



PKO BANK POLSKI
SPÓŁKA AKCYJNA

*INTERIM FINANCIAL STATEMENTS OF THE
POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP
FOR THE FIRST QUARTER OF 2009*

*Prepared in accordance with
International Financial Reporting Standards*

May 2009

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1. KEY FINANCIAL INDICATORS

NET PROFIT	PLN	540.7	million	- 43.2%	(y/y)	the result of stabilisation of result on business activities ((-) 0.8% y/y) along with 14.1% (y/y) increase in costs and an increase of net impairment allowance
RESULT ON BUSINESS ACTIVITIES	PLN	2 144.8	million	- 0.8%	(y/y)	due to the decrease in net interest income by 16.4% (y/y) and net fee and commission income by 8.4% (y/y), offset by increase in foreign exchange result by 90.5% (y/y) *
NET INTEREST INCOME	PLN	1 193.1	million	- 16.4%	(y/y)	the result of the decrease in deposit margins and the introduction of a complex deposit offer for PKO BP SA clients, offset by the increase in interest income from loans and advances to customers of 18.2% y/y
NET FEE AND COMMISSION INCOME	PLN	549.9	million	- 8.4%	(y/y)	the result of a decrease in fee and commission income related to investment fund management (by 46.9% y/y), offset by increase in commission income from loans and advances to customers (23.2% y/y)
COSTS	PLN	-1 081.5	million	+ 14.1%	(y/y)	the result of increase in overhead expenses of 35.2% (y/y) and increase in staff costs by 3.3% (y/y)
NET IMPAIRMENT ALLOWANCE	PLN	-373.6	million	+ 14x	(y/y)	the result of increase in impairment charges for corporate and consumer loans **
ROE net		19.7%		- 7.0	pp.	the result of 43.2% (y/y) decrease in net profit, offset by increase in equity of 12.6% (y/y)
ROA net		2.1%		- 0.8	pp.	due to 43.2% (y/y) decrease in net profit, offset by increase in assets by 22.5% (y/y)

* result on business activities ('income items') defined as operating profit before administrative expenses, net impairment allowance and tax.

** net profit of the PKO BP SA Group for the 1st quarter of 2008 takes into account the reversal of the impairment charge on goodwill arising from associates of PKO BP SA in the amount of PLN 41.7 million.

In the 1st quarter of 2009, the condition of the Polish banking sector deteriorated due to the deterioration of the situation on the global financial market and the macroeconomic situation in Poland. Due to the continued problems with the availability of financing, the banks' ability to increase lending activity was limited, since it was financed mainly with the clients' deposits. In the 1st quarter of 2009, as a result of increased demand for deposits (mainly from retail clients), the banks continued to apply aggressive price policies aimed at obtaining deposits.

Due to the deterioration of the macroeconomic situation and high costs of funds to finance the lending activity, the banks introduced much stricter lending policies and limited the amount of loans granted in foreign currencies. Simultaneously, as a result of macroeconomic conditions, the demand of enterprises and households for credit decreased. In this period, PKO BP SA continued the activities aimed at building a stable deposit and equity base. These actions are believed to constitute the basis of the business development, while at the same time considering the priorities in terms of efficiency enhancement and effective cost control.

The events which occurred in this period and originated in the 2nd half of the previous year on financial markets confirmed the adequacy of the PKO BP SA strategy based on the stable deposit and equity base.

The net profit generated by the PKO BP SA Group in the 1st quarter of 2009 amounted to PLN 540.7 million, which represents a change of PLN 410.5 million compared with the previous year. The financial result was determined by:

- ⇒ an increase in total consolidated assets and equity and liabilities of PLN 25.6 billion (y/y) to PLN 139.4 billion, resulting from the development of lending activities financed with an increase in the clients' deposits;
- ⇒ the effective balance sheet structure – due to the large increase in deposits held by the PKO BP SA Group of PLN 19.7 billion compared with the prior year, a growth of the loan portfolio of 31.3% on a year-to-year basis was possible. The loans to deposits ratio amounted to 96.5% as at the end of the 1st quarter of 2009;
- ⇒ the high profit on business activities of the PKO BP SA Group of PLN 2 144.8 million, taking into account the negative effect of impairment write-downs.

KEY FINANCIAL INDICATORS
derived from the financial statements of the PKO BP SA Group

	Period from 01.01.2009 to 31.03.2009	Period from 01.01.2008 to 31.03.2008	Period from 01.01.2009 to 31.03.2009	Period from 01.01.2008 to 31.03.2008
	PLN thousand		EUR thousand	
Result on business activities:	2 144 823	2 161 746	466 327	607 676
Net interest income	1 193 145	1 427 255	259 413	401 207
Net fee and commission income	549 890	600 020	119 557	168 668
Net other income	401 788	134 471	87 357	37 800
Administrative expenses	(1 081 501)	(948 264)	(235 140)	(266 561)
Operating profit	689 700	1 186 707	149 954	333 588
Net impairment allowance	(373 622)	(26 775)	(81 233)	(7 527)
Gross profit	695 159	1 190 038	151 141	334 525
Net profit for the period (including minority interest)	542 995	959 754	118 058	269 791
Net profit	540 685	951 162	117 556	267 376
Total net cash flows	134 026	43 523	29 140	12 234
Net cash flow from operating activities	(2 481 420)	331 854	(539 510)	93 286
Net cash flow from investing activities	2 695 395	(313 927)	586 032	(88 246)
Net cash flow from financing activities	(79 949)	25 596	(17 382)	7 195
Total equity	14 538 601	12 914 323	3 092 464	3 662 806
Attributable to equity holders of the parent company	14 491 704	12 847 912	3 082 489	3 643 971
Tier 1 capital	12 478 054	9 559 926	2 654 171	2 711 420
Tier 2 capital	1 527 621	1 503 184	324 936	426 338
Market indicators				
earnings per share for the period - basic	0.54	0.95	0.12	0.27
earnings per share for the period - diluted	0.54	0.95	0.12	0.27
P/BV	1.47	3.48	1.47	3.48
P/E	7.90	14.14	7.90	14.14

KEY FINANCIAL INDICATORS
derived from the condensed financial statements of PKO BP SA

	Period from 01.01.2009 to 31.03.2009	Period from 01.01.2008 to 31.03.2008	Period from 01.01.2009 to 31.03.2009	Period from 01.01.2008 to 31.03.2008
	PLN thousand		EUR thousand	
Result on business activities:	1 990 471	2 019 877	432 768	567 796
Net interest income	1 144 649	1 392 429	248 869	391 418
Net fee and commission income	498 592	522 356	108 404	146 836
Net other income	347 230	105 092	75 495	29 542
Administrative expenses	(997 652)	(884 411)	(216 909)	(248 612)
Operating profit	716 286	1 116 930	155 735	313 974
Net impairment allowance	(276 533)	(18 536)	(60 124)	(5 211)
Gross profit	716 286	1 116 930	155 735	313 974
Net profit	580 727	904 596	126 261	254 286
Total net cash flows	(149 259)	68 150	(32 452)	19 157
Net cash flow from operating activities	(2 828 106)	321 096	(614 886)	90 261
Net cash flow from investing activities	2 693 409	(231 691)	585 600	(65 129)
Net cash flow from financing activities	(14 562)	(21 255)	(3 166)	(5 975)
Total equity	14 103 979	12 625 409	3 000 017	3 580 864
Tier 1 capital	11 791 879	9 263 373	2 508 217	2 627 311
Tier 2 capital	1 115 246	1 188 132	237 221	336 982
Market indicators				
earnings per share for the period - basic	0.58	0.90	0.13	0.25
earnings per share for the period - diluted	0.58	0.90	0.13	0.25
P/BV	1.52	3.56	1.52	3.56
P/E	8.38	14.95	8.38	14.95

2. CONDENSED FINANCIAL STATEMENTS¹

2.1. CONDENSED FINANCIAL STATEMENTS OF THE PKO BP SA GROUP

INCOME STATEMENT OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP					
	Notes	1st quarter period from 01.01.2009 to 31.03.2009	1 quarter cumulatively period from 01.01.2009 to 31.03.2009	1st quarter period from 01.01.2008 to 31.03.2008	1 quarter cumulatively period from 01.01.2008 to 31.03.2008
Interest income		2 236 231	2 236 231	1 986 756	1 986 756
Interest expense		(1 043 086)	(1 043 086)	(559 501)	(559 501)
Net interest income	1	1 193 145	1 193 145	1 427 255	1 427 255
Fee and commission income		721 199	721 199	774 369	774 369
Fee and commission expense		(171 309)	(171 309)	(174 349)	(174 349)
Net fee and commission income	2	549 890	549 890	600 020	600 020
Dividend income		53	53	11	11
Net income from financial instruments at fair value through profit or loss	3	46 150	46 150	(81 420)	(81 420)
Gains less losses from investment securities		(536)	(536)	(1 731)	(1 731)
Foreign exchange result		310 200	310 200	162 809	162 809
Other operating income		124 797	124 797	86 402	86 402
Other operating expenses		(78 876)	(78 876)	(31 600)	(31 600)
Net other operating income and expense	4	45 921	45 921	54 802	54 802
Net impairment allowance	5	(373 622)	(373 622)	(26 775)	(26 775)
Administrative expenses	6	(1 081 501)	(1 081 501)	(948 264)	(948 264)
Operating profit		689 700	689 700	1 186 707	1 186 707
Share of profit of associates and jointly controlled entities		5 459	5 459	3 331	3 331
Profit before income tax		695 159	695 159	1 190 038	1 190 038
Income tax expense		(152 164)	(152 164)	(230 284)	(230 284)
Net profit (including minority interest)		542 995	542 995	959 754	959 754
Profit attributable to minority shareholders		2 310	2 310	8 592	8 592
Net profit (attributable to the parent company)	7	540 685	540 685	951 162	951 162
Earnings per share for the period					
basic		0.54	0.54	0.95	0.95
diluted		0.54	0.54	0.95	0.95

STATEMENT OF COMPREHENSIVE INCOME OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP		
	1st quarter period from 01.01.2009 to 31.03.2009	1st quarter period from 01.01.2008 to 31.03.2008
Profit for the period	542 995	959 754
Other taxable income	(2 410)	(24 446)
Currency translation differences from foreign operations (net)	5 796	(15 030)
Financial assets available for sale (net)	(8 206)	(9 416)
Total net comprehensive income	540 585	935 308
Total net comprehensive income, of which:		
attributable to equity holders of the parent company	539 904	926 963
attributable to minority shareholders	681	8 345

¹ In this section, information is presented in PLN thousand.

BALANCE SHEET OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP				
ASSETS	Notes	As at 31.03.2009	As at 31.12.2008	
Cash and balances with the Central Bank		4 076 826	5 836 892	
Amounts due from banks	9	4 105 156	3 363 599	
Trading assets		1 484 850	1 496 147	
Derivative financial instruments		3 281 475	3 597 670	
Other financial instruments designated at fair value through profit or loss		7 712 983	4 555 544	
Loans and advances to customers	10	106 540 209	101 107 891	
Investment securities available for sale		5 948 397	8 614 913	
Investments in associates and jointly controlled entities		233 740	247 145	
Non-current assets held for sale		13 851	-	
Inventories		627 302	622 410	
Intangible assets		1 436 329	1 352 778	
Tangible fixed assets		2 942 604	2 964 659	
<i>of which: investment properties</i>		24 325	24 169	
Current tax receivables		4 661	6 649	
Deferred income tax asset	11	252 070	239 237	
Other assets		728 000	630 452	
TOTAL ASSETS		139 388 453	134 635 986	
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LIABILITIES AND EQUITY	Notes	As at 31.03.2009	As at 31.12.2008	
Liabilities				
Amounts due to the Central Bank		2 368	2 816	
Amounts due to other banks		6 108 195	6 988 603	
Derivative financial instruments		4 063 239	6 150 337	
Amounts due to customers	12	110 372 157	102 939 281	
Debt securities in issue		212 681	211 573	
Subordinated liabilities		1 650 146	1 618 755	
Other liabilities		1 779 393	1 667 776	
Current income tax liabilities		89 850	472 228	
Deferred income tax liability	11	20 121	20 585	
Provisions	11	551 702	566 016	
TOTAL LIABILITIES		124 849 852	120 637 970	
Equity attributable to shareholders of the parent company				
Share capital		1 000 000	1 000 000	
Retained earnings		13 583 135	13 042 450	
Other capital		13 042 450	9 921 776	
Net profit for the period		540 685	3 120 674	
Other equity items		(91 431)	(90 650)	
Minority interest		46 897	46 216	
Total equity		14 538 601	13 998 016	
TOTAL LIABILITIES AND EQUITY		139 388 453	134 635 986	
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Capital adequacy ratio (%)	13 - 19	12.09	11.29	

Translation of Interim Financial Statements of the PKO BP SA Group for the 1st quarter of 2009.
The Polish language original should be referred to in matters of interpretation

Consolidated statement of changes in equity	Share capital	Retained earnings					Other equity items		Total equity attributable to equity holders of the parent company	Minority interest	TOTAL EQUITY
	Share capital	Reserve capital	Other reserves	General banking risk fund	Retained earnings	Net profit for the period	Currency translation differences from foreign operations	Financial assets available for sale			
Changes in the period from 1 January to 31 March 2009	Share capital	Reserve capital	Other reserves	General banking risk fund	Retained earnings	Net profit for the period	Currency translation differences from foreign operations	Financial assets available for sale	Total equity attributable to equity holders of the parent company	Minority interest	TOTAL EQUITY
As at 1 January 2009	1 000 000	7 274 717	1 523 827	1 070 000	53 232	3 120 674	(57 413)	(33 237)	13 951 800	46 216	13 998 016
Transfer of net profit from previous years	-	-	-	-	3 120 674	(3 120 674)	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	540 685	7 425	(8 206)	539 904	681	540 585
Transfer to retained earnings	-	(1 673)	-	-	1 673	-	-	-	-	-	-
As at 31 March 2009	1 000 000	7 273 044	1 523 827	1 070 000	3 175 579	540 685	(49 988)	(41 443)	14 491 704	46 897	14 538 601

Consolidated statement of changes in equity	Share capital	Retained earnings					Other equity items		Total equity attributable to equity holders of the parent company	Minority interest	TOTAL EQUITY
	Share capital	Reserve capital	Other reserves	General banking risk fund	Retained earnings	Net profit for the period	Currency translation differences from foreign operations	Financial assets available for sale			
Changes in the period from 1 January to 31 March 2008	Share capital	Reserve capital	Other reserves	General banking risk fund	Retained earnings	Net profit for the period	Currency translation differences from foreign operations	Financial assets available for sale	Total equity attributable to equity holders of the parent company	Minority interest	TOTAL EQUITY
As at 1 January 2008	1 000 000	5 592 311	1 518 025	1 070 000	(72 192)	2 903 632	(47 761)	(43 066)	11 920 949	58 066	11 979 015
Transfer of net profit from previous years	-	-	-	-	2 903 632	(2 903 632)	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	951 162	(14 783)	(9 416)	926 963	8 345	935 308
Transfer to retained earnings	-	2 053	-	-	(2 053)	-	-	-	-	-	-
As at 31 March 2008	1 000 000	5 594 364	1 518 025	1 070 000	2 829 387	951 162	(62 544)	(52 482)	12 847 912	66 411	12 914 323

**CONDENSED CASHFLOW STATEMENT OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP**

	Period from 01.01.2009 to 31.03.2009	Period from 01.01.2008 to 31.03.2008
Net cash flow from operating activities	(2 481 420)	331 854
Net cash flow from investing activities	2 695 395	(313 927)
Net cash flow from financing activities	(79 949)	25 596
Total net cash flow	134 026	43 523
Cash and cash equivalents at the beginning of the period	8 270 243	9 232 316
Cash and cash equivalents at the end of the period	8 404 269	9 275 839
Cash and cash equivalents, of which:	8 404 269	9 275 839
cash in hand	1 841 418	1 403 039
amounts due from the Central Bank	2 235 408	3 862 402
current receivables from financial institutions	4 313 717	4 000 112
cash of the brokerage house ('Dom Maklerski') in the Stock Exchange Guarantee Fund	13 726	10 286

**OFF-BALANCE SHEET ITEMS OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP**

Items	As at 31.03.2009	As at 31.12.2008
Off-balance sheet contingent liabilities granted:	23 020 195	22 729 534
financial	17 628 375	18 426 835
guarantees	5 391 820	4 302 699
Liabilities arising from the purchase/sale transactions	426 951 670	426 287 641
Other, of which:	18 778 977	15 365 924
irrevocable liabilities	7 899 537	7 714 609
collateral received	10 879 440	7 651 315
Total off-balance sheet items	468 750 842	464 383 099

