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Bank Polska Kasa Opieki S.A.

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Bank Polska Kasa Opieki S.A.

SACP	bbb
Anchor	bbb-	
Business Position	Strong	+1
Capital and Earnings	Adequate	0
Risk Position	Adequate	0
Funding	Average	0
Liquidity	Strong	

\+

Support	+1
ALAC Support	0
GRE Support	0
Group Support	+1
Sovereign Support	0

\+

Additional Factors	0

Issuer Credit Rating
BBB+/Stable/A-2

Resolution Counterparty Rating
A-/--/A-2

Major Rating Factors

Strengths:	Weaknesses:
• Strong franchise in the Polish banking market, benefiting the bank's funding profile. • Better-than-average credit loss experience and low exposure to foreign-currency mortgage loans. • Solid earnings capacity.	• Increasing reliance on subordinated debt/Tier 2 capital instruments to support regulatory capital ratios. • Some single-name concentration in the loan book, albeit decreasing. • Geographic concentration in Poland.

Outlook: Stable

S&P Global Ratings' stable outlook on Bank Polska Kasa Opieki S.A. (Pekao) reflects that on its largest investor, the largest domestic insurer, Powszechny Zaklad Ubezpieczen S.A. (PZU; A-/Stable/--). It points to our view that Pekao will remain a moderately strategic member of the PZU group and is likely to benefit from additional capital or risk transfers, if needed, during our 24-month outlook period.

Downside scenario

We could consider downgrading Pekao if we perceived a weakening in its strategic importance to PZU and consequently a reduced likelihood of extraordinary support from the parent. We could also lower our rating on Pekao if we saw that its ambitious profitability targets for the next two years required the bank to target riskier assets or to lower its currently high underwriting standards.

Upside scenario

We could upgrade Pekao if we saw both an improvement for the banking sector risk in Poland and also a strengthening in Pekao's capitalization, consistent with a risk-adjusted capital (RAC) ratio likely to move sustainably above 10% over the next two years.

Rationale

The rating on Pekao reflects the 'bbb-' anchor that we apply to commercial banks operating in Poland. It also incorporates our view of the bank's strong business position, adequate capital and earnings, adequate risk position, average funding, and strong liquidity. Our 'bbb' stand-alone credit profile assessment for Pekao is one of the highest of the banks we rate in Poland.

We believe that the prospect of extraordinary government support for the Polish banking sector is uncertain and do not incorporate any uplift above the bank's SACP for government support. Given that we already recognize a benefit to the rating on Pekao from its main shareholder, PZU Group, we do not assess any potential uplift from additional-loss absorbing capacity (ALAC) for the bank.

Anchor: 'bbb-' for banks operating in Poland

We use our Banking Industry Country Risk Assessment economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. The anchor for banks operating only in Poland is 'bbb-'.

In our view, the Polish economy is well diversified and resilient, and has a strong manufacturing sector with an increasingly competitive service sector. The country's export sector benefits from the floating exchange-rate regime's ability to adjust. We expect strong economic growth at 4.8% will push GDP per capita toward $15,000. In 2019, growth will slow to 3.4%, reflecting the constraints on the supply of labor including from Ukraine, rising labor costs, or weak credit demand from small and midsize enterprises (SMEs). Over 2018, we have observed that housing demand has started to supersede supply, gradually pushing house price growth above economic growth in Poland. The main, long-term credit risks continue to stem from banks' still-elevated mortgages in Swiss francs, and in the shorter term, from specific sectors, such as construction and mining.

Although Polish banks' underlying business stability remains sound, the bank asset tax and regulatory costs will continue to burden the sector's profitability in the medium term. The tax exemption on government debt has led to an increasing exposure of domestic banks toward the Polish sovereign. We note increased, proactive state ownership in the Polish banking sector, with the government controlling the country's two largest universal banks, and with some smaller, state-controlled banks, accounting for a market share of almost 40%. This could lead to competitive market distortion. The banking industry continues to be mostly deposit-financed with large banks also demonstrating access to foreign markets for larger issues, if needed.

Table 1

Bank Polska Kasa Opieki S.A. Key Figures					
		--Year-ended Dec. 31--			
(Mil. PLN)	**2018***	**2017**	**2016**	**2015**	**2014**
Adjusted assets	182,012.4	183,939.9	173,618.8	168,148.9	166,998.0
Customer loans (gross)	128,663.3	137,658.9	128,206.5	122,982.3	114,777.4
Adjusted common equity	16,913.5	19,725.2	20,124.7	20,220.4	20,253.2
Operating revenues	3,848.2	7,902.1	7,155.8	7,182.6	7,441.0
Noninterest expenses	2,210.2	4,027.9	3,840.8	3,668.1	3,391.1
Core earnings	1,026.9	2,641.0	2,240.3	2,456.1	2,855.6

*Data as of June 30. PLN--Polish zloty.

