



PKO BANK POLSKI
SPÓŁKA AKCYJNA

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

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Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Group
for the six-month period ended 30 June 2009*

(in PLN thousand)

**CONDENSED CONSOLIDATED INCOME STATEMENT
for the six-month periods ended 30 June 2009 and 30 June 2008 respectively**

	Notes	01.01 – 30.06.2009	01.01 – 30.06.2008
Continued operations:			
Interest and similar income	4	4 332 615	4 177 094
Interest expense and similar charges	4	(2 030 988)	(1 261 069)
Net interest income		2 301 627	2 916 025
Fee and commission income	5	1 525 661	1 564 820
Fee and commission expense	5	(353 874)	(370 846)
Net fee and commission income		1 171 787	1 193 974
Dividend income		5 035	3 860
Net income from financial instruments designated at fair value through profit and loss	6	64 006	(50 450)
Gains less losses from investment securities		(3 972)	(1 779)
Net foreign exchange gains	7	640 182	360 664
Other operating income	8	311 247	209 166
Other operating expenses	8	(154 986)	(109 904)
Net other operating income and expense		156 261	99 262
Net impairment allowance	9	(764 081)	(176 702)
Administrative expenses	10	(2 075 126)	(2 010 735)
Operating profit		1 495 719	2 334 119
Share of profit (loss) of associates and jointly controlled entities		(332)	16 822
Profit before income tax		1 495 387	2 350 941
Income tax expense	11	(335 608)	(488 089)
Net profit (including minority interest)		1 159 779	1 862 852
Net profit attributable to minority shareholders		9 221	14 539
Net profit attributable to equity holders of the parent company		1 150 558	1 848 313
Earnings per share:			
- basic earnings per share (PLN)		1.15	1.85
- diluted earnings per share (PLN)		1.15	1.85
Weighted average of ordinary shares during the period		1 000 000 000	1 000 000 000
Weighted average (diluted) of ordinary shares during the period		1 000 000 000	1 000 000 000

Discontinued operations:

In the six-month periods ended 30 June 2009 and 30 June 2008 the PKO BP SA Group did not carry out discontinued operations.

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

	01.01- 30.06.2009	01.01- 30.06.2008
Profit for the period	1 159 779	1 862 852
Other comprehensive income after tax	195 430	(49 202)
Currency translation differences from foreign operations (net of tax)	1 403	(6 346)
Financial assets available for sale (net of tax)	12 828	(42 856)
Cash flow hedge (net of tax)	181 199	-
Total net comprehensive income	1 355 209	1 813 650
Total net comprehensive income, of which:	1 355 209	1 813 650
attributable to equity holders of parent company	1 345 985	1 799 226
attributable to minority shareholders	9 224	14 424

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for the six-month period ended 30 June 2009*

(in PLN thousand)

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

	Notes	30.06.2009	31.12.2008
ASSETS			
Cash and balances with the central bank		2 861 363	5 836 892
Amounts due from banks	13	4 606 698	3 363 599
Trading assets	14	1 742 988	1 496 147
Derivative financial instruments	15	3 079 712	3 597 670
Financial assets designated at fair value through profit and loss	17	9 870 752	4 555 544
Loans and advances to customers	18	107 798 572	101 107 891
Investment securities available for sale	19	6 113 805	8 614 913
Securities held to maturity		5 865	-
Investments in associates and jointly controlled entities	20	231 188	247 145
Non-current assets held for sale		16 066	-
Inventories		667 992	622 410
Intangible assets	21	1 428 826	1 352 778
Tangible fixed assets	21	2 889 153	2 964 659
- including investment properties		24 196	24 170
Current income tax receivables		6 266	6 649
Deferred income tax asset		231 371	239 237
Other assets		707 895	630 452
TOTAL ASSETS		142 258 512	134 635 986
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to the central bank		455 417	2 816
Amounts due to other banks		5 708 569	6 988 603
Derivative financial instruments	15	2 276 246	6 150 337
Amounts due to customers	22	114 115 689	102 939 281
Debt securities in issue		299 057	211 573
Subordinated liabilities		1 612 053	1 618 755
Other liabilities	23	2 803 150	1 667 776
Current income tax liabilities		131 677	472 228
Deferred income tax liability		23 373	20 585
Provisions	24	512 371	566 016
TOTAL LIABILITIES		127 937 602	120 637 970
Equity			
Share capital		1 000 000	1 000 000
Other capital		11 954 434	9 835 307
Currency translation differences from foreign operations		(56 013)	(57 413)
Retained earnings		248 806	53 232
Net profit for the period		1 150 558	3 120 674
Capital and reserves attributable to equity holders of the parent company		14 297 785	13 951 800
Minority interest		23 125	46 216
TOTAL EQUITY		14 320 910	13 998 016
TOTAL EQUITY AND LIABILITIES		142 258 512	134 635 986
Capital adequacy ratio		11.21	11.29
Book value (TPLN)		14 320 910	13 998 016
Number of shares		1 000 000 000	1 000 000 000
Book value per share (PLN)		14.32	14.00
Diluted number of shares		1 000 000 000	1 000 000 000
Diluted book value per share (PLN)		14.32	14.00

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

*Condensed Consolidated Interim Financial Statements of
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for the six-month period ended 30 June 2009*

(in PLN thousand)

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

for the six-month period ended 30 June 2009	Share capital	Other capital					Currency translation differences from foreign operations	Retained earnings	Net profit for the period	Total equity attributable to equity holders of the parent company	Minority interest	Total equity	
		Reserve capital	Other reserves	General banking risk fund	Financial assets available for sale	Cash flow hedge							Total other equity
As at 1 January 2009	1 000 000	7 274 717	1 523 827	1 070 000	(33 237)	-	9 835 307	(57 413)	53 232	3 120 674	13 951 800	46 216	13 998 016
Transfer of net profit from previous years	-	-	-	-	-	-	-	-	3 120 674	(3 120 674)	-	-	-
Total comprehensive income	-	-	-	-	12 828	181 199	194 027	1 400	-	1 150 558	1 345 985	9 224	1 355 209
Transfer from retained earnings	-	43 840	1 881 260	-	-	-	1 925 100	-	(1 925 100)	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(1 000 000)	-	(1 000 000)	(32 620)	(1 032 620)
Other	-	-	-	-	-	-	-	-	-	-	-	305	305
As at 30 June 2009	1 000 000	7 318 557	3 405 087	1 070 000	(20 409)	181 199	11 954 434	(56 013)	248 806	1 150 558	14 297 785	23 125	14 320 910

for the six-month period ended 30 June 2008	Share capital	Other capital					Currency translation differences from foreign operations	Retained earnings	Net profit for the period	Total equity attributable to equity holders of the parent company	Minority interest	Total equity	
		Reserve capital	Other reserves	General banking risk fund	Financial assets available for sale	Cash flow hedge							Total other equity
As at 1 January 2008	1 000 000	5 592 311	1 518 025	1 070 000	(43 066)	-	8 137 270	(47 761)	(72 192)	2 903 632	11 920 949	58 066	11 979 015
Transfer of net profit from previous years	-	-	-	-	-	-	-	-	2 903 632	(2 903 632)	-	-	-
Total comprehensive income	-	-	-	-	(42 856)	-	(42 856)	(6 231)	-	1 848 313	1 799 226	14 424	1 813 650
Transfer from retained earnings	-	1 634 146	5 000	-	-	-	1 639 146	-	(1 639 146)	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(1 090 000)	-	(1 090 000)	(30 750)	(1 120 750)
Other	-	-	-	-	-	-	-	-	-	-	-	(20)	(20)
As at 30 June 2008	1 000 000	7 226 457	1 523 025	1 070 000	(85 922)	-	9 733 560	(53 992)	102 294	1 848 313	12 630 175	41 720	12 671 895

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for the six-month period ended 30 June 2009*

(in PLN thousand)

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

	Note	01.01 - 30.06.2009	01.01 - 30.06.2008
Net cash flow from operating activities			
Net profit		1 150 558	1 848 313
Adjustments:		(4 825 155)	1 011 416
Profit/loss of minority shareholders		9 221	14 539
Amortisation and depreciation		229 071	208 730
(Gains) losses on investing activities		(2 048)	(2 461)
Interest and dividends		(223 992)	(146 925)
Change in amounts due from banks		265 876	611 197
Change in trading assets and other financial assets designated at fair value through profit and loss		(5 562 049)	3 374 822
Change in derivative financial instruments (asset)		517 958	(624 264)
Change in loans and advances to customers		(7 229 888)	(9 460 599)
Change in deferred income tax asset and income tax receivables		8 249	182 116
Change in other assets		(139 091)	(226 266)
Change in amounts due to other banks		(688 319)	(104 504)
Change in derivative financial instruments (liability)		(3 874 091)	634 308
Change in amounts due to customers		10 966 375	6 004 528
Change in debt securities in issue		87 484	(36 510)
Change in impairment allowances and provisions		445 016	203 559
Change in other liabilities		222 611	448 734
Income tax paid		(706 450)	(236 032)
Current tax expense		365 899	481 969
Other adjustments		483 013	(315 525)
Net cash from / used in operating activities		(3 674 597)	2 859 729
Net cash flow from investing activities			
Inflows from investing activities			
Proceeds from sale of investment securities		7 799 228	3 342 484
Proceeds from sale of intangible assets and tangible fixed assets		7 790 026	3 324 042
Other investing inflows		6 916	14 598
		2 286	3 844
Outflows from investing activities			
Purchase of a subsidiary, net of cash acquired		(5 515 695)	(3 533 618)
Purchase of investment securities		(477 521)	(6 340)
Purchase of investment securities		(4 814 096)	(3 174 363)
Purchase of intangible assets and tangible fixed assets		(224 078)	(352 915)
Net cash from / used in investing activities		2 283 533	(191 134)
Net cash flow from financing activities			
Redemption of debt securities in issue		(62 895)	-
Dividends paid to minority shareholders		(32 620)	-
Long-term borrowings		434 627	557 458
Repayment of long term loans		(412 538)	(482 096)
Net cash generated from financing activities		(73 426)	75 362
Net cash inflow / (outflow)		(1 464 490)	2 743 957
Cash and cash equivalents at the beginning of the period		8 270 243	9 232 316
Cash and cash equivalents at the end of the period	27	6 805 753	11 976 273
of which restricted		5 464	6 495

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

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

The parent company of the Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Group is Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna (“PKO BP SA”; “the parent company”; “the Bank”).

