



PKO BANK POLSKI
SPÓŁKA AKCYJNA

INTERIM FINANCIAL STATEMENTS
OF
THE PKO BANK POLSKI SA GROUP
FOR THE FOURTH QUARTER OF 2007

*Prepared in accordance with
International Financial Reporting Standards*

1.	<u>SUMMARY AND SELECTED FINANCIAL DATA</u>	<u>3</u>
2.	<u>CONDENSED FINANCIAL DATA</u>	<u>5</u>
2.1	CONDENSED FINANCIAL DATA OF THE PKO BP SA GROUP	5
2.2	CONDENSED FINANCIAL DATA OF PKO BP SA	11
3.	<u>COMMENTARY ON CONDENSED FINANCIAL DATA.....</u>	<u>15</u>
3.1	FINANCIAL RESULTS	15
3.1.1.	THE PKO BP SA GROUP	15
3.1.2.	PKO BP SA	17
3.2	BUSINESS DEVELOPMENT	18
3.2.1.	SEGMENTATION OF ACTIVITIES OF THE PKO BP SA GROUP	18
3.2.2.	RETAIL SEGMENT	21
3.2.3.	HOUSING SEGMENT	23
3.2.4.	CORPORATE SEGMENT	24
3.2.5.	TREASURY SEGMENT	25
3.2.6.	INVESTMENT SEGMENT	25
3.2.7.	OTHER AREAS OF ACTIVITIES	26
4.	<u>ADDITIONAL INFORMATION</u>	<u>27</u>
4.1	ACCOUNTING POLICIES USED IN THE PREPARATION OF THESE FINANCIAL STATEMENTS	27
4.2	CHANGES TO DATA PRESENTATION METHODS	27
4.3	EXTERNAL CONDITIONS	28
4.4	DESCRIPTION OF THE PKO BP SA GROUP	31
4.4.1.	ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS	31
4.4.2.	CHANGES IN THE ORGANISATION OF SUBORDINATED ENTITIES	32
4.4.3.	RELATED PARTY TRANSACTIONS	32
5.	<u>OTHER INFORMATION.....</u>	<u>33</u>

1. SUMMARY AND SELECTED FINANCIAL DATA

NET PROFIT	PLN 2 903.6 MLN	+ 35.1% (y/y)	As a result of increase in income items by 18.8% (y/y), with a 7.1% (y/y) increase in costs
RESULT ON BUSINESS ACTIVITY	PLN 7 744.1 MLN	+ 18.8% (y/y)	Following increase in interest result by 21.2% (y/y) and in fees and commission result - by 25.1% (y/y)
NET INTEREST INCOME	PLN 4 643.7 MLN	+ 21.2% (y/y)	As a result of a 29.7% (y/y) increase in net loan portfolio volume and higher deposits margins
NET FEES AND COMMISSION INCOME	PLN 2 335.2 MLN	+ 25.1% (y/y)	Due to a systematic increase in revenue from servicing investment funds, including management fees by 182.7% (y/y), and a 4.8% (y/y) increase in the number of banking cards and transactions made using those cards
COSTS	PLN -4 082.6 MLN	- 7.1% (y/y)	As a result of more promotional and advertising activities, implementation of next modules of the ZSI and keeping personnel costs on a stable level (+) 1.5% (y/y)
ROE net	26.2%	+ 3.5 p.p.	Following a 35.1% (y/y) increase in net profit and an increase in equity by a total of 17.7% (y/y)
ROA net	2.8%	+ 0.5 p.p.	With a 6.4% (y/y) increase in assets

SELECTED FINANCIAL DATA
data derived from condensed financial statements of PKO BP SA Group

	period from 01.01.2007 to 31.12.2007	period from 01.01.2006 to 31.12.2006	period from 01.01.2007 to 31.12.2007	period from 01.01.2006 to 31.12.2006
	PLN thousand		EUR thousand	
Result on business activity *:	7 744 073	6 517 784	2 050 432	1 671 612
Net interest income	4 643 728	3 832 179	1 229 540	982 837
Net fees and commission income	2 335 199	1 866 252	618 301	478 637
Net other income	765 146	819 353	202 591	210 139
General administrative expenses	- 4 082 572	- 3 811 940	- 1 080 961	- 977 646
Operating result	3 604 858	2 705 193	954 474	693 799
Result on impairment allowances	- 56 643	- 651	- 14 998	- 167
Gross profit (loss)	3 609 230	2 701 488	955 632	692 849
Net profit (loss) (including minority interest)	2 941 392	2 207 449	778 805	566 143
Net profit (loss)	2 903 632	2 149 052	768 807	551 166
Total net cash flows	- 4 899 759	2 772 550	- 1 297 331	711 074
Net cash flow from operating activities	- 9 083 702	8 554 882	- 2 405 132	2 194 066
Net cash flow from investing activities	665 615	- 5 324 963	176 238	- 1 365 690
Net cash flow from financing activities	3 518 328	- 457 369	931 563	- 117 301
Total equity	11 979 015	10 180 580	3 344 225	2 657 282
Equity assigned to the shareholders of the holding company	11 920 949	10 078 306	3 328 015	2 630 587
Basic funds (Tier 1)**	8 673 176	7 045 194	2 421 322	1 838 900
Supplementary funds (Tier 2)	1 517 988	-	423 782	-
Market indices				
earnings per share for the period - basic	2.90	2.15	0.77	0.55
earnings per share for the period - diluted	2.90	2.15	0.77	0.55
P/BV	4.39	4.62	4.39	4.62
P/E	18.12	21.87	18.12	21.87

* result on business activities understood as sum total of income items

** comparative data as at 31 December 2006 (resulting from amendments to the Banking Act and publication of Resolution No.2/2007of the Polish Financial Supervision Authority)

SELECTED FINANCIAL DATA
data derived from condensed financial statements of PKO BP SA

	period from 01.01.2007 to 31.12.2007	period from 01.01.2006 to 31.12.2006	period from 01.01.2007 to 31.12.2007	period from 01.01.2006 to 31.12.2006
	PLN thousand		EUR thousand	
Result on business activity *:	7 099 243	6 057 079	1 879 698	1 553 456
Net interest income	4 503 107	3 722 561	1 192 308	954 723
Net fees and commission income	2 037 095	1 749 863	539 371	448 786
Net other income	559 041	584 655	148 020	149 946
General administrative expenses	- 3 727 150	- 3 589 033	- 986 854	- 920 477
Operating result	3 327 145	2 502 064	880 943	641 703
Result on impairment allowances	- 44 948	34 018	- 11 901	8 725
Gross profit (loss)	3 327 145	2 502 064	880 943	641 703
Net profit (loss)	2 719 991	2 047 391	720 184	525 093
Total net cash flows	- 4 847 134	2 675 007	- 1 283 397	686 058
Net cash flow from operating activities	- 8 249 894	8 528 557	- 2 184 361	2 187 314
Net cash flow from investing activities	473 187	- 5 104 874	125 288	- 1 309 244
Net cash flow from financing activities	2 929 573	- 748 676	775 676	- 192 013
Total equity	11 729 541	10 035 724	3 274 579	2 619 473
Basic funds (Tier 1)**	8 324 410	6 634 547	2 323 956	1 731 715
Supplementary funds (Tier 2)	1 202 936	-	335 828	-
Market indices				
earnings per share for the period - basic	2.72	2.05	0.72	0.53
earnings per share for the period - diluted	2.72	2.05	0.72	0.53
P/BV	4.48	4.68	4.48	4.68
P/E	19.34	22.96	19.34	22.96

* result on business activities understood as sum total of income items

** comparative data as at 31 December 2006 (resulting from amendments to the Banking Act and publication of Resolution No.2/2007of the Polish Financial Supervision Authority)

2. CONDENSED FINANCIAL DATA

2.1 CONDENSED FINANCIAL DATA OF THE PKO BP SA GROUP

PLN thousand

PROFIT AND LOSS ACCOUNT OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP					
	Note	4th quarter period from 01.10.2007 to 31.12.2007	4 quarters cumulatively period from 01.01.2007 to 31.12.2007	4th quarter period from 01.10.2006 to 31.12.2006	4 quarters cumulatively period from 01.01.2006 to 31.12.2006
Interest income		1 851 704	6 582 391	1 474 005	5 594 771
Interest expense		- 537 983	- 1 938 663	- 451 084	- 1 762 592
Net interest income		1 313 721	4 643 728	1 022 921	3 832 179
Fees and commission income	1	802 979	3 022 036	621 181	2 296 099
Fees and commission expense	1	- 190 230	- 686 837	- 117 642	- 429 847
Net fees and commission income	1	612 749	2 335 199	503 539	1 866 252
Dividend income		22	3 293	14	3 604
Result from financial instruments at fair value		- 18 235	- 74 269	- 16 910	- 90 849
Result from investment securities		5 002	9 382	29 564	50 356
Foreign exchange result		140 559	529 779	124 560	544 493
Other operating income		236 288	657 245	363 735	805 656
Other operating expenses		- 117 072	- 360 284	- 259 438	- 493 907
Net other operating income and expense		119 216	296 961	104 297	311 749
Result on impairment allowances	2	80 643	- 56 643	23 862	- 651
General administrative expenses	3	- 1 190 526	- 4 082 572	- 1 084 360	- 3 811 940
Operating result		1 063 151	3 604 858	707 487	2 705 193
Share in the profits (losses) of associates and jointly controlled entities		3 441	4 372	- 4 571	- 3 705
Gross profit (loss)		1 066 592	3 609 230	702 916	2 701 488
Income tax expense		- 182 379	- 667 838	- 109 763	- 494 039
Net profit (loss) (including minority interest)		884 213	2 941 392	593 153	2 207 449
Profit (loss) attributable to minority shareholders		9 442	37 760	10 324	58 397
Net profit (loss)		874 771	2 903 632	582 829	2 149 052
Earnings per share					
basic earnings per share for the period		0.87	2.90	0.58	2.15
diluted earnings per share for the period		0.87	2.90	0.58	2.15

BALANCE SHEET OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP

ASSETS	Note	As at 31.12.2007	As at 31.12.2006
Cash and amounts due from the Central Bank		4 682 627	4 628 134
Amounts due from banks		5 292 319	13 430 590
Financial assets held for trading		1 202 919	998 635
Derivative financial instruments		1 556 736	1 199 154
Other financial instruments at fair value through profit or loss		8 314 444	11 518 705
Loans and advances to customers		76 417 149	58 906 607
Investment securities		5 716 238	6 763 188
1. Available for sale		5 716 238	6 763 188
Investments in associates and jointly controlled entities		178 584	180 162
Intangible assets		1 183 491	944 028
Tangible fixed assets		2 820 103	2 655 041
Current tax receivables		187 939	326
Deferred tax asset	5	72 154	33 454
Other assets		943 980	767 683
TOTAL ASSETS		108 568 683	102 025 707
LIABILITIES AND EQUITY	Note	As at 31.12.2007	As at 31.12.2006
Amounts due to the Central Bank		1 279	1 387
Amounts due to other banks		4 703 114	4 351 608
Derivative financial instruments		1 279 925	1 097 806
Amounts due to customers		86 610 593	83 507 175
Liabilities arising from securities issued		178 860	43 722
Subordinated liabilities		1 614 885	-
Other liabilities		1 732 333	2 220 347
Current tax liabilities		9 932	170 960
Deferred tax liability	5	4 446	23 922
Provisions	5	454 301	428 200
Total liabilities		96 589 668	91 845 127
Share capital		1 000 000	1 000 000
Other capital		8 137 270	7 109 697
Currency translation differences from foreign operations		- 47 761	- 13 672
Retained earnings		- 72 192	- 166 771
Net profit for the period		2 903 632	2 149 052
Equity assigned to the shareholders of the holding company		11 920 949	10 078 306
Minority interest		58 066	102 274
Total equity		11 979 015	10 180 580
TOTAL LIABILITIES AND EQUITY		108 568 683	102 025 707
Capital adequacy ratio (%)	6-12	12.02	11,80*

* comparative data (resulting from amendments to the Banking Act and publication of Resolution No.2/2007 of the Polish Financial Supervision Authority)

