



Financial results 2018

100 years of courageous decisions
The best year in PKO Bank Polski's history!

100 years of PKO Bank Polski's courageous decisions



Bank Polski



1920

SAVING BOOKS

PKO introduces books that initiated the development of saving and investment products at the Bank

1922

PORT IN GDYNIA

PKO co-finances the construction of the port, which has become one of the largest in Europe

1935

SKO

The PKO introduces a children's financial saving program with educational background

1936

CENTRAL INDUSTRIAL DISTRICT

PKO supports the construction of the Central Industrial District - a key investment in interwar Poland



1966

ROTUNDA

PKO established a branch in Rotunda which quickly became a symbol of Warsaw and a popular meeting place

1969

BANK'S LOGO

Karol Sliwka designs the PKO logo which is one of the most recognizable graphic signs in the country

1999

ELECTRONIC BANKING

PKO introduces banking services that initiated the creation of the iPKO website

2018

IKO APPLICATION

The winner in the ranking of mobile applications among 100 banks from around the world



Key achievements in 2018



Bank Polski

- Annual net profit of PLN 3.7 bn, higher by 20.5% y/y
- A strong increase in the scale of operations: assets of PLN 324 bn
- Ability to pay dividends up to 50% of net profit
- Continuation of comprehensive Digital Transformation program

Fulfillment of strategic financial goals 2 years in advance



- The strongest GDP growth since 2007 by 5.1%
- Polish rating at A-/A2 level
- Improvement of the state of public finances
- Strong acceleration of deposit growth in the household sector

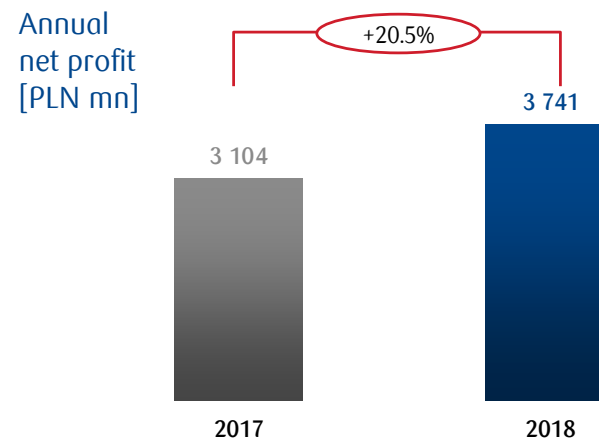
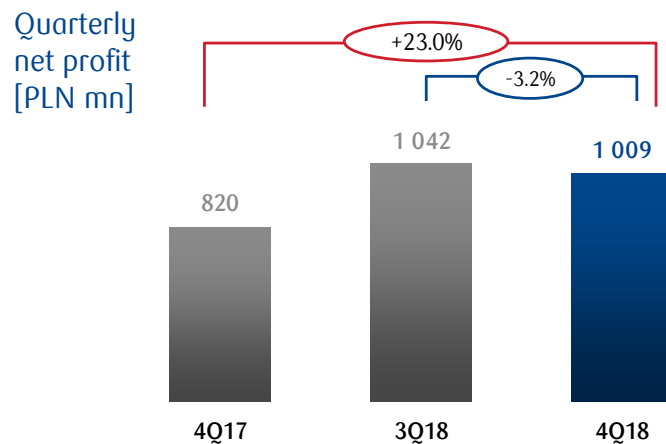
Key achievements

KEY ACHIEVEMENTS

Another quarter with a profit exceeding PLN 1 billion



Bank Polski



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

KEY ACHIEVEMENTS

Fulfillment of strategic financial goals 2 years in advance



	2016	2017	2018	2019	2020
ROE	7.75% ⁽¹⁾ /9.11%	9.03%	10.04%	10.04%	>10% ✓
C/I	49.7% ⁽¹⁾ /47.4%	46.0%	44.2%	44.2%	<45% ✓
COST OF RISK	0.75%	0.71%	0.59%	0.59%	0.75%-0.85% ✓
EQUITY	TCR: 15.8%	TCR: 17.4%	TCR: 18.9%	TCR: 18.9%	Dividend capability ✓
	Tier1: 14.5%	Tier1: 16.5%	Tier1: 17.5%	Tier1: 17.5%	

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

KEY ACHIEVEMENTS

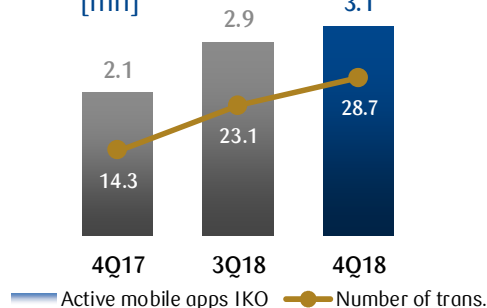
IKO again the best application in the world



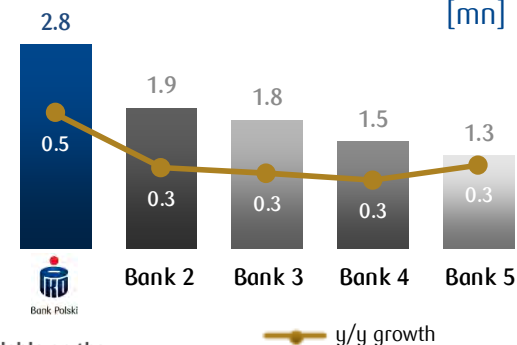
PKO Bank Polski maintains the leader position in mobile banking in Poland with a 25% market share



Number of IKO applications and number of transactions [mn]



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



4.8/5



300,000 reviews

In the Retail Banker International ranking from 1Q19, IKO has proved itself the best banking app in the world for the second time!

⁽¹⁾ According to PRNews data for 4Q18, logging in at least once a month from the level of a mobile device (mobile application, lite version or full transactional service)

Main technological challenges...



Change of business model
(Open banking, Fintech)



New expectations of customers –
need for faster development
and user experience



Fight for talents –
especially in IT area

... led PKO Bank Polski to comprehensive Digital Transformation Program



New sources of revenues:

- offensive Open Banking strategy (in preparation),
- Polish Cloud (4Q18),
- digital services for customers, including:
 - e-exchange – over PLN 2.6 bn volume of transactions in 2018,
 - consumer loans – 4x increase in sales in mobile channel in 4Q18,
 - implemented digital services for companies and enterprises, including: e-accounting, e-commerce, e-analysis.



Cooperation with fintechs and start-ups:

- VC Fund (PLN 200 mn in 3Q18)
- Let's Fintech with PKO Bank Polski:
 - 25 start-ups accelerated in 2018,
 - 5 implementations, including the largest implementation of blockchain in Europe,
- own scoutings and hackatons (incl. Biggest in Europe HackYeah (>3 thousand developers)).



New ways of working:

- NOW Program!:
 - 350 employees working in 6 multidisciplinary tribes, leveraging proprietary methodology, sourcing from Scrum, Customer Journey and Lean,
 - leveraging best practices from tech companies.

Business activity

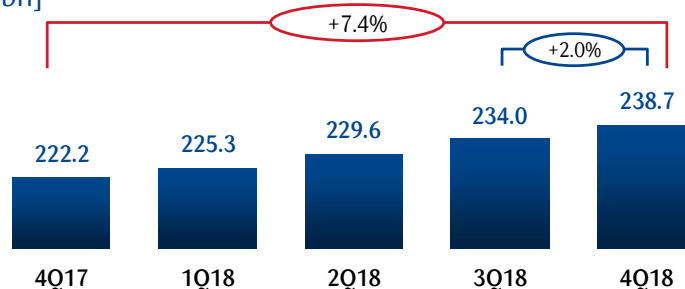
Dynamic growth of the business scale



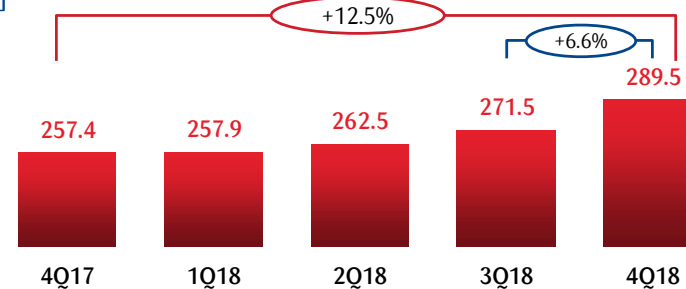
Bank Polski



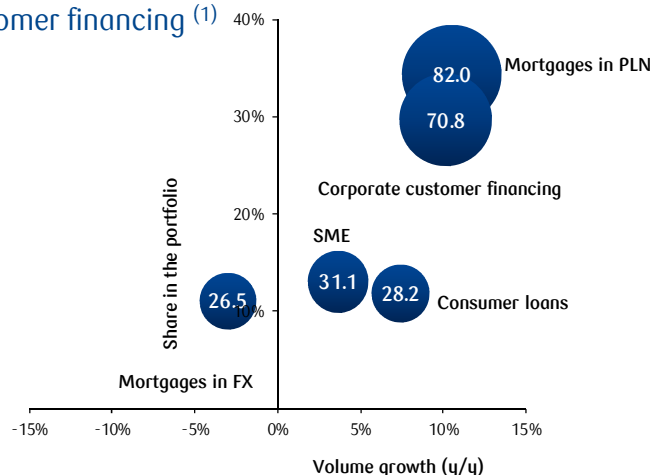
Gross customer financing ⁽¹⁾
[PLN bn]



