

Bank Polski

# Financial results 2Q and 1H 2021

## Record profits

12.08.2021



Bank Polski

# Key achievements



# Key achievements in 1H21



Record half-year net profit

**PLN 2.4 bn**

Core operating income +3.1% q/q thanks to recovering NII (+4.1% q/q) and further improvement in F&C (+1.1% q/q)

ROE increased to 12%



**C/I = 38.1%**

Sound cost control, keeping C/I at an excellent ratio

Cost control



**CoR= 50 bps.**

Normalizing cost of risk  
Impressive results in the European stress tests

CoR normalization

**Strong growth (+40% q/q) of new retail sales**



- Strong rebound in the economy (GDP +11.2% y/y) fuelled by both higher consumption and improving investments
- Strong labour market with the unemployment rate and wage growth already embarking on their pre-pandemic trend lines

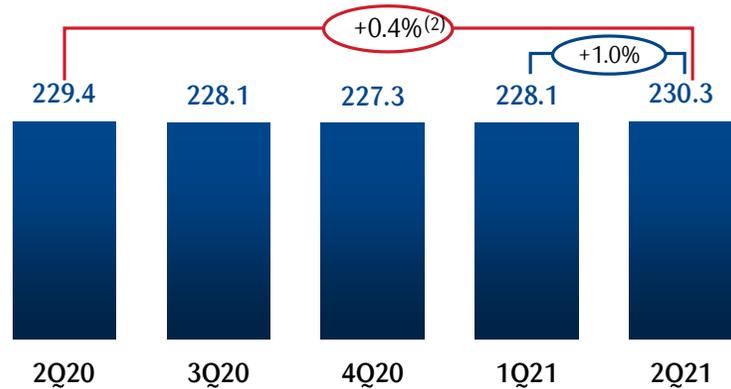
*Record PLN 2.4 bn half-year net profit and 12% ROE*



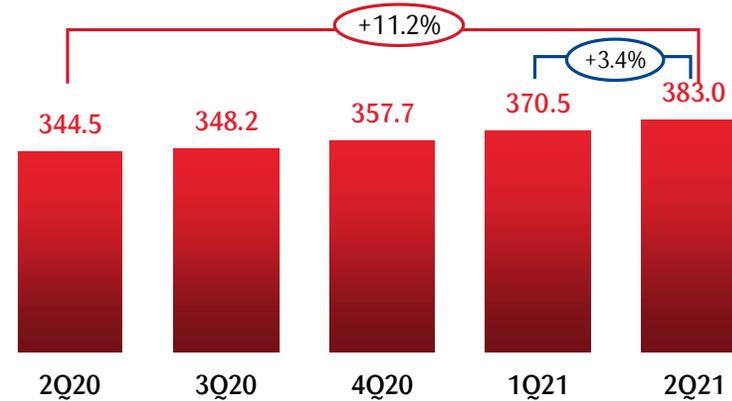
KEY ACHIEVEMENTS

# Commencing recovery in the growth of customer financing

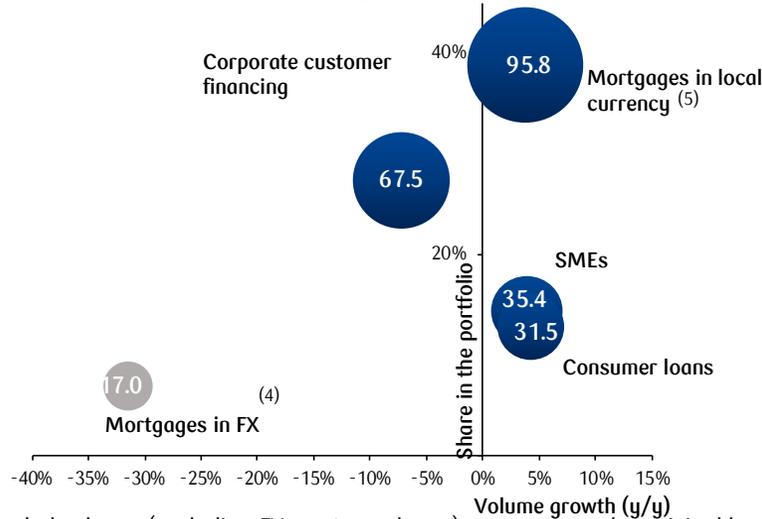
Gross customer financing, PLN bn <sup>(1)</sup>



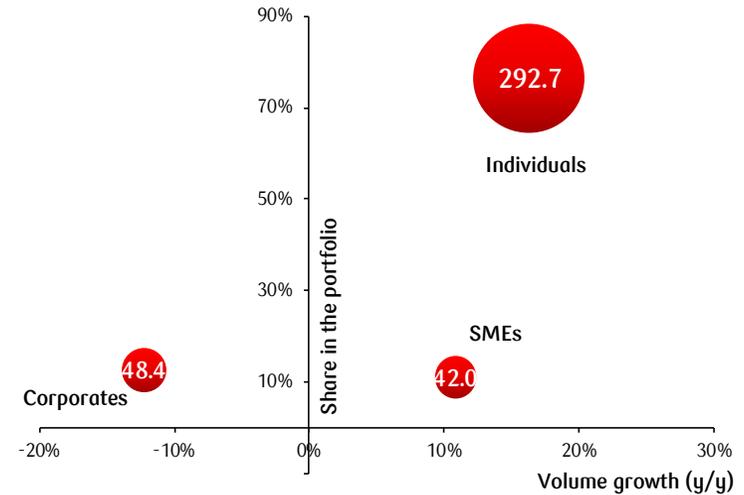
Customer savings, PLN bn <sup>(3)</sup>



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



Customer savings, PLN bn <sup>(3)</sup>



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

(2) The growth dynamics that includes the FX mortgage portfolio following the EGM's settlement decision stands at 0.6% y/y.

(3) 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.

(4) Due to the EGM's decision to enter into settlements with the foreign currency mortgage loan consumers, the volume of FX mortgages decreased by PLN 5.3 bn at the end of 2020.

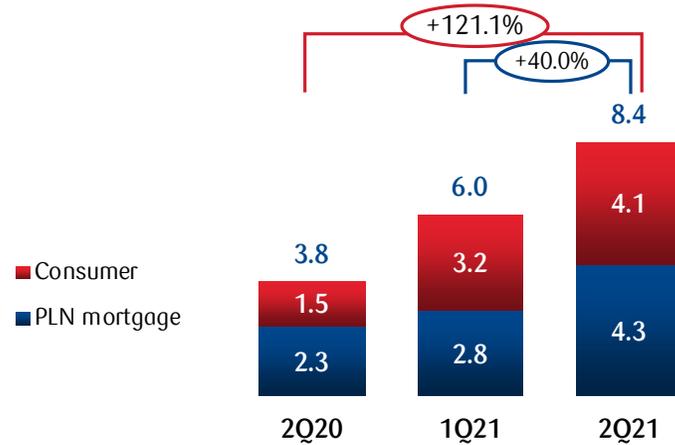
(5) The position covers UAH loans.



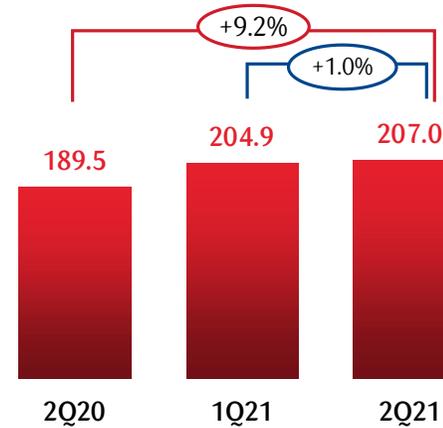
# KEY ACHIEVEMENTS

## Retail: strong sales rebound, further growth of savings

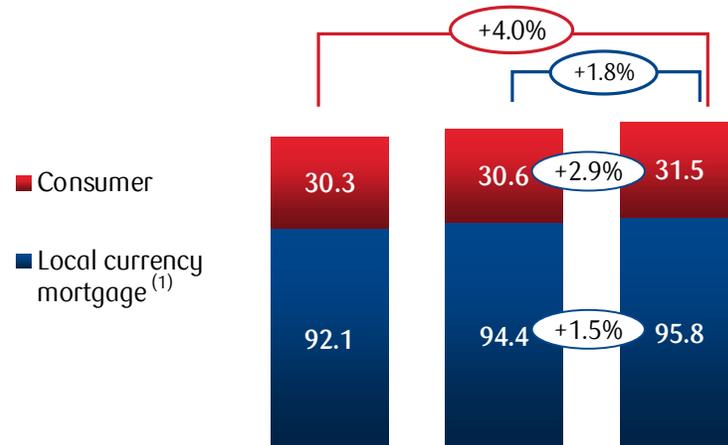
### New sales, PLN bn



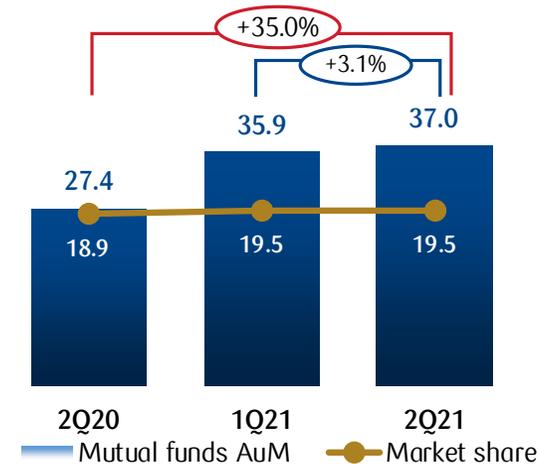
### Deposits, PLN bn



### Volume outstanding, PLN bn



### Mutual funds' AuM, PLN bn (2)



(1) The position covers UAH loans.

(2) Non-dedicated funds.

## KEY ACHIEVEMENTS

# New growth driver: insurance gaining speed



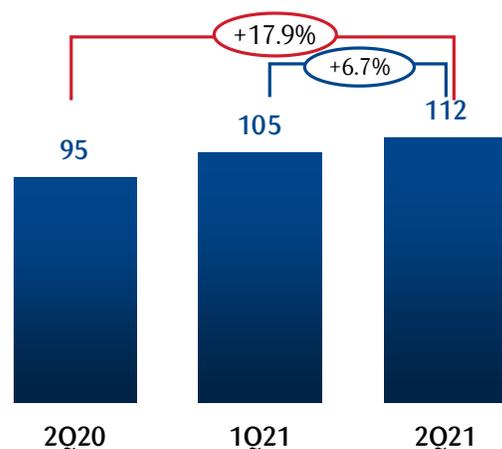
Bank Polski

**INSURANCE FEES AND COMMISSIONS** with higher growth dynamics than the overall F&C, while insurance sales rose by 8% q/q and over 70% y/y

**INCREASE IN SALES**  
8% insurance sales growth q/q  
30% q/q increase in insurance premium

**OWN INSURANCE PROVIDER**  
Two insurance companies operating under PKO Ubezpieczenia brand are the leading providers of insurance for the bank

F&C from insurance sales, PLN mn



### Loan protection insurance

Over 40% of insurance policies sold are the mortgage and cash loan protection insurances, whose quarterly sales growth reached nearly 30%



### Car insurance <sup>(1)</sup>

Car insurance sales recorded a 68% increase y/y and, together with the loan protection insurance, it is one of the leading insurance products



### Property insurance <sup>(1)</sup>

Sales of property insurance rose by 45% q/q and almost fourfold y/y. In Q3 2021, we plan to introduce a new real estate insurance "PKO HOME" with customized tariffs, and make it available in all distribution channels



### Life insurance <sup>(1)</sup>

Life insurance sales have nearly doubled y/y. We currently offer policies as OnkoPlan and Safe Plan, and as a next step we will further develop the offer in the segment of Life and Health

**We focus on developing a range of integrated value-added services, which are the source of non-interest income**

(1) Non-linked to loans.

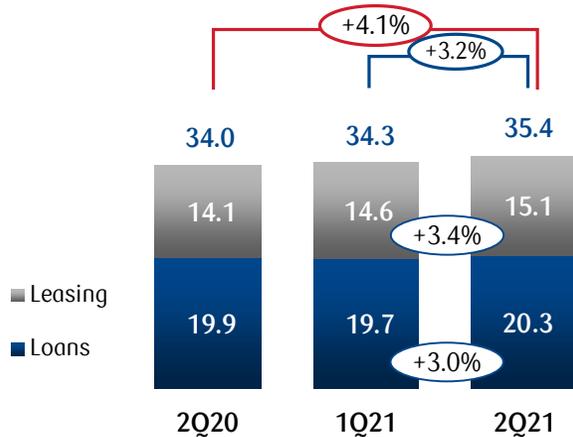
# KEY ACHIEVEMENTS

## We are the first-choice partners for Polish businesses



Bank Polski

SMEs: Gross customer financing, PLN bn



We support Polish companies through various forms of financing, helping in conducting their activities abroad and facilitating running of business



We make running a business easier



We are the leaders of assistance and guarantee programmes

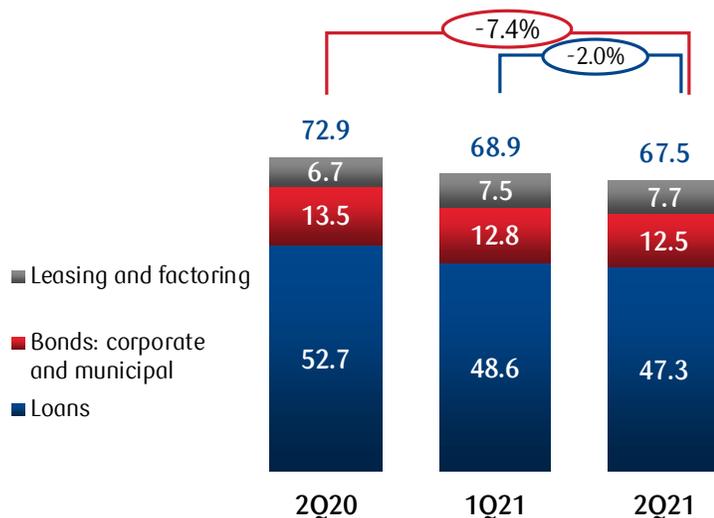


We strengthen our foreign branches



We develop correspondent banking

Corporates: Gross customer financing, PLN bn



Development of the digital channels and new services benefit our clients:

