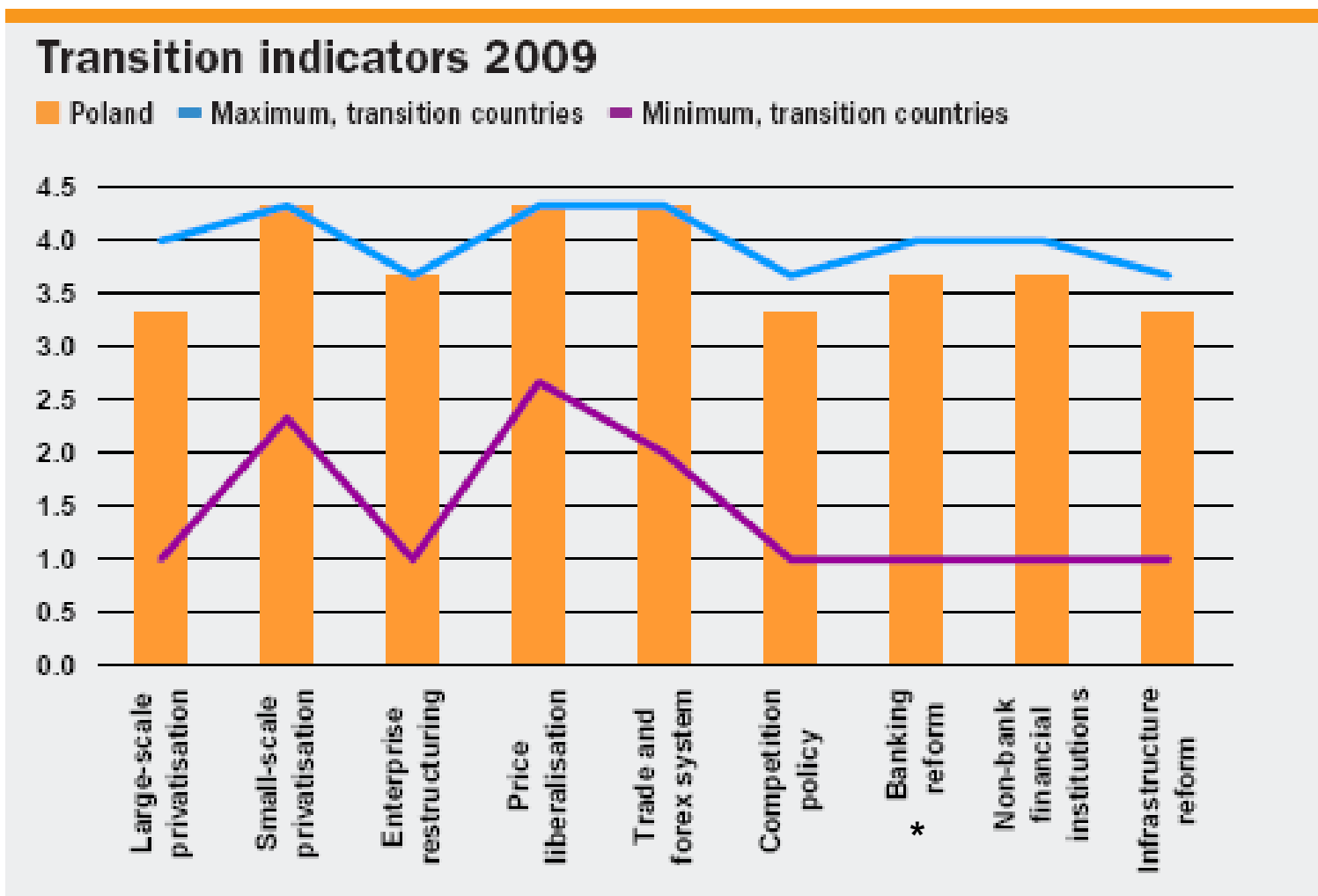


The success of the Polish economy in light of the global economic crisis

Presented by
Jan Krzysztof Bielecki,
President of the Management Board
PEKAO S.A. Bank, Warsaw, Poland

at the meeting organized by
The Embassy of the Republic of Poland in Athens
and
ELIAMEP - The Hellenic Foundation for European and Foreign Policy
Athens, November 26, 2009

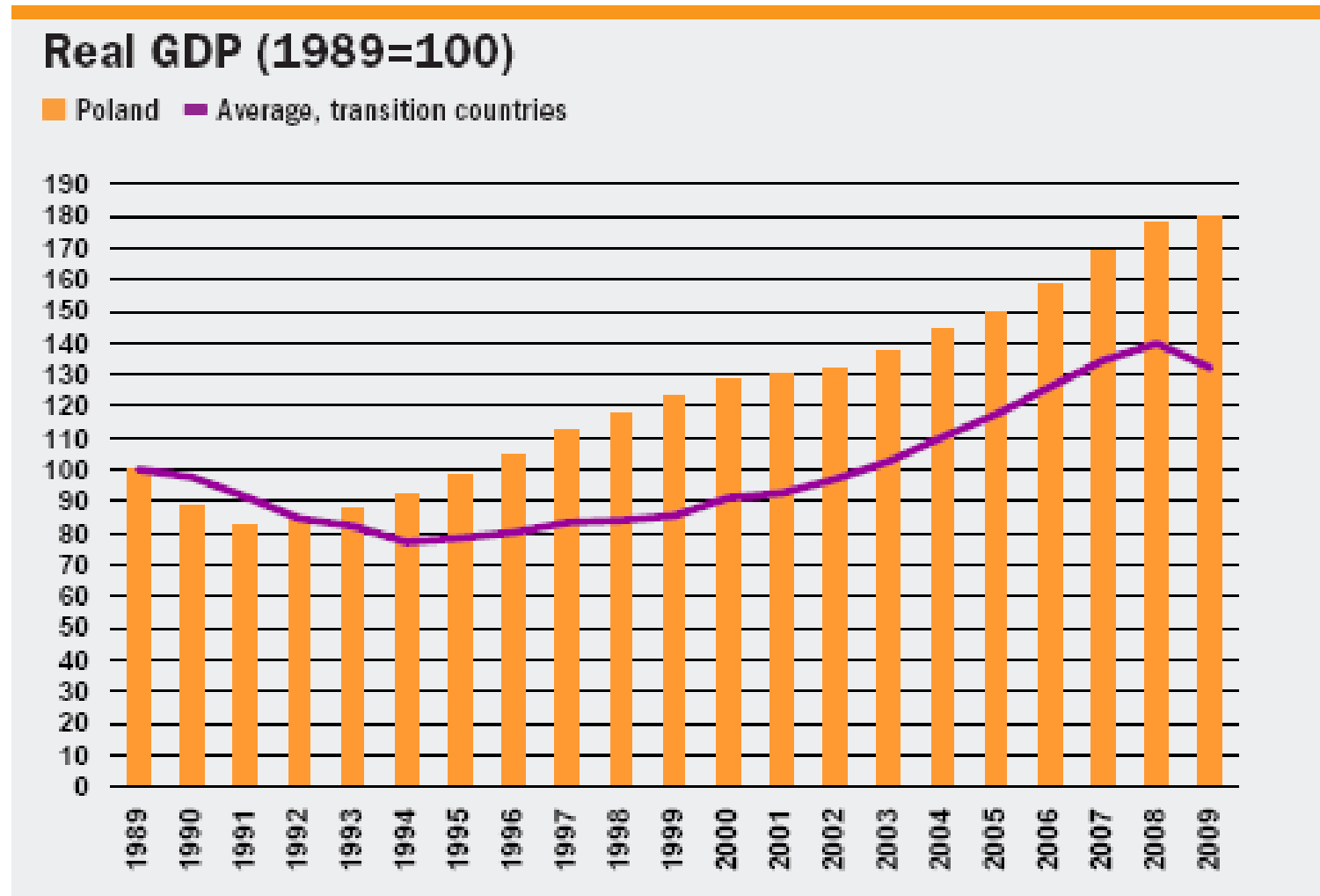
Key transition indicators suggest Poland scores very close to „best pupils in its class”



* Latvia, Estonia and Croatia were considered more advanced in banking reform...

