



Investors' Day

5th of April 2006



PKO BANK POLSKI
SPÓŁKA AKCYJNA



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ANDRZEJ PODSIADŁO

**President of the Management Board
PKO BP SA**



ANOTHER VERY GOOD YEAR

	2004	2005	Change
Net profit (mn PLN) Group	1 507	1 735	15.2%
Assets (mn PLN) Group	85 954	91 613	6.6%
Loans (mn PLN)	41 109	48 723	18.5%
Deposits (mn PLN)	73 261	78 050	6.5%
Debit cards (thousand)	5 443	6 076	11.6%
Number of accounts (thousand)	5 512	5 903	7.1%
Outlets	1 266	1 251	- 1.2%
Employment (FTE, thousand)	35.4	33.5	- 5.4%



PKO BP – MARKET LEADER

- **Retail market leader**
 - Dynamic growth of consumer and housing loans
- **More than one million accounts with internet and phone access**
- **6 076 mn banking cards issued (11.6% growth in 2005)**
- **525 thousands credit cards issued (60.6% growth in 2005)**
 - New Visa Infinite and MasterCard Platinum prestigious credit cards for the retail clients
- **1 862 ATMs (4.3% growth in 2005)**
- **New products:**
 - Innovative credit products
 - Electronic payment tool for local government entities
- **Leading agent for the local government sector**



DYNAMIC GROWTH OF THE PKO BP GROUP

- **Support of business activity and enhanced PKO BP product line:**
 - Retirement insurance – PTE Bankowy
 - Investment funds – PKO TFI
 - Internet banking – Inteligo
 - Internet banking – eService
 - Leasing – Bankowy Fundusz Leasingowy
 - Foreign Banking – Kredobank
 - Polish banking market – Bank Pocztowy
 - Real estate development – PKO Inwestycje

- **Bank's subsidiaries recorded high growth as a result of their activity**
 - Continued market expansion in the next years
 - Steps expanding the Bank's presence to other countries of the region



PKO BP MODERNISATION STRATEGY 2003 – 2005 (1)

Firm base for the Bank's further growth

➤ **Modernisation:**

– **Internal reorganisation**

- Focus on clients
- Centralised back office
- Retail / corporate specialists

– **New IT system**

– **Improving risk management and other systems**

➤ **Innovation and Differentiation**

– **Retail and mortgage:**

- Customer segmentation
- Multi-channel distribution
- Branch level orientation

– **Corporate banking: personalisation, new wholesale products**

➤ **New Business Areas**



PKO BP MODERNISATION STRATEGY 2003 – 2005 (2)

Firm base for the Bank's further growth

- **Financial effects at completion of the modernisation strategy, at the end of 2005:**
 - 19% return on average shareholders' equity (ROE)
 - 62.6% cost-to-income ratio (C/I)
 - 51% loans and credits to assets
 - 6.9% irregular loans
 - 67% dividend payout ratio



PKO BP MODERNISATION STRATEGY 2003 – 2005 COMPLETION

- **Year 2005 ended a 3-year period of the Bank's modernisation**
 - Reorganisation of the internal structure
 - Substantial improvement and upgrade of the management system

- **Decisive phase in implementation of state-of-the-art IT solutions**
 - The first branch of the Bank works in the Integrated IT System network
 - The new IT system is going to be rolled out in all the branches by 2007
 - Complete and up-to-date management information at disposal – effective and faster response to the customers' needs

- **PKO BP – public company listed on the Warsaw Stock Exchange**
 - One of the biggest banks in Central and Eastern Europe with market value of PLN 34.7 bn *)

*) Value as at 31 March 2006



DYNAMIC GROWTH BY INNOVATION (1)

Innovation Strategy of PKO BP for the years 2006 – 2008

- **Innovation will take place in:**
 - Sales organization
 - Product development
 - IT development
 - Internal processes

- **Growth:**
 - Intensify organic development
 - Continue expansion into the most attractive Central and Eastern Europe markets
 - Development of the multi-channel distribution network
 - Development of the Capital Group in an effective way



DYNAMIC GROWTH BY INNOVATION (2)

Goals of PKO BP strategy for the years 2006 – 2008

- **Market position:**
 - Strengthening its dominant position in Polish retail banking
 - Strengthening its dominant position in the Polish mortgage and real estate markets
 - Strengthening its position in servicing corporate entities
 - Strengthening its position in the brokerage services market
 - Growing its activity in European markets
 - Increasing operational effectiveness

- **Financial impact of efficient implementation of the Strategy on 2008 results is expected to be:**
 - 20% return on average shareholders' equity (approximate figure)
 - 57% cost-to-income ratio (C/I)
 - 56% net fees and commissions income to overhead costs (less depreciation)



JACEK OBŁĘKOWSKI

**MEMBER OF THE MANAGEMENT BOARD
PKO BP SA**

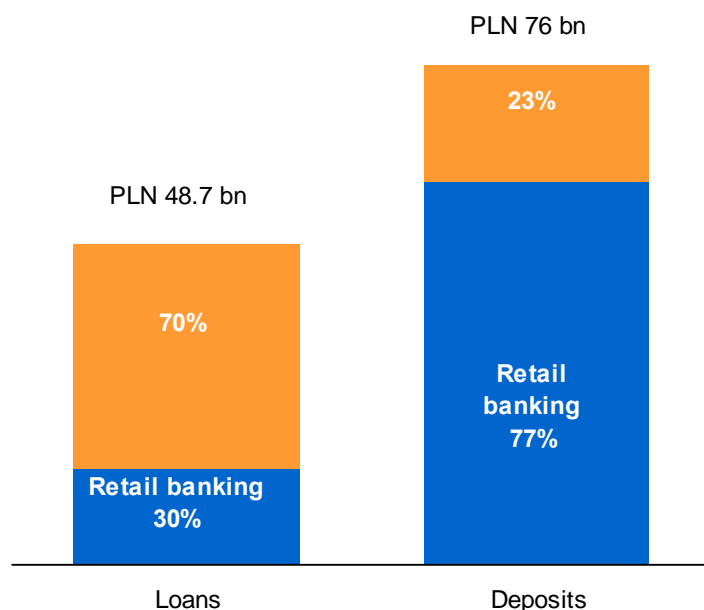
RETAIL BANKING



RETAIL NETWORK

THE BASE OF THE BANK'S ACTIVITY

61% of the banking activity income was generated by retail banking^{*)}



- 5.35 mn personal accounts, a 41.4% market share (the market made of 8 banks) ^{**)}
- 300 000 current accounts for SME, a 25% market share
- 5.39 mn debit cards (out of 194.9 ths for SME), a 34.6% market share
- 163 100 charge type cards (out of 9.4 ths for SME), a 26.4% market share
- 525 400 credit cards (out of 30.5 ths for SME), a 12.6% market share

^{**)} Balance of personal accounts, excluding the Inteligo accounts

^{*)} Data as at 31 December 2005

Retail banking: retail banking, private and personal banking and SME client

The deposit base is the basis of business development in other market segments and the main factor impacting the Bank's profitability



SUPERKONTO – Single platform, many segments

Platinum

- Private banking
- 13 634



- Structural deposits
- Asset management
- Individual credit line
- Prestigious credit cards (Mastercard Platinum, Visa Infinite)

Gold

- Personal banking
- 118 942



- Negotiated deposits
- Investment funds, T-bills
- Preference cash loan AURUM
- Credit cards

Basic

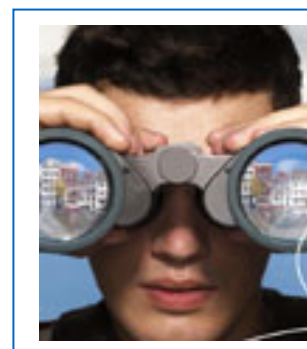
- Mass retail loan
- 4.74 mn



- Subscribed deposits
- Cash loans
- Overdraft loans
- Credit cards

Student

- Student
- 420 371



- Student loans
- Student credit card

Graffiti

- Teen-agers
- 55 666



- Graffiti (no debt facility)
- Attractive debit cards graphics



FLAGSHIP CREDIT PRODUCTS:

Fast Credit Service

Najbardziej dostępny kredyt na rynku

Marzysz?
Masz!

