

Polish Banking Quarterly – 2Q2023

Polish banks increased net profit 60.1% yoy to PLN 6,862 mil in the second quarter of 2023 and generated an annualized ROE of 12.0%. Operating income rose 8.65% yoy, cost to income dropped to 44.5% and banks' share of bad loans grew to 4.09%. In the last quarter, Pekao generated the biggest profit while mBank produced the biggest loss.

- ✓ Revenues increased 8.65% yoy to PLN 26,662 mil in the second quarter of 2023. Net interest margin increased by 0.294 bp to 3.36% of assets driven by a positive asset growth (6.71% yoy) and higher interest rates (up 5 bp to 6.90%).
- ✓ Operating costs fell 14.7% yoy and banks operated with a cost to income ratio of 44.5% in the second quarter of 2023. With 143,887 employees in the sector, staff accounted for 51.2% of total costs. Banks paid their staff PLN 14,092 per person last quarter.
- ✓ Banks put aside PLN 5,209 mil in provisions in the second quarter of 2023. Provisions have "eaten" some 38.3% of operating profit in the second quarter of 2023 as cost of risk reached 1.31% of average loans. Share of bad loans increased to 4.09% of total loans compared to last month and provisions covered 84.0% of non-performing loans.
- ✓ Asset growth slowed down to 2.05% qoq and loans decreased 0.064% qoq (up 0.522% yoy). Mortgages fell 1.64% qoq (up 4.69% yoy), consumer loans rose 1.20% qoq (down 3.02% yoy) and corporate loans decreased by 1.75% qoq (up 1.05% yoy).
- ✓ Deposits grew 2.00% qoq and rose 7.57% yoy, so loans to deposits reached 77.5% at the end of the quarter. Polish banks remain well-capitalized with Tier 1 ratio at 18.5% at the end of June 2023.
- ✓ Pekao was the most profitable bank in the second quarter of 2023 with a net profit of PLN 1,694 mil, mBank was the most cost efficient (cost to assets at 1.31%), Santander Bank Polska grew its loans the most (up 1.37% qoq) while PKO BP had the biggest increase in deposits (4.68% qoq).

Assets to GDP
80.7%
Loans to GDP
44.8%
Mortgages to GDP
12.6%
Consumer Loans to GDP
7.82%
Deposits to GDP
57.8%
Retail Deposits to GDP
30.2%
Number of Banks
64
Bank Employees
143,887
Branches
10,139
ATMs
21,310
Payment Cards
44.5 mil
Capital Adequacy
20.3%

Data for 2Q2023 or latest*.

	REVENUES	OPERATING PROFIT	NET PROFIT	COST TO INCOME	LOANS TO DEPOSITS	ROE	NPL RATIO	TIER 1 RATIO
	PLN mil	PLN mil	PLN mil	%	%	%	%	%
2Q2023	26,662	13,584	6,862	44.5	77.5	12.0	4.09	18.5*
1Q2023	27,891	13,376	8,768	47.7	79.1	16.5	4.04	18.4
4Q2022	20,995	8,304	5,225	55.4	79.2	11.0	4.19	18.3
3Q2022	24,268	12,335	-5,021	49.2	77.6	-12.7	4.30	16.4
2Q2022	24,540	10,623	4,285	56.7	77.3	11.0	4.29	17.1
1Q2022	22,807	10,649	6,204	53.3	77.5	12.5	4.44	16.7
4Q2021	16,287	5,906	-3,141	63.6	76.2	-6.02	4.60	17.4
3Q2021	16,840	7,197	3,085	57.3	73.5	5.61	5.04	18.0

Source: Central Bank, IMF, Banks, Helgi Library calculation, *Estimate

Data tells a story

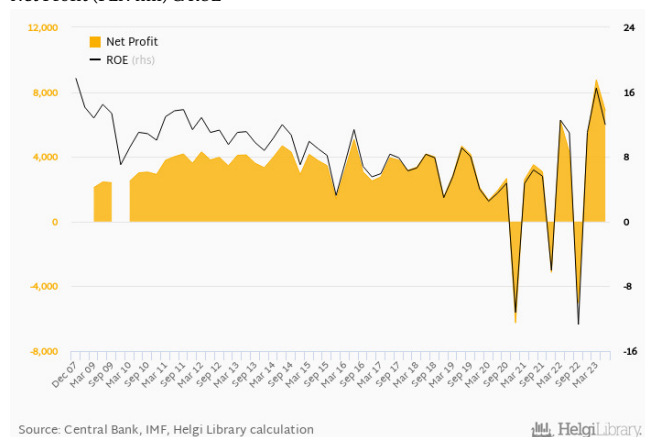
Profitability

Polish banks reported a quarterly net profit of PLN 6,862 mil in the second quarter of 2023, up 60.1% when compared to previous year. This implies a ROE of 12.0% in 2Q2023. In the last twelve months, net profits reached PLN 15,834 mil, rose 51.8% yoy and ROE reached 7.45%.

Pekao generated the largest net profit in the last quarter (PLN 1,694 mil in 2Q2023) followed by Santander Bank Polska and ING Bank Slaski. At the other end of the scale was mBank with a reported loss of PLN 15.4 mil:

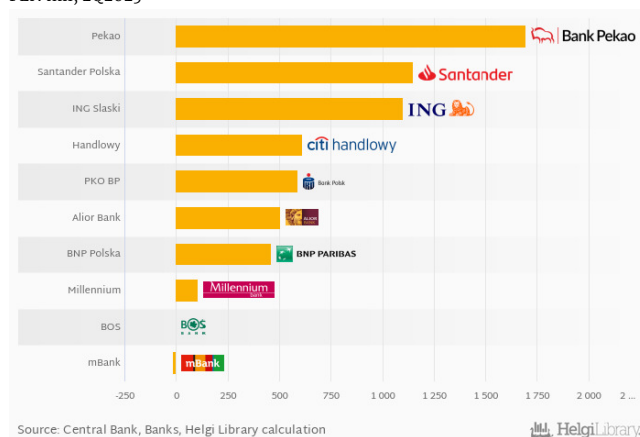
Banks' Profitability in Poland

Net Profit (PLN mil) & ROE



Banks in Poland by Net Profit

PLN mil, 2Q2023



As seen in the table below, revenues increased 8.65% yoy to PLN 26,662 mil in the second quarter of 2023. That is compared to average annual growth of 15.9% as seen in the last three years:

Polish Banks – Key Figures (PLN mil)

	2Q2022	2Q2023	CHANGE	1-6/2022	1-6/2023	CHANGE
Revenues	24,540	26,662	8.65%	47,347	54,553	15.2%
Net Interest Income	20,269	23,750	17.2%	37,048	47,003	26.9%
Net Fee Income	4,667	4,637	-0.643%	9,378	9,258	-1.28%
Other Income	-396	-1,725	-336%	921	-1,708	-285%
Costs	13,917	11,873	-14.7%	26,075	25,169	-3.47%
Staff Cost	5,060	6,083	20.2%	9,929	11,880	19.6%
Operating Profit	10,623	13,584	27.9%	21,272	26,960	26.7%
Cost of Risk	2,770	5,209	88.1%	4,963	7,972	60.6%
Pre-Tax Profit	6,933	9,892	42.7%	15,516	22,051	42.1%
Net Profit Bank	4,285	6,862	60.1%	10,489	15,630	49.0%
ROE	11.0%	12.0%	1.01 pp	10.8%	13.6%	2.81 pp
NIM	3.06%	3.36%	0.294 pp	2.80%	3.32%	0.522 pp
Cost To Income	56.7%	44.5%	-12.2 pp	55.1%	46.1%	-8.94 pp

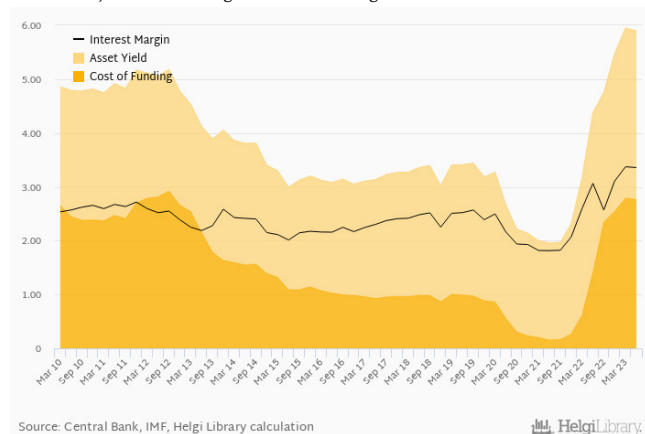
Source: Central Bank, IMF, Helgi Library calculation

Net interest income formed 89.1% of total revenues. Net interest margin increased by 0.294 bp to 3.36% of assets driven by a positive asset growth (6.71% yoy) and higher interest rates (up 5 bp to 6.90%). Asset yield grew by 1.52 bp to 5.90% and cost of funding increased by 1.34 bp to 2.76%.

Fees added 17.4% to total revenues. They decreased by 0.643% when compared to last year and were 1.57% lower compared to 5 years ago.

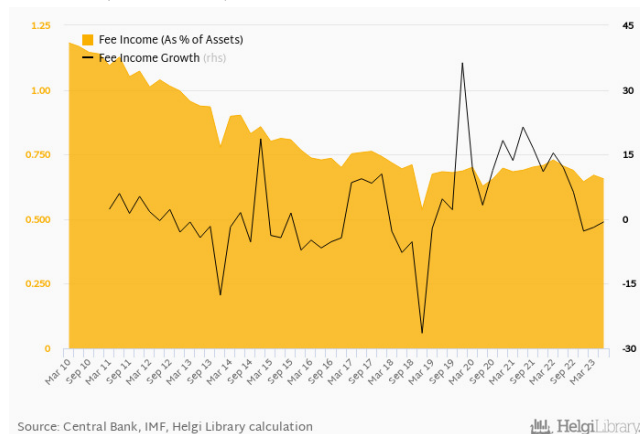
Banks' Interest Rates & Margin in Poland

Asset Yield, Cost of Funding and Interest Margin



Banks' Fee Income in Poland

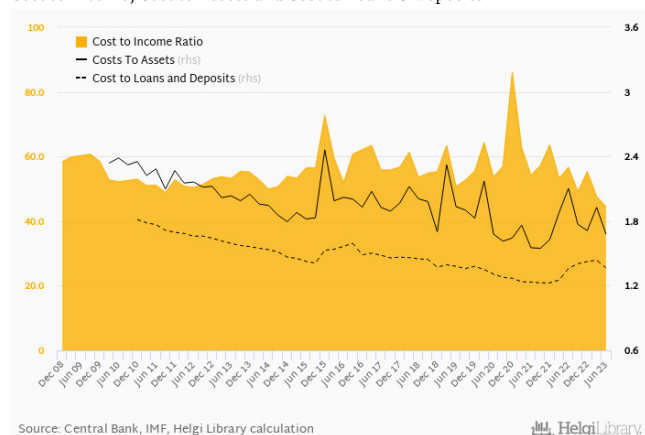
Fee Income (As % of Assets) & Fee Income Growth



Banks operated with average cost to income of 44.5% in the last quarter as operating costs fell 14.7% yoy. That's compared to an average cost to income of 57.3% seen in the last three years and 56.9% recorded in the last decade. Staff accounted for 51.2% of operating expenditure with a total of 143,887 employees in the sector. Banks paid their staff 19.2% more than last year with the average monthly cost of PLN 14,092 per person including social security and health insurance:

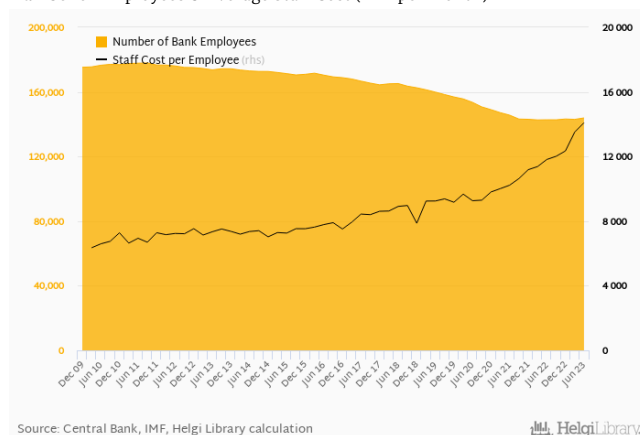
Banks' Cost Efficiency in Poland

Cost to Income, Cost to Assets and Cost to Loans & Deposits



Banks' Staff Cost in Poland

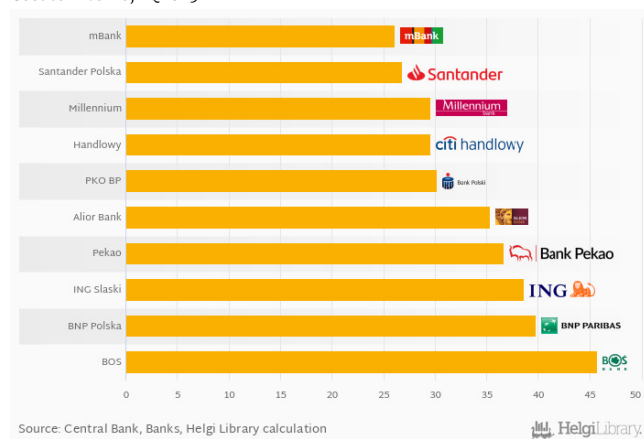
Number of Employees & Average Staff Cost (PLN per month)



mBank was the most cost efficient based on the cost to income ratio in the second quarter of 2023 (with 26.1%) and it also operated with the lowest operating costs when compared to a sum of loans and deposits, i.e. when utilization of both assets as well as liabilities is taken into account (0.955%):

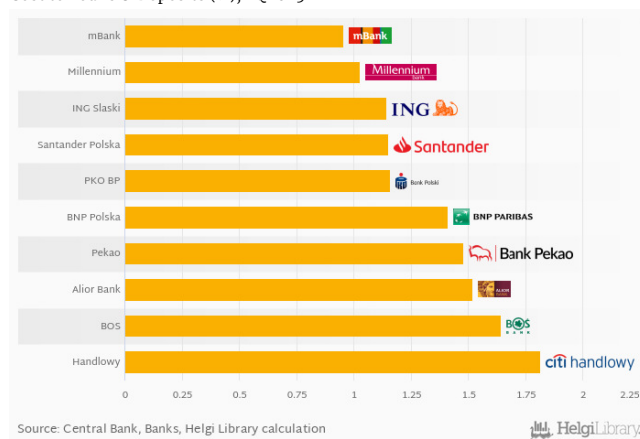
Banks by Cost to Income in Poland

Cost to Income, 2Q2023



Banks by Cost to Loans & Deposits in Poland

Cost to Loans & Deposits (%), 2Q2023

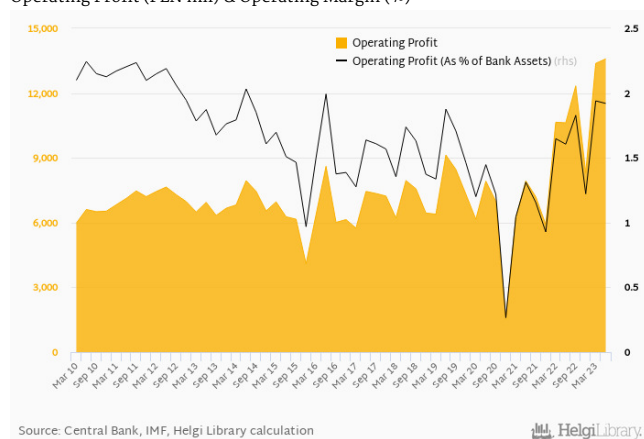


Commercial banks generated operating profit before provisioning of PLN 13,584 mil in the second quarter of 2023, up 27.9% when compared to last year. Historically, between 1Q2010 and 2Q2023, operating profit reached a high of PLN 13,584 mil in 2Q2023 and a low of PLN 1,547 mil in 4Q2020.

PKO BP generated the largest operating profit in the second quarter of 2023 (PLN 4,032 mil), whilst Bank Handlowy was operating with the highest operating margin when compared with risk weighted assets (10.2%):

Banks' Operating Profitability in Poland

Operating Profit (PLN mil) & Operating Margin (%)



Banks by Operating Margin in Poland

Operating Profit as % of Risk Weighted Assets, 2Q2023

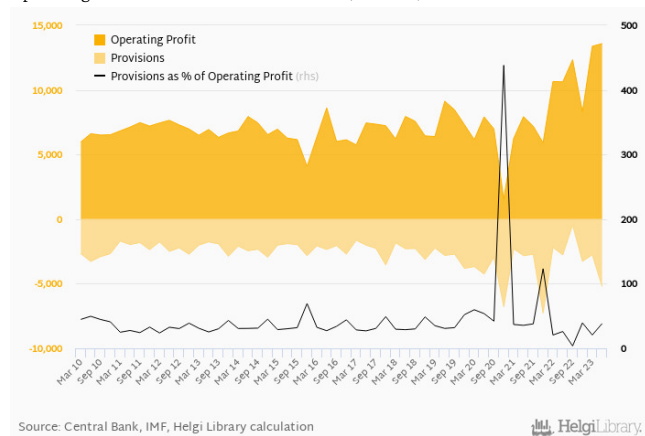


Provisions have "eaten" some 38.3% of operating profit in the second quarter of 2023 as cost of risk reached 1.31% of average loans. That is compared to an average of 71.9% of operating profit and 0.980% cost of risk seen in the last three years.

The volume of non-performing loans increased by 1.10% qoq to PLN 64.8 bil and represented 4.09% of total loans at the end of June. Provisions covered 84.0% of NPLs, up from 79.9% a year ago:

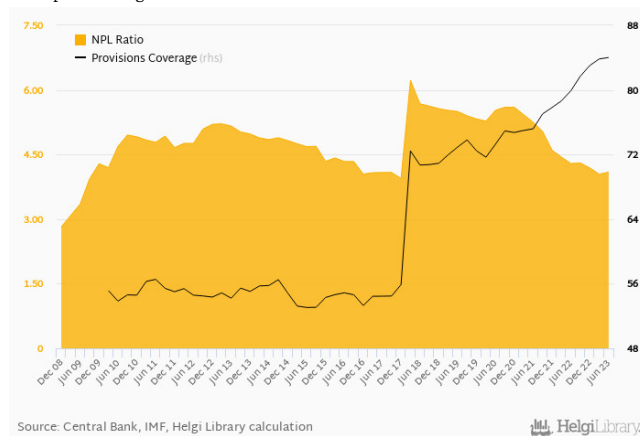
Banks' Operating Profit vs. Provisions in Poland

Operating Profit and Loan Loss Provisions (PLN mil)



Banks' Asset Quality in Poland

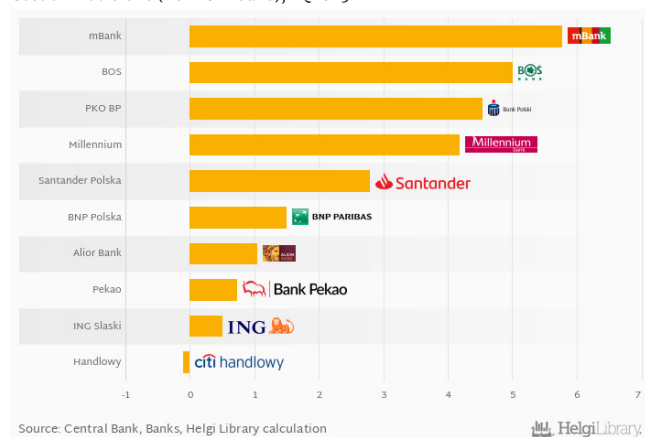
Non-performing Loans and Cumulated Provisions



Within the sector, mBank had to create the most provisions in the second quarter of 2023 relative to its loans (5.78%) and Bank Handlowy the least (-0.101%). The cost of risk therefore "erased" 87.0% of mBank's operating profit created during the quarter. In terms of overall asset quality, we estimate that Bank Ochrony Srodowiska was operating with the highest share of non-performing loans, some 16.8% of customer loans at the end of June:

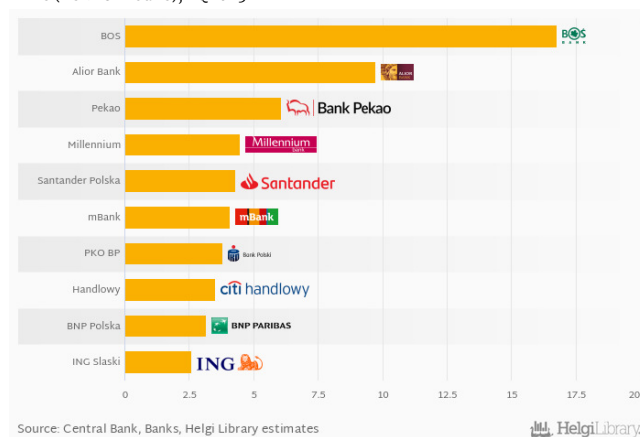
Banks by Cost of Risk in Poland

Cost of Provisions (As % Of Loans), 2Q2023



Banks by NPL Ratio in Poland

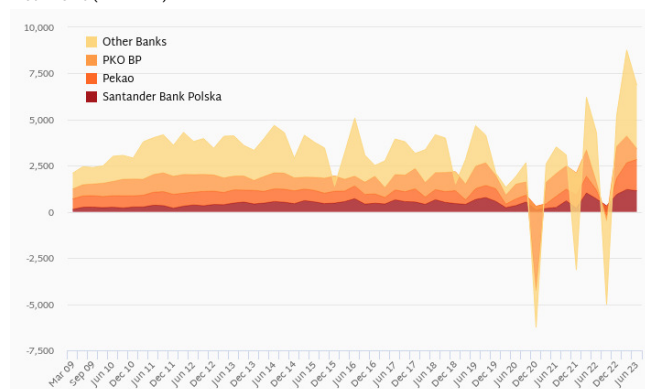
NPLs (As % Of Loans), 2Q2023



The three largest banks generated a net profit of PLN 3,940 mil. This translates into 57.4% of sector's total profit in the second quarter of 2023, up when compared to 53.2% seen three years ago. In terms of revenue and operating profit, the trio generated 50.5% and 68.3% of the total, on our calculation:

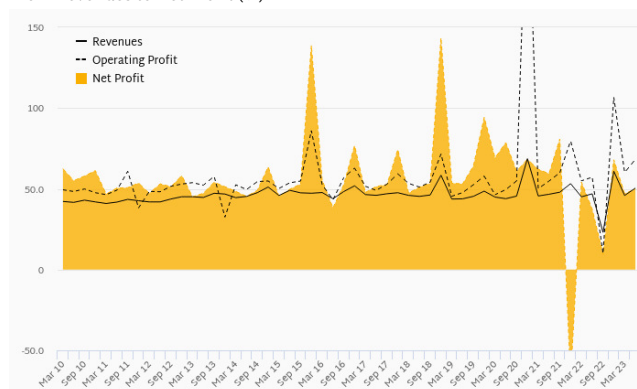
Largest Banks in Poland by Profit

Net Profit (PLN mil)



Share of 3 Largest Banks in Poland

From Revenues to Net Profit (%)

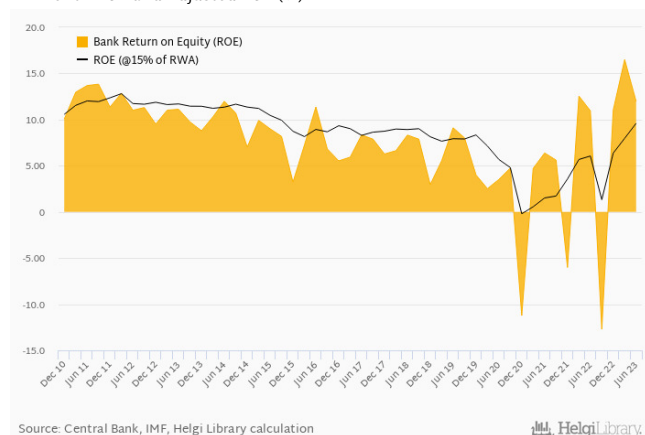


Overall, Polish banks generated its shareholders an annualized return on equity of 12.0% in the second quarter of 2023 and 7.45% return in the last four quarters. When equity "adjusted" to 15% of risk-weighted assets, the return on equity would have reached 16.6% in 2Q2023 and 9.38% in the last twelve months.

ING Bank Slaski generated its shareholders the highest return in the last quarter (ROE of 36.3%) followed by Bank Handlowy (28.5%) and Alior Bank (27.7%). When adjusted for the same level of equity (i.e. 15% of RWA), Bank Handlowy, Santander Bank Polska and Alior Bank would have made it to the top of the list:

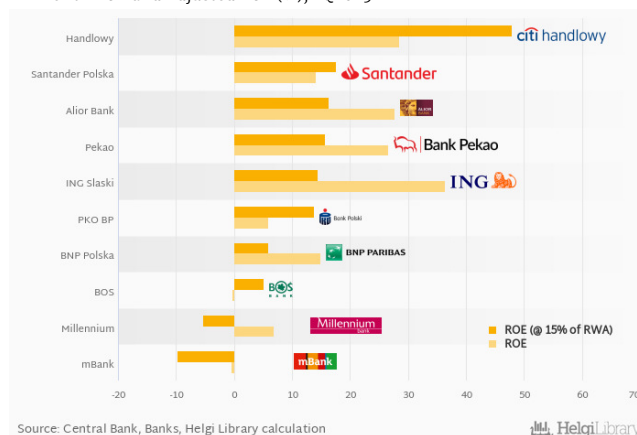
Banks' ROE vs. Adjusted ROE in Poland

12-month ROE and Adjusted ROE (%)



Banks in Poland by ROE

12-month ROE and Adjusted ROE (%), 2Q2023



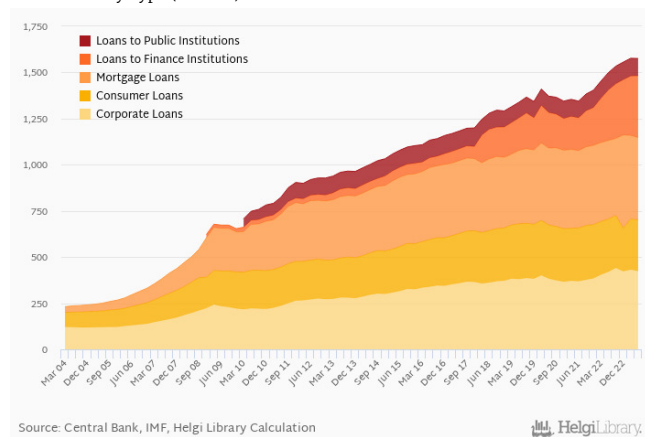
Lending

Loan Growth & Market Share

Loans decreased by 0.064% qoq to PLN 1,584 bil during the second quarter of 2023. This implies an annual growth rate of 0.522% in the last 12 months. In the last decade, bank loans have grown by 5.08% a year on average:

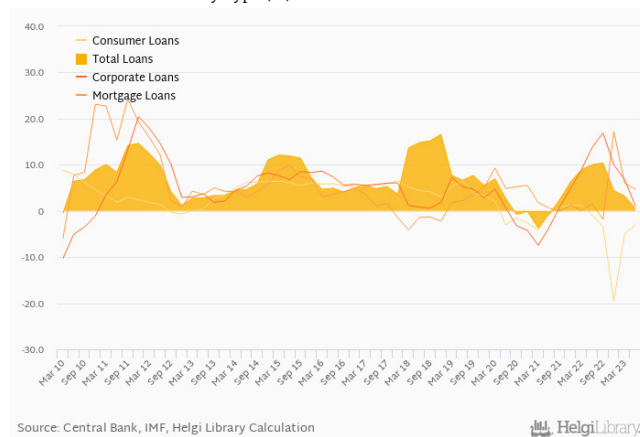
Banks' Loan Book in Poland

Bank Loans by Type (PLN bil)



Banks' Loan Growth in Poland

12-month Loan Growth by Type (%)

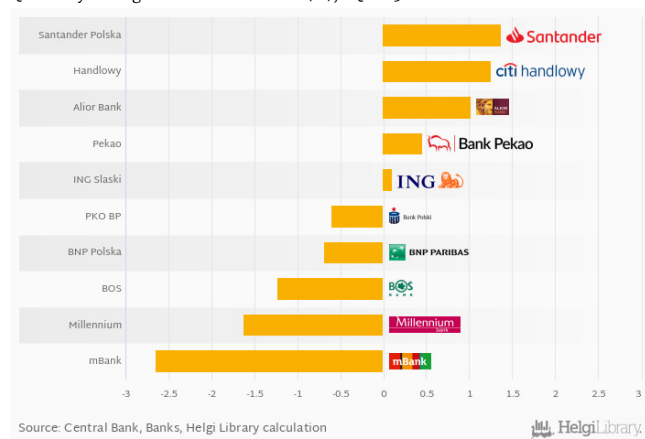


As partly seen above, residential mortgage loans dropped 1.64% qoq and were up 4.69% in the last 12 months. At the end of June, mortgages formed 28.1% of total loans. Consumer loans increased 1.20% qoq (down 3.02% yoy) and represented 17.5% of total bank loans while corporate loans fell 1.75% qoq and were up 1.05% yoy to PLN 425 bil (or 26.8% of loans).

The comparison of 10 Polish banks shows Santander Bank Polska has grown the fastest in relative terms within the last quarter (1.37% qoq), followed by Bank Handlowy and Alior Bank. In absolute terms, Santander Bank Polska also grabbed the largest piece of the pie when compared to the previous quarter (PLN 2,123 mil) followed by Pekao and Alior Bank:

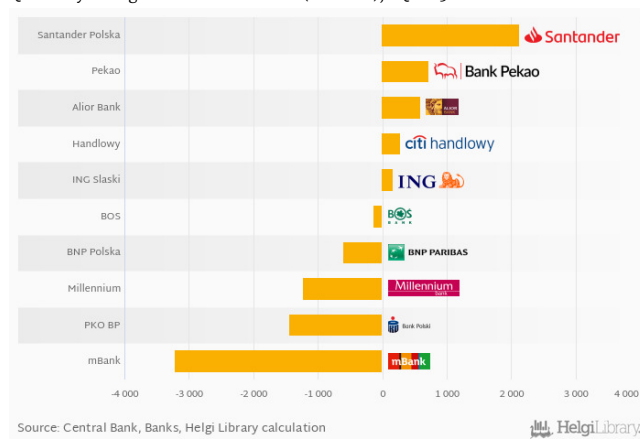
Relative Loan Growth in Poland by Bank

Quarterly Change in Customer Loans (%), 2Q2023



Absolute Loan Growth in Poland by Bank

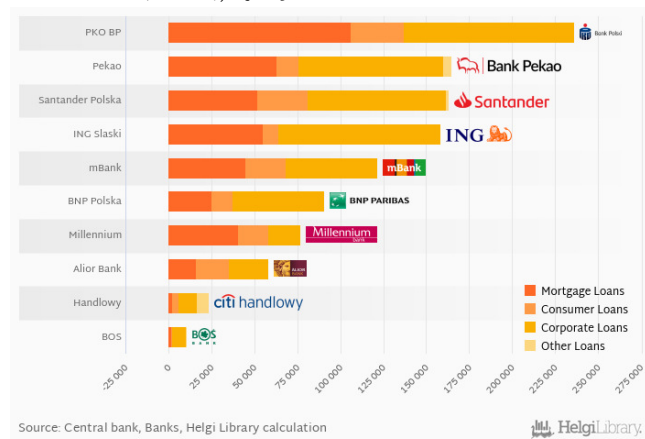
Quarterly change in Customer Loans (PLN mil), 2Q2023



Overall, PKO BP remains the largest lender with 14.9% of the market followed by Pekao with a 10.1% market share and Santander Bank Polska (9.90%). At the end of June 2023, most of PKO BP's loans came from residential mortgages (44.9% of total). Corporate loans formed 41.9% and consumer loans represented a further 13.2% of the total loan book:

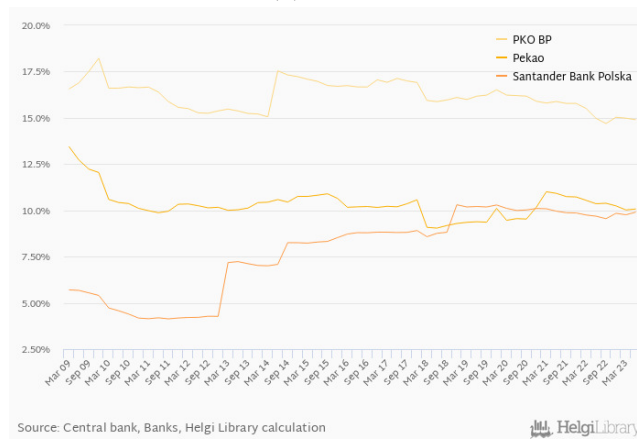
The Largest Banks in Poland by Loans

Customer Loans (PLN mil), 2Q2023



Market Share Development of 3 Largest Banks in Poland

Market Share in Customer Loans (%)



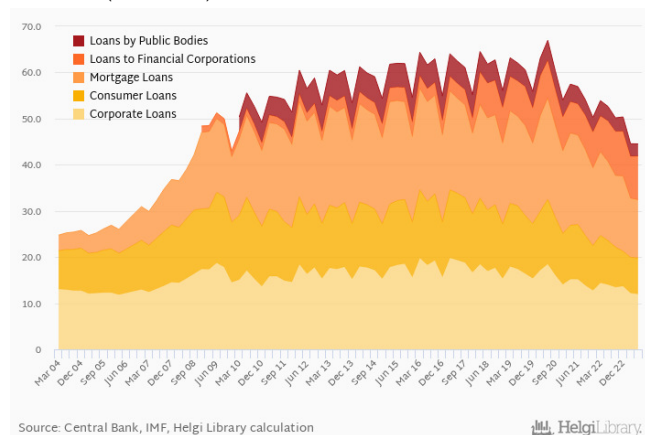
As partly seen above, the three largest banks held 34.9% of the loan market at the end of June (down from 35.0% a year ago) while the five largest banks provided 52.2% of loans (compared to 52.7% a year ago).

Lending Penetration and Loans Segments

At the end of June 2023, bank loans in Poland represented 44.8% of GDP, down from 52.0% seen a decade ago. Although this is one of the highest rates within emerging Europe, the penetration remains relatively low when compared to the most developed economies:

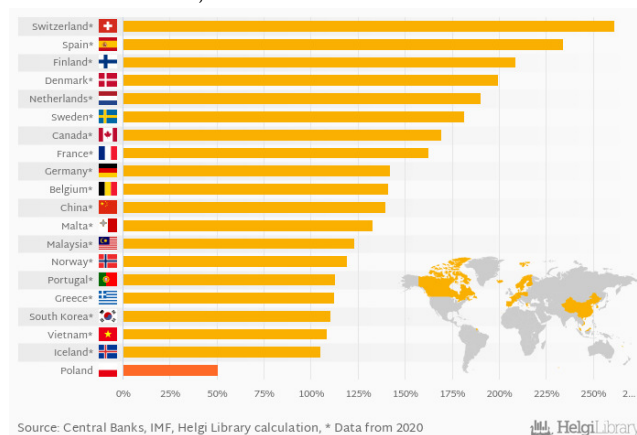
Bank Loan Penetration in Poland

Bank Loans (as % of GDP)



Bank Loans to GDP by Country

Bank Loans as % of GDP, 2022



At the end of June 2023, retail loans formed 20.4% of GDP, down from 33.8% a decade ago. In other words, the average Pole owed the bank USD 4,785 at the end of 2Q2023 compared to USD 4,322 in 2013.

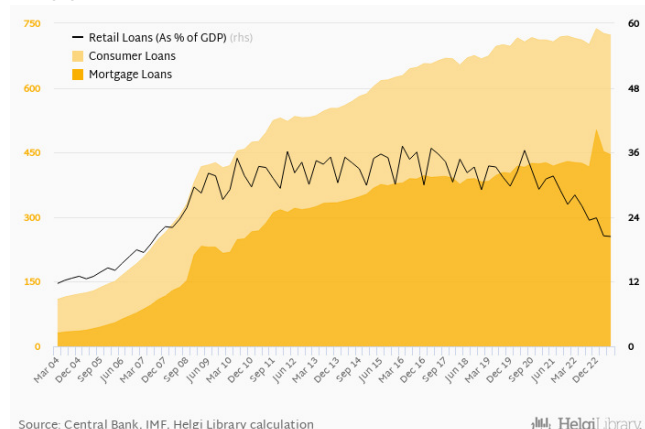
Residential mortgage loans have grown from PLN 332 bil in 2013 to PLN 445 bil, i.e. from 20.8% to 12.6% of GDP. At the end of 2Q2023, mortgages represented 28.1% of total bank loans, down from 34.5% back in 2013. This translates into an average growth of 2.97% a year.

The average mortgage loan (or outstanding bank balance) amounted to USD 44,415 at the end of 2022. We estimate that some 17.0% of households have a mortgage loan, up from 15.6% five years ago. In spite of the impressive growth, mortgage penetration remains relatively low when compared to the richest countries where more than a third of households have a mortgage loan and mortgages represent 50–100% of GDP.

Consumer bank loans have increased by 2.64% a year on average since 2013. At the end of June, they represented 7.82% of GDP. This translates into an average of PLN 7,499 owed per person assuming each citizen had a consumer loan.

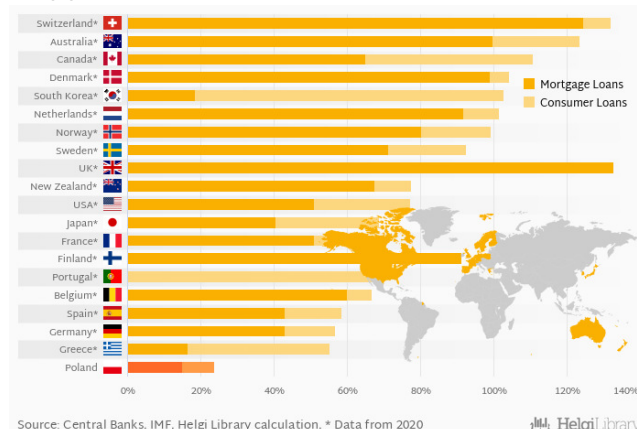
Retail Loan Expansion in Poland

Mortgage and Consumer Loans (PLN bil)



Retail Loans to GDP by Country

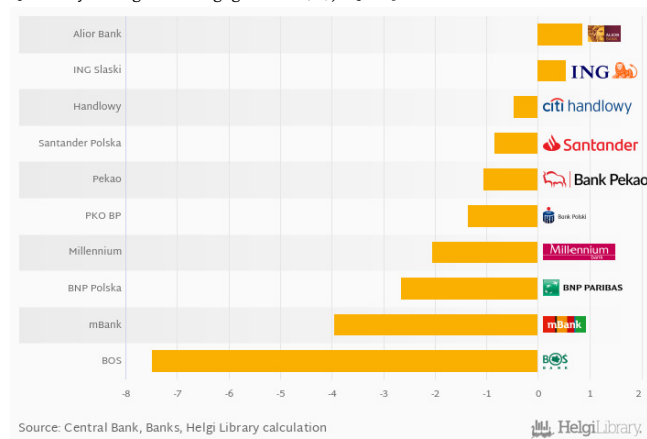
Mortgage and Consumer Loans (As % of GDP), 2022



We estimate that Alior Bank has grown the fastest in mortgages in relative terms within the last quarter (0.855% qoq), followed by ING Bank Slaski and Bank Handlowy. In absolute terms, however, ING Bank Slaski appears to have captured most of the new market when compared to the previous quarter (PLN 299 mil) followed by Alior Bank (PLN 136 mil) and Bank Handlowy (PLN -9.71 mil):

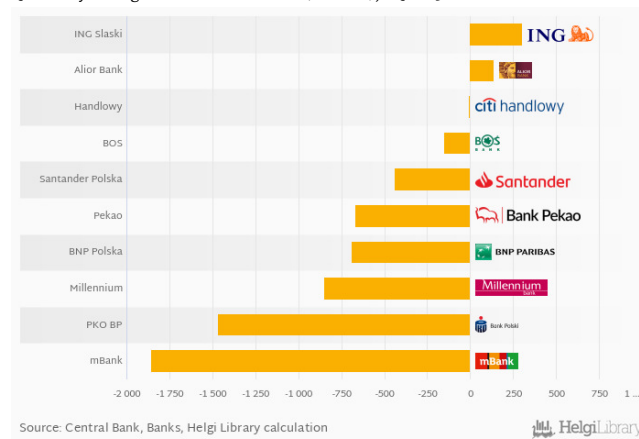
Relative Mortgage Loan Growth in Poland by Bank

Quarterly Change in Mortgage Loans (%), 2Q2023



Absolute Mortgage Loan Growth in Poland by Bank

Quarterly change in Customer Loans (PLN bil), 2Q2023



Overall, PKO BP was the largest mortgage lender with 23.8% of the market followed by Pekao (with a 14.1% share) and ING Bank Slaski (12.3%). Looking at the last 12 months, Alior Bank gained the most in market share (0.753 bp to 3.61%) compared to ING Bank Slaski's -3.34 bp (to 12.3%) and Bank Handlowy's -6.58 bp (a market share of 0.471%):

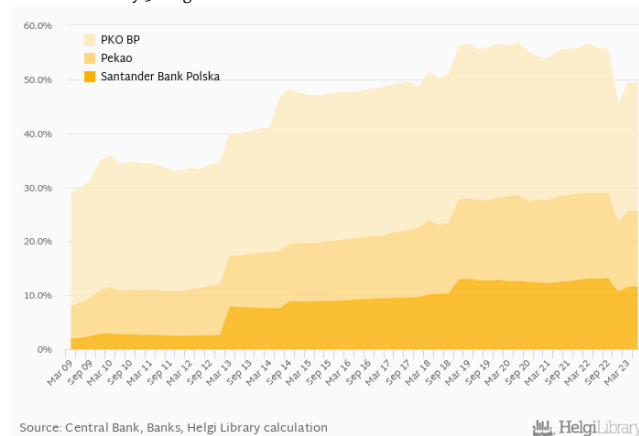
Banks in Poland by Mortgage Loans

Mortgage Loans (PLN bil), 2Q2023



Three Largest Mortgage Lenders in Poland

Market Share by 3 Largest Banks



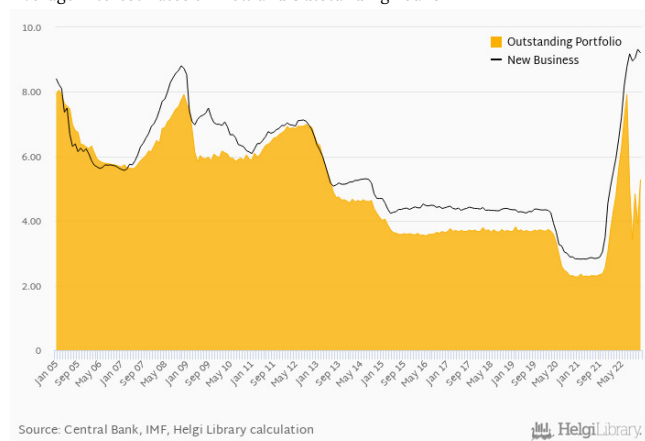
We estimate that the combined trio of largest banks held 49.4% of outstanding mortgage loans and 26.6% of consumer loans in June 2023.

Interest Yields & Rates

Average asset yield fell to 5.90% in the second quarter of 2023, down 0.053 bp compared to the previous quarter (up 1.52 bp yoy). Banks charged on average 6.83% on mortgage loans, up 0.023 bp qoq (compared to 6.35% last year), interest on consumer loans reached 11.4% (up 0.090 bp qoq) and corporate loans were priced at 8.83% (down 0.083 bp qoq) in the second quarter of 2023.