- already over 90% of loan applications are automatically assessed
- the number of e-Accounting service users has doubled
- in Q2, we linked the iPKO platform with the PKO Leasing Customer Portal

- Subsidies amounting to PLN 11.8 bn have been disbursed via PKO Bank Polski under the PFR Financial Shield.
- PKO Bank Polski is a leader in the sales of de minimis guarantees from BGK where nearly PLN 4 bn was granted

Polish companies present in Germany, Czech Republic, Slovakia are served by the bank's branches operating in those countries (soon in Romania)

The share of PKO Bank Polski in correspondent banking in Poland is 50% and it is the only bank operating globally from Poland (1 400 SWIFT relationships, 23 settlement currencies)

# PKO Banking Platform: we integrated a set of ESG metrics with the non-financial objectives



## Responsible lending

We will eliminate our exposure to the coal mining sector by 2030

Green financing will be increasing by 5% y/y

The volume of green financing will be 3x higher than brown financing in the balance sheet total beginning from 2021



## Climate care

We will reduce the bank's greenhouse gas emissions to 40 ths. tonnes in 2025, i.e. by 60% compared to 2019

We will update the Procurement Policy of the Bank until the end of 2021



## Diversity and social responsibility

We would like to maintain a high percentage of women in key managerial positions of at least 35% by 2025

### ESG ratings

MSCI	BBB
Sustainalytics	25.9
FTSE Russell	2.7
Vigeo Eiris	47



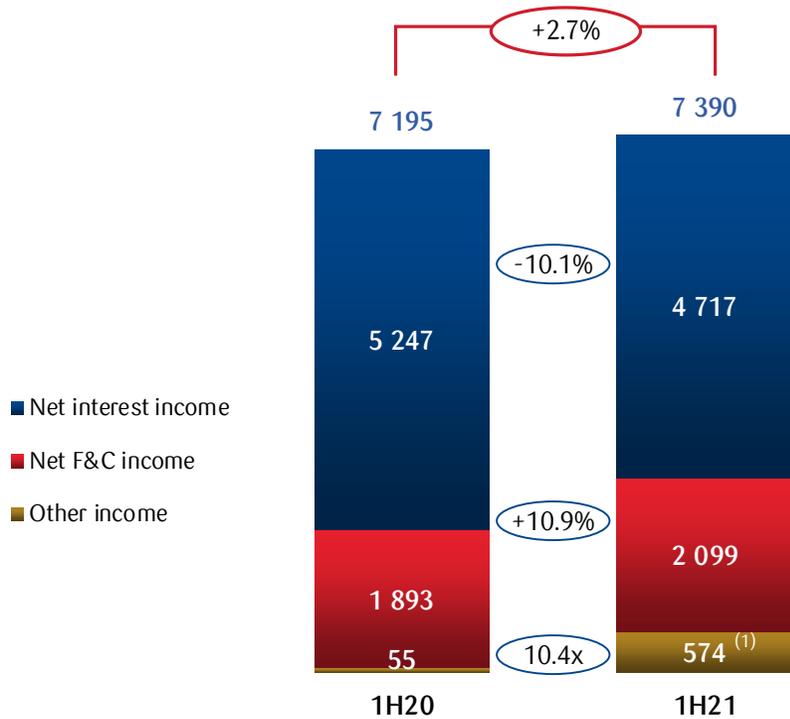
Bank Polski

# Financial results

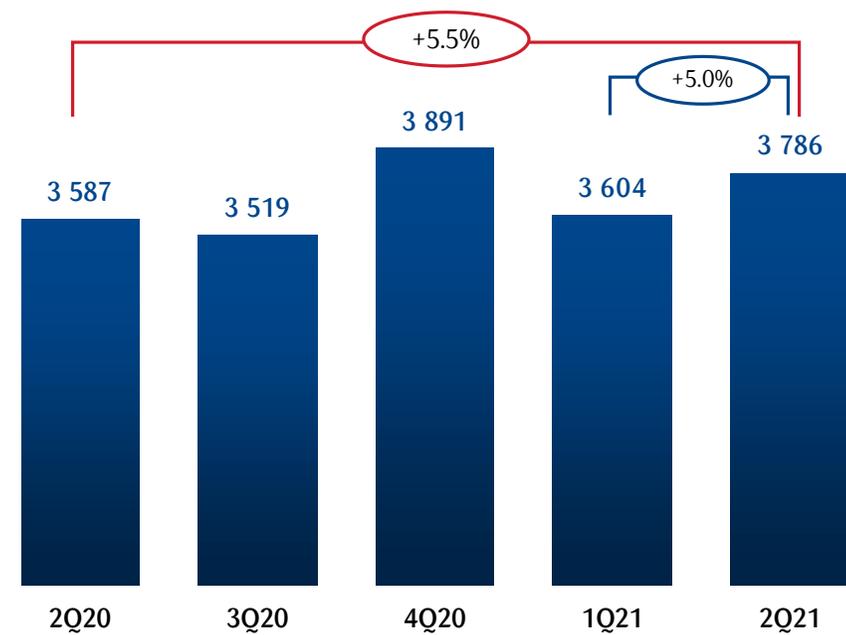
# Strong revenue growth in the second quarter



Result on business activity  
[PLN mn]



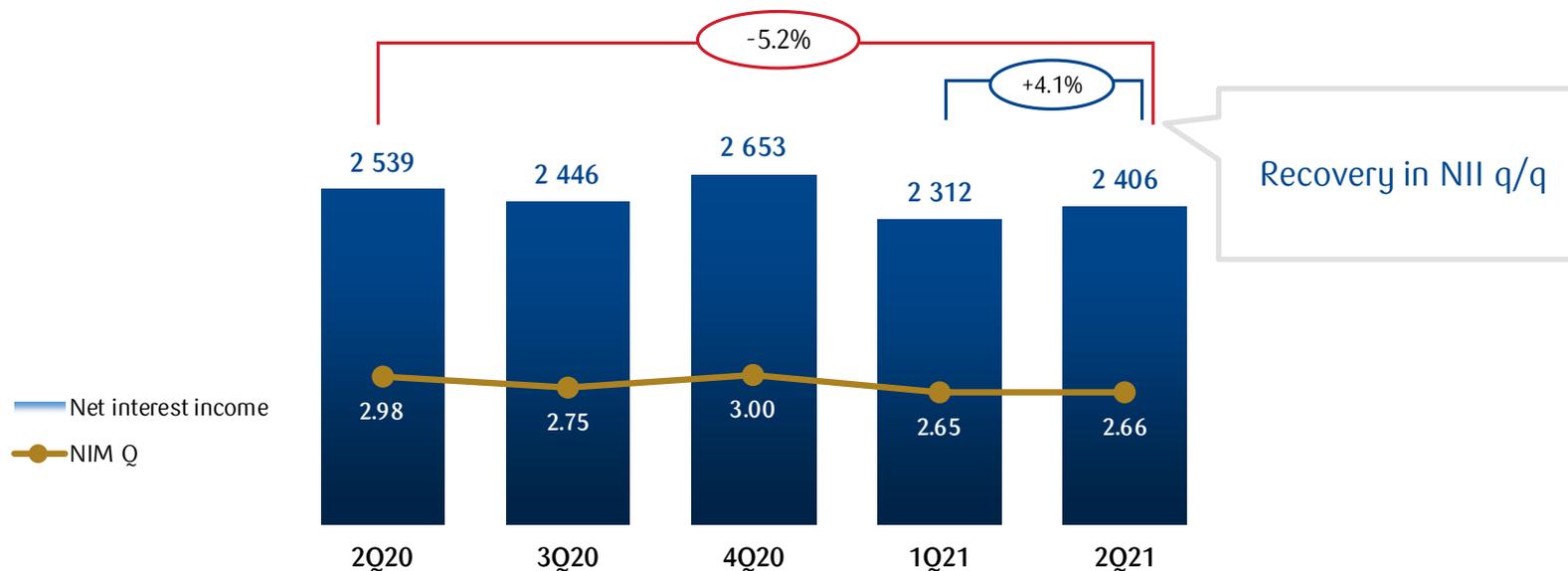
Quarterly result on business activity  
[PLN mn]



# Early recovery of net interest income



Quarterly NII  
[PLN mn]  
Quarterly NIM  
[%]

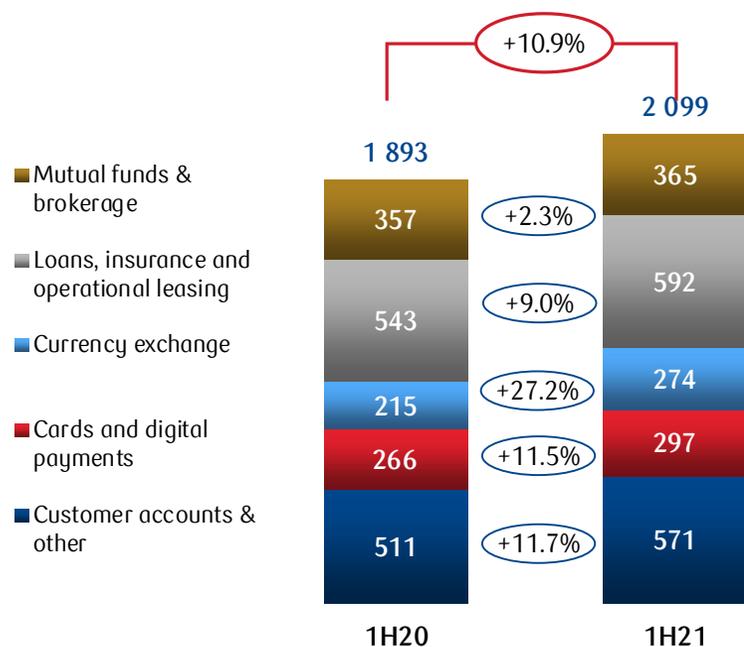


- Net interest income up by 4.1% q/q, supported by an increase in the scale of operations
- Increase in interest margin by 1 bps over the quarter signals a return to an upward trend
- The NII result of 4Q20 includes PLN 195 mn resulting from termination of hedging for foreign currency loans following the EGM’s decision to enter into voluntary settlements with the FX mortgage loans consumers

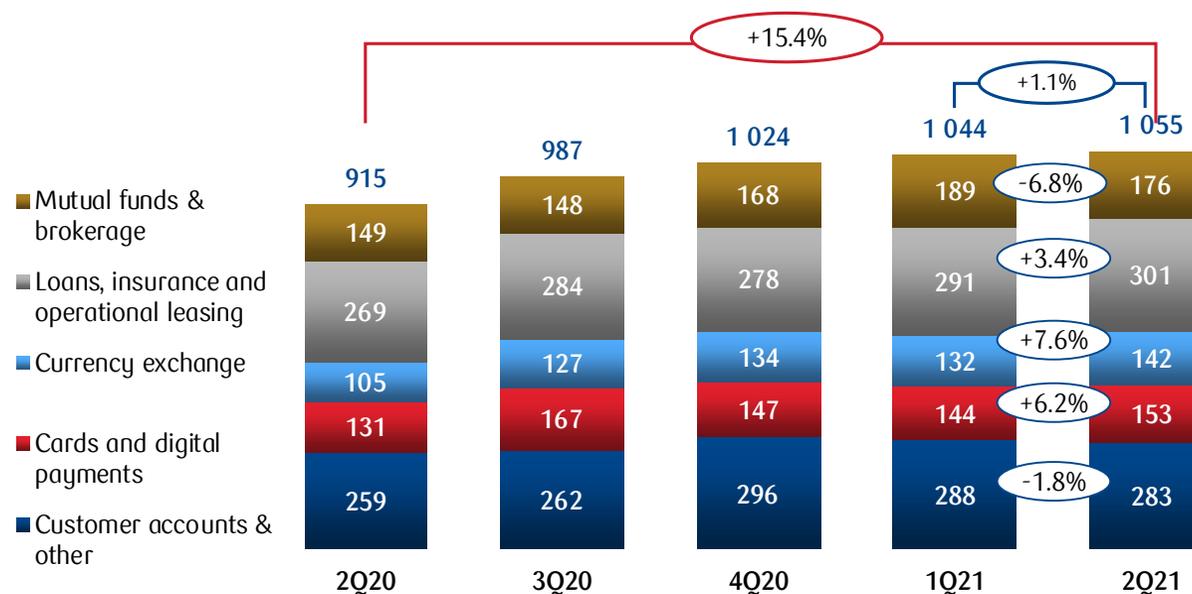
# Systematic increase in net F&C result



Net F&C  
[PLN mn]



Quarterly net F&C  
[PLN mn]



