



Bank Polski

# Report of the PKO Bank Polski SA Group for the third quarter of 2012

## SELECTED FINANCIAL DATA

SELECTED CONSOLIDATED FINANCIAL DATA	PLN thousand		EUR thousand	
	period from 01.01.2012 to 30.09.2012	period from 01.01.2011 to 30.09.2011	period from 01.01.2012 to 30.09.2012	period from 01.01.2011 to 30.09.2011
Net interest income	6 019 658	5 538 681	1 435 029	1 370 520
Net fee and commission income	2 264 378	2 309 705	539 806	571 525
Operating profit	3 578 879	3 572 208	853 170	883 925
<b>Profit before income tax</b>	<b>3 593 306</b>	<b>3 569 090</b>	<b>856 610</b>	<b>883 154</b>
<b>Net profit (including non-controlling shareholders)</b>	<b>2 873 572</b>	<b>2 853 841</b>	<b>685 032</b>	<b>706 169</b>
<b>Net profit attributable to the equity holders of the parent company</b>	<b>2 874 377</b>	<b>2 855 339</b>	<b>685 224</b>	<b>706 540</b>
<b>Earnings per share for the period – basic (in PLN/EUR)</b>	<b>2.30</b>	<b>2.28</b>	<b>0.55</b>	<b>0.57</b>
<b>Earnings per share for the period – diluted (in PLN/EUR)</b>	<b>2.30</b>	<b>2.28</b>	<b>0.55</b>	<b>0.57</b>
Net comprehensive income	2 535 523	3 063 052	604 444	757 937
Net cash flow from / used in operating activities	(2 830 582)	3 944 314	(674 784)	976 001
Net cash flow from / used in investing activities	2 202 559	(1 505 893)	525 069	(372 626)
Net cash flow from / used in financing activities	900 700	32 197	214 718	7 967
Total net cash flows	272 677	2 470 618	65 004	611 343

SELECTED CONSOLIDATED FINANCIAL DATA	PLN thousand		EUR thousand	
	as at 30.09.2012	as at 31.12.2011	as at 30.09.2012	as at 31.12.2011
Total assets	193 247 362	190 748 037	46 975 391	43 186 931
Total equity	23 770 007	22 821 984	5 778 114	5 167 086
Capital and reserves attributable to the equity holders of the parent company	23 771 815	22 823 274	5 778 554	5 167 378
Share capital	1 250 000	1 250 000	303 855	283 010
Number of shares (in thousand)	1 250 000	1 250 000	1 250 000	1 250 000
Book value per share (in PLN/EUR)	19.02	18.26	4.62	4.13
Diluted number of shares (in thousand)	1 250 000	1 250 000	1 250 000	1 250 000
Diluted book value per share (in PLN/EUR)	19.02	18.26	4.62	4.13
Capital adequacy ratio	12.88%	12.37%	12.88%	12.37%
Basic funds (Tier 1)	18 926 239	16 664 233	4 600 671	3 772 920
Supplementary funds (Tier 2)	1 548 103	1 545 549	376 319	349 925
Short-term equity (Tier 3)	93 211	133 134	22 658	30 143

SELECTED STAND-ALONE FINANCIAL DATA	PLN thousand		EUR thousand	
	period from 01.01.2012 to 30.09.2012	period from 01.01.2011 to 30.09.2011	period from 01.01.2012 to 30.09.2012	period from 01.01.2011 to 30.09.2011
Net interest income	5 936 895	5 472 179	1 415 299	1 354 064
Net fee and commission income	2 070 437	2 136 731	493 572	528 724
Operating profit	3 604 286	3 594 611	859 227	889 469
<b>Profit before income tax</b>	<b>3 604 286</b>	<b>3 594 611</b>	<b>859 227</b>	<b>889 469</b>
<b>Net profit</b>	<b>2 899 974</b>	<b>2 896 740</b>	<b>691 326</b>	<b>716 784</b>
<b>Earnings per share for the period – basic (in PLN/EUR)</b>	<b>2.32</b>	<b>2.32</b>	<b>0.55</b>	<b>0.57</b>
<b>Earnings per share for the period – diluted (in PLN/EUR)</b>	<b>2.32</b>	<b>2.32</b>	<b>0.55</b>	<b>0.57</b>
<b>Net comprehensive income</b>	<b>2 579 719</b>	<b>3 073 270</b>	<b>614 980</b>	<b>760 466</b>
Net cash flow from / used in operating activities	(2 812 113)	3 771 178	(670 381)	933 160
Net cash flow from / used in investing activities	2 356 607	(1 776 501)	561 792	(439 587)
Net cash flow from / used in financing activities	799 988	413 588	190 709	102 340
Total net cash flows	344 482	2 408 265	82 121	595 913

SELECTED STAND-ALONE FINANCIAL DATA	PLN thousand		EUR thousand	
	as at 30.09.2012	as at 31.12.2011	as at 30.09.2012	as at 31.12.2011
Total assets	191 012 036	188 372 690	46 432 018	42 649 133
Total equity	23 883 127	22 802 375	5 805 612	5 162 646
Share capital	1 250 000	1 250 000	303 855	283 010
Number of shares (in thousand)	1 250 000	1 250 000	1 250 000	1 250 000
Book value per share (in PLN/EUR)	19.11	18.24	4.64	4.13
Diluted number of shares (in thousand)	1 250 000	1 250 000	1 250 000	1 250 000
Diluted book value per share (in PLN/EUR)	19.11	18.24	4.64	4.13
Capital adequacy ratio	12.62%	11.93%	12.62%	11.93%
Basic funds (Tier 1)	18 722 772	16 225 262	4 551 211	3 673 533
Supplementary funds (Tier 2)	985 648	989 525	239 596	224 037
Short-term equity (Tier 3)	93 211	133 134	22 658	30 143

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

- income statement, statement of comprehensive income and statement of cash flows items – the rate is calculated as the average of NBP exchange rates prevailing as at the last day of each month of the nine-month period ended 30 September 2012 and 30 September 2011: EUR 1 = PLN 4.1948 and EUR 1 = PLN 4.0413,
- the statement of financial position items – average NBP exchange rate as at 30 September 2012: EUR 1 = PLN 4.1138 and as at 31 December 2011: EUR 1 = PLN 4.4168.



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# Directors' Commentary to the financial results of the PKO Bank Polski SA Group for the third quarter of 2012



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## **DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE THIRD QUARTER OF 2012**

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## DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE THIRD QUARTER OF 2012

### 1. Summary and selected financial data

	3 quarters of 2012		3 quarters of 2011		Change y/y	
NET PROFIT	2 874.4	PLN million	2 855.3	PLN million	0.7%	(y/y)
RESULT ON BUSINESS ACTIVITIES*	8 715.6	PLN million	8 167.1	PLN million	6.7%	(y/y)
ADMINISTRATIVE EXPENSES	-3 377.8	PLN million	-3 225.7	PLN million	4.7%	(y/y)
NET IMPAIRMENT ALLOWANCE AND WRITE-DOWNS	-1 758.9	PLN million	-1 369.1	PLN million	28.5%	(y/y)
C/I	38.8	%	39.5	%	- 0.7	pp.
ROE NET	16.6	%	17.1	%	- 0.5	pp.
ROA NET	2.0	%	2.1	%	- 0.1	pp.

\* Result on business activities defined as operating profit before administrative expenses and net impairment allowance and write-downs.

In the third quarter of 2012 PKO Bank Polski SA's activities were focused on securing a stable development of business activities, while maintaining the priorities in the area of efficiency and effective cost control.

The net profit of the PKO Bank Polski SA Group generated in three quarters of this year amounted to PLN 2 874.4 million and was PLN 19.0 million higher than in the corresponding period of 2011 (+0.7% y/y). The achieved profit was determined by:

- ⇒ high level of result on business activities of the PKO Bank Polski SA Group - PLN 8 715.6 million, mainly due to an increase in net interest income by PLN 481.0 million compared to the corresponding period of the previous year,
- ⇒ increase in administrative expenses by 4.7% y/y, which, with dynamic growth of result on business activities (+6.7% y/y), enabled further enhancement in cost effectiveness measured by the C/I ratio by 0.7 pp. to the level of 38.8%,
- ⇒ deterioration of net impairment allowance, mainly as a result of an increase of impairment allowances on corporate loans portfolio, which was i.a. a reaction to the deterioration of market situation of construction companies,
- ⇒ an effective structure of the statement of financial position - a stable level of deposits of the PKO Bank Polski SA Group (PLN 145.4 billion as at the end of the third quarter of this year) and funds from the issue of securities enabled a dynamic increase in business activities. As at the end of the third quarter of 2012 the loan to deposit ratio amounted to 98.1% and considering the long-term financing was 88.2%.



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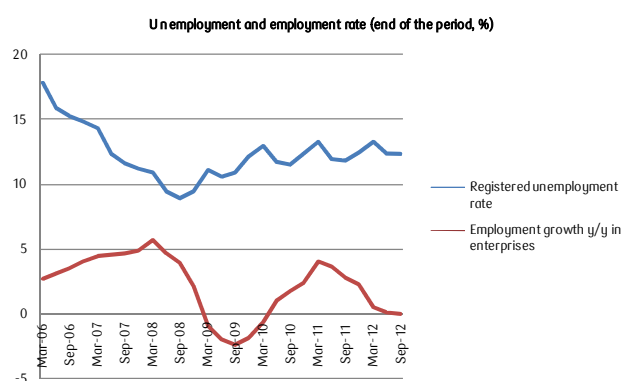
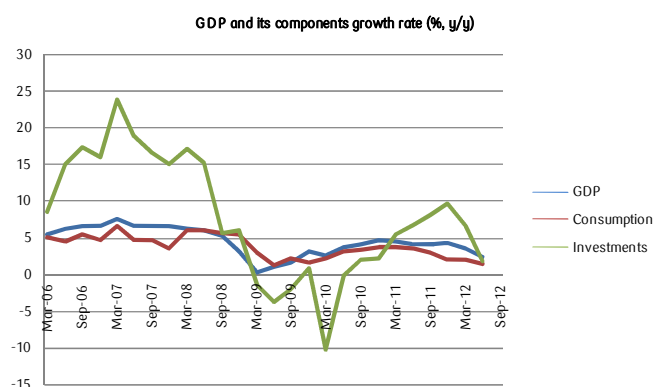
## DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE THIRD QUARTER OF 2012

### 2. External environment

#### Macroeconomic environment

In the third quarter of 2012:

- continuation of slowdown in the national economy - to around 1.5-2.0% y/y compared with 2.3% in the second quarter of 2012, which was accompanied by relatively low growth in private consumption and gradually lower dynamics of investments (both public and private);
- in September 2012, CPI inflation amounted to 3.8% p.a. compared with 4.3% in June 2012, which was accompanied by the stabilisation in the annual growth rate of food prices and deceleration in the annual growth rate of prices in most remaining categories of the inflation basket;
- situation on the labour market slightly deteriorated. In September, registered unemployment rate amounted to 12.4% compared to 12.3% in the end of the second quarter of 2012 and the ratio's growth in comparison with the corresponding period of the previous year increased. The annual growth rate in salaries and wages in the enterprise sector reached 2.7% p.a. in the third quarter compared to 3.0% in the second quarter of 2012 and the growth rate of employee pensions and disability benefits slightly decreased to 5.5% from 5.6% y/y in the second quarter of 2012;
- the Monetary Policy Council (RPP – Rada Polityki Pieniężnej) maintained interest rates on the current level (4.75% reference rate) in conditions of CPI ratio remaining above the inflation target, despite the deceleration in economy and deteriorating outlook for GDP growth in 2013.



#### Interest rate market

The changed approach of the Monetary Policy Council had the strongest effect on the quotations on the interest rate market in the third quarter of 2012. The representatives of the RPP indicated their readiness to ease the monetary policy. As a result, we observed strong drops in the deposit rates and the profitability of Treasury bonds (by 50-60 b.p. in the sectors from 2 to 10 years). At the beginning of the quarter, the FRA quotations estimated a drop in the rates by 25 b.p. by the end of the year, whereas already at the end of September of this year, by 50 b.p. The said drop in profitability was additionally brought about by the global situation. The European Central Bank reduced the interest rates by 25 b.p., the US Federal Reserve extended the programme for purchasing assets secured by real estates by USD 40 billion a month for an indefinite period, the Bank of Japan extended the scale of the Treasury security purchases from JPY 70 trillion to JPY 80 trillion and the Bank of England extended the programme of Gilts purchases by another GBP 50 billion to GBP 375 billion. Moreover, the announcement of an unlimited and conditional programme for purchasing bonds issued by the euro zone countries by the ECB (in cooperation with EFSF/ESM) brought a sudden drop in credit risk premium in Europe, which clearly aided the valuation of the Polish bonds.

#### Foreign exchange market

The third quarter of 2012 was positive for the zloty and the eurodollar. The increase in EUR/USD was mainly due to launching another round of quantitative easing by the Fed and the announcement of launching the OMT transactions by the ECB, which calmed down the market's anxiety related to the possibility of the euro zone's disintegration. A direct factor affecting the appreciation of the Polish currency was a drop in the risk premium caused by the expectation of the quantitative expansion by the Fed and ECB. This effect was maintained despite the stronger economic slowdown in Poland and growing market expectations concerning the reduction in interest rates by the Monetary Policy Council. As a result, the EUR/PLN exchange rate dropped from 4.24 as at the end of June 2012 to



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4.11 as at the end of September 2012 and the EUR/USD exchange rate dropped first from 1.27 to 1.20 and then after the announcement by the President of the ECB at the end of July 2012 it began to grow and the quarter was closed with an almost unchanged level, i.e. 1.28.

### **Stock market**

In the third quarter of 2012, the key factors affecting the stock markets were the continued slowdown of the global economic situation and major initiatives of the central banks. Despite the weak macroeconomic data, stock exchanges behaved positively, focusing their attention on the announcement of increasing the involvement of the European Central Bank and the US Federal Reserve in fighting against the crisis. The EuroStoxx600 and S&P500 indices grew respectively by 6.9% and 5.8%.

The results of Polish public companies for the second quarter of 2012 published in August of this year proved to be disappointing even compared with the moderate expectations of the analysts. The commentaries of the company management boards submitted in connection with announcing the results tended to tone down the expectations concerning the future, which resulted in adjusting down the forecasts of the analysts for the years 2012-2013. Despite the deteriorating macroeconomic background, the Warsaw Stock Exchange did not resist the wave of global optimism and closed the quarter with a 7.2% growth.

### **Situation in the Polish banking sector**

As at the end of the third quarter of 2012 the banking sector's net profit amounted to PLN 12.1 billion and was 0.9% higher than in the previous year. The change of the net profit was affected by: an increase of result on banking activities (by 4.1%), an increase of net impairment allowance (by 15.6%) and the growth of administrative expenses (by 5.4%). There was a slight deterioration in operational efficiency of the banking sector: C/I ratio increased to 50.2% compared with 50.0% in the corresponding period of 2011.

The quality of the loan portfolio deteriorated. As at the end of September 2012, the growth rate of impaired loans amounted to 9% y/y and was higher than in the corresponding period of 2011 (8.7% y/y). The value of non-performing loans granted to large enterprises (approx. 40% y/y) and mortgage loans of retail clients (approx. 23% y/y) was increasing the fastest, whereas non-performing consumer loans decreased (approx. 6% y/y). As at the end of September 2012, share of impaired loans in total loans increased to 8.8% compared with 8.4% in the previous year. The non-performing corporate loans ratio increased to 11.3% from 10.7% respectively and the non-performing mortgage loans ratio to 2.7% from 2.2%; the non-performing consumer loans ratio decreased to 17.9% from 18.2%.

As at the end of September 2012, total assets of the banking sector amounted to PLN 1.3 trillion and was 1.6% higher than as at the end of June 2012. In the third quarter of 2012 the situation on the loan and deposit market was affected by low banks' loan activity and an increase in the volume of deposits. The change in the volume of loans and deposits was affected by the appreciation of the PLN decreasing their value (decline in the PLN/CHF exchange rate by 4.1%, PLN / EUR by 3.5% in the third quarter of 2012).

In the third quarter of 2012 the value of total loans increased by PLN 5.7 billion. Their growth rate slowed down to 4.6% y/y from 10.3% y/y as at the end of the second quarter of 2012. After adjusting for changes in exchange rates, an increase in total loans would be more than three times higher.

A decrease in the activity on the mortgage loans market was recorded. In the third quarter of 2012 the growth rate of mortgage loans decreased to 2.2% y/y from 11.9% y/y as at the end of the second quarter of 2012. The value of these loans decreased by PLN 3.3 billion, however after adjusting for changes in exchange rates, an increase by PLN 4.9 billion was prevailed. Lower demand, limits on the 'Rodzina na swoim' programme, a stricter credit policy of banks caused by supervisory regulations and the deteriorating quality of the loan portfolio had a negative impact on sales of mortgage loans.

The market of consumer loans remained stagnant. In the third quarter of 2012 the value of loans decreased by approx. PLN 0.8 billion. The repayment of consumer loans was still higher than the value of new loans. This situation was mainly due to stricter credit policy of banks caused by new regulatory solutions and an increasing activity of shadow banks resulting in the customer migration to unregulated market.

In the third quarter of 2012 the situation on the corporate loans market deteriorated. Their value increased by approx. PLN 3 billion q/q and a growth rate decreased to 7.5% y/y from 12.1% y/y as at the end of the second quarter of 2012. After adjusting for changes in exchange rates, the actual increase in these corporate loans would be higher and would amount to PLN 5.6 billion. The situation on the corporate loans market was the result of





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deterioration in the growth perspectives of the economy and continued low investment activity of enterprises, financing operations with own funds and therefore low demand for external financing.

In the third quarter of 2012 the value of total deposits increased by PLN 23.2 billion and was higher by approx. 40% than in the second quarter of 2012. The increase in government deposits (+ PLN 16.7 billion) compared with the lower increase in deposits of private individuals (+ PLN 5.7 billion) and non-monetary financial institutions deposits (+ PLN 3.8 billion) had the significant impact on the increase in total deposits. The downward trend in corporate deposits continued. The decline amounted to PLN 5.3 billion was mainly caused by returning enterprises to financing the development with own funds.

In the third quarter of 2012, the gap between loans and deposits in the banking sector decreased by PLN 17.6 billion to approx. PLN 75 billion and the relation loans/deposits amounted to 109% as at the end of September 2012 compared with 111.4% as at the end of the second quarter of 2012.

### **Regulatory factors**

The financial and organisational situation of the PKO Bank Polski SA Group in the third quarter of 2012 was influenced i.a. by the following regulatory solutions:

- the Act of 15 July 2011 amending the Act on financial support to families purchasing their own homes (Journal of Laws, No. 168, item 1006), which specified gradually extinguishing the 'Rodzina na Swoim' programme by 31 December 2012; the Act implemented changes in the criteria for granting preferential loans, thus affecting the level of lending activity on the mortgage loans market;
- the Resolution No. 153/2011 of the PFSA of 7 June 2011 specifying the rules of determining capital requirements for individual risk types (Official Journal of PFSA No. 8 from 2011, item 29); it increased from 30 June 2012 the risk weights for retail exposures and exposures secured on housing real estate in the case of which the amount of principal or interest instalment depends on exchange rate fluctuations;
- the Resolution No. 173/2012 of the PFSA (Official Journal of PFSA from 2012, item 9) implementing changes in the limits of exposures concentration and the Bank's large exposures definition as of 30 June 2012.

The situation of the PKO Bank Polski SA Group was also affected by new law regulations implemented in Ukraine, where subsidiaries of PKO Bank Polski SA operate – the KREDOBANK SA Group, UKRPOLINWESTYCJE Sp. z o.o. and the 'Inter-Risk Ukraina' Sp. z d.o. Group:

- the Resolution No. 248 of the Management Board of NBU introducing changes related to the formation of specific provisions and mandatory reserves as of 30 June 2012;
- the Resolution No. 479/2011 of the Management Board of NBU preventing from including unregistered contributions in banks' equity and banning the payment of dividend, taking into consideration the requirement of the regulatory capital adequacy after 1 July 2012;
- the Decision No. 308/2012 of the Management Board of NBU introducing changes in the execution of foreign currency transactions by the bank as of 23 August 2012;
- the Decision No. 321/2012 of the Management Board of NBU extending from 7 September 2012 the period for which loans supporting bank liquidity are granted by NBU from 9 months to 2 years;
- the Act No. 4452-VI increasing from 21 September 2012 the rate of bank charges to the deposit guarantee fund in respect of foreign currency deposits from 0.5% to 0.8%, which affects the level of banks' administrative expenses;
- the Decision No. 393/2012 of the Management Board of NBU according to which starting from 28 September 2012 banks are obliged to create provisions for potential losses in respect of active transactions in order to obtain refinancing loans for a period of more than 90 days.

### **Ukrainian market**

The key macroeconomic factors affecting the operations of the PKO Bank Polski SA Group entities in Ukraine in the third quarter of 2012 include:

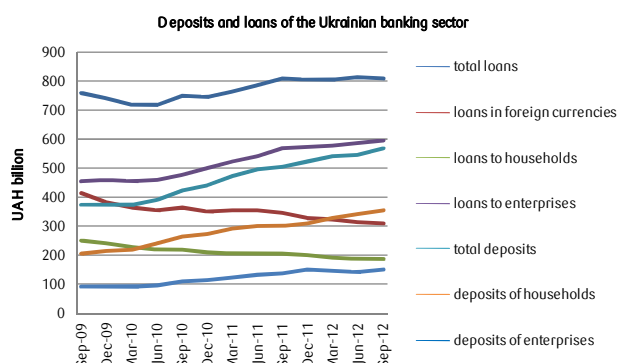
- the impaired growth of industrial production and investment activities, indicating a drop in economic growth dynamics following the acceleration of the GDP in the second quarter (to 3.0% y/y), related to the organization of the EURO2012 and the early commencement of harvesting in agriculture. The slowdown in economic growth in the third quarter is mainly related to the weakening demand for the main export goods, accompanied by the lower dynamics of the real income of households;



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- the slowdown in the drop in food prices to -2.5% y/y in the third quarter from -3.9% y/y in the second quarter, related to the gradual disclosure of unfavourable base effects (the record level of harvest in 2011). Reducing the deflation pressure on the food market stopped the drop in total consumer prices in the third quarter compared with a drop in the CPI index by 0.4% y/y a quarter before, which eliminated the positive effect of prices on the dynamics of the real income of households;
- maintaining the polarisation of goals of NBU: short-term strive towards the stabilisation of the UAH exchange rate on the one hand and the attempt to stimulate the lending activity on the other hand, expressed in further pressure to reduce liquidity in UAH on the interbank market, accompanied by introducing central liquidity distribution tools (long-term transactions increasing liquidity);
- no progress in implementing the reforms necessary to reinstate the Stand-by-Arrangement with the IMF, while the government representatives continue to signal their will to return to the support by IMF after the parliamentary election (28 October);
- continued growth of the external imbalance – the increase of deficit on the current account to approx. 7.6% of the GDP in August, compared with 7.0% in June and 6.2% of the GDP at the end of 2011 and an outflow of foreign currency reserves related to the effort to avoid the weakening of the hryvnia;
- stabilisation of the official exchange rate of the hryvnia (at the level of approx. UAH/USD 8.00), supported by regular interventions by NBU on the foreign exchange market and the accompanying weakening of the UAH/USD exchange rate to the level of 8.15 on the interbank market.