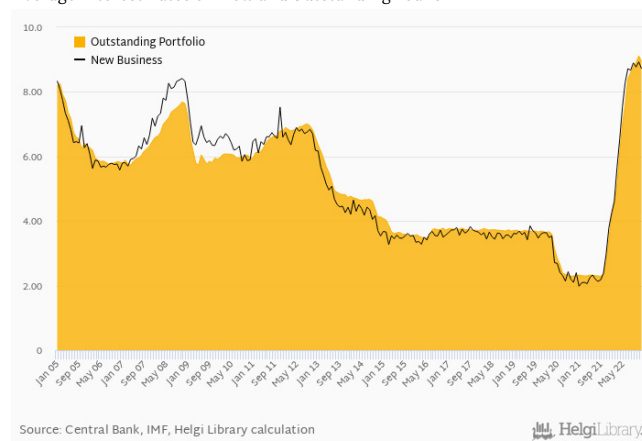
Interest Rates on New Mortgage Loans in Poland

Average Interest Rates on New and Outstanding Loans



Interest Rates on New Corporate Loans in Poland

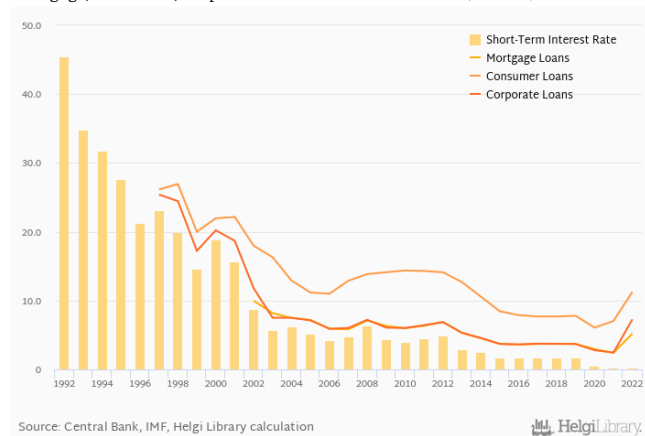
Average Interest Rates on New and Outstanding Loans



If we take a look at new business, new mortgages stood at 8.64% in the second quarter of 2023, 1.81 bp above the outstanding portfolio. New consumer loans were priced at 12.2% (0.803 bp above outstanding) and average interest rate on new corporate loans reached 8.89% (0.060 bp above the average portfolio):

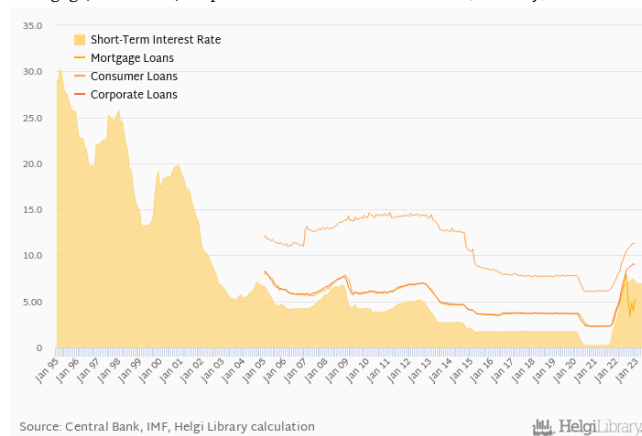
Interest Yield on Outstanding Loans in Poland

Mortgage/Consumer/Corporate Loans vs. Interbank Rate (Annual)



Interest Yield on Outstanding Loans in Poland

Mortgage/Consumer/Corporate Loans vs. Interbank Rate (Monthly)

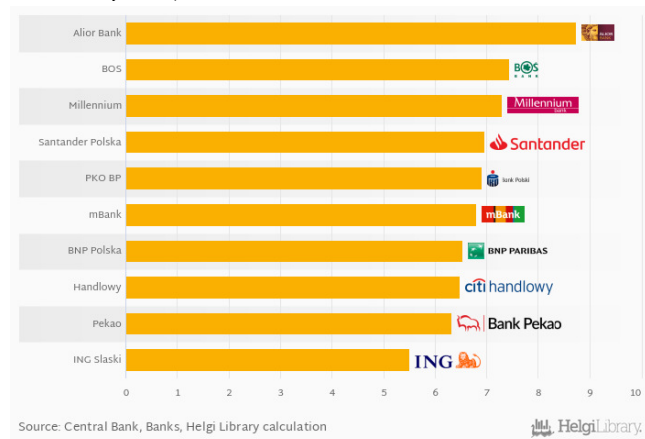


In the arena of 10 Polish banks, Alior Bank has been operating with the highest asset yield in the second quarter of 2023 (8.74% on total assets), followed by Bank Ochrony Srodowiska (7.44%) and Bank Millennium (7.30%). At the other end of the spectrum was ING Bank Slaski with only 5.51% and Pekao with 6.32% of average assets.

In terms of momentum, Pekao increased its asset yield the most in the last 12 months, by 0.409 bp to 6.32%, followed by BNP Paribas Bank Polska (up by 0.274 bp) and Bank Ochrony Srodowiska (up by 0.264 bp):

Bank Asset Yield in Poland

Asset Yield by Banks, 2Q2023



Bank Asset Yield Change in Poland

Annual Change in Asset Yield, 2Q2023

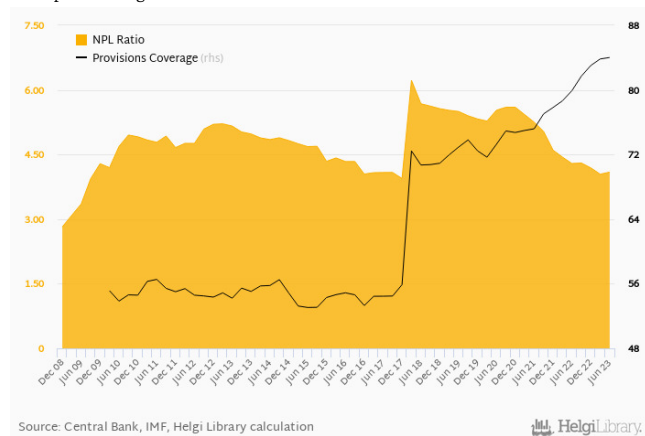


The volume of non-performing loans increased 1.10% qoq to PLN 64.8 bil and their share rose to 4.09% of total loans at the end of June 2023. Specific provisions covered 84.0% of non-performing loans, up from 79.9% seen a year ago.

Cost of risk amounted to 1.31% of loans in the second quarter of 2023 as banks put aside PLN 5,209 mil in provisions. That is 0.335 bp more when compared to the average 0.980% seen in the last three years. Provisions have "eaten" 38.3% of banks operating profit in the last quarter, down from the 71.9% average seen in the last three years:

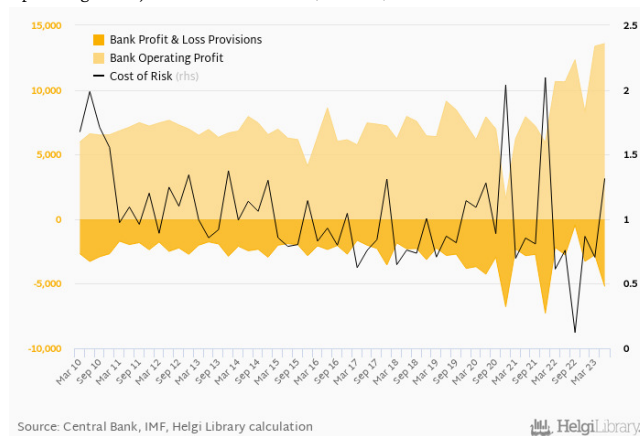
Banks' Asset Quality in Poland

Non-performing Loans and Cumulated Provisions



Banks' Operating Profit vs. Provisions in Poland

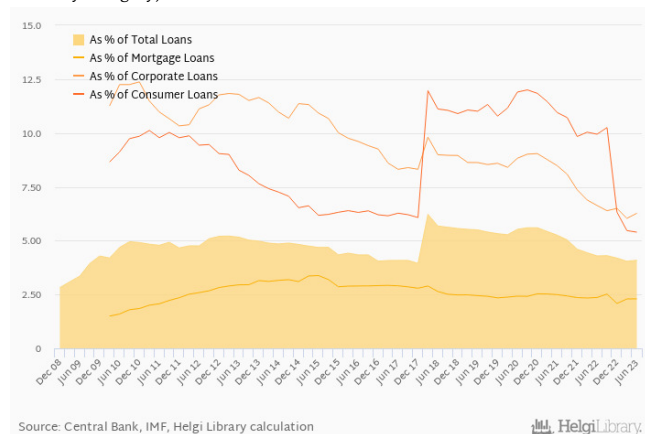
Operating Profit, Loan Loss Provisions (PLN mil) & Cost of Risk



Mortgage loans traditionally represent the best level of quality with only 2.30% of them not performing (up 0.254 bp from the previous quarter and 2.36% a year ago). On the other hand, some 6.27% of corporate loans were classified (up 3.96 bp qoq and 6.63% last year) as well as 5.39% of consumer loans (down 1.31 bp qoq and 9.94% a year ago):

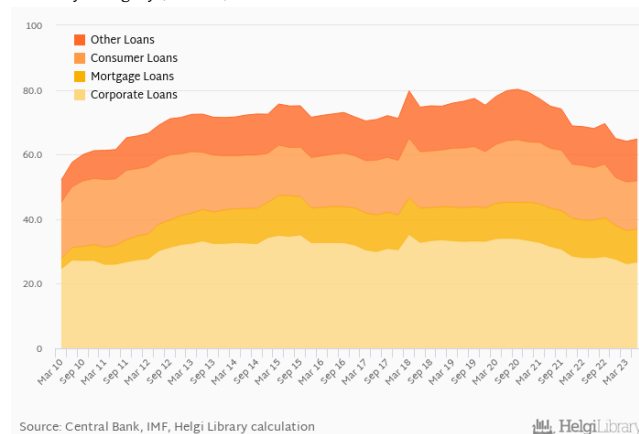
Share of Non-Performing Loans in Poland

Loans by Category, %



Non-performing Loans by Type in Poland

Loans by Category (PLN bil)

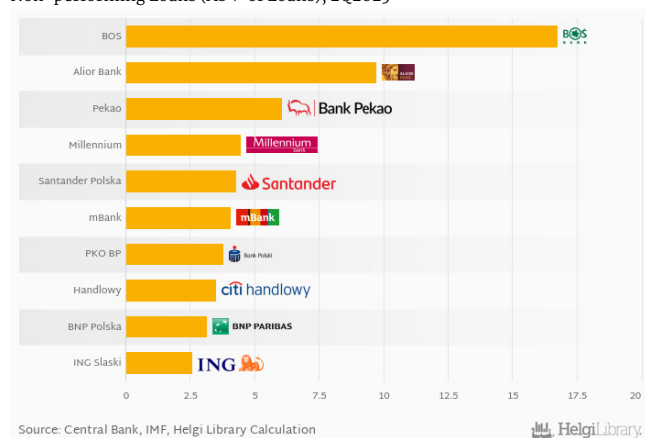


We estimate that ING Bank Slaski operated with the highest-quality performing loan portfolio – only 2.59% of loans were not performing at the end of June 2023. On the other hand, we assume Bank Ochrony Srodowiska reported the highest NPL ratio with 16.8%. Overall, provisions accounted for 84.0% of bad loans across the sector.

We estimate that Bank Ochrony Srodowiska had the highest volume of non-performing loans not covered by provisions when compared to bank's equity at the end of the second quarter of 2023 (32.4%), followed by Alior Bank (18.0%) and Bank Millennium. Having said that, the comparison does not take into account size and quality of the loan collateral, for example, which covers a major part of mortgage backed loans:

NPL Ratio by Bank in Poland

Non-performing Loans (As % of Loans), 2Q2023



Uncovered NPLs in Poland

NPLs minus Provisions (As % of Equity), 2Q2023



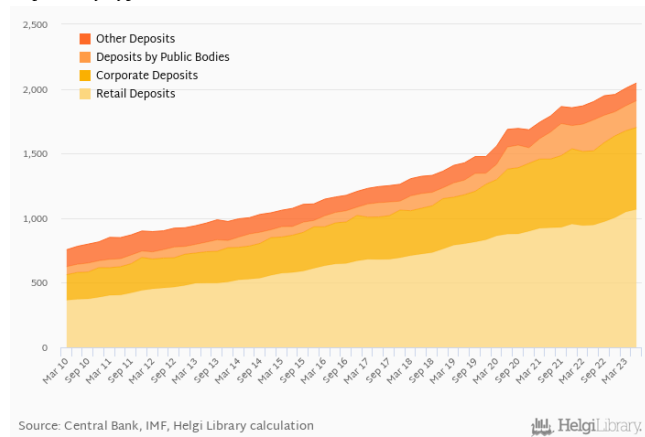
Deposits

Deposit Growth & Market Share

Customer deposits increased 2.00% qoq to PLN 2,045 bil during the second quarter of 2023. This means an annual growth rate of 7.57%, which is below the average growth of 7.84% we have seen in deposits in the last decade:

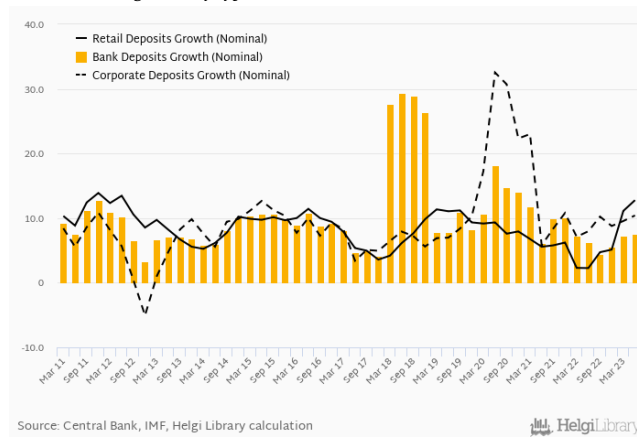
Customer Deposits in Poland

Deposits by Type (PLN bil)



Deposit Growth in Poland

12-month loan growth by type

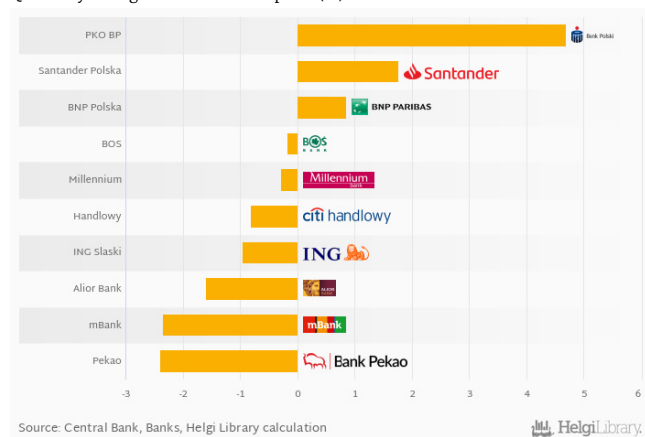


As partly seen above, households deposits grew 1.91% qoq and 12.8% yoy in the last 12 months and represented 52.2% of total customer deposits at the end of June 2023. Corporate deposits increased by 0.855% qoq (or 10.4% yoy) and made up 31.0% of total while the remaining 16.8% comprised other deposits (to financial and public institutions) compared to 20.0% a year ago.

PKO BP appears to have grown the fastest in deposits in relative terms last quarter (4.68% qoq) compared to the next bunch of Polish banks, followed by Santander Bank Polska and BNP Paribas Bank Polska. In absolute terms, when compared to the previous quarter, also, most new deposits went to PKO BP (PLN 16,380 mil) followed by Santander Bank Polska and BNP Paribas Bank Polska:

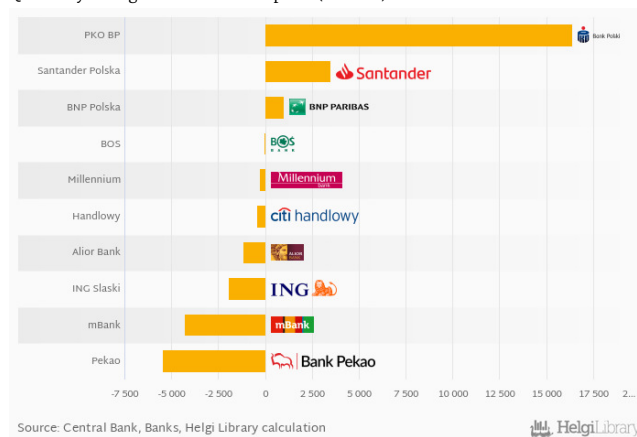
Relative Deposit Growth in Poland by Bank

Quarterly change in Customer Deposit (%)



Absolute Deposit Growth in Poland by Bank

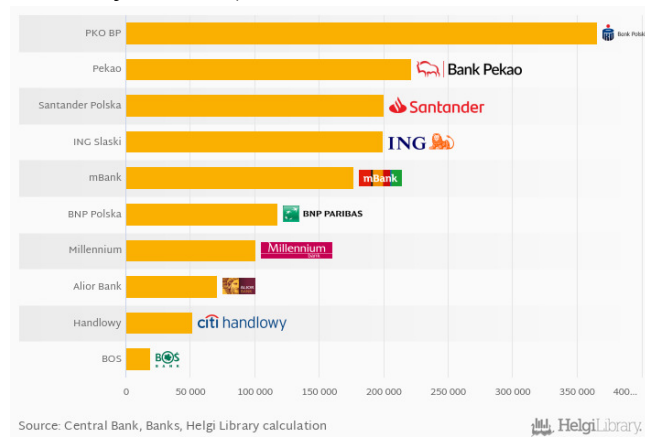
Quarterly change in Customer Deposit (PLN bil)



Overall, PKO BP remains the largest deposit collector with a 17.9% market share followed by Pekao (10.8%) and Santander Bank Polska (9.81%) on our calculation:

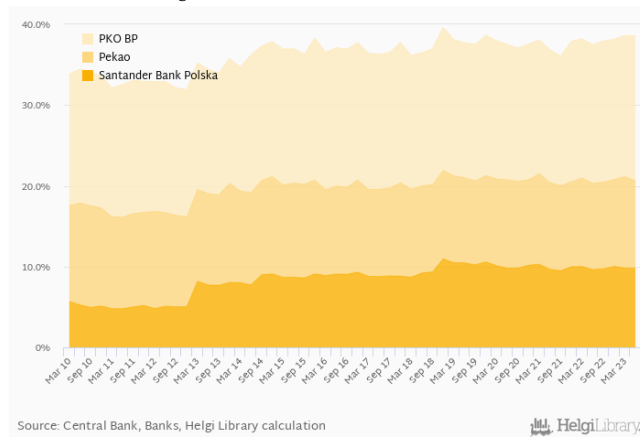
Polish Banks by Deposits

Customer Deposits (PLN bil), 2Q2023



Three Largest Banks by Customer Deposits in Poland

Market Share of 3 Largest Banks



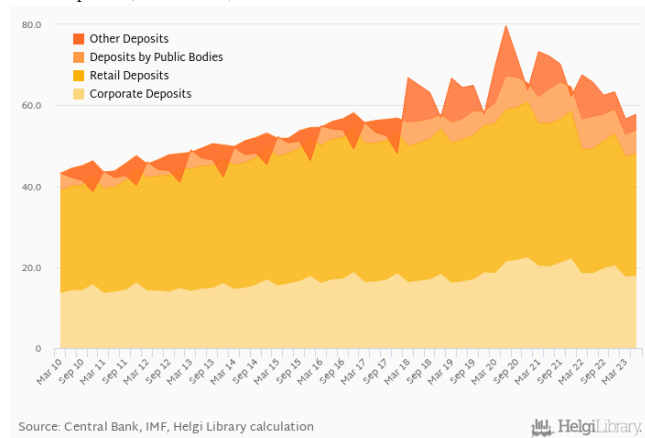
The three largest banks held 38.6% of customer deposits at the end of second quarter of 2023. When compared to the same period of last year, we estimate that they have gained 1.09% of the market.

Penetration and Funding

At the end of June 2023, customer deposits in Poland reached 57.8% of GDP, up from 47.0% seen a decade ago.

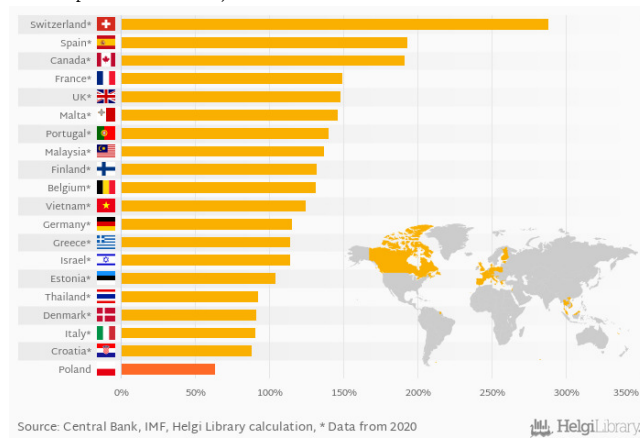
Bank Deposit Penetration in Poland

Bank Deposits (as % of GDP)



Bank Deposits to GDP by Country

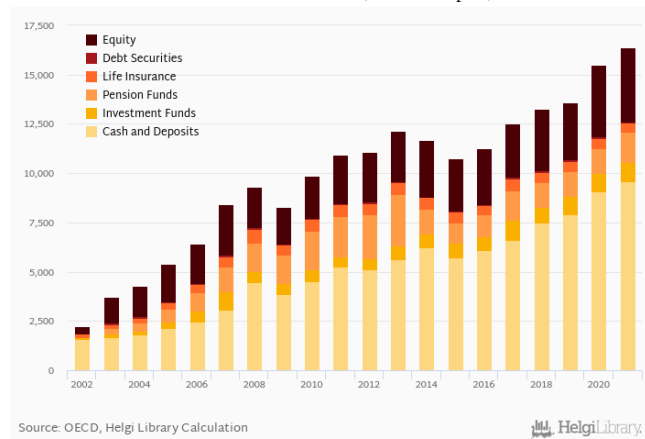
Bank Deposits as % of GDP, 2022



Thanks partly to relatively lower development and penetration of alternative investments and financial services such as pension and mutual funds, or insurance, bank deposits represent the biggest chunk of a household's financial wealth. Although relatively high, they are still well below the level when compared to its western European peers (and recalculated to PPP):

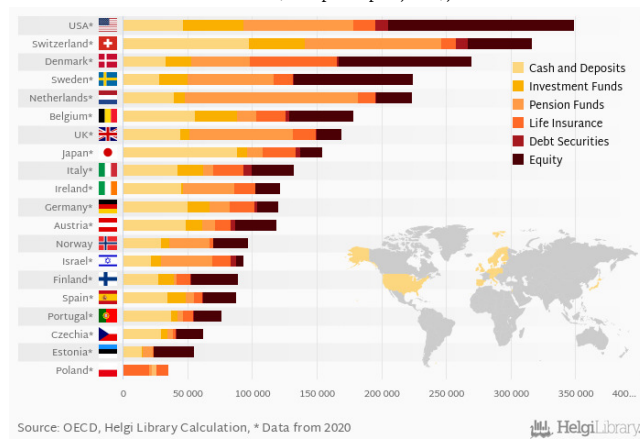
Household Financial Wealth in Poland

Breakdown of Household's Financial Assets (USD Per Capita)



Households' Financial Wealth by Country

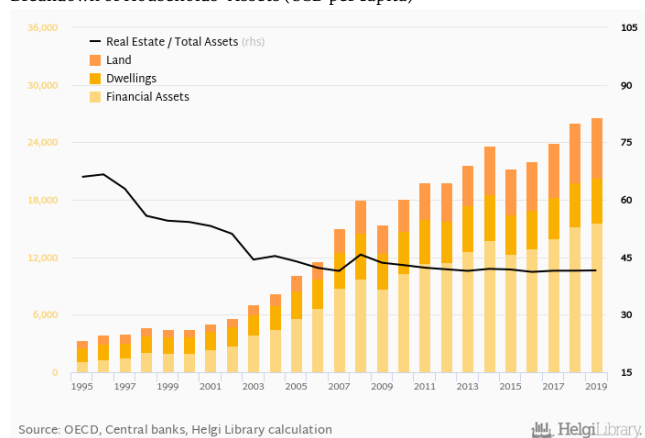
Breakdown of Households Assets (USD per capita, PPP), 2022



As partly already explained in the lending section, mortgages form large part of banks' overall lending. Thanks partly to lower absolute wealth and high ownership ratio, assets in dwelling and land represent a significant part of households' overall gross wealth (41.6% at the end of 2019):

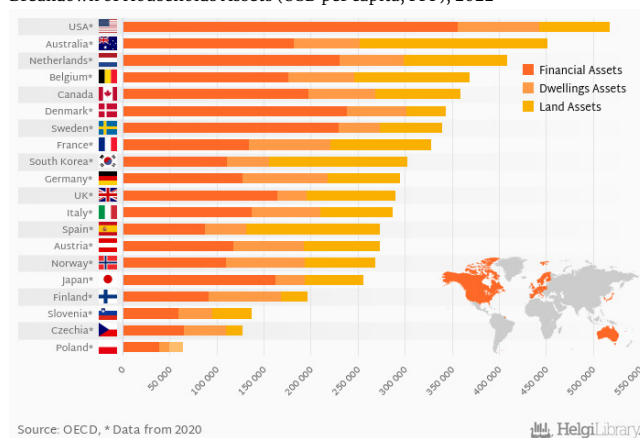
Households' Wealth in Poland

Breakdown of Households' Assets (USD per capita)



Households' Wealth by Country

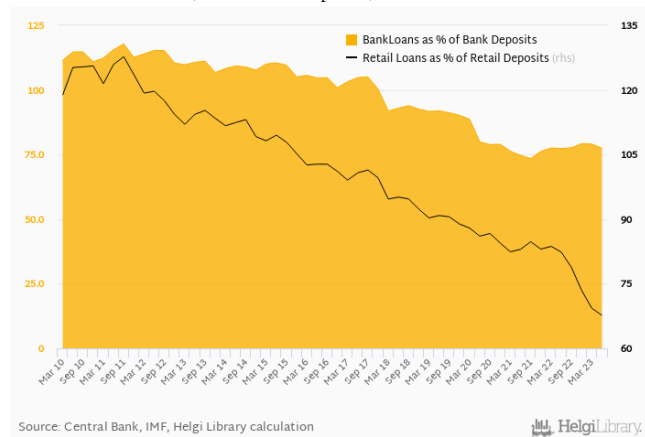
Breakdown of Households Assets (USD per capita, PPP), 2022



Household deposits serve as the prime source of loan funding in most central European countries. Loan to deposit ratio accounted for 77.5% in Poland at the end of second quarter of 2023, up from 77.3% a year ago and 111% in 2013. When comparing only household loans and deposits, the ratio was 67.6% at the end of June 2023:

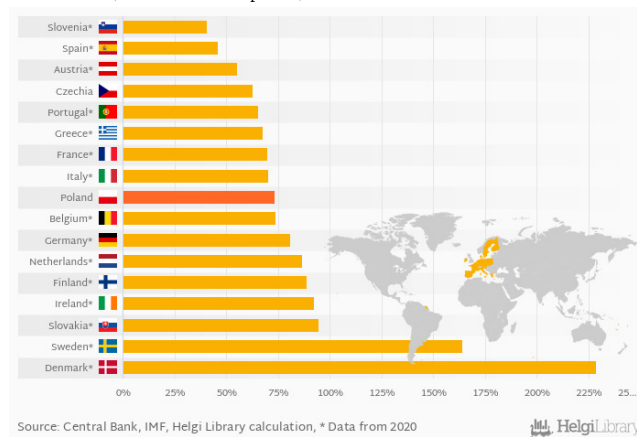
Bank Loans to Deposits in Poland

Total and Retail Loans (as % of Bank Deposits)



Retail Loans As % of Retail Deposits by Country

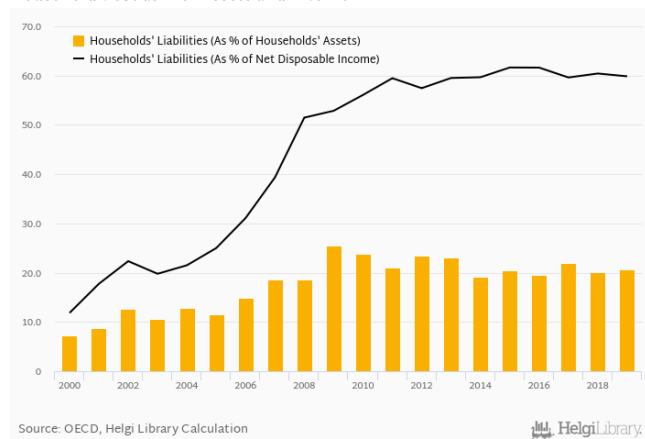
Retail Loans (As % of Retail Deposits)



When household debt is compared to households' assets and income, we can see that overall indebtedness of Polish households is relatively low when compared to western European Peers:

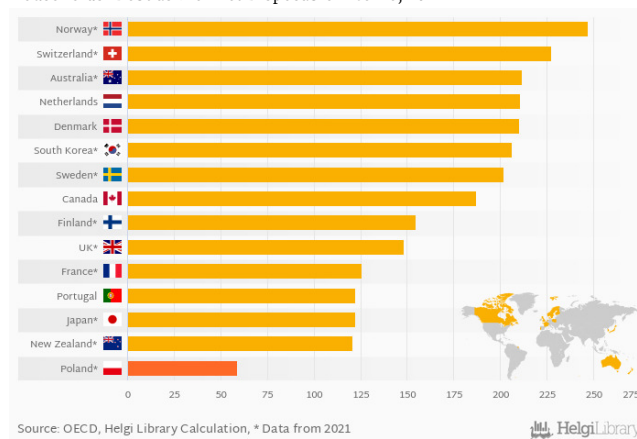
Household Indebtedness in Poland

Household Debt as % of Assets and Income



Household Debt to Income by Country

Households' Debt as % of Net Disposable Income, 2022



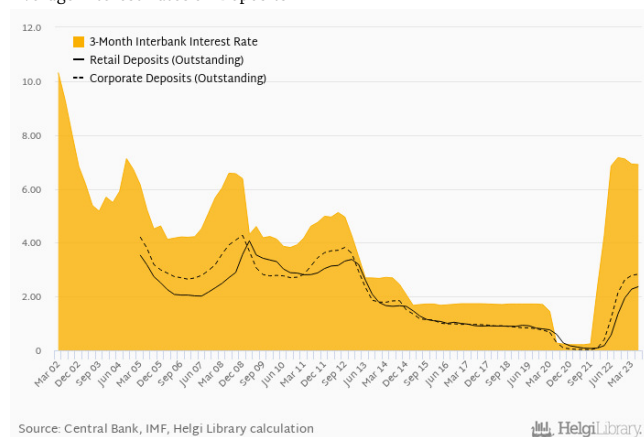
Interest Cost & Rates

Average cost of funding fell 0.030 bp qoq to 2.76% in the second quarter of 2023, up 1.34 bp when compared to the same period of last year. Banks paid on average 2.83% on outstanding corporate deposits (up 0.047 bp) and 2.37% on household deposits (up 0.093 bp).

Current account deposits represented 65.1% of the total. The share was 76.8% a year ago and 48.3% of the total a decade ago.

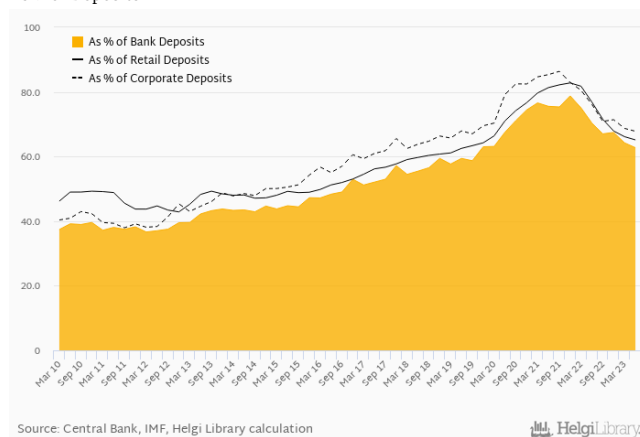
Cost of Bank Deposits in Poland

Average Interest Rates on Deposits



Share of Current Account Bank Deposits in Poland

As % of Deposits

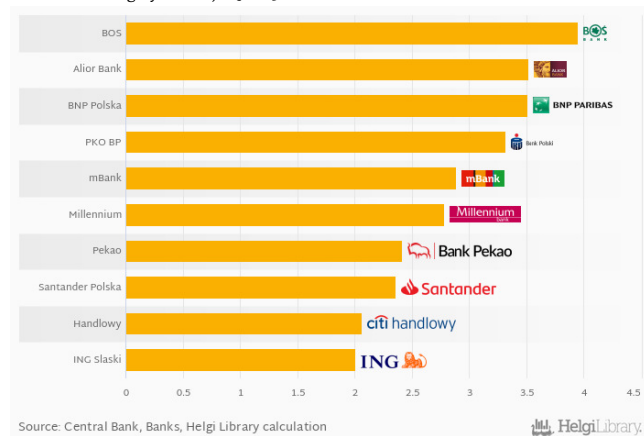


With regard to the 10 banks below, ING Bank Śląski has been operating with the lowest cost of funding in the second quarter of 2023 (2.00% on total liabilities), followed by Bank Handlowy (2.06%) and Santander Bank Polska (2.36%). At the other end of the spectrum was Bank Ochrony Srodowiska with 3.95% and Alior Bank with 3.52%.

In terms of momentum, Bank Ochrony Srodowiska's cost of funds increased the most in the last 12 months, from 1.57% to from 3.95%, followed by Pekao (up by 1.63 bp) and Alior Bank (up 1.60 bp):

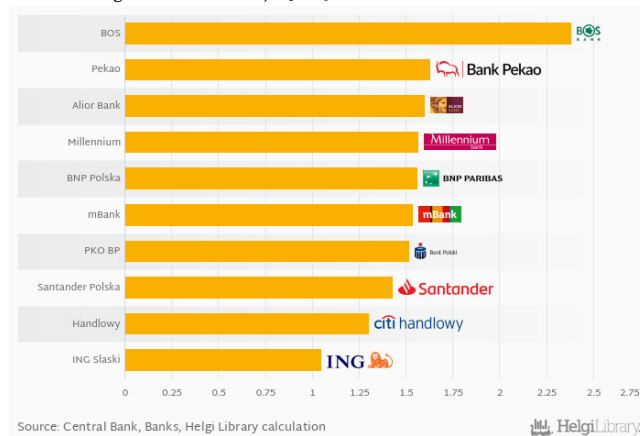
Cost of Funding in Poland by Bank

Cost of Funding by Banks, 2Q2023



Cost of Funding Change by Bank in Poland

Annual Change in Cost of Funds, 2Q2023



Capitalization & Profitability

Capitalization

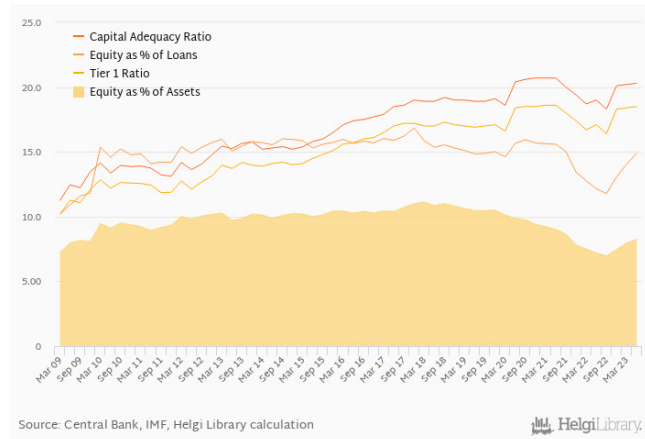
Polish banks operated with capital adequacy ratio of 20.3% at the end of the second quarter of 2023, up 1.30 bp when compared to the same period of last year. Historically in between 4Q2007 – 2Q2023, the ratio reached a high of 20.7% in 2Q2021 and a low of 11.2% in 1Q2009.

We estimate that sector's Tier 1 ratio might have reached 18.5% and equity accounted for 14.9% of loans. This is up 1.50 bp and down 0.454 bp when compared to five years ago.

Santander Bank Polska reported the highest capital adequacy ratio (20.8%) followed by Bank Handlowy (20.3%) and PKO BP. Bank Millennium and Alior Bank managed to operate with relatively low capital ratios of 14.8% and 15.1%, respectively:

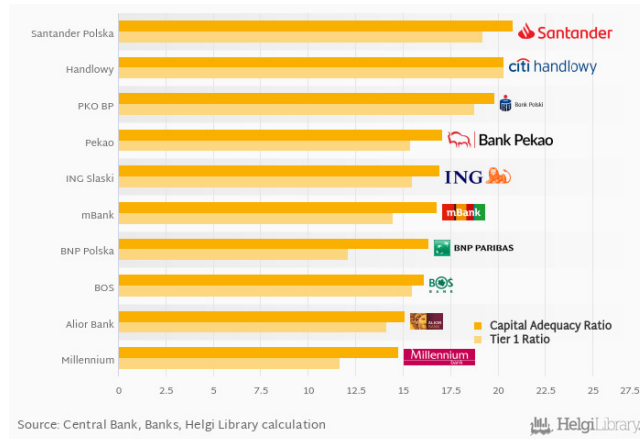
Banks' Capitalization in Poland

CAR, Tier 1 & Equity to Loans & Equity to Assets



Banks in Poland by Capitalization

Capital Adequacy Ratio and Tier 1 Ratio, 2Q2023



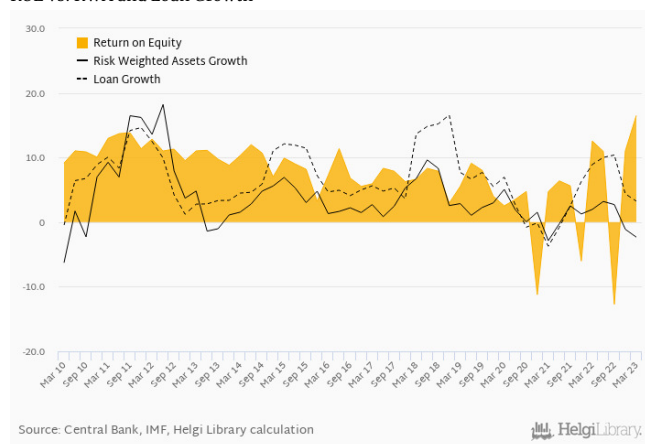
Return on Equity

Risk weighted assets have been growing by 2.13% a year since 2013 while banks' profits generated return on equity of 6.53% on average during that time. In other words, profits created enough room to both, fund asset growth as well as pay dividends to shareholders in the last decade.

ING Bank Śląski achieved the highest ROE in the last three years (17.3%) followed by Bank Handlowy (15.3%) and Alior Bank (11.7%). When adjusted to the same level of capital (15% of risk-weighted assets), Bank Handlowy would be the most profitable with a ROE of 47.9% in the last twelve months:

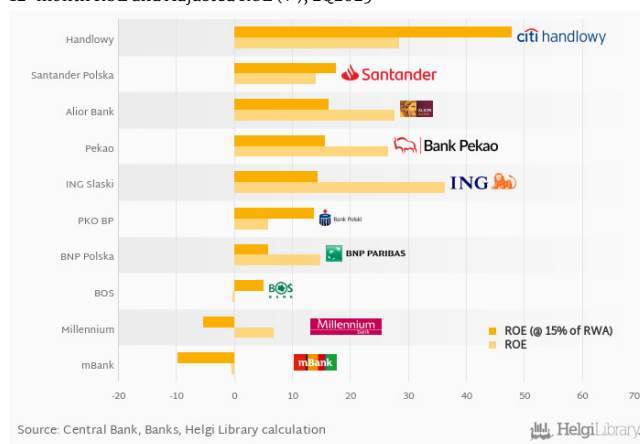
Banks' Growth of Risk vs. Profitability in Poland

ROE vs. RWA and Loan Growth



Banks in Poland by ROE

12-month ROE and Adjusted ROE (%), 2Q2023

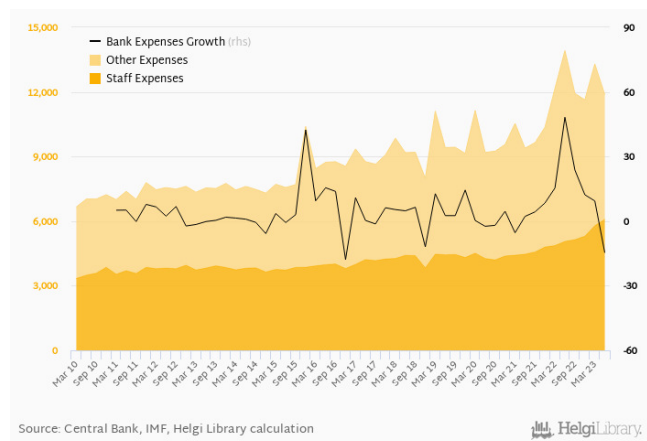


Cost Efficiency & Infrastructure

Cost Efficiency

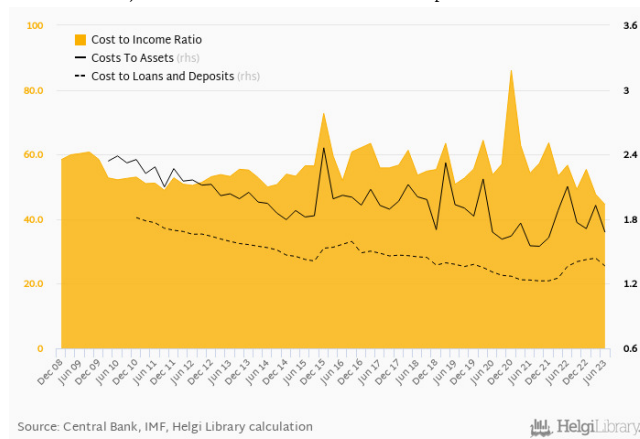
Operating costs fell 14.7% yoy and cost to income fell to 44.5% last quarter. When compared to total assets, operating costs reached 1.68%, down 0.425 bp yoy.

Banks' Cost Breakdown in Poland



Banks' Cost Efficiency in Poland

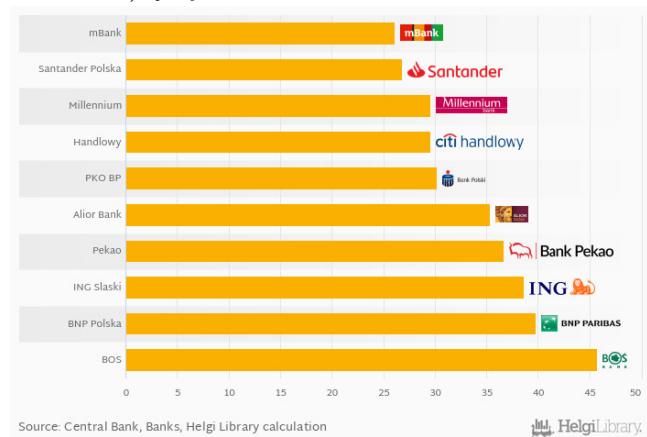
Cost to Income, Cost to Assets and Cost to Loans & Deposits



mBank achieved the lowest costs when compared to income followed by Santander Bank Polska and Bank Millennium:

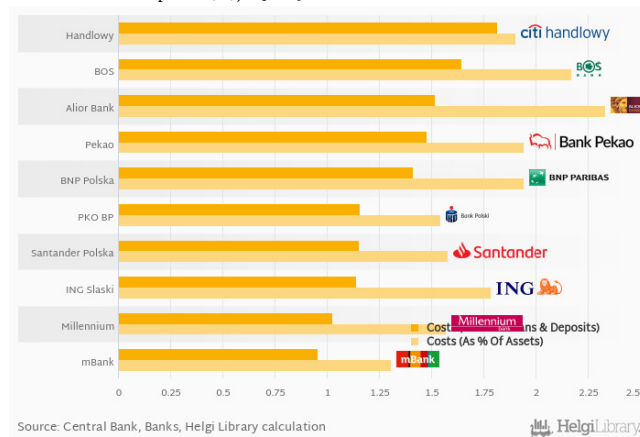
Banks by Cost to Income in Poland

Cost to Income, 2Q2023



Banks in Poland by Cost to Loans & Deposits

Cost to Loans & Deposits (%), 2Q2023

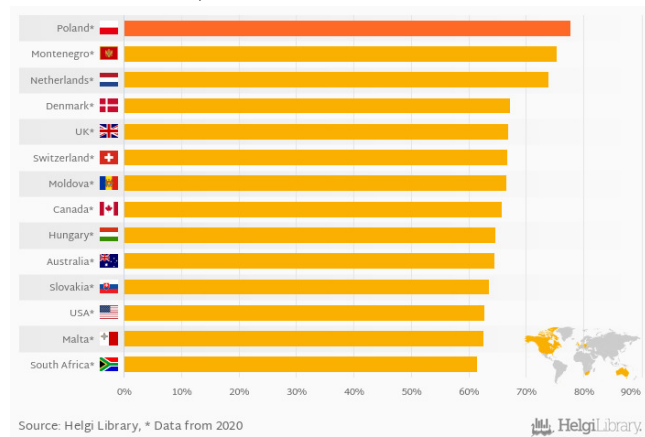


When cost efficiency is adjusted for balance sheet utilization, i.e. when operating costs are compared to the sum of loans and deposits instead of total assets, mBank and PKO BP had the highest efficiency from this point of view, as seen above.

In a comparison of 51 countries in 2022, Polish banks ranked 21st in terms of cost efficiency measured by lowest operating costs as % of their assets:

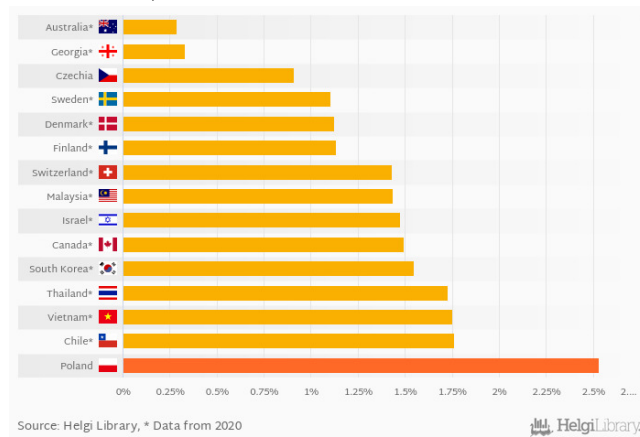
Cost to Income by Country

Cost as % of Income (%), 2022



Cost to Assets by Country

Cost to Assets (%), 2022

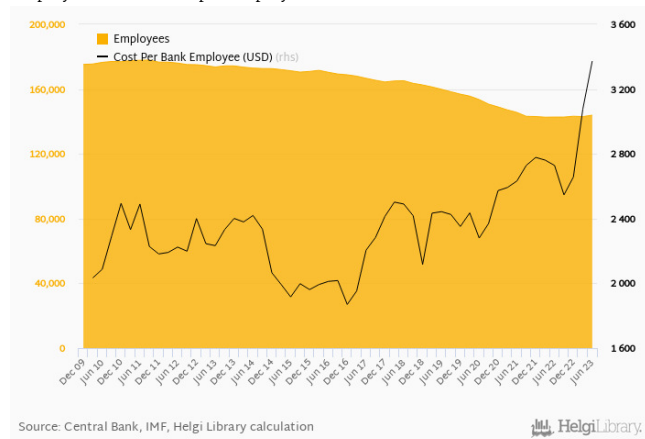


Staffing accounted for 51.2% of operating expenditures as the sector had 143,887 employees with an average cost of PLN 14,092 per month per person. This cost per employee is 19.2% higher than a year ago and 52.1% above the year 2020.