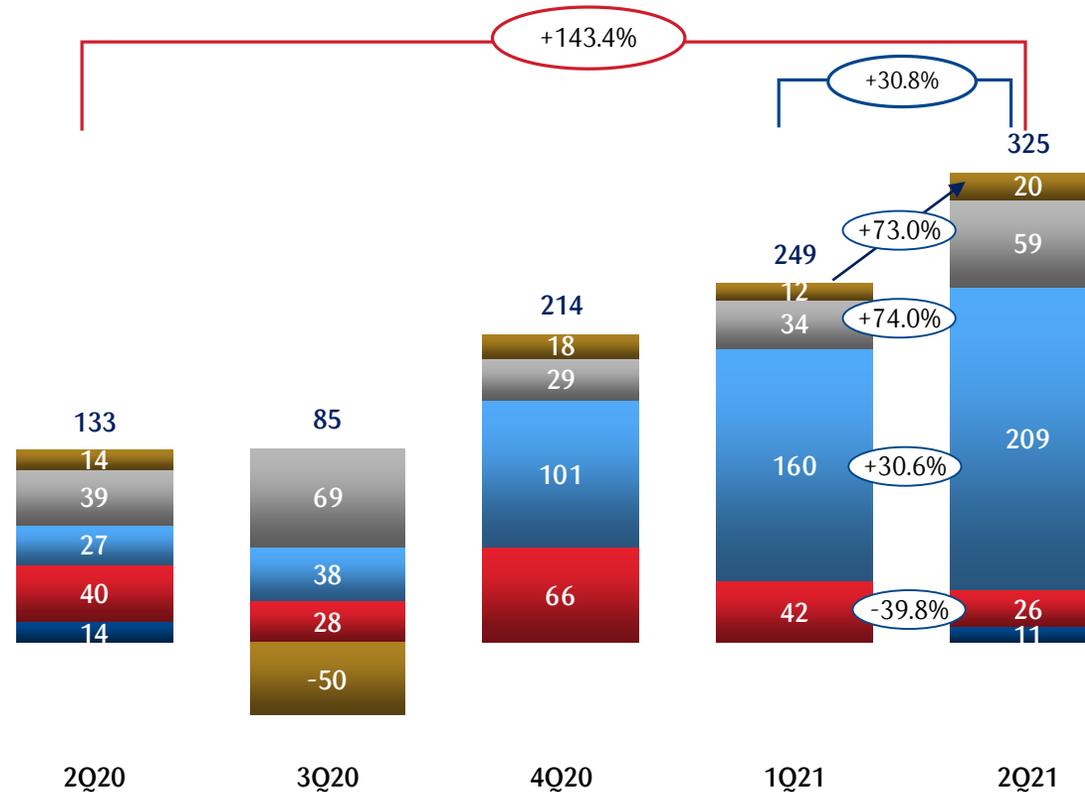
- Increase in commissions by 1.1% q/q thanks to loan commissions (+3.4% q/q), currency exchange (+7.6% q/q) and cards payments (+6.2% q/q)
- The result on mutual funds and brokerage activities at the level of PLN 176 mn reflects good results from investment funds, which were supported by an increase in volume as well as improved structure and lower brokerage income due to the sector's lower stock exchange turnover q/q

# Significant increase in other income



Quarterly other income  
[PLN mn]

- Other operating income
- Derecognition result
- FX income
- Trading income
- Dividend income

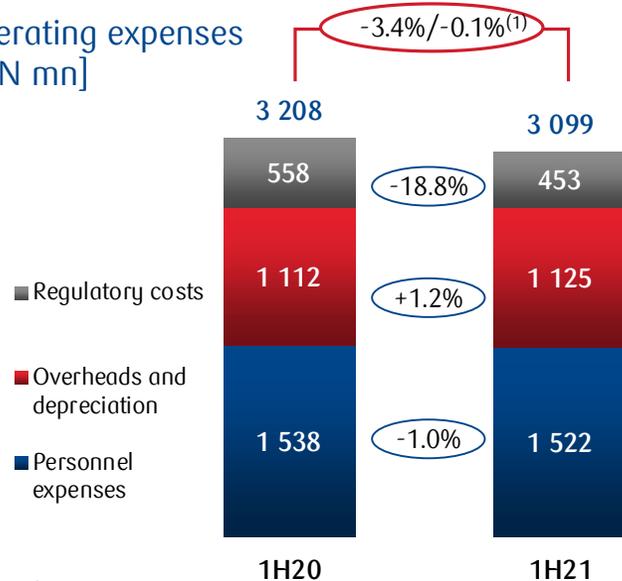


- Significant increase in other income driven by a recognition of approx. PLN 328 mn in 1H21 (approx. PLN 167 mn in 2Q21 alone) in FX income, as a result of closing the currency position following the EGM's decision about the foreign currency mortgages

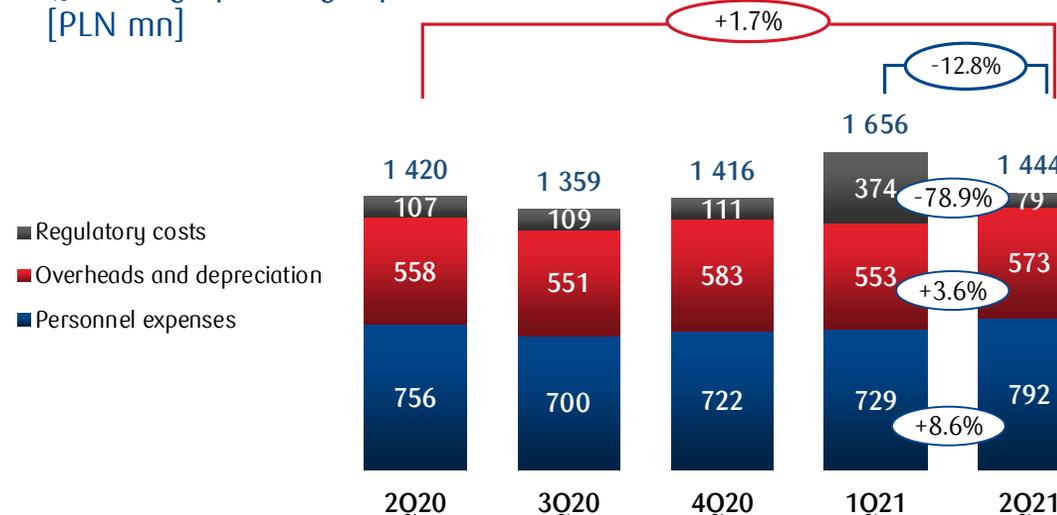
# Further improvement in C/I ratio to 38.1% in 2Q21



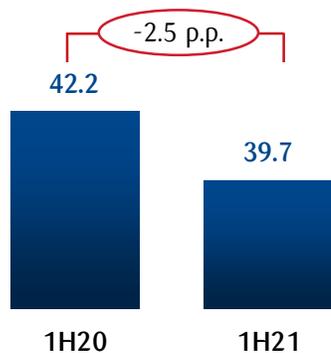
Operating expenses [PLN mn]



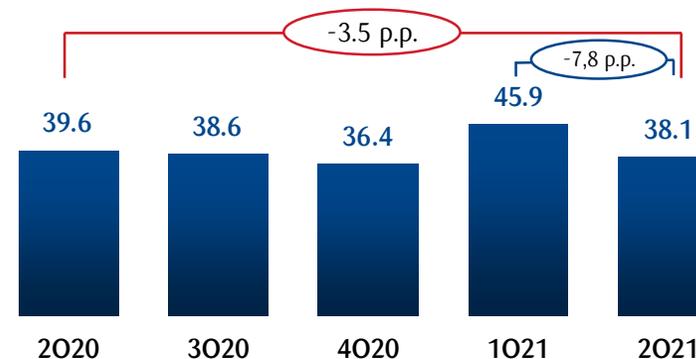
Quarterly operating expenses [PLN mn]



Cost/Income 12M [%]



Quarterly C/I ratio [%]



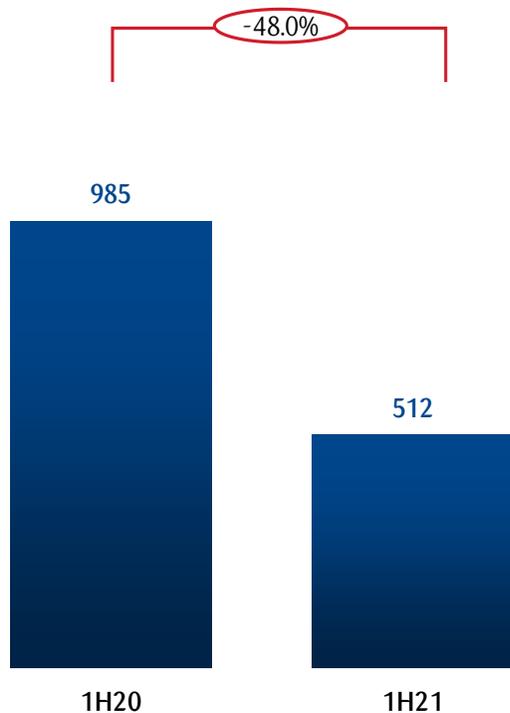
- Total costs at the level of PLN 1 444 mn (-12.8% q/q) underpinned by significantly lower regulatory costs
- Personnel expenses at PLN 792 mn include a revaluation of the provision for holidays and a provision for salary increases and bonuses
- Overheads and depreciation at PLN 573 mn resulting from higher cost of new projects

<sup>(1)</sup> The dynamics does not include regulatory costs.

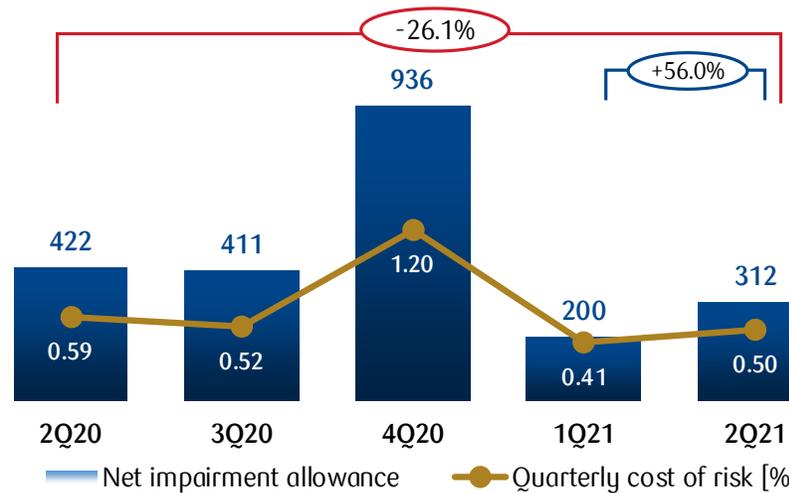
# Cost of risk normalization



Net impairment allowance  
[PLN mn]



Quarterly net impairment allowance  
[PLN mn]



- Cost of risk at 50 bps due to ongoing normalization
- Increase in net impairment allowance q/q designated for the risk of consumer and housing loans, and off-balance sheet liabilities, as the cost of risk in 1Q21 includes the impact of better macroeconomic projections on the impairment models

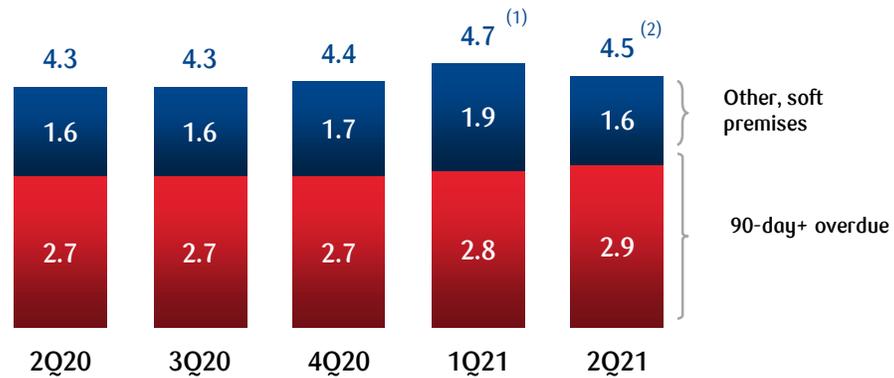
# FINANCIAL RESULTS

## High quality of customer financing

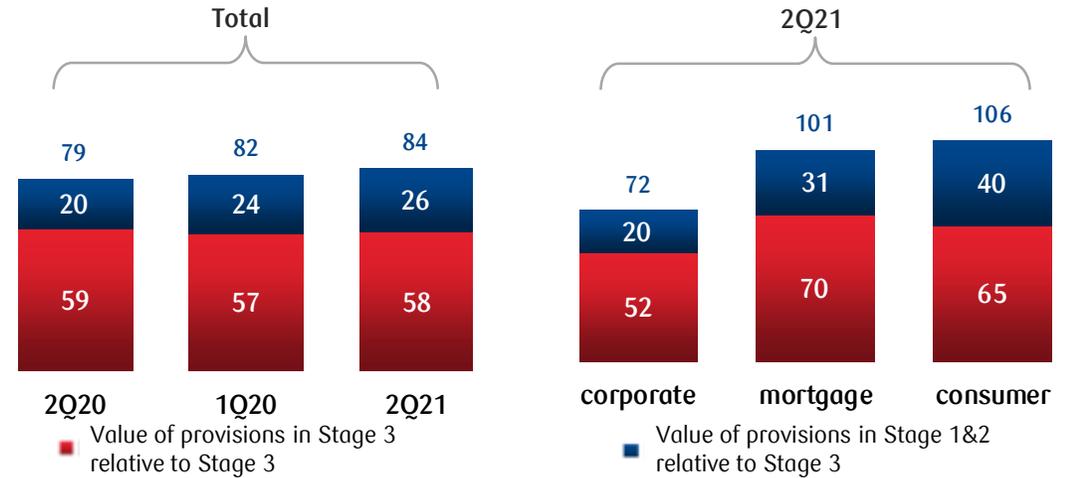


Bank Polski

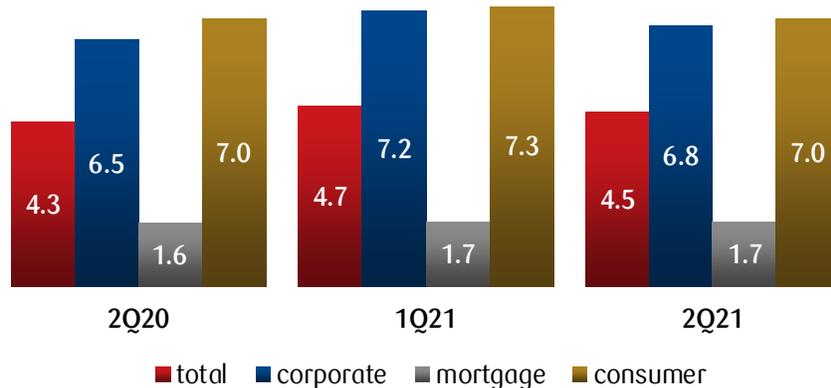
Share of receivables with recognized impairment, %



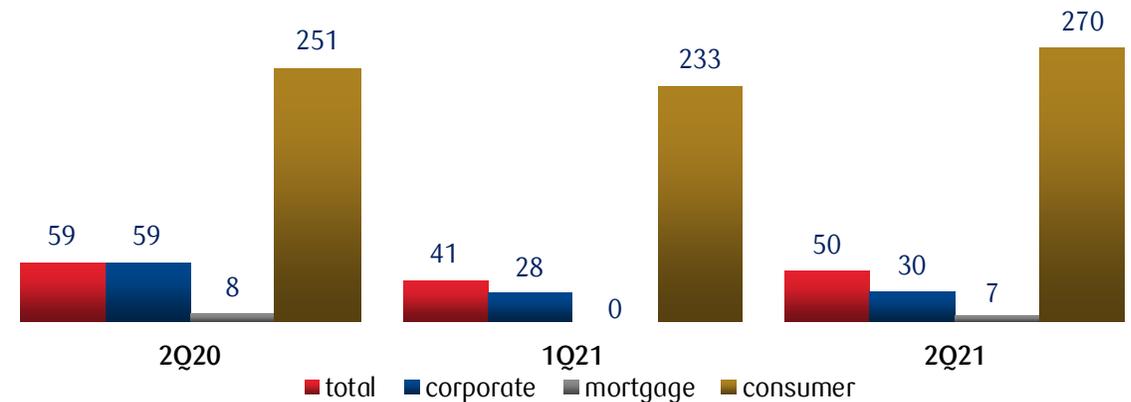
Provision coverage of receivables with recognized impairment, %



Share of receivables with recognized impairment, %



Quarterly cost of credit risk, bps.