EXPLANATORY NOTES

NET INTEREST INCOME OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP

Note 1	1st quarter period from 01.01.2009 to 31.03.2009	1 quarter cumulatively period from 01.01.2009 to 31.03.2009	1st quarter period from 01.01.2008 to 31.03.2008	1 quarter cumulatively period from 01.01.2008 to 31.03.2008
Interest income, of which:	2 236 231	2 236 231	1 986 756	1 986 756
Loans and advances to customers	1 964 018	1 964 018	1 661 297	1 661 297
Financial assets designated at fair value through profit or loss	89 508	89 508	115 950	115 950
Amounts due from other banks	54 767	54 767	97 921	97 921
Investment securities	98 736	98 736	73 776	73 776
Financial assets held for trading	21 003	21 003	16 199	16 199
Other	8 199	8 199	21 613	21 613
Interest expenses, of which:	(1 043 086)	(1 043 086)	(559 501)	(559 501)
Amounts due to customers	(968 173)	(968 173)	(506 656)	(506 656)
Placements with other banks	(21 416)	(21 416)	(21 276)	(21 276)
Debt securities in issue	(35 701)	(35 701)	(28 770)	(28 770)
Other	(17 796)	(17 796)	(2 799)	(2 799)
Net interest income	1 193 145	1 193 145	1 427 255	1 427 255

NET FEE AND COMMISSION INCOME OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP

Note 2	1st quarter period from 01.01.2009 to 31.03.2009	1 quarter cumulatively period from 01.01.2009 to 31.03.2009	1st quarter period from 01.01.2008 to 31.03.2008	1 quarter cumulatively period from 01.01.2008 to 31.03.2008
Fee and commission income, of which:	721 199	721 199	774 369	774 369
Credit related fees and commissions	75 788	75 788	61 520	61 520
Maintenance of bank accounts	203 028	203 028	204 978	204 978
Payment cards	210 590	210 590	193 539	193 539
Investment and pension funds (including management fees)	72 478	72 478	136 501	136 501
Cash transactions	44 785	44 785	48 017	48 017
Loan insurance intermediary and other	114 530	114 530	129 814	129 814
Fee and commission expenses, of which:	(171 309)	(171 309)	(174 349)	(174 349)
Payment cards	(77 683)	(77 683)	(71 705)	(71 705)
Acquisition services	(37 483)	(37 483)	(24 642)	(24 642)
Asset management and related fees on investment and pension funds	(11 702)	(11 702)	(19 439)	(19 439)
Loan insurance intermediary and other	(44 441)	(44 441)	(58 563)	(58 563)
Net fee and commission income	549 890	549 890	600 020	600 020

NET INCOME FROM FINANCIAL INSTRUMENTS AT FAIR VALUE OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP

Note 3	1st quarter period from 01.01.2009 to 31.03.2009	1 quarter cumulatively period from 01.01.2009 to 31.03.2009	1st quarter period from 01.01.2008 to 31.03.2008	1 quarter cumulatively period from 01.01.2008 to 31.03.2008
Financial assets held for trading	6 893	6 893	242	242
Derivatives	32 477	32 477	(69 122)	(69 122)
Other	755	755	37	37
Financial assets designated at fair value through profit or loss	6 025	6 025	(12 577)	(12 577)
TOTAL	46 150	46 150	(81 420)	(81 420)

**OTHER OPERATING INCOME AND EXPENSES OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP**

Note 4	1st quarter period from 01.01.2009 to 31.03.2009	1 quarter cumulatively period from 01.01.2009 to 31.03.2009	1st quarter period from 01.01.2008 to 31.03.2008	1 quarter cumulatively period from 01.01.2008 to 31.03.2008
Other operating income, of which:	124 797	124 797	86 402	86 402
Sale of products, merchandise and materials	75 207	75 207	30 100	30 100
Sundry income	5 872	5 872	7 994	7 994
Sale of shares in subordinates	-	-	3 746	3 746
Sale, liquidation of tangible and intangible assets	4 550	4 550	4 221	4 221
Other	39 168	39 168	40 341	40 341
Other operating expenses, of which:	(78 876)	(78 876)	(31 600)	(31 600)
Sale of products, merchandise and materials	(39 179)	(39 179)	(6 245)	(6 245)
Sale, liquidation of tangible fixed assets, intangible assets and assets held for sale	(6 662)	(6 662)	(3 958)	(3 958)
Other	(33 035)	(33 035)	(21 397)	(21 397)
Total	45 921	45 921	54 802	54 802

**NET IMPAIRMENT ALLOWANCE OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP**

Note 5	1st quarter period from 01.01.2009 to 31.03.2009	1 quarter cumulatively period from 01.01.2009 to 31.03.2009	1st quarter period from 01.01.2008 to 31.03.2008	1 quarter cumulatively period from 01.01.2008 to 31.03.2008
Net impairment allowance on:				
loans and advances	(354 259)	(354 259)	(76 806)	(76 806)
off-balance sheet items	(10 249)	(10 249)	8 471	8 471
securities, financial assets and goodwill on consolidation	(5 999)	(5 999)	42 918	42 918
other liabilities and tangible fixed assets	(3 115)	(3 115)	(1 358)	(1 358)
Total	(373 622)	(373 622)	(26 775)	(26 775)

**ADMINISTRATIVE EXPENSES OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP**

Note 6	1st quarter period from 01.01.2009 to 31.03.2009	1 quarter cumulatively period from 01.01.2009 to 31.03.2009	1st quarter period from 01.01.2008 to 31.03.2008	1 quarter cumulatively period from 01.01.2008 to 31.03.2008
Staff costs	(573 080)	(573 080)	(554 631)	(554 631)
Overhead expenses	(364 831)	(364 831)	(270 793)	(270 793)
Depreciation and amortisation	(115 016)	(115 016)	(102 640)	(102 640)
Other	(28 574)	(28 574)	(20 200)	(20 200)
Total	(1 081 501)	(1 081 501)	(948 264)	(948 264)

**CONSOLIDATED NET PROFIT OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP**

Note 7	1st quarter period from 01.01.2009 to 31.03.2009	1 quarter cumulatively period from 01.01.2009 to 31.03.2009	1st quarter period from 01.01.2008 to 31.03.2008	1 quarter cumulatively period from 01.01.2008 to 31.03.2008
PKO BP	580 727	580 727	904 596	904 596
PKO TFI	13 721	13 721	35 887	35 887
KREDOBANK	(71 766)	(71 766)	2 313	2 313
BFL Group	2 094	2 094	1 202	1 202
PTE	2 088	2 088	6 053	6 053
CFP	3 006	3 006	2 492	2 492
eService	6 085	6 085	6 452	6 452
PKO Inwestycje Group	2 323	2 323	(3 453)	(3 453)
Interligo Group	6 021	6 021	7 662	7 662
BTK	(531)	(531)	(202)	(202)
PKO Finance AB	(36)	(36)	-	-
consolidation adjustments	(3 047)	(3 047)	(11 840)	(11 840)
Consolidated net profit	540 685	540 685	951 162	951 162

**IMPAIRMENT ALLOWANCE OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP**

Note 8	As at 31.03.2009	As at 31.12.2008
Loans, advances, realised guarantees and bank placements	3 323 872	2 945 987
Tangible fixed assets and intangible assets	94 604	93 768
Financial assets	31 818	30 051
Other assets	142 527	102 146
Total	3 592 821	3 171 952

**STRUCTURE OF AMOUNTS DUE FROM BANKS OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP**

Note 9	As at 31.03.2009	As at 31.12.2008
Gross amounts due from banks, of which:	4 138 823	3 391 710
Current accounts with other banks	416 558	383 847
Placements with other banks	3 355 317	2 106 309
Loans and advances with other banks	360 383	290 475
Other	6 565	611 079
Impairment allowance on amounts due from banks	(33 667)	(28 111)
Total	4 105 156	3 363 599

**STRUCTURE OF LOANS AND ADVANCES TO CUSTOMERS OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP**

Note 10	As at 31.03.2009	As at 31.12.2008
Gross loans and advances to customers, of which:	109 830 414	104 025 767
Consumer	21 117 884	20 776 265
Corporate	39 431 321	37 137 849
Mortgage	48 766 428	45 589 436
Accrued interest	514 781	522 217
Impairment allowance on loans and advances to customers	(3 290 205)	(2 917 876)
Total	106 540 209	101 107 891

**PROVISIONS, DEFERRED TAX ASSETS AND LIABILITIES OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP**

Note 11	As at 31.03.2009	As at 31.12.2008
Deffered income tax liabilities	20 121	20 585
Deffered income tax asset	252 070	239 237
Provisions for off-balance sheet items	95 353	87 602
Provisions for future liabilities to employees	365 199	365 186
Provision for other future liabilities	91 150	113 228
Total	823 893	825 838

**STRUCTURE OF AMOUNTS DUE TO CUSTOMERS OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP**

Note 12	As at 31.03.2009	As at 31.12.2008
Deposits, of which:	110 372 157	102 939 281
current	41 774 394	40 337 421
term	68 597 763	62 601 860

**RISK WEIGHTED BALANCE SHEET ASSETS OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP as at 31.03.2009**

Note 13	carrying amount	risk weighted value
Banking portfolio	134 974 095	89 744 962
Trading portfolio	4 414 358	1 060 493
Total	139 388 453	90 805 455

**RISK WEIGHTED OFF-BALANCE SHEET ITEMS OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP as at 31.03.2009**

Note 14	balance sheet equivalent	weighted value
Derivative instruments	6 608 031	2 529 410
Banking portfolio	1 691 160	487 698
<i>of which: long term FX instruments</i>	<i>1 092 354</i>	<i>327 953</i>
Trading portfolio	4 916 871	2 041 712
<i>of which: long term FX instruments</i>	<i>493 552</i>	<i>458 502</i>
Other off-balance sheet items	11 491 776	10 010 976
Banking portfolio	10 034 534	8 716 047
Trading portfolio	1 457 242	1 294 929
Total	18 099 807	12 540 386

**CAPITAL REQUIREMENTS OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP as at 31.03.2009**

Note 15	risk weighted value	capital requirement
Banking portfolio - credit risk	98 948 707	7 915 897
Counterparty credit risk - trading portfolio	2 041 712	163 337
Market risk		259 383
Currency risk - both portfolios		-
Commodity price risk - trading portfolio		-
Equity securities price risk - trading portfolio		608
Debt instruments specific risk - trading portfolio		220 550
Interest rate risk - trading portfolio		38 225
Operational risk - both portfolios		961 153
Other		-
Settlement risk - counterparty's delivery - trading portfolio		-
Securities underwriting risk - trading portfolio		-
Other		-
Total capital requirement		9 299 770

**RISK WEIGHTED BALANCE SHEET ASSETS OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP as at 31.12.2008**

Note 16	carrying amount	risk weighted value
Banking portfolio	130 532 605	84 891 321
Trading portfolio	4 103 381	1 066 499
Total	134 635 986	85 957 820

**RISK WEIGHTED OFF-BALANCE SHEET ITEMS OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP as at 31.12.2008**

Note 17	balance sheet equivalent	weighted value
Derivative instruments	5 543 953	2 461 343
Banking portfolio	1 616 891	436 796
<i>of which: long term FX instruments</i>	<i>856 699</i>	<i>247 424</i>
Trading portfolio	3 927 062	2 024 547
<i>of which: long term FX instruments</i>	<i>367 685</i>	<i>314 218</i>
Other off-balance sheet items	10 661 264	9 261 407
Banking portfolio	9 840 259	8 603 259
Trading portfolio	821 005	658 148
Total	16 205 217	11 722 750

**CAPITAL REQUIREMENTS OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP as at 31.12.2008**

Note 18	risk weighted value	capital requirement
Banking portfolio - credit risk	93 931 376	7 514 510
Counterparty credit risk - trading portfolio	2 024 547	161 964
Market risk		202 677
Currency risk - both portfolios		-
Commodity price risk - trading portfolio		-
Equity securities price risk - trading portfolio		1 069
Debt instruments specific risk - trading portfolio		167 505
Interest rate risk - trading portfolio		34 103
Operational risk - both portfolios		1 247 584
Other		-
Settlement - counterparty's delivery risk - trading portfolio		-
Securities underwriting risk - trading portfolio		-
Other		-
Total capital requirement		9 126 735

**OWN FUNDS AND SHORT-TERM CAPITAL OF
THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP
(FOR REGULATORY CAPITAL PURPOSES)**

Note 19	As at 31.03.2009	As at 31.12.2008
Tier 1 capital	12 478 054	11 265 718
Share capital	1 000 000	1 000 000
Reserve capital	7 273 044	7 274 717
Other reserves	1 523 827	1 523 827
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
Retained earnings	3 175 579	53 232
Unrealised losses on debt and equity instruments classified as available for sale	(51 494)	(43 346)
Equity exposures (50%)	(73 482)	(73 482)
Intangible assets	(1 436 329)	(1 352 778)
<i>of which: goodwill</i>	<i>(164 720)</i>	<i>(164 720)</i>
Currency translation differences from foreign operations	(49 988)	(57 413)
Minority interest	46 897	46 216
Tier 2 capital	1 527 621	1 528 517
Subordinated liabilities classified as supplementary funds	1 600 700	1 600 700
Unrealised profits on debt and equity instruments classified as available for sale (60% of pre-tax balance)	402	1 298
Equity exposures (50%)	(73 481)	(73 481)
Tier 3 capital	46 322	91 048
Total own funds and short-term capital	14 051 997	12 885 283

* Own funds as at 31.12.2008 include the result for the first half of 2008.

2.2. CONDENSED FINANCIAL STATEMENTS OF PKO BP SA

INCOME STATEMENT OF POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA					
	Notes	1st quarter period from 01.01.2009 to 31.03.2009	1 quarter cumulatively period from 01.01.2009 to 31.03.2009	1st quarter period from 01.01.2008 to 31.03.2008	1 quarter cumulatively period from 01.01.2008 to 31.03.2008
Interest income		2 118 977	2 118 977	1 900 663	1 900 663
Interest expense		(974 328)	(974 328)	(508 234)	(508 234)
Net interest income	1	1 144 649	1 144 649	1 392 429	1 392 429
Fee and commission income		660 178	660 178	679 313	679 313
Fee and commission expense		(161 586)	(161 586)	(156 957)	(156 957)
Net fee and commission income	2	498 592	498 592	522 356	522 356
Dividend income		53	53	11	11
Net income from financial instruments at fair value through profit or loss	3	46 608	46 608	(81 361)	(81 361)
Gains less losses from investment securities		1 479	1 479	(1 741)	(1 741)
Foreign exchange result		291 966	291 966	160 764	160 764
Other operating income		34 085	34 085	41 550	41 550
Other operating expenses		(26 961)	(26 961)	(14 131)	(14 131)
Net other operating income and expense	4	7 124	7 124	27 419	27 419
Net impairment allowance		(276 533)	(276 533)	(18 536)	(18 536)
Administrative expenses	5	(997 652)	(997 652)	(884 411)	(884 411)
Operating profit		716 286	716 286	1 116 930	1 116 930
Profit before income tax		716 286	716 286	1 116 930	1 116 930
Income tax expense		(135 559)	(135 559)	(212 334)	(212 334)
Net profit		580 727	580 727	904 596	904 596
Earnings per share for the period					
basic		0.58	0.58	0.90	0.90
diluted		0.58	0.58	0.90	0.90

STATEMENT OF COMPREHENSIVE INCOME OF POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA		
	1st quarter period from 01.01.2009 to 31.03.2009	1st quarter period from 01.01.2008 to 31.03.2008
Profit for the period	580 727	904 596
Other taxable income	(6 120)	(8 728)
Currency translation differences from foreign operations (net)	-	-
Financial assets available for sale (net)	(6 120)	(8 728)
Total net comprehensive income	574 607	895 868

**BALANCE SHEET OF
POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA**

ASSETS	As at 31.03.2009	As at 31.12.2008
Cash and balances with the Central Bank	3 983 886	5 758 248
Amounts due from banks	4 576 315	3 906 973
Trading assets	1 484 850	1 496 147
Derivative financial instruments	3 282 889	3 599 545
Other financial instruments designated at fair value through profit or loss	7 702 403	4 546 497
Loans and advances to customers	103 400 430	98 102 019
Investment securities available for sale	6 057 279	8 756 511
Investments in subsidiaries, associates and jointly controlled entities	809 667	823 518
Non-current assets held for sale	13 851	-
Intangible assets	1 236 538	1 155 042
Tangible fixed assets	2 400 109	2 462 967
<i>of which: investment properties</i>	674	24 169
Current tax receivables	-	-
Deferred income tax asset	173 332	166 803
Other assets	905 679	470 557
TOTAL ASSETS	136 027 228	131 244 827
LIABILITIES AND EQUITY		
	As at 31.03.2009	As at 31.12.2008
Liabilities		
Amounts due to the Central Bank	2 368	2 816
Amounts due to other banks	4 761 455	5 699 452
Derivative financial instruments	4 063 239	6 150 337
Amounts due to customers	109 311 874	101 856 930
Subordinated liabilities	1 650 146	1 618 755
Other liabilities	1 505 449	1 355 396
Current income tax liabilities	86 298	470 416
Provisions	542 420	561 353
TOTAL LIABILITIES	121 923 249	117 715 455
Equity		
Share capital	1 000 000	1 000 000
Retained earnings	13 143 973	12 563 246
Other capital	12 563 246	9 681 986
Net profit for the period	580 727	2 881 260
Other equity items	(39 994)	(33 874)
Total equity	14 103 979	13 529 372
TOTAL LIABILITIES AND EQUITY	136 027 228	131 244 827
Capital adequacy ratio (%)	11.54	11.24