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

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

The Bank's shareholding structure is as follows:

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

The Bank is a public company quoted on the Warsaw Stock Exchange. According to the Warsaw Stock Exchange Bulletin (Cedula Gieldowa), the Bank is classified under the macro-sector “Finance”, sector “Banks”.

Business activities

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

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(in PLN thousand)

In addition, Group subsidiaries conduct activities relating to leasing, real estate development as well as render other financial services. The scope of activities of each of the Group entities is set out in this note, in the table 'Structure of the PKO BP SA Group'.

The Group operates in the Republic of Poland and through its subsidiaries, KREDOBANK SA and UKRPOLINWESTYCJE Sp. z o.o., in Ukraine.

Structure of the PKO BP SA Group

The PKO BP SA Group consists of the following entities:

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

1) PKO BP SA acquired directly 1 share in the entity.

2) Other shares of Finanse – Agent Transferowy Sp. z o.o. in hold of Powszechne Towarzystwo Emerytalne BANKOWY SA (19.6702%) and PKO BP SA (0.0011%).

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

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

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

- on 20 April 2009 Eligiusz Jerzy Krześniak (Vice-Chairman of the Supervisory Board) resigned from the post of Member of the Supervisory Board of the Bank effective from 19 April 2009;
- on 20 April 2009 the Extraordinary General Meeting of PKO BP SA removed the following persons from the post of Members of the Supervisory Board of the Bank:
 - Jerzy Osiatyński
 - Urszula Pałaszek
 - Roman Sobiecki.

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

- on 20 April 2009 the Extraordinary General Meeting of PKO BP SA appointed the following persons to the Supervisory Board of the Bank:
 - Cezary Banasiński
 - Jacek Gdański
 - Błażej Lepczyński
 - Jerzy Stachowicz.

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

Approval of financial statements

These Condensed Consolidated Interim Financial Statements of the Group, which were subject to review of the Bank's Supervisory Board Audit Committee on 25 August 2009, have been approved for issue by the Bank's Management Board on 21 August 2009.

These Condensed Consolidated Interim Financial Statements of the Group are published together with Condensed Financial Statements of the PKO BP SA for the six-month period ended 30 June 2009.

2. Summary of significant accounting policies and critical estimates

2.1. Summary of significant accounting policies

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' endorsed by the EU.

The accounting policies and calculation methods applied by preparation of these Condensed Consolidated Interim Financial Statements are consistent to those, which were applied by preparation of Consolidated Financial Statements for the year ended 31 December 2008, apart from issues described below:

- 1) changes resulting from the amended IAS 1 'Presentation of Financial Statements' mainly relating to the introduction of a statement of comprehensive income and changes in the balance sheet nomenclature. The Group adopted early the amendments to the standard which apply to the annual financial statements for the periods commencing from 1 January 2009. In these financial statements the comparative data has been brought to comparability;
- 2) early adoption of IFRS 8 'Operating Segment', which is formally binding for annual financial statements for the periods commencing from 1 January 2009. IFRS 8 replaced IAS 14 'Segment Reporting'. IFRS 8 requires management approach to reporting on financial results about operating segments and introduces segment identification based on information reviewed by the Management Board (i.e. the main body responsible for making operational decisions) on a regular basis;
- 3) beginning from the second quarter of 2009, the Group applies hedge accounting for cash flow hedges of the loan and deposit portfolios. A detailed description of the adopted accounting policies has been provided in point 2.1.1.

2.1.1. Hedge accounting

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

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

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

Disclosures concerning the type of hedging relationships applied and the financial data are presented in Note 16 'Derivative hedging instruments'.

2.1.1.1. Hedge accounting criteria

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

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

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

2.1.1.2. Discontinuing hedge accounting

The Group discontinues hedge accounting when:

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

2.1.1.3. Fair value hedge

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

2.1.1.4. Cash flow hedges

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

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

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

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

2.1.2. Standards and interpretations issued in 2009 after the date of publishing the Consolidated Financial Statements for the year ended 31 December 2008

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

2.2. Critical estimates

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

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

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

2.2.1. Impairment of loans and advances

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

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

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

2.2.2. Impairment of investments in associates and jointly controlled entities

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

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

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

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 quotations). The Group conducted a simulation to assess the potential influence of change of the yield curve on the transaction valuation. Upwards move of yield curve by 50 bp. would result in increase of non-option derivative instruments valuation by PLN 8 499 thousand. Analogous move downwards would result in valuation decrease by PLN 9 616 thousand.

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

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

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

Debt securities available for sale neither listed on a regulated market nor issued by the State Treasury are measured at fair value using valuation models. The variables and assumptions used in valuation are reviewed periodically with reference to market bid and purchase prices of these instruments in transactions concluded by the Bank with not related parties.

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

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

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

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

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

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

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

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

3. Segment reporting

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

The segmentation report presented below reflects the internal organizational structure of the PKO BP SA Group. At present, the PKO BP SA Group consists of three basic segments: retail, corporate and investment:

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

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

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

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

3. The investment segment which comprises investing and brokerage activities, inter-bank transactions, derivative instruments and debt securities transactions, BTK SA and PKO Finance AB activities.

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

The accounting policies applied in the segmentation report are consistent with the accounting policies described in chapter 2 of this report.

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

The following tables present data on income and results of the individual business segments of the PKO BP SA Group for the six-month periods ended 30 June 2009 and 30 June 2008, and selected assets and liabilities as at 30 June 2009 and 31 December 2008.

Additionally, the Group applies segmentation pattern based on geographical segments. The PKO BP SA Group activity is also conducted in Ukraine – via KREDOBANK SA and Ukrpolinwestycje Sp. z o.o.

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(in PLN thousand)

Period from 01.01.2009 to 30.06.2009	Continued activities			
	Retail segment	Corporate segment	Investment segment	All activities of the PKO BP SA Group
Net interest income	2 542 176	246 369	(486 918)	2 301 627
Net fee and commission income	1 022 958	104 161	44 668	1 171 787
Other net income	517 354	118 392	225 766	861 512
Net impairment allowance attributable to the segment	(622 048)	(131 246)	(11 359)	(764 653)
Net impairment allowance not attributable to the segment	-	-	-	572
Administrative expenses, including:	(1 914 204)	(115 579)	(45 343)	(2 075 126)
Depreciation and amortisation	(210 034)	(15 940)	(3 097)	(229 071)
Share of profit (loss) of associates and jointly controlled entities	-	-	-	(332)
Segment profit (gross)	1 546 236	222 097	(273 186)	1 495 387
Income tax expense	-	-	-	(335 608)
Profit (loss) attributable to minority shareholders	-	-	-	9 221
Net profit (loss)	1 546 236	222 097	(273 186)	1 150 558

As at 30.06.2009	Retail segment	Corporate segment	Investment segment	All activities of the PKO BP SA Group
Assets	88 962 968	32 458 616	20 836 928	142 258 512
Liabilities	98 018 440	22 349 927	7 569 235	127 937 602

Period from 01.01.2008 to 30.06.2008	Continued activities			
	Retail segment	Corporate segment	Investment segment	All activities of the PKO BP SA Group
Net interest income	2 587 179	223 589	105 257	2 916 025
Net fee and commission income	1 064 014	84 064	45 896	1 193 974
Other net income	313 588	76 503	21 466	411 557
Net impairment allowance attributable to the segment	(136 891)	(100 579)	61 568	(175 902)
Net impairment allowance not attributable to the segment	-	-	-	(800)
Administrative expenses, including:	(1 828 390)	(132 497)	(49 848)	(2 010 735)
Depreciation and amortisation	(187 847)	(16 909)	(3 974)	(208 730)
Share of profit (loss) of associates and jointly controlled entities	-	-	-	16 822
Segment profit (gross)	1 999 500	151 080	184 339	2 350 941
Income tax expense	-	-	-	(488 089)
Profit (loss) attributable to minority shareholders	-	-	-	14 539
Net profit (loss)	1 999 500	151 080	184 339	1 848 313

As at 31.12.2008	Retail segment	Corporate segment	Investment segment	All activities of the PKO BP SA Group
Assets	87 212 981	32 366 023	15 056 982	134 635 986
Liabilities	89 980 263	21 918 299	8 739 408	120 637 970

