



Bank Polski

# PKO Bank Polski Group 2025-2027

## Strategy for Growth and Development

October 24, 2024

#1.

Market context  
and position

# OUR RETAIL CUSTOMERS' WORLD IS BECOMING INCREASINGLY COMPLICATED

## Social lens

### The society is aging

Currently, there are over 1 million fewer 25-35-year-olds than 35-45-year-olds. "Millennials," are in the prime time of their careers

By 2050, the **population of working Poles will shrink by about 20%**<sup>1</sup>

Society is becoming increasingly **multicultural** focused on the **well-being** of self, loved ones as well as the environment. Meanwhile, adulthood is being delayed

**69%** of Poles recognise climate change as a **very serious** problem (vs. 56% in 2015)<sup>2</sup>



Disposable income is increasing by 3-5%, which, in turn, allows Poles to increase their long-term savings

## Technological lens

The **technological revolution** (including GenAI) is **accelerating**, generating the risk of cyberattacks and transforming the labor market

Customers are expecting a **personalized** experience, simple journeys and instant gratification

43% of Poles plan to use services from fintechs or digital banks<sup>3</sup>



In 2023, the digital **economy exceeded 10%** of national GDP (vs. 2.7% in 2009), driven mainly by e-commerce<sup>4</sup>

Source:

<sup>1</sup> United Nations

<sup>2</sup> Eurobarometer

<sup>3</sup> The report "How to do Fintech in Poland?" Fintech Poland Foundation

<sup>4</sup> European Financial Congress

# POLISH BUSINESS IS ADAPTING TO NEW TECHNOLOGIES, ENERGY TRANSITION, SLOWING PRODUCTIVITY GROWTH AND GEOPOLITICAL CHANGES



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## Technological changes

**Technology transforming from a separate industry to an industry that permeates all sectors**  
**Low adoption of digital and analytical solutions** in business makes Poland rank 24th in the digital economy index in the EU

**Decrease in productivity growth rate** in Poland since the pandemic

A persisting **productivity gap to the EU** (the average value added per employee is ~PLN 180 k in Poland vs. ~PLN 320 k in the EU)

**High share of low-productivity sectors in GDP (25% vs. 19% in the EU)**

## Competitiveness

## Energy transition

**Increasingly ambitious regulations on climate goals** and the share of Renewable Energy Sources (RES) in the energy mix (e.g., reduction of emissions by 55% by 2030, 30% share of RES)

**Transformation is a key factor in the fight to maintain the competitiveness of Polish business**

**Geopolitical changes** towards a multipolar, regional and polarized world

**Protracted conflict in Ukraine**, in which Poland is a key supporter

**Dynamic growth of Polish trade in goods with EU countries** by 50% to over 1.8 trillion between 2019 and 2023

**Progressive geographical diversification of exports** – Polish companies are entering new markets more boldly

## Geopolitics

## OUR COMPETITIVE ADVANTAGES ON WHICH WE BUILD FUTURE GROWTH



### CUSTOMER

The largest bank in Poland

**11.4 mn** retail customers

**641 ths.** business customers



### STABILITY

Predictable and stable financial condition

**highest TCR** level in the market <sup>1</sup>

**high capital surplus** over regulatory requirement



### AVAILABILITY

Closest to customers

**~100%** presence of countries

**6+ mln** active mobile banking users



### CAPITAL GROUP

The most comprehensive offer on the market

within the Group  
**leasing, factoring, investment fund, insurance**

<sup>1</sup> 17.9% in Q2 2024

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Strategy  
2025-2027

An era of growing challenges...

# #1.

... requires a responsible and reliable partner in the world of finance:

**Complicated everyday life**, in which it is not easy to find oneself.

**The pace of technological change**, with which reality can't keep up.

**The development of e-commerce**, which entails an increase in the standards of service and customer expectations.

**The future** – availability of resources, demography, lack of consensus on preventing environmental degradation.

**Uncertain context**: from the pandemic, through the war in Ukraine, the conflict in the Middle East; and geopolitical tensions in Asia.

**We are the partner** in taming the changing reality.

**We are the guarantor of safety** in the digital world.

**Our app** solves everyday problems.

**Our Group's financial solutions** are available where customers need them.

**We maximize** value for our customers and shareholders.

**IN AN INCREASINGLY COMPLEX REALITY, CUSTOMERS NEED A RESPONSIBLE PARTNER.**

**RESPONSIBILITY: THE KEY ROLE OF THE PKO BANK POLSKI GROUP.**



**For customers**

We are the #1 trusted partner in the world of finance.