Translation of Interim Financial Statements of the PKO BP SA Group for the 1st quarter of 2009.
The Polish language original should be referred to in matters of interpretation

Statement of changes in equity	Share capital		Retained earnings				Other equity items		TOTAL EQUITY
Changes in the period from 1 January to 31 March 2009	Share capital	Reserve capital	Other reserves	General banking risk fund	Retained earnings	Net profit for the period	Currency translation differences from foreign operations	Financial assets available for sale	
As at 1 January 2009	1 000 000	7 216 986	1 395 000	1 070 000	-	2 881 260	-	(33 874)	13 529 372
Transfer of net profit from previous years	-	-	-	-	2 881 260	(2 881 260)	-	-	-
Total comprehensive income	-	-	-	-	-	580 727	-	(6 120)	574 607
Transfer to retained earnings	-	-	-	-	-	-	-	-	-
As at 31 March 2009	1 000 000	7 216 986	1 395 000	1 070 000	2 881 260	580 727	-	(39 994)	14 103 979

Statement of changes in equity	Share capital		Retained earnings				Other equity items		TOTAL EQUITY
Changes in the period from 1 January to 31 March 2008	Share capital	Reserve capital	Other reserves	General banking risk fund	Retained earnings	Net profit for the period	Currency translation differences from foreign operations	Financial assets available for sale	
As at 1 January 2008	1 000 000	5 591 995	1 390 000	1 070 000	-	2 719 991	-	(42 445)	11 729 541
Transfer of net profit from previous years	-	-	-	-	2 719 991	(2 719 991)	-	-	-
Total comprehensive income	-	-	-	-	-	904 596	-	(8 728)	895 868
Transfer to retained earnings	-	-	-	-	-	-	-	-	-
As at 31 March 2008	1 000 000	5 591 995	1 390 000	1 070 000	2 719 991	904 596	-	(51 173)	12 625 409

**CONDENSED CASHFLOW STATEMENT OF
POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA**

Items	Period from 01.01.2009 to 31.03.2009	Period from 01.01.2008 to 31.03.2008
Net cash flow from operating activities	(2 828 106)	321 096
Net cash flow from investing activities	2 693 409	(231 691)
Net cash flow from financing activities	(14 562)	(21 255)
Total net cash flow	(149 259)	68 150
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	7 906 552	9 069 576
Cash and cash equivalents, of which:	7 906 552	9 069 576
cash in hand	1 748 478	1 310 635
amounts due from the Central Bank	2 235 408	3 862 402
current receivables from financial institutions	3 908 940	3 886 253
cash of the brokerage house ('Dom Maklerski') in the Stock Exchange Guarantee Fund	13 726	10 286

**OFF-BALANCE SHEET ITEMS OF
POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA**

Items	As at 31.03.2009	As at 31.12.2008
Off-balance sheet contingent liabilities granted:	22 884 873	23 041 809
financial	17 538 437	18 482 266
guarantees	5 346 436	4 559 543
Liabilities arising from the purchase/sale transactions	427 048 089	426 400 785
Other, of which:	13 968 127	11 211 363
irrevocable liabilities	7 899 537	7 714 609
collateral received	6 068 590	3 496 754
Total off-balance sheet items	463 901 089	460 653 957

EXPLANATORY NOTES

NET INTEREST INCOME OF POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA

Note 1	1st quarter period from 01.01.2009 to 31.03.2009	1 quarter cumulatively period from 01.01.2009 to 31.03.2009	1st quarter period from 01.01.2008 to 31.03.2008	1 quarter cumulatively period from 01.01.2008 to 31.03.2008
Interest income, of which:	2 118 977	2 118 977	1 900 663	1 900 663
Loans and advances to customers	1 846 288	1 846 288	1 598 419	1 598 419
Financial assets designated at fair value through profit or loss	88 917	88 917	113 371	113 371
Amounts due from other banks	54 412	54 412	97 338	97 338
Investment securities	100 259	100 259	74 634	74 634
Financial assets held for trading	21 003	21 003	16 199	16 199
Other	8 098	8 098	702	702
Interest expenses, of which:	(974 328)	(974 328)	(508 234)	(508 234)
Amounts due to customers	(916 072)	(916 072)	(464 642)	(464 642)
Placements with other banks	(23 370)	(23 370)	(15 319)	(15 319)
Debt securities in issue	(31 391)	(31 391)	(25 545)	(25 545)
Other	(3 495)	(3 495)	(2 728)	(2 728)
Net interest income	1 144 649	1 144 649	1 392 429	1 392 429

NET FEE AND COMMISSION INCOME OF POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA

Note 2	1st quarter period from 01.01.2009 to 31.03.2009	1 quarter cumulatively period from 01.01.2009 to 31.03.2009	1st quarter period from 01.01.2008 to 31.03.2008	1 quarter cumulatively period from 01.01.2008 to 31.03.2008
Fee and commission income, of which:	660 178	660 178	679 313	679 313
Credit related fees and commissions	75 220	75 220	71 181	71 181
Maintenance of bank accounts	196 475	196 475	193 442	193 442
Payment cards	210 714	210 714	188 730	188 730
Investment and pension funds (including management fees)	21 297	21 297	52 537	52 537
Cash transactions	44 785	44 785	48 016	48 016
Loan insurance intermediary and other	111 687	111 687	125 407	125 407
Fee and commission expenses, of which:	(161 586)	(161 586)	(156 957)	(156 957)
Payment cards	(86 942)	(86 942)	(79 019)	(79 019)
Acquisition services	(34 157)	(34 157)	(24 641)	(24 641)
Loan insurance intermediary and other	(40 487)	(40 487)	(53 297)	(53 297)
Net fee and commission income	498 592	498 592	522 356	522 356

NET INCOME FROM FINANCIAL INSTRUMENTS AT FAIR VALUE OF POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA

Note 3	1st quarter period from 01.01.2009 to 31.03.2009	1 quarter cumulatively period from 01.01.2009 to 31.03.2009	1st quarter period from 01.01.2008 to 31.03.2008	1 quarter cumulatively period from 01.01.2008 to 31.03.2008
Financial assets held for trading	6 893	6 893	242	242
Derivatives	32 165	32 165	(69 048)	(69 048)
Other	755	755	37	37
Financial assets designated at fair value through profit or loss	6 795	6 795	(12 592)	(12 592)
TOTAL	46 608	46 608	(81 361)	(81 361)

**OTHER OPERATING INCOME AND EXPENSES OF
POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA**

Note 4	1st quarter period from 01.01.2009 to 31.03.2009	1 quarter cumulatively period from 01.01.2009 to 31.03.2009	1st quarter period from 01.01.2008 to 31.03.2008	1 quarter cumulatively period from 01.01.2008 to 31.03.2008
Other operating income, of which:	34 085	34 085	41 550	41 550
Sundry income	5 508	5 508	5 451	5 451
Sale of shares in subordinates	-	-	3 746	3 746
Sale, liquidation of tangible and intangible assets	529	529	2 580	2 580
Other	28 048	28 048	29 773	29 773
Other operating expenses, of which:	(26 961)	(26 961)	(14 131)	(14 131)
Sale, liquidation of tangible fixed assets, intangible assets and assets held for sale	(1 657)	(1 657)	(614)	(614)
Other	(25 304)	(25 304)	(13 517)	(13 517)
Total	7 124	7 124	27 419	27 419

**ADMINISTRATIVE EXPENSES OF
POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA**

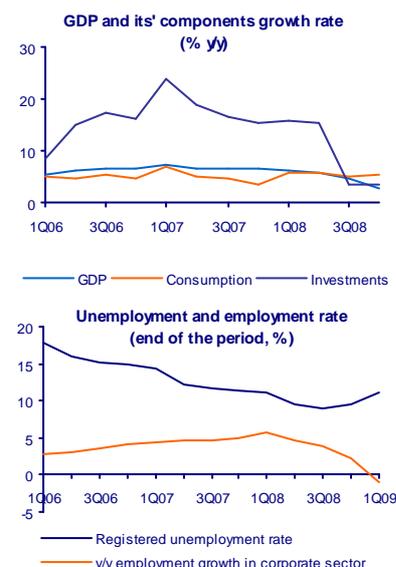
Note 5	1st quarter period from 01.01.2009 to 31.03.2009	1 quarter cumulatively period from 01.01.2009 to 31.03.2009	1st quarter period from 01.01.2008 to 31.03.2008	1 quarter cumulatively period from 01.01.2008 to 31.03.2008
Staff costs	(531 846)	(531 846)	(517 851)	(517 851)
Overhead expenses	(341 396)	(341 396)	(261 198)	(261 198)
Depreciation and amortisation	(98 904)	(98 904)	(88 158)	(88 158)
Other	(25 506)	(25 506)	(17 204)	(17 204)
Total	(997 652)	(997 652)	(884 411)	(884 411)

3. EXTERNAL ENVIRONMENT

Macroeconomic environment

In the 1st quarter of 2009:

- the economic slowdown, which began in the 2nd half of 2008, became much deeper. This was accompanied by a very steep drop in export sales and increased adverse effect of the global recession on domestic demand components (investments and private consumption); the monthly data published to date indicates a decrease in the GDP growth in the 1st quarter dropping towards 1% p.a. compared with 3% in the 4th quarter of 2008;
- the rate of household income growth decreased and the annual rate of growth of wages and salaries in the enterprise sector dropped to ca. 6% p.a.; registered unemployment continued to grow (to 11.2% at the end of March);
- inflation measured with the CPI increased to 3.6% y/y in March 2009 from 3.3% y/y in December 2008; the increase in the inflation index resulted mainly from the depreciation of the Polish zloty, regulated price increases and the growth in food prices;
- the Monetary Policy Council decreased interest rates by 125 bp. to 3.75% (in the case of the NBP reference rate).



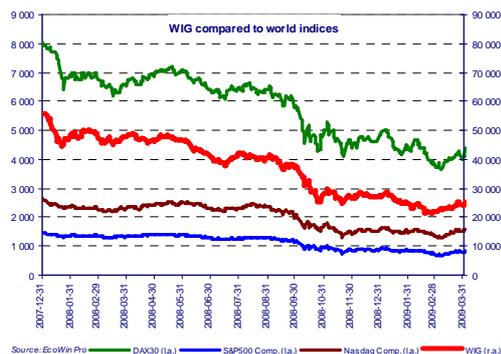
At the same time, the operations and results of the PKO BP SA Group in the 1st quarter of 2009 were affected by the macroeconomic factors prevailing in the Ukraine, where a subsidiary of PKO BP SA, Kredobank SA, operated. These factors include:

- rapid recession in the Ukrainian economy – according to initial estimations, the GDP decreased by more than 20% in the 1st quarter;
- reduction in the foreign trade deficit despite the slump in exports, resulting from a very big reduction in imports (to a certain extent the improvement of the foreign trade balance was due to reducing imports of gas at the beginning of the year);
- stabilization of the exchange rate of the Ukrainian hryvnia (the official NBU rate of UAH 7.70 against USD 1 and the market rate of ca. UAH 8.00 to USD 1); after a few months of rapid depreciation in the exchange rate, while the global and domestic economic situation remained unstable, the exchange rate was stabilized by means of significant limitation of trade on the currency market and the active intervention of the Central Bank;
- a further deterioration in the situation in the banking sector associated with the limited availability of foreign financing, which used to be an important growth factor, fast growth of credit risk (economic recession and currency depreciation), liquidity problems;
- increased risk of the IMF suspending the stabilization aid for Ukraine in mid-February (lack of consensus with the Ukrainian government on introducing stricter fiscal policies) and mitigation of such fears after receiving information that the IMF mission returned to the Ukraine at the end of March (the final decision about resuming aid was announced in April 2009);
- in view of the deterioration in the situation on global markets and domestic prospects, the Ukrainian credit risk increased dramatically in mid-February (CDS rates increased to ca. 5 000 bp.) to decrease subsequently at the end of the quarter (CDS below 3 000 bp.).

Situation on the stock exchange

The 1st quarter of 2009 was characterized by the stabilization of the situation on the Warsaw Stock Exchange, with a slight growth trend in the 2nd half of the period. At the end of the 1st quarter of 2009, the WIG index increased slightly and the WIG Banks index decreased compared with the 4th quarter of 2008. The WSE was affected by the trends prevailing on foreign stock markets, a slight appreciation of the Polish currency and uncertainty as to the future condition of the Polish economy.

Changes in the price indices of shares quoted on the WSE showed strong positive correlation with the share price changes on the stock exchanges in the USA and Western Europe, including the German DAX and the American S&P. The WIG drop was not as steep in the 1st quarter of 2009 as in the 4th quarter of 2008 and amounted to ca. (-)4% on a quarterly basis, compared with (-)25.5% in the 4th quarter of 2008. The WIG Banks index dropped more ((-)19% on a quarterly basis).

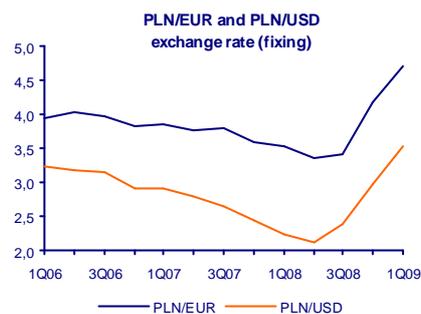


Capitalization of the companies listed on the WSE at the end of the 1st quarter of 2009 decreased by ca. 22% in relation to ca. 50% in the 4th quarter of 2008 to PLN 418 billion.

The situation on the WSE affected the banking market and the non-banking financial market. The banks' valuation and the proportion of shares in the savings of individuals decreased, whereas the proportion of bank deposits increased. The situation on the stock exchange had the strongest effect on investment funds, whose assets decreased by PLN 4.2 billion (5.7%) to PLN 69.5 billion in the 1st quarter of 2009, compared with the decrease of PLN 12.8 billion in the 4th quarter of 2008 (14.8% on a quarter to quarter basis). In the 1st quarter of 2009, the net balance of investments funds (payments minus redemption) decreased by PLN 2.1 billion in relation to PLN 9.8 billion in the preceding quarter.

Situation on the financial market

In the 1st quarter of 2009, in the situation of high volatility of prices, the profitability curve sloped more. The short end showed a decrease in profitability, which in the case of Treasury bills exceeded 50 bp., resulting mainly from NBP interest rate decreases. The long end of the profitability curve showed an increase in profitability, which in the case of 10-year bonds amounted to 80 bp. After a temporary improvement in the mood on the financial markets (which in Poland was supported by positive reports of rating agencies which maintained their credit ratings, resulting in a decrease in the profitability of Treasury securities until more or less mid January), the mood deteriorated again.



The short end of the profitability curve indicated a decreasing trend, which was accompanied by the unfavourable situation on the global financial market and significant scale of issue of bills on the primary market and a relatively low issue of bonds. In this period, the Ministry of Finance sold bills with a nominal value of more than PLN 20 billion, compared with less than PLN 3 billion a year earlier. The long end of the profitability curve was dominated by the investors' aversion to risk and outflow of capital from the Polish and other markets due to the fears about the economic situation in Poland and in other countries and its implications for the public finances, including the growing risk of amending the budget act, deterioration of the balance of the whole public finance sector, and solvency of the individual countries or groups of countries.

Moreover, due to limited trust in business partners and a lack of credit limits (on both the global and the Polish market) the terms of transactions on the interbank loan market were still limited to a few days. As a result of the NBP transactions aimed at ensuring the liquidity of the banking sector (repo transactions, early (22.01) repurchase of bonds amounting to PLN 8.2 billion from commercial banks), accompanied by a policy of limited supply of NBP bills, the short-term interest rates (up to 1 month) decreased below the reference NBP rate level.