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Period from 01.01.2009 to 30.06.2009	Continued activities		
	Poland	Ukraine	All activities of the PKO BP SA Group
Net interest income	2 214 584	87 043	2 301 627
Net fee and commission income	1 147 050	24 737	1 171 787
Other net income	856 504	5 008	861 512
Administrative expenses	(2 006 095)	(69 031)	(2 075 126)
Net impairment allowance	(584 447)	(179 634)	(764 081)
Share of profit (loss) of associates and jointly controlled entities	-	-	(332)
Segment profit (gross)	1 627 596	(131 877)	1 495 387
Income tax expense	-	-	(335 608)
Profit (loss) attributable to minority shareholders	-	-	9 221
Net profit (loss)	1 627 596	(131 877)	1 150 558
Segment assets – as at 30.06.2009	139 949 787	2 308 725	142 258 512
Segment liabilities – as at 30.06.2009	126 456 376	1 481 226	127 937 602

period from 01.01.2008 to 30.06.2008	Continued activities		
	Poland	Ukraine	All activities of the PKO BP SA Group
Net interest income	2 857 232	58 793	2 916 025
Net fee and commission income	1 171 883	22 091	1 193 974
Other net income	419 106	(7 549)	411 557
Administrative expenses	(1 952 803)	(57 932)	(2 010 735)
Net impairment allowance	(174 337)	(2 365)	(176 702)
Share of profit (loss) of associates and jointly controlled entities	-	-	16 822
Segment profit (gross)	2 321 081	13 038	2 350 941
Income tax expense	-	-	(488 089)
Profit (loss) attributable to minority shareholders	-	-	14 539
Net profit (loss)	2 321 081	13 038	1 848 313
Segment assets – as at 31.12.2008	132 777 717	1 858 269	134 635 986
Segment liabilities – as at 31.12.2008	119 220 032	1 417 938	120 637 970

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4. Interest income and expense

Interest and similar income

	01.01 - 30.06.2009	01.01 - 30.06.2008
Income from loans and advances to customers	3 731 976	3 541 164
Income from securities designated at fair value through profit and loss	191 736	236 730
Income from placements with other banks	94 326	207 813
Income from investment securities	185 462	157 602
Income from derivative hedging instruments	78 370	-
Income from trading securities	39 720	31 832
Other	11 025	1 953
Total	4 332 615	4 177 094

In the 'Income from derivative hedging instruments' the Group presents interest income from designated derivative instruments that are effective hedging instruments in the respect of cash flow hedge. Details of hedging relations applied by the Group are included in Note 16 'Derivative hedging instruments'.

Interest expense and similar charges

	01.01 - 30.06.2009	01.01 - 30.06.2008
Interest expense on customers	(1 881 616)	(1 120 443)
Interest expense on debt securities in issue	(66 870)	(59 822)
Interest expense on deposits from other banks	(32 273)	(32 080)
Other	(50 229)	(48 724)
Total	(2 030 988)	(1 261 069)

5. Fee and commission income and expense

Fee and commission income

	01.01 - 30.06.2009	01.01 - 30.06.2008
Income from financial assets, which are not valued through profit and loss, of which:	163 362	149 975
Income from loans and advances	163 362	149 975
Other fee and commissions	1 361 520	1 414 383
Income from payment cards	445 562	403 227
Income from maintenance of bank accounts	424 298	402 365
Income from portfolio and other management fees	168 848	261 683
Income from loan insurance intermediary and other services	92 971	109 129
Income from cash transactions	89 798	96 951
Income from securities transactions	24 270	22 920
Income from foreign mass transactions servicing	20 054	20 364
Income from sale and distribution of marks of value	9 651	12 196
Other*	86 068	85 548
Income from trust servicing	779	462
Total	1 525 661	1 564 820

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

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Fee and commission expense

	01.01 - 30.06.2009	01.01 - 30.06.2008
Expenses on payment cards	(161 216)	(146 455)
Expenses on acquisition services	(76 753)	(65 350)
Expenses on loan insurance intermediary and other services	(34 983)	(47 707)
Expenses on portfolio and other management fees	(21 228)	(54 378)
Expenses on fee and commissions for operating services granted by other banks	(3 314)	(3 578)
Expenses on fee and commissions paid to PPUP	(2 342)	(2 628)
Other*	(54 038)	(50 750)
Total	(353 874)	(370 846)

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

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

	01.01 - 30.06.2009	01.01 - 30.06.2008
Derivative instruments	39 780	9 717
Debt securities	21 892	(56 623)
Equity instruments	1 191	(3 585)
Other	1 143	41
Total	64 006	(50 450)

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

01.01 - 30.06.2009	Gains	Losses	Net result
Trading assets	9 075 836	(9 021 149)	54 687
Financial assets designated upon initial recognition at fair value through profit and loss	76 262	(66 943)	9 319
Total	9 152 098	(9 088 092)	64 006

01.01 - 30.06.2008	Gains	Losses	Net result
Trading assets	17 166	(58 304)	(41 138)
Financial assets designated upon initial recognition at fair value through profit and loss	6 163 463	(6 172 775)	(9 312)
Total	6 180 629	(6 231 079)	(50 450)

7. Net foreign exchange gains

	01.01 - 30.06.2009	01.01 - 30.06.2008
Foreign exchange differences resulting from financial instruments at fair value through profit and loss	2 620 665	105 929
Foreign exchange differences	(1 980 483)	254 735
Total	640 182	360 664

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

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8. Other operating income and expense

	01.01 - 30.06.2009	01.01 - 30.06.2008
Other operating income		
Net income from sale of goods, commodities and materials*	187 984	107 986
Recovery of expired and written-off receivables	14 815	7 443
Sundry income	10 988	12 083
Sales and disposal of tangible fixed assets, intangible assets, and assets held for sale	27 380	8 196
Damages, penalties and fines received	10 615	5 816
Sale of shares in associates	245	3 746
Other**	59 220	63 896
Total	311 247	209 166

* 'Net income from sale of goods, commodities and materials' includes mainly: income related to real estate construction activities, income related to sale of electronic recharge services for mobile phones, phone cards and other IT services.

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

	01.01 - 30.06.2009	01.01 - 30.06.2008
Other operating expenses		
Costs of sale of goods, commodities and materials*	(89 216)	(47 027)
Costs of sale and disposal of tangible fixed assets, intangible assets and assets held for sale	(27 217)	(9 292)
Sundry expenses	(2 799)	(2 616)
Donations	(2 273)	(2 427)
Costs of tangible fixed assets construction and intangible assets development - not capitalized	(50)	(364)
Other**	(33 431)	(48 178)
Total	(154 986)	(109 904)

* 'Costs of sale of goods, commodities and materials' includes mainly costs related to real estate constructions activities.

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

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9. Net impairment allowance

For the six-month period ended 30 June 2009	Increases				Decreases				Impairment allowances at the end of the period	Net impairment allowances – impact on the income statement
	Impairment allowances at the beginning of the period	Impairment allowances recognised during the period	Foreign exchange differences	Other	Decrease in impairment allowances due to derecognition of assets, not impacting the income statement	Impairment allowances reversed during the period	Foreign exchange differences	Other		
Financial assets available for sale	25 691	10 534	436	-	7 025	5 076	-	-	24 560	(5 458)
Loans and advances to customers and amounts due from other banks valued at amortised cost	2 945 987	2 062 642	21 569	2 004	230 232	1 314 712	-	-	3 487 258	(747 930)
Tangible fixed assets	2 035	18	-	-	39	799	-	-	1 215	781
Intangible assets	91 733	-	-	7 610	-	-	-	-	99 343	-
Investments in entities valued using equity method	4 360	-	-	-	-	-	-	-	4 360	-
Other	219 549	258 771	998	100 162	9 314	247 297	-	12 783	310 086	(11 474)
Total	3 289 355	2 331 965	23 003	109 776	246 610	1 567 884	-	12 783	3 926 822	(764 081)

For the six-month period ended 30 June 2008	Increases				Decreases				Impairment allowances made at the end of period	Net impairment allowances – impact on the income statement
	Impairment allowances at the beginning of the period	Impairment allowances recognised during the period	Foreign exchange differences	Other	Decrease in impairment allowances due to derecognition of assets, not impacting the income statement	Impairment allowances reversed during the period	Foreign exchange differences	Other		
Financial assets available for sale	26 849	6 136	-	-	-	8 313	1	247	24 424	2 177
Loans and advances to customers and amounts due from other banks valued at amortised cost	2 415 879	930 762	24	5 367	32 006	687 277	2 134	-	2 630 615	(243 485)
Tangible fixed assets	3 053	190	-	-	-	522	-	103	2 618	332
Intangible assets	15 373	-	-	-	-	-	-	-	15 373	-
Investments in entities valued using equity method	64 814	-	-	-	38	61 568	-	-	3 208	61 568
Other	138 861	35 279	-	3 376	1 865	37 985	425	7 405	129 836	2 706
Total	2 664 829	972 367	24	8 743	33 909	795 665	2 560	7 755	2 806 074	(176 702)

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10. Administrative expenses

	01.01- 30.06.2009	01.01- 30.06.2008
Staff costs	(1 096 501)	(1 158 382)
Overheads	(691 983)	(603 599)
Depreciation and amortisation expense	(229 071)	(208 730)
Taxes and other charges	(32 719)	(31 657)
Contribution and payments to Banking Guarantee Fund	(24 852)	(8 367)
Total	(2 075 126)	(2 010 735)

Wages and salaries / Employee benefits

	01.01- 30.06.2009	01.01- 30.06.2008
Wages and salaries	(906 291)	(944 983)
Social security payments	(156 910)	(161 302)
Other employee benefits	(33 300)	(52 097)
Total	(1 096 501)	(1 158 382)

11. Income tax expense

	01.01- 30.06.2009	01.01- 30.06.2008
Consolidated income statement		
Current income tax expense	(365 898)	(481 969)
Deferred income tax related to temporary differences	30 290	(6 120)
Tax expense disclosed in the consolidated income statement	(335 608)	(488 089)
Tax expense disclosed in the consolidated equity	40 801	10 053
Total	(294 807)	(478 036)

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

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

On 28 April 2009, the Ordinary General Shareholders' Meeting of PKO Towarzystwo Funduszy Inwestycyjnych SA passed Resolution No. 3 on earmarking the Company's profit for 2008 to the payment of dividend to minority interests in the amount of PLN 26 250 thousand.

