

1H'24 Financial results

Improvement in credit activity

Warsaw, August 8th, 2024

Another good quarter for Bank Pekao



Recurring net profit up 4% y/y



Revival of lending and growth of loan portfolio by 6% y/y



Robust capital position



NPL ratio below 5%

AGENDA

▶ **Key achievements**

▶ Macro & Financial results

▶ Appendix

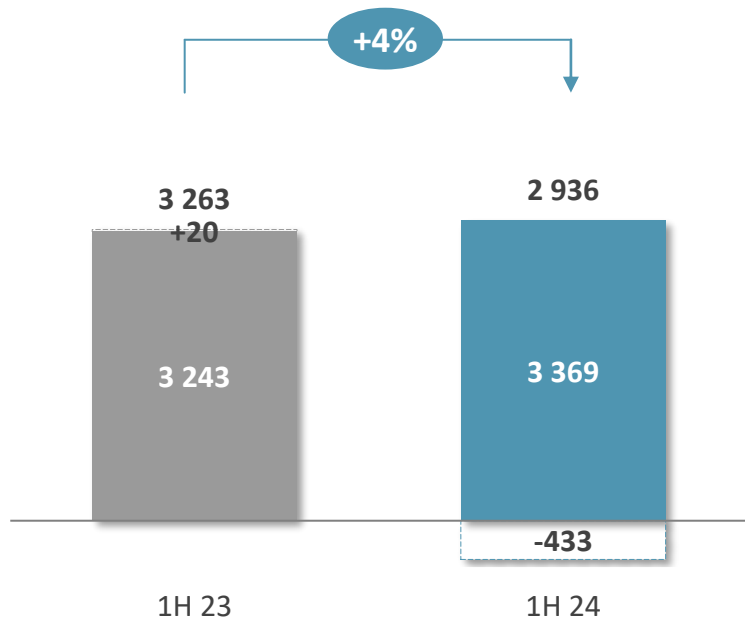




Recurring net profit up 4% y/y

Net profit generation

PLN m



XX

Dynamics adjusted for payment moratoria effect and CHF mortgage loans provisions

Key levers of financial performance in 1H'24



Profitability: Reported net profit impacted by payment moratoria and additional provisions for CHF mortgage loans



Net interest margin: Further growth in net interest margin (excluding payment moratoria effect) in high interest rate environment



Business activities : Further growth in volumes in retail segment. Continuation of positive trends in enterprise banking segment



Value for investors

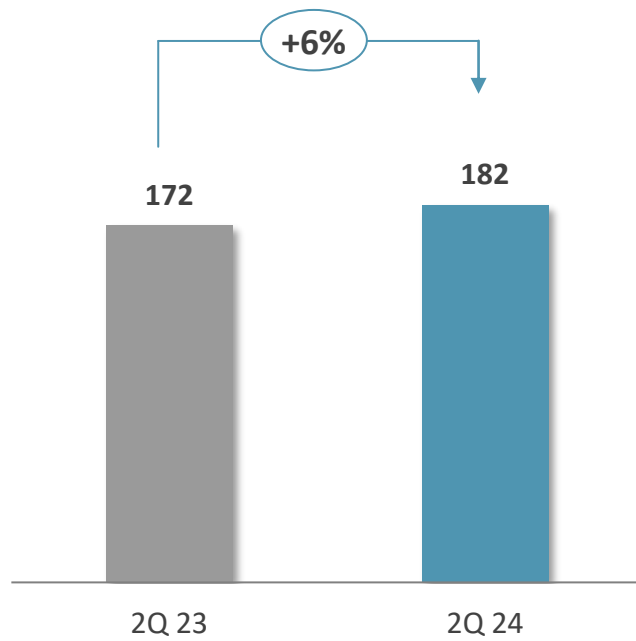
**Diversified business model with strong balance sheet and good capital position.
Ongoing focus on digital transformation**



Revival of lending. Loan portfolio growth dynamics +6% y/y

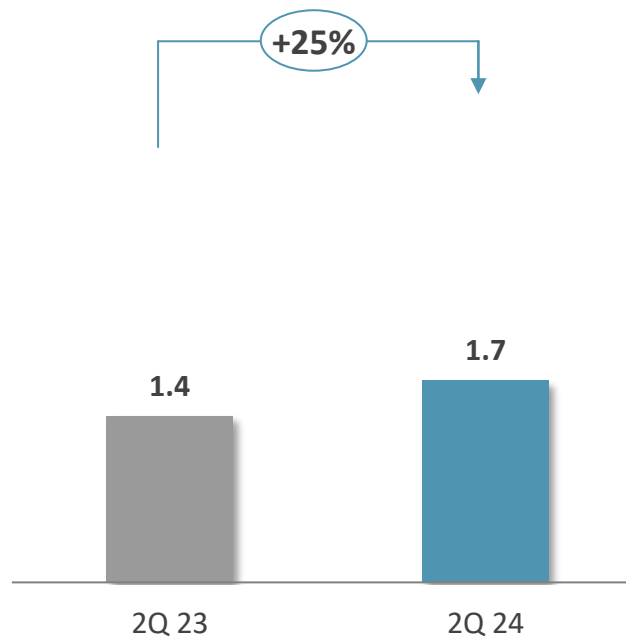
Loan portfolio

PLN bn



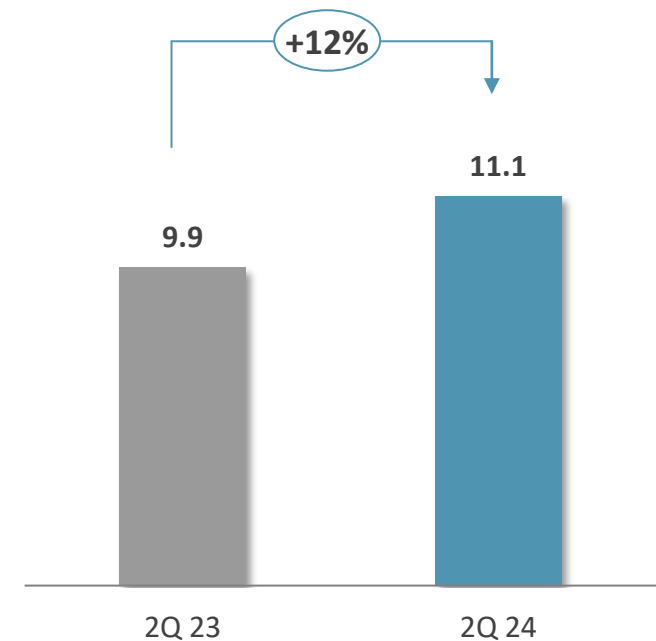
New sales of cash loans

PLN bn, net



SME financing volume

PLN bn



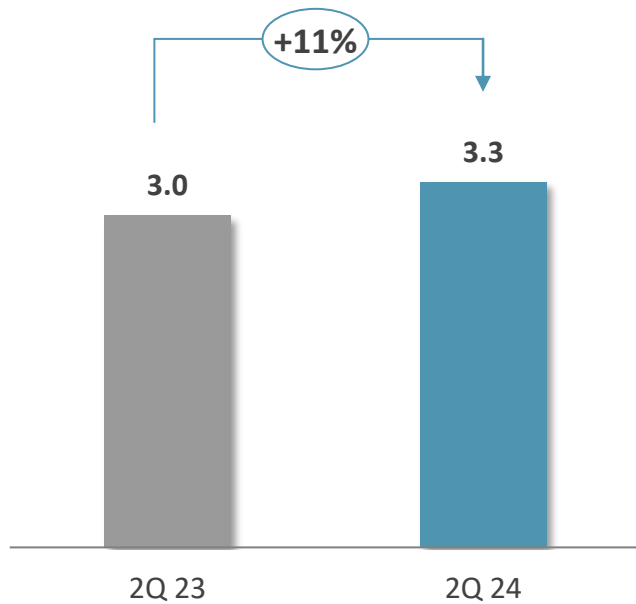


Dynamic growth of active mobile banking customers - strategic goal of 3.2 m exceeded by 100 ths

Active mobile banking customers

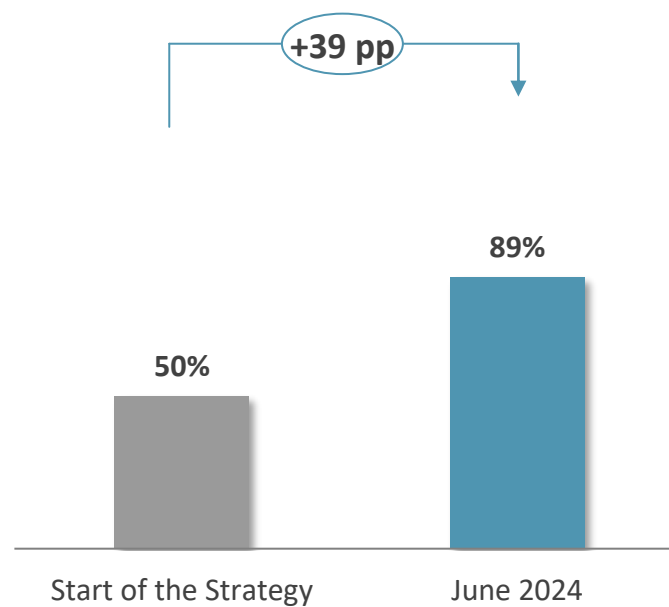
m

3.0 m Number of active PeoPay users (+15% y/y)



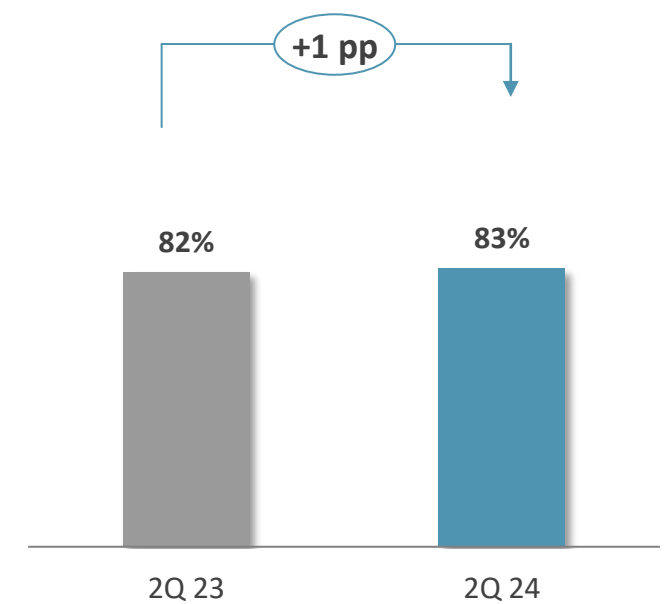
Digitisation rate¹

%



PEX digital sales of total

%



¹ Digitisation rate defined as the percentage of processes that a customer can perform in digital channels in the entire offer of retail banking processes and services



We are changing for our customers - new functions in electronic channels in 2Q'24



- **Piggy banks** - ability to save money for selected purposes
- **Further personalization options** - backgrounds for passions related to sports and music and for Private clients
- **Customer data update mechanism in PeoPay** triggered by CRM actions
- **Credit products for business segment customers**
- **Presentation of client's insurance:** PZU travel insurance, PZU property insurance for Mortgage Loan, PZU life insurance for Mortgage Loan, PZU insurance for Credit Card with Wisent
- **VAS – geolocation** in parking lots and public transport tickets before logging in
- **Parent panel** - managing access to accounts of teenagers 13+
- **Your products in Pekao24** – new tab in the menu with the customer's products organized into categories



We consistently support development of our clients



PLN 2 bn

3Y Bonds, 6Y Bonds
Sustainability Linked Bonds

Joint Lead Manager, Dealer,
Programme coordinator



PLN 1.5 bn

3Y Bonds

Sole Arranger, Dealer



PLN 1 bn

7Y Bonds

Joint Lead Manager



For another year in a row, Bank Pekao won on the Polish market in the **Treasury & Cash Management Provider** category and was recognized as **the best bank in Payments category in Central and Eastern Europe** by Global Finance magazine



EUR 200 m

15Y Eurobonds

Dealer



PLN 741 m

Investment loan

MLA



PLN 550 m

Bond issue programme

Programme Agent

Bank Pekao for the 12th time was recognized by Global Finance magazine as **the best custodian bank in Poland** and won the **Global Finance Best Sub-Custodian Bank award**



We are on track to fulfill our 2021-2024 Strategy



Strategic goals of Bank Pekao

	1H'23	1H'24	2024
	Execution	Execution	Target
ROE (%)	26.2	19.9	~10 ¹
C/I (% , incl. BGF)	33.0	36.7	42
Active mobile banking customers (m)	3.0	3.3	3.2
Digitisation rate (%)	~50 ²	89	~100

¹ Assuming the NBP reference rate at 0.1%

² Starting value for the new strategy adopted and published in March 2021



Implementation of ESG Strategy published in June'21



Dividend payment of 50% of net profit from 2023 and undistributed profit from 2019



▶ Key achievements

▶ **Macro & Financial results**

▶ Appendix

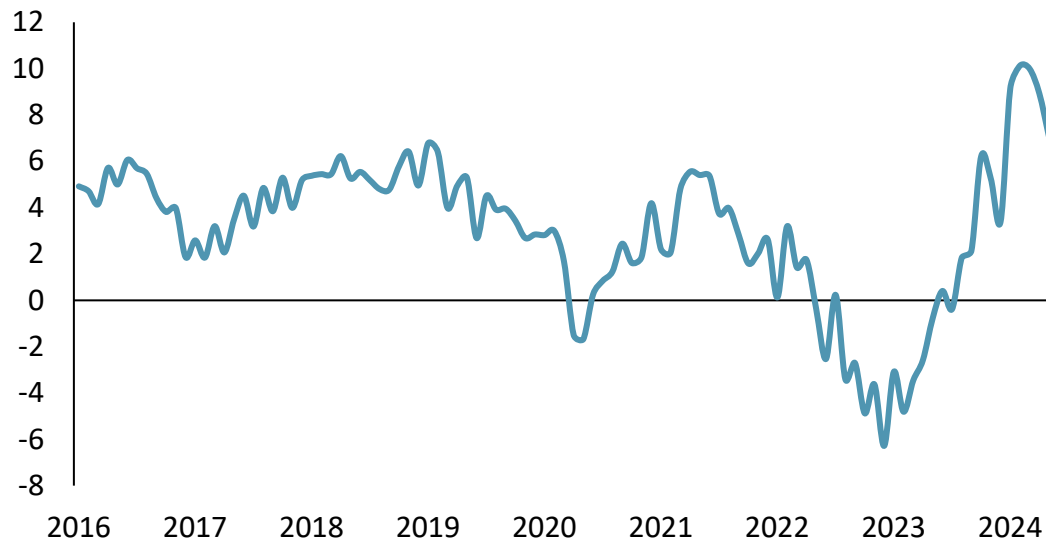




Economic situation in Poland is systematically improving, driven by increase in wages and recovery of consumption, especially services

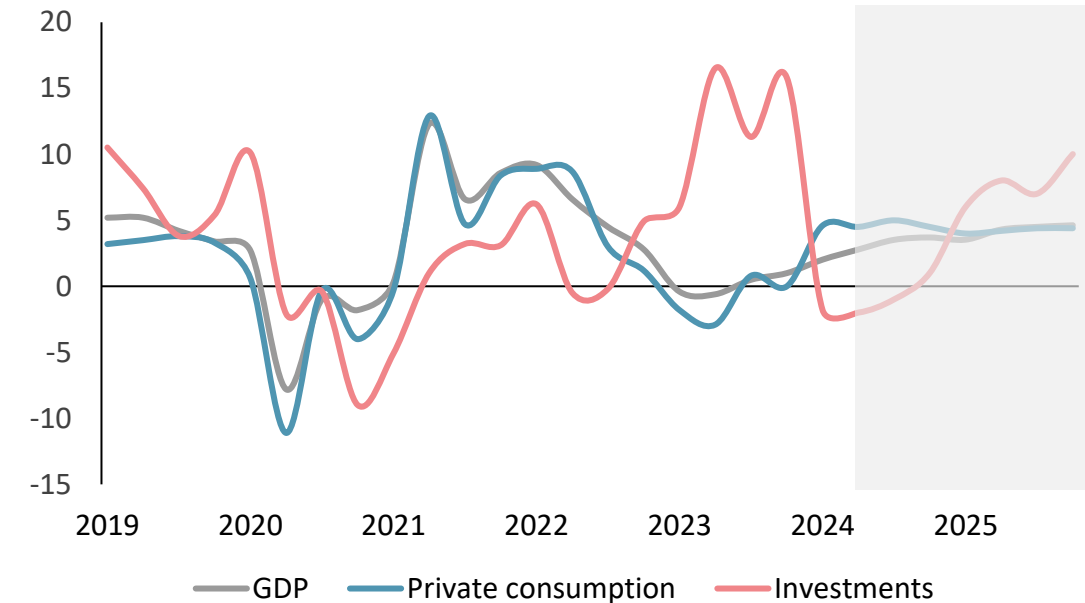
Real wages growth in Poland

Wage dynamics in the enterprise sector adjusted by CPI inflation, % y/y



Poland's GDP and its main components

% y/y

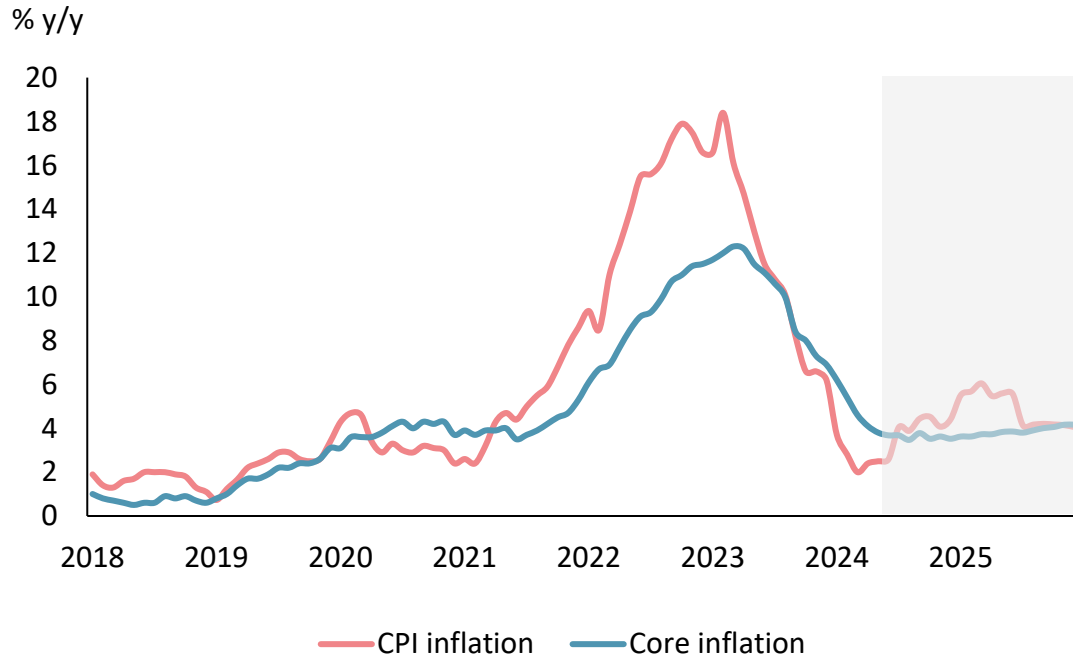


- Economic growth in Poland is consistently accelerating. In 1Q'24 it was 2.0% y/y. In 2Q'24, according to our forecast, it was 2.8% y/y. In H2'24, GDP dynamics will exceed 3% y/y. Consumption remains the driving force of growth, driven by wage increases. Investments fall due to the EU funds cycle.
- For 2025, we expect further acceleration of GDP growth (up to 4.3% y/y on average annually) due to the actual launch of investments financed from National Recovery Plan funds (currently they are only in the preparatory phase). The risk to this forecast is the slowdown in growth in the euro zone.