Business position: Solid franchise in Poland

Pekao benefits from its strong market position and solid franchise in Poland, which has given it broad access to retail funding and has resulted in stable market shares in both loans and deposits.

Pekao, with total assets of Polish zloty (PLN) 183.5 billion as of June 30, 2018, is the second-largest bank in Poland, It has market shares of 12% in gross customer loans and 13% in customer deposits as of June 30, 2018. Pekao's revenues mix is well balanced between retail and commercial banking activity, about 50%-55% and 30%-35% share in revenues, respectively. The bank holds a strong position in arrangement and management of commercial debt securities where its market share is about 17%. The product offer is complemented by the mutual funds business with a net asset value of PLN19.2 billion (€4.4 billion) as of end-June 2018 representing a 10.2% growth year on year, where Pekao holds a market share of 17.0% in Poland. We understand that Pekao will target further growth principally in retail (mortgages and consumer lending) and SME lending in 2018-2020.

In our view, Pekao's geographic diversification is limited similar to most Polish banks, and we do not expect Pekao will meaningfully expand abroad, apart from possible new representative offices as e.g. in London, U.K.

Following the partial acquisition by PZU, we expect Pekao will continue keeping cost efficiency under control and will maintain risk appetite below or close to the system average.

However, we note that Pekao's management is targeting 14% return on equity (ROE) by 2020, significantly above the current market average of around 7%-8% and over 5 percentage points higher than Pekao's 2017 ROE of 8.7%. We believe this goal might be difficult to achieve under the bank's current, relatively low-risk and well-diversified business model.

Table 2

Bank Polska Kasa Opieki S.A. Business Position

		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Loan market share in country of domicile	13.2	13.2	12.7	12.9	12.9
Deposit market share in country of domicile	11.6	11.6	11.3	11.3	14.5
Total revenues from business line (mil. PLN)	3,848.2	7,908.8	7,424.0	7,194.9	7,442.8
Commercial banking/total revenues from business line	34.0	31.7	27.9	30.7	28.3
Retail banking/total revenues from business line	53.3	53.7	54.0	56.0	57.7
Commercial & retail banking/total revenues from business line	87.3	85.4	81.9	86.7	86.0
Trading and sales income/total revenues from business line	0.9	0.5	6.5	5.9	6.0
Asset management/total revenues from business line	10.0	7.0	10.5	5.4	6.8
Other revenues/total revenues from business line	1.8	7.1	1.0	1.9	1.3
Investment banking/total revenues from business line	0.9	0.5	6.5	5.9	6.0
Return on average common equity	8.3	10.7	9.8	9.7	11.4

*Data as of June 30. PLN--Polish zloty.

Capital and earnings: Adequate capitalization

Our assessment of Pekao's capital and earnings as adequate reflects primarily our expectation that its capitalization, as measured by our projected RAC ratio before diversification adjustments will drop to the range of 9.0%-9.5% over the next 18-24 months compared with 10.0% as of year-end 2017.

Our projected RAC ratio for the next 18-24 months is based on the following assumptions:

- Annual growth by about 7% in operating revenues in 2019-2020, following only a marginal increase over 2018.
- Moderately increasing cost of credit risk over 2019-2020 to about 45 bps from 40 bps (including debt securities) in the first half of 2018, moving closer to the system average in the coming years.
- The dividend pay-out ratio will remain high and close to 100% (2017: 100%).
- Above-market loan volume growth in retail and SME business will result in a moderate increase in the RWA ratio in 2018-2020.
- Full capitalization effect of the International Financial Reporting Standards 9 (IFRS9) implementation already in 2018 (no recognition of the transitional arrangements).

We expect the faster-than-system-average increase in business volume and the repricing and re-shifting of the loan portfolio will result in a recovery of the net interest income in 2018. In addition, we expect the bank will be able to maintain its sound cost-to-income ratio, which was 51% in 2017, in accordance with our definition (note: the bank targets 42% by 2020). The bank asset tax introduced in February 2016 is expected to cost Pekao PLN550 million-PLN650 million annually in 2018-2020, compared with PLN522 million in 2017, given the expected increase in total assets (net of banking tax-free investments in domestic government securities).

