

COOPERATIVE BANKING SECTOR IN POLAND



SKOK

SAMPLE

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EXECUTIVE SUMMARY – COOPERATIVE BANKING

Serving the niche

Cooperative banking sector in Poland consists of cooperative banks (Banki Spółdzielcze) and saving-lending cooperatives (SKOK). Both organizations are serving mostly niche markets. An extensive infrastructure (>18% of all bank outlets in Poland belong to cooperative sector), enables them to hold a strong position in many rural areas due to lack of other competitors. In terms of products and services, cooperative sector is not particularly innovative and is following the trends from commercial banking sector. The only exception are tailored, segment specific product offers for farmers/employees or incidentally attractive deposit rates above commercial banks level

High growth, lower profitability.

Within few recent years the cooperative banking sector has been growing quickly (banks assets), and the growth rates exceeded commercial banking sector. Due to specific ownership structure, high serving costs and not strict profit orientation (SKOK are in fact non-profit organizations), profitability of cooperative sector is significantly lower than at commercial banks. Naturally cooperative sector is serving less affluent and less demanding customers, and therefore, average revenues and profits per customer are also relatively low

Future Prospects

Cooperative sector holds a firm position on the Polish banking market and is expected to keep growing faster than commercial banks. The key reason for growth of the sector is leveraging of EU support funds flowing to rural areas and proximity to the customer. Cooperative sector is also expected to gradually improve its product/service portfolio, becoming an alternative to commercial banks in serving mass retail customers









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SAMPLE

THE COOPERATIVE SECTOR CONSISTS OF 654 INSTITUTIONS WITH COMBINED ASSETS WORTH OVER PLN 51 BILLION

Banking system in Poland, June 2007

		Number	Assets Value PLN bn	Growth since 12/06,%	Description
Central Bank	National Bank of Poland 	1	167	8	•Central Bank, usually does not perform operations with retail and commercial clients
	Banks				
	Local commercial banks 	51	65	6	•Serve majority of retail, corporate and municipal clients
	Branches & representatives of foreign banks  	14	27	27	•So far playing a minor role but growing quickly
Para-banking Institutions	Cooperative Banks  	584	45	8	<ul style="list-style-type: none"> •Small local banks organized as cooperatives, operating in rural areas and typically serving agriculture and retail sector • Non-profit cooperatives providing basic banking services. Popular mostly among mass retail customers
	Cooperative Savings and Credit Unions  SKOK	70*	6	6	
	Non banking cash loans providers 	1 large player (Provident) & many small (mostly grey economy)	1.3**	n/a	

SAMPLE

COOPERATIVE BANKING IN POLAND

* Headquarters "centrale"
 ** Loans extended by Provident in 2006
 Source: NBP, SKOK, Intelace Research

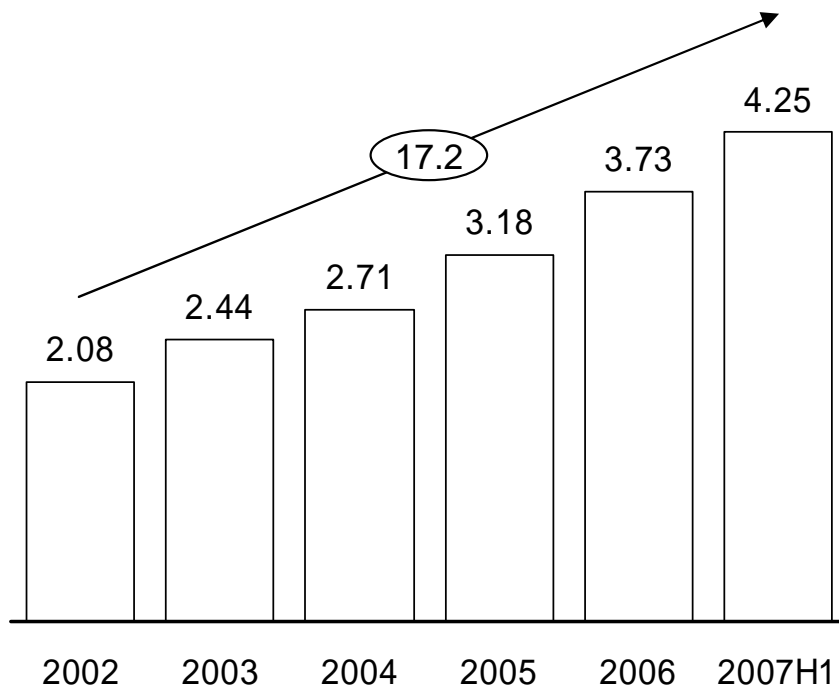
EQUITY IS GROWING, HOWEVER THERE ARE STILL ~130 BANKS WITH OWN FUNDS BELOW EUR 1M



