



Bank Polski

# Financial results 2020

(audited data)

The year of digital acceleration



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## Key achievements in 2020



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- Accelerating the digitization of customer relationships during the pandemic
- Stable net operating result thanks to revenue resilience and cost savings
- Low cost of risk despite the negative impact of the COVID-19 pandemic
- Net loss of PLN 2.6 bn due to recognition of the costs of voluntary settlements with FX mortgage consumers

*Strong capital and liquidity position, cost effectiveness  
and high quality of the loan portfolio will allow to face the challenges  
of more difficult economic conditions*



- Poland did not avoid a recession in 2020 but its sensitivity to the economic effects of the pandemic was limited.
- The scale of economic losses was constrained by a relatively high fiscal and monetary expansion. As a result, the registered unemployment rate was 6.2% at the end of the year.
- Pandemic did not stop the expansion of Polish exportes who became the real beneficiaries of the global economic recovery and of the restoration of the global supply chains. Trade surplus in both goods and services currently stands at a record-high level.



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## Key achievements

1/4

## KEY ACHIEVEMENTS

# PKO Bank Polski supports stakeholders in the fight against the COVID-19 epidemic



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### Client support



We granted access to the PFR's financial shield program for our clients

We extended the duration of credit moratoria until 31 March 2021

PKO Faktoring was one of the first factors to conclude an agreement for a portfolio guarantee credit line with BGK. Since September 2020, customers may opt for a guarantee coverage of up to 80% of the factoring limit

We achieved very high rates of reliability and security of the bank's IT systems in the context of significant changes in the communication model with customers

### Community



**We provided almost PLN 23.6 mn to hospitals and sanitation facilities to support their fight against COVID-19**

We helped over 350 hospitals and medical facilities

We supported the Chief Sanitary Inspectorate's hotline and assisted with the digital adaptation and integration of management systems for the fight against COVID-19

### Business continuity and safety



We enabled employees to carry out their duties in various work modes (remote, office, rotational)

We launched solutions for digitization of the employee documentation

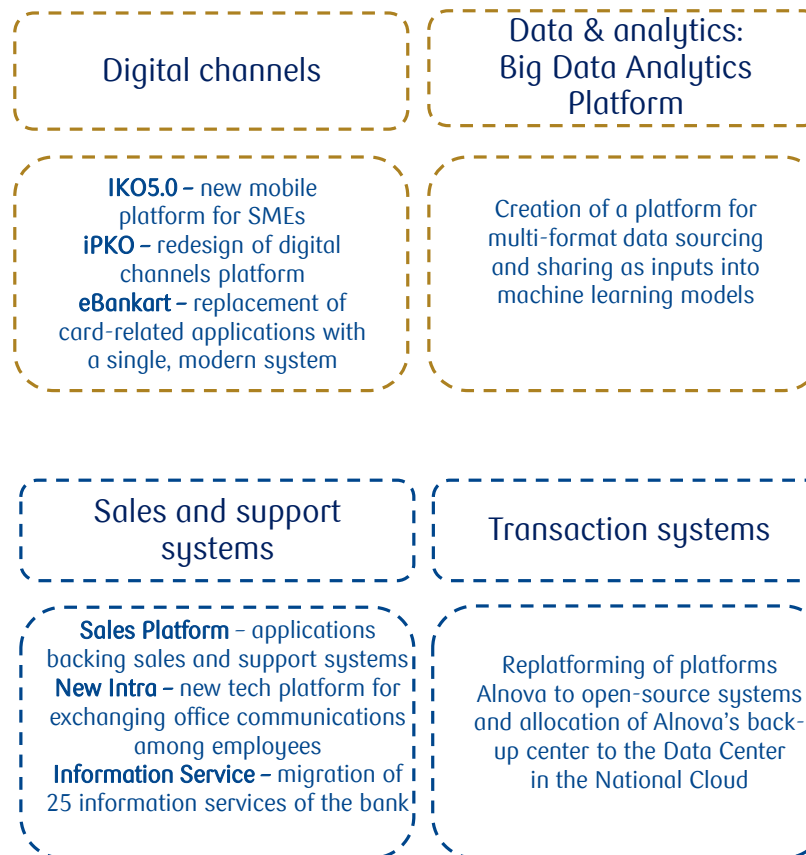
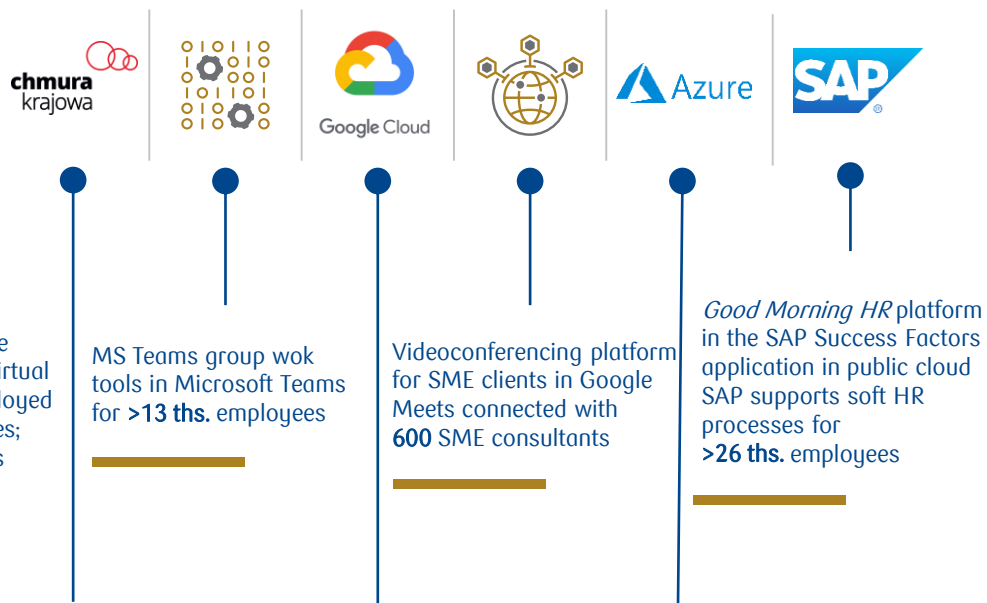
We shared modern tools for remote communication in MS Teams with over 13 000 of our employees

# Migration to the Cloud (Road2Cloud) supports digital growth



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..... 2020 ..... 2021-2022 ..... Bank in the Cloud



## KEY ACHIEVEMENTS

# Evolution in the direction of an autonomous bank powered by artificial intelligence (AI)

Soft debt collection:  
conducted around

**210 ths.** conversations,  
AI-enabled negotiations



Every month  
AI analyzes  
**tens of thousands**  
of customer opinions  
about the IKO  
application in mobile  
app stores

**>330 ths.**

Talk2IKO  
voice-assisted  
conversations  
with customers



**10 ths.**

consultants  
working  
remotely

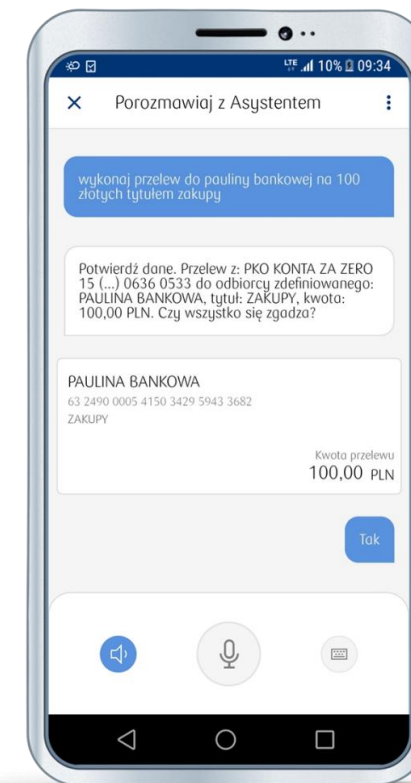
**1/3**

customer calls  
handled by an  
intelligent bot

**>1 mn**

AI-powered  
conversations

AI verifies  
the authenticity  
of the national  
ID cards



Processes of robotization and automation = equivalent  
of **1.7 ths.** FTEs. Change of clients' behaviour =  
reduction in the number of branches by **160** in 2020.

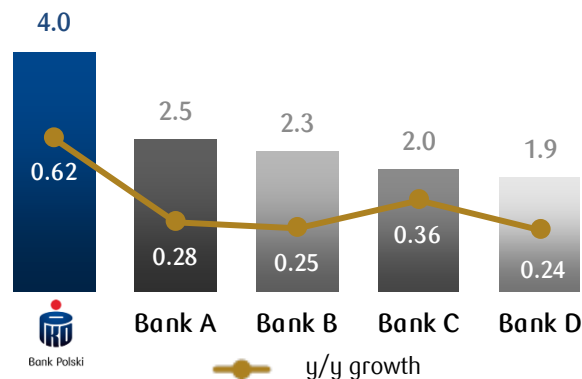


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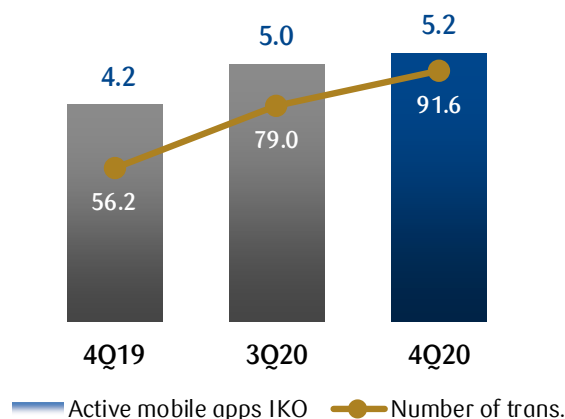
## KEY ACHIEVEMENTS

# Undisputed leader in mobile transactions: PKO Bank Polski in the club of '1bn+ user logins'

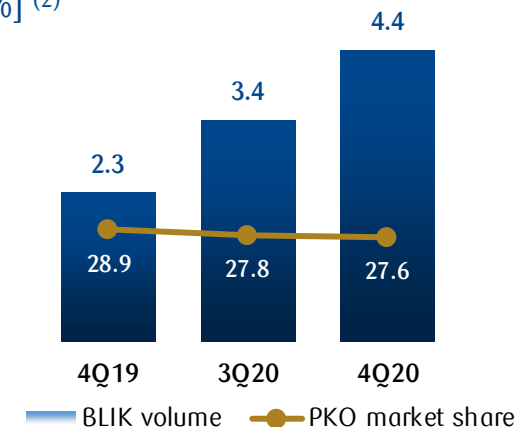
Number of active mobile banking users [mn] <sup>(1)</sup>



Number of IKO applications and number of transactions [mn]



BLIK transactions volume of PKO [PLN bn] <sup>(2)</sup>  
PKO's market share in BLIK transactions [%] <sup>(2)</sup>



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

Our clients logged into IKO 28.6 times per month on average in 2020 (+19% y/y)

(1) According to PRNews data for 4Q'20, users who have logged in at least once a month from a mobile device (mobile application, lite version or full transactional service).

(2) Includes all BLIK transactions (e-commerce, ATM, POS).

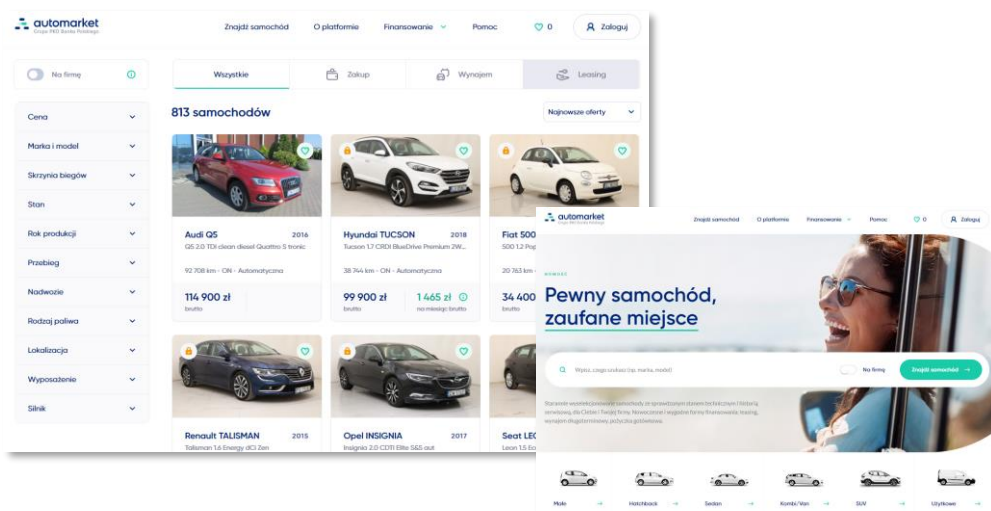


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## KEY ACHIEVEMENTS

# Value-added services support client engagement and diversify the offer

The Automarket.pl platform was visited over **3 million times** by **1.4 mn users** in total by the end of 2020



**automarket**  
Grupa PKO Banku Polskiego

**>2x**  
increase  
in sales q/q

**>2x** increase in the  
number of vehicles  
offered q/q

**25%** financing  
contracts concluded  
entirely remotely

Positive customer experience and offer personalization  
underpin an ecosystem of value-added services

**>16 mn** value-added services  
sold through IKO in 2020



**1/3** more logins  
per user into IKO than  
the average logins per  
user into other mobile  
banking apps <sup>(1)</sup>

**>170 ths.**  
car insurance policies  
sold (+20 ths. in 4Q)



Ubezpieczenia

(1) According to McKinsey Finalta



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## KEY ACHIEVEMENTS

# Strategy PKO Banking Platform – leader of digital banking

Leader of digital banking in Europe  
(among 200 banks and fintechs)  
according to **Finnoscore** 2020 <sup>(1)</sup>



6th place for digital maturity among retail  
banks in EMEA according to **BAIN & COMPANY**



Second place in Newsweek's Friendly  
Bank ranking – traditional banking  
category



- Over 5 mn IKO applications
- ¾ clients banking remotely
- Conversational banking and remote processes for clients (digital "selfie" onboarding)

- Best-in-class digital strategy
- "Agile@Scale" – since 2 years
- Bank in the cloud (Partnerships with Microsoft and Google)
- Ecosystem growth (Automarket)

- Quality of the services offered, high standards of customer service, committed and competent consultants
- Video-consultants ensuring continuous contact with the bank, at any place and time

<sup>(1)</sup> For the best customer experience in digital channels. The assessment covered 200 banks and fintechs from Europe and North America.



