

Results after 1H'05

Presentation



PKO BANK POLSKI
SPÓŁKA AKCYJNA



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HIGHLIGHTS OF THE FIRST HALF 2005



Revenues from the core business are increasing

	1H04 (PLN mn)	1H05 (PLN mn)	Change 1H05/1H04
Net profit	856.2	887.4	3.6%
Gross profit	1 075.7	1 104.1	2.6%
ROE – net (%)	20.69	19.13	-1.6pp
C/I(%)	63.1	62.3	-0.8pp
C/I(%) Bank	62.3	59.9	-2.4pp
Total income items	2 930.3	3 130.5	6.8%
Net F&C	715.8	600.8	-16.1%
General administrative expenses (Bank)	1 760.8	1 746.0	-0.8%
General administrative expenses	1 849.5	1 949.2	5.4%
Loans	39 460.8	44 138.2	11.9%
Deposits	72 551.7	74 937.3	3.3%
Assets	82 661.7	89 082.1	7.8%
Dividends (number of shares is 1,000,000,000)	-	1 000.0	x

- Total costs under control, systematic improvement C/I
- The fall of Net F&C income resulted from using the effective interest rate
- The fall of ROE resulted from higher valuation of properties and valuation of shares in subsidiaries, associates and joint ventures in comparison with data released after 2Q 2005

HIGHLIGHTS OF THE FIRST HALF 2005



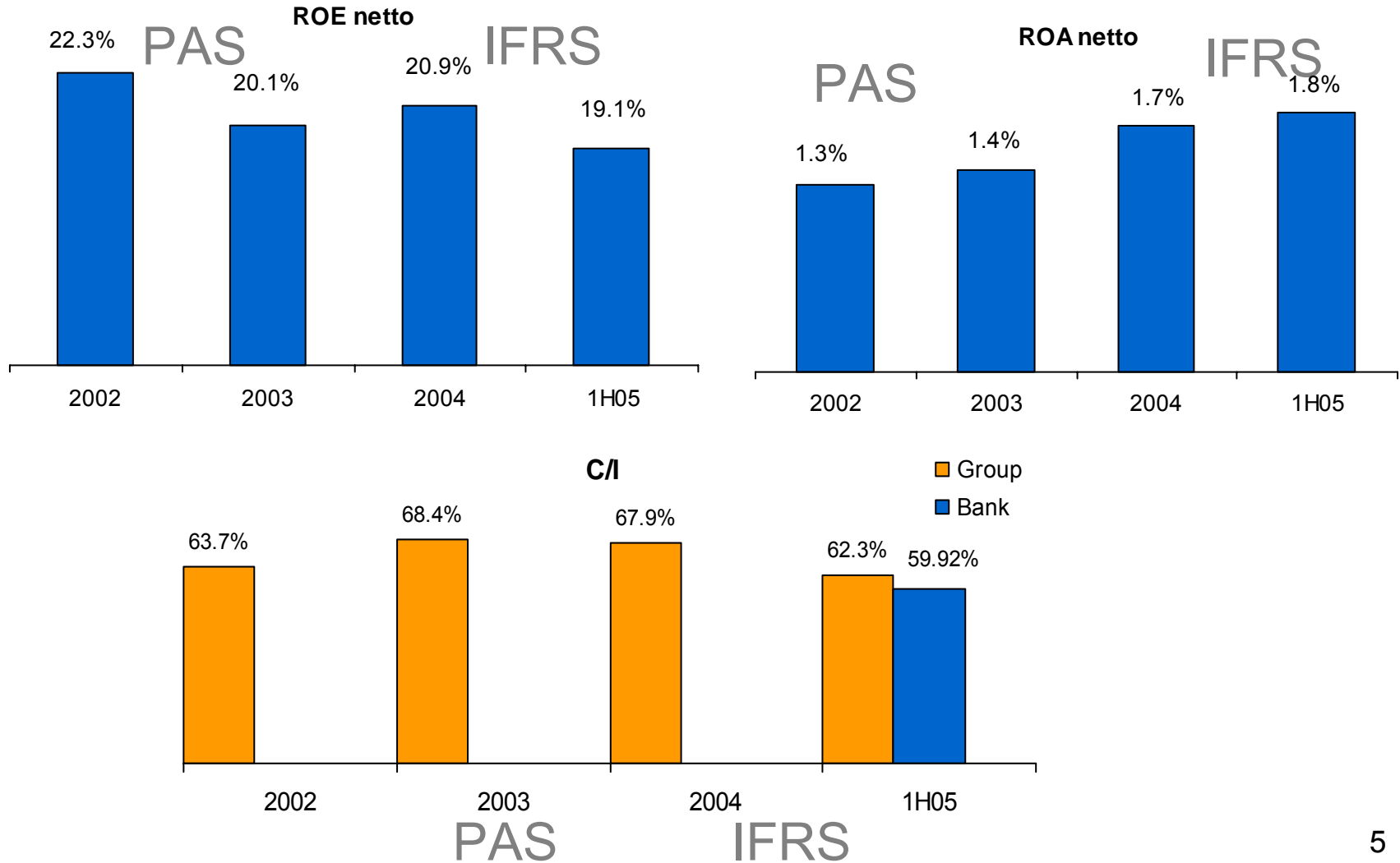
Retail business keeps performing

Year-on-year comparison

- **Number of customers increased by 9% to 5,774 thousand**
- **930 thousands clients, i.e. 16.1% of the total, use one of direct banking channels**
- **Rapid loan growth – mainly mortgages and retail.**
- **Total outstanding mortgages to individuals increased by 18.9% and consumer loans increased by 24.2%**



GROUP EFFICIENCY (%)





- ◆ **Macroeconomic situation**
- ◆ Financial results for 1H 2005
- ◆ Appendices
 - Business performance
 - Detailed financial performance

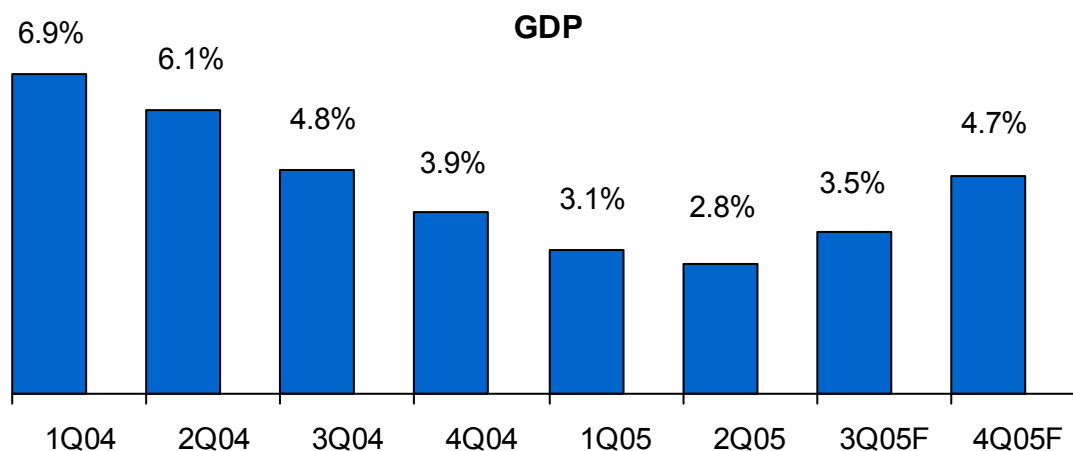
MACROECONOMIC INDICATORS – IN 2H05 GROWTH WILL ACCELERATE



	1Q04	2Q04	1Q05	2Q05	2005F
GDP, y/y %	7.0	6.1	3.1	2.8	3.3
Domestic demand, y/y %	6.0	5.8	2.8	- 0.3	1.9
Private consumption, y/y %	4.1	4.0	2.9	1.5	2.3
Investments, y/y %	3.7	3.9	9.3	3.8	5.6
Unemployment rate, %	20.5	19.5	19.3	18.0	17.5
Wage growth, y/y %	5.5	4.8	2.0	3.0	3.4
Inflation (end of period) y/y %	1.7	4.4	3.4	1.4	1.4
NBP reference rate	5.25	5.75	6.00	5.00	4.25
WIBOR 3M	5.49	6.05	5.91	4.90	4.35

- In 2Q05 after a period of weak growth in 2H04 and 1Q05 industrial and construction production, retail sales showed some improvement;
- Gradual acceleration of GDP growth expected in 2H05 due to:

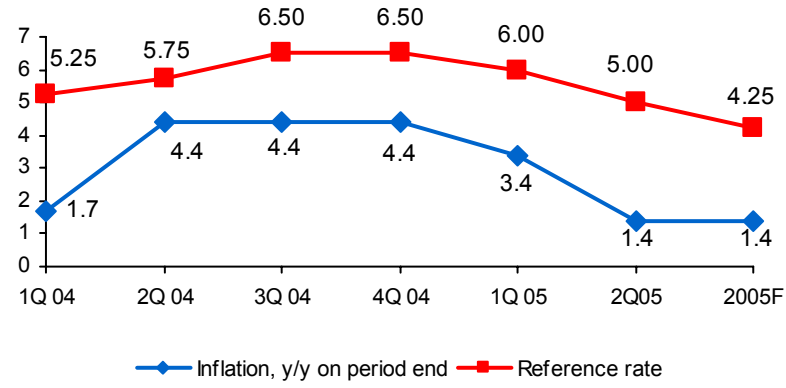
- ✓ Stronger consumption demand on the back of gradual growth in employment, wages and lower inflation,
- ✓ Gradual improvement in investment,
- ✓ Net export still contributing positively to growth, however its role will diminish.



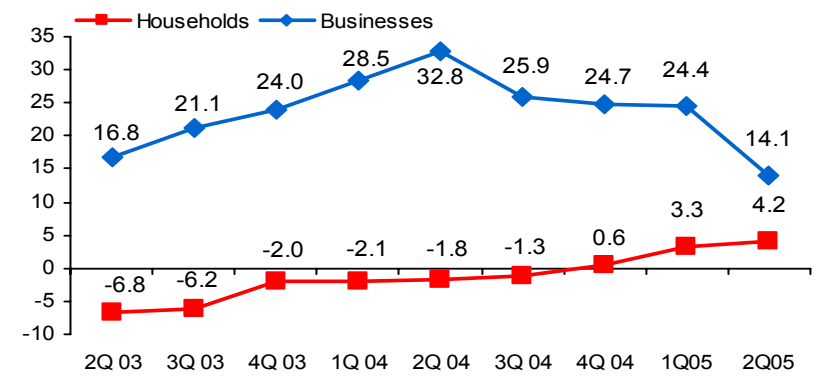
DYNAMIC GROWTH OF HOUSEHOLD LOANS EXPECTED



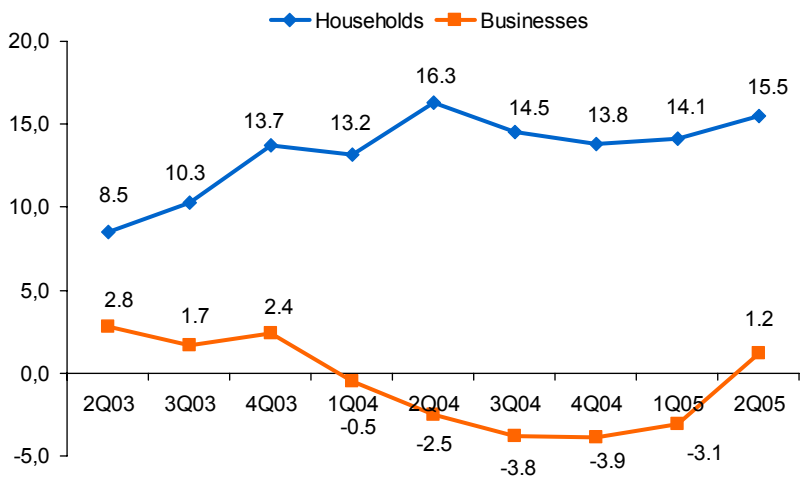
Inflation and reference rates NBP



Household and business deposits growth rates



Household and business loans growth rates



Source: NBP, GUS, PKO BP's assessments

- Thanks to lower interest rates and improving macroeconomic situation strong growth in consumer credit is expected, especially in mortgages;
- Gradual improvement in households economic income will sustain positive growth in retail deposits (mainly on demand), however it will be capped by continued change in structure of households' savings

