



PKO BANK POLSKI
SPÓŁKA AKCYJNA

*INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER OF 2008*

*Prepared in accordance with
International Financial Reporting Standards*

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1. KEY FINANCIAL INDICATORS

NET PROFIT	PLN 1 848.3 million	+ 44.0% (y/y)	as a result of increase in income items by 27.1% (y/y), with 9.8% (y/y) increase in costs
RESULT ON BUSINESS ACTIVITIES*	PLN 4 520.8 million	+ 27.1% (y/y)	following increase in interest result by 37.4% (y/y) and in fees and commission result by 7.4% (y/y)
NET INTEREST INCOME	PLN 2 914.4 million	+ 37.4% (y/y)	as a result of 28.5% (y/y) increase in net loan portfolio and higher deposit margins
NET FEE AND COMMISSION INCOME	PLN 1 172.2 million	+ 7.4% (y/y)	as a result of 3.4% (y/y) increase in the number of banking cards and transactions made using those cards
COSTS	PLN -2 009.9 million	+ 9.8% (y/y)	as a result of 10.8% (y/y) increase in personnel costs and depreciation expense by 12.8% (y/y)
ROE net	30.0%	+ 4.4 pp.	following 44.0% (y/y) increase in net profit and an increase in equity by a total of 21.7% (y/y)
ROA net	3.1%	+ 0.6 pp.	with 12.8% (y/y) increase in assets

* Result on business activities as the total of income items

KEY FINANCIAL INDICATORS				
data derived from the financial statements of the PKO BP SA Group				
	2nd quarter period from 01.01.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007	2nd quarter period from 01.01.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007
	PLN thousand		EUR thousand	
Result on business activities*:	4 520 758	3 557 709	1 299 965	924 412
Net interest income	2 914 429	2 121 145	838 058	551 145
Net fees and commission income	1 172 193	1 091 547	337 070	283 621
Net other income	434 136	345 017	124 838	89 647
Administrative expenses	(2 009 937)	(1 831 346)	(577 967)	(475 845)
Operating profit	2 334 119	1 614 333	671 187	419 458
Net impairment allowance	(176 702)	(112 030)	(50 811)	(29 109)
Gross profit	2 350 941	1 614 011	676 024	419 374
Net profit for the period (including minority interest)	1 862 852	1 300 793	535 672	337 990
Net profit	1 848 313	1 283 539	531 491	333 507
Total net cash flows	2 748 203	(4 262 034)	790 259	(1 107 420)
Net cash flow from operating activities	3 031 469	(5 493 869)	871 713	(1 427 492)
Net cash flow from investing activities	(376 038)	1 150 658	(108 131)	298 980
Net cash flow from financing activities	92 772	81 177	26 677	21 093
Total equity	12 671 895	10 414 958	3 777 919	2 765 669
Attributable to equity holders of the parent company	12 630 175	10 378 952	3 765 481	2 756 108
Tier 1 capital	9 437 182	8 392 305	2 813 542	2 228 558
Tier 2 capital	1 498 330	-	446 703	-
Market indicators				
earnings per share for the period - basic	1.85	1.28	0.53	0.33
earnings per share for the period - diluted	1.85	1.28	0.53	0.33
P/BV	3.62	5.27	3.62	5.27
P/E	13.22	22.14	13.22	22.14

* result on business activities as the total of net income items

KEY FINANCIAL INDICATORS				
data derived from the abbreviated financial statements of PKO BP SA				
	2nd quarter period from 01.01.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007	2nd quarter period from 01.01.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007
	PLN thousand		EUR thousand	
Result on business activities*:	4 339 020	3 355 613	1 247 705	871 901
Net interest income	2 843 481	2 053 550	817 656	533 581
Net fee and commission income	1 043 366	963 381	300 025	250 319
Net other income	452 173	338 682	130 024	88 001
Administrative expenses	(1 871 453)	(1 713 462)	(538 145)	(445 215)
Operating result	2 282 993	1 530 875	656 485	397 773
Net impairment allowance	(184 574)	(111 276)	(53 075)	(28 913)
Gross profit	2 282 993	1 530 875	656 485	397 773
Net profit	1 824 745	1 249 942	524 714	324 777
Total net cash flows	2 412 385	(4 164 761)	693 692	(1 082 145)
Net cash flow from operating activities	2 806 174	(5 414 237)	806 928	(1 406 801)
Net cash flow from investing activities	(331 989)	1 272 337	(95 465)	330 596
Net cash flow from financing activities	(61 800)	(22 861)	(17 771)	(5 940)
Total equity	12 425 807	10 306 385	3 704 552	2 736 838
Tier 1 capital	9 131 969	6 699 114	2 722 548	1 778 935
Tier 2 capital	1 162 737	-	346 651	-
Market indicators				
earnings per share for the period - basic	1.82	1.25	0.52	0.32
earnings per share for the period - diluted	1.82	1.25	0.52	0.32
P/BV	3.69	5.33	3.69	5.33
P/E	13.92	23.24	13.92	23.24

* result on business activities as the total of net income items

2. ABBREVIATED FINANCIAL STATEMENTS¹

2.1 ABBREVIATED FINANCIAL STATEMENTS OF THE PKO BP SA GROUP

INCOME STATEMENT					
	Notes	2nd quarter period from 01.04.2008 to 30.06.2008	2nd quarter cumulative-ly period from 01.01.2008 to 30.06.2008	2nd quarter period from 01.04.2007 to 30.06.2007	2nd quarter cumulative-ly period from 01.01.2007 to 30.06.2007
Interest income		2 188 742	4 175 498	1 531 744	3 028 154
Interest expense		(701 568)	(1 261 069)	(445 782)	(907 009)
Net interest income	1	1 487 174	2 914 429	1 085 962	2 121 145
Fee and commission income		773 957	1 532 053	751 071	1 432 445
Fee and commission expense		(192 538)	(359 860)	(193 177)	(340 898)
Net fee and commission income	2	581 419	1 172 193	557 894	1 091 547
Dividend income		3 849	3 860	3 156	3 164
Net income from financial instruments designated at fair value	3	24 368	(61 109)	12 326	21 365
Gain less losses from investment securities		1 548	(183)	1 670	2 368
Foreign exchange result		207 821	374 687	133 451	252 792
Other operating income		165 616	368 833	77 941	227 164
Other operating expenses		(112 384)	(251 952)	(65 075)	(161 836)
Net other operating income and expense	4	53 232	116 881	12 866	65 328
Net impairment allowance	5	(149 927)	(176 702)	(112 874)	(112 030)
Administrative expenses	6	(1 062 072)	(2 009 937)	(951 264)	(1 831 346)
Operating profit		1 147 412	2 334 119	743 187	1 614 333
Share of profit of associates and jointly controlled entities		13 491	16 822	(1 732)	(322)
Profit before income tax		1 160 903	2 350 941	741 455	1 614 011
Income tax expense		(257 805)	(488 089)	(122 955)	(313 218)
Net profit (including minority interest)		903 098	1 862 852	618 500	1 300 793
Profit attributable to minority shareholders		5 947	14 539	7 433	17 254
Net profit	7	897 151	1 848 313	611 067	1 283 539
Earnings per share					
- basic		0.90	1.85	0.61	1.28
- diluted		0.90	1.85	0.61	1.28

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

BALANCE SHEET

ASSETS	Notes	As at 30.06.2008	As at 31.12.2007
Cash and balances with central bank		4 790 500	4 682 627
Amounts due from banks	9	7 321 728	5 292 319
Trading assets		1 080 920	1 202 919
Derivative financial instruments		2 181 000	1 556 736
Financial assets designated at fair value		5 061 621	8 314 444
Loans and advances to customers	10	85 624 849	76 417 149
Investment securities		5 938 368	5 716 238
Available for sale		5 938 368	5 716 238
Investments in subsidiaries, associates and jointly controlled entities		256 910	178 584
Intangible assets		1 274 819	1 183 491
Tangible fixed assets		2 856 375	2 820 103
Current tax receivables		2 245	187 939
Deferred income tax asset	11	73 337	72 154
Other assets		1 325 753	943 980
TOTAL ASSETS		117 788 425	108 568 683
LIABILITIES AND EQUITY	Notes	As at 30.06.2008	As at 31.12.2007
Liabilities			
Amounts due to the central bank		1 164	1 279
Amounts due to other banks		4 748 269	4 703 114
Derivative financial instruments		1 914 233	1 279 925
Amounts due to customers	12	92 611 284	86 610 593
Debt securities in issue		142 350	178 860
Subordinated liabilities		1 617 408	1 614 885
Other liabilities		3 385 207	1 732 333
Current income tax liabilities		255 869	9 932
Deferred income tax liability	11	6 017	4 446
Provisions	11	434 729	454 301
TOTAL LIABILITIES		105 116 530	96 589 668
Equity			
Share capital		1 000 000	1 000 000
Other capital		9 726 645	8 137 270
Currency translation differences from foreign operations		(53 992)	(47 761)
Retained earnings		109 209	(72 192)
Net profit for the period		1 848 313	2 903 632
Capital and reserves attributable to equity holders of the parent company		12 630 175	11 920 949
Minority interest		41 720	58 066
Total equity		12 671 895	11 979 015
TOTAL LIABILITIES AND EQUITY		117 788 425	108 568 683
Capital adequacy ratio (%)	13 - 19	10.92	12.02

*As a result of the publication and implementation of the Banking Supervisory Commission Resolution 2/2007, the capital adequacy ratio for the comparative period is prepared under a different basis. This is principally in respect of a different calculation for 2007 capital requirements and the newly introduced operational risk capital requirement.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Items	Period from 01.01.2008 to 30.06.2008	Period from 01.01.2007 to 30.06.2007
Share capital	1 000 000	1 000 000
Other capital, of which:	9 726 645	8 184 620
Reserve capital	7 219 542	5 592 311
Supplementary capital	(85 922)	4 284
<i>of which fair value adjustments to available-for-sale financial instruments</i>	<i>(85 922)</i>	<i>4 284</i>
Reserve capital	1 523 025	1 518 025
General banking risk fund	1 070 000	1 070 000
Currency translation differences from foreign operations	(53 992)	(17 015)
Retained earnings	109 209	(72 192)
Net profit for the period	1 848 313	1 283 539
Attributable to equity holders of the parent company	12 630 175	10 378 952
Minority interest	41 720	36 006
<i>of which: net result for the current period</i>	<i>14 539</i>	<i>17 254</i>
Total equity	12 671 895	10 414 958
Sources of changes in equity		
Equity as at the end of the previous period	11 979 015	10 180 580
Changes in equity		
Net profit for the period attributable to the shareholders of the holding company	1 848 313	1 283 539
Profit of the minority shareholders	14 539	17 254
Fair value adjustments to available-for-sale financial assets as recognised in the revaluation reserve	(42 856)	450
Currency translation differences from foreign operations	(6 231)	(3 343)
Other increases/decreases in equity	(1 120 885)	(1 063 522)
Total equity	12 671 895	10 414 958

ABBREVIATED STATEMENT OF CASH FLOW

Items	Period from 01.01.2008 to 30.06.2008	Period from 01.01.2007 to 30.06.2007
Net cash flow from operating activities	3 031 469	(5 493 869)
Net cash flow from investing activities	(376 038)	1 150 658
Net cash flow from financing activities	92 772	81 177
Total net cash flow	2 748 203	(4 262 034)
Cash and cash equivalents at the beginning of the period	9 263 399	14 163 158
Cash and cash equivalents at the end of the period, of which	12 011 602	9 901 124
Cash and cash equivalents, of which:	12 011 602	9 901 124
Cash in hand	1 548 236	1 336 303
Amounts due from the central bank	3 242 264	2 255 651
Current receivables from financial institutions	7 214 607	6 294 653
Cash of the brokerage house ('Dom Maklerski') in the Stock Exchange Guarantee Fund	6 495	14 517

OFF-BALANCE SHEET ITEMS

Items	As at 30.06.2008	As at 31.12.2007
Off-balance sheet contingent liabilities granted:	21 897 499	19 371 569
financial guarantees	17 890 201	15 486 297
	4 007 298	3 885 272
Liabilities arising from the purchase/sale transactions	426 589 493	418 646 951
Other, of which:	19 004 767	18 269 487
irrevocable liabilities	9 848 048	8 860 369
collateral received	9 156 719	9 409 118
Total off-balance sheet items	467 491 759	456 288 007