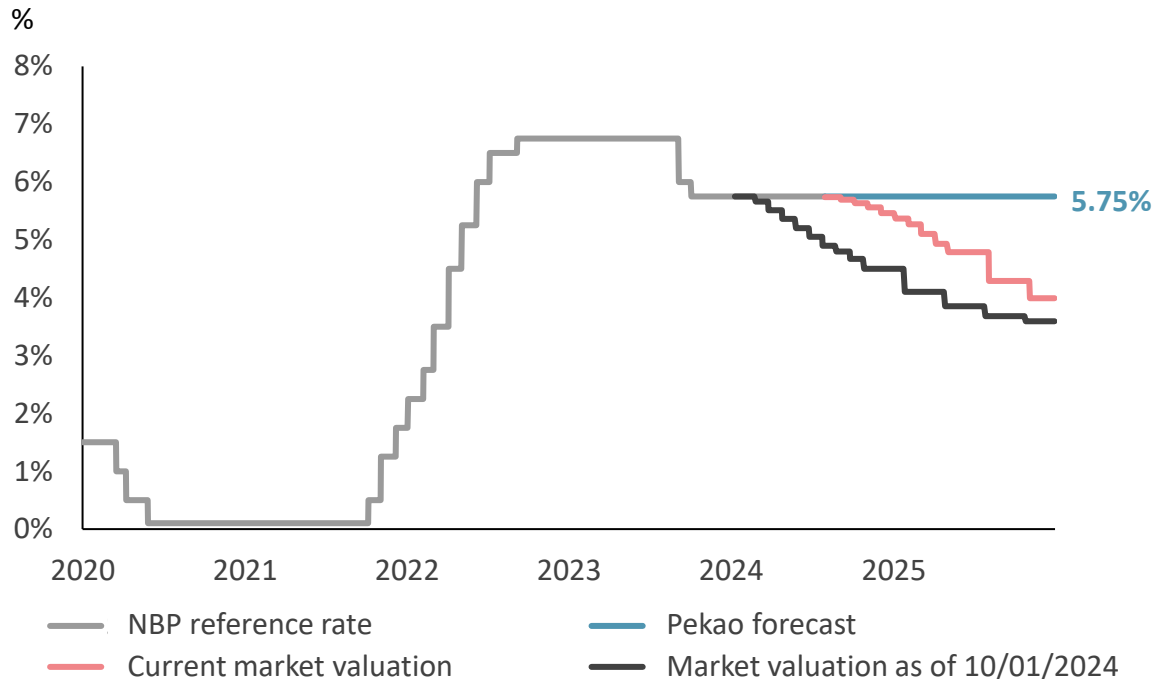


Inflation rebound on the horizon, the Monetary Policy Council will not change the rate level

Inflation and core inflation with forecast



NBP interest rate with expectations



- In 1H'24, inflation was within the NBP target, but this was a short-term stay. Since July, due to the partial unfreezing of energy prices for households, inflation will exceed 4% y/y. At the end of 2024, inflation will be around 4.5% y/y. Core inflation will rebound very slowly.
- We further assume that NBP rates will remain unchanged at least until the end of 2025. The market expects much faster cuts, pricing in negative impact of high real rates on economic situation. However, the MPC remains strongly hawkish, given the uncertainty related to the scale of recovery, continued high wage dynamics and resulting rebound in inflation in H2'24. The latest NBP forecasts indicate permanent return to the inflation target only in 2026.

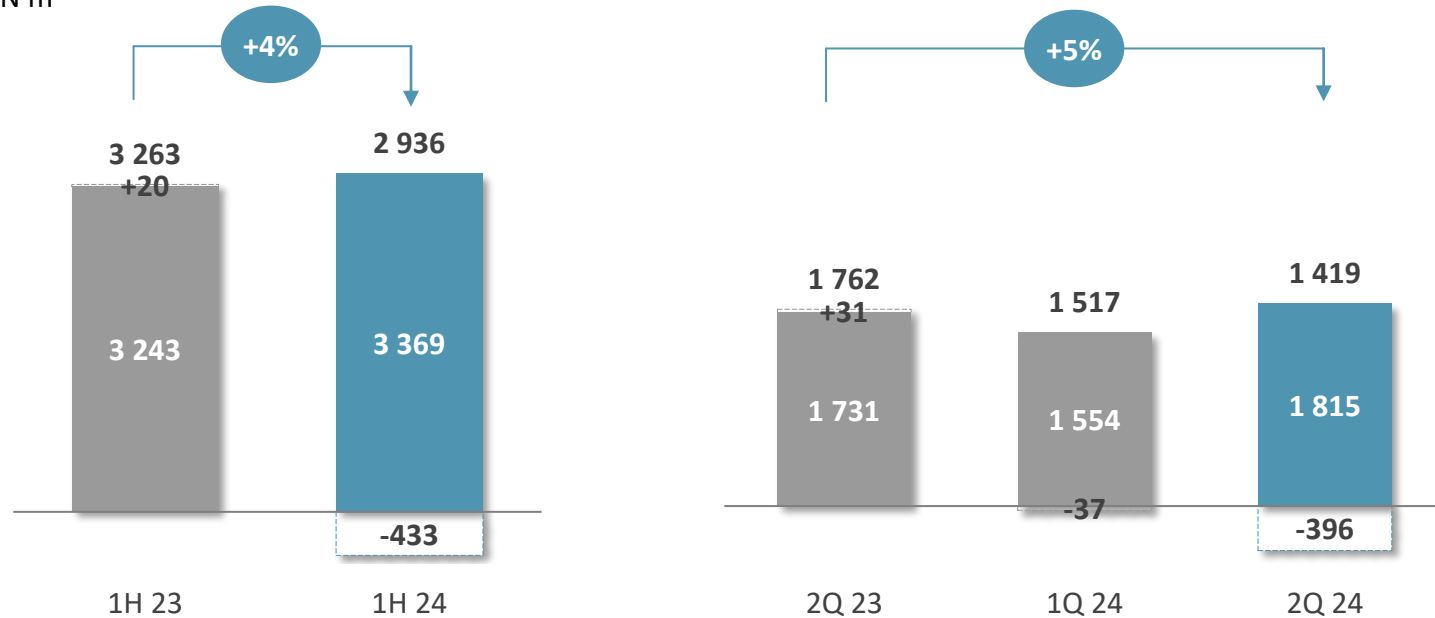
Source: Pekao S.A., Statistics Poland, NBP, Refinitiv



Recurring net profit up 4% y/y in 1H'24

Net profit generation

PLN m



XX

Adjusted dynamics

Includes:

- effect of payment moratoria (2Q'23: +PLN 65 m net, 2Q'24: -PLN 190 m net)
- CHF related provisions (1Q'23: -PLN 11 m net, 2Q'23: -PLN 34 m net, 1Q'24: -PLN 37 m net, 2Q'24: -PLN 206 m net)

Increase in recurring net profit in 1H'24 mainly due to:

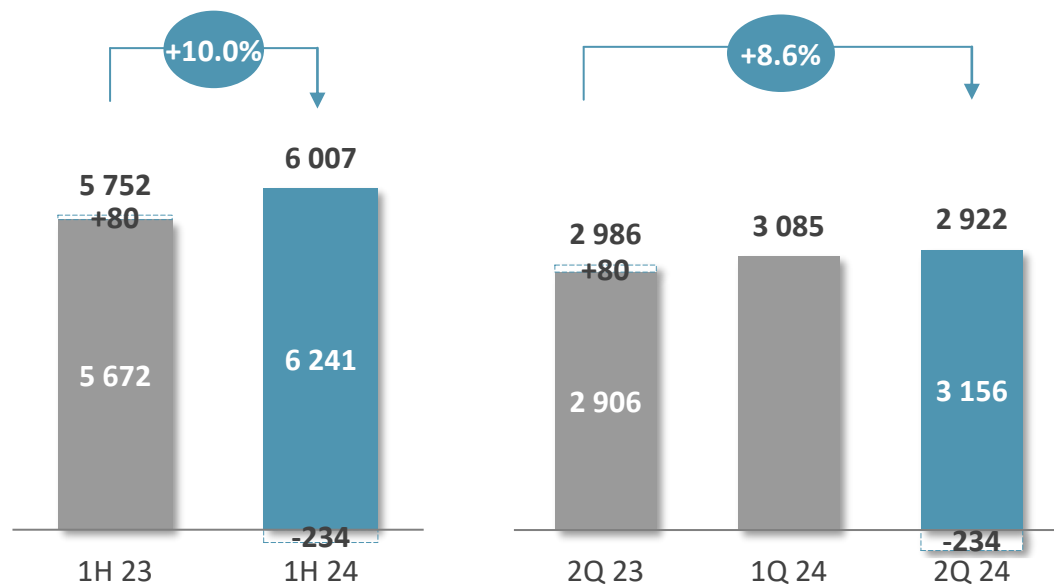
- increase in net interest income (+10% y/y) despite market rates lower by ~100 bps
 - increase in loan (+6% y/y) and deposit volumes (+13% y/y)
 - higher NIM (+7 bps y/y)
- RoE in 1H'24 at 19.9%
 - Cost/Income ratio (inc. BGF) in 1H'24 at the level of 36.7%



Further growth in net interest income and adjusted net interest margin despite lower market rates

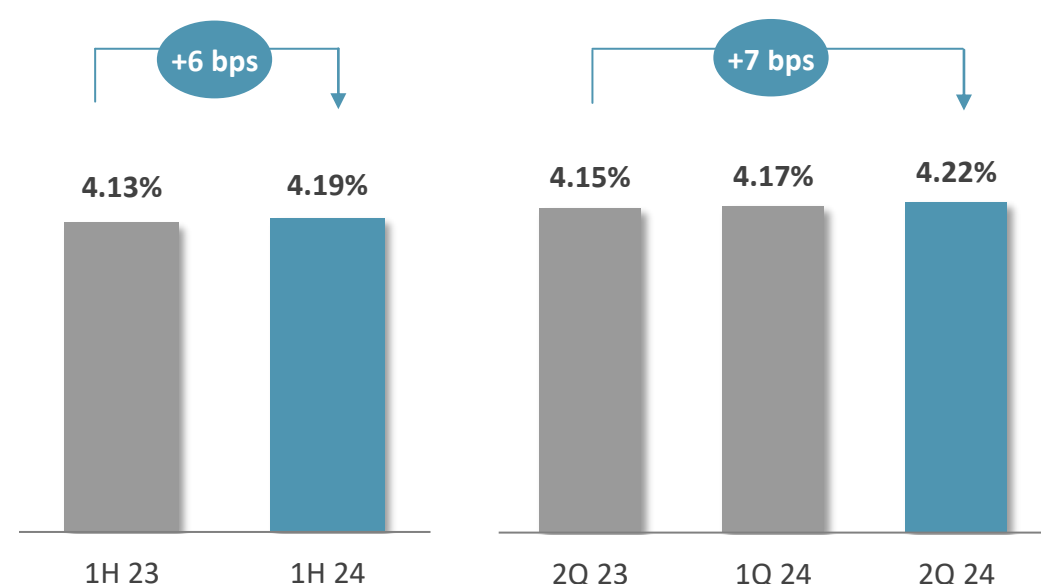
Net interest income

PLN m



Net interest margin (adjusted for effect of payment moratoria)

%



XX Dynamics excluding negative impact of payment moratoria

Effect of payment moratoria

Average
WIBOR 3M

6.92%

5.86%

6.90%

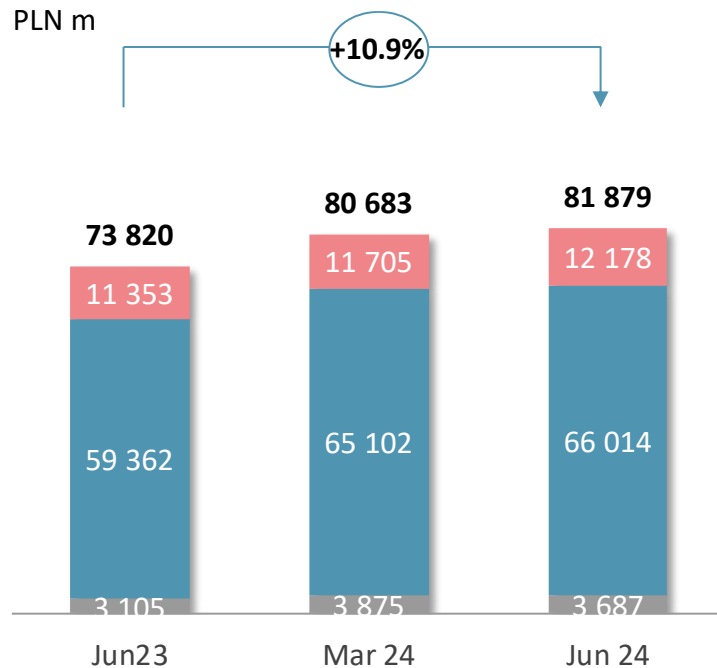
5.86%

5.86%



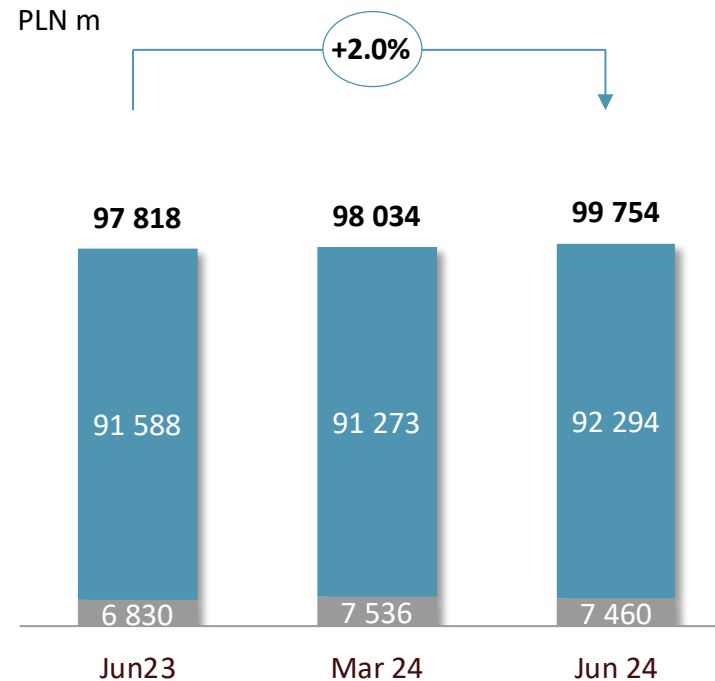
Retail loan volume growth by 11% y/y. Increase in volume of loans to small and medium-sized enterprises by 8% y/y

Retail loan volumes¹



- Consumer loans
- PLN mortgage loans
- Other retail loans

Corporate loan volumes²



- Corporates
- Other corporate loans (Public sector)

- Total loans increased by 6% y/y
- +11% YoY growth in retail loan portfolio, including:
 - +11% y/y growth in mortgage loan volume with PLN 6.6 bn in new mortgage sales in 6M'24 (over 3x more y/y)
 - +7% y/y growth in cash loan volume with +24% y/y growth in sales
- Corporate loans up 2% y/y, driven by +8% y/y increase in enterprise loans (MID + SME), with customer acquisition up 15% y/y and expanded product offering

¹ Gross loans

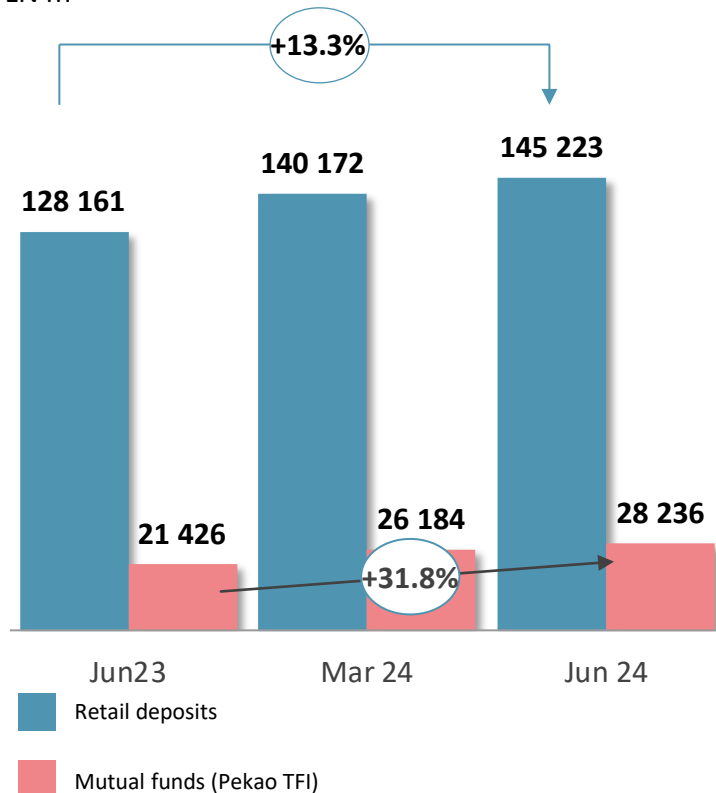
² Gross loans, Corporate and Enterprise segments including leasing and factoring, excl. BSB and reverse repo transactions.



