



Bank Polski

PKO Banking Platform

Risk and Finance

Piotr Mazur
CRO of PKO Bank Polski

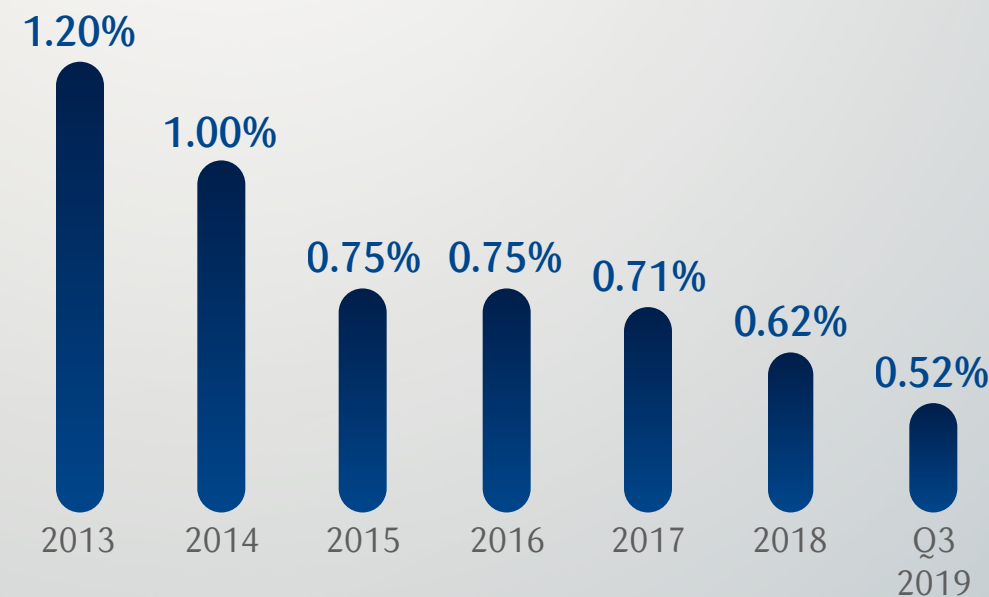
Rafał Kozłowski
CFO of PKO Bank Polski

Warsaw, 18 November 2019

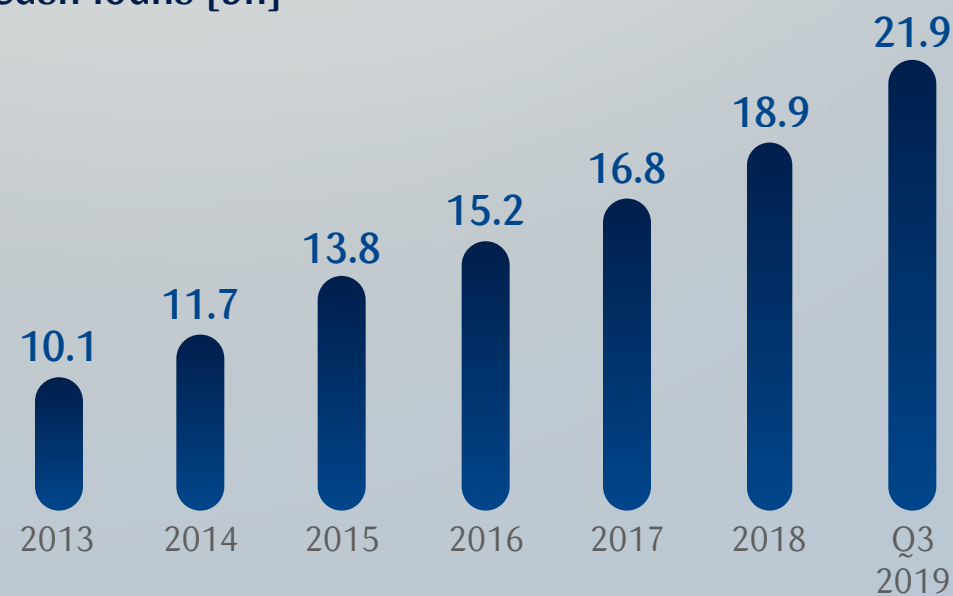
Risk management -
can we do better than
our competitors?



