

Financial results 3Q and 9M 2019

Another quarter of solid and recurrent results

Key achievements in 3Q2019

Bank Polski

- Another quarter of solid and recurrent results, quarterly net profit grew by 18% y/y to PLN 1 229 million
- Assets increased by PLN 35.5 billion y/y to PLN 342 billion
- Further increase in profitability: ROE 10.9%, +1.2 p.p. y/y
- Operating costs under strict control: C/I 42.0%, -3.1 p.p. y/y

The implementation of strategic financial goals 2 years in advance is the starting point to take on new challenges



- Moderate scale of deceleration in GDP growth
- The inflow of foreign direct investment increases the resistance of Polish exports
- CPI inflation in an upward trend
- Public finances closer to balance



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Key achievements

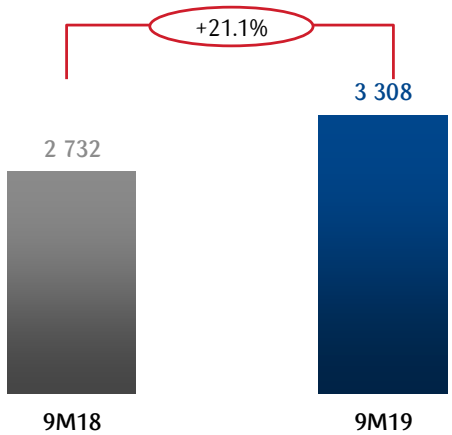
KEY ACHIEVEMENTS

Quarterly profit at the level of PLN 1 229 million

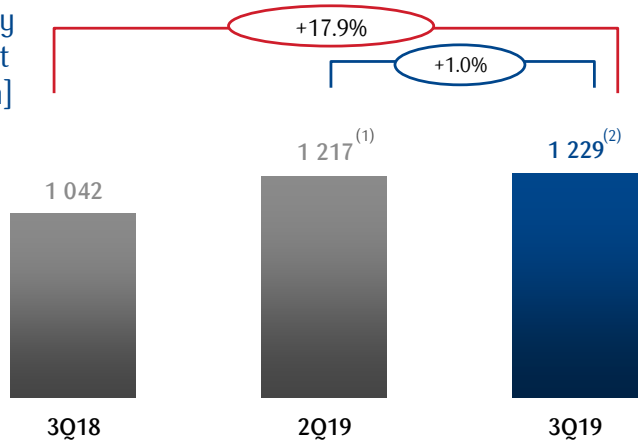
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9M net profit [PLN mn]



Quarterly net profit [PLN mn]



The quarterly profit once again exceeded one billion zlotys

(1) Neutral net effect of one-off events in 2Q19 (badwill recognition from PCM acquisition, reversal of provisions for potential return of fees and commissions to clients, and creation of tax reserves).

(2) The impact of the provision for partial return of fees on prepaid consumer loans on net profit amounted to approx. PLN -57 million. The impact of the provision on companies income tax amounted to PLN -50 milion.

KEY ACHIEVEMENTS

Financial ratios significantly above strategic goals from the strategy 2016-2020

	2016	2017	2018	3Q19	...	2020
ROE[1]	7.8%[2]/9.1%	9.0%	10.0%	10.9%		>10% ✓
C/I	49.7%[2]/47.4%	46.0%	44.2%	42.0%		<45% ✓
COST OF RISK	0.75%	0.71%	0.59%	0.51%		0.75%-0.85% ✓
EQUITY	TCR: 15.8% Tier1: 14.5%	TCR: 17.4% Tier1: 16.5%	TCR: 18.9% Tier1: 17.5%	TCR: 18.0% CET1: 16.7%		Dividend capability ✓

The new financial goals and challenges will be announced on the 18th of November

[1] Return on equity reduced by intangible assets (ROTE) 11.9% in 3Q19, +1.2 p.p. y/y.

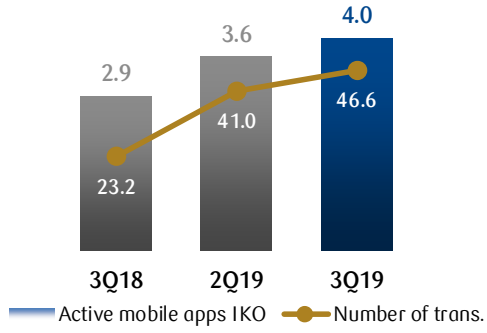
[2] After one-off and non-standard transaction adjustments.

KEY ACHIEVEMENTS

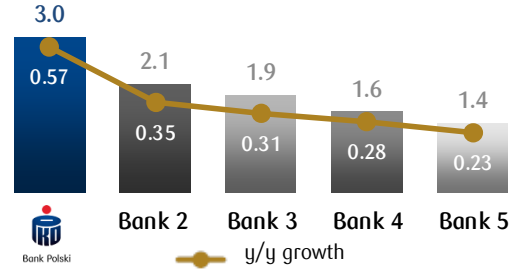
4 million IKO apps at PKO Bank Polski



Number of IKO applications and number of transactions [mn]



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



★★★★ **4.8**/5 average customer rating in app stores

NEW FUNCTIONALITIES



Public transport tickets available in IKO app – 12k / month



Offer of 5 leading insurers in the scope of motor third party liability, A/C, accident insurance and Car Assistance

PKO Bank Polski clients will pay by BLIK in Poland and worldwide

(1) According to PRNews data for 2Q19, users logging in at least once a month from the mobile device (mobile application, lite version or full transactional service).



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Business activity

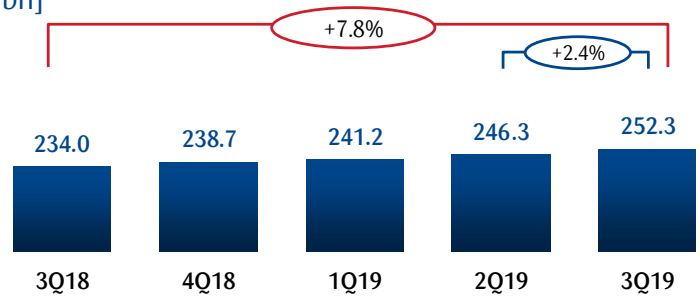
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Dynamic growth of the business scale

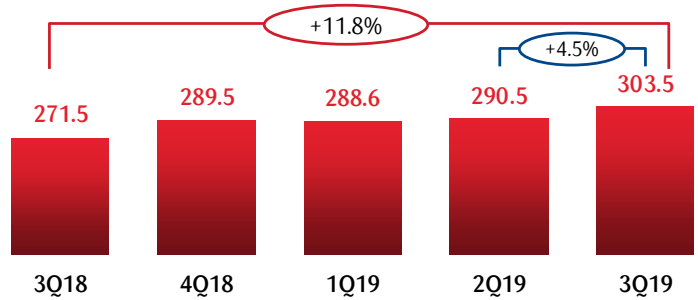
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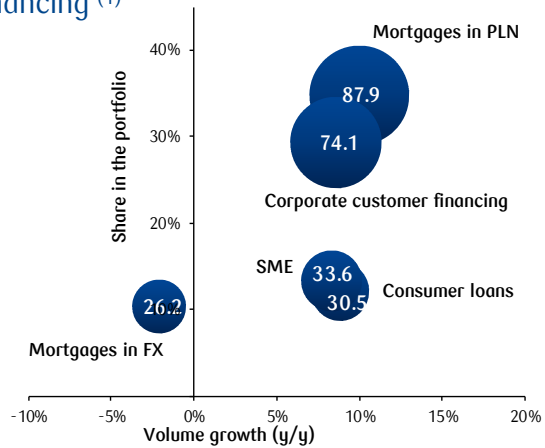
Gross customer financing (1) [PLN bn]



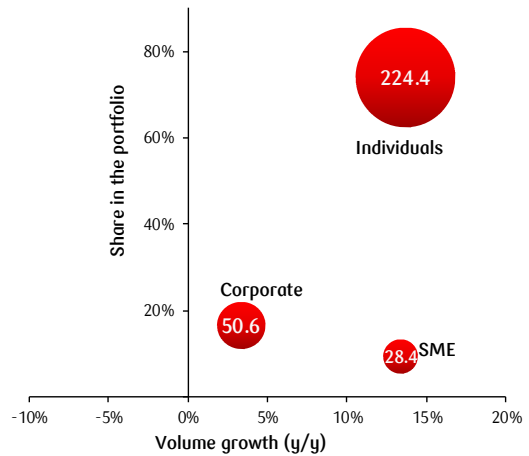
Customer savings (2) [PLN bn]



Gross customer financing (1) [PLN bn]



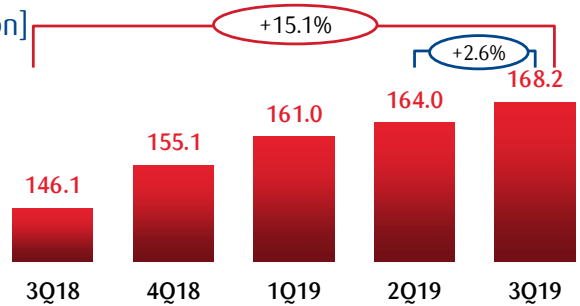
Customer savings (2) [PLN bn]



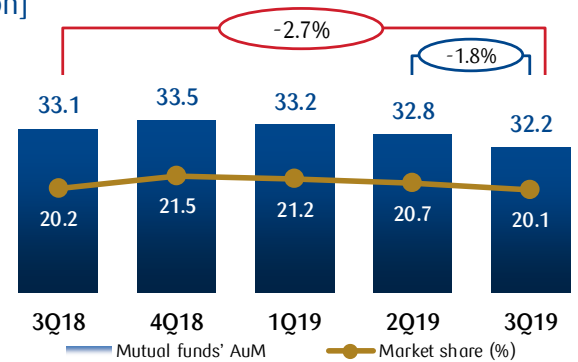
(1) Includes loans, corporate and municipal bonds, leasing and factoring (excluding repo transactions). Impact of the zloty depreciation on loans: +2.1 billion PLN y/y and +1.7 billion PLN q/q.
(2) Includes deposits, TFI (mutual funds) assets and saving treasury bonds. Impact of the zloty depreciation on savings: +1.2 billion PLN y/y and +1.1 billion PLN q/q.