**For employees**

We are the #1 place for employees who want to be engaged and grow.

**For shareholders**

We deliver long-term value through stable business and financial performance.

**For the economy**

We finance the sustainable growth of Polish companies.

## BUSINESS: FINANCE GROUP #1

WE FOCUS ON GROWTH AND DEVELOPMENT – WE WILL CHANGE OUR BUSINESS MODEL TO INCREASE EFFICIENCY



### Brand #1. The most recognizable and preferred banking brand on the market in Poland

#1.	#1.	#1.	#1.	#1.	#1.	#1.
for everyday customers' needs	in ecosystems	for customers' better financial future	in accessibility for customers	partner for Polish business	in energy transformation financing	Polish bank in Europe
<b>15.0 million</b>	<b>2.5 million</b>	<b>27%</b>	<b>~600</b>	<b>18.0%</b>	<b>20%+</b>	<b>13</b>
^		^	^	^		^
~11.4 million		25%	~200	~16.5%		4
retail customers	ecosystem customers	share in household savings <sup>1</sup>	modern branches	share in financing business customers	share in financing the energy transition	countries where we are present serving customers (excluding Poland)

### Effective and efficient Capital Group Increase in employee positive experience index

<sup>1</sup> The achievement of this KPI will depend on regulatory requirements, e.g., including long-term deposits in the WFD ratio (PFSA'S Long-Term Funding Ratio)

# 1 DIGITAL SERVICES: THE ANSWER TO EVERYDAY NEEDS WE WILL STRENGTHEN OUR DIGITAL OFFER

## Context

56% of customers are looking for a single partner who will comprehensively respond to their financial needs

20 million customers shop online every month

Customers expect fast service delivery – 57% of people do not want to wait more than two days for products ordered online

## Our goals

11.4 mn → 15.0 mn

Number of individual customers

## NPS in TOP3

NPS among Polish banks for individual customers

18.7% → 20%+

market share of cash loan in outstanding volumes

25.6% → 26-28%

Market share of mortgage loans in PLN, in outstanding volume

## Action

- 1 New app – no account required
- 2 A new offer for financing the consumer needs of individual customers
- 3 Simple and fully digital mortgage offer



#1.

Source: Retail Banking Survey Polska 2023 (N=2000), Autopay, "Survey of attitudes and behaviours of Poles in the area of finance in the years 2017-2023"

## 2 ECOSYSTEMS

WE WILL BE A FINANCIAL PARTNER OF EVERYDAY LIFE

### Context

60% projected share of platforms in *Polish e-commerce* in 2027.

30-50% of consumers would buy financial products from a non-bank players – competition is also coming from other industries

29% of consumers plan to buy their next *car online*

### Our goals

+ 2.5 mn ecosystem customers

3 ecosystems where we will be the #1 bank

### Action

- 1 #1 Banking mobility ecosystem
- 2 Housing market - cooperation with portals and property dashboard
- 3 Everyday shopping - cooperation with platforms *e-commerce* and retail chains



#1.

Sources: PWC "Development of e-commerce in Poland", McKinsey Retail Banking Survey 2023; McKinsey, Online sales and subscriptions will shape tomorrow's car financing journey

### 3 THE FINANCIAL FUTURE

## WE WILL BE AN UNBEATABLE PARTNER AT EVERY STAGE OF LIFE



I'm working, I'm starting to think about saving for future expenses



Learning platform in IKO



Pension products and investments supported by remote advisor

I earn well, I build my wealth faster and faster



Investment advisory and asset management at the click of a button



Investment ecosystem

I'm focused on developing my business or career, I don't have time to manage investments on my own



Wealth management service by an investment advisor



Additional services, e.g., family foundations, tax and real estate advisory services

Unique in the market

Goals

25% → 27%  
Share in household savings <sup>1</sup>

PLN 70 bn → PLN 100 bn  
Assets of private banking customers

<sup>1</sup>The achievement of this KPI will depend on regulatory requirements, e.g., including long-term deposits in the WFD ratio (PFSA'S Long-Term Funding Ratio)

