



NEW OPENING – A New Strategy of PKO Bank Polski

Rafał Juszczak
Chief Executive Officer

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PKO BP targets to be top 1 bank in Poland

Full use of competitive edges...

Unique distribution network
1250 branches + 2300 agencies

Largest customer base
more than 6 mln retail accounts

Trustworthy brand
For 77% of the population

... will help in achieving the targets

1

**Growth rates above the market
in the most profitable segments
and products**

• **Market leader position**

2

**Increase of average customer
profitability**

• **Significant growth of
profit**

3

**Use of unique competitive
edges**

• **Customers acquisition
without drop of
margins**

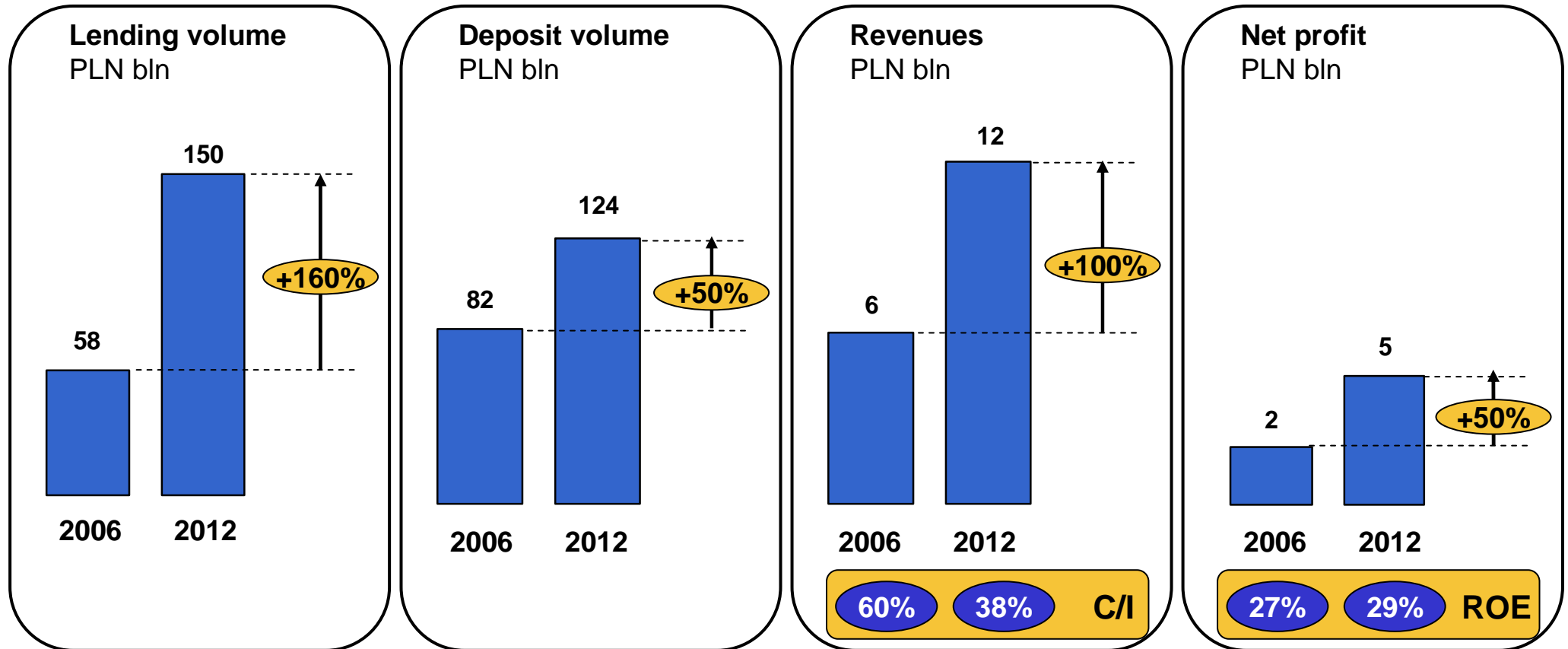
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Rise in return on capital

• **Corporate banking –
a source of additional
income**



Financial results are expected to keep growing



- Fast growth in terms of product volume
- Efficient cost management will result in a radical decline of cost / income ratio
- Increase of volume will more than compensate decline of margins
- Return on capital will increase further from its already high level