From a peak of 15,477 in 1Q2013, the number of branches has continued to decrease. At the end of the second quarter of 2023, commercial banks operated through a network of 10,139 branches. The number of ATMs decreased to 21,310, down 8.53% when compared to five years ago:

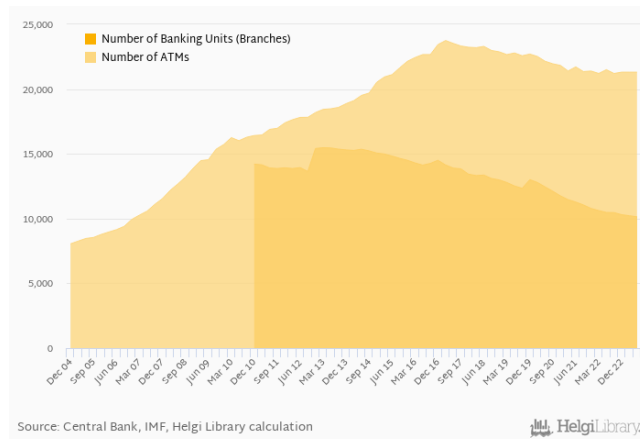
Banks' Staff Costs in Poland

Employees & Staff Cost per Employee



Bank's Branches & ATMs in Poland

Branches and ATMs



SIZE AND PENETRATION OF FINANCIAL SECTOR

SIZE AND PENETRATION OF BANKING SECTOR		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
BANK ASSETS AND LIABILITIES									
Bank Assets	PLN bil	2,536	2,556	2,614	2,678	2,718	2,715	2,801	2,858
Bank Loans	PLN bil	1,459	1,485	1,535	1,576	1,608	1,550	1,585	1,584
Bank Deposits	PLN bil	1,863	1,854	1,868	1,901	1,947	1,957	2,005	2,045
Bank Equity	PLN bil	219	200	196	192	189	202	223	236
Bank Liabilities	PLN bil	2,317	2,357	2,418	2,486	2,529	2,513	2,578	2,622
PENETRATION AS % OF GDP									
Bank Assets (As % of GDP)	%	95.5	85.7	94.5	92.6	87.2	87.9	79.1	80.7
Bank Loans (As % of GDP)	%	51.5	47.4	52.4	50.8	48.5	50.2	44.8	44.8
Corporate Loans (As % of GDP)	%	13.9	12.8	14.4	14.0	13.5	13.7	12.2	12.0
Retail Loans (As % of GDP)	%	28.9	26.4	28.1	26.0	23.4	23.9	20.5	20.4
Mortgage Loans (As % of GDP)	%	18.6	16.8	18.1	17.1	15.5	16.3	12.8	12.6
Consumer Loans (As % of GDP)	%	10.8	9.67	10.3	9.54	8.67	7.57	7.73	7.82
Bank Deposits (As % of GDP)	%	70.2	62.2	67.5	65.7	62.5	63.3	56.6	57.8
Corporate Deposits (As % of GDP)	%	21.2	22.2	18.6	18.6	19.8	20.5	17.8	17.9
Retail Deposits (As % of GDP)	%	35.4	36.4	30.5	30.6	31.5	32.5	29.6	30.2
BANKING PENETRATION PER POPULATION									
Retail Loans Per Capita	USD	5,239	5,204	5,057	4,674	4,173	4,536	4,603	4,785
Mortgage Loans Per Capita	USD	3,283	3,296	3,212	2,962	2,628	3,098	2,869	2,950
Consumer Loans Per Capita	USD	1,956	1,908	1,845	1,712	1,545	6,194	7,411	7,499
Retail Deposits Per Capita	USD	6,182	6,267	6,043	5,676	5,296	6,174	6,640	7,074
Bank Payment Card Penetration	%	114	115	117	118	119	121	...	...
Bank Credit Card Penetration	%	13.9	13.8	13.6	13.5	13.5	14.0	...	...
Bank Debit Card Penetration	%	94.2	95.1	96.9	98.8	99.8	101	...	...
BANKING INFRASTRUCTURE									
Number of Banks	banks	67.0	67.0	66.0	65.0	65.0	64.0	64.0	64.0
Number of ATMs	ATMs	21,356	21,396	21,210	21,501	21,207	21,310	21,310	21,310
Number of Branches	branches	11,056	10,785	10,621	10,476	10,464	10,302	10,222	10,139
Branches Per Bank	branches	369	360	354	349	349	161	160	...
People Per Bank Branch	persons	3,404	3,479	3,515	3,553	3,543	3,585	3,596	...
People Per ATM	persons	1,762	1,754	1,760	1,731	1,701	1,733	...	...
ATMs (As % of Bank Branches)	ATMs	1.93	1.98	2.00	2.05	2.08	2.07	...	...
Bank Payment Cards	mil	42.8	43.3	43.6	43.9	44.1	44.5	...	...
Bank Credit Cards	mil	5.24	5.18	5.09	5.02	4.99	5.16	...	...
Bank Debit Cards	mil	35.5	35.7	36.2	36.8	37.2	37.2	...	...
Number of Bank Employees	persons	143,185	143,049	142,656	142,733	142,729	143,222	143,004	143,887
Cost Per Bank Employee	PLN per month	10,637	11,185	11,377	11,817	12,015	12,344	13,512	14,092
Cost Per Bank Employee (USD)	USD per month	2,729	2,778	2,761	2,728	2,547	2,657	3,077	3,373

Source: Central bank, IMF, Helgi Library calculation

BANKS' INCOME STATEMENT		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
INCOME STATEMENT									
Interest Income	PLN mil	12,282	14,728	20,543	29,196	31,759	37,178	41,022	41,707
Interest Expenses	PLN mil	931	1,566	3,736	8,816	14,561	16,061	17,769	17,957
Net Interest Income	PLN mil	11,351	13,162	16,779	20,269	17,337	21,117	23,253	23,750
Net Fee Income	PLN mil	4,371	4,505	4,711	4,667	4,645	4,380	4,621	4,637
Non-Interest Income	PLN mil	5,489	3,108	6,028	4,271	6,931	-122	4,638	2,912
Total Income	PLN mil	16,840	16,287	22,807	24,540	24,268	20,995	27,891	26,662
Staff Expenses	PLN mil	4,569	4,801	4,869	5,060	5,143	5,304	5,797	6,083
Total Expenses	PLN mil	9,643	10,364	12,158	13,917	11,933	11,633	13,296	11,873
Operating Profit	PLN mil	7,197	5,906	10,649	10,623	12,335	8,304	13,376	13,584
Profit & Loss Provisions	PLN mil	2,725	7,280	2,193	2,770	456	3,274	2,762	5,209
Pre-Tax Profit	PLN mil	4,536	-1,452	8,583	6,933	-4,211	7,725	12,159	9,892
Income Tax	PLN mil	1,451	1,689	2,378	2,648	811	2,499	3,391	3,031
Net Profit	PLN mil	3,085	-3,141	6,204	4,285	-5,021	5,225	8,768	6,862
REVENUE & COST GROWTH RATES									
Net Interest Income Growth	%	2.26	17.3	54.5	84.7	52.7	60.4	38.6	17.2
Net Fee Income Growth	%	16.5	11.0	15.4	11.9	6.27	-2.77	-1.91	-0.643
Total Income Growth	%	3.76	46.5	36.0	41.7	44.1	28.9	22.3	8.65
Total Expenses Growth	%	4.28	8.43	15.4	48.2	23.7	12.2	9.36	-14.7
Operating Profit Growth	%	3.08	282	70.8	33.9	71.4	40.6	25.6	27.9
Net Profit Growth	%	15.6	-49.6	139	51.3	-297	-266	41.3	60.1
PROFITABILITY & EFFICIENCY RATIOS									
Return on Equity (ROE)	%	5.61	-6.02	12.5	11.0	-12.7	11.0	16.5	12.0
Pre-Tax Return on Equity	%	8.25	-2.77	17.4	14.3	-8.82	16.3	22.9	17.3
ROE (@15% of RWA)	%	1.72	3.57	5.68	6.05	1.32	6.37	7.97	9.60
Return on Assets (ROA)	%	0.495	-0.496	0.960	0.805	-0.900	0.769	1.27	0.970
Pre-Tax Return on Assets (Pre-Tax ROA)	%	0.728	-0.228	1.33	1.05	-0.624	1.14	1.76	1.40
Effective Tax Rate	%	32.0	-114	27.7	33.2	-15.3	32.3	27.9	30.6
Net Interest Margin (As % of Assets)	%	1.82	2.07	2.60	3.06	2.57	3.11	3.37	3.36
Fee Income (As % of Assets)	%	0.702	0.708	0.729	0.706	0.689	0.644	0.670	0.656
Total Income (As % of Assets)	%	2.70	2.56	3.53	3.71	3.60	3.09	4.05	3.77
Operating Profit (As % of Assets)	%	1.16	0.928	1.65	1.61	1.83	1.22	1.94	1.92
Cost to Income Ratio	%	57.3	63.6	53.3	56.7	49.2	55.4	47.7	44.5
Cost to Assets	%	1.55	1.63	1.88	2.10	1.77	1.71	1.93	1.68
Staff Expenses (As % of Costs)	%	47.4	46.3	40.0	36.4	43.1	45.6	43.6	51.2

Source: Central bank, IMF, Helgi Library calculation

BANKS' LOAN PORTFOLIO		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Bank Loans	PLN bil	1,459	1,485	1,535	1,576	1,608	1,550	1,585	1,584
Corporate Loans	PLN bil	378	385	405	420	442	423	432	425
Retail Loans	PLN bil	787	793	789	780	766	737	726	722
Mortgage Loans	PLN bil	425	430	427	425	417	504	453	445
Consumer Loans	PLN bil	294	291	288	286	284	234	274	277
Loans by Public Bodies	PLN bil	90.8	94.0	92.7	93.7	95.2	95.2	96.1	93.5
LOAN GROWTH RATES									
Bank Loan Growth	%	2.51	6.30	8.92	10.0	10.4	4.37	3.25	0.522
Corporate Loan Growth	%	0.895	4.91	8.94	13.8	16.9	9.98	6.78	1.05
Retail Loan Growth	%	3.45	4.44	3.88	1.47	-2.63	-6.98	-7.94	-7.36
Mortgage Loan Growth	%	-0.093	1.27	0.088	1.56	-1.85	17.2	6.03	4.69
Consumer Loan Growth	%	0.780	1.25	1.21	-0.866	-3.43	-19.5	-4.96	-3.02
Public Loan Growth	%	-0.298	-0.095	0.718	3.51	4.86	1.33	3.69	-0.133
ASSET QUALITY									
Non-Performing Loans (NPLs)	PLN bil	74.1	68.9	68.6	68.0	69.6	65.0	64.1	64.8
Loan Loss Provisions	PLN bil	57.1	53.6	54.0	54.4	56.8	53.9	53.7	54.4
Provisions (As % of NPLs)	%	77.0	77.8	78.6	79.9	81.7	83.0	83.8	84.0
Provisions (As % of Total Loans)	%	4.17	3.79	3.73	3.70	3.76	3.48	3.39	3.44
NPL Ratio	%	5.04	4.60	4.44	4.29	4.30	4.19	4.04	4.09
Provisions (as % of Operating Profit)	%	37.9	123	20.6	26.1	3.70	39.4	20.7	38.3
Cost of Risk	%	0.808	2.10	0.613	0.759	0.122	0.867	0.705	1.31
Uncovered NPLs (As % of Loans)	%	1.16	1.02	0.948	0.862	0.787	0.712	0.654	0.654
NPLs (As % of Corporate Loans)	%	8.08	7.36	6.89	6.63	6.39	6.50	6.03	6.27
NPLs (As % of Retail Loans)	%	5.52	5.10	5.15	5.14	5.38	5.08	5.23	5.28
NPLs (As % of Mortgage Loans)	%	2.43	2.36	2.34	2.36	2.52	2.08	2.29	2.30
NPLs (As % of Consumer Loans)	%	10.7	9.84	10.0	9.94	10.3	6.32	5.47	5.39

Source: Central bank, IMF, Helgi Library calculation

BANKS' FUNDING AND CAPITAL		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Bank Deposits	PLN bil	1,863	1,854	1,868	1,901	1,947	1,957	2,005	2,045
Corporate Deposits	PLN bil	555	582	574	574	612	633	628	634
Retail Deposits	PLN bil	929	955	943	947	973	1,004	1,048	1,068
Bank Deposits by Public Bodies	PLN bil	248	179	210	239	211	186	192	207
Current (As % of Total Deposits)	%	75.3	78.8	75.1	70.3	67.0	67.4	64.2	62.7
Current (As % of Retail Deposits)	%	82.2	82.8	81.8	76.8	71.5	67.9	66.1	65.1
DEPOSIT GROWTH RATES									
Bank Deposits Growth	%	10.00	10.1	7.23	6.23	4.48	5.54	7.33	7.57
Retail Deposits Growth	%	5.79	6.22	2.30	2.26	4.72	5.12	11.1	12.8
Corporate Deposits Growth	%	8.40	10.8	7.11	7.97	10.2	8.78	9.55	10.4
Public Deposits Growth	%	41.9	49.2	33.3	14.8	-14.7	3.69	-8.55	-13.4
CAPITAL AND FUNDING									
Bank Tier 1 Capital	PLN bil	205	197	190	196	193	205	204	...
Bank Regulatory Capital	PLN bil	228	219	212	218	214	226	224	...
Banks' Risk-Weighted Assets	PLN bil	1,141	1,132	1,135	1,149	1,172	1,119	1,108	1,100
Bank Capital Adequacy Ratio	%	20.0	19.4	18.7	19.0	18.3	20.1	20.2	20.3
Bank Tier 1 Ratio	%	18.0	17.4	16.7	17.1	16.4	18.3	18.4	18.5
Bank Equity (As % of Bank Assets)	%	8.65	7.81	7.50	7.19	6.97	7.46	7.95	8.26
Bank Loans (As % of Bank Assets)	%	54.0	55.3	55.4	54.9	55.6	57.1	56.6	55.4
Bank Loans (As % of Bank Deposits)	%	73.5	76.2	77.5	77.3	77.6	79.2	79.1	77.5
Retail Loans (as % of Retail Deposits)	%	84.7	83.0	83.7	82.4	78.8	73.5	69.3	67.6

Source: Central bank, IMF, Helgi Library calculation

INTEREST SPREADS AND MARGINS		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Net Interest Margin (As % of Total Assets)	%	1.82	2.07	2.60	3.06	2.57	3.11	3.37	3.36
Interest Spread (Loans minus Deposits)	%	3.03	3.52	4.94	6.60	6.65	5.81	6.32	6.25
Yield on Total Bank Assets	%	1.97	2.31	3.17	4.38	4.75	5.47	5.95	5.90
Costs of Bank Liabilities	%	0.164	0.268	0.620	1.42	2.35	2.55	2.79	2.76
RATES ON OUTSTANDING LOANS & DEPOSITS									
Interest Rate on Bank Loans	%	3.09	3.60	5.18	7.33	8.19	7.93	8.73	8.72
Interest Rate on Corporate Loans	%	2.30	2.84	4.59	6.91	8.60	8.99	8.91	8.83
Interest Rate on Consumer Loans	%	6.21	7.02	8.17	10.0	10.9	11.3	11.3	11.4
Mortgage Loan Interest Rate	%	2.31	2.65	4.28	6.35	5.47	4.68	6.81	6.83
Interest Rate on Corporate Deposits	%	0.023	0.087	0.400	1.20	2.14	2.62	2.78	2.83
Interest Rate on Bank Deposits	%	0.047	0.085	0.287	0.885	1.74	2.27	2.52	2.59
Interest Rate on Retail Deposits	%	0.070	0.083	0.177	0.570	1.35	1.94	2.27	2.37
RATES ON NEW LOANS & DEPOSITS									
Interest Rate on Corporate Loans	%	2.17	3.05	4.84	7.46	8.76	8.81	8.80	8.89
Interest Rate on Consumer Loans	%	6.52	7.09	9.00	10.3	11.4	11.5	12.0	12.2
Mortgage Loan Interest Rate	%	2.86	3.70	5.52	7.31	8.97	9.19	8.75	8.64
Interest Rate on Corporate Deposits	%	0.037	0.503	1.65	4.04	5.51	5.63	5.41	5.32
Interest Rate on Retail Deposits	%	0.247	0.490	1.24	3.33	5.08	5.83	5.87	5.73
Market Share of 5 Largest Banks on (Assets)	%	...	...	...	...	...	...	...	...

Source: Central bank, IMF, Helgi Library calculation

Bank Handlowy

Quarterly Results – 2Q2023

Bank Handlowy made a net profit of PLN 612 mil in the second quarter of 2023, up 22.2% when compared to the previous year. Total revenues increased 13.6% yoy to PLN 1,150 mil, ROE amounted to 28.5% and the NPL ratio stood at 3.53%. Bank Handlowy stock appreciated by 5.88% in the second quarter of 2023 to PLN 86.4 per share and the stock traded at a 12-month trailing PE of 4.69x and PBV of 1.37x based on the closing price at the end of the quarter.

- ✓ Revenues increased 13.6% yoy to PLN 1,150 mil in the second quarter of 2023. Interest income formed 72.3% of total revenues with the net interest margin increasing 0.816 pp to 4.66% of total assets. Fees added a further 12.4% to total revenue generated in 2Q2023, down from an average of 19.3% as seen in the previous two years.
- ✓ Operating costs grew by 13% yoy to PLN 340 mil, so cost to income ratio reached 29.6%, down by 55.8% compared to the previous two years. Staff accounted for 50.3% of total operating expenditures. At the end of second quarter of 2023, Bank Handlowy operated a network of 19 branches and 2,969 employees.
- ✓ Loans and deposits grew by 1.25% and 0.804% qoq respectively, so loan to deposit ratio reached 43.8% at the end of 2Q2023. That's down from 48.1% the previous year. Equity reached 11.7% of assets and capital adequacy ratio amounted to 20.3% at the end of the second quarter of 2023.
- ✓ NPLs were 3.53% of total loans at the end of the quarter. Provisions covered 95.0% of non-performing loans
- ✓ Bank Handlowy stock traded at PLN 86.4 per share at the end of second quarter of 2023 implying a market capitalization of USD 2,314 mil. This put stock at a 12-month trailing price to earnings of 4.69x and price to book value of 1.37x as of the end of 2Q2023.

Sector:
Banking

Country:
Poland

Share Price:
PLN 86.4

Market Capitalization:
USD 2,314 mil

Shares Outstanding:
133 mil

Employees:
2,969

Clients:
N/A

Branches:
19

Capital Adequacy Ratio:
20.3%

NPL Ratio:
3.53%

Provision Coverage:
95.0%

KEY FIGURES									
	REVENUES	NET PROFIT	EPS	EPS GROWTH	PER	PBV	ROE	DPS	DIV. YIELD
	PLN mil	PLN mil	PLN	%			%	PLN	%
2Q2023	1,150	612	18.4	20.4	4.69	1.37	28.5	...	...
2022	3,648	1,546	11.8	115	6.39	1.24	20.1	...	...
2021	2,354	717	5.49	107	10.7	1.04	9.59	5.47	9.27
2020	2,154	347	2.65	-27.9	13.2	0.606	4.73	3.46	9.84
2019	2,334	481	3.68	-25.1	14.1	0.957	6.81	3.74	7.22
2018	2,278	642	4.92	20.9	14.1	1.28	9.18	5.00	7.24
2017	2,184	531	4.07	1.41	20.1	1.54	7.74	4.11	5.02

Source: Company Data, Helgi Library, Valuation multiples calculated based on historical prices

Data tells a story



Bank Handlowy – Financials

INCOME STATEMENT		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Interest Income	PLN mil	177	275	475	784	924	1,149	1,115	1,156
Interest Cost	PLN mil	8.09	21.0	30.0	118	192	252	268	324
Net Interest Income	PLN mil	169	254	445	667	732	897	847	832
Net Fee Income	PLN mil	158	169	151	151	136	141	141	142
Other Income	PLN mil	130	113	240	194	-108	0.941	254	176
Total Revenues	PLN mil	457	536	836	1,012	760	1,039	1,242	1,150
Staff Cost	PLN mil	125	139	155	141	136	164	179	171
Depreciation	PLN mil	28.9	26.5	26.4	25.9	25.7	25.1	26.3	27.8
Other Cost	PLN mil	120	119	233	134	145	127	210	141
Operating Cost	PLN mil	275	284	414	301	307	316	415	340
Operating Profit	PLN mil	183	251	422	712	453	723	827	810
Provisions	PLN mil	18.7	4.36	11.6	9.45	35.0	48.9	11.9	-5.70
Pre-Tax Profit	PLN mil	124	201	368	643	365	619	768	771
Net Profit	PLN mil	93.4	156	282	500	284	479	604	612

BALANCE SHEET		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Cash & Cash Equivalents	PLN mil	14,937	6,527	2,720	4,087	9,059	596	1,772	2,576
Interbank Loans	PLN mil	962	968	2,142	2,420	1,837	1,044	3,950	10,547
Customer Loans	PLN mil	20,836	21,328	23,055	22,117	21,759	21,621	22,512	22,794
Investments	PLN mil	21,397	30,546	38,925	38,396	37,121	44,210	40,625	33,267
Property and Equipment	PLN mil	459	452	457	453	446	455	461	476
Intangible Assets	PLN mil	1,241	1,243	1,232	1,243	1,254	1,264	1,259	1,262
Total Assets	PLN mil	60,476	61,863	69,282	69,421	72,238	69,801	71,180	71,583
Shareholders' Equity	PLN mil	7,524	7,383	7,379	6,855	7,263	7,960	8,788	8,356
Liabilities	PLN mil	52,952	54,479	61,903	62,566	64,975	61,841	62,392	63,227
Interbank Borrowing	PLN mil	6,525	9,972	14,737	12,772	13,071	9,691	8,214	7,923
Customer Deposits	PLN mil	45,133	43,507	45,502	45,981	50,347	50,513	52,489	52,067
Issued Debt Securities	PLN mil	0	0	0	0	0	0	0	0
Other Liabilities	PLN mil	1,294	1,000	1,663	3,814	1,557	1,638	1,689	3,237

RATIOS		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
ROE	%	4.94	8.40	15.3	28.1	16.1	25.2	28.8	28.5
ROA	%	0.632	1.02	1.72	2.89	1.60	2.70	3.43	3.43
Costs (As % Of Assets)	%	1.86	1.86	2.53	1.73	1.73	1.78	2.36	1.90
Costs (As % Of Income)	%	60.1	53.1	49.5	29.7	40.4	30.4	33.4	29.6
Capital Adequacy Ratio	%	19.0	20.1	17.8	17.7	17.8	17.6	17.9	20.3
Net Interest Margin	%	1.14	1.66	2.71	3.85	4.13	5.05	4.81	4.66
Interest Income (As % Of Revenues)	%	36.9	47.4	53.2	65.9	96.3	86.3	68.2	72.3
Fee Income (As % Of Revenues)	%	34.5	31.5	18.1	15.0	17.9	13.6	11.3	12.4
Staff Cost (As % Of Total Cost)	%	45.6	48.8	37.3	46.9	44.5	51.7	43.1	50.3
Equity (As % Of Assets)	%	12.4	11.9	10.7	9.87	10.1	11.4	12.3	11.7
Loans (As % Of Deposits)	%	46.2	49.0	50.7	48.1	43.2	42.8	42.9	43.8
Loans (As % Assets)	%	34.5	34.5	33.3	31.9	30.1	31.0	31.6	31.8
NPLs (As % Of Loans)	%	3.74	4.05	3.78	3.58	3.66	3.97	3.89	3.53
Provisions (As % Of NPLs)	%	97.8	98.8	97.5	96.5	99.6	95.9	94.7	95.0

VALUATION		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Market Capitalisation	USD mil	1,482	1,899	2,000	1,638	1,432	1,994	2,169	2,314
Number Of Shares	mil	131	131	131	131	131	131	132	133
Share Price	PLN	45.3	59.0	64.0	56.2	54.3	75.6	81.6	86.4
Earnings Per Share (EPS)	PLN	2.86	4.79	8.63	15.3	8.69	14.7	18.3	18.4
Book Value Per Share	PLN	57.6	56.5	56.5	52.5	55.6	60.9	66.7	63.0
Price/Earnings (P/E)		15.8	12.3	7.41	3.67	6.25	5.15	4.45	4.69
Price/Book Value (P/BV)		0.787	1.04	1.13	1.07	0.977	1.24	1.22	1.37

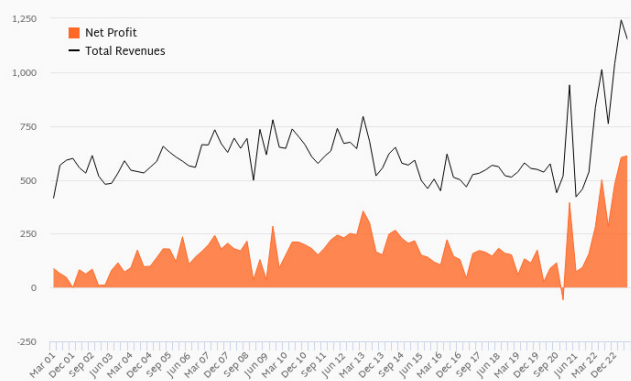
Source: Company Data, Helgi Library



Bank Handlowy in Pictures

Revenue & Profitability

Net Profit (PLN mil) & Total Revenues (PLN mil)

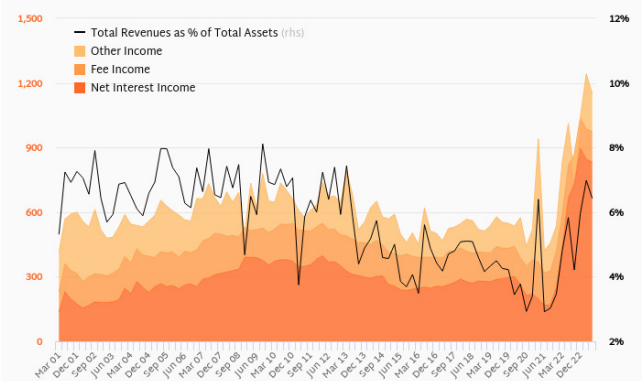


Source: Company Data, Helgi Library

HelgiLibrary

Revenue Breakdown

Revenue by Type of Income (PLN mil)

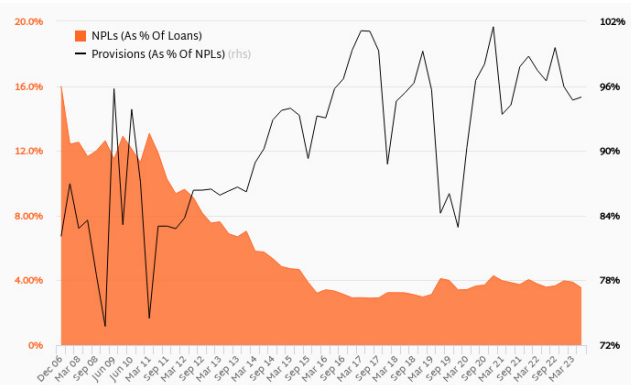


Source: Company Data, Helgi Library

HelgiLibrary

Asset Quality

NPLs (As % Of Loans) & Provisions (As % Of NPLs)

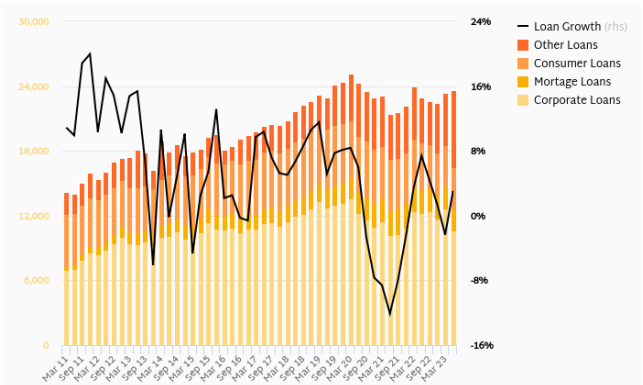


Source: Company Data, Helgi Library

HelgiLibrary

Loan Breakdown

Loans by Type (PLN mil)

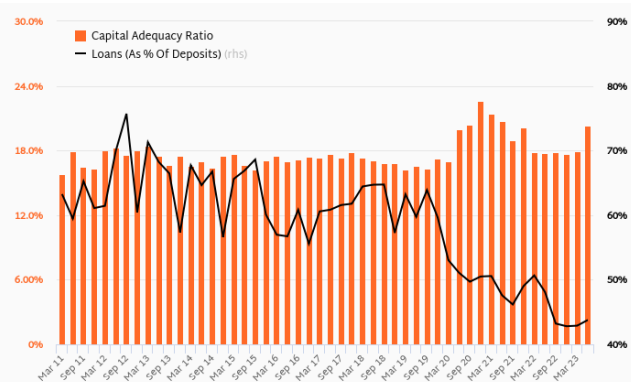


Source: Company Data, Helgi Library

HelgiLibrary

Capital & Liquidity

Capital Adequacy Ratio & Loans (As % Of Deposits)

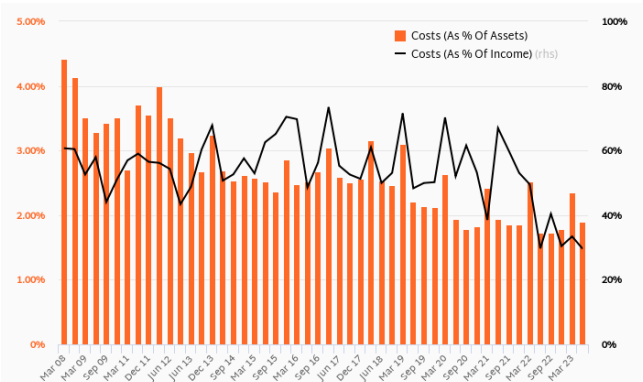


Source: Company Data, Helgi Library

HelgiLibrary

Cost Efficiency

Costs As % Of Assets & Income



Source: Company Data, Helgi Library

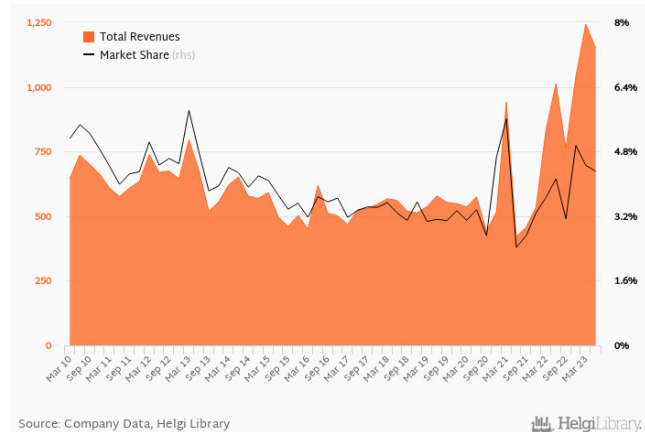
HelgiLibrary



Bank Handlowy – Market Share Development

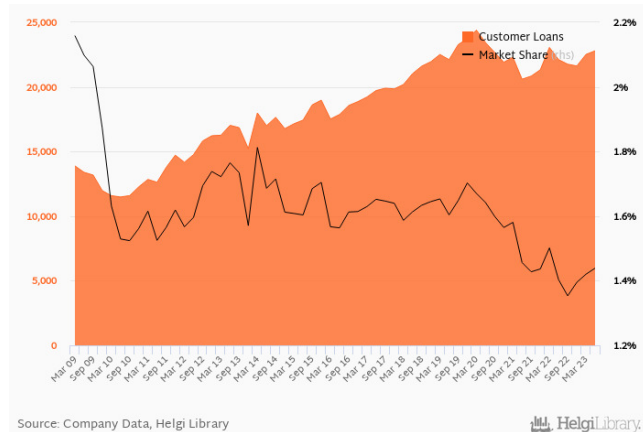
Market Share in Bank Revenues

Total Revenues (PLN mil)



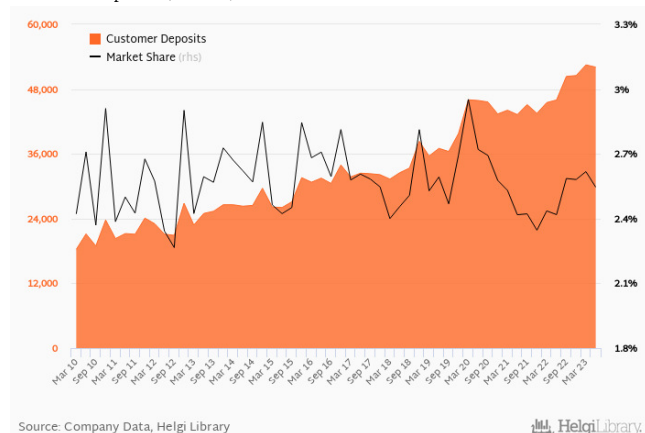
Market Share in Bank Loans

Customer Loans (PLN bil) & Market Share (%)



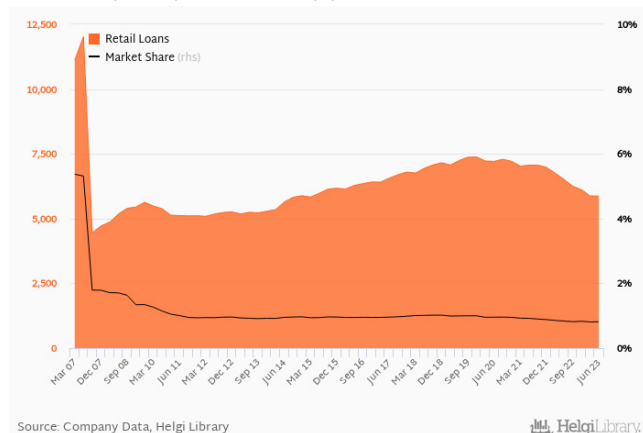
Market Share in Bank Deposits

Customer Deposits (PLN bil)



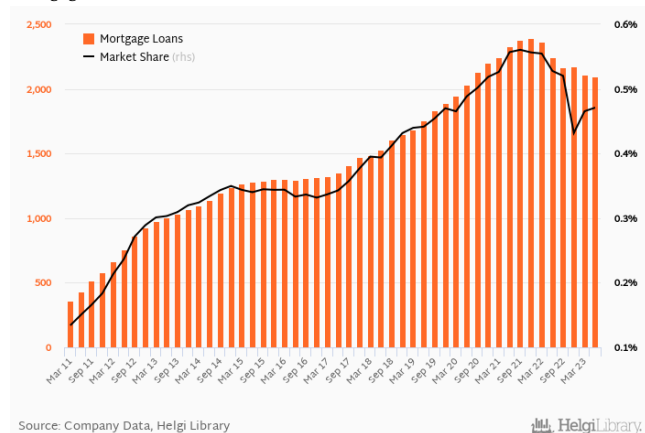
Market Share in Retail Loans

Retail Loans (PLN bil) & Market Share (%)



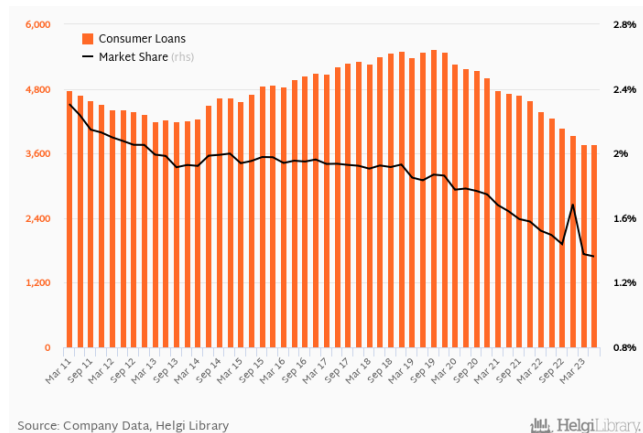
Market Share in Mortgage Loans

Mortgage Loans (PLN mil) & Market Share (%)



Market Share in Consumer Loans

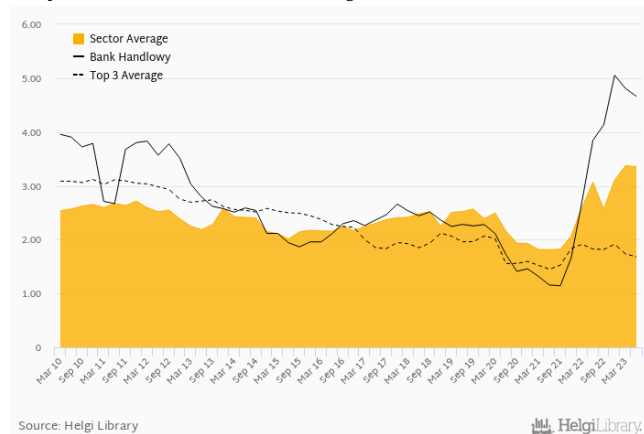
Consumer Loans (PLN mil)



Bank Handlowy – Comparison with Sector

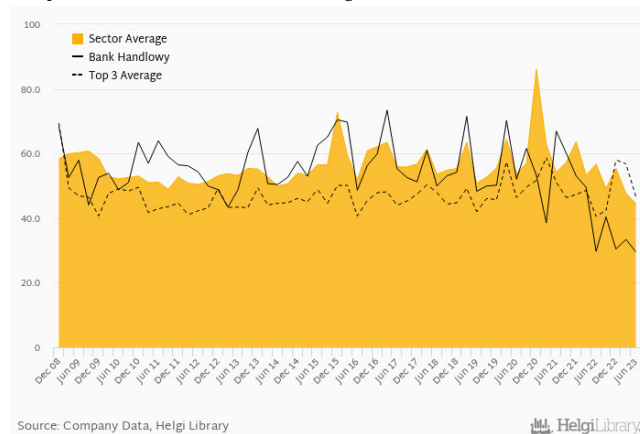
Bank Handlowy – Net Interest Margin vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



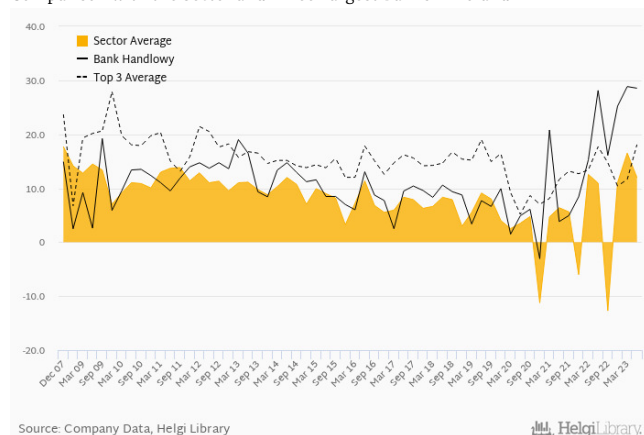
Bank Handlowy – Cost to Income vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



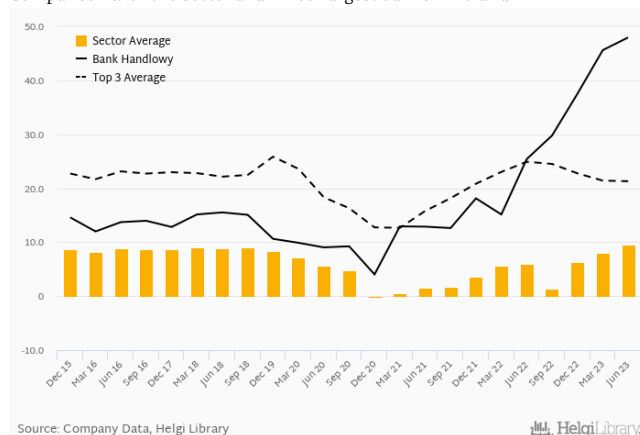
Bank Handlowy – Return on Equity vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



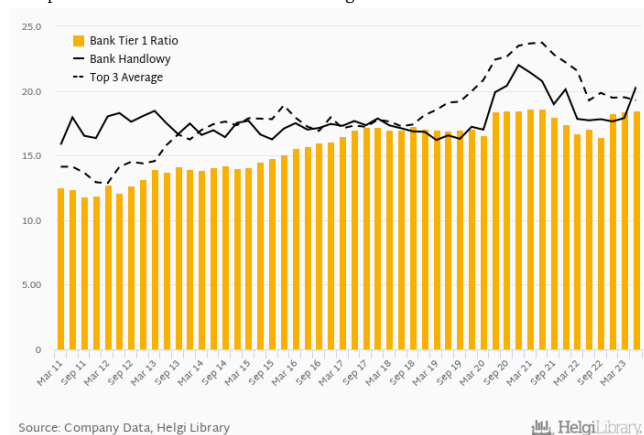
Bank Handlowy – Adjusted ROE vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



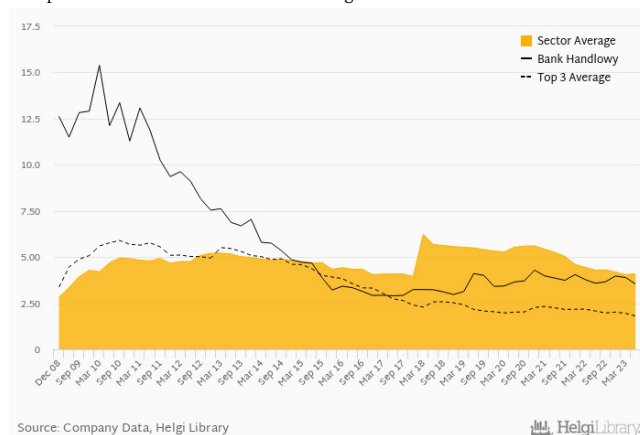
Bank Handlowy – Tier 1 Ratio vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



Bank Handlowy – NPL Ratio vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



Bank Millennium

Quarterly Results – 2Q2023

Bank Millennium made a net profit of PLN 106 mil in the second quarter of 2023, up 175% when compared to the previous year. Total revenues increased 13.5% yoy to PLN 1,517 mil, ROE amounted to 6.81% and the NPL ratio stood at 4.46%. Bank Millennium stock appreciated by 29.4% in the second quarter of 2023 to PLN 5.76 per share and the stock traded at a 12-month trailing PE of 16.5x and PBV of 1.10x based on the closing price at the end of the quarter.

- ✓ Revenues increased 13.5% yoy to PLN 1,517 mil in the second quarter of 2023. Interest income formed 88.1% of total revenues with the net interest margin increasing 0.36 pp to 4.67% of total assets. Fees added a further 13.4% to total revenue generated in 2Q2023, up from an average of -109% as seen in the previous two years.
- ✓ Operating costs dropped by 33.8% yoy to PLN 448 mil, so cost to income ratio reached 29.5%, down by 28% compared to the previous two years. Staff accounted for 57.1% of total operating expenditures. At the end of second quarter of 2023, Bank Millennium operated a network of 621 branches and 6,746 employees.
- ✓ Loans and deposits dropped by 1.63% and 0.276% qoq respectively, so loan to deposit ratio reached 73.7% at the end of 2Q2023. That's down from 82.5% the previous year. Equity reached 5.54% of assets and capital adequacy ratio amounted to 14.8% at the end of the second quarter of 2023.
- ✓ NPLs were 4.46% of total loans at the end of the quarter. Provisions covered 73.0% of non-performing loans
- ✓ Bank Millennium stock traded at PLN 5.76 per share at the end of second quarter of 2023 implying a market capitalization of USD 1,411 mil. This put stock at a 12-month trailing price to earnings of 16.5x and price to book value of 1.10x as of the end of 2Q2023.