### 3 FINANCIAL FUTURE

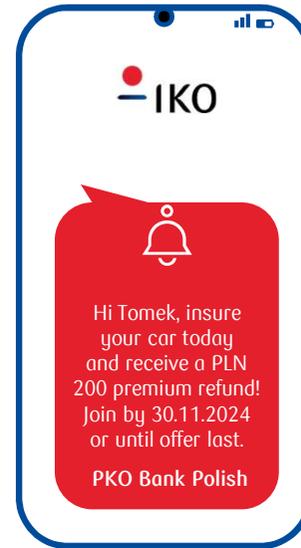
WE WILL BE THE LEADER OF BANCASSURANCE DUE TO THE SCALE OF OUR CAPITAL GROUP



Attractive insurance offer



Deepened relationships with customers of the PKO Bank Polski Group



New distribution channels



Goals **PLN 1 bn** → **PLN 2.4 bn**  
gross written premium from insurance in 2027

1. We will increase customer awareness of insurance
2. We will expand CRM tools
3. We will expand the team of insurance advisors

## 4 ACCESSIBILITY FOR CUSTOMERS WE WILL CHANGE ROLE OF BRANCHES

### Context

64% of customers in Poland expect contact with an employee in the branch when buying more complex products

75% of Poles have a branch of PKO Bank Polski <5km from home

76% of customers in Poland contact their bank via remote channels

### Our goals

**2 times more**

cashless branches

**59% → 70%**

simple products sold remotely

**~600**

modern branches out of the current 881



Source: Retail Banking Survey, McKinsey



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### Action

1 We will optimize servicing

2 We will increase digital sales of simple products

3 We will transform the branch network

5 PARTNER FOR POLISH BUSINESS  
BANK OF FIRST CHOICE FOR BUSINESS



Small companies

Remote three-minute company registration and account opening process including support before registering a business, e.g., assistance in creating a website.

Omnichannel service with a high level of digitalization.

- Are you thinking about starting a business? Check out our simple guide
- Set up a business and bank account in less than 3 minutes
- First expenses? We have prepared an overdraft offer for you
- Larger investments? We have an investment loan offer for you
- Your business has grown and requires more complex products? Check out our offer for larger Companies

Large companies



We will focus even more on relationships and equip advisors with modern predictive analytics tools and AI models



We will expand our product offer based on our Group competencies. We will provide simple interactions and excellent processes.



We will improve perception of being a partner for Polish business

Goals

16,5% → 18%  
participation in financing of business customers <sup>1</sup>

+200K  
new business customers in 3 years

<sup>1</sup> includes loans and bonds; segment of institutional entities

## 6 ENERGY TRANSITION

WE SUPPORT THE RESILIENCE AND TRANSFORMATION OF THE POLISH ECONOMY



#1.

Poland is the largest emitter of CO<sub>2</sub> per 1 kWh - 666g is the worst result in the EU (2023)

25% of investment needs in Poland by 2027 will be covered by the banking sector<sup>1</sup>

### Low emission energy

Preferred partner for energy groups and smaller projects



Strengthened internal expertise

### Low emission buildings

Financing for new low-carbon buildings and modernization of existing



Support for thermal modernization available through a special real estate dashboard

### Cars emission-free

Preferred financial partner for clients



Comprehensive financing packages

## Goals

20%+

participation in banking sector financing of Poland's energy transition

<sup>1</sup> Internal analyses of PKO Bank Polski

## 7 FOREIGN EXPANSION

### WE WILL BE THE #1 POLISH BANK IN EUROPE

#### Context

~50% of Polish companies that have already started business activity abroad, plan on expanding to additional markets

Dynamic growth of Polish trade in goods with the EU countries by 50% to over 1.8 trillions between 2019 and 2023

6x increase in the profitability of the foreign branch in PKO Bank Polski<sup>1</sup>

#### Our goals

4 → 13

countries with our operational presence (excluding Poland)

#### Action

- 1 New foreign branches for corporate customers
- 2 Representation offices in the most attractive markets of the European Union



#1.