Nowość!

- kredyt dostępny przez telefon i Internet
- teraz ubezpieczony

szybki serwis kredytowy

PKO BANK POLSKI
Blisko Ciebie

www.pkobp.pl
0-801 302 302
(opłata jak za połączenie lokalne)

A new SSK credit programme launched in February 2005. Next to credit cards, it contributed greatly to building of the retail lending base.

At the end of 2005, debts outstanding on account of SSK exceeded PLN 3.2 bn or 28% of retail loans.

In 2005, the portfolio of consumer loans reached 21%.

Marzysz?
Masz!

szybki serwis kredytowy

najbardziej dostępny kredyt na rynku

Marzysz? Masz! Teraz z Szybkim Serwisem Kredytowym możesz zrealizować wszystkie swoje marzenia.

NOWOŚĆ!!!

Szybki Serwis Kredytowy to:

1. najbardziej dostępny kredyt na rynku – teraz również przez telefon i Internet.
2. pełne bezpieczeństwo kredytobiorcy w przypadku utraty stałych dochodów oraz innych zdarzeń losowych.

Dla nas liczysz się Ty i Twoje zadowolenie.

0 801 302 302 (połączenie wg taryfy lokalnej) www.pkobp.pl

PKO BANK POLSKI
Blisko Ciebie



FLAGSHIP CREDIT PRODUCTS:

Fast Credit Limit

Szybki Limit Kredytowy (SLK) or the Fast Credit Limit, a new credit programme launched in October 2005, contributed to building of the SME lending base.

Fast Credit Limit contributed for increase of SME loan portfolio volume, which in 2005 increased by 14.5%.

NOWA OFERTA DLA MSP

Maksimum
szybkości,
minimum
formalności

szybki limit
kredytowy
dla firm



PKO BANK POLSKI

Infolinia: 0 801 302 302 (opłata jak za połączenie lokalne)
Internet: www.pkobp.pl

marzec 2006



PKO BANK POLSKI

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FLAGSHIP CREDIT PRODUCTS:

Credit cards

- Dynamic increment in the number of credit cards issued to PKO BP SA clients. In 2005 the no. credit cards increased by 60.6%.
- As at the end of 2005, clients of PKO BP SA used 525 400 credit cards.
- Number of issue of the first credit cards addressed to SMEs - PKO Euro Biznes cards reached 30 500 as at the end of 2005.





ELECTRONIC BANKING

As at the end of 2005, the number of individual and SME clients using the electronic banking services reached 1.35 mn (including those using the Inteligo accounts: 508 500)

Total no. of clients taking advantage of Internet-enabled account access:

- individuals represented 90% (1 220 400), 21% of individuals using Superkonto accounts use electronic distribution channels
- SME clients represented 10% (132 500), 45% of SME clients use electronic distribution channels

In 2005, individual and SME clients used the electronic channel to execute 27.5 mn transactions.





RETAIL STRATEGY

Use of the existing customer base



- **Product offer tailored to client needs**
- **Cross-selling**
- **Up-selling**

Concentration on high potential markets and segments



- **Unique nation-wide scope of activity with access to all of the customer segments**
- **Concentration on private and personal banking**

Increased penetration of the customer base



- **Investments in technologies**
- **New products**
- **Training**

Differentiation of income sources

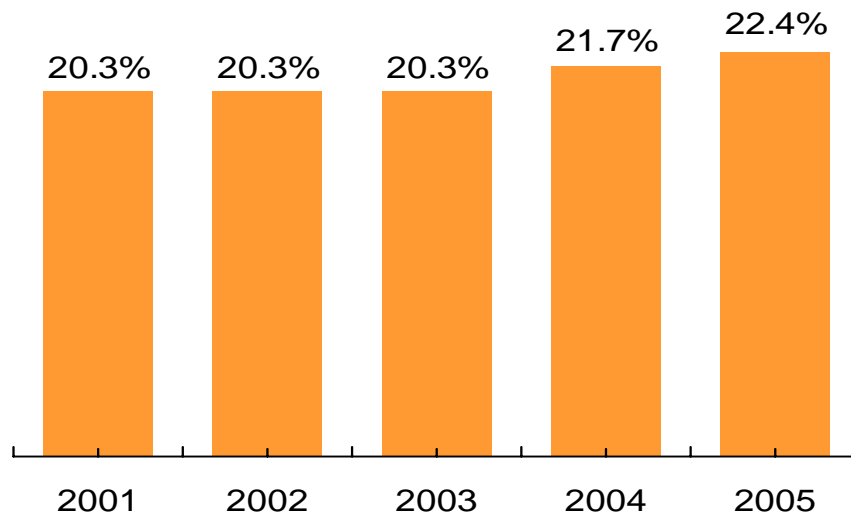


- **Further development of the fee and commission income**
- **New products**

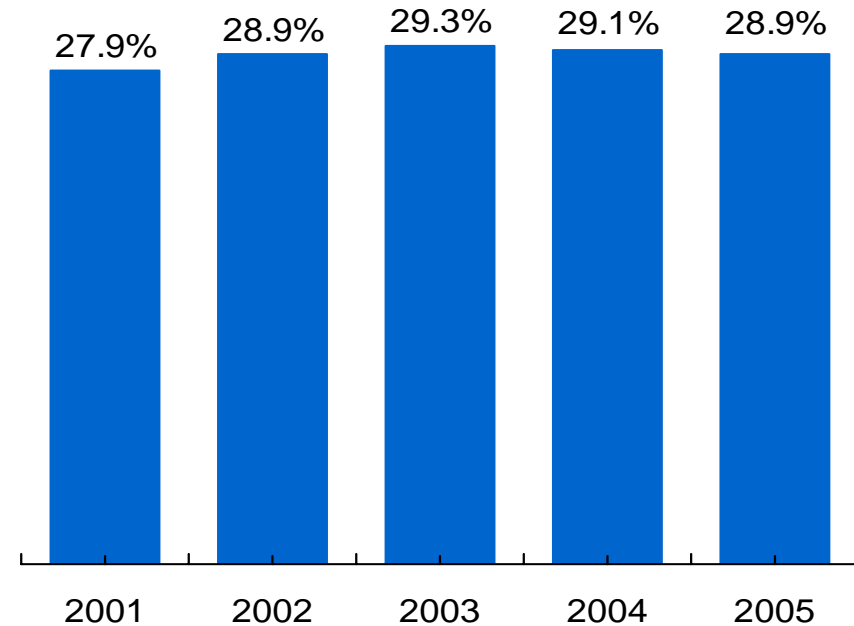


Maintaining leading position on a competitive retail market

Loans



Deposits

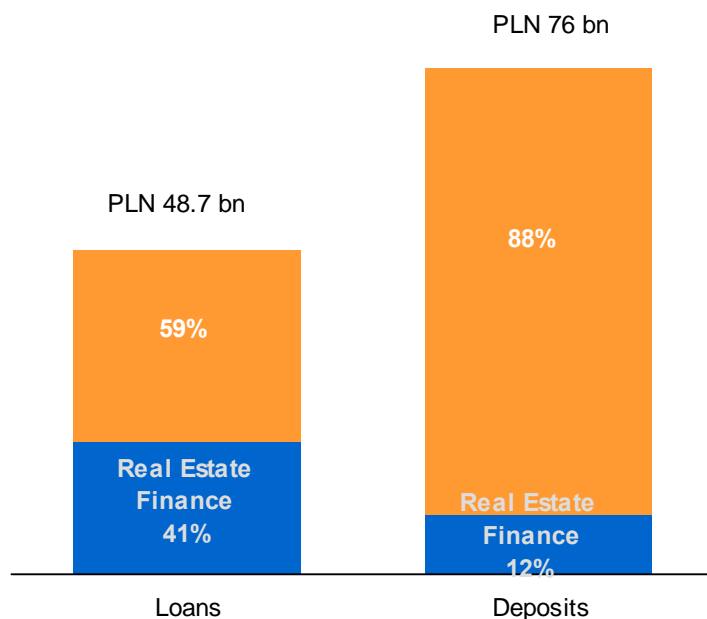


The Bank is a leader on the retail banking market



REAL ESTATE FINANCE – an important field of the Bank's activity

12.9% of income on banking activity generated by the real estate finance market^{*)}



