



Bank Polski

# READY FOR THE CHALLENGES, FOCUSED ON THE FUTURE

Strategy of PKO Bank Polski for 2023-2025  
December 2022





# THE ENVIRONMENT FOR CUSTOMERS AND OUR BANK IS CHANGING DYNAMICALLY DUE TO BOTH MACROECONOMIC TURBULENCE AND MEGATRENDS



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## Challenging regulatory environment

Credit holidays, rising contributions to the Bank Guarantee Fund, tightened capital requirements and other regulations cause capital and profitability challenges

## Fast adoption of new technologies

Challenging environment of intense competition for IT talent with banks, fintechs, and large technology players

The increasing pace of the technological "race" and the need to constantly implement new features and tools

## Business pressure for green transition

High energy prices, tightened regulations and growing contractor requirements accelerate green transition of our business customers



## Growing insecurity

War in Europe and numerous hot spots on the geopolitical map

Growing economic uncertainty - the prospect of losing savings and purchasing power due to inflation

Global epidemiological risks and increase in the frequency of natural disasters

Cybercrime

## Searching for balance

Growing consumer awareness for "Bio", "Eco", "Zero Waste" trends

The market for the psychological and well-being services

## Growing exposure for the digital world

Augmented reality, beginnings of metaverse, digital assets





**UNIQUE COMPETITIVE ADVANTAGES**  
**PKO BANK POLSKI ENTERS A NEW STRATEGIC HORIZON WITH DISTINCTIVE**  
**FEATURES: SCALE, DIGITAL COMPETENCES, AND STABILITY**



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**Scale of operations**

which enables more opportunities

**>11m**

customers, almost 2x more than in the 2nd largest Bank in PL

**> 400b PLN**

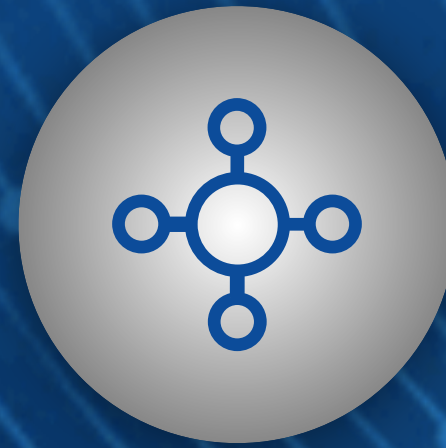
assets, that is >60% more than in the 2nd largest Bank in PL

**Leader**

in the retail and corporate segment

**TOP1**

capital group in the banking sector. The 2nd largest company in Poland in terms of capitalization



**Digitality and technological competences**

which build unique customer experiences

**~ 7m**

installed mobile apps which is 1,7 x more active users than the 2<sup>nd</sup> most popular banking app in Poland

**~10m**

non-banking transactions in the mobile app each quarter

**4.8/5**

average rating of the mobile application



experience in implementing innovative solutions - e.g., a pioneer cloud transition program among Polish banks



**Security and stability**

which enable the financing of ambitious growth

**33b PLN**

Tier 1 equity - very strong capital position. High TCR ratio of 18%

**98%**

Provision coverage ratio - 2. highest among Polish banks\*

**#5**

one of the safest banks in Europe according to EBA stress-tests

**11.5%**

ROE - top 2 return on equity among Polish banks\*

Source: financial statements of banks and management board, reports on the activities of banks at the end of H1 2022, bankier.pl, PRNews, App Store, PKO Bank Polski. \* TOP-8 (8 largest banks in the sector).

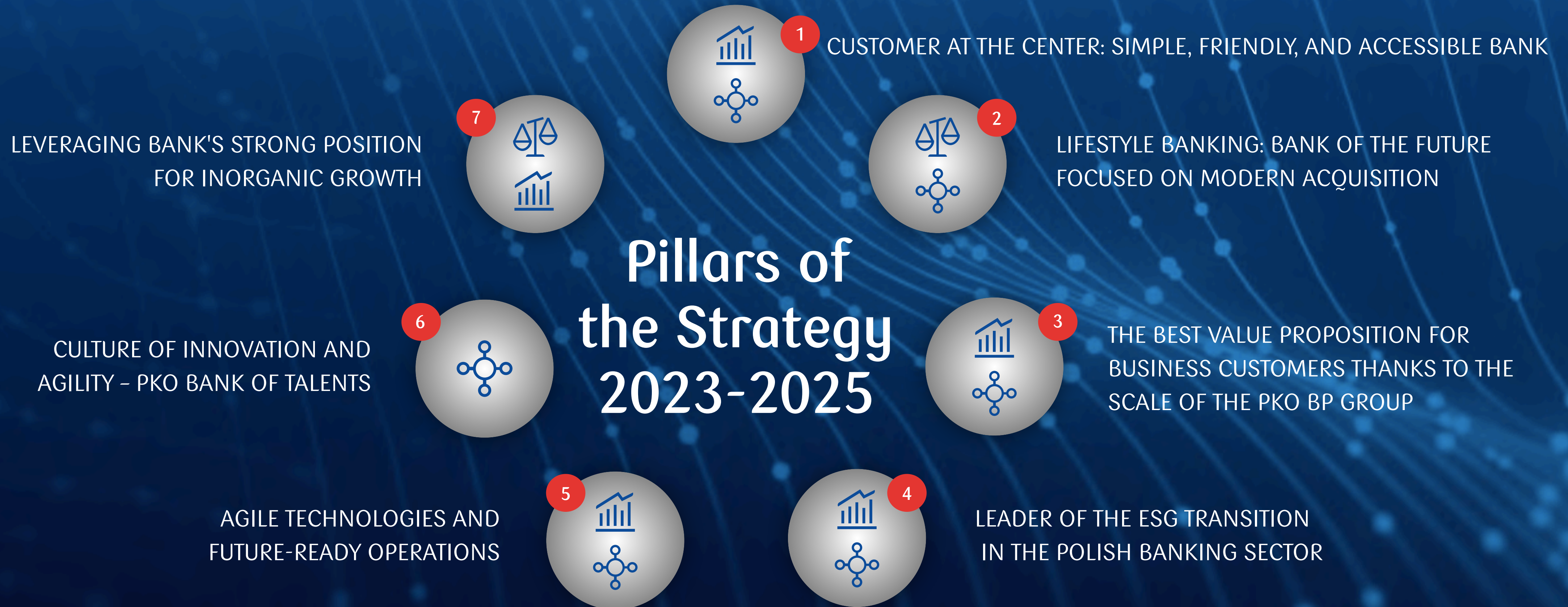




THANKS TO OUR COMPETITIVE ADVANTAGES WE CAN IMPLEMENT A UNIQUE STRATEGY, WHICH IS THE MOST AMBITIOUS IN THE POLISH MARKET, THINKING NOT ONLY ABOUT SHORT-TERM PROFITABILITY, BUT ALSO INVESTMENTS IN THE FUTURE GROWTH



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Utilized advantages:



Scale



Digital competences



Stability





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# 1. CUSTOMER AT THE CENTER: SIMPLE, FRIENDLY, AND ACCESSIBLE BANK





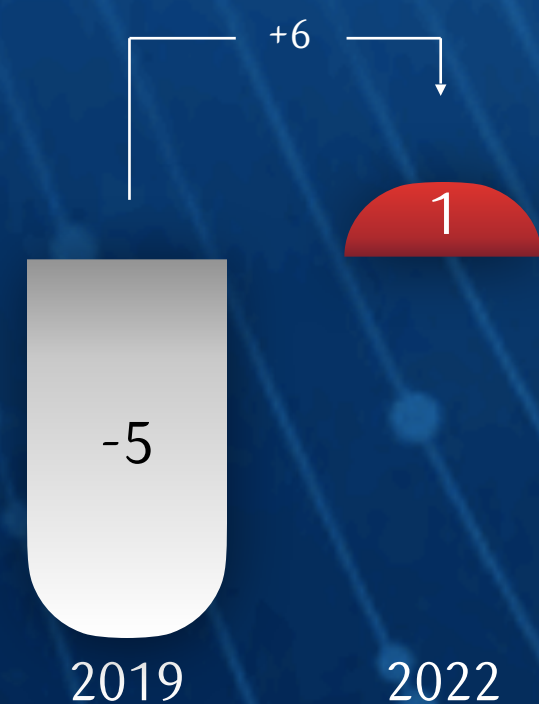
WE WILL IMPROVE CUSTOMER EXPERIENCES

WE FOCUS ON THE CUSTOMER, AIMING TO BE AMONG TOP 3 BANKS IN TERMS OF NPS IN POLAND



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NPS of PKO Bank Polski,  
2022, annual average



Source: 2019 - Kantar, Zoom Benchmark study, 2022 - Minds&Roses, Bermuda study

We are constantly changing to improve customer experience



Developing  
a Customer-Centric Culture

Thanks to further transition of our culture, we will improve customer experience related to interactions with the Bank



Hyper-personalization

Customer will receive tailored offers and services at the right time and through preferred channels

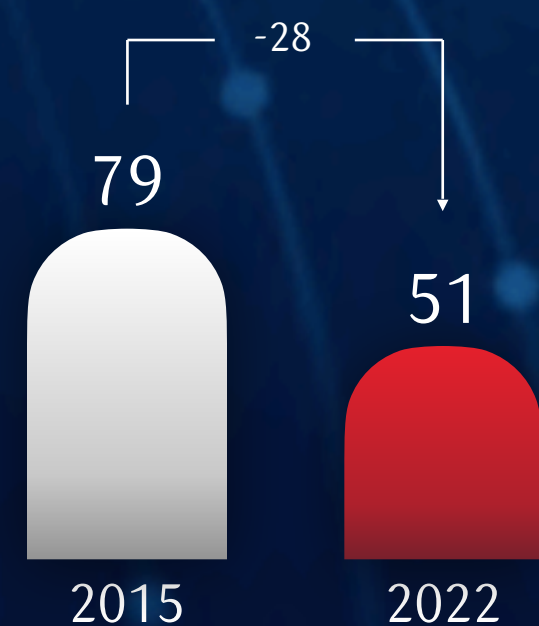


Simplification

We will simplify our offerings, communication, and processes focusing on the provision of the best customer experience

