



Bank Polski

**Condensed Interim
Consolidated Financial Statements
of the Powszechna Kasa
Oszczędności Bank Polski
Spółka Akcyjna Group**
for the six-month period ended 30 June 2012

SELECTED FINANCIAL DATA DERIVED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

SELECTED FINANCIAL DATA	PLN thousand		EUR thousand	
	period from 01.01.2012 to 30.06.2012	period from 01.01.2011 to 30.06.2011	period from 01.01.2012 to 30.06.2012	period from 01.01.2011 to 30.06.2011
Net interest income	4 042 245	3 574 546	956 835	901 002
Net fee and commission income	1 502 699	1 541 403	355 702	388 527
Operating profit	2 443 226	2 311 028	578 333	582 519
Profit before income tax	2 449 254	2 307 231	579 760	581 562
Net profit (including non-controlling shareholders)	1 952 805	1 837 147	462 246	463 072
Net profit attributable to the parent company	1 953 361	1 838 314	462 378	463 367
Earnings per share for the period – basic (in PLN/EUR)	1.56	1.47	0.37	0.37
Earnings per share for the period – diluted (in PLN/EUR)	1.56	1.47	0.37	0.37
Net comprehensive income	1 773 245	1 757 367	419 743	442 963
Net cash flow from / used in operating activities	(82 984)	2 089 581	(19 643)	526 701
Net cash flow from / used in investing activities	2 280 924	(482 189)	539 915	(121 541)
Net cash flow from / used in financing activities	(2 109 884)	(160 920)	(499 428)	(40 562)
Total net cash flows	88 056	1 446 472	20 844	364 600

SELECTED FINANCIAL DATA	PLN thousand		EUR thousand	
	as at 30.06.2012	as at 31.12.2011	as at 30.06.2012	as at 31.12.2011
Total assets	190 437 871	190 748 037	44 690 088	43 186 931
Total equity	23 007 729	22 821 984	5 399 228	5 167 086
Capital and reserves attributable to equity holders of the parent company	23 009 657	22 823 274	5 399 680	5 167 378
Share capital	1 250 000	1 250 000	293 338	283 010
Number of shares (in thousand)	1 250 000	1 250 000	1 250 000	1 250 000
Book value per share (in PLN/EUR)	18.41	18.26	4.32	4.13
Diluted number of shares (in thousand)	1 250 000	1 250 000	1 250 000	1 250 000
Diluted book value per share (in PLN/EUR)	18.41	18.26	4.32	4.13
Capital adequacy ratio	13.01%	12.37%	13.01%	12.37%
Basic funds (tier 1)	18 971 668	16 664 233	4 452 085	3 772 920
Supplementary funds (tier 2)	1 569 066	1 545 549	368 213	349 925
Short-term equity (tier 3)	59 979	133 134	14 075	30 143

The selected consolidated financial statements positions were translated into EUR using the following exchange rates:

- income statement, statement of comprehensive income and statement of cash flows items – the rate is calculated as the average of NBP exchange rates prevailing as at the last day of each month of the six-month period ended 30 June 2012 and 2011, respectively: EUR 1 = PLN 4.2246 and EUR 1 = PLN 3.9673,
- statement of financial position items – average NBP exchange rate as at 30 June 2012: EUR 1 = PLN 4.2613 and as at 31 December 2011: EUR 1 = PLN 4.4168.

This document is a translation of a document originally issued in Polish. The only binding version is the original Polish version.

Condensed Interim Consolidated Financial Statements of
the Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Group
for the six-month period ended 30 June 2012



(in PLN thousand)

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CONSOLIDATED INCOME STATEMENT

for the six-month periods ended 30 June 2012 and 30 June 2011 respectively

	Note	01.01- 30.06.2012	01.01- 30.06.2011
Continuing operations			
Interest and similar income	4	6 487 257	5 602 314
Interest expense and similar charges	4	(2 445 012)	(2 027 768)
Net interest income		4 042 245	3 574 546
Fee and commission income	5	1 853 696	1 899 854
Fee and commission expense	5	(350 997)	(358 451)
Net fee and commission income		1 502 699	1 541 403
Dividend income		6 077	6 537
Net income from financial instruments designated at fair value	6	15 385	(35 276)
Gains less losses from investment securities		4 642	15 937
Net foreign exchange gains		144 655	132 385
Other operating income	7	237 646	230 109
Other operating expense	7	(162 497)	(150 042)
Net other operating income and expense		75 149	80 067
Net impairment allowance and write-downs	8	(1 101 285)	(881 400)
Administrative expenses	9	(2 246 341)	(2 123 171)
Operating profit		2 443 226	2 311 028
Share of profit (loss) of associates and jointly controlled entities		6 028	(3 797)
Profit before income tax		2 449 254	2 307 231
Income tax expense	10	(496 449)	(470 084)
Net profit (including non-controlling shareholders)		1 952 805	1 837 147
Profit (loss) attributable to non-controlling shareholders		(556)	(1 167)
Net profit attributable to equity holders of the parent company		1 953 361	1 838 314
Earnings per share	11		
- basic earnings per share for the period (PLN)		1.56	1.47
- diluted earnings per share for the period (PLN)		1.56	1.47
Weighted average number of ordinary shares during the period (in thousand)		1 250 000	1 250 000
Weighted average diluted number of ordinary shares during the period (in thousand)		1 250 000	1 250 000

Discontinued operations

In the first half of 2012 and in the first half of 2011 the PKO Bank Polski SA Group did not carry out discontinued operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six-month periods ended 30 June 2012 and 30 June 2011 respectively

	Note	01.01- 30.06.2012	01.01- 30.06.2011
Net profit (including non-controlling shareholders)		1 952 805	1 837 147
Other comprehensive income		(179 560)	(79 780)
Cash flow hedges (gross)	16	(241 976)	(94 406)
Deferred tax on cash flow hedges	10	45 975	17 937
Cash flow hedges (net)		(196 001)	(76 469)
Unrealised net gains on financial assets available for sale (gross)		21 811	28 856
Deferred tax on unrealised net gains on financial assets available for sale	10	(4 108)	(5 482)
Unrealised net gains on financial assets available for sale (net)		17 703	23 374
Currency translation differences from foreign operations		(2 443)	(26 318)
Share in other comprehensive income of an associate		1 181	(367)
Total net comprehensive income		1 773 245	1 757 367
Total net comprehensive income, of which attributable to:		1 773 245	1 757 367
equity holders of PKO Bank Polski SA		1 773 883	1 758 261
non-controlling shareholders		(638)	(894)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2012 and as at 31 December 2011

	Note	30.06.2012	31.12.2011
ASSETS			
Cash and balances with the central bank		8 837 388	9 142 168
Amounts due from banks	13	2 761 316	2 396 227
Trading assets	14	389 610	1 311 089
Derivative financial instruments	15	2 857 209	3 064 733
Financial assets designated upon initial recognition at fair value through profit and loss	17	14 946 799	12 467 201
Loans and advances to customers	18	141 331 155	141 634 494
Investment securities available for sale	19	12 741 997	14 393 276
Investments in associates and jointly controlled entities	20	124 555	123 119
Non-current assets held for sale		20 401	20 410
Inventories		586 039	566 846
Intangible assets	21	1 770 959	1 800 008
Tangible fixed assets, of which:	21	2 494 788	2 541 317
investment properties		243	248
Current income tax receivables		2 387	5 957
Deferred income tax asset	10	615 651	543 922
Other assets		957 617	737 270
TOTAL ASSETS		190 437 871	190 748 037
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to the central bank		2 868	3 454
Amounts due to banks	22	5 740 840	6 239 164
Derivative financial instruments	15	2 759 720	2 645 281
Amounts due to customers	23	146 986 505	146 473 897
Debt securities in issue	24	7 303 275	7 771 779
Subordinated liabilities		1 614 369	1 614 377
Other liabilities	25	2 294 797	2 450 763
Current income tax liabilities		75 382	78 810
Deferred income tax liability		33 673	29 364
Provisions	26	618 713	619 164
TOTAL LIABILITIES		167 430 142	167 926 053
Equity			
Share capital		1 250 000	1 250 000
Other capital		20 004 020	17 881 264
Currency translation differences from foreign operations		(94 384)	(92 023)
Unappropriated profits		(103 340)	(23 162)
Net profit for the year		1 953 361	3 807 195
Capital and reserves attributable to equity holders of the parent company		23 009 657	22 823 274
Non-controlling interest		(1 928)	(1 290)
TOTAL EQUITY		23 007 729	22 821 984
TOTAL LIABILITIES AND EQUITY		190 437 871	190 748 037
Capital adequacy ratio	38.1.2	13.01%	12.37%
Book value (in PLN thousand)		23 007 729	22 821 984
Number of shares (in thousand)	1	1 250 000	1 250 000
Book value per share (in PLN)		18.41	18.26
Diluted number of shares (in thousand)		1 250 000	1 250 000
Diluted book value per share (in PLN)		18.41	18.26

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six-month periods ended 30 June 2012 and 30 June 2011 respectively

for the six-month period ended 30 June 2012	Share capital	Other capital							Currency translation differences from foreign operations	Unappropriated profits	Net profit for the period	Total equity attributable to equity holders of the parent company	Non- controlling interest	Total equity
		Reserve capital	General banking risk fund	Other reserves	Share in other comprehensive income of an associate	Financial assets available for sale	Cash flow hedges	Total other capital						
As at 1 January 2012	1 250 000	13 041 390	1 070 000	3 460 368	(257)	(52 422)	362 185	17 881 264	(92 023)	(23 162)	3 807 195	22 823 274	(1 290)	22 821 984
Transfer of net profit from previous years	-	-	-	-	-	-	-	-	-	3 807 195	(3 807 195)	-	-	-
Total comprehensive income, of which:	-	-	-	-	1 181	17 703	(196 001)	(177 117)	(2 361)	-	1 953 361	1 773 883	(638)	1 773 245
Net profit	-	-	-	-	-	-	-	-	-	-	1 953 361	1 953 361	(556)	1 952 805
Other comprehensive income	-	-	-	-	1 181	17 703	(196 001)	(177 117)	(2 361)	-	-	(179 478)	(82)	(179 560)
Transfer from unappropriated profits	-	2 322 284	-	66 122	-	-	-	2 388 406	-	(2 388 406)	-	-	-	-
The effect of the takeover of subsidiary's assets and liabilities by the parent company	-	-	-	(88 533)	-	-	-	(88 533)	-	88 533	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(1 587 500)	-	(1 587 500)	-	(1 587 500)
As at 30 June 2012	1 250 000	15 363 674	1 070 000	3 437 957	924	(34 719)	166 184	20 004 020	(94 384)	(103 340)	1 953 361	23 009 657	(1 928)	23 007 729

for the six-month period ended 30 June 2011	Share capital	Other capital							Currency translation differences from foreign operations	Unappropriated profits	Net profit for the period	Total equity attributable to equity holders of the parent company	Non- controlling interest	Total equity
		Reserve capital	General banking risk fund	Other reserves	Share in other comprehensive income of an associate	Financial assets available for sale	Cash flow hedges	Total other capital						
As at 1 January 2011	1 250 000	12 212 177	1 070 000	3 412 239	976	(25 171)	217 924	16 888 145	(109 747)	112 297	3 216 883	21 357 578	1 990	21 359 568
Transfer of net profit from previous years	-	-	-	-	-	-	-	-	-	3 216 883	(3 216 883)	-	-	-
Total comprehensive income, of which:	-	-	-	-	(367)	23 374	(76 469)	(53 462)	(26 591)	-	1 838 314	1 758 261	(894)	1 757 367
Net profit	-	-	-	-	-	-	-	-	-	-	1 838 314	1 838 314	(1 167)	1 837 147
Other comprehensive income	-	-	-	-	(367)	23 374	(76 469)	(53 462)	(26 591)	-	-	(80 053)	273	(79 780)
Transfer from unappropriated profits	-	830 200	-	48 129	-	-	-	878 329	-	(878 329)	-	-	-	-
Dividends declared	-	-	-	-	-	-	-	-	-	(2 475 000)	-	(2 475 000)	-	(2 475 000)
As at 30 June 2011	1 250 000	13 042 377	1 070 000	3 460 368	609	(1 797)	141 455	17 713 012	(136 338)	(24 149)	1 838 314	20 640 839	1 096	20 641 935

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six-month periods ended 30 June 2012 and 30 June 2011 respectively

Note	01.01- 30.06.2012	01.01- 30.06.2011
Net cash flow from operating activities		
Profit before income tax	2 449 254	2 307 231
Adjustments:	(2 532 238)	(217 650)
Amortisation and depreciation	269 622	251 381
(Gains) losses from investing activities	1 657	(11 007)
Interest and dividends	(427 516)	(157 146)
Change in amounts due from banks	28 401	68 643
Change in trading assets and financial assets designated upon initial recognition at fair value through profit and loss	(1 558 119)	(1 687 797)
Change in derivative financial instruments (asset)	207 524	23 770
Change in loans and advances to customers	(55 483)	(5 445 687)
Change in other assets	(239 531)	(267 371)
Change in amounts due to banks	(525 071)	1 151 870
Change in derivative financial instruments (liability)	114 439	(145 983)
Change in amounts due to customers	512 618	6 114 189
Change in debt securities in issue	(66 195)	34 172
Change in impairment allowances and provisions	315 850	439 296
Change in other liabilities	(17 897)	112 648
Income tax paid	(521 120)	(439 977)
Other adjustments	(571 417)	(258 651)
Net cash from / used in operating activities	(82 984)	2 089 581
Net cash flow from investing activities		
Inflows from investing activities	9 568 978	2 112 307
Proceeds from sale of investment securities	9 564 992	2 097 580
Proceeds from sale of intangible assets and tangible fixed assets	2 149	13 288
Other investing inflows (dividends)	1 837	1 439
Outflows from investing activities	(7 288 054)	(2 594 496)
Purchase of a subsidiary, net of cash acquired	(2 500)	-
Purchase of investment securities available for sale	(7 072 160)	(2 409 010)
Purchase of intangible assets and tangible fixed assets	(213 394)	(185 486)
Net cash from / used in investing activities	2 280 924	(482 189)
Net cash flow from financing activities		
Proceeds from debt securities in issue	4 462 910	44 482
Redemption of debt securities in issue	(4 853 501)	(119)
Dividends paid	(1 587 500)	-
Repayment of interest from issued debt securities	(111 010)	(40 307)
Long-term borrowings	362 087	232 493
Repayment of long-term borrowings	(382 870)	(397 469)
Net cash generated from financing activities	(2 109 884)	(160 920)
Net cash inflow/ (outflow)	88 056	1 446 472
of which currency translation differences on cash and cash equivalents	(58 722)	5 128
Cash and cash equivalents at the beginning of the period	11 422 970	8 438 681
Cash and cash equivalents at the end of the period	11 511 026	9 885 153
of which restricted	4 041	5 447

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for the six-month period ended 30 June 2012



(in PLN thousand)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The condensed interim consolidated financial statements of the Powszechna Kasa Oszczędności Bank Polski SA Group ('the PKO Bank Polski SA Group', 'the Group') have been prepared for the six-month period ended 30 June 2012 and include comparative data for the six-month period ended 30 June 2011 (as regards consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows) and include comparative data as at 31 December 2011 (as regards consolidated statement of financial position). Financial data has been presented in Polish zloty (PLN), rounded to thousand zloty, unless indicated otherwise.

The parent company of the Group is Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna ('PKO Bank Polski SA', 'the Bank').

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

On 12 April 2000, Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna was registered and entered into the Register of Companies by the District Court for the Capital City of Warsaw, Commercial Court XVI Registration Department. At present, the appropriate court is the District Court for the Capital City of Warsaw, XIII Economic Department of the National Court Register. The Bank was registered under entry No. KRS 0000026438 and was granted a statistical REGON No. 016298263. The Bank's paid share capital amounts to PLN 1 250 000 000.

The Bank's shareholding structure is as follows:

Name of entity	Number of shares	Number of votes %	Nominal value of 1 share	Share in equity %
As at 30 June 2012				
The State Treasury	512 406 277	40.99	PLN 1	40.99
Bank Gospodarstwa Krajowego	128 102 731	10.25	PLN 1	10.25
Other shareholders	609 490 992	48.76	PLN 1	48.76
Total	1 250 000 000	100.00	---	100.00
As at 31 December 2011				
The State Treasury	512 406 277	40.99	PLN 1	40.99
Bank Gospodarstwa Krajowego	128 102 731	10.25	PLN 1	10.25
Other shareholders	609 490 992	48.76	PLN 1	48.76
Total	1 250 000 000	100.00	---	100.00

On 26 July 2012 PKO Bank Polski SA received a notification from the Minister of State Treasury of selling off a considerable block of Bank's shares by the State Treasury as a result of which the number of total votes held by the State Treasury in the Bank has changed.

According to the notification received by the Bank on 24 July 2012, 95 000 000 Bank's shares held by the State Treasury were sold off in block transactions. Prior to the sell-off transaction conducted, the State Treasury held the total number of 512 406 277 Bank's shares giving the same number of votes at the General Shareholders' Meeting of the Bank. These shares amounted to 40.99% of the share capital and the same share in the total number of votes in the Bank.

As a result of the above mentioned sell-off transaction on 24 July 2012 the State Treasury holds 417 406 277 Bank's shares giving the same number of votes at the General Shareholders' Meeting of the Bank. These shares amount to 33.39% of the share capital and the same share in the total number of votes in the Bank.

Moreover, Bank Gospodarstwa Krajowego ('BGK'), wholly controlled by the State Treasury, holds the total number of 128 102 731 bearer shares giving the same number of votes at the General Shareholders' Meeting of the Bank. These shares amount to 10.25% of the Bank's share capital and the same share in the total number of votes in the Bank.

Prior to the above mentioned shares' sell-off transaction, the State Treasury and BGK held the total number of 640 509 008 Bank's shares giving the same number of votes at the General Shareholders' Meeting of the Bank. These shares amounted to 51.24% of the Bank's share capital and the same share in the total number of votes in the Bank.

After the above mentioned shares' sell-off transaction, the State Treasury and BGK hold the total number of 545 509 008 Bank's shares giving the same number of votes at the General Shareholders' Meeting of the Bank. These shares amount to 43.64% of the Bank's share capital and the same share in the total number of votes in the Bank.

The Bank received a notification dated 27 July 2012 from ING Otwarty Fundusz Emerytalny about increasing the stake in PKO Bank Polski SA shares exceeding the threshold 5% of total number of votes at the General Shareholders' Meeting of the Bank. As a result of the acquisition of the PKO Bank Polski SA shares, cleared on 24 July, ING Otwarty Fundusz Emerytalny increased its stake in the Bank's shares to 64 594 448, representing 5.17% of share capital and of total number of votes at the General Shareholders' Meeting of the Bank. Prior to the purchase transaction ING Otwarty Fundusz Emerytalny held 53 631 448 shares of PKO Bank Polski SA, representing 4.29% of share capital and of total number of votes at the General Shareholders' Meeting of the Bank.

Business activities of the Group

PKO Bank Polski SA is a universal commercial bank offering services to both residents and non-residents retail, corporate or other clients. PKO Bank Polski SA is licensed to hold foreign exchange and currencies and sell/buy them, as well as perform a full range of foreign exchange services, open and hold bank accounts abroad and to deposit foreign exchange in these accounts.

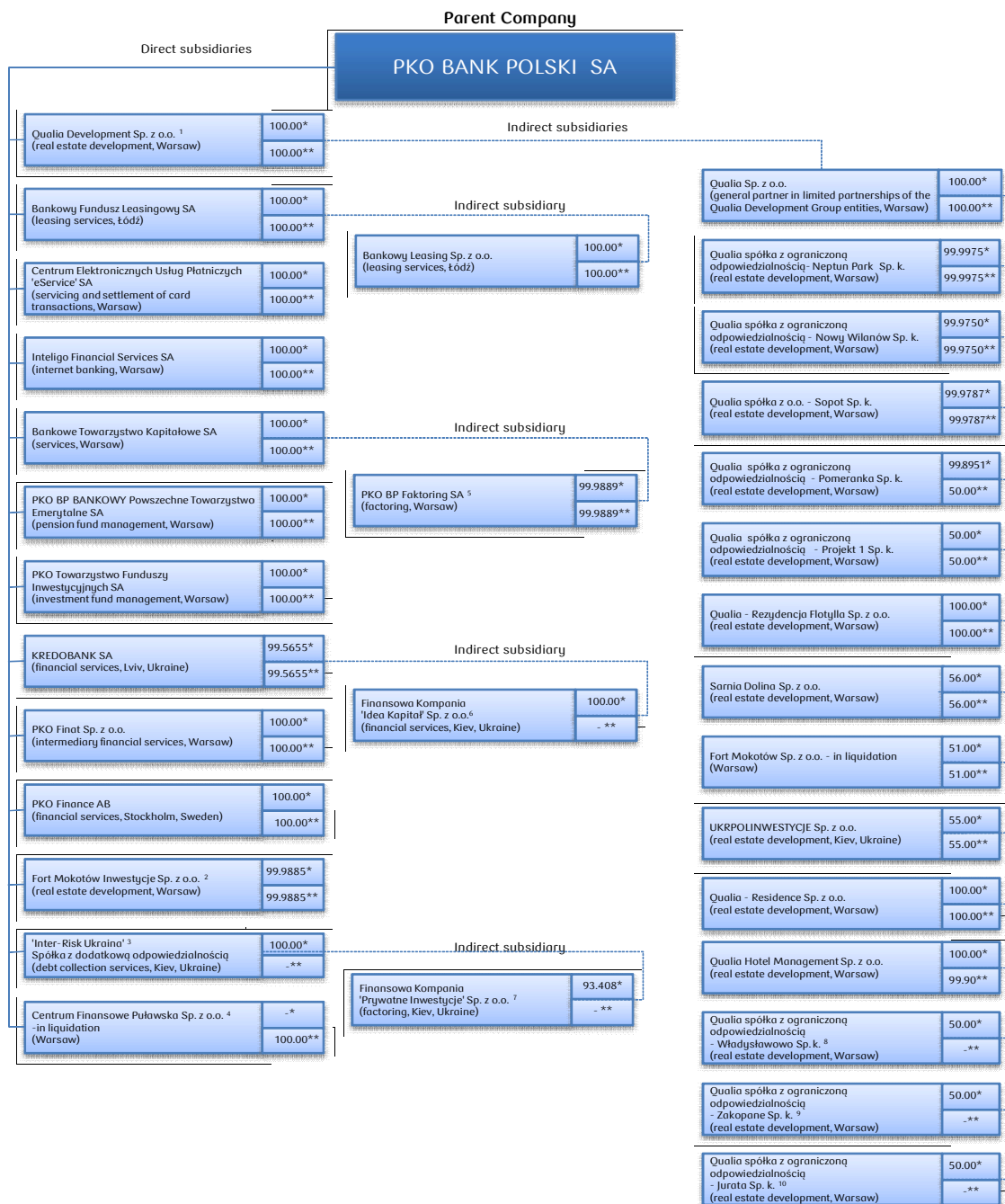
In addition, through its subsidiaries, the Group conducts banking activities in Ukraine and activities relating to leasing, factoring, investment funds, pension funds, Internet banking as well as servicing and settlement of card transactions and real estate development.