Increase in total deposit base by 13% y/y and increase in volume of investment funds by 32% y/y

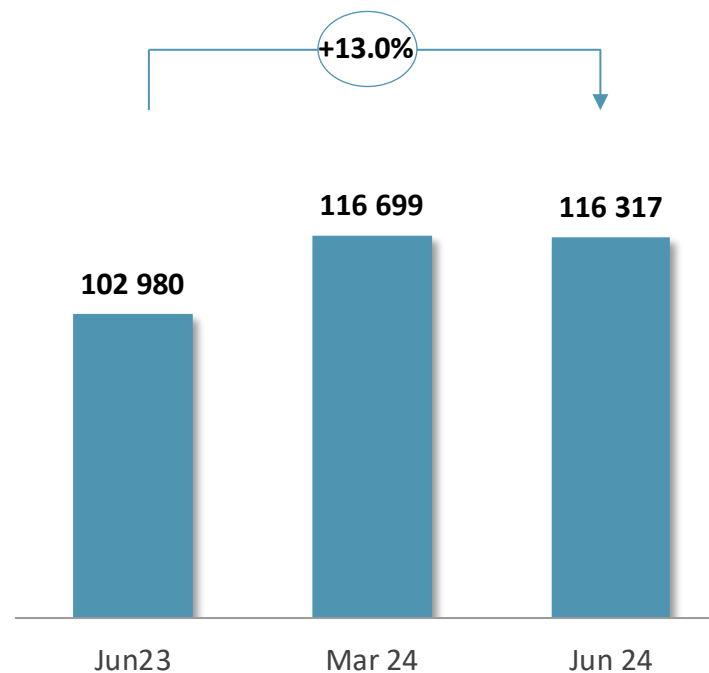
Customer retail savings

PLN m



Corporate deposits

PLN m



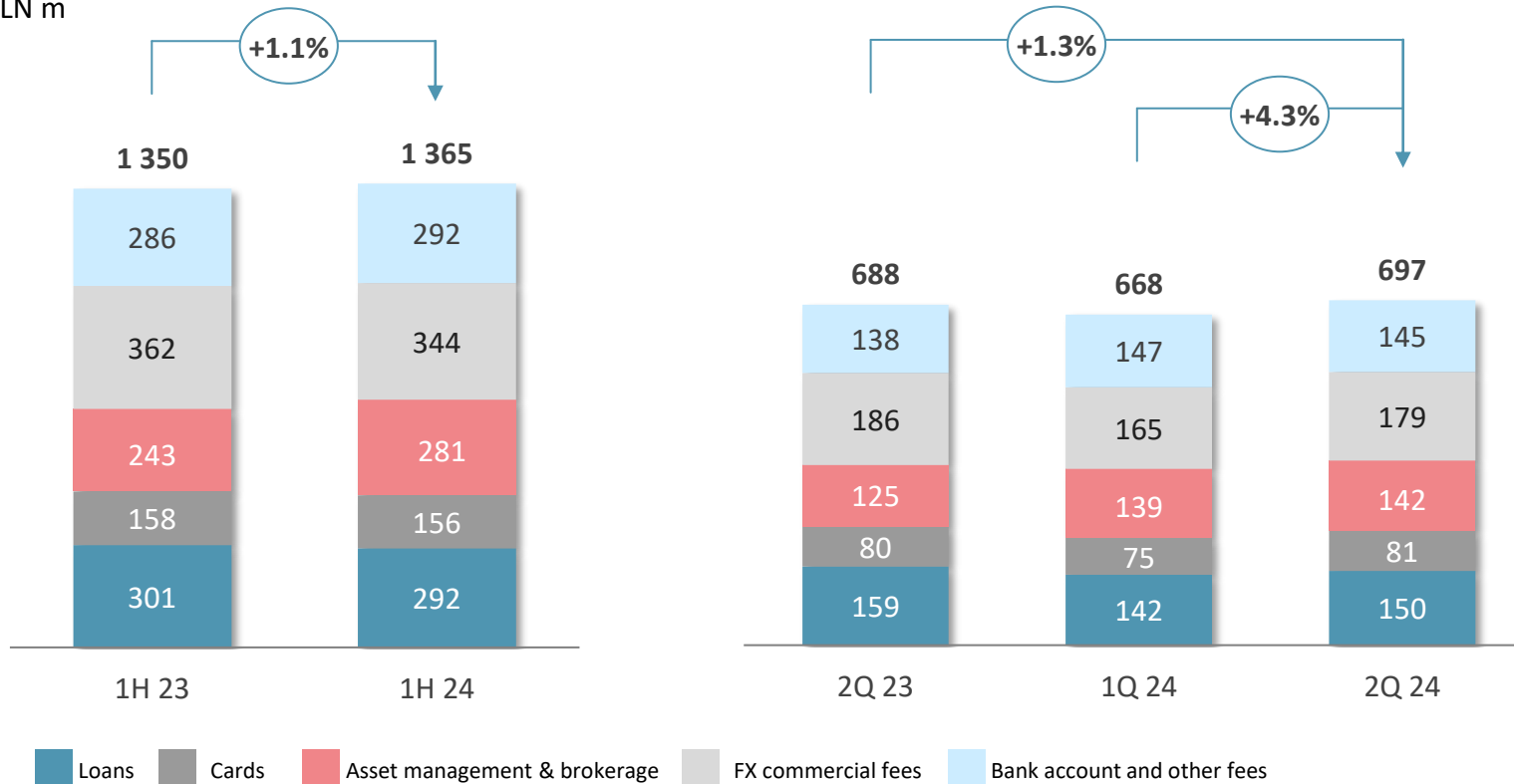
- Total deposit base increased by 13% y/y
- Faster growth of retail deposits than the market, supported by high acquisition of new customers and high sales of savings accounts (increase of ~200 ths YTD)
- Record net sales of investment products PLN 9.2 bn in 6M'24 (+79% y/y)



Stable net fee and commission income +1% y/y

Net fee and commission income

PLN m



- Growing contribution of capital market-related income, including asset management and brokerage services due to improving market conditions
- Positive effects of distribution of treasury Bonds (PLN 5 bn in sales in 6M'24)

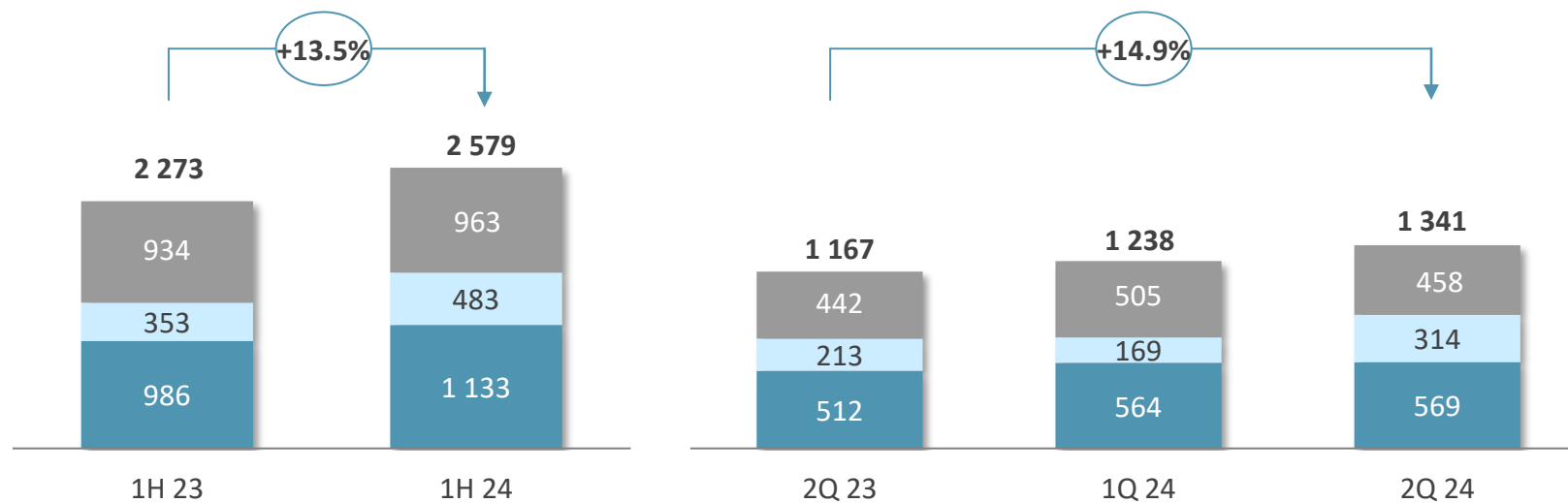


Cost/Income ratio below strategic assumptions

Operating costs

PLN m

Employment
in Pekao
Group (ths)



■ Fixed personnel costs
 ■ Variable personnel costs
 ■ Non-personnel, D&A costs

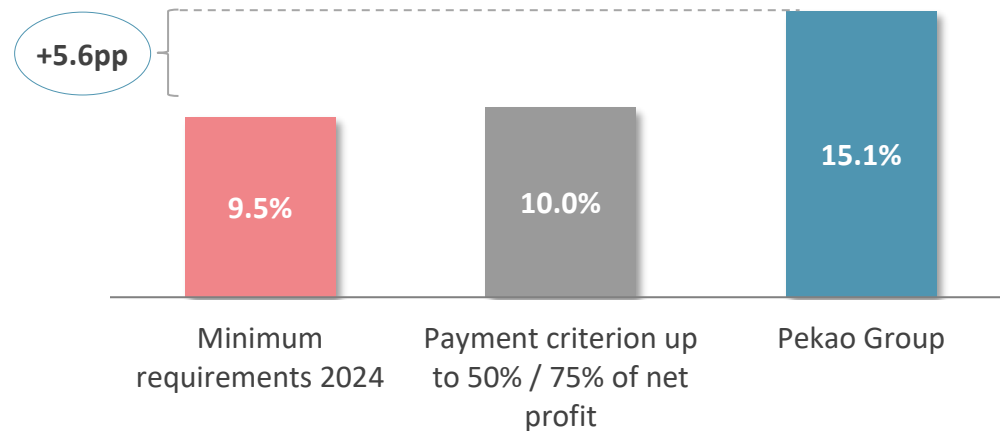
- Increase in personnel costs mainly due to inflationary indexation of salaries and building own resources in IT and AML areas, as well as due to temporary or one-off events
- Material costs and depreciation +3% y/y
- Increase in contributions to BGF by 25% y/y
- Cost/Income ratio (inc. BGF) at the level of 36.7% in 6M'24



Robust capital position. Dividend potential in line with the strategy (50-75% of net profit). We are prepared for expected increase in countercyclical buffer

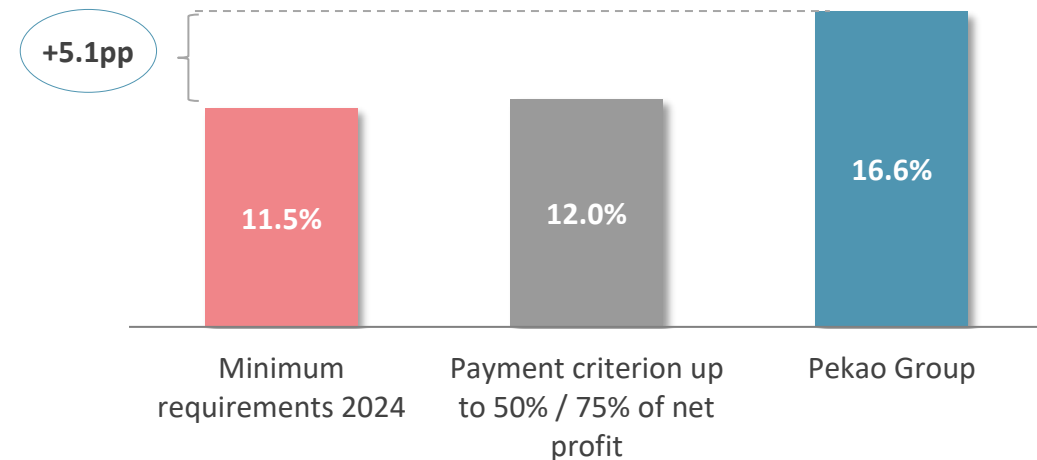
Tier 1

%



Total capital adequacy ratio

%



- Given >5 pp surplus over the regulatory minimums, the Bank is prepared for expected increase in countercyclical buffer

Note: the criterion for payment of up to 50% of net profit in the form of a dividend is the minimum requirement for the Group (9.53%) increased by the P2G parameter (0.49%)

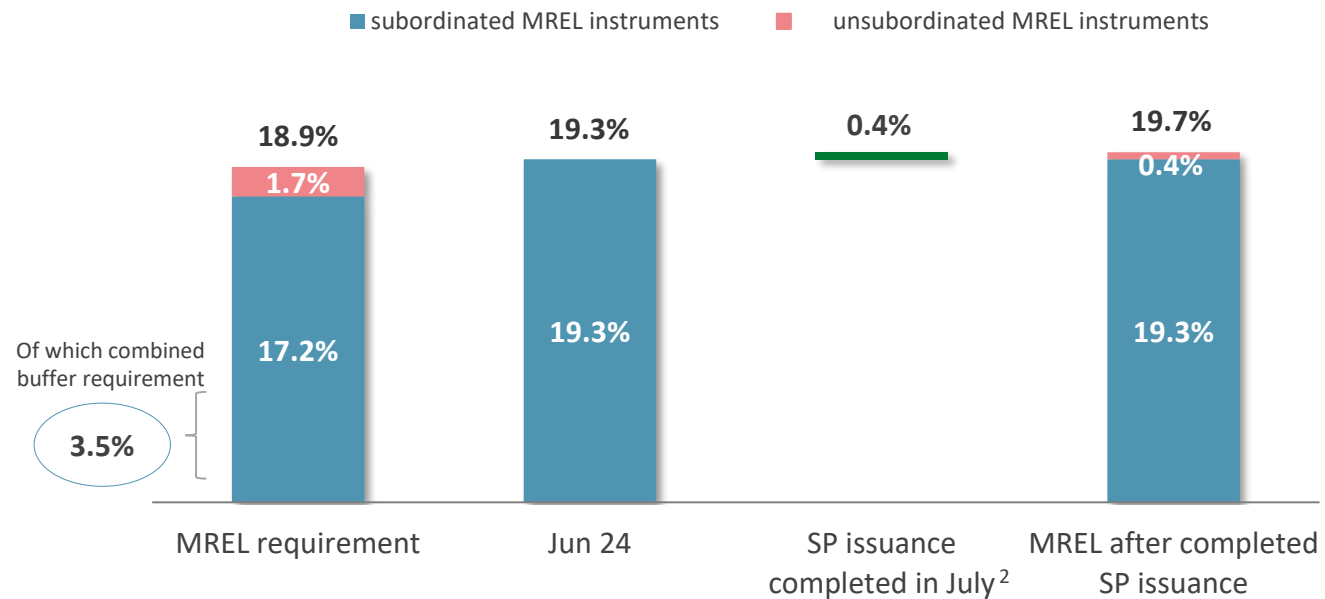
The criterion for payment of up to 75% of net profit in the form of dividend is the fulfilment of the criterion for payment of 50% (10.02%) and the additional criterion: the share of NPL in the portfolio of receivables from the non-financial sector at a level of up to 5%



Minimum requirement for own funds and eligible liabilities (MREL)

MREL requirements

%



- Target of total MREL is 18.9%¹, while for subordinated MREL is 17.2%¹ of total risk exposure amount
- In April, SNP issuance of PLN 500 m was carried out, which resulted in increase in total MREL by 0.3 pp
- Due to early redemption of SP1 series bonds of PLN 750 m, they were excluded from non-subordinated MREL
- Both total and subordinated MREL requirements are met

¹ Taking into account combined buffer requirement of 3.53 pp.

