PKO Bank Polski SA Group

Report

for the first quarter of 2010

PKO BANK POLSKI
SPÓŁKA AKCYJNA

Directors' Commentary to the financial results of the PKO Bank Polski SA Group for the first quarter of 2010

TABLE OF CONTENTS

1. Summary and selected financial data

NET PROFIT	**720.0**	**PLN million**	**+**	**33.2%**	**(y/y)**	as a result of increase in net interest income and net fee and commission income along with a decrease in foreign exchange gains and an increase in net impairment allowance
RESULT ON BUSINESS ACTIVITIES*	**2 346.4**	**PLN million**	**+**	**9.4%**	**(y/y)**	the result of increase in net interest income (+ 23.6% y/y) and net fee and commission income (+31.9% y/y) along with a decrease in foreign exchange gains (-68.6% y/y)
NET INTEREST INCOME	**1 474.5**	**PLN million**	**+**	**23.6%**	**(y/y)**	the result of introduction of hedge accounting in the Bank in the 2nd quarter of 2009 and the increase in income from securities and loans as well as a decrease in interest expense
NET FEE AND COMMISSION INCOME	**725.4**	**PLN million**	**+**	**31.9%**	**(y/y)**	the result of increase in fee a nd commission income related to loans and their insurance and to maintaining bank accounts and payment cards
COSTS	**-1 014.2**	**PLN million**	**-**	**6.2%**	**(y/y)**	the result of decrease in overhead expenses (-18.3% y/y) and in staff costs (-1.1% y/y)
NET IMPAIRMENT ALLOWANCE	**-425.1**	**PLN million**	**+**	**13.8%**	**(y/y)**	the result of increase in impairment allowances on consumer and mortgage loans and decrease in net impairment allowance on corporate loans and off-balance sheet liabilities
ROE NET	**13.9%**		**-**	**5.8**	**pp.**	the result of 33.2% (y/y) increase in net profit and increase in equity by 45.7% (y/y)
ROA NET	**1.7%**		**-**	**0.5**	**pp.**	due to 33.2% (y/y) increase in net profit and increase in assets by 12.4% (y/y)

** Result on business activities defined as operating profit before administrative expenses, net impairment allowance and tax.*

In the 1st quarter of 2010, the situation in the banking sector in Poland did not undergo any major changes. The on-going unfavourable economic conditions and aversion to risk limited the business activities of banks. In addition, the difficult income position of households, as well as low demand for loans among businesses had an adverse effect on the level of the sector's loan and deposit portfolios. Nevertheless, the first signs of slight revival on the banking market did appear.

In this period, PKO Bank Polski SA continued its measures to maintain its strong deposit and equity base – it is expected that these measures will constitute a basis for a stable development of business activities, while the priorities relating to business effectiveness and effective cost control being maintained.

The net profit of the PKO Bank Polski SA Group generated in the 1st quarter of this year amounted to PLN 720.0 million, which represents an increase of PLN 179.3 million compared with the corresponding period of the previous year. The profit generated was determined by:

⇒ the high level of the result on business activities of the PKO Bank Polski SA Group – PLN 2 346.4 million, accompanied by the negative effect of net impairment allowance on the results of the PKO Bank Polski SA Group;

⇒ the effective structure of the statement of financial position – an increase in the deposits of the PKO Bank Polski SA Group of PLN 12.6 billion y/y and an increase in equity base of PLN 6.6 billion allowed business activities to increase dynamically. The loans to deposits ratio amounted to 95.9% as at the end of the 1st quarter of 2010;

⇒ the cost rationalization – a 6.2% fall in costs y/y, mainly overheads by 18.3% y/y and the costs of employee benefits by 1.1% y/y, which, with a 9.4% increase in income secured a fall in the C/I ratio to 43.2% y/y.

2. External environment

Macroeconomic environment

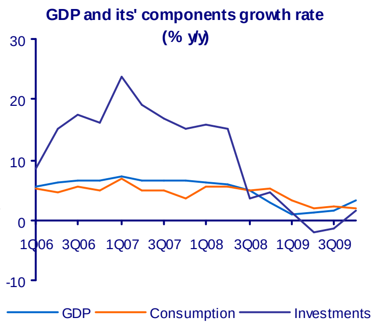
In the 1st quarter of 2010:

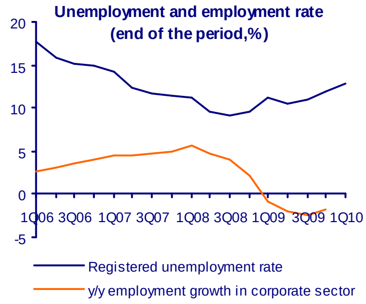
– the pace of improvement in the economic situation slowed down due to adverse weather conditions which resulted in a substantial reduction in production in the construction sector, the difficult situation on the job market being maintained and the availability of consumer loans being limited, which resulted in the low pace of increase in private consumption being maintained. The published monthly data shows that the low dynamics of consumption and production in the construction sector may prevail over the positive trends in export sales and restocking. As a result, the GDP dynamics in the 1st quarter of 2010 may be lower than in the 4th quarter of the previous year in which it amounted to 3.1% y/y;

– the low pace of increase in household income was continued, the annual pace of increase in wages and salaries in the business sector reached an average of 2.8%, with employee pensions and disability pensions increasing by 7.3% p.a.; the scale of the annual fall in employment levels in businesses weakened; in March 2010 the unemployment rate increased to 12.9%.

– inflation measured with CPI dropped to 2.6% y/y in March 2010 from 3.5% y/y in December 2009 due to a slower growth of food and energy prices and appreciation of the Polish zloty;

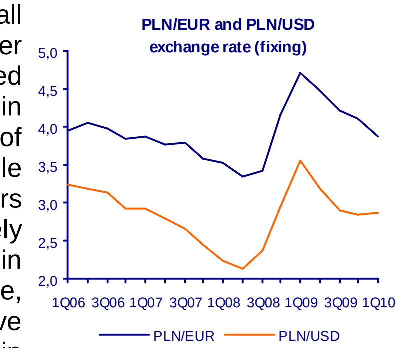
– The Monetary Policy Council (RPP) did not change the interest rates; the NBP reference rate amounted to 3.50% in the 1st quarter of 2010.





Situation on the financial market

In the 1st quarter, there were strong increases in the prices of Treasury bonds with the yield curve flattening out. In the case of 10-year bonds the fall in return amounted to 70 b.p., whereas in the case of securities with shorter maturities – 30-50 b.p. The fall in return was the result of the continued improvement in the situation on the global financial markets and a fall in aversion to risk, accompanied by the favourable effects of the inflow of foreign capital: the strong appreciation of the zloty and the favourable foundations of the domestic economy (the slowing down of the scale of fears regarding the situation of the State Budget faced with the relatively favourable results of business activity), as well as the high excess liquidity in the banking sector increasing domestic demand for bonds. At the same time, faced with a certain volatility as regards the expectations of a more restrictive monetary policy being introduced, throughout the quarter there was a fall in expectations as regards increases in interest rates in the current year.



In the 1st quarter of the year, WIBOR 1M and 12M decreased by 10-20 b.p. The interbank loan rates changed in connection with the growing over-liquidity of banking sector and diminishing expectations concerning the increase in interest rates by the NBP.

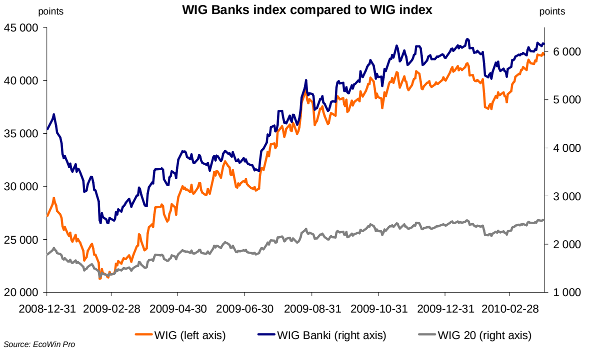
In the 1st quarter of the year, there was observed the intensity of the appreciation trend of the Polish zloty, which began in the 2nd quarter of 2009. The exchange rate of the Polish zloty grew by 6% to the euro and amounted to PLN 3.86 (to EUR) – under the psychological border of PLN 4.00 (to EUR). The exchange rate of the Polish zloty decreased slightly by 0.8% to the American dollar and amounted to PLN 2.87 (to USD) due to the significant dollar appreciation on global markets. Appreciation of the Polish zloty was a result of increasing stability on the global financial markets, including a drop in the risk premium for investment in financial assets on the Central and Eastern European markets and very favorable fundamental situation of the national economy.

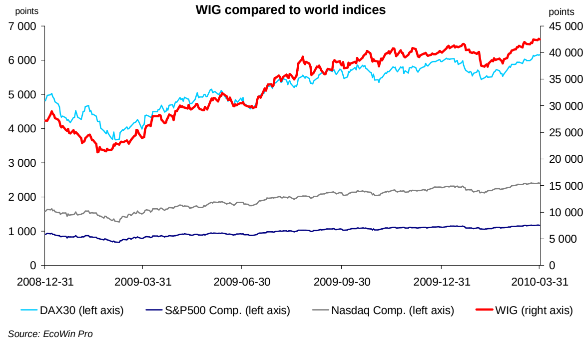
Situation on the stock exchange

After a long period of strong increases in share prices as at the end of 2009, the 1st quarter of 2010 saw the stabilization of stock exchange indices. The demand for shares is mainly stimulated by the expectations of the global economy reviving in the coming years.

In February, there was a periodical fall in the main stock exchange indices. In the 1st quarter of 2010 the main index WIG increased by 6.2%, the index of companies with the greatest capitalization WIG20 increased by 4.5%, and the index WIG Banks increased by 4.9% compared with the increases of 6.4%, 13.3% and 9% respectively in the 4th quarter of 2009. Greater increases occurred in indices grouping small and medium-sized companies (sWIG80 up 12.1%, mWIG40 up 6.4%). As at the end of the 1st quarter of 2010, the WIG index amounted to 42 447 points and the WIG Banks index amounted to 6 158 points, reaching the levels of July 2008 when the share market was falling.

In the 1st quarter of 2010, three companies made their debut on the main stock exchange market (twice as less as in the 4th quarter of 2009). The same number of companies was withdrawn from the stock exchange. As at the end of the 1st quarter of this year, 377 companies were listed on the main market. The Warsaw Stock Exchange was ranked second on the European market in terms of the number of debuts on the IPO market (alternative and regulated markets jointly).





The good situation on the stock market resulted in an increase in the market value of companies listed on the official market. In the 1st quarter of 2010, the capitalization of companies listed on the WSE was 5.7% higher q/q and amounted to PLN 757 billion.

The situation on the WSE affected the banking market and the non-banking financial market. The following trends were noted:

- an increase in valuations of banks;
- an increase in the share of equity instruments and investment funds in the savings of individuals and a decrease in the share of bank deposits;
- an increase in the value of assets of investment funds and pension funds.

Situation in the Polish banking sector

In the 1st quarter of 2010, the situation in the banking sector did not undergo any major changes. The unfavourable economic conditions and aversion to risk still reduced the business activity of banks. The difficult income position of households and low demand for loans among businesses had an adverse effect on the level of volumes of deposits and loans. However, the first signs of slight revival on the banking market did appear.

There was a further increase in non-performing loans, but the pace of increase in these loans was smaller than as at the end of the previous year. As at the end of February of this year, non-performing loans increased by 68% y/y compared with 78% y/y as at the end of the previous year. This situation was due to the increase in non-performing loans to businesses slowing down: they increased by 65% y/y compared with 82% as at the end of the previous year. Due to the increase in the entire loan portfolio being small, the share of non-performing loans in total loans increased to 7.9% from 7.6% as at the end of the previous year. The portfolio of non-performing loans to households increased the fastest, and its value increased by 72.2% y/y.

The situation on the deposit and loan market in the 1st quarter of 2010 was determined by the revival on the housing loan market, a fall in activity as regards granting consumer loans and a slower pace of increase in deposits from private individuals.

In the 1st quarter of 2010, the volume of total loan portfolio decreased by PLN 5.3 billion as compared with the end of 2009, and the pace rate of growth amounted to 2.9% y/y compared with 35.5% in the corresponding period of the previous year. The increase in the portfolio mainly occurred in households loans, the value of which increased by PLN 4 billion thanks to the revival on the housing loan market. There was observed a growth of competition on housing loan market, which resulted in gradual lowering loan margins and mitigating banks' conditions as regards the amount of the customer's own funds. In addition, the increase in loans was stimulated by the loans as part of the 'Family Owning Its Home' Programme. During the 1st quarter of 2010, the volume of housing loan portfolio increased by PLN 2 billion, of which the portfolio of loans denominated in the Polish zloty increased by PLN 4.2

billion and the portfolio of loans denominated in foreign currency decreased by PLN 2.2 billion (compared with an increase in loans denominated in the Polish zloty by PLN 2.2 billion and an increase in loans denominated in foreign currency by PLN 17.4 billion in the previous year).

The lending activity was reduced as regards consumer loans. In the first quarter of 2010 their value increased by PLN 0.25 billion as compared with the end of 2009, while the rate of growth declined to 8.9% y/y against 30.3% y/y in the corresponding period in the previous year. Banks maintained more severe criteria and conditions of loan granting due to the worsening of the loan portfolio quality.

In the 1st quarter of 2010, the volume of corporate loans dropped by PLN 4.1 billion as compared with the end of 2009. The decrease amounted to 9.6% y/y against an increase by 26.8% in the corresponding period in the previous year. According to the survey conducted by the NBP, banks mitigated slightly their lending policy, excluding long-term loans for small and medium-sized enterprises, accompanied by the limited demand for loans as regards the corporate sector.

In the 1st quarter of 2010, the deposit base grew much more slowly than during the previous year. The rate of growth of deposits dropped to 8% y/y from ca. 19.4% in the corresponding period in the previous year. The increase in deposits of households slowed down and during the 1st quarter of 2010 they grew by ca. PLN 7.5 billion compared with PLN 24.2 billion in the previous year. This was due to the deteriorating financial situation of individuals, a decrease in interest rates on deposits and growing competition from alternative forms of saving, such as mainly investment funds. During the 1st quarter of 2010, there was observed the deposit volume decline in the corporate segment by PLN 7.8 billion and an increase in deposits placed by governmental and local bodies by PLN 11.6 billion that became a significant factor of banks' deposit base growth.

The appreciation of the Polish currency, which decreased the PLN value of the foreign currency loans granted and the deposits accumulated, still contributed significantly to changes in the volume of loans and deposits.

Regulatory factors

The following new regulatory solutions influenced the financial and organizational situation of the PKO Bank Polski SA Group in the 1st quarter of 2010:

- an amendment to the Act on Counteracting Money Laundering and Financing Terrorism (*Journal of Laws* of 2009, No. 166, item 1377) by virtue of which banks, brokerage houses, investment fund management companies and leasing companies should introduce new procedures for counteracting money laundering by 22 April 2010, which made it necessary to incur adaptation costs (procedures, IT, training);
- the Act on Public Finance (*Journal of Laws* of 2009, No. 167, item 1240) which, as of 1 January 2010, introduced changes to the organization of the public finance sector, including: a change in the principles of disbursing and accounting for EU funds and of making payments to beneficiaries of EU funds, which affects their settlements with banks as regards loans for pre-financing and co-financing EU projects, a change in the principles of financing banks' clients: local authorities and their associations, as well as the Social Insurance Institution;
- an amendment to Recommendation I of the Polish Financial Supervision Authority dated 23 February 2010 concerning currency risk management in banks and the principles of banks conducting transactions subject to currency risk, which puts banks under new obligations to their clients in order to mitigate the credit risk associated with concluding lending transactions in foreign currencies and to improve currency risk management in banks;
- a recommendation of the Polish Banks Association which puts banks under an obligation to implement, as of 1 January 2010, good practices in transferring personal accounts on the Polish market, which affects the revenues of banks that participate in client migration;
- an amendment of 26 June 2009 to the Act on the Organization and Operations of Pension Funds (*Journal of Laws* of 2009, No. 127, item 1049) which contributed to a reduction in fees for managing pension fund assets collected by pension funds from 1 January 2010 on, which led to a decrease in their revenues and which affected their results of operations.

The future activities of banks will be affected by Recommendation T of the Polish Financial Supervision Authority dated 23 February 2010 concerning good practices in managing the risk of retail loan exposures, which recommended that some of its instructions be implemented by August and some by December 2010. However, already in the 1st quarter of 2010 numerous banks took its suggestions into account when evaluating the financial viability and creditworthiness of prospective borrowers.

The situation of the PKO Bank Polski SA Group was influenced by the new legal solutions introduced in the Ukraine where Kredobank SA – a subsidiary of PKO Bank Polski SA – operates, including:

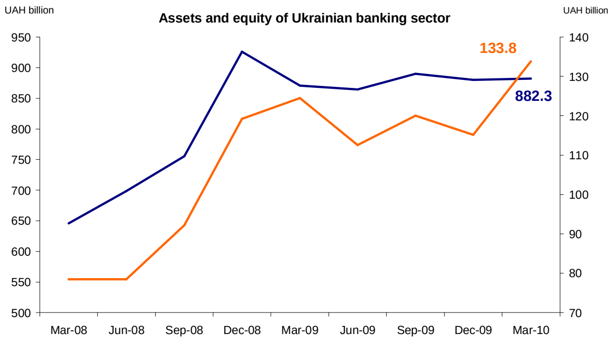
- Resolution No. 541 of the National Bank of Ukraine on amendments to the Instructions on the operating procedures for banks in the Ukraine dated 10 September 2009, which allows banks to increase their share capital by subordinated loans in the period from 3 January 2010 to 1 January 2012;
- Resolution No. 115 of the National Bank of Ukraine dated 5 March 2010 which enables banks that grant loans to corporate entities to take advantage of concessions when classifying transactions for creating specific provisions and calculating capital adequacy.

Ukrainian market

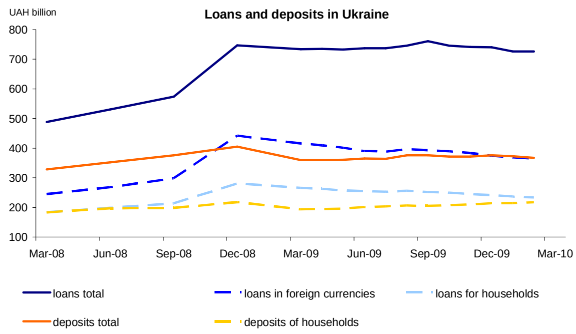
The operations and results of the PKO Bank Polski SA Group in the 1st quarter of 2010 were influenced by the macroeconomic factors in the Ukraine where a subsidiary of PKO Bank Polski SA – Kredobank SA – operates, which include in particular:

- changes on the political scene in the Ukraine;
- assurances by the President and Prime Minister of Ukraine of the need to continue cooperation with the IMF as part of the stabilization programme and to commence talks over the launch of another tranche of the loan (that was put on hold at the end of the previous year);
- a trip of an IMF mission to the Ukraine at the turn of March and April of this year;
- the stagnation of GDP growth after the rapid recession in 2009 (GDP fell by over 15% y/y);
- the stabilization of the situation as regards the flow of foreign capital, with the situation in the global economy and the Ukrainian economy stabilizing, as well as due to the administrative limitations on the flow of capital (introduced in 2009) being maintained;
- the Ukrainian hryvnia stabilizing at above 7.9 UAH/USD;
- the continued fall in the Ukraine's credit risk (a fall in CDS rates to approx. 600 b.p. from over 1 000 b.p. at the end of 2009) faced with an improvement in the situation in the global markets and an outlook on the stabilization of the political situation.

In the 1st quarter of 2010, the difficult situation in the banking sector in the Ukraine continued, which was accompanied by high credit risk. This was the result of the economic recession, the further depreciation of the Ukrainian currency, the limited availability of foreign funding, high inflation and a fall in real earnings, as well as the uncertainty as to the future economic conditions. The intensification of the liquidity operations of the Central Bank and providing the banks with additional capital from public funds (the financial aid of the IMF and the World Bank) had a positive impact on the situation in the banking sector.



Source: NBU



Source: NBU

According to the data of the National Bank of Ukraine, in the 1st quarter of 2010 the downward trend in the assets of the Ukrainian banking sector, which started in the 4th quarter of 2008, was stopped. In the 1st quarter of 2010, the assets of the banking sector increased by UAH 2.0 billion (0.2%). However, they were still 4.7% lower than a year before. There was a continued strong upward trend in the equity of the banking sector (an increase of 7.5% y/y and 16.2% q/q). The quarterly increase in the equity was the strongest one since 2008 (+ UAH 18.6 billion). The regulatory solutions allowing banks to increase their share capital by 100% of subordinated loans obtained, which came into force in January 2010, contributed significantly to this situation.

In the 1st quarter of 2010, the fall in loans and deposits continued. The level of loans decreased by UAH 22 billion (3% q/q), and the level of deposits decreased by UAH 2.4 billion (0.6% q/q). There was a strong fall in loans granted in foreign currencies, which was the result of the regulatory limitations introduced in 2009. There was a decrease in loans granted to households (- UAH 12 billion q/q), as well as in loans granted to businesses (- UAH 8.6 billion q/q). Due to the fact that foreign currency loans accounted for more than 50% of the loan portfolio, the said fall was deeper after the elimination of the effects of the depreciation of the Ukrainian currency.

The outflow of deposits which continued in the 1st quarter of 2010 was the result of the situation in the corporate segment whose deposits decreased by UAH 1.6 billion (-1.7% q/q and -6.8% y/y). At the same time, as a result of an increase in trust in the banking sector and an increase in interest rates, household deposits increased by 3.8% q/q and 14.8% y/y.

The quality of the loan portfolio deteriorated. The value of non-performing loans doubled (UAH 71.8 billion y/y). As a result of the losses incurred by the banks, the ROE of the banking sector amounted to -14.8% and its ROA amounted to -2.1%.

3. Activities of the PKO Bank Polski SA Group and PKO Bank Polski SA

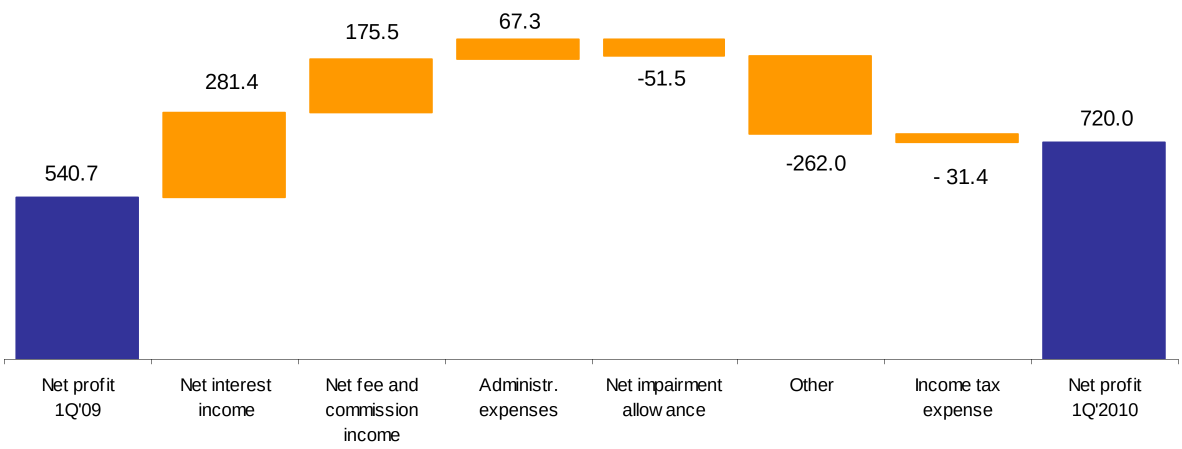
3.1. Commentary on the financial results

3.1.1. The PKO Bank Polski SA Group

Financial results and profitability ratios

The consolidated net profit of the PKO Bank Polski SA Group in the 1st quarter of 2010 amounted to PLN 720.0 million and was PLN 179.3 million higher than in the corresponding period of 2009.

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



The main consolidated income statement items are as follows:

Table 1. Movements in income statement items of the PKO Bank Polski SA Group (in PLN million)

Income statement items	01.01.- 31.03.2010	01.01. - 31.03.2009	Change	Comment
Net interest income	1 474.5	1 193.1	23.6%	Increase as a result of gains realized from hedging derivatives (hedge accounting introduced in the Bank in 2nd quarter of 2009) and increase in income from securities and income from loans (due to lower interest rates offset by the increase of loan portfolio). The interest expense dropped by 3.7% y/y along with the strong growth of amounts due to customers (+11.4% y/y).
Net fee and commission income	725.4	549.9	31.9%	Increase mainly as a result of higher commission income from loans (and their insurance), from maintaining bank accounts and payment cards. In comparison to the corresponding period of the previous year there was an increase in income from activities connected with service of investment and pension fund.
Other income	146.5	401.8	-63.5%	Decrease in income caused mainly by the decrease in foreign exchange gains by PLN 212.9 million. The decrease in foreign exchange gains is related to the introduction of hedge accounting in the Bank in the 2nd quarter of 2009, which resulted in transfer of the part of foreign exchange gains (mainly from CIRS transactions) into other income statement items.
Administrative expenses	-1 014.2	-1 081.5	-6.2%	Decrease in administrative expenses and C/I ratio at 43.2% (-7.2 pp. y/y) as a result of decrease in overheads by 18.3% y/y and staff costs. Employment within the Group has been reduced by 1 510 full time equivalents y/y, to 30 964 full time equivalents as at 31 March 2010.
Net impairment allowance	-425.1	-373.6	13.8%	Increase mainly as a result of increase in net impairment allowance on consumer and mortgage loans and decrease in net impairment allowance on corporate loans and off-balance sheet liabilities.
Interest related income*	*1 495.3*	*1 407.3*	*6.3%*	*Increase as a result of the increase in income from securities along with an increase in income from loans (due to a decrease in market interest rates offset by an increase in loan portfolio). Interest expense dropped by 3.7% y/y along with a significant increase in amounts due to customers (+11.4% y/y).*

** Including result on FX Swap and CIRS transactions not included in the hedge accounting*

The main financial ratios of the PKO Bank Polski SA Group, including return on assets and return on equity ratios, are presented in the table below.

Table 2. The main financial ratios of the PKO Bank Polski SA Group

	31.03.2010	31.03.2010	Change
ROA net (net profit/average total assets)	1.7%	2.1%	- 0.5 pp.
ROE net (net profit/average total equity)	13.9%	19.7%	-5.8 pp.
C/I (cost to income ratio)	43.2%	50.4%	-7.2 pp.
Interest margin (net interest income/average interest earning assets)	3.9%	5.2%	-1.2 pp.
The share of loan portfolio valued using the individual and portfolio method*	8.3%	5.9%	2.4 pp.