The scope of activities of each of the Group entities is set out in the position 'Structure of the PKO Bank Polski SA Group'.

The PKO Bank Polski SA Group operates in the Republic of Poland and through its subsidiaries: KREDOBANK SA, 'Inter-Risk Ukraina' Additional Liability Company, Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o., Finansowa Kompania 'Idea Kapitał' Sp. z o.o. and UKRPOLINWESTYCJE Sp. z o.o. – in Ukraine as well as through its subsidiary PKO Finance AB in Sweden.

Structure of the PKO Bank Polski SA Group

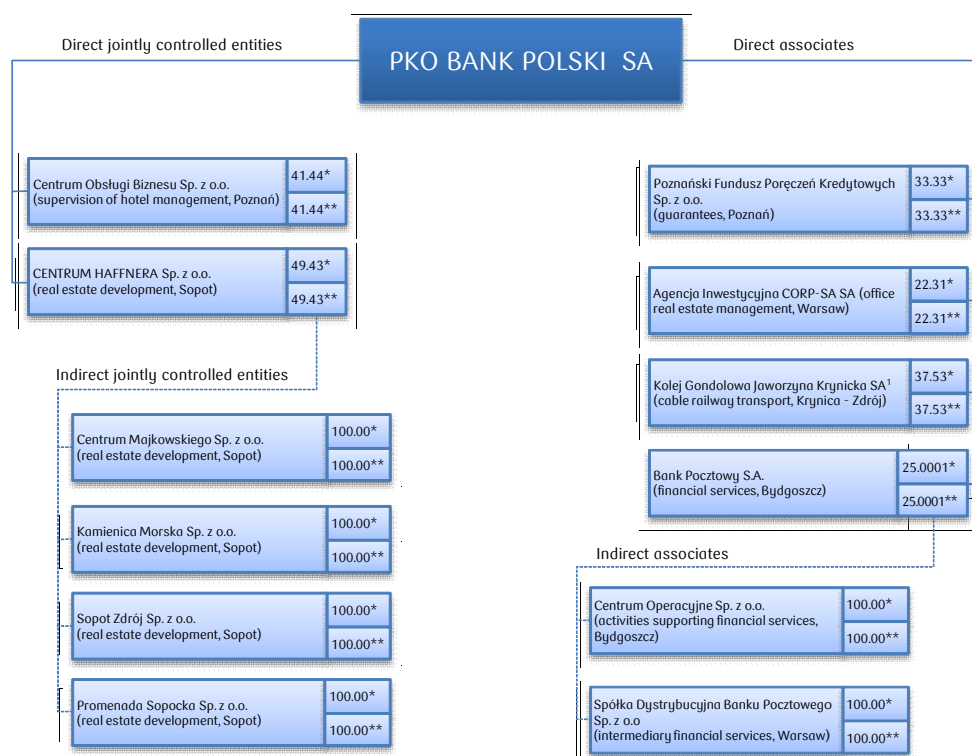
The PKO Bank Polski SA Group consists of the following entities:



* % share in equity as at 30.06.2012 ** % share in equity as at 31.12.2011

- 1) in limited partnerships of Qualia Development Group the limited partner is Qualia Development Sp. z o.o. and the general partner is Qualia Sp. z o.o.; in the position of share capital, the total contributions made/declared by the limited partner is presented
- 2) the second shareholder of the Entity is Qualia Development Sp. z o.o.
- 3) acquiring of the Company by PKO Bank Polski SA was registered with the Ukrainian Register of Businesses on 16 January 2012; the additional liability means that the shareholder is responsible for the company's liabilities up to 103% of its share in the Company's share capital
- 4) the Company was removed from the National Court Register effective on 28 May 2012, on the basis of a decision dated 7 May 2012
- 5) PKO Bank Polski SA holds 1 share in the Entity
- 6) acquiring of the Company by KREDOBANK SA was registered with the Ukrainian Register of Businesses on 23 March 2012
- 7) until 26 February 2012 the Company was a direct subsidiary of PKO Bank Polski SA
- 8) the Company was registered with the National Court Register on 14 February 2012
- 9) the Company was registered with the National Court Register on 15 March 2012
- 10) the Company was registered with the National Court Register on 27 March 2012

Jointly controlled entities and associates included in the consolidated financial statements:



* % share in equity as at 30.06.2012 ** % share in equity as at 31.12.2011

1) In the first half of 2012 and 2011, shares of the Entity are recognised in non-current assets held for sale

Information on changes in the participation in the share capital of the subsidiaries is set out in Note 34 'Changes to the entities of the Group'.

Seasonality or cyclicity in the interim period

The Group's activities are not subject to significant seasonality or cyclicity.

Information on members of the Management and Supervisory Board of the Bank

1. As at 30 June 2012, the Bank's Management Board consisted of:

- | | |
|-----------------------|--|
| • Zbigniew Jagiełło | President of the Management Board |
| • Piotr Alicki | Vice-President of the Management Board |
| • Bartosz Drabikowski | Vice-President of the Management Board |
| • Andrzej Kołatkowski | Vice-President of the Management Board |
| • Jarosław Myjak | Vice-President of the Management Board |
| • Jacek Obłəkowski | Vice-President of the Management Board |
| • Jakub Papierski | Vice-President of the Management Board |

On 13 July 2012 Mr Andrzej Kołatkowski resigned from performing a function of Vice-President of the Management Board of PKO Bank Polski SA as of 13 July 2012.

2. As at 30 June 2012, the Bank's Supervisory Board consisted of:

- | | |
|---------------------|--|
| • Cezary Banasiński | Chairman of the Supervisory Board |
| • Tomasz Zganiacz | Deputy-Chairman of the Supervisory Board |
| • Mirosław Czekaj | Secretary of the Supervisory Board |

• Jan Bossak	Member of the Supervisory Board
• Zofia Dzik	Member of the Supervisory Board
• Krzysztof Kilian	Member of the Supervisory Board
• Piotr Marczak	Member of the Supervisory Board
• Marek Mroczkowski	Member of the Supervisory Board
• Ryszard Wierzba	Member of the Supervisory Board

On 6 June 2012 the General Shareholders' Meeting of PKO Bank Polski SA dismissed the member of the Supervisory Board – Ms Ewa Miklaszewska from the Supervisory Board of PKO Bank Polski SA and appointed Ms Zofia Dzik.

Approval of financial statements

These condensed interim consolidated financial statements, reviewed by the Supervisory Board's Audit Committee of the Bank on 1 August 2012, have been approved for issue by the Management Board of the Bank on 31 July 2012.

These condensed interim consolidated financial statements of the Group are published together with condensed interim financial statements of PKO Bank Polski SA for the six-month period ended 30 June 2012.

2. Summary of significant accounting policies and estimates and judgements

2.1. Summary of significant accounting policies

These condensed interim consolidated financial statements of the PKO Bank Polski SA Group have been prepared in accordance with requirements of the International Accounting Standard 34 'Interim Financial Reporting' approved by the European Union.

The accounting policies and calculations applied in these condensed consolidated financial statements are consistent to those, which were applied in these consolidated financial statements of the Group for the year ended 31 December 2011.

These condensed consolidated financial statements for the first half of 2012 should be read together with consolidated financial statements of the PKO Bank Polski SA Group for 2011, prepared in accordance with International Financial Reporting Standards, as approved by the European Union.

2.1.1. Standards and interpretations issued and approved in 2012 after the date of publishing financial statements for the year 2011

In 2012, after the publication date of the annual financial statements, i.e. after 5 March 2012, the European Union endorsed amendments to IAS 1 'Presentation of financial statements' and amendments to IAS 19 'Employee benefits' by the Decree of the European Union Commission No. 475/2012 dated 5 June 2012.

The revised IAS 1 introduces an option to present profit or loss and other comprehensive income as one or two separate statements, changing the name of 'statement of comprehensive income' into 'statement of profit or loss and other comprehensive income'. Use of new terminology is not mandatory. The amendments are effective retrospectively for financial years starting on or after 1 July 2012, with permission to earlier application. If an entity applies the amendments for an earlier period, it shall disclose that fact.

Amendments in IAS 19 introduce new requirements of the recognition and measurement of defined benefit pension expense and termination benefits, as well as change the require disclosures for all employee benefits. The amendments are effective retrospectively for financial years starting on or after 1 January 2013, with permission to earlier application. If an entity applies the amendments for an earlier period, it shall disclose that fact.

The above mentioned amendments in IAS 1 and IAS 19 will be applied for the first time to the financial statements of the Group for the year 2013.

2.2. Critical estimates and judgements

While preparing financial statements, the PKO Bank Polski SA Group makes certain estimates and assumptions, which have a direct influence on both the financial statements presented and the notes to the financial statements. The principles for making critical estimates and judgements are consistent with those used in preparing the consolidated financial statements of the PKO Bank Polski SA Group for the year ended 31 December 2011.

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

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

The most significant areas in which the Group performs critical estimates are presented below:

2.2.1. Impairment of loans and advances

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

The adopted methodology used for estimating impairment allowances will be developed in line with the increasing possibilities of acquiring information indicating impairment from the existing and implemented IT systems and applications. As a consequence, acquiring new data could affect the level of impairment allowances in the future. The methodology and assumptions used by the Bank in the estimates are reviewed on a regular basis to minimise the differences between the estimated and actual loss amounts. In the case of a $-/+$ 10% change in the present value of estimated cash flows for the loans and advances portfolio individually determined to be impaired, the estimated impairment allowances on loans and advances would increase by PLN 454 million or decrease by PLN 244 million respectively. This estimate was made for the loans and advances portfolio assessed for impairment on an individual analysis of future cash flows arising both from own repayments and recoveries from the collateral, i.e. the exposures for which an individual method is applied.

2.2.2. Valuation of derivatives and non-listed debt securities available for sale

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

Options are valued on the basis of the data derived from regulated market, on the basis of the data received from counterparties of the Bank or using option pricing models. The variables used in the valuation are derived from available market data.

The valuation techniques used by the Group for non-option derivative instruments are based on yield curve based on available market data (deposit margins on interbank market, IRS transactions quotations). The Group conducted a simulation to assess the potential influence of change of the yield curve on the transaction valuation. Upwards movements of yield curve by 50 b.p. would result in decrease in non-option derivative instruments valuation by PLN 50 million. A similar downwards movement would result in valuation increase by PLN 51 million (including financial instruments covered by hedge accounting: decrease by

PLN 72 million for upward movement of the yield curve and increase by PLN 73.6 million for downward movement of the yield curve).

2.2.3. Calculation of provisions for employee benefits

The provision for retirement and pension benefits and anniversary bonuses is created individually for each employee on the basis of an actuarial valuation performed periodically by an independent actuarial consulting company. The basis for calculation of provisions for employee benefits are internal regulations, and, in particular, the Collective Labour Agreements ('Zakładowe Układy Zbiorowe Pracy') being in force at the Group entities. Valuation of the employee benefit provisions is performed using actuarial techniques and assumptions. The calculation of the provision includes all anniversary bonuses and retirement and pension benefits expected to be paid in the future. The provision was created on the basis of a list of people including all the necessary details of employees, in particular the length of their service, age and gender. The provisions calculated are equal to discounted future payments, taking into account staff turnover. Gains and losses resulting from actuarial calculations are recognised in the income statement.

The PKO Bank Polski SA Group creates provisions for future liabilities arising from unused holiday leave, taking into account all outstanding unused holiday days as well as damages and severance payments made to those employees whose employment contracts are terminated for reasons independent of the employee, and for the employee compensation costs incurred in the current period which will be paid out in future periods, including bonuses.

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

In estimating useful economic lives of particular types of tangible fixed assets, intangible assets and investment properties, the following factors are considered:

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

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

If the useful life of assets being subject to depreciation and classified as land and buildings was changed by +/- 10 years, it would influence the financial result as follows: a decrease in depreciation costs by PLN 14 million or an increase in depreciation costs by PLN 150 million respectively.

3. Information on the segments of activities

The PKO Bank Polski SA Group's segment reporting scheme is primarily based on the criteria of the groups of clients – recipients of the products and services offered by the parent company and the PKO Bank Polski SA Group entities. Every operating business segment comprises activities of providing products and services that are characterised by similar risk and income – different from other business segments. The segment note below is recognised in an internal reporting system, i.e. information presented to the Management Board of PKO Bank Polski SA, used to assess achieved results and to allocate resources.

The segment report below presents an internal organisational structure of the PKO Bank Polski SA Group. At present, the PKO Bank Polski SA Group comprises three basic segments: retail, corporate and investment segment:

1. The retail segment comprises transactions of the parent company with retail clients, clients of small and medium enterprises and housing market clients. This segment comprises, among others, the following products and services: current and saving accounts, deposits, private banking services, investment products, credit and debit cards, consumer and mortgage loans, corporate loans for small and medium enterprises and housing market customers.
2. The corporate segment includes transactions of the parent company with large corporate clients. This segment comprises, among others, the following products and services: current accounts, deposits securities, depositary services, currency and derivative products, sell buy back and buy sell back transactions, corporate loans, leases and factoring. Within the segment, PKO Bank Polski SA also enters, individually or in a consortium with other banks, into loan agreements financing large investment projects.
3. The investment segment comprises transactions of the parent company with financial institutions' clients and the Bank's portfolio activity on its own account i.e. investing and brokerage activities, interbank transactions, derivative instruments and debt securities transactions and activities of PKO Bank Polski SA's subsidiaries: the KREDOBANK SA Group, the Inter-Risk Ukraina ALC Group, PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA, PKO Towarzystwo Funduszy Inwestycyjnych SA, Inteligo Financial Services SA, PKO BP Finat Sp. z o.o., Centrum Elektronicznych Usług Płatniczych eService SA, the Qualia Development Sp. z o.o. Group, Fort Mokotów Inwestycje Sp. z o.o., the Bankowy Fundusz Leasingowy SA Group, the Bankowe Towarzystwo Kapitałowe SA Group, PKO Finance AB and Centrum Finansowe Puławska Sp. z o.o. – in liquidation (own activities). In the net result of the segment, the net result of transfer centre, which comprises internal settlements related to funds transfer pricing, the result on long-term sources of financing and the result on positions classified for hedge accounting is presented. Internal funds transfer is based on transfer pricing dependant on interest rates. The transactions between business segments are conducted on arm's length. Long-term external financing includes the issuance of bonds, subordinated liabilities and funds under the EMTN programme issuance as well as amounts due to financial institutions.

The PKO Bank Polski SA Group typically settles inter-segment transactions as if they were concluded between unrelated parties, using internal settlement rates. The transactions between business segments are conducted on arm's length.

Accounting policies applied in the segment report are consistent with accounting policies described in Note 2 of these financial statements.

Disclosed values of assets and liabilities are operating assets and liabilities applied by operating activities segment. Values of assets, liabilities, income and expenses of a particular segment are based on internal management information. To particular segments there are assigned assets and liabilities as well as income and costs related to the assets and liabilities.

The current income tax expense was presented only on the Group level.

The tables below present data relating to income and results of individual operational segments of the PKO Bank Polski SA Group for the six-month periods ended 30 June 2012 and 30 June 2011 and assets and liabilities as at 30 June 2012 and as at 31 December 2011.

For the six-month period ended 30 June 2012	Continuing operations				Total activity of the PKO Bank Polski SA Group
	Retail segment	Corporate segment	Investment segment		
			Own activities	Transfer centre	
Net interest income	2 856 775	334 491	84 033	766 946	4 042 245
Net fee and commission income	1 168 046	148 023	186 630	-	1 502 699
Other net income	86 418	25 922	185 189	(51 621)	245 908
Net result from financial operations	12 616	7 121	28 241	(27 951)	20 027
Net foreign exchange gains	60 771	31 453	76 101	(23 670)	144 655
Dividend income	-	-	6 077	-	6 077
Net other operating income and expense	12	367	74 770	-	75 149
Income/expenses relating to internal customers	13 019	(13 019)	-	-	-
Net impairment allowance and write-downs	(813 209)	(243 659)	(44 417)	-	(1 101 285)
Administrative expenses, of which:	(1 832 196)	(123 993)	(290 152)	-	(2 246 341)
amortisation and depreciation	(220 032)	(12 812)	(36 778)	-	(269 622)
Share of profit (loss) of associates and jointly controlled entities	-	-	-	-	6 028
Segment gross profit	1 465 834	140 784	121 283	715 325	2 449 254
Income tax expense (tax burden)	-	-	-	-	(496 449)
Profit (loss) attributable to non-controlling shareholders	-	-	-	-	(556)
Net profit attributable to the equity holders of the parent company	1 465 834	140 784	121 283	715 325	1 953 361

As at 30 June 2012	Continuing operations				Total activity of the PKO Bank Polski SA Group
	Retail segment	Corporate segment	Investment segment		
			Own activities	Transfer centre	
Assets	115 053 252	42 966 594	32 418 025	-	190 437 871
Liabilities	119 316 111	29 027 104	19 086 927	-	167 430 142

For the six-month period ended 30 June 2011	Continuing operations*				Total activity of the PKO Bank Polski SA Group
	Retail segment	Corporate segment	Investment segment		
			Own activities	Transfer centre	
Net interest income	2 683 932	288 989	112 301	489 324	3 574 546
Net fee and commission income	1 261 719	125 868	153 816	-	1 541 403
Other net income	70 997	24 774	155 709	(51 830)	199 650
Net result from financial operations	5 677	7 400	(6 072)	(26 344)	(19 339)
Net foreign exchange gains	50 597	30 376	76 898	(25 486)	132 385
Dividend income	-	-	6 537	-	6 537
Net other operating income and expense	1 708	13	78 346	-	80 067
Income/expenses relating to internal customers	13 015	(13 015)	-	-	-
Net impairment allowance and write-downs	(784 724)	(84 467)	(12 209)	-	(881 400)
Administrative expenses, of which:	(1 789 484)	(110 555)	(223 132)	-	(2 123 171)
amortisation and depreciation	(203 379)	(11 055)	(36 947)	-	(251 381)
Share of profit (loss) of associates and jointly controlled entities	-	-	-	-	(3 797)
Segment gross profit	1 442 440	244 609	186 485	437 494	2 307 231
Income tax expense (tax burden)	-	-	-	-	(470 084)
Profit (loss) attributable to non-controlling shareholders	-	-	-	-	(1 167)
Net profit attributable to the equity holders of the parent company	1 442 440	244 609	186 485	437 494	1 838 314

*Change in presentation consisting of including the results of all Group entities in the Own activities of the Investment Segment.

As at 31 December 2011	Continuing operations				Total activity of the PKO Bank Polski SA Group
	Retail segment	Corporate segment	Investment segment		
			Own activities	Transfer centre	
Assets	118 360 801	42 227 310	30 159 926	-	190 748 037
Liabilities	116 336 341	32 045 191	19 544 521	-	167 926 053

As an additional reporting scheme, the PKO Bank Polski SA Group uses geographical areas. The PKO Bank Polski SA Group conducts its activities in Ukraine – through the KREDOBANK SA Group, the Inter-Risk Ukraina ALC Group and UKRPOLINWESTYCJE Sp. z o.o.

For the six-month period ended 30 June 2012	Poland	Ukraine	Total
Net interest income	4 013 394	28 851	4 042 245
Net fee and commission income	1 478 930	23 769	1 502 699
Other net income	230 451	15 457	245 908
Administrative expenses	(2 184 873)	(61 468)	(2 246 341)
Net impairment allowance and write-downs	(1 074 250)	(27 035)	(1 101 285)
Share of profit (loss) of associates and jointly controlled entities	-	-	6 028
Segment gross profit	2 463 652	(20 426)	2 449 254
Income tax expense (tax burden)	-	-	(496 449)
Profit (loss) attributable to non-controlling shareholders	-	-	(556)
Net profit (loss)	2 463 652	(20 426)	1 953 361

As at 30 June 2012	Poland	Ukraine	Total
Assets of the segment	188 612 912	1 824 959	190 437 871
Liabilities of the segment	166 330 684	1 099 458	167 430 142

For the six-month period ended 30 June 2011	Poland	Ukraine	Total
Net interest income	3 550 809	23 737	3 574 546
Net fee and commission income	1 524 086	17 317	1 541 403
Other net income	196 099	3 551	199 650
Administrative expenses	(2 075 659)	(47 512)	(2 123 171)
Net impairment allowance and write-downs	(892 847)	11 447	(881 400)
Share of profit (loss) of associates and jointly controlled entities	-	-	(3 797)
Segment gross profit	2 302 488	8 540	2 307 231
Income tax expense (tax burden)	-	-	(470 084)
Profit (loss) attributable to non-controlling shareholders	-	-	(1 167)
Net profit (loss)	2 302 488	8 540	1 838 314

As at 31 December 2011	Poland	Ukraine	Total
Assets of the segment	189 196 560	1 551 477	190 748 037
Liabilities of the segment	166 763 390	1 162 663	167 926 053

NOTES TO THE CONSOLIDATED INCOME STATEMENT

4. Interest income and expense

Interest and similar income

	01.01- 30.06.2012	01.01- 30.06.2011
Interest income calculated using the effective interest rate method, with respect to financial assets, which are not designated at fair value through profit and loss, of which:	5 629 284	4 949 549
Income from loans and advances to customers	5 129 789	4 601 737
Income from investment securities available for sale	376 903	247 738
Income from placements with banks	119 322	96 958
Other	3 270	3 116
Other income, of which:	857 973	652 765
Income from derivative hedging instruments	466 217	351 145
Income from financial assets designated upon initial recognition at fair value through profit and loss	359 288	256 316
Income from trading assets	32 468	45 304
Total	6 487 257	5 602 314

In the 'Income from derivative hedging instruments', the Group presents interest income from derivative instruments designated for hedge accounting that are effective hedging instruments in respect of cash flow hedges. Details of hedging relationships applied by the Group are included in Note 16 of condensed interim consolidated financial statements of the Group 'Derivative hedging instruments'.