We believe that the bank's earnings capacity will remain strong, owing to stable operating revenues and our expectation of relatively low loan losses. This is reflected in our three-year average earnings buffer of about 120-130 bps for the bank, which compares favorably with its peers.

We note that Pekao's Tier 1 ratio and total capital ratio (TCR) were not equal to each other for the first time as of Dec 2017, following the bank's PLN1.25 billion non-public, 10-year subordinated debt issuance in October 2017, recognized as Tier 2 capital component by the regulator. Both regulatory ratios dropped from 17.6% in December 2016; Tier 1 ratio to 16.1%; and the TCR to 17.1% at a consolidated level. Our RAC ratio also dropped, especially as the subordinated debt issued does not meet our requirements for the equity content recognition.

The acquisition of the remaining 51% shares of Pekao Investment Management S.A. by the bank and respective around PLN600 million goodwill deduction from its capital base was the main reason for the weaker capitalization. We also deduct non-servicing intangible assets like goodwill from the capital, in our RAC ratio calculation. Another reason for the regulatory ratios drop was about 6% annual increase in the risk-weighted assets compared with December 2016, accompanied by a continued full profit distribution.

The bank issued further PLN550 million of subordinated debt in October 2018 with PLN200 million already approved by the regulator to qualify as a Tier 2 capital. We believe Pekao will continue to comfortably meet the regulatory requirements of a minimum Tier 1 ratio of 11.64% and total capital ratio of 13.64%. However, the most recent subordinated debt issuances by Pekao do not qualify for recognition in our RAC ratio either.

Table 3

Bank Polska Kasa Opieki S.A. Capital And Earnings

		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Tier 1 capital ratio	16.3	16.1	17.6	17.7	17.3
S&P Global Ratings' RAC ratio before diversification	N/A	10.0	11.0	11.8	12.6
S&P Global Ratings' RAC ratio after diversification	N/A	8.2	8.8	10.6	11.7
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	63.4	58.1	61.2	58.0	60.0
Fee income/operating revenues	31.3	29.8	27.4	27.9	27.5
Market-sensitive income/operating revenues	2.3	2.9	9.2	9.2	9.4
Noninterest expenses/operating revenues	57.4	51.0	53.7	51.1	45.6
Preprovision operating income/average assets	1.8	2.2	1.9	2.1	2.5
Core earnings/average managed assets	1.1	1.5	1.3	1.5	1.8

*Data as of June 30. RAC--Risk-adjusted capital. N/A--Not applicable.

Table 4

Bank Polska Kasa Opieki S.A. Risk-Adjusted Capital Framework Data

(Mil. PLN)	**Exposure***	**Basel III RWA**	**Average Basel III RW (%)**	**S&P Global RWA**	**Average S&P Global RW (%)**
Credit risk					
Government and central banks	52,670	5,085	10	10,661	20
Of which regional governments and local authorities	10,352	2,297	22	621	6
Institutions and CCPs	3,903	799	20	1,129	29
Corporate	84,397	54,827	65	90,511	107

Table 4

Bank Polska Kasa Opieki S.A. Risk-Adjusted Capital Framework Data (cont.)

Retail	79,879	44,316	55	64,938	81
Of which mortgage	30,322	20,333	67	14,204	47
Securitization§	0	0	0	0	0
Other assets†	7,272	6,392	88	12,031	165
Total credit risk	228,122	111,420	49	179,270	79
Credit valuation adjustment					
Total credit valuation adjustment	--	534	--	0	--
Market risk					
Equity in the banking book	213	213	100	2,261	1,062
Trading book market risk	--	602	--	903	--
Total market risk	--	815	--	3,164	--
Operational risk					
Total operational risk	--	7,011	--	14,816	--
(Mil. PLN)		**Basel III RWA**		**S&P Global RWA**	**% of S&P Global RWA**
Diversification adjustments					
RWA before diversification	--	119,780	--	197,250	100
Total Diversification/Concentration Adjustments	--	--	--	42,863	22
RWA after diversification	--	119,780	--	240,113	122
(Mil. PLN)		**Tier 1 capital**	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments	--	19,252	16.1	19,725	10.0
Capital ratio after adjustments‡	--	19,252	16.1	19,725	8.2

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Other assets includes Deferred Tax Assets (DTAs) not deducted from ACE. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital.PLN--Poland Zloty. Sources: Company data as of Dec. 31, 2017, S&P Global Ratings.

Risk position: Sound asset quality and loan loss track record, but some single-name concentration

In our view, Pekao's risk position balances the bank's relatively favorable asset quality metrics and track record of credit losses--when compared with the industry average--with some concentration in the loan book.

