PKO BANK POLSKI
SPÓŁKA AKCYJNA

Condensed Interim Financial Statements of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna for the six-month period ended 30 June 2009

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(in PLN thousand)

INCOME STATEMENT
for the six-month period ended 30 June 2009 and 30 June 2008 respectively

	Notes	01.01-30.06.2009	01.01-30.06.2008
Continued operations:			
Interest and similar income	3	4 104 796	3 996 826
Interest expense and similar charges	3	(1 907 403)	(1 153 345)
Net interest income		**2 197 393**	**2 843 481**
Fee and commission income	4	1 398 516	1 376 587
Fee and commission expense	4	(336 341)	(333 221)
Net fee and commission income		**1 062 175**	**1 043 366**
Dividend income		101 214	112 801
Net income from financial instruments at fair value through profit and loss	5	63 571	(50 248)
Gains less losses from investment securities		(2 391)	(1 603)
Net foreign exchange gains	6	631 716	355 626
Other operating income	7	109 154	74 906
Other operating expenses	7	(37 500)	(38 511)
Net other operating income and expense		**71 654**	**36 395**
Net impairment allowance	8	(584 346)	(184 574)
Administrative expenses	9	(1 918 996)	(1 872 251)
Operating profit		**1 621 990**	**2 282 993**
Profit before income tax		**1 621 990**	**2 282 993**
Income tax expense	10	(333 099)	(458 248)
Net profit		**1 288 891**	**1 824 745**
Earnings per share:			
- basic earnings per share (PLN)		1.29	1.82
- diluted earnings per share (PLN)		1.29	1.82
Weighted average number of ordinary shares during the period		1 000 000 000	1 000 000 000
Weighted average (diluted) number of ordinary shares during the period		1 000 000 000	1 000 000 000

Discontinued operations

In the first half of 2009 and 2008 the Bank did not carry out discontinued operations.

STATEMENT OF COMPREHENSIVE INCOME
for the six-month periods ended 30 June 2009 and 30 June 2008 respectively

	01.01-30.06.2009	01.01-30.06.2008
Profit for the period	**1 288 891**	**1 824 745**
Other comprehensive income after tax	**193 542**	**(38 479)**
Financial assets available for sale (net of tax)	12 343	(38 479)
Cash flow hedge (net of tax)	181 199	-
Total net comprehensive income	**1 482 433**	**1 786 266**

(in PLN thousand)

STATEMENT OF FINANCIAL POSITION
as at 30 June 2009 and 31 December 2008

	Notes	30.06.2009	31.12.2008
ASSETS			
Cash and balances with the central bank		2 759 166	5 758 248
Amounts due from banks	12	4 866 519	3 906 973
Trading assets	13	1 742 988	1 496 147
Derivative financial instruments	14	3 079 970	3 599 545
Financial assets designated at fair value through profit and loss	16	9 865 290	4 546 497
Loans and advances to customers	17	105 031 378	98 102 019
Investment securities available for sale	18	6 178 536	8 756 511
Investments in subsidiaries, jointly controlled entities and associates	19	1 262 317	823 518
Non-current assets held for sale		15 366	-
Intangible assets	20	1 228 143	1 155 042
Tangible fixed assets	20	2 358 313	2 462 967
- including investment properties		545	24 170
Deferred income tax asset		127 918	166 803
Other assets		525 490	470 557
TOTAL ASSETS		**139 041 394**	**131 244 827**
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to the central bank		455 417	2 816
Amounts due to other banks		4 502 993	5 699 452
Derivative financial instruments	14	2 275 403	6 150 337
Amounts due to customers	21	113 016 909	101 856 930
Subordinated liabilities		1 612 053	1 618 755
Other liabilities	22	2 535 270	1 355 396
Current income tax liabilities		124 391	470 416
Provisions	23	507 153	561 353
TOTAL LIABILITIES		**125 029 589**	**117 715 455**
Equity			
Share capital		1 000 000	1 000 000
Other capital		11 722 914	9 648 112
Net profit for the period		1 288 891	2 881 260
TOTAL EQUITY		**14 011 805**	**13 529 372**
TOTAL EQUITY AND LIABILITIES		**139 041 394**	**131 244 827**
Capital adequacy ratio	31	10.68	11.24
Book value (TPLN)		14 011 805	13 529 372
Number of shares	1	1 000 000 000	1 000 000 000
Book value per share (PLN)		14.01	13.53
Diluted number of shares		1 000 000 000	1 000 000 000
Diluted book value per share (PLN)		14.01	13.53

(in PLN thousand)

STATEMENT OF CHANGES IN EQUITY
for the six-month periods ended 30 June 2009 and 30 June 2008

For the six-month period ended 30 June 2009	Share capital	Other capital							Net profit for the period	Total equity
		Reserve capital	General banking risk fund	Other reserves	Retained earnings	Financial assets available for sale	Cash flow hedge	Total other equity		
As at 1 January 2009	**1 000 000**	**7 216 986**	**1 070 000**	**1 395 000**	**-**	**(33 874)**	**-**	**9 648 112**	**2 881 260**	**13 529 372**
Transfer of net profit from previous years	-	-	-	-	2 881 260	-	-	2 881 260	(2 881 260)	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**12 343**	**181 199**	**193 542**	**1 288 891**	**1 482 433**
Transfer from retained earnings	-	-	-	1 881 260	(1 881 260)	-	-	-	-	-
Dividends	-	-	-	-	(1 000 000)	-	-	(1 000 000)	-	(1 000 000)
As at 30 June 2009	**1 000 000**	**7 216 986**	**1 070 000**	**3 276 260**	**-**	**(21 531)**	**181 199**	**11 722 914**	**1 288 891**	**14 011 805**

For the six-month period ended 30 June 2008	Share capital	Other capital							Net profit for the period	Total equity
		Reserve capital	General banking risk fund	Other reserves	Retained earnings	Financial assets available for sale	Cash flow hedge	Total other equity		
As at 1 January 2008	**1 000 000**	**5 591 995**	**1 070 000**	**1 390 000**	**-**	**(42 445)**	**-**	**8 009 550**	**2 719 991**	**11 729 541**
Transfer of net profit from previous years	-	-	-	-	2 719 991	-	-	2 719 991	(2 719 991)	-
Total comprehensive income	**-**	**-**	**-**	**-**		**(38 479)**	**-**	**(38 479)**	**1 824 745**	**1 786 266**
Transfer from retained earnings	-	1 624 991	-	5 000	(1 629 991)	-	-	-	-	-
Dividends	-	-	-	-	(1 090 000)	-	-	(1 090 000)	-	(1 090 000)
As at 30 June 2008	**1 000 000**	**7 216 986**	**1 070 000**	**1 395 000**	**-**	**(80 924)**	**-**	**9 601 062**	**1 824 745**	**12 425 807**

(in PLN thousand)

CASH FLOW STATEMENT
for the six-month periods ended 30 June 2009 and 30 June 2008 respectively

	Note	01.01-30.06.2009	01.01-30.06.2008
Net cash flow from operating activities			
Net profit		1 288 891	1 824 745
Adjustments:		(5 405 107)	946 797
Amortisation and depreciation		196 732	175 422
(Gains)/ losses on investing activities		61	(2 461)
Interest and dividends		(336 606)	(167 864)
Change in amounts due from banks		537 163	143 492
Change in trading assets and other financial assets at fair value through profit and loss		(5 565 634)	3 254 469
Change in derivative financial instruments (asset)		519 575	(624 250)
Change in loans and advances to customers		(7 257 762)	(9 124 791)
Change in deferred income tax asset and income tax receivables		38 885	190 825
Change in other assets		(70 299)	(214 321)
Change in amounts due to other banks		(743 858)	(119 649)
Change in derivative financial instruments (liability)		(3 874 934)	634 936
Change in amounts due to customers		10 938 365	6 038 439
Change in impairment allowances and provisions		230 869	197 605
Change in other liabilities		260 409	455 419
Income tax paid		(685 638)	(200 011)
Current tax expense		339 613	446 104
Other adjustments		67 952	(136 567)
Net cash from / used in operating activities		**(4 116 216)**	**2 771 542**
Net cash flow from investing activities			
Inflows from investing activities		**8 502 998**	**3 273 197**
Proceeds from sale of investment securities		8 410 538	3 267 193
Proceeds from sale of intangible assets and tangible fixed assets		2 048	4 569
Other investing inflows		90 412	1 435
Outflows from investing activities		**(6 021 468)**	**(3 574 800)**
Purchase of a subsidiary, net of cash acquired		(474 190)	-
Purchase of investment securities		(5 345 532)	(3 271 701)
Purchase of intangible assets and tangible fixed assets		(201 746)	(303 099)
Net cash from / used in investing activities		**2 481 530**	**(301 603)**
Net cash flow from financing activities			
Redemption of debt securities in issue		(62 895)	-
Long-term borrowings		221 614	-
Repayment of long term loans		(24 342)	(61 800)
Net cash generated from financing activities		**134 377**	**(61 800)**
Net cash inflow (outflow)		**(1 500 309)**	**2 408 139**
Cash and cash equivalents at the beginning of the period		8 055 811	9 001 426
Cash and cash equivalents at the end of the period	**26**	**6 555 502**	**11 409 565**
of which restricted		5 464	6 495

NOTES TO THE CONDENCED INTERIM FINANCIAL STATEMENTS

1. General information

The condensed interim financial statements of the Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna ('PKO BP SA', 'the Bank') have been prepared for the six-month period ended 30 June 2009 and include comparative data for the six-month period ended 30 June 2008 (Condensed Income Statement, Condensed Statement of Comprehensive Income, Condensed Statement of Changes in Equity and Condensed Cash Flow Statement) and comparative data as at 31 December 2008 (Condensed Statement of Financial Position). All data has been presented in PLN thousand, unless indicated otherwise.

The Bank was established in 1919 as the Pocztowa Kasa Oszczędnościowa. Since 1950 the Bank operated as the Powszechna Kasa Oszczędności State-owned bank. Pursuant to the Decree of the Council of Ministers dated 18 January 2000 (Journal of Laws No. 5, item 55 with subsequent amendments) Powszechna Kasa Oszczędności (a State-owned bank) was transformed into a State-owned joint-stock company, Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna with its head office in Warsaw, Puławska 15, 02-515 Warsaw, Poland.

On 12 April 2000 Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna was entered in the Register of Companies by the District Court for the capital city of Warsaw, Commercial Court XVI Registration Department. At present, the appropriate Court of Registration is the District Court for the capital city of Warsaw, XIII Economic Department of the National Court Register. The Bank was registered under entry No. KRS 0000026438 and was granted a statistical REGON No. 016298263. The Bank's paid share capital amounts to PLN 1 000 000 thousand.

The Bank's shareholding structure is as follows:

Name of entity	Number of shares	Number of votes %	Nominal value of the share	% shareholding
As at 30 June 2009				
The State Tresury	512 433 619	51.24	PLN 1	51.24
Other shareholders	487 566 381	48.76	PLN 1	48.76
Total	**1 000 000 000**	**100.00**	**---**	**100.00**
As at 31 December 2008				
The State Tresury	512 435 409	51.24	PLN 1	51.24
Other shareholders	487 564 591	48.76	PLN 1	48.76
Total	**1 000 000 000**	**100.00**	**---**	**100.00**

The Bank is a public company quoted on the Warsaw Stock Exchange. According to the Warsaw Stock Exchange Bulletin (Ceduła Giełdowa), the Bank is classified under the macro-sector 'Finance', sector 'Banks'.

(in PLN thousand)

Business activities

PKO BP SA is a universal commercial bank offering services to both domestic and foreign retail, corporate and other clients. PKO BP SA is licensed to perform a full range of foreign exchange services; open and hold bank accounts abroad and to deposit foreign exchange in these accounts.

Structure of the PKO BP SA Group

PKO BP SA Group includes following entities:

No.	Entity name	Registered office	Activity	Share capital held by the Group (%) 30.06.2009	31.12.2008
PKO BP SA Group					
		Parent company			
1	**Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna**				
		Direct subsidiaries			
2	Bankowe Towarzystwo Kapitałowe SA	Warsaw	Services, including financial services	100	100
3	Bankowy Fundusz Leasingowy SA	Łódź	Leasing services	100	100
4	Centrum Elektronicznych Usług Płatniczych "eService" SA	Warsaw	Servicing and settlement of card transactions	100	100
5	Centrum Finansowe Puławska Sp. z o.o.	Warsaw	Management and use of Centrum Finansowe Puławska	100	100
6	Inteligo Financial Services SA	Warsaw	Technical servicing of Internet banking	100	100
7	PKO Finance AB	Stockholm, Sweden	Financial services	100	100
8	PKO Inwestycje Sp. z o.o.	Warsaw	Real estate development	100	100
9	Powszechne Towarzystwo Emerytalne BANKOWY SA	Warsaw	Pension fund management	100	100
10	KREDOBANK SA	Lviv, Ukraine	Financial services	99.4948	98.5619
11	PKO Towarzystwo Funduszy Inwestycyjnych SA	Warsaw	Investment fund management	75	75
12	Fort Mokotów Inwestycje Sp. z o.o.	Warsaw	Real estate development	99.9885	-
		Indirect subsidiaries			
	Subsidiaries of PKO Inwestycje Sp. z o.o.				
13	PKO Inwestycje – Międzyzdroje Sp. z o.o.	Międzyzdroje	Real estate development	100	100
14	POMERANKA Sp. z o.o. [1]	Warsaw	Real estate development	99.9975	100
15	Wilanów Investments Sp. z o.o. [1]	Warsaw	Real estate development	99.975	100
16	WISŁOK Inwestycje Sp. z o.o.	Rzeszów	Real estate development	80	80
17	Baltic Dom 2 Sp. z o.o.	Warsaw	Real estate development	56	56
18	UKRPOLINWESTYCJE Sp. z o.o.	Kiev, Ukraine	Real estate development	55	55
19	Fort Mokotów Sp. z o.o.	Warsaw	Real estate development	51	51
	Subsidiaries of Bankowy Fundusz Leasingowy SA				
20	Bankowy Leasing Sp. z o.o. [1]	Łódź	Leasing services	99.9969	100
21	BFL Nieruchomości Sp. z o.o. [1]	Łódź	Leasing services	99.9545	100
	Subsidiary of Inteligo Financial Services SA				
22	Finanse - Agent Transferowy Sp. z o.o. [2]	Warsaw	Intermediary financial services	80.3287	80.33
	Subsidiary of Bankowe Towarzystwo Kapitałowe SA				
23	Bankowy Faktoring SA [1]	Warsaw	Factoring	99.9667	-

1) PKO BP SA acquired directly 1 share in the entity.
2) Remaining shares of Finanse – Agent Transferowy in hold of Powszechne Towarzystwo Emerytalne BANKOWY SA (19.6702%) and PKO BP SA (0.0011%).