EXPLANATORY NOTES – THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA GROUP

NET INTEREST INCOME

Note 1	2nd quarter period from 01.04.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2008 to 30.06.2008	2nd quarter period from 01.04.2007 to 30.06.2007	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007
Interest income, of which:	2 188 742	4 175 498	1 531 744	3 028 154
Loans and advances to customers	1 834 687	3 495 984	1 181 534	2 283 021
Financial assets designated at fair value through the income statement	120 780	236 730	143 730	302 617
Amounts due from other banks	109 892	207 813	126 097	277 458
Investment securities	82 230	156 006	59 985	124 233
Trading securities	15 633	31 832	3 353	8 499
Other	25 520	47 133	17 045	32 326
Interest expenses, of which:	(701 568)	(1 261 069)	(445 782)	(907 009)
Amounts due to customers	(600 894)	(1 107 550)	(401 043)	(801 001)
Placements with other banks	(23 697)	(44 973)	(18 285)	(55 381)
Debt securities in issue	(31 052)	(59 822)	(2 307)	(3 856)
Other	(45 925)	(48 724)	(24 147)	(46 771)
Net interest income	1 487 174	2 914 429	1 085 962	2 121 145

FEE AND COMMISSION INCOME

Note 2	2nd quarter period from 01.04.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2008 to 30.06.2008	2nd quarter period from 01.04.2007 to 30.06.2007	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007
Fee and commission income, of which:	773 957	1 532 053	751 071	1 432 445
Credit related fees and commissions	61 768	123 288	66 870	130 328
Maintenance of bank accounts	211 398	416 376	193 225	383 210
Payment cards	222 364	415 903	172 038	321 934
Portfolio and other management fees	108 688	228 916	128 861	247 217
Cash transactions	48 934	96 951	51 236	104 082
Loan insurance intermediary and other	120 805	250 619	138 841	245 674
Fee and commission expenses, of which:	(192 538)	(359 860)	(193 177)	(340 898)
Payment cards	(74 750)	(146 455)	(56 306)	(118 523)
Acquisition services	(25 510)	(50 152)	(32 580)	(62 873)
Loan insurance intermediary and other	(61 298)	(119 861)	(76 816)	(111 313)
Asset management and related fees	(30 980)	(43 392)	(27 475)	(48 189)
Net fees and commission income	581 419	1 172 193	557 894	1 091 547

NET INCOME FROM THE FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE

Note 3	2nd quarter period from 01.04.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2008 to 30.06.2008	2nd quarter period from 01.04.2007 to 30.06.2007	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007
Net income from the trading portfolio	64 652	(8 248)	187 031	210 939
Securities portfolio - trading assets	(7 589)	(7 347)	(3 789)	(3 425)
Derivatives	72 237	(942)	190 822	214 372
Other	4	41	(2)	(8)
Net income from financial assets designated at fair value through the income statement	(40 284)	(52 861)	(174 705)	(189 574)
TOTAL	24 368	(61 109)	12 326	21 365

OTHER OPERATING INCOME AND EXPENSES

Note 4	2nd quarter period from 01.04.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2008 to 30.06.2008	2nd quarter period from 01.04.2007 to 30.06.2007	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007
Other operating income, of which:	165 616	368 833	77 941	227 164
Sale of products, merchandise and materials	97 060	243 975	49 332	143 106
Sundry income	4 089	12 083	7 557	13 964
Sale of subsidiary shares	-	3 746	-	-
Sale, liquidation of tangible and intangible assets	3 975	8 196	3 050	5 597
Other	60 492	100 833	18 002	64 497
Other operating expenses, of which:	(112 384)	(251 952)	(65 075)	(161 836)
Sale of products, merchandise and materials	(48 219)	(162 033)	(31 598)	(88 177)
Sale, liquidation of tangible fixed assets, intangible assets and assets held for sale	(5 334)	(9 292)	(6 664)	(11 752)
Other	(58 831)	(80 627)	(26 813)	(61 907)
Total	53 232	116 881	12 866	65 328

ASSET IMPAIRMENT CHARGE RECORDED IN THE INCOME STATEMENT

Note 5	2nd quarter period from 01.04.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2008 to 30.06.2008	2nd quarter period from 01.04.2007 to 30.06.2007	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007
Increases, of which:	(601 253)	(972 367)	(378 858)	(626 576)
impairment losses on loans and advances	(576 633)	(930 762)	(354 319)	(577 301)
impairment losses on off-balance sheet liabilities	(23 435)	(32 229)	(16 009)	(38 177)
impairment losses on securities and financial assets	(1 220)	(6 136)	(2 909)	(2 915)
impairment losses on other assets and tangible fixed assets	35	(3 240)	(5 621)	(8 183)
Decreases, of which:	451 326	795 665	265 984	514 546
impairment losses on loans and advances	409 954	687 277	252 773	484 355
impairment losses on off-balance sheet liabilities	20 050	37 315	9 475	23 301
impairment losses on securities and financial assets	22 047	69 881	399	1 400
impairment losses on other assets and tangible fixed assets	(725)	1 192	3 337	5 490
Total	(149 927)	(176 702)	(112 874)	(112 030)

ADMINISTRATIVE EXPENSES

Note 6	2nd quarter period from 01.04.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2008 to 30.06.2008	2nd quarter period from 01.04.2007 to 30.06.2007	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007
Staff costs	(603 751)	(1 158 382)	(540 184)	(1 045 009)
Non-personnel costs	(332 649)	(603 442)	(293 677)	(559 765)
Depreciation and amortisation	(105 691)	(207 932)	(95 458)	(184 280)
Other	(19 981)	(40 181)	(21 945)	(42 292)
Total	(1 062 072)	(2 009 937)	(951 264)	(1 831 346)

CONSOLIDATED NET PROFIT

Note 7	2nd quarter period from 01.04.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2008 to 30.06.2008	2nd quarter period from 01.04.2007 to 30.06.2007	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007
PKO BP	920 149	1 824 745	636 260	1 249 942
PKO TFI	28 879	64 766	20 983	49 165
KREDOBANK	593	2 906	(165)	2 616
Grupa BFL	2 289	3 491	2 898	6 199
Grupa PTE	4 759	10 812	6 505	11 405
CFP	5 366	7 858	651	1 168
eService	6 227	12 679	5 321	9 329
Grupa PKO Inwestycje	5 862	2 409	(14 808)	(9 268)
Inteligo	4 208	11 870	4 169	6 889
BTK	(91)	(293)	(1 139)	(2 020)
consolidation adjustments	(81 090)	(92 930)	(49 608)	(41 886)
Consolidated net profit	897 151	1 848 313	611 067	1 283 539

IMPAIRMENT ALLOWANCES ON ASSETS

Note 8	As at 30.06.2008	As at 31.12.2007
Loans, advances, realised guarantees and placements	2 630 615	2 415 879
Tangible and intangible fixed assets	17 991	18 426
Financial assets	27 632	91 663
Other assets	129 836	84 546
Total	2 806 074	2 610 514

AMOUNTS DUE FROM BANKS

Note 9	As at 30.06.2008	As at 31.12.2007
Gross amount due from banks, of which:	7 321 728	5 292 595
Current accounts with other banks	253 418	183 784
Placements with other banks	6 317 546	4 676 670
Loans and advances with other banks	312 458	372 257
Other	438 306	59 884
Impairment allowance charge on amounts due from banks	-	(276)
Total	7 321 728	5 292 319

LOANS AND ADVANCES TO CUSTOMERS

Note 10	As at 30.06.2008	As at 31.12.2007
Gross loans and advances, of which:	88 255 464	78 832 752
Consumer	19 717 006	18 303 165
Corporate	31 086 738	26 810 539
Mortgage	36 839 111	33 260 792
Other receivables	78 341	-
Interest	534 268	458 256
Impairment allowances for losses on loans and advances	(2 630 615)	(2 415 603)
Total	85 624 849	76 417 149

PROVISIONS, DEFERRED TAX ASSETS AND LIABILITIES

Note 11	As at 30.06.2008	As at 31.12.2007
Current income tax liabilities	6 017	4 446
Deferred tax asset	73 337	72 154
Provisions for off-balance sheet liabilities	32 571	34 903
Provisions for future liabilities to employees	383 128	399 986
Provision for other future liabilities	19 030	19 412
Total	514 083	530 901

AMOUNTS DUE TO CUSTOMERS

Note 12	As at 30.06.2008	As at 31.12.2007
Deposits, of which:	92 611 284	86 610 593
current	40 881 214	39 391 609
term	51 730 070	47 218 984

RISK WEIGHTED BALANCE SHEET ASSETS as at 30.06.2008

Note 13	carrying amount	risk weighted value
Banking portfolio	114 319 846	73 433 997
Trading portfolio	3 468 579	1 415 102
Total	117 788 425	74 849 100

RISK WEIGHTED OFF-BALANCE SHEET INSTRUMENTS as at 30.06.2008

Note 14	credit equivalent	weighted value
Derivative instruments	257 270 770	1 110 881
Banking portfolio	39 919 710	343 389
Trading portfolio	217 351 060	767 492
Other off-balance sheet instruments	32 088 282	10 597 598
Banking portfolio	30 860 851	9 876 036
Trading portfolio	1 227 430	721 562
Total	289 359 052	11 708 479

CAPITAL REQUIREMENTS as at 30.06.2008

Note 15	risk weighted value	capital requirement
Banking portfolio - credit risk	83 653 423	6 692 274
Counterparty credit risk - trading portfolio:	767 492	61 399
Market risk		196 429
Currency risk - both portfolios		-
Commodity price risk - trading portfolio		-
Equity securities price risk - trading portfolio		1 572
Debt instruments specific risk - trading portfolio		167 724
Interest general risk - trading portfolio		27 133
Operational risk - both portfolios		1 089 024
Other		-
Settlement risk - counterparty's delivery - trading portfolio		-
Securities underwriting risk - trading portfolio		-
Other		-
Total capital requirement		8 039 126

RISK WEIGHTED BALANCE SHEET ASSETS as at 31.12.2007*

Note 16	carrying value	risk weighted value
Banking portfolio	105 568 443	74 699 683
Trading portfolio	3 000 241	1 099 072
Total	108 568 683	75 798 755

*As a result of the publication and implementation of the Banking Supervisory Commission Resolution 2/2007, the capital adequacy ratio for the comparative period is prepared under a different basis. This is principally in respect of a different calculation for 2007 capital requirements and the newly introduced operational risk capital requirement.

RISK WEIGHTED OFF-BALANCE SHEET ASSETS as at 31.12.2007*

Note 17	credit equivalent	weighted value
Derivative instruments	213 809 611	498 710
Banking portfolio	38 235 646	230 591
Trading portfolio	175 573 965	268 119
Other off-balance sheet instruments	29 406 484	6 334 030
Banking portfolio	27 941 868	5 085 761
Trading portfolio	1 464 616	1 248 269
Total	243 216 095	6 832 740

*As a result of the publication and implementation of the Banking Supervisory Commission Resolution 2/2007, the capital adequacy ratio for the comparative period is prepared under a different basis. This is principally in respect of a different calculation for 2007 capital requirements and the newly introduced operational risk capital requirement.

CAPITAL REQUIREMENTS as at 31.12.2007*

Note 18	risk weighted value	capital requirement
Banking portfolio - credit risk	80 016 034	6 401 283
Counterparty credit risk - trading portfolio:	303 100	24 248
Market risk		220 143
Currency risk - both portfolios		-
Commodity price risk - trading portfolio		-
Equity securities price risk - trading portfolio		1 187
Debt instruments specific risk - trading portfolio		166 633
Interest general risk - trading portfolio		52 322
Other		-
Settlement risk - counterparty's delivery - trading portfolio		-
Securities underwriting risk - trading portfolio		-
Other		-
Total capital requirement		6 645 674

*As a result of the publication and implementation of the Banking Supervisory Commission Resolution 2/2007, the capital adequacy ratio for the comparative period is prepared under a different basis. This is principally in respect of a different calculation for 2007 capital requirements and the newly introduced operational risk capital requirement.

