

***Annual
Report
of Bank Pocztowy S.A.***

Warsaw, 15 October 2009

„This Report is an abridged version of the Bank's financial statements. To obtain complete and reliable information about the Bank as at 31 December 2008 as well as the results of the Bank's operations conducted from 1 January 2008 till 31 December 2008 one needs to become acquainted with the full version of the financial statements including all the disclosures required by the Polish Accounting Act and regulations based thereon.“



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Letter from the Chairman of the Supervisory Board



Ladies and Gentlemen,

In the 2008 Annual Report, Bank Pocztowy S.A. can once again proudly announce its good financial results. This shows that the idea of creating postal banks, which is so highly valued all around the world, is becoming increasingly popular in Poland as well.

To a great extent, the good results achieved last year owe a great deal to the advantages that come from the close cooperation and integration of Bank Pocztowy S.A. with its majority shareholder Poczta Polska. The strategy, which was adopted as early as in 2006, of developing postal banking by creating fully professional Financial Service Points at post offices, has led to a discernable increase in the sale of both deposits and loans.

As a result of the effective cooperation between Bank Pocztowy S.A. and Poczta Polska, and thanks to the support received from the other shareholder, PKO BP, the opportunity to use affordable banking products has ceased to be a privilege enjoyed only by residents of big cities; instead it has also become available to people living in small towns and villages.

Bank Pocztowy S.A. is present at every post office in Poland, and at the end of 2008 there were Financial Service Points with online access to the banking system in almost 1,900 of them. This constitutes the biggest financial services distribution network in Poland that no other bank can pride itself on.

The cooperation between Bank Pocztowy S.A. and Poczta Polska, which is unique nationwide, is the key to the Bank's success and allows us to look to the future with courage and optimism.

Andrzej Polakowski

Chairman of the Supervisory Board

Andrzej Polakowski

Przewodniczący Rady Nadzorczej

Ladies and Gentlemen,



I kindly encourage you to become acquainted with the Annual Report of Bank Poczty S.A., which is a summary of the Bank's operations conducted in 2008. From our Bank's perspective, the past 12 months, despite the visible market signs of deep economic slowdown, were a period of further dynamic growth.

The net result of Bank Poczty S.A. in 2008 amounted to PLN 26.1m. We were able to achieve a very high rate of growth of both balances of retail deposits and those of retail loans in comparison with 2007 it came to over 33% and over 28%, respectively. Similarly, in the area of corporate loans, the rate of growth of the year-on-year balance stood at about 36%.

In 2008, our market standing in the area of transaction banking was strengthened since then we have been developing services including cash withdrawals for third parties, particularly in the money remittance segment. Bank Poczty S.A. achieved a 6.7% market share in the segment of services for tenants' associations. In addition, we were among the top five banks in terms of the number of granted thermomodernisation loans which were advanced in cooperation with Bank Gospodarstwa Krajowego.

In the area of retail banking, during the past year we introduced numerous new products to our offer. We offered innovative products to retail Clients, such as the Nowe Konto Oszczędnościowe account, the Raz dwa loan or term deposits based on the performance of sports teams. Thanks to the use of the safe electronic signature, still unemployed on a larger scale in Polish banking, we also launched Poland's first online deposit shop www.lokaty-online.pl.

The key to Bank Poczty S.A.'s success lies in the fact that we ensure that our Clients have access to the widest range of financial products and services in Poland. That is why in 2008, together with Poczta Polska, we continued the process which had been launched two years before, of creating Financial Service Points providing full banking service at post offices. At the end of 2008, we made available almost 1,900 such Service Points to our Clients.



Actions taken by Bank Pocztowy S.A., aimed at developing the highest quality financial products which are available to all at competitive prices, were appreciated by experts many times. Among the most prestigious awards, one should mention the distinction in the „The Best Bank for Small and Medium-Sized Businesses” category in the ranking made by Forbes Magazine. Another source of pride was the recognition of the Pocztove Konto Plus account as the best traditional account in the ranking of Gazeta Wyborcza and Open Finance.

The above-mentioned awards and distinctions are always a reason for content, yet the true merit of a bank's offer quality lies in its Clients' satisfaction. Therefore, it is our great joy that our attractive products and the above-mentioned technological solutions along with the professional service at Financial Service Points located at post offices brought new Clients to Bank Pocztowy S.A. At the end of 2008, almost 386,000 people were already using our services, that is over 20% more than at the end of 2007. The largest group of the Bank's Clients is represented by personal account holders.

Aware of the responsibility which lies with us, each year we develop, taking banking to wherever there are people who are willing to use financial services. Supported by our shareholders, Poczta Polska and PKO BP, for years we have been creating a bank tailored to your needs. I am convinced that postal banking, so popular in the world, will garner continued interest also in Poland. The Report that I submit to you proves that Bank Pocztowy S.A. is a thriving and responsible financial institution which cares for the security of the funds deposited with us. Put simply, it is a secure Polish bank.

Piotr Kamiński





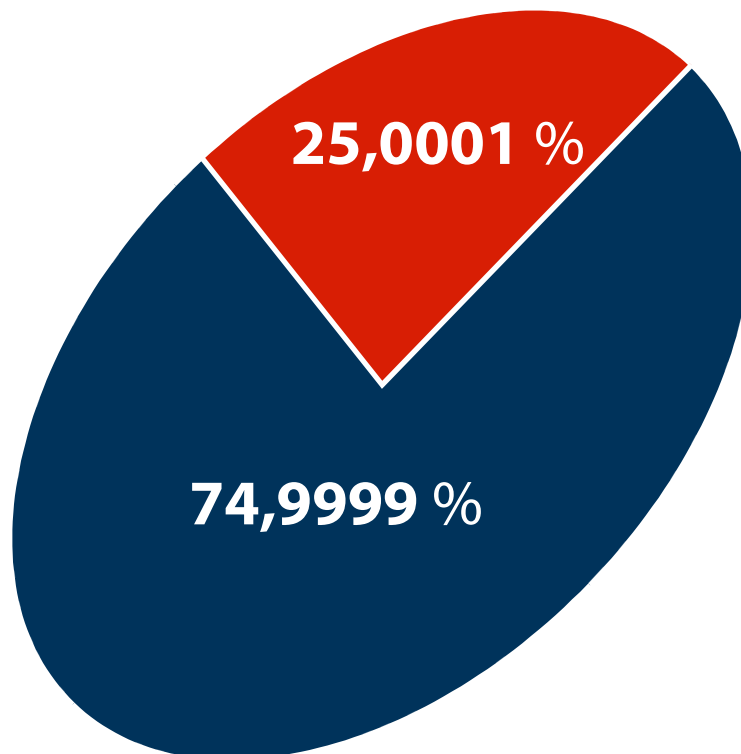
President
of the Management Board

Shareholding Structure

Bank Pocztowy S.A. has a strategic shareholder, that is Poczta Polska S.A.; the other shareholder is PKO Bank Polski S.A. (PKOBP).

As at 31 December 2008, the shareholders' percentage share in the share capital was:

	Poczta Polska S.A.:	74,9999 %
	PKOBP S.A.:	25,0001 %



The share in the number of votes at the General Shareholders' Meeting had similar proportions.



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As at 31 December 2008, the share capital of Bank Pocztowy S.A. was made up of 972,904 shares with a par value of PLN 100.00 each. Some of the shares are preference shares as to the distribution of assets in the case of the Bank's winding up, with a five to one relation to ordinary shares 9,790 Series A shares held by Poczta Polska S.A. and all Series B shares, also held by Poczta Polska S.A. (19,340 shares). In 2008, the shareholding structure of Bank Pocztowy S.A. did not change.

The strategic shareholder, i.e. Poczta Polska S.A. is a company with a tradition of over 450 years. Moreover, it is the largest operator on the Polish postal market, owning 8,400 postal establishments. The network is made up of post offices, outlets and agencies.

As one of the largest Polish employers, Poczta Polska S.A. has over 100,000 employees. As a national operator, it offers general postal services throughout Poland and it is obliged to preserve a broad network of postal service points to enable all people living in Poland to use basic postal services. Currently, Poczta Polska S.A. has the sole right to provide services of accepting and delivering mail weighing less than 50 g.

Apart from postal services, the company also offers other services through its subsidiaries, including direct marketing services, courier and transport services, banking and insurance services, mail orders, cash logistics, as well as protection of persons and property. A few billion mail pieces of different types are handled by Poczta Polska S.A. every year.

The Act on the Commercialisation of Poczta Polska entered into force in November 2008. In July 2009 the Minister of Infrastructure signed the deed of commercialisation, transforming Poczta Polska into a state-stock company. In August 2009, Poczta Polska was entered into the National Court Register which means that since 1 September 2009, it has been operating as a joint-stock company.

Established over 90 years ago, PKO Bank Polski S.A. is one of the oldest and largest banks in Poland. The State Treasury, holding 51.24% of the shares, is the majority shareholder of the company, while the remaining shares are held broadly. PKO BP S.A. is a public company; since November 2004 it has been listed on the Warsaw Stock Exchange. It should also be noted that PKO BP S.A. is the leader among banks providing services to retail Clients, handling 6.4m retail accounts at the end of 2008. Furthermore, the bank had the number one balance-sheet total among banks operating in Poland, which amounted to PLN 135bn at the end of 2008. In the fourth quarter of 2008, the portfolio of PKO BP deposits stood at PLN 102bn, whereas the credit portfolio was valued at PLN 98.2bn.



Changes in the Composition of the Bank's Management Board and Supervisory Board

The year 2008 witnessed changes in the composition of the governing bodies of Bank Pocztowy S.A., both the Bank's Management Board and Supervisory Board.

4.1. Management Board of Bank Pocztowy S.A.

According to the Articles of Association of Bank Pocztowy S.A., its Management Board is composed of three to five persons, appointed by the Supervisory Board for the joint term of three years.

As at 1 January 2008, the Management Board of Bank Pocztowy S.A. included:

- **Piotr Kamiński** - Management Board President;
- **Piotr Sikora** - Management Board member;
- **Piotr Tefelski** - Management Board member;
- **Bronisława Trzeszkowska** - Management Board member.

On 7 July 2008, the Supervisory Board appointed Szymon Midera, as of 15 July 2008, as a Management Board member and entrusted him with the position of the Vice-President of the Management Board.

On 8 October 2008, the Supervisory Board dismissed:

- **Piotr Sikora** from being a Management Board member, as of 31 October 2008;
- **Bronisława Trzeszkowska** from being a Management Board member, as of 30 November 2008.

At the same time, the Supervisory Board appointed as Management Board members the following persons:

- **Tomasz Bogus** - as of 1 November 2008;
- **Jakub Korczak** - as of 1 February 2009.

As at 31 December 2008, the Bank's Management Board was composed of:

- **Piotr Kamiński** - Management Board President;
- **Szymon Midera** - Management Board Vice-President;
- **Tomasz Bogus** - Management Board member;
- **Piotr Tefelski** - Management Board member.

The term of the existing Management Board expires in 2010 as of the day of the Ordinary General Shareholders' Meeting approving the 2009 financial statements.





4.2. Supervisory Board of Bank Pocztowy S.A.

According to the Articles of Association of Bank Pocztowy S.A., its Supervisory Board is composed of five to nine members elected by the General Shareholders' Meeting. The joint term of the Supervisory Board lasts three years.

As at 1 January 2008, the Supervisory Board of Bank Pocztowy S.A. was composed of:

- **Andrzej Polakowski** - Supervisory Board Chairman;
- **Rafał Juszcak** - Supervisory Board Vice-Chairman;
- **Tadeusz Mróz** - Supervisory Board Vice-Chairman;
- **Mariusz Wnuk** - Supervisory Board Secretary;
- **Marek Głuchowski** - Supervisory Board member;
- **Wojciech Kwiatkowski** - Supervisory Board member;
- **Andrzej Raj** - Supervisory Board member;
- **Marek Zuber** - Supervisory Board member.

As of 11 June 2008, Marek Głuchowski handed in his resignation from being a Supervisory Board member.

