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# PKO Banking Platform

## Risk and Finance

Piotr Mazur  
CRO of PKO Bank Polski

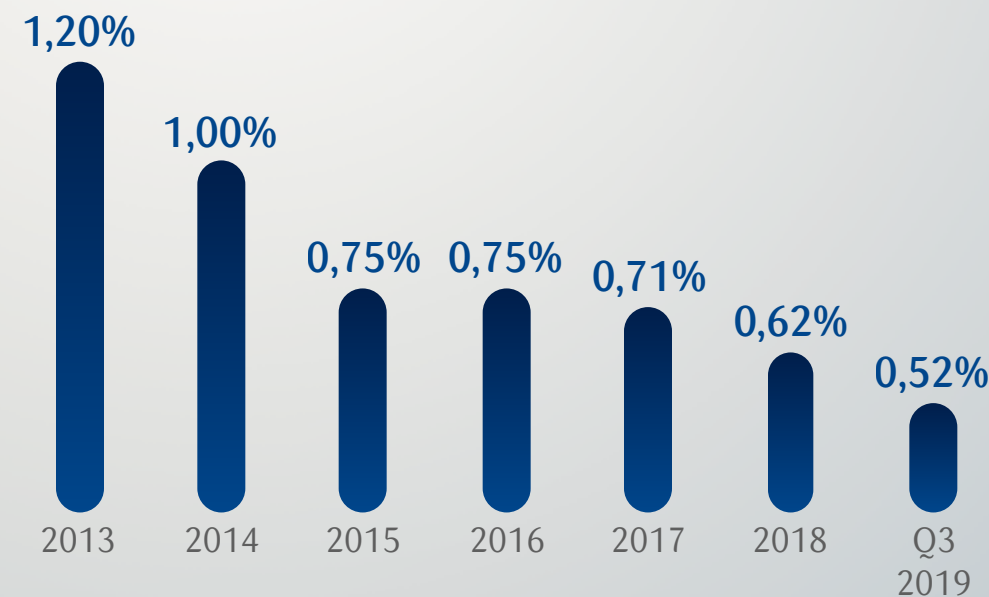
Rafał Kozłowski  
CFO of PKO Bank Polski

Warsaw, 18 November 2019

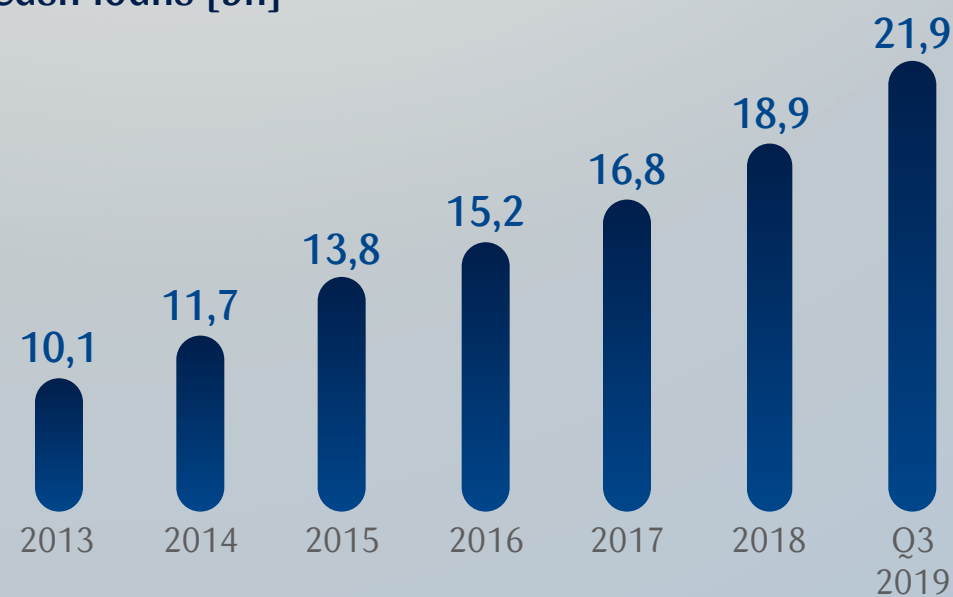
Risk management -  
can we do better than  
our competitors?