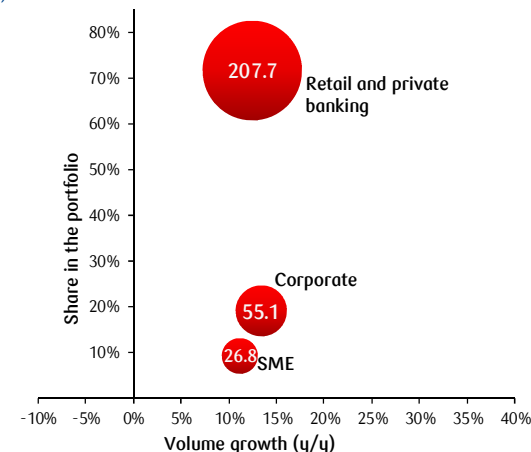
Customer savings ⁽²⁾
[PLN bn]



Gross customer financing ⁽¹⁾
[PLN bn]



Customer savings ⁽²⁾
[PLN bn]



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

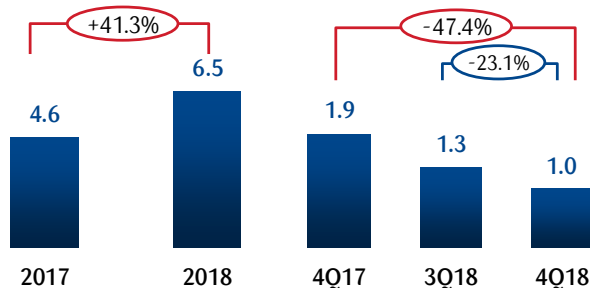
(2) Includes deposits, TFI (mutual funds) assets and saving treasury bonds

BUSINESS ACTIVITY

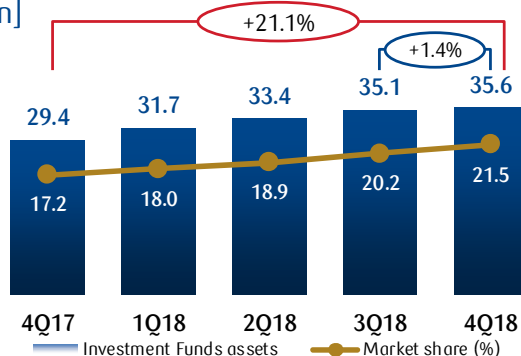
Retail segment: PKO BP Group - leader in the mutual fund market with 21.5% market share



Net sales
[PLN bn]



AuM⁽¹⁾
[PLN bn]



— Investment Funds assets — Market share (%)



Market leader with PLN 35.6 billion of assets

Increase of assets under management by 1.4 % compared to the previous quarter versus a drop of the fund market in Poland by 6.7%. At the end of the previous year, PKO TFI managed 60 investment funds and sub-funds.



Special term deposit of independence

The value of promotional sales of a 100-day deposit with an interest rate of 1.918% per annum amounted to over PLN 6.6 billion.



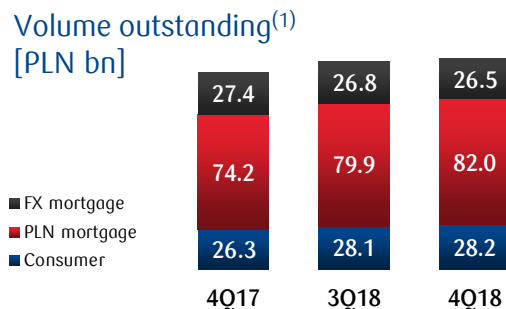
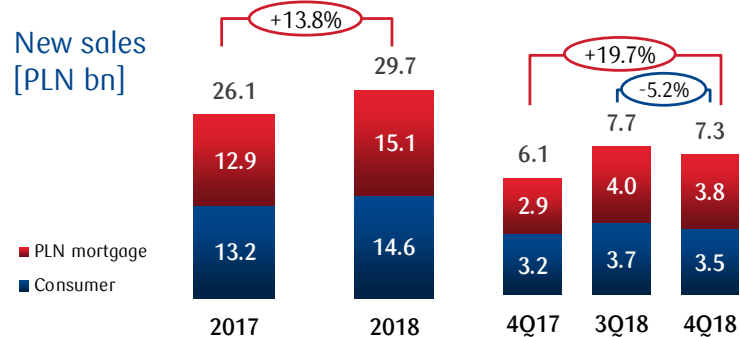
Employee Pension Plans (PPK)

PKO TFI extended its offer to include creating and running PPK programs. Every employer will get access to the iPPK application, dedicated to the support of the PPK.

⁽¹⁾ Market share in non-dedicated assets.

Retail segment: high sale of loans

Consumer and mortgage loans



A quick loan in IKO

It is possible to take a loan in only 4 steps, and nearly 60% of cash loans provided in Internet channels have been granted through the IKO mobile application.



A comprehensive motor insurance offer is already available in the Bank's offer

In cooperation with 5 insurance companies of recognized market position PKO has offered the full scope of insurance protection for car drivers.



OnkoPlan from PKO Insurance

OnkoPlan is an insurance that provides: assistance in the event of a cancer diagnosed for the first time during the course of the policy, financial support up to PLN 100,000 and organization and coverage of treatment costs abroad up to EUR 1 million.

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

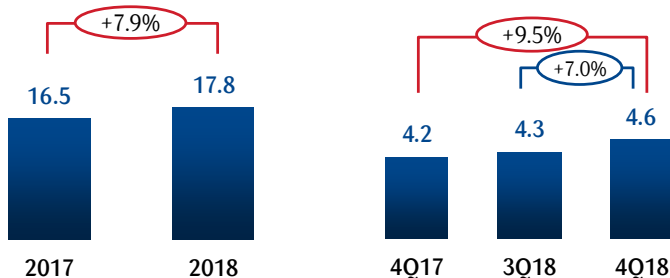
BUSINESS ACTIVITY

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

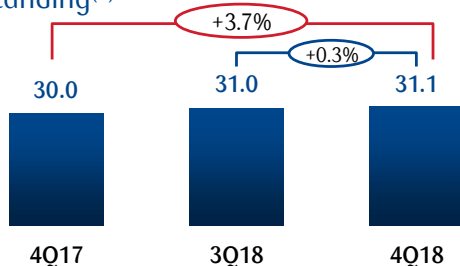


Enterprise banking (SME) loans and leasing

New sales
[PLN bn]



Volume outstanding⁽¹⁾
[PLN bn]



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



The bank provided access to the accounting application integrated with the iPKO transaction servicei

PKO e-Accountancy facilitates, among others, convenient invoicing, financial management of the enterprise, quick access to payment, analysis of current sales and costs as well as expense forecasting.



e-shop for companies in PKO Bank Polski

From the iPKO level, the entrepreneur can open a store. The platform is integrated with all major online payment systems and courier companies.



PKO Bank Polski will be the first to use Uniform Control Files to streamline and digitalize customer service processes

Customers can electronically transfer Uniform Control Files to the bank via iPKO and iPKO Biznes transaction services.

BUSINESS ACTIVITY

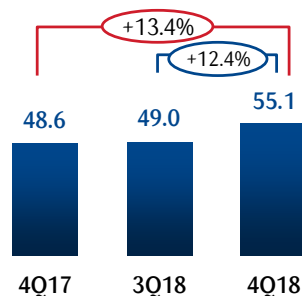
Corporate segment: double digit deposit and client financing growth



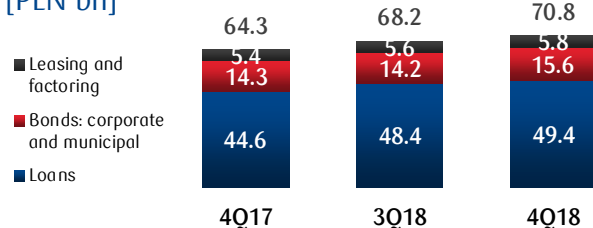
Bank Polski

100
1919/2019

Deposits
[PLN bn]



Gross client
financing⁽¹⁾
[PLN bn]



PKO Bank Polski strengthened its leader position in servicing corporate clients by:

- increasing its asset portfolio by PLN 6.5 billion y/y and simultaneously market share,
- acquiring ca. 2 thousand new clients; PKO Bank Polski currently serves more than 15 thousand corporate clients and local government units, including 160 largest capital groups of the Polish economy,
- systematically broadening product offer and sale of transactional banking products, achieving 55% market share of non-credit income,
- integrating the cross-border needs of its clients with the help of foreign branches.