Simplifying our offering  
will allow for a better  
key products service

Number of products in PKO BP's  
offer for Individuals





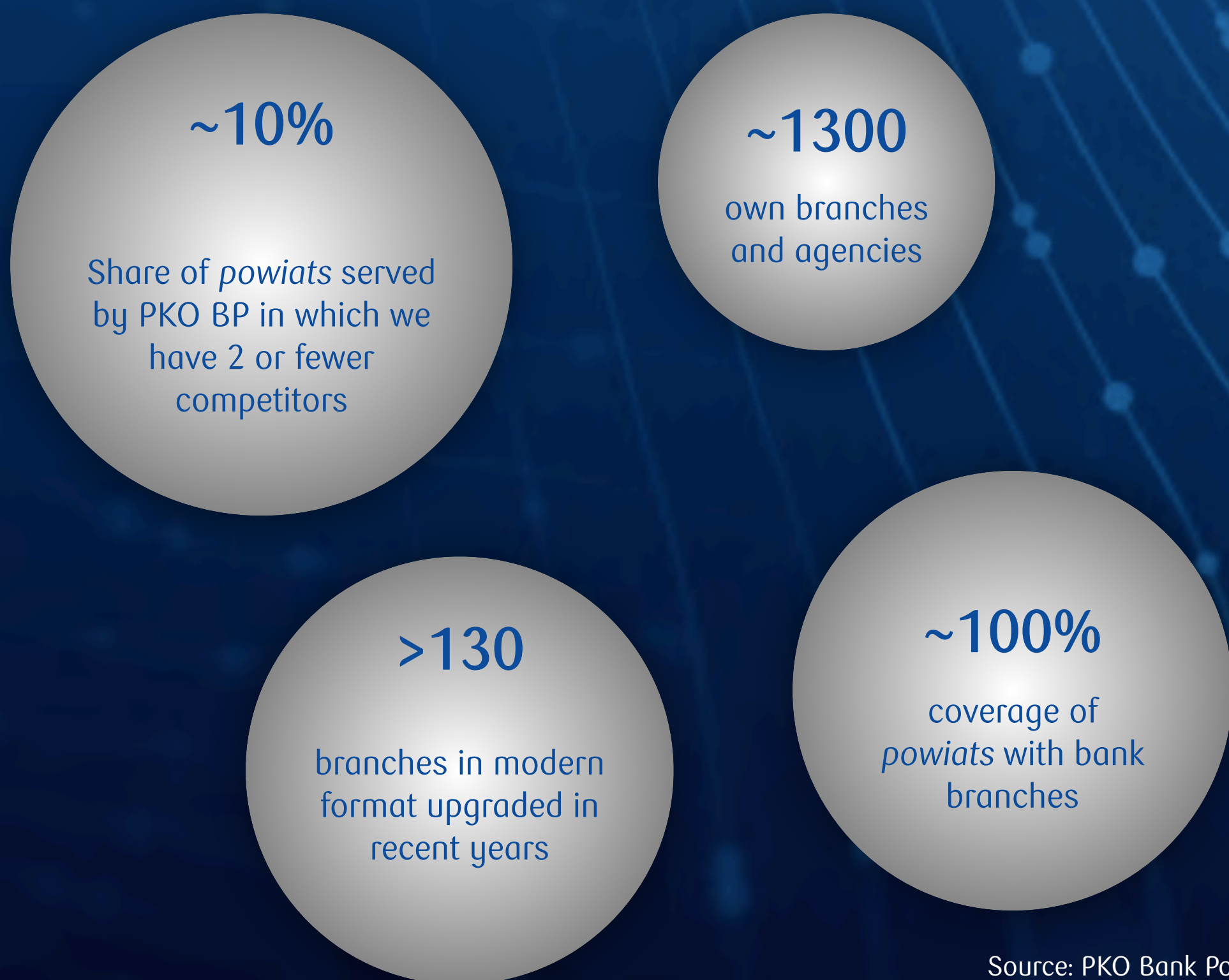


# WE WILL ADAPT BANKING TO CUSTOMER PREFERENCES WE ARE CLOSE TO OUR CUSTOMERS IN TERMS OF PHYSICAL CHANNELS



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To meet the needs of our customers, including seniors, the network of own branches and agencies will remain a key channel of relations with more traditional and hybrid customers



Source: PKO Bank Polski

Our branch network is changing to improve customer satisfaction



## Modern formats

We will upgrade our branch formats to the modern standards in order to improve customer satisfaction



## Automation of cash handling

We will redirect advisors' time towards better customer service and education, as well as more effective sales



## Customers education on using remote channels

We will help our customers gain knowledge on how to use remote channels



1 CUSTOMER AT THE CENTER: SIMPLE, FRIENDLY, AND ACCESSIBLE BANK



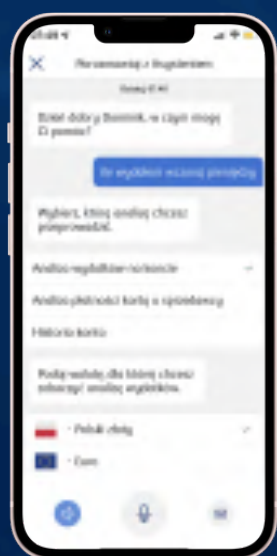
WE WILL ADAPT BANKING TO CUSTOMER PREFERENCES  
OUR DIGITAL CHANNELS MEET THE HIGHEST STANDARDS AND WE WILL CONTINUE ADAPTING THEM  
TO CHANGING NEEDS OF OUR CUSTOMERS



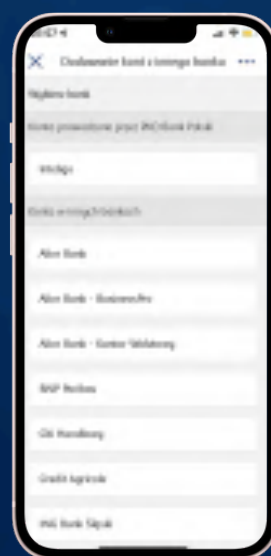
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We have one of the best mobile banking apps in Poland

Further development of digital channels is our top priority



Talk2IKO and smart chat using AI



Account aggregation (PSD2)



Insurance sales



PKO BP won Finnoscore 2022 ranking as European Leader in Digital Banking

4.7/5

Google Play

4.8/5

App Store



Digitization of processes

We will radically digitize our processes, so that in 2025 all services will be available through remote channels and the visit in the branch will only be customer's preference



Digital mortgage

We will ensure fully remote mortgage loan application for all borrowers, including sales servicing and fully automated credit decision



Financial assistant

We will support our customers in managing personal finances using artificial intelligence



Behavioral biometrics

We will further improve our methods of detecting fraud and account hacking based on pattern of unique user behavior in online channels



1

~100% of service functions for products available to retail customers in digital channels

2

Digital mortgage process:

55% automated credit decisions

100% digital document workflow





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## 2. LIFESTYLE BANKING: BANK OF THE FUTURE FOCUSED ON MODERN ACQUISITION





**WE WILL DEVELOP VAS ECOSYSTEM  
WE WILL EXPAND OUR SERVICE OFFERING BY LEVERAGING THE MATURITY OF THE  
MOBILE APP AND THE POTENTIAL OF OUR 11 MILLION CUSTOMER BASE**



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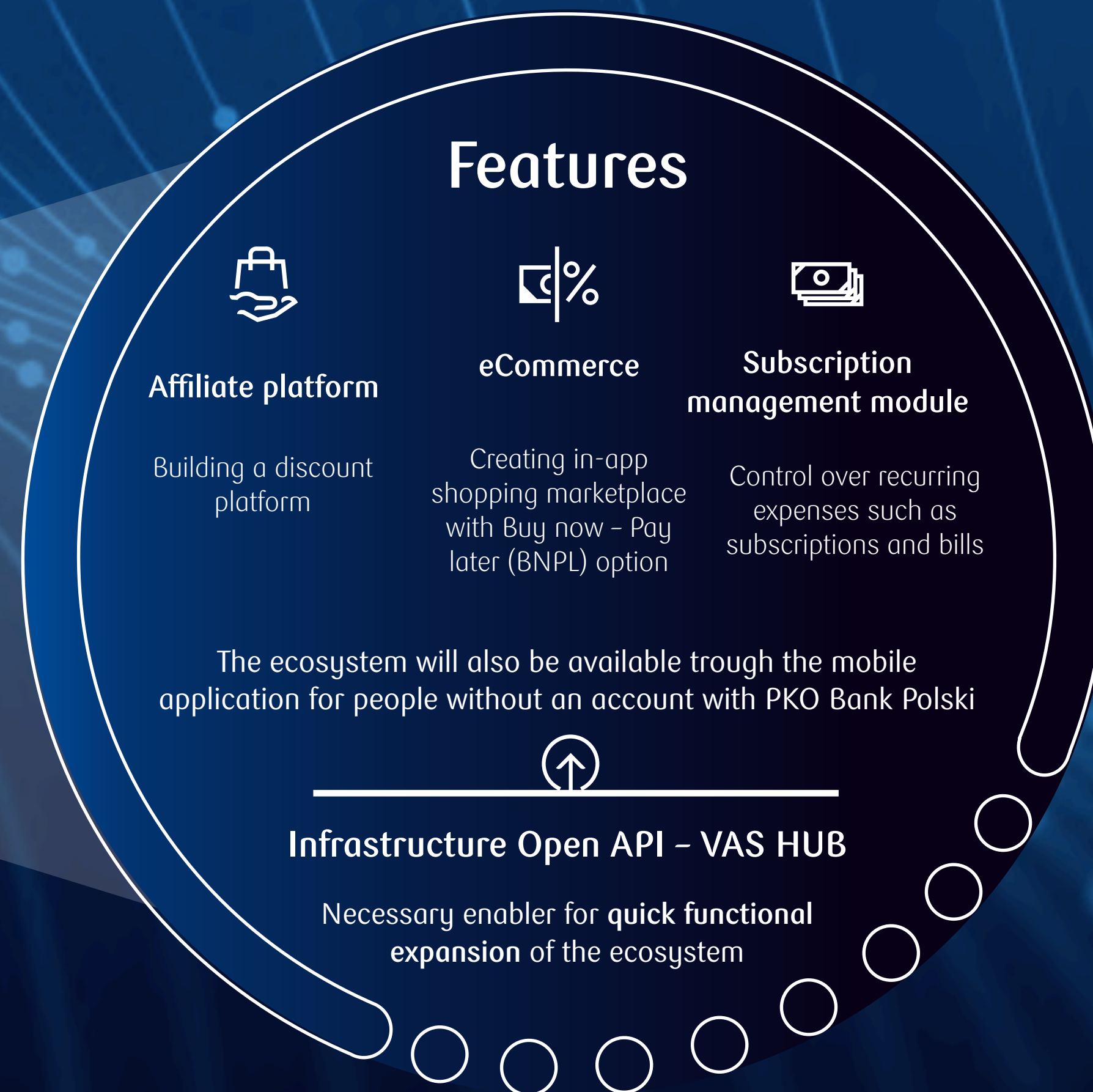
We already offer a wide range of VAS in our application

Constantly developing the range of offered services to create the most attractive ecosystem in the Polish market



**The largest Customer base  
>7m  
activated IKO applications**

FUTURE



**Features**



**Affiliate platform**

Building a discount platform



**eCommerce**

Creating in-app shopping marketplace with Buy now - Pay later (BNPL) option



**Subscription management module**

Control over recurring expenses such as subscriptions and bills

The ecosystem will also be available through the mobile application for people without an account with PKO Bank Polski



**Infrastructure Open API - VAS HUB**

Necessary enabler for quick functional expansion of the ecosystem

- Services offered by other PKO BP Group units
- VAS





# WE WILL FOCUS ON MODERN ACQUISITION WE AIM TO INCREASE THE BASE OF YOUNG CUSTOMERS THANKS TO AN ATTRACTIVE OFFER OF VALUE-ADDED SERVICES AND DIGITAL SERVICE



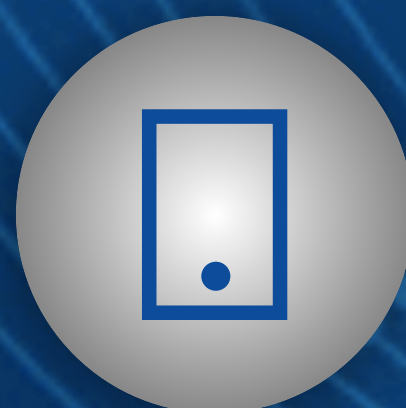
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We have been an acquisition leader on the Polish market for years  
Gross customer acquisition of banks in Poland (ths; 2021)



We will achieve further growth by implementing innovations and the mobile application for people without an account with PKO Bank Polski



The application available for people without an account with PKO Bank Polski

We will make the app available to people who are not our customers to make it easier for them to start using the PKO BP offer. Lite app users will have access to the full VAS offering



Leveraging technological advantages

We will implement acquisition-oriented new functional solutions, e.g. an ecosystem, a new Junior app  
First Polish virtual bank branch in the metaverse world



Personalized marketing for the young

We will adapt the marketing message to young customers and strengthen the image of PKO BP as an innovation bank focused on the future



Referral program

We will increase the base of young customers thanks to an improved referral program available entirely in remote channels and leveraging the scale of the bank's 3 million satisfied customers



We attract the youngest customers

We have the most advanced banking and financial education offer for customers under the age of 13.

Promotion of PKO Junior among parents allows us to build a base of the youngest customers.