** Calculated as carrying amount of loans and advances to customers (gross) valued using the individual and portfolio method to the carrying amount of loans and advances to customers (gross).*

Statement of financial position

Table 3. Movements in the statement of financial position items of the PKO Bank Polski SA Group (in PLN thousand)

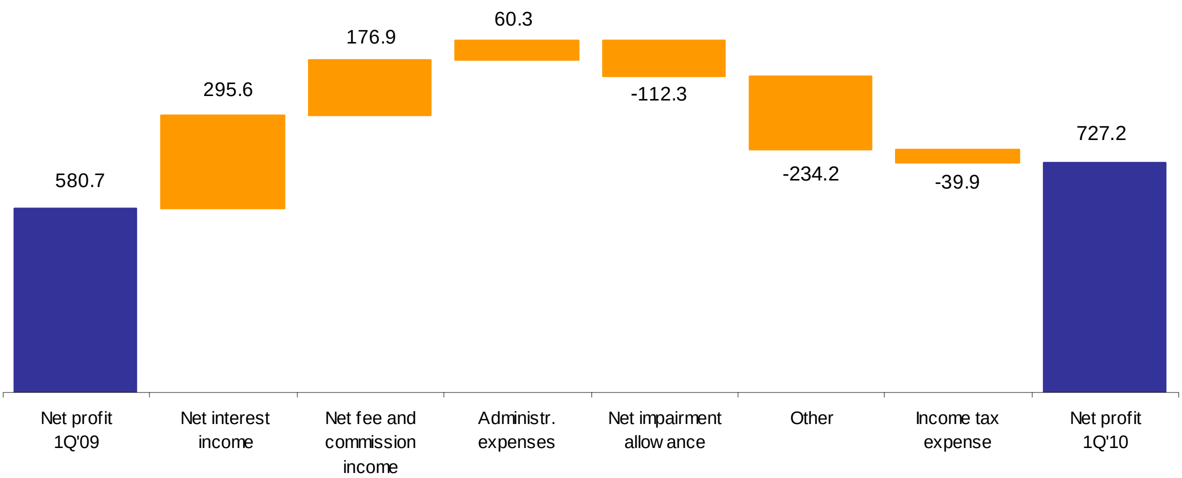
	31.03.2010	31.12.2009	Change	Comment
Cash and balances with the Central Bank	3 372 922	7 094 350	-52.5%	Increase in assets by PLN 0.2 billion (+ 0.1% 1Q2010/2009), comprising mainly of the increase in loans and advances to customers by PLN 1.3 billion (+ 1.1% 1Q2010/2009) and in securities of PLN 2.0 billion (+ 8.9% 1Q2010/2009) offset by a decrease in cash and balances with the Central Bank of PLN 3.7 billion (- 52.5% 1Q2010/2009).
Amounts due from banks	2 360 196	2 023 055	16.7%	
Loans and advances to customers	117 892 444	116 572 585	1.1%	
Securities	24 522 528	22 527 856	8.9%	
Other assets	8 547 685	8 260 839	3.5%	
Total assets	**156 695 775**	**156 478 685**	**0.1%**	
Amount due to other banks	6 038 069	5 152 629	17.2%	The decrease in amounts due to customers by 1.7% (1Q2010/2009) - mainly term liabilities due to corporate customers and liabilities to public sector entities along with the increase in amounts due to other banks by PLN 0.9 billion (+ 17.2% 1Q2010/2009) and increase in equity by 3.6% (1Q2010/2009).
Amounts due to customers	122 950 725	125 072 934	-1.7%	
Debt securities in issue and subordinated liabilities	2 164 802	1 901 538	13.8%	
Other liabilities	4 361 276	3 915 714	11.4%	
Total liabilities	**135 514 872**	**136 042 815**	**-0.4%**	
Total equity	21 180 903	20 435 870	3.6%	
Total liabilities and equity	**156 695 775**	**156 478 685**	**0.1%**	
Loans/Deposits (Amounts due to customers)	95.9%	93.2%	2.7 pp.	Increase in loans by 1.1% (1Q2010/2009) and increase in securities by 8.9% (1Q2010/2009) and decrease in amounts due to customers by 1.7% (1Q2010/2009).
Interest bearing assets/Assets	92.4%	90.2%	2.2 pp.	
Interest paying liabilities/Liabilities	83.7%	84.4%	-0.7 pp.	

3.1.2. PKO Bank Polski SA

Financial result and profitability ratios

The net profit recorded by PKO Bank Polski SA in the 1st quarter of 2010 amounted to PLN 727.2 million and was PLN 146.5 million higher than in the corresponding period of 2009.

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



The main income statement items of the Bank are as follows:

Table 4. Movements in income statement items of PKO Bank Polski SA (in PLN million)

Income statement items	01.01. - 31.03.2010	01.01. - 31.03.2009	Change	Comment
Net interest income	1 440.3	1 144.6	25.8%	Increase mainly as a result of gains realized from hedging derivatives (hedge accounting introduced in the 2nd quarter of 2009) and increase in income from securities and income from loans (due to lower interest rates offset by the increase in loan portfolio). The interest expense dropped by 1.8% y/y along with a significant growth of amounts due to customers (+11.6% y/y).
Net fee and commission income	675.4	498.6	35.5%	Increase mainly as a result of higher commission income from loans (and their insurance), from maintaining bank accounts and payment cards. In comparison to the corresponding period of the previous year there was an increase in income from activities connected with service of investment funds.
Other income	113.1	347.2	-67.4%	Decrease in income caused mainly by the decrease in foreign exchange gains by PLN 195.8 million. The decrease in foreign exchange gains is related to the introduction of hedge accounting in the 2nd quarter of 2009, which resulted in transfer of the part of foreign exchange gains (mainly from CIRS transactions) into other income statement items.
Administrative expenses	-937.3	-997.7	-6.0%	Decrease in administrative expenses and C/I ratio at 42.1% (-8.1 pp. y/y) as a result of decrease in overheads by 17.5% y/y (mainly advertisement and IT expenses). Employment within the Bank has been reduced by 1 208 full time equivalents y/y, to 27 732 full time equivalents as at 31 March 2010.
Net impairment allowance	-388.8	-276.5	40.6%	Increase mainly as a result of increase in net impairment allowance on consumer and mortgage loans and decrease in net impairment allowance on corporate loans and off-balance sheet liabilities.
Interest related income*	*1 461.1*	*1 358.8*	*7.5%*	*Increase as a result of the increase in income from securities along with an increase in income from loans (due to a decrease in market interest rates offset by an increase in loan portfolio). Interest expense dropped by 1.8% y/y along with a significant increase in amounts due to customers (+11.6% y/y).*

** Including result on FX Swap and CIRS transactions not included in the hedge accounting*

Main financial ratios of PKO Bank Polski SA, including return on assets and return on equity ratios, are presented in the table below.

Table 5. The main financial ratios of PKO Bank Polski SA

	31.03.2010	31.03.2010	Change
ROA net (net profit/average total assets)	1.8%	2.1%	-0.3 pp.
ROE net (net profit/average total equity)	14.7%	19.1%	-4.4 pp.
C/I (cost to income ratio)	42.1%	50.1%	-8.1 pp.
Interest margin (net interest income/average interest earning assets)	3.9%	5.1%	-1.3 pp.
The share of loan portfolio valued using the individual and portfolio method*	7.2%	5.2%	2 pp.

** Calculated as carrying amount of loans and advances to customers (gross) valued using the individual and portfolio method to the carrying amount of loans and advances to customers (gross).*

3.2. Business development[1]

3.2.1. Market shares of PKO Bank Polski SA

In the 1st quarter of 2010, the Bank continued to strengthen the leader position of banking sector in terms of the share in loans market. In comparison to the 1st quarter 2009, in terms of loans, it is worth noticing an increase in shares in mortgage loans for individuals (+1.5 pp.) – mainly mortgage loans in PLN and loans for corporate clients (+1.4 pp.).

In comparison to the end of 2009, the share of deposits decreased by (-0.5 pp.), however the positive growth (+0.6 pp.) was maintained during the last 12 months. The decrease in the share of deposits in the 1st quarter 2010 resulted from drop in liabilities to corporate entities and to

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

state budget entities. It was caused by the Bank's restrained policy in terms of pricing of the negotiated deposits, which resulted from favorable liquidity position of the Bank.

*Table 6. Market shares of PKO Bank Polski SA (%)**

	31.03.2010	31.12.2009**	31.03.2009	Change 31.03.2010/ 31.12.2009	Change 31.03.2010/ 31.03.2009
Loans and advances to:	**16.8**	**16.5**	**15.5**	**0.3 pp.**	**1.3 pp.**
retail clients	19.9	19.5	18.7	0.4 pp.	1.2 pp.
mortgage loans	21.3	21.0	19.8	0.3 pp.	1.5 pp.
PLN	33.8	33.3	31.2	0.5 pp.	2.6 pp.
FX	14.0	14.3	15.3	-0.3 pp.	-1.3 pp.
consumer loans and others	17.5	17.1	16.7	0.4 pp.	0.8 pp.
corporate clients	13.7	13.6	12.3	0.1 pp.	1.4 pp.
Amounts due to:	**18.0**	**18.5**	**17.4**	**-0.5 pp.**	**0.6 pp.**
retail clients	23.4	23.4	23.2	0 pp.	0.2 pp.
corporate clients	11.5	12.9	10.6	-1.4 pp.	0.9 pp.

**Data according to NBP reporting system – WEBIS.*
***Change compared to earlier published data results from changes in the classification of the volumes to separate categories*

3.2.2. Retail segment

3.2.2.1. PKO Bank Polski SA's activities in the retail segment

The activities of PKO Bank Polski SA in the retail segment were concentrated on increasing attractiveness and competitiveness of the offered products and services along with simultaneous improvement of sales efficiency.

As at 31 March 2010, the total value of deposits of the retail segment of PKO Bank Polski SA amounted to PLN 97.4 billion. Since the beginning of the year, the volume has increased by PLN 1.7 billion (i.e. 1.8%) as a result of an increase in retail and private banking deposit volumes (+ 3.5% since the beginning of the year), mainly due to the dynamic increase in volume of savings account.

Table 7. Deposits of PKO Bank Polski SA (in PLN million)

	31.03.2010	31.12.2009	31.03.2009	Change since: 31.12.2009	Change since: 31.03.2009
Client deposits, of which:					
- retail and private banking	86 160	83 214	78 354	3.5%	10.0%
- small and medium entities	7 422	8 331	7 635	-10.9%	-2.8%
- housing market	3 843	4 195	3 326	-8.4%	15.6%
Total deposits	**97 425**	**95 741**	**89 315**	**1.8%**	**9.1%**

Source: Bank's Management information

As at 31 March 2010, the gross value of loans and advances to the retail segment of PKO Bank Polski SA was PLN 90.4 billion which constituted an increase of PLN 2.2 billion (i.e. 2.4%) since the beginning of the year. This increase was caused mainly by the growth of the mortgage portfolio (+ 2.5% since the beginning of the year).

Table 8. Gross loans and advances of PKO Bank Polski SA (in PLN million)*

	31.03.2010	31.12.2009	31.03.2009	Change since: 31.12.2009	Change since: 31.03.2009
Gross loans and advances, of which:					
- retail and private banking	22 245	21 566	19 059	3.1%	16.7%
- small and medium entities	12 478	11 993	10 301	4.0%	21.1%
- mortgage banking	48 734	47 541	44 313	2.5%	10.0%
- housing market (including refinanced by the state budget)	6 913	7 116	6 501	-2.8%	6.3%
Total	**90 370**	**88 216**	**80 175**	**2.4%**	**12.7%**

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

As at 31 March 2010, the total number of current accounts amounted to 6.2 million units and the number of credit cards remained unchanged and amounted to 1.1 million units.

Table 9. Accounts and banking cards of PKO Bank Polski SA (in thousands of units)

	31.03.2010	31.12.2009	31.03.2009	Change since: 31.12.2009	Change since: 31.03.2009
Total number of accounts, of which:	**6 247**	**6 276**	**6 341**	**(29)**	**(95)**
- Inteligo current accounts	703	702	696	1	8
Total number of banking cards, of which:	**7 260**	**7 456**	**7 453**	**(197)**	**(193)**
- Credit cards	1 088	1 106	1 035	(18)	53

At the end of the 1st quarter of 2010 the network of the Bank's own ATMs amounted to 2390 ATMs (the increase by 2 items in comparison to the end of 2009), which allowed a further reduction in the costs of cash operations and increasing the availability of services for the clients.

In the retail segment, the sales network consisted of 1 156 own branches. During the quarter, steps were taken to lead to further efficiency of the Bank's sales network. As a result, a number of branches decreased by 4 branches. Within the segment there were 12 regional retail branches and 2 132 agencies cooperated with the Bank.

Table 10. Branches and ATMs of PKO Bank Polski SA

	31.03.2010	31.12.2009	31.03.2009	Change since: 31.12.2009	Change since: 31.03.2009
Total number of branches	1 224	1 228	1 237	(4)	(13)
- in the retail segment:	**1 156**	**1 160**	**1 169**	**(4)**	**(13)**
Number of ATM's	**2 390**	**2 388**	**2 339**	**2**	**51**
Number of agencies	**2 132**	**2 175**	**2 201**	**(43)**	**(69)**

Table 11. Activities and achievements of PKO Bank Polski SA in the retail segment in the 1st quarter of 2010

Product	Product characteristics
Cash advance	On 25 March 2010, a new extended insurance option for the package of life insurance and job loss insurance was added to the Bank's product mix, which is offered to recipients of cash advances.
Mortgage loan	In the 1st quarter of 2010, PKO Bank Polski SA sold a significant amount of mortgage loans – PLN 2.8 billion. On 4 January 2010, a Savings Programme "A Lower Instalment" was introduced, which consisted of combining the mortgage loan with regular investment in the units of PKO TFI SA (an investment fund management company). By purchasing units in PKO TFI SA along with a mortgage loan the client is entitled to receive a loan margin on the loan being raised that is 0.2 pp. lower. The client declares a minimum level of regular payments – at present, three options of minimum payments are defined, i.e. PLN 200, 300 and 400.
Credit cards	As regards credit cards, in the period from January to March 2010 there was a promotion for the Visa card in connection with the winter Olympic Games in Vancouver. The sales as part of the promotion exceeded the budgeted level by 10 thousand cards.
SME loans	A price promotion intended for SME clients who, by the date preceding the date of loans based on scoring client assessment method coming into force, file an application for a Fast Credit Limit (SLK). The promotion consists of lowering the rate of commission for granting, extending and increasing the SLK from 4% to 3% and of lowering the margin rate to 3 pp.
SME packages	The activities relating to SME packages were focused on the acquisition of new accounts. The Bank introduced temporary, promotional reductions in charges for product packages (extended on to Q2): 1) a promotional campaign for the Debut package which consisted of refraining from collecting a charge for maintaining an account for a period of three months for clients commencing business activities and clients conducting activities for no more than 12 months; 2) a price promotion for Business Packages covering the transformation of accounts into Package accounts, consisting of lowering the monthly charge for a period of three months for maintaining the BUSINESS PARTNER account within the individual packages: - Business Development – exemption from 50% of the charge; - Business Comfort and Business Success – no charge.
Deposit 6+6	A new deposit offer by PKO Bank Polski SA introduced on 2 February 2010 – a term deposit 6+6 M with a fixed interest rate. After placing a deposit, the client can decide whether to maintain it for six months or 12 months. The minimum amount of a deposit is PLN 1 000, with the possibility of withdrawing part of the funds before the maturity date up to the minimum amount of PLN 1 000. The interest rate on the term deposit 6+6 M after it has been maintained for 6 months is 4.40%, whereas after it has been maintained for 12 months the interest rate on the deposit is 4.60%. In the period from the date of the deposit being placed to the last day of the sixth month of its term the cash deposited bears no interest. On 22 February 2010, a new term deposit 6+6 was introduced to the offer of Inteligo account and iPKO for individual customers.
Deposit 9+9	A new product offered by the Bank since 22 March 2010. A deposit with a fixed interest rate, where the interest rate on the deposit after it has been maintained for nine months is 4.50% *per annum*, whereas after it has been maintained for 18 months the interest rate on the deposit is 4.80% *per annum*. After nine months the client can decide whether to go on saving for another nine months. The contractual period of the deposit is 18 months, and the minimum amount of the deposit is PLN 1 000. During the term of the deposit any amount of the funds may be withdrawn up to the minimum amount of PLN 1 000. In March 2010, the deposit 9+9 was introduced and made available within iPKO service.

In addition, within iPKO and Inteligo in the 1st quarter of 2010:

- a new contribution was added to the forms for transfers to the Social Insurance Institution: to the Bridge Pension Fund;
- a campaign for the remote sale of the Max Pożyczka (Max Loan) was launched for selected iPKO clients. A client may use the offer via electronic access channels. The campaign will go on until 15 May 2010 and is based on the pattern of the campaign for applications for the Max Pożyczka serviced by the Electronic Banking Centre, and its additional advantage is an interest rate reduced by 2 pp. compared with the standard offer. Such interest rate is offered to those who sign a loan agreement for a period of no less than 13 and no longer than 60 months. A client may use the offer by declaring his/her willingness to receive the loan during an interview with a consultant.

3.2.2.2. Activities of the PKO Bank Polski SA Group entities in the retail segment

Table 12. Activities and achievements of the PKO Bank Polski SA Group in the retail segment

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 1ST QUARTER OF 2010
Kredobank SA	1. In the 1st quarter of 2010, total assets of KREDOBANK SA increased by PLN 84 million, i.e. 4.35% and amounted to PLN 2 018.6 million as at 31 March 2010 (UAH 5 560.9 million). 2. The Company's gross loan portfolio decreased by PLN 28 million i.e. 1.6% in the 1st quarter of 2010 and amounted to PLN 1 728.5 million (UAH 4 761.6 million) as at the end of the 1st quarter of 2010. 3. In the 1st quarter of 2010, clients' term deposits decreased by UAH 30 million, i.e. 1.08% (the value of deposits denominated in PLN increased by PLN 9 million, e.i. 0.92% as a result of change of exchange rate). As at 31 March 2010, the term deposits amounted to PLN 991.8 million (UAH 2 732.3 million). 4. In the 1st quarter of 2010, PKO Bank Polski SA granted KREDOBANK SA the second subordinated loan in the amount of USD 15 million. The loan was registered by the National Bank of Ukraine and increased the regulatory capital of the Company. 5. As at 31 March 2010, the network of Kredobank SA branches consisted of 20 branches and 142 subordinated branches in 22 out of 24 Ukrainian districts and in the Autonomous Republic of the Crimea (the same as at the end of 2009). *The financial information of Kredobank SA as at 31 March 2010 and as at 31 December 2009 were recalculated according to the average NBP exchange rates prevailing at the last day of each month (as at 31 March 2010 UAH 1 = PLN 0.3630; as at 31 December 2009 UAH 1 = PLN 0.3558).*
PKO Towarzystwo Funduszy Inwestycyjnych SA	1. The value of the funds' assets managed by PKO TFI SA amounted to PLN 8.92 billion as at 31 March 2010, which is an increase of 6.08%* in comparison to the end of 2009. The increase in value of the funds' assets is a result of the increase in the price of participation units and an increase in volume of sale in branches of PKO Bank Polski SA. 2. In terms of the value of net assets, PKO TFI SA has the fifth highest market share (8.76%) in the investment funds market. 3. Since 1 January 2010 the Company has managed the investment funds portfolios independently. 4. In the 1st quarter of 2010, the Company has introduced new investment subfund – PKO Emerging Markets, offered within PKO World's Currency Fund - SFIO. ** Source: Chamber of Fund and Asset Management*
PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA	1. As at the end of the 1st quarter of 2010, the net assets of PKO BP Bankowy OFE managed by PKO BP BANKOWY PTE SA amounted to PLN 5 268 million, which is an increase of PLN 356 million in results comparison to the end of 2009. An increase in value of PKO BP Bankowy OFE's net assets from positive trends at the Warsaw Stock Exchange. 2. As at the end of March 2010, the number of accounts maintained for participants of PKO BP OFE Bankowy amounted to 460 504. 3. At the end of the 1st quarter of 2010, PKO BP Bankowy OFE possessed the 10th largest net assets amongst pension funds and the 10th largest number of active member accounts, the same as at the end of 2009*. ** Source*: www.knf.gov.pl
Inteligo Financial Services SA	1. At the end of the 1st quarter of 2010, the Company provided electronic banking services to 3.4 million of PKO Bank Polski SA's customers using iPKO services, i.e. 130 thousand customers more than at the end of 2009. 2. The Company provided services to over 618 thousand Inteligo account clients (at the end of 2009 the number of clients amounted to 617.6 thousand). 3. At the end of the 1st quarter of 2010, Inteligo customers' deposits amounted to PLN 2 563 million and increased by PLN 23 million.

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 1ST QUARTER OF 2010
Centrum Elektronicznych Usług Płatniczych eService SA	1. Transactions with a total value of PLN 4.98 billion were performed by means of eService SA terminals during the 1st quarter of 2010 (PLN 4.86 billion in the corresponding period of 2009). 2. In terms of the value of card transactions, the Company's estimated market share as at the end of March 2010 amounted to approximately 23.5%. 3. The number of terminals as at the end of the 1st quarter of 2010 amounted to 53 767 units, which is a decrease of 0.4% compared to the end of 2009. 4. In terms of the number of installed terminals, the Company's estimated market share amounted to 24.5% as at the end of the 1st quarter of 2010.
PKO BP Inwestycje Sp. z o.o.	In the 1st quarter of 2010, PKO BP Inwestycje Sp. z o.o. was engaged in the following investments via project companies: - the ''Nowy Wilanów'' project in Warsaw via Wilanów Investments Sp. z o.o., - the ''Neptun Park'' project in Gdańsk Jelitkowo via POMERANKA Sp. z o.o., - the ''Kuźmińska'' project in Kiev in Ukraine via UKRPOLINWESTYCJE Sp. z o.o., - the ''Osiedle Sarnia Dolina'' project in Janków near Gdańsk via Baltic Dom 2 Sp. z o.o., - the ''Osiedle Rezydencja Flotylla'' project in Międzyzdroje via PKO Inwestycje - Rezydencja Flotylla Sp. z o.o.
Fort Mokotów Inwestycje Sp. z o.o.	In the 1st quarter of 2010, the Company was working on the organization of a development project on the plot of land located at 107 Racławicka Street in Warsaw.

3.2.3. Corporate segment

3.2.3.1. Activities of PKO Bank Polski SA in the corporate segment

During the first quarter of the current year the corporate segment fcused its activities on consolidating its leading market position achieved as at the end of 2009. As a result of the stagnation on the business entity lending market which was observed in the 1st quarter of 2010, the loan portfolio of the corporate segment decreased by 3.6% compared with the end of 2009. However, it has maintained a positive pace of increase of 6.9% over the last 12 months. As at the end of the 1st quarter of the current year the funds deposited by corporate clients with PKO Bank Polski SA totalled PLN 22.6 billion and increased by approx. PLN 3.4 billion compared with the end of the first quarter of 2009, decreasing by 13.7% compared with the end of 2009. The fall in the portfolio of corporate client deposits was due to the Bank following a moderate pricing policy during that period with regards to the quotings of negotiated deposits as a result of the Bank's favourable liquidity position.

Table 13. Gross loans and advances and deposits of PKO Bank Polski SA (in PLN million)*

	31.03.2010	31.12.2009	31.03.2009	Change since:	
				31.12.2009	31.03.2009
Gross corporate loans	28 424	29 475	26 580	-3.6%	6.9%
Corporate deposits	22 564	26 133	19 175	-13.7%	17.7%

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

The number of branches in the corporate segment remained unchanged compared with the end of 2009.

Table 14. Branches of PKO Bank Polski SA

	31.03.2010	31.12.2009	31.03.2009	Change since:	
				31.12.2009	31.03.2009
Total number of branches	1 224	1 228	1 237	(4)	(13)
- in the corporate segment:	**68**	**68**	**68**	**-**	**-**
regional corporate branches	13	13	13	-	-
corporate centers	55	55	55	-	-

Table 15. Activities and achievements of PKO Bank Polski SA in the corporate segment in the 1st quarter of 2010

Scope of activity	Activity
Loan activity	In the 1st quarter of 2010, the following key transactions were organized: - the amount of investment loan of PLN 203 million granted to a company from the building sector; - a working capital loan of PLN 46.5 million granted to an entity operating in the building sector; - a bank guarantee was granted in the total amount of USD 124 million for one of the companies operating in fuel and raw material sector as a collateral of payment for delivered raw material; - a working capital loan of PLN 300 million to a public sector entity; - concluding, as part of a consortium of banks, an agreement for granting a loan of PLN 300 million to a public sector entity (PKO Bank Polski SA's share in the financing was PLN 150 million).
Transactional activities	In the 1st quarter of 2010, in terms of transactional activities, an extended and automated functionality of payment account was implemented. It meets the expectations of corporate customers in terms of automating the process of orders of remuneration transfers with a simultaneous retaining confidentiality as regards the amount of particular employees' remuneration.

The Bank is taking intensive measures to improve and increase the effectiveness of its corporate client service by actively seizing the opportunity offered by the market with regards to attracting new clients interested in loan products (the period of slowdown and crisis is followed by an increase in optimism among business entities and trust in financial institutions). In addition the Bank is taking advantage of its asset – the clients' trust and attachment to the PKO Bank Polski SA brand.

The strong market position of the corporate client segment is determined by the Bank's policy. Using a flexible loan and transaction offer tailored to the present situation and clients' needs as well as changes on the market leads to new clients being attracted and an increase in the client base of the corporate segment. The development of corporate banking can be seen in the segment's results which are gradually increasing.

With regards to the lending policy, PKO Bank Polski SA focused its activities on attracting corporate clients with annual sales in the PLN 10 to 200 million bracket, i.e. a segment which is attractive from the perspective of margins earned as well as the diversification of credit risk and ensuring a stable client base. They are "supported" by an extensive distribution network and the good relations of the advisors with local business communities. The good cooperation with clients in the public sector, mainly local authorities, is also being continued. This is a segment which is characterized by a low level of credit risk and which generates results for the Bank not only in the area of loan products but also transaction and deposit banking.

In the 1st quarter of 2010, PKO Bank Polski SA was also oriented towards maintaining its leading position in providing financial services for projects co-financed by the structural funds of the European Union, especially with regards to bridge lending.

3.2.3.2. Activities of the PKO Bank Polski SA Group entities in the corporate segment

Table 16. Activities and achievements of the PKO Bank Polski SA Group entities in the corporate segment

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 1ST QUARTER OF 2010
Bankowy Fundusz Leasingowy SA	1. In the 1st quarter of 2010, the BFL SA Group's entities leased fixed assets with a total net value of PLN 242.7 million. 2. The total carrying amount of the lease investments of the BFL SA Group's entities amounted to PLN 2 193 million as at 31 March 2010 in comparison to PLN 2 229 million at the end of 2009. The slight drop results from the change in trends on lease market during last two years.
Bankowe Towarzystwo Kapitałowe SA	1. In 2010 PKO BP Faktoring SA – the subsidiary of BTK SA – rendered services of national factoring with recourse (incomplete) or national non-recourse factoring (full). 2. In the 1st quarter of 2010, the volume of factoring turnover amounted to PLN 101.6 million.

3.2.4. Investment segment

3.2.4.1. Activities of PKO Bank Polski SA in the investment segment

The 1st quarter was a successful one for the Treasury securities market, with a distinct tendency towards an increase in prices prevailing. The returns on Treasury bonds decreased by 40-75 b.p. in that period. Investors took a lot more interest in the sectors with longer maturities the prices of which were put down at the end of 2009, as a result of which the yield curve was flatter.

