



Bank Polski

Financial results 3Q& 9M 2020

PKO Bank Polski during the pandemic



Key achievements in 3Q 2020



Bank Polski

- Efficient operations during the pandemic with attention to all stakeholders
- Solid net profit of PLN 712 mn, despite recognition of pandemic effects and higher cost of legal risk
- Stable net operating profit led by cost savings and revenue resilience
- Low cost of risk despite the negative impact from COVID-19 pandemic

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



- V-shaped economic recovery in 3Q supported by the unlocking of the consumption demand and the restoration of the functioning of global supply chains
- Effectiveness of protective measures for the labour market constrained the rise in unemployment. The registered unemployment rate in September stood only 0.6 p.p. above the pre-pandemic level
- Economy stabilized by fiscal measures backed by the asset purchases by the National Bank of Poland



Bank Polski

Key achievements

1/4



KEY ACHIEVEMENTS

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

Business continuity and safety



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

We secured them continuous access to telemedicine appointments

We provided the necessary personal protective equipment for employees

We shared the communication tools in Microsoft Teams with over 10 000 employees

Client support



We developed a fully remote account opening process: the selfie account

We conduct targeted information campaigns on functioning of the bank during the pandemic

We prepared a fast-track decision procedure for extension or renewal of selected products

Community



We handed out about PLN 23.6 mn for the fight against COVID-19 for among others hospitals, healthcare facilities and sanitation

PKO employees support the Chief Sanitary Inspectorate's hotline employees

We coordinate the creation of two temporary hospitals in Poznań and Tarnów

The National Cloud Operator on behalf of the Centre for Health Information Systems prepared solutions for medical video consultations for patients

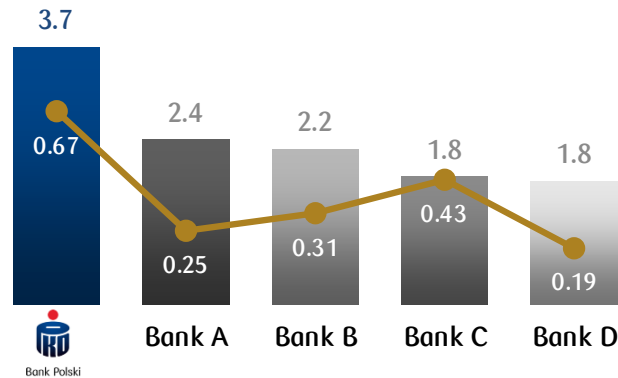


Bank Polski

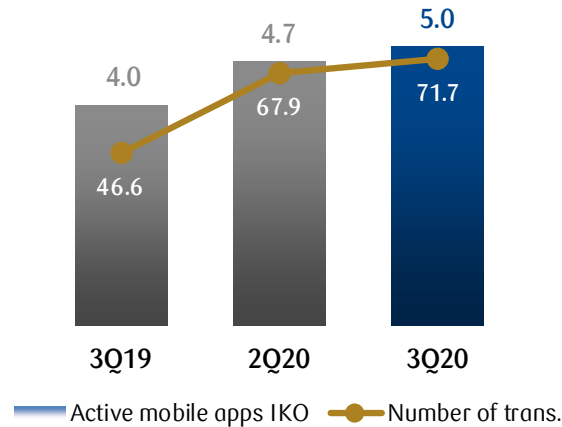
KEY ACHIEVEMENTS

Strategy 'PKO Banking Platform' – over 5 million IKO applications

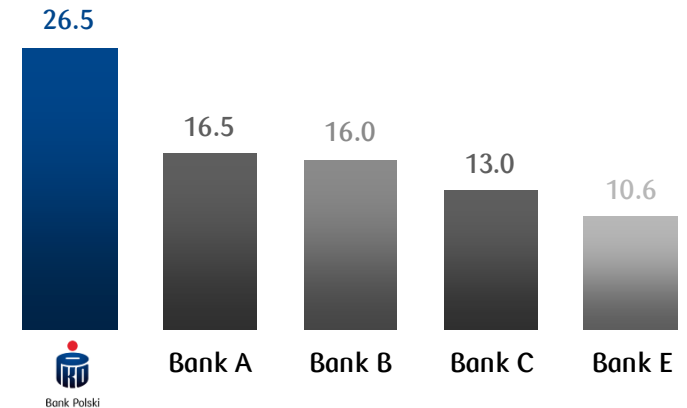
Number of active mobile banking users ⁽¹⁾ [mn]



Number of IKO applications and number of transactions [mn]



Share in mobile transactions' market ⁽²⁾ [%]



y/y growth

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

PKO Bank Polski is an undisputed leader of mobile banking in Poland

⁽¹⁾ According to PRNews data for 2Q20, 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/8460-liczba-transakcji-mobilnych-2-kw-2020-r>

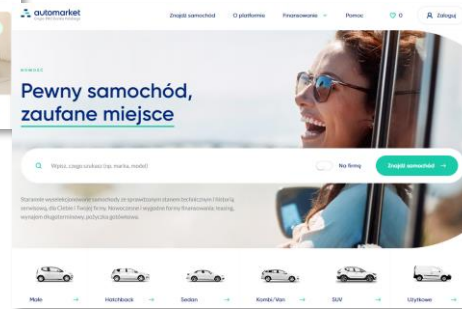
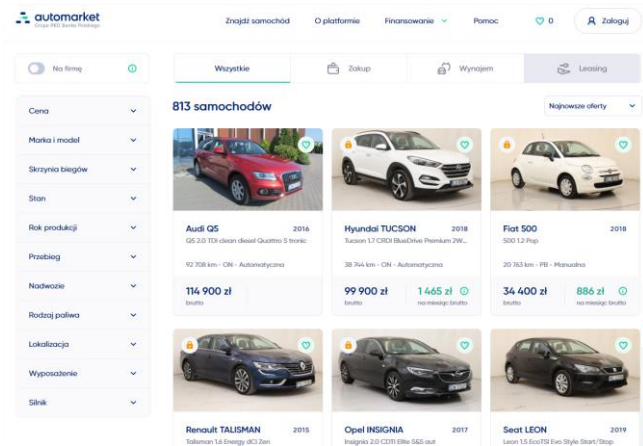


Bank Polski

KEY ACHIEVEMENTS

Strategy 'PKO Banking Platform' – revenue diversification through ecosystems of value-added services

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



15 cooperation agreements with Dealers, planning for a **twofold** increase by the end of year

67% of sales also include contracts for vehicle financing

Approx. 20k daily views of the platform

Significant growth in sales of insurance products

Compared to 2Q20:



Over **3x** increase in OnkoPlan insurance sales

Over **2x** increase in car insurance sales

Scope of insurance cover broadened to include a COVID-19 clause



Over 150 ths. car insurance policies sold



KEY ACHIEVEMENTS

Strategy 'PKO Banking Platform' – bank adopts advanced technological solutions

Artificial intelligence



Talk2IKO – over 300k conversations with customers

Soft collection (30k monthly debt collection cases with more effective enforcement than human)



Support and sales (sales leads, NPS surveys, Corona-bot)

Robotization



25 robotic licenses

Over **8x** increase in tasks performed by robots in the process of selling a cash loan



82 automated processes

National Cloud Operator

Internal support for HR soft processes

Implemented work tools in the cloud

Videoconferencing platform for SME clients to connect with consultants, deployed in 2 weeks

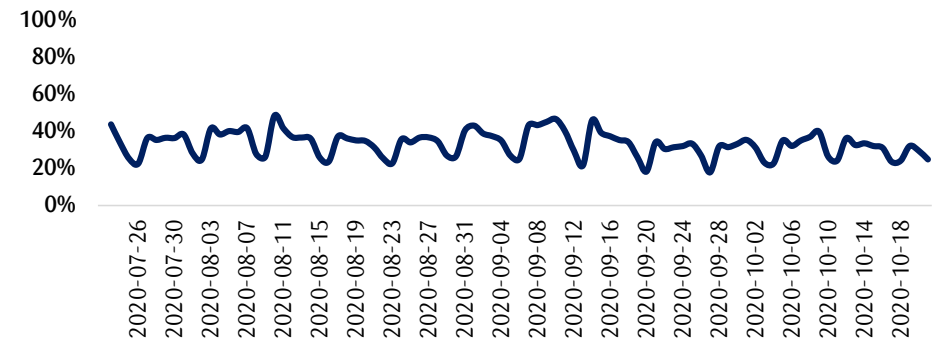


11 000 virtual workstations, so-called „Positions of the Future”

27 000 users in MS Teams



CPU consumption of IKO infrastructure



Migration of the new version of IKO 5.0 to the Cloud will ensure savings in IT infrastructure costs



Bank Polski

KEY ACHIEVEMENTS

Strategy 'PKO Banking Platform' – acceleration in 3 areas in response to pandemic

Digital sales and support



10k
consultants
working
remotely

59% -
share of digital
cash loan
sales in 3Q20

Diversification of revenue streams



New car
platform
integrated with
IKO service

Increased
distribution of
standalone
insurance products

Operational efficiency



Sales network
optimization - **115**
fewer branches since the
beginning of the year

Robotization and
automation led to
reduction in employment
by over **1 200** FTEs
since the beginning of
the year ⁸



Bank Polski

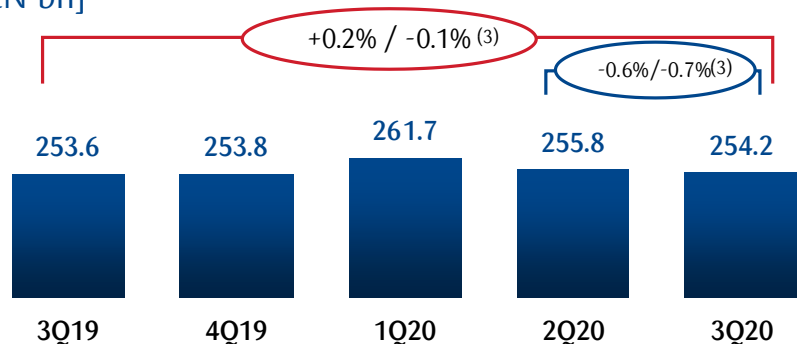
Business activity

2/4

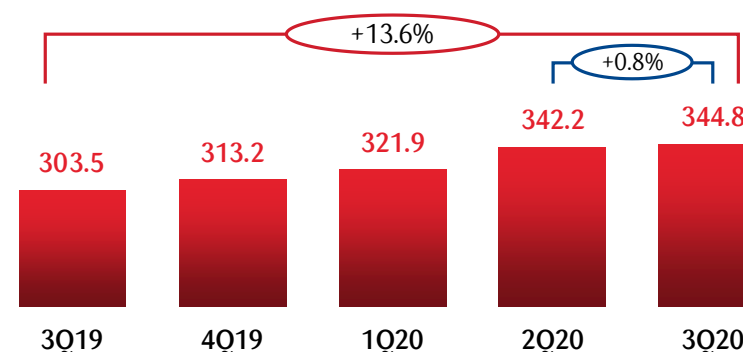
Dynamic growth of the scale of business operations



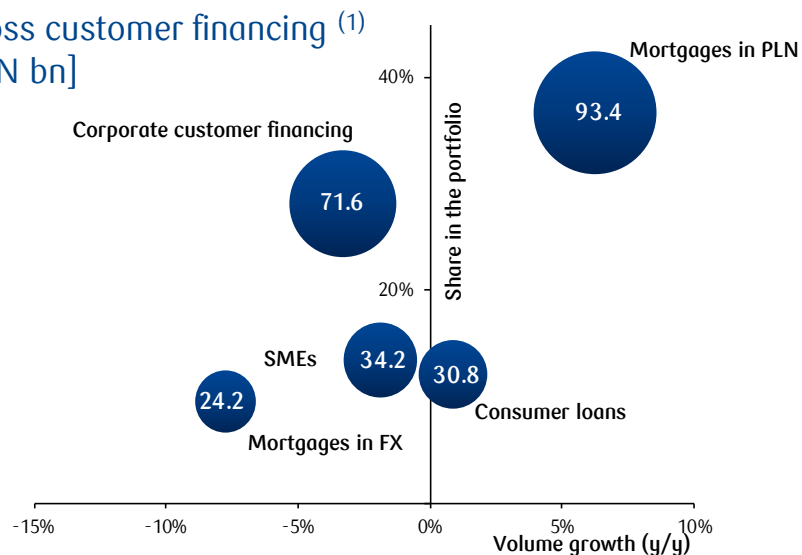
Gross customer financing (1)
[PLN bn]



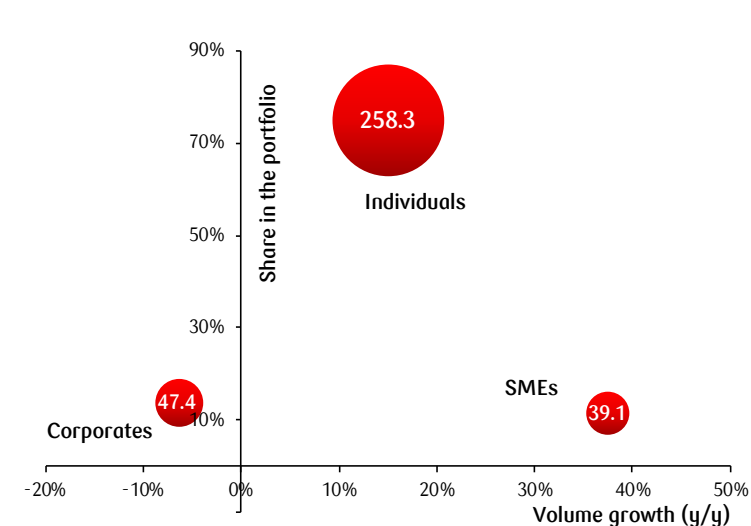
Customer savings (2)
[PLN bn]



Gross customer financing (1)
[PLN bn]



Customer savings (2)
[PLN bn]

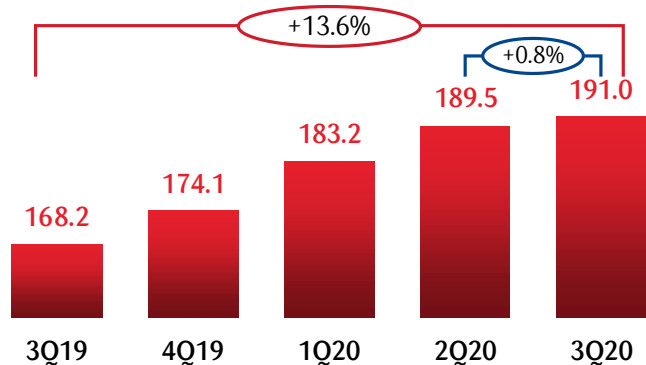


(1) Includes loans, corporate and municipal bonds (excluding PFR, BGK, EIB corporate bonds), leasing and factoring (but excludes repo transactions).
 (2) Includes deposits, TFI (mutual funds) assets and treasury savings bonds.
 (3) Net of FX effects: PLN -0.84 bn y/y and PLN -0.1 bn q/q.