Strong position on a growing market :

- Value of housing loans in Poland rose at 29% per annum over the past 7 years
- As at the end of December 2005, PKO BP held a 28.2% share (with exclusion of the old-portfolio loans) in the housing market

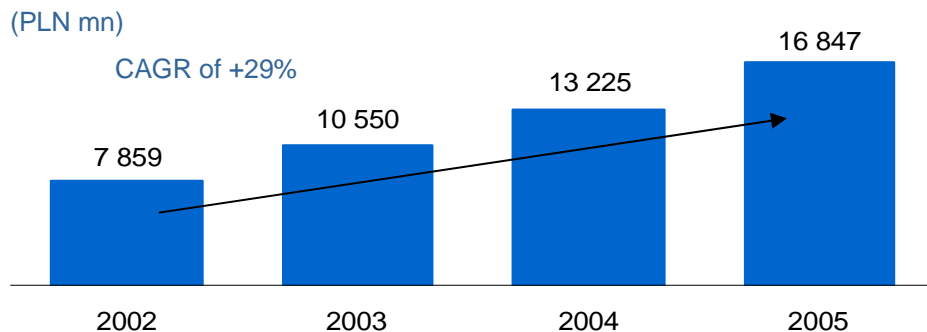
^{*)} Data as at 31 December 2005

PKO BP retains the position of a market leader

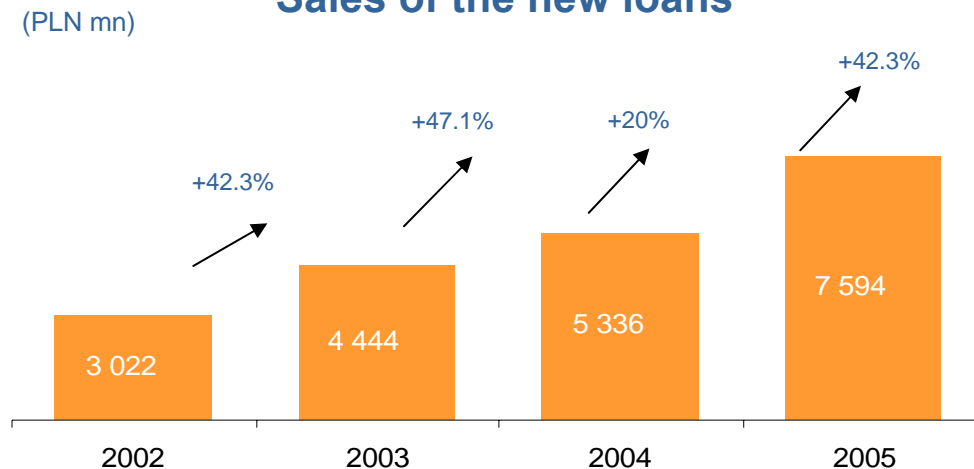


HOUSING LOANS OF THE NEW PORFOLIO

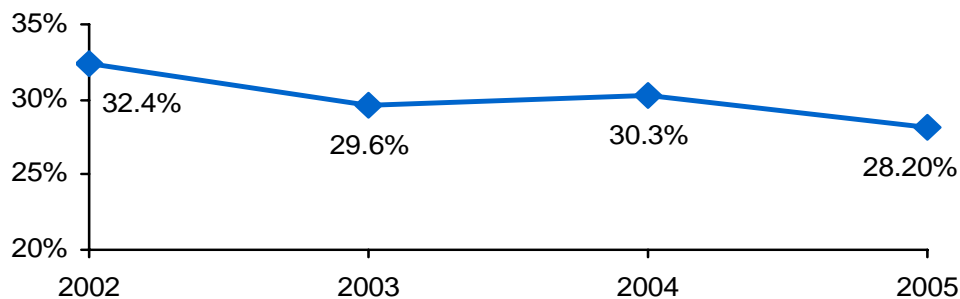
Outstanding debt balance



Sales of the new loans



Market shares in total volume of housing loans



Currency loans

- Currency loans (denominated in USD, EUR or CHF) represent 49% of the loan portfolio
- Volume of State supported loans at the 2005 end was 2 778 PLN mn, share of irregular loans 7.3%

PKO BP's share in the housing loans market is twice that of their closest competitor



RAFAŁ JUSZCZAK

**MANAGING DIRECTOR
PKO BP SA**

CORPORATE BANKING

GENERAL DESCRIPTION

- 13 Corporate Regional Branches
- 70 Corporate Centres
- 300 Client Advisers
- 13 000 Corporate Clients



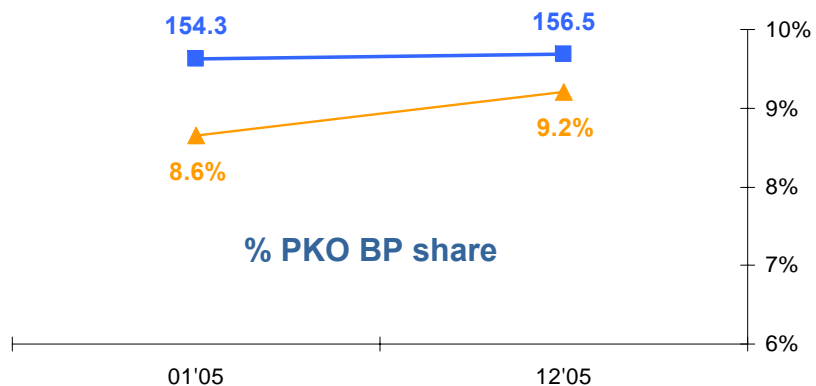
- 7 out of 10 largest corporates in Poland are Clients of PKO BP^{*)}
- 4th on the market in terms of outstanding loan value
- Serves 35% local government units

^{*)} Rzeczpospolita daily



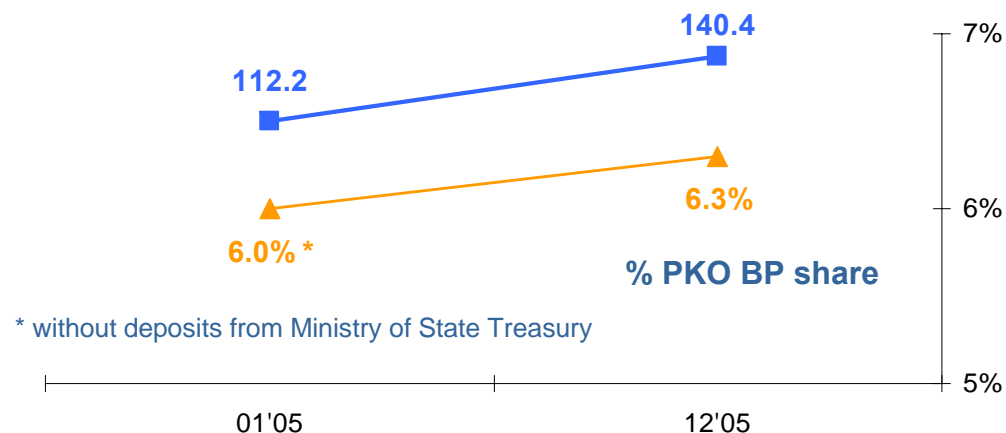
MARKET SHARES

Loans market (PLN bn)