REGULATORY CAPITAL AND SHORT-TERM CAPITAL

Note 19	As at 30.06.2008	As at 31.12.2007*
Tier 1 capital	9 437 182	8 449 415
Share capital	1 000 000	1 000 000
Supplementary capital	7 219 542	5 592 311
Reserve capital	1 523 025	1 518 025
<i>General banking risk fund</i>	1 070 000	1 070 000
Net income of the current period in the part verified by a certified auditor after reduction of forecasted charges	-	653 720
Retained earnings	109 209	(72 192)
Unrealised losses on debt and equity securities classified as available for sale	(104 904)	(55 228)
Investments in shares of bank and other financial institutions (50%)	(102 370)	(84 035)
Intangible assets	(1 265 048)	(1 183 491)
<i>including goodwill</i>	(240 410)	(234 066)
Foreign exchange differences	(53 992)	(47 761)
Minority interest	41 720	58 066
Tier 2 capital	1 498 330	1 517 988
Subordinated liabilities classified as supplementary funds	1 600 700	1 600 700
Unrealised profits on debt and equity securities classified as available for sale (60% of pre-tax balance)	-	1 323
Investments in shares of banking and other financial institutions (50%)	(102 370)	(84 035)
Tier 3 capital	35 904	15 997
Total regulatory capital and short-term capital	10 971 417	9 983 400

*As a result of the publication and implementation of the Banking Supervisory Commission Resolution 2/2007, the capital adequacy ratio for the comparative period is prepared under a different basis. This is principally in respect of a different calculation for 2007 capital requirements and the newly introduced operational risk capital requirement.

2.2 ABBREVIATED FINANCIAL STATEMENTS OF PKO BP SA

INCOME STATEMENT

	Notes	2nd quarter period from 01.04.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2008 to 30.06.2008	2nd quarter period from 01.04.2007 to 30.06.2007	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007
Interest income		2 096 163	3 996 826	1 458 776	2 881 963
Interest expense		(645 111)	(1 153 345)	(405 402)	(828 413)
Net interest income	1	1 451 052	2 843 481	1 053 374	2 053 550
Fee and commission income		697 274	1 376 587	666 834	1 267 276
Fee and commission expense		(176 264)	(333 221)	(181 671)	(303 895)
Net fee and commission income	2	521 010	1 043 366	485 163	963 381
Dividend income		112 790	112 801	51 976	51 984
Net income from financial instruments designated at fair value	3	24 511	(60 907)	12 111	19 337
Gains less losses from investment securities		138	(1 603)	924	1 782
Foreign exchange result		204 828	369 649	131 939	249 493
Other operating income		58 288	99 838	19 997	62 148
Other operating expenses		(53 075)	(67 605)	(21 350)	(46 062)
Net other operating income and expenses	4	5 213	32 233	(1 353)	16 086
<i>Net impairment allowance</i>		(166 038)	(184 574)	(102 249)	(111 276)
Administrative expenses	5	(987 441)	(1 871 453)	(889 794)	(1 713 462)
Operating profit		1 166 063	2 282 993	742 091	1 530 875
Profit before income tax		1 166 063	2 282 993	742 091	1 530 875
Income tax expense		(245 914)	(458 248)	(105 831)	(280 933)
Net profit		920 149	1 824 745	636 260	1 249 942
Earnings per share					
basic		0.92	1.82	0.64	1.25
diluted		0.02	1.82	0.64	1.25

BALANCE SHEET		
ASSETS	As at 30.06.2008	As at 31.12.2007
Cash and balances with central bank	4 690 825	4 594 084
Amounts due from banks	7 519 310	5 346 882
Trading assets	1 080 920	1 202 919
Derivative financial instruments	2 181 000	1 556 750
Other financial instruments designated at fair value through profit or loss	4 969 064	8 101 534
Loans and advances to customers	82 698 792	73 822 193
Investment securities	6 058 283	5 841 553
Available for sale	6 058 283	5 841 553
Investments in subsidiaries, associates and jointly controlled entities	1 101 733	1 054 395
Intangible assets	1 012 148	927 610
Tangible fixed assets	2 307 442	2 270 480
Current tax receivables	-	187 707
Deferred income tax asset	32 413	35 531
Other assets	812 773	429 699
TOTAL ASSETS	114 464 703	105 371 337
LIABILITIES AND EQUITY	As at 30.06.2008	As at 31.12.2007
Liabilities		
Amounts due to the central bank	1 164	1 279
Amounts due to other banks	3 504 921	3 624 455
Derivative financial instruments	1 915 201	1 280 265
Amounts due to customers	91 270 182	85 246 546
Debt securities in issue	1 617 408	1 614 885
Other liabilities	3 052 056	1 421 321
Current income tax liabilities	246 093	-
Provisions	431 871	453 045
TOTAL LIABILITIES	102 038 896	93 641 796
Equity		
Share capital	1 000 000	1 000 000
Other capital	9 601 062	8 009 550
Net profit for the period	1 824 745	2 719 991
Total equity	12 425 807	11 729 541
TOTAL LIABILITIES AND EQUITY	114 464 703	105 371 337
Capital adequacy ratio (%)	10.65	11.87*

Items	Period from 01.01.2008 to 30.06.2008	Period from 01.01.2007 to 30.06.2007
Share capital	1 000 000	1 000 000
Other capital, of which:	9 601 062	8 056 443
Reserve capital	7 216 986	5 591 995
Revaluation reserve	(80 924)	4 448
<i>of which fair value adjustments to available-for-sale financial assets</i>	<i>(80 924)</i>	<i>4 448</i>
Other reserves	1 395 000	1 390 000
General banking risk fund	1 070 000	1 070 000
Retained earnings	-	-
Net profit for the period	1 824 745	1 249 942
Total equity	12 425 807	10 306 385
Sources of changes in equity		
Equity as at the end of the previous period	11 729 541	10 035 724
Changes in equity		
Net profit (loss) of the Bank	1 824 745	1 249 942
Fair value adjustments to available-for-sale financial assets recognised in the revaluation reserve	(38 479)	719
Other increases/decreases in equity	(1 090 000)	(980 000)
Total equity	12 425 807	10 306 385

ABBREVIATED STATEMENT OF CASH FLOW

Items	Period from 01.01.2008 to 30.06.2008	Period from 01.01.2007 to 30.06.2007
Net cash flow from operating activities	2 806 174	(5 414 237)
Net cash flow from investing activities	(331 989)	1 272 337
Net cash flow from financing activities	(61 800)	(22 861)
Total net cash flow	2 412 385	(4 164 761)
Cash and cash equivalents at the beginning of the period	9 032 509	13 879 643
Cash and cash equivalents at the end of the period	11 444 894	9 714 882
Cash and cash equivalents, of which:	11 444 894	9 714 882
Cash in hand	1 448 561	1 271 146
Amounts due from the Central Bank	3 242 264	2 258 561
Current receivables from financial institutions	6 747 574	6 170 658
Cash of the a brokerage house, Dom Maklerski, in the Stock Exchange Guarantee Fund	6 495	14 517

OFF-BALANCE SHEET ITEMS

Items	As at 30.06.2008	As at 31.12.2007
Off-balance sheet contingent liabilities granted:	22 247 466	19 659 505
- financial	17 956 129	15 442 749
- guarantees	4 291 337	4 216 756
Liabilities arising from the purchase/sale transactions	426 654 819	418 738 219
Other, of which:	13 943 642	13 386 552
- irrevocable liabilities	9 843 708	8 856 029
- collateral received	4 099 934	4 530 523
Total off-balance sheet items	462 845 927	451 784 276

EXPLANATORY NOTES – POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI S.A.

NET INTEREST INCOME

Note 1	2nd quarter period from 01.04.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2008 to 30.06.2008	2nd quarter period from 01.04.2007 to 30.06.2007	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007
Interest income, of which:	2 096 163	3 996 826	1 458 776	2 881 963
Loans and advances to customers	1 742 069	3 319 374	1 110 366	2 143 423
Financial assets designated at fair value through profit or loss	118 283	231 654	140 431	296 762
Loans and advances to banks	109 988	207 326	124 372	273 989
Investment securities	84 881	159 515	60 474	124 233
Trading securities	15 633	31 832	6 097	11 241
Other	25 309	47 125	17 036	32 315
Interest expenses, of which:	(645 111)	(1 153 345)	(405 402)	(828 413)
Amounts due to customers	(591 619)	(1 050 307)	(375 170)	(739 908)
Deposits from banks	(23 731)	(45 004)	(18 301)	(55 373)
Debt securities in issue	(28 232)	(53 777)	-	-
Other	(1 529)	(4 257)	(11 931)	(33 132)
Net interest income	1 451 052	2 843 481	1 053 374	2 053 550

FEE AND COMMISSION INCOME

Note 2	2nd quarter period from 01.04.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2008 to 30.06.2008	2nd quarter period from 01.04.2007 to 30.06.2007	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007
Interest income, of which:	697 274	1 376 587	666 834	1 267 276
Credit related fees and commissions	59 945	121 208	64 412	126 209
Maintenance of bank accounts	204 761	403 727	185 746	372 733
Payment cards	219 630	412 703	170 767	319 651
Portfolio and other management fees	43 422	95 959	59 042	106 048
Cash transactions	49 004	96 951	51 186	103 983
Loan insurance intermediary and other	120 512	246 039	135 681	238 652
Fee and commission expenses, of which:	(176 264)	(333 221)	(181 671)	(303 895)
Payment cards	(84 759)	(163 778)	(69 155)	(131 040)
Acquisition services	(25 508)	(50 149)	(32 579)	(62 871)
Loan insurance intermediary and other	(65 997)	(119 294)	(79 937)	(109 984)
Net fee and commission income:	521 010	1 043 366	485 163	963 381

NET INCOME FROM THE FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE

Note 3	2nd quarter period from 01.04.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2008 to 30.06.2008	2nd quarter period from 01.04.2007 to 30.06.2007	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007
Result from the trading portfolio	64 147	(8 679)	187 054	210 978
Securities portfolio - trading assets	(7 589)	(7 347)	(3 789)	(3 425)
Derivatives	71 732	(1 373)	190 845	214 411
Other	4	41	(2)	(8)
Result from the financial assets designated at fair value through profit or loss	(39 636)	(52 228)	(174 943)	(191 641)
TOTAL	24 511	(60 907)	12 111	19 337

OTHER OPERATING INCOME AND EXPENSES

Note 4	2nd quarter period from 01.04.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2008 to 30.06.2008	2nd quarter period from 01.04.2007 to 30.06.2007	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007
Other operating income, of which:	58 288	99 838	19 997	62 148
Sundry income	5 419	10 870	6 696	12 808
Sale of shares in subsidiaries	-	3 746	-	-
Sale, liquidation of tangible and intangible assets	1 902	4 482	2 058	3 068
Other	50 967	80 740	11 243	46 272
Other operating expenses, of which:	(53 075)	(67 605)	(21 350)	(46 062)
Sale, liquidation of tangible fixed assets, intangible assets and assets held for sale	(1 327)	(1 941)	(4 941)	(8 394)
Other	(51 748)	(65 664)	(16 409)	(37 668)
Total	5 213	32 233	(1 353)	16 086

ADMINISTRATIVE EXPENSES

Note 5	2nd quarter period from 01.04.2008 to 30.06.2008	2nd quarter cumulatively period from 01.01.2008 to 30.06.2008	2nd quarter period from 01.04.2007 to 30.06.2007	2nd quarter cumulatively period from 01.01.2007 to 30.06.2007
Staff costs	(564 407)	(1 082 258)	(508 478)	(983 378)
Non-personnel costs	(319 259)	(580 457)	(283 206)	(540 319)
Depreciation and amortisation	(86 865)	(174 624)	(80 790)	(155 819)
Other	(16 910)	(34 114)	(17 320)	(33 946)
Total	(987 441)	(1 871 453)	(889 794)	(1 713 462)