In connection with the expiry of the 7th term of the Supervisory Board, on 26 June 2008, the General Shareholders' Meeting determined that the Supervisory Board of Bank Pocztowy S.A. will be composed of eight members. As part of the 8th term, it appointed as members of the Supervisory Board of Bank Pocztowy S.A. the following persons:

- **Dorota Jamiołkowska;**
- **Tadeusz Mróz;**
- **Wojciech Papierak, as of 1 July 2008;**
- **Andrzej Polakowski;**
- **Jerzy Pruski;**
- **Agnieszka Sardecka;**
- **Radosław Stępień;**
- **Mariusz Wnuk.**

On 7 July 2008, the composition of the Supervisory Board was as follows:

- **Andrzej Polakowski** - Supervisory Board Chairman;
- **Jerzy Pruski** - Supervisory Board Vice-Chairman;
- **Tadeusz Mróz** - Supervisory Board Vice-Chairman;
- **Mariusz Wnuk** - Supervisory Board Secretary;
- **Dorota Jamiołkowska** - Supervisory Board member;
- **Wojciech Papierak** - Supervisory Board member;
- **Agnieszka Sardecka** - Supervisory Board member;
- **Radosław Stępień** - Supervisory Board member.



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As at 31 December 2008, the Supervisory Board was composed of the following persons:

- **Andrzej Polakowski** - Supervisory Board Chairman;
- **Jerzy Pruski** - Supervisory Board ViceChairman;
- **Tadeusz Mróz** - Supervisory Board ViceChairman;
- **Mariusz Wnuk** - Supervisory Board Secretary;
- **Dorota Jamiołkowska** - Supervisory Board member;
- **Wojciech Papierak** - Supervisory Board member;
- **Agnieszka Sardecka** - Supervisory Board member;
- **Radosław Stępień** - Supervisory Board member.

The term of the existing Supervisory Board expires in 2011 as of the day of the Ordinary General Shareholders' Meeting approving the 2010 financial statements.

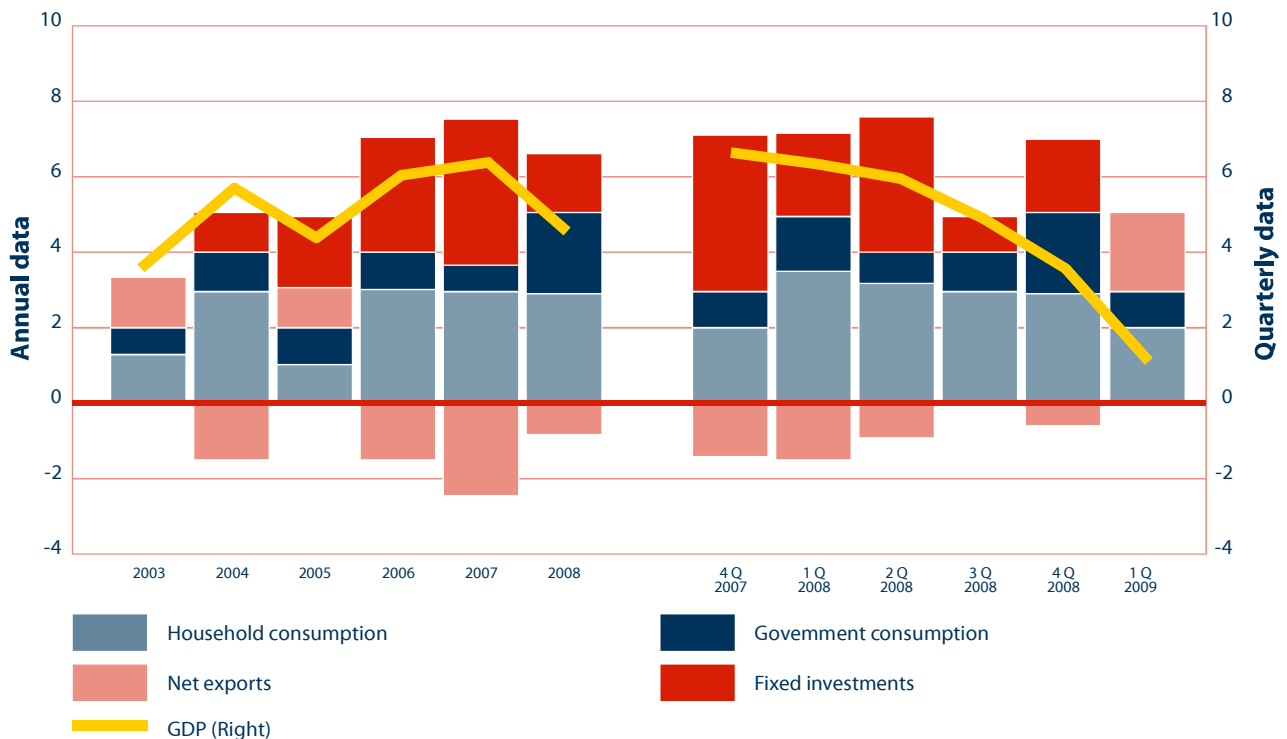
External Factors Affecting the Bank's Operations in 2008

5.1. Main Trends in Economy

Since the beginning of 2008, a gradual economic slowdown was taking place. In 2008, Gross Domestic Product (GDP) in constant price terms increased by 4.8% year on year as compared with 6.7% in 2007. In the following quarters, the rate of growth of Polish economy was decreasing from 6% year on year in the first quarter to 5.8% in the second quarter and 4.8% in the third quarter, only to fall to 2.9% in the fourth quarter. The economic slowdown was caused mainly by a decrease in external demand, triggered by the financial sector crisis experienced by the US.

Chart 1:

Gross National Product (% year on year) and its contributions (percentage points)



In 2008 household consumption, whose contribution to the overall GDP growth was 3.3 p.p., was the key factor in GDP growth in 2008, while fixed investments contributed 1.7 p.p. and net exports had an adverse impact in the region of about 0.4 p.p. In the fourth quarter, the structure of contributions to GDP was the same as that expected during a market slowdown: a significant drop in investments from 15.7% in the first half of the year to 1.5% year on year, while fixed investments increased by 3.5% as compared with 15.5% and household consumption fell from 5.5%-5.6% in the first half of the year to 5.1%-5.2% year on year in the second half of the year. At the same time, in the fourth quarter exports fell by 2.6% year on year (in terms of volume) from the average increase of 9.8% in the first half of the year.



As classified into key sectors, Gross Value Added (GVA) saw an increase by 3.7% year on year in industry as compared with 9.9% recorded the year before, by 11.3% in the construction industry (from 12.5%), by 5.6% in market services (from 6.4%), and by 1% in non-market services (from 2.3%).

The financial crisis caused by the mortgage market collapse in the US resulted in a global loss of "appetite for risk" and ultimately an outflow of capital from growing markets, including Poland. The Polish zloty became visibly weaker in the closing months of 2008; at the end of December it plunged to 4.17 against the euro, 2.96 against the dollar and 2.80 against the Swiss franc.

The unemployment rate recorded in 2008 first dipped, from 11.2% at the end of 2007 to 8.8% in October, and later started rising to reach 9.5% in December. In the enterprise sector, the average employment level increased by 4.8% in 2008 as compared with 4.7% in the previous year; the average gross nominal monthly wage rose by 10.2% as compared with 7.9% the year before. Together with the worsening macroeconomic situation, the employment and wage growth rates slowed down at the end of the year. The average wage in the enterprise sector increased in the fourth quarter by 7.1% year on year as compared with 11.7% on average in the first half of the year, while the average employment level increased, respectively, by 3.1% from 5.4%. In 2009, we expect a further decline of the job market situation, which will have a negative impact on household consumption.

Chart 2:

Inflation (% year on year) and recorded unemployment rate (%)





Bank Pocztowy

In 2008, the average annual inflation rate was 4.2% as compared with 2.5% in 2007. In the first half of the year inflation was steadily rising from 4% year on year in December 2007 to 4.8% in July-August, but affected by the financial crisis, inflationary pressure began to weaken and inflation fell to 3.3% in December. During the year, net inflation (excluding food and energy prices) rose gradually from 1.3% year on year in December 2007 to 2.9% in November 2008, and then fell to 2.8% in December 2008.

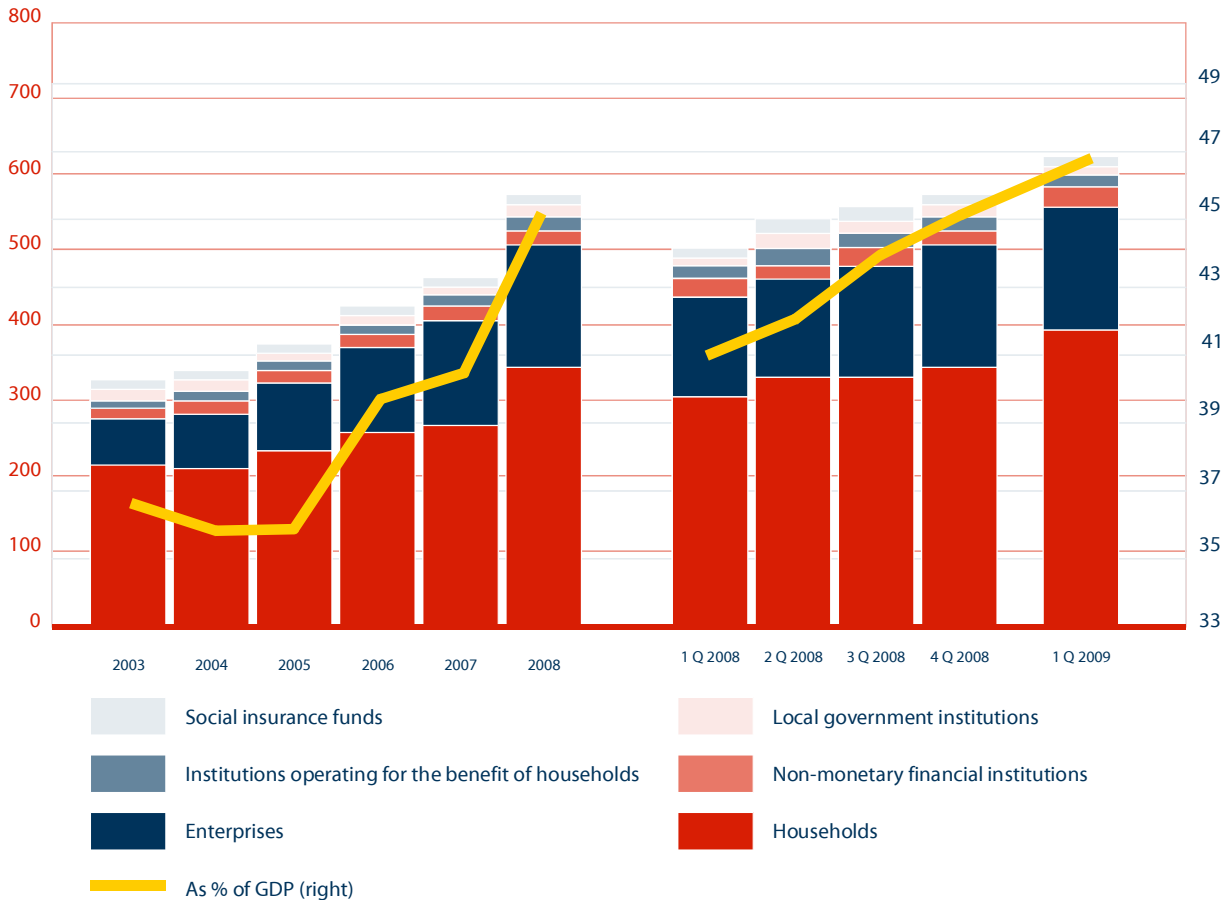
During the first months of 2008 the Monetary Policy Council continued to tighten the monetary policy started in the first half of 2007. During the first six months interest rates were raised in total by 100 base points. Additionally, the reference rate rose to 6%, rediscount rate to 6.25% and the Lombard rate increased to 7%. This trend was reversed at the end of the year, accompanied by growing fears of the global financial crisis triggering a considerable slowdown of economic growth and even the possibility of a recession hitting Europe and the US, which, in turn, would cause a drop in the prices of raw materials, bring about a decrease in the inflation rate and subdue inflation expectations. During the last two months of 2008, the Monetary Policy Council lowered main interest rates by 100 base points in total.



