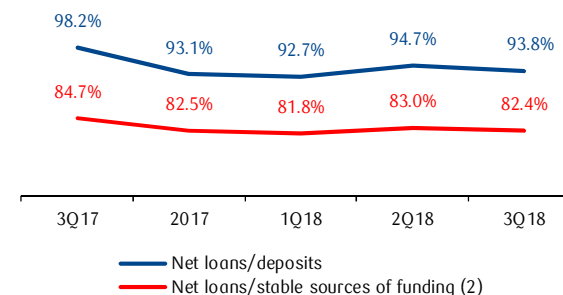
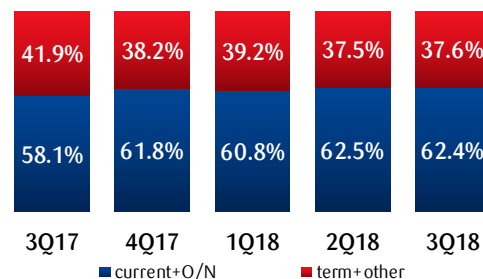


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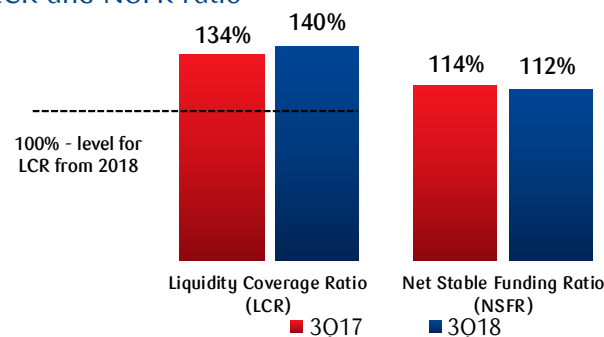
Currency structure of gross loans portfolio



Term structure of total deposits ⁽¹⁾



LCR and NSFR ratio



(1) Amounts due to customers

(2) Amounts due to customers and long-term external funding in the form of: covered bonds, securitization, senior unsecured bonds, subordinated debt; and amounts due to financial institutions.

Customer financing portfolio quality – segments

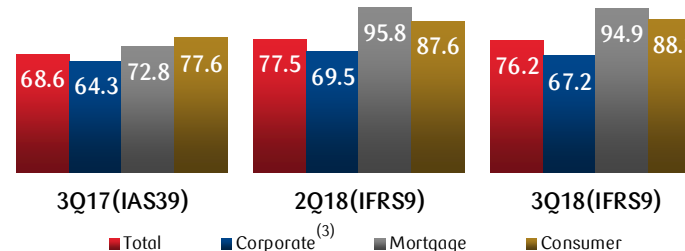


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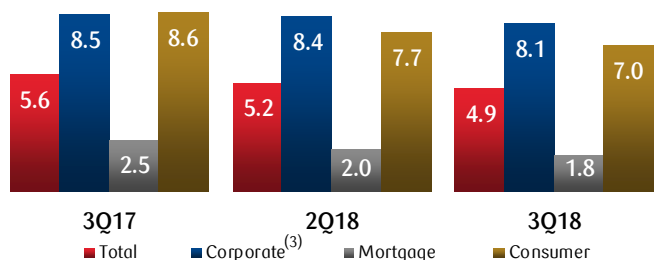
Share of customer financing with recognized impairment [%]



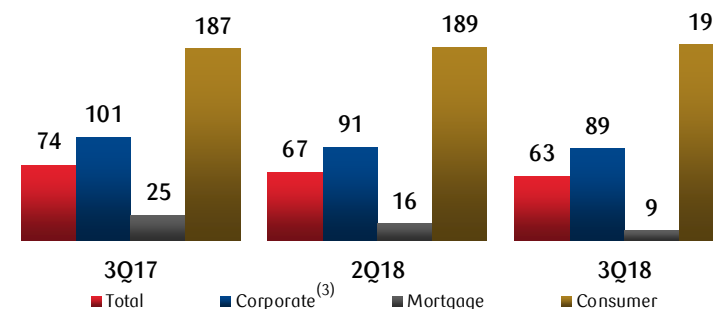
Coverage of customer financing with recognised impairment by impairment allowances⁽²⁾ [%]



Ratio of customer financing with recognised impairment⁽¹⁾ [%]



Cost of risk over the last 12M [bps]



(1) Defined for the portfolio covered by exposures measured at amortized cost and loans measured at fair value through other comprehensive income less restricted interest (fully covered by impairments).

