



PKO Bank Polski Results 1H 2009

Warsaw, 27 August 2009



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In Q2 2009:

- consolidated net profit at level of PLN 610 mn (increase by 12.8% QoQ)
- standalone net profit at level of PLN 708 mn (increase by 21.9% QoQ)

In 1H 2009:

- increase of PKO BP Group net assets by 20.9% YoY
- consolidated net profit at level of PLN 1 151 mn (decrease by 37.8% YoY)
- standalone net profit at level of PLN 1 289 mn (decrease by 29.4% YoY)

Basic financial indicators of PKO BP Group:

- as at end of H1 2009 ROE and ROA ratios at level of 18.0% and 1.9% respectively
- in H1 2009 cost to income ratio stood at 47.9%
- capital adequacy ratio as at end of 1H2009 at level of 11.2%



HIGHLIGHTS

		1H 2008	1H 2009	Change
Net profit	PLN mn	1 848	1 151	-37.8%
Result on business activity	PLN mn	4 522	4 335	-4.1%
ROE - net	%	30.0	18.0	-12.1 pp.
Gross profit	PLN mn	2 351	1 495	-36.4%
C/I	%	44.5	47.9	+3.4 pp.
C/I (Bank)	%	43.1	46.5	+3.4 pp.
Outstanding loans (Bank)*	PLN mn	85 740	108 287	+26.3%
Deposits of customers ** (Bank)	PLN mn	90 570	111 652	+23.3%
Assets	PLN mn	117 623	142 259	+20.9%

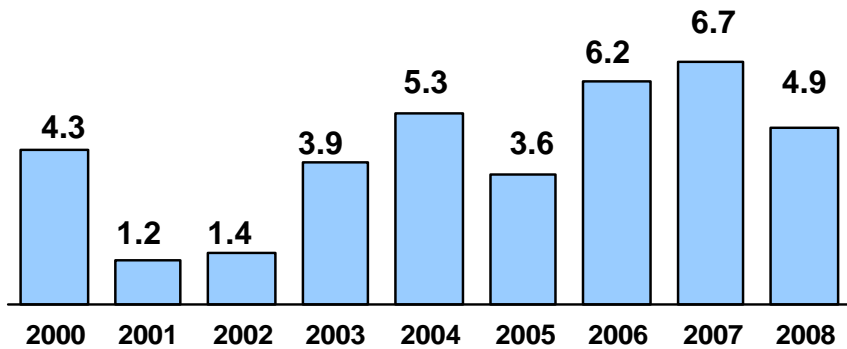


MACROECONOMIC ENVIRONMENT

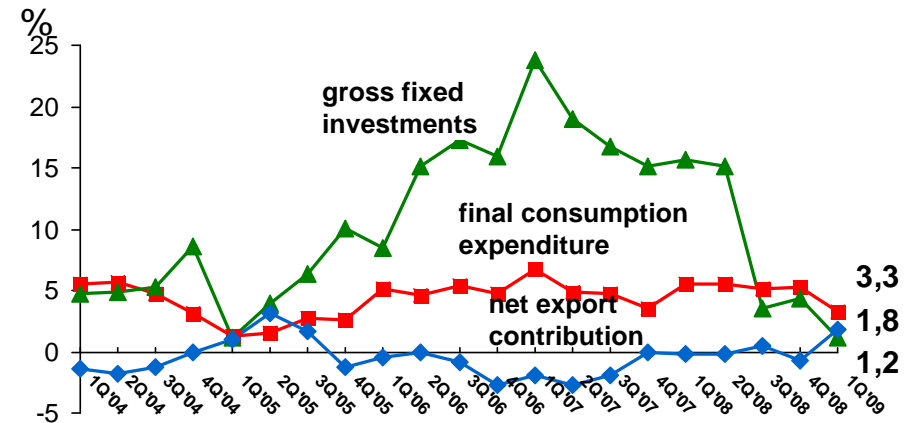
Slowdown in economic growth, lower risk of recession in Poland

GDP growth rate

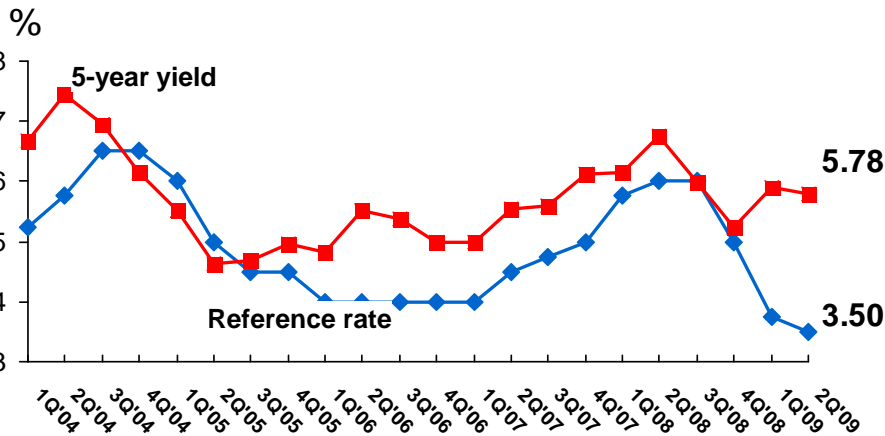
%



GDP - decomposition



Interest rates



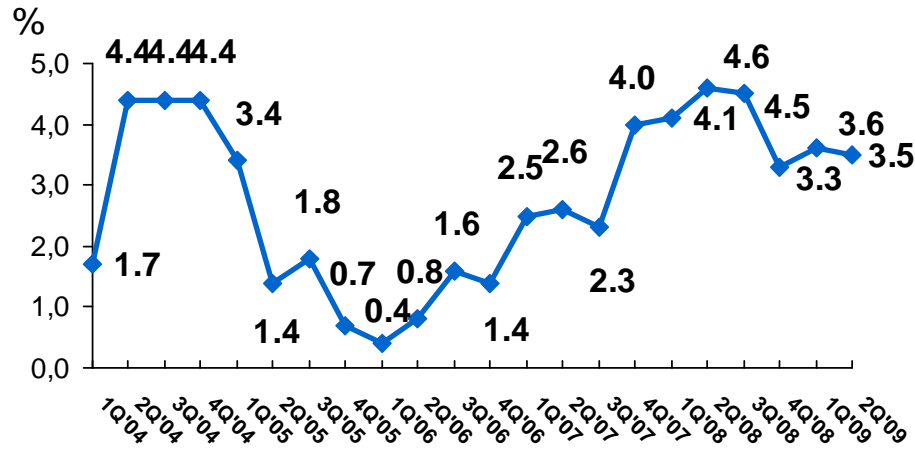
- World economy: lower risks of deeper recession (comparing to the beginning of 2009). Gradual stabilization in the global financial sector
- Substantial slowdown in domestic GDP growth in 1H 2009 as a result of: sharp inventory drop, slump in foreign trade, further slowdown in fixed investments and households expenditures
- NBP interest rate cut by 25 bp to the level of 3.50% for the NBP reference rate due to worsening economic outlook



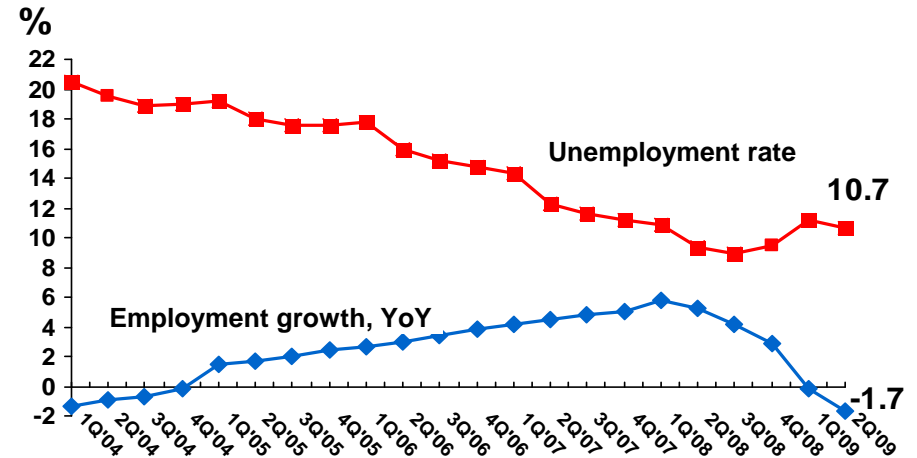
MACROECONOMIC ENVIRONMENT

Stabilization in inflation rate, worsening labour market conditions

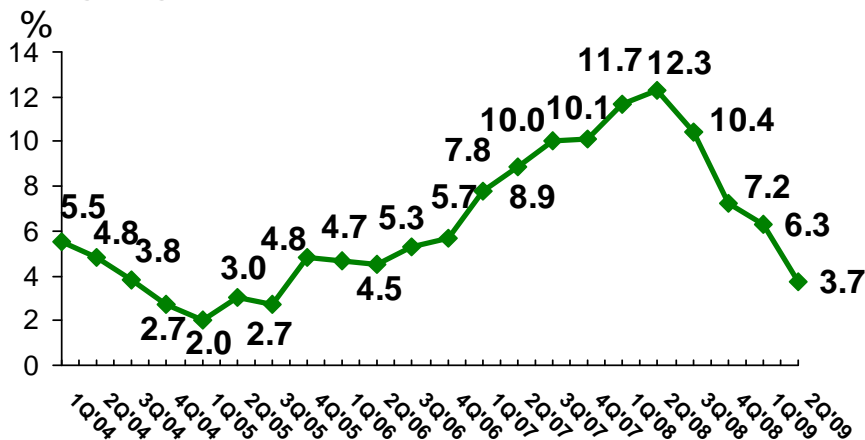
Inflation rate



Labour market



Wages growth



- Worsening labour market conditions due to slower economic growth: further decrease in employment, smaller than seasonal decline in unemployment rate, weaker wage growth
- Strong growth in fuel prices, delayed effects of depreciation of the zloty and increase in administered prices limited the decline in inflation rate despite of slowing consumption demand as a consequence of falling households income

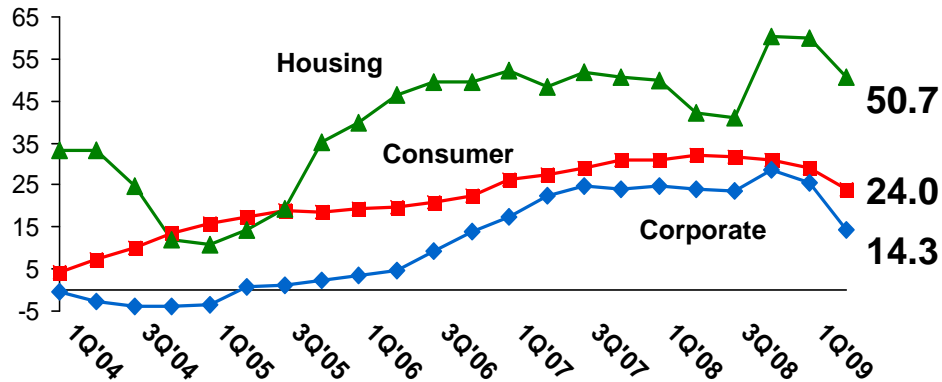


FINANCIAL SECTOR DEVELOPMENT

Weaker loan growth, increased competition on the deposit market

Loan growth rates

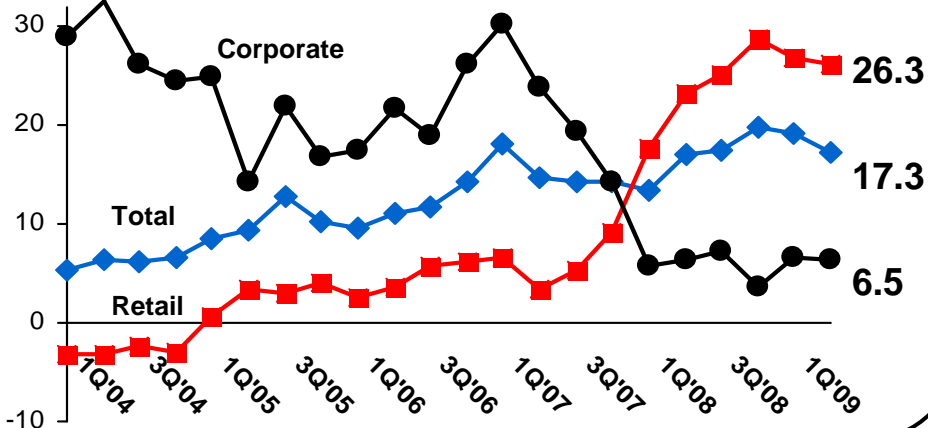
YoY, %



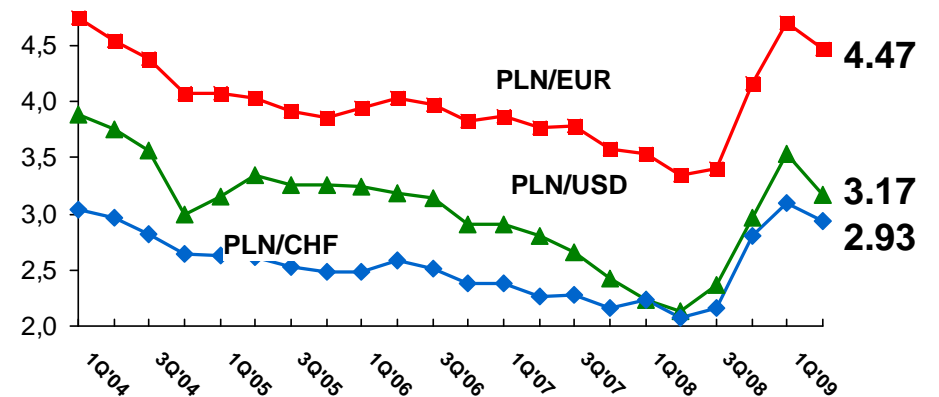
- Gradual stabilization on interbank market – fall of spread between interbank interest rates and NBP reference rate
- Appreciation of the zloty after strong depreciation at the end of 2008 and in 1Q 2009
- Decrease in credit growth (especially for corporate sector) due to more restrictive lending policy of the banks and weaker credit demand
- Increased competition for deposits among banks due to limited access to wholesale funding