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

Financial results



Net profit exceeding PLN 3.7 billion, up by 20.5% y/y

High cost efficiency (C/I decreased to 44.2%)

Cost of risk (0.59%) significantly below strategically defined level

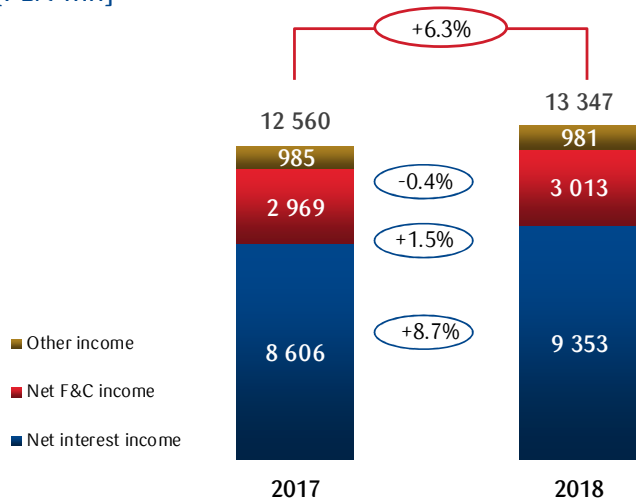
Ability to pay dividends up to 50% of net profit

FINANCIAL RESULTS

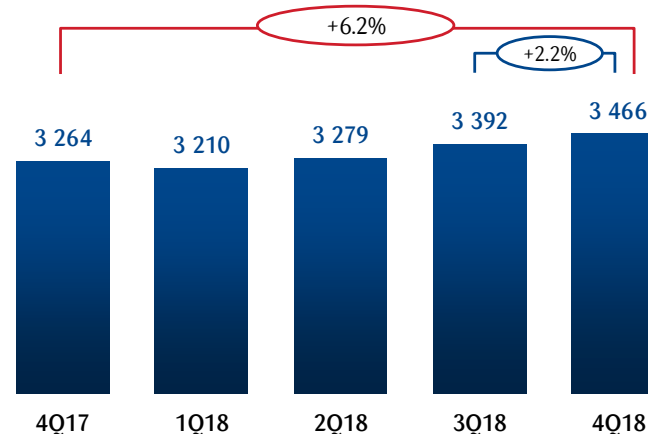
Significant revenue improvement mainly thanks to a solid increase in net interest income



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

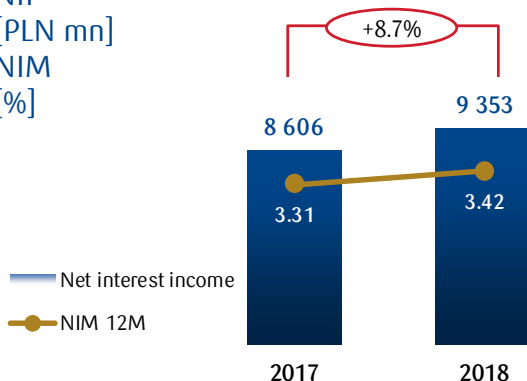
Strong growth in NII and NIM



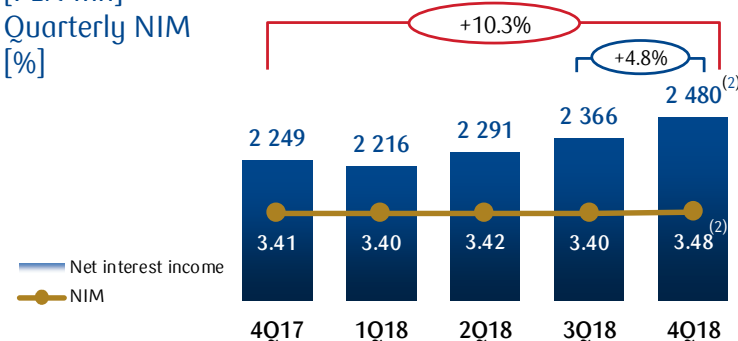
Bank Polski

100
1919/2019

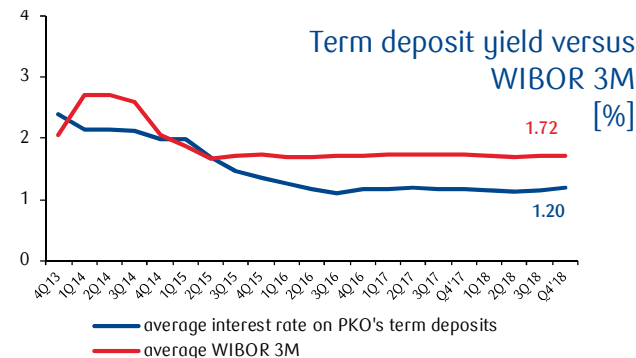
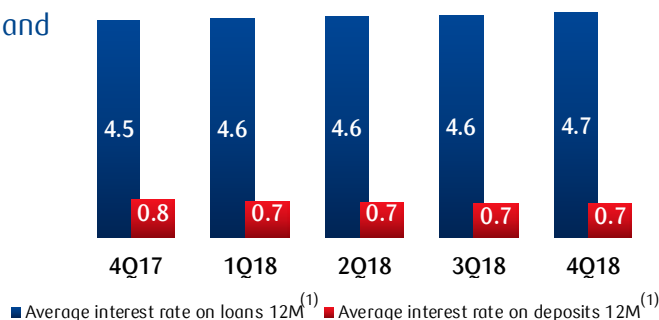
NII
[PLN mn]
NIM
[%]



Quarterly NII
[PLN mn]
Quarterly NIM
[%]



Average loan and
deposit yield
[%]



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

⁽²⁾ After non-standard transaction adjustments quarterly NII would amount to PLN 2 450 million and quarterly NIM 3.44%

FINANCIAL RESULTS

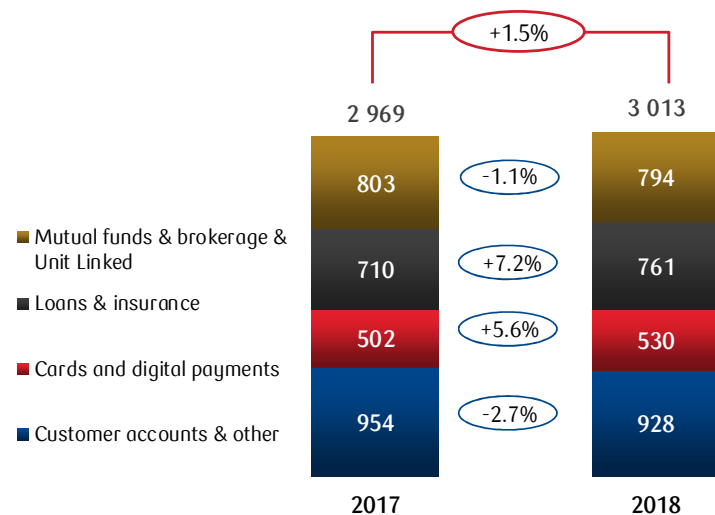
Higher net fee and commission result



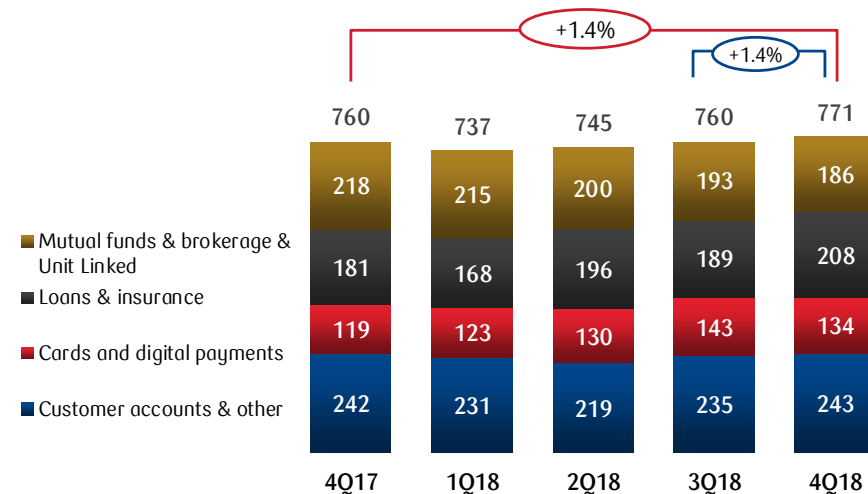
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Net F&C
[PLN mn]



Quarterly net F&C
[PLN mn]



- Dynamic growth of loans and insurance as well as card and digital payment revenues
- Decrease in F&C from customer accounts & other due to the migration of customers to a cheaper offer
- Weaker market period for capital market commissions

FINANCIAL RESULTS

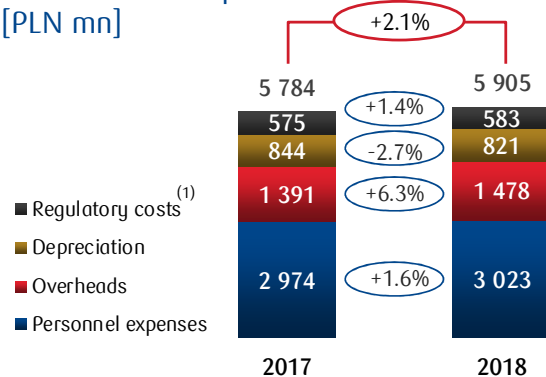
High cost efficiency (C/I at 44.2%)



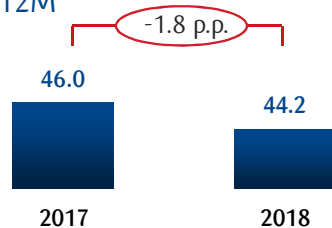
Bank Polski



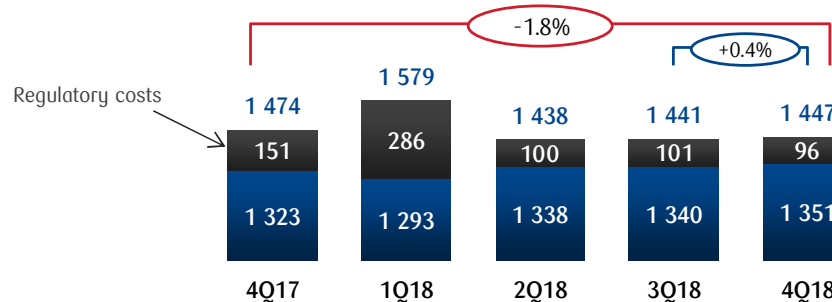
Administrative expenses
[PLN mn]