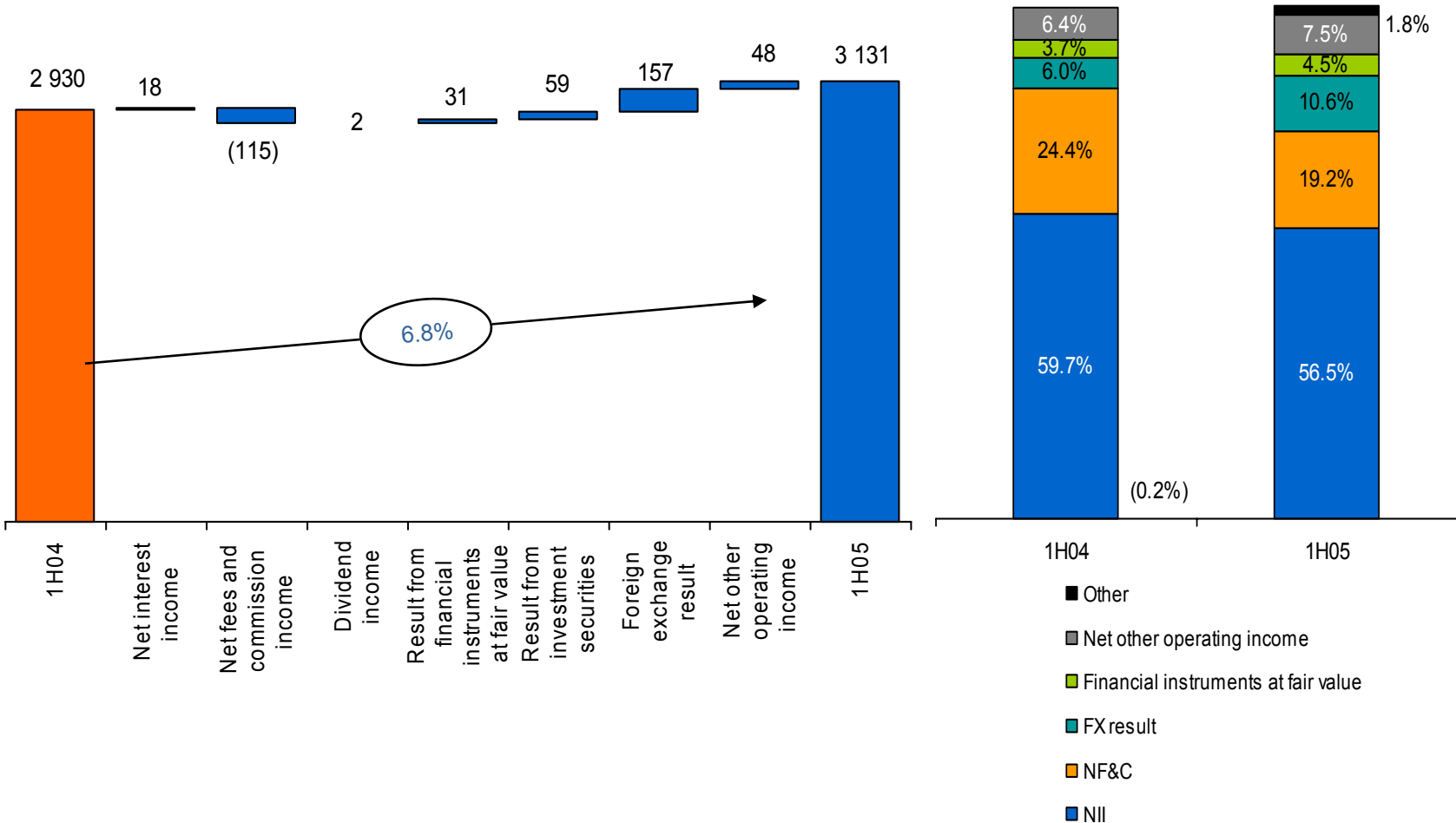


- ◆ Macroeconomic situation
- ◆ **Financial results for 1H 2005**
- ◆ Appendices
 - Business performance
 - Detailed financial performance



GROUP REVENUE

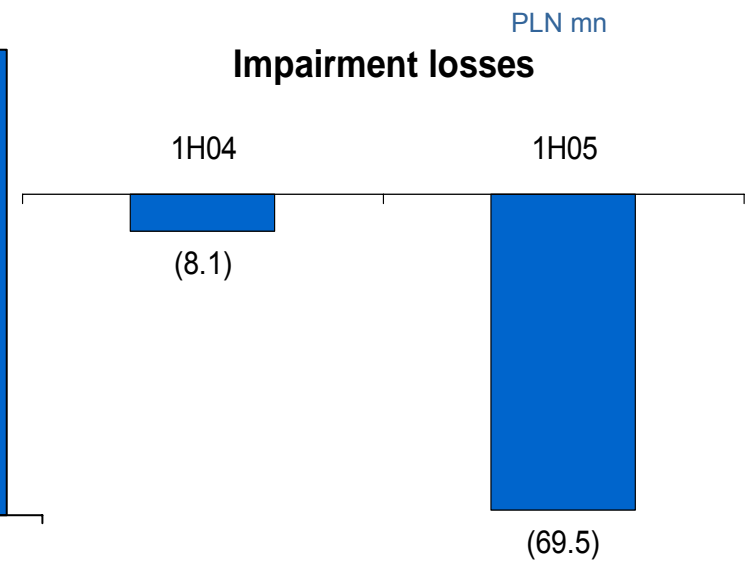
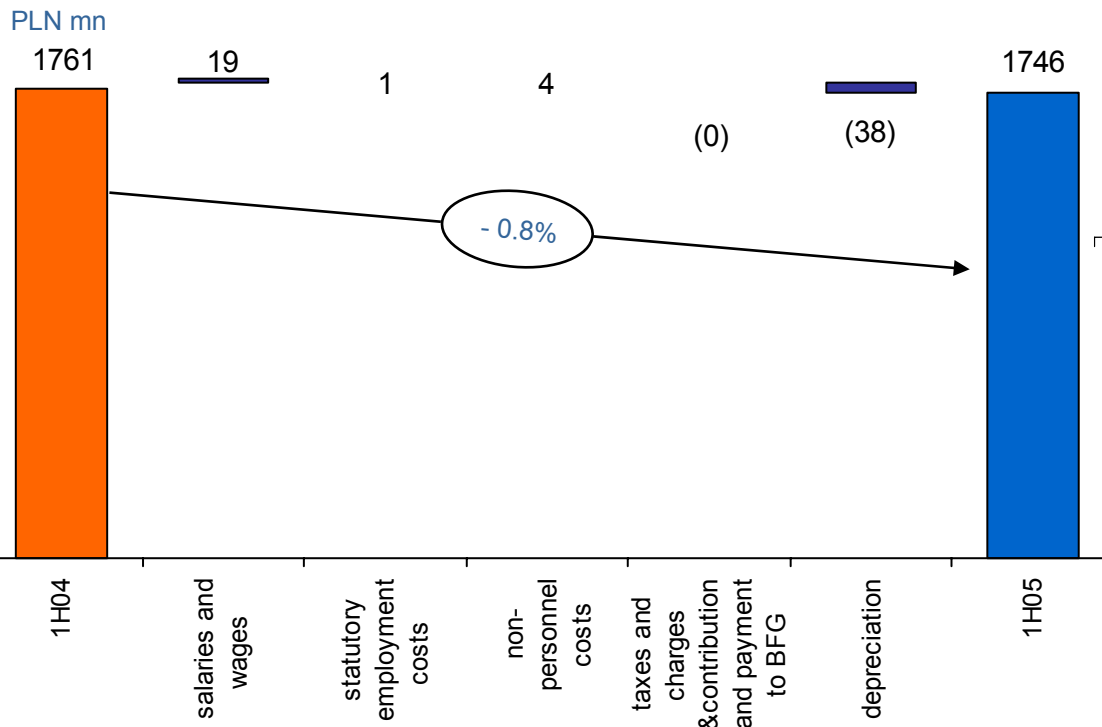
Total income items in PLN mn



Growth of financial and operating income by result from securities, foreign exchange result and balance of other income and expenses



PKO BP - COSTS



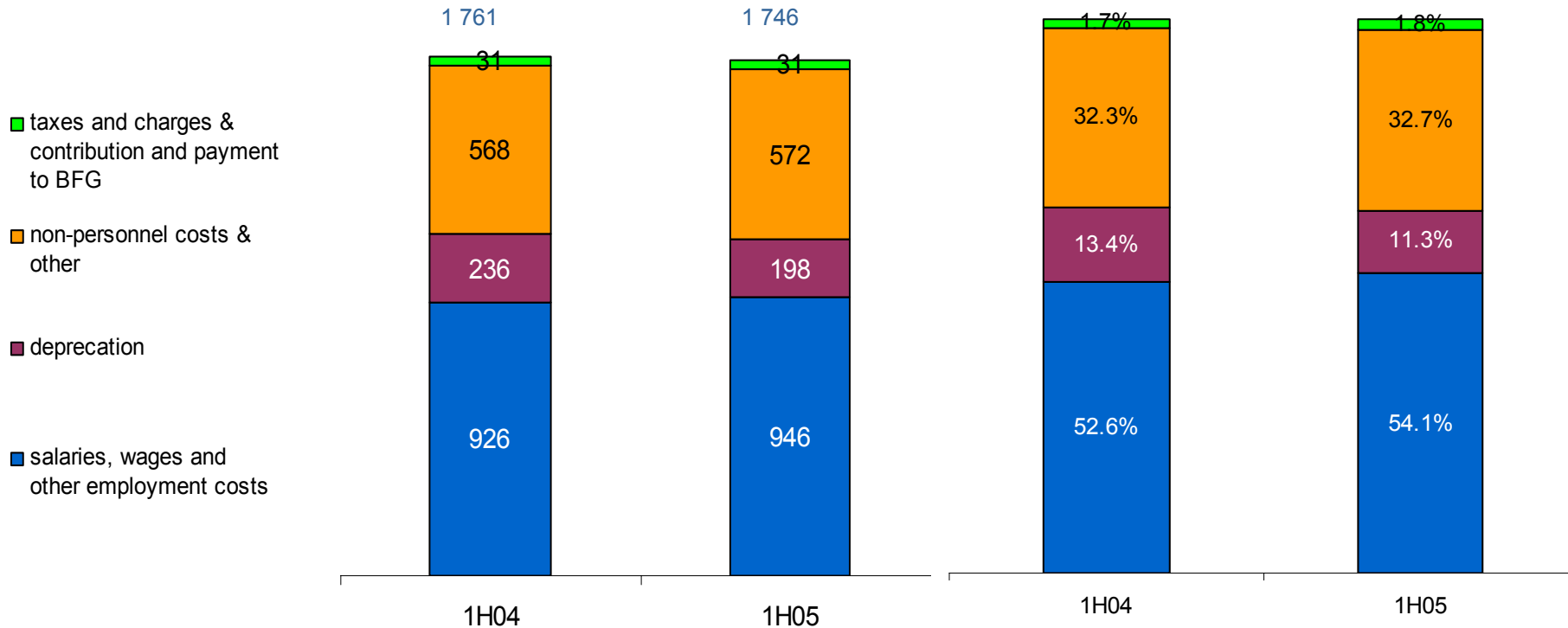
Implementation of strategy mainly contributed to improvement in costs

Impairment losses in line with cautious policy

PKO BP - STRUCTURE OF COSTS



PKO BP Overhead Costs (PLN mn)

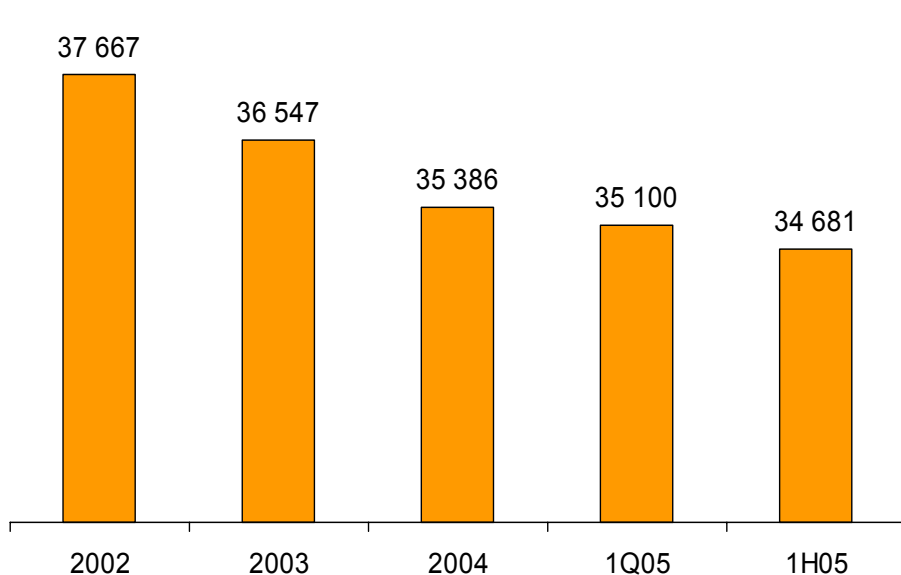


- Staff reductions are on target for 2005
- Decrease of administrative expenses results mainly from decrease depreciation
- Growth of personnel expenses due to improvement in wages.