Cost of risk - Bank



Cash loans [bn]



Advanced analytics



- Access to the largest sets of data
- Over 11 mn clients
- 2.5 bn transactions annually



- Data Scientist Teams
- New competences in Risk division
- Algorithm in credit policy



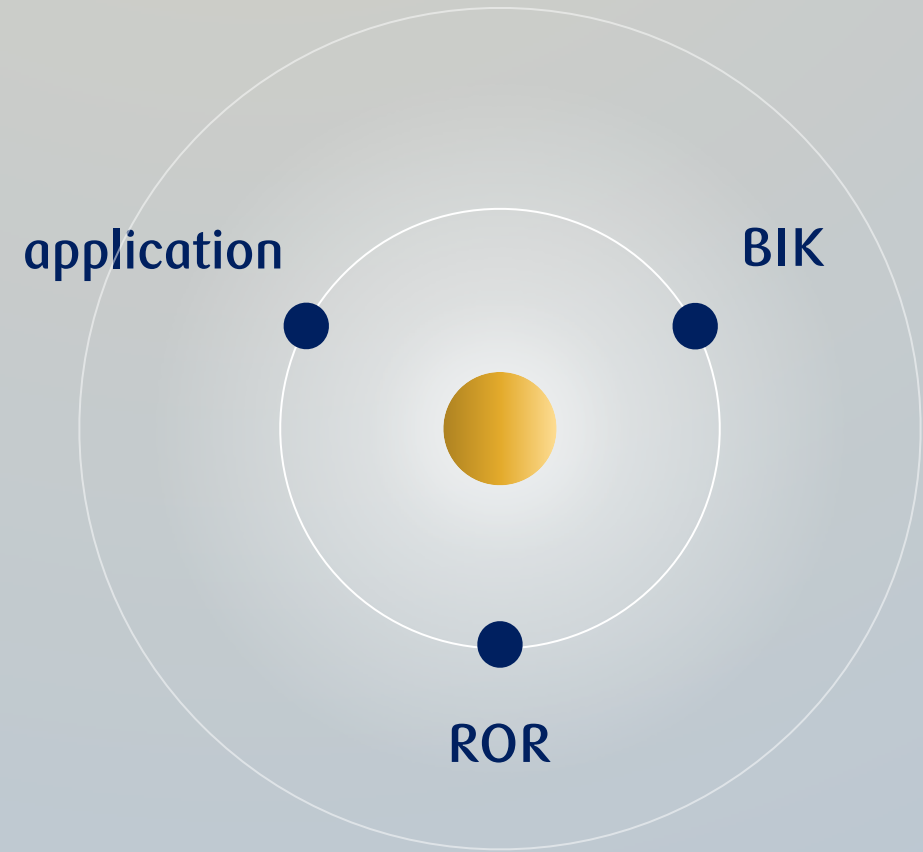
- Flexible analytical environment
- Online analytics