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13. Amounts due from banks

	30.06.2009	31.12.2008
Deposits with other banks	3 558 897	2 106 309
Receivables due from repurchase agreements	498 294	603 200
Current accounts	325 187	383 847
Loans and advances	247 838	290 475
Cash in transit	6 657	7 879
Total	4 636 873	3 391 710
Impairment allowances, of which:	(30 175)	(28 111)
impairment allowances on exposure to foreign bank	(30 070)	(28 111)
Net total	4 606 698	3 363 599

14. Trading assets

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

15. Derivative financial instruments

Type of contract	30.06.2009		31.12.2008	
	Assets	Liabilities	Assets	Liabilities
IRS	1 723 768	1 617 321	2 599 375	2 554 343
FRA	41 174	46 412	128 673	124 489
FX Swap	179 639	90 070	22 350	359 114
CIRS	494 760	79 924	56 289	2 391 272
Forward	104 357	15 985	204 356	135 645
Options	529 259	410 886	574 434	585 414
Other	6 755	15 648	12 193	60
Total	3 079 712	2 276 246	3 597 670	6 150 337

16. Derivative hedging instruments

As at 30 June 2009, 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, following from the risk of fluctuations in interest rates and foreign exchange rates, using CIRS transactions;
- 2) Hedges against fluctuations in cash flows from floating interest rate loans in PLN, following from the risk of fluctuations in interest rates, using IRS transactions.

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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	Hedges against fluctuations from loans in PLN at float rate, resulting from the risk of fluctuations in interest rates, using IRS transactions
Type of hedge relationship	Cash flow hedge accounting (macro cash flow hedge).	Cash flow hedge accounting (macro cash flow hedge).
Description of hedge relationship	Elimination of the risk of cash flow fluctuations generated by mortgage loans denominated in CHF and negotiated term deposits in PLN resulting from fluctuations in reference interest rates in CHF and PLN and changes in foreign exchange rates CHF/PLN during the hedged period.	Elimination of the risk of cash flow fluctuations generated by loans denominated in PLN at float rate resulting from the interest rate risk in the period covered by the hedge.
Hedged risk	Currency risk and interest rate risk.	Interest rate risk.
Hedging instrument	CIRS transactions where the Group pays coupons based on 3M CHF LIBOR and receives coupons based on 3M WIBOR on the nominal amount defined in CHF and PLN respectively.	IRS transactions where the Bank pays coupons based on floating 3M WIBOR, and receives coupons based on a fixed rate on the nominal amount for which they were concluded.
Hedged position	<ol style="list-style-type: none"> 1) The portfolio of floating rate mortgage loans denominated in CHF. 2) The portfolio of short-term negotiable term deposits, including renewals in the future (high probability of occurrence). 	The portfolio of loans in PLN indexed to the floating 3M WIBOR rate.
Hedge effectiveness	The effectiveness of the hedge is verified by applying prospective and retrospective effectiveness tests. The tests are performed on a monthly basis.	The effectiveness of the hedge is verified by applying prospective and retrospective effectiveness tests. The tests are performed on a monthly basis.
The date of establishing a hedging relationship	Beginning from 1 April of this year, gradually on the dates of resetting the CIRS designated for hedge accounting.	May 2009
Periods in which cash flows are expected and in which they should have an impact on the financial result	from July 2009 to January 2017	from July 2009 to May 2010

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Cash flow hedge

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

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

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

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

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

Gross amount recognised in the revaluation reserve for the period amounted to PLN 223 699 thousand.

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

	30.06.2009	31.12.2008
Debt securities	9 870 752	4 555 544
issued by the State Treasury	6 093 408	4 373 621
issued by central banks	3 748 875	-
issued by other banks	23 007	172 876
issued by non-financial entities	5 462	9 047
Total	9 870 752	4 555 544

18. Loans and advances to customers

	30.06.2009	31.12.2008
Loans and advances - gross, including:	111 255 655	104 025 767
Consumer	21 847 397	20 776 265
Corporate	40 057 548	37 137 849
Mortgage	48 849 697	45 589 436
Interests	501 013	522 217
Total impairment allowances	(3 457 083)	(2 917 876)
Loans and advances - net	107 798 572	101 107 891

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	30.06.2009	31.12.2008
Loans and advances		
Receivables valued using the collective method (IBNR)	100 071 856	97 203 517
Receivables valued using the individual method	5 943 401	2 220 283
Receivables valued using the portfolio method	2 876 669	2 205 414
Finance lease receivables	2 363 729	2 396 553
Loans and advances - gross	111 255 655	104 025 767
Impairment allowance on exposures with portfolio impairment	(1 652 109)	(1 398 065)
Impairment allowance on exposures with individual impairment	(1 191 307)	(758 070)
Impairment allowance on exposures with collective impairment (IBNR)	(558 475)	(717 081)
Impairment allowance on finance lease receivables	(55 192)	(44 660)
Total impairment allowances	(3 457 083)	(2 917 876)
Loans and advances - net	107 798 572	101 107 891

19. Investment securities available for sale

	30.06.2009	31.12.2008
Debt securities available for sale	6 050 445	8 544 543
issued by the central banks	-	2 673 729
issued by other banks	37 734	46 756
issued by other financial institutions	-	74 427
issued by non-financial institutions	819 071	815 210
issued by the State Treasury	3 735 573	3 516 322
issued by local government bodies	1 458 067	1 418 099
Impairment allowance on debt securities available for sale	(21 539)	(19 932)
Total debt securities available for sale	6 028 906	8 524 611
Equity securities available for sale	87 920	96 061
Impairment allowance on equity securities available for sale	(3 021)	(5 759)
Total net equity securities available for sale	84 899	90 302
Total net investment securities	6 113 805	8 614 913

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 for the Bank's share in the change in the entity's net assets after acquisition date and potential allowances for impairment losses)

Entity name	30.06.2009	31.12.2008
Centrum Obsługi Biznesu Sp. z o.o	11 195	10 934
Grupa Kapitałowa Centrum Haffnera Sp. z o.o.	38 256	45 748
Total	49 451	56 682

- b) The value of the Bank's investments in associates (i.e. the acquisition cost adjusted for the Bank's share in the change in the entities' net assets and potential allowances for impairment losses)

Entity name	30.06.2009	31.12.2008
Bank Pocztowy SA	177 659	175 871
Kolej Gondolowa Jaworzyna Krynicka SA	-	13 851
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	3 796	463
Agencja Inwestycyjna CORP SA	282	278
Total	181 737	190 463

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Selected data on associated entities accounted for using the equity method

Entity name	Total assets	Total liabilities	Total revenues	Net profit	% share
30.06.2009					
Bank Pocztowy SA	3 901 808	2 622 310	153 177	8 149	25.0001%
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	15 948	36	271	10	33.33%
Agencja Inwestycyjna CORP SA	3 515	1 909	7 450	455	22.31%
Total	3 921 271	2 624 255	160 898	8 614	X
31.12.2008					
Bank Pocztowy SA	2 705 720	2 433 862	297 820	26 132	25.0001%
Kolej Gondolowa Jaworzyna Krynicka SA	44 648	7 794	12 408	3 714	37.53%
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	15 614	18	379	10 017	33.33%
Agencja Inwestycyjna CORP SA	3 899	2 290	13 165	451	22.31%
Total	2 769 881	2 443 964	323 772	40 314	X

The financial information presented above is derived from the Group entities' 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 statements prepared in accordance with IFRS/IAS are not significant from the perspective of the consolidated financial statements of the Group. The information for the year 2008 is derived from audited financial statements.

Condensed data on jointly controlled entities accounted for using the equity method:

Entity name	Total assets	Total liabilities	Total revenues	Net profit (loss)	% share
30.06.2009					
Centrum Obsługi Biznesu Sp. z o.o.	133 953	106 241	8 830	(4 137)	41.44%
Grupa Centrum Haffnera Sp. z o.o.	339 336	260 486	7 379	(1 726)	49.43%
Total	473 289	366 727	16 209	(5 863)	X
31.12.2008					
Centrum Obsługi Biznesu Sp. z o.o.	138 954	107 083	23 151	2 758	41.44%
Grupa Centrum Haffnera Sp. z o.o.	278 743	198 633	11 815	(13 788)	49.43%
Total	417 697	305 716	34 966	(11 030)	X

The financial information of Centrum Obsługi Biznesu Sp. z o.o. presented in the table above is derived from financial statements prepared in accordance with the Polish Accounting Standards, and the information for Centrum Haffnera Sp. z o.o. is derived from consolidated 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 statements prepared in accordance with IFRS/IAS are not significant from the perspective of the consolidated financial statements of the Group. The information for Centrum Obsługi Biznesu Sp. z o.o. for the year 2008 is derived from audited financial statements.