In the 1st quarter of 2009, which was a period of high volatility, the exchange rate of the Polish zloty decreased strongly both against the euro (by more than 12% to PLN 4.70 / EUR 1) and against the American dollar (by almost 20% to PLN 3.54 / USD 1). Depreciation of the Polish zloty was a result of growing crisis on global financial markets and the deeper crisis on the emerging markets (in particular in Central and Eastern Europe, which are the most exposed to the adverse effects of the global crisis). The very significant deterioration in the situation on global financial markets in mid February resulted in the dramatic depreciation of the Polish zloty to more than PLN 4.90 / EUR 1. In the following weeks, the scale of PLN depreciation was reduced as a result of the actions taken and announced by the Ministry of Finance, such as exchanging funds obtained from the European Union on the currency market (i.e. selling euro and purchasing Polish zloties).

Situation in the Polish banking sector

The situation of the Polish banking sector deteriorated in the 1st quarter of 2009 due to the continued problems with the availability of financing on interbank markets and the deterioration of the macroeconomic situation. The banks' ability to increase lending activity was limited, since it was financed mainly with the clients' deposits. Inflow of funds from abroad was stopped and the increase in their nominal value was a result of the depreciation of Polish currency. The banks introduced much stricter lending policies. At the same time, the demand of enterprises and households for credit decreased due to their more pessimistic perception of their financial prospects.

Since the beginning of the current year, the total nominal value of the loan portfolio increased by ca. PLN 35 billion. The volume increase was mainly due to the changes in exchange rates, which resulted in an increase in the value of loans granted in foreign currencies after translating them to PLN. After eliminating the effects of foreign exchange rate changes, the increase in loans amounted to ca. PLN 9 billion.

Loans granted to households increased in nominal terms by ca. PLN 26 billion, and ca. 65% of this increase was the result of foreign exchange rate changes. The banks significantly reduced the sales of housing loans denominated in foreign currencies, and some of them also decreased the sales of loans in PLN. The par value of housing loans increased by PLN 20.4 billion (PLN 4 billion after eliminating the effects of foreign exchange rate changes). Quarterly sales of loans constituted ca. 60% of the amount generated in the 1st quarter of 2008.

Corporate lending activity slowed down. Since the beginning of the current year, the value of corporate loans increased by ca. PLN 10 billion in nominal terms, but in real terms (adjusted for changes in foreign exchange gains) the growth did not exceed PLN 1 billion.

The slowdown affected the deposit market as well. Total deposits increased by ca. PLN 21.4 billion in nominal terms (less than in the previous quarters) and by PLN 14.3 billion after eliminating the effect of changes in exchange rates. This constituted 60% of the increase recorded in the 1st quarter of 2008. Deposits of households increased in nominal terms by ca. PLN 23.5 billion (by PLN 14.6 billion after eliminating the foreign exchange effect). Individual consumers were encouraged to increase savings by high interest rates on deposits, which were maintained as a result of competition. On the other hand, deteriorating financial results of enterprises and increased utilization of own funds to satisfy their current financial needs contributed to a decrease in corporate deposits. The nominal value of corporate deposits decreased by ca. PLN 7 billion.

High interest rates on deposits, in particular in the retail sector, will generate high interest expenses of the banking sector. Limited lending activity of banks will result in their lower commission and interest income. Moreover, a deterioration in the quality of the loan portfolio and the cost of provisions/ write-downs will have an adverse effect on the financial results.

Regulatory factors

The following new regulatory solutions affected the financial and organizational situation of the PKO BP SA Group in the 1st quarter of 2009:

- Resolution No. 1/1/OK/2009 of the NBP Management Board on early redemption by NBP of 10-year bonds whose original maturity was set for the year 2010 (NBP Official Journal of 2009, No. 1, item 1). The Resolution set the bond redemption date for 22 January 2009;
- The Decree of the Minister of Finance on current and periodical information to be provided by issuers of securities (Journal of Laws of 2009, No. 33, item 259), amending the deadlines and terms of reporting by companies listed on the WSE from 15 March 2009;
- The act amending the Civil Code and the Foreign Exchange Law (Journal of Laws of 2008, No. 228), which entered into force on 24 January 2009 and allowed settlement of domestic transactions in foreign currencies, as a result of which the banks' income from foreign exchange operations will decrease;
- Amendment to the Act on financial support for families buying their own homes (Journal of Laws of 2008, No. 223, item 1465), which came into force on 2 January 2009. The Act extended the group of persons entitled to receive preferential housing loans and made it possible to increase the price limit per one sq. m up to which the subsidy is granted. The regulatory changes introduced, along with a drop in the market prices of flats and houses, stimulated demand for mortgage loans;
- Resolution No. 382/2008 of the Financial Supervision Authority (KNF), which introduced the obligation to apply concentration limits to interbank exposures from 1 January 2009;

- Resolution No. 386/2008 of the Financial Supervision Authority (KNF), which as of 1 January 2009 introduced changes in the procedures for determining liquidity standards binding for banks, including treating agreements concluded with subsidiaries as sources of liquidity;
- The recommendation S II dated 17 December 2008 imposing on banks new reporting obligations to clients, including the obligation to disclose currency spread details, and an obligation to allow clients to pay loan instalments in the indexation currency (in the case of loans indexed with a foreign exchange rate);
- The Financial Supervision Authority (KNF) recommendation concerning prudent approach to dividends and transferring the biggest possible part of the profit for 2008 to equity. The Banking Supervision Authority obliged the banks to increase capital earmarked for covering the risks associated with banking activities, indicating the need to build a capital buffer for further development of lending activity;
- The Act on supporting thermal modernization and building repairs (Journal of Laws of 2008, No. 223, item 1459), which as of 19 March 2009 allows using building society books giving the right to receive guarantee premium for covering the costs of building repairs.

The following regulatory changes in the Ukraine affected the Group's situation:

- Regulations of the National Bank of Ukraine on current monetary and credit risk management in the situation of the financial crisis, which defined, among other things, the procedures for refinancing commercial banks by the NBU in order to maintain their liquidity and the procedures for the NBU's financial intervention on the interbank market;
- Resolution No. 406 on changes in the rules and regulations for recording and utilizing provisions for possible losses on banks' lending operations, which changed the principles of creating special provisions as of 28 December 2008;
- Resolution No. 49 on certain issues relating to the banks' operations, which allows including unregistered share capital contributions in the regulatory capital as of 5 February 2009.

4. COMMENTARY ON THE CONDENSED FINANCIAL STATEMENTS

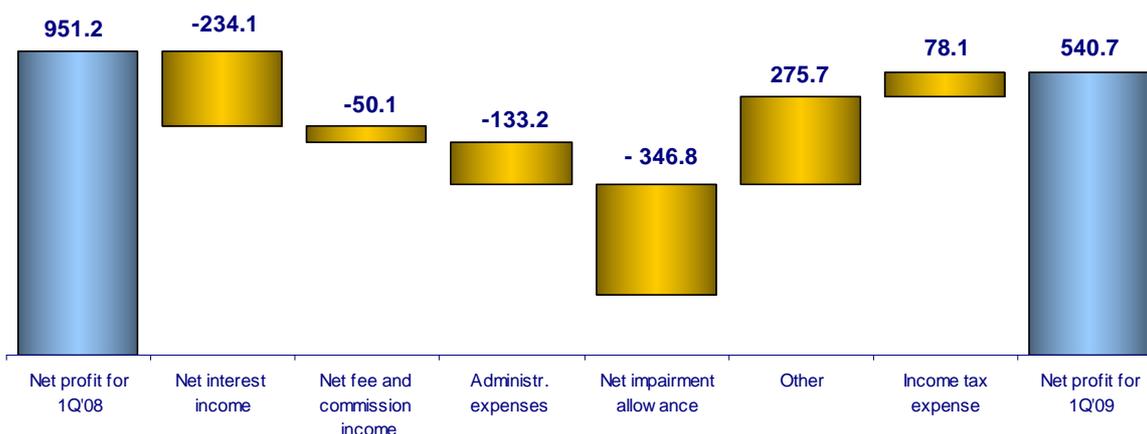
4.1. FINANCIAL RESULTS

4.1.1. The PKO BP SA Group

Financial results and profitability ratios

The consolidated net profit in the 1st quarter of 2009 amounted to PLN 540.7 million and was PLN 410.5 million lower than in the corresponding period of 2008.

Chart 1. Movements in income statement items of the PKO BP SA Group (in PLN million)



The costs to income ratio (C/I), after the 1st quarter of 2009, amounted to 50.4% and was 6.56 pp. lower than in the corresponding period of 2008. Return on assets and return on equity ratios are presented in the table below.

Table 1. The main financial indicators of the PKO BP SA Group

Ratios			
Items	As at 31.03.2009	As at 31.03.2008	Change
ROA gross (gross profit / average total assets)	2.8%	3.6%	-0.88 pp.
ROA net (net profit / average total assets)	2.1%	2.9%	-0.8 pp.
ROE gross (gross profit / average total equity)	25.4%	33.0%	-7.64 pp.
ROE net (net profit / average total equity)	19.7%	26.7%	-7.01 pp.
C/I (costs to income ratio)	50.4%	43.9%	6.56 pp.

In the 1st quarter of 2009 the total of consolidated income items amounted to PLN 2 144.8 million and was PLN 16.9 million (i.e. 0.8%) lower than in the 1st quarter of 2008. The decrease in income was mostly caused by a decrease in net interest income and net fee and commission income (of PLN 234.1 million and PLN 50.1 million respectively), offset by an increase of PLN 147.4 million (y/y) in the foreign exchange result and of PLN 128.8 million (y/y) in net income from financial activities.

The main consolidated income statement items are as follows:

Table 2. Movements in income statement items of the PKO BP SA Group (in PLN million)

Income statement items	1st quarter period from 1.01.2009 to 31.03.2009	Change (I Q 09/ I Q 08)	Comment
Net interest income	1 193.1	-16.4% 	(-) 16.4% (y/y) mainly as a result of the decrease in deposit margins (due to a decrease of market interest rates and the introduction of a complex deposit offer for PKO BP SA clients), offset by the increase in interest income from loans and advances to customers of 18.2% y/y (an increase in loan portfolio volume of 31.3% y/y).
Net fee and commission income	549.9	-8.4% 	(-) 8.4 % (y/y) mainly as a result of a decrease in fee and commission income related to investment fund management (by 46.9% y/y), offset by increase in commission income from loans and advances to customers (23.2% y/y) and payment cards (8.8 y/y).
Other income	401.8	3x 	A 3 fold (y/y) increase as a result of: 1) an increase in the foreign exchange result (of 90.5% y/y) - the effect of higher spreads between PLN interest rates and foreign interests rates, 2) an increase in net income from financial activities of PLN 128.8 million (effect of ALPL portfolio growth), 3) an increase in net other operating income and expenses realized by the PKO Inwestycje Group and the Inteligo Group.
Administrative expenses	-1 081.5	14.1% 	An increase of 14.1% (y/y) and C/I ratio of 50.4% (+6.56 pp. y/y) as a result of: 1) increase in overhead expenses of 35.2% (y/y), i.a. as a result of increase in IT related expenses and promotion and advertising expenses, 2) an increase in staff costs by 3.3% (y/y) - offset by a reduction in employment of 1 840 full time equivalents (y/y) at the Group.
Net impairment allowance	-373.6	14x 	A 14 fold increase (y/y) as a result of increase in impairment charges for corporate and consumer loans as well as a comparatively lower balance in the 1 st quarter of 2008 (one-off events in the 1 st quarter of 2008).

Balance sheet and off-balance sheet items

Table 3. Movements in the balance sheet items of the PKO BP SA Group (in PLN thousand)

BALANCE SHEET OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP			
Items	As at 31.03.2009	Change 31.03.2009/ 31.12.2008	Comment
Cash and balances with the Central Bank	4 076 826	-30.2%	Increase in assets of PLN 4.8 billion (+ 3.5% IQ2009/2008), comprising mainly of the increase in loans and advances to customers of PLN 5.4 billion (+ 5.4% IQ2009/2008) and in financial assets of PLN 0.5 billion (+ 3.3% IQ2009/2008), offset by a decrease in cash and balances with the Central Bank of PLN 1.8 billion (- 30.2% IQ2009/2008).
Amounts due from banks	4 105 156	22.0%	
Loans and advances to customers	106 540 209	5.4%	
Financial assets	15 146 230	3.3%	
Other assets	9 520 032	-1.5%	
Total assets	139 388 453	3.5%	
Amount due to banks	6 110 563	-12.6%	Increase in assets was financed by the increase in amounts due to customers by PLN 7.4 billion (+ 7.2% IQ2009/2008) and increase in equity by 3.9% IQ2009/2008.
Amounts due to customers	110 372 157	7.2%	
Debt securities in issue and subordinated liabilities	1 862 827	1.8%	
Other liabilities	6 504 305	-26.7%	
Total liabilities	124 849 852	3.5%	
Total equity	14 538 601	3.9%	
Total liabilities and equity	139 388 453	3.5%	
Loans/Deposits (Amounts due to customers)	96.5%	-1.7 pp.	(-) 1.7 pp. resulting from the increase in loans by 5.4% (IQ2009/2008) and increase in deposits by 7.2% (IQ2009/2008).
Interest bearing assets/Assets	90.2%	1.8 pp.	Ratio remained at a stable level.
Interest paying liabilities/Liabilities	84.9%	1.9 pp.	Ratio remained at a stable level.

As at 31 March 2009, the total of off-balance sheet items of the PKO BP SA Group amounted to PLN 468.8 billion and increased by 0.9%, compared to 31 December 2008. The main share in that balance related to liabilities resulting from sale/purchase transactions, which equaled PLN 427.0 billion.

4.1.2. PKO BP SA

Financial result and profitability ratios

The net profit recorded by PKO BP SA in the 1st quarter of 2009 amounted to PLN 580.7 million and was PLN 323.9 million lower than in the corresponding period of 2008.

Chart 2. Movements in income statement items of PKO BP SA (in PLN million)

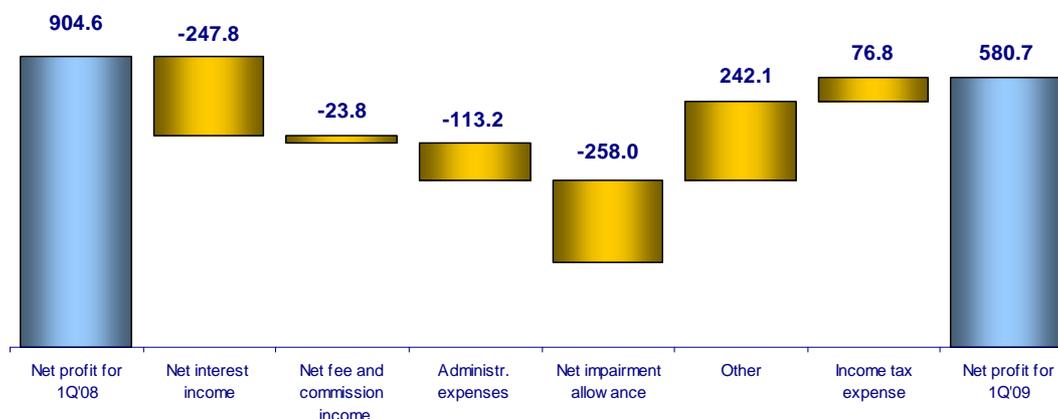


Table 4. The main financial indicators of PKO BP SA

Ratios			
Items	As at 31.03.2009	As at 31.03.2008	Change
ROA gross (gross profit / average total assets)	2.7%	3.5%	-0.8 pp.
ROA net (net profit / average total assets)	2.1%	2.9%	-0.79 pp.
ROE gross (gross profit / average total equity)	24.7%	31.4%	-6.72 pp.
ROE net (net profit / average total equity)	19.1%	25.9%	-6.72 pp.
C/I (costs to income ratio)	50.1%	43.8%	6.34 pp.

Table 5. Movements in income statement items of PKO BP SA

Income statement items	1st quarter period from 1.01.2009 to 31.03.2009	Change (I Q 09/ I Q 08)	Comment
Net interest income	1 144.6	-17.8% ↓	(-) 17.8% (y/y) mainly as a result of the decrease in deposit margins (due to a decrease of market interest rates and the introduction of a complex deposit offer for PKO BP SA clients), offset by the increase in interest income from loans and advances to customers of 15.5% y/y (an increase in loan portfolio volume of 31.7% y/y).
Net fee and commission income	498.6	-4.5% ↓	(-) 4.5% (y/y) mainly as a result of a decrease in fee and commission income related to investment fund management (by 59.5% y/y), offset by increase in commission income from loans and advances to customers (5.7% y/y) and payment cards (11.6 y/y).
Other income	347.2	3.3x ↑	A 3.3 fold (y/y) increase as a result of: 1) an increase in the foreign exchange result (of 81.6% y/y) - the effect of higher spreads between PLN interest rates and foreign interests rates, 2) an increase in net income from financial activities of PLN 131.2 million (effect of ALPL portfolio growth).
Administrative expenses	-997.7	12.8% ↓	An increase of 12.8% (y/y) as a result of: 1) increase in overhead expenses of 31.8% (y/y), i.a. as a result of increase in IT related expenses and promotion and advertising expenses, 2) an increase in staff costs by 2.7% (y/y), offset by a reduction in employment of 1 473 full time equivalents (y/y).
Net impairment allowance	-276.5	14.9x ↓	A 14.9 fold increase (y/y) as a result of increase in impairment charges for corporate and consumer loans as well as a comparatively lower balance in the 1 st quarter of 2008 (one-off events in the 1 st quarter of 2008).