Sector:
Banking

Country:
Poland

Share Price:
PLN 5.76

Market Capitalization:
USD 1,411 mil

Shares Outstanding:
1,213 mil

Employees:
6,746

Clients:
N/A

Branches:
621

Capital Adequacy Ratio:
14.8%

NPL Ratio:
4.46%

Provision Coverage:
73.0%

KEY FIGURES									
	REVENUES	NET PROFIT	EPS	EPS GROWTH	PER	PBV	ROE	DPS	DIV. YIELD
	PLN mil	PLN mil	PLN	%			%	PLN	%
2Q2023	1,517	106	0.349	-175	16.5	1.10	6.81	...	...
2022	4,009	-1,015	-0.836	-23.8	...	1.01	-16.6	0	0
2021	3,558	-1,332	-1.10	-287	...	1.49	-16.9	0	0
2020	3,966	710	0.587	-16.7	5.57	0.436	7.88	0	0
2019	3,740	857	0.704	13.7	8.31	0.794	9.89	0	0
2018	2,900	752	0.620	12.5	14.3	1.28	9.31	0	0
2017	2,757	668	0.551	55.2	16.2	1.40	9.08	0	0

Source: Company Data, Helgi Library, Valuation multiples calculated based on historical prices

Data tells a story



Bank Millennium – Financials

INCOME STATEMENT		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Interest Income	PLN mil	696	806	1,059	1,492	407	2,041	2,071	2,088
Interest Cost	PLN mil	27.5	38.7	98.3	313	559	692	809	752
Net Interest Income	PLN mil	669	767	961	1,179	-152	1,349	1,262	1,336
Net Fee Income	PLN mil	202	215	221	206	179	202	201	203
Other Income	PLN mil	-24.9	-58.9	-22.0	-48.2	-45.9	-21.0	594	-22.2
Total Revenues	PLN mil	846	923	1,160	1,337	-18.1	1,530	2,057	1,517
Staff Cost	PLN mil	202	202	218	227	233	238	246	256
Depreciation	PLN mil	50.2	50.7	51.6	52.6	52.2	52.5	52.5	52.9
Other Cost	PLN mil	150	181	217	397	177	178	223	139
Operating Cost	PLN mil	402	434	486	677	462	469	522	448
Operating Profit	PLN mil	443	489	674	660	-480	1,061	1,535	1,068
Provisions	PLN mil	610	814	503	517	546	568	892	784
Pre-Tax Profit	PLN mil	-245	-407	9.43	-13.0	-1,141	413	534	242
Net Profit	PLN mil	-311	-509	-122	-140	-1,001	249	252	106

BALANCE SHEET		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Cash & Cash Equivalents	PLN mil	1,978	3,180	8,286	5,810	10,132	9,536	5,452	6,769
Interbank Loans	PLN mil	578	771	986	1,080	1,186	733	586	532
Customer Loans	PLN mil	77,280	78,603	78,703	79,342	78,965	76,565	75,380	74,152
Investments	PLN mil	21,229	18,220	18,703	19,532	16,331	20,471	28,723	29,400
Property and Equipment	PLN mil	534	550	552	540	531	573	566	553
Intangible Assets	PLN mil	377	392	384	398	415	437	436	443
Total Assets	PLN mil	103,791	103,914	109,756	108,858	110,194	110,942	113,828	114,824
Shareholders' Equity	PLN mil	7,979	6,697	6,198	5,779	4,866	5,494	6,073	6,357
Liabilities	PLN mil	95,813	97,217	103,558	103,079	105,328	105,448	107,755	108,466
Interbank Borrowing	PLN mil	529	539	647	547	604	728	462	523
Customer Deposits	PLN mil	90,250	91,448	97,305	96,122	97,771	98,039	100,876	100,597
Issued Debt Securities	PLN mil	1,830	1,581	1,588	1,554	1,564	1,812	1,820	1,818
Other Liabilities	PLN mil	3,203	3,649	4,019	4,857	5,390	4,870	4,597	5,529

RATIOS		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
ROE	%	-15.2	-27.7	-7.59	-9.37	-75.2	19.2	17.4	6.81
ROA	%	-1.20	-1.96	-0.458	-0.513	-3.66	0.901	0.897	0.370
Costs (As % Of Assets)	%	1.55	1.67	1.82	2.48	1.69	1.70	1.86	1.57
Costs (As % Of Income)	%	47.6	47.0	41.9	50.6	65.0	30.6	25.4	29.5
Capital Adequacy Ratio	%	18.2	17.1	16.0	15.2	12.4	14.4	14.1	14.8
Net Interest Margin	%	2.57	2.95	3.60	4.31	-0.553	4.88	4.49	4.67
Interest Income (As % Of Revenues)	%	79.1	83.1	82.9	88.2	839	88.2	61.4	88.1
Fee Income (As % Of Revenues)	%	23.8	23.3	19.0	15.4	-994	13.2	9.77	13.4
Staff Cost (As % Of Total Cost)	%	50.3	46.5	44.8	33.6	50.4	50.8	47.2	57.1
Equity (As % Of Assets)	%	7.69	6.44	5.65	5.31	4.42	4.95	5.33	5.54
Loans (As % Of Deposits)	%	85.6	86.0	80.9	82.5	80.8	78.1	74.7	73.7
Loans (As % Assets)	%	74.5	75.6	71.7	72.9	71.7	69.0	66.2	64.6
NPLs (As % Of Loans)	%	4.59	4.32	4.38	4.23	4.48	4.39	4.69	4.46
Provisions (As % Of NPLs)	%	67.0	68.1	68.3	67.7	68.5	69.8	67.8	73.0

VALUATION		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Market Capitalisation	USD mil	2,179	2,450	1,973	1,045	816	1,122	1,090	1,411
Number Of Shares	mil	1,213	1,213	1,213	1,213	1,213	1,213	1,213	1,213
Share Price	PLN	7.17	8.20	6.80	3.86	3.33	4.58	4.45	5.76
Earnings Per Share (EPS)	PLN	-1.03	-1.68	-0.403	-0.462	-3.30	0.821	0.831	0.349
Book Value Per Share	PLN	6.58	5.52	5.11	4.76	4.01	4.53	5.01	5.24
Price/Earnings (P/E)		-6.99	-4.89	-16.9	-8.35	-1.01	5.58	5.35	16.5
Price/Book Value (P/BV)		1.09	1.49	1.33	0.810	0.830	1.01	0.889	1.10

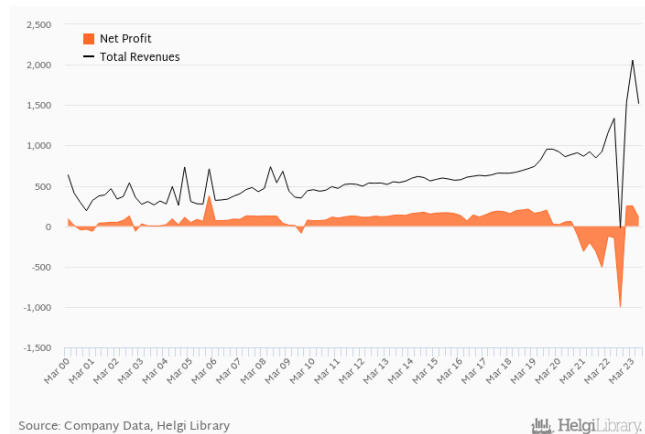
Source: Company Data, Helgi Library



Bank Millennium in Pictures

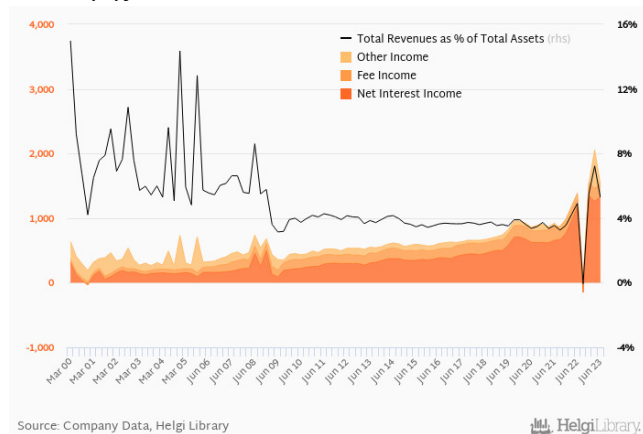
Revenue & Profitability

Net Profit (PLN mil) & Total Revenues (PLN mil)



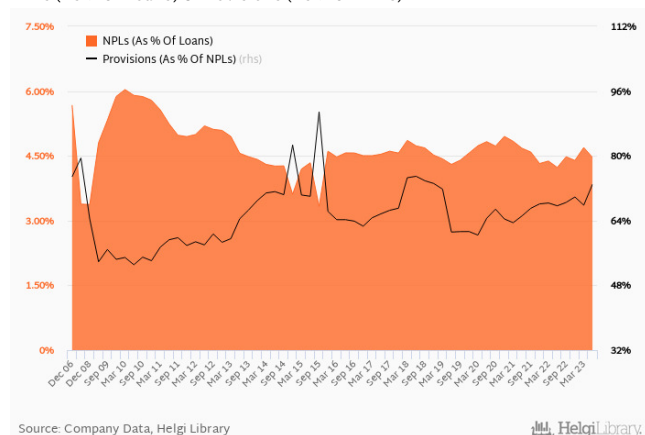
Revenue Breakdown

Revenue by Type of Income (PLN mil)



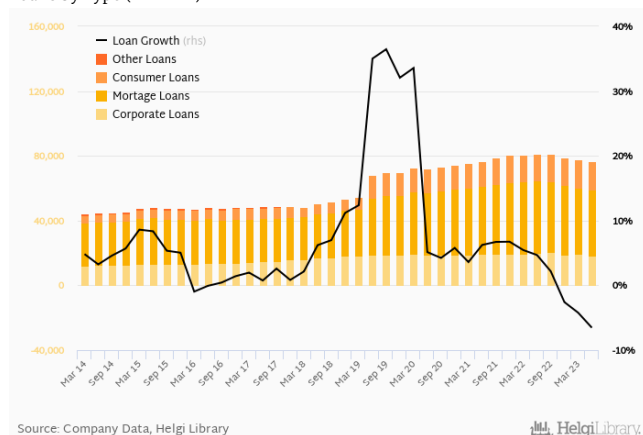
Asset Quality

NPLs (As % Of Loans) & Provisions (As % Of NPLs)



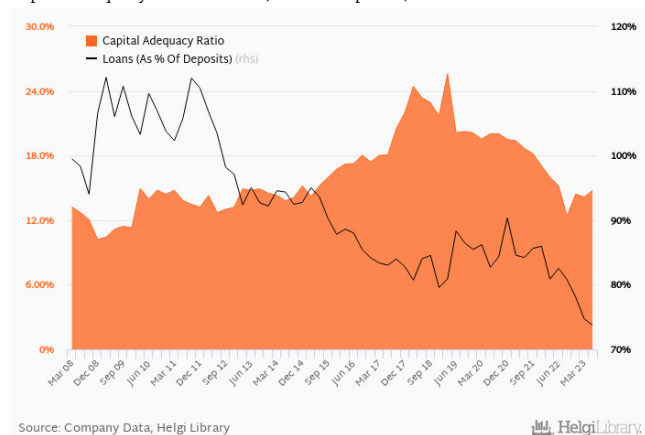
Loan Breakdown

Loans by Type (PLN mil)



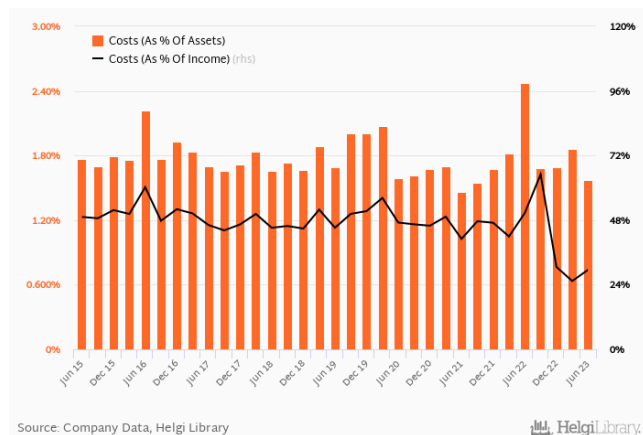
Capital & Liquidity

Capital Adequacy Ratio & Loans (As % Of Deposits)



Cost Efficiency

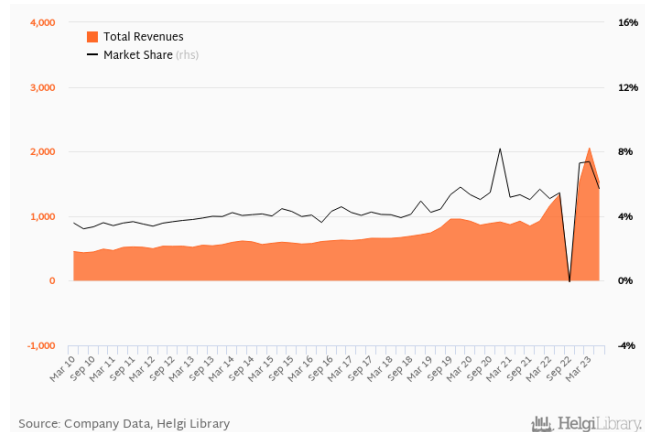
Costs As % Of Assets & Income



Bank Millennium – Market Share Development

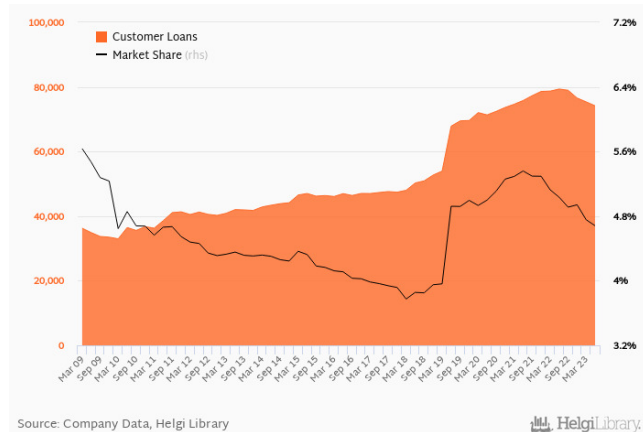
Market Share in Bank Revenues

Total Revenues (PLN mil)



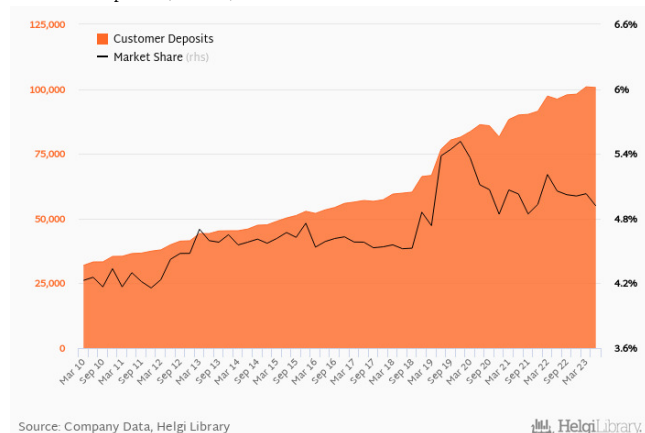
Market Share in Bank Loans

Customer Loans (PLN bil) & Market Share (%)



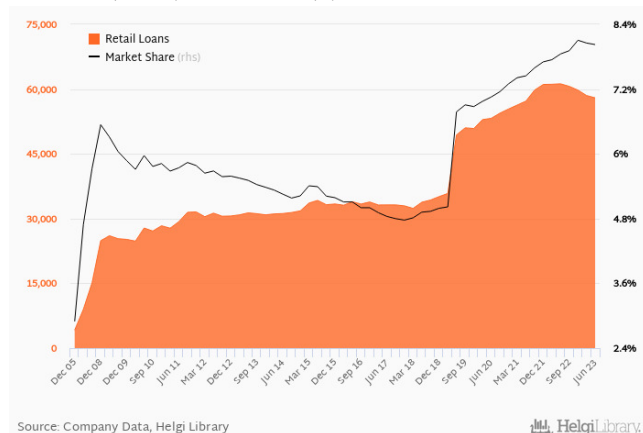
Market Share in Bank Deposits

Customer Deposits (PLN bil)



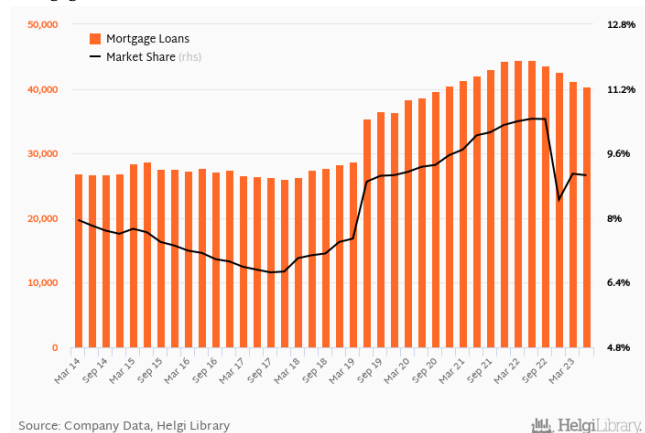
Market Share in Retail Loans

Retail Loans (PLN bil) & Market Share (%)



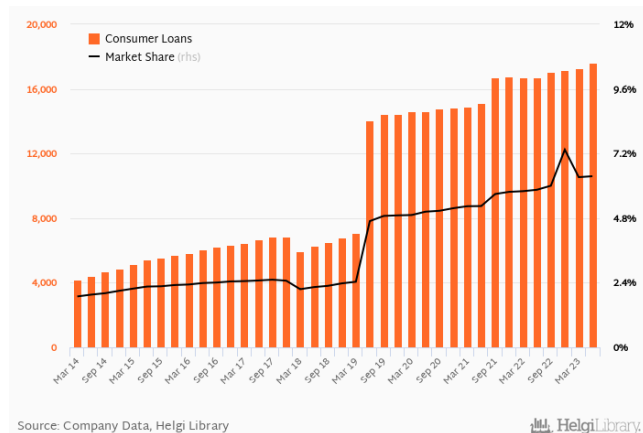
Market Share in Mortgage Loans

Mortgage Loans (PLN mil) & Market Share (%)



Market Share in Consumer Loans

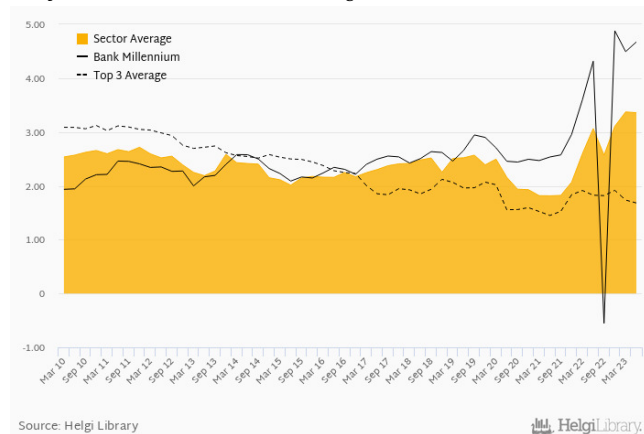
Consumer Loans (PLN mil)



Bank Millennium – Comparison with Sector

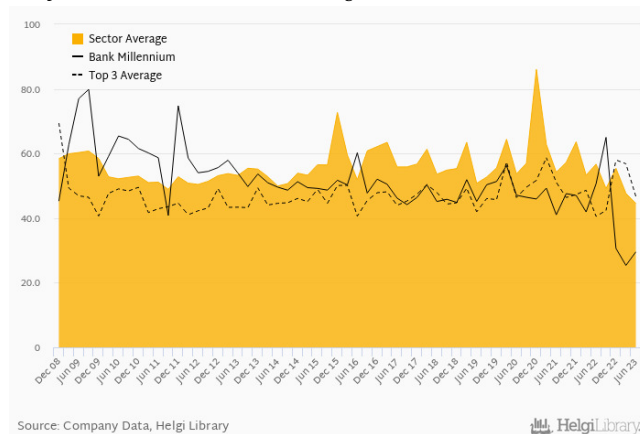
Bank Millennium – Net Interest Margin vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



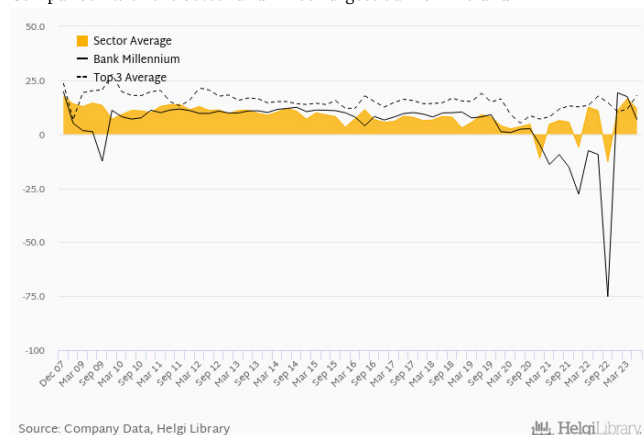
Bank Millennium – Cost to Income vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



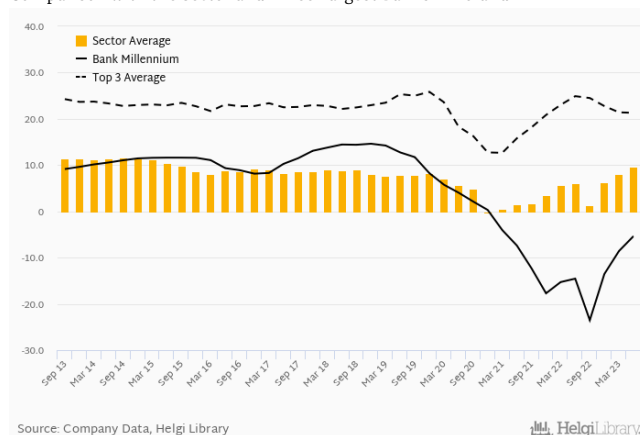
Bank Millennium – Return on Equity vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



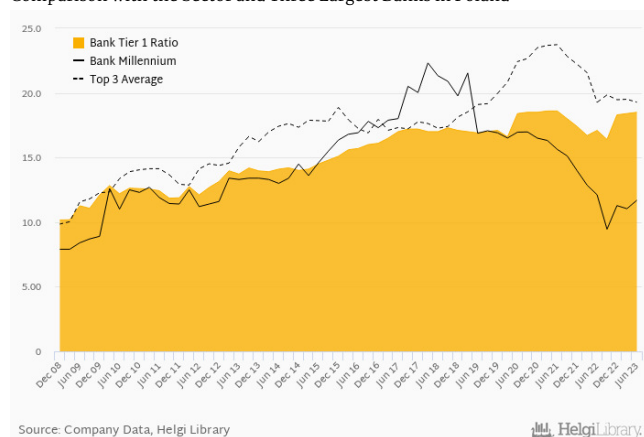
Bank Millennium – Adjusted ROE vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



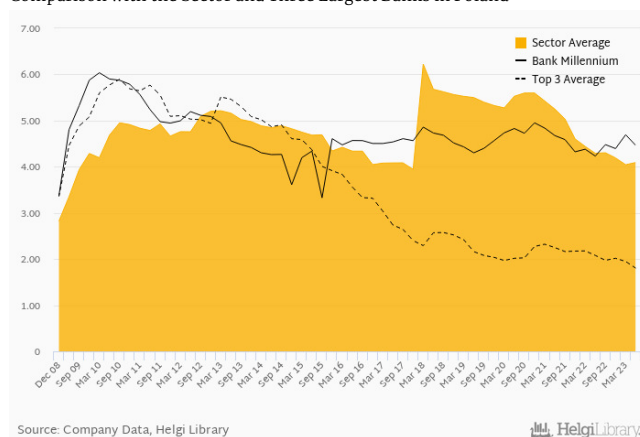
Bank Millennium – Tier 1 Ratio vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



Bank Millennium – NPL Ratio vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



ING Bank Slaski

Quarterly Results – 2Q2023

ING Bank Slaski made a net profit of PLN 1,099 mil in the second quarter of 2023, up 91.9% when compared to the previous year. Total revenues increased 11.1% yoy to PLN 2,631 mil, ROE amounted to 36.3% and the NPL ratio stood at 2.59%. ING Bank Slaski stock appreciated by 14.3% in the second quarter of 2023 to PLN 187 per share and the stock traded at a 12-month trailing PE of 5.54x and PBV of 1.88x based on the closing price at the end of the quarter.

- ✓ Revenues increased 11.1% yoy to PLN 2,631 mil in the second quarter of 2023. Interest income formed 78.1% of total revenues with the net interest margin increasing 0.013 pp to 3.61% of total assets. Fees added a further 20.3% to total revenue generated in 2Q2023, down from an average of 29.5% as seen in the previous two years.
- ✓ Operating costs dropped by 25.4% yoy to PLN 1,016 mil, so cost to income ratio reached 38.6%, down by 22.4% compared to the previous two years. Staff accounted for 45.8% of total operating expenditures. At the end of second quarter of 2023, ING Bank Slaski operated a network of 218 branches and 8,536 employees.
- ✓ Loans and deposits grew by 0.104% and 0.948% qoq respectively, so loan to deposit ratio reached 78.2% at the end of 2Q2023. That's down from 82.2% the previous year. Equity reached 5.69% of assets and capital adequacy ratio amounted to 17.0% at the end of the second quarter of 2023.
- ✓ NPLs were 2.59% of total loans at the end of the quarter. Provisions covered 86.9% of non-performing loans
- ✓ ING Bank Slaski stock traded at PLN 187 per share at the end of second quarter of 2023 implying a market capitalization of USD 4,922 mil. This put stock at a 12-month trailing price to earnings of 5.54x and price to book value of 1.88x as of the end of 2Q2023.

Sector:
Banking

Country:
Poland

Share Price:
PLN 187

Market Capitalization:
USD 4,922 mil

Shares Outstanding:
130 mil

Employees:
8,536

Clients:
N/A

Branches:
218

Capital Adequacy Ratio:
17.0%

NPL Ratio:
2.59%

Provision Coverage:
86.9%

KEY FIGURES									
	REVENUES	NET PROFIT	EPS	EPS GROWTH	PER	PBV	ROE	DPS	DIV. YIELD
	PLN mil	PLN mil	PLN	%			%	PLN	%
2Q2023	2,631	1,099	33.8	91.9	5.54	1.88	36.3	...	...
2022	7,697	1,944	14.9	-15.8	11.0	2.24	16.8	...	...
2021	6,868	2,308	17.7	48.2	15.0	2.57	14.4	5.30	1.98
2020	6,651	1,558	12.0	-7.49	14.3	1.19	9.21	0	0
2019	6,191	1,684	12.9	8.74	15.6	1.73	11.8	3.50	1.73
2018	5,545	1,549	11.9	8.76	15.1	1.76	12.3	3.50	1.94
2017	4,906	1,424	10.9	28.1	18.8	2.27	12.8	3.20	1.56

Source: Company Data, Helgi Library, Valuation multiples calculated based on historical prices

Data tells a story



ING Bank Slaski – Financials

INCOME STATEMENT		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Interest Income	PLN mil	1,352	1,515	1,852	2,380	1,018	2,863	2,982	3,134
Interest Cost	PLN mil	116	99.0	119	481	845	1,053	1,122	1,080
Net Interest Income	PLN mil	1,237	1,416	1,733	1,899	173	1,810	1,860	2,054
Net Fee Income	PLN mil	484	476	534	519	531	511	521	534
Other Income	PLN mil	23.2	-16.9	30.6	-48.5	13.1	-7.40	70.5	42.7
Total Revenues	PLN mil	1,744	1,876	2,297	2,369	717	2,314	2,452	2,631
Staff Cost	PLN mil	360	424	361	410	415	414	423	466
Depreciation	PLN mil	70.8	72.5	68.5	68.1	71.2	71.5	73.1	72.9
Other Cost	PLN mil	402	411	653	884	500	373	665	478
Operating Cost	PLN mil	832	907	1,083	1,361	986	858	1,161	1,016
Operating Profit	PLN mil	912	968	1,214	1,007	-269	1,456	1,291	1,615
Provisions	PLN mil	80.4	144	152	183	206	489	88.2	197
Pre-Tax Profit	PLN mil	839	833	1,069	830	-470	974	1,209	1,424
Net Profit	PLN mil	638	669	793	573	-317	666	909	1,099

BALANCE SHEET		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Cash & Cash Equivalents	PLN mil	747	1,100	4,998	2,718	2,070	2,338	6,707	2,268
Interbank Loans	PLN mil	914	705	1,074	2,293	2,258	5,161	9,163	11,288
Customer Loans	PLN mil	141,169	146,536	149,710	152,118	154,350	154,975	156,051	156,213
Investments	PLN mil	51,401	47,123	38,811	42,771	45,760	50,385	42,561	43,490
Property and Equipment	PLN mil	828	831	917	926	950	950	959	926
Intangible Assets	PLN mil	406	377	401	409	407	417	462	467
Total Assets	PLN mil	200,543	201,654	210,069	212,395	213,012	217,266	227,657	227,736
Shareholders' Equity	PLN mil	17,441	13,531	11,156	7,717	7,423	9,344	11,239	12,963
Liabilities	PLN mil	183,103	188,123	198,913	204,678	205,589	207,922	216,417	214,773
Interbank Borrowing	PLN mil	11,741	11,731	16,492	8,788	9,151	5,640	7,145	7,381
Customer Deposits	PLN mil	164,586	170,610	174,662	185,095	186,581	192,731	201,652	199,740
Issued Debt Securities	PLN mil	2,865	2,583	2,027	2,041	2,114	2,049	2,053	1,966
Other Liabilities	PLN mil	3,910	3,200	5,733	8,754	7,744	7,502	5,568	5,686

RATIOS		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
ROE	%	14.5	17.3	25.7	24.3	-16.8	31.8	35.3	36.3
ROA	%	1.28	1.33	1.54	1.09	-0.597	1.24	1.63	1.93
Costs (As % Of Assets)	%	1.67	1.80	2.10	2.58	1.85	1.60	2.09	1.79
Costs (As % Of Income)	%	47.7	48.4	47.1	57.5	138	37.1	47.3	38.6
Capital Adequacy Ratio	%	17.7	16.1	15.4	14.7	14.4	16.2	16.4	17.0
Net Interest Margin	%	2.49	2.82	3.37	3.60	0.326	3.36	3.35	3.61
Interest Income (As % Of Revenues)	%	70.9	75.5	75.4	80.1	24.2	78.2	75.9	78.1
Fee Income (As % Of Revenues)	%	27.8	25.4	23.2	21.9	74.0	22.1	21.3	20.3
Staff Cost (As % Of Total Cost)	%	43.2	46.7	33.4	30.1	42.1	48.2	36.4	45.8
Equity (As % Of Assets)	%	8.70	6.71	5.31	3.63	3.48	4.30	4.94	5.69
Loans (As % Of Deposits)	%	85.8	85.9	85.7	82.2	82.7	80.4	77.4	78.2
Loans (As % Assets)	%	70.4	72.7	71.3	71.6	72.5	71.3	68.5	68.6
NPLs (As % Of Loans)	%	2.64	2.51	2.32	2.34	2.19	2.26	2.42	2.59
Provisions (As % Of NPLs)	%	79.6	83.0	85.9	88.8	90.4	92.7	88.0	86.9

VALUATION		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Market Capitalisation	USD mil	7,576	8,556	7,361	4,946	3,656	4,329	4,308	4,922
Number Of Shares	mil	130	130	130	130	130	130	130	130
Share Price	PLN	233	267	237	170	139	165	164	187
Earnings Per Share (EPS)	PLN	19.6	20.6	24.4	17.6	-9.76	20.5	27.9	33.8
Book Value Per Share	PLN	134	104	85.7	59.3	57.1	71.8	86.4	99.6
Price/Earnings (P/E)		11.8	13.0	9.70	9.67	-14.3	8.05	5.87	5.54
Price/Book Value (P/BV)		1.73	2.57	2.76	2.87	2.44	2.29	1.90	1.88

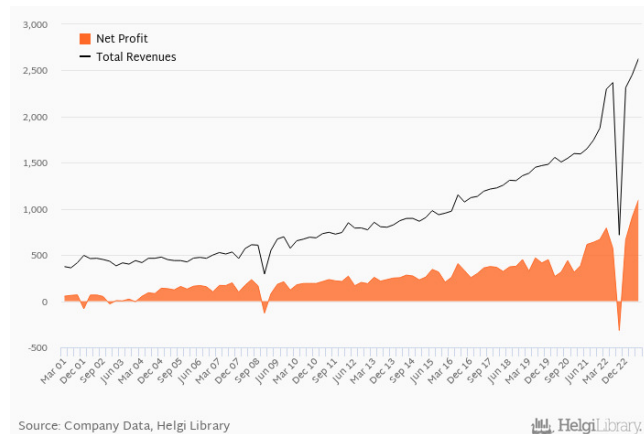
Source: Company Data, Helgi Library



ING Bank Slaski in Pictures

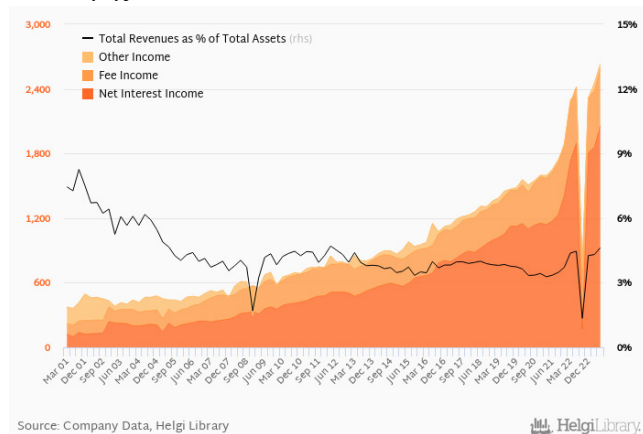
Revenue & Profitability

Net Profit (PLN mil) & Total Revenues (PLN mil)



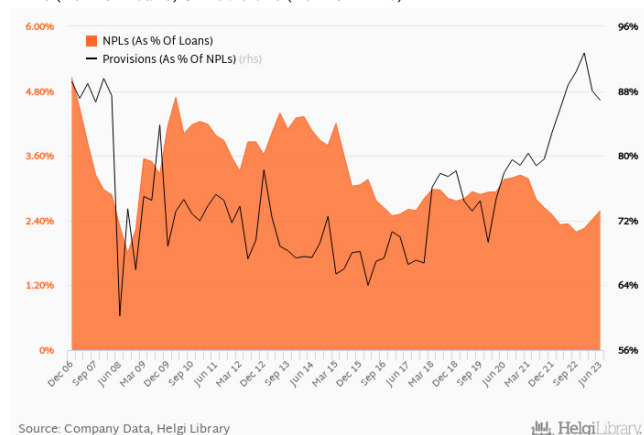
Revenue Breakdown

Revenue by Type of Income (PLN mil)



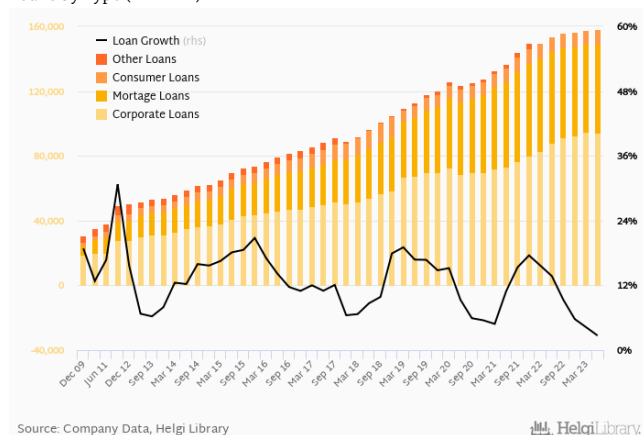
Asset Quality

NPLs (As % Of Loans) & Provisions (As % Of NPLs)



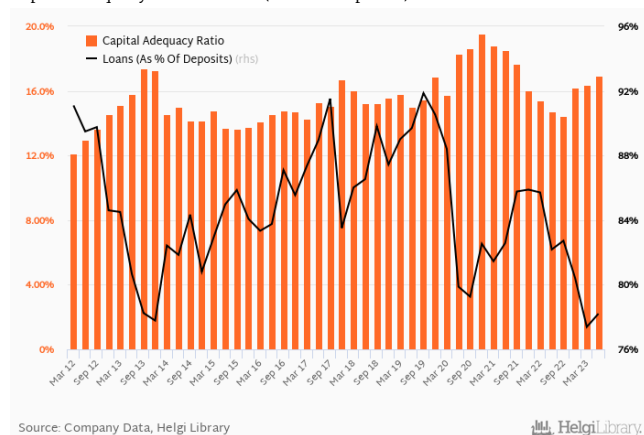
Loan Breakdown

Loans by Type (PLN mil)



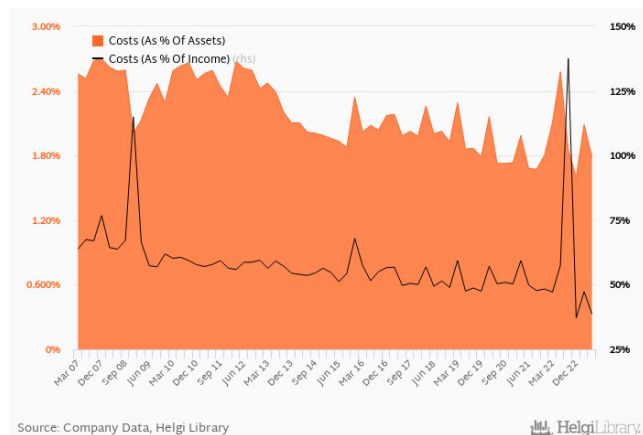
Capital & Liquidity

Capital Adequacy Ratio & Loans (As % Of Deposits)



Cost Efficiency

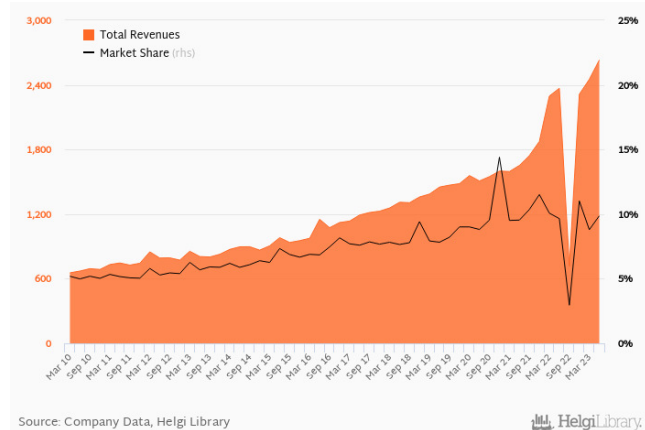
Costs As % Of Assets & Income



ING Bank Slaski – Market Share Development

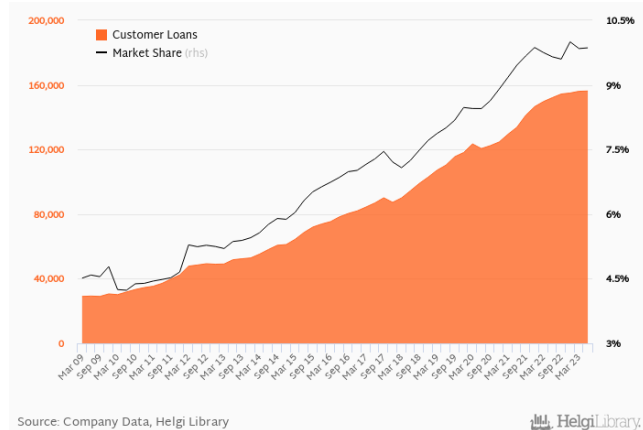
Market Share in Bank Revenues

Total Revenues (PLN mil)



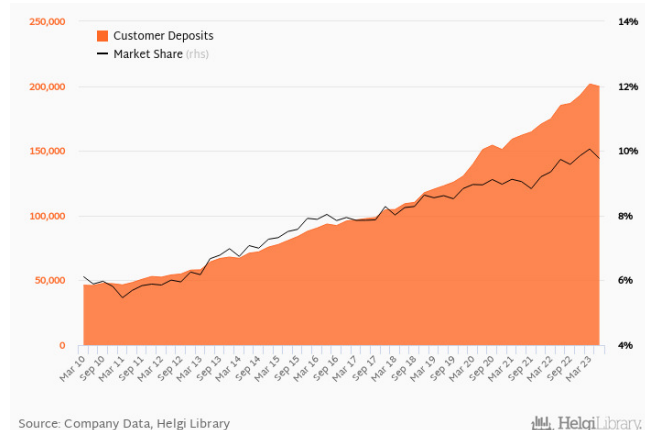
Market Share in Bank Loans

Customer Loans (PLN bil) & Market Share (%)



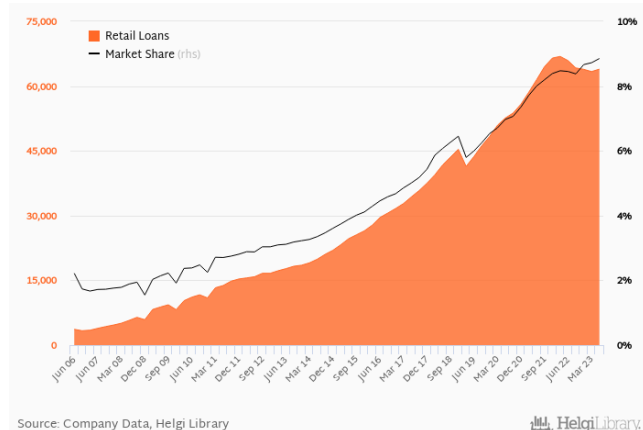
Market Share in Bank Deposits

Customer Deposits (PLN bil)



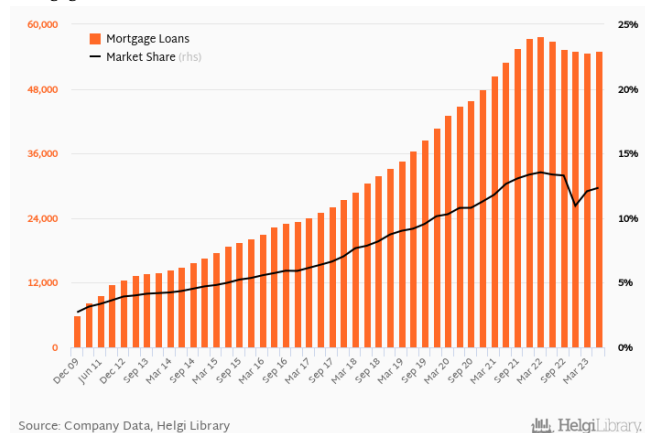
Market Share in Retail Loans

Retail Loans (PLN bil) & Market Share (%)



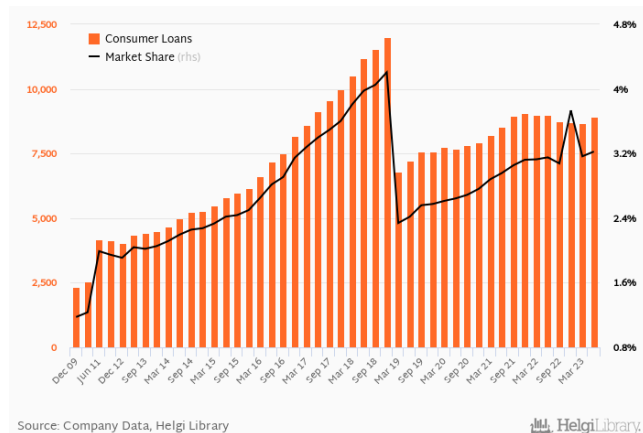
Market Share in Mortgage Loans

Mortgage Loans (PLN mil) & Market Share (%)



Market Share in Consumer Loans

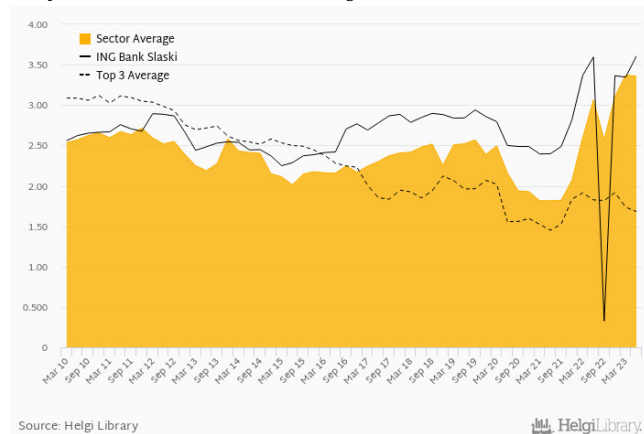
Consumer Loans (PLN mil)



ING Bank Slaski – Comparison with Sector

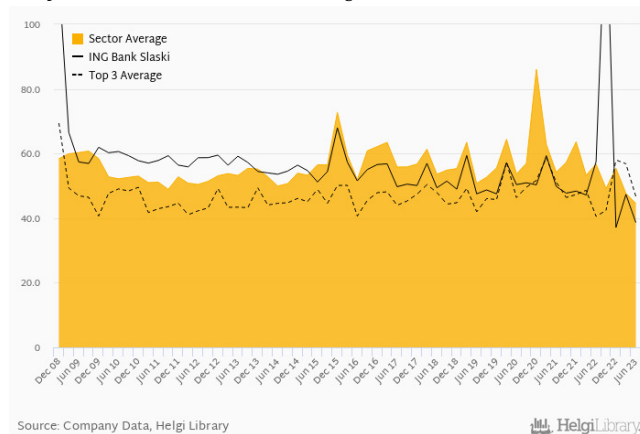
ING Bank Slaski – Net Interest Margin vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



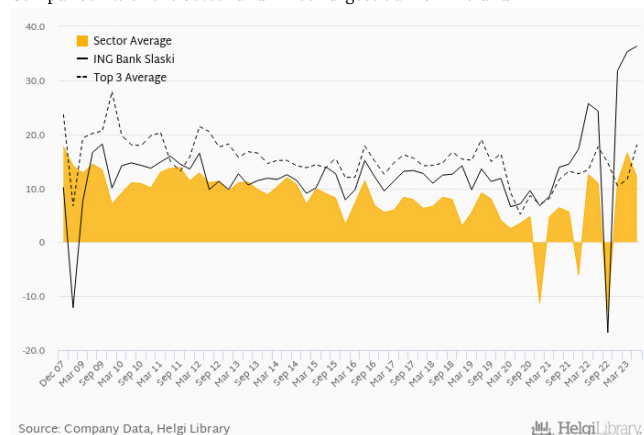
ING Bank Slaski – Cost to Income vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



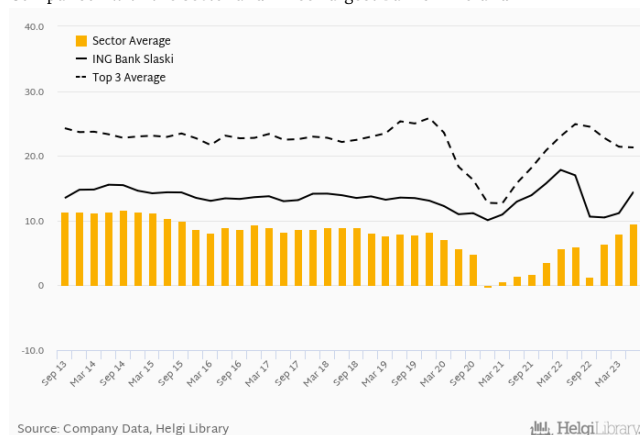
ING Bank Slaski – Return on Equity vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



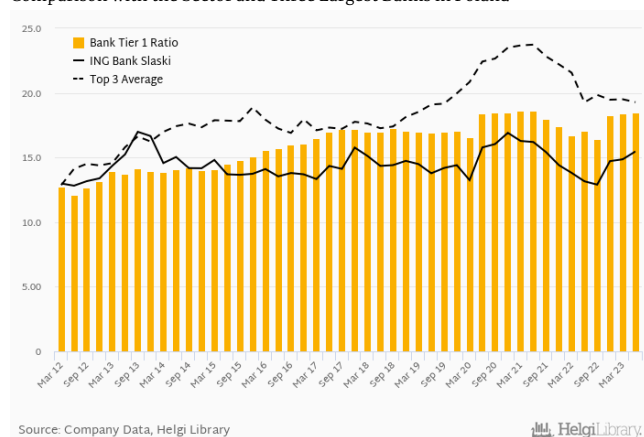
ING Bank Slaski – Adjusted ROE vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



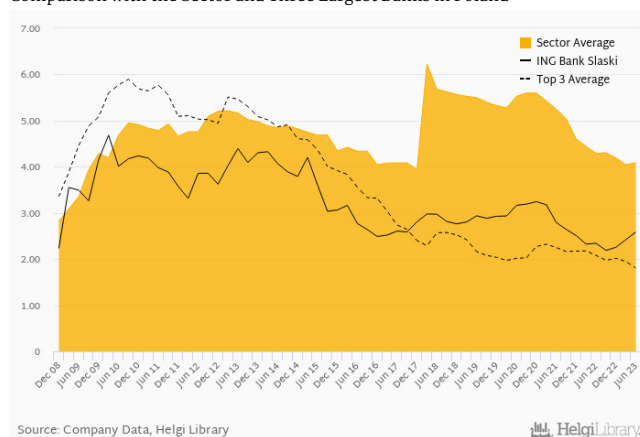
ING Bank Slaski – Tier 1 Ratio vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



ING Bank Slaski – NPL Ratio vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



mBank

Quarterly Results – 2Q2023

mBank made a net profit of PLN -15.4 mil in the second quarter of 2023, down 107% when compared to the previous year. Total revenues increased 24.7% yoy to PLN 2,695 mil, ROE amounted to -0.462% and the NPL ratio stood at 4.08%. mBank stock appreciated by 32.8% in the second quarter of 2023 to PLN 406 per share and the stock traded at a 12-month trailing PE of -279x and PBV of 1.28x based on the closing price at the end of the quarter.