5.2. Situation in the Banking Sector

At the end of 2008, the total value of deposits in the banking system amounted to PLN 576bn and was 20.7% higher than that recorded the year before. Household deposits constituted 58% of total deposits and their value increased by 26% during the year. The fourth quarter saw a net growth of household deposits by PLN 26.6bn double that from the third quarter. The growing risk of the financial crisis spreading in the world made the banks enhance the attractiveness of their deposit offer with a view to improving their liquidity position. Deposits of enterprises, which represented 40% of total deposits, amounted to PLN 151bn at the end of the year and were 4.7% higher than the year before. As in the case of household deposits, in the fourth quarter enterprises increased their deposits by PLN 7.6bn net, as compared with PLN 4.3bn in the third quarter, despite the slowdown of the annual growth of deposits in the fourth quarter from 5.9% to 4.2% on average per quarter.

Chart 3: Deposit structure (in PLNbn)

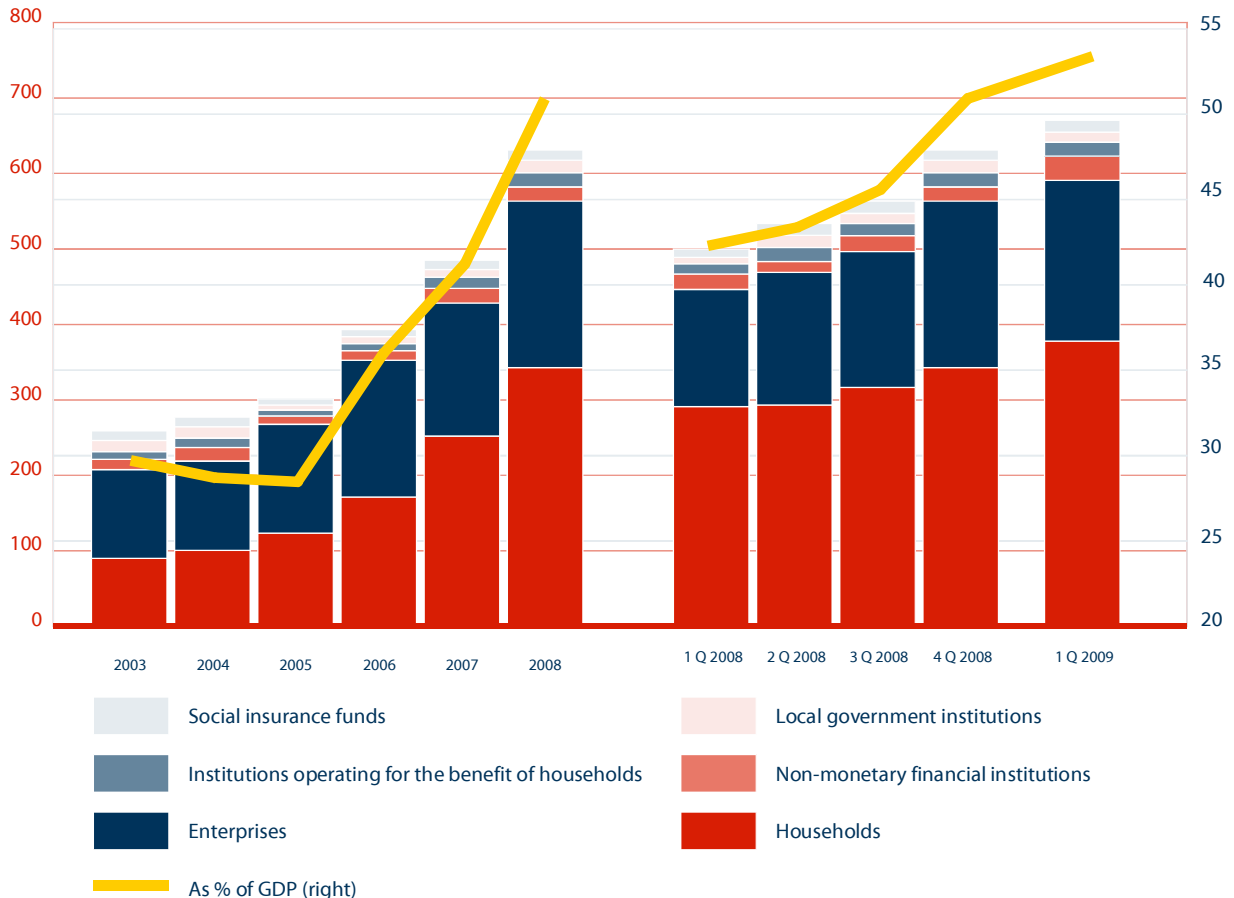




Bank Poczty

The value of loans and advances to non-financial clients amounted to PLN 640bn at the end of 2008 and was 36.6% higher than the year before. Loans and advances to households, which represented 59% of total loans, rose to PLN 376bn, i.e. by 45% at the end of 2007. Nominally, as compared with PLN 27.2bn in the third quarter, the value of loans to households rose by PLN 49.3bn net. The increase in loan values was partly affected by the depreciation of the Polish zloty recorded in the last months of the year (foreign-currency loans). Loans to enterprises, which accounted for 35% of total loans, increased by 29% in 2008. Nominally, loans to enterprises rose by PLN 14.3bn net as compared with 11.7bn in the third quarter.

Chart 4:
Loan structure (in PLNbn)





According to the National Bank of Poland's report, in the closing months of 2008, loan supply was strongly limited in all market sectors. The banks introduced more rigid criteria for the granting of all types of loans and raised loan margins. In the case of loans advanced to enterprises as well as home loans, the banks increased requirements regarding collaterals, which results from the heightened loan risk in the period of economic slowdown. What is more, some of the banks had to curb their lending activity due to capital limitations.

In 2008, the number of banks operating on the Polish market rose by four, going up to 649. The total number of banks' establishments increased to 14,700 from 13,500 at the end of 2007, while the staffing level went from 167,000 to 181,000. The net financial result in the banking sector stood at PLN 14.7bn as compared with 13.7bn in 2007, out of which the result on banking activity amounted to PLN 49bn and PLN 41.4bn, respectively. The cost income ratio fell from 56.3% to 53.9%, while the net ROE rate amounted to 22.4% as compared with 22.5% the year before. The share of non-performing loans dropped from the previous year's figure of 5.2% to 4.4% at the end of 2008.

Table 1.
Economic ratios

Economic ratios	2007	2008
Inflation (% , average annual)	2,5%	4,2%
Recorded unemployment rate (% , end of year)	11,2%	9,5%
Deposits and other liabilities (PLNbn, end of year)	479,2	578,5
- of individuals	267,2	336,8
- of business entities and public sector	212,0	241,7
Loans and advances (PLNbn, end of year)	482,6	653,5
USD/PLN (mid- exchange rate/ last exchange rate)	2,77/ 2,44	2,41/ 2,96
EUR/PLN (mid-exchange rate/ last exchange rate)	3,78/ 3,58	3,51/ 4,17
CHF/PLN (mid-exchange rate / last exchange rate)	2,30/ 2,16	2,22/ 2,80
Discount rate for promissory notes (% , end of year)	5,25%	5,25%
Reference rate (% , end of year)	5,00%	5,00%
Lombard rate (% , end of year)	6,50%	6,50%

Key Operations of the Bank in 2008

The year 2008 was a period that witnessed a dynamic increase in the scale of Bank Pocztowy S.A.'s operations, including both retail and corporate banking. Retail deposits and loans grew, respectively, by 33.4% year on year and 28.2% year on year, while corporate loans rose by 36.1% year on year.

In cooperation with Krajowa Izba Rozliczeniowa S.A., Bank Pocztowy S.A., as the first bank in Poland, uses the electronic signature while selling term deposits online and cash loans. In mid-2008, the first shop with deposits on the Polish market (www.lokaty-online.pl) was launched, thanks to which it is possible to open a term deposit online, without the need to hold an account with Bank Pocztowy S.A. The project was appreciated by experts and it was awarded the distinction of "Year 2008 Project" as part of the 4th Electronic Trade Congress. Launched in November, the ten-day Killer term deposit bearing 10% interest proved to be a hit. By the end of the year, the value of deposits accumulated through the agency of the deposit shop reached PLN 18m.

In 2008, the Bank implemented the Raz dwa loan: to be able to use it, one needs to have an identification document only. The time needed for a Client to receive cash has been reduced to a minimum during the first visit at a Bank Pocztowy S.A. establishment or a post office. The average waiting time for the Raz dwa loan is ten minutes.

In October 2008, the Bank launched the Nowe Konto Oszczędnościowe account that combines the features of a term deposit and those of a personal account. In May, the Bank made available to its Clients a seven-month innovative Polska Mistrzem! term deposit. The profit made on the deposit depended, apart from fixed interest, also on the results achieved by the Polish national team in the European Football Championship and eventually it stood at 4%. A similar product, based on emotions related to sports, was a six-month Polskie Medale term deposit whose interest depended on the number of Olympic gold medals won by Polish sportspeople, which eventually stood at 6%. By including term deposits in its offer, the Bank was close to events in which its Clients were interested and which stirred their emotions.

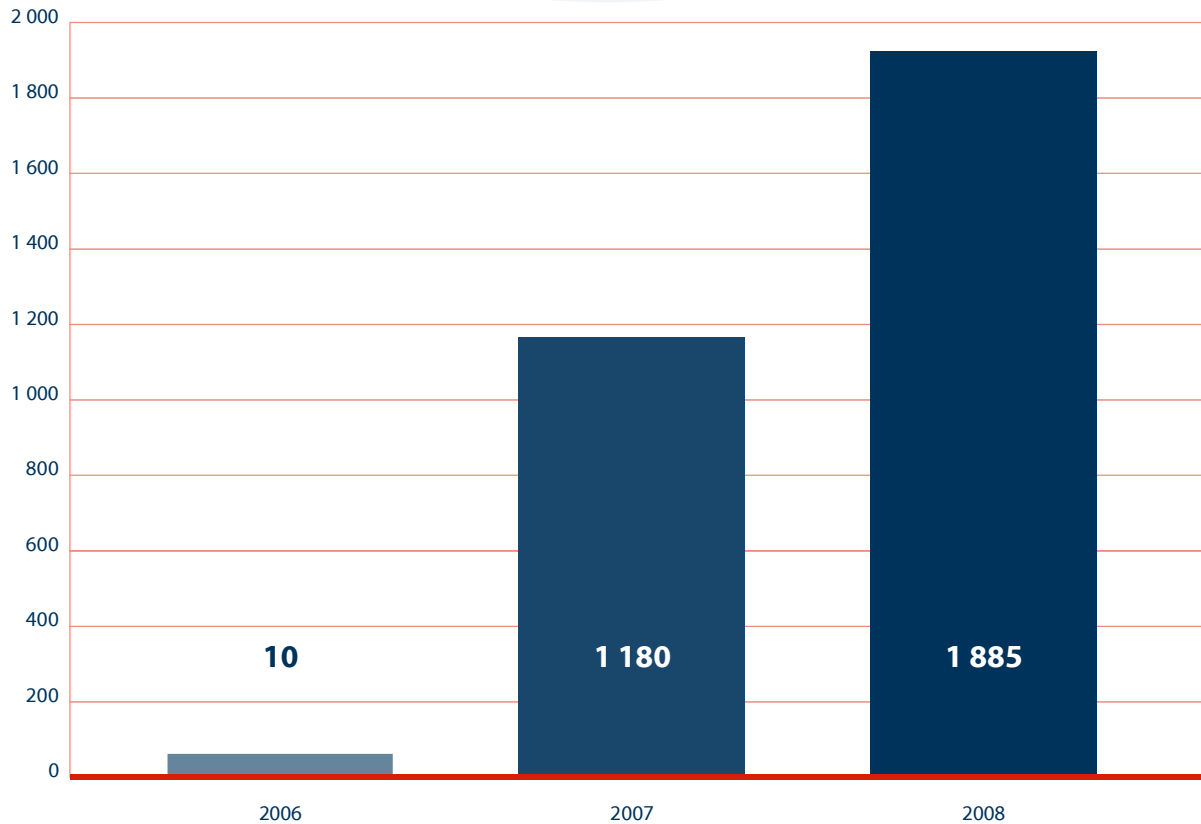
In 2008, the Bank continued its project launched in November 2006 involving the development of a network of Postal Financial Service Points, that is special service points located in post offices, where Clients have access to financial services provided by Bank Pocztowy S.A. In 2008, in cooperation with Poczta Polska, the Bank launched 690 Financial Service Points and trained more than 2,500 Poczta Polska employees.