In the six-month period ended 30 June 2012, the value of interest income from impaired loans amounted to PLN 224 030 thousand (in the six-month period ended 30 June 2011, it amounted to PLN 176 902 thousand). This income has been included in the position 'Income from loans and advances to customers'.

Interest expense and similar charges

	01.01- 30.06.2012	01.01- 30.06.2011
Interest expense calculated using the effective interest rate method, with respect to financial liabilities, which are not designated at fair value through profit and loss, of which:	(2 444 179)	(2 026 081)
Interest expense on amounts due to customers	(2 231 607)	(1 902 444)
Interest expense on debt securities in issue	(193 697)	(104 015)
Interest expense on deposits from banks	(13 883)	(19 399)
Premium expense on debt securities available for sale	(4 992)	(223)
Other expense	(833)	(1 687)
Total	(2 445 012)	(2 027 768)

5. Fee and commission income and expense

Fee and commission income

	01.01- 30.06.2012	01.01- 30.06.2011
Income from financial assets, which are not designated at fair value through profit and loss, of which:	285 577	278 295
Income from loans and advances granted	285 577	278 295
Other commissions	1 566 299	1 620 352
Income from payment cards	552 059	501 426
Income from maintenance of bank accounts	449 005	462 630
Income from loan insurance	202 821	262 157
Income from maintenance of investment and open pension funds (including management fees)	152 032	186 799
Income from cash transactions	68 317	82 376
Income from securities transactions	35 277	32 652
Income from servicing foreign mass transactions	24 124	23 393
Income from sale and distribution of court fee stamps	10 267	10 618
Other*	72 397	58 301
Income from fiduciary activities	1 820	1 207
Total	1 853 696	1 899 854

* Included in 'Other' are i.a.: commissions received for servicing bond sale transactions, commissions of the Brokerage House for servicing Initial Public Offering issue and commissions for servicing indebtedness of borrowers against the State budget.

Fee and commission expense

	01.01- 30.06.2012	01.01- 30.06.2011
Expenses on payment cards	(180 611)	(145 231)
Expenses on loan insurance	(54 820)	(68 464)
Expenses on acquisition services	(54 233)	(69 789)
Expenses on settlement services	(11 026)	(11 875)
Expenses on asset management fees	(6 952)	(18 416)
Expenses on fee and commissions for operating services rendered by banks	(5 095)	(5 476)
Other*	(38 260)	(39 200)
Total	(350 997)	(358 451)

* Included in 'Other' are i.a.: fee and expenses paid by the Brokerage House to Warsaw Stock Exchange and to the National Depository for Securities (KDPW).

6. Net income from financial instruments designated at fair value

	01.01- 30.06.2012	01.01- 30.06.2011
Debt securities	17 331	(3 319)
Equity instruments	190	1 390
Structured bank securities designated at fair value through profit and loss ¹⁾	(523)	952
Derivative instruments ¹⁾	(1 613)	(34 298)
Other ¹⁾	-	(1)
Total	15 385	(35 276)

In the net income from financial instruments designated at fair value, position 'Derivative instruments', in the period ended 30 June 2012, an ineffective portion related to cash flow hedges was recognised and it amounted to PLN (12 187) thousand (in the period ended 30 June 2011, an ineffective portion related to cash flow hedges was recognised and it amounted to PLN (26 066) thousand).

01.01-30.06.2012	Gains	Losses	Net result
Trading assets	8 304 289	(8 303 179)	1 110
Financial assets designated upon initial recognition at fair value through profit and loss	81 407	(67 132)	14 275
Total	8 385 696	(8 370 311)	15 385

01.01-30.06.2011	Gains	Losses	Net result
Trading assets	6 350 737	(6 381 789)	(31 052)
Financial assets designated upon initial recognition at fair value through profit and loss	48 861	(53 085)	(4 224)
Total	6 399 598	(6 434 874)	(35 276)

The total change in fair values of financial instruments designated at fair value through profit and loss determined with use of valuation models (where no quotations from active market are available) in the period ended 30 June 2012 amounted to PLN (2 136)^{*} thousand (in the period ended 30 June 2011: PLN (33 347)^{*} thousand).

7. Other operating income and expense

	01.01-30.06.2012	01.01-30.06.2011
Other operating income		
Net income from sale of products and services	127 252	133 019
Sales and disposal of tangible fixed assets, intangible assets and assets held for sale	36 303	41 918
Recovery of expired and written-off receivables	16 032	449
Damages, penalties and fines received	14 892	11 090
Sundry income	9 440	8 530
Other	33 727	35 103
Total	237 646	230 109

	01.01-30.06.2012	01.01-30.06.2011
Other operating expense		
Costs of sale of products and services	(83 810)	(95 640)
Costs of sale and disposal of tangible fixed assets, intangible assets and assets held for sale	(37 878)	(30 509)
Donations	(7 981)	(6 289)
Sundry expenses	(2 673)	(2 259)
Other	(30 155)	(15 345)
Total	(162 497)	(150 042)

*Comprises the total amount of the items marked with ¹⁾ in Note 6 'Net income from financial instruments designated at fair value'.

8. Net impairment allowance and write-downs

For the six-month period ended 30 June 2012	Note	Value at the beginning of the period	Increases			Decreases				Value at the end of the period	Net - impact on the income statement
			Recognised during the period	Currency translation differences	Other	Decrease due to derecognition of assets and settlement	Reversed during the period	Currency translation differences	Other		
Investment securities available for sale	19	20 563	9 696	-	-	10 598	1 564	247	-	17 850	(8 132)
Debt securities available for sale		17 944	-	-	10 598	1 564	246	-	-	5 536	1 564
Equity securities not admitted to public trading		2 619	9 696	-	-	-	-	1	-	12 314	(9 696)
Amounts due from banks	13	32 812	409	-	-	-	676	-	387	32 158	267
Loans and advances to customers measured at amortised cost	18	5 658 243	2 945 544	-	31 397	662 280	1 915 512	7 198	33 129	6 017 065	(1 030 032)
Non-financial sector		5 497 033	2 920 340	-	30 932	660 348	1 893 563	6 883	32 678	5 854 833	(1 026 777)
corporate loans		2 709 360	1 184 420	-	8 612	209 345	688 757	5 836	17 144	2 981 310	(495 663)
consumer loans		1 463 843	1 225 011	-	19 151	432 319	899 890	77	2 585	1 373 134	(325 121)
mortgage loans		1 323 830	510 909	-	3 169	18 684	304 916	970	12 949	1 500 389	(205 993)
Financial sector		37 058	2 666	-	160	1 714	9 126	315	451	28 278	6 460
corporate loans		37 058	2 666	-	160	1 714	9 126	315	451	28 278	6 460
Budget sector		15 779	1 348	-	305	-	961	-	-	16 471	(387)
corporate loans		15 779	1 348	-	305	-	961	-	-	16 471	(387)
Finance lease receivables		108 373	21 190	-	-	218	11 862	-	-	117 483	(9 328)
Non-current assets held for sale		2 958	-	-	-	3	-	-	-	2 955	-
Tangible fixed assets		6 388	11 531	313	-	-	305	-	-	17 927	(11 226)
Intangible assets		135 295	4 542	-	237	-	-	-	-	140 074	(4 542)
Investments in associates and jointly controlled entities	20	88 953	5 526	-	-	-	-	-	-	94 479	(5 526)
Other, of which:		336 751	113 599	659	6 990	34 253	71 505	4	305	351 932	(42 094)
inventories		33 088	7 313	-	-	7 897	944	-	-	31 560	(6 369)
provisions for legal claims and liabilities and guarantees granted	26	115 608	87 723	-	-	61	59 923	4	220	143 123	(27 800)
Total		6 281 963	3 090 847	972	38 624	707 134	1 989 562	7 449	33 821	6 674 440	(1 101 285)

Condensed Interim Consolidated Financial Statements of
the Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Group
for the six-month period ended 30 June 2012



(in PLN thousand)

For the six-month period ended 30 June 2011	Value at the beginning of the period	Increases			Decreases				Value at the end of the period	Net – impact on the income statement
		Recognised during the period	Currency translation differences	Other	Decrease due to derecognition of assets and settlement	Reversed during the period	Currency translation differences	Other		
Investment securities available for sale	21 909	306	-	-	16	296	622	-	21 281	(10)
Debt securities available for sale	21 259	306	-	-	-	296	614	-	20 655	(10)
Equity securities not admitted to public trading	650	-	-	-	16	-	8	-	626	-
Amounts due from banks	28 925	1 454	-	-	-	1 505	-	2 015	26 859	51
Loans and advances to customers measured at amortised cost	4 856 670	1 912 151	-	14 768	400 672	1 068 374	24 505	-	5 290 038	(843 777)
Non-financial sector	4 726 693	1 871 539	-	14 768	400 242	1 046 706	23 760	-	5 142 292	(824 833)
corporate loans	2 229 665	471 766	-	784	71 108	316 758	18 141	-	2 296 208	(155 008)
consumer loans	1 513 717	845 422	-	3 032	252 884	478 268	976	-	1 630 043	(367 154)
mortgage loans	983 311	554 351	-	10 952	76 250	251 680	4 643	-	1 216 041	(302 671)
Financial sector	26 938	5 507	-	-	65	1 269	745	-	30 366	(4 238)
corporate loans	26 938	5 507	-	-	65	1 269	745	-	30 366	(4 238)
Budget sector	13 134	1 425	-	-	-	2 903	-	-	11 656	1 478
corporate loans	13 134	1 425	-	-	-	2 903	-	-	11 656	1 478
Finance lease receivables	89 905	33 680	-	-	365	17 496	-	-	105 724	(16 184)
Non-current assets held for sale	2 961	-	-	-	-	-	-	-	2 961	-
Tangible fixed assets	18 434	36	-	-	17 254	-	-	-	1 216	(36)
Intangible assets	132 972	2 076	-	-	-	-	-	-	135 048	(2 076)
Investments in associates and jointly controlled entities	60 138	643	-	-	-	-	-	-	60 781	(643)
Other, of which:	314 214	131 653	-	7	10 198	96 744	508	-	338 424	(34 909)
inventories	34 858	4 728	-	-	5 293	32	-	-	34 261	(4 696)
provisions for legal claims and liabilities and guarantees granted	89 799	102 786	-	-	22	83 431	26	-	109 106	(19 355)
Total	5 436 223	2 048 319	-	14 775	428 140	1 166 919	25 635	2 015	5 876 608	(881 400)

9. Administrative expenses

	01.01- 30.06.2012	01.01- 30.06.2011
Staff costs	(1 213 338)	(1 145 184)
Overheads	(655 077)	(622 803)
Amortisation and depreciation	(269 622)	(251 381)
Taxes and other charges	(36 310)	(35 435)
Contribution and payments to the Bank Guarantee Fund	(71 994)	(68 368)
Total	(2 246 341)	(2 123 171)

Wages and salaries / Employee benefits

	01.01- 30.06.2012	01.01- 30.06.2011
Wages and salaries	(998 851)	(956 808)
Social Security, of which:	(178 710)	(155 772)
contributions for retirement pay and pensions*	(149 383)	(117 360)
Other employee benefits	(35 777)	(32 604)
Total	(1 213 338)	(1 145 184)

*Total expense incurred by the Group related to contributions for retirement pay and pensions.

10. Income tax expense

	01.01- 30.06.2012	01.01- 30.06.2011
Consolidated income statement		
Current income tax expense	(522 002)	(519 389)
Deferred income tax related to temporary differences	25 553	49 305
Tax expense in the consolidated income statement	(496 449)	(470 084)
Tax expense in other comprehensive income related to temporary differences	41 867	12 455
Total	(454 582)	(457 629)

Deferred tax asset/liability

	01.01- 30.06.2012	01.01- 31.12.2011
Deferred tax asset	615 651	543 922
Deferred tax liability	33 673	29 364
Total	581 978	514 558

Due to the equivocal interpretation of the Ukraine Tax Code regulations, KREDOBANK SA remains in dispute with the tax authorities in Ukraine concerning recognition of the loss from previous years (2008-2010) as tax deductible expenses in the amount of UAH 771 437 thousand (i.e. PLN 325 624 thousand at the average NBP exchange rate prevailing as at 30 June 2012).

The case was reviewed by the court of the first instance, which on 7 May 2012 took into consideration the petition of KREDOBANK SA. The sentence had no legal force, because on 14 June 2012 the tax authority appealed to the court of the second instance. In case the verdict of the court of superior instance is unfavourable for KREDOBANK SA the deferred tax asset will be reduced by 16% of the above mentioned loss, i.e. by UAH 123 430 thousand (PLN 52 100 thousand).

11. Earnings per share

Basic earnings per share

The basic earnings per share ratio is calculated on the basis of profit attributable to ordinary shareholders of the Bank, by dividing the respective profit by the weighted average number of ordinary shares outstanding during a given period.

Earnings per share

	01.01- 30.06.2012	01.01- 30.06.2011
Profit per ordinary shareholder (in PLN thousand)	1 953 361	1 838 314
Weighted average number of ordinary shares during the period (in thousand)	1 250 000	1 250 000
Earnings per share (in PLN per share)	1.56	1.47

Earnings per share from discontinued operations

In the periods ended 30 June 2012 and 30 June 2011, the Group did not report any material expenses or income from discontinued operations.

Diluted earnings per share

The diluted earnings per share ratio is calculated on the basis of profit attributable to ordinary shareholders, by dividing the respective profit by the weighted average number of ordinary shares outstanding during a given period, adjusted for the effect of all potential dilutive ordinary shares.

There were no dilutive instruments in the first half of 2012 as well as in the first half of 2011.

Diluted earnings per share from discontinued operations

In the periods ended 30 June 2012 and 30 June 2011 the Group did not report any material expenses or income from discontinued operations.

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

In accordance with the Resolution No. 8/2012 of the Ordinary General Shareholders' Meeting of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna dated 6 June 2012, the dividend for 2011 was set at a level of PLN 1 587 500 thousand, i.e. PLN 1.27 per share.

The list of shareholders eligible to receive dividend for 2011 was determined as at 12 June 2012, and the payment was made on 27 June 2012.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

13. Amounts due from banks

	30.06.2012	31.12.2011
Deposits with banks	2 155 308	1 912 647
Current accounts	351 342	405 724
Receivables due from repurchase agreements	217 626	-
Loans and advances granted	66 993	108 868
Cash in transit	2 205	1 800
Total	2 793 474	2 429 039
Impairment allowances on receivables, of which:	(32 158)	(32 812)
impairment allowances on exposure to a foreign bank	(32 111)	(32 385)
Net total	2 761 316	2 396 227

14. Trading assets

	30.06.2012	31.12.2011
Debt securities	378 069	1 300 164
issued by the State Treasury, of which:	327 956	1 268 471
Treasury bonds	327 713	1 219 069
Treasury bills	243	49 402
issued by non-financial institutions, corporate bonds	19 388	14 947
issued by local government bodies, municipal bonds	14 809	14 783
issued by other financial institutions, of which:	12 998	239
bonds issued by WSE	12 866	-
corporate bonds	132	239
issued by banks, BGK bonds	2 918	1 724
Shares in other entities – listed on stock exchange	10 083	10 925
Investment certificates	816	-
Rights issues	642	-
Total	389 610	1 311 089

As at 30 June 2012, in the trading assets portfolio, the carrying amount of assets pledged as collateral for liabilities due to sell-buy-back transactions was PLN 119 060 thousand (as at 31 December 2011 it was PLN 643 483 thousand respectively).

15. Derivative financial instruments

The Bank and the other PKO Bank Polski SA Group entities use various types of derivatives in order to manage risk involved in its business activities. As at 30 June 2012 and 31 December 2011, the PKO Bank Polski SA Group held the following derivative instruments:

	30.06.2012		31.12.2011	
	Assets	Liabilities	Assets	Liabilities
Hedging instruments	534 180	352 009	516 925	342 598
Other derivative instruments	2 323 029	2 407 711	2 547 808	2 302 683
Total	2 857 209	2 759 720	3 064 733	2 645 281

Type of contract	30.06.2012		31.12.2011	
	Assets	Liabilities	Assets	Liabilities
IRS	2 072 072	1 874 517	1 941 309	1 925 161
CIRS	373 417	496 015	419 640	421 039
FX Swap	251 148	261 793	438 331	139 720
Options	77 950	50 109	106 492	70 112
Forward	44 959	41 823	119 293	56 271
FRA	37 608	34 915	38 117	31 965
Other	55	548	1 551	1 013
Total	2 857 209	2 759 720	3 064 733	2 645 281

The most frequently used types of derivatives in the Group's activities are: IRS, CIRS, FX Swap, Options, Forward, FRA.

16. Derivative hedging instruments

As at 30 June 2012, the Group applies the following hedging strategies:

- 1) hedges against fluctuations in cash flows from mortgage loans in CHF and negotiated term deposits in PLN, resulting from the risk of fluctuations in interest rates and foreign exchange rates, using CIRS transactions,
- 2) hedges against fluctuations in cash flows from floating interest rate loans in PLN, resulting from the risk of fluctuations in interest rates, using IRS transactions,
- 3) hedges against fluctuations in cash flows from floating interest rate loans in EUR, resulting from the risk of fluctuations in interest rates, using IRS transactions,
- 4) hedges against fluctuations in cash flows from floating interest rate loans in CHF, resulting from the risk of fluctuations in interest rates, using IRS transactions.

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

Hedging strategy:	Hedges against fluctuations in cash flows from mortgage loans in CHF and negotiated term deposits in PLN, resulting from the risk of fluctuations in interest rates and in foreign exchange rates, using CIRS transactions
Description of hedge relationship	Elimination of the risk of cash flow fluctuations generated by mortgage loans denominated in CHF and negotiated term deposits in PLN resulting from fluctuations in reference interest rates in CHF and PLN, and changes in foreign exchange rates CHF/PLN during the hedged period.
Hedged risk	Currency risk and interest rate risk.
Hedging instrument	CIRS transactions where the Bank pays coupons based on 3M CHF LIBOR rate, and receives coupons based on 3M WIBOR rate on the nominal amount defined in CHF and PLN respectively.
Hedged position	1) The portfolio of floating rate mortgage loans denominated in CHF. 2) The portfolio of short-term negotiated term deposits, including renewals in the future (high probability of occurrence). The Bank designated the hedged position according to the regulations of IAS 39.AG.99C as adopted by the EU.
Periods in which cash flows are expected and in which they should have an impact on the financial result	July 2012 to October 2026
Hedging strategy:	Hedges against fluctuations in cash flows from floating interest rate loans in PLN, resulting from the risk of fluctuations in interest rates, using IRS transactions
Description of hedge relationship	Elimination of the risk of cash flow fluctuations generated by floating interest rate PLN loan portfolio resulting from the interest rate risk in the period covered by the hedge.
Hedged risk	Interest rate risk.
Hedging instrument	IRS transactions where the Bank pays coupons based on variable 3M WIBOR rate, and receives coupons based on a fixed rate on the nominal amount for which they were concluded.
Hedged position	The portfolio of loans in PLN indexed to the variable 3M WIBOR rate.
Periods in which cash flows are expected and in which they should have an impact on the financial result	July 2012 to October 2014

Hedging strategy:	Hedges against fluctuations in cash flows from floating interest rate loans in EUR, resulting from the risk of fluctuations in interest rates, using IRS transactions
Description of hedge relationship	Elimination of the risk of cash flow fluctuations generated by floating rate EUR loan portfolio resulting from the interest rate risk in the period covered by the hedge.
Hedged risk	Interest rate risk.
Hedging instrument	IRS transactions where the Bank pays coupons based on variable 3M EURIBOR rate, and receives coupons based on a fixed rate on the nominal amount for which they were concluded.
Hedged position	The portfolio of loans in EUR indexed to the variable EURIBOR rate.
Periods in which cash flows are expected and in which they should have an impact on the financial result	July 2012 to June 2016
Hedging strategy:	Hedges against fluctuations in cash flows from floating interest rate loans in CHF, resulting from the risk of fluctuations in interest rates, using IRS transactions
Description of hedge relationship	Elimination of the risk of cash flow fluctuations generated by floating rate CHF loan portfolio resulting from the interest rate risk in the period covered by the hedge.
Hedged risk	Interest rate risk.
Hedging instrument	IRS transactions where the Bank pays coupons based on variable 3M LIBOR CHF rate, and receives coupons based on a fixed rate on the nominal amount for which they were concluded.
Hedged position	The portfolio of loans in CHF indexed to the variable 3M LIBOR CHF rate.
Periods in which cash flows are expected and in which they should have an impact on the financial result	July 2012 to July 2016

Cash flow hedges

The fair value of derivative instruments constituting cash flow hedges related to the interest rate and/or foreign exchange rate as at 30 June 2012 and 31 December 2011 amounted respectively to:

Type of instrument:	Carrying amount/fair value					
	30.06.2012			31.12.2011		
	Assets	Liabilities	Total	Assets	Liabilities	Total
IRS	289 278	-	289 278	175 566	1 643	173 923
CIRS	244 902	352 009	(107 107)	341 359	340 955	404
Total	534 180	352 009	182 171	516 925	342 598	174 327

The nominal value of hedging instruments by maturity as at 30 June 2012 and as at 31 December 2011:

Type of instrument:	Nominal value as at 30 June 2012					
	up to 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	over 5 years	Total
IRS in PLN thousand	-	500 000	5 956 000	520 000	-	6 976 000
IRS						
in PLN thousand	-	-	-	2 011 334	-	2 011 334
in EUR thousand	-	-	-	472 000	-	472 000
IRS						
in PLN thousand	-	-	-	886 925	-	886 925
in CHF thousand	-	-	-	250 000	-	250 000
CIRS						
in PLN thousand	532 155	1 064 310	4 079 855	12 683 028	1 685 157	20 044 505
in CHF thousand	150 000	300 000	1 150 000	3 575 000	475 000	5 650 000

Type of instrument:	Nominal value as at 31 December 2011					
	up to 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	over 5 years	Total
IRS in PLN thousand	-	500 000	5 330 000	526 000	-	6 356 000
IRS						
in PLN thousand	-	-	-	2 084 730	-	2 084 730
in EUR thousand	-	-	-	472 000	-	472 000
IRS						
in PLN thousand	-	-	-	908 325	-	908 325
in CHF thousand	-	-	-	250 000	-	250 000
CIRS						
in PLN thousand	-	-	1 998 315	15 714 023	1 362 488	19 074 826
in CHF thousand	-	-	550 000	4 325 000	375 000	5 250 000

Other comprehensive income as regards cash flow hedges	01.01- 30.06.2012	01.01- 30.06.2011
Other comprehensive income at the beginning of the period, gross	447 142	269 042
Gains/losses transferred to other comprehensive income in the period	47 656	253 257
Amount transferred from other comprehensive income to profit and loss, of which:	(289 632)	(347 663)
- interest income	(466 217)	(351 145)
- net foreign exchange gains	176 585	3 482
Other comprehensive income at the end of the period, gross	205 166	174 636
Tax effect	(38 982)	(33 181)
Other comprehensive income at the end of the period, net	166 184	141 455
Ineffective part of cash flow hedges recognised through profit and loss	(12 187)	(26 066)
Effect on other comprehensive income in the period, gross	(241 976)	(94 406)
Deferred tax on cash flow hedges	45 975	17 937
Effect on other comprehensive income in the period, net	(196 001)	(76 469)

17. Financial assets designated upon initial recognition at fair value through profit and loss

	30.06.2012	31.12.2011
Debt securities	14 946 799	12 467 201
issued by central banks, of which:	11 189 539	8 593 791
NBP money market bills	11 189 539	8 593 791
issued by the State Treasury, of which:	3 509 427	3 620 515
Treasury bonds PLN	2 543 161	1 318 278
Treasury bonds UAH	16 675	-
Treasury bonds EUR	-	122 089
Treasury bills	949 591	2 180 148
issued by local government bodies, of which:	247 833	252 895
municipal bonds EUR	142 164	143 973
municipal bonds PLN	105 669	108 922
Total	14 946 799	12 467 201

18. Loans and advances to customers

	30.06.2012	31.12.2011
Gross loans and advances to customers, of which:	147 348 220	147 292 737
financial sector	1 005 385	1 241 461
corporate, of which:	1 005 385	1 241 461
receivables due from repurchase agreements	9 876	93 899
deposits of the Brokerage House in the Stock Exchange Guarantee Fund and initial deposit	5 729	6 891
non-financial sector	139 971 834	139 926 701
corporate, of which:	46 307 375	45 051 202
receivables due from repurchase agreements	108 446	11 341
mortgage	70 805 066	70 808 365
consumer	22 859 393	24 067 134
public sector	5 221 534	5 043 786
corporate	5 221 534	5 043 786
Interest	1 149 467	1 080 789
Impairment allowances on loans and advances to customers	(6 017 065)	(5 658 243)
Loans and advances to customers - net	141 331 155	141 634 494

	30.06.2012	31.12.2011
Loans and advances to customers		
Valued with the individual method	7 164 746	6 549 383
Impaired, of which:	6 266 202	5 701 547
receivables from finance leases	152 783	142 150
Not impaired, of which:	898 544	847 836
receivables from finance leases	144 364	89 493
Valued with the portfolio method	6 522 873	6 095 685
Impaired, of which:	6 522 873	6 095 685
receivables from finance leases	119 106	107 903
Valued with the group method (IBNR), of which:	133 660 601	134 647 669
receivables from finance leases	2 911 607	2 656 595
Loans and advances to customers, gross	147 348 220	147 292 737
Allowances on exposures valued with the individual method	(2 247 560)	(2 079 621)
Impaired, of which:	(2 247 560)	(2 079 621)
allowances on lease receivables	(39 039)	(36 180)
Allowances on exposures valued with the portfolio method, of which:	(3 077 063)	(2 910 042)
allowances on lease receivables	(65 853)	(60 091)
Allowances on exposures valued with the group method (IBNR), of which:	(692 442)	(668 580)
allowances on lease receivables	(12 591)	(12 102)
Allowances - total	(6 017 065)	(5 658 243)
Loans and advances to customers, net	141 331 155	141 634 494
	30.06.2012	31.12.2011
Loans and advances granted - gross, of which:	147 348 220	147 292 737
mortgage banking	65 560 032	65 614 374
corporate	36 755 221	33 654 831
retail and private banking	20 489 684	21 635 864
small and medium enterprises	16 595 919	17 245 213
housing market clients	6 632 089	7 897 963
receivables due from repurchase agreements	118 322	105 240
other receivables	47 486	58 463
Interests	1 149 467	1 080 789
Impairment allowances on loans and advances	(6 017 065)	(5 658 243)
Loans and advances granted, net	141 331 155	141 634 494

In the first half of 2012, as a result of re-segmentation, PLN 839 138 thousand of loan volumes of small and medium enterprises and PLN 973 821 thousand of loan volumes of housing market clients were transferred to the corporate segment.

As at 30 June 2012, the share of impaired loans amounted to 8.7% (as at 31 December 2011: 8.0%), whereas the coverage ratio of impaired loans (calculated by dividing the balance of impairment allowances on loans and advances to customers by the gross carrying amount of impaired loans and advances to customers) amounted to 47.0% (as at 31 December 2011: 48.0%).

As at 30 June 2012 the share of loans overdue by more than 90 days in the gross amount of loans and advances was 5.2% (as at 31 December 2011: 4.6%).

19. Investment securities available for sale

	30.06.2012	31.12.2011
Debt securities available for sale, gross	12 642 841	14 325 469
issued by the State Treasury	7 029 251	8 679 028
Treasury bonds PLN	6 817 065	8 414 865
Treasury bonds EUR	-	11 720
Treasury bonds USD	120 516	30 661
Treasury bonds UAH	91 670	220 793
Treasury bills	-	989
issued by local government bodies, municipal bonds	3 499 441	3 458 356
issued by non-financial institutions	2 063 317	2 137 215
corporate bonds PLN	2 063 317	2 129 507
corporate bonds UAH	-	4 946
bills of exchange	-	2 762
issued by banks, corporate bonds	50 832	50 870
Impairment allowances of debt securities available for sale	(5 536)	(17 944)
corporate bonds PLN	(5 536)	(10 236)
corporate bonds UAH	-	(4 946)
bills of exchange	-	(2 762)
Total net debt securities available for sale	12 637 305	14 307 525
Equity securities available for sale, gross	117 006	88 370
Equity securities not admitted to public trading	68 393	41 025
Equity securities admitted to public trading	48 613	47 345
Impairment allowances of equity securities available for sale	(12 314)	(2 619)
Total net equity securities available for sale	104 692	85 751
Total net investment securities available for sale	12 741 997	14 393 276

As at 30 June 2012, in the investment securities available for sale portfolio, the carrying amount of assets pledged as collateral for amounts due from repurchase agreements was PLN 944 151 thousand. As at 31 December 2011, in the investment securities available for sale portfolio, there were no assets pledged as collateral for liabilities due to sell-buy-back transactions.

20. Investments in associates and jointly controlled entities

a) the value of the Bank's investments in jointly controlled entities (i.e. the acquisition cost adjusted to share in the change in net assets after acquisition date and impairment allowances)

Entity name	30.06.2012	31.12.2011
The CENTRUM HAFFNERA Sp. z o.o. Group	12 057	10 665
Purchase price	44 371	44 371
Change in valuation with equity method	(32 314)	(33 706)
Centrum Obsługi Biznesu Sp. z o.o.	5 468	5 307
Purchase price	17 498	17 498
Change in valuation with equity method	(12 030)	(12 191)
Total	17 525	15 972

b) the value of the Bank's investments in associates (i.e. the acquisition cost adjusted to share in the change in net assets and impairment allowances)

Entity name	30.06.2012	31.12.2011
The Bank Pocztowy SA Group	106 720	106 720
Purchase price	146 500	146 500
Change in valuation with equity method	49 630	44 198
Impairment allowances	(89 410)	(83 978)
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	-	-
Purchase price	1 500	1 500
Change in valuation with equity method	3 569	3 475
Impairment allowances	(5 069)	(4 975)
Agencja Inwestycyjna CORP-SA SA	310	427
Purchase price	29	29
Change in valuation with equity method	281	398
Total	107 030	107 147

Selected data on associates accounted for using the equity method

Entity name	Total assets	Total liabilities	Total revenue	Net profit	% share
30.06.2012					
The Bank Pocztowy SA Group	5 747 792	5 401 478	279 547	15 498	25.0001
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	18 239	134	209	285	33.33
Agencja Inwestycyjna CORP-SA SA	3 026	1 575	6 506	584	22.31
Total	5 769 057	5 403 187	286 262	16 367	X
31.12.2011					
The Bank Pocztowy SA Group	5 215 801	4 889 578	457 671	29 555	25.0001
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	17 666	137	513	18	33.33
Agencja Inwestycyjna CORP-SA SA	3 874	1 833	12 459	1 109	22.31
Total	5 237 341	4 891 548	470 643	30 682	X

Data for 2011 was derived from the audited financial statements, therefore, they could have changed as compared with the data presented in the financial statements for 2011, where the initial financial data was presented.

Financial data concerning the Bank Pocztowy Group presented in the table above is derived from consolidated financial statements prepared in accordance with IFRS/IAS. Data about other companies is derived from financial statements prepared in accordance with the Polish Accounting Standards. According to the Group's estimates, differences between the above mentioned financial statements and the financial statements prepared in accordance with IFRS/IAS are not significant from the perspective of the financial statements of the Group.

Selected data on jointly controlled entities accounted for using the equity method

Entity name	Total assets	Total liabilities	Total revenue	Net profit	% share
30.06.2012					
Centrum Obsługi Biznesu Sp. z o.o.	117 911	102 970	12 195	385	41.44
The CENTRUM HAFFNERA Sp. z o.o. Group	317 446	287 272	24 817	6 832	49.43
Total	435 357	390 242	37 012	7 217	X
31.12.2011					
Centrum Obsługi Biznesu Sp. z o.o.	122 181	107 918	22 272	(11 314)	41.44
The CENTRUM HAFFNERA Sp. z o.o. Group	313 685	290 102	49 846	(48 450)	49.43
Total	435 866	398 020	72 118	(59 764)	X

Data for 2011 was derived from the audited financial statements, therefore, they could have changed as compared with the data presented in the financial statements for 2011, where the initial financial data was presented.

Financial data concerning Centrum Obsługi Biznesu Sp. z o.o. and the CENTRUM HAFFNERA Sp. z o.o. Group presented in the table above is derived from financial statements prepared in accordance with the Polish

Accounting Standards. According to the Group's estimates, differences between the above mentioned financial statements and the financial statements prepared in accordance with IFRS/IAS are not significant from the perspective of the financial statements of the Group.

	01.01- 30.06.2012	01.01- 30.06.2011
Investments in associates at the beginning of the period	107 147	131 652
Change in impairment allowances of investment	(5 526)	(643)
Share of profit/loss	4 475	1 206
Share in other comprehensive income of associates	1 181	(367)
Dividends paid	(247)	(112)
Investment in associates at the end of the period	107 030	131 736

	01.01- 30.06.2012	01.01- 30.06.2011
Investments in jointly controlled entities at the beginning of the period	15 972	41 279
Share of profit/loss	1 553	(5 003)
Investments in jointly controlled entities at the end of the period	17 525	36 276

As at 30 June 2012 and 31 December 2011, the parent company had no share in contingent liabilities and commitments of associates and jointly controlled entities acquired jointly with other investors.

In the interim consolidated financial statements for the period ended 30 June 2012 all associates and jointly controlled entities are accounted for using the equity method.

21. Intangible assets and tangible fixed assets

Intangible assets	30.06.2012	31.12.2011
Software	1 432 836	1 450 693
Goodwill	228 950	227 349
Development costs	3 486	3 486
Other, including capital expenditure	105 687	118 480
Total	1 770 959	1 800 008

Tangible fixed assets	30.06.2012	31.12.2011
Land and buildings	1 694 845	1 691 339
Machinery and equipment	514 235	559 727
Assets under construction	137 900	144 776
Means of transport	62 981	62 344
Investment properties	243	248
Other	84 584	82 883
Total	2 494 788	2 541 317

In the six-month period ended 30 June 2012, there were no significant transactions of purchase and sale of tangible fixed assets and significant liabilities due to purchase of tangible fixed assets.

22. Amounts due to banks

	30.06.2012	31.12.2011
Loans and advances received	4 287 966	4 360 878
Banks deposits	1 181 691	1 372 635
Amounts due from repurchase agreements	92 947	-
Current accounts	50 326	422 707
Other money market deposits	127 910	82 944
Total	5 740 840	6 239 164

In the six-month period ended 30 June 2012, loans and advances received are being paid in a timely manner and with no significant violations of loan or advance agreement.

23. Amounts due to customers

	30.06.2012	31.12.2011
Amounts due to retail clients	106 462 857	104 183 094
Term deposits	58 255 637	55 523 745
Current accounts and overnight deposits	47 970 670	48 187 307
Other money market deposits	236 550	472 042
Amounts due to corporate entities	35 525 139	38 468 560
Term deposits	22 845 265	23 949 758
Current accounts and overnight deposits	9 423 967	11 399 925
Loans and advances received	1 949 250	1 988 013
Amounts due from repurchase agreements	970 319	644 005
Other money market deposits	336 338	486 859
Amounts due to state budget entities	4 998 509	3 822 243
Current accounts and overnight deposits	2 435 766	2 241 333
Term deposits	2 479 924	1 516 981
Other money market deposits	82 819	63 929
Total	146 986 505	146 473 897

In the six-month period ended 30 June 2012, loans and advances received are paid in a timely manner and with no significant violations of loan or advance agreement.

	30.06.2012	31.12.2011
Amounts due to customers, of which:	146 986 505	146 473 897
retail and private banking	103 077 041	100 390 214
Corporate	27 881 422	28 780 730
small and medium enterprises	8 423 715	9 163 920
housing market clients	4 539 945	5 410 622
loans and advances received	1 949 250	1 988 013
amounts due from repurchase agreements	970 319	644 005
other liabilities	144 813	96 393
Total	146 986 505	146 473 897

In the first half of 2012, as a result of re-segmentation, PLN 62 677 thousand of deposit volumes of small and medium enterprises and PLN 402 317 thousand of deposits volumes of housing market clients were transferred to corporate segment.

24. Debt securities in issue

	30.06.2012	31.12.2011
Debt securities in issue		
Financial instruments measured at amortised cost	6 991 039	7 596 164
bonds issued by PKO Bank Polski SA	2 463 499	2 929 973
bonds issued by PKO Finance AB	4 404 540	4 476 996
bonds issued by BFL SA	123 000	189 195
Financial instruments designated at fair value through profit and loss	312 236	175 615
- bank securities issued by PKO Bank Polski SA		
Total	7 303 275	7 771 779

	30.06.2012	31.12.2011
Debt securities in issue by maturity:		
up to 1 month	45 336	9 957
from 1 month to 3 months	2 660 310	3 109 211
from 3 months to 1 year	42 436	41 311
from 1 year to 5 years*	4 555 193	4 611 300
Total	7 303 275	7 771 779

* As at 30 June 2012 and 31 December 2011 significant items of debt securities in issue were Eurobonds issued by PKO Finance AB in the nominal value of EUR 800 000 thousand and bonds in the nominal value of CHF 250 000 thousand. As at 30 June 2012 amounts due in respect of own issue was reduced by the value of bonds temporarily included in the Brokerage House's portfolio in the nominal value of EUR 1 150 thousand (PLN equivalent of PLN 4 900 thousand), in connection with the Brokerage House acting as a market maker in the bonds' market.

In the six-month period of 2012, the Bank issued bank securities and bank bonds with nominal value of PLN 4 520 232 thousand classified respectively as liabilities designated to be measured at fair value through profit and loss, in accordance with IAS 39.11A.a and measured at amortised cost. In the first half of 2012, bank securities and bank bonds with nominal value of PLN 4 853 501 thousand were redeemed.

In the six-month period of 2012, BFL SA issued bonds with a nominal value of PLN 690 000 thousand and redeemed bonds with a nominal value of PLN 755 000 thousand. As at 30 June 2012, the Company's debt in respect of the bonds issued amounted to PLN 280 000 thousand (at nominal value) of which the debt due to the Bank amounted to PLN 154 213 thousand (at nominal value).

25. Other liabilities

	30.06.2012	31.12.2011
Accounts payable	328 414	291 040
Deferred income	385 651	305 372
Other liabilities	1 580 732	1 854 351
Total	2 294 797	2 450 763

26. Provisions

For the six-month period ended 30 June 2012	Provision for legal claims	Provisions for anniversary bonuses and retirement benefits	Provisions for liabilities and guarantees granted	Other provisions*	Total
As at 1 January 2012, of which:	3 638	428 299	111 970	75 257	619 164
Short term provision	3 638	38 232	111 970	75 257	229 097
Long term provision	-	390 067	-	-	390 067
Increase/reassessment of provision	364	-	87 359	5 235	92 958
Release of provision	(575)	-	(59 348)	-	(59 923)
Use of provision	(61)	(9)	-	(33 192)	(33 262)
Currency translation differences	-	-	(4)	-	(4)
Other changes and reclassifications	-	-	(220)	-	(220)
As at 30 June 2012, of which:	3 366	428 290	139 757	47 300	618 713
Short term provision	3 366	38 253	139 757	47 300	228 676
Long term provision	-	390 037	-	-	390 037

* Included in 'Other provisions' is i.a.: restructuring provision of PLN 35 113 thousand and provision of PLN 5 150 thousand for potential claims on impaired loans portfolios sold.

In the six-month period ended 30 June 2012, there were no significant settlements due to court proceedings.

For the six-month period ended 30 June 2011	Provision for legal claims	Provisions for anniversary bonuses and retirement benefits	Provisions for liabilities and guarantees granted	Other provisions*	Total
As at 1 January 2011, of which:	7 479	411 792	82 320	82 099	583 690
Short term provision	7 479	29 628	82 320	82 023	201 450
Long term provision	-	382 164	-	76	382 240
Increase/reassessment of provision	-	-	102 786	4 318	107 104
Release of provision	-	-	(83 431)	-	(83 431)
Use of provision	(22)	-	-	(33 767)	(33 789)
Currency translation differences	-	-	(26)	-	(26)
As at 30 June 2011, of which:	7 457	411 792	101 649	52 650	573 548
Short term provision	7 457	29 628	101 649	52 650	191 384
Long term provision	-	382 164	-	-	382 164

* Included in 'Other provisions' is i.a.: restructuring provision of PLN 36 395 thousand and provision of PLN 10 866 thousand for potential claims on impaired loans portfolios sold.

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

OTHER NOTES

27. Off-balance sheet liabilities

Contingent liabilities

Underwriting programmes

As at 30 June 2012, the Group's underwriting agreements covered the following securities (maximum liability of the Group to acquire securities):

Issuer of securities underwritten	Type of underwritten securities	Off-balance sheet liabilities resulting from underwriting agreement	Contract period	Sub-issue type
Company A	corporate bonds	1 633 000	15.06.2017	Bonds Issue Agreement*
Company B	corporate bonds	548 500	31.07.2013	Bonds Issue Agreement*
Company C	corporate bonds	121 842	31.12.2024	Bonds Issue Agreement*
Company D	corporate bonds	102 700	31.10.2013	Bonds Issue Agreement*
Company E	corporate bonds	100 000	31.12.2022	Bonds Issue Agreement*
Total		2 506 042		

* Relates to the Agreement for Organisation, Conducting and Servicing of the Bond Issuance Programme.

As at 31 December 2011, the Group's underwriting agreements covered the following securities (maximum liability of the Group to acquire securities):

Issuer of securities underwritten	Type of underwritten securities	Off-balance sheet liabilities resulting from underwriting agreement	Contract period	Sub-issue type
Company B	corporate bonds	423 000	31.07.2013	Bonds Issue Agreement*
Company C	corporate bonds	136 013	31.12.2024	Bonds Issue Agreement*
Company D	corporate bonds	102 700	31.10.2013	Bonds Issue Agreement*
Company F	corporate bonds	24 900	30.12.2015	Bonds Issue Agreement*
Company G	corporate bonds	20 000	02.01.2012	Bonds Issue Agreement*
Total		706 613		

* Relates to the Agreement for Organisation, Conducting and Servicing of the Bond Issuance Programme.

All securities under the sub-issue (underwriting) programme, taken up by the Group, have an unlimited transferability, are not listed on the stock exchange and are not traded on a regulated OTC market.

Contractual commitments

As at 30 June 2012 the amount of contractual commitments concerning intangible assets amounted to PLN 185 759 thousand (as at 31 December 2011, it amounted to PLN 104 144 thousand).

As at 30 June 2012 the amount of contractual commitments concerning tangible fixed assets amounted to PLN 67 840 thousand (as at 31 December 2011, it amounted to PLN 20 306 thousand).

Granted loan commitments

	30.06.2012	31.12.2011
Financial entities	1 046 526	1 144 993
Non-financial entities	26 998 484	28 486 768
State budget entities	3 334 215	823 897
Total	31 379 225	30 455 658
of which: irrevocable loan commitments	7 941 752	5 946 055

Granted loan commitments were presented in nominal values.