We have the highest number of promoters in NPS surveys among banks in Poland

Source: PRNews, investor materials published by Polish banks, PKO Bank Polski



PKO BP holds its position as acquisition leader - 750 ths annually



Number of app customers available for people without an account with PKO Bank Polski - 500 ths



Increase of the Primary customer base below 35 y.o. >25% vs historical results





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### 3. THE BEST VALUE PROPOSITION FOR BUSINESS CUSTOMERS THANKS TO THE SCALE OF THE PKO BP GROUP

OTWARTY



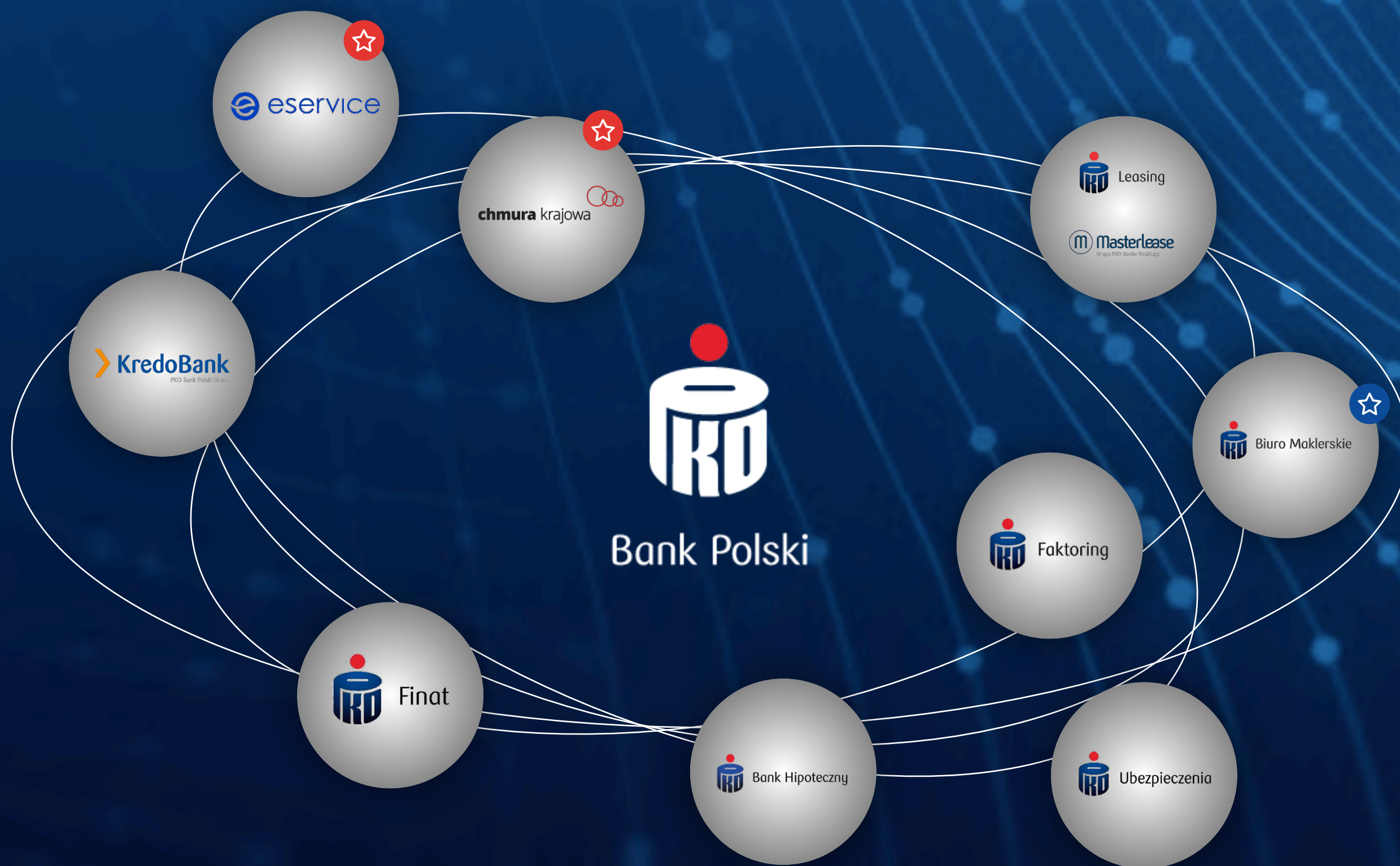


# WE WILL MAXIMIZE UTILIZATION OF SYNERGIES WITHIN THE PKO BP GROUP OUR STRATEGY WILL ALLOW FOR MORE EFFICIENT COOPERATION IN THE OPERATIONAL, TECHNOLOGICAL, AND SALES AREAS



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## Examples of synergies already achieved within the Group



Car purchasing platform integrated with financing offering

#1 car purchasing platform in Poland  
5700 cars sold

Synergies in financing  
PLN 200 million in lending volume

Integrated insurance offering

>50% share of own insurance sales in real estate insurance sold with mortgages

☆ Entities that are not directly dependent on PKO Bank Polski

☆ Bank's organizational unit





# WE FOCUS ON CREATING VALUE FOR THE CORPORATE CUSTOMERS WE WILL FULLY INTEGRATE PRODUCT PLATFORMS AND DEVELOP SELF-SERVICE PROCESSES IN REMOTE CHANNELS



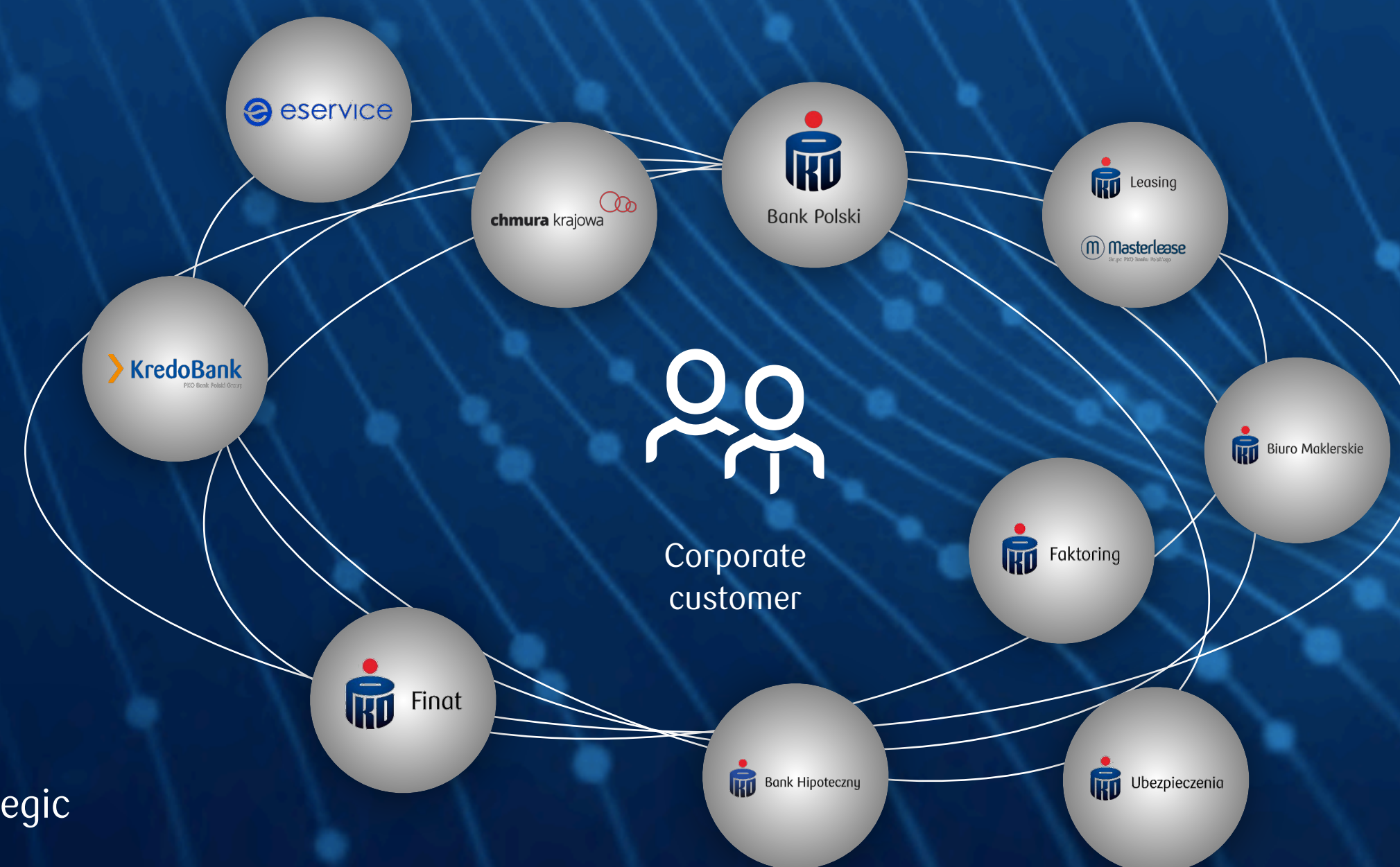
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## Construction of product multi-platform

We will increase consistency of the customer experience within the Group by increasing the level of integration of our product platforms, such as PKO Leasing, PKO Faktoring & iPKO Biznes

## Customers' supply chains financing

We will leverage our strong position in the strategic customer segment to better reach small and medium-sized companies from their supply chains



## Integration with external systems of corporate customers

We will develop universal API-based tools, enabling integration of PKO BP solutions with key systems used by our customers, such as ERP or accounting systems

## Quicker credit process for small exposures

We will further automate credit processes for smaller exposures and improve digital process of loan servicing and monitoring

## Further high potential to increase income in the corporate customer segment through cross-sell



1 The best multi-platform of products on the Polish market

2 Highly competitive credit process:

fully digital credit application

full overview of application processing status through remote channels

standard documentation generated automatically

use of advanced predictive algorithms for analysis and monitoring





# WE FOCUS ON CREATING VALUE FOR THE CORPORATE CUSTOMERS THANKS TO OUR SCALE, WE WILL OFFER CUSTOMERS A UNIQUE SALES AND SERVICE MODEL



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We will offer additional value for our customers, based on expertise built in our Bank

**23** Regional Corporate Centers in the largest urban centers

**>200** Advisors and Product Specialists, who provide the highest level of understanding of customers' needs

Unique Risk expertise thanks to industry knowledge, technology, and project finance experience

We will support companies in the challenges facing their businesses in the coming years

We will create new sales and service model, based on expertise in:

Strong regional presence, overseas branch network and unique product offering

- Country in which PKO BP has full banking operations
- Foreign branches of PKO BP
- Market in which PKO BP operates through a network of partners
- Branch to open in 2023



Specific industry needs, including those related to green transition

Foreign trade and business internationalization





# WE WILL BUILD A NEW VALUE PROPOSITION FOR SMEs WE WANT TO BE THE BEST GROWTH PARTNER FOR OUR CUSTOMERS WITH A SIMPLE DIGITAL OFFERING AND A LIGHT SERVICE MODEL



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We have unique advantages in the small and medium (FiP) segment

We will leverage the best experience of the retail and corporate customer segments, in which PKO Bank Polski has a leading position

We will leverage our strengths while implementing the pillars of our new strategy, which is focused on increasing market share



Retail customer

Digital solutions  
Branch network  
Personalization

**Small & medium enterprises (FiP segment)**

Sector expertise  
Risk models  
Expertise in structured finance



Corporate customer

Strong local presence with largest network of branches

556 branches with servicing of SMEs



Strong presence of PKO BP in selected market segments

~76k residential communities and cooperatives served



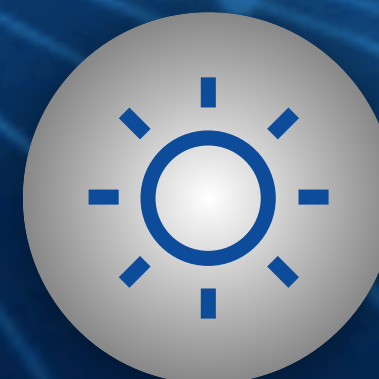
Flagship program for communities and cooperatives "Nasz remont"



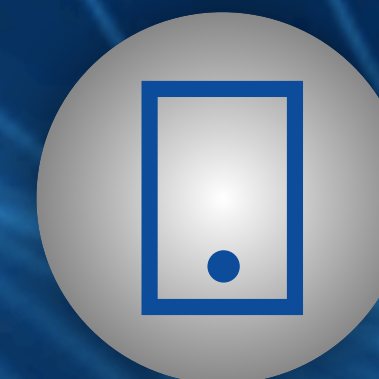
Service "model of the future"



Improved credit process



Development of holistic green financing offering



Simplified digital product offering



ESG ecosystem for companies

supporting customers in the entire process of making investments in the green transition – from answering key questions through choosing a solution provider, obtaining subsidies and granting bank financing



2025

1

40% of sales processes carried out remotely





# WE WILL SUPPORT THE RECONSTRUCTION OF UKRAINE WE HAVE BEEN HELPING OUR NEIGHBORS DURING THE WAR AND WANT TO ACTIVELY SUPPORT POLISH COMPANIES IN REBUILDING UKRAINE'S ECONOMY