PLN thousand

**STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY OF
THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP**

Items	Period from 01.01.2007 to 31.12.2007	Period from 01.01.2006 to 31.12.2006
Share capital	1 000 000	1 000 000
Other capital, of which:	8 137 270	7 109 697
Reserve capital	5 592 311	4 529 920
Revaluation reserve	- 43 066	3 834
<i>of which fair value adjustments to available-for-sale financial assets</i>	- 43 066	3 834
Other reserves	1 518 025	1 505 943
General banking risk fund	1 070 000	1 070 000
Currency translation differences from foreign operations	- 47 761	- 13 672
Retained earnings	- 72 192	- 166 771
Net profit for the period	2 903 632	2 149 052
Equity assigned to the shareholders of the holding company	11 920 949	10 078 306
Minority interest	58 066	102 274
<i>of which: net result for the current period</i>	<i>37 760</i>	<i>58 397</i>
Total equity	11 979 015	10 180 580
Sources of changes in equity		
Equity as at the end of the previous period	10 180 580	8 774 990
<i>adjustments due to changes in accounting policies</i>	-	-
Equity as at the beginning of the period, restated	10 180 580	8 774 990
Net profit (loss) for the period attributable to the shareholders of the holding company	2 903 632	2 149 052
Profit (loss) of the minority shareholders	37 760	58 397
Fair value adjustments to available-for-sale financial assets recognised in the revaluation reserve	- 46 900	7 888
Currency translation differences from foreign operations	- 34 089	- 9 590
Other increases/decreases in equity	- 1 061 968	- 800 157
Total equity	11 979 015	10 180 580

PLN thousand

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

Items	As at 31.12.2007	As at 31.12.2006
Off-balance sheet contingent liabilities granted:	19 371 569	14 601 269
1. financial	15 486 297	12 253 587
2. guarantees	3 885 272	2 347 682
Liabilities arising from the purchase/sale transactions	417 929 206	308 950 992
Other, of which:	18 269 487	18 205 730
- irrevocable liabilities	8 860 369	10 298 419
- collateral received	9 409 118	7 907 311
Total off-balance sheet items	455 570 262	341 757 991

PLN thousand

**CONDENSED STATEMENT OF CASH FLOW OF
THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP**

Items	Period from 01.01.2007 to 31.12.2007	Period from 01.01.2006 to 31.12.2006
Net cash flow from operating activities	- 9 083 702	8 554 882
Net cash flow from investing activities	665 615	- 5 324 963
Net cash flow from financing activities	3 518 328	- 457 369
Total net cash flow	- 4 899 759	2 772 550
Cash and cash equivalents at the beginning of the period	14 163 158	11 390 608
Cash and cash equivalents at the end of the period	9 263 399	14 163 158
Cash and cash equivalents	9 263 399	14 163 158
Cash on hand	1 708 937	1 429 379
Amounts due to the Central Bank	2 973 690	3 198 755
Current receivables from financial institutions	4 572 652	9 529 537
Cash of the Brokerage House in the Stock Exchange Guarantee Fund	8 120	5 487

EXPLANATORY NOTES (IN PLN THOUSAND)

FEEs AND COMMISSION INCOME OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP		
NOTE 1	4 quarters cumulatively period from 01.01.2007 to 31.12.2007	4 quarters cumulatively period from 01.01.2006 to 31.12.2006
Fees and commission income, of which:	3 022 036	2 296 099
From loans and advances granted	261 321	224 204
From accounts servicing	732 588	742 132
From payment cards	681 080	533 736
From investment funds servicing (including management fees)	610 441	215 968
From cash transactions	196 745	208 612
From loans insurance	156 256	24 880
From operations with securities	87 722	71 277
Other	295 883	275 290
Fees and commission expenses, of which:	- 686 837	- 429 847
Relating to payment cards	- 254 078	- 203 476
Relating to acquisition services	- 125 790	- 121 053
Other	- 306 969	- 105 318
Net fees and commission income	2 335 199	1 866 252

ASSETS' IMPAIRMENT LOSSES TAKEN TO THE PROFIT AND LOSS ACCOUNT OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP		
NOTE 2	4 quarters cumulatively period from 01.01.2007 to 31.12.2007	4 quarters cumulatively period from 01.01.2006 to 31.12.2006
Increases, of which:	- 1 295 677	- 1 178 399
Impairment losses on loans and advances	- 1 211 765	- 1 064 351
Impairment losses on off-balance sheet liabilities	- 52 973	- 27 083
Impairment losses on securities and financial assets	- 6 024	- 5 471
Impairment losses on other liabilities and tangible fixed assets	- 24 915	- 81 494
Decreases, of which:	1 239 034	1 177 748
Impairment losses on loans and advances	1 087 216	1 062 157
Impairment losses on off-balance sheet liabilities	41 829	29 767
Impairment losses on securities and financial assets	8 503	1 408
Impairment losses on other liabilities and tangible fixed assets	101 486	84 416
Balance at the end of the period	- 56 643	- 651

GENERAL ADMINISTRATIVE EXPENSES OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP		
NOTE 3	4 quarters cumulatively period from 01.01.2007 to 31.12.2007	4 quarters cumulatively period from 01.01.2006 to 31.12.2006
Employee costs	- 2 288 712	- 2 255 255
Non-personnel costs	- 1 413 290	- 1 238 774
Depreciation and amortisation	- 380 570	- 317 911
TOTAL	- 4 082 572	- 3 811 940

IMPAIRMENT ALLOWANCES AGAINST ASSETS OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP		
NOTE 4	As at 31.12.2007	As at 31.12.2006
Receivables from loans, advances, realised guarantees and placements	2 415 879	2 447 351
Tangible and intangible fixed assets	18 426	82 901
Financial assets	91 663	92 237
Other assets	103 240	77 732
TOTAL	2 629 208	2 700 221

**ADJUSTMENTS DUE TO PROVISIONS, DEFERRED TAX ASSET AND LIABILITY OF
THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP**

NOTE 5	As at 31.12.2007	As at 31.12.2006
Deferred tax liability	4 446	23 922
Deferred tax asset	72 154	33 454
Provision for off-balance sheet liabilities	35 621	26 330
Provision for future liabilities to employees	399 887	354 996
Provision for other future liabilities	18 793	46 874
TOTAL	530 901	485 576

**BALANCE SHEET INSTRUMENTS
OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP AS AT 31.12.2007**

NOTE 6	carrying value	risk weighted value
Banking portfolio	105 568 442	74 699 684
Trading portfolio	3 000 241	1 099 072
TOTAL	108 568 683	75 798 756

**OFF-BALANCE SHEET INSTRUMENTS
OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP AS AT 31.12.2007**

NOTE 7	replacement cost	credit equivalent	risk weighted value
Derivatives	213 809 611	2 487 612	498 710
Banking portfolio	38 235 646	1 150 782	230 591
Trading portfolio	175 573 965	1 336 830	268 119
Other off-balance sheet instruments	29 406 484	6 620 084	6 334 029
Banking portfolio	27 941 868	5 164 575	5 085 760
Trading portfolio	1 464 616	1 455 509	1 248 269
TOTAL	243 216 095	9 107 696	6 832 739

**CAPITAL REQUIREMENTS
OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP AS AT 31.12.2007**

NOTE 8	balance sheet and off- balance sheet value	risk weighted value	capital requirement
Banking portfolio - credit risk	171 745 956	80 016 035	6 401 283
Trading portfolio:			244 391
Market risk			220 143
Currency risk			-
Commodity risk			-
Equity securities price risk			1 187
Debt securities special risk			166 634
Interest rate general risk			52 322
Other			24 248
Settlement risk - counterparty delivery			24 248
Securities underwriting risk			-
Other			-
TOTAL: Total capital requirement			6 645 674

**BALANCE SHEET INSTRUMENTS
OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP AS AT 31.12.2006**

NOTE 9	carrying value	risk weighted value
Banking portfolio	97 964 225	54 339 742
Trading portfolio	4 061 482	2 049 956
TOTAL	102 025 707	56 389 698

OFF-BALANCE SHEET INSTRUMENTS
OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP AS AT 31.12.2006

NOTE 10	replacement cost	credit equivalent	risk weighted value
Derivatives	153 258 397	2 313 331	463 053
Banking portfolio	27 923 211	1 217 802	243 916
Trading portfolio	125 335 186	1 095 529	219 137
Other off-balance sheet instruments	28 527 959	5 518 836	4 228 904
Banking portfolio	27 718 043	4 708 920	3 514 988
Trading portfolio	809 916	809 916	713 916
TOTAL	181 786 356	7 832 167	4 691 957

CAPITAL REQUIREMENTS
OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP AS AT 31.12.2006

NOTE 11	balance sheet and off-balance sheet value	risk weighted value	capital requirement
Banking portfolio - credit risk	153 605 479	58 098 646	4 647 892
Trading portfolio:			148 687
Market risk			132 165
Currency risk			-
Commodity risk			-
Equity securities price risk			214
Debt securities special risk			94 618
Interest rate general risk			37 333
Other			16 522
Settlement risk - counterparty delivery			16 522
Securities underwriting risk			-
Other			-
TOTAL: Total capital requirement			4 796 579

OWN FUNDS
OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP

NOTE 12	As at 31.12.2007	As at 31.12.2006
Share capital	1 000 000	1 000 000
Reserve capital	5 592 311	4 529 920
Other reserve capital	1 518 025	1 505 943
General risk fund for unrealised banking activity risk	1 070 000	1 070 000
Subordinated debt included in supplementary capital	1 600 700	-
Verified by the certified auditor part of the current year result less forecasted profit charges	653 720	-
Unrealised losses on debt and equity securities classified as available for sale	- 55 228	- 4 119
Unrealised profits from debt and equity securities classified as available for sale (in the amount of 60% of value before tax)	1 323	5 297
Result from previous years	- 72 192	- 166 771
Currency translation differences from foreign operations	- 47 761	- 13 672
Minority interest	58 066	102 274
Intangible assets	- 1 183 491	- 944 028
Equity exposure	- 168 070	- 156 703
Short-term capital	15 997	148 687
TOTAL: total own funds and short-term capital	9 983 400	7 076 828

2.2 CONDENSED FINANCIAL DATA OF PKO BP SA

PLN thousand

PROFIT AND LOSS ACCOUNT OF POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA					
	Note	4th quarter period from 01.10.2007 to 31.12.2007	4 quarters cumulatively period from 01.01.2007 to 31.12.2007	4th quarter period from 01.10.2006 to 31.12.2006	4 quarters cumulatively period from 01.01.2006 to 31.12.2006
Interest income		1 766 757	6 270 988	1 406 188	5 381 545
Interest expense		- 491 222	- 1 767 881	- 415 617	- 1 658 984
Net interest income		1 275 535	4 503 107	990 571	3 722 561
Fees and commission income	1	701 688	2 648 092	602 306	2 151 063
Fees and commission expense	1	- 170 758	- 610 997	- 111 631	- 401 200
Net fees and commission income	1	530 930	2 037 095	490 675	1 749 863
Dividend income		22	52 113	14	18 624
Result from financial instruments at fair value		- 17 491	- 77 701	- 20 324	- 94 420
Result from investment securities		2 912	6 521	29 112	49 091
Foreign exchange result		138 669	522 693	123 233	532 570
Other operating income		40 364	116 415	97 108	158 080
Other operating expenses		- 16 763	- 61 000	- 46 975	- 79 290
Net other operating income and expense		23 601	55 415	50 133	78 790
Result on impairment allowances		87 316	- 44 948	40 633	34 018
General administrative expenses	2	- 1 083 916	- 3 727 150	- 1 038 510	- 3 589 033
Operating result		957 578	3 327 145	665 537	2 502 064
Gross profit (loss)		957 578	3 327 145	665 537	2 502 064
Income tax expense		- 165 444	- 607 154	- 110 509	- 454 673
Net profit (loss)		792 134	2 719 991	555 028	2 047 391
Earnings per share					
basic earnings per share for the period		0.79	2.72	0.56	2.05
diluted earnings per share for the period		0.79	2.72	0.56	2.05