The increase in demand for Treasury securities was mainly due to the cost of financing on the monetary market being low and the excess liquidity of the banking sector growing gradually, as well as the introduction of a more restrictive monetary policy in Poland being postponed. As a result, in spite of fears of an increase in the supply of Treasury securities on the primary market which arose at the end of 2009, the Ministry of Finance placed all the offers without any major difficulties, with very high demand, executing a major part of its issue plans for this year. The domestic market was also strengthened by an unexpected and rapid inflow of capital from foreign investors. On the one hand, they were restoring their positions reduced after the crisis, and on the other hand they were investing funds for longer periods of time counting in addition on the appreciation of the zloty. The situation in the public sector and the economic conditions which were better than in other European countries were also to Poland's advantage.

After a long period of strong increases in share prices as at the end of 2009, the 1st quarter saw the stabilization of stock exchange indices. The WIG20 index amounted to 2 388.7 points as at the end of 2009. In the following months, the long-term upward trend did not change. However, the high volatility in quotings was clearly visible. In January, price increases prevailed, but the WIG20 index did not break the psychological level of 2 500 points. The unsuccessful testing of the said technical resistance resulted in an adjusting fall in the index down to approximately 2 200 points in February, after which at the end of March the index broke the 2 500 points level thus opening a space for the trend to continue. The demand for shares is mainly stimulated by the expectations of the global economy reviving in the coming years.

Table 17. Activities and achievements of PKO Bank Polski SA in the investment segment in the 1st quarter of 2010

Treasury activities	**Treasury products**	**Development strategy and achieved results**
		The sale of Treasury bonds to retail and corporate clients takes place through a chain of consultants at the Bank's branches and dedicated corporate dealers acting as intermediaries. The Bank offers a wide range of treasury products. Apart from traditional foreign exchange operations and deposit products the Bank offers products tailored to individual needs of customers in terms of hedging of foreign exchange rates and interest rate. Turbulence on the foreign exchange market caused the decrease in customers' interest in derivatives. This trend continued in 2009 and in the 1st quarter of 2010. In the 1st quarter 2010, the value of SPOT transactions increased by 16% in comparison to the corresponding period in 2009 and 60% in the case of FORWARD transactions.
		Risk
		The Bank continued implementing the requirements of MIFiD. The implemented changes in the process of services to the customers should improve the process of concluding transactions and better recognition of risk by the customers.
	Inter-bank market	***Achieved results***
		1. The Bank is the dealer of Treasury bonds and the dealer of money market. The Bank is the market maker of the national interest rate and currency market. As a result of high activities of the Bank on inter-bank market the Bank took the third place in the first assessment in the contest for Dealer of Bonds for 2011. 2. At the end of February 2010 the share of the Bank in the IRS transactions' market was 22% and it doubled in comparison to the 1st quarter of 2009, the share in the market of FRA transactions amounted to 16% and 9% in the market of SPOT transactions and 6% in the FORWARD's market.
		Risk
		In order to provide security of turnovers, in the 1st quarter 2010 the Bank concluded with national and foreign banks 3 framework agreements and 6 hedging contracts. The Bank actively managed financial risk (liquidity risk, interest rate risk, and currency risk) concentrating on minimization of the exposure. Cash surplus in PLN not engaged in loans activity is invested in NBP bills, T-bills and T-bonds. The risk management policy as regards this portfolio consists of the optimization of the exposure on interest rate risk in relation to the expected profit.

Brokerage activities	**Share, futures and options markets**	1. Dom Maklerski PKO BP SA belongs to the leading brokerage houses on the national capital market. In the 1st quarter of 2010, Dom Maklerski was in the 7th place regarding the volume of realised turnover on stock exchange with the share of 5% and the realised turnover of PLN 5.5 billion. Dom Maklerski achieved very good results on derivatives' market. With the growth of turnover on the contracts' market by 19%, the turnover of Dom Maklerski increased by nearly 70%, which promoted the entity to the 4 th place from the 7 th place taken at the end of 2009. Dom Maklerski experienced a strong rate of growth of turnover on the options market. While the market turnovers increased by 48%, Dom Maklerski increased the value of concluded transactions by 54%, with the share of 10.5% and maintained its third place in the ranking of brokerage houses. 2. At the end of March 2010 Dom Maklerski serviced 78.6 thousand investment accounts (together with active registration accounts this number was 298.5 thousand) and offered 131 investment funds managed by 10 management companies.
	Market maker	1. In the 1st quarter of 2010, Dom Maklerski had 54 contracts signed as a market maker and 25 contracts signed as an issuer and was respectively in the second and the fourth place in the ranking of brokerage houses. As a market maker of NewConnect, Dom Maklerski managed trading the shares of 26 companies and took the second place in terms of the number of animated companies on the market. The volume of turnover of Dom Maklerski on the share market of NewConnect exceeded PLN 73 million, which constitutes almost 8% share in all transactions. 2. Dom Maklerski was engaged as a broker in orders for an exchange of shares of Hyperion SA. It was a pioneering service of ordering for an exchange of shares of Hyperion SA in return of MNI SA shares. Moreover, in term of services on primary market, Dom Maklerski serviced next stages of motivational program of a public company Elektrotim SA.
	Agent of emmission	Dom Maklerski acted as an emission agent of bonds and distributed four kinds of retail bonds with fixed and variable interest.

Table 18. Trustee activities in the 1st quarter of 2010

Scope of activity	Activity
Trustee activities	1. PKO Bank Polski SA is a direct participant in the National Securities Deposit and the Securities Register (NBP) and maintains securities accounts and handles transactions on Polish and foreign markets, as well as provides trustee services and acts as depositary for pension and investment funds. PKO Bank Polski SA is a member of the Board of Depositary Banks and the Board for Non-Treasury Debt Securities under the aegis of the Polish Banks Association and is an active participant in works related to developing regulations and market standards. 2. As at the end of March 2010, PKO Bank Polski SA maintained nearly 4 thousand securities accounts and the value of assets of trustee clients of the Bank amounted to PLN 25.5 billion, which is almost a 20% increase compared with the same period of the prior year. 3. Assets held by the Bank related to trustee activities, as they do not meet the criteria of an asset, have not been included in the financial statements.

Table 19. Structured finance in the 1st quarter of 2010

Scope of activity	Activity
Structured finance	1. PKO Bank Polski SA possesses a wide range of products aimed at institutional clients. A comprehensive credit offer for large investment endeavors characterized by a wide range of available services, substantial flexibility, a variety of financing methods and most of all an individual approach to each project is one of the products offered by PKO Bank Polski SA. 2. In the 1st quarter of 2010, PKO Bank Polski SA took part in three bank guarantees, where financing value amounted to ca. PLN 145 million and granted to the subsidiary (Kredobank SA) a subordinated loan of USD 15 million - in an arm's length transaction. 3. The Bank signed 19 contracts related to the issue of non-Treasury securities that amounted in total to PLN 5.5 billion. Within the programmes already in progress, 16 contracts concerned projects run by local governmental bodies, 3 projects run by the Bank's corporate clients and a contract related to the issue with no underwriting.

3.2.4.2. Activities of the PKO Bank Polski SA Group entities in the investment segment

Table 20. Activities of the PKO Bank Polski SA Group entities in the investment segment

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 1ST QUARTER OF 2010
PKO Finance AB	The Company's core activity is to raise funds for PKO Bank Polski SA deriving from issue of eurobonds. As at 31 March 2010, the company has not started its statutory activities yet. With regard to taken activities related to the issue of eurobonds, the company is expected to start its statutory activities in the 2nd quarter of 2010.

3.2.5. Other areas of activity

Table 21. Other areas of activities of the PKO Bank Polski SA Group entities

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 1ST QUARTER OF 2010
Centrum Finansowe Puławska Sp. z o.o.	As at 31 March 2010, the Company rented 100% of the office and commercial space in the managed by itself Centrum Finansowe Puławska building, 90.8% of which was rented by the entities of the PKO Bank Polski SA Group.

Details of the segments of activities of PKO Bank Polski SA Group are enclosed in chapter 3 in these financial statements.

3.2.6. Awards and honours

In the 1st quarter of 2010, PKO Bank Polski SA and other entities of the PKO Bank Polski SA Group were granted the following awards and honours:

1. Product of the Year 2009 – certificates by the "Reader's Digest" monthly. The readers of the Polish edition of the monthly indicated in an on-line survey the most frequently selected products. PKO Bank Polski SA won in four categories: the bank account, the mortgage loan, the cash advance, and the deposit.
2. A Business Friendly Bank – an award granted for implementing new standards of institutional client service, a flexible response to the business client's needs, improving and expanding the product mix and the method used for selling it by using sound patterns of cooperation with small and medium-sized enterprises.
3. Golden Banker – PKO Bank Polski SA received an award for the best mortgage loan on the market, and Inteligo received the Golden Banker award in the category "Financial Innovation – the most innovative product of the year (an overdraft facility in the mobile phone).
4. Dom Maklerski PKO Banku Polskiego SA received three awards from the Stock Exchange for its achievements in 2009, including:
   - an award for the highest value of new issues by the companies listed in 2009;
   - an award for its assistance in launching and for its activity on the Catalyst market on the acquisition activities side;
   - an award for the largest share in the market maker's transactions on the NewConnect market in 2009.
5. Leader of IT services of financial institutions of the year 2009 in the category of transactional systems – an award granted to PKO Bank Polski SA by Gazeta Bankowa for the system ATFI prepared and implemented by PKO BP Finat Sp. z o.o. – the subsidiary of Inteligo Financial Services SA.

In addition, Kredobank SA was included in TOP 20 ranking of safe deposits assessed as stable published by the Ukrainian Internet agency "Economic Truth".

Condensed interim consolidated financial statements of the PKO Bank Polski SA Group for the first quarter of 2010

Table of contents

SELECTED FINANCIAL DATA

SELECTED CONSOLIDATED FINANCIAL DATA	PLN thousand		EUR thousand	
	for the period 01.01.2010 to 31.03.2010	for the period 01.01.2009 to 31.03.2009	for the period 01.01.2010 to 31.03.2010	for the period 01.01.2009 to 31.03.2009
Net interest income	1 474 499	1 193 145	371 701	259 413
Net fee and commission income	725 422	549 890	182 869	119 557
Operating profit	907 090	689 700	228 665	149 954
Net profit (including non-controlling interest)	719 171	542 995	181 293	118 058
Net profit	719 989	540 685	181 499	117 556
Net cash flow from / used in operating activities	(1 024 412)	(2 481 420)	(258 240)	(539 510)
Net cash flow from / used in investing activities	(2 612 159)	2 695 395	(658 489)	586 032
Net cash flow from / used in financing activities	(89 026)	(79 949)	(22 442)	(17 382)
Total net cash flows	(3 725 597)	134 026	(939 171)	29 140
Earnings per share for the period - basic	0.58	0.50	0.15	0.11
Earnings per share for the period - diluted	0.58	0.50	0.15	0.11

SELECTED CONSOLIDATED FINANCIAL DATA	PLN thousand		EUR thousand	
	as at 31.03.2010	as at 31.12.2009	as at 31.03.2010	as at 31.12.2009
Equity attributable to the company shareholders	21 175 302	20 428 541	5 482 705	4 972 626
Total equity	21 180 903	20 435 870	5 484 155	4 974 410
Tier 1 capital	17 505 013	16 254 416	4 532 394	3 956 579
Tier 2 capital	1 485 732	1 481 052	384 685	360 511
Tier 3 capital	36 662	129 876	9 493	31 614

SELECTED STAND-ALONE FINANCIAL DATA	PLN thousand		EUR thousand	
	for the period 01.01.2010 to 31.03.2010	for the period 01.01.2009 to 31.03.2009	for the period 01.01.2010 to 31.03.2010	for the period 01.01.2009 to 31.03.2009
Net interest income	1 440 265	1 144 649	363 071	248 869
Net fee and commission income	675 447	498 592	170 271	108 404
Operating profit	902 627	716 286	227 540	155 735
Profit before income tax	902 627	716 286	227 540	155 735
Net profit	727 190	580 727	183 314	126 261
Net cash flow from / used in operating activities	(1 487 719)	(2 828 106)	(375 033)	(614 886)
Net cash flow from / used in investing activities	(2 217 183)	2 693 409	(558 921)	585 600
Net cash flow from / used in financing activities	(10 090)	(14 562)	(2 544)	(3 166)
Total net cash flows	(3 714 992)	(149 259)	(936 498)	(32 452)
Earnings per share for the period - basic	0.58	0.53	0.15	0.12
Earnings per share for the period - diluted	0.58	0.53	0.15	0.12

SELECTED STAND-ALONE FINANCIAL DATA	PLN thousand		EUR thousand	
	as at 31.03.2010	as at 31.12.2009	as at 31.03.2010	as at 31.12.2009
Total equity	20 928 715	20 179 517	5 418 858	4 912 009
Tier 1 capital	17 041 735	15 755 513	4 412 442	3 835 138
Tier 2 capital	969 634	1 052 650	251 057	256 231
Tier 3 capital	36 662	129 876	9 493	31 614

The selected financial statements positions were recalculated into EUR according to the following exchange rates:

- the income statement and cash flow statement items – the rate is calculated as the average of NBP exchange rates prevailing as at the last day of each month of the 1st quarter of 2010 and 2009, respectively: EUR 1 = PLN 3.9669 and EUR 1 = PLN 4.5994.
- the statement of financial position items – average NBP exchange rate as at 31 March 2010: EUR 1 = PLN 3.8622 and as at 31 December 2009: EUR 1 = PLN 4.1082.

(in PLN thousand)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE PKO BANK POLSKI SA GROUP

CONSOLIDATED INCOME STATEMENT
for the three-month periods ended 31 March 2010 and 31 March 2009 respectively

	Notes	01.01-31.03.2010	01.01-31.03.2009
Continued operations:			
Interest and similar income	4	2 479 204	2 236 231
Interest expense and similar charges	4	(1 004 705)	(1 043 086)
Net interest income		**1 474 499**	**1 193 145**
Fee and commission income	5	920 212	721 199
Fee and commission expense	5	(194 790)	(171 309)
Net fee and commission income		**725 422**	**549 890**
Dividend income		97	53
Net income from financial instruments designated at fair value through profit and loss	6	12 602	46 150
Gains less losses from investment securities		7 427	(536)
Net foreign exchange gains	7	97 307	310 200
Other operating income	8	92 022	124 797
Other operating expense	8	(62 949)	(78 876)
Net other operating income and expense		**29 073**	**45 921**
Net impairment allowance	9	(425 133)	(373 622)
Administrative expenses	10	(1 014 204)	(1 081 501)
Operating profit		**907 090**	**689 700**
Share of profit (loss) of associates and jointly controlled entities		(4 386)	5 459
Profit before income tax		**902 704**	**695 159**
Income tax expense	11	(183 533)	(152 164)
Net profit (including non-controlling interest)		**719 171**	**542 995**
Net profit attributable to non-controlling shareholders		(818)	2 310
Net profit attributable to the parent company		**719 989**	**540 685**
Earnings per share:			
- basic earnings per share for the period (in PLN)		0.58	0.50
- diluted earnings per share for the period (in PLN)		0.58	0.50
Weighted average number of ordinary shares during the period		1 250 000 000	1 090 000 000
Weighted average (diluted) number of ordinary shares during the period		1 250 000 000	1 090 000 000

Discontinued operations:

In the three-month periods ended 31 March 2010 and 31 March 2009, the PKO Bank Polski SA Group did not carry out discontinued operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the three-month periods ended 31 March 2010 and 31 March 2009 respectively

	01.01-31.03.2010	01.01-31.03.2009
Profit for the period	**719 171**	**542 995**
Other comprehensive income	**25 823**	**(2 410)**
Currency translation differences from foreign operations	3 472	5 796
Share in other comprehensive income of an associate	1 920	-
Reassessment of financial instruments available for sale (gross)	(2 058)	(9 991)
Deferred tax on reassessment of financial instruments available for sale	443	1 785
Cash flow hedge (gross)	27 218	-
Deferred tax on valuation of financial instruments designated as cash flow hedge	(5 172)	-
Total net comprehensive income	**744 994**	**540 585**
Total net comprehensive income, of which:	**744 994**	**540 585**
attributable to equity holders of PKO Bank Polski SA	746 000	539 904
attributable to non-controlling shareholders	(1 006)	681

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2010 and as at 31 December 2009

	Notes	31.03.2010	31.12.2009
ASSETS			
Cash and balances with the central bank		3 372 922	7 094 350
Amounts due from banks	12	2 360 196	2 023 055
Trading assets	13	3 176 223	2 212 955
Derivative financial instruments	14	2 321 852	2 029 122
Financial assets designated at fair value through profit and loss	16	10 631 616	12 360 690
Loans and advances to customers	17	117 892 444	116 572 585
Investment securities available for sale	18	10 583 154	7 944 317
Securities held to maturity	19	131 535	9 894
Investments in associates and jointly controlled entities	20	226 290	228 692
Non-current assets held for sale		16 954	13 851
Inventories		583 536	653 075
Intangible assets	21	1 617 023	1 572 577
Tangible fixed assets	21	2 713 113	2 777 694
- including investment properties		284	322
Current income tax receivables		6 812	7 184
Deferred income tax asset		440 061	403 218
Other assets		622 044	575 426
TOTAL ASSETS		**156 695 775**	**156 478 685**
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to the central bank		3 609	6 581
Amounts due to other banks	22	6 034 460	5 146 048
Derivative financial instruments	14	1 781 762	1 544 370
Amounts due to customers	23	122 950 725	125 072 934
Debt securities in issue		531 542	289 360
Subordinated liabilities		1 633 260	1 612 178
Other liabilities	24	1 949 687	1 566 623
Current income tax liabilities		52 385	181 893
Deferred income tax liability		19 609	20 534
Provisions	25	557 833	602 294
TOTAL LIABILITIES		**135 514 872**	**136 042 815**
Equity			
Share capital		1 250 000	1 250 000
Other capital		16 755 339	16 732 988
Currency translation differences from foreign operations		(105 131)	(108 791)
Retained earnings		2 555 105	248 806
Net profit for the period		719 989	2 305 538
Capital and reserves attributable to equity holders of the parent company		**21 175 302**	**20 428 541**
Non-controlling interest		5 601	7 329
TOTAL EQUITY		**21 180 903**	**20 435 870**
TOTAL EQUITY AND LIABILITIES		**156 695 775**	**156 478 685**

Capital adequacy ratio	31	15.20%	14.66%
Book value (in PLN thousand)		21 180 903	20 435 870
Number of shares	1	1 250 000 000	1 250 000 000
Book value per share (in PLN)		16.94	16.35
Diluted number of shares		1 250 000 000	1 250 000 000
Diluted book value per share (in PLN)		16.94	16.35

(in PLN thousand)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three-month periods ended 31 March 2010 and 31 March 2009 respectively

For the three-month period ended 31 March 2010	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	Non-controlling interest	Total equity
		Reserve capital	Other reserves	General banking risk fund	Share in other comprehensive income of an associate	Financial assets available for sale	Cash flow hedge	Total other equity						
As at 1 January 2010	1 250 000	12 149 682	3 405 087	1 070 000	705	(11 762)	119 276	16 732 988	(108 791)	248 806	2 305 538	20 428 541	7 329	20 435 870
Transfer of net profit from previous years	-	-	-	-	-	-	-	-	-	2 305 538	(2 305 538)	-	-	-
Total comprehensive income	-	-	-	-	1 920	(1 615)	22 046	22 351	3 660	-	719 989	746 000	(1 006)	744 994
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	761	-	761	(722)	39
As at 31 March 2010	1 250 000	12 149 682	3 405 087	1 070 000	2 625	(13 377)	141 322	16 755 339	(105 131)	2 555 105	719 989	21 175 302	5 601	21 180 903

For the three-month period ended 31 March 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	Non-controlling interest	Total equity
		Reserve capital	Other reserves	General banking risk fund	Share in other comprehensive income of an associate	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	-	-	-	-	-	(8 206)	-	(8 206)	7 425	-	540 685	539 904	681	540 585
Transfer from retained earnings	-	(1 673)	-	-	-	-	-	(1 673)	-	1 673	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2009	1 000 000	7 273 044	1 523 827	1 070 000	-	(41 443)	-	9 825 428	(49 988)	3 175 579	540 685	14 491 704	46 897	14 538 601

(in PLN thousand)

CONSOLIDATED CASH FLOW STATEMENT
for the three-month periods ended 31 March 2010 and 31 March 2009 respectively

	Note	01.01-31.03.2010	01.01-31.03.2009
Net cash flow from operating activities			
Net profit		719 989	540 685
Adjustments:		(1 744 401)	(3 022 105)
Profit/loss of non-controlling shareholders		(818)	2 310
Amortisation and depreciation		118 562	115 016
(Gains) losses on investing activities		314	1 056
Interest and dividends		(123 833)	(218 336)
Change in amounts due from banks		(341 515)	1 146 979
Change in trading assets and other financial assets designated at fair value through profit and loss		765 806	(3 146 142)
Change in derivative financial instruments (asset)		(292 730)	316 195
Change in loans and advances to customers		(1 724 073)	(5 804 647)
Change in deferred income tax asset and income tax receivables		(36 471)	(10 845)
Change in other assets		19 818	(116 291)
Change in amounts due to other banks		958 034	(816 728)
Change in derivative financial instruments (liability)		237 392	(2 087 098)
Change in amounts due to customers		(2 122 209)	7 434 135
Change in debt securities in issue		242 182	1 108
Change in impairment allowances and provisions		353 870	364 543
Change in other liabilities		393 154	126 179
Income tax paid		(355 673)	(534 122)
Current tax expense		226 165	151 744
Other adjustments		(62 376)	52 839
Net cash from / used in operating activities		**(1 024 412)**	**(2 481 420)**
Inflows from investing activities		**2 505 829**	**6 510 347**
Proceeds from sale of investment securities		2 504 557	6 502 559
Proceeds from sale of intangible assets and tangible fixed assets		1 244	7 742
Other investing inflows		28	46
Outflows from investing activities		**(5 117 988)**	**(3 814 952)**
Purchase of investment securities		(5 019 970)	(3 659 188)
Purchase of intangible assets and tangible fixed assets		(98 018)	(155 764)
Net cash from / used in investing activities		**(2 612 159)**	**2 695 395**
Net cash flow from financing activities			
Long-term borrowings		(159 667)	148 641
Repayment of long term loans		70 641	(228 590)
Net cash generated from financing activities		**(89 026)**	**(79 949)**
Net cash inflow/ (outflow)		**(3 725 597)**	**134 026**
Cash and cash equivalents at the beginning of the period		8 992 393	8 270 243
Cash and cash equivalents at the end of the period	**28**	**5 266 796**	**8 404 269**
of which restricted		7 401	13 726

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The consolidated financial statements of the Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Group ('the PKO Bank Polski SA Group', 'the Group') have been prepared for the three-month period ended 31 March 2010 and include comparative data for the three-month period ended 31 March 2009 (as regards consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement) and include comparative data as at 31 December 2009 (as regards consolidated statement of financial position). 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 Bank Polski SA'; 'the parent company'; 'the Bank').

The parent company was established in 1919 as the Pocztowa 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 1 250 000 thousand.

The Bank's shareholding structure is as follows:

Shareholder	Number of shares	Number of votes %	Nominal value of the share	Shareholding %
As at 31 March 2010				
The State Treasury	512 406 277	40.99	PLN 1	40.99
Bank Gospodarstwa Krajowego	128 102 731	10.25	PLN 1	10.25
Other shareholders	609 490 992	48.76	PLN 1	48.76
Total	**1 250 000 000**	**100.00**	**---**	**100.00**
As at 31 December 2009				
The State Treasury	512 406 927	40.99	PLN 1	40.99
Bank Gospodarstwa Krajowego	128 102 731	10.25	PLN 1	10.25
Other shareholders	609 490 342	48.76	PLN 1	48.76
Total	**1 250 000 000**	**100.00**	**---**	**100.00**

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

Business activities of the Group

PKO Bank Polski SA is a universal commercial bank offering services to both domestic and foreign retail, corporate and other clients. PKO Bank Polski 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.

(in PLN thousand)

In addition, the Group conducts activities relating to leasing, factoring, investment funds, pension funds, Internet banking as well as servicing and settlement of card transactions and real estate development. The scope of activities of each of the Group entities is set out in this note, in the table 'Structure of the PKO Bank Polski SA Group'.

The Group operates in the Republic of Poland and through its subsidiaries, KREDOBANK SA and Ukrpolinwestycje Sp. z o.o. – in Ukraine and through its subsidiary PKO Finance AB in Sweden.

Structure of the PKO Bank Polski SA Group

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

No.	Entity name	Registered office	Activity	Share capital held by the Group (%) 31.03.2010	31.12.2009
The PKO Bank Polski SA Group					
			Parent company		
1	**Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna**				
			Direct subsidiaries		
2	Bankowe Towarzystwo Kapitałowe SA	Warsaw	Services, including financial services	100.00	100.00
3	Bankowy Fundusz Leasingowy SA	Łódź	Leasing services	100.00	100.00
4	Centrum Elektronicznych Usług Płatniczych 'eService' SA	Warsaw	Servicing and settlement of card transactions	100.00	100.00
5	Centrum Finansowe Puławska Sp. z o.o.	Warsaw	Management and use of Centrum Finansowe Puławska	100.00	100.00
6	Inteligo Financial Services SA	Warsaw	Technical servicing of Internet banking	100.00	100.00
7	KREDOBANK SA	Lviv, Ukraine	Financial services	99.4948	99.4948
8	PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA	Warsaw	Pension fund management	100.00	100.00
9	PKO BP Inwestycje Sp. z o.o.	Warsaw	Real estate development	100.00	100.00
10	PKO Finance AB	Stockholm, Sweden	Financial services	100.00	100.00
11	PKO Towarzystwo Funduszy Inwestycyjnych SA	Warsaw	Investment fund management	100.00	100.00
12	Fort Mokotów Inwestycje Sp. z o.o.	Warsaw	Real estate development	99.9885	99.9885
			Indirect subsidiaries		
	Subsidiaries of PKO BP Inwestycje Sp. z o.o.				
13	Wilanów Investments Sp. z o.o. [1]	Warsaw	Real estate development	99.9750	99.9750
14	POMERANKA Sp. z o.o. [1]	Warsaw	Real estate development	99.9975	99.9975
15	PKO BP Inwestycje - Rezydencja Flotylla Sp. z o.o.	Warsaw	Real estate development	100.00	100.00
16	UKRPOLINWESTYCJE Sp. z o.o.	Kiev, Ukraine	Real estate development	55.00	55.00
17	Fort Mokotów Sp. z o.o.	Warsaw	Real estate development	51.00	51.00
18	WISŁOK Inwestycje Sp. z o.o.[2]	Rzeszów	Real estate development	-	80.00
19	Baltic Dom 2 Sp. z o.o.	Warsaw	Real estate development	56.00	56.00
	Subsidiaries of Bankowy Fundusz Leasingowy SA				
20	Bankowy Leasing Sp. z o.o. [1]	Łódź	Leasing services	99.9969	99.9969
21	BFL Nieruchomości Sp. z o.o. [1]	Łódź	Leasing services	99.9945	99.9930
	Subsidiary of Inteligo Financial Services SA				
22	PKO BP Finat Sp. z o.o. [3]	Warsaw	Intermediary financial services	80.3287	80.3287
	Subsidiary of Bankowe Towarzystwo Kapitałowe SA				
23	PKO BP Faktoring SA [1]	Warsaw	Factoring	99.9846	99.9846

1) PKO Bank Polski SA holds 1 share in the entity
2) Information on the disposal is presented in Note 30 'Changes to the entities of the Group'
3) Other shares of the entity PKO BP Finat Sp. z o.o. are in hold of PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA (19.6702%) and PKO Bank Polski SA (0.0011%).