Deposit growth rates

YoY, %



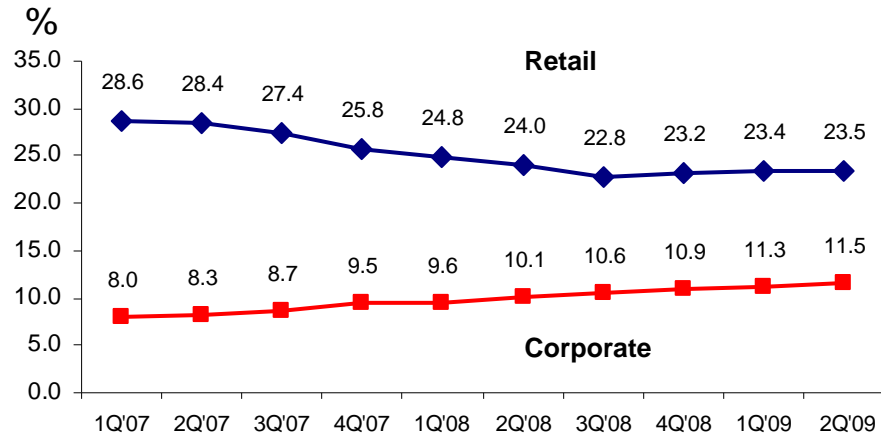
PLN exchange rates



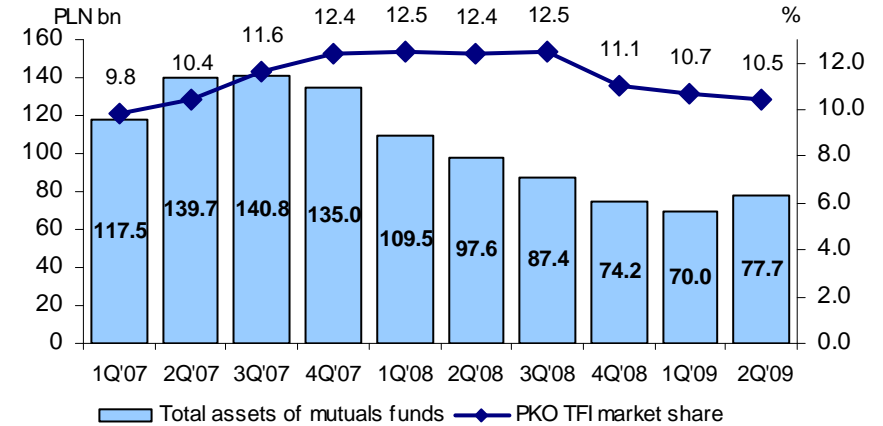


PKO BP MARKET SHARE

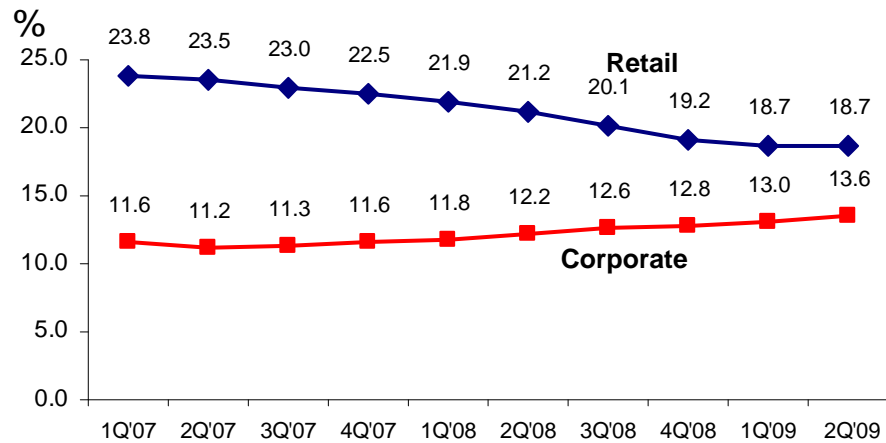
Deposits market share



Mutual funds market share



Loans market share



In 1H 2009:

- increased PKO BP market share in corporate and retail deposits
- increased Bank's market share in corporate loans accompanied by decrease of market share in retail loans
- decreased PKO TFI share in total assets of mutual funds

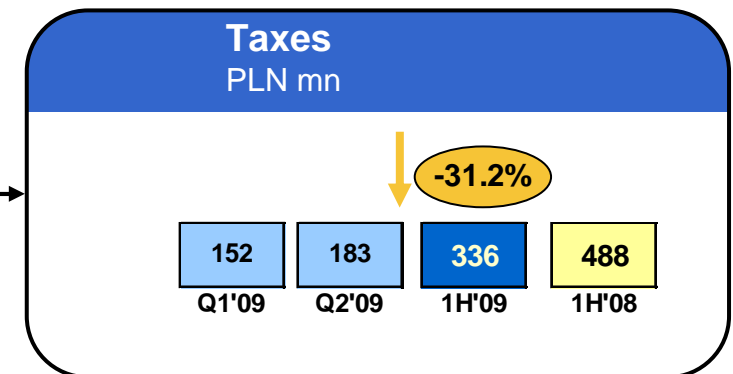
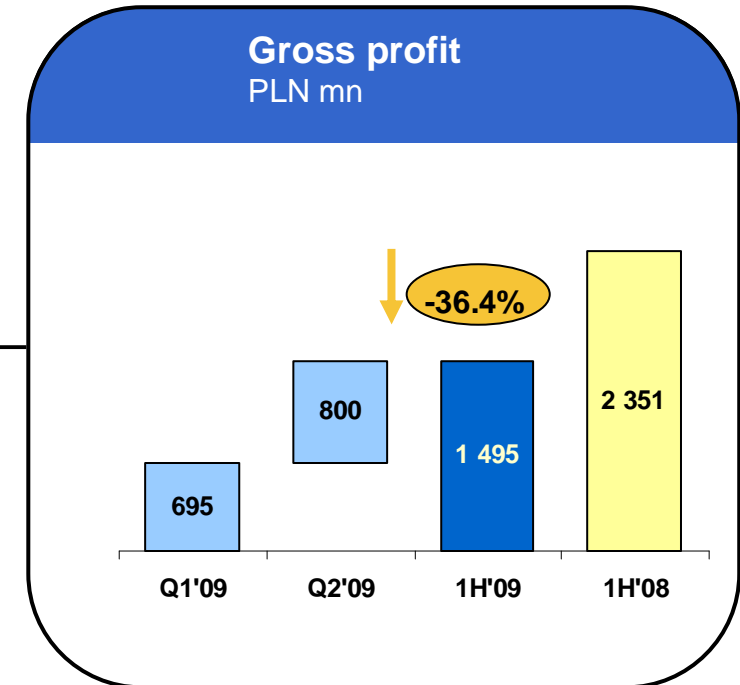
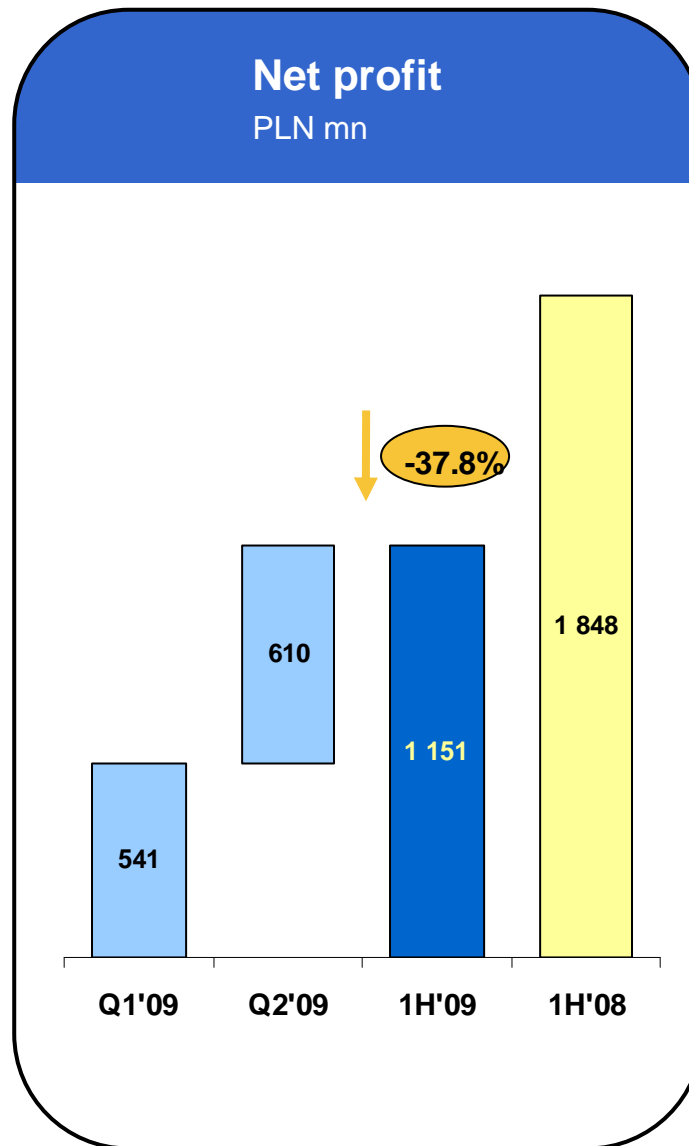


FINANCIAL RESULTS – PROFITS

Consolidated

... YoY change

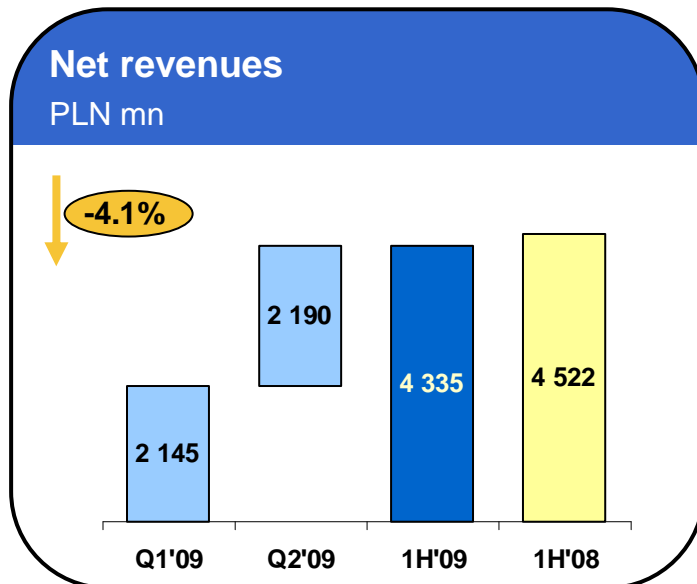
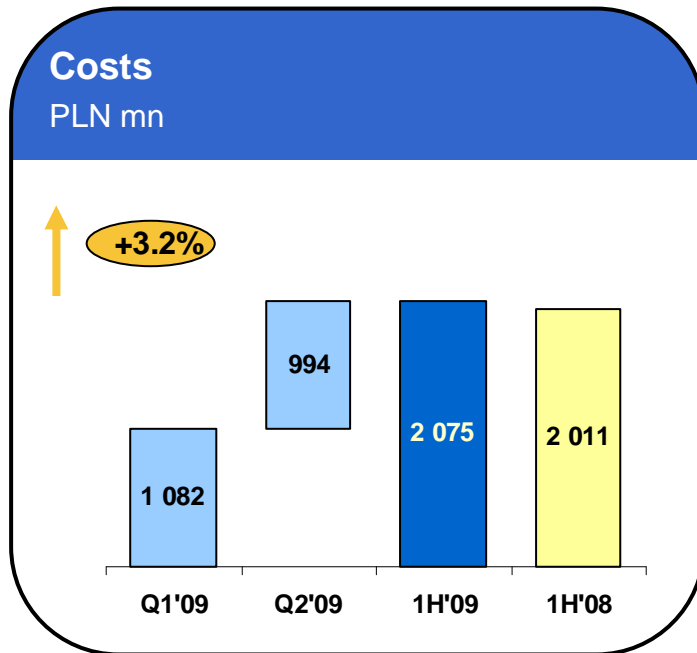
- In 1H 2009 consolidated net profit at level of PLN 1,151 mn (-37.8% YoY)
- In Q2 2009, PKO BP Group achieved net profit amounts of PLN 610 mn (+12.8 QoQ)