BALANCE SHEET OF POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA

ASSETS	As at 31.12.2007	As at 31.12.2006
Cash and amounts due from the Central Bank	4 594 084	4 543 677
Amounts due from banks	5 346 882	13 349 723
Financial assets held for trading	1 202 919	997 432
Derivative financial instruments	1 556 750	1 199 349
Other financial instruments at fair value through profit or loss	8 101 534	11 373 301
Loans and advances to customers	73 822 193	57 339 790
Investment securities	5 841 553	6 805 567
1. Available for sale	5 841 553	6 805 567
Investments in subsidiaries, associates and jointly controlled entities	1 054 395	892 301
Intangible assets	927 610	726 458
Tangible fixed assets	2 270 480	2 157 382
Current tax receivables	187 707	-
Deferred tax asset	35 531	-
Other assets	429 699	432 347
TOTAL ASSETS	105 371 337	99 817 327
LIABILITIES AND EQUITY	As at 31.12.2007	As at 31.12.2006
Amounts due to the Central Bank	1 279	1 387
Amounts due to other banks	3 624 455	3 875 868
Derivative financial instruments	1 280 265	1 097 796
Amounts due to customers	85 246 546	82 277 072
Subordinated liabilities	1 614 885	-
Liabilities arising from securities issued	-	-
Other liabilities	1 421 321	1 925 573
Current tax liabilities	-	170 960
Deferred tax liability	-	8 378
Provisions	453 045	424 569
TOTAL LIABILITIES	93 641 796	89 781 603
Share capital	1 000 000	1 000 000
Other capital	8 009 550	6 988 333
Retained earnings	-	-
Net profit for the period	2 719 991	2 047 391
Total equity	11 729 541	10 035 724
TOTAL LIABILITIES AND EQUITY	105 371 337	99 817 327
Capital adequacy ratio (%)	11.87	11.69*

* comparative data (resulting from amendments to the Banking Act and publication of Resolution No.2/2007 of the Polish Financial Supervision Authority)

PLN thousand

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF
POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA**

Items	Period from 01.01.2007 to 31.12.2007	Period from 01.01.2006 to 31.12.2006
Share capital	1 000 000	1 000 000
Other capital, of which:	8 009 550	6 988 333
Reserve capital	5 591 995	4 529 604
Revaluation reserve	- 42 445	3 729
<i>of which fair value adjustments to available-for-sale financial assets</i>	- 42 445	3 729
Other reserves	1 390 000	1 385 000
General banking risk fund	1 070 000	1 070 000
Retained earnings	-	-
Net profit for the period	2 719 991	2 047 391
Total equity	11 729 541	10 035 724
Sources of changes in equity		
Equity as at the end of the previous period	10 035 724	8 780 394
Net profit (loss) of the Bank	2 719 991	2 047 391
Fair value adjustments to available-for-sale financial assets recognised in the revaluation reserve	- 46 174	8 189
Other increases/decreases in equity	- 980 000	- 800 250
Total equity	11 729 541	10 035 724

PLN thousand

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

Items	As at 31.12.2007	As at 31.12.2006
Off-balance sheet contingent liabilities granted:	19 659 505	14 799 391
1. financial	15 442 749	12 286 757
2. guarantees	4 216 756	2 512 634
Liabilities arising from the purchase/sale transactions	418 020 473	308 180 994
Other, of which:	13 386 552	13 948 116
- irrevocable liabilities	8 856 029	10 296 573
- collateral received	4 530 523	3 651 543
Total off-balance sheet items	451 066 530	336 928 501

PLN thousand

**CONDENSED STATEMENT OF CASH FLOW OF
POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA**

Items	Period from 01.01.2007 to 31.12.2007	Period from 01.01.2006 to 31.12.2006
Net cash flow from operating activities	- 8 249 894	8 528 557
Net cash flow from investing activities	473 187	- 5 104 874
Net cash flow from financing activities	2 929 573	- 748 676
Total net cash flow	- 4 847 134	2 675 007
Cash and cash equivalents at the beginning of the period	13 879 643	11 204 636
Cash and cash equivalents at the end of the period	9 032 509	13 879 643
Cash and cash equivalents	9 032 509	13 879 643
Cash on hand	1 620 394	1 344 922
Amounts due from the Central Bank	2 973 690	3 198 755
Current receivables from financial institutions	4 430 305	9 330 479
Cash of the Brokerage House in the Stock Exchange Guarantee Fund	8 120	5 487

EXPLANATORY NOTES (IN PLN THOUSAND)

**FEES AND COMMISSION INCOME OF
POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA**

NOTE 1	4th quarter period from 01.10.2007 to 31.12.2007	4 quarters cumulatively period from 01.01.2007 to 31.12.2007	4th quarter period from 01.10.2006 to 31.12.2006	4 quarters cumulatively period from 01.01.2006 to 31.12.2006
Fees and commission income, of which:	701 688	2 648 092	602 306	2 151 063
From accounts servicing	155 506	710 706	183 729	721 445
From payment cards	322 562	679 816	148 589	529 724
From loans and advances granted	63 832	256 787	60 413	220 866
From cash transactions	42 576	196 539	53 591	208 467
From investment funds servicing (including management fees)	60 228	281 961	56 745	112 970
From operations with securities	16 262	87 679	23 426	70 814
Other	40 722	434 604	75 813	286 777
Fees and commission expenses, of which:	- 170 758	- 610 997	- 111 631	- 401 200
Relating to payment cards	- 104 814	- 283 868	- 64 914	- 224 710
Relating to acquisition services	- 31 648	- 125 786	- 32 260	- 121 014
Other	- 34 296	- 201 343	- 14 457	- 55 476
Net fees and commission income	530 930	2 037 095	490 675	1 749 863

**GENERAL ADMINISTRATIVE EXPENSES OF
POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA**

NOTE 2	4th quarter period from 01.10.2007 to 31.12.2007	4 quarters cumulatively period from 01.01.2007 to 31.12.2007	4th quarter period from 01.10.2006 to 31.12.2006	4 quarters cumulatively period from 01.01.2006 to 31.12.2006
Employee costs	- 639 974	- 2 155 112	- 686 919	- 2 150 561
Non-personnel costs	- 361 124	- 1 249 879	- 303 378	- 1 169 694
Depreciation and amortisation	- 82 818	- 322 159	- 48 213	- 268 778
TOTAL	- 1 083 916	- 3 727 150	- 1 038 510	- 3 589 033

3. COMMENTARY ON CONDENSED FINANCIAL DATA

3.1 FINANCIAL RESULTS

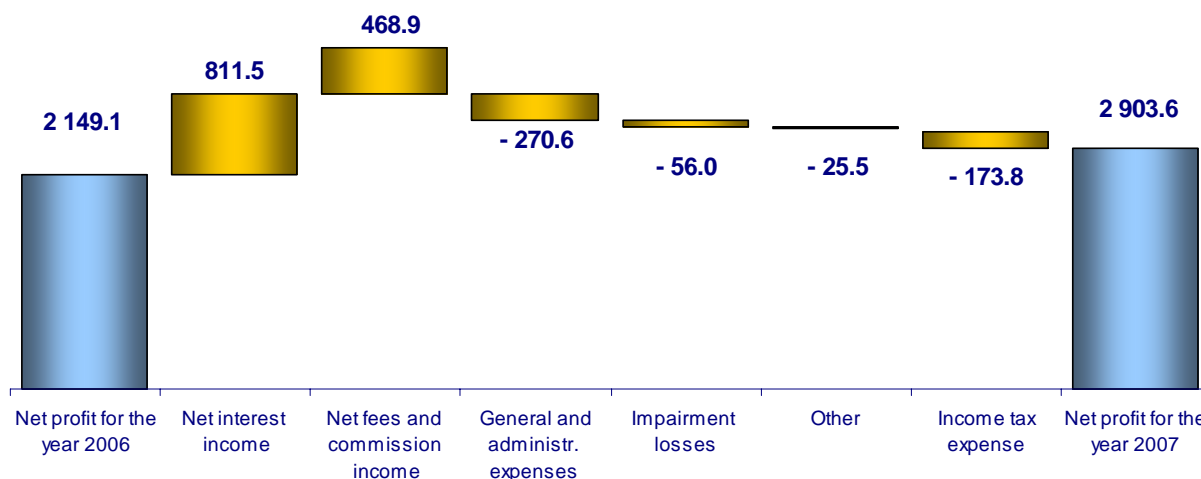
3.1.1. The PKO BP SA Group

Financial results and profitability ratios

The consolidated gross profit in the 4th quarter of 2007 was PLN 1 066.6 million, while the net profit amounted to PLN 874.8 million and were, respectively PLN 363.7 million and PLN 291.9 million, higher than in the 4th quarter of 2006.

During the four quarters of 2007, the PKO BP SA Group earned a gross profit of PLN 3 609.2 million, which compared to the corresponding period of 2006 increased by PLN 907.7 million.

Table 1. Movements in the Profit and Loss Account items of the PKO BP SA Group (in PLN million)



The costs to income ratio (C/I), after 4 quarters of 2007, amounted to 52.7% and was 5.8 p.p. lower than in the corresponding period of 2006. The financial results achieved by the PKO BP SA Group translated into higher ratios of return on assets and return on equity.

Table 2. Basic financial ratios of the PKO BP SA Group

Items	Indices		
	As at 31.12.2007	As at 31.12.2006	Change 31.12.2007/ 31.12.2006
ROA gross (gross profit (loss)/ average assets)	3.4%	2.8%	0,6 pp.
ROA net (net profit (loss)/ average assets)	2.8%	2.2%	0,5 pp.
ROE gross (gross profit (loss)/ average equity)	32.6%	28.5%	4,1 pp.
ROE net (net profit (loss)/ average equity)	26.2%	22.7%	3,5 pp.
C/I (costs to income ratio)	52.7%	58.5%	-5,8 pp.

In the 4th quarter of 2007, the consolidated total of income items amounted to PLN 2 173.0 million and was PLN 405.0 million (i.e. 22.9%) higher than in the 4th quarter of 2006. The increase in revenues was determined by an increase in interest and commission income (by PLN 290.8 million and PLN 109.2 million, respectively).

During the 4 quarters of 2007, the total of income items in the profit and loss account of the PKO BP SA Group amounted to PLN 7 744.1 million and was PLN 1 226.3 million (i.e. 18.8%) higher than in the corresponding period of 2006. The main consolidated profit and loss account items were as follows:

Translation of Interim Financial Statements of the PKO BP SA Group for the 4th quarter of 2007
The Polish original should be referred to in matters of interpretation

Table 3. Movements in the Profit and Loss Account items of the PKO BP SA Group

Profit and loss account line	4 quarters cumulatively period from 01.01.2007 to 31.12.2007	Change (4 quarters '07/ 4 quarters '06)	4th quarter period from 01.10.2007 to 31.12.2007	Change (4th quarter '07/ 4th quarter '06)	Comment
Net interest income	4 643.7	21.2% ↑	1 313.7	28.4% ↑	(+) 21.2% (y/y) as a result of: 1. increase in interest margin on deposits related to increase in market rates, 2. dynamic increase in credit volume of 29.7% (y/y).
Net fees and commission income	2 335.2	25.1% ↑	612.7	21.7% ↑	(+) 25.1% (y/y) as a result of: 1. increase in the number of bank cards (of 4.8% y/y) and related transactions, 2. regular income increase from operations related to investment funds servicing (management fee included) of 182.7% (y/y), 3. fivefold income increase from credit repayment insurance.
Net other income	765.1	-6.6% ↓	246.6	2.1% ↑	(-) 6.6% (y/y) as a result of: 1. lower result on securities operations compared to high securities sales results in 2006, 2. lower other operating income achieved by PKO Inwestycje due to lower sale of completed contracts.
General administrative expenses	-4 082.6	-7.1% ↓	-1 190.5	-9.8% ↓	Increase of 7.1% (y/y) as a result of: 1. increased scope of promotion and advertising activities, 2. implementation of succeeding modules of Integrated IT System together with a decrease in personal costs - employment reduction in PKO BP SA.
Result on impairment allowances	-56.6	-87x ↓	80.6	3.4x ↑	1. (+) 3.4x (q/q) as a result of: - low cost risk in 4th quarter of 2007, among others resulting from positive result on housing and corporate loans caused by good economic situation, - revaluation of one of the Bank's properties, resulting from solving the ownership issues, - adjustments of provisions related to securitisation transactions, - adjustments of intangibles impairment write-off relating to implementation additional functionalities. 2. (-) 87x (y/y) as a result of increase in consumer and credit cards loans impairment write-offs.