(in PLN thousand)

Associates and jointly controlled entities included in the consolidated financial statements:
Jointly controlled entities

No.	Name of Entity	Registered office	Activity	% Share capital	
				31.03.2010	**31.12.2009**
			Direct jointly controlled entities		
1	CENTRUM HAFFNERA Sp. z o.o.	Sopot	Real estate development	49.43	49.43
2	Centrum Obsługi Biznesu Sp. z o.o.	Poznań	Construction and maintenance of a hotel	41.44	41.44
			Indirect jointly controlled entities		
	Subsidiaries of CENTRUM HAFFNERA Sp. z o.o. (indirect jointly controlled by PKO Bank Polski SA)				
3	Centrum Majkowskiego Sp. z o.o.	Sopot	Real estate development	100.00	100.00
4	Kamienica Morska Sp. z o.o.	Sopot	Real estate development	100.00	100.00
5	Sopot Zdrój Sp. z o.o.	Sopot	Real estate development	100.00	100.00
6	Promenada Sopocka Sp. z o.o.	Sopot	Real estate development	100.00	100.00

Associates:

No.	Name of Entity	Registered office	Activity	% Share capital	
				31.03.2010	**31.12.2009**
			Direct associates		
1	Bank Pocztowy SA	Bydgoszcz	Financial services	25.0001	25.0001
2	Kolej Gondolowa Jaworzyna Krynicka SA[1]	Krynica Górska	Construction and operation of cable railway	37.53	37.53
3	Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	Poznań	Provision of sureties and guarantees	33.33	33.33
4	Agencja Inwestycyjna CORP SA	Warsaw	Office real estate management	22.31	22.31

1) Investment in entity is recognised in non-current assets held for sale

Information on changes in the parent's participation in the share capital of the subsidiaries is set out in Note 30 'Changes to the entities of the Group'.

2. Summary of significant accounting policies and critical estimates

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

Since 1 January 2010 the Group has applied the amended IAS 27 'Consolidated and Separate Financial Statements' and the amended IFRS 3 'Business Combinations' introducing amendments to the identification of net assets of subsidiaries, the formula of calculation of goodwill, elements of acquisition costs, settlements of a purchase of a subsidiary and a settlement of a multi-stage business combinations.

Other accounting policies, estimates and judgements applied to prepare these condensed financial statements are in accordance with those applied to prepare consolidated financial statements of the Group for the year ended 31 December 2009.

The condensed interim financial statements for the first quarter of 2010 should be read together with consolidated financial statements of the PKO Bank Polski SA Group for 2009 prepared in accordance with International Financial Reporting Standards endorsed by the EU.

3. Information on the segments of activities

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

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

1. The retail segment comprises transactions of the parent company with retail clients, clients of small and medium-sized enterprises and mortgage market clients, as well as activities of the following subsidiaries: KREDOBANK SA, PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA, PKO Towarzystwo Funduszy Inwestycyjnych SA, the Inteligo Financial Services SA Group, Centrum Elektronicznych Usług Płatniczych eService SA, and the PKO BP Inwestycje Sp. z o.o. Group and Fort Mokotów Inwestycje Sp. z o. o.

   This segment comprises, among others, the following products and services: current and saving accounts, deposits, private banking services, investment products, credit and debit cards, consumer and mortgage loans, corporate loans for small and medium-sized enterprises and housing market customers.

2. The corporate segment includes transactions of the parent company with large corporate clients, as well as activities of the Bankowy Fundusz Leasingowy SA Group and of the Bankowe Towarzystwo Kapitałowe SA Group.

   This segment comprises, among others, the following products and services: current and saving accounts, deposits, depositary services, currency and derivative products, sell buy back and buy sell back transactions, investment loans, leases and factoring. Within the segment, PKO Bank Polski SA also enters, individually or in consortium with other banks, into loan agreements financing large investment projects.

3. The investment segment comprises investing and brokerage activities, interbank transactions, derivative instruments and debt securities transactions and activities of PKO Finance AB and Centrum Finansowe Puławska Sp. z .o.o.

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

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

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

The tables below present data relating to results of individual business segments of the PKO Bank Polski SA Group for the three-month period ended 31 March 2010 and 31 March 2009 and of selected assets and liabilities as at 31 March 2010 and as at 31 December 2009.

(in PLN thousand)

For the three-month period ended 31 March 2010	**Continued operations**			
	Retail segment	**Corporate segment**	**Investment segment**	**Total activity of the Group**
Net interest income	1 347 688	197 680	(70 869)	1 474 499
Net fee and commission income	647 818	55 572	22 032	725 422
Other net income	64 321	19 464	62 721	146 506
Result from financial operations	(2 064)	(982)	23 075	20 029
Net foreign exchange gains	38 743	19 328	39 236	97 307
Dividend income	-	-	97	97
Net other operating income	21 142	7 618	313	29 073
Income/expenses relating to internal customers	6 500	(6 500)	-	-
Net impairment allowance	(386 328)	(39 201)	396	(425 133)
Administrative expenses, of which:	(918 070)	(64 782)	(31 352)	(1 014 204)
Amortization and depreciation	(108 397)	(8 176)	(1 989)	(118 562)
Share of profit (loss) of associates and jointly controlled entities	-	-	-	(4 386)
Segment gross profit	755 429	168 733	(17 072)	902 704
Income tax expense	-	-	-	(183 533)
Net profit attributable to non-controlling shareholders	-	-	-	(818)
Net profit (loss) attributable to the parent entity	**755 429**	**168 733**	**(17 072)**	**719 989**

As at 31 March 2010	**Continued operations**			
	Retail segment	**Corporate segment**	**Investment segment**	**Total activity of the Group**
Assets	96 419 367	34 245 124	26 031 284	**156 695 775**
Liabilities	102 505 148	24 937 800	8 071 924	**135 514 872**

(in PLN thousand)

For the three-month period ended 31 March 2009	**Continued operations**			
	Retail segment	**Corporate segment**	**Investment segment**	**Total activity of the Group**
Net interest income	1 267 274	107 691	(181 820)	1 193 145
Net fee and commission income	480 512	49 179	20 199	549 890
Other net income	212 063	51 395	138 330	401 788
Result from financial operations	(3 436)	3 863	45 187	45 614
Net foreign exchange gains	167 922	51 359	90 919	310 200
Dividend income	-	-	53	53
Net other operating income	41 077	2 673	2 171	45 921
Income/expenses relating to internal customers	6 500	(6 500)	-	-
Net impairment allowance	(262 004)	(108 331)	(3 287)	(373 622)
Administrative expenses, of which:	(982 096)	(68 917)	(30 488)	(1 081 501)
Amortization and depreciation	(105 716)	(7 840)	(1 460)	(115 016)
Share of profit (loss) of associates and jointly controlled entities	-	-	-	5 459
Segment gross profit	715 749	31 017	(57 066)	695 159
Income tax expense	-	-	-	(152 164)
Net profit attributable to non-controlling shareholders	-	-	-	2 310
Net profit (loss) attributable to the parent entity	**715 749**	**31 017**	**(57 066)**	**540 685**

As at 31 December 2009	**Continued operations**			
	Retail segment	**Corporate segment**	**Investment segment**	**Total activity of the Group**
Assets	96 456 292	36 407 665	23 614 728	**156 478 685**
Liabilities	100 521 932	28 396 107	7 124 776	**136 042 815**

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

For the three-month period ended 31 March 2010	**Poland**	**Ukraine**	**Total**
Net interest income	**1 453 208**	**21 291**	**1 474 499**
Net fee and commission income	**716 897**	**8 525**	**725 422**
Other net income	**148 162**	**(1 656)**	**146 506**
Administrative expenses	(987 309)	(26 895)	(1 014 204)
Net impairment allowance	(401 615)	(23 518)	(425 133)
Share of profit (loss) of associates and jointly controlled entities	-	**-**	**(4 386)**
Segment gross profit	**929 343**	**(22 253)**	**902 704**
Income tax expense	-	-	(183 533)
Net profit attributable to non-controlling shareholders	-	-	(818)
Net profit	**929 343**	**(22 253)**	**719 989**

As at 31 March 2010	**Poland**	**Ukraine**	**Total**
Assets of the segment	154 687 527	2 008 248	**156 695 775**
Liabilities of the segment	134 198 201	1 316 671	**135 514 872**

(in PLN thousand)

For the three-month period ended 31 March 2009	Poland	Ukraine	Total
Net interest income	**1 151 323**	**41 822**	**1 193 145**
Net fee and commission income	**538 763**	**11 127**	**549 890**
Other net income	**394 572**	**7 216**	**401 788**
Administrative expenses	(1 045 431)	(36 070)	(1 081 501)
Net impairment allowance	(292 339)	(81 283)	(373 622)
Share of profit (loss) of associates and jointly controlled entities	-	-	**5 459**
Segment gross profit	**746 888**	**(57 188)**	**695 159**
Income tax expense	-	-	(152 164)
Net profit attributable to non-controlling shareholders	-	-	2 310
Net profit/(loss)	**746 888**	**(57 188)**	**540 685**

As at 31 December 2009	Poland	Ukraine	Total
Assets of the segment	154 555 349	1 923 336	**156 478 685**
Liabilities of the segment	134 726 841	1 315 974	**136 042 815**

4. Interest income and expense

Interest and similar income

	01.01-31.03.2010	01.01-31.03.2009
Income from loans and advances to customers	2 012 801	1 964 018
Income from derivative hedging instruments	154 945	-
Income from securities designated at fair value through profit and loss	130 770	89 508
Income from investment securities	111 200	98 736
Income from placements with other banks	35 644	54 767
Income from trading securities	32 720	21 003
Other	1 124	8 199
Total	**2 479 204**	**2 236 231**

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 relationships applied by the Group are included in Note 15 ‘Derivative hedging instruments’.

Interest expense and similar charges

	01.01-31.03.2010	01.01-31.03.2009
Interest expense on amounts due to customers	(957 434)	(968 173)
Interest expense on debt securities in issue	(26 956)	(35 701)
Interest expense on deposits from other banks	(6 902)	(21 416)
Other	(13 413)	(17 796)
Total	**(1 004 705)**	**(1 043 086)**

(in PLN thousand)

5. Fee and commission income and expense

Fee and commission income

	01.01-31.03.2010	01.01-31.03.2009
Income from financial assets, which are not valued at fair value through profit and loss, of which:	**114 549**	**75 788**
Income from loans and advances	114 549	75 788
Other fee and commissions	**805 277**	**645 036**
Income from maintenance of bank accounts	233 812	208 967
Income from payment cards	229 930	210 590
Income from loan insurance	157 996	39 754
Income from maintenance of investment and pension funds (including management fees)	76 073	72 478
Income from cash transactions	41 822	44 785
Income from securities transactions	12 741	10 129
Income from foreign mass transactions servicing	10 372	9 766
Income from sale and distribution of marks of value	7 867	6 713
Other*	34 664	41 854
Income from trustee activities	**386**	**375**
Total	**920 212**	**721 199**

* Included in 'Other' are commissions received for servicing bond sale transactions and servicing the debt level of lenders towards the State budget.

Fee and commission expense

	01.01-31.03.2010	01.01-31.03.2009
Expenses on payment cards	(81 077)	(77 683)
Expenses on acquisition services	(35 955)	(37 483)
Expenses on loan insurance	(35 449)	(15 451)
Expenses on portfolio and other management fees	(5 620)	(11 702)
Expenses on fee and commissions for operating services granted by other banks	(2 780)	(2 032)
Expenses on fee and commissions paid to PPUP	(892)	(913)
Other*	(33 017)	(26 045)
Total	**(194 790)**	**(171 309)**

* Included in 'Other' are: fee and expenses paid by the brokerage house (Dom Maklerski) to Warsaw Stock Exchange (GPW) and the National Depository for Securities (KDPW) and fee and commissions paid due to accounting and clearing services.

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

	01.01-31.03.2010	01.01-31.03.2009
Derivative instruments[1)]	(27 855)	32 477
Debt securities	39 583	12 166
Equity instruments	866	752
Other[1)]	8	755
Total	**12 602**	**46 150**

In the net income from financial instruments at fair value, position 'Derivative instruments', an ineffective portion related to hedges against fluctuations in cash flows was recognized and it amounted to PLN 3 thousand.

(in PLN thousand)

01.01-31.03.2010	Gains	Losses	Net result
Trading assets	4 368 647	(4 390 399)	(21 752)
Financial assets designated upon initial recognition at fair value through profit and loss	45 477	(11 123)	34 354
Total	**4 414 124**	**(4 401 522)**	**12 602**

01.01-31.03.2009	Gains	Losses	Net result
Trading assets	7 307 420	(7 267 607)	39 813
Financial assets designated upon initial recognition at fair value through profit and loss	76 091	(69 754)	6 337
Total	**7 383 511**	**(7 337 361)**	**46 150**

The total change in fair values of financial instruments designated at fair value through profit and loss determined with use of valuation models (where no quotations from active market were available) in the period ended 31 March 2010 amounted to PLN (27 847)[*)] thousand (in the period ended 31 March 2009: PLN 33 232[*)] thousand).

7. Net foreign exchange gains

	01.01-31.03.2010	01.01-31.03.2009
Currency transactions differences resulting from financial instruments designated at fair value through profit and loss	94 153	1 485 552
Currency transactions differences	3 154	(1 175 352)
Total	**97 307**	**310 200**

8. Other operating income and expense

	01.01-31.03.2010	01.01-31.03.2009
Other operating income		
Net income from sale of goods, commodities and materials*	58 235	75 207
Sales and disposal of tangible fixed assets, intangible assets, and assets held for sale	14 148	4 550
Damages, penalties and fines received	8 766	4 869
Sundry income	4 321	5 872
Recovery of expired and written-off receivables	1 085	2 387
Sale of shares in associates and jointly controlled entities	577	-
Other	4 890	31 912
Total	**92 022**	**124 797**

*Included in 'Net income from sale of goods, commodities and materials' are mainly income related to real estate activities, income related to sales of electronic charging of mobile phones, cards and other IT services.

[*)] the total amount of the items marked with[1)] in note 6 'Net income from financial instruments at fair value through profit and loss'

(in PLN thousand)

	01.01-31.03.2010	**01.01-31.03.2009**
Other operating expenses		
Costs of sale of goods, commodities and materials*	(29 837)	(39 179)
Costs of sale and disposal of tangible fixed assets, intangible assets and assets held for sale	(15 183)	(6 662)
Donations	(1 248)	(406)
Sundry expenses	(1 048)	(1 367)
Costs of tangible fixed assets construction and intangible assets development - not capitalized	(54)	(50)
Other	(15 579)	(31 212)
Total	**(62 949)**	**(78 876)**

* Included in 'Costs of sale of goods, commodities and materials' is mainly expense related to real estate activities.

(in PLN thousand)

9. Net impairment allowance

		Increases			Decreases				
For the three-month period ended 31 March 2010	**Impairment allowances at the beginning of the period**	**Impairment allowances recognised during the period**	**Currency translation differences**	**Other**	**Decrease in impairment allowances due to derecognition of assets**	**Impairment allowances reversed during the period**	**Other**	**Impairment allowances at the end of the period**	**Net impairment allowance – impact on the income statement**
Investment securities available for sale	21 572	2 502	117	-	-	1 474	-	22 717	(1 028)
Loans and advances to customers and amounts due from other banks measured at amortised cost	3 964 233	1 206 583	3 644	204	19 591	765 220	473	4 389 380	(441 363)
Tangible fixed assets	1 856	-	-	-	-	-	23	1 833	-
Intangible assets	95 135	-	-		-	-	-	95 135	-
Investments in entities measured using equity method	5 028	-	-	-	-	64	-	4 964	64
Non-current assets held for sale	1 680	-	-	-	-	-	-	1 680	-
Other, of which:	359 043	33 232	153	57	23 748	50 426		318 311	17 194
Provisions for off-balance sheet liabilities	119 849	18 800	22		1 523	40 740		96 408	21 940
Total	**4 448 547**	**1 242 317**	**3 914**	**261**	**43 339**	**817 184**	**496**	**4 834 020**	**(425 133)**

		Increases			Decreases				
For the three-month period ended 31 March 2009	**Impairment allowances at the beginning of the period**	**Impairment allowances recognised during the period**	**Currency translation differences**	**Other**	**Decrease in impairment allowances due to derecognition of assets**	**Impairment allowances reversed during the period**	**Other**	**Impairment allowances at the end of the period**	**Net impairment allowance – impact on the income statement**
Investment securities available for sale	25 691	6 727	627	-	-	4 061	4 859	24 125	(2 666)
Loans and advances to customers and amounts due from other banks measured at amortised cost	2 945 987	711 931	37 644	5 495	18 084	357 672	1 429	3 323 872	(354 259)
Tangible fixed assets	2 035	6	-	138	-	78	-	2 101	72
Intangible assets	91 733	770	-	-	-	-	-	92 503	(770)
Investments in entities measured using equity method	4 360	3 333	-	-	-	-	-	7 693	(3 333)
Non-current assets held for sale	-	1 680	-	-	-	-	-	1 680	(1 680)
Other, of which:	219 549	57 172	1 440	42 395	1 514	46 186	5 543	267 313	(10 986)
Provisions for off-balance sheet liabilities	87 602	53 946	13	-	1 514	43 697	997	95 353	(10 249)
Total	**3 289 355**	**781 619**	**39 711**	**48 028**	**19 598**	**407 997**	**11 831**	**3 719 287**	**(373 622)**

(in PLN thousand)

10. Administrative expenses

	01.01-31.03.2010	01.01-31.03.2009
Staff costs	(566 970)	(573 080)
Overheads	(298 130)	(364 831)
Depreciation and amortisation	(118 562)	(115 016)
Taxes and other charges	(17 196)	(16 148)
Contribution and payments to Banking Guarantee Fund	(13 346)	(12 426)
Total	**(1 014 204)**	**(1 081 501)**

Wages and salaries / Employee benefits

	01.01-31.03.2010	01.01-31.03.2009
Wages and salaries	(470 908)	(474 885)
Insurance	(79 394)	(81 605)
Other employee benefits	(16 668)	(16 590)
Total	**(566 970)**	**(573 080)**

11. Income tax expense

	01.01-31.03.2010	01.01-31.03.2009
Consolidated income statement		
Current income tax expense	(226 165)	(151 744)
Deferred income tax related to temporary differences	42 632	(420)
Tax expense disclosed in the consolidated income statement	**(183 533)**	**(152 164)**
Tax expense disclosed in other comprehensive income related to temporary differences	5 571	(1 574)
Total	**(177 962)**	**(153 738)**

12. Amounts due from banks

	31.03.2010	31.12.2009
Deposits with other banks	1 255 652	1 160 377
Current accounts	509 191	617 388
Receivables due from repurchase agreements	450 780	105 427
Loans and advances	155 897	161 378
Cash in transit	15 990	5 594
Total	**2 387 510**	**2 050 164**
Impairment allowance, of which:	(27 314)	(27 109)
- impairment allowance on exposure to foreign bank	(27 217)	(27 013)
Net total	**2 360 196**	**2 023 055**

13. Trading assets

	31.03.2010	31.12.2009
Debt securities	3 170 614	2 202 847
issued by the State Treasury	3 168 534	2 198 840
issued by local government bodies	2 059	2 208
issued by other banks	21	1 799
Shares in other entities - listed on stock exchange	5 609	10 108
Total	**3 176 223**	**2 212 955**

(in PLN thousand)

14. Derivative instruments

Type of contract	31.03.2010		31.12.2009	
	Assets	**Liabilities**	**Assets**	**Liabilities**
IRS	1 519 075	1 540 026	1 306 906	1 296 136
FRA	12 156	11 432	7 613	8 298
FX Swap	92 269	23 756	90 056	27 181
CIRS	547 753	33 510	402 221	33 699
Forward	43 870	120 967	24 167	49 349
Options	106 180	50 860	198 159	127 847
Other	549	1 211	-	1 860
Total	**2 321 852**	**1 781 762**	**2 029 122**	**1 544 370**

15. Derivative hedging instruments

As at 31 March 2010, 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 transaction

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 floating rate PLN loans resulting from the interest rate risk in the period covered by the hedge.
Hedged risk	Currency risk and interest rate risk.	Interest rate risk.
Hedging instrument	CIRS transactions where the Bank pays coupons based on 3M CHF LIBOR, and receives coupons based on 3M WIBOR on the nominal amount defined in CHF and PLN respectively.	IRS transactions where the Group pays coupons based on variable 3M WIBOR, and receives coupons based on a fixed rate on the nominal amount for which they were concluded.
Hedged position	1) The portfolio of floating rate mortgage loans denominated in CHF. 2) The portfolio of short-term negotiable term deposits, including renewals in the future (high probability of occurrence).	The portfolio of loans in PLN indexed to the variable 3M WIBOR rate.
Hedge effectiveness	The effectiveness of the hedge is verified by applying prospective and retrospective effectiveness tests. Tests are performed on a monthly basis.	The effectiveness of the hedge is verified by applying prospective and retrospective effectiveness tests. The tests are performed on a monthly basis.
The date of establishing a hedging relationship	Beginning from 1 April 2009, gradually on the dates of resetting the CIRS designated for hedge accounting.	May, July, December 2009

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**
Periods in which cash flows are expected and in which they should have an impact on the financial result	April 2010 to January 2017	April 2010 to December 2012

Cash flow hedges

The fair value of derivative instruments constituting cash flow hedges related to the interest rate and / or foreign exchange rate as at 31 March 2010 and as at 31 December 2009.

Type of derivative financial instrument:	Carrying amount/fair value					
	31.03.2010			31.12.2009		
	Assets	Liabilities	TOTAL	Assets	Liabilities	TOTAL
Interest Rate Swaps	12 783	-	**12 783**	7 610	93	**7 517**
Cross Interest Rate Swaps	480 416	20 781	**459 635**	344 651	25 219	**319 432**
Total	**493 199**	**20 781**	**472 418**	**352 261**	**25 312**	**326 949**

The nominal value of the hedging instruments by maturity as at 31 March 2010 and as at 31 December 2009.

Type of derivative financial instrument:	Nominal value as at 31 March 2010					
	Up to 6 months	6 – 12 months	1 – 2 years	2 – 5 years	Over 5 years	TOTAL
IRS in PLN thousand	400 000	-	-	30 000	-	**430 000**
CIRS						
in PLN thousand	812 795	830 200	1 503 685	9 264 775	2 859 615	**15 271 070**
in CHF thousand	300 000	300 000	550 000	3 400 000	1 050 000	**5 600 000**

Type of derivative financial instrument:	Nominal value as at 31 December 2009					
	Up to 6 months	6 – 12 months	1 – 2 years	2 – 5 years	Over 5 years	TOTAL
IRS in PLN thousand	260 000	140 000	-	30 000	-	**430 000**
CIRS						
in PLN thousand	418 155	1 115 740	1 666 295	9 022 190	3 314 055	**15 536 435**
in CHF thousand	150 000	400 000	600 000	3 250 000	1 200 000	**5 600 000**

Other comprehensive income as regards cash flows hedge	**01.01-31.03.2010**
Other comprehensive income at the beginning of the period	147 254
Gains or losses transferred to other comprehensive income in the period	286 958
Amount transferred in the period from other comprehensive income to the income statement	(259 740)
Other comprehensive income at the end of the period (gross)	**174 472**
Tax effect	**(33 150)**
Net other comprehensive income at the end of the period	**141 322**

Ineffective part of cash flow hedge recognized through profit and loss	**3**

(in PLN thousand)

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

	31.03.2010	31.12.2009
Debt securities	**10 631 616**	**12 360 690**
issued by the State Treasury	6 001 704	5 362 314
issued by central banks	4 499 118	6 994 218
issued by local government bodies	129 972	-
Issued by non-financials entities	822	4 158
Total	**10 631 616**	**12 360 690**

17. Loans and advances to customers

	31.03.2010	31.12.2009
Loans and advances to customers gross, of which:	**122 254 510**	**120 509 709**
consumer loans	24 168 867	23 483 449
corporate loans	44 161 128	43 990 773
mortgage loans	53 334 974	52 471 695
Interest	589 541	563 792
Impairment allowances on loans and advances to customers	(4 362 066)	(3 937 124)
Loans and advances to customers – net	**117 892 444**	**116 572 585**

	31.03.2010	31.12.2009
Loans and advances to customers		
Receivables valued using the group method (IBNR)	112 060 871	110 707 613
of which receivables related to finance lease	*2 087 917*	*2 062 495*
Receivables valued using the individual method	6 071 571	6 049 833
of which receivables related to finance lease	*167 981*	*221 395*
Receivables valued using the portfolio method	4 122 068	3 752 263
of which receivables related to finance lease	*82 411*	*74 814*
Loans and advances to customers – gross	**122 254 510**	**120 509 709**
Impairment allowances on exposures with portfolio impairment	(2 252 739)	(1 989 868)
of which impairment allowances on lease receivables	*(41 260)*	*(37 980)*
Impairment allowances on exposures with individual impairment	(1 414 600)	(1 344 098)
of which impairment allowances on lease receivables	*(30 256)*	*(24 163)*
Impairment allowances on exposures with group impairment (IBNR)	(694 727)	(603 158)
of which impairment allowances on lease receivables	*(11 182)*	*(9 679)*
Total impairment allowances	**(4 362 066)**	**(3 937 124)**
Loans and advances to customers - net	**117 892 444**	**116 572 585**

18. Investment securities available for sale

	31.03.2010	31.12.2009
Debt securities available for sale, gross	**10 503 317**	**7 867 725**
issued by the State Treasury	7 667 780	4 982 606
issued by local government bodies	2 037 418	2 000 221
issued by non-financial institutions	708 795	794 812
issued by other banks	89 324	90 086
Impairment allowances on debt securities available for sale	(20 510)	(19 155)
Total net debt securities available for sale	**10 482 807**	**7 848 570**
Equity instruments available for sale, gross	102 554	98 164
Impairment allowances on equity instruments available for sale	(2 207)	(2 417)
Total net equity instruments available for sale	**100 347**	**95 747**
Total net investment securities	**10 583 154**	**7 944 317**

(in PLN thousand)

19. Securities held to maturity

	31.03.2010	31.12.2009
Debt securities held to maturity	**131 535**	**9 894**
issued by the State Treasury	131 535	9 894
Total	**131 535**	**9 894**

20. Investments in associates and jointly controlled entities

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

Entity name	31.03.2010	31.12.2009
Centrum Obsługi Biznesu Sp. z o.o	9 472	11 182
Centrum Haffnera Sp. z o.o. Group	35 481	38 058
Total	**44 953**	**49 240**

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

Entity name	31.03.2010	31.12.2009
Bank Pocztowy SA	181 010	179 173
Agencja Inwestycyjna CORP SA	327	279
Total	**181 337**	**179 452**

	01.01-31.03.2010	01.01-31.03.2009
Investments in associates at the beginning of the period	**179 452**	**190 463**
Share of profit (loss)	(99)	4 853
Share in other comprehensive income	1 920	-
Share in changes recognised directly in equity	-	(15 531)
Reclassification of Kolej Gondolowa Jaworzyna Krynicka SA shares to non-current assets held for sale	-	(15 531)
Change in impairment allowances on investments	64	(3 333)
Investments in associates at the end of the period	**181 337**	**176 452**

	01.01-31.03.2010	01.01-31.03.2009
Investments in jointly controlled entities at the beginning of the period	**49 240**	**56 682**
Share of profit (loss)	(4 287)	606
Investments in jointly controlled entities at the end of the period	**44 953**	**57 288**

(in PLN thousand)

21. Intangible assets and tangible fixed assets

Intangible assets	31.03.2010	31.12.2009
Software	1 213 083	1 230 452
(including goodwill of subsidiaries)	264 933	264 933
Development costs	3 429	3 414
Other, including capital expenditure	135 578	73 778
Total	**1 617 023**	**1 572 577**

Tangible fixed assets	31.03.2010	31.12.2009
Land and buildings	1 743 323	1 749 813
Machinery and equipment	671 397	651 577
Assets under construction	133 694	207 251
Means of transport	42 892	44 832
Investment properties	284	322
Other	121 523	123 899
Total	**2 713 113**	**2 777 694**

22. Amounts due to other banks

	31.03.2010	31.12.2009
Loans and advances	3 406 842	3 597 839
Deposits of other banks	2 458 753	1 399 985
Current accounts	49 514	26 545
Other money market deposits	119 351	121 679
Total	**6 034 460**	**5 146 048**

23. Amounts due to customers

	31.03.2010	31.12.2009
Amounts due to retail clients	**91 048 859**	**87 557 401**
Current accounts and overnight deposits	40 556 570	37 730 475
Term deposits	50 040 893	49 559 096
Other	451 396	267 830
Amounts due to corporate entities	**23 829 949**	**27 834 542**
Current accounts and overnight deposits	8 615 705	8 895 727
Term deposits	13 648 862	17 286 459
Loans and advances	1 388 853	1 420 517
Other	176 529	231 839
Amounts due to state budget entities	**8 071 917**	**9 680 991**
Current accounts and overnight deposits	2 857 522	3 355 764
Term deposits	5 193 207	6 279 377
Other	21 188	45 850
Total	**122 950 725**	**125 072 934**

24. Other liabilities

	31.03.2010	31.12.2009
Accounts payables	257 217	227 492
Deferred income	341 014	291 704
Other liabilities	1 351 456	1 047 427
Total	**1 949 687**	**1 566 623**

(in PLN thousand)

25. Provisions

For the three-month period ended 31 March 2010	Provision for legal claims	Provisions for anniversary bonuses and retirement benefits	Provisions for liabilities and guarantees granted	Other provisions*	Total
As at 1 January 2010, including:	**8 128**	**368 295**	**111 721**	**114 150**	**602 294**
short term portion	**8 128**	**27 418**	**111 721**	**114 150**	**261 417**
long term portion	**-**	**340 877**	**-**	**-**	**340 877**
Increase/reassessment	20	-	18 780	2 196	**20 996**
Use	(5)	-	(1 518)	(24)	**(1 547)**
Release	-	-	(40 740)	(23 665)	**(64 405)**
Currency translation differences	-	-	22	-	**22**
Other changes and reclassifications	-	-	-	473	**473**
As at 31 March 2010, including:	**8 143**	**368 295**	**88 265**	**93 130**	**557 833**
short term portion	**8 143**	**27 418**	**88 265**	**93 130**	**216 956**
long term portion	**-**	**340 877**	**-**	**-**	**340 877**

*Included in 'Other provisions' is: restructuring provision amounting to PLN 55 019 thousand and provision for potential claims on receivables sold amounting to PLN 31 589 thousand.