PKO BP - NUMBER OF OUTLETS AND EMPLOYEES (as at period – end)

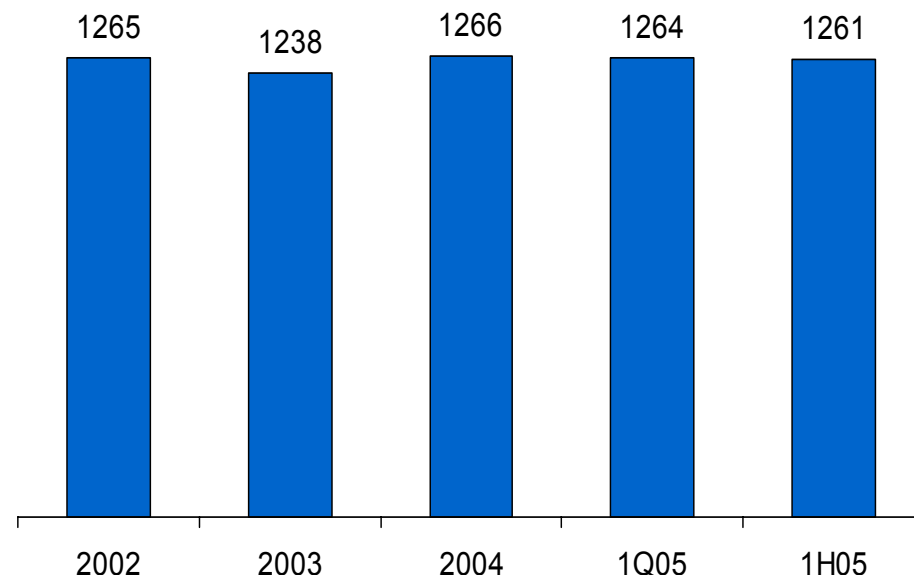


Employees



➤ Continuous fall of employment

Outlets



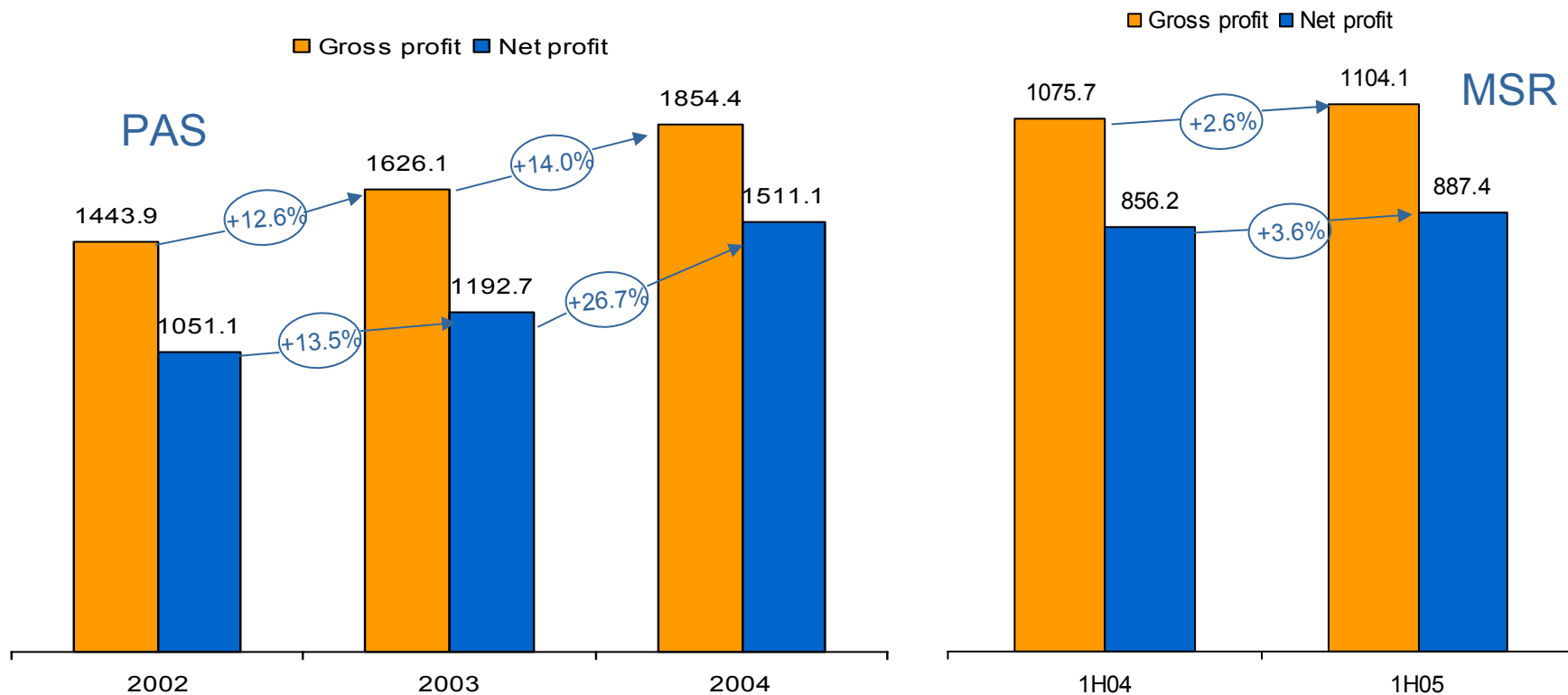
As at end of 1H 2005 PKO BP SA had 1,261 outlets, including:

- 1,178 outlets in the Retail Banking
- 83 outlets in the Corporate Banking

The number of ATMs as at end of period amounted to 1,863.

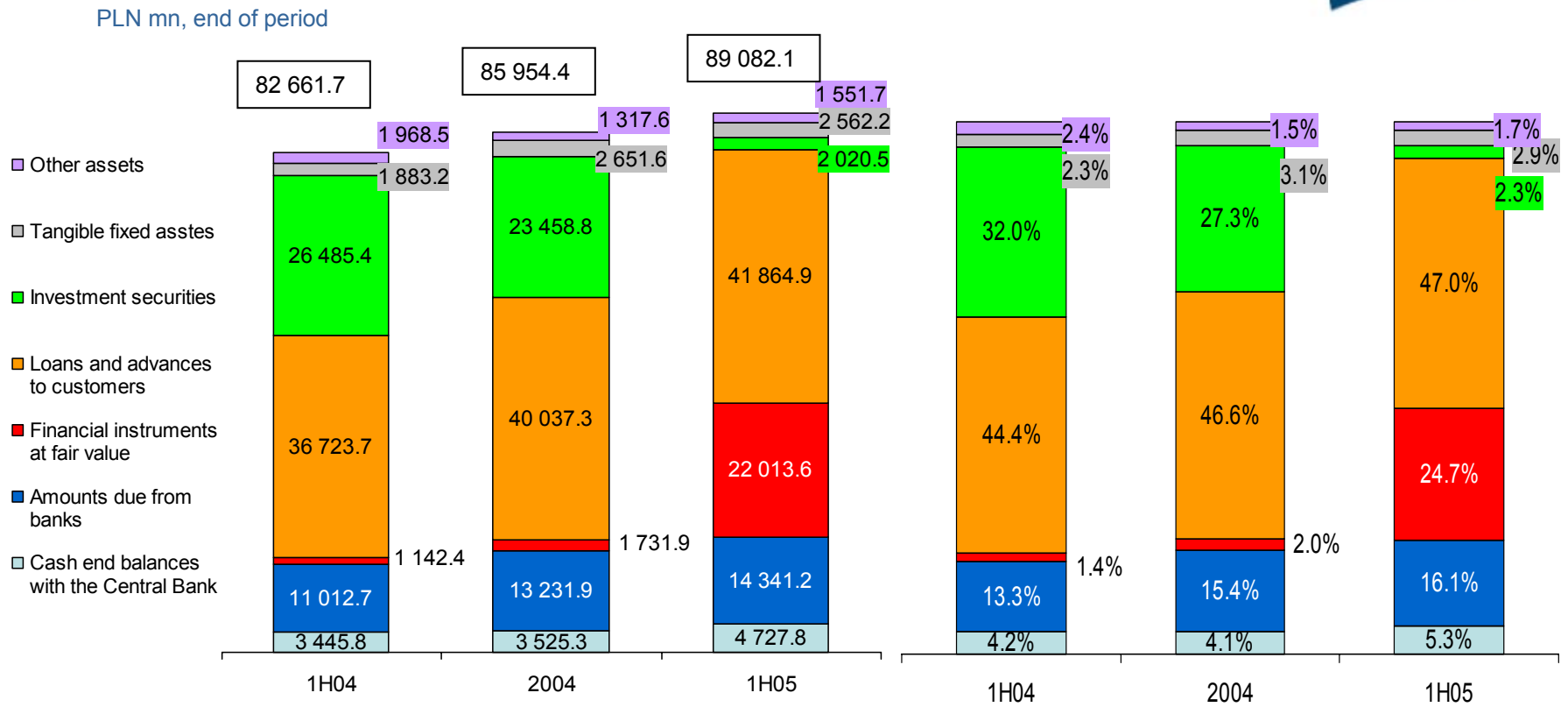


Group - Net and Pre-Tax Profit 1H05 vs. 1H04 (PLN mn)



Increase in profits due to result from net interest income, foreign exchange result, result from financial instruments at fair value, result from the investment securities and from net other operating income.