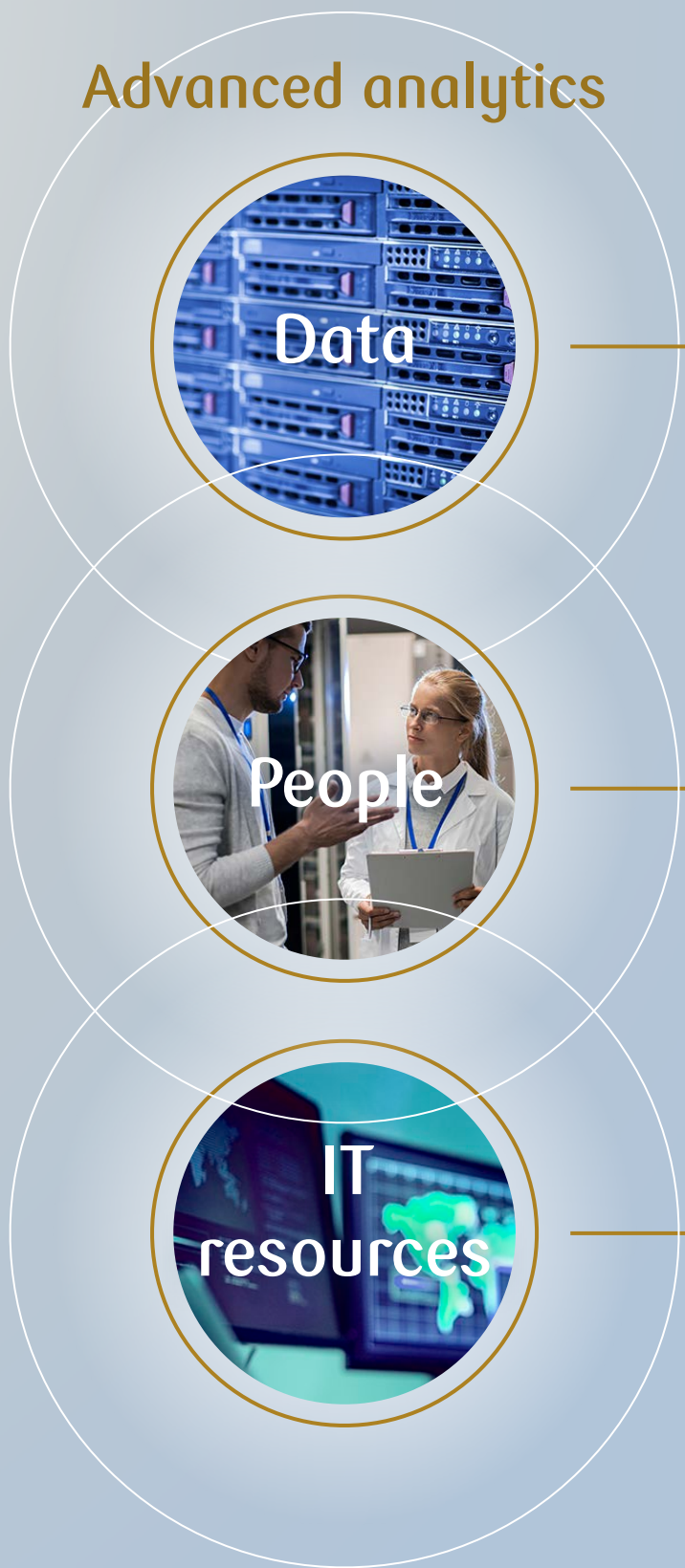
Cost of risk - Bank



Cash loans [bn]



### Advanced analytics



- Access to the largest sets of data
- Over 11 mn clients
- 2.5 bn transactions annually



- Data Scientist Teams
- New competences in Risk division
- Algorithm in credit policy