Balance sheet and off-balance sheet items

Table 4. Movements in the balance sheet items of the PKO BP SA Group

BALANCE SHEET OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP			
Items	As at 31.12.2007	Change 31.12.2007/ 31.12.2006	Comment
Cash and amounts due from the Central Bank	4 682 627	1.2%	
Amounts due from banks	5 292 319	-60.6%	
Loans and advances to customers	76 417 149	29.7%	Increase in assets by PLN 6.5 billion (6.4% y/y), along with the 17.5 billion (+ 29.7% y/y) increase in loans and advances granted to clients and decrease in securities by PLN 4.0 billion (-21.0% y/y).
Investment securities	15 233 601	-21.0%	
Other assets	6 942 987	20.1%	
Total assets	108 568 683	6.4%	
Amounts due to other banks	4 704 393	8.1%	
Amounts due to customers	86 610 593	3.7%	
Securities issued	1 793 745	40 x	Increase in "Own securities issued" as a result of subordinated debt issue in the amount of PLN 1.6 billion and increase in equity due to its accumulation (17.7% y/y).
Other liabilities	3 480 937	-11.7%	
Total liabilities	96 589 668	5.2%	
Total equity	11 979 015	17.7%	
Total liabilities and equity	108 568 683	6.4%	
Loans / Placements (liabilities to customers)	88.2%	18.0%	(+) 18 p.p. together with 29.7% (y/y) increase in loans and 3.7% (y/y) increase in placements.
Interest bearing assets / Assets	89.3%	-1.0%	
Interest bearing liabilities / Liabilities	85.8%	0.0%	Indicator remained on stable level.

As at 31 December 2007, the total of the off-balance sheet items of the PKO BP SA Group was PLN 455.6 billion, and compared to the end of 2006 - increased by 33.3%. The main share in that balance related to liabilities resulting from sale/purchase transactions, which amounted to PLN 417.9 billion, and related mainly to operations with the use of derivative financial instruments and forward exchange transactions entered into by PKO BP SA in order to regulate own currency liquidity, as well as for speculation purposes and arbitrage between financial markets.

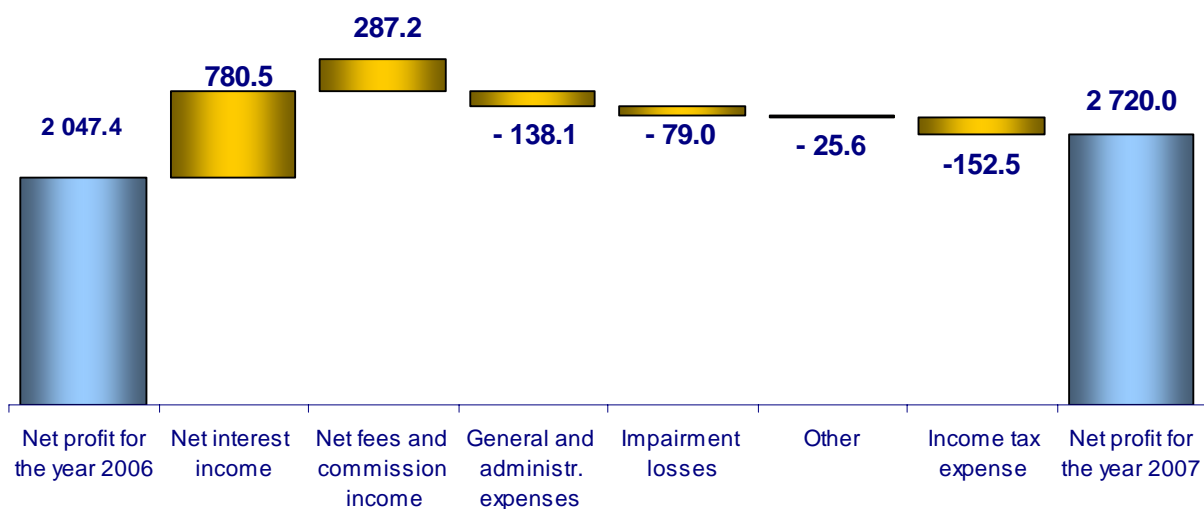
3.1.2. PKO BP SA

Financial result and profitability ratios

The gross profit earned by PKO BP SA in the 4th quarter of 2007 was PLN 957.6 million, while the net profit – PLN 792.1 million, and were, respectively, PLN 292.0 million and PLN 237.1 million, higher than in the 4th quarter of 2006.

In the year 2007, PKO BP SA earned a gross profit of PLN 3 327.1 million. After considering tax charges, the net profit was PLN 2 720.0 million. Compared to the corresponding period of 2006, the gross profit was PLN 825.1 million and the net profit – PLN 672.6 million higher.

Table 5. Movements in the Profit and Loss Account items of PKO BP SA (in PLN million)













The financial results achieved by the Bank translated into higher ratios of return on assets and return on equity.

Table 6. Basic financial ratios of PKO BP SA

Items	Indices		
	As at 31.12.2007	As at 31.12.2006	Change 31.12.2007/ 31.12.2006
ROA gross (gross profit (loss)/ average assets)	3.2%	2.6%	0,6 pp.
ROA net (net profit (loss)/ average assets)	2.7%	2.2%	0,5 pp.
ROE gross (gross profit (loss)/ average equity)	30.6%	26.6%	4 pp.
ROE net (net profit (loss)/ average equity)	25.0%	21.8%	3,2 pp.
C/I (costs to income ratio)	52.5%	59.3%	-6,8 pp.

In the 4th quarter of 2007, the total of income items amounted to PLN 1 954.2 million and was PLN 290.8 million (i.e. 17.5%) higher than in the 4th quarter of 2006. Revenues earned during the 4 quarters of 2007 amounted to PLN 7 099.2 million and compared to the corresponding period of the prior year increased by PLN 1 042.2 million (i.e. by 17.2%).

Table 7. Movements in the Profit and Loss Account items of PKO BP SA

Profit and loss account line	(PLN million)		(PLN million)		Comment
	4 quarters cumulatively period from 01.01.2007 to 31.12.2007	Change (4 quarters '07/ 4 quarters '06)	4th quarter period from 01.10.2007 to 31.12.2007	Change (4th quarter '07/ 4th quarter '06)	
Net interest income	4 503.1	21.0% 	1 275.5	28.8% 	(+) 21.0% (y/y) mainly as a result of 28.7% (y/y) increase in the volume of the net loan portfolio and extension of deposit margins
Net fees and commission income	2 037.1	16.4% 	530.9	8.2% 	(+) 16.4% (y/y) mainly as a result of: 1. increase in fees and commission relating from PKO TFI funds servicing, including management fee (+149.6% y/y) 2. increase in the number of bank cards (+ 4.8% y/y) and related transactions, 3. increase in sale of credit repayment insurance
Net other income	559.0	-4.4% 	147.7	-19% 	(-) 4.4% (y/y) as a result of: 1. lower result from securities operations compared to high results from the sale of securities in 2006, 2. lower result from other operating income and costs due to the lack of impact of 2006 one-off transactions.
General administrative expenses	-3 727.2	-3.8% 	-1 083.9	-4.4% 	3.8% (y/y) increase and C/I at the level of 52.5% (-6.8 pp. y/y) together with: 1. employment reduction - regular job positions as at 31.12.2007: 30,659; as at 31.12.2006: 31,955 2. increase in training expenses related to ZSI 3. increase in promotion and advertising costs
Result on impairment allowances	-44.9	x 	87.3	2.1x 	1. (+) 2.1x (q/q) as a result of: - low cost of risk in 4th quarter of 2007, as an effect of positive result from housing and corporate loans resulting from good economic situation, - revaluation of one of the Bank's properties as a result of solving the ownership issues, - adjustments of provisions relating to securitisation transactions, - adjustments of intangibles impairment write-offs relating to implementation of new functionalities. 2. y/y change as a result of increase in consumer and credit cards loans impairment write-offs.

3.2 BUSINESS DEVELOPMENT

3.2.1. Segmentation of activities of the PKO BP SA Group

The primary segmentation key of the Group is based on business segments.

The Group usually settles inter-segment transactions as if they were concluded between unrelated parties, using internal settlement rates.

Business segments

Segmentation by business is as follows:

- Corporate Segment includes transactions of the parent company with large corporate clients and operations of Bankowy Fundusz Leasingowy SA Group.
- Retail Segment covers transactions of the parent company with private individuals and small and medium-sized enterprises as well as operations of the following subsidiaries: KREDOBANK SA, the Powszechne Towarzystwo Emerytalne BANKOWY SA Group, PKO Towarzystwo Funduszy Inwestycyjnych SA, Inteligo Financial Services SA and Centrum Elektronicznych Usług Płatniczych eService SA.
- Treasury Segment covers inter-bank transactions, transactions made using derivative instruments and debt securities.
- Investment Segment covers brokerage and investing activities of the parent company and operations of Bankowe Towarzystwo Kapitałowe SA.
- Housing Segment covers transactions of the parent company connected with granting housing loans and accepting housing deposits, and operations of the PKO Inwestycje Sp. z o.o. Group.

The Bank has not identified any other segments as a result of not having reached the thresholds set forth in IAS 14. According to IAS 14, segments which were not separated have been disclosed as unallocated reconciling items.

The assets and liabilities of a given segment represent operating assets and liabilities used by the segment in its operating activities.

The tables below present data relating to revenue and results of individual business segments of the PKO BP SA Group for the 12-months periods ended 31 December 2007 and 31 December 2006, and selected assets and liabilities as at 31 December 2007 and 31 December 2006.

The financial data for the year 2006 were restated for comparability purposes.

Table 8. Business segments of the PKO BP SA Group

PLN thousand						
Continued activities						
For the 12 -month period ended 31.12.2007	Retail Segment	Housing Segment	Corporate Segment	Treasury Segment	Investment Segment	All activities
Revenue						
External customer-related revenues	5 881 059	2 529 976	1 436 300	1 120 939	252 711	11 220 985
Inter-segment sales	31 998	2 957	-	-	-	34 955
Total segment revenue	5 913 057	2 532 933	1 436 300	1 120 939	252 711	11 255 940
Result						
Segment result	2 175 371	637 962	274 933	65 895	147 331	3 301 493
Unallocated result together with the result of non-separated segments						71 932
Difference between FX Swap and CIRS results reported for accounting and management information purposes (Swap points)						231 434
Result from continued activities before taxation						3 604 858
Share in the results of associates and jointly controlled entities						4 372
Result before taxation and minority interest						3 609 230
Income tax (tax charge)						- 667 838
Profit (loss) of minority shareholders						- 37 760
Net profit for the period						2 903 632
Assets, equity and liabilities as at 31 December 2007						
Segment assets	27 778 372	35 235 885	22 276 903	17 397 052	1 137 723	103 825 935
Investments in associated and jointly controlled entities					178 584	178 584
Unallocated assets						4 564 164
Total assets						108 568 683
Segment liabilities and segment result	65 169 109	12 327 608	15 009 989	1 804 410	775 248	95 086 365
Unallocated liabilities						13 482 318
Total liabilities						108 568 683
Other segment information						
Result on impairment allowances*	- 239 307	24 764	73 014	-	6 168	- 135 361

*Without impairment allowances relating to non-separated segments, including, among others, impairment write-offs against tangible and intangible fixed assets.

Translation of Interim Financial Statements of the PKO BP SA Group for the 4th quarter of 2007
The Polish original should be referred to in matters of interpretation

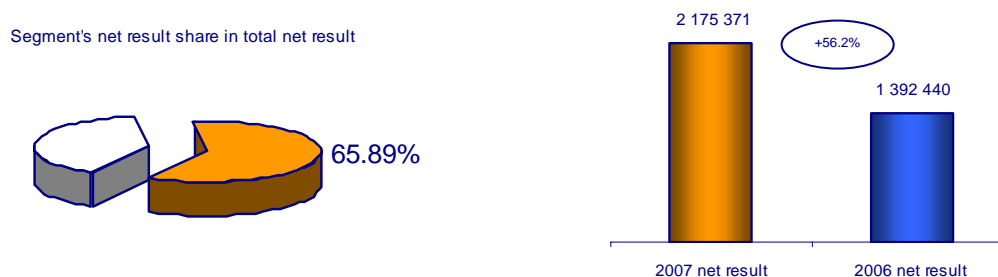
PLN thousand						
Działalność kontynuowana						
For the 12 -month period ended 31.12.2006	Retail Segment	Housing Segment	Corporate Segment	Treasury Segment	Investment Segment	All activities
Revenue						
External customer-related revenues	4 167 483	2 009 746	1 200 509	1 522 710	201 141	9 101 589
Inter-segment sales	43 827	3 020	-	-	-	46 847
Total segment revenue	4 211 310	2 012 766	1 200 509	1 522 710	201 141	9 148 436
Result						
Segment result	1 392 440	535 806	270 049	118 612	110 179	2 427 086
Unallocated result together with the result of non-separated segments						39 970
Difference between FX Swap and CIRS results reported for accounting and management information purposes (Swap points)						238 137
Result from continued activities before taxation						2 705 193
Share in the results of associates and jointly controlled entities						- 3 705
Result before taxation and minority interest						2 701 488
Income tax (tax charge)						- 494 039
Profit (loss) of minority shareholders						- 58 397
Net profit for the period						2 149 052
Assets, equity and liabilities as at 31 December 2006						
Segment assets	19 127 175	25 137 161	19 293 605	28 158 790	1 619 540	93 336 271
Investments in associated and jointly controlled entities					180 162	180 162
Unallocated assets						8 509 274
Total assets						102 025 707
Segment liabilities and segment result	65 003 017	10 743 159	11 003 202	4 078 452	481 796	91 309 626
Unallocated liabilities						10 716 081
Total liabilities						102 025 707
Other segment information						
Result on impairment allowances*	- 109 678	22 277	73 156	-	15 177	932

*Without impairment allowances relating to non-separated segments, including, among others, impairment write-offs against tangible and intangible fixed assets.