(in PLN thousand)

Additionally, the Bank holds shares in the following jointly controlled entities and associates:

Jointly controlled entities:

No.	Name of Entity	Registered Office	Activity	Share in the share capital (%) 30.06.2009	Share in the share capital (%) 31.12.2008
	Direct jointly controlled entities				
1	CENTRUM HAFFNERA Sp. z o.o.	Sopot	Real estate development	49.43	49.43
2	Centrum Obsługi Biznesu Sp. z o.o.	Poznań	Construction and maintenance of a hotel	41.44	41.44
	Indirect jointly controlled entities				
	Subsidiaries of CENTRUM HAFFNERA Sp. z o.o. (indirect jointly controlled by PKO BP SA)				
3	Centrum Majkowskiego Sp. z o.o.	Sopot	Real estate development	100	100
4	Kamienica Morska Sp. z o.o.	Sopot	Real estate development	100	100
5	Sopot Zdrój Sp. z o.o.	Sopot	Real estate development	100	100
6	Promenada Sopocka Sp. z o.o.	Sopot	Real estate development	100	100

Associated entities:

No.	Name of Entity	Registered Office	Activity	Share in the share capital (%) 30.06.2009	Share in the share capital (%) 31.12.2008
	Direct associates				
1	Bank Pocztowy SA	Bydgoszcz	Financial services	25.0001	25.0001
2	Kolej Gondolowa Jaworzyna Krynicka SA	Krynica Górska	Construction and operation of cable railway	37.53	37.53
3	Ekogips SA – in liquidation	Warsaw	Production of construction elements	60.26	60.26
4	Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	Poznań	Provision of sureties and guarantees	33.33	33.33
5	Agencja Inwestycyjna CORP SA	Warsaw	Office real estate management	22.31	22.31

Information about changes in the participation in the share capital of the subsidiaries is set out in Note 19 'Investments in subsidiaries, jointly controlled entities and associates'.

Internal organisational units of PKO BP SA

The condensed interim financial statements of PKO BP SA, comprising financial data for the six-month period ended 30 June 2009 and comparative financial data, were prepared on the basis of financial data submitted by all organisational units of the Bank through which it performs its activities. As at 30 June 2009, these organisational units included: the Bank's Head Office in Warsaw, Dom Maklerski PKO BP SA, CBE Centrum Bankowości Elektronicznej, Centrum Kart Kredytowych i Operacji Kartowych, 9 specialised units, 12 regional retail branches, 13 regional corporate branches, 55 corporate centres and 2223 agencies. Except for Dom Maklerski PKO BP SA, none of the organisational units listed above prepares separate financial statements.

Indication whether the Bank is a parent company or a significant investor and whether it prepares consolidated financial statements

PKO BP SA is the parent company of the Powszechna Kasa Oszczędnościowa Bank Polski SA Group and a significant investor for its subsidiaries, jointly controlled entities and associates together with their affiliates. Accordingly, PKO BP SA prepares consolidated condensed financial statements for the Group, which include the financial data of these entities.

Information on members of the Management and Supervisory Board of PKO BP SA

As at 30 June 2009, the Bank's Management Board consisted of:

- Jerzy Pruski — President of the Management Board
- Bartosz Drabikowski — Vice-President of the Management Board
- Krzysztof Dresler — Vice-President of the Management Board
- Tomasz Mironczuk — Vice-President of the Management Board
- Jarosław Myjak — Vice-President of the Management Board
- Wojciech Papierak — Vice-President of the Management Board
- Mariusz Zarzycki — Vice-President of the Management Board

During the six-month period ended 30 June 2009, no changes in the composition of the Management Board of the Bank took place.

As at 30 June 2009, the Bank's Supervisory Board consisted of:

- Marzena Piszczek — Chairman of the Supervisory Board
- Błażej Lepczyński — Vice-Chairman of the Supervisory Board
- Cezary Banasiński — Member of the Supervisory Board
- Jan Bossak — Member of the Supervisory Board
- Jacek Gdański — Member of the Supervisory Board
- Jerzy Stachowicz — Member of the Supervisory Board
- Ryszard Wierzba — Member of the Supervisory Board

During the six-month period ended 30 June 2009 following changes took place in the composition of the Bank’s Supervisory Board:

– on 20 April 2009 Eligiusz Jerzy Krzesniak (Vice-Chairman of the Supervisory Board of PKO BP SA) resigned from the post of the member of PKO BP SA Supervisory Board effective from 19 April 2009;

– on 20 April 2009 the Extraordinary General Meeting of PKO BP SA removed the following persons from the post of Members of the Supervisory Board of the Bank:

  - Jerzy Osiatyński
  - Urszula Pałaszek
  - Roman Sobiecki.

  In accordance with the appropriate resolutions, the above-named were removed from 20 April 2009.

– on 20 April 2009 the Extraordinary General Meeting of PKO BP SA appointed the following persons to the Supervisory Board of the Bank:

  - Cezary Banasiński
  - Jacek Gdański
  - Błażej Lepczyński
  - Jerzy Stachowicz.

  In accordance with the appropriate resolutions, the above-named were appointed to constitute the Supervisory Board from 20 April 2009 until the end of the current term of office.

Approval of financial statements

These condensed financial statements, which were subject to review of the Bank’s Supervisory Board Audit Committee on 25 August 2009, have been approved for issue by the Bank’s Management Board on 21 August 2009.

These condensed financial statements are published together with condensed consolidated financial statements of the PKO BP SA Group for the six-month period ended 30 June 2009.

2. Summary of significant accounting policies and critical estimates

2.1. Summary of significant accounting policies

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard No. 34 – Interim Financial Reporting endorsed by the European Union.

The accounting policies and calculation methods applied by preparation of these condensed interim financial statements are consistent to those, which where applied by preparation of financial statements for the year ended 31 December 2008 apart from issues described below:

1) changes resulting from the amended IAS 1 'Presentation of Financial Statements' mainly relating to the introduction of a statement of comprehensive income and changes in the balance sheet nomenclature. The Bank adopted early the amendments to the standard which apply to the annual financial statements for the periods commencing from 1 January 2009. In these financial statements the comparative data has been brought to comparability;

2) beginning from the second quarter of 2009, the Bank applies hedge accounting for cash flow hedges of the loan and deposit portfolios. A detailed description of the adopted accounting policies has been provided in point 2.1.1.

2.1.1. Hedge accounting

In the second quarter of 2009 the Bank began applying hedge accounting in respect of:

1. Hedges against fluctuations in cash flows from mortgage loans denominated in CHF and negotiated term deposits denominated in PLN, following from the risk of fluctuations in interest rates and foreign exchange rates, using CIRS transactions;
2. Hedges against fluctuations in cash flows from variable interest rate loans denominated in PLN, following from the risk of fluctuations in interest rates, using IRS transactions.

The Bank successively covered CIRS transactions by hedge accounting, beginning from 1 April 2009 on the date of basis swap instruments reset, i.e. on the date of re-establishing the nominal value of the PLN leg at the current exchange rate, at the same time being the start date of the CIRS new interest rate period (also on this day interest is paid as well as foreign exchange differences on the revaluation of the nominal value).

Disclosures concerning the type of hedging relationships applied and the financial data are presented in Note 15 'Derivative hedging instruments'.

2.1.1.1. Hedge accounting criteria

The Bank applies hedge accounting when all the terms and conditions below, specified in IAS 39, have been met:

– Upon setting up the hedge, a hedge relationship, the purpose of risk management by the entity, and the hedging strategy was officially established. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the hedged risk and the manner in which the entity will assess the effectiveness of the hedging instrument in compensating the threat of changes in fair value of the hedged item or the cash flows related to the hedged risk;

– A hedge was expected to be highly effective in compensating changes to the fair value or cash flows resulting from the hedged risk in accordance with the initially documented risk management strategy relating to the specific hedge relationship;
– In respect of cash flow hedges, the planned hedging transaction must be highly probable and must be exposed to changes in cash flows which may, as a result, have an impact on the income statement;
– The effectiveness of a hedge may be reliably assessed, i.e. the fair value or cash flows related to the hedged item and resulting from the hedged risk, and the fair value of the hedging instrument, may be reliably measured;
– The hedge is assessed on a current basis and its high effectiveness in all reporting periods for which the hedge had been established is determined.

2.1.1.2. Discontinuing hedge accounting

The Bank discontinues hedge accounting when:

– A hedge instrument expires, is sold, released or exercised (replacing one hedge instrument with another or extending the validity of a given hedge instrument is not considered to be expiration or release if the replacement or extension of period to maturity is part of the documented hedging strategy adopted by the entity). In such an instance accumulated gains or losses related to the hedging instrument which were recognized directly in equity over the period in which the hedge was effective are recognized in a separate item in equity until the planned transaction is effected;
– The hedge ceases to meet the hedge accounting criteria. In such an instance accumulated gains or losses related to the hedging instrument which were recognized directly in equity over the period in which the hedge was effective are recognized in a separate item in equity until the planned transaction is effected;
– The planned transaction is no longer considered probable; therefore, all the accumulated gains or losses related to the hedging instrument which were recognized directly in equity over the period in which the hedge was effective, are recognized in the income statement. A planned transaction which ceases to be highly probable may still be effected;
– The Bank invalidates a hedge relationship.

2.1.1.3. Fair value hedge

As at 30 June 2009, the Bank did not apply fair value hedge accounting.

2.1.1.4. Cash flow hedges

A cash flow hedge is a hedge against the threat of cash flow volatility which can be attributed to a specific type of risk related to a recorded asset or a liability (such as the whole or a portion of future interest payments on variable interest rate debt) or a highly probable planned transaction, and which could affect the income statement.

Changes in the fair value of a derivative financial instrument designated as a cash flow hedge are recognized directly in equity in respect of the portion constituting the effective portion of the hedge. The ineffective portion of a hedge is recognized in the income statement in ‘Net income from financial instruments designated at fair value through profit and loss’.

Amounts transferred directly to equity are recognized in the income statement in the same period or periods in which the hedged planned transaction affects the income statement.

The effectiveness tests comprise the valuation of hedging transactions, net of interest accrued and foreign exchange differences on the nominal value of the hedging transactions. These are shown in the income statement, in 'Net interest income' and 'Net foreign exchange gains', respectively.

2.1.2. Standards and interpretations issued in 2009 after the date of publishing financial statements for the year ended 31 December 2008

In 2009, after the date of publishing the annual consolidated financial statements, i.e. after 9 April 2009, the International Accounting Standards Board and the International Financial Reporting Interpretations Committee issued 10 amendments to standards and 2 amendments to interpretations. These apply to financial statements for the financial years starting on or after 1 July 2009 and 1 January 2010. None of the above-mentioned standards or interpretations has been applied by the Group in the preparation of these financial statements.

2.2. Critical estimates

In preparing financial statements in accordance with IFRS, the Bank makes certain estimates and assumptions, which have a direct influence on both the financial statements presented and the notes to the financial statements.

The estimates and assumptions that are used by the Bank in determining the value of its assets and liabilities as well as revenues and costs, are made based on historical data and other factors which are available and are considered to be proper in the given circumstances. Assumptions regarding the future and the data available are used for assessing carrying amounts of assets and liabilities which cannot be determined unequivocally using other sources. In making assessments the Bank takes into consideration the reasons and sources of the uncertainties that are anticipated at the balance date. Actual results may differ from estimates.

Estimates and assumptions made by the Bank are subject to periodic reviews. Adjustments to estimates are recognized in the periods in which the estimates were adjusted, provided that these adjustments affect only the given period. If the adjustments affect both the period in which the adjustment was made as well as future periods, they are recognized in the period in which the adjustments were made and in the future periods.

The main assumptions that were used by the Bank in performing estimates include first of all the following areas:

2.2.1. Impairment of loans and advances

An impairment loss is incurred when there is objective evidence of impairment due to events that occurred after the initial recognition of the asset ('a loss event'), when the loss has a reliably measurable impact on the expected future cash flows from the financial asset or group of financial assets. Future cash flows are assessed by the Bank on the basis of estimates based on historical parameters.

In 2009 the Bank began to recognize restructuring and delay in payment from 3 to 6 month of consumer loans as the individual objective evidence of impairment, which resulted in an increase in the amount of loans individually determined to be impaired. The above-mentioned amendment did not impact the impairment allowances; however, it has an impact on the amount of loans and receivables determined to be impaired. Due to this reclassification, the amount of loans and receivables determined to be impaired as at 30 June 2009 increased by PLN 1 265 137 thousand.

The adopted methodology used for estimating impairment allowances will be developed in line with the further accumulations of historic impairment data from the existing information systems and applications. As a consequence, new data obtained by the Bank could affect the level of impairment allowances in the future. The methodology and assumptions used in the estimates are reviewed on a regular basis to minimize the differences between the estimated and actual loss amounts. In the case of a ± 10% change in the present value of estimated cash flows for the loan portfolio individually determined to be impaired, the impairment allowance will increase by PLN 409 million or decrease by PLN 120 million respectively. This estimate was made for the loan portfolio assessed for impairment on an individual basis, i.e. on the basis of individual analysis of future cash flows arising both from own payments and realisation of the collateral (‘Receivables valued using the individual method’).

2.2.2. Impairment of investments in associates and jointly controlled entities

At each balance date, the Bank makes an assessment of whether there are any indicators of impairment in the value of investments in associates and jointly controlled entities. If any such indicators exist, the Bank estimates the value in use of the investment or the fair value of the investment less costs to sale, depending on which of these values is higher; if carrying amount of the investment exceeds its value in use, the Bank recognizes an impairment loss in the income statement. The projection for the value in use requires making assumptions, e.g. about future cash flows that the Bank may receive from dividends or the cash inflows from a potential disposal of the investment, less costs of the disposal. The adoption of different assumptions with reference to the projected cash flows could affect the carrying amount of certain investments.

2.2.3. Valuation of derivatives and non-quoted debt securities available for sale

The fair value of non-option derivatives and debt securities available for sale not listed on an active market is determined using valuation models based on discounted cash flows expected to be received from the given financial instrument. Options are valued using option pricing models. The variables and assumptions used in a valuation include any available data derived from observable markets. In the valuation of non-quoted debentures available for sale, assumptions are also made about the contractor's credit risk, which may have an impact on the pricing of the instruments. Any change in these assumptions could affect the valuation of the above-mentioned instruments.

Debt securities available for sale neither listed on a regulated market nor issued by the State Treasury are measured at fair value using valuation models. The variables and assumptions used in valuation are reviewed periodically with reference to market bid and purchase prices of these instruments in transactions concluded by the Bank with non-related parties.