Advantage due to intelligence



2016

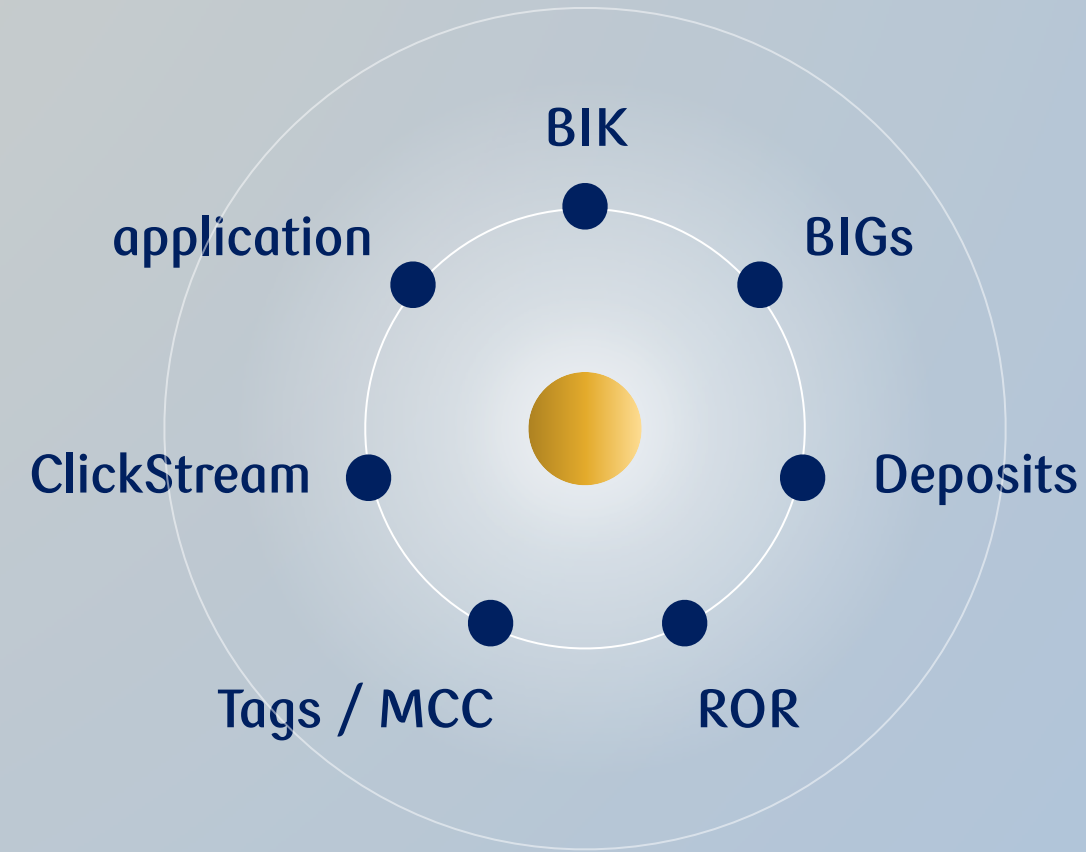
Product scoring



2018

Customer scoring

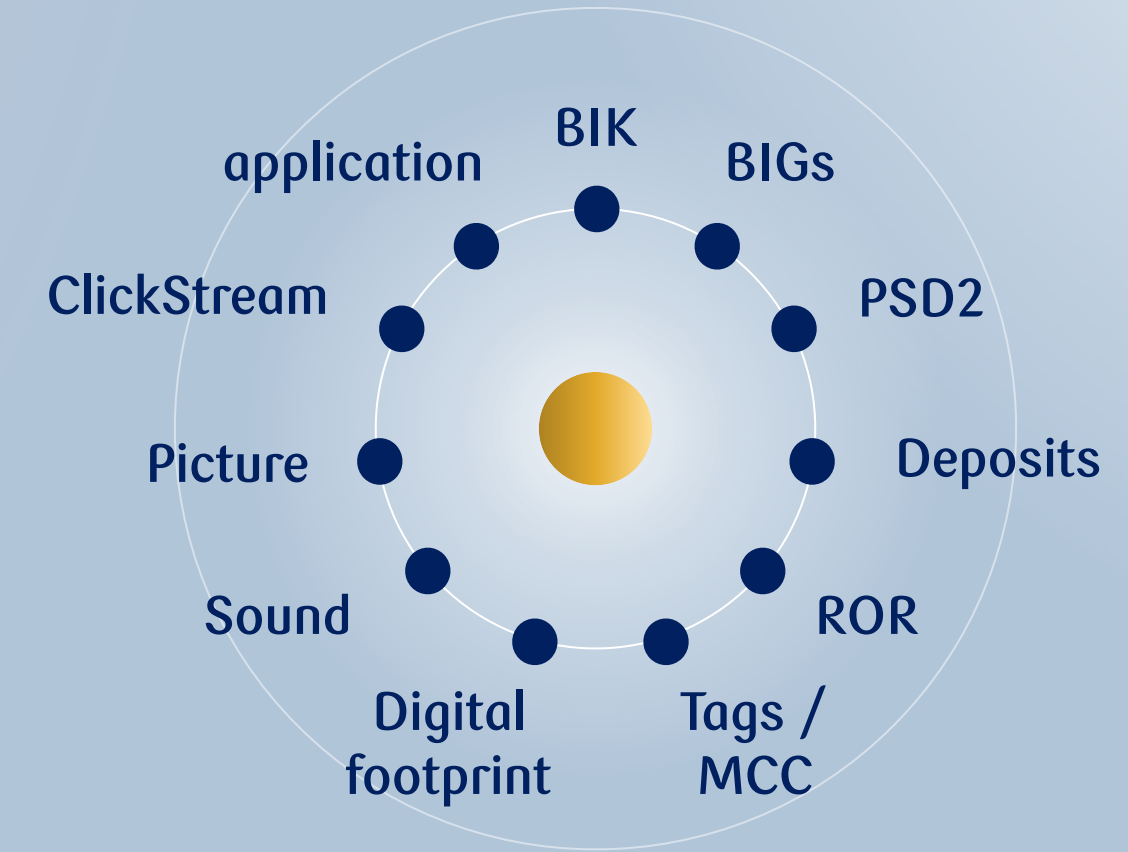
+ supplementary data



2022

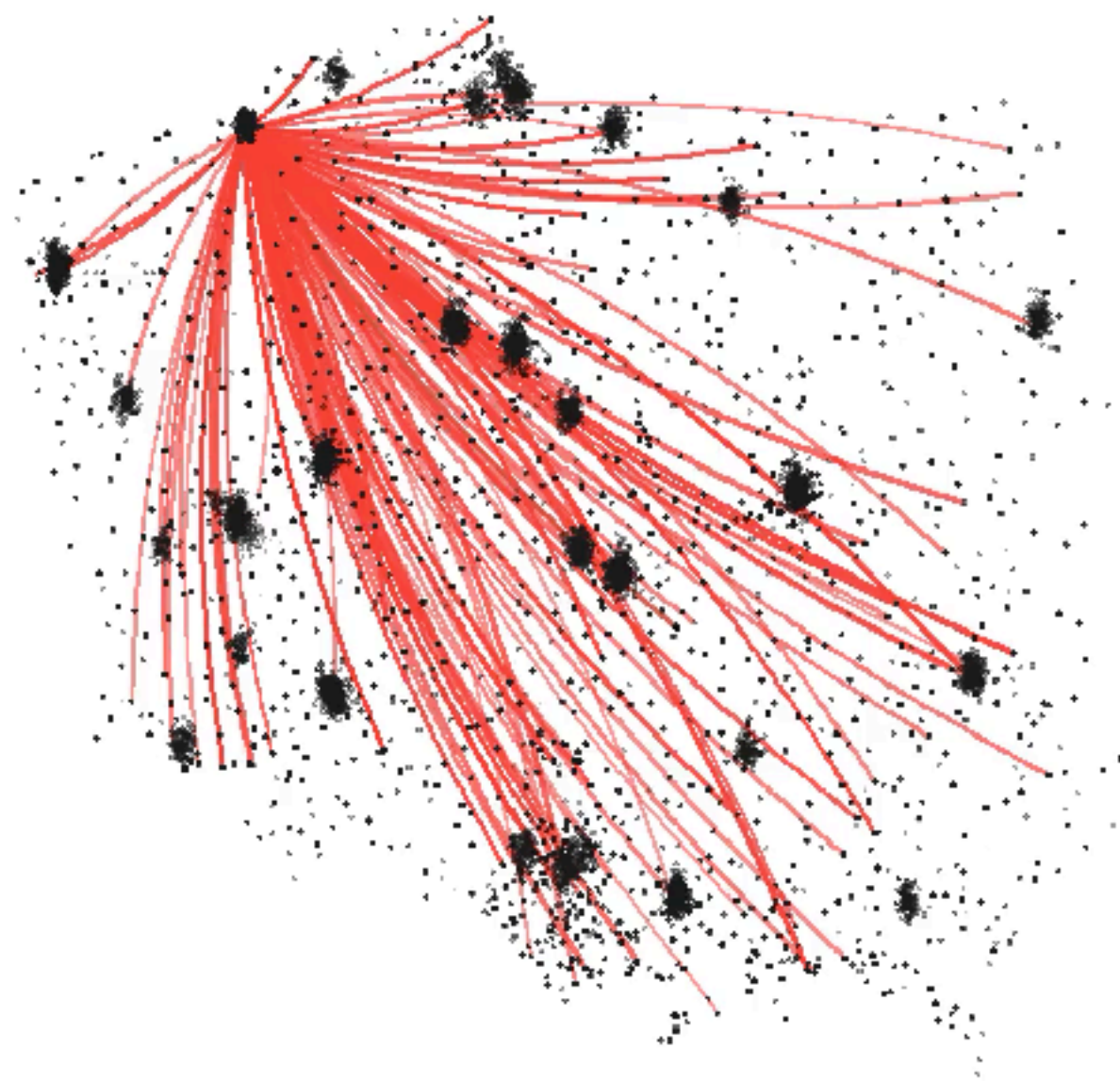