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# Business activity

2/4

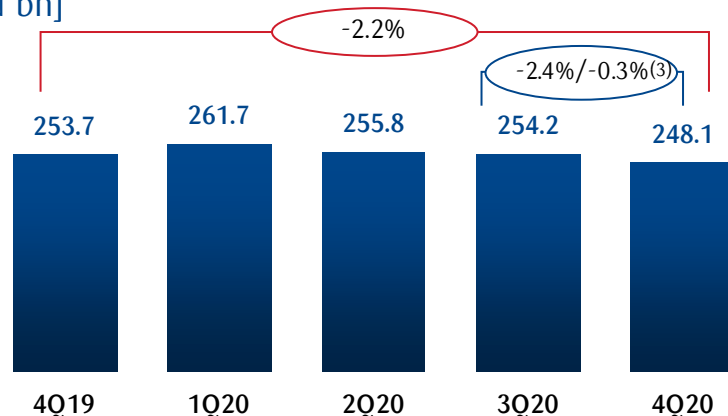


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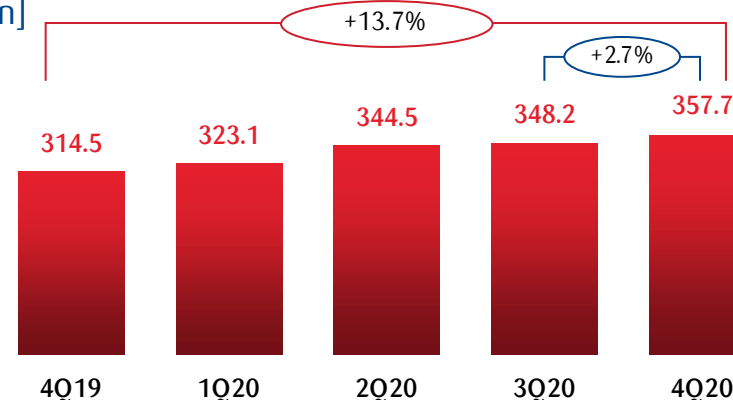
## BUSINESS ACTIVITY

# Asset growth by over 29 billion (+ 8% y/y)

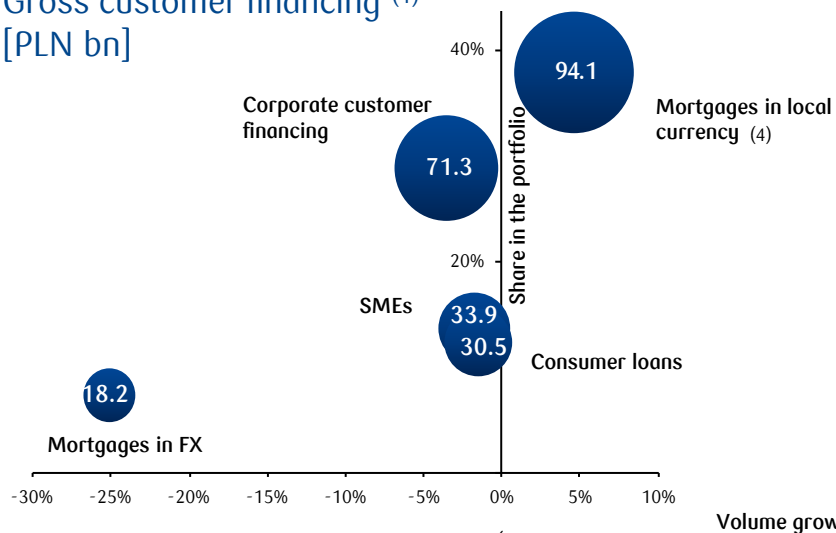
Gross customer financing <sup>(1)</sup>  
[PLN bn]



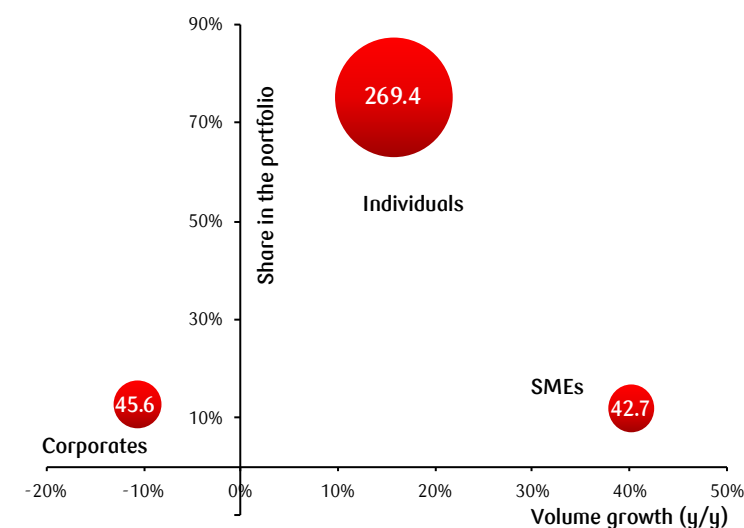
Customer savings <sup>(2)</sup>  
[PLN bn]



Gross customer financing <sup>(1)</sup>  
[PLN bn]



Customer savings <sup>(2)</sup>  
[PLN bn]



(1) Includes loans, corporate and municipal bonds (excluding PFR, BGK, EIB corporate bonds), leasing and factoring (but excludes repo transactions).

(2) Includes deposits, TFI (mutual funds) assets and treasury savings bonds of the bank and other entities of the bank's Group accumulated on the clients' bank accounts.

(3) Dynamic without reduction of FX mortgage loans by PLN 5.3 bn due to the decision of EGM to enter into voluntary settlements.

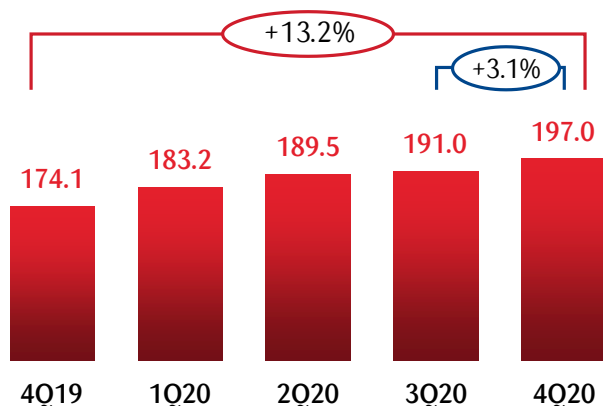
(4) The position covers UAH loans.

# Households: further growth of savings

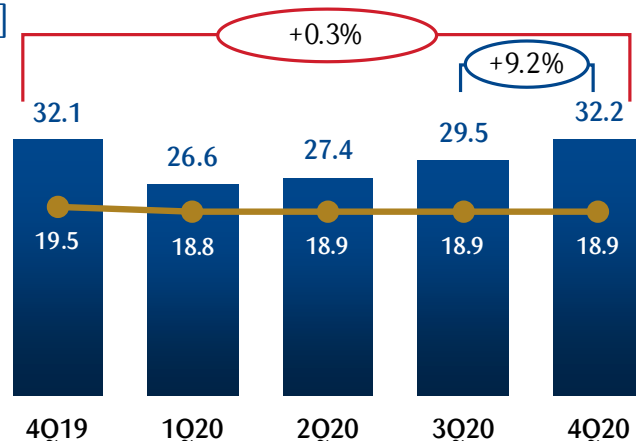


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Deposits  
[PLN bn]



Mutual funds' AuM <sup>(1)</sup>  
[PLN bn]



(1) Non-dedicated assets

— Mutual funds AuM — Market share



## PLN 4.0 billion invested thanks to the advisory service Inwestomat

Investment advice in the form of an Inwestomat works for all clients in iPKO, IKO and branches. The advisory formula is based on analyzing the client's needs through an algorithm and recommending an investment fund.



## Record year for PKO Brokerage House

The Brokerage House achieved a leading position in terms of the trading volumes on the WSE throughout 2020. This implies a market share of 8.7%. In 4Q alone, the number of brokerage accounts increased by 13% q/q.



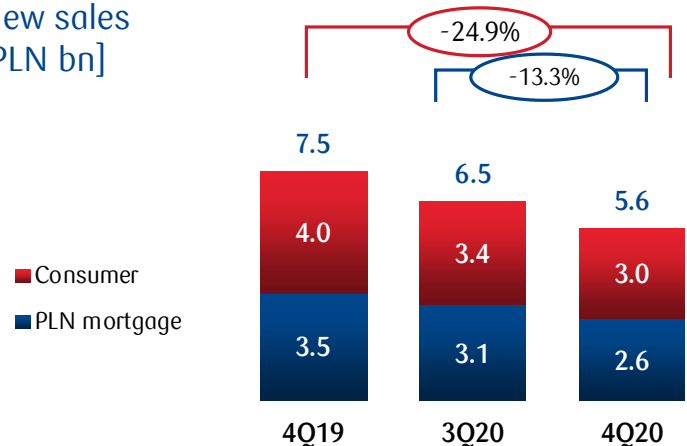
## PKO Bank Polski runner-up in Newsweek magazine's Friendly Bank ranking – traditional banking category

The bank was positively assessed for the quality of the services offered, high standards of customer service, as well as the knowledge, commitment and competence of advisors, and their sales activity.

# BUSINESS ACTIVITY

## Households: decline in sales due to epidemic restrictions

New sales  
[PLN bn]



### Digital cash loan sales

In 4Q'20, the sales of cash loans were at a fairly high level (market share of 19.9%) with a simultaneous increase of the cash loan sales through remote channels (+67% in terms of the number of loans).



### Since February 2021, lower down payment requirement on mortgage loans

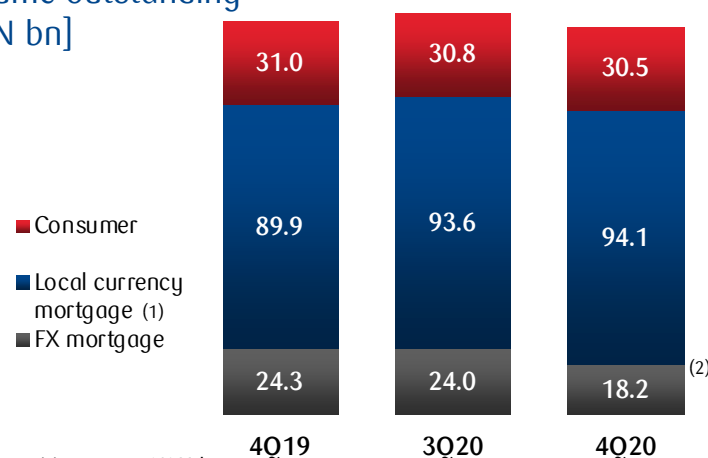
In February, the bank increased the mortgage loan availability by raising the LTV parameter to 90%. From the risk perspective, the customer's profile is the single most important parameter, while better customer risk analysis models allow for reducing the collateral value required for such loans.



### Remote process for mortgage insurance agreements

Since 4Q'20, it is possible to remotely sign insurance policies related to mortgages, using a signature in the Autenti system.

Volume outstanding  
[PLN bn]



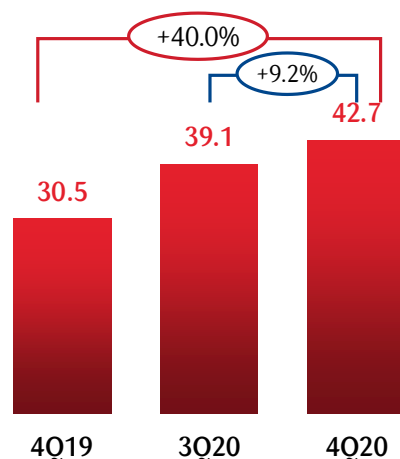
(1) The position covers UAH loans.

(2) Due to the decision of EGM to enter into voluntary settlements with FX mortgage consumers, the gross volume of FX mortgage loan fell by PLN 5.3 bn (from PLN 23.5 bn reported in 4Q'20 results).

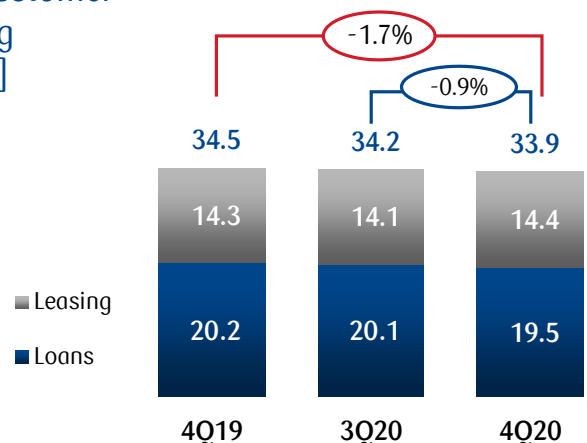
## BUSINESS ACTIVITY

# Small & medium enterprises: we support Polish companies in the fight against the pandemic effects

Deposits  
[PLN bn]



Gross customer  
financing  
[PLN bn]



## PKO Bank Polski leading in distribution of financing under the PFR's Financial Shield 2.0

As of February 15, the companies received financial support from the PFR's Financial Shield through PKO Bank Polski totalling over PLN 1 billion. The bank's share in the overall distribution of financing is close to 19%.



## PLN 1 billion on PPK accounts at PKO TFI

Almost half a million PPK participants have already accumulated over PLN 1 billion on the program's accounts at PKO TFI, whose share in the PPK assets market increased to nearly 34%.



## Business account distinguished in Forbes ranking

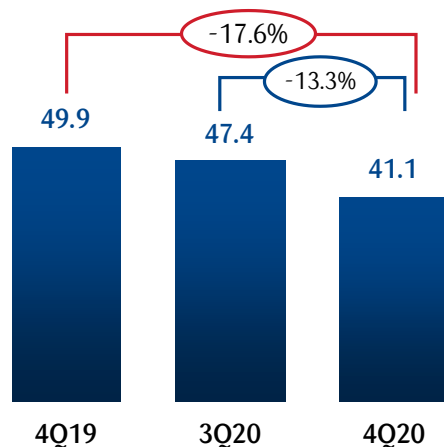
PKO Bank Polski was awarded a second place in the Business Friendly Bank ranking. The assessment included the quality of customer service, where PKO Bank Polski stood out in terms of the exceptional financial empathy of its consultants and excellent communication in remote channels.