For the three-month period ended 31 March 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	-	37	53 946	11 521	**65 504**
Use	(863)	-	(651)	(7 613)	**(9 127)**
Release	-	-	(43 697)	(26 983)	**(70 680)**
Currency translation differences	-	-	13	-	**13**
Other changes and reclassifications	-	(24)	(997)	997	**(24)**
As at 31 March 2009, including:	**8 489**	**365 199**	**86 864**	**91 150**	**551 702**
short term portion	**8 489**	**46 521**	**86 864**	**86 659**	**228 533**
long term portion	**-**	**318 678**	**-**	**4 491**	**323 169**

*Included in 'Other provisions' is: restructuring provision amounting to PLN 53 529 thousand and provision for potential claims on receivables sold amounting to PLN 25 350 thousand.

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

(in PLN thousand)

26. Off-balance sheet liabilities

Contingent liabilities

Underwriting programs

As at 31 March 2010, underwriting agreements covered the following securities:

Issuer of securities underwritten	Type of underwritten securities	Off-balance sheet guarantee liabilities resulting from underwriting agreement	Contract period	Sub-issue type
Company A	corporate bonds	500 000	2025.12.31	Bonds Issue Agreement*
Company B	subordinated bonds	350 000	2020.04.30	Subordinated Bonds Issue Agreement**
Company C	corporate bonds	199 786	2010.11.08	Bonds Issue Agreement*
Company D	corporate bonds	159 880	2012.01.02	Bonds Issue Agreement*
Company E	corporate bonds	36 000	2016.12.30	Bonds Issue Agreement*
Company F	corporate bonds	13 000	2018.12.31	Bonds Issue Agreement*
Entity A	municipal bonds	15 000	2025.12.31	Bonds Issue Agreement*
Total		**1 273 666**		

* Relates to the Agreement for Organization, Conducting and Servicing of the Bond Issuance Program
** Relates to the Agreement for Organization, Conducting and Servicing of the Subordinated Bond Issuance Program (due to the non-placement of the issue order by the Issuer in the contractual time, the contract expired on 30 April 2010).

As at 31 December 2009, underwriting agreements covered the following securities:

Issuer of securities underwritten	Type of underwritten securities	Off-balance sheet guarantee liabilities resulting from underwriting agreement	Contract period	Sub-issue type
Company A	corporate bonds	500 000	2025.12.31	Bonds Issue Agreement*
Company B	corporate bonds	199 786	2010.11.15	Bonds Issue Agreement**
Company C	corporate bonds	119 915	2012.01.02	Bonds Issue Agreement*
Company D	corporate bonds	44 500	2016.12.30	Bonds Issue Agreement*
Company E	corporate bonds	13 000	2018.12.31	Bonds Issue Agreement*
Entity A	municipal bonds	15 000	2025.12.31	Bonds Issue Agreement*
Total		**892 201**		

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

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 31 March 2010, contractual commitments concerning intangible assets amounted to PLN 1 100 thousand (as at 31 December 2009, it amounted to PLN 1 748 thousand).

Loan commitments

	31.03.2010	31.12.2009
Financial sector	1 021 921	783 978
Non-financial sector	26 240 901	24 786 905
Public sector	2 938 523	1 814 276
Total loan commitments	**30 201 345**	**27 385 159**
of which: irrevocable loan commitments	6 856 214	6 985 527

Loan commitments are presented in nominal value.

(in PLN thousand)

Guarantees issued

Guarantees	31.03.2010	31.12.2009
Financial sector	874 048	22 587
Non-financial sector	5 383 578	5 101 594
Public sector	510 097	373 300
Total guarantees issued	**6 767 723**	**5 497 481**

Contingent assets (received)

	31.03.2010	31.12.2009
Financial	441 533	843 627
Guarantees	3 568 000	3 736 394
Received	**4 009 533**	**4 580 021**

Assets pledged as collateral for contingent liabilities

As at 31 March 2010 and 31 December 2009 the Group had no assets pledged as collateral for contingent liabilities.

27. Legal claims

As at 31 March 2010, the total value of court proceedings in which the Bank is a defendant was PLN 159 430 thousand (as at 31 December 2009: PLN 232 234 thousand), while the total value of court proceedings in which the Bank is the plaintiff was PLN 70 062 thousand (as at 31 December 2009: PLN 71 114 thousand).

The most significant disputes of PKO Bank Polski SA are described below:

a) Unfair competition proceedings

The Bank is a party to proceedings initiated on the basis of a decision dated 23 April 2001 of the President of the Competition and Consumer Protection Office (Urząd Ochrony Konkurencji i Konsumentów - UOKiK) upon request of the Polish Trade and Distribution Organization (Polska Organizacja Handlu i Dystrybucji - Związek Pracodawców) against the operators of the Visa and Europay payment systems and the banks issuing Visa and Europay/Eurocard/Mastercard banking cards. The claims under these proceedings relate to the use of practices limiting competition on the market of banking card payments in Poland, consisting of applying pre-agreed 'interchange' fees for transactions made using Visa and Europay/Eurocard/Mastercard cards as well as limiting access to this market by external entities. On 29 December 2006, UOKiK decided that the practices, consisting of joint establishment of interchange fee, did limit market competition and ordered that any such practices should be discontinued, and imposed a fine on, among others, PKO Bank Polski SA, in the amount of PLN 16 597 thousand. As at 31 December 2007, the Bank recognized a liability for the above amount. On 19 January 2007, the Bank filed an appeal from the decision of the President of UOKiK to the regional court. At the end of October 2007, the President of UOKiK referred the case to the Regional Court in Warsaw, the Court for Competition and Consumer Protection, including the appeals of the banks against Settlement of the Decision; the Banks' complaints against the immediate enforcement clause issued for the Decision as well as the Banks' complaints against the costs of the proceedings. The Court has commenced the activities stipulated by the Code of Civil Procedure and issued a call to the parties to provide their reply to the appeals. On 21 January 2008 the Regional Court in Warsaw, the Court for Competition and Consumer Protection issued a resolution (in case of the Bank's appeal to the Decision of UOKiK President No. DAR 15/2006 as of 29 December 2006), in which it decided to suspend execution of the Decision above in article I (a court order to abandon joint establishing interchange fee rates). On 12 November 2008, the District Court in Warsaw, the Competition and Consumers Protection Court issued a verdict changing sections I, II, III and V of the Decision appealed against. The Court ruled that the banks participating in the proceedings, including PKO Bank Polski SA, had not committed an act of unfair competition by being party to an agreement restricting competition on the market of acquiring outsourcing services associated with the settlement of the consumers' liabilities to acceptors with respect to payment for goods and services purchased by the consumers with the use of credit and debit cards in the territory of Poland. The agreement in question set out common interchange fees on transactions concluded with the use of VISA and MasterCard cards in Poland. On 12 January 2009, the President of the Office for Competition and Consumer Protection (UOKiK) appealed against the verdict of the Court of Competition and Consumer Protection reversing the decisions of the UOKiK President. The Bank submitted the reply to the appeal on 13 February 2009. On 22 April 2010, the Court of Appeal reversed the judgment of the Court of Competition and Consumer Protection.

With reference to the Decision of UOKiK President as of 12 December 2008 imposing a fine on PKO Bank Polski SA for the unfair advertisement of the 'Max Lokata' term deposit, as at 31 December 2008, the Bank recognised a provision for PLN 5 712 PLN thousand. The decision of the UOKiK is not final and the Bank appealed against the verdict on 2 January 2009. On 10 March 2010 the Court of Competition and Consumer Protection issued a decision dismissing the Bank's appeal and sustaining the decision of UOKiK (Office of Competition and Consumer Protection) dated 12 December 2008. The decision of the SOKiK (Court of Competition and Consumer Protection) was delivered to the Bank's agent for litigation on 19 April 2010. On 4 May 2010, the Bank appealed against the judgment.

b) Re-privatisation claims relating to properties held by the Group

As at the date of these financial statements, three administrative proceedings are pending to invalidate decisions issued by public administration authorities with respect to properties held by the Bank. These proceedings, in the event of an unfavourable outcome for the Bank, may result in re-privatization claims being raised against the Bank. Given the current status of these proceedings, it is not possible to assess their potential negative financial effects for the Bank. Moreover, with respect to two properties claims were submitted by their former owners (court proceedings are pending). Until 31 March 2010 no further changes occurred with regard to the described matter.

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

28. Supplementary information to the cash flow statement

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash on nostro account 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.

	31.03.2010	31.12.2009	31.03.2009
Cash and balances with the central bank	3 372 922	7 094 350	4 076 826
Current receivables from other financial institutions	1 893 874	1 898 043	4 327 443
Total	**5 266 796**	**8 992 393**	**8 404 269**

29. Related party transactions

31 March 2010

Entity	Net receivables	including gross loans	Liabilities	Total income	including interest and fee and commission income	Total expense	including interest and fee and commission expense	Contingent liabilities and commitments
Sopot Zdrój Sp. z o.o.	204 973	204 973	442	1 282	1 282	-	-	-
Centrum Majkowskiego Sp. z o.o.	-	-	2 382	1	1	52	52	-
Kamienica Morska Sp. z o.o.	-	-	159	1	1	-	-	-
Promenada Sopocka Sp. z o.o.	42 801	42 801	155	253	253	-	-	-
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	-	-	13 902	-	-	116	116	-
Agencja Inwestycyjna 'CORP' SA	61	-	264	158	-	686	-	-
CENTRUM HAFFNERA Sp. z o.o.	-	-	231	2	2	-	-	-
Centrum Obsługi Biznesu Sp z o.o.	30 511	30 511	22 202	180	180	142	142	-
Bank Pocztowy SA	-	-	35	22	19	104	104	1 043
Kolej Gondolowa Jaworzyna Krynicka SA	-	-	307	-	-	2	2	-
TOTAL	**278 346**	**278 285**	**40 079**	**1 899**	**1 738**	**1 102**	**416**	**1 043**

31 December 2009

(in PLN thousand)

Entity	Net receivables	including gross loans	Liabilities	Total income	including interest and fee and commission income	Total expense	including interest and fee and commission expense	Contingent liabilities and commitments
Sopot Zdrój Sp. z o.o.	229 852	229 852	6 999	10 196	10 196	27	27	-
Centrum Majkowskiego Sp. z o.o.	-	-	4 904	5	5	151	151	-
Kamienica Morska Sp. z o.o.	-	-	328	5	5	-	-	-
Promenada Sopocka Sp. z o.o.	45 555	45 555	689	1 926	1 926	1	1	-
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	-	-	437	1	1	47	47	-
Agencja Inwestycyjna 'CORP' SA	-	-	58	-	-	1 784	-	-
CENTRUM HAFFNERA Sp. z o.o.	-	-	151	12	12	321	321	4 108
Centrum Obsługi Biznesu Sp z o.o.	32 627	32 627	23 313	1 146	1 146	686	686	-
Bank Pocztowy SA	-	-	294	28	28	3 229	3 229	1 156
TOTAL	**308 034**	**308 034**	**37 173**	**13 319**	**13 319**	**6 246**	**4 462**	**5 264**

30. Changes to the entities of the Group

The information below concerns share purchase transactions with subsidiaries, jointly controlled entities and associates (both directly and indirectly), which were concluded within the 1st quarter of 2010:

a) concerning WISŁOK Inwestycje Sp. z o.o.

On 26 February 2010, all the shares in possession of PKO BP Inwestycje Sp. z o.o., the subsidiary of PKO Bank Polski SA, comprising shares in the entity WISŁOK Inwestycje Sp. z o.o. changed its holder and became the property of the entity JEDYNKA SA with headquarters in Rzeszów due to the fact that all the criteria included in Contingent Agreement of Shares Sale dated from 23 November 2009 have been met. The selling price of the shares amounted to PLN 3 952 thousand.

Up to now the company WISŁOK Inwestycje Sp. z o.o. was consolidated under the full method in the consolidated financial statements of the PKO Bank Polski SA Group.

b) concerning BFL Nieruchomości Sp. z o.o.

On 5 March 2010, the increase in the share capital of BFL Nieruchomości Sp. z o.o. in the total amount of PLN 2 000 thousand was registered with the National Court Register. As a result, the Company's share capital amounts to PLN 9 100 thousand and consists of 18 200 shares of PLN 500 nominal value each.

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

As at 31 March 2010, Bankowy Fundusz Leasingowy SA held a total of 99.9945% of the Company's share capital and of voting rights at the Company's General Shareholders' Meeting.

As at 31 March 2010 in the consolidated financial statements of the PKO Bank Polski SA Group, BFL Nieruchomości Sp. z o.o. was consolidated under the full method.

c) concerning change in the name of PKO Inwestycje Międzyzdroje Sp. z o.o.

On 26 March 2010, the change of name from PKO Inwestycje – Międzyzdroje Sp. z o.o. to PKO BP Inwestycje – Rezydencja Flotylla Sp. z o.o. was registered in the National Court Register.

and events that will influence the PKO Bank Polski Group structure in subsequent quarters of 2010:

d) concerning KREDOBANK SA

In the 1st quarter of 2010, PKO Bank Polski SA transferred to KREDOBANK SA the amount of UAH 367.5 million related to the subscription for the new 20th share issue. The increase in the share capital is predicted to be registered in the 2nd quarter of 2010.

e) concerning Bankowy Leasing Sp. z o.o.

On 26 February 2010, Bankowy Fundusz Leasingowy SA, the subsidiary of PKO Bank Polski SA, transferred to Bankowy Leasing Sp. z o.o. the amount of PLN 2 700 thousand related to the purchase of the shares in the increased share capital of the entity. The increase in the share capital mentioned above was registered in the National Court Register on 27 April 2010.

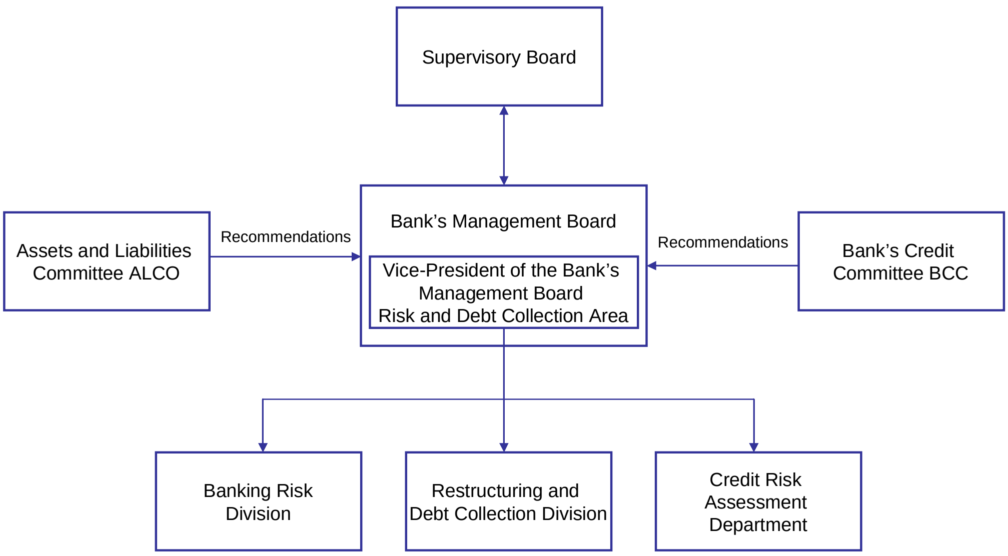
31. Description of differences between the previously published financial statements and these financial statements

In the 1st quarter of 2010, there were no changes introduced as regards the previously published financial statements.

32. Objectives and principles of risk management related to financial instruments

Risk management is one the most important internal processes both in PKO Bank Polski SA and in other entities of the PKO Bank Polski SA Group, in particular in KREDOBANK SA and in the Bankowy Fundusz Leasingowy Group (BFL SA). Risk management aims at ensuring an appropriate level of security and profitability of business activities in the changing legal and economic environment.

Banking activity is exposed to a number of risks, including credit risk, interest rate risk, currency risk, liquidity risk, derivative instruments risk, operational risk, compliance risk, strategic risk and reputation risk. Controlling the impact of these risks is one of the most important objectives in the management of the Bank and the Group. The level of the risks plays an important role in the planning process.



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

The Management Board is responsible for the strategic risk management, 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 enacts internal regulations defining the risk management system. Operational risk management is conducted by organizational units of the Bank's Head Office (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 credit risk management in the Bank are supported by the following committees:

- Assets & Liabilities Committee (ALCO),
- Bank's Credit Committee (BCC),
- Central Credit Committee (CCC) and regional credit committees in detail and corporate branches.

ALCO and BCC are committees chaired by the Vice-President of the Bank's Management Board who is in charge of the Risk and Debt Collection Area.

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

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

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

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

In the 1st quarter of 2010, the Bank continued to follow the restricted policy, run since the 4th quarter of 2008, regarding retail credits in foreign currency, by setting higher own contribution requirements in case of mortgages, restricting the credits available for the high-risk clients and increasing the credit margins for the newly granted credits for the corporate and retail clients.

Due to growing costs of living as regards households, the Bank updated in the 1st quarter of 2010 parameters applied in retail credit ratings, such as minimum fixed expenses and the current consumption expenses.

Credit risk

Definition, aims and principles

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.

The objective of credit risk management is to optimize the loan portfolio in terms of its quality and value, which at the same time is characterized by its high profitability and safety, understood as minimalizing the risk of loans threatened with impairment.

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

- each loan transaction is subject to comprehensive credit risk assessment, which is reflected in an internal rating or credit scoring,
- credit risk assessment related to loan transactions is measured on the stage of a loan request review and a cyclical basis during the monitoring process, taking into consideration changes in external conditions and in the financial standing of the borrowers,
- credit risk assessment of exposures which are significant due to their risk levels is subject to additional verification by credit risk assessment teams, which are independent of the business teams,
- terms of loan contracts that are offered to a client depend on the credit risk generated by the contract,
- loan granting decisions are made only by authorised persons, within their authority,

- credit risk is diversified by geographical location, by industry, by product and by clients,
- expected credit risk is mitigated by setting legal collateral, credit margins and allowance on credit losses.

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

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 (according to IAS);
- coverage ratio of non-performing loans threatened with impairment allowances (according to IAS)
- cost of risk.

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.

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

Collateral loan policy

The Bank and the Group entities' collateral management is meant to secure properly the credit risk, to which the Group is exposed, including establishing collateral that will ensure the highest possible level of recovery in the event of realisation of collateral.

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

- in the case of substantial loans (in terms of value), several types of collateral are established. If possible, personal guarantees are combined with collateral established on assets;
- liquid types of collateral (i.e. collateral established on liquid assets, which the Bank is likely to dispose of quickly for a price approximating the value of the assets put up as collateral) are preferred;
- types of collateral which are exposed to a risk of significant adverse fluctuations of value are treated as auxiliary collateral;
- when an asset is accepted as collateral, an assignment of rights from the insurance policy relating to this asset or the insurance policy issued to the Bank are accepted as additional collateral;
- effective establishment of collateral in compliance with the loan agreement is necessary to make the funds available.

The policy regarding legal collateral is defined by internal regulations of 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 an effective mortgage is established, the following types of collateral are used (depending on type and amount of loan): an increased credit margin, a temporary collateral in the form of a cession of receivables related to the construction agreement, bill of exchange, guarantee or an insurance of receivables.

With regard to lease contracts, BFL SA Group, as the owner of leased assets, treats them as collateral of the transaction.

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 i.a. ALCO, BCC, the Management Board and the Supervisory Board. The reports contain information on 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 the two Group subsidiaries, KREDOBANK SA and BFL SA Group, which have significant credit risk levels.

Credit risk management at the PKO Bank Polski SA Group subsidiaries

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

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

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

KREDOBANK SA and the BFL SA Group 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 PLN thousand)

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

The process of credit decision-making at KREDOBANK SA and the BFL SA Group 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 entities.

Group's exposure to credit risk

Amounts due from banks	31.03.2010	31.12.2009
Amounts due from banks impaired	27 695	27 496
of which valued using the individual method	27 216	27 013
Amounts due from banks not impaired	2 359 815	2 022 668
neither past due nor impaired	2 359 815	2 021 675
past due but not impaired	-	993
Gross total	**2 387 510**	**2 050 164**
Impairment allowances	(27 314)	(27 109)
Total receivables by carrying amount (net)	**2 360 196**	**2 023 055**

Loans and advances to customers	31.03.2010	31.12.2009
Loans and advances impaired	9 409 055	9 108 150
of which valued using the individual method	5 287 481	5 386 944
Loans and advances not impaired	112 845 455	111 401 559
neither past due nor impaired	111 181 389	110 143 014
past due but not impaired	1 664 066	1 258 545
Gross total	**122 254 510**	**120 509 709**
Impairment allowances	(4 362 066)	(3 937 124)
Total receivables by carrying amount (net)	**117 892 444**	**116 572 585**

Investment securities available for sale – debt securities*	31.03.2010	31.12.2009
Debt securities impaired	20 874	20 592
of which valued using the individual method	20 874	20 592
Debt securities not impaired	10 613 978	7 857 027
neither past due nor impaired	10 613 978	7 857 027
Gross total	**10 634 852**	**7 877 619**
Impairment allowances	(20 510)	(19 155)
Net total (carrying amount)	**10 614 342**	**7 858 464**

* The note consists of debt securities from the portfolio of 'Available for sale' and 'Held to maturity'

(in PLN thousand)

Exposure to credit risk

The table below presents maximum exposure to credit risk of the Group as at 31 March 2010 and as at 31 December 2009.

Statement of financial position items	31.03.2010	31.12.2009
Operations with the central bank	1 509 656	4 625 073
Amounts due from banks	2 360 196	2 023 055
Trading assets – debt securities	3 170 614	2 202 847
Derivative financial instruments	2 321 852	2 029 122
Financial instruments at fair value through profit and loss - debt securities	10 631 616	12 360 690
Loans and advances to customers	117 892 444	116 572 585
Investment securities - debt securities*	10 614 342	7 858 464
Other assets - other financial assets	322 047	376 438
Total	**148 822 767**	**148 048 274**

* position includes debt securities available for sale and held to maturity.

Off-balance sheet items	31.03.2010	31.12.2009
Irrevocable liabilities granted	6 856 214	6 985 527
Guarantees granted	4 301 655	4 018 748
Letters of credit granted	201 927	230 078
Guarantees of issue (underwriting)	2 264 141	1 248 655
Total	**13 623 937**	**12 483 008**

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,
- exposures with established mortgage collateral.

Concentration by the biggest business entities

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

Furthermore, according to the Article 71 clause 2 of the Banking Law, the aggregate amount of the Bank's exposures 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 31 March 2010 and 31 December 2009, those concentration limits had not been exceeded.

As at 31 March 2010, 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 13.0%[2] and 4.3% of the consolidated own funds.

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

Concentration by the largest groups

The greatest exposure of the PKO Bank Polski SA Group towards a group of borrowers amounted to 1.15%. The 5 biggest groups include only clients of PKO Bank Polski SA.

As at 31 March 2010, the level of concentration risk with respect to individual exposures was low – the biggest exposure of the Group to a single entity was equal to 7.4% and to 7.0 % of the Group's consolidated own funds.