4.2. BUSINESS DEVELOPMENT²

4.2.1. PKO BP SA Group's operations by segment

The basic segmentation pattern of the PKO BP SA Group is based on the criterion of groups of clients – recipients of products and services offered by the parent company and the individual PKO BP SA Group companies. Each operating segment comprises the provision of products and services characterized by similar risks and proceeds, other than those offered by other operating segments. The segmentation report presented below is consistent with the internal reporting system, i.e. the manner of presenting information to the PKO BP SA Management Board in order to evaluate the results and allocation of resources.

The segmentation report presented below reflects the internal organizational structure of the PKO BP SA Group, is coherent with the approach to business management applied by the PKO BP SA Group authorities and consistent with the internal management reporting system. At present, the PKO BP SA Group consists of three basic segments: retail, corporate and investment:

1. The retail segment which includes transactions of the parent entity with retail clients, small and medium-sized enterprises, housing market clients and operations of the following subsidiaries: KREDOBANK SA, the Powszechne Towarzystwo Emerytalne BANKOWY SA Group, PKO Towarzystwo Funduszy Inwestycyjnych SA, Inteligo Financial Services SA Group, Centrum Elektronicznych Usług Płatniczych eService SA and PKO Inwestycje Sp. z.o.o. Group,

This segment includes amongst others the following products and services: current accounts, savings accounts, fixed-term deposit accounts, private-banking services, investment products, credit and debit cards, consumer and mortgage loans as well as loans for small and medium-sized enterprises and housing market clients.

2. The corporate segment which includes transactions of the parent entity with large corporate clients and operations of the Bankowy Fundusz Leasingowy SA Group.

This segment includes amongst others the following products and services: current, saving and fixed-term deposit accounts, safekeeping of securities, currency and derivative products, sell-buy-back and buy-sell-back transactions, loans and leasing. This segment also includes financing large investment projects, either by the Group or in a consortium with other Banks.

3. The investment segment which comprises investing and brokerage activities, inter-bank transactions, derivative instruments and debt securities transactions, BTK SA and PKO Finance AB activities as well as the results of the 'transfer center'³ where the results of internal fund transfers are deposited.

The remaining segment comprises positions unassigned to any of the above mentioned segments.

The PKO BP SA Group typically settles inter-segment transactions as if they were concluded between unrelated parties, using internal settlement rates. Transactions between business segments are carried out on an arm's length basis.

The internal transfer of funds between the PKO BP SA segments is based on transfer rates based on market rates. Due to the method of calculation of the management net interest income/ expenses of the segments, which is based on the one hand on deducting transfer costs from interest income on loans, and on the other - on increasing deposits by transfer income, the result of these settlements, being the difference between the transfer costs and income, is accumulated in the presented distribution of the management net interest income/ expenses in the transfer centre. Transfer rates are determined for all organizational units of the parent company in accordance with the same principles and the differences between them result exclusively from the currency and ageing structure of assets and liabilities.

The accounting policies applied in the segmentation report are consistent with the accounting policies described in chapter 5.1 of this report, with the following exceptions:

1. The shadow accounting principle, i.e. recognizing the management result of a single operation in several segments at the same time. This principle is applied e.g. to the following products offered to retail and corporate clients: treasury products (including foreign exchange transactions), transaction banking products, structural financing products, fiduciary products.

² In this document, any differences in totals, percentages and ratios of changes are due to rounding of amounts to full million and rounding of percentages to one decimal place.

³ Moreover, the ALCO result includes the actually realised interest income from the obligatory reserve and the transfer cost for FX-swap and CIRS transactions (presented under 'Foreign exchange result').

2. The principle of presenting net fee and commission income on a cash basis (excluding the net fee and commission income on overdrafts determined on an accrual basis).
3. The net result of financial operations also includes the revaluation reserve and the cost of financing.

The management results are reconciled to the amounts disclosed in the financial statements using balancing items, i.e. "Adjustments to the result", which also comprise consolidation adjustments and mutual transactions.

The presented assets and liabilities of a segment are operating assets and liabilities, which are used by the segment in its operating activities. The values of assets and liabilities and income and costs of the individual segments are based on internal management information. The individual segments have been assigned assets and liabilities and the income and expenses associated with these assets and liabilities.

The following tables present data on income and results of the individual business segments of the PKO BP SA Group for the three-month periods ended 31 March 2009 and 31 March 2008, and selected assets and liabilities as at 31 March 2009 and 31 December 2008.

Table 6. Business segments of the PKO BP SA Group (in PLN thousand)

Continued activities							
31.03.2009	Retail segment	Corporate segment	Investment segment		Remaining segment	Net result adjustments	All activities of the PKO BP SA Group
			Own operations	Transfer center			
Net interest income	1 213 495	128 654	36 688	(274 995)	(5 306)	94 609	1 193 145
Net fee and commission income	542 671	54 193	19 823	-	11 968	(78 765)	549 890
Other net income	108 371	37 510	124 238	186 846	27 495	(82 672)	401 788
Result from financial operations	(3 308)	15 059	29 159	(124)	(2 212)	7 040	45 614
Foreign exchange result	51 810	26 849	92 974	186 970	18 814	(67 217)	310 200
Dividend income	-	-	53	-	-	-	53
Net other operating income	53 369	2 102	2 052	-	10 893	(22 495)	45 921
Income/expenses related to internal clients*	6 500	(6 500)	-	-	-	-	-
Net impairment allowance	(269 660)	(73 255)	1 680	-	(27 374)	(5 013)	(373 622)
Administrative expenses, of which:	(991 951)	(55 194)	(23 578)	-	(30 090)	19 312	(1 081 501)
Depreciation and amortisation	(101 025)	(7 285)	(1 421)	-	(5 284)	-	(115 016)
Share of profit (loss) of associates	-	-	-	-	-	-	5 459
Segment gross profit	602 926	91 908	158 851	(88 149)	(23 307)	(6 020)	695 159
Income tax expense							(152 164)
Minority interest							2 310
Net profit	602 926	91 908	158 851	(88 149)	(23 307)		540 685

* all income items of the Bank, including net interest income, net fee and commission income, result from financial operations and foreign exchange result comprise income related to external clients.

Continued activities							
31.03.2009	Retail segment	Corporate segment	Investment segment		Remaining segment	Net result adjustments	All activities of the PKO BP SA Group
			Own operations	Transfer center			
Assets	79 162 282	27 801 337	19 055 761	-	6 626 862	6 742 211	139 388 453
Liabilities	91 705 486	20 866 832	15 185 878	-	923 150	(3 831 494)	124 849 852

Table 7. Business segments of the PKO BP SA Group (in PLN thousand)

Continued activities							
31.03.2008	Retail segment	Corporate segment	Investment segment		Remaining segment	Net result adjustments	All activities of the PKO BP SA Group
			Own operations	Transfer center			
Net interest income	1 133 351	64 208	8 286	134 469	(3 942)	90 883	1 427 255
Net fee and commission income	646 602	44 394	24 576	-	(17 967)	(97 585)	600 020
Other net income	140 554	20 891	(11 668)	78 948	27 871	(122 125)	134 471
Result from financial operations	8 308	5 819	(93 950)	-	(7 979)	4 651	(83 151)
Foreign exchange result	59 323	15 273	81 794	78 948	1 288	(73 817)	162 809
Dividend income	-	-	11	-	-	-	11
Net other operating income	66 423	6 299	477	-	34 562	(52 959)	54 802
Income/expenses related to internal clients*	6 500	(6 500)	-	-	-	-	-
Net impairment allowance	(80 237)	5 613	47 717	-	6 122	(5 990)	(26 775)
Administrative expenses, of which:	(887 997)	(63 149)	(22 372)	-	(23 082)	48 336	(948 264)
Depreciation and amortisation	(86 938)	(7 892)	(1 900)	-	(5 910)	-	(102 640)
Share of profit (loss) of associates	-	-	-	-	-	-	3 331
Segment gross profit	952 272	71 957	46 539	213 417	(10 998)		1 190 038
Income tax expense							(230 284)
Minority interest							(8 592)
Net profit	952 272	71 957	46 539	213 417	(10 998)		951 162

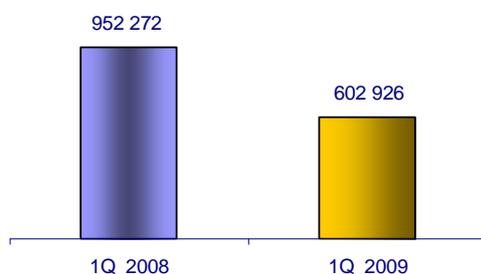
* all income items of the Bank, including net interest income, net fee and commission income, result from financial operations and foreign exchange result comprise income related to external clients.

Continued activities							
31.12.2008	Retail segment	Corporate segment	Investment segment		Remaining segment	Net result adjustments	All activities of the PKO BP SA Group
			Own operations	Transfer center			
Assets	75 595 159	29 407 370	14 103 598	-	5 407 469	10 122 390	134 635 986
Liabilities	85 158 391	19 494 144	27 903 516	-	763 197	(12 681 278)	120 637 970

4.2.2. Retail segment⁴

The net profit of the retail segment amounted to PLN 602.9 million and decreased by 36.7% (y/y). The decrease of the segment's financial results was mainly caused by a decrease of the net impairment allowances offset by an increase in net interest income resulting from an increase in the gross⁵ volume of the loan portfolio by 29.0% (y/y).

Retail segment results



4.2.2.1. PKO BP SA's activities in the retail segment

As at 31 March 2009, the total value of deposits of the retail segment of PKO BP SA amounted to PLN 89.8 billion. Since the beginning of the year, the volume has increased by PLN 5.9 billion (i.e. 7.0%) as a result of an increase in retail and private banking deposit volumes (9.5% since the beginning of the year).

Table 8. Deposits of PKO BP SA (in PLN million)

Items	As at 31.03.2009	As at 31.12.2008	As at 31.03.2008	Change since:	
				31.12.2008	31.03.2008
Client deposits, of which:					
- retail and private banking	71 995	65 749	58 079	9.5%	24.0%
- small and medium entities	7 695	8 239	6 548	-6.6%	17.5%
- housing market	10 147	9 966	10 190	1.8%	-0.4%
Total deposits	89 837	83 954	74 817	7.0%	20.1%

Source: Bank's Management information

As at 31 March 2009, the gross value of loans and advances to the retail segment of PKO BP SA was PLN 80.2 billion which constituted an increase of PLN 4.2 billion (i.e. 5.5%) since the beginning of the year. This increase was caused by the growth of the mortgage portfolio (7.1% since the beginning of the year).

Table 9. Gross loans and advances* of PKO BP SA (in PLN million)

Items	As at 31.03.2009	As at 31.12.2008	As at 31.03.2008	Change since:	
				31.12.2008	31.03.2008
Gross loans and advances, of which:					
- retail and private banking	19 058	18 820	17 135	1.3%	11.2%
- small and medium entities	10 495	9 762	7 758	7.5%	35.3%
- mortgage banking	44 340	41 396	32 560	7.1%	36.2%
- housing market (including refinanced by the state budget)	6 298	6 053	4 706	4.0%	33.8%
Total	80 191	76 032	62 159	5.5%	29.0%

Source: Bank's Management information.
* without interest due and interest not due

Table 10. Accounts and banking cards of PKO BP SA (in thousands of units)

Items	As at 31.03.2009	As at 31.12.2008	As at 31.03.2008	Change since:	
				31.12.2008	31.03.2008
Total number of accounts, of which:	6 341	6 366	6 240	- 25	101
- Inteligo current accounts	696	692	671	3	24
Total number of banking cards, of which:	7 453	7 493	7 325	- 40	128
- Credit cards	1 035	1 046	1 005	- 11	30

⁴ In this section, information on loans/deposits is presented in accordance with the clients' primary allocation to the segments that differs from the classification presented in section 4.2.1 (on the basis of managerial classification of products by particular segments).

⁵ According to Bank's Management information.

PKO BP SA continued the process of restructuring its network of own branches. The process comprised network optimization and the new network management model implemented in 2008, which involved a change in the branch typology. Independent and subordinated branches were replaced with three types of branches (branches A, B and C), the type of branch being dependent on, inter alia, the number of employees and the micro-market growth potential.

The network of the Bank's own ATMs has been extended by adding 26 new ATMs since the beginning of the year (the total number now being 2 339), which allowed a further reduction in the costs of cash operations and increasing the availability of services for the clients.

Table 11. Branches and ATMs of PKO BP SA

Items	As at 31.03.2009	As at 31.12.2008	As at 31.03.2008	Change since:	
				31.12.2008	31.03.2008
Total number of branches	1 237	1 228	1 228	9	9
- in the retail segment:	1 169	1 160	1 149	9	20
Regional Retail Branches	12	12	12	-	-
Independent branches ('A' and 'B') *	475	496	574	- 21	- 99
Subordinated branches ('C') *	682	652	563	30	119
Number of ATM's	2 339	2 313	2 214	26	125
Number of agencies	2 201	2 196	2 165	5	36

* an increase/decrease results from change in the branch typology and network management model

The activities of PKO BP SA addressed to retail segment clients were focused on increasing the attractiveness of the product offer and modernizing it, improving service quality and increasing the sales effectiveness.

In the 1st quarter of 2009, in the retail segment PKO BP SA continued the activities which were required by the changing external conditions. The Bank limited the sales of mortgage loans denominated in foreign currencies and increased the sales of housing loans in PLN, and introduced new, attractive deposit products, which are presented in the table below.

Table 12. New products of the PKO BP SA in the retail segment in the 1st quarter of 2009

Product	Product's characteristics
Savings Account	Since the 9th of February 2009, the Bank changed the interest rate of savings accounts: for deposits up to PLN 999.99 from 2% to 5% and for deposits greater than PLN 50 000 from 6% to 5.5%. On the 7th of April 2009 interest rates for savings accounts were changed again: for deposits up to PLN 50 000 to 4.5% and for deposits greater than PLN 50 000 to 5.05%.
'Ekstra Lokata' term deposit	Since the 9th of February 2009, the Bank offers a new product: a 6 or 12-month fixed interest rate deposit. The interest rate correlates to the term of the deposit and amounted to 5.50% per annum for the 6-month term deposit and 5.00% for the 12-month term deposit as at the date the offer was introduced. Since the 7th of April 2009 the interest rates amounted to 4.90% per annum for the 6-month term deposit and 4.80% per annum for the 12-month term deposit. The minimum required deposit amounted to PLN 1 000.
Term deposits	During the period from the 26th of February 2009 to the 31st of March 2009, the Bank was offering clients that signed a contract during the period from the 28th of January 2008 to the 24th of February 2008 for a 12-month subscribed deposit ('Max Lokata' deposit) – a 6-month term deposit with a fixed interest rate of 5.50% per annum and a 12-month term deposit with a fixed interest rate of 5.25% per annum. The minimum required deposit amounted to PLN 1 000 in both cases, while the maximum deposit had to equal the sum accumulated on the annual subscribed deposit ('Max Lokata' deposit).
Negotiated term deposits	Since the 10th of February 2009, the Bank increased the interest rate of negotiated term deposits for retail clients and private banking customers by 0.28 pp. Since the 16th of March 2009 the interest rate was increased again by 0.06 pp at certain dates and the interest rate of negotiated term deposits was adjusted to the interest rate of term deposits.
Building society book	Since the 19th of January 2009, the Bank introduced a new deposit product aimed at the mortgage market i.e. a building society book. An attractive interest rate that is tied to the size of the deposit and the term of the deposit (12M, 24M or 36M) is the defining characteristic of this type of account. The product was constructed with the aim of providing clients with an incentive to keep depositing funds in their building society account. The minimum amount that can be deposited in the account is PLN 200. Additionally, the owner of the account can benefit from preferential terms (relating to the fees and commissions charged by the Bank) when applying for a mortgage at PKO BP SA as long as the client deposits the required minimum sum for a period of at least 12 months from the date of opening the account irrespectively from the duration of the account.
Quick credit limit	Since the 2nd of March 2009 the target audience of the Quick Credit Limit product was widened to include individual farmers who conduct individual agricultural activity or are active in special agriculture areas.