# Corporate and investment banking: focus on profitability

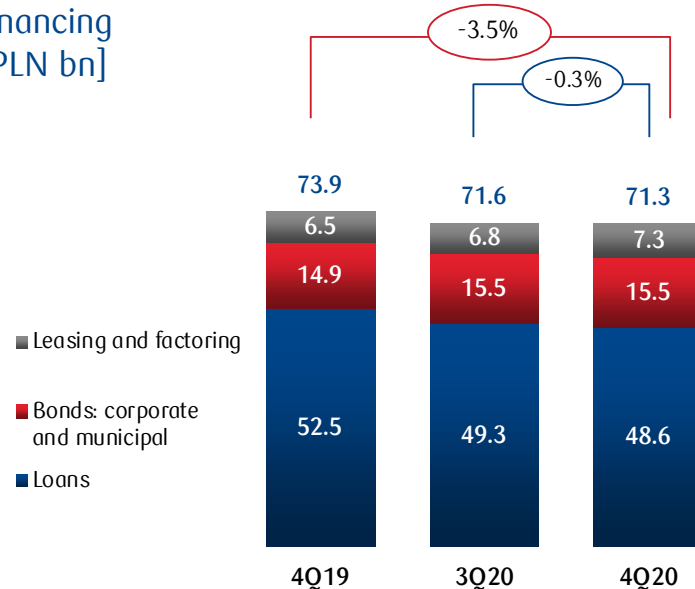


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Deposits  
[PLN bn]



Gross customer  
financing  
[PLN bn]



- As part of the BGK's Liquidity Guarantee Fund we provided PLN 2.1 bn in guarantees
- We introduced a new F&C scheme for high-value deposits
- We adjusted the volume of corporate deposits to the rapid increase in the sector's liquidity and to the bank's funding needs
- 2020 marked another year of significant growth of the treasury activity and the best year of brokerage activities

**allegro**

Consortium financing  
6 000 000 000 PLN  
Organizer, Bookrunner,  
Hedging Bank



Loan for financing of a  
storage facility in Gdańsk  
52 640 000 EUR  
Lender



Consortium financing (credit  
limit and guarantee limit)  
1 181 000 000 PLN  
Principal Organizer,  
Loan Agent



Sustainability-linked  
bonds issue  
1 000 000 000 PLN  
Joint Bookrunner



Corporate bonds issue  
325 000 000 PLN  
Organizer, Dealer, Issue's  
Calculation Agent,  
Market Maker



Corporate bonds issue  
125 000 000 PLN  
Issue Organizer, Dealer,  
Calculation Agent,  
Documentation Agent



Corporate bonds issue  
500 000 000 PLN  
Organizator, Dealer,  
Calculation Agent,  
Documentation Agent



Consortium loan –  
financing inventory stocks  
400 000 000 USD  
Organizer, Lender



Guarantee securing the  
call for Netia S.A. shares  
550 000 000 PLN  
Guarantee-issuing bank



High-yield bonds issue  
600 000 000 EUR  
400 000 000 USD  
Co-manager



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# Financial results

3/4



Net result: PLN -2.6 bn, adjusted net profit of PLN 3.2 bn<sup>(1)</sup>

Maintenance of cost efficiency: C/I = 41.0%

Low cost of risk: 0.78% (with COVID-19 impact)

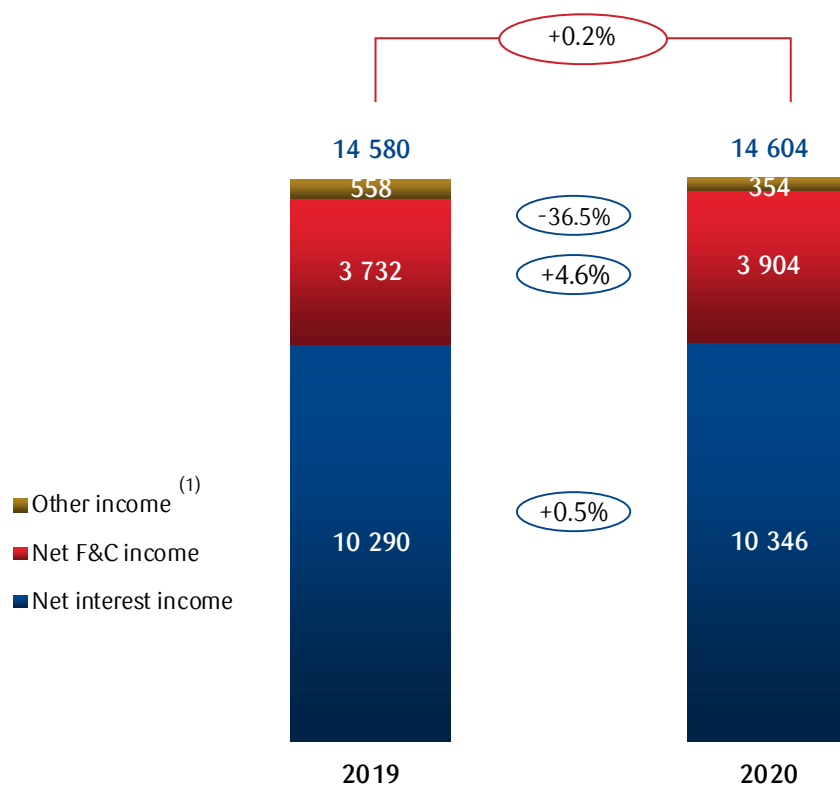
Strong capital and liquidity position = resistance  
to more difficult economic conditions

(1) Net result adjusted for legal risk and other consequences of EGM's decision to enter into voluntary settlements with FX mortgage borrowers .

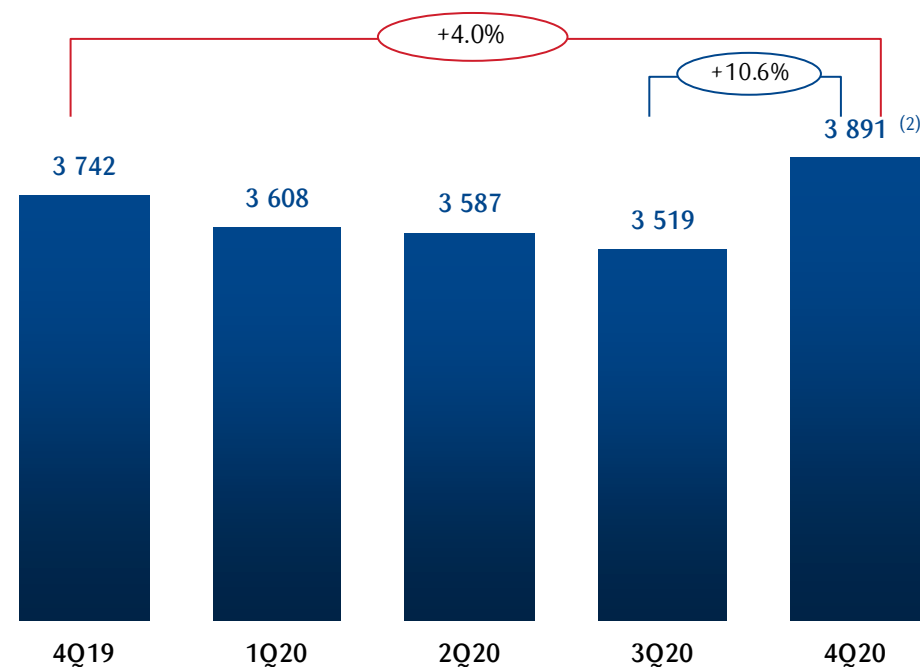
# FINANCIAL RESULTS

## Revenues under pressure due to pandemic and changes in the economic environment

Result on business activity  
[PLN mn]



Quarterly result on business activity  
[PLN mn]



(1) Decrease in Other income y/y resulted among others from: recognition of a gain from a bargain purchase of PCM, and high base of the result on financial operations in 2019.

(2) The result covers PLN 209 mn due to the decision of EGM to enter into voluntary settlements with FX mortgage borrowers.

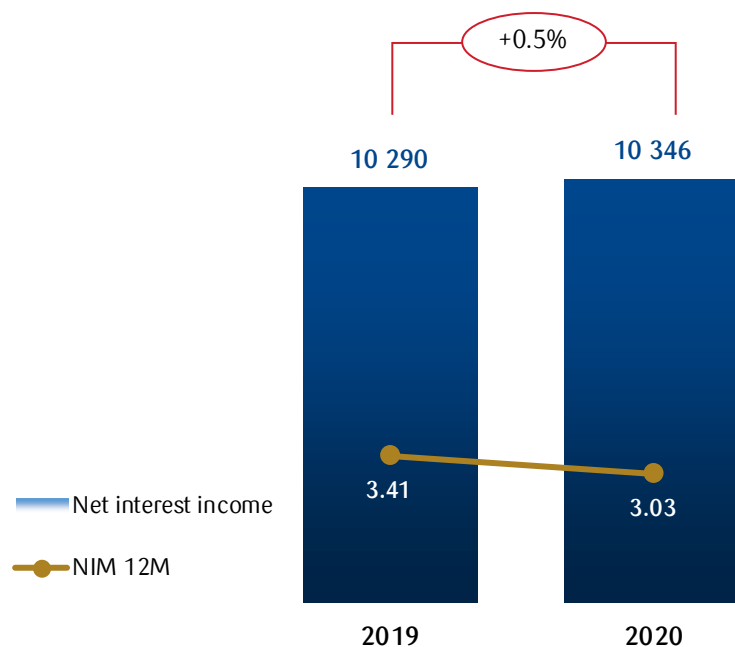
## FINANCIAL RESULTS

# Net interest income fully reflects NBP's interest rate cuts



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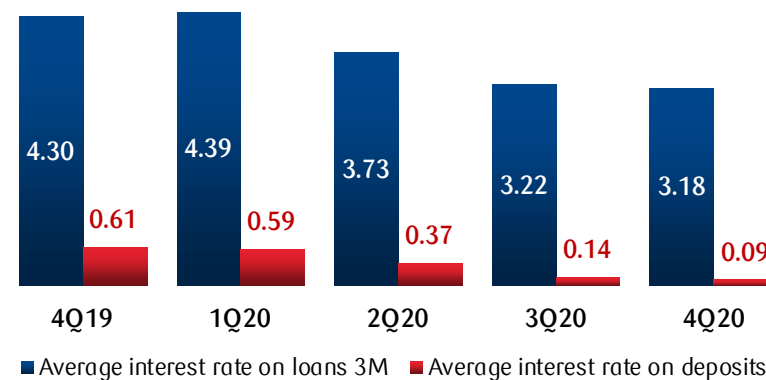
NII  
[PLN mn]  
NIM  
[%]



Quarterly NII  
[PLN mn]  
Quarterly NIM  
[%]



Average loan and  
deposit yield  
[%]



(1) The position covers PLN 195 mn due to reverse of hedge accounting (the termination of hedging positions for FX mortgage loans) with regards to the EGM's decision to enter into voluntary settlements. NIM 12M stood at 2.97% when not taking into account consequences of EGM's decision. Quarterly NIM would stand at 2.76%

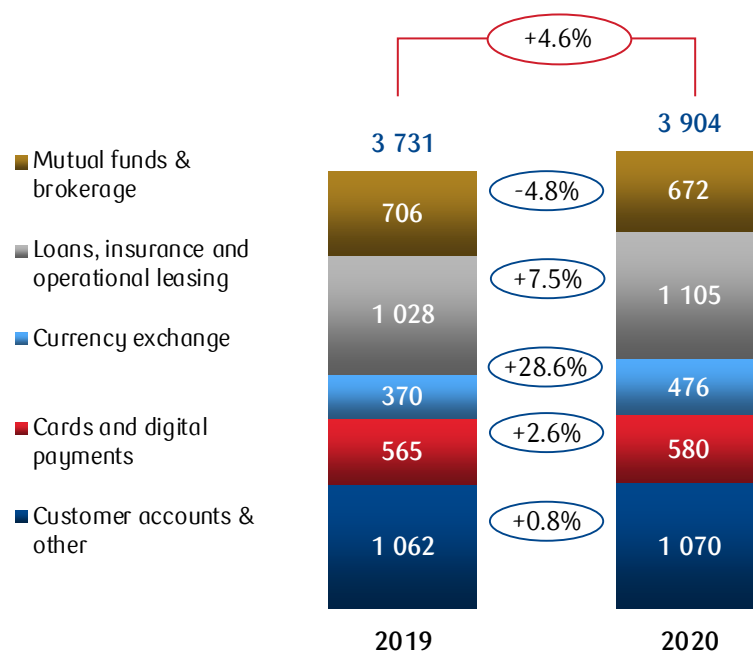


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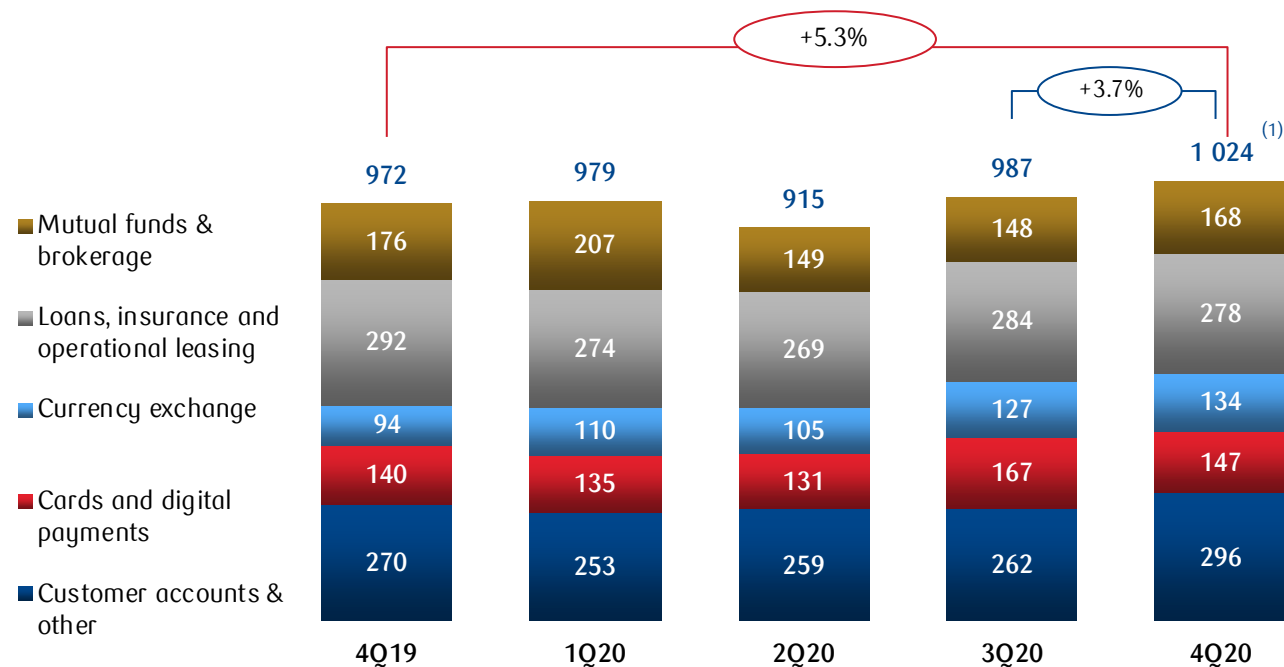
## FINANCIAL RESULTS

# Increase in net F&C result

Net F&C  
[PLN mn]



Quarterly net F&C  
[PLN mn]

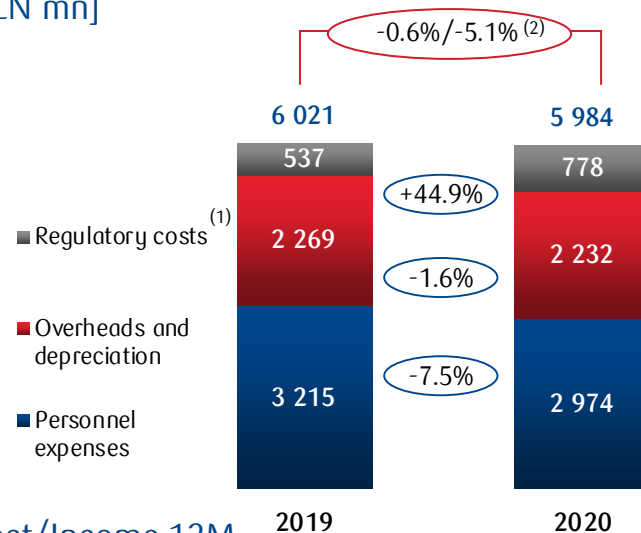


(1) Increase in F&C result q/q resulted among others from: increase in the result on brokerage activities supported by the primary market, and commissions on high deposit balance of corporates at the end of the year amounting to approx. PLN 30 mn.