Concentration by industry

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

The Group's exposure decreased compared with 31 December 2009 with respect to all sectors by PLN 0.4 billion. Total exposure to four largest sectors: "Industrial processing', "Wholesale and retail trade, repair of cars, motorcycles…', "Maintenance and rental of real estate…' and "Public administration and national defense…' constituted ca. 66% of the total portfolio of loans granted to business entities.

Concentration by geographical regions

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

As at 31 March 2010, the largest concentration of the Bank's loan portfolio was in the Mazowiecki region. Half of the Bank's loan portfolio is concentrated in four regions: Mazowiecki, Śląsko-Opolski, Wielkopolski and Małopolsko-Świętokrzyski, which is consistent with the regions' domination both in terms of population and economy in Poland.

Concentration of credit risk by currency

As at 31 March 2010, the share of currency exposures, other than PLN, in the total credit portfolio of the Group amounted to 23.3%. The greatest parts of currency exposures are those in CHF and they relate to the credit portfolio of the Bank. In case of particular Group entities, the case is different, i.e. for the BFL SA Group, the greatest currency exposures are those in EUR (68.2% of currency credit portfolio), and for KREDOBANK SA – in USD (USD denominated loans account for nearly 78.0% of the currency credit portfolio and 43.8% of the total credit portfolio).

Other types of concentration

In accordance with the Recommendation S of the Banking Supervision Authority, the Group implemented internal limits with regard to the loan portfolio with an established mortgage collateral. In first quarter of 2010 these limits have not been exceeded.

[2] Exposures to entities excluded from concentration limit exposure.

(in PLN thousand)

Individually determined to be impaired financial assets for which individual impairment allowance has been recognised by carrying amount gross

	31.03.2010	31.12.2009
Amounts due from banks	**27 216**	**27 013**
Loans and advances to customers	**5 287 481**	**5 386 944**
Financial entities	39 503	40 712
corporate loans	39 503	40 712
Non-financial entities	5 238 706	5 330 156
consumer loans	40 409	40 500
mortgage loans	795 554	761 205
corporate loans	4 402 743	4 528 451
State budget entities	9 272	16 076
corporate loans	9 272	16 076
Financial assets available for sale	**20 988**	**20 616**
issued by financial entities	8	8
issued by non-financial entities	20 980	20 608
Total	**5 335 685**	**5 434 573**

Interest rate risk

The interest rate risk is a risk of incurring losses on the Bank's assets and liabilities sensitive to interest rate fluctuations, as a result of unfavourable changes in the interest rates on the market.

The objective of interest rate risk management is to mitigate the risk of incurring losses arising from market interest rate changes to an acceptable level.

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

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 established limits and thresholds for interest rate risk comprising the following: price sensitivity, interest income sensitivity, limits and thresholds of losses and limits on instruments sensitive to interest rate fluctuations. These limits have been set with regard to the Bank's 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 the Group entities.

As at 31 March 2010 and at 31 December 2009, the exposure of the PKO Bank Polski 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	31.03.2010	31.12.2009
VaR for a 10-day time horizon (in PLN thousand)*	17 058	17 086
Parallel move of interest rate curves by 200 base points (in PLN thousand)	291 906	233 304

* Due to the nature of the activities carried out by the other Group entities generating significant interest rate risk as well as the specific nature of the market in which they operate, the Group does not calculate consolidated VaR. These entities 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 ca. PLN 41 270 thousand as at 31 March 2010 and to PLN 40 048 thousand as at 31 December 2009.

As at 31 March 2010, the interest rate VaR for a 10-day time horizon amounted to ca. PLN 17 058 thousand, which accounted for approximately 0.09% of the value of the Bank's own funds. As at 31 December 2009, VaR for the Bank amounted to PLN 17 086 thousand, which accounted to approximately 0.10% of the Bank's own funds.[3] In the 1st quarter of 2010, the interest rate risk was generated mainly by the risk of a mismatch between the repricing dates of assets and liabilities.

PKO Bank Polski SA prepares daily, weekly, monthly, quarterly and semi-annually reports addressing interest rate risk. Reports gather the information on interest rate risk exposure and updates on available limits regarding the risk. Reports are prepared mainly for ALCO, the Bank's Management Board and the Bank's Supervisory Board.

Currency risk

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

The objective of managing the currency risk is to mitigate the risk of incurring losses arising from the structure of the Bank's currency mismatch to an acceptable level.

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

Main tools used in currency risk management include:

1) 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 other entities of the Group 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.

[3] Own funds calculated in accordance with regulations governing calculation of the capital adequacy ratio.

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

Name of sensitivity measure	31.03.2010	31.12.2009
VaR for a 10-day time horizon (in PLN thousand)*	9 221**	1 092
Change in CUR/PLN exchange rates by 15% (in PLN thousand) (stress tests)	21 208**	697

* Due to the nature of the activities carried out by the other Group entities generating significant currency risk as well as the specific nature of the market 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 425 thousand as of 31 March 2010 and PLN 64 thousand as of 31 December 2009.

** In case of elimination from the VaR calculation and stress-test analysis the currency position in UAH resulting from shares acquired in Kredobank SA, VaR for a 10-day time horizon at 99% confidence level would have amounted to ca. PLN 1 142 thousand and the stress-test scenario involving a change of CUR/PLN exchange rates of 15% would have amounted to ca. PLN 1 178 thousand.

The level of currency risk was low both as at 31 March 2010 and as at 31 December 2009. An increase in currency risk level as at 31 March 2010 resulted from an open long currency position in UAH related to the Bank's purchase of KREDOBANK SA's shares from its new share issue.

Currency position	31.03.2010	31.12.2009
USD	(35 791)	(31 811)
GBP	1 163	1 501
CHF	20 061	(3 634)
EUR	13 761	26 489
Other (Global Net)	142 195*	12 101

*High value of Other Global Net currency position for the Group results from an open long currency position in UAH related to the Bank's purchase of KREDOBANK SA's shares from its new share issue. In the case of excluding a currency position in UAH, other global net currency position would have amounted to ca. PLN 8 659 million.

The volume of currency positions is a key factor determining the level of currency risk on which the Group is exposed (except for volatility of foreign exchange rates).

PKO Bank Polski SA prepares daily, weekly, monthly, quarterly and semi-annually reports addressing interest rate risk. Reports gather the information on currency risk exposure and updates on available limits regarding the risk. Reports are prepared mainly for ALCO, the Bank's Management Board and the Bank's Supervisory Board.

Liquidity risk

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

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

The Bank's policy concerning liquidity is based on keeping a portfolio of liquid securities and building a stable deposit base. In its liquidity risk management policy, there are also used money market instruments, including NBP open market operations.

The Bank makes use of the following liquidity risk measures:

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

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

1) 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 Bank's lending activities.

To ensure an adequate liquidity level, the Bank and the entities of the Group 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.

Adjusted liquidity gaps presented below include actual Bank's values concerning the following: permanent balances on deposits of non-financial sector and their maturity, permanent balances on loans in current accounts for non-financial entities and their maturity and liquid securities and their maturity.

	a'vista	0 - 1 month	1 - 3 months	3 - 6 months	6 - 12 months	12 - 36 months	36 - 60 months	over 60 months
								31.03.2010
The Group - adjusted gap	2 215 906	17 704 196	(2 096 120)	(136 613)	2 701 537	2 489 892	4 893 165	**(27 771 963)**
The Group - cumulative adjusted gap	2 215 906	19 920 102	17 823 982	17 687 369	20 388 906	22 878 798	27 771 963	-
								31.12.2009
The Group - adjusted gap	7 168 054	15 375 687	(3 609 590)	316 614	3 587 227	1 655 613	4 769 757	**(29 263 362)**
The Group - cumulative adjusted gap	7 168 054	22 543 741	18 934 151	19 250 765	22 837 992	24 493 605	29 263 362	-

In all time horizons, the PKO Bank Polski SA Group's cumulative adjusted liquidity gap in real terms as at 31 March 2010 and 31 December 2009 was positive. This means a surplus of assets receivable over liabilities payable.

The table below presents the Bank's liquidity reserve as at 31 March 2010 and as at 31 December 2009.

Name of sensitivity measure	31.03.2010	31.12.2009
Liquidity reserve to 1 month* (in PLN million)	13 013	16 030

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

As at 31 March 2010 the level of permanent balances on deposits constituted about 94.5% of all deposits in the Bank (excluding inter-bank market), which means a decrease by approximately 1.0 p.p. compared to the end of 2009.

Derivative instruments risk

The risk of derivative instruments is a risk of incurring losses arising from taking up a position in financial instruments, which meet all of the following conditions:

- the value of an instrument changes with the change of the underlying instrument;

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

The derivative instruments risk includes the following risk types: credit risk, market risk (interest rate or currency risk) and liquidity risk.

The objective of managing the derivative instrument risk is to mitigate the risk of incurring losses arising from derivative instruments to the level acceptable by the Bank's general risk profile. The process of derivatives management in the Bank is integrated with the management of interest rate, currency, liquidity and credit risks.

The Bank measures the derivative instrument risk using, among others, the Value at Risk (VaR) model, depending on the risk factor which affects the value of the instrument. The main tools used in derivative risk management are as follows:

1) written procedures for derivative risk management,
2) limits and thresholds set for the risk related to derivative instruments,
3) master agreements (ISDA – International Swaps and Derivatives Association), ZBP (Polish Bank Association) specifying, among others, settlement mechanisms.

Risk management is carried out by imposing limits on the individual derivative instruments included in the Bank's trading and banking portfolios, monitoring limits, observation and reporting risk level.

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

Methods of derivative risk management in other Group entities are defined by internal regulations implemented by these entities which take positions in derivative instruments or plan to take positions in such instruments. These regulations are developed after consultation with the Bank and take into account the recommendations issued by the Bank for the Group entities.

Operational risk

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

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

Operational risk management is performed through systemic solutions as well as regular ongoing management of the risk. Systemic operational risk management is centralised at the Bank's head office level. The ongoing operational risk management is conducted by every organizational unit of the Bank.

The main tools for managing the operational risk are as follows:

- control solutions,
- human resources management (proper staff selection, enhancement of professional qualification of employees, motivation packages),
- setting threshold values of Key Risk Indicators (KRI),
- contingency plans,
- insurances,
- outsourcing.

In 2009, the Bank implemented SAS OpRisk Management application providing system support to operating risk management.

The dominant impact on the operational risk profile is exercised by the following three entities: PKO Bank Polski SA, the BFL SA Group and KREDOBANK SA (in total 99.7% of all financial results). The other Group entities, considering their significantly smaller scale and type of activity, generate reduced operational risk and they manage operational risk according to principles of managing the risk in PKO Bank Polski SA, considering their specific nature and scale of activity.

PKO Bank Polski SA prepares reports concerning operating risk on a quarterly basis. The reports contain information on the operating risk profile of PKO Bank Polski SA resulting from the process of identifying and assessing the threats, information on the results of measuring and monitoring operating risk and on operating events and their financial effects.

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, standards adopted by the Bank, including ethical standards.

The objective of compliance risk management is to strengthen the image of the Bank 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.

Compliance risk management involves in particular:

- preventing involvement of the Bank in illegal activities;
- ensuring data protection;
- development of ethical standards and monitoring of their application;
- conflict of interest management;
- preventing situations where the Bank’s employees could be perceived as pursuing their own interest in the professional context;
- professional, fair and transparent formulation of offers of products, advertising and marketing messages;
- prompt, fair and professional consideration of complaints, requests and quality claims of clients.

In all of the Group entities principles of compliance risk management are consistent.

Strategic risk

The strategic risk is defined as a risk related to the possibility of negative financial consequences caused by erroneous decisions, decisions made on the basis of an inappropriate assessment or failure to make correct decisions relating to the direction of the Bank’s strategic development.

The objective of managing the strategic risk is to identify threats related to establishing and realising the Bank’s strategic aims and to reduce their negative impact on the realisation of the adopted business strategy.

In measuring the strategic risk, the Bank takes the following into account:

- external factors;
- factors related to the growth and development of the banking operations;
- factors related to the management of human resources;
- factors related to investment activities;
- factors related to the organization’s culture.

Monitoring and measuring the strategic risk level are performed on an annual basis. The reports on the level of strategic risk are addressed to the Bank's Management Board and managing directors in the Bank’s Head Office.

Reputation risk

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

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

The management of the Bank's reputation risk comprises in particular:

- monitoring the external and internal communication channels of the Bank with the environment in terms of identifying the negative impact of image-related events;
- accumulating and analyzing information related to the occurrence or a possibility of occurrence of image-related events;
- recording data on the identified negative impact of image-related events at the Bank;
- selecting effective tools for protective measures aimed at eliminating, mitigating or minimizing the unfavourable effect of image-related events on the Bank's image, and their realization;
- analyzing the nature, importance, scale and dynamics of the negative effects of image-related events;
- determining the level of reputation risk.

The Bank monitors and records image-related events on an ongoing basis and measures the level of the reputation risk annually.

Capital adequacy

Capital adequacy is the maintenance of a level of capital by the PKO Bank Polski 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 Group in the 1st quarter 2010 remained on a safe level and was significantly above the statutory limits.

Compared with 31 December 2009, the Group's capital adequacy level increased by 0.54 pp., mainly as a result of including the net profit for 2009 less expected burdens in the Bank's equity.

(in PLN thousand)

Own funds

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

In the 1st quarter of 2010, the Group's own funds increased by PLN 1 162 063 thousand, mainly due to the increase in the retained earnings (including Bank's net profit for 2009 less expected burdens, amounting to PLN 1 432 152 thousand).

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

GROUP'S OWN FUNDS	31.03.2010	31.12.2009
Basic funds (Tier 1 capital)	**17 505 013**	**16 254 416**
Share capital	1 250 000	1 250 000
Reserve capital	12 149 682	12 149 682
Other reserves	3 405 087	3 405 087
General banking risk fund	1 070 000	1 070 000
Retained earnings	1 555 106	248 806
Unrealised losses on debt and equity instruments classified as available for sale	(63 806)	(52 749)
Intangible assets, of which:	(1 617 023)	(1 572 577)
goodwill of subsidiaries	(264 933)	(264 933)
Equity exposures	(144 503)	(142 371)
Currency translation differences from foreign operations	(105 131)	(108 791)
Non-controlling interest	5 601	7 329
Supplementary funds (Tier 2 capital)	**1 485 732**	**1 481 052**
Subordinated liabilities classified as supplementary funds	1 600 700	1 600 700
Unrealised profits on debt and equity instruments classified as available for sale	29 535	22 723
Equity exposures	(144 503)	(142 371)
Short-term equity (Tier 3 capital)	**36 662**	**129 876**
TOTAL OWN FUNDS	**19 027 407**	**17 865 344**

Capital requirements (Pillar 1)

The Group calculates capital requirements in accordance with Resolution No. 76/2010 of the Polish Financial Supervision Authority dated 10 March 2010 (Basel II): in respect of credit risk – using the standardized approach; in respect of operational risk – for Bank using the standardized approach, for the Group's entities using 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.

In the 1st quarter of 2010, an increase in the capital requirement in respect of credit risk resulted mainly from an increase of ca. 2.8% in the Bank's loans portfolio (balance sheet and off-balance sheet exposures).

(in PLN thousand)

The tables below show the Group's exposure to credit risk and different types of market risk:

Capital requirements	31.03.2010	31.12.2009
Credit risk	**8 676 056**	**8 487 800**
credit risk (banking book)	8 599 119	8 413 635
counterparty risk (trading book)	76 938	74 165
Market risk	**278 718**	**204 148**
equity securities risk	574	2 390
specific risk of debt instruments	233 876	168 088
general risk of interest rates	44 268	33 670
Operational risk	**1 057 922**	**1 057 384**
Total capital requirements	**10 012 696**	**9 749 332**
Capital adequacy ratio	**15.20%**	**14.66%**

Internal capital (Pillar 2)

Since 2009, internal capital is designated in accordance with Resolution No 383/2008 of the Polish Financial Supervision Authority of 17 December 2008 on detailed principles for functioning of risk management system and internal control system and detailed terms of estimating internal capital by banks and reviewing the process of estimating and maintaining internal capital (Financial Supervision Authority's Journal of Laws 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 Group PKO Bank Polski SA is intended to cover each of the significant risk types:

1) credit risk, including default risk;
2) market risk (currency risk, interest rate risk);
3) liquidity risk;
4) operational risk;
5) business risk (including strategy 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 parent company within the meaning of §3 of the resolution, publishes information about capital adequacy in a separate document on an annual basis, not later than within 30 days of the date of authorization of the annual financial statements by the Annual General Shareholders' Meeting.

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

33. Earnings per share

Basic earnings per share

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

Earnings per share

	01.01-31.03.2010	01.01-31.03.2009
Profit per ordinary shareholder (in PLN thousand)	719 989	540 685
Weighted average number of ordinary shares during the period (in thousand)	1 250 000	1 090 000
Earnings per share (in PLN per share)	0.58	0.50

Earnings per share from discontinued operations

In the periods ended 31 March 2010 and 31 March 2009, the Group did not report any material income or expenses from discontinued operations.

Diluted earnings per share

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

There were no dilutive instruments in the 1st quarter 2010 or in the 1st quarter 2009.

Diluted earnings per share from discontinued operations

In the periods ended 31 March 2010 and 31 March 2009 the Group did not report any material income or expenses from discontinued operations.

34. Events after the reporting period

1. On 13 April 2010 the Polish Financial Supervision Authority approved the appointment of Mr. Zbigniew Jagiełło as the President of the Management Board of PKO Bank Polski SA.

2. On 7 April 2010, change of the name of Baltic Dom 2 Sp. z o. o. into PKO BP Inwestycje – Sarnia Dolina Sp. z o. o. was registered in the National Court Register.

(in PLN thousand)

STAND-ALONE FINANCIAL DATA

INCOME STATEMENT
for the three-month periods ended 31 March 2010 and 31 March 2009 respectively

	Notes	01.01-31.03.2010	01.01-31.03.2009
Continued operations:			
Interest and similar income	1	2 396 899	2 118 977
Interest expense and similar charges	1	(956 634)	(974 328)
Net interest income		**1 440 265**	**1 144 649**
Fee and commission income	2	868 529	660 178
Fee and commission expense	2	(193 082)	(161 586)
Net fee and commission income		**675 447**	**498 592**
Dividend income		97	53
Net income from financial instruments designated at fair value through profit and loss	3	16 957	46 608
Gains less losses from investment securities		5 941	1 479
Net foreign exchange gains	4	96 214	291 966
Other operating income	5	8 529	34 085
Other operating expenses	5	(14 677)	(26 961)
Net other operating income and expense		**(6 148)**	**7 124**
Net impairment allowance	6	(388 815)	(276 533)
Administrative expenses	7	(937 331)	(997 652)
Operating profit		**902 627**	**716 286**
Profit before income tax		**902 627**	**716 286**
Income tax expense	8	(175 437)	(135 559)
Net profit		**727 190**	**580 727**
Earnings per share:			
- basic earnings per share for the period (in PLN)		0.58	0.53
- diluted earnings per share for the period (in PLN)		0.58	0.53
Weighted average number of ordinary shares during the period		1 250 000 000	1 090 000 000
Weighted average (diluted) number of ordinary shares during the period		1 250 000 000	1 090 000 000

Discontinued operations:
In the three-month periods ended 31 March 2010 and 31 March 2009,
PKO Bank Polski SA did not carry out discontinued operations.

STATEMENT OF COMPREHENSIVE INCOME
for the three-month periods ended 31 March 2010 and 31 March 2009 respectively

	01.01-31.03.2010	01.01-31.03.2009
Profit for the period	**727 190**	**580 727**
Other comprehensive income	**22 008**	**(6 120)**
Reassessment of financial instruments available for sale (gross)	(47)	(7 555)
Deferred tax on reassessment of financial instruments available for sale	9	1 435
Cash flow hedge (gross)	27 218	-
Deferred tax on valuation of financial instruments designated as cash flow hedge	(5 172)	-
Total net comprehensive income	**749 198**	**574 607**

STATEMENT OF FINANCIAL POSITION
as at 31 March 2010 and as at 31 December 2009

	Notes	31.03.2010	31.12.2009
ASSETS			
Cash and balances with the central bank		3 296 910	6 993 966
Amounts due from banks	9	2 407 800	2 053 767
Trading assets	10	3 176 223	2 212 955
Derivative financial instruments	11	2 323 170	2 029 921
Financial assets designated at fair value through profit and loss	12	10 630 794	12 356 532
Loans and advances to customers	13	115 811 035	114 425 789
Investment securities available for sale	14	10 336 382	7 965 697
Investments in subsidiaries, jointly controlled entities and associates	15	1 333 707	1 333 707
Non-current assets held for sale		16 954	13 851
Intangible assets	16	1 313 721	1 268 781
Tangible fixed assets	16	2 230 812	2 291 949
- including investment properties		284	322
Deferred income tax asset		309 710	275 204
Other assets		614 859	425 360
TOTAL ASSETS		**153 802 077**	**153 647 479**
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to the central bank		3 609	6 581
Amounts due to other banks	17	5 184 018	4 166 725
Derivative financial instruments	11	1 781 762	1 544 370
Amounts due to customers	18	121 952 448	124 044 400
Subordinated liabilities		1 633 260	1 612 178
Other liabilities	19	1 714 250	1 319 917
Current income tax liabilities		49 978	175 165
Provisions	20	554 037	598 626
TOTAL LIABILITIES		**132 873 362**	**133 467 962**
Equity			
Share capital		1 250 000	1 250 000
Other capital		16 519 373	16 497 365
Net profit prior to approval		2 432 152	-
Net profit for the period		727 190	2 432 152
TOTAL EQUITY		**20 928 715**	**20 179 517**
TOTAL EQUITY AND LIABILITIES		**153 802 077**	**153 647 479**
Capital adequacy ratio	24	14.81%	14.28%
Book value (in PLN thousand)		20 928 715	20 179 517
Number of shares		1 250 000 000	1 250 000 000
Book value per share (in PLN)		16.74	16.14
Diluted number of shares		1 250 000 000	1 250 000 000
Diluted book value per share (in PLN)		16.74	16.14

(in PLN thousand)

STATEMENT OF CHANGES IN EQUITY
for the three-month periods ended 31 March 2010 and 31 March 2009 respectively

For the three-month period ended 31 March 2010	Share capital	Other capital							Net profit for the period	Total equity
		Reserve capital	General banking risk fund	Other reserves	Retained earnings	Financial assets available for sale	Cash flow hedge	Total other equity		
As at 1 January 2010	**1 250 000**	**12 048 111**	**1 070 000**	**3 276 260**	**-**	**(16 282)**	**119 276**	**16 497 365**	**2 432 152**	**20 179 517**
Transfer of net profit from previous years	-	-	-	-	2 432 152	-	-	2 432 152	(2 432 152)	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(38)**	**22 046**	**22 008**	**727 190**	**749 198**
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-
As at 31 March 2010	**1 250 000**	**12 048 111**	**1 070 000**	**3 276 260**	**2 432 152**	**(16 320)**	**141 322**	**18 951 525**	**727 190**	**20 928 715**

For the three-month period ended 31 March 2009	Share capital	Other capital							Net profit for the period	Total equity
		Reserve capital	General banking risk fund	Other reserves	Retained earnings	Financial assets available for sale	Cash flow hedge	Total other equity		
As at 1 January 2009	**1 000 000**	**7 216 986**	**1 070 000**	**1 395 000**	**-**	**(33 874)**	**-**	**9 648 112**	**2 881 260**	**13 529 372**
Transfer of net profit from previous years	-	-	-	-	2 881 260	-	-	2 881 260	(2 881 260)	-
Total comprehensive income	**-**	**-**	**-**	**-**		**(6 120)**	**-**	**(6 120)**	**580 727**	**574 607**
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-
As at 31 March 2009	**1 000 000**	**7 216 986**	**1 070 000**	**1 395 000**	**2 881 260**	**(39 994)**	**-**	**12 523 252**	**580 727**	**14 103 979**

(in PLN thousand)

CASH FLOW STATEMENT
for the three-month periods ended 31 March 2010 and 31 March 2009 respectively

	Note	01.01-31.03.2010	01.01-31.03.2009
Net cash flow from operating activities			
Net profit		727 190	580 727
Adjustments:		(2 214 909)	(3 408 833)
Amortisation and depreciation		102 905	98 904
(Gains) losses on investing activities		314	1 056
Interest and dividends		(130 175)	(218 336)
Change in amounts due from banks		(372 174)	950 310
Change in trading assets and other financial assets designated at fair value through profit and loss		762 470	(3 144 609)
Change in derivative financial instruments (asset)		(293 249)	316 656
Change in loans and advances to customers		(1 774 696)	(5 546 788)
Change in deferred income tax asset and income tax receivables		(34 506)	(6 529)
Change in other assets		(192 602)	(448 973)
Change in amounts due to other banks		1 014 321	(938 445)
Change in derivative financial instruments (liability)		237 392	(2 087 098)
Change in amounts due to customers		(2 091 952)	7 454 944
Change in impairment allowances and provisions		339 903	236 331
Change in other liabilities		425 505	196 006
Income tax paid		(340 293)	(524 771)
Current tax expense		215 106	140 653
Other adjustments		(83 178)	111 856
Net cash from / used in operating activities		**(1 487 719)**	**(2 828 106)**
Net cash flow from investing activities			
Inflows from investing activities		**3 013 525**	**6 081 297**
Proceeds from sale of investment securities		3 012 163	6 080 644
Proceeds from sale of intangible assets and tangible fixed assets		1 334	607
Other investing inflows		28	46
Outflows from investing activities		**(5 230 708)**	**(3 387 888)**
Purchase of investment securities		(5 141 202)	(3 242 852)
Purchase of intangible assets and tangible fixed assets		(89 506)	(145 036)
Net cash from / used in investing activities		**(2 217 183)**	**2 693 409**
Net cash flow from financing activities			
Repayment of long term loans		(10 090)	(14 562)
Net cash generated from financing activities		**(10 090)**	**(14 562)**
Net cash inflow/ (outflow)		**(3 714 992)**	**(149 259)**
Cash and cash equivalents at the beginning of the period		8 617 962	8 055 811
Cash and cash equivalents at the end of the period	**22**	**4 902 970**	**7 906 552**
of which restricted		7 401	13 726

(in PLN thousand)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. Interest income and expense

Interest and similar income

	01.01-31.03.2010	01.01-31.03.2009
Income from loans and advances to customers	1 933 942	1 846 288
Income from derivative hedging instruments	154 945	-
Income from securities designated at fair value through profit and loss	130 770	88 917
Income from investment securities	108 458	100 259
Income from placements with other banks	35 332	54 412
Income from trading assets	32 720	21 003
Other	732	8 098
Total	**2 396 899**	**2 118 977**

In the 'Income from derivative hedging instruments' the Bank presents interest income from designated derivative instruments that are effective hedging instruments in the respect of cash flow hedge. Details of hedging relationships applied by the Bank are included in Note 15 'Derivative hedging instruments' to the Group condensed interim consolidated financial statements.