In the case of a significant and long-term margin increase for debt securities available for sale, the estimated amount of fair value adjustment for this securities portfolio would amount to PLN 21.9 million in case of a 50% lower than expected increase and PLN 65.7 million in case of a 50% higher than expected increase.

The valuation techniques used by the Bank for non-option derivative instruments are based on yield curve based on available market data (deposit margins on interbank market, IRS quotations). The Bank conducted a simulation to asses the potential influence of change of the yield curve on the transaction valuation. Upwards move of yield curve by 50 p.p. would result in increase of non-option derivative instruments valuation by PLN 8 499 thousand. Analogous move downwards would result in valuation decrease by PLN 9 616 thousand.

In the second quarter of 2009, completed CIRS transactions indicated changes, which derived from market illiquidity in the market pricing of these instruments. Consequently, in place of the curve previously used, which was based on reference interest rates for a given currency, the Bank introduced the basis swap curve which takes into account two market variables: the reference interest rate and the current margin on a given pair of currencies in a specified time range. The new curve which has been subject to operational testing has facilitated the reflection of significant market factors in the valuation of the CIRS portfolio in the second quarter of 2009.

The change of the curve used for the valuation enables reflecting significant market factors in the second quarter of 2009 in the valuation of CIRS transactions portfolio.

The above change as a change in estimates has been applied prospectively from the moment of its introduction. As a result of the change, the net profit for the first half of 2009 increased by PLN 146 862 thousand. At the same time, due to the fact that some of the instruments to which the changed valuation parameters have been applied were in cash flow hedging relationships, the above change also had an effect on the valuation reflected in the revaluation reserve, which increased by PLN 180 558 thousand as at 30 June 2009.

2.2.4. Calculation of provision for retirement, pension benefits and anniversary bonuses

The calculation of the provision includes all anniversary bonuses and retirement benefits expected to be paid in the future. The Bank performed a reassessment of its estimates as at 30 June 2009, on the basis of calculation conducted by an independent actuary. The provisions calculated equate to discounted future payments, taking into account staff turnover, and relate to the period ending on the balance date. An important factor affecting the amount of the provision is the adopted discount rate. Change in the discount rate of ± 0.5 p.p. will contribute to a decrease/increase of the amount of the provision for retirement and pension benefits and anniversary bonuses of approximately PLN 15 million.

2.2.5. Useful economic lives of tangible fixed assets, intangible assets and investment properties

In estimating useful lives of particular types of tangible fixed assets, intangible assets and investment property, the Bank considers a number of factors, including the following:

1) expected physical wear and tear, estimated based on the average period of use recorded to date, reflecting the normal physical wear and tear rate, intensity of use etc.,
2) technical or market obsolescence,
3) legal and other limitations on the use of the asset,
4) expected use of the asset assessed based on the expected production capacity or volume,
5) other factors affecting useful lives of such assets.

When the period of use of a given asset results from a contract term, the useful life of such an asset corresponds to the period defined in the contract; if, however, the estimated useful life is shorter than the period defined in the contract, the estimated useful life is applied.

In the current six months the useful life of the O-ZSI software was extended from 10 to 15 years. The assessed impact of the above change on the financial result in the six-month period of 2009 amounts to PLN 7 776 thousand.

(in PLN thousand)

3. Interest income and expense

Interest and similar income

	01.01-30.06.2009	01.01-30.06.2008
Income from loans and advances to customers	3 504 457	3 364 554
Income from securities designated at fair value through profit and loss	190 704	231 654
Income from placements with other banks	94 151	207 326
Income from investment securities	187 659	159 515
Income from derivative hedging instruments	78 370	-
Income from trading securities	39 720	31 832
Other	9 735	1 945
Total	**4 104 796**	**3 996 826**

In the ‘Income from derivative hedging instruments’ the Bank presents interest income from designated derivative instruments that are effective hedging instruments in the respect of cash flow hedge. Details of hedging relations applied by the Bank are included in Note 15 ‘Derivative hedging instruments’.

Interest expense and similar charges

	01.01-30.06.2009	01.01-30.06.2008
Interest expense on customers	(1 809 993)	(1 063 200)
Interest expense on deposits from other banks	(32 273)	(32 111)
Interest expense on debt securities in issue	(56 193)	(53 777)
Other	(8 944)	(4 257)
Total	**(1 907 403)**	**(1 153 345)**

4. Fee and commission income and expense

Fee and commission income

	01.01-30.06.2009	01.01-30.06.2008
Income from financial assets, which are not valued at fair value through profit and loss, of which:	**159 762**	**147 895**
Income from loans and advances	159 762	147 895
Other fee and commissions	**1 237 975**	**1 228 230**
Income from maintenance of bank accounts	410 292	389 716
Income from payment cards	445 008	400 027
Income from cash transactions	89 798	96 951
Income from loan insurance intermediary and other services	92 971	109 127
Income from portfolio and other management fees	43 916	95 959
Income from securities transactions	24 188	22 912
Income from sale and distribution of marks of value	9 651	12 196
Income from foreign mass transactions servicing	20 054	20 364
Other*	102 097	80 978
Income from trustee activities	**779**	**462**
Total	**1 398 516**	**1 376 587**

* Included in ‘Other’ are commissions received for: servicing bond sale transactions, administration of amounts due to the State Treasury and performing substitution activities.

(in PLN thousand)

Fee and commission expense

	01.01-30.06.2009	01.01-30.06.2008
Expenses on payment cards	(180 704)	(163 778)
Expenses on acquisition services	(69 818)	(65 347)
Expenses on loan insurance intermediary and other services	(34 983)	(47 707)
Expenses on fee and commissions for operating services granted by other banks	(3 196)	(3 578)
Expenses on fee and commissions paid to PPUP	(2 342)	(2 628)
Expenses on fees paid to intermediary	-	(90)
Other*	(45 298)	(50 093)
Total	**(336 341)**	**(333 221)**

* Included in 'Other' are: fee and expenses paid by brokerage house (Dom Maklerski) to Warsaw Stock Exchange (GPW) and the National Depository for Securities (KDPW), costs of currency turnover and settlement fees.

5. Net income from financial instruments at fair value through profit and loss

	01.01-30.06.2009	01.01-0.06.2008
Debt securities	21 920	(55 990)
Derivative instruments	39 317	9 286
Equity instruments	1 191	(3 585)
Other	1 143	41
Total	**63 571**	**(50 248)**

The effect of the ineffectiveness of the cash flow hedges of PLN 1 534 thousand has been recognized in result on derivative instruments in 'Net income from financial instruments designated at fair value through profit and loss'.

01.01-30.06.2009	Gains	Losses	Net result
Trading assets	9 077 188	(9 022 501)	54 687
Financial assets designated upon initial recognition at fair value through profit and loss	75 342	(66 458)	8 884
Total	**9 152 530**	**(9 088 959)**	**63 571**

01.01-30.06.2008	Gains	Losses	Net result
Trading assets	6 060 229	(6 058 249)	1 980
Financial assets designated upon initial recognition at fair value through profit and loss	120 417	(172 645)	(52 228)
Total	**6 180 646**	**(6 230 894)**	**(50 248)**

6. Net foreign exchange gains

	01.01-30.06.2009	01.01-30.06.2008
Foreign exchange differences resulting from financial instruments at fair value through profit and loss	2 620 969	106 465
Other foreign exchange differences	(1 989 253)	249 161
Total	**631 716**	**355 626**

The increase in net foreign exchange gains was the effect of higher spreads between PLN interest rates and foreign interest rates due to high foreign exchange rates volatility in the first half of 2009.

(in PLN thousand)

7. Other operating income and expense

	01.01-30.06.2009	01.01-30.06.2008
Other operating income		
Sundry income	10 233	10 870
Recovery of expired and written-off receivables	14 815	7 443
Sales and disposal of tangible fixed assets and intangible assets	1 270	4 482
Sale of shares in associates	-	3 746
Other*	82 836	48 365
Total	**109 154**	**74 906**

* Included in 'Other' are: income from sale of the conference centre, incomes from settlement of sales invoices, income due to adjustments related to interest accruals recognised in the previous year.

	01.01-30.06.2009	01.01-30.06.2008
Other operating expenses		
Costs of sale and disposal of tangible fixed assets, intangible assets and assets held for sale	(2 100)	(1 941)
Donations	(2 226)	(1 756)
Sundry expenses	(2 627)	(2 616)
Costs of tangible fixed assets construction and intangible assets development - not capitalized	(50)	(364)
Other*	(30 497)	(31 834)
Total	**(37 500)**	**(38 511)**

* Included in 'Other' are: legal costs and bailiffs advances, expenses due to adjustments related to interest accruals recognised in the previous year.

(in PLN thousand)

8. Net impairment allowance

For the six-month period ended 30 June 2009	Impairment allowances at the beginning of the period	Increases		Decreases			Impairment allowances at the end of the period	Net impairment allowances – impact on the income statement
		Impairment allowances recognised during the period	Other	Decrease in impairment allowances due to derecognition of assets, not impacting the income statement	Impairment allowances reversed during the period	Other		
Investment securities available for sale	21 550	8 715	-	7 025	3 997	-	19 243	(4 718)
Loans and advances to customers and amounts due from other banks valued at amortised cost	2 628 651	1 535 015	2 004	230 232	976 320	-	2 959 118	(558 695)
Tangible fixed assets	1 916	9	-	38	778	-	1 109	769
Intangible assets	15 373	-	-	-	-	-	15 373	-
Investments in subsidiaries, associates and jointly controlled entities	326 146	21 540	48 738	-	1 680	-	394 744	(19 860)
Other	245 303	246 081	99 829	3 413	244 239	48 738	294 823	(1 842)
Total	**3 238 939**	**1 811 360**	**150 571**	**240 708**	**1 227 014**	**48 738**	**3 684 410**	**(584 346)**

For the six-month period ended 30 June 2008	Impairment allowances at the beginning of the period	Increases		Decreases			Impairment allowances at the end of the period	Net impairment allowances – impact on the income statement
		Impairment allowances recognised during the period	Other	Decrease in impairment allowances due to derecognition of assets, not impacting the income statement	Impairment allowances reversed during the period	Other		
Investment securities available for sale	26 816	6 136	-	-	8 313	246	24 393	2 177
Loans and advances to customers and amounts due from other banks valued at amortised cost	2 307 004	904 056	-	28 082	666 221	-	2 516 757	(237 835)
Tangible fixed assets	1 957	190	-	-	87	103	1 957	(103)
Intangible assets	15 373	-	-	-	-	-	15 373	-
Investments in subsidiaries, associates and jointly controlled entities	65 136	381	-	38	47 720	-	17 759	47 339
Other	122 187	32 381	-	1 231	36 229	-	117 108	3 848
Total	**2 538 473**	**943 144**	**-**	**29 351**	**758 570**	**349**	**2 693 347**	**(184 574)**

(in PLN thousand)

9. Administrative expenses

	01.01-30.06.2009	01.01-30.06.2008
Staff costs	(1 012 761)	(1 082 258)
Overheads	(658 178)	(580 457)
Depreciation and amortisation expense	(196 732)	(175 422)
Taxes and other charges	(26 473)	(25 747)
Contribution and payments to Banking Guarantee Fund	(24 852)	(8 367)
Total	**(1 918 996)**	**(1 872 251)**

Wages and salaries / Employee benefits

	01.01-30.06.2009	01.01-30.06.2008
Wages and salaries	(838 603)	(883 508)
Insurance	(143 446)	(146 653)
Other employee benefits	(30 712)	(52 097)
Total	**(1 012 761)**	**(1 082 258)**

10. Income tax expense

	01.01-30.06.2009	01.01-30.06.2008
Income statement		
Current income tax expense	(339 613)	(446 104)
Deferred income tax related to temporary differences	6 514	(12 144)
Tax expense disclosed in the income statement	**(333 099)**	**(458 248)**
Tax expense disclosed in the equity	(45 399)	9 026
Total	**(378 498)**	**(449 222)**

11. Dividends paid (in total and per share) on ordinary shares and other shares

On 30 June 2009, the Ordinary General Shareholders' Meeting of PKO BP SA passed Resolution No. 9/2009 on paying out the dividend for 2008 of PLN 1 000 000 thousand, i.e. PLN 1 gross per share. The date of record for dividend for the year 2008 was determined as at 24 September 2009 and the dividend payment date was determined as at 5 October 2009.

On 22 April 2009, the Ordinary General Shareholders' Meeting of Centrum Finansowe Puławska Sp. z o.o. passed Resolution No. 4 on earmarking the Company's profit for 2008 of PLN 7 376 thousand to the payment of dividend to PKO BP SA.

On 28 April 2009, the Ordinary General Shareholders' Meeting of PKO Towarzystwo Funduszy Inwestycyjnych SA passed Resolution No. 3 on earmarking the Company's profit for 2008 of PLN 78 750 thousand to the payment of dividend to PKO BP SA.

On 30 April 2009, the Ordinary General Shareholders' Meeting of Centrum Elektronicznych Usług Płatniczych eService SA passed Resolution No. 3 on earmarking the Company's profit for 2008 of PLN 9 959 thousand to the payment of dividend to PKO BP SA.

(in PLN thousand)

12. Amounts due from banks

	30.06.2009	31.12.2008
Deposits with other banks	3 603 475	2 108 482
Loans and advances	654 214	968 264
Receivables due from repurchase agreements	498 294	603 200
Current accounts	135 712	247 292
Cash in transit	4 999	7 846
Total	**4 896 694**	**3 935 084**
Impairment allowances, of which:	(30 175)	(28 111)
impairment allowances on exposure to foreign bank	(30 070)	(28 067)
Net total	**4 866 519**	**3 906 973**

13. Trading assets

	30.06.2009	31.12.2008
Debt securities	1 740 795	1 491 524
issued by the State Treasury	1 740 613	1 491 398
issued by local government bodies	182	126
Shares in other entities - listed on stock exchange	2 193	4 623
Total trading assets	**1 742 988**	**1 496 147**

14. Derivative financial instruments

Type of contract	30.06.2009		31.12.2008	
	Assets	Liabilities	Assets	Liabilities
IRS	1 724 026	1 616 478	2 601 250	2 554 343
FRA	41 174	46 412	128 673	124 489
FX Swap	179 639	88 446	22 350	359 114
CIRS	494 760	79 924	56 290	2 391 272
Forward	104 357	15 985	204 355	135 645
Options	529 519	411 654	574 434	585 414
Other	6 495	16 504	12 193	60
Total	**3 079 970**	**2 275 403**	**3 599 545**	**6 150 337**

15. Derivative hedging instruments

As at 30 June 2009, the Bank applies the following hedging strategies:

1) Hedges against fluctuations in cash flows from mortgage loans in CHF and negotiated term deposits in PLN, following from the risk of fluctuations in interest rates and foreign exchange rates, using CIRS transactions;

2) Hedges against fluctuations in cash flows from floating interest rate loans in PLN, following from the risk of fluctuations in interest rates, using IRS transactions.