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Since the beginning of the war, we have created dedicated products and customer service models

We want to support Polish companies to get actively engaged in the reconstruction of Ukraine

1.5h

How long it takes for the fastest bank transfer in the country between Poland and Ukraine offered by PKO Bank Polski

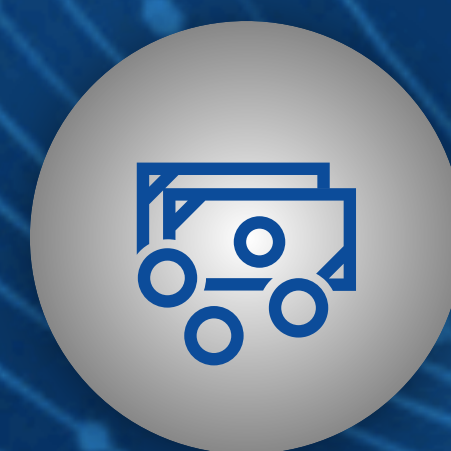
>520 ths

Accounts opened by Ukrainian citizens by mid-2022



Banking website, app and call center available in Ukrainian language

Supporting the reconstruction of Ukraine is both a moral obligation and a business opportunity for Polish companies



Initial support will be focused on, supporting cooperation with international reconstruction and development funds, and facilitating the transfer of funds



We will actively collaborate with other stakeholders and the private sector to build a platform to support the reconstruction of Ukraine



We plan to expand our presence in Ukraine - we will continue to support customers through the expansion of KredoBank's operations using synergies with PKO BP in such areas as cross-border transfers

350-750b USD

Estimated funding requirements for Ukraine's reconstruction by 2032

Source: PKO Bank Polski, World Bank, Government of Ukraine



1

Leading bank from Poland for companies looking to enter and operate in the Ukrainian market as part of the Country's reconstruction efforts





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## 4. LEADER OF THE ESG TRANSITION IN THE POLISH BANKING SECTOR







# LEADER OF THE ESG TRANSITION SUSTAINABLE DEVELOPMENT IS OUR PRIORITY GOAL



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For the sake  
of our common  
future, we will:

**E**



support the transition of the Polish economy by sharing our expertise with Polish companies

**Leader**  
in financing of sustainable and transition projects between 2023 and 2025

**S**



support social mobility and counteract exclusion

**Leader**  
in financial education for young people and digitization of seniors

**G**



implement best *governance* practices and support social equality

**Employer of equal opportunities**  
Implementation of organizational structures that support an **integrated approach to ESG**





# ESG TRANSITION LEADER ESG STRATEGY WILL MAKE AN IMPORTANT CONTRIBUTION TO ACHIEVING BUSINESS GOALS IN ALL SEGMENTS



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## Corporate customers

- Advisory and financing of complex transition investments available through the competence and expertise of the employees
- Expanding the offering of structured ESG products

## Retail customers

- Green mortgages
- Dedicated offering of cash loans for ESG purposes
- Expanded offering of thematic funds
- Youth account

## Leasing and Asset finance

- Increasing the attractiveness of the leasing offer for green products
- Expanding the long-term rent offer
- Cross-selling complementary products to people who have already installed photovoltaic systems or purchased an electric car (heat pumps, batteries)

## Companies and enterprises

- Supporting companies and businesses through dedicated ecosystem of products and services
- Strengthened offering based on public grant programs

## Operational model

- Creating a central team responsible for coordinating knowledge sharing and increasing ESG awareness

## Data infrastructure

- Preparation for regulatory requirements and issuance of green securities
- Prioritization of sectors and customers for decarbonization support

## Risk

- Integrating ESG aspects in the scoring process and portfolio analysis
- Building sector expertise within risk teams
- Conducting climate stress-tests

## Operational efficiency

- Achieving net zero in Scope 1 and 2 by 2030
- Reducing Bank's direct emissions by modernization of branches and office building, as well as electrification of the car fleet







## ENVIRONMENT

WE WANT TO BECOME A LEADER IN TRANSITION FINANCE IN POLAND AND A STRATEGIC PARTNER FOR OUR CUSTOMERS FOLLOWING THE DECARBONIZATION PATHWAY



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For years, we have been actively reducing Bank's own CO<sub>2</sub> emissions

>60% reduction in the Bank's CO<sub>2</sub> emissions between 2019 and 2021

65% decrease in A4 paper consumption over the last 5 years

0.5% today's exposure of PKO BP to high-emission sectors

We want to continue ecological initiatives and become the bank of first choice for companies that invest in their transition



ESG business development

We will use the internal expertise owned by the bank to be a guide and advisor to our customers in terms of their specific needs



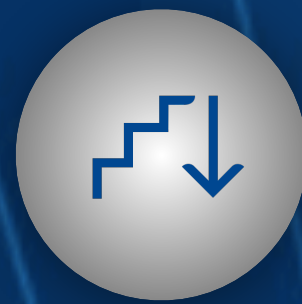
Full implementation of EU taxonomy

We will adapt the data infrastructure, portfolio monitoring process and reporting to the requirements resulting from the new EU taxonomy



Improvement of branches and HQ energy efficiency

We will modernize 70 branches a year  
We will increase the share of certified green origin energy in our consumption



Development of a CO<sub>2</sub> emission reduction pathway

We will start calculating Scope 3 emissions as part of the preparation of a science-based reduction trajectory



PKO BP received the Environmentally Responsible Company award in 2022, a distinction of the Green Forum wGospodarce.pl

We offer our customers a wide range of green products

**ESG Products**  
Electromobility  
 Green Bonds  
 Project Finance-RES  
 Green Mortgage  
 Heat insulation Credit  
 Leasing for RES  
 Green Loans



### Green financing

Leader - in terms of new volume of financing for sustainable and transition projects

Top 3 Bank in ESG financing, in every business segment, supporting customers with green transition expertise

### Reducing the Bank's emissions

Net-Zero in Scope 1 and 2 by 2030  
>90% of purchased energy with green certificates

### Raising green financing

First issue of PKO BP green bonds





## SOCIAL

# SUPPORTING SOCIAL MOBILITY, EQUAL OPPORTUNITIES AND COUNTERACTING EXCLUSION ARE AMONG THE KEY PKO BP PRIORITIES



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For years, we have placed the highest priority on the fight for social equality

#AidforUkraine – we doubled the amount of PLN 3 million collected for support after the outbreak of war in Ukraine

Covid support – offering special solutions that helped customers maintain liquidity during the pandemic

Financial education – we run the largest financial education program in Poland – SKO – supporting children in gaining knowledge in the field of entrepreneurship or ecology



Bank in Poland in terms of evaluation of social aspects by MSCI agency

Our Bank is also the sponsor of multiple events promoting sports and healthy lifestyle



In a period of increased uncertainty, we intend to intensify social support activities



### Financial education

We will take care of the financial education of young people through the SKO and the Encyclopedia of Finance portal as well as the digital education of seniors

We will continue to support the development of modern technologies, e.g. by sponsoring postgraduate studies in the field of *blockchain* at the Warsaw School of Economics



### Support of equal opportunities

We will expand the offer of products supporting social mobility, such as: student loans, financial support for relocation or bridge financing (using subsidies or public funds)



### Support for Ukraine

We will support the people of Ukraine to cope with the reality of war through dedicated products and services, such as rapid transfers

We will engage in supporting investments in the post-war reconstruction of Ukraine



2025

Leader in youth financial education (increase in the number of Junior accounts)

Leader of activities that support the digital inclusion of various social groups, including seniors

- Promotion of digital public services - access to e-gov through the bank's digital channels
- Application and website in many languages

Leader in counteracting social exclusion

- Inclusive banking for people with disabilities
- Offer tailored to the specific needs of customers of all ages and locations

Leader in supporting Ukrainian population and the Country's reconstruction process





## GOVERNANCE

# WE SET AMBITIOUS GOALS FOR EQUALITY, INCLUSIVENESS, AND BEST GOVERNANCE PRACTICES



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PKO BP operates in accordance with the best international and local governance practices

We set ambitious goals with defined pillars of action supporting their implementation

### Transparency

In 2021, PKO Bank Polski adopted ESG indicators, which are included in the Group's non-financial targets for the following years

### Communication

In cyclical reports, we publish ratings of 4 ESG rating agencies along with a trajectory of results

### Inclusiveness

We carry out active initiatives aimed at preventing the exclusion of anyone from the group of potential customers or employees, e.g. branches with facilities for people with disabilities, new languages of customer service



### Employer supporting inclusiveness

We will create a support program for employees from Ukraine who start their professional career

We will support the internal mobility of women in recruitment processes for managerial positions



### Ethical workplace

We will ensure equal treatment of employees regardless of gender, age and origin

We will support work-life balance



### ESG Governance

We will build a central team responsible for holistic addressing of all ESG aspects across the bank



### Equal opportunities

>40% women in management and senior management positions  
>30% women in material risk taker positions

~0% gender pay gap  
>2% share of people with disabilities in job applications, recruitment processes and among employees

### Employee satisfaction

<7% voluntary turnover rate  
<14% total employee turnover rate

### Governance and ESG reporting

Creation and publication of a trajectory of reducing CO<sub>2</sub> emissions  
Systematic expansion of emissions disclosures





## PROPERTY AND ASSETS MANAGEMENT

IN PREVIOUS YEARS, WE REDUCED THE LEVEL OF OUR OWN CO<sub>2</sub> EMISSIONS BY 62%. IN THE FUTURE WE WILL INCREASE THE ENERGY EFFICIENCY OF BANK'S PROPERTIES EVEN MORE



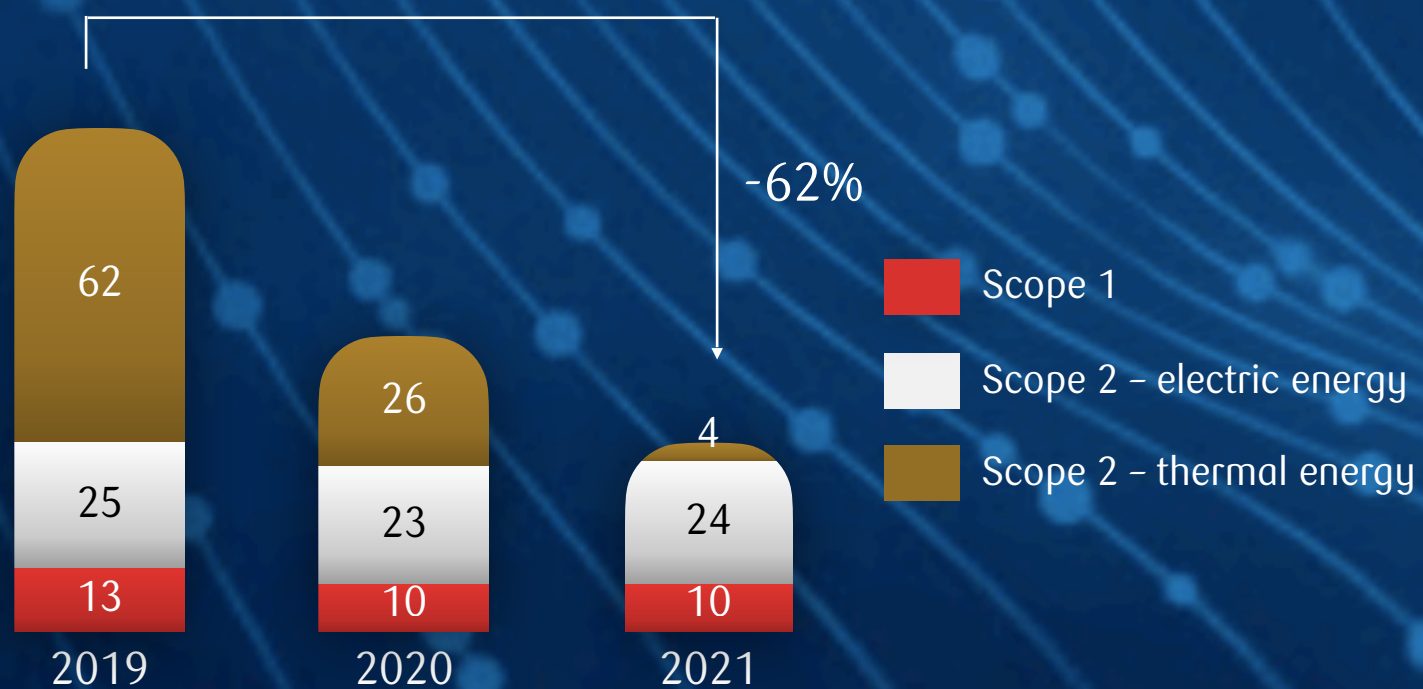
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### Scope 1