	01.01- 30.06.2009	01.01- 30.06.2008
Investments in associates at the beginning of the period	190 463	122 313
Share of profit	6 899	10 257
Dividends paid	(94)	(64)
Share in changes in equity	(15 531)	-
Reclassification of Kolej Gondolowa Jaworzyna Krynicka SA shares into non-current assets held for sale	(15 531)	-
Change in impairment allowances of investment	-	61 568
Investment in associates at the end of the period	181 737	194 074

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	01.01- 30.06.2009	01.01- 30.06.2008
Investments in jointly controlled entities at the beginning of the period	56 682	56 271
Share of profit (loss)	(7 231)	6 565
Investments in jointly controlled entities at the end of the period	49 451	62 836

In January 2009, PKO BP SA, taking into consideration the status of the work related to the sale of shares in Kolej Gondolowa Jaworzyna Krynicka SA, reclassified all the shares held in the above-mentioned company to held-for-sale assets (in accordance with IFRS 5). Until now, the company, as the Bank's associate, was recognized in the consolidated financial statements under the equity method.

As at 30 June 2009 and 31 December 2008, the parent company had no share in contingent liabilities and commitments of associates acquired jointly with other investors.

In the Condensed Consolidated Interim Financial Statements for the period ended 30 June 2009 all associates and jointly controlled entities have been recognized under the equity method.

21. Intangible assets and tangible fixed assets

Intangible assets	30.06.2009	31.12.2008
Development costs	3 342	6 923
Software	1 154 550	971 226
Goodwill acquired as a result of change in the Group's structure (including subsidiaries' goodwill)	164 720	164 720
Other, including capital expenditures	106 214	209 909
Total	1 428 826	1 352 778

Tangible fixed assets	30.06.2009	31.12.2008
Land and buildings	1 770 919	1 716 141
Machinery and equipment	583 745	498 166
Means of transport	48 661	55 182
Assets under construction	343 256	559 619
Investment properties	24 196	24 170
Other	118 376	111 381
Total	2 889 153	2 964 659

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22. Amounts due to customers

	30.06.2009	31.12.2008
Amounts due to corporate entities	21 805 287	19 332 897
Current accounts and overnight deposits	8 081 193	7 215 707
Term deposits	12 771 887	11 582 684
Loans and advances	599 491	378 009
Other	352 716	156 497
Amounts due to state budget entities	7 361 421	7 283 578
Current accounts and overnight deposits	3 426 769	3 873 868
Term deposits	3 894 040	3 360 986
Other	40 612	48 724
Amounts due to retail clients	84 948 981	76 322 806
Current accounts and overnight deposits	35 178 121	29 247 846
Term deposits	49 402 734	46 778 479
Other	368 126	296 481
Total amounts due to customers	114 115 689	102 939 281

23. Other liabilities

	30.06.2009	31.12.2008
Accounts payable	261 050	237 520
Deferred income	257 841	262 867
Other	2 284 259	1 167 389
including declared dividend	1 000 000	-
Total	2 803 150	1 667 776

24. Provisions

For the six-month period ended 30 June 2009	Provision for legal claims	Provisions for anniversary bonuses and retirement benefits	Provisions for liabilities and guarantees granted	Other provisions*	Total
As at 1 January 2009, including:	9 352	365 186	78 250	113 228	566 016
short term portion	9 352	46 648	78 250	113 228	247 478
long term portion	-	318 538	-	-	318 538
Increase/reassessment	338	37	249 266	6 035	255 676
Use	(226)	-	-	(31 295)	(31 521)
Release	(774)	(24 897)	(252 261)	(445)	(278 377)
Foreign exchange differences	-	-	(80)	-	(80)
Other changes and reclassifications	(568)	(24)	-	1 249	657
As at 30 June 2009, including:	8 122	340 302	75 175	88 772	512 371
short term portion	8 122	37 734	75 175	88 772	209 803
long term portion	-	302 568	-	-	302 568

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

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For the six-month period ended 30 June 2008	Provision for legal claims	Provisions for anniversary bonuses and retirement benefits	Provisions for liabilities and guarantees granted	Other provisions*	Total
As at 1 January 2008, including	7 558	320 857	28 063	97 823	454 301
short term portion	7 558	41 084	28 063	97 823	174 528
long term portion	-	279 773	-	-	279 773
Increase / reassessment	-	434	32 229	916	33 579
Use	(580)	(6)	-	-	(586)
Release	(316)	(164)	(36 999)	(17 781)	(55 260)
Foreign exchange differences	-	-	(17)	-	(17)
Other changes and reclassifications	2 818	79	(185)	-	2 712
As at 30 June 2008, including:	9 480	321 200	23 091	80 958	434 729
short term portion	9 480	41 427	23 091	80 958	154 956
long term portion	-	279 773	-	-	279 773

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

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

25. Commitments and contingent liabilities

Underwriting programs

As at 30 June 2009

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

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

** Relates to the Agreement for the Bill Issuance Program of PKO BP SA.

As at 31 December 2008

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

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

** Relates to Agreement for the Bill Issuance Program of PKO BP SA.

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

Contractual commitments

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

Loan commitments

	30.06.2009	31.12.2008
financial sector	1 089 758	635 344
non-financial sector	24 619 154	25 084 434
public sector	633 384	421 666
Total loan commitments to:	26 342 296	26 141 444
of which: irrevocable loan commitments	7 783 036	7 712 824

Loan commitments are presented in nominal values.

Guarantees issued

Guarantees	30.06.2009	31.12.2008
Financial sector	10 058	4 871
Non-financial sector	4 657 314	4 093 755
Public sector	463 818	204 073
Total	5 131 190	4 302 699

Guarantees in respect of loans or advances with a total value accounting for 10% the Bank's equity

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

Information on provisions for contingent guarantees and financial liabilities is included in Note 24 'Provisions'.

Contingent assets

	30.06.2009	31.12.2008
Received:	4 753 135	4 928 425
financial	586 722	753 118
guarantees	4 166 413	4 175 307

Assets pledged as collateral for contingent liabilities

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

26. Legal claims

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

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

As at 30 June 2009, on the basis of analyses performed, the Group recognized a provision for potential cash outflows due to legal claims in the amount of PLN 8 122 thousand (as at 31 December 2008 PLN 9 352 thousand), which is presented in Note 24 'Provisions'.

27. Supplementary information to the cash flow statement

Cash and cash equivalents

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

	30.06.2009	31.12.2008	30.06.2008
Cash and balances with the Central Bank	2 861 363	5 836 892	4 790 500
Current receivables from other financial institutions	3 944 390	2 433 351	7 185 773
Total	6 805 753	8 270 243	11 976 273

Cash flow from interests and dividends, both received and paid

Interest income – received	01.01- 30.06.2009	01.01- 30.06.2008
Income from loans and advances	3 229 641	3 253 922
Income from securities designated at fair value through profit and loss	171 479	216 952
Income from placements with other banks	102 529	200 079
Income from investment securities	242 648	158 262
Income from trading securities	38 839	30 482
Other	1 024 981	316 066
Interest income - received - total	4 810 117	4 175 763

Dividend income - received	01.01- 30.06.2009	01.01- 30.06.2008
Dividend income from associates and jointly controlled entities	94	64
Dividend income from other entities	2 192	1 371
Dividend income - received – total	2 286	1 435

Interest expense - paid	01.01- 30.06.2009	01.01- 30.06.2008
Interest expense on deposits	(1 359 736)	(733 645)
Interest expense on loans and advances	(62 587)	(55 115)
Interest expense on debt securities in issue	(65 237)	(51 770)
Other (mainly premium from debt securities, interest expense on cash collateral liabilities, interest expense on current account of special purpose funds)	(843 201)	(441 550)
Interest expense - paid - total	(2 330 761)	(1 282 080)

Dividend expense - paid	01.01- 30.06.2009	01.01- 30.06.2008
Dividend paid to minority shareholders	(32 620)	-
Dividend expense - paid - total	(32 620)	-

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28. Transactions with the State Treasury and related entities

Receivables, securities and liabilities arising from transactions conducted with the State Treasury, state budgetary agencies and other entities partially owned by the State Treasury are disclosed in the 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 to several acts (Journal of Laws, 2003; No. 119, item 1115 with subsequent amendments), PKO BP SA receives payments from the State budget in respect of interest receivable on those loans.

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

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

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

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

As of 1 January 1996 the Bank became the general distributor of duty stamps. The amount received in this respect from the State Treasury was recognized under "Fee and commission income".

