CEO's Letter

Dear Shareholders, Clients and Employees of Bank Pekao S.A. Capital Group,

On behalf of the Management Board of Bank Polska Kasa Opieki S.A., I hereby present the Consolidated Annual Report for the year 2009 addressed to the Bank's shareholders, its supervisory bodies, the capital market regulators, our customers and the public at large.

The year 2009 brought many challenges for the Polish banking sector, related to the impact of the global crisis on Poland's economy and the Polish financial market. A substantial economic slowdown was followed by a rise in unemployment and deterioration of the financial standing of companies as well as depreciation of the Polish zloty and an increase in volatility of financial instruments prices. All those factors negatively influenced the situation in the banking sector through a visible decrease in revenues and a significant growth of the cost of risk. Thanks to the strong fundamentals of the Polish economy, the scale of problems in the sector was significantly lower than in other European Union countries.

Poland was the only country in Europe which avoided recession. Also the Polish banking sector was performing quite well in the new situation, still generating profits and improving its capital base.

For the Bank and the entire Pekao Group, 2009 was a confirmation of our sustainable growth strategy. I am pleased to say that the policies implemented by the Bank during last few years, particularly in the area of risk and liquidity management, have successfully passed the test. We maintained a high level of profitability and strengthened the key dimensions of the Bank that improve our competitiveness and potential for further growth. The market appreciated this, rewarding the Bank with many prestigious awards. Bank Pekao was nominated by financial magazines The Banker, Euromoney and Global Finance, as the best bank in Poland.

The Pekao Group, despite operating in a high-risk environment, achieved a consolidated net profit of PLN 2,412 million, giving the Bank one of the leading positions in the sector and on the whole Polish market. Return on equity (ROE) reached 14.1% while the Group retained a very safe level of capital adequacy (Tier I capital at 16.2%).

The financial results discussed above were achieved thanks to intensification of the Bank's business activity, which allowed it to keep a high level of income despite market pressure on net interest margin. The Bank again proved the effectiveness of its costs management, reducing the costs by 3% year on year. Thanks to a consistent risk management policy and focus on asset quality, the Group maintained the cost of risk at the level of 0.69%, much below the banking sector average.

The results achieved by the Pekao Group proved that even at the time of an economic downturn and a tough situation on financial markets, we are able to ensure financial stability and preserve an attractive profitability level.

I would like to express my recognition to the previous year's achievements of the Management Board, which I joined last month. I would like to extend particular recognition to my predecessor, Mr Jan Krzysztof Bielecki, and to First Vice-President and General Manager of the Bank Mr Luigi Lovaglio. On behalf of the Management Board I would like to convey our thanks to the Supervisory Board members for their involvement with our Company. I would like to thank all employees whose work and commitment contributed to the good results achieved last year. I also wish to thank all our clients and shareholders for their trust, manifest in their readiness to entrust their savings to us and use our products.

In 2010, we would like to leverage the strong capital base of the Bank and focus on strategic growth, further development of customer relations, improvement in the quality of service, and enhancement of our clients' and employees' satisfaction levels.

At the same time, let me assure you that while increasing our activity on the market we will continue our responsible policy regarding credit risk management in order to maintain the good quality of assets and create value of the Bank and the Pekao Group for all our stakeholders.

Warsaw, March 11th 2009

Alicja Kornasiewicz
Member of the Management Board,
acting President of the Management Board