(1) Increase in the share of impaired receivables resulted from the change in the definition of default effective from January 1, 2021 in accordance with the Art. 178 CRR.

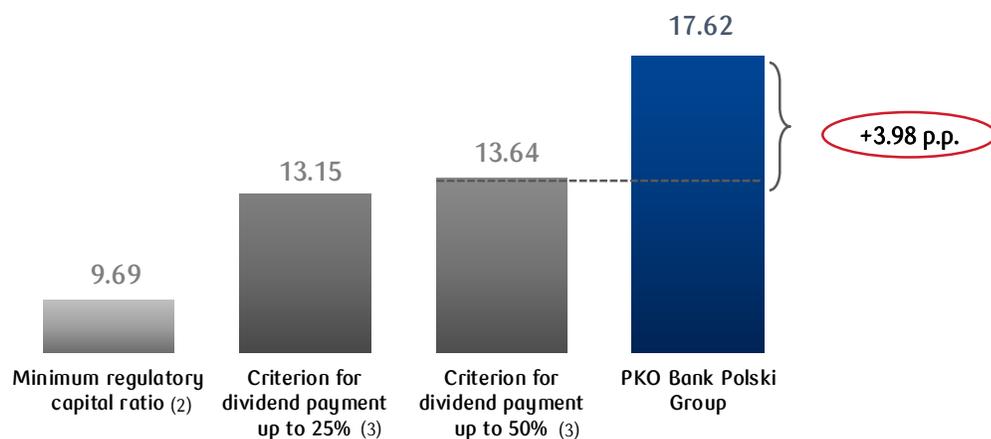
(2) Decrease in NPL resulted from sale of receivables amounting to PLN 458 mn; in its absence the NPL would be 4.76%.



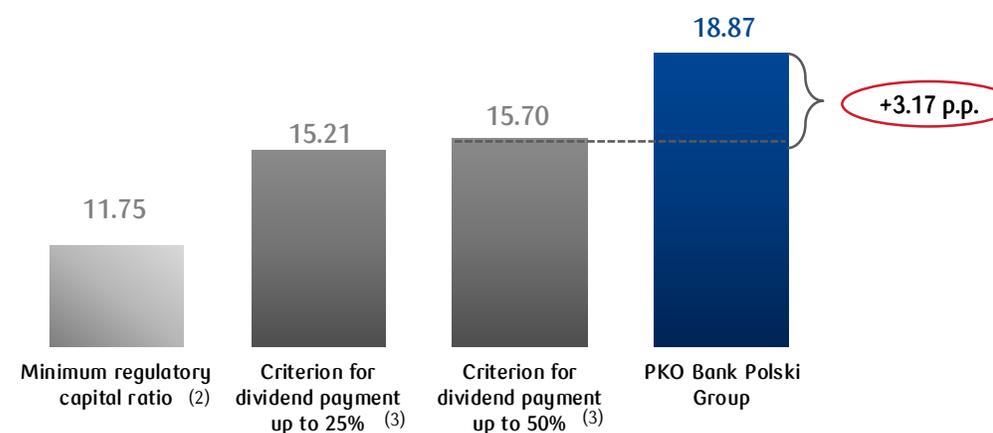
## FINANCIAL RESULTS

# Solid capital position – over PLN 15 billion above the regulatory minimums

Tier 1 capital ratio, %



Total capital ratio (TCR), %



## High level of the surplus capital

- (1) PFSA's additional buffer for bank's sensitivity to an adverse macroeconomic scenario, including the issuance of equity instruments, is 0.46%. PFSA's buffer excluding those instruments would be 0.95%.
- (2) Tier 1: CRR 6% + conservation buffer 2.5% + OSII buffer 1% + countercyclical buffer 0.01% + FX buffer for the Group 0.18%,  
TCR: CRR 8% + conservation buffer 2.5% + OSII buffer 1% + countercyclical buffer 0.01% + FX buffer for the Group 0.24%.
- (3) Dividend payment minimums after adjusting the dividend payout ratio by the following criteria:  
K1 - share of the foreign currency mortgages for households in total receivables of PKO from the non-financial sector (2Q'21: Bank: 9.5%; Group: 7.6%); adjustment by -0.20 p.p. when 10%>K1>5%.  
K2 - share of the foreign currency mortgages granted in 2007/08 in PKO's total portfolio of foreign currency mortgages (2Q'21: Bank: 38.9%; Group: 38.1%; adjustment by -30 p.p. (when >20% and K1>5%).

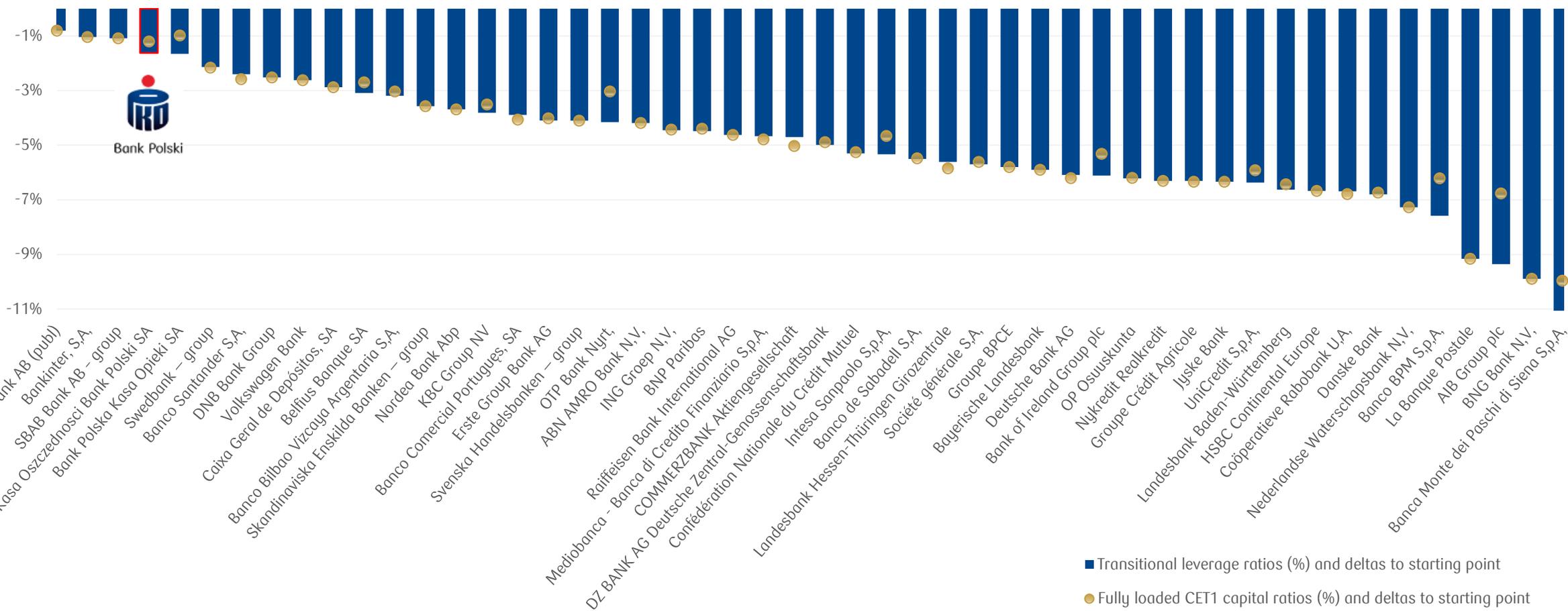
MREL requirement on 31 December 2021 was communicated by BFG in October 2020 and amounts to 15.99% of consolidated RWA

## FINANCIAL RESULTS

# PKO Bank Polski among the most resilient banks in Europe in the EU-wide stress tests



Bank Polski



- Under the stress test CET1 Transitional decreases to 15.37% in 2023 from 16.99% at the end of 2020
- CET1 Fully Loaded declines to 15.19% in 2023 from 16.39% at the end of 2020



PLN 2.4 bn in net profit in 1H21, ROE 12%



Commence of return to profitability growth to pre-pandemic rates



High cost effectiveness, C/I 38.1%



Very high asset quality, very strong capital base



Bank Polski

Supplementary  
information,  
including  
macroeconomic  
backdrop

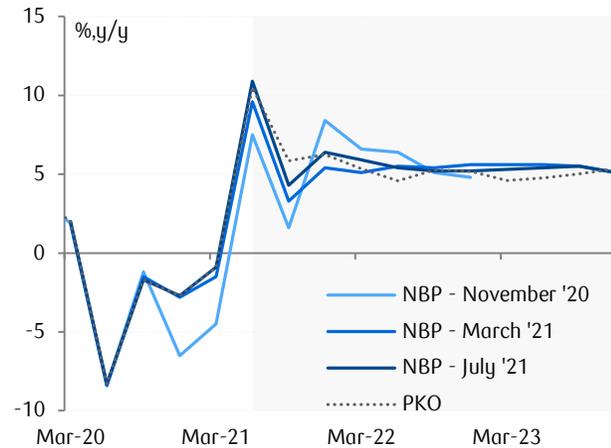
# MACROECONOMIC BACKDROP

## Improving economic outlook



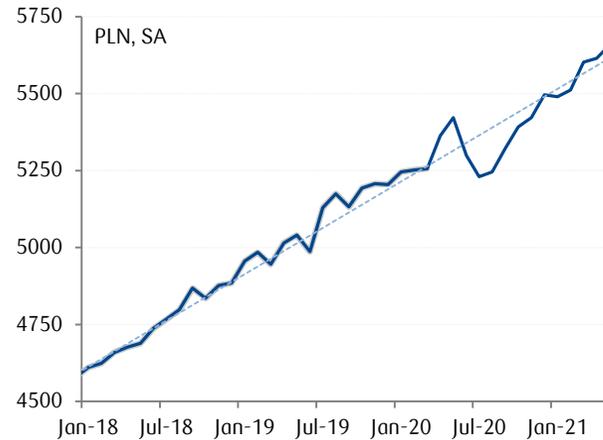
Bank Polski

GDP forecast according to NBP and PKO BP



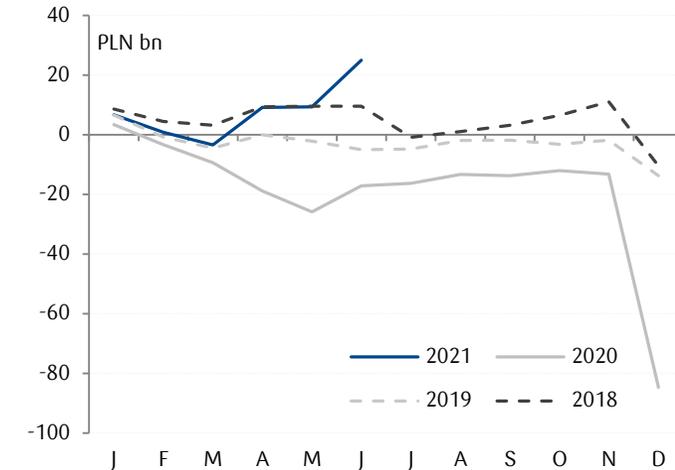
Source: GUS, NBP, PKO Bank Polski

Wages are back to their pre-pandemic trend



Source: GUS, PKO Bank Polski

The state budget balance



Source: MinFin, PKO Bank Polski

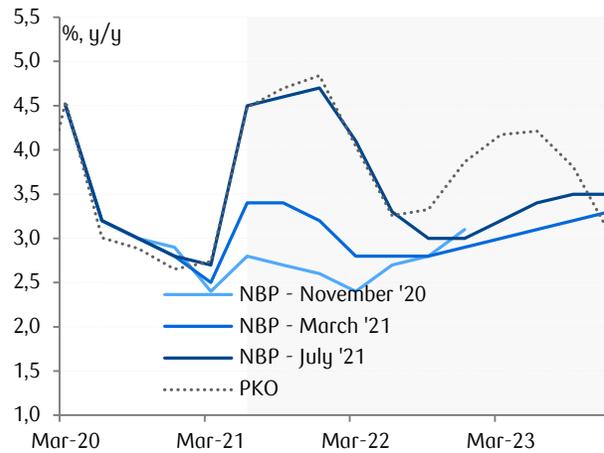
- **Economic activity rebounded significantly in 2q21, with a double-digit GDP growth (PKOe: 11.2% y/y).** The economy is driven by all the three main factors: consumption, investment and exports. The high-frequency data confirm that pent-up demand is boosting private consumption. A sustained fiscal-monetary stimulus, strong foreign demand and a reduction in 'forced savings' by households will be behind a solid GDP growth in the coming quarters. In 2022 the EU fund inflows and the Polish Deal program should generate an additional pro-growth stimulus.
- **The return to the pre-pandemic trends is broad based.** Employment is recovering, wages are rising in line with the pre-pandemic trend. Tax revenues are growing strongly, which significantly improves the situation of the central budget (PLN 28bn surplus after June) and the whole public finance sector (deficit at 6.5% of GDP after 1q21). Conservative macro assumptions for 2022 budget indicate that the government continues the tradition of cautious budgeting. This, together with a strong nominal GDP growth, will allow to reduce the public debt to GDP ratio from 59.1% after 1q21 to 57.5% at the end of 2021 and 55.2% at the end of 2022.
- **The mid-term trend of improving external balance stays in place.** In our view, the increase in the trade balance is largely structural, and in the future may be further reinforced by the new trend of nearshoring. We believe that Poland will continue to strengthen its position in international trade, with the role of consumer durables diminishing and capital and intermediate goods rising. The key risk for companies are: (global) shortages in production components, rising costs of supplies, which together with rising wages increase the cost pressure.