Furthermore:

1. Since 16 February 2009 it has been possible to grant loans as part of the Council of Europe Development Bank (CEB) credit line based on the loan agreement concluded in July 2008 between CEB and PKO BP SA for the amount of EUR 100 000 000, aimed at co-financing the expenditure of small and medium enterprises from the private sector on "creating and maintaining economically feasible jobs in small and medium enterprises".
2. A promotional campaign was conducted for a preferential loan with interest subsidised by BGK. The campaign was conducted in the press and the Internet. The campaign resulted in an increase in the sales of such loans in the 1st quarter of 2009 (of PLN 221 million) and a growth of sales compared with the corresponding period of the previous year of 390% y/y.
3. As part of the iPKO operations:
 - The function allowing remote selling and servicing of cash loans was made available to the clients. Using this function, a client can apply for a cash loan using electronic access channels, obtain a credit rating, sign the loan agreement and receive the loan without the need to contact a PKO BP SA branch or agency. Through remote service channels the Bank can reach the clients who prefer using iPKO telephone and Internet services and reduce visits to the Bank branches to a necessary minimum;
 - Business account holders can now handle their PKO EuroBiznes credit cards using the Internet iPKO service;
 - Non-residents obtained the possibility of opening and terminating term deposits;
 - The iPKO functionality was developed in the areas of: executing standing orders on foreign currency accounts, executing standing orders on the "Fortuna" deposit account, defining recipients of payments at the Tax Office.
4. As of 1 April 2009, the principles of cooperation between PKO BP SA and NatWest Bank Plc ("NatWest"), a member of the British Royal Bank of Scotland ("RBS") Group were changed. Previously, the cooperation was regulated by the agreement on exclusive cooperation and marketing, concluded on 17 July 2007 (with subsequent amendments) and comprised free transfers between the NatWest Welcome accounts and the retail accounts with PKO BP SA, as well as the possibility of submitting applications for opening NatWest Welcome accounts at the PKO BP SA branches in all parts of Poland and at the PKO BP SA branch in the UK. Since 1 April 2009, PKO BP SA no longer offers the possibility of submitting applications for opening NatWest Welcome accounts at the Bank's branches. This change is due to the liquidation of the NatWest Welcome package by the British partner and discontinuing the active recruitment of clients in Poland. This decision of NatWest is a direct result of the cost cutting policy carried out by the RBS Group.

4.2.2.2. Activities of the PKO BP SA Group entities in the retail segment

Table 13. Activities and achievements of the PKO BP SA Group's entities in the retail segment in the 1st quarter of 2009

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 1ST QUARTER OF 2009
PKO Towarzystwo Funduszy Inwestycyjnych SA	<ol style="list-style-type: none"> The value of the funds' assets managed by PKO TFI SA amounted to PLN 7.5 billion as at 31 March 2009, which is a decrease of 9.0% in comparison to the end of 2008. The decrease in value of the funds' assets is a result of the decrease in the value of the investment funds participation units (in the stock market). In terms of the value of net assets, PKO TFI SA has the second highest market share (10.68%)* in the investment funds market. Since the 23rd of February 2009, Finanse – Agent Transferowy Sp. z o.o., a subsidiary of Inteligo Financial Services SA, is the agent serving investment funds managed by PKO TFI SA. <p>* Source: Analyses on-line (Analyze on-line), Chamber of Fund and Asset Management</p>
KREDOBANK SA	<ol style="list-style-type: none"> Total assets of KREDOBANK SA increased by PLN 432 million, i.e. 20.13% in the 1st quarter of 2009 and amounted to PLN 2 578.1 million (UAH 5 985.8 million) as at 31 March 2009. The Company's gross loan portfolio increased by PLN 277.3 million i.e. 14.1% in the 1st quarter of 2009 and amounted to PLN 2 246.4 million (UAH 5 215.7 million) as at the end of the 1st quarter of 2009. Clients' term deposits decreased by PLN 21 million, i.e. 2.1% in the 1st quarter of 2009 and amounted to PLN 981.3 million (UAH 2 278.4 million) as at 31 March 2009. As at 31 March 2009, the network of KREDOBANK SA branches consisted of 26 branches and 146 subordinated branches in 22 out of 24 Ukrainian districts and in the Autonomous Republic of the Crimea. 1 branch and 3 subordinated branches were closed during the 1st quarter of 2009. <p><i>The financial information of KREDOBANK SA as at 31 March 2009 was recalculated according to the average NBP exchange rate prevailing as at 31 March 2009 (UAH 1 = PLN 0.4307).</i></p>
Powszechne Towarzystwo Emerytalne BANKOWY SA	<ol style="list-style-type: none"> As at 31 March 2009, the net assets of Bankowy OFE (under PTE BANKOWY management) amounted to PLN 3 984 million, which is a decrease of PLN 46 million in comparison to the end of 2008. The decrease in value of Bankowy OFE's net assets is a result of the decrease in share price of companies listed at the Warsaw Stock Exchange and the outflow of net assets during the February transfer session. At the end of the 1st quarter of 2009, Bankowy OFE possessed the 9th largest net assets amongst pension funds and the 10th largest number of active member accounts*. <p>* Source: www.knf.gov.pl</p>
Inteligo Financial Services SA	<ol style="list-style-type: none"> At the end of the 1st quarter of 2009, the Company provided electronic banking services to 2.8 million of PKO BP SA's customers using iPKO services, which is 183 thousand customers more than at the end of 2008. The Company provided services to over 612 thousand Inteligo account clients. The number of customers with Inteligo accounts increased by 2 thousand in the 1st quarter of 2009. At the end of the 1st quarter of 2009, Inteligo customers' deposits amounted to PLN 2.3 billion and increased by PLN 31 million in comparison to the end of 2008.
Centrum Elektronicznych Usług Płatniczych eService SA	<ol style="list-style-type: none"> Transactions with a total value of PLN 4.9 billion were performed by means of eService SA terminals during the 1st quarter of 2009 (PLN 4.2 billion in the corresponding period of 2008). In the 4th quarter of 2008, the transactions performed amounted to PLN 5.6 billion as a result of the increased turnover in the Christmas period. In terms of the value of card transactions, the Company's estimated market share as at the end of the 1st quarter of 2009 amounted to approximately 28.5%. The number of terminals as at the end of the 1st quarter of 2009 amounted to 51 655 units, which is a decrease of 1.5% compared to the end of 2008 as a result of breach of a low rentable contract with one of the supermarket networks. In terms of the number of installed terminals, the Company's estimated market share amounted to 29% as at the end of the 1st quarter of 2009.
PKO Inwestycje Sp. z o.o.	<ol style="list-style-type: none"> In the 1st quarter of 2009, PKO Inwestycje Sp. z o.o. was engaged in the following investments via project companies: <ul style="list-style-type: none"> - the "Marina Mokotów" project via Fort Mokotów Sp. z o.o., - the "Nowy Wilanów" project via Wilanów Investments Sp. z o.o., - the "Neptun Park" project in Gdańsk Jelitkowo via POMERANKA Sp. z o.o., - the "Kuzmińska" project in Kiev via UKRPOLINWESTYCJE Sp. z o.o., - the "Osiedle Sarnia Dolina" project in Janków next to Gdańsk via Baltic Dom 2 Sp. z o.o., - the "Osiedle Wisłok" project in Rzeszów via WISŁOK Inwestycje Sp. z o.o., - the "Osiedle Rezydencja Flotyła" project in Międzyzdroje via PKO Inwestycje-Międzyzdroje Sp. z o.o. On the 31st of March 2009, PKO Inwestycje Sp. z o.o. received a dividend from Fort Mokotów Sp. z o.o. amounting to PLN 5.1 million.

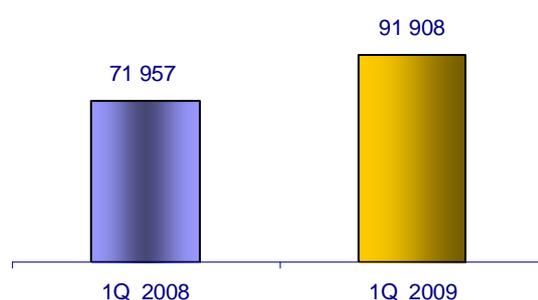
4.2.3. Corporate segment

In the 1st quarter of 2009, PKO BP SA focused on improving its market position by building the institution's value. Corporate banking at PKO BP SA serves corporate clients with turnover exceeding PLN 5 million a year and local and central administration units (state budget entities).

The 1st quarter of 2009 was a period of development of the PKO BP SA corporate banking segment. The loan portfolio increased by more than 5.2% compared with the end of 2008. At the same time, the deposit portfolio increased by 9.5%. The development of corporate banking was a result of the growing scale of the Bank's cooperation with its existing clients (cross-selling) and obtaining new clients. In the 1st quarter of 2009, the increase in the number of new corporate clients was 11% greater than in the corresponding period of 2008 and 10% greater than the quarterly average for 2008.

The result of the corporate segment increased by 27.7% y/y; the net interest income of the segment increased by 100.4% and the gross corporate loan portfolio⁶ increased by 39.2% y/y.

Corporate segment results



4.2.3.1. Activities of the PKO BP SA in the corporate segment

Table 14. Gross loans and advances* and deposits of PKO BP SA (in PLN million)

Items	As at 31.03.2009	As at 31.12.2008	As at 31.03.2008	Change since:	
				31.12.2008	31.03.2008
Gross corporate loans	26 563	25 251	19 080	5.2%	39.2%
Corporate deposits	18 653	17 036	13 648	9.5%	36.7%

Source: Bank's Management information.

* loans without interest due and interest not due

Table 15. Branches of PKO BP SA

Items	As at 31.03.2009	As at 31.12.2008	As at 31.03.2008	Change since:	
				31.12.2008	31.03.2008
Total number of branches	1 237	1 228	1 228	9	9
- in the corporate segment:	68	68	79	-	11
Regional Corporate Branches	13	13	13	-	-
Corporate Centers	55	55	66	-	11

Due to the stability of PKO BP SA, its reputation on the market and the fact that the Bank does not rely on external financing, as assessed by the Management Board of the Bank, PKO BP SA is perceived as one of the safest institutions in the Polish banking sector. PKO BP SA adjusted its credit and transaction offer to the current situation of its clients and the changes on the market in a flexible manner. The Bank took steps to increase monitoring and establish closer relationships with its clients. The Bank evaluated the prospects of higher risk sectors. However, unlike a number of other banks, PKO BP SA did not limit financing for new clients. Client and product review programmes were continued, as a result of which loan margins were linked to the incremental cost of financing of lending activity and the risk profile.

⁶ On the basis of the Bank's management information.

Table 16. Activities and achievements of PKO BP SA in the corporate segment in the 1st quarter of 2009

Scope of activity	Activity
Cards	The active sale of pre-paid cards that were introduced into PKO BP SA's product portfolio on 1 December 2008 began. In the 1st quarter of 2009, 15 new pre-paid card agreements were signed, mostly of the 'Delegacja' type. In the period from December 2008 to the end of April 2009 there has been a continuing promotion in place that removed the fee for topping-up pre-paid cards.
Deposits	<ol style="list-style-type: none"> Continuing the move towards electronic bank statements that began in the end of the 3rd quarter of 2008. Several steps were taken with the aim of replacing paper bank statements with electronic bank statements. Posters aimed at corporate clients encouraging them to switch to electronic bank statements were hung in the Bank's branches. The monthly fee for electronic bank statements was removed and the purchase of electronic banks statements is now a prerequisite for the use of the competencies. As at the end of March 2009, 47.46% of bank statements were in electronic form compared to just 5.6% when the campaign began. Integration of the 'Mikrorachunki' service with the accounting system of courts that is supplied by the largest supplier of such software on the market. Final activities are aimed at integration with the second most important provider of accounting systems for courts.

A new selling policy was implemented in the area of granting loans to enterprises and public sector entities in order to secure financing of the clients' needs despite the fact that the macroeconomic situation is deteriorating, which has an adverse effect on the conditions in which the enterprises operate, while at the same time mitigating credit risk and maintaining satisfactory effectiveness of the allocated capital.

One of the elements of the new policy is better utilization of the PKO BP SA Group entities' potential for the purposes of executing transactions with clients.

Due to the situation on the financial market, characterized by restricted access of the local administration to long-term investment financing, PKO BP SA has started close cooperation with the associations of local administration units. This cooperation is aimed at exchanging information between the local administration sector and PKO BP SA and providing support to the local administration units in financial planning and obtaining financing for capital expenditure projects, including projects partly financed from the European structural funds.

4.2.3.2. Activities of the PKO BP SA Group entities in the corporate segment

Table 17. Activities and achievements of the PKO BP SA Group entities in the corporate segment

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 1ST QUARTER OF 2009
Bankowy Fundusz Leasingowy SA	<ol style="list-style-type: none"> In the 1st quarter of 2009, the BFL SA Group's entities leased assets with a total net value of PLN 200.2 million. The total carrying amount of the lease investments of the BFL SA Group's entities amounted to PLN 2 414.8 million at the end of the 1st quarter of 2009 in comparison to PLN 2 317 million at the end of 2008.

4.2.4. Investment segment

4.2.4.1. Activities of PKO BP SA in the investment segment

The crisis stabilized in the 1st quarter of the current year, and aversion to risk still prevailed on the market. The deteriorating growth prospects of the Polish economy, reflected in increasing unemployment and slower growth of wages and salaries, as well as the fears that the budget deficit might be impossible to finance, did not encourage foreign investors to invest on the Polish market. The processes associated with solving the currency options issue also played an important role.

Consequently, in the middle of the first quarter, the Polish zloty lost a lot against the major currencies and the profitability of Treasury securities increased significantly. In the period of accumulation of negative factors the EUR/PLN rate reached a level of 4.92. The currency depreciation was accompanied by a decrease in the value of debt securities. The profitability of short-term securities was growing the most – in the case of 2-year bonds, the increase was temporarily as high as 100 bp. to ca. 5.90%.

Towards the end of the quarter, the strong depreciation of the Polish zloty was adjusted in connection with the positive signals about the stable rating granted to Poland by rating agencies and the results of the G20 summit, which decided to increase the financial resources of the IMF. The profitability of Treasury bonds remained high, which was due to slower interest rate decreases by the Monetary Policy Council and continued fears of foreign investors about the stability of public finances.

The mood on the capital market did not improve at the beginning of the new year – the main Warsaw Stock Exchange index, WIG, lost almost 12% compared with the end of 2008, the largest companies index, WIG20, lost more than 15%, and mWIG40 lost 9%.