Guarantees issued

	30.06.2012	31.12.2011
Financial entities	53 085	207 156
Non-financial entities	10 655 655	6 053 115
State budget entities	455 361	174 459
Total	11 164 101	6 434 730

As at 30 June 2012 and as at 31 December 2011 the Bank and its subsidiaries did not issue any guarantees in respect of loans or advances and did not issue any guarantees to a subsidiary or other entity thereof with a total value accounting for 10% of the Bank's equity.

Information on provisions for off-balance sheet guarantees and financial liabilities is included in Note 26 'Provisions'.

Off-balance sheet liabilities received

	30.06.2012	31.12.2011
Financial	3 367 793	883 117
Guarantees	1 922 446	1 918 281
Total	5 290 239	2 801 398

The off-balance sheet liabilities received were presented at nominal values.

Assets pledged as collateral for contingent liabilities

As at 30 June 2012 and 31 December 2011 the Group had no assets pledged as collateral for contingent liabilities.

28. Legal claims

As at 30 June 2012, the total value of court proceedings in which the PKO Bank Polski SA Group entities are a defendant was PLN 466 832 thousand, of which PLN 80 898 thousand referred to court proceedings in Ukraine (as at 31 December 2011 the total value of above mentioned court proceedings amounted to PLN 428 623 thousand), while the total value of court proceedings in which the Group entities are the plaintiff was PLN 424 565 thousand, of which PLN 190 506 thousand referred to court proceedings in Ukraine, mainly related to collection of dues from loans granted by KREDOBANK SA (as at 31 December 2011 the total value of above mentioned court proceedings amounted to PLN 698 971 thousand).

a) unfair competition proceedings

The Bank is a party to proceedings initiated on the basis of a decision dated 23 April 2001 of the President of the Competition and Consumer Protection Office (Urząd Ochrony Konkurencji i Konsumentów - UOKiK) upon request of the Polish Trade and Distribution Organisation (Polska Organizacja Handlu i Dystrybucji - Związek Pracodawców) against the operators of the Visa and Europay payment systems and the banks issuing Visa and Europay/Eurocard/Mastercard banking cards. The claims under these proceedings relate to the use of practices limiting competition on the market of banking card payments in Poland, consisting of applying pre-agreed 'interchange' fees for transactions made using Visa and Europay/Eurocard/Mastercard cards as well as limiting access to this market by external entities. On 29 December 2006, UOKiK decided that the practices, consisting of joint establishment of 'interchange' fee, did limit market competition and ordered that any such practices should be discontinued, and imposed a fine on, among others, PKO Bank Polski SA, in the amount of PLN 16 597 thousand. On 20 December 2011 a hearing was held during which no factual resolution of the appeals was reached. The Court obligated MasterCard to submit explanations concerning the issue until 31 January 2012 and set the date for another sitting of the Court for 9 February 2012. Upon the application of the plaintiffs' attorney, the date of hearing was postponed for 24 April 2012, on which the attorney's request for deferment of the case until the end of September 2012 was dismissed. The Court postponed announcing the resolution on the request for suspension of the case until 8 May 2012. On 8 May 2012, the District Court in Warsaw, the Court for Competition and Consumer Protection, suspended proceedings until the final conclusion of proceedings before the European Union Court in the case MasterCard against the European Commission. On

24 May 2012, the European Union Court upheld the decision of the European Commission banning multilaterally agreed interchange fees applied by MasterCard. On 28 May 2012 the participant to the proceedings, Visa Europe Ltd, and on 29 May 2012 the plaintiffs' attorney, including PKO Bank Polski SA, filed a complaint against the decision of the District Court in Warsaw, the Court for Competition and Consumer Protection dated 8 May 2012.

As at 30 June 2012 and 31 December 2011, the Bank had a liability in the amount of PLN 16 597 thousand.

b) legal claims in KREDOBANK SA

KREDOBANK SA is party to a court dispute with its former loan Client. On 31 January 2011 KREDOBANK SA instigated court proceedings against the above mentioned Client in connection with the commencement of collection of loan dues, as a result of which the Client filed a counter-claim against KREDOBANK SA for annulling the loan agreements and collateral agreements.

The court accepted the Client's claim and determined the loan agreements invalid, in effect the Client is obliged to return to KREDOBANK SA the amount of loan received (UAH 40 860 thousand, i.e. PLN 17 247 thousand at the average NBP exchange rate prevailing as at 30 June 2012), and KREDOBANK SA is obliged to return to the Client the amount of interest received (UAH 4 506.6 thousand, i.e. PLN 1 902.2 thousand at the average NBP exchange rate prevailing as at 30 June 2012).

In December 2011, the above mentioned loan was transferred to Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o. and as at 31 December 2011 a 100% impairment allowance was recorded against this impaired loan.

In February 2012, a motion for cassation to the Supreme Court of the Ukraine and for sending the case for reconsideration was filed.

At the same time, having obtained a favourable court verdict, on 31 October 2011 the Client filed a claim against KREDOBANK SA for compensation for direct losses, loss of profits and moral losses. The claim is for the amount of UAH 185 million (i.e. PLN 78 million at the average NBP exchange rate prevailing as at 30 June 2012). Court proceedings are pending on the case. In the ongoing proceedings the Client resigned from the part of demands of UAH 36 million. As at the end of the first half of 2012 the total amount of the claim amounts to UAH 149 million (i.e. PLN 62.9 million at the average NBP exchange rate prevailing as at 30 June 2012).

In order to strengthen the Group in the ongoing court trial, in March 2012 the transaction of loan transfer was reversed, in consequence at the end of first half of 2012 this transaction was recognised in the statement of financial position of KREDOBANK SA as owed debt.

Due to high probability of a positive for KREDOBANK SA court verdict on the compensation claim resulting from legal analysis, at the end of the first half of 2012 the Group did not recognise the provision for the above mentioned claim.

c) re-privatisation claims relating to properties held by the Group

As at the date of these financial statements, six administrative proceedings are pending to invalidate decisions issued by public administration authorities with respect to properties held by the Bank. These proceedings, in the event of an unfavourable outcome for the Bank, may result in re-privatisation claims being raised and one administrative proceeding for the establishment of perpetual usufruct right to a property owned by the Bank. Given the current status of these proceedings as regards stating the invalidity of decisions and verdicts of public administration bodies, it is not possible to assess their potential negative financial effects for the Bank. Moreover, with respect to two properties of the Bank claims were submitted by their former owners (court proceedings are pending).

In the opinion of the Management Board of PKO Bank Polski SA, in 2012 the probability of significant claims arising against the Bank in relation to the above mentioned proceedings is remote.

29. Supplementary information to the statement of cash flows**Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and on nostro account with the National Bank of Poland, current amounts due from banks, as well as other cash equivalents with maturities up to 3 months from the date of acquisition.

	30.06.2012	31.12.2011	30.06.2011
Cash and balances with the central bank	8 837 388	9 142 168	7 643 539
Current receivables from financial institutions	2 673 638	2 280 802	2 241 614
Total	11 511 026	11 422 970	9 885 153

Cash flow from interests and dividends, both received and paid

Interest income - received	01.01 – 30.06.2012	01.01 – 30.06.2011
Income from loans and advances granted	4 384 672	3 984 848
Income from securities designated at fair value through profit and loss	426 757	297 225
Income from placements	138 289	104 333
Income from investment securities	452 344	184 580
Income from trading securities	32 462	45 077
Other interest received (mainly from current accounts, realised guarantees, purchased debts, previous years interest adjustments and interest on other receivables from financial sector)	715 968	670 888
Total	6 150 492	5 286 951

Dividend income - received	01.01 – 30.06.2012	01.01 – 30.06.2011
Dividend income from jointly controlled entities and associates	247	112
Dividend income from other entities	1 589	1 439
Total	1 836	1 551

Interest expense - paid	01.01 – 30.06.2012	01.01 – 30.06.2011
Interest expense on deposits - paid	(1 692 999)	(1 383 237)
Interest expense on loans and advances - paid	(46 238)	(45 856)
Interest expense on debt securities in issue - paid	(111 232)	(40 424)
Other interest paid (mainly premium from debt securities, interest expense on cash collateral liabilities, interest expense on current account of special purpose funds)	(518 651)	(550 042)
Total	(2 369 120)	(2 019 559)

30. Transactions with the State Treasury and related entities

The State Treasury as at 30 June 2012 has control over the parent company of the Group. The Bank's shareholding structure is described in detail in Note 1 'General Information' to these financial statements.

Receivables, securities and liabilities arising from transactions conducted with the State Treasury, other state budgetary agencies and entities in which the shareholder is the State Treasury are disclosed in the Group's statement of financial position.

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

	01.01- 30.06.2012	01.01- 30.06.2011
Income due to temporary redemption by the State budget of interest on mortgage loans from the 'old' portfolio recognised for this period	94 874	79 551
Income due to temporary redemption by the State budget of interest on mortgage loans from the 'old' portfolio received in cash	48 603	34 921
Difference between income recognised for this period and income received in cash - 'Loans and advances to customers'	46 271	44 630

The Act on the coverage of repayment of certain mortgage loans by the State Treasury (Journal of Laws, 2000, No. 122 item 1310 with subsequent amendments) guarantees was passed on 29 November 2000 and came into force on 1 January 2001. In execution of the provisions of the Act, on 3 August 2001 PKO Bank Polski SA signed an agreement with the Minister of Finance acting on behalf of the State Treasury under which the Bank was granted a pledge of repayment of debt arising from mortgage loans in the so-called 'old' portfolio. On 29 December 2011, the validity period of the agreement (originally until 31 December 2011) was extended until 31 December 2017. The coverage of the so-called 'old' portfolio mortgage loan receivables by the guarantees of the State Treasury results in the neutralisation of the default risk on these loans. The State Treasury guarantees are realised when a borrower fails to repay the loans on the dates specified in the loan agreement. The responsibility of the State Treasury is of an auxiliary nature and is effective if the recovery of the unpaid part of principal and interest which the Bank is obliged to commence, before the Bank lays claims to the State Treasury, becomes ineffective. The above mentioned law covers 90% of unpaid loans taken out by housing cooperatives. As a consequence of the realisation of the State Treasury's responsibilities as guarantor, the State Treasury itself enters into the rights of the satisfied creditor (the Bank) and thus becomes a creditor towards the borrower, in line with the concept of guarantee.

PKO Bank Polski SA receives commission for settlements relating to redemption of interest on mortgage loans by the State Treasury.

	01.01- 30.06.2012	01.01- 30.06.2011
Fee and commission income	2 304	2 468

Since 1 January 1996, the Bank is the general distributor of Treasury stamps and receives commissions in this respect from the State Treasury.

	01.01- 30.06.2012	01.01- 30.06.2011
Fee and commission income	10 267	10 618

The Brokerage House of PKO Bank Polski SA performs the role of an agent for the issue of retail Treasury bonds under an agreement signed between the Ministry of Finance as the issuer and PKO Bank Polski SA on 11 February 2003. Under this agreement, the Brokerage House of PKO Bank Polski SA receives a fee for providing the services of an agent for the issue of bonds.

	01.01- 30.06.2012	01.01- 30.06.2011
Fee and commission income	21 856	14 322

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

The transactions were concluded at arm's length.

Entity	30.06.2012						31.12.2011					
	Total receivables	Total liabilities	Contingent liabilities and commitments – financial and guarantee	Interest income	Fee and commission income	Interest expenses	Total receivables	Total liabilities	Contingent liabilities and commitments – financial and guarantee	Interest income	Fee and commission income	Interest expenses
Entity 1	-	5 476	2 080 000	-	1	(145)	-	-	-	-	-	-
Entity 2	343 746	100 279	418 597	2 846	199	(405)	399 939	-	368 959	4 980	909	(301)
Entity 3	191 421	10 362	186 711	4 357	1 171	(2 475)	132 802	150 000	477 545	13 039	2 797	(3 182)
Entity 4	148 644	39 475	74 459	5 120	241	(39)	178 132	15 474	144 912	3 898	578	(45)
Entity 5	140 197	-	-	5 489	1 280	-	130 940	-	-	18 230	245	(6 988)
Entity 6	107 405	-	11 768	3 473	180	(1)	102 811	-	20 357	6 228	605	(5)
Entity 7	106 756	9 905	43 279	2 736	246	(523)	54 758	11 045	95 264	3 420	783	(1 370)
Entity 8	76 194	9 400	60 000	2 584	17	(1 041)	85 308	12 543	60 000	5 731	156	(2 995)
Entity 9	52 006	-	121 842	1 398	2	(365)	58 103	7 000	136 013	2 923	11	(774)
Entity 10	46 850	46 000	-	305	3	(1 447)	48 749	45 850	-	565	5	(1 158)
Entity 11	32 991	-	46 348	1 010	61	(476)	41 060	10 000	50 000	2 927	97	(3 259)
Entity 12	30 459	-	19 833	478	10	(6)	-	-	30 000	-	-	(326)
Entity 13	20 563	-	-	658	4	(87)	25 048	-	-	1 507	8	(114)
Entity 14	20 113	11 600	6 000	691	12	(427)	20 115	5 105	6 000	1 441	32	(645)
Entity 15	13 591	-	692	551	20	-	19 556	-	3 434	1 340	76	-
Other significant exposures	99 936	1 129 670	5 610 994	3 756	1 790	(86 140)	172 297	1 980 756	2 900 763	27 033	4 071	(145 924)
Total	1 430 872	1 362 167	8 680 523	35 452	5 237	(93 577)	1 469 618	2 237 773	4 293 247	93 262	10 373	(167 086)

As at 30 June 2012 and as at 31 December 2011 respectively, no significant impairment allowances were recognised for above mentioned receivables.

31. Related party transactions

All transactions with jointly controlled entities and associates presented below were arm's length transactions. Repayment terms are within a range from one month to ten years.

30 June 2012

Entity	Receivables	including gross loans	Liabilities	Total income	including interest and fee and commission income	Total expense	including interest and fee and commission expense	Contingent liabilities and commitments
Agencja Inwestycyjna CORP-SA SA	64	-	68	378	-	1 301	-	-
Bank Pocztowy SA	-	-	113	70	62	614	181	4 539
CENTRUM HAFFNERA Sp. z o.o.	-	-	265	5	5	-	-	-
Centrum Majkowskiego Sp. z o.o.	-	-	3 609	3	3	53	53	-
Centrum Obsługi Biznesu Sp. z o.o.	31 880	31 880	19 255	429	429	315	315	172
Centrum Operacyjne Sp. z o.o.	-	-	76	1	1	-	-	-
Kamienica Morska Sp. z o.o.	-	-	98	3	3	-	-	-
Kolej Gondolowa Jaworzyna Krynicka SA	6 991	6 991	4 014	235	235	61	61	-
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	-	-	18 128	1	1	234	234	-
Promenada Sopocka Sp. z o.o.	47 127	47 127	2 715	698	698	29	29	-
Sopot Zdrój Sp. z o.o.	226 761	226 761	2 264	2 189	2 189	26	26	-
Total	312 823	312 759	50 605	4 012	3 626	2 633	899	4 711

31 December 2011

Entity	Net receivables	including gross loans	Liabilities	Total income	including interest and fee and commission income	Total expense	including interest and fee and commission expense	Contingent liabilities and commitments
Agencja Inwestycyjna CORP-SA SA	-	-	76	691	-	2 552	-	-
Bank Pocztowy SA	-	-	983	346	325	486	481	24 974
CENTRUM HAFFNERA Sp. z o.o.	-	-	2 797	18	18	-	-	-
Centrum Majkowskiego Sp. z o.o.	-	-	7 350	13	13	245	245	-
Centrum Obsługi Biznesu Sp. z o.o.	33 625	33 625	21 447	993	993	635	635	-
Centrum Operacyjne Sp. z o.o.	-	-	156	5	5	-	-	-
Kamienica Morska Sp. z o.o.	-	-	-	13	13	-	-	-
Kolej Gondolowa Jaworzyna Krynicka SA	8 479	8 479	217	479	479	58	58	2 976
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	-	-	1 047	2	2	907	907	-
Promenada Sopocka Sp. z o.o.	49 162	49 162	1 477	1 496	1 496	20	20	-
Sopot Zdrój Sp. z o.o.	235 466	235 466	3 318	7 322	7 322	71	71	-
Total	326 732	326 732	38 868	11 378	10 666	4 974	2 417	27 950

32. Personal related party transactions

As at 30 June 2012, two entities were related to the Bank through the key management personnel of PKO Bank Polski SA or the close family members of the key management personnel (two entities as at 31 December 2011).

In the first half of 2012 and in 2011, no intercompany transactions were concluded with these entities.

33. Remuneration – PKO Bank Polski SA key management

a) short-term employee benefits*

Remuneration received from PKO Bank Polski SA

	01.01-30.06.2012	01.01-30.06.2011
The Management Board of the Bank		
Short-term employee benefits	7 694	7 023
The Supervisory Board of the Bank		
Short-term employee benefits	621	494
Total remuneration	8 315	7 517

* Includes remuneration from the Bank and the Bank's subsidiaries, unless stated otherwise.

Remuneration received from related entities (other than the State Treasury and entities related to the State Treasury)

	01.01- 30.06.2012	01.01- 30.06.2011
The Management Board of the Bank		
Short-term employee benefits	20	15
Total remuneration	20 **	15 ***

** Includes remuneration from associates in the amount of PLN 20 thousand.

*** Includes remuneration from associates in the amount of PLN 15 thousand.

b) post-employment benefits

In the six-month periods ended 30 June 2012 and 30 June 2011 respectively, no post-employment benefits were granted.

c) other long-term benefits

In the six-month periods ended 30 June 2012 and 30 June 2011 respectively, no 'other long-term benefits' were granted.

d) benefits due to termination of employment

In the six-month periods ended 30 June 2012 and 30 June 2011 respectively, no benefits due to termination of employment were granted.

Loans, advances and guarantees provided by the Bank to the management

	30.06.2012	31.12.2011
The Management Board members	160	130
The Supervisory Board members	2 303	2 415
Total	2 463	2 545

Interest conditions and repayment periods of receivables are set at arm's length for the similar banking products.

Remuneration received by members of the Management Board and the Supervisory Board of the PKO Bank Polski SA Group's subsidiaries

	01.01- 30.06.2012	01.01- 30.06.2011
The Management Board		
Short-term employee benefits	10 271	8 939
The Supervisory Board		
Short-term employee benefits	91	-
Total employee benefits	10 362	8 939

34. Changes to the entities of the Group

In the first half of 2012, the following events affecting the structure of the PKO Bank Polski SA Group took place:

1) Purchase of share and capital contribution to new company 'Inter-Risk Ukraina' Additional Liability Company

On 16 January 2012, the Bank was registered with the State Ukrainian Register of Businesses as the sole shareholder of 'Inter-Risk Ukraina' Additional Liability Company ('Inter-Risk Ukraina', 'the Company'). The additional liability means that the shareholder is responsible for the company's liabilities up to 103% of its share in the Company's share capital, i.e. the Bank as the Company's shareholder, in case of insufficient amount of the Company's share capital to fulfil liabilities, bears additional liability up to 103% in the Company's share capital, i.e. up to UAH 44 573 thousand (PLN 18 814 thousand as at 30 June 2012).

The Bank acquired from Towarzystwo Ubezpieczeniowe 'PZU Ukraina' SA and Towarzystwo Ubezpieczeniowe 'PZU Ukraina Ubezpieczenia na Życie' SA a total of 1 share in the above mentioned Company in the nominal value of UAH 275 thousand, which represents 100% of the Company's share capital and entitles to 100% of the votes at the General Shareholders' Meeting for the price of PLN 2 500 thousand.

On 30 January 2012, the Bank made a capital contribution to the above mentioned Company of UAH 43 million (i.e. PLN 17 212.9 thousand at the average NBP exchange rate as at 27 January 2012 prevailing in the Bank as at 30 January 2012), conducted by increasing the nominal value of the Company's share. As a result of the above mentioned increase, the Company's share capital amounts to UAH 43 275 thousand.

The main purpose of acquiring and subsequently the operation of the Company is to use it to perform effective debt collection in Ukraine, including the impaired loans portfolio purchased by Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o. and the impaired loans portfolio of KREDOBANK SA.

2) Taking control over Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o. by 'Inter-Risk Ukraina'

In February 2012, the Bank carried out a transaction consisting of selling 2% interest in Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o. ('Finansowa Kompania', 'the Company') to 'Inter-Risk Ukraina' for the price of PLN 29.6 thousand.

In February 2012 'Inter-Risk Ukraina' made a capital contribution to 'Prywatne Inwestycje' in the amount of UAH 43 million, conducted by increasing the nominal value of the Company's share. As a result of the above mentioned increase, the Company's share capital amounts to UAH 46 101 thousand. The increase in the Company's share capital was registered with the State Ukrainian Register of Businesses on 27 February 2012.

As a result of the above mentioned changes 'Inter-Risk Ukraina' holds part of 'Prywatne Inwestycje', constituting 93.408% of the Company's share capital, which entitles to 93.408% of the votes at the General Shareholders' Meeting. The remaining part of the Company's share is owned by the Bank.

3) Purchase of share in new company Finansowa Kompania 'Idea Kapital' Sp. z o.o. by KREDOBANK SA

On 23 March 2012 KREDOBANK SA was registered with the State Ukrainian Register of Businesses as a sole shareholder of Finansowa Kompania 'Idea Kapital' Sp. z o.o.

KREDOBANK SA acquired from Towarzystwo Ubezpieczeniowe 'PZU Ukraina' SA 1 share in the above mentioned Company in the nominal value of UAH 4 100.0 thousand, constituting 100% of the Company's share capital which entitles to 100% of the votes at the General Shareholders' Meeting. The acquisition price was UAH 4 100.2 thousand.

The Company's activities comprise provision of financial services.

4) Taking up shares in the increased share capital of Bankowy Leasing Sp. z o.o. by Bankowy Fundusz Leasingowy SA

On 31 January 2012 an increase in the share capital of Bankowy Leasing Sp. z o.o. of PLN 9 500 thousand was registered in the National Court Register. As a result of the above mentioned increase, the share capital of the Company amounts to PLN 66 914.5 thousand and consists of 133 829 shares, each of PLN 500 nominal value.