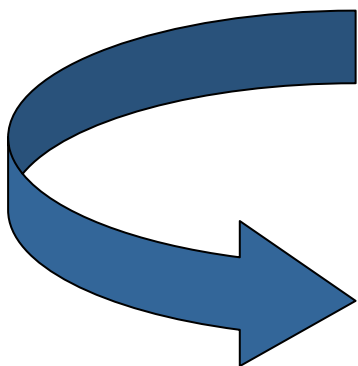


Corporate loans portfolio increased by 8.2%, at 1.4% market growth

Deposits market (PLN bn)



Corporate deposits portfolio increased by 32%, at 25% market growth

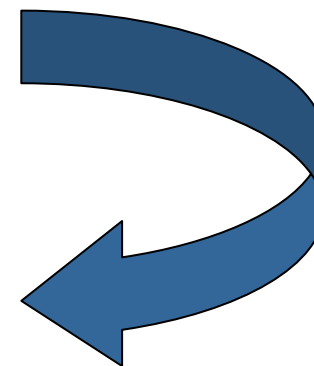


Corporate Banking contributes a significant part of PKO BP's results:

29% of the loan portfolio

12% of deposits

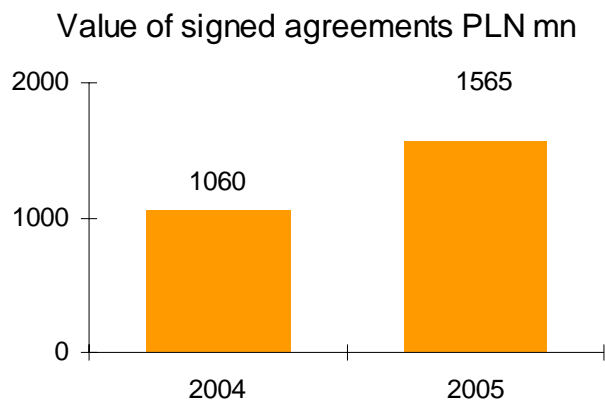
7% of revenue and 7% of EBIT





MAYOR TRANSACTIONS

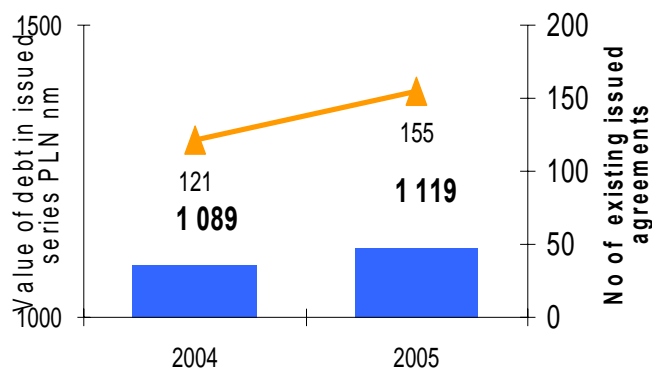
Active participant of the syndicated loans market



- A syndicated loan for a gas fuels distribution and production client – EUR 150 mn*;
- A syndicated loan for a fuel sector client – EUR 90 mn*;
- A syndicated loan for a construction sector client – EUR 29 mn*;
- A syndicated loan for a telecom sector client – EUR 27 mn*.

* Bank's share

Leader in issuance of municipal bonds market, with a 35% market share



Active participant of the of the corporate debt securities market

- CP issues for an energy sector client – PLN 350 mn,
- CP issues for a financial sector client – PLN 100 mn,
- Corporate bond issues for an energy sector client – PLN 150 mn,
- Corporate bond issues for an construction sector client – PLN 120 mn.



MARKET

PRIORITIES

PRODUCTS

Market trends

- Increased demand for JST funding
- Growth of demand for investment loans for entrepreneurs
- Demand for risk management support products
- Further development of cash management type services

Price flexibility

Development of long term relations

Efficient servicing of transactions

PKO BP products

The European Programme, an Electronic Money Instrument

Multi-purpose and multi-currency Loan

Currency Options, Forward Transactions

Cash Pooling, SWRK, Cash Management Packages



CHALLENGES AND AMBITIONS

STRATEGIC OBJECTIVES

- Substantial increase in market shares
- Increasing efficiency of operation and change of the Bank's image in corporate services
- Building of the Bank's position on the corporate banking market. Achieving the stature of the Bank of the First Choice among Polish corporates

DIRECTIONS OF CHANGE

- Further development of a strong sales culture based on efficient organisation and excellent staff
- New model of corporate customer service
- Organisational changes is a permanent feature of our reality



KAZIMIERZ MAŁECKI

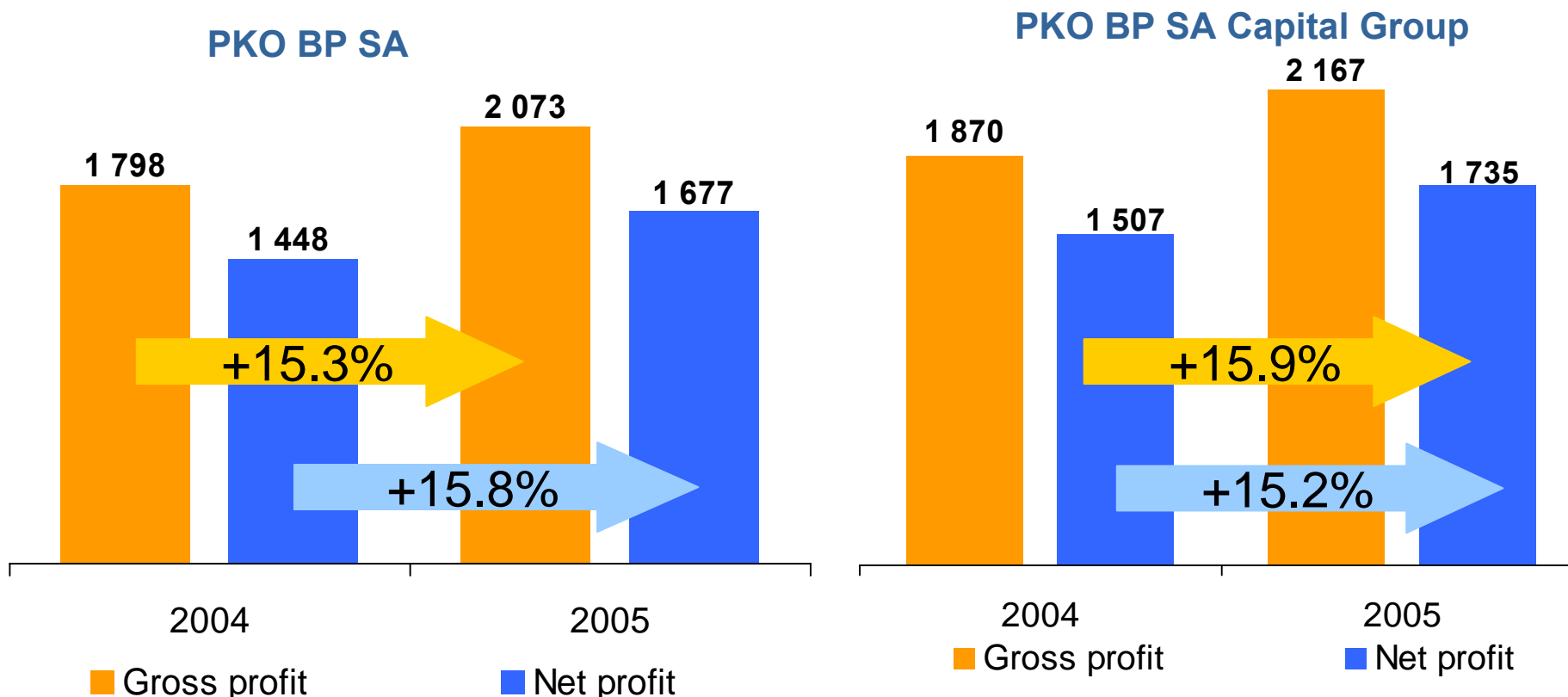
**First Deputy of the President
of the Management Board
PKO BP SA**