The characteristics of the cash flow hedges applied by the Bank are presented in the table below:

Hedging strategy:	**Hedges against fluctuations in cash flows from mortgage loans in CHF and negotiated term deposits in PLN, resulting from the risk of fluctuations in interest rates and in foreign exchange rates, using CIRS transactions**	**Hedges against fluctuations from loans in PLN at float rate, resulting from the risk of fluctuations in interest rates, using IRS transactions**
Type of hedge relationship	Cash flow hedge accounting (macro cash flow hedge).	Cash flow hedge accounting (macro cash flow hedge).
Description of hedge relationship	Elimination of the risk of cash flow fluctuations generated by mortgage loans denominated in CHF and negotiated term deposits in PLN resulting from fluctuations in reference interest rates in CHF and PLN, and changes in foreign exchange rates CHF/PLN during the hedged period.	Elimination of the risk of cash flow fluctuations generated by floating rate PLN loans resulting from the interest rate risk in the period covered by the hedge.
Hedged risk	Currency risk and interest rate risk	Interest rate risk
Hedging instrument	CIRS transactions where the Bank pays coupons based on 3M CHF LIBOR, and receives coupons based on 3M WIBOR on the nominal amount defined in CHF and PLN respectively.	IRS transactions where the Bank pays coupons based on variable 3M WIBOR, and receives coupons based on a fixed rate on the nominal amount for which they were concluded.
Hedged position	1) The portfolio of floating rate mortgage loans denominated in CHF. 2) The portfolio of short-term negotiable term deposits, including renewals in the future (high probability of occurrence).	The portfolio of loans in PLN indexed to the variable 3M WIBOR rate.
Hedge effectiveness	The effectiveness of the hedge is verified by applying prospective and retrospective effectiveness tests. Tests are performed on a monthly basis.	The effectiveness of the hedge is verified by applying prospective and retrospective effectiveness tests. The tests are performed on a monthly basis.
The date of establishing a hedging relationship	Beginning from 1 April of this year, gradually on the dates of resetting the CIRS designated for hedge accounting.	May 2009
Periods in which cash flows are expected and in which they should have an impact on the financial result	from July 2009 to January 2017	from July 2009 to May 2010

Cash flow hedges

The fair value of derivative instruments constituting cash flow hedges related to the interest rate and / or foreign exchange rate as at 30 June 2009.

Type of derivative financial instrument:	Carrying amount/fair value		
	Assets	Liabilities	Total
IRS	-	11	(11)
CIRS	427 097	48 464	378 633

The nominal value of the hedging instruments by maturity as at 30 June 2009.

Type of derivative financial instrument:	Nominal value					
	Up to 6 months	6 – 12 months	1 – 2 years	2 – 5 years	Over 5 years	TOTAL
IRS	-	260 000	-	-	-	**260 000**
CIRS						
in PLN thousand	593 655	453 810	1 770 555	10 497 733	3 719 528	**17 035 281**
in CHF thousand	200 000	150 000	600 000	3 575 000	1 275 000	**5 800 000**

As at 31 December 2008, the Bank did not apply hedge accounting.

The gross amount recognized in the revaluation reserve for the period amounted to PLN 223 699 thousand.

16. Financial assets designated at fair value through profit and loss

	30.06.2009	31.12.2008
Debt securities	**9 865 290**	**4 546 497**
issued by the State Treasury	6 093 408	4 373 621
issued by central banks	3 748 875	-
issued by other banks	23 007	172 876
Total	**9 865 290**	**4 546 497**

17. Loans and advances to customers

	30.06.2009	31.12.2008
Loans and advances - gross, including:		
consumer	21 652 547	20 569 753
corporate	37 367 384	34 315 891
mortgage	48 522 353	45 293 536
Interest	418 037	523 379
Total impairment allowances	(2 928 943)	(2 600 540)
Loans and advances - net	**105 031 378**	**98 102 019**

(in PLN thousand)

	30.06.2009	31.12.2008
Loans and advances		
Receivables valued using the collective method (IBNR)	100 595 735	96 689 671
Receivables valued using the individual method	4 669 398	1 879 162
Receivables valued using the portfolio method	2 695 188	2 133 726
Loans and advances - gross	**107 960 321**	**100 702 559**
Impairment allowance on exposures with portfolio impairment	(1 558 109)	(1 279 179)
Impairment allowance on exposures with individual impairment	(839 896)	(648 853)
Impairment allowance on exposures with collective impairment (IBNR)	(530 938)	(672 508)
Total impairment allowances	**(2 928 943)**	**(2 600 540)**
Loans and advances – net	**105 031 378**	**98 102 019**

18. Investment securities available for sale

	30.06.2009	30.06.2008
Debt securities available for sale	**6 130 563**	**8 701 479**
issued by the central bank	-	2 673 729
issued by other banks	37 734	46 756
issued by other financial institutions	271 176	481 128
issued by non-financial institutions	808 308	795 041
issued by the State Treasury	3 555 278	3 286 726
issued by local government bodies	1 458 067	1 418 099
Impairment allowance on debt securities available for sale	**(16 251)**	**(15 791)**
Total net debt securities available for sale	**6 114 312**	**8 685 688**
Equity securities available for sale	67 217	76 582
Impairment allowance on equity securities available for sale	(2 993)	(5 759)
Total net equity securities available for sale	**64 224**	**70 823**
Total net investment securities	**6 178 536**	**8 756 511**

(in PLN thousand)

19. Investments in subsidiaries, associates and jointly controlled entities

As at 30 June 2009, the Bank's investments in subsidiaries, associates and jointly controlled entities have been recognized at cost adjusted by impairment allowances.

The Bank's individual shares in subsidiaries, jointly controlled entities and associates are presented below.

As at 30 June 2009	Gross value	Impairment	Carrying amount
Subsidiaries			
KREDOBANK SA	786 746	(377 642)	409 104
Powszechne Towarzystwo Emerytalne BANKOWY SA	205 786	-	205 786
Centrum Finansowe Puławska Sp. z o.o.	128 288	-	128 288
Bankowy Fundusz Leasingowy SA	70 000	-	70 000
PKO Towarzystwo Funduszy Inwestycyjnych SA	69 055	-	69 055
Inteligo Financial Services SA	59 601	-	59 601
Centrum Elektronicznych Usług Płatniczych "eService" SA	55 500	-	55 500
Fort Mokotów Inwestycje Sp. z o.o.	43 546	-	43 546
Bankowe Towarzystwo Kapitałowe SA	18 566	(10 665)	7 901
PKO Inwestycje Sp. z o.o. [1]	4 503	-	4 503
PKO Finance AB	172	-	172
Jointly controlled entities			
Centrum Haffnera Sp. z o.o.	44 371	-	44 371
Centrum Obsługi Biznesu Sp. z o.o	17 498	-	17 498
Associates			
Bank Pocztowy SA	146 500	-	146 500
Ekogips SA (in liquidation)	5 400	(5 400)	-
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	1 500	(1 037)	463
Agencja Inwestycyjna CORP SA	29	-	29
Total	**1 657 061**	**(394 744)**	**1 262 317**

1) Value does not include capital contribution of PKO BP SA, presented as receivables in the total amount of PLN 113 310 thousand.

As at 31 December 2008	Gross value	Impairment	Carrying amount
Subsidiaries			
KREDOBANK SA [1]	307 364	(307 364)	-
Powszechne Towarzystwo Emerytalne BANKOWY SA	205 786	-	205 786
Centrum Finansowe Puławska Sp. z o.o.	128 288	-	128 288
Bankowy Fundusz Leasingowy SA	70 000	-	70 000
PKO Towarzystwo Funduszy Inwestycyjnych SA	69 054	-	69 054
Inteligo Financial Services SA	59 602	-	59 602
Centrum Elektronicznych Usług Płatniczych "eService" SA	55 500	-	55 500
Bankowe Towarzystwo Kapitałowe SA	18 566	(10 666)	7 900
PKO Inwestycje Sp. z o.o. [2]	4 503	-	4 503
PKO Finance AB	172	-	172
Jointly controlled entities			
Centrum Haffnera Sp. z o.o.	44 371	-	44 371
Centrum Obsługi Biznesu Sp. z o.o	17 498	-	17 498
Associates			
Bank Pocztowy SA	146 500	-	146 500
Kolej Gondolowa Jaworzyna Krynicka SA	15 531	(1 680)	13 851
Ekogips SA (in bankruptcy)	5 400	(5 400)	-
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	1 500	(1 036)	464
Agencja Inwestycyjna CORP SA	29	-	29
Total	**1 149 664**	**(326 146)**	**823 518**

1) Value does not include the XVIII share issue, acquired by PKO BP SA on 31 December 2008 and presented as receivables in the amount of PLN 48 737 thousand, as well as impairment charge on these receivables in the full amount.
2) Value does not include capital contribution of PKO BP SA, presented as receivables in the total amount of PLN 113 310 thousand.

(in PLN thousand)

Condensed information on associates

Entity name	Total assets	Total liabilities	Total revenues	Net profit (loss)	% share
30.06.2009					
Bank Pocztowy SA	3 901 808	3 622 310	153 177	8 149	25.00%
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	15 948	36	271	10	33.33%
Agencja Inwestycyjna CORP SA	3 515	1 909	7 450	455	22.31%
Total	**3 921 271**	**3 624 255**	**160 898**	**8 614**	**X**
31.12.2008					
Bank Pocztowy SA	2 705 720	2 433 862	297 820	26 132	25.00%
Kolej Gondolowa Jaworzyna Krynicka SA	44 648	7 794	13 408	3 714	37.53%
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	15 614	18	379	10 017	33.33%
Agencja Inwestycyjna CORP SA	3 899	2 290	13 165	451	22.31%
Total	**2 769 881**	**2 443 964**	**324 772**	**40 314**	**X**

In the first half of 2009, the following events occurred in PKO BP SA:

a) relating to KREDOBANK SA

On 10 June 2009, PKO BP SA took up 102 384 202 391 shares in the increased share capital of KREDOBANK SA in the total nominal value of UAH 1 023 842 023.91. The price for the purchased shares, including the additional costs, amounted to PLN 430 644 768.47.

As a result of taking up the said shares, the interest of PKO BP SA in the share capital of KREDOBANK SA and in the voting rights at the Company's General Shareholders' Meeting increased from 98.5619% to 99.4948%.

As at 30 June 2009 and 30 June 2008, in the consolidated financial statements of the PKO BP SA Group, KREDOBANK SA was consolidated under the full method.

20. Intangible assets and tangible fixed assets

Intangible assets	30.06.2009	31.12.2008
Software	1 131 355	954 717
Other, including capital expenditures	96 788	200 325
Total	**1 228 143**	**1 155 042**

Tangible fixed assets	30.06.2009	31.12.2008
Land and buildings	1 464 384	1 411 620
Machinery and equipment	494 723	406 867
Means of transport	1 318	1 538
Assets under construction	292 153	529 853
Investment properties	545	24 170
Other	105 190	88 919
Total	**2 358 313**	**2 462 967**

(in PLN thousand)

21. Amounts due to customers

	30.06.2009	31.12.2008
Amounts due to corporate entities	**21 698 171**	**19 164 051**
Current accounts and overnight deposits	7 891 171	7 053 309
Term deposits	12 855 898	11 576 236
Loans and advances	599 947	378 009
Other	351 155	156 497
Amounts due to state budget entities	**7 359 359**	**7 279 432**
Current accounts and overnight deposits	3 426 758	3 873 849
Term deposits	3 891 989	3 356 859
Other	40 612	48 724
Amounts due to retail clients	**83 959 379**	**75 413 447**
Current accounts and overnight deposits	35 041 846	29 148 203
Term deposits	48 549 407	45 968 763
Other	368 126	296 481
Total amounts due to customers	**113 016 909**	**101 856 930**

22. Other liabilities

	30.06.2009	31.12.2008
Accounts payable	253 106	213 723
Deferred income	202 260	178 246
Other	2 079 904	963 427
including declared dividend	1 000 000	-
Total	**2 535 270**	**1 355 396**

23. Provisions

For the six-month period ended 30 June 2009	Provision for legal claims	Provisions for anniversary bonuses and retirement benefits	Provisions for liabilities and guarantees granted	Other provisions*	Total
As at 1 January 2009, including:	**6 841**	**364 945**	**77 782**	**111 785**	**561 353**
short term portion	**6 841**	**46 517**	**77 782**	**111 785**	**242 925**
long term portion	**-**	**318 428**	**-**	**-**	**318 428**
Increase/reassessment	-	-	248 070	6 021	**254 091**
Use	-	-	-	(30 791)	**(30 791)**
Release	-	(24 897)	(252 158)	(445)	**(277 500)**
As at 30 June 2009, including:	**6 841**	**340 048**	**73 694**	**86 570**	**507 153**
short term portion	**6 841**	**37 730**	**73 694**	**86 570**	**204 835**
long term portion	**-**	**302 318**	**-**	**-**	**302 318**

* Included in ‘Other provisions’ are: restructuring provision amounting to PLN 50 662 thousand and provision for potential claims on receivables sold amounting to PLN 30 720 thousand.

(in PLN thousand)

For the six-month period ended 30 June 2008	Provision for legal claims	Provisions for anniversary bonuses and retirement benefits	Provisions for liabilities and guarantees granted	Other provisions*	Total
As at 1 January 2008, including	**6 841**	**320 757**	**27 624**	**97 823**	**453 045**
short term portion	**6 841**	**40 985**	**27 624**	**97 823**	**173 273**
long term portion	**-**	**279 772**	**-**	**-**	**279 772**
Increase/reassessment	-	434	31 465	916	**32 815**
Release	-	(164)	(36 044)	(17 781)	**(53 989)**
As at 30 June 2008, including:	**6 841**	**321 027**	**23 045**	**80 958**	**431 871**
short term portion	**6 841**	**41 254**	**23 045**	**80 958**	**152 098**
long term portion	**-**	**279 773**	**-**	**-**	**279 773**

* Included in 'Other provisions' are: restructuring provision amounting to PLN 61 928 thousand and provision for potential claims on receivables sold amounting to PLN 9 881 thousand.

Provisions for legal claims were recognized in the amount of expected outflow of economic benefits.