## MACROECONOMIC BACKDROP

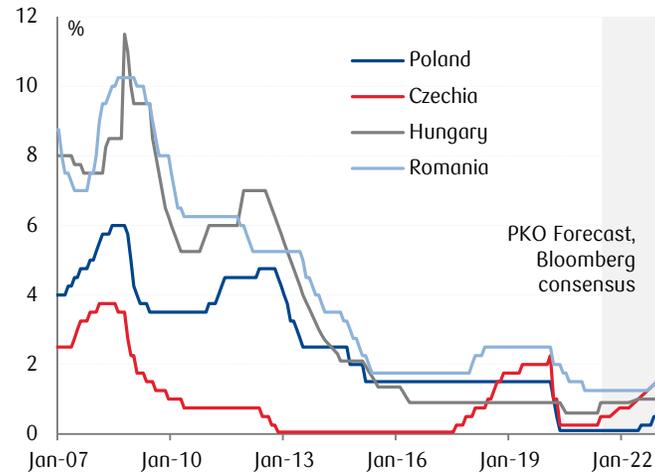
# Monetary policy normalization on the horizon

### CPI inflation above the NBP target for longer



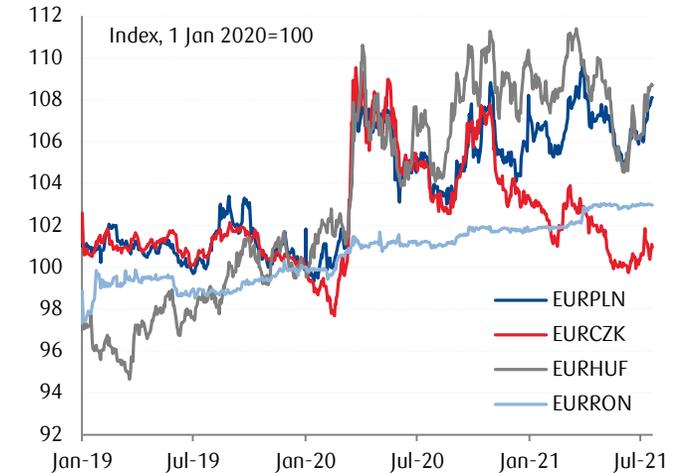
Source: GUS, NBP, PKO Bank Polski

### Interest rates in CEE



Source: Macrobond, Bloomberg, PKO Bank Polski

### Exchange rates in CEE



Source: Macrobond, PKO Bank Polski

- **Rapid recovery comes at the expense of high inflation.** The CPI inflation will likely remain in the 4.5%-5% range in 2h21 and only slightly decline in 2022. The key inflationary factors are the upward trend in energy prices, rising administered prices and wages, which push up service prices. In our view, strong demand will also play an important role, allowing companies to adjust prices. The risk balance for the CPI scenario is skewed upwards.
- **The vaccination process in Poland has accelerated spectacularly in 2q21, but the risk of another outbreak of pandemic in 2h21 is still high.** This means that the normalization of economic policy, and especially monetary policy, will be slow and cautious. The recovery of economic activity will not be linear, and the economy may again face constraints. However, we believe that in the case of potential next waves of the pandemic, restrictions would be less harmful for the economy than in 2020 and early 2021.
- **The market prices in a revolution in domestic monetary policy, but the central bank clearly prefers evolution.** The NBP remains in a crisis mode and is cautious about policy normalization, but the first step in this direction has been already done. The MPC is no longer ruling out rate hikes, and the question is 'when' to hike rates, not 'if' to hike rates. We believe that the MPC will wait with start of rate hikes until 2022.

# MACROECONOMIC BACKDROP

## Macroeconomic and banking sector forecasts



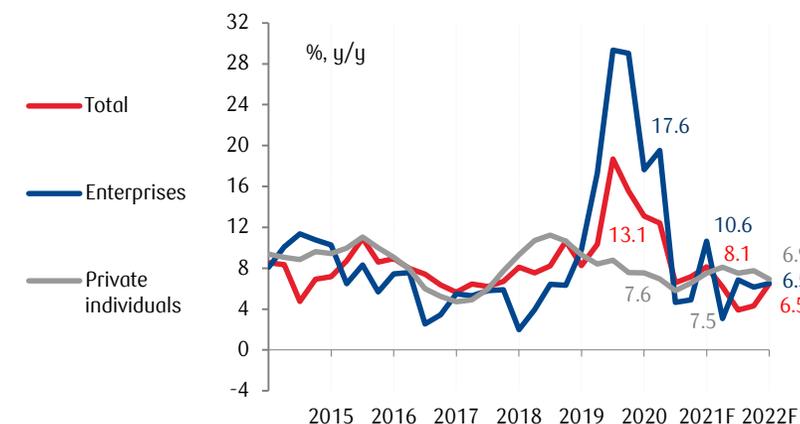
Bank Polski

		2015	2016	2017	2018	2019	2020	2021 F	2022 F
GDP	% y/y	3.8	3.1	4.8	5.4	4.7	-2.7	5.4	5.1
Consumption	% y/y	3.0	3.9	4.8	4.3	4.0	-3.0	6.0	4.7
Investments	% y/y	6.1	-8.2	4.0	9.4	6.1	-9.6	2.7	7.2
Fiscal balance <sup>1)</sup>	% GDP	-2.6	-2.4	-1.5	-0.2	-0.7	-7.0	-3.0	-1.8
Public debt <sup>1)</sup>	% GDP	51.3	54.2	50.6	48.8	45.6	57.5	57.5	55.2
CPI inflation	%	-0.9	-0.6	2.0	1.7	2.3	3.4	4.3	3.7
LFS unemployment rate	%	7.5	6.2	4.9	3.8	3.3	3.2	3.6	3.2
NBP reference rate	% eop	1.50	1.50	1.50	1.50	1.50	0.10	0.10	0.50
WIBOR 3M	% eop	1.73	1.73	1.72	1.72	1.71	0.21	0.20	0.60
EUR/PLN	PLN eop	4.26	4.42	4.17	4.30	4.26	4.61	4.48	4.44
USD/PLN	PLN eop	3.90	4.18	3.48	3.76	3.80	3.75	3.73	3.70

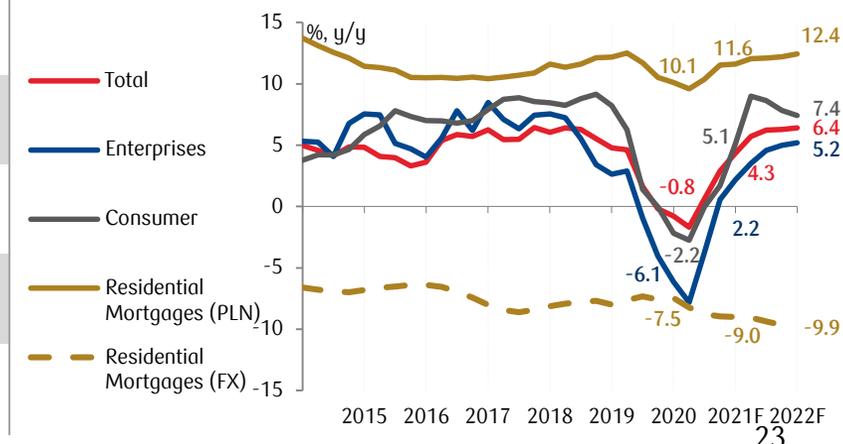
1) In ESA2010 terms.

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

### Deposits growth (FX adjusted)



### Loans growth (FX adjusted)

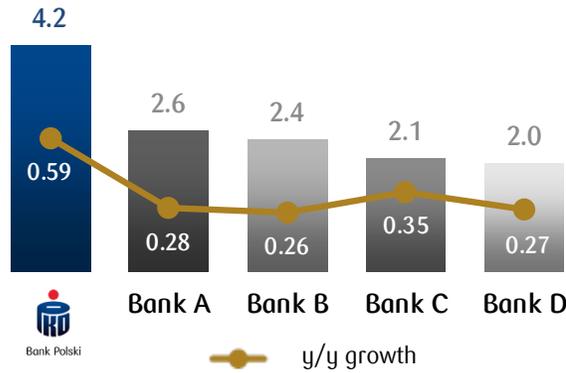




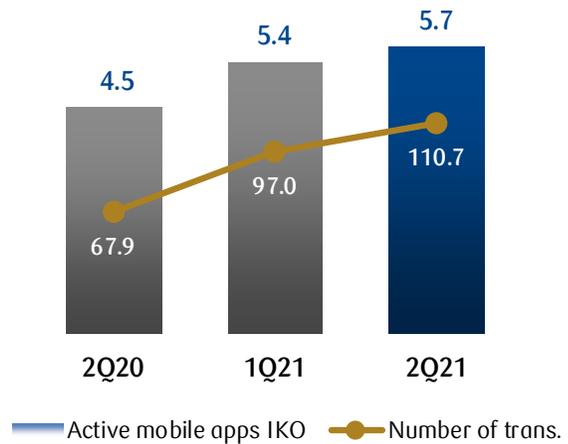
SUPPLEMENTARY INFORMATION

# We are the leaders in mobile transactions: >100 mn IKO transactions in a quarter

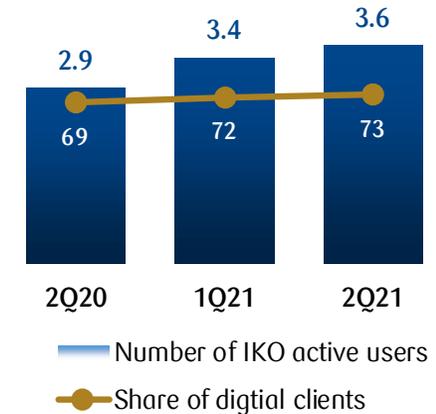
Number of active mobile banking users, mn <sup>(1)</sup>



Number of IKO applications and number of transactions quarterly, mn



Number of clients logging into IKO, mn <sup>(2)</sup>  
Share of digital clients in active clients' base, %



★★★★ 4.8/5 average customer rating in app stores (> 600k opinions)

**Our clients logged into IKO 33 times per month on average in the 2nd quarter of 2021.**

(1) According to PRNews data for 1Q'21, users who have logged in at least once a month from a mobile device (mobile application, lite version or full transactional service).

(2) According to PRNews definition: a client who logged into IKO application at least once a month in a given quarter.



SUPPLEMENTARY INFORMATION

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



Bank Polski

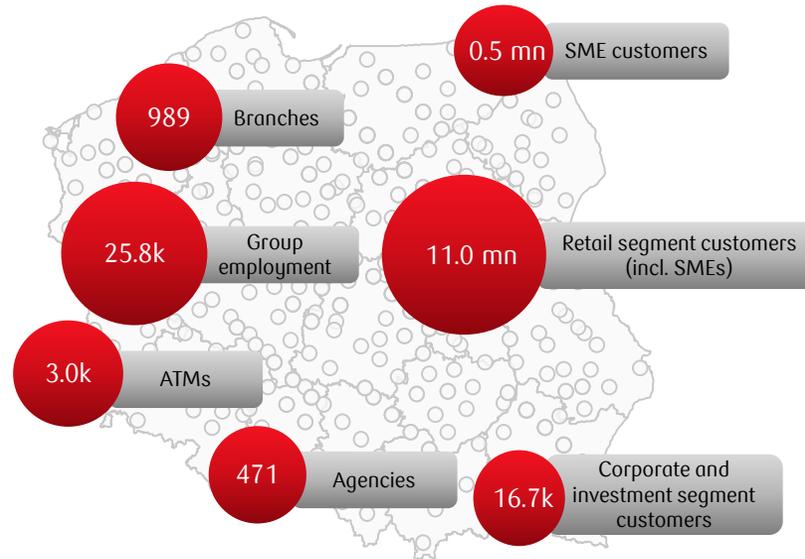
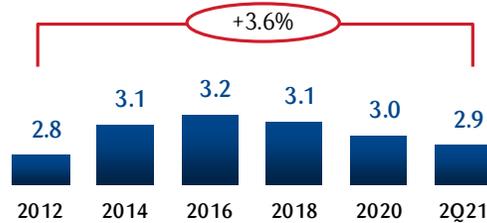
Number of current accounts of individuals, k



Number of corporate customers with access to e-banking, k



Number of ATMs, k



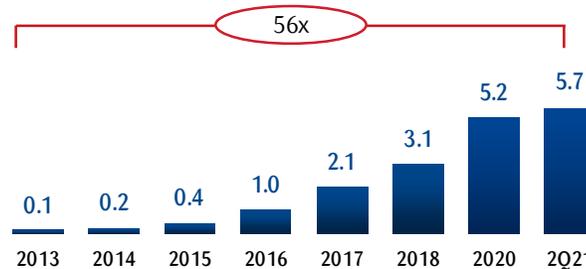
The share of PKO Securities in trading on the secondary stock market (without block off session transactions), %



