



Bank Polski

# Financial results 2Q & 1H 2020

PKO Bank Polski prepared  
for the challenges of the future



## Key achievements in 2Q 2020



Bank Polski

- Efficient operations during the pandemic with attention to all stakeholders
- Solid net profit of PLN 803 million, resistant to pandemic effects and regulatory pressures
- Cost of risk remains low despite the negative impact from COVID-19 pandemic
- Balance sheet total growth to PLN 377 billion

*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*



- Relatively mild pandemic thanks to diversification and competitiveness of the Polish economy, and one of the largest anti-crisis packages in Europe
- The Polish economy among the first to return to pre-crisis GDP level
- Labour market returning to normality - fading negative impact of the pandemic
- After a deep decline in GDP in 2Q 2020, the next quarters will bring a gradual recovery



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# Key achievements

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## KEY ACHIEVEMENTS

# Acceleration in 3 areas in response to pandemic

### Acceleration of digital sales and support



### Diversification of revenue streams



### Operational efficiency





## KEY ACHIEVEMENTS

# Operational readiness to pandemic-related challenges



### Voice Assistant in IKO

Customers of PKO Bank Polski with access to IKO can use the voice assistant to e.g. make a transfer, check the account balance and the transaction history, and use a BLIK code. The assistant artificial intelligence for a seamless voice and text communication.



### Consultant of the Future in branches

Since July, Consultants of the Future have worked in all branches, using remote channels for sales and customer education. The new workmode is adopted by 10 thousand consultants all over Poland.



### Sales in remote channels with support

Consultant calls the customer and informs about the possibility to purchase selected products in remote channels without visiting bank branch. Consultant also supports the customer through the entire remote purchase process.



### iPKO service in a new version

New iPKO gives a simple and comfortable access to the Bank no matter the type of device used. Homepage layout is very intuitive making the most important operations easy and fast to manage.



### Selfie account

By using video-verification to confirm identity, clients may open an account with PKO Bank Polski within approx. 15 minutes, without leaving home and waiting for a courier to sign the agreement. The process is protected. Personal data are automatically verified, while facial features are compared against an ID card with photo.



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## KEY ACHIEVEMENTS

# Diversification of revenue streams

Car purchase platform launched and integrated with iPKO and mobile application IKO



New speed of autonomous insurance



Development of standalone insurance products



National Cloud Operator – comprehensive cloud services



Estimated revenue sources of the National Cloud by 2030

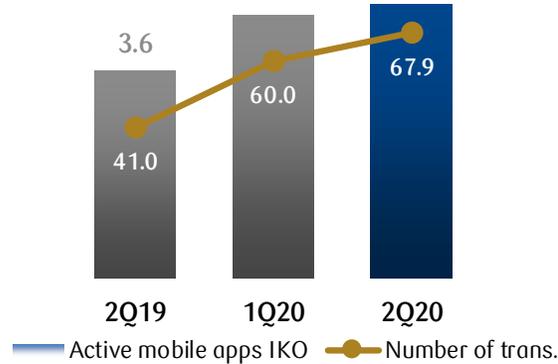




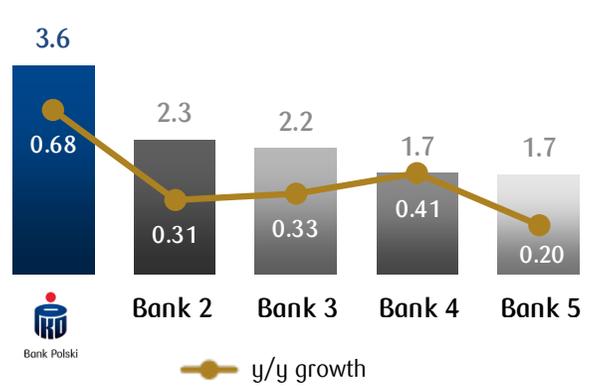
# KEY ACHIEVEMENTS

## Acceleration in growth of digital users

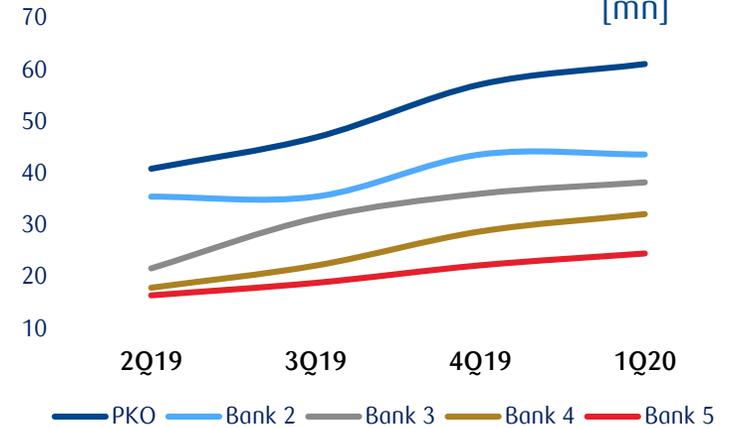
Number of IKO applications and number of transactions [mn]



Number of active mobile banking users (1) [mn]



Number of mobile transactions (2) [mn]



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

**PKO Bank Polski with the largest number of mobile transactions among banks**

(1) According to PRNews data for 1Q20, 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 data from Cashless.pl: <https://www.cashless.pl/7995-liczba-transakcji-mobilnych-1-kw-2020>



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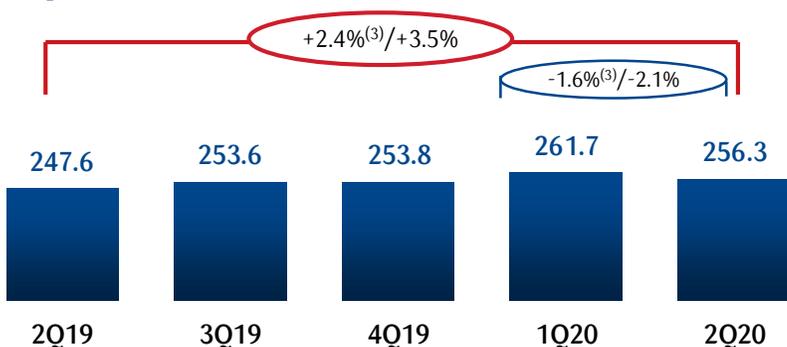
# Business activity

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# Dynamic growth of the scale of business operations



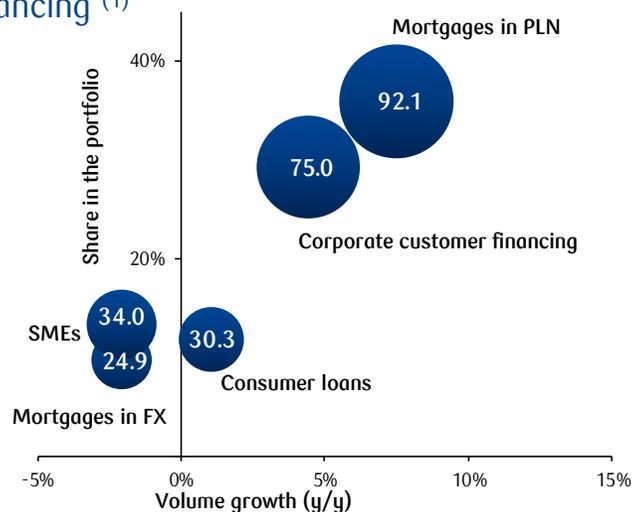
Gross customer financing <sup>(1)</sup>  
[PLN bn]



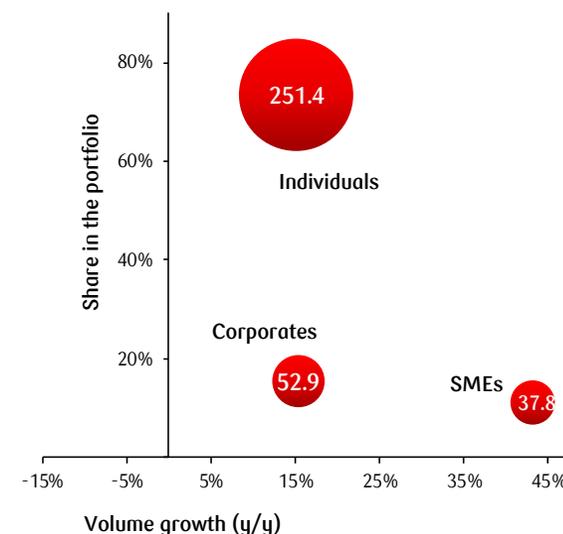
Customer savings <sup>(2)</sup>  
[PLN bn]



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.  
 (3) Impact of PLN depreciation: PLN +2.8 bn y/y and PLN appreciation: -1.1 bn y/y.

# Households: strong deposit growth



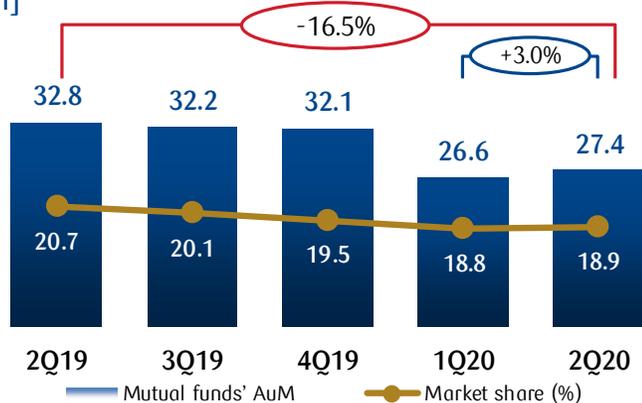
Deposits  
[PLN bn]



## Strong growth in retail deposits

Strong growth of the deposit base related to the increased propensity of individual clients to save during a pandemic.

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



## Increase in transactions in the online currency exchange of PKO Bank Polski

Since its launch, the customers have made over 6 million transactions through the online currency exchange service amounting to PLN 19 billion. In June, over 76% transactions were made via the mobile application.



## Over PLN 500 million on employee accounts in PPK under PKO TFI's management

Over half a billion PLN already accumulated in employee capital plans (PPK) by their participants and managed by PKO TFI. Since February, there was a three-fold increase in these assets.

(1) Non-dedicated assets.

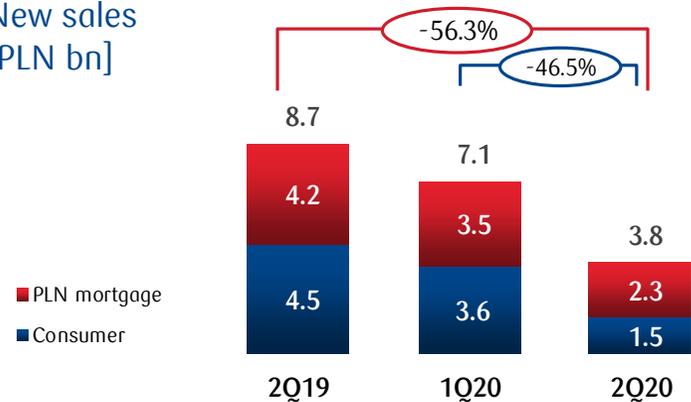


BUSINESS ACTIVITY

# Households: slowdown in sales of consumer loans during the pandemic

## Consumer and mortgage loans

New sales [PLN bn]



### Decline in sales of cash loans

In the first weeks of the epidemic, demand for consumer loans has sharply fallen. Uncertainties felt by consumers in relation to future development of the epidemic has contributed to significantly lower consumer spending.

Volume outstanding <sup>(1)</sup> [PLN bn]



### Lower margin on a green mortgage loan

Borrowers can obtain a lower margin on the “Własny Kąt” mortgage loan based on the energy performance certificate for the property used as collateral.



### PKO Ekspres payment card with logos of the Polish Premier League clubs linked to PKO account

The card is enabled for domestic and international payments, including online payments. It also has a multi-currency option.