24. Commitments and contingent liabilities

Underwriting programs

As at 30 June 2009:

Issuer of securities underwritten	Type of underwritten securities	Amount to which the Bank committed in case of realisation of the the underwriting agreement	Contract period	Sub-issue type
Company A	corporate bonds	**500 000**	2010.12.31	Agreement for Bond Issuance Program*
Company B	corporate bonds	**350 000**	2009.12.31	Agreement for Bond Issuance Program*
Company B	corporate bonds	**200 000**	2010.11.08	Agreement for Bond Issuance Program*
Company C	corporate bonds	**200 000**	2012.01.02	Agreement for Bond Issuance Program*
Company D	commercial bills	**200 000**	2009.12.30	Commercial Bill Issue Agreement**
Company E	corporate bonds	**135 000**	2011.12.30	Agreement for Bond Issuance Program*
Company F	corporate bonds	**50 000**	2018.12.31	Agreement for Bond Issuance Program*
Entity A	municipal bonds	**33 850**	2025.12.31	Agreement for Bond Issuance Program*
Total		**1 668 850**		

* Relates to the Agreement for Organization, Conducting and Servicing of the Bond Issuance Program.
** Relates to Agreement for the Bill Issuance Program of PKO BP SA.

As at 31 December 2008:

Issuer of securities underwritten	Type of underwritten securities	Amount to which the Bank committed in case of realisation of the underwriting agreement	Contract period	Sub-issue type
Company A	corporate bonds	**498 400**	2009.12.31	Bonds Issue Agreement*
Company B	commercial bills	**300 000**	2009.12.31	Commercial Bill Issue Agreement**
Company C	corporate bonds	**200 000**	2012.01.02	Bonds Issue Agreement*
Company D	corporate bonds	**50 000**	2018.12.31	Bonds Issue Agreement*
Total		**1 048 400**		

* Relates to the Agreement for Organization, Conducting and Servicing of the Bond Issuance Program.
** Relates to Agreement for the Bill Issuance Program of PKO BP SA.

No securities under the underwriting program have limited transferability, are quoted on the stock exchange or traded on a regulated OTC market.

(in PLN thousand)

Contractual commitments

As at 30 June 2009 the amount of contractual commitments amounted to PLN 57 232 thousand (as at 31 December 2008 PLN 84 284 thousand) and concerned intangible assets.

Loan commitments

	30.06.2009	31.12.2008
for financial sector	1 324 810	706 971
for non-financial sector	24 584 096	25 068 238
for public sector	633 384	421 666
Total loan commitments	**26 542 290**	**26 196 875**
of which: irrevocable loan commitments	7 783 036	7 714 609

Loan commitments are presented in nominal values.

Guarantees issued

Guarantees	30.06.2009	31.12.2008
Financial sector	349 752	302 600
Non-financial sector	4 604 563	4 052 870
Public sector	463 818	204 073
Total guarantees	**5 418 133**	**4 559 543**

In the periods ended 30 June 2009 and 31 December 2008, the Bank did not issue any guarantees in respect of loans or advances and did not issue any guarantees to a single entity or a subsidiary thereof with a total value accounting for 10% of the Bank's equity.

Information on provisions for contingent guarantees and financial liabilities is included in Note 23 'Provisions'.

Contingent assets

	30.06.2009	31.12.2008
Received:	**3 405 430**	**3 829 183**
financial	415 576	458 964
guarantees	2 989 854	3 370 219

Assets pledged as collateral for contingent liabilities

As at 30 June 2009 and 31 December 2008 the Bank had no assets pledged as collateral for contingent liabilities.

25. Legal claims

As at 30 June 2009, the total value of court proceedings in which the Bank is a defendant was PLN 289 430 thousand (as at 31 December 2008: PLN 319 543 thousand), while the total value of court proceedings in which the Bank is the plaintiff was PLN 119 761 thousand (as at 31 December 2008: PLN 74 981 thousand).

In relation to unfair competition proceeding and re-privatization claims relating to properties held by the Bank no significant changes took place in comparison to the situation shown in financial statement for the year 2008.

As at 30 June 2009, on the basis of analyses performed, the Bank created a provision for potential cash outflows due to legal claims in the amount of PLN 6 841 thousand (as at 31 December 2008 PLN 6 841 thousand), which is presented in Note 23 'Provisions'.

(in PLN thousand)

26. Supplementary information to the cash flow statement

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash on nostro accounts with the National Bank of Poland, current amounts due from other banks, as well as other cash equivalents with maturities up to three months from the date of acquisition.

	30.06.2009	31.12.2008	30.06.2008
Cash and balances with the central bank	2 759 166	5 758 248	4 690 825
Current receivables from other financial institutions	3 796 336	2 297 563	6 718 740
Total	**6 555 502**	**8 055 811**	**11 409 565**

Cash flow from interests and dividends, both received and paid

Interest income – received	**01.01-30.06.2009**	**01.01-30.06.2008**
Income from loans and advances	3 132 503	3 150 404
Income from securities designated at fair value through profit and loss	170 484	212 042
Income from placements with other banks	102 518	200 875
Income from investment securities	246 194	166 429
Income from trading securities	38 839	30 482
Other interest income received	1 024 964	316 066
Interest income - received - total	**4 715 502**	**4 076 298**

Dividend income - received	**01.01-30.06.2009**	**01.01-30.06.2008**
Dividend income from subsidiaries, associates and jointly controlled entities	88 220	64
Dividend income from other entities	2 192	1 371
Dividend income - received – total	**90 412**	**1 435**

Interest expense – paid	**01.01-30.06.2009**	**01.01-30.06.2008**
Interest expense on deposits	(1 284 495)	(675 160)
Interest expense on loans and advances	(24 345)	(42 755)
Interest expense on debt securities in issue	(63 166)	(50 995)
Other (mainly premium from debt securities, interest expense on cash collateral liabilities, interest expense on current account of special purpose funds)	(843 178)	(441 536)
Interest expense – paid - total	**(2 215 184)**	**(1 210 446)**

27. Transactions with the State Treasury and related entities

Receivables, securities and liabilities arising from transactions conducted with the State Treasury, state budgetary agencies and other entities partially owned by the State Treasury are disclosed in the Bank's statement of financial position.

In accordance with the 30 November 1995 Act in relation to State support in the repayment of certain mortgage loans, reimbursement of guarantee premium paid and amendments to several acts (Journal of Laws, 2003; No. 119, item 1115 with subsequent amendments), PKO BP SA receives payments from the State budget in respect of interest receivable on those loans.

(in PLN thousand)

	01.01.-30.06.2009	**01.01.-30.06.2008**
Income due to temporary redemption by the State budget of interest on housing loans from the 'old' portfolio recognized for this period	96 532	59 367
Income due to temporary redemption by the State budget of interest on housing loans from the 'old' portfolio received in cash	38 052	35 416
Difference between income recognized for this period and income received in cash – 'Loans and advances to customers'	58 480	23 951

The Act on the coverage of repayment of certain housing loans by State Treasury guarantees was passed on 29 November 2000 and came into force on 1 January 2001 (Journal of Laws, 2000; No. 122, item 1310). The coverage of the so called 'old portfolio' housing loan receivables by the guarantees of the State Treasury resulted in the neutralization of the default risk on these loans. The State Treasury guarantees are realized when a borrower fails to repay the loan on the dates specified in the loan agreement. The responsibility of the State Treasury is of an auxiliary nature and is effective if the recovery of the unpaid part of principal and interest which the Bank is obliged to commence, before the Bank lays claims to the State Treasury, becomes ineffective. The above-mentioned law covers 90% of unpaid loans taken out by housing cooperatives. As a consequence of the realization of the State Treasury's responsibilities as guarantor, the State Treasury itself enters into the rights of the satisfied creditor (the Bank) and thus becomes a creditor towards the borrower, in line with the concept of guarantee.

PKO BP SA receives commission for settlements relating to redemption of interest on housing loans.

	01.01.-30.06.2009	**01.01.-30.06.2008**
Fee and commission income	3 631	5 812

As of 1 January 1996 the Bank became the general distributor of duty stamps and receives commission in this respect from the State Treasury.

	01.01.-30.06.2009	**01.01.-30.06.2008**
Fee and commission income	9 651	12 196

In the six-month period ended 30 June 2009, the Bank also recognized fee and commission income in respect of its fees for servicing compensation payments made to pensioners who lost, in 1991, certain supplements to their pensions working conditions hardship and to public sector employees whose salaries were not revised in the second half of 1991 and in the first half of 1992.

	01.01.-30.06.2009	**01.01.-30.06.2008**
Fee and commission income	9	20

Dom Maklerski PKO BP SA (the brokerage house of PKO BP SA) performs the role of an agent for the issue of retail Treasury bonds under an agreement signed between the Ministry of Finance and the Bank on 11 February 2003. Under this agreement, Dom Maklerski PKO BP SA receives a fee for providing the services of an agent for the issue of bonds.

	01.01.-30.06.2009	**01.01.-30.06.2008**
Fee and commission income	21 890	24 883

(in PLN thousand)

Significant transactions of PKO BP SA with the State Treasury's related entities

Entity	30.06.2009			31.12.2008		
	Total receivables	Total liabilities	Contingent liabilities and commitments	Total receivables	Total liabilities	Contingent liabilities and commitments
Entity 1	486 123	-	383 158	655 219	-	393 730
Entity 2	250 000	180 429	-	70 000	50 141	180 000
Entity 3	226 667	-	216 695	126 667	-	438 578
Entity 4	206 235	97 539	230 573	208 237	-	222 355
Entity 5	84 536	-	-	90 575	12 432	-
Entity 6	80 537	121 868	269 463	-	-	-
Entity 7	63 715	25 000	-	72 817	68 522	-
Entity 8	60 683	37 500	22 351	69 593	75 456	12 402
Entity 9	47 461	-	-	51 945	-	-
Entity 10	44 696	-	-	41 724	-	-
Entity 11	40 174	-	11 493	24 999	5 872	30 714
Entity 12	24 989	-	11	24 769	-	231
Entity 13	24 660	-	5 139	21 787	-	5 497
Entity 14	17 679	-	3 689	18 359	28 638	17 641
Entity 15	9 884	-	282	9 921	-	49
Other entities' insignificant exposures	67 719	1 007 149	952 320	291 837	1 120 854	558 915
Total	**1 735 758**	**1 469 485**	**2 095 174**	**1 778 449**	**1 361 915**	**1 860 112**

In the first half of 2009 income and costs did not change significantly compared to comparative period. No significant impairment allowances were recognized for above-mentioned receivables.

(in PLN thousand)

28. Related party transactions

Repayment terms of transactions with entities related by capital and personal relationships are within a range from 1 month to 10 years.

As at 30 June 2009

Entity	Capital relation	Net receivables	including gross loans	Liabilities	Total income	including interest and fee and commission income	Total expense	including interest and fee and commission expense	Contingent liabilities and commitments
Powszechne Towarzystwo Emerytalne BANKOWY SA	Direct subsidiary	-	-	15 131	121	121	114	114	-
Centrum Finansowe Puławska Sp. z o.o.	Direct subsidiary	79 653	79 360	23 102	1 979	1 979	23 704	23 036	-
KREDOBANK SA	Direct subsidiary	462 002	403 125	85	14 278	14 278	-	-	219 625
PKO Inwestycje Sp. z o.o.	Direct subsidiary	-	-	8 866	27	27	-	-	3 285
Inteligo Financial Services SA	Direct subsidiary	-	-	106 565	861	9	28 254	2 240	-
Centrum Elektronicznych Usług Płatniczych "eService" SA	Direct subsidiary	406	-	46 388	2 617	2 139	20 528	20 528	2 500
Bankowy Fundusz Leasingowy SA	Direct subsidiary	407 524	135 024	13 935	7 536	7 196	6 959	1 288	417 305
Bankowe Towarzystwo Kapitałowe SA	Direct subsidiary	-	-	8 683	2	2	126	126	10 000
PKO Towarzystwo Funduszy Inwestycyjnych SA	Direct subsidiary	-	-	6 198	42 701	42 694	204	204	467
PKO Finance AB	Direct subsidiary	7 826	-	-	-	-	-	-	-
Fort Mokotów Inwestycje Sp. z o.o.	Direct subsidiary	-	-	-	-	-	-	-	-
Fort Mokotów Sp. z o.o.	Indirect subsidiary	-	-	7 417	1	1	17	17	-
POMERANKA Sp. z o.o.	Indirect subsidiary	145 141	144 605	15 143	4 707	4 707	195	195	3 895
Wilanów Investments Sp. z o.o.	Indirect subsidiary	130 340	130 340	1 567	3 571	3 571	-	-	19 660
PKO Inwestycje Sp. z o.o. (former ARKADIA Inwestycje Sp. z o.o.)	Indirect subsidiary	113 310	-	-	-	-	323	95	-
UKRPOLINWESTYCJE Sp. z o.o.	Indirect subsidiary	-	-	-	-	-	-	-	-
Bankowy Leasing Sp. z o.o.	Indirect subsidiary	350 208	349 642	5 150	5 950	5 949	25	25	26 040
BFL Nieruchomości Sp. z o.o.	Indirect subsidiary	170 388	170 188	4 972	3 941	3 941	5	5	2 000
Finanse - Agent Transferowy Sp. z o.o.	Indirect subsidiary	-	-	4 140	2	2	71	71	-
Wisłok Inwestycje Sp. z o.o.	Indirect subsidiary	57 427	57 427	404	1 730	1 730	2	2	-
Baltic Dom Sp. z o.o.	Indirect subsidiary	15 260	15 260	161	467	467	-	-	-
PKO Inwestycje – Międzyzdroje Sp. z o.o.	Indirect subsidiary	12 668	12 668	252	622	622	2	2	-
Bankowy Factoring SA	Indirect subsidiary	-	-	871	1	1	3	3	-
CENTRUM HAFFNERA Sp. z o.o.	Direct jointly controlled entity	-	-	135	7	7	-	-	4 470
Centrum Obsługi Biznesu Sp z o.o.	Direct jointly controlled entity	-	-	-	-	-	-	-	-
Centrum Majkowskiego Sp. z o.o.	Indirect jointly controlled entity	-	-	9 233	2	2	80	80	-
Kamienica Morska Sp. z o.o.	Indirect jointly controlled entity	-	-	1 570	3	3	-	-	-
Sopot Zdrój Sp. z o.o.	Indirect jointly controlled entity	232 829	230 991	3 112	4 939	4 939	7	7	18 287
Promenada Sopocka Sp. z o.o.	Indirect jointly controlled entity	49 599	49 599	3 221	1 313	1 313	1	1	-
Bank Pocztowy SA	Associate	-	-	302	-	-	1 531	1 531	14
Kolej Gondolowa Jaworzyna Krynicka SA	Associate	1 500	1 500	-	2	2	15	15	1 500
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	Associate	-	-	11 073	-	-	324	324	-
Agencja Inwestycyjna „CORP” SA	Associate	-	-	56	-	-	595	-	-
RAZEM		**2 236 081**	**1 779 729**	**297 732**	**97 380**	**95 702**	**83 085**	**49 909**	**729 048**