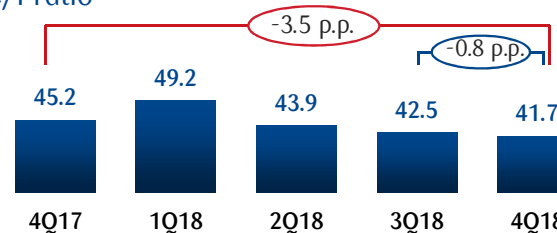
Cost / Income 12M
[%]



Quarterly administrative expenses
[PLN mn]



Quarterly C/I ratio
[%]



- Overheads influenced by higher marketing costs
- Regulatory costs under the influence of higher costs of BFG, with lower WHT tax
- Significant C/I improvement on an annual basis mainly thanks to a higher result on business activity

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

FINANCIAL RESULTS

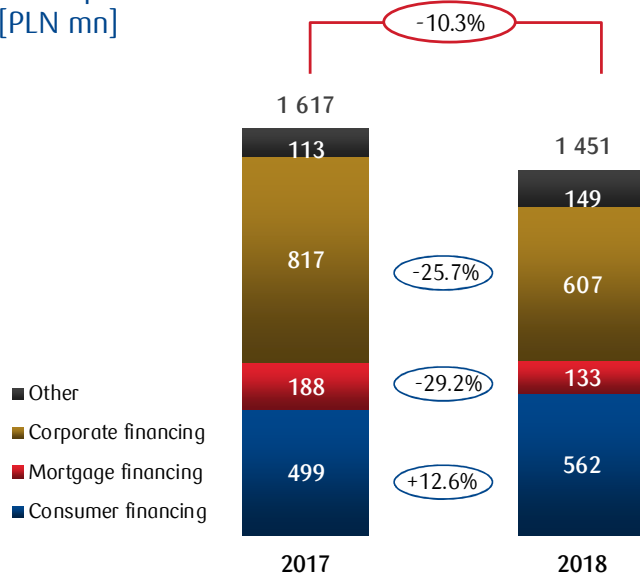
Cost of risk (0.59%) below strategically defined level



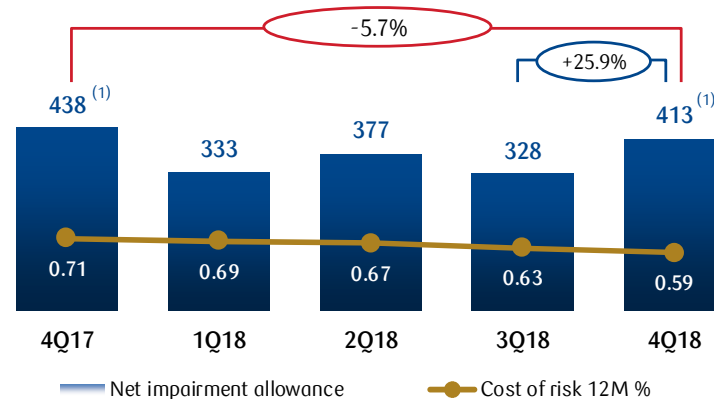
Bank Polski

100
1919/2019

Net impairment allowance
[PLN mn]



Quarterly net impairment allowance
[PLN mn]



⁽¹⁾ The result on impairment allowance in 4Q18 and 4Q17 was affected by the write-downs of equity holdings (in the amount of aprox. PLN 40-50 million).

FINANCIAL RESULTS

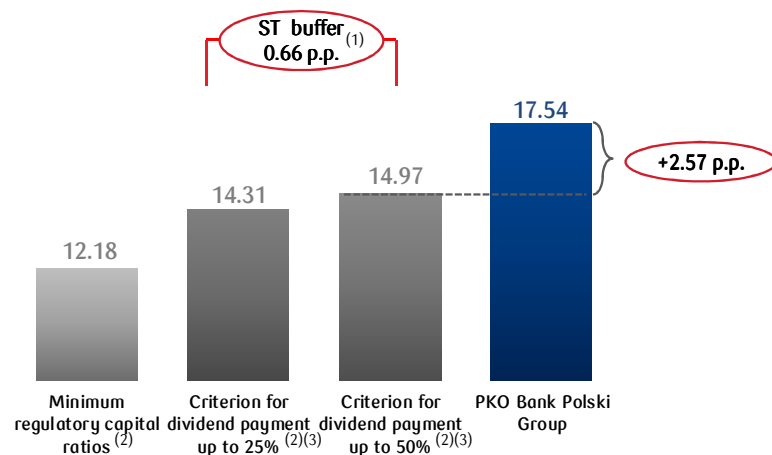
Ability to pay dividends up to 50% of net profit



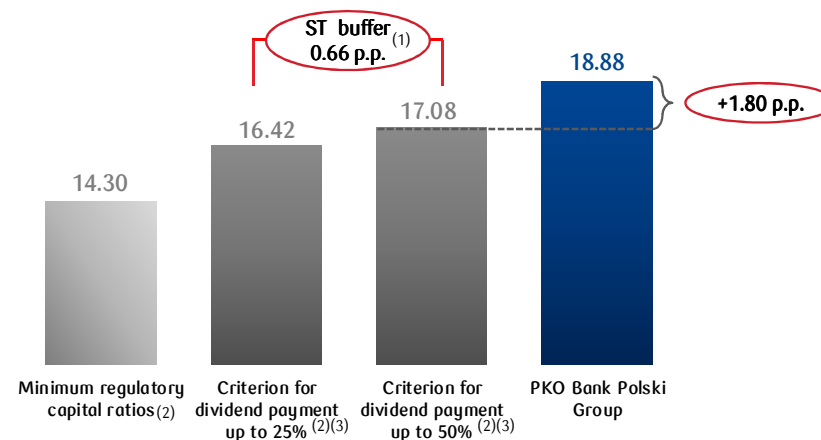
Bank Polski



Capital requirements (Tier 1)
[%]



Total capital ratio (TCR)
[%]



The stress test results showed the Bank's high resilience to negative macroeconomic scenarios

(1) Polish FSA's additional buffer for the Bank's sensitivity to the adverse macroeconomic scenario amounted to 0.66 p.p. in comparison to 2.86 p.p. previously.

(2) Regulatory minima / criteria for dividend payment include the O-SII buffer in the amount 1.00%, and the FX buffer for the Group: 0.31 p.p. for Tier1 and 0.42 p.p. for TCR,

(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 (4Q18: 14.85 %; -0.26 p.p. q/q; -1.24 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 (4Q18: 45.38 %; +0.16 p.p. q/q; +0.49 p.p. y/y) - adjustment by -30 p.p. (for >20% share if K1>5%).

100 years
of PKO Bank
Polski's
courageous
decisions

Fulfillment of strategic financial goals 2 years in advance



Net profit above PLN 3.7bn, up by 20.5% y/y



Ability to pay dividends up to 50% of net profit



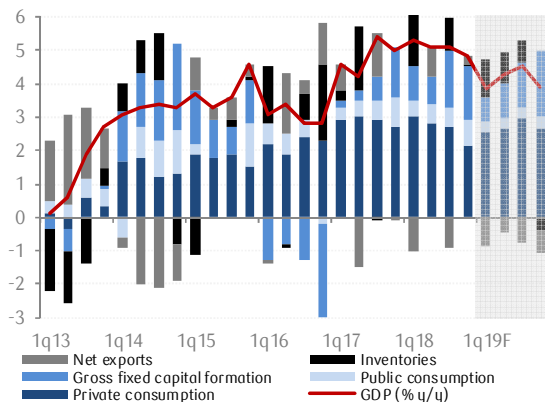
Bank Polski



Supplementary
information,
including
macroeconomic
backdrop

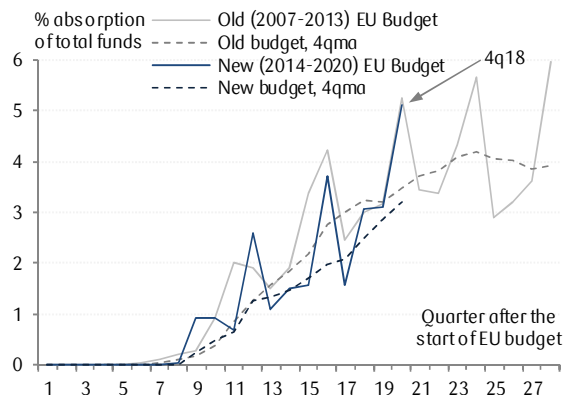
Private consumption to stabilize economic growth

GDP growth breakdown [pp]