Financial results and efficiency of activity



ANOTHER VERY GOOD YEAR

Financial results of the Bank and the Capital Group

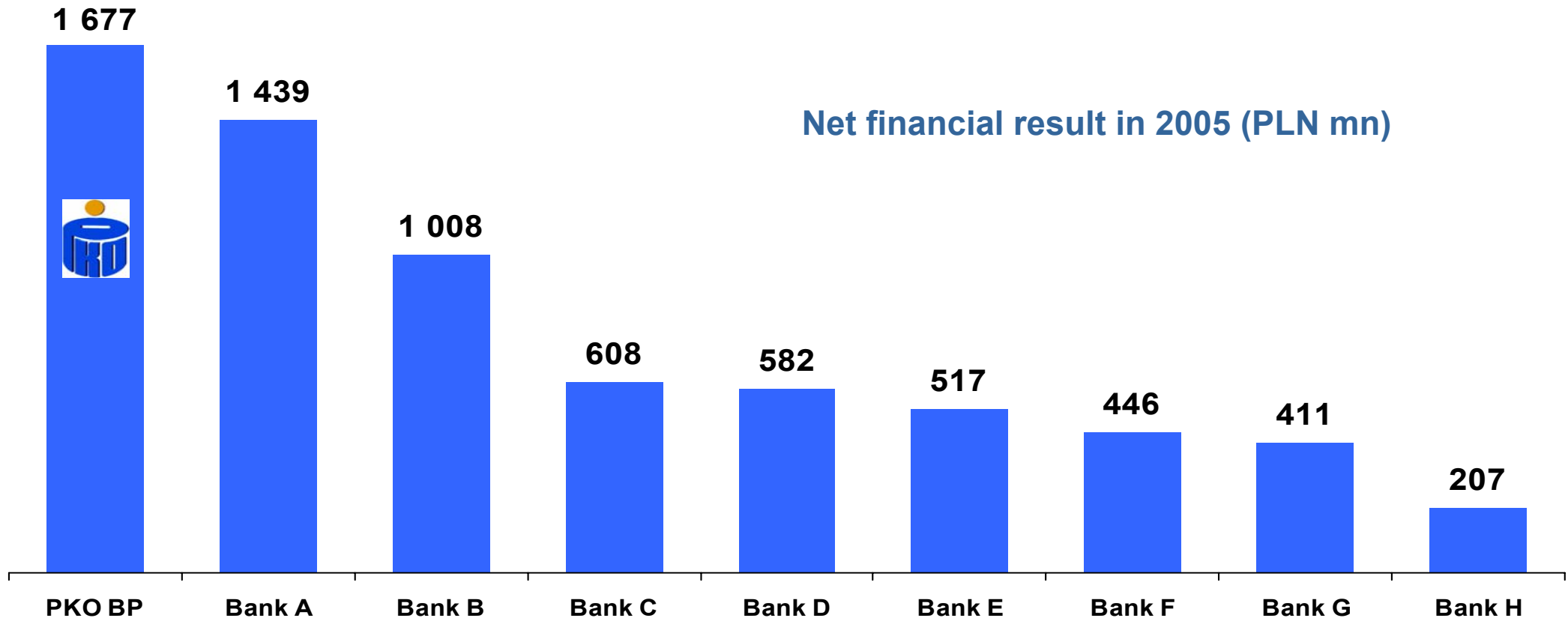


- In 2005 contribution of the Bank's net profit to the consolidated net profit reached 96.7%



BIGGEST IN SECTOR

Financial results of PKO BP and its peers



- Net financial result of PKO BP in 2005 was not only the best in its history, but also the best in the history of the entire sector
- In 2005 all banks improved their performance



SUBSTANTIAL IMPROVEMENT OF RESULTS IN 2005

	2005	2004	Change
Gross profit	2 073	1 798	+15.3%
Net profit	1 677	1 448	+15.8%
C/I	62.6%	65.4%	-2.8 pp.
ROE	19.0%	17.8%*	+1.2 pp.
ROA	1.9%	1.7%*	+0.2 pp.
Net fees and commission income/ overhead costs	364%	49.8%	-13.4 pp.

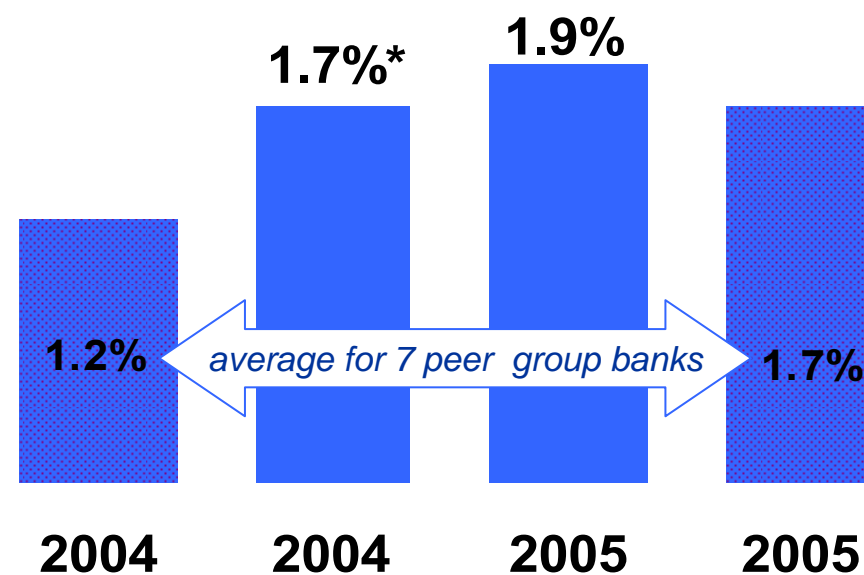
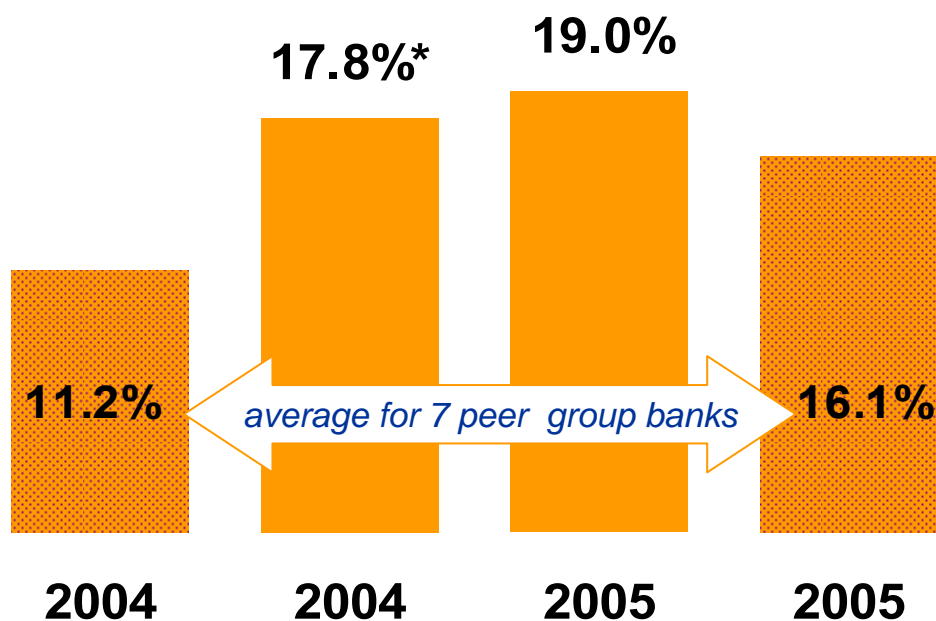
*) estimation in accordance with IAS