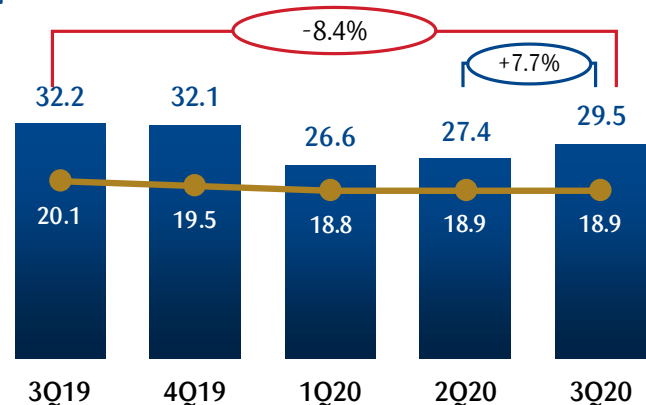
Households: further growth of savings



Deposits
[PLN bn]



Mutual funds' AuM ⁽¹⁾
[PLN bn]



New feature in iPKO service for setting up an investment account online

Customers of PKO Bank Polski can remotely sign an agreement with the Brokerage House and receive access to the Supermakler service. The new procedure for setting up an investment account is fully remote. Signing a document with a qualified electronic signature replaces the physical signature.

Customers of PKO Bank Polski allocated over PLN 1 billion to funds in PKO TFI thanks to Inwestomat

Investment advice in the form of Inwestomat accessible in iPKO provides all customers with a tailored recommendation for the purchase of investment funds (PLN 2.4 bn volume by the end of October).

Open banking

Customers of PKO Bank Polski can use IKO application and iPKO service to access accounts at other banks (Pekao, mBank, Santander, Alior Bank, T-Mobile Banking Services) in accordance with the EU directive PSD2.

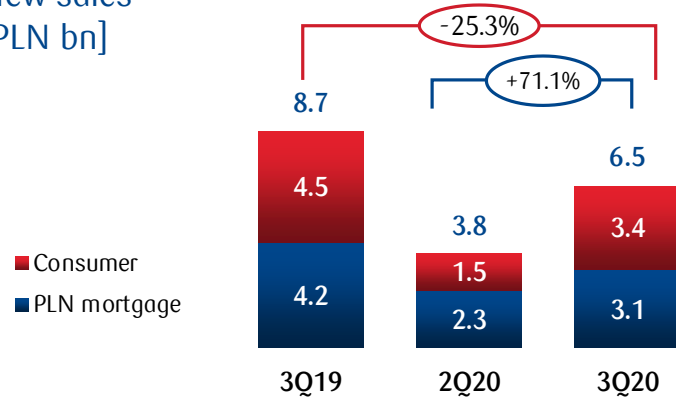
(1) Non-dedicated assets.

Households: recovery in loan sales

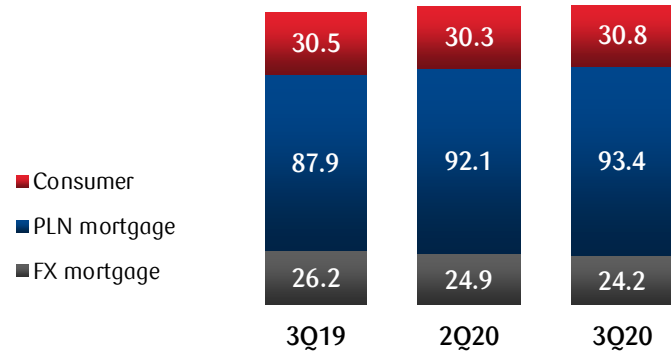


Consumer and mortgage loans

New sales
[PLN bn]



Volume outstanding
[PLN bn]



Increase in cash loan sales

Quarterly market share of PKO in the sale of cash loans increased to 18% from 11% in 2Q20. More than 59% of loans are sold via remote channels. Funds are released within 30 seconds after the acceptance of the cash loan's terms and conditions.



Uptick in sales of mortgage loans

In 3Q20, PKO Bank Polski maintained its market share in mortgage sales at 22.5%, achieving a marked increase in quarterly sales of such loans.



PKO deployed a durable medium 2.0 for private documents

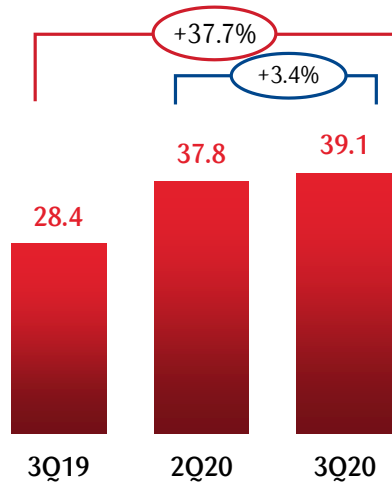
The new solution enables a digital distribution of personalized documents to the bank's customers using the blockchain technology for card transactions.



BUSINESS ACTIVITY

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

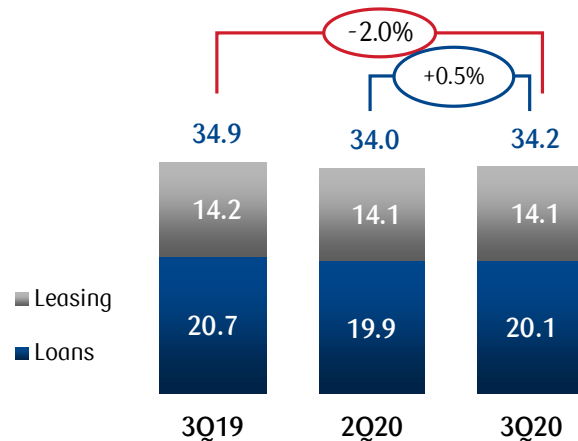
Deposits [PLN bn]



Loan repayment guarantees from BGK

Bank's customers (micro and SMEs) can take advantage of a loan payment guarantee or a portfolio guarantee credit line de minimis from BGK. The total value of guarantees provided in January-September 2020 reached almost PLN 3 bn.

Gross customer financing [PLN bn]



Over 10k PPK agreements with SMEs

Together with large corporates we run over 12k PPK agreements, on which over 400k participants accumulated about PLN 0.7 bn AuM by the end of September.

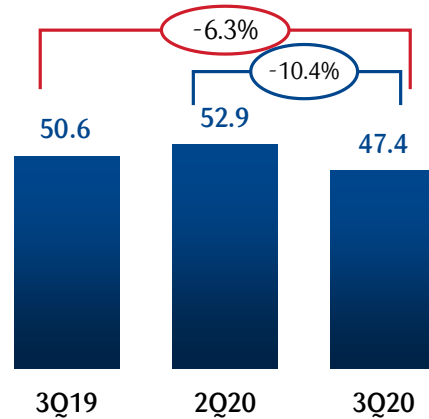


Company registration enabled directly in the mobile application

PKO Bank Polski has made available an update of the IKO application with two new features for iPhone users. The first feature provides the possibility to submit an application to CEIDG, the second - to apply for a credit card change. The service already 13 works on Android.

Corporate and investment banking: full range of product solutions

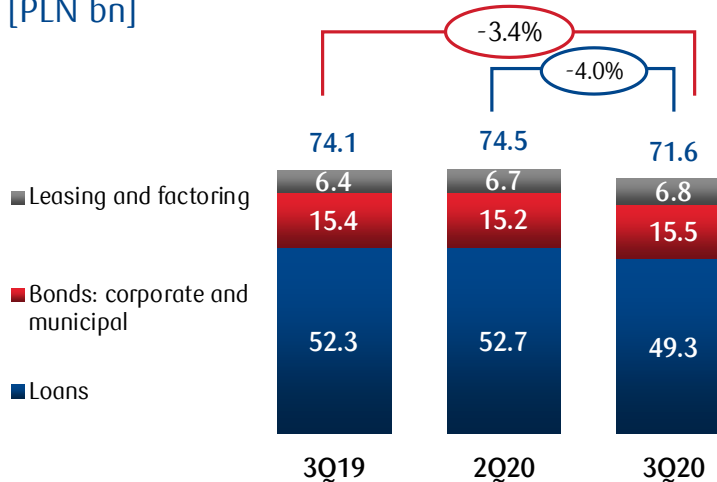
Deposits
[PLN bn]





PKO as the only bank distributing funds under the financial shield for large companies

Companies can apply for liquidity and preferential financing. The total value of both instruments amounts to PLN 17.5 bn. The role of the bank is administering the accounts, registering and monitoring loans and collateral, as well as operational processes.

Gross customer financing
[PLN bn]



 IPO 10 559 999 985 PLN Joint Bookrunner, Joint Offering Agent	 Bond Issue Program 350 000 000 PLN Offering Agent, Global Coordinator	 Loan for financing of storage space BTS in Świebodzin 88 800 000 EUR Lender
 Consortium loan 5 500 000 000 PLN Original Lender	 Investment loan and VAT loan for financing of office space MIDPOINT 71 in Wrocław 54 400 000 EUR 7 000 000 PLN Lender	 Consortium loan multi-currency 1 750 000 000 EUR Original Lender, Organizer



Bank Polski

Financial results

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Solid net profit: 3Q20 PLN 712 mn, 1-3Q20 above PLN 2 bn

Maintenance of cost efficiency - C/I stood at 42.1%

Low cost of risk: 0.57% (with COVID-19 effects)

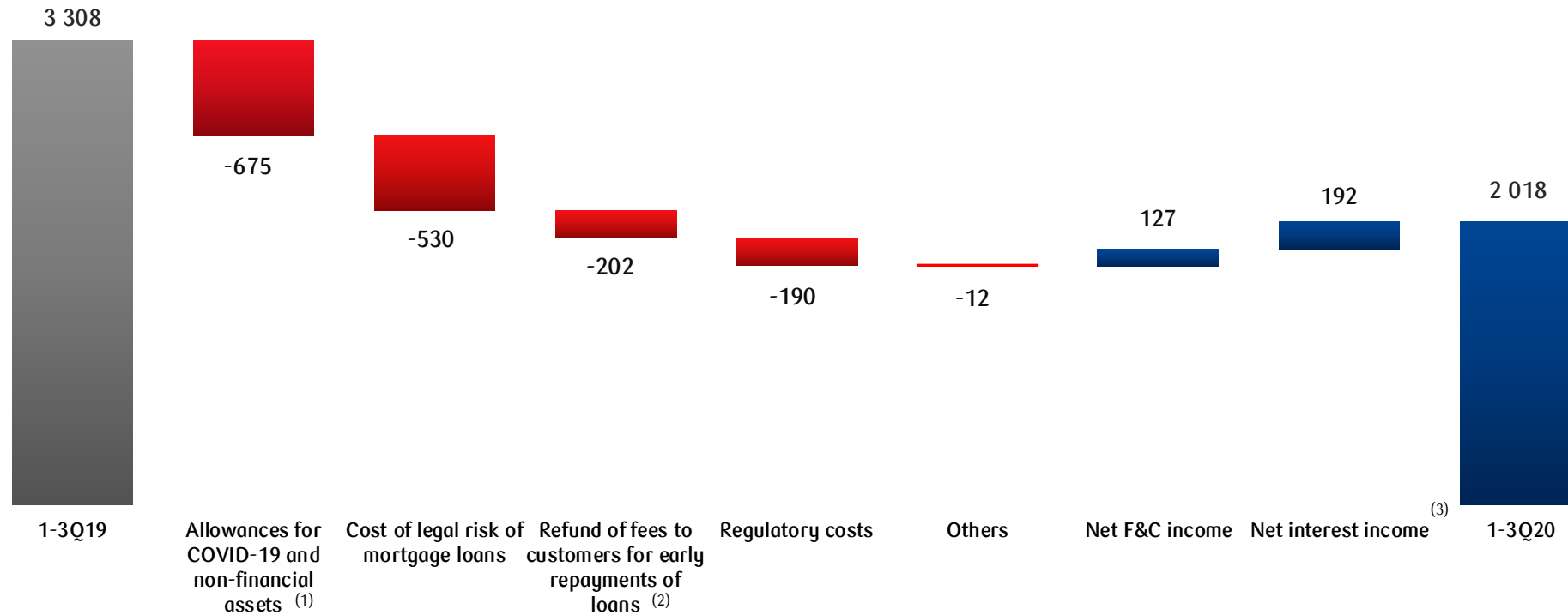
Increase in costs related to legal risks (3.3x q/q)

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



FINANCIAL RESULTS

Drivers of net profit change y/y



(1) Only includes an increase in write-offs for non-financial assets related to one-off goodwill impairment (PLN -100 mn for Bank Pocztowy S.A., PLN -116 mn for Nordea Bank Polska S.A., PLN -31 mn for PKO Leasing Pro S.A.).

(2) Increase in refund of fees to customers for early repayments of loans y/y comprises: PLN -166 mn recognized in net interest income and PLN -36 mn recognized in other operating expense.