- Flexible analytical environment
- Online analytics

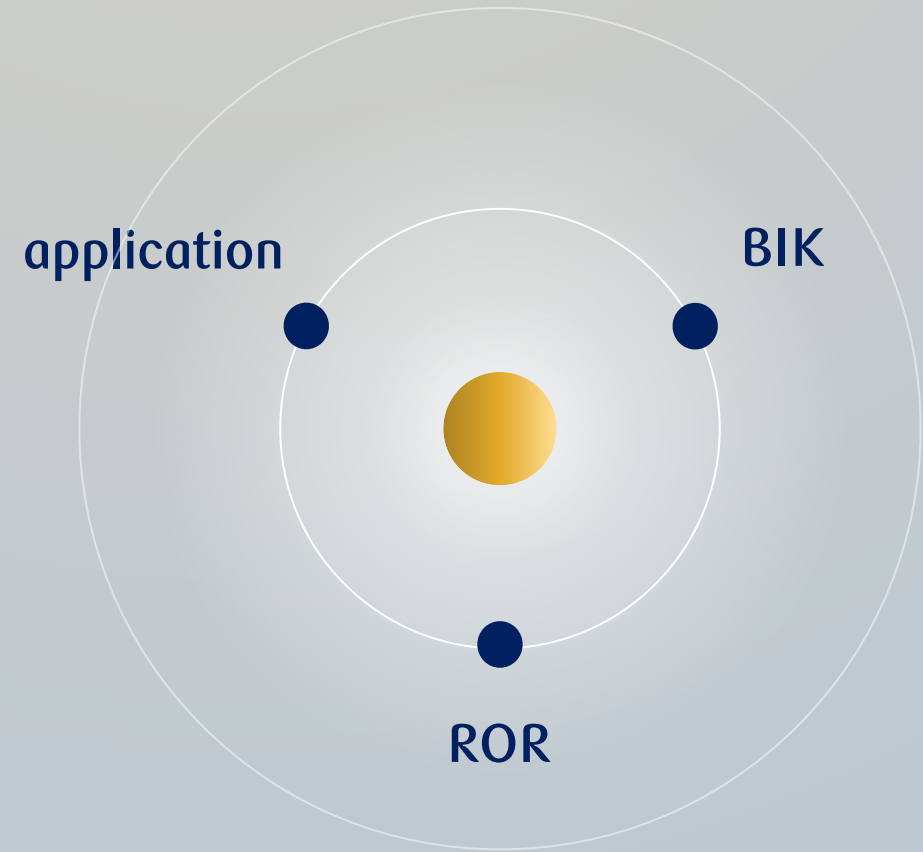
# Advantage due to intelligence