<sup>1</sup> Data for the branch in Germany in 2019-2023

Sources: EY "Challenges related to foreign expansion", Central Statistical Office, Ministry of Sport and Tourism

**GROUP #1. ON THE FINANCIAL MARKET**  
**WE FOCUS ON GROWTH AND DEVELOPMENT**



**Brand #1.**  
**The most recognizable and preferred banking brand on the market in Poland**

<b>#1.</b>	<b>#1.</b>	<b>#1.</b>	<b>#1.</b>	<b>#1.</b>	<b>#1.</b>	<b>#1.</b>
for everyday customers' needs	in ecosystems	for customers' better financial future	in accessibility for customers	partner for Polish business	in energy transformation financing	Polish bank in Europe
<b>15.0 million</b>	<b>2.5 million</b>	<b>27%</b>	<b>~600</b>	<b>18.0%</b>	<b>20%+</b>	<b>13</b>
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~11.4 million		25%	~200	~16.5%		4
retail customers	ecosystem customers	share in household savings <sup>1</sup>	modern branches	share in financing business customers	share in financing the energy transition	countries where we are present serving customers (excluding Poland)

**Effective and efficient Capital Group**

A **new organizational culture** that supports engagement. Transformation in terms of **sustainability**.

Effective **risk management** with the use of technology. **Modern technology** (including AI) supporting business. Efficient **internal processes and operations**.

<sup>1</sup> The achievement of this KPI will depend on regulatory requirements, e.g., including long-term deposits in the WFD ratio e.g., PFSA'S Long-Term Funding Ratio

## OPERATIONS

WE WILL BUILD A HIGHLY EFFECTIVE ORGANIZATION USING TECHNOLOGY, ADVANCED ANALYTICS AND ARTIFICIAL INTELLIGENCE



Supporting the bank's strategy through scalability of operating models

Addressing stakeholder expectations

- **Customers:** Increase in customer satisfaction based on *serviceSLAs, time to yes, time to cash*
- **Employees:** impact on creating value for customers, wide development opportunities
- **Shareholders:** optimization of operating costs – impact on low C/I
- **Regulators:** efficient mitigation of operational risk, including the implementation of regulatory changes

### Action



#### Scope of changes

We will continue to map all key business and support processes and sub-processes.



#### Measurement

We will expand the system of measuring effectiveness.



#### Optimization

We will continue to optimize processes.



#### Technologies

We will use technology to increase efficiency and anticipate the needs of the organization.



#### Centralization

We will build a shared services center for selected areas and processes (we will increase the cost-effectiveness of operational functions).

### Goals



handling growing business volumes without a significant change in the employment level

>30%

Efficiency increase of operational processes

100%

share of work positions in operations and operational processes measured

100%

share of operational processes covered by the customer satisfaction survey

## TECHNOLOGY

WE WILL PROVIDE TECHNOLOGICAL SOLUTIONS ADEQUATE TO THE EXPECTATIONS OF CUSTOMERS AND THE BANK



### Action

**Availability:** Customers expect reliable, uninterrupted service availability.

**Scalability and flexibility:** A growth strategy requires systems and processes that are ready for significant volume growth.

**Physical and digital security:** open banking systems, integration within ecosystems, cyber/terrorism and international conflicts.

**Efficiency:** The market forces a constant effort to improve the cost-effectiveness of technology and the efficiency of business processes.



We will ensure scalability and optimize the cost of IT solutions, actively managing relations with the IT market



We will modernize the architecture of IT systems, manufacturing processes and replace the IT infrastructure in the branches



We will develop data platforms and ensure efficient and extensive adoption of artificial intelligence solutions



We will consistently invest in the security of IT systems

### Goals



The bank's technology ready for more than 15 million customers and development in new areas



Efficient and quick introduction of new solutions to the market



International expansion



Achieving scale in ecosystems



Modern working environment across the bank

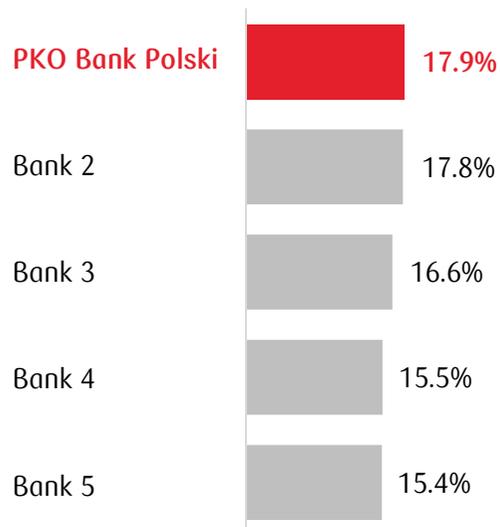
## RISK 1/2

WE HAVE A STRONG CAPITAL POSITION AND ARE EFFECTIVELY MANAGING RISK



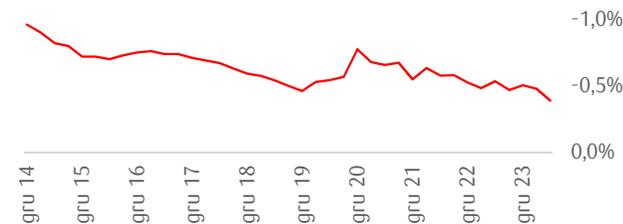
### Strong capital position

Total capital ratio of TOP5 banks  
(1H 2024)