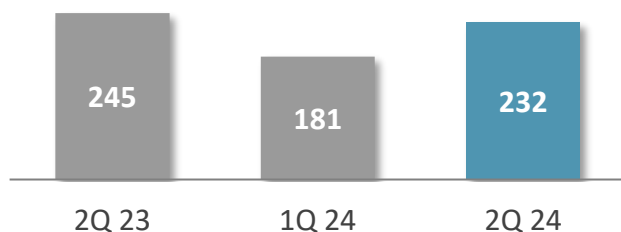
² Senior Preferred issuance of PLN 600 m settled on July 30, 2024



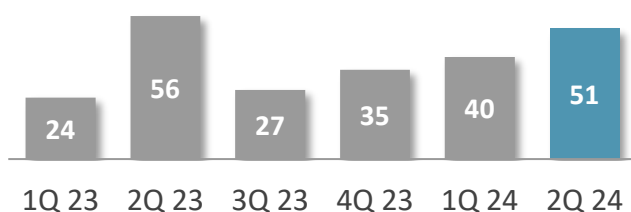
NPL ratio below 5%. Cost of risk in line with strategy assumptions

Cost of risk

PLN m

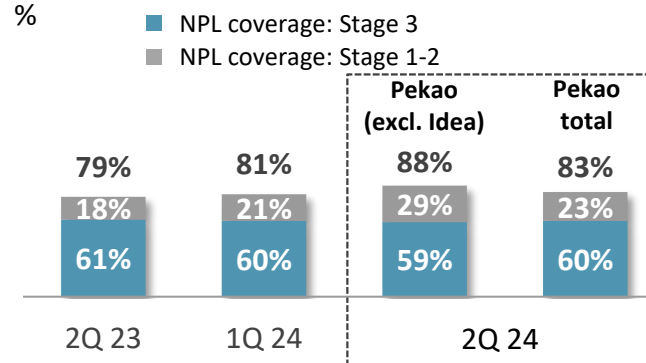


bps



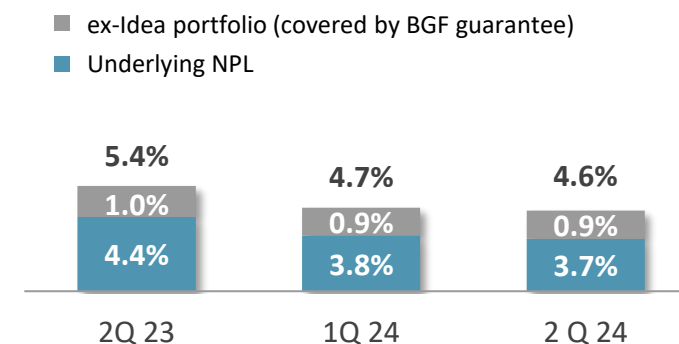
NPL coverage ratio

%



NPL ratio

%



- Increase in cost of risk q/q due to increase in provisions on corporate portfolio
- Improvement in NPL ratio based on comparable data both at the level of core business and entire portfolio
- NPL ratio decreased below 5%, of which the impact of changes in accounting principles was ~1.2 pp. (~0.8 pp. change in the recognition of the legal risk of CHF loans, ~0.4 pp. change in the presentation of receivables taken over from Idea Bank)
- Stable level of coverage with provisions

Note: to ensure comparability of data, indicators for earlier periods were estimated in accordance with the principles of presenting CHF mortgage and ex-Idea loans in force at the end of June 2024



Another good quarter for Bank Pekao



Recurring net profit up 4% y/y



Revival of lending and growth of loan portfolio by 6% y/y



Robust capital position



NPL ratio below 5%

- ▶ Key achievements
- ▶ Macro & Financial results
- ▶ **Appendix**





All our businesses contributed to 1H'24 performance

1H'24 (vs 1H'23)



Retail banking

+235% New sales of mortgage loans

+24% New sales of cash loans (net)

+29% New sales of business financing



Enterprise banking

+41% Acquisition in MID segment

+12% SME financing volume

+14% Leasing portfolio



Corporate banking

+110% Income from issuance of debt securities

+13% Factoring portfolio

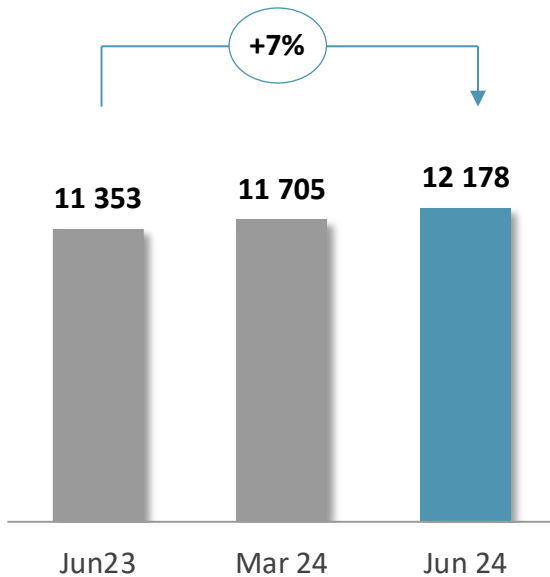
+10% Custody

Note: Enterprise Banking segment consists of former MID and SME segments

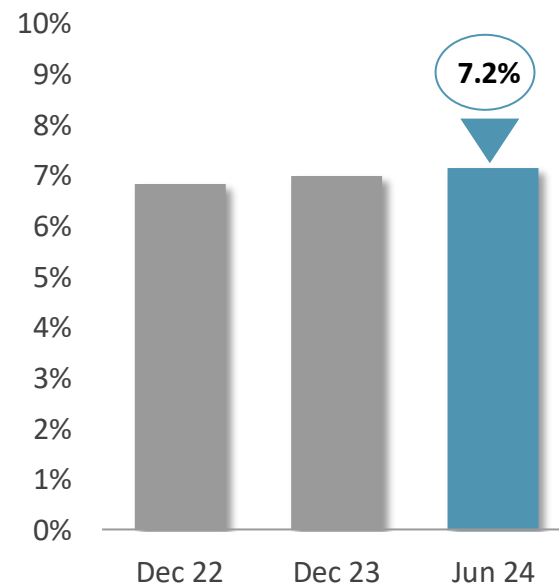


Retail banking: Consistent increase in sales of cash loans and high share of sales in electronic channels

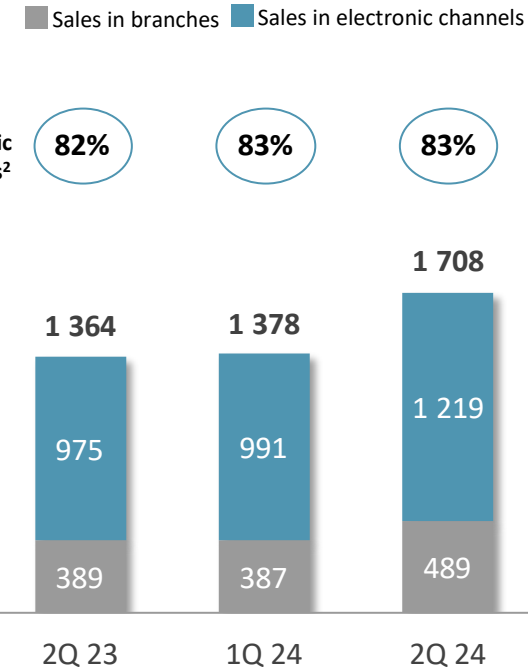
Cash loan volume growth PLN m



Market share development %



New sales of cash loans¹ PLN m



- Increase in sales of cash loans by +24% y/y in 6M'24
- Already 8 out of 10 loans are concluded via electronic channels
- We are the only bank in Poland that grants loans to finance medical studies with a BGK guarantee - we have already signed over 3.1 ths contracts worth PLN 620 m

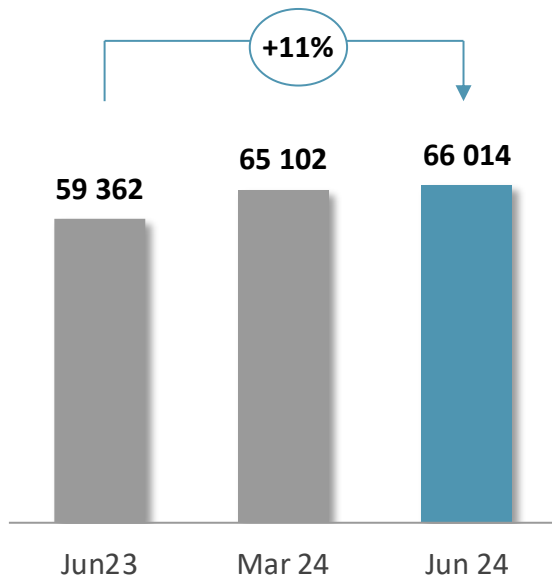
¹ Net sales – solely new money

² Share in number

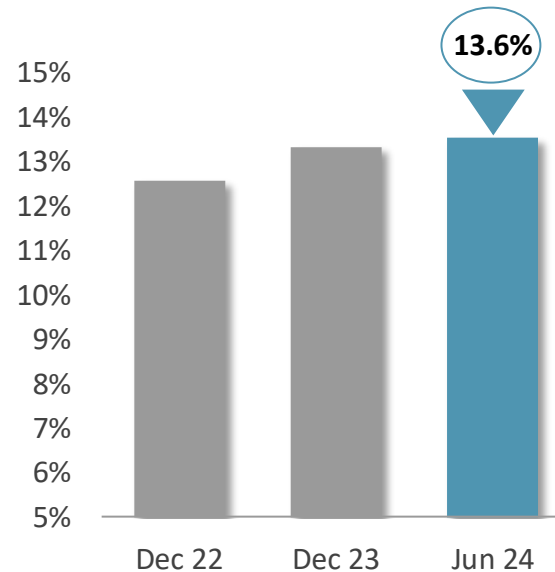


Retail banking: New sales of mortgage loans increased by 83% y/y in 2Q'24. High interest in the settlement program for CHF loans

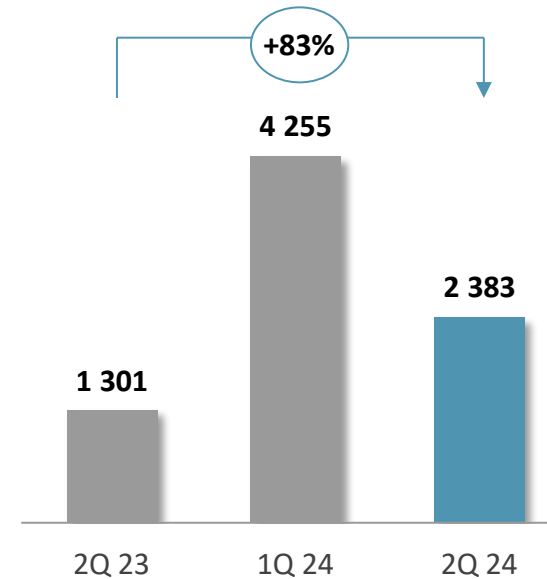
PLN mortgage volume growth
PLN m



Market share development in total mortgage
%



New sales of mortgage loans
PLN m



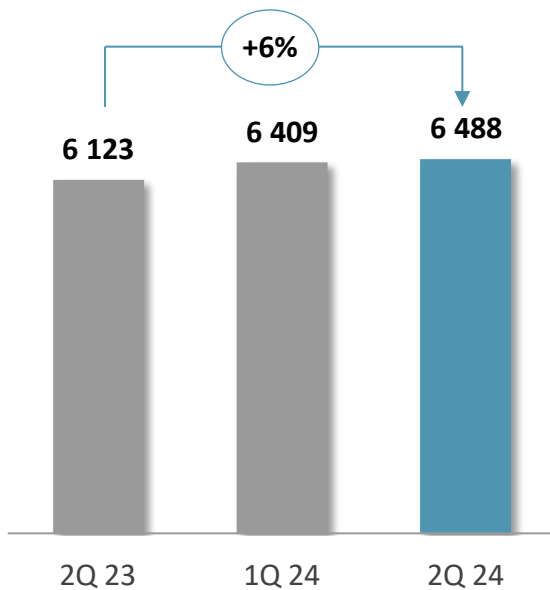
- PLN 6.6 bn in sales of housing loans in 1H'24. New sales in 2Q'24 increased by 83% y/y with marginal share of „2% Safe Loan” program
- Bank has prepared settlement proposals for over 80% of CHF mortgages covered by the "2% Settlement" program. More than half of the clients (6.8 ths) accepted prepared settlement proposal, and 6.5 ths of them have already concluded agreement with the bank



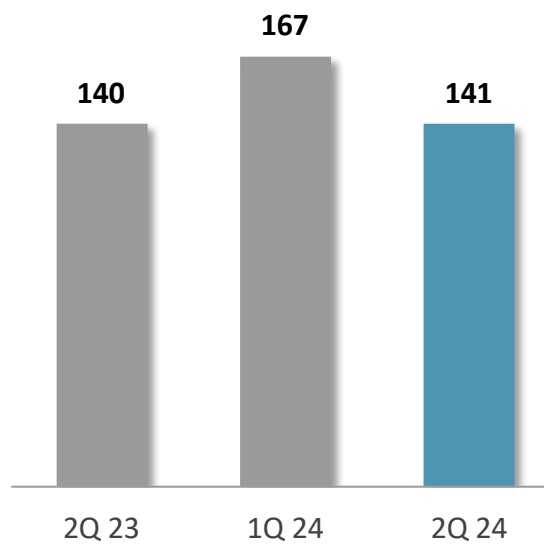
Retail banking: High sales of accounts and credit cards and many new products

Number of individual customers ths

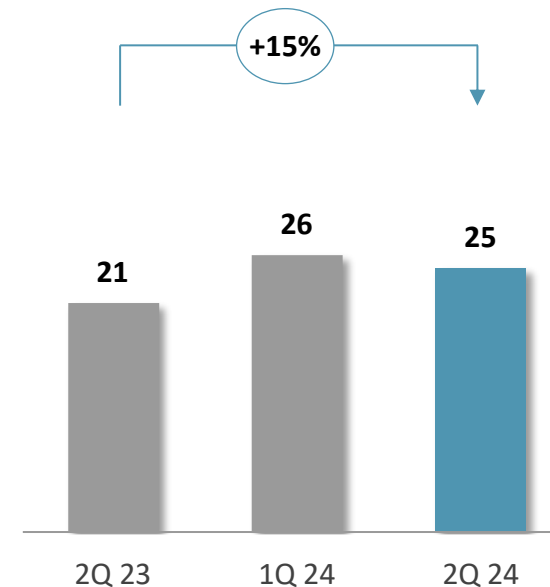
+365 ths Increase in number of individual customers y/y



Current accounts: gross sales ths



Gross sales of new credit cards ths



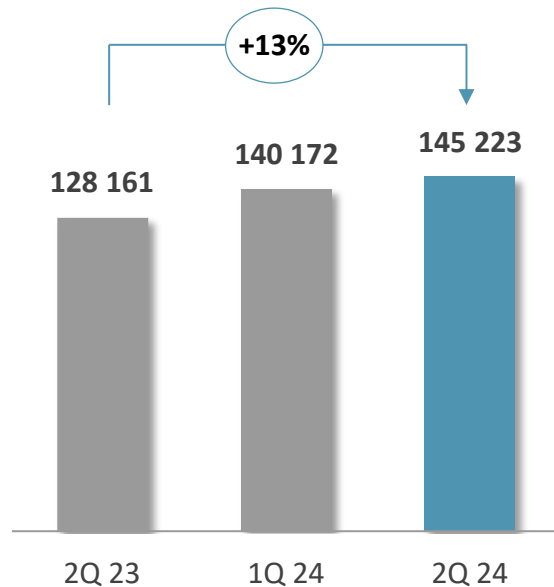
- Increase in savings accounts by ~200 ths in 1H'24
- Every third account is opened by young people under 26 years of age
- Piggy banks - product supporting regular saving
- Offer according to customers' passions - sports and music: personalization of PeoPay card images and backgrounds supported by prizes for customers



Retail banking: Another quarter with record sales of investment products and savings accounts

Retail deposits

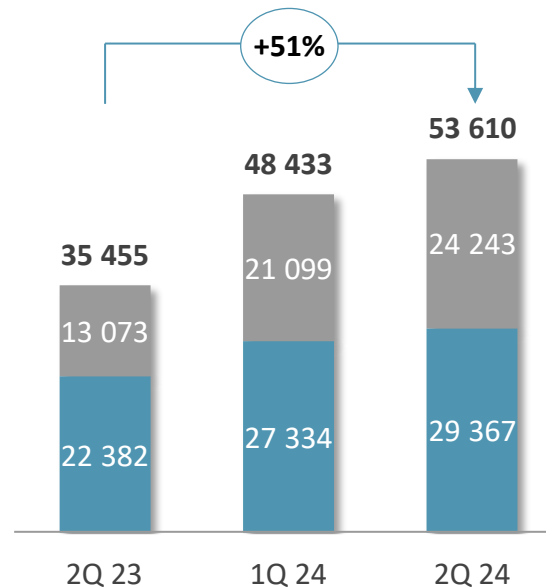
PLN m



Investment products: AUM

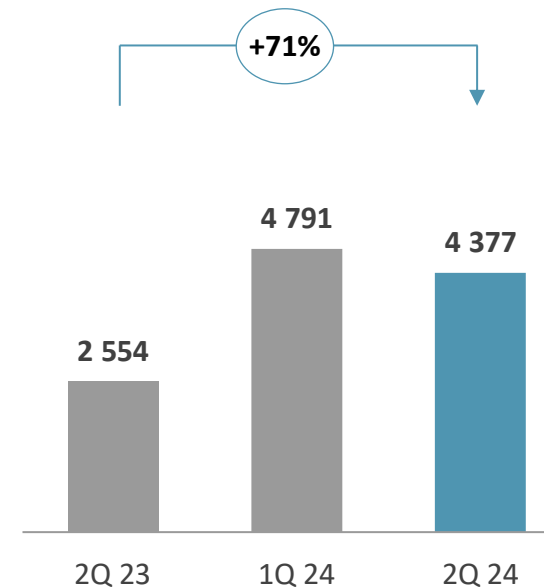
PLN m

■ Other investment products¹
■ Investment funds



Investment products: net sales²

PLN m



- Record net sales of investment products PLN 9.2 bn in 6M'24 (+79% y/y), including inflows to Treasury Bonds PLN 5 bn (+17% y/y)
- Faster growth of retail deposits than the market, supported by high acquisition of new customers and high sales of savings accounts