Machine Learning & Streaming analytics

+ access to unlimited data
+ advanced analytics

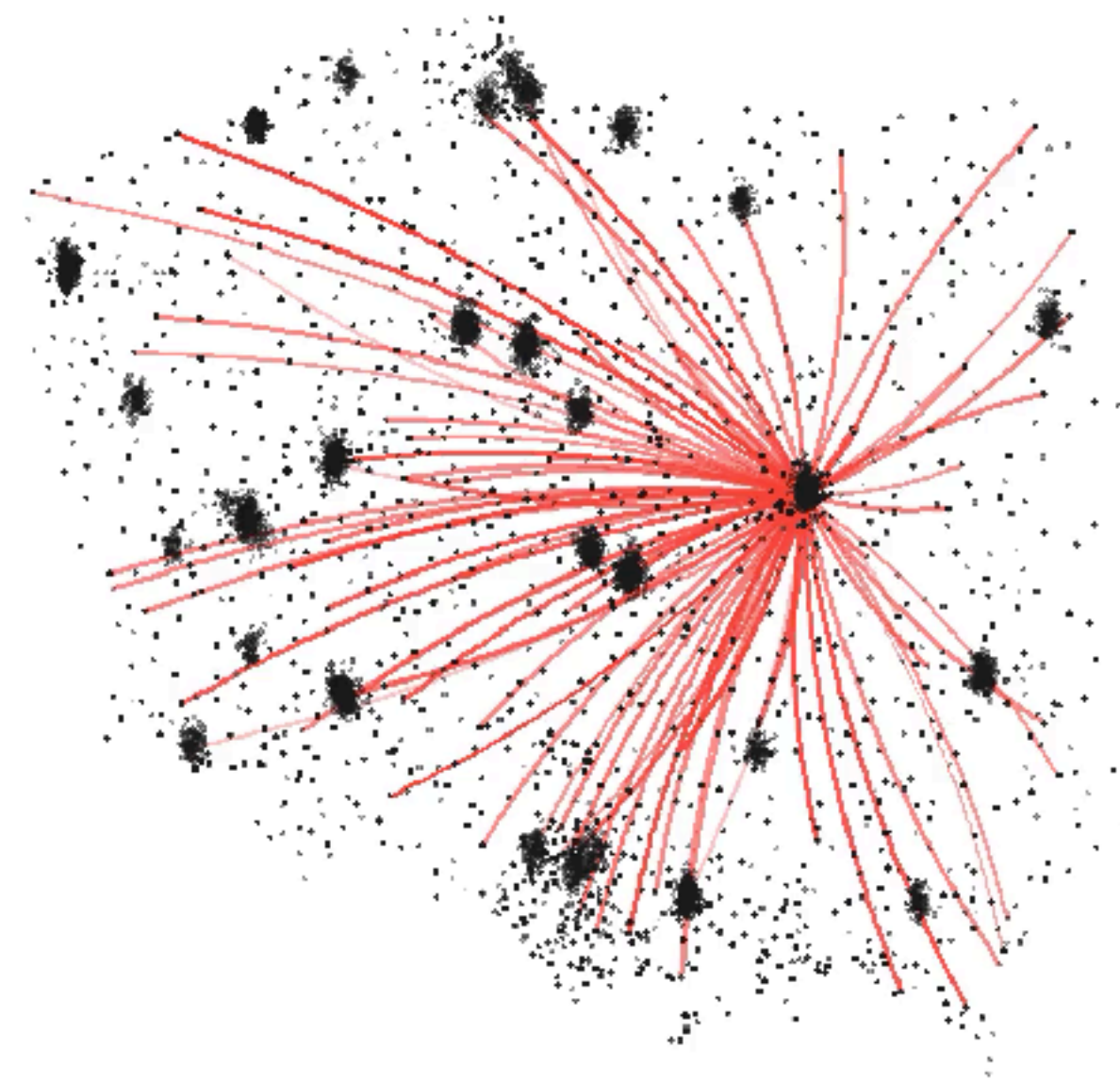


Corporate business
Advanced analytics
in risk assessment process

Client A



Client B