All the shares in the increased share capital were acquired by Bankowy Fundusz Leasingowy SA – a subsidiary of PKO Bank Polski SA – for a price equal to the nominal value of the shares taken up.

As a result of the above mentioned transaction Bankowy Fundusz Leasingowy SA remains the sole shareholder of Bankowy Leasing Sp. z o.o.

On 29 June 2012 Bankowy Fundusz Leasingowy SA transferred funds in the amount of PLN 15 500 thousand to Bankowy Leasing Sp. z o.o. as the taking up shares in the increased share capital of the Company. The above mentioned increase has to be registered in the National Court Register and will result in a change in the Group in the second half of 2012.

5) Changes to the Qualia Development Sp. z o.o. Group

In the first half of 2012 in the Qualia Development Sp. z o.o. Group:

- a) Qualia spółka z ograniczoną odpowiedzialnością – Władysławowo Spółka komandytowa was created (the Company was registered in the National Court Register on 14 February 2012);

The partners are: Qualia Development Sp. z o.o. (limited partner, amount of contribution: PLN 1 thousand) and Qualia Sp. z o.o. (general partner, amount of contribution: PLN 1 thousand).

- b) Qualia spółka z ograniczoną odpowiedzialnością – Zakopane Spółka komandytowa was created (the Company was registered in the National Court Register on 15 March 2012);

The partners are: Qualia Development Sp. z o.o. (limited partner, amount of contribution: PLN 1 thousand) and Qualia Sp. z o.o. (general partner, amount of contribution: PLN 1 thousand).

- c) Qualia spółka z ograniczoną odpowiedzialnością – Jurata Spółka komandytowa was created (the Company was registered in the National Court Register on 27 March 2012);

The partners are: Qualia Development Sp. z o.o. (limited partner, amount of contribution: PLN 1 thousand) and Qualia Sp. z o.o. (general partner, amount of contribution: PLN 1 thousand).

- d) amount of contribution and limited partnership amount in Qualia spółka z ograniczoną odpowiedzialnością – Pomeranka Spółka komandytowa were increased;

On 17 April 2012, by the Partners' Resolution of the Company, the limited partner's – Qualia Development Sp. z o.o. amount of contribution was increased from PLN 1 thousand to PLN 20 001 thousand and the general partner's – Qualia Sp. z o.o. amount of contribution was increased from PLN 1 thousand to PLN 21 thousand, and the value of limited partnership amount was increased from PLN 1 thousand to PLN 20 001 thousand. Above mentioned changes were registered in the National Court Register on 19 June 2012.

- e) Qualia Development Sp. z o.o. became a sole shareholder of Qualia Hotel Management Sp. z o.o.

On 1 June 2012 Qualia Development Sp. z o.o. acquired 1 share in Qualia Hotel Management Sp. z o.o. in the nominal value of PLN 50 from Qualia Sp. z o.o. The purchase price is equal to the nominal value of the share.

As a result of the above mentioned transaction Qualia Development Sp. z o.o. holds shares of Qualia Hotel Management Sp. z o.o. constituting 100% of the Company's share capital which entitles to 100% of the votes at the General Shareholders' Meeting.

In the first half of 2012 the following additional payments to companies of the Qualia Development Sp. z o.o. Group were made:

- PKO Bank Polski SA made additional payments to Qualia Development Sp. z o.o. in the total amount of PLN 35 319 thousand,
- Qualia Development Sp. z o.o. made additional payments to Qualia Residence Sp. z o.o. in the total amount of PLN 13 600 thousand,
- Qualia Development Sp. z o.o. made additional payments to Qualia Hotel Management Sp. z o.o. in the total amount of PLN 1 498.5 thousand,
- Qualia Development Sp. z o.o. made an additional payment to Qualia Sp. z o.o. in the amount of PLN 35 thousand,
- Qualia Sp. z o.o. made additional payments to Qualia Hotel Management Sp. z o.o. in the total amount of PLN 1.5 thousand.

6) Completion of the liquidation process of Centrum Finansowe Puławska Sp. z o.o.

In the first half of 2012, as part of the liquidation of the subsidiary Centrum Finansowe Puławska Sp. z o.o. on 1 March of this year PKO Bank Polski SA took over the assets in bankruptcy of the above mentioned Company, including real estate in Warsaw where the Head Office of the Bank is located.

Centrum Finansowe Puławska Sp. z o.o. in liquidation, on the basis of a decision dated 7 May 2012 of the District Court for the Capital City of Warsaw, XIII Economic Department of the National Court Register, was removed from the National Court Register, effective on 28 May 2012.

35. Explanation of differences between previously published financial statements and these financial statements

In the first half of 2012, there were no changes as compared to the previously published financial statements.

36. Changes in economic situation and business activity conditions, which have a significant impact on the fair value of financial assets and financial liabilities of the entity, regardless of whether those assets and liabilities are recognised at fair value or the adjusted acquisition cost (amortised cost)

There were no changes in economic situation and business activity conditions, which have a significant impact on the fair value of financial assets and financial liabilities of the entity, regardless of whether those assets and liabilities are recognised at fair value or the adjusted acquisition cost (amortised cost).

OBJECTIVES AND PRINCIPLES OF RISK MANAGEMENT RELATED TO FINANCIAL INSTRUMENTS

37. Risk management in the Group

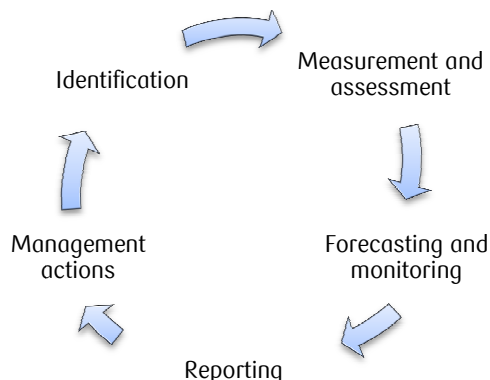
Risk management is one of the most important internal processes in both PKO Bank Polski SA and the other entities of the PKO Bank Polski SA Group, especially KREDOBANK SA and the Bankowy Fundusz Leasingowy SA Group. Risk management aims at ensuring an appropriate level of security and profitability of business activity in the changing legal and economic environment and the level of the risk plays an important role in the planning process.

The following types of risk which are subject to risk management have been identified in the PKO Bank Polski SA Group: credit risk, interest rate risk, currency risk, liquidity risk, price risk of equity instruments, operational risk, compliance risk, business risk (including strategic risk), and reputation risk. Derivatives risk is a subject to a special control due to the specific characteristics of these instruments.

The process of banking risk management in the Group consists of the following stages:

- risk identification – the identification of current and potential sources of risk and estimation of the significance of the potential influence of a given type of risk on the financial situation of the Group. Within the risk identification process, the types of risk which are perceived as material for the Bank's activity, the Group entities' or the whole Group's activity are identified,
- risk measurement and assessment – defining risk assessment tools adequate to the type, significance of the risk, data availability and quantitative risk assessment by means of determined tools, as well as risk assessment aimed at identifying the scale or scope of risk, taking into account the achievement of risk management goals. Within risk measurement, stress-tests are being conducted on the basis of assumptions providing a fair risk assessment,
- risk forecasting and monitoring – preparing risk level forecasts and monitoring deviances from forecasts and adopted reference points (e.g. limits, thresholds, plans, measurements from the previous period, issued recommendations and suggestions). Risk monitoring is performed with the frequency adequate to the materiality and volatility of a specific risk type,
- risk reporting – periodic informing the Authorities of the Bank about the results of risk assessment, taken actions and recommendations. Scope, frequency and the form of reporting are adjusted to the managing level of the recipients,
- management actions – including, in particular, issuing internal regulations, establishing the level of risk tolerance, establishing limits and thresholds, issuing recommendations, making decisions about the use of tools supporting risk management. The aim of taking management actions is to form the risk management process and risk level.

The risk management process is described on the chart below:



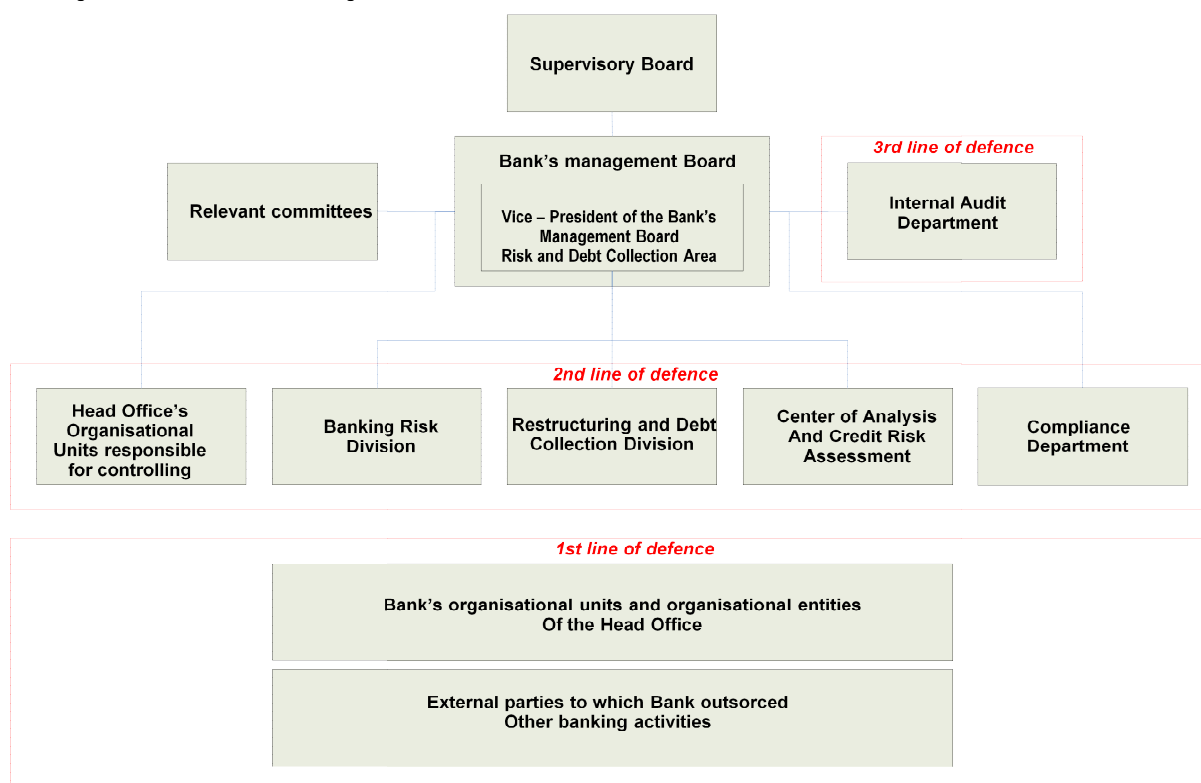
Risk management in the Group is based especially on the following principles:

- the Group manages all of the identified types of banking risk,
- the risk management process is appropriate to the scale of the operations and to the materiality, scale and complexity of a given risk and tailored to new risk factors and sources on a current basis,
- the risk management methods (in particular the models and their assumptions) and the risk measurement systems are tailored to the scale and complexity of the risk and verified and validated on a periodical basis,
- the area of risk and debt collection remains organisationally independent of business activities,
- the risk level is monitored on a current basis,
- the risk management is integrated with the planning and controlling systems,
- the risk management process supports the pursuit of the Group's strategy in keeping with the risk management strategy, in particular with regard to the level of tolerance of the risk.

Risk management in the Bank takes place in all of the organisational units of the Bank.

The organisation of risk management is presented in the chart below:

The organisation of risk management chart



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

The Management Board is responsible for the risk management, including supervising and monitoring of activities taken by the Bank in the area of risk management. The Management Board takes the most important decisions affecting the risk level of the Bank and enacts internal regulations defining the risk management system.

The risk management process is carried out in three, mutually independent lines of defence:

1. the first line of defence, which is functional internal control that ensures using risk controls and compliance of the activities with the generally applicable laws,
2. the second line of defence, which is the risk management system, including risk management methods, tools, process and organisation of risk management,
3. the third line of defence, which is an internal audit.

The independence of the lines of defence consists of preserving organisational independence in the following areas:

- the function of the second line of defence as regards creating system solutions is independent of the function of the first line of defence,
- the function of the third line of defence is independent of the functions of the first and second lines of defence,
- the function of managing the compliance risk reports directly to the President of the Management Board.

The first line of defence is being performed in the organisational units of the Bank, the organisational units of the Head Office and entities of the Group and concerns the activities of those units, cells and entities which may generate risk. The units, cells and the Group entities are responsible for identifying risks, designing and implementing appropriate control mechanisms, unless control mechanisms have been implemented as part of the measures taken in the second line of defence. At the same time the Group entities are obliged to have comparable and cohesive systems of risk control in the Bank and in the Group entities, taking into account the specific business characteristic of each entity and market conditions.

The second line of defence is being performed, in particular, in the Risk and Debt Collection Area, the specialist organisational units of the Bank responsible for credit analyses, the organisational unit of the Head Office managing the compliance risk, as well as the organisational units of the Head Office responsible for controlling.

The third line of defence is being performed as part of internal audit, including the audit of the effectiveness of the system of managing the risk relating to the Bank's activities.

The organisational units of the Head Office of the Bank that are grouped within the Banking Risk Division, the Restructuring and Debt Collection Division, and the Analysis and Credit Risk Assessment Centre manage risk within the limits of competence assigned to them.

The Banking Risk Division is responsible for:

- identifying risk factors and sources,
- measuring, assessing, and monitoring and reporting risk levels (material risks) on a regular basis,
- measuring and assessing capital adequacy,
- preparing recommendations for the Management Board or committees regarding the acceptable level of risk,
- creating internal regulations on managing risk and capital adequacy,
- developing IT systems dedicated to supporting risk and capital adequacy management.

The Restructuring and Debt Collection Division is responsible for:

- recovering receivables from difficult clients swiftly and increasing the effectiveness of such measures,
- effective and early monitoring of delays in the collection of receivables from retail market clients,
- selling difficult receivables effectively and outsourcing the tasks carried out, as well as effective management of assets taken over as a result of recovering the Bank's receivables.

The Analysis and Credit Risk Assessment Centre is responsible for evaluating and verifying the level of credit risk level assessed in respect of individual credit exposures, which due to the scale of the exposure, client's

segment or risk level require independent assessment. The Analysis and Credit Risk Assessment Centre takes lending decisions in respect of individual clients and SME clients covered by rating methods assessment.

Risk management is supported by the following committees:

- Risk Committee (RC),
- Assets & Liabilities Committee (ALCO),
- Bank's Credit Committee (BCC),
- Central Credit Committee (CCC),
- Operational Risk Committee (ORC),
- credit committees which operate in the regional retail and corporate branch offices.

RC monitors the integrity, adequacy and efficiency of the banking risk management system, as well as capital adequacy and implementation of the risk management policies consistent with the Bank's Strategy and analyses and evaluates the application of strategic risk limits specified in PKO Bank Polski SA's Banking Risk Management Strategy. RC supports the Supervisory Board in the banking risk management process by formulating recommendations and making decisions concerning capital adequacy and the efficiency of the banking risk monitoring system.

ALCO makes decisions within the scope of limits and thresholds on particular kinds of risks and issues related to transfer pricing, as well as gives recommendations to the Management Board i.a. with regard to a shape of Bank's assets and liabilities structure, particular risks, capital management and price policy.

BCC makes loan decisions with regard to significant individual loan exposures, or issues recommendations in this respect to the Management Board.

CCC supports the decisions taken by the relevant managing directors and the Management Board's members with its recommendations and the credit committees operating in the regions support branch directors and directors of the Regional Corporate Branches in matters of bearing a higher risk level.

ORC makes decisions within the scope of i.a. calculations of Key Risk Indicators (KRI), losses limits on operational risk, values of key measurement parameters used to calculate AMA results, assumptions of the stress-test scenarios and results of validation of the operational risk measurement models. Moreover ORC supports the Management Board in the process of managing operational risk by giving recommendations, relating to i.a. strategic levels of operational risk tolerance.

ORC gives operational risk management recommendations for the Group entities, which are submitted to the companies of the PKO Bank Polski SA Group as part of the Bank's corporate governance.

The Bank supervises activities of the individual subsidiaries of the PKO Bank Polski SA Group. As part of this supervision, the Bank sets out and approves their development strategies, including the level of the risk. The Bank also supervises the entities' risk management systems and provides support in the development of these systems. Additionally, it reflects business risk of the particular Group entities in the risk reporting and risk monitoring system of the entire Group.

The internal regulations concerning management of certain types of risk in the entities of the Group are defined by internal regulations implemented by those entities, after consulting the Bank's opinion and having taken into account the recommendations issued to the entities by the Bank. The internal regulations of the entities concerning risk management allow for consistent and comparable assessment of particular types of risk within the Bank and entities of the Group, as well as reflect the specific nature of the entity's activity and the market on which it operates.

The PKO Bank Polski SA Group's top priority is to maintain its strong capital position and to further increase in its stable sources of financing underlying the stable development of business activity, while maintaining the priorities in the area of efficiency and effective cost control.

37.1. Identification of significant types of risk

The significance of the individual types of risk is established at the Bank and the Group entities level. When determining criteria of classifying a given type of risk as significant, an influence of a given type of risk on the Bank's, given Group entities as well as the whole PKO Bank Polski SA Group's activities are taken into account, whereas three types of risk are recognised:

- considered as significant a priori – being managed actively,
- potentially significant – for which significance monitoring is being made,
- other non-defined or non-occurring in the Bank or the Group types of risk (insignificant and non-monitored).

Based on quantitative and qualitative information, an assessment of significance of given types of risk is performed in the Bank periodically. As a result of assessment, a given type of risk is being classified as 'significant' or 'insignificant'. Similar assessment is conducted periodically in the entities of the Group. In particular, monitoring is conducted if significant change in activities or the profile of the Bank or of the PKO Bank Polski Group SA entities took place.

37.2. Credit risk management

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

The objective of credit risk management is to minimise losses on the credit portfolio as well as to minimise the risk of occurrence of impaired loans exposure, while keeping expected level of profitability and value of loan portfolio.

The Bank and subsidiaries of the Group apply the following principles of credit risk management:

- each loan transaction is subject to comprehensive credit risk assessment, which is reflected in an internal rating or credit scoring,
- credit risk relating to potential and concluded loan transactions is measured on a cyclical basis, taking into consideration changes in external conditions and in the financial standing of the borrowers,
- credit risk assessment of exposures which are significant due to their risk levels or its value is subject to additional verification by credit risk assessment teams, which are independent of the business teams,
- terms of loan contracts that are offered to a client depend on the assessment of credit risk generated by the contract,
- loan granting decisions are made only by authorised persons, within their authority,
- credit risk is diversified by geographical location, by industry, by product and by clients,
- expected credit risk level is mitigated by legal collateral taken by the Bank, margins on the credit risk collected from clients and allowances (provisions) on credit exposures.

The above mentioned policies are executed by the Bank through the use of advanced credit risk management methods, both on the level of individual exposures and on the level of the whole credit portfolio of the Bank. These methods are verified and developed to ensure compliance with the internal ratings based requirements (IRB) i.e. advanced credit risk measurement method, which can be used while calculating capital requirements for credit risk after being approved by the Financial Supervision Authority.

The Group entities, which have significant credit risk levels (the KREDOBANK SA Group, the BFL SA Group, the BTK SA Group) manage their credit risk individually, but the methods used by them for credit risk assessment and measurement are adjusted to the methods used by PKO Bank Polski SA, taking into account the specific nature of the activities of these companies.

Any changes to the solutions used by the Group's subsidiaries are agreed every time with the Bank's units responsible for risk management.

The BFL SA Group, the BTK SA Group and the KREDOBANK SA Group measure credit risk regularly and the results of such measurements are submitted to the Bank.

The KREDOBANK SA Group, the BFL SA Group and the BTK SA Group have units responsible for risk in their organisational structures, which are in particular responsible for:

- developing methods of credit risk assessment, recognising provisions and allowances,

- controlling and monitoring credit risk during the lending process,
- the quality and efficiency of restructuring and enforcement of the amounts due from clients.

In these companies, the credit decision limits depend primarily on: the amount of the exposure to a given client, the amount of an individual credit transaction and the period of loan transaction.

The process of credit decision-making at the KREDOBANK SA Group, the BFL SA Group and the BTK SA Group is supported by credit committees, which are involved in the case of transactions which generate increased credit risk.

Appropriate organisational units of the Banking Risk Division participate in managing the credit risk in the Group companies by giving their opinions on projects and periodically reviewing internal regulations of these companies relating to the assessment of credit risk and preparation of recommendations relating to amendments in the drafts of regulations. The Bank supports implementation of the recommended changes in principles for assessing credit risk in the Group entities.

37.2.1. Portfolio risk measurement

Credit risk measurement methods

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

- Probability of Default (PD),
- Expected Loss (EL),
- Credit Value at Risk (CVaR),
- effectiveness measures used in scoring methodologies (Accuracy Ratio),
- share and structure of impaired loans (according to IAS),
- coverage ratio of impaired loans with allowances (coverage ratio),
- cost of risk.

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

The portfolio credit risk measurement methods allow i.a. to reflect the credit risk in the price of products, determine the optimum conditions of financing availability and determine impairment allowances.

The Bank performs analysis and stress-tests regarding the influence of potential changes in macroeconomic environment on the quality of the Bank's loan portfolio. The test results are reported to the Bank's Authorities. The above mentioned information enables the Bank to identify and take measures to limit the negative influence of unfavourable market changes on the Bank's performance.

The Bank assesses the risk of individual credit transactions with the use of scoring and rating methods, which are created, developed and supervised by the Banking Risk Division. The assessment methods are supported by specialist application software. The scoring method is defined by Bank's internal regulations whose main aim is to ensure uniform and objective assessment of credit risk during the lending process.

The Bank assesses the credit risk of retail clients on two levels: the client's borrowing capacity and his creditworthiness. The assessment of borrowing capacity involves an examination of the client's financial situation, whereas the creditworthiness assessment involves scoring and evaluating the client's credit history obtained from external sources and internal records of the Bank.