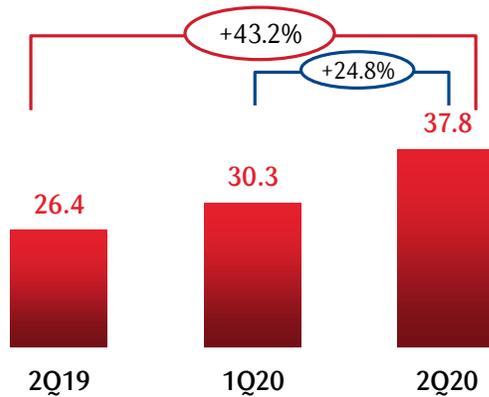
(1) Impact of PLN depreciation on mortgage loans: PLN +2.2 bn y/y and PLN appreciation: PLN -0.7 bn y/y.



## 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 disbursed subventions under the PFR Financial Shield

Already 67 thousand enterprises, which employ nearly half million employees, have received subsidies via PKO Bank Polski under the PFR Financial Shield. Their bank accounts have been credited with subsidies exceeding PLN 10.5 billion.



### Video consultant for companies at PKO Bank Polski

The bank has launched an option of arranging a video meeting. The client fills out a very short and simple form on the website, and then receives a text or email with the date and time of the meeting. The solution was created in cooperation with the National Cloud Operator, whose shareholder is PKO Bank Polski.



### PKO becomes the first-choice bank for SMEs

PKO is a leader in sales of BGK's de minimis guarantees. Since the scheme was launched, the bank has granted subsidies of over PLN 15 billion. The guarantee coverage has been additionally scaled up from 60% to 80% of the loan amount.

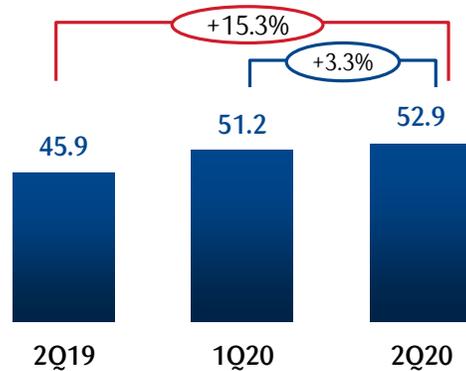
BUSINESS ACTIVITY

# Corporate and investment banking: full range of product solutions



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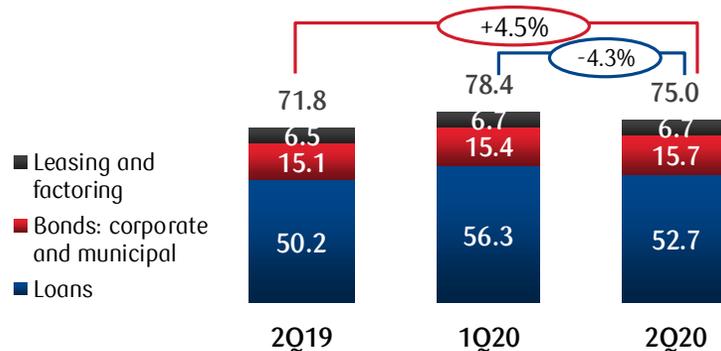
Deposits [PLN bn]



## PLN 18 billion for Bank's clients from the Liquidity Guarantee Fund #WeSupportPolishFirms

The fund provides assistance to companies affected by the COVID-19 pandemic. The guarantee covers up to 80% of the working capital loan, and the maximum financing for one enterprise of PLN 250 million. So far, the Bank has granted guarantees of nearly PLN 900 million.

Gross customer financing [PLN bn]



<p><b>PFR</b> Polski Fundusz Rozwoju</p> <p>Bond issue program up to 100 000 000 000 PLN issued: 62 000 000 000 PLN</p> <p>Issue Organizer, Dealer</p>	<p><b>PFR</b> Polski Fundusz Rozwoju</p> <p>Participating in Financial Shield of the Polish Development Fund for large companies - Liquidity and preferential financing</p>	<p><b>EUROCASH</b> CASH &amp; CARRY</p> <p>Consortium loan 600 000 000 PLN</p> <p>Original Lender, Organizer</p>	<p><b>PKP ENERGETYKA</b></p> <p>Consortium loan 3 100 000 000 PLN</p> <p>Original Lender, Organizer</p>	<p><b>emitel</b></p> <p>Consortium loan 1 500 000 000 PLN</p> <p>Original Lender, Organizer</p>
<p><b>GRUPA AZOTY</b> POLYOLEFINS</p> <p>Consortium loan 487 800 000 EUR 537 700 000 USD 180 000 000 USD 150 000 000 PLN</p> <p>Original Lender, Principal Organizer</p>	<p><b>PLAY</b></p> <p>Additional Credit Line under the syndicated loan agreement 1 200 000 000 PLN</p> <p>Underwriter, Lender, Principal Organizer</p>	<p><b>HB REAVIS</b> REAL ESTATE</p> <p>Consortium loan 162 000 000 EUR 20 000 000 PLN</p> <p>Original Lender, Organizer, Clearing Bank</p>	<p><b>WP</b></p> <p>Consortium loan 978 000 000 PLN</p> <p>Original Lender, Organizer</p>	



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# Financial results

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Net profit at the level of PLN 803 million

Maintenance of cost efficiency, C/I stood at 42.2%

Low cost of risk, 0.54% (with COVID-19 effects)

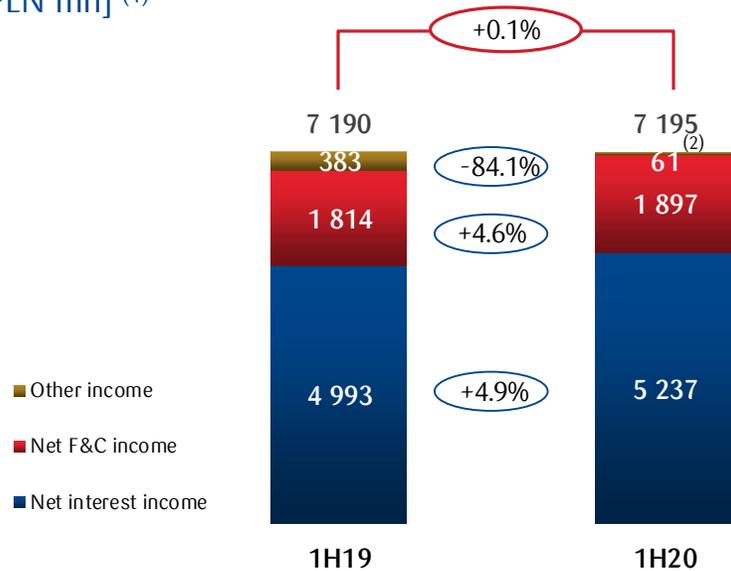
Strong capital and liquidity position bolsters resistance to recession



# FINANCIAL RESULTS

## Revenues under pressure from panemic and changes in the economic environment

Result on business activity [PLN mn] <sup>(1)</sup>



Quarterly result on business activity [PLN mn] <sup>(1)</sup>



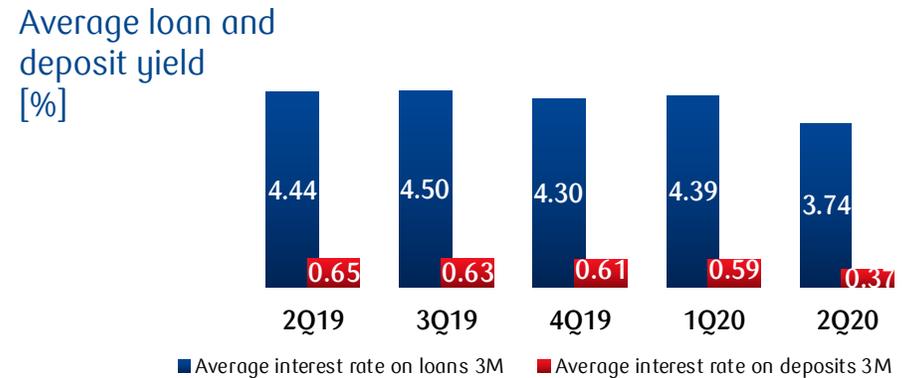
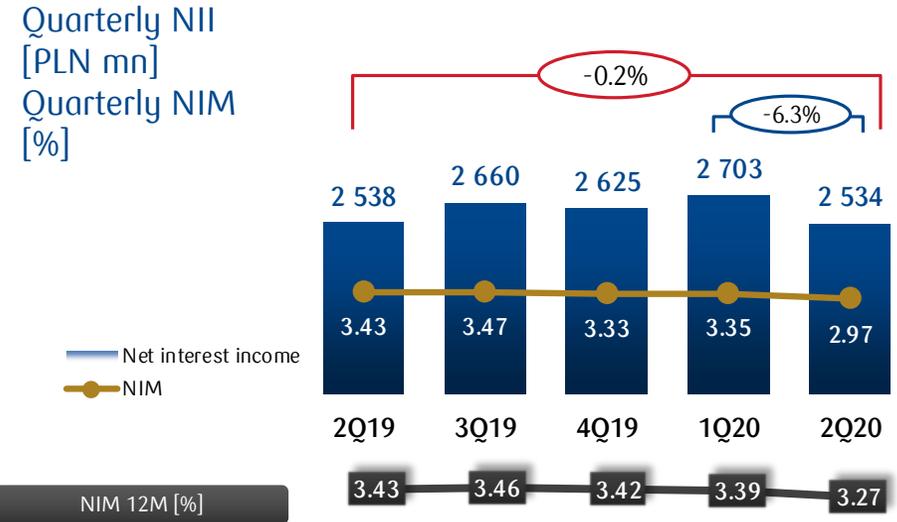
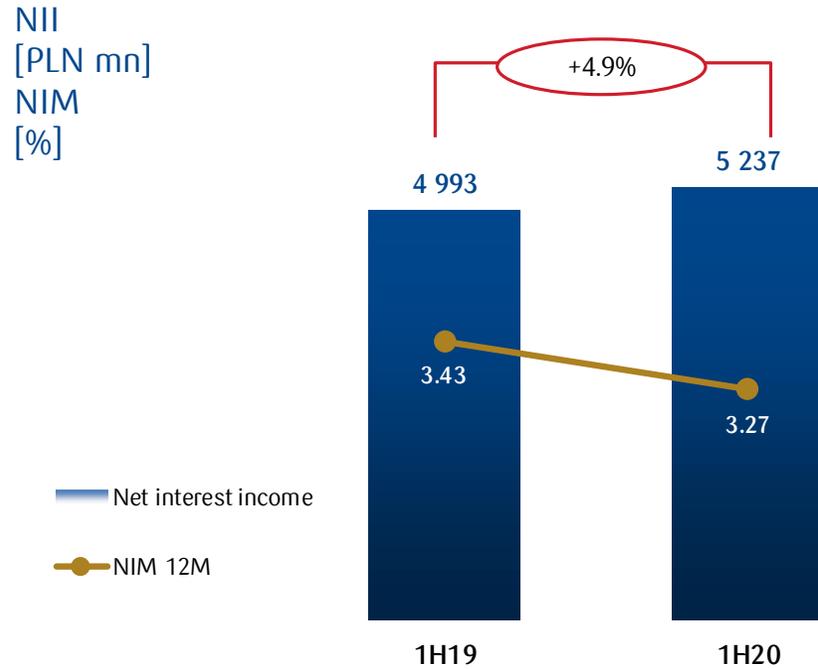
<sup>(1)</sup> In the result on business activity, other income from insurance activity and operating lease, adjusted for amortization is included in net fee and commission result.

<sup>(2)</sup> Decline in other income was mainly impacted by the stock valuation of VISA (PLN -76 mn y/y) and one-offs in 1H19: released provisions in 2Q19 for a potential return of fees and commission to customers in the amount of PLN 58 mn and the effect of Prime Car Management’s acquisition in the amount of PLN 80 mn.