3. COMMENTARY ON THE ABBREVIATED FINANCIAL STATEMENTS

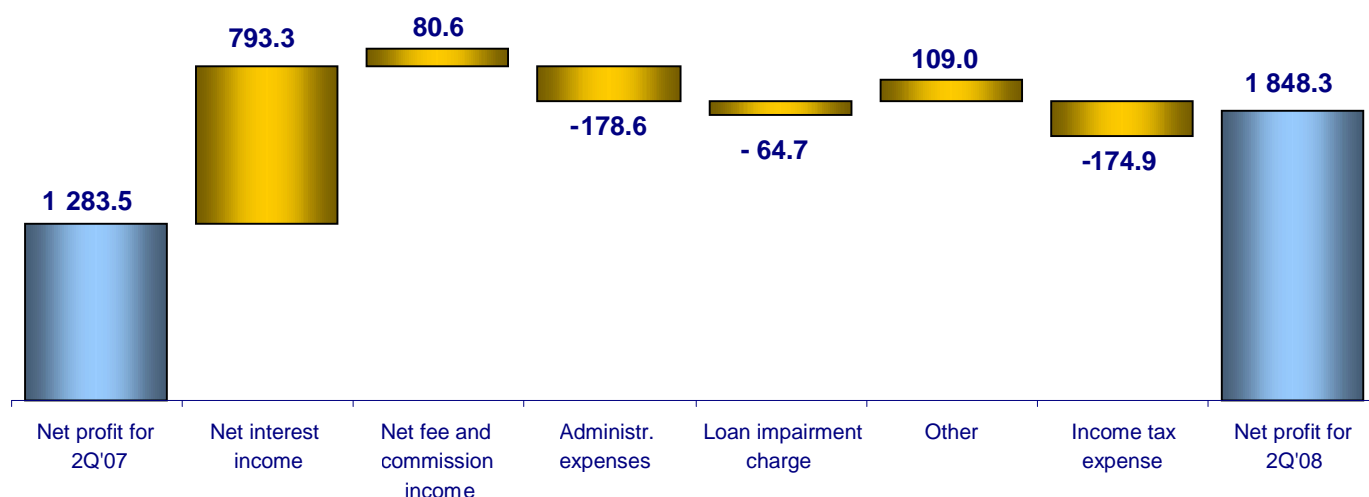
3.1 FINANCIAL RESULTS

3.1.1. The PKO BP SA Group

Financial results and profitability ratios

The consolidated net profit of the PKO BP SA Group (the 'Group') in the 2nd quarter of 2008 amounted to PLN 897.2 million and was PLN 286.1 million higher than in the 2nd quarter of 2007.

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



The costs: income ratio (C/I), after the 2nd quarter of 2008, amounted to 44.5% and was 7.02 pp. lower than in the corresponding period of 2007. Return on assets and return on equity ratios are presented in the table below:

Table 2 Financial indicators of the PKO BP SA Group

Items	Ratios		
	As at 30.06.2008	As at 30.06.2007	Change
ROA gross (gross profit / total assets)	3.9%	3.1%	0.82 pp
ROA net (net profit / total assets)	3.1%	2.5%	0.65 pp
ROE gross (gross profit / total equity)	37.7%	32.0%	5.64 pp
ROE net (net profit / total equity)	30.0%	25.7%	4.39 pp
C/I (costs to income ratio)	44.5%	51.5%	-7,02 pp.

In the 2nd quarter of 2008 the total of income items amounted to PLN 2 359.4 million and was PLN 552.1 million (i.e. 30.5%) higher than in the 2nd quarter of 2007. The increase in income was mostly caused by an increase in interest and commission income (by PLN 401.2 million and PLN 23.5 million, respectively), together with an increase in the foreign exchange result (by PLN 74.4 million).

The main consolidated income items are as follows:

Table 3 Movements in the profit and loss account items of the PKO BP SA Group (in PLN million)

Income statement items	2nd quarter period from 01.04.2008 to 30.06.2008	Change (2nd q 08/ 2nd q 07)	2nd quarter cumulatively period from 01.01.2008 to 30.06.2008	Change (2nd q 08/ 2nd q 07)	Comment
Net interest income	1 487,2	36,9% ↑	2 914,4	37,4% ↑	(+) 37.4% (y/y) mainly as a result of increase in deposit margins as a result of increased market interest rates and 28.5% (y/y) increase in the volume of the net loan portfolio.
Net fee and commission income	581,4	4,2% ↑	1 172,2	7,4% ↑	(+) 7.4% (y/y) mainly as a result of increases in the number of payment cards (by 3.4% y/y) and related card transactions and growth of revenues related to customer accounts; fee and commission income relating to portfolio and other management fees.
Other net income	290,8	77,9% ↑	434,1	25,8% ↑	(+) 25.8% (y/y) as a result of: 1) increase of foreign exchange result by PLN 121.9 million (48.2% y/y) - the effect of increased spreads between PLN interest rate and foreign interests rates and the effect of an increase in sales of loans denominated in foreign currencies, along with a decrease in net income from financial activities deriving from increased risk aversion on financial markets, 2) increase of net other operating income and expenses realized mainly by PKO Inwestycje Group and eService SA.
Administrative expenses	-1 062,1	11,6% ↓	-2 009,9	9,8% ↓	Increase of 9.8% (y/y) and C/I at the level of 44.5% (- 7.02 pp. y/y) as a result of: 1) increase in staff costs by 10.8% (y/y) - along with employment reduction of 500 full time equivalents (y/y) at the Group 2) increase in depreciation and amortisation expense of 12.8% (y/y), mainly as a result of Integrated IT System (ZSI) modules activated during 2007, along with profitability increase of 27.1% y/y.
Loan impairment charge	-149,9	32,8% ↓	-176,7	57,7% ↓	Decrease of 57.7% (y/y) resulting from an increase in impairment allowances on corporate loans and a deterioration in the quality of the consumer loan portfolio.

Balance sheet and off-balance sheet items

Table 4 Movements in the balance sheet items of the PKO BP SA Group (in PLN thousand)

Items	As at 30.06.2008	Change 30.06.2008/ 31.12.2007	Comments
Cash and bances w ith the central bank	4 790 500	2,3%	Increase in assets of PLN 9.2 billion (+ 8.5% 1H08/2007), along with increase in loans and advances to customers of PLN 9.2 billion (+ 12.0% 1H08/2007) and increase in amounts due from banks of PLN 2.0 billion (+ 38.3% 1H08/2007) along with decrease in securities by PLN 3.2 billion (- 20.7% 1H08/2007).
Amounts due from banks	7 321 728	38,3%	
Loans and advances to customers	85 624 849	12,0%	
Financial instruments	12 080 909	-20,7%	
Other assets	7 970 439	14,8%	
TOTAL ASSETS	117 788 425	8,5%	
Amount due to banks	4 749 433	1,0%	Increase in financial assets as a consequence of increase in amounts due to customers of PLN 6.0 billion (+ 6.9% 1H08/2007) and increase in equity as a result of its accumulation profit (+ 5.8% 1H08/2007).
Amounts due to customers	92 611 284	6,9%	
Securities in issue	1 759 758	-1,9%	
Other liabilities	5 996 055	72,3%	
TOTAL LIABILITIES	105 116 530	8,8%	
Total equity	12 671 895	5,8%	
TOTAL LIABILITIES AND EQUITY	117 788 425	8,5%	
Loans/Deposits (Amounts due to customers)	92,5%	4,2 pp.	(+) 4.2 pp. resulting from an increase in loans by 12.0% (1H08/2007) and an increase in deposits by 6.9% (1H08/2007).
Interest bearing assets/Assets	89,2%	-0,1 pp.	Ratio remained at a stable level.
Interest paying liabilities/Liabilities	84,2%	-1,6 pp.	Result of increase in the proportion of other liabilities in the total balance of liabilities (mainly derivatives and accruals).

As at 30 June 2008, the total of off-balance sheet items of the PKO BP SA Group amounted to PLN 467.5 billion and increased by 2.5%, compared to 31 December 2007. The main share in that balance related to liabilities resulting from sale/purchase transactions, which equaled PLN 426.6 billion.

3.1.2. PKO BP SA

Financial result and profitability ratios

The net profit recorded by PKO BP SA (the 'Bank') in the 2nd quarter of 2008 amounted to PLN 920.1 million and was PLN 283.9 million higher than in the 2nd quarter of 2007.

Table 5 Movements in the profit and loss account items of PKO BP SA (in PLN million)

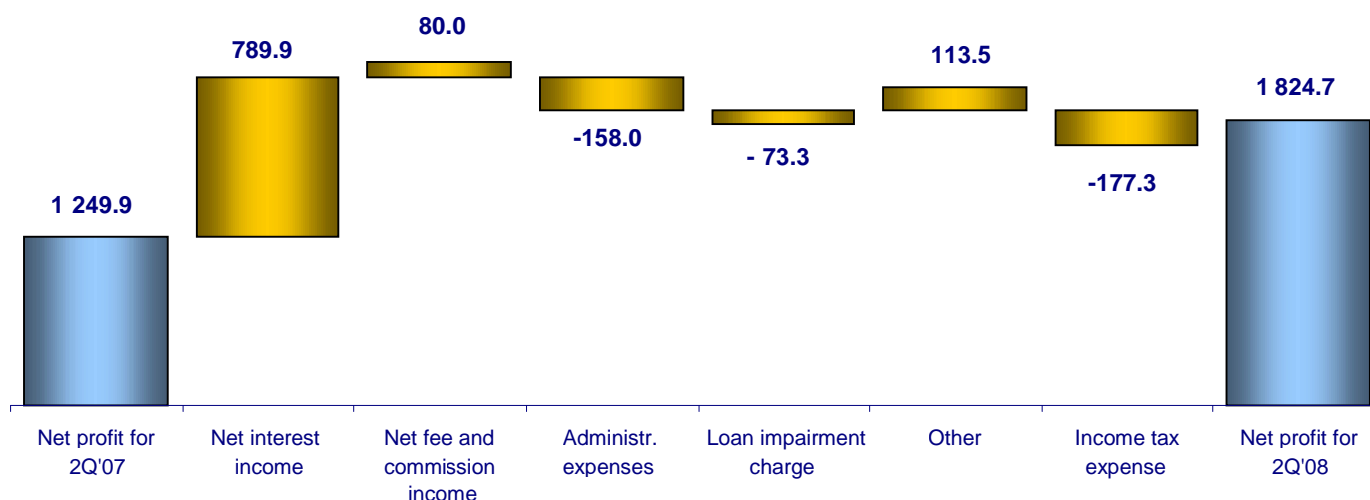


Table 6 Financial indicators of PKO BP SA

Items	Ratios		
	As at 30.06.2008	As at 30.06.2007	Change
ROA gross (gross profit / total assets)	3.8%	2.9%	0.83 pp
ROA net (net profit / total assets)	3.0%	2.4%	0.64 pp
ROE gross (gross profit / total equity)	35.9%	30.1%	5.83 pp
ROE net (net profit / total equity)	29.0%	24.6%	4.37 pp
C/I (costs to income ratio)	43.1%	51.1%	-7,93 pp.

Table 7 Movements in the profit and loss account items of PKO BP SA

Income statement items	2nd quarter period from 01.04.2008 to 30.06.2008	Change (2nd q 08/ 2nd q 07)	2nd quarter cumulatively period from 01.01.2008 to 30.06.2008	Change (2nd q 08/ 2nd q 07)	Comment
Net interest income	1 451,1	37,8% ↑	2 843,5	38,5% ↑	(+) 38.5% (y/y) mainly as a result of increase in deposit margins as a result of increased market interest rates and 28.0% (y/y) increase in the volume of the net loan portfolio
Net fee and commission income	521,0	7,4% ↑	1 043,4	8,3% ↑	(+) 8.3% (y/y) mainly as a result of increases in the number of payment cards (by 3.4% y/y) and related card transactions, drop fee and commission income relating to portfolio and other management fees
Other net income	347,5	77,7% ↑	452,2	33,5% ↑	(+) 33.5% (y/y) as a result of: 1) higher by PLN 60.8 million dividend income, 2) increase of foreign exchange result 48.2% (y/y) - the effect of increased spreads between PLN interest rate and foreign interests rates and the effect of an increase in sales of loans denominated in foreign currencies, along with decrease in net income from financial activities deriving from an increase of risk aversion on financial markets,
Administrative expenses	-987,4	11,0% ↓	-1 871,5	9,2% ↓	9.2% (y/y) increase in C/I at the level of 43.1% (-7.9 pp. y/y) together with: 1) staff costs increase of 10.1% and employment reduction of 1089 full time equivalents (y/y), 2) increase in amortisation and depreciation costs of 12.1% (y/y) mainly as a result of Integrated IT System (ZSI) modules activated during year 2007.
Loan impairment charge	-166,0	62,4% ↓	-184,6	65,9% ↓	Decrease of 65.9% (y/y) resulting from an increase in impairment allowances on corporate loans and a deterioration in the quality of the consumer loan portfolio.