(2) Calculated by dividing the total impairments (both for exposures with and without recognized impairment) less restricted interest (fully covered by impairments) and gross exposures with a recognized impairment less restricted interest (fully covered by impairments).

(3) SME data included

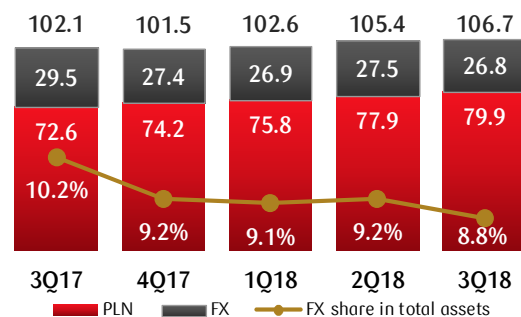
SUPPLEMENTARY INFORMATION

Mortgage loans

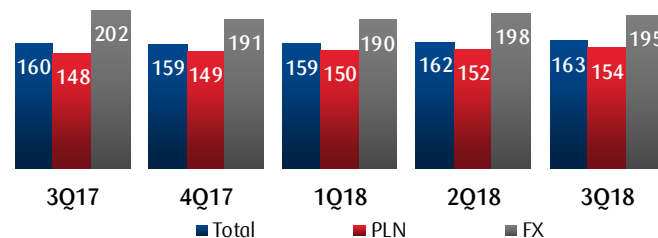


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Volume of FX mortgage loans
[PLN bn]

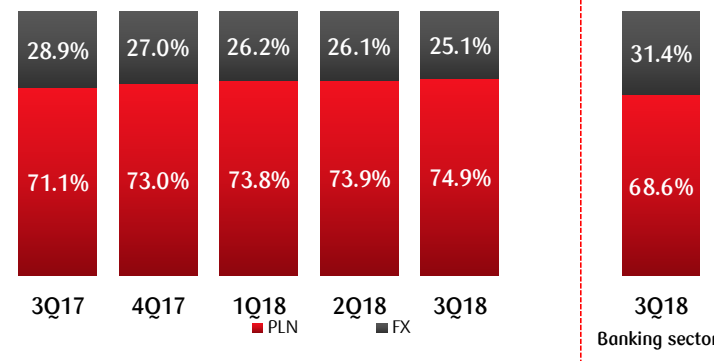


Average carrying value of mortgage loan
[PLN ths]