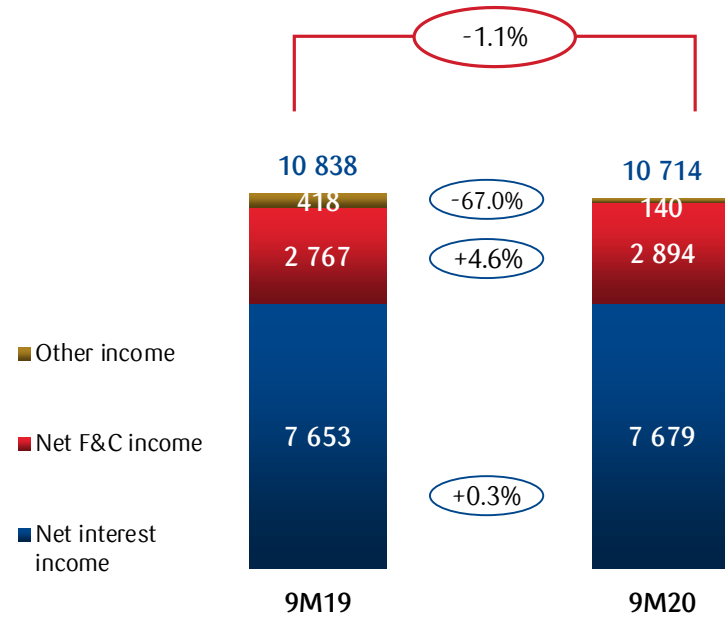
(3) Increase in net interest income of PLN +26 mn y/y incl. the impact of CJEU's ruling on consumer rights.



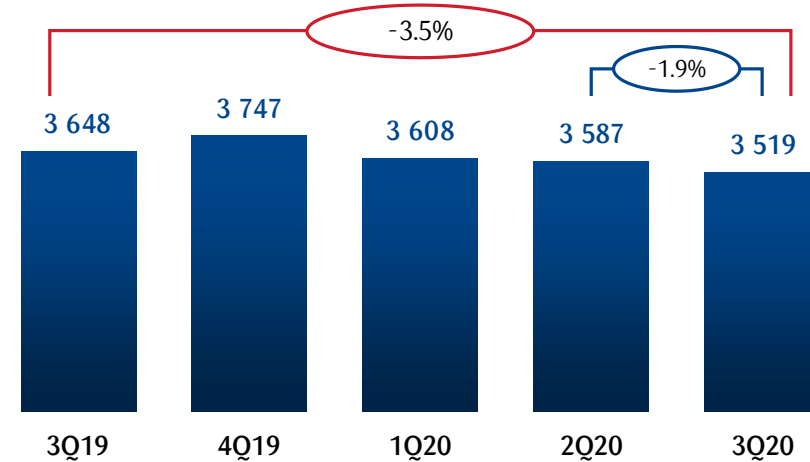
FINANCIAL RESULTS

Revenues under pressure from panemic and changes in the economic environment

Result on business activity
[PLN mn]



Quarterly result on business activity
[PLN mn]

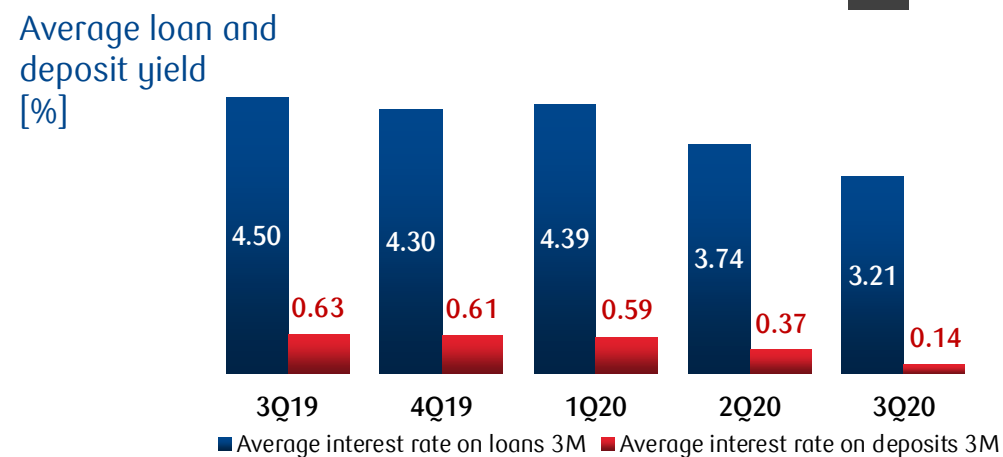
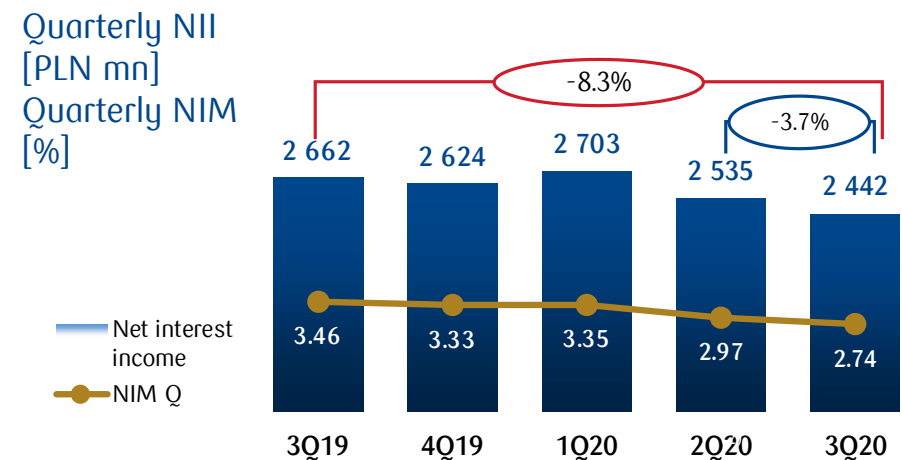
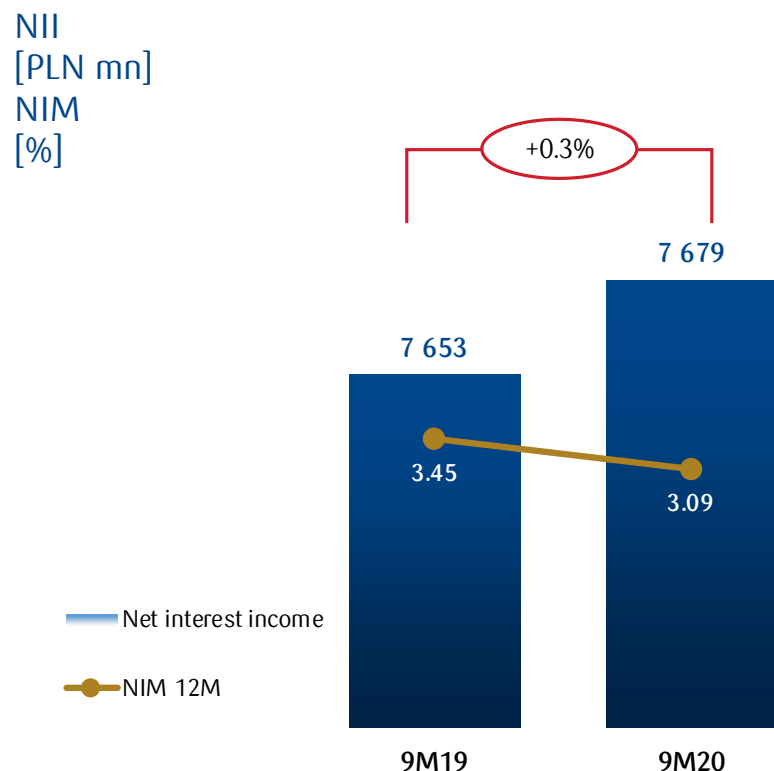


FINANCIAL RESULTS

Net interest income fully reflects NBP interest rate cuts



Bank Polski



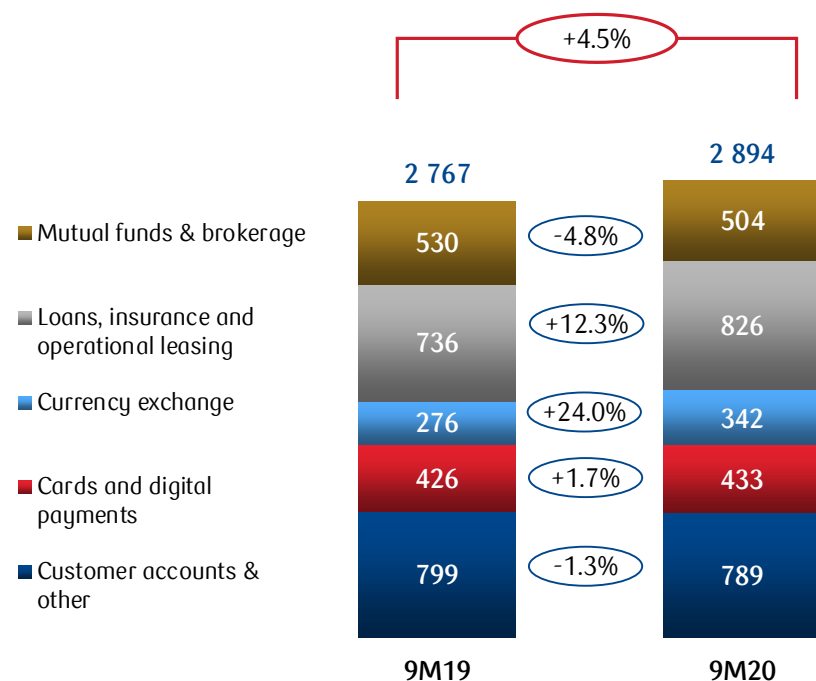
FINANCIAL RESULTS

Recovery of net F&C result to pre-pandemic levels

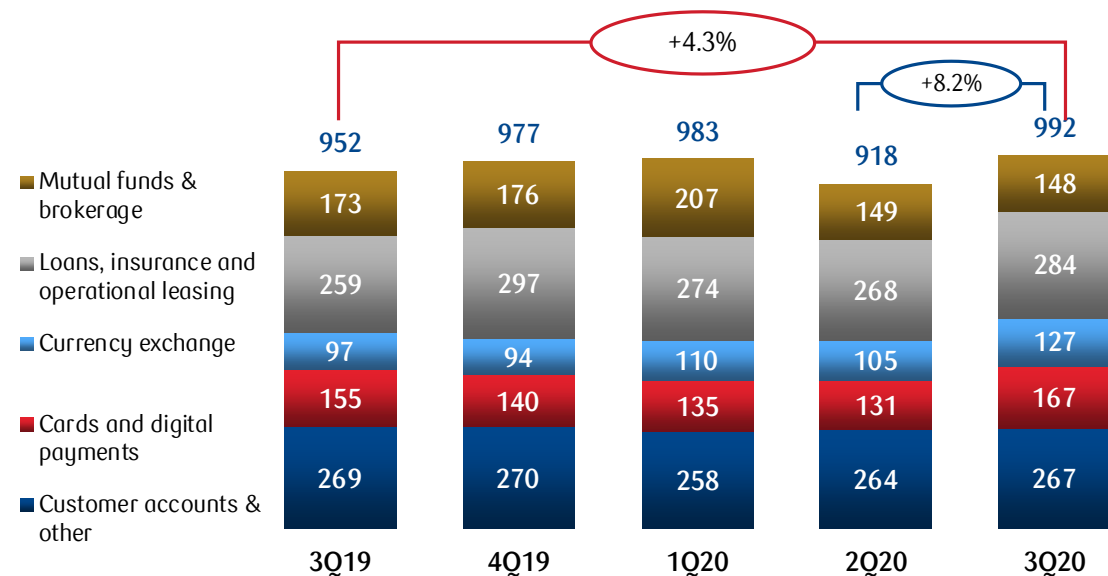


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Net F&C
[PLN mn]



Quarterly net F&C
[PLN mn]



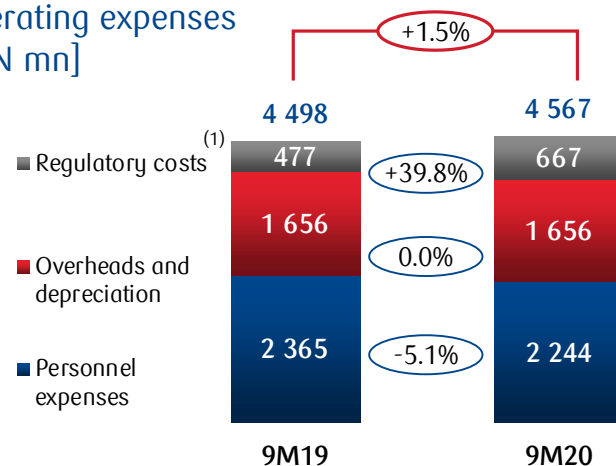
FINANCIAL RESULTS

Strong cost discipline

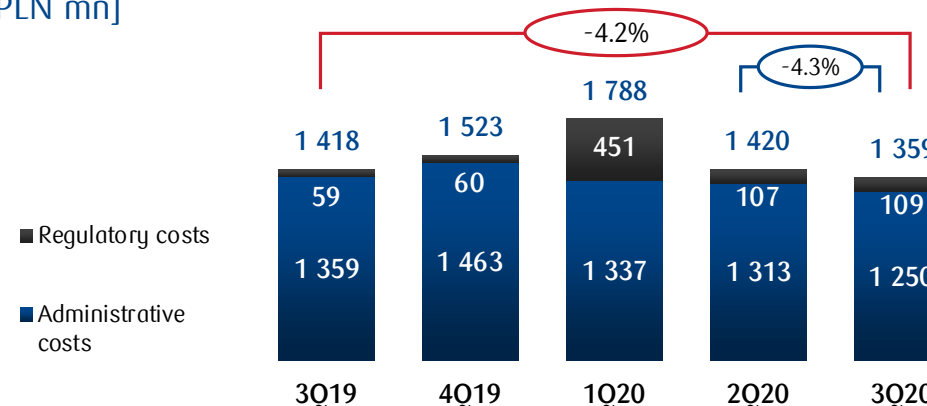


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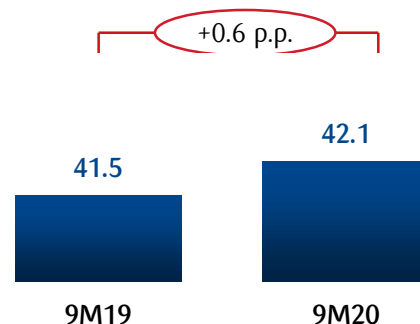
Operating expenses
[PLN mn]