- ✓ Revenues increased 24.7% yoy to PLN 2,695 mil in the second quarter of 2023. Interest income formed 81.6% of total revenues with the net interest margin increasing 0.73 pp to 4.09% of total assets. Fees added a further 18.1% to total revenue generated in 2Q2023, down from an average of 27.3% as seen in the previous two years.
- ✓ Operating costs dropped by 30.9% yoy to PLN 704 mil, so cost to income ratio reached 26.1%, down by 35% compared to the previous two years. Staff accounted for 49.8% of total operating expenditures. At the end of second quarter of 2023, mBank operated a network of 360 branches and 7,171 employees.
- ✓ Loans and deposits dropped by 2.64% and 2.35% qoq respectively, so loan to deposit ratio reached 67.0% at the end of 2Q2023. That's down from 78.3% the previous year. Equity reached 6.33% of assets and capital adequacy ratio amounted to 16.8% at the end of the second quarter of 2023.
- ✓ NPLs were 4.08% of total loans at the end of the quarter. Provisions covered 68.6% of non-performing loans
- ✓ mBank stock traded at PLN 406 per share at the end of second quarter of 2023 implying a market capitalization of USD 3,482 mil. This put stock at a 12-month trailing price to earnings of -279x and price to book value of 1.28x as of the end of 2Q2023.

Sector:
Banking

Country:
Poland

Share Price:
PLN 406

Market Capitalization:
USD 3,482 mil

Shares Outstanding:
42.5 mil

Employees:
7,171

Clients:
N/A

Branches:
360

Capital Adequacy Ratio:
16.8%

NPL Ratio:
4.08%

Provision Coverage:
68.6%

KEY FIGURES									
	REVENUES	NET PROFIT	EPS	EPS GROWTH	PER	PBV	ROE	DPS	DIV. YIELD
	PLN mil	PLN mil	PLN	%			%	PLN	%
2Q2023	2,695	-15.4	-1.45	-107	-279	1.28	-0.462	...	...
2022	7,842	-703	-16.6	-40.5	...	0.988	-5.32	0	0
2021	6,111	-1,179	-27.8	-227	...	1.34	-7.76	0	0
2020	6,771	931	22.0	-26.8	8.15	0.455	5.67	0	0
2019	6,327	1,272	30.0	16.5	13.0	1.02	8.12	0	0
2018	5,413	1,091	25.8	1.40	16.5	1.18	7.41	0	0
2017	5,206	1,075	25.4	-10.4	18.3	1.38	7.87	5.15	1.11

Source: Company Data, Helgi Library, Valuation multiples calculated based on historical prices

Data tells a story



mBank – Financials

INCOME STATEMENT		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Interest Income	PLN mil	1,091	1,298	1,724	2,340	1,878	3,324	3,639	3,657
Interest Cost	PLN mil	80.6	101	217	637	1,142	1,346	1,606	1,456
Net Interest Income	PLN mil	1,011	1,197	1,507	1,703	736	1,978	2,033	2,201
Net Fee Income	PLN mil	474	483	591	548	514	468	501	488
Other Income	PLN mil	24.7	-60.2	81.3	-88.9	-171	-8.21	-32.5	7.14
Total Revenues	PLN mil	1,509	1,621	2,179	2,162	1,079	2,438	2,502	2,695
Staff Cost	PLN mil	299	273	294	296	291	346	339	351
Depreciation	PLN mil	107	105	117	120	117	114	119	119
Other Cost	PLN mil	417	172	433	603	417	172	397	235
Operating Cost	PLN mil	616	595	844	1,019	825	631	855	704
Operating Profit	PLN mil	893	1,025	1,335	1,142	254	1,807	1,647	1,991
Provisions	PLN mil	633	2,296	461	377	2,501	622	987	1,732
Pre-Tax Profit	PLN mil	101	-1,435	714	598	-2,424	1,004	469	75.8
Net Profit	PLN mil	26.5	-1,631	512	230	-2,279	835	143	-15.4

BALANCE SHEET		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Cash & Cash Equivalents	PLN mil	18,016	12,202	17,971	12,523	20,488	16,014	16,478	15,962
Interbank Loans	PLN mil	14,399	7,230	6,830	8,548	9,654	9,806	13,439	11,928
Customer Loans	PLN mil	119,667	117,677	123,074	126,121	125,289	120,183	121,533	118,319
Investments	PLN mil	47,161	52,676	47,220	46,283	41,063	55,335	57,801	58,385
Property and Equipment	PLN mil	1,537	1,542	1,527	1,494	1,465	1,485	1,517	1,455
Intangible Assets	PLN mil	1,220	1,284	1,302	1,300	1,323	1,392	1,432	1,580
Total Assets	PLN mil	208,152	198,373	203,237	202,170	205,676	209,892	217,529	212,928
Shareholders' Equity	PLN mil	16,536	13,718	13,590	13,378	11,479	12,715	13,265	13,470
Liabilities	PLN mil	191,616	184,655	189,647	188,793	194,197	197,177	204,264	199,458
Interbank Borrowing	PLN mil	4,390	5,266	6,355	7,405	6,723	5,356	5,877	5,123
Customer Deposits	PLN mil	161,334	157,072	161,862	161,096	170,253	174,131	180,917	176,662
Issued Debt Securities	PLN mil	18,043	16,054	16,300	14,906	12,319	12,206	11,106	10,842
Other Liabilities	PLN mil	7,849	6,263	5,129	5,386	4,903	5,484	6,364	6,831

RATIOS		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
ROE	%	0.639	-43.1	15.0	6.82	-73.4	27.6	4.40	-0.462
ROA	%	0.052	-3.21	1.02	0.454	-4.47	1.61	0.267	-0.029
Costs (As % Of Assets)	%	1.21	1.17	1.68	2.01	1.62	1.21	1.60	1.31
Costs (As % Of Income)	%	40.9	36.7	38.7	47.2	76.5	25.9	34.2	26.1
Capital Adequacy Ratio	%	17.5	16.6	15.9	16.4	14.7	16.4	16.1	16.8
Net Interest Margin	%	1.99	2.36	3.00	3.36	1.44	3.81	3.81	4.09
Interest Income (As % Of Revenues)	%	67.0	73.9	69.2	78.8	68.3	81.1	81.3	81.6
Fee Income (As % Of Revenues)	%	31.4	29.8	27.1	25.3	47.6	19.2	20.0	18.1
Staff Cost (As % Of Total Cost)	%	48.5	45.8	34.9	29.1	35.2	54.8	39.6	49.8
Equity (As % Of Assets)	%	7.94	6.92	6.69	6.62	5.58	6.06	6.10	6.33
Loans (As % Of Deposits)	%	74.2	74.9	76.0	78.3	73.6	69.0	67.2	67.0
Loans (As % Assets)	%	57.5	59.3	60.6	62.4	60.9	57.3	55.9	55.6
NPLs (As % Of Loans)	%	4.02	3.93	3.88	3.84	4.05	3.97	3.96	4.08
Provisions (As % Of NPLs)	%	71.6	66.8	68.0	67.6	65.1	66.3	66.0	68.6

VALUATION		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Market Capitalisation	USD mil	4,459	4,522	3,731	2,212	1,713	2,536	2,620	3,482
Number Of Shares	mil	42.4	42.4	42.4	42.4	42.4	42.4	42.4	42.5
Share Price	PLN	420	433	368	234	200	296	306	406
Earnings Per Share (EPS)	PLN	2.51	-154	48.3	21.7	-215	78.7	13.5	-1.45
Book Value Per Share	PLN	390	324	321	315	271	300	313	317
Price/Earnings (P/E)		168	-2.81	7.61	10.8	-0.931	3.76	22.7	-279
Price/Book Value (P/BV)		1.08	1.34	1.15	0.741	0.739	0.988	0.978	1.28

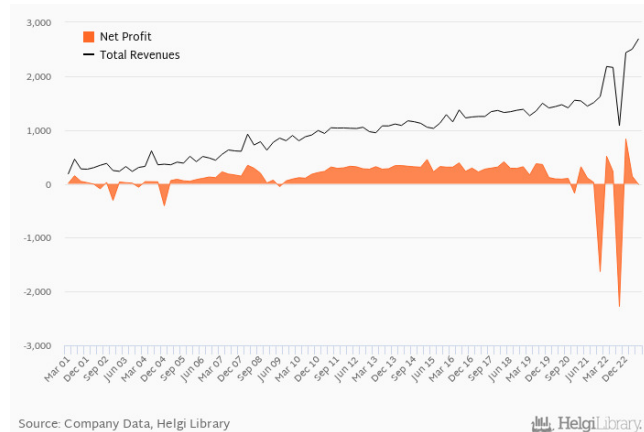
Source: Company Data, Helgi Library



mBank in Pictures

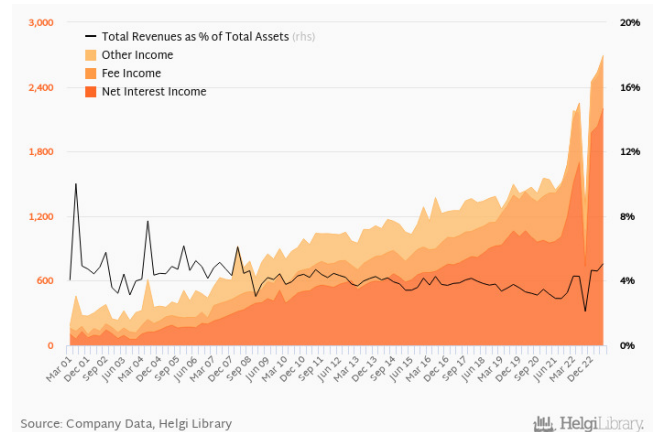
Revenue & Profitability

Net Profit (PLN mil) & Total Revenues (PLN mil)



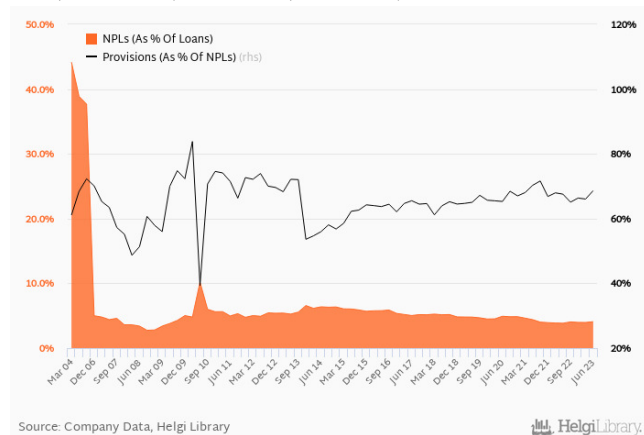
Revenue Breakdown

Revenue by Type of Income (PLN mil)



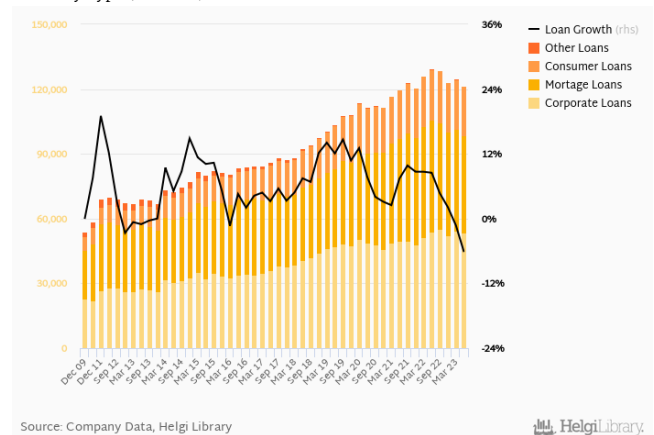
Asset Quality

NPLs (As % Of Loans) & Provisions (As % Of NPLs)



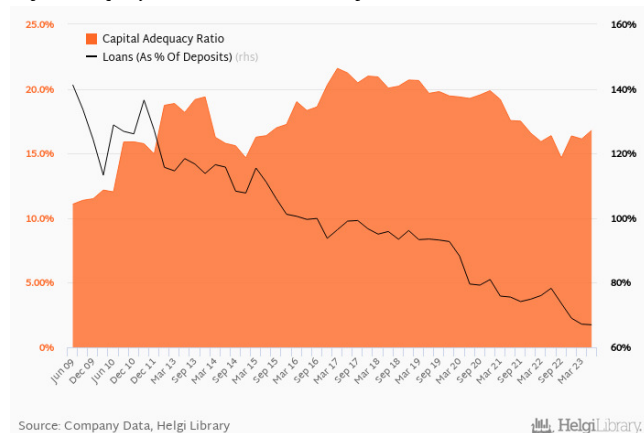
Loan Breakdown

Loans by Type (PLN mil)



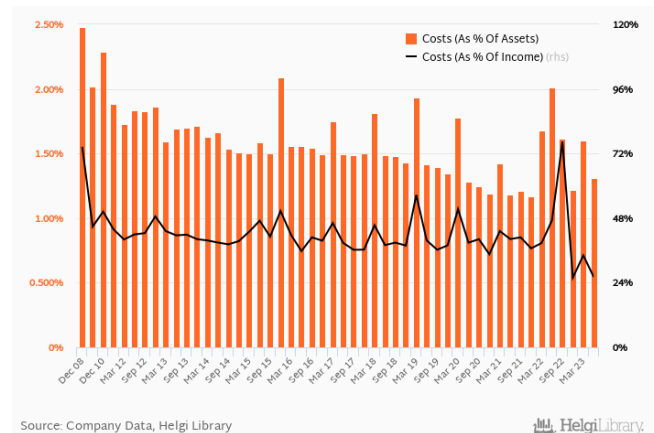
Capital & Liquidity

Capital Adequacy Ratio & Loans (As % Of Deposits)



Cost Efficiency

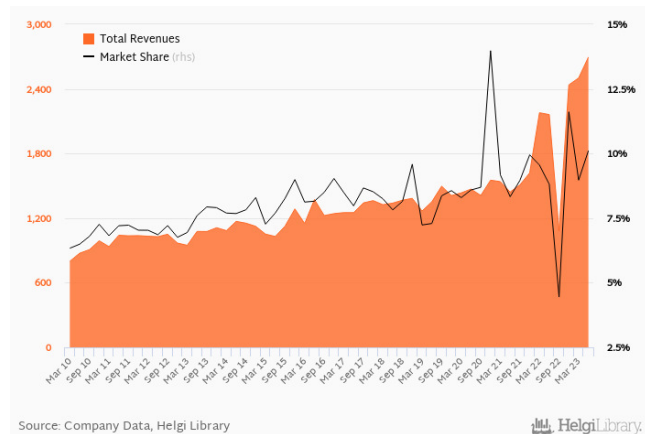
Costs As % Of Assets & Income



mBank – Market Share Development

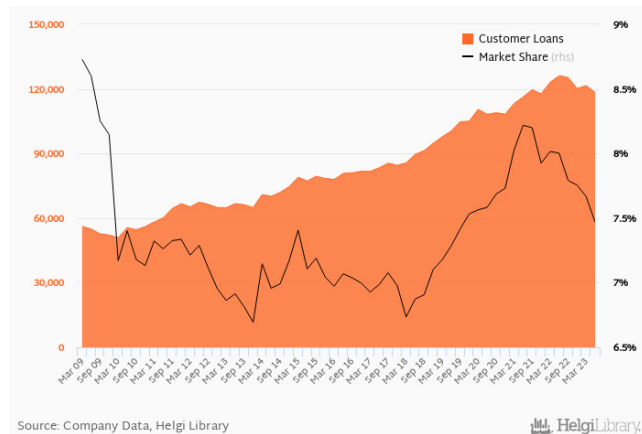
Market Share in Bank Revenues

Total Revenues (PLN mil)



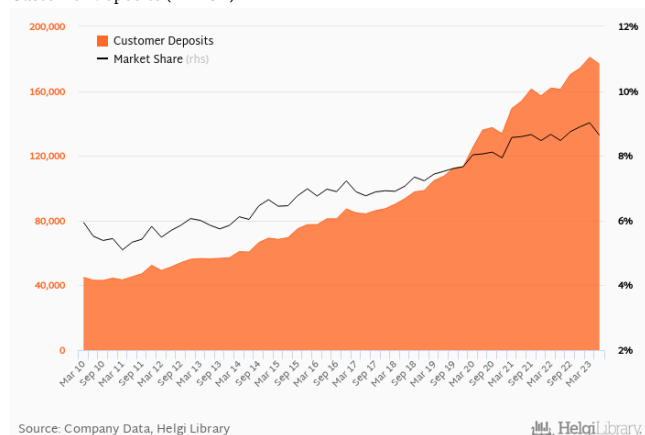
Market Share in Bank Loans

Customer Loans (PLN bil) & Market Share (%)



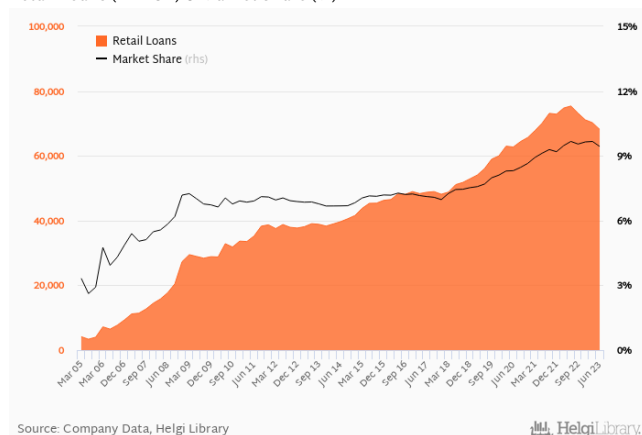
Market Share in Bank Deposits

Customer Deposits (PLN bil)



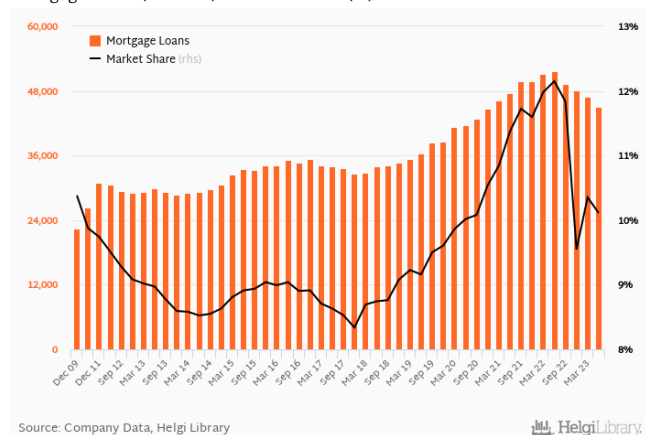
Market Share in Retail Loans

Retail Loans (PLN bil) & Market Share (%)



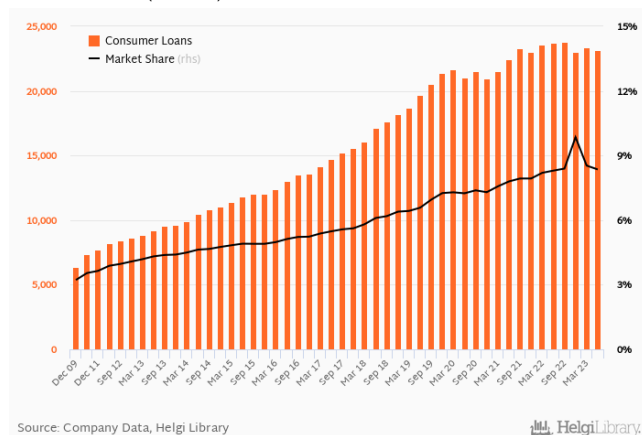
Market Share in Mortgage Loans

Mortgage Loans (PLN mil) & Market Share (%)



Market Share in Consumer Loans

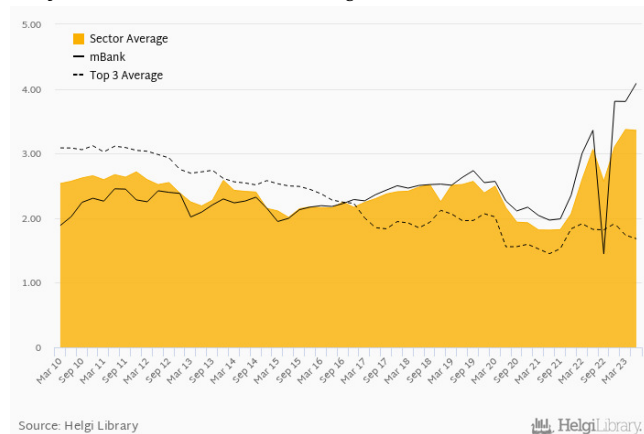
Consumer Loans (PLN mil)



mBank – Comparison with Sector

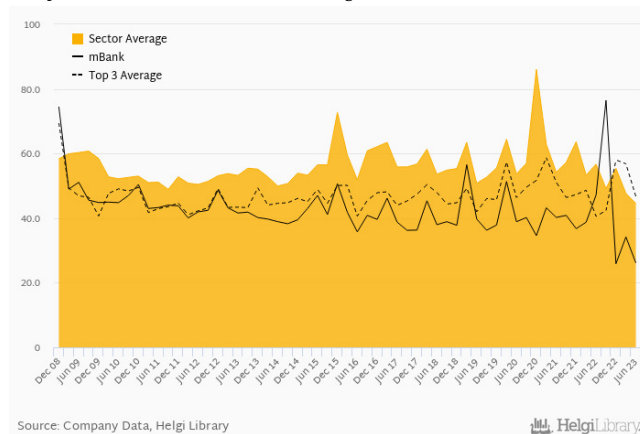
mBank – Net Interest Margin vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



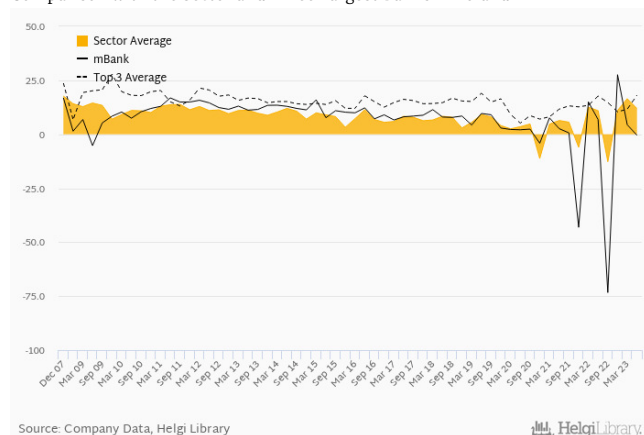
mBank – Cost to Income vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



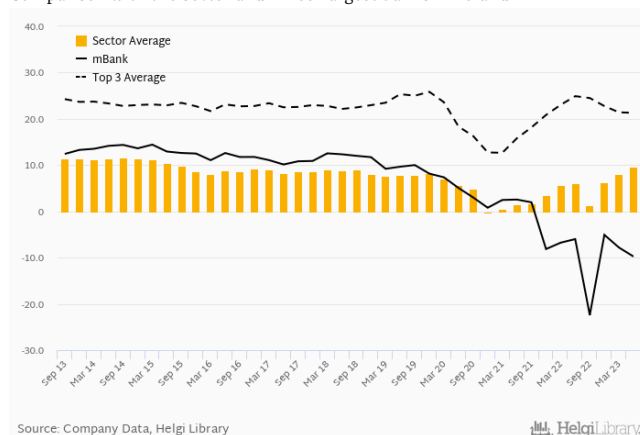
mBank – Return on Equity vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



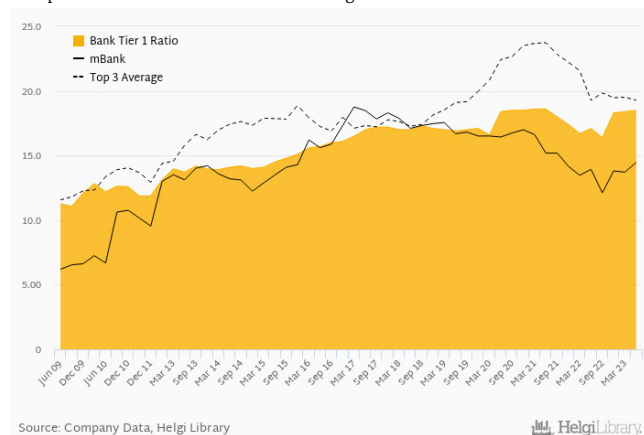
mBank – Adjusted ROE vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



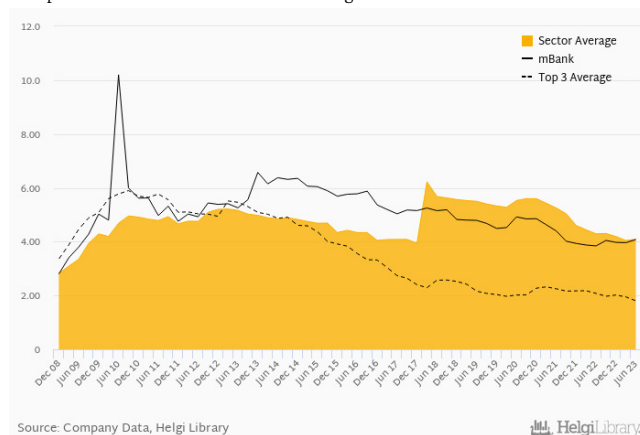
mBank – Tier 1 Ratio vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



mBank – NPL Ratio vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



Santander Bank Polska

Quarterly Results – 2Q2023

Santander Bank Polska made a net profit of PLN 1,147 mil in the second quarter of 2023, up 61.3% when compared to the previous year. Total revenues increased 10.1% yoy to PLN 3,839 mil, ROE amounted to 14.0% and the NPL ratio stood at 4.28%. Santander Bank Polska stock appreciated by 33.3% in the second quarter of 2023 to PLN 389 per share and the stock traded at a 12-month trailing PE of 8.97x and PBV of 1.28x based on the closing price at the end of the quarter.

- ✓ Revenues increased 10.1% yoy to PLN 3,839 mil in the second quarter of 2023. Interest income formed 83.4% of total revenues with the net interest margin increasing 0.132 pp to 4.90% of total assets. Fees added a further 17.7% to total revenue generated in 2Q2023, down from an average of 22.3% as seen in the previous two years.
- ✓ Operating costs dropped by 21% yoy to PLN 1,030 mil, so cost to income ratio reached 26.8%, down by 33.7% compared to the previous two years. Staff accounted for 52.4% of total operating expenditures. At the end of second quarter of 2023, Santander Bank Polska operated a network of 378 branches and 11,397 employees.
- ✓ Loans and deposits grew by 1.37% and 1.77% qoq respectively, so loan to deposit ratio reached 78.2% at the end of 2Q2023. That's down from 83.2% the previous year. Equity reached 12.7% of assets and capital adequacy ratio amounted to 20.8% at the end of the second quarter of 2023.
- ✓ NPLs were 4.28% of total loans at the end of the quarter. Provisions covered 87.0% of non-performing loans
- ✓ Santander Bank Polska stock traded at PLN 389 per share at the end of second quarter of 2023 implying a market capitalization of USD 8,182 mil. This put stock at a 12-month trailing price to earnings of 8.97x and price to book value of 1.28x as of the end of 2Q2023.

Sector:
Banking

Country:
Poland

Share Price:
PLN 389

Market Capitalization:
USD 8,182 mil

Shares Outstanding:
104 mil

Employees:
11,397

Clients:
N/A

Branches:
378

Capital Adequacy Ratio:
20.8%

NPL Ratio:
4.28%

Provision Coverage:
87.0%

KEY FIGURES									
	REVENUES	NET PROFIT	EPS	EPS GROWTH	PER	PBV	ROE	DPS	DIV. YIELD
	PLN mil	PLN mil	PLN	%			%	PLN	%
2Q2023	3,839	1,147	43.4	68.7	8.97	1.28	14.0	...	...
2022	12,183	3,009	29.4	140	8.81	0.880	10.5	2.68	1.03
2021	8,902	1,253	12.3	-20.6	28.4	1.31	4.49	2.16	0.620
2020	9,082	1,577	15.4	-32.0	12.0	0.662	5.67	0	0
2019	9,846	2,320	22.7	11.0	13.5	1.16	8.66	19.7	6.42
2018	8,650	2,043	20.5	-7.42	17.5	1.35	8.18	19.7	5.51
2017	8,249	2,197	22.1	13.7	17.9	1.69	9.91	3.10	0.782

Source: Company Data, Helgi Library, Valuation multiples calculated based on historical prices

Data tells a story



Santander Bank Polska – Financials

INCOME STATEMENT		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Interest Income	PLN mil	1,533	1,844	2,463	3,439	2,589	4,048	4,338	4,546
Interest Cost	PLN mil	89.0	112	219	504	948	1,215	1,246	1,346
Net Interest Income	PLN mil	1,443	1,732	2,244	2,935	1,641	2,833	3,092	3,200
Net Fee Income	PLN mil	635	641	661	621	666	619	662	678
Other Income	PLN mil	81.0	59.0	41.0	-68.0	-14.0	4.00	-52.0	-39.0
Total Revenues	PLN mil	2,159	2,432	2,946	3,488	2,293	3,456	3,702	3,839
Staff Cost	PLN mil	405	473	433	452	461	470	535	540
Depreciation	PLN mil	144	143	133	131	130	130	134	142
Other Cost	PLN mil	358	388	860	711	531	324	742	336
Operating Cost	PLN mil	907	1,004	1,148	1,304	1,119	929	1,224	1,030
Operating Profit	PLN mil	1,252	1,428	1,798	2,184	1,174	2,527	2,478	2,809
Provisions	PLN mil	332	860	215	961	464	993	654	1,087
Pre-Tax Profit	PLN mil	817	448	1,426	1,047	531	1,349	1,656	1,556
Net Profit	PLN mil	605	209	1,029	711	322	947	1,217	1,147

BALANCE SHEET		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Cash & Cash Equivalents	PLN mil	2,775	8,438	7,446	6,235	11,514	10,170	11,119	10,377
Interbank Loans	PLN mil	3,140	2,690	5,604	5,209	8,005	9,577	10,317	9,730
Customer Loans	PLN mil	144,087	146,391	149,702	152,635	153,539	152,509	154,744	156,867
Investments	PLN mil	70,049	71,866	72,977	72,435	59,909	62,804	62,868	69,536
Property and Equipment	PLN mil	720	733	698	656	639	688	663	647
Intangible Assets	PLN mil	2,349	2,405	2,378	2,366	2,368	2,453	2,433	2,468
Total Assets	PLN mil	232,393	243,017	245,939	246,505	263,395	259,167	258,621	263,777
Shareholders' Equity	PLN mil	28,988	27,214	27,007	28,465	28,847	30,115	31,949	33,408
Liabilities	PLN mil	203,405	215,803	218,932	218,040	234,548	229,052	226,672	230,369
Interbank Borrowing	PLN mil	4,184	4,910	4,544	4,865	6,391	4,031	3,850	4,420
Customer Deposits	PLN mil	177,320	185,373	187,320	183,536	189,501	196,497	197,172	200,656
Issued Debt Securities	PLN mil	13,689	15,555	13,939	13,148	14,352	12,138	11,685	11,207
Other Liabilities	PLN mil	8,212	9,965	13,129	16,491	24,304	16,386	13,965	14,086

RATIOS		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
ROE	%	8.36	2.97	15.2	10.3	4.49	12.8	15.7	14.0
ROA	%	1.05	0.352	1.68	1.16	0.505	1.45	1.88	1.76
Costs (As % Of Assets)	%	1.57	1.69	1.88	2.12	1.76	1.42	1.89	1.58
Costs (As % Of Income)	%	42.0	41.3	39.0	37.4	48.8	26.9	33.1	26.8
Capital Adequacy Ratio	%	20.4	19.1	18.1	19.2	18.9	19.3	21.0	20.8
Net Interest Margin	%	2.50	2.91	3.67	4.77	2.57	4.34	4.78	4.90
Interest Income (As % Of Revenues)	%	66.8	71.2	76.2	84.1	71.6	82.0	83.5	83.4
Fee Income (As % Of Revenues)	%	29.4	26.4	22.4	17.8	29.0	17.9	17.9	17.7
Staff Cost (As % Of Total Cost)	%	44.7	47.1	37.7	34.6	41.2	50.6	43.7	52.4
Equity (As % Of Assets)	%	12.5	11.2	11.0	11.5	11.0	11.6	12.4	12.7
Loans (As % Of Deposits)	%	81.3	79.0	79.9	83.2	81.0	77.6	78.5	78.2
Loans (As % Assets)	%	62.0	60.2	60.9	61.9	58.3	58.8	59.8	59.5
NPLs (As % Of Loans)	%	4.94	4.52	4.34	4.19	4.35	4.37	4.22	4.28
Provisions (As % Of NPLs)	%	85.0	85.1	87.3	86.8	86.1	85.0	86.7	87.0

VALUATION		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Market Capitalisation	USD mil	7,960	8,772	7,603	5,335	4,064	5,352	6,079	8,182
Number Of Shares	mil	102	102	102	102	102	102	103	104
Share Price	PLN	311	349	311	234	197	259	292	389
Earnings Per Share (EPS)	PLN	21.3	7.59	37.6	25.7	10.9	35.3	46.2	43.4
Book Value Per Share	PLN	267	250	247	262	265	277	292	303
Price/Earnings (P/E)		14.6	45.9	8.28	9.10	18.0	7.34	6.32	8.97
Price/Book Value (P/BV)		1.17	1.39	1.26	0.893	0.743	0.936	1.00	1.28

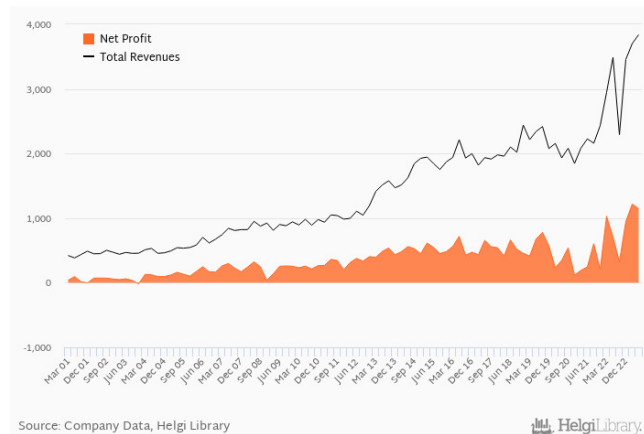
Source: Company Data, Helgi Library



Santander Bank Polska in Pictures

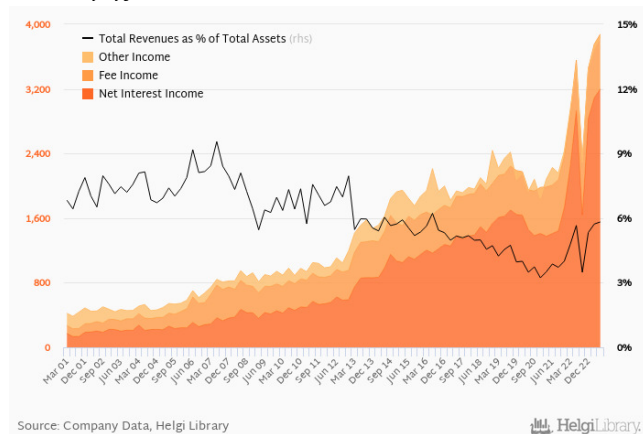
Revenue & Profitability

Net Profit (PLN mil) & Total Revenues (PLN mil)



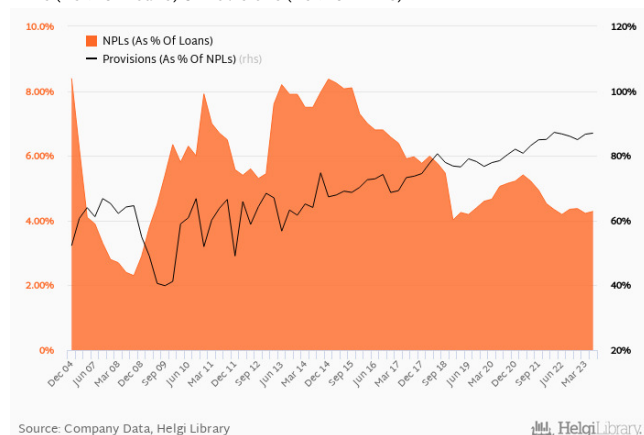
Revenue Breakdown

Revenue by Type of Income (PLN mil)



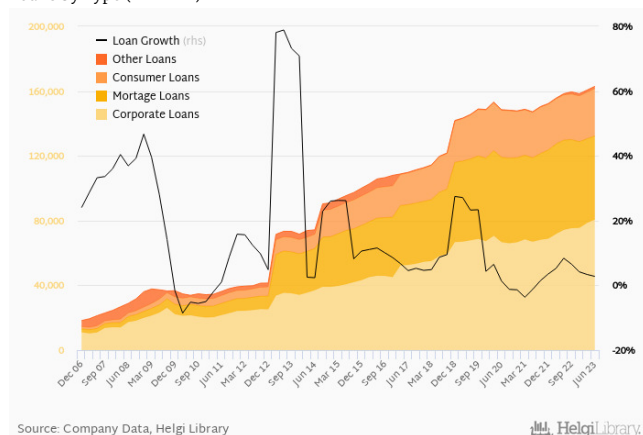
Asset Quality

NPLs (As % Of Loans) & Provisions (As % Of NPLs)



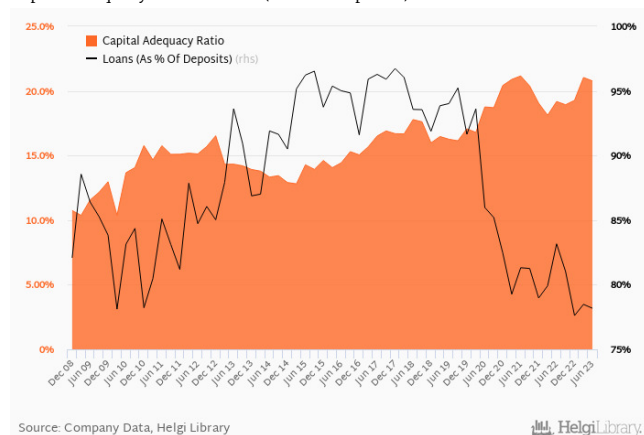
Loan Breakdown

Loans by Type (PLN mil)



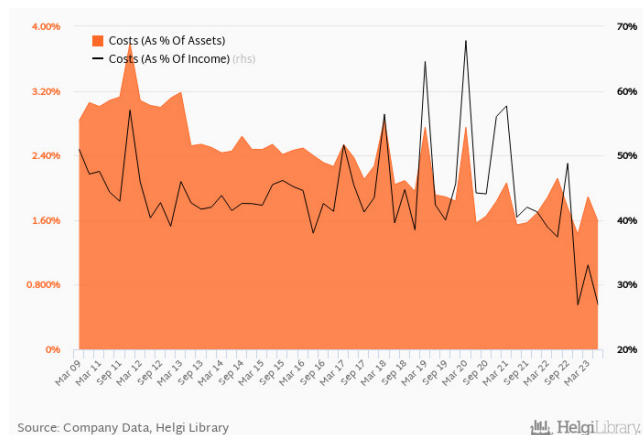
Capital & Liquidity

Capital Adequacy Ratio & Loans (As % Of Deposits)



Cost Efficiency

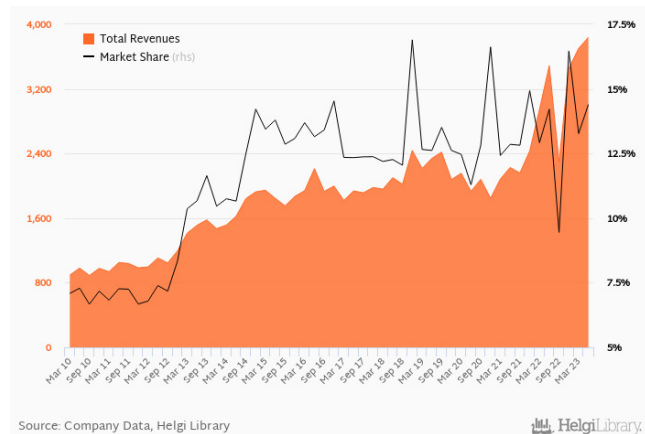
Costs As % Of Assets & Income



Santander Bank Polska – Market Share Development

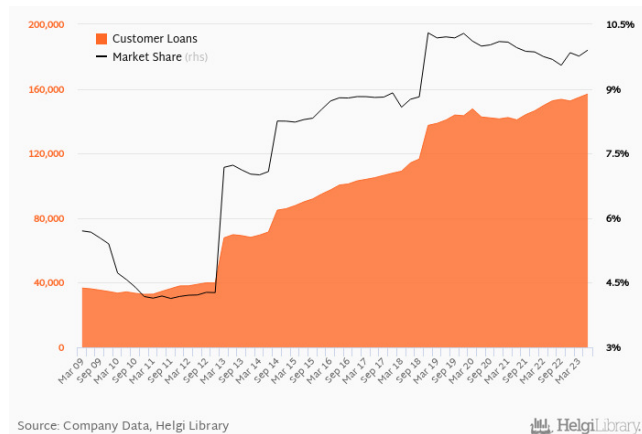
Market Share in Bank Revenues

Total Revenues (PLN mil)



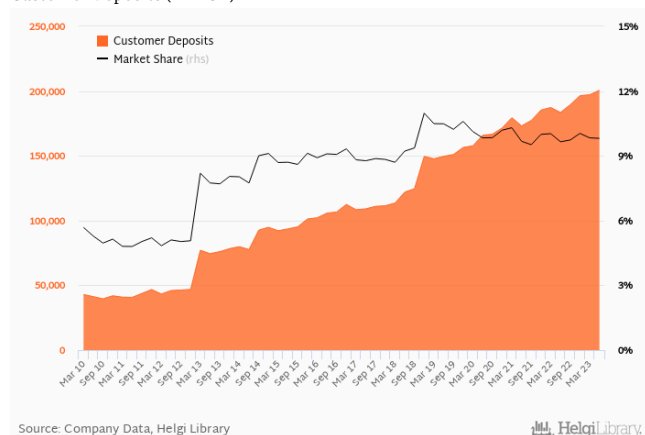
Market Share in Bank Loans

Customer Loans (PLN bil) & Market Share (%)



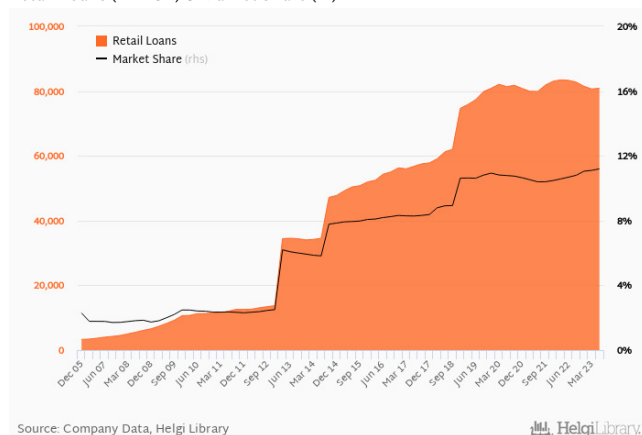
Market Share in Bank Deposits

Customer Deposits (PLN bil)



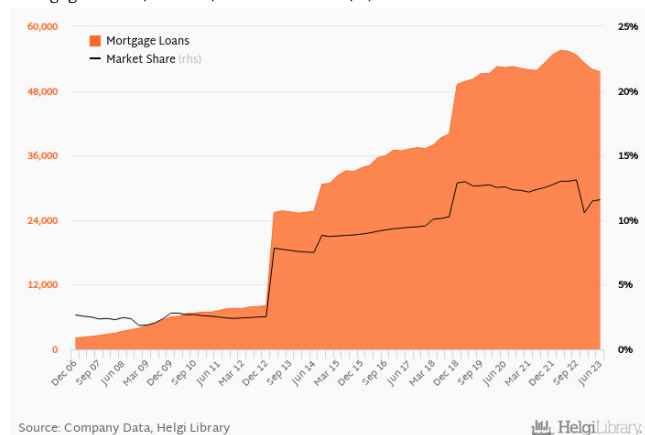
Market Share in Retail Loans

Retail Loans (PLN bil) & Market Share (%)