(in PLN thousand)

As at 31 December 2008

Entity	Capital relation	Net receivables	including gross loans	Liabilities	Total income	including interest and fee and commission income	Total expense	Including interest and fee and commission expense	Contingent liabilities and commitments
Powszechne Towarzystwo Emerytalne BANKOWY SA	Direct subsidiary	-	-	14 848	262	79	219	219	-
Centrum Finansowe Puławska Sp. z o.o.	Direct subsidiary	88 168	84 694	23 488	22 085	5 458	41 867	1 429	-
KREDOBANK SA	Direct subsidiary	684 522	677 360	428	20 880	20 880	13	13	28 474
PKO Inwestycje Sp. z o.o.	Direct subsidiary	113 310	-	5 299	62	62	1 135	665	1 785
Inteligo Financial Services SA	Direct subsidiary	15	-	96 885	1 696	1 669	56 018	5 456	-
Centrum Elektronicznych Usług Płatniczych "eService" SA	Direct subsidiary	876 625	-	37 232	4 341	3 915	40 329	40 329	2 500
Bankowy Fundusz Leasingowy SA	Direct subsidiary	595 512	186 937	24 954	38 096	37 279	10 207	1 928	365 560
Bankowe Towarzystwo Kapitałowe SA	Direct subsidiary	-	-	4 088	3	3	289	289	-
PKO Towarzystwo Funduszy Inwestycyjnych SA	Direct subsidiary	8 165	-	6 667	234 182	141 932	1 608	1 608	467
Fort Mokotów Sp. z o.o.	Indirect subsidiary	-	-	5 018	2	2	143	143	-
POMERANKA Sp. z o.o.	Indirect subsidiary	129 599	129 599	6 955	6 497	6 497	155	155	24 609
Wilanów Investments Sp. z o.o.	Indirect subsidiary	106 476	106 476	3 177	4 714	4 714	30	30	43 514
PKO Inwestycje Sp. z o.o. (former ARKADIA Inwestycje Sp. z o.o.)	Indirect subsidiary	12 667	12 667	376	1 165	1 165	4	4	-
Bankowy Leasing Sp. z o.o.	Indirect subsidiary	161 514	161 514	3 277	3 818	3 818	37	37	40 866
BFL Nieruchomości Sp. z o.o.	Indirect subsidiary	164 007	164 007	9	7 082	7 082	11	11	2 559
Finanse – Agent Transferowy Sp. z o.o.	Indirect subsidiary	-	-	6 808	5	5	25	25	-
Wisłok Inwestycje Sp. z o.o.	Indirect subsidiary	60 368	60 368	4 116	5 040	5 040	30	30	-
Baltic Dom Sp. z o.o.	Indirect subsidiary	15 260	15 260	604	1 716	1 716	52	52	-
CENTRUM HAFFNERA Sp. z o.o.	Direct jointly controlled entity	-	-	1 183	17	17	54	54	4 172
Centrum Obsługi Biznesu Sp z o.o.	Direct jointly controlled entity	33 752	33 598	27 226	2 316	2 311	622	622	-
Centrum Majkowskiego Sp. z o.o.	Indirect jointly controlled entity	-	-	8 812	4	4	318	-	-
Kamienica Morska Sp. z o.o.	Indirect jointly controlled entity	-	-	1 139	12	11	14	-	3 755
Sopot Zdrój Sp. z o.o.	Indirect jointly controlled entity	154 192	151 656	3 175	3 681	3 681	20	20	80 421
Promenada Sopocka Sp. z o.o.	Indirect jointly controlled entity	29 083	28 605	395	700	700	10	10	20 996
Bank Pocztowy SA	Associate	-	-	197	7	-	2 102	2 102	-
Kolej Gondolowa Jaworzyna Krynicka SA	Associate	1 361	1 361	1	36	36	8	8	139
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	Associate	-	-	-	-	-	-	-	-
Agencja Inwestycyjna „CORP" SA	Associate	-	-	47	509	-	139	-	-
TOTAL		**3 234 596**	**1 814 102**	**286 404**	**358 928**	**248 076**	**155 459**	**55 239**	**619 817**

(in PLN thousand)

29. Remuneration – PKO BP SA key management

a. short-term employee benefits

Remuneration received from PKO BP SA

Name	Title	01.01-30.06.2009	01.01-30.06.2008
The Management Board of the Bank			
Pruski Jerzy	President of the Bank's Management Board	140	29
Drabikowski Bartosz	Vice-President of the Bank's Management Board	139	32
Dresler Krzysztof	Vice-President of the Bank's Management Board	160	-
Mironczuk Tomasz	Vice-President of the Bank's Management Board	120	27
Myjak Jarosław	Vice-President of the Bank's Management Board	117	-
Papierak Wojciech	Vice-President of the Bank's Management Board	118	-
Zarzycki Mariusz	Vice-President of the Bank's Management Board	160	-
Remuneration of the Management Board Members who ceased their functions in 2008			
Juszczak Rafał	President of the Bank's Management Board	-	270
Klimczak Mariusz	Vice-President of the Bank's Management Board	-	149
Działak Robert	Vice-President of the Bank's Management Board	-	204
Skowroński Adam	Vice-President of the Bank's Management Board	-	205
Kwiatkowski Wojciech	Vice-President of the Bank's Management Board	-	103
Michalak Aldona	Vice-President of the Bank's Management Board	-	112
Duda-Uhryn Berenika	Vice-President of the Bank's Management Board	-	206
Świątkowski Stefan	Vice-President of the Bank's Management Board	-	205
Total short-term employee benefits of the Bank's Management Board		**954**	**1 542**
The Supervisory Board of the Bank			
Piszczek Marzena	Chairman of the Bank's Supervisory Board	20	10
Lepczyński Błażej	Vice-Chairman of the Bank's Supervisory Board	5	-
Banasiński Cezary	Member of the Bank's Supervisory Board	5	-
Bossak Jan	Member of the Bank's Supervisory Board	20	10
Gdański Jacek	Member of the Bank's Supervisory Board	5	-
Stachowicza Jerzy	Member of the Bank's Supervisory Board	5	-
Wierzba Ryszard	Member of the Bank's Supervisory Board	20	10
Remuneration of the Supervisory Board Members who ceased their functions in 2009 or 2008			
Głuchowski Marek	Chairman of the Bank's Supervisory Board	-	9
Krześniak Eligiusz Jerzy	Vice-Chairman of the Bank's Supervisory Board	15	10
Osiatyński Jerzy	Member of the Bank's Supervisory Board	15	10
Pałaszek Urszula	Member of the Bank's Supervisory Board	15	18
Sobiecki Roman	Member of the Bank's Supervisory Board	15	10
Siemiątkowski Tomasz	Secretary of the Bank's Supervisory Board	-	9
Czapiewski Maciej	Member of the Bank's Supervisory Board	-	9
Michałowski Jerzy	Member of the Bank's Supervisory Board	-	9
Winnik-Kalemba Agnieszka	Member of the Bank's Supervisory Board	-	9
Total short-term employee benefits of the Bank's Supervisory Board		**140**	**123**
Total short-term employee benefits		**1 094**	**1 665**

(in PLN thousand)

Remuneration received from related entities (other than State Treasury and State Treasury's related entities)

Name	Title	01.01-30.06.2009	01.01-30.06.2008
The Management Board of the Bank			
Pruski Jerzy	President of the Bank's Management Board	112	-
Drabikowski Bartosz	Vice-President of the Bank's Management Board	110	-
Dresler Krzysztof	Vice-President of the Bank's Management Board	110	-
Mironczuk Tomasz	Vice-President of the Bank's Management Board	109	14
Myjak Jarosław	Vice-President of the Bank's Management Board	53	-
Papierak Wojciech	Vice-President of the Bank's Management Board	53	-
Zarzycki Mariusz	Vice-President of the Bank's Management Board	89	-
Juszczak Rafał	President of the Bank's Management Board	-	171
Klimczak Mariusz	Vice-President of the Bank's Management Board	-	112
Działak Robert	Vice-President of the Bank's Management Board	-	110
Skowroński Adam	Vice-President of the Bank's Management Board	-	56
Świątkowski Stefan	Vice-President of the Bank's Management Board	-	88
Kwiatkowski Wojciech	Vice-President of the Bank's Management Board	-	62
Total short-term employee benefits of the Bank's Management Board		**636**	**613**
The Supervisory Board of the Bank			
Gdański Jacek	Member of the Supervisory Board	21	-
Winnik-Kalemba Agnieszka	Member of the Supervisory Board	-	50
Głuchowski Marek	Chairman of the Supervisory Board	-	41
Total short-term employee benefits of the Bank's Supervisory Board		**21**	**91**
Total short-term employee benefits		**657**	**704**

b. post-employment benefits

In the six-month periods ended 30 June 2009 and 30 June 2008 respectively no post-employment benefits were paid.

c. other long-term benefits

In the six-month periods ended 30 June 2009 and 30 June 2008 respectively no 'other long-term benefits' were paid.

d. benefits due to termination of employment

In the six-month periods ended 30 June 2009 and 30 June 2008 respectively no benefits were paid due to termination of employment.

e. share-based payments

In the six-month periods ended 30 June 2009 and 30 June 2008 respectively no benefits were paid in the form of share-based payments.

Loans, advances and guarantees provided by the Bank to the management and other employees:

	30.06.2009	31.12.2008
Employees	1 268 252	1 217 814
The Management Board members	154	150
The Supervisory Board members	69	71
Total	**1 268 475**	**1 218 035**

(in PLN thousand)

30. Differences between previously published financial statements and the related information in these financial statements

The description of differences between the previously published financial statements and these financial statements to assure the comparability with data for six months of 2009 is presented below.

INCOME STATEMENT
OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA

Title (in relation to changed positions)	**01.01 – 30.06.2008** presented previously	**01.01 – 30.06.2008** comparative data	**Difference**	
Net income from financial instruments at fair value through profit and loss	(60 907)	(50 248)	10 659	1)
Net foreign exchange gains	366 285	355 626	(10 659)	1)
Other operating expenses	(39 309)	(38 511)	798	2)
Administrative expenses	(1 871 453)	(1 872 251)	(798)	2)

1) Change in the presentation of selected gains and losses from derivatives financial instruments.
2) Change in the presentation of non planned amortisation and depreciation.

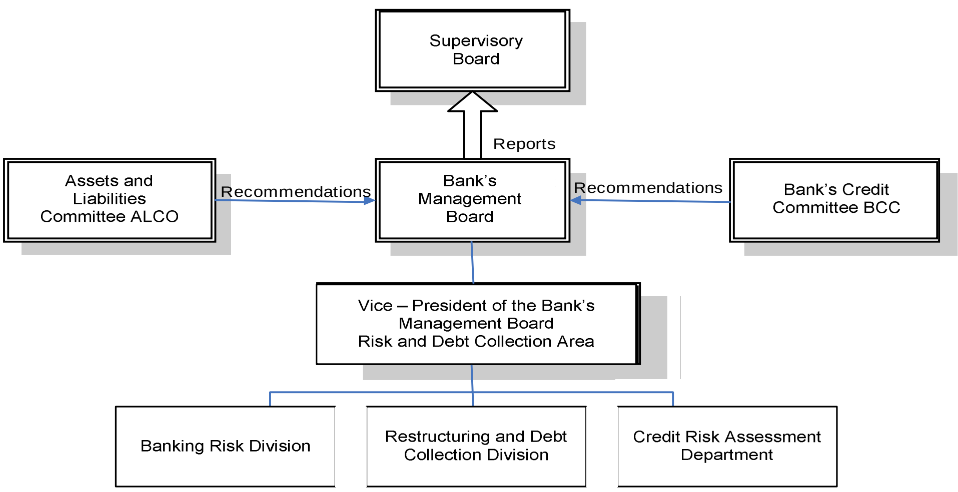
The presentation change marked with number 1 results from reclassifying, in 2009, the fair value measurement of foreign exchange options from 'Net income from financial instruments at fair value through profit and loss' to 'Net foreign exchange gains'. The new presentation method adopted in respect of the result on the valuation of foreign exchange options enables better reflection of the economic substance of foreign exchange options, including the spot and forward transactions hedging these options (hedges of the foreign currency position generated through the effect of changes in market parameters on the open position of foreign exchange options).

The presentation change marked with number 2 results form presentation change in Bank's annual financial statement as at 31 December 2008.

31. Objectives and principles of financial instruments risk management

Banking activity is exposed to a number of risks, including credit risk, market risk, operational risk and business risk. Controlling the impact of these risks on the operations of PKO BP SA is one of the most important objectives in the management of the Bank. The level of the risks plays an important role in the planning process.

Organisational risk management model



The risk management process is supervised by the Supervisory Board of the Bank, which is informed on a regular basis about the risk profile of the Bank and the most important activities taken in the area of risk management.

The Management Board is responsible for the risk management strategy, including supervising and monitoring of activities taken by the Bank in the area of risk management. The Management Board approves the most important decisions affecting the risk profile of the Bank and internal regulations defining the risk management system. Operational risk management is conducted by organizational units of the Bank (within the scope of their authorizations), which are grouped into the Banking Risk Division, the Restructuring and Debt Collection Division and the Credit Risk Assessment Department.

Market risk management and portfolio credit risk management in the Bank are supported by the following two committees, which are chaired by the Vice-President of the Bank's Management Board who is in charge of the Risk and Debt Collection Area:

- Assets & Liabilities Committee (ALCO),
- Credit Committee (CC).

ALCO makes decisions and issues recommendations to the Bank's Management Board with regard to market risk management, portfolio credit risk management and asset and liability management.

CC makes loan decisions with regard to significant individual loan exposures, or issues recommendations in this respect to the Bank's Management Board. There are also other credit committees operating at various levels of the Bank. They are responsible for issuing recommendations with regard to loan decisions which are significant due to the level of the risk involved or the size of the loan exposure.

Influence of the global crisis on bank risk management

In the first half of 2009, the financial crisis continued to have an impact on the situation on the global financial markets. In this period, contrary to 2008, thanks to coordinated actions of governments and central banks, the position of the banking sector improved considerably (no bankruptcies or take-overs of larger financial institutions, and a gradual decrease in risk aversion which manifested itself in the drop in loan indices), however, on the other hand, gradually, the crisis started to have a larger impact on the real economy (a drop in GDP, an increase in unemployment) and specifically East European countries.