Interest expense and similar charges

	01.01-31.03.2010	01.01-31.03.2009
Interest expense on amounts due to customers	(922 996)	(916 072)
Interest expense on debt securities in issue	(21 083)	(31 391)
Interest expense on deposits from other banks	(6 897)	(23 370)
Other	(5 658)	(3 495)
Total	**(956 634)**	**(974 328)**

2. Fee and commission income and expense

Fee and commission income

	01.01-31.03.2010	01.01-31.03.2009
Income from financial assets, which are not valued at fair value through profit and loss, of which:	**114 252**	**75 220**
Income from loans and advances	114 252	75 220
Other fee and commissions	**753 891**	**584 583**
Income from payment cards	230 658	210 714
Income from maintenance of bank accounts	227 878	202 414
Income from loan insurance	157 996	39 754
Income from cash transactions	41 675	44 785
Income from maintenance of investment funds	31 350	21 297
Income from securities transactions	12 734	10 129
Income from foreign mass transactions servicing	10 372	9 766
Income from sale and distribution of marks of value	7 867	6 713
Other*	33 361	39 011
Income from trustee activities	**386**	**375**
Total	**868 529**	**660 178**

* Included in 'Other' are commissions received for servicing bond sale transactions and servicing the debt level of lenders towards the State budget.

(in PLN thousand)

Fee and commission expense

	01.01-31.03.2010	01.01-31.03.2009
Expenses on payment cards	(90 009)	(86 942)
Expenses on loan insurance	(35 449)	(15 451)
Expenses on acquisition services	(33 732)	(34 157)
Expenses on fee and commissions for operating services granted by other banks	(2 781)	(1 972)
Expenses on fee and commissions paid to PPUP	(892)	(913)
Other*	(30 219)	(22 151)
Total	**(193 082)**	**(161 586)**

* Included in 'Other' are: fee and expenses paid by the brokerage house (Dom Maklerski) to Warsaw Stock Exchange (GPW) and the National Depository for Securities (KDPW) and fee and commissions paid due to accounting and clearing services.

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

	01.01-31.03.2010	01.01-31.03.2009
Debt securities	43 167	12 936
Equity instruments	866	752
Derivative instruments [1)]	(27 084)	32 165
Other [1)]	8	755
Total	**16 957**	**46 608**

In the net income from financial instruments at fair value, position 'Derivative instruments', an ineffective portion related to hedges against fluctuations in cash flows was recognized and it amounted to PLN 3 thousand.

01.01-31.03.2010	Gains	Losses	Net result
Trading assets	4 369 418	(4 390 399)	(20 981)
Financial assets designated upon initial recognition at fair value through profit and loss	45 459	(7 521)	37 938
Total	**4 414 877**	**(4 397 920)**	**16 957**

01.01-31.03.2009	Gains	Losses	Net result
Trading assets	7 307 420	(7 267 607)	39 813
Financial assets designated upon initial recognition at fair value through profit and loss	76 387	(69 592)	6 795
Total	**7 383 807**	**(7 337 199)**	**46 608**

The total change in fair value of financial instruments designated at fair value through profit and loss determined with use of valuation models (where no quotations from active market were available) in the period ended 31 March 2010 amounted to PLN (27 076) [*)] thousand (in the period ended 31 March 2009: PLN 32 920[*)] thousand).

[*)] the total amount of the items marked with [1)] in Note 3 'Net income from financial instruments at fair value through profit and loss'

(in PLN thousand)

4. Net foreign exchange gains

	01.01-31.03.2010	01.01-31.03.2009
Currency transactions differences resulting from financial instruments designated at fair value through profit and loss	94 153	1 485 552
Other currency transactions differences	2 061	(1 193 586)
Total	**96 214**	**291 966**

5. Other operating income and expense

	01.01-31.03.2010	01.01-31.03.2009
Other operating income		
Sundry income	4 239	5 508
Sales and disposal of tangible fixed assets and intangible assets	1 334	529
Recovery of expired and written-off receivables	1 085	2 387
Sale of shares in subsidiaries, jointly controlled entities and associates	545	-
Other	1 326	25 661
Total	**8 529**	**34 085**

	01.01-31.03.2010	01.01-31.03.2009
Other operating expenses		
Costs of sale and disposal of tangible fixed assets, intangible assets and assets held for sale	(1 709)	(1 657)
Donations	(1 228)	(406)
Sundry expenses	(1 048)	(1 367)
Costs of tangible fixed assets construction and intangible assets development - not capitalized	(54)	(50)
Other	(10 638)	(23 481)
Total	**(14 677)**	**(26 961)**

(in PLN thousand)

6. Net impairment allowance

For the three-month period ended 31 March 2010	Impairment allowances at the beginning of the period	Increases		Decreases			Impairment allowances at the end of the period	Net impairment allowance – impact on the income statement
		Impairment allowances recognised during the period	Other	Decrease in impairment allowances due to derecognition of assets	Impairment allowances reversed during the period	Other		
Investment securities available for sale	15 576	-	-	-	300	-	15 276	300
Loans and advances to customers and amounts due from other banks measured at amortised cost	3 442 054	1 021 088	204	18 248	613 389	-	3 831 709	(407 699)
Tangible fixed assets	1 166	-	-	-	-	23	1 143	-
Intangible assets	15 373	-	-	-	-	-	15 373	-
Investments in subsidiaries, jointly controlled entities and associates	435 889	-	-	-	-	-	435 889	-
Other, of which:	315 840	28 619	-	17 000	47 203	-	280 256	18 584
Provisions for off-balance sheet liabilities	117 483	7 273	-	-	30 338	-	94 418	23 065
Total	**4 225 898**	**1 049 707**	**204**	**35 248**	**660 892**	**23**	**4 579 646**	**(388 815)**

For the three-month period ended 31 March 2009	Impairment allowances at the beginning of the period	Increases		Decreases			Impairment allowances at the end of the period	Net impairment allowance – impact on the income statement
		Impairment allowances recognised during the period	Other	Decrease in impairment allowances due to derecognition of assets	Impairment allowances reversed during the period	Other		
Investment securities available for sale	21 550	5 728	-	-	3 681	4 857	18 740	(2 047)
Loans and advances to customers and amounts due from other banks measured at amortised cost	2 628 651	523 577	5 495	18 084	257 160	-	2 882 479	(266 417)
Tangible fixed assets	1 916	6	139	-	78	-	1 983	72
Intangible assets	15 373	-	-	-	-	-	15 373	-
Investments in subsidiaries, jointly controlled entities and associates	326 146	-	48 738	-	1 680	-	373 204	1 680
Other, of which:	245 303	53 622	39 933	-	43 801	48 738	246 319	(9 821)
Provisions for off-balance sheet liabilities	84 623	53 545	-	-	43 624	-	94 544	(9 921)
Total	**3 238 939**	**582 933**	**94 305**	**18 084**	**306 400**	**53 595**	**3 538 098**	**(276 533)**

(in PLN thousand)

7. Administrative expenses

	01.01-31.03.2010	01.01-31.03.2009
Staff costs	(525 248)	(531 846)
Overheads	(281 505)	(341 396)
Depreciation and amortisation	(102 905)	(98 904)
Taxes and other charges	(14 327)	(13 080)
Contribution and payments to Banking Guarantee Fund	(13 346)	(12 426)
Total	**(937 331)**	**(997 652)**

Wages and salaries / Employee benefits

	01.01-31.03.2010	01.01-31.03.2009
Wages and salaries	(436 930)	(442 624)
Insurance	(72 567)	(74 529)
Other employee benefits	(15 751)	(14 693)
Total	**(525 248)**	**(531 846)**

8. Income tax expense

	01.01-31.03.2010	01.01-31.03.2009
Income statement	902 627	716 286
Current income tax expense	(215 106)	(140 653)
Deferred income tax related to temporary differences	39 669	5 094
Tax expense disclosed in the income statement	**(175 437)**	**(135 559)**
Tax expense disclosed in other comprehensive income related to temporary differences	5 163	(1 435)
Total	**(170 274)**	**(136 994)**

9. Amounts due from banks

	31.03.2010	31.12.2009
Deposits with other banks	1 234 435	1 133 859
Loans and advances	508 768	481 666
Receivables due from repurchase agreements	450 780	105 427
Current accounts	225 204	354 587
Cash in transit	15 927	5 337
Total	**2 435 114**	**2 080 876**
Impairment allowances, of which:	(27 314)	(27 109)
impairment allowance on exposure to foreign bank	(27 217)	(27 013)
Net total	**2 407 800**	**2 053 767**

10. Trading assets

	31.03.2010	31.12.2009
Debt securities	3 170 614	2 202 847
issued by the State Treasury	3 168 534	2 198 840
issued by local government bodies	2 059	2 208
issued by other banks	21	1 799
Shares in other entities - listed on stock exchange	5 609	10 108
Total	**3 176 223**	**2 212 955**

(in PLN thousand)

11. Derivative instruments

Type of contract	31.03.2010		31.12.2009	
	Assets	Liabilities	Assets	Liabilities
IRS	1 520 393	1 540 026	1 307 705	1 296 136
FRA	12 156	11 432	7 613	8 298
FX Swap	92 269	23 756	90 056	27 181
CIRS	547 753	33 510	402 221	33 699
Forward	43 870	120 967	24 167	49 349
Options	106 180	50 860	198 159	127 847
Other	549	1 211	-	1 860
Total	**2 323 170**	**1 781 762**	**2 029 921**	**1 544 370**

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

	31.03.2010	31.12.2009
Debt securities	**10 630 794**	**12 356 532**
issued by the State Treasury	6 001 704	5 362 314
issued by central banks	4 499 118	6 994 218
issued by local government bodies	129 972	-
Total	**10 630 794**	**12 356 532**

13. Loans and advances to customers

	31.03.2010	31.12.2009
Loans and advances to customers gross, of which:	**119 615 430**	**117 840 734**
consumer loans	24 037 984	23 344 509
corporate loans	42 083 661	41 910 393
mortgage loans	53 020 745	52 120 376
Interest	473 040	465 456
Impairment allowances on loans and advances to customers	(3 804 395)	(3 414 945)
Loans and advances to customers – net	**115 811 035**	**114 425 789**

	31.03.2010	31.12.2009
Loans and advances to customers		
Receivables valued using the group method (IBNR)	110 990 165	109 602 411
Receivables valued using the individual method	4 703 253	4 677 152
Receivables valued using the portfolio method	3 922 012	3 561 171
Loans and advances to customers - gross	**119 615 430**	**117 840 734**
Impairment allowances on exposures with portfolio impairment	(2 146 002)	(1 885 369)
Impairment allowances on exposures with individual impairment	(1 007 475)	(971 326)
Impairment allowances on exposures with group impairment (IBNR)	(650 918)	(558 250)
Total impairment allowances	**(3 804 395)**	**(3 414 945)**
Loans and advances to customers - net	**115 811 035**	**114 425 789**

(in PLN thousand)

14. Investment securities available for sale

	31.03.2010	31.12.2009
Debt securities available for sale gross	**10 271 849**	**7 904 769**
issued by the State Treasury	7 440 834	4 782 374
issued by local government bodies	2 037 418	2 000 221
issued by non-financial institutions	700 563	786 873
issued by other banks	89 324	90 086
issued by other financial institutions	3 710	245 215
Impairment allowances on debt securities available for sale	(13 183)	(13 183)
Total debt securities available for sale net	**10 258 666**	**7 891 586**
Equity instruments available for sale gross	79 809	76 504
Impairment allowances on equity instruments available for sale	(2 093)	(2 393)
Total equity instruments available for sale net	**77 716**	**74 111**
Total investment securities net	**10 336 382**	**7 965 697**

15. Investments in subsidiaries, jointly controlled entities and associates

As at 31 March 2010, the Bank's investments in subsidiaries, jointly controlled entities and associates have been recognised at acquisition cost less impairment allowances.

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

As at 31 March 2010	Gross value	Impairment	Carrying amount
Subsidiaries			
KREDOBANK SA	786 746	(423 723)	363 023
PKO BP BANKOWY PTE SA	205 786	-	205 786
PKO Towarzystwo Funduszy Inwestycyjnych SA	186 989	-	186 989
Centrum Finansowe Puławska Sp. z o.o.	128 288	-	128 288
Bankowy Fundusz Leasingowy SA	70 000	-	70 000
Inteligo Financial Services SA	59 602	-	59 602
Centrum Elektronicznych Usług Płatniczych 'eService' SA	55 500	-	55 500
Fort Mokotów Inwestycje Sp. z o.o. [1]	43 546	-	43 546
Bankowe Towarzystwo Kapitałowe SA	18 566	(10 666)	7 900
PKO BP Inwestycje Sp. z o.o. [2]	4 503	-	4 503
PKO Finance AB	172	-	172
Jointly controlled entities			
Centrum Haffnera Sp. z o.o.	44 371	-	44 371
Centrum Obsługi Biznesu Sp. z o.o.	17 498	-	17 498
Associates			
Bank Pocztowy SA	146 500	-	146 500
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	1 500	(1 500)	-
Agencja Inwestycyjna CORP SA	29	-	29
Total	**1 769 596**	**(435 889)**	**1 333 707**

1) Value does not include capital contribution of PKO Bank Polski SA, presented in the statement of financial position under 'Loans and advances to customers' in the amount of PLN 8 053 thousand.
2) Value does not include capital contribution of PKO Bank Polski SA, presented in the statement of financial position under 'Loans and advances to customers' in the total amount of PLN 113 310 thousand.

(in PLN thousand)

As at 31 December 2009	Gross value	Impairment	Carrying amount
Subsidiaries			
KREDOBANK SA	786 746	(423 723)	363 023
PKO BP BANKOWY PTE SA	205 786	-	205 786
PKO Towarzystwo Funduszy Inwestycyjnych SA	186 989	-	186 989
Centrum Finansowe Puławska Sp. z o.o.	128 288	-	128 288
Bankowy Fundusz Leasingowy SA	70 000	-	70 000
Inteligo Financial Services SA	59 602	-	59 602
Centrum Elektronicznych Usług Płatniczych 'eService' SA	55 500	-	55 500
Fort Mokotów Inwestycje Sp. z o.o. [1]	43 546	-	43 546
Bankowe Towarzystwo Kapitałowe SA	18 566	(10 666)	7 900
PKO BP Inwestycje Sp. z o.o. [2]	4 503	-	4 503
PKO Finance AB	172	-	172
Jointly controlled entities			
Centrum Haffnera Sp. z o.o.	44 371	-	44 371
Centrum Obsługi Biznesu Sp. z o.o.	17 498	-	17 498
Associates			
Bank Pocztowy SA	146 500	-	146 500
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	1 500	(1 500)	-
Agencja Inwestycyjna CORP SA	29	-	29
Total	**1 769 596**	**(435 889)**	**1 333 707**

1) Value does not include capital contribution of PKO Bank Polski SA, presented in the statement of financial position under 'Loans and advances to customers' in the amount of PLN 8 053 thousand.
2) Value does not include capital contribution of PKO Bank Polski SA, presented in the statement of financial position under 'Loans and advances to customers' in the total amount of PLN 113 310 thousand.

16. Intangible assets and tangible fixed assets

Intangible assets	31.03.2010	31.12.2009
Software	1 189 660	1 206 816
Other, including capital expenditure	124 061	61 965
Total	**1 313 721**	**1 268 781**

Tangible fixed assets	31.03.2010	31.12.2009
Land and buildings	1 460 777	1 466 018
Machinery and equipment	585 416	562 195
Assets under construction	83 133	160 362
Means of transport	1 241	1 296
Investment properties	284	322
Other	99 961	101 756
Total	**2 230 812**	**2 291 949**

17. Amounts due from other banks

	31.03.2010	31.12.2009
Deposits of other banks	2 458 753	1 399 985
Loans and advances	2 559 342	2 621 791
Current accounts	46 572	23 270
Other money market deposits	119 351	121 679
Total	**5 184 018**	**4 166 725**

(in PLN thousand)

18. Amounts due to customers

	31.03.2010	31.12.2009
Amounts due to retail clients	**90 155 926**	**86 627 306**
Current accounts and overnight deposits	40 469 619	37 613 105
Term deposits	49 234 911	48 746 371
Other	451 396	267 830
Amounts due to corporate entities	**23 724 606**	**27 736 114**
Current accounts and overnight deposits	8 477 002	8 784 705
Term deposits	13 681 299	17 298 043
Loans and advances	1 389 776	1 421 527
Other	176 529	231 839
Amounts due to local government bodies	**8 071 916**	**9 680 980**
Current accounts and overnight deposits	2 857 521	3 355 753
Term deposits	5 193 207	6 296 093
Other	21 188	29 134
Total	**121 952 448**	**124 044 400**

19. Other liabilities

	31.03.2010	31.12.2009
Accounts payables	239 035	201 827
Deferred income	291 190	252 675
Other liabilities	1 184 025	865 415
Total	**1 714 250**	**1 319 917**

20. Provisions

For the three-month period ended 31 March 2010	Provision for legal claims	Provisions for anniversary bonuses and retirement benefits	Provisions for liabilities and guarantees granted	Other provisions*	Total
As at 1 January 2010, including:	**6 841**	**367 291**	**110 642**	**113 852**	**598 626**
short term portion	**6 841**	**27 277**	**110 642**	**113 852**	**258 612**
long term portion	**-**	**340 014**	**-**	**-**	**340 014**
Increase/reassessment	-	-	7 273	2 155	**9 428**
Use	-	-	-	(24)	**(24)**
Release	-	-	(30 338)	(23 655)	**(53 993)**
As at 31 March 2010, including:	**6 841**	**367 291**	**87 577**	**92 328**	**554 037**
short term portion	**6 841**	**27 277**	**87 577**	**92 328**	**214 023**
long term portion	**-**	**340 014**	**-**	**-**	**340 014**

*Included in 'Other provisions' is: restructuring provision amounting to PLN 55 019 thousand and provision for potential claims on receivables sold amounting to PLN 31 589 thousand.

(in PLN thousand)

For the three-month period ended 31 March 2009	Provision for legal claims	Provisions for anniversary bonuses and retirement benefits	Provisions for liabilities and guarantees granted	Other provisions*	Total
As at 1 January 2009, including:	**6 841**	**364 945**	**77 782**	**111 785**	**561 353**
short term portion	**6 841**	**46 517**	**77 782**	**111 785**	**242 925**
long term portion	**-**	**318 428**	**-**	**-**	**318 428**
Increase/reassessment	-	-	53 545	5 741	**59 286**
Use	-	-	-	(7 613)	**(7 613)**
Release	-		(43 624)	(26 982)	**(70 606)**
As at 31 March 2009, including:	**6 841**	**364 945**	**87 703**	**82 931**	**542 420**
short term portion	**6 841**	**46 517**	**87 703**	**82 931**	**223 992**
long term portion	**-**	**318 428**	**-**	**-**	**318 428**

*Included in 'Other provisions' is: restructuring provision amounting to PLN 53 529 thousand and provision for potential claims on receivables sold amounting PLN 25 350 thousand.

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

21. Off-balance sheet liabilities

Contingent liabilities

Underwriting programs

As at 31 March 2010, the Bank's underwriting agreements covered the following securities:

Issuer of securities underwritten	Type of underwritten securities	Off-balance sheet guarantee liabilities resulting from underwriting agreement	Contract period	Sub-issue type
Company A	corporate bonds	500 000	2025.12.31	Bonds Issue Agreement*
Company B	subordinated bonds	350 000	2020.04.30	Subordinated Bonds Issue Agreement**
Company C	corporate bonds	199 786	2010.11.08	Bonds Issue Agreement*
Company D	corporate bonds	159 880	2012.01.02	Bonds Issue Agreement*
Company E	corporate bonds	36 000	2016.12.30	Bonds Issue Agreement*
Company F	corporate bonds	13 000	2018.12.31	Bonds Issue Agreement*
Entity A	municipal bonds	15 000	2025.12.31	Bonds Issue Agreement*
Total		**1 273 666**		

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

** Relates to the Agreement for Organization, Conducting and Servicing of the Subordinated Bond Issuance Program (due to the non-placement of the issue order by the Issuer in the contractual time, the contract expired on 30 April 2010).

As at 31 December 2009, the Bank's underwriting agreements covered the following securities:

Issuer of securities underwritten	Type of underwritten securities	Off-balance sheet guarantee liabilities resulting from underwriting agreement	Contract period	Sub-issue type
Company A	corporate bonds	500 000	2025.12.31	Bonds Issue Agreement*
Company B	corporate bonds	199 786	2010.11.15	Bonds Issue Agreement*
Company C	corporate bonds	119 915	2012.01.02	Bonds Issue Agreement*
Company D	corporate bonds	44 500	2016.12.30	Bonds Issue Agreement*
Company E	corporate bonds	13 000	2018.12.31	Bonds Issue Agreement*
Entity A	municipal bonds	15 000	2025.12.31	Bonds Issue Agreement*
Total		**892 201**		

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

(in PLN thousand)

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 31 March 2010, contractual commitments concerning intangible assets amounted to PLN 1 100 thousand (as at 31 December 2009, it amounted to PLN 1 748 thousand).

Loan commitments

	31.03.2010	31.12.2009
Financial sector	1 469 803	1 131 047
Non-financial sector	26 176 881	24 683 557
Public sector	2 938 523	1 814 276
Total loan commitments	**30 585 207**	**27 628 880**
of which: irrevocable loan commitments	7 354 534	7 360 144

Loan commitments have been presented in nominal values.

Guarantees issued

Guarantees	31.03.2010	31.12.2009
Financial sector	1 215 146	373 918
Non-financial sector	5 361 586	5 066 241
Public sector	510 097	373 300
Total guarantees issued	**7 086 829**	**5 813 459**

In the periods ended respectively on 31 March 2010 and 31 December 2009, the Bank did not issue any guarantees in respect of loans or advances and did not issue any guarantees to a single entity or a subsidiary thereof with a total value accounting for 10% of the Bank's equity.

Information on provisions for contingent guarantees and financial liabilities is included in Note 20 'Provisions'.

Contingent assets

	31.03.2010	31.12.2009
Financial	228 922	628 627
Guarantees	2 513 998	2 702 564
Total contingent assets	**2 742 920**	**3 331 191**

Assets pledged as collateral for contingent liabilities

As at 31 March 2010 and as at 31 December 2009, the Bank had no assets pledged as collateral for contingent liabilities.

22. Supplementary information to the cash flow statement

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash on nostro account 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.

	31.03.2010	31.12.2009	31.03.2009
Cash and balances with the central bank	3 296 910	6 993 966	3 983 886
Current receivables from other financial institutions	1 606 060	1 623 996	3 922 666
Total	**4 902 970**	**8 617 962**	**7 906 552**

(in PLN thousand)

23. 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.

31 March 2010

Entity	Capital relation	Net receivables	including gross loans	Liabilities	Total income	including interest and fee and commission income	Total expense	including interest and fee and commission expense	Contingent liabilities and commitments
PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA	Direct subsidiary	35	-	13 073	393	379	101	101	-
Centrum Finansowe Puławska Sp. z o.o.	Direct subsidiary	74 771	74 510	31 731	768	768	11 902	297	-
KREDOBANK SA	Direct subsidiary	489 100	350 990	80	2 728	2 728	-	-	268 244
PKO BP Inwestycje Sp. z o.o.	Direct subsidiary	113 310	-	7 261	4	4	149	69	1 500
Inteligo Financial Services SA	Direct subsidiary	2	-	106 261	433	7	13 028	1 236	-
Centrum Elektronicznych Usług Płatniczych 'eService' SA	Direct subsidiary	798	-	58 276	1 251	1 179	9 352	9 352	2 500
Bankowy Fundusz Leasingowy SA	Direct subsidiary	87 525	82 482	4 838	3 420	3 015	2 454	39	408 415
Bankowe Towarzystwo Kapitałowe SA	Direct subsidiary	-	-	4 090	1	1	49	49	10 000
PKO Towarzystwo Funduszy Inwestycyjnych SA	Direct subsidiary	10 021	-	7 627	31 219	31 205	74	74	467
Fort Mokotów Inwestycje Sp. z o.o.	Direct subsidiary	8 053	-	4 934	-	-	7	7	-
Fort Mokotów Sp. z o.o.	Indirect subsidiary	-	-	7 684	1	1	-	-	-
POMERANKA Sp. z o.o.	Indirect subsidiary	139 541	139 000	12 952	2 058	2 058	-	-	2 000
Wilanów Investments Sp. z o.o.	Indirect subsidiary	163 062	163 062	3 185	2 605	2 605	-	-	38 938
PKO BP Inwestycje – Rezydencja Flotylla Sp. z o.o.	Indirect subsidiary	12 668	12 668	121	226	226	-	-	-
Bankowy Leasing Sp. z o.o.	Indirect subsidiary	575 834	575 259	2 323	7 376	7 357	2	2	178 560
BFL Nieruchomości Sp. z o.o.	Indirect subsidiary	234 517	234 223	718	2 788	2 788	11	11	3 404
PKO BP Finat Sp. z o.o.	Indirect subsidiary	-	-	5 489	2	2	40	40	-
Wisłok Inwestycje Sp. z o.o.	Indirect subsidiary	-	-	-	338	338	-	-	-
Baltic Dom 2 Sp. z o.o.	Indirect subsidiary	15 260	15 260	2	176	176	-	-	-
PKO BP Faktoring SA	Indirect subsidiary	27 761	26 800	1 103	337	337	-	-	8 739
CENTRUM HAFFNERA Sp. z o.o.	Direct jointly controlled entity	-	-	231	2	2	-	-	-
Centrum Obsługi Biznesu Sp. z o.o.	Direct jointly controlled entity	30 511	30 511	22 202	180	180	142	142	-
Centrum Majkowskiego Sp. z o.o.	Indirect jointly controlled entity	-	-	2 382	1	1	52	52	-
Kamienica Morska Sp. z o.o.	Indirect jointly controlled entity	-	-	159	1	1	-	-	-
Sopot Zdrój Sp. z o.o.	Indirect jointly controlled entity	204 973	204 973	442	1 282	1 282	-	-	-
Promenada Sopocka Sp. z o.o.	Indirect jointly controlled entity	42 801	42 801	155	253	253	-	-	-
Bank Pocztowy SA	Associate	-	-	35	22	19	104	104	1 043
Kolej Gondolowa Jaworzyna Krynicka SA	Associate held for sale	-	-	307	-	-	2	2	-
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	Associate	-	-	13 902	-	-	116	116	-
Agencja Inwestycyjna 'CORP' SA	Associate	61	-	264	158	-	686	-	-
TOTAL		**2 230 604**	**1 952 539**	**311 827**	**58 023**	**56 912**	**38 271**	**11 693**	**923 810**

(in PLN thousand)

31 December 2009

Entity	Capital relation	Net receivables	including gross loans	Liabilities	Total income	including interest and fee and commission income	Total expense	including interest and fee and commission expense	Contingent liabilities and commitments
PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA	Direct subsidiary	37	-	14 895	582	582	757	757	-
Centrum Finansowe Puławska Sp. z o.o.	Direct subsidiary	75 678	74 765	28 632	3 586	3 586	45 397	1 247	-
KREDOBANK SA	Direct subsidiary	322 573	263 416	1 282	18 684	18 684	-	-	268 792
PKO BP Inwestycje Sp. z o.o.	Direct subsidiary	113 310	-	6 291	947	947	2	2	-
Inteligo Financial Services SA	Direct subsidiary	10	-	113 229	1 833	1 833	54 250	688	-
Centrum Elektronicznych Usług Płatniczych 'eService' SA	Direct subsidiary	780	-	48 375	5 503	4 823	42 324	41 894	2 500
Bankowy Fundusz Leasingowy SA	Direct subsidiary	341 337	95 285	5 196	27 415	27 415	12 554	1 477	423 569
Bankowe Towarzystwo Kapitałowe SA	Direct subsidiary	-	-	4 535	4	4	263	263	10 000
PKO Towarzystwo Funduszy Inwestycyjnych SA	Direct subsidiary	8 590	-	3 875	91 219	90 733	318	318	466
Fort Mokotów Inwestycje Sp. z o.o.	Direct subsidiary	8 053	-	6 836	-	-	-	-	-
Fort Mokotów Sp. z o.o.	Indirect subsidiary	-	-	8 253	1	1	40	40	-
POMERANKA Sp. z o.o.	Indirect subsidiary	142 045	142 045	11 420	8 419	8 419	399	399	2 000
Wilanów Investments Sp. z o.o.	Indirect subsidiary	149 642	149 642	1 007	7 775	7 775	-	-	358
PKO BP Inwestycje – Rezydencja Flotylla Sp. z o.o.	Indirect subsidiary	12 668	12 668	286	34	34	676	227	1 500
Bankowy Leasing Sp. z o.o.	Indirect subsidiary	544 216	543 827	713	16 962	16 962	40	40	72 469
BFL Nieruchomości Sp. z o.o.	Indirect subsidiary	226 248	226 248	3 068	8 372	8 372	60	60	-
PKO BP Finat Sp. z o.o.	Indirect subsidiary	-	-	4 870	7	7	179	179	-
Wisłok Inwestycje Sp. z o.o.	Indirect subsidiary	57 427	57 427	158	3 371	3 371	2	2	-
Baltic Dom 2 Sp. z o.o.	Indirect subsidiary	15 260	15 260	823	881	881	-	-	-
PKO BP Faktoring SA	Indirect subsidiary	13 667	12 500	219	326	326	4	4	22 833
CENTRUM HAFFNERA Sp. z o.o.	Direct jointly controlled entity	-	-	151	12	12	321	321	4 108
Centrum Obsługi Biznesu Sp. z o.o.	Direct jointly controlled entity	32 627	32 627	23 313	1 146	1 146	686	686	-
Centrum Majkowskiego Sp. z o.o.	Indirect jointly controlled entity	-	-	4 904	5	5	151	151	-
Kamienica Morska Sp. z o.o.	Indirect jointly controlled entity	-	-	328	5	5	-	-	-
Sopot Zdrój Sp. z o.o.	Indirect jointly controlled entity	229 852	229 852	6 999	10 196	10 196	27	27	-
Promenada Sopocka Sp. z o.o.	Indirect jointly controlled entity	45 555	45 555	689	1 926	1 926	1	1	-
Kolej Gondolowa Jaworzyna Krynicka SA	Associate held for sale	-	-	4	5	5	46	46	-
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	Associate	-	-	437	1	1	47	47	-
Agencja Inwestycyjna 'CORP' SA	Associate	-	-	58	-	-	1 784	-	-
TOTAL		**2 339 575**	**1 901 117**	**301 140**	**209 245**	**208 079**	**163 787**	**52 105**	**809 751**

(in PLN thousand)

24. Description of differences between previously published financial statements and the related information in these financial statements

In the first quarter of 2010, there were no changes to the previously published financial statements.