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2016

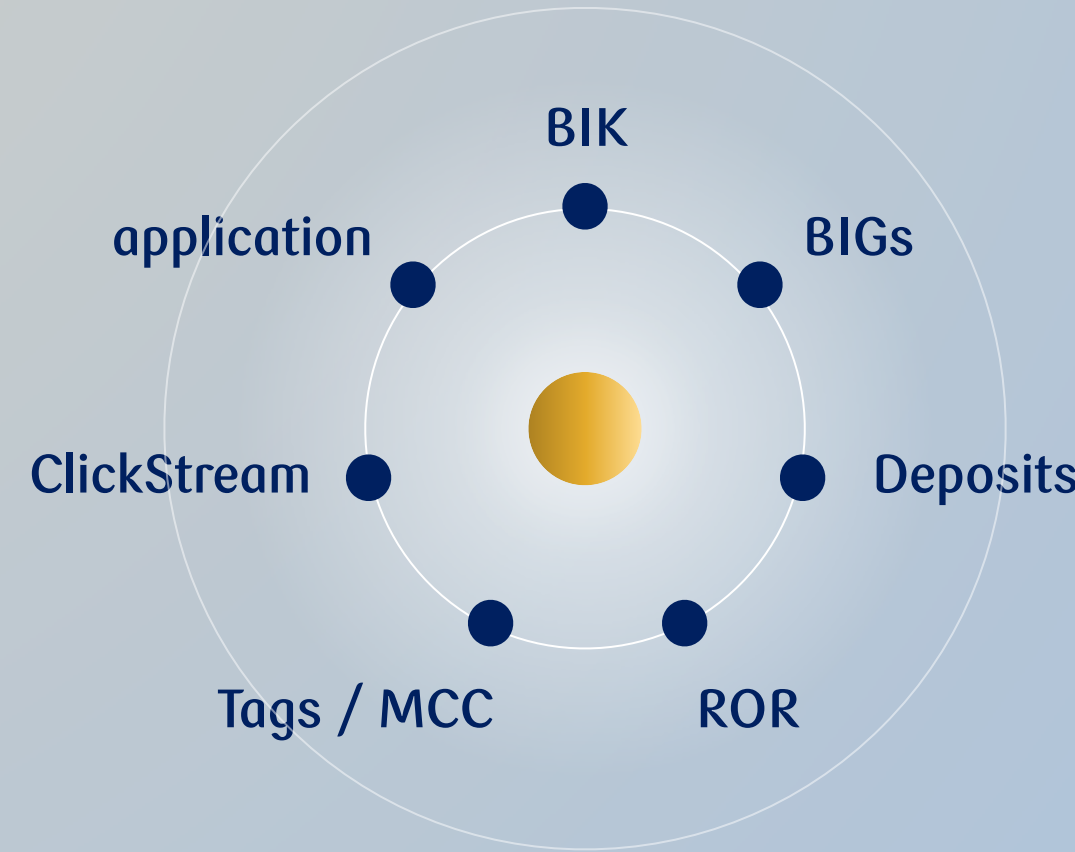
## Product scoring



2018

## Customer scoring