3.2 BUSINESS DEVELOPMENT²

3.2.1. Segmentation of the activities of the PKO BP SA Group

The primary basis of the PKO BP SA Group reporting scheme is business segments. The PKO BP SA Group typically settles inter-segment transactions as if they were concluded between unrelated parties, using internal settlement rates and a rule of simultaneous recording of a single operation's result in the segment that contributed to its origin. Results simultaneously recorded in a few segments are subsequently excluded through elimination, on entity consolidation.

Business segments

Segmentation by business is as follows:

- the retail segment comprises transactions of the parent entity with retail clients, small and medium-sized enterprises, mortgage market clients and operations of the following subsidiaries: KREDOBANK SA, the Powszechne Towarzystwo Emerytalne BANKOWY SA Group, PKO Towarzystwo Funduszy Inwestycyjnych SA, Inteligo Financial Services SA, Centrum Elektronicznych Usług Płatniczych eService SA and Grupa PKO Inwestycje Sp. z o.o.,
- the corporate segment companies includes transactions of the parent entity with large corporate clients and operations of the Bankowy Fundusz Leasingowy SA Group,
- the investment segment comprises investing and brokerage activities, inter-bank transactions, derivative instruments and debt securities transactions and result on swap points of the parent entity and operations of the PKO BP SA Group.

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

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

The tables below present data relating to revenue and results of individual industry segments of the PKO BP SA Group for the 6-months period ended 30 June 2008 and 30 June 2007, and selected assets and liabilities as at 30 June 2008 and 31 December 2007.

In January 2008, the PKO BP SA Group changed the method of business segment result calculation, as well as the manner and scope of business segment separation. The financial data for the year of 2007 was respectively restated for comparability purposes.

As the PKO BP SA Group's activities abroad are relatively small compared to the total results of the PKO BP SA Group, a geographical presentation is not included.

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

Table 8 Business segments of the PKO BP SA Group

million PLN

Period from 01.01.2008 to 30.06.2008	Continued activities					Consolidation adjustments	All activities of PKO BP SA Group
	Retail segment	Corporate segment	Investment segment	Other			
Net interest income	2 402.4	157.8	96.9	(12.6)	199.0	2 843,5	
Net fee and commission income	1 166.8	103.6	45.6	(14.5)	(258.1)	1 043,4	
Other income	160.1	39.5	378.4	6.8	(132.7)	452,2	
Result from financial operations	0.6	14.9	(104.4)	(6.0)	32.4	(62,5)	
Foreign exchange result	130.0	36.0	369.7	0.2	(166.2)	369,6	
Dividend income	-	-	112.8	-	-	112,8	
Net other operating income	16.5	1.6	0.4	12.6	1.1	32,2	
Income/expenses related to internal clients	13.0	(13.0)	-	-	-	-	
Net loan impairment charges	(134.9)	(103.7)	47.3	6.8	-	(184,6)	
Administrative expenses	(1 711.6)	(110.7)	(49.1)	-	-	(1 871,5)	
Results of subsidiaries	131.4	4.3	144.5	9.0	(221.3)	67,9	
Gross segment profit	2 014.2	90.8	663.5	(4.6)	(413.0)	2 350,9	
Income tax expense				(488.1)		(488,1)	
Minority interest				14.5		14,5	
Net profit	2 014.2	90.8	663.5	(507.2)	(413.0)	1 848,3	

As at 30.06.2008

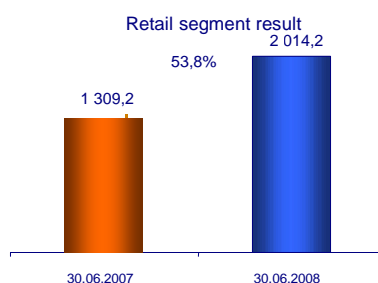
ASSETS	68 415,8	22 645,0	17 865,6	9 845,3	(983,4)	117 788,4
LIABILITIES	77 471,3	17 427,8	21 044,5	19 145,3	(17 300,6)	117 788,4

Table 9 Business segments of the PKO BP SA Group

	million PLN					
Continued activities						
Period from 01.01.2007 to 30.06.2007	Retail segment	Corporate segment	Investment segment	Other	Consolidation adjustments	All activities of PKO BP SA Group
Net interest income	1 713.5	114.1	76.4	(14.4)	164.0	2 053,6
Net fee and commission income	1 104.9	80.3	71.6	(77.1)	(216.3)	963,4
Other result	114.8	10.4	330.7	8.3	(125.5)	338,7
Result from financial operations	3.4	(1.1)	29.0	(7.4)	(2.9)	21,1
Foreign exchange result	97.9	24.7	249.5	-	(122.6)	249,5
Dividend income	-	-	52.0	-	-	52,0
Net other operating income	0.6	(0.3)	0.2	15.6	-	16,1
Income/expenses related to internal clients	13.0	(13.0)	-	-	-	-
Net loan impairment charges	(91.1)	(7.6)	1.4	(14.0)	-	(111,3)
Administrative expenses	(1 633.6)	(62.0)	(17.9)	-	-	(1 713,5)
Results of subsidiaries	100.6	7.8	108.2	1.7	(135.2)	83,1
Gross segment profit	1 309.2	143.0	570.4	(95.5)	(313.0)	1 614,0
Income tax expense				(313,2)		(313,2)
Minority interest				17,3		17,3
Net profit	1 309.2	143.0	570.4	(426.0)	(313.0)	1 283,5
As at 31.12.2007						
ASSETS	61 246.6	19 651.3	20 658.1	8 001.6	(988.9)	108 568.7
LIABILITIES	73 149.2	15 191.0	18 805.6	14 215.6	(12 792.8)	108 568.7

3.2.2. Retail segment

The result of the retail segment increased by PLN 705.0 million, i.e. 53.8% (y/y), with an 11.7% 1H'08/2007 increase in segment assets and 5.9% 1H'08/2007 increase in segment liabilities. The increase of the segment's result was mainly determined by an increase of net interest income (40.2% y/y) due to an increase in the gross³ loan portfolio by 29.4% (y/y) and increased deposit margins resulting from an increase in market interest rates.



3.2.2.1 Activities of PKO BP SA in the retail segment

As at 30 June 2008, the total value of deposits of the retail segment of PKO BP SA and assets managed by PKO TFI was PLN 87.2 billion. Since the beginning of the year, volume decreased by PLN 0.5 billion (i.e. 0.6%) as a result a depressed stock exchange (decrease of volume of the assets managed by PKO TFI by 27.5% since the beginning of the year, along with an increase in deposit volumes by 5.7% since the beginning of the year).

Table 10 Deposits of PKO BP SA and assets managed by PKO TFI (in PLN million)⁴

Items	As at	As at	As at	As at	
	30.06.2008	31.12.2007**	30.06.2007**	31.12.2007	30.06.2007
Client deposits, of which:					
- retail and private banking	58 269	53 767	54 139	8.4%	7.6%
- small and medium entities	6 677	6 958	5 694	-4.0%	17.3%
- mortgage	10 130	10 290	10 176	-1.5%	-0.5%
Total deposits	75 077	71 014	70 010	5.7%	7.2%
Assets under PKO TFI's management	12 099	16 685	14 563	-27.5%	-16.9%
Total clients' savings	87 176	87 699	84 573	-0.6%	3.1%

Source: Bank's Management Information and data of PKO TFI

As at 30 June 2008, the gross value of loans and advances to the retail segment of PKO BP SA was PLN 65.1 billion and this was an increase by PLN 7.0 billion (i.e. 12.0%) since the beginning of the year.

Table 11 Gross loans and advances* of PKO BP SA (in PLN million)

Items	As at	As at	As at	As at	
	30.06.2008	31.12.2007**	30.06.2007**	31.12.2007	30.06.2007
Gross loans and advances*), of which:					
- retail and private banking	17 679	16 414	14 842	7.7%	19.1%
- small and medium entities	8 372	6 907	5 764	21.2%	45.2%
- mortgage banking	33 880	30 299	26 156	11.8%	29.5%
- housing market (including supported by state budget)	5 150	4 467	3 551	15.3%	45.0%
Total	65 081	58 087	50 313	12.0%	29.4%

Source: Bank's Management Information and data of PKO TFI

* without interest due and interest not due

** data for the year of 2007 restated for comparative purposes

³ According to Bank's Management information

⁴ In the year of 2007 resegmentation of corporate deposits took place where a portion of corporate deposits was moved to small and medium enterprises category. The shift did not have a significant impact on the data presented.

Table 12 Accounts and payment cards of PKO BP SA (in thousands of units)

Items	As at	As at	As at	Change since:	
	30.06.2008	31.12.2007	30.06.2007	31.12.2007	30.06.2007
Total number of accounts, of which:	6 269	6 207	6 134	62	135
Current and savings accounts	5 591	5 548	5 506	43	85
Inteligo current accounts	678	659	627	19	50
Total number of banking cards, of which:	7 397	7 296	7 156	101	241
Credit cards	1 042	1 010	972	32	70

Table 13 Branches and ATMs of PKO BP SA

Items	As at	As at	As at	Change since:	
	30.06.2008	31.12.2007	30.06.2007	31.12.2007	30.06.2007
Total number of branches	1 219	1 233	1 233	(14)	(14)
- Retail Market Area:	1 151	1 150	1 150	1	1
Regional Retail Branches	12	12	12	-	-
Independent branches	574	574	574	-	-
Subordinated branches	565	564	564	1	1
Number of ATM's	2 266	2 106	2 088	160	178

Table 14 New products of PKO BP SA in the retail segment in the 2nd quarter of 2008.

Product	Product's characteristics
Indian Bonds	From 18 March to 4 April 2008 the Bank offered 2-year Indian Bonds ('Obligacje Indyjskie Tygrys gospodarczy'). The product gives an investor an opportunity to invest in shares of the eight most popular Indian companies listed on BSE SENSEX 30. Payment of initial capital at maturity is guaranteed.
Guaranteed Profit	The product ('Gwarantowany Zysk') was offered from 27 March to 17 April 2008 in co-operation with PZU Życie SA. This is a group endowment policy.
Energy Bonds	From 28 May to 18 June 2008 the Bank offered 2-year structured Energy Bonds ('Obligacje Energetyczne') listed on Warsaw Stock Exchange with a minimum subscription of PLN 20,000. The interest rate on the bonds is dependant upon an increase in the value of a portfolio of four main sources of energy.
Olympic Deposit	From 24 June to 24 July 2008 the Bank offered a 16-month structured deposit marketed under the name Olympic Deposit ('Lokata Olimpijska'). The interest rate depends on EUR/PLN exchange rate throughout the life of the placement.
eBanking	The Bank has increased the offer of deposits for retail clients, offering savings accounts as a part of the Inteligo account. The product offers an interest rate which is dependent on the size of the initial investment with a maximum limit of 5.3%. The product has been offered since 23 April 2008. The account is accessed by website and phone.