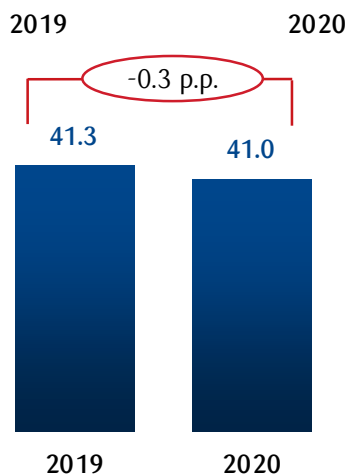
# FINANCIAL RESULTS

## Strong cost discipline

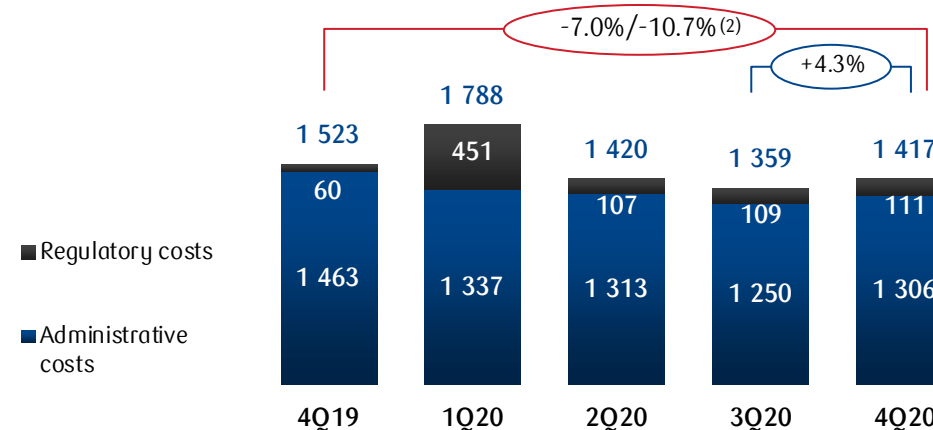
Operating expenses  
[PLN mn]



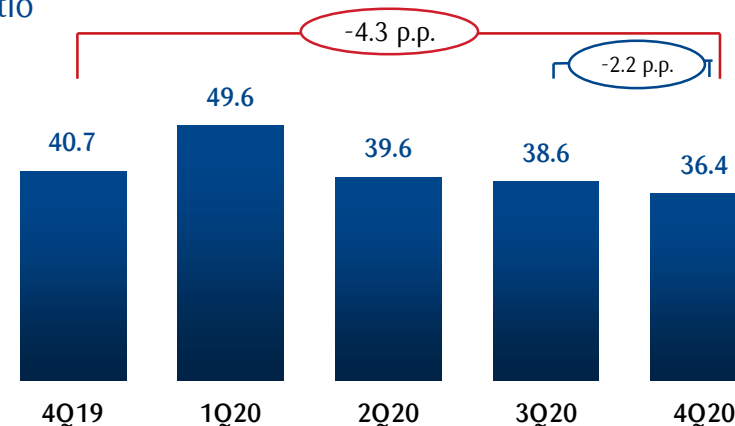
Cost/Income 12M  
[%]



Quarterly operating expenses  
[PLN mn]



Quarterly C/I ratio  
[%]



(1) Increase in Regulatory costs y/y resulted from an almost twofold increase of contributions to the Deposit Guarantee Fund, with a simultaneous decrease of contributions to the mandatory Resolution Fund by 8%.

(2) Change in operating expenses excl. regulatory costs.

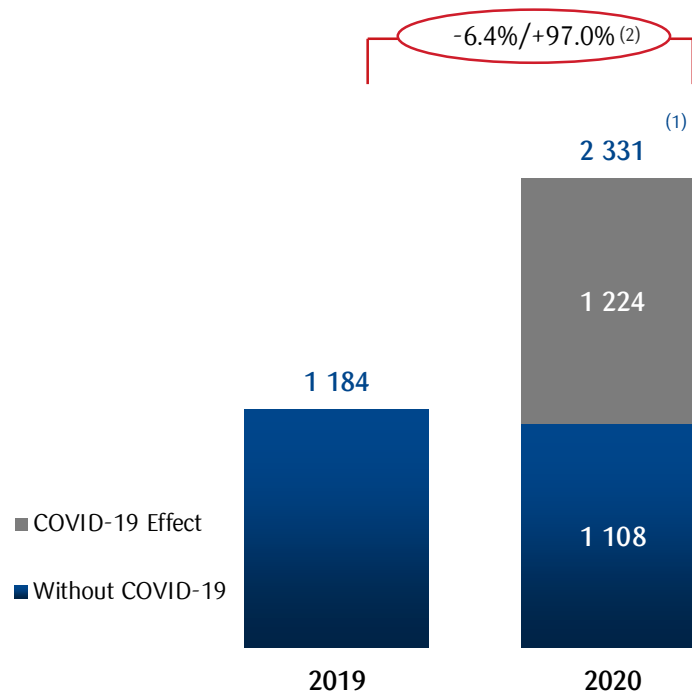
## FINANCIAL RESULTS

# Low cost of risk despite the pandemic impact

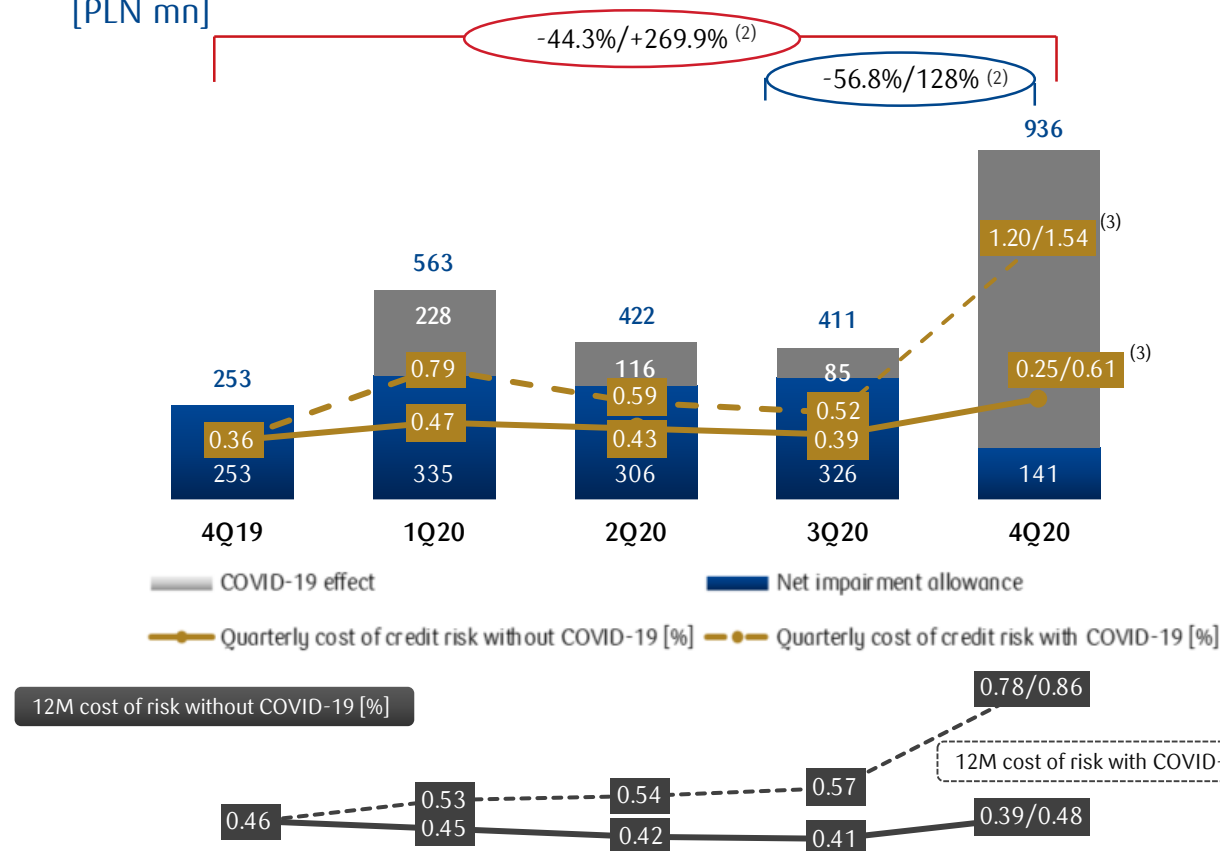


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Net impairment allowance  
[PLN mn]



Quarterly net impairment allowance  
[PLN mn]



(1) Impairment losses including the portfolio of loans measured at fair value through P&L (the portfolio was reclassified in 3Q19). Additionally, the write-offs for non-financial assets were as follows: in 1Q20 (PLN -116 mn) incl. Bank Pocztowy S.A., in 2Q20 (PLN -149 mn) goodwill write-off, in 3Q20 (PLN -71 mn) mainly real estate assets write-offs, in 4Q29 (PLN -65 mn) related to the PTE write-offs for capitalized costs of acquisition of OFE customers.

(2) Change in net impairment allowance inclusive of COVID-19 effect.

(3) Cost of risk assuming that credit risk allowance of PLN 227 mn was not reversed due to the EGM's decision to enter into voluntary settlements with FX mortgage consumers.

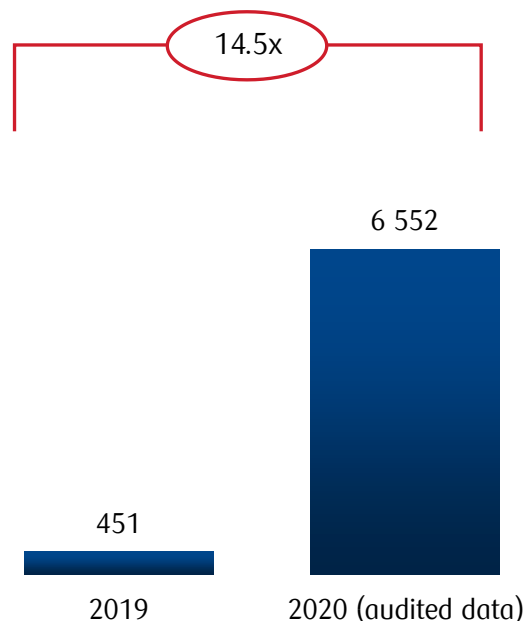


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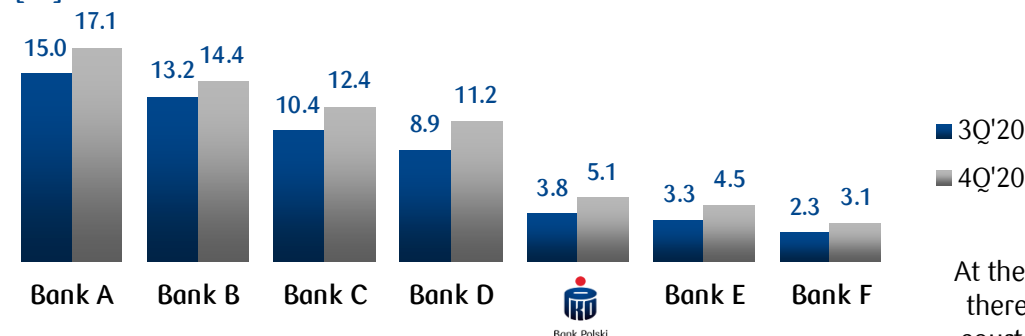
## FINANCIAL RESULTS

# Legal risk of FX-mortgage loans

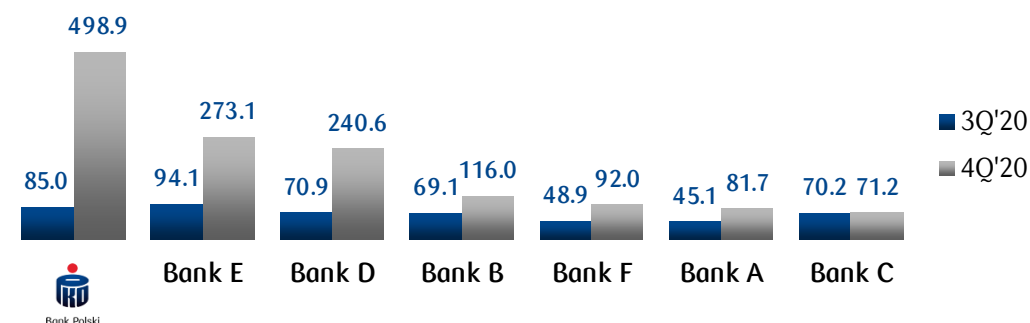
Reserves and buffers for legal risk of FX-mortgage loans reflect the EGM's decision to enter into voluntary settlements  
[PLN bn]



PKO's 'Susceptibility to litigation' across sector: the number of disputed loan agreements relative to the total number of CHF contracts <sup>(2)</sup>  
[%]



Amount of total reserves for legal risk relative to the aggregate value of the pending court proceedings  
[%]



At the end of 2020, there were 5 372 court proceedings against PKO, +1 250 q/q, at a total disputed amount of PLN 1.40 bn.

On April 23, 2021, the EGM decided to enter into voluntary settlements with FX mortgage clients.

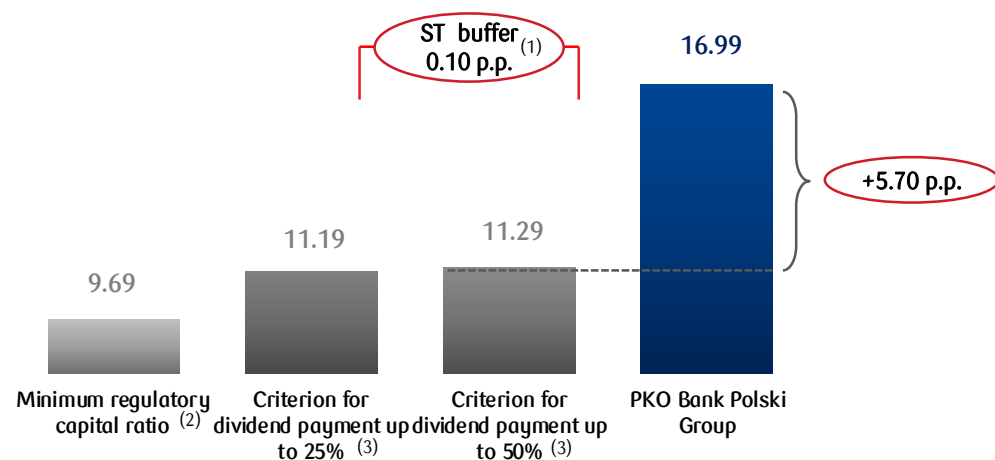


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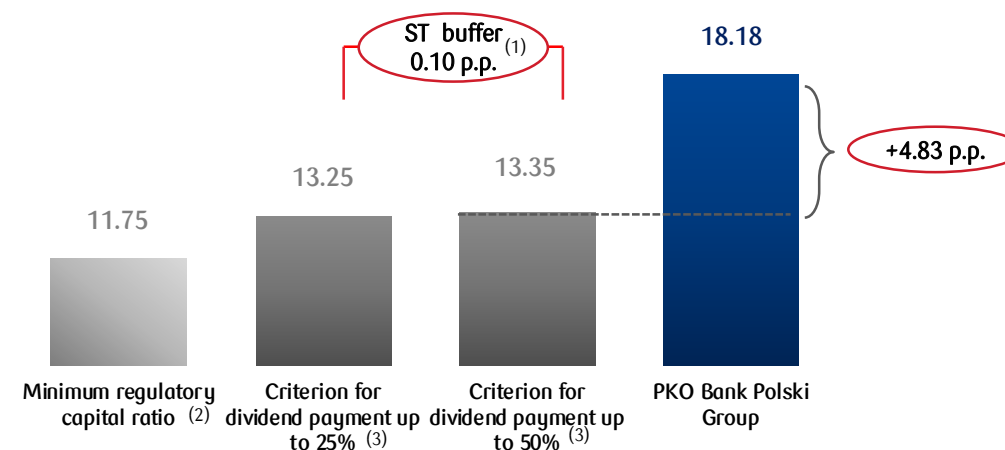
## FINANCIAL RESULTS

# Solid capital position – over PLN 14 bn above regulatory minimums

Tier 1 capital ratio  
[%]



Total capital ratio (TCR)  
[%]



(1) Polish FSA's additional buffer for Bank's sensitivity to an adverse macroeconomic scenario. Previously the level of buffer was 0.66 p.p.