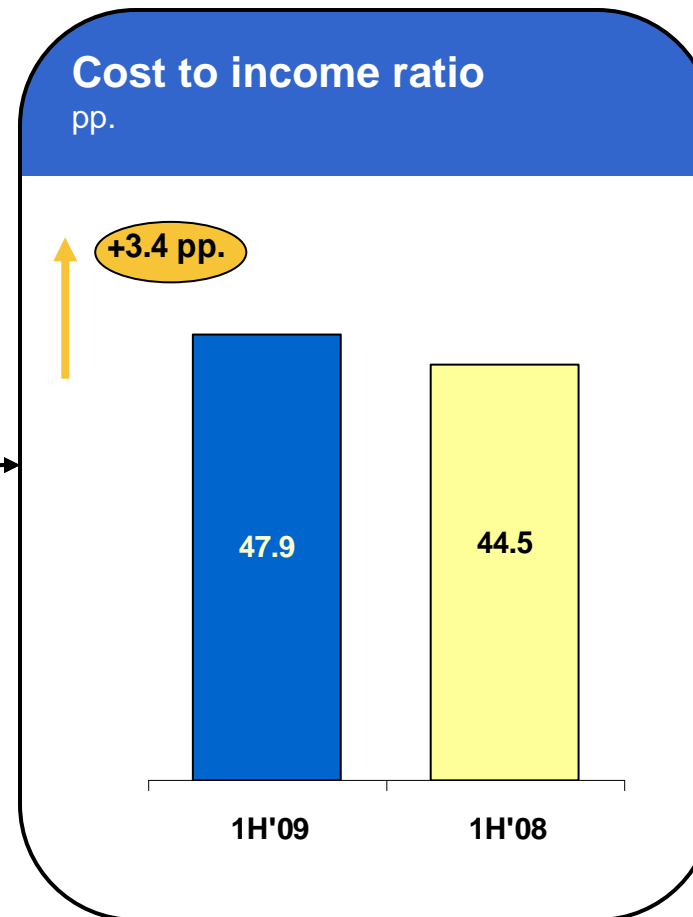
FINANCIAL RESULTS – REVENUES AND COSTS

Consolidated

... YoY change



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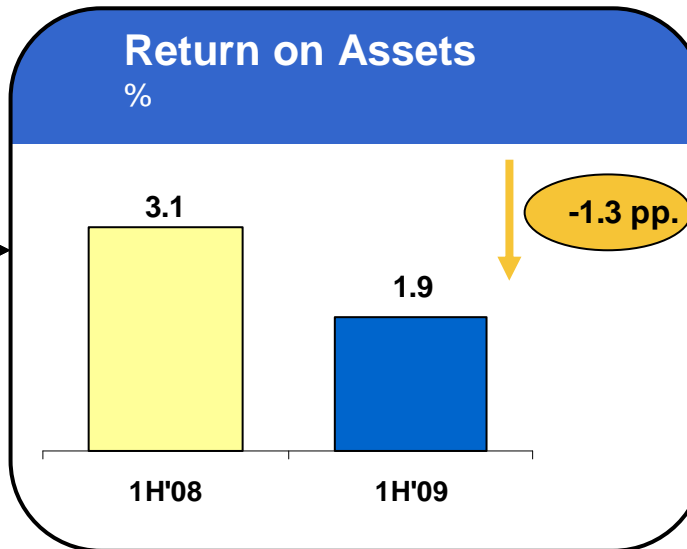
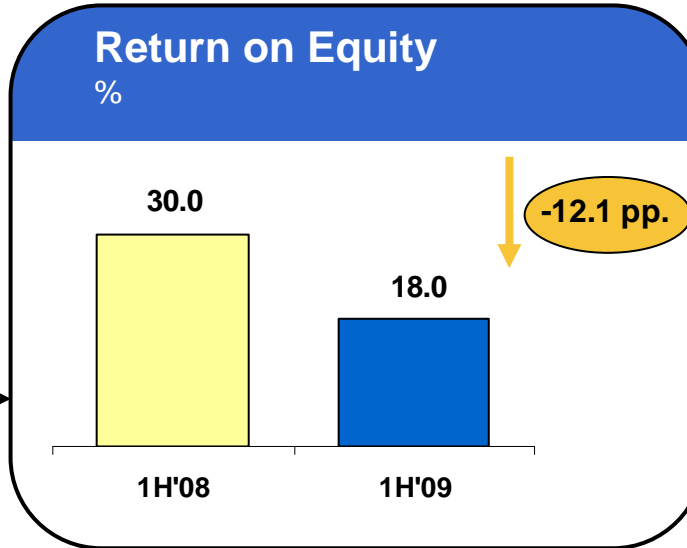
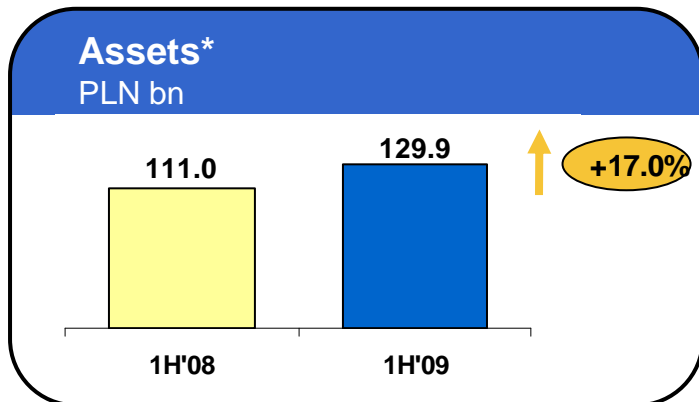
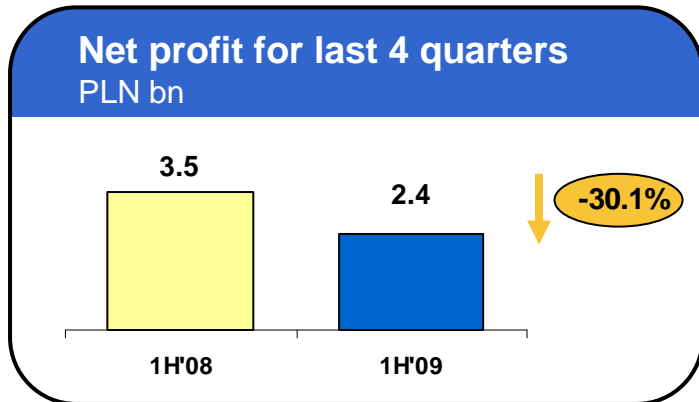
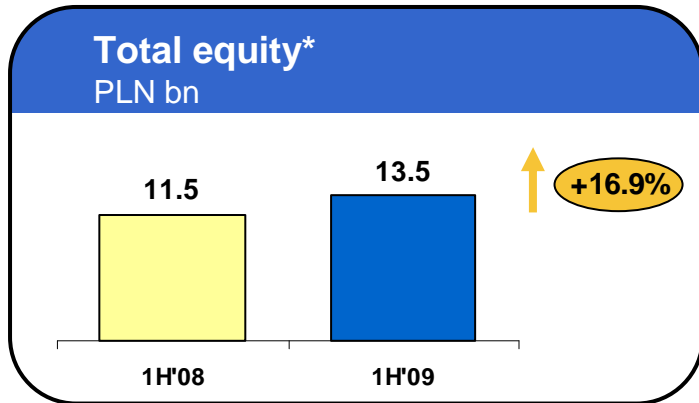
- Increase of C/I ratio by 3.4 pp. YoY to 47.8% due to growth of costs by 3.2% YoY accompanied by decrease of revenues from business activity by 4.1% YoY



PROFITABILITY

Consolidated

... YoY change



- Drop of net profit accompanied by growth of average equity and assets is the reason for the decrease of ROE and ROA ratios



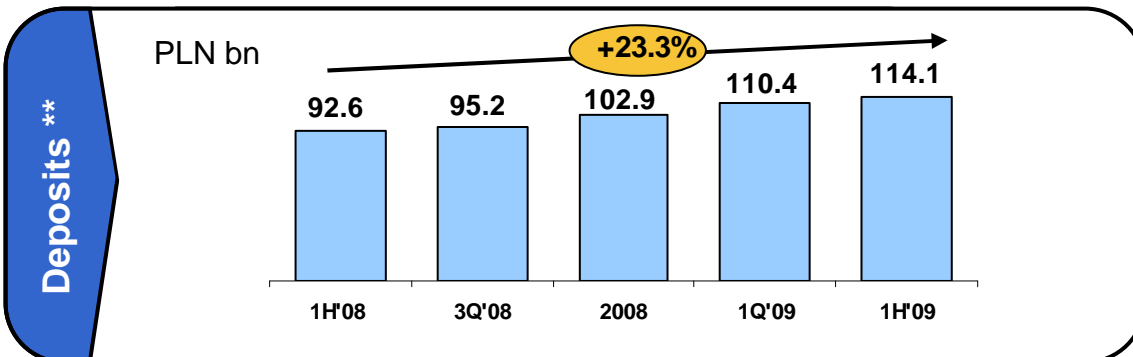
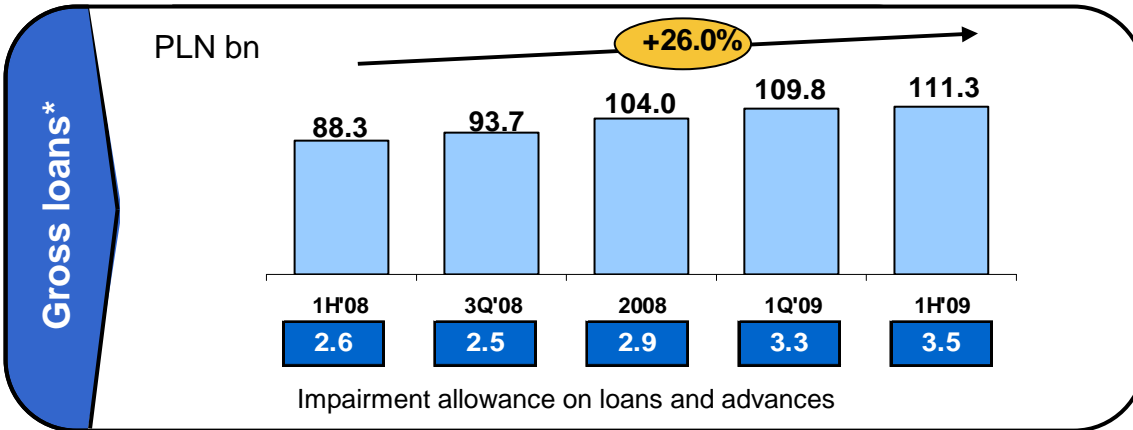
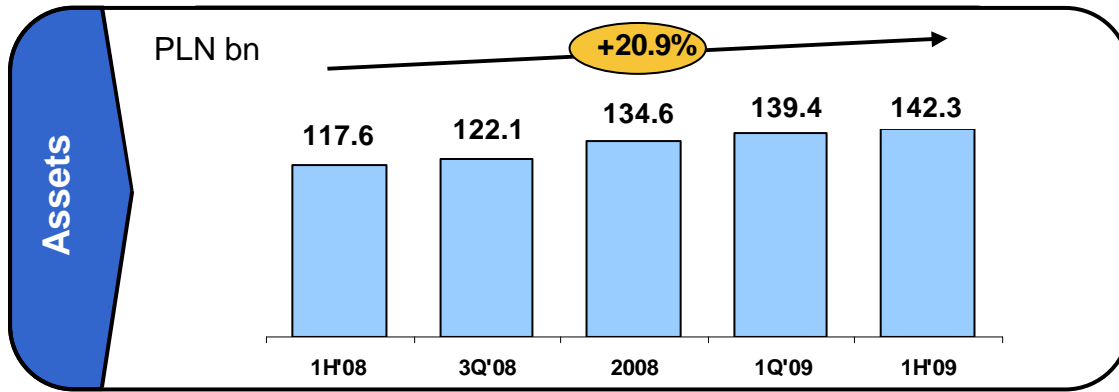
NET PROFIT OF PKO BP GROUP

PLN mn	Activity	1H 2008	1H 2009	Change
Consolidated net profit				
	 Banking	1 824.7	1 288.9	-29.4%
	 Mutual funds	64.8	29.2	-54.9%
	 Pension fund	10.8	7.5	-30.9%
	inteligo Internet banking	11.9	14.4	+21.6%
	eService s.a. Payments	12.7	14.4	+13.7%
	 Leasing	3.5	5.8	+67.1%
	 Banking in Ukraine	2.9	-125.6	n.m.
	 Real estate development	2.4	14.5	+502.1%

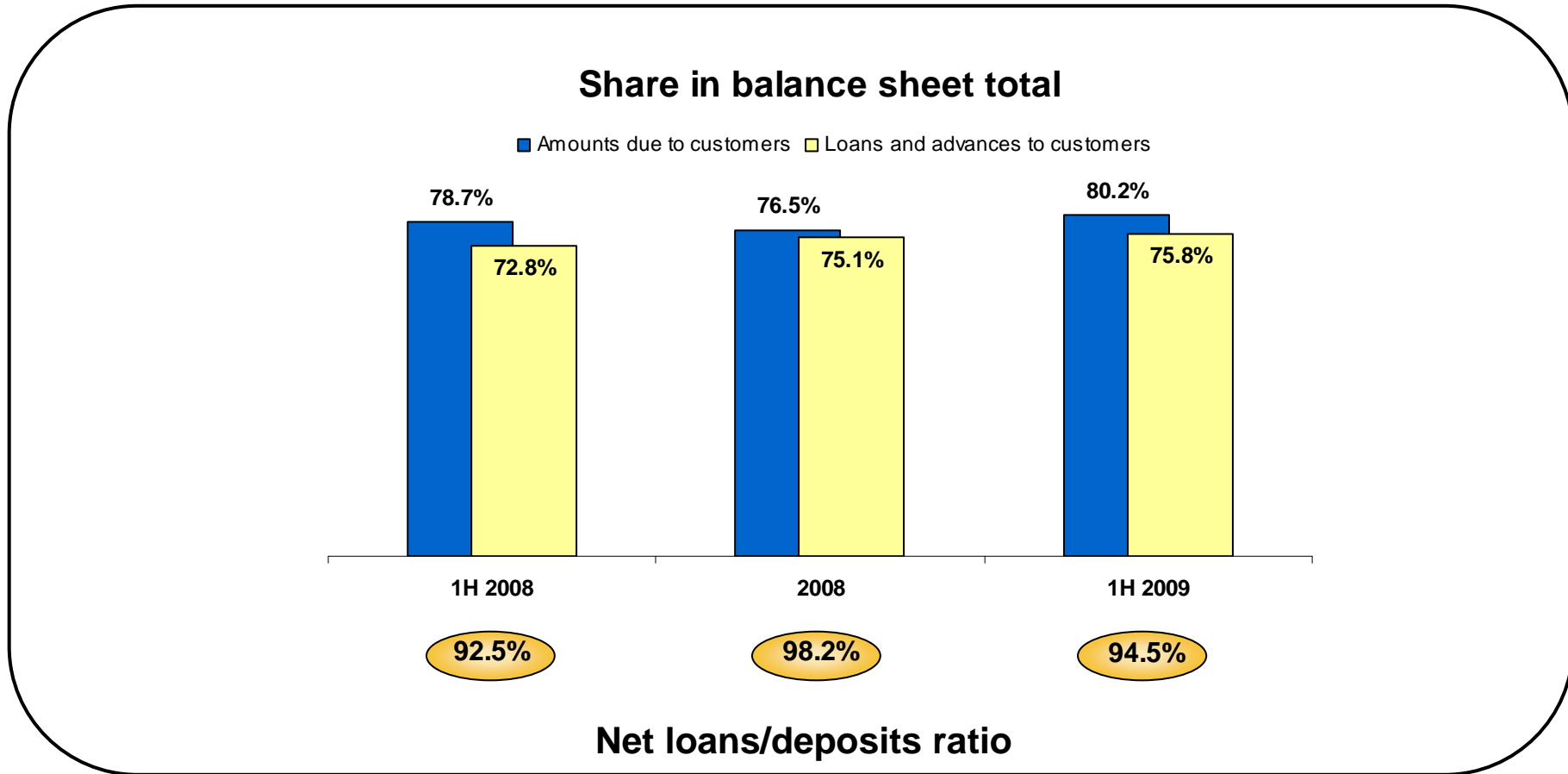


BALANCE SHEET

Consolidated



- Increase of assets by PLN 24.6 bn, of which PLN 22.1 bn relate to increase of net loans and advances
- Increase of impairment allowance on loans by 31% YoY, accompanied by a growth in gross loans at the level of 26% YoY
- Increase of deposit volume by PLN 21.5 bn YoY, mainly due to growth of PKO BP activity on deposit market