3.2.2.2 Activities of the PKO BP SA Group's entities in the retail segment

Table 15 Activities and achievements of the PKO BP SA Group's entities in the retail segment in the 2nd quarter of 2008

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 2ND QUARTER OF 2008
PKO Towarzystwo Funduszy Inwestycyjnych SA	<ol style="list-style-type: none"> 1. The value of the funds' assets managed by PKO Towarzystwo Funduszy Inwestycyjnych SA amounted to PLN 12.1 billion at the end of the 2nd quarter of 2008, which is a decrease of 11.56% as compared to the end of the 1st quarter of 2008. 2. PKO TFI SA has a 12.4% share in the investment funds market (share increase by 2.0 pp. y/y), which is the third largest market share. 3. The Annual General Meeting approved a distribution of dividends for the year 2007 in the gross amount of PLN 123 million, including PKO BP SA dividends to PKO BP SA in the gross amount of PLN 92.25 million.
KREDOBANK SA	<ol style="list-style-type: none"> 1. Total assets of KREDOBANK SA in the 2nd quarter increased by PLN 146.6 million, i.e. 6.2 % and as at 30 June 2008 amounted to PLN 2 349.2 million (UAH 5 039.0 million). 2. The Bank's loan portfolio (gross) in 2nd quarter increased by PLN 148.9 million, i.e. 8.7% and as at 30 June 2008 amounted to PLN 1 853.9 million (UAH 3 976.5 million). 3. Clients' term deposits in the 2nd quarter increased by PLN 52,1 million, i.e. 4.7% and as at 30 June 2008 amounted to PLN 1 172.4 million (UAH 2 514.9 million). 4. At the end of 30 June 2008, the outlets network of KREDOBANK SA consisted of 26 branches and 156 subordinated branches in 21 out of 24 Ukrainian districts and in the Independent Republic of the Crimea. During the 2nd quarter, the network increased by 1 department and 3 branches. 5. In the 2nd quarter of 2008 KREDOBANK SA received from PKO BP SA a subordinated loan in the amount of USD 10 million and two revolving loans in the total amount of USD 31 million. The financial information of KREDOBANK SA as at 30 June 2008 was recalculated according to the average NBP exchange rate prevailing as at June 30 2008 (1UAH = PLN 0.4662).
Powszechnie Towarzystwo Emerytalne BANKOWY SA	<ol style="list-style-type: none"> 1. At the end of the 2nd quarter of 2008, the value of assets of Bankowy OFE, under PTE BANKOWY management amounted to PLN 4 071 million, which is a decrease of PLN 111 million as compared to the end of the 1st quarter of 2008. The decrease in Bankowy OFE's net assets value was mainly caused by a decrease in share values on the Warsaw Stock Exchange. 2. At the end of June of 2008, the position of the Bankowy OFE in the pension fund market remained unchanged (8th position in respect of OFEs' assets value and 9th position in respect of the number of active member accounts).
Inteligo Financial Services SA	<ol style="list-style-type: none"> 1. At the end of the 2nd quarter of 2008, the Company enabled access to electronic bank systems for 2.3 million of PKO BP SA customers using iPKO services 2. Within the Inteligo account offer, the Company serviced over 597 thousand clients. The number of customers having Inteligo accounts increased in the 2nd quarter by 6 thousand. 3. At the end of June of the current year, Inteligo customers' deposits amounted to PLN 2 198 million and increased by PLN 78 million as compared to the end of March 2008. 4. On 8 April 2008, the Company signed a contract with Polska Telefonia Cyfrowa Sp. z o.o. regarding cooperation on offering telecommunication services.
Centrum Elektronicznych Usług Płatniczych eService SA	<ol style="list-style-type: none"> 1. In the 2nd quarter of 2008, transactions with a total value of PLN 4 630 million were generated in the use of eService SA terminals. 2. In terms of value of card transactions (including cash withdrawals), the Company's market share amounted to approximately 28.3% at the end of June of the current year (as estimated by the Company). 3. The number of terminals installed at the end of the 2nd quarter amounted to 49 077 units, which constitutes a 5.4% increase as compared to the end 1st quarter 2008. 4. In terms of installed terminals, company's market share amounted to 29% (as estimated by the Company).
PKO Inwestycje Sp. z o.o.	<ol style="list-style-type: none"> 1. In the 2nd quarter of 2008, PKO Inwestycje Sp. z o.o., with the use of SPV, continued implementation of investment projects, including: <ul style="list-style-type: none"> - the 'Nowy Wilanów' project in Warsaw through the company Wilanów Investments Sp. z o.o., - the 'Neptun Park' project in Gdansk through the company POMERANKA Sp. z o.o., - the 'Kuzminska' project in Kiev in Ukraine through the company UKRPOLINWESTYCJE Sp. z o.o., - the 'Osiedle Jantar' project in Miedzyzdroje conducted by the company ARKADIA Inwestycje Sp. z o.o. and started new projects, of which: <ul style="list-style-type: none"> - the 'Osiedle Siemenskiego' project in Rzeszów through the company WISŁOK Inwestycje Sp. z o.o., - the 'Osiedle Bakowo' project in Baków near Gdansk through the company Baltic Dom 2 Sp. z o.o. 2. The company Fort Mokotów Sp. z o.o. continued warranty services for the completed project 'Marina Mokotów'. 3. On 7 March 2008, the extraordinary Meeting of the shareholders ARKADIA Inwestycje Sp. z o.o. decided to increase the Company's share capital by PLN 1.5 million by issuing new shares, which will be held by PKO Inwestycje Sp. z o.o. (in June and July 2008) 4. On 23 June 2008 WISŁOK Inwestycje Sp. z o.o. partners resolved to recommend an increase in the Company's capital by PLN 2 million. The additional capital contribution attributable to PKO Inwestycje Sp. z o.o. equals PLN 1.6 million. The increase will take place in the 3rd quarter of 2008.

3.2.3 Corporate segment

The result of the corporate segment decreased by PLN 52.1 million, i.e. 36.5% (y/y) and was accompanied by a 15.2% 1H'08/2007 increase in segment assets and a 14.7% 1H'08/2007 increase in segment liabilities. The changes were determined by a significant increase in the net impairment charge for corporate loan losses.



3.2.3.1 Activities of PKO BP SA in the corporate segment

Table 16 Gross loans and advances* and deposits of PKO BP SA (in PLN million)⁴

Items	As at	As at	As at	Change since:	
	30.06.2008	31.12.2007	30.06.2007	31.12.2007	30.06.2007
Gross corporate loans*)	20 659	17 974	16 466	14.9%	25.5%
Corporate deposits	15 493	13 542	12 154	14.4%	27.5%

Source: management data PKO BP S.A.

*without interest due and interest not due

Table 17 Branches and ATM's of PKO BP SA

Items	As at	As at	As at	Change since:	
	30.06.2008	31.12.2007	30.06.2007	31.12.2007	30.06.2007
Total number of branches	1219	1233	1233	-14	-14
- Corporate Market Area:	68	83	83	-15	-15
Regional Corporate Branches	13	13	13	0	0
Corporate Client Teams	0	0	0	0	0
Corporate Centers	55	70	70	-15	-15
Number of ATM's	2266	2106	2088	160	178

Table 18 Activities and achievements of PKO BP SA in the corporate segment in the 2nd quarter of 2008

Scope of activity	Activity
Loan activity	The Bank organized 2 bilateral loans, which amounted in total to PLN 383.95 million and 2 consortium loans in the amount of PLN 256.22 million (the Bank's share). At the same time, the Bank granted a bank guarantee in the amount of PLN 130.45 million.
Issue of non-treasury debt securities	The Bank signed 4 contracts for the issue of municipal debt securities in the total amount of PLN 33.1 million and a consortium contract for the issue of corporate debt securities, without underwriting the issue in the amount of PLN 400 million (The Bank's participation is PLN 200 million).
Cooperation with banks and financial institutions	<ol style="list-style-type: none"> 1. The Bank signed 2 general contracts and 3 appendices to previously signed general agreements for transactions with domestic financial institutions involving debt securities transactions 2. The Bank signed a contract and 1 appendix with a domestic financial institution for granting depository services in relation to debt securities not admitted to trading on any regulated market.

International cooperation

The Bank completed:

- 3 nonrevolving loan contracts to an entity directly related with the Bank (which operates within the banking sector) for the total amount of USD 41 million;
- an ISDA contract and an appendix to the previously signed ISDA contract with a foreign bank and 3 credit support annexes to the previously signed ISDA contracts;
- a deposit contract with a foreign bank and a contract for checks servicing.

3.2.3.2 Activities of the PKO BP SA Group entities in the corporate segment

Table 19 Activities and achievements of the PKO BP SA Group entities in the corporate segment

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 2ND QUARTER OF 2008
Bankowy Fundusz Leasingowy SA	<ol style="list-style-type: none"> 1. In the 2nd quarter of 2008, the BFL SA Group's entities leased out a total net value of assets amounting to PLN 497 million. The total value of assets leased out in the 2nd quarter of 2008 was PLN 781.9 million 2. The total carrying value of the lease investments of the BFL SA Group's entities amounted to PLN 1 874 million at the end of the 2nd quarter of 2008 and increased by 9.0% as compared to the end of March 2008. 3. On 16 May 2008 the extraordinary Shareholders Meeting of BFL SA Group decided to increase Company's share capital by PLN 30 million by issuing new shares, which will be held by PKO BP SA. As at the end on June the share capital increase had not been registered by the registrar of companies.

3.2.4 Investment segment

The Bank's operations on the money markets in the 2nd quarter 2008 were determined by an unfavorable situation on the treasury securities market. The unfavorable situation was further exacerbated by a lack of demand from foreign financial institutions, which suffered from liquidity problems. The Bank's investment policy in the 2nd quarter had a defensive character and the decrease of portfolio income was neutralized by hedge transactions.

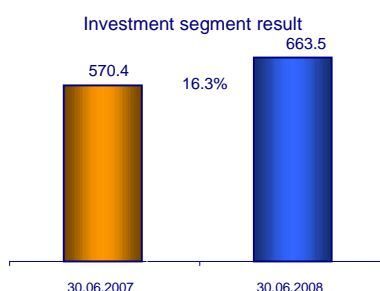


Table 20 Activities and achievements of PKO BP SA in the investment segment in the 2nd quarter of 2008

	Investment activity	Activity
Treasury activities	financial risk management	In the interests of financial risk management, the Bank entered into transactions which aimed at balancing interest rate, currency and liquidity risks. In the previous quarter, the Bank gained funds in CHF (with the use of CIRS transactions). The Bank's long-term liabilities denominated in CHF increased to the level of CHF 5.3 billion.
	interbank market	The Bank achieved one of the top positions in a ranking organised by the Department of Finance for non-treasury securities dealers as a result of a high level of dealing turnover on interbank interest rate and currency markets.
Brokerage activities	IPO market	<ol style="list-style-type: none"> In the 2nd quarter the Bank finalized a subscription of the Tygrys Gospodarczy bonds and carried out a subscription for the Energetyczne bonds. The issuer is Barclays Bank and a brokerage house, Dom Maklerski PKO BP. PKO BP is a co-ordinator. The total value of the structured bonds placed amounts to over PLN 65 million. The Bank managed a subscription for the shares of: SELENA FM S.A., SONEL S.A. oraz Zakładów Azotowych TARNÓW w Mościcach S.A. Total subscriptions for these issues exceeded 198 million PLN.
	NewConnect market	The Bank, as a market maker on the NewConnect market, is in terms of number of clients serviced in first position (27 clients at 30.06.2008, 5 more than at the end of March 2008), and executed turnover of PLN 25.5 million in the second quarter in the NewConnect stock market, which represents 4th position on the market.
	futures contract market	In the 2nd quarter of 2008 the Bank executed 173.1 thousand future contracts which was 80 thousand units fewer than in the 1st quarter of the current year - giving 8th position on the market.
	option market	In the 2nd quarter of 2008 the Bank's turnover decreased by 11 thousand units to the level of 14 thousand - giving the Bank 3rd position with an 11.6% share on the market. There was a 30% decrease in turnover (i.e. by 54 thousand units to the level of 121.2 thousand units) on the options market in the 2nd quarter of 2008 compared to the 1st quarter.
	bond market	In the second quarter of 2008 the Bank's bond turnover reached PLN 373.4 mln or 52.3% of the total market. This - despite being 13.5% lower than in the first quarter enabled the bank to retain the leading market position

3.2.4.1 Activities of the PKO BP SA Group entities in the investment segment

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

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 2ND QUARTER OF 2008
Bankowe Towarzystwo Kapitałowe SA	At the end of the 2nd quarter of 2008, BTK SA managed an investment of PLN 6.5 million, in the FINDER SA company.