Direct emissions from own operations:

- Emissions related to buildings' own heating
- Business vehicle emissions

Level of Scope 1 & 2 emissions of PKO Bank Polski; 2019-2021  
(ths tonnes of CO<sub>2</sub>)



### Green buildings and eco-fleet

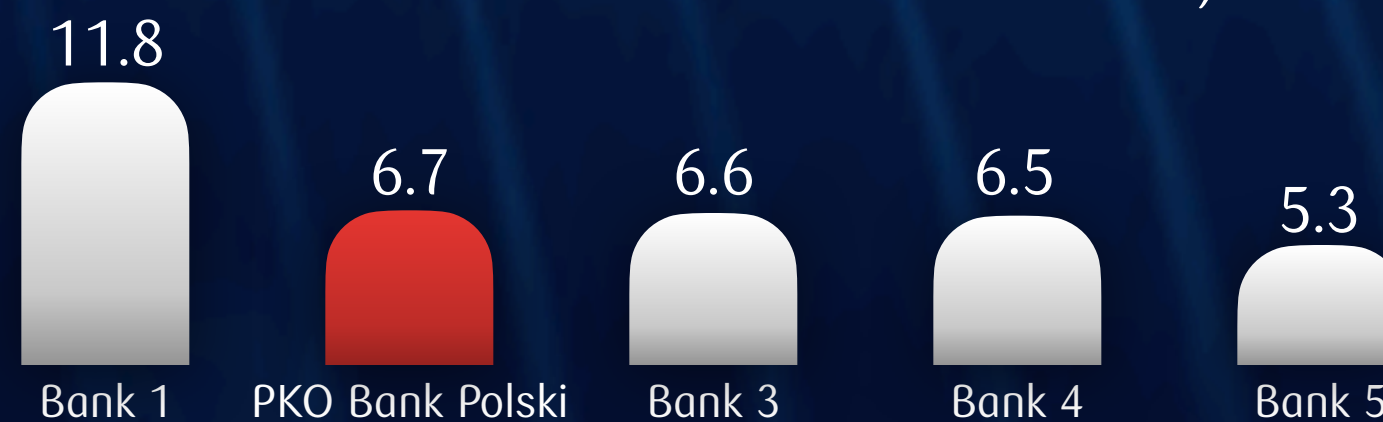
- We increase energy efficiency of the bank's properties
- We develop our eco-fleet

### Scope 2

Indirect emissions due to consumption:

- Electric energy
- Thermal energy

Scope 1 and 2 greenhouse gas emissions per customer (kg/customer – location-based calculation)



### Friendly and hybrid workplaces

- We support hybrid mode of work through the successive organization of workplaces according to the best standards





## PROPERTY AND ASSETS MANAGEMENT

### WE WILL IMPLEMENT A MODERN AND GREEN PROCUREMENT PROCESS



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## Scope 3

Indirect emissions from a chain of delivery of goods and services

over **5000**  
suppliers of the bank

### Digital transition in procurement

- We will implement a modern purchasing platform
- We will increase the competitiveness of suppliers
- We will use automation and robotics
- We will use advanced data analytics



- We focus on the development of our purchasing processes, which will allow us to efficiently manage cooperation with suppliers
- We will implement a green procurement strategy with a focus on leverage, which we will use to reduce the bank's indirect issuance
- We will robotize and automate analytical processes

### Integrating ESG standards in the bank's procurement processes

- We will monitor current suppliers
- We will introduce selection criteria based on e.g. the emission capacity of suppliers (in the long term)
- We will reduce indirect emissions







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## 5. AGILE TECHNOLOGIES AND FUTURE-READY OPERATIONS





# IT PREPARED FOR THE CHALLENGES OF THE FUTURE TECHNOLOGY IS CRITICAL FOR US TO ACHIEVE STRONG GROWTH AND INCREASE EFFICIENCY



Bank Polski

Our technological progress has been repeatedly recognized in the most prestigious rankings on the Polish market...



Bank of the Year 2022,  
The Banker



Banking Innovation of the  
Year in 2022 for the Smart  
Home program, AI  
platform and voicebots



European leader in digital  
banking according to  
Finnoscore



## Data

We will strengthen the area of data management, which will allow us to use the full potential of the scale of data held by PKO Bank Polski and build the most advanced analytics on the market



## Cybersecurity

We will implement zero-trust mechanisms as one of the key elements of digital bank security. We will integrate and automate application monitoring



## DevSecOps & Cloud

We will make wider use of DevSecOps and the cloud in key areas: sales, data analytics, cross-channel information exchange, cybersecurity and application monitoring



## Agile

We will scale our well-functioning model of agile change delivery to subsequent teams in the bank

Advanced IT solutions thanks to innovation, cloud computing benefits and further improvement of security standards will reach a new, higher level in the service of customers:

- The best mobile application in Poland, IKO will be even more functional thanks to new services introduced for customers
- Risk calculation models in the cloud and further robotization and automation combined with hyperpersonalization will even better adjust the offer and prices for our customers
- The analysis of behavioral data will significantly increase security of money and transactions of our customers
- R&D, innovations, and new channels of communication with customers will allow us to reach the young generation of customers



2025

1

2x shortening of the implementation cycle  
(time-to-market) by 2025

2

Development of modern IT solutions, including increasing the use of cloud solutions and innovations to increase the operational and cost efficiency of the bank

3

Running IT in an ecological way - reducing the impact of IT operations, e.g. by sourcing services, products and equipment with a low carbon footprint





# OPERATIONS PREPARED FOR THE CHALLENGES OF THE FUTURE WE CONTINUE TO AUTOMATE REPETITIVE PROCESSES TO GIVE OUR EMPLOYEES MORE TIME FOR THE TASKS WITH THE GREATEST VALUE FOR THE BANK



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We have successfully implemented numerous improvements in Operations with a significant impact on the Bank's costs



... while at the same time

**11%**

reduction of full-time positions

We have made progress in automating processes for the Retail, and SME segments



Fully automated processes



Digitized post-sales processes

Key levers for optimization in Operations will be:



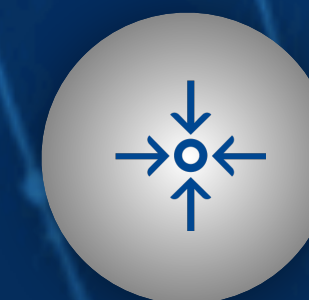
**Operations integrated in direct service delivery**

Using a front-to-back approach to completely redesign the most labor intense processes



**Hyperautomation**

We develop tools that enable hyper-automation of processes through task / process mining and the development of an artificial intelligence team



**Centralization of operations**

We will continue the process of centralizing operational activities in the PKO BP Group to continuously improve the efficiency of the headquarters, the network and the companies of the capital group



2025

**1** 70% full STP automation in digital processes

**2** Environmentally friendly operations – further projects to reduce paper consumption





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## 6. CULTURE OF INNOVATION AND AGILITY – PKO BANK OF TALENTS







# A CULTURE OF INNOVATION AND AGILITY – PKO BANK OF TALENTS THE DEVELOPMENT OF THE BANK WILL BE BASED ON RETAINING AND ATTRACTING TOP TALENTS AND CREATING AN ENVIRONMENT OF CONTINUOUS DEVELOPMENT



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Our organization is highly satisfied with the adapted agile working methods

+20 pts.  
eNPS

Higher Employee Satisfaction in Agile Teams vs. IT Average



In 2022 r. PKO BP was awarded the prestigious Top Employer title for the third time



A strategy developed with the involvement of all high-level managers



Evolving organizational culture towards agile, innovative and customer-centric

Designing internal processes based on customer needs

Continuous testing and making mistakes as an integral part of the learning and innovation process



Shaping the leaders of tomorrow

Increasing autonomy and decision-making power of managers

We will support development and succession programs as a source of candidates for promotions, especially including the advancement of women



Improving the attractiveness of EVPs to current and future employees

We will effectively communicate the Bank's offer and differentiators as an employee

We will strengthen and customize the EVP to meet the needs of different generations of employees



Developing critical competencies and capabilities of the organization

We will create a comprehensive learning and development offer

We will continue to build and acquire key competencies for the implementation of the strategy, including: ESG, artificial intelligence/machine learning, data science, and cybersecurity



2025

1 Increase employees' eNPS by 20 points

2 Equal opportunity employer





## 7. LEVERAGING BANK'S STRONG POSITION FOR INORGANIC GROWTH





# INORGANIC GROWTH POTENTIAL PKO BP CAPITAL POSITION CREATES OPPORTUNITY FOR ACQUISITIONS IN POLAND AND IN THE REGION

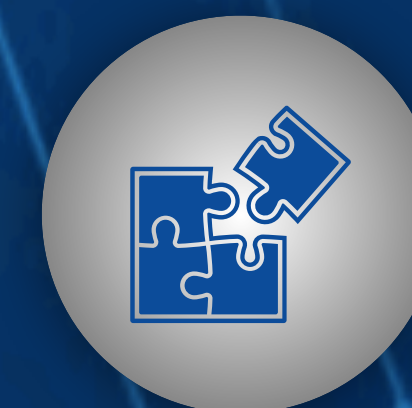


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Potential benefits  
of the acquisition

- Acquisition of knowledge and talent
- Technology synergies (integration instead of building own solutions)
- Customer base acquisition
- Business synergies (increasing operational efficiency through scale)
- Business diversification
- Geographical diversification



With access to a broad customer base, we can achieve high benefits not only by acquiring banking entities, but also businesses with high synergies with banking





# RISK MANAGEMENT



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## RISK MANAGEMENT COMPETITIVE EDGE THANKS TO PEOPLE, TECHNOLOGY, AND DATA



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We have been consistently developing our analytical skills:

-  we have built the best analytical teams in Poland
-  we have implemented a new decision-making system based on the latest technologies
-  we have identified and prepared new sources of data for production use
-  we have an MLOps environment on the cloud
-  we have prepared techniques for building Machine Learning models in accordance with the regulations
-  we have implemented the first ML models for credit decisions
-  we have implemented the first ML model based on geo information - a real estate valuation model