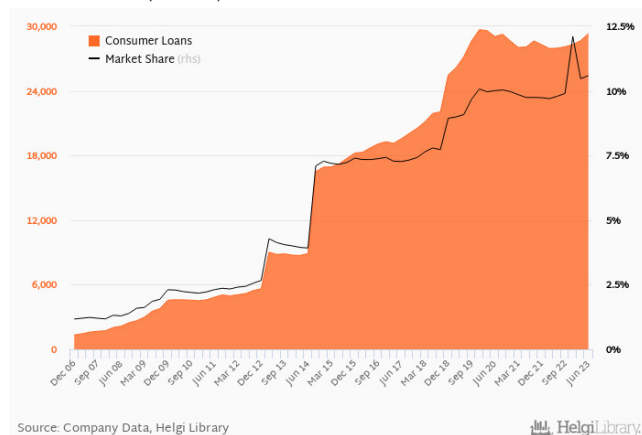
Market Share in Mortgage Loans

Mortgage Loans (PLN mil) & Market Share (%)



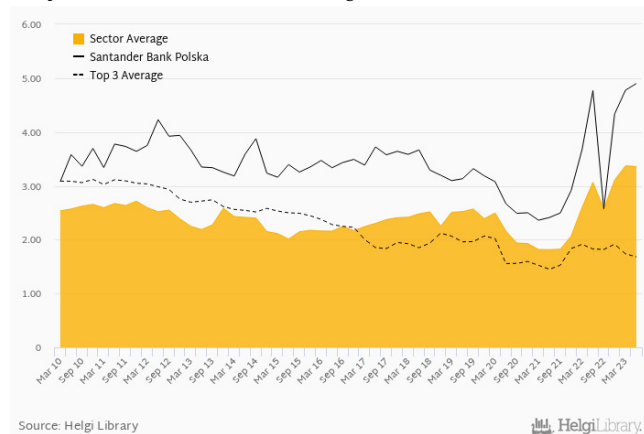
Market Share in Consumer Loans

Consumer Loans (PLN mil)

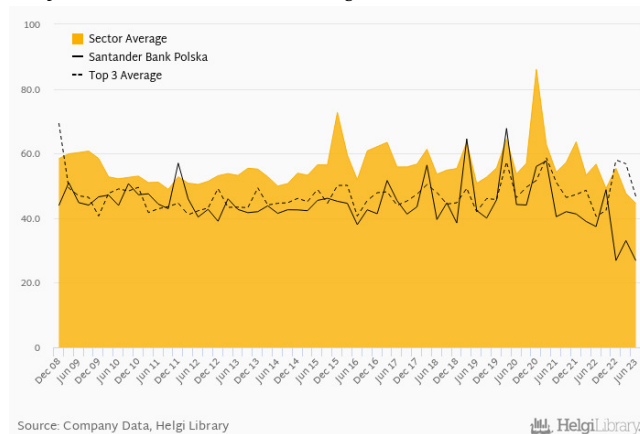


Santander Bank Polska – Comparison with Sector

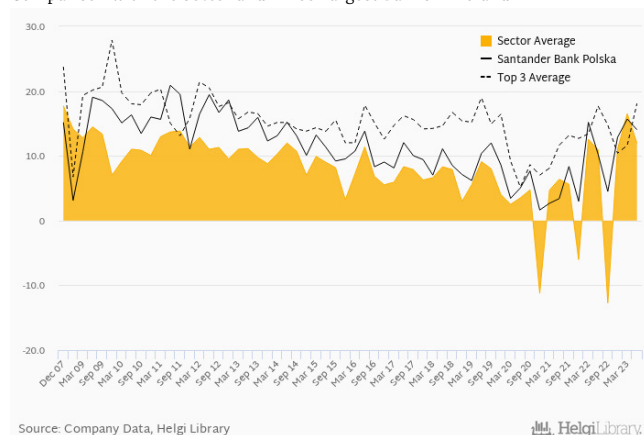
Santander Bank Polska – Net Interest Margin vs. Sector
Comparison with the Sector and Three Largest Banks in Poland



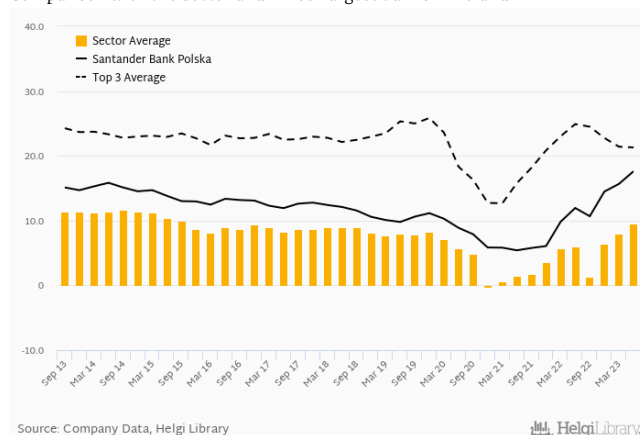
Santander Bank Polska – Cost to Income vs. Sector
Comparison with the Sector and Three Largest Banks in Poland



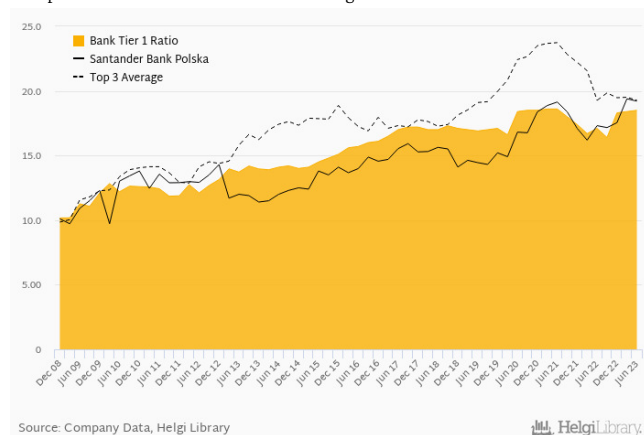
Santander Bank Polska – Return on Equity vs. Sector
Comparison with the Sector and Three Largest Banks in Poland



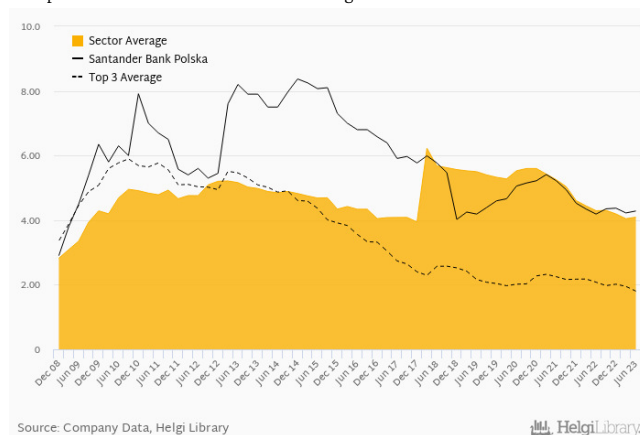
Santander Bank Polska – Adjusted ROE vs. Sector
Comparison with the Sector and Three Largest Banks in Poland



Santander Bank Polska – Tier 1 Ratio vs. Sector
Comparison with the Sector and Three Largest Banks in Poland



Santander Bank Polska – NPL Ratio vs. Sector
Comparison with the Sector and Three Largest Banks in Poland



Pekao

Quarterly Results – 2Q2023

Pekao made a net profit of PLN 1,694 mil in the second quarter of 2023, up 261% when compared to the previous year. Total revenues increased 24.5% yoy to PLN 3,843 mil, ROE amounted to 26.5% and the NPL ratio stood at 6.07%. Pekao stock appreciated by 23.3% in the second quarter of 2023 to PLN 105 per share and the stock traded at a 12-month trailing PE of 4.08x and PBV of 1.07x based on the closing price at the end of the quarter.

- ✓ Revenues increased 24.5% yoy to PLN 3,843 mil in the second quarter of 2023. Interest income formed 77.8% of total revenues with the net interest margin increasing 0.386 pp to 4.12% of total assets. Fees added a further 18.6% to total revenue generated in 2Q2023, down from an average of 29.6% as seen in the previous two years.
- ✓ Operating costs dropped by 21.6% yoy to PLN 1,409 mil, so cost to income ratio reached 36.7%, down by 31.6% compared to the previous two years. Staff accounted for 51.5% of total operating expenditures. At the end of second quarter of 2023, Pekao operated a network of 581 branches and 14,918 employees.
- ✓ Loans and deposits grew by 0.456% and 2.4% qoq respectively, so loan to deposit ratio reached 72.0% at the end of 2Q2023. That's down from 80.3% the previous year. Equity reached 9.01% of assets and capital adequacy ratio amounted to 17.1% at the end of the second quarter of 2023.
- ✓ NPLs were 6.07% of total loans at the end of the quarter. Provisions covered 102% of non-performing loans
- ✓ Pekao stock traded at PLN 105 per share at the end of second quarter of 2023 implying a market capitalization of USD 6,236 mil. This put stock at a 12-month trailing price to earnings of 4.08x and price to book value of 1.07x as of the end of 2Q2023.

Sector:
Banking

Country:
Poland

Share Price:
PLN 105

Market Capitalization:
USD 6,236 mil

Shares Outstanding:
262 mil

Employees:
14,918

Clients:
N/A

Branches:
581

Capital Adequacy Ratio:
17.1%

NPL Ratio:
6.07%

Provision Coverage:
102%

KEY FIGURES									
	REVENUES	NET PROFIT	EPS	EPS GROWTH	PER	PBV	ROE	DPS	DIV. YIELD
	PLN mil	PLN mil	PLN	%			%	PLN	%
2Q2023	3,843	1,694	25.8	261	4.08	1.07	26.5	...	...
2022	10,761	1,719	6.55	-21.0	13.2	0.997	7.37	4.30	4.97
2021	8,522	2,177	8.29	86.8	14.7	1.34	8.82	0	0
2020	8,432	1,165	4.44	-46.3	13.8	0.629	4.76	0	0
2019	8,737	2,169	8.27	-2.07	12.2	1.13	9.39	7.00	6.97
2018	8,114	2,217	8.44	3.99	12.9	1.25	9.62	6.60	6.06
2017	7,624	2,131	8.12	-6.68	16.0	1.46	9.23	7.90	6.10

Source: Company Data, Helgi Library, Valuation multiples calculated based on historical prices

Data tells a story



Pekao – Financials

INCOME STATEMENT		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Interest Income	PLN mil	1,430	1,670	2,255	3,058	1,356	4,442	4,241	4,588
Interest Cost	PLN mil	43.2	69.8	186	491	958	1,232	1,467	1,596
Net Interest Income	PLN mil	1,387	1,601	2,069	2,567	398	3,210	2,774	2,992
Net Fee Income	PLN mil	704	695	705	716	714	672	686	713
Other Income	PLN mil	35.2	-20.0	49.9	-195	-82.9	-61.9	95.9	138
Total Revenues	PLN mil	2,126	2,276	2,824	3,088	1,029	3,820	3,556	3,843
Staff Cost	PLN mil	506	471	558	581	569	592	614	725
Depreciation	PLN mil	164	167	177	140	161	138	156	158
Other Cost	PLN mil	429	454	712	1,076	625	538	771	526
Operating Cost	PLN mil	1,099	1,092	1,447	1,797	1,355	1,269	1,541	1,409
Operating Profit	PLN mil	1,027	1,184	1,377	1,291	-326	2,552	2,015	2,435
Provisions	PLN mil	178	232	134	531	260	1,091	105	291
Pre-Tax Profit	PLN mil	849	956	1,243	761	-584	1,463	1,911	2,145
Net Profit	PLN mil	631	694	908	469	-543	886	1,447	1,694

BALANCE SHEET		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Cash & Cash Equivalents	PLN mil	7,346	4,697	18,828	12,866	17,879	13,436	14,827	9,912
Interbank Loans	PLN mil	5,117	3,328	6,365	10,100	6,096	4,679	5,454	6,773
Customer Loans	PLN mil	156,811	159,229	161,850	163,236	166,964	158,721	158,867	159,592
Investments	PLN mil	66,319	67,321	59,340	58,565	59,550	80,317	89,043	91,092
Property and Equipment	PLN mil	1,818	1,830	1,779	1,638	1,576	1,572	1,533	1,753
Intangible Assets	PLN mil	2,120	2,300	2,268	2,119	2,159	2,253	2,236	2,287
Total Assets	PLN mil	247,361	250,567	271,885	277,568	279,563	281,139	292,628	287,921
Shareholders' Equity	PLN mil	24,987	23,851	23,483	21,505	20,937	22,763	25,144	25,954
Liabilities	PLN mil	222,373	226,715	248,402	256,063	258,625	258,376	267,484	261,967
Interbank Borrowing	PLN mil	7,529	8,575	13,284	12,521	9,141	8,594	7,735	7,794
Customer Deposits	PLN mil	196,194	195,162	204,967	203,214	209,241	210,747	227,213	221,761
Issued Debt Securities	PLN mil	8,671	8,117	9,419	10,182	11,388	13,127	10,651	10,952
Other Liabilities	PLN mil	9,980	14,861	20,732	30,146	28,855	25,908	21,886	21,460

RATIOS		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
ROE	%	9.99	11.4	15.3	8.34	-10.2	16.2	24.2	26.5
ROA	%	1.03	1.11	1.39	0.682	-0.780	1.26	2.02	2.33
Costs (As % Of Assets)	%	1.79	1.75	2.22	2.62	1.95	1.81	2.15	1.94
Costs (As % Of Income)	%	51.7	48.0	51.2	58.2	132	33.2	43.3	36.7
Capital Adequacy Ratio	%	17.6	16.9	16.9	17.0	16.8	17.4	17.5	17.1
Net Interest Margin	%	2.26	2.57	3.17	3.74	0.571	4.58	3.87	4.12
Interest Income (As % Of Revenues)	%	65.2	70.3	73.3	83.1	38.7	84.0	78.0	77.8
Fee Income (As % Of Revenues)	%	33.1	30.5	25.0	23.2	69.4	17.6	19.3	18.6
Staff Cost (As % Of Total Cost)	%	46.1	43.1	38.6	32.3	42.0	46.7	39.8	51.5
Equity (As % Of Assets)	%	10.1	9.52	8.64	7.75	7.49	8.10	8.59	9.01
Loans (As % Of Deposits)	%	79.9	81.6	79.0	80.3	79.8	75.3	69.9	72.0
Loans (As % Assets)	%	63.4	63.5	59.5	58.8	59.7	56.5	54.3	55.4
NPLs (As % Of Loans)	%	5.35	4.88	5.15	5.31	5.30	6.03	5.95	6.07
Provisions (As % Of NPLs)	%	92.1	98.6	94.3	97.9	101	102	102	102

VALUATION		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Market Capitalisation	USD mil	6,775	7,887	7,089	4,775	3,279	4,842	4,794	6,236
Number Of Shares	mil	262	262	262	262	262	262	262	262
Share Price	PLN	103	122	113	81.5	60.7	86.5	85.5	105
Earnings Per Share (EPS)	PLN	9.62	10.6	13.8	7.14	-8.28	13.5	22.0	25.8
Book Value Per Share	PLN	95.2	90.9	89.5	81.9	79.8	86.7	95.8	98.9
Price/Earnings (P/E)		10.7	11.5	8.16	11.4	-7.33	6.41	3.88	4.08
Price/Book Value (P/BV)		1.08	1.34	1.26	0.995	0.761	0.997	0.892	1.07

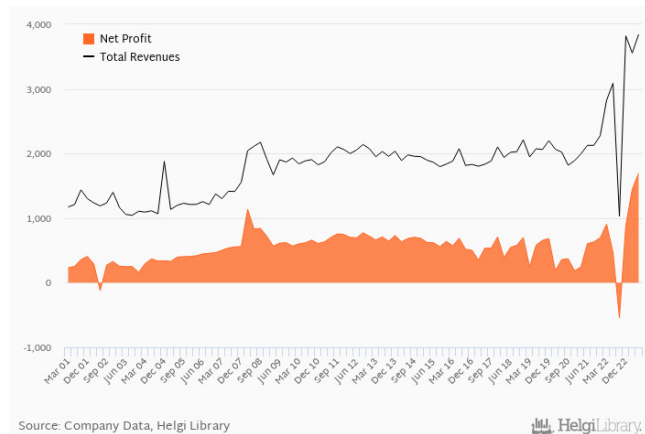
Source: Company Data, Helgi Library



Pekao in Pictures

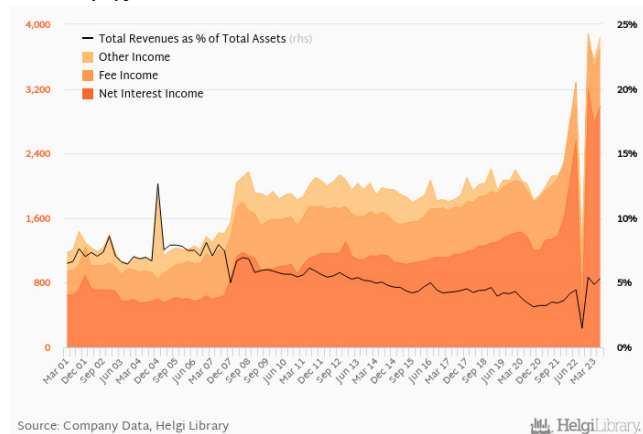
Revenue & Profitability

Net Profit (PLN mil) & Total Revenues (PLN mil)



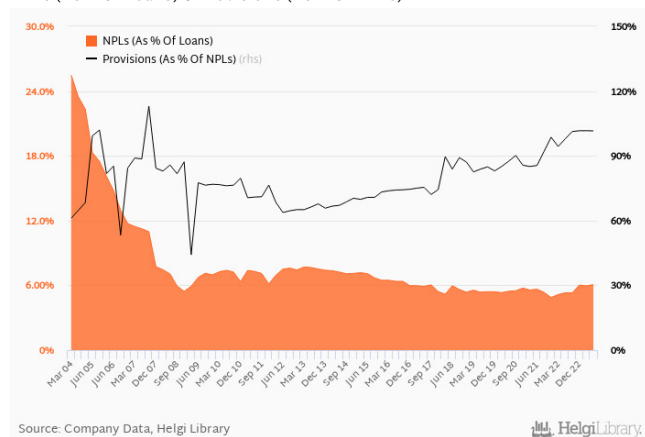
Revenue Breakdown

Revenue by Type of Income (PLN mil)



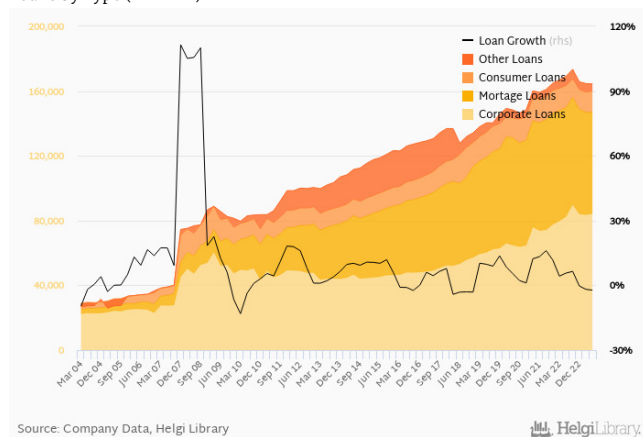
Asset Quality

NPLs (As % Of Loans) & Provisions (As % Of NPLs)



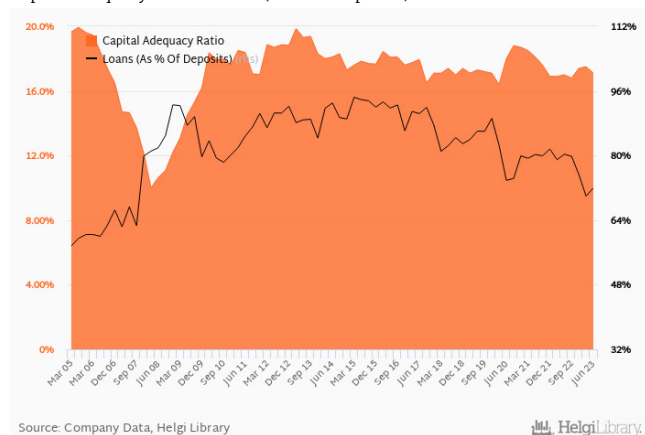
Loan Breakdown

Loans by Type (PLN mil)



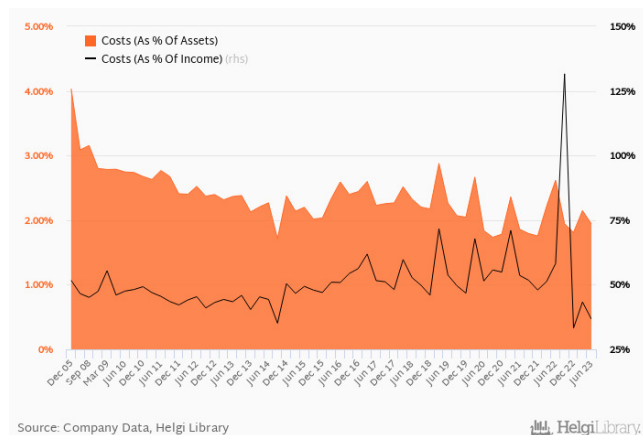
Capital & Liquidity

Capital Adequacy Ratio & Loans (As % Of Deposits)



Cost Efficiency

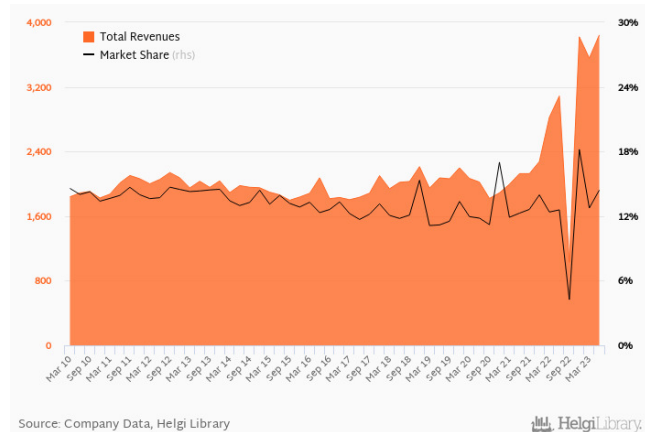
Costs As % Of Assets & Income



Pekao – Market Share Development

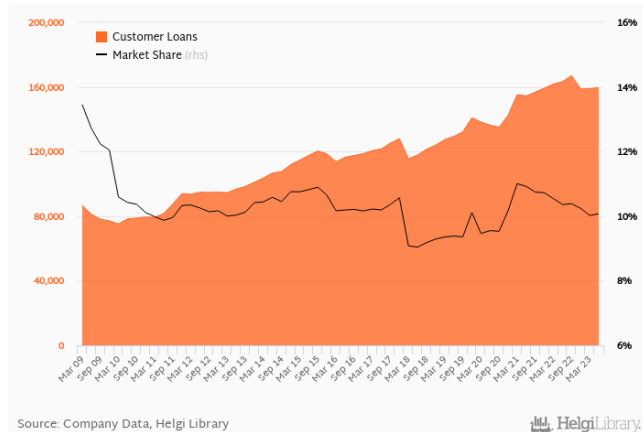
Market Share in Bank Revenues

Total Revenues (PLN mil)



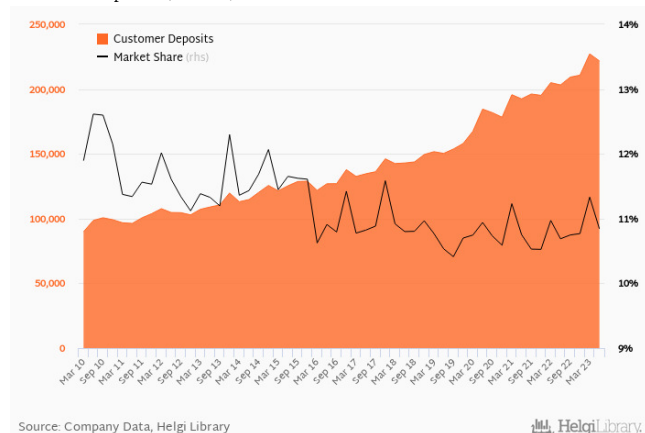
Market Share in Bank Loans

Customer Loans (PLN bil) & Market Share (%)



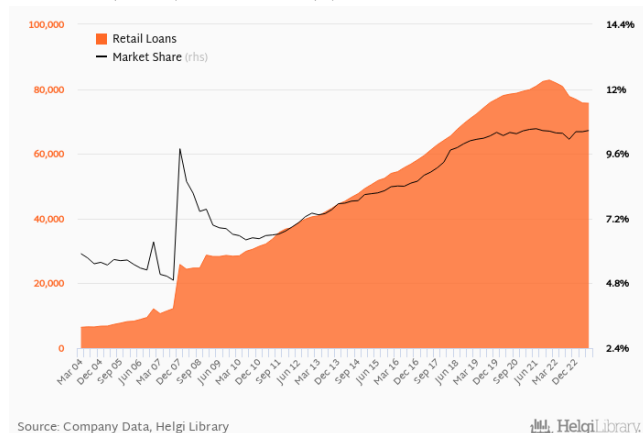
Market Share in Bank Deposits

Customer Deposits (PLN bil)



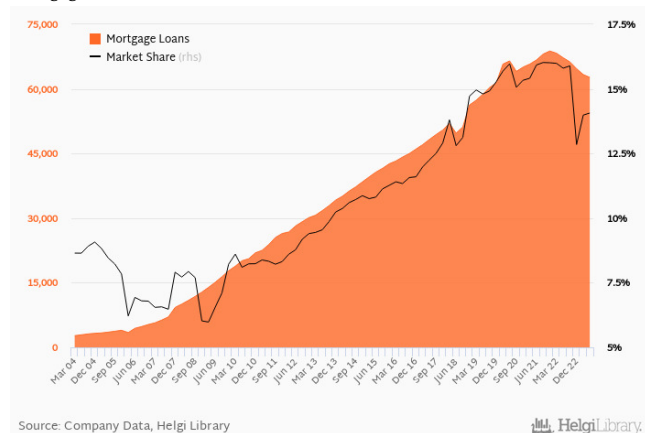
Market Share in Retail Loans

Retail Loans (PLN bil) & Market Share (%)



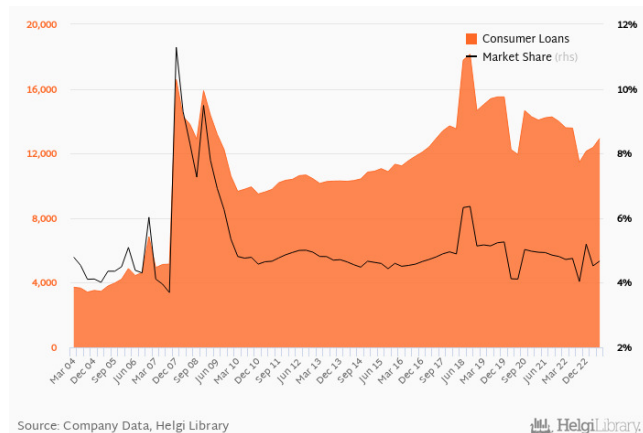
Market Share in Mortgage Loans

Mortgage Loans (PLN mil) & Market Share (%)



Market Share in Consumer Loans

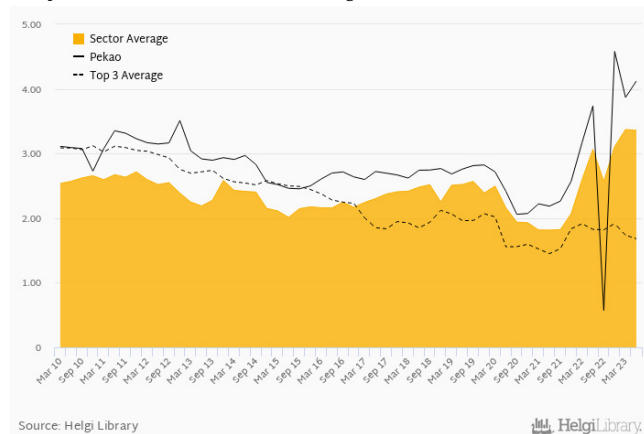
Consumer Loans (PLN mil)



Pekao – Comparison with Sector

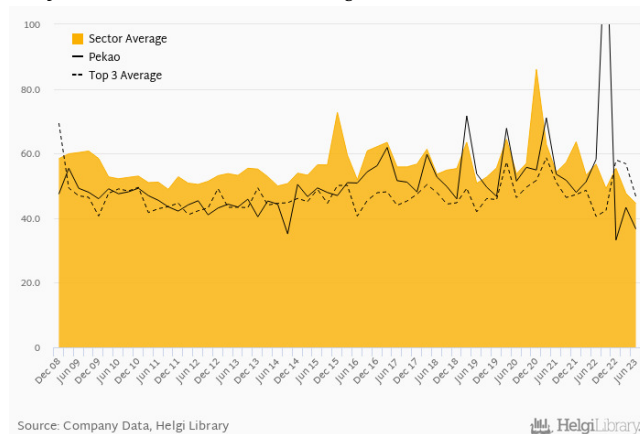
Pekao – Net Interest Margin vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



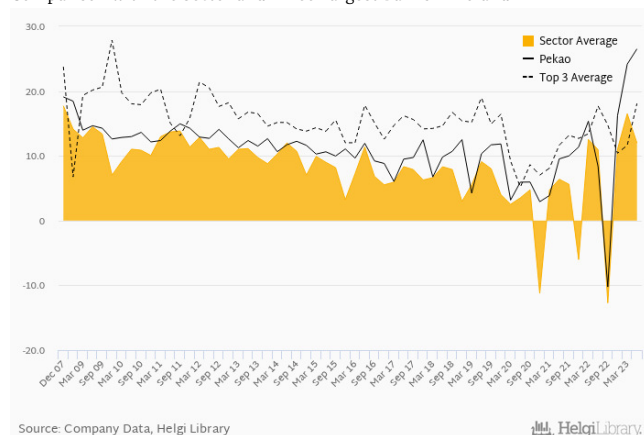
Pekao – Cost to Income vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



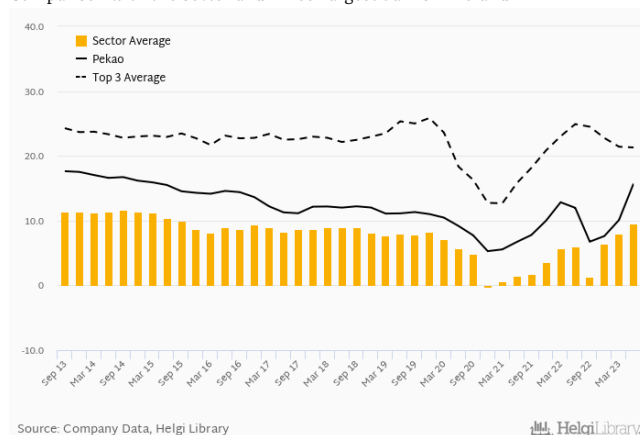
Pekao – Return on Equity vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



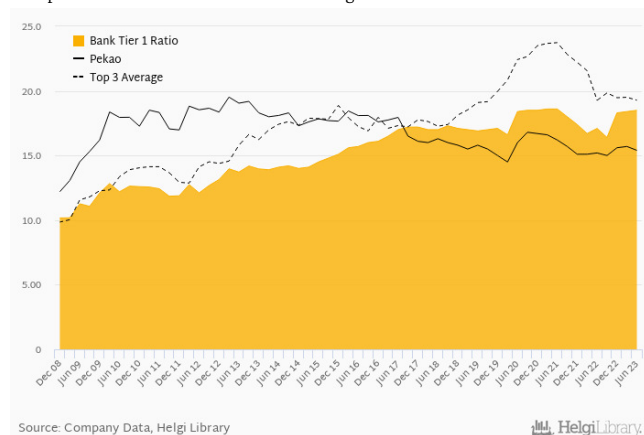
Pekao – Adjusted ROE vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



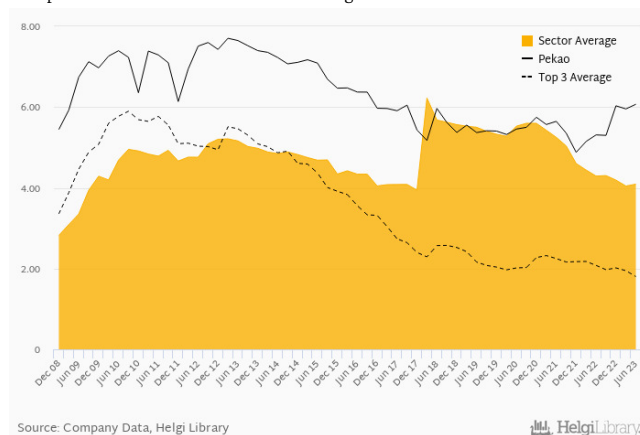
Pekao – Tier 1 Ratio vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



Pekao – NPL Ratio vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



PKO BP

Quarterly Results – 2Q2023

PKO BP made a net profit of PLN 589 mil in the second quarter of 2023, up 39.9% when compared to the previous year. Total revenues increased 17% yoy to PLN 5,778 mil, ROE amounted to 5.86% and the NPL ratio stood at 3.81%. PKO BP stock appreciated by 26.8% in the second quarter of 2023 to PLN 36.2 per share and the stock traded at a 12-month trailing PE of 19.2x and PBV of 1.10x based on the closing price at the end of the quarter.

- ✓ Revenues increased 17% yoy to PLN 5,778 mil in the second quarter of 2023. Interest income formed 76.0% of total revenues with the net interest margin increasing 0.557 pp to 3.88% of total assets. Fees added a further 19.2% to total revenue generated in 2Q2023, down from an average of 27.2% as seen in the previous two years.
- ✓ Operating costs dropped by 25.4% yoy to PLN 1,746 mil, so cost to income ratio reached 30.2%, down by 33.4% compared to the previous two years. Staff accounted for 56.6% of total operating expenditures. At the end of second quarter of 2023, PKO BP operated a network of 959 branches and 25,300 employees.
- ✓ Loans and deposits dropped by 0.605% and 4.68% qoq respectively, so loan to deposit ratio reached 64.5% at the end of 2Q2023. That's down from 72.5% the previous year. Equity reached 8.92% of assets and capital adequacy ratio amounted to 19.8% at the end of the second quarter of 2023.
- ✓ NPLs were 3.81% of total loans at the end of the quarter. Provisions covered 113% of non-performing loans
- ✓ PKO BP stock traded at PLN 36.2 per share at the end of second quarter of 2023 implying a market capitalization of USD 9,137 mil. This put stock at a 12-month trailing price to earnings of 19.2x and price to book value of 1.10x as of the end of 2Q2023.

Sector:
Banking

Country:
Poland

Share Price:
PLN 36.2

Market Capitalization:
USD 9,137 mil

Shares Outstanding:
1,252 mil

Employees:
25,300

Clients:
N/A

Branches:
959

Capital Adequacy Ratio:
19.8%

NPL Ratio:
3.81%

Provision Coverage:
113%

KEY FIGURES									
	REVENUES	NET PROFIT	EPS	EPS GROWTH	PER	PBV	ROE	DPS	DIV. YIELD
	PLN mil	PLN mil	PLN	%			%	PLN	%
2Q2023	5,778	589	1.88	39.6	19.2	1.10	5.86	...	...
2022	17,272	3,333	2.67	-31.6	11.4	1.07	9.11	1.30	4.30
2021	15,033	4,873	3.90	68.3	11.5	1.49	11.7	1.83	4.07
2020	15,366	2,895	2.32	-27.9	12.4	0.792	6.67	0	0
2019	15,974	4,023	3.21	6.71	10.7	1.04	9.97	0	0
2018	14,599	3,768	3.01	11.7	13.1	1.26	10.00	1.33	3.37
2017	13,657	3,371	2.70	20.2	16.4	1.53	9.80	0.550	1.24

Source: Company Data, Helgi Library, Valuation multiples calculated based on historical prices

Data tells a story



PKO BP – Financials

INCOME STATEMENT		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Interest Income	PLN mil	2,654	2,871	3,758	5,304	3,457	7,232	7,346	7,808
Interest Cost	PLN mil	158	202	666	1,762	2,748	3,151	3,159	3,416
Net Interest Income	PLN mil	2,496	2,669	3,092	3,542	709	4,081	4,187	4,392
Net Fee Income	PLN mil	1,122	1,181	1,083	1,135	1,168	1,112	1,103	1,111
Other Income	PLN mil	164	108	329	261	388	309	242	275
Total Revenues	PLN mil	3,782	3,958	4,504	4,938	2,265	5,502	5,532	5,778
Staff Cost	PLN mil	840	837	788	842	839	934	942	989
Depreciation	PLN mil	253	253	244	254	257	264	257	263
Other Cost	PLN mil	651	771	796	1,244	774	533	786	494
Operating Cost	PLN mil	1,744	1,861	1,828	2,340	1,870	1,731	1,985	1,746
Operating Profit	PLN mil	2,038	2,097	2,676	2,598	395	3,771	3,547	4,032
Provisions	PLN mil	362	517	499	1,394	449	1,073	1,295	2,689
Pre-Tax Profit	PLN mil	1,697	1,579	1,879	891	-360	2,357	1,965	1,034
Net Profit	PLN mil	1,259	1,202	1,425	421	-254	1,720	1,453	589

BALANCE SHEET		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Cash & Cash Equivalents	PLN mil	3,963	11,587	6,213	10,588	13,691	15,917	14,568	13,886
Interbank Loans	PLN mil	4,683	9,010	12,206	16,412	21,952	16,101	13,521	14,132
Customer Loans	PLN mil	230,330	234,300	238,109	235,948	236,244	232,959	237,492	236,054
Investments	PLN mil	138,513	135,440	133,481	129,589	129,356	135,632	145,965	163,463
Property and Equipment	PLN mil	3,012	3,108	3,018	2,933	2,886	2,917	2,881	2,928
Intangible Assets	PLN mil	3,257	3,463	3,406	3,414	3,408	3,512	3,474	3,686
Total Assets	PLN mil	403,521	418,086	422,259	429,581	439,243	431,447	443,982	460,842
Shareholders' Equity	PLN mil	41,535	37,693	36,027	31,265	31,990	35,707	39,243	41,125
Liabilities	PLN mil	361,986	380,393	386,232	398,316	407,253	395,740	404,739	419,717
Interbank Borrowing	PLN mil	6,996	3,829	3,844	4,940	4,810	3,020	3,791	2,924
Customer Deposits	PLN mil	298,660	322,296	320,951	325,513	339,679	338,868	349,673	366,053
Issued Debt Securities	PLN mil	31,742	26,588	25,007	21,294	19,849	18,291	20,017	19,537
Other Liabilities	PLN mil	24,588	27,680	36,430	46,569	42,915	35,561	31,258	31,203

RATIOS		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
ROE	%	12.2	12.1	15.5	5.01	-3.21	20.3	15.5	5.86
ROA	%	1.26	1.17	1.36	0.395	-0.234	1.58	1.33	0.521
Costs (As % Of Assets)	%	1.75	1.81	1.74	2.20	1.72	1.59	1.81	1.54
Costs (As % Of Income)	%	46.1	47.0	40.6	47.4	82.6	31.5	35.9	30.2
Capital Adequacy Ratio	%	19.0	18.7	17.6	17.3	17.2	17.8	18.6	19.8
Net Interest Margin	%	2.51	2.60	2.94	3.33	0.653	3.75	3.83	3.88
Interest Income (As % Of Revenues)	%	66.0	67.4	68.7	71.7	31.3	74.2	75.7	76.0
Fee Income (As % Of Revenues)	%	29.7	29.8	24.0	23.0	51.6	20.2	19.9	19.2
Staff Cost (As % Of Total Cost)	%	48.2	45.0	43.1	36.0	44.9	54.0	47.5	56.6
Equity (As % Of Assets)	%	10.3	9.02	8.53	7.28	7.28	8.28	8.84	8.92
Loans (As % Of Deposits)	%	77.1	72.7	74.2	72.5	69.5	68.7	67.9	64.5
Loans (As % Assets)	%	57.1	56.0	56.4	54.9	53.8	54.0	53.5	51.2
NPLs (As % Of Loans)	%	4.41	3.84	3.91	3.83	3.93	3.83	3.82	3.81
Provisions (As % Of NPLs)	%	87.6	93.1	98.2	103	105	109	111	113

VALUATION		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Market Capitalisation	USD mil	13,225	13,833	11,914	7,808	5,511	7,644	7,203	9,137
Number Of Shares	mil	1,250	1,250	1,250	1,250	1,250	1,250	1,251	1,252
Share Price	PLN	42.2	44.9	39.8	28.0	21.8	30.3	28.5	36.2
Earnings Per Share (EPS)	PLN	4.03	3.85	4.56	1.35	-0.813	5.50	4.65	1.88
Book Value Per Share	PLN	33.2	30.2	28.8	25.0	25.6	28.6	31.4	32.8
Price/Earnings (P/E)		10.5	11.7	8.74	20.8	-26.9	5.50	6.14	19.2
Price/Book Value (P/BV)		1.27	1.49	1.38	1.12	0.853	1.06	0.909	1.10

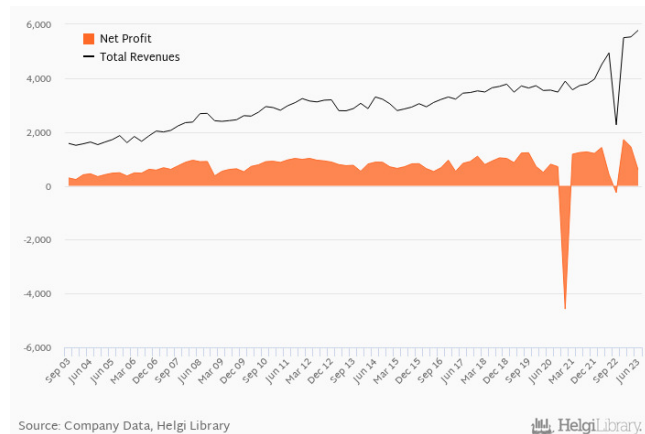
Source: Company Data, Helgi Library



PKO BP in Pictures

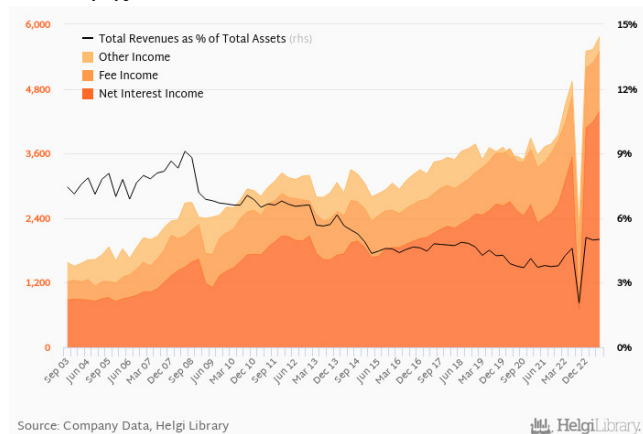
Revenue & Profitability

Net Profit (PLN mil) & Total Revenues (PLN mil)



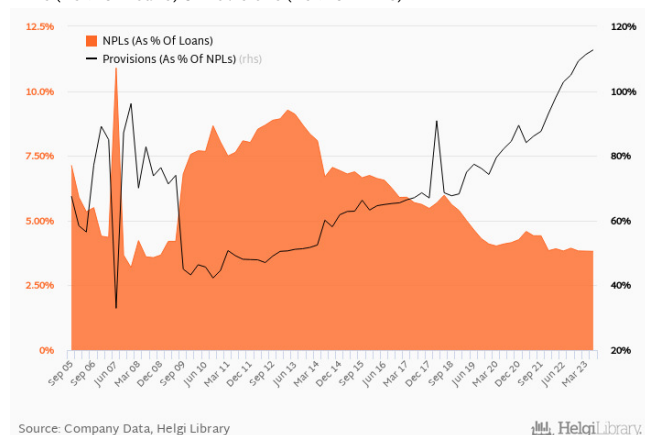
Revenue Breakdown

Revenue by Type of Income (PLN mil)



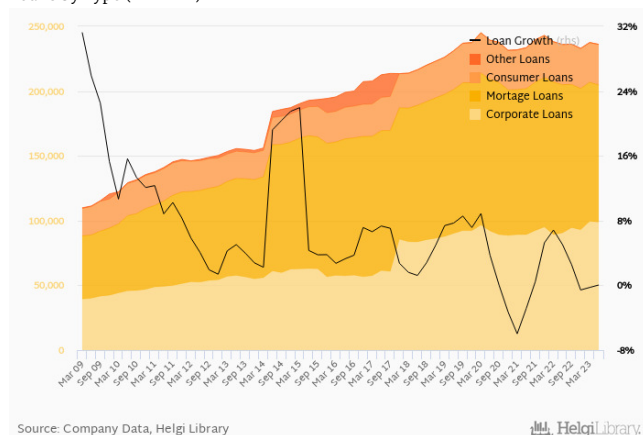
Asset Quality

NPLs (As % Of Loans) & Provisions (As % Of NPLs)



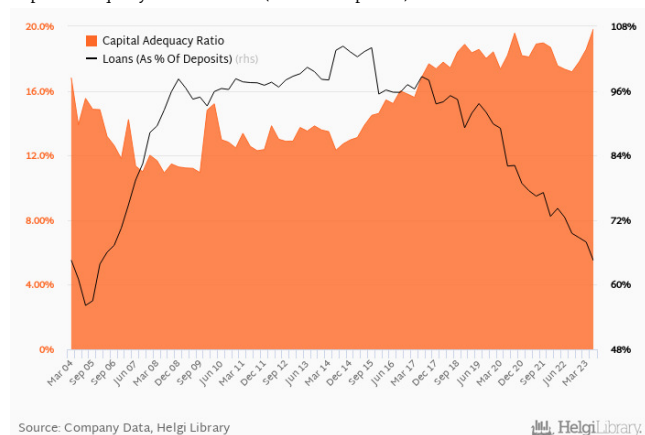
Loan Breakdown

Loans by Type (PLN mil)