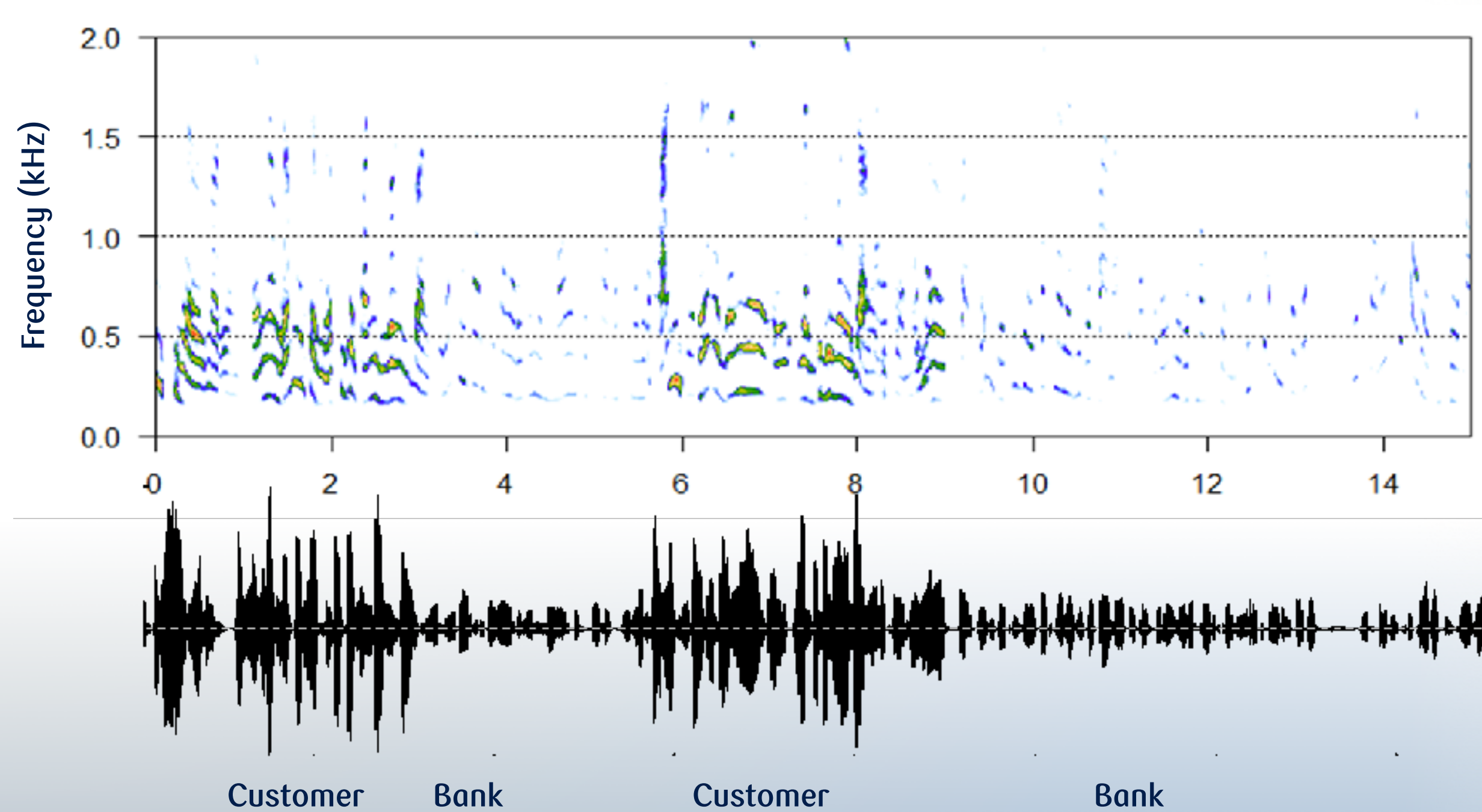


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Restructuring Voice analysis – improvement in recovery process



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Strategy of PKO Bank Polski: PKO Banking Platform based on four pillars

Shaping competences of the future

Motivated and committed Team with competences tailored to new business challenges, working in agile methodology, using best in class technologies.