Households: PKO BP Group is leading the retail saving and investment market

Deposits
[PLN bn]



Mutual fund AuM[1]
[PLN bn]



1 541 Employee Pension Plans (PPK) signed by PKO TFI (market leader with share of 40%)

1.1 million employees of 1 541 firms can join PPK with PKO TFI. Customers include e.g. Allegro, Leroy Merlin Polska, T-mobile, Play, Jeronimo Martins Polska, Lidl Polska and Grupa Azoty ZA Puławy.

Digital revolution in mutual funds – Robo-advisory

PKO Bank Polski introduces INWESTOMAT - cutting-edge roboadvisory process. As a first bank in Poland we are offering investment advisory service in digital channels. Each customer will be able to use advisory service, which has been available to VIP customer so far.

Increase in savings invested in State Treasury bonds

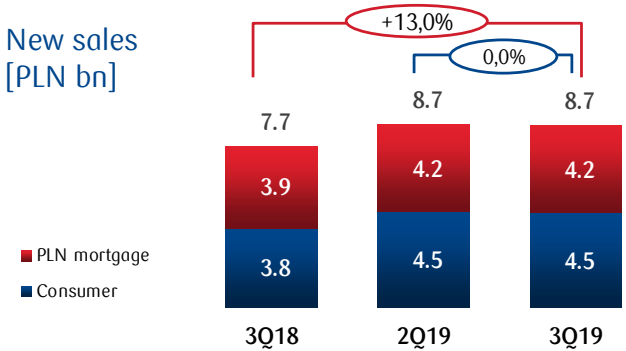
At the end of 3Q19 retail customers invested PLN 24 billion in savings State Treasury bonds, growth of outstanding balance of 32% y/y. The attractiveness of State Treasury offer led to preference of this form of savings at the expense of mutual funds, whose AuM fell slightly.

(1) Non-dedicated assets.

Households: very high sale of loans

Consumer and mortgage loans

New sales [PLN bn]



Volume outstanding (1) [PLN bn]





PKO Bank Polski supports ecological solutions

- Thanks to the energy performance certificate of the property being the loan collateral, customers can obtain a reduction in mortgage loan margin.
- From April they can also use the Eco-loan for the purchase and installation of the solar panels.



A fixed rate mortgage for 5 years

Customers can change the interest rate on their mortgage from variable to fixes for 5 years.



Open Banking

PKO Bank Polski implements changes resulting from PSD2 aimed at, among others strengthening security for customers. It is also in the process of consolidating accounts.

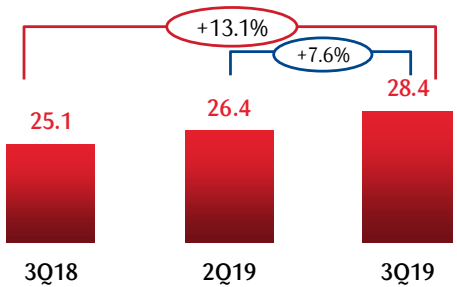
(1) The impact of the zloty depreciation on housing loans was PLN +1.7 billion y/y and PLN 1.2 billion q/q

Small & medium enterprises: increase in financing and savings

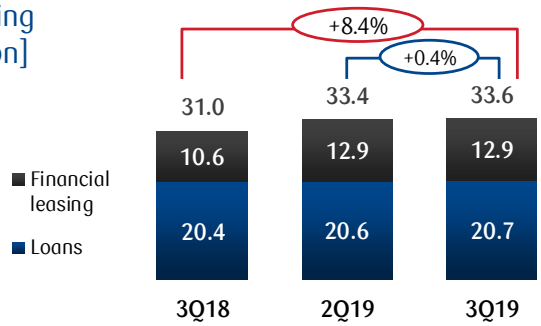
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Deposits [PLN bn]



Gross customer financing [PLN bn]





Entrepreneurs will independently prepare a document with data on their ZUS account

Customers which pay social security contributions can already create electronic documents with data. In online mode they can prepare e.g. confirmation of the lack of arrears in payments and send them via e-mail to PKO Bank Polski account manager.



New features in e-Accounting

The service has been enriched with: keeping a register of employees and working time records, settling an employment contract / commission / for a work, preparing a payroll and social security declarations, settlement of domestic delegations.



Strengthening the leasing offer thanks to the acquisition of PCM

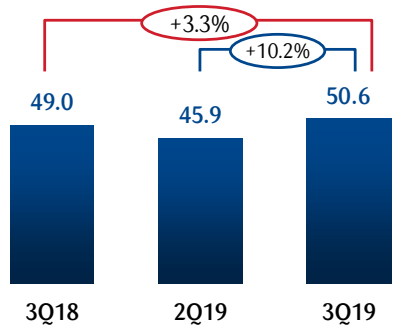
PKO Bank Polski Group has strengthened its position on the prospective leasing market. The carrying value of fixed assets under operating leasing of the PKO Leasing Group totaled PLN 20.2 billion, including companies from the PCM Group PLN 1.8 billion.

Corporate and investment banking: meaningful increase in customer financing

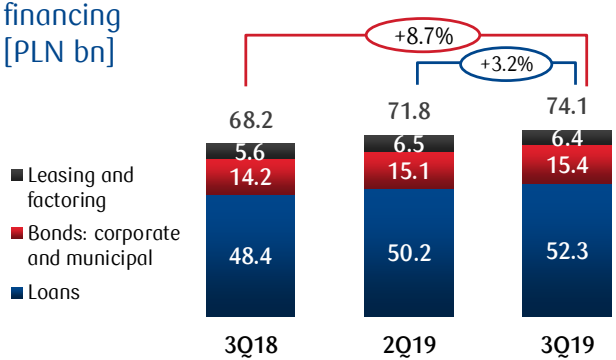
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Deposits [PLN bn]



Gross customer financing [PLN bn]





PKO Bank Polski in a consortium that grants Energa a socially responsible loan

PKO Bank Polski granted PLN 2 billion to Energa loan in a special ESG-linked formula, related to the implementation of development of renewable energy generation capacity and power lines modernization. In Poland, this mechanism was used for the first time.



SWIFT GPI foreign transfers

SWIFT GPI foreign transfer is made in PLN, EUR, GBP, USD to over 160 banks in the world that joined the SWIFT GPI initiative. The customer gains on the duration of the transfer and gets feedback on the funds being credited to his contractor.



Accounts from banks around the world connected in iPKO biznes!

Corporate clients who operate on many foreign markets and use the services of many banks can now manage their finances from one place - on the iPKO biznes website.



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Financial results

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Executive summary

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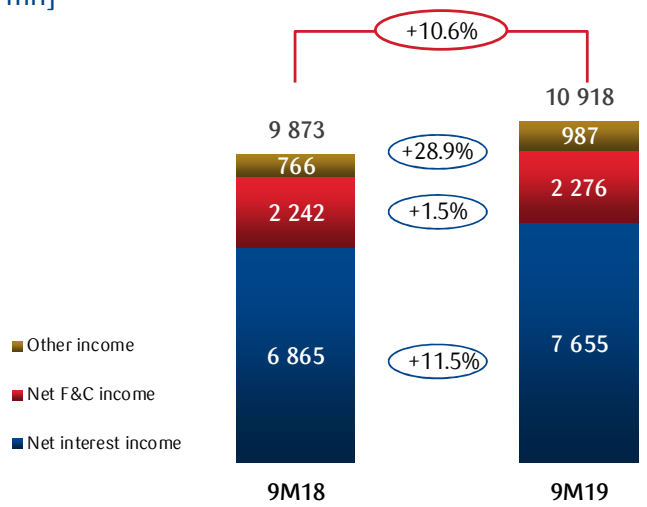
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- Another quarter of solid and recurrent results: quarterly net profit grew by 18% y/y to PLN 1 229 million
- Assets increased by PLN 35.5 billion y/y to PLN 342 billion
- High cost efficiency (C/I decreased to 42.0%)
- Profitability increase (ROE at 10.9%, ROTE at 11.9%)
- Consistent decrease in cost of risk (0.51%) significantly below strategically defined level

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

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Result on business activity [PLN mn]



Quarterly result on business activity [PLN mn]



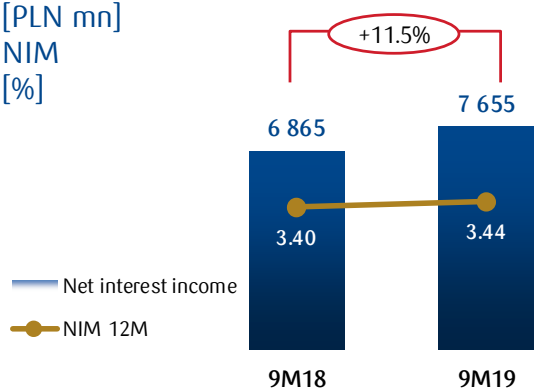
(1) In 2Q19 one-offs included badwill recognition on PCM acquisition (PLN +80 mn) and the reversal of reserve for durable media (PLN +58 mn). The result was also impacted by full consolidation of the PCM leasing company acquired in June, the impact on other result (other operating income and expenses) amounted to (PLN +18.2 mn), and the impact on interest result (PLN +1.3 mn)