# FINANCIAL RESULTS

## Net interest income under pressure from NBP interest rate cuts

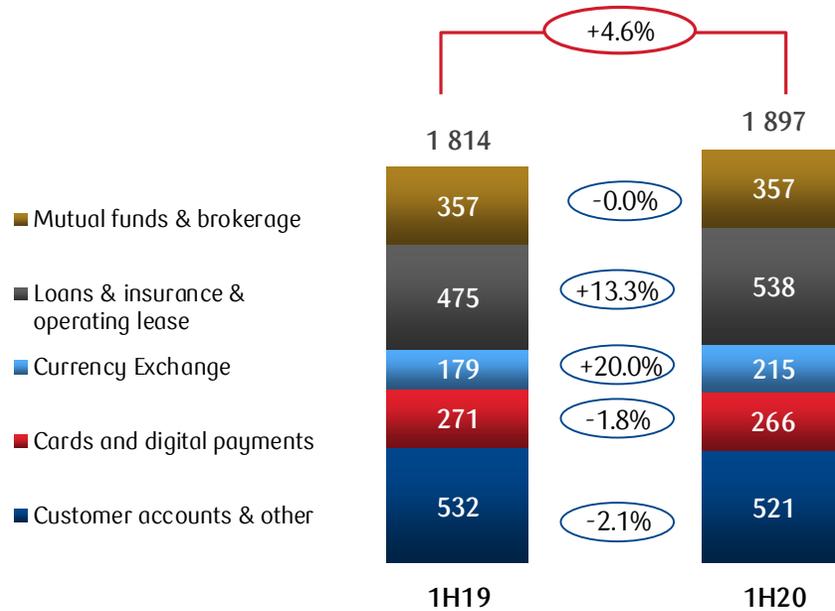




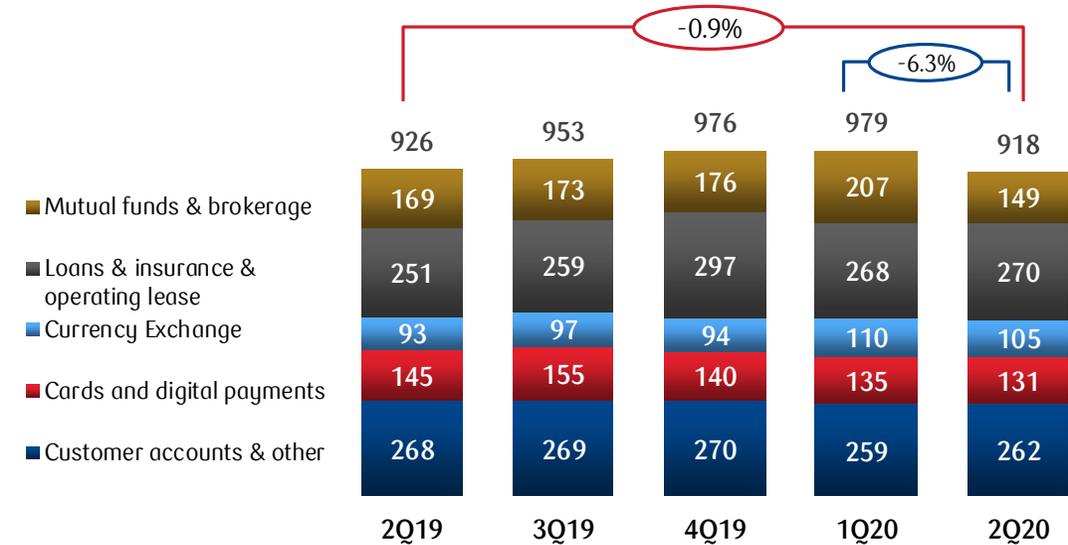
# FINANCIAL RESULTS

## Net fee and commission result under pressure from the economic environment

Net F&C [PLN mn]



Quarterly net F&C [PLN mn]



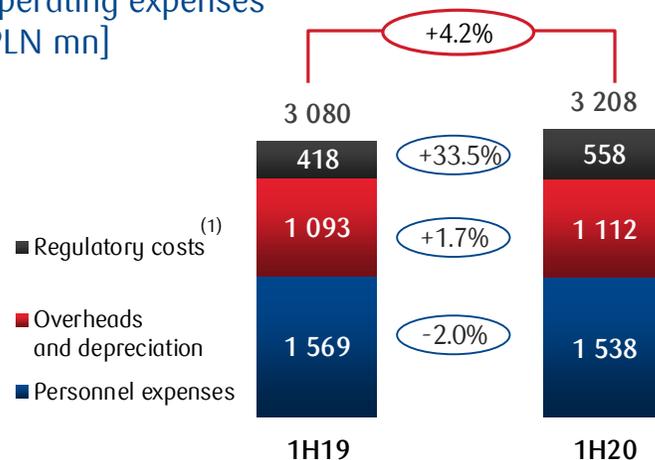
# FINANCIAL RESULTS

## Strong cost discipline

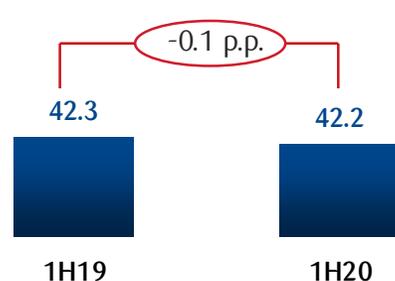


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Operating expenses  
[PLN mn]



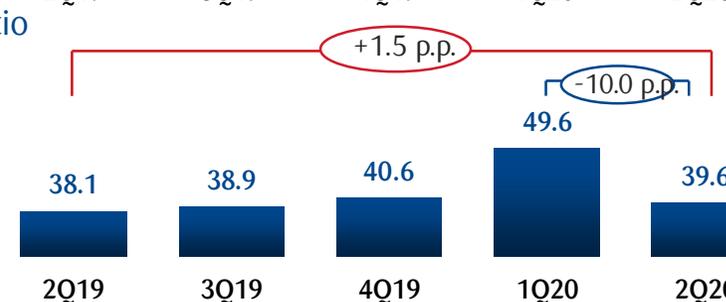
Cost/Income  
12M  
[%]



Quarterly operating expenses  
[PLN mn]



Quarterly C/I ratio  
[%]

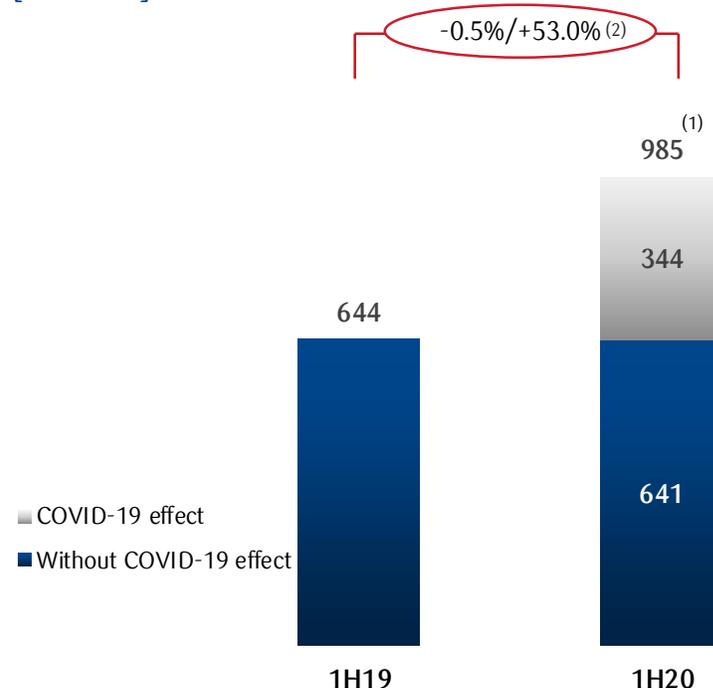


<sup>(1)</sup> Regulatory costs include contributions and payments to BFG, PFSA, taxes and other fees. Increase in y/y contributions to BFG by PLN 61 mn (increase in y/y contributions to the deposit guarantee fund by PLN 43 mn, with a decrease in the fee for the resolution fund by PLN 30 mn). Increase of PLN 89 mn y/y in tax costs due to the release of the provision in 1Q19 (low base effect). A decrease in the fee for the PFSA supervision by PLN 9 mn y/y.

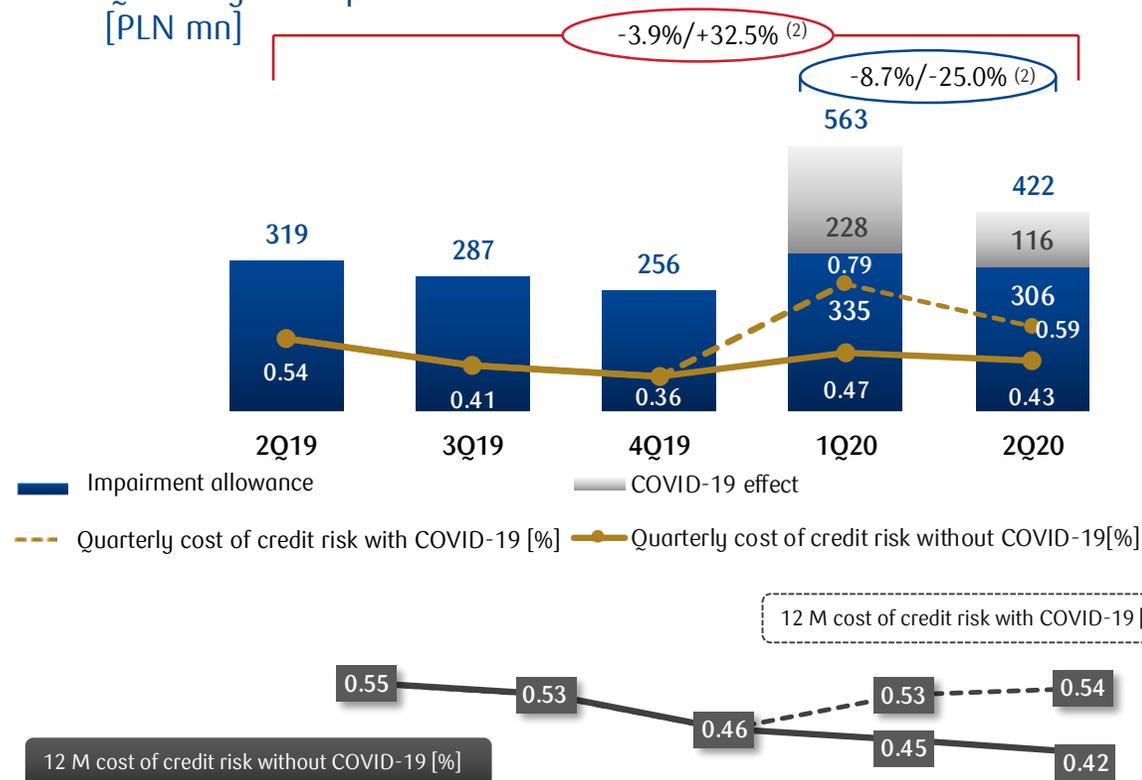
# Low cost of risk despite the pandemic impact



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, write-offs for non-financial assets were as follows: in 4Q19 (-PLN 82mn), of which goodwill write-off for PTE (approx. -PLN 51mn), in 1Q20 (-PLN 116mn), including mainly Bank Pocztowy, in 2Q20 (-PLN 149mn), including mainly goodwill write-off.