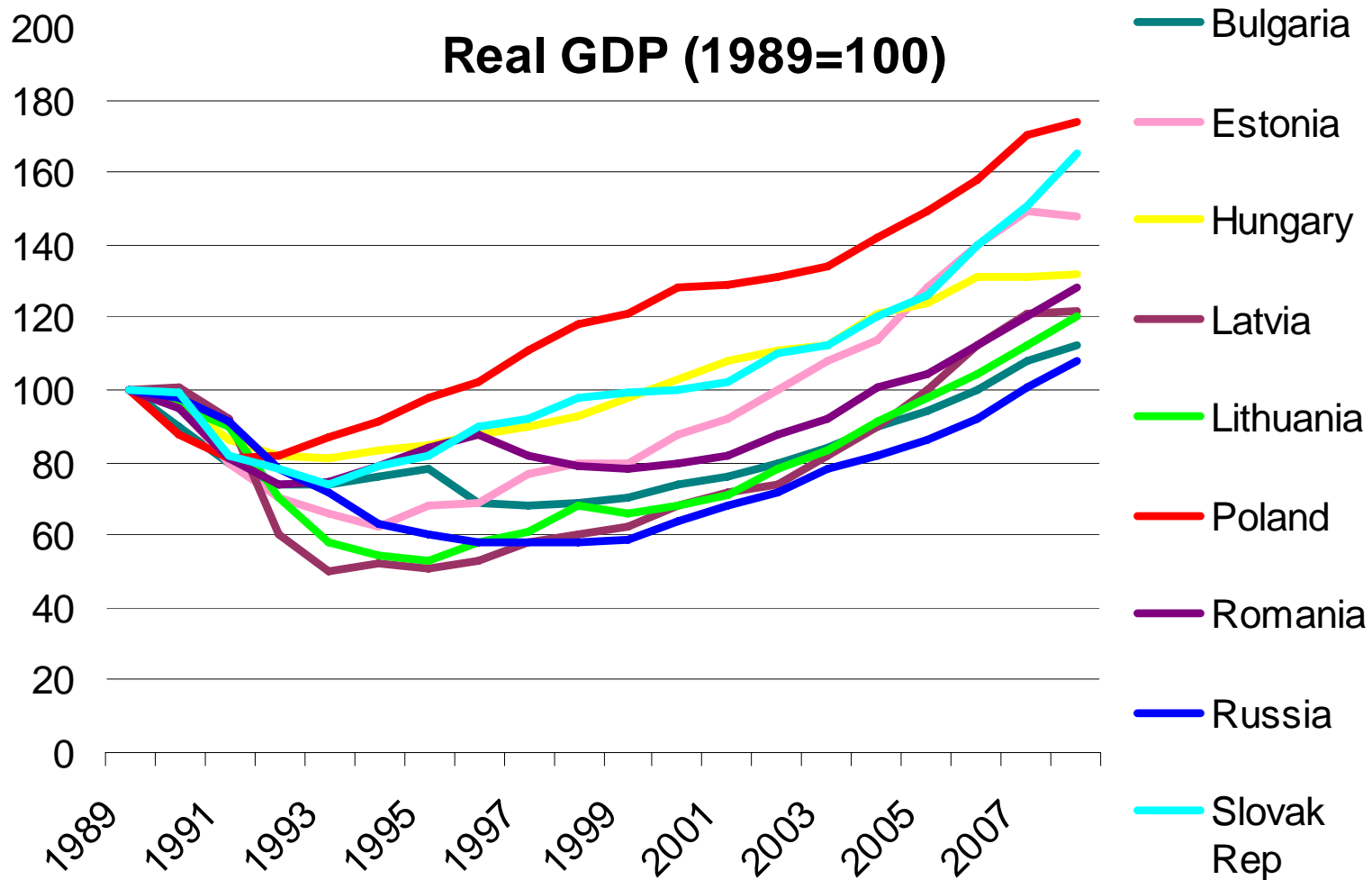
Source: EBRD Transition Report 2008

Following two years of painful reforms, back on the growth track



Source: EBRD Transition Report 2008

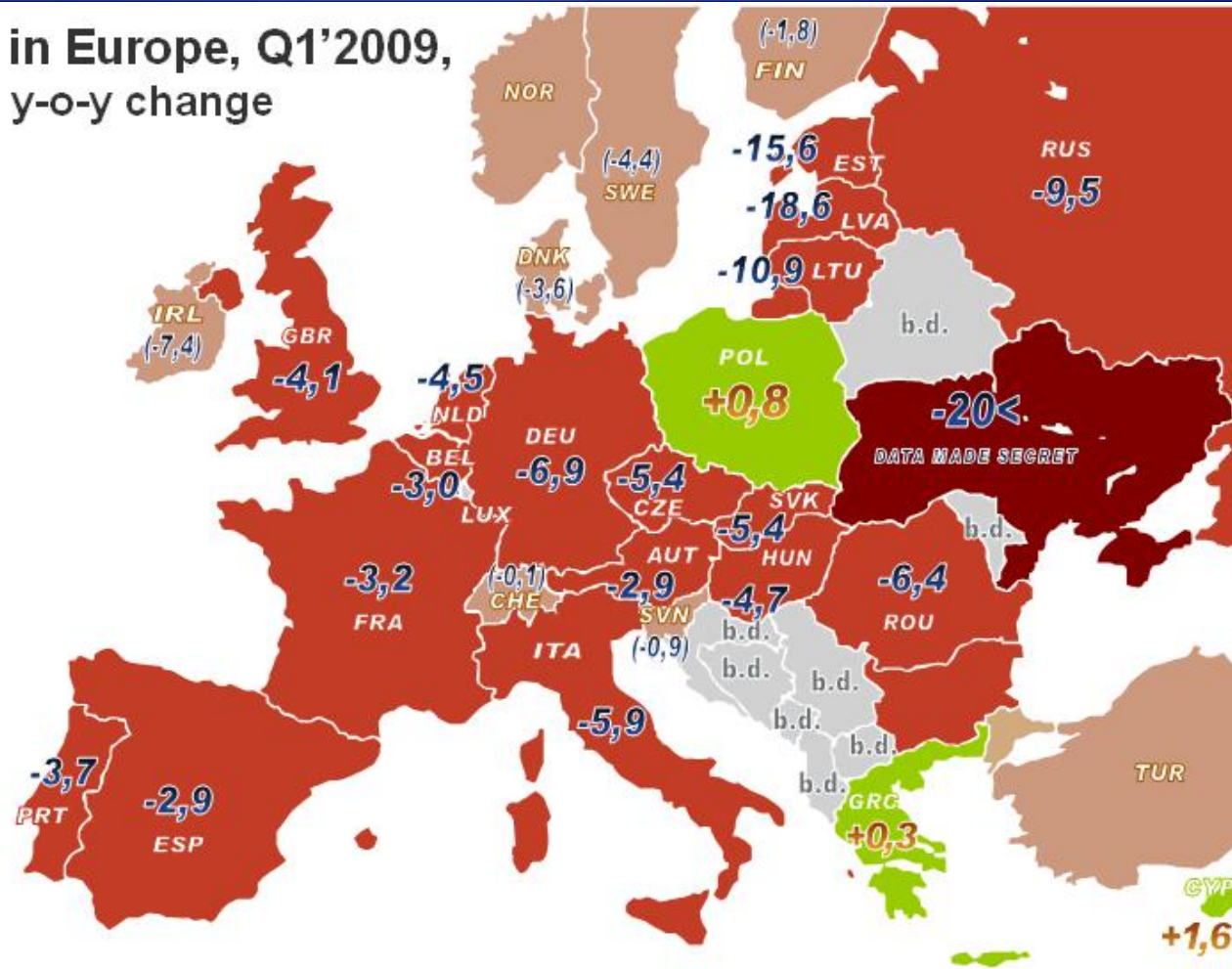
Poland was the first transition country to exceed its 1989 GDP level