(2) The result on banking operations corrected by:
- creating a provision for partial return of fees on prepaid consumer loans in the amount of PLN -68,5 mn, lowering other income,
- full consolidation of the PCM leasing company, the impact on other result (other operating income and expenses) amounted to (PLN +52.5 mn), and the impact on interest result (PLN +7.5 mn)

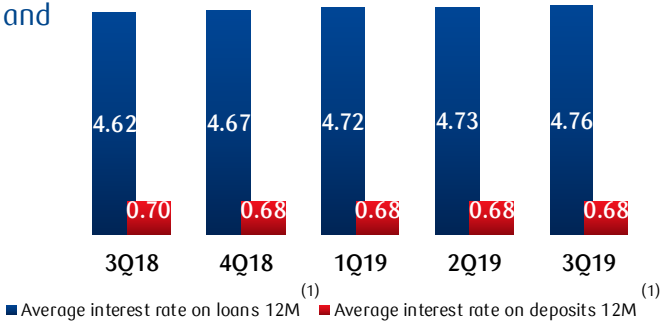
Accelerated growth in net interest income

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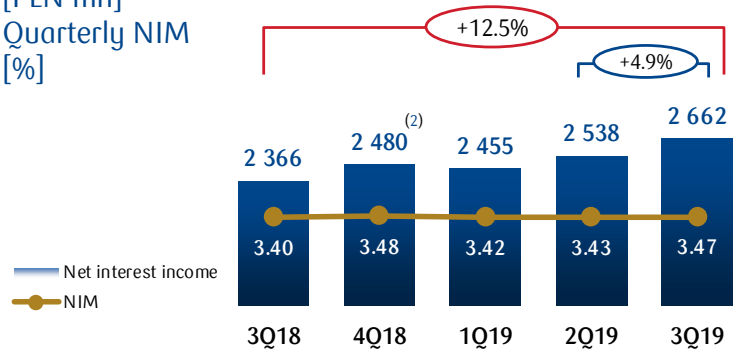
NII [PLN mn] NIM [%]



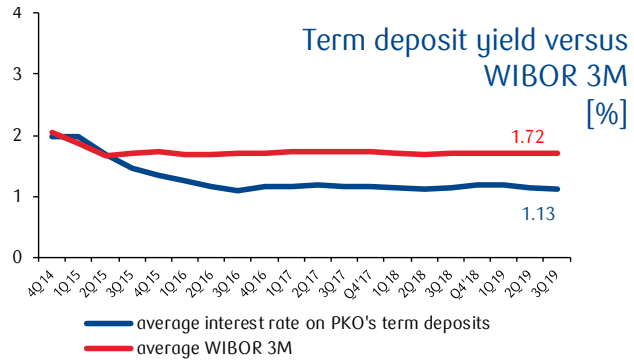
Average loan and deposit yield [%]



Quarterly NII [PLN mn] Quarterly NIM [%]



Term deposit yield versus WIBOR 3M [%]



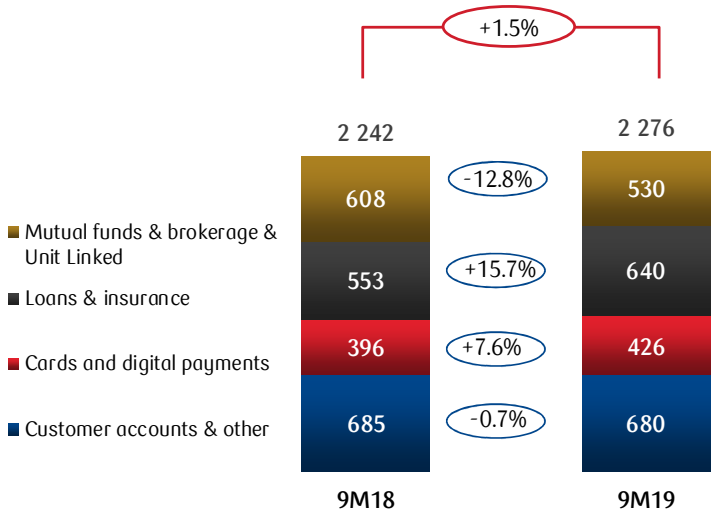
Strong double-digit income growth

(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 amounted to PLN 2 450 million and quarterly NIM 3.44%.

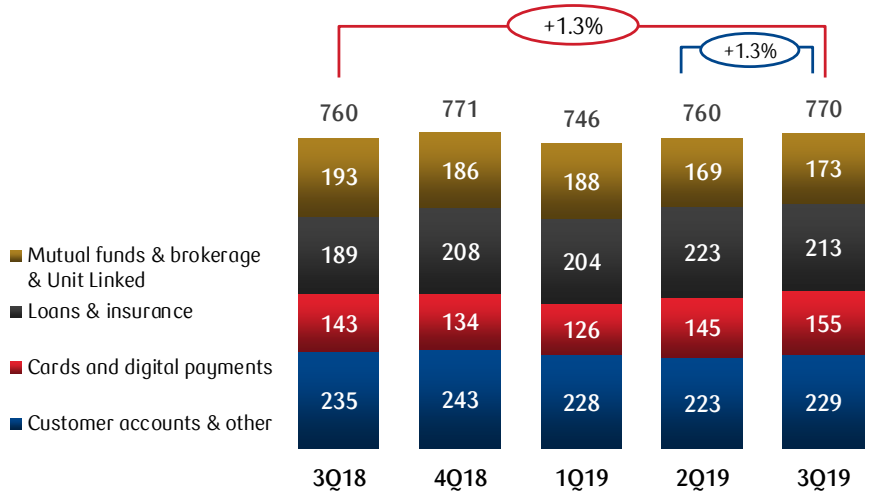
Slight improvement in net fee and commission result

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Net F&C [PLN mn]



Quarterly net F&C [PLN mn]

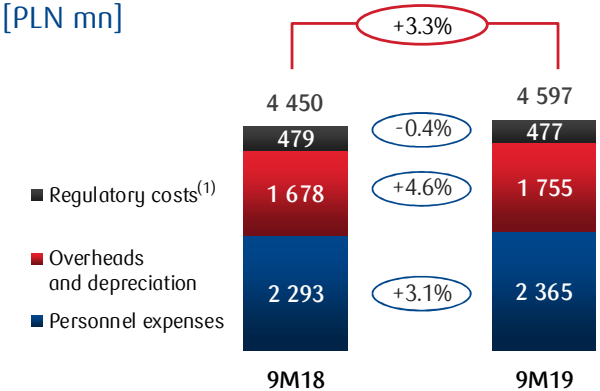


- Growth of loans and insurance, mainly mortgage and business credit-related insurance
- Increase in card fees due to growth in number of active cards and higher transactionality
- A drop in commissions related to the capital market, including the impact of regulatory changes

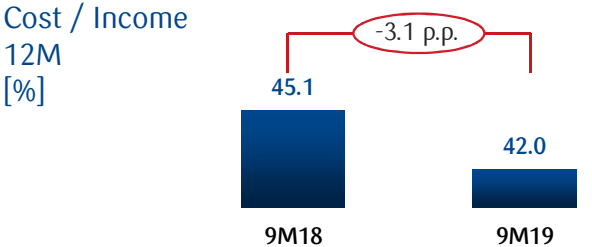
Strong cost discipline

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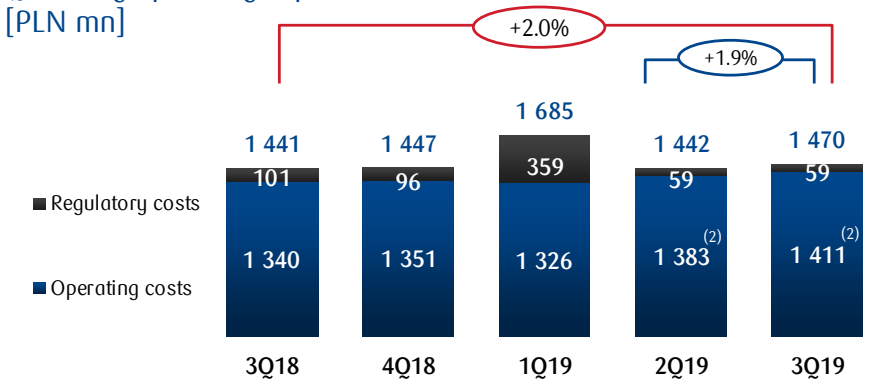
Operating expenses [PLN mn]



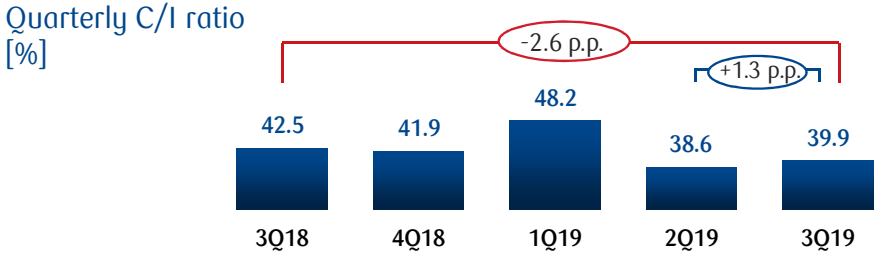
Cost / Income 12M [%]



Quarterly operating expenses [PLN mn]



Quarterly C/I ratio [%]



Significant improvement in efficiency, drop in the C / I ratio significantly below the strategic goal

(1) Regulatory costs include: Banking Guarantee Fund, FSA, levies and administrative charges. Increase in BFG contributions by PLN 105 mn y/y (increase in the payment for the restructuring fund by PLN 181 mn partly offset with a drop in the payment for the guarantee fund by PLN 76 mn). Decrease in the costs of withholding tax by PLN 117 mn. Growth in the PFSA fee by PLN 13 mn.