We note a one-off effect resulting from IFRS9 implementation as of Jan. 1, 2018, that meaningfully influenced the level of recognized customer loans on the balance sheet versus December 2017. A 12% drop in their carrying amount resulted predominantly from the reclassification of about PLN13 billion corporate and municipal debt securities (previously classified as loans) into investment securities, based on their business objective recognition, i.e. to collect contractual cash-flows and/or sale.

Pekao's loan portfolio of PLN128.6 billion (€29.5 billion) as of June 30, 2018 is balanced between retail loans, representing about 53%, and corporate loans, representing 40% of the total portfolio. We believe that the share of retail lending will remain between 50% and 55% over the next two years owing to Pekao's strategic focus. Pekao has, in our view, maintained high underwriting standards, which have enabled it to preserve better-than-system-average asset quality. Pekao's reported gross non-performing loans (NPL) amounted to ca. 6% of total customer loans as of June 30, 2018, and are still lower than the 7-8% for the Polish banking system.

Additionally, the bank benefits from its better-than-peers track record of credit losses. In 2017, Pekao's 40 bps cost of credit risk was lower compared to the industry average (approximately 60-70 bps). The majority of credit losses still come from the construction and real estate sector and defaulted exposure comprises around 12% of it. However, we understand that the bank's exposures to these sectors remain below the system average, at about 5% of total loan portfolio or 9% if together with the other real estate activities, which somewhat mitigates the risk. In nominal terms, as of end-June 2018, the highest defaulted exposures stem from the manufacturing sector with ca. PLN2 billion, corresponding however to only 7.7% of this sub-portfolio.

We anticipate that Pekao will contain credit losses at about 40-50 bps in 2018-2020, benefiting from a still relatively benign domestic economic environment. We consider the level of reserve coverage of non-performing assets to be one of the highest among peers, especially taking into account the bank's bias toward the corporate sector as demonstrated by a coverage ratio at close to 80% as of June 30, 2018. We expect it will remain between 70% and 80% over the next 24 months, in line with its past track record.

We believe that, due to Pekao's corporate focus as well as public sector financings, single-name risks exist. However, we acknowledge that the 20 largest corporate exposures represent only about a fifth of the total bank's exposure, and we do not expect this proportion will meaningfully increase over the next two years.

Positively, the bank's loans in foreign currency remain lower than the system average, representing about 17% of the total loan book on June 30, 2018. Moreover, Pekao's residual stock of foreign currency-denominated mortgages (mainly in Swiss francs resulting from the merger of the spun-off part of Bank BPH in 2007) represented a limited €3.5 billion or 3.0% of total loans (or about 5.7% of the retail mortgage loans) as of end-June 2018, and remains substantially below the market average. At end-June 2018, Pekao's average loan-to-value ratio for Swiss franc-denominated loans to individuals amounted to 45.4%, with only marginal nonperforming loans. We believe that any potential conversion of franc-denominated loans into local currency, given Pekao's limited exposure, would be manageable for the bank on the cost side.

Table 5

Bank Polska Kasa Opieki S.A. Risk Position

		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Growth in customer loans	(13.1)§	7.4	4.2	7.1	7.9
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	21.7	25.3	11.5	7.6
Total managed assets/adjusted common equity (x)	10.8	9.4	8.7	8.3	8.3
New loan loss provisions/average customer loans	0.4	0.4	0.4	0.4	0.5
Gross nonperforming assets/customer loans + other real estate owned	6.0	5.4	6.0	6.5	7.2

Table 5

Bank Polska Kasa Opieki S.A. Risk Position (cont.)					
		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Loan loss reserves/gross nonperforming assets	79.7	72.1	72.1	71.0	67.8

*Data as of June 30. §Affected by a one-off reclassification effect resulting from IFRS9 implementation. RWA--Risk-weighted assets. N/A--Not applicable.

Funding and liquidity: Funding position dominated by stable customer deposits base and strong liquidity

We consider Pekao's funding as average. Our view is based on Pekao's sound franchise and proximity to customers, which should continue to provide the bank with a relatively stable and granular inflow of core customer deposits (93% of funding as of June 30, 2018).

Pekao's loan-to-deposits ratio was 86% on June 30, 2018, which compares favorably with the industry average and with most of its peers across Central and Eastern Europe. We expect it will remain close to 90% over the next 24 months. The deposit base's structure is well balanced between corporate and retail clients, and does not show single-name concentration risk, despite the bank's corporate focus. The bank does not depend on interbank funding, which we consider positive. Therefore we expect Pekao to maintain its favorable, stable funding ratio at ca. 120% over the next two years.