Source: EBRD, Pekao Research

Polish economy is growing even during the time of crisis – in very tough Q1'2009...

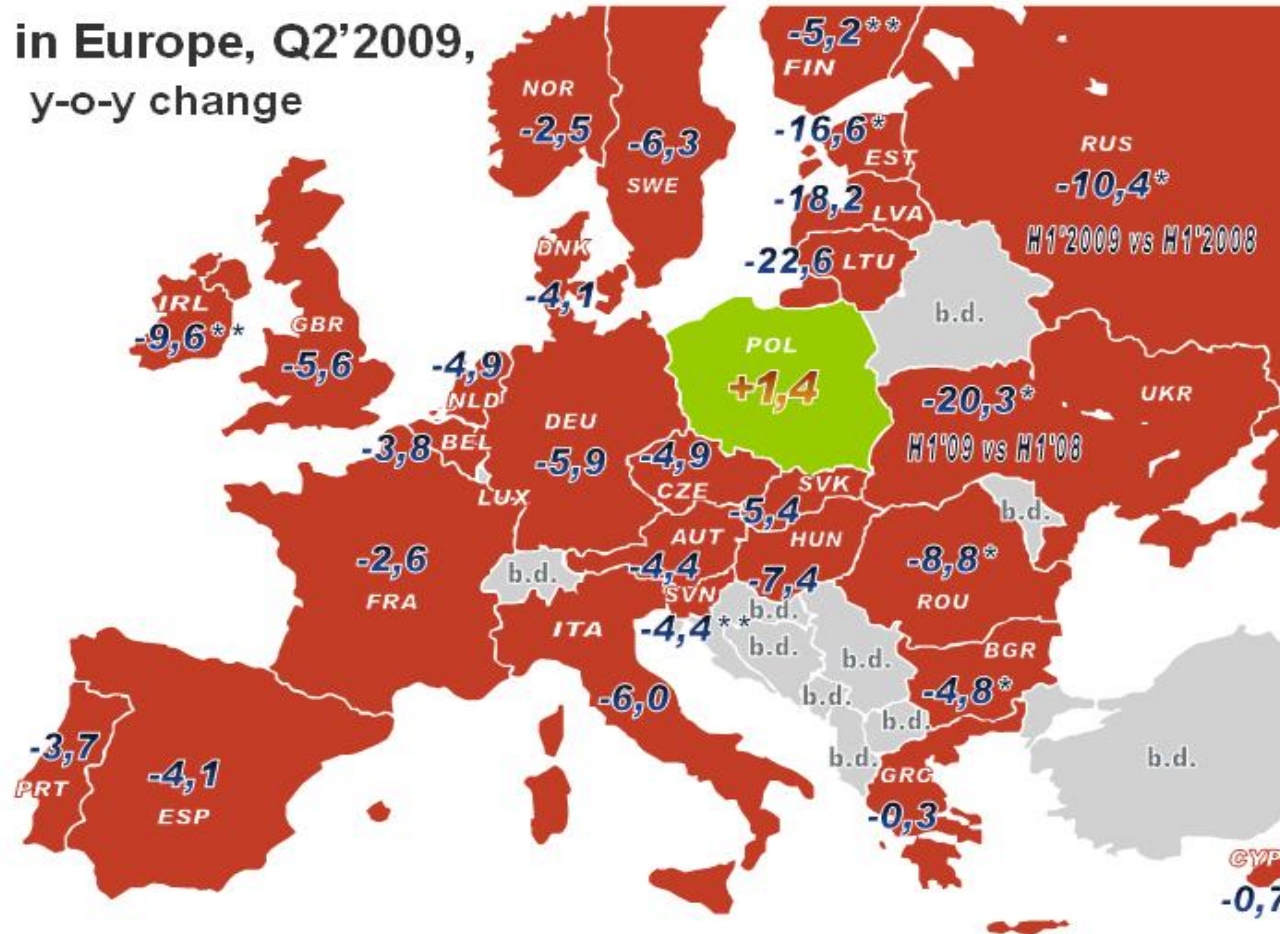
GDP in Europe, Q1'2009, y-o-y change



Source: Finance Ministry, Poland, Eurostat, domestic statistical offices

...as well as in the still tough Q2'09

GDP in Europe, Q2'2009,
y-o-y change

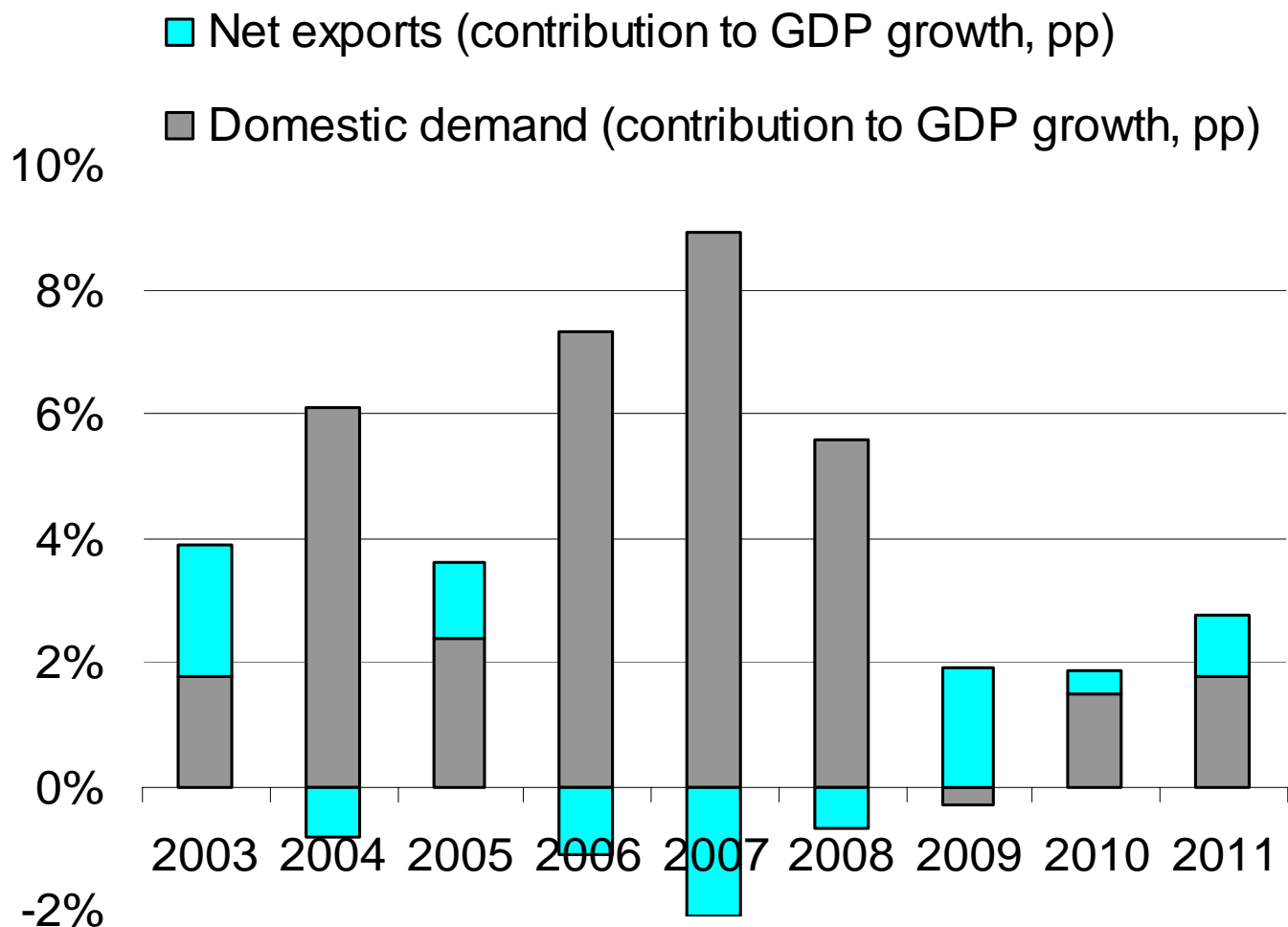