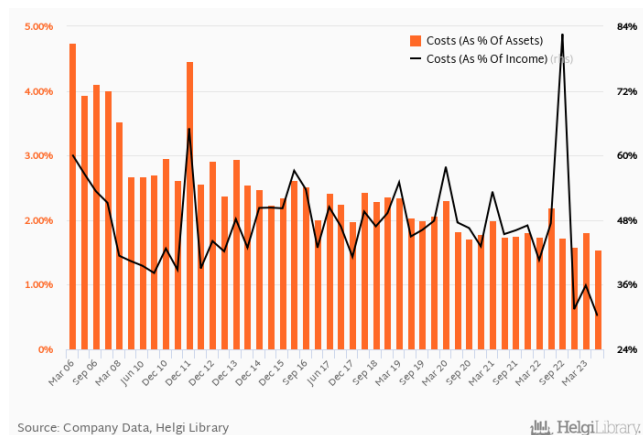
Capital & Liquidity

Capital Adequacy Ratio & Loans (As % Of Deposits)



Cost Efficiency

Costs As % Of Assets & Income

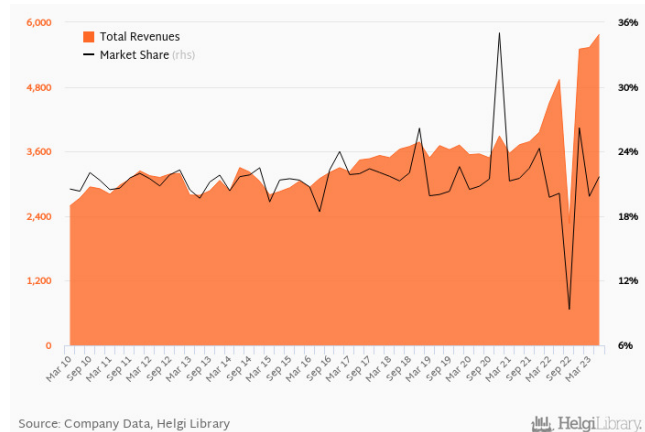




PKO BP – Market Share Development

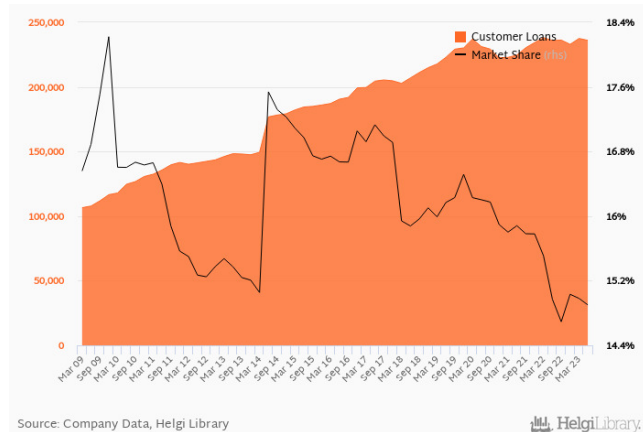
Market Share in Bank Revenues

Total Revenues (PLN mil)



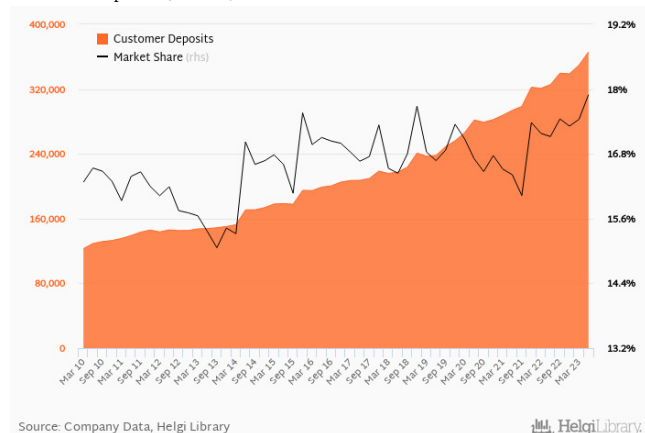
Market Share in Bank Loans

Customer Loans (PLN bil) & Market Share (%)



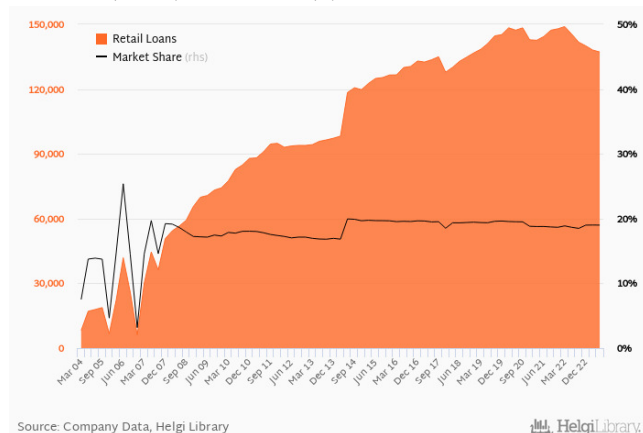
Market Share in Bank Deposits

Customer Deposits (PLN bil)



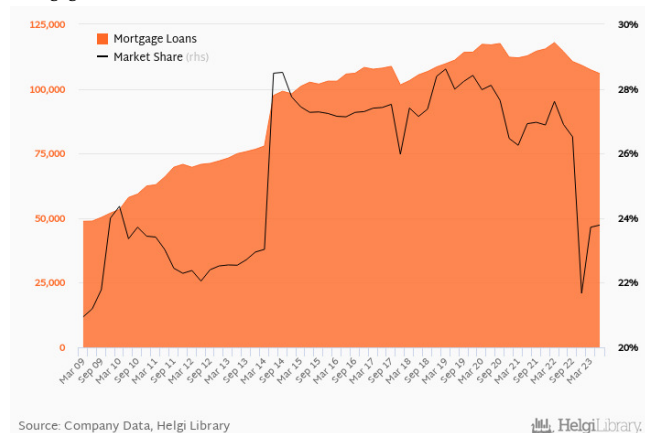
Market Share in Retail Loans

Retail Loans (PLN bil) & Market Share (%)



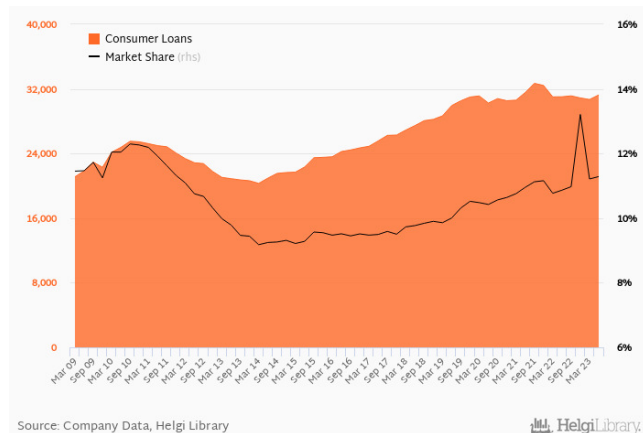
Market Share in Mortgage Loans

Mortgage Loans (PLN mil) & Market Share (%)



Market Share in Consumer Loans

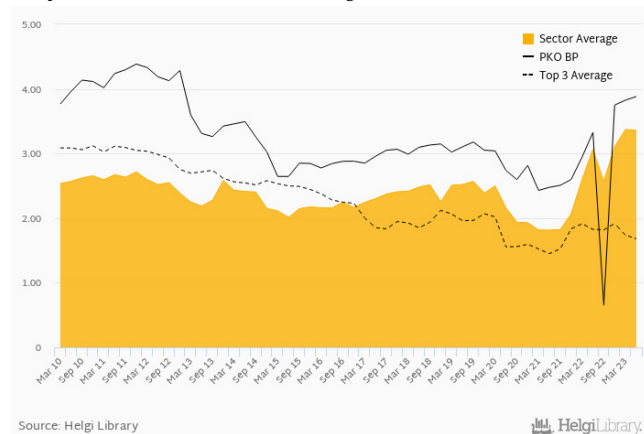
Consumer Loans (PLN mil)



PKO BP – Comparison with Sector

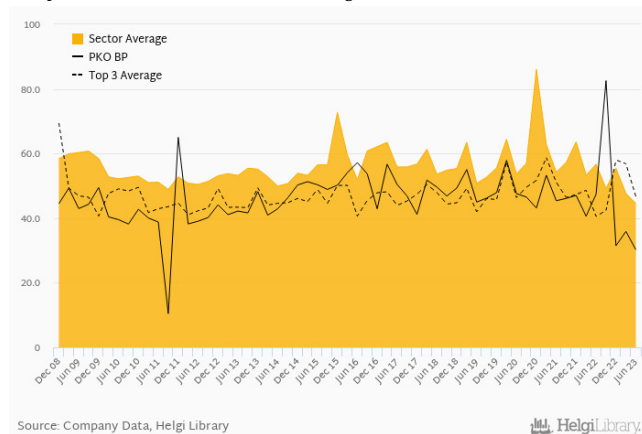
PKO BP – Net Interest Margin vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



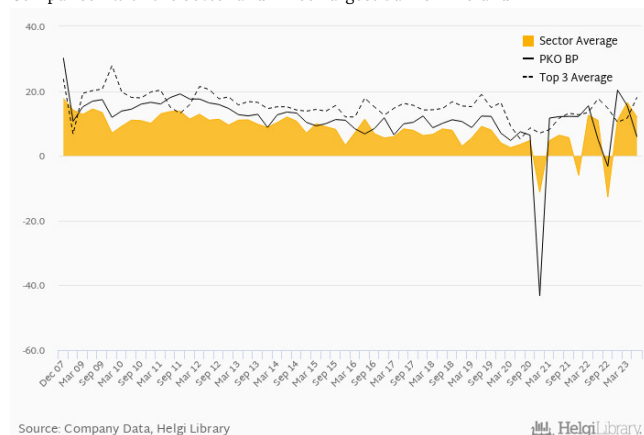
PKO BP – Cost to Income vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



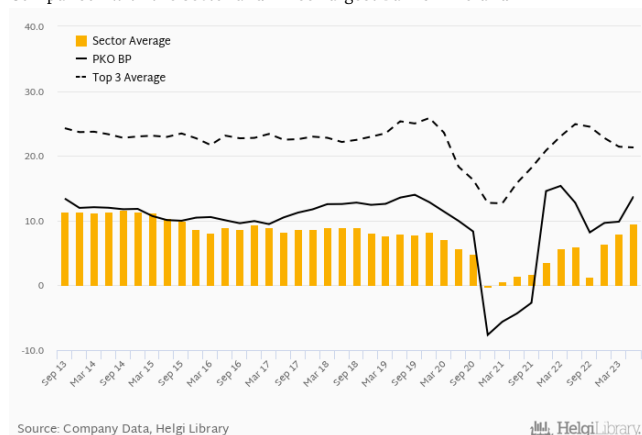
PKO BP – Return on Equity vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



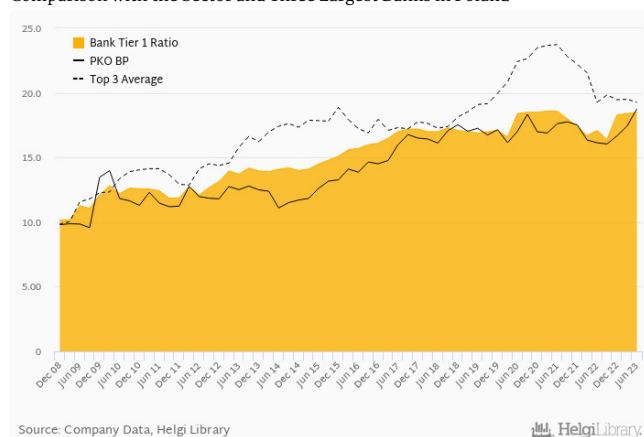
PKO BP – Adjusted ROE vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



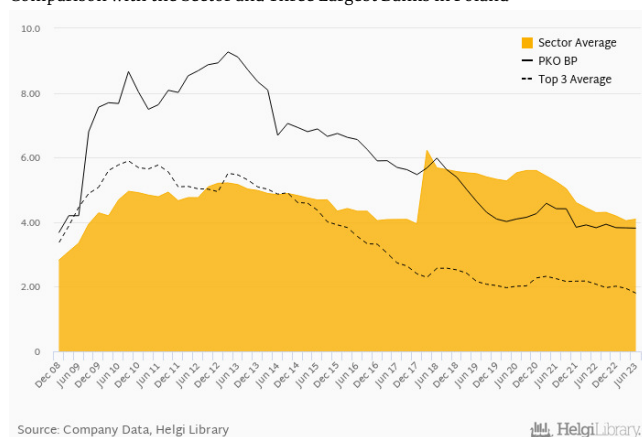
PKO BP – Tier 1 Ratio vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



PKO BP – NPL Ratio vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



Alior Bank

Quarterly Results – 2Q2023

Alior Bank made a net profit of PLN 506 mil in the second quarter of 2023, up 134% when compared to the previous year. Total revenues increased 15.4% yoy to PLN 1,384 mil, ROE amounted to 27.7% and the NPL ratio stood at 9.74%. Alior Bank stock appreciated by 24.8% in the second quarter of 2023 to PLN 48.4 per share and the stock traded at a 12-month trailing PE of 3.12x and PBV of 0.822x based on the closing price at the end of the quarter.

- ✓ Revenues increased 15.4% yoy to PLN 1,384 mil in the second quarter of 2023. Interest income formed 83.9% of total revenues with the net interest margin increasing 0.929 pp to 5.53% of total assets. Fees added a further 15.6% to total revenue generated in 2Q2023, down from an average of 18.9% as seen in the previous two years.
- ✓ Operating costs dropped by 17.2% yoy to PLN 490 mil, so cost to income ratio reached 35.4%, down by 16.9% compared to the previous two years. Staff accounted for 55.7% of total operating expenditures. At the end of second quarter of 2023, Alior Bank operated a network of 524 branches and 7,041 employees.
- ✓ Loans and deposits grew by 1.02% and 1.6% qoq respectively, so loan to deposit ratio reached 82.6% at the end of 2Q2023. That's up from 82.4% the previous year. Equity reached 9.20% of assets and capital adequacy ratio amounted to 15.1% at the end of the second quarter of 2023.
- ✓ NPLs were 9.74% of total loans at the end of the quarter. Provisions covered 75.7% of non-performing loans
- ✓ Alior Bank stock traded at PLN 48.4 per share at the end of second quarter of 2023 implying a market capitalization of USD 1,275 mil. This put stock at a 12-month trailing price to earnings of 3.12x and price to book value of 0.822x as of the end of 2Q2023.

Sector:
Banking

Country:
Poland

Share Price:
PLN 48.4

Market Capitalization:
USD 1,275 mil

Shares Outstanding:
131 mil

Employees:
7,041

Clients:
N/A

Branches:
524

Capital Adequacy Ratio:
15.1%

NPL Ratio:
9.74%

Provision Coverage:
75.7%

KEY FIGURES									
	REVENUES	NET PROFIT	EPS	EPS GROWTH	PER	PBV	ROE	DPS	DIV. YIELD
	PLN mil	PLN mil	PLN	%			%	PLN	%
2Q2023	1,384	506	15.5	134	3.12	0.822	27.7	...	...
2022	4,380	683	5.23	41.7	6.55	0.725	11.3	0	0
2021	3,632	482	3.69	-803	14.8	1.21	7.72	0	0
2020	4,374	-69.1	-0.525	-115	...	0.338	-1.04	0	0
2019	4,641	450	3.43	-36.7	8.36	0.558	6.81	0	0
2018	4,478	711	5.42	46.9	9.80	1.08	10.8	0	0
2017	4,111	486	3.69	86.9	21.5	1.57	7.56	0	0

Source: Company Data, Helgi Library, Valuation multiples calculated based on historical prices

Data tells a story



Alior Bank – Financials

INCOME STATEMENT		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Interest Income	PLN mil	750	824	1,046	1,349	1,183	1,812	1,810	1,835
Interest Cost	PLN mil	46.5	66.2	183	378	597	673	707	674
Net Interest Income	PLN mil	704	758	862	972	587	1,139	1,103	1,161
Net Fee Income	PLN mil	190	216	191	221	202	183	209	216
Other Income	PLN mil	21.7	-38.6	39.8	6.24	-21.9	-0.540	15.8	6.54
Total Revenues	PLN mil	915	935	1,093	1,199	766	1,322	1,327	1,384
Staff Cost	PLN mil	209	203	236	235	225	242	261	273
Depreciation	PLN mil	61.0	59.1	57.4	58.9	59.9	65.8	64.7	67.6
Other Cost	PLN mil	124	129	199	298	171	148	181	149
Operating Cost	PLN mil	394	391	493	591	456	457	507	490
Operating Profit	PLN mil	521	544	600	607	310	865	821	894
Provisions	PLN mil	253	275	263	241	279	303	248	153
Pre-Tax Profit	PLN mil	213	206	273	302	-35.7	496	509	677
Net Profit	PLN mil	150	99.6	169	216	-62.6	360	366	506

BALANCE SHEET		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Cash & Cash Equivalents	PLN mil	1,645	3,763	4,990	4,940	5,429	2,584	4,578	3,168
Interbank Loans	PLN mil	629	1,690	2,245	2,874	2,606	2,374	1,767	1,453
Customer Loans	PLN mil	57,833	58,228	58,151	58,272	58,454	57,610	57,799	58,390
Investments	PLN mil	14,604	16,138	12,325	12,571	14,035	17,015	16,815	17,204
Property and Equipment	PLN mil	734	755	747	724	723	744	723	713
Intangible Assets	PLN mil	423	427	396	389	391	391	390	388
Total Assets	PLN mil	78,202	83,048	84,650	84,223	84,071	82,877	84,325	83,527
Shareholders' Equity	PLN mil	6,601	5,919	5,580	5,321	5,446	6,170	6,909	7,685
Liabilities	PLN mil	71,601	77,129	79,070	78,902	78,625	76,707	77,417	75,842
Interbank Borrowing	PLN mil	618	530	2,687	1,756	294	270	304	230
Customer Deposits	PLN mil	65,310	70,946	70,780	70,741	72,363	70,777	71,856	70,706
Issued Debt Securities	PLN mil	2,174	1,864	1,682	1,607	1,558	1,420	1,466	1,415
Other Liabilities	PLN mil	3,499	3,789	3,921	4,798	4,410	4,240	3,790	3,491

RATIOS		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
ROE	%	9.13	6.37	11.8	15.9	-4.65	24.8	22.4	27.7
ROA	%	0.765	0.494	0.807	1.02	-0.297	1.73	1.75	2.41
Costs (As % Of Assets)	%	2.00	1.94	2.35	2.80	2.17	2.19	2.43	2.33
Costs (As % Of Income)	%	43.1	41.8	45.1	49.3	59.5	34.6	38.2	35.4
Capital Adequacy Ratio	%	15.3	14.2	14.6	14.0	13.7	14.2	15.4	15.1
Net Interest Margin	%	3.58	3.76	4.11	4.60	2.79	5.46	5.28	5.53
Interest Income (As % Of Revenues)	%	76.9	81.0	78.9	81.1	76.6	86.2	83.1	83.9
Fee Income (As % Of Revenues)	%	20.7	23.1	17.4	18.4	26.3	13.9	15.7	15.6
Staff Cost (As % Of Total Cost)	%	52.9	52.0	48.0	39.7	49.4	53.1	51.5	55.7
Equity (As % Of Assets)	%	8.44	7.13	6.59	6.32	6.48	7.44	8.19	9.20
Loans (As % Of Deposits)	%	88.6	82.1	82.2	82.4	80.8	81.4	80.4	82.6
Loans (As % Assets)	%	74.0	70.1	68.7	69.2	69.5	69.5	68.5	69.9
NPLs (As % Of Loans)	%	13.7	12.4	11.9	11.2	11.6	10.2	10.2	9.74
Provisions (As % Of NPLs)	%	70.9	73.8	75.1	75.9	76.9	75.7	76.0	75.7

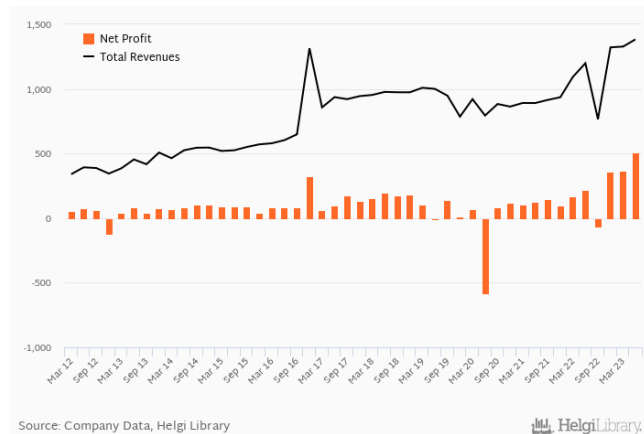
VALUATION		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Market Capitalisation	USD mil	1,459	1,759	1,463	772	609	903	1,021	1,275
Number Of Shares	mil	131	131	131	131	131	131	131	131
Share Price	PLN	44.6	54.7	46.8	26.5	23.1	34.3	38.8	48.4
Earnings Per Share (EPS)	PLN	4.61	3.05	5.18	6.62	-1.92	11.0	11.2	15.5
Book Value Per Share	PLN	50.6	45.3	42.7	40.8	41.7	47.3	52.9	58.9
Price/Earnings (P/E)		9.68	17.9	9.04	4.00	-12.1	3.10	3.46	3.12
Price/Book Value (P/BV)		0.883	1.21	1.10	0.650	0.554	0.725	0.732	0.822

Source: Company Data, Helgi Library

Alior Bank in Pictures

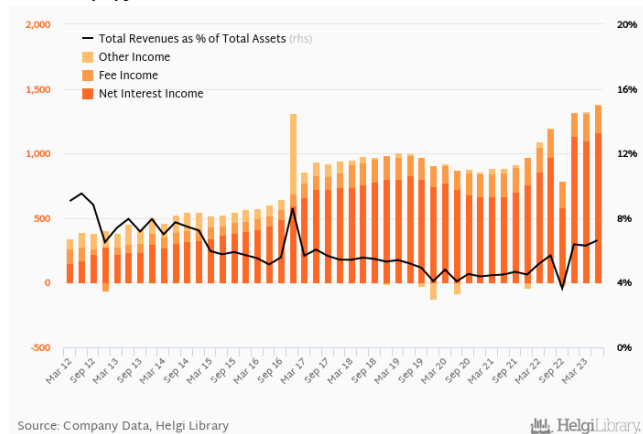
Revenue & Profitability

Net Profit (PLN mil) & Total Revenues (PLN mil)



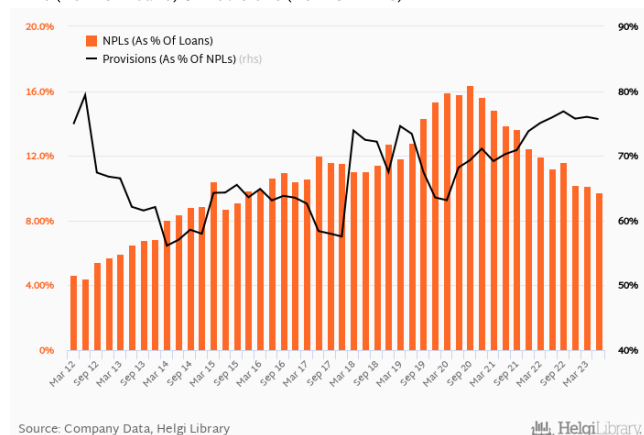
Revenue Breakdown

Revenue by Type of Income (PLN mil)



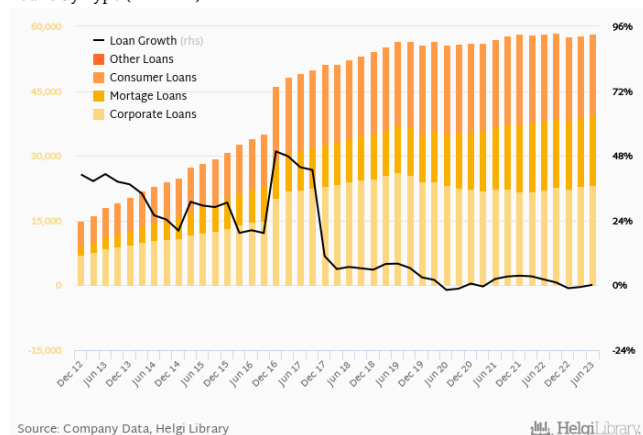
Asset Quality

NPLs (As % Of Loans) & Provisions (As % Of NPLs)



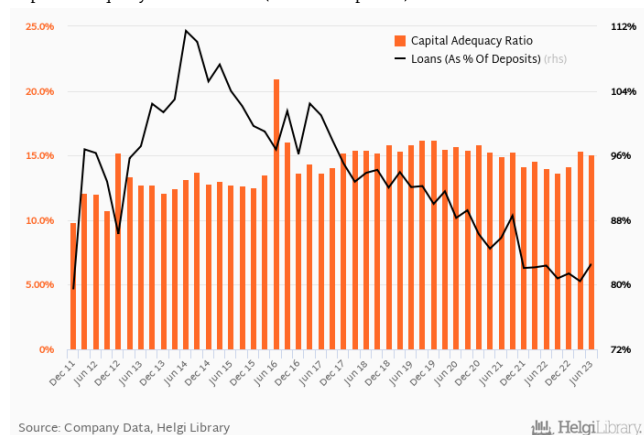
Loan Breakdown

Loans by Type (PLN mil)



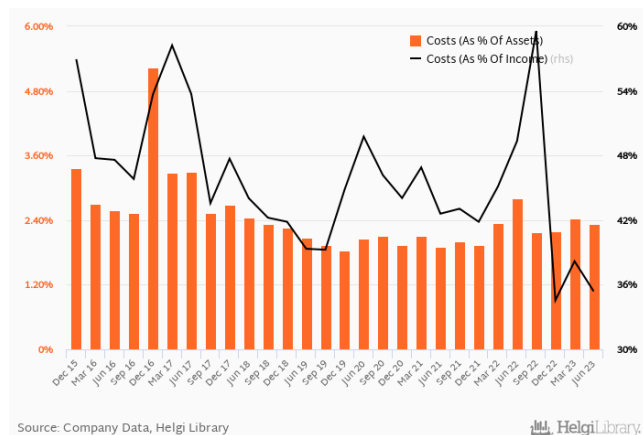
Capital & Liquidity

Capital Adequacy Ratio & Loans (As % Of Deposits)



Cost Efficiency

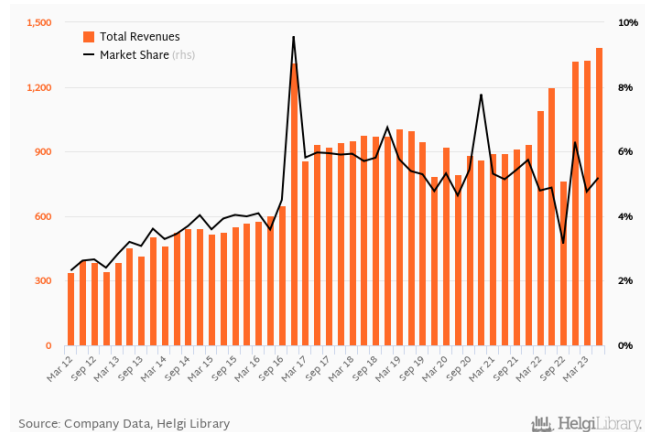
Costs As % Of Assets & Income



Alior Bank – Market Share Development

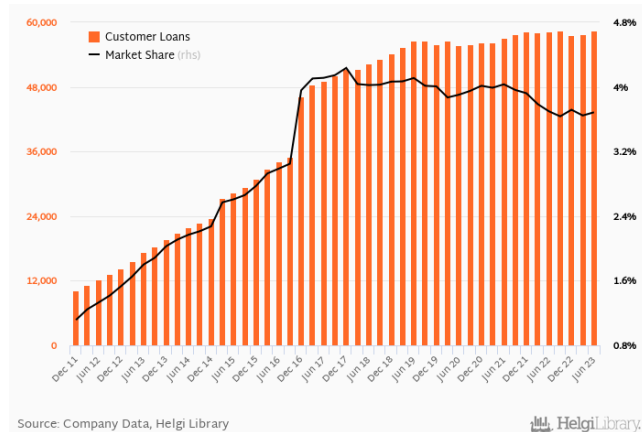
Market Share in Bank Revenues

Total Revenues (PLN mil)



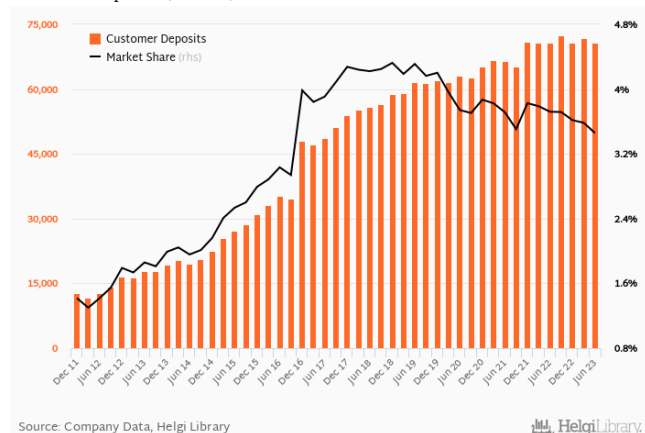
Market Share in Bank Loans

Customer Loans (PLN bil) & Market Share (%)



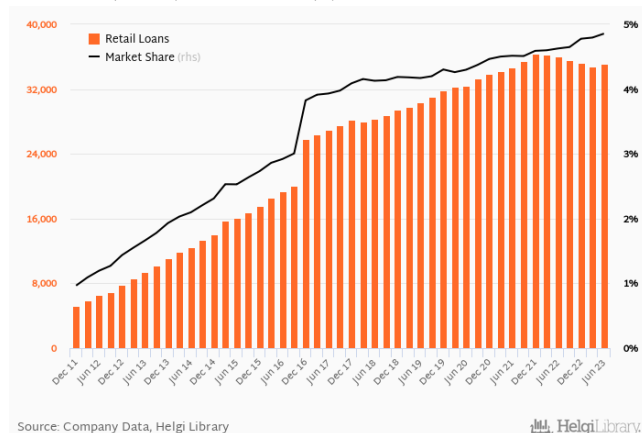
Market Share in Bank Deposits

Customer Deposits (PLN bil)



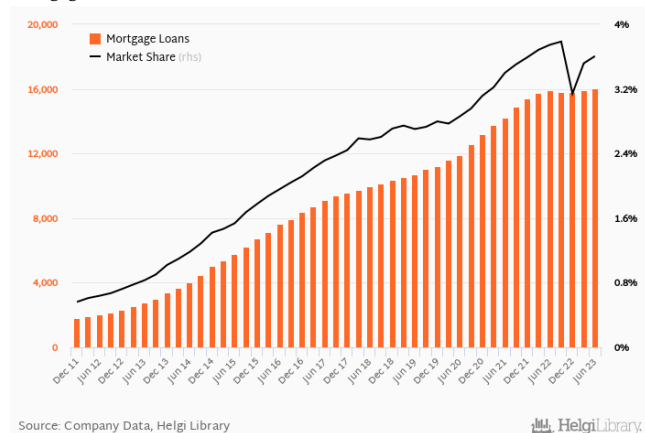
Market Share in Retail Loans

Retail Loans (PLN bil) & Market Share (%)



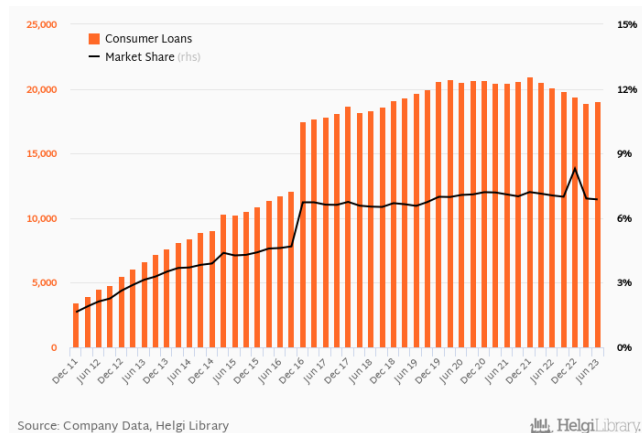
Market Share in Mortgage Loans

Mortgage Loans (PLN mil) & Market Share (%)



Market Share in Consumer Loans

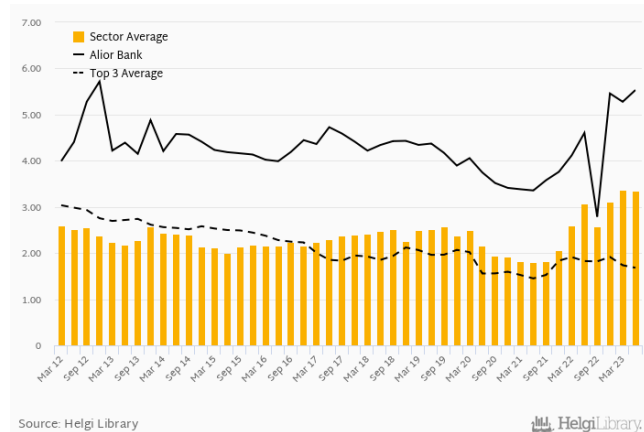
Consumer Loans (PLN mil)



Alior Bank – Comparison with Sector

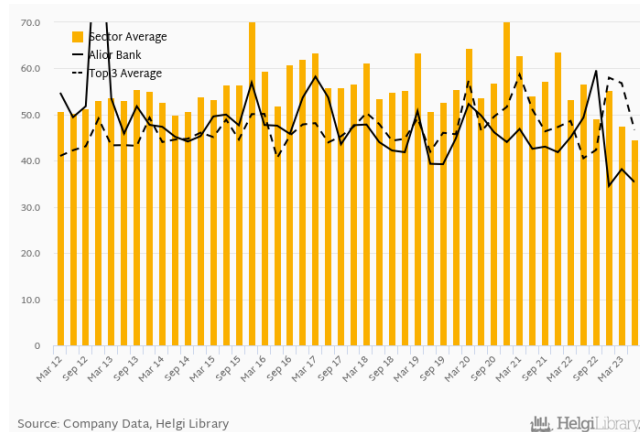
Alior Bank – Net Interest Margin vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



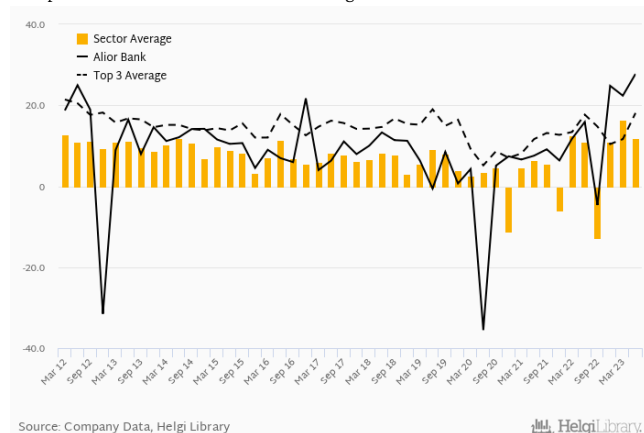
Alior Bank – Cost to Income vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



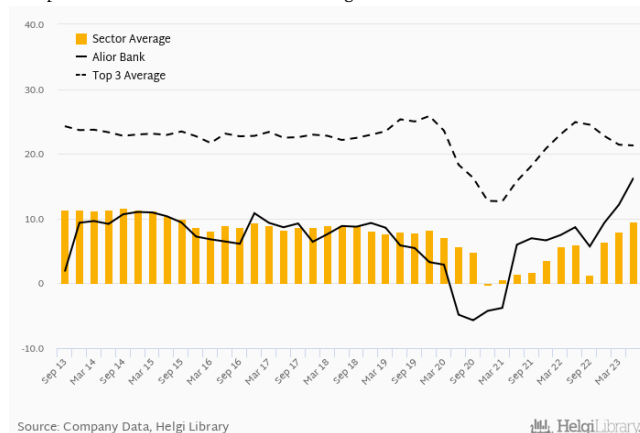
Alior Bank – Return on Equity vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



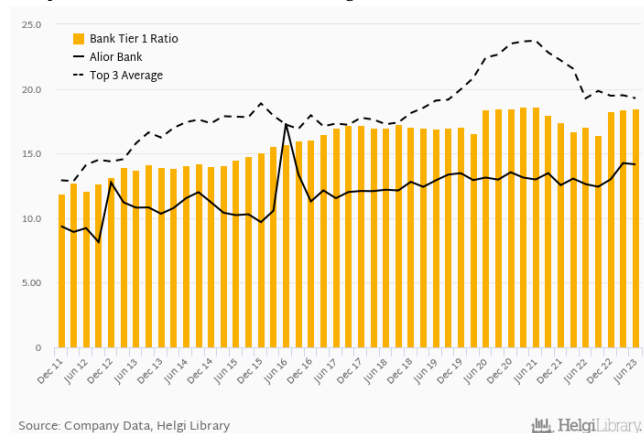
Alior Bank – Adjusted ROE vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



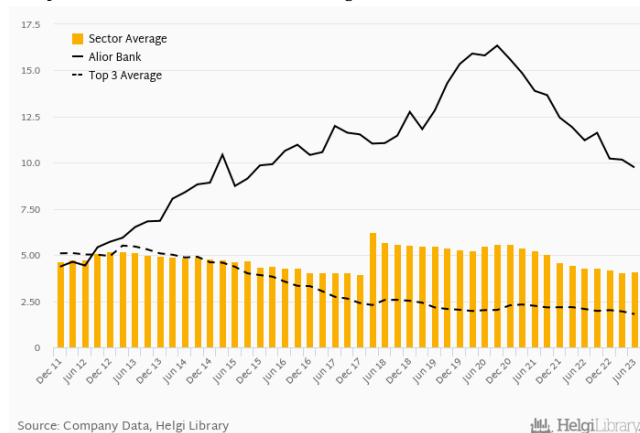
Alior Bank – Tier 1 Ratio vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



Alior Bank – NPL Ratio vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



BNP Paribas Bank Polska

Quarterly Results – 2Q2023

BNP Paribas Bank Polska made a net profit of PLN 460 mil in the second quarter of 2023, up 78.4% when compared to the previous year. Total revenues increased 16.4% yoy to PLN 1,823 mil, ROE amounted to 14.9% and the NPL ratio stood at 3.15%. BNP Paribas Bank Polska stock appreciated by 12.8% in the second quarter of 2023 to PLN 60.0 per share and the stock traded at a 12-month trailing PE of 4.83x and PBV of 0.704x based on the closing price at the end of the quarter.

- ✓ Revenues increased 16.4% yoy to PLN 1,823 mil in the second quarter of 2023. Interest income formed 68.0% of total revenues with the net interest margin increasing 0.04 pp to 3.32% of total assets. Fees added a further 16.9% to total revenue generated in 2Q2023, down from an average of 22.6% as seen in the previous two years.
- ✓ Operating costs dropped by 14.8% yoy to PLN 725 mil, so cost to income ratio reached 39.8%, down by 20.4% compared to the previous two years. Staff accounted for 48.9% of total operating expenditures. At the end of second quarter of 2023, BNP Paribas Bank Polska operated a network of 400 branches and 8,370 employees.
- ✓ Loans and deposits dropped by 0.683% and 0.855% qoq respectively, so loan to deposit ratio reached 74.5% at the end of 2Q2023. That's down from 82.9% the previous year. Equity reached 8.38% of assets and capital adequacy ratio amounted to 16.4% at the end of the second quarter of 2023.
- ✓ NPLs were 3.15% of total loans at the end of the quarter. Provisions covered 99.7% of non-performing loans
- ✓ BNP Paribas Bank Polska stock traded at PLN 60.0 per share at the end of second quarter of 2023 implying a market capitalization of USD 1,792 mil. This put stock at a 12-month trailing price to earnings of 4.83x and price to book value of 0.704x as of the end of 2Q2023.