In the first half of 2009, maintaining a strong equity position and an increase in the stable deposit base which are the condition for an increase in the Bank's loan portfolio, continued to be the Bank's priority.

In consequence, in the first half of 2009, the Bank:

- continued actions aimed at acquiring new deposits from its clients;
- reflected the economic conditions deriving from the financial crisis in the banking risk measurement methods (among others in respect of stress test scenarios),
- expanded scope and frequency of management reports in respect of risk presented for the Management Board.

In the first half of 2009, the Bank continued to tighten criteria concerning granting loans denominated in foreign currency to retail customers, increased the amount of the required client's own contribution with respect to mortgage loans, introduced restrictions on crediting clients with high credit risk and increased credit risk margins for new corporate and consumer loans.

Moreover, in order to react on the dynamically changing situation in the financial markets, the Bank appointed a special working group, which reports to Management Board members on a cyclical basis.

Credit risk

Credit risk is defined as a risk of occurrence of losses due to a counterparty's default of payments to the Bank or as a risk of decrease in economic value of amounts due to the Bank as a result of deterioration of a counterparty's ability to repay amounts due to the Bank.

Portfolio risk measurement

In order to assess the level of credit risk and profitability of loan portfolios, the Bank uses different credit risk measurement and valuation methods, including:

- Probability of Default (PD),
- Expected Loss (EL),
- Credit Value at Risk (CVaR),
- effectiveness measures used in scoring methodologies (Accuracy Ratio);
- share and structure of non-performing loans;
- share and structure of exposures individually indicated to be impaired.

The Bank regularly extends the scope of credit risk measures used, taking account of the internal rating-based method (IRB) requirements, and extends the use of risk measures to cover the whole loan portfolio with these methods.

The portfolio credit risk measurement methods make it possible, among other things, to reflect the credit risk in the price of services; determine the optimum cut-off levels and determine impairment allowances.

Collateral policy

Bank collateral management is meant to secure properly the credit risk for which the Group is exposed, by way of establishing collateral that will ensure the highest possible level of recovery in the event of realisation of collateral. The type of collateral depends on the product and the type of the client.

Credit risk management tools

Basic credit risk management tools used by the Bank include:

- the principles of defining credit availability, including cut-offs – the minimum number of points awarded in the process of creditworthiness assessment with the use of a scoring system (for retail clients) or the client's rating class or cumulative rating class (for corporate clients), which a client must obtain to receive a loan;
- minimum transaction requirements determined for a given type of transaction (e.g. minimum LtV, maximum loan amount, required collateral);
- minimum credit margins – credit risk margins relating to a given credit transaction concluded by the Bank with a given corporate client; the interest rate offered to a client cannot be lower than the reference rate plus credit risk margin;
- concentration limits – the limits defined in article 71, clause 1 of the Banking Law, sector limits and limits relating to real estate financing;
- competence limits – they define the maximum level of credit decision-making entitlement with regard to the Bank's clients; the limits depend primarily on the amount of the Bank's exposure to a given client (or a group of related clients) and the loan transaction period; the competence limit depends on the credit decision-making level (in the Bank's organizational structure).

Credit risk reporting

The Bank prepares monthly and quarterly credit risk reports for i.a. ALCO, the Credit Committee, the Management Board and the Supervisory Board. The reports contain information about the historical credit risk amounts and credit risk forecasts.

(in PLN thousand)

Bank's exposure to credit risk

Amounts due from banks	Exposure	
	30.06.2009	31.12.2008
Amounts due from banks impaired	30 620	28 486
of which assessed on an individual basis	30 070	28 486
Amounts due from banks not impaired	4 866 074	3 906 598
neither past due nor impaired	4 865 437	3 905 135
past due but not impaired	637	1 463
Gross total	**4 896 694**	**3 935 084**
Impairment allowances	**(30 175)**	**(28 111)**
Net total	**4 866 519**	**3 906 973**

Loans and advances to customers	Exposure	
	30.06.2009	31.12.2008
Loans and advances impaired	6 532 624	3 161 595
of which assessed on an individual basis	3 837 436	1 438 770
Loans and advances not impaired	101 427 697	97 540 964
neither past due nor impaired	95 407 134	92 553 616
past due but not impaired	6 020 563	4 987 348
Gross total	**107 960 321**	**100 702 559**
Impairment allowances	**(2 928 943)**	**(2 600 540)**
Net total	**105 031 378**	**98 102 019**

Since the beginning of 2009, the Bank has changed the impairment methodology and extended the scope of individual objective evidences of impairment. Exposures towards borrowers whose financial standing deteriorated (which is expressed by the client's rating 'G'), exposures for which restructuring agreements were concluded or in respect of which a delay in payment from 3 to 6 months was observed in case of individuals clients, are currently treated as receivables individually determined to be impaired and are covered by the individual or portfolio method.

As a result, as at 30 June 2009, these receivables increased the amount of receivables determined to be impaired by PLN 2 817 835 thousand. As at 31 December 2008, these receivables were presented as receivables not determined to be impaired.

Investment securities available for sale – debt securities	Exposure	
	30.06.2009	31.12.2008
Debt securities impaired	33 857	18 104
of which assessed on an individual basis	33 857	18 104
Debt securities not impaired	6 096 706	8 683 375
neither past due nor impaired	6 096 706	8 683 375
Gross total	**6 130 563**	**8 701 479**
Impairment allowances	**(16 251)**	**(15 791)**
Net total	**6 114 312**	**8 685 688**

(in PLN thousand)

Maximum exposure to credit risk

The table below presents maximum exposure to credit risk of the Bank as at 30 June 2009 and as at 31 December 2008, excluding collaterals value and connected with them improvement of credit situation stated at net carrying amount.

	30.06.2009	31.12.2008
Balances with the central bank	941 360	3 419 832
Amounts due from banks	4 866 519	3 906 973
Trading assets – debt securities	1 742 988	1 491 524
Derivative financial instruments	3 079 970	3 599 545
Other financial instruments designated at fair value through profit and loss - debt securities	9 865 290	4 546 497
Loans and advances to customers	105 031 378	98 102 019
Investment securities available for sale - debt securities	6 178 536	8 685 688
Other assets - other financial assets	353 225	352 382
Total	**132 059 266**	**124 104 460**

Off-balance sheet items	30.06.2009	31.12.2008
Irrevocable liabilities granted	7 783 036	7 714 609
Guarantees granted	3 683 696	3 186 778
Letters of credit granted	182 110	551 760
Guarantees of issue (underwriting)	1 552 327	821 005
Total	**13 201 169**	**12 274 152**

Concentration of credit risk within the Bank

The Bank defines credit concentration risk as one of arising from a considerable exposure to single entities or to group of entities whose repayment capacity depends on a common risk factor. The Bank analyses the risk of credit risk concentration in respect of:

- the largest borrowers,
- the largest capital groups,
- industries,
- geographical regions,
- currencies.

Concentration by the biggest business entities

The Banking Law specifies maximum concentration limits for the Bank. According to article 71, clause 1 of the Banking Law, the total value of the Bank's exposures, off-balance sheet liabilities and commitments granted or shares held by the Bank directly or indirectly in another entity, additional payments into a limited liability company as well as contributions or limited partnership sums - whichever higher - in a limited partnership or limited joint-stock partnership with a risk of one entity or a group of entities related by capital or management, cannot exceed 20% of the Bank's own funds if any of these entities is related to the Bank, or 25% of the Bank's own funds if any such entity is unrelated to the Bank.

Furthermore, according to article 71, clause 2 of the Banking Law, the aggregate amount of the Bank's exposures equal or in excess of 10% of its own funds towards individual entities, shall not exceed the exposure limit, which is 800% of the Bank's own funds.

As at 30 June 2009 and 31 December 2008, those concentration limits had not been exceeded.

As at 30 June 2009, the level of concentration risk with respect to individual exposures was low – the biggest exposure to a single entity was equal to 7.5% of the Bank's own funds.

As at 31 December 2008, the biggest exposure to single entity was equal to 9.6% of the Bank's own funds.

Concentration of credit risk by the largest groups

As at 30 June 2009, concentration of credit risk by the largest capital groups was low - the greatest exposure of the Bank towards a capital group amounted to 14.7% of the Bank's own funds and was due to a consolidation process of companies from the power supply industry.

Concentration of credit risk by industry

The Bank applies industry limits in order to mitigate credit risk related to corporate clients operating in selected industries characterized by a high level of credit risk, as well as to avoid excessive concentration of exposure to individual industries.

The Bank's exposure increased compared with 31 December 2008 with respect to all sectors except: Agriculture, Forestry, Fishing, Food and Tobacco Industry, Financial Services and Science, Public Administration, Education and Health Care (total decrease of PLN 0.7 billion). The biggest increases were recorded in the following sectors: Real estate management, rental and services relating to business activities (+ PLN 1.4 billion), Industrial processing (+ PLN 0.7 billion), Trade and repair work (+ PLN 0.7 billion).

Combined exposure to three largest sectors: Wholesale and retail trade, Industrial processing, Real estate management, rental and services relating to business activities and Other Non-financial services constitutes 67% of the total portfolio of loans granted to business entities.

Concentration of credit risk by geographical regions

The Bank's loan portfolio is diversified by geographical location.

The Bank has the biggest loan portfolio concentration in the mazowiecki region. More than half of the Bank's loan portfolio is concentrated in four regions: mazowiecki, śląsko-opolski, wielkopolski, małopolsko-świętokrzyski. A significant proportion of the population and economy of Poland is also concentrated in these regions.

Concentration of credit risk by currency

As at 30 June 2009, the share of currency exposures in the total credit portfolio of the Bank amounted to 27.6% (as at 31 December 2008 27.8%). The greatest parts of currency exposures, other than PLN, are those in CHF concerning mainly mortgage loans (78.4% of currency credit portfolio), whose share in the loan portfolio decreased by 0.6 p.p. compared to 31 December 2008.

Insignificant decrease of share of loans denominated in foreign currencies in the first half of 2009 results from lower dynamic of sales of mortgage loans denominated in foreign currencies than PLN loans, which is a result of tightening the Bank's credit policy regarding loans denominated in foreign currencies that was implemented in the forth quarter of 2008.

(in PLN thousand)

Other types of concentration

In accordance with the Recommendation S the Bank implemented internal limits with regard to loans granted to individual clients for purchase of properties. In the first half of 2009 these limits have not been exceeded.

Individually determined to be impaired financial assets (gross)

	30.06.2009	31.12.2008
Amounts due from banks	**30 070**	**28 486**
Loans and advances to customers:	**3 837 436**	**1 438 770**
financial sector	11 026	14 436
corporate loans	11 026	14 436
non-financial sector	3 820 201	1 414 795
consumer loans	-	18 525
mortgage loans	502 703	105 716
corporate loans	3 317 498	1 290 554
public sector	6 209	9 539
corporate loans	6 209	9 539
Investment securities available for sale	**33 857**	**23 862**
issued by financial entities	-	2 599
issued by non-financial entities	22 899	21 263
issued by public sector	10 958	-
Total	**3 901 363**	**1 491 118**

Market risk

Market risk is understood as a risk of incurring a loss due to adverse changes in market parameters, such as interest rates and foreign exchange rates, or volatility of these parameters, as well as liquidity risk.

Interest rate risk

The objective of interest rate risk management is to identify areas of interest rate risk and to shape the structure of the statement of financial position and contingent liabilities and commitments in a way to maximise the value of net assets and interest income within the adopted interest rate risk profile.

In the process of interest rate risk management, the Bank uses the Value at Risk (VaR) model, stress testing and interest income sensitivity measures.

The main tools used in interest rate risk management include:

1) written procedures for interest rate risk management,
2) limits and thresholds for interest rate risk,
3) defining allowable transactions for interest rates.

The Bank has set limits and thresholds for interest rate risk including: price sensitivity, interest income sensitivity, loss limits and threshold values as well as limits for instruments sensitive to changes in interest rates. These limits were set in consideration of the Bank's particular portfolios.

Exposure of the Bank to interest rate risk was within accepted limits. The Bank was mainly exposed to PLN interest rate risk, which represents about 88% of Bank’s value at risk (VaR) as at 30 June 2009 and about 83% as at 31 December 2008.

VaR of the Bank and stress testing analysis of the Bank's exposure to the interest rate risk are presented in the following table:

Name of sensitivity measure	30.06.2009	31.12.2008
VaR for a 10-day time horizon (PLN thousand)	28 153	72 337
Parallel move of interest rate curves by +200 base points (PLN thousand)*	195 820	133 919*

* Data restated for comparability purposes.

As at 30 June 2009, the interest rate VaR for the holding period of 10 days (10-day VaR) amounted to PLN 28 153 thousand, which accounted for approximately 0.23% of the value of the Bank's own funds. As at 31 December 2008, VaR for the Bank amounted to PLN 72 337 thousand, which accounted to approximately 0.60% of the Bank's own funds. In the first half of 2009 the interest rate risk was generated mainly by the risk of a mismatch between the repricing dates of assets and liabilities.

Currency risk

The objective of currency risk management is to identify the areas of currency risk and to take measures to reduce the currency risk to acceptable levels.

Currency risk of the Bank is monitored and reported on daily basis. The currency positions, generated in basic banking activity are transferred to the dealing activity of the Bank, where they are managed within limits and threshold values for this activity.

The Bank measures currency risk using the Value at Risk model and stress tests.

The main tools used in currency risk management include:

1) written procedures for currency risk management,
2) limits and thresholds for currency risk,
3) defining allowable transactions in foreign currencies and the exchange rates used in such transactions.

The Bank sets limits and threshold values for the following items: currency positions, Value at Risk calculated for a 10-day time horizon and daily loss from transactions on currency market.

The level of the currency risk was low both as at 30 June 2009 and as at 31 December 2008.

VaR of the Bank and stress testing of the Bank's financial assets exposed to currency risk are stated cumulatively in the table below:

Name of sensitivity measure	30.06.2009	31.12.2008
VaR for a 10-day time horizon with 99% level of confidence (PLN thousand)	28 467**	11 297*
Change of PLN exchange rate by 15% (PLN thousand)	59 231**	10 631

* VaR as at 31 December 2008 resulted mainly from USD position due to the acquisition of KREDOBANK SA shares, registered on 31 December 2008.

** The Bank's high result of stress-test and 10-day VaR results from significant long currency position in CHF (PLN 363 million) arising from change in yield curves used for CIRS valuation.

(in PLN thousand)

The Bank's currency positions are presented in the table below:

	As at 30.06.2009	As at 31.12.2008
	Currency position	**Currency position**
USD	14 456	(97 267)
GBP	(1 577)	(1 497)
CHF	362 862*	(10 304)
EUR	(2 435)	20 134
Other (Global Net)	20 732	18 062

* Bank's high long currency position in CHF (PLN 363 million) arises from change in yield curves used for CIRS valuation.