(2) Tier 1: CRR 6% + conservation buffer 2.5% + OSII buffer 1% + countercyclical buffer 0.01% + FX buffer for the Group 0.18%

(3) TCR: CRR 8% + conservation buffer 2.5% + OSII buffer 1% + countercyclical buffer 0.01% + FX buffer for the Group 0.24%

(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: Group: 8.12%, Bank: 10.15%, adjustment by -20 p.p. (for >10% share).

K2 - share of the foreign currency mortgages granted in 2007/08 in total portfolio of foreign currency mortgages in PKO: Group: 38.4%, Bank 39.0%; adjustment by -30 p.p. (for >20% share if K1>5%).

K1 and K2 criteria must be met on the individual and consolidated level.



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## The year of digital acceleration

Strong capital and liquidity position



The recognition of full loss from FX mortgage voluntary settlements



Acceleration of digitization, diversification of revenue streams and high operational efficiency



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Supplementary  
information,  
including  
macroeconomic  
backdrop

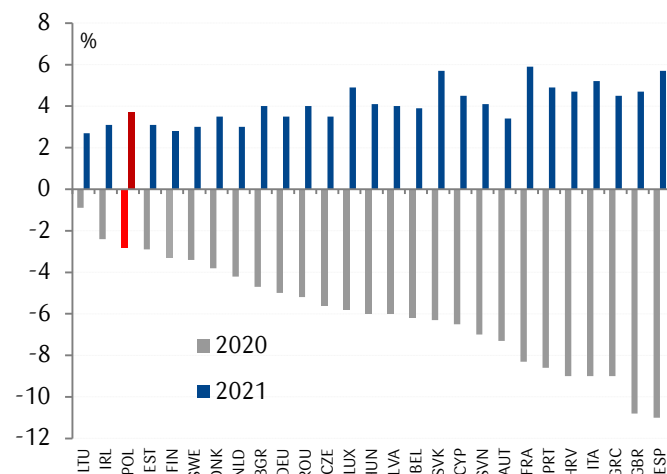
# MACROECONOMIC BACKDROP

## Recovery time



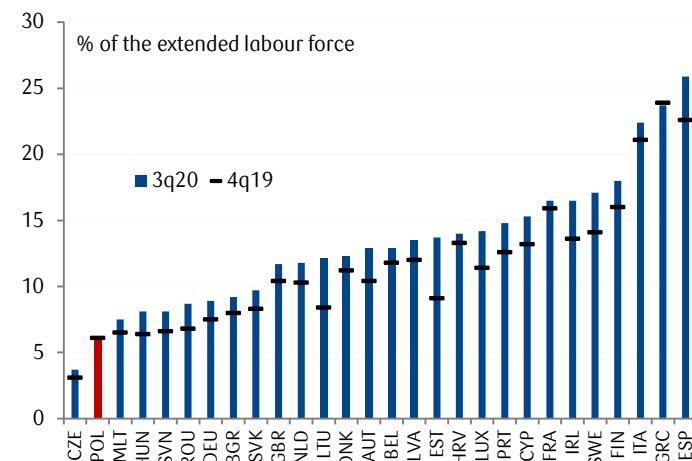
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### GDP growth rates in European economies



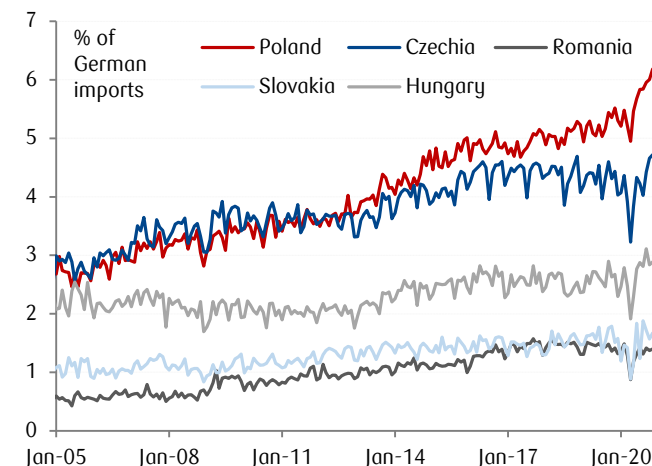
Source: Bloomberg / local statistical offices, PKO Bank Polski

### Labour market slack



Source: Eurostat, PKO Bank Polski

### CEE's share by country in German imports



Source: Macrobond, PKO Bank Polski

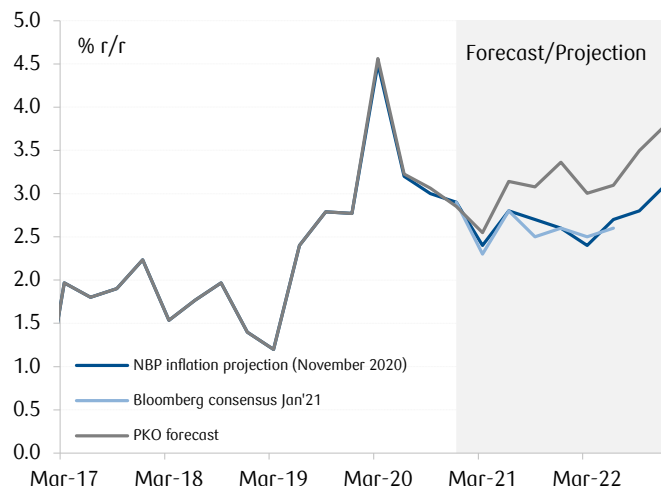
- **Economic situation in 2020 was determined by the pandemic.** After a deep recession in the second quarter, the next three months saw a quick recovery. The marked increase in coronavirus infections in the fourth quarter and the subsequent anti-epidemic restrictions led to a further reduction in the economic activity, but its scale was smaller than in spring. In 2020 as a whole, GDP declined by 2.8%. The scale of the recession in Poland was one of the smallest among all EU countries.
- **The quick implementation of the anti-crisis measures protected the economy and prevented the rise in unemployment and the wave of bankruptcies.** At the end of the year, the registered unemployment rate was 6.2%, only 1 p.p. higher than in prior year. Due to the relatively stable situation on the labor market, private consumption was rebounding strongly as soon as the restrictions were lifted and became the main pillar stabilizing the economy.
- **The pandemic did not stop the expansion of Polish exporters,** which continued throughout the second half of 2020, and Poland's share in the European trade grew systematically. The increase in exports is, among others, a consequence of an earlier inflow of foreign direct investment, which enabled exports of new classes of goods. Trade surplus in both goods and services is currently at a record high level.

## Inflation resistant to recession, volumes driven by the Shield



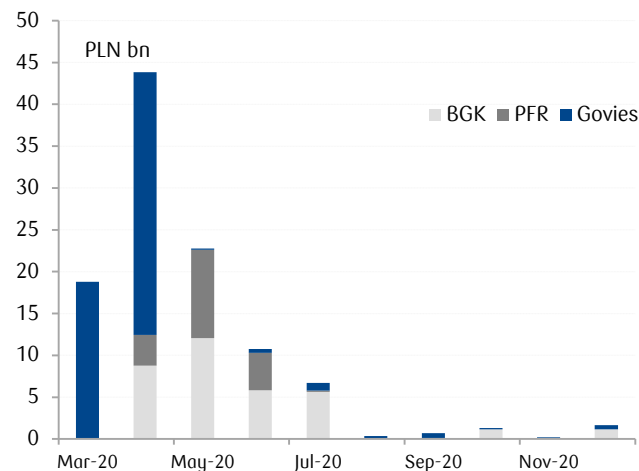
Bank Polski

### Inflation expected to rise



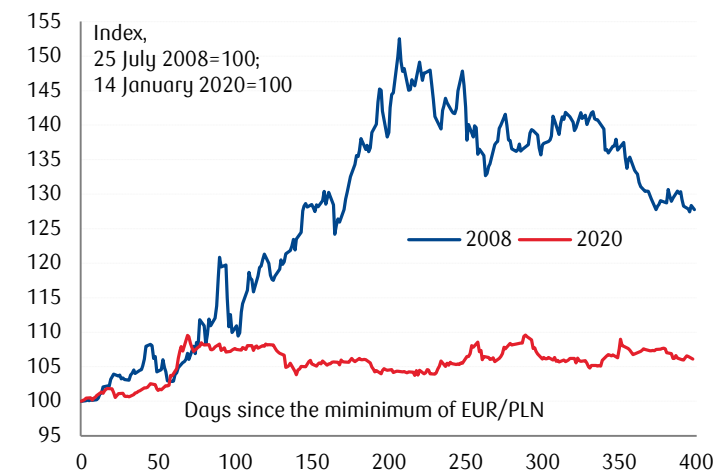
Source: GUS, NBP, PKO Bank Polski

### NPB bond purchases



Source: NBP, PKO Bank Polski

### EUR/PLN at the time of crisis



Source: Macrobond, PKO Bank Polski

- **Inflation processes in Poland are different than in the euro area where the risk of deflation is clear.** Domestic inflation gradually decreased during the year but in December alone fell to 2.4% y/y, below the NBP target. Strong growth in the prices of services - the main factor driving inflation in 2020 - will weaken only slightly in 2021, and will be accompanied by additional regulatory changes. As a result, inflation will fall only moderately and remain in the upper target band.
- **The economy is stabilized by fiscal measures supported by the NBP policy.** In 2020, the NBP purchased assets (treasury bonds and bonds issued by BGK and PFR) worth PLN 107 billion, most of them at the beginning of the QE program at the turn of March/April. Interest rates stabilized in the second half of the year at a record low. The clear preference of NBP towards a weaker zloty was confirmed by direct interventions weakening the zloty carried out at the end of 2020 (the first since 2010). NBP has announced that it would maintain activity on the financial market, if needed.
- **Increase in fiscal deficit and public debt, also visible in other countries, is the cost of supporting the economy.** The autumn rating updates showed that this does not raise any major concerns in the context of Poland's mid-term credit risk assessment. The expected quick recovery of the economy (supported by high inflow of EU funds) combined with moderately elevated inflation will help reduce the public debt-to-GDP ratio after the pandemic.

## MACROECONOMIC BACKDROP

# Macroeconomic and banking sector forecasts



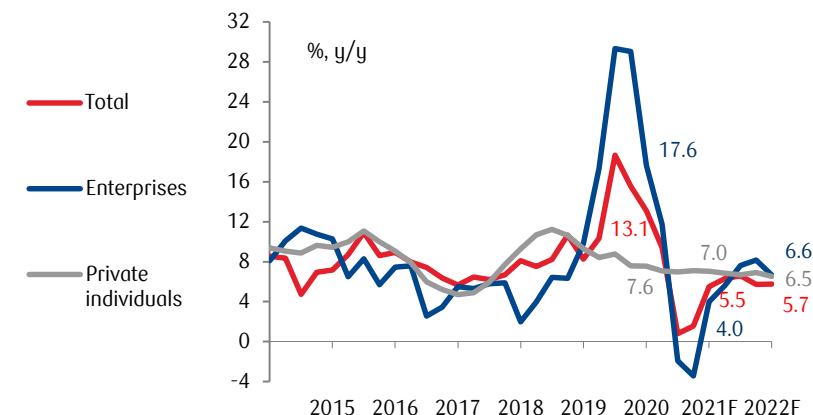
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		2015	2016	2017	2018	2019	2020 E	2021 F	2022 F
GDP	% y/y	3.8	3.1	4.8	5.4	4.5	-2.8	5.1	4.0
Consumption	% y/y	3.0	3.9	4.8	4.3	4.0	-3.0	5.5	3.5
Investments	% y/y	6.1	-8.2	4.0	9.4	7.2	-8.4	3.7	6.4
Fiscal balance <sup>1)</sup>	% GDP	-2.7	-2.2	-1.5	-0.2	-0.7	-9.2	-3.4	-1.8
Public debt <sup>1)</sup>	% GDP	51.3	54.2	50.6	48.6	45.7	59.7	58.1	56.4
CPI inflation	%	-0.9	-0.6	2.0	1.7	2.3	3.4	3.1	3.4
LFS unemployment rate	%	7.5	6.2	4.9	3.8	3.3	3.3	3.4	3.2
NBP reference rate	% eop	1.50	1.50	1.50	1.50	1.50	0.10	0.10	0.10
WIBOR 3M	% eop	1.73	1.73	1.72	1.72	1.71	0.21	0.20	0.20
EUR/PLN	PLN eop	4.26	4.42	4.17	4.30	4.26	4.61	4.45	4.35
USD/PLN	PLN eop	3.90	4.18	3.48	3.76	3.80	3.75	3.50	3.43

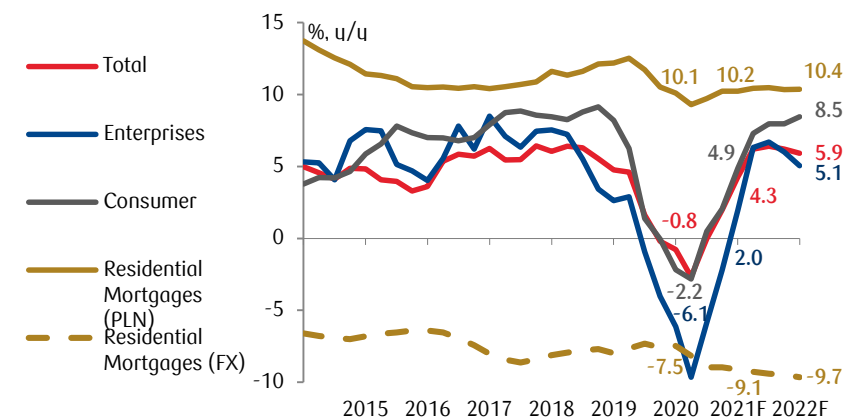
Source: Statistics Poland, Ministry of Finance, National Bank of Poland, PKO Bank Polski forecasts

1) In ESA2010 terms.