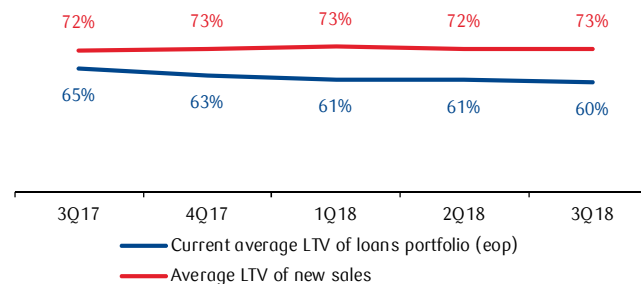


Includes data of PKO Bank Polski and PKO Mortgage Bank

Structure of mortgage loans by currency



Average LTV



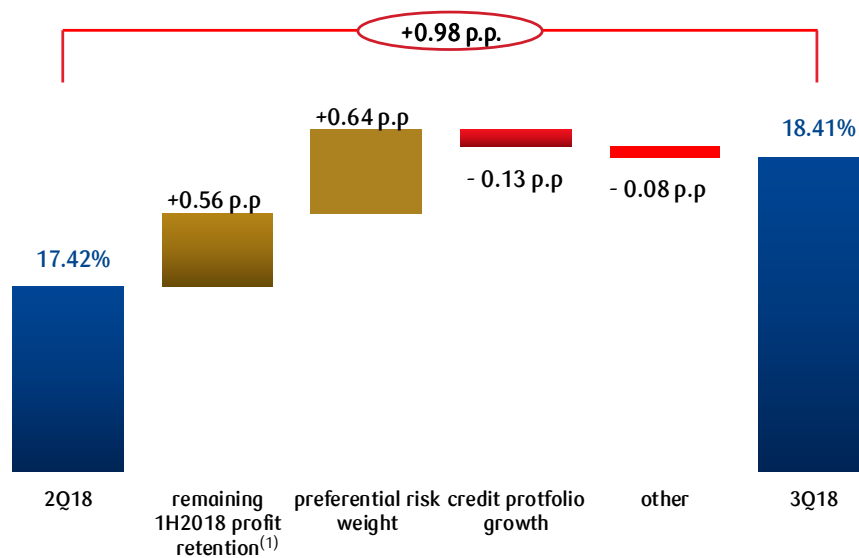
SUPPLEMENTARY INFORMATION

Capital adequacy

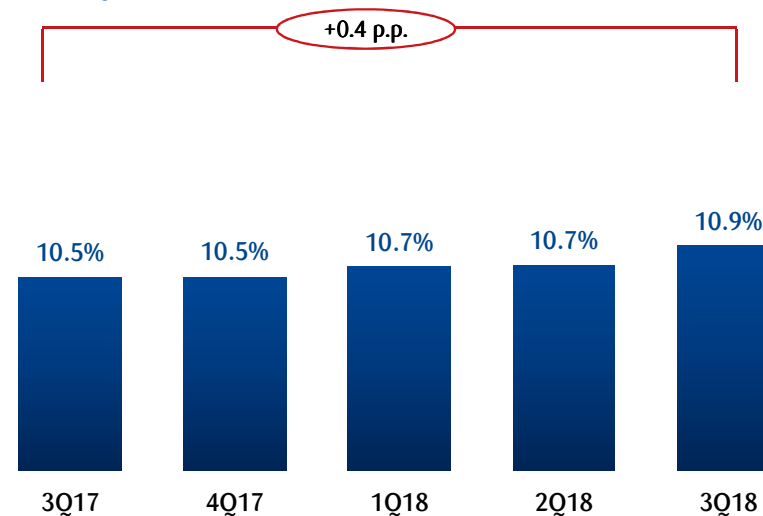


Bank Polski

Consolidated TCR change (q/q)



Leverage ratio



⁽¹⁾ Including, with the PFA's consent, part of the profit generated in the first half of 2018 in the amount of PLN 1.1 billion

SUPPLEMENTARY INFORMATION

Key financial data



Bank Polski

Profit and loss [PLN mn]

	9M18	9M17	y/y	3Q18	2Q18	q/q
Net interest income	6 873	6 357	+8.1%	2 366	2 291	+3.3%
Net F&C income	2 242	2 209	+1.5%	760	745	+2.0%
Result on business activity	9 881	9 296	+6.3%	3 392	3 279	+3.4%
Administrative expenses	-4 458	-4 310	+3.4%	-1 441	-1 438	+0.2%
Net impairment allowance	-1 038	-1 179	-12.0%	-328	-377	-13.0%
Bank tax	-699	-698	+0.1%	-238	-233	+2.1%
Net profit	2 732	2 284	+19.6%	1 042	933	+11.7%

Balance sheet [PLN bn]

Assets	306.1	290.0	+5.6%	306.1	298.7	+2.5%
Gross customer financing	234.0	222.4	+5.2%	234.0	229.6	+1.9%
Deposits	225.6	209.2	+7.8%	225.6	219.2	+2.9%
Stable financial resources	256.7	243.0	+5.6%	256.7	250.1	+2.6%
Total equity	37.7	35.3	+6.7%	37.7	36.8	+2.5%

SUPPLEMENTARY INFORMATION

Key ratios



Bank Polski

		3Q18	3Q17	y/y	2Q18	q/q
Key financial Ratios [%]	ROE net	9.7	8.6	+1.1 p.p.	9.5	+0.2 p.p.
	ROE net excl. banking tax	12.3	11.3	+1.0 p.p.	12.1	+0.2 p.p.
	ROA net	1.2	1.0	+0.2 p.p.	1.2	0.0 p.p.
	ROA net excl. banking tax	1.5	1.3	+0.2 p.p.	1.5	0.0 p.p.
	C/I	45.1	47.2	-2.1 p.p.	45.3	-0.2 p.p.
	NIM ¹⁾	3.40	3.27	+0.13 p.p.	3.39	+0.01 p.p.
Loan portfolio Quality [%]	NPL ratio ²⁾	4.9	5.6	-0.7 p.p.	5.2	-0.3 p.p.
	Coverage ratio ³⁾	76.2	68.6	+7.6 p.p.	77.5	-1.3 p.p.
	Cost of risk	0.63	0.74	-11.5 bps	0.67	-4.5 bps
Capital position [%]	TCR	18.4	17.7	+0.7 p.p.	17.4	+1.0 p.p.
	Tier 1 capital ratio	17.1	16.8	+0.3 p.p.	16.1	+1.0 p.p.