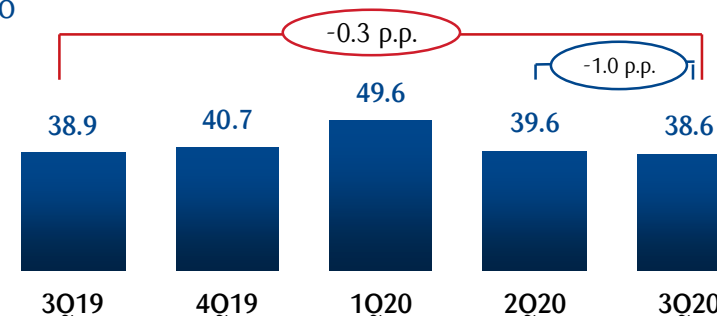
Quarterly operating expenses
[PLN mn]



Cost/Income
12M
[%]



Quarterly C/I ratio
[%]



⁽¹⁾ Regulatory costs include contributions and payments to BFG, PFSA, taxes and other fees. Increase in y/y contributions to BFG by PLN 110 mn (increase in y/y contributions to the deposit guarantee fund by PLN 140 mn, with a decrease in the fee for the resolution fund by PLN 30 mn). Increase of PLN 88 mn y/y in tax costs due to the release of the provision in 1Q19 (low base effect). Decrease in the fee to PFSA by PLN 5 mn y/y.

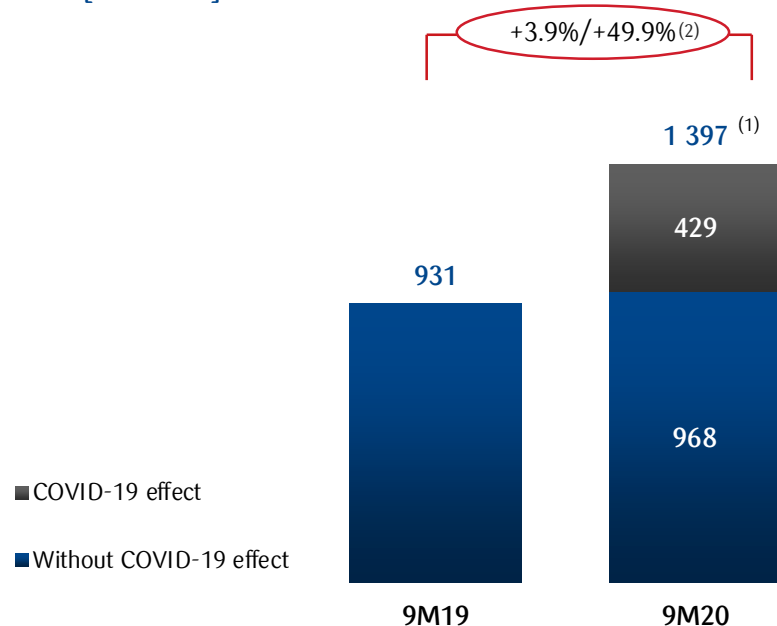
FINANCIAL RESULTS

Low cost of risk despite the pandemic impact

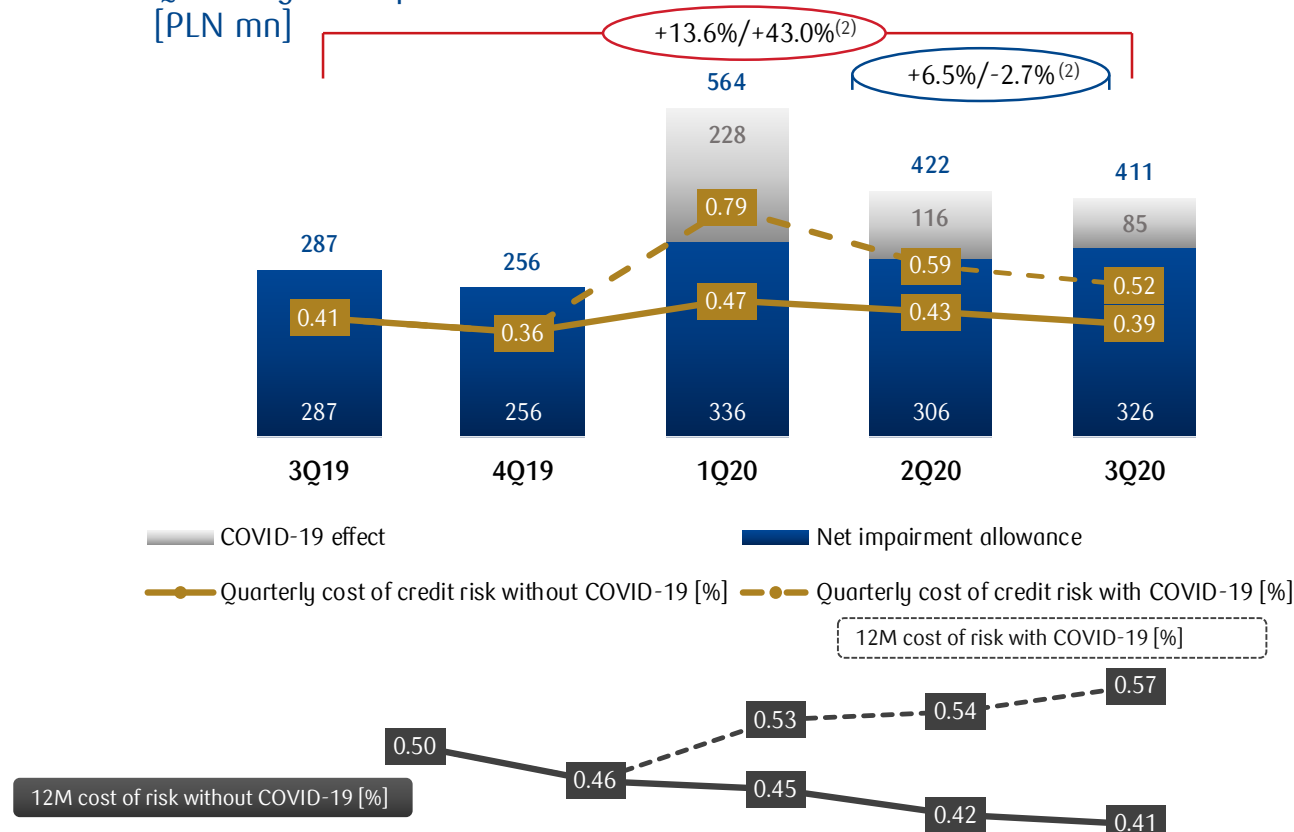


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Net impairment allowance
[PLN mn]



Quarterly net impairment allowance
[PLN mn]



(1) Impairment losses including the portfolio of loans measured at fair value through P&L (the portfolio was reclassified in 3Q19). Additionally, write-offs for non-financial assets were as follows: in 4Q19 (-PLN 82 mn), of which goodwill write-off for PTE (approx. -PLN 51 mn), in 1Q20 (-PLN 116 mn), including mainly Bank Pocztowy S.A., in 2Q20 (-PLN 149 mn), including mainly goodwill write-off.

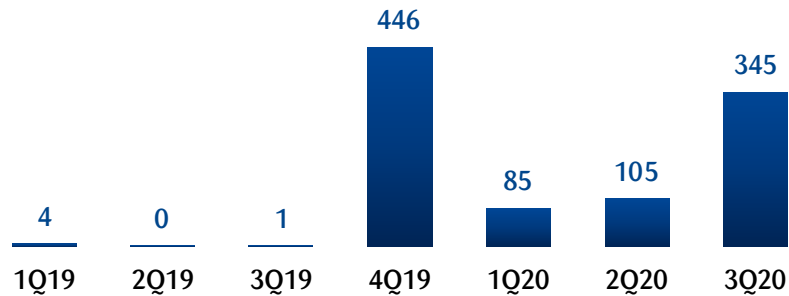
(2) Change includes the COVID-19 effect.



FINANCIAL RESULTS

Increase in legal risk of FX-mortgage loans

Cost of risk of foreign currency mortgage loans ⁽¹⁾
[PLN mn]

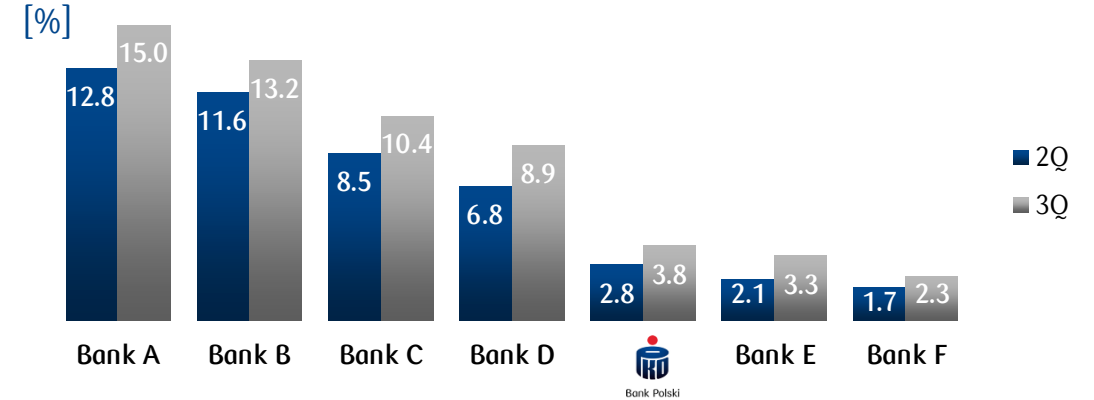


At the end of September 2020, there were 4 122 court proceedings against PKO, 1 043 more q/q, at total value of PLN 1.07 bn.

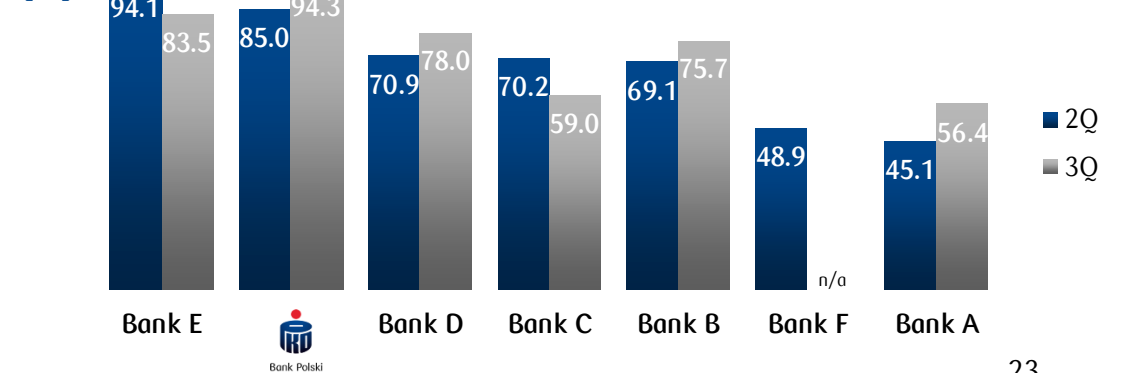
Breakdown of foreign currency mortgage loans, net volumes
[PLN bn]

(PLN billion) as of 30.09.2020	until 2009	after 2009
Indexed	-	3.3
Denominated	16.8	3.0
Total	16.8	6.3

'Susceptibility to litigation' across sector: the number of disputed loan agreements relative to the total number of CHF contracts
[%]



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



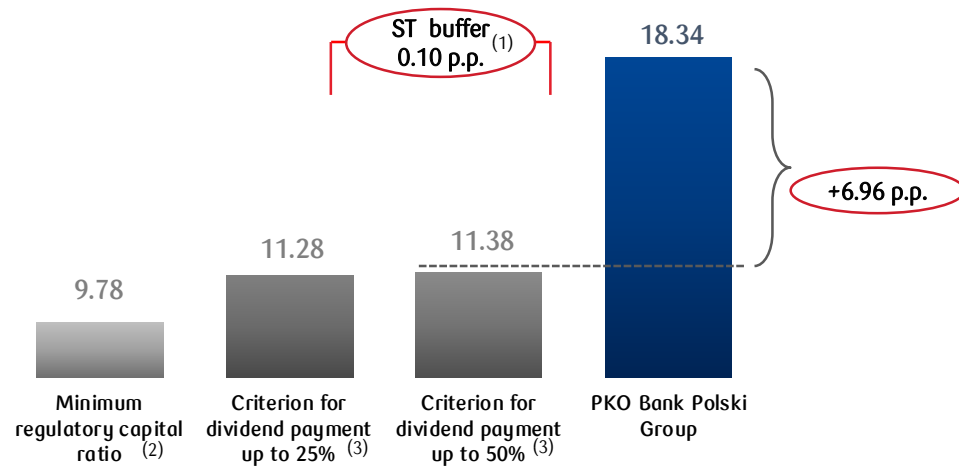
⁽¹⁾ A total of PLN 8.3 bn of reserves and buffers for the risk of FX-mortgage portfolio recognized, incl. PLN 0.9 bn in credit risk write-offs and PLN 6.4 bn in total capital buffer.