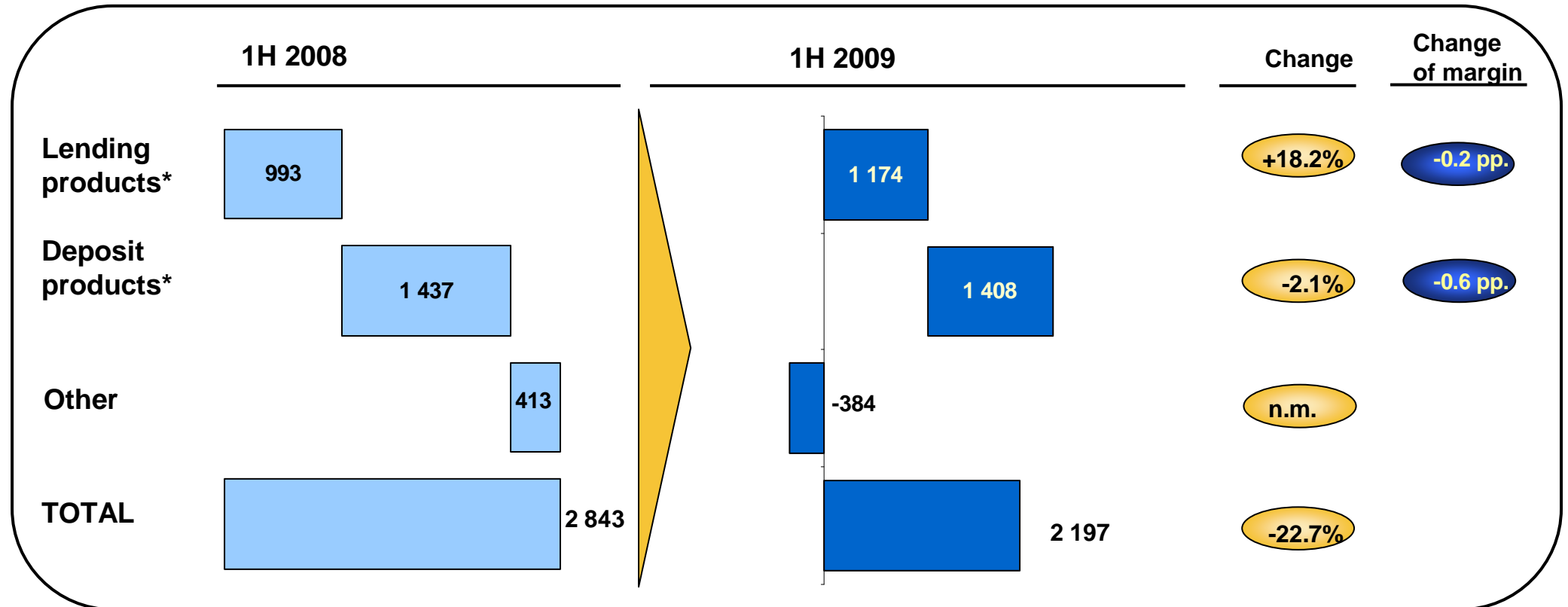
Net loans/deposits ratio at a level of 94.5% as of 1H 2009, which represents a decrease of 3.7 pp. when compared to the level as at end of 2008 due to a higher growth rate for deposits than net loans (10.9% and 6.6% YtD respectively)



NET INTEREST INCOME

Net interest income
PLN mn

Unconsolidated



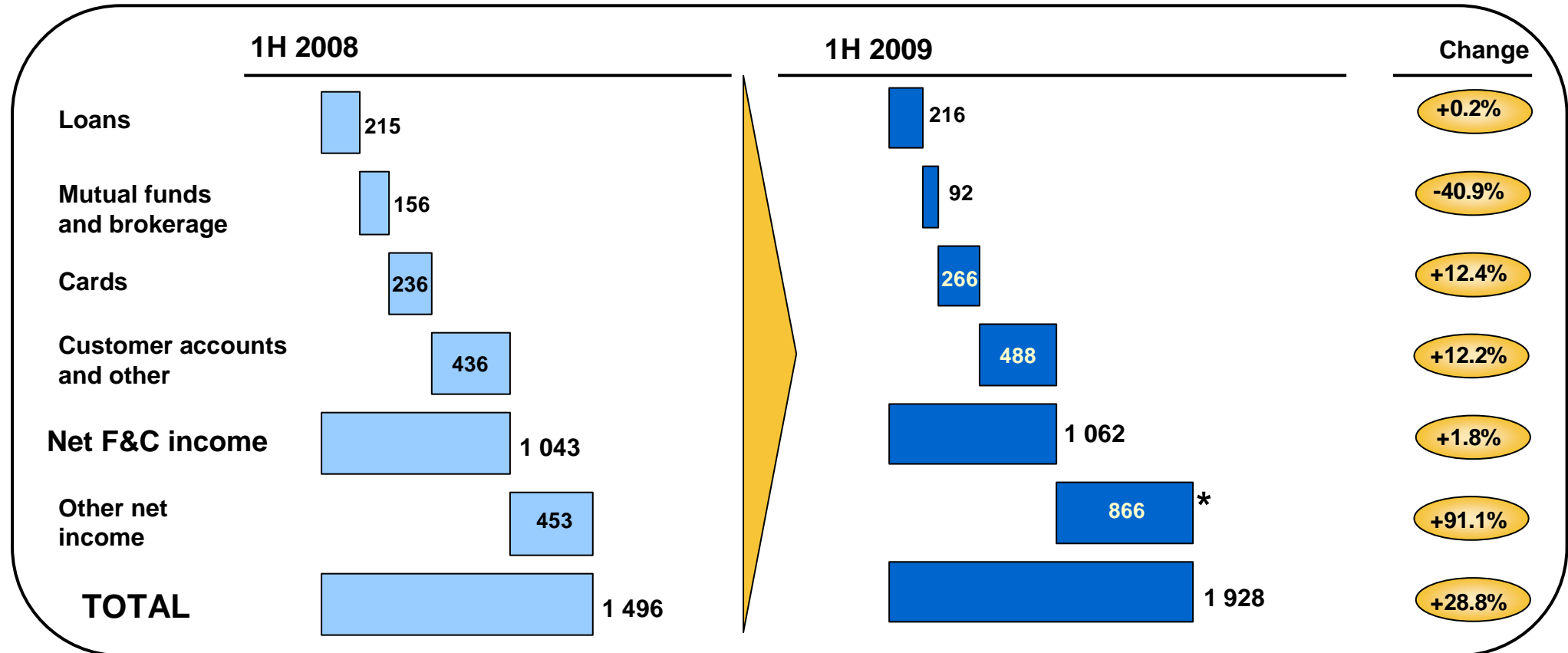
- Decrease of interest income by 22.7% YoY mainly as a result of a decrease in deposit margins due to a decrease in market interest rates and increase in deposit portfolio (+23.9% YoY) related to an increase of the net loan portfolio of 26.9% YoY



NON-INTEREST INCOME

Non-interest income
PLN mn

Unconsolidated



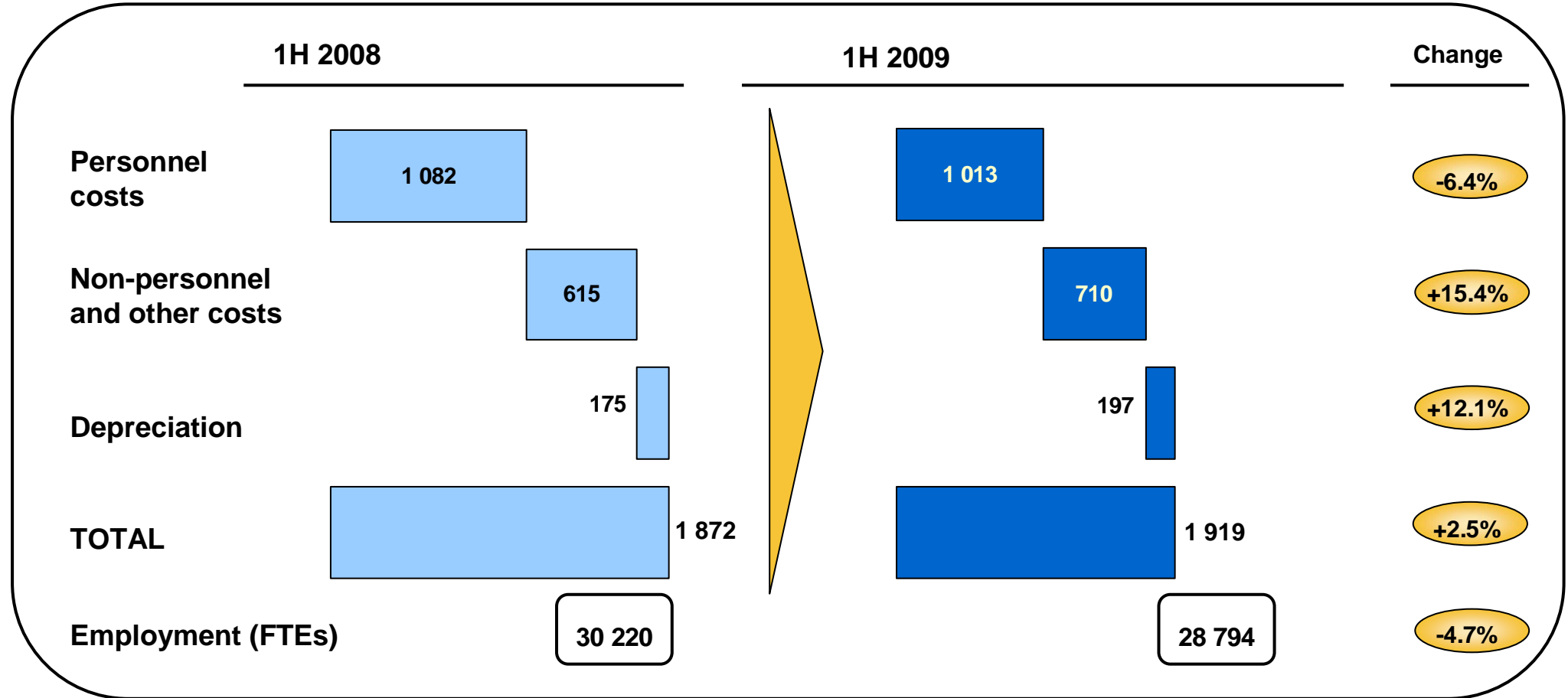
- Increase of net F&C income (+1.8% YoY) mainly as a result of an increase in a higher transaction volume and the number of banking cards and an increase in income on servicing the bank account (implementation of new fee and commission rates since 1 May 09), combined with a decrease in commission income related to investment fund management
- Other net income contains financial and FX result, net other operating income and dividend income (*) increase of this item by 91.1% YoY as a result of an increase in the foreign exchange result by 77.6% YoY - the effect of higher spreads between PLN interest rates and foreign interests rates, and an increase in net income from financial activities by PLN 113 million YoY



COSTS

Operating costs
PLN mn

Unconsolidated



Increase in administrative expenses by 2.5% YoY as a result of:

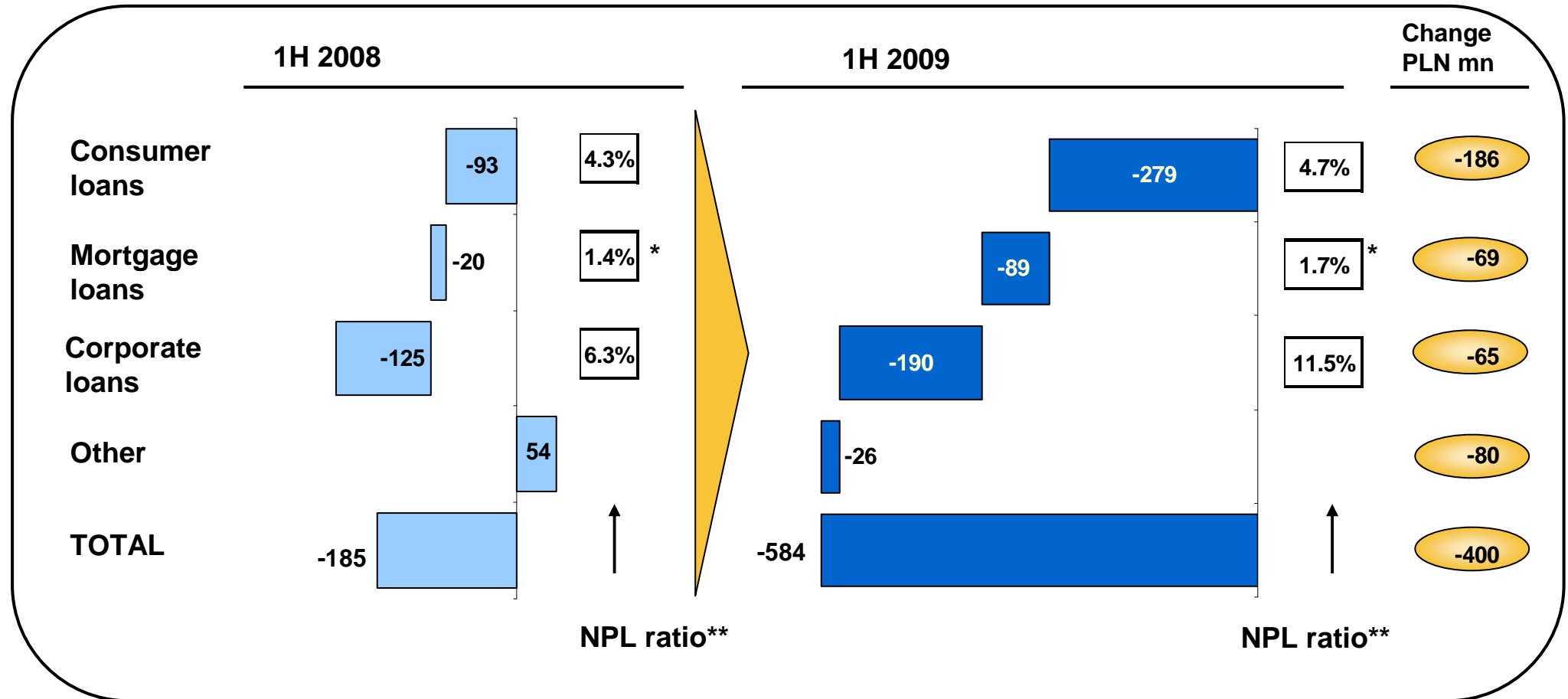
- increase in overhead expenses by 15.4% YoY – mainly as a result of increase in IT related expenses
- drop in staff costs by 6.4% YoY with reduction in employment of 1,426 YoY full time equivalents