Number of retail agencies and branches, k



IKO, mn



Investment Funds - AuM, PLN bn

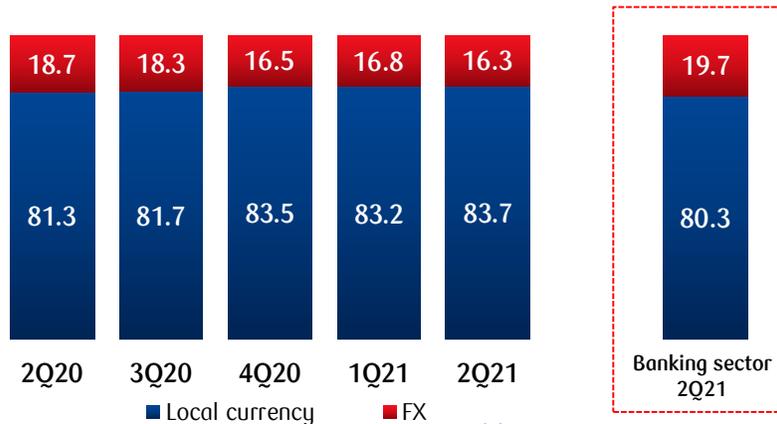




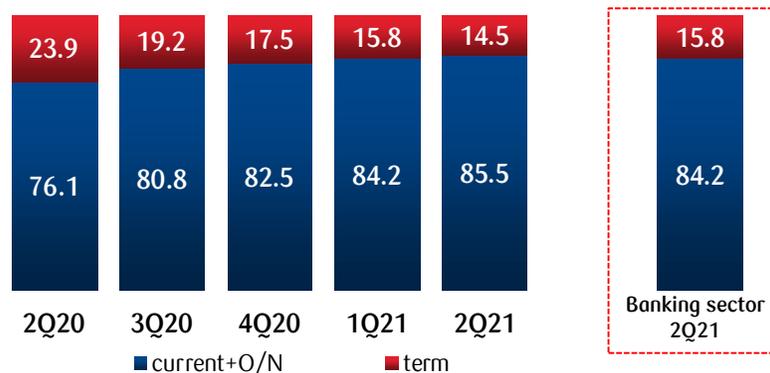
SUPPLEMENTARY INFORMATION

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

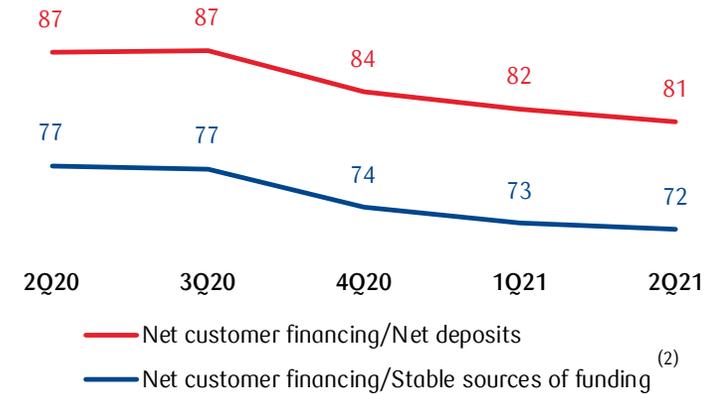
Currency structure of gross loans portfolio, %



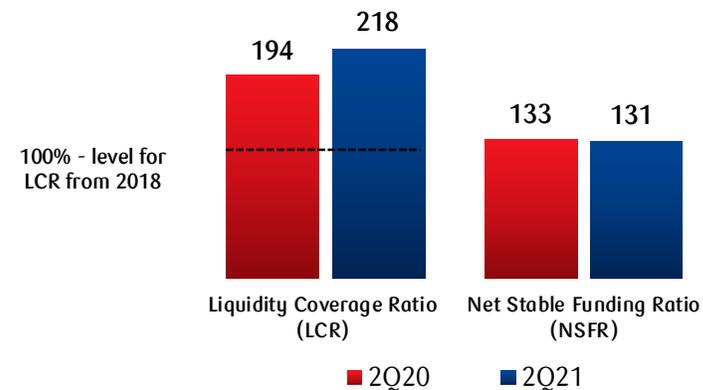
Term structure of total deposits <sup>(1)</sup> %



Structure of funding, %



LCR and NSFR ratio, %



(1) Amounts due to customers.

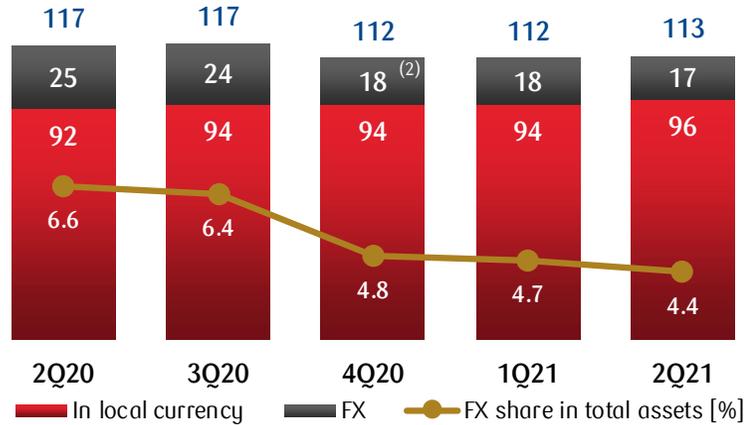
(2) Amounts due to customers and long-term sources of external funding: issuance of covered bonds, securitization, unsecured obligations, subordinated liabilities, loans from financial institutions.



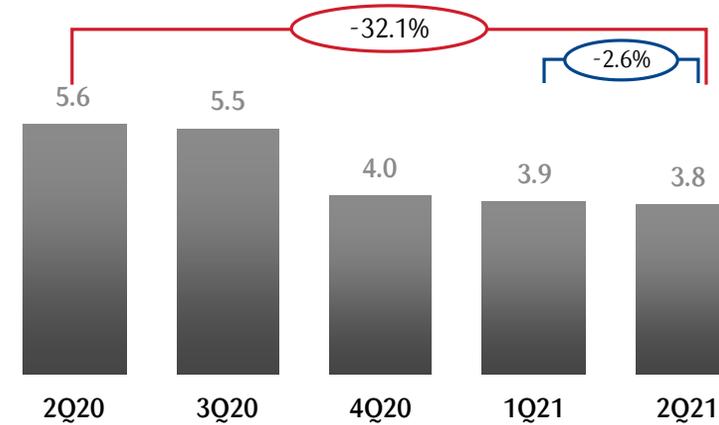
# SUPPLEMENTARY INFORMATION

## Gross mortgage loans

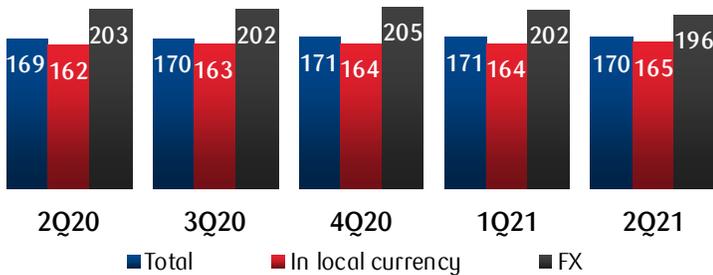
Volume of FX mortgage loans, PLN bn <sup>(1)</sup>



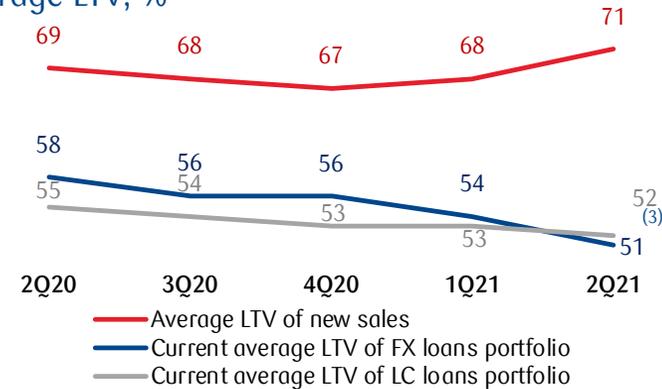
Volume of CHF mortgage loans, CHF bn



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



Average LTV, %



(1) Includes data for PKO Bank Polski, PKO Bank Hipoteczny and Kredobank.

(2) Due to the EGM's decision to enter into settlements with the foreign currency mortgage loan consumers, the value of FX loans decreased by PLN 5.3 bn.

(3) Decrease in LTV ratio of the FX loan portfolio results from the declines in CHF/PLN, EUR/PLN and USD/PLN exchange rates between the end of 1Q21 and the end of 2Q21.

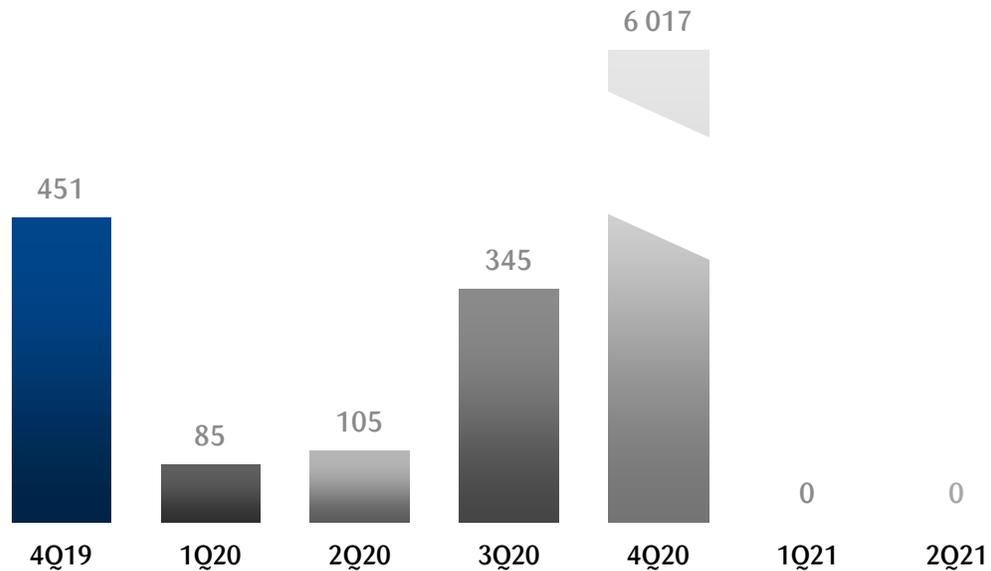


Bank Polski

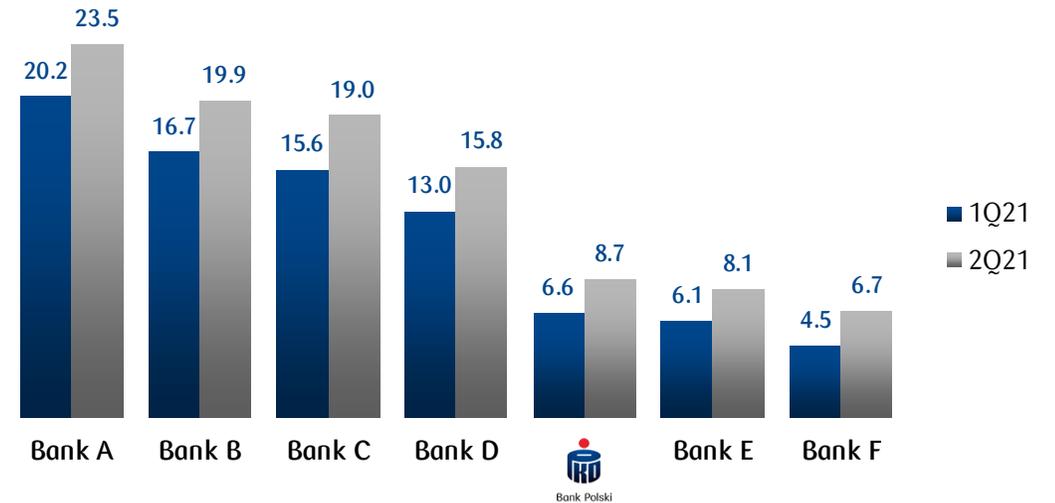
## SUPPLEMENTARY INFORMATION

# Legal risk of FX-mortgage loans

The established reserves enable offering settlements to the foreign currency loan borrowers, PLN mn



PKO's 'Susceptibility to litigation' across sector: the number of disputed loan agreements relative to the total number of CHF contracts, %



At the end of 2Q21, there were 8 968 court proceedings against PKO, +2 019 q/q, at a total disputed amount of PLN 2.58 bn.