PKO BP is implementing a comprehensive strategy in retail banking

RETAIL BANKING

Directions	Objectives	Actions
# 1 Increase profitability	<ul style="list-style-type: none">• Cross sell – 3.0 products per customer (+50%)• Revenues per client of PLN 1,380 (+82%)	<ul style="list-style-type: none">• Cross-selling, followed by algorithmic sale pre-approved• Sales machine with clearly defined responsibilities, sales targets and incentive system• Changes in customer coverage model• New branch outlook• Development of Consumer Finance product factory with specialist approach to product development, marketing and risk• Development of effective product factory for investments products• Increased effectiveness in mass customer segment• Migration to cheaper service channels• Back office improvements• Improvement in service model,• Bundled offer development• Significant changes in risk processes• Implementation of scoring
# 2 Increase market shares	<ul style="list-style-type: none">• 35% in consumer finance (+17 p.p.)• 25% in credit cards (+17 p.p.)• 35% in mortgage loans (+2 p.p.)• 30% in mutual funds (+22 p.p.)	
# 3 Improved service quality	<ul style="list-style-type: none">• 1600 mass customers per RM (+45%)• Weekly sales per RM:<ul style="list-style-type: none">• Mass market: 10 (+59%)• Affluent market: 10 (+122%)• Cut of customer waiting time to max 5 min (-58%)	

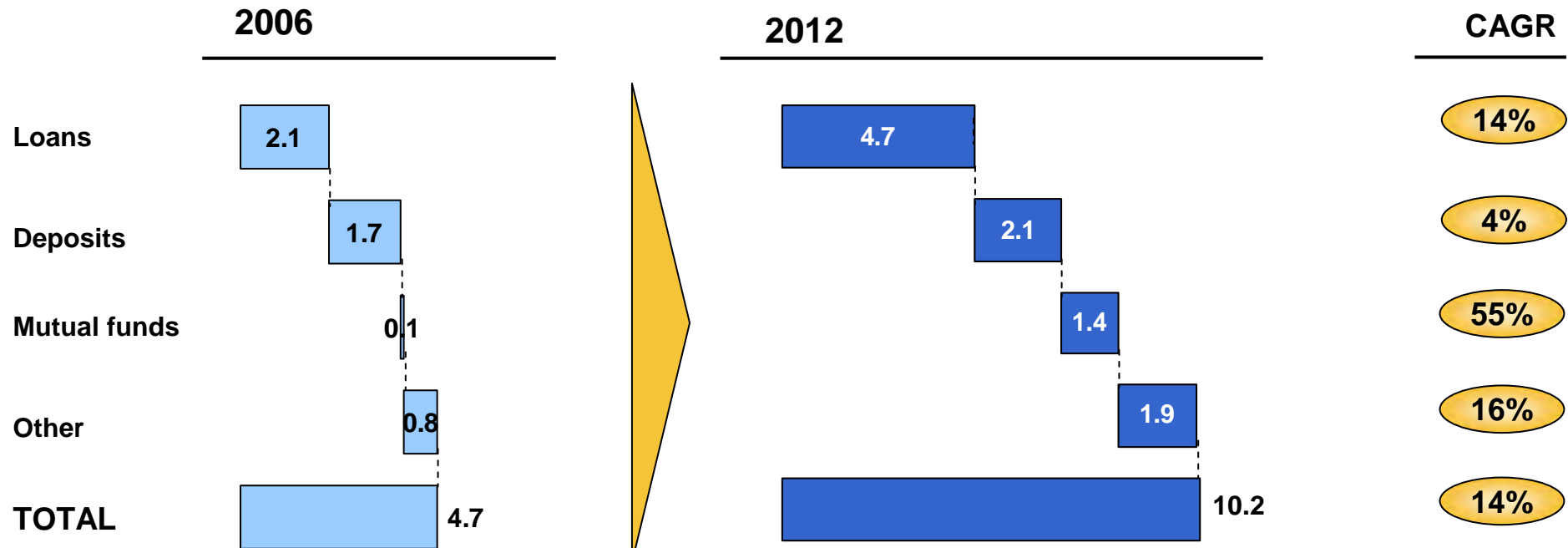


And targets to keep its leader position in major products...