Source: NBU.

According to the data of the National Bank of Ukraine, as at the end of September 175 banks conducted business activities in Ukraine. The share of foreign capital in the equity of the banking sector in Ukraine dropped at the end of August 2012 to 39.3% compared with 41.3% at the end of June and 41.9% at the end of December 2011.

By the end of September of this year, the assets of the Ukrainian banks increased to UAH 1.12 trillion compared with UAH 1.08 trillion as at the end of June 2012 and UAH 1.05 trillion as at the end of 2011. In the third quarter of 2012, a slight growth in the value of the loan portfolio to UAH 818 billion occurred from UAH 811 billion which was recorded in June. The downward tendency of the annual dynamics of the loan portfolio value continued – in September of this year it amounted to 1.0% y/y after the drop from 3.3% in June and 7.9% y/y in December 2011. The tendency to change the currency structure of the loan portfolio to increase the share of loans in the local currency was continued. As at the end of September, the share of foreign currency loans in the total loans was 38.4% compared with 38.9% as at the end of June and 40.7% as at the end of 2011. In the third quarter, the higher dynamics of the deposit base compared with the loan portfolio was maintained in the banking sector in Ukraine. The increase in total deposits amounted to UAH 19.2 billion. The annual dynamics of the deposit value reached 12.1% y/y as at the end of September (10.7% as at the end of June of this year). The main source of the growth in deposits – as in the case of loans – were non-financial institutions (UAH +10.2 billion compared with June) and households (UAH +11.9 billion). As a result of the faster growth of deposits than loans in the banks in Ukraine, the L/D ratio improved again and reached 1.44 as at the end of September compared with 1.48 in June and 1.54 in December 2011.

The equity of the banking sector in Ukraine increased as at the end of the third quarter to UAH 164.4 billion from UAH 158.9 billion in June (in December 2011, it amounted to UAH 155.5 billion).

As at the end of September, the value of non-performing loans in the portfolio of the banking sector in Ukraine dropped to UAH 75.8 billion compared with UAH 78.3 billion in June and UAH 79.3 billion as at the end of 2011. Thus, the share of non-performing loans in the total loan portfolio dropped to 9.3% from 9.7% in June of this year.



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## DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE THIRD QUARTER OF 2012

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

#### 3.1. Commentary to the financial results of the PKO Bank Polski SA Group

##### Factors influencing results of the Group

In the third quarter of 2012, the situation on the loan and deposit market was affected by the low level of the banks' lending activity and the increase in the volume of deposits. Actions undertaken by the PKO Bank Polski SA Group in three quarters of 2012 allowed generating net profit amounting to PLN 2 874.4 million.

The PKO Bank Polski SA Group demonstrated high level efficiency – as at the end of the third quarter of 2012, the ROE ratio amounted to 16.6%.

Deposit base stabilisation, funds from the issue of bonds and the high level of equity of the PKO Bank Polski SA Group covered the funding needs and enabled the further stable and secure growth of business activities.

As at the end of the third quarter of 2012, the capital adequacy ratio amounted to 12.9%, while its minimum level, determined by the Banking Law, amounted to 8%.

##### Key financial indicators

The summary of results, achieved by the PKO Bank Polski SA Group, is represented by the following key financial efficiency indicators, which are shown in the table below.

**Table 1. Key financial indicators of the PKO Bank Polski SA Group**

	30.09.2012	30.09.2011	Change
<b>ROA net</b> (net profit/average total assets)	2.0%	2.1%	-0.1 pp.
<b>ROE net</b> (net profit/average total equity)	16.6%	17.1%	-0.5 pp.
<b>C/I</b> (cost to income ratio)	38.8%	39.5%	-0.7 pp.
<b>Interest margin</b> (net interest income/average interest-bearing assets)	4.7%	4.5%	0.2 pp.
<b>The share of impaired loans*</b>	8.9%	8.1%	0.8 pp.
<b>The coverage ratio of impaired loans**</b>	49.0%	48.2%	0.8 pp.

\* Calculated by dividing the gross carrying amount of impaired loans and advances to customers by the gross carrying amount of loans and advances to customers.

\*\* Calculated by dividing the balance of impairment allowances on loans and advances to customers by the gross carrying amount of impaired loans and advances to customers.

##### Financial results

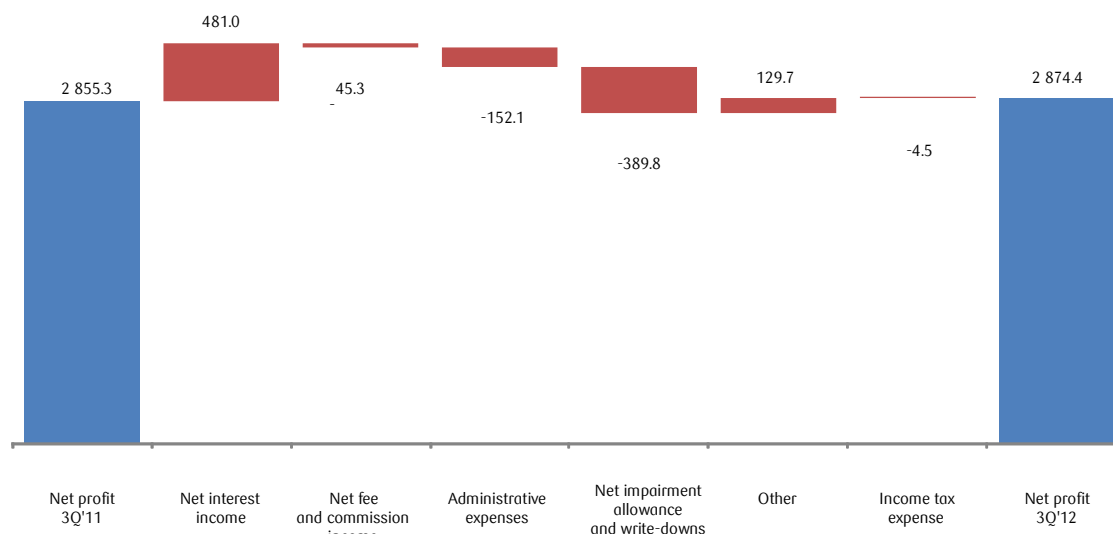
In three quarters of 2012, the PKO Bank Polski SA Group achieved net profit in the amount of PLN 2 874.4 million, which was PLN 19.0 million higher than in the corresponding period of 2011 (+0.7% y/y).



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## DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE THIRD QUARTER OF 2012

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



The main consolidated income statement items were as follows:

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

	3rd quarter period from 01.07- 30.09.2012	3 quarters period from 01.01- 30.09.2012	3rd quarter period from 01.07- 30.09.2011	3 quarters period from 01.01- 30.09.2011	Change Q3 2012/ Q3 2011 (in PLN million)	Change Q3 2012/ Q3 2011 (in %)
Interest and similar income	3 297.1	9 784.4	3 149.4	8 751.7	1 032.7	11.8%
Interest expense and similar charges	(1 319.7)	(3 764.7)	(1 185.2)	(3 213.0)	(551.7)	17.2%
<b>Net interest income</b>	<b>1 977.4</b>	<b>6 019.7</b>	<b>1 964.1</b>	<b>5 538.7</b>	<b>481.0</b>	<b>8.7%</b>
Fee and commission income	955.9	2 809.6	953.5	2 853.4	(43.8)	-1.5%
Fee and commission expense	(194.2)	(545.2)	(185.2)	(543.7)	(1.5)	0.3%
<b>Net fee and commission income</b>	<b>761.7</b>	<b>2 264.4</b>	<b>768.3</b>	<b>2 309.7</b>	<b>(45.3)</b>	<b>-2.0%</b>
Dividend income	2.0	8.1	0.3	6.8	1.3	18.8%
Net income from financial instruments designated at fair value	32.8	48.2	(28.6)	(63.9)	112.1	x
Gains less losses from investment securities	17.3	22.0	0.7	16.6	5.4	32.4%
Net foreign exchange gains	88.7	233.4	115.1	247.5	(14.1)	-5.7%
Other operating income	149.1	386.7	100.9	331.0	55.7	16.8%
Other operating expenses	(104.4)	(266.9)	(69.3)	(219.3)	(47.5)	21.7%
<b>Net other operating income and expense</b>	<b>44.7</b>	<b>119.8</b>	<b>31.6</b>	<b>111.6</b>	<b>8.2</b>	<b>7.3%</b>
Net impairment allowance and write-downs	(657.6)	(1 758.9)	(487.7)	(1 369.1)	(389.8)	28.5%
Administrative expenses	(1 131.4)	(3 377.8)	(1 102.5)	(3 225.7)	(152.1)	4.7%
<b>Operating profit</b>	<b>1 135.7</b>	<b>3 578.9</b>	<b>1 261.2</b>	<b>3 572.2</b>	<b>6.7</b>	<b>0.2%</b>
Share of profit (loss) of associates and jointly controlled entities	8.4	14.4	0.7	(3.1)	17.5	x
<b>Profit before income tax</b>	<b>1 144.1</b>	<b>3 593.3</b>	<b>1 261.9</b>	<b>3 569.1</b>	<b>24.2</b>	<b>0.7%</b>
Income tax expense	(223.3)	(719.7)	(245.2)	(715.2)	(4.5)	0.6%
Net profit (including non-controlling shareholders)	920.8	2 873.6	1 016.7	2 853.8	19.7	0.7%
Profit (loss) attributable to non-controlling shareholders	(0.2)	(0.8)	(0.3)	(1.5)	0.7	-46.3%
<b>Net profit</b>	<b>921.0</b>	<b>2 874.4</b>	<b>1 017.0</b>	<b>2 855.3</b>	<b>19.0</b>	<b>0.7%</b>

In the income statement of the PKO Bank Polski SA Group after three quarters of 2012, the sum of revenue positions amounted to PLN 8 715.6 million and was PLN 548.5 million, i.e. 6.7% higher than in the corresponding period of 2011.

### Net interest income

After three quarters of 2012, net interest income was PLN 481.0 million (i.e. 8.7%) higher than in the corresponding period of the previous year, mainly due to interest income growth by PLN 1 032.7 million.

After three quarters of 2012, interest income amounted to PLN 9 784.4 million and in comparison with the corresponding period of 2011 was higher by 11.8%, mainly as a result of an increase in revenue



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in respect of loans and advances to customers (+)8.4% y/y – which was associated with the fast loan portfolio growth (+2.2% y/y) as well as the market interest rates growth.

Growth of interest expenses amounted to (+)17.2% y/y and resulted mainly from the increase in the costs of amounts due to customers (+14.7% y/y) which was brought about on the one hand by the increase in the volume of deposits and on the other hand by the increase in their average interest rates, mainly in connection with adapting the offer of PKO Bank Polski SA to changes in market interest rates.

The interest margin increased by 0.2 pp. y/y to 4.7% at the end of the third quarter of 2012, as a result of an increase in net interest income, which was accompanied by an increase in average interest-bearing assets of 7.8% y/y.

### **Net fee and commission income**

After three quarters of 2012, net fee and commission income was PLN 45.3 million lower than in the corresponding period of the previous year, mainly due to the decrease in commission income by PLN 43.8 million. This situation was determined by lower commission income in respect of loan insurance (-PLN 75.7 million y/y) and maintenance of investment funds and open pension funds (-PLN 36.0 million y/y), partly offset by an increase in income in respect of payment cards (+PLN 81.8 million y/y). A decrease in net commission income in respect of loan insurance was related mainly to mortgage loans and consumer loans and was associated with a decrease in sale of such loans in the whole banking sector. However, a decrease in net commission income in respect of maintenance of investment funds was related to the decrease in fees for assets management, accompanied by ca. 2% decrease of value of assets managed by investment funds.

### **Administrative expenses**

After three quarters of 2012, total administrative expenses increased by PLN 152.1 million as compared to the corresponding period of the previous year (+4.7% y/y). Their level was mainly determined by:

- increase in employee benefits by PLN 65.8 million (+3.7% y/y), mainly due to an increase in wages and salaries,
- increase in overheads and other expenses by PLN 63.7 million (+5.9% y/y), mainly due to an increase in IT, promotion and advertising costs,
- increase in amortization and depreciation by PLN 22.5 million (+5.8% y/y).

An increase in total administrative expenses, accompanied by an increase in the income by 6.7% y/y, resulted in maintaining high operating efficiency of the PKO Bank Polski SA Group measured by the C/I ratio, which amounted to 38.8% as at the end of the third quarter of 2012.

### **Net impairment allowance and write-downs**

Net impairment allowance and write-downs reflect the PKO Bank Polski SA Group's conservative approach to recognition and measurement of credit risk. An increase of net impairment allowance after three quarters of 2012 compared with the corresponding period of the previous year (+28.5% y/y), is mainly a result of the increase in the net impairment allowance on the corporate loans portfolio, which was i.a. a consequence of deterioration of market situation of construction companies.

The share of impaired loans at the end of the third quarter of 2012 amounted to 8.9% which represents an increase by 0.8 pp. y/y, mainly due to the deterioration in quality of corporate loans.

Cost of risk<sup>1</sup> as at the end of the third quarter of 2012 increased by 0.2 pp. to 1.4% compared to 1.2% at the end of the third quarter of 2011, mainly resulting from an increase in write-downs of corporate loans.

<sup>1</sup> Calculated through dividing net impairment allowance and write-downs of loans and advances to customers for the twelve-month period ended 30 September 2011 and 2012, by the average balance of gross loans and advances to customers at the beginning and at the end of reporting period and intermediate quarterly periods.



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## DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE THIRD QUARTER OF 2012

### Statement of financial position

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

	30.09.2012	Structure 30.09.2012	31.12.2011	Structure 31.12.2011	Change (in %)
Cash and balances with the central bank	6 718.1	3.5%	9 142.2	4.8%	-26.5%
Amounts due from banks	5 163.8	2.7%	2 396.2	1.3%	2.2x
Loans and advances to customers	142 705.6	73.8%	141 634.5	74.3%	0.8%
Securities	28 522.9	14.8%	28 171.6	14.8%	1.2%
Other assets	10 136.9	5.2%	9 403.6	4.9%	7.8%
<b>Total assets</b>	<b>193 247.4</b>	<b>100.0%</b>	<b>190 748.0</b>	<b>100.0%</b>	<b>1.3%</b>
Amounts due to banks	3 635.8	1.9%	6 242.6	3.3%	-41.8%
Amounts due to customers	145 444.3	75.3%	146 473.9	76.8%	-0.7%
Debt securities in issue and subordinated liabilities	14 010.7	7.3%	9 386.2	4.9%	49.3%
Other liabilities	6 386.6	3.3%	5 823.4	3.1%	9.7%
<b>Total liabilities</b>	<b>169 477.4</b>	<b>87.7%</b>	<b>167 926.1</b>	<b>88.0%</b>	<b>0.9%</b>
Total equity	23 770.0	12.3%	22 822.0	12.0%	4.2%
<b>Total liabilities and equity</b>	<b>193 247.4</b>	<b>100.0%</b>	<b>190 748.0</b>	<b>100.0%</b>	<b>1.3%</b>
Loans /Amounts due to customers	98.1%	x	96.7%	x	1.4 pp.
Loans/Stable sources of funding*	88.2%	x	88.4%	x	-0.2 pp.
Interest bearing assets/Assets	91.3%	x	90.3%	x	1 pp.
Interest paying liabilities/Liabilities	84.4%	x	85.0%	x	-0.6 pp.
Adequacy ratio	12.9%	x	12.4%	x	0.5 pp.

\* Stable sources of funding include amounts due to customers and long-term external financing in the form of: issue of securities, subordinated liabilities and amounts due to financial institutions.

The statement of financial position of the PKO Bank Polski SA Group is mainly influenced by the statement of financial position of the parent entity. It determines both the size of total assets and the structure of assets and liabilities.

The total assets of the PKO Bank Polski SA Group amounted to PLN 193.2 billion as at the end of the third quarter of 2012, which means an increase by 1.3% compared to the end of 2011. As a result, the PKO Bank Polski SA Group maintained the position of the largest institution in the Polish banking sector.

### Loans and advances to customers

In the structure of the gross loan portfolio by types, the main items are mortgage loans with the volume of PLN 71.2 billion (no changes compared with the end of 2011), the share of which in the structure of the loan portfolio decreased by 0.6 pp. compared with the end of the previous year. The volume of consumer loans decreased by PLN 1.6 billion compared with the end of 2011, the share of which in the structure of the gross loan portfolio decreased by 1.3 pp. in the presented period. The corporate loans increased by PLN 2.0 billion, the share of which in the structure of the gross loan portfolio increased by 0.9 pp. As at the end of September 2012, the portfolio of loans and advances to customers included PLN 1.4 billion of debt securities, reclassified in accordance with the IAS from the portfolio of securities.

### Amounts due to customers

In the structure of amounts due to customers by types, the main items are amounts due to retail clients, which in the third quarter of this year recorded an increase by 3.6% compared with the end of 2011 and amounted to PLN 108.0 billion. Their share in the structure of the liabilities portfolio compared to the end of 2011 increased by 3.1 pp. (mainly an increase in the share of term deposits) along with a decrease in share of amounts due to companies by 3.7 pp. in the total amounts due to customers' portfolio.





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## DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE THIRD QUARTER OF 2012

### Debt securities in issue and subordinated liabilities

The PKO Bank Polski SA Group is an active participant of the market of debt securities in issue, both domestic and international. The objective of these actions is to obtain additional sources of financing in the mid- and long-term horizon. After three quarters of 2012, debt securities in issue and subordinated liabilities represent 8.3% of the liabilities, which is the effect of the growth of liabilities in respect of the issue by PLN 4.6 billion compared with the end of 2011. Detailed information on the issues carried out by the PKO Bank Polski SA Group is described in the further explanatory data of the condensed interim consolidated financial statements.

### Equity and capital adequacy ratio

As at the end of the third quarter of 2012, equity increased by PLN 0.9 billion i.e. by 4.2% compared with the end of 2011, accounted for 12.3% of total liabilities and equity of the PKO Bank Polski SA Group (an increase in share by 0.3 pp. compared with the end of 2011).

As at the end of the third quarter of 2012 the capital adequacy ratio of the PKO Bank Polski SA Group was at a level of 12.9%, which represents an increase by 0.5 pp. compared with the end of 2011. It was mainly due to an increase of Bank's own funds. The level of capital adequacy ratio significantly exceeds the minimum value of the ratio required by the Banking Law. Capital adequacy measured with the capital adequacy ratio remained at a safe level.

### 3.2. Commentary to the financial results of PKO Bank Polski SA

#### Key financial indicators

The summary of results, achieved by PKO Bank Polski SA, is represented by the following key financial efficiency indicators, which are shown in the table below.

**Table 4. Key financial indicators of PKO Bank Polski SA**

	30.09.2012	30.09.2011	Change
<b>ROA net</b> (net profit/average total assets)	2.1%	2.2%	-0.1 pp.
<b>ROE net</b> (net profit/average total equity)	17.2%	17.3%	-0.1 pp.
<b>C/I</b> (cost to income ratio)	36.5%	37.7%	-1.2 pp.
<b>Interest margin</b> (net interest income/average interest-bearing assets)	4.7%	4.5%	0.2 pp.
<b>The share of impaired loans*</b>	8.2%	7.3%	0.9 pp.
<b>The coverage ratio of impaired loans**</b>	49.0%	48.7%	0.3 pp.

\* Calculated by dividing the gross carrying amount of impaired loans and advances to customers by the gross carrying amount of loans and advances to customers.

\*\* Calculated by dividing the balance of impairment allowances on loans and advances to customers by the gross carrying amount of impaired loans and advances to customers.

#### Financial results

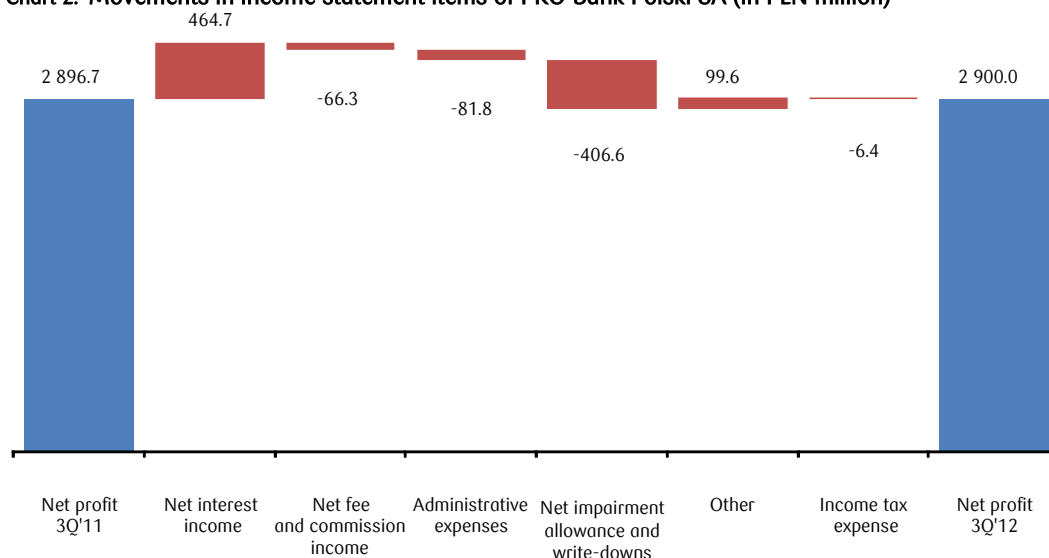
In three quarters of 2012, PKO Bank Polski SA achieved net profit in the amount of PLN 2 900.0 million and was PLN 3.2 million higher than in the corresponding period of 2011 (+0.1% y/y).