¹ Other investment products include structured products, bonds, insurance investment products for retail clients and Private Banking, PPK

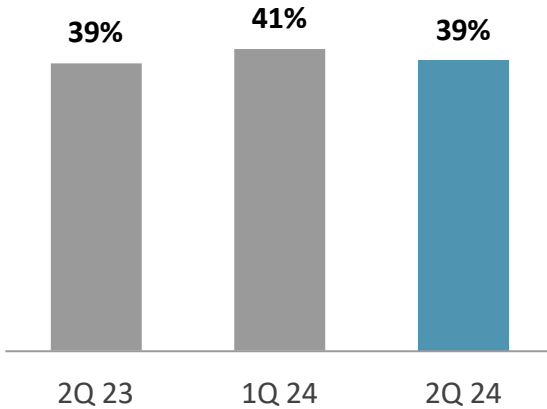
² Net sales of total investment products of Retail individual and Private customers



Retail banking: Bancassurance and Assurbanking

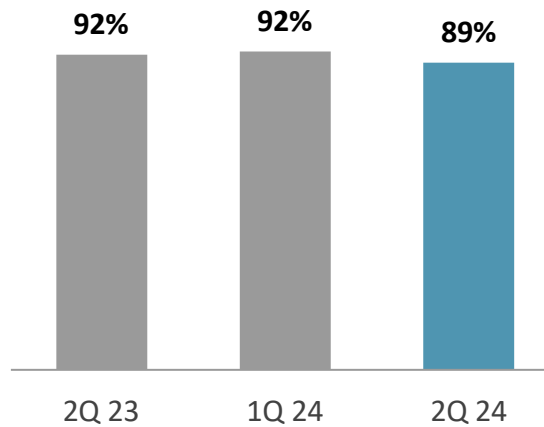
Client insurance CPI cash loan penetration

%



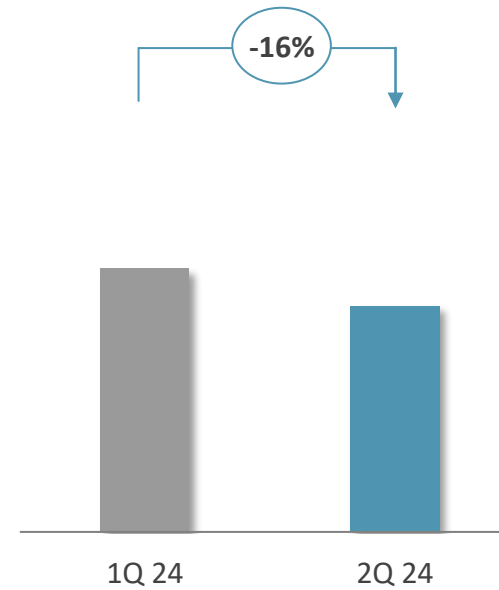
Client insurance CPI mortgage penetration¹

%



Assurbanking: New customer acquisition²

ths



- Modification of key CPI products - higher insurance sums and wider insurance scopes
- High insurance sales results: collected premium from protection insurance +66 y/y
- High dynamics of sales of insurance unrelated to banking products:
 - Motor: almost 5x more policies y/y
 - Tourist: 2.5x more policies y/y

¹ Loans eligible to sell such insurance

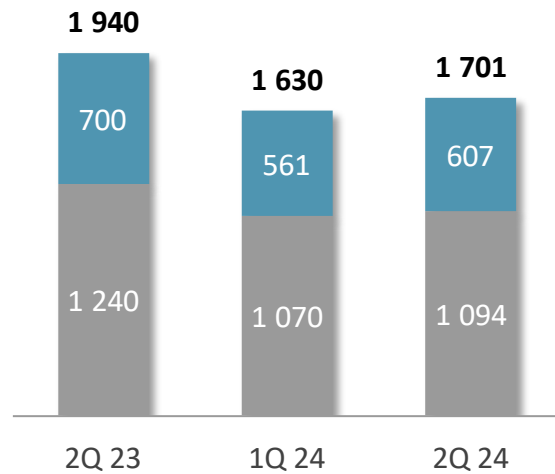
² Clients acquired by Pekao thanks to cooperation with PZU



Enterprise Banking: Financing volume dynamics +8% y/y and customer acquisition growth by 15% y/y

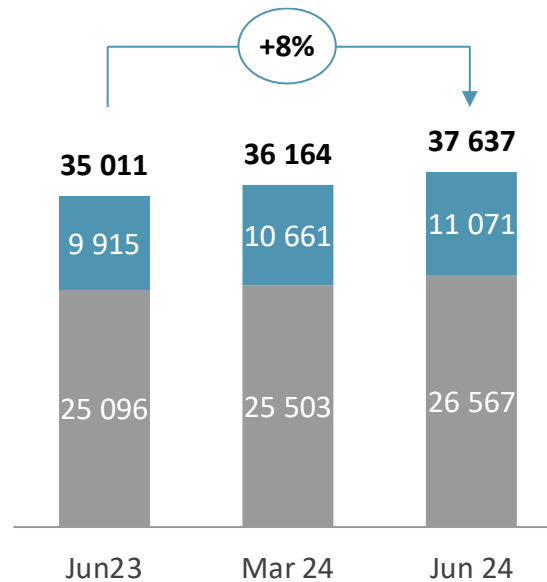
Sales of SME financing PLN m

Loans Leasing and Factoring

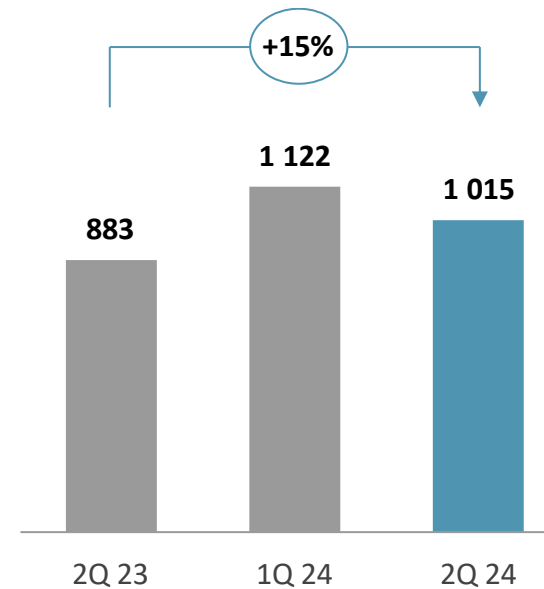


Financing volumes PLN m

MID Enterprises SME



Customer acquisition



New products for SMEs:

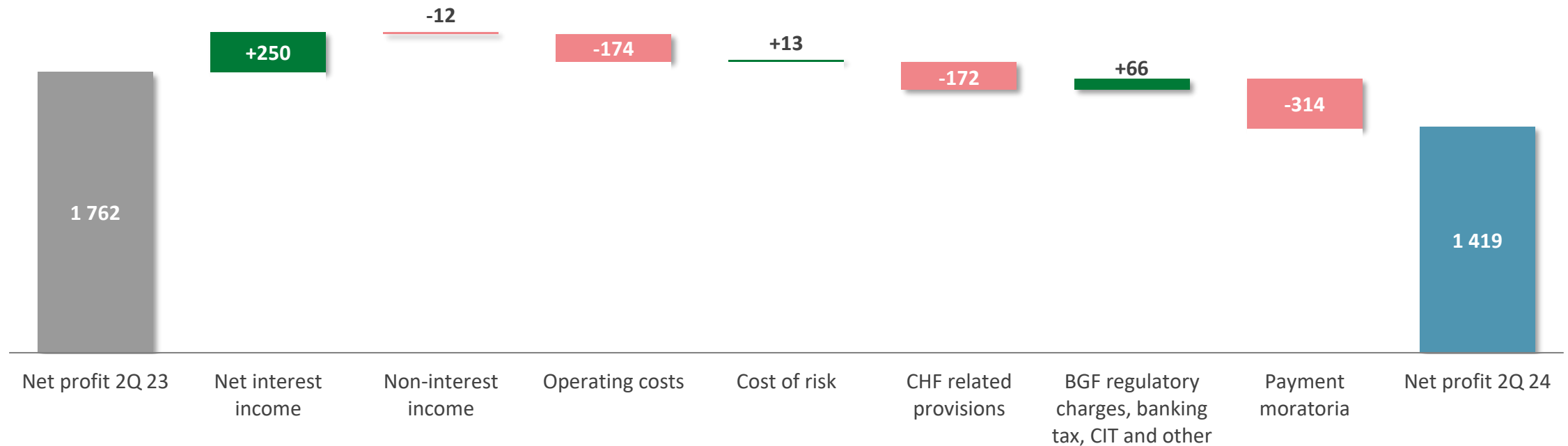
- Ecological loan with possible EU subsidy up to 80%
- Loan for beneficiaries of EU subsidies, including NRF funds
- Investment loan for financing biogas plants
- Free search engine for EU subsidies for all entrepreneurs



Net profit walkpath in 2Q'24

Increase in net interest income, provisions for CHF loans and operating costs, as well as cost of payment moratoria were decisive for net profit change y/y

PLN m

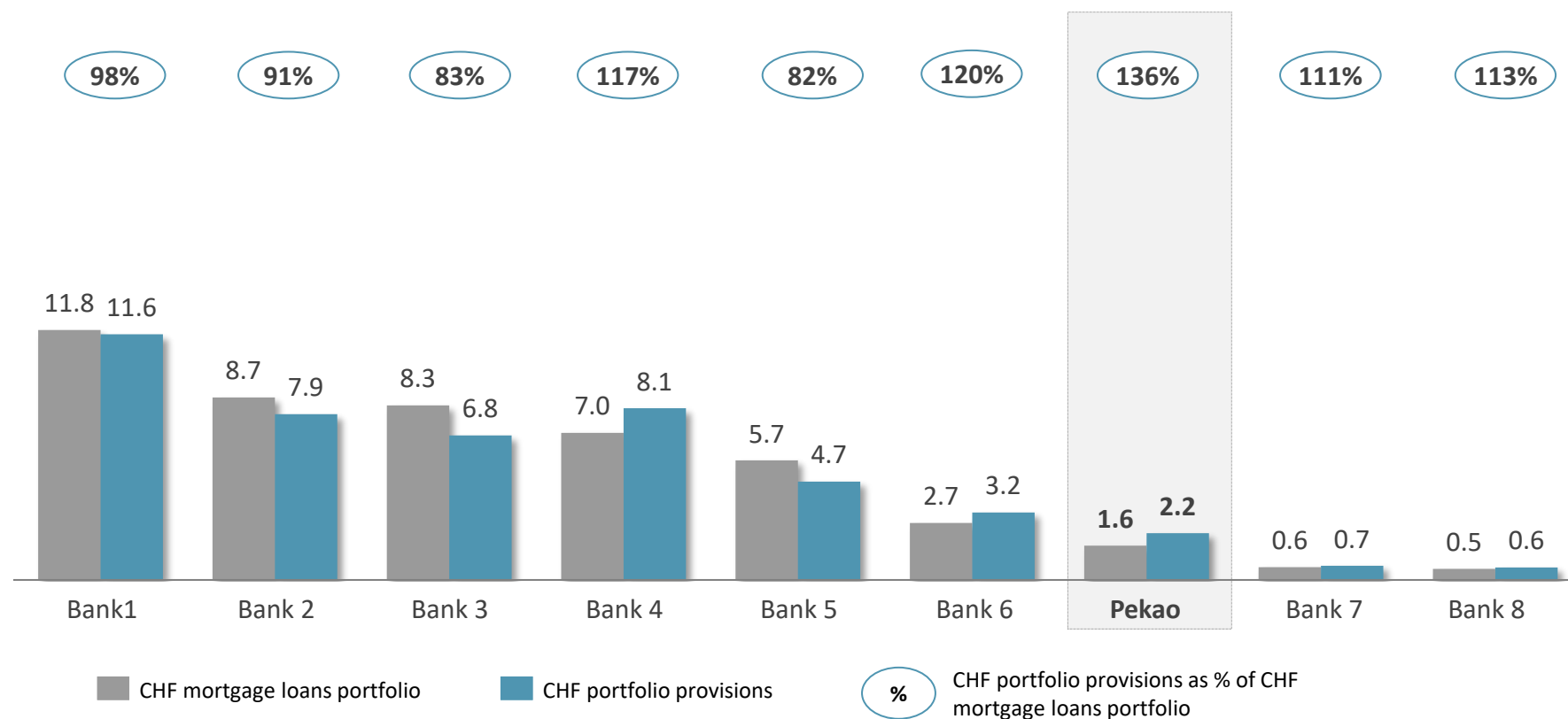




CHF mortgage loans portfolio and CHF portfolio provisions in Pekao compared to the market

CHF mortgage loans portfolio and CHF portfolio provisions

PLN bn



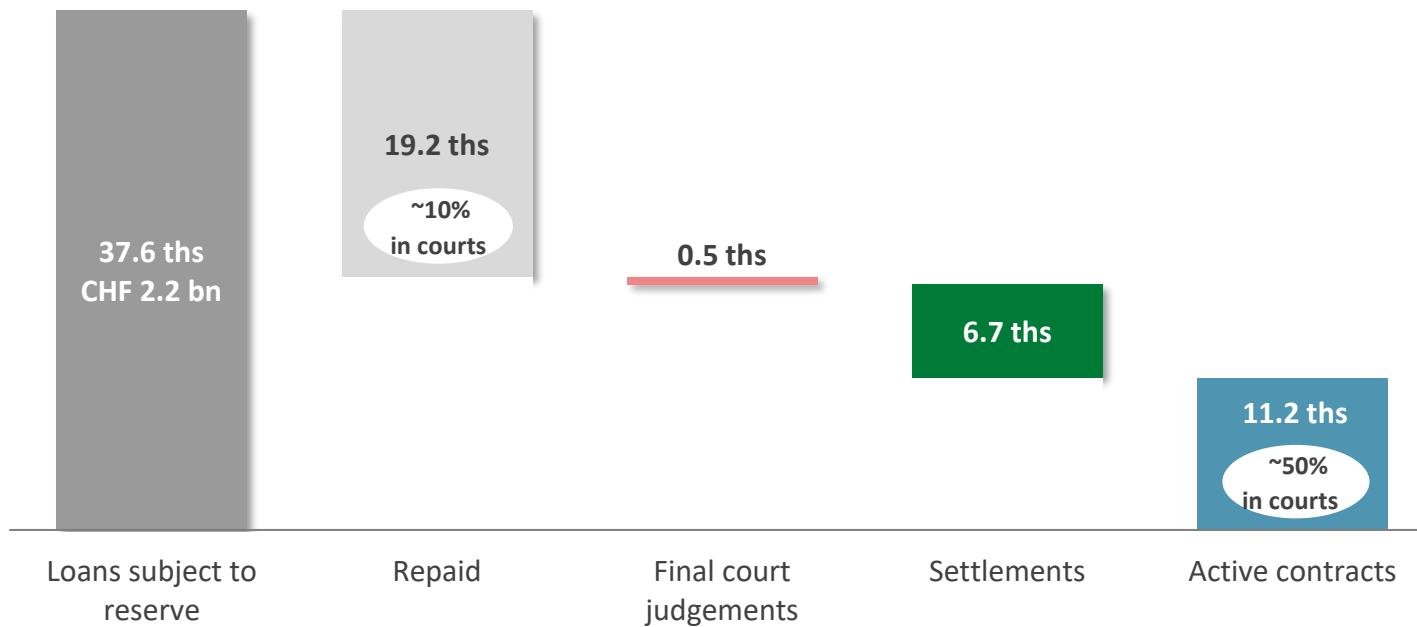
Note: CHF loan portfolio including off-balance sheet transfers. Data for Pekao as at June 30, 2024, for the sector as at March 31, 2024. Source: financial statements, current reports, own calculations according to a consistent methodology



Decreasing risk of CHF mortgage portfolio

Structure of CHF mortgage loans

pcs



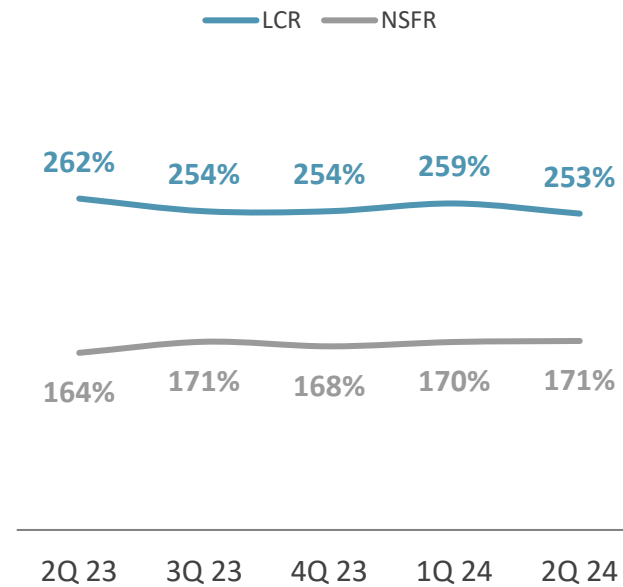
- The highest provision coverage in the sector
- One of the smallest CHF mortgage loan portfolios on the market
- More than half of the portfolio fully repaid