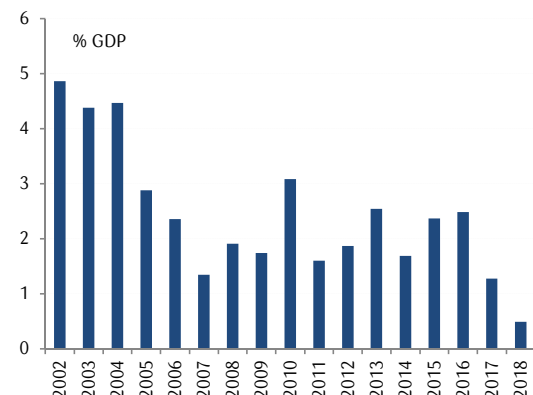
Source: GUS, PKO Bank Polski

EU funds absorption



Source: MinDev, PKO Bank Polski

Public sector deficit (ESA 2010)



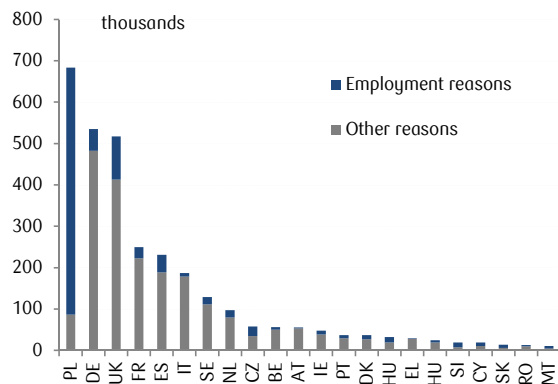
Source: Eurostat, PKO Bank Polski

- **The global and domestic economy in 2h18 has entered a phase of slowdown.** The weakening of external demand was largely offset by continued strong domestic demand, which limited the scale of GDP slowdown during 2018 (from 5.2% y/y in 1-3q to 4.9% y/y in 4q). We forecast, that in 2019 the impact of the weakening external environment will be stronger. However in 2h19 the negative impact of the external environment should be neutralized by strengthening internal demand. In result the total 2019 GDP growth should stay slightly above 4.0% y/y.
- **The structural changes on the labor market should stabilize the economic situation in Poland.** In the face of supply constraints on the labor market, the financial conditions of households, and thus private consumption, becomes less sensitive to economic fluctuations than it was in previous cycles.
- The Polish government has used the period of strong economic growth to improve the situation in public finances. The central budget deficit and the general government deficit (ESA 2010) in 2018 was the lowest in history which opened doors to fiscal loosening, which has recently been announced by the government.
- A robust balance of payments (including a further increase in the surplus in trade in services) leads to a decline in foreign debt, which supports the Polish rating at A-/A2 level.

MACROECONOMIC BACKDROP

Stable interest rates

Inflow of foreign workers in 2017 [thousands]



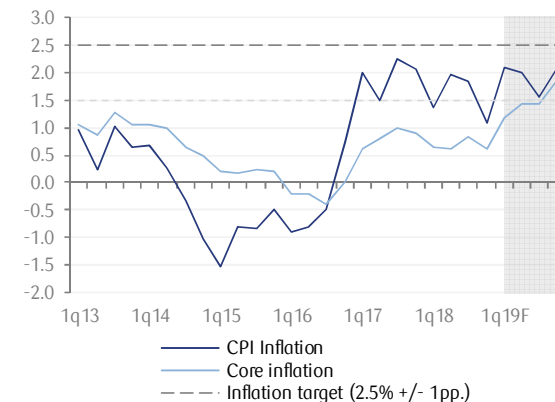
Source: Eurostat, PKO Bank Polski

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



* In 4q18 change in the methodology
Source: GUS, NBP, PKO Bank Polski

Inflation measures [% y/y]



Source: GUS, NBP, PKO Bank Polski

- With record high capacity utilization, **supply constraints on the labour market remain one of the most important challenges for companies**. Business climate surveys indicate that at the end of 2018 wage pressure started to rise again. Most companies planned to increase wages in 2018 and plans to further increase employment were common. With the growing number of symptoms indicating the depletion of immigration as a source of additional labour supply, the dynamics of wages in 2019 will be maintained at a relatively high level.
- **The growing cost pressure is still not reflected in CPI inflation**, the changes of which were in 2018 generated mainly by exogenous factors. Expected gradual slowdown of GDP growth reduces the risk of increasing inflationary pressure. Taking into account that electricity prices are frozen, the probability of CPI inflation running above the 2.5% y/y MPC target in the medium term is limited.
- **Inflation forecasts, global economic slowdown and the recently announced fiscal loosening** which should limit the scale of economic growth slowdown are arguments that prompt the MPC to keep interest rates unchanged.

MACROECONOMIC BACKDROP

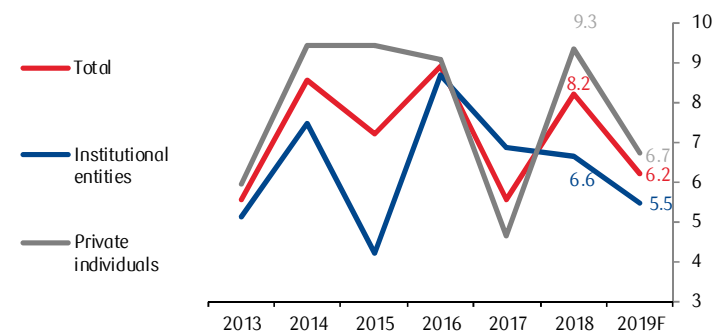
Macroeconomic forecasts

		2015	2016	2017	2018F	2019F	2020F
GDP	% y/y	3.8	3.1	4.8	5.1	4.1	3.2
Consumption	% y/y	3.0	3.9	4.9	4.6	4.7	3.8
Investments	% y/y	6.1	-8.2	3.9	7.3	7.1	2.3
Fiscal deficit ¹⁾	% GDP	-2.7	-2.2	-1.4	-0.7	-1.8	-2.9
Public debt ¹⁾	% GDP	51.3	54.2	50.6	49.4	48.5	48.9
CPI inflation	%	-0.9	-0.6	2.0	1.6	1.7	2.6
LFS unemployment rate	%	7.5	6.2	4.9	3.9	3.6	3.7
NBP reference rate	% eop	1.50	1.50	1.50	1.50	1.50	1.50
WIBOR 3M	% eop	1.73	1.73	1.72	1.72	1.70	1.70
EUR/PLN	PLN eop	4.26	4.42	4.17	4.30	4.35	4.45
USD/PLN	PLN eop	3.90	4.18	3.48	3.76	3.85	4.16

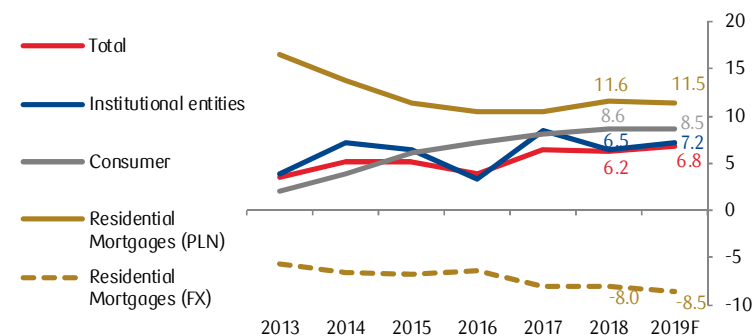
Source: Statistics Poland, Ministry of Finance, National Bank of Poland, PKO Bank Polski forecasts

1) In ESA2010 terms

Deposits growth [%, FX adjusted]



Loans growth [%, FX adjusted]

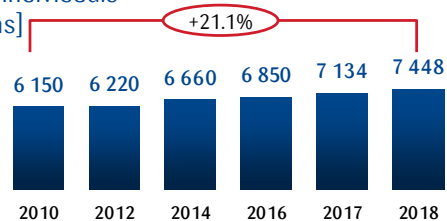


SUPPLEMENTARY INFORMATION

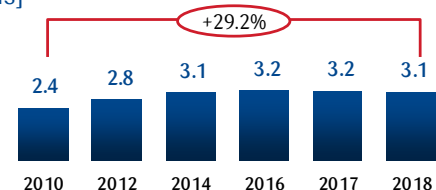
PKO Bank Polski - undisputed leader of the Polish banking sector



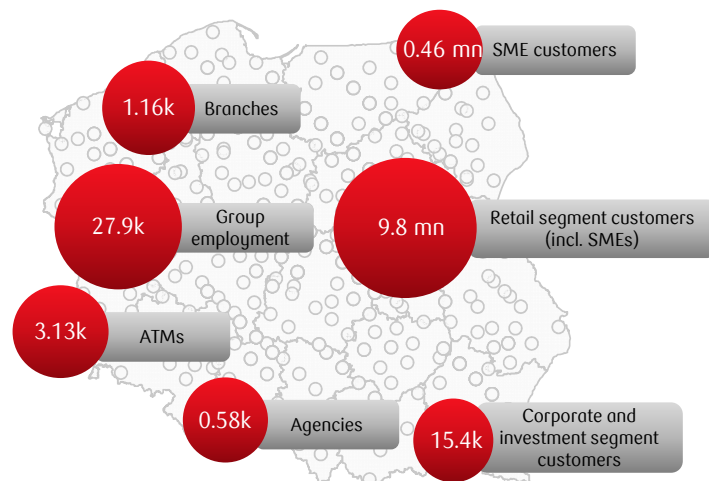
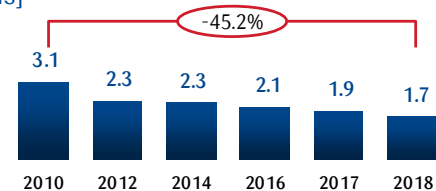
Number of current accounts of individuals [ths]