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## DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE THIRD QUARTER OF 2012

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



The Bank's income statement items were as follows:

Table 5. Movements in income statement items of PKO Bank Polski SA (in PLN million)

	3rd quarter period from 01.07-30.09.2012	3 quarters period from 01.01- 30.09.2012	3rd quarter period from 01.07-30.09.2011	3 quarters period from 01.01- 30.09.2011	Change Q3 2012/ Q3 2011 (in PLN million)	Change Q3 2012/ Q3 2011 (in %)
Interest and similar income	3 235.6	9 610.7	3 102.4	8 591.6	1 019.1	11.9%
Interest expense and similar charges	(1 285.5)	(3 673.8)	(1 149.7)	(3 119.5)	(554.4)	17.8%
<b>Net interest income</b>	<b>1 950.2</b>	<b>5 936.9</b>	<b>1 952.7</b>	<b>5 472.2</b>	<b>464.7</b>	<b>8.5%</b>
Fee and commission income	901.1	2 651.0	902.0	2 691.0	(39.9)	-1.5%
Fee and commission expense	(209.9)	(580.6)	(197.7)	(554.2)	(26.4)	4.8%
<b>Net fee and commission income</b>	<b>691.2</b>	<b>2 070.4</b>	<b>704.2</b>	<b>2 136.7</b>	<b>(66.3)</b>	<b>-3.1%</b>
Dividend income	2.0	93.2	0.3	94.0	(0.8)	-0.9%
Net income from financial instruments designated at fair value	32.8	47.6	(28.4)	(63.8)	111.4	x
Gains less losses from investment securities	17.7	23.2	0.9	16.0	7.2	44.9%
Net foreign exchange gains	88.2	231.2	114.6	244.8	(13.6)	-5.6%
Other operating income	12.6	45.6	17.4	56.6	(11.0)	-19.4%
Other operating expenses	(12.2)	(37.9)	(16.4)	(44.4)	6.5	-14.6%
<b>Net other operating income and expense</b>	<b>0.4</b>	<b>7.7</b>	<b>1.0</b>	<b>12.3</b>	<b>(4.5)</b>	<b>-36.8%</b>
Net impairment allowance and write-downs	(645.4)	(1 737.4)	(473.1)	(1 330.9)	(406.6)	30.5%
Administrative expenses	(1 025.9)	(3 068.6)	(1 026.6)	(2 986.8)	(81.8)	2.7%
<b>Operating profit</b>	<b>1 111.2</b>	<b>3 604.3</b>	<b>1 245.6</b>	<b>3 594.6</b>	<b>9.7</b>	<b>0.3%</b>
<b>Profit before income tax</b>	<b>1 111.2</b>	<b>3 604.3</b>	<b>1 245.6</b>	<b>3 594.6</b>	<b>9.7</b>	<b>0.3%</b>
Income tax expense	(216.9)	(704.3)	(244.0)	(697.9)	(6.4)	0.9%
<b>Net profit</b>	<b>894.3</b>	<b>2 900.0</b>	<b>1 001.6</b>	<b>2 896.7</b>	<b>3.2</b>	<b>0.1%</b>





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## DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE THIRD QUARTER OF 2012

### 3.3. Business development<sup>2</sup>

#### 3.3.1. Market shares of PKO Bank Polski SA

At the end of the third quarter of 2012, the Bank maintained its leading position in the banking sector in respect of its share in the deposit and loan market, which amounted to 16.9% and 16.0% respectively.

**Table 6. Market share of PKO Bank Polski SA (in %)\***

	30.09.2012	31.12.2011	30.09.2011	Change 30.09.2012/ 31.12.2011	Change 30.09.2012/ 30.09.2011
<b>Loans</b>	<b>16.0</b>	<b>16.2</b>	<b>16.5</b>	<b>-0.2 pp.</b>	<b>-0.5 pp.</b>
retail clients	19.0	19.2	19.5	-0.2 pp.	-0.5 pp.
mortgage	19.9	19.9	20.1	0 pp.	-0.2 pp.
in Polish zloty	28.8	30.6	31.3	-1.8 pp.	-2.5 pp.
in foreign currencies	12.9	13.2	13.4	-0.3 pp.	-0.5 pp.
consumer and other	16.9	17.6	18.0	-0.7 pp.	-1.1 pp.
corporate clients	13.0	13.1	13.3	-0.1 pp.	-0.3 pp.
<b>Deposits</b>	<b>16.9</b>	<b>17.8</b>	<b>18.1</b>	<b>-0.9 pp.</b>	<b>-1.2 pp.</b>
retail clients	21.9	22.3	22.5	-0.4 pp.	-0.6 pp.
corporate clients	10.5	12.1	12.6	-1.6 pp.	-2.1 pp.

\* Data source: NBP reporting system - Webis.

#### 3.3.2. Retail segment of PKO Bank Polski SA

In the third quarter of 2012, activities undertaken by PKO Bank Polski SA within the retail segment were focused on improving attractiveness and competitiveness of offered products, with flexible reaction to changing market conditions.

In the area of retail customers, PKO Bank Polski SA focused on providing comprehensive banking services which satisfy both the credit needs and the deposit and settlements needs. Efforts to improve the quality of the service, i.e. by improving the standard of providing services to the clients and enhancing the skills of employees (product training courses) were performed.

As at 30 September 2012, deposits of the retail segment of PKO Bank Polski SA amounted to PLN 116.6 billion and since the beginning of the year, their volume has increased by PLN 2.3 billion (i.e. by 2.0%). An increase in the retail and private banking deposit portfolio (+3.5% since the beginning of the year) contributed to this, mainly due to the dynamic increase in volume of term deposits.

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

	30.09.2012**	31.12.2011	30.09.2011	Change since: 31.12.2011	30.09.2011
Clients deposits*, of which:					
retail and private banking	103 489	99 965	96 641	3.5%	7.1%
small and medium enterprises	8 403	8 906	8 484	-5.6%	-1.0%
housing market clients	4 676	5 407	5 160	-13.5%	-9.4%
<b>Total deposits</b>	<b>116 568</b>	<b>114 278</b>	<b>110 285</b>	<b>2.0%</b>	<b>5.7%</b>

\* Change in relation to business volumes previously presented results from a change in presentation; i.e. volumes currently presented include also valuation adjustments and accrued interest.

\*\* At the end of the third quarter of this year, as a result of re-segmentation performed during the year, PLN 32 million of deposit volumes of small and medium enterprises and PLN 446 million of deposit volumes of housing market clients were transferred to corporate segment.

Source: Management data of the Bank

As at the end of the third quarter of 2012, the gross value of loans to the retail segment of PKO Bank Polski SA amounted to PLN 106.3 billion, which constituted a decrease of PLN 4.6 billion (i.e. by 4.1%) since the beginning of the year. A decrease in the retail and private banking loan portfolio (-6.8% since the beginning of the year) contributed to this, mainly due to the decrease in consumer finance loans portfolio.

<sup>2</sup> In this document, any differences in total balances, percentages and growth rates result from rounding the amounts to PLN million and rounding percentages to one decimal place.



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## DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE THIRD QUARTER OF 2012

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

	30.09.2012**	31.12.2011	30.09.2011	Change since: 31.12.2011	30.09.2011
Gross loans and advances granted*, of which:					
retail and private banking	22 597	24 248	25 017	-6.8%	-9.7%
small and medium enterprises	14 388	15 527	15 797	-7.3%	-8.9%
mortgage banking	63 006	63 156	62 449	-0.2%	0.9%
housing market clients (including refinanced by the state budget)	6 347	7 969	7 553	-20.4%	-16.0%
<b>Total loans and advances</b>	<b>106 337</b>	<b>110 901</b>	<b>110 817</b>	<b>-4.1%</b>	<b>-4.0%</b>

\* Change in relation to business volumes previously presented results from a change in presentation; i.e. volumes currently presented include valuation adjustments and accrued interest. Additionally, the mortgage loan was presented in loans and advances of retail and private banking.

\*\* At the end of the third quarter of this year, as a result of re-segmentation performed during the year, PLN 1 139 million of loan volumes of small and medium enterprises and PLN 1 575 million of loan volumes of housing market clients were transferred to the corporate segment.

Source: Management data of the Bank.

The main activities aimed at specified groups of products are detailed below.

Table 9. Activities and achievements of PKO Bank Polski SA in the retail segment

New products and services	Activity – Deposits
9M Progresja deposit	Sales of the 9-month fixed-term deposit 9M Progresja introduced into the Bank's offer on 1 January of this year were continued. The interest rate of the deposit is progressive and amounts to 4.17% on average p.a. During the saving period, the customer gains the most after keeping to the contractual period of 9 months (the interest rate grows from 0.5 pp. for 1M to even 9 pp. in 9M). The minimum payment is PLN 1 000. The amount of proceeds collected on such an account as at the end of September of this year was PLN 4.2 billion.
Even and odd deposit	Sales of innovative products being in the Bank's offer from 21 May of this year, which are open for the period of 9 and 12 months, were continued. Offered products are the progressive deposits with the possibility of partial withdrawals during the contractual period without loss of interest. Thanks to the deposit, the customer receives 3 terms in 1 product. The interest rate on an annual basis for maintaining the period of 9 months and 12 months that is dependent on the amount of deposit at the end of the contractual period and amounts respectively up to 5.00% per annum (5.30% for new funds) and up to 5.20% per annum (5.50% for new funds). The minimum amount of deposit is PLN 1 000. The amount of proceeds collected on such accounts as at the end of September of this year was PLN 12.2 billion.
School Savings Unions (SKO) Account	In the first three quarters of this year, the activities of the Bank were focused on carrying out the project 'Implementation of the new SKO offer' which was aimed at revitalising the SKO programme by developing a new model of servicing young customers. As a result, as part of the project, schools were offered 5 new SKO packages, differing according to preferences: SKO Account for the School, SKO Account for the Pupil, SKO Account for the Parent Council, SKO Account – School's Plan and SKO Account – Parent Council's Plan. School Savings Unions are also attractive interest rate. SKO Account for the Pupil guarantees 5% per annum for amounts up to PLN 2 500 and weekly capitalisation of interest.
Investment deposits with subfunds	Sales of two types of deposits with subfunds in the Bank's offer from 23 April of this year and 11 June of this year were continued. Available 3, 6 or 12-month investment deposit accounts with subfunds: PKO Akcji Plus, PKO Akcji Małych i Średnich Spółek Plus, PKO Zrównoważony Plus, PKO Stabilnego Wzrostu Plus and PKO Papierów Dłużnych. The interest rate on the deposit is differed according to the funds allocation, amount and term of deposit - maximum 8.00%.
Housing Savings Book with a Bonus (Oszczędnościowa Książeczka Mieszkaniowa z Bonusem)	From 3 September of this year housing savings book offered for the period of 3 and 5 years was introduced into the Bank's offer. The interest rate of the product for a given sub-period is 3.50% per annum and may be increased by interest premium or loyalty premium. The minimum first payment for a 3-year period of saving is PLN 5 000 and for the 5-year period – PLN 2 000. The idea of the product is to encourage customers to long-term systematic saving through: 1) interest premium (for accumulating the required deposit within the specified period), 2) loyalty premium (for accumulating cash over a sufficiently long period of time) and 3) a Bonus of PLN 1 000 or PLN 2 000 (for fulfilling the following conditions: maintaining cash until the end of the contractual period, accumulating the required deposit at the end of a sub-period, signing a mortgage loan agreement at PKO Bank Polski SA for an amount of at least PLN 150 000).
2+3M deposit for new funds for housing market customers	Continuation (in the offer from 1 June of this year) of products' sales is the second edition of deposit for customers of the housing market with the special interest rate offered to clients transferring new funds from competitive banks. The deposit is offered for 5 months. The minimum deposit amount is PLN 5 000. The interest rate on funds accumulated on deposit account is calculated on an annual basis and is fixed during the contractual period. In exchange for maintaining the full period of deposit the interest at the level of 4.60% per annum will be paid.
SME Packages	In three quarters of this year a promotion relating to the terms of serving SME customers was continued as part of the European Programme. The promotion relates to customers who are owners of Business Partner packages and: - apply for granting of loans for the financing of undertakings co-financed with European Union funds, - execute undertakings or other projects co-financed with European Union funds with or without the participation of funds obtained from loans from PKO Bank Polski SA for which it is necessary to open and maintain a separate bank account. The purpose of introducing the promotion is to establish the Bank's position as a leader on the market of serving customers who avail themselves of European Union funds and to create the EU budget as part of the so-called New Financial Perspective for the years 2014-2020, which assumes a considerable increase in funds designated for supporting the SME sector, in particular the execution of projects related to supporting the development of new technologies and innovations and execution and implementation of new editions of regional operational programmes.



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SME Business Deposit (Biznes Lokata MSP)	From 9 July till the end of this year, another edition of the SME Business Deposit with a progressive interest rate for a period of 6 and 12 months and a new progressive deposit for a period of 3 months were introduced in the offer.
Terminal with a profit (Terminal z zyskiem)	An innovative product introduced in the offer from 9 July of this year. The product is composed of a bank account as part of the 'Biznes Rozwój' Package and the POS payment terminal. The customers who avail themselves of the offer will also be able to obtain a bonus of PLN 50 per month, which will be paid to the current accounts of the customers on their meeting the condition of concluding transactions in PKO Bank Polski SA cards using the terminal, of at least PLN 4 000 per month.
Western Union	From July of this year there has been the possibility of sending and receiving Western Union's money orders in all branches of PKO Bank Polski SA.
Structured deposit based on the basket of automotive companies	Additionally, from 15 October to 9 November of this year a new product will be in the Bank's offer - structured deposit based on the basket of automotive companies. The structured deposit is opened for a contractual period of 3 years with principal protection provided that it is held till the end of the investment period. In return for keeping the contractual period of the deposit, the customer will receive interest in an amount depending on the development of the value of the shares of the automotive companies comprised in the basket (Volkswagen, BMW, Toyota and Hyundai). The interest rate in the subscription period is 3% per annum. The minimum deposit payment is PLN 5 000.
<b>New products and services</b>	<b>Activity - Loans</b>
Cash Loan	<p>In order to make the consumer loans more attractive and unified, a new offer of a Cash Loan was introduced from 20 February of this year, while the Fast Credit Service (Szybki Serwis Kredytowy) was withdrawn from sales. The Bank addressed the new offer both to its regular customers and those who have not used the Bank's credit offer so far. The key changes in the new loan offer include: increasing the maximum possible loan amount to PLN 150 000, introducing the terms for debt consolidation with one of the longest lending periods available on the market (up to 120 months) and lower commission for granting the loan compared with the standard offer, attractive lending terms for customers who are already using or will use other products of the Bank.</p> <p>From 1 September of this year, the Bank commenced a new promotion of the Cash Loan under the slogan 'Miej na głowie mniej'. As part of the offer, the customers availing themselves of a variant of the loan designated for the repayment of other loans shall not pay commission for its being granted. The promotion lasted until 15 October of this year.</p> <p>Between 24 and 30 September as part of another promotion, the Bank offered attractive interest rates to customers, lower than the standard one, i.e.: 11.99% to customers who will accept the insurance offered with the loan and 13.99% who will not accept the insurance.</p>
'Aurum Platinum' loan	<p>In relation to the loan to private banking customers, changes were introduced in the loan offer which comprised shortening the maximum lending period for secured loans by a deduction clause or blank promissory note and a special promotion offer was made available to customers who will finish the repayment of their loans within the next 3 months.</p> <p>In the period between 2 July and 30 September of this year, promotional price terms were valid for the Aurum/Platinum loans, dedicated to customers of the following professions: doctor, architect, lawyer, university lecturer and pharmacist.</p> <p>The promotion consisted of reducing the minimum margin (by 1.50 pp. for the Platinum loan and by 1.00 pp. for the Aurum loan) and reducing the commission for granting the loan (to 1.50% for the Platinum loan and to 2.00% for the Aurum loan).</p>
Mortgage loan	<p>From 16 July to 14 September of this year a promotional offer of the mortgage loan 'Własny Kąt hipoteczny LATO 2012' was introduced. The promotional offer covered the 'Własny Kąt hipoteczny' mortgage loan and the preferential mortgage loan with subsidies to interest made by BGK. Under the promotion, the customers were able to obtain a mortgage loan with a margin of 1.2% over the entire lending period, regardless of the loan amount and the amount of own contribution.</p> <p>From 24 September of this year, an autumn promotion is in place related to the 'Własny Kąt hipoteczny' mortgage loan and the preferential loan with BGK subsidies. Under the promotion a loan can be obtained with a margin from 1.15%. Additionally, there is an option of obtaining a loan without commission available to customers who have a current account and a credit card in PKO Bank Polski SA and who sign an insurance policy in the event of losing a job and hospitalisation for a period of 4 years. The promotional terms also comprise a preferential mortgage loan under the 'Rodzina na Swoim' programme. The customers who have an account and a credit card and who sign the insurance policy in the event of losing a job will obtain the margin on the loan from 1.2% without commission for granting the loan.</p>
SME Loans	<p>As part of the credit offer to SME, sales of loans granted from the Council of Europe Development Bank (CEB) - investment and working capital loans as non-renewable working capital loans in PLN were continued. Thanks to the possibility of granting working capital loans as part of the CEB line, the SME customers can avail themselves of the preferential terms relating to the loan margin, which is reduced by 0.5 pp. compared with the standard rate.</p> <p>From 19 November 2012 multipurpose credit limit product will be offered to small and medium enterprises.</p>
'Nasz Remont' loan	As regards loans from the 'Nasz Remont' loan group, the Bank took measures to implement the credit scoring for loans to housing communities. At the same time, in this group of loans in the first three quarters of this year, the Bank still maintained its leading position on the market, granting more than 77% of loans which financed needs of multifamily housing stock owners.
Bank cards	<p>In the period between 17 July and 31 August of this year, a special price promotion was introduced (50% of the annual charge in the first year of using the card) in the case of cards sold in a linked offer with a cash loan.</p> <p>In the first half of this year, issuing of Visa credit cards begun in the EMV technology and with the function of contactless payments. Payment through the internet was enabled.</p> <p>Between 13 June and 15 September of this year, a promotion was valid supporting the sale of Diners Club cards, which comprised offering a personal main card and an additional card with a reduced 50% annual charge to a selected group of personal banking customers.</p>



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New products and services	Activity - Inteligo
INTELIGO Account (Konto INTELIGO)	As part of the Inteligo account the second edition of a loyalty and activation scheme was launched under the name 'I have Inteligo' ('Mam Inteligo'). It operates based on the member get member formula and consists of recommending the Inteligo account to acquaintances. In return for an effective recommendation, both the recommending and the recommended person receive a reward, after meeting the conditions specified in the rules and regulations. There are valuable special rewards for the most active participants. The first edition lasted until 30 April of this year and as a result 570 new accounts were gained; the second edition of the programme lasted until 31 August 2012 and it ended by gaining 373 accounts.  On 3 September, Inteligo deposit products and Inteligo loan products (i.e. Inteligo revolving loan, Inteligo credit card and debit limit) as part of the Inteligo account were adapted to the requirements of the Act on payment services.
'Hop' Deposit	Sales of 'Hop' Deposit introduced into the Bank's offer on 30 March of this year were continued. The deposit is offered for a period of 6 or 12 months and is progressive. The minimum amount of one deposit is PLN 1 000. The average fixed interest rate on the 6M deposit is 5.00% and on the 12M deposit - 5.23%. Within saving, customer gains the most after meeting the contractual period of 6 and 12 months - 10% in the last month of deposit.
'IGO' deposit with monthly capitalisation of interest	Sales of 'IGO' deposit with monthly capitalisation of interest introduced on 3 February of this year were continued. The deposit is available both for customers holding Inteligo Account and those not holding the account. The minimum amount of one deposit is PLN 1 000. Nominal interest rates of the 'IGO' deposit ranges from 5.00% to 5.40% depending on the contractual period.

PKO Bank Polski SA remains a market leader in terms of the number of current accounts, which was approx. 6.1 million as at the end of the third quarter of 2012.

**Table 10. Accounts and banking cards in PKO Bank Polski SA (in thousand of units)**

	30.09.2012	31.12.2011*	30.09.2011*	Change since: 31.12.2011	30.09.2011
<b>Number of current accounts, of which:</b>	<b>6 135</b>	<b>6 146</b>	<b>6 130</b>	<b>(10)</b>	<b>5</b>
Inteligo current accounts	631	634	628	(4)	3
<b>Number of banking cards, of which:</b>	<b>7 158</b>	<b>7 166</b>	<b>7 097</b>	<b>(9)</b>	<b>60</b>
credit cards	978	1 009	1 010	(31)	(31)

\* Presentation change in number of current accounts for 2011 resulting from accounts reclassification.

As at the end of the third quarter of 2012, PKO Bank Polski SA provided services to 7.4 million customers in the retail segment and 0.64 million Inteligo customers. In addition, at the end of September of this year 4.3 million retail customers had internet access to account.

The Bank's own ATM network as at the end of the third quarter of 2012 reached 2 569 machines which allowed a further reduction in costs of cash service and expansion of services availability to customers.

In the retail segment, the sales network had 1 132 branches (including private banking offices). The network of agencies retained an important role in the distribution network - as at the end of September of this year, 1 210 agencies collaborated with PKO Bank Polski SA.

**Table 11. Branches and ATMs of PKO Bank Polski SA**

	30.09.2012	31.12.2011	30.09.2011	Change since: 31.12.2011	30.09.2011
Total number of branches	1 196	1 198	1 201	(2)	(5)
<b>in the retail segment</b>	<b>1 132</b>	<b>1 131</b>	<b>1 134</b>	<b>1</b>	<b>(2)</b>
Number of ATMs	2 569	2 457	2 425	112	144
Number of agencies	1 210	1 400	1 560	(190)	(350)

### 3.3.3. Corporate segment of PKO Bank Polski SA

In the third quarter of 2012, PKO Bank Polski SA consequently developed the image of a partner of Polish business established in previous years. Financing both the entrepreneurs' current operations (via working capital loans) and their future projects (via investment loans) and help to complete local government projects were still the key priorities of the Bank's corporate segment.

The corporate loans market in the third quarter of 2012 compared with the end of the previous year maintained a positive growth dynamics of 3.8% y/y according to NBP data. In the same period the volume of corporate customers loan granted by PKO Bank Polski SA increased by 18.6% (i.e. PLN 6.3 billion). This was achieved, i.a. thanks to the Bank's active measures of constantly adapting the product offer to the growing customer expectations. Additionally, the increase in loan volumes of this segment was affected by a process of resegmentation of the customers (PLN +2.7 billion) and a reclassification of debt securities portfolio (PLN +1.4 billion). Loan portfolio growth dynamics in corporate segment would amount to approx. 6.5% in compared to the end of the previous year excluding activities of single character.



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Despite the unstable economic situation in the euro zone and the continuing unfavourable conditions in which the entrepreneurs are functioning, PKO Bank Polski SA made an effort to meet the customers' expectations by adopting a liberal lending policy, while maintaining a conservative approach to risk estimation.

The Bank regularly monitors market expectations and adapts its current offer of products and services so as to best match the growing competitive pressure and meet the current credit needs of its corporate customers. The corporate banking of PKO Bank Polski SA successfully executes the project of dedicated services to strategic customers, ensuring a high quality of services to them and professional advice.

The volume of deposits as at the end of the third quarter of 2012 was PLN 25.9 billion and was more than 9% lower than at the end of the previous year, which is a result of the liquidity policy adopted by the Bank.

**Table 12. Gross loans and deposits of PKO Bank Polski SA (in PLN million)**

	30.09.2012**	31.12.2011	30.09.2011	Change since: 31.12.2011	30.09.2011
Gross corporate loans*	40 142	33 854	31 667	18.6%	26.8%
Corporate deposits*	25 928	28 655	29 954	-9.5%	-13.4%

\* Change in relation to business volumes previously presented results from a change in presentation; i.a. volumes currently presented include also valuation adjustments and accrued interest.