Robust financial and liquidity position

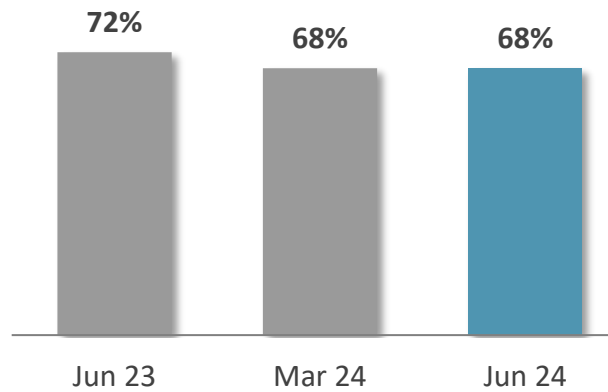
LCR and NSFR

%



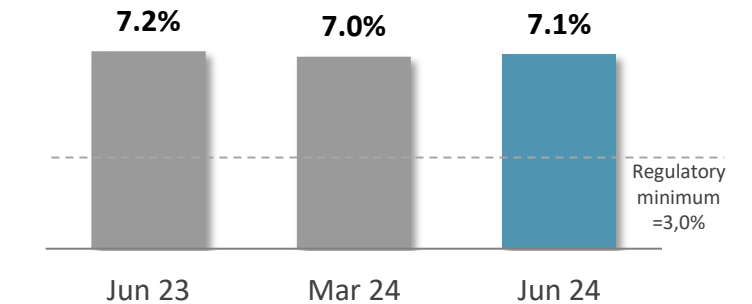
Loans/Deposits¹

%



Leverage ratio

%



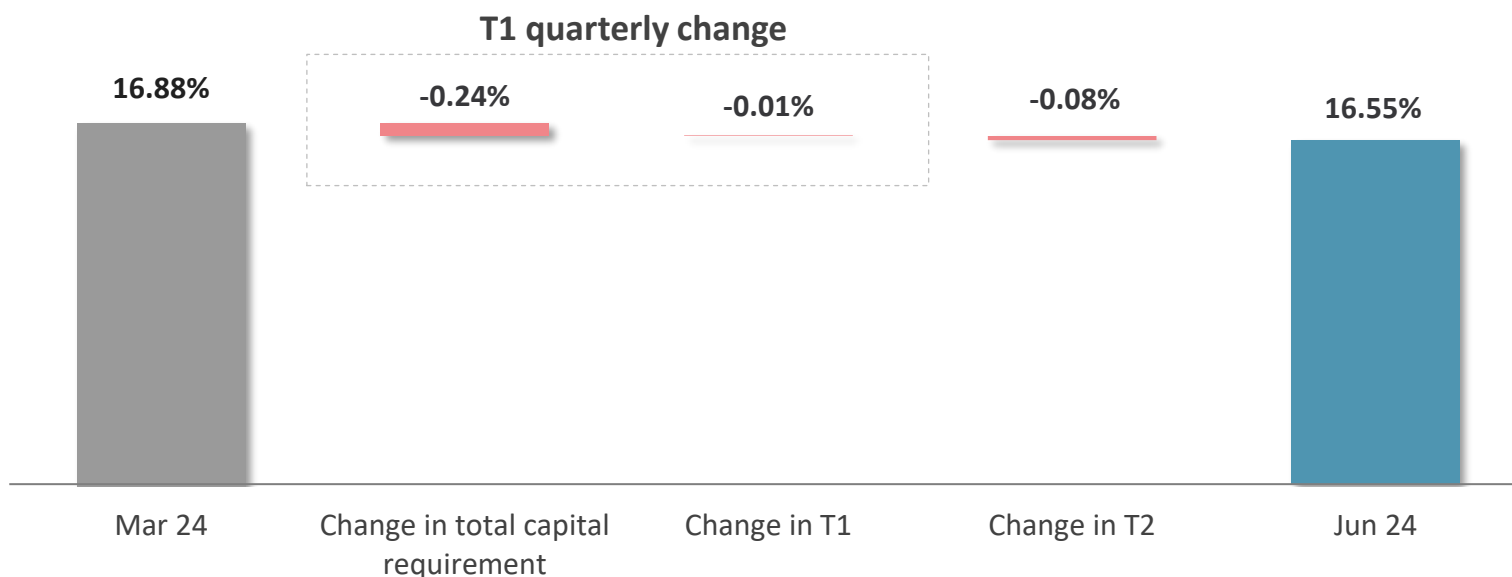
¹ Customer financing (excluding reverse repo transactions) / amounts due to clients, including debt securities (excluding repo transactions)



Change in Total Capital Ratio

TCR quarterly change

%

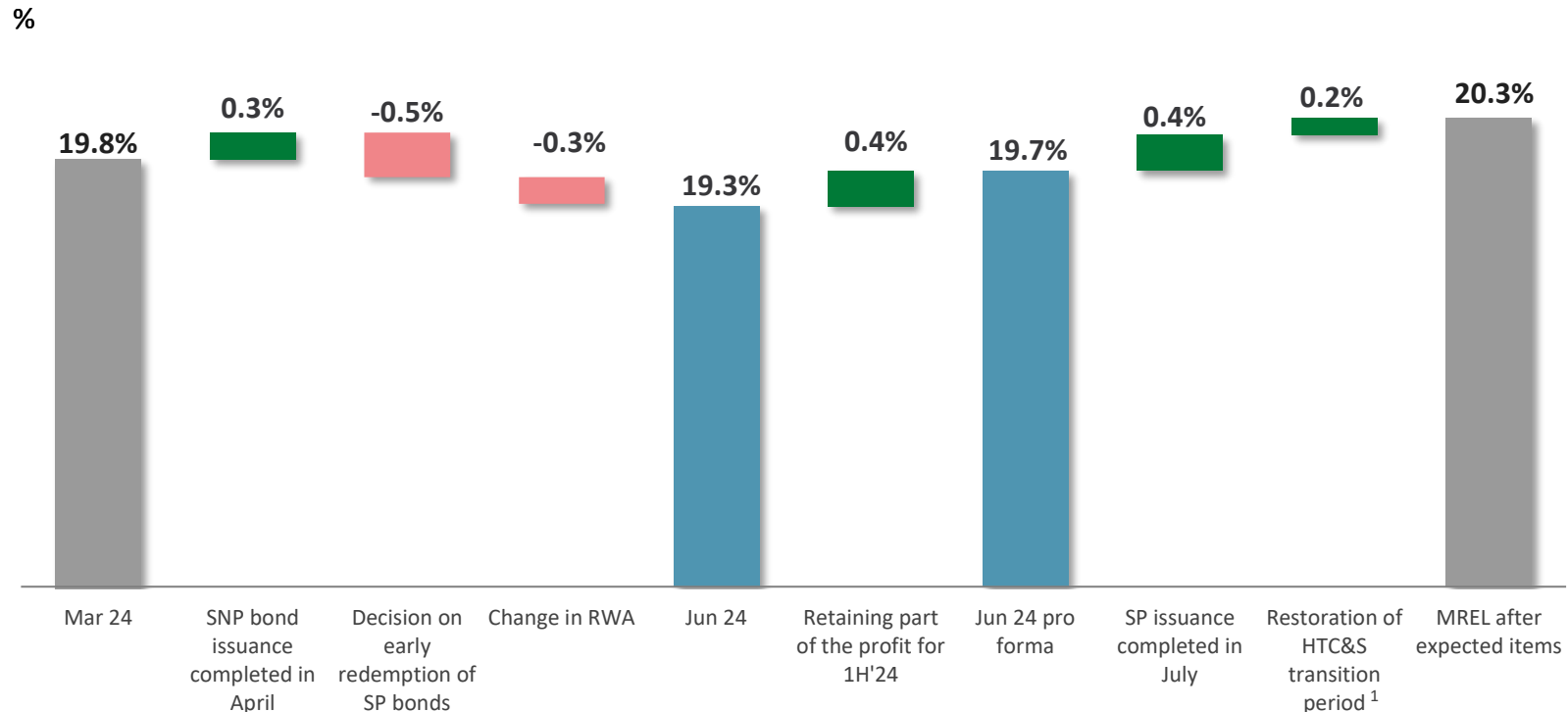


- Decrease in TCR ratio by 0.33 pp caused by increase in total capital requirement resulting mainly from increase in requirement for credit risk
- Lower amount of Tier 2 capital results from amortization of subordinated bonds of series A and series B (in the last 5 years of the instrument's maturity)



Expected items will increase MREL by 1 pp

Items affecting MREL



- Temporary decrease in MREL in 2Q'24 by 0.5 pp due to decision on early redemption (-0.5 pp), increase in RWA (-0.3 pp) partially compensated by completed SNP issuance in April (+0.3 pp)
- Expected increase in total MREL by ~ 1 pp due to:
 - issuance of SP bonds in the amount of PLN 600 m (+0.4 pp) carried out in July,
 - restoration of transitional period (+0.2 pp) regarding inclusion of unrealized losses in capital (HTC&S) from July, in accordance with CRR3,
 - inclusion of part of the profit (+0.4 pp) after obtaining consent of PFSA (Bank regularly applies for consent of PFSA to include 25% of profit for the first half of a given year)

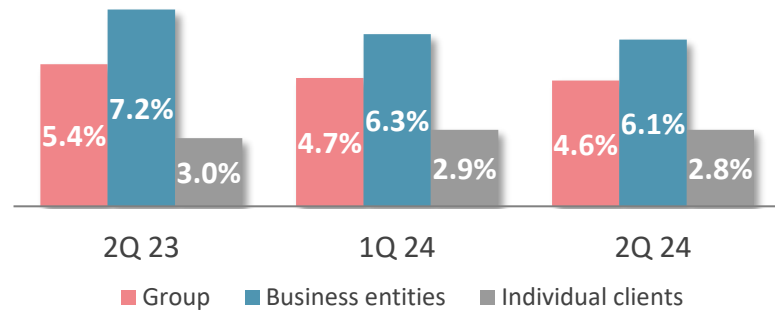
¹ Entry into force of transitional period, in accordance with CRR3 from July, regarding inclusion in equity of unrealized gains and losses measured at fair value through other comprehensive income (HTC&S)



Asset quality

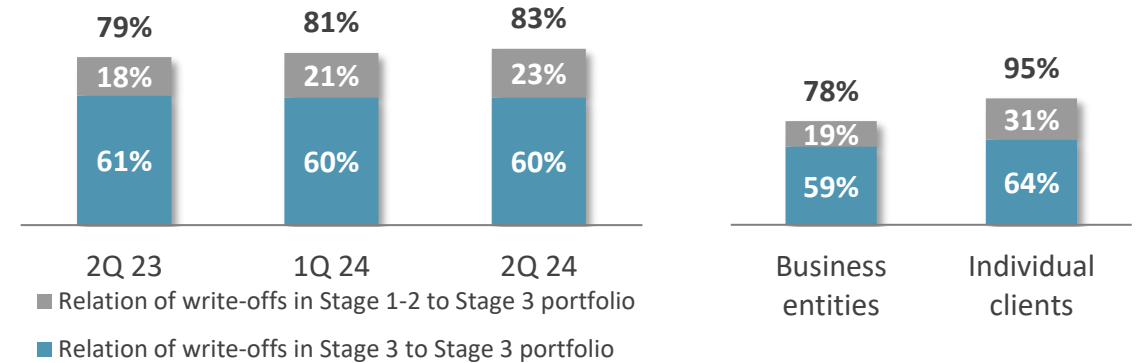
NPL ratio

%



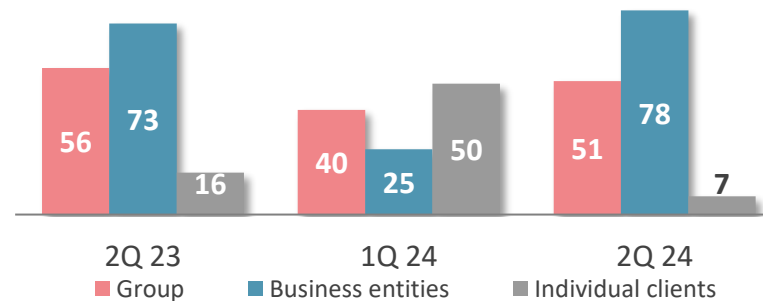
NPL coverage

%



Quarterly cost of credit risk¹

bps



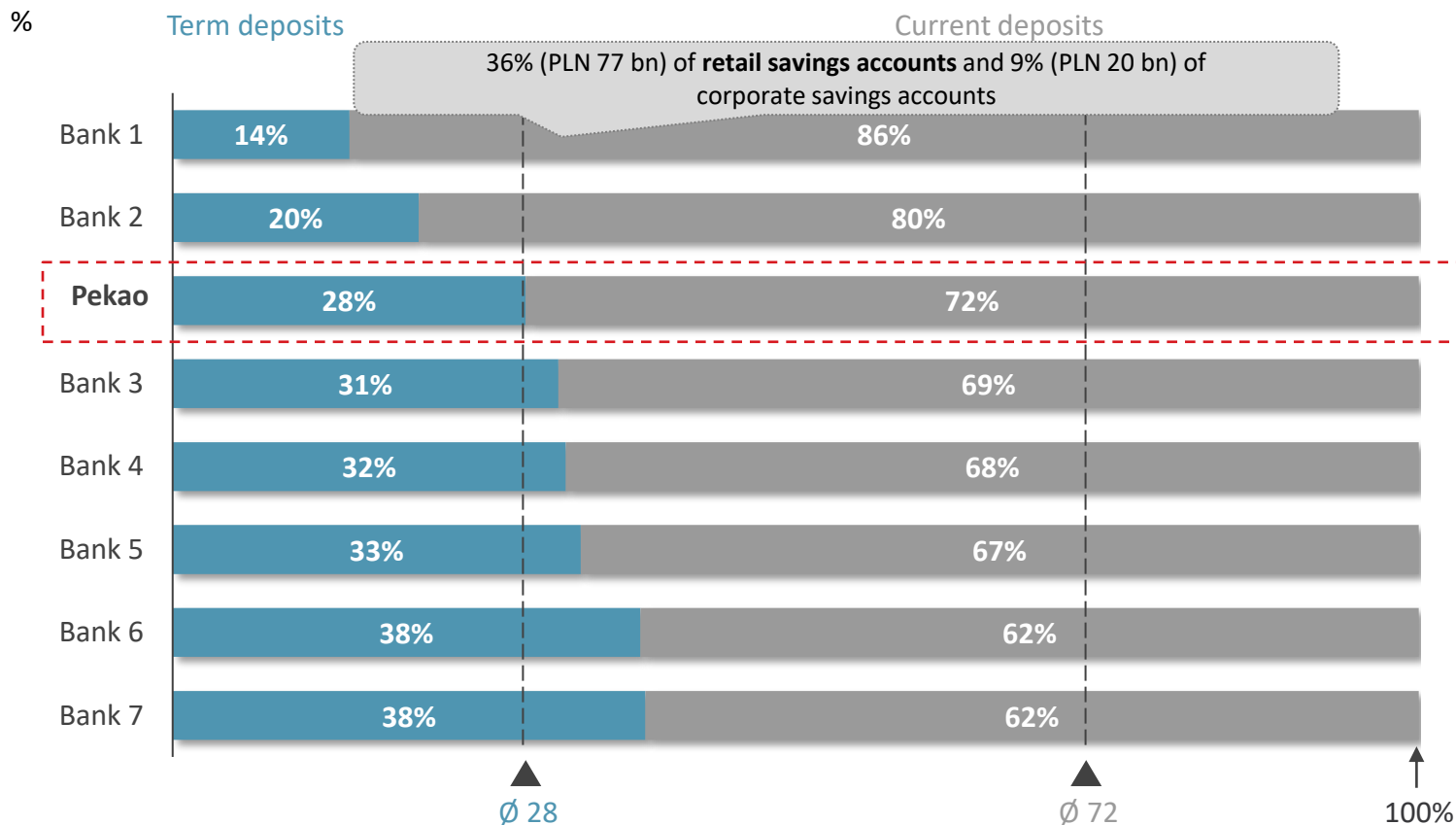
Note: to ensure comparability of data, indicators for earlier periods were estimated in accordance with the principles of presenting CHF mortgage and ex-Idea loans in force at the end of June 2024

¹ Segment breakdown excluding ex-Idea Bank)

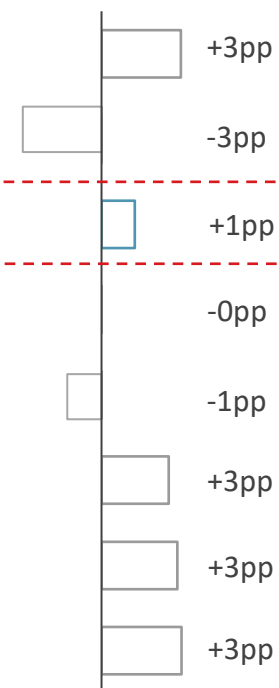


Low share of term deposits in Pekao does not pose a threat at high liquidity levels, positively affecting net interest margin

Deposit structure¹ of TOP8 banks as of the end of 1Q'24



Change in share of term deposits in the bank's deposit base 1Q'24 vs 1Q'23



¹ Current deposits include balance of savings accounts.