Investment segment results

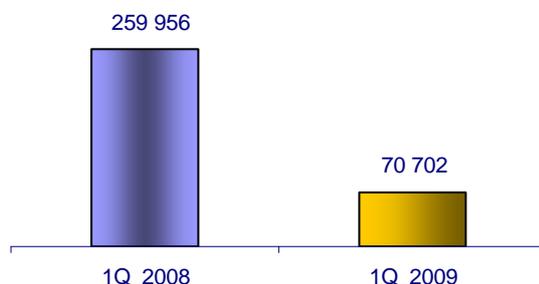


Table 18. Activities and achievements of PKO BP SA in the investment segment in the 1st quarter of 2009

Treasury activities	Treasury products	<p>Development strategy and achieved results</p> <p>The sale of treasury bonds to retail and corporate clients takes place through a chain of consultants at the Bank's branches and dedicated corporate dealers acting as intermediaries.</p> <p>In the 1st quarter of 2009 PKO BP SA increased its foreign currency operations. The value of SPOT transactions increased by 40% in comparison to the corresponding period in 2008 and 55% in the case of FORWARD transactions.</p> <p>Deposit instruments were highly popular among private banking and institutional clients. In cases where the interest rate is negotiated individually by the client, the value of deposits increased slightly.</p> <p>Risk</p> <p>Treasury transactions are concluded with clients on the basis of a framework agreement. The above mentioned agreements together with the rules governing the use of the product contain provisions that the client has performed an independent assessment of the risks and benefits associated with different types of transactions. It should also be noted that derivative transactions are concluded only on the basis of the real risk declared by the client at the date of the transaction.</p>
	Inter-bank market	<p>Achieved results</p> <p>PKO BP SA maintained a high turnover on the inter-bank interest rate and foreign currency markets. In the 1st quarter of 2009 the value of treasury bonds transactions on the CeTO market was 70% higher than the value of transactions in the 4th quarter of 2008. The value of FRA transactions on the inter-bank market increased by 45% and the value of FORWARD transactions increased by 35%. PKO BP SA's high level of activity resulted in the Bank being ranked high in the Treasury Securities Dealer ranking.</p> <p>In order to guarantee secure trading the Bank concluded 5 framework and 5 hedging agreements with domestic and foreign entities in the 1st quarter of 2009.</p> <p>Risk</p> <p>The Bank actively managed liquidity risk and market risks (including the interest rate and currency risk) and focused on minimizing exposure. In line with the fall in the sales of loans denominated in CHF, PKO BP SA focused on refinancing its shortage of this currency. The Bank maintained a portfolio of investment securities, which was financed with a surplus of deposits. State treasury bonds denominated in PLN constituted the largest component of this portfolio. PKO BP SA's policy regarding its investment portfolio concentrated on achieving an optimal structure of the portfolio while taking into account the profitability of financial instruments and the exposure to risk.</p>
Brokerage activities	Share, bond, futures and options markets	<p>In the 1st quarter of 2009 the turnover at the Warsaw Stock Exchange fell dramatically which was in line with the losses at other stock markets around the world. In comparison to the 4th quarter of 2008, the value of realised market transactions in the 1st quarter of 2009 was 15% lower. PKO BP SA's performance is as follows – the Bank's turnover was 5% lower in the corresponding period which enabled PKO BP SA to increase its market share from 6% at the end of 2008 to 7%. The bank maintained its position as the leader in the bond market with a market share of 49% and increased its turnover on the futures and options markets. In the 1st quarter of 2009 PKO BP SA offset the 10% decline in turnover on the futures market by a 13% increase in the value of realised transactions and a 6% increase in turnover on the options market. PKO BP SA's turnover increased by 55%.</p> <p>The turnover on the <i>New connect</i> stock market amounted to PLN 12 million which enabled PKO to achieve 3rd place in the ranking together with the largest number of animated companies (26).</p>
	Market maker	<p>PKO BP SA developed its operations as a market maker and an equity issuer, acquired new clients and signed additional agreements with equity issuers and the Warsaw Stock Exchange. PKO BP SA managed 41 agreements within its role as a market maker and was in second place in the ranking and respectively in 3rd place* as issuer maker while managing 30 agreements.</p> <p>* Source: www.gpw.pl</p>
	Primary market	<p>Within the primary market, PKO BP SA serviced two motivational programmes and participated in the approval process of the emission prospect for a company that is planning a rights issue. The Bank provided advisory services relating to the formulation of a financing structure for the client's planned investments and daily operations within the framework of the Bank's corporate finance services.</p>

Table 19. Trustee activities in the 1st quarter of 2009

Scope of activity	Activity
Trustee activities	<p>1. PKO BP SA is a direct participant in the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych), the Securities Register (at the National Bank of Poland), the Council of Depository Banks and the Council of Non-treasury Debt Securities (at the Polish Bank Association). The Bank provides its clients with trustee services, manages their share dealing accounts, services transaction on domestic and foreign markets, acts as a depository institution for pension and investment funds and participates actively in the setting market standards and regulations.</p> <p>2. At the end of March 2009, PKO BP SA managed almost 4.9 thousand share dealing accounts. In the 1st quarter of 2009 the Bank continued its actions aimed at optimizing the structure of accounts and revenues. The Bank's acquisition activities focused on acquiring clients with large asset portfolios and settlement potential. These efforts resulted in an increase in the value of trust assets to PLN 21 billion.</p>

Table 20. Structured finance in the 1st quarter of 2009

Scope of activity	Activity
Structured finance	<p>1. PKO BP SA possesses a wide range of products aimed at institutional clients. A comprehensive credit offer for large investment endeavors characterized by a wide range of available services, substantial flexibility, a variety of financing methods and most of all an individual approach to each project is one of the products offered by PKO BP SA.</p> <p>2. In the 1st quarter of 2009 PKO BP SA organized a consortium that granted a PLN 300 million loan – PKO BP SA's share in the financing of this loan amounted to PLN 150 million.</p> <p>3. As part of the financing of projects by means of an issue of non-treasury shares, PKO BP SA concluded an agreement relating to the issue of communal bonds and two agreements concerning the issue of corporate bonds with a joint value of PLN 635 million.</p>

4.2.4.2. Activities of the PKO BP SA Group entities in the investment segment

Table 21. Activities of the PKO BP SA Group entities in the investment segment

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 1ST QUARTER OF 2009
Bankowe Towarzystwo Kapitałowe SA	<p>1. In the 1st quarter of 2009 the main development in the field of factoring consisted of the establishment of a subsidiary company Bankowy Faktoring SA.</p> <p>2. On the 25th of March 2009, the Extraordinary General Meeting of Bankowy Faktoring SA's shareholders decided to increase the company's share capital by PLN 2 million. BTK SA is to acquire the shares issued in order to raise the share capital.</p>
PKO Finance AB	The Company's core activity is to raise funds for PKO BP SA deriving from issue of eurobonds. As at 31 March 2009, the company has not started its statutory activities yet.

4.2.5. Other areas of activity

Table 22. Other areas of activities of the PKO BP SA Group entities

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 1ST QUARTER OF 2009
Centrum Finansowe Puławska Sp. z o.o.	As at 31 March 2009, the Company rented 100% of the office and commercial space in the Centrum Finansowe Puławska building, 89.5% of which was rented by entities of the PKO BP SA Group.

5. ADDITIONAL INFORMATION

5.1. ACCOUNTING POLICIES APPLIED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The accounting policies applied in the 1st quarter of 2009 do not differ from those applied in prior quarters. These policies were described in detail in the consolidated financial statements of PKO BP SA for 2008. When preparing the consolidated quarterly report, the Bank applied the following accounting policies:

1. International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and Interpretations issued by International Financial Reporting Interpretations Committee (IFRIC),
2. International Accounting Standard No. 34 „Interim Financial Reporting”,
3. Decree of the Minister of Finance dated 19 February 2009 on current and periodic information issued by the issuers of securities and the condition for recognition as an equivalent to the information required by the law of the non-Member state (Journal of Laws, No. 33, item 259).

Since the beginning of 2009, PKO BP SA has applied IFRS 8 instead of IAS 14.

5.2. CHANGES IN PRESENTATION

The following table shows significant changes in the presentation of prior period comparative information compared to that originally published.

Table 23. Financial data of the PKO BP SA Group – the income statement

INCOME STATEMENT OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP			
	1 quarter period from 01.01.2008 to 31.03.2008 previously presented	1 quarter period from 01.01.2008 to 31.03.2008 comparative information	Difference
Interest income	758 096	774 369	16 273 ³⁾
Interest expense	(167 322)	(174 349)	(7 027) ³⁾
Net income from financial instruments designated at fair value	(85 477)	(81 420)	4 057 ¹⁾
Foreign exchange result	166 866	162 809	(4 057) ¹⁾
Other operating income	203 217	86 402	(116 815) ^{3) 4)}
Other operating expenses	(139 568)	(31 600)	107 968 ^{2) 3) 4)}
Administrative expenses	(947 865)	(948 264)	(399) ²⁾

- 1) Change in the presentation of selected income and costs of derivative financial instruments
- 2) Change in the presentation of non planned amortisation and depreciation
- 3) Change in the presentation of revenues and costs in respect of managing the Open Pension Fund (OFE)
- 4) Change in the presentation resulting from netting off change of products in developer companies

Table 24. Financial data of the PKO BP SA Group – condensed cashflow statement

CONDENSED CASHFLOW STATEMENT OF THE POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA GROUP			
	1 quarter period from 01.01.2008 to 31.03.2008 previously presented	1 quarter period from 01.01.2008 to 31.03.2008 comparative information	Difference
Cash and cash equivalents at the beginning of the period	9 263 399	9 232 316	(31 083) ⁵⁾
Cash and cash equivalents at the end of the period	9 308 694	9 275 839	(32 855) ⁵⁾

- 5) Change in presentation - netting of selected balance sheet items related to transactions between Bank units

Table 25. Financial data of PKO BP SA – the income statement

INCOME STATEMENT OF POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA			
	1 quarter period from 01.01.2008 to 31.03.2008 previously presented	1 quarter period from 01.01.2008 to 31.03.2008 comparative information	Difference
Net income from financial instruments designated at fair value	(85 418)	(81 361)	4 057 ¹⁾
Foreign exchange result	164 821	160 764	(4 057) ¹⁾
Other operating expenses	(14 530)	(14 131)	399 ²⁾
Administrative expenses	(884 012)	(884 411)	(399) ²⁾

1) Change in the presentation of selected income and costs of derivative financial instruments

2) Change in the presentation of non planned amortisation and depreciation

Table 26. Financial data of PKO BP SA – condensed cashflow statement

CONDENSED CASHFLOW STATEMENT OF POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA			
	1 quarter period from 01.01.2008 to 31.03.2008 previously presented	1 quarter period from 01.01.2008 to 31.03.2008 comparative information	Difference
Cash and cash equivalents at the beginning of the period	9 032 509	9 001 426	(31 083) ³⁾
Cash and cash equivalents at the end of the period	9 102 431	9 069 576	(32 855) ³⁾

3) Change in presentation - netting of selected balance sheet items related to transactions between Bank units.

5.3. RISK MANAGEMENT

The majority of risk that the PKO BP Group is exposed to is generated by the Parent Entity of the Group. The detailed information about risk management is disclosed in the Consolidated financial statements of the Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Group for 2008.

Managing risk related to financial instruments

The Bank is exposed to a number of risks, including credit risk, market risk, operational risk and business risk. Managing the impact of these risks on activities of PKO BP SA is one of the key objectives of the Bank's risk management, while the risk level is a key factor in the Bank's planning process.

The risk management process is supervised by the Bank's Supervisory Board. Information about the Bank's risk profile as well as the most important activities undertaken in the area of risk management is provided to the Board on a regular basis.

The Management Board of PKO BP SA is responsible for the risk management strategy, including the supervision and monitoring of activities undertaken 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. Managing risk at an operational level is conducted by organizational units of the Bank (within the scope of their competences), falling under the Banking Risk Division, the Restructuring and Debt Collection Division and the Credit Risk Assessment Department

Management of market risk and portfolio credit risk is facilitated by two committees (chaired by the Vice-President of the Bank's Management Board who is in charge of the Risk and Debt Collection Function):

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

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

The CC takes loan decisions with regard to significant individual loan exposures, or issues recommendations in this respect addressed 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 that are significant due to the level of risk involved or the size of loan exposures.

Effect of the global crisis on banking risk management

In the second half of 2008, the financial crisis affecting developed countries (mainly the United States and Western Europe) started to adversely affect the economic situation in Poland, the foreign exchange rates and interest rates, as well as the condition of the Polish financial sector and the mutual trust between entities operating on the interbank market.

In order to prevent the adverse effect of these factors on the financial situation of PKO BP SA, the Bank changed its risk management policies. Maintaining a strong capital position and a stable deposit base in order to maintain a high rate of the loan portfolio growth became the Bank's priority.

The PKO BP SA crisis team analyses the changing situation on the financial markets on an ongoing basis and submits regular reports to the Bank's Management Board.

PKO BP SA monitors banking risk on a regular basis and develops the banking risk measurement methods applied.

5.3.1. Credit risk management

Credit risk is defined as the risk of loss due to default on payment by a counterparty or the risk of decline in the economic value of the Bank's receivables due to deterioration of the counterparty's ability to settle their obligations towards the Bank.

The most important tools of credit risk management employed by the Bank include:

- loan granting criteria, including the cut-off point – the number of scoring points that a client must obtain in order to receive financing, facilitated by scoring measures (retail clients) or rating class/total rating measures (corporate clients),
- the minimum transaction parameters for specific types of transactions (eg. the minimum LTV, the minimum loan value, required collateral),
- the minimum loan margins,
- concentration limits,
- competence limits.

PKO BP SA measures credit risk and profitability of credit portfolios using the following credit risk measurement methods:

- probability of default (PD),
- expected loss (EL),
- Credit Value-at-Risk (CVaR),
- scoring effectiveness measures (accuracy ratio),
- value and share of doubtful loans,
- value and structure of exposures where evidence of impairment exists.

As at 31 March 2009, the value of non-performing loans (NPL) amounted to 7.0%⁷ (as compared to 6.1%⁸ as at 31 December 2008 and 6.4% as at 31 March 2008). The increase in the share of loans individually assessed to be impaired resulted, among others, from:

- the deterioration in the economic and financial situation of enterprises, resulting in an increase in the share of non-performing loans;
- a change in the lending policies in the area of consumer loans, resulting in an increase in the value of cash loans and an increase in the share of non-performing loans in this portfolio (the profitability of cash loans is higher than the profitability of other products, the cost of risk also being higher);

⁷ Accounted in accordance with International Financial Reporting Standards.

⁸ Accounted in accordance with International Financial Reporting Standards, restated for comparability purposes due to the change in methodology introduced in 2009, reclassifying the following group indicators of impairment to individual indicators of impairment: deterioration of the client's financial standing during the lending period to the G rating, concluding a restructuring agreement with the client, a delay in repayment of more than 3 months for retail clients. The ratio calculated in accordance with the methodology in place in 2008 amounted to 3.7% as at 31 December 2008 (on the basis of data presented in the annual report for 2008).

The Bank constantly develops credit risk measures, including requirements set out by the internal rating based approach (IRB). Moreover, the Bank widens the range of application of the credit risk measures, with the ultimate goal of applying the measures to the entire loan portfolio.

The collateral policy employed by the Bank aims at securing interests of the Bank, mainly through establishing collateral that is likely to generate the largest possible recovery of funds in case of debt collection. Types of collateral depend on categories of products and clients.

The Bank prepares credit risk reports on monthly and quarterly basis. These reports contain historical values of credit risk as well as credit risk forecasts.

The Bank recognises impairment allowances for loans, in accordance with the International Financial Reporting Standards, as approved by the European Union.

Table 27. Allowance rates applicable to NPL as at 31 March 2009

	Allowance rates	
	from	to
Delay in payments above 48 months	100%	100%
Delay in payments 12-48 months	54.6%	99.7%
Delay in payments 6-12 months	48.5%	74.7%
Delay in payments 3-6 months	41.5%	70.9%
Delay in payments 1-3 months	6.3%	46.6%

5.3.2. Market risk

Interest rate risk

Interest rate risk is defined as the risk of loss due to financial instruments resulting from adverse changes of market interest rates.

In the process of interest rate risk management, the Bank measures risk using, among others, the internal Value at Risk ("VaR") model, stress tests and price sensitivity measures.

Table 28. Interest risk VaR level (PLN thousand)

	31.03.2009	31.12.2008
10 day 99.0% VaR	50 373	72 337

PKO BP SA prepares interest rate risk reports on daily, weekly, monthly, quarterly and semi-annual bases. Each report presents interest risk exposure and risk profile as well as utilization of interest risk limits.

Currency risk

Currency risk is the risk of loss resulting from adverse movements in foreign currency exchange rates. Foreign exchange risk results from the Bank having open positions in foreign currencies.

Such positions are calculated as the difference between assets and liabilities, including off-balance sheet items. The Bank measures currency risk using the internal VaR model and stress tests.

Table 29. Value of currency positions and VaR of PKO BP SA (PLN thousand)

Currency	Currency position as at 31.03.2009	Currency position as at 31.12.2008
USD	(42)	(97 267) *
GBP	951	(1 497)
CHF	(25 474)	(10 304)
EUR	4 576	20 134
other	16 261	18 062
	31.03.2009	31.12.2008
10 day 99.0% VaR	3 051	11 297*

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

PKO BP SA prepares currency risk reports on daily, weekly and monthly, quarterly and semi-annual bases. Each report presents currency risk exposure and risk profile, as well as utilization of currency risk limits.

Liquidity risk

Liquidity risk is defined as the risk of the Bank's inability to settle its liabilities in a timely manner because of an inappropriate balance sheet structure of assets and liabilities, unmatched cashflows, clients' defaults on payments owed to the Bank, a sudden withdrawal of funds from the Bank or other negative events in the financial market.

PKO BP SA employs the following liquidity measures:

- the contractual liquidity gap and the liquidity gap in real terms;
- liquidity reserve;
- liquid assets to total assets ratio;
- analysis of stability of the deposit base and net outflows due to the growth of loan portfolio;
- stress testing.

Liquidity reserve as at 31 March 2009 and as at 31 December 2008 is presented below.

Table 30. Liquidity reserve (PLN million)⁹

	31.03.2009	31.12.2008
Liquidity reserve up to 1 month	6 977	6 666

5.3.3. 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, and operational events and their financial effects.

Since January 2009 the capital requirement for the operational risk has been calculated in line with so-called "standard method".

5.3.4. Compliance risk

Compliance risk is defined as the risk of law sanctions and financial, reputation or reliability loss resulting from non-compliance with law regulations, internal regulation, ethical norms and standards of procedures of PKO BP SA, by PKO BP SA, PKO BP SA employees or others acting on behalf of PKO BP SA.

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,
- is fair and reliable.

⁹ Liquidity reserve equals the gap between the most liquid assets and expected and potential liabilities which mature in a given period of time.

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.