\*\* At the end of the third quarter of this year, as a result of re-segmentation performed during the year, PLN 1 139 million of loan volumes and PLN 32 million of deposit volumes of small and medium enterprises and PLN 1 575 million of loan volumes and PLN 446 million of deposit volumes of housing market clients were transferred to the corporate segment.

Source: Management data of the Bank.

PKO Bank Polski SA continually strives to improve the quality of the services provided. As part of corporate banking, the Bank continually enlarges the functionality of its 'flagship' product, which is iPKO Biznes. In the third quarter of this year, the offer dedicated to corporate customers using iPKO biznes was extended for new verification tools.

In the third quarter of this year, works were also completed on adapting corporate customers service to the requirements of the Act on payment services of 19 August 2011. At present, corporate customers are informed in detail by the Bank of the principles for performing payment services. The requirements of the Act on payment services were also implemented in the area of foreign transfers, national transfers and payment orders.

As part of the process of continually adapting the offered products to the most demanding corporate customers, in the third quarter of this year the Bank also enriched the Interest Cash Pooling service with new functionalities.

**Table 13. Branches of PKO Bank Polski SA**

	30.09.2012	31.12.2011	30.09.2011	Change since: 31.12.2011	30.09.2011
Total number of branches	1 196	1 198	1 201	(2)	(5)
<b>in the corporate segment:</b>	<b>64</b>	<b>67</b>	<b>67</b>	<b>(3)</b>	<b>(3)</b>
regional corporate branches	13	13	13	-	-
corporate centres	51	54	54	(3)	(3)

### 3.3.4. Investment segment of PKO Bank Polski SA

Investment banking is one of the key areas of the Bank's operations. As part of these operations, the Bank manages financial risk, including liquidity risk and conducts trading activities on the monetary and equity markets. An important part of the operations in the area are transactions executed with corporate customers and individuals through the extensive and modernised network of branches and customer service points, as well as the modern transaction systems.



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**Table 14. Treasury activities**

Treasury activities	activities on the market	<p>In the area of treasury activities, the Bank focused on diversifying the sources and costs of financing and developing the relationships with corporate customers. As part of diversifying its sources of financing, the Bank conducted the following issues via its subsidiary PKO Finance AB:</p> <ul style="list-style-type: none"> <li>- EUR 50 million in the form of a private placement for a period of 10 years with a coupon of 4%,</li> <li>- CHF 500 million for a period of 3.3 years with a coupon of 2.536%,</li> <li>- USD 1 billion for period of 10 years, with a coupon of 4.63%.</li> </ul> <p>In addition, the Bank issued subordinated bonds amounting to PLN 1.6 billion for a period of 10 years, at a margin of 164bps to 6M WIBOR which have been replaced by subordinated bonds of the 2007 Issue (the Bank redeemed them on 30.10.2012). On 27.07.2012, a syndicated loan of CHF 950 million granted in 2007 was repaid. The loan was partly repaid by a new syndicated loan obtained on 19.06.2012 for CHF 410 million for a period of 3 years.</p> <p>The importance of the electronic distribution channels for treasury products continued to increase. The trading activities on the monetary, currency and debt markets focused on market making for PLN instruments, while maintaining a conservative approach to market risk in activities on own account.</p>
	Treasury products sales	<p>In the third quarter of 2012 compared to the third quarter of 2011, the value of carried out foreign exchange SPOT transactions increased by approx. 35%. FORWARD transactions and OPTIONS were less popular with the customers. Efforts were continued to enlarge the product offer dedicated to corporate customers to include derivative products based on the raw materials markets.</p>
	interbank market	<p>In the Ministry of Finance's contest for the Treasury Securities Dealer in 2013, which assessed banks' activity on the interest rate market, PKO Bank Polski SA took the 2nd place.</p> <p>The value of own bonds issues which was placed in the third quarter amounted to PLN 0.9 billion, the main buyers of bonds were domestic financial institutions.</p>

**Table 15. Brokerage activities**

Brokerage activities	shares' market	<p>The Brokerage House of PKO Bank Polski is one of the leading brokerage offices operating on the domestic financial market. The network of customer service points, together with the network of brokerage service points located in the Bank's branches, enable offering brokerage services in more than 1 000 outlets, i.e. the highest number among the financial institutions operating in Poland.</p> <p>In the third quarter of this year, the Brokerage House strengthened its position on the market of brokerage offices operating on the WSE. A high level of turnover exceeding PLN 15 billion enabled gaining a nearly 14% share in the market (result including package transactions) and first position in the ranking of brokerage offices, the share of the Brokerage House in turnover in consideration of session transactions amounted to approx. 8.5% and ensured 3rd position in the ranking. In a similar period of the previous year, the turnover was 39% lower and the market share on the level of 6.4% enabled to occupy 6th position in the ranking (in terms of stock trade including package transactions), whereas the value of stock trade in the session was lower by 15.5% and the market share at the level of 4.76%, ensuring 9th position on the market.</p>
	primary market	<p>As part of the operations on the IPO market:</p> <ul style="list-style-type: none"> <li>- the initial public offering prospectus of a company PCC EXOL SA (July 2012) were closed, where the Brokerage House is the Joint Offerer and the Joint Bookrunner;</li> <li>- the fast book-building process was completed for the ABB transaction (July 2012) with the Brokerage House acting as the Global Coordinator;</li> <li>- the call for subscription for BGŻ shares was closed, which had been announced by Rabobank International Holding B.V. (August 2012).</li> </ul>
	NewConnect market	<p>The Brokerage House takes one of the leading places in performing the function of the market maker in the NewConnect market. In the third quarter of this year the Brokerage House was the market maker for 55 companies (3rd place). The value of turnover amounted to nearly PLN 22 billion, which places the Brokerage House in 8th position in the ranking with a 4.63% market share.</p>
	bonds' market	<p>The Brokerage House is a leading office in terms of the volume of transactions in bonds on the WSE. In the third quarter it held a 54% share in the market, which places it in 1st position. Moreover, the Brokerage House in cooperation with the MF continued working on modernising and making more attractive the offer of retail Treasury bonds.</p>
	derivatives market	<p>In the third quarter of 2012 the value of turnover on the contracts market exceeded 140 thousand and 26 thousand of options on the market, which places the Brokerage House in 10th and 5th position on the market respectively.</p>
	market maker's function	<p>As at the end of the third quarter of this year, the Brokerage House performed the function of the market maker for 53 companies (3rd position on the market) and the function of the issuer's market maker for 22 companies (6th position on the market).</p>
	number of accounts	<p>As at the end of September of this year, the Brokerage House maintained 178.6 thousand of securities and cash accounts and 153.2 thousand of registration accounts. In terms of number of securities accounts (according to data from the National Depository for Securities (KDPW)) the Brokerage House holds the 4th place among the 46 participants of the market.</p>

**Table 16. Fiduciary activities and structural financing**

Fiduciary activities	activities on the market	<p>The Bank is a direct participant in the National Depository for Securities and the Securities Register (NBP) and a member of the Council of Depository Banks and the Non-Treasury Debt Securities Council of the Polish Banks Association. The Bank focuses on gaining assets from domestic corporate customers and offering its services in the scope of the Polish classes of assets to foreign customers.</p>
	the value of fiduciary assets	<p>As at the end of September 2012, the Bank maintained around 1.4 thousand of securities accounts as part of its fiduciary function.</p> <p>The amount of assets held by clients on fiduciary accounts in the third quarter of 2012 was stable and amounted to nearly PLN 52 billion as at the end of September of this year.</p>
Structural financing	non-Treasury debt securities issue	<p>The Bank is one of the leading financial institutions that organise non-Treasury debt securities issues in Poland.</p> <p>In the third quarter of 2012 the Bank concluded 29 contracts of municipal bond issues with total value of nearly PLN 310 million and 3 contracts (including two in the form of bank consortium) for corporate bond issue in the form of bank consortium in the amount of PLN 2.7 billion, where the Bank's share was PLN 950 million.</p>
	Consortium loans	<p>In the third quarter of 2012, the Bank signed a loan agreement in the form of consortium, as part of which two loans were granted to the company for a total amount of PLN 711 million.</p>





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### 3.3.5. Activities of the PKO Bank Polski SA Group entities

**Table 17. Activities of the PKO Bank Polski SA Group entities**

PKO Towarzystwo Funduszy Inwestycyjnych SA	<ol style="list-style-type: none"> <li>1. The asset value of the funds managed by the Company amounted to PLN 8.95 billion as at the end of September 2012, which is an increase of the assets by 6.9% compared to 30 June 2012. An increase of the assets was associated mainly with favourable situation on the stock exchange and positive net result on sales.</li> <li>2. PKO TFI SA ranked 5th place in terms of the value of net assets with a 6.7%* share in the investment funds market.</li> <li>3. As at 30 September 2012 PKO TFI SA managed 35 investment funds and subfunds.</li> </ol> <p>* Source: Chamber of Fund and Asset Management.</p>
PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA	<ol style="list-style-type: none"> <li>1. As at the end of September 2012, the net assets value managed by PKO BP BANKOWY PTE SA, amounted to PLN 8.8 billion, which is an increase of 5.1% in comparison to the end of the second quarter of 2012. The increase in the net assets value resulted from positive trends on WSE and acquisition of new members resulting from sampling conducted in July of this year.</li> <li>2. PKO BP Bankowy OFE holds the 9th place regarding the net assets value on the pension funds market and the 9th place regarding the number of OPF's members*.</li> <li>3. In August of this year, PKO BP BANKOWY PTE SA signed a contract with PTE POLSAT SA on taking over the management of OFE POLSAT. The effectiveness of the contract depends on obtaining a positive decision from the Office of Competition and Consumer Protection and the Polish Financial Supervision Authority (relevant applications were submitted – on 25 October of this year the approval the President of UOKiK was obtained). On obtaining the above-mentioned approvals, the Members of OFE POLSAT will become Members of PKO BP Bankowy OFE (until that time both these Pension Fund Management Companies will function without any change).</li> </ol> <p>* Source: www.knf.gov.pl</p>
Bankowy Fundusz Leasingowy SA	<ol style="list-style-type: none"> <li>1. In the third quarter of 2012, the BFL SA Group entities (Bankowy Fundusz Leasingowy SA and its subsidiary Bankowy Leasing Sp. z o.o.) leased out assets with a total value of PLN 507 million, i.e. an increase of 35.7% compared with the third quarter of 2011. The increase in sales is due to activities undertaken to maximize the use of sales channels, including the banking and the vendor channels which cooperates closely with the supplier.</li> <li>2. As at the end of September 2012, in terms of the amount of granted financing, the BFL Group ranked 3rd position with a 6.7% market share*.</li> <li>3. The total carrying amount of the lease investments of the BFL SA Group entities amounted to PLN 3 164 million as at the end of September 2012.</li> </ol> <p>* Source: Polish Leasing Association.</p>
Bankowe Towarzystwo Kapitałowe SA	<ol style="list-style-type: none"> <li>1. In the third quarter of 2012, PKO BP Faktoring SA – the subsidiary of BTK SA – was providing domestic and export factoring services, both with and without the acceptance of risk (with recourse) and reverse factoring.</li> <li>2. In the third quarter of 2012, the value of factoring turnover amounted to PLN 846 million (PLN 411 million in the corresponding period of 2011).</li> <li>3. As at the end of September of this year, PKO BP Faktoring SA ranked 9th place among factoring companies associated in the Polish Factors' Association, with a market share of 3.9%.</li> </ol>
Inteligo Financial Services SA	As at the end of the third quarter of 2012, the Company provided electronic banking systems to 4.3 million customers of PKO Bank Polski SA using iPKO services.
KREDOBANK SA (data according to IFRS/IAS)	<ol style="list-style-type: none"> <li>1. In the third quarter of 2012, total assets of the KREDOBANK SA Group (KREDOBANK SA and its subsidiary Finansowa Kompania 'Idea Kapitał' Sp. z o.o.) increased by UAH 217 million, i.e. by 5.7% and amounted to UAH 4 020 million as at 30 September of this year; total assets as denominated in PLN decreased by PLN 29 million, i.e. by 1.8% and amounted to PLN 1 576 million as at 30 September 2012 (difference in the dynamics is caused by the change in exchange rate of PLN/UAH).</li> <li>2. KREDOBANK SA's gross loan portfolio in the third quarter of 2012 increased by UAH 58 million, i.e. by 2.5% and amounted to UAH 2 388 million as at the end of September 2012; the gross loan portfolio as denominated in PLN decreased by PLN 47 million, i.e. by 4.8% and amounted to PLN 936 million as at the end of September 2012 (difference in the dynamics is caused by the change in exchange rate of PLN/UAH).</li> <li>3. In the third quarter of 2012, clients' term deposits of KREDOBANK SA increased by UAH 133 million, i.e. by 7.9% and amounted to UAH 1 812 million as at 30 September 2012; term deposits as denominated in PLN increased by PLN 1.5 million, i.e. by 0.2% and amounted to PLN 710 million as at 30 September 2012.</li> </ol> <p>The financial information concerning the statement of financial position was recalculated using the average NBP exchange rates prevailing at the last day of the month – as at the end of September 2012 UAH 1 = PLN 0.3920 and as at the end of June 2012 UAH 1 = PLN 0.4221.</p>



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## DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE THIRD QUARTER OF 2012

'Inter-Risk Ukraina' Additional Liability Company (data according to IFRS/IAS)	In the third quarter of 2012, total assets of the 'Inter-Risk Ukraina' Group ('Inter-Risk Ukraine' Sp. z d.o. and its subsidiary Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o.) decreased by UAH 42 million, i.e. by 7.4% and amounted to UAH 530 million as at 30 September of this year; total assets as denominated in PLN decreased by PLN 34 million, i.e. by 14.0% and amounted to PLN 208 million as at 30 September 2012.  The financial information concerning the statement of financial position was recalculated using the average NBP exchange rates prevailing at the last day of the month – as at the end of September 2012 UAH 1 = PLN 0.3920 and as at the end of June 2012 UAH 1 = PLN 0.4221.
PKO BP Finat Sp. z o.o.	In the third quarter of 2012, the Company extended the scope of services offered to customers to include administrative handling of life insurance and gained a new investment fund.
PKO Finance AB	1. The Company's core activity is to raise funds for PKO Bank Polski SA, deriving from the issue of bonds. 2. In the third quarter of 2012, the Company issued bonds for a total amount of EUR 50 million (for 10 years), CHF 500 million (for 3 years and 3 months) and USD 1 billion (for 10 years) and serviced bonds issued in the previous periods.
Centrum Elektronicznych Usług Płatniczych 'eService' SA	1. As at the end of September 2012, the Company operated more than 65 thousand of payment terminal units reaching, according to Company's estimates, 22.4% market share. 2. Transactions with a total value of PLN 7.5 billion were generated in CEUP eService SA terminals in the third quarter of 2012 (vs. PLN 5.9 billion in the corresponding period of 2011). The increase results from growth of the terminal base. In terms of the value of generated card transactions, market share estimated by the Company as at the end of September of this year amounted to 25.9%.
Qualia Development Sp. z o.o.	In the third quarter of 2012, the Qualia Development Sp. z o.o. Group (Qualia Development Sp. z o.o. and its subsidiaries) activities were focused on: - carrying out final phases of projects: Nowy Wilanów in Warsaw and Rezydencja Flotylla in Międzyzdroje ended by obtaining an use permit of selected buildings, - completing of residential building with an office function in Sopot, - completing the Pomeranka project in Gdańsk Jelitkowo, - analysing a business formula for the new projects in Jurata-Władysławowo and Zakopane on properties purchased from PKO Bank Polski SA, - implementing a new business model based on execution and management of hotel apartments in connection with opening the first hotel facility Golden Tulip Międzyzdroje Residence.
Fort Mokotów Inwestycje Sp. z o.o.	In the third quarter of 2012, the Company continued working on the organisation of a development investment project on the plot of land located at Raclawicka Street and Żwirki i Wigury Street in Warsaw.

### 3.3.6. Prizes and awards

In the third quarter of 2012, PKO Bank Polski SA and other entities of the PKO Bank Polski SA Group were granted the following awards:

#### 1. TOP 20

Zbigniew Jagiełło the President of the Management Board of PKO Bank Polski was included among the TOP 20 – best managers in the time of crisis, awarded by the Editorial Section of 'Bloomberg Businessweek Polska'. The Editorial Section of 'BBP' explained its decision as follows: 'As a manager he is able to not only resist the crisis but also to gain from it and PKO Bank Polski is a company which in the conditions of high volatility and uncertainty on the markets achieves very good financial results and increases effectiveness'.

#### 2. Lider Odpowiedzialnego Biznesu (Responsible Business Leader)

In the financial sector category, PKO Bank Polski SA was awarded the title of a Lider Odpowiedzialnego Biznesu (Responsible Business Leader) for executing corporate social responsibility in all areas. The assessment covered, i.a. the firm's social involvement, its activities towards economic and social development, dialogue with its employees, relations and communication with the stakeholders and its effect on the natural environment.

#### 3. Ranking of Brokerage Houses according to Forbes

The Forbes monthly announced the Brokerage House of PKO Bank Polski the greatest winner of this year's 'Ranking of Brokerage Houses' – the Brokerage House of PKO Bank Polski went up in nearly all the categories. It also enjoyed the highest trust, the individual approach to the customers was appreciated, as well as the quality of direct services and the quality of recommendations and analyses.

#### 4. Bank dla Firm (Bank for Companies)

PKO Bank Polski SA was awarded in the ranking of the Forbes magazine – Bank dla Firm (Bank for Companies) Four stars won in this prestigious classification place us among the best banks for the SME. Our product offer, quality of services and a number of highly qualified advisors were appreciated.





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## **DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE THIRD QUARTER OF 2012**

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### **5. Lider Informatyki (IT Leader)**

PKO Bank Polski SA was the winner in the category of Banking and Finance in the 16th edition of the competition 'Lider Informatyki' (IT Leader). The chapter of the competition recognized the achievements of PKO Bank Polski SA in creating a modern and friendly interface for Szkolne Kasy Oszczędności (School Savings Unions) which enabled SKO to become an attractive tool of finance education for the youngest; in preparing a platform to serve the largest enterprises and organizations as part of mass benefits of the Social Insurance Institution (ZUS); in implementing the New Operational Model which includes centralization of retail service in six modern regional centres and for the Houston technology project.

### **6. 'Najwyższa Jakość Quality International 2012' ('Highest Quality International 2012')**

The competition jury 'Najwyższa Jakość Quality International 2012' ('Highest Quality International 2012') again appreciated the Bank's products. This year, the Top Quality Medals ('Medale Najwyższa Jakość') in the category of top quality product were awarded to: PKO Konto bez Granic, packages: Biznes Debiut and Biznes Waluta and IGO Lokata.

### **7. 'Przyjazny Bank Newsweeka' ('Newsweek Friendly Bank')**

Inteligo was again among the first three in the 'Przyjazny Bank Newsweeka' ('Newsweek Friendly Bank') ranking, in the category of an internet bank. The Inteligo account was appreciated mainly for attracting and maintaining the customer.



Bank Polski

**Condensed Interim Consolidated  
Financial Statements  
of the PKO Bank Polski SA Group  
for the nine-month period ended  
30 September 2012**

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

### Consolidated income statement

for the nine-month periods ended 30 September 2012 and 30 September 2011 respectively

	Note	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Continuing operations</b>					
Interest and similar income	4	3 297 130	9 784 387	3 149 367	8 751 681
Interest expense and similar charges		(1 319 717)	(3 764 729)	(1 185 232)	(3 213 000)
<b>Net interest income</b>	4	<b>1 977 413</b>	<b>6 019 658</b>	<b>1 964 135</b>	<b>5 538 681</b>
Fee and commission income	5	955 880	2 809 576	953 530	2 853 384
Fee and commission expense		(194 201)	(545 198)	(185 228)	(543 679)
<b>Net fee and commission income</b>	5	<b>761 679</b>	<b>2 264 378</b>	<b>768 302</b>	<b>2 309 705</b>
Dividend income		2 004	8 081	263	6 800
Net income from financial instruments designated at fair value	6	32 843	48 228	(28 592)	(63 868)
Gains less losses from investment securities		17 348	21 990	670	16 607
Net foreign exchange gains		88 732	233 387	115 102	247 487
Other operating income	7	149 064	386 710	100 858	330 967
Other operating expense	7	(104 370)	(266 867)	(69 280)	(219 322)
<b>Net other operating income and expense</b>	8	<b>44 694</b>	<b>119 843</b>	<b>31 578</b>	<b>111 645</b>
Net impairment allowance and write-downs		(657 627)	(1 758 912)	(487 736)	(1 369 136)
Administrative expenses		(1 131 433)	(3 377 774)	(1 102 542)	(3 225 713)
<b>Operating profit</b>	9	<b>1 135 653</b>	<b>3 578 879</b>	<b>1 261 180</b>	<b>3 572 208</b>
Share of profit (loss) of associates and jointly controlled entities		8 399	14 427	679	(3 118)
<b>Profit before income tax</b>		<b>1 144 052</b>	<b>3 593 306</b>	<b>1 261 859</b>	<b>3 569 090</b>
Income tax expense	10	(223 285)	(719 734)	(245 165)	(715 249)
<b>Net profit (including non-controlling shareholders)</b>		<b>920 767</b>	<b>2 873 572</b>	<b>1 016 694</b>	<b>2 853 841</b>
Profit (loss) attributable to non-controlling shareholders		(249)	(805)	(331)	(1 498)
<b>Net profit attributable to the equity holders of the parent company</b>		<b>921 016</b>	<b>2 874 377</b>	<b>1 017 025</b>	<b>2 855 339</b>
Earnings per share	11				
- basic earnings per share for the period (PLN)		0.74	2.30	0.81	2.28
- diluted earnings per share for the period (PLN)		0.74	2.30	0.81	2.28
Weighted average number of ordinary shares during the period (in thousand)		1 250 000	1 250 000	1 250 000	1 250 000
Weighted average diluted number of ordinary shares during the period (in thousand)		1 250 000	1 250 000	1 250 000	1 250 000

#### Discontinued operations

In the nine-month period ended 30 September 2012 and 30 September 2011 the PKO Bank Polski SA Group did not carry out discontinued operations.