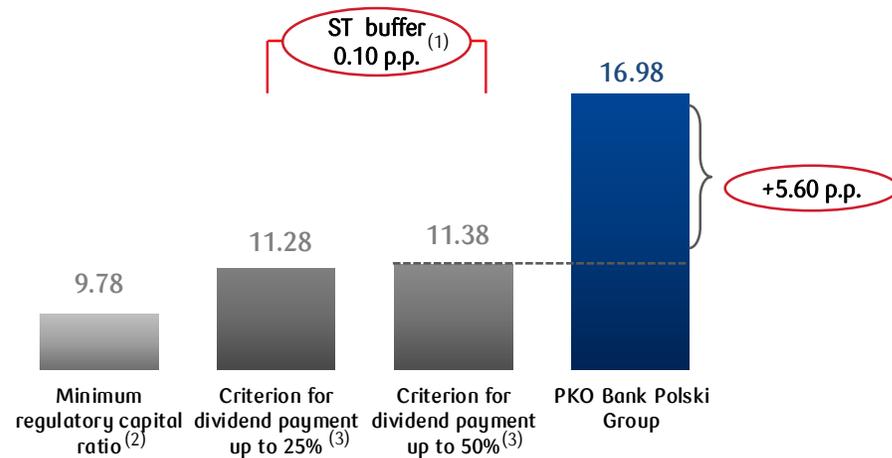
(2) Change includes the COVID-19 effect.



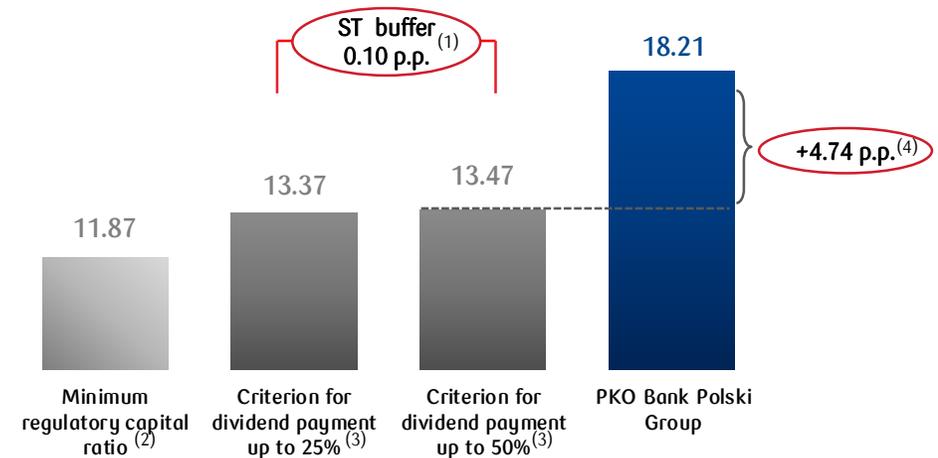
## FINANCIAL RESULTS

# Solid capital position – surplus capital at the level of over PLN 13 billion

### Capital requirements (Tier 1) [%]



### Total capital ratio (TCR) [%]



## High dividend capacity dependent on regulatory issues

- (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% + systemic risk buffer 2.88% + conservation buffer 2.5% + OSII buffer 1% + countercyclical buffer 0.01% + FX buffer for the Group 0.27%
- (3) TCR: CRR 8% + systemic risk buffer 2.88% + conservation buffer 2.5% + OSII buffer 1% + countercyclical buffer 0.01% + FX buffer for the Group 0.36%
- (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 (1H20: 13.35%; (-) 0.11 p.p. q/q; (-) 0.68 p.p. r/r.) – 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 Bank Polski (1H20: 46.04 %; (+) 0.20 p.p. q/q; (+) 0.31 p.p. r/r.)- adjustment by -30 p.p. (for >20% share if K1>5%).
- (4) Own funds above the dividend criteria (surplus capital stands at above PLN 10 bn). The recognition of remaining part of 2019 net profit in own funds results in increase of TCR by 1.33 p.p. and surplus capital by PLN 3 bn.



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PKO Bank Polski  
prepared  
for the challenges  
of the future

Immensely strong capital and liquidity position



Bank's credit portfolio resilient to consequences  
from COVID-19



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



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# Supplementary information, including macroeconomic backdrop

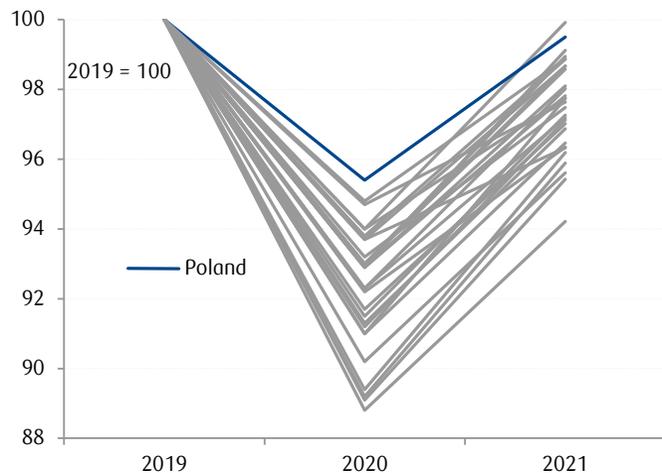
# MACROECONOMIC BACKDROP

## Stability in uncertain times



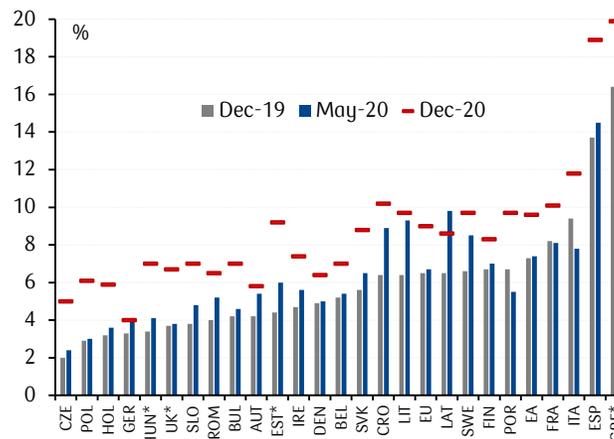
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GDP forecasts of the European Commission



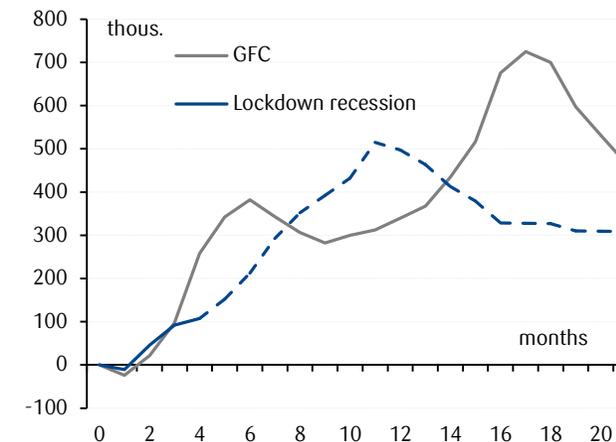
Source: EC, PKO Bank Polski

Unemployment forecasts of the European Commission



Source: Eurostat, EC, PKO Bank Polski. \* HUN, EST and GRE – April, UK – March.

Number of unemployed (Global Financial Crisis vs. Lockdown Recession)



Source: GUS, PKO Bank Polski; Note: PKO BP forecast starting from the 5th month (July 2020) of the Lockdown Recession.

- The competitive and diversified economy, as well as macroeconomic stability and one of the largest anti-crisis packages in Europe are the key factors behind relatively favourable economic forecasts for Poland. However, the magnitude of the current shock in the global economy is so large that there is no doubt that the COVID-19 pandemic has ended the 28-year period of an uninterrupted economic growth in Poland. High-frequency indicators suggest that the Polish economy reached a cyclical trough in April and since May a gradual recovery has been taking place. The scale of the rebound is larger than indicated by consensus forecasts. Hence, 2q20 marked the peak of the crisis with a deep GDP decline, while 2h20 will bring gradual improvement in GDP growth rate.
- The European Commission forecasts (similarly to many other institutions, including the IMF and EBRD) indicate that the scale of the recession in Poland in 2020 will be less severe than elsewhere in the EU, and in 2021 there will be a relatively quick recovery. Consequently the Polish economy will be one of the first to return to the level of GDP seen before the outbreak of the pandemic.
- Unprecedented measures taken by the government to protect jobs will translate into a relatively small increase of the unemployment rate, given the scale of the decline in GDP. The number of unemployed is likely to peak in January 2021. Thereafter, it will start to gradually decline, however it will not return to the pre-crisis level by the end of next year.

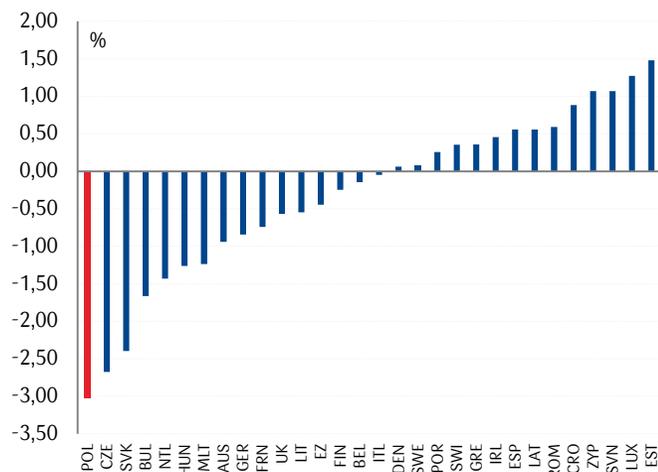
# MACROECONOMIC BACKDROP

## Ultra-loose monetary policy



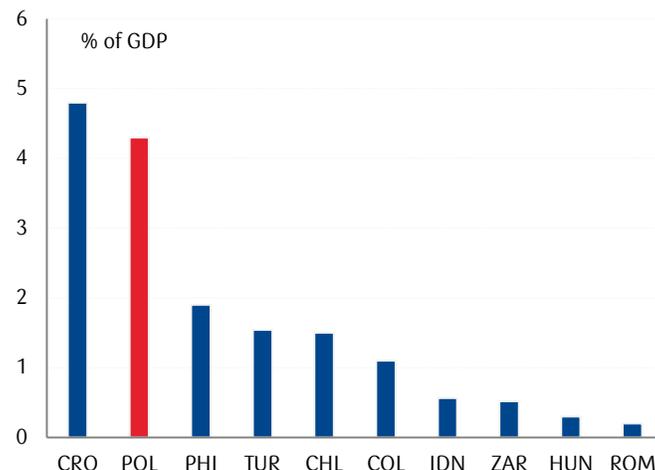
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Real interest rates in the EU



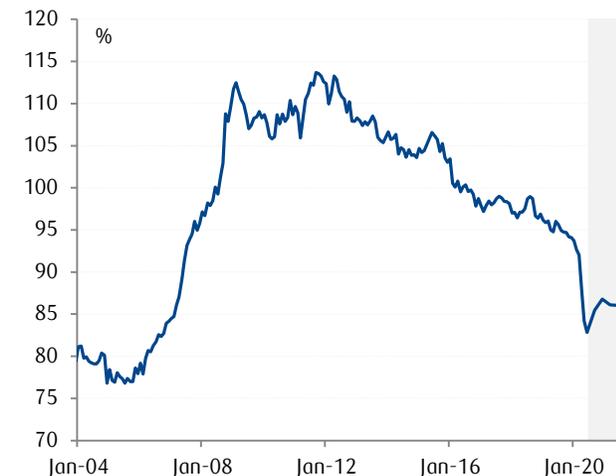
Source: Refinitiv Datastream, Eurostat, PKO Bank Polski

Asset purchases of selected EM central banks



Source: Fitch, S&P, IIF, MFW, CBRT, Macrobond, PKO Bank Polski; data as of end of June 2020.

Loan to deposit ratio



Source: NBP, PKO Bank Polski, .

- **The NBP effectively supports anti-crisis measures taken by the government.** Interest rates have been cut almost to zero, driving the real rates down to the lowest level in the EU, as inflation remains elevated. The scale of asset purchases (PLN 100.6bn in cash terms by the end of June) points at an unprecedentedly big stimulation of the economy, also as compared to other emerging markets.
- The anti-crisis measures support liquidity of enterprises (in total PLN 106.13bn were disbursed under the government and PFR programmes by the end of June), which contributes to a sharp increase in bank deposits. At the same time, the crisis visibly curbed banks' credit expansion. As a result, the loan-to-deposit ratio has dropped sharply to the lowest level since early 2007.
- CPI inflation decelerated significantly due to the fall in oil prices, as well as high statistical base in food prices. Core inflation accelerated temporarily on increasing prices of services that require a costly sanitary regime. Deep decline in demand in 2q20, as well as the diminishing wage pressure suggest that in the next few quarters, the disinflationary factors will prevail.