RETAIL BANKING

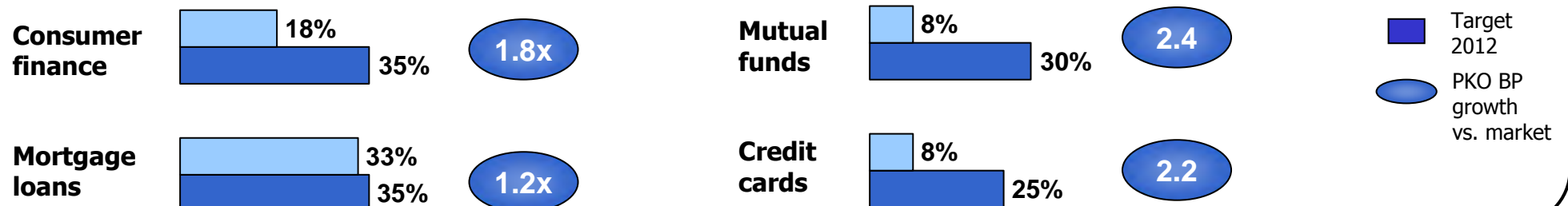
Income – revenues less cost of financing – by products

PLN bln



Market share

%

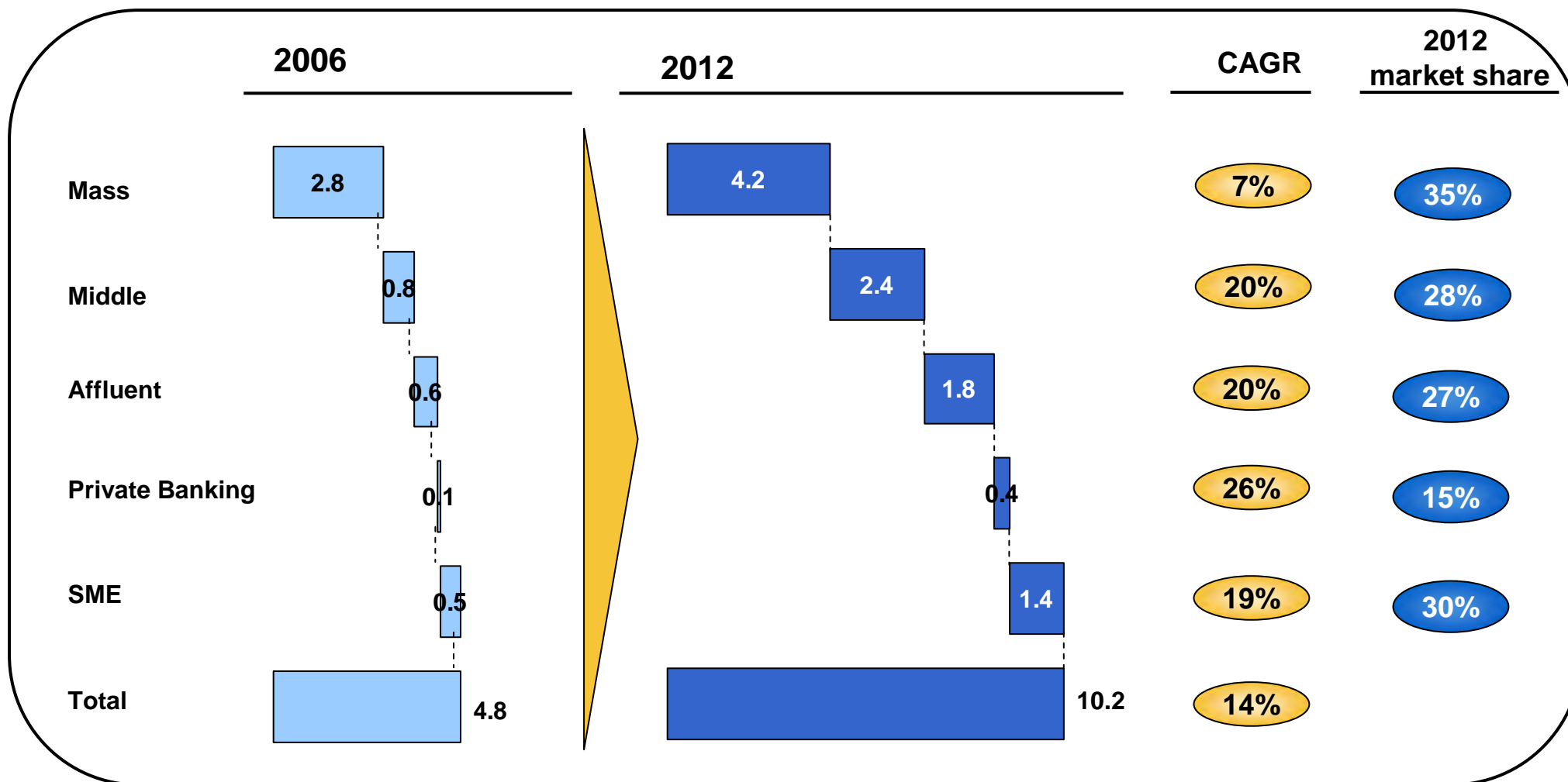




... as well as customer segments

RETAIL BANKING

Income – revenues less cost of financing – by segment
PLN bln





PKO BP goal is also to be a strong and profitable corporate bank

CORPORATE BANKING

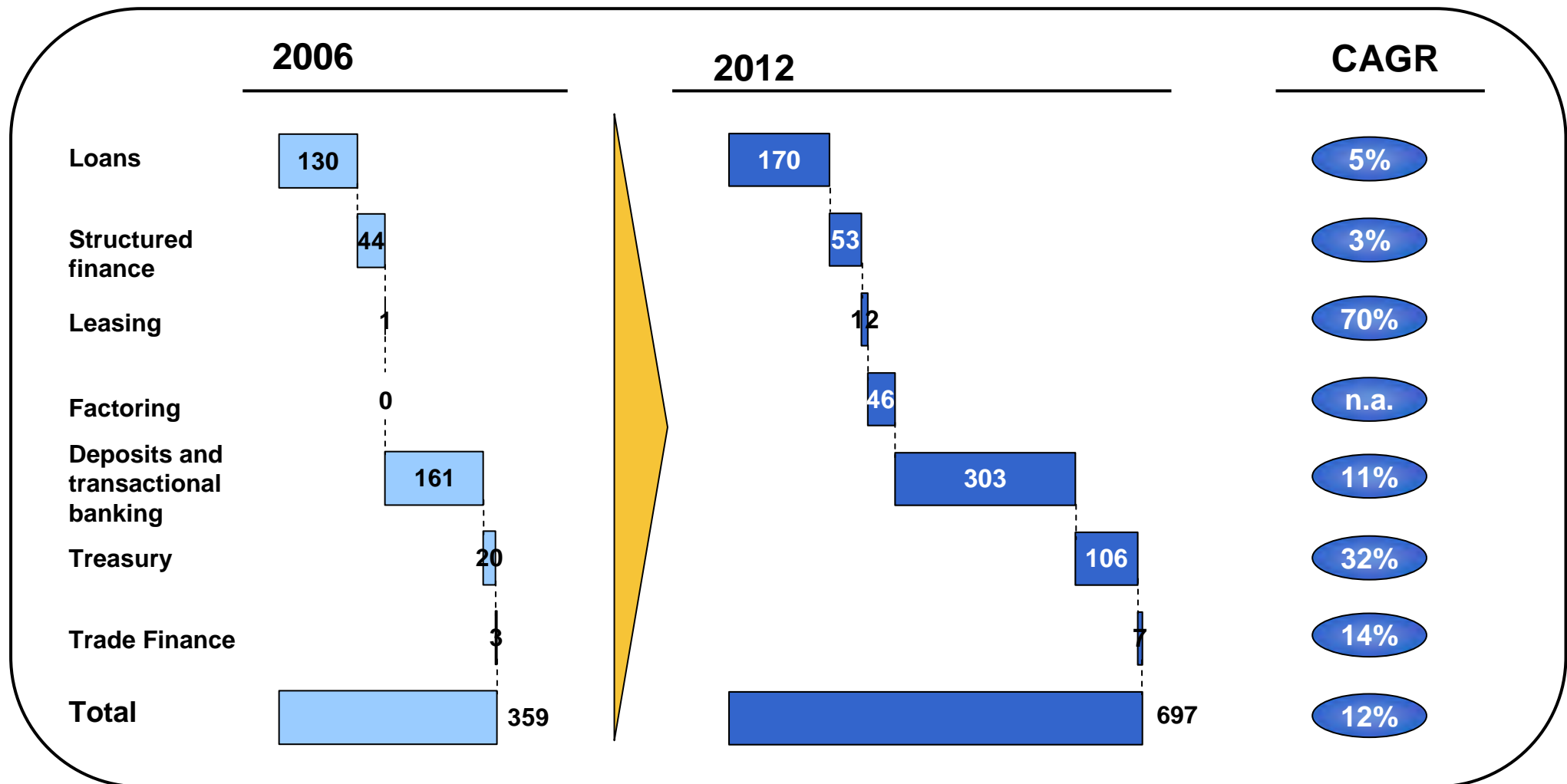
Directions	Objectives	Actions
# 1 Acquisition of new Public Sector Customers	<ul style="list-style-type: none">• Strong and profitable corporate bank• Leading market share• Profitability increase	<ul style="list-style-type: none">• Customer acquisition based on current best practices• PKO BP as "bank of first choice"
# 2 New customer coverage model		<ul style="list-style-type: none">• New customer segmentation• Clear split of front / back office functions• Improvement of credit process (simplification and work-flow system introduction)
# 3 A comprehensive product offer		<ul style="list-style-type: none">• Development of internet banking platform and factoring, cash management products• Intensive product trainings for RMs
# 4 New effective sales, planning and monitoring processes		<ul style="list-style-type: none">• Customer revenue forecasting and planning• A CRM system introduction• Individual training development• New incentive scheme and sales planning
# 5 Enhanced cross-sell processes		<ul style="list-style-type: none">• Development of detailed cross-selling initiatives