Source: Finance Ministry, Poland, Eurostat, domestic statistical offices

** European Commission forecast

* Non-seasonally adjusted (nsa), local statistical offices

Weakening of the currency helped the exports, that supports positive GDP growth



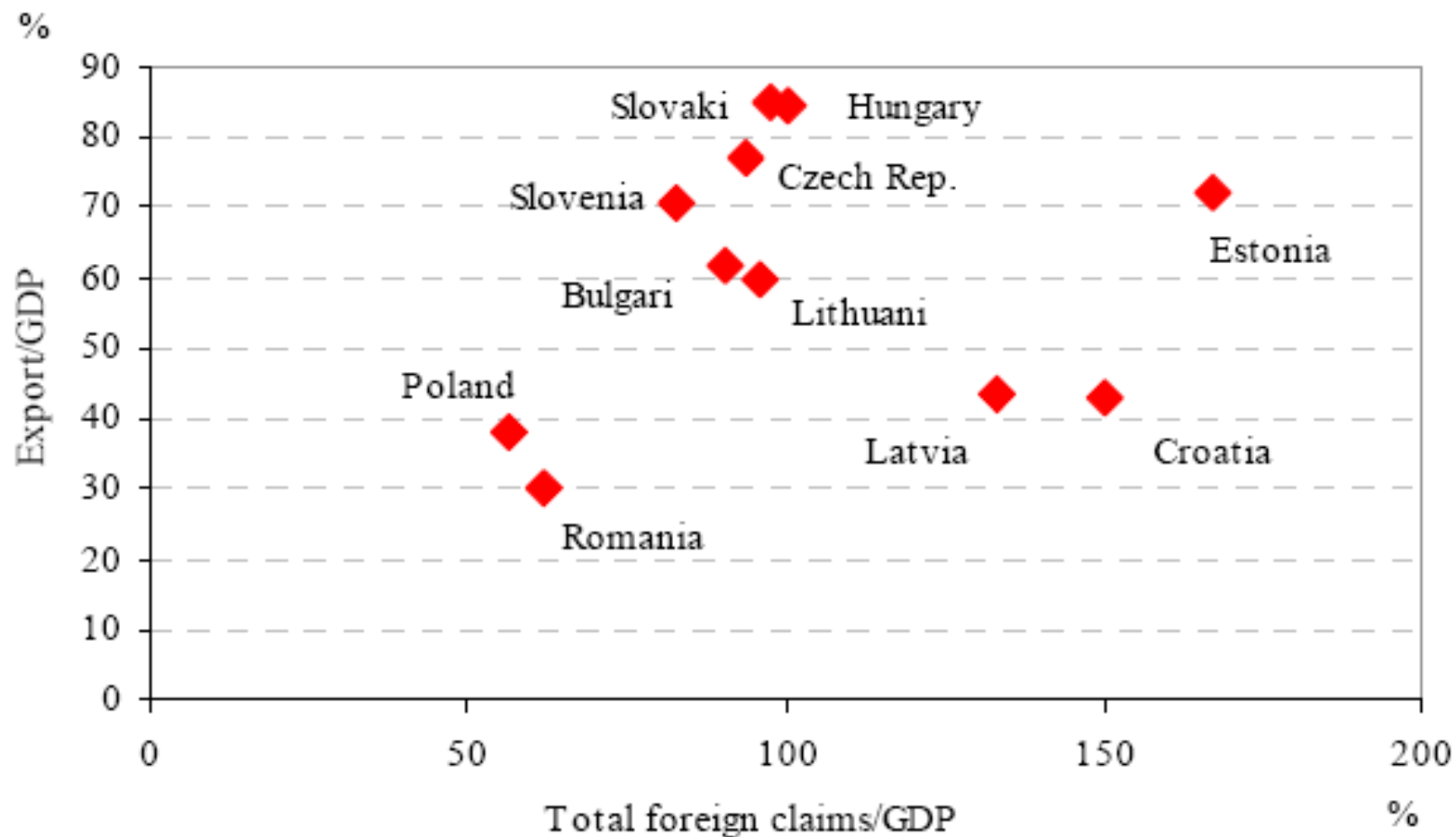
Source: Statistical Office, Pekao Research

Dynamic increase of foreign trade is one of the key drivers of investments and growth