Digital and efficient

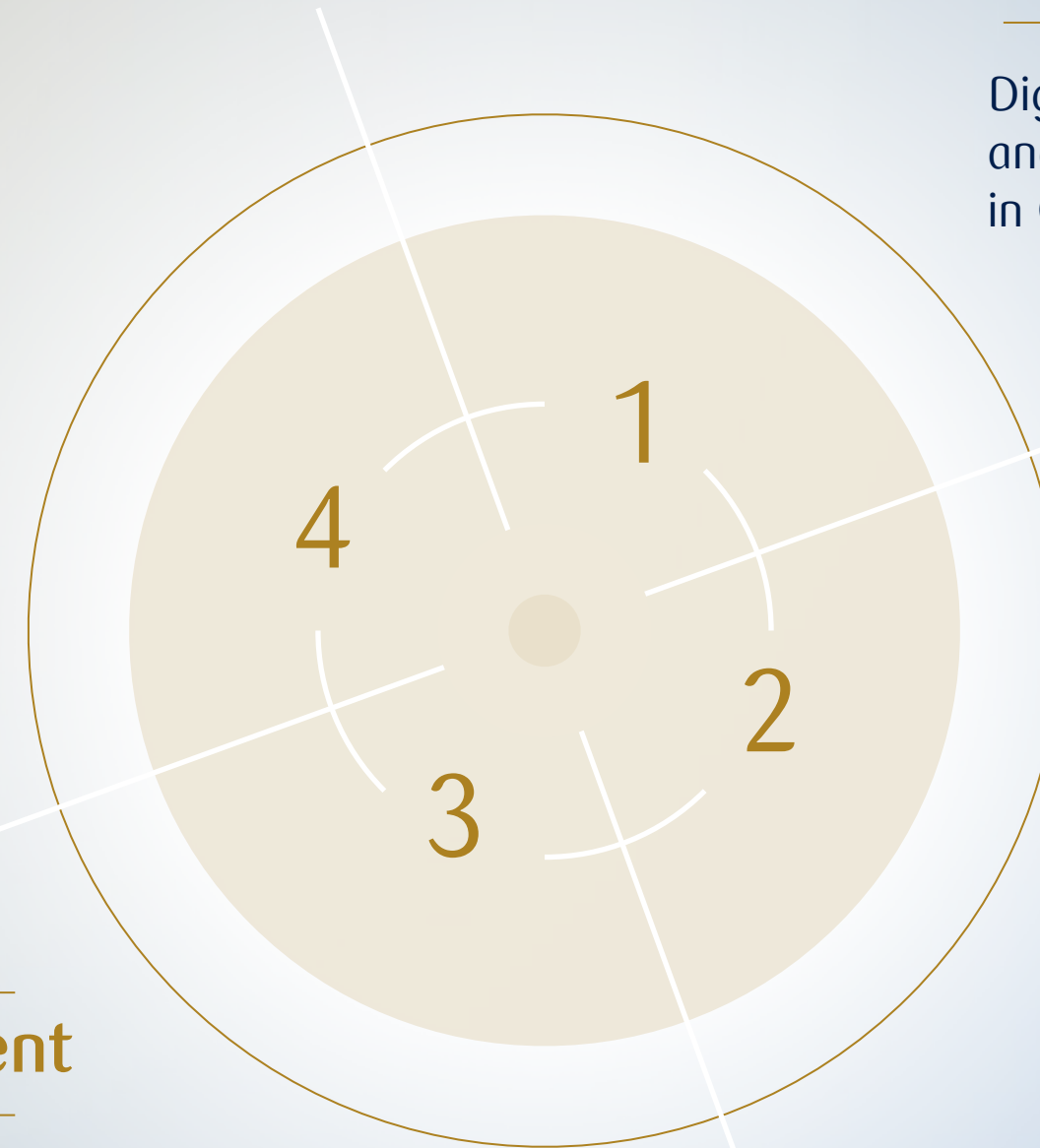
Digital and automated processes with minimal manual handling requirements, no paper, no signature, fast and secure Bank in the cloud.

Mobile, connected, personal

Digital banking model leveraging advanced analytics to provide personalized experience in Clients' everyday moments.

Open, innovative

Leveraging open banking opportunities, strategic partnerships and cloud solutions to offer clients innovative solutions.



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„PKO Banking Platform”

Macroeconomic and financial sector forecasts



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MACROECONOMIC FORECASTS

	CAGR 2016-19		CAGR 2020-22
Real GDP	4.4%	▼	3.6%
Nominal GDP	5.7%	▼	5.5%
Investments	3.4%	▼	3.1%
Private consumption	4.4%	▼	3.7%
Unemployment rate (LFS)*	4.6%	▼	4.0%
Nominal income of households	5.7%	▲	6.7%
Inflation (CPI)*	1.3%	▲	2.3%
NBP reference rate*	1.5%	●	1.5%
EUR/PLN*	4.29	●	4.31

* Average of period
Source: Statistics Poland, National Bank of Poland, Reuters, PKO Bank Polski forecasts.

FINANCIAL SECTOR FORECASTS

	CAGR 2016-19		CAGR 2020-22
Loans	5.8%	▼	5.5%
Consumer and other*	8.2%	▼	7.3%
Mortgages PLN	11.1%	▼	9.6%
SME & Corporate*	6.5%	▼	4.3%
Deposits*	7.5%	▼	6.6%
Private individuals	8.2%	▼	7.6%
SME & Corporate	5.0%	▼	4.8%
	2019		2022
L/D	96.8%	▼	93.6%