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

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

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

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

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

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

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

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

29. Related party transactions

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

30 June 2009

Entity	Net receivables	including gross loans	Liabilities	Total revenues	including interest and fee and commission income	Total costs	including interest and fee and commission costs	Contingent liabilities and commitments
Sopot Zdrój Sp. z o.o.	232 830	230 991	3 112	4 939	4 939	7	7	18 287
Centrum Majkowskiego Sp. z o.o.	-	-	9 233	2	2	80	80	-
Kamienica Morska Sp. z o.o.	-	-	1 570	3	3	-	-	-
Promenada Sopocka Sp. z o.o.	49 599	49 599	3 221	1 313	1 313	1	1	-
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	-	-	11 073	-	-	324	324	-
Agencja Inwestycyjna „CORP” SA	-	-	56	-	-	595	-	-
CENTRUM HAFFNERA Sp. z o.o.	-	-	135	7	7	-	-	4 470
Centrum Obsługi Biznesu Sp z o.o.	-	-	-	-	-	-	-	-
Bank Pocztowy SA	-	-	302	-	-	1 531	1 531	14
Kolej Gondolowa Jaworzyna Krynicka SA	1 500	1 500	-	2	2	15	15	1 500
Total	283 929	282 090	28 702	6 266	6 266	2 553	1 958	24 271

31 December 2008

Entity	Net receivables	including gross loans	Liabilities	Total revenues	including interest and fee and commission income	Total costs	including interest and fee and commission costs	Contingent liabilities and commitments
Sopot Zdrój Sp. z o.o.	154 192	151 656	3 175	3 681	3 681	20	20	80 421
Centrum Majkowskiego Sp. z o.o.	-	-	8 812	4	4	318	-	-
Kamienica Morska Sp. z o.o.	-	-	1 139	12	11	14	-	3 755
Promenada Sopocka Sp. z o.o.	29 083	28 605	395	700	700	10	10	20 996
Agencja Inwestycyjna „CORP” SA	-	-	47	509	-	139	-	-
CENTRUM HAFFNERA Sp. z o.o.	-	-	1 183	17	17	54	54	4 172
Centrum Obsługi Biznesu Sp z o.o.	33 752	33 598	27 226	2 316	2 311	622	622	-
Bank Pocztowy SA	-	-	197	7	-	2 102	2 102	-
Kolej Gondolowa Jaworzyna Krynicka SA	1 361	1 361	1	36	36	8	8	139
Total	218 388	215 220	42 175	7 282	6 760	3 287	2 816	109 483

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30. Remuneration – parent company key management

a) Short-term employee benefits

Remuneration received from PKO BP SA

	01.01.- 30.06.2009	01.01.- 30.06.2008
The Management Board of the Bank		
Short-term employee benefits	954	1 542
The Supervisory Board of the Bank		
Short-term employee benefits	140	123
Total	1 094	1 665

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

	01.01.- 30.06.2009	01.01.- 30.06.2008
The Management Board of the Bank		
Short-term employee benefits	636	613
The Supervisory Board of the Bank		
Short-term employee benefits	21	91
Total	657	704

b) post-employment benefits

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

c) other long-term benefits

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

d) benefits due to termination of employment

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

e) share-based payments

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

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

	01.01.- 30.06.2009	01.01.- 30.06.2008
Employees	1 268 252	1 217 814
The Management Board members	154	150
The Supervisory Board members	69	71
Total	1 268 475	1 218 035

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Remuneration received by members of the Management Boards and the Supervisory Boards of the Group's subsidiaries

	01.01.- 30.06.2009	01.01.- 30.06.2008
The Management Board		
Short-term employee benefits	1 701	4 866
The Supervisory Board		
Short-term employee benefits	662	700
Total	2 363	5 566

31. Change in the Group's structure

In the first half of 2009, the following events occurred which had an impact on the structure of the PKO BP SA Group:

a) relating to KREDOBANK SA

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

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

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

b) relating to Fort Mokotów Inwestycje Sp. z o.o.

The company Fort Mokotów Inwestycje Sp. z o.o. was registered in the National Court Register on 7 April 2009. The Company's share capital amounts to PLN 43 551 thousand, consisting of 43 551 shares of PLN 1 000 nominal value each.

PKO BP SA acquired shares in the Company with a nominal value of PLN 43 546 thousand (constituting 99.9885% of the share capital and entitling to 99.9885% of voting rights) and in exchange for them made a non-cash contribution in the form of the right to perpetual usufruct of land at Raclawicka Street in Warsaw.

The other shareholder of the Company is PKO Inwestycje Sp. z o.o., a PKO BP SA subsidiary.

c) relating to Bankowy Faktoring SA

The company Bankowy Faktoring SA was registered in the National Court Register on 6 January 2009. The Company's share capital amounted to PLN 1 million and consists of 1 000 registered shares of PLN 1 000 nominal value each.

All shares in the Company's capital were acquired by Bankowe Towarzystwo Kapitałowe SA, a subsidiary of PKO BP SA, for PLN 1 330 thousand.

The Company's business is factoring.

On 2 March 2009, to increase its control over the operations of its indirect subsidiaries, PKO BP SA purchased 1 share of Bankowy Faktoring SA from Bankowe Towarzystwo Kapitałowe SA. The total acquisition price amounted to PLN 1 343.

On 2 June 2009, the increase in the share capital of Bankowy Faktoring SA in the total amount of PLN 2 million was registered with the National Court Register. As at 30 June 2009, the Company's share capital amounted to PLN 3 million and consisted of 3 000 registered shares of PLN 1 000 nominal value each.

All the shares in the increased share capital were taken up by Bankowe Towarzystwo Kapitałowe SA for a price equal to the nominal value of the shares taken up.

After the above-mentioned issue was registered, Bankowe Towarzystwo Kapitałowe SA held a total of 99.9667% of the Company's share capital which authorized it to 99.9667% voting rights at the Company's General Shareholders' Meeting.

d) relating to Bankowy Leasing Sp. z o.o.

On 2 March 2009, to increase its control over the operations of its indirect subsidiaries, PKO BP SA purchased 1 share of Bankowy Leasing Sp. z o.o. from Bankowy Fundusz Leasingowy SA (a subsidiary of PKO BP SA). The total acquisition price amounted to PLN 651.40.

On 10 June 2009, the increase in the share capital of Bankowy Leasing Sp. z o.o. in the total amount of PLN 15 million was registered with the National Court Register. As at 30 June 2009, the Company's share capital amounts to PLN 16.3 million and consists of 32 600 shares of PLN 500 nominal value each.

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

After the said issue was registered, BFL SA held a total of 99.9969% of the Company's share capital which authorized it to 99.9969% voting rights at the Company's General Shareholders' Meeting.

e) relating to WISŁOK Inwestycje Sp. z o.o.

On 14 January 2009, PKO Inwestycje Sp. z o.o.– the Bank's subsidiary – made an additional contribution to the share capital of WISŁOK Inwestycje Sp. z o.o. of PLN 800 thousand.

f) relating to Baltic Dom 2 Sp. z o.o.

On 24 April 2009, PKO Inwestycje Sp. z o.o.– the Bank's subsidiary – made an additional contribution to the share capital of Baltic Dom 2 Sp. z o.o. of PLN 280 thousand.

As at 30 June 2009 and as at 30 June 2008, Baltic Dom 2 Sp. z o.o. was consolidated under the equity method in the consolidated financial statements of the PKO BP SA Group.

g) relating to increase of the control over activities of selected indirect subsidiaries of PKO BP SA

In the first quarter of 2009, to increase its control over the activities of indirect subsidiaries, PKO BP SA acquired, apart from the shares referred to above, the following:

- 1) from PKO Inwestycje Sp. z o.o. 1 share of Wilanów Investments Sp. z o.o. (the total purchase price amounted to PLN 15 329.20) and 1 share of POMERANKA Sp. z o.o. (the total purchase price amounted to PLN 381.60);
- 2) from Bankowy Fundusz Leasingowy SA 1 share of BFL Nieruchomości Sp. z o.o. (the total purchase price amounted to PLN 651.40);
- 3) from Inteligo Financial Services SA 1 share of Finanse – Agent Transferowy Sp. z o.o. (the total purchase price amounted to PLN 351.60).

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32. Description of differences between the previously published financial statements and these financial statements

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

INCOME STATEMENT OF THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP			
Title (in relation to changed positions)	01.01-30.06.2008 presented previously	01.01-30.06.2008 comparative data	Difference
Interest and similar income	4 175 498	4 177 094	1 596 ¹
Fee and commission income	1 532 053	1 564 820	32 767 ²
Fee and commission expense	(359 860)	(370 846)	(10 986) ²
Net income from financial instruments designated at fair value through profit and loss	(61 109)	(50 450)	10 659 ⁵
Gains less losses from investment securities	(183)	(1 779)	(1 596) ¹
Net foreign exchange gains	371 323	360 664	(10 659) ⁵
Other operating income	345 155	209 166	(135 989) ^{2,3}
Other operating expenses	(224 910)	(109 904)	115 006 ^{2,3,4}
Administrative expenses	(2 009 937)	(2 010 735)	(798) ⁴

1) Change in the presentation of income on investment securities.

2) Change in the presentation of revenues and costs in respect of managing the Open Pension Fund (OFE).

3) Change in the presentation resulting from netting off change of products in real estate construction companies.

4) Change in the presentation of non planned amortisation and depreciation.