Non-lending products will bring the largest income growth

CORPORATE BANKING & TREASURY

Income – revenues less cost of financing – by products
PLN bln



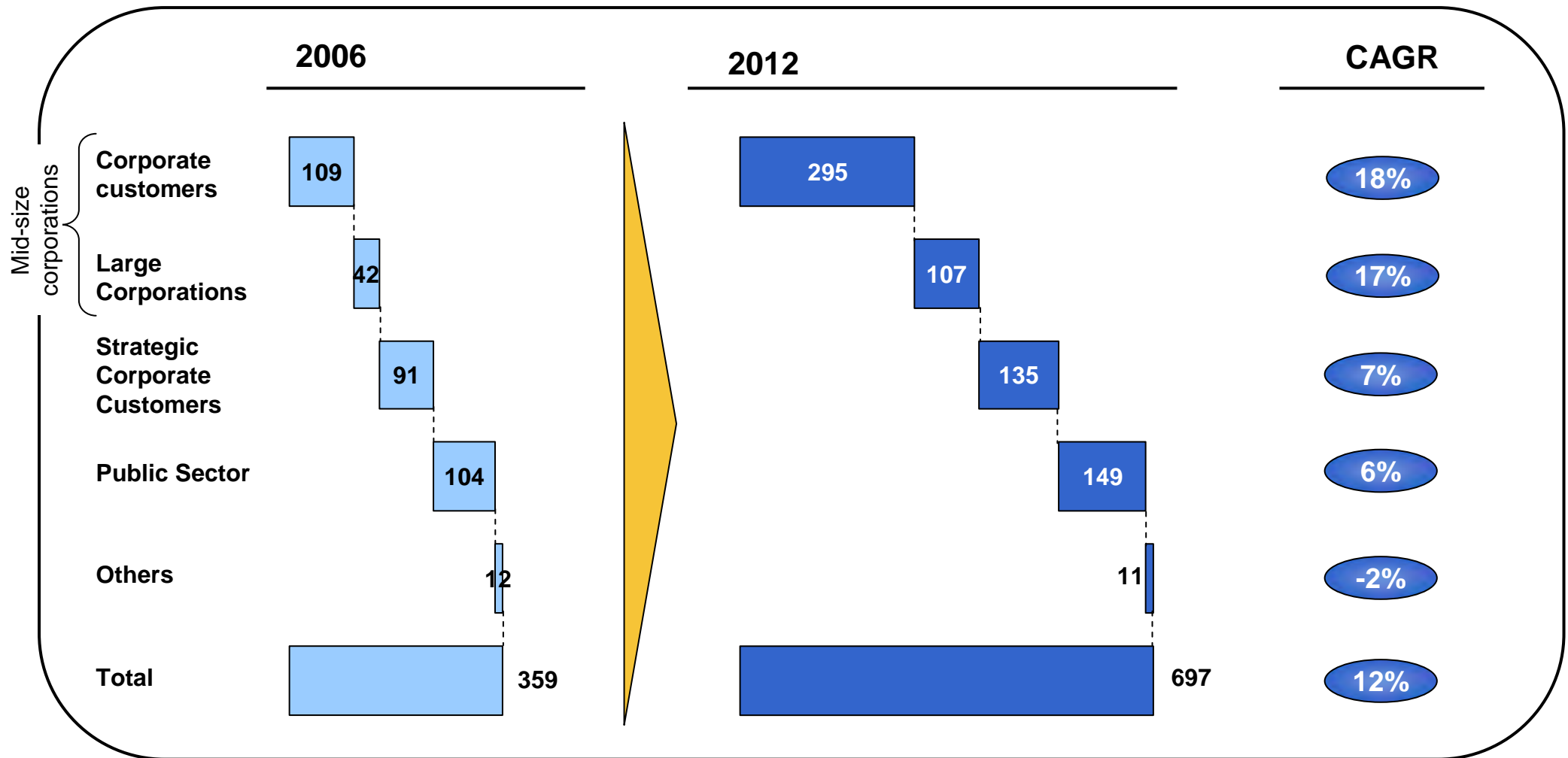


Majority of income will be generated by mid-size corporations

CORPORATE BANKING & TREASURY

Income – revenues less cost of financing – by segment

PLN bln





New strategy assumes development of the whole PKO BP Group

Integrated and complete product offer in the sales network

PKO BP Group



inteligo

- Platform of client migration to direct channels



- Product offer development
- Target of 25-30% market share



- Synergy with Polish Post and Postal Bank



PKO BP expansion in Ukraine

Know-how transfer onto the Ukrainian market



Build a new business line for retail lending

Organic development based on Kredobank



PKO BP is already heavily engaged in the implementation...

Directions	Objectives	Actions
Growth rates above the market	<ul style="list-style-type: none">• Market leader position	<ul style="list-style-type: none">• Sales intensification – pilot effect: sales increased by 40%• New service model for middle and affluent customers – implementation on the beginning of 2008• Brand revitalization