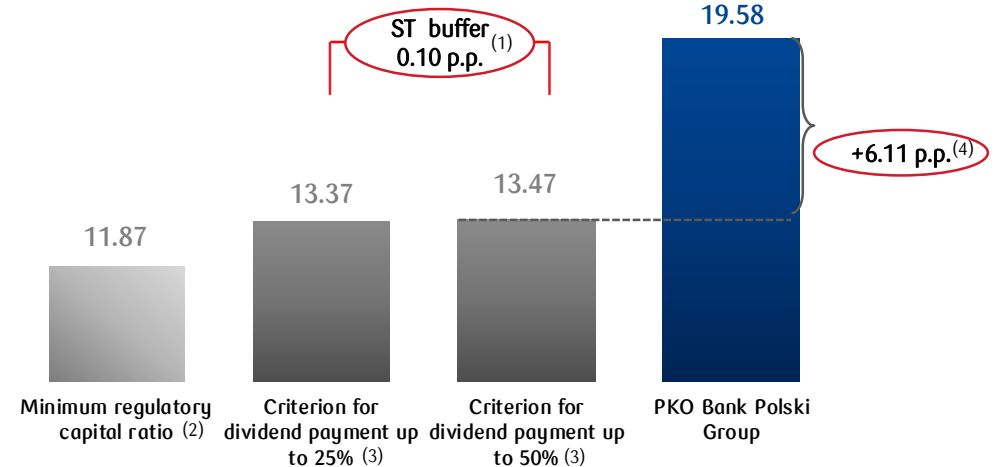
FINANCIAL RESULTS

Solid capital position – surplus capital of over PLN 13 billion

Tier 1 capital ratio [%]



Total capital ratio (TCR) [%]



High dividend capacity dependent upon 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% + conservation buffer 2.5% + OSII buffer 1% + countercyclical buffer 0.01% + FX buffer for the Group 0.27%

(3) TCR: CRR 8% + conservation buffer 2.5% + OSII buffer 1% + countercyclical buffer 0.01% + FX buffer for the Group 0.36%

(4) 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 (3Q20: 13.05%; (-) 0.30 p.p. q/q; (-) 1.00 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 (3Q20: 45.97 %; (+) 0.07 p.p. q/q; (+) 0.01 p.p. r/r.) - adjustment by -30 p.p. (for >20% share if K1>5%).



**PKO Bank Polski
during the
pandemic**

Immensely strong capital and liquidity position



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



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



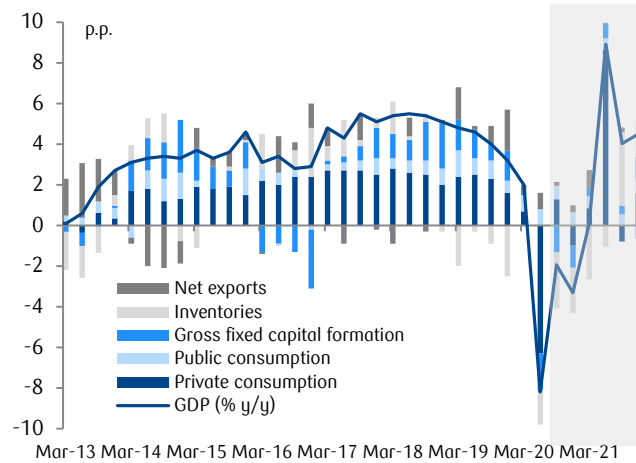
Bank Polski

Supplementary information, including macroeconomic backdrop

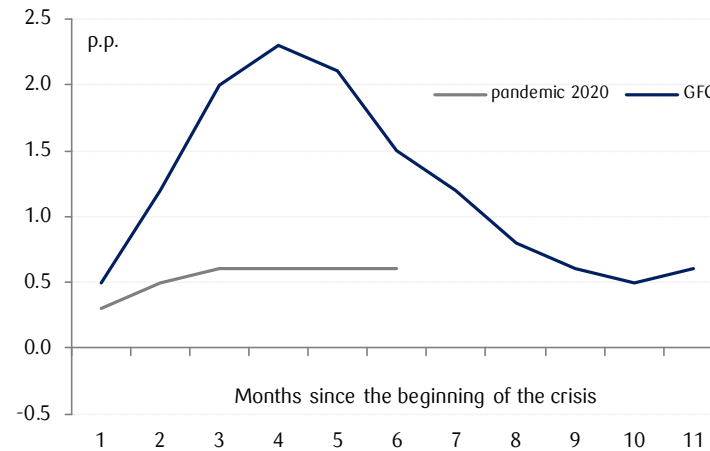
Strong rebound in economic activity in 3Q20



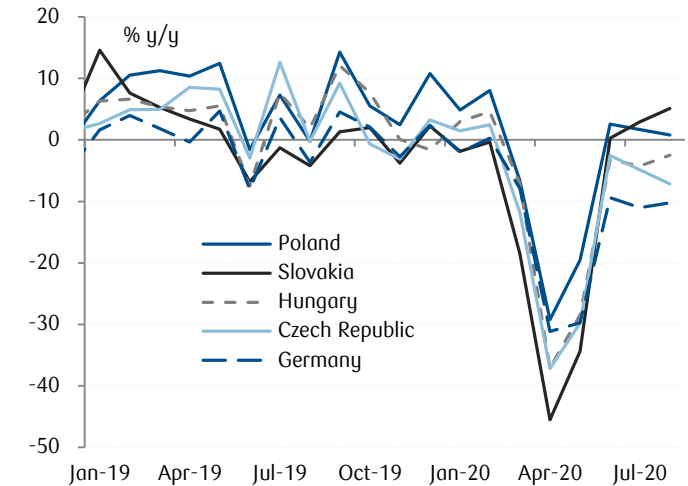
GDP and its main components [p.p.]



Change in unemployment rate [p.p.]



Exports in the CEE region [%]

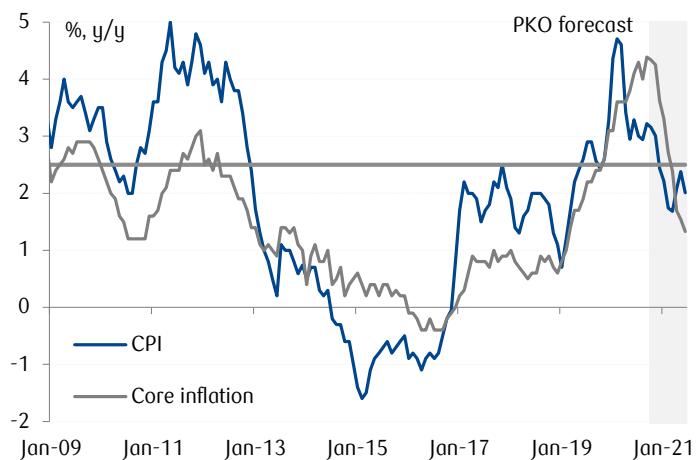


- **3Q20 saw a solid V-shaped recovery of the Polish economy** thanks to unlocking of the consumption demand and restoration of the functioning of international value chains. Monthly data showed that industry and trade have recovered almost fully from the lockdown period, while the construction activity has gradually declined. Monthly indicators suggest that GDP in 3q20 rebounded by 8% q/q sa. The outlook for 4q20 has been significantly worsened by the second wave of the pandemic, which may push the economy back into recession.
- **The strong recovery in consumption which occurred after restrictions had been lifted reflects, among others, the effectiveness of protective measures on the labour market, which constrained the rise in unemployment.** At the end of September, the registered unemployment rate was only 0.6pp higher than in February (before outbreak of the pandemic in Poland). In early autumn the unemployment has not increased despite the expiry of some anti-crisis measures. The price for a stable employment is lower productivity, which limits the space for wage increases towards the pre-crisis levels.
- **Apart from consumption, exports of goods is the driving force behind the recovery. Polish exports have outperformed the regional peers and since May has returned to y/y growth.** Traditionally, in crisis times Polish exports are supported by the price competitiveness of domestic producers. Currently, favourable exports results are also the outcome of high FDI inflow to Poland in recent years, which increased the production capacity in prospective sectors of the economy, as well as a reflection of the high share of consumer goods in domestic exports (global demand for consumer goods has not fallen as much as for other goods).

Inflation resistant to recession, volumes shaped by the Shield

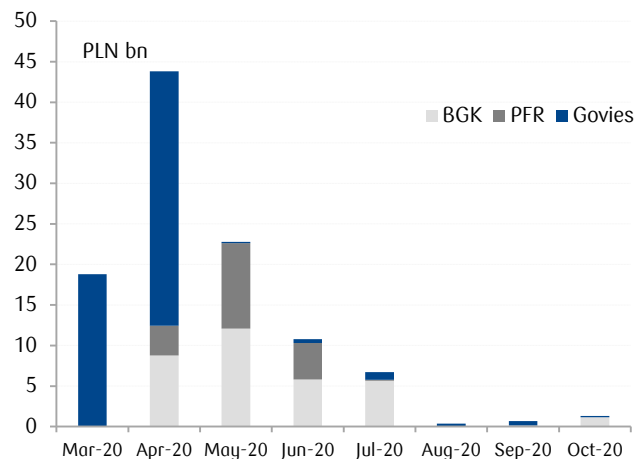


CPI and core inflation



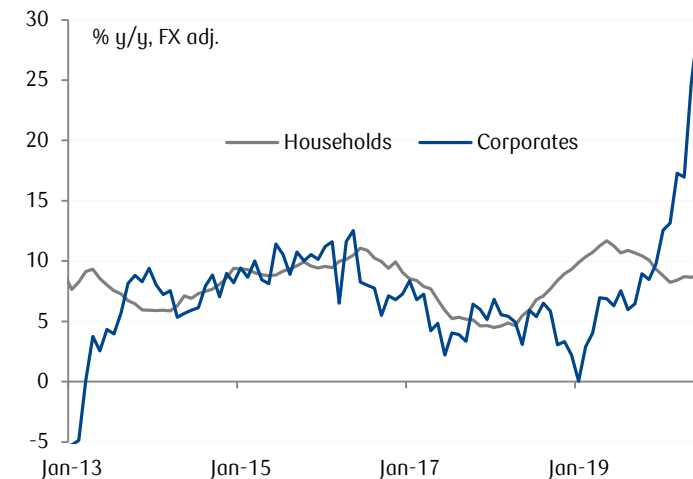
Source: Statistics Poland, National Bank of Poland, PKO Bank Polski

Monthly NBP purchases - QE programme



Source: National Bank of Poland, PKO Bank Polski, .

Growth of bank deposits



Source: National Bank of Poland, PKO Bank Polski, .

- **There are no deflationary risks in Poland, contrary to Western European countries.** In 3q20, CPI inflation remained above the inflation target, driven mainly by service prices. Moderate inflation protects the profitability of companies and helps to maintain the stability of the public finances. It is also an argument against interest rate cuts (already deeply negative real rates). The breakdown of inflation, with falling fuel prices and a slowdown in food price growth, mitigates the negative impact of inflation on low-income households.
- **The fast rebound of the economy was enabled by anti-crisis measures introduced by the government and supported by the NBP.** Until October 14, the NBP purchased assets (treasury bonds and securities issued by BGK and PFR) worth PLN 105bn, most of them at the beginning of the program in March/April. On the fiscal side, the key institution is the PFR and its priority is to support the liquidity of enterprises. For this aim PLN 60bn has been already transferred to the MSME sector, which – in result – has pushed up corporate deposits significantly above levels seen before the pandemic. This puts companies in a comfortable liquidity situation at the wake of the 2nd wave of the pandemic.
- **As in other countries, the generous support for the economy has pushed up public deficit and debt.** Nevertheless recent rating updates showed that this does not raise any major concerns in the context of Poland's mid-term credit risk assessment. The expected quick recovery of the economy (supported by high inflows from the EU) combined with moderate inflation will facilitate reduction of public debt to GDP ratio after the pandemic.

MACROECONOMIC BACKDROP

Macroeconomic and banking sector forecasts



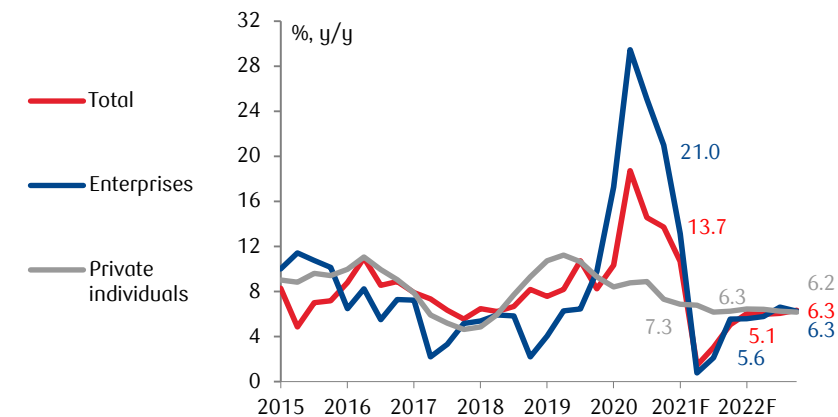
Bank Polski

		2015	2016	2017	2018	2019	2020 F	2021 F	2022 F
GDP	% y/y	3.8	3.1	4.9	5.3	4.1	-2.9	4.3	4.0
Consumption	% y/y	3.0	3.9	4.5	4.2	3.9	-2.3	4.3	3.5
Investments	% y/y	6.1	-8.2	4.0	9.4	7.2	-5.6	3.7	6.4
Fiscal balance ¹⁾	% GDP	-2.7	-2.2	-1.5	-0.2	-0.7	-11.1	-4.4	-2.7
Public debt ¹⁾	% GDP	51.3	54.2	50.6	48.7	46.0	62.3	63.0	61.9
CPI inflation	%	-0.9	-0.6	2.0	1.7	2.3	3.4	2.0	2.3
LFS unemployment rate	%	7.5	6.2	4.9	3.8	3.3	3.3	3.3	3.1
NBP reference rate	% eop	1.50	1.50	1.50	1.50	1.50	0.10	0.10	0.10
WIBOR 3M	% eop	1.73	1.73	1.72	1.72	1.71	0.25	0.25	0.25
EUR/PLN	PLN eop	4.26	4.42	4.17	4.30	4.26	4.52	4.40	4.30
USD/PLN	PLN eop	3.90	4.18	3.48	3.76	3.80	3.90	3.67	3.50

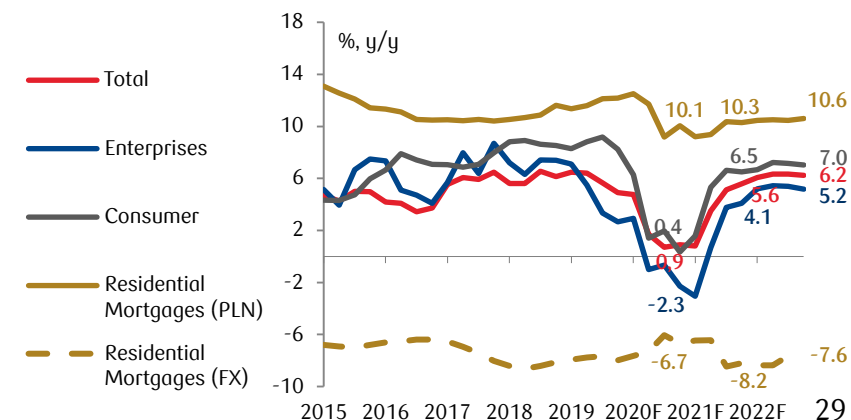
Source: Statistics Poland, Ministry of Finance, National Bank of Poland, PKO Bank Polski forecasts

1) In ESA2010 terms.