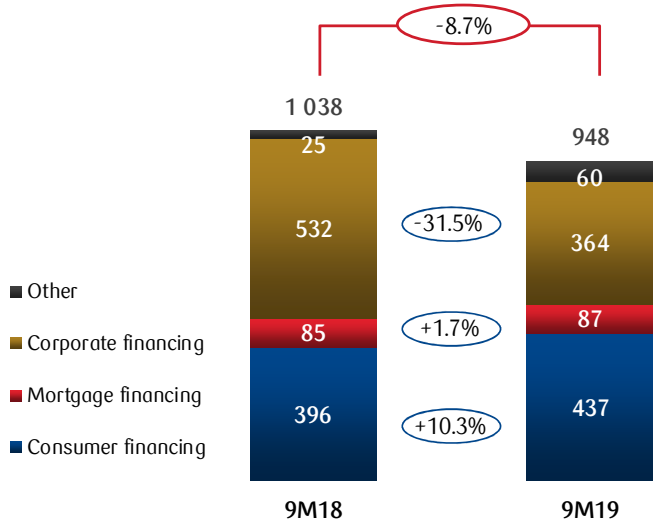
(2) The operating cost impact of PCM consolidation in 2Q19 amounted to PLN 17.3 mn, in 3Q19 amounted to ca. PLN 50 mn. The consolidation started in June 2019.

Cost of risk (0.51%) below strategically defined level

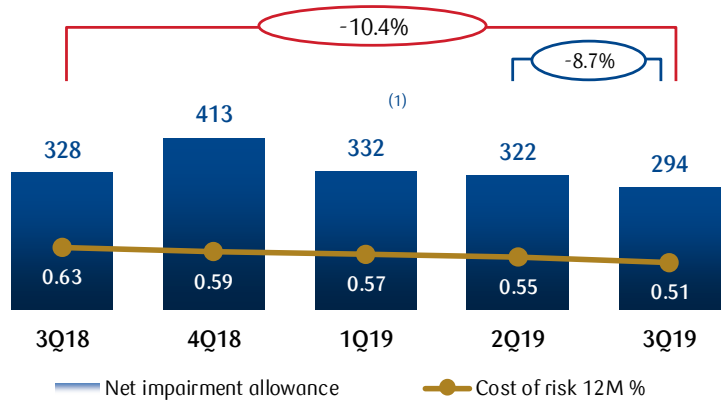
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Net impairment allowance [PLN mn]



Quarterly net impairment allowance [PLN mn]

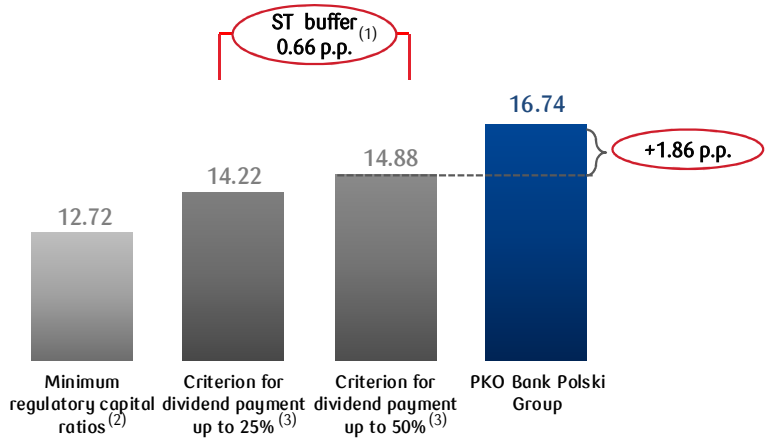


(1) The result on impairment allowance in 4Q18 was affected by the write-downs of equity holdings (in the amount of aprox. PLN 40-50 million).

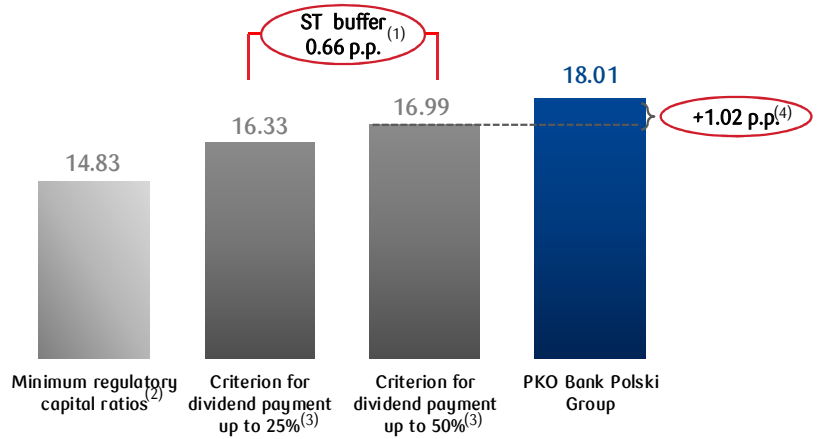
Capital ratios above regulatory requirements

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Capital requirements (CET 1)
[%]



Total capital ratio (TCR)
[%]



Retaining PLN 1.67 billion of undistributed profit and meeting 50% payout criteria from 2019 profit offers the dividend flexibility

(1) Polish FSA's additional buffer for the Bank's sensitivity to the adverse macroeconomic scenario.
(2) CET1: CRR 6% + systemic risk buffer 2.9% + conservation buffer 2.5% + OSII buffer 1% + countercyclical buffer 0.005% + FX buffer for the Group 0.31%
TCR: CRR 8% + systemic risk buffer 2.9% + conservation buffer 2.5% + OSII buffer 1% + countercyclical buffer 0.005% + FX buffer for the Group 0.42%
(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 (3Q19: 14.05 %; +0.02 p.p. q/q; -1.07 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 (3Q19: 45.98 %; +0.25 p.p. q/q; +0.76 p.p. y/y) - adjustment by -30 p.p. (for >20% share if K1>5%).
(4) Own funds above the dividend criteria (surplus capital stands at PLN 2.2 bn).

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Another quarter of solid and recurrent results

Further improvement in operational efficiency and profitability



Net profit of PLN 1 229 million (+18% y/y) from organic and recurrent activities



Dividend flexibility thanks to PLN 1.67bn of undistributed profit from 2018 and meeting the criteria for paying half of the profit from 2019

We invite you to Investor's Day in London on November 19, 2019



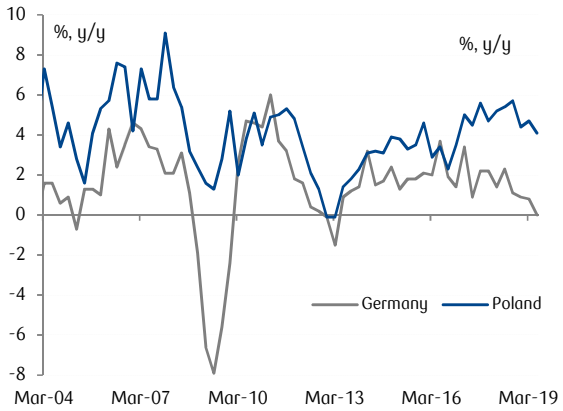
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Supplementary information, including macroeconomic backdrop

The economy slows down

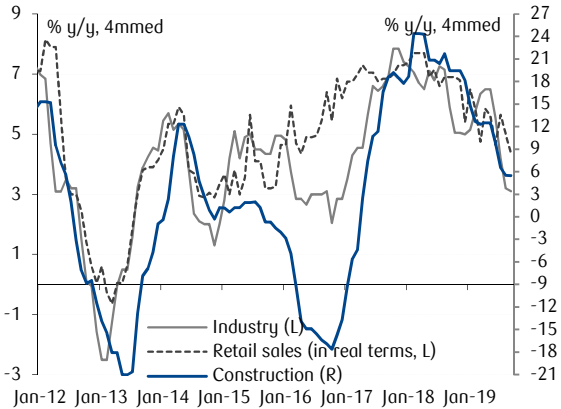
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Poland resists the German slowdown



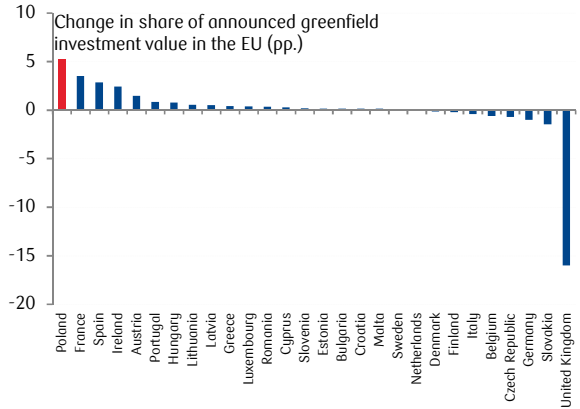
Source: Eurostat, PKO Bank Polski

Normalization of business activity



Source: GUS, PKO Bank Polski

Poland as a main beneficiary of Brexit?