Increase of customer profitability	<ul style="list-style-type: none">• Profit growth	<ul style="list-style-type: none">• Consumer finance factory – monthly sales of a new product (MAX loan) above PLN 400 mln• Investment products factory – very first place in new sales
Use of competitive edges	<ul style="list-style-type: none">• Growth without drop of margins	<ul style="list-style-type: none">• Mass market service improvement – procedures to be simplified i migration of the customers from branches to remote channels• New SME service model – implementation on the beginning of 2008
Rise in return on capital	<ul style="list-style-type: none">• Corporate banking – a source of additional income	<ul style="list-style-type: none">• Mid-size corporations – lunch of new transactional banking service as well as a dedicated centre of excellence• Treasury – new product development• New incentive scheme (MbO) on the way



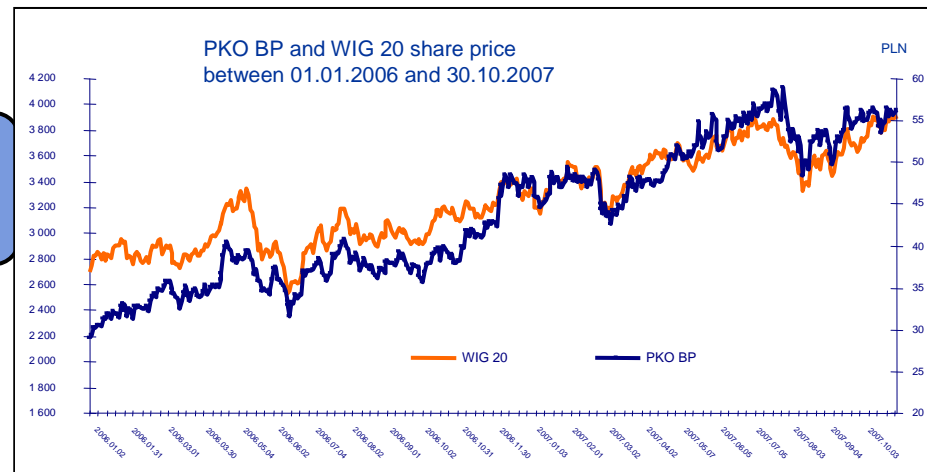
Recent achievements

Good performance results in positive feedback from the market

- A title of the best internet bank for Inteligo by Polish edition of 'Newsweek'
- Title of Primary Market Leader – PKO BP IPOed the largest number of companies in 2007
- Emblem „Poland: Now” (Teraz Polska) granted
- Premium Brand by the Forbes
- European Medal award for a corporate lending product (Szybki Limit Kredytowy) by BCC and UKIE
- First rank among the most valuable companies by Polish edition of 'Newsweek'