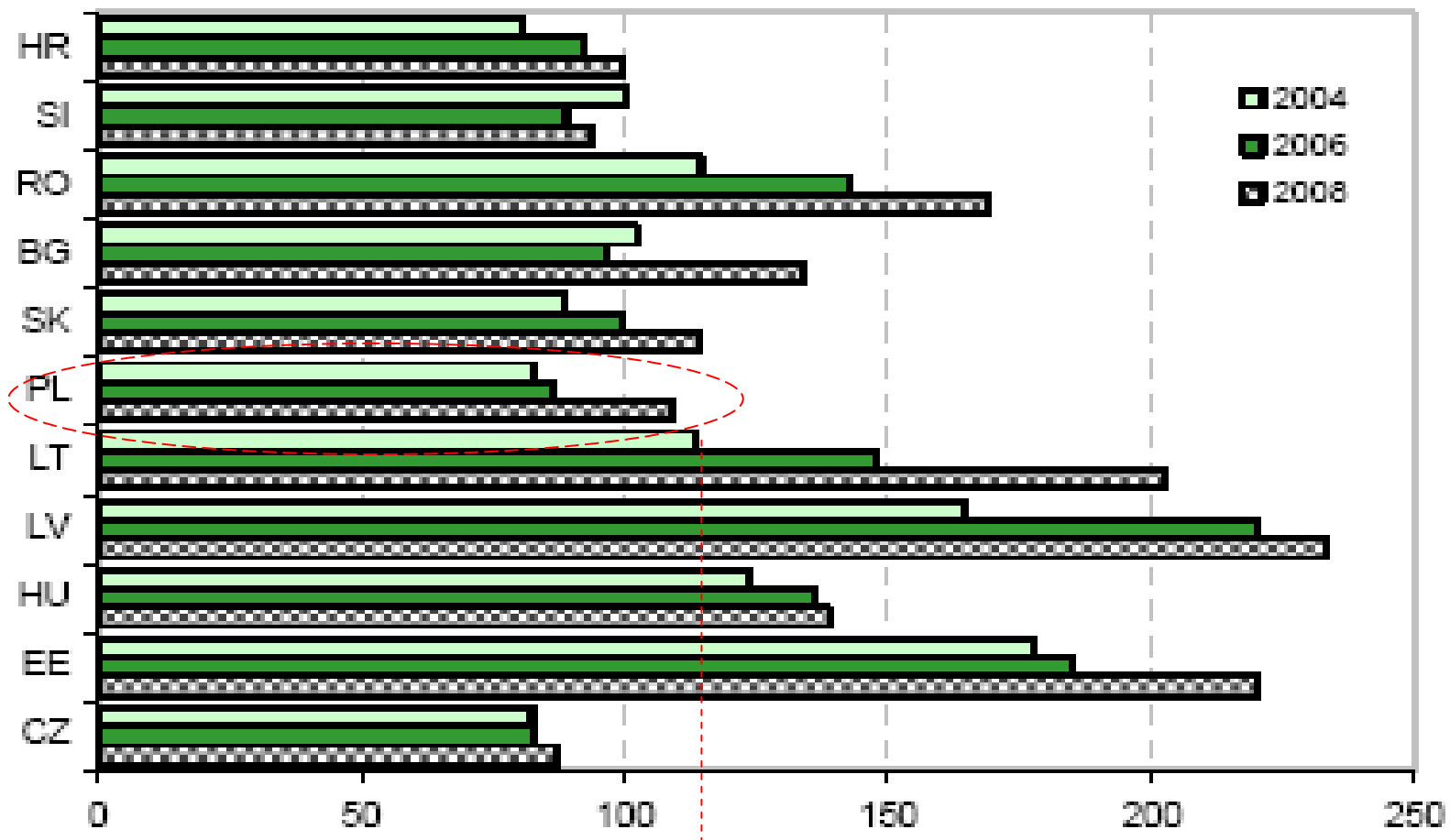
Source: Statistical Office, Pekao Research

Poland is less dependent from external conditions than other countries in the region



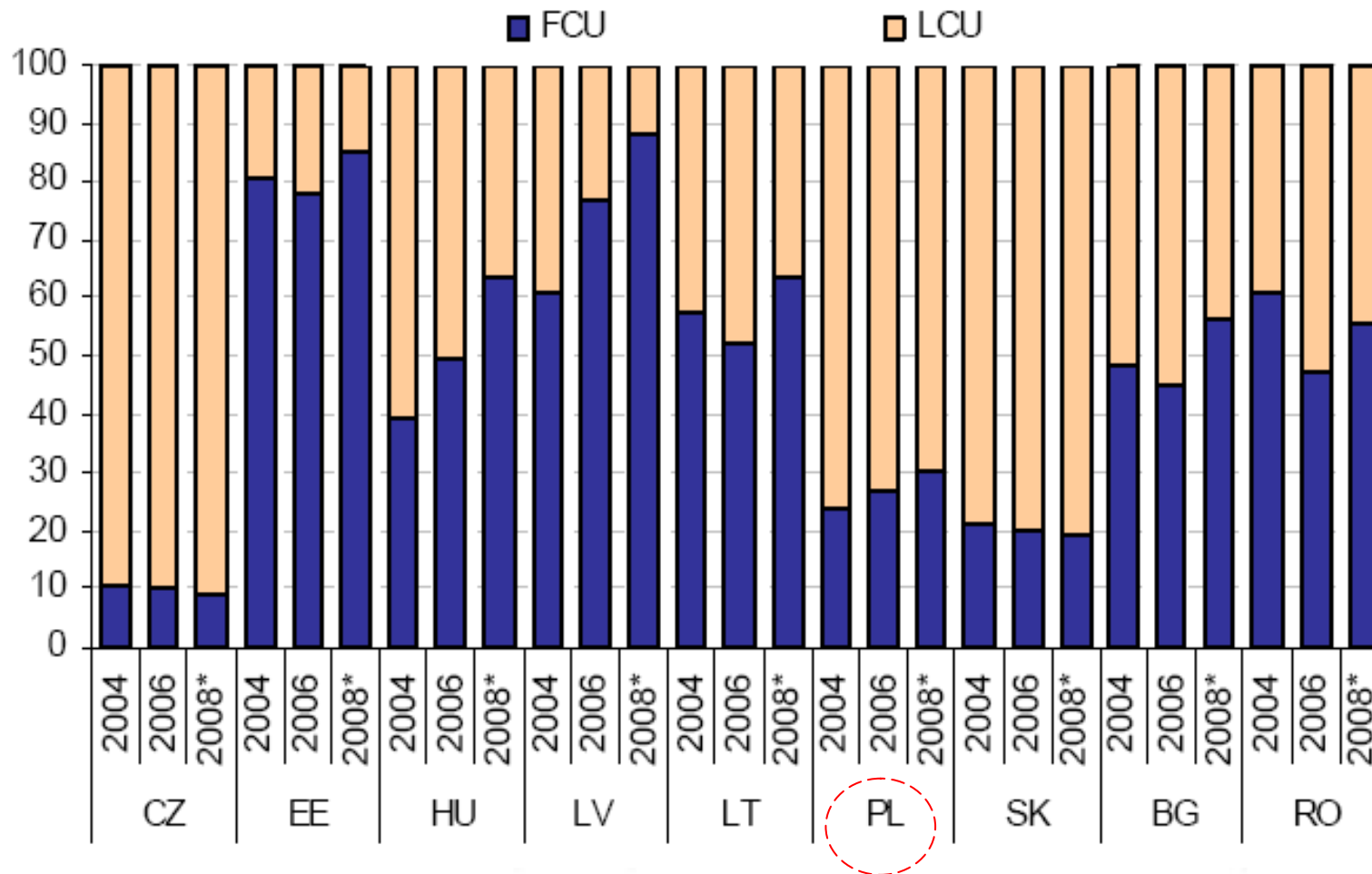
Source: World Bank

Polish banking sector has almost balanced loan-to-deposit ratio – less risky than others