GROUP - ASSETS STRUCTURE



➤ 7.8% turn up of assets stemming from*:

- 14.0% increase in loans
- 36.0% increase in tangible fixed assets, mainly effect of higher valuation of assets
- 30.2% in dues from banks

About 80% of loans denominated in PLN

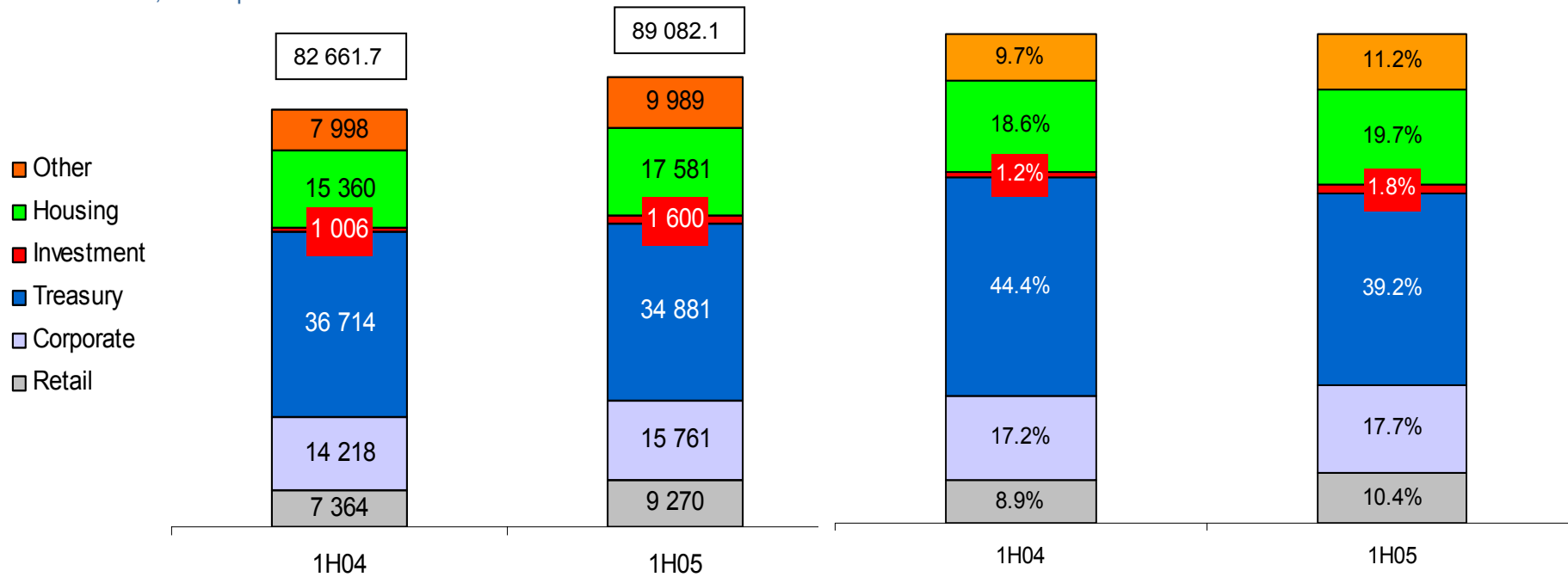
* In comparison with 1H'04

Data for 1H04 according to report after 2Q05

GROUP - ASSETS STRUCTURE BY BUSINESSES LINES



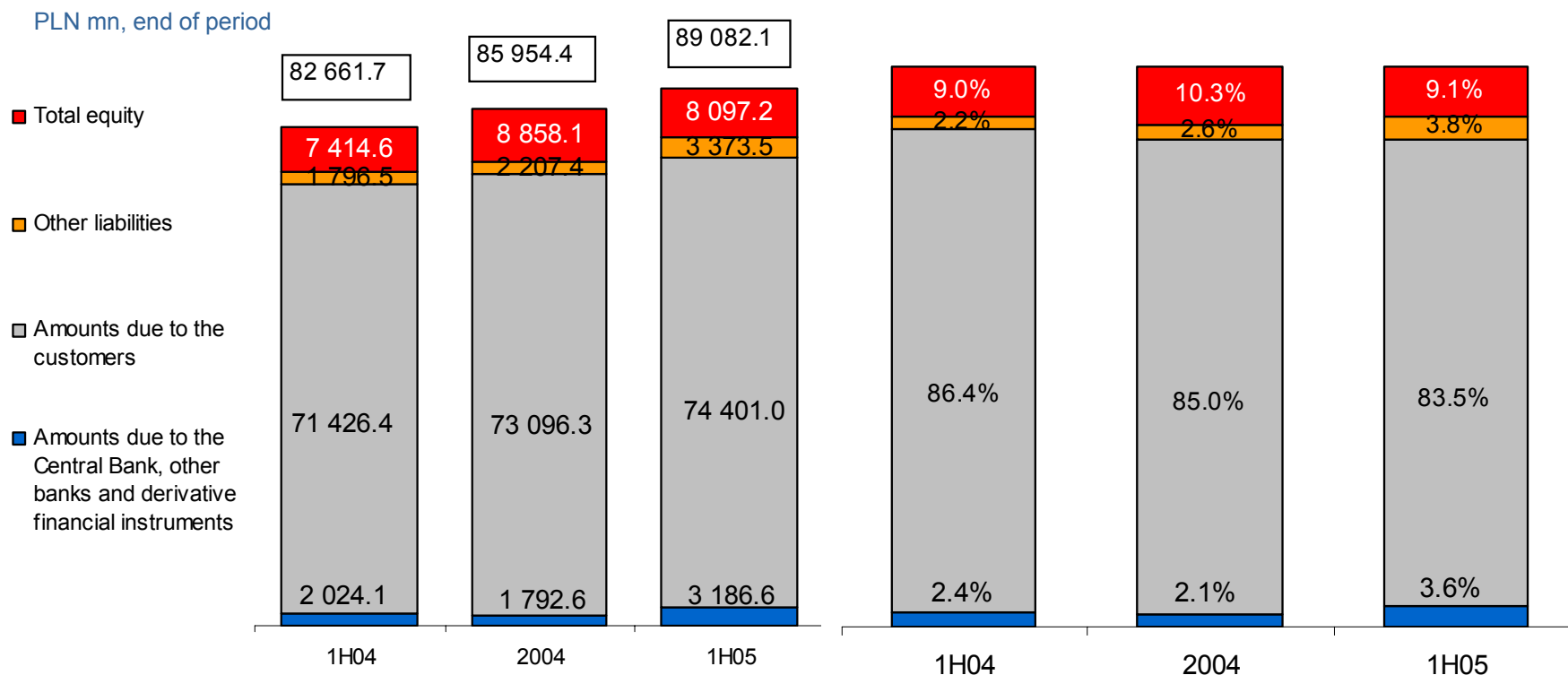
PLN mn, end of period



➤ Assets from treasury have the largest part in the assets structure, but decreasing

➤ Solid growth housing loans in the assets structure

GROUP - LIABILITIES STRUCTURE



- 4.2% growth of dues to the customers*
- 9.2% growth of shareholders equity (8.6% fall in relation to the end of 2004 due to dividends pay-out)*

- 89.1% growth of other liabilities*

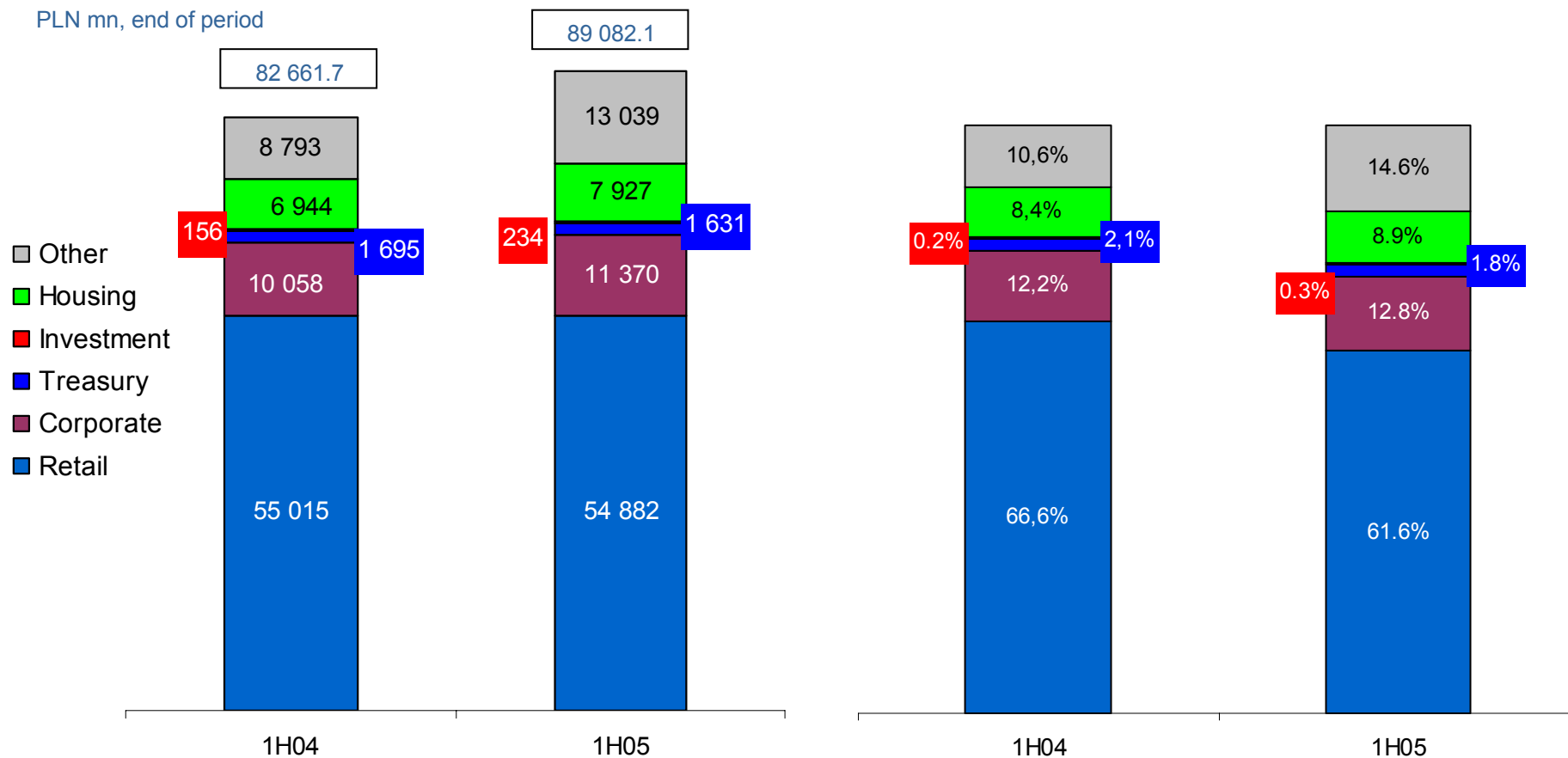
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GROUP - LIABILITIES STRUCTURE BY BUSINESSES LINES



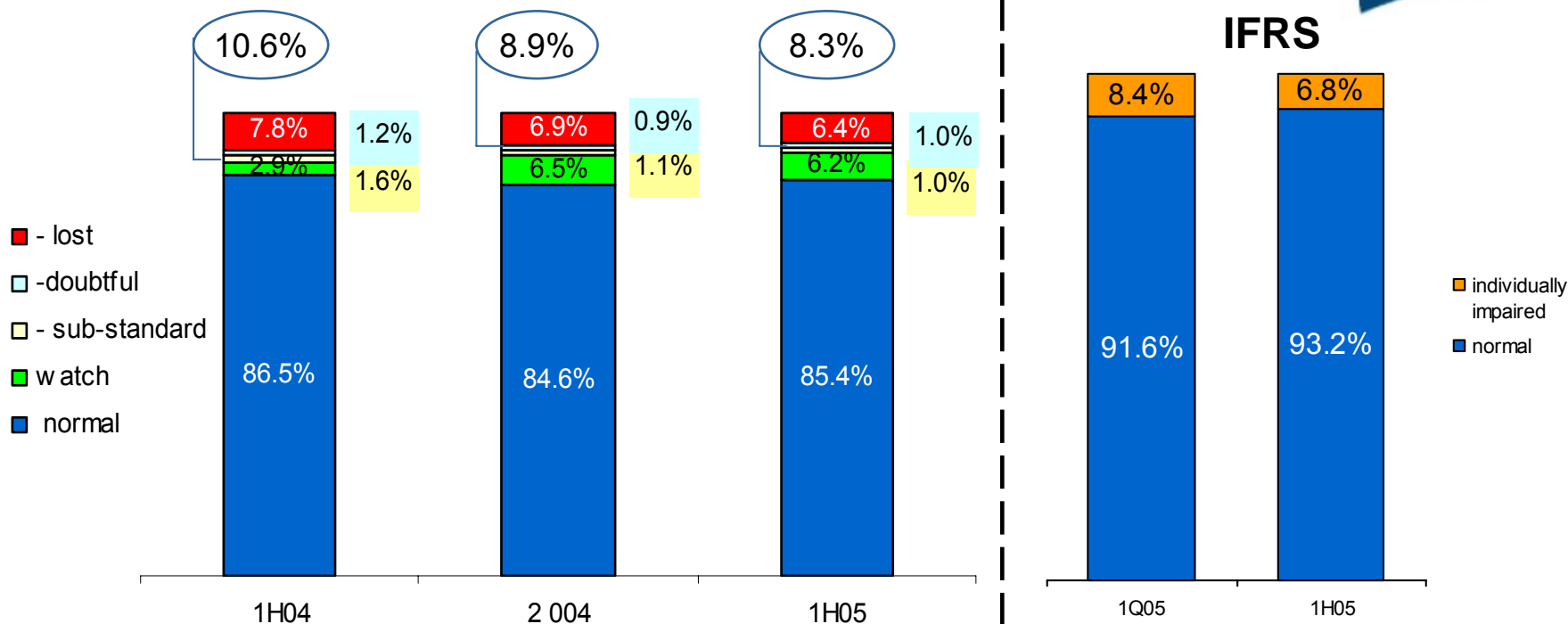
PLN mn, end of period



Retail - main component of liabilities



PKO BP - QUALITY OF LOAN PORTFOLIO



Loan portfolio quality improvement:

- 35,8% drop of individually impaired loans (1H05) in comparison with irregular loans in 1H04
- 23.6% drop of individually impaired loans (1H05) in comparison with irregular loans in end of 2004

Share of individually impaired loans in total loan portfolio as at 30 June 2005 – 6.8%

PKO BP - LOAN PORTFOLIO AS AT 30 JUNE 2005



	Volume (in PLN mn)					IFRS (in PLN mn)	
	1H04	2004	1H 05	1H05/1H04 (%)	1H05/2004%		1H05
Normal	34 121	34 763	37 713	10.5%	8.5%	Normal & collectively impaired	41 157
Watch	1 164	2 672	2 749	136.2%	2.9%	Individually impaired	2 982
Irregular including:	4 175	3 674	3 676	-12.0%	0.0%		
- sub-standard	616	468	430	-30.1%	-8.1%		
-doubtful	469	386	430	-8.3%	11.4%		
- lost	3 091	2 820	2 815	-8.9%	-0.2%		
TOTAL	39 461	41 109	44 138	11.9%	7.4%	TOTAL	44 138

➤ Total portfolio volume increased by 3,029 million PLN in 1H05

➤ Loan portfolio quality improvement – individually impaired loans amounted to 2,982 million PLN in 2Q05

PKO BP - LOAN PORTFOLIO BY BUSINESS LINES AS AT 1H05



Loan Volume (in PLN mn) 1H04 (PAS)

	Retail	Corporate and SME	New housing loans	Old housing loans
normal	7 286	12 428	11 470	2 939
watch	0	891	216	58
Irregular, including:	933	2 212	765	262
sub-standard	69	248	187	112
doubtful	26	334	84	22
lost	838	1630	495	127
TOTAL	8 219	15 531	12 451	3 259

Share of individually impaired loans in comparison to non-performing loans in particular segments:

- Retail: 7.5% (1H05)
down from 8.4%
(31.12.2004)
- Corporate and SME:
10.4% (1H05) down from
13.7% (31.12.2004)
- New housing loans:
2.4% (1H05) down from
4.1% (31.12.2004)

Loan Volume (in PLN mn) 1H05 (IFRS)

	Retail	Corporate and SME	New housing loans	Old housing loans
normal & collectively impaired	9 437	14 379	14 453	2 886
individually impaired	771	1 676	356	178
TOTAL	10 209	16 055	14 809	3 065

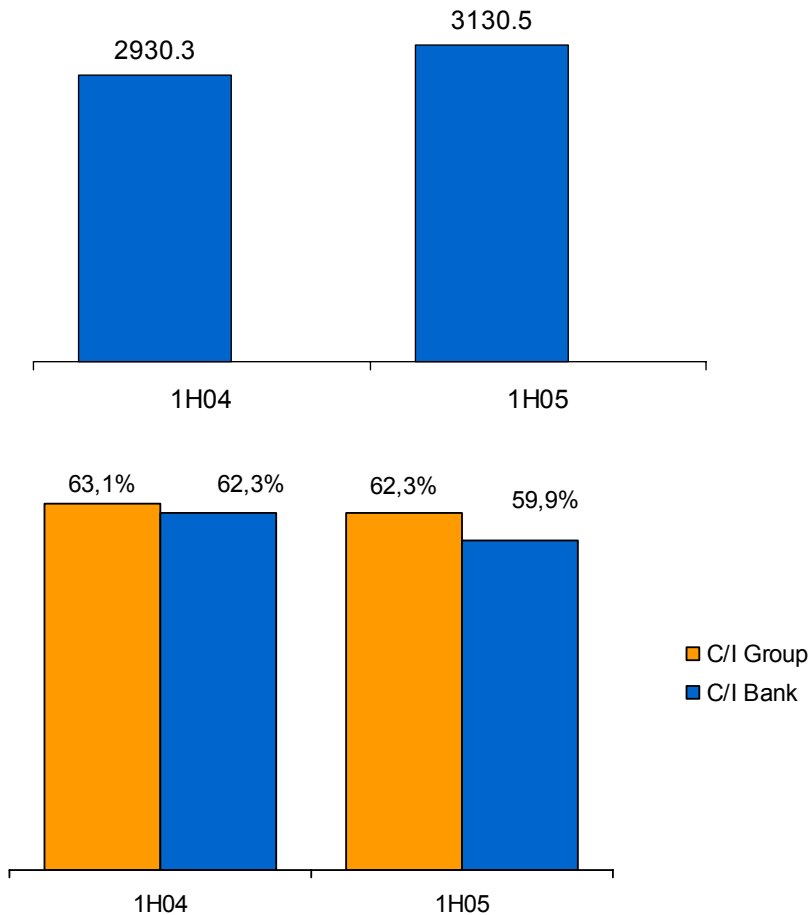


- ◆ Macroeconomic situation
- ◆ Financial results for 2Q 2005
- ◆ **Appendices**
 - ➤ **Business performance**
 - Detailed financial performance

BUSINESS DEVELOPMENT – INCOME & PROFITABILITY



Total income items in PLN mn



+ 6.8% annual growth of total income:

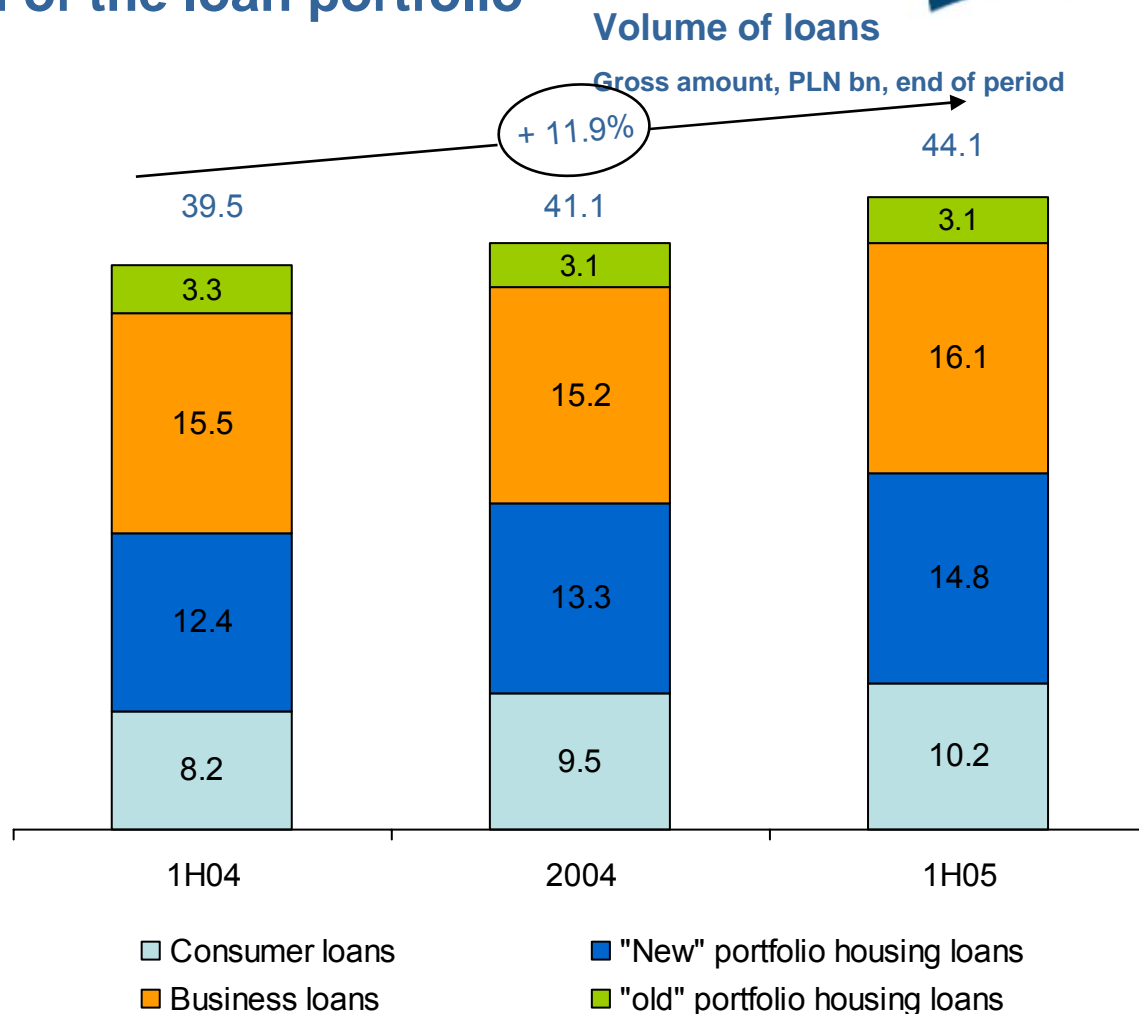
- + 1.1% net interest income
- - 16.1% net F&C result
- + 90.1% F/X result
- + 25.5% net other operating income
- + 28.6% result from financial instruments at fair value