Source: consolidated financial statements, own calculations according to a consistent methodology



Government program supporting mortgage borrowers

- ✓ **Payment moratoria 2022-2023:**
 - possibility of suspending loan instalment repayments - two months in the third and fourth quarter of 2022 and one month in each of the four quarters of 2023
 - for all mortgage borrowers who have loans in Polish zloty
 - all dates provided for in a loan agreement will be extended
 - payment moratoria will apply to the capital part as well as the interest part of the instalment

PLN 1.9 bn

(cost for Pekao, recognized in 3Q-4Q'22, 2Q'23 and 4Q'23 results)

- ✓ **Borrowers Support Fund:**
 - maximum support from the Borrowers Support Fund is 2,000 PLN and can be paid for up to 36 months - which gives a total of 72,000 PLN funding
 - part of the support may be cancelled
 - possibility to submit the application online
 - one need to meet one of the conditions: at least one of the borrowers is unemployed; monthly mortgage loan instalments exceed 50% of monthly income; monthly income after deducting loan instalment does not exceed: PLN 1,552/person in 1 person household or 1,200 PLN/person in multi-person households

PLN 170 m

(cost for Pekao, recognized in 3Q-4Q'22 results)

- ✓ **Amendment of the act on mortgage bonds and mortgage banks and some other acts (institutional protection system for commercial banks)**

PLN 482 m

(cost for Pekao; recognized in 2Q-3Q'22 results)

- ✓ **Payment moratoria 2024:**
 - possibility of suspending loan installment repayments - max 4 months between June 1 and December 31, 2024
 - for mortgage borrowers who have loans in Polish zloty concluded before July 1, 2022
 - value of loan granted does not exceed PLN 1,200,000
 - for borrowers for whom the arithmetic average of the DSTI (debt service to income) ratio for the last three months preceding the month of submitting the application for suspension of loan repayment exceeds 30% or who have at least three children to support

PLN 234 m

(cost for Pekao; recognized in 2Q'24 results)



2024 Outlook: Recovery at a moderate pace

Economic outlook

	2023	2024	2025
GDP, %	0.2	3.0	4.3
Private consumption, % y/y	-0.9	4.7	4.2
Investments, % y/y	13.1	-0.6	8.2
Unemployment, % eop	5.1	4.8	4.5
CPI, % avg	11.4	3.4	4.9
3M Wibor, % eop	5.88	5.86	5.86
Reference rate, % eop	5.75	5.75	5.75
Exchange rate EUR, eop	4.57	4.29	4.27
Exchange rate USD, eop	3.94	4.01	3.96
Public sector balance, % GDP	-5.1	-5.3	-4.9

Banking sector outlook

	2023	2024	2025
Loans, % y/y	0.0	2.8	4.0
Retail, % y/y	-2.2	2.0	5.0
Mortgage loans PLN	2.2	5.1	5.5
Consumer loans ¹	1.9	3.8	6.0
Corporate, % y/y	-3.0	2.4	3.8
Savings ² , % y/y	12.9	10.2	9.7
Deposits, % y/y	9.6	9.0	8.9
Retail, % y/y	11.2	10.9	10.3
Corporate, % y/y	8.8	6.0	8.0

- Polish economy is gradually gaining momentum due to low inflation and rising real wages. We expect large contribution of consumption to GDP growth. Investments in 2024 will temporarily decline due to the EU spending cycle.
- Credit market will grow in 2024, benefiting from the improving economic situation. Mortgage sales may be weaker than previously expected (weak first half of the year, lack of government support in the second half and high base). Nominal savings growth will remain high as real savings are rebuilt, which have been eroded by inflation.

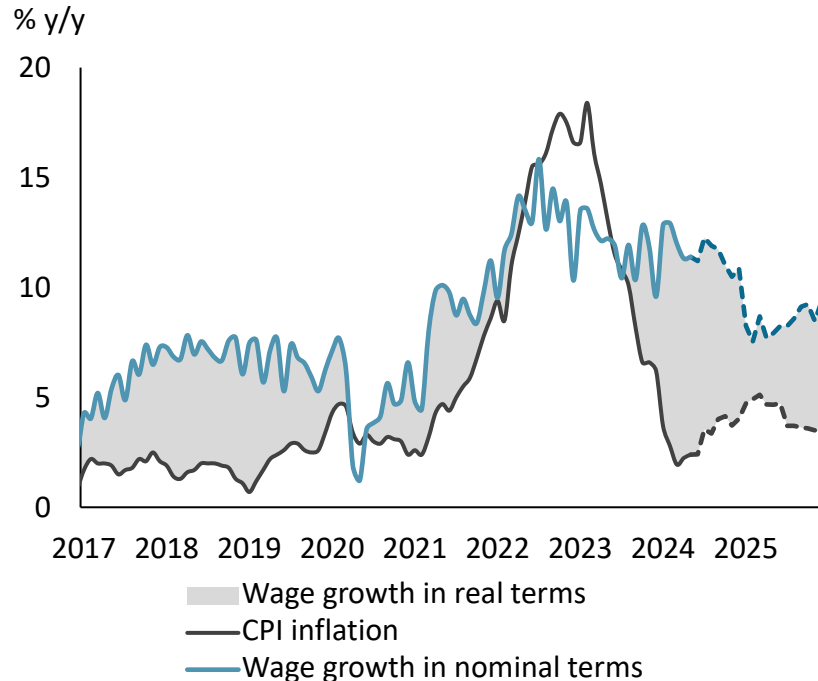
Source: Pekao Research forecasts as of July 2024

¹ All non-housing loans ² Deposits + retail customers assets in investment funds units



Macroeconomic backdrop: Dynamics of real wages is slightly slowing down

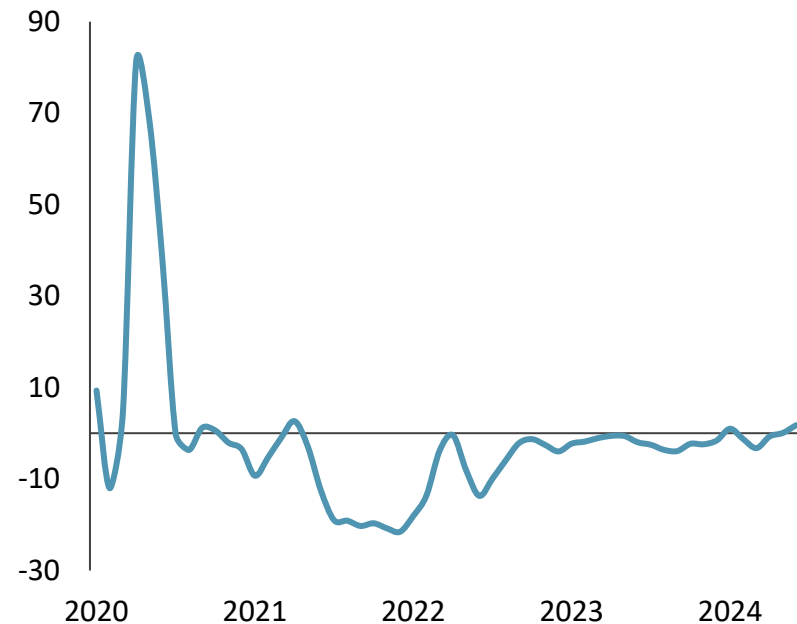
Growth rate of wages and prices



	2019	2020	2021	2022	2023	2024e	2025e
Wages (% y/y)	6.5	4.8	8.6	12.9	11.9	11.7	8.5
CPI (% y/y, avg.)	2.3	3.4	5.1	14.4	11.4	3.4	4.9

Change in number of unemployed, m/m

thousands of people, seasonally adjusted



	2019	2020	2021	2022	2023	2024e	2025e
Unemployment rate (% eop)	5.2	6.8	5.8	5.2	5.1	4.8	4.5

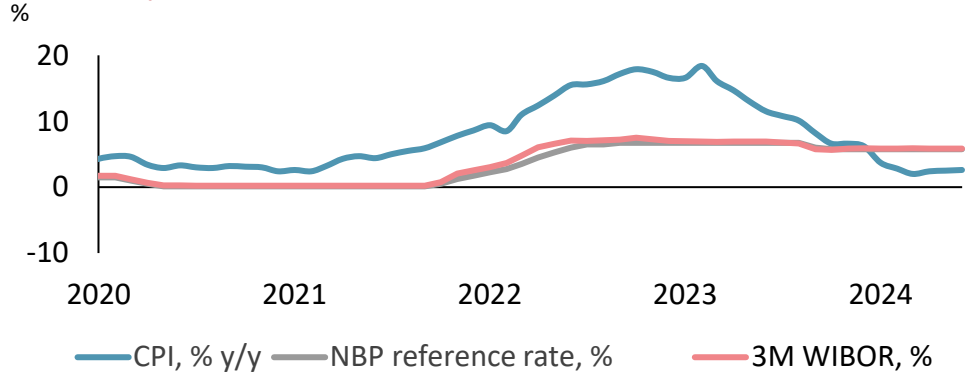
- Growth of real wages reached its local maximum in 1Q'24 and is starting to slow down. Real wages remain in significant positive territory, but they will slow down due to rising inflation and the downward trend in nominal wage dynamics. Savings accumulated by households and increase in disposable income will translate into solid rebound in consumption in 2025.
- Employment in corporate sector has been in downward trend for over a year and there is no room to break this trend. In turn, unemployment rate dropped to 5.0% and in the coming months we will see record low readings below 5.0%, despite slight increase in unemployment on a seasonally adjusted basis.

Source: Macrobond, Statistics Poland, Pekao Research

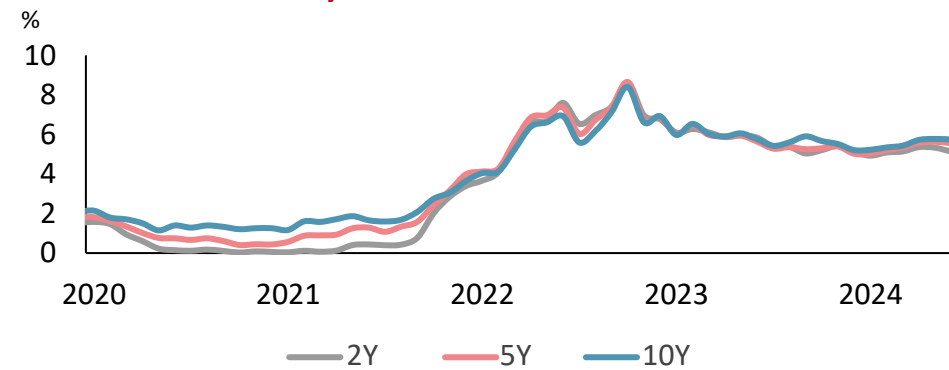


Macroeconomic backdrop : Bottom of inflation is behind us, rates "higher for longer"

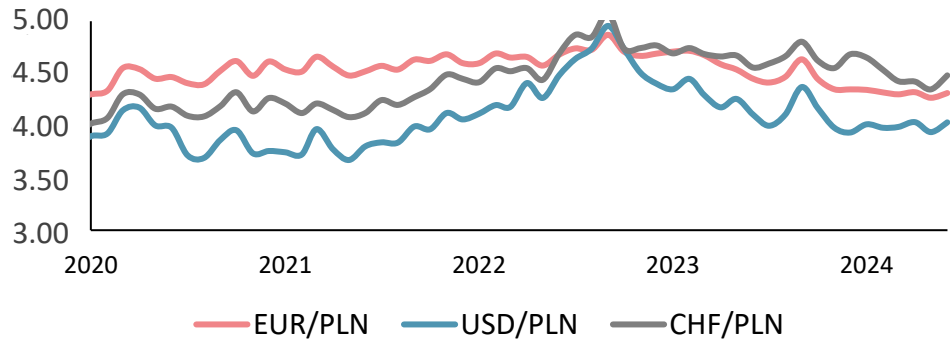
Inflation, interest rates



Government bond yields



Exchange rates

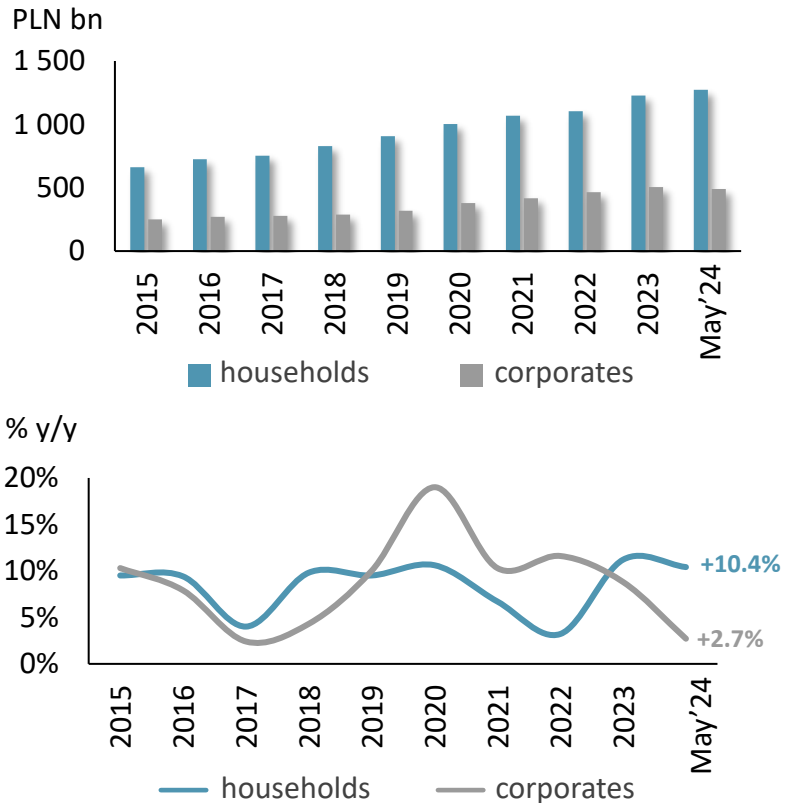


- Inflation path in 1H'24 was approximately 0.5 pp. below our forecast and March projection of NBP. Inflation is currently within the NBP's target, but this is a short-term stay. From July, due to the partial unfreezing of energy tariffs for households, inflation will exceed 4% y/y.
- At the end of 2024, inflation will be close to 4.5% y/y. In turn, core inflation in the coming months will converge to its minimum in this cycle, to approx. 3.5% y/y. High wage growth along with the strengthening economic recovery will bring us closer to recovery, but it will not be a dynamic process.
- We maintain the opinion that NBP will not change interest rates at least until the end of 2025. MPC members perceive current decline in inflation as temporary and are afraid - not unreasonably - of an intensification of inflationary pressure in the second half of the year due to the permanently high rate of wage growth and the investment impulse from NRP.



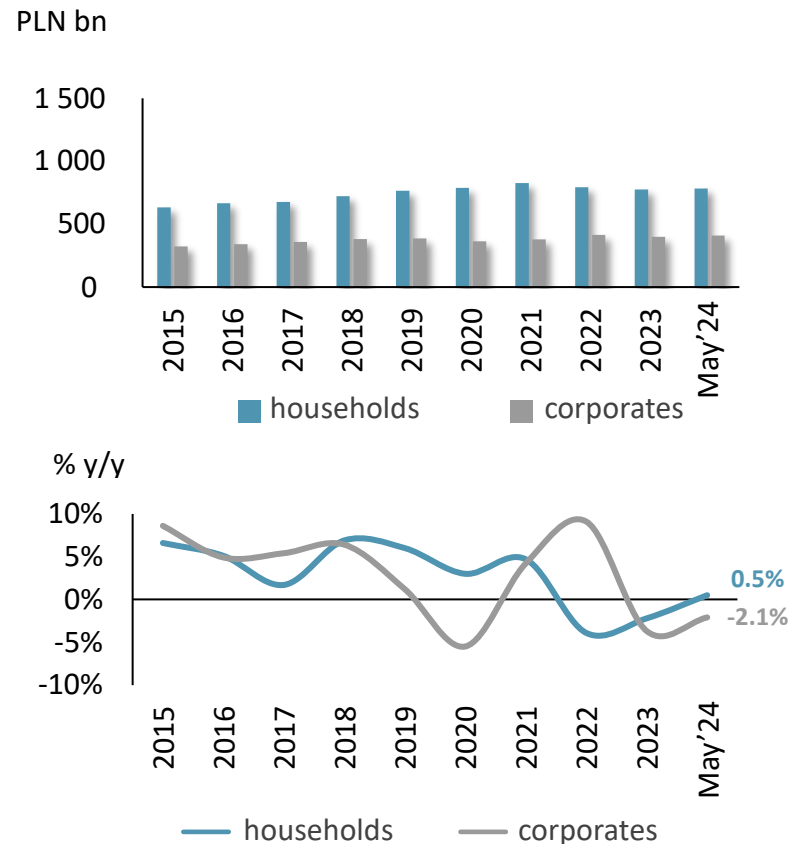
Macroeconomic backdrop: Moderate dynamics of lending

Loans and advances to households and institutional clients



Source: NBP

Deposits of households and institutional clients



- Retail loans:** increase in volume dynamics is mainly due to consumer loans (4.4% y/y in May), driven by high wage dynamics; mortgages were also above the mark (0.9% y/y, and in PLN 7.9% y/y). In 2H'24, consumer credit will remain strong, but mortgages will slow down due to high statistical base and delays of the #NaStart program.
- Corporate loans:** remain in decline with negative dynamics of working capital loans and slightly positive dynamics of investment loans.
- Deposits:** nominal retail deposits are growing - this is result of rebuilding real savings. Dynamics of corporate deposits is slowing down due to weak investments, but on a m/m basis there is acceleration - companies are building financial cushions.