Deposits growth (FX adjusted)



Loans growth (FX adjusted)

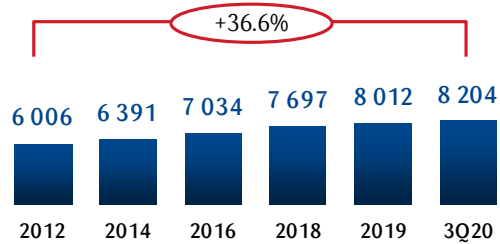




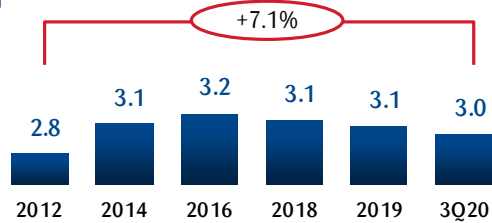
SUPPLEMENTARY INFORMATION

PKO Bank Polski - undisputed leader of the Polish banking sector

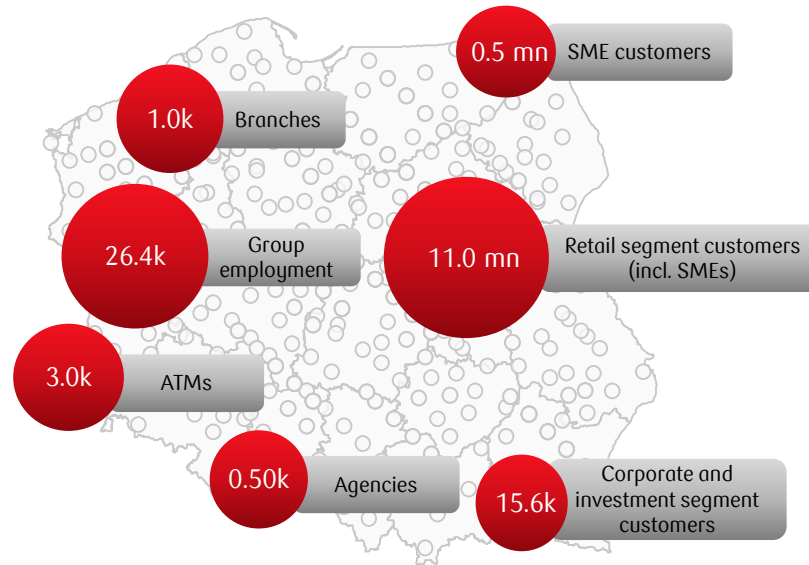
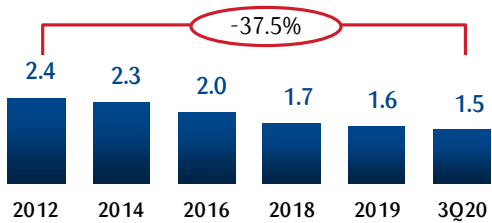
Number of current accounts of individuals [k]



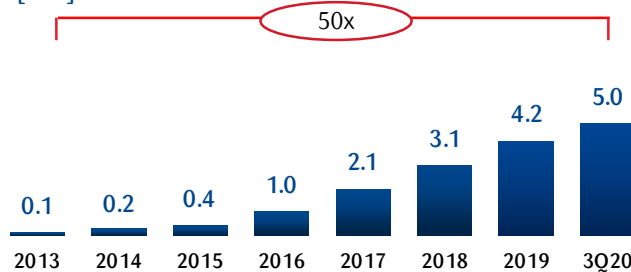
Number of ATMs [k]



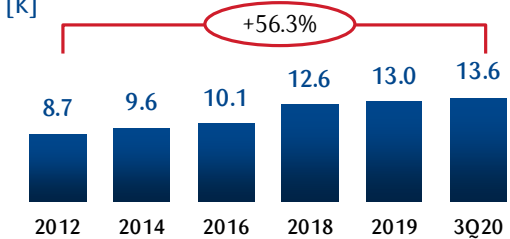
Number of retail agencies and branches [k]



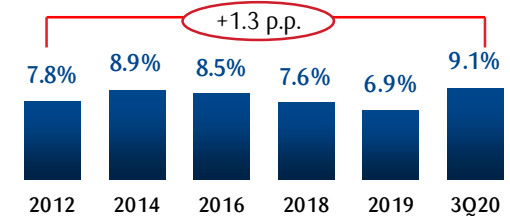
Mobile apps [mn]



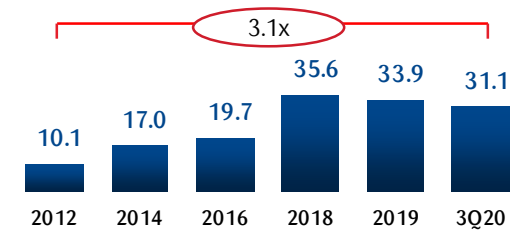
Number of corporate customers with access to e-banking [k]



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



Investment Funds - AuM [PLN bn]

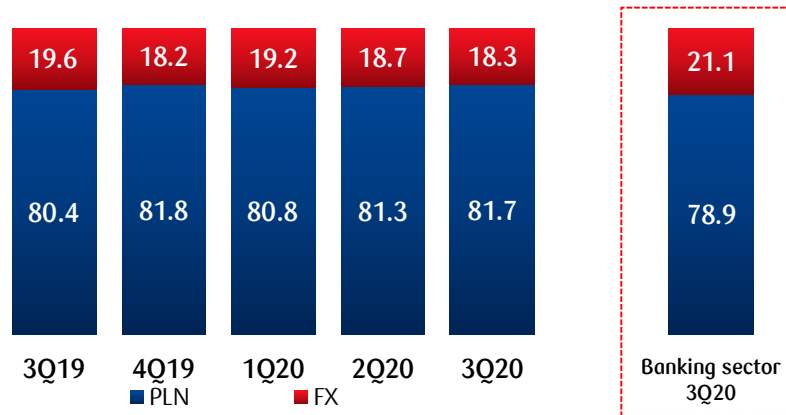




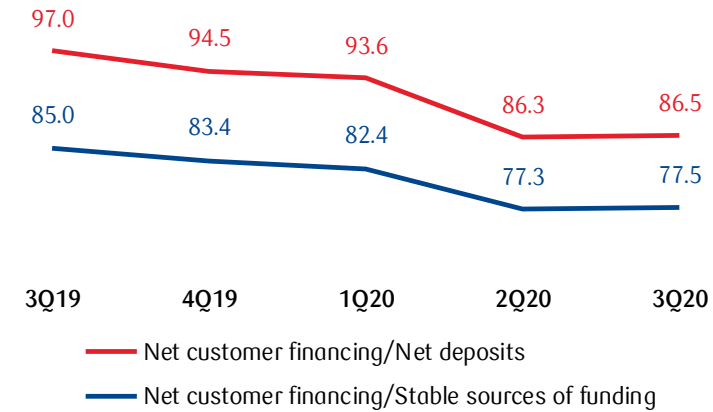
SUPPLEMENTARY INFORMATION

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

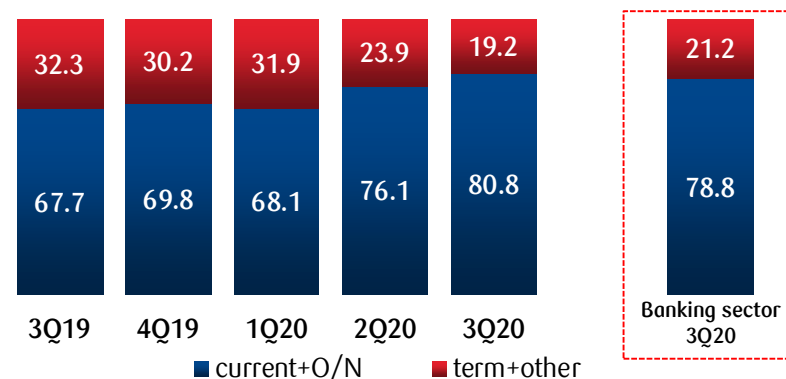
Currency structure of gross loans portfolio



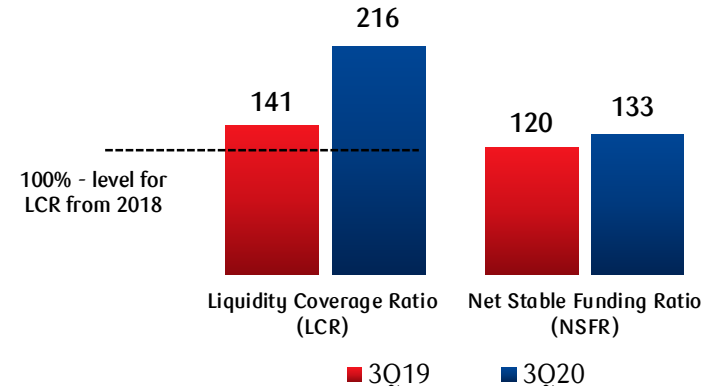
Structure of funding [%]



Term structure of total deposits (1)



LCR and NSFR ratio



(1) Amounts due to customers.

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

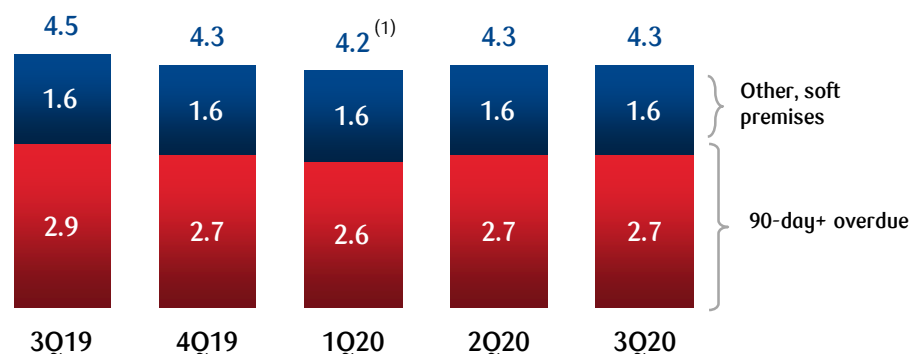
SUPPLEMENTARY INFORMATION

Asset quality by segments

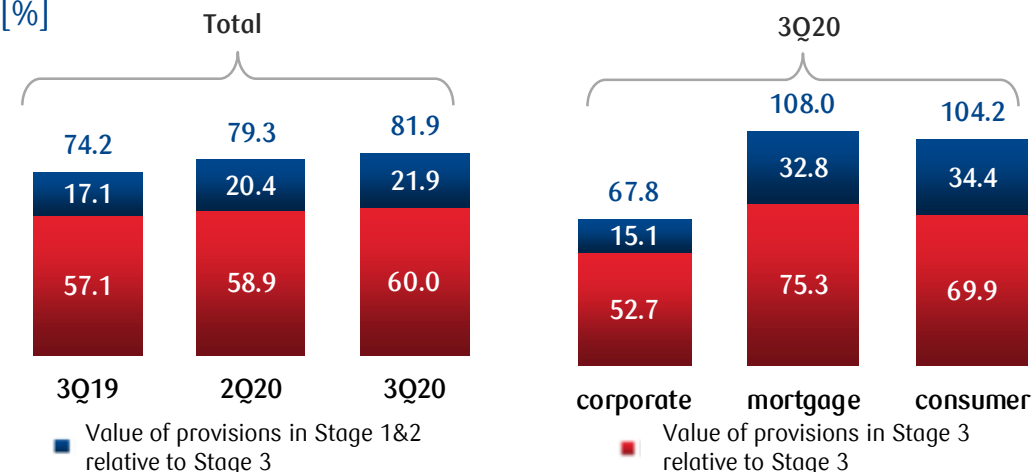


Bank Polski

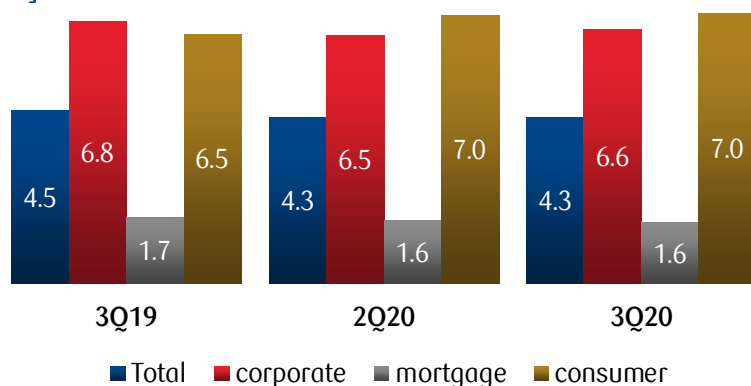
Share of receivables with recognized impairment [%]



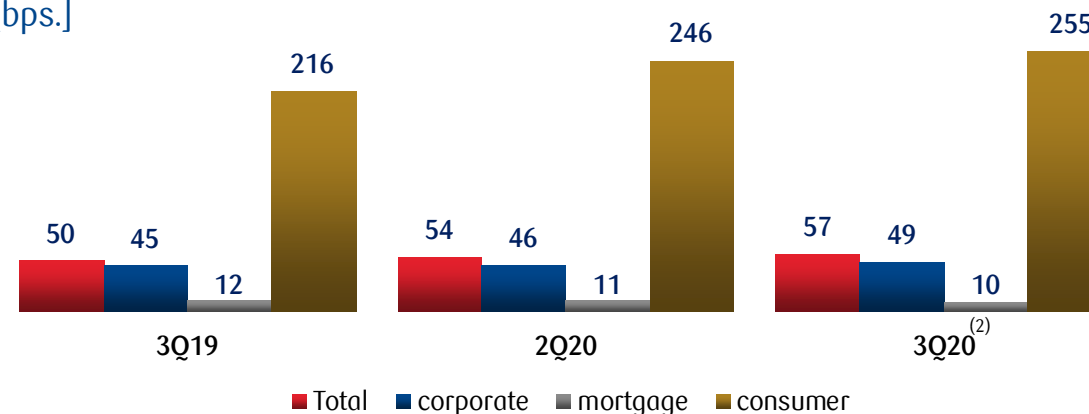
Provision coverage of receivables with recognized impairment [%]



Share of receivables with recognized impairment [%]



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



(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.