We have the best employees



We use the largest set of data



We have invested in technology







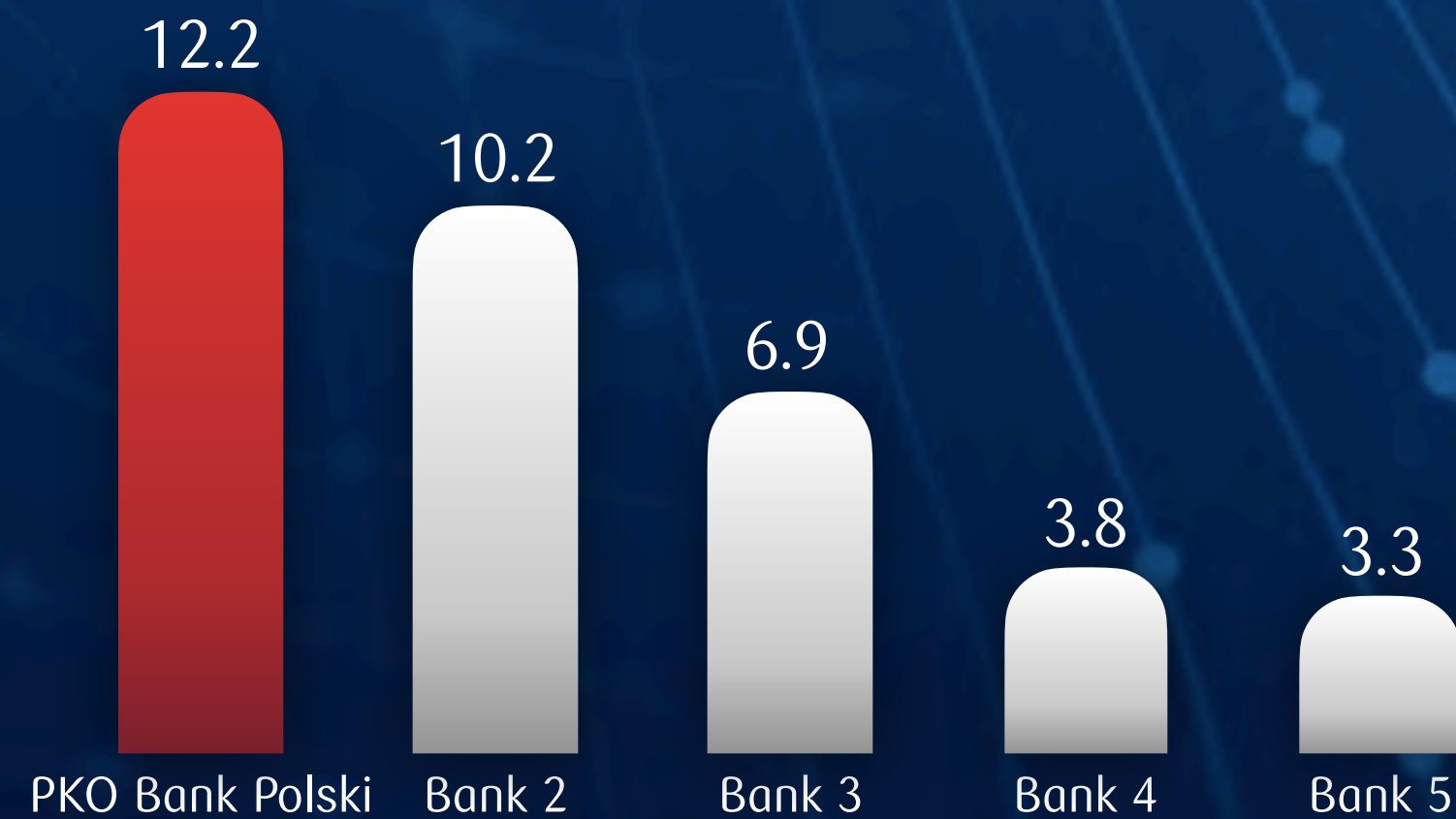
# RISK MANAGEMENT WE ENTER THE NEW STRATEGY AS A SAFETY LEADER OF THE POLISH BANKING SECTOR



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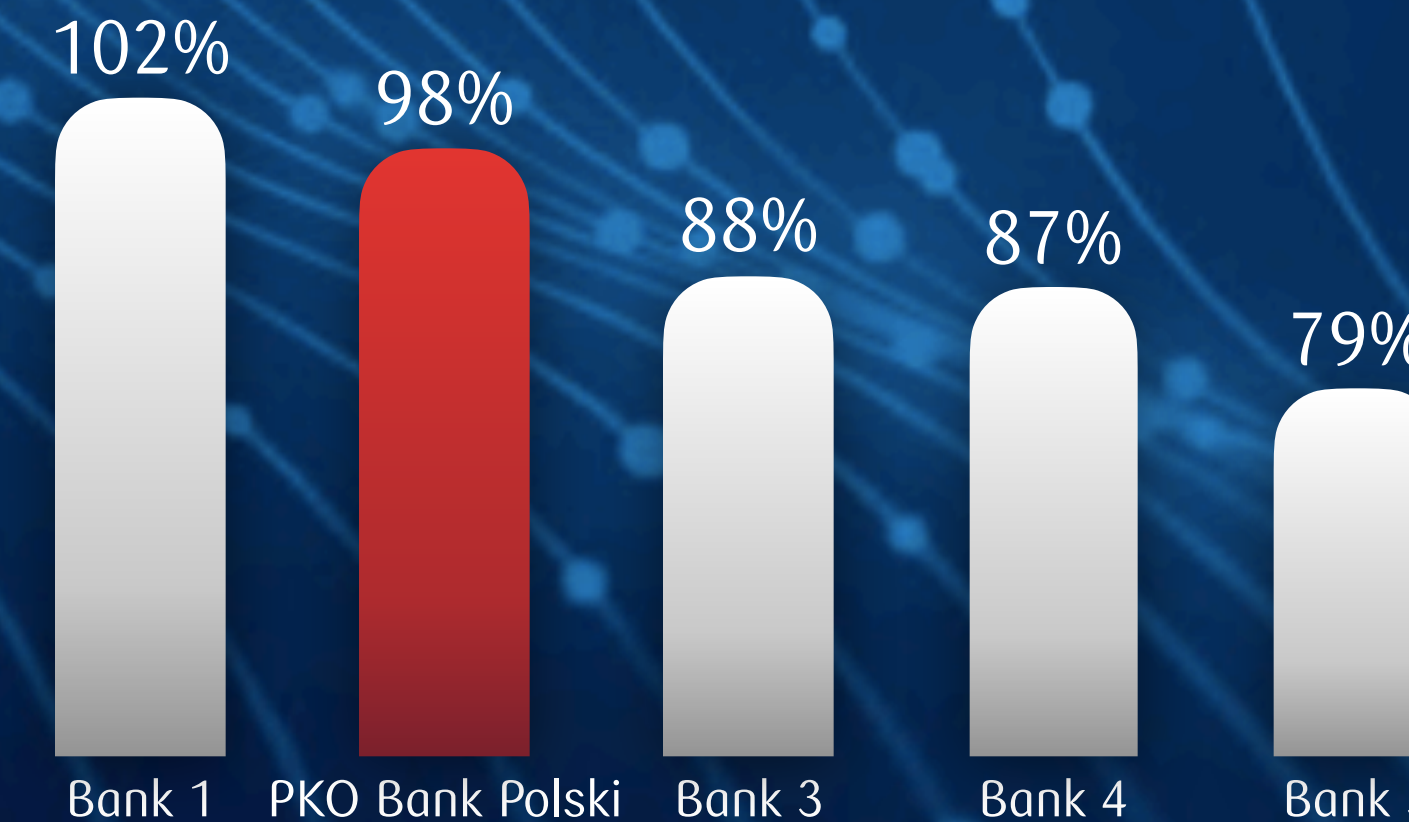
**Strong capital position - the highest capital surplus over the regulatory requirement**

Capital surplus over the regulatory requirement (H1 2022, bn PLN)



**One of the highest coverage ratios in the banking sector**

Provision coverage ratio<sup>1</sup> (H1 2022)



<sup>1</sup>Relation of the total balance of loan provisions to loans in Basket 3

**One of the safest banks in Europe according to EBA stress-tests (#5)**

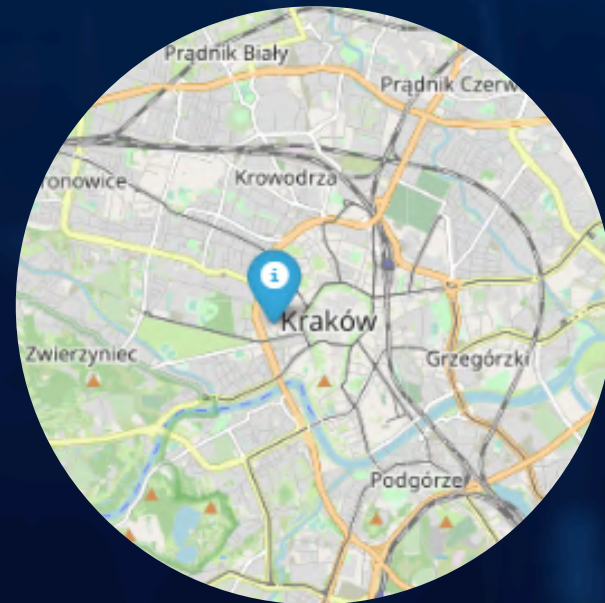
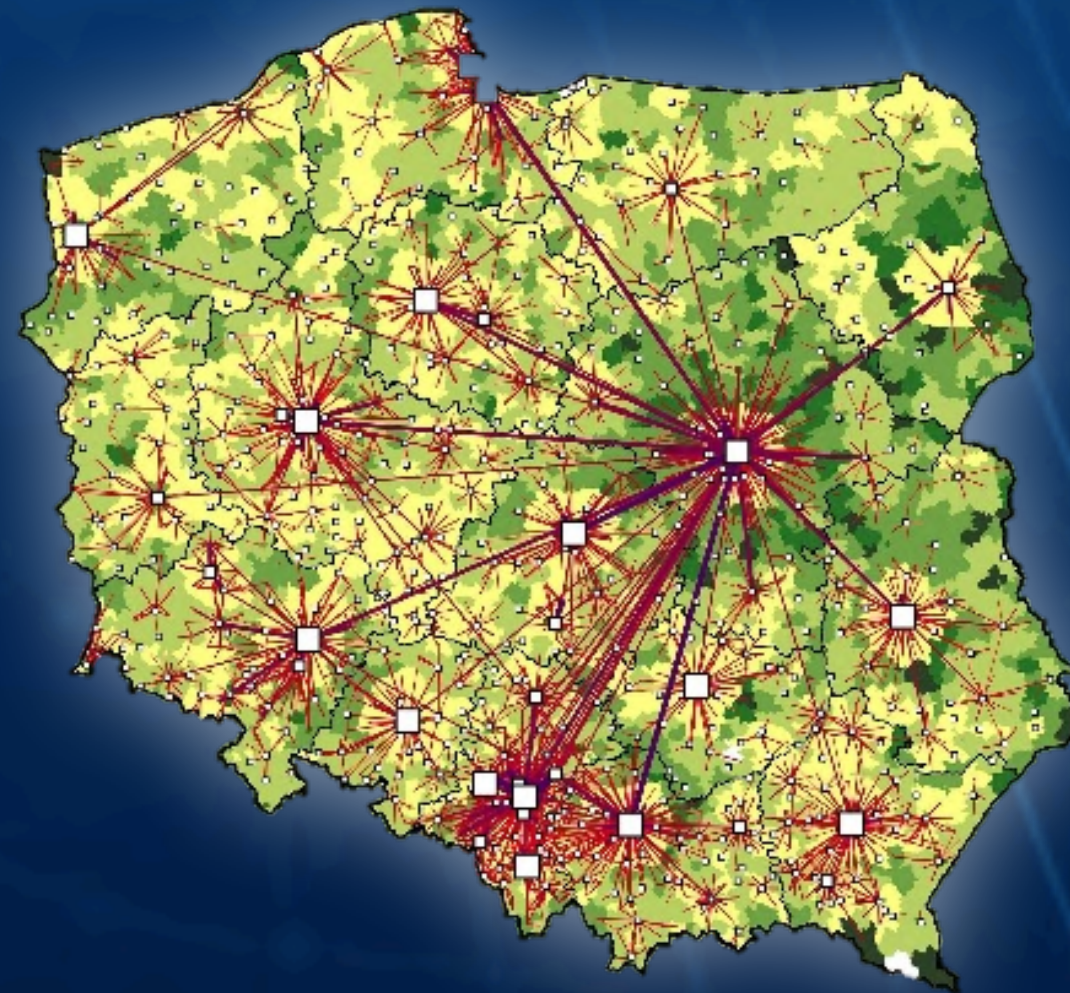