NET IMPAIRMENT ALLOWANCE

Impairment allowances
PLN mn

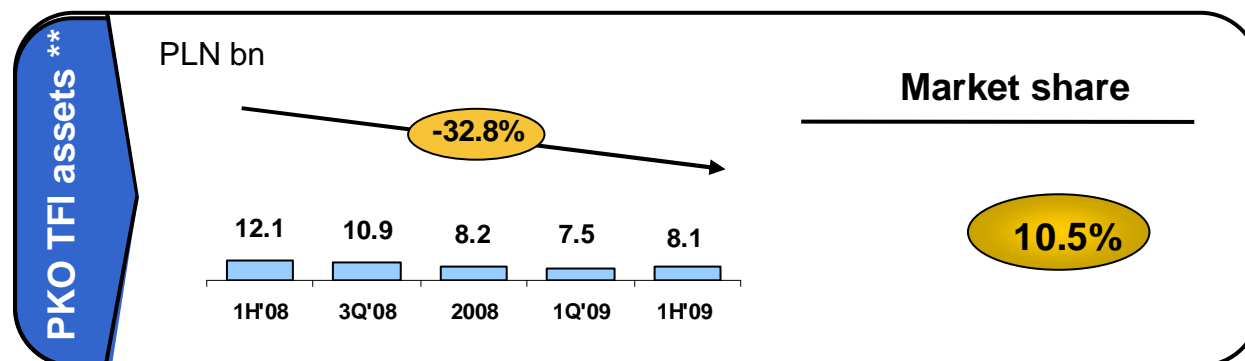
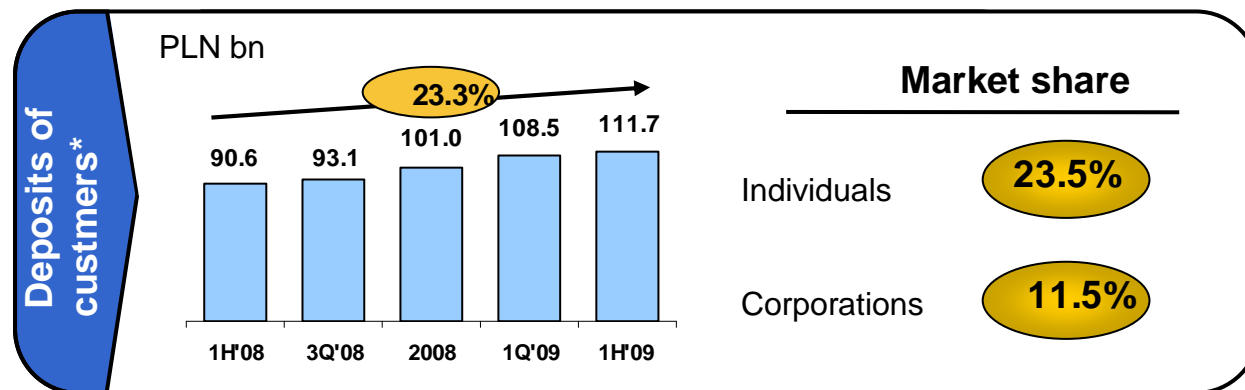
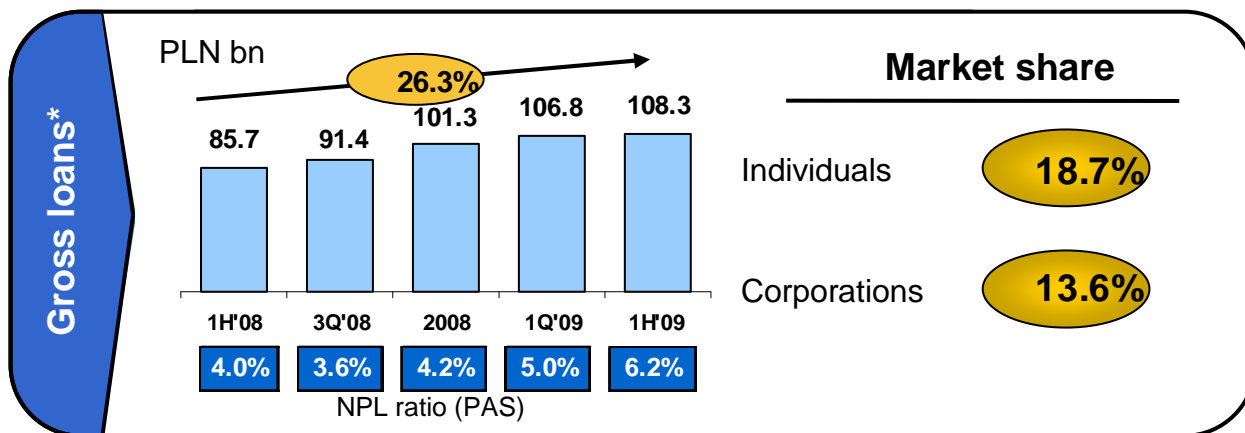
Unconsolidated



An increase of 3.2 fold YoY in net impairment allowance mainly due to increase in impairment charges for consumer loans

VOLUMES

Unconsolidated



After 1H 2009:

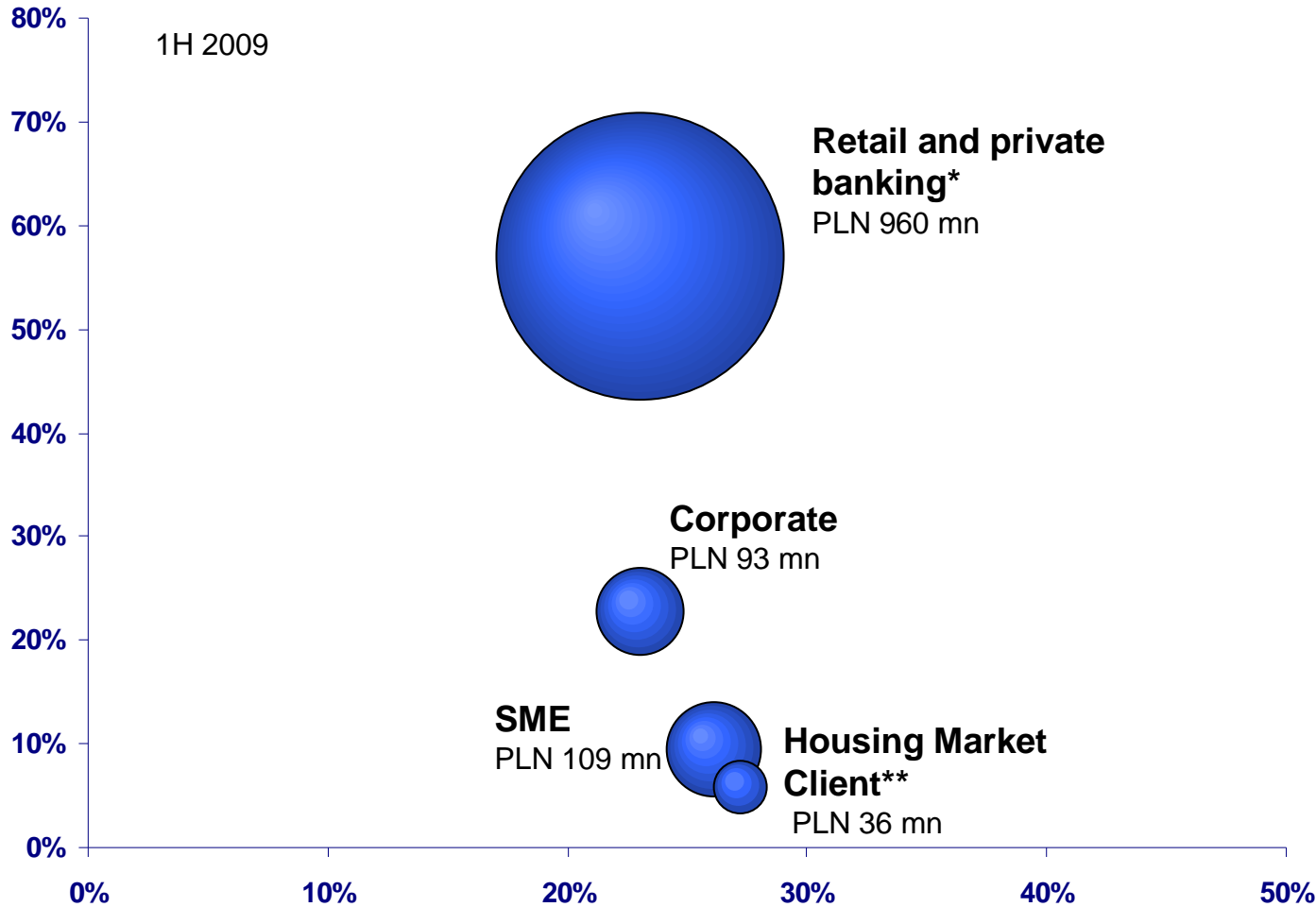
- increase of loan portfolio by PLN 22.5 bn YoY
- increase of NPL ratio by 2.3 pp. YoY
- increase of customer deposits by PLN 21.1 bn YoY, mainly due to new product offer
- increase of share in deposits market by 0.8 pp. YtD and as well as share in loan market by 0.3 pp. YtD
- decrease of PKO TFI assets under management by PLN 4.0 bn YoY due to stagnation on financial market



LENDING ACTIVITY

Unconsolidated

Share in loans portfolio



- Retail and private banking loans, which represent 57% of the whole lending portfolio and, increased by 23% YoY
- Loans of other segments achieved growth rate at level 24% YoY

Volume growth rate (YoY)

* Includes mortgage loans granted to retail and private banking clients

** Includes „old portfolio” of housing loans and loans granted to developers and housing cooperatives

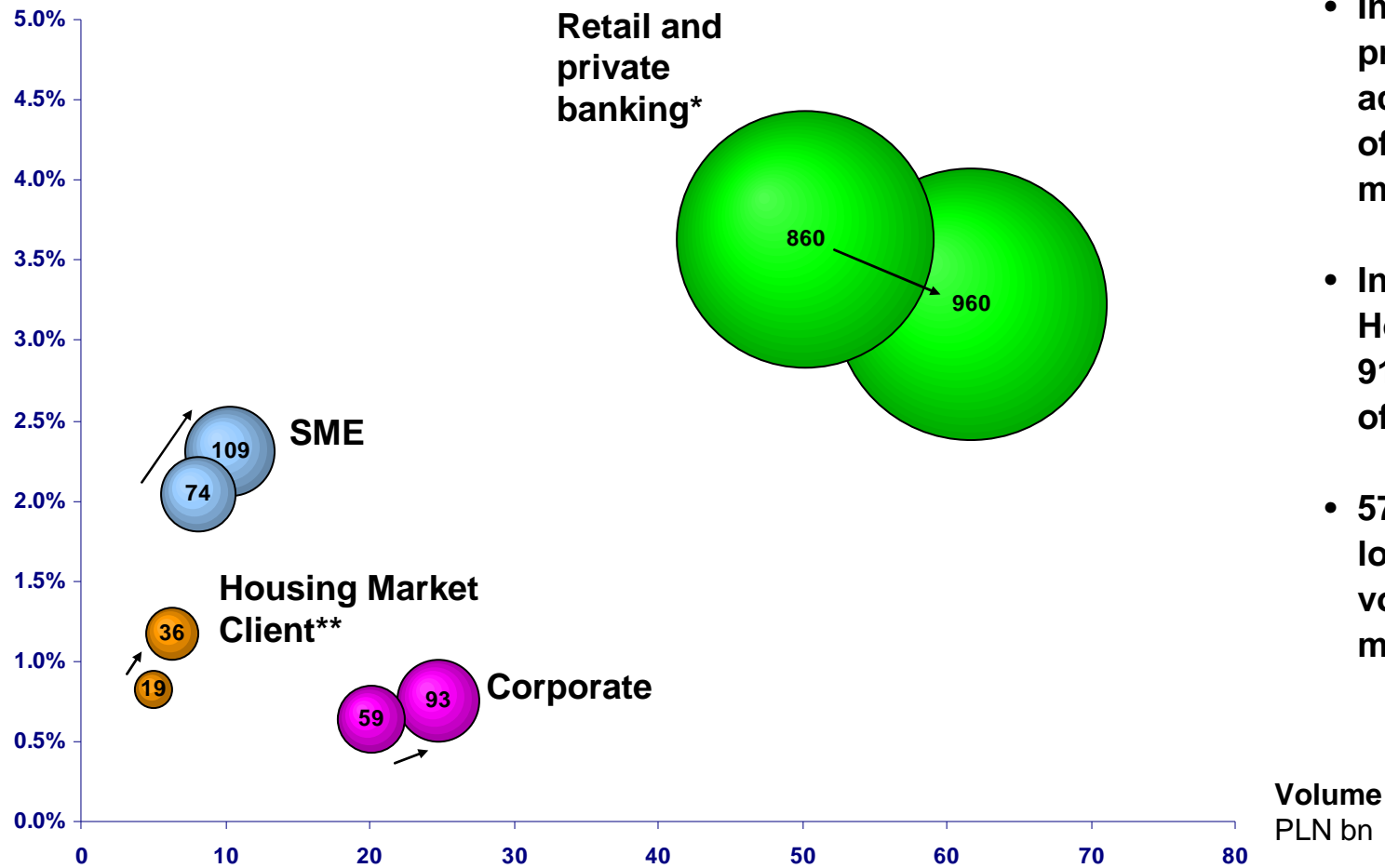


LENDING ACTIVITY – PROFITABILITY

Unconsolidated

Profitability of loans
change 1H'09/1H'08
Managerial margin %

○ Managerial NII, PLN mn



- Increase of result on retail and private banking loans by 12% achieved mainly due to growth of volume with decrease of managerial margin
- Increase of result on SME an Housing Market Client (48% and 91% respectively) due to growth of volume as well as margin
- 57% growth of NII in corporate loans mainly due to increase of volume with slight growth of margin

* Included mortgage loans granted to retail and private banking clients

** Included „old portfolio” of housing loans and loans granted to developers and housing cooperatives

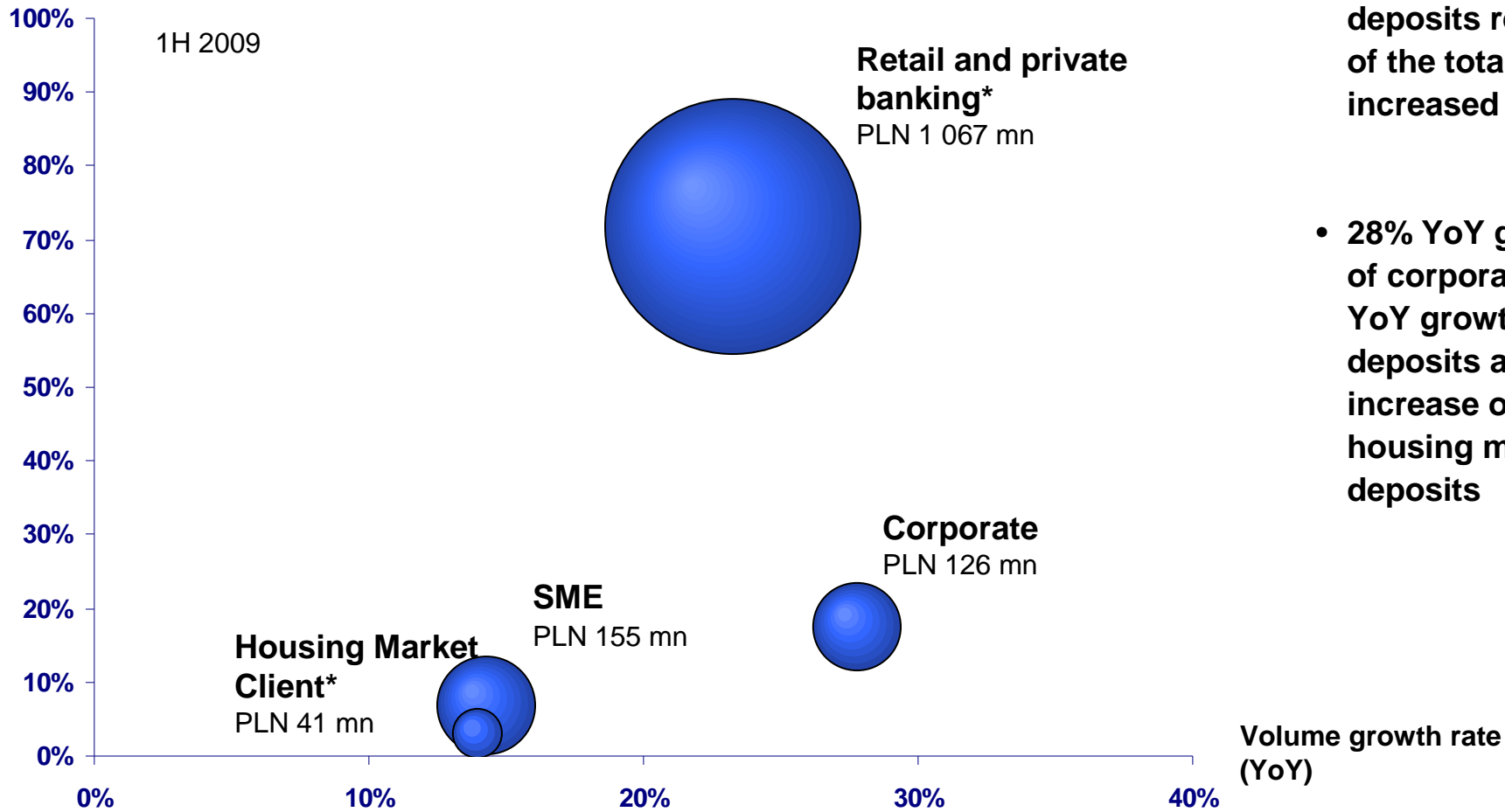


DEPOSITS

Unconsolidated

Share in deposit portfolio

Managerial NII on deposits



- Retail and private banking deposits representing 72% of the total deposit base, increased by 23% YoY
- 28% YoY growth of volumes of corporate deposits, 14% YoY growth of SME deposits and 14% YoY increase of volume of housing market client deposits

