

**Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of Powszechna Kasa Oszczednosci Bank Polski S.A**

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14 Sep 2021

Limassol, September 14, 2021 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of Powszechna Kasa Oszczednosci Bank Polski S.A and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review discussion held on 10 September 2021 in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

Powszechna Kasa Oszczednosci Bank Polski S.A.'s (PKO BP) A2 long-term deposit ratings and A3 long-term senior unsecured debt ratings are driven by the bank's baa2 Baseline Credit Assessment (BCA), two notches of rating uplift following the application of Moody's Advanced Loss Given Failure analysis and one further notch of rating uplift both in the deposit and senior unsecured debt ratings owing to Moody's assessment of a moderate likelihood of support in case of need from the government of Poland (A2).

PKO BP's baa2 BCA reflects the bank's improved asset quality and its plan to eliminate its moderate exposure to legacy FC mortgages; its good capitalisation; improving profitability; and its stable, mostly retail, deposit-based funding profile.

PKO Bank Hipoteczny S.A. (PKO BH)'s A3 long-term issuer rating is aligned with its parent's, PKO BP, senior unsecured debt rating reflecting Moody's view that there is a low probability that its parent would de-prioritize meeting the debt obligations of PKO BH relative to meeting its own obligations in circumstances of financial stress for the parent or group. Moody's view considers PKO BP's full ownership of PKO Bank Hipoteczny; PKO BH's high strategic importance as the group's covered bond issuing vehicle, which is required per the Polish legal framework for mortgage covered bonds as well as PKO BH's small size and absence of an independent franchise, which leads to a high degree of financial links and operational integration within the group. PKO BP has committed itself to maintaining the capital and liquidity of its subsidiary at satisfactory levels, meeting all regulatory requirements.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Banks Methodology published in July 2021. Please see the Rating Methodologies page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non EU rated, non UK rated, non EU endorsed and non UK endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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