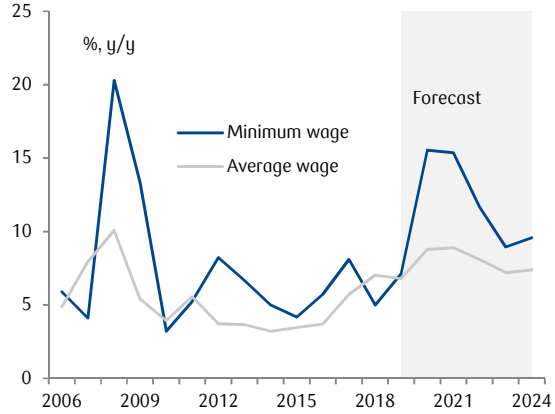
Source: UNCTAD, PKO Bank Polski

- **The economic downturn abroad, mainly in Germany, has prolonged and deepened. Despite the high degree of resilience to adverse developments in the economy of the main trading partner, Poland has also entered a phase of gradual slowdown.** Its scale will be limited by fiscal stimulation and acceleration in wage growth in 2020 (rising minimum wage), supporting private consumption growth. Unless the economic downturn in the euro area deepens, the scale of the slowdown in domestic economy should be moderate. No build-up of macroeconomic imbalances during the economic boom, competitive export sector, inflow of temporary migrant workers from abroad and structural changes in the services sector are the key stabilizers of the Polish economy.
- **The strong inflow of foreign direct investment (especially in manufacturing) is one of the sources of the observed resistance of domestic exports**. In conjunction with expansion of the services sector, this suggests that Poland has so far benefited from the uncertainty associated with Brexit.
- The general government deficit in 2018 was a mere 0.2% of GDP, the lowest in the whole transition period. After 2q19, the general government had a surplus of 0.03% of GDP (on a 4-quarter rolling basis). Public finance are supported by strong cyclical income growth and improved tax collection.

Inflation up, but not for long

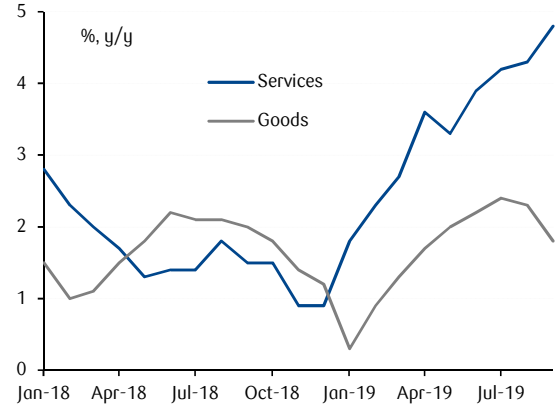
Bank Polski

The underlying wage pressure weakens, but wage growth will rebound on minimum wage hikes



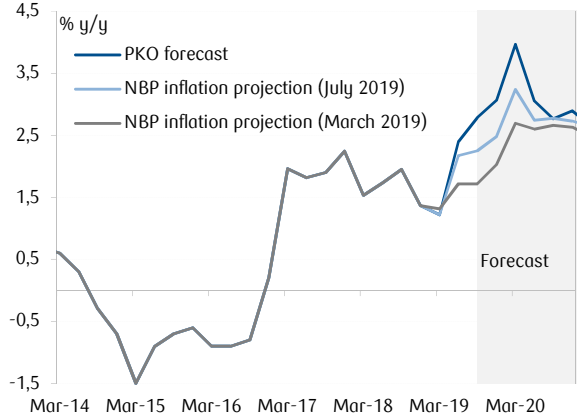
Source: GUS, PKO Bank Polski

Cost-push inflation



Source: GUS, PKO Bank Polski

Inflation spike ahead



Source: GUS, NBP, PKO Bank Polski

- **The increase in the minimum wage planned for 2020 will affect the growth rate of average wages in the economy** Despite weaker labour demand, wage growth will accelerate. This will translate into an additional pro-consumption impulse and intensified cost pressure on the prices of services and, to a lesser extent, of goods.
- **CPI inflation clearly increased, mainly due to exogenous factors** (in particular food prices). Core inflation has also been steadily rising, mainly due to the ever stronger rise in service prices. In 2020, regulated prices will become an additional inflationary factor. As a consequence, **CPI inflation may temporarily exceed the upper limit of the NBP target range (3.5%) in 1q20.**
- **Despite rising inflation, the probability of NBP interest rate hikes remains relatively low.** The Monetary Policy Council remains focused on maintaining economic growth, and most of its members consider acceleration of inflation to be temporary. At the same time, arguments related to the stability of the financial sector (and real estate market), as well as economic growth and inflation expectations make a strong case against rate cuts in the foreseeable future.

Macroeconomic forecasts

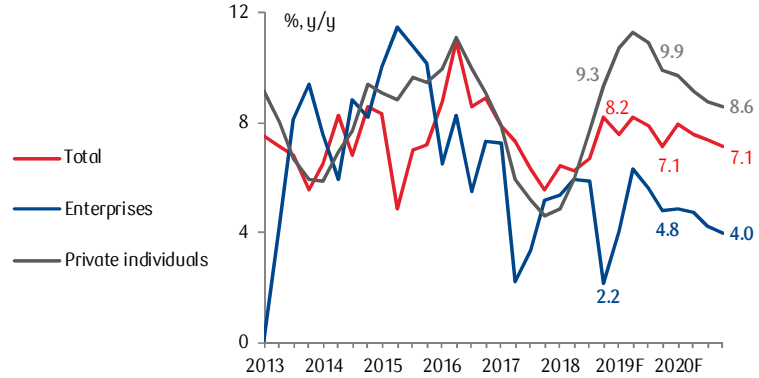
Bank Polski

		2015	2016	2017	2018	2019F	2020F
GDP	% y/y	3.8	3.1	4.9	5.1	4.3	3.7
Consumption	% y/y	3.0	3.9	4.5	4.3	4.3	4.5
Investments	% y/y	6.1	-8.2	4.0	8.9	8.7	2.3
Fiscal deficit[1)]	% GDP	-2.7	-2.2	-1.5	-0.2	-1.1	-0.5
Public debt[1)]	% GDP	51.3	54.2	50.6	48.9	47.3	44.8
CPI inflation	%	-0.9	-0.6	2.0	1.6	2.3	3.1
LFS unemployment rate	%	7.5	6.2	4.9	3.8	3.6	3.8
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	3.99	4.16

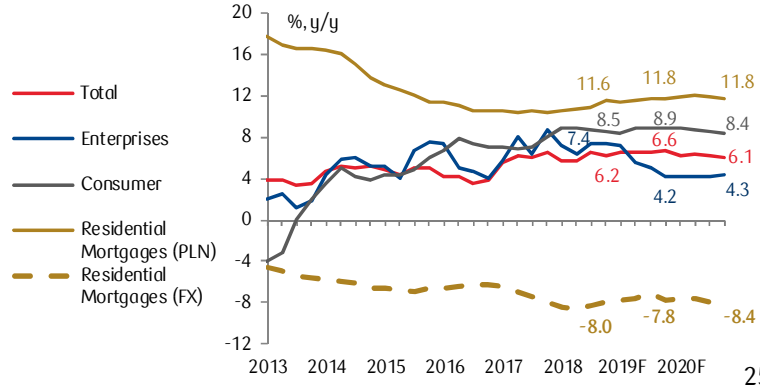
Source: Statistics Poland, Ministry of Finance, National Bank of Poland, PKO Bank Polski forecasts

1) In ESA2010 terms

Deposits growth (FX adjusted)



Loans growth (FX adjusted)

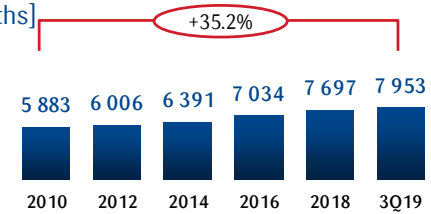


PKO Bank Polski - undisputed leader of the Polish banking sector

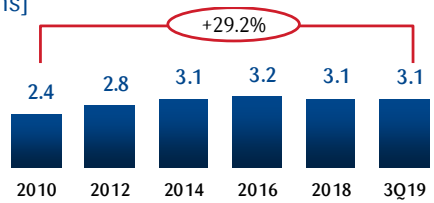
Bank Polski

1919/2019

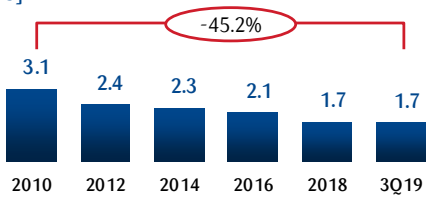
Number of current accounts of individuals [ths]

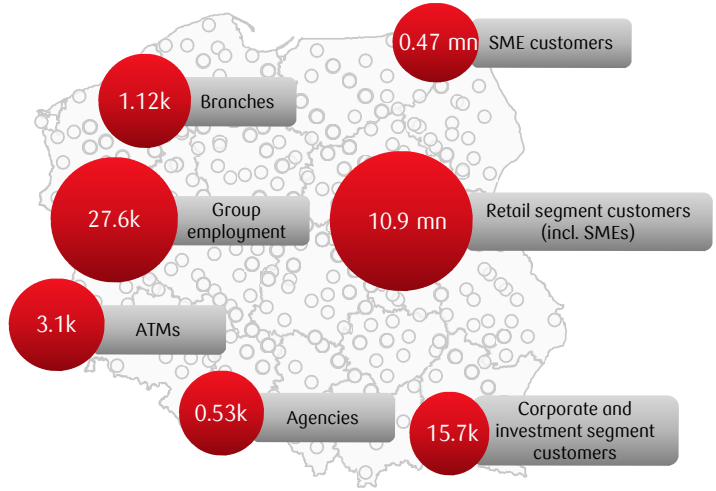


Number of ATMs [ths]