Consolidated balance sheet

PLNm	Jun 23	Mar 24	Jun 24	q/q%	y/y%
Cash and cash equivalents	16 521	16 916	15 523	(8,2%)	(6,0%)
Loans and advances to banks	164	157	325	107,0%	98,0%
Loans and advances to customers ¹	165 916	173 737	176 764	1,7%	6,5%
Investment securities ²	82 732	107 485	104 064	(3,2%)	25,8%
Intangible assets	2 287	2 392	2 416	1,0%	5,6%
Tangible fixed assets	1 753	1 976	1 985	0,5%	13,2%
TOTAL ASSETS	287 998	317 437	316 046	-0,4%	9,7%
Amounts due to the Central Bank	0	0	0	-	-
Amounts due to other banks	7 794	6 854	6 572	(4,1%)	(15,7%)
Financial liabilities held for trading	592	708	920	29,9%	55,4%
Amounts due to customers	221 761	244 252	247 344	1,3%	11,5%
Debt securities issued	8 166	11 902	13 298	11,7%	62,9%
Subordinated liabilities	2 786	2 830	2 782	(1,7%)	(0,2%)
Other	20 805	19 117	16 907	(11,6%)	(18,7%)
Total liabilities	261 903	285 663	287 823	0,8%	9,9%
Total equity	26 095	31 774	28 223	(11,2%)	8,2%

¹ Including loans and advances from customers, receivables from finance leases and non-treasury debt securities ² Excluding non-treasury debt securities



Consolidated income statement

PLNm	2Q 23	1Q 24	2Q 24	q/q%	y/y%	1H 23	1H 24	y/y%
Net interest income ¹	2 986	3 085	2 922	(5,3%)	(2,1%)	5 752	6 007	4,4%
Net fee and commission	688	668	697	4,3%	1,3%	1 350	1 365	1,1%
Operating income	3 878	3 876	3 802	(1,9%)	(2,0%)	7 473	7 678	2,7%
Operating costs²	(1 167)	(1 238)	(1 341)	8,3%	14,9%	(2 273)	(2 579)	13,5%
Personnel cost	(725)	(733)	(883)	20,5%	21,8%	(1 339)	(1 616)	20,7%
Non-personnel cost & depreciation	(442)	(505)	(458)	(9,3%)	3,6%	(934)	(963)	3,1%
OPERATING PROFIT	2 711	2 638	2 461	(6,7%)	(9,2%)	5 200	5 099	(1,9%)
Provisions	(245)	(181)	(232)	28,2%	(5,3%)	(351)	(413)	17,7%
Costs of legal risk of foreign currency mortgage loans	(34)	(37)	(206)	456,8%	505,9%	(45)	(243)	440,0%
Guarantee funds charges	2	(239)	0	(100,0%)	(100,0%)	(190)	(239)	25,8%
Banking tax	(218)	(223)	(225)	0,9%	3,2%	(437)	(448)	2,5%
PROFIT BEFORE INCOME TAX	2 218	1 960	1 800	(8,2%)	(18,8%)	4 180	3 760	(10,0%)
Income tax	(455)	(442)	(380)	(14,0%)	(16,5%)	(916)	(822)	(10,3%)
GROUP NET INCOME³	1 762	1 517	1 419	(6,5%)	(19,5%)	3 263	2 936	(10,0%)

¹ NII excl. dividends and other income from equity investments ² Costs excl. guarantee funds charges and regulator and incl. FSA ³ Net profit attributable to equity holders of the Bank
Note: Data as reported



Key performance indicators

	2Q 23	1Q 24	2Q 24	q/q net	y/y net	1H 23	1H 24	y/y net
ROE (%)	27,2%	19,6%	19,8%	0,26	-7,33	26,2%	19,9%	-6,30
ROA (%)	2,4%	1,9%	1,8%	-0,15	-0,61	2,2%	1,9%	-0,37
NIM (%)	4,29%	4,17%	3,91%	-0,26	-0,38	4,21%	4,04%	-0,17
L/D (%)	71,8%	67,6%	67,6%	0,00	-4,20	71,8%	67,6%	-4,20
Cost/Income Ratio (%)	30,1%	31,9%	35,3%	3,33	5,18	30,4%	33,6%	3,20
Cost/Income Ratio inc. BGF (%)	30,0%	38,1%	35,3%	-2,84	5,23	33,0%	36,7%	3,70
Cost of Risk (%)	0,56%	0,40%	0,51%	0,11	-0,05	0,40%	0,46%	0,06
TCR	17,1%	16,9%	16,6%	-0,30	-0,50	17,1%	16,6%	-0,50
Tier 1	15,4%	15,4%	15,1%	-0,30	-0,30	15,4%	15,1%	-0,30



Selected data

Bank	Jun 23	Mar 24	Jun 24	q/q%	y/y%
Outlets	581	572	572	0,0%	(1,5%)
ATM's	1 312	1 300	1 297	(0,2%)	(1,1%)
Employees	12 607	12 721	12 743	0,2%	1,1%
No of PLN current accounts (ths) ¹	7 730	8 184	8 377	2,4%	8,4%
No of mortgage loan accounts (ths) ²	362	365	362	(0,9%)	(0,1%)
No of clients holding a consumer loan accounts (ths) ³	584	578	578	(0,0%)	(1,0%)
Number of individuals active users electronic banking Pekao24 (ths) ⁴	3 504	3 723	3 757	0,9%	7,2%
Number of individuals with an access to mobile banking (ths) ⁴	5 095	5 184	5 279	1,8%	3,6%
Group	Jun 23	Mar 24	Jun 24	q/q%	y/y%
Employees	14 918	15 200	15 259	0,4%	2,3%
Number of MF accounts (ths)	725	773	787	1,7%	8,6%
Number of Brokerage accounts (ths)	206	206	203	(1,2%)	(1,4%)

¹Number of accounts including pre-paid card accounts ²Retail clients' accounts

³Pożyczka Ekspresowa (Express Loan) ⁴Including individuals and micro companies



Activity by segments

Bank Pekao Group level – incl. subsidiaries

PLNm	Retail Banking			Private Banking			Corporate&Investment Banking			Enterprise Banking			Assets&Liabilities Management & Others			Group		
	1H 23	1H 24	y/y%	1H 23	1H 24	y/y%	1H 23	1H 24	y/y%	1H 23	1H 24	y/y%	1H 23	1H 24	y/y%	1H 23	1H 24	y/y%
Net interest income	3 346	3 178	(5,0%)	161	144	(10,6%)	1 076	1 019	(5,3%)	833	877	5,3%	336	789	134,8%	5 752	6 007	4,4%
Non-interest income	546	602	10,3%	69	79	14,5%	497	416	(16,3%)	371	385	3,8%	238	189	(20,6%)	1 721	1 671	(2,9%)
Operating income	3 892	3 780	(2,9%)	230	223	(3,0%)	1 573	1 435	(8,8%)	1 204	1 262	4,8%	574	978	70,4%	7 473	7 678	2,7%
Operating costs ¹	(1 483)	(1 661)	12,0%	(86)	(104)	20,9%	(306)	(353)	15,4%	(323)	(378)	17,0%	(75)	(83)	10,7%	(2 273)	(2 579)	13,5%
OPERATING PROFIT	2 409	2 119	(12,0%)	144	119	(17,4%)	1 267	1 082	(14,6%)	881	884	0,3%	499	895	79,4%	5 200	5 099	(1,9%)
Net write-downs/provision	(123)	(131)	6,5%	0	2	-	(185)	(222)	20,0%	22	(20)	(190,9%)	(65)	(42)	(35,4%)	(351)	(413)	17,7%
Guarantee funds charges	(67)	(71)	6,0%	0	0	-	(47)	(48)	2,1%	(22)	(22)	0,0%	(54)	(98)	81,5%	(190)	(239)	25,8%
Banking tax	(164)	(177)	7,9%	(1)	(1)	0,0%	(128)	(125)	(2,3%)	(56)	(58)	3,6%	(88)	(87)	(1,1%)	(437)	(448)	2,5%
PROFIT BEFORE INCOME TAX	2 010	1 497	(25,5%)	143	120	(16,1%)	907	687	(24,3%)	825	784	(5,0%)	295	672	127,8%	4 180	3 760	(10,0%)

¹ Operating costs excluding guarantee funds charges, fee paid for the Protection Schemes, fee paid for the Borrowers Support Fund

Note: Data for Pekao Group. Income statement consistent with presentation version



Group net profit structure

PLNm		Group's share in capital %	1H 23	1H 24	y/y%
Bank Pekao S.A.	Banking - Poland		3 359	2 986	-11,1%
Entities - consolidated under full method			128	119	-7,0%
of which:					
Pekao Investment Management S.A.	Mutual Funds	100%	46	59	28,3%
Pekao Leasing Sp. z o.o.	Leasing	100%	55	55	0,0%
Pekao Faktoring Sp. z o.o.	Factoring	100%	24	10	(58,3%)
Pekao Bank Hipoteczny S.A.	Mortgage bank	100%	(14)	(22)	-
PEUF Sp. z o.o.	Financial support	100%	4	3	(25,0%)
Pekao Financial Services Sp. z o.o.	Transferable agent	66,5%	3	6	100,0%
Centrum Kart S.A.	Cards	100%	3	4	33,3%
Pekao Direct Sp. z o.o.	Call Centre	100%	3	6	100,0%
Pekao Property S.A. in liquidation	Real estate development	100%	0	0	-
Pekao Fundusz Kapitałowy Sp. z o.o. in liquidation	Business consulting	100%	1	1	0,0%
FPB "MEDIA" Sp. z o.o. in bankructcy	Real estate development	100%	0	0	-
Pekao Investment Banking S.A.	Brokerage	100%	3	(3)	-
Entities valued under the equity method - associates			3	4	33,3%
Krajowy Integrator Płatności S.A.	Financial intermediary	38,3%	3	4	33,3%
Exclusions and consolidation adjustments			(227)	(173)	-
Group Net Profit			3 263	2 936	(10,0%)



Breakdown of customer financing

PLNm	Jun 23	Mar 24	Jun 24	q/q%	y/y%
Loans¹	162 067	167 683	170 175	1,5%	5,0%
retail	73 820	80 683	81 879	1,5%	10,9%
corporate	88 247	87 000	88 296	1,5%	0,1%
Non-treasury debt securities	9 571	11 034	11 458	3,8%	19,7%
Other	1 651	1 937	2 158	11,4%	30,7%
Impairment losses	(7 373)	(6 917)	(7 027)	1,6%	(4,7%)
Net loans and advances	165 916	173 737	176 764	1,7%	6,5%
TOTAL CUSTOMERS' FINANCING²	171 638	178 717	181 633	1,6%	5,8%

¹Including debt securities eligible for rediscounting at Central Bank, net investments in financial leases to customers

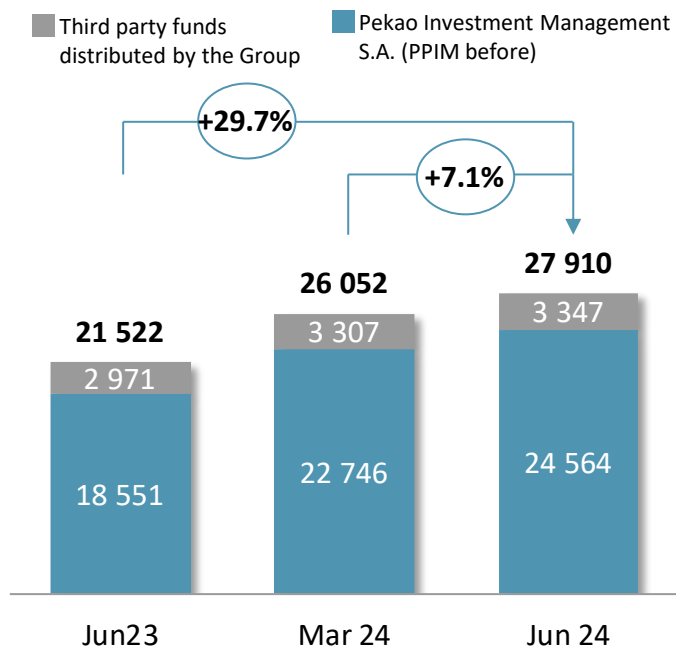
²Total customers' financing includes loans and advances at nominal value



Mutual Funds distributed by the Group

Mutual funds - volumes

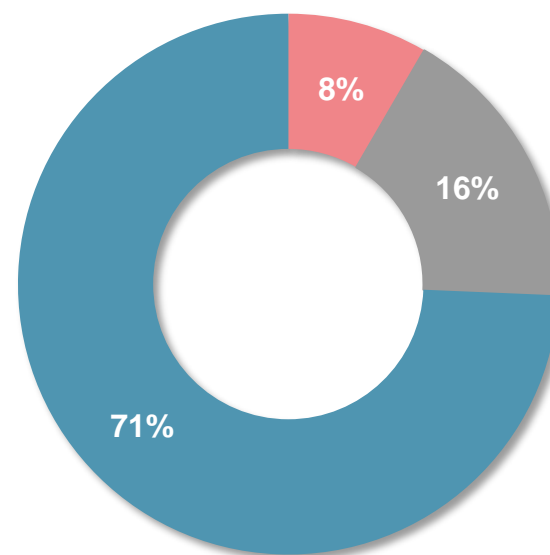
PLN m



Pekao Investment Management S.A.

%

Legend:
■ Equity funds
■ Balance funds
■ Money and bonds funds





Ratings of Bank Pekao S.A.

30.06.2024

	PEKAO	POLAND	
FITCH RATINGS	Long-term rating (IDR)	BBB	A-
	Short-term rating	F2	F1
	Viability rating	bbb	-
	Outlook	Stable	Stable

	PEKAO	POLAND	
S&P GLOBAL RATINGS	Long-term rating	BBB+	A-
	Short-term rating	A-2	A-2
	Stand-alone	bbb+	-
	Outlook	Positive	Stable

	PEKAO	POLAND	
MOODY'S INVESTORS SERVICE LTD (unsolicited rating)	Long-term foreign-currency deposit rating	A2	A2
	Short-term deposit rating	Prime-1	Prime-1
	BCA	baa2	-
	Outlook	Stable	Stable

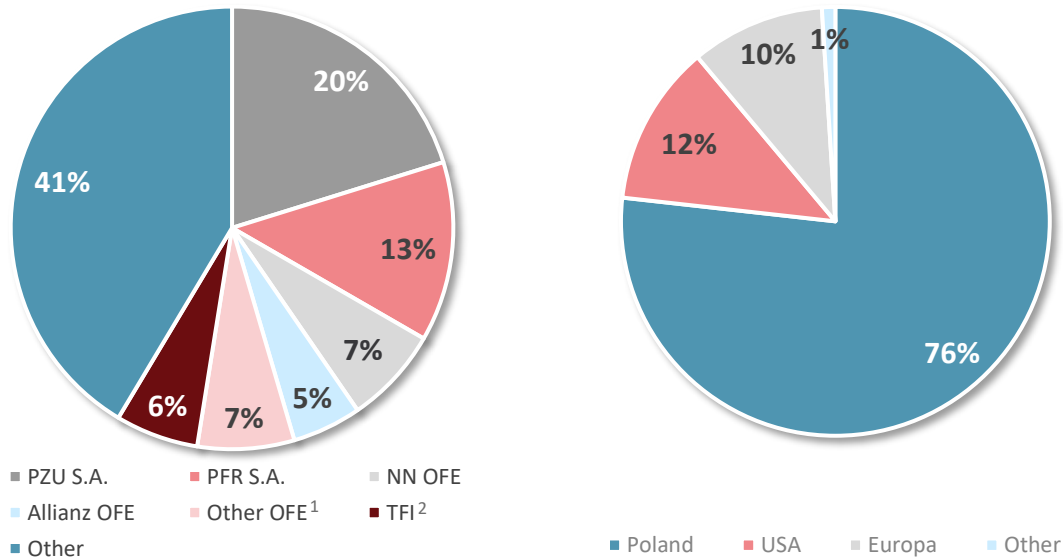
ESG RATINGS

Institution	ESG Rating
MSCI	BBB
FTSE4Good Russell	3.1
Sustainalytics	23.4 Medium risk
Bloomberg Gender Equality Index	79.9/100
Moody's Analytics	49/100
CDP	C



Shareholders: Diversified shareholder base

Shareholding structure



■ PZU S.A. ■ PFR S.A. ■ NN OFE
 ■ Allianz OFE ■ Other OFE¹ ■ TFI²
 ■ Other

■ Poland ■ USA ■ Europa ■ Other



PZU Group is the largest financial group in CEE

~470 bn PLN of assets under management. More than 22 million clients in 5 countries



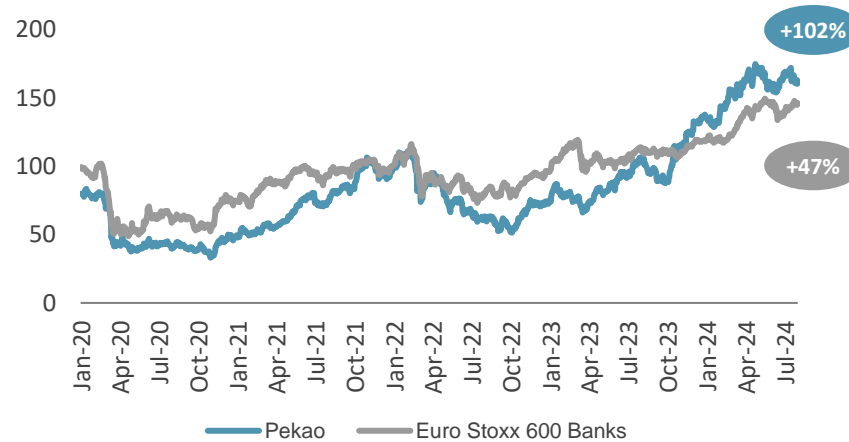
The Polish Development Fund (PFR) is a group of financial and advisory institutions supporting companies, local governments and individuals

¹ Source: Polish Pension Funds annual reports dated 30th of June 2024 ² Source: Anality online, as of 31st of December 2023 ³ Bloomberg as of 31th of July 2024

Listing and valuation

- The second largest bank in terms of assets (PLN 316 bn) and third largest bank in Poland in terms of market capitalization (PLN 42 bn)
- Member of several local and global indices: WIG Banki, WIG 20, WIG 30, MSCI Emerging Markets, STOXX Europe 600 Index, FTSE Developed Equity Index, FTSE4Good, Bloomberg Gender-Equality Index
- Reliable dividend payer: PLN 19 bn dividend paid out over last decade
- P/BV'24: 1.3x, P/E'24: 6.7x³

TSR Performance vs. sector³ (%)



ISIN: PLPEKAO00016
 Bloomberg: PEO.PW
 Reuters: PEO.WA



Investor Relations Team: Contact and calendar

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FINANCIAL CALENDAR

22 February 2024

Annual Report 2023
and Webcasting

30 April 2024

First Quarter Report
and Webcasting

8 August 2024

Semi-annual Report
and Webcasting

7 November 2024

Third Quarter Report
and Webcasting

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