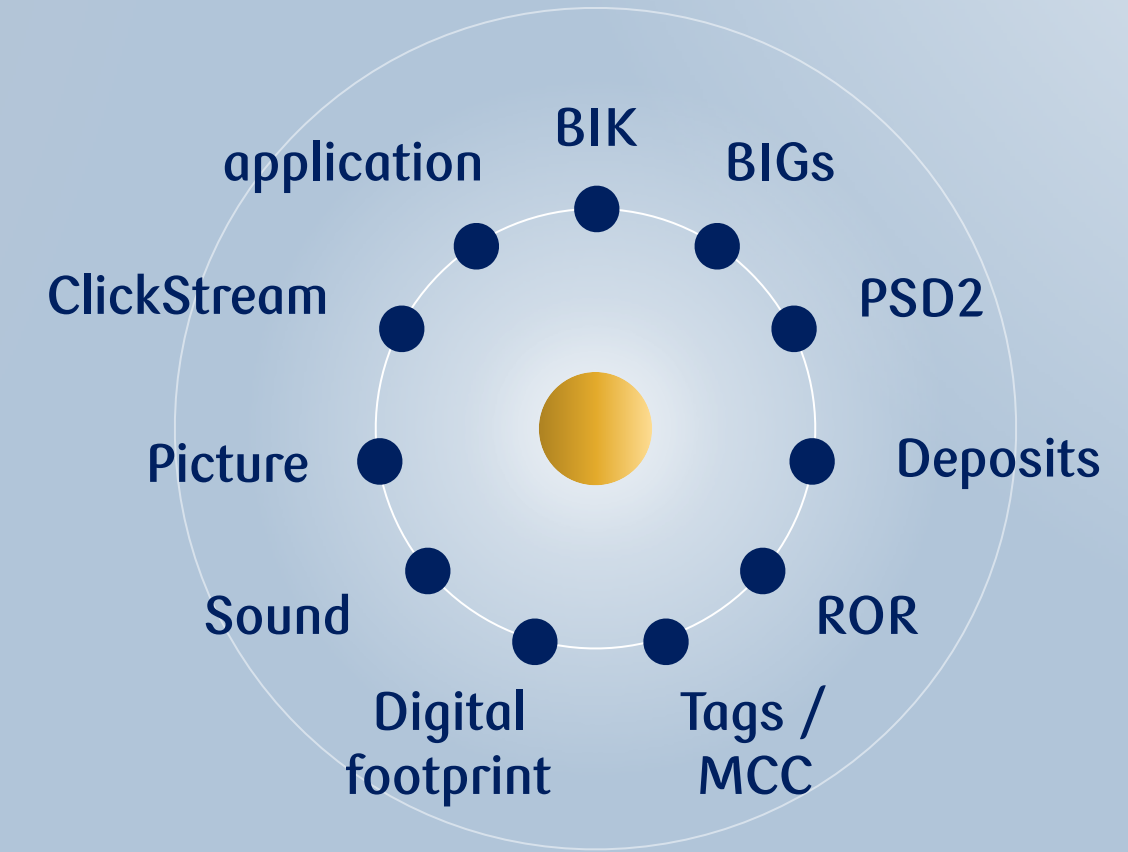
+ supplementary data



2022

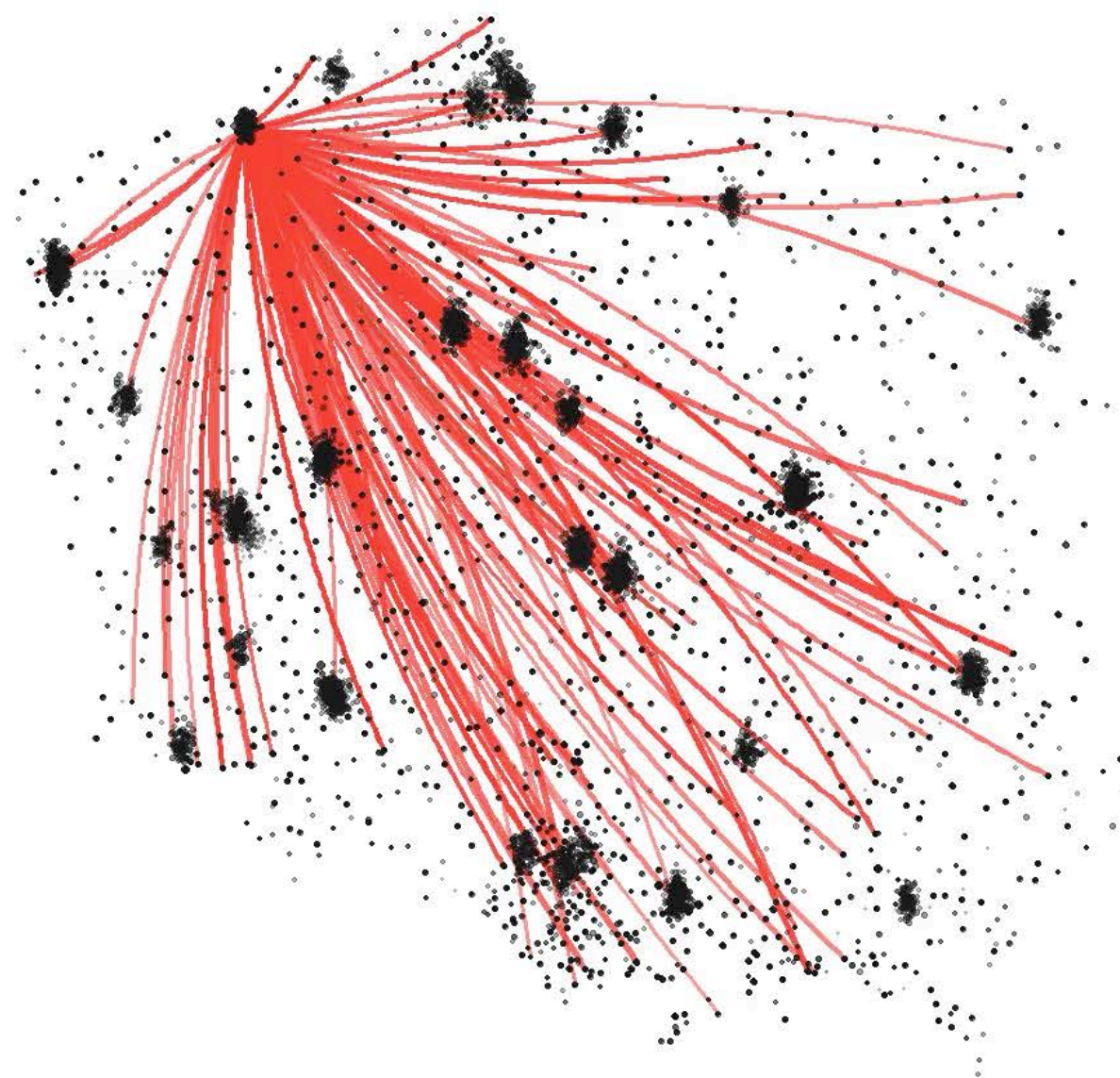
## Machine Learning & Streaming analytics