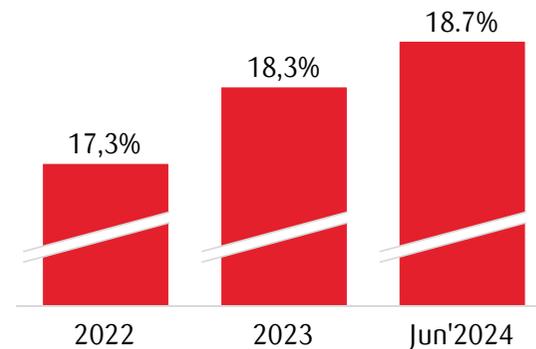


### Secure business growth

Cost of risk



Market share of PKO Bank Polski,  
in the volume of cash loans



### Technological advantage

- 99%+** automatic credit decisions for cash loan
- +85%** automated decisions for small businesses
- 2 Days** *Time-to-Yes* for companies
- 40%** corporate loan values with decisions taken thanks to advanced transactional analysis
- 50%+** share of automated processes for servicing non-performing loans (NPLs)

## RISK 2/2

WE ARE READY FOR BOTH THE BUSINESS GROWTH ENVISAGED IN THE STRATEGY AND CHALLENGES IN SUSTAINABLE GROWTH



Support for sustainable growth

Plans and scenarios for decarbonizing the portfolio.

Modern technology for predictive analysis and construction of tools for assessing and monitoring of CO<sub>2</sub> emissions.

Environmental risk in credit policies.



Efficiency of risk processes

Processes necessary for the success of the strategy, e.g., offers for New-to-bank customers.

Increased customer self-service in the case of repayment problems, automation of the handling of selected receivables.

Advanced analytics for risk assessment and process optimization.



Capital management

Potential for increased lending and readiness for shock situations.

Compliance with advanced methods of requirements calculation.

Portfolio guarantees, synthetic securitizations.

Goals

50%+

of the loan portfolio included in the transformation plan

0.7-0.9%

Cost of risk



ability to pay dividends

100%

decisions for *Consumer Finance* based on machine learning

70%

decisions for corporations using transactional analysis

100%

corporate portfolio with a developed early warning system

# ESG

## WE WILL STRENGTHEN OUR SUSTAINABILITY EFFORTS



### E: Environment

Accomplishing **net-zero by 2050**



**Reduction of own emissions** (scope 1 and 2):

**90%+** green energy

**Reducing energy consumption** of our buildings

We support customers **improvement of energy efficiency** (scope 3)



### S: Social responsibility

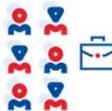


**<5%**

Gender pay gap

**33%+**

share of the underrepresented gender on the bank's board



**40%+**

share of the underrepresented gender in management positions (B-1, B-2) (balanced in the long term)

**6 000 per year** educational initiatives – competence of the future and financial education



### G: Corporate governance



We will include **ESG objectives in the incentive plan** for the management board and MRT employees

**70%**

of suppliers and partners with the CoC compliance declaration



We improve ESG competence **90%+** of employees have completed mandatory ESG training