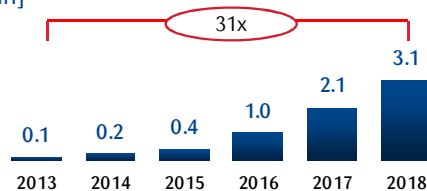
Number of ATMs [ths]



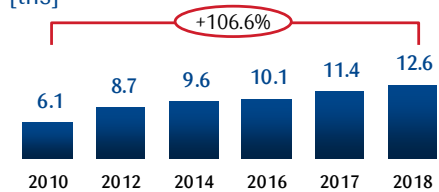
Number of retail agencies and branches [ths]



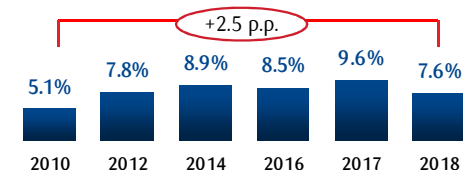
Mobile apps [mn]



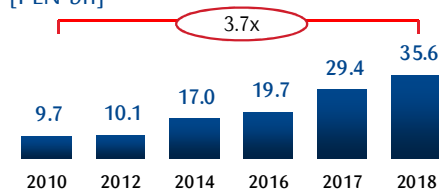
Number of corporate customers with access to e-banking [ths]



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



Investment Funds – AuM [PLN bn]



SUPPLEMENTARY INFORMATION

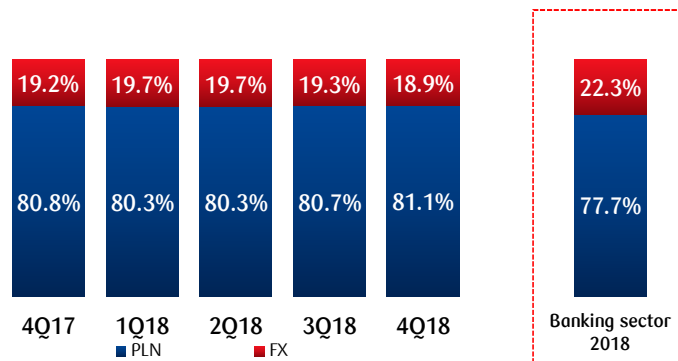
Improving structure of loans and deposits while maintaining high liquidity



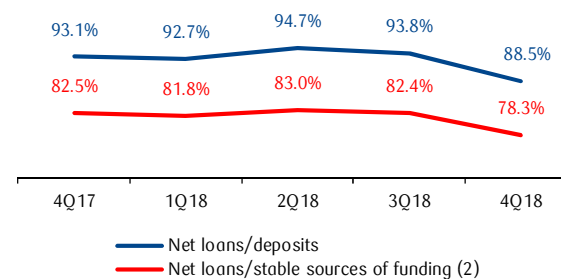
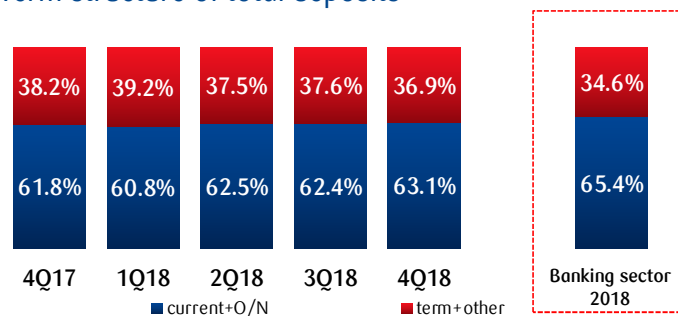
Bank Polski



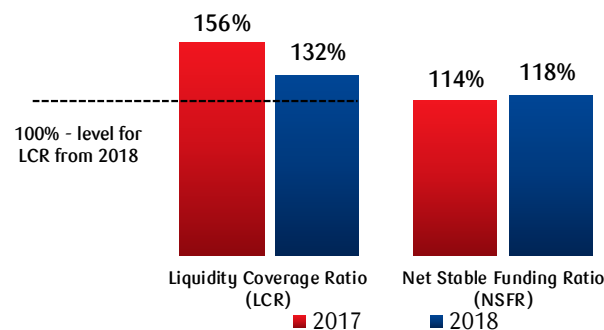
Currency structure of gross loans portfolio



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



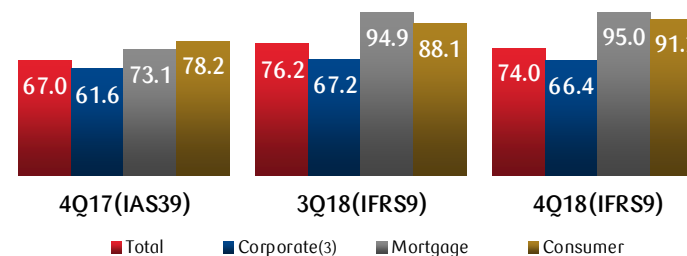
Bank Polski

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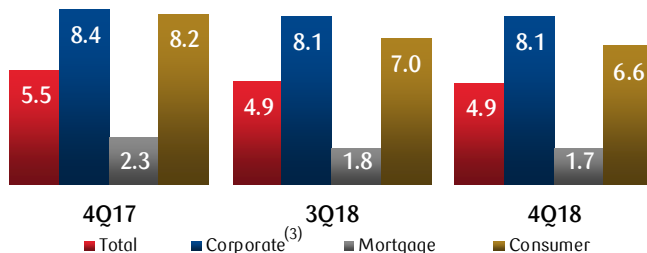
Share of customer financing with recognized impairment⁽¹⁾
[%]



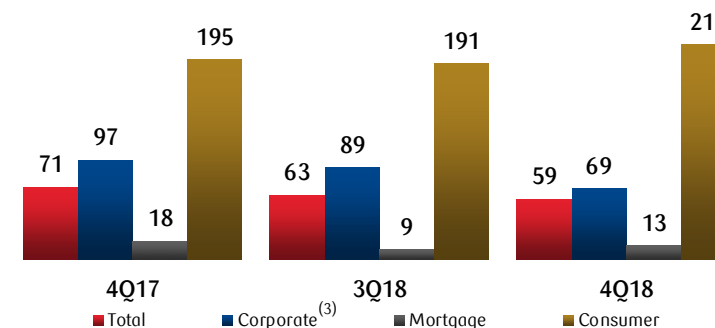
Coverage of customer financing with recognised impairment by impairment allowances⁽²⁾
[%]



Share of customer financing with recognized 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).

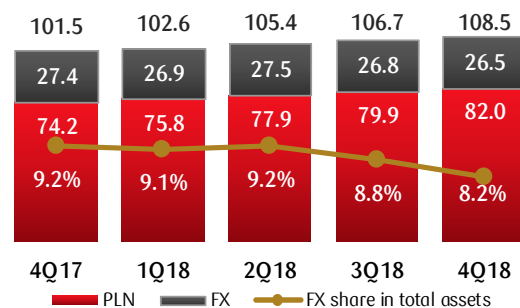
(2) Calculated by dividing the total impairments (both for exposures with and without recognized impairment) less restricted interest (fully covered by impairments) and gross exposures with a recognized impairment less restricted interest (fully covered by impairments).

(3) SME data included

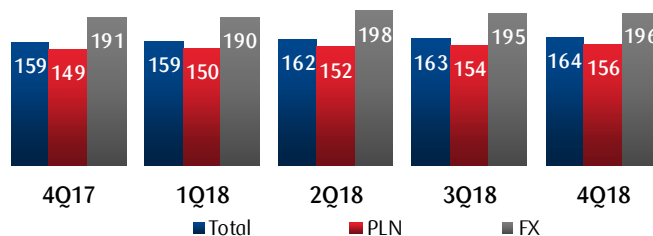
SUPPLEMENTARY INFORMATION

Mortgage loans

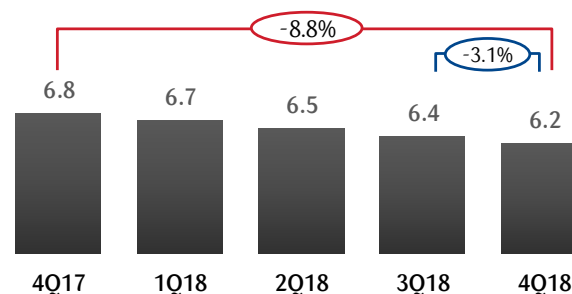
Volume of FX mortgage loans
[PLN bn] ⁽¹⁾



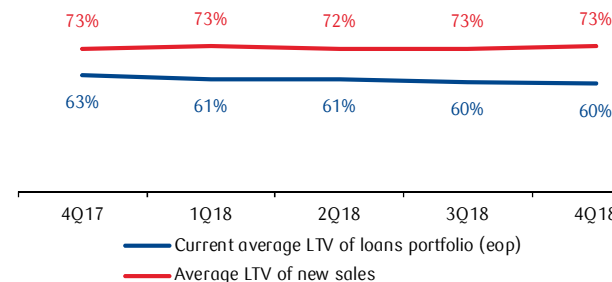
Average carrying value of mortgage loan
[PLN ths] ⁽¹⁾