+ access to unlimited data  
+ advanced analytics

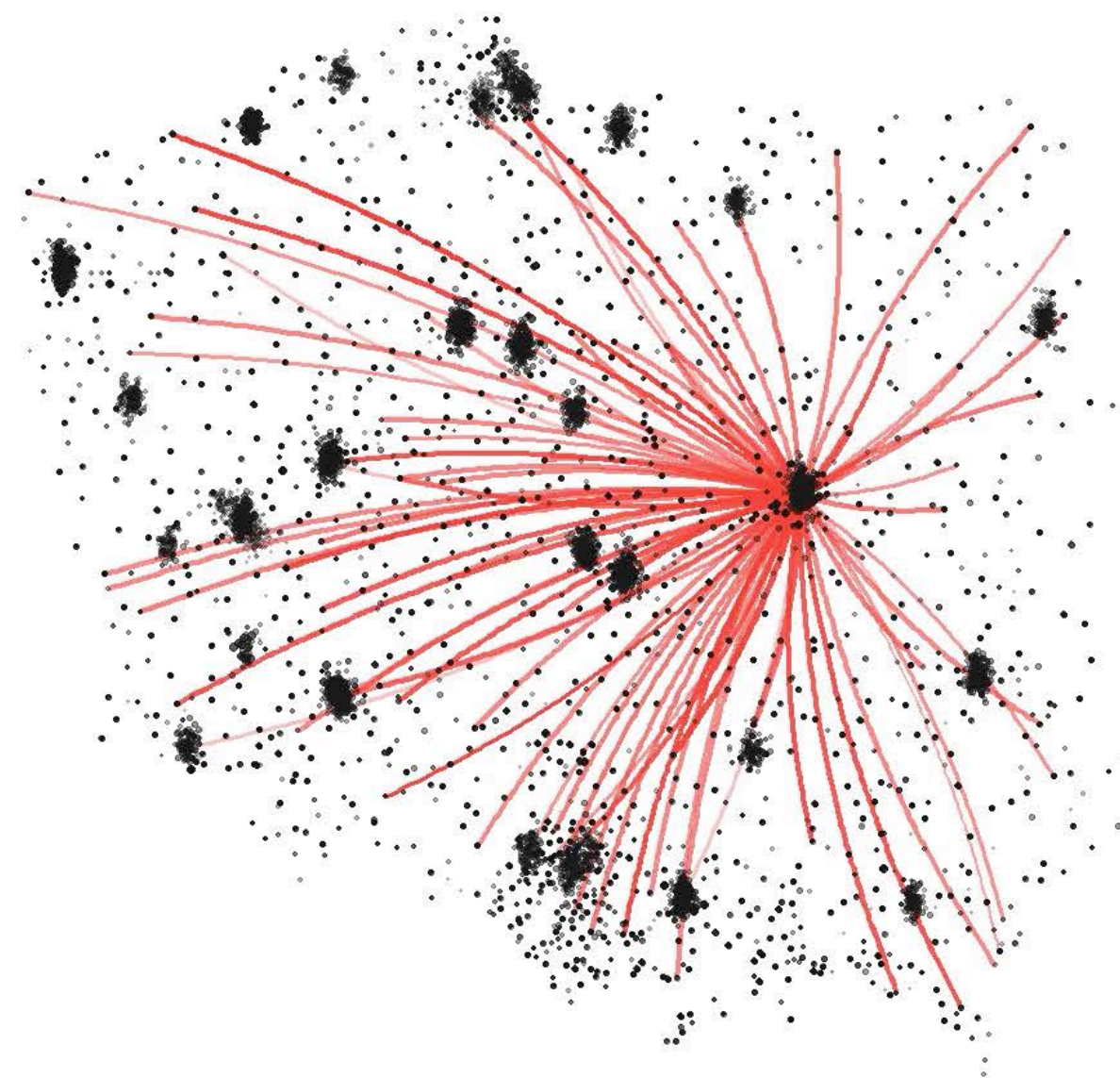


Corporate business  
Advanced analytics  
in risk assessment process

Client A



Client B

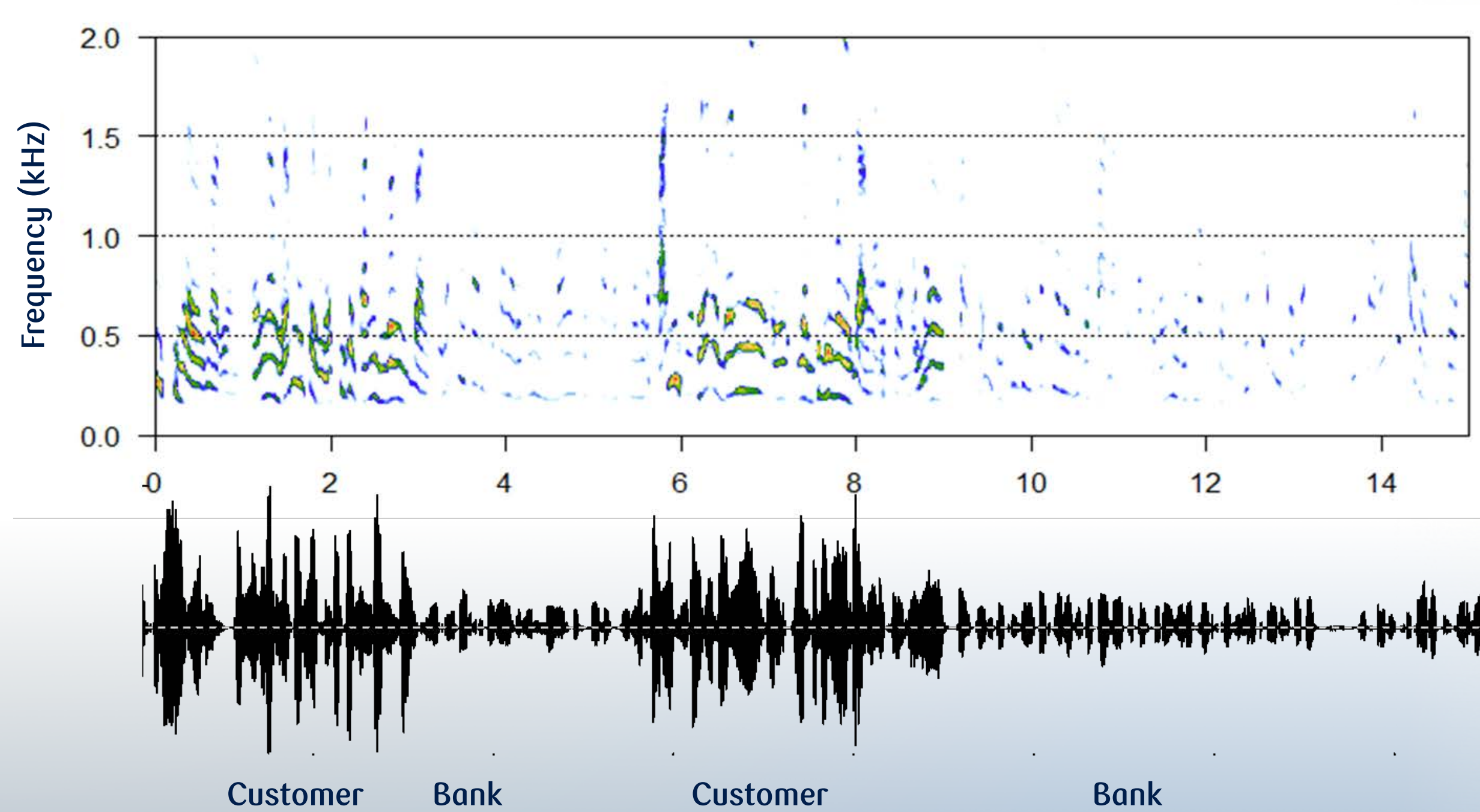


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# Restructuring Voice analysis – improvement in recovery process



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# Strategy of PKO Bank Polski: PKO Banking Platform based on four pillars

## Shaping competences of the future

Motivated and committed Team with competences tailored to new business challenges, working in agile methodology, using best in class technologies.

## Digital and efficient

Digital and automated processes with minimal manual handling requirements, no paper, no signature, fast and secure Bank in the cloud.

## Mobile, connected, personal

Digital banking model leveraging advanced analytics to provide personalized experience in Clients' everyday moments.