- Aa2 rating for local currency deposits reflected dominant market position in retail banking, sound financial results, high profitability, positive liquidity
- Successful corporate bond issue for a value of PLN 16 bln in 100% placed on a domestic capital market
- ISO certificate for security management system
- Good progress in IT system migration – more than 1 mln of customer accounts already on the new platform Alnova
- Positive reactions to the new strategy of Kredobank a subsidiary in Ukraine

Prizes

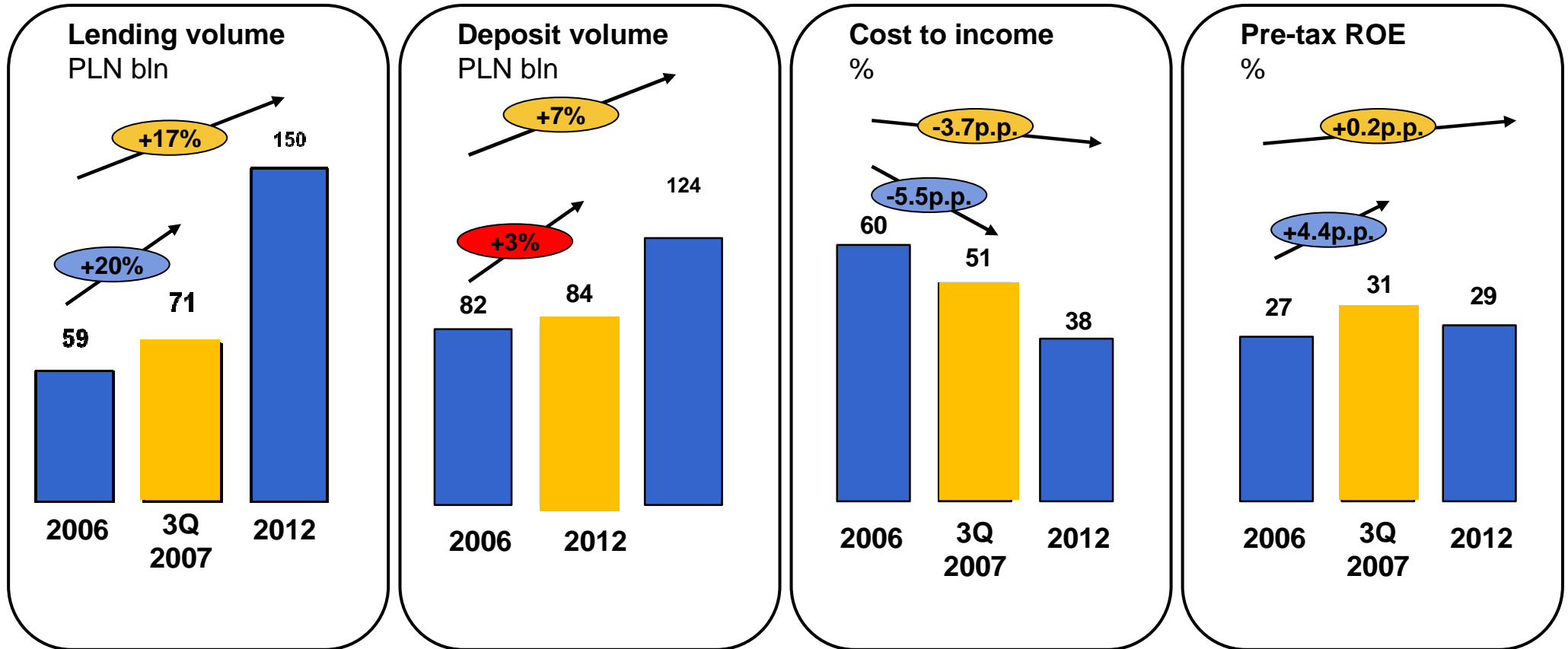


Business



...and is on the track to reach 2012 targets

CAGR



- The bank is on the track to exceed 2012 lending volume target
- The pace of cost reduction is higher than expected
- Pre-tax ROE already exceeded the target level
- Only the growth rate of deposits does not meet the expectations