RETURN ON EQUITY AND RETURN ON ASSETS (1)

ROE_{net}

ROA_{net}



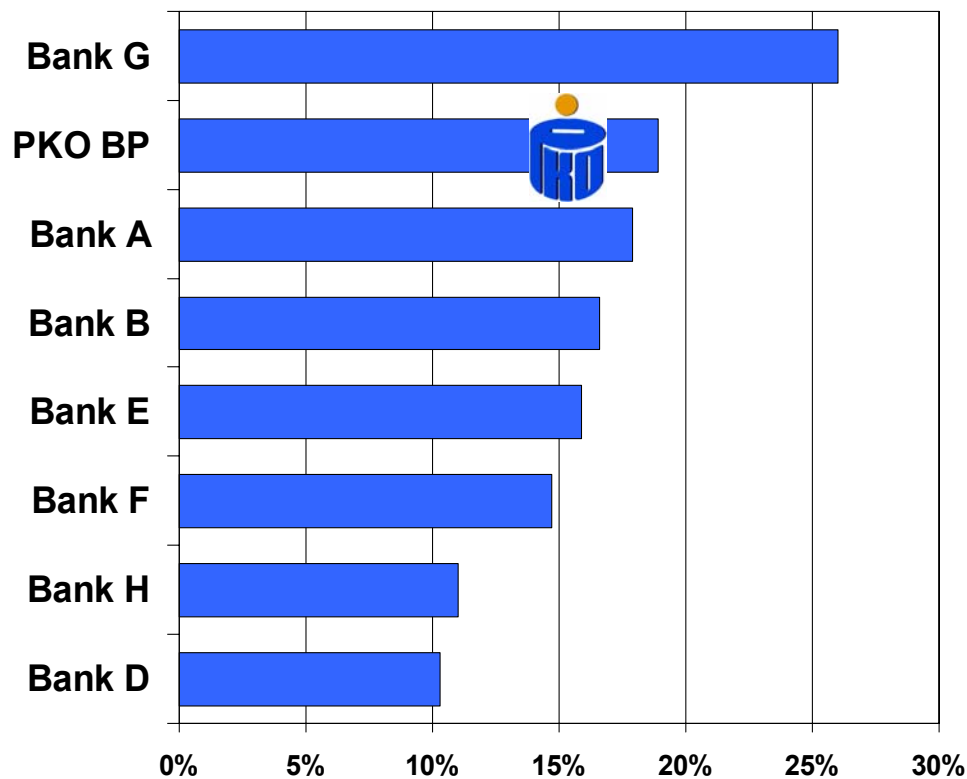
*) estimation in accordance with IAS

The Bank's return on assets and equity remain above average for its peer group competitors

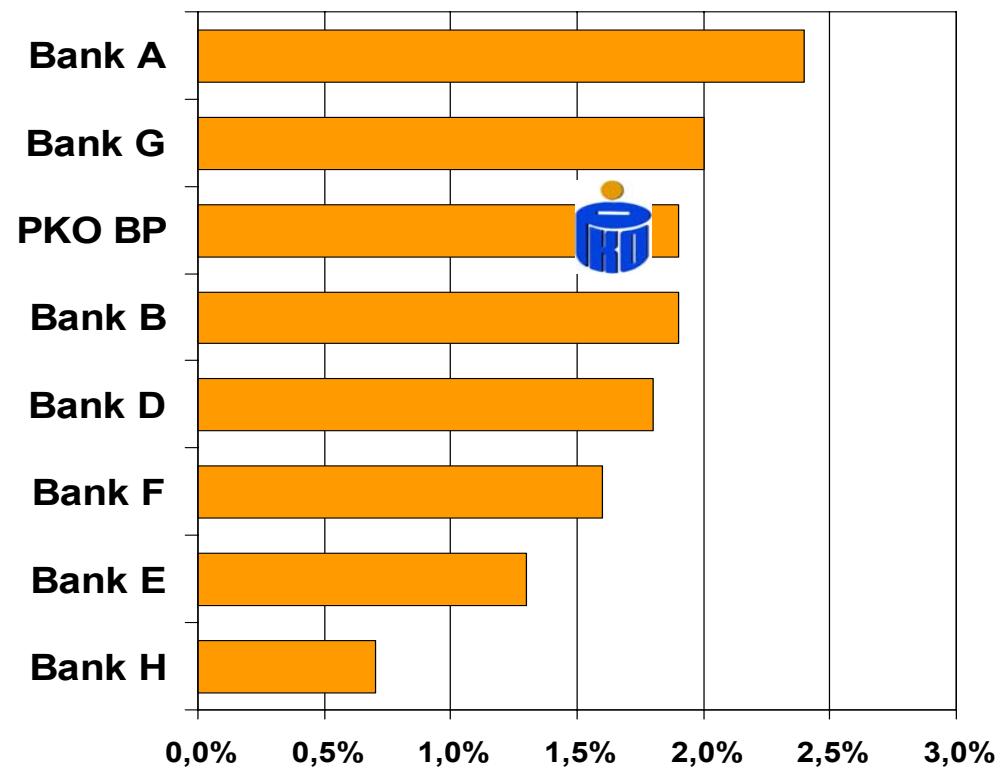


RETURN ON EQUITY AND RETURN ON ASSETS (2)

ROE_{net}



ROA_{net}



ROE and ROA achieved in 2005 rank the Bank second and third respectively among the largest banks



EFFECTIVENESS INDICATORS

C/I

62.6%

63.6%

PKO BP

Av for 7 peer banks

Fee and commission income to operating costs

53.2%

36.4%

PKO BP

Av for 7 peer banks

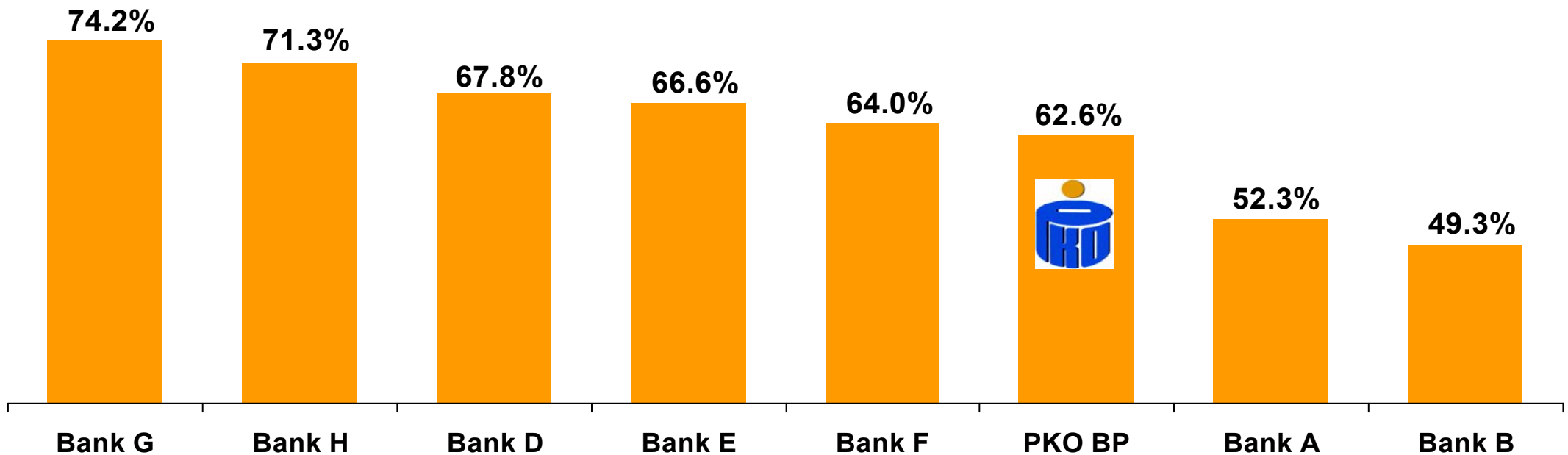
- In terms of C/I ratio the Bank ranks below average for its competitor banks
- As a result of implementation of ESP, fee and commission income reduced the relevant coverage ratio. Under conditions comparable to 2004, the ratio would have stood at 54.2%