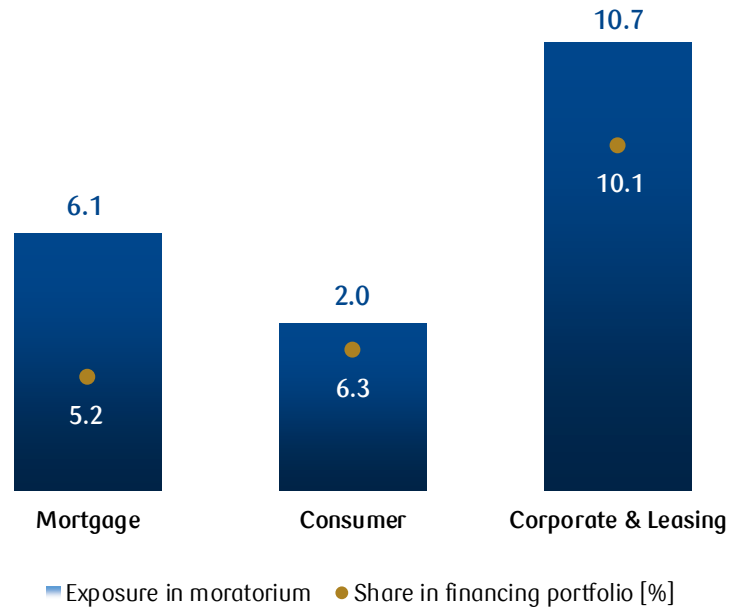
(2) The cost of credit risk, not taking into account the impact of the write-off on COVID-19, is 41 bps. for total loans, 35 bps. for corporate, 2 bps. for mortgage, 207 bps. for consumer. All ratios take into account the methodological change, where the receivables additionally include corporate and municipal bonds measured at fair value through other comprehensive income.



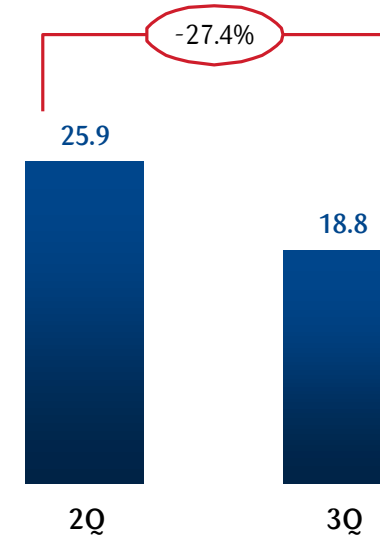
SUPPLEMENTARY INFORMATION

Loans covered by credit moratoria

Loans covered by active credit moratoria
[PLN bn]



Portfolio of active credit moratoria
[PLN bn]



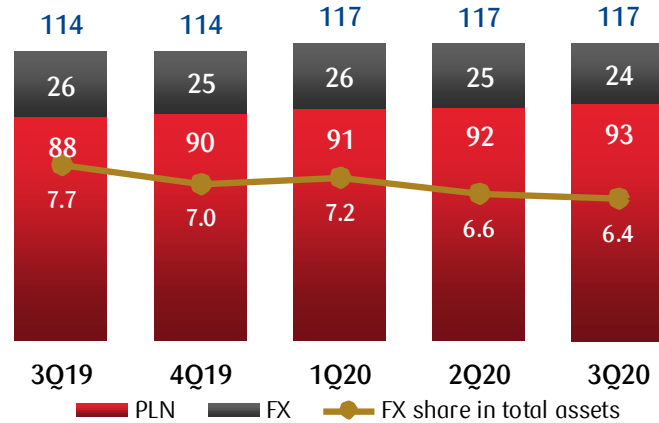
(1) The total share of moratoria in total financing portfolio stands at 7.4%. Credit exposure to statutory moratoria stands at PLN 26 mn.



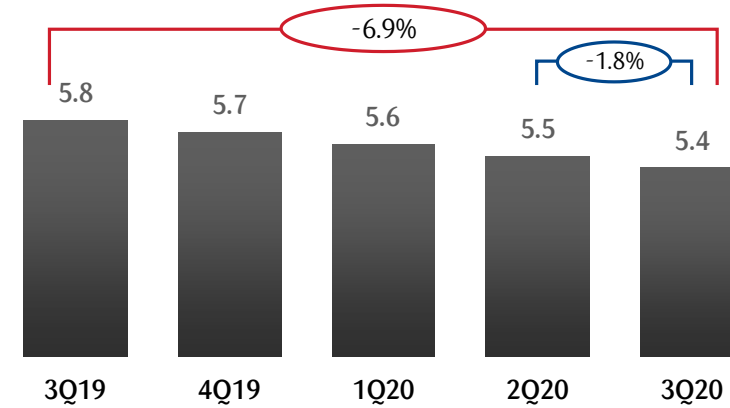
SUPPLEMENTARY INFORMATION

Gross mortgage loans

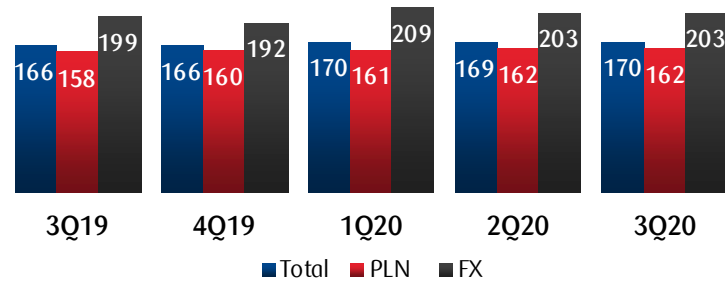
Volume of FX mortgage loans
[PLN bn] ⁽¹⁾



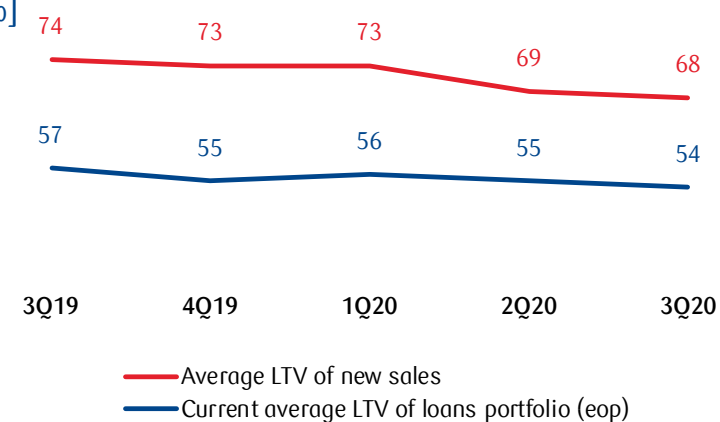
Volume of CHF mortgage loans
[CHF bn] ⁽²⁾



Average carrying value of mortgage loan
[PLN k] ⁽¹⁾



Average LTV
[%]



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

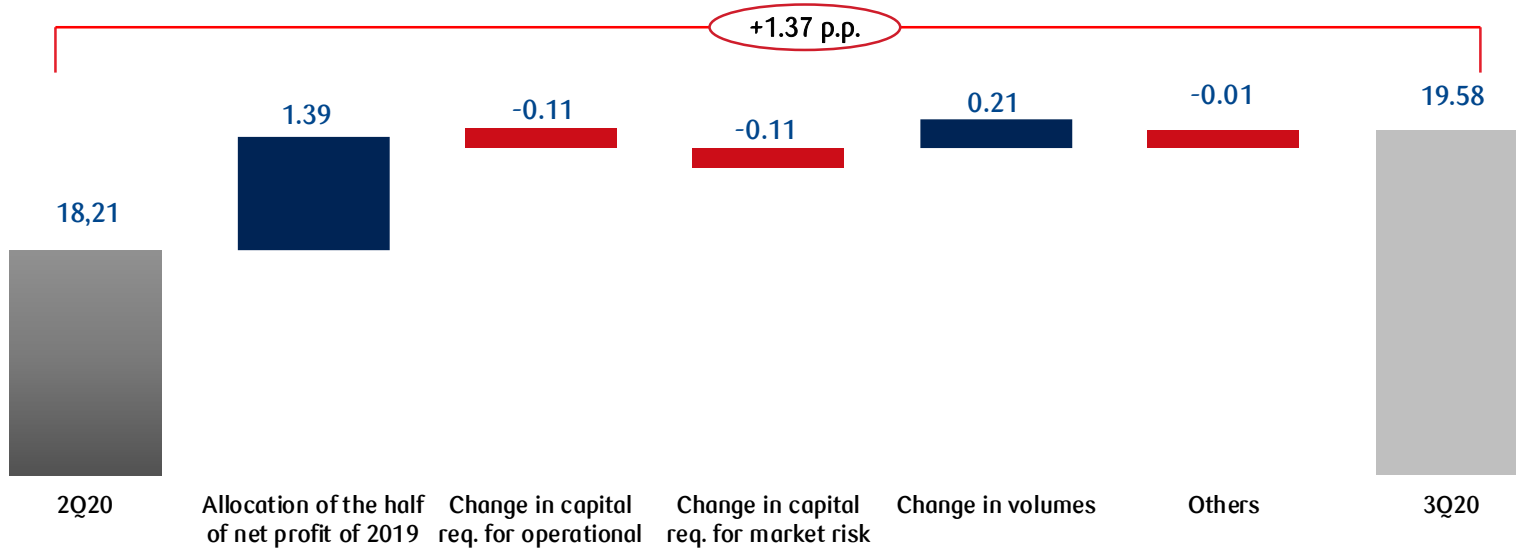
⁽²⁾ The volume of housing loans in EUR: 3Q19 684.5 mn., 4Q19 665.7 mn., 1Q20 647.6 mn., 2Q20 630.0 mn., 3Q20: 620.0 mn.



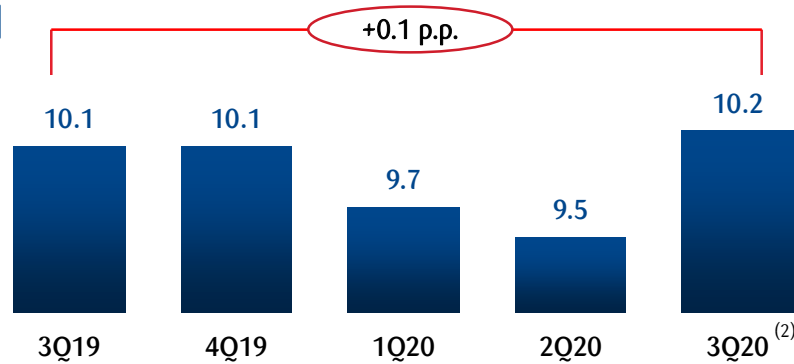
SUPPLEMENTARY INFORMATION

Capital adequacy

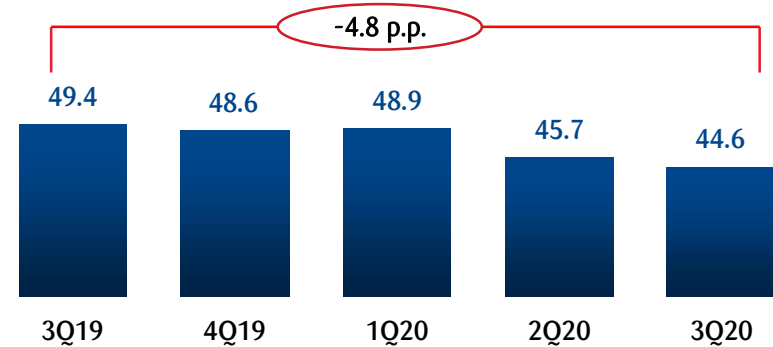
Quarterly change of the consolidated total capital ratio (TCR)
[p.p.]



Leverage ratio
[%]



Effective risk weight ⁽¹⁾
[%]



(1) 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.

(2) An increase in the leverage ratio resulted from allocation of half of net profit for 2019 to own funds.