The volume of currency positions is a key factor determining the level of currency risk on which the Bank is exposed (except for volatility of foreign exchange rates). The level of currency positions is determined by all foreign currency transactions, which are concluded by the Bank, both balance sheet (such as loans) and off-balance sheet (such as derivatives, CIRS transactions in particular). In accordance with the currency risk management principles at the Bank, the daily currency position opened by the Bank within the banking book (such as disbursement of loans denominated in foreign currency in PLN, repayment of loans denominated in foreign currency by the clients, exposure currency conversion) is closed every day, also using derivative instruments. This means that the currency position of the Bank at the end of the day may constitute only of generated new position in banking book on this day and currency position in trading book within the limits, which results in a low exposure of the Bank to currency risk (with reference to own funds, VaR for a 10-day time horizon for the Bank's currency position amounted to approximately 0.24% as at the end of the first half of 2009).

Liquidity risk

The objective of liquidity risk management is to shape the structure of the Bank's statement of financial position and contingent liabilities and commitments to ensure the continuous liquidity of the Bank, taking into account the nature of its activities and requirements which may occur due to changes in market environment.

The Bank's policy concerning liquidity is based on keeping a portfolio of liquid securities and stable deposits. In its liquidity risk management policy, the Bank also uses money market instruments, including NBP open market operations.

The Bank makes use of the following liquidity risk measures:

1) the contractual liquidity gap method and the liquidity gap in real terms method,
2) the surplus liquidity method,
3) analysis of stability of deposit and loan portfolios,
4) stress testing.

The main tools for liquidity risk management in PKO BP SA are as follows:

1) written procedures for liquidity risk management,
2) limits and thresholds mitigating liquidity risk,
3) deposit, investment and derivative transactions, including structural currency transactions and transactions for sale or purchase of securities,
4) transactions ensuring long-term financing of the Bank's lending activities.

To ensure an adequate liquidity level, the Bank accepted limits and thresholds for liquidity risk. The limits and thresholds were set for both current liquidity measures and medium and long-term liquidity measures.

Liquidity gaps in real terms presented below include: adjustments to real terms concerning permanent balances on deposits from non-financial institutions and their maturity, adjustments to real terms concerning permanent balance on loans in current account of non-financial subjects and its maturity, which constitute the main differences between the gap in real and nominal terms.

	a'vista	0 - 1 month	1 - 3 months	3 - 6 months	6 - 12 months	12 - 36 months	36 - 60 months	over 60 months
30.06.2009								
Adjusted gap	4 350 275	9 058 350	(3 554 853)	(2 762 290)	2 435 895	4 042 390	1 784 947	**(15 354 714)**
Cumulative adjusted gap	4 350 275	13 408 625	9 853 772	7 091 482	9 527 377	13 569 767	15 354 714	-
31.12.2008								
Adjusted gap	4 568 859	5 852 435	(2 914 818)	(1 798 141)	1 989 986	4 250 513	1 924 376	**(13 873 210)**
Cumulative adjusted gap	4 568 859	10 421 294	7 506 476	5 708 335	7 698 321	11 948 834	13 873 210	-

In all time horizons, the Bank's cumulative adjusted liquidity gap in real terms as at 30 June 2009 and 31 December 2008 was positive. This means a surplus of assets receivable over liabilities payable.

The table below presents liquidity reserve as at the end of the first half of 2009 and the end of 2008.

Sensitivity measure	30.06.2009	31.12.2008
Liquidity reserve to 1 month* (PLN million)	8 703	6 666

* Liquidity reserve equals the gap between the most liquid assets and expected and potential liabilities which mature in a given period of time.

As at 30 June 2009, the level of permanent balances on deposits from non-financial entities constituted approximately 94% of all deposits of the Bank's non-financial clients, which means no changes compared to 31 December 2008.

Operational risk and compliance risk

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes and systems, human factors or external events.

The purpose of operational risk management is to optimize operational effectiveness through operational losses reduction, cost rationalization and adequacy and time of reaction of the PKO BP SA, in case of external events.

In order to manage operational risk, the Bank has implemented internal policies and procedures aimed at identifying, monitoring, reporting and mitigating of operational risk. The Bank has also developed a formal process of collecting and reporting information about operational risk events and losses from such events. Impact of the Bank's operational risk events is immaterial.

PKO BP SA prepares operational risk reports on a quarterly basis. Reports present information concerning operational risk profile as a consequence of risk identification and valuation processes, as well as results of operational risk estimation and monitoring, operational events and their financial effects.

Since January 2009, the capital requirement for the operational risk in PKO BP SA has been calculated in line with so-called 'standard method'.

Compliance risk

Compliance risk is defined as the risk of legal sanctions, incurring financial losses or losing reputation or reliability due to failure of the Bank, its employees or entities acting on its behalf to comply with the provisions of the law, internal regulations and standards adopted by the Bank, including ethical standards.

The purpose of compliance risk management is to strengthen the PKO BP SA image as an institution which acts in compliance with the law and generally accepted standards, is trustworthy, fair and reliable. The Bank should achieve these goals by eliminating compliance risk, counteracting possible reputation, reliability or financial losses, as well as legal sanctions resulting from contravening law regulations, and prescribed practices.

Capital adequacy

Capital adequacy is the maintenance of a level of capital by PKO BP SA which is sufficient to meet regulatory capital requirements (the so-called Pillar 1) and internal capital requirements (the so-called Pillar 2). The objective of capital adequacy management is to maintain capital on a level that is adequate to the risk scale and profile of the Bank's activities.

The process of managing the Bank's capital adequacy comprises:

1) identifying and monitoring of all of significant risks;
2) assessing internal capital to cover the individual risk types and total internal capital;
3) monitoring, reporting, forecasting and limiting of capital adequacy;
4) performing internal capital allocations to business segments, client segments and entities in the Bank in connection with profitability analyses;
5) using tools affecting the capital adequacy level (including: tools affecting the level of equity, the scale of equity item reductions and the level of the loan portfolio).

The main measures of capital adequacy are:

– the capital adequacy ratio whose minimum level in accordance with the Banking Act is 8%;
– the ratio of equity to internal capital whose acceptable minimum level in accordance with the Banking Act is 1.0.

The capital adequacy level of the Bank in the first half of 2009 remained on a safe level and was significantly above the statutory limits.

Compared with 31 December 2008, the Bank's capital adequacy ratio dropped by 0.56 p.p., which was mainly due to high dynamics in the growth of the loan portfolio.

Own funds

Own funds comprise basic funds, supplementary funds and short-term capital.

In the first half of 2009, the Bank's own funds decreased by PLN 313 512 thousand, which was mainly due to the increase of capital commitments decreasing the Bank's own funds.

(in PLN thousand)

The structure of the Bank's own funds is presented in the table below:

BANK'S OWN FUNDS	30.06.2009	31.12.2008
Basic funds (Tier 1 capital)	**10 857 985**	**11 003 657**
Share capital	1 000 000	1 000 000
Reserve capital	7 216 986	7 216 986
Other reserves	3 276 260	1 395 000
General banking risk fund	1 070 000	1 070 000
Net profit for the current period in the part verified by a certified auditor after deduction of forecasted charges	-	1 824 745
Unrealised losses on debt and equity instruments classified as available for sale	(26 578)	(41 820)
Intangible assets	(1 228 143)	(1 155 042)
Equity exposures	(450 540)	(306 212)
Supplementary funds (Tier 2 capital)	**1 150 160**	**1 294 488**
Subordinated liabilities classified as supplementary funds	1 600 700	1 600 700
Equity exposures	(450 540)	(306 212)
Short-term equity (Tier 3 capital)	**67 536**	**91 048**
TOTAL EQUITY	**12 075 681**	**12 389 193**

Capital requirements (Pillar 1)

From January 2009, the Bank calculates capital requirements in accordance with Resolution No. 380/2008 of the Banking Supervision Authority dated 17 December 2008 (Basel II): in respect of credit risk – using the standardized approach; in respect of operational risk – using the standardized approach, and in respect of market risk – using the basic approach.

The scale of the Bank's trading activities is significant, therefore the total capital requirements constitute sum of the capital requirements for:

1) credit risk – including credit risk of the banking book and counterparty credit risk,
2) market risk – including foreign exchange risk, commodities risk, equity securities risk, specific risk of debt instruments, general risk of interest rates,
3) operational risk,
4) other types of capital requirements in respect of:
   - settlement/delivery risk,
   - the risk of exceeding the capital concentration threshold,
   - the risk of exceeding the exposure concentration limit and the large exposure limit,

An increase in the capital requirement in respect of credit risk resulted from a significant increase in the volume of loan portfolio by approximately 7% in the first half of 2009.

(in PLN thousand)

The tables below show the Bank's exposure to credit risk and other types of risk.

Capital requirements	30.06.2009	31.12.2008
Credit risk	**7 912 969**	**7 462 777**
credit risk (banking book)	7 791 314	7 300 610
counterparty risk (trading book)	121 655	162 167
Market risk	**263 910**	**202 677**
foreign exchange risk	31 911	-
commodities risk	-	-
equity securities risk	287	1 069
specific risk of debt instruments	201 907	167 505
general risk of interest rates	29 805	34 103
Operational risk	**864 413**	**1 156 386**
Other kinds of risk*	-	-
Total capital requirements	**9 041 292**	**8 821 840**
Capital adequacy ratio	**10.68**	**11.24**

* Includes capital requirements in regards to the settlement and delivery risks, the risk of exceeding the exposure concentration limit and the large exposure limit, and the risk of exceeding the capital concentration threshold.

Internal capital (Pillar 2)

As of the beginning of 2009, the internal capital is determined in accordance with Resolution No. 383/2008 of the Financial Supervision Authority dated 17 December 2008, on the special operating policies of the risk management and internal control system, and detailed terms and conditions for assessing internal capital by banks and reviewing the internal capital assessment and maintenance processes (Official FSA Journal of 2008, No. 8, item 37).

Internal capital is the amount of capital estimated by the Bank that is necessary to cover all of the significant risks characteristic of the Bank's activities and the effect of changes in the business environment, taking account of the anticipated risk level.

The internal capital in PKO BP SA is intended to cover each of the significant risk types:

1) credit risk, including default risk;
2) market risk (including currency risk, interest rate risk and liquidity risk);
3) operational risk;
4) business risk (including strategy risk and reputation risk).

The total internal capital of the Bank is the sum of internal capital amount necessary to cover all of the significant risks for the Bank.

The correlation coefficient for different types of risk and different entities of the Bank's Group used in the internal capital calculation is equal to 1.

The Bank regularly monitors the significance of the individual risk types relating to the Bank's activities.

Disclosures (Pillar 3)

In accordance with § 6 of Resolution 385/2008 of the Financial Supervision Authority of 17 December 2008, on the detailed principles and methods for banks to disclose qualitative and quantitative information concerning capital adequacy and the scope of the information to be announced, the Powszechna Kasa Oszczędności Bank Polski SA, which is the parent company within the meaning of §3 of the resolution, publishes information about capital adequacy in a separate document on an annual basis, not later than within 30 days of the date of authorization of the annual financial statements by the Annual General Shareholders' Meeting.

Details of the scope of capital adequacy information disclosed, the method of its verification and publication are presented in the PKO BP SA Capital Adequacy Information Policies, which are available on the Bank's website (www.pkobp.pl).

32. Subsequent events

On 7 July 2009, the Supervisory Board of PKO BP SA passed resolutions removing:

- Mr. Jerzy Pruski from the function of President of the Bank's Management Board as of 7July 2009;
- Mr. Tomasz Mironczuk from the function of Vice-President of the Bank's Management Board as of 7 July 2009.

The Supervisory Board of PKO BP SA entrusted Mr. Wojciech Papierak, Vice-President of the Bank's Management Board with the duties of the President of the Management Board of PKO BP SA as of 7 July 2009 until the President of the Bank's Management Board is appointed.

The Management Board of PKO BP SA convened the Extraordinary General Shareholders' Meeting to be held on 31 August 2009. The Extraordinary General Shareholders' Meeting will be held, among others, to pass resolutions on changes to the composition of the Bank's Supervisory Board and amendments to the Resolution passed on 30 June 2009 by the Ordinary General Shareholders' Meeting on increasing the Bank's share capital, in respect of changing the date for vesting pre-emptive rights. The Resolution of the Ordinary General Shareholders' Meeting dated 30 June 2009 related to increasing the Bank's share capital by an amount no higher than PLN 300 million by issuing no more than 300 million ordinary bearer D-series shares, with a nominal value of PLN 1 each ('D-series shares'). D-series shares will participate in dividend as of 1 January 2009. D-series shares may be paid up exclusively in cash. D-series shares will be issued under a closed subscription within the meaning of art. 431 clause 2 item 2 of the Commercial Companies Code conducted in the form of public offering within the meaning of the Act of 29 July 2005 on public offerings and the terms and conditions for admitting financial instruments to organized trading system and on public companies. The Bank's shareholders holding the Bank's shares as at the end of the day of vesting of the pre-emptive rights will be entitled to pre-emptive rights to D-series shares; each of the Bank's shares held as at the end of the day of vesting shall entitle the shareholder to one pre-emptive right.

The date of vesting of the pre-emptive rights has been determined as at 29 October 2009. The date when it will be possible to exercise the pre-emptive rights to D-series shares will be determined in the Bank's prospectus prepared in accordance with the respective legal regulations in connection with the public offering and motion for admitting and introducing the pre-emptive rights to D-series shares, the rights to D-series shares and D-series shares to trading on the regulated market managed by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie SA). The Bank's Management Board has been entitled to specify the ultimate amount by which the Bank's share capital is to be increased, to take all actions related to the increase of share capital and to establish detailed terms of subscription and allocation of D-series shares.

On 21 August 2009, Mr. Jacek Gdański (Member of the Supervisory Board of PKO BP SA) resigned from the post of the Member of PKO BP SA Supervisory Board, effective from 21 August 2009.

Signatures of all Members of the Management Board of the Bank

21.08.2009	Wojciech Papierak	Vice-President of the Management Board Acting President of the Management Board	.... (signature)
21.08.2009	Bartosz Drabikowski	Vice-President of the Management Board	.... (signature)
21.08.2009	Krzysztof Dresler	Vice-President of the Management Board	.... (signature)
21.08.2009	Jarosław Myjak	Vice-President of the Management Board	.... (signature)
21.08.2009	Mariusz Zarzycki	Vice-President of the Management Board	.... (signature)

Signature of person responsible for
maintaining the books of account

21.08.2009

Danuta Szymańska

Director of the Bank
(signature)