Due to the fact that the results of the activities of the PKO BP SA Group outside Poland account for a relatively small share in the Group's total results, the Group decided not to present this data following geographical segments.

3.2.2. Retail segment

The result of the retail segment increased by PLN 782.9 million, i.e. 56.2% y/y with a 45.2% increase in segment assets and 1.0% decrease in segment liabilities, calculated on a year-to-year basis.



3.2.2.1. Activities of PKO BP SA in the retail segment

As at 31 December 2007, total value of deposits of the retail segment of PKO BP SA and assets managed by PKO TFI was PLN 77.4 billion. From the beginning of the year, their volume increased by PLN 7.4 billion (i.e. 10.6%); this volume increase was accompanied by a structural change represented by an increase in the share of assets managed by PKO TFI.

Table 9. Deposits of PKO BP SA and assets managed by PKO TFI (in PLN million)¹

Items	As at:	As at:	As at:	Change from:	
	31.12.2007	30.09.2007	31.12.2006	30.09.2007	31.12.2006
Client deposits, of which:					
- retail banking	39 265	39 260	38 367	0.0%	2.3%
- private banking	14 502	14 543	17 324	-0.3%	-16.3%
- SMEs	6 958	6 020	5 788	15.6%	20.2%
Total deposits	60 724	59 823	61 480	1.5%	-1.2%
Assets under PKO TFI's management	16 685	16 341	8 542	2.1%	95.3%
Total clients' savings	77 410	76 164	70 021	1.6%	10.6%

Source: Bank managerial information and data of PKO TFI

As at 31 December 2007, gross value of loans and advances of the retail segment of PKO BP SA was PLN 23.3 billion and from the beginning of the year increased by PLN 5.1 billion (i.e. 28.0%).

Table 10. Gross loans and advances* of PKO BP SA (in PLN million)

Items	As at:	As at:	As at:	Change from:	
	31.12.2007	30.09.2007	31.12.2006	30.09.2007	31.12.2006
Gross loans and advances*), of which:					
- retail banking	12 816	12 243	11 518	4.7%	11.3%
- private banking	3 598	3 320	2 132	8.4%	68.7%
- SMEs	6 907	6 322	4 575	9.3%	51.0%
Total	23 321	21 886	18 225	6.6%	28.0%

Source: Bank managerial information

*without interest due and interest not due

In the 4th quarter of 2007, total number of savings-settlement accounts (ROR) and Inteligo current accounts increased by 31 thousand and as at 31 December 2007 was 6 207 thousand. From the beginning of the year, the number of accounts increased by 189 thousand, of which the number of ROR accounts increased by 125 thousand, while the number of Inteligo current accounts – by 64 thousand.

In the 4th quarter of 2007, total number of banking cards issued by PKO BP SA increased by 52 thousand and as at 31 December 2007 amounted to 7 296 thousand cards. During the same period, the number of credit cards increased by 8 thousand to 1 010 thousand pieces. Compared to the number of banking cards at the end of 2006, the increase in the number of banking cards was 336 thousand, of which credit cards – 75 thousand cards.

¹ In this document, any differences in totals, percentages and ratios of changes are due to the rounding of amounts to full million and the rounding of percentages to one decimal place.

Table 11. Accounts and banking cards of PKO BP SA (in thousand)

Items	Change from:				
	31.12.2007	30.09.2007	31.12.2006	30.09.2007	31.12.2006
Total number of accounts, of which:	6 207	6 176	6 018	31	189
- saving-settlement accounts (ROR)	5 548	5 533	5 423	15	125
- Inteligo current accounts	659	643	595	16	64
Total number of banking cards, of which:	7 296	7 244	6 960	52	336
- retail segment	6 670	6 676	-	6	-

In the 4th quarter of 2007, while the number of branches of the Bank did not change, the number of the ATMs available – increased.

Table 12. Branches and ATMs of PKO BP SA

Items	Change from:				
	31.12.2007	30.09.2007	31.12.2006	30.09.2007	31.12.2006
Total number of branches	1 233	1 233	1 239	-	- 6
- Retail Market Area:	1 150	1 150	1 156	-	- 6
Regional Retail Branches	12	12	12	-	-
Independent branches	574	574	574	-	-
Subordinated branches	564	564	570	-	- 6
Number of ATMs	2 106	2 091	2 024	15	82

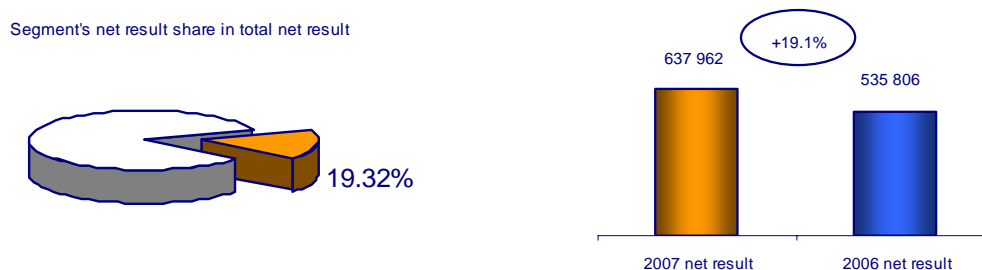
3.2.2.2. Activities of the PKO BP SA Group companies in the housing segment

Table 13. Activities of the PKO BP SA Group companies in the housing segment

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 4TH QUARTER OF 2007
PKO Towarzystwo Funduszy Inwestycyjnych SA	<ol style="list-style-type: none"> 1. Value of the funds' assets managed by Towarzystwo amounted to PLN 16.7 billion at the end of 2007, which indicates growth of 2.1% as compared to the end of 3rd quarter. 2. PKO TFI SA occupies a third position with 12.4% share in the investment funds market.
KREDOBANK SA	<ol style="list-style-type: none"> 1. Total assets of the KREDOBANK SA increased in the 4th quarter by PLN 37.7 million, i.e. 1.7 %, and as at 31 December 2007 amounted to PLN 2,212.6 million (UAH 4,596.2 million). 2. The Company's loan portfolio (gross) in the 4th quarter increased by PLN 62 million, i.e. by 3.8% and amounted to PLN 1,707.6 million (UAH 3,547.1 million) at the end of 2007. 3. Clients term deposits in the 4th quarter decreased by PLN 36 million, that is by 3.2% and amounted to PLN 1,090.8 million (UAH 2,265.9 million) at the end of 2007. 4. At the end of 2007, the outlets network of KREDOBANK SA consisted out of 24 departments and 151 branches in 19 out of 24 Ukrainian districts and in the Independent Republic of the Crimea. During the 4th quarter, the network increased by 5 branches. All financial values of the KREDOBANK SA were recalculated according to average exchange rate of NBP as of 31 December 2007 (1 UAH = 0.4814 PLN).
Powszechne Towarzystwo Emerytalne BANKOWY SA	<ol style="list-style-type: none"> 1. At the end of December of 2007, the value of assets of Bankowy OFE under PTE BANKOWY management, amounted to PLN 4,275 million, which indicates a decrease of PLN 31 million as compared to the 3rd quarter of 2007. The decrease in BOFE's net assets value was mainly caused by a decrease in quotations of companies listed at the Warsaw Stock Exchange. 2. At the end of 2007, the position of the Bankowy OFE at the pension fund market remained unchanged (8th position in respect of OFE's assets value and 9th position in respect of the number of active members accounts).
Inteligo Financial Services SA	<ol style="list-style-type: none"> 1. At the end of 2007, the Company enabled access to electronic bank system for 1.9 million of PKO BP SA clients using PKO Inteligo service, i.e. 194 thousand of clients more than at the end of the 3rd quarter. 2. Within the Inteligo account offer the Company serviced 711 thousand accounts for more than 582 thousand of clients. The number of clients being serviced in relation to the Inteligo account increased in the 4th quarter by 12 thousand. 3. At the end of 2007, Inteligo clients' deposits exceeded PLN 2,064 million and increased by PLN 88 million as compared to the end of September 2007.
Centrum Elektronicznych Usług Płatniczych eService SA	<ol style="list-style-type: none"> 1. In the 4th quarter of 2007, transactions at a total value of PLN 4,628 million were generated in the eService SA's terminals. 2. As regards the value of generated card transactions (including cash withdrawals), the estimated by the Company's market share amounted to approximately 28.8% at the end of December 2007. 3. The number of terminals installed at the end of 2007 amounted to 46,092, which means a 5.8% increase as compared to the end of the 3rd quarter. 4. As regards terminals installed (including those utilized for cash withdrawals), the estimated by the Company market share amounted to 29.6%.

3.2.3. Housing segment

The result of the housing segment increased by PLN 102.2 million i.e. 19.1% y/y with a 40.2% increase in segment assets and 14.5% increase in segment liabilities, calculated on a year-to-year basis. In 2007, the Bank's share in the housing segment result was 96.9%.



3.2.3.1. Activities of PKO BP SA in the housing segment

As at 31 December 2007, total value of deposits of the housing segment of PKO BP SA was PLN 10.3 billion. From the beginning of the year, deposit volume increased by PLN 0.13 billion (i.e. 1.3%).

As at 31 December 2007, gross value of loans and advances of the housing segment of PKO BP SA was PLN 34.8 billion and from the beginning of the year increased by PLN 9.5 billion (i.e. 37.5%).

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

Items	As at:	As at:	As at:	Change from:	
	31.12.2007	30.09.2007	31.12.2006	30.09.2007	31.12.2006
Gross loans and advances *), of which:					
- relating to residential market	31 846	30 063	22 462	5.9%	41.8%
- residential receivables (of which supported by the State Treasury)	2 920	2 827	2 823	3.3%	3.4%
Total	34 766	32 890	25 284	5.7%	37.5%
Housing placements	10 290	10 516	10 160	-2.2%	1.3%

Source: Bank managerial information

*without interest due and interest not due

3.2.3.2. Activities of the PKO BP SA Group companies in the retail segment

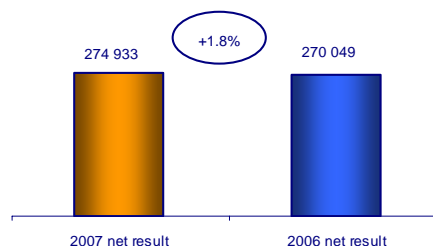
Table 15. Activities of the PKO BP SA Group companies in the retail segment

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 4TH QUARTER OF 2007
PKO Inwestycje Sp. z o.o.	<p>1. In the 4th quarter of 2007, PKO Inwestycje Sp. z o.o., throughout dedicated SPV, continued implementation of investment projects, including:</p> <ul style="list-style-type: none"> - „Nowy Wilanów” project in Warsaw through the company Wilanów Investments Sp. z o.o., - „Neptun Park” project in Gdańsk through the company POMERANKA Sp. z o.o., - „Kuźmińska” project in Kiev in Ukraine through the company UKRPOLINWESTYCJE Sp. z o.o. and started a new „Osiedle Jantar” project in Międzyzdroje through the company ARKADIA Inwestycje Sp. z o.o. <p>2. „Marina Mokotów” project completed by Fort Mokotów Sp. z o.o. was concluded in 2007 as regards construction stage. At the moment, the main Company's role is to assure warranty services for the executed project „Marina Mokotów”.</p>

3.2.4. Corporate segment

The result of the corporate segment increased by PLN 4.9 million i.e. 1.8% y/y, with a 15.5% increase in segment assets and 37.3% increase in segment liabilities, calculated on a year-to-year basis.