The evaluation of credit risk related to financing institutional clients is performed in two dimensions: in respect of the client and of the transaction. The assessment measures comprise ratings of clients and transactions. The comprehensive measure of credit risk which reflects both risk factors is the aggregate rating. As of 1 September 2010, the Bank operates a scoring method for credit risk evaluation of clients in the SME segment, along with an appropriate software application. This method is available next to the rating method. Its implementation resulted in shortening the assessment process of loan applications as well as improvement of credit risk management effectiveness.

The information about ratings and scoring is widely used at the Bank for the purposes of credit risk management, the system of credit decision-making powers, determining the amounts above which independent credit assessment services are activated and in the credit risk assessment and reporting system.

In order to reduce the response time to warning signs indicating the elevated credit risk levels, the Bank uses and develops the EWS (Early Warning System).

In May 2012, the behavioural scoring system at the Client level was implemented productively in the Bank, which replaced the behavioural scoring system at the product level functioning in the Bank. The implementation of that assessment will allow more precise management of the total individual Customer exposure through the mechanisms of a Client comprehensive assessment with regard to loan and deposit products held.

37.2.2. Forecasting and monitoring of credit risk

The Group's exposure to credit risk

Amounts due from banks	Exposure	
	30.06.2012	31.12.2011
Amounts due from banks impaired, of which:	32 111	32 499
valued with the individual method	32 111	32 385
Amounts due from banks not impaired, of which:	2 761 363	2 396 540
not past due	2 761 363	2 396 540
Gross total	2 793 474	2 429 039
Impairment allowances	(32 158)	(32 812)
Net total by carrying amount	2 761 316	2 396 227

Loans and advances to customers	Exposure	
	30.06.2012	31.12.2011
Loans and advances impaired, of which:	12 789 075	11 797 232
valued with the individual method	6 266 202	5 701 547
Loans and advances not impaired, of which:	134 559 145	135 495 505
not past due	130 459 502	131 488 230
past due but not impaired	4 099 643	4 007 275
past due up to 4 days	973 381	855 403
past due over 4 days	3 126 262	3 151 872
Gross total	147 348 220	147 292 737
Impairment allowances	(6 017 065)	(5 658 243)
Net total by carrying amount	141 331 155	141 634 494

Investment securities available for sale – debt securities	Exposure	
	30.06.2012	31.12.2011
Debt securities impaired, of which:	5 536	17 944
valued with the individual method	5 536	17 944
Debt securities not impaired, of which:	12 637 305	14 307 525
not past due	12 637 305	14 307 525
with external rating	7 080 083	8 729 898
with internal rating	5 557 222	5 577 627
Gross total	12 642 841	14 325 469
Impairment allowances	(5 536)	(17 944)
Net total by carrying amount	12 637 305	14 307 525

Level of exposure to credit risk

The table below presents maximum exposure to credit risk of the Group as at 30 June 2012 and as at 31 December 2011, excluding collaterals and related improvement of credit situation, by net carrying amount.

Items of the statement of financial position	30.06.2012	31.12.2011
Current account in the central bank	6 210 782	6 845 759
Amounts due from banks	2 761 316	2 396 227
Trading assets - debt securities	378 069	1 300 164
Derivative financial instruments	2 857 209	3 064 733
Financial instruments designated upon initial recognition at fair value through profit and loss - debt securities	14 946 799	12 467 201
Loans and advances to customers	141 331 155	141 634 494
Investment securities available for sale - debt securities	12 637 305	14 307 525
Other assets - other financial assets	539 976	431 144
Total	181 662 611	182 447 247
Off-balance sheet items	30.06.2012	31.12.2011
Irrevocable loan commitments	7 941 752	5 946 055
Guarantees granted	7 294 693	4 939 669
Underwriting of issues	3 456 621	1 074 685
Letters of credit granted	412 787	420 376
Total	19 105 853	12 380 785

Financial assets valued with the individual method for which individual impairment allowance has been recognised by carrying amount gross

	30.06.2012	31.12.2011
Amounts due from banks	32 111	32 385
Loans and advances to customers	6 266 202	5 701 547
Financial sector	41 219	44 757
corporate loans	41 219	44 757
Non-financial sector	6 218 819	5 649 239
corporate loans	4 646 515	4 302 318
mortgage loans	1 492 088	1 262 477
consumer loans	80 216	84 444
Public sector	6 164	7 551
corporate loans	6 164	7 551
Financial assets available for sale	5 649	18 058
issued by non-financial entities	5 640	18 049
issued by financial entities	9	9
Total	6 303 962	5 751 990

Allowances for credit losses

The Group performs a monthly review of loan exposures in order to identify non-performing loan exposures, measure the impairment of loan exposures and record impairment charges or provisions. The process of determining the impairment charges and provisions consists of the following stages:

- identifying the indications of impairment and events significant from the point of view of identifying those indications,
- registering in the Group's IT systems the events that are material from the point of view of identifying any indications of impairment of loan exposures,
- determining the method of measuring impairment,
- measuring impairment and determining an impairment charge or provision,
- verifying and aggregating the results of the impairment measurement,
- recording the results of impairment measurement.

The Group implements three methods of estimating the impairment:

- the individualised method applied in respect of individually significant loans, which show the indications of individual impairment or requiring individual assessment due to transactions specifics, from which they are becoming and from events determining the repayment of exposition,
- the portfolio method applied in respect of individually insignificant loans for which the objective evidence of individual impairment was identified,
- the group method (IBNR) applied in respect of the loans for which no objective evidence of individual impairment was identified, but there is a possibility of losses incurred but not recognised occurring.

The structure of loan portfolio and loan impairment allowances of the PKO Bank Polski SA Group are presented in Note 18 'Loans and advances to customers'.

Concentration of credit risk within the Group

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

- the largest business entities,
- the largest groups,
- industries,
- geographical regions,
- loan currencies,
- exposures secured with mortgage collateral.

Concentration by the largest business entities

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

As at 30 June 2012 and 31 December 2011, concentration limits were not exceeded.

As at 30 June 2012, the level of concentration risk in the Group with respect to individual exposures was low – the largest exposure to a single entity was equal to 10.1% of the own consolidated funds (as at 31 December 2011 amounted to 9.2% and 7.7% of the consolidated own funds).

Among the 20 largest borrowers of the Group there are exclusively clients of PKO Bank Polski SA.

Concentration by the largest groups

The largest concentration of the Group towards a group of borrowers amounts to 1.65% of the Group's loan portfolio. The 5 biggest groups include only the clients of PKO Bank Polski SA.

As at 30 June 2012, the level of concentration risk towards the group of borrowers was low – the greatest exposure of the Group amounted to 11.8% of the consolidated own funds (as at 31 December 2011 10.5% and 9.4% of the Group's consolidated own funds).

*concentration partly exempt from concentration limits

Concentration by industries

As compared with 31 December 2011 the exposure of the Group in industry sectors has increased by above PLN 1.8 billion. The total exposure in the four largest industry sectors 'Industrial processing', 'Wholesale and retail trade, repair of vehicles, including motorcycles', 'Business activity connected with maintenance of real estate' and 'Construction' amounted to approx. 63% of the total loan portfolio covered by an analysis of the sector.

Concentration by geographical regions

The Bank's loan portfolio is diversified in terms of geographical location.

As at 30 June 2012 and as at 31 December 2011, the largest concentration of the Group's loan portfolio was in the mazowiecki region. Almost half of the Group's loan portfolio is concentrated in four regions: mazowiecki, śląsko-opolski, wielkopolski and małopolsko-świętokrzyski, which is consistent with the regions' domination both in terms of population and economy in Poland.

Concentration of credit risk by currency

As at 30 June 2012, the share of exposure in convertible currencies other than PLN, in the total portfolio of the Group amounted to 23.2% (as at 31 December 2011 amounted to 24.2%). The greatest parts of currency exposures of the Group are those in CHF and they are related to Bank's credit portfolio. In case of the Group entities the situation is different, i.e. in the BFL SA currency portfolio, the EUR exposure constitutes the largest part (92.4% of the currency portfolio), similarly in the BTK SA Group's portfolio – loans granted in EUR (80.7% of the currency portfolio) while in the KREDOBANK SA Group's portfolio – loans granted in USD, which constitute approx. 74.5% of the currency portfolio and 23% of the whole KREDOBANK Group's portfolio.

A decrease in the share of loans denominated in foreign currencies in the first half of 2012 results from concentration of new sales of mortgage loans in Polish currency. The significant risk of concentration has been identified in the KREDOBANK Group resulting from the specifics of Ukrainian market, on which, because of weak local currency, the currency loans are the most popular.

Other types of concentration

In accordance with the Recommendation S and T of the Polish Financial Supervision Authority, the Bank uses internal limits on credit exposures related to the Bank's customers defining the appetite for credit risk.

As at 30 June 2012 and as at 31 December 2011, these limits were not exceeded.

37.2.3. Credit risk reporting

The Bank prepares monthly and quarterly credit risk reports for i.a. ALCO, RC, BCC, the Management Board and the Supervisory Board. The reporting of credit risk covers especially cyclic information on the results of risk measurement and the scale of risk exposure of the loan portfolio. In addition to the information concerning the Bank, the reports also contain information about the credit risk level for two Group's subsidiaries (the KREDOBANK SA Group and the BFL SA Group), which have significant credit risk levels.

37.2.4. Management decisions concerning credit risk

Basic credit risk management tools used by the Bank include in particular:

- minimum transaction requirements (risk parameters) determined for a given type of transaction (e.g. minimum value of LTV, maximum loan amount, required collateral),
- the principles of defining credit availability, including cut-offs – the minimum number of points awarded in the process of creditworthiness assessment with the use of a scoring system (for retail clients) or the client's rating class or cumulative rating class (for corporate clients), which a client must obtain to receive a loan,
- concentration limits – the limits defined in Article 71 clause 1 of the Banking Law,
- industry-related limits – limits which reduce the risk level related to financing institutional clients that conduct business activities in industries characterised by high level of credit risk,

- limits on credit exposures related to the Bank's customers - the limits defining the appetite for credit risk as a result of i.a. the recommendations S and T,
- loan limits defining the Bank's maximum exposure to a given client or country in respect of wholesale operations and settlement limits and limits for the period of exposure,
- competence limits – they define the maximum level of credit decision-making powers with regard to the Bank's clients; the limits depend primarily on the amount of the Bank's exposure to a given client (or a group of related clients) and the loan transaction period; the competence limit depends on the credit decision-making level (in the Bank's organisational structure),
- minimum credit margins – credit risk margins relating to a given credit transaction concluded by the Bank with a given institutional client, whereas the interest rate offered to a client cannot be lower than the reference rate plus credit risk margin.

Collateral management policy as regards credit risk plays a significant role in establishing minimum transaction terms. The Bank and the Group entities' collateral policy is meant to secure properly the credit risk, to which the Group is exposed, including first of all the fact of establishing collateral that will ensure the highest possible level of recovery in the event of realisation of collateral.

The Bank follows the following rules with respect to accepting legal collateral for loans:

- in the case of substantial loans in terms of value, several types of collateral are established, including if possible, personal guarantees combined with collateral established on tangible assets,
- liquid types of collateral i.e. collateral established on tangible assets, in which the disposal is possible without a substantial reduction in their prices at a time, which does not expose the Bank to change the value of the collateral because of the appropriate prices fluctuation of a particular collateral are preferred,
- when a tangible asset is accepted as collateral, an assignment of rights from the insurance policy relating to that tangible asset or the insurance agreement issued to the Bank are accepted as additional collateral,
- collateral is assessed in terms of the actual possibility of their use as a potential source of the Bank's claim. The basis of the value assessment of the collateral established on tangible assets is the market value,
- effective establishment of collateral in compliance with the loan agreement is necessary to make the funds available.

The policy regarding legal collateral is defined by internal regulations of Group's subsidiaries.

The type of collateral depends on the product and the type of the client. With regard to real estate financing products, collateral is required to be established as mortgage on the property. Until an effective mortgage collateral is established, the following types of collateral are used (depending on type and amount of loan): insurance of receivables or a collateral in the form of a cession of receivables related to the construction agreement, a cession of a development contract and an open/closed fiduciary account/guarantee, bill of exchange or warranty.

With regard to retail loans for individuals, usually personal guarantees are used (a civil law surety/guarantee, a bill of exchange) or collateral is established on the client's bank account, his car or securities.

With regard to loans for the financing of small and medium enterprises and corporate clients, collateral can be established on, i.a.: trade receivables, bank accounts, movable property, real estate or securities.

When signing a leasing agreement, the BFL SA Group, as a proprietor of leased objects, treats them as collateral.

37.3. Interest rate risk management

The interest rate risk is a risk of incurring losses on the Bank's statement of financial position and off-balance sheet items sensitive to interest rate fluctuations, as a result of changes in the interest rates on the market.

The objective of interest rate risk management is to mitigate the risk of incurring losses arising from market interest rate changes to an acceptable level by shaping the structure of statement of financial position and off-balance sheet items.

37.4. Measurement of interest rate risk

In the process of interest rate risk management, the PKO Bank Polski SA Group uses in particular the Value at Risk (VaR) model, interest income sensitivity measure, stress-tests and a repricing gap.

The value at risk (VaR) is defined as a potential loss arising from the maintained structure of statement of financial position and off-balance sheet items and the volatility of interest rates, with the assumed probability level and taking into account the correlation between the risk factors.

The sensitivity of interest income is a measure showing changes in interest income resulting from abrupt changes in the interest rates. This measure takes into account the diversity of revaluation dates of the individual interest-bearing items in each of the selected time horizons.

37.5. Forecasting and monitoring of interest rate risk

Exposure of the PKO Bank Polski SA Group to the interest rate risk as at 30 June 2012 and 31 December 2011, comprised mainly of the exposure of the Bank. Interest rate risk generated by the Group entities with regard to PLN, EUR and CHF did not have a significant effect on the interest rate risk of the entire Group and therefore did not significantly affect its risk profile. Interest rate risk with regard to USD was significantly altered by exposure of the Group entities, in which the biggest part has the exposure of KREDOBANK SA.

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

Name of sensitivity measure	30.06.2012	31.12.2011
VaR for a 10-day time horizon (PLN thousand)*	58 487	62 661
Parallel movement of interest rate curves by 200 b.p. (PLN thousand) (stress-test)	516 362	530 726

* Due to the nature of the activities carried out by the other Group entities generating significant interest rate risk as well as the specific nature of the market in which they operate, the Group does not calculate consolidated VaR. These companies apply their own risk measures in the interest risk management. KREDOBANK SA uses the 10-day interest rate VaR for the main currencies, which amounted to PLN 22 323 thousand as of 30 June 2012 and PLN 29 673 thousand as of 31 December 2011.

As at 30 June 2012, the Bank's interest rate VaR for a 10-day time horizon (10-day VaR) amounted to PLN 58 487 thousand, which accounted for approximately 0.30% of the Bank's own funds. As at 31 December 2011, VaR for the Bank amounted to PLN 62 661 thousand, which accounted to approximately 0.36% of the Bank's own funds*.

37.5.1. Reporting of interest rate risk

The Bank prepares daily, weekly, monthly and quarterly reports addressing interest rate risk whereas monthly reports for the last month of a quarter and quarterly reports concern the Group as well. Reports contain the information on interest rate risk exposure and usage of available limits regarding the risk. Reports are prepared mainly for: ALCO, RC, the Management Board and the Supervisory Board.

37.5.2. Management decisions concerning interest rate risk

The main tools used in interest rate risk management in the Group include:

- procedures for interest rate risk management,
- limits and thresholds for interest rate risk,
- defining allowable transactions based on interest rates.

* Own funds calculated in accordance with regulations concerning calculation of the capital adequacy ratio.

The Group established limits and thresholds for interest rate risk comprising i.a. the following: price sensitivity, interest income sensitivity, limits and threshold for losses and limits on instruments sensitive to interest rate fluctuations.

Methods of interest rate risk management in the Group's subsidiaries are defined by internal regulations implemented by those entities which are characterised by significant values of interest rate risk measure outcomes. These regulations are developed after consultation with the Bank and take into account recommendations issued by the Bank for the Group entities.

37.6. Currency risk management

Currency risk is the risk of incurring losses due to exchange rate changes, generated by maintaining open currency positions in a given foreign currencies.

The objective of the currency risk management is to mitigate the risk of incurring losses arising from exchange rate fluctuations to an acceptable level by shaping the currency structure of statement of financial position and off-balance sheet items.

37.6.1. Measurement of currency risk

The Bank measures currency risk using the Value at Risk model (VaR) and stress-tests.

The value at risk (VaR) is defined as a potential loss arising from currency position and foreign exchange rate volatility under the assumed probability level and taking into account the correlation between the risk factors.

37.6.2. Forecasting and monitoring of currency risk

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

Name of sensitivity measure	30.06.2012	31.12.2011
VaR for a 10-day time horizon (PLN thousand)*	2 012	1 470
Change of CUR/PLN by 20% (PLN thousand) (stress-test)	25 551	17 210

* Due to the nature of the activities carried out by the other Group entities generating significant currency risk as well as the specific nature of the market on which they operate, the Bank does not calculate consolidated VaR. These companies apply their own risk measures in the currency risk management. KREDOBANK SA uses the 10-day VaR which amounted to approx. PLN 519 thousand as of 30 June 2012 and approx. PLN 467 thousand as of 31 December 2011.

The level of currency risk was low both as at 30 June 2012 and as at 31 December 2011.

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

Currency position	30.06.2012	31.12.2011
USD	(225 776)	(180 781)
GBP	35	50
CHF	(54 715)	(37 266)
EUR	101 148	83 153
Other (Global Net)	17 784	11 630

The volume of currency positions is a key factor determining the level of currency risk to which the Group is exposed (except for volatility of foreign exchange rates). The level of currency positions is determined by all foreign currency transactions, which are concluded, both in the statement of financial position and off-balance sheet transactions. The Bank's exposure to currency risk is low (with reference to own funds, VaR for a 10-day time horizon for the Bank's currency position as at 30 June 2012 amounted to approx. 0.01%).

37.6.3. Reporting of currency risk

The Bank prepares daily, weekly, monthly and quarterly reports addressing currency risk whereas monthly reports for the last month of a quarter and quarterly reports concern the Group as well. Reports contain the information on currency risk exposure and usage of available limits regarding the risk. Reports are prepared mainly for ALCO, RC, the Management Board and the Supervisory Board.

37.6.4. Management decisions concerning currency risk

Main tools used in currency risk management in the Group include:

- procedures for currency risk management,
- limits and thresholds for currency risk,
- defining allowable types of transactions in foreign currencies and the exchange rates used in such transactions.

The Group set limits and threshold values on currency risk for i.a. currency positions, Value at Risk calculated for a 10-day time horizon and daily loss on currency market.

Methods of currency risk management in the Group's subsidiaries are defined by internal regulations implemented by these entities. The regulations are developed by the entities, which are characterised by high level of currency risk measure outcomes. The regulations are issued after consultation with the Bank and take into account recommendations issued by the Bank to the entities.

37.7. Liquidity risk management

The liquidity risk is defined as the lack of possibility to pay the debts on time due to the lack of liquid assets. Situation of the lack of liquidity may arise from inappropriate structure of the statement of financial position, misfit of cash flows, not received payments from contractors, sudden withdrawal of cash by clients or other market events.

The objective of liquidity risk management is to ensure necessary amount of funds in order to pay current and future debts (also potential) on time, taking into account the nature of performed activities and requirements which may occur due to changes in market environment, by shaping the structure of the statement of financial position and off-balance sheet liabilities.

The PKO Bank Polski SA Group's policy concerning liquidity is based on investing in liquid securities portfolio and increasing stable sources of financing (stable deposits, in particular). In its liquidity risk management policy, money market instruments are used, including NBP open market operations.

37.7.1. Measurement of liquidity risk

The Group makes use of the following liquidity risk measures:

- the contractual liquidity gap method and the liquidity gap in real terms,
- liquidity reserve,
- measure of stability of deposit and loan portfolios,
- stress-tests (liquidity stress-tests).

37.7.2. Forecasting and monitoring of liquidity risk

Liquidity gaps presented below constitute a sum of the Bank's liquidity gap in real terms (real terms i.a. in the Bank's items of the statement of financial position concern permanent balances on deposits of non-financial sector and their maturity, permanent balances on loans in current accounts for non-financial entities and their maturity and liquid securities and their maturity) and a contractual liquidity gap of the remaining entities of the Group.

	a'vista	0 - 1 month	1 - 3 months	3 - 6 months	6 - 12 months	12 - 24 months	24 - 60 months	over 60 months
30.06.2012								
The Group - adjusted gap in real terms	8 784 896	7 557 355	876 336	1 565 087	3 068 291	8 675 372	13 883 869	(44 411 206)
The Group - cumulative adjusted gap in real terms	8 784 896	16 342 251	17 218 587	18 783 674	21 851 965	30 527 337	44 411 206	-
31.12.2011								
The Group - adjusted gap in real terms	7 299 484	12 094 029	(1 599 805)	1 399 996	(1 169 611)	10 276 571	16 150 066	(44 450 730)
The Group - cumulative adjusted gap in real terms	7 299 484	19 393 513	17 793 708	19 193 704	18 024 093	28 300 664	44 450 730	-

In all time horizons, the PKO Bank Polski SA Group's cumulative adjusted liquidity gap in real terms* as at 30 June 2012 and 31 December 2011 was positive. This means a surplus of assets receivable over liabilities payable.

The table below presents liquidity reserve of the Bank as at 29 June 2012 and as at 31 December 2011:

Name of sensitivity measure	29.06.2012	31.12.2011
Liquidity reserve up to 1 month* (PLN million)	12 789	17 723

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

As at 30 June 2012, the level of permanent balances on deposits constituted approx. 93.1% of all deposits in the Bank (excluding inter-bank market), which means a decrease by approx. (1.7) pp. as compared to the end of 2011.

37.7.3. Reporting of liquidity risk

The Bank prepares daily, weekly, monthly and quarterly reports addressing liquidity risk whereas monthly reports for the last month of the quarter and quarterly reports are prepared for the Group as well. Reports contain the information on liquidity risk exposure and usage of available limits regarding the risk. Reports are prepared mainly for ALCO, RC, the Management Board and the Supervisory Board.