* FX-adjusted

Banking sector
headwinds in 2020-22

FX-denominated
mortgages

Mounting pressure
on personal costs



Sector divergence

MREL

Mounting consumer
protection



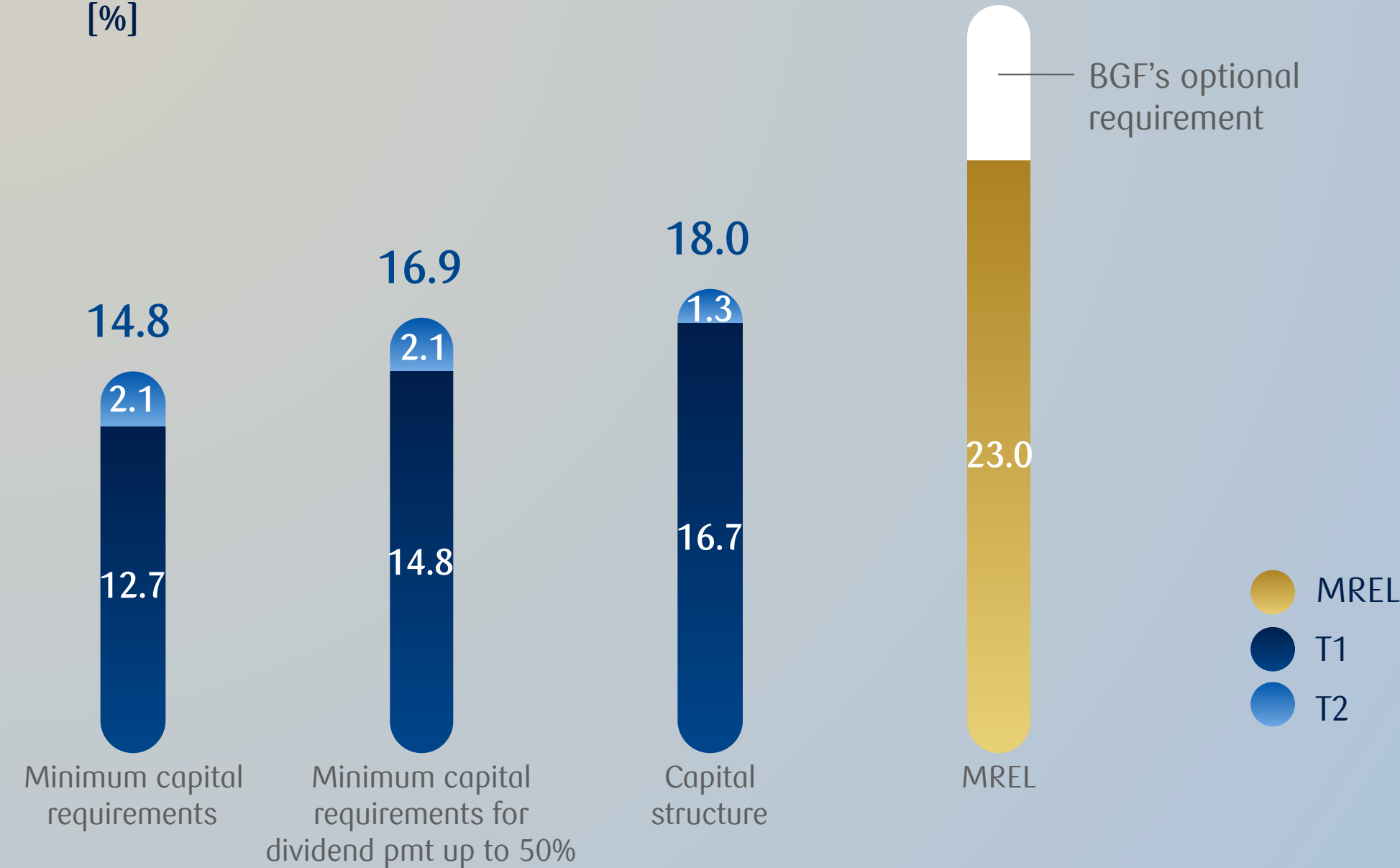
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Solid capital position



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Capital requirements PKO Bank Polski Group⁽¹⁾
[%]



⁽¹⁾ T1: CRR 6% + systemic risk buffer 2.9% + conservation buffer 2.5% + OSII buffer 1% + countercyclical buffer 0.005% + FX buffer for the Group 0.27% + ST buffer 0.66%
TCR: CRR 8% + systemic risk buffer 2.9% + conservation buffer 2.5% + OSII buffer 1% + countercyclical buffer 0.005% + FX buffer for the Group 0.36% + ST buffer 0.66%
Own funds above the dividend criteria (surplus capital amounting to PLN 2.2 bn).

PKO Banking Platform
2020-2022
Financial and
operational goals



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ROE
12%

Cost/Income
~41%

Net profit
> 5 bn PLN

Cost of risk
0.60%-0.75%

Dividend
payment
**Ability to pay
dividends**