Source: World Bank

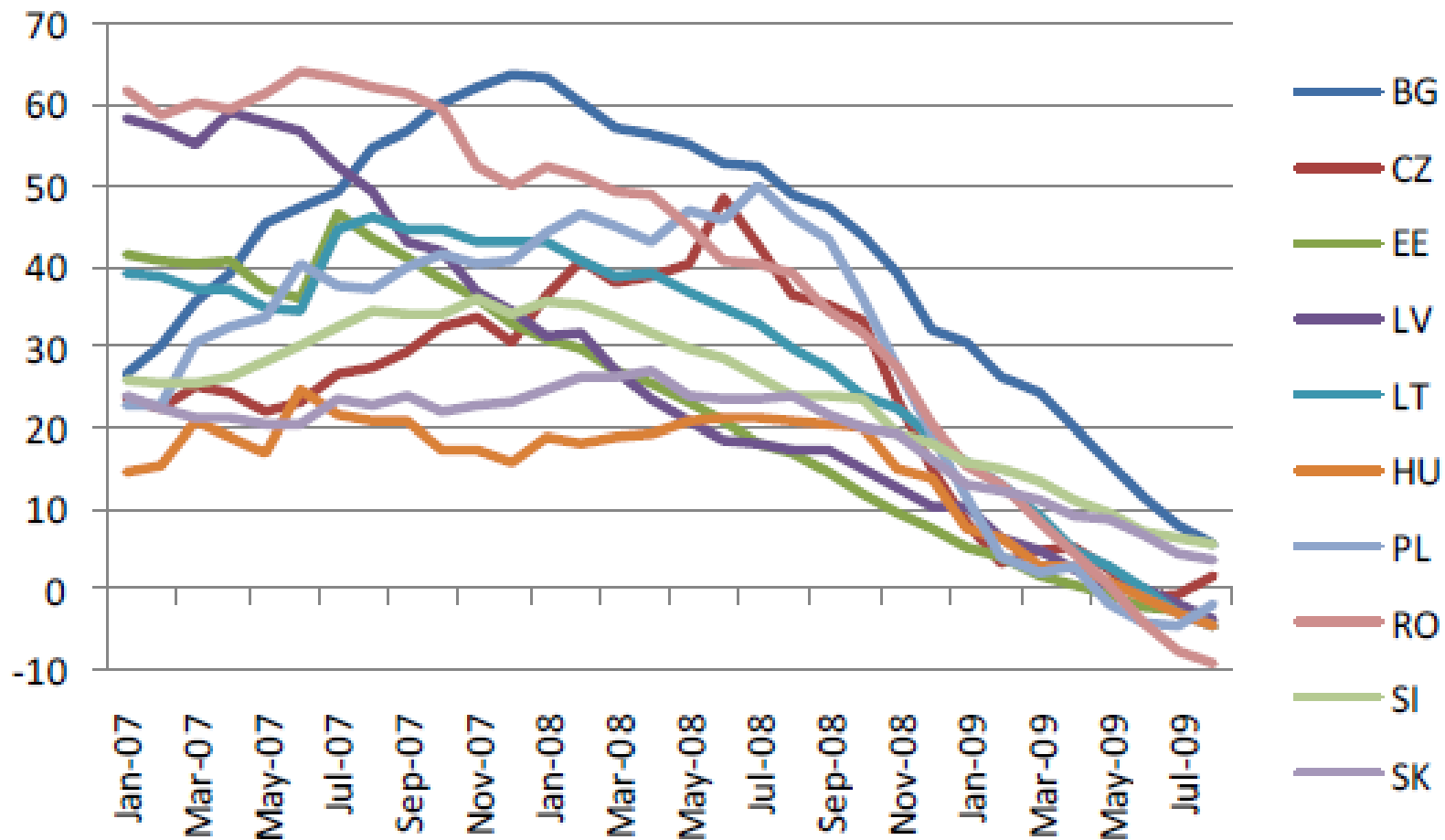
Polish banking sector lent mostly in local currency – smaller FX risk



Source: World Bank

Our banking sector did not see such excesses in credit creation as elsewhere ...

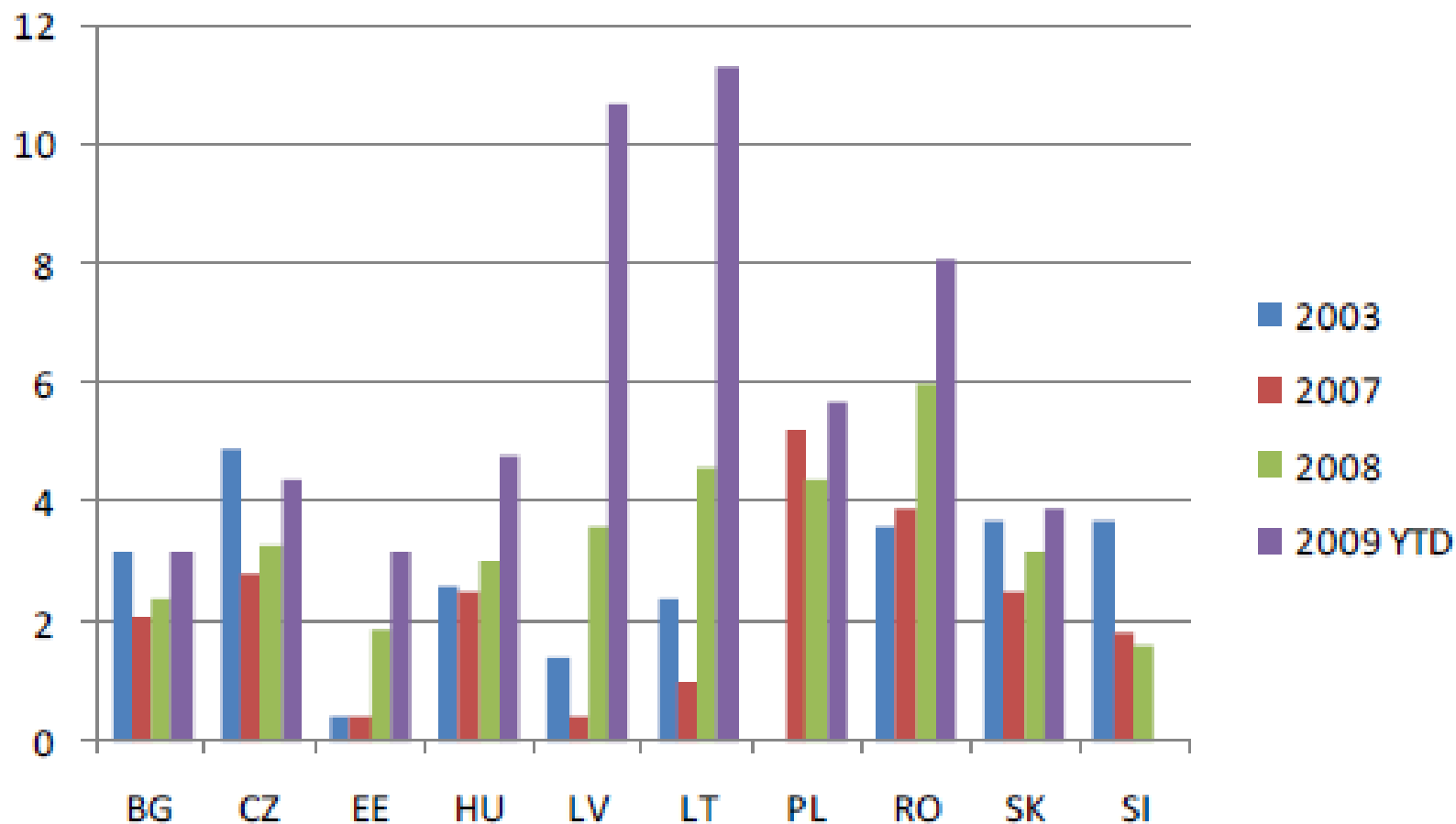
Bank credit to the private sector, % y-o-y