* Change of presentation – volume of housing saving books moved from housing market client to retail and private banking



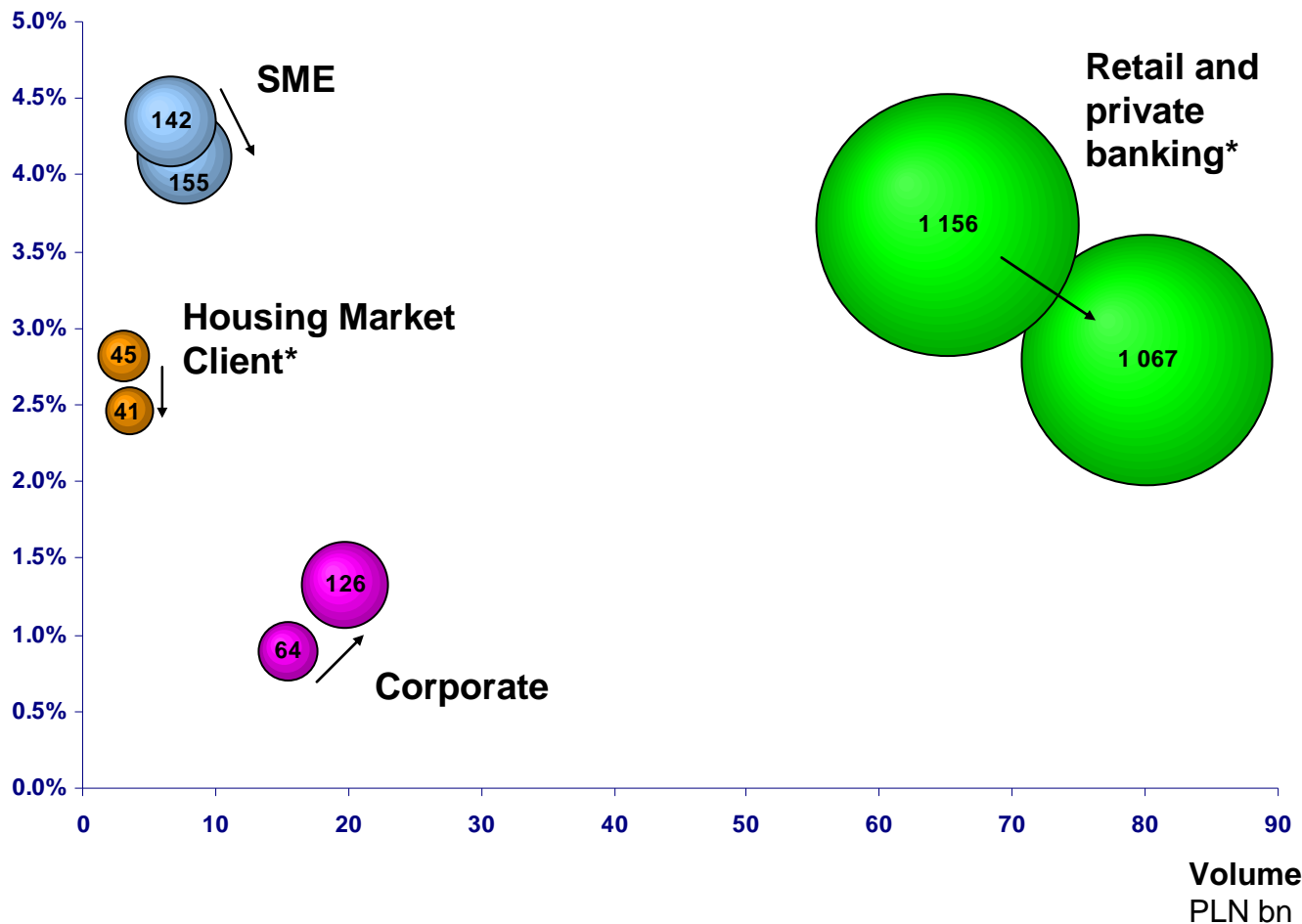
DEPOSITS – PROFITABILITY

Unconsolidated

Profitability of deposits 1H'09/1H'08

○ Managerial NII, PLN mn

Managerial margin %



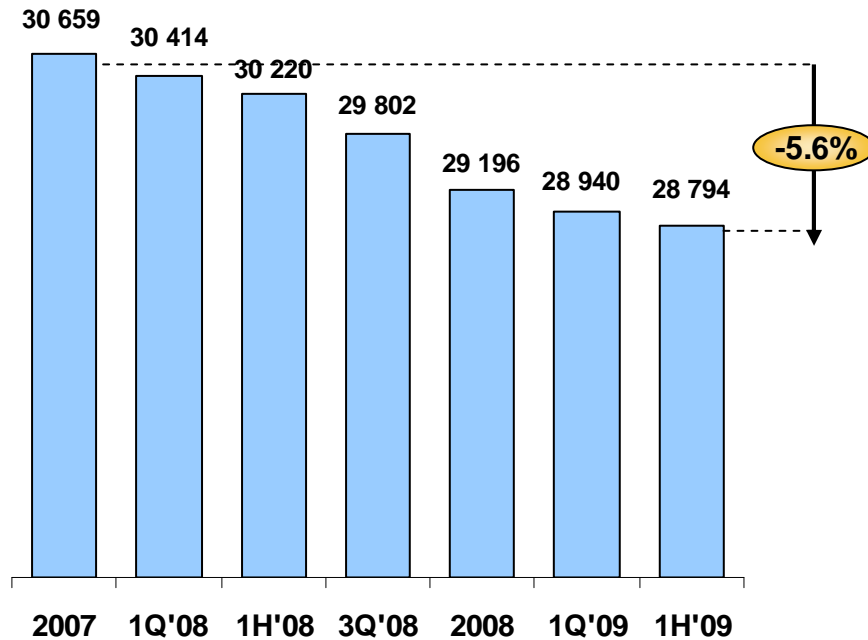
- Decrease of NII on retail and private banking deposits by 8% YoY due to drop of managerial margin with increase of volume
- Increase of NII on corporate deposits by 96% YoY due to growth of volume as well as growth of margin
- Growth of result on SME deposits by 9% YoY reached due to increase of volume with drop of margin
- Decrease of result by on Housing Market Client by 9% YoY due to drop of margin



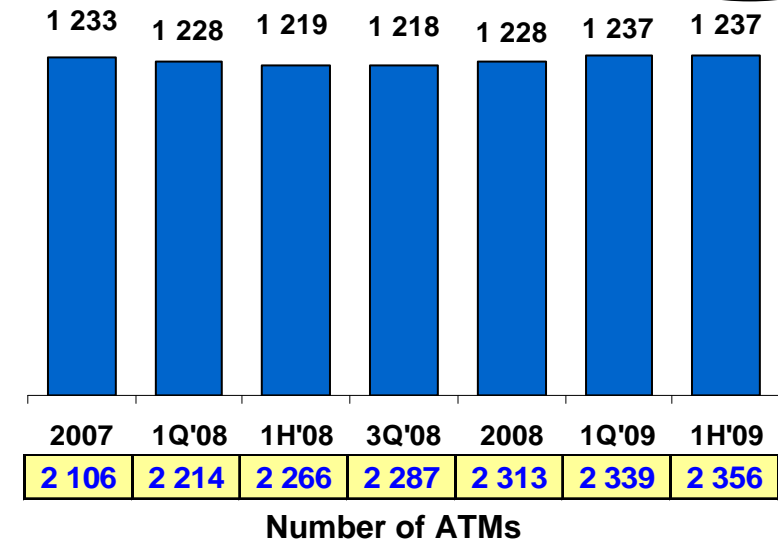
OUTLETS AND EMPLOYEES

Unconsolidated

Number of employees (FTEs)



Number of branches

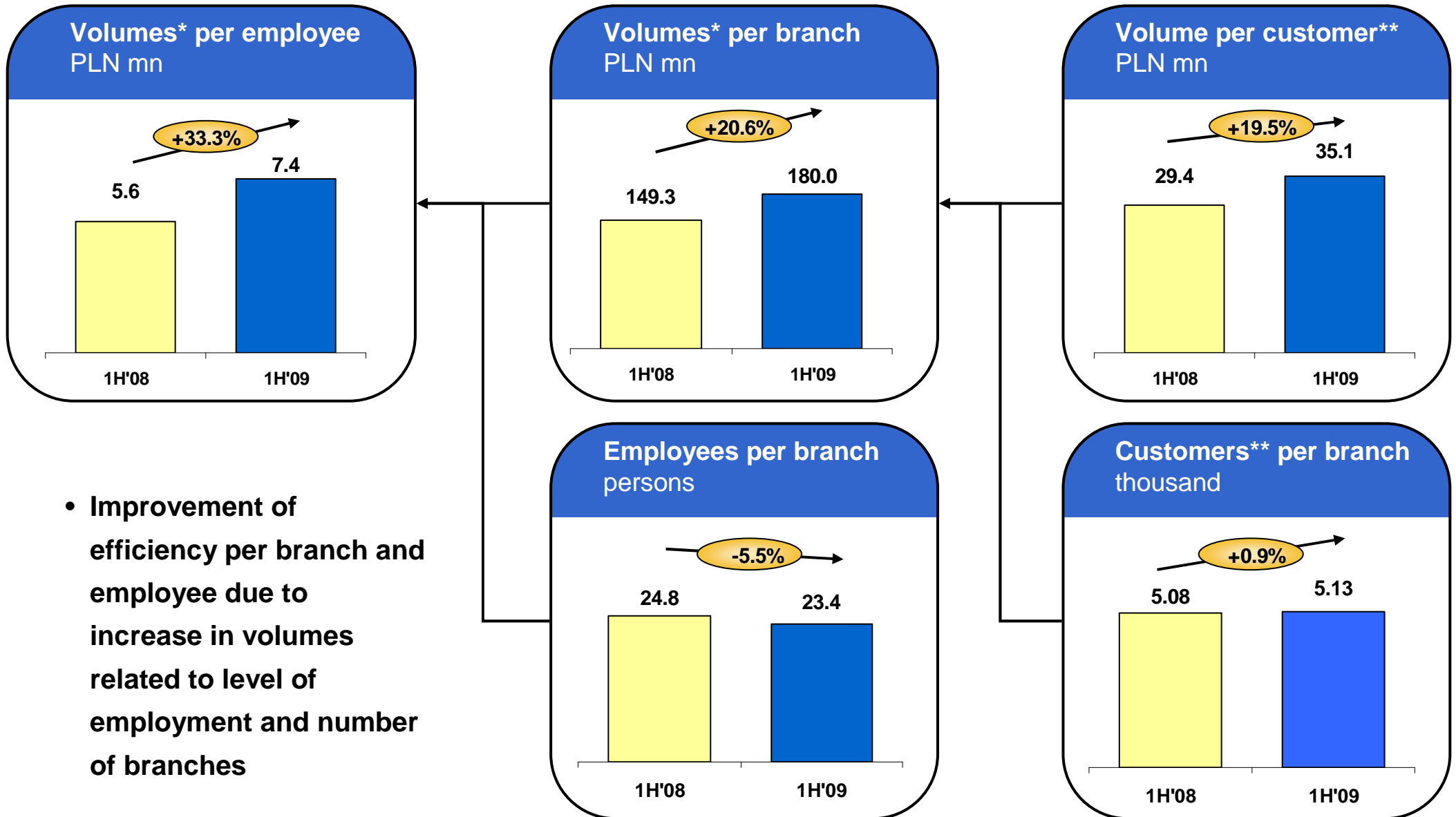


- PKO BP has 1 237 own branches (1 169 branches in Retail Market Area and 68 branches and centres in Corporate Market Area) and 2 223 agencies
- Bank expanded its ATM network by 90 units YoY to 2 356 (+4.0% YoY)
- Decrease of employment in the Bank – reduction of the number of FTEs by 1 426 (-4.7% YoY)



EFFICIENCY

Unconsolidated



- Improvement of efficiency per branch and employee due to increase in volumes related to level of employment and number of branches

* Total gross loans and deposits eop (Bank's management data)

** Number of customer accounts



BACK UPS

P&L, PLN thousand	1H 2008	1H 2009	Change
Net interest income	2 916 025	2 301 627	-21.1%
Net fees and commission income	1 193 974	1 171 787	-1.9%
Dividend income	3 860	5 035	+30.4%
Result from financial instruments at fair value	(50 450)	64 006	n.m.
Result from the investment securities	(1 779)	(3 972)	+123.3%
Foreign exchange result	360 664	640 182	+77.5%
Net other operating income	99 262	156 261	+57.4%
Total income items	4 521 556	4 334 926	-4.1%
Impairment losses	(176 702)	(764 081)	+332.4%
General administrative expenses	(2 010 735)	(2 075 126)	+3.2%
Share in net profit (losses) of associates and jointly controlled entities	16 822	(332)	-102.0%
Gross profit	2 350 941	1 495 387	-36.4%
Income tax expense	(488 089)	(335 608)	-31.2%
Profit (loss) of minority shareholders	14 539	9 221	-36.6%
Net profit	1 848 313	1 150 558	-37.8%