## Deposits growth (FX adjusted)



## Loans growth (FX adjusted)



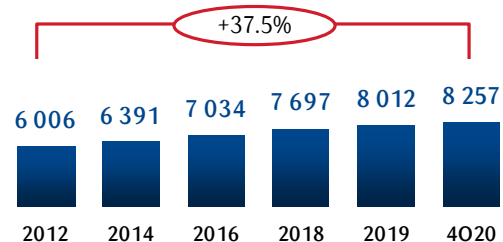


Bank Polski

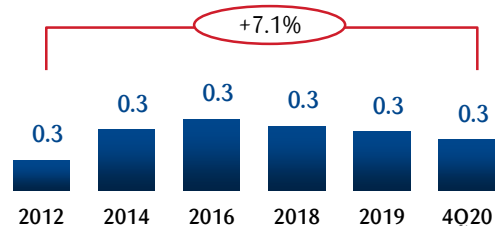
## SUPPLEMENTARY INFORMATION

# PKO Bank Polski - undisputed leader of the Polish banking sector

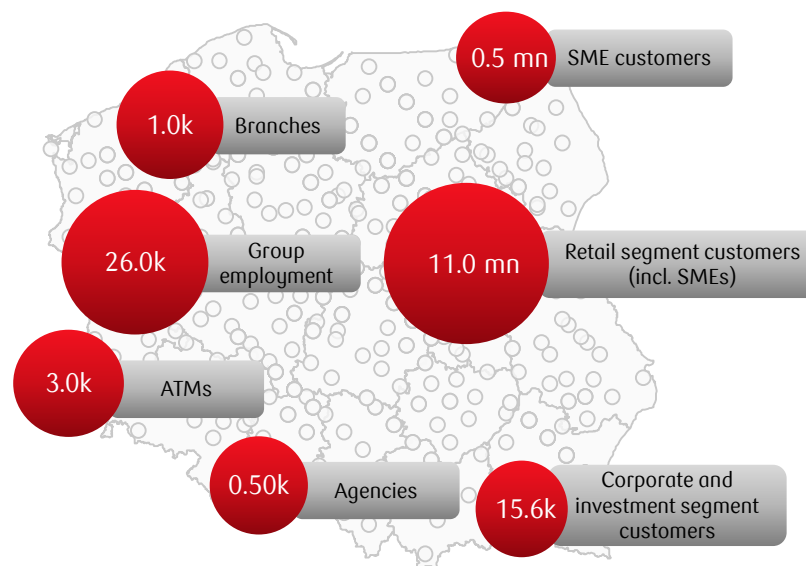
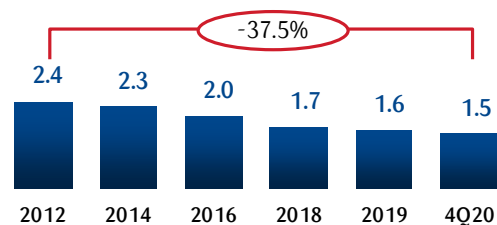
Number of current accounts of individuals [k]



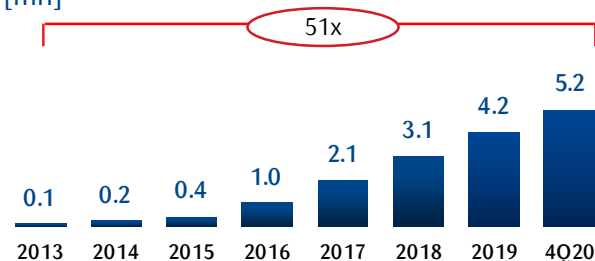
Number of ATMs [k]



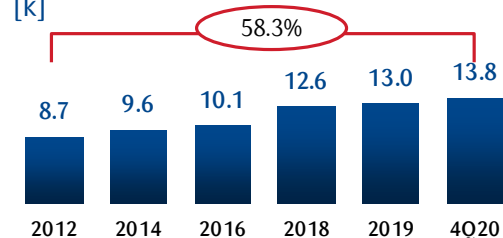
Number of retail agencies and branches [k]



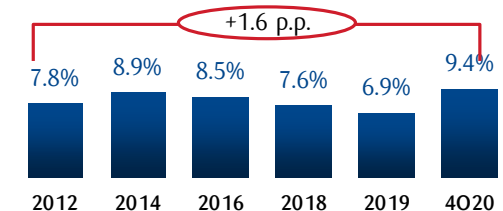
Mobile apps [mn]



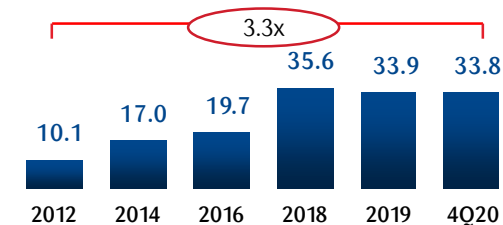
Number of corporate customers with access to e-banking [k]



The share of PKO Securities in trading on the secondary stock market (without block off session transactions)



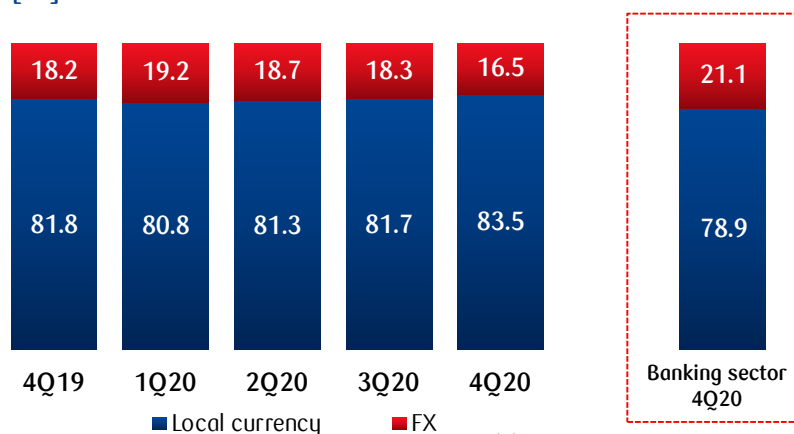
Investment Funds – AuM [PLN bn]



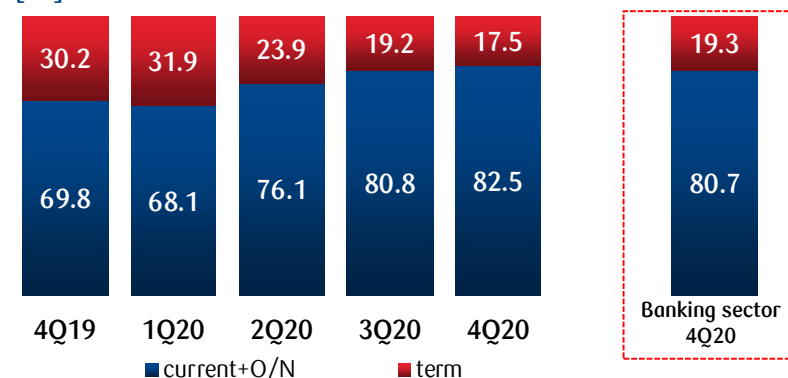
# SUPPLEMENTARY INFORMATION

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

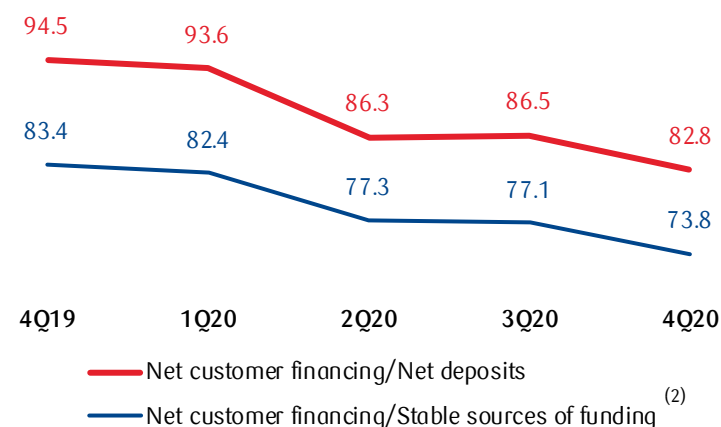
Currency structure of gross loans portfolio [%]



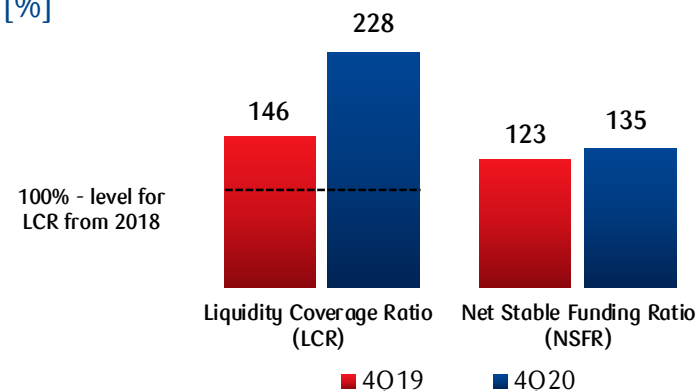
Term structure of total deposits <sup>(1)</sup> [%]



Structure of funding [%]



LCR and NSFR ratio [%]



(1) Amounts due to customers.

(2) Amounts due to customers and long-term sources of external funding: issuance of covered bonds, securitization, unsecured obligations, subordinated liabilities, loans from financial institutions.

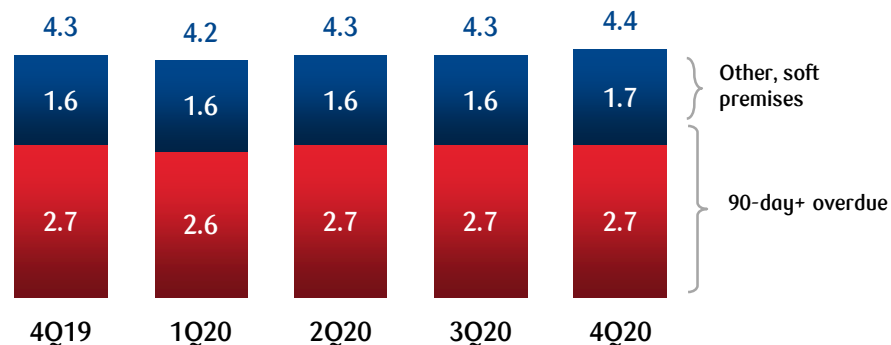
# SUPPLEMENTARY INFORMATION

## Asset quality by segments

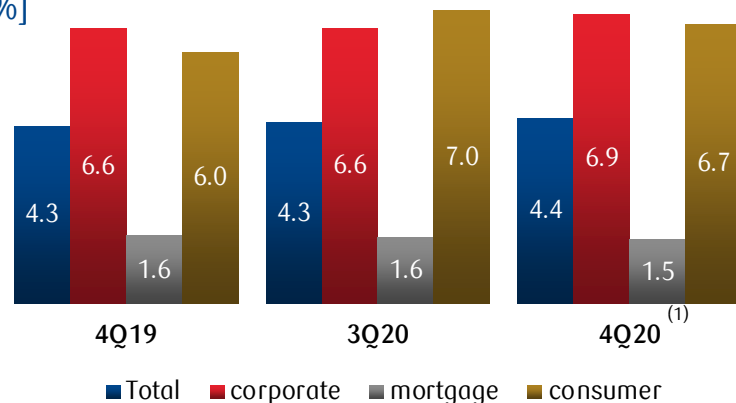


Bank Polski

Share of receivables with recognized impairment [%]



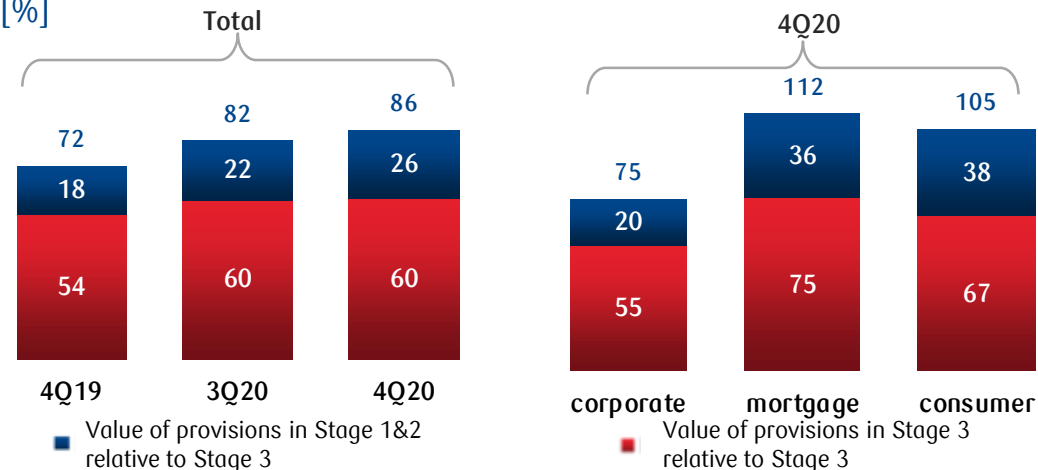
Share of receivables with recognized impairment [%]



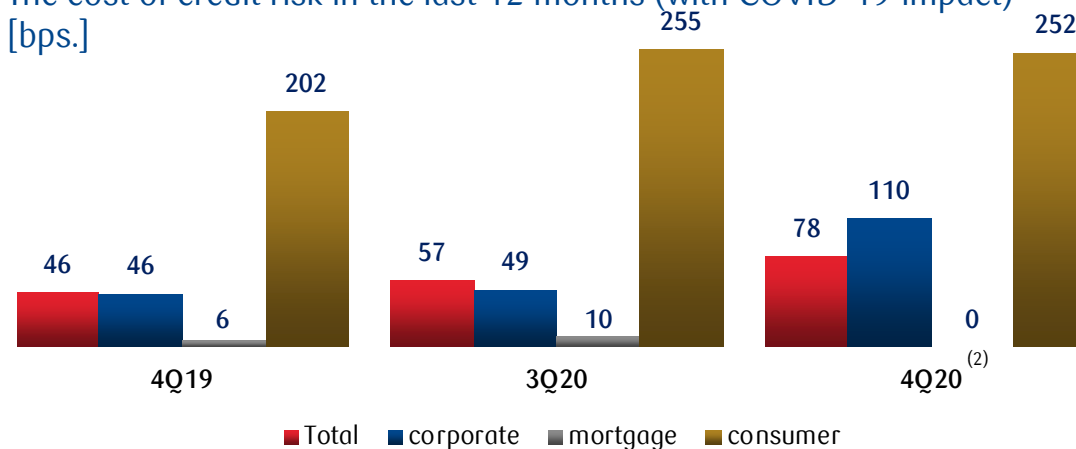
(1) Sale of receivables in 4Q'20 led to an improvement of the NPL ratio by 0.2 p.p. for total loans and 0.6 p.p. for consumer loans.

(2) The cost of credit risk, not taking into account the impact of the write-off for COVID-19, stands at -39 bps. for total loans, -53 bps. for corporate, +15 bps. for mortgage, -189 bps. for consumer.

Provision coverage of receivables with recognized impairment [%]



The cost of credit risk in the last 12 months (with COVID-19 impact) [bps.]