3.2.5 Other areas of activity

Table 22 Other area activities of the PKO BP SA Group entities

SUBSIDIARY	SIGNIFICANT EVENTS OF THE 2ND QUARTER OF 2008
Centrum Finansowe Puławska Sp. z o.o.	<ol style="list-style-type: none"> As at 30 June 2008, the Company rented 100% of the office and commercial area in the managed building Centrum Finansowe Puławska, of which 90.7% was rented by PKO BP SA Group entities. As compared to the end of 1st quarter of 2008, the rental of office and commercial area increased by 1.5%. A shareholders meeting agreed to a distribution of dividends in the gross amount of PLN 16.6 million

4 ADDITIONAL INFORMATION

4.1 ACCOUNTING POLICIES APPLIED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The accounting policies applied in the 2nd quarter of 2008 do not differ from those applied in prior quarters. These policies were described in detail in the financial statements of PKO BP SA for the year of 2007. When preparing the consolidated quarterly report, the Bank applied the following regulations:

1. International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and Interpretations issued by International Financial Reporting Interpretations Committee (IFRIC),
2. International Accounting Standard No. 34 „Interim Financial Reporting”,
3. Decree of the Minister of Finance dated 19 October 2005 on current and periodic information issued by the issuers of securities (Journal of Laws, No. 209, item 1744).

4.2 COMPARATIVE INFORMATION – CHANGES IN PRESENTATION

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

Table 23 Financial data of PKO BP SA Group

INCOME STATEMENT OF POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI S.A. GROUP			
Items	2 quarters; period from 01.01.2007 to 30.06.2007 previously presented	2 quarters; period from 01.01.2007 to 30.06.2007 comparative data	Difference
Interest income	3 027 781	3 028 154	373 ¹⁾
Interest expense	(919 803)	(907 009)	12 794 ¹⁾
Fee and commission income	1 417 814	1 432 445	14 631 ¹⁾
Fee and commission expense	(308 453)	(340 898)	(32 445) ^{1) 3)}
Net income from financial instruments designated at fair value	21 495	21 365	(130) ^{1) 2)}
Other operating income	278 473	227 164	(51 309) ^{1) 2) 4)}
Other operating expenses	(157 557)	(161 836)	(4 279) ^{1) 2)}
Administrative expenses	(1 891 711)	(1 831 346)	60 365 ^{3) 4)}

1) Change in presentation of selected income and costs of a brokerage house, Dom Maklerski

2) Change in presentation of selected income and costs related to financial operations

3) Change in presentation of fees related to KIR, BIK and SWIFT services

4) Change in presentation of costs / revenues related to charging mobile phones

Table 24 Financial data of PKO BP SA

INCOME STATEMENT OF POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI S.A.			
Items	2 quarters; period from 01.01.2007 to 30.06.2007 previously presented	2 quarters; period from 01.01.2007 to 30.06.2007 comparative data	Difference
Interest income	2 881 590	2 881 963	373 ¹⁾
Interest expense	(841 207)	(828 413)	12 794 ¹⁾
Fee and commission income	1 252 645	1 267 276	14 631 ¹⁾
Fee and commission expense	(271 450)	(303 895)	(32 445) ^{1) 3)}
Net income from financial instruments designated at fair value	19 467	19 337	(130) ^{1) 2)}
Other operating income	76 511	62 148	(14 363) ^{1) 2)}
Other operating expenses	(41 783)	(46 062)	(4 279) ^{1) 2)}
Administrative expenses	(1 736 881)	(1 713 462)	23 419 ³⁾

1) Change in presentation of selected income and costs of a brokerage house, Dom Maklerski

2) Change in presentation of selected income and costs related to financial operations

3) Change in presentation of fees related to KIR, BIK and SWIFT services

4.3 MARKET AND REGULATORY ENVIRONMENTS

Macroeconomic environment

In the 2nd quarter of 2008 economic data indicated some slow down in economic growth, compared to the 1st quarter (6.1% y/y), with a continued stimulating effect of domestic demand and sustained negative net export; Additionally some factors positively influenced the labour market: favorable economic conditions, inflow of funds from European Union designated to reduce unemployment, a higher rate of workforce emigration, which caused a decrease in the registered unemployment rate in June to 9.6%.

The inflation rate, as measured by the Consumer Price Index was in the range 4.0-4.6% (q/q), while the average quarterly inflation rate increased to 4.3% (q/q) from 4.1% (q/q) since the 1st quarter, which resulted mainly from high increases of food, fuel and energy prices.

Banking deposits still increased dynamically - by PLN 19.7 billion compared to PLN 20.1 billion in the 1st quarter (17% increase y/y). A decrease in corporate client deposits has been halted – these deposits increased by PLN 4.6 billion (6.4% y/y). Household deposits increased by PLN 6.9 million with a (y/y) dynamic of 22% as an effect of the outflow of funds from investment funds, unfavorable signals from the stock market and increase of deposit interest rates. The rate of increase in the total loans slowed as an effect of a decrease of mortgage lending. Household growth loans increased by 34.4% (y/y), mortgage loans increased by 41.7% (y/y) and business loans increased by 24.1% (y/y).

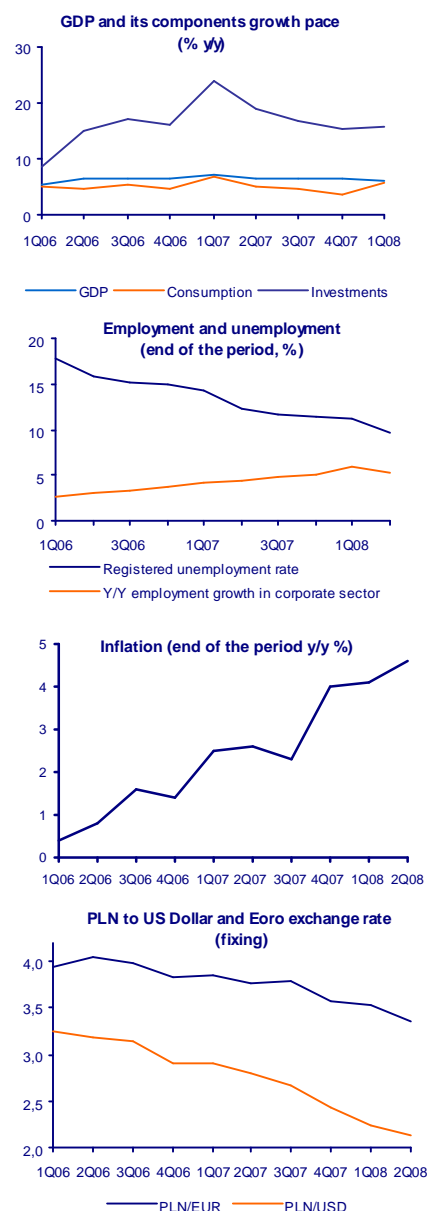
At the same time, the activity and results of the PKO BP SA Group were affected by macroeconomic factors in Ukraine, since the PKO BP SA Group has a direct subsidiary in Ukraine, KREDOBANK SA. The factors were as follows: the Ukrainian Central Bank allowed the Ukrainian currency UAH to appreciate to 4.85 UAH/USD; Ukrainian Central Bank increased the discount rate (the main Ukrainian Central Bank interest rate) by 200 basis points to 12,0%; the inflation rate has maintained its strong upward trend (to over 30% y/y), along with a slow down in economic growth to around 6% (y/y) and maintenance of strong loan and deposit growth; Standard&Poors Agency lowered its rating grades for the Ukraine to „BB-“ (for domestic currency long-term debt) from „BB“ and from „B+“ (for foreign exchange long-term debt) to „BB-“.

Situation on the financial markets

The profitability of treasury bills increased by 50 basis points and the profitability of bonds increased by 60 basis points in the 2nd quarter of 2008. The price reduction was an effect of strengthening monetary policy and investors' expectations regarding the interest rate increase to over 6% for the National Bank of Poland (NBP) reference rate. At the same time, quotations of Polish bonds were highly affected by other key markets. The change of investors' expectations regarding the development of Fed and EBS interest rates caused the bond price decrease. Five year German bond prices fell by over 100 basis points, whereas American bond prices decreased by nearly 90 basis points. Lower investors aversion to risk restrained the scale of the increased profitability of Polish bonds which resulted in a several tens of basis point reduction in the spread of Polish bonds in relation to foreign alternatives.

Regulatory factors

During the 2nd quarter of 2008, the financial position and organization of the PKO BP SA Group was affected by, among others, the following new regulations: 1) Resolution 9/2007 of the Banking Supervision Commission on determining liquidity norms applicable to banks, effective as of 1 January 2008 (commencing 30 June, banks will be obliged to comply with 4 current and long-term liquidity limits and report any non-compliance); 2) Resolution 30 of the National Bank of Ukraine dated 15 February 2008, effective as of 11 April 2008. The resolution changes risk weights for a few loan exposures, which have an impact on capital adequacy ratios; 3) Resolution 88 of the National Bank of Ukraine dated 2 April 2008, effective as of 1 May 2008. The resolution changed the principles for calculating obligatory central bank deposits, in a way that excludes funds of resident banks, international financial institutions and subordinated loans from the requirement to provide obligatory deposits.



4.4 THE STRUCTURE OF THE PKO BP SA GROUP

4.4.1 Consolidated entities

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

Table 25 Entities included in the consolidated financial statements of the PKO BP SA Group

No.	Entity name	Value of investment* PLN thousand	Share capital (%)	Consolidation method
Parent company				
1	Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna			
Direct subsidiaries				
2	KREDOBANK SA	307 364	98,1815	full method
3	Powszechne Towarzystwo Emerytalne BANKOWY SA	205 786	100	full method
4	Centrum Finansowe Puławska Sp. z o.o.	128 288	100	full method
5	PKO Inwestycje Sp. z o.o.	117 813	100	full method
6	PKO Towarzystwo Funduszy Inwestycyjnych SA	69 055	75	full method
7	Inteligo Financial Services SA	59 602	100	full method
8	Centrum Elektronicznych Usług Płatniczych eService SA	55 500	100	full method
9	Bankowy Fundusz Leasingowy SA	40 000	100	full method
10	Bankowe Towarzystwo Kapitałowe SA	18 566	100	full method
Indirect subsidiaries				
Subsidiaries of PKO Inwestycje Sp. z o.o.				
11	Wilanów Investments Sp. z o.o.	82 981	100	full method
12	POMERANKA Sp. z o.o.	19 000	100	full method
13	ARKADIA Inwestycje Sp. z o.o.	6 075	100	full method
14	Baltic Dom 2 Sp. z o.o.	6 009	50	full method
15	Fort Mokotów Sp. z o.o.	2 040	51	full method
16	UKRPOLINWESTYCJE Sp. z o.o.	519	55	full method
17	WISŁOK Inwestycje Sp. z o.o.	400	80	full method
Subsidiaries of PTE BANKOWY S.A.				
18	Finanse Agent Transferowy Sp. z o.o.	4 361	100	full method
Subsidiaries of Bankowy Fundusz Leasingowy S.A.				
19	Bankowy Leasing Sp. z o.o.	1 309	100	full method
20	BFL Nieruchomości Sp. z o.o.	1 109	100	full method

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

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

Table 26 Other subordinated entities included in the consolidated financial statements using the equity method

No.	Entity name	Value of investment* PLN thousand	Share capital (%)	Consolidation method
Jointly controlled entities				
1	CENTRUM HAFFNERA Sp. z o.o.	44 371	49.43	equity method
2	Centrum Obsługi Biznesu Sp. z o.o.	17 498	41.44	equity method
Subsidiaries of CENTRUM HAFFNERA Sp. z o.o.				
3	Sopot Zdrój Sp. z o.o.	58 923	100	equity method
4	Promenada Sopotcka Sp. z o.o.	10 058	100	equity method
5	Centrum Majkowskiego Sp. z o.o.	6 609	100	equity method
6	Kamienica Morska Sp. z o.o.	976	100	equity method
Associates				
7	Bank Pocztowy SA	146 500	25.0001	equity method
8	Kolej Gondolowa Jaworzyna Krynicka SA	15 531	37.53	equity method
9	Ekogips SA – w upadłości	5 400	60.26	equity method
10	Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	1 500	33.33	equity method
11	Agencja Inwestycyjna CORP SA	29	22.31	equity method
Associate of Bankowe Towarzystwo Kapitałowe S.A.				
12	FINDER SA	6 500	46.43	equity method

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

4.4.2 Changes in the group structure

In the 2nd quarter of 2008, the structure of PKO BP SA capital relationships was affected by a fact that PKO BP SA decreased its capital share in PKO Inwestycje Sp. z o.o., its direct subsidiary. On 30 June 2008 PKO Inwestycje Sp. z o.o. returned a temporary capital injection previously received from PKO BP SA for the realization of investment projects in the amount of PLN 5.5 million.