## THE BANKING SECTOR PERSPECTIVE

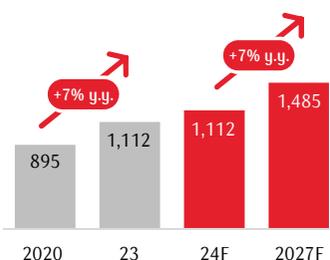
STABLE GROWTH, HOWEVER PRESSURE ON NET INTEREST MARGIN IS GROWING



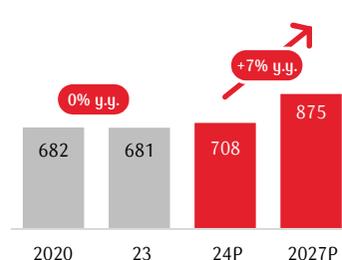
### Market volumes

#### Retail customers

Deposits, bn PLN

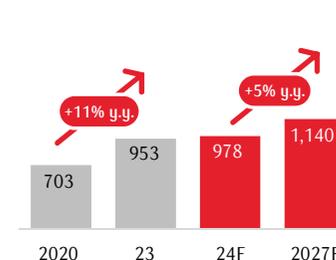


Loans, bn PLN

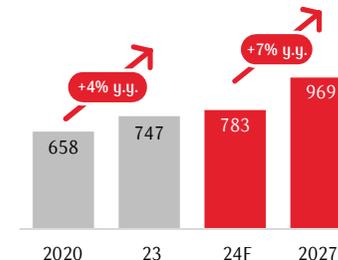


#### Business customers

Deposits, bn PLN



Loans, bn PLN



### Opportunities

**Acceleration of lending volumes as interest rates decrease**  
**Stable growth of deposits** – disposable income grows, but at a slower pace  
 Overall **growth driven by mortgages and cash loans**

**Accelerating lending volumes with public investment**  
**Strong growth in leasing and factoring** – opportunities in business segments  
**Increase in payment revenues** – increased economic activity, modern payment solutions

### Risks

**Sector's exposure to interest-rate revenues, which will fall** in the coming years  
**The number of regulations and court verdicts is growing**, e.g. the **sanction of a free loan**  
**"Mieszkanie na Start"** program future unclear

**Pressure on loan yields** with falling interest rates – grants and guarantees as enable risk reduction and lower margins  
 The **need to change the structure** of financing due to the demand for loans and increasing capital requirements  
**Deposits growth slow down** and their use for investments

<sup>1</sup> Together with other banking activities (distribution of insurance, investment products and commission income on payments)

<sup>2</sup> Without non-monetary financial institutions and taking into account the lease portfolio

Source: PKO Bank Polski Group, NBP

## FINANCIAL PERSPECTIVE OF OUR SUSTAINABLE GROWTH

WE WILL MAINTAIN HIGH PROFITABILITY – DESPITE THE DECREASE IN INTEREST RATES



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Return on equity (ROE)

Cost efficiency (C/I)

Cost of Risk (CoR)

Dividend payment

We will increase the resilience of the business model to interest rate decrease by: increasing the number of transactions resulting in strengthening the non-interest income (e.g., mutual funds, insurance, ecosystems), increasing lending activity and high cost discipline

### Selected macroeconomic assumptions

	2025	2026	2027		2025	2026	2027
Reference rate NBP	4.75%	3.75%	3.50%	CPI inflation	4.20%	2.90%	2.40%
WIBOR 3M	4.67%	3.63%	3.45%	Unemployment	4.80%	4.80%	4.50%
IRS PLN 5Y	3.98%	3.36%	3.17%	EUR/PLN exchange rate	4.26	4.22	4.20

## PEOPLE

EMPLOYER #1 FOR PEOPLE WHO WANT TO GET INVOLVED AND DEVELOP



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### We are promoting development

The **bank's development offer** will provide the opportunity to acquire the competencies of the future, **necessary to implement strategic projects**

We will strengthen the competence of leaders and **teamwork to achieve ambitious business goals**

We will develop the knowledge and skills of change management to **effectively use internal and external business opportunities**



### We are building a culture of efficiency

We will **introduce a new incentive system** to support the achievement of ambitious goals and implementation of the strategy

We will focus the activities of our employees on building business value – we **free up people's time in the Network of the Future** for business activities

We will support pro-efficiency activities carried out **through technological optimization, centralization and standardization**



### We are creating a workplace worth being in

We will continue to care about the experience of all employees – **we promote simple language and simplified processes**

We will strengthen the possibilities of **self-fulfilment by supporting talent**

We will create conditions that will **give joy** at work, we **promote inclusivity and diversity**

## Goals



Increase in employee positive experience index <sup>1</sup>

## #1.

the best place to work for our people

<sup>1</sup> Calculated based on factors that have a key impact on the achievement of strategic ambitions – development, leaders and work environment

## DICTIONARY



**Consumer Finance** – financing the needs of individual customers

**Customers' savings** – in relation to the strategic goal – deposits, assets of open-ended pension funds, mutual funds, retail bonds, shares of public companies and foreign funds

**IKO** – mobile application of PKO Bank Polski

**MRT** - material risk taker

**New-to-bank** – a customer without a previous relationship with the bank

**NPS** – net promoter score

**SLA** – Service Level Agreement

**Time-to-cash** – time to receive funds from credit

**Time-to-yes** – time to verify credit application

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