Segment's net result share in total net result



3.2.4.1. Activities of PKO BP SA in the corporate segment

As at 31 December 2007, total value of deposits of the corporate segment of PKO BP SA was PLN 13.5 billion. From the beginning of the year, deposit volume increased by PLN 3.9 billion (i.e. 39.9%).

As at 31 December 2007, gross value of loans and advances of the corporate segment of PKO BP SA was PLN 18.0 billion and from the beginning of the year increased by PLN 2.0 billion (i.e. 12.3%).

Table 16. Gross loans and advances* and deposits of PKO BP SA (in PLN million)

Items	As at:		As at:		Change from:	
	31.12.2007	30.09.2007	31.12.2006	30.09.2007	31.12.2006	
Gross corporate loans and advances *, of which:	17 974	16 312	16 009	10.2%	12.3%	
Corporate placements	13 542	13 118	9 680	3.2%	39.9%	

Source: Bank managerial information

*without interest due and interest not due

As at 31 December 2007, total number of banking cards in the corporate segment was 31.9 thousand pieces.

There were no changes in the number of corporate branches of the Bank in the 4th quarter of 2007.

Table 17. Branches of PKO BP SA

Items	As at:		As at:		Change from:	
	31.12.2007	30.09.2007	31.12.2006	30.09.2007	31.12.2006	
Total number of branches	1 233	1 233	1 239	-	6	
- Corporate Market Area:	83	83	83	-	-	
Regional Corporate Branches	13	13	13	-	-	
Corporate Client Teams	-	-	13	-	13	
Corporate Centers	70	70	57	-	13	

In the 4th quarter of 2007, the Bank organised 4 bilateral loans with the total value of PLN 379 million and 6 syndicated loans with a total value of PLN 568 million.

At the end of 2007, the project of Transaction-Settlement Platform (*Platforma Transakcyjno-Rozliczeniowa*) was completed, the functionality of which enabled intensification of sales of settlement, credit and deposit products, such as court dedicated micro-accounts.

3.2.4.2. Activities of the Group companies in the corporate segment

Table 18. Activities of the PKO BP SA Group companies in the corporate segment

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 4TH QUARTER OF 2007
Bankowy Fundusz Leasingowy SA	<ol style="list-style-type: none"> In the 4th quarter of 2007, the BFL SA Group's entities concluded a total of 2,030 fixed assets lease contracts at a total net value of PLN 408.3 million. The total carrying value of the lease investments of the BFL SA Group amounted to PLN 1,594.6 million at the end of 2007 and increased by 16.7% as compared to the end of the 3rd quarter. The Company took the 8th position amongst leasing companies as regards the value of assets leased (according to estimates provided by Związek Przedsiębiorstw Leasingowych).

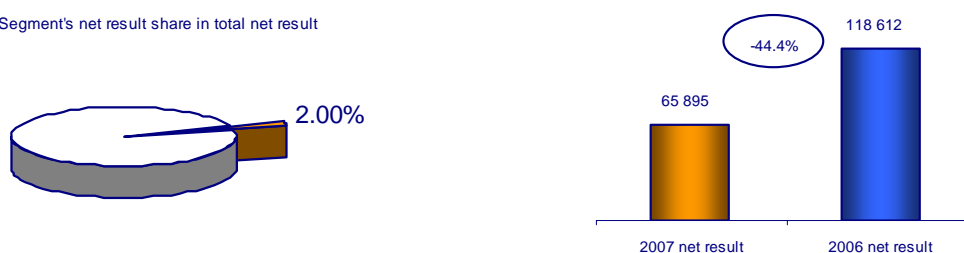
3.2.5. Treasury segment

The activities of the Bank in the treasury segment in the 4th quarter of 2007 were determined by the following factors:

- intensive sell out of treasury securities (as a result of higher inflation rate and another wave of increased credit and liquidity risk stemming from crisis on the American market of subprime loans),
- information on salaries/wages and inflation on domestic market which translated into expectations of increasing interest rates by the Monetary Policy Council,
- increase in the profitability of 2-year bonds by 90 base points, 5-year bonds – by 50 base points and 10-year bonds – by 25 base points ,
- higher liquidity risk, which translated into, among others, higher rates on the inter-bank markets.

The result of the treasury segment decreased by PLN 52.7 million, i.e. 44.4% y/y with a 38.2% decrease in segment assets and 56.1% decrease in segment liabilities, calculated on a year-to-year basis.

Segment's net result share in total net result



In the 4th quarter of 2007, the following results should be noted in the treasury activities of the Bank:

- maintaining the position of one of the leading market makers of the interest rate and foreign currency markets (leading positions in the ranking of the Ministry of Finance for the preferred Dealer of Treasury Securities),
- increase, compared to the 3rd quarter of 2007, in the value of turnover on the market of treasury securities (i.e. by over 10%),
- dynamic increase in the sales of financial instruments to individual and corporate clients of the Bank,
- compared to the 4th quarter of 2006, the value of SPOT and forward transactions made increased by 70%, while the value of transactions made with the use of derivative financial instruments – nearly tenfold,
- entering into 2 agreements for the issuance of non-treasury debt securities to corporate entities with a total issue value of PLN 530 million and 11 agreements for the issuance of municipal bonds with a total issue value of PLN 425 million.

3.2.6. Investment Segment

Investing activities in the 4th quarter of 2007 were determined by the continued stock exchange crisis. In the 4th quarter of 2007, the Bank recorded a turnover of PLN 6.4 billion on the share market, which is PLN 0.3 billion less than in the 3rd quarter of 2007 (5.9% share in this market).

The result of the investment segment increased by PLN 37.2 million i.e. 33.7% y/y with a 29.8% decrease in segment assets and 69.0% increase in segment liabilities, calculated on a year-to-year basis.

Segment's net result share in total net result



3.2.6.1. Activities of PKO BP SA in the investment segment

The following events should be noted in the Bank's brokerage activities in the 4th quarter of 2007:

- a recorded turnover of PLN 267.1 million on the bonds market, which is 24% less compared to the prior quarter (the Bank's share in the bonds market fell during the 4th quarter of 2007 by 21%),
- 47.7 % share in the overall trading result on the bonds market (leader position),
- 193.1 thousand forward contracts realized, which accounted for a 3.5% market share (ranked 9th on this market),
- smaller dynamics of turnover on the options market – decrease by 8.4 thousand, i.e. by 21.4% (ranked 2nd on the market with a share of 17.4%),
- 334.6 thousand of investment and registered accounts at the end of December 2007, of which 95.2 thousand related to cash and securities accounts and 239.4 thousand – to registry accounts.

As part of its activities on the primary market, in December 2007 the Bank launched a new structured product called Trendspotter Index Bonds (*Obligacje Indeksowe Trendspotter*), the issuer of which is Barclays Bank PLC with its registered office in London, and extended its product offer relating to funds.

3.2.6.2. Activities of the PKO BP SA Group companies in the investment segment

Table 19. Activities of the PKO BP SA Group companies in the investment segment

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 4TH QUARTER OF 2007
Bankowe Towarzystwo Kapitałowe SA	<ol style="list-style-type: none"> 1. At the end of 2007, BTK SA managed an investment of PLN 6.5 million, including exposure to the FINDER SA company. 2. In the 4th quarter, the Company sold its shares of P.L. ENERGIA SA.

3.2.7. Other areas of activities

Table 20. Activities of other companies of the PKO BP SA Group

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 4TH QUARTER OF 2007
Centrum Finansowe Puławska Sp. z o.o.	As at 31 December 2007, the Company let 96.4% of the office and commercial area in the managed building - Centrum Finansowe Puławska, of which 84.7% was let to the PKO BP SA Group's entities. In relation to the end of the 3rd quarter, rental of the office and commercial areas did not change significantly.

4. ADDITIONAL INFORMATION

4.1 ACCOUNTING POLICIES USED IN THE PREPARATION OF THESE FINANCIAL STATEMENTS

The accounting policies applied in the 4th quarter of 2007 do not differ from those applied in prior quarters. These policies were described in detail in the Interim consolidated report for the 6-month period ended 30 June 2007. When preparing the consolidated quarterly report, the Bank applied the following regulations:

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 October 2005 on current and periodic information issued by the issuers of securities (Journal of Laws, No. 209, item 1744).

4.2 CHANGES TO DATA PRESENTATION METHODS

Presented below is a listing of significant changes to data presentation methods applied to the prior periods' financial data, which have been included for comparability purposes.

3 quarters of the year 2006

PROFIT AND LOSS ACCOUNT OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP			
Title (as regards to the restated items)	period from 01.01.2006 to 30.09.2006 previously presented	period from 01.01.2006 to 30.09.2006 comparative data	Difference
Other operating income	486 613	441 921	- 44 692 ¹⁾
Other operating expenses	- 279 161	- 234 469	44 692 ¹⁾

1) change in presentation of the result related to the sale of shares in subordinated entities

Year 2006

PROFIT AND LOSS ACCOUNT OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP			
Title (as regards to the restated items)	period from 01.01 to 31.12.2006 previously presented	period from 01.01 to 31.12.2006 comparative data	Difference
Interest income	5 571 159	5 594 771	23 612 ¹⁾
Interest expense	- 1 762 414	- 1 762 592	- 178 ¹⁾
Fees and commission income	2 088 600	2 296 099	207 499 ^{1), 2)}
Fees and commission expense	- 366 039	- 429 847	- 63 808 ^{1), 2)}
Other operating income	1 021 737	805 656	- 216 081 ^{1), 2), 3)}
Other operating expenses	- 237 625	- 493 907	- 256 282 ^{1), 2), 3), 4)}
General administrative expenses	- 4 117 178	- 3 811 940	305 238 ⁴⁾

1) Change in presentation of selected Brokerage House income and costs

2) Change in presentation of fees and commission related to management of the PKO TFI funds

2) Change in presentation of other assets impairment w rite-offs

4) Change in presentation of costs related to accounting for investments

In addition, the PKO BP SA Group made a presentation adjustment in provisions, the deferred tax asset and deferred tax liability were set off (i.e. net amounts of deferred tax asset or deferred tax liability were presented for individual companies – see note 5).

3 quarters of the year 2006

PROFIT AND LOSS ACCOUNT OF POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA			
Title (as regards to the restated items)	period from 01.01.2006 to 30.09.2006 previously presented	period from 01.01.2006 to 30.09.2006 comparative data	Difference
Other operating income	105 664	60 972	- 44 692 ¹⁾
Other operating expenses	- 77 007	- 32 315	44 692 ¹⁾

1) change in presentation of the result related to sale of shares in subordinated entities

Year 2006

PROFIT AND LOSS ACCOUNT OF POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA

Title (as regards to the restated items)	period from 01.01 to 31.12.2006 presented before	period from 01.01 to 31.12.2006 comparative data	Difference
Interest income	5 357 933	5 381 545	23 612 ¹⁾
Interest expense	- 1 658 806	- 1 658 984	- 178 ¹⁾
Fees and commission income	2 103 395	2 151 063	47 668 ¹⁾
Fees and commission expense	- 385 711	- 401 200	- 15 489 ¹⁾
Other operating income	214 330	158 080	- 56 250 ^{1), 2)}
Other operating expenses	- 79 927	- 79 290	637 ^{1), 2)}

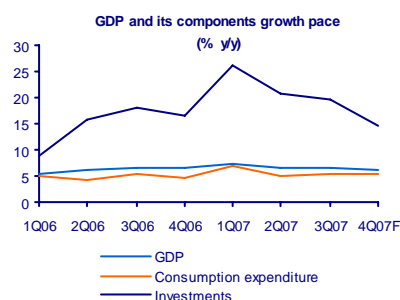
1) Change in presentation of selected Brokerage House income and costs

2) Change in presentation of other assets impairment w rite-offs

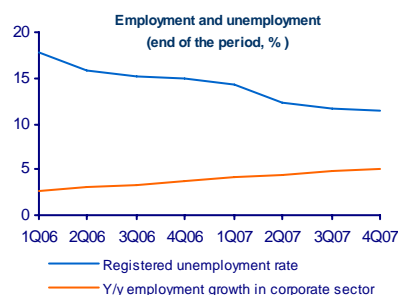
4.3 EXTERNAL CONDITIONS

Macroeconomic factors

In the 4th quarter of 2007, real economy data indicate some slow down in the economic growth compared to the 3rd quarter of 2007 (6.4% y/y), with continued stimulating effect of domestic demand and sustained negative share of net export.