Sector:
Banking

Country:
Poland

Share Price:
PLN 60.0

Market Capitalization:
USD 1,792 mil

Shares Outstanding:
148 mil

Employees:
8,370

Clients:
N/A

Branches:
400

Capital Adequacy Ratio:
16.4%

NPL Ratio:
3.15%

Provision Coverage:
99.7%

KEY FIGURES									
	REVENUES	NET PROFIT	EPS	EPS GROWTH	PER	PBV	ROE	DPS	DIV. YIELD
	PLN mil	PLN mil	PLN	%			%	PLN	%
2Q2023	1,823	460	12.4	78.4	4.83	0.704	14.9	...	...
2022	5,640	441	2.98	150	18.8	0.736	3.90	0	0
2021	5,107	176	1.19	-78.5	76.5	1.19	1.51	0	0
2020	5,083	820	5.55	-23.6	11.5	0.780	7.07	0	0
2019	5,000	1,071	7.27	24.5	9.36	0.898	9.86	0	0
2018	3,580	580	5.84	58.7	8.31	0.456	6.77	0	0
2017	2,928	310	3.68	61.7	18.5	0.872	4.88	0	0

Source: Company Data, Helgi Library, Valuation multiples calculated based on historical prices

Data tells a story



BNP Paribas Bank Polska – Financials

INCOME STATEMENT		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Interest Income	PLN mil	843	965	1,266	1,776	1,103	2,337	2,347	2,441
Interest Cost	PLN mil	57.6	101	263	627	979	1,120	1,147	1,202
Net Interest Income	PLN mil	785	864	1,003	1,149	124	1,217	1,200	1,240
Net Fee Income	PLN mil	251	301	301	295	280	262	325	308
Other Income	PLN mil	180	127	164	122	194	241	204	276
Total Revenues	PLN mil	1,216	1,292	1,468	1,567	598	1,720	1,729	1,823
Staff Cost	PLN mil	300	300	313	317	312	319	342	355
Depreciation	PLN mil	97.4	104	99.2	107	102	103	107	116
Other Cost	PLN mil	201	302	362	427	245	331	336	254
Operating Cost	PLN mil	599	705	775	851	659	754	785	725
Operating Profit	PLN mil	617	587	693	716	-60.9	966	944	1,098
Provisions	PLN mil	263	659	162	225	188	440	209	330
Pre-Tax Profit	PLN mil	269	-162	435	383	-361	415	631	669
Net Profit	PLN mil	154	-274	278	258	-347	253	488	460

BALANCE SHEET		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Cash & Cash Equivalents	PLN mil	3,132	4,631	6,969	4,655	3,725	2,718	4,360	6,972
Interbank Loans	PLN mil	2,208	2,615	2,905	6,893	10,200	11,800	12,977	11,834
Customer Loans	PLN mil	82,164	85,080	88,181	90,709	92,087	89,090	88,392	87,788
Investments	PLN mil	33,592	32,759	32,245	31,588	31,054	39,869	34,963	36,326
Property and Equipment	PLN mil	1,285	1,244	1,197	1,125	1,078	1,069	1,063	1,023
Intangible Assets	PLN mil	654	728	704	740	752	821	803	825
Total Assets	PLN mil	127,616	131,777	138,009	142,320	146,387	151,517	148,180	150,562
Shareholders' Equity	PLN mil	12,188	11,362	11,246	11,189	10,863	11,262	11,986	12,614
Liabilities	PLN mil	115,428	120,416	126,763	131,131	135,524	140,255	136,193	137,948
Interbank Borrowing	PLN mil	5,404	8,012	6,157	7,474	6,411	7,158	6,666	7,059
Customer Deposits	PLN mil	99,036	101,093	107,534	109,414	114,680	120,021	116,912	117,912
Issued Debt Securities	PLN mil	5,160	5,057	4,974	4,914	4,933	4,782	4,404	4,337
Other Liabilities	PLN mil	5,829	6,253	8,098	9,329	9,500	8,294	8,210	8,640

RATIOS		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
ROE	%	5.06	-9.29	9.83	9.19	-12.6	9.14	16.8	14.9
ROA	%	0.489	-0.844	0.824	0.735	-0.960	0.679	1.30	1.23
Costs (As % Of Assets)	%	1.90	2.17	2.30	2.43	1.83	2.02	2.10	1.94
Costs (As % Of Income)	%	49.2	54.6	52.8	54.3	110	43.8	45.4	39.8
Capital Adequacy Ratio	%	17.6	16.9	15.7	15.2	14.9	15.6	15.9	16.4
Net Interest Margin	%	2.50	2.67	2.97	3.28	0.343	3.27	3.20	3.32
Interest Income (As % Of Revenues)	%	64.6	66.9	68.3	73.4	20.7	70.8	69.4	68.0
Fee Income (As % Of Revenues)	%	20.6	23.3	20.5	18.8	46.8	15.2	18.8	16.9
Staff Cost (As % Of Total Cost)	%	50.1	42.5	40.4	37.3	47.3	42.3	43.6	48.9
Equity (As % Of Assets)	%	9.55	8.62	8.15	7.86	7.42	7.43	8.09	8.38
Loans (As % Of Deposits)	%	83.0	84.2	82.0	82.9	80.3	74.2	75.6	74.5
Loans (As % Assets)	%	64.4	64.6	63.9	63.7	62.9	58.8	59.7	58.3
NPLs (As % Of Loans)	%	4.42	3.64	3.43	3.16	3.28	3.28	3.19	3.15
Provisions (As % Of NPLs)	%	84.5	92.4	97.8	102	101	99.5	101	99.7

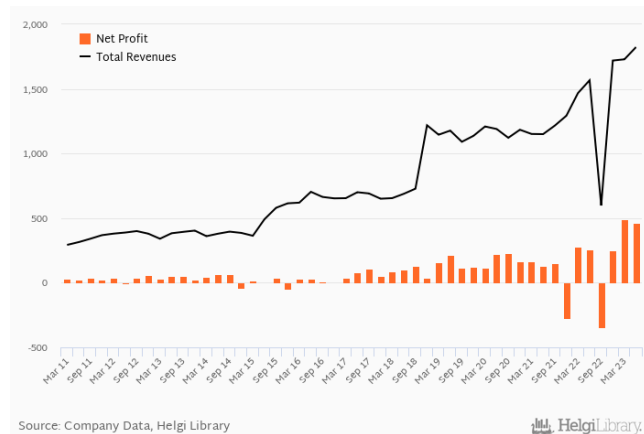
VALUATION		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Market Capitalisation	USD mil	3,164	3,323	2,506	2,020	1,547	1,672	1,589	1,792
Number Of Shares	mil	148	148	148	148	148	148	148	148
Share Price	PLN	85.4	91.2	70.8	61.2	51.8	56.0	53.2	60.0
Earnings Per Share (EPS)	PLN	4.16	-7.40	7.51	6.97	-9.37	6.83	13.2	12.4
Book Value Per Share	PLN	82.4	76.8	76.0	75.6	73.4	76.1	81.0	85.3
Price/Earnings (P/E)		20.5	-12.3	9.43	8.78	-5.53	8.20	4.03	4.83
Price/Book Value (P/BV)		1.04	1.19	0.931	0.809	0.705	0.736	0.657	0.704

Source: Company Data, Helgi Library

BNP Paribas Bank Polska in Pictures

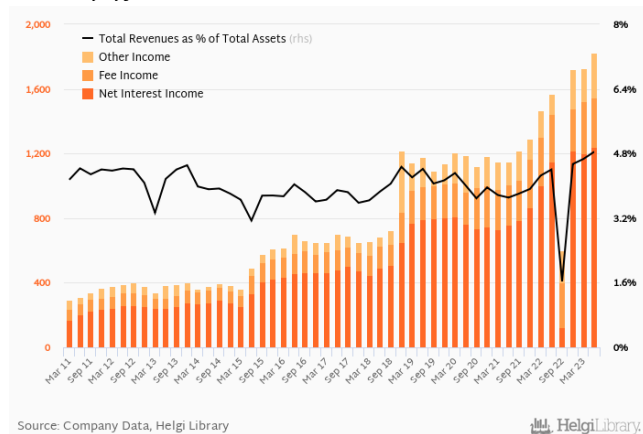
Revenue & Profitability

Net Profit (PLN mil) & Total Revenues (PLN mil)



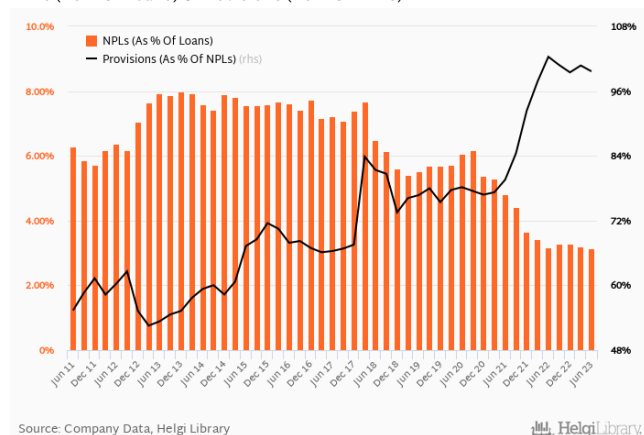
Revenue Breakdown

Revenue by Type of Income (PLN mil)



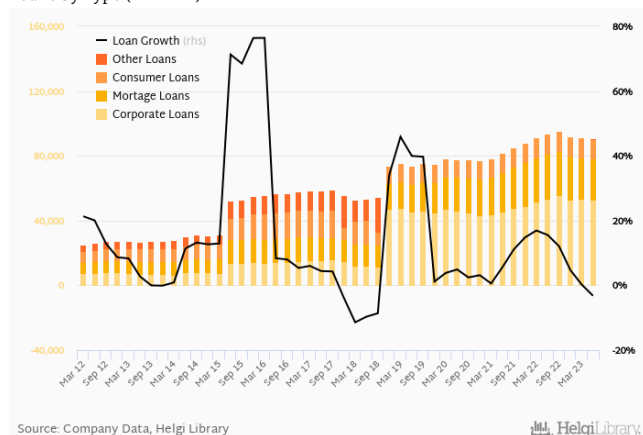
Asset Quality

NPLs (As % Of Loans) & Provisions (As % Of NPLs)



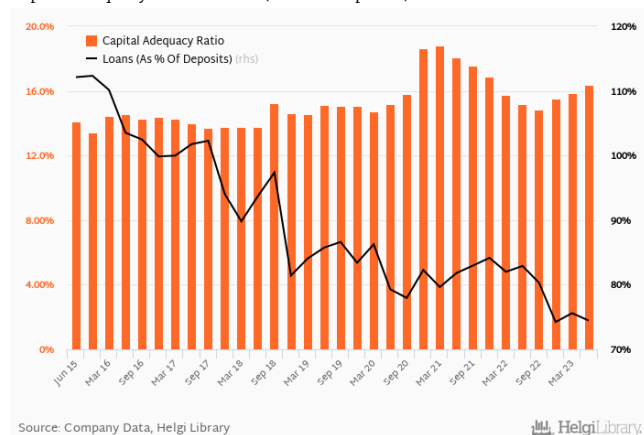
Loan Breakdown

Loans by Type (PLN mil)



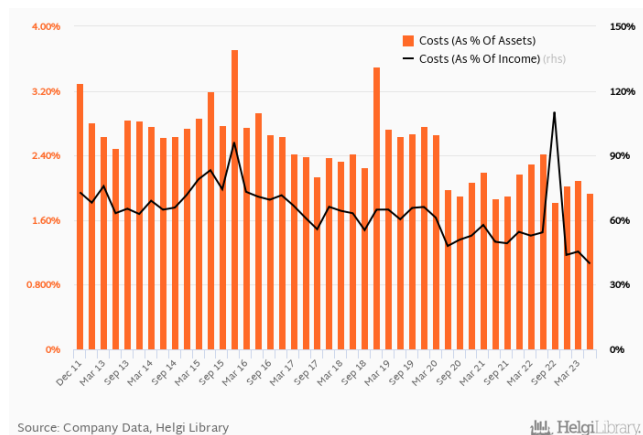
Capital & Liquidity

Capital Adequacy Ratio & Loans (As % Of Deposits)



Cost Efficiency

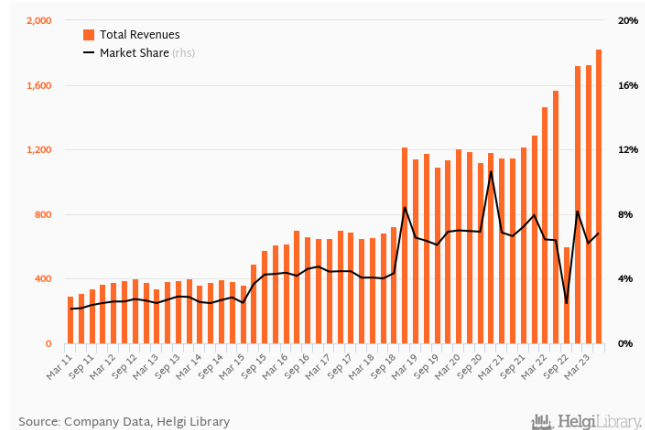
Costs As % Of Assets & Income



BNP Paribas Bank Polska – Market Share Development

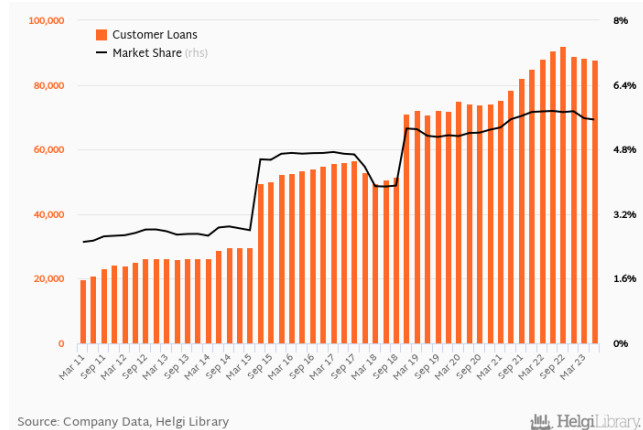
Market Share in Bank Revenues

Total Revenues (PLN mil)



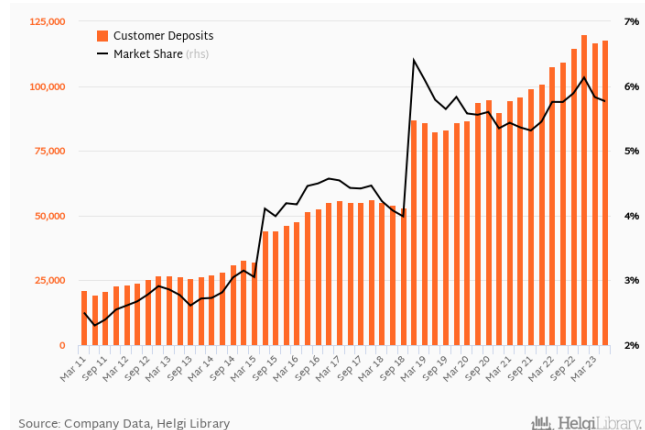
Market Share in Bank Loans

Customer Loans (PLN bil) & Market Share (%)



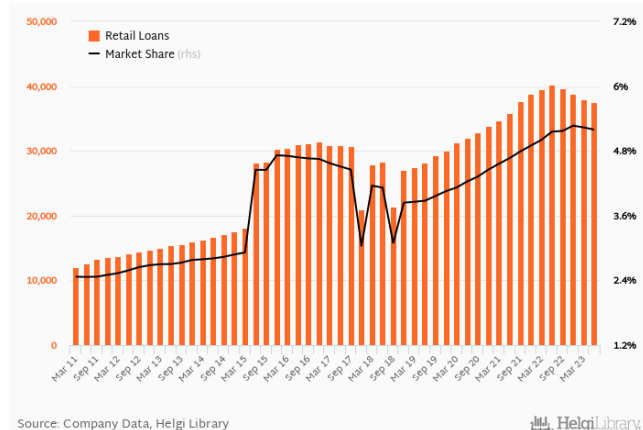
Market Share in Bank Deposits

Customer Deposits (PLN bil)



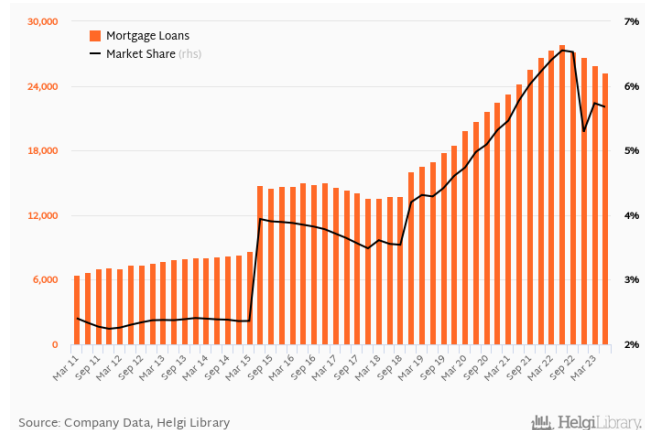
Market Share in Retail Loans

Retail Loans (PLN bil) & Market Share (%)



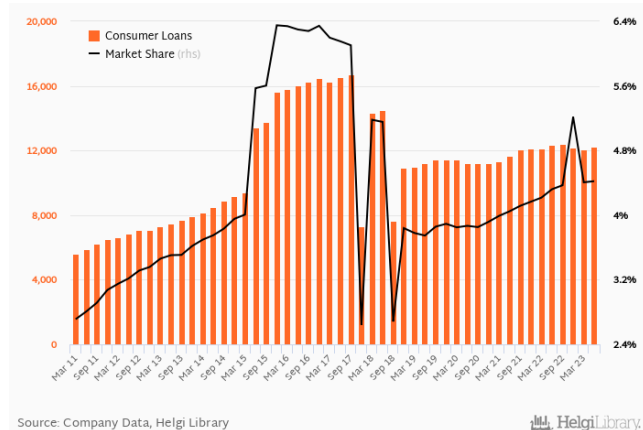
Market Share in Mortgage Loans

Mortgage Loans (PLN mil) & Market Share (%)



Market Share in Consumer Loans

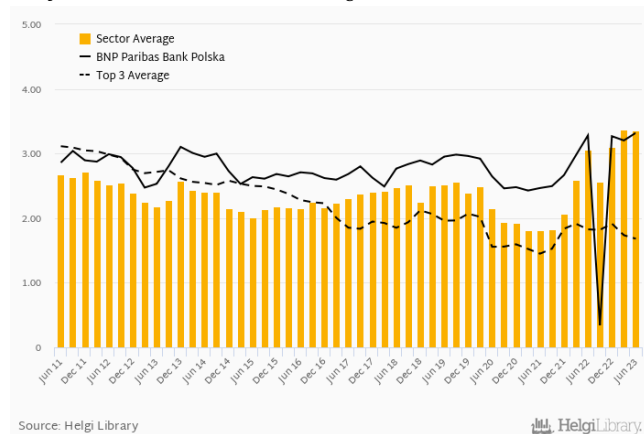
Consumer Loans (PLN mil)



BNP Paribas Bank Polska – Comparison with Sector

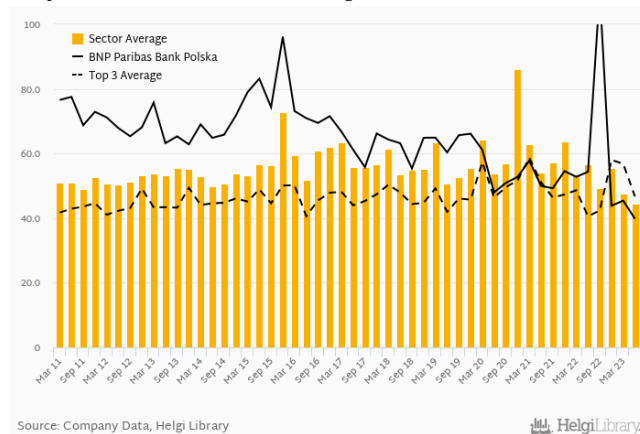
BNP Paribas Bank Polska – Net Interest Margin vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



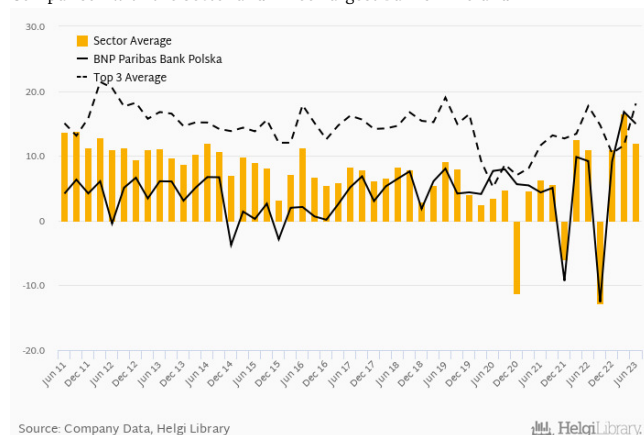
BNP Paribas Bank Polska – Cost to Income vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



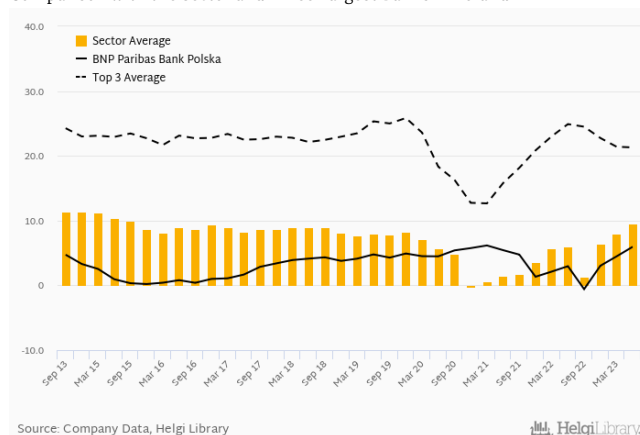
BNP Paribas Bank Polska – Return on Equity vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



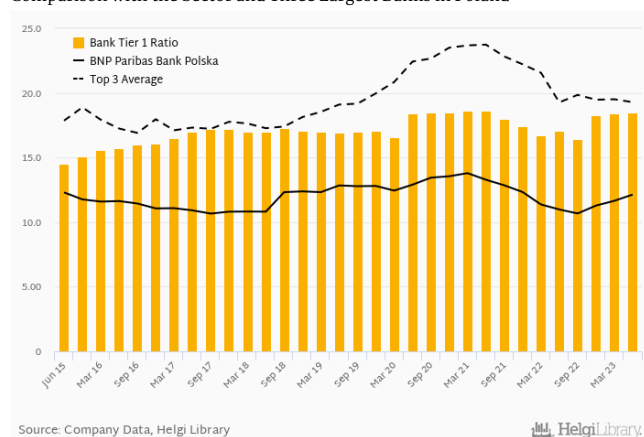
BNP Paribas Bank Polska – Adjusted ROE vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



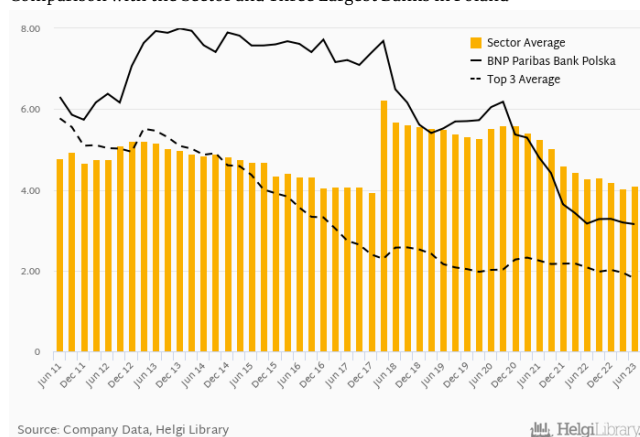
BNP Paribas Bank Polska – Tier 1 Ratio vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



BNP Paribas Bank Polska – NPL Ratio vs. Sector

Comparison with the Sector and Three Largest Banks in Poland



Bank Ochrony Srodowiska

Quarterly Results – 2Q2023

Bank Ochrony Srodowiska made a net profit of PLN -1.24 mil in the second quarter of 2023, down 102% when compared to the previous year. Total revenues increased 2.19% yoy to PLN 264 mil, ROE amounted to -0.239% and the NPL ratio stood at 16.8%. Bank Ochrony Srodowiska stock depreciated by 3.45% in the second quarter of 2023 to PLN 9.52 per share and the stock traded at a 12-month trailing PE of -181x and PBV of 0.431x based on the closing price at the end of the quarter.

- ✓ Revenues increased 2.19% yoy to PLN 264 mil in the second quarter of 2023. Interest income formed 81.2% of total revenues with the net interest margin increasing 0.326 pp to 3.86% of total assets. Fees added a further 11.9% to total revenue generated in 2Q2023, down from an average of 15.8% as seen in the previous two years.
- ✓ Operating costs grew by 8.26% yoy to PLN 121 mil, so cost to income ratio reached 45.8%, down by 33% compared to the previous two years. Staff accounted for 54.8% of total operating expenditures. At the end of second quarter of 2023, Bank Ochrony Srodowiska operated a network of 54 branches and 1,593 employees.
- ✓ Loans and deposits dropped by 1.23% and 0.168% qoq respectively, so loan to deposit ratio reached 54.9% at the end of 2Q2023. That's down from 58.6% the previous year. Equity reached 9.31% of assets and capital adequacy ratio amounted to 16.1% at the end of the second quarter of 2023.
- ✓ NPLs were 16.8% of total loans at the end of the quarter. Provisions covered 61.7% of non-performing loans
- ✓ Bank Ochrony Srodowiska stock traded at PLN 9.52 per share at the end of second quarter of 2023 implying a market capitalization of USD 181 mil. This put stock at a 12-month trailing price to earnings of -181x and price to book value of 0.431x as of the end of 2Q2023.

Sector:
Banking

Country:
Poland

Share Price:
PLN 9.52

Market Capitalization:
USD 181 mil

Shares Outstanding:
93.9 mil

Employees:
1,593

Clients:
N/A

Branches:
54

Capital Adequacy Ratio:
16.1%

NPL Ratio:
16.8%

Provision Coverage:
61.7%

KEY FIGURES									
	REVENUES	NET PROFIT	EPS	EPS GROWTH	PER	PBV	ROE	DPS	DIV. YIELD
	PLN mil	PLN mil	PLN	%			%	PLN	%
2Q2023	264	-1.24	-0.053	-102	-181	0.431	-0.239	...	...
2022	938	128	1.38	170	6.47	0.423	6.70	0	0
2021	610	47.5	0.511	-115	17.1	0.434	2.51	0	0
2020	607	-307	-3.30	-527	...	0.301	-14.9	0	0
2019	597	72.0	0.773	-2.07	9.21	0.301	3.32	0	0
2018	580	63.7	0.789	10.9	9.31	0.268	3.19	0	0
2017	590	46.1	0.711	-158	11.6	0.279	2.53	0	0

Source: Company Data, Helgi Library, Valuation multiples calculated based on historical prices

Data tells a story



Bank Ochrony Srodowiska – Financials

INCOME STATEMENT		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Interest Income	PLN mil	101	125	170	273	331	431	397	414
Interest Cost	PLN mil	12.2	15.5	30.2	78.9	164	175	201	199
Net Interest Income	PLN mil	88.5	110	140	194	168	257	196	215
Net Fee Income	PLN mil	35.2	36.9	38.5	30.1	29.1	29.9	32.5	31.5
Other Income	PLN mil	33.5	18.5	8.75	34.5	27.7	-18.4	16.5	18.2
Total Revenues	PLN mil	157	165	187	259	225	268	245	264
Staff Cost	PLN mil	45.4	53.6	53.2	56.5	54.9	64.2	60.7	66.3
Depreciation	PLN mil	14.0	14.4	15.1	15.4	15.6	16.6	17.8	18.5
Other Cost	PLN mil	33.8	37.4	57.2	39.9	74.3	33.2	56.1	36.2
Operating Cost	PLN mil	93.2	105	126	112	145	114	135	121
Operating Profit	PLN mil	64.0	60.0	61.7	147	79.8	154	111	143
Provisions	PLN mil	34.2	28.4	25.9	71.5	40.4	110	23.6	132
Pre-Tax Profit	PLN mil	29.7	31.8	35.7	75.3	39.3	43.7	87.2	11.7
Net Profit	PLN mil	23.9	16.7	23.4	60.5	32.0	12.3	57.0	-1.24

BALANCE SHEET		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Cash & Cash Equivalents	PLN mil	169	362	483	379	870	576	885	742
Interbank Loans	PLN mil	116	401	296	281	171	243	183	129
Customer Loans	PLN mil	11,539	11,856	11,937	11,714	11,840	11,126	10,572	10,442
Investments	PLN mil	6,888	7,109	6,663	10,142	8,237	9,271	9,818	10,179
Property and Equipment	PLN mil	80.0	84.1	83.8	89.5	89.0	91.7	91.7	88.9
Intangible Assets	PLN mil	108	113	111	116	117	133	132	130
Total Assets	PLN mil	19,498	20,586	20,371	23,610	22,255	22,006	22,260	22,275
Shareholders' Equity	PLN mil	1,920	1,866	1,848	1,889	1,926	1,964	2,056	2,074
Liabilities	PLN mil	17,578	18,720	18,523	21,721	20,328	20,042	20,203	20,202
Interbank Borrowing	PLN mil	411	420	456	356	389	141	129	125
Customer Deposits	PLN mil	15,942	17,008	16,714	19,979	18,484	18,821	19,039	19,007
Issued Debt Securities	PLN mil	368	369	370	373	373	345	340	344
Other Liabilities	PLN mil	857	923	983	1,013	1,083	735	696	726

RATIOS		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
ROE	%	4.99	3.53	5.04	12.9	6.72	2.54	11.3	-0.239
ROA	%	0.488	0.334	0.457	1.10	0.559	0.223	1.03	-0.022
Costs (As % Of Assets)	%	1.90	2.10	2.45	2.03	2.52	2.06	2.43	2.17
Costs (As % Of Income)	%	59.3	63.7	67.1	43.2	64.5	42.5	54.9	45.8
Capital Adequacy Ratio	%	15.6	14.6	14.0	14.3	13.9	15.0	14.9	16.1
Net Interest Margin	%	1.81	2.20	2.74	3.53	2.92	4.64	3.55	3.86
Interest Income (As % Of Revenues)	%	56.3	66.5	74.8	75.0	74.7	95.7	80.0	81.2
Fee Income (As % Of Revenues)	%	22.4	22.3	20.6	11.6	13.0	11.2	13.3	11.9
Staff Cost (As % Of Total Cost)	%	48.7	50.9	42.4	50.5	37.9	56.3	45.1	54.8
Equity (As % Of Assets)	%	9.85	9.06	9.07	8.00	8.66	8.93	9.24	9.31
Loans (As % Of Deposits)	%	72.4	69.7	71.4	58.6	64.1	59.1	55.5	54.9
Loans (As % Assets)	%	59.2	57.6	58.6	49.6	53.2	50.6	47.5	46.9
NPLs (As % Of Loans)	%	14.8	14.8	14.2	16.5	17.7	16.3	16.9	16.8
Provisions (As % Of NPLs)	%	67.4	63.9	69.1	64.9	60.6	61.2	62.7	61.7

VALUATION		Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Market Capitalisation	USD mil	228	200	191	159	144	168	185	181
Number Of Shares	mil	92.9	92.9	92.9	92.9	92.9	92.9	92.9	93.9
Share Price	PLN	9.78	8.72	8.60	7.66	7.68	8.93	9.86	9.52
Earnings Per Share (EPS)	PLN	1.03	0.719	1.01	2.60	1.38	0.531	2.45	-0.053
Book Value Per Share	PLN	20.7	20.1	19.9	20.3	20.7	21.1	22.1	22.1
Price/Earnings (P/E)		9.52	12.1	8.54	2.94	5.57	16.8	4.02	-181
Price/Book Value (P/BV)		0.473	0.434	0.432	0.377	0.371	0.423	0.446	0.431

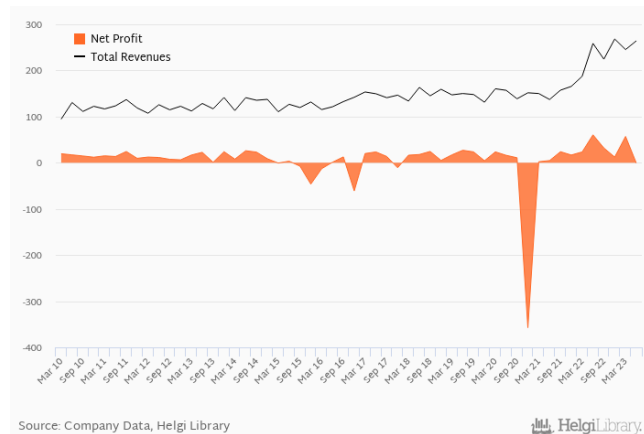
Source: Company Data, Helgi Library



Bank Ochrony Srodowiska in Pictures

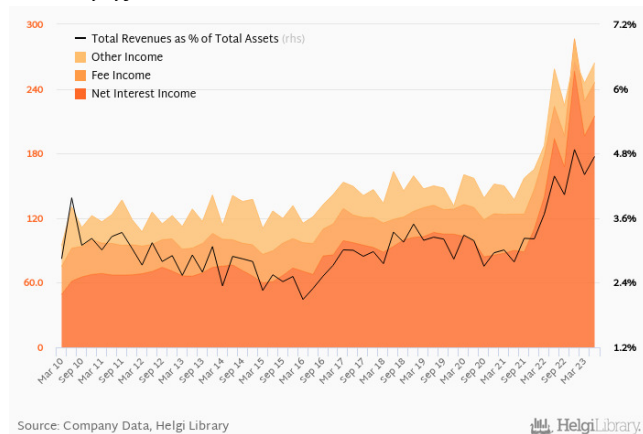
Revenue & Profitability

Net Profit (PLN mil) & Total Revenues (PLN mil)



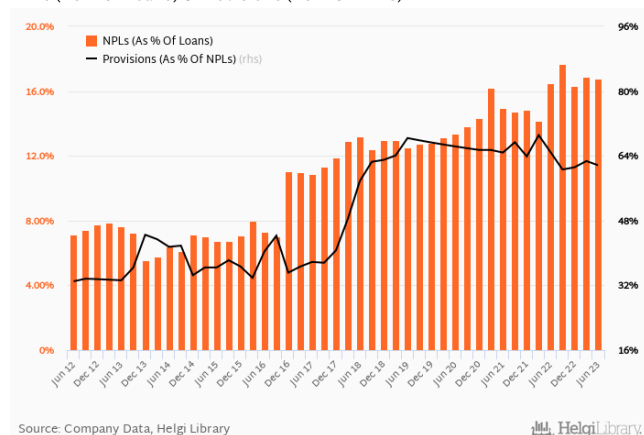
Revenue Breakdown

Revenue by Type of Income (PLN mil)



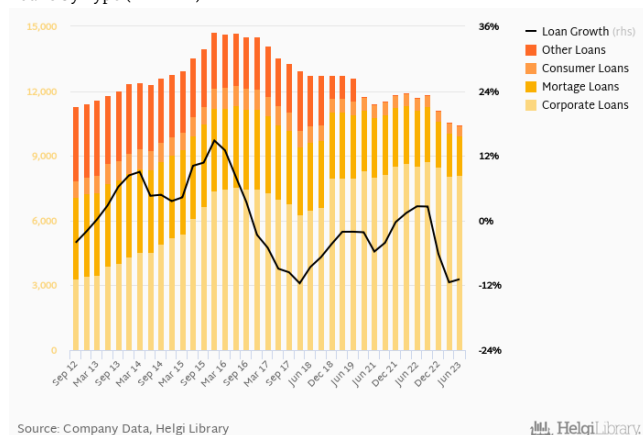
Asset Quality

NPLs (As % Of Loans) & Provisions (As % Of NPLs)



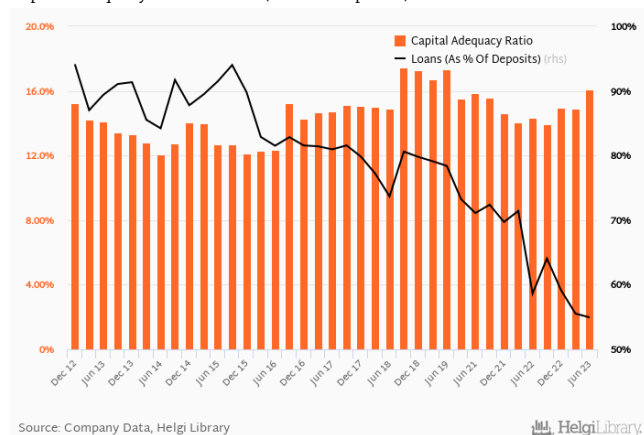
Loan Breakdown

Loans by Type (PLN mil)



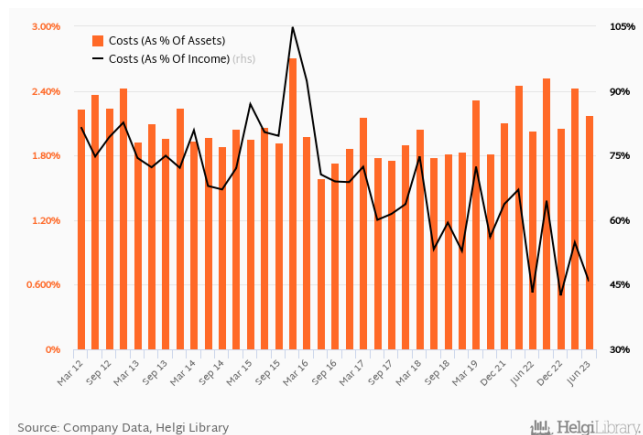
Capital & Liquidity

Capital Adequacy Ratio & Loans (As % Of Deposits)



Cost Efficiency

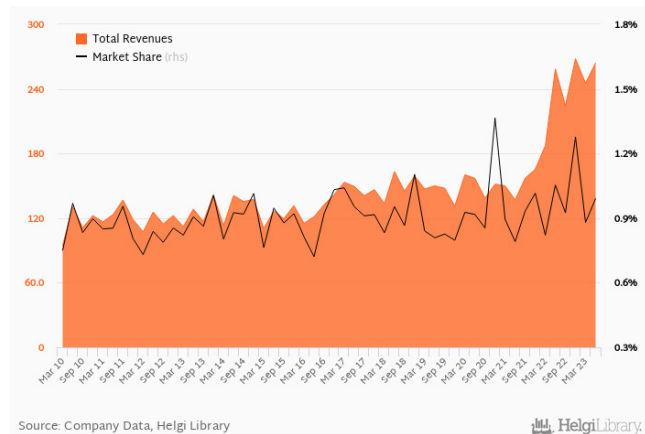
Costs As % Of Assets & Income



Bank Ochrony Srodowiska – Market Share Development

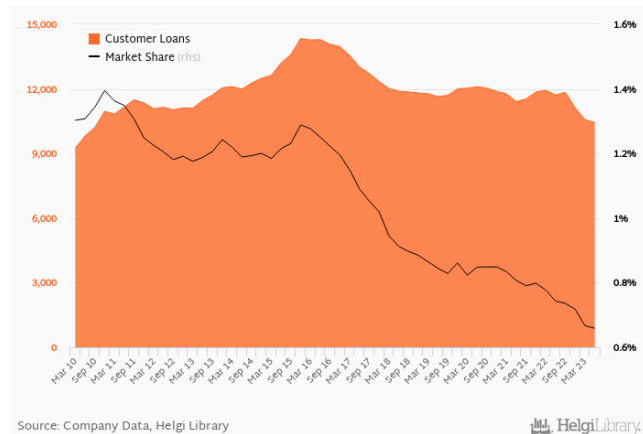
Market Share in Bank Revenues

Total Revenues (PLN mil)



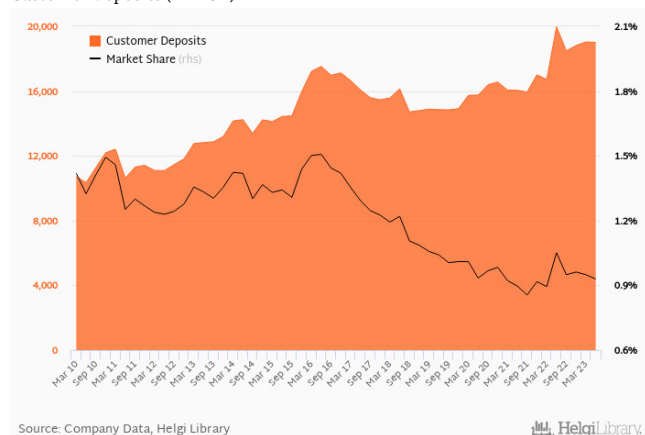
Market Share in Bank Loans

Customer Loans (PLN bil) & Market Share (%)



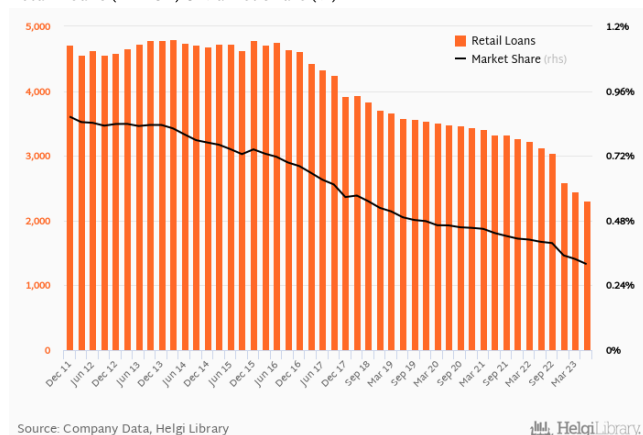
Market Share in Bank Deposits

Customer Deposits (PLN bil)



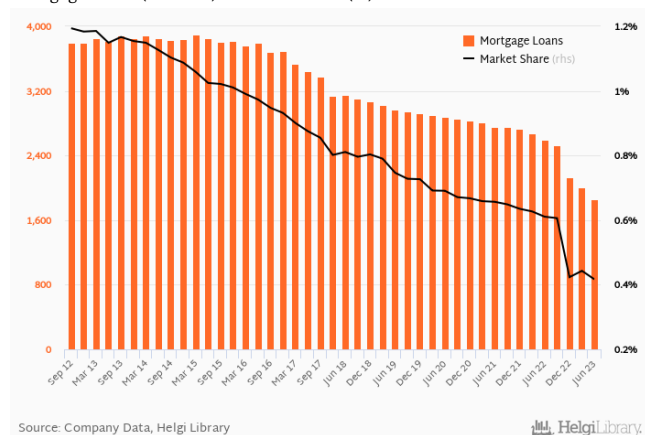
Market Share in Retail Loans

Retail Loans (PLN bil) & Market Share (%)



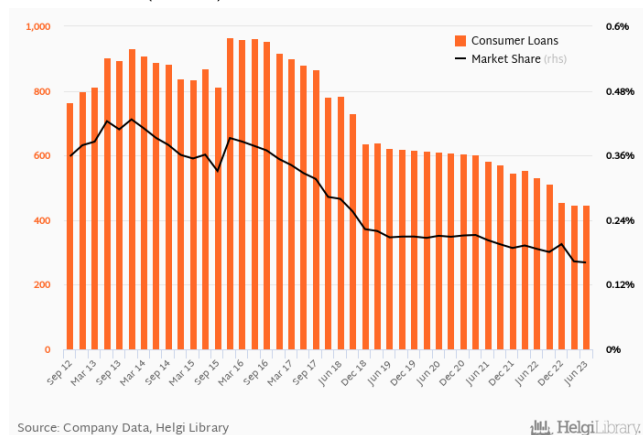
Market Share in Mortgage Loans

Mortgage Loans (PLN mil) & Market Share (%)



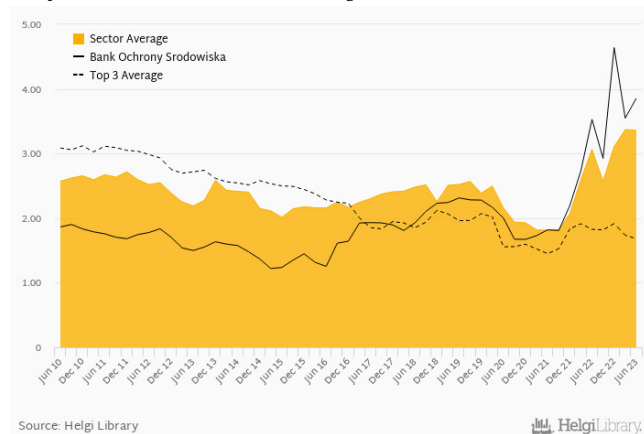
Market Share in Consumer Loans

Consumer Loans (PLN mil)

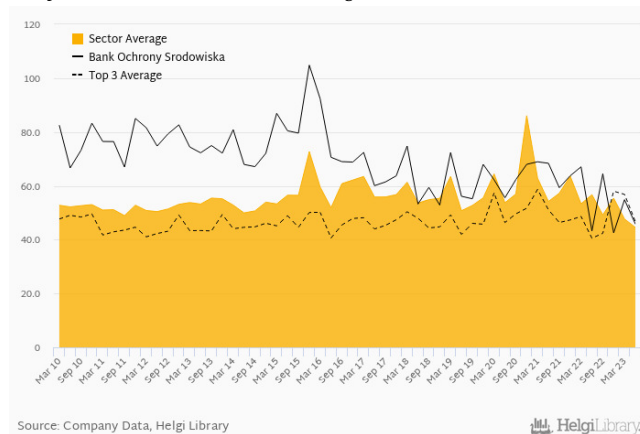


Bank Ochrony Srodowiska – Comparison with Sector

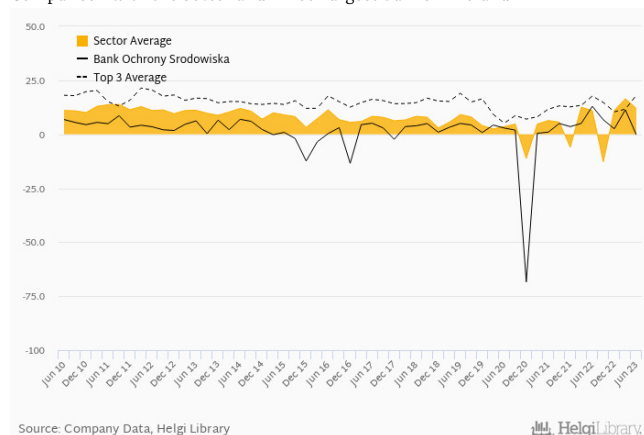
Bank Ochrony Srodowiska – Net Interest Margin vs. Sector
Comparison with the Sector and Three Largest Banks in Poland



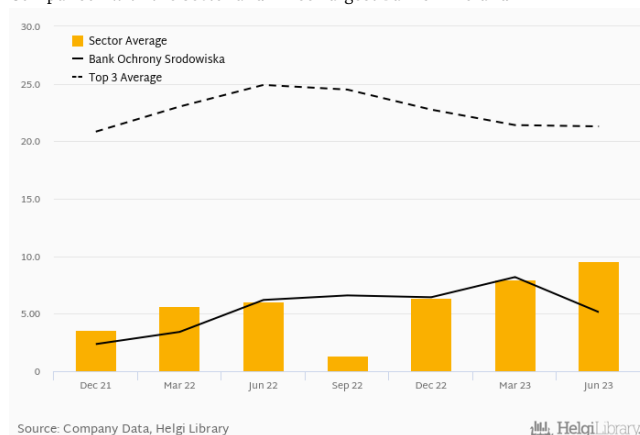
Bank Ochrony Srodowiska – Cost to Income vs. Sector
Comparison with the Sector and Three Largest Banks in Poland



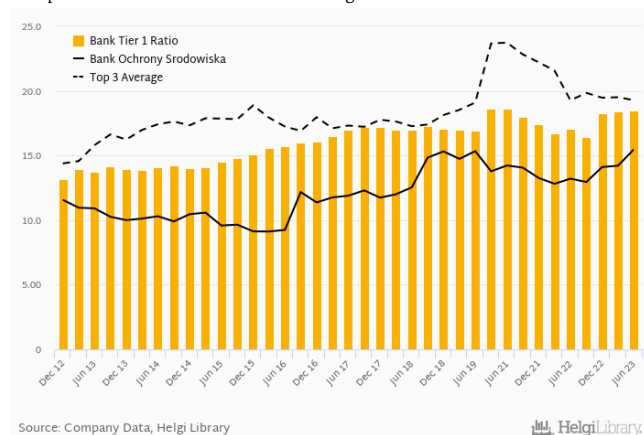
Bank Ochrony Srodowiska – Return on Equity vs. Sector
Comparison with the Sector and Three Largest Banks in Poland



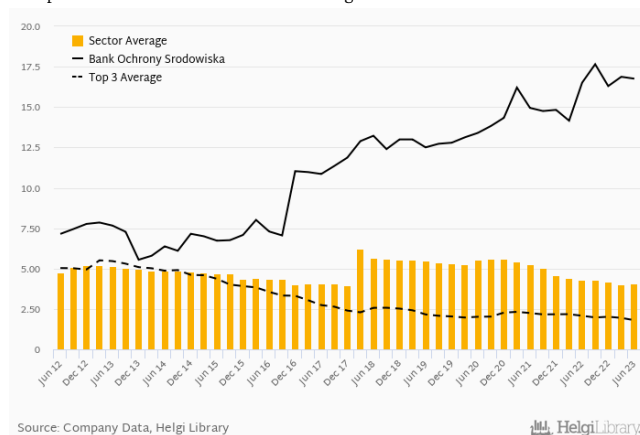
Bank Ochrony Srodowiska – Adjusted ROE vs. Sector
Comparison with the Sector and Three Largest Banks in Poland



Bank Ochrony Srodowiska – Tier 1 Ratio vs. Sector
Comparison with the Sector and Three Largest Banks in Poland



Bank Ochrony Srodowiska – NPL Ratio vs. Sector
Comparison with the Sector and Three Largest Banks in Poland





ABOUT HELGI LIBRARY

Helgi Library is a consulting company based in the Czech Republic. The company mainly provides consultancy in the area of financial services and real estate and focuses primarily on the region of Central and Eastern Europe.

Helgi Library also runs a web application called Helgi Library, which is a database/library offering data and analyses on more than 99% of the world's economy and population. The Library aims to bring interesting statistical data and analyses to a wide audience under affordable conditions. If you wish to get more details, please visit www.helgilibrary.com or contact us at info@helgilibrary.com.

Helgi Library
Eliášova 38
160 00 Prague 6, Czech Republic
www.helgilibrary.com

© 2023, Helgi Library LTD. ALL RIGHTS RESERVED. All information contained herein is protected by Copyright Law and no such information may be copied or otherwise reproduced, in whole or in part, in any form or manner, by any Person or Company without Helgi Library's prior written consent.

DISCLAIMER

The purpose of this document is to assist the recipient in deciding whether it wishes to proceed with a further investigation of the matters referred to herein. The information in this document, which does not purport to be comprehensive, is believed in good faith to originate from reliable sources, and the views and opinions expressed herein are based on reasonable analysis of source material in the possession of the provider(s) of the document at the time of provision of the document. While the document has been prepared in good faith, no representation, warranty, assurance or undertaking (express or implied) is or will be made, and no responsibility or liability is or will be accepted in relation to the adequacy, accuracy, completeness or reasonableness of the document, or any information contained within it. All and any such responsibility and liability is expressly disclaimed. In particular, but without prejudice to the generality of the foregoing, no representation, warranty, assurance or undertaking is given as to the achievement or reasonableness of any future projections, estimates, prospects or returns contained or referred to in this document. The provider(s) of this document may change any opinion expressed herein without being under any obligation to inform the recipient or to provide to them a revised version. By accepting this document, the recipient agrees to be bound by the foregoing limitations, and acknowledges that it must at all times exercise its own skill and judgment in relation to any decision by it relating to the matters contained within this document. The information, opinions and views contained herein may have been provided to other clients prior to being disseminated herein. This document shall not exclude any liability for, or remedy in respect of, fraudulent misrepresentation.