Bank Pocztowy

Chart 5:

Size of networks of Financial Service Points in the period 2006-2008



As part of transaction banking, the Bank started cooperation with a company that specialises in international cash transfer, thanks to which its Clients have access to international cash transfer services in 180 countries.

In 2008, Bank Pocztowy S.A. received many awards, including a distinction in the Forbes ranking in the category "The Best Bank For Small and Medium-Sized Businesses" and, what is more, it won the first place in the ranking of traditional accounts prepared by Gazeta Wyborcza and Open Finance.



Bank Pocztowy

6.1. Analysis of the Bank's Retail Operations

In 2008, Bank Pocztowy S.A. offered to its retail Clients products and services in three distribution channels:

- In the Poczta Polska network, including 1,885 Financial Service Points;*
- In its own network, comprising 57 establishments, including 19 branches and 38 Customer Service Points;*
- In alternative channels: Pocztowy24 online banking, Pocztowy SMS mobile banking and through a helpline.*

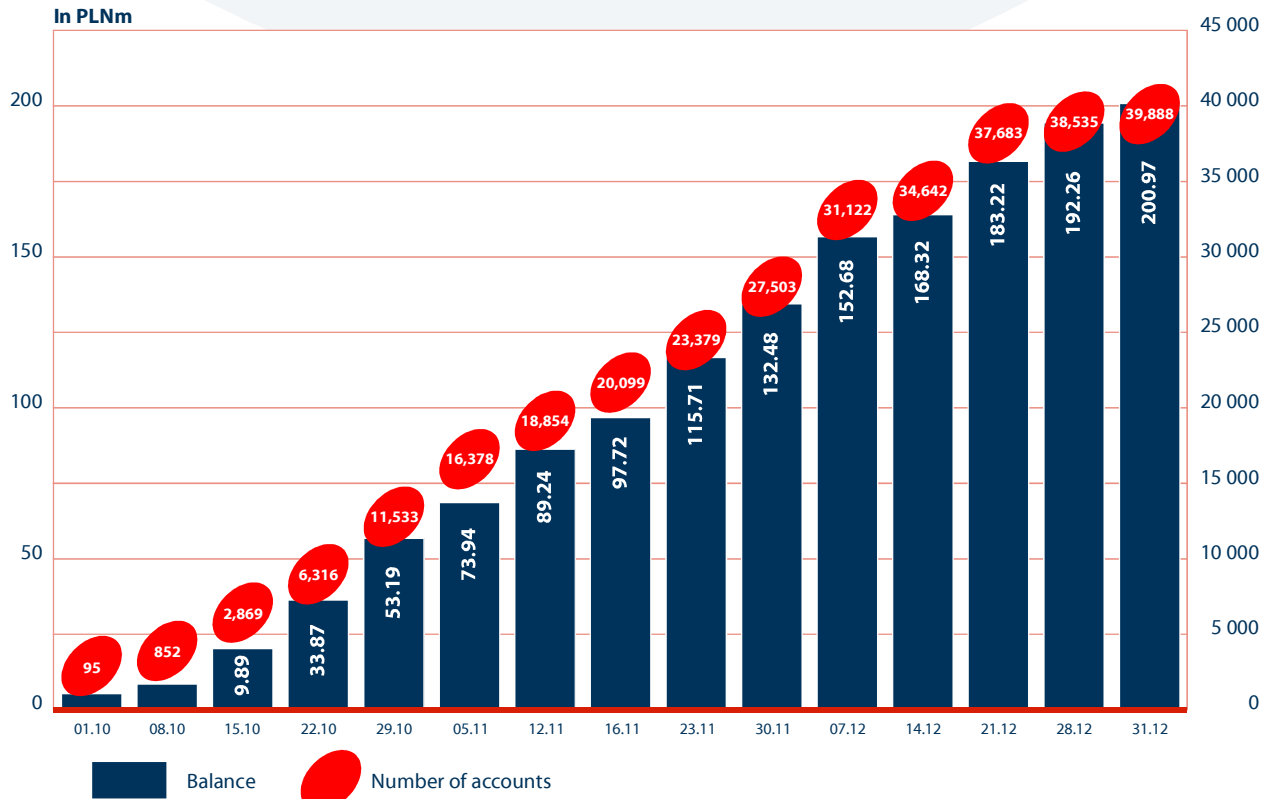
Bank Pocztowy S.A. offers to its Clients personal accounts: Konto Standard for those who seek an affordable and functional account, Konto Plus designed for those who make many settlements, in particular online, as well as Konto Nestor dedicated to persons who receive pensions or disability pensions. Additionally, Clients may place funds in Nowe Konto Oszczędnościowe or as term deposits.

In 2008, the first deposit shop in Poland (www.lokaty-online.pl) was launched. The service, thanks to the use of the safe electronic signature, makes it possible for Clients to open term deposits online. Confirmation of the opening of a term deposit, signed by the Bank by way of a digital signature, is sent to the e-mail address provided by the Client. In order to open a term deposit, one does not need to hold a bank account with Bank Pocztowy S.A.

At the end of 2008, Bank Pocztowy S.A. had 385,600 retail Clients; the figure had grown by over 20% as compared with the end of 2007. In the total number of the Bank's Clients, personal account holders 253,000 Clients represent by far the biggest segment. What is more, the number of Nowe Konto Oszczędnościowe (NKO) accounts, offered by the Bank since October 2008, is also dynamically growing. In the fourth quarter of 2008, the Bank's Clients opened more than 40,000 NKO accounts in which they deposited PLN 201m. Out of 46,700 persons who by the end of 2008 had opened NKO accounts, more than 52% were represented by new Clients of Bank Pocztowy S.A.



Chart 6: Balance and number of Nowe Konto Oszczędnościowe accounts



In its loan range, the Bank offers personal accounts with an overdraft facility, cash loans and car loans. As part of the Bank's mortgage product portfolio, Clients may take out mortgage loans and borrowings. Thanks to its cooperation with Bank Gospodarstwa Krajowego, the Bank also offers mortgage loans as part of the government-funded Rodzina na swoim programme. Mortgage products are available at Bank Pocztywy S.A. establishments. At the end of 2008, cash loans were held by 91,300 Clients, while mortgage products were held by 3,900 Clients. The dynamics of sale of cash loans reached the level of 152.8%.

Bank Pocztywy S.A. offers participation units in investment funds of the following companies: PKO TFI S.A., UNION INVESTMENT TFI, Opera TFI S.A., TFI Allianz Polska S.A and DWS Polska TFI S.A. Units in investment funds offered by PKO TFI S.A. may also be acquired, repurchased or converted through Pocztywy24 online banking.

Since 2008, the Bank's Clients have also been able to purchase insurance through Pocztywy24 online banking.

In December 2008, as part of the pocztowy.pl service, the Bank launched a new channel for communicating with its Clients: a chat with a Bank Pocztywy S.A. Employee.



6.2. Analysis of the Bank's Corporate Operations

The corporate banking segment of Bank Pocztowy S.A. covers two main areas: transaction banking and institutional Client servicing. At the end of 2008, the Bank served 12,800 Clients.

In 2008, Bank Pocztowy S.A.'s corporate banking services were offered to the following segments of the market:

- housing industry with a particular focus on tenants' associations;*
- public finance entities and public benefit organisations;*
- other corporate Clients with a particular focus on Clients using clearing and settlement services, as well as entrepreneurs.*

The Bank's range of transaction banking services includes the processing of all payments and withdrawals (mainly cash payments) carried out within the network of post offices. Additionally, the Bank in cooperation with Poczta Polska offers the GIRO Płatność service that enables the Bank's institutional Clients to cash withdrawals for third parties. The product is aimed at Clients for whom the ease and efficiency of cash distribution is important, namely, credit brokers, insurance companies, the money remittance sector and others.

Among the clearing and settlement services provided by the Bank is the Pocztowy Przelew Zbiorczy service that makes it possible for the Bank's Clients to carry out multiple directed transfers to PLN-denominated accounts in Poland.

Since the fourth quarter of 2008, the Bank has been rapidly developing international small transaction services, i.e. money transfers made by natural persons. As a result of establishing cooperation with a company that specialises in international cash transfer, the Bank has recorded a substantial increase in the number of cash withdrawals made for the benefit of its Clients abroad. Bank Pocztowy S.A. carries out international transfers between individuals, usually family members who decided on economic emigration. The Bank's advantage in this segment of the market lies in the wide availability of service points where its Clients may carry out cash withdrawals. Having the largest finance distribution network in Poland, the Bank enables its Clients to collect money sent through remittances at over 5,500 post offices.



Bank Pocztowy

In 2008, the Bank serviced 183 million transactions, which constituted an increase of 2.5% as compared with 2007.

In the area of corporate services, Bank Pocztowy S.A. has for many years been focusing on the housing industry sector. In 2008, its market share in tenants' association services reached 6.7%. The Bank participates in an investment programme that supports thermomodernisation undertakings by granting loans with a thermomodernisation bonus to such undertakings. At the end of 2008, the balance of thermomodernisation loans stood at PLN 45.5m and it had increased by 55% in comparison with the figure recorded at the end of 2007 (as at 31 December 2007, it was valued at PLN 29.3m).

Bank Pocztowy S.A. also provides services to local government units.

The Bank's corporate Clients are offered deposit products (PLN or foreign-currency denominated current accounts, term deposits and overnight deposits) as well as loan products.

Within the range of the Bank's products for small business, there are Konto Firmowe and Konto Firmowe Plus current accounts. Additionally, the Bank offers a special Konto GIRO Składka account designed for making social insurance contributions and paying taxes due by persons who carry out business operations. Finally, natural persons who carry out business operations may take advantage of the Bank's current accounts with an overdraft facility, discount loans for financing short-term promissory notes from trade transactions, investment loans, working capital facilities, as well as revolving loans.

7.1. Bank's Community Involvement

For many years, Bank Pocztowy S.A. has been engaged in numerous charitable campaigns promoting primarily children's and young people's education, healthcare and assistance to the disabled. The Bank also supports various artistic and sports organisations.

The Bank's activity in Bydgoszcz

Bank Pocztowy S.A. has been supporting Bydgoszcz's sports clubs since the year 2000. In 2008, the Bank provided its support to the following clubs and associations:

- Polonia Bydgoszcz Speedway Club;
- „Bydgosztia” Regional Rowing Association;
- Pałac Bydgoszcz Sports Club;
- Cuiavia and Pomerania Athletics Association;
- Delecta Bydgoszcz volleyball team;
- Zawisza Bydgoszcz Football Association.

Bartłomiej Pawełczak and Miłosz Bernatajtyś, members of the LOTTO-Bydgosztia-WSG-Bank Pocztowy Regional Rowing Association sponsored by the Bank, were in the silver winning lightweight coxless four at the 2008 Summer Olympics in Beijing. The Association's chief coach, Marian Drażdżewski, was also the coach of the successful team.