### Consolidated statement of comprehensive income

for the nine-month periods ended 30 September 2012 and 30 September 2011 respectively

	Note	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Net profit (including non-controlling shareholders)</b>		<b>920 767</b>	<b>2 873 572</b>	<b>1 016 694</b>	<b>2 853 841</b>
<b>Other comprehensive income</b>		<b>(158 489)</b>	<b>(338 049)</b>	<b>288 991</b>	<b>209 211</b>
Cash flow hedges (gross)	15	(164 596)	(406 572)	322 194	227 788
Deferred tax on cash flow hedges	10	31 274	77 249	(61 217)	(43 280)
Cash flow hedges (net)		(133 322)	(329 323)	260 977	184 508
Unrealised net gains on financial assets available for sale (gross)		(7 027)	14 784	(37 895)	(9 039)
Deferred tax on unrealised net gains on financial assets available for sale	10	1 357	(2 751)	7 153	1 671
Unrealised net gains on financial assets available for sale (net)		(5 670)	12 033	(30 742)	(7 368)
Currency translation differences from foreign operations		(19 618)	(22 061)	59 417	33 099
Share in other comprehensive income of an associate	19	121	1 302	(661)	(1 028)
<b>Total net comprehensive income</b>		<b>762 278</b>	<b>2 535 523</b>	<b>1 305 685</b>	<b>3 063 052</b>
<b>Total net comprehensive income, of which attributable to:</b>		<b>762 278</b>	<b>2 535 523</b>	<b>1 305 685</b>	<b>3 063 052</b>
the equity holders of PKO Bank Polski SA		762 158	2 536 041	1 306 809	3 065 070
non-controlling shareholders		120	(518)	(1 124)	(2 018)

Condensed Interim Consolidated Financial Statements of  
the PKO Bank Polski SA Group for the nine-month period ended 30 September 2012  
(in PLN thousand)



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**Consolidated statement of financial position**  
as at 30 September 2012 and as at 31 December 2011

	Note	30.09.2012	31.12.2011
<b>ASSETS</b>			
Cash and balances with the central bank		6 718 060	9 142 168
Amounts due from banks	12	5 163 845	2 396 227
Trading assets	13	763 014	1 311 089
Derivative financial instruments	14	3 533 570	3 064 733
Financial assets designated upon initial recognition at fair value through profit and loss	16	16 220 526	12 467 201
Loans and advances to customers	17	142 705 562	141 634 494
Investment securities available for sale	18	11 539 407	14 393 276
Investments in associates and jointly controlled entities	19	129 751	123 119
Non-current assets held for sale		19 782	20 410
Inventories		565 680	566 846
Intangible assets	20	1 797 526	1 800 008
Tangible fixed assets, of which:	20	2 524 543	2 541 317
investment properties		241	248
Current income tax receivables		1 486	5 957
Deferred income tax asset	10	667 180	543 922
Other assets		897 430	737 270
<b>TOTAL ASSETS</b>		<b>193 247 362</b>	<b>190 748 037</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Amounts due to the central bank		2 856	3 454
Amounts due to banks	21	3 632 951	6 239 164
Derivative financial instruments	14	3 356 751	2 645 281
Amounts due to customers	22	145 444 287	146 473 897
Debt securities in issue	23	10 766 512	7 771 779
Subordinated liabilities	24	3 244 162	1 614 377
Other liabilities	25	2 178 502	2 450 763
Current income tax liabilities		131 592	78 810
Deferred income tax liability	10	35 478	29 364
Provisions	26	684 264	619 164
<b>TOTAL LIABILITIES</b>		<b>169 477 355</b>	<b>167 926 053</b>
<b>Equity</b>			
Share capital		1 250 000	1 250 000
Other capital		19 865 149	17 881 264
Currency translation differences from foreign operations		(114 371)	(92 023)
Unappropriated profits		(103 340)	(23 162)
Net profit for the year		2 874 377	3 807 195
<b>Capital and reserves attributable to the equity holders of the parent company</b>		<b>23 771 815</b>	<b>22 823 274</b>
Non-controlling interest		(1 808)	(1 290)
<b>TOTAL EQUITY</b>		<b>23 770 007</b>	<b>22 821 984</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>193 247 362</b>	<b>190 748 037</b>
Capital adequacy ratio	34	12.88%	12.37%
Book value (in PLN thousand)		23 770 007	22 821 984
Number of shares (in thousand)	1	1 250 000	1 250 000
Book value per share (in PLN)		19.02	18.26
Diluted number of shares (in thousand)		1 250 000	1 250 000
Diluted book value per share (in PLN)		19.02	18.26

Condensed Interim Consolidated Financial Statements of  
the PKO Bank Polski SA Group for the nine-month period ended 30 September 2012  
(in PLN thousand)

**Consolidated statement of changes in equity**  
for the nine-month periods ended 30 September 2012 and 30 September 2011 respectively

for the nine-month period ended 30 September 2012	Share capital	Other capital							Currency translation differences from foreign operations	Unappropriated profits	Net profit for the period	Capital and reserves attributable to the equity holders of the parent company	Non- controlling interest	Total equity
		Reserve capital	General banking risk fund	Other reserves	Share in other comprehensive income of an associate	Financial assets available for sale	Cash flow hedges	Total other capital						
<b>As at 1 January 2012</b>	<b>1 250 000</b>	<b>13 041 390</b>	<b>1 070 000</b>	<b>3 460 368</b>	<b>(257)</b>	<b>(52 422)</b>	<b>362 185</b>	<b>17 881 264</b>	<b>(92 023)</b>	<b>(23 162)</b>	<b>3 807 195</b>	<b>22 823 274</b>	<b>(1 290)</b>	<b>22 821 984</b>
Transfer of net profit from previous years	-	-	-	-	-	-	-	-	-	3 807 195	(3 807 195)	-	-	-
<b>Total comprehensive income, of which:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 302</b>	<b>12 033</b>	<b>(329 323)</b>	<b>(315 988)</b>	<b>(22 348)</b>	<b>-</b>	<b>2 874 377</b>	<b>2 536 041</b>	<b>(518)</b>	<b>2 535 523</b>
Net profit	-	-	-	-	-	-	-	-	-	-	2 874 377	2 874 377	(805)	2 873 572
Other comprehensive income	-	-	-	-	1 302	12 033	(329 323)	(315 988)	(22 348)	-	-	(338 336)	287	(338 049)
Transfer from unappropriated profits	-	2 322 284	-	66 122	-	-	-	2 388 406	-	(2 388 406)	-	-	-	-
The effect of the takeover of subsidiary's assets and liabilities by the parent company	-	-	-	(88 533)	-	-	-	(88 533)	-	88 533	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(1 587 500)	-	(1 587 500)	-	(1 587 500)
<b>As at 30 September 2012</b>	<b>1 250 000</b>	<b>15 363 674</b>	<b>1 070 000</b>	<b>3 437 957</b>	<b>1 045</b>	<b>(40 389)</b>	<b>32 862</b>	<b>19 865 149</b>	<b>(114 371)</b>	<b>(103 340)</b>	<b>2 874 377</b>	<b>23 771 815</b>	<b>(1 808)</b>	<b>23 770 007</b>

for the nine-month period ended 30 September 2011	Share capital	Other capital							Currency translation differences from foreign operations	Unappropriated profits	Net profit for the period	Capital and reserves attributable to the equity holders of the parent company	Non- controlling interest	Total equity
		Reserve capital	General banking risk fund	Other reserves	Share in other comprehensive income of an associate	Financial assets available for sale	Cash flow hedges	Total other capital						
<b>As at 1 January 2011</b>	<b>1 250 000</b>	<b>12 212 177</b>	<b>1 070 000</b>	<b>3 412 239</b>	<b>976</b>	<b>(25 171)</b>	<b>217 924</b>	<b>16 888 145</b>	<b>(109 747)</b>	<b>112 297</b>	<b>3 216 883</b>	<b>21 357 578</b>	<b>1 990</b>	<b>21 359 568</b>
Transfer of net profit from previous years	-	-	-	-	-	-	-	-	-	3 216 883	(3 216 883)	-	-	-
<b>Total comprehensive income, of which:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 028)</b>	<b>(7 368)</b>	<b>184 508</b>	<b>176 112</b>	<b>33 619</b>	<b>-</b>	<b>2 855 339</b>	<b>3 065 070</b>	<b>(2 018)</b>	<b>3 063 052</b>
Net profit	-	-	-	-	-	-	-	-	-	-	2 855 339	2 855 339	(1 498)	2 853 841
Other comprehensive income	-	-	-	-	(1 028)	(7 368)	184 508	176 112	33 619	-	-	209 731	(520)	209 211
Transfer from unappropriated profits	-	829 213	-	48 129	-	-	-	877 342	-	(877 342)	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(2 475 000)	-	(2 475 000)	-	(2 475 000)
<b>As at 30 September 2011</b>	<b>1 250 000</b>	<b>13 041 390</b>	<b>1 070 000</b>	<b>3 460 368</b>	<b>(52)</b>	<b>(32 539)</b>	<b>402 432</b>	<b>17 941 599</b>	<b>(76 128)</b>	<b>(23 162)</b>	<b>2 855 339</b>	<b>21 947 648</b>	<b>(28)</b>	<b>21 947 620</b>

Condensed Interim Consolidated Financial Statements of  
the PKO Bank Polski SA Group for the nine-month period ended 30 September 2012  
(in PLN thousand)



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## Consolidated statement of cash flows

for the nine-month periods ended 30 September 2012 and 30 September 2011 respectively

	Note	01.01- 30.09.2012	01.01- 30.09.2011
<b>Net cash flow from operating activities</b>			
Profit before income tax		3 593 306	3 569 090
Adjustments:		(6 423 888)	375 224
Amortisation and depreciation		407 596	385 079
(Gains) losses from investing activities		2 742	(11 893)
Interest and dividends		(583 688)	(321 552)
Change in amounts due from banks		(68 189)	(269 893)
Change in trading assets and financial assets designated upon initial recognition at fair value through profit and loss		(3 205 250)	(2 048 551)
Change in derivative financial instruments (asset)		(468 837)	(1 300 192)
Change in loans and advances to customers		(1 887 438)	(9 814 737)
Change in other assets		(158 366)	(266 490)
Change in amounts due to banks		(590 433)	1 700 592
Change in derivative financial instruments (liability)		711 470	604 673
Change in amounts due to customers		(1 029 494)	10 972 867
Change in debt securities in issue		(118 408)	512 190
Change in impairment allowances and provisions		804 328	714 200
Change in other liabilities		(63 218)	273 919
Income tax paid		(703 443)	(656 253)
Other adjustments		526 740	(98 735)
<b>Net cash from / used in operating activities</b>		<b>(2 830 582)</b>	<b>3 944 314</b>
<b>Net cash flow from investing activities</b>			
<b>Inflows from investing activities</b>		<b>13 546 387</b>	<b>6 455 782</b>
Proceeds from sale of investment securities		13 537 543	6 433 959
Proceeds from sale of intangible assets and tangible fixed assets		2 654	15 407
Other investing inflows (dividends)		6 190	6 416
<b>Outflows from investing activities</b>		<b>(11 343 828)</b>	<b>(7 961 675)</b>
Purchase of a subsidiary, net of cash acquired		(2 500)	-
Purchase of investment securities available for sale		(10 918 469)	(7 665 918)
Purchase of intangible assets and tangible fixed assets		(422 859)	(295 757)
<b>Net cash from / used in investing activities</b>		<b>2 202 559</b>	<b>(1 505 893)</b>
<b>Net cash flow from financing activities</b>			
Proceeds from debt securities in issue		10 448 987	2 964 738
Proceeds from subordinated bonds		1 600 700	-
Redemption of debt securities in issue		(7 335 846)	(648)
Dividends paid		(1 587 500)	(2 475 000)
Repayment of interest from issued debt securities		(144 438)	(40 307)
Long-term borrowings		1 919 348	483 866
Repayment of long-term borrowings		(4 000 551)	(900 452)
<b>Net cash generated from financing activities</b>		<b>900 700</b>	<b>32 197</b>
<b>Net cash inflow</b>		<b>272 677</b>	<b>2 470 618</b>
of which currency translation differences on cash and cash equivalents		(165 145)	314 944
Cash and cash equivalents at the beginning of the period		11 422 970	8 438 681
<b>Cash and cash equivalents at the end of the period</b>	29	<b>11 695 647</b>	<b>10 909 299</b>
of which restricted		3 416	6 434





## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information

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

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

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

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

The Bank's shareholding structure is as follows:

Name of entity	Number of shares	Number of votes %	Nominal value of 1 share	Share in equity %
<b>As at 30 September 2012</b>				
The State Treasury	417 406 277	33.39	PLN 1	33.39
Bank Gospodarstwa Krajowego	128 102 731	10.25	PLN 1	10.25
ING Otworthy Fundusz Emerytalny	64 594 448	5.17	PLN 1	5.17
Other shareholders	639 896 544	51.19	PLN 1	51.19
<b>Total</b>	<b>1 250 000 000</b>	<b>100.00</b>	<b>---</b>	<b>100.00</b>
<b>As at 31 December 2011</b>				
The State Treasury	512 406 277	40.99	PLN 1	40.99
Bank Gospodarstwa Krajowego	128 102 731	10.25	PLN 1	10.25
Other shareholders	609 490 992	48.76	PLN 1	48.76
<b>Total</b>	<b>1 250 000 000</b>	<b>100.00</b>	<b>---</b>	<b>100.00</b>

The Bank is listed on the Warsaw Stock Exchange. According to the Warsaw Stock Exchange Bulletin (Cedula Giełdowa), the Bank is classified under the macro-sector 'Finance', sector 'Banks'.



### **Business activities of the Group**

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

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

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

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

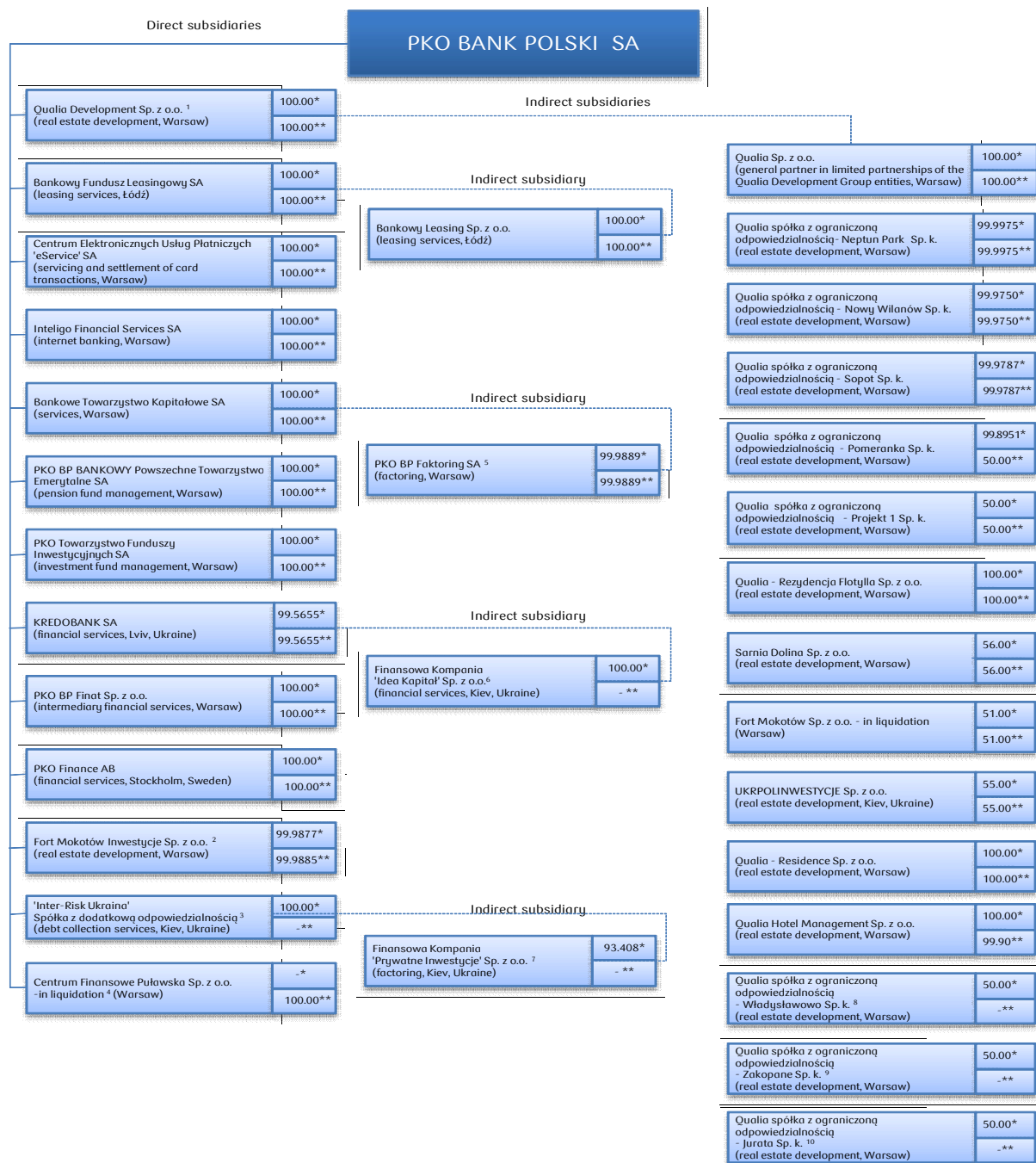
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## Structure of the PKO Bank Polski SA Group

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



\* % share in equity as at 30.09.2012      \*\* % share in equity as at 31.12.2011

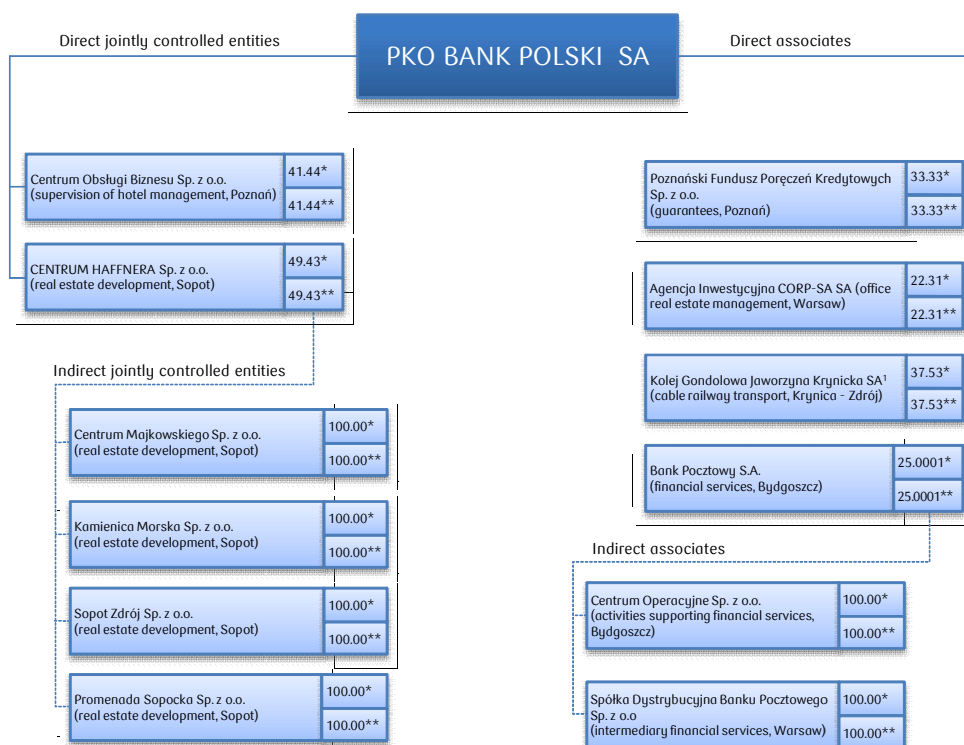
- 1) in limited partnerships of the Qualia Development Group the limited partner is Qualia Development Sp. z o.o. and the general partner is Qualia Sp. z o.o.; in the position of share capital, the total contributions made/declared by the limited partner is presented
- 2) the second shareholder of the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

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**Additionally, the Bank has the following jointly controlled entities and associates**



\* % share in equity as at 30.09.2012      \*\* % share in equity as at 31.12.2011

1) Shares of the Entity are recognised in non-current assets held for sale

Information on changes in the participation in the share capital of the subsidiaries is set out in Note 31 'Changes to the entities of the PKO Bank Polski SA Group and jointly controlled entities and associates'.

## 2. Summary of significant accounting policies and estimates and judgements

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

The accounting policies and calculations applied in these condensed interim consolidated financial statements are consistent to those, which were applied in the six-month period ended 30 June 2012. These policies were described in detail in the condensed interim consolidated financial statements of the Group for the six-month period ended 30 June 2012, including policies applied in preparation of consolidated financial statements for the year ended 31 December 2011.

These condensed interim consolidated financial statements for the third quarter of 2012 should be read together with condensed interim consolidated financial statements of the PKO Bank Polski SA Group for the six-month period ended 30 June 2012 and together with consolidated financial statements of the PKO Bank Polski SA Group for 2011, prepared in accordance with International Financial Reporting Standards, as approved by the European Union.