## Open, innovative

Leveraging open banking opportunities, strategic partnerships and cloud solutions to offer clients innovative solutions.



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*„PKO Banking Platform”*

## Macroeconomic and banking sector forecasts



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### MACROECONOMIC FORECASTS

	CAGR 2016-19		CAGR 2020-22
Real GDP	4,4%	▼	3,6%
Nominal GDP	5,7%	▼	5,5%
Investments	3,4%	▼	3,1%
Private consumption	4,4%	▼	3,7%
Unemployment rate (LFS)*	4,6%	▼	4,0%
Nominal income of households	5,7%	▲	6,7%
Inflation (CPI)*	1,3%	▲	2,3%
NBP reference rate*	1,5%	●	1,5%
EUR/PLN*	4,29	●	4,31

\* Average of period  
Source: Statistics Poland, National Bank of Poland, Reuters, PKO Bank Polski forecasts.

### FINANCIAL SECTOR FORECASTS

	CAGR 2016-19		CAGR 2020-22
Loans*	5,8%	▼	5,5%
Consumer and other*	8,2%	▼	7,3%
Mortgages PLN	11,1%	▼	9,6%
SMEs*	6,5%	▼	4,3%
Deposits*	7,5%	▼	6,6%
Private individuals	8,2%	▼	7,6%
Institutional entities	5,0%	▼	4,8%
	2019		2022
L/D	96,8%	▼	93,6%