Bank Pocztowy S.A. is also an active promoter of art and culture. In 2008, the Bank was a sponsor of a series of cultural events during the 24th Summer Music Evenings in Kazimierz nad Wisłą. In recognition of its efforts aimed at supporting artistic and cultural groups and institutions, Bank Pocztowy S.A. has already been awarded the honorary title of “The Patron of the Bydgoszcz Garden of Arts” five times.

Charitable activities

For many years, Bank Pocztowy S.A. has been donating its funds for charitable purposes. Under the Bank's Articles of Association, donations may account for 1.5% of the gross profit achieved in the previous year. In 2008, the Bank allocated PLN 280,000 for this purpose. Bank Pocztowy S.A. supports and promotes:

- educational campaigns for children and young people such as the activities of foundations that provide scholarships for talented young people;
- pro-family actions performed by foundations and organisations that support families in difficult situations;
- institutions and foundations that support the disabled;
- organisations, associations and centres that support healthcare.



Bank Pocztowy

In 2008, the organisations supported by the Bank included:

- *Zdążyć z Pomocą Children's Foundation that, under the patronage of Professor Zbigniew Religa, carries out the Zdążyć z Pomocą national programme. The Foundation provides care and support to over 3,000 ill and disabled children from all over Poland, as well as to affiliated hospices, health and care centres;*
- *Polish Social Assistance Committee, the patron of the Help Centre for Homeless Mothers and Children in Bydgoszcz;*
- *Children's home in Barlinek and the Children's Home for Young Children in Łódź;*
- *Sanus Foundation for the Disabled from Ostróda that helps disabled children and young people to receive education and vocational training that will enable them to lead active professional lives in the future;*
- *Special Schools Centre no. 30 in Bydgoszcz attended by disabled students who often come from poor families which are often at risk from social ills.*

Once again, the Bank did not print holiday cards; instead it donated the money to help those in need. In 2008, funds were given to the School and Education Centre in Szerzawy near Mogilno.

7.2 Awards and Distinctions Granted to the Bank

The Bank's innovative actions have been recognised and awarded a number of times. Some of the most important awards and distinctions include:

- *Forbes Prize in the category of "The Best Bank for Small and Medium-Sized Businesses". By granting the award, experts appreciated the affordable price of account servicing, attractive deposit products and the inexpensive and transparent loan offer. On 22 September 2008, during the Newsweek Forbes European Banking Congress in Warsaw, the results of the best bank for business ranking were officially announced and then published in the October issue of Forbes Magazine.*
- *In the ranking made by Gazeta Wyborcza and Open Finance, the Pocztowe Konto Plus account was recognised as the best account product in the traditional account group. Among other things, the win was determined by the Bank's wide network, 4,500 charge-free cash dispensers and affordable service prices.*
- *Przedsiębiorczość Eugeniusz Kwiatkowski Prize for Services;*
- *Prymus Wzór a prize granted by the Chapter of the Polish Philatelist Association;*
- *Distinction in the "Employer of the Year in the Cuiavia and Pomerania Region 2008" organised by the Cuiavia and Pomerania Association of Employers and Entrepreneurs;*
- *Title of "The Patron of the Bydgoszcz Garden of Arts 2008" awarded to the Bank by the President of Bydgoszcz for the Bank's support for Bydgoszcz's cultural groups and organisations.*

8.1. Changes in the Bank's Balance-Sheet

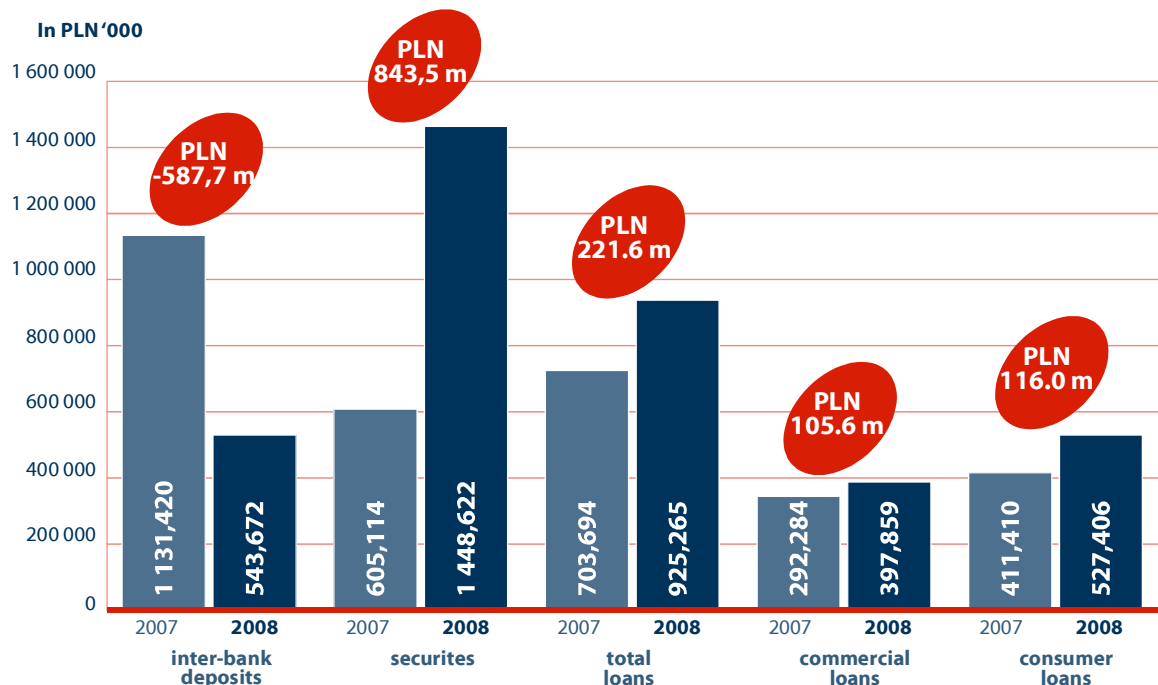
As at the end of 2008, the balance-sheet total of Bank Pocztowy S.A. stood at PLN 2.7bn and was lower by 13% as compared with the figure recorded at the end of the previous year. The Bank's balance-sheet total is largely variable due to a considerable variability of daily balances of funds deposited by Poczta Polska S.A. In 2008, the daily value of accounts and term deposits held for Poczta Polska S.A. ranged from PLN 180m to PLN 2.5bn, with the average value being PLN 612m and the standard variance PLN 515m. Therefore, the Bank in principle refers to the average monthly balances as the basic measure of its balance-sheet data.

Changes to the scale of the Bank's operations in 2008 resulted from a high rate of growth (31.5%) of the average monthly balance of loans, accompanied by a 20.4% rate of growth of the balance of deposits. In December 2008, the average balance of total loans rose by PLN 222m reaching PLN 925m, whereas the average balance of total deposits increased by PLN 449m to the region of PLN 2.6 bn.

The average balance of working assets in December 2008 exceeded PLN 2.9bn and was higher than the average figure for December 2007 by PLN 0.5m, i.e. by 19.6%. Market investments (term deposits on the inter-bank market and securities, including mainly treasury bonds and cash certificates) maintained their largest share in the working asset portfolio. During the year, the balance of market investments increased by 14%, i.e. by PLN 257m, only to reach the average value of PLN 2bn in December.

Chart 7:

Average working assets as at 31 December 2008 as compared with 31 December 2007





The gross value of intangible fixed assets in 2008 was PLN 46.3m. The increase by PLN 14.1m was chiefly a consequence of the purchase of licences, permits and software. The net value (minus amortisation) of the intangible fixed assets as at the end of December 2008 stood at PLN 25.3m.

The gross value of tangible fixed assets as at the end of December 2008 was PLN 81.2 m, with tangible fixed assets under construction accounting for PLN 9.1m.

Description of the loan portfolio

The balance of total loans as compared with 2007 rose by 31.5%, i.e. by PLN 222m, to reach PLN 925m as at the end of December 2008.

The average balance of retail loans increased by 28.2% (by PLN 116m) as compared with the average balance in December 2007 and as at the end of 2008 it amounted to PLN 527m. The value of real property loans (including mortgage borrowings) stood at PLN 166m, which represented a 36% increase during the year. The value of cash loans reached PLN 340m, which is a growth by PLN 72m and by 27% more than the year before.

The average balance of commercial loans throughout the year went up by 32.5% from PLN 209m as at the end of 2007 to PLN 277m as at the end of 2008. In 2008, thanks to the tenders won, Bank Pocztowy S.A. advanced 34 loans to local government units, valued in total at PLN 80.3m.

The share of non-performing loans in total loans in 2008 increased from 6.8% to 8% as compared with 2007. Such a rise in the ratio was affected by commercial loans granted to legal persons, in the case of which the share of non-performing loans increased by 3.1 percentage points up to 8.6%. As regards the retail loan portfolio, the quality indicator of receivables improved, i.e. it declined by 0.38 percentage points to 7.5%, thanks to an increase in new lending and the sale of receivables at risk.

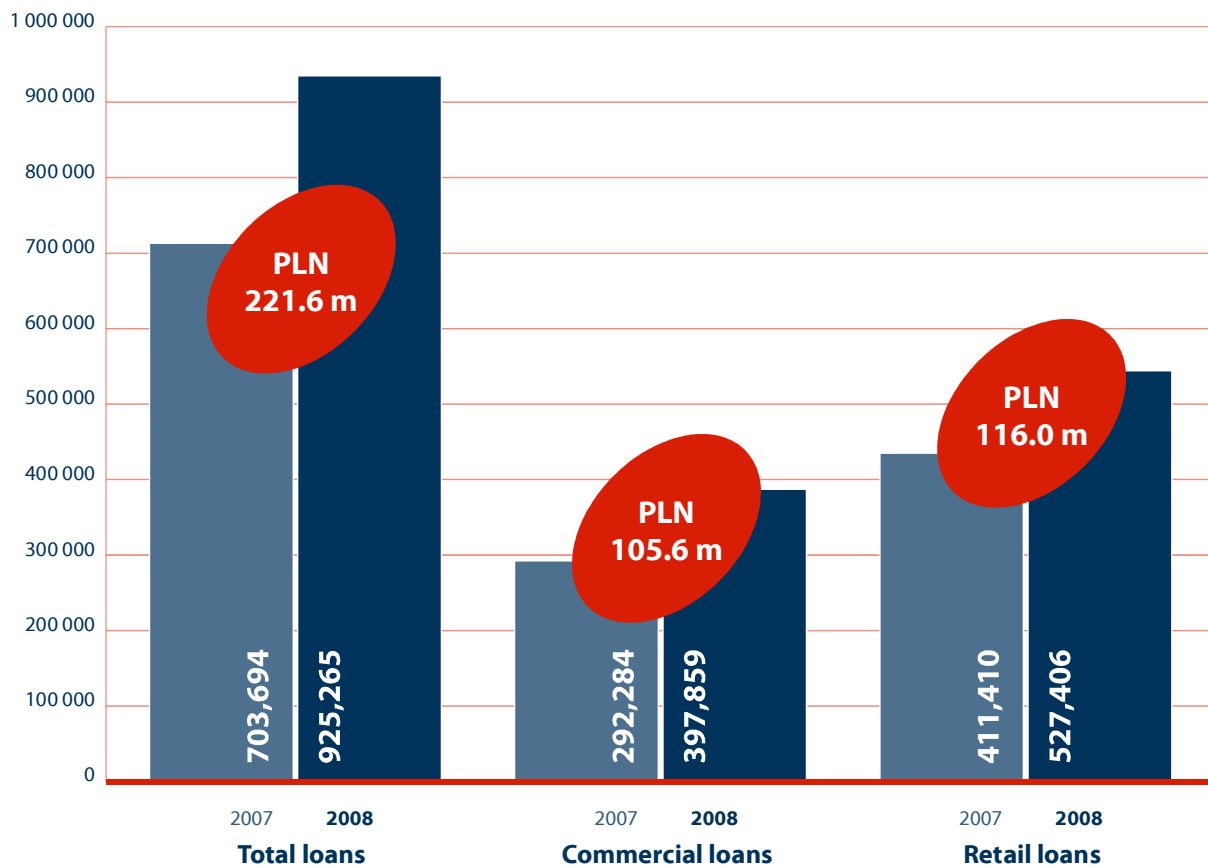
The deterioration of the loan portfolio's quality and the increase in new lending was accompanied by changes in the amount of special-purpose provisions total provisions for loans stood at minus PLN 10.5m in 2008. The value of provisions takes account of the activities of debt-collection services, as a result of which provisions totalling PLN 9.7m were released due to the collected loan receivables.