5) Change in the presentation of selected gains and losses from derivatives financial instruments

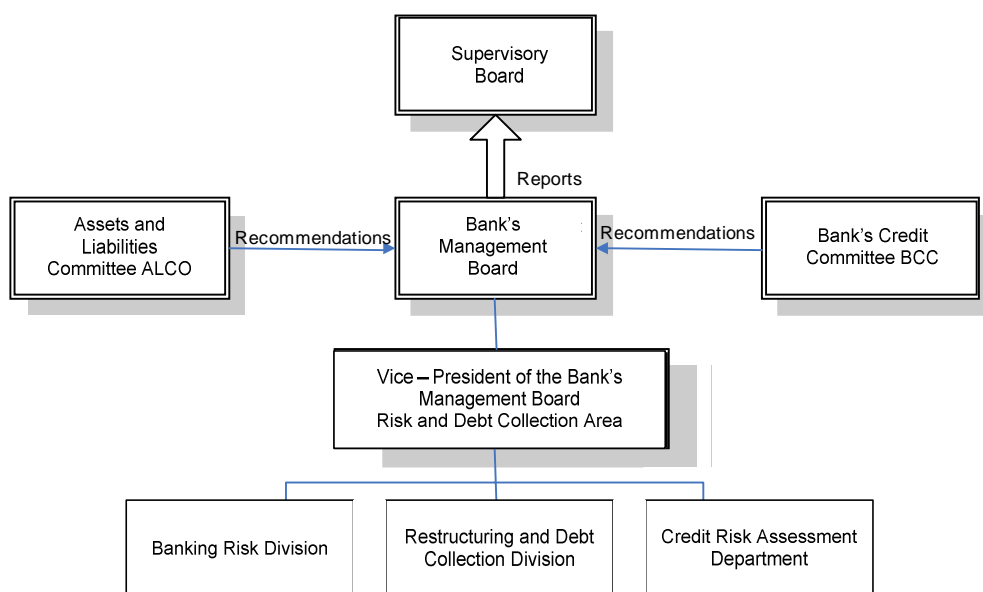
The presentation changes marked with the numbers 1-4 are the result of the presentation changes introduced in the annual consolidated financial statements of the Group prepared as at 31 December 2008.

The presentation change marked with number 5 results from reclassifying, in 2009, the fair value measurement of foreign exchange options from 'Net income from financial instruments at fair value through profit and loss' to 'Net foreign exchange gains'. The new presentation method adopted in respect of the result on the valuation of foreign exchange options enables better reflection of the economic substance of foreign exchange options, including the spot and forward transactions hedging these options (hedges of the foreign currency position generated through the effect of changes in market parameters on the open position of foreign exchange options).

33. Objectives and principles of financial instruments risk management

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

Organisational risk management model



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

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

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

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

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

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

The Bank supervises activities of the individual subsidiaries of the Group PKO BP SA. As part of this supervision, the Bank sets out and approve their development strategies, including risk management

strategies. The Group 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.

Influence of the global crisis on banking risk management

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

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

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

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

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

Credit risk

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

Portfolio risk measurement

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

- Probability of Default (PD);
- Expected Loss (EL);
- Credit Value at Risk (CVaR);
- Effectiveness measures used in scoring methodologies (Accuracy Ratio);
- Share and structure of non-performing loans;
- Share and structure of exposures for which an individual loss of value has been determined.

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

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

Loan collateral policy

Group collateral management is meant to secure properly the credit risk for which the Group is exposed, by way of establishing collateral that will ensure the highest possible level of recovery in the event of realisation of collateral. Group policies regarding legal collateral measures are included in the internal regulations of the Group 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 on the property. Until a mortgage is effectively established (depending on the type and amount of loan), a higher credit margin is used or a security is accepted in the form of transfer of receivables resulting from a construction contract, a bill of exchange, a guarantee or insurance of receivables.

Credit risk management tools

Basic credit risk management tools used by the Bank include:

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

Credit risk reporting

The Bank prepares monthly and quarterly credit risk reports for ALCO, the Credit Committee, the Management Board and the Supervisory Board. The reports contain information about the historical credit risk amounts and credit risk forecasts. In addition to the information concerning the Bank, the reports also contain information about the credit risk level for two Group companies, KREDOBANK SA and BFL SA, which have significant credit risk levels.

Credit risk management at the Group subsidiaries

The Group companies, which have significant credit risk levels (KREDOBANK SA, BFL SA) 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 BP SA, taking into account the specific nature of the activities of these companies.

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

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

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KREDOBANK SA and BFL SA have units responsible for risk in their organizational structures, which are in particular responsible for:

- developing methods of credit risk assessment, recognizing provisions and allowances,
- controlling and monitoring credit risk during the lending process,
- the quality and effectiveness of restructuring and enforcement of the amounts due from clients.

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

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

Appropriate organizational units of the Banking Risk Area participate in managing the credit risk in the Group companies by giving their opinions on projects and periodically reviewing internal regulations of the 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 companies.

Group's exposure to credit risk

Amounts due from banks	Exposure	
	30.06.2009	31.12.2008
Amounts due from banks impaired	30 620	28 486
of which assessed on an individual basis	30 070	28 486
Amounts due from banks not impaired	4 606 253	3 363 224
neither past due nor impaired	4 605 616	3 361 761
past due but not impaired	637	1 463
Gross total	4 636 873	3 391 710
Impairment allowances	(30 175)	(28 111)
Net total (carrying amount)	4 606 698	3 363 599

Loans and advances to customers	Exposure	
	30.06.2009	31.12.2008
Loans and advances impaired	7 916 696	3 820 011
of which assessed on an individual basis	4 848 280	1 932 692
Loans and advances not impaired	103 338 959	100 205 756
neither past due nor impaired	96 573 397	94 476 168
past due but not impaired	6 765 562	5 729 588
Gross total	111 255 655	104 025 767
Impairment allowances	(3 457 083)	(2 917 876)
Net total (carrying amount)	107 798 572	101 107 891

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

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

Investment securities available for sale – debt securities	Exposure	
	30.06.2009	31.12.2008
Debt securities impaired	42 182	22 245
of which assessed on an individual basis	42 182	22 245
Debt securities not impaired	6 008 263	8 522 298
not past due	6 008 263	8 522 298
Gross total	6 050 445	8 544 543
Impairment allowances	(21 539)	(19 932)
Net total (carrying amount)	6 028 906	8 524 611

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Maximum exposure to credit risk

The table below presents maximum exposure to credit risk of the Group as at 30 June 2009 and as at 31 December 2008.

Balance sheet items	30.06.2009	31.12.2008
Current account with the central bank	941 360	3 419 832
Amounts due from banks	4 606 698	3 363 599
Trading assets – debt securities	1 740 795	1 491 524
Derivative financial instruments	3 079 712	3 597 670
Other financial instruments designated at fair value through profit and loss - debt securities	9 870 752	4 555 544
Loans and advances to customers	107 798 572	101 107 891
Investment securities available for sale - debt securities	6 028 906	8 524 611
Other assets - other financial assets	359 751	366 732
Total	134 426 546	126 427 403

Off-balance sheet items	30.06.2009	31.12.2008
Irrevocable liabilities granted	26 342 296	7 712 824
Guarantees granted	3 426 618	3 239 802
Letter of credit granted	182 110	241 892
Submission guarantees	1 522 462	821 005
Total	31 473 486	12 015 523

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 the risk of credit risk concentration in respect of:

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

The Banking Law specifies maximum concentration limits for the Bank, and effectively for the Group. According to Article 71.1 of the Banking Law, the total value of the Bank's exposures, off-balance sheet liabilities and commitments granted or shares held by the Bank directly or indirectly in another entity, additional payments into a limited liability company as well as contributions or limited partnership sums - whichever higher - in a limited partnership or limited joint-stock partnership with a risk of one entity or a group of entities related by capital or management, cannot exceed 20% of the Bank's consolidated own funds if any of these entities is related to the Bank, or 25% of the Bank's consolidated own funds if any such entity is unrelated to the Bank.

Furthermore, according to the Article 71.2 of the Banking Law, the aggregate amount of the Bank's exposures equal or in excess of 10% of its own funds towards individual entities, shall not exceed the large exposure limit, which is 800% of the Bank's own funds.

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

As at 30 June 2009, the level of concentration risk of the Group with respect to individual exposures was low – the biggest exposure to a single entity was equal to 6.9% of the consolidated own funds. As at 31 December 2008, the biggest exposure to a single entity was equal to 5.11% of the consolidated own funds

The 20 largest borrowers of the Group include only clients of PKO BP SA.

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Concentration of credit risk by the largest groups

The greatest exposure of the PKO BP SA Group towards a group of borrowers amounted to 1.58% of portfolio value and was due to a consolidation process of companies from the power supply industry. The 5 biggest groups include only clients of PKO BP SA.

As at 30 June 2009, concentration of credit risk by the largest capital groups was low - the greatest exposure of the Group towards a capital group amounted to 13.5% of the Group's own funds and was due to a consolidation process of companies from the power supply industry.

As at 31 December 2008, the greatest exposure of the Group towards a capital group amounted to 12.9% of the Group's own funds.

Concentration of credit risk by currency

As at 30 June 2009, the share of currency exposures, other than PLN, in the total credit portfolio of the Group amounted to 28.8% (as at 31 December 2008 29.0%). The greatest parts of currency exposures are those in CHF and they relate mainly to mortgage loans granted by the Bank.

A slight decrease in share of loans denominated in foreign currencies in the first half of 2009 results from lower sales of mortgage loans denominated in foreign currencies, which is a result of tightening the Bank's credit policy regarding loans denominated in foreign currencies that took place in the fourth quarter of 2009.