LOAN PORTFOLIO DEVELOPMENT – LEADER BANK



+11.9% - solid growth of the loan portfolio

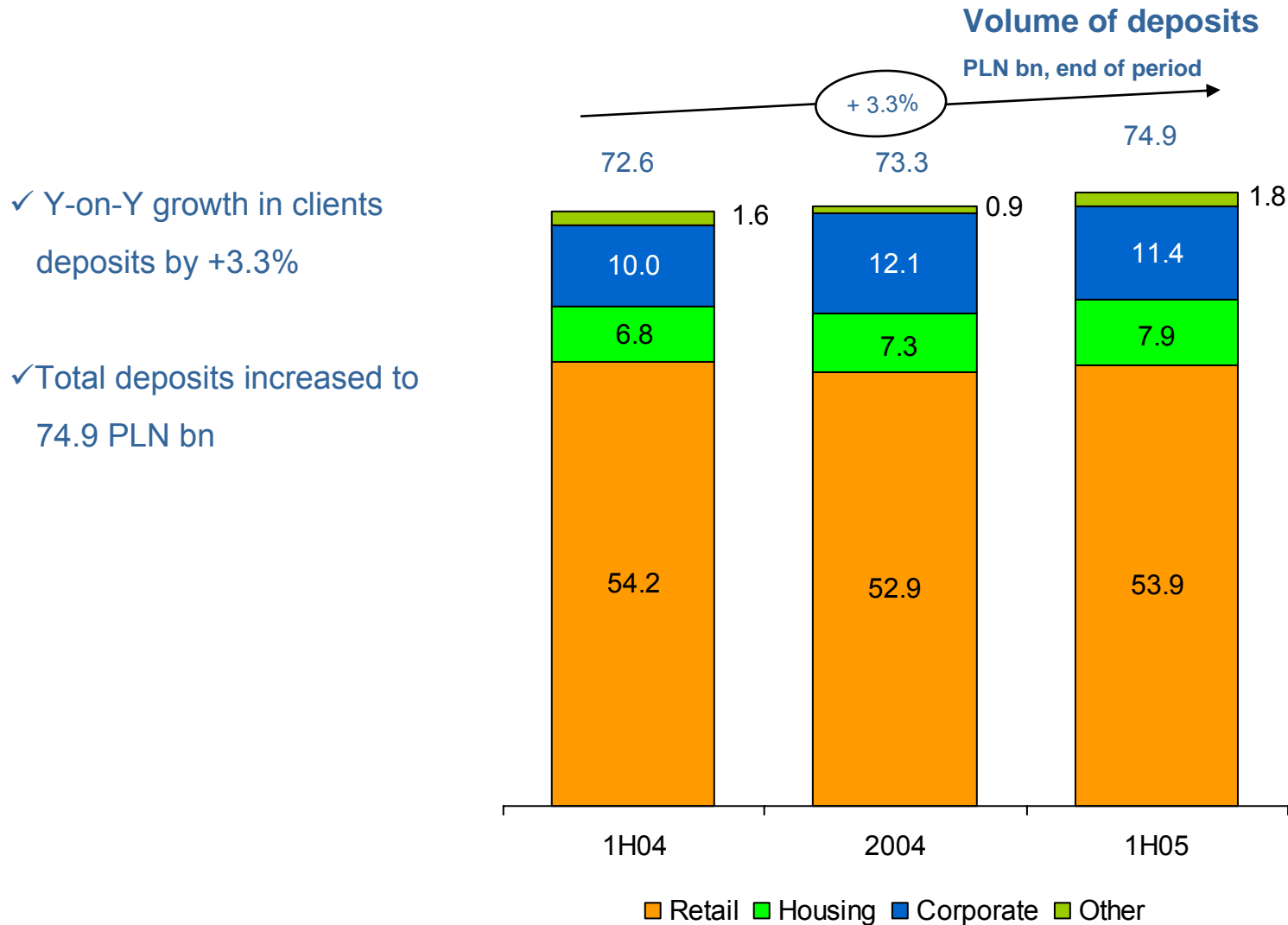
- Y-on-Y increase of the Leader Bank portfolio by 11.9 %
- Corporate loans increased by 3.4%
- Mortgages and consumer loans represent 56.7% of the Bank portfolio:
 - Volume of mortgages (retail and corporate) increased Y-on-Y by 18.9%
 - Volume of consumer loans increased Y-on-Y by 24.2%



DEPOSITS



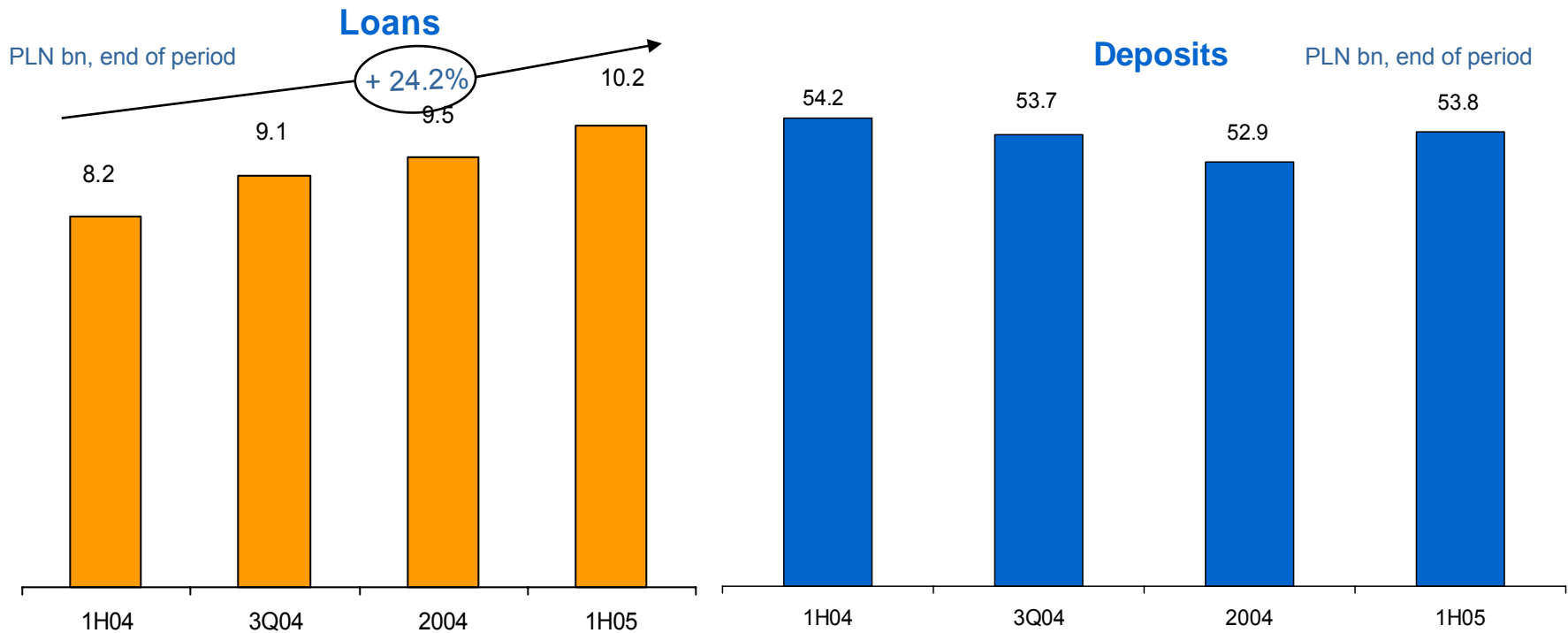
Continuous growth in the deposits base



LOANS TO INDIVIDUALS



Retail loans continue to growth



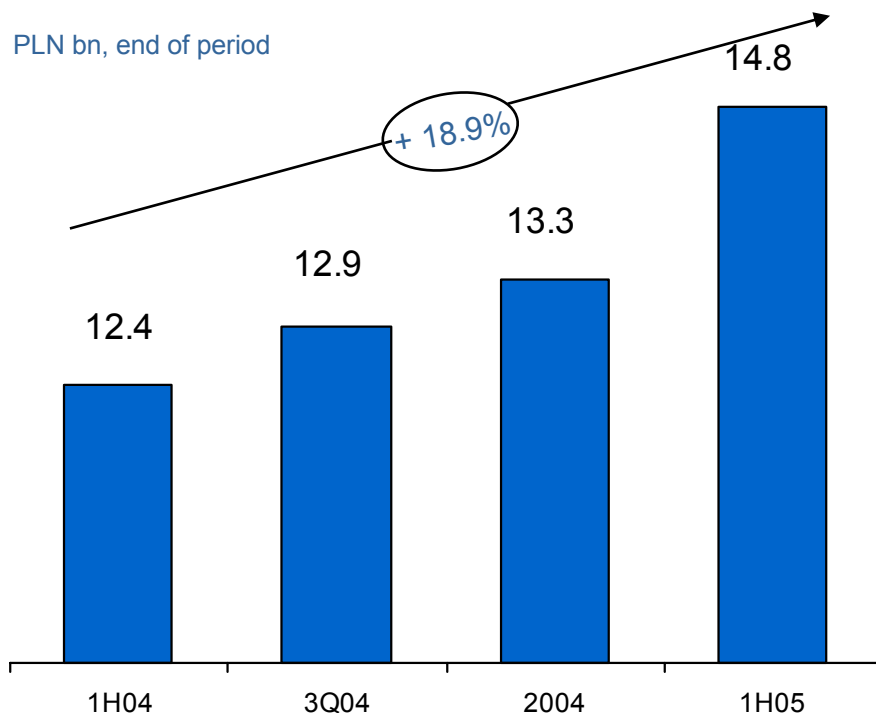
The Bank is the market leader in retail banking

- Year-on-year increase in volume of consumer loans granted during 1H by 24.2%
- Number of customers increased by 15.8% to 5,774 thousand

LOANS TO INDIVIDUALS



Mortgages: strong and healthy growth



- Year-on-year increase in volume of mortgages granted during 1H by 18.9%
- Growth of new loans significantly increased in 2Q05 (+2.0 PLN bn)
- PKO BP is the largest mortgage bank at the Polish market

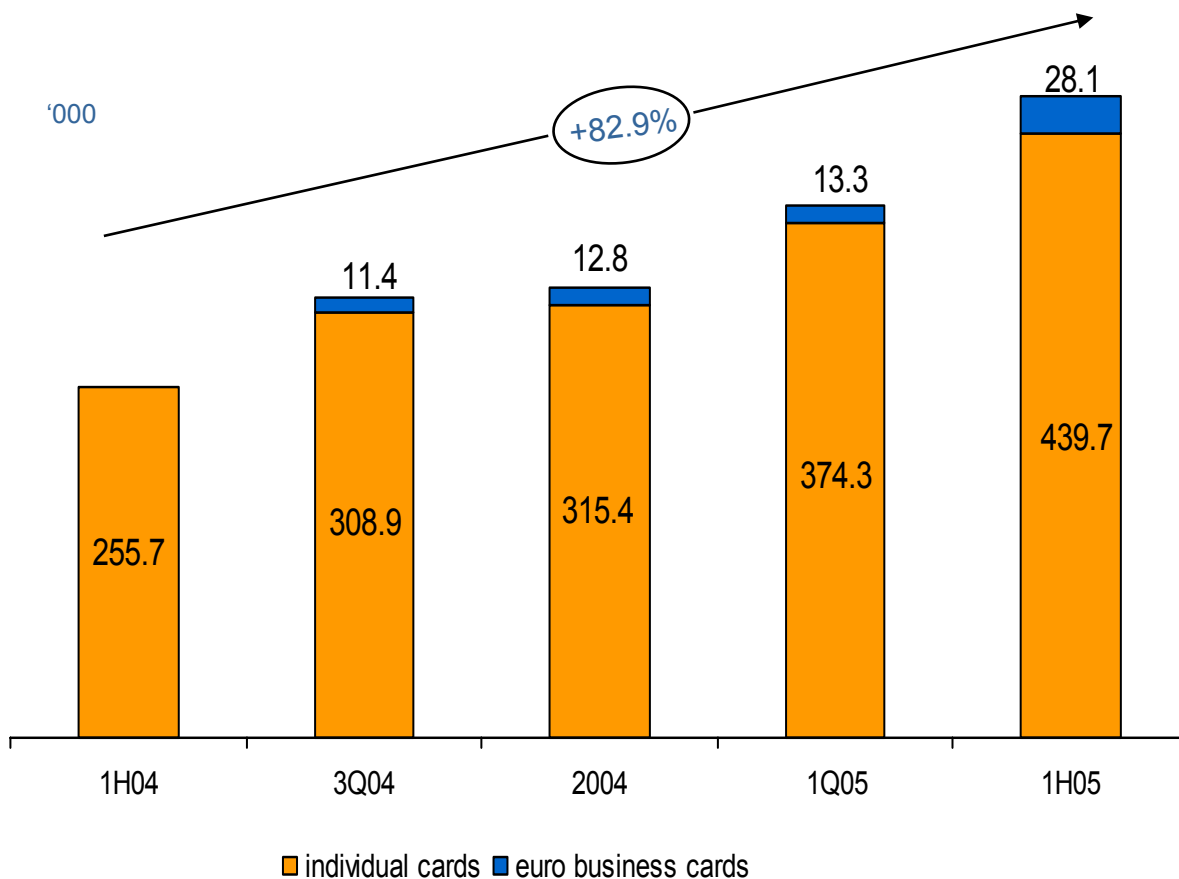
The Bank is the unchallenged market leader in mortgages.

Continuing acceleration of growth.