On 23 April 2021, the EGM made a decision to enter into settlements with the foreign currency loan borrowers

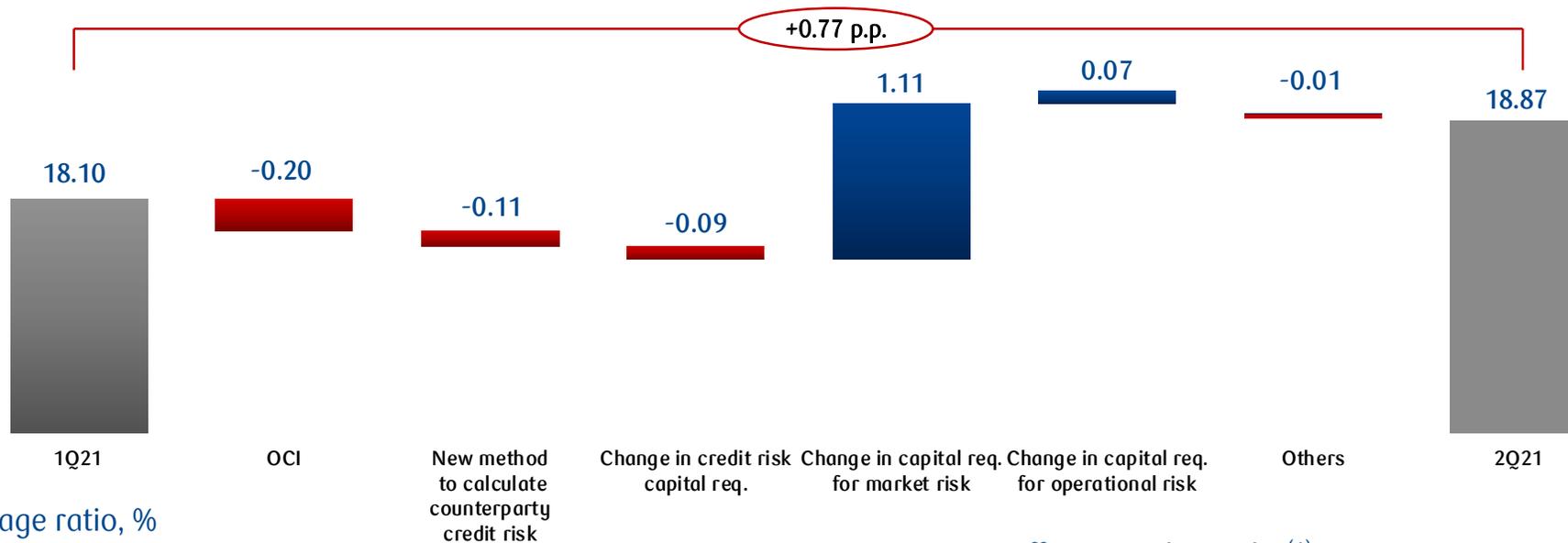
# SUPPLEMENTARY INFORMATION

## Capital adequacy

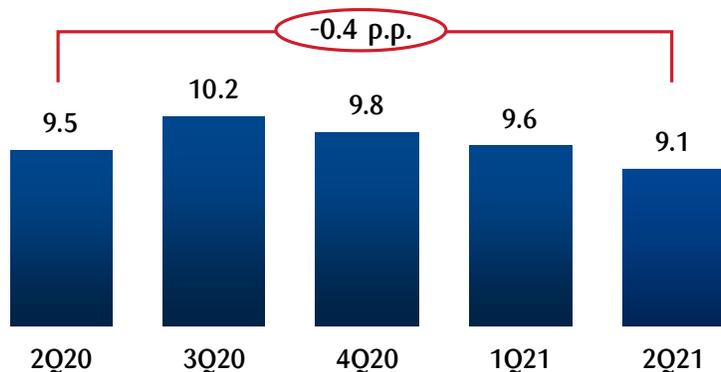


Bank Polski

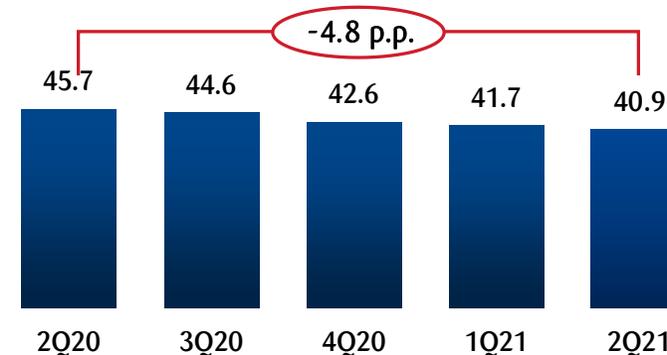
Quarterly change of the consolidated total capital ratio (TCR), p.p.



Leverage ratio, %



Effective risk weight <sup>(1)</sup> %



(1) 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]

	1H21	1H20	y/y	2Q21	1Q21	q/q
Net interest income	4 717	5 247	-10.1%	2 406	2 312	+4.1%
Net F&C income	2 099	1 893	+10.9%	1 055	1 044	+1.1%
Result on business activity	7 390	7 195	+2.7%	3 786	3 604	+5.1%
Administrative expenses	(3 099)	(3 208)	-3.4%	(1 444)	(1 655)	-12.7%
Allowances for expected credit losses	(512)	(985)	-48.0%	(315)	(257)	+22.6%
Allowances on non-financial assets	(33)	(265)	-87.5%	(19)	(15)	+23.6%
Cost of credit risk of FX mortgages	-	(190)	-	-	-	-
Bank tax	(518)	(533)	-2.8%	(261)	(256)	+2.0%
Profit before income tax	3 237	2 018	+60.4%	1 759	1 477	+19.1%
Income tax	(825)	(714)	+15.5%	(523)	(302)	+73.0%
Net profit	2 412	1 304	+85.0%	1 236	1 177	+5.0%
Adjusted net profit <sup>(1)</sup>	2 222	1 496	+48.5%	1 124	1 086	+3.5%
Assets	392.6	377.2	+4.1%	392.6	384	+2.2%
Customer financing	237.1	244.7	-3.1%	237.1	236	+0.5%
Amounts due to customers	293.8	281.8	+4.2%	293.8	288	+2.1%
Stable financial resources	329.8	316.4	+4.3%	329.8	326	+1.3%
Total equity	41.1	44.1	-6.8%	41.1	41	+1.2%

Balance sheet  
[PLN bn]

(1) Net result adjusted for the costs of legal risk and other impacts of the EGM's decision to enter into settlements with the foreign currency mortgage loan consumers.

SUPPLEMENTARY INFORMATION  
Key ratios



Bank Polski

Key financial ratios  
[%]

Loan portfolio quality  
[%]

Capital position  
[%]

	2Q21	2Q20	y/y	1Q21	q/q
ROE net Q	12.1	7.3	+4.8 p.p.	11.9	+0.2 p.p.
ROE net 12M	-3.4	7.8	-11.2 p.p.	-4.4	+1.0 p.p.
ROTE net Q	13.2	8.0	+5.2 p.p.	12.9	+0.3 p.p.
ROTE net 12M	-3.7	8.4	-12.1 p.p.	-4.8	+1.1 p.p.
ROA net Q	1.3	0.9	+0.4 p.p.	1.3	0.0 p.p.
ROA net 12M	-0.4	0.9	-1.3 p.p.	-0.5	+0.1 p.p.
C/I Q	38.1	39.6	-1.5 p.p.	45.9	-7.8 p.p.
C/I 12M	39.7	42.2	-2.5 p.p.	40.1	-0.4 p.p.
NIM Q	2.66	2.98	-0.32 p.p.	2.65	+0.01 p.p.
NIM 12M	2.75	3.27	-0.52 p.p.	2.85	-0.10 p.p.
NPL ratio	4.5	4.3	+0.2 p.p.	4.7	-0.2 p.p.
Coverage ratio	83.7	79.3	+4.4 p.p.	81.5	+2.2 p.p.
Cost of risk Q	0.50	0.59	-9 bps	0.41	+9 bps
Cost of risk 12M	0.66	0.54	+12 bps	0.68	-2 bps
TCR	18.9	18.2	+0.7 p.p.	18.1	+0.8 p.p.
Tier 1 capital ratio	17.6	17.0	+0.6 p.p.	16.9	+0.7 p.p.

## SUPPLEMENTARY INFORMATION

# Key operational data



Bank Polski

PKO Bank Polski operating data (eop)	2Q20	3Q20	4Q20	1Q21	2Q21	y/y	q/q
Current accounts ('000)	8 110	8 204	8 257	8 307	8 353	+3,0%	+0,6%
Banking cards ('000)	9 468	9 549	9 510	9 531	9 627	+1,7%	+1,0%
of which: credit cards	966	969	967	964	966	-0,0%	+0,2%
Active mobile banking applications IKO ('000)	4 735	5 003	5 210	5 421	5 658	+19,5%	+4,4%
<b>Branches:</b>	<b>1 084</b>	<b>1 040</b>	<b>1 004</b>	<b>998</b>	<b>989</b>	<b>-8,8%</b>	<b>-0,9%</b>
- retail	1 042	1 008	972	965	956	-8,3%	-0,9%
- corporate	42	32	32	33	33	-21,4%	0,0%
Agencies	501	498	492	485	471	-6,0%	-2,9%
ATMs	3 056	3 038	3 022	3 002	2 984	-2,4%	-0,6%
Employment eop (FTEs '000) Group	27,3	26,4	25,9	25,8	25,8	-5,5%	0,0%
Number of operations performed by robots (in '000)	4 692	10 343	11 960	14 891	16 666	3.5x	+11,9%

- The number of active IKO applications increased by nearly 992 ths. y/y.
- Employment reduced by 1.5 ths. 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)	2Q20	3Q20	4Q20	1Q21	2Q21	2Q'21/2Q'20	2Q'21/1Q'21
<b>Net interest income</b>	2 539	2 446	2 653	2 312	2 406	-5,3%	+4,1%
<b>Net fee and commission income</b>	915	987	1 024	1 044	1 055	+15,4%	+1,1%
<b>Other income</b>	133	85	214	249	325	2.4x	+30,8%
Dividend income	14	1	0	0	11	-22,9%	-
Trading income	40	28	66	42	26	-36,4%	-39,8%
Net foreign exchange gains	27	38	101	160	209	7.8x	+30,6%
Gains/(losses) on derecognition on financial assets and liabilities	39	69	29	34	59	+53,4%	+74,0%
Net other operating income and expense	14	(50)	18	12	20	+48,9%	+73,0%
<b>Total income items</b>	<b>3 587</b>	<b>3 519</b>	<b>3 891</b>	<b>3 604</b>	<b>3 786</b>	<b>+5,5%</b>	<b>+5,1%</b>
Total operating expenses	(1 420)	(1 359)	(1 416)	(1 655)	(1 444)	1,7%	-12,7%
result on regulatory charges	(106)	(109)	(111)	(374)	(78)	-26,4%	3.4x
Allowances for expected credit losses	(422)	(411)	(936)	(200)	(315)	-25,3%	57,5%
Net impairment allowances on non-financial assets	(149)	(71)	(59)	(15)	(19)	-87,2%	26,7%
Cost of risk on FX mortgages	(105)	(345)	(6 017)	-	-	-	-
Tax on certain financial institutions	(271)	(261)	(261)	(256)	(261)	-3,6%	2,0%
Share in net profit (losses) of associates and jointly controlled entities	(0)	11	1	1	8	-	6.3x
<b>Profit before income tax</b>	<b>1 220</b>	<b>1 083</b>	<b>(4 797)</b>	<b>1 477</b>	<b>1 759</b>	<b>+44,2%</b>	<b>+19,1%</b>
Income tax expense	(416)	(372)	221	(302)	(523)	+25,6%	+73,0%
Net profit attributable to non-controlling shareholders	1	-	(1)	(2)	1	-	-
<b>Net result attributable to the parent company</b>	<b>803</b>	<b>712</b>	<b>(4 575)</b>	<b>1 177</b>	<b>1 236</b>	<b>+53,8%</b>	<b>+5,0%</b>
<b>Adjusted net result attributable to the parent company <sup>(1)</sup></b>	<b>908</b>	<b>1 057</b>	<b>612</b>	<b>1 098</b>	<b>1 124</b>	<b>+23,8%</b>	<b>+2,4%</b>

(1) Adjusted for the costs of legal risk and other impacts of the EGM's decision to enter into settlements with the foreign currency mortgage loan consumers.

# SUPPLEMENTARY INFORMATION

## Balance sheet of the PKO Bank Polski Group



Bank Polski

Assets (PLN billion)	2Q20	3Q20	4Q20	1Q21	2Q21	2Q'21/2Q'20	2Q'21/1Q'21
Cash and balances with the Central Bank	3,7	3,7	7,5	4,3	3,9	+7,0%	-7,7%
Amounts due from other banks	2,7	2,6	2,6	2,7	3,5	+28,6%	+30,6%
Reverse repo transactions	0,2	0,0	-	0,0	0,1	-49,5%	6.9x
<b>Net customer financing</b>	<b>244,7</b>	<b>242,6</b>	<b>235,8</b>	<b>236,2</b>	<b>237,1</b>	<b>-3,1%</b>	<b>+0,4%</b>
Securities	106,3	108,6	110,5	120,3	126,5	+19,0%	+5,2%
Other assets	19,6	19,0	20,7	20,8	21,5	+9,7%	+3,6%
<b>TOTAL ASSETS</b>	<b>377,2</b>	<b>376,6</b>	<b>377,0</b>	<b>384,3</b>	<b>392,6</b>	<b>+4,1%</b>	<b>+2,2%</b>
Liabilities and equity (PLN billion)	2Q20	3Q20	4Q20	1Q21	2Q21	2Q'21/2Q'20	2Q'21/1Q'21
<b>Total equity</b>	<b>44,1</b>	<b>44,8</b>	<b>39,9</b>	<b>40,6</b>	<b>41,1</b>	<b>-6,8%</b>	<b>+1,2%</b>
Amounts due to the central bank and due to banks	2,1	2,6	2,6	2,3	4,4	2.1x	+91,8%
Repo transactions	0,1	-	-	-	0,1	-5,3%	-
Subordinated liabilities and debt securities in issue	32,0	33,3	34,8	35,6	34,0	+6,2%	-4,6%
<b>Amounts due to customers</b>	<b>281,8</b>	<b>279,1</b>	<b>282,4</b>	<b>287,8</b>	<b>293,8</b>	<b>+4,2%</b>	<b>+2,1%</b>
Loans and advances received	2,5	2,5	2,3	2,4	2,1	-17,2%	-11,8%
Liabilities of insurance activities	1,7	1,8	1,7	1,8	1,8	+6,8%	+5,2%
Other liabilities	12,9	12,7	13,3	13,9	15,4	+19,5%	+11,2%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>377,2</b>	<b>376,6</b>	<b>377,0</b>	<b>384,3</b>	<b>392,6</b>	<b>+4,1%</b>	<b>+2,2%</b>

# SUPPLEMENTARY INFORMATION

## Customer financing



Bank Polski

PLN billion	2Q20	3Q20	4Q20	1Q21	2Q21	2Q'21/2Q'20	2Q'21/1Q'21
<b>Financing</b>	<b>240.7</b>	<b>238.7</b>	<b>232.6</b>	<b>233.0</b>	<b>234.8</b>	<b>-2.5%</b>	<b>+0.7%</b>
<b>mortgages</b>	<b>117.0</b>	<b>117.6</b>	<b>112.3</b>	<b>112.0</b>	<b>112.8</b>	<b>-3.6%</b>	<b>+0.7%</b>
mortgages in local currency	92.3	93.6	94.1	94.4	95.8	+3.8%	+1.6%
FX mortgages	24.7	24.0	18.2	17.7	17.0	-31.4%	-4.0%
consumer loans	30.3	30.8	30.5	30.6	31.5	+4.3%	+3.1%
SME	34.0	34.2	33.9	34.3	35.4	+3.9%	+3.1%
corporate	59.3	56.1	55.9	56.1	55.1	-7.2%	-1.9%
<b>Debt securities</b>	<b>13.5</b>	<b>13.4</b>	<b>12.9</b>	<b>12.8</b>	<b>12.5</b>	<b>-7.6%</b>	<b>-2.3%</b>
municipal bonds	9.6	9.6	9.7	9.5	9.1	-5.7%	-4.0%
corporate bonds <sup>(1)</sup>	3.9	3.8	3.2	3.3	3.4	-12.3%	+2.4%
<b>Gross customer financing</b>	<b>254.1</b>	<b>252.1</b>	<b>245.5</b>	<b>245.8</b>	<b>247.2</b>	<b>-2.7%</b>	<b>+0.6%</b>
Net allowances for expected losses	-9.5	-10.8	-12.2	-12.6	-10.1	+6.1%	-19.4%
<b>Net customer financing</b>	<b>244.7</b>	<b>242.6</b>	<b>235.8</b>	<b>235.9</b>	<b>237.1</b>	<b>-3.1%</b>	<b>+0.5%</b>

(1) Bonds issued by PFR, BGK and EIB were excluded from the volume of corporate bonds.