# Macroeconomic and banking sector forecasts

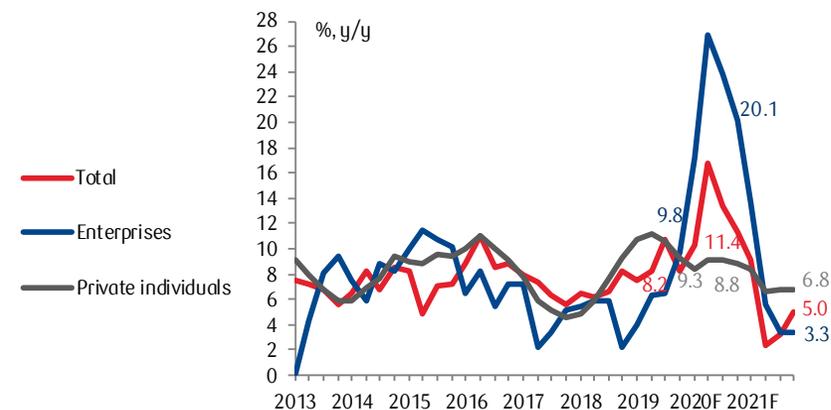


		2015	2016	2017	2018	2019	2020 F	2021 F
<b>GDP</b>	% y/y	3.8	3.1	4.9	5.3	4.1	-3.9	4.1
<b>Consumption</b>	% y/y	3.0	3.9	4.5	4.2	3.9	-3.7	4.1
<b>Investments</b>	% y/y	6.1	-8.2	4.0	9.4	7.2	-11.7	0.3
<b>Fiscal balance<sup>1)</sup></b>	% GDP	-2.7	-2.2	-1.5	-0.2	-0.7	-8.4	-2.5
<b>Public debt<sup>1)</sup></b>	% GDP	51.3	54.2	50.6	48.7	46.0	55.2	54.6
<b>CPI inflation</b>	%	-0.9	-0.6	2.0	1.7	2.3	3.3	1.8
<b>LFS unemployment rate</b>	%	7.5	6.2	4.9	3.8	3.3	4.6	5.4
<b>NBP reference rate</b>	% eop	1.50	1.50	1.50	1.50	1.50	0.10	0.10
<b>WIBOR 3M</b>	% eop	1.73	1.73	1.72	1.72	1.71	0.25	0.25
<b>EUR/PLN</b>	PLN eop	4.26	4.42	4.17	4.30	4.26	4.50	4.40
<b>USD/PLN</b>	PLN eop	3.90	4.18	3.48	3.76	3.80	4.02	3.83

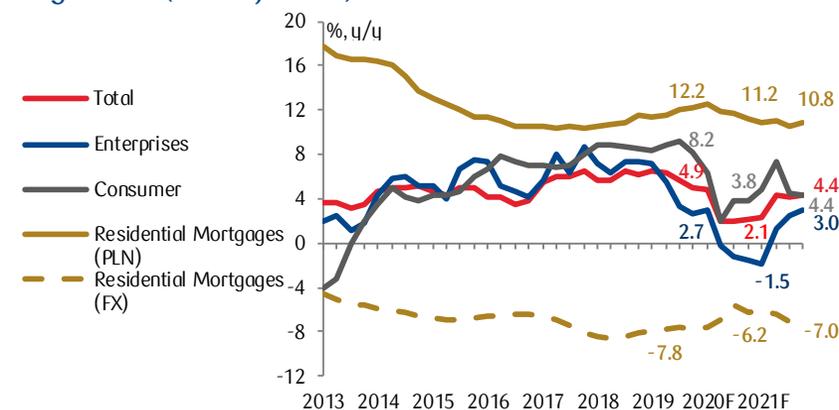
Source: GUS, Ministry of Finance, NBP, PKO Banku Polski forecasts

1) In ESA2010 terms.

Deposits growth (FX adjusted)



Loans growth (FX adjusted)





### SUPPLEMENTARY INFORMATION

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

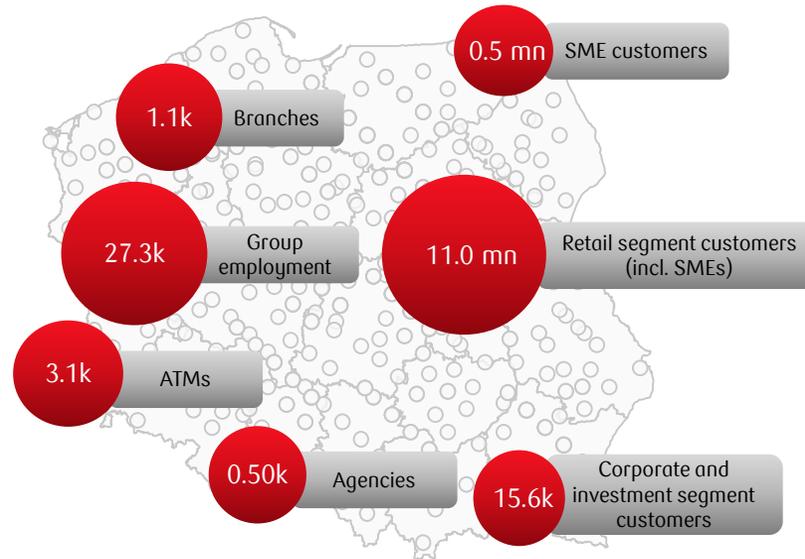
Number of current accounts of individuals [ths]



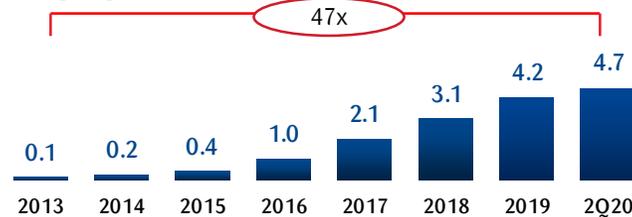
Number of ATMs [ths]



Number of retail agencies and branches [ths]



Mobile apps [mn]



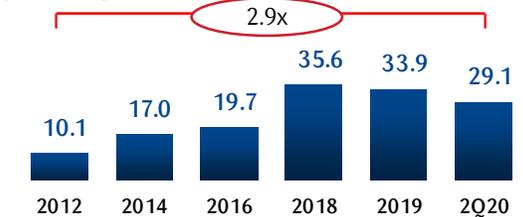
Number of corporate customers with access to e-banking [ths]



The share of PKO Securities in trading on the secondary stock market



Investment Funds - AuM [PLN bn]

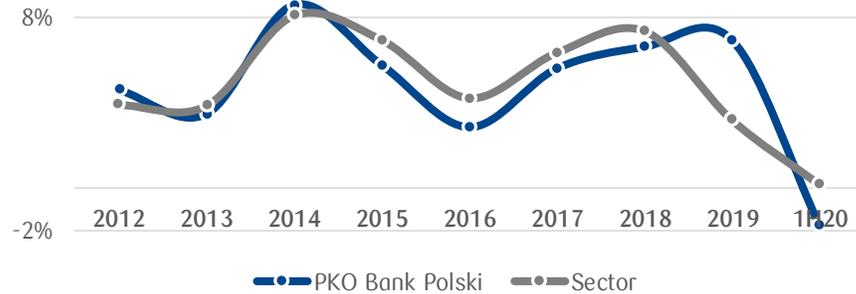




# SUPPLEMENTARY INFORMATION

## Market shares of PKO Bank Polski

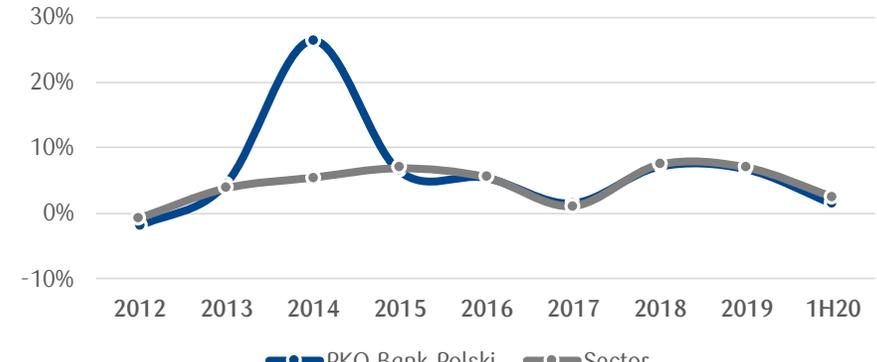
Corporate loans (y/y change)  
[%]



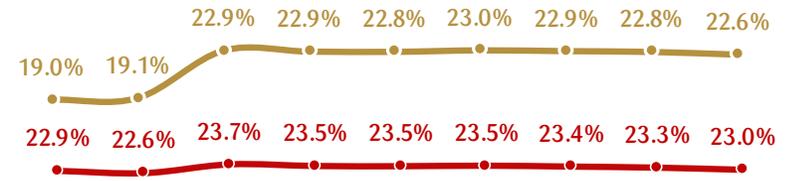
Market share



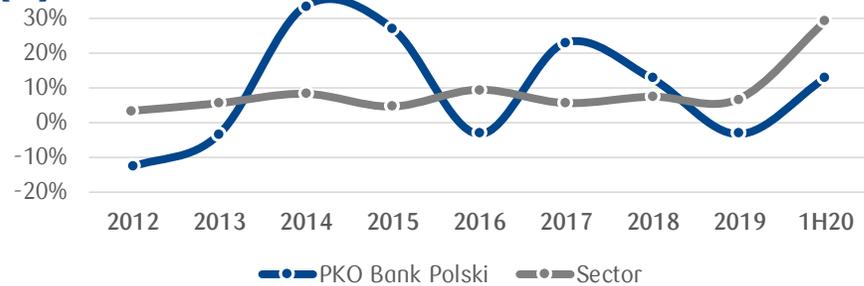
Household loans (y/y change)  
[%]



Market share without FX loans



Corporate deposits (y/y change)  
[%]



Market share



Household deposits (y/y change)  
[%]

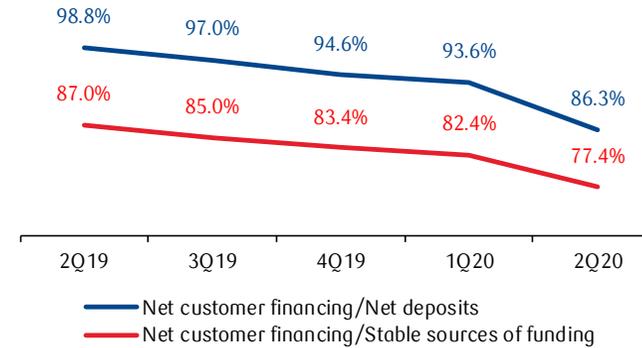
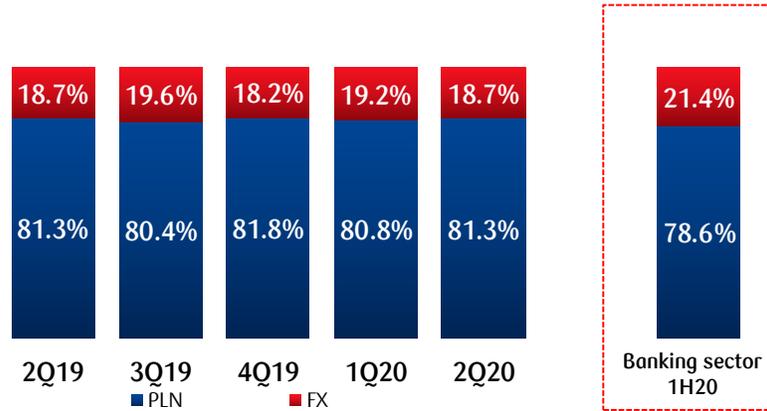