### 3. Information on the segments of activities

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

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

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

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

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

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

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

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

For the nine-month period ended 30 September 2012	Continuing operations				Total activity of the PKO Bank Polski SA Group
	Retail segment	Corporate segment	Investment segment		
			Own activities	Transfer centre	
Net interest income	4 326 327	447 085	97 629	1 148 617	6 019 658
Net fee and commission income	1 781 353	225 910	259 033	(1 918)	2 264 378
Other net income	126 482	48 819	280 017	(23 789)	431 529
Net result from financial operations	16 618	17 474	34 974	1 152	70 218
Net foreign exchange gains	89 878	50 566	117 884	(24 941)	233 387
Dividend income	-	-	8 081	-	8 081
Net other operating income and expense	457	308	119 078	-	119 843
Income/expenses relating to internal customers	19 529	(19 529)	-	-	-
Net impairment allowance and write-downs	(1 224 937)	(460 685)	(73 290)	-	(1 758 912)
Administrative expenses, of which:	(2 750 599)	(190 751)	(436 424)	-	(3 377 774)
amortisation and depreciation	(333 675)	(19 597)	(54 324)	-	(407 596)
Share of profit (loss) of associates and jointly controlled entities	-	-	-	-	14 427
<b>Segment gross profit</b>	<b>2 258 626</b>	<b>70 378</b>	<b>126 965</b>	<b>1 122 910</b>	<b>3 593 306</b>
Income tax expense (tax burden)	-	-	-	-	(719 734)
Profit (loss) attributable to non-controlling shareholders	-	-	-	-	(805)
<b>Net profit attributable to the equity holders of the parent company</b>	<b>2 258 626</b>	<b>70 378</b>	<b>126 965</b>	<b>1 122 910</b>	<b>2 874 377</b>

As at 30 September 2012	Continuing operations				Total activity of the PKO Bank Polski SA Group
	Retail segment	Corporate segment	Investment segment		
			Own activities	Transfer centre	
Assets	115 961 540	44 870 661	32 415 161	-	193 247 362
Liabilities	118 830 570	26 255 691	24 391 094	-	169 477 355

For the nine-month period ended 30 September 2011	Continuing operations*				Total activity of the PKO Bank Polski SA Group
	Retail segment	Corporate segment	Investment segment		
			Own activities	Transfer centre	
Net interest income	4 012 190	466 888	201 716	857 887	5 538 681
Net fee and commission income	1 884 131	189 256	236 318	-	2 309 705
Other net income	118 320	42 680	231 790	(74 119)	318 671
Net result from financial operations	8 338	7 641	(16 598)	(46 642)	(47 261)
Net foreign exchange gains	87 075	54 484	133 405	(27 477)	247 487
Dividend income	-	-	6 800	-	6 800
Net other operating income and expense	3 383	79	108 183	-	111 645
Income/expenses relating to internal customers	19 524	(19 524)	-	-	-
Net impairment allowance and write-downs	(1 071 879)	(245 447)	(51 810)	-	(1 369 136)
Administrative expenses, of which:	(2 717 509)	(169 871)	(338 333)	-	(3 225 713)
amortisation and depreciation	(312 085)	(17 048)	(55 946)	-	(385 079)
Share of profit (loss) of associates and jointly controlled entities	-	-	-	-	(3 118)
<b>Segment gross profit</b>	<b>2 225 253</b>	<b>283 506</b>	<b>279 681</b>	<b>783 768</b>	<b>3 569 090</b>
Income tax expense (tax burden)	-	-	-	-	(715 249)
Profit (loss) attributable to non-controlling shareholders	-	-	-	-	(1 498)
<b>Net profit attributable to the equity holders of the parent company</b>	<b>2 225 253</b>	<b>283 506</b>	<b>279 681</b>	<b>783 768</b>	<b>2 855 339</b>

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

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

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

For the nine-month period ended 30 September 2012	Poland	Ukraine	Total
Net interest income	5 976 503	43 155	6 019 658
Net fee and commission income	2 224 057	40 321	2 264 378
Other net income	421 617	9 912	431 529
Administrative expenses	(3 283 214)	(94 560)	(3 377 774)
Net impairment allowance and write-downs	(1 720 937)	(37 975)	(1 758 912)
Share of profit (loss) of associates and jointly controlled entities	-	-	14 427
<b>Segment gross profit</b>	<b>3 618 026</b>	<b>(39 147)</b>	<b>3 593 306</b>
Income tax expense (tax burden)	-	-	(719 734)
Profit (loss) attributable to non-controlling shareholders	-	-	(805)
<b>Net profit (loss)</b>	<b>3 618 026</b>	<b>(39 147)</b>	<b>2 874 377</b>

As at 30 September 2012	Poland	Ukraine	Total
Assets of the segment	191 474 055	1 773 307	193 247 362
Liabilities of the segment	168 361 863	1 115 492	169 477 355

For the nine-month period ended 30 September 2011	Poland	Ukraine	Total
Net interest income	5 505 720	32 961	5 538 681
Net fee and commission income	2 282 246	27 459	2 309 705
Other net income	315 141	3 530	318 671
Administrative expenses	(3 153 464)	(72 249)	(3 225 713)
Net impairment allowance and write-downs	(1 381 162)	12 026	(1 369 136)
Share of profit (loss) of associates and jointly controlled entities	-	-	(3 118)
<b>Segment gross profit</b>	<b>3 568 481</b>	<b>3 727</b>	<b>3 569 090</b>
Income tax expense (tax burden)	-	-	(715 249)
Profit (loss) attributable to non-controlling shareholders	-	-	(1 498)
<b>Net profit (loss)</b>	<b>3 568 481</b>	<b>3 727</b>	<b>2 855 339</b>

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



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## 4. Interest income and expense

### Interest and similar income

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Interest income calculated using the effective interest rate method, with respect to financial assets, which are not designated at fair value through profit and loss, of which:</b>	<b>2 884 027</b>	<b>8 513 311</b>	<b>2 771 127</b>	<b>7 720 676</b>
Income from loans and advances to customers	2 628 515	7 758 304	2 555 647	7 157 384
Income from investment securities available for sale	166 938	543 841	154 032	401 770
Income from placements with banks	65 960	185 282	59 149	156 107
Income from debt securities from loans and advances portfolio	20 933	20 933	-	-
Other	1 681	4 951	2 299	5 415
<b>Other income, of which:</b>	<b>413 103</b>	<b>1 271 076</b>	<b>378 240</b>	<b>1 031 005</b>
Income from derivative hedging instruments	227 836	694 053	207 965	559 110
Income from financial assets designated upon initial recognition at fair value through profit and loss	173 971	533 259	151 512	407 828
Income from trading assets	11 296	43 764	18 763	64 067
<b>Total</b>	<b>3 297 130</b>	<b>9 784 387</b>	<b>3 149 367</b>	<b>8 751 681</b>

In the 'Income from derivative hedging instruments', the Group presents interest income from derivative instruments designated for hedge accounting that are effective hedging instruments in respect of cash flow hedges. Details of hedging relationships applied by the PKO Bank Polski SA Group are included in Note 15 'Derivative hedging instruments'.

In the nine-month period ended 30 September 2012, the value of interest income from impaired loans amounted to PLN 357 684 thousand (in the nine-month period ended 30 September 2011, it amounted to PLN 279 492 thousand). This income has been included in the position 'Income from loans and advances to customers'.

### Interest expense and similar charges

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Interest expense calculated using the effective interest rate method, with respect to financial liabilities, which are not designated at fair value through profit and loss, of which:</b>	<b>(1 319 106)</b>	<b>(3 763 285)</b>	<b>(1 185 043)</b>	<b>(3 211 424)</b>
Interest expense on amounts due to customers	(1 210 302)	(3 441 909)	(1 097 645)	(3 000 389)
Interest expense on debt securities in issue	(99 799)	(293 496)	(74 166)	(178 181)
Interest expense on deposits from banks	(7 206)	(21 089)	(12 709)	(32 108)
Premium expense on debt securities available for sale	(1 799)	(6 791)	(523)	(746)
<b>Other expense</b>	<b>(611)</b>	<b>(1 444)</b>	<b>(189)</b>	<b>(1 576)</b>
<b>Total</b>	<b>(1 319 717)</b>	<b>(3 764 729)</b>	<b>(1 185 232)</b>	<b>(3 213 000)</b>



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## 5. Fee and commission income and expense

### Fee and commission income

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Income from financial assets, which are not designated at fair value through profit and loss, of which:</b>	<b>144 728</b>	<b>430 305</b>	<b>143 193</b>	<b>421 488</b>
Income from loans and advances granted	144 728	430 305	143 193	421 488
<b>Other commissions</b>	<b>810 241</b>	<b>2 376 540</b>	<b>809 638</b>	<b>2 429 990</b>
Income from payment cards	296 874	848 933	265 693	767 119
Income from maintenance of bank accounts	219 104	668 109	226 784	689 414
Income from loan insurance	104 189	307 010	120 531	382 688
Income from maintenance of investment and open pension funds (including management fees)	80 020	232 052	81 214	268 013
Income from cash transactions	34 313	102 630	39 772	122 148
Income from securities transactions	20 018	55 295	19 901	52 553
Income from servicing foreign mass transactions	12 141	36 265	12 037	35 430
Income from sale and distribution of court fee stamps	4 463	14 730	3 603	14 221
Other*	39 119	111 516	40 103	98 404
<b>Income from fiduciary activities</b>	<b>911</b>	<b>2 731</b>	<b>699</b>	<b>1 906</b>
<b>Total</b>	<b>955 880</b>	<b>2 809 576</b>	<b>953 530</b>	<b>2 853 384</b>

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

### Fee and commission expense

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
Expenses on payment cards	(106 182)	(286 793)	(82 618)	(227 849)
Expenses on loan insurance	(27 809)	(82 629)	(38 697)	(107 161)
Expenses on acquisition services	(26 077)	(80 310)	(33 686)	(103 475)
Expenses on settlement services	(5 532)	(16 558)	(4 300)	(16 175)
Expenses on fee and commissions for operating services provided by banks	(3 001)	(8 096)	(2 800)	(8 276)
Expenses on asset management fees	(982)	(7 934)	(2 744)	(21 160)
Other*	(24 618)	(62 878)	(20 383)	(59 583)
<b>Total</b>	<b>(194 201)</b>	<b>(545 198)</b>	<b>(185 228)</b>	<b>(543 679)</b>

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

## 6. Net income from financial instruments designated at fair value

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
Debt securities	37 733	55 064	5 017	1 698
Equity instruments	(1 727)	(1 537)	(2 212)	(822)
Structured bank securities designated at fair value through profit and loss <sup>1)</sup>	(11 416)	(11 939)	2 455	3 407
Derivative instruments <sup>1)</sup>	8 253	6 640	(33 852)	(68 150)
Other <sup>1)</sup>	-	-	-	(1)
<b>Total</b>	<b>32 843</b>	<b>48 228</b>	<b>(28 592)</b>	<b>(63 868)</b>

In the net income from financial instruments designated at fair value, position 'Derivative instruments', in the period ended 30 September 2012, an ineffective portion related to cash flow hedges was recognised and it amounted to PLN 1 152 thousand (in the period ended 30 September 2011, an ineffective portion related to cash flow hedges was recognised and it amounted to PLN (48 343) thousand).

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3rd quarter period from 01.07.2012 to 30.09.2012	Gains	Losses	Net result
Trading assets	3 079 712	(3 067 999)	11 713
Financial assets designated upon initial recognition at fair value through profit and loss	30 514	(9 384)	21 130
<b>Total</b>	<b>3 110 226</b>	<b>(3 077 383)</b>	<b>32 843</b>
3 quarters cumulatively period from 01.01.2012 to 30.09.2012	Gains	Losses	Net result
Trading assets	11 384 001	(11 371 178)	12 823
Financial assets designated upon initial recognition at fair value through profit and loss	111 921	(76 516)	35 405
<b>Total</b>	<b>11 495 922</b>	<b>(11 447 694)</b>	<b>48 228</b>
3rd quarter period from 01.07.2011 to 30.09.2011	Gains	Losses	Net result
Trading assets	2 483 501	(2 521 826)	(38 325)
Financial assets designated upon initial recognition at fair value through profit and loss	8 327	1 406	9 733
<b>Total</b>	<b>2 491 828</b>	<b>(2 520 420)</b>	<b>(28 592)</b>
3 quarters cumulatively period from 01.01.2011 to 30.09.2011	Gains	Losses	Net result
Trading assets	8 834 238	(8 903 615)	(69 377)
Financial assets designated upon initial recognition at fair value through profit and loss	57 188	(51 679)	5 509
<b>Total</b>	<b>8 891 426</b>	<b>(8 955 294)</b>	<b>(63 868)</b>

The total change in fair values of financial instruments designated at fair value through profit and loss determined with use of valuation models (where no quotations from active market are available) in the period ended 30 September 2012 amounted to PLN (5 299)<sup>\*)</sup> thousand (in the period ended 30 September 2011: PLN (64 744)<sup>\*)</sup> thousand).

## 7. Other operating income and expense

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Other operating income</b>				
Net income from sale of products and services	89 250	216 502	52 421	185 440
Sales and disposal of tangible fixed assets, intangible assets and assets held for sale	42 115	78 418	18 117	60 035
Damages, penalties and fines received	6 797	21 689	4 754	15 844
Other*	10 902	70 101	25 566	69 648
<b>Total</b>	<b>149 064</b>	<b>386 710</b>	<b>100 858</b>	<b>330 967</b>
<b>Other operating expense</b>				
Costs of sale of products and services	(57 047)	(140 857)	(39 840)	(135 480)
Costs of sale and disposal of tangible fixed assets, intangible assets and assets held for sale	(43 771)	(81 649)	(18 039)	(48 548)
Other*	(3 552)	(44 361)	(11 401)	(35 294)
<b>Total</b>	<b>(104 370)</b>	<b>(266 867)</b>	<b>(69 280)</b>	<b>(219 322)</b>

\* Included in 'Other' are i.a.: sundry income, income from expired and written-off receivables.

\* Included in 'Other' are i.a.: donations and sundry expenses.

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

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## 8. Net impairment allowance and write-downs

For the nine-month period ended 30 September 2012	Note	Value at the beginning of the period	Increases			Decreases				Value at the end of the period	Net – impact on the income statement
			Recognised during the period	Currency translation differences	Other	Decrease due to derecognition of assets and settlement	Reversed during the period	Currency translation differences	Other		
<b>Investment securities available for sale</b>	<b>18</b>	<b>20 563</b>	<b>9 696</b>	-	-	<b>10 603</b>	<b>1 564</b>	<b>250</b>	-	<b>17 842</b>	<b>(8 132)</b>
Debt securities available for sale		17 944	-	-	-	10 603	1 564	241	-	5 536	1 564
Equity securities not admitted to public trading		2 619	9 696	-	-	-	-	9	-	12 306	(9 696)
<b>Amounts due from banks</b>	<b>12</b>	<b>32 812</b>	<b>48</b>	-	-	-	<b>342</b>	-	<b>2 350</b>	<b>30 168</b>	<b>294</b>
<b>Loans and advances to customers measured at amortised cost</b>	<b>17</b>	<b>5 658 243</b>	<b>4 139 040</b>	-	<b>31 625</b>	<b>691 464</b>	<b>2 542 075</b>	<b>42 281</b>	<b>78 475</b>	<b>6 474 613</b>	<b>(1 596 965)</b>
Non-financial sector		5 497 033	4 076 984	-	30 647	684 223	2 494 251	40 098	78 431	6 307 661	(1 582 733)
corporate loans		2 709 360	1 781 688	-	8 231	231 421	983 567	32 178	36 293	3 215 820	(798 121)
consumer loans		1 463 843	1 533 360	-	19 940	435 924	1 053 402	1 055	6 973	1 519 789	(479 958)
housing loans		1 323 830	760 548	-	2 476	16 878	457 282	6 865	35 165	1 570 664	(303 266)
debt securities		-	1 388	-	-	-	-	-	-	1 388	(1 388)
Financial sector		37 058	18 807	-	357	2 838	24 659	2 183	44	26 498	5 852
corporate loans		37 058	18 807	-	357	2 838	24 659	2 183	44	26 498	5 852
Public sector		15 779	3 472	-	621	-	496	-	-	19 376	(2 976)
corporate loans		15 779	1 722	-	621	-	496	-	-	17 626	(1 226)
debt securities		-	1 750	-	-	-	-	-	-	1 750	(1 750)
Finance lease receivables		108 373	39 777	-	-	4 403	22 669	-	-	121 078	(17 108)
<b>Non-current assets held for sale</b>		<b>2 958</b>	-	-	-	<b>3</b>	-	-	-	<b>2 955</b>	-
<b>Tangible fixed assets</b>		<b>6 388</b>	<b>11 539</b>	-	-	<b>2 913</b>	<b>305</b>	<b>665</b>	-	<b>14 044</b>	<b>(11 234)</b>
<b>Intangible assets</b>		<b>135 295</b>	<b>6 038</b>	-	<b>238</b>	<b>4 558</b>	-	-	-	<b>137 013</b>	<b>(6 038)</b>
<b>Investments in associates and jointly controlled entities</b>	<b>19</b>	<b>88 953</b>	<b>8 850</b>	-	-	-	-	-	-	<b>97 803</b>	<b>(8 850)</b>
<b>Other, of which:</b>		<b>336 751</b>	<b>244 730</b>	-	<b>6 998</b>	<b>38 313</b>	<b>116 743</b>	<b>1 094</b>	<b>851</b>	<b>431 478</b>	<b>(127 987)</b>
inventories		33 088	8 850	-	-	10 565	957	-	-	30 416	(7 893)
provisions for legal claims and liabilities and guarantees granted	25	115 608	203 688	-	-	796	99 775	10	473	218 242	(103 913)
<b>Total</b>		<b>6 281 963</b>	<b>4 419 941</b>	-	<b>38 861</b>	<b>747 854</b>	<b>2 661 029</b>	<b>44 290</b>	<b>81 676</b>	<b>7 205 916</b>	<b>(1 758 912)</b>

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For the nine-month period ended 30 September 2011	Value at the beginning of the period	Increases			Decreases				Value at the end of the period	Net – impact on the income statement
		Recognised during the period	Currency translation differences	Other	Decrease due to derecognition of assets and settlement	Reversed during the period	Currency translation differences	Other		
<b>Investment securities available for sale</b>	<b>21 909</b>	<b>2 342</b>	<b>791</b>	<b>-</b>	<b>16</b>	<b>358</b>	<b>-</b>	<b>-</b>	<b>24 668</b>	<b>(1 984)</b>
Debt securities available for sale	21 259	371	782	-	-	358	-	-	22 054	(13)
Equity securities not admitted to public trading	650	1 971	9	-	16	-	-	-	2 614	(1 971)
<b>Amounts due from banks</b>	<b>28 925</b>	<b>1 288</b>	<b>-</b>	<b>2 779</b>	<b>25</b>	<b>1 096</b>	<b>-</b>	<b>-</b>	<b>31 871</b>	<b>(192)</b>
<b>Loans and advances to customers measured at amortised cost</b>	<b>4 856 670</b>	<b>4 936 554</b>	<b>23 585</b>	<b>60 534</b>	<b>615 016</b>	<b>3 618 082</b>	<b>-</b>	<b>-</b>	<b>5 644 245</b>	<b>(1 318 472)</b>
Non-financial sector	4 726 693	4 873 789	22 679	60 534	614 342	3 581 438	-	-	5 487 915	(1 292 351)
corporate loans	2 229 665	1 556 174	16 137	11 933	90 221	1 101 505	-	-	2 622 183	(454 669)
consumer loans	1 513 717	2 225 276	902	83 005	442 378	1 683 175	-	-	1 697 347	(542 101)
housing loans	983 311	1 092 339	5 640	(34 404)	81 743	796 758	-	-	1 168 385	(295 581)
Financial sector	26 938	5 977	906	-	66	2 434	-	-	31 321	(3 543)
corporate loans	26 938	5 977	906	-	66	2 434	-	-	31 321	(3 543)
Public sector	13 134	4 528	-	-	-	3 670	-	-	13 992	(858)
corporate loans	13 134	4 528	-	-	-	3 670	-	-	13 992	(858)
Finance lease receivables	89 905	52 260	-	-	608	30 540	-	-	111 017	(21 720)
<b>Non-current assets held for sale</b>	<b>2 961</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 958</b>	<b>-</b>
<b>Tangible fixed assets</b>	<b>18 434</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>17 254</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 216</b>	<b>(36)</b>
<b>Intangible assets</b>	<b>132 972</b>	<b>2 479</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135 451</b>	<b>(2 479)</b>
<b>Investments in associates and jointly controlled entities</b>	<b>60 138</b>	<b>1 394</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61 532</b>	<b>(1 394)</b>
<b>Other, of which:</b>	<b>314 214</b>	<b>179 240</b>	<b>749</b>	<b>250</b>	<b>13 522</b>	<b>134 661</b>	<b>-</b>	<b>-</b>	<b>346 270</b>	<b>(44 579)</b>
inventories	34 858	8 051	-	-	7 986	34	-	-	34 889	(8 017)
provisions for legal claims and liabilities and guarantees granted	89 799	122 473	48	244	113	104 906	-	-	107 545	(17 567)
<b>Total</b>	<b>5 436 223</b>	<b>5 123 333</b>	<b>25 125</b>	<b>63 563</b>	<b>645 836</b>	<b>3 754 197</b>	<b>-</b>	<b>-</b>	<b>6 248 211</b>	<b>(1 369 136)</b>

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## 9. Administrative expenses

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
Staff costs	(611 618)	(1 824 956)	(613 944)	(1 759 128)
Overheads	(327 731)	(982 808)	(300 877)	(923 680)
Amortisation and depreciation	(137 974)	(407 596)	(133 698)	(385 079)
Taxes and other charges	(18 113)	(54 423)	(19 838)	(55 273)
Contribution and payments to the Bank Guarantee Fund	(35 997)	(107 991)	(34 185)	(102 553)
<b>Total</b>	<b>(1 131 433)</b>	<b>(3 377 774)</b>	<b>(1 102 542)</b>	<b>(3 225 713)</b>

## Wages and salaries / Employee benefits

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
Wages and salaries	(509 500)	(1 508 351)	(519 250)	(1 476 058)
Social Insurance, of which:	(85 327)	(264 037)	(78 844)	(234 616)
contributions for retirement pay and pensions*	(68 711)	(218 094)	(57 832)	(175 192)
Other employee benefits	(16 791)	(52 568)	(15 850)	(48 454)
<b>Total</b>	<b>(611 618)</b>	<b>(1 824 956)</b>	<b>(613 944)</b>	<b>(1 759 128)</b>

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

## 10. Income tax expense

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Consolidated income statement</b>				
Current income tax expense	(240 337)	(762 339)	(299 511)	(818 900)
Deferred income tax related to temporary differences	17 052	42 605	54 346	103 651
<b>Tax expense in the consolidated income statement</b>	<b>(223 285)</b>	<b>(719 734)</b>	<b>(245 165)</b>	<b>(715 249)</b>
Tax expense in other comprehensive income related to temporary differences	32 631	74 498	(54 064)	(41 609)
<b>Total</b>	<b>(190 654)</b>	<b>(645 236)</b>	<b>(299 229)</b>	<b>(756 858)</b>

	30.09.2012	31.12.2011
Deferred tax asset	667 180	543 922
Deferred tax liability	35 478	29 364
<b>Total</b>	<b>631 702</b>	<b>514 558</b>

KREDOBANK SA remains in two legal claims with the tax authorities in Ukraine. The first legal claim concerns the possibility of recognition of the loss from previous years as tax deductible expenses. The legal claim concerns tax years 2008-2010, the value of the subject matter of legal claim amounts to UAH 771 437 thousand (i.e. PLN 302 403 thousand at the average NBP exchange rate prevailing as at 30 September 2012). The case was reviewed by the court of the first instance, which on 7 May 2012 took into consideration the petition of KREDOBANK SA. On 14 June of this year, i.e. before the sentence came into legal force, the tax authority appealed to the court of the second instance. The hearing was set as at 6 December of this year. In case the verdict of the court of superior instance is unfavourable for KREDOBANK SA the deferred tax asset will be reduced by 16% of the above mentioned loss, i.e. by UAH 123 430 thousand (PLN 48 385 thousand).

The second legal claim concerns recognition of the costs related to the transaction of selling loans in 2011, including factoring transactions between KREDOBANK SA and Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o. as tax deductible expenses by KREDOBANK SA. The tax authority questioned the legal basis for treating the costs related to these transactions as tax deductible costs.



The decision of the tax authority results in cancelling the tax losses of KREDOBANK SA for previous years and the losses related to releasing of deferred tax assets and arising of an additional tax liability.

In the opinion of KREDOBANK SA – confirmed by legal and tax opinions, the decision of the tax authority was based on an erroneous interpretation of the provisions of the law of Ukraine. On 5 October 2012, KREDOBANK SA filed a claim with the Lviv Regional Administrative Court appealing against the results of the inspection by the tax authority and applying for annulling the decision to pay income tax based on the inspection minutes. In case the verdict of the court is unfavourable, KREDOBANK SA will be obliged to pay to the State Treasury of Ukraine an amount of UAH 62 909 thousand (i.e. PLN 24 660 thousand at the average NBP rate prevailing as at 30 September 2012).