C/I RATIO

PKO BP and its main competitors

C/I ratio in 2005

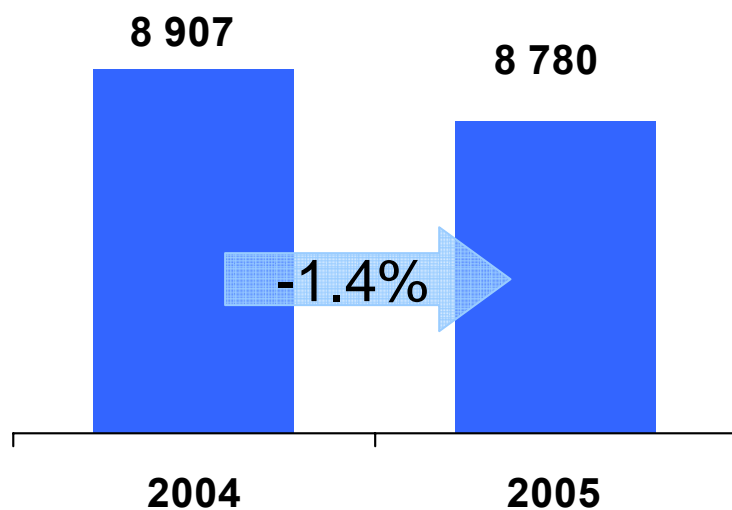


C/I ratio in 2005 puts PKO BP in the third position among its peer group banks

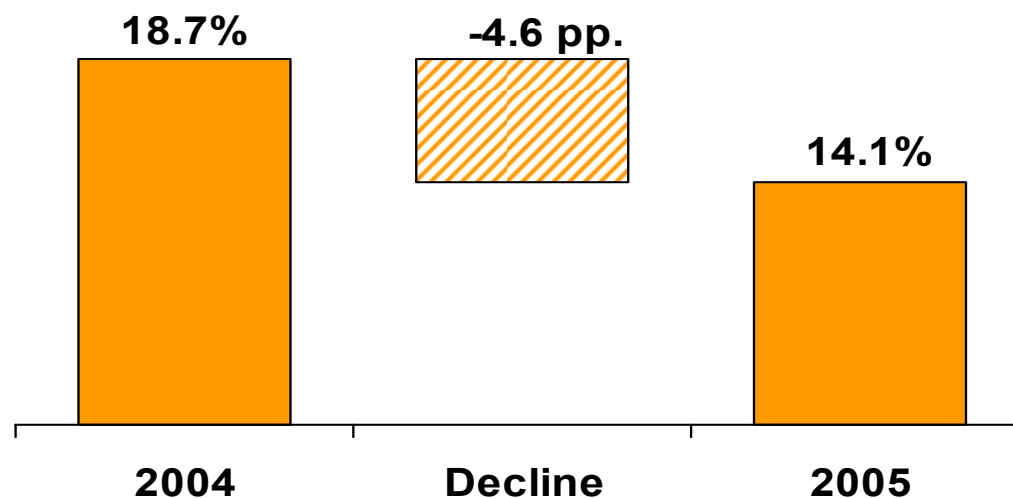


CAPITAL ADEQUACY

Equity capital funds



Capital adequacy ratio



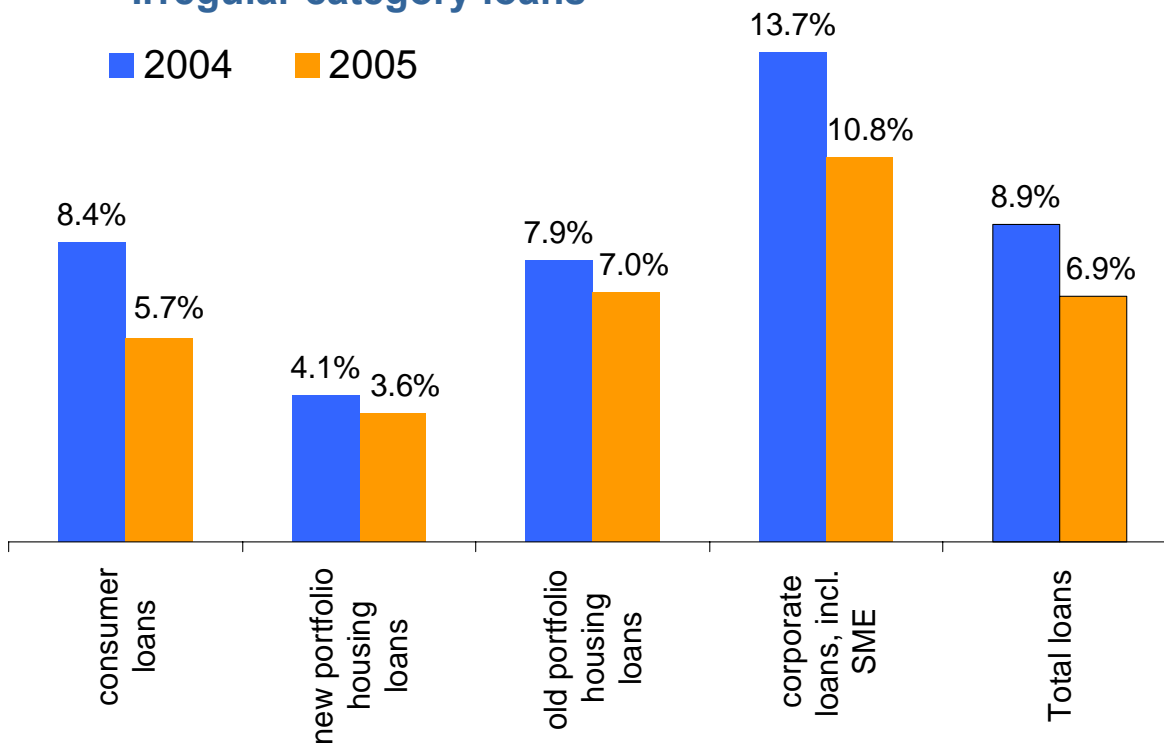
- Equity declined by PLN 127 mn, mainly because of dividend payment, reduction of the revaluation fund and IAS related adjustments
- Capital adequacy ratio declined as a result of:
 - reduction of equity capital funds, primarily due to in capital funds and increased exposure of the Bank's capital, reducing equity capital funds from calculation of the ratio
 - increase in total capital requirement as a result of expansion of the loan portfolio