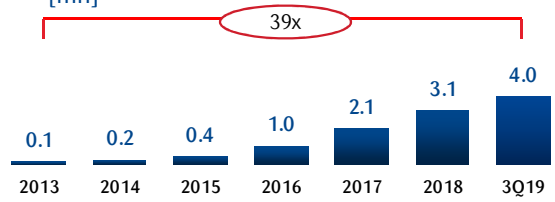


Number of retail agencies and branches [ths]

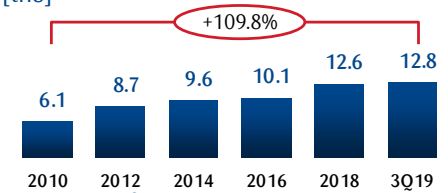




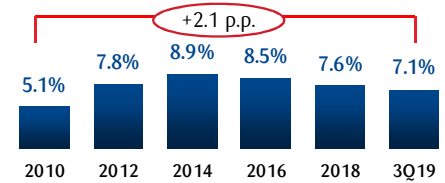
Mobile apps [mn]



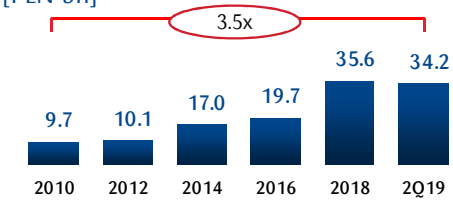
Number of corporate customers with access to e-banking [ths]



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



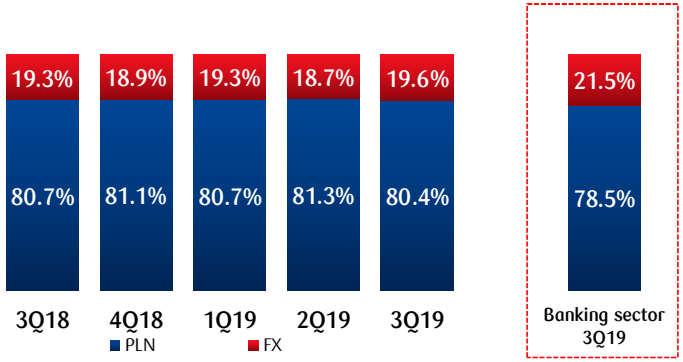
Investment Funds – AuM [PLN bn]



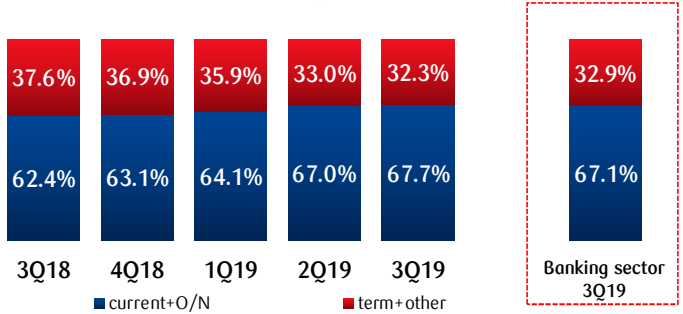
Improvement of the structure of loans and deposits while maintaining high liquidity

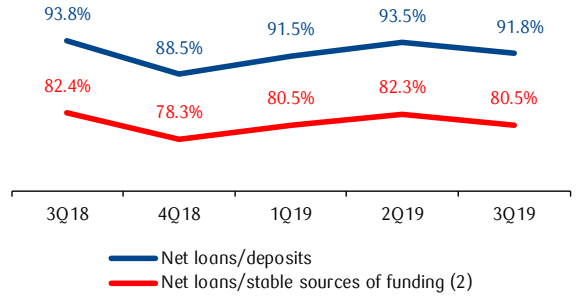
Bank Polski

Currency structure of gross loans portfolio

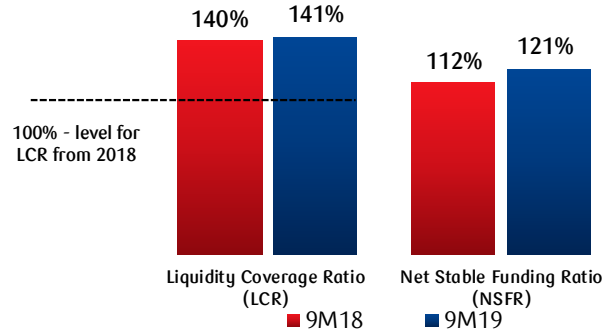


Term structure of total deposits (1)





LCR and NSFR ratio

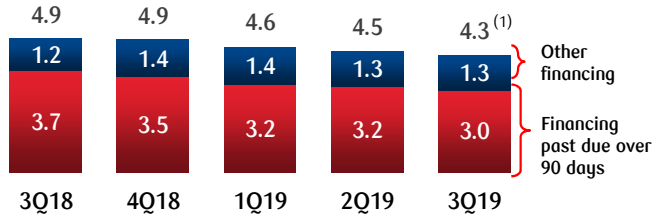


(1) Amounts due to customers.
(2) Amounts due to customers and long-term external funding in the form of: covered bonds, securitization, senior unsecured bonds, subordinated debt; and amounts due to financial institutions.

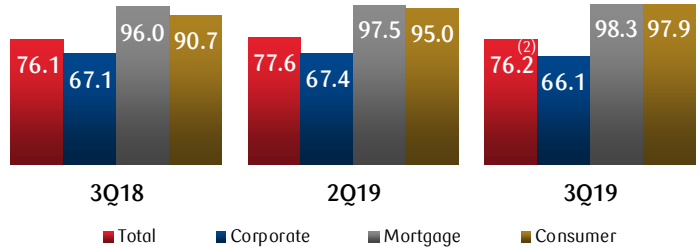
Customer financing portfolio quality – segments

Bank Polski

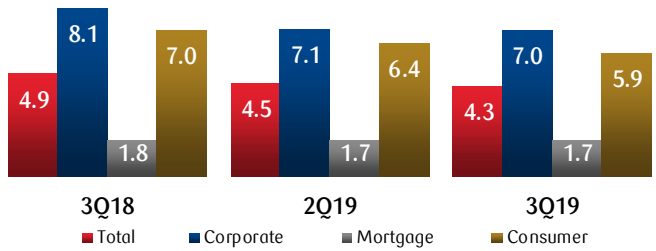
Share of customer financing with recognized impairment [%]



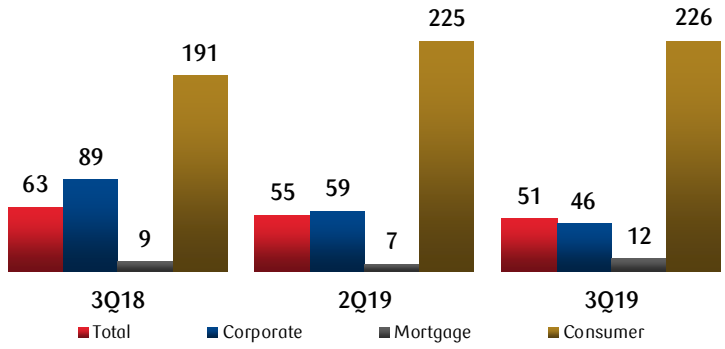
Coverage of customer financing with recognised impairment by impairment allowances [%]



Share of customer financing with recognized impairment [%]



Cost of risk over the last 12M [bps]



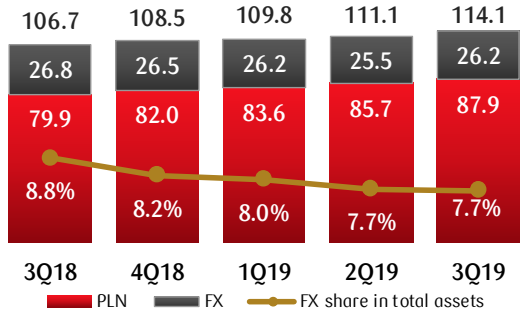
(1) Reclassification of approx. 9 billion loans to the „ not held for trading" category (including impaired in the amount of PLN 824 million) reduced the ratio by 0.2 p.p.
(2) The above reclassification lowered the coverage ratio by 1.2 p.p.