Source: World Bank

... and hence will maintain low share of bad debts

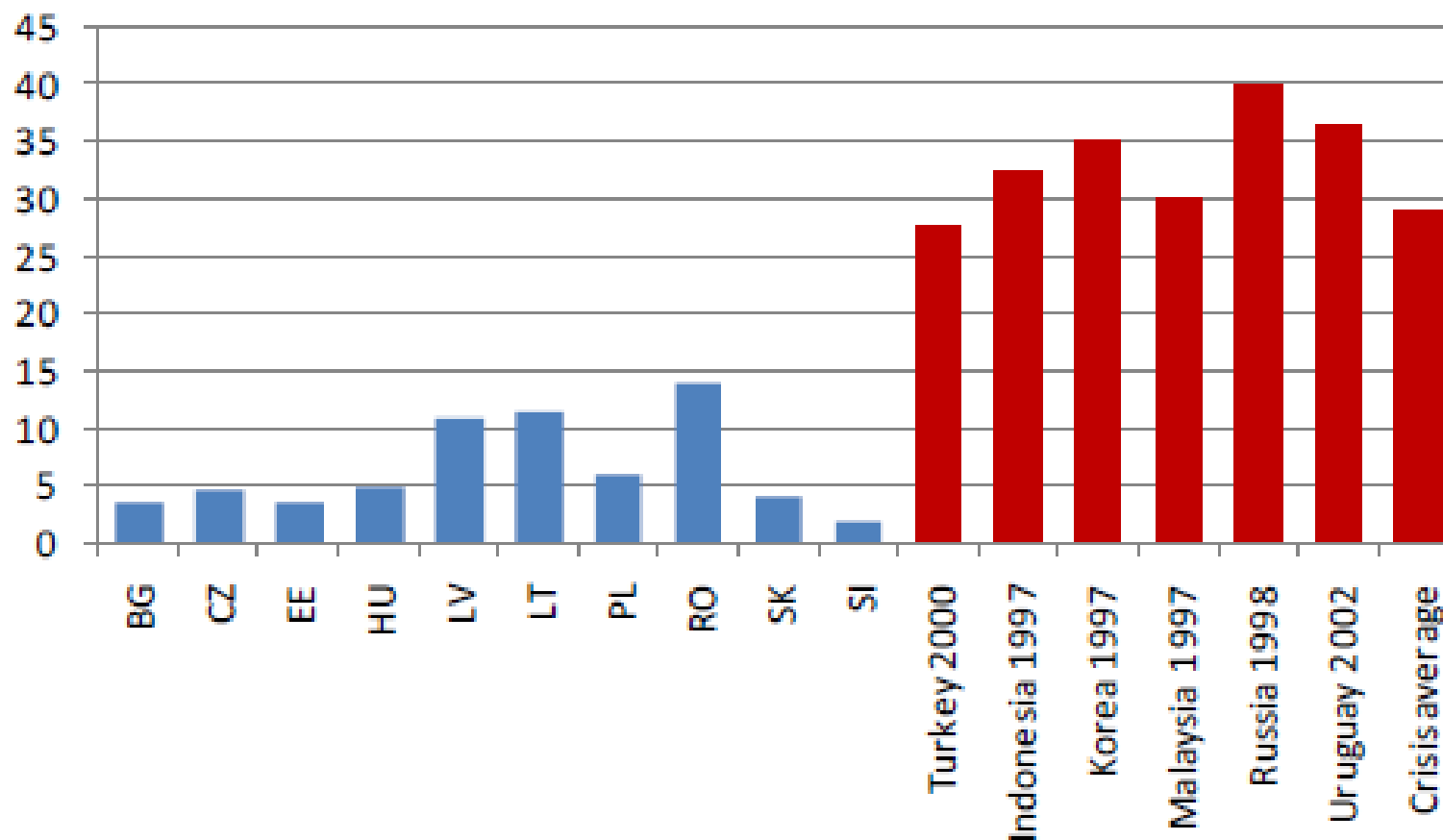
Non-performing loans in EU10 countries, % of total loans (till Oct'09)



Source: World Bank

Though keep in mind that the region is still pretty safe when it comes to banking

Non-performing loans in EU10 countries and historical data for banking and currency crises, % of total loans