PROFIT AND LOSS ACCOUNT - PKO BP GROUP

IFRS, Consolidated

P&L, PLN thousand	Q2 2008	Q2 2009	Change
Net interest income	1 488 770	1 108 482	-25.5%
Net fees and commission income	593 954	621 897	+4.7%
Dividend income	3 849	4 982	+29.4%
Result from financial instruments at fair value	30 970	17 856	-42.3%
Result from the investment securities	(48)	(3 436)	+7058.3%
Foreign exchange result	197 855	329 982	+66.8%
Net other operating income	44 460	110 340	+148.2%
Total income items	2 359 810	2 190 103	-7.2%
Impairment losses	(149 927)	(390 459)	+160.4%
General administrative expenses	(1 062 471)	(993 625)	-6.5%
Share in net profit (losses) of associates and jointly controlled entities	13 491	(5 791)	n.m.
Gross profit	1 160 903	800 228	-31.1%
Income tax expense	(257 805)	(183 444)	-28.8%
Profit (loss) of minority shareholders	5 947	6 911	+16.2%
Net profit	897 151	609 873	-32.0%



BALANCE SHEET – PKO BP GROUP

IFRS, Consolidated

ASSETS, PLN thousand	End - 2008	End - 1H 09	Change
Cash and balances with the Central Bank	5 836 892	2 861 363	-51.0%
Amounts due from other banks	3 363 599	4 606 698	+37.0%
Financial assets held for trading	1 496 147	1 742 988	+16.5%
Derivative financial instruments	3 597 670	3 079 712	-14.4%
Other financial instruments valued at fair value through profit or loss	4 555 544	9 870 752	+116.7%
Loans and advances to customers	101 107 891	107 798 572	+6.6%
Investment securities	8 614 913	6 119 670	-29.0%
Tangible fixed assets	2 964 659	2 889 153	-2.5%
Other assets	3 098 671	3 289 604	+6.2%
TOTAL ASSETS	134 635 986	142 258 512	+5.7%

LIABILITIES, PLN thousand	End - 2008	End - 1H 09	Change
Amounts due to the Central Bank	2 816	455 417	+16172.5%
Amounts due to the other banks	6 988 603	5 708 569	+81.7%
Derivative financial instruments	6 150 337	2 276 246	-63.0%
Amounts due to customers	102 939 281	114 115 689	+10.9%
Subordinated liabilities	1 618 755	1 612 053	-0.4%
Other liabilities	2 938 178	3 769 628	+28.3%
Total equity	13 998 016	14 320 910	+2.3%
TOTAL LIABILITIES	134 635 986	142 258 512	+5.7%

P&L, PLN thousand	1H 2008	1H 2009	Change
Net interest income	2 843 481	2 197 393	-22.7%
Net fees and commission income	1 043 366	1 062 175	+1.8%
Dividend income	112 801	101 214	-10.3%
Result from financial instruments at fair value	(50 248)	63 571	n.m.
Result from the investment securities	(1 603)	(2 391)	+49.2%
Foreign exchange result	355 626	631 716	+77.6%
Net other operating income	36 395	71 654	+96.9%
Total income items	4 339 818	4 125 332	-4.9%
Impairment losses	(184 574)	(584 346)	+216.6%
General administrative expenses	(1 872 251)	(1 918 996)	+2.5%
Gross profit	2 282 993	1 621 990	-29.0%
Income tax expense	(458 248)	(333 099)	-27.3%
Net profit	1 824 745	1 288 891	-29.4%



PROFIT AND LOSS ACCOUNT – PKO BP

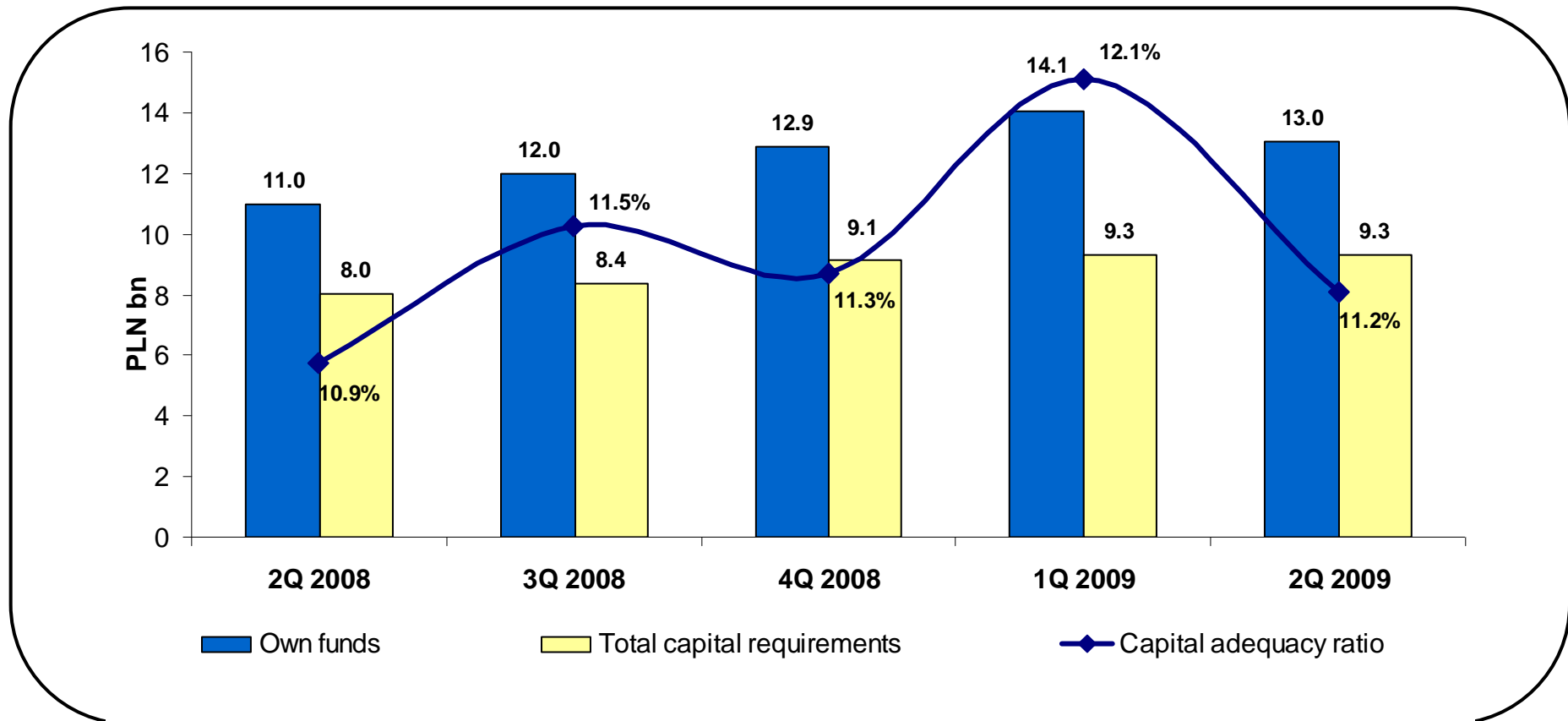
IFRS, Unconsolidated

P&L, PLN thousand	Q2 2008	Q2 2009	Change
Net interest income	1 451 052	1 052 744	-27.4%
Net fees and commission income	521 010	563 583	+8.2%
Dividend income	112 790	101 161	-10.3%
Result from financial instruments at fair value	31 113	16 963	-45.5%
Result from the investment securities	138	(3 870)	n.m.
Foreign exchange result	194 862	339 750	+74.4%
Net other operating income	8 976	64 530	+618.9%
Total income items	2 319 941	2 134 861	-8.0%
Impairment losses	(166 038)	(307 813)	+85.4%
General administrative expenses	(987 840)	(921 344)	-6.7%
Gross profit	1 166 063	905 704	-22.3%
Income tax expense	(245 914)	(197 540)	-19.7%
Net profit	920 149	708 164	-23.0%



CAPITAL ADEQUACY

Consolidated

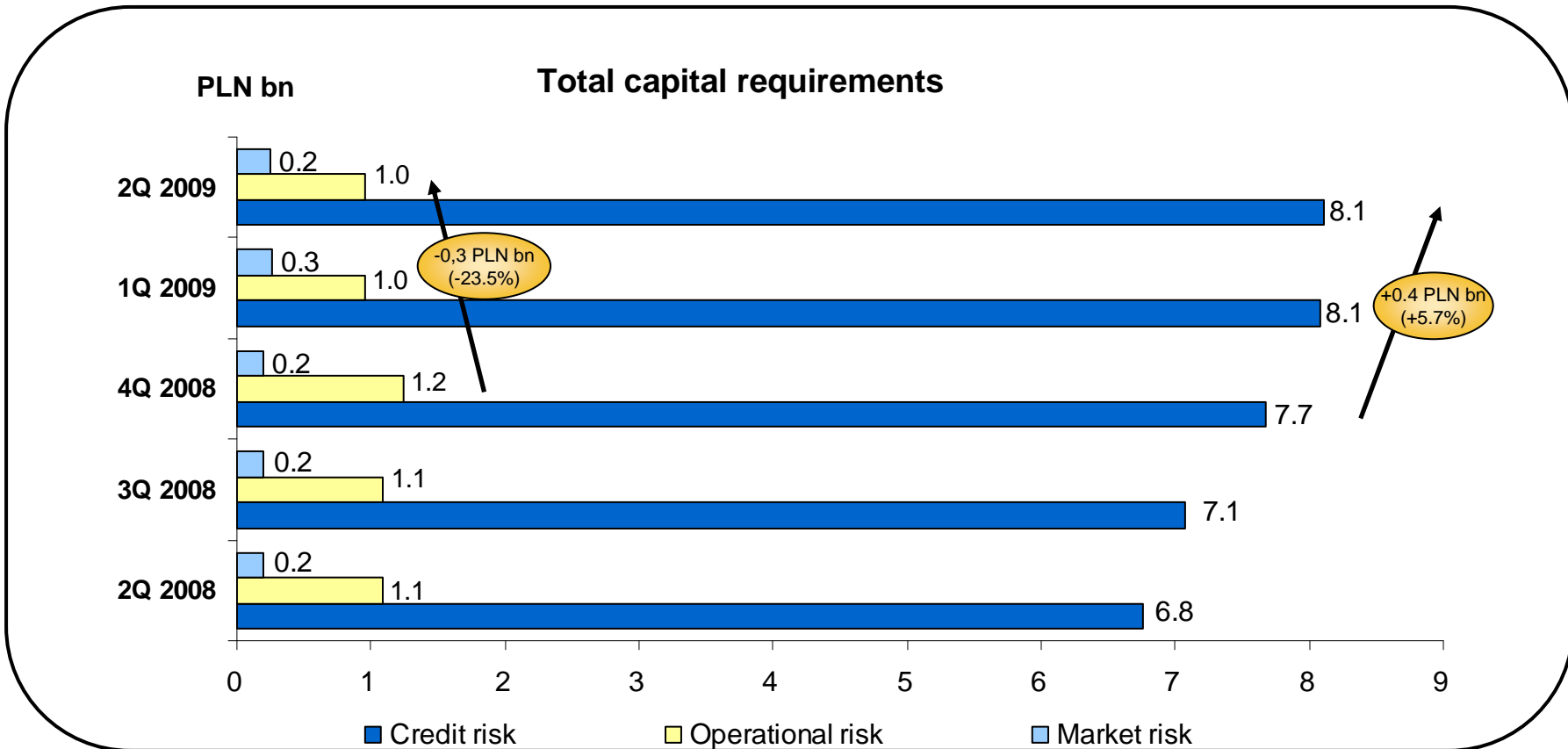


- Capital adequacy ratio in 1H 2009 remains on the safe level, above the regulatory limit (8%)