# RISK MANAGEMENT INVESTMENTS IN ANALYTICS ARE PAYING OFF

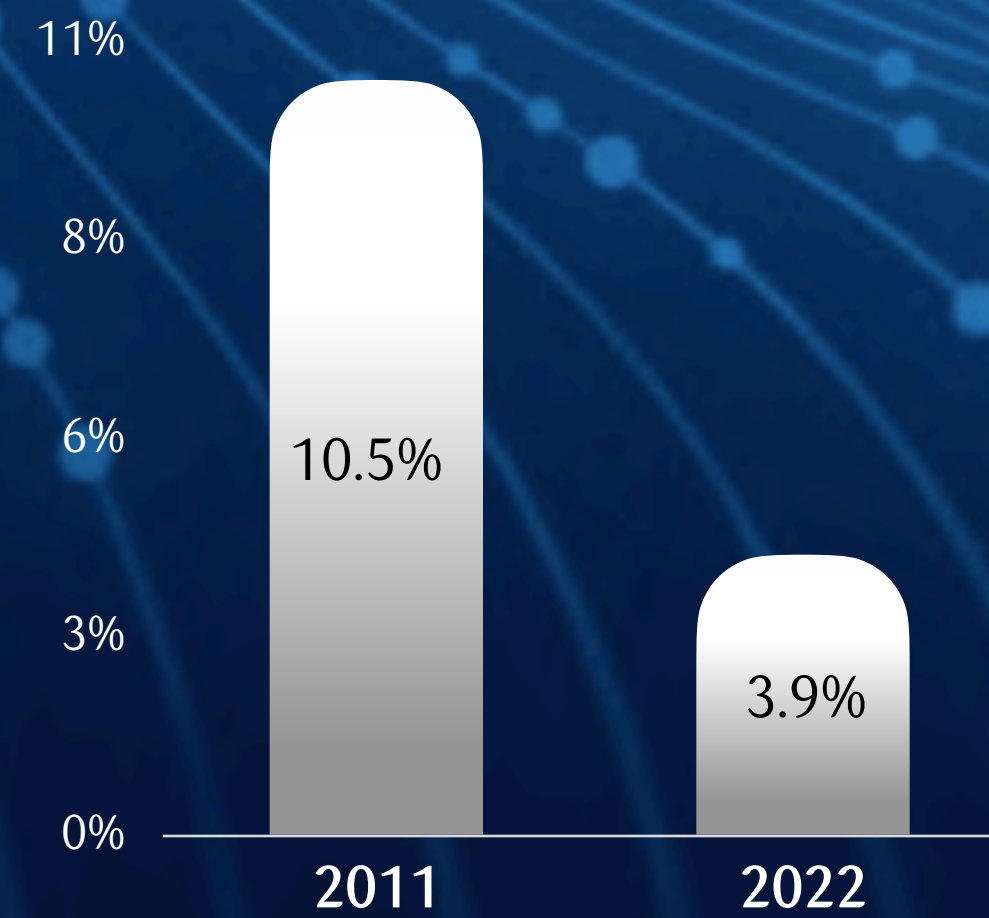


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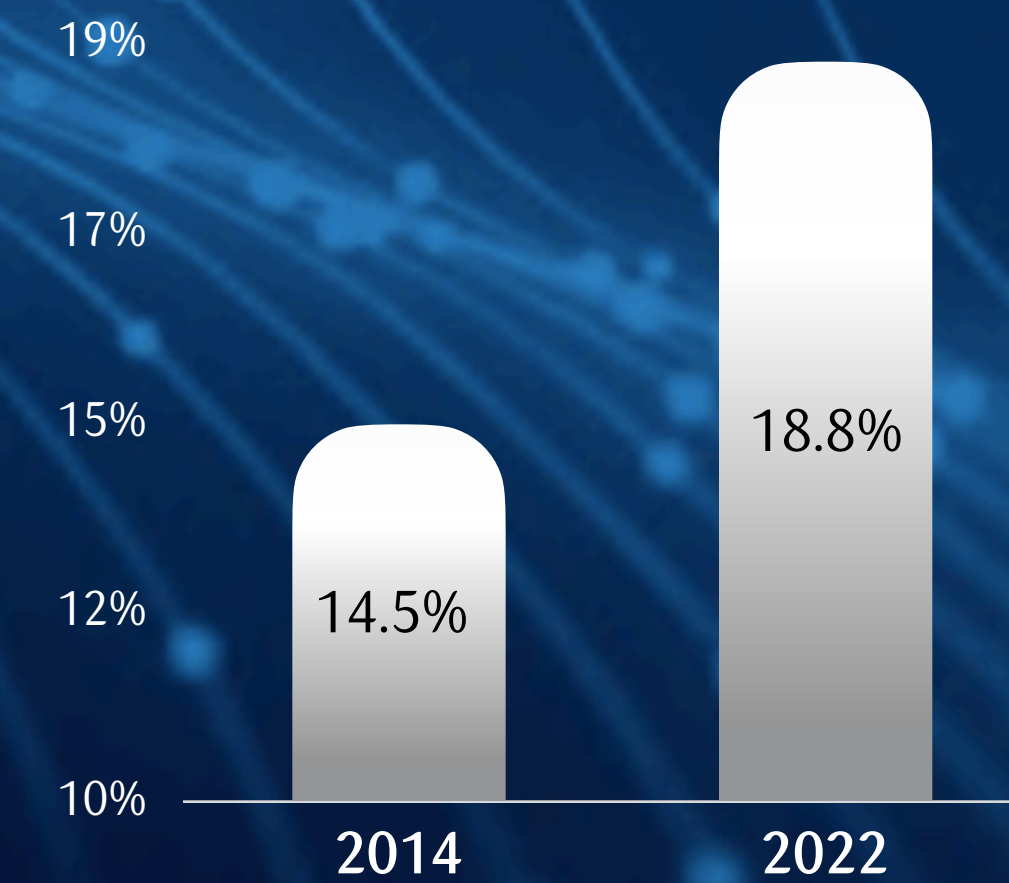


## Low and decreasing level of risk with increasing market shares

PKO Bank Polski: Default rate  
(cash loans)



PKO Bank Polski: Market share  
(cash loans)







## RISK MANAGEMENT WE INTEND TO CONTINUE INVESTMENTS IN ANALYTICS



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-  we will transfer the analytical environment to the cloud
-  we will increase the scope of application of advanced analytics in all areas of risk activity:
  - retail banking
  - corporate banking
  - debt restructuring
  - market and operational risk
-  we will continue to optimize and automate all risk processes
-  90% of credit decisions will be based on ML models
-  we will develop self-service processes in debt restructuring





## RISK MANAGEMENT THE RESULTS OF THE STRATEGY



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We will lower the cost of  
the lending process



We will increase our  
market share



We will maintain the trend of  
improving credit portfolio quality





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**WE SET AMBITIOUS GOALS AIMED  
AT CUSTOMERS, OUR EMPLOYEES,  
SHAREHOLDERS, AND SOCIETY**

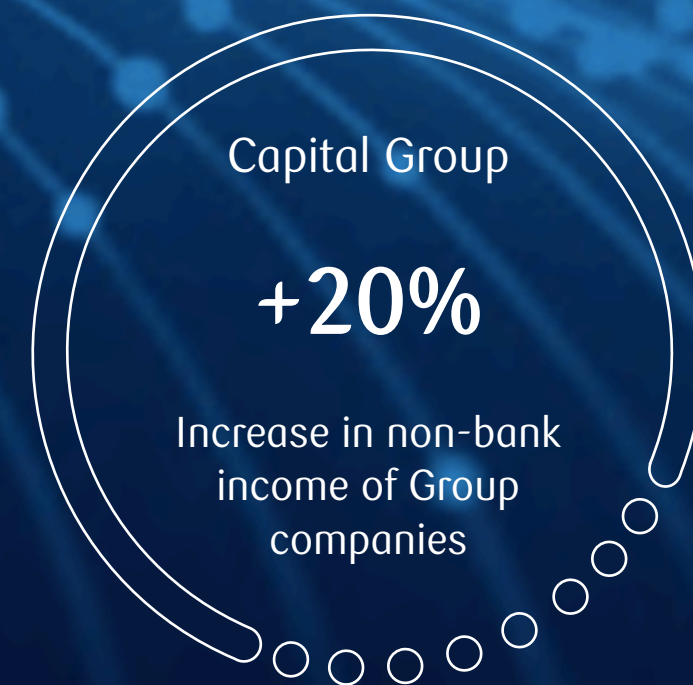
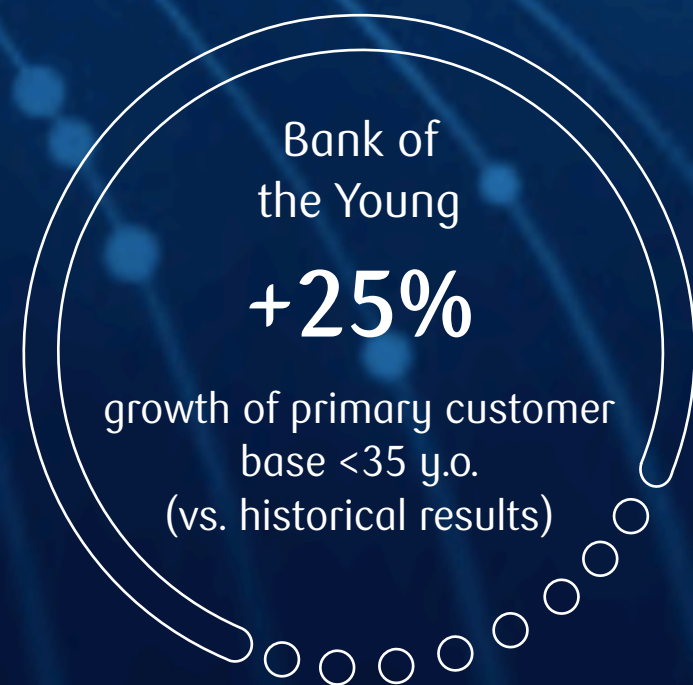




# BUSINESS GOALS IN THE HORIZON OF THE STRATEGY IMPLEMENTATION OF STRATEGY 2023-2025 WILL RESULT IN ACHIEVING AMBITIOUS BUSINESS GOALS



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# REGULATORY AND MACROECONOMIC RISK IN THE STRATEGY HORIZON THE BANKING SECTOR HAS BEEN UNDER REGULATORY PRESSURE FOR MANY YEARS. AT THE SAME TIME, WE ARE IN A PERIOD OF INCREASED ECONOMIC VOLATILITY



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Approx. PLN 32 billion of regulatory costs in 2022 at TOP8\* banks, of which the largest are credit holidays and provisions for legal risk of foreign currency loans

12-fold increase in charges since 2015

Regulatory costs in TOP8 banks\*

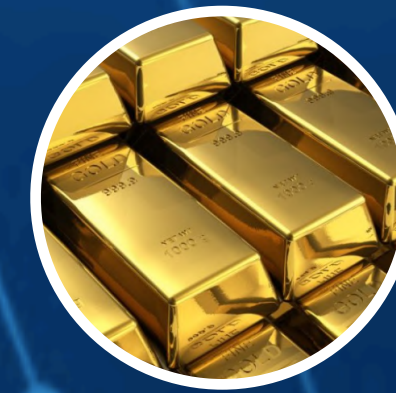


We have identified nearly 50 new regulations that may affect the activity of the banking sector in the horizon of 2025

Regulatory risks are related to 3 groups of regulations, which include:

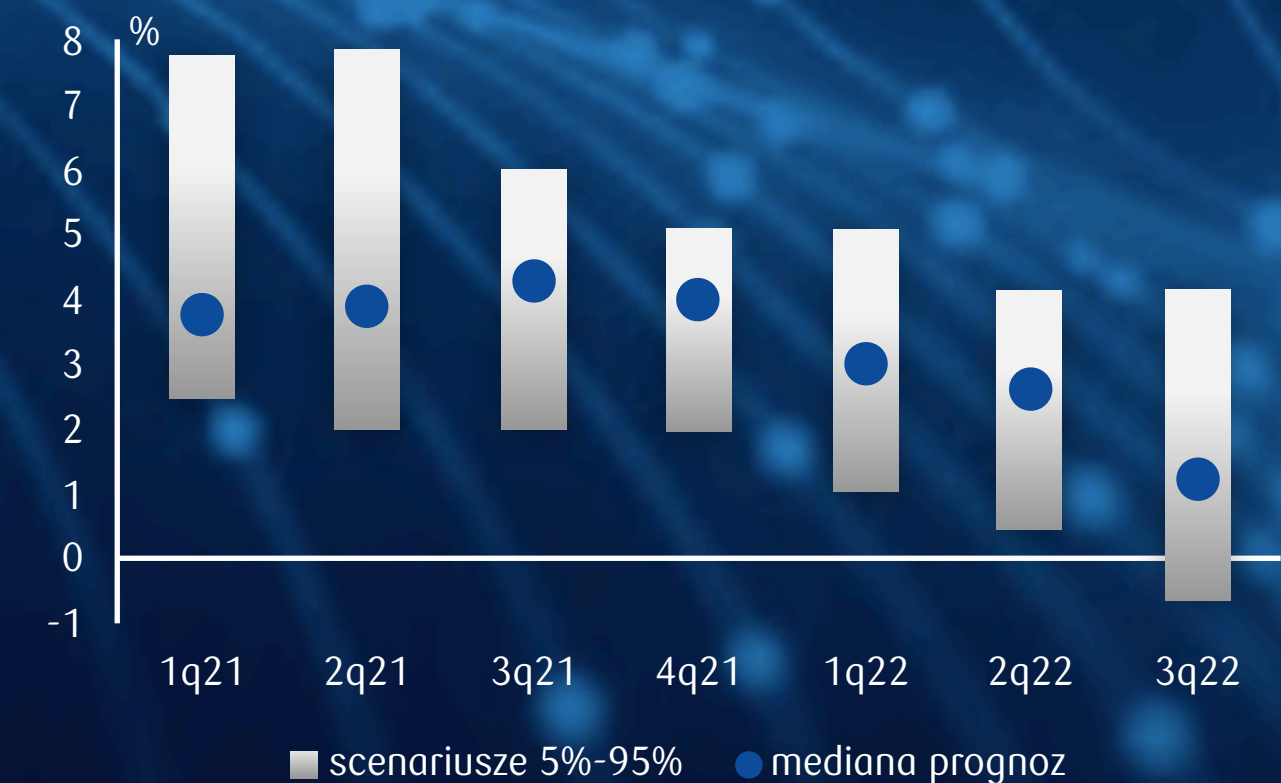
- requirements (including capital and reporting)
- consumer protection and
- product and organizational innovations

Many risks result, apart from regulations, from significant changes in defining the rules in the customer-bank relationship, as reflected in recent decisions of the Office of Competition and Consumer Protection and court judgments



The difficulty of forecasting during times of increased volatility and black swan events.