Source: World Bank

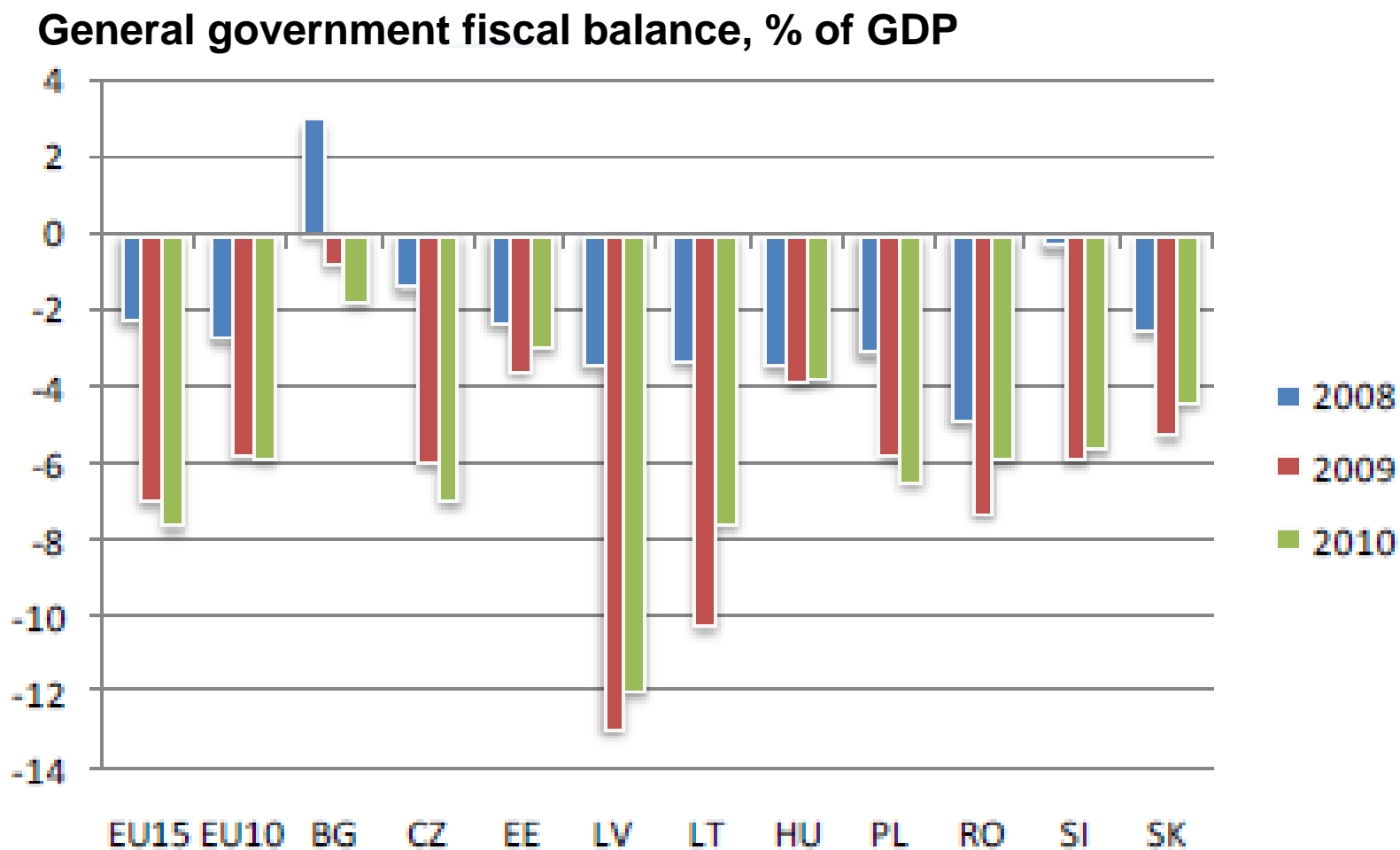
The classics warned against credit-fuelled booms...

There is no means of avoiding the final collapse of a boom brought about by credit expansion. The alternative is only whether the crisis should come sooner as the result of a voluntary abandonment of further credit expansion, or later as a final and total catastrophe of the currency system involved.

Ludwig von Mises,

„Human Action – A Treatise on Economics”

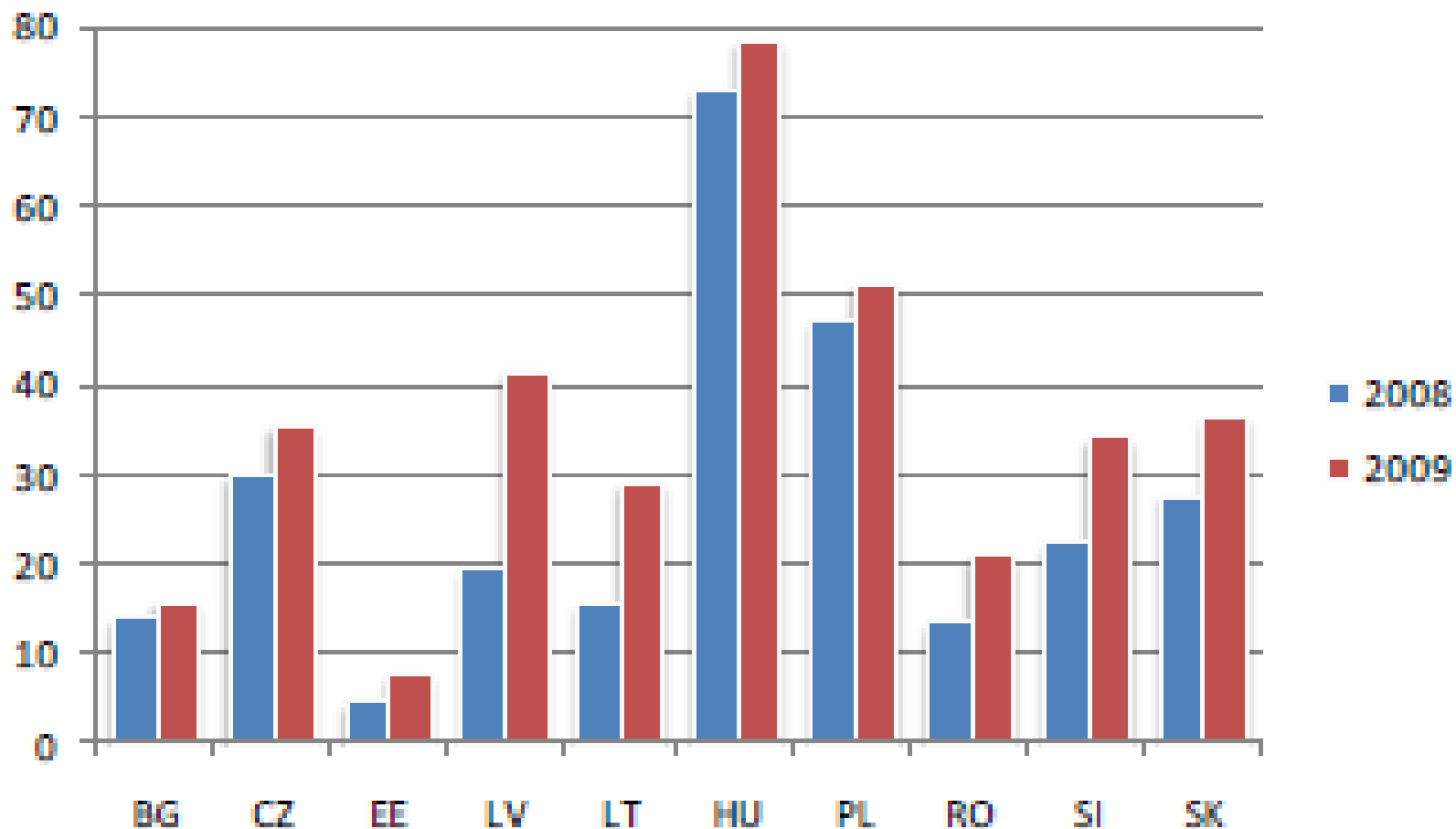
Key challenges for the government - deficits



Source: World Bank

Key challenges for the government - debt

General government public debt, % of GDP



Source: World Bank

Key challenges for the government - summary

Ambitious privatization plans –almost 740 enterprises in the next two-three years

Extensive infrastructure building plans (motorways, energy sector), to be boosted with EU funds. Almost 1100km of motorways under construction

Challenge of maintaining fiscal discipline amid economic slowdown, ambitious infrastructure construction plans and the challenge of structural changes in economy and society

Thank you for your attention ...