Chart 8:

Changes in the average balance of loans as compared with the respective period in 2007 (retail, corporations, Poczta Polska)

In PLN '000





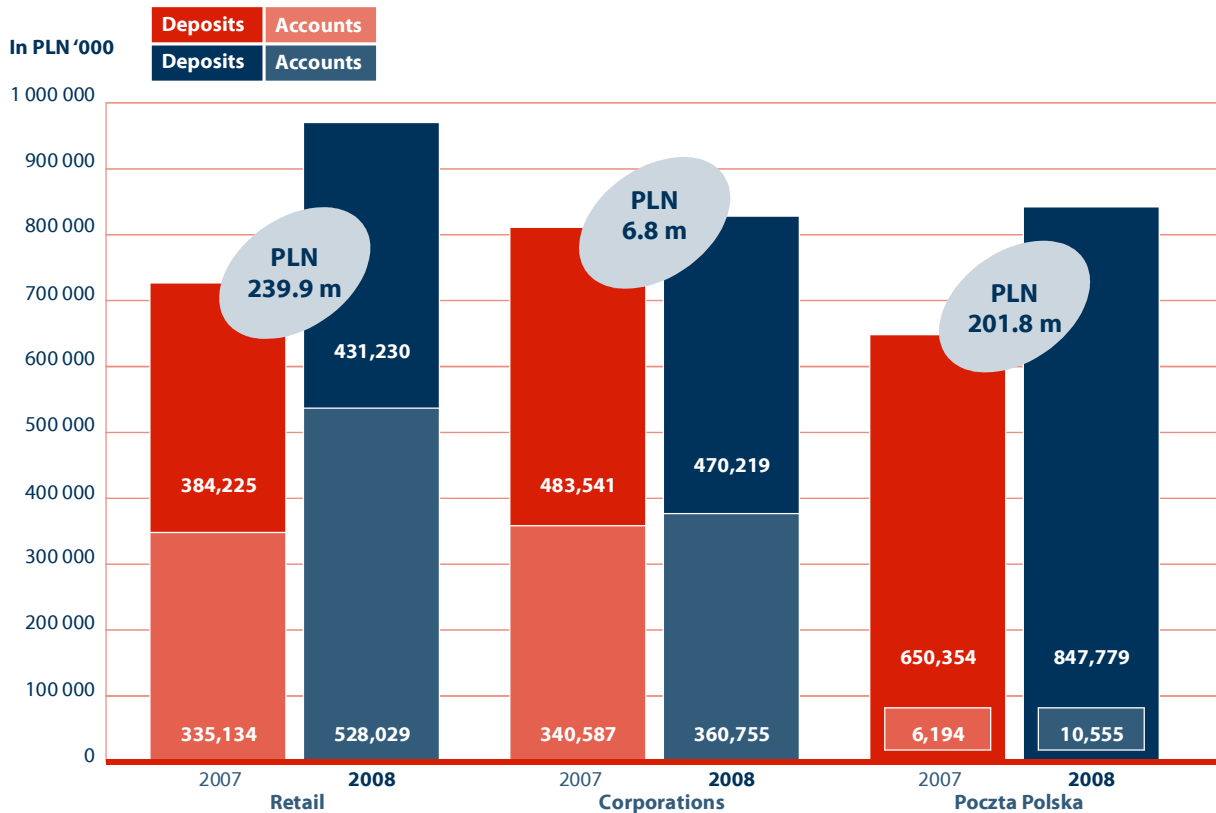
Deposits

The average balance of total deposits in December 2008 reached PLN 2.6bn and was higher by 20.4%, namely by PLN 449m, as compared with the previous year's December figure.

The average balance of retail deposits grew by 33.3% (by PLN 240m) as compared with the year-end figure of 2007 to stand at PLN 959m as at the end of December 2008. The balance of fixed-term deposits held by retail Clients increased up to PLN 431m (by more than 12.2%, i.e. by PLN 47m) as compared with December 2007. As at the end of December 2008 the balance of Nowe Konto Oszczędnościowe accounts was PLN 201m. On the other hand, the average balance of fixed-term deposits decreased as compared with the third quarter of 2008 by PLN 55.3m to PLN 431m as at the end of December 2008. The minor increase in fixed-term deposits and the considerable rise in current deposits resulted, to a large extent, from the outflow of funds held as fixed-term deposits to Nowe Konto Oszczędnościowe accounts. The value of funds deposited with Investment Fund Companies by the Clients of Bank Pocztowy S.A. as at the end of 2008 stood at PLN 28.3m, whereas in 2007 the respective figure was PLN 63.1m, which illustrated the general outflow observable on the market, of funds from Investment Fund Companies to banks.

Chart 9:

Changes in the average balance of deposits as compared with the respective period in 2007 (retail, corporations, Poczta Polska)





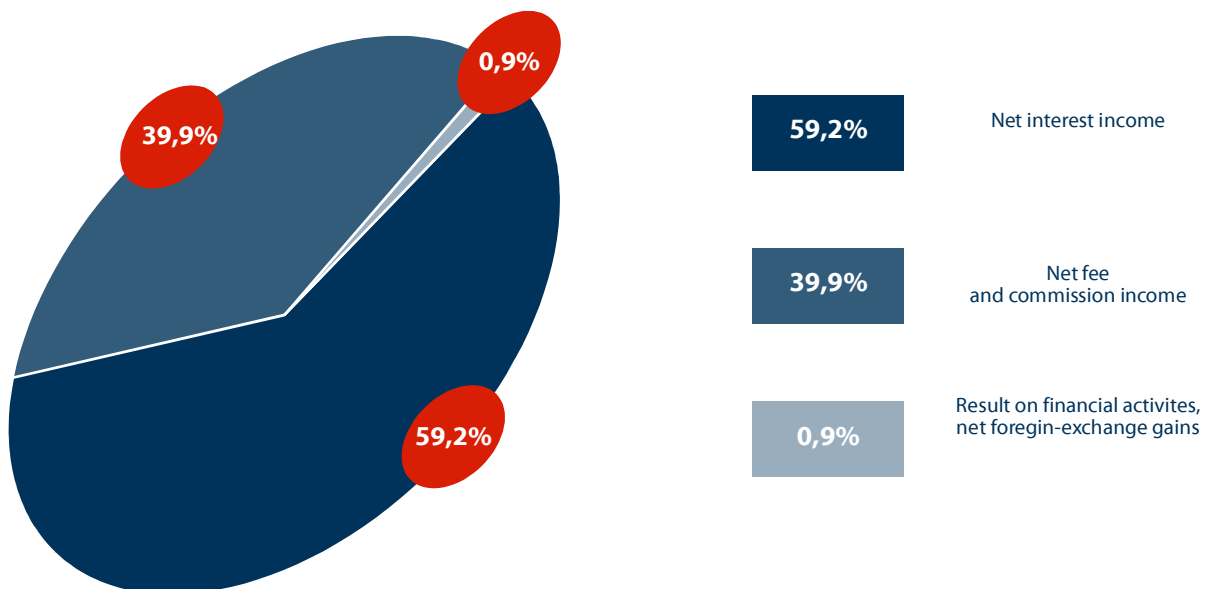
In December 2008, corporate deposits, net of Poczta Polska S.A.'s funds, remained at a level comparable with the December 2007 figure, namely they increased by 0.8% to PLN 831m. The balance of current deposits rose by 5.9% (PLN 20.2m), whereas the balance of fixed-term deposits during that period declined by 2.8% (PLN 13.3m). The average balance of current accounts held for local government units as at the end of 2008 was PLN 129m as compared with PLN 114m the year before (which represents an increase by 12.9%).

Signs of an economic slowdown encouraged enterprises to finance their commercial activities with their own funds, which translated into only a minor increase in corporate deposits in 2008.

8.2. Profit and Loss Account

In 2008, the result on banking activity was PLN 201m and it had grown by 13.2% as compared with the previous year. Net interest income was the main source of this improvement; in 2008 the figure increased by 28% (i.e. by PLN 26.1m). Net interest income was positively affected by increases in market interest rates in the first half of 2008, the growing share of loans in assets, as well as the balances of current retail deposits.

Chart 10:
Structure of the result on banking activity in 2008



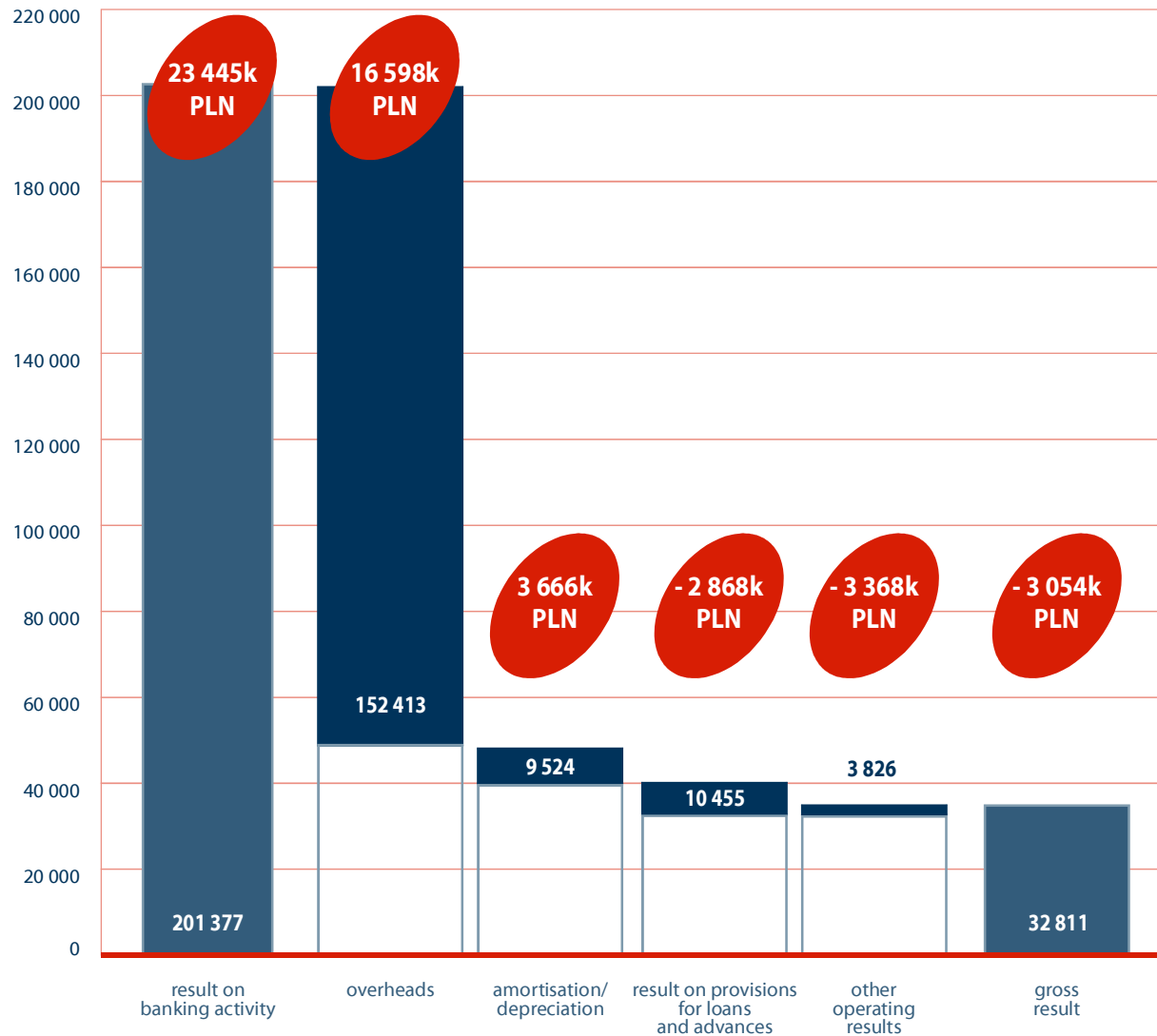


The share of the net fee and commission income accounting for PLN 80.3m (which decreased by PLN 3.5m as compared with 2007) in the result on banking activity remained high and in 2008 it represented 39.9%. In the structure of the net fee and commission income, by far the largest share (over 68%) is represented by the result on bulk clearing and settlement operations effected with Poczta Polska (postal payments, social insurance payments and settlements), whose value stood at PLN 55m and which was 4.8% (i.e. PLN 2.7m) lower as compared with 2007.