SUPPLEMENTARY INFORMATION

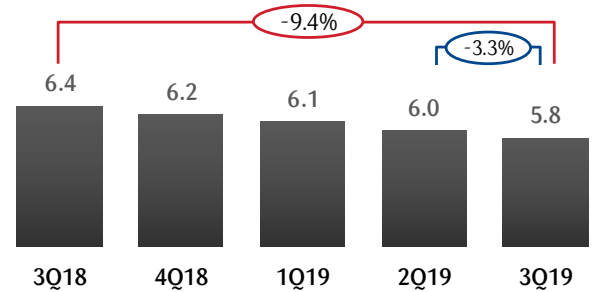
Gross mortgage loans

Bank Polski

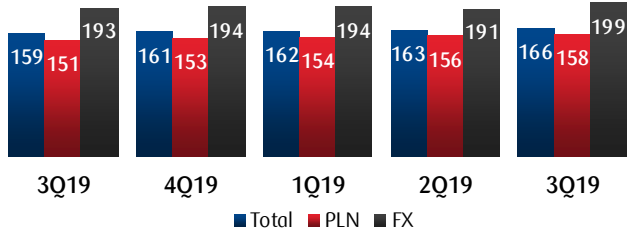
Volume of FX mortgage loans [PLN bn] (1)



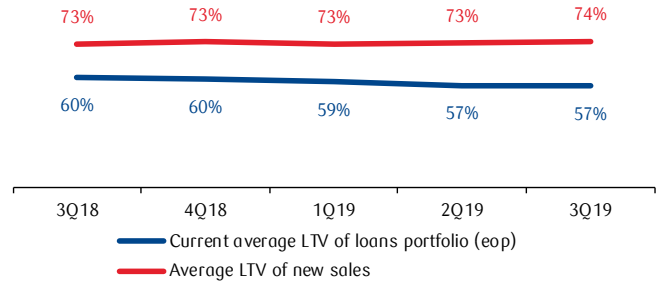
Volume of CHF mortgage loans [CHF bn] (2)



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



Average LTV



(1) Includes data of PKO Bank Polski and PKO Mortgage Bank. The impact of the zloty depreciation on mortgage loans was PLN +1.7 billion y/y and PLN 1.2 billion q/q.

(2) The volume of housing loans in EUR: 3Q18 752.2 mn; 4Q18 736.1 mn, 1Q19 719,3 mn, 2Q19 701.6 mn, 3Q19 684.5 mn.

Net mortgage loans in foreign currencies

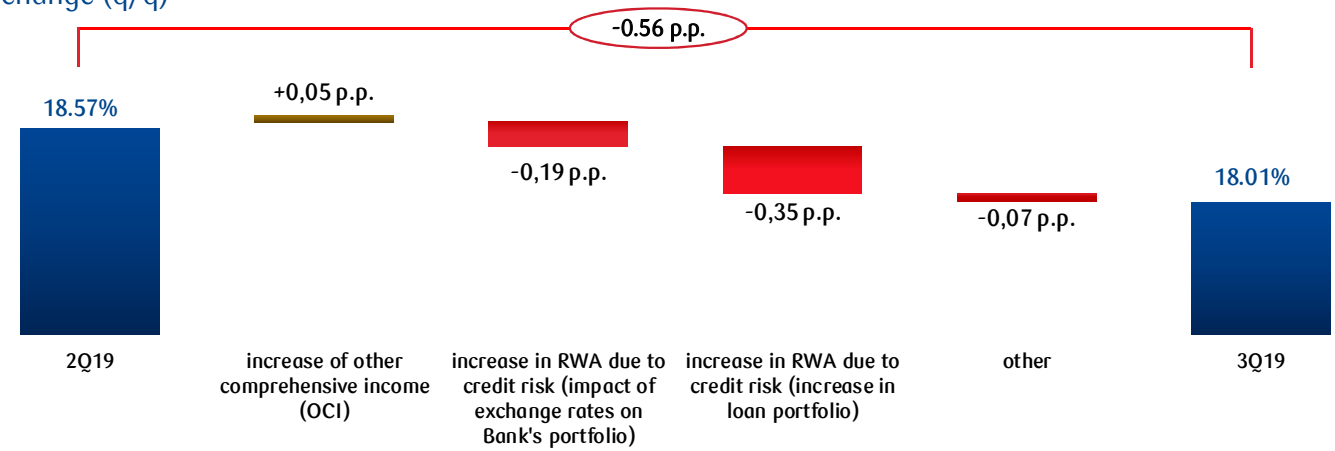
(PLN billion) as of 30.09.2019	until 2009	after 2009
Indexed	-	3.5
Denominated	18.5	3.2
Total	**18.5**	**6.7**

On 30 September 2019 the number of indexed loans was 11 242 and denominated 123 677.
1 379 (+219 q/q) court proceedings were pending against the Bank regarding loans in foreign currency with a total value of PLN 321 milion (PLN +56 mn q/q).

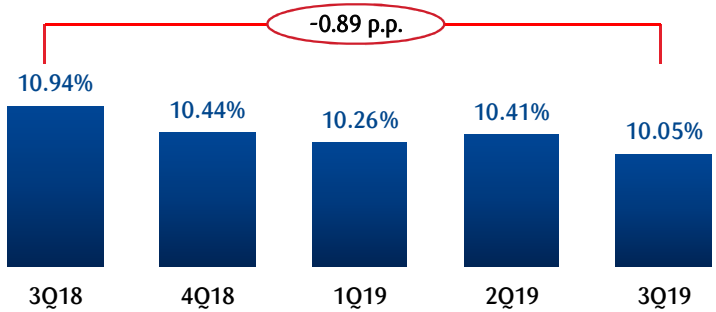
Capital adequacy

Bank Polski

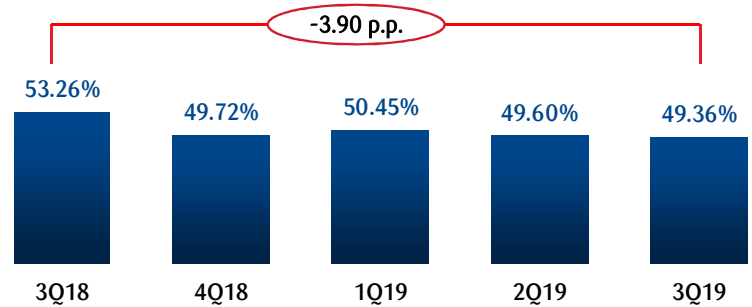
Consolidated TCR change (q/q)



Leverage ratio



Effective risk weight (1)



(1) Relation of risk-weighted assets to credit and counterparty credit risk net exposure.

SUPPLEMENTARY INFORMATION

Key financial data

Bank Polski

		9M19	9M18	y/y	3Q19	2Q19	q/q
Profit and loss [PLN mn]	Net interest income	7 655	6 865	+11.5%	2 662	2 538	+4.9%
	Net F&C income	2 276	2 242	+1.5%	770	760	+1.3%
	Result on business activity	10 918	9 873	+10.6%	3 685	3 739	-1.4%
	Administrative expenses	-4 597	-4 450	+3.3%	-1 470	-1 442	+1.9%
	Net impairment allowance	-948	-1 038	-8.7%	-294	-322	-8.7%
	Bank tax	-764	-699	+9.3%	-261	-255	+2.4%
	Profit before income tax	4 632	3 708	+24.9%	1 669	1 729	-3.5%
	Income tax	-1 324	-974	+35.9%	-440	-511	-13.9%
	Net profit	3 308	2 732	+21.1%	1 229	1 217	+1.0%
Balance sheet [PLN bn]	Assets	341.6	306.1	+11.6%	341.6	329.0	+3.8%
	Customer financing	244.6	225.6	+8.4%	244.6	238.0	+2.8%
	Amounts due to customers	251.3	225.6	+11.4%	251.3	240.4	+4.5%
	Stable financial resources	286.6	256.7	+11.6%	286.6	273.1	+4.9%
	Total equity	41.0	37.7	+8.8%	41.0	39.6	+3.6%

SUPPLEMENTARY INFORMATION

Key ratios

Bank Polski

		3Q19	3Q18	y/y	2Q19	q/q
Key financial Ratios [%]	ROE net	10.9	9.7	+1.2 p.p.	10.7	+0.2 p.p.
	ROTE net	11.9	10.6	+1.3 p.p.	11.6	+0.3 p.p.
	ROA net	1.3	1.2	+0.1 p.p.	1.3	0.0 p.p.
	C/I	42.0	45.1	-3.1 p.p.	42.7	-0.7 p.p.
	NIM (1)	3.44	3.40	+0.04 p.p.	3.43	+0.01 p.p.
Loan portfolio Quality [%]	NPL ratio	4.3	4.9	-0.6 p.p.	4.5	-0.2 p.p.
	Coverage ratio	76.2	76.1	+0.1 p.p.	77.6	-1.4 p.p.
	Cost of risk	0.51	0.63	-12 bps	0.55	-4 bps
Capital position [%]	TCR	18.0	18.4	-0.4 p.p.	18.6	-0.6 p.p.
	Tier 1 capital ratio	16.7	17.1	-0.4 p.p.	17.3	-0.6 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).