4.4.3 Related party transactions

In the 1st quarter of 2008, PKO BP SA provided the following services to its related parties (subordinated entities) at arms' length: keeping bank accounts, accepting deposits, extending loans and advances, issuing debt securities, providing guarantees and conducting spot foreign exchange transactions.

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

5. OTHER INFORMATION

Identification data

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

Seasonality or cyclical nature of activities in the reporting period

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

Prizes and awards

Awards and distinctions granted to PKO BP SA in the 2nd quarter of 2008:

1. 1st place, in the ranking of the 50 biggest Polish banks, organized by the "Bank" magazine - for the best financial results,
2. "The Donor of the Year" award for long-term and generous support of the "Artificial Heart Development Program" (including Inteligo Financial Services SA);
3. "A Diamond" to the Polish Business Leader Gold Statuette granted at the BCC Summer Gala;
4. "Brand of the best reputation 2008" received in the Finance category, granted by the Independent Polish Brands Reputation Ranking;
5. For the eighth time, the "Dlaczego" magazine and students website www.korba.pl granted the Bank a prize for the most popular products and brands. The Bank won awards in two categories: "the bank for students", and "student employer".

Issuance, redemption and repayment of debt and equity securities

Within the PKO BP SA Group, there are two entities which raise capital through the issue of debt securities: Bankowy Fundusz Leasingowy SA and KREDOBANK SA.

In the 2nd quarter of 2008, Bankowy Fundusz Leasingowy SA decreased the amount of its debt under the bonds issue programme to PLN 545 million (i.e. by 5 million) using its liquid funds to redeem its maturing bonds. In the 2nd quarter of 2008 Bankowy Fundusz Leasingowy SA issued 10 000 bonds with the total nominal value of PLN 100 million and redeemed 10 500 bonds at the nominal value of PLN 105 million.

On 27 June 2008 KREDOBANK SA commenced an issue of bonds with the total nominal value of UAH 50.75 million and maturity on 27 June 2013. Funds from the issue will be used for long-term financing of corporate entities. As at 30 June 2008 the process of distribution of bonds to investors has not been completed.

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

1. On 4 July 2008, PKO BP SA, according to an agreement dated 27 June 2008 with Svenska Standardbolag AB (registered in Sweden), made payment for the purchase of 5000 shares of Aktiebolaget Grundstenen 108756 registered in Sweden. The purchased shares represent 100% of the Company's capital share and entitles PKO BP SA to 100% of the votes in the Company. The purchase price with additional expenses amounted to SEK 504 969.00 (PLN 178 910.52) (according to the average exchange rate of NBP on 4 July 2008). On 17 July 2008 the Swedish Company Register registered Aktiebolaget Grundstenen 108756 as PKO Finance AB.
2. On 15 July 2008, PKO BP SA resolved to initiate an euro-bonds issue programme (the EMTN programme) through the use of its subordinate entity PKO Finance AB (previous name Aktiebolaget Grundstenen 108756) with headquarters in Sweden ("Issuer"). PKO BP SA is the only shareholder. The issuer is a related party as defined by the Polish Accounting Act.

The EMTN programme will be carried out according to the following conditions:

- Programme value: EUR 3 000 000 000 or its equivalent in other currencies;
- Programme currencies: EUR, USD and CHF;
- Redemption of particular tranches: 1 year to 15 years;
- Funds obtained from the issue will be used for the Bank's general financial purposes, including liquidity capital needs;
- Interest rate: fixed, floating or tied to selected indices;
- Interest period: 1 month to 1 year;
- The nominal value of one bond will not be less than EUR 50 000 or its equivalent in other currency;
- Types of issue: senior, minor, public, and nonpublic (so called: private placement);

- Place of programme registration: Stock Exchange in Luxembourg;
- Settlement type between the Issuer and the Bank: the Issuer will give the Bank a loan in the amount of funds obtained from the issue and at the rate equaling the rate of the issue. The settlement will be made by an intermediary (settlement agent) after the Bank's approval, using accounts exclusively dedicated to the issue settlements;
- The Issuer will generate remuneration for administrative services granted in respect of the programme, as defined in the agreement.

On July 16 2008 the Supervisory Board of PKO BP SA gave its consent to the signing of an agreement between the Bank and the Issuer. The consent was a crucial element for the initiation of the EMTN programme.

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

The interim report for the 1st quarter of 2008 was submitted to the Polish Financial Supervision Authority (KNF) on 8 May 2008.

To the best knowledge of the Bank, the only shareholder holding, directly or indirectly, at least 5% of total votes at the General Shareholders' Meeting of the Bank is the State Treasury which holds 514 935 409 of the Bank's shares. This equates to 51.49% and matches the percentage share in the total number of votes at the General Shareholders' Meeting of the Bank as at the date of submission of this Report.

Table 27 Ownership structure of PKO BP SA

Shareholder	Percentage of votes at the General Shareholders' Meeting as at the date of submitting previous quarterly report	Number of shares as at the date of submitting previous quarterly report	Percentage point change from the date of submitting previous quarterly report	Percentage of votes at the General Shareholders' Meeting as at the date of submitting this Report	Number of shares as at the date of submitting this Report
National Treasury	51.49%	514 935 409	0,00 pp.	51.49%	514 935 409

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

Table 28 Shares held by the PKO BP SA's Management or Supervisory Board Members as at the date of submitting this Report

No.	Name	Number of shares as at the date of submitting previous quarterly report	Purchase	Disposal	Number of shares as at the date of submitting this Report
I. Management Board					
1.	Jerzy Pruski*, President of the Bank's Management Board	x	x	x	----
2.	Bartosz Drabikowski*, Vice-President of the Bank's Management Board	x	x	x	----
3.	Krzysztof Dresler*, Vice-President of the Bank's Management Board	x	x	x	----
4.	Mariusz Klimczak, Vice-President of the Bank's Management Board	----	----	----	----
5.	Tomasz Mironczuk*, Vice-President of the Bank's Management Board	x	x	x	----
6.	Wojciech Papierak*, Vice-President of the Bank's Management Board	x	x	x	2500
II. Supervisory Board					
1.	Marzena Piszczek, President of the Bank's Supervisory Board	----	----	----	----
2.	Eligiusz Jerzy Krzeński, Vice-President of the Bank's Supervisory Board	----	----	----	----
3.	Jan Bossak, member of the Bank's Supervisory Board	----	----	----	----
4.	Jerzy Osiatyński, member of the Bank's Supervisory Board	----	----	----	----
5.	Urszula Pałaszek, member of the Bank's Supervisory Board	----	----	----	----
6.	Roman Sobiecki, member of the Bank's Supervisory Board	----	----	----	----
6.	Ryszard Wierzba, member of the Bank's Supervisory Board	----	----	----	----

* Supervisory Board's members, who were not members of the Bank's Supervisory Board at the date of the previous Report's submission (May 8 2008) Ownership of PKO BP shares at the day of becoming a member of the Bank's Supervisory Board (date):

Jerzy Pruski, President of the Bank's Management Board (20.05.08): did not possess any shares,
Bartosz Drabikowski, Vice-President of the Bank's Management Board (20.05.08): did not possess any shares,
Krzysztof Dresler, Vice-President of the Bank's Management Board (01.07.08): did not possess any shares,
Tomasz Mironczuk, Vice-President of the Bank's Management Board (20.05.08): did not possess any shares,
Wojciech Papierak, Vice-President of the Bank's Management Board (01.07.08): possessed 2500 shares.

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

In executing the provisions of the Lease Agreement dated 7 December 1995 (amended by Annexes No. 1 to 38) with the Bank's subsidiary, Centrum Finansowe Puławska Sp. z o.o. ("CFP"), in the 2nd quarter of 2008, PKO BP SA made payments to CFP in the total gross amount of PLN 12.4 million. As at the first half of the year 2008 (January to June)

the total amount of payments was PLN 24.1 million. The Agreement determines the terms and conditions for the lease of space in the building located in Warsaw at 15 Puławska Street. The payments that were made by the Bank related to rental fees, maintenance costs and costs of cleaning common space.

Due to the comprehensive regulation of all issues connected with cooperation between the parties to the Agreement, the Agreement is not a typical or routine agreement concluded by the parties in the course of their day-to-day operations.

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

The results of changes in the Bank's structure, including the results of merger, takeover or sale of the PKO BP SA Group entities have been described in point 4.4.2 of this Report.

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

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

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

In the 2nd quarter of 2008, PKO BP SA and its subsidiaries did not grant any guarantees or warranties on loans or advances to a single entity or capital group that would constitute at least 10% of the Bank's net assets.

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

As at 30 June 2008, the total value of court proceedings against the Bank was *circa* PLN 196 771 thousand, while the total value of proceedings initiated by the Bank was *circa* PLN 55 425 thousand.

No court proceedings with the participation of PKO BP SA are in progress, the value of which amounts to at least 10% of the Bank's shareholders' equity.

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

Integrated Information System of PKO BP SA

In the 2nd quarter of 2008 the Bank continued the implementation of the Integrated Information System Application ('ZSI'). In the 2nd quarter of 2008, the ZSI activities were focused on the development of functionalities in successive versions of the application.

The most important tasks completed under the ZSI Project in the 2nd quarter of 2008 include the following:

- between 25 and 27 April 2008 a new version of the application was initiated;
- conversion of 34 units of the Zorba system (in 325 branches and 562 agencies) into the ZSI system took place (2 940 000 accounts were finalized);
- conversion trial tests for the implementation of ZSI in the remaining branches took (conversion planned for 3rd quarter);
- the scope and the specific assumptions for the subsequent 3 versions of ZSI, were agreed.

As at the end of 2nd quarter of 2008 the Integrated Information System Application ('ZSI') is in use in 604 branches and 1071 agencies and operates 6.1 million accounts.

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

PKO BP SA did not publish any financial forecasts for 2008.

Information on dividend paid or declared

The Annual General Meeting decided to a distribution of dividends for the year 2007 in the amount of PLN 1.09 per share. The list of the shareholders entitled to receive the dividend will be drawn up as at 18 August 2008, and the dividends will be paid out on 4 September 2008.

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

1. On 11 April 2008, the Supervisory Board of PKO BP SA appointed Mr. Jerzy Pruski as President of the Management Board of PKO BP SA, effective as of 20 May 2008, for the common term of the Board beginning on that date. The Supervisory Board appointed Mr. Pruski as the acting President of the Management Board of PKO BP SA for the period from 20 May 2008 to the date on which the Polish Financial Supervision Commission approves his appointment as the President of the Management Board of PKO BP SA. On June 17 2008 the Polish Financial Supervision Commission approved his appointment as the President of the Management Board of PKO BP SA.
2. On 17 April 2008, the Supervisory Board of PKO BP SA selected an authorized entity to audit the financial statements of the Bank. This entity is PricewaterhouseCoopers Sp. z o.o. with its registered office in Warsaw, entered by the National Chamber of Statutory Auditors on the list of entities authorized to audit financial statements under No. 144. The scope of the contract covers the audit and review of annual and interim financial statements of the Bank for the years 2008 -2010.
3. On 20 May 2008, Supervisory Board of PKO BP SA appointed:

Mr. Bartosz Drabikowski as Vice President of the Management Board of PKO BP SA as of 20 May 2008
Mr. Mariusz Klimczak as Vice President of the Management Board of PKO BP SA as of 20 May 2008
Mr. Tomasz Mironczuk as Vice President of the Management Board of PKO BP SA as of 20 May 2008
Mr. Krzysztof Dresler as Vice President of the Management Board of PKO BP SA as of 1 July 2008
Mr. Wojciech Papierak as Vice President of the Management Board of PKO BP SA as of 1 July 2008
Mr. Mariusz Zarzycki as Vice President of the Management Board of PKO BP SA as of 1 September 2008

According to the related resolution, the above mentioned persons were appointed for the said positions for the common term of the Board, beginning on 20 May 2008.

6 August 2008

Danuta Szymańska

Director of the Bank

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(signature)