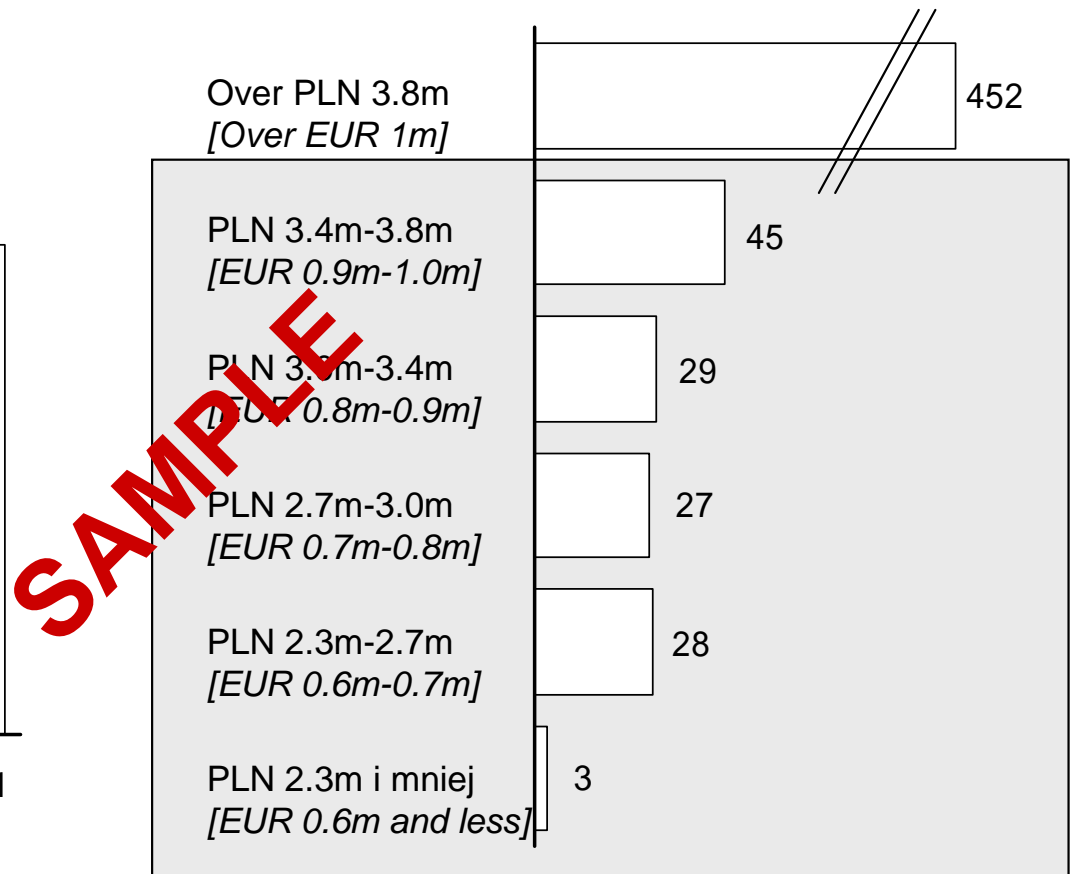
CAGR*

Cooperative banks equity, 2002-2007 H1

in PLN billion



Number of banks by equity size, 2007 H1



COOPERATIVE BANKING IN POLAND

* Compound Annual Growth Rate

** Combined commercial + cooperative banks

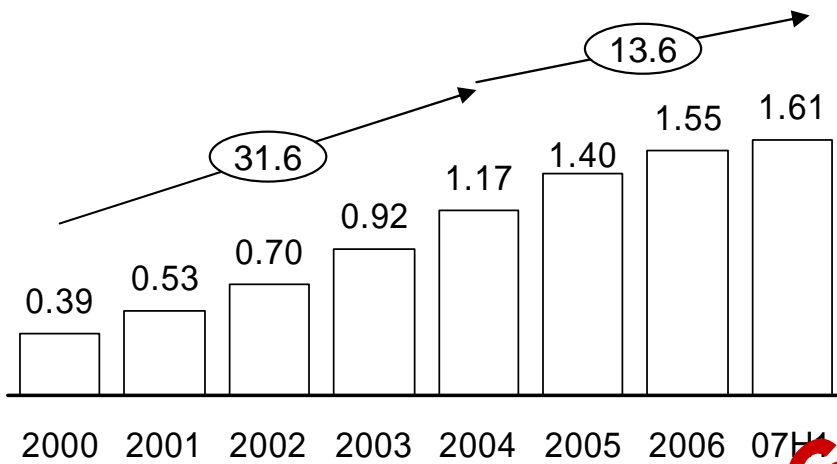
Source: NBP, press, Intelace Research

THE NUMBER OF SKOK MEMBERS IS GROWING, WHILE THE NETWORK EXPANSION IS SLOWING DOWN

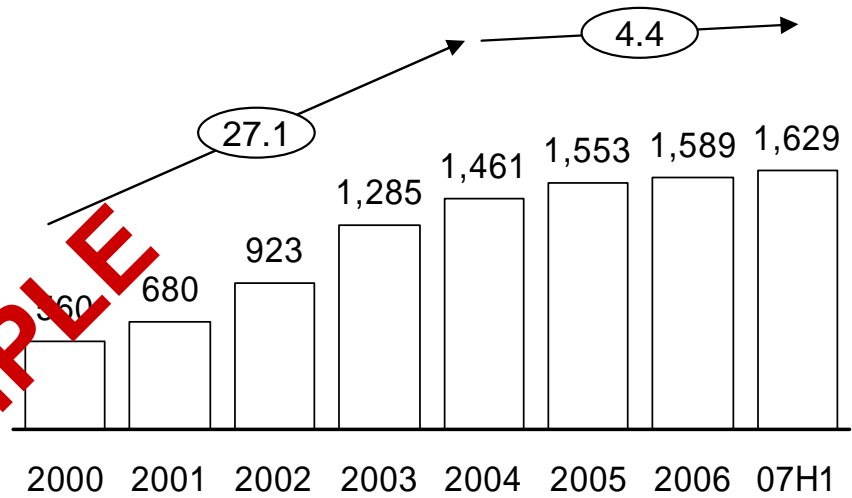


CAGR**

Members* (Clients)
million



Outlets



COOPERATIVE BANKING IN POLAND

SAMPLE

As % of bankable population (15y+)

1.3 (2000) 1.7 (2001) 2.2 (2002) 2.9 (2003) 3.7 (2004) 4.4 (2005) 4.8 (2006) 5.0 (07H1)

As % of bank*** outlets

3.9 (2000) 5.0 (2001) 7.1 (2002) 10.4 (2003) 12.4 (2004) 13.0 (2005) 13.8 (2006) 12.5 (07H1)

SKOK networks do not grow quick anymore

- Geographical expansion of SKOKs is slowing down
- Flow of new clients is decelerating

* In case of most products/services offered by SKOKs - membership in the cooperative is a mandatory condition to become a client

** Compound Annual Growth Rate

*** Outlets of commercial banks + cooperative banks

Source: SKOK, Intelace Research

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