SUPPLEMENTARY INFORMATION

Key operational data

Bank Polski

PKO Bank Polski operating data (eop)	3Q18	4Q18	1Q19	2Q19	3Q19	y/y	q/q
Current accounts ('000)[1]	7 615	7 697	7 779	7 851	7 953	+4.4%	+1.3%
Banking cards ('000)	8 771	8 893	8 994	9 084	9 210	+5.0%	+1.4%
of which: credit cards	919	932	942	954	968	+5.3%	+1.5%
Active mobile banking applications IKO ('000)	2 875	3 120	3 364	3 601	3 952	+37.4%	+9.7%
Branches:	1 174	1 155	1 145	1 132	1 121	-4.5%	-1.0%
- retail	1 132	1 113	1 103	1 090	1 079	-4.7%	-1.0%
- corporate	42	42	42	42	42	0.0%	0.0%
Agencies	590	577	557	535	530	-10.2%	-0.9%
ATMs	3 146	3 133	3 104	3 106	3 089	-1.8%	-0.5%
Employment eop (FTEs '000) Group	28.2	27.9	27.9	28.1	27.6	-2.0%	-1.6%

- The number of active IKO applications has increased by over 1 million y/y
- Employment decreased by over 500 full-time employees y/y

(1) Since 3Q19, the Bank changed the rules for qualifying current accounts. According to new, simpler criteria, the Bank reports all active accounts, which have the potential to increase cooperation with the customer

SUPPLEMENTARY INFORMATION

Profit and loss account of the PKO Bank Polski Group

Profit and loss account (PLN million)	3Q18	4Q18	1Q19	2Q19	3Q19	y/y	q/q
Net interest income	**2 366**	**2 480**	**2 455**	**2 538**	**2 662**	**+12.5%**	**+4.9%**
Net fee and commission income	**760**	**771**	**746**	**760**	**770**	**+1.3%**	**+1.3%**
Other income	**266**	**215**	**293**	**441**	**253**	**-4.9%**	**-42.6%**
Dividend income	1	-	-	12	1	0.0%	-91.7%
Trading income	69	(15)	77	66	49	-29.0%	-25.8%
Net foreign exchange gains	98	144	140	105	115	+17.3%	+9.5%
Net other operating income and expense	98	86	76	258	88	-10.2%	-65.9%
Total income items	**3 392**	**3 466**	**3 494**	**3 739**	**3 685**	**+8.6%**	**-1.4%**
Net impairment allowance and write-offs	(328)	(413)	(332)	(322)	(294)	-10.4%	-8.7%
Total operating expenses	(1 441)	(1 447)	(1 685)	(1 442)	(1 470)	+2.0%	+1.9%
result on regulatory charges	(101)	(96)	(359)	(59)	(59)	-41.6%	0.0%
Tax on certain financial institutions	(238)	(251)	(248)	(255)	(261)	+9.7%	+2.4%
Share in net profit (losses) of associates and jointly controlled entities	8	15	5	9	9	+12.5%	0.0%
Profit before income tax	**1 393**	**1 370**	**1 234**	**1 729**	**1 669**	**+19.8%**	**-3.5%**
Income tax expense	(348)	(362)	(373)	(511)[1]	(440)	+26.4%	-13.9%
Net profit attributable to non-controlling shareholders	3	(1)	(1)	1	-	x	x
Net profit attributable to the parent company	**1 042**	**1 009**	**862**	**1 217**	**1 229**	**+17.9%**	**+1.0%**

[1] The increase in tax results from the creation of a provision for potential tax liabilities in the amount of PLN 119 million.

SUPPLEMENTARY INFORMATION

Balance sheet of the PKO Bank Polski Group

Assets (PLN billion)	3Q18	4Q18	1Q19	2Q19	3Q19	y/y	q/q
Cash and balances with the Central Bank	13.4	22.9	15.4	12.9	13.3	-0.9%	+2.7%
Amounts due from other banks	8.2	7.7	6.2	3.3	3.9	-53.1%	+18.1%
Derivative instruments	1.9	2.6	2.9	3.2	3.9	+106.6%	+20.7%
Securities	44.5	48.5	54.5	56.1	60.3	+35.6%	+7.5%
Net customer financing	225.6	230.4	232.7	238.0	244.6	+8.4%	+2.8%
Tangible fixed assets	2.8	2.9	3.7	4.5	4.4	+54.9%	-1.6%
Other assets	9.7	9.2	10.4	11.0	11.3	+16.5%	+2.1%
TOTAL ASSETS	**306.1**	**324.3**	**325.8**	**329.0**	**341.6**	**+11.6%**	**+3.8%**

Liabilities and eqiuty (PLN billion)	3Q18	4Q18	1Q19	2Q19	3Q19	y/y	q/q
Total equity	37.7	39.1	39.7	39.6	41.0	+8.8%	+3.6%
Amounts due to the central bank and due to banks	2.1	2.0	2.8	3.1	2.1	+2.2%	-30.9%
Derivative financial instruments	2.9	3.1	3.4	3.7	4.1	+40.7%	+9.2%
Amounts due to customers	225.5	242.8	239.6	240.4	251.3	+11.4%	+4.5%
Liabilities of insurance activities	1.2	1.3	1.4	1.5	1.6	+32.2%	+6.5%
Subordinated liabilities and debt securities in issue	30.9	31.4	32.5	32.4	35.1	+13.4%	+8.2%
Other liabilities	5.8	4.6	6.5	8.3	6.5	+10.6%	-22.4%
TOTAL EQUITY AND LIABILITIES	**306.1**	**324.3**	**325.8**	**329.0**	**341.6**	**+11.6%**	**+3.8%**

SUPPLEMENTARY INFORMATION

Customer financing

Bank Polski

PLN billion	3Q18	4Q18	1Q19	2Q19	3Q19	y/y	q/q
Financing	**219.8**	**223.1**	**226.2**	**231.2**	**237.0**	**+7.8%**	**+2.5%**
mortgages	**106.7**	**108.5**	**109.8**	**111.1**	**114.1**	**+6.9%**	**+2.7%**
PLN mortgages	79.9	82.0	83.6	85.7	87.9	+10.0%	+2.6%
FX mortgages	26.8	26.5	26.2	25.5	26.2	-2.1%	+3.0%
corporate	54.0	55.2	55.8	56.7	58.7	+8.7%	+3.6%
consumer loans	28.1	28.2	28.7	29.9	30.5	+8.8%	+2.0%
SME	31.0	31.1	32.0	33.4	33.6	+8.3%	+0.4%
Debt securities	**14.2**	**15.6**	**14.9**	**15.1**	**15.4**	**+8.2%**	**+1.7%**
municipal bonds	7.9	9.4	9.4	10.0	9.9	+24.7%	-1.6%
corporate bonds	6.3	6.3	5.6	5.1	5.5	-12.5%	+8.3%
Gross customer financing	**234.0**	**238.7**	**241.2**	**246.3**	**252.3**	**+7.8%**	**+2.4%**
Net allowances for expected losses	-8.4	-8.2	-8.5	-8.3	-7.8	-7.5%	-6.6%
Net customer financing	225.6	230.4	232.6	238.0	244.6	**+8.4%**	**+2.8%**

Customer savings

PLN billion	3Q18	4Q18	1Q19	2Q19	3Q19	y/y	q/q
Retail and private banking	**197.4**	**207.7**	**214.4**	**218.2**	**224.4**	**+13.7%**	**+2.8%**
deposits	146.1	155.1	161.0	164.0	168.2	+15.1%	+2.6%
retail mutual funds	33.1	33.5	33.2	32.7	32.2	-2.7%	-1.7%
saving treasury bonds	18.2	19.1	20.1	21.5	24.0	+31.9%	+11.7%
Corporate	**49.0**	**55.1**	**48.5**	**45.9**	**50.6**	**+3.3%**	**+10.4%**
SME	**25.1**	**26.8**	**25.7**	**26.4**	**28.4**	**+13.3%**	**+7.7%**
Customer savings	**271.5**	**289.5**	**288.6**	**290.5**	**303.5**	**+11.8%**	**+4.5%**

SUPPLEMENTARY INFORMATION

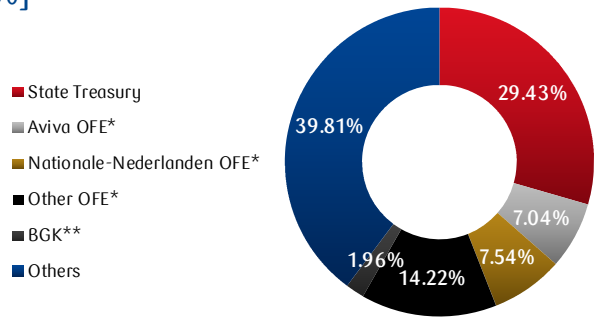
Shares and rating

Bank Polski

Basic information on shares

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

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



* Aviva, Nationale Nederlanden and other pension funds: data as of the end of 2018
** Bank Gospodarstwa Krajowego (Polish special purpose government bank)

Rating

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

ESG Rating

Agency: / Rating:	ESG Rating (environmental, social, governance)
FTSE Russell	3.3
Sustainalytics	24.0/100 Medium risk
MSCI	BBB⬆

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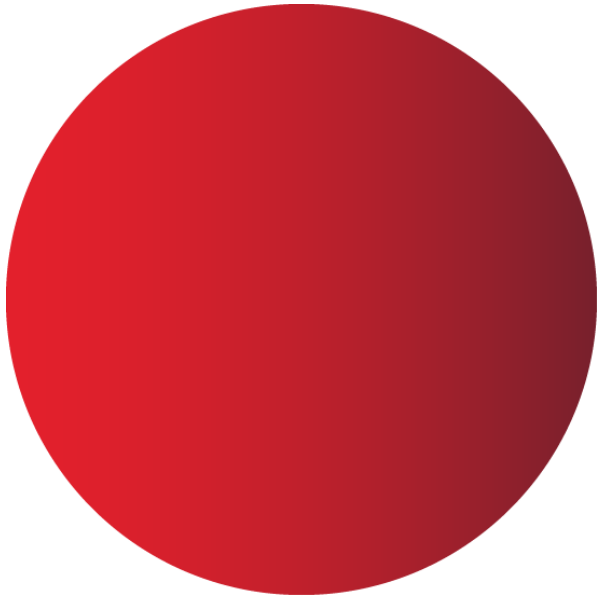
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Any differences in total balances, percentages and growth rates result from rounding the amounts to PLN million and rounding percentages to one decimal place.



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Investor calendar

18-19 November 2019 | Investor Day, Warsaw and London.