GDP growth forecasts for 2023 (NBP macroeconomic survey)





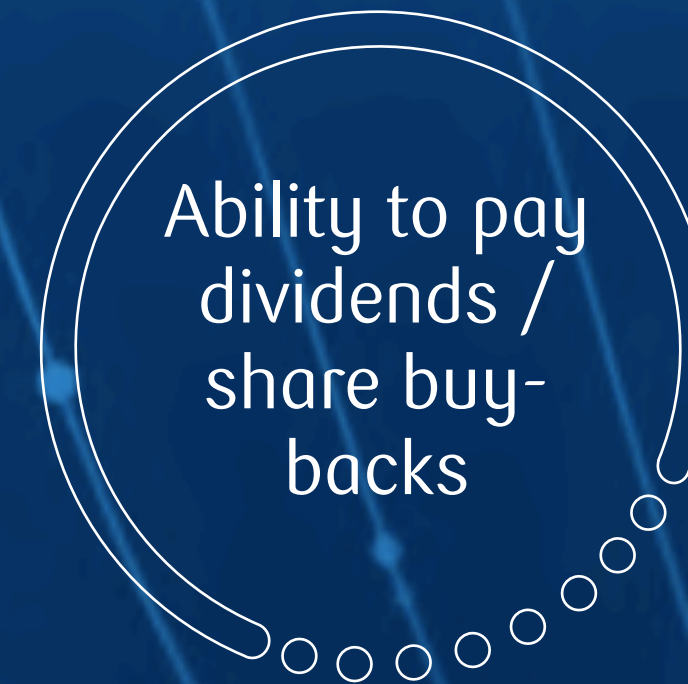
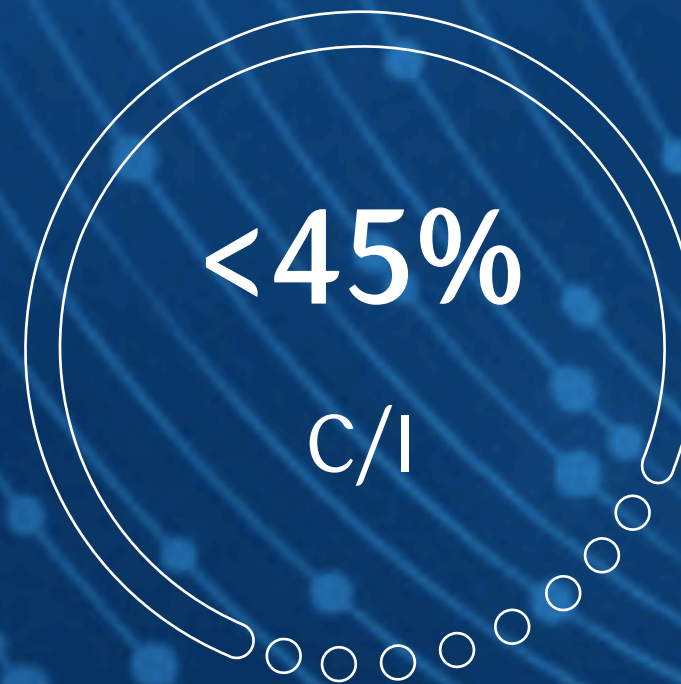


**FINANCIAL GOALS WITHIN THE HORIZON OF THE STRATEGY**  
**THE IMPLEMENTATION OF THE STRATEGY IS AN INVESTMENT IN THE BANK'S LONG-TERM GROWTH,**  
**BUT AT THE SAME TIME IT WILL ENABLE US TO ACHIEVE GOOD FINANCIAL RESULTS IN 2025**



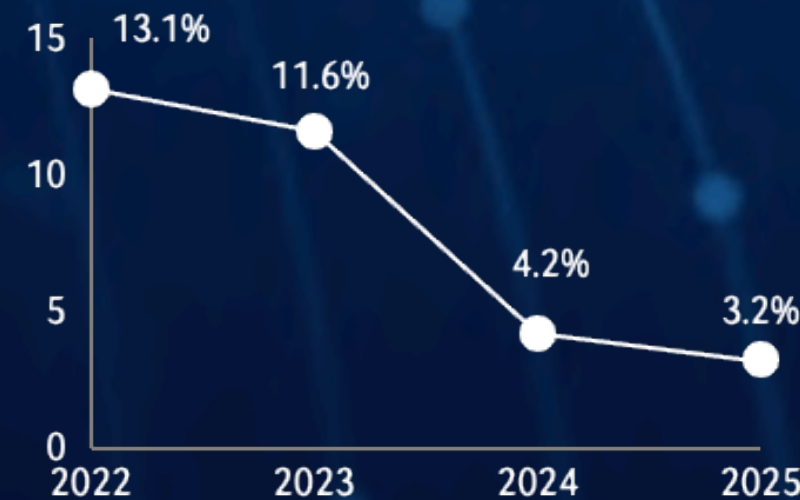
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**Financial aspirations for 2025<sup>1</sup>:**

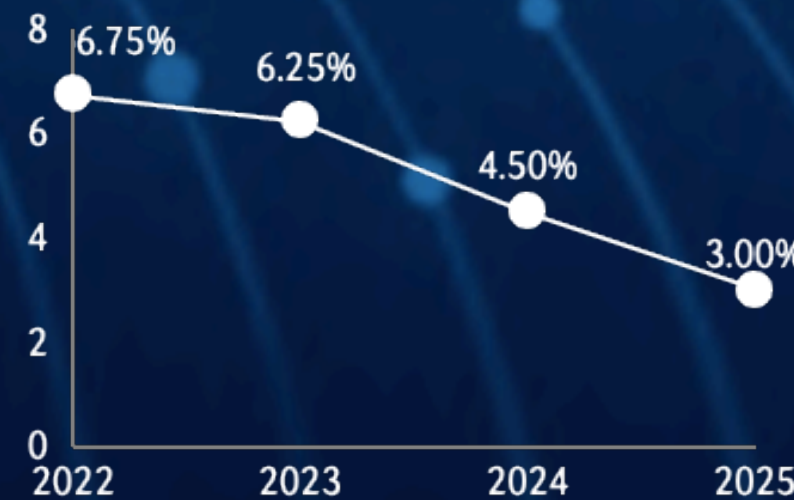


**Selected macroeconomic assumptions for financial aspirations:**

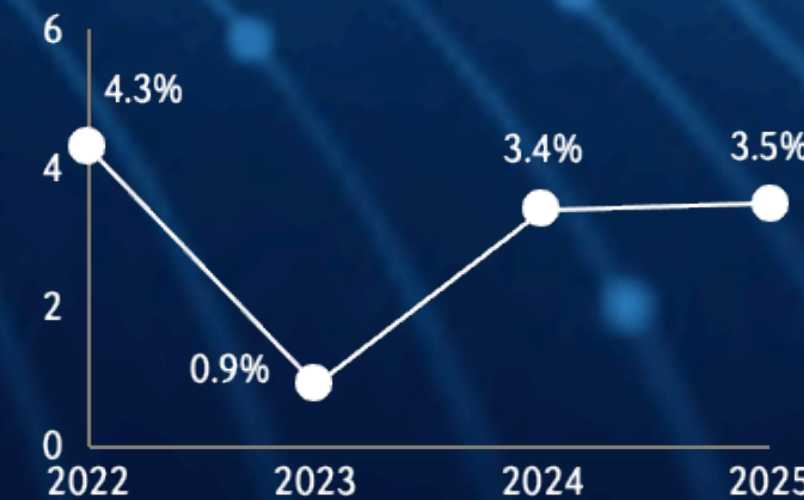
**Annual average inflation rate (%)**



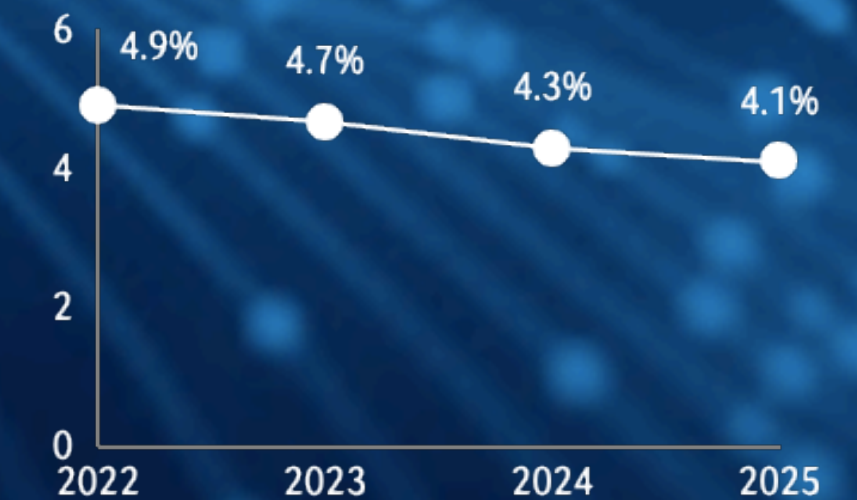
**NBP reference rate (%) at the year-end**



**Real GDP growth (%)**



**Unemployment rate (%)**



<sup>1</sup> Explanation

- Level of aspirations will be subject to verification depending on the impact of significant changes in macroeconomic and regulatory parameters
- ROE aspiration was set assuming an increase in equity (~60% in the strategy horizon)





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THANK YOU





## APPENDIX: MACROECONOMIC AND MARKET ASSUMPTIONS



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	2021	2022	2023	2024	2025
<i>Macroeconomic ratios</i>					
GDP growth	6.8	4.3	0.9	3.4	3.5
CPI inflation	5.1	13.1	11.6	4.2	3.2
Registered unemployment rate	5.4	4.9	4.7	4.3	4.1
<i>Bank sector ratios</i>					
Bank deposits growth	11.1	1.2	2.5	4.3	5.3
Bank loans growth	5.2	4.1	0.5	2.0	3.9
<i>Monetary policy</i>					
NBP reference rate	1.75	6.75	6.25	4.50	3.00
Polonia rate	0.70	6.60	6.10	4.35	2.85
WIBOR 3M	2.54	7.15	6.45	4.70	3.20
WIBOR 6M	2.84	7.25	6.65	4.90	3.30
IRS PLN 5Y	3.82	7.25	5.52	4.77	2.85
2-year Bonds	3.35	7.50	5.76	4.55	2.70
5-year Bonds	3.99	7.20	5.47	4.96	3.00
10-year Bonds	3.71	7.00	5.32	5.15	3.38
EURIBOR 3M	-0.58	2.50	2.50	2.00	2.00
LIBOR CHF 3M	-0.75	0.71	1.29	1.29	1.29
LIBOR USD 3M	0.21	4.60	3.85	2.85	2.85
<i>Exchange rates</i>					
PLN/USD	4.06	4.85	4.26	4.05	3.93
PLN/EUR	4.60	4.80	4.60	4.45	4.40
PLN/CHF	4.45	5.00	4.34	4.05	4.00
USD/EUR	1.13	0.99	1.08	1.10	1.12



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