37.7.4. Management decisions concerning liquidity risk

The main tools for liquidity risk management in the PKO Bank Polski SA Group are:

- procedures for liquidity risk management, including in particular emergency plans,
- limits and thresholds mitigating liquidity risk,
- deposit, investment and derivative transactions, including structural currency transactions and transactions for sale or purchase of securities,
- transactions ensuring long-term financing of lending activities.

To ensure an adequate liquidity level, the Bank and the subsidiaries of the PKO Bank Polski SA Group accepted limits and thresholds for short, medium and long-term liquidity risk.

Methods of liquidity risk management in the subsidiaries of the Group are defined by internal regulations implemented by the entities which are characterised by high levels of liquidity risk measure outcomes. These regulations are developed after consultation with the Bank and take into account recommendations issued by the Bank for the entities.

* The PKO Bank Polski SA Group's liquidity gap in real terms has been determined as the sum of the PKO Bank Polski SA liquidity gap in real terms and contractual liquidity gaps of the remaining entities of the PKO Bank Polski SA Group.

37.7.5. Management of price risk of equity securities

The price risk of equity securities is the risk of incurring a loss due to changes in the prices of equity securities on the public market or stock exchange indices, generated by maintaining open positions in instruments sensitive to changes in these market parameters.

The price risk of equity securities results from operations conducted as part of trading activities (the Brokerage House of PKO Bank Polski SA), investing activities and from other operations as part of banking activities generating a position in equity securities.

Managing the equity securities risk is aimed at limiting possible losses due to changes in the prices of equity securities on the public market or stock exchange indices to a level acceptable to the Bank, by optimising the positions taken in instruments sensitive to changes in these market parameters.

The risk is managed by imposing limits on the activities of the Brokerage House PKO Bank Polski SA divided into the banking portfolio and the trading portfolio, and by monitoring the utilisation thereof.

The effect of the price risk of equity securities on the financial position of the Bank was assessed as immaterial. The positions taken in equity securities and index instruments are limited, and the Bank does not expect them to increase significantly.

37.7.6. Management of derivative instruments risk

The risk of derivative instruments is a risk due to the Bank's taking up a position in financial instruments, which meet all of the following conditions:

- the value of an instrument changes with the change of the underlying instrument,
- it does not require any initial net investment or requires only a small initial net investment compared with other types of contracts which similarly respond to changes in market terms,
- it is to be settled at a future date.

The derivative instruments risk management process is integrated in the Bank with management of the risk: interest rate risk, currency risk, liquidity risk, credit risk, however, due to the specific nature of derivatives it is subject to special control specified in the internal regulations of the Bank.

37.7.7. Measurement of the derivative instruments risk

The Bank measures the derivative instruments risk using, among others, the Value at Risk (VaR) model described in the section on interest rate risk or in section on currency risk, depending on the risk factor which affects the value of the instrument.

37.7.8. Forecasting and monitoring the risk of the derivative instruments

Monitoring the risk of derivative instruments takes place as part of monitoring of other types of financial and credit risk. The Bank pays particular emphasis to monitor financial risk related to the maintenance of currency options portfolio and customer credit risk resulting from amounts due to the Bank in respect of derivative instruments.

37.7.9. Reporting the risk of the derivative instruments

The Bank prepares daily, weekly, monthly, and quarterly reports addressing the risk of derivative instruments. Reports present the information on the derivative instruments risk exposure and updates on available limits regarding the risk. Reports are prepared mainly for ALCO, RC, the Management Board and the Supervisory Board.

37.7.10. Management decisions concerning risk of derivative instruments

The main tools used in derivative risk management are as follows:

- procedures for derivative instruments risk management,
- limits and thresholds set for the risk related to derivative instruments,
- master agreements specifying i.a. settlement mechanisms,
- collateral agreements, under which selected clients of the Bank are required to establish a collateral on exposures due to derivative instruments.

Risk management is carried out by imposing limits on derivative instruments, monitoring their usage and reporting risk level.

Master agreements concluded by the Bank with the major business partners based on the standards developed by the Polish Bank Association (domestic banks) and ISDA (foreign banks and credit institutions), which allow offsetting mutual liabilities, both due (mitigation of settlement risk) and not yet due (mitigation of pre-settlement risk), are particularly important for mitigating the risk associated with derivative instruments. Additional collateral for exposures, resulting from derivative instruments are collateral deposits escrowed by counterparties as a part of CSA agreement (Credit Support Annex).

37.8. Operational risk management

Operational risk is defined as the risk of occurrence of a loss due to non-compliance or unreliability of internal processes, people and systems or external events.

The objective of operational risk management is to optimise operational efficiency by reducing operating losses, costs streamlining and improving the timing and adequacy of the response of the Group to events which are beyond its control.

Identification and assessment of operational risk comprises operational risk appearing in the existing products, processes and IT applications of the Bank.

37.8.1. Measurement of operational risk

Measurement of operational risk in the Bank aims at defining the scale of threats related to the existence of operational risk with the use of determined risk measures.

The measurement of operational risk comprises:

- calculation of key operational risk indicators (KRI),
- calculation of AMA,
- stress-tests,
- calculation of capital requirements and internal capital.

37.8.2. Forecasting and monitoring of operational risk

The objective of operational risk monitoring is to control operational risk and diagnose areas for management actions.

The Bank regularly monitors:

- utilisation level of strategic tolerance limits and losses limits on operational risk,
- effectiveness and timeliness of actions taken to reduce or transfer the operational risk,
- KRI values in relation to thresholds and critical values,
- operating events and their effects,
- effects of actions taken following external control recommendations or internal audits.

The dominant impact on the operational risk profile in the first half of 2012 was exercised by the following three entities, i.e. PKO Bank Polski SA, the BFL SA Group and the KREDOBANK SA Group. The other Group entities, considering their significantly smaller scale and type of activity, generate only reduced operational risk. The Group's subsidiaries manage the operational risk according to principles of risk management in PKO Bank Polski SA, considering the specific nature and scale of activity of particular entities.

37.8.3. Reporting of operational risk

The Bank prepares reports concerning operational risk on a quarterly basis. The reports are addressed to Director of the Banking Risk Division, the ORC, the Risk Committee, the Management Board and the Bank's Supervisory Board. The reports contain among others information on:

- the results of measuring and monitoring operational risk,

- the operational risk profile of the Bank resulting from the process of identifying and assessing the threats for products, processes and IT applications of the Bank,
- actions taken to reduce operational risk and evaluate the effectiveness of such actions,
- recommendations and information about implementation of former recommendations,
- recommendations and decisions of the ORC or the Management Board.

Each month, information on operational risk is prepared and forwarded to members of the Management Board and organisational units of the Bank responsible for system-based operational risk management. The scope of information is tailored to the scope of responsibilities of individual recipients of the information.

37.8.4. Management decisions concerning operational risk

Operational risk management is performed through systemic solutions as well as regular ongoing management of the risk. Systemic operational risk management is conducted at PKO Bank Polski SA Head Office level. The ongoing operational risk management is conducted by every organisational unit of the Bank.

In order to mitigate exposure on the operational risk, the following operational risk management instruments are used by the Bank:

- control instruments,
- human resources management instruments (proper staff selection, enhancement of professional qualification of employees, motivation packages),
- threshold and critical values of Key Risk Indicators (KRI),
- strategic tolerance limits and limits on operational risk losses,
- contingency plans,
- insurance,
- outsourcing.

In order to manage the operational risk, the Bank gathers internal and external data about operating events and their causes, data on the operating environment, and data related to the quality of internal functional controls.

If the risk level is elevated or high, the Bank uses the following approach:

- risk reduction – mitigating the impact of risk factors or consequences of its materialisation,
- risk transfer – transfer of responsibility for covering potential losses on a third-party,
- risk avoidance – resignation from activity that generates risk or elimination the probability of the occurrence of a risk factor.

The Group entities manage the operational risk in accordance with the rules implemented by PKO Bank Polski SA, taking into account the specific nature and scale of the business conducted by the Group entities.

37.9. Compliance risk management

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

The objective of compliance risk management is to strengthen the image of the Group entities as an institutions acting in accordance with the law and adopted code of conduct, reliable, fair and honest and mitigation of possible loss of reputation or credibility, and mitigating the risk of occurring financial losses or legal sanctions resulting from breach of law and other regulations and of ethical standards.

The rules concerning the process of compliance risk management are consistent in all Group entities.

The Bank performs identification and assessment of compliance risk including in particular a specification for each of the relevant internal processes exposed on compliance risk, potential threats on the occurrence of breach of law and other standards of conduct, as well as the impact of the materialisation of those threats and optimal solutions reducing the level of incurred risk.

The assessment also takes into account changes in the regulatory environment and the results of actions taken by external supervisory and control bodies and internal audit.

Reporting of information concerning compliance risk includes both the Bank, and the PKO Bank Polski SA Group entities. Reports prepared quarterly contain information, including cases of non-compliance, passed by the Group entities. The reports are addressed to the Risk Committee, the Bank's Management Board, the Supervisory Board's Audit Committee and the Supervisory Board. The reports contain, i.a.:

- the results of the identification and assessment of compliance risk,
- cases of materialisation of the compliance risk in the Group and the financial sector,
- the most important changes in the regulatory environment and actions carried out at the Bank in order to adapt to the new regulations and standards of conduct,
- the results of external audits performed at the Bank and the Group entities,
- implementation the post-inspection recommendations issued by the external supervisory and control bodies, as well as substantial correspondence between the Bank and such bodies.

Compliance risk management involves in particular:

- preventing involvement of the Group in illegal activities,
- ensuring data protection,
- propagating of ethical standards and monitoring their functioning,
- conflict of interest management,
- prevention from accepting and transferring benefits and incentives by the Group's employees that could result in informal commitments in relations with representatives of public administration authorities, customers or counterparties, cause interest conflicts or otherwise adversely affect the way of the employees' duties performing,
- professional, fair and transparent formulation of product offers, advertising and marketing messages,
- prompt, fair and professional consideration of complaints, requests and quality claims of clients.

37.10. Strategic risk management

The strategic risk is defined as a risk related to the possibility of occurrence of negative financial consequences resulting from wrong decisions, decisions made on the basis of an inappropriate assessment or failure to make correct decisions relating to the direction of the Bank's strategic development.

Managing the strategic risk is aimed at maintaining, on an acceptable level, the negative financial consequences resulting from wrong decisions, decisions made on the basis of an inappropriate assessment or failure to make correct decisions relating to the direction of the Bank's strategic development.

In measuring the strategic risk, the Bank takes into account an impact of selected groups of factors, distinguished in the activity and in the environment, which comprise in particular:

- external factors,
- factors related to the growth and development of the banking operations,
- factors related to the management of human resources,
- factors related to investment activities,
- factors related to the organisation's culture.

Monitoring of the strategic risk level is performed in the Bank at least on annual basis.

Strategic risk reporting is conducted annually in the Bank. Reports on strategic risk are prepared for the Management Board, Bank's directors and managing directors of the Bank's Head Office.

Management of strategic risk in the Bank is mainly applied in the form of actions undertaken if an elevated level of strategic risk occurs.

37.11. Reputation risk management

The reputation risk is defined as the risk related to a possibility of occurrence of negative variations from the planned results of the Group due to the deterioration of the PKO Bank Polski SA Group's image.

The objective of managing the reputation risk is to protect the Group's image and limit the probability of the occurrence and level of the Group's image-related losses.

Reputation risk ratios are calculated based on annual assessment of negative image-related events identified in a given calendar year for particular types of image-related events. Main tools used to determine the Group's reputation risk level are:

- a catalogue of image-related events categories containing a list of image-related categories with appropriate weights assigned,
- a register of image-related events containing a list of negative image-related events that occurred grouped by image-related events categories.

Monitoring of image-related events is performed on an ongoing basis and includes:

- monitoring the external and internal communication channels of the Group with the environment in terms of identifying the negative impact of image-related events,
- gathering and analysing information related to the occurrence or a possibility of occurrence of image-related events,
- recording data on the identified negative impact of image-related events.

The reports on the level of reputation risk are prepared in the Bank on an annual basis. The reports are addressed to the organisational units of the Banking Risk Division.

Management of reputation risk in the Group mainly comprises preventive activities aimed at reducing or minimising the scale and the scope of image-related events, as well as selection of effective tools for protective measures aimed at eliminating, mitigating or minimising the unfavourable effect of negative image-related events on the PKO Bank Polski SA Group's image.

38. Capital adequacy

Objectives and principles of capital adequacy management were described in details in the annual consolidated financial statements of the PKO Bank Polski SA Group for 2011. In these financial statements was also included the information on the Group's own funds components calculated for the purpose of capital adequacy as well as the calculation methods of capital requirements concerning the individual risk types.

The level of capital adequacy of the Group as at 30 June 2012 remained on a safe level, significantly above the statutory limits.

The capital adequacy ratio of the Group, which is one of the main capital adequacy measures as compared to 31 December 2011 increased by 0.64 pp., which was mainly caused by the increase of the Bank's own funds calculated for capital adequacy purposes.

38.1.1. Own funds for the capital adequacy requirements

As at 30 June 2012, the PKO Bank Polski SA Group's own funds calculated for capital adequacy purposes increased by PLN 2 257 797 thousand, which was mainly due to the recognition of profit earned by the Bank in 2011 after expected charges deduction (PLN 2 366 122 thousand) to the Bank's own funds.

The structure of the Group's own funds, determined for the purposes of capital adequacy is presented in the table below:

GROUP'S OWN FUNDS	30.06.2012	31.12.2011
Basic funds (Tier 1)	18 971 668	16 664 233
Share capital	1 250 000	1 250 000
Reserve capital	15 363 674	13 041 390
Other reserves	3 437 957	3 460 368
General banking risk fund for unidentified banking activities risk	1 070 000	1 070 000
Unappropriated profits from previous years, profit in the course of approval less any expected charges	(103 340)	(23 162)
Unrealised losses on debt and equity instruments and other receivables classified as available for sale	(97 602)	(129 518)
Assets valuation adjustments in trade portfolio	(19)	(143)
Intangible assets, of which:	(1 770 959)	(1 800 008)
goodwill of subsidiaries	(228 950)	(227 349)
Equity exposures	(78 715)	(109 054)
Negative currency translation differences from foreign operations	(97 400)	(94 350)
Non-controlling interest	(1 928)	(1 290)
Supplementary funds (Tier 2)	1 569 066	1 545 549
Subordinated liabilities classified as supplementary funds	1 600 700	1 600 700
Unrealised profits on debt and equity instruments classified as available for sale (up to 80% of their values before tax)	44 065	51 576
Positive currency translation differences from foreign operations	3 016	2 327
Equity exposures	(78 715)	(109 054)
Short-term equity (Tier 3)	59 979	133 134
TOTAL OWN FUNDS	20 600 713	18 342 916

38.1.2. Capital requirements (Pillar 1)

The table below presents the Group's capital requirements as regards particular types of risk.

Capital requirements	30.06.2012	31.12.2011
Credit risk	11 256 992	10 657 309
credit risk (banking book)	11 132 432	10 534 714
counterparty credit risk (trading book)	124 560	122 595
Market risk	500 523	355 284
equity securities risk	710	1 604
specific risk of debt instruments	404 706	262 412
general risk of interest rates	95 107	91 268
Operational risk	912 787	852 099
Total capital requirements	12 670 302	11 864 692
Capital adequacy ratio	13.01%	12.37%

An increase in the capital requirement due to credit risk was a consequence mainly of entry into force the provision of Resolution No. 153/2011 of the PFSA* due to which from the date of 30 June 2012, there was an increase in risk weights (from 75% to 100%) for retail exposures and for exposures secured on residential property, in which the instalment of principal or interest depend on changes in the exchange rate of the currency or currencies other than the currency of revenues generated by the debtor.

The increase of market risk capital requirement was mainly due to the increase in value of liabilities due to securities underwriting agreements of corporate bonds by approx. 222%.

The Bank's capital requirements in respect of operating risk was calculated under the advanced measurement approach (AMA) with the limitation on the drop in the capital requirement by no more than up to a level of 75% of the requirement calculated under the standardised approach (TSA). The requirement in respect of operational risk of the Group entities was calculated under the basic index approach (BIA) in both periods.

* Resolution no 153/2011 of the Polish Financial Supervision Authority of 7 June 2011 amending the Resolution No. 76/2010 of the Polish Financial Supervision Authority on the scope and detailed procedures for determining capital requirements for particular types of risk (Official Journal of PFSA No. 8 of 29 July 2011, item 29).

An increase of requirement in respect of operating risk from PLN 852 million (as at 31 December 2011) to PLN 913 million (as at 30 June 2012) results from the annual revaluation of the requirement calculated under the standardised approach (TSA) and the basic index approach (BIA), including the difference in weighted profit before income tax between 2011 and 2008.

38.1.3. Internal capital (Pillar 2)

The principles of calculation of internal capital in the Group were presented in details in annual consolidated financial statements of the PKO Bank Polski SA Group for 2011.

38.1.4. Disclosures (Pillar 3)

In accordance with § 6 of Resolution No. 385/2008 of the Polish Financial Supervision Authority dated 17 December 2008, on the detailed procedures and methods for banks to disclose qualitative and quantitative information concerning capital adequacy and the scope of the information to be announced (Official Journal of PFSA 2008, No. 8, item 39, with subsequent amendments), PKO Bank Polski SA, which is the parent company within the meaning of § 3 of the Resolution, publishes information about capital adequacy in a separate document on an annual basis, not later than within 30 days since the date of approval of the annual financial statements by the Ordinary General Shareholders' Meeting.

The report 'Capital adequacy and risk management (Pillar 3) of the PKO Bank Polski SA Group as at 31 December 2011' was published on the Bank's official website on 5 July 2012.

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

INFORMATION ON THE EVENTS AFTER THE REPORTING PERIOD

39. Events after the reporting period

1. On 20 July 2012 Extraordinary General Shareholders' Meeting of Fort Mokotów Inwestycja Sp. z o.o. – a subsidiary of the Bank – passed a resolution on the increase of the Company's share capital by PLN 21 685 thousand. The shares in the increased capital will be acquired by the present shareholders, i.e. PKO Bank Polski SA, which will acquire shares for PLN 21 682 thousand and Qualia Development Sp. z o.o., which will acquire shares for the amount of PLN 3 thousand.
2. On 24 July 2012 the Bank and other institutions financing the activities of Polimex-Mostostal SA, signed a standstill agreement with the Company for a period of four months. As at the end of June 2012, the Bank was exposed with both on-balance and off-balance sheet exposures towards the Company. As at the balance date the Bank classified these exposures as not impaired based on the analysis of the financial standing of the Company and terms of the above mentioned standstill agreement, which do not introduce any significant changes to the terms of cooperation with the Client.

The Bank monitors the financial and economic standing of the Client on an ongoing basis.

3. On 26 July 2012 PKO Bank Polski SA received a notification from the Minister of State Treasury of selling off a considerable block of Bank's shares by the State Treasury as a result of which the number of total votes held by the State Treasury in the Bank has changed. According to the notification received by the Bank on 24 July 2012, 95 000 000 Bank's shares held by the State Treasury were sold off in block transactions. Prior to the sell-off transaction conducted, the State Treasury held the total number of 512 406 277 Bank's shares giving the same number of votes at the General Shareholders' Meeting of the Bank. These shares amounted to 40.99% of the share capital and the same share in the total number of votes in the Bank. As a result of the above mentioned sell-off transaction on 24 July 2012 the State Treasury holds 417 406 277 Bank's shares giving the same number of votes at the General Shareholders' Meeting of the Bank. These shares amount to 33.39% of the share capital and the same share in the total number of votes in the Bank. Moreover, Bank Gospodarstwa Krajowego ('BGK') wholly controlled by the State Treasury, holds the total number of 128 102 731 bearer shares giving the same number of votes at the General Shareholders' Meeting of the Bank. These shares amount to 10.25% of the Bank's share capital and the same share in the total number of votes in the Bank. Prior to the above mentioned shares' sell-off transaction, the State Treasury and BGK held the total number of 640 509 008 Bank's shares giving the same number of votes at the General Shareholders' Meeting of the Bank. These shares amounted to 51.24% of the Bank's share capital and the same share in the total number of votes in the Bank. After the above mentioned shares' sell-off transaction,

- the State Treasury and BGK hold the total number of 545 509 008 Bank's shares giving the same number of votes at the General Shareholders' Meeting of the Bank. These shares amount to 43.64% of the Bank's share capital and the same share in the total number of votes in the Bank.
4. On 27 July 2012, the Bank received funds in the amount of CHF 410 million due to a loan, in accordance with an agreement signed on 19 June 2012 between PKO Bank Polski SA and a consortium of banks. The repayment of the loan will take place once on 19 June 2015.
 5. The Bank received a notification dated 27 July 2012 from ING Otwarty Fundusz Emerytalny about increasing the stake in PKO Bank Polski SA shares exceeding the threshold 5% of total number of votes at the General Shareholders' Meeting of the Bank. As a result of the acquisition of the PKO Bank Polski SA shares, cleared on 24 July, ING Otwarty Fundusz Emerytalny increased its stake in the Bank's shares to 64 594 448, representing 5.17% of share capital and of total number of votes at the General Shareholders' Meeting of the Bank. Prior to the purchase transaction ING Otwarty Fundusz Emerytalny held 53 631 448 shares of PKO Bank Polski SA, representing 4.29% of share capital and of total number of votes at the General Shareholders' Meeting of the Bank.

Signatures of all Members of the Management Board of the Bank

31.07.2012	Zbigniew Jagiełło	President of the Management Board (signature)
31.07.2012	Piotr Alicki	Vice-President of the Management Board (signature)
31.07.2012	Bartosz Drabikowski	Vice-President of the Management Board (signature)
31.07.2012	Jarosław Myjak	Vice-President of the Management Board (signature)
31.07.2012	Jacek Obłąkowski	Vice-President of the Management Board (signature)
31.07.2012	Jakub Papierski	Vice-President of the Management Board (signature)

Signature of person responsible for
maintaining the books of account

31.07.2012

Danuta Szymańska
Director of the Accounting Division

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(signature)