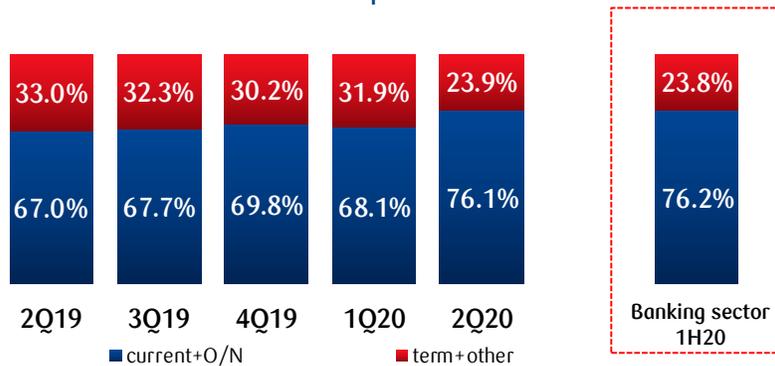
SUPPLEMENTARY INFORMATION

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

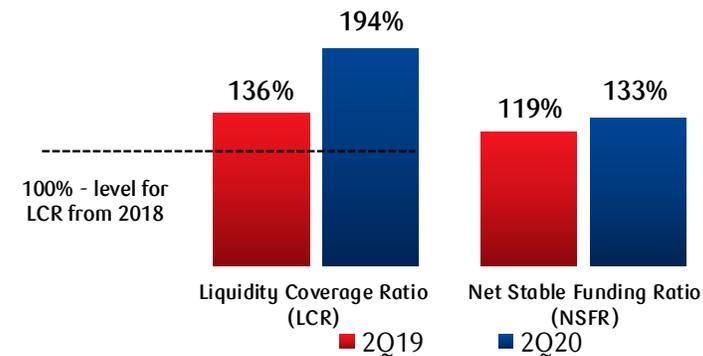
Currency structure of gross loans portfolio



Term structure of total deposits (1)



LCR and NSFR ratio



(1) Amounts due to customers

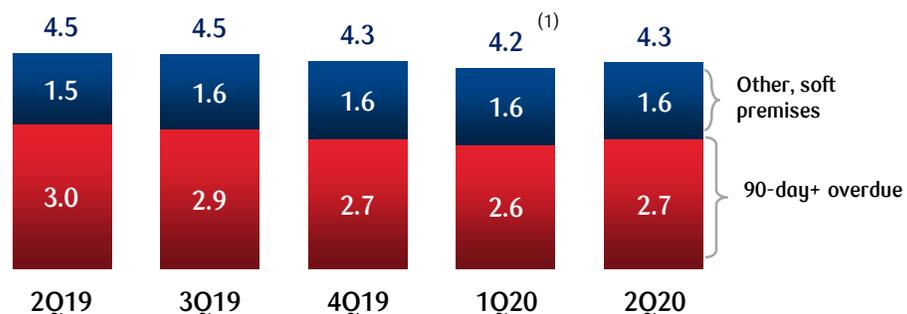
# SUPPLEMENTARY INFORMATION

## Asset quality by segments

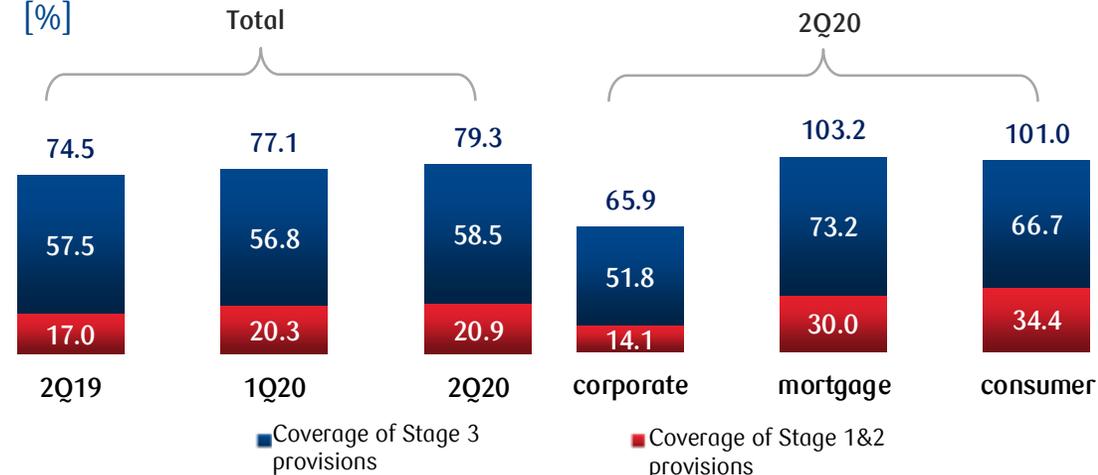


Bank Polski

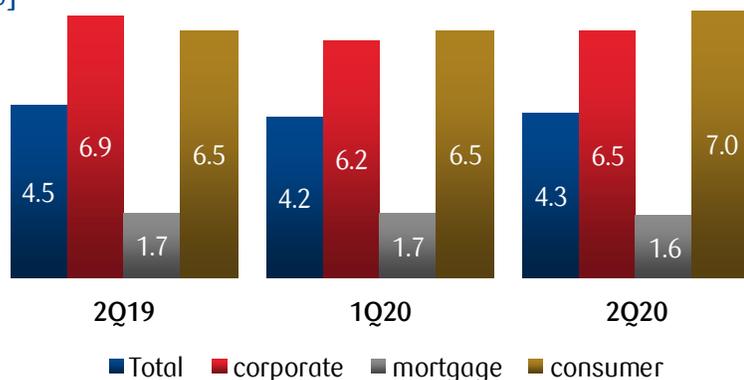
Share of receivables with recognized impairment [%]



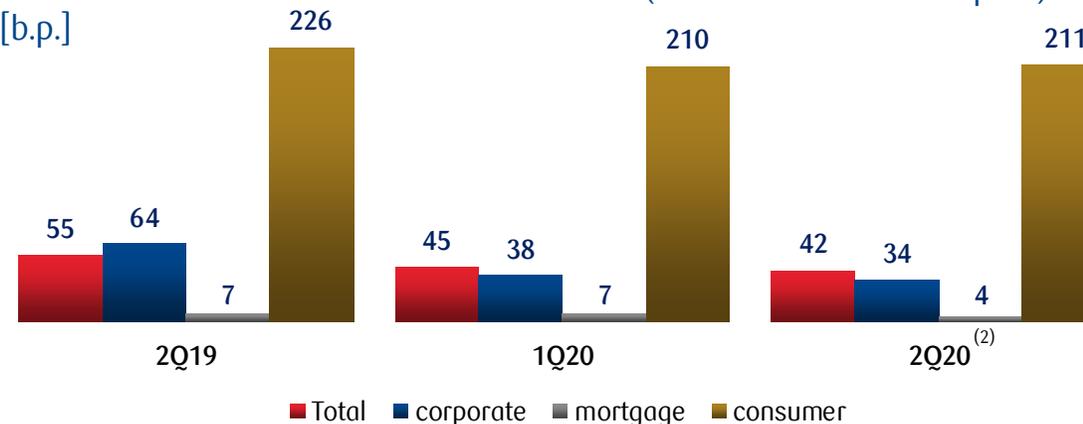
Provision coverage of receivables with recognized impairment [%]



Share of receivables with recognized impairment [%]



The cost of credit risk in the last 12 months (without COVID-19 impact) [b.p.]



(1) Improvement of the NPL ratio by 0.3 pp thanks to the sale of receivables and write-offs of exposures off the balance sheet.

(2) The cost of credit risk, taking into account the impact of the write-off on COVID-19, is 54 bps for total loans, 46 bps. for economic purposes, 11 bps for residential, 246 bps for consumption. All ratios take into account the methodological change, where the receivables additionally include corporate and municipal bonds measured at fair value through other comprehensive income.

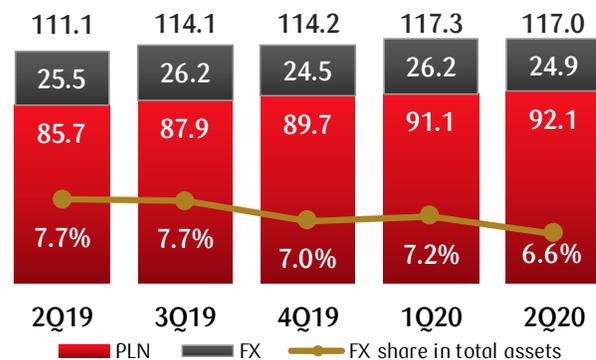
# SUPPLEMENTARY INFORMATION

## Gross mortgage loans

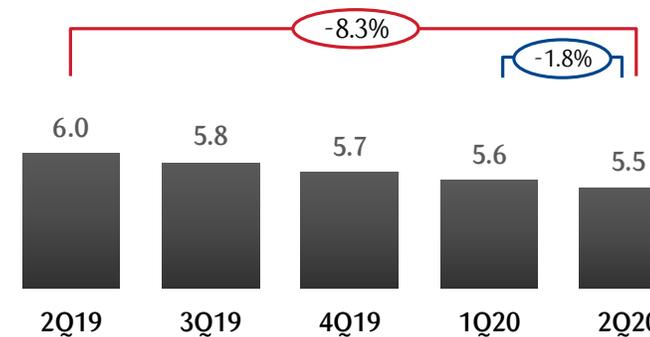


Bank Polski

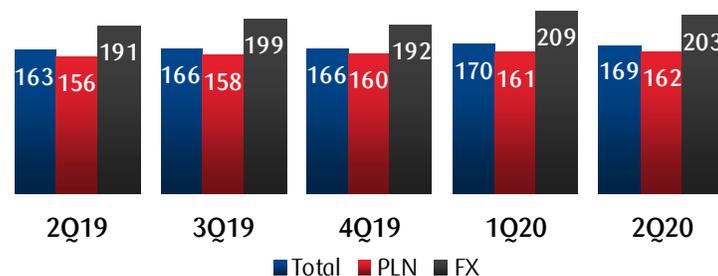
Volume of FX mortgage loans  
[PLN bn] <sup>(1)</sup>



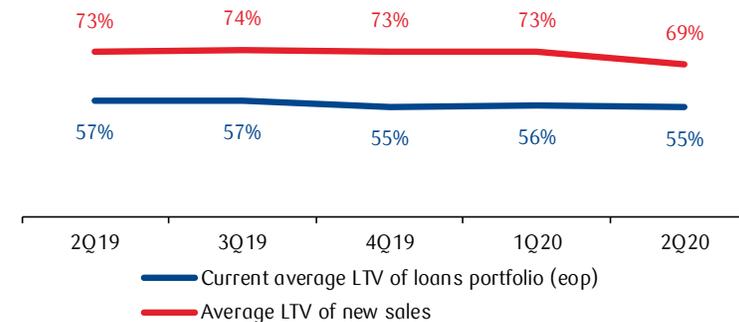
Volume of CHF mortgage loans  
[CHF bn] <sup>(2)</sup>