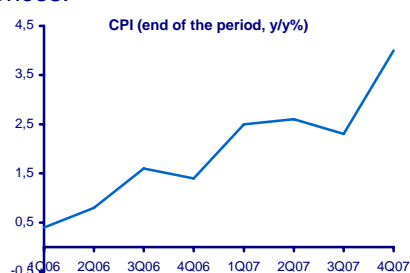


In the 4th quarter of 2007, labour market showed positive effects of favourable economic conditions, higher inflow of EU funds for the activation of unemployed and work emigration; these resulted in a similar to the prior year decrease in the registered unemployment rate, which in November was 11.2%; also, further increase in the annual dynamics of employment rate in private sector was observed.

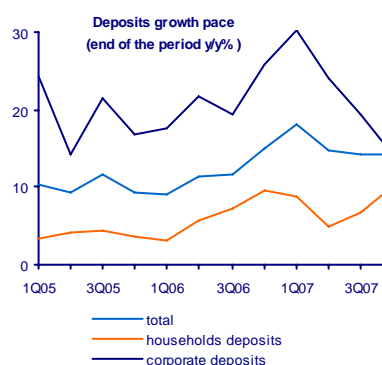


Inflation rate measured using the Consumer Price Index showed a dynamic growth in the 4th quarter of 2007 and reached the level of 4.0% y/y in December 2007 compared to 2.3% y/y in September 2007, while the average quarterly inflation rate rose to 3.5% y/y from

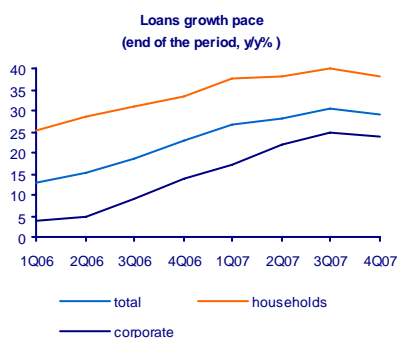
2.0% y/y in the 3rd quarter of 2007, which resulted mainly from high dynamics of food and fuels prices.



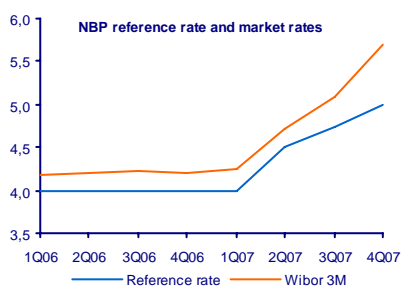
In the 4th quarter of 2007, upward trend in deposits accelerated, especially in the area of household deposits, which increased by 10% y/y compared to 6.8% y/y at the end of September. This was the result of lower inflow of funds to investment funds due to deteriorating conditions on the share market and noticeable increase in disposable income of households. Corporate deposits increased by approximately 14.3% y/y compared to 19.4% at the end of the 3rd quarter of 2007.



In the 4th quarter of 2007, a slight slow down was recorded in the highly dynamic increase in loans and advances, which was due to lower interest in housing loans. Household loans increased by 38% y/y, while corporate loans – by 24% y/y;



The Monetary Policy Council increased in November (for the fourth time in 2007) the NBP interest rates by 25 base points and this caused that at year end the NBP reference rate was 5.0%.



At the same time, in the 3rd quarter of 2007 the results of the PKO BP SA Group were affected by certain macroeconomic conditions in Ukraine, where the subsidiary of PKO BP SA – KREDOBANK SA, operates. The conditions referred to above are, among others, continued favourable economic conditions in the real economy area with simultaneous very high growth in inflation rate to 16.6% y/y, from 14.4% in the 3rd quarter of 2007 (mainly as a result of increases in food prices), sustained high dynamics in loans and deposits (approx. 75% y/y for loans and almost 50% y/y for deposits) and stabilised Exchange rate of Ukrainian Hryvna at UAH/USD 5.05 as a result of the Central Bank of Ukraine's policy of interventions in currency market.

Regulatory factors

In the 4th quarter of 2007, the financial and organizational conditions of the PKO BP SA Group were shaped by the following new regulatory solutions:

- Ruling of the European Commission No. 1287/2006 dated 10 August 2006 implementing execution measures for Directive No. 2004/39/WE (the "MiFID Directive") imposing as of 1 November 2007 new requirements, among others, information, reporting and client-segmentation requirements, on insurance and investment companies, as well as the TFI management companies dealing with pension

funds, on brokerage houses and banks managing securities portfolios.

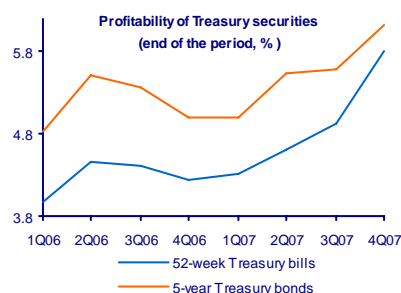
- Decree of the Council of Ministers dated 6 November 2007 concerning information prospectus of open-end investment funds and open-end special investment funds as well as short-forms of such prospectuses. The Decree introduced the requirement to adjust the issue of above prospectuses and the short-form prospectuses to the requirements of the Decree by 31 May 2008. The underlying works commenced in the 4th quarter of 2007.

- Resolution No. 83/2007 of the Management Board of the National Bank of Ukraine requiring that Ukrainian banks create by 1 October 2007 their provisions in accordance with the following new regulations;

- Resolution No. 403/2007 of the Management Board of the National Bank of Ukraine concerning regulating the monetary-lending market, based on which banks were obligated, as of 20 November 2007, to create provisions from funds obtained from non-resident banks and non-resident financial organizations, which resulted in an increase in the amounts of commercial banks on *loro* account in the Central Bank of Ukraine, which will have a negative effect on the financial result for the year 2008.

In the 4th quarter of 2007, banks, brokerage houses and entities of mutual investment (i.e. mutual investment and pension funds) conducted intensive preparatory works to implement new capital adequacy requirements based on the New Capital Accord, which result from the national law and the EU directives. The Bank was gearing up to implement the SEPA system (for the single European payments area in euro), and the works included those relating to the realization of bank transfers using the new standards as of 28 January 2008.

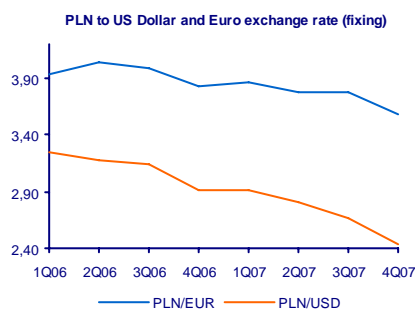
Situation on the financial market



In the 4th quarter of 2007, the financial market saw an increase in the profitability of treasury securities, which ranged – depending on the maturity – from 20 to almost 90 base points for instruments with short maturity periods. The increase was due to further increase in NBP interest rates and to strengthening investor expectations that the cycle of tightening of

monetary policy will continue. In addition, further growth in investor risk aversion, in response to the crisis on the market of financial instruments related to the American real estate market, caused that the profitability of Polish bonds increased despite lower profitability of American bonds, as they discounted the effects of loosening of monetary policy in the USA. At the same time, lower mutual trust between financial institutions resulted in limited liquidity of the inter-bank market, also the Polish market, and increased interest rates above the expected raises.

In the 4th quarter of 2007, Polish zloty appreciated against Euro by 5.1% (to PLN/EUR 3.58 at the end of December) and by approx. 8.7% against US dollar (to PLN/USD 2.44). In the 4th quarter of 2007, the decisive factor affecting the Polish zloty exchange rate continued to be the situation in international financial markets. Also, the important factor that contributed to the increase in the exchange rate of Polish zloty was the victory of Platforma Obywatelska in early Parliamentary election and expectations concerning increasing interest rates by the Monetary Policy Council.



4.4 DESCRIPTION OF THE PKO BP SA GROUP

4.4.1. Entities included in the consolidated financial statements

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

Table 21. Entities included in the consolidated financial statements of the PKO BP SA Group

No.	Entity name	Value of investment*	% of share capital	Consolidation method
		PLN thousand	%	
Parent company				
1	Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna			
Direct subsidiaries				
2	KREDOBANK SA	307 364	98.1815	Full method
3	Powszechne Towarzystwo Emerytalne BANKOWY SA	205 786	100.00	Full method
4	Centrum Finansowe Puławska Sp. z o.o.	128 288	100.00	Full method
5	PKO Inwestycje Sp. z o.o.	123 313	100.00	Full method
6	PKO Towarzystwo Funduszy Inwestycyjnych SA	69 055	75.00	Full method
7	Inteligo Financial Services SA	59 602	100.00	Full method
8	Centrum Elektronicznych Usług Płatniczych eService SA	55 500	100.00	Full method
9	Bankowy Fundusz Leasingowy SA	40 000	100.00	Full method
10	Bankowe Towarzystwo Kapitałowe SA	18 566	100.00	Full method
Indirect subsidiaries				
Subsidiaries of PKO Inwestycje Sp. z o.o.				
11	Wilanów Investments Sp. z o.o.	82 981	100.00	Full method
12	POMERANKA Sp. z o.o.	19 000	100.00	Full method
13	Fort Mokotów Sp. z o.o.	2 040	51.00	Full method
14	ARKADIA Inwestycje Sp. z o.o.	2 000	100.00	Full method
15	UKRPOLINWESTYCJE Sp. z o.o.	519	55.00	Full method
Subsidiary of PTE BANKOWY SA				
16	Finanse Agent Transferowy Sp. z o.o.	2 861	100.00	Full method
Subsidiaries of Bankowy Fundusz Leasingowy SA				
17	Bankowy Leasing Sp. z o.o.	1 309	100.00	Full method
18	BFL Nieruchomości Sp. z o.o.	1 109	100.00	Full method

* included in this item is the value of shares at purchase price and the specific capital injections made

Additionally, the following associates and jointly controlled entities have been included in the consolidated financial data using the equity pick-up method.

Table 22. Other subordinated entities included in the consolidated financial statements using the equity method

No.	Entity name	Value of investment*	% of share capital	Valuation method
		PLN thousand	%	
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	100.00	Equity method
4	Promenada Sopotcka Sp. z o.o.	10 058	100.00	Equity method

No.	Entity name	Value of investment*	% of share capital	Valuation method
		PLN thousand	%	
5	Centrum Majkowskiego Sp. z o.o.	6 609	100.00	Equity method
6	Kamienica Morska Sp. z o.o.	976	100.00	Equity method
Associates				
7	Bank Pocztowy SA	146 500	25.0001	Equity method
8	Kolej Gondolowa Jaworzyna Krynicka SA	15 531	37.53	Equity method
9	Ekogips SA – w upadłości	5 400	60.26	Equity method
10	Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	1 500	33.33	Equity method
11	Agencja Inwestycyjna CORP SA	29	22.31	Equity method
Associate of Bankowe Towarzystwo Kapitałowe SA				
12	FINDER SA	6 500	46.43	Equity method

* included in this item is the value of shares at purchase price and the specific capital injections made

4.4.2. Changes in the organisation of subordinated entities

In the 4th quarter of 2007, the following events affected the structure of PKO BP SA capital relationships:

1. Incorporation of ARKADIA Inwestycje Sp. z o.o.

On 1 October 2007, a new company, ARKADIA Inwestycje Sp. z o.o. with its registered office in Międzyzdroje, was entered in the National Court Register. The share capital of this newly created company is PLN 1 million and is divided into 1 000 shares with a nominal value of PLN 1 000 each.

As at 31 December 2007, the sole shareholder of the newly created company was PKO Inwestycje Sp. z o.o., i.e. the subsidiary of PKO BP SA. On 21 December 2007, PKO Inwestycje Sp. z o.o., i.e. made an additional payment to the share capital of ARKADIA Inwestycje Sp. z i.e. in the amount of PLN 1 million.

The company was set up to realize the „Osiedle Jantar” housing project in Międzyzdroje.

2. Disposal of shares of P.L. ENERGIA SA

On 31 December 2007, Bankowe Towarzystwo Kapitałowe SA disposed of, based on the sale agreement dated 22 November 2007, all shares in P.L. ENERGIA SA for the amount of PLN 5 999 742.00.