Volume of CHF mortgage loans
[CHF bn] ⁽²⁾



Average LTV



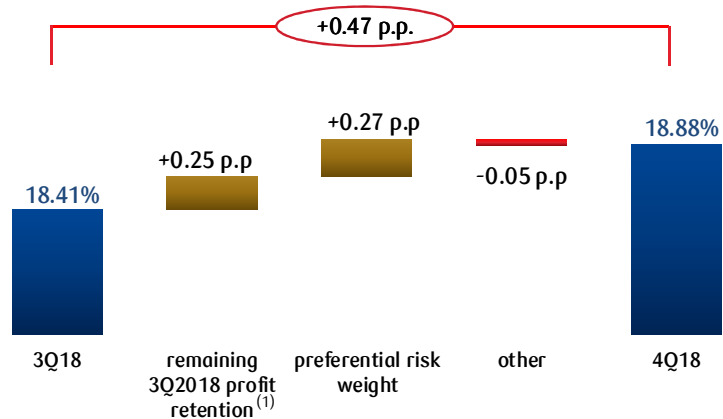
⁽¹⁾ Includes data of PKO Bank Polski and PKO Mortgage Bank

⁽²⁾ The volume of housing loans in EUR was: 4Q17 806.6 million; 1Q18 786.1 million; 2Q18 769.6 million; 3Q18 752.2 million; 4Q18 736.1 million

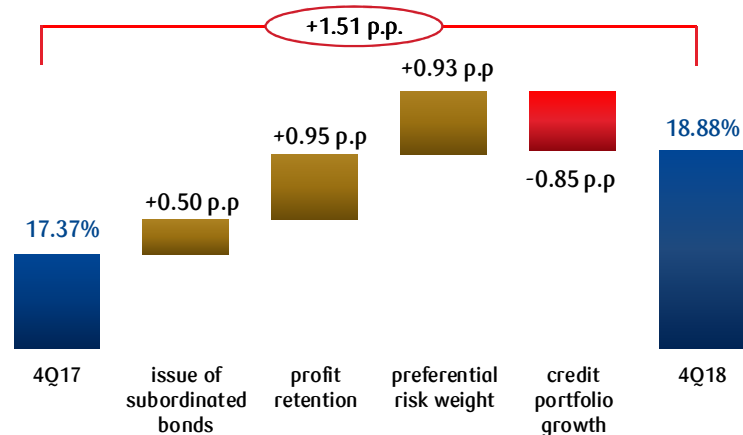
SUPPLEMENTARY INFORMATION

Capital adequacy

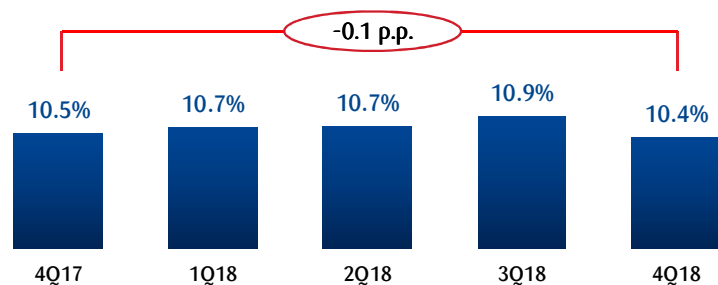
Consolidated TCR change (q/q)



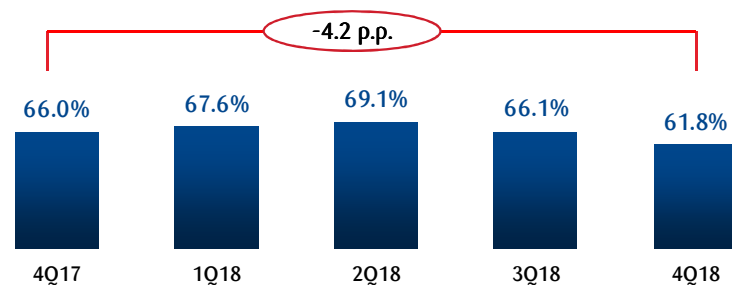
Consolidated TCR change (y/y)



Leverage ratio



RWA/Total assets



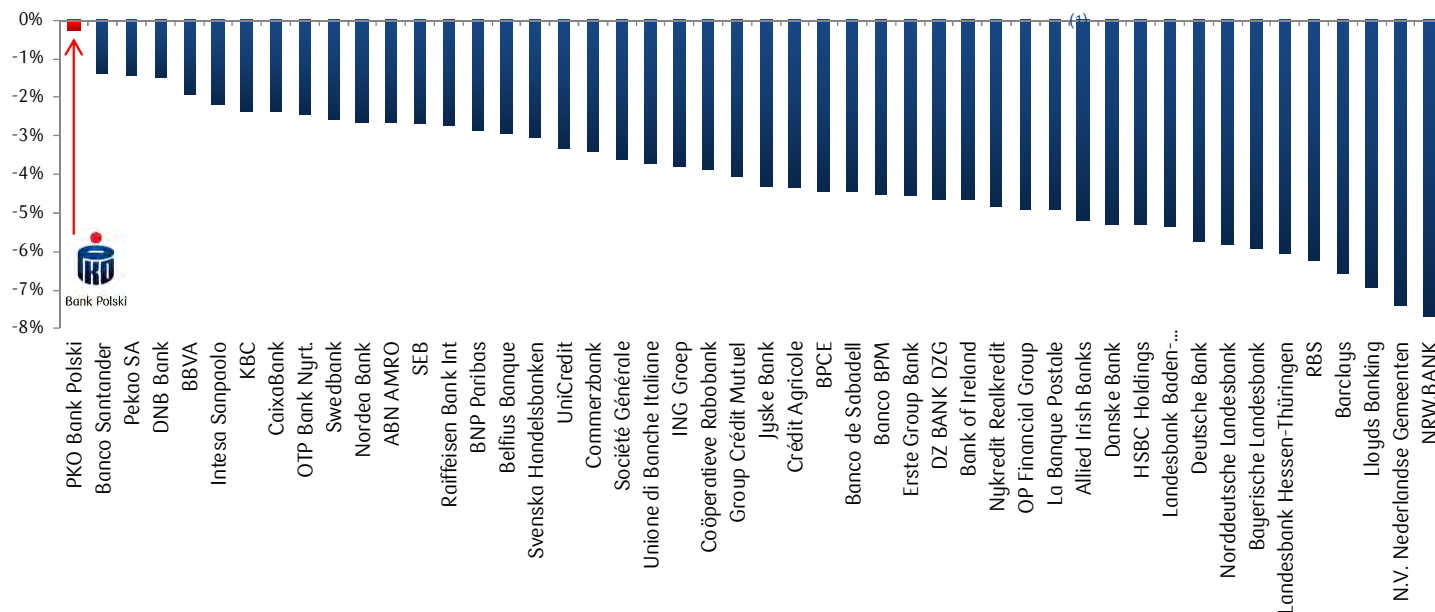
⁽¹⁾ Including, with the PFA's consent, part of the profit generated in the 3Q18 in the amount of PLN 500 million

SUPPLEMENTARY INFORMATION

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



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



The results of EBA stress-tests enabled 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).

SUPPLEMENTARY INFORMATION

Key financial data



Bank Polski



Profit and loss [PLN mn]

	2018	2017	y/y	4Q18	3Q18	q/q
Net interest income	9 353	8 606	+8.7%	2 480	2 366	+4.8%
Net F&C income	3 013	2 969	+1.5%	771	760	+1.4%
Result on business activity	13 347	12 560	+6.3%	3 466	3 392	+2.2%
Administrative expenses	-5 905	-5 784	+2.1%	-1 447	-1 441	+0.4%
Net impairment allowance	-1 451	-1 617	-10.3%	-413	-328	+25.9%
Bank tax	-950	-932	+1.9%	-251	-238	+5.5%
Net profit	3 741	3 104	+20.5%	1 009	1 042	-3.2%

Balance sheet [PLN bn]

Assets	324.3	296.9	+9.2%	324.3	306.1	+5.9%
Gross customer financing	238.7	222.2	+7.4%	238.7	234.0	+2.0%
Deposits	242.8	209.2	+16.0%	242.8	225.6	+7.6%
Stable financial resources	274.4	249.4	+10.1%	274.4	256.7	+6.9%
Total equity	39.1	36.3	+7.8%	39.1	37.7	+3.7%

SUPPLEMENTARY INFORMATION

Key ratios



Bank Polski



		4Q18	4Q17	y/y	3Q18	q/q
Key financial Ratios [%]	ROE net	10.0	9.0	+1.0 p.p.	9.7	+0.3 p.p.
	ROA net	1.2	1.1	+0.1 p.p.	1.2	0.0 p.p.
	C/I	44.2	46.0	-1.8 p.p.	45.3	-1.1 p.p.
	NIM ¹⁾	3.42	3.31	+0.11 p.p.	3.40	+0.02 p.p.
Loan portfolio Quality [%]	NPL ratio ²⁾	4.9	5.5	-0.6 p.p.	4.9	0.0 p.p.
	Coverage ratio ³⁾	74.0	67.0	+7.0 p.p.	76.1	-2.1 p.p.
	Cost of risk	0.59	0.71	-11.9 bps	0.63	-4.0 bps
Capital position [%]	TCR	18.9	17.4	+1.5 p.p.	18.4	+0.5 p.p.
	Tier 1 capital ratio	17.5	16.5	+1.0 p.p.	17.1	+0.4 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)