Average carrying value of mortgage loan  
[PLN ths] <sup>(1)</sup>



Average LTV



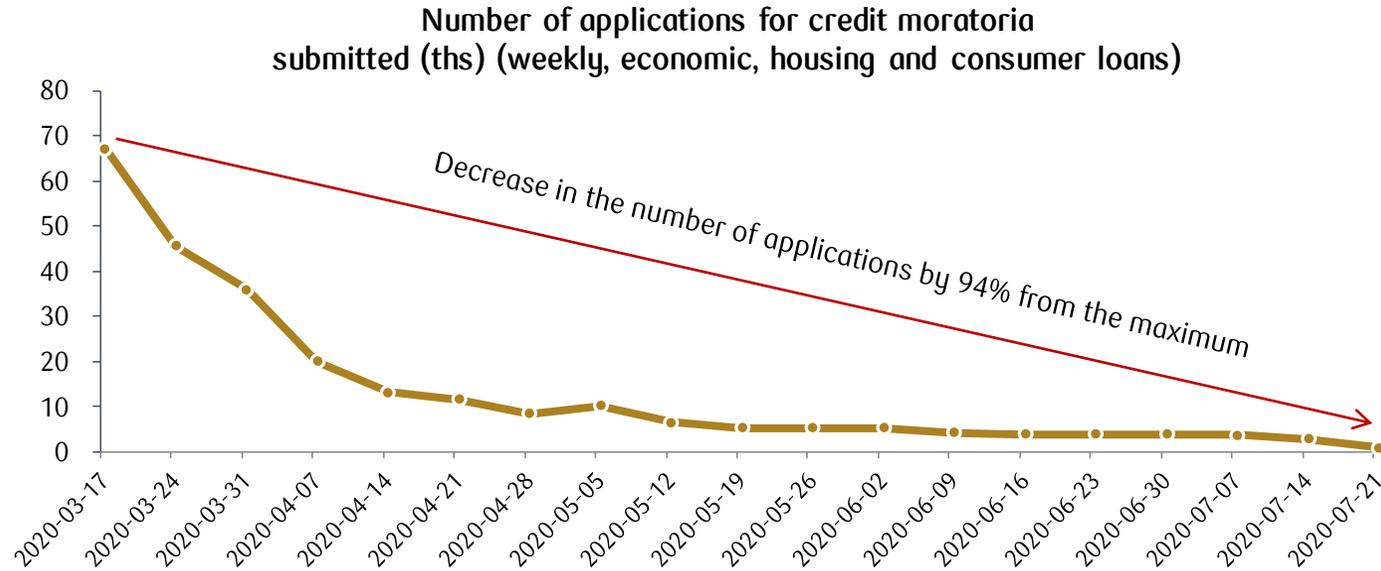
<sup>(1)</sup> Includes data of PKO Bank Polski and PKO Mortgage Bank.

<sup>(2)</sup> The volume of housing loans in EUR: 2Q19 701.6 mn., 3Q19 684.5 mn., 4Q19 665.7 mn., 1Q20 647.6 mn., 2Q20 630.0 mn.



SUPPLEMENTARY INFORMATION

# Decline in loan moratoria in the portfolio of cash loans and mortgages



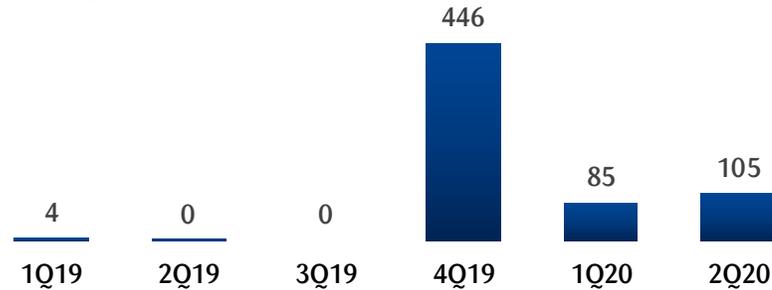
PORTFOLIO	Share of moratorium loans in the portfolio	Value of moratoria PLN billion	Stage 2 participation in moratoria
Mortgage	7%	8.4	18%
Consumer	6%	2.0	17%
Corporate and leasing	13%	15.5	18%



SUPPLEMENTARY INFORMATION

# Impact of legal risk of foreign currency mortgages

Legal risk of foreign currency mortgage loans  
[PLN mn]



At the end of June 2020, 3079 court proceedings were pending at total value of PLN 776 milion. Comparing to the 1Q20 the number of proceedings rose by 969.

Breakdown of foreign currency mortgage loans  
[mn]

(PLN billion)  
as of 30.06.2020

	until 2009	after 2009
Indexed	-	3.4
Denominated	17.4	3.0
<b>Total</b>	<b>17.4</b>	<b>6.4</b>

In the balance sheet the Group recognized a total of PLN 7.4 billion of reserves and buffers for the risk of FX mortgage portfolio, including:

- the total amount of write-offs related to credit risk: PLN 0.8 billion,
- the total amount of write-offs / reserves for legal risk: PLN 0.6 billion,
- the total capital buffer to cover the risk of the FX mortgage portfolio: PLN 6.0 billion.

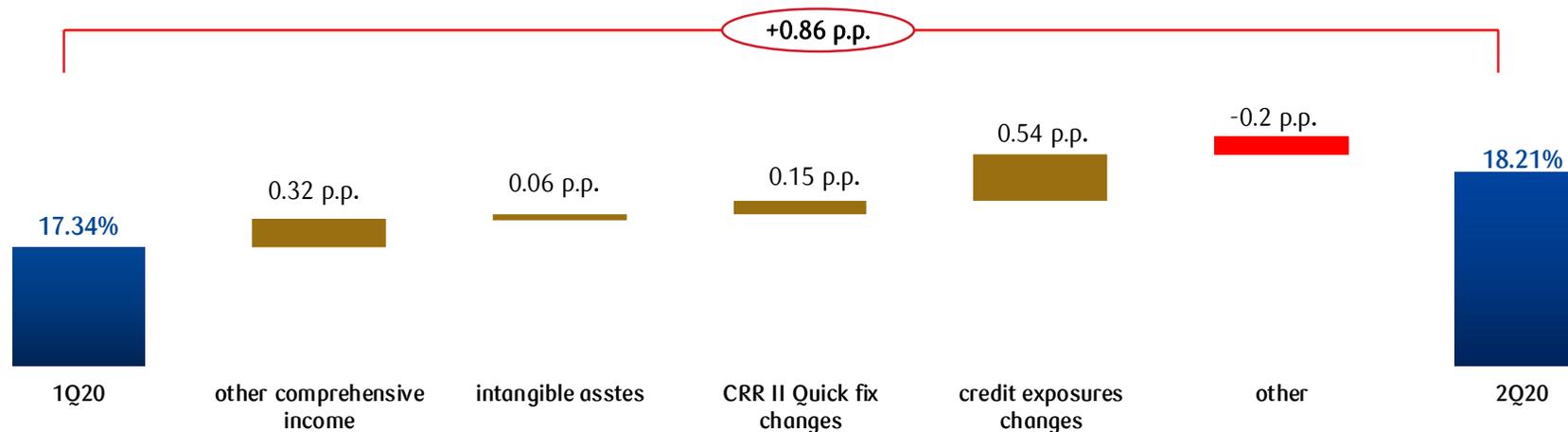
# SUPPLEMENTARY INFORMATION

## Capital adequacy



Bank Polski

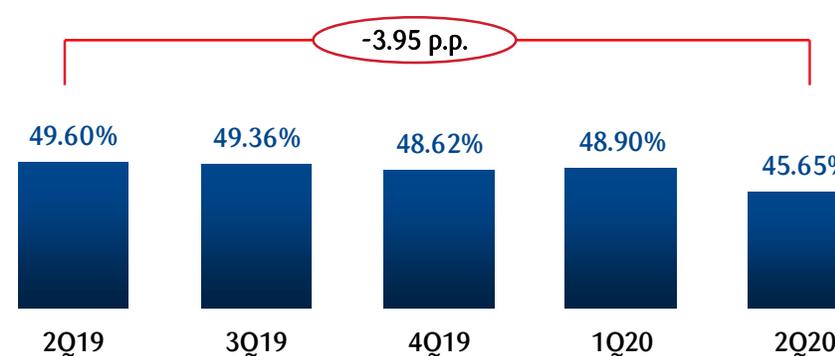
Consolidated TCR change (q/q)



Leverage ratio



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



<sup>(1)</sup> The share of risk-weighted assets relating to credit risk and counterparty credit risk in relation to the corresponding net exposure values. The value of ERW in 2Q20 was influenced by an increase in exposures to the Treasury, exposures with Treasury guarantees, mainly PFR bonds, and a decrease in the requirement for SMEs due to the change in CRR II Quick fix.

# SUPPLEMENTARY INFORMATION

## Key financial data



Bank Polski

### Profit and loss [PLN mn]

	1H20	1H19	y/y	2Q20	1Q20	q/q
Net interest income	5 237	4 993	+4.9%	2 534	2 703	-6.3%
Net F&C income	1 897	1 814	+4.6%	918	979	-6.2%
Result on business activity	7 195	7 190	+0.1%	3 587	3 608	-0.6%
Administrative expenses	-3 208	-3 080	+4.2%	-1 420	-1 788	-20.6%
Allowances for expected credit losses	-985	-644	+53.0%	-422	-563	-25.0%
including the impact of COVID-19	-344	-	-	-116	-228	-49.1%
Allowances on non-financial assets	-265	-10	26.5x	-149	-116	+28.4%
Cost of credit risk of FX mortgages	-190	-4	47.5x	-105	-85	+23.5%
Bank tax	-533	-503	+6.0%	-271	-262	+3.4%
Profit before income tax	2 017	2 963	-31.9%	1 220	797	+53.1%
Income tax	-714	-884	-19.2%	-416	-298	+39.6%
Net profit	1 306	2 079	-37.2%	803	503	+59.6%
Assets	377.2	329.0	+14.7%	377.2	364.6	+3.4%
Customer financing	244.7	237.5	+3.0%	244.7	250.9	-2.5%
Amounts due to customers	283.6	240.4	+18.0%	283.6	268.1	+5.8%
Stable financial resources	316.4	273.1	+15.8%	316.4	304.6	+3.9%
Total equity	44.1	39.6	+11.2%	44.1	42.5	+3.7%

### Balance sheet [PLN bn]

SUPPLEMENTARY INFORMATION  
Key ratios



Bank Polski

	2Q20	2Q19	y/y	1Q20	q/q	
Key financial ratios [%]	ROE net	7.8	10.7	-2.9 p.p.	9.0	-1.2 p.p.
	ROTE net	8.4	11.6	-3.2 p.p.	9.7	-1.3 p.p.
	ROA net	0.9	1.3	-0.4 p.p.	1.1	-0.2 p.p.
	C/I	42.2	42.3	-0.1 p.p.	41.8	+0.4 p.p.
	NIM	3.27	3.43	-0.16 p.p.	3.39	-0.12 p.p.
Loan portfolio quality [%]	NPL ratio	4.3	4.5	-0.2 p.p.	4.2	+0.1 p.p.
	Coverage ratio	79.3	74.5	+4.8 p.p.	77.1	+2.2 p.p.
	Cost of risk (without COVID-19)	0.42	0.55	-13 bps	0.45	-3 bps
Capital position [%]	TCR	18.2	18.6	-0.4 p.p.	17.3	+0.9 p.p.
	Tier 1 capital ratio	17.0	17.3	-0.3 p.p.	16.1	+0.9 p.p.

## SUPPLEMENTARY INFORMATION

# Key operational data



Bank Polski

PKO Bank Polski operating data (eop)	2Q19	3Q19	4Q19	1Q20	2Q20	y/y	q/q
Current accounts ('000) <sup>(1)</sup>	7 851	7 953	8 012	8 075	8 110	+3.3%	+0.4%
Banking cards ('000)	9 084	9 210	9 283	9 429	9 468	+4.2%	+0.4%
of which: credit cards	954	968	981	982	966	+1.3%	-1.6%
Active mobile banking applications IKO ('000)	3 601	3 952	4 210	4 543	4 735	+31.5%	+4.2%
<b>Branches:</b>	<b>1 132</b>	<b>1 121</b>	<b>1 115</b>	<b>1 101</b>	<b>1 084</b>	<b>-4.2%</b>	<b>-1.5%</b>
- retail	1 090	1 079	1 073	1 059	1 042	-4.4%	-1.6%
- corporate	42	42	42	42	42	0.0%	0.0%
Agencies	535	530	538	531	501	-6.4%	-5.6%
ATMs	3 106	3 089	3 080	3 057	3 056	-1.6%	-0.0%
Employment eop (FTEs '000) Group	28.1	27.8	27.7	27.8	27.3	-2.7%	-1.8%

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

<sup>(1)</sup> Since 3Q19, the Bank has changed its rules for qualifying current accounts. According to the new, simpler criteria, the Bank reports all active accounts it deems as having potential for further cooperation with the customers.