## SUPPLEMENTARY INFORMATION

# Customer savings



Bank Polski

PLN billion	2Q20	3Q20	4Q20	1Q21	2Q21	2Q'21/2Q'20	2Q'21/1Q'21
<b>Retail and private banking</b>	<b>251.5</b>	<b>258.4</b>	<b>269.4</b>	<b>284.4</b>	<b>292.7</b>	<b>+16.4%</b>	<b>+2.9%</b>
deposits	189.5	191.0	197.0	204.9	207.0	+9.2%	+1.0%
retail mutual funds	27.4	29.5	32.2	35.1	37.0	+35.1%	+5.2%
saving treasury bonds	34.5	37.7	40.0	44.2	48.6	+40.9%	+9.8%
Own bonds on clients' accounts <sup>(1)</sup>	2.2	3.3	4.5	4.7	5.0	4.1x	+7.8%
<b>Corporate</b>	<b>52.9</b>	<b>47.4</b>	<b>41.1</b>	<b>39.7</b>	<b>43.3</b>	<b>-18.1%</b>	<b>+9.0%</b>
<b>SME</b>	<b>37.8</b>	<b>39.1</b>	<b>42.7</b>	<b>41.7</b>	<b>42.0</b>	<b>+10.9%</b>	<b>+0.7%</b>
<b>Customer savings</b>	<b>344.5</b>	<b>348.2</b>	<b>357.7</b>	<b>370.5</b>	<b>383.0</b>	<b>+11.2%</b>	<b>+3.4%</b>

(1) Volume of bonds accumulated by retail customers has been included in the Retail and private banking savings presented in the first line.

SUPPLEMENTARY INFORMATION

# PKO Banking Platform: we are recognized in the key areas

PKO BANK POLSKI  
CUSTOMER-CENTRIC

PKO BANK POLSKI  
DIGITAL

PKO BANK POLSKI  
AUTONOMOUS

RETAIL BANKER INTERNATIONAL | MOBILE BANKING



PKO Bank Polski  
wśród Top Employers 2021



Technological leader of the year 2020

- Road to Cloud,
- Bank's voice assistant

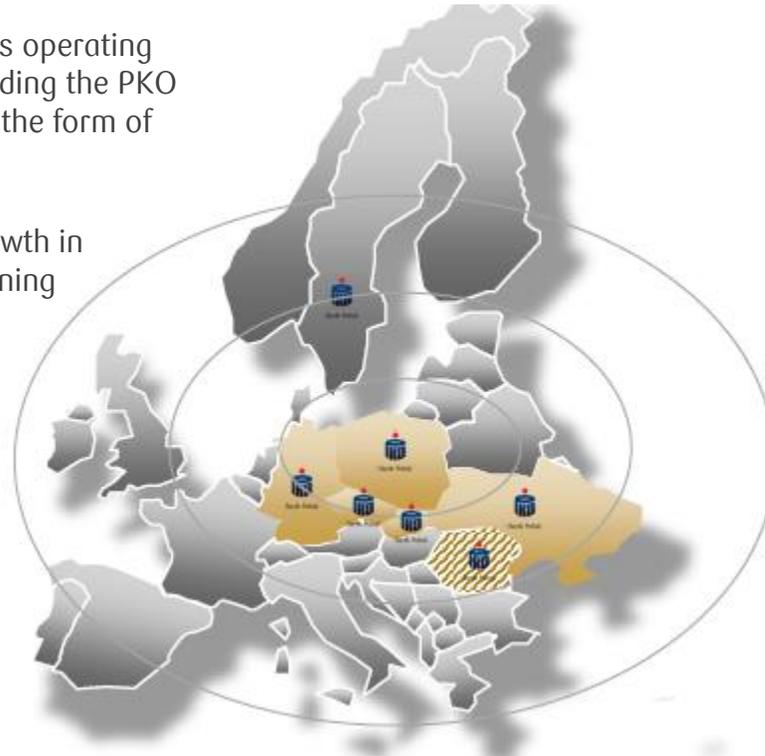
# We accompany our customers in their expansion overseas



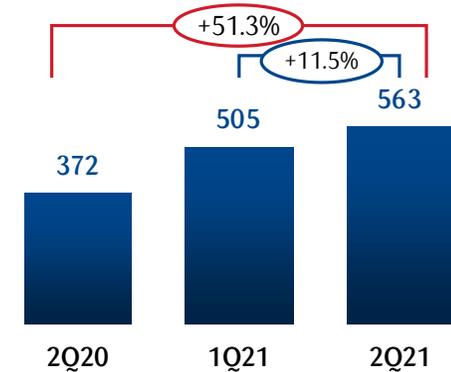
Bank Polski

## We are building a strong foothold of PKO Bank Polski in the CEE region

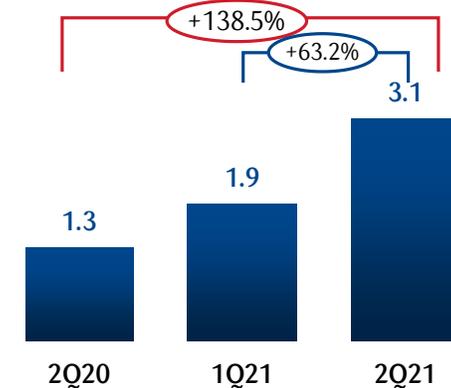
- The branch in Germany systematically increases its operating result (5.3% q/q) led by a range of initiatives, including the PKO Bank Polski's positioning in corporate financing in the form of SDD (Schuldscheindarlehen)
- The branch in Czech Republic records dynamic growth in the number of customers (57% y/y), while maintaining its profitability
- On 15 March 2021, we launched an operational branch in Bratislava
- KredoBank headquartered in Lviv (Ukraine) has recorded growth in operating result by 3.1% in 2Q and plans to launch a leasing subsidiary end this year/early next year



Customers of foreign branches, number



Trade finance volume, PLN bn



**We open branches in markets where our customers run their businesses – in Q2 2022, we plan to open a branch in Bucharest**



SUPPLEMENTARY INFORMATION

# We continue to implement the bank's strategy while achieving ever-better results

	2019	2020	1H21	Strategic goals 2022	Level of realization
ROE	10.0%	-6.0% adjusted: 7.1% <sup>(1)</sup>	12.1% adjusted: 11.1% <sup>(2)</sup>	12.0%	
C/I	41.3%	41.0%	38.1%	~41%	
COST OF CREDIT RISK	0.46%	0.78%	0.50%	0.60%-0.75%	
NET RESULT	PLN 4.0 bn	(PLN 2.6 bn) adjusted: PLN 3.2 bn <sup>(1)</sup>	PLN 2.4 bn adjusted: PLN 2.2 bn <sup>(1)</sup>	> PLN 5 bn	Achievable
EQUITY	TCR: 19.9%  TIER 1: 18.6%	TCR: 18.2%  TIER 1: 17.0%	TCR: 18.9%  TIER 1: 17.6%	Ability to pay dividends	Achievable

<sup>(1)</sup> Return on equity and net result adjusted for the costs of legal risk and other impacts of the EGM's decision to enter into voluntary settlements with the foreign currency mortgage loan consumers.

<sup>(2)</sup> Net ROE for 2Q21 adjusted by one-offs resulting from the EGM's decision.

# SUPPLEMENTARY INFORMATION

## Shares and ratings

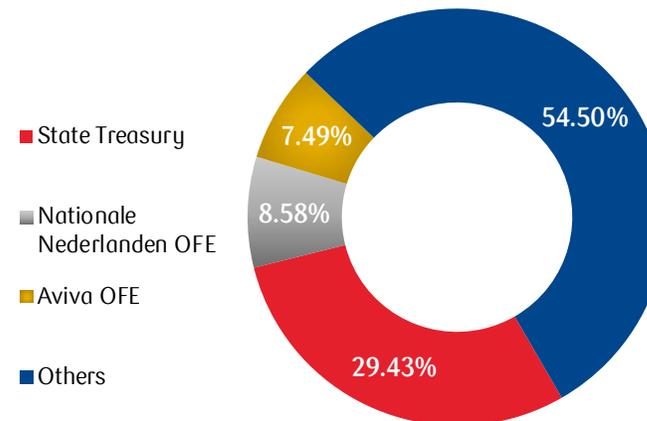


Bank Polski

### Basic information on shares

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

### 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



# Disclaimer

This presentation (the "Presentation") has been prepared by Powszechna Kasa Oszczędności Bank Polski S.A. ("PKO Bank Polski S.A.", "Bank") solely for use by its clients and shareholders or analysts and should not be treated as a part of any invitation or offer to sell any securities, invest or deal in or a solicitation of an offer to purchase any securities or recommendation to conclude any transaction, in particular with respect to securities of PKO Bank Polski S.A. The information contained in this Presentation is derived from publicly available sources which Bank believes are reliable, but PKO Bank Polski SA does not make any representation as to its accuracy or completeness. PKO Bank Polski SA shall not be liable for the consequences of any decision made based on information included in this Presentation.

The information contained in this Presentation has not been independently verified and is, in any case, subject to changes and modifications. PKO Bank Polski SA's disclosure of the data included in this Presentation is not a breach of law for listed companies, in particular for companies listed on the Warsaw Stock Exchange. The information provided herein was included in current or periodic reports published by PKO Bank Polski SA or is additional information that is not required to be reported by Bank as a public company.

In no event may the content of this Presentation be construed as any type of explicit or implicit representation or warranty made by PKO Bank Polski SA or, its representatives. Likewise, neither PKO Bank Polski SA nor any of its representatives shall be liable in any respect whatsoever (whether in negligence or otherwise) for any loss or damage that may arise from the use of this Presentation or of any information contained herein or otherwise arising in connection with this Presentation.

PKO Bank Polski SA does not undertake to publish any updates, modifications or revisions of the information, data or statements contained herein should there be any change in the strategy or intentions of PKO Bank Polski SA, or should facts or events occur that affect PKO BP SA's strategy or intentions, unless such reporting obligations arises under the applicable laws and regulations.

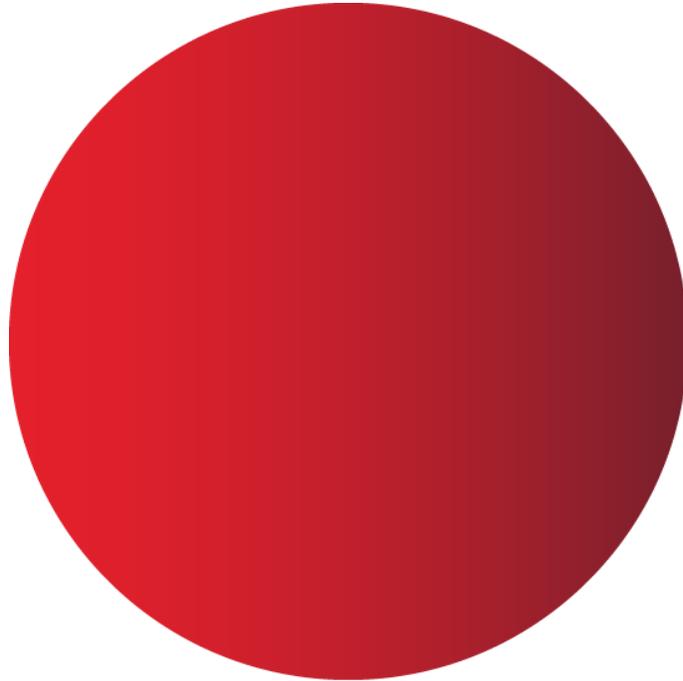
This Presentation contains certain market information relating to the banking sector in Poland, including information on the market share of certain banks and PKO Bank Polski SA. Unless attributed exclusively to another source, such market information has been calculated based on data provided by third party sources identified herein and includes estimates, assessments, adjustments and judgments that are based on PKO Bank Polski SA's experience and familiarity with the sector in which PKO Bank Polski SA operates. Because such market information has been prepared in part based upon estimates, assessments, adjustments and judgments and not verified by an independent third party, such market information is, unless otherwise attributed to a third party source, to a certain degree subjective. While it is believed that such estimates, assessments, adjustments and judgments are reasonable and that the market information prepared is appropriately reflective of the sector and the markets in which PKO Bank Polski SA operates, there is no assurance that such estimates, assessments and judgments are the most appropriate for making determinations relating to market information or that market information prepared by other sources will not differ materially from the market information included herein.

PKO Bank Polski SA hereby informs persons viewing this Presentation that the only source of reliable data describing PKO Bank Polski SA's financial results, forecasts, events or indexes are current or periodic reports submitted by PKO Bank Polski SA in satisfaction of its disclosure obligation under Polish law.

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**  
Migdałowa 4  
02-796 Warsaw

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

5 November 2021 | Periodic report for Q3 2021