(1) Net interest margin = net interest income of last 4 quarters / average interest bearing assets of last 4 quarters (formula consistent with that applied in the PKO Bank Polski Group Directors' Report)

(2) Share of loans with recognised impairment in total gross loans

(3) Coverage of loans with recognised impairment with impairment allowances

SUPPLEMENTARY INFORMATION

Key operational data



Bank Polski

PKO Bank Polski operating data (eop)	3Q17	4Q17	1Q18	2Q18	3Q18	y/y	q/q
Current accounts ('000)	7 063	7 134	7 189	7 267	7 362	+4.2%	+1.3%
Banking cards ('000)	8 233	8 340	8 462	8 651	8 771	+6.5%	+1.4%
of which: credit cards	866	875	885	902	919	+6.2%	+1.9%
Active mobile banking applications IKO ('000)	1 708	2 120	2 356	2 592	2 875	+68.4%	+10.9%
Branches:	1 208	1 192	1 184	1 176	1 163	-3.7%	-1.1%
- retail	1 167	1 151	1 143	1 135	1 121	-3.9%	-1.2%
- corporate	41	41	41	41	42	+2.4%	+2.4%
Agencies	769	745	712	600	590	-23.3%	-1.7%
ATMs	3 208	3 190	3 179	3 185	3 146	-1.9%	-1.2%
Employment eop (FTEs '000) Group	28.4	28.4	28.6	28.5	28.2	-0.9%	-1.3%

- Employment decreased by over 300 full-time employees in the quarter
- The number of active IKO applications has increased by almost 70%

SUPPLEMENTARY INFORMATION

Profit and loss account of the PKO Bank Polski Group



Bank Polski

Profit and loss account (PLN million)	3Q17	4Q17	1Q18	2Q18	3Q18	3Q18/3Q17	3Q18/2Q18
Net interest income	2 197	2 249	2 216	2 291	2 366	+7.7%	+3.3%
Net fee and commission income	766	760	737	745	760	-0.8%	+2.0%
Other income	228	264	257	243	266	+16.7%	+9.5%
Dividend income	1	-	-	11	1	0.0%	-90.9%
Net income from financial instruments designated at fair value	(2)	(3)	17	(2)	34	x	x
Gains less losses from investment securities	16	29	-	-	-	x	x
Net foreign exchange gains	101	128	104	143	98	-3.0%	-31.5%
Gains/(losses) on derecognition on financial assets and liabilities	-	-	37	57	35	x	-38.6%
Net other operating income and expense	112	110	99	34	98	-12.5%	+188.2%
Total income items	3 191	3 273	3 210	3 279	3 392	+6.3%	+3.4%
Net impairment allowance and write-offs	(392)	(448)	(333)	(377)	(328)	-16.3%	-13.0%
Administrative expenses	(1 372)	(1 474)	(1 579)	(1 438)	(1 441)	+5.0%	+0.2%
Tax on certain financial institutions	(234)	(234)	(228)	(233)	(238)	+1.7%	+2.1%
Share in net profit (losses) of associates and jointly controlled entities	9	2	6	8	8	-11.1%	0.0%
Profit before income tax	1 202	1 120	1 076	1 239	1 393	+15.9%	+12.4%
Income tax expense	(300)	(299)	(320)	(306)	(348)	+16.0%	+13.7%
Net profit attributable to non-controlling shareholders	-	1	(1)	-	3	x	x
Net profit attributable to the parent company	902	820	757	933	1 042	+15.5%	+11.7%