4.4.3. Related party transactions

In the 4th quarter of 2007, PKO BP SA provided at arms' length the following services to its related parties (subordinated entities): keeping bank accounts, accepting deposits, extending loans and advances, issuing debt securities, providing guarantees and conducting spot forex transactions.

Details of related party transactions of PKO BP SA with a total value exceeding the PLN equivalent of EUR 500 thousand and not relating to current business activities of the Bank have been presented in point 5 of this Report.

5. 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.

Rating of PKO BP SA

On 31 October 2007, the Moody's Investors Service Ltd rating agency, at the request of the Bank, assigned ratings to PKO BP SA. These ratings are similar to those that were assigned by Moody's based on the „Public information”. This way, the rating agency confirmed its high ratings assigned to the Bank's financial standing, and long- and short-term assessment of the Bank's Polish zloty and foreign currency deposits.

On 18 December 2007, the Capital Intelligence rating agency sent to the Bank its report concerning increasing the ratings for the long-term assessment of the Bank's foreign currency liabilities from BBB+ to A-, and for the Bank's financial standing from BBB to BBB+. Both ratings have the stable perspective (with other ratings remaining unchanged). Higher ratings were justified by a systematic increase in the Bank's net profitability and the profitability on the operational level, improving quality of loan portfolio and large deposit base in the retail segment.

On 20 December 2007, the Fitch Ratings rating agency maintained its assessment of the PKO BP SA Support Strength at 2.

Seasonality or cyclical nature of activities in the reporting period

PKO BP SA is a universal bank, providing services on the territory of Poland, and 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 also do not indicate any particular seasonality or cyclical nature.

Prizes and awards

In the 4th quarter of 2007, PKO BP SA was awarded the following prizes:

- Bank of the year 2007 in Poland – a prestigious award of „*The Banker*” monthly magazine granted to PKO BP SA for its financial results, development strategy and market achievements (December 2007),
- The first position in the ranking of the strongest Polish financial brands organized by the „*Rzeczpospolita*” daily newspaper (December 2007).

In addition, the Stock Exchange in Warsaw awarded Dom Maklerski PKO BP two prizes for its pro-active approach in the year 2007:

- the most active market creator in terms of trading in shares on the Main Market of the Stock Exchange in Warsaw;
- the most active market creator of the NewConnect market.

Issuance, redemption and repayment of debt and equity securities

- On 23 October 2007, the subscription ended for the purchase of bonds issued by PKO BP SA. The Agents for this issue were Deutsche Bank Polska SA and HSBC Bank Polska SA.

The issuance details were as follows:

- total nominal value of bonds - PLN 1,600,700,000;
- bonds were issued based on the Act on bonds, and the funds obtained were assigned for the increase of supplementary funds of PKO BP SA based on article 127 par. 3 point 2 letter b of the Banking Law;
- nominal value of one bond - PLN 100,000;
- issuance price of one bond equals its nominal value;
- interest rate is to be calculated in half-year interest periods; interest will be calculated on the nominal value using the variable interest rate equal to WIBOR 6M, increased by a margin of 100 base points per annum, with the proviso that if PKO BP SA did not use the right to redeem all bonds before their maturity date within 5 years from the issuance date („call option”), the interest rate will be increased by an additional margin of 25 base points per annum;
- bonds related benefits are exclusively of cash nature;

- the perspectives to shape liabilities until the complete redemption of bonds should be made based on the statements made and information given by PKO BP SA as the public company, in the manner and in accordance with principles set forth in the Act dated 29 July 2005 on public offering and introducing financial instruments to organized trading system, and on public companies.

In the 4th quarter of 2007, the following PKO BP SA Group companies issued or redeemed their debt securities: :

- Bankowy Fundusz Leasingowy SA – the company issued 24 500 bonds with a total nominal value of PLN 245 million and redeemed 30 000 bonds with a total nominal value of PLN 300 million,
- POMERANKA Sp. z o.o. – on 15 November 2007, the company acquired from PKO Inwestycje Sp. z o.o. 1 200 bonds with a total nominal value of PLN 12 million, i.e. all corporate bonds issued by the company.

Events that occurred after the date on which the report was prepared and that may affect future financial result

- On 7 January 2008, the Ministry of the State Treasury announced a competition with a view to appointing candidates for members of the Bank's Supervisory Board. On 10 January 2008, the Bank was informed about the decision of the President of the Supervisory Board, Mr Marek Głuchowski, not to participate in that competition.
- On 14 January 2008, the Bank was informed that Mr Tomasz Siemiątkowski, the Secretary of the Supervisory Board of PKO BP SA, decided to withdraw his candidacy for re-appointment to the Supervisory Board of PKO BP SA for the next term of office.
- On 16 January 2008, the Management Board of the Bank convened an Extraordinary General Shareholders' Meeting to be held on 26 February 2008 to deal with, among others, changes in the composition of the Supervisory Board.
- On 24 January 2008, WISŁOK Inwestycje Sp. z o.o. with its registered office in Rzeszów was entered in the National Court Register. The share capital of this new company is PLN 500 thousand and is divided into 5 000 shares with a nominal value of PLN 100 each. PKO Inwestycje Sp. z o.o., the Bank's subsidiary, took up 80% shares in this company which give right to 80% votes at the shareholders' meeting.
- On 28 January 2008, PKO Inwestycje Sp. z o.o., the Bank's subsidiary acquired 50 shares in Baltic Dom 2 Sp. z o.o. with a total nominal value of PLN 25 thousand, which represent 50% of share capital of this company and give right to 50% votes at the shareholders' meeting. The acquisition cost was PLN 5 940 thousand.

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

The interim report for the 3rd quarter of 2007 was submitted to the Polish Financial Supervision Authority (KNF) on 9 November 2007.

To the best knowledge of the Bank, the shareholder holding, directly or indirectly, at least 5% of total votes at the General Shareholders' Meeting of the Bank is the State Treasury. As at 31 December 2007, the State Treasury held 514 935 409 of the Bank's shares, which means that the share of this shareholder in the share capital of PKO BP SA is 51.49% 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 23. Ownership structure of PKO BP SA as at 31 December 2007

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	% 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
State Treasury	51.49%	514 935 409	0.00 pp.	51.49%	514 935 409

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

Table 24. Shares held by the PKO BP SA's Management or Supervisory Board Members as at the date of submitting this Report

	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				
1.	Rafał Juszcak, President of the Management Board of PKO BP SA	----	----	----	----
2.	Berenika Duda-Uhryn, Vice-president of the Management Board of PKO BP SA	----	----	----	----
3.	Robert Działak, Vice-president of the Management Board of PKO BP SA	----	----	----	----
4.	Mariusz Klimczak, Vice-president of the Management Board of PKO BP SA	----	----	----	----
5.	Wojciech Kwiatkowski, Vice-president of the Management Board of PKO BP SA	----	----	----	----
6.	Aldona Michalak, Vice-president of the Management Board of PKO BP SA	----	----	----	----
7.	Adam Skowroński, Vice-president of the Management Board of PKO BP SA	----	----	----	----
8.	Stefan Świątkowski, Vice-president of the Management Board of PKO BP SA	----	----	----	----
II.	Supervisory Board				
1.	Marek Głuchowski, President of the Supervisory Board of PKO BP SA	----	----	----	----
2.	Urszula Pałaszek, Vice-president of the Supervisory Board of PKO BP SA	----	----	----	----
3.	Maciej Czapiewski, Member of the Supervisory Board of PKO BP SA	----	----	----	----
4.	Jerzy Michałowski, Member of the Supervisory Board of PKO BP SA	----	----	----	----
5.	Tomasz E. Siemiątkowski, Secretary of the Supervisory Board of PKO BP SA	----	----	----	----
6.	Agnieszka Winnik-Kalemba, Member of the Supervisory Board of PKO BP SA	----	----	----	----

Information on a transaction or a number of transactions concluded by the issuer or its subsidiary with other Group entities, with a value exceeding Euro 500 000, if they are not typical or routine transactions

In executing the provisions of the Lease Agreement dated 7 December 1995 (amended by Annexes No. 1 to 35) with the Bank's subsidiary, Centrum Finansowe Puławska Sp. z o.o. ("CFP"), in the 4th quarter of 2007, PKO BP SA made payments to CFP in the total gross amount of PLN 14.5 million. The total remuneration of the Company for the period from January 2007 to December 2007 was PLN 45.4 million. The Agreement determines the terms and conditions for the lease of space in the building located in Warsaw at 15 Puławska Street. The payments that were made by the Bank related to rental fees, maintenance costs and costs of cleaning common space. Due to the comprehensive regulation of all issues connected with cooperation between the parties to the Agreement, the Agreement is not a typical or routine agreement concluded by the parties in the course of their day-to-day operations.

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 Group entities have been described in point 4.4.2 of this Report.

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

In the next quarters, the results of the Bank 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 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.

Suretyships and guarantees granted by the issuer or by its subsidiary to a single entity or its subsidiary, if the total value of granted suretyships or guarantees amounts to at least 10% of the issuers' shareholders' equity

In the 4th quarter of 2007, PKO BP SA and subsidiaries of PKO BP SA did not grant any suretyships or guarantees to a single entity or its subsidiary, the total value of which would amount to 10% of the Bank's shareholders' equity.

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

As at 31 December 2007, the total value of court proceedings against the Bank was PLN 177,916 thousand, while the total value of proceedings initiated by the Bank was PLN 73,891 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.

Other Group companies have not conducted any proceedings before court, arbitration tribunal or public administration authority concerning receivables or liabilities, the value of which amounts to at least 10% of the shareholders' equity of PKO BP SA.

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

PKO BP SA did not publish any financial forecasts for 2007.

Information on dividend paid or declared

In the 4th quarter of 2007, the Bank did not pay or declare dividend for 2007.

Other disclosures significant for evaluation of the issuer's human resources, financial situation, financial performance, and any changes therein

- On 7 December 2007, the Bank signed with one of its clients ("the Client") agreements relating to issuance of bonds (agency and deposit agreement and dealer agreement) and an agreement for the bonds purchase. The agreements were signed by a consortium of seven banks, which will organize bonds issuance program with a value of up to PLN 6.2 billion. The bonds interest rate is based on market reference rates correlated with bonds maturity periods, payment of interest coupon or the period of calculation of discounting interest on bonds. The bonds issued as part of the program will not be secured. As part of the bonds purchase obligating agreement, the Bank will be required to purchase debt securities with a total value of up to PLN 500 million during the period of up to 18 months. The agreements do not provide for contractual penalties. The total value of agreements signed by the Bank with the Client and its subsidiaries during the last 12 months, as at the date of signing those agreements, was PLN 1,188 million. Signing bonds purchase obligating agreement causes that the criteria to report the fact of entering into a significant agreement have been met, as the total value of benefits resulting from agreements signed with the Client meets the requirements to report, as defined in paragraph 2 section 1 point 51) in connection with paragraph 2 section 2 of the Decree of the Minister of Finance dated 19 October 2005 regarding current and periodic information to be submitted by issuers of securities. The highest value agreement signed with the Client: the agreement obliging to acquire bonds, referred to above, is the highest value agreement signed by the Bank with the Client during the period shorter than 12 months, counted to the date of the above agreement, the total value of which meets the criteria referred to in paragraph 2 section 1 point 51) of the Decree of the Minister of Finance dated 19 October 2005.
- On 21 December 2007, the Bank signed Annex No. 3 („Annex”) to the agreement for the delivery and implementation of the Integrated IT System (ZSI) dated 18 August 2003 between PKO BP SA and Accenture Sp z o.o., Alnova Technologies Corporation S.L. and Asseco Poland S.A., operating as Consortium. The subject of this Annex is to extend the current scope of works related to the implementation of the ZSI, which are the consequence of taking up by the Bank the decision to increase functionalities of the information system being implemented. The Consortium's net remuneration for the works specified in the Annex will be USD 10.2 million. The Annex No. 3 provides that the mass implementation of the ZSI will be completed at the end of November 2008. The above agreement is a continuation of an earlier agreement, which was disclosed in the Share Issue

Prospectus, Annex No. 1 to the agreement disclosed in the Current Report No. 42/2004 and Annex No. 2 to this agreement disclosed in the Current Report No. 36/2007. During the last 12 months, the Bank concluded, as part of its regular cooperation with one of the Consortium's members, Asseco Poland S.A., agreements relating to information systems currently operational at the Bank. The total value of all those agreements does not meet the criteria of a significant agreement.

14 February 2008 Danuta Szymańska

Bank's Director

.....
(signature)