Other types of concentration

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

Individually determined to be impaired financial assets (gross)

	30.06.2009	31.12.2008
Amounts due from banks	30 070	28 486
Loans and advances to customers	4 848 280	1 932 692
Financial entities	45 286	42 735
corporate loans	45 286	42 735
Non-financial entities	4 796 785	1 880 418
consumer loans	42 228	18 525
mortgage loans	1 240 744	311 097
corporate loans	3 513 813	1 550 796
State budget entities	6 209	9 539
corporate loans	6 209	9 539
Financial assets available for sale	42 210	23 862
issued by financial entities	9	2 599
issued by non-financial entities	31 243	21 263
issued by the governmental and the local governmental bodies	10 958	-
Total	4 920 560	1 985 040

Market risk

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

Interest rate risk

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

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

The main tools used in interest rate risk management include:

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

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

Methods of interest rate risk management in the other Group entities are defined by internal regulations implemented by those Group entities which are characterized 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 Group entities.

At the end of June 2009 and at the end of 2008, the exposure of the PKO BP SA Group to the interest rate risk mainly comprised of the exposure of the Bank. Interest rate risk generated by the other 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 changed by exposure of the Group, in which the biggest part has the exposure of KREDOBANK SA.

Exposure of the Group to interest rate risk was within accepted limits.

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

Name of sensitivity measure	30.06.2009	31.12.2008
VaR for a 10-day time horizon (PLN thousand)*	28 153	72 337
Parallel move of interest rate curves by +200 bps (PLN thousand)	328 117	266 216**

* Due to the nature of the activities carried out by the other Group entities generating significant interest rate risk as well as a the specific nature of the market in which they operate, the Bank does not calculate consolidated VaR. These companies apply their own risk measures in the interest rate risk management. KREDOBANK SA uses the 10-day interest rate VaR for the main currencies, which amounted to PLN 49 690 thousand as of 30 June 2009 and PLN 17 788 thousand as of 31 December 2008, respectively.

** Data restated to comparability purpose

As at 30 June 2009, the interest rate VaR for the holding period of 10 days (10-day VaR) amounted to PLN 28 153 thousand, which accounted for approximately 0.23% of the value of the Bank's own funds. As at 31 December 2008, VaR for the Bank amounted to PLN 72 337 thousand, which accounted to approximately 0.60% of the Bank's own funds.¹ The interest rate risk was generated mainly by the risk of a mismatch between the repricing dates of assets and liabilities and basis risk.

¹ Own funds calculated in accordance with regulations governing calculation of the capital adequacy ratio.

Currency risk

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

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

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

The main tools used in currency risk management include:

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

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

Methods of currency risk management in the particular Group entities are defined by internal regulations implemented by these entities. The regulations are developed by the Group entities, which are characterized 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 Group entities.

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

Name of sensitivity measure	30.06.2009	31.12.2008
VaR for a 10-day time horizon (PLN thousand)*	28 467***	11 297**
Change of PLN +15% (PLN thousands)	67 526***	13 222

* Due to the nature of the activities carried out by the other Group entities generating significant currency risk as well as a the specific nature of the market in 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 interest rate VaR which amounted to PLN 3 012 thousand as of 30.06.2009 and PLN 809 thousand as of 31.12.2008.

** VaR as at 30 June 2009 resulted mainly from USD position due to the acquisition of KREDOBANK SA shares, registered on 31 December 2008.

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

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

	30.06.2009	31.12.2008
	Currency position	Currency position
USD	93 146	(128 288)
GBP	(1 550)	(1 459)
CHF	365 340*	(14 865)
EUR	(28 035)	17 728
Other (Global Net)	21 271	38 661

* The Group's significant currency position results from significant long currency position in CHF (PLN 363 million) arising from change in yield curves used for CIRS valuation

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Liquidity risk

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

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

The Bank makes use of the following liquidity risk measures:

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

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

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

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

Methods of liquidity risk management in the other Group entities are defined by internal regulations implemented by those Group entities which are characterized 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 to the Group's entities.

Liquidity gaps presented below include: adjustments to real terms concerning permanent balances on deposits from non-financial institutions and their maturity, adjustments to real terms concerning permanent balance on loans in current account of non-financial subjects and their maturity, liquid securities and their maturity.

	a'vista	0 – 1 month	1 - 3 months	3 - 6 months	6 - 12 months	12 - 36 months	36 - 60 months	over 60 months
30.06.2009								
The Group adjusted gap	4 403 415	8 682 386	(3 954 398)	(2 908 825)	2 532 455	4 113 505	2 147 491	(15 016 029)
The Group - cumulative adjusted gap	4 403 415	13 085 801	9 131 403	6 222 578	8 755 033	12 868 538	15 016 029	-
31.12.2008								
The Group - adjusted gap	4 610 491	5 668 033	(3 379 392)	(1 983 388)	2 146 647	3 864 988	2 630 081	(13 557 460)
The Group - cumulative adjusted gap	4 610 491	10 278 524	6 899 132	4 915 744	7 062 391	10 927 379	13 557 460	-

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In all time horizons, the Group's cumulative² liquidity gap as at 30 June 2009 and 31 December 2008 was positive. This means a surplus of assets receivable over liabilities payable.

The table below presents liquidity reserve as at 30 June 2009 and 31 December 2008.

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

* Liquidity reserve equals the gap between the most liquid assets and expected and potential liabilities which mature in a given period of time. Due to differences in methodologies in measuring liquidity risk in particular Group companies, the Bank did not consolidate the particular liquidity provisions.

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

Operational and compliance risk

Operational risk

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

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

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

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

Since January 2009 the capital requirement for the operational risk has been calculated in line with so-called "standard method". For PKO BP SA group subsidiaries the capital requirement is calculated using basic index method.

Compliance risk

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

The objective of compliance risk management is to strengthen the image of the PKO BP SA Group as of entities that are reliable, fair, honest and compliant with law and adopted standards. This is achieved through mitigating compliance risk, reputation risk and legal sanction risk.

² The Group's liquidity gap in real terms has been determined as the sum of the Bank's gap in real terms and contractual liquidity gaps of the remaining entities of the Group.

Capital adequacy

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

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

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

The main measures of capital adequacy are:

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

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

Own funds

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

In the first half of 2009 own funds of the Group increased by PLN 156 290 thousand due to increase of value of retained earnings.

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

GROUP'S OWN FUNDS	30.06.2009	31.12.2008
Basic funds (Tier 1 capital)	11 463 335	11 265 718
Share capital	1 000 000	1 000 000
Reserve capital	7 318 557	7 274 717
Other reserves	3 405 087	1 523 827
General banking risk fund	1 070 000	1 070 000
Net profit for the current period in the part verified by a certified auditor after deduction of forecasted charges	-	1 824 745
Retained earnings	248 806	53 232
Unrealised losses on debt and equity instruments classified as available for sale	(26 673)	(43 346)
Intangible assets, of which:	(1 428 826)	(1 352 778)
goodwill of subsidiaries	(164 720)	(164 720)
Equity exposures	(90 728)	(73 482)
Currency translation differences from foreign operations	(56 013)	(57 413)
Minority interest	23 125	46 216
Supplementary funds (Tier 2 capital)	1 510 702	1 528 517
Subordinated liabilities classified as supplementary funds	1 600 700	1 600 700
Unrealised profits on debt and equity instruments classified as available for sale (up to 60% of their values before tax)	730	1 298
Equity exposures	(90 728)	(73 481)
Short-term equity (Tier 3 capital)	67 536	91 048
TOTAL EQUITY	13 041 573	12 885 283

Capital requirements (Pillar 1)

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

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

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

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

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

Capital requirements	30.06.2009	31.12.2008
Credit risk	8 112 794	7 676 474
credit risk (banking book)	7 991 276	7 514 510
counterparty risk (trading book)	121 518	161 964
Market risk	243 097	202 677
foreign exchange risk	36 460	-
equity securities risk	287	1 069
specific risk of debt instruments	177 998	167 505
general risk of interest rates	28 352	34 103
Operational risk	954 327	1 247 584
Other kinds of risk*	-	-
Total capital requirements	9 310 218	9 126 735
Capital adequacy ratio	11.21	11.29

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

The Group calculates capital requirements on account of credit risk, according to the following formula:

- in case of balance sheet items – a product of a carrying amount, a risk weight based on standard method and 8% (considering collateral),
- in case of contingent liabilities and commitments – a product of nominal value of liability, risk weight based on standard method of credit risk capital requirement and 8% (considering collateral),
- in case of off-balance sheet transactions (derivative instruments) – product of risk weight based on standard method of capital adequacy calculation on credit risk, balance sheet equivalent of off-balance sheet transaction and 8% (the value of the balance sheet equivalent is calculated in accordance with the mark-to-market method).

Internal capital (Pillar 2)

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

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

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

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

The total internal capital of each of the Group's entities is the sum of internal capital amount necessary to cover all of the significant risks for each of the entities.

The total internal capital of the Group is the sum of internal capital of the Bank and internal capital of all of the Group's entities.

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

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

Disclosures (Pillar 3)

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

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

34. Subsequent events

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

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

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

On 10 July 2009, the increase in the share capital of BFL Nieruchomości Sp. z o.o. in the total amount of PLN 6 million was registered with the National Court Register. All the shares in the increased share capital were taken up by Bankowy Fundusz Leasingowy SA for a price equal to the nominal value of the shares taken up.

On 28 July 2009, the change of name of PKO Inwestycje Sp. z o.o. into PKO BP Inwestycje Sp. z o.o. was registered in National Court Register.

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

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

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

Signatures of all Members of the Bank's Management Board

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

Signature of person responsible
for maintaining the books of account

21.08.2009

Danuta Szymańska

Director of the Bank
(signature)