PKO BP - BANKING CARDS BUSINESS

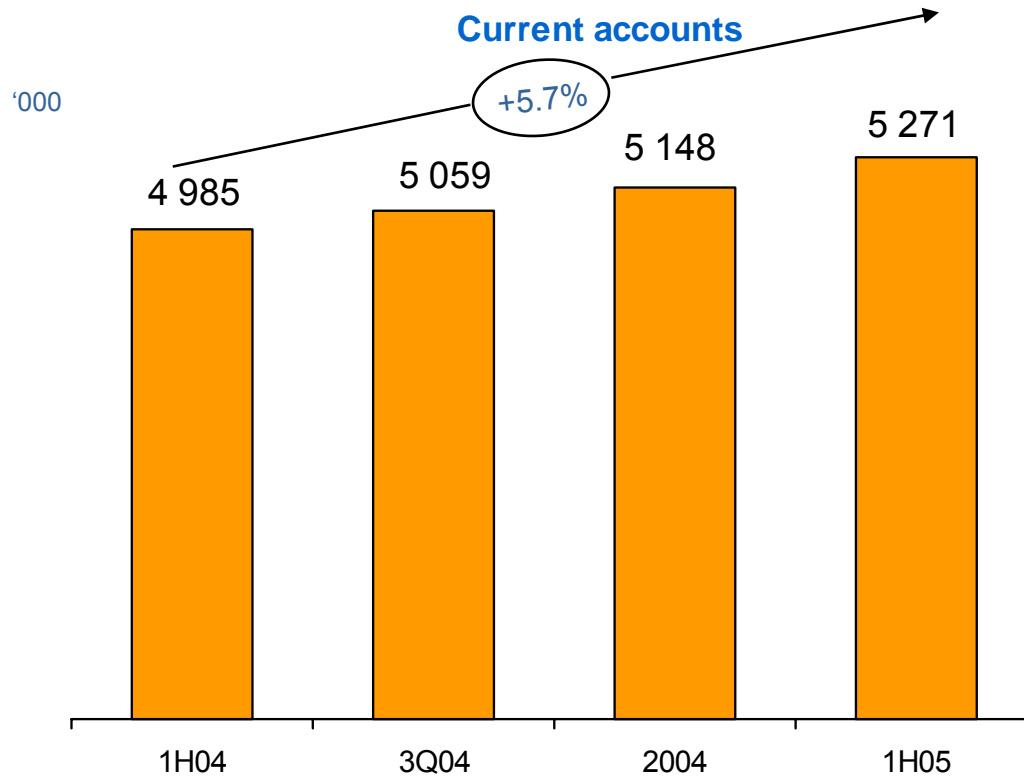


Strong growth in credit cards



- Choice – wide offer
- Active cross – selling
- Co-brands & affinity partners effort
- Number of individual cards increased by 72.0% to 439.7 thousand

PKO BP - CURRENT ACCOUNTS & ALTERNATIVE DISTRIBUTION CHANNELS

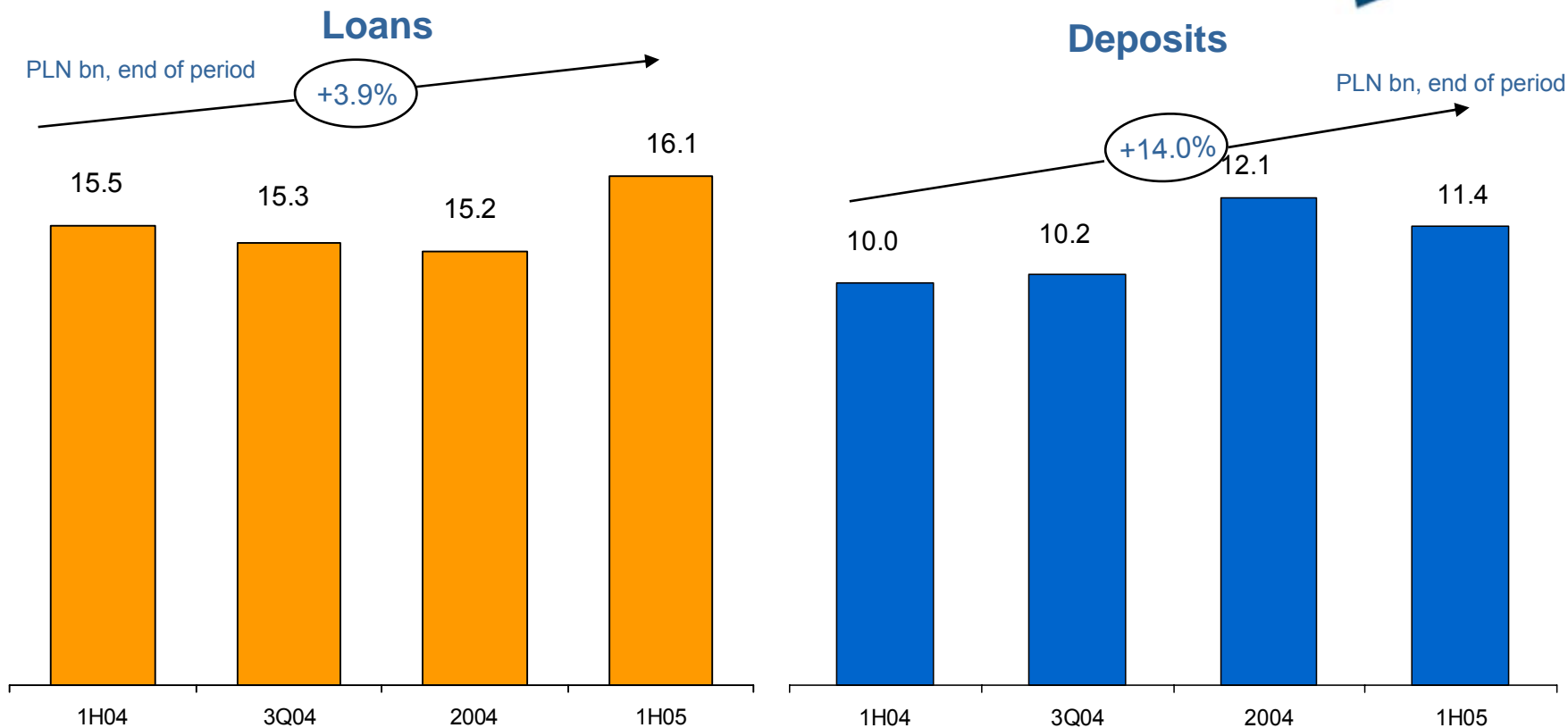


- Progress in penetrating Internet account segment (profitability and source of income identified)
- Focusing on affluent customers, better service, higher product usage
- Strong development in SME customer base

	1H04	3Q04	2004	1Q05	1H05
Internet banking (Inteligo)					
Individual Internet account in '000	331	365	403	438	451
SME in '000	37	40	42	44	52



PKO BP - CORPORATE VOLUMES & INCOME



Attractive potential for further growth, corporate earnings are improving

PKO BP – STRUCTURED FINANCE



Leading agent for local government

No	Status of VI 2005	Total debts issuers (PLN mn)	Number of programmes	Value of programmes (PLN mn)	Series or tranches sold in 2Q'05	
	Bank - agent				Number	Value (PLN mn)
1	PKO BP	1 095.0	135	1 460.5	26	27.5
2	Pekao SA (with CDM Pekao SA)	815.6	17	1191.2	2	5.0
3	BOŚ	249.4	48	310.5	4	5.2
4	BGK	207.9	42	281.1	12	14.7
5	BRE Bank	185.0	2	185.0	0	0.0
6	BZ WBK	130.4	4	137.0	0	0.0
7	Millenium	108.5	19	130.0	6	0.6
8	BPH	53.6	2	125.0	0	0.0
9	Nordea Bank	40.5	14	42.7	0	0.0
10	Bankgesellschaft Berlin	30.0	1	30.0	0	0.0
11	BISE	22.2	9	42.3	0	0.0
12	BPS	11.2	5	17.2	0	0.0
13	DZ Bank	0.8	1	0.8	0	0.0
14	Other*	33.6	10	N.A.	N.A.	N.A.
	including	2 983.7	305	3 922.9	50	53.0

* BGŻ, GBW and Fortis Securities

Source: banks, Fitch Polska, Rzeczpospolita

PKO BP – ONE OF THE MARKET LEADERS IN WSE



No.	Brokerage house	Turnover (PLN mn)	Market shares
1	DM BH	16 330.8	22.1
2	CDM Pekao	9 464.3	12.8
3	ING Securities	9 406.9	12.7
4	DM BZ WBK	9 823.9	11.9
5	CA IB	6 258.3	8.5
6	BDM PKO BP	5 303.0	7.2
7	DB Securities	3 474.8	4.7
8	DI BRE Bank	2 783.1	3.8
9	Erste Securities	2 338.7	3.2
10	BM BPH	2 023.2	2.7

- Growth in stocks turnover by 65% comparing to 2Q04 (average growth in WSE turnover 41%)
- Leader in bonds market, average share in WSE turnover 40%
- Growth of brokerage accounts by 75%.

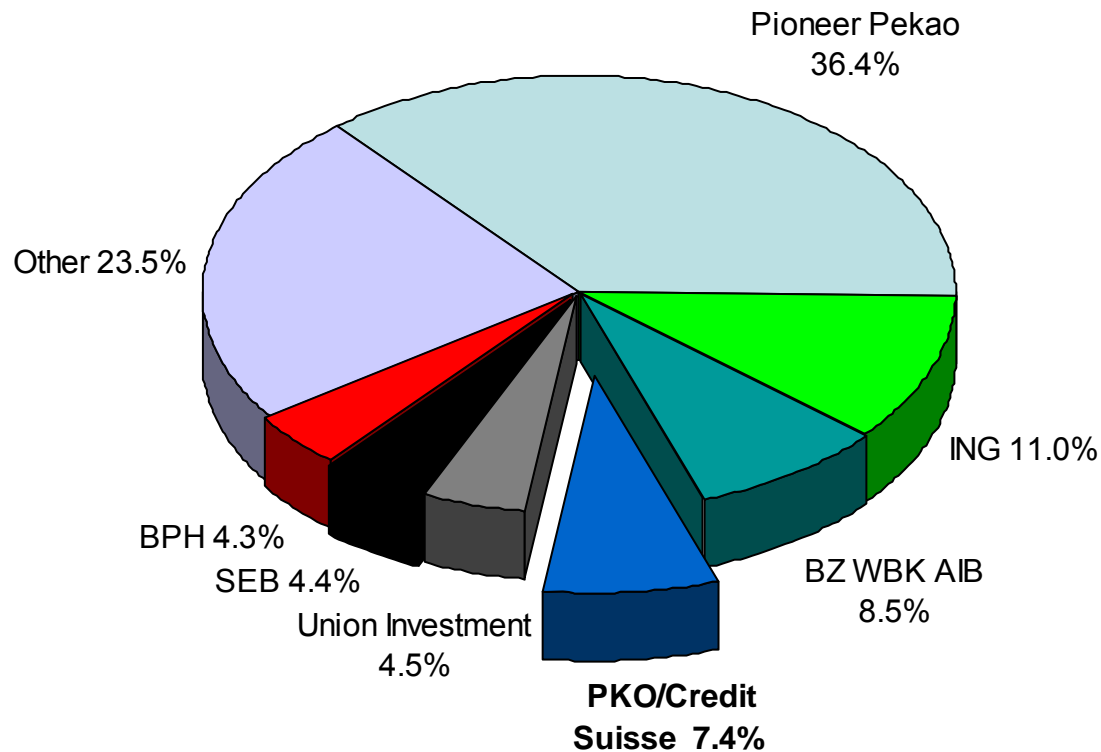
BDM PKO BP scored second place in „Brokerage Houses in 2005” qualitative ranking organised by PARKIET among 19 brokerage houses operating in Poland. It won in 3 categories: fees for options trade, possibility of investment funds units trade and a number of IPOs serviced.