Chart 11:

Distribution of the result on banking activity in 2008 and the gross result

In PLN '000



change as compared with last year



Bank Pocztowy

In 2008, the Bank recorded a gross result in the amount of PLN 32.8m, i.e. 8.5% lower than the figure recorded in the respective period in 2007 (by PLN 3.1m). The net result stood at PLN 26.1m and was PLN 4.3m lower than the figure recorded in 2007.

The share of business lines in the balance and the results recorded in 2007 and 2008 indicates a decreasing dominance of clearing and settlement services in favour of retail banking operations, which, at present, has the greatest (approximately 40%) share in the generation of the Bank's balance and result on banking activity.

Total operating costs less amortisation/ depreciation reached PLN 152m in 2008, i.e. 12.2% more than in the previous year: in terms of value, costs rose by PLN 16.6m. They grew at a slower rate than the result on banking activity. Personnel-related costs stood at PLN 71.2m and they grew by 15.6%, i.e. by PLN 9.6m as compared with 2007. Material costs stood at PLN 81.2m and they grew by 9.4%, i.e. by PLN 7.0m as compared with 2007.

The increase in personnel-related costs resulted from rises in basic salaries. In July 2007, the Bank launched an Employee Retirement Programme, which in 2008 charged personnel-related costs with the amount of PLN 1.6m. As at 31 December 2008, the Bank had 1,089 jobs, i.e. 101 more than in December 2007.

8.3. Ratios Measuring the Effectiveness of the Bank's Operations

Net ROE and ROA ratios at the end of 2008 stood at 12.1% and 1%, respectively. The C/I ratio (quotient of total costs and the result on banking activity) which measures effectiveness improved by more than 0.6 percentage points and it amounted to 73.8%. As compared with banks from the peer group (according to the methodology employed by the Polish Financial Supervision Authority), ROE and ROA ratios place the Bank mid-range, while given its C/I ratio, the Bank ranks just below the average value.

As compared with its peer group, the Bank has an advantage in terms of its fee and commission margin, low cost of acquiring liabilities, low costs in relation to the scale of its activity, as well as liquidity and the capital adequacy ratio. The greatest distance between the Bank and the banks from its peer group can be seen in the rate of growth of loan assets and their share in assets as well as the interest margin.



The net interest margin (average) in 2008 reached the level of 4.1% (an increase by 0.7 percentage points year on year). The fee and commission margin decreased from 3.7% in 2007 to 3.5% in 2008. With regard to ratios measuring the effectiveness of employment, the relation of personnel-related costs to the result on banking activity stood at 33.5%, and it reached a level that was 0.8 percentage points higher as compared with the 2007 figure. The Bank's ratio of personnel-related costs per employee reached PLN 62,000, i.e. it was 3.2% higher as compared with December 2007.

The solvency ratio in December 2008 reached the level of 22.68% and it significantly exceeded the minimum requirements arising from banking regulations. Such a high ratio results from the fact that throughout most of 2008, the Bank acted mainly as a deposit bank and it was only during the last few months of that year that it started an intensive campaign aimed at increasing its loan portfolio.

Table 2.
*Basic ratios measuring the effectiveness of Bank Pocztowy S.A.'s operations **

Ratio	2008	2007	Zmiana
Return on equity (net ROE)	12,1%	15,4%	-3,3 pp.
Return on assets (net ROA)	1,0%	1,2%	-0,2 pp.
Costs / result on banking activity (C/I ratio)	73,8%	74,4%	-0,6 pp.
Net interest margin (average)	4,1%	3,4%	0,7 pp.
Fee and commission margin (average)	3,5%	3,7%	-0,2 pp.
Non-performing loans / total loans	8,0%	6,8%	1,2 pp.
Personnel-related costs / result on banking activity	33,5%	32,7%	0,8 pp.
Personnel-related costs / full-time position	62,0	58,8	3,2
Total deposits / full-time position	2 432,4	2 226,8	205,6
Total loans/ full-time position	849,8	712,2	137,6

* In the management reporting system
ROE and ROA calculated in relation to average annual equity and assets Interest margin and fee and commission margin to average annual assets Employment rates in relation to the number of full-time positions in December 2008 and 2007 according to average balances of deposits and loans in December 2008 and 2007.

Chartered Auditor's Opinion

INDEPENDENT CHARTERED AUDITOR'S OPINION ON THE ABRIDGED FINANCIAL STATEMENTS

To the Supervisory Board of the Bank Pocztowy S.A.

We have audited the financial statements for the year ended 31 December 2008 of Bank Pocztowy S.A. ('the Bank') located in Bydgoszcz at Jagiellońska Street 17 ('the unabridged financial statements'), from which the attached summarized financial statements for the year ended 31 December 2008 presented in point 10 of the annual report were derived by the Company's Management Board ('the summarized financial statements'). The unabridged financial statements have been prepared in accordance with the accounting principles specified in the Accounting Act dated 29 September 1994 and regulations issued based on that Act and based on properly maintained accounting records.

We conducted our audit of the unabridged financial statements, from which the summarized financial statements were derived, in accordance with the chapter 7 of the Accounting Act, dated 29 September 1994 and the auditing standards issued by the National Chamber of Auditors. We issued an unqualified auditors' report on these financial statements dated 20 April 2009.

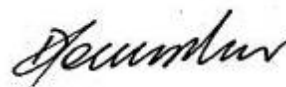
In our opinion the attached summarized financial statements, in all material respects, are consistent with the unabridged financial statements, from which they were derived.

For a better understanding of the Bank's financial position as at 31 December 2008 and the results of its operations for the period from 1 January 2008 to 31 December 2008 and of the scope of our audit, the attached summarized financial statements should be read in conjunction with the unabridged financial statements from which the summarized financial statements were derived and our auditors' report relating to these financial statements.



Arkadiusz Krasowski
Chartered Auditor no. 10018

on behalf of:
Ernst & Young Audit sp. z o.o.
Rondo ONZ 1, 00-124 Warsaw
Registration no. 130



Dominik Januszewski
Chartered Auditor no. 9707

Warsaw, 15 October 2009

A large, stylized graphic of an eye, rendered in light gray and white tones, occupies the background. The eye is looking towards the right. The text is centered within the eye's iris area.

Summarized

2008

Financial Statements

Assets in PLN

	ASSETS	2007	2008
I.	Cash, balances in Central Bank	561 952,36	35 045,47
II.	Loans and advances to financial sector	1 193 636,84	90 808,31
1.	In current account	436 359,34	6 522,85
2.	Fixed-term	757 277,50	84 285,46
III.	Loans and advances to non-financial clients	641 476,06	807 751,07
1.	In current account	73 858,39	51 392,65
2.	Fixed-term	567 617,67	756 358,42
IV.	Loans and advances to public sector	97 320,09	154 687,51
1.	In current account	21,11	21,11
2.	Fixed-term	97 298,98	154 666,40
V.	Debt securities	526 460,26	1 523 633,26
1.	of Banks	24 621,93	624 851,18
2.	of State Budget and local budgets	501 838,33	898 782,08
VI.	Shares and equity interests in other entities	6,98	8,14
	Other securities and other financial assets	350,00	0,00
VII.	Intangible fixed assets	22 115,87	25 327,51
VIII.	Tangible fixed assets	35 829,38	46 092,22
1.	Tangible assets	35 658,18	46 063,56
2.	Other tangible fixed assets	171,20	28,66
IX.	Other assets	8 375,43	14 716,09
X.	Prepayments and accrued income	7 170,51	7 650,56
1.	Deferred income tax	6 560,23	6 591,40
2.	Other prepayments and accrued income	610,28	1 059,16
	Total assets	3 094 693,78	2 705 720,14

Equity and Liabilities in PLN

EQUITY AND LIABILITIES		2007	2008
I.	Deposits from Central Bank	43,85	29,97
II.	Deposits from financial sector	42 861,94	168 592,03
1.	In current account	6 991,55	11 503,28
2.	Fixed-term	35 870,39	157 088,75
III.	Deposits from non-financial clients	2 455 606,92	1 823 963,11
1.	Savings accounts, including:	343 228,56	569 233,88
a	Current	329 891,34	552 890,55
b	Fixed-term	13 337,22	16 343,33
2.	Other	2 112 378,36	1 254 729,23
a	Current	1 563 961,42	688 424,51
b	Fixed-term	548 416,94	566 304,72
IV.	Deposits from public sector	201 982,46	295 946,35
1.	Current	193 085,37	235 769,10
2.	Fixed-term	8 897,09	60 177,25
V.	Other liabilities from financial instruments	0,00	109,00
VI.	Special funds and other liabilities	95 219,77	94 732,28
VII.	Accruals and deferred income	54 829,00	50 489,55
1.	Accrued expenses	11 375,50	13 488,97
2.	Negative goodwill	0,00	0,00
3.	Other deferred income	43 453,50	37 000,58
VIII.	Provisions	13 377,02	12 818,62
IX.	Share capital	97 290,40	97 290,40
X.	Supplementary capital	32 727,21	32 727,21
XI.	Revaluation reserves	- 3 925,11	- 1 790,75
XII.	Other reserves	74 248,88	104 680,32
1.	General banking risk fund	47 356,54	52 356,54
2.	Other	26 892,34	52 323,78
XIII.	Retained profit (loss)	0,00	0,00
XIV.	Net profit (loss)	30 431,44	26 132,05
Total equity and liabilities		3 094 693,78	2 705 720,14

Profit and Loss Account in PLN

PROFIT AND LOSS ACCOUNT		2007	2008
I.	INTEREST INCOME	151 181,61	195 355,02
1.	From financial sector	56 156,61	49 277,32
2.	From non-financial clients	63 396,75	85 176,24
3.	From public sector	3 144,48	6 274,78
4.	From securities with fixed income	28 483,77	54 626,68
II.	INTEREST EXPENSES	58 031,48	76 082,05
1.	From financial sector	3 247,28	2 775,81
2.	From non-financial clients	47 987,72	63 008,56
3.	From public sector	6 796,48	10 297,68
III.	NET INTEREST INCOME	93 150,13	119 272,97
IV.	Income from commissions	99 564,89	100 675,76
V.	Expenses from commissions	15 724,70	20 360,43
VI.	NET FEE AND COMMISSION INCOME	83 840,19	80 315,33
VII.	RESULT ON FINANCIAL ACTIVITIES	17,16	1,92
VIII.	NET FOREIGN-EXCHANGE GAINS	924,42	1 787,06
IX.	RESULT ON BANKING ACTIVITY	177 931,90	201 377,28
X.	Other operating income	10 118,34	8 355,69
XI.	Other operating expenses	2 924,18	4 529,32
XII.	OVERHEADS	135 815,42	152 413,24
1.	Salaries and wages	53 268,41	62 055,59
2.	Insurance and other benefits	8 344,56	9 185,93
3.	Other	74 202,45	81 171,72
XIII.	DEPRECIATION AND AMORTISATION OF FIXED ASSETS AND OTHER INTANGIBLE ASSETS	5 858,81	9 524,34
XIV.	PROVISIONS AND WRITE-DOWNS	29 525,22	33 061,62
1.	Special-purpose provisions and general banking risk	29 505,80	33 061,62
2.	Revaluation of financial assets	19,42	0,00
XV.	RELEASE OF PROVISIONS AND REVERSAL OF WRITE-DOWNS	21 937,91	22 606,48
XVI.	NET PROVISIONS AND REVALUATION	- 7 587,31	-10 455,14
XVII.	OPERATING PROFIT	35 864,52	32 810,93
XVIII.	RESULT ON EXTRAORDINARY ITEMS	0,00	0,00
XIX.	PRE-TAX PROFIT (LOSS)	35 864,52	32 810,93
	Pre-tax profit	35 864,52	32 810,93
XX.	Corporate income tax	5 433,08	6 678,88
1.	Deferred income tax	-2 463,58	-531,81
2.	Current period income tax	7 896,66	7 210,69
XXI.	Other mandatory decrease in profit (increase in loss)	0,00	0,00
XXII.	NET PROFIT (LOSS)	30 431,44	26 132,05
	Net profit	30 431,44	26 132,05