Pekao's sizable securities portfolio of PLN 30.8 billion (measured at fair value), which mainly comprises Polish government securities, represents a comfortable liquidity buffer. By our measures, Pekao's one-year liquidity ratio (broad liquid assets to short-term wholesale funding), at 8.2x as of June 30, 2018 is commensurate with a strong liquidity assessment. We believe that in financial crises Pekao would benefit from customers' flight to quality and its strong liquidity coverage would allow it to withstand a lack of access to wholesale funding for more than 12 months.

Table 6

Bank Polska Kasa Opieki S.A. Funding And Liquidity					
		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Core deposits/funding base	93.1	94.1	94.2	90.9	91.0
Customer loans (net)/customer deposits	85.5	90.3	89.9	93.3	88.6
Long-term funding ratio	96.8	97.9	97.6	94.9	94.8
Stable funding ratio	123.7	121.9	122.8	116.5	124.5
Short-term wholesale funding/funding base	3.6	2.4	2.8	6.0	6.1
Broad liquid assets/short-term wholesale funding (x)	8.2	11.1	10.0	4.2	5.2
Net broad liquid assets/short-term customer deposits	28.5	25.9	26.2	21.0	26.8
Short-term wholesale funding/total wholesale funding	52.5	41.1	48.2	65.7	67.3
Narrow liquid assets/3-month wholesale funding (x)	11.9	14.4	N/A	N/A	5.0

*Data as of June 30. N/A--Not applicable.

Support: One notch uplift for potential support from PZU

We expect that Pekao's largest investor, PZU (currently holding 20% share of the bank) will support Pekao if required. Despite the relatively low stake, we regard PZU to be the main shareholder - also cooperating with another large shareholder, the State Development Fund (PFR, holding 12.8% stake in Pekao), a primary source of support for the bank if needed.

Our view of uncertain extraordinary government support for the Polish banking sector follows the country's full implementation of the EU Bank Recovery and Resolution Directive, including bail-in powers, in October 2016.

Still, we view the Polish resolution regime as effective because, among other factors, we believe it contains a well-defined bail-in process under which authorities would permit nonviable systemically important banks to continue critical functions as going concerns following a bail-in of eligible liabilities. We do not assess ALAC for Pekao, as it already benefits from the support from its largest investor, PZU. However, we do assign Resolution Counterparty Ratings to Pekao, a forward-looking opinion of the relative default risk of certain senior liabilities that may be protected from default with an effective bail-in resolution process for the issuing financial institution, such as Pekao, within an effective resolution regime in Poland.

Additional rating factors: None

No additional rating factors affect the rating.

Related Criteria

- Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- Criteria - Financial Institutions - General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- Criteria - Financial Institutions - General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria - Financial Institutions - Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Criteria - Financial Institutions - Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Poland-Based Multiline Insurer PZU 'A-' Rating Affirmed; Outlook Stable, Oct 31, 2018
- Poland-Based Banks Pekao And mBank Resolution Counterparty Ratings Raised To 'A-', Oct, 15 2018
- Poland Upgraded To 'A-' On Strong GDP And Budgetary Outcomes; Outlook Stable, Oct, 12 2018
- Six Central And Eastern European Banks Assigned Resolution Counterparty Ratings, Jul, 16 2018
- Resolution Counterparty Ratings Jurisdiction Assessment For Poland Completed, Jun 21, 2018
- Poland-Based Bank Pekao 'BBB+' Rating Affirmed On The Recognition Of Potential For PZU Group Support; Outlook Stable, Jun, 21 2018
- Banking Industry Country Risk Assessment: Poland, Jun 21, 2018

Anchor Matrix

Industry Risk	Economic Risk									
	1	2	3	4	**5**	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	**bbb-**	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of November 15, 2018)		
Bank Polska Kasa Opieki S.A.		
Issuer Credit Rating		BBB+/Stable/A-2
Resolution Counterparty Rating		A-/--/A-2
Issuer Credit Ratings History		
12-Dec-2016	*Foreign Currency*	BBB+/Stable/A-2
30-Jun-2015		BBB+/Negative/A-2
14-Feb-2012		BBB+/Stable/A-2
12-Dec-2016	*Local Currency*	BBB+/Stable/A-2
30-Jun-2015		BBB+/Negative/A-2
14-Feb-2012		BBB+/Stable/A-2
Sovereign Rating		
Poland		
Foreign Currency		A-/Stable/A-2

Ratings Detail (As Of November 15, 2018) (cont.)	
Local Currency	A/Stable/A-1

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.