## 11. Earnings per share

### Basic earnings per share

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

### Earnings per share

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
Profit per ordinary shareholder (in PLN thousand)	921 016	2 874 377	1 017 025	2 855 339
Weighted average number of ordinary shares during the period (in thousand)	1 250 000	1 250 000	1 250 000	1 250 000
Earnings per share (in PLN per share)	0.74	2.30	0.81	2.28

### Earnings per share from discontinued operations

In the periods ended 30 September 2012 and 30 September 2011 respectively, there were no material expenses or income from discontinued operations.

### Diluted earnings per share

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

In the periods ended 30 September 2012 and 30 September 2011, there were no dilutive instruments.

### Diluted earnings per share from discontinued operations

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

## 12. Amounts due from banks

	30.09.2012	31.12.2011
Deposits with banks	2 624 232	1 912 647
Current accounts	2 465 413	405 724
Loans and advances granted	80 189	108 868
Receivables due from repurchase agreements	20 616	-
Cash in transit	3 563	1 800
<b>Total</b>	<b>5 194 013</b>	<b>2 429 039</b>
Impairment allowances on receivables, of which:	(30 168)	(32 812)
impairment allowances on exposure to a foreign bank	(30 116)	(32 385)
<b>Net total</b>	<b>5 163 845</b>	<b>2 396 227</b>

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### 13. Trading assets

	30.09.2012	31.12.2011
<b>Debt securities</b>	<b>758 396</b>	<b>1 300 164</b>
issued by the State Treasury, of which:	710 610	1 268 471
Treasury bonds	693 034	1 219 069
Treasury bills	17 576	49 402
issued by non-financial institutions, corporate bonds	17 808	14 947
issued by other financial institutions, of which:	13 514	239
bonds issued by WSE	13 391	-
corporate bonds	118	-
corporate bonds NIF (National Investment Fund)	5	239
issued by local government bodies, municipal bonds	15 037	14 783
issued by banks, BGK bonds	1 427	1 724
<b>Shares in other entities – listed on stock exchange</b>	<b>2 880</b>	<b>10 925</b>
<b>Investment certificates</b>	<b>1 692</b>	<b>-</b>
<b>Rights issues</b>	<b>46</b>	<b>-</b>
<b>Total</b>	<b>763 014</b>	<b>1 311 089</b>

### 14. Derivative financial instruments

	30.09.2012		31.12.2011	
	Assets	Liabilities	Assets	Liabilities
Hedging instruments	689 878	226 848	516 925	342 598
Other derivative instruments	2 843 692	3 129 903	2 547 808	2 302 683
<b>Total</b>	<b>3 533 570</b>	<b>3 356 751</b>	<b>3 064 733</b>	<b>2 645 281</b>

	30.09.2012		31.12.2011	
Type of contract	Assets	Liabilities	Assets	Liabilities
IRS	2 708 536	2 462 935	1 941 309	1 925 161
CIRS	481 752	380 751	419 640	421 039
FX Swap	168 243	323 536	438 331	139 720
Options	99 193	81 491	106 492	70 112
Forward	39 438	66 538	119 293	56 271
FRA	36 045	41 285	38 117	31 965
Other	363	215	1 551	1 013
<b>Total</b>	<b>3 533 570</b>	<b>3 356 751</b>	<b>3 064 733</b>	<b>2 645 281</b>

### 15. Derivative hedging instruments

As at 30 September 2012, the PKO Bank Polski SA Group applies the following hedging strategies:

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

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

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

<b>Hedging strategy:</b>	<b>Hedges against fluctuations in cash flows from floating interest rate loans in PLN, resulting from the risk of fluctuations in interest rates, using IRS transactions</b>
<b>Description of hedge relationship</b>	Elimination of the risk of cash flow fluctuations generated by floating interest rate PLN loan portfolio resulting from the interest rate risk in the period covered by the hedge.
<b>Hedged risk</b>	Interest rate risk.
<b>Hedging instrument</b>	IRS transactions where the Bank pays coupons based on variable 3M WIBOR rate, and receives coupons based on a fixed rate on the nominal amount for which they were concluded.
<b>Hedged position</b>	The portfolio of loans in PLN indexed to the variable 3M WIBOR rate.
<b>Periods in which cash flows are expected and in which they should have an impact on the financial result</b>	October 2012 to March 2015



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**Hedging strategy:** Hedges against fluctuations in cash flows from floating interest rate loans in EUR, resulting from the risk of fluctuations in interest rates, using IRS transactions

**Description of hedge relationship** Elimination of the risk of cash flow fluctuations generated by floating interest rate EUR loan portfolio resulting from the interest rate risk in the period covered by the hedge.

**Hedged risk** Interest rate risk.

**Hedging instrument** IRS transactions where the Bank pays coupons based on variable 3M EURIBOR rate, and receives coupons based on a fixed rate on the nominal amounts for which they were concluded.

**Hedged position** The portfolio of loans in EUR indexed to the variable EURIBOR rate.

**Periods in which cash flows are expected and in which they should have an impact on the financial result** October 2012 to June 2016

**Hedging strategy:** Hedges against fluctuations in cash flows from floating interest rate loans in CHF, resulting from the risk of fluctuations in interest rates, using IRS transactions

**Description of hedge relationship** Elimination of the risk of cash flow fluctuations generated by floating interest rate CHF loan portfolio resulting from the interest rate risk in the period covered by the hedge.

**Hedged risk** Interest rate risk.

**Hedging instrument** IRS transactions where the Bank pays coupons based on variable 3M CHF LIBOR rate, and receives coupons based on a fixed rate on the nominal amounts for which they were concluded.

**Hedged position** The portfolio of loans in CHF indexed to the variable 3M CHF LIBOR rate.

**Periods in which cash flows are expected and in which they should have an impact on the financial result** October 2012 to July 2016

### Cash flow hedges

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

Type of instrument:	Carrying amount/fair value					
	30.09.2012			31.12.2011		
	Assets	Liabilities	Total	Assets	Liabilities	Total
IRS	371 907	60	371 847	175 566	1 643	173 923
CIRS	317 971	226 788	91 183	341 359	340 955	404
<b>Total</b>	<b>689 878</b>	<b>226 848</b>	<b>463 030</b>	<b>516 925</b>	<b>342 598</b>	<b>174 327</b>

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

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		Nominal value as at 30 September 2012					
Type of instrument:		up to 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	over 5 years	Total
IRS in PLN thousand		-	3 830 000	2 864 000	472 000	-	7 166 000
IRS							
	in PLN thousand	-	-	-	1 941 714	-	1 941 714
	in EUR thousand	-	-	-	472 000	-	472 000
IRS							
	in PLN thousand	-	-	-	850 200	-	850 200
	in CHF thousand	-	-	-	250 000	-	250 000
CIRS							
	in PLN thousand	340 080	-	5 441 280	9 097 140	1 955 460	16 833 960
	in CHF thousand	100 000	-	1 600 000	2 675 000	575 000	4 950 000

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

Other comprehensive income as regards cash flow hedges	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
Other comprehensive income at the beginning of the period, gross	205 166	447 142	174 636	269 042
Gains/losses transferred to other comprehensive income in the period	737 281	784 937	502 420	755 677
Amount transferred from other comprehensive income to profit and loss, of which:	(901 877)	(1 191 509)	(180 226)	(527 889)
- interest income	(227 512)	(693 729)	(207 964)	(559 109)
- net foreign exchange gains (losses)	(674 365)	(497 780)	27 738	31 220
<b>Accumulated other comprehensive income at the end of the period, gross</b>	<b>40 570</b>	<b>40 570</b>	<b>496 830</b>	<b>496 830</b>
<b>Tax effect</b>	<b>(7 708)</b>	<b>(7 708)</b>	<b>(94 398)</b>	<b>(94 398)</b>
<b>Accumulated other comprehensive income at the end of the period, net</b>	<b>32 862</b>	<b>32 862</b>	<b>402 432</b>	<b>402 432</b>
Ineffective part of cash flow hedges recognised through profit and loss	13 339	1 152	(22 277)	(48 343)
Effect on other comprehensive income in the period, gross	(164 596)	(406 572)	322 194	227 788
Deferred tax on cash flow hedges	31 274	77 249	(61 217)	(43 280)
<b>Effect on other comprehensive income in the period, net</b>	<b>(133 322)</b>	<b>(329 323)</b>	<b>260 977</b>	<b>184 508</b>

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

	30.09.2012	31.12.2011
<b>Debt securities</b>	<b>16 220 526</b>	<b>12 467 201</b>
issued by central banks, of which:	12 788 990	8 593 791
NBP money market bills	12 788 990	8 593 791
issued by the State Treasury, of which:	3 177 625	3 620 515
Treasury bonds PLN	2 375 085	1 318 278
Treasury bills	786 802	2 180 148
Treasury bonds UAH	15 738	-
Treasury bonds EUR	-	122 089
issued by local government bodies, of which:	253 911	252 895
municipal bonds EUR	145 609	143 973
municipal bonds PLN	108 302	108 922
<b>Total</b>	<b>16 220 526</b>	<b>12 467 201</b>

## 17. Loans and advances to customers

	30.09.2012	31.12.2011
<b>Gross loans and advances to customers, of which:</b>	<b>149 180 175</b>	<b>147 292 737</b>
financial sector	928 552	1 252 368
corporate, of which:	928 552	1 252 368
receivables due from repurchase agreements	304 336	93 899
deposits of the Brokerage House in the Stock Exchange Guarantee Fund and initial deposit	6 199	6 891
non-financial sector	142 104 311	140 973 940
corporate, of which:	47 560 648	45 480 936
receivables due from repurchase agreements	21 250	11 341
housing	71 167 903	71 156 253
consumer	22 744 893	24 336 751
debt securities*	630 867	-
public sector	6 147 312	5 066 429
corporate	5 351 705	5 066 429
debt securities*	795 607	-
<b>Impairment allowances on loans and advances</b>	<b>(6 474 613)</b>	<b>(5 658 243)</b>
<b>Loans and advances to customers - net</b>	<b>142 705 562</b>	<b>141 634 494</b>

\*Information about the debt securities portfolio reclassified to the loans and advances to customers portfolio is provided in Note 18 'Investment securities available for sale'.

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	30.09.2012	31.12.2011
<b>Loans and advances to customers</b>		
Assessed on an individual basis	8 169 222	6 549 383
Impaired, of which:	6 387 730	5 701 547
receivables from finance leases	140 631	142 150
Not impaired, of which:	1 781 492	847 836
receivables from finance leases	134 244	89 493
Assessed on a portfolio basis	6 818 938	6 095 685
Impaired, of which:	6 818 938	6 095 685
receivables from finance leases	124 067	107 903
Assessed on a group basis (IBNR), of which:	134 192 015	134 647 669
receivables from finance leases	3 035 123	2 656 595
<b>Loans and advances to customers, gross</b>	<b>149 180 175</b>	<b>147 292 737</b>
Allowances on exposures assessed on an individual basis	(2 440 697)	(2 079 621)
Impaired, of which:	(2 426 608)	(2 079 621)
allowances on lease receivables	(36 448)	(36 180)
Allowances on exposures assessed on a portfolio basis, of which:	(3 398 468)	(2 910 042)
allowances on lease receivables	(70 152)	(60 091)
Allowances on exposures assessed on a group basis (IBNR), of which:	(635 448)	(668 580)
allowances on lease receivables	(14 478)	(12 102)
<b>Allowances – total</b>	<b>(6 474 613)</b>	<b>(5 658 243)</b>
<b>Loans and advances to customers, net</b>	<b>142 705 562</b>	<b>141 634 494</b>
	30.09.2012	31.12.2011
<b>Loans and advances granted – gross, of which:</b>	<b>149 180 175</b>	<b>147 292 737</b>
mortgage banking	63 258 531	63 447 085
corporate	39 997 689	33 946 966
retail and private banking	22 744 893	24 336 752
small and medium enterprises	16 493 441	17 457 352
housing market clients	6 353 880	7 980 682
receivables due from repurchase agreements	325 586	105 240
other receivables	6 155	18 660
<b>Impairment allowances on loans and advances</b>	<b>(6 474 613)</b>	<b>(5 658 243)</b>
<b>Loans and advances granted, net</b>	<b>142 705 562</b>	<b>141 634 494</b>

In the nine-month period ended 30 September 2012, as a result of re-segmentation, PLN 1 139 112 thousand of loan volumes of small and medium enterprises and PLN 1 575 554 thousand of loan volumes of housing market clients were transferred to the corporate segment.

As at 30 September 2012, the share of impaired loans amounted to 8.9% (as at 31 December 2011: 8.0%), whereas the coverage ratio of impaired loans (calculated by dividing the balance of impairment allowances on loans and advances to customers by the gross carrying amount of impaired loans and advances to customers) amounted to 49.0% (as at 31 December 2011: 48.0%).

As at 30 September 2012 the share of loans overdue by more than 90 days in the gross amount of loans and advances was 5.7% (as at 31 December 2011: 4.6%).

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## 18. Investment securities available for sale

	30.09.2012	31.12.2011
<b>Debt securities available for sale, gross</b>	<b>11 427 704</b>	<b>14 325 469</b>
issued by the State Treasury	6 952 357	8 679 028
Treasury bonds PLN	6 675 170	8 414 865
Treasury bonds USD	169 637	30 661
Treasury bonds UAH	107 550	220 793
Treasury bills	-	989
Treasury bonds EUR	-	11 720
issued by local government bodies, municipal bonds	2 801 707	3 458 356
issued by non-financial institutions	1 621 812	2 137 215
corporate bonds PLN	1 621 812	2 129 507
corporate bonds UAH	-	4 946
bills of exchange	-	2 762
issued by banks, corporate bonds	51 828	50 870
<b>Impairment allowances of debt securities available for sale</b>	<b>(5 536)</b>	<b>(17 944)</b>
corporate bonds PLN	(5 536)	(10 236)
corporate bonds UAH	-	(4 946)
bills of exchange	-	(2 762)
<b>Total net debt securities available for sale</b>	<b>11 422 168</b>	<b>14 307 525</b>
<b>Equity securities available for sale, gross</b>	<b>129 545</b>	<b>88 370</b>
Equity securities not admitted to public trading	83 478	41 025
Equity securities admitted to public trading	46 067	47 345
<b>Impairment allowances of equity securities available for sale</b>	<b>(12 306)</b>	<b>(2 619)</b>
<b>Total net equity securities available for sale</b>	<b>117 239</b>	<b>85 751</b>
<b>Total net investment securities available for sale</b>	<b>11 539 407</b>	<b>14 393 276</b>

Due to change of intention as regards holding of the selected portfolio of non-Treasury securities classified upon initial recognition as available for sale, in the third quarter of 2012, the Group reclassified them to loans and advances to customers.

As a result of the reclassification of the portfolio, the valuation methods have also changed, i.e. from measured at fair value to measured at amortised cost.

### Debt securities (municipal bonds and corporate bonds) reclassified from financial assets available for sale to loans and advances to customers

As at 30 September 2012	nominal value	fair value	carrying amount
Municipal bonds	778 233	807 275	793 856
Corporate bonds	632 160	632 013	629 480
<b>Total</b>	<b>1 410 393</b>	<b>1 439 288</b>	<b>1 423 336</b>

The securities reclassified are presented in the financial statements in loans and advances to customers.

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## 19. Investments in associates and jointly controlled entities

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

Entity name	30.09.2012	31.12.2011
<b>The CENTRUM HAFNERA Sp. z o.o. Group</b>	<b>16 434</b>	<b>10 665</b>
Purchase price	44 371	44 371
Change in valuation with equity method	(27 937)	(33 706)
<b>Centrum Obsługi Biznesu Sp. z o.o.</b>	<b>6 199</b>	<b>5 307</b>
Purchase price	17 498	17 498
Change in valuation with equity method	(11 299)	(12 191)
<b>Total</b>	<b>22 633</b>	<b>15 972</b>

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

Entity name	30.09.2012	31.12.2011
<b>The Bank Pocztowy SA Group</b>	<b>106 720</b>	<b>106 720</b>
Purchase price	146 500	146 500
Change in valuation with equity method	52 750	44 198
Impairment allowances	(92 530)	(83 978)
<b>Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.</b>	<b>-</b>	<b>-</b>
Purchase price	1 500	1 500
Change in valuation with equity method	3 773	3 475
Impairment allowances	(5 273)	(4 975)
<b>Agencja Inwestycyjna CORP-SA SA</b>	<b>398</b>	<b>427</b>
Purchase price	29	29
Change in valuation with equity method	369	398
<b>Total</b>	<b>107 118</b>	<b>107 147</b>

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Investments in associates at the beginning of the period</b>	<b>107 030</b>	<b>107 147</b>	<b>131 736</b>	<b>131 652</b>
Change in impairment allowances of investment	(3 324)	(8 850)	(751)	(1 394)
Share of profit/loss	3 291	7 766	1 457	2 663
Share in other comprehensive income of associate	121	1 302	(661)	(1 028)
Dividends paid	-	(247)	-	(112)
<b>Investment in associates at the end of the period</b>	<b>107 118</b>	<b>107 118</b>	<b>131 781</b>	<b>131 781</b>

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Investments in jointly controlled entities at the beginning of the period</b>	<b>17 525</b>	<b>15 972</b>	<b>36 276</b>	<b>41 279</b>
Share of profit/loss	5 108	6 661	(778)	(5 781)
<b>Investments in jointly controlled entities at the end of the period</b>	<b>22 633</b>	<b>22 633</b>	<b>35 498</b>	<b>35 498</b>

## 20. Intangible assets and tangible fixed assets

Intangible assets	30.09.2012	31.12.2011
Software	1 409 557	1 450 693
Goodwill	227 431	227 349
Development costs	3 486	3 486
Other, including capital expenditure	157 052	118 480
<b>Total</b>	<b>1 797 526</b>	<b>1 800 008</b>

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<b>Tangible fixed assets</b>	<b>30.09.2012</b>	<b>31.12.2011</b>
Land and buildings	1 686 728	1 691 339
Machinery and equipment	490 191	559 727
Assets under construction	177 933	144 776
Means of transport	61 094	62 344
Investment properties	241	248
Other	108 356	82 883
<b>Total</b>	<b>2 524 543</b>	<b>2 541 317</b>

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

## 21. Amounts due to banks

	<b>30.09.2012</b>	<b>31.12.2011</b>
Loans and advances received	2 349 737	4 360 878
Banks deposits	1 000 003	1 372 635
Amounts due from repurchase agreements	157 167	-
Current accounts	81 495	422 707
Other money market deposits	44 549	82 944
<b>Total</b>	<b>3 632 951</b>	<b>6 239 164</b>

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

## 22. Amounts due to customers

	<b>30.09.2012</b>	<b>31.12.2011</b>
<b>Amounts due to retail clients</b>	<b>107 970 723</b>	<b>104 183 094</b>
Term deposits	61 392 824	55 523 745
Current accounts and overnight deposits	46 366 710	48 187 307
Other money market deposits	211 189	472 042
<b>Amounts due to corporate entities</b>	<b>32 889 305</b>	<b>38 468 560</b>
Term deposits	21 057 324	23 949 758
Current accounts and overnight deposits	9 388 388	11 399 925
Loans and advances received	1 890 276	1 988 013
Other money market deposits	342 983	486 859
Amounts due from repurchase agreements	210 334	644 005
<b>Amounts due to state budget entities</b>	<b>4 584 259</b>	<b>3 822 243</b>
Current accounts and overnight deposits	2 314 765	2 241 333
Term deposits	2 199 553	1 516 981
Other money market deposits	69 941	63 929
<b>Total</b>	<b>145 444 287</b>	<b>146 473 897</b>

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

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	30.09.2012	31.12.2011
<b>Amounts due to customers, of which:</b>	<b>145 444 287</b>	<b>146 473 897</b>
retail and private banking	104 175 048	100 724 285
corporate	25 827 418	28 562 587
small and medium enterprises	8 658 043	9 137 643
housing market clients	4 680 877	5 412 117
loans and advances received	1 890 276	1 988 013
amounts due from repurchase agreements	210 334	644 005
other liabilities	2 291	5 247
<b>Total</b>	<b>145 444 287</b>	<b>146 473 897</b>

In the nine-month period ended 30 September 2012, as a result of re-segmentation performed during the year, PLN 31 960 thousand of deposit volumes of small and medium enterprises and PLN 446 337 thousand of deposit volumes of housing market clients were transferred to the corporate segment.

### 23. Debt securities in issue

	30.09.2012	31.12.2011
<b>Debt securities in issue</b>		
Financial instruments measured at amortised cost	10 444 519	7 596 164
bonds issued by PKO Finance AB	9 326 028	4 476 996
bonds issued by PKO Bank Polski SA	908 613	2 929 973
bonds issued by BFL SA	209 878	189 195
Financial instruments designated at fair value through profit and loss	321 993	175 615
- bank securities issued by PKO Bank Polski SA		
<b>Total</b>	<b>10 766 512</b>	<b>7 771 779</b>

	30.09.2012	31.12.2011
<b>Debt securities in issue by maturity:</b>		
up to 1 month	191 337	9 957
from 1 month to 3 months	1 044 458	3 109 211
from 3 months to 1 year	123 689	41 311
from 1 year to 5 years	6 015 059	4 611 300
over 5 years	3 391 969	-
<b>Total</b>	<b>10 766 512</b>	<b>7 771 779</b>

In the nine-month period of 2012, PKO Finance AB issued eurobonds with nominal value of EUR 50 000 thousand (July 2012) and CHF 500 000 thousand (September 2012) and bonds with nominal value of USD 1 000 000 thousand (September 2012).

In the nine-month period of 2012, the Bank issued bank securities and bank bonds with nominal value of PLN 5 434 232 thousand classified respectively as liabilities designated to be measured at fair value through profit and loss, in accordance with IAS 39.11.A. and measured at amortised cost. In the nine-month period of 2012, bank securities with nominal value of PLN 7 335 846 thousand were redeemed.

In the nine-month period of 2012, BFL SA issued bonds with nominal value of PLN 975 000 thousand and redeemed bonds with nominal value of PLN 1 065 000 thousand. As at 30 September 2012, the Company's debt in respect of the bonds issued amounted to PLN 255 000 thousand (at nominal value) of which the debt due to the Bank amounted to PLN 43 660 thousand (at nominal value).