\* FX-adjusted

Banking sector  
headwinds in 2020-22

FX-denominated  
mortgages

Mounting pressure  
on personal costs



Sector divergence

MREL

Mounting consumer  
protection



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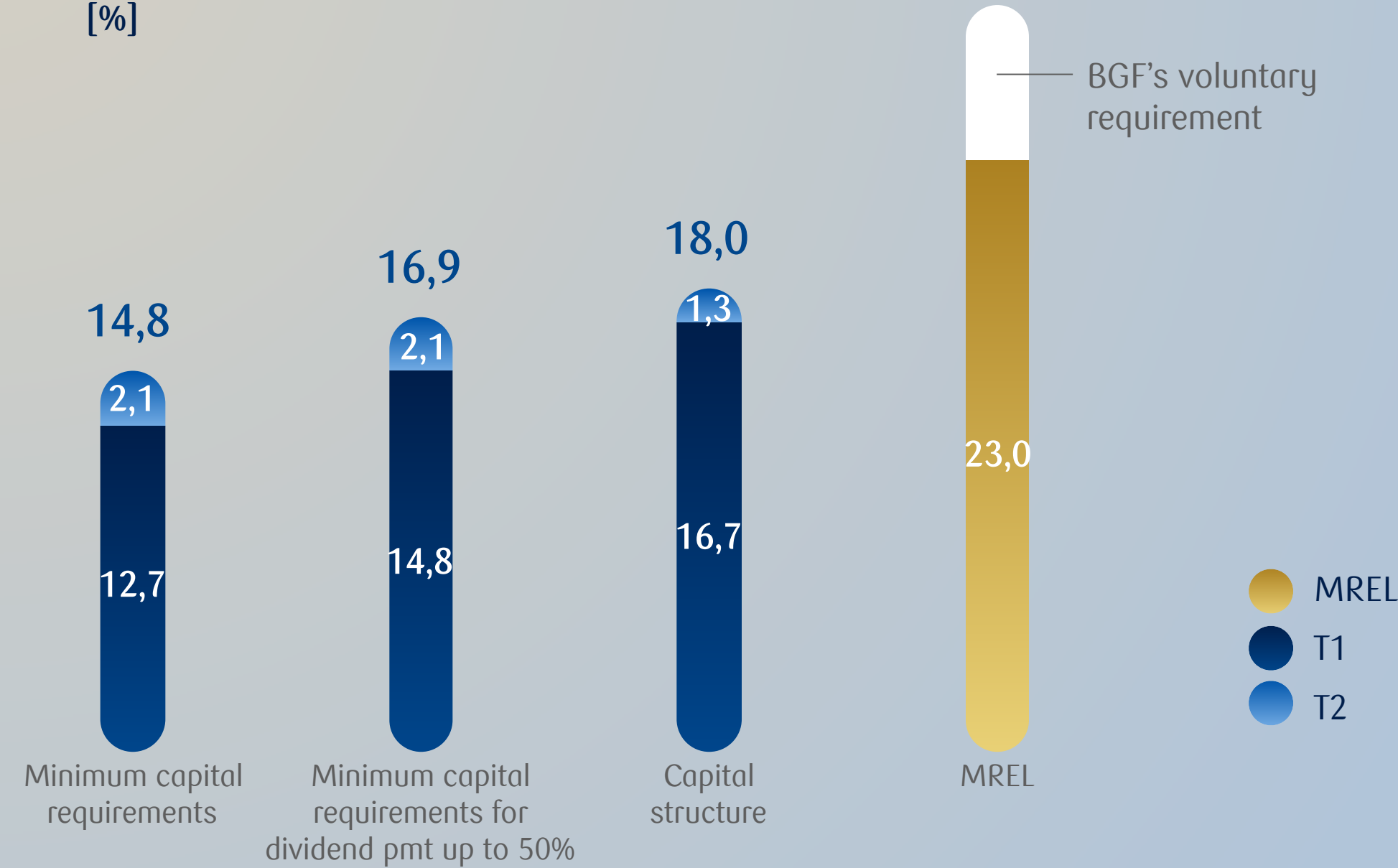


# Solid capital position



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Capital requirements PKO Bank Polski Group<sup>(1)</sup>  
[%]



BGF's voluntary requirement

Credit rating

Long-term liabilities

**A3**  
with stable  
outlook

- MREL
- T1
- T2

<sup>(1)</sup> T1: CRR 6% + systemic risk buffer 2.9% + conservation buffer 2.5% + OSII buffer 1% + countercyclical buffer 0.005% + FX buffer for the Group 0.27% + ST buffer 0.66%  
TCR: CRR 8% + systemic risk buffer 2.9% + conservation buffer 2.5% + OSII buffer 1% + countercyclical buffer 0.005% + FX buffer for the Group 0.36% + ST buffer 0.66%

Own funds above the dividend criteria (surplus capital amounting to PLN 2.2 bn).

PKO Banking Platform  
2020 -2022  
Financial and  
operational goals



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ROE  
**12%**

Cost/Income  
**~41%**

Dividend  
payment  
**Ability to pay  
dividends**

Net profit  
**> 5 mld PLN**

Cost of risk  
**0,60%-0,75%**