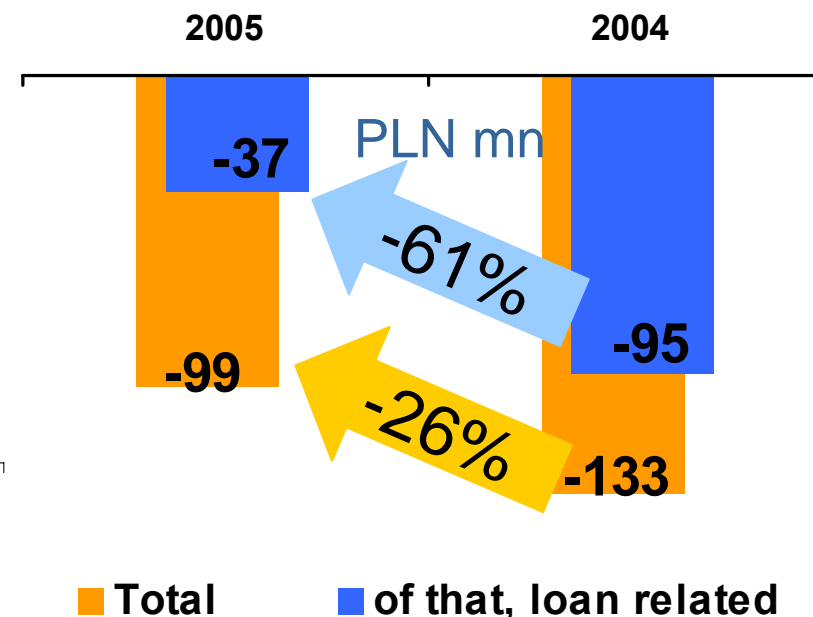
LOAN PORTFOLIO QUALITY

Irregular category loans *

■ 2004 ■ 2005



Net debt loss provisions

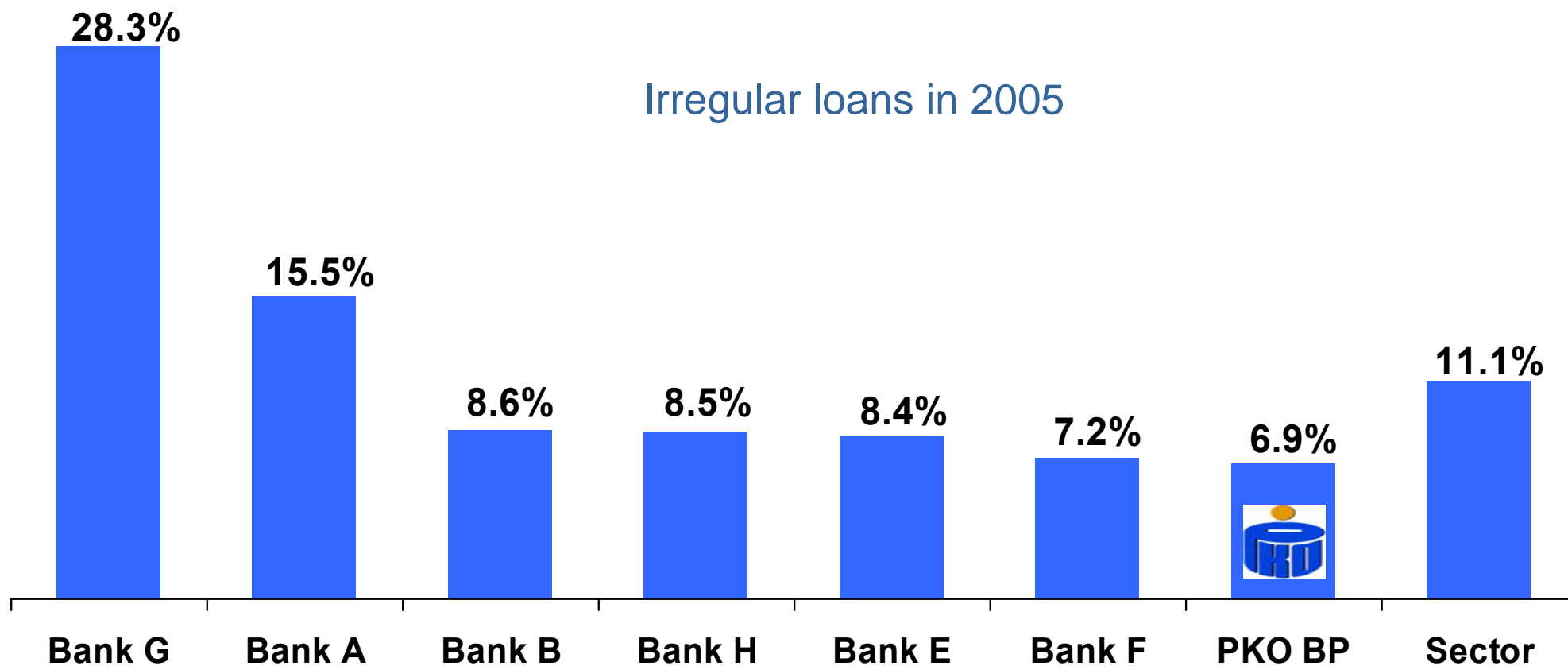


*) in accordance with NBP methodology

- Irregular loans category declined by 2.0 percentage points as a result of effective credit risk management
- Beneficial development of net debt value loss provisions was achieved through improvement in the loan portfolio quality and sale of a portfolio of irregular retail loan receivables



LOAN PORTFOLIO QUALITY PKO BP and its main competitors



PKO BP has maintained the lowest share of irregular loans in its loan portfolio. The Bank's loan portfolio quality is 4.2 percentage points higher than the banking sector average



PKO BP CAPITAL GROUP (1)

Asset management

Pension Fund



PKO BP holding: 100%

- Assets: PLN 2 749 mn
- No. 8 on the market ranked by both value of assets under management and number of accounts of OFE members
- **PLN 19.1 mn net profit**

Investment Funds



PKO TFI SA
Zarządzające Funduszami PKO/CREDIT SUISSE
PKO BP holding: 50%

- Value of assets under management: PLN 5 206 mn
- No. 4 by value of assets under management
- OPCC President agreement to takeover of control over the Company by PKO BP
- **PLN 30.7 mn net profit**

Other financial services

Internet Banking



PKO BP holding: 100%

- PKO BP internet banking platform
- 460,000 accounts
- Value of deposits: PLN 1 523 mn
- No. Of clients of the PKO Inteligo internet banking at the end of 2005: over 1.3 mn (No. 1 on the market)
- **PLN 26.5 mn net profit (2005/2004 growth of 198.6%)**

Electronic Payments



PKO BP holding: 100%

- Quantity of terminals: 29 557 (30% market share)
- Value of transactions in 2005: PLN 8.06 bn
- **PLN 8.7 mn net profit; in 2004 loss of PLN (1.6 mn)**

Leasing



PKO BP holding: 100%

- Value of leased assets: PLN 593 mn
- No. 13 on the market
- **PLN 2.8 ths net profit (2005/2004 growth of 82.3%)**



PKO BP CAPITAL GROUP (2)

Banking investments

Foreign banking activity



PKO BP holding: 69.018%

- Growth of loans: 56.7%,
- Growth of deposits: 56.0%
- In cooperation with PKO BP, the Bank developed its Expansion Strategy for the years 2005-2008: provides for dynamic development of retail banking
- **UAH 10.1 mn net profit, (PLN 6.5 mn) (2005/2004 growth of 161.4%)**

Polish banking market



PKO BP holding: 25% +1 share

- Decline of loans: 0.6%
- Decline of deposits: 25.6%
- The Bank cooperates with the Polish Postal Service, a network of 8 000 outlets
- LOI on cooperation between the Polish Postal Service and PKO BP signed in July 2005
- **PLN 25.0 mn net profit (2005/2004 growth of 131.8%)**

Other

Real estate market



PKO Inwestycje

PKO BP holding: 100%

- The PKO Inwestycje Capital Group has implemented a number of real estate development projects, the main ones including:
- In Warsaw – Marina Mokotów, Nowy Wilanów
- In Gdansk-Gdyna-Sopot – Trzy Gracje, Neptun Park
- UKRPOLINWESTYCJE subsidy formed, prospects the Ukrainian real estate development market
- **PLN 20.8 mn net profit (20-fold growth on 2004)**