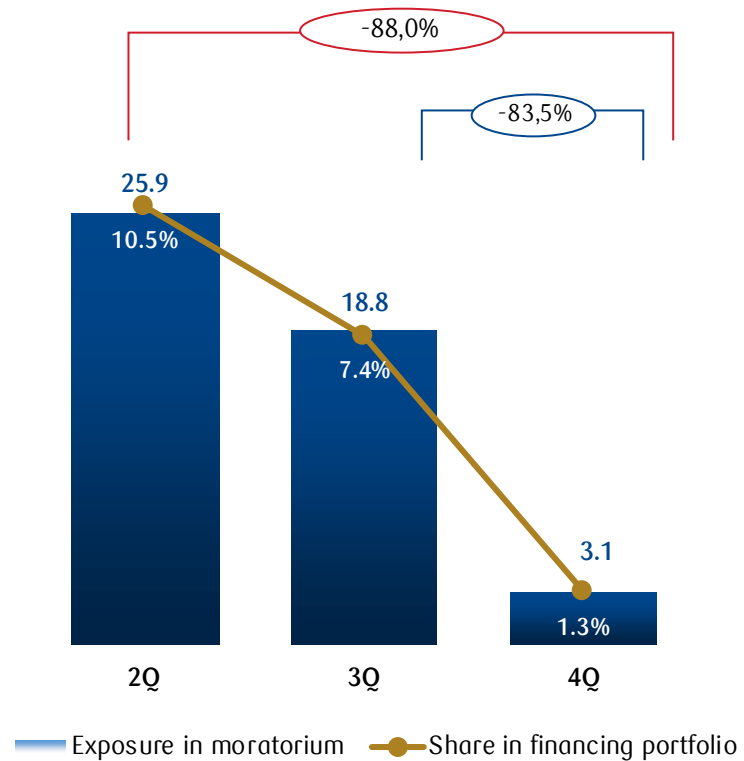


Bank Polski

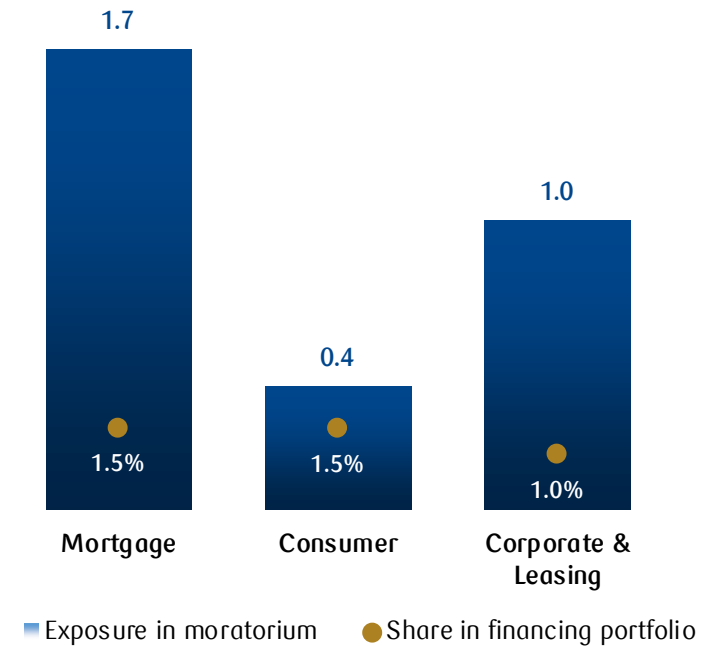
## SUPPLEMENTARY INFORMATION

# Loans covered by credit moratoria

Loans covered by active credit moratoria  
[PLN bn]  
Share in total loan portfolio  
[%]



Portfolio of active credit moratoria <sup>(1)</sup>  
[PLN bn]  
Share in total loan portfolio  
[%]

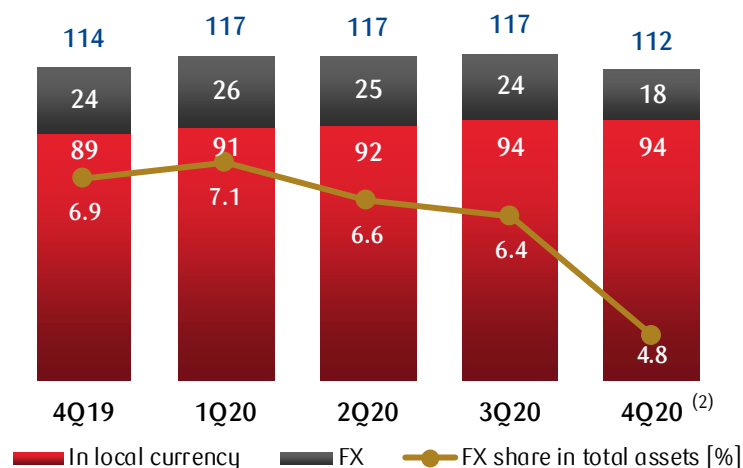


<sup>(1)</sup> Credit exposure to statutory moratoria (Shield 4.0) stands at PLN 43 mn.

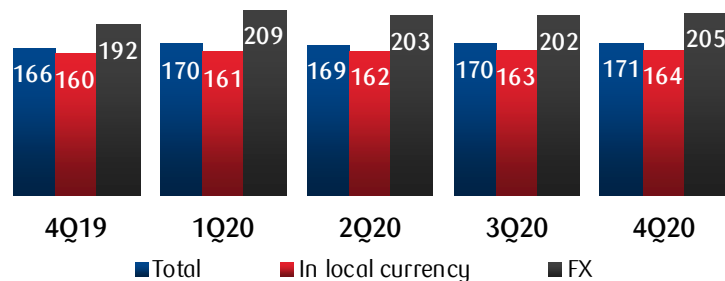
# SUPPLEMENTARY INFORMATION

## Gross mortgage loans

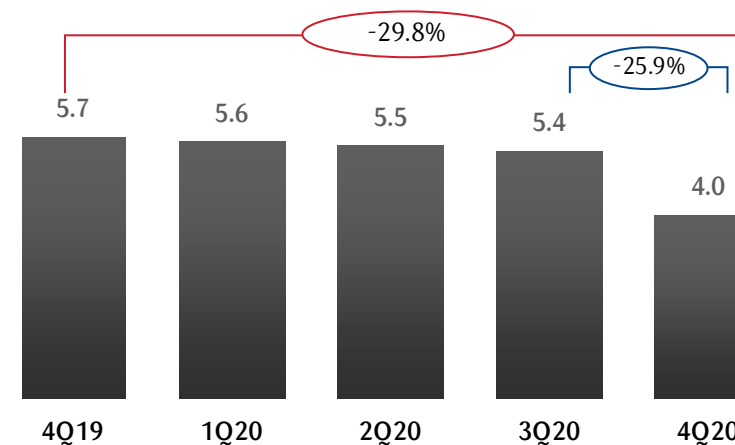
Volume of FX mortgage loans  
[PLN bn] <sup>(1)</sup>



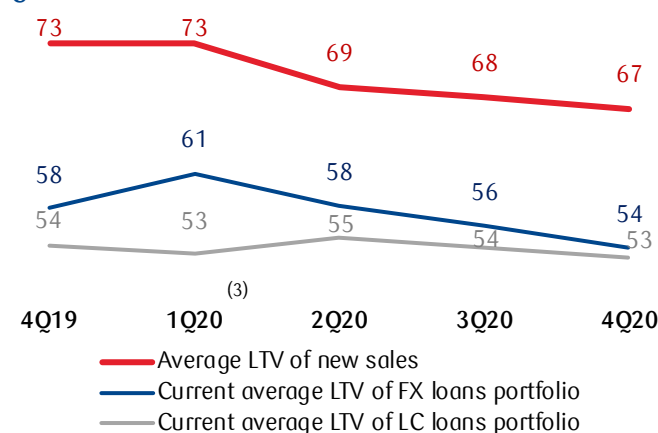
Average carrying value of mortgage loan  
to be repaid  
[PLN k] <sup>(1)</sup>



Volume of CHF mortgage loans  
[CHF bn]



Average LTV  
[%]



(1) Includes data of PKO Bank Polski, PKO Mortgage Bank and Kredobank.

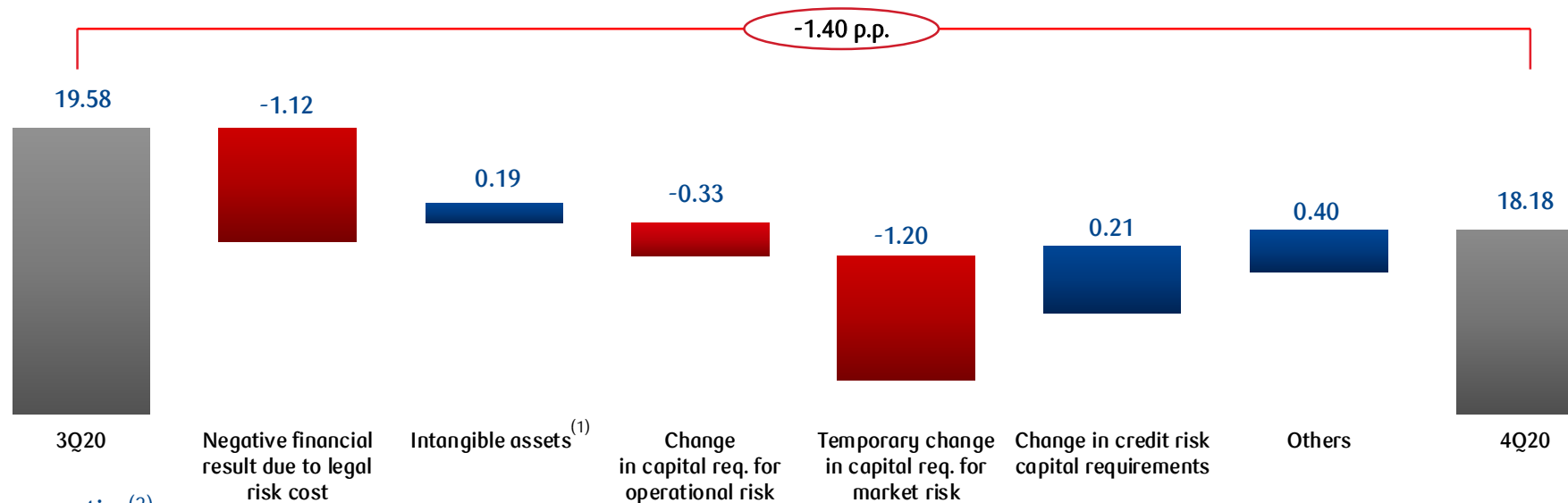
(2) Due to EGM's decision to enter into voluntary settlements with FX mortgage borrowers the value of FX mortgage loans fell by PLN 5.3 bn from PLN 23.5 bn reported in 4Q'20 results.

(3) Increase of LTV in 1Q'20 results from depreciation of PLN against CHF.

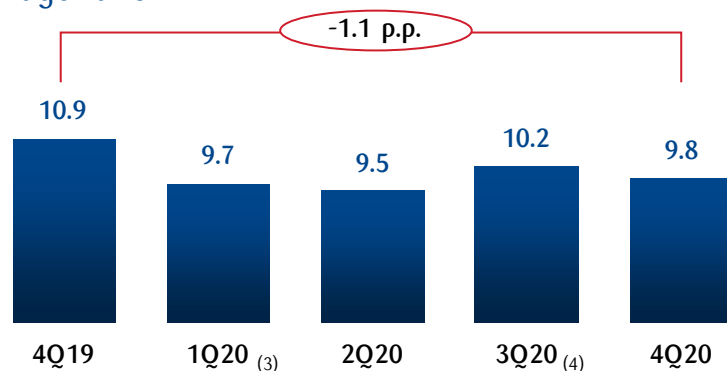
# SUPPLEMENTARY INFORMATION

## Capital adequacy

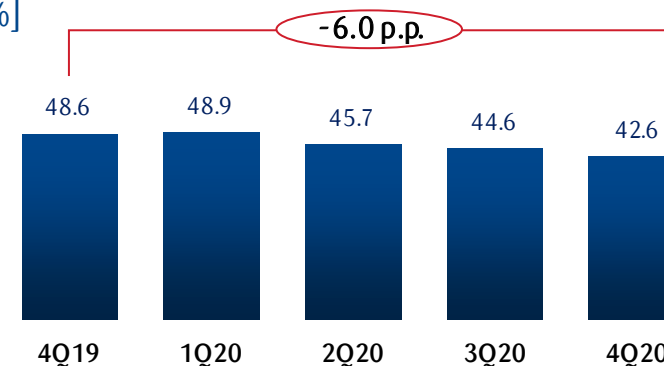
Quarterly change of the consolidated total capital ratio (TCR)  
[p.p.]



Leverage ratio <sup>(2)</sup>  
[%]



Effective risk weight <sup>(4)</sup>  
[%]



(1) Impact of deduction of software assets due to a change in CRR II Quick fix amounted to +0.27 p.p.

(2) Decrease in leverage ratio resulted from increased exposure to Treasury bonds.

(3) Increase in leverage ratio resulted from an inclusion of half of net profit for 2019 in own funds following the General Meeting.

(4) Share of risk-weighted assets related to credit risk and counterparty risk in relations to their respective net exposure values.

## SUPPLEMENTARY INFORMATION

# Key financial data



Bank Polski

### Profit and loss [PLN mn]

	2020	2019	y/y	4Q20	3Q20	q/q
Net interest income	10 346	10 290	+0.5%	2 653	2 446	+8.5%
Net F&C income	3 904	3 731	+4.6%	1 024	987	+3.7%
Result on business activity	14 604	14 579	+0.2%	3 891	3 519	+10.6%
Administrative expenses	-5 983	-6 021	-0.6%	-1 417	-1 359	+4.2%
Allowances for expected credit losses	-2 331	-1 184	+97.0%	-936	-411	2.3x
including the impact of COVID-19	-1 224	-	-	-795	-85	9.3x
Allowances on non-financial assets	-395	-113	3.5x	-59	-71	-16.9%
Cost of credit risk of FX mortgages	-6 552	-451	14.5x	-6 017	-345	17.4x
Bank tax	-1 055	-1 022	+3.2%	-261	-261	+0.2%
Profit before income tax	-1 695	5 819	n/a	-4 797	1 083	n/a
Income tax	-865	-1 787	-51.6%	221	-372	n/a
Net profit	-2 557	4 031	n/a	-4 575	712	n/a
Adjusted net profit <sup>(1)</sup>	3 166	4 482	-29.4%	612	1 057	-42.1%

### Balance sheet [PLN bn]

Assets	377.0	347.9	+8.4%	377.0	376.6	+0.1%
Customer financing	235.8	244.1	-3.4%	235.8	242.6	-2.8%
Amounts due to customers	282.4	256.2	+10.2%	282.4	279.1	+1.2%
Stable financial resources	319.4	292.8	+9.1%	319.4	314.8	+1.5%
Total equity	39.9	41.6	-4.0%	39.9	44.8	-10.9%

<sup>(1)</sup> Net income adjusted to derecognise cost of legal risk and other consequences of EGM's decision to enter into voluntary settlements with FX mortgage borrowers

# SUPPLEMENTARY INFORMATION

## Key ratios



Bank Polski

	4Q20	4Q19	y/y		3Q20	q/q
Key financial ratios [%]	ROE net	-6.0	10.0	-16.0 p.p.	6.4	-12.4 p.p.
	ROTE net	-6.5	10.9	-17.4 p.p.	6.9	-13.4 p.p.
	ROA net	-0.7	1.2	-1.9 p.p.	0.8	-1.5 p.p.
	C/I	41.0	41.3	-0.3 p.p.	42.1	-1.1 p.p.
	NIM	3.03	3.41	-0.38 p.p.	3.10	-0.07 p.p.
Loan portfolio quality [%]	NPL ratio	4.4	4.3	+0.1 p.p.	4.3	+0.1 p.p.
	Coverage ratio	86.3	72.5	+13.8 p.p.	81.9	+4.4 p.p.
	Cost of risk (without COVID-19)	0.39	0.46	-7 bps	0.41	-2 bps
	Cost of risk (with COVID-19)	0.78	0.46	+7 bps	0.57	+21 bps
Capital position [%]	TCR	18.2	19.9	-1.7 p.p.	19.6	-1.4 p.p.
	Tier 1 capital ratio	17.0	18.6	-1.6 p.p.	18.3	-1.3 p.p.
Adjusted profitability ratios [%] <sup>(1)</sup>	Adjusted ROE net	7.1	11.1	-4.0 p.p.	8.6	-1.5 p.p.
	Adjusted ROTE net	7.7	12.1	-4.4 p.p.	9.3	-1.6 p.p.
	Adjusted ROA net	0.9	1.3	-0.4 p.p.	1.0	-0.1 p.p.