SUPPLEMENTARY INFORMATION

# Profit and loss account of the PKO Bank Polski Group



Bank Polski

Profit and loss account (PLN million)	2Q19	3Q19	4Q19	1Q20	2Q20	y/y	q/q
<b>Net interest income</b>	2 538	2 660	2 625	2 703	2 534	-0.2%	-6.2%
<b>Net fee and commission income</b>	926	953	976	979	918	-0.9%	-6.2%
<b>Other income</b>	246	33	146	(75)	135	-45.4%	-
Dividend income	12	1	0	0	14	+19.6%	34.8x
Trading income	33	6	147	(77)	40	+23.4%	-
Net foreign exchange gains	12	18	19	16	27	2.3x	+69.5%
Gains/(losses) on derecognition on financial assets and liabilities	33	57	2	43	39	+15.8%	-10.0%
Net other operating income and expense	157	(50)	(23)	(57)	15	-90.6%	-
<b>Total income items</b>	<b>3 710</b>	<b>3 646</b>	<b>3 746</b>	<b>3 607</b>	<b>3 587</b>	<b>-3.3%</b>	<b>-0.6%</b>
Allowances for expected credit losses	(319)	(287)	(256)	(563)	(422)	+32.2%	-25.1%
Net impairment allowances on non-financial assets	(3)	(21)	(82)	(116)	(149)	49.7x	+28.4%
Cost of credit risk of FX mortgages	(0)	(1)	(446)	(85)	(105)	525.6x	+23.8%
<b>Total operating expenses</b>	<b>(1 413)</b>	<b>(1 418)</b>	<b>(1 523)</b>	<b>(1 788)</b>	<b>(1 420)</b>	<b>+0.5%</b>	<b>-20.6%</b>
result on regulatory charges	(59)	(59)	(60)	(451)	(107)	+81.4%	-76.3%
Tax on certain financial institutions	(255)	(261)	(258)	(262)	(271)	+6.4%	+3.6%
Share in net profit (losses) of associates and jointly controlled entities	9	9	8	4	(0)	-	-
<b>Profit before income tax</b>	<b>1 729</b>	<b>1 669</b>	<b>1 187</b>	<b>797</b>	<b>1 220</b>	<b>-29.4%</b>	<b>+53.1%</b>
Income tax expense	(511)	(440)	(463)	(298)	(416)	-18.6%	+39.4%
Net profit attributable to non-controlling shareholders	0	0	0	0	0	+3.9%	-20.1%
<b>Net profit attributable to the parent company</b>	<b>1 217</b>	<b>1 229</b>	<b>723</b>	<b>503</b>	<b>803</b>	<b>-34.0%</b>	<b>+59.6%</b>

# SUPPLEMENTARY INFORMATION

## Balance sheet of the PKO Bank Polski Group



Bank Polski

<b>Assets (PLN billion)</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>	<b>y/y</b>	<b>q/q</b>
Cash and balances with the Central Bank	12.9	13.3	14.7	11.4	3.7	-71.4%	-67.7%
Amounts due from other banks	3.3	3.9	4.1	5.7	2.7	-17.2%	-52.5%
Reverse repo transactions	1.9	1.4	1.1	0.1	0.2	-91.9%	+36.6%
<b>Net customer financing</b>	<b>237.5</b>	<b>243.6</b>	<b>244.1</b>	<b>250.9</b>	<b>244.7</b>	<b>+3.0%</b>	<b>-2.5%</b>
Securities	56.6	61.3	66.7	75.4	106.3	+87.8%	+41.1%
Other assets	16.8	18.2	17.3	21.1	19.6	+16.5%	-7.1%
<b>TOTAL ASSETS</b>	<b>329.0</b>	<b>341.5</b>	<b>347.9</b>	<b>364.6</b>	<b>377.2</b>	<b>+14.7%</b>	<b>+3.4%</b>
<b>Liabilities and equity (PLN billion)</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>	<b>y/y</b>	<b>q/q</b>
<b>Total equity</b>	<b>39.6</b>	<b>41.0</b>	<b>41.6</b>	<b>42.5</b>	<b>44.1</b>	<b>+11.2%</b>	<b>+3.7%</b>
Amounts due to the central bank and due to banks	2.8	1.9	2.1	2.1	2.1	-23.8%	-0.6%
Repo transactions	-	-	-	-	0.1	-	-
Subordinated liabilities and debt securities in issue	32.4	35.1	33.9	35.6	32.0	-1.2%	-10.3%
<b>Amounts due to customers</b>	<b>238.0</b>	<b>249.0</b>	<b>256.2</b>	<b>266.2</b>	<b>281.8</b>	<b>+18.4%</b>	<b>+5.9%</b>
Loans and advances received	2.7	2.5	2.8	2.8	2.5	-6.0%	-9.1%
Liabilities of insurance activities	1.5	1.6	1.8	1.8	1.7	+17.5%	-3.1%
Other liabilities	12.0	10.5	9.6	13.7	12.9	+7.2%	-5.6%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>329.0</b>	<b>341.5</b>	<b>347.9</b>	<b>364.6</b>	<b>377.2</b>	<b>+14.7%</b>	<b>+3.4%</b>

## SUPPLEMENTARY INFORMATION

# Customer financing



Bank Polski

PLN billion	2Q19	3Q19	4Q19	1Q20	2Q20	y/y	q/q
<b>Financing</b>	<b>232.5</b>	<b>238.3</b>	<b>238.9</b>	<b>246.3</b>	<b>240.7</b>	<b>+3.5%</b>	<b>-2.3%</b>
<b>mortgages</b>	<b>111.1</b>	<b>114.1</b>	<b>114.2</b>	<b>117.3</b>	<b>117.0</b>	<b>+5.3%</b>	<b>-0.2%</b>
PLN mortgages	85.7	87.9	89.7	91.1	92.1	+7.5%	+1.1%
FX mortgages	25.5	26.2	24.5	26.2	24.9	-2.1%	-4.7%
consumer loans	29.9	30.5	31.1	31.1	30.3	+1.1%	-2.8%
SME	34.8	34.9	34.5	35.0	34.0	-2.1%	-2.6%
corporate	56.7	58.7	59.0	63.0	59.3	+4.7%	-5.8%
<b>Debt securities</b>	<b>15.1</b>	<b>15.4</b>	<b>14.9</b>	<b>15.4</b>	<b>15.7</b>	<b>+3.6%</b>	<b>+1.9%</b>
municipal bonds	10.0	9.9	9.8	9.7	9.6	-3.8%	-0.9%
corporate bonds	5.1	5.5	5.1	5.7	6.0	+18.2%	+6.5%
<b>Gross customer financing</b>	<b>247.6</b>	<b>253.6</b>	<b>253.8</b>	<b>261.7</b>	<b>256.3</b>	<b>+3.5%</b>	<b>-2.1%</b>
Net allowances for expected losses	-8.3	-7.8	-7.2	-7.9	-8.1	-3.0%	+2.9%
<b>Net customer financing</b>	<b>239.3</b>	<b>245.9</b>	<b>246.6</b>	<b>253.9</b>	<b>248.2</b>	<b>+3.7%</b>	<b>-2.2%</b>

SUPPLEMENTARY INFORMATION  
**Customer savings**



Bank Polski

	2Q19	3Q19	4Q19	1Q20	2Q20	y/y	q/q
<b>PLN billion</b>							
<b>Retail and private banking</b>	218.2	224.4	232.8	240.4	251.4	+15.2%	+4.6%
deposits	164.0	168.2	174.1	183.2	189.5	+15.6%	+3.5%
retail mutual funds	32.7	32.2	32.1	26.6	27.4	-16.3%	+2.9%
saving treasury bonds	21.5	24.0	26.6	30.6	34.5	+60.2%	+12.8%
<b>Corporate</b>	45.9	50.6	49.9	51.2	52.9	+15.4%	+3.4%
<b>SME</b>	26.4	28.4	30.5	30.3	37.8	+43.3%	+24.8%
<b>Customer savings</b>	290.5	303.5	313.2	321.9	342.2	+17.8%	+6.3%



KEY ACHIEVEMENTS

# PKO Banking Platform 2020-2022

## Strategic financial targets

	2018	2019	1H20	Strategic goals 2022
ROE <sup>(1)</sup>	10.0%	10.0%	7.8%	12.0%
C/I	44.2%	41.8%	42.2%	~41%
COST OF CREDIT RISK	0.59%	0.46%	0.54%	0.60%-0.75%
NET PROFIT	PLN 3.7 bn	PLN 4.0 bn	PLN 1.3 bn	> PLN 5 bn
EQUITY	TCR: 18.9% CET1: 17.5%	TCR: 18.4% CET1: 17.2%	TCR: 18.2% CET1: 17.0%	Ability to pay dividends

<sup>(1)</sup> Return on tangible equity (adjusted for goodwill and intangibles): 8.4% in 2Q20, -3.2 p.p. y/y.

# SUPPLEMENTARY INFORMATION

## Shares and rating

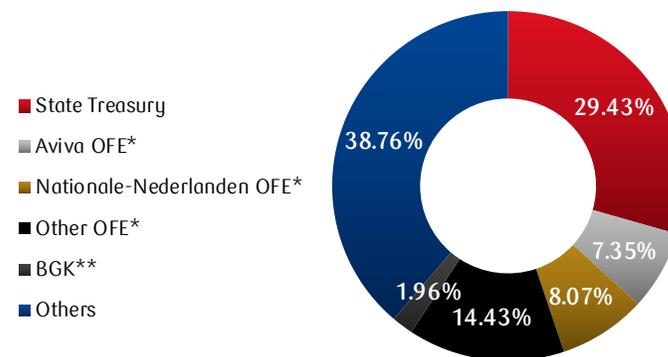


Bank Polski

### 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) [%]



\*Aviva, Nationale Nederlanden and other pension funds: data as of 1H 2020  
\*\*Bank Gospodarstwa Krajowego (Polish special purpose government bank)

### 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 Rating

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



# Disclaimer

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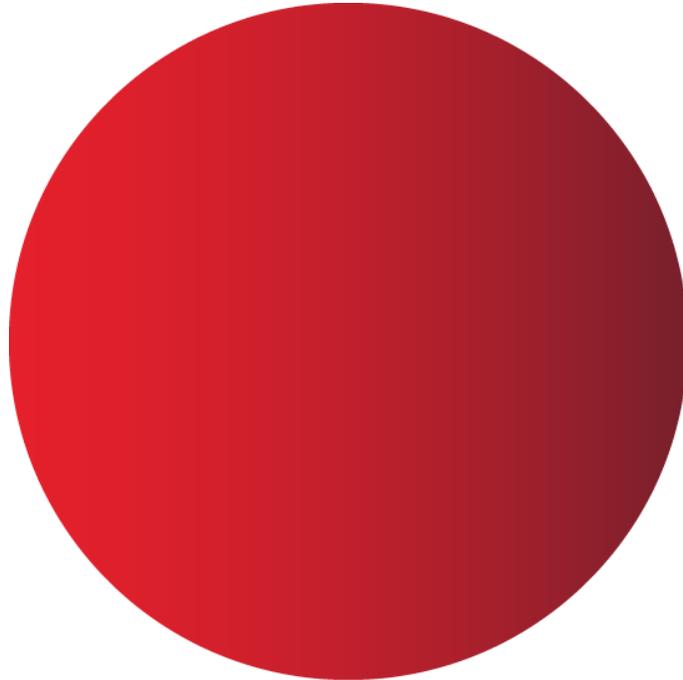
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Bank Polski



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## Investor's calendar

4 November 2020

Publication of the Quarterly 3Q 2020 Report