Off - Balance - Sheet Items

	Off - Balance - Sheet Items	2007	2008
I.	Contingent liabilities and assets	121 287,85	116 679,71
II.	Liabilites related to purchase/ sale transactions	72 074,00	83 613,00

Reconciliation of Movements in Shareholder's Equity for the 2008 Fiscal Year in PLN

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' EQUITY		2007	2008
I.	BALANCE OF SHAREHOLDERS' EQUITY AT BEGINNING OF PERIOD	206 206,65	230 772,82
1.	Shareholders' equity at beginning of period, after adjustments	206 206,65	230 772,82
1.1.	Share capital at beginning of period	97 290,40	97 290,40
1.2.	Share capital at end of period	97 290,40	97 290,40
2.	Supplementary capital at beginning of period	30 777,86	32 727,21
2.1.	Changes in supplementary capital	1 949,35	0,00
	a) increase	1 949,35	0,00
	- distribution of profits (statutory)	1 949,35	0,00
	b) decrease	0,00	0,00
2.2.	Supplementary capital at end of period	32 727,21	32 727,21
3.	Revaluation reserves at beginning of period	1 940,16	- 3 925,11
3.1.	Revaluation reserves	- 5 865,27	2 134,36
	a) increase	4 467,58	52 960,84
	- revaluation of assets available for sale, adjusted by deferred tax	4 467,58	52 960,84
	b) decrease	10 332,85	50 826,48
	- revaluation of assets available for sale, adjusted by deferred tax	10 332,85	50 826,48
3.2.	Revaluation reserves at end of period	- 3 925,11	- 1 790,75
4.	General banking risk fund at beginning of period	24 938,98	47 356,54
4.1.	Changes in general banking risk fund	22 417,56	5 000,00
	a) increase	22 417,56	5 000,00
	- distribution of profits carried forward	22 417,56	5 000,00
	b) decrease	0,00	0,00
4.2.	General banking risk fund at end of period	47 356,54	52 356,54
5.	Other reserves at beginning of period	26 892,34	26 892,34
5.1.	Changes in other reserves	0,00	25 431,44
	a) increase	0,00	25 431,44
	- distribution of profits carried forward	0,00	25 431,44
	b) decrease	0,00	0,00
5.2.	Other reserves at end of period	26 892,34	52 323,78
6.	Profit (loss) carried forward at beginning of period	24 366,91	30 431,44
6.1.	Profit carried forward at beginning of period	24 366,91	30 431,44
6.2.	Profit carried forward at beginning of period, after adjustments	24 366,91	30 431,44
6.3.	Change in profit carried forward	- 24 366,91	- 30 431,44
	a) increase	0,00	0,00
	b) decrease	24 366,91	30 431,44
	- distribution of profits carried forward	24 366,91	30 431,44
6.4.	Profit carried forward at end of period	0,00	0,00
6.5.	Loss carried forward at beginning of period	0,00	0,00
6.6.	Profit (loss) carried forward at end of period	0,00	0,00
7.	Net financial result	30 431,44	26 132,05
	a) net profit	30 431,44	26 132,05
	b) net loss	0,00	0,00
II.	BALANCE OF SHAREHOLDERS' EQUITY AT END OF PERIOD	230 772,82	259 039,23
III.	BALANCE OF SHAREHOLDERS' EQUITY AFTER PROPOSED DISTRIBUTION OF PROFITS (COVERED LOSS)	230 772,82	259 039,23

Cash Flow Statement for the 2008 Fiscal Year in PLN

CASH-FLOW STATEMENT		2007	2008
A. OPERATING CASH FLOW			
I.	NET PROFIT (LOSS)	30 431,44	26 132,05
II.	TOTAL ADJUSTMENTS:	333 072,44	- 925 913,97
	1. Amortisation and depreciation	5 858,80	9 524,34
	2. Interests and share in profits (dividends)	4,28	3,18
	3. Profit (loss) on investment activities	- 30,84	- 518,97
	4. Change in reserves	4 429,08	- 558,40
	5. Change in debt securities	18 420,42	- 365 538,61
	6. Change in loans and advances to financial sector	49 026,73	75 751,18
	7. Change in loans and advances to non-financial clients and public sector	- 176 266,65	- 223 642,43
	8. Change in shares, interests and other securities and other financial assets	- 350,00	350,00
	9. Change in deposits from financial sector	- 348 973,82	125 716,21
	10. Change in deposits from non-financial clients and public sector	789 768,07	-537 679,92
	11. Change in other liabilities	849,17	342,32
	12. Change in prepayments and accrued income	782,56	1 633,42
	13. Change in accruals and deferred income	- 4 082,29	- 6 452,92
	14. Other adjustments	- 6 363,07	- 4 843,37
III.	NET OPERATING CASH FLOW	363 503,88	- 899 781,92

B. INVESTING CASH FLOW

I.	INVESTING CASH INFLOW	53,22	90,46
II.	INVESTING CASH OUTFLOW	19 852,20	52 768,53
	1. Acquisition of interests or shares in other entities, other securities and other financial assets	0,00	29 755,80
	2. Acquisition of intangible fixed assets and tangible fixed assets	19 852,20	23 012,73
III.	NET INVESTING CASH FLOW	- 19 798,98	- 52 678,07

C. FINANCING CASH FLOW

I.	FINANCING CASH OUTFLOW	169,64	112,25
II.	NET FINANCING CASH FLOW	- 169,64	-112,25
D	Net cash flow, total (A.III+B.III+C.III)	343 535,26	- 952 572,24
E	Balance-sheet change in cash and cash equivalents, including	343 535,26	- 952 572,24
	Change in cash and cash equivalents resulting from currency-exchange differences	- 613,10	- 991,58
F	Cash and cash equivalents at beginning of period	1 327 012,58	1 670 547,84
G	Cash and cash equivalents at end of period (F+-D), including	1 670 547,84	717 975,60
	Cash and cash equivalents with restricted use	117,74	795,69

A large, stylized graphic of an eye in shades of light blue and grey, with a central orange oval representing the iris. A red circle with the year '2008' is positioned over the iris.

Bank's Head Office

2008

and Establishments

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- Elbląg Branch**
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- Customer Service Centre in Malbork**
ul. 17 Marca 38
82-200 Malbork
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- Gdańsk Branch**
ul. Grunwaldzka 46
80-241 Gdańsk Wrzeszcz
tel. (0 58) 340 40 30
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- Customer Service Centre in Gdańsk**
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- Customer Service Centre in Kartuzy**
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- Customer Service Centre in Gdynia**
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81-301 Gdynia
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fax. (0 58) 620 31 29
- Kalisz Branch**
ul. Zamkowa 18/20
62-800 Kalisz
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fax (0 62) 768 10 19
- Katowice Branch**
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40-956 Katowice
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fax. (0 33) 828 34 20
- Customer Service Centre in Częstochowa**
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fax. (0 34) 366 90 30

- Customer Service Centre in Opole**
ul. Krakowska 46
45-076 Opole
tel. (0 77) 402 24 12
fax. (0 77) 402 24 18
- Konin Branch**
ul. Kolejowa 5A
62-510 Konin
tel. (0 63) 245 60 55-57
fax. (0 63) 245 60 56
- Customer Service Centre in Koninie**
Pl. Wolności 1
62-510 Konin
tel (0 63) 240 60 08
fax. (0 63) 240 60 08
- Kraków Branch**
ul. Grochowska 2
31-500 Kraków
tel. (0 12) 410 63 00
fax. (0 12) 410 63 14
- Customer Service Centre in Nowy Sącz**
ul. Dunajewskiego 10
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fax. (0 18) 449 69 14
- Lublin Branch**
ul. Krakowskie Przedmieście 50
20-002 Lublin
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- Customer Service Centre in Radom**
ul. Jacka Malczewskiego 5
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- Łódź Branch**
ul. Moniuszki 4
90-110 Łódź
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fax. (0 42) 639 22 72
- Customer Service Centre in Łódź**
ul. Lodowa 101
93- 232 Łódź
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- Customer Service Centre in Piotrków Tryb.**
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97-300 Piotrków Trybunalski
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fax. (0 44) 649 04 90
- Customer Service Centre in Sieradz**
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98-200 Sieradz
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- Customer Service Centre in Skierniewice**
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- Olsztyn Branch**
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fax. (0 89) 521 18 26
- Customer Service Centre in Biskupiec**
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fax. (0 89) 715 69 25
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14-100 Ostróda
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- Customer Service Centre in Białystok**
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fax. (0 85) 664 99 89

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● **Piła Branch**

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fax. (0 67) 215 66 54

● **Customer Service Centre in Wągrowiec**

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fax. (0 67) 268 52 94

● **Poznań Branch**

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fax. (0 61) 852 41 47

● **Customer Service Centre in Leszno**

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64-110 Leszno
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fax. (0 65) 529 57 37

● **Gorzów Wielkopolski Branch**

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66-400Gorzów Wielkopolski
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fax. (0 95) 721 01 98

● **Customer Service Centre in Zielona Góra**

ul. Sienkiewicza 11 A
65-431 Zielona Góra
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fax. (0 68) 320 63 34

● **Szczecin Branch**

al. Niepodległości 43
70-404 Szczecin
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fax. (0 91) 43 29 834

● **Customer Service Centre in Koszalin**

ul. Pocztowa 1
75-017 Koszalin
tel. (0 94) 347 34 10
fax. (0 94) 348 96 49

● **Customer Service Centre in Słupsk**

ul. Kołłątaja 31
76-200 Słupsk
tel. (0 59) 848 61 80
fax. (0 59) 848 61 80

● **Customer Service Centre in Wałcz**

ul. Kilińszczaków 30
78-600 Wałcz
tel. (0 67) 250 10 77
fax. (0 67) 258 54 11

● **Tarnów Branch**

ul. Ochronek 5
33-100 Tarnów
tel. (0 14) 628 89 80
fax. (0 14) 628 89 84

● **Customer Service Centre in Rzeszów**

ul. Adama Asnyka 9
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tel. (0 17) 850 93 00
fax. (0 17) 850 93 14

● **Toruń Branch**

ul. Chełmińska 13
87-100 Toruń
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fax. (0 56) 654 96 87

● **Warszawa Branch**

ul. Świętokrzyska 31/33
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fax. (0 22) 829 48 99

● **Customer Service Centre in Ciechanów**

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fax.(0 23) 671 23 89

- Customer Service Centre in Ostrołęka**
ul. Hallera 13
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- Customer Service Centre in Płock**
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09-400 Płock
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- Customer Service Centre in Siedlce**
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- Customer Service Centre numer 2 in Warszawa**
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- Customer Service Centre numer 3 in Warszawa**
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- Wrocław Branch**
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- Customer Service Centre in Legnica**
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- Customer Service Centre in Świdnica**
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- Włocławek Branch**
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