	4Q17	1Q18	2Q18	3Q18	4Q18	y/y	q/q
Current accounts ('000)	7 134	7 189	7 267	7 362	7 448	+4.4%	+1.2%
Banking cards ('000)	8 340	8 462	8 651	8 771	8 893	+6.6%	+1.4%
of which: credit cards	875	885	902	919	932	+6.5%	+1.3%
Active mobile banking applications IKO ('000)	2 120	2 356	2 592	2 875	3 120	+47.2%	+8.5%
Branches:	1 194	1 186	1 187	1 174	1 155	-3.3%	-1.6%
- retail	1 153	1 145	1 146	1 132	1 113	-3.5%	-1.7%
- corporate	41	41	41	42	42	+2.4%	0.0%
Agencies	745	712	600	590	577	-22.6%	-2.2%
ATMs	3 190	3 179	3 185	3 146	3 133	-1.8%	-0.4%
Employment eop (FTEs '000) Group	28.4	28.6	28.5	28.2	27.9	-2.1%	-1.1%

- The number of active IKO applications has increased by almost 50%
- Employment decreased by over 500 full-time employees y/y

SUPPLEMENTARY INFORMATION

Profit and loss account of the PKO Bank Polski Group



Profit and loss account (PLN million)	4Q17	1Q18	2Q18	3Q18	4Q18	4Q18/4Q17	4Q18/3Q18
Net interest income	2 249	2 216	2 291	2 366	2 480	+10.3%	+4.8%
Net fee and commission income	760	737	745	760	771	+1.4%	+1.4%
Other income	255	257	243	266	215	-15.7%	-19.2%
Dividend income	-	-	11	1	-	x	x
Net income from financial instruments designated at fair value	(3)	17	(2)	34	(21)	7x	x
Gains less losses from investment securities	29	-	-	-	-	x	x
Net foreign exchange gains	128	104	143	98	144	+12.5%	+46.9%
Gains/(losses) on derecognition on financial assets and liabilities	-	37	57	35	6	x	-82.9%
Net other operating income and expense	101	99	34	98	86	-14.9%	-12.2%
Total income items	3 264	3 210	3 279	3 392	3 466	+6.2%	+2.2%
Net impairment allowance and write-offs	(438)	(333)	(377)	(328)	(413)	-5.7%	+25.9%
Administrative expenses	(1 474)	(1 579)	(1 438)	(1 441)	(1 447)	-1.8%	+0.4%
Tax on certain financial institutions	(234)	(228)	(233)	(238)	(251)	+7.3%	+5.5%
Share in net profit (losses) of associates and jointly controlled entities	2	6	8	8	15	7.5x	+87.5%
Profit before income tax	1 120	1 076	1 239	1 393	1 370	+22.3%	-1.7%
Income tax expense	(299)	(320)	(306)	(348)	(362)	+21.1%	+4.0%
Net profit attributable to non-controlling shareholders	1	(1)	-	3	(1)	x	x
Net profit attributable to the parent company	820	757	933	1 042	1 009	+23.0%	-3.2%

SUPPLEMENTARY INFORMATION

Balance sheet of the PKO Bank Polski Group



Bank Polski



Assets (PLN billion)	4Q17	1Q18	2Q18	3Q18	4Q18	4Q18/4Q17	4Q18/3Q18
Cash and balances with the Central Bank	17.8	16.3	10.0	13.4	22.9	+28.7%	+71.4%
Amounts due from other banks	5.2	3.8	5.0	8.2	7.7	+46.4%	-6.9%
Derivative instruments	2.6	2.3	2.7	1.9	2.6	-1.3%	+36.1%
Securities	44.4	44.0	47.5	44.5	48.5	+9.2%	+9.1%
Net customer financing	214.4	216.6	220.7	225.6	230.4	+7.5%	+2.1%
Tangible fixed assets	2.9	2.9	2.8	2.8	2.9	+0.5%	+3.3%
Other assets	9.6	9.3	10.1	9.7	9.2	-3.7%	-4.9%
TOTAL ASSETS	296.9	295.1	298.7	306.1	324.3	+9.2%	+5.9%

Liabilities and equity (PLN billion)	4Q17	1Q18	2Q18	3Q18	4Q18	4Q18/4Q17	4Q18/3Q18
Amounts due to the central bank and due to banks	4.6	1.9	2.1	1.9	2.0	-56.0%	+4.1%
Derivative financial instruments	2.7	2.2	2.6	2.9	3.1	+14.1%	+8.6%
Amounts due to customers	220.9	217.8	219.5	225.5	242.8	+9.9%	+7.7%
Liabilities of insurance activities	0.9	1.0	1.1	1.2	1.2	+34.4%	0.0%
Subordinated liabilities and debt securities in issue	25.7	29.0	30.8	30.9	31.4	+22.2%	+1.4%
Other liabilities	5.9	6.7	5.8	6.0	4.6	-23.4%	-23.9%
Total equity	36.3	36.6	36.8	37.7	39.1	+7.8%	+3.7%
TOTAL EQUITY AND LIABILITIES	296.9	295.1	298.7	306.1	324.3	+9.2%	+5.9%

SUPPLEMENTARY INFORMATION

Customer financing



Bank Polski



PLN billion	4Q17	3Q18	4Q18	4Q18/4Q17	4Q18/3Q18
Financing	207.9	219.8	223.1	+7.3%	+1.5%
mortgages	101.5	106.7	108.5	+6.9%	+1.7%
corporate	50.1	54.0	55.2	+10.3%	+2.2%
consumer loans	26.3	28.1	28.2	+7.4%	+0.6%
SME	30.0	31.0	31.1	+3.6%	+0.3%
Debt securities	14.3	14.2	15.6	+9.5%	+9.8%
municipal bonds	7.6	7.9	9.4	+22.6%	+18.4%
corporate bonds	6.6	6.3	6.3	-5.6%	-0.9%
Gross customer financing	222.2	234.0	238.7	+7.4%	+2.0%
Net allowances for expected credit losses	-7.8	-8.4	-8.2	+4.9%	-2.0%
Net allowances for expected bond losses	-0.2	0.0	0.0	-86.7%	-25.0%
Net customer financing	214.1	225.6	230.4	+7.6%	+2.1%

SUPPLEMENTARY INFORMATION

Customer savings



Bank Polski



PLN billion	4Q17	3Q18	4Q18	4Q18/4Q17	4Q18/3Q18
Retail and private banking	184.7	197.4	207.7	+12.4%	+5.2%
deposits	142.5	146.1	155.1	+8.8%	+6.1%
retail mutual funds	27.3	33.1	33.5	+22.6%	+1.2%
saving treasury bonds	15.0	18.2	19.1	+27.8%	+5.0%
Corporate	48.6	49.0	55.1	+13.3%	+12.4%
SME	24.1	25.1	26.8	+11.1%	+6.8%
Customer savings	257.4	271.5	289.5	+12.5%	+6.6%

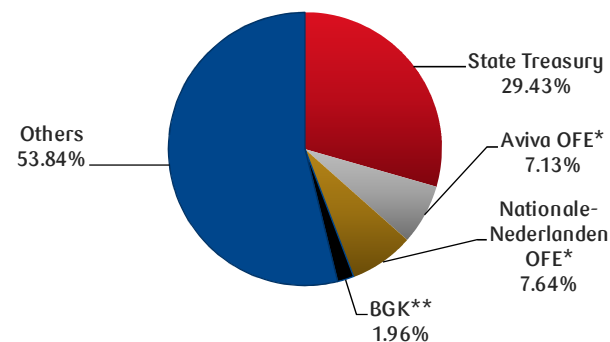
SUPPLEMENTARY INFORMATION

Shares and rating

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 annual information on the assets structure of the Aviva and Nationale Nederlanden funds, as at the end of 2018
 ** 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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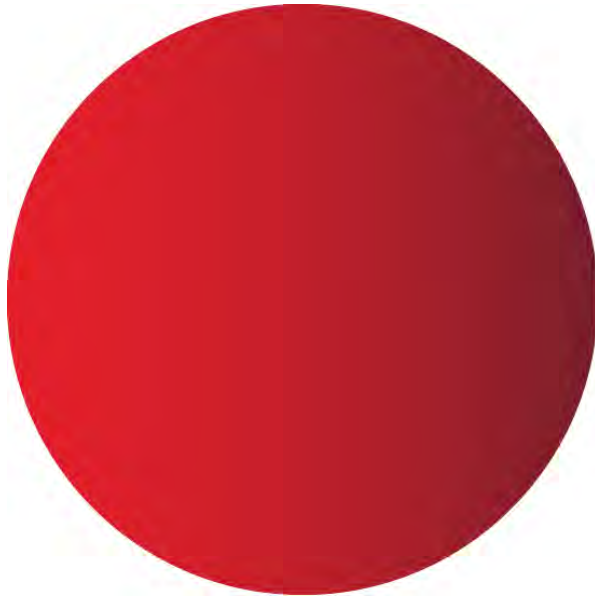
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Any differences in total balances, percentages and growth rates result from rounding the amounts to PLN million and rounding percentages to one decimal place.



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Investor calendar

15 May 2019	Publication of the Quarterly 1Q 2019 Report
13 August 2019	Publication of the 1H 2019 Report
7 November 2019	Publication of the Quarterly 3Q 2019 Report