Source: Rzeczpospolita, Parkiet

PKO BP – MUTUAL FUNDS











Chance in specialisation



- Specialisation in products
- Concentration on market
- Change of attitude toward investment funds
- New funds with higher risk profile
- New securitisation funds

Investments enhance product line PKO BP



Asset management	Retirement insurance		<ul style="list-style-type: none"> Assets: 2,310 million PLN No. 8 on the market No. 1 on the market, as ranked by return on assets under management
	Investment funds		<ul style="list-style-type: none"> Value of assets under management: 3,328 million PLN No. 4 by value of assets under management
Other financial services	Internet banking		<ul style="list-style-type: none"> PKO BP internet banking platform – no.5 on the market in number of internet banking users 503,230 accounts
	Electronic payments		<ul style="list-style-type: none"> Quantity of terminals: 25, 577 (26.5% market share) Value of transactions settled in 2Q05: 3.45 billion PLN One of the market leaders in electronic payments
	Leasing		<ul style="list-style-type: none"> Value of leased assets: 128.5 million PLN (2Q05) Market share: 3.0% No. 12 on the market
Bank investment	Foreign Banking Operations (Kredyt Bank Ukraina S.A.)		<ul style="list-style-type: none"> Assets: 1.65 billion UAH (271 million €) Acquired 66.7% stake in August 2004
	Polish banking market		<ul style="list-style-type: none"> The Bank has 25% plus one share in Bank Pocztowy Bank Pocztowy serves a network of 8,000 Polish Post Offices
Other	Real estate development		<ul style="list-style-type: none"> 51% stakes in Miasteczko Wilanów and Marina Mokotów in Warsaw and 100% stakes in POMERANKA Ltd in Warsaw, 55% stakes in UKRPOLINWESTYCJE Ltd in Kiev Value of residential projects underway: 1.2 billion PLN; 3,400 residential units

These units are tasked with increasing the Bank's profitability by extending the product line



- ◆ Macroeconomic situation
- ◆ Financial results for 1H 2005
- ◆ **Appendices**
 - Business performance
 - **Detailed financial performance**

Group Balance Sheet

Assets



IFRS, Consolidated, PLN thousand	2004 end	1H05	%Change
Cash and balances with the Central Bank	3 525 329	4 727 818	34.1%
Amounts due from other banks	13 231 879	14 341 243	8.4%
Financial instruments at fair value through profit & loss	1 731 896	22 013 602	X12.7
Loans and advances to customers	40 037 263	41 864 995	4.6%
Investment securities	23 458 834	2 020 518	-91.4%
Tangible fixed assets	2 651 597	2 562 229	-3.4%
Other assets	1 317 567	1 551 712	17.8%
TOTAL ASSETS	85 954 365	89 082 117	3.6%

GROUP BALANCE SHEET

Liabilities and Total Equity



IFRS, Consolidated, PLN thousand	2004 end	1H05	%Change
Amounts due to the Central Bank	144	945	X6.6
Amounts due to the other banks	998 718	1 702 465	70.5%
Derivative financial instruments	793 739	1 483 150	86.9%
Amounts due to customers	73 096 254	74 400 988	1.8%
Other liabilities	2 207 358	3 397 359	53.9%
Total equity	8 858 152	8 097 210	-8.6%
TOTAL LIABILITIES	85 954 365	89 082 117	3.6%

PKO BP GROUP - FINANCIAL RESULTS



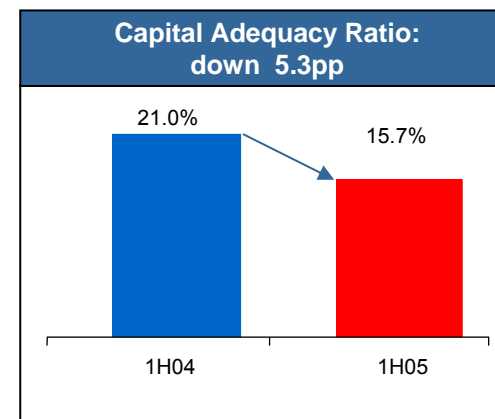
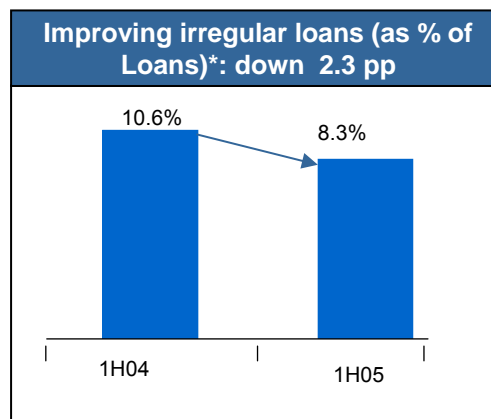
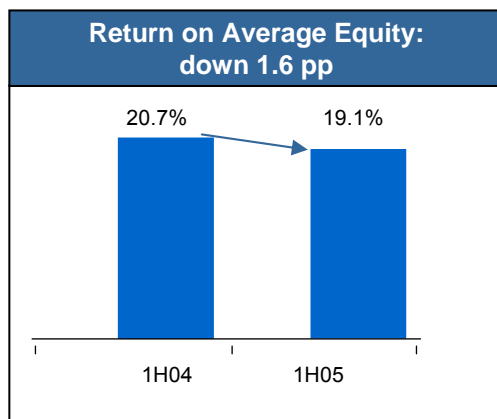
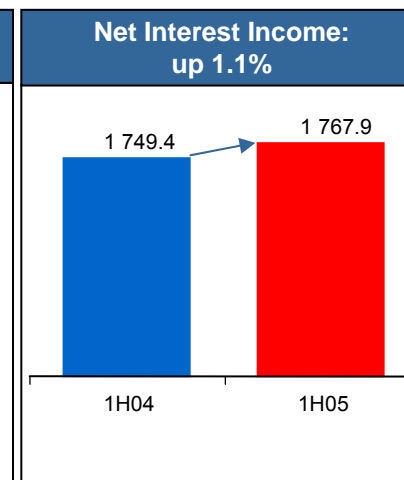
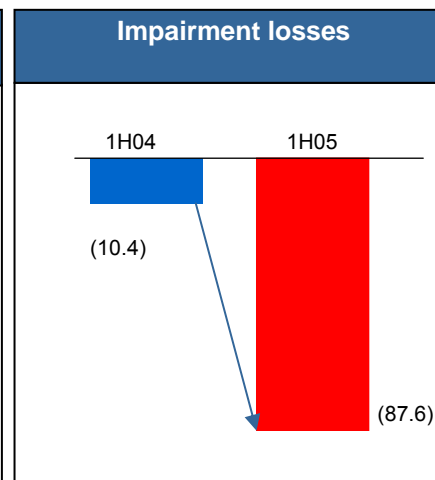
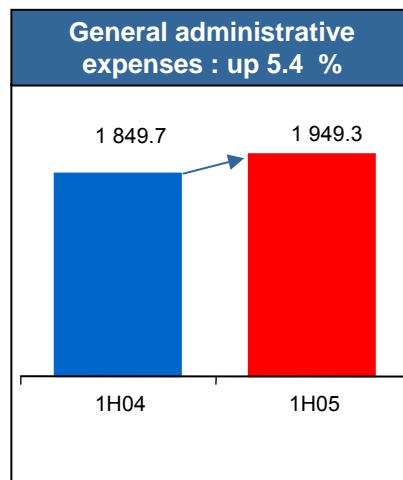
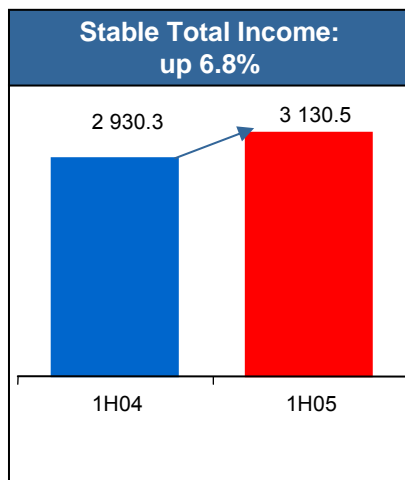
PLN thousand	1H04	1H05	Change 1H05/1H04
Net interest income	1 749 387	1 767 878	1.1%
Net fees and commission income	715 842	600 846	-16.1%
Dividend income	3	1 570	X 523
Result from financial instruments at fair value	108 632	139 647	28.6%
Result from the investment securities	(5 885)	53 444	-
Foreign exchange result	174 599	331 839	90.1%
Net other operating income	187 730	235 542	25.5%
Total income items	2 930 308	3 130 539	6.8%
Impairment losses	(10 399)	(87 571)	X8.4
General administrative expenses	(1 849 514)	(1 949 270)	5.4%
Share in net profit of associates and joint ventures	5 290	10 424	97.1%
Gross profit	1 075 685	1 104 122	2.6%
Income tax expense	(218 891)	(219 818)	0.4%
Profit (loss) of minority shareholders	(548)	3 052	-
Net profit	856 246	887 256	3.6%

PKO BP - FINANCIAL RESULTS



PLN thousand	1H04	1H05	Change 1H05/1H04
Net interest income	1 736 231	1 738 362	0.1%
Net fees and commission income	726 804	579 286	-20.3%
Dividend income	18 840	14 272	-24.2%
Result from financial instruments at fair value	108 632	139 063	28.0%
Result from the investment securities	(6 097)	53 197	X
Foreign exchange result	175 233	342 202	95.3%
Net other operating income	67 5583	49 926	-26.1%
Financial and operating income	2 827 216	2 916 308	3.2%
Impairment losses	(8 117)	(69 514)	X8.5
General administrative expenses	(1 760 786)	(1 746 832)	-0.8%
Gross profit	1 058 313	1 099 962	3.9%
Income tax expense	(212 600)	(218 738)	2.9%
Net profit	845 713	881 224	4.2%

GROUP - STRONG FINANCIAL RECORD



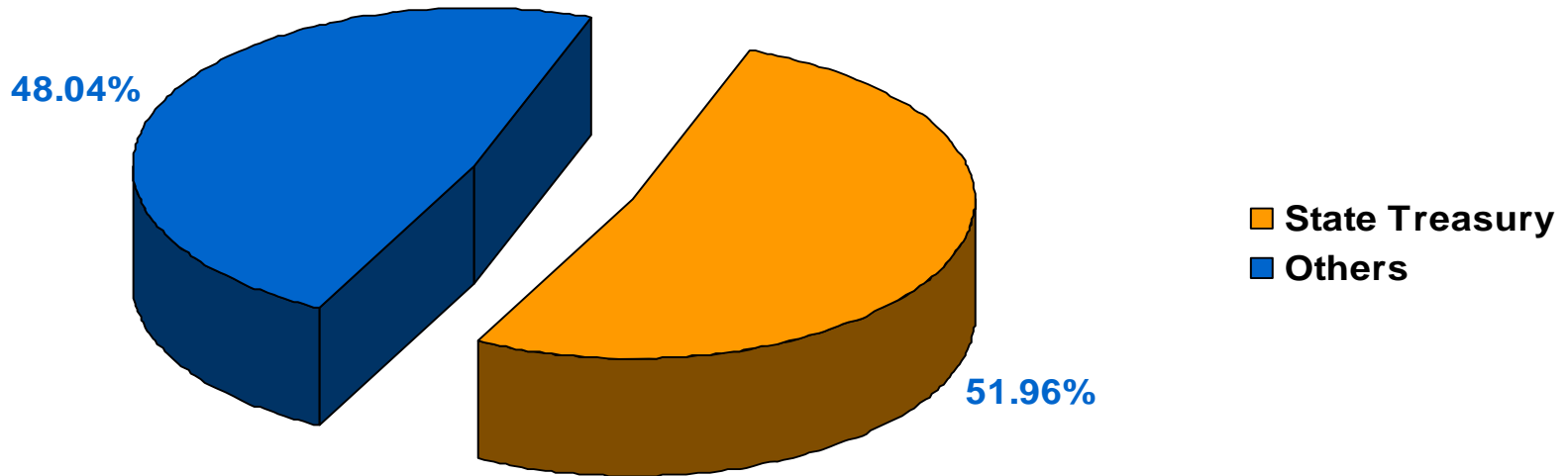
Note: PLN in millions, unless stated otherwise

* Excludes financial institutions, for the Bank



STRUCTURE OF SHAREHOLDERS

Major shareholders of PKO BP with over 5% of the share capital as at 31 August 2005 – State Treasury*



* As at 19 May 2005 State Treasury owned 54.58% of the share capital and others shareholders 45.42%

RATING of PKO BP



Based on public information

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

CONTACTS

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