5.3.5. Capital adequacy

Capital adequacy entails maintenance of a specific level of capital, which is sufficient to meet regulatory capital requirements (i.e. Pillar 1) and internal capital requirements (i.e. Pillar 2).

The objective of capital adequacy management is to continuously maintain capital on a level that is adequate to the risk scale and profile of the PKO BP SA activities.

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

- identifying and monitoring of all significant types of risk;
- designating internal capital to cover for individual risk types;
- determining the total internal capital necessary to cover for all significant risk types;
- performing capital adequacy stress tests;
- monitoring, reporting, forecasting and limiting of capital adequacy;
- performing internal capital allocations to business lines in connection with profitability analyses;
- using tools affecting the capital adequacy level (including tools affecting the level of regulatory capital, the level of regulatory capital reductions and the level of the loan portfolio).

The main measures of capital adequacy are:

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

The capital adequacy level of the Bank as at 31 March 2009 remained on a safe level and was significantly above the statutory limits.

5.4. THE STRUCTURE OF THE PKO BP SA GROUP

5.4.1. Consolidated entities

Entities included in the consolidated financial statements are the PKO BP SA – the parent company of the PKO BP SA Group and its subsidiaries as defined in IAS 27 „Consolidated and separate financial statements”.

Table 31. Entities included in the consolidated financial statements of the PKO BP SA Group

No.	Entity name	Cost (PLN thousand)	Share in capital (%)	Consolidation method
Parent company				
1	Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna			
Direct subsidiaries				
2	KREDOBANK SA	356 102	98.5619	full method
3	Powszechne Towarzystwo Emerytalne BANKOWY SA	205 786	100	full method
4	Centrum Finansowe Puławska Sp. z o.o.	128 288	100	full method
5	PKO Inwestycje Sp. z o.o.*	117 813	100	full method
6	Bankowy Fundusz Leasingowy SA	70 000	100	full method
7	PKO Towarzystwo Funduszy Inwestycyjnych SA	69 055	75	full method
8	Inteligo Financial Services SA	59 602	100	full method
9	Centrum Elektronicznych Usług Płatniczych eService SA	55 500	100	full method
10	Bankowe Towarzystwo Kapitałowe SA	18 566	100	full method
11	PKO Finance AB	172	100	full method
Subsidiaries of PKO Inwestycje Sp. z o.o.				
12	Wilanów Investments Sp. z o.o. * ¹	82 980	99.9750	full method
13	POMERANKA Sp. z o.o. * ¹	19 000	99.9975	full method
14	PKO Inwestycje - Międzyzdroje Sp. z o.o.*	7 575	100	full method
15	Baltic Dom 2 Sp. z o.o.	6 619	56	full method
16	WISŁOK Inwestycje Sp. z o.o.*	3 600	80	full method
17	Fort Mokotów Sp. z o.o. *	2 040	51	full method
18	UKRPOLINWESTYCJE Sp. z o.o.	519	55	full method
Subsidiary of Bankowe Towarzystwo Kapitałowe SA				
19	Bankowy Factoring SA ¹	1 329	99.90	full method
Subsidiary of Inteligo Financial Services SA				
20	Finanse Agent Transferowy Sp. z o.o. ²	7 600	80.3287	full method
Subsidiaries of Bankowy Fundusz Leasingowy SA				
21	Bankowy Leasing Sp. z o.o. ¹	1 309	99.9615	full method
22	BFL Nieruchomości Sp. z o.o. ¹	1 109	99.9545	full method

* included in this item are stocks and shares at purchase price and the specific capital contributions made

¹ - PKO BP SA acquired 1 share in the entity

² - other shares of Finanse Agent Transferowy Sp. z o.o. in hold of Powszechne Towarzystwo Emerytalne BANKOWY SA (19.6702%) and PKO BP SA (1 share)

Additionally, the following jointly controlled and associated entities have been included in the consolidated financial data under the equity method.

Table 32. Other associates and jointly controlled entities included in the consolidated financial statements under the equity method

No.	Entity name	Cost PLN thousand	Share in capital (%)	Consolidation method
Jointly controlled entities				
1	CENTRUM HAFFNERA Sp. z o.o.	44 371	49.43	equity method
2	Centrum Obsługi Biznesu Sp. z o.o.	17 498	41.44	equity method
Subsidiaries of CENTRUM HAFFNERA Sp. z o.o.				
3	Sopot Zdrój Sp. z o.o.*	58 923	100	equity method
4	Promenada Sopotcka Sp. z o.o.	10 058	100	equity method
5	Centrum Majkowskiego Sp. z o.o.	6 609	100	equity method
6	Kamienica Morska Sp. z o.o.	976	100	equity method
Associates				
7	Bank Pocztowy SA	146 500	25.0001	equity method
8	Ekogips SA – in liquidation	5 400	60.26	equity method
9	Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	1 500	33.33	equity method
10	Agencja Inwestycyjna CORP SA	29	22.31	equity method

* included in this item are stocks and shares at purchase price and specific capital contributions made

5.4.2. Changes to the group structure

In the 1st quarter of 2009, the structure of the PKO BP SA Group was affected by the following factors:

1. Establishment of Bankowy Faktoring SA

The company Bankowy Faktoring SA was entered in the National Court Register on 6 January 2009. The Company's share capital amounts to PLN 1 000 000 and consists of 1 000 registered shares, each of PLN 1 000 par value. All shares in the Company's capital were acquired by Bankowe Towarzystwo Kapitałowe SA, a subsidiary of PKO BP SA, for PLN 1 330 thousand. The Company's business is factoring.

2. Making an additional contribution to the equity of WISŁOK Inwestycje Sp. z o.o.

On 14 January 2009, PKO Inwestycje Sp. z o.o., a Bank's subsidiary, made an additional contribution to the equity of WISŁOK Inwestycje Sp. z o.o. in the amount of PLN 800 thousand.

3. Reclassification of the company Kolej Gondolowa Jaworzyna Krynicka SA to assets held for sale

In January 2009, PKO BP SA, taking into account the status of the activities associated with selling the shares of Kolej Gondolowa Jaworzyna Krynicka SA, reclassified all the shares of this Company in its possession to assets held for sale (in accordance with IFRS 5).

Previously the Company, as a Bank's associate, was recognized in the consolidated financial statements under the equity method.

4. Acquisition by PKO BP SA of 1 share in selected indirect subsidiaries

In the 1st quarter of 2009, PKO BP SA, in order to strengthen its supervision over the operations of indirect subsidiaries, acquired 1 share in each of the following companies: Wilanów Investments Sp. z o.o., POMERANKA Sp. z o.o., Bankowy Leasing Sp. z o.o., BFL Nieruchomości Sp. z o.o., Finanse - Agent Transferowy Sp. z o.o. and Bankowy Faktoring SA.

5.4.3. Related party transactions

In the 1st quarter of 2009, PKO BP SA provided the following services to its related parties (subsidiaries) at an arms' length: keeping bank accounts, accepting deposits, extending loans and advances, issuing debt securities, providing guarantees and conducting spot foreign exchange transactions.

6. OTHER INFORMATION

Identification data

PKO BP SA, with its registered Head Office in Warsaw at 15 Puławska Street, has been entered in the Register of Entrepreneurs of the National Court Register kept by the District Court in Warsaw, Entry No. KRS 0000026438. The Company was granted statistical number (REGON) 016298263 and tax identification number (NIP) 525-000-77-38.

Seasonality or cyclical nature of activities in the reporting period

PKO BP SA is a universal bank, which provides services on the territory of Poland, and thus its activities are exposed to similar fluctuations to those affecting the entire Polish economy. The activities of other companies of the PKO BP SA Group similarly do not show any particular seasonality or cyclical nature.

Awards and honours

Awards and honours granted to PKO BP SA in the 1st quarter of 2009:

1. Best Products for Business 2008-2009, granted by the readers of *Gazeta Finansowa* – the Biznes Rozwój package won the “Bank offer for firms” category.
2. The Business-Friendly Bank – 21 PKO BP SA branches were among the winners of the 10th edition of the competition organized by the Polish Chamber of Commerce and the Polish-American Advisory Foundation for Small Enterprises with the motto “Innovative economy – new market for SME financing”. Branch no. 1 in Opoczno won the platinum statue.
3. PKO BP SA received the highest prize for effective cooperation and support in 2008 in the 7th edition of the social campaign “The whole of Poland reads to children” organized by the ABCXXI Foundation - Cała Polska czyta dzieciom.
4. The most active entity on the *NewConnect* market – the PKO BP SA Brokerage House received the Warsaw Stock Exchange award for the most active market maker on the *NewConnect* market in 2008.

Information on the issue, redemption and repayment of debt and equity instruments

As at the end of March 2009:

- The company Bankowy Fundusz Leasingowy SA decreased its debt arising from the issue of bonds to PLN 590 million (i.e. by PLN 10 million in relation to the balance as at the end of 2008); in the 1st quarter of 2009 the Company issued 41 000 bonds with a total nominal value of PLN 410 million and redeemed 42 000 bonds with a total nominal value of PLN 420 million;
- The company KREDOBANK SA decreased its debt arising from the issue of bonds to UAH 51.05 million; in the 1st quarter of 2009 the Company redeemed 24 700 bonds with a total nominal value of UAH 24.7 million.

Shareholders holding, directly or indirectly, at least 5% of votes at the General Shareholders' Meeting

The interim report for the 4th quarter of 2008 was submitted to the Polish Financial Supervision Authority (KNF) on 26 February 2009.

To the best knowledge of the Bank, the only shareholder holding, directly or indirectly, at least 5% of total votes at the General Shareholders' Meeting of the Bank is the State Treasury which holds 512 435 409 of the Bank's shares. This equates to 51.24% and matches the percentage share in the total number of votes at the General Shareholders' Meeting of the Bank as at the date of submission of this Report.

Table 33. Ownership structure of PKO BP SA

Shareholder	Percentage of votes at the General Shareholders' Meeting as at the date of submitting previous quarterly report	Number of shares as at the date of submitting previous quarterly report	Percentage point change from the date of submitting previous quarterly report	Percentage of votes at the General Shareholders' Meeting as at the date of submitting this Report	Number of shares as at the date of submitting this Report
StateTreasury	51.24%	512 435 409	0.0 pp.	51.24%	512 435 409

Changes in the number of PKO BP SA shares held by Management or Supervisory Board Members

Table 34. Shares held by the PKO BP SA's Management or Supervisory Board Members as at the date of submitting this Report

No.	Name	Number of shares as at the date of submitting previous quarterly report	Purchase	Disposal	Number of shares as at the date of submitting this Report
I. Management Board of the Bank					
1.	Jerzy Pruski, President of the Bank's Management Board	0	0	0	0
2.	Bartosz Drabikowski, Vice-President of the Bank's Management Board	0	0	0	0
3.	Krzysztof Dresler, Vice-President of the Bank's Management Board	0	0	0	0
4.	Tomasz Mironczuk, Vice-President of the Bank's Management Board	0	0	0	0
5.	Jarosław Myjak, Vice-President of the Bank's Management Board	0	0	0	0
6.	Wojciech Papierak, Vice-President of the Bank's Management Board	2500	0	0	2500
7.	Mariusz Zarzycki, Vice-President of the Bank's Management Board	0	0	0	0
II. Supervisory Board of the Bank					
1.	Marzena Piszczek, President of the Bank's Supervisory Board	0	0	0	0
2.	Błażej Lepczyński*, Vice-President of the Bank's Supervisory Board	x	x	x	0
3.	Cezary Banasiński*, member of the Bank's Supervisory Board	x	x	x	0
4.	Jan Bossak, member of the Bank's Supervisory Board	0	0	0	0
5.	Jacek Gdański*, member of the Bank's Supervisory Board	x	x	x	0
6.	Jerzy Stachowicz*, member of the Bank's Supervisory Board	x	x	x	0
7.	Ryszard Wierzba, member of the Bank's Supervisory Board	0	0	0	0

* Supervisory Board members, who was not member of the Bank's Supervisory Board as at the date of the previous Report's submission. As at 20 April 2009, the appointment date, they did not possess any shares of PKO BP SA.

Information on any transaction or a number of transactions concluded by the issuer or its subsidiary with other Group entities, if they are essential and were concluded not on arms' length

In the 1st quarter 2009 PKO BP SA and related parties PKO BP SA did not conclude any transaction not on arms' length.

Results of changes in the Bank's structure, including the effects of merger, takeover or disposal of the Group entities, long-term investments, division, restructuring and discontinuation of activities

The results of changes in the Bank's structure, including the results of merger, takeover or sale of the PKO BP SA Group entities have been described in point 5.4.2 of this Report.

Factors which may affect future financial performance within at least the next quarter

On 23 February 2009, the Extraordinary General Shareholders' Meeting of Kredobank SA decided to carry out the 19th issue of shares with a total nominal value of UAH 1 024 100 thousand. PKO BP SA subscribed for 102 384 202 391 of such shares with a total nominal value of UAH 1 023 842 023.91.

Moreover, in subsequent quarters, the results of the PKO BP SA and the PKO BP SA Group will be affected by economic processes which will take place in the Polish and global economies, as well as by a response of the financial markets to those processes. The interest rate policy applied by the Monetary Policy Council and by other largest central banks will also have a great influence on the Bank's performance.

Information on guarantees or warranties on loans and advances granted by the Issuer or by the Issuer's subsidiary – cumulatively to a single entity or its subsidiary, if the total value of outstanding warranties and guaranties constitutes at least 10% of the Issuer's net assets

In the 1st quarter of 2009, PKO BP SA and its subsidiaries did not grant any guarantees or warranties on loans on advances to a single entity or capital group that would constitute at least 10% of the PKO BP SA net assets.

Proceedings pending before the court, arbitration tribunal or public administrative authority

As at 31 March 2009, the total value of court proceedings against the Bank was ca. PLN 276 999 thousand, while the total value of court proceedings initiated by the Bank was circa PLN 116 914 thousand. No court proceedings with the participation of PKO BP SA are in progress, the value of which amounts to at least 10% of the Bank's shareholders' equity.

No other Group entities have conducted any proceedings before court, arbitration tribunal or public administration authorities concerning receivables or liabilities, the value of which amounts to at least 10% of the shareholders' equity of PKO BP SA.

PKO BP SA Integrated IT System (ZSI)

In the 1st quarter of 2009, the Bank continued works on the acceptance and implementation of a new version of software for the Integrated Computer System (ZSI) and development of its functions.

The ZSI project, which certainly is one of the biggest IT projects implemented in Poland to date in terms of its complexity and scale, has achieved its most important objective. The implementation of a centralized IT system is an important step towards further restructuring of PKO BP SA.

Position of the PKO BP SA Management Board in regards to possibility of achieving previously published forecasts

PKO BP SA did not publish any financial forecasts for 2009.

Information on dividend paid or declared

In the resolution as of 1 December 2008, the Management Board of PKO BP SA declared to come forward to General Shareholders' Meeting with a proposal to freeze dividend payout for 2008.

Post balance sheet events

1. The company FORT MOKOTÓW INWESTYCJE Sp. z o.o. was registered in the National Court Register on 7 April 2009. The Company's share capital amounts to PLN 43 551 thousand. PKO BP SA acquired shares in the Company with a nominal value of PLN 43 546 thousand (constituting 99.99% of the share capital) and in exchange for them made a non-cash contribution in the form of the right to perpetual usufruct of land at ul. Raclawicka in Warsaw. The other shareholder of the Company is PKO Inwestycje Sp. z o.o., a PKO BP SA subsidiary.
2. In accordance with the information received by PKO BP SA on 20 April 2009, Eligiusz Jerzy Krzeński (Vice-President of the PKO BP SA Supervisory Board) resigned from the PKO BP SA Supervisory Board as of 19 April 2009.
3. The Extraordinary General Shareholders' Meeting assembled on 6 April 2009, which continued its proceedings on 20 April 2009, adopted resolutions dismissing the following people from the Bank's Supervisory Board: Jerzy Osiatyński, Urszula Pałaszek and Roman Sobiecki, and appointing the following persons as Supervisory Board members for the period from 20 April 2009 until the end of the present term: Cezary Banasiński, Jacek Gdański, Błażej Lepczyński, Jerzy Stachowicz. The State Treasury, acting as the Authorized Shareholder pursuant to § 12, clause 1 of the Memorandum of Association of PKO BP SA, appointed Błażej Lepczyński the Vice-President of the Bank's Supervisory Board for the period until the end of the present term.

Other information relevant for the evaluation of the human resources, financial standing, and financial result of the Issuer and changes thereof

On 12 May 2009, PKO BP SA withdrew from negotiations aimed at acquiring 99.92% of AIG Bank Polska S.A.'s shares and 100% of AIG Credit S.A.'s shares.

12 May 2009

Danuta Szymańska

Director of the Bank

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(signature)