SUPPLEMENTARY INFORMATION

Balance sheet of the PKO Bank Polski Group



Bank Polski

Assets (PLN billion)	3Q17	4Q17	1Q18	2Q18	3Q18	2Q18/2Q17	2Q18/1Q18
Cash and balances with the Central Bank	16.9	17.8	16.3	10.0	13.4	-20.8%	+34.1%
Amounts due from other banks	3.7	5.2	3.8	5.0	8.2	+125.3%	+65.4%
Derivative instruments	2.6	2.6	2.3	2.7	1.9	-26.7%	-30.8%
Securities	40.7	44.4	44.0	47.5	44.5	+9.2%	-6.3%
Loans and advances to customers	214.2	214.4	216.6	220.7	225.6	+5.4%	+2.2%
Tangible fixed assets	3.0	2.9	2.9	2.8	2.8	-4.7%	+0.9%
Other assets	9.0	9.6	9.3	10.1	9.7	+7.5%	-3.7%
TOTAL ASSETS	290.0	296.9	295.1	298.7	306.1	+5.6%	+2.5%
Liabilities and equity (PLN billion)	3Q17	4Q17	1Q18	2Q18	3Q18	2Q18/2Q17	2Q18/1Q18
Amounts due to the central bank and due to banks	11.1	4.6	1.9	2.1	1.9	-82.6%	-7.9%
Derivative financial instruments	2.6	2.7	2.2	2.6	2.9	+12.7%	+11.5%
Amounts due to customers	211.8	220.6	217.8	219.5	225.5	+6.5%	+2.7%
Liabilities of insurance activities	0.9	0.9	1.0	1.1	1.2	+38.3%	+8.3%
Subordinated liabilities and debt securities in issue	23.7	25.7	29.0	30.8	30.9	+30.6%	+0.4%
Other liabilities	4.6	5.9	6.7	5.8	6.0	+29.0%	+2.9%
Total equity	35.3	36.3	36.6	36.8	37.7	+6.7%	+2.5%
TOTAL EQUITY AND LIABILITIES	290.0	296.9	295.1	298.7	306.1	+5.6%	+2.5%

SUPPLEMENTARY INFORMATION

Shares and rating

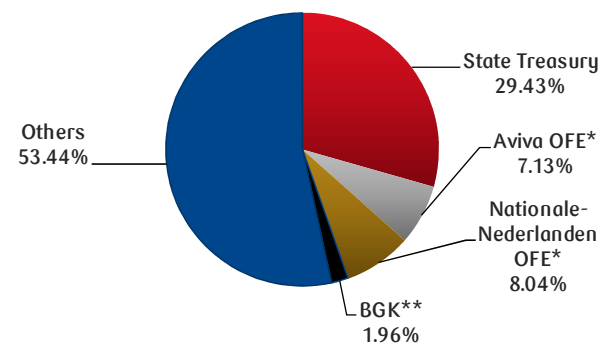


Bank Polski

Basic information on shares

Listed:	Warsaw Stock Exchange since 10.11.2004.
Indices:	WIG, WIG20, WIG30, WIG Banki FTSE Russell, Stoxx 600
ISIN:	PLPKO0000016
Bloomberg:	PKO PW
Reuters:	PKOB WA

Shareholders structure (number of shares: 1 250 mn) [%]



* As published in the semiannual information on the assets structure of the Aviva and Nationale Nederlanden funds
 ** From 26 August 2015 Bank Gospodarstwa Krajowego holds 24,487,297 shares constituting 1.96% of the share capital

Rating

Agency: \ Rating:	Long-term			Short-term		
	Deposits	Liabilities	Counterparty risk	Deposits	Liabilities	Counterparty risk
Moody's	A2 with stable outlook	A3 with stable outlook	A2	P-1	(P)P-2	P-1

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Bank Polski

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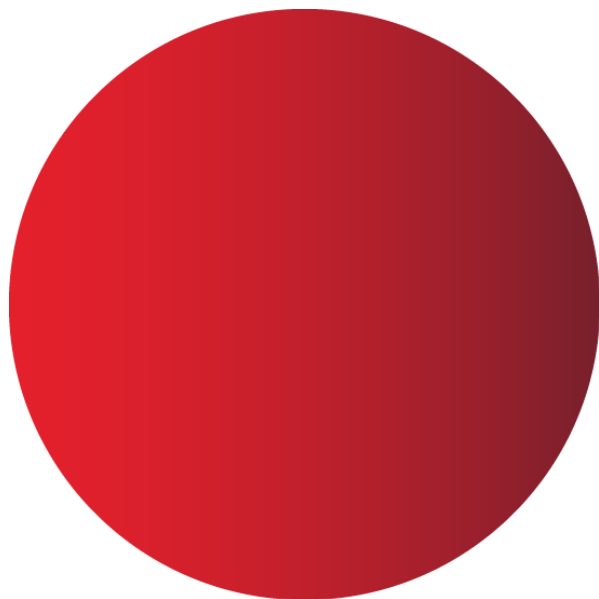
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Any differences in total balances, percentages and growth rates result from rounding the amounts to PLN million and rounding percentages to one decimal place.



Bank Polski



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Investor calendar

11 March 2019 | Publication of the 2018 annual report