25. Objectives and principles of risk management related to financial instruments

Objectives and principles of risk management applied in PKO Bank Polski SA are consistent with these applied in the PKO Bank Polski SA Group.

Selected data was presented below:

Credit risk

Bank's exposure to credit risk

Amounts due from banks	Exposure	
	31.03.2010	31.12.2009
Amounts due from banks impaired	27 695	27 496
of which valued using the individual method	27 216	27 013
Amounts due from banks not impaired	2 407 419	2 053 380
neither past due nor impaired	2 407 419	2 052 387
past due but not impaired	-	993
Gross total	**2 435 114**	**2 080 876**
Impairment allowances	**(27 314)**	**(27 109)**
Net total (carrying amount)	**2 407 800**	**2 053 767**

Loans and advances to customers	Exposure	
	31.03.2010	31.12.2009
Loans and advances impaired	7 797 545	7 500 728
of which valued using the individual method	3 875 533	3 939 557
Loans and advances not impaired	111 817 885	110 340 006
neither past due nor impaired	110 740 389	109 572 952
past due but not impaired	1 077 496	767 054
Gross total	**119 615 430**	**117 840 734**
Impairment allowances	**(3 804 395)**	**(3 414 945)**
Net total (carrying amount)	**115 811 035**	**114 425 789**

Investment securities available for sale – debt securities	Exposure	
	31.03.2010	31.12.2009
Debt securities impaired	13 183	13 183
of which valued using the individual method	13 183	13 183
Debt securities not impaired	10 258 666	7 891 586
neither past due nor impaired	10 258 666	7 891 586
Gross total	**10 271 849**	**7 904 769**
Impairment allowances	**(13 183)**	**(13 183)**
Net total (carrying amount)	**10 258 666**	**7 891 586**

Exposure to credit risk

The table below presents maximum exposure to credit risk of the Bank as at 31 March 2010 and as at 31 December 2009, excluding collaterals value and connected with them improvement of credit situation stated at net carrying amount.

Statement of financial position items	31.03.2010	31.12.2009
Operations with the central bank	1 509 656	4 625 073
Amounts due from banks	2 407 800	2 053 767
Trading assets – debt securities	3 170 614	2 202 847
Derivative financial instruments	2 323 170	2 029 921
Financial assets designated at fair value through profit and loss - debt securities	10 630 794	12 356 532
Loans and advances to customers	115 811 035	114 425 789
Investment securities available for sale - debt securities	10 258 666	7 891 586
Other assets - other financial assets	289 364	342 909
Total	**146 401 099**	**145 928 424**

Off-balance sheet items	31.03.2010	31.12.2009
Irrevocable liabilities granted	7 354 534	7 360 144
Guarantees granted	4 561 016	4 274 985
Letters of credit granted	201 927	230 078
Underwriting guarantees	2 323 886	1 308 396
Total	**14 441 363**	**13 173 603**

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

	31.03.2010	31.12.2009
Amounts due from banks	**27 216**	**27 013**
Loans and advances to customers	**3 875 533**	**3 939 557**
Financial entities	3 116	6 209
corporate loans	3 116	6 209
Non-financial entities	3 863 145	3 917 272
consumer loans	33 323	33 454
mortgage loans	645 284	616 568
corporate loans	3 184 538	3 267 250
State budget entities	9 272	16 076
corporate loans	9 272	16 076
Investment securities available for sale	**13 183**	**13 183**
issued by non-financial entities	13 183	13 183
Total	**3 915 932**	**3 979 753**

Interest rate risk

Exposure of the Bank to interest rate risk was within accepted limits. The Bank was mainly exposed to PLN interest rate risk, which represents about 93% of Bank's value at risk (VaR) as at 31 March 2010 and about 87% as at 31 December 2009.

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

Name of sensitivity measure	31.03.2010	31.12.2009
VaR for a 10-day time horizon (in PLN thousand)	17 058	17 086
Parallel move of interest rate curves by 200 base points (in PLN thousand)	213 334	164 418

Currency risk

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

Name of sensitivity measure	31.03.2010	31.12.2009
VaR for a 10-day time horizon at 99% confidence level (in PLN thousand)	9 221*	1 092
Change of CUR/PLN exchange rates by 15% (in PLN thousand) (stress-tests)	25 206*	4 440

*In case of elimination from the VaR calculation and stress-test analysis the currency position in UAH resulting from shares acquired in Kredobank SA, VaR for a 10-day time horizon at 99% confidence level would have amounted to PLN 1 142 thousand and the stress-test scenario involving a change of CUR/PLN exchange rates of 15% would have amounted to PLN 5 176 thousand.

The level of the currency risk was low both as at 31 March 2010 and as at 31 December 2009. The observed increase in currency risk level as at 31 March 2010 resulted from open currency position in UAH due to the process of acquiring shares of the new shares issue in Kredobank SA.

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

Currency position	31.03.2010	31.12.2009
USD	(8 126)	(6 777)
GBP	1 177	1 507
CHF	19 833	3 594
EUR	11 126	24 748
Other (Global Net)	144 032*	13 715

* High global net currency position results from open long position in UAH due to the process of acquiring shares of the new shares issue in Kredobank SA. In case of elimination of currency position in UAH the global net currency position would have amounted to ca. PLN 10 497 thousand.

Liquidity risk

The adjusted liquidity gap of the Bank was presented in the table below:

	a'vista	0 - 1 month	1 - 3 months	3 - 6 months	6 - 12 months	12 - 36 months	36 - 60 months	over 60 months
								31.03.2010
Adjusted gap	2 037 500	17 929 077	(1 719 793)	5 774	2 701 678	2 267 452	4 639 059	**(27 860 747)**
Cumulative adjusted gap	2 037 500	19 966 577	18 246 784	18 252 558	20 954 236	23 221 688	27 860 747	**-**
								31.12.2009
Adjusted gap	7 011 756	15 934 717	(3 179 007)	430 828	3 538 553	1 468 080	4 446 685	**(29 651 612)**
Cumulative adjusted gap	7 011 756	22 946 473	19 767 466	20 198 294	23 736 847	25 204 927	29 651 612	**-**

In all time horizons, the Bank's cumulative adjusted liquidity gap as at 31 March 2010 and 31 December 2009 was positive. This means a surplus of assets receivable over liabilities payable.

Capital adequacy

The capital adequacy level of the Bank in the first quarter of 2010 remained on a safe level and was significantly above the statutory limits.

Compared with 31 December 2009, the Bank's capital adequacy level increased by 0.53 pp., mainly as a result of including the net profit for 2009 less expected burdens in equity.

(in PLN thousand)

Own funds

In the first quarter of 2010, the Bank's own funds increased by PLN 1 109 993 thousand, which was mainly due to including the net profit for 2009 less expected burdens amounting to PLN 1 432 152 thousand.

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

BANK'S OWN FUNDS	31.03.2010	31.12.2009
Basic funds (Tier 1 capital)	**17 041 735**	**15 755 513**
Share capital	1 250 000	1 250 000
Reserve capital	12 048 111	12 048 111
Other reserves	3 276 260	3 276 260
General banking risk fund	1 070 000	1 070 000
Retained earnings	1 432 152	-
Unrealised losses on debt and equity instruments	(63 806)	(52 555)
Intangible assets	(1 313 721)	(1 268 781)
Equity exposures	(657 261)	(567 522)
Supplementary funds (Tier 2 capital)	**969 634**	**1 052 650**
Subordinated liabilities classified as supplementary funds	1 600 700	1 600 700
Unrealised gains on debt and equity instruments	26 195	19 472
Equity exposures	(657 261)	(567 522)
Short-term equity (Tier 3 capital)	**36 662**	**129 876**
TOTAL OWN FUNDS	**18 048 031**	**16 938 039**

Capital requirements (Pillar 1)

The tables below show the Bank's exposure to credit risk and different types of market risk:

Capital requirements	31.03.2010	31.12.2009
Credit risk	**8 507 646**	**8 303 240**
credit risk (banking book)	8 430 566	8 228 968
counterparty risk (trading book)	77 080	74 272
Market risk	**284 458**	**230 171**
equity securities risk	574	2 390
specific risk of debt instruments	238 726	192 460
general risk of interest rates	45 158	35 321
Operational risk	**957 564**	**957 102**
Total capital requirement	**9 749 668**	**9 490 513**
Capital adequacy ratio	**14.81%**	**14.28%**

26. Earnings per share

Basic earnings per share

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

Earnings per share

	01.01-31.03.2010	01.01-31.03.2009
Profit per ordinary shareholders (in PLN thousand)	727 190	580 727
Weighted average number of ordinary shares during the period (in thousand)	1 250 000	1 090 000
Earnings per share (in PLN per share)	0.58	0.53

Earnings per share from discontinued operations

In the periods ended 31 March 2010 and 31 March 2009, the Bank did not report any material income or expenses from discontinued operations.

Diluted earnings per share

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

There were no dilutive instruments in the Bank in the first quarter of 2010 or in the first quarter of 2009.

Diluted earnings per share from discontinued operations

In the periods ended 31 March 2010 and 31 March 2009, the Bank did not report any material income or expenses from discontinued operations.

27. Events after the reporting period

On 13 April 2010 the Polish Financial Supervision Authority approved the appointment of Mr. Zbigniew Jagiełło as the President of the Management Board of PKO Bank Polski SA.

(in PLN thousand)

OTHER INFORMATION

Identification data

PKO Bank Polski SA, with its registered Head Office at 15 Puławska Street, 02-515 Warsaw, has been entered in the Register of Entrepreneurs of the National Court Register kept by the 13th District Court in Warsaw, Entry No. KRS 0000026438, tax identification number (NIP) 525-000-77-38, statistical number (REGON) 016298263, share capital (paid) PLN 1 250 000 000.

The Management and Supervisory Board of PKO Bank Polski SA in the reporting period

No.	Name	Post	Date of appointment
1.	Zbigniew Jagiełło	Acting President of the Management Board*	On 14 September 2009, the Bank's Supervisory Board appointed Zbigniew Jagiełło as the acting President of the Management Board of PKO Bank Polski SA, effective from 1 October 2009, for the joint term of the Board beginning on 20 May 2008. For the period since 1 October 2009 to the date on which the Polish Financial Supervision Authority approves his appointment as the President of the Management Board of PKO Bank Polski SA, the Supervisory Board appointed Zbigniew Jagiełło as the acting President of the Management Board of PKO Bank Polski SA
2.	Bartosz Drabikowski	Vice-President of the Management Board	Appointed on 20 May 2008 as Vice-President of the Management Board for the joint term of the Board beginning on that day.
3.	Krzysztof Dresler	Vice-President of the Management Board	**1)** Appointed on 20 May 2008, effective as of 1 July 2008, as Vice-President of the Management Board for the joint term of the Board beginning on 20 May 2008. **2)** On 27 October 2008, the Polish Financial Supervision Authority approved the appointment of Mr. Krzysztof Dresler as the Member of the Management Board of PKO Bank Polski SA.
4.	Jarosław Myjak	Vice-President of the Management Board	Appointed on 9 December 2008, effective as of 15 December 2008, as Vice-President of the Management Board for the joint term of the Board beginning on 20 May 2008.
5.	Wojciech Papierak	Vice-President of the Management Board	**1)** Appointed on 20 May 2008 as Vice-President of the Management Board, effective from 1 July 2008 for the joint term of the Board beginning on 20 May 2008. **2)** On 7 July 2009, the Supervisory Board of PKO Bank Polski SA entrusted Wojciech Papierak, Vice-President of the Bank's Management Board, with the duties of the President of the Management Board until the President of the Bank's Management Board is appointed. On 14 September 2009, the Supervisory Board revoked the Resolution No 75/2009 of the Bank's Supervisory Board dated 7 July 2009 on appointing as the acting President of the Management Board effective from 1 October 2009.
6.	Jakub Papierski	Vice-President of the Management Board	**1)** Appointed on 27 January 2010 as Vice-President of the Management Board, effective from 1 April 2010 for the joint term of the Board beginning on 20 May 2008. **2)** On 10 March 2010 appointed as Vice-President of the Management Board, effective from 22 March 2010 for the joint term of the Board beginning on 20 May 2008. The Supervisory Board of the Bank revoked the Resolution No. 6/2010 of the Supervisory Board of the Bank dated 27 January 2010 on appointing the Vice-President of the Management Board of PKO Bank Polski SA.
7.	Mariusz Zarzycki	Vice-President of the Management Board	Appointed on 20 May 2008, effective as of 1 September 2008, as Vice-President of the Management Board for the joint term of the Board beginning on 20 May 2008.

** On 13 April 2010 the Polish Financial Supervision Authority approved the appointment of Zbigniew Jagiełło as the President of the Management Board of PKO Bank Polski SA.*

No.	Name	Post	Date of appointment / recalling
1.	Cezary Banasiński	Chairman of the Supervisory Board	Appointed on 20 April 2009 until the end of the current term of the Bank's Supervisory Board (beginning on 20 May 2008).
2.	Tomasz Zganiacz	Vice-Chairman of the Supervisory Board	Appointed on 31 August 2009 until the end of the current term of the Bank's Supervisory Board.
3.	Jan Bossak	Member of the Supervisory Board	Appointed on 26 February 2008 for the term, which ended on 19 May 2008 and for the current term of the Supervisory Board.
4.	Mirosław Czekaj	Member of the Supervisory Board	Appointed on 31 August 2009 until the end of the current term of the Bank's Supervisory Board.
5.	Ireneusz Fąfara	Member of the Supervisory Board	Appointed on 31 August 2009 until the end of the current term of the Bank's Supervisory Board.
6.	Błażej Lepczyński	Member of the Supervisory Board	Appointed on 20 April 2009 until the end of the current term of the Bank's Supervisory Board.
7.	Alojzy Zbigniew Nowak	Member of the Supervisory Board	Appointed on 31 August 2009 until the end of the current term of the Bank's Supervisory Board.

Seasonality or cyclical nature of activities in the reporting period

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

(in PLN thousand)

Issue of eurobonds

On 15 July 2008, the Management Board of the Bank adopted a resolution giving consent to a eurobond issue programme ('the EMTN programme') being opened by a subsidiary, PKO Finance AB. Next, on 11 March 2010 the Management Board of the Bank adopted a resolution on selecting arrangers and the terms and conditions of updating the eurobond issue programme and conducting the first issue of eurobonds. Therefore, in the 1st quarter of 2010 measures were taken to update the EMTN programme.

The main terms and conditions of the EMTN Programme are as follows:

- the amount of the Programme: EUR 3 000 000 000, with the possibility of issue in numerous currencies, for any terms;
- the objective of the Programme: financing the business activities of PKO Bank Polski SA by PKO Finance AB re-lending funds raised on financial markets to PKO Bank Polski SA;
- senior and subordinated securities may be issued under the Programme;
- the Programme has a rating assigned by Moody's in 2008 – A2 for senior debt and A3 for subordinated debt – the ratings were confirmed by Moody's in April 2010.

The EMTN Programme was opened in 2008 and subsequently updated in April 2010 – on 23 April 2010 an updated prospectus of the Programme was registered on the Luxembourg Stock Exchange. Updating the Programme made it possible to issue eurobonds on its basis over the period of the next 12 months.

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

In the first quarter of 2010:

1. The company Bankowy Fundusz Leasingowy issued 45 000 bonds with a total nominal value of PLN 450 million and redeemed 45 000 bonds with a total nominal value of PLN 450 million. At the end of March 2010, debt arising from the bonds issue amounted to PLN 540 million.
2. The company Kredobank SA redeemed its all bonds with a total nominal value of UAH 300 thousand.

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

To the best knowledge of PKO Bank Polski SA, the shareholders holding, directly or indirectly, at least 5% of total votes at the General Shareholders' Meeting of the Bank are the State Treasury and Bank Gospodarstwa Krajowego. As at 31 March 2010, the State Treasury holds 512 406 277 of the Bank's shares and Bank Gospodarstwa Krajowego holds 128 102 731 shares of PKO Bank Polski SA.

The percentage shares of the State Treasury and of Bank Gospodarstwa Krajowego in the share capital of PKO Bank Polski SA amount to respectively 40.99% and 10.25% and match the percentage share in the total number of votes at the General Shareholders' Meeting of PKO Bank Polski SA.

No special control rights follow from the securities for the holders of PKO Bank Polski SA's securities.

Shareholders	As at the date of submission of the Report for the 1st quarter of 2010		As at 31 December 2009		Change of the share in the number of votes on General Shareholders' Meeting in pp. in the period since 31 December 2009
	Numbers of shares	Share in the number of votes on General Shareholders' Meeting	Numbers of shares	Share in the number of votes on General Shareholders' Meeting	
State Treasury	512 406 277	40.9925%	512 406 927	40.9926%	-0.0001
Bank Gospodarstwa Krajowego	128 102 731	10.2482%	128 102 731	10.2482%	0.0000
Other shareholders	609 490 992	48.7593%	609 490 342	48.7592%	0.0001
Total	1 250 000 000	100.0000%	1 250 000 000	100.0000%	0.0000

(in PLN thousand)

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

Shares held by the PKO Bank Polski SA's Management or Supervisory Board Members as at the date of submitting this Report

No.	Name	Number of shares as at 31 December 2009	Purchase	Disposal	Number of shares and pre-emptive rights as at the date of submitting the Report for the 1st quarter of 2010
	Management Board of the Bank				
1.	Zbigniew Jagiełło, President of the Bank's Management Board	0	2500	0	2500
2.	Bartosz Drabikowski, Vice-President of the Bank's Management Board	0	0	0	0
3.	Krzysztof Dresler, Vice-President of the Bank's Management Board	0	0	0	0
4.	Jarosław Myjak, Vice-President of the Bank's Management Board	0	0	0	0
5.	Wojciech Papierak, Vice-President of the Bank's Management Board	3283	0	0	3283
6.	Jakub Papierski*, Vice-President of the Bank's Management Board	x	x	x	0
7.	Mariusz Zarzycki, Vice-President of the Bank's Management Board	0	0	0	0
	Supervisory Board of the Bank				
1.	Cezary Banasiński, President of the Bank's Supervisory Board	0	0	0	0
2.	Tomasz Zganiacz, Vice-President of the Bank's Supervisory Board	0	0	0	0
3.	Jan Bossak, member of the Bank's Supervisory Board	0	0	0	0
4.	Mirosław Czekaj, member of the Bank's Supervisory Board	0	0	0	0
5.	Ireneusz Fąfara, member of the Bank's Supervisory Board	0	0	0	0
6.	Błażej Lepczyński, member of the Bank's Supervisory Board	0	0	0	0
7.	Alojzy Nowak, member of the Bank's Supervisory Board	0	0	0	0

** Management Board member who was appointed after 31 December 2009*

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

In the 1st quarter of 2010 PKO Bank Polski SA and subsidiaries of PKO Bank Polski SA did not conclude any transaction with related parties not on arms' length.

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

The results of changes in the Bank's structure, including the results of merger, takeover or sale of the Group entities have been described in Note 30 to these statements.

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

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

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

1. In the 1st quarter of 2010, subsidiaries of PKO Bank Polski SA did not grant any guarantees or warranties on loans on advances to a single entity or its subsidiary that would constitute at least 10% of the Bank's shareholders' equity.
2. On 1 February 2010, the Bank concluded an agreement for organizing and operating a stand-by bond issue programme with one of the clients of PKO Bank Polski SA for PLN 1 500 000 000 (amount in words: PLN one billion, five hundred million). The agreement for organizing and operating the bond issue programme was concluded for the period to 31 January 2011. PKO Bank Polski SA is obliged to purchase the bonds issued as part of the programme. The interest rate on the bonds is based on WIBOR 1M plus the Bank's margin. The bonds issued are not secured. The agreement does not provide for any contractual penalties.

3. On 1 March 2010, the Bank concluded an agreement for organizing, running and operating a subordinated bond issue programme with one of the clients of PKO Bank Polski SA for up to PLN 350 000 000 (amount in words: PLN three hundred and fifty million). The agreement for organizing, running and operating the bond issue programme was concluded for the period to 31 March 2020. PKO Bank Polski SA underwrites closing the issue and is obliged to purchase the bonds issued as part of the programme should these bonds be issued by 31 March 2010. The interest rate on the bonds is based on WIBOR 6M plus the Bank's margin. The agreement does not provide for any contractual penalties.

   On 31 March 2010, the Bank signed Annex 1 to the agreement for organizing, running and operating a subordinated bond issue programme with one of the clients of PKO Bank Polski SA of up to PLN 350 000 000 (amount in words: PLN three hundred and fifty million) – concluded on 1 March 2010. In accordance with the annex signed, the period of validity of the guarantee of bonds being taken up as part of the programme was extended to 30 April 2010.

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

As at 31 March 2010, the total value of court proceedings against PKO Bank Polski SA was ca. PLN 159 430 thousand, while the total value of court proceedings initiated by PKO Bank Polski SA was circa PLN 70 062 thousand. No court proceedings with the participation of PKO Bank Polski SA are in progress, the value of which amounts to at least 10% of the Bank's shareholders' equity.

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

PKO Bank Polski SA Integrated IT System (ZSI)

In the 1st quarter of 2010, the Bank accepted the last works relating to Version 4.1 of the Integrated Information System Software (ZSI) and thus completed the project relating to the execution of the Agreement for the Provision and Implementation of ZSI. At the same time, the Bank continued the work relating to testing and implementation for the production of the next version of the ZSI Software. Arrangements were also made regarding the further development of the functionalities of the system in its subsequent versions.

The major tasks carried out in the 1st quarter of 2010 as part of the work on the development of the Integrated Information System (ZSI) included the functional development of the ZSI Software.

Position of the PKO Bank Polski SA Management Board in regards to possibility of achieving previously published forecasts for the given year

PKO Bank Polski SA did not publish any financial forecasts for 2010.

Information on dividend paid or declared

On 13 April 2010, the Bank's Management Board adopted a resolution and decided to put forward to the General Shareholders' Meeting a recommendation to pay out a dividend for 2009 in the amount of PLN 1 000 000 000, i.e. PLN 0.80 per share.

The said recommendation will be considered and evaluated by the Bank's Supervisory Board in accordance with par. 9, clause 2 of the Bank's Articles of Association. In accordance with Art. 395, par. 2, point 2 of the Code of Commercial Companies and par. 34 of the Bank's Articles of Association, the said recommendation will be presented to the General Shareholders' Meeting for settlement.

Other information of particular importance to the assessment of the human resources and financial situation of the Issuer, its financial results and changes thereto

On 16 March 2010, the Bank received a report from the rating agency Capital Intelligence, dated January 2010, with the information that the support rating had been increased from level 2 to level 1 (the other ratings remained unchanged). The increased rating is the highest score granted by the agency within the support assessment category.

The agency justified the change in the rating by the very high likelihood that the Bank would be supported by the main shareholder of PKO Bank Polski SA should the need arise. The agency concluded that the full participation of the entity controlled by the State Treasury in the last year's process of increasing the share capital reflected the highest level of support from the main shareholder.

(in PLN thousand)

Approval of financial statements

These condensed interim consolidated financial statements, reviewed by the Supervisory Board's Audit Committee on 12 May 2010, have been approved for issue by the Management Board on 11 May 2010.

Signatures of all Members of the Management Board of the Bank

11.05.2010	Zbigniew Jagiełło	President of the Management Board	.... (signature)
11.05.2010	Bartosz Drabikowski	Vice-President of the Management Board	.... (signature)
11.05.2010	Krzysztof Dresler	Vice-President of the Management Board	.... (signature)
11.05.2010	Jarosław Myjak	Vice-President of the Management Board	.... (signature)
11.05.2010	Wojciech Papierak	Vice-President of the Management Board	.... (signature)
11.05.2010	Jakub Papierski	Vice-President of the Management Board	.... (signature)
11.05.2010	Mariusz Zarzycki	Vice-President of the Management Board	.... (signature)

Signature of person responsible for
maintaining the books of account

11.05.2010

Danuta Szymańska

Director of the Bank
(signature)