SUPPLEMENTARY INFORMATION

Key financial data



Bank Polski

Profit and loss
[PLN mn]

Balance sheet
[PLN bn]

	9M20	9M19	y/y	3Q20	2Q20	q/q
Net interest income	7 679	7 653	+0.3%	2 442	2 534	-3.6%
Net F&C income	2 894	2 767	+4.6%	992	918	+8.1%
Result on business activity	10 714	10 838	-1.1%	3 519	3 587	-1.9%
Administrative expenses	-4 567	-4 498	+1.5%	-1 359	-1 420	-4.3%
Allowances for expected credit losses	-1 395	-931	+49.9%	-411	-422	-2.7%
including the impact of COVID-19	-428	-	-	-85	-116	-27.1%
Allowances on non-financial assets	-336	-31	10.8x	-71	-149	-52.3%
Cost of credit risk of FX mortgages	-535	-5	107x	-345	-105	3.3x
Bank tax	-794	-764	+3.9%	-261	-271	-3.7%
Profit before income tax	3 101	4 632	-33.1%	1 084	1 220	-11.1%
Income tax	-1 086	-1 324	-18.0%	-372	-416	-10.6%
Net profit	2 018	3 308	-39.0%	712	803	-11.3%
Assets	376.6	341.5	+10.3%	376.6	377.2	-0.2%
Customer financing	242.6	243.6	-0.4%	242.6	244.7	-0.8%
Amounts due to customers	279.1	249.0	+12.1%	279.1	281.8	-1.0%
Stable financial resources	314.8	286.6	+9.8%	314.8	316.4	-0.5%
Total equity	44.8	41.0	+9.1%	44.8	44.1	+1.6%

SUPPLEMENTARY INFORMATION
Key ratios



Bank Polski

Key financial ratios [%]

Loan portfolio quality [%]

Capital position [%]

	3Q20	3Q19	y/y	2Q20	q/q
ROE net	6.4	10.9	-4.5 p.p.	7.8	-1.4 p.p.
ROTE net	6.9	11.9	-5.0 p.p.	8.4	-1.5 p.p.
ROA net	0.8	1.3	-0.5 p.p.	0.9	-0.1 p.p.
C/I	42.1	41.5	+0.6 p.p.	42.2	-0.1 p.p.
NIM	3.09	3.45	-0.36 p.p.	3.26	-0.17 p.p.
NPL ratio	4.3	4.5	-0.2 p.p.	4.3	0.0 p.p.
Coverage ratio	81.9	74.2	+7.7 p.p.	79.3	+2.6 p.p.
Cost of risk (without COVID-19)	0.41	0.50	-9 bps	0.42	-1 bps
Cost of risk (with COVID-19)	0.57	0.50	+7 bps	0.54	+3 bps
TCR	19.6	18.0	+1.6 p.p.	18.2	+1.4 p.p.
Tier 1 capital ratio	18.3	16.7	+1.6 p.p.	17.0	+1.3 p.p.

SUPPLEMENTARY INFORMATION

Key operational data



Bank Polski

PKO Bank Polski operating data (eop)	3Q19	4Q19	1Q20	2Q20	3Q20	y/y	q/q
Current accounts ('000) ⁽¹⁾	7 953	8 012	8 075	8 110	8 204	+3.2%	+1.2%
Banking cards ('000)	9 210	9 283	9 429	9 468	9 549	+3.7%	+0.9%
of which: credit cards	968	981	982	966	969	+0.1%	+0.3%
Active mobile banking applications IKO ('000)	3 952	4 210	4 543	4 735	5 003	+26.6%	+5.6%
Branches:	1 121	1 115	1 101	1 084	1 040	-7.2%	-4.1%
- retail	1 079	1 073	1 059	1 042	1 008	-6.6%	-3.3%
- corporate	42	42	42	42	32	-23.8%	-23.8%
Agencies	530	538	531	501	498	-6.0%	-0.6%
ATMs	3 089	3 080	3 057	3 056	3 038	-1.7%	-0.6%
Employment eop (FTEs '000) Group	27.8	27.7	27.8	27.3	26.4	-5.2%	-3.3%

- The number of active IKO applications increased by over 1 million y/y.
- Employment reduced by over 1 400 full-time employees y/y.

⁽¹⁾ Since 3Q19, 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)	3Q19	4Q19	1Q20	2Q20	3Q20	y/y	q/q
Net interest income	2 660	2 624	2 703	2 535	2 442	-8.2%	-3.7%
Net fee and commission income	953	976	983	918	992	+4.1%	+8.1%
Other income	35	146	(78)	134	85	2.4x	-36.6%
Dividend income	1	0	0	14	1	-40.3%	-95.9%
Trading income	6	147	(77)	40	28	4.4x	-30.1%
Net foreign exchange gains	20	19	16	27	38	+85.5%	+40.4%
Gains/(losses) on derecognition on financial assets and liabilities	57	2	43	39	69	+20.4%	+77.7%
Net other operating income and expense	(50)	(23)	(60)	14	(50)	+1.4%	-
Total income items	3 648	3 746	3 608	3 587	3 519	-3.5%	-1.9%
Total operating expenses	(1 418)	(1 523)	(1 788)	(1 420)	(1 359)	-4.2%	-4.3%
result on regulatory charges	(59)	(60)	(451)	(107)	(109)	+84.7%	+1.9%
Allowances for expected credit losses	(287)	(256)	(563)	(422)	(411)	43.2%	-2.6%
Net impairment allowances on non-financial assets	(21)	(83)	(116)	(149)	(71)	3.4x	-52.3%
Cost of risk on FX mortgages	(1)	(446)	(85)	(105)	(345)	575x	3.3x
Tax on certain financial institutions	(261)	(258)	(262)	(271)	(261)	+0.1%	-3.7%
Share in net profit (losses) of associates and jointly controlled entities	9	8	4	(0)	12	+34.6%	-
Profit before income tax	1 669	1 187	797	1 220	1 084	-35.0%	-11.2%
Income tax expense	(440)	(463)	(298)	(416)	(372)	-15.4%	-10.6%
Net profit attributable to non-controlling shareholders	-	0	(4)	0	-	-	-
Net profit attributable to the parent company	1 229	723	503	803	712	-42.1%	-11.4%

SUPPLEMENTARY INFORMATION

Balance sheet of the PKO Bank Polski Group



Bank Polski

Assets (PLN billion)	3Q19	4Q19	1Q20	2Q20	3Q20	y/y	q/q
Cash and balances with the Central Bank	13.3	14.7	11.4	3.7	3.7	-71.8%	+1.3%
Amounts due from other banks	3.9	4.1	5.7	2.7	2.6	-31.7%	-2.5%
Reverse repo transactions	1.4	1.1	0.1	0.2	0.0	-99.4%	-94.8%
Net customer financing	243.6	244.1	250.9	244.7	242.6	-0.4%	-0.8%
Securities	61.3	66.7	75.4	106.3	108.6	+77.3%	+2.1%
Other assets	18.2	17.3	21.1	19.6	19.0	+4.4%	-3.2%
TOTAL ASSETS	341.5	347.9	364.6	377.2	376.6	+10.3%	-0.2%
Liabilities and equity (PLN billion)	3Q19	4Q19	1Q20	2Q20	3Q20	y/y	q/q
Total equity	41.0	41.6	42.5	44.1	44.8	+9.1%	+1.6%
Amounts due to the central bank and due to banks	1.9	2.1	2.1	2.1	2.6	+40.6%	+25.2%
Repo transactions	-	-	-	0.1	-	-	-
Subordinated liabilities and debt securities in issue	35.1	33.9	35.6	32.0	33.3	-5.1%	+4.0%
Amounts due to customers	249.0	256.2	266.2	281.8	279.1	+12.1%	-1.0%
Loans and advances received	2.5	2.8	2.8	2.5	2.5	-1.6%	-3.2%
Liabilities of insurance activities	1.6	1.8	1.8	1.7	1.8	+12.0%	+1.4%
Other liabilities	10.5	9.6	13.7	12.9	12.7	+20.7%	-1.6%
TOTAL EQUITY AND LIABILITIES	341.5	347.9	364.6	377.2	376.6	+10.3%	-0.2%

SUPPLEMENTARY INFORMATION

Customer financing



Bank Polski

PLN billion	3Q19	4Q19	1Q20	2Q20	3Q19	y/y	q/q
Financing	238.3	238.9	246.3	240.7	238.7	+0.2%	-0.8%
mortgages	114.1	114.2	117.3	117.0	117.6	+3.0%	+0.5%
PLN mortgages	87.9	89.7	91.1	92.1	93.4	+6.3%	+1.4%
FX mortgages	26.2	24.5	26.2	24.9	24.2	-7.8%	-3.0%
consumer loans	30.5	31.1	31.1	30.3	30.8	+0.9%	+1.8%
SME	34.9	34.5	35.0	34.0	34.2	-2.0%	+0.5%
corporate	58.7	59.0	63.0	59.3	56.1	-4.4%	-5.4%
Debt securities	15.4	14.9	15.4	15.1	15.5	+0.8%	+2.4%
municipal bonds	9.9	9.8	9.7	9.6	9.6	-2.6%	-0.3%
corporate bonds	5.5	5.1	5.7	5.5	5.9	+6.7%	+7.3%
Gross customer financing	253.6	253.8	261.7	255.8	254.2	+0.2%	-0.6%
Net allowances for expected losses	-7.8	-7.2	-7.9	-8.1	-8.3	+6.7%	+2.8%
Net customer financing	245.9	246.6	253.9	247.7	245.9	+0.0%	-0.7%

SUPPLEMENTARY INFORMATION

Customer savings



Bank Polski

PLN billion	3Q19	4Q19	1Q20	2Q20	3Q20	y/y	q/q
Retail and private banking	224,4	232,8	240,4	251,4	258,2	+15,0%	+2,7%
deposits	168,2	174,1	183,2	189,5	191,0	+13,5%	+0,8%
retail mutual funds	32,2	32,1	26,6	27,4	29,5	-8,3%	+7,7%
saving treasury bonds	24,0	26,6	30,6	34,5	37,7	+56,8%	+9,3%
Corporate	50,6	49,9	51,2	52,9	47,4	-6,4%	-10,4%
SME	28,4	30,5	30,3	37,8	39,1	+37,4%	+3,3%
Customer savings	303,5	313,2	321,9	342,2	344,7	+13,6%	+0,7%



SUPPLEMENTARY INFORMATION

PKO Banking Platform 2020-2022

Strategic financial targets

	2018	2019	9M20	Strategic goals 2022
ROE ⁽¹⁾	10.0%	10.0%	6.4%	12.0%
C/I	44.2%	41.8%	42.1%	~41%
COST OF CREDIT RISK	0.59%	0.46%	0.57%	0.60%-0.75%
NET PROFIT	PLN 3.7 bn	PLN 4.0 bn	PLN 2.0 bn	> PLN 5 bn
EQUITY	TCR: 18.9% CET1: 17.5%	TCR: 18.4% CET1: 17.2%	TCR: 19.6% CET1: 18.3%	Ability to pay dividends

⁽¹⁾ Return on tangible equity adjusted for goodwill and intangibles (ROTE): 6.9% in 3Q20, -5.0 p.p. y/y.

SUPPLEMENTARY INFORMATION

Shares and rating

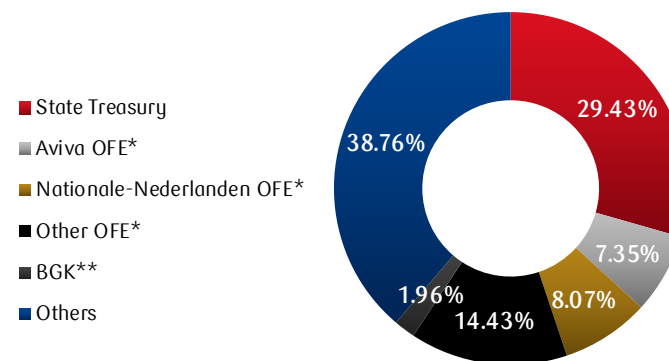


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Basic information on shares

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) [%]



*Aviva, Nationale Nederlanden and other pension funds: data as of 3Q 2020
**Bank Gospodarstwa Krajowego (Polish special purpose government bank)

Credit Rating

Agency:	Rating:	Long-term		
		Deposits	Liabilities	Counterparty risk
Moody's		A2 with stable outlook	A3 with stable outlook	A2
	Short-term			
		Deposits	Liabilities	Counterparty risk
		P-1	(P)P-2	P-1

ESG Ratings

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

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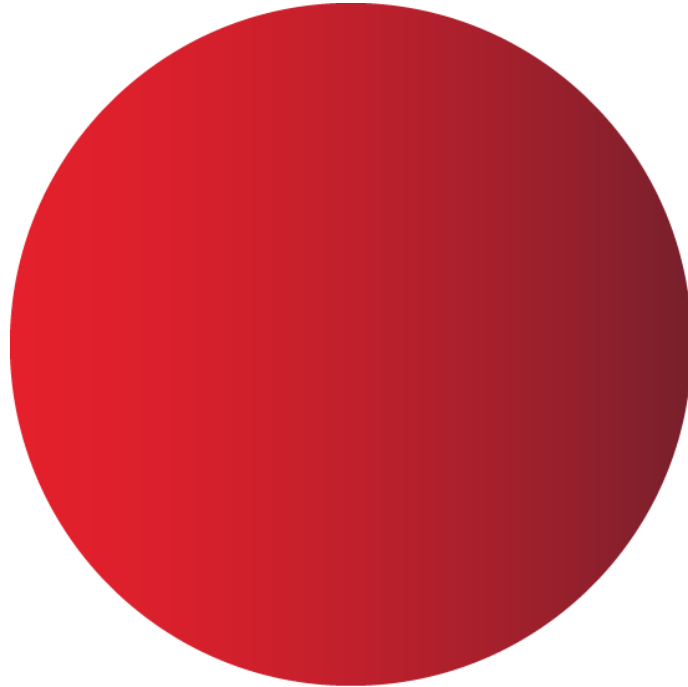
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