CAPITAL REQUIREMENTS

Consolidated

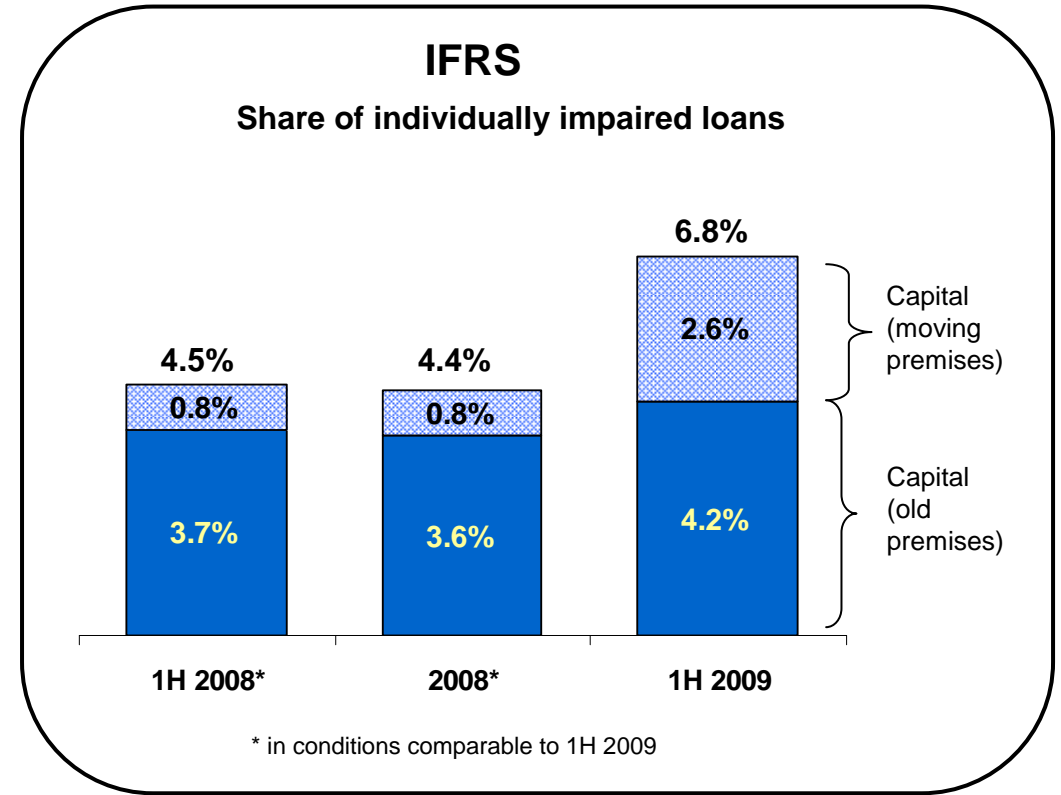
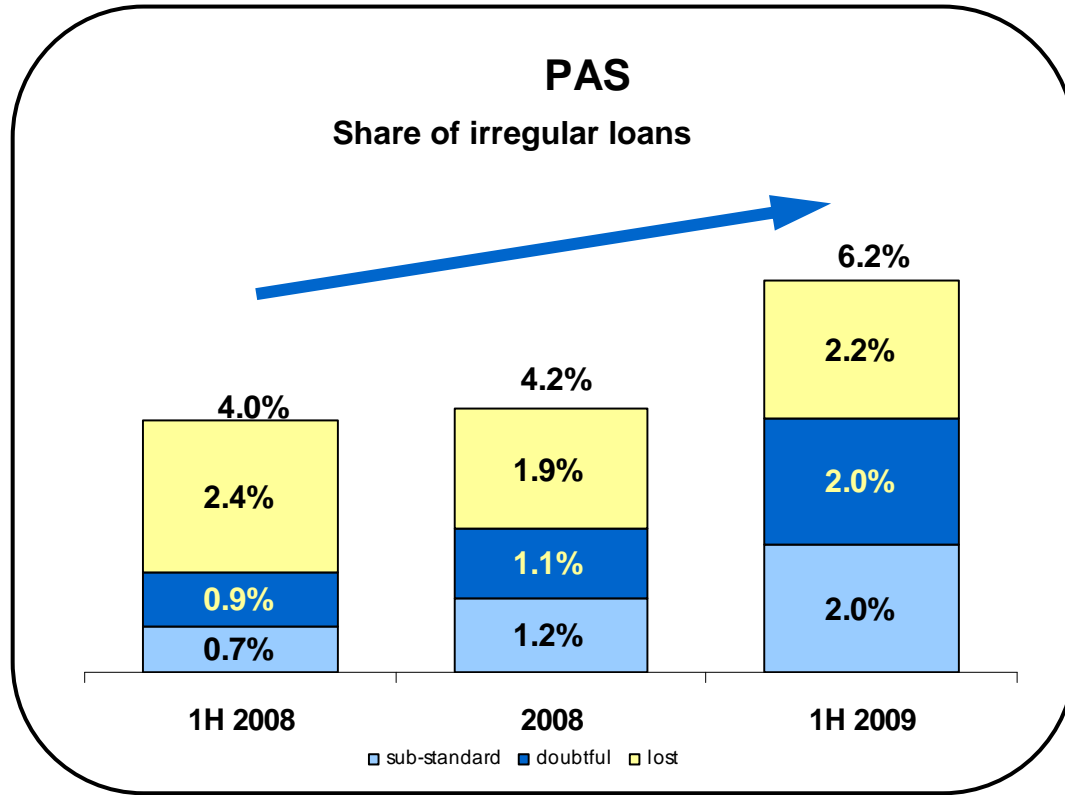


- Increase in capital requirements of credit risk in 1H 2009 mainly due to mortgages and corporate credit portfolio growth (i.a. the effect of new loans granted)
- Decrease in capital requirements on operational risk in 1H 2009 is due to the change in PKO BP's method of capital requirements calculation from Basic Indicator Approach (BIA) to the Standardised Approach (TSA)



QUALITY OF LOAN PORTFOLIO

Unconsolidated



- Share of irregular loans in total loan portfolio was 6.2% (1H 2009) in comparison to 4.0% (1H 2008) - increased by 2.2 pp.
- Share of individually impaired loans in total loan portfolio was 6.8% (1H 2009) - in comparable condition increased by 2.3 pp. YoY
- The increase was due to deterioration of economic-financial situation of borrowers and additionally change of the methodology of the determining the amount of impairment losses consisting in moving the following group premises to individual premises: reclassification of the loan due to a change in financial standing of the client to the "G" rating, signing of a restructuring contract, delay in the repayment above 3 months for individual client



STRUCTURE OF LOAN PORTFOLIO

Unconsolidated

PAS

PLN mn	1H 2008	2008	1H 2009	Change	
				1H 09/ 1H 08	1H 09/ 2008
Normal	79 297	92 750	96 193	+21.3%	+3.7%
Watch	2 435	3 607	4 670	+91.8%	+29.5%
Irregular, including:	3 389	4 209	6 687	+97.3%	+58.9%
- sub-standard	632	1 184	2 165	+242.8%	+82.8%
- doubtful	728	1 123	2 150	+195.3%	+91.5%
- lost	2 029	1 902	2 371	+16.9%	+24.7%
TOTAL	85 120	100 565	107 550	+26.4%	+6.9%

IFRS

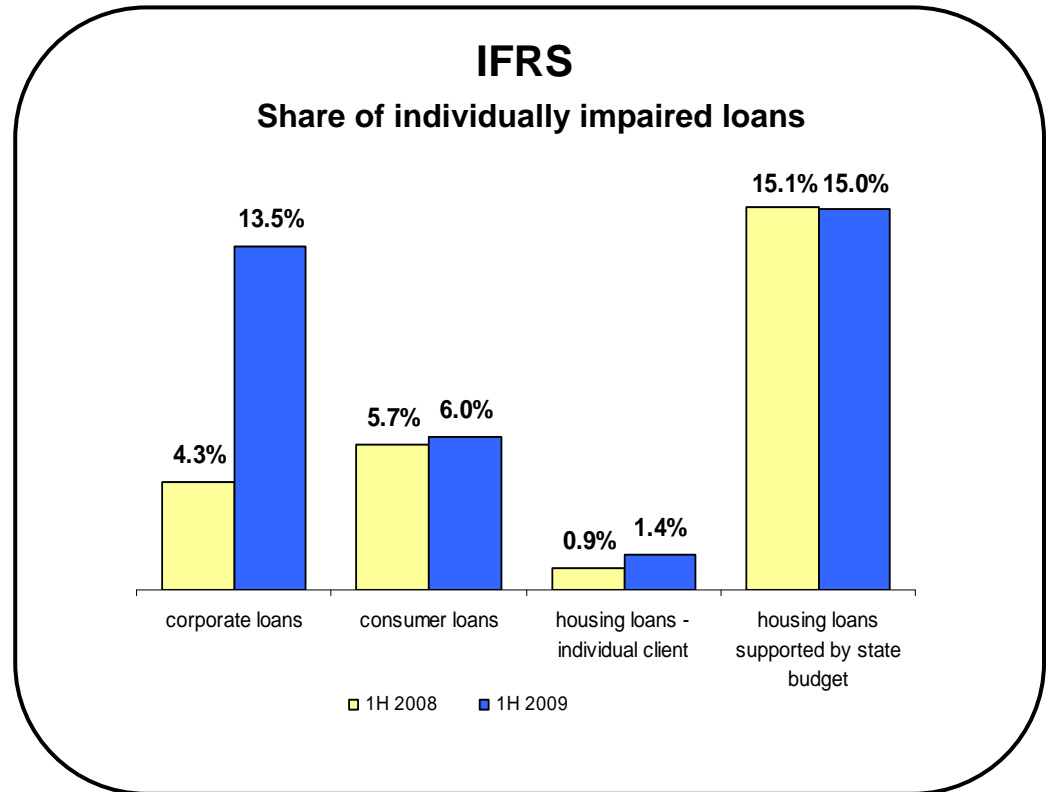
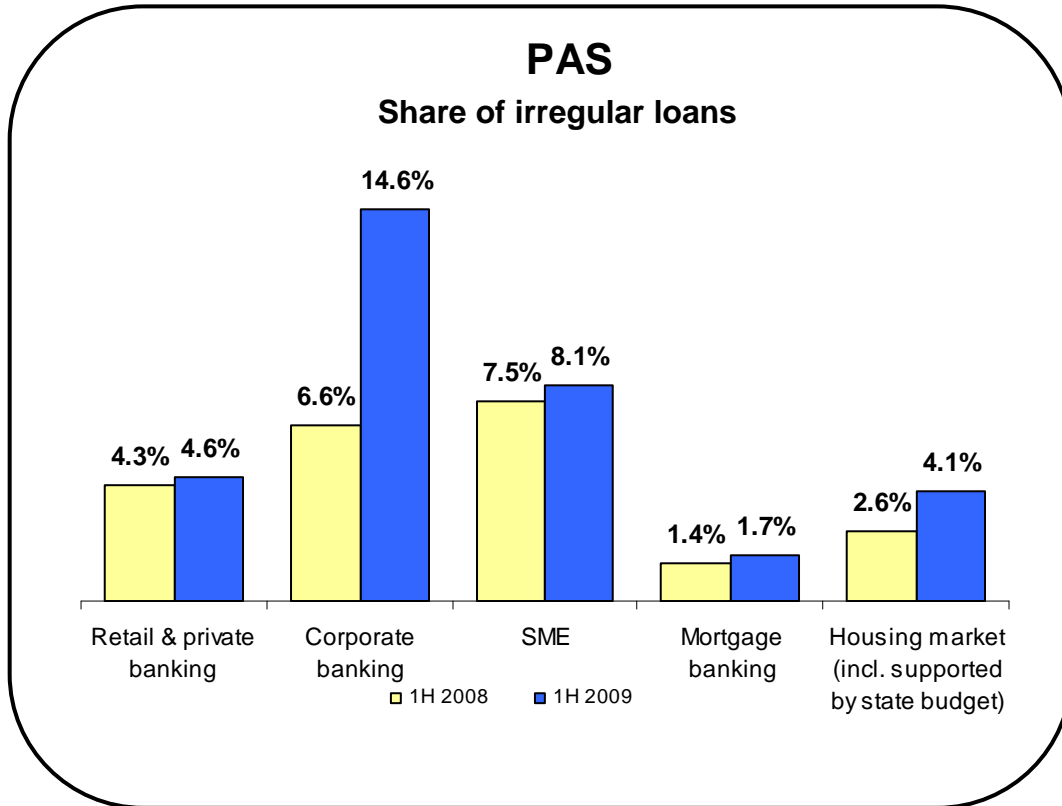
PLN mn	1H 2008	2008	1H 2009	Change	
				1H 09/ 1H 08	1H 09/ 2008
Normal & collectively impaired	82 059	96 801	100 237	+22.2%	+3.5%
Individually impaired	3 060	3 764	7 313	+139.0%	+94.3%
TOTAL	85 120	100 565	107 550	+26.4%	+6.9%

- Irregular loans amounted to PLN 6 687 mn (H1 2009) - increase by 97.3% YoY
- Increased irregular loans relate mainly to corporate portfolio (as a result of worsening the economic situation) and consumer loans
- Individually impaired loans amounted to PLN 7 313 mn (H1 2009) - increase by 139% YoY



QUALITY OF LOAN PORTFOLIO BY BUSINESS LINES

Unconsolidated



- Increase of share of individually impaired loans (IFRS) share of irregular loans (PAS) relates mainly to corporate customers as a result of worsening the economic situation



BASIC OPERATIONAL DATA

Unconsolidated

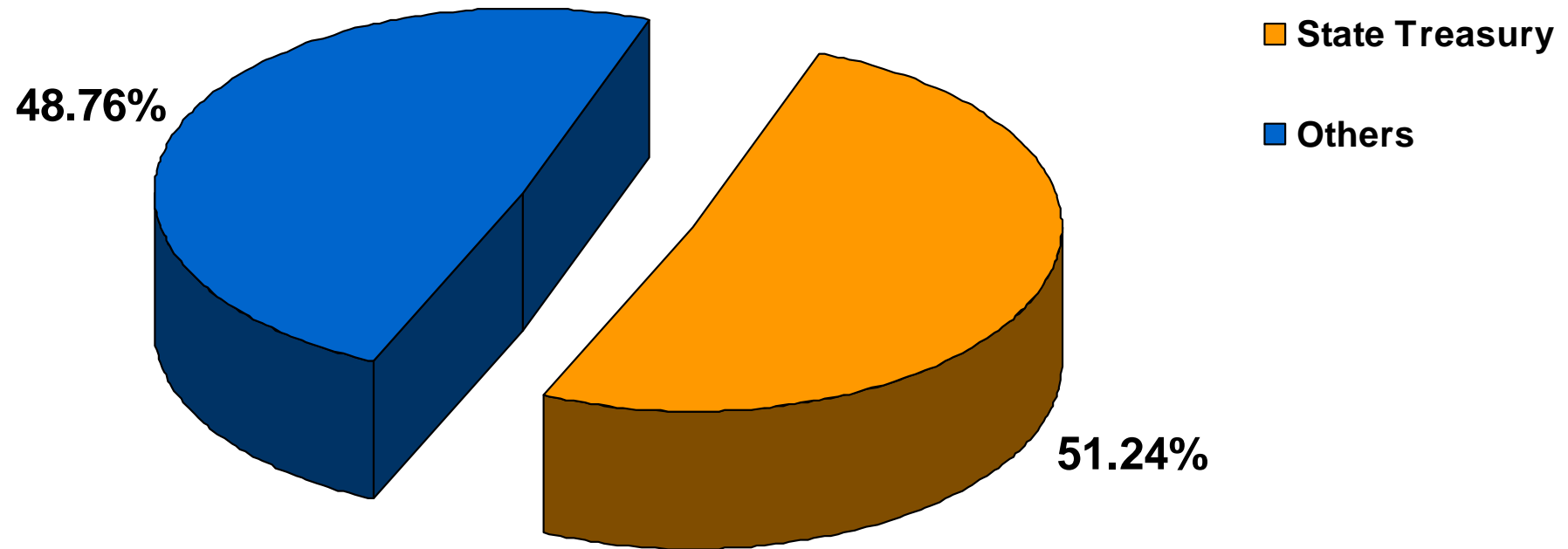
Item	1H 2008	2008	1H 2009	Change	
				1H'09/ 1H'08	1H'09 /2008
Total number of accounts ('000):	6 269	6 366	6 311	+0.7%	-0.9%
- current accounts	5 591	5 674	5 613	+0.4%	-1.1%
- Inteligo current accounts	678	692	698	+2.9%	+0.9%
Number of banking cards ('000)	7 397	7 493	7 462	+0.9%	-0.4%
<i>of which: credit cards</i>	1 042	1 046	1 050	+0.8%	+0.4%



SHAREHOLDER STRUCTURE

Unconsolidated

Dominant stake of State Treasury in the Bank shares





RATING OF PKO BP

Rating Agency Category	Fitch	Moody's Investors Service	Standard & Poor's	Capital Intelligence
Long-term (foreign/local)		A2/A2* with stable outlook	/BBBpi	A-
Short-term (foreign/local)		Prime-1/Prime-1 with stable outlook		A2
Individual				
Support	2			2
Financial Strength		C-* with negative outlook		BBB+
Outlook				Stable

* on 18 June 2009 the rating agency Moody's downgraded the rating of Bank's financial strength (BFSR) from C to C- with a negative outlook and local currency deposit rating from Aa2 to A2 with stable outlook