(1) Ratios adjusted to derecognise cost of legal risk and other consequences of EGM's decision to enter into voluntary settlements with FX mortgage borrowers

## SUPPLEMENTARY INFORMATION

# Key operational data



Bank Polski

PKO Bank Polski operating data (eop)	4Q19	1Q20	2Q20	3Q20	4Q20	y/y	q/q
Current accounts ('000)	8 012	8 075	8 110	8 204	8 257	+3.1%	+0.6%
Banking cards ('000)	9 283	9 429	9 468	9 549	9 510	+2.4%	-0.4%
of which: credit cards	981	982	966	969	967	-1.4%	-0.2%
Active mobile banking applications IKO ('000)	4 210	4 543	4 735	5 003	5 210	+23.8%	+4.1%
Branches:	1 115	1 101	1 084	1 040	1 004	-10.0%	-3.5%
- retail	1 073	1 059	1 042	1 008	972	-9.4%	-3.6%
- corporate	42	42	42	32	32	-23.8%	0.0%
Agencies	538	531	501	498	492	-8.6%	-1.2%
ATMs	3 080	3 057	3 056	3 038	3 022	-1.9%	-0.5%
Employment eop (FTEs '000) Group	27.7	27.8	27.3	26.4	26.0	-6.2%	-1.6%
Number of operations performed by robots (in '000)	2 406	2 855	4 692	10 343	11 960	5.0x	+15.6%

- The number of active IKO applications increased by 1 million y/y.
- Employment reduced by 1 700 full-time employees y/y.

# SUPPLEMENTARY INFORMATION

## Profit and loss account of the PKO Bank Polski Group



Bank Polski

Profit and loss account (PLN million)	4Q19	1Q20	2Q20	3Q20	4Q20	4Q'20/4Q'19	4Q'20/3Q'20
Net interest income	2 630	2 707	2 539	2 446	2 653	+0.9%	+8.5%
Net fee and commission income	972	979	915	987	1 024	+5.3%	+3.7%
Other income	140	(78)	133	85	214	+53.3%	2.5x
Dividend income	0	0	14	1	0	-46.6%	-61.3%
Trading income	147	(77)	40	28	66	-55.5%	2.3x
Net foreign exchange gains	18	16	27	38	101	5.6x	2,7x
Gains/(losses) on derecognition on financial assets and liabilities	2	43	39	69	29	11.9x	-58.2%
Net other operating income and expense	(28)	(60)	14	(50)	18	-	-
<b>Total income items</b>	<b>3 742</b>	<b>3 608</b>	<b>3 587</b>	<b>3 519</b>	<b>3 891</b>	<b>+4.0%</b>	<b>+10.6%</b>
Total operating expenses	(1 524)	(1 788)	(1 420)	(1 359)	(1 417)	-7.0%	4.2%
result on regulatory charges	(60)	(451)	(106)	(109)	(111)	+85.5%	+2.3%
Allowances for expected credit losses	(253)	(563)	(422)	(411)	(936)	3.7x	1.3x
Net impairment allowances on non-financial assets	(81)	(116)	(149)	(71)	(59)	-27.2%	-16.5%
Cost of risk on FX mortgages	(446)	(85)	(105)	(345)	(6 017)	13.5x	17.4x
Tax on certain financial institutions	(258)	(262)	(271)	(261)	(261)	+1.1%	+0.2%
Share in net profit (losses) of associates and jointly controlled entities	8	4	(0)	11	1	-84.9%	-89.3%
<b>Profit before income tax</b>	<b>1 187</b>	<b>798</b>	<b>1 220</b>	<b>1 083</b>	<b>(4 797)</b>	<b>-</b>	<b>-</b>
Income tax expense	(464)	(298)	(416)	(372)	221	-	-
Net profit attributable to non-controlling shareholders	1	(4)	1	-	(1)	-	-
<b>Net profit attributable to the parent company</b>	<b>723</b>	<b>503</b>	<b>803</b>	<b>712</b>	<b>(4 575)</b>	<b>-</b>	<b>-</b>

# SUPPLEMENTARY INFORMATION

## Balance sheet of the PKO Bank Polski Group



Bank Polski

Assets (PLN billion)	4Q19	1Q20	2Q20	3Q20	4Q20	4Q'20/4Q'19	4Q'20/3Q'20
Cash and balances with the Central Bank	14.7	11.4	3.7	3.7	7.5	-49.1%	+100.1%
Amounts due from other banks	4.1	5.7	2.7	2.6	2.6	-37.5%	-3.0%
Reverse repo transactions	1.1	0.1	0.2	0.0	-	-	-
<b>Net customer financing</b>	<b>244.1</b>	<b>250.9</b>	<b>244.7</b>	<b>242.6</b>	<b>235.8</b>	<b>-3.4%</b>	<b>-2.8%</b>
Securities	66.7	75.4	106.3	108.6	110.5	+65.7%	+1.8%
Other assets	17.3	21.1	19.6	19.0	20.7	+19.6%	+8.7%
<b>TOTAL ASSETS</b>	<b>347.9</b>	<b>364.6</b>	<b>377.2</b>	<b>376.6</b>	<b>377.0</b>	<b>+8.4%</b>	<b>+0.1%</b>

Liabilities and equity (PLN billion)	4Q19	1Q20	2Q20	3Q20	4Q20	4Q'20/4Q'19	4Q'20/3Q'20
<b>Total equity</b>	<b>41.6</b>	<b>42.5</b>	<b>44.1</b>	<b>44.8</b>	<b>39.9</b>	<b>-4.0%</b>	<b>-10.9%</b>
Amounts due to the central bank and due to banks	2.1	2.1	2.1	2.6	2.6	+23.0%	-0.1%
Repo transactions	-	-	0.1	-	-	-	-
Subordinated liabilities and debt securities in issue	33.9	35.6	32.0	33.3	34.8	+2.8%	+4.6%
<b>Amounts due to customers</b>	<b>256.2</b>	<b>266.2</b>	<b>281.8</b>	<b>279.1</b>	<b>282.4</b>	<b>+10.2%</b>	<b>+1.2%</b>
Loans and advances received	2.8	2.8	2.5	2.5	2.3	-18.4%	-7.5%
Liabilities of insurance activities	1.8	1.8	1.7	1.8	1.7	-2.1%	-0.8%
Other liabilities	9.6	13.7	12.9	12.7	13.3	+38.3%	+4.5%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>347.9</b>	<b>364.6</b>	<b>377.2</b>	<b>376.6</b>	<b>377.0</b>	<b>+8.4%</b>	<b>+0.1%</b>

# SUPPLEMENTARY INFORMATION

## Customer financing



Bank Polski

PLN billion	4Q19	1Q20	2Q20	3Q20	4Q20	4Q'20/4Q'19	4Q'20/3Q'20
<b>Financing</b>	<b>238.7</b>	<b>246.3</b>	<b>240.7</b>	<b>238.7</b>	<b>232.6</b>	<b>-2.6%</b>	<b>-2.6%</b>
mortgages	114.2	117.3	117.0	117.6	112.3	-1.7%	-4.5%
mortgages in local currency	89.9	91.3	92.3	93.6	94.1	+4.6%	+0.5%
FX mortgages	24.3	26.0	24.7	24.0	18.2	-25.1%	-24.1%
consumer loans	31.0	31.1	30.3	30.8	30.5	-1.5%	-0.8%
SME	34.5	35.0	34.0	34.2	33.9	-1.7%	-1.0%
corporate	59.0	63.0	59.3	56.1	55.9	-5.3%	-0.4%
<b>Debt securities</b>	<b>14.9</b>	<b>15.4</b>	<b>15.2</b>	<b>15.5</b>	<b>15.5</b>	<b>+3.5%</b>	<b>-0.4%</b>
municipal bonds	9.8	9.7	9.6	9.6	9.7	-1.0%	+1.1%
corporate bonds	5.1	5.7	5.5	5.9	5.8	+12.2%	-2.8%
<b>Gross customer financing</b>	<b>253.7</b>	<b>261.7</b>	<b>255.8</b>	<b>254.2</b>	<b>248.1</b>	<b>-2.2%</b>	<b>-2.4%</b>
Net allowances for expected losses	-9.6	-10.8	-11.1	-11.6	-12.3	+28.2%	+5.9%
<b>Net customer financing</b>	<b>244.1</b>	<b>250.9</b>	<b>244.7</b>	<b>242.6</b>	<b>235.8</b>	<b>-3.4%</b>	<b>-2.8%</b>

## SUPPLEMENTARY INFORMATION

# Customer savings



Bank Polski

PLN billion	4Q19	1Q20	2Q20	3Q20	4Q20	4Q'20/4Q'19	4Q'20/3Q'20
<b>Retail and private banking</b>	232.9	240.5	251.5	258.4	269.4	+15.7%	+4.3%
deposits	174.1	183.2	189.5	191.0	197.0	+13.2%	+3.1%
retail mutual funds	32.1	26.6	27.4	29.5	32.2	+0.4%	+9.2%
saving treasury bonds	26.6	30.6	34.5	37.7	40.0	+50.5%	+6.1%
Own bonds on corporate clients' accounts	1.1	1.1	2.2	3.3	4.5	3.9x	+36.4%
<b>Corporate</b>	49.9	51.2	52.9	47.4	41.1	-17.7%	-13.2%
<b>SME</b>	30.5	30.3	37.8	39.1	42.7	+40.1%	+9.1%
<b>Customer savings</b>	314.5	323.1	344.5	348.2	357.7	+13.8%	+2.7%

<sup>(1)</sup> Volume of bonds of Capital Grupa was previously shown only for clients of Brokerage Office, currently adjusted by remaining clients. Volume of bonds accumulated by retail clients has been recognised in the line of total retail and private banking.

# PKO Banking Platform 2020-2022

## Strategic financial targets



Bank Polski

	2018	2019	2020	Strategic goals 2022
ROE <sup>(1)</sup>	10.0%	10.0%	-6.0% adjusted: 7.1% <sup>(2)</sup>	12.0%
C/I	44.2%	41.3%	41.0%	~41%
COST OF CREDIT RISK	0.59%	0.46%	0.78%	0.60%-0.75%
NET PROFIT	PLN 3.7 bn	PLN 4.0 bn	PLN -2.6 bn adjusted: PLN 3.2 bn <sup>(2)</sup>	> PLN 5 bn
EQUITY	TCR: 18.9%  TIER 1: 17.5%	TCR: 19.9%  TIER 1: 18.6%	TCR: 18.2%  TIER 1: 17.0%	Ability to pay dividends

(1) Return on tangible equity adjusted for goodwill and intangibles (ROTE): -6.5% in 4Q'20, -17.4 p.p. y/y.

(2) Return on capital adjusted legal risk costs and other consequences of EGM's decision to enter into voluntary settlements with FX mortgage clients.

# SUPPLEMENTARY INFORMATION

## Shares and rating

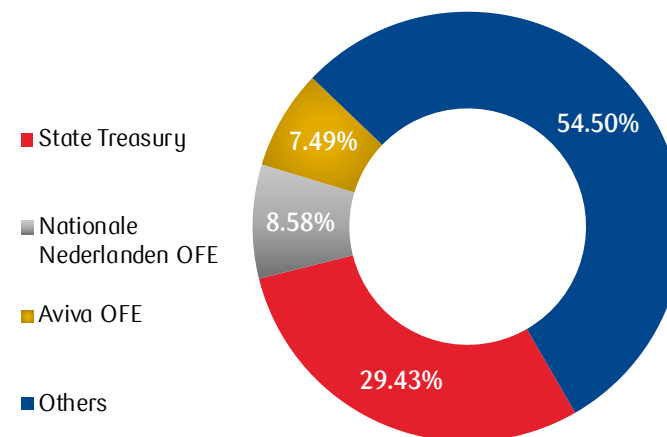


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### Basic information on shares

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

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



### Credit 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 Ratings

Agency:	Rating:	ESG Rating (environmental, social, governance)
FTSE Russell		3.1
Sustainalytics		Medium risk
MSCI		BBB



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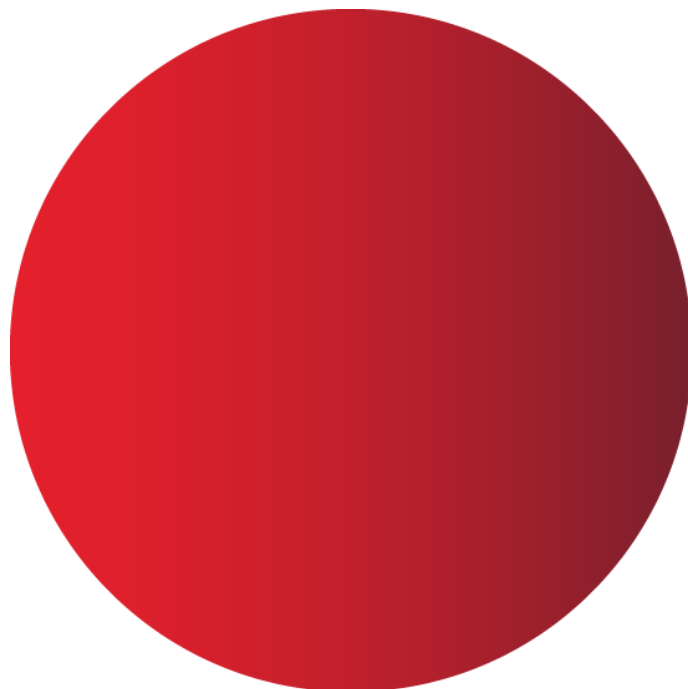
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Any differences in total balances, percentages and growth rates result from rounding the amounts to PLN million and rounding percentages to one decimal place.



Bank Polski



## Contact details

### Investor Relations

Marcin Jabłczyński  
Migdałowa 4  
02-796 Warsaw

Tel: +48 22 778 86 05

e-mail: [marcin.jablczynski@pkobp.pl](mailto:marcin.jablczynski@pkobp.pl)

e-mail: [ir@pkobp.pl](mailto:ir@pkobp.pl)

PKO Bank Polski IR website:

[www.pkobp.pl/investor-relations/](http://www.pkobp.pl/investor-relations/)

## Investor's calendar

28 May 2021	Periodic report for Q1 2021
12 August 2021	Periodic report for H1 2021
5 November 2021	Periodic report for Q3 2021