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## 24. Subordinated liabilities

As at 30 September 2012

Subordinated liabilities	Nominal value	Currency	Interest rate (%)	Maturity date	Balance
Subordinated bonds	1 600 700	PLN	5.96%	30.10.2017	1 638 617
Subordinated bonds	1 600 700	PLN	6.60%	14.09.2022	1 605 545
<b>Total</b>	<b>3 201 400</b>				<b>3 244 162</b>

As at 31 December 2011

Subordinated liabilities	Nominal value	Currency	Interest rate (%)	Maturity date	Balance
Subordinated bonds	1 600 700	PLN	5.92%	30.10.2017	1 614 377
				<b>30.09.2012</b>	<b>31.12.2011</b>
<b>As at the beginning of the period</b>				<b>1 614 377</b>	<b>1 611 779</b>
<b>Increases (of which):</b>				<b>1 677 296</b>	<b>87 125</b>
issuance				1 600 700	-
interest accrued				76 596	87 125
<b>Decreases (of which):</b>				<b>(47 511)</b>	<b>(84 527)</b>
repayment of interest				(47 511)	(84 527)
<b>Subordinated liabilities as at the end of the period</b>				<b>3 244 162</b>	<b>1 614 377</b>

On 14 September 2012, the Bank issued subordinated bonds with ten-year maturity, with the Bank's right to a premature redemption of all debt securities from this programme, during 5 years from the issue date. A nominal value of the bonds is PLN 1 600 700 thousand. The proceeds obtained from new issue were, with the approval of the Polish Financial Supervision Authority, used for increasing the Bank's supplementary funds.

On 18 September 2012, the Polish Financial Supervision Authority gave its consent for the Bank to effect a call option concerning the premature redemption of all subordinated bonds, with a total nominal value of PLN 1 600 700 thousand, issued by the Bank on 30 October 2007 with primary maturity on 30 October 2017. On 30 October 2012, PKO Bank Polski SA performed a premature redemption of all subordinated bonds with a total nominal value of PLN 1 600 700 thousand, issued by PKO Bank Polski SA as part of 2007 issue.

## 25. Other liabilities

	<b>30.09.2012</b>	<b>31.12.2011</b>
Deferred income	390 339	305 372
Accounts payable	349 192	291 040
Other liabilities	1 438 971	1 854 351
<b>Total</b>	<b>2 178 502</b>	<b>2 450 763</b>

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## 26. Provisions

For the nine-month period ended 30 September 2012	Provision for legal claims	Provisions for retirement benefits and anniversary bonuses	Provisions for liabilities and guarantees granted	Other provisions*	Total
<b>As at 1 January 2012, of which:</b>	<b>3 638</b>	<b>428 299</b>	<b>111 970</b>	<b>75 257</b>	<b>619 164</b>
Short term provision	3 638	38 232	111 970	75 257	229 097
Long term provision	-	390 067	-	-	390 067
Increase/reassessment of provision	4 121	-	199 567	10 058	213 746
Release of provision	(575)	-	(99 200)	-	(99 775)
Use of provision	(796)	(9)	-	(47 583)	(48 388)
Currency translation differences	-	-	(10)	-	(10)
Other changes and reclassifications	(1)	-	(472)	-	(473)
<b>As at 30 September 2012, of which:</b>	<b>6 387</b>	<b>428 290</b>	<b>211 855</b>	<b>37 732</b>	<b>684 264</b>
Short term provision	6 387	38 253	171 071	37 732	253 443
Long term provision	-	390 037	40 784	-	430 821

\* Included in 'Other provisions' are i.a.: restructuring provision of PLN 20 852 thousand and provision of PLN 5 149 thousand for potential claims on impaired loans portfolios sold.

For the nine-month period ended 30 September 2011	Provision for legal claims	Provisions for retirement benefits and anniversary bonuses	Provisions for liabilities and guarantees granted	Other provisions*	Total
<b>As at 1 January 2011, of which:</b>	<b>7 479</b>	<b>411 792</b>	<b>82 320</b>	<b>82 099</b>	<b>583 690</b>
Short term provision	7 479	29 628	82 320	82 023	201 450
Long term provision	-	382 164	-	76	382 240
Increase/reassessment of provision	385	-	122 088	4 901	127 374
Release of provision	(69)	-	(104 837)	-	(104 906)
Use of provision	(113)	-	-	(48 789)	(48 902)
Currency translation differences	-	-	48	-	48
Other changes	-	-	244	-	244
<b>As at 30 September 2011, of which:</b>	<b>7 682</b>	<b>411 792</b>	<b>99 863</b>	<b>38 211</b>	<b>557 548</b>
Short term provision	7 682	29 628	99 863	38 211	175 384
Long term provision	-	382 164	-	-	382 164

\* Included in 'Other provisions' are i.a.: restructuring provision of PLN 21 490 thousand and provision of PLN 10 858 thousand for potential claims on impaired loans portfolios sold.

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

## 27. Off-balance sheet liabilities

### Contingent liabilities

#### Underwriting programmes

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

Issuer of securities underwritten	Type of underwritten securities	Off-balance sheet liabilities resulting from underwriting agreement	Contract period	Sub-issue type
Company A	corporate bonds	1 633 000	15.06.2017	Bonds Issue Agreement*
Company B	corporate bonds	457 000	31.07.2013	Bonds Issue Agreement*
Company C	corporate bonds	250 000	31.10.2017	Bonds Issue Agreement*
Company D	corporate bonds	106 590	31.12.2024	Bonds Issue Agreement*
Company E	corporate bonds	102 700	31.10.2013	Bonds Issue Agreement*
Company F	corporate bonds	34 000	31.12.2022	Bonds Issue Agreement*
<b>Total</b>		<b>2 583 290</b>		

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

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

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

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

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

### Contractual commitments

As at 30 September 2012 the amount of contractual commitments concerning intangible assets amounted to PLN 217 940 thousand (as at 31 December 2011, it amounted to PLN 104 144 thousand).

As at 30 September 2012 the amount of contractual commitments concerning tangible fixed assets amounted to PLN 85 737 thousand (as at 31 December 2011, it amounted to PLN 20 306 thousand).

### Granted loan commitments

	30.09.2012	31.12.2011
Financial entities	1 281 696	1 144 993
Non-financial entities	28 884 631	28 486 768
State budget entities	4 017 963	823 897
<b>Total</b>	<b>34 184 290</b>	<b>30 455 658</b>
of which: irrevocable loan commitments	7 791 688	5 946 055

Granted loan commitments were presented in nominal values.

### Guarantees issued

	30.09.2012	31.12.2011
Financial entities	44 190	207 156
Non-financial entities	9 118 348	6 053 115
State budget entities	801 386	174 459
<b>Total</b>	<b>9 963 924</b>	<b>6 434 730</b>

In the third quarter of 2012, subsidiaries of PKO Bank Polski SA did not issue any guarantees in respect of loans or advances and did not issue any guarantees to one entity or a subsidiary of this entity with a total value accounting for 10% of the Bank's equity.

### Off-balance sheet liabilities received

	30.09.2012	31.12.2011
Financial	1 247 467	883 117
Guarantees	1 848 831	1 918 281
<b>Total</b>	<b>3 096 298</b>	<b>2 801 398</b>

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



### **Assets pledged as collateral for contingent liabilities**

As at 30 September 2012 and as at 31 December 2011 the PKO Bank Polski SA Group had no assets pledged as collateral for contingent liabilities.

## **28. Legal claims**

As at 30 September 2012, the total value of court proceedings against the PKO Bank Polski SA Group entities was PLN 436 706 thousand, of which PLN 76 234 thousand referred to court proceedings in Ukraine (as at 31 December 2011 the total value of above mentioned court proceedings amounted to PLN 428 623 thousand) and the total value of court proceedings initiated by the Group entities was PLN 409 262 thousand, of which PLN 156 348 thousand referred to court proceedings in Ukraine, mainly related to collection of dues from loan agreements granted by KREDOBANK SA (as at 31 December 2011 the total value of above mentioned court proceedings amounted to PLN 698 971 thousand).

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

### **1) Unfair competition proceedings**

The Bank is a party to proceedings initiated on the basis of a decision dated 23 April 2001 of the President of the Competition and Consumer Protection Office (Urząd Ochrony Konkurencji i Konsumentów - UOKiK) upon request of the Polish Trade and Distribution Organisation (Polska Organizacja Handlu i Dystrybucji - Związek Pracodawców) against the operators of the Visa and Europay payment systems and the banks issuing Visa and Europay/Eurocard/Mastercard banking cards. The claims under these proceedings relate to the use of practices limiting competition on the market of banking card payments in Poland, consisting of applying pre-agreed 'interchange' fees for transactions made using Visa and Europay/Eurocard/Mastercard cards as well as limiting access to this market by external entities. On 29 December 2006, UOKiK decided that the practices, consisting of joint establishment of 'interchange' fee, did limit market competition and ordered that any such practices should be discontinued, and imposed a fine on, among others, PKO Bank Polski SA, in the amount of PLN 16 597 thousand. On 20 December 2011 a hearing was held during which no factual resolution of the appeals was reached. The Court obligated MasterCard to submit explanations concerning the issue until 31 January 2012 and set the date for another sitting of the Court for 9 February 2012. Upon the application of the plaintiffs' attorney, the date of hearing was postponed for 24 April 2012, on which the attorney's request for deferment of the case until the end of September 2012 was dismissed. The Court postponed announcing the resolution on the request for suspension of the case until 8 May 2012. On 8 May 2012, the District Court in Warsaw, the Court for Competition and Consumer Protection, suspended proceedings until the final conclusion of proceedings before the European Union Court in the case MasterCard against the European Commission. On 24 May 2012, the European Union Court completely dismissed the petition of MasterCard and upheld the decision of the European Commission banning multilaterally agreed interchange fees applied by MasterCard. On 28 May 2012 the participant to the proceedings, Visa Europe Ltd, and on 29 May 2012 the plaintiffs' attorney, including PKO Bank Polski SA, filed a complaint against the decision of the District Court in Warsaw, the Court for Competition and Consumer Protection dated 8 May 2012. In August 2012 the Court of Justice of the European Union received the MasterCard's appeal against the verdict of European Union Court of 24 May 2012 dismissing the MasterCard's petition.

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

### **2) legal claims in KREDOBANK SA**

KREDOBANK SA is party to a court dispute with its former loan Client. On 31 January 2011 KREDOBANK SA instigated court proceedings against the above mentioned Client in connection with the commencement of collection of loan dues, as a result of which the Client filed a counter-claim against KREDOBANK SA for annulling the loan agreements and collateral agreements. The court accepted the Client's claim and determined the loan agreements invalid, in effect the Client is obliged to return to KREDOBANK SA the amount of loan received (UAH 40 860 thousand, i.e. PLN 16 017 thousand at the average NBP exchange rate prevailing as at 30 September 2012), KREDOBANK SA is obliged to return to the Client the amount of interest received (UAH 4 506.6 thousand, i.e. PLN 1 766.6 thousand at the average NBP exchange rate prevailing as at 30 September 2012). At the same time, having obtained a favourable court verdict, on 31 October 2011 the Client filed a claim against KREDOBANK SA for compensation for direct losses, loss of profits and moral losses.



The claim is for the amount of UAH 185 million (i.e. PLN 72.5 million at the average NBP exchange rate prevailing as at 30 September 2012). Court proceedings are pending on the case.

In the ongoing proceedings the Client resigned from the part of demands of UAH 36 million. As at 30 September of this year the total amount of the claim amounts to UAH 149 million (i.e. PLN 58.4 million at the average NBP exchange rate prevailing as at 30 September 2012). In order to strengthen the Group in the ongoing court trial, in March 2012 the transaction of the above mentioned loan transfer was reversed to Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o., in consequence at the end of September of this year this transaction was recognised in the statement of financial position of KREDOBANK SA as owed debt.

The Supreme Economic Court of Ukraine found no grounds for sending the cassation appeal of KREDOBANK SA submitted in respect of the above mentioned claims to the Supreme Court. In July of this year, as a result of negotiations with the Client, a settlement and two agreements implementing the conditions of the settlement were signed. The agreements and the court applications of both the Client and KREDOBANK SA withdrawing their mutual claims were submitted to the Economic Court in Kiev. As at 30 September 2012, the conditions of the agreements (including the Court's acceptance of the above mentioned applications) had not been fulfilled.

Due to the fact that agreements have been signed with the Client, as at the end of September of this year the PKO Bank Polski SA Group did not recognise a provision for the above mentioned claim.

### 3) Re-privatisation claims relating to properties held by the Bank

As at the date of these financial statements, six administrative proceedings are pending to invalidate decisions issued by public administration authorities with respect to properties held by the Bank. These proceedings, in the event of an unfavourable outcome for the Bank, may result in re-privatisation claims being raised and one administrative proceeding for the establishment of perpetual usufruct right to a property owned by the Bank. Given the current status of these proceedings as regards stating the invalidity of decisions and verdicts of public administration bodies, it is not possible to assess their potential negative financial effects for the Bank. Moreover, with respect to two properties of the Bank claims were submitted by their former owners (court proceedings are pending). Before the Regional Administrative Court in Warsaw a proceeding is pending in respect of the complaint brought by Centrum Finansowe Puławska Sp. z o.o. (CFP). The complaint relates to the usufruct of the property located at Puławska and Chocimska Streets in Warsaw where the Bank's Head Office is currently situated and requests the invalidation of the decision issued by the Local Self-Government Appeals Committee on 10 April 2001 declaring that the decision of the Presidency of the National Council of the City of Warsaw of 1 March 1954 was issued in flagrant violation of the law.

Due to the fact that CFP has been liquidated and removed from the Register of Businesses, its assets have been divided and the perpetual usufruct right of the above mentioned plot of land has been transferred, on 23 May 2012 an application was submitted on behalf of the Bank to admit its participation in the proceedings. The application has not yet been considered and the date for the next hearing has been set for 18 December 2012.

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

## 29. Supplementary information to the statement of cash flows

### Cash and cash equivalents

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

	30.09.2012	31.12.2011	30.09.2011
Cash and balances with the central bank	6 718 060	9 142 168	7 743 480
Current receivables from financial institutions	4 977 587	2 280 802	3 165 819
<b>Total</b>	<b>11 695 647</b>	<b>11 422 970</b>	<b>10 909 299</b>

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### 30. Related party transactions

All transactions with related parties presented below were arm's length transactions. Repayment terms are within a range from one month to twenty years.

30 September 2012

Entity	Net receivables	including gross loans	Liabilities	Total income	including interest and fee and commission income	Total expense	including interest and fee and commission expense	Contingent liabilities and commitments
Agencja Inwestycyjna CORP-SA SA	-	-	89	-	-	1 900	-	-
Bank Pocztowy SA	-	-	9	24	24	-	-	1 418
CENTRUM HAFFNERA Sp. z o.o.	-	-	193	6	6	-	-	-
Centrum Majkowskiego Sp. z o.o.	-	-	2 222	5	5	-	-	-
Centrum Obsługi Biznesu Sp. z o.o.	30 510	30 510	19 154	593	593	453	453	-
Centrum Operacyjne Sp. z o.o.	-	-	79	2	2	-	-	-
Kamienica Morska Sp. z o.o.	-	-	28	5	5	-	-	-
Kolej Gondolowa Jaworzyna Krynicka SA	6 989	6 989	4 120	348	348	120	120	-
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	-	-	19 011	1	1	348	348	-
Promenada Sopocka Sp. z o.o.	45 309	45 309	778	1 016	1 016	51	51	-
Sopot Zdrój Sp. z o.o.	219 751	219 751	5 142	3 661	3 661	2	2	-
<b>Total</b>	<b>302 559</b>	<b>302 559</b>	<b>50 825</b>	<b>5 661</b>	<b>5 661</b>	<b>2 874</b>	<b>974</b>	<b>1 418</b>

31 December 2011

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

### 31. Changes to the entities of the PKO Bank Polski SA Group, jointly controlled entities and associates

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

#### 1. Increase in the share capital of Bankowy Leasing Sp. z o.o.

On 8 August 2012 an increase in the share capital of Bankowy Leasing Sp. z o.o. of PLN 15 500 thousand was registered in the National Court Register. As a result of the above mentioned increase, the share capital of Bankowy Leasing Sp. z o.o. amounts to PLN 82 414.5 thousand and consists of 164 829 shares, each of PLN 500 nominal value.

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

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

#### 2. Increase in the share capital of Fort Mokotów Inwestycje Sp. z o.o.

On 31 August 2012 an increase in the share capital of Fort Mokotów Inwestycje Sp. z o.o. of PLN 21 685 thousand was registered in the National Court Register. As a result of the above mentioned increase, the share capital of Fort Mokotów Inwestycje Sp. z o.o. amounts to PLN 65 236 thousand and consists of 65 236 shares, each of PLN 1 thousand nominal value.



The shares in the increased Company's share capital were acquired by the present shareholders of the Company for the price equal to the nominal value of acquired shares, of which PKO Bank Polski SA acquired 21 682 shares with the total nominal value of PLN 21 682 thousand, and Qualia Development Sp. z o.o. (a subsidiary of PKO Bank Polski SA) acquired 3 shares with the total nominal value of PLN 3 thousand.

As a result of the above mentioned transaction PKO Bank Polski SA holds a total of 65 228 of the Company's shares with the total nominal value of PLN 65 228 thousand, which represents 99.9877% of share capital and entitles to 99.9877% of the votes at the General Shareholders' Meeting. The rest of the shares are held by Qualia Development Sp. z o.o.

### 3. Repayment of contribution to the capital of Fort Mokotów Inwestycje Sp. z o.o.

On 26 September 2012, Extraordinary General Shareholders' Meeting of Fort Mokotów Inwestycje Sp. z o.o. passed the Resolution on the repayment of the capital contribution to the Company in the total amount of PLN 8 054 thousand to the shareholders, of which PLN 8 053 thousand to PKO Bank Polski SA and PLN 0.9 thousand to Qualia Development Sp. z o.o. The repayment of the capital contribution, in accordance with Code of Commercial Companies, will take place as of the Resolution becomes valid.

## 32. Explanation of differences between previously published financial statements and these financial statements

In the third quarter of 2012, there were no significant changes as compared to the previously published financial statements.

## 33. Objectives and principles of risk management in the PKO Bank Polski SA Group

Objectives and principles of risk management in the PKO Bank Polski SA Group were described in details in the annual consolidated financial statements of the PKO Bank Polski SA Group for 2011.

Relevant information on risk monitoring and changes in methods of risk measurement in the period from 1 January to 30 September 2012 are presented below.

### 33.1. Credit risk

#### The PKO Bank Polski SA Group's exposure to credit risk

Amounts due from banks	Exposure	
	30.09.2012	31.12.2011
Amounts due from banks impaired, of which:	30 116	32 499
assessed on an individual basis	30 116	32 385
Amounts due from banks not impaired, of which:	5 163 897	2 396 540
not past due	5 163 897	2 396 540
<b>Gross total</b>	<b>5 194 013</b>	<b>2 429 039</b>
<b>Impairment allowances</b>	<b>(30 168)</b>	<b>(32 812)</b>
<b>Net total by carrying amount</b>	<b>5 163 845</b>	<b>2 396 227</b>

Loans and advances to customers	Exposure	
	30.09.2012	31.12.2011
Loans and advances impaired, of which:	13 206 668	11 797 232
assessed on an individual basis	6 387 730	5 701 547
Loans and advances not impaired, of which:	135 973 507	135 495 505
not past due	131 183 775	131 488 230
past due	4 789 732	4 007 275
past due up to 4 days	1 414 983	855 403
past due over 4 days	3 374 749	3 151 872
<b>Gross total</b>	<b>149 180 175</b>	<b>147 292 737</b>
<b>Impairment allowances</b>	<b>(6 474 613)</b>	<b>(5 658 243)</b>
<b>Net total by carrying amount</b>	<b>142 705 562</b>	<b>141 634 494</b>



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Investment securities available for sale – debt securities	Exposure	
	30.09.2012	31.12.2011
Debt securities impaired, of which:	5 536	17 944
assessed on an individual basis	5 536	17 944
Debt securities not impaired, of which:	11 422 168	14 307 525
not past due	11 422 168	14 307 525
with external rating	5 564 885	8 729 898
with internal rating	5 857 283	5 577 627
<b>Gross total</b>	<b>11 427 704</b>	<b>14 325 469</b>
<b>Impairment allowances</b>	<b>(5 536)</b>	<b>(17 944)</b>
<b>Net total by carrying amount</b>	<b>11 422 168</b>	<b>14 307 525</b>

### Level of exposure to credit risk

The table below presents maximum exposure to credit risk of the Group as at 30 September 2012 and as at 31 December 2011.

Items of the statement of financial position	30.09.2012	31.12.2011
Current account in the central bank	3 947 910	6 845 759
Amounts due from banks	5 163 845	2 396 227
Trading assets – debt securities	758 396	1 300 164
Derivative financial instruments	3 533 570	3 064 733
Financial assets designated upon initial recognition at fair value through profit and loss – debt securities	16 220 526	12 467 201
Loans and advances to customers	142 705 562	141 634 494
Investment securities available for sale – debt securities	11 422 168	14 307 525
Other assets – other financial assets	563 937	431 144
<b>Total</b>	<b>184 315 914</b>	<b>182 447 247</b>

Off-balance sheet items	30.09.2012	31.12.2011
Irrevocable loan commitments	7 791 688	5 946 055
Guarantees granted	5 609 487	4 939 669
Underwriting of issues	3 976 416	1 074 685
Letters of credit granted	378 021	420 376
<b>Total</b>	<b>17 755 612</b>	<b>12 380 785</b>

### Financial assets assessed on an individual basis for which individual impairment allowance has been recognised by carrying amount gross

	30.09.2012	31.12.2011
<b>Amounts due from banks</b>	<b>30 116</b>	<b>32 385</b>
<b>Loans and advances to customers</b>	<b>6 387 730</b>	<b>5 701 547</b>
Financial sector	38 186	44 757
corporate loans	38 186	44 757
Non-financial sector	6 343 335	5 649 239
corporate loans	4 721 696	4 302 318
housing loans	1 536 833	1 262 477
consumer loans	84 806	84 444
Public sector	6 209	7 551
corporate loans	6 209	7 551
<b>Financial assets available for sale</b>	<b>5 642</b>	<b>18 058</b>
issued by non-financial entities	5 633	18 049
issued by financial entities	9	9
<b>Total</b>	<b>6 423 488</b>	<b>5 751 990</b>





### **Concentration by the largest business entities**

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

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

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

### **Concentration by the largest groups**

The largest concentration of the PKO Bank Polski SA Group towards a group of borrowers amounts to 2.63% of the PKO Bank Polski SA Group's loan portfolio. The 5 biggest groups include only the clients of PKO Bank Polski SA.

As at 30 September 2012, the level of concentration risk towards the group of borrowers was low – the greatest exposure of the Group amounted to 19.85% of the consolidated own funds (as at 31 December 2011 amounted to 10.5%\* and 9.4%).

### **Concentration by industries**

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

As compared with 31 December 2011 the exposure of the Group in industry sectors has increased by nearly PLN 2.7 billion. The total exposure in the four largest industry sectors 'Industrial processing', 'Wholesale and retail trade, repair of vehicles, motorcycles...', 'Business activity connected with maintenance of real estate' and 'Construction' amounted to approx. 63% of the total loan portfolio covered by an analysis of the sector.

### **Concentration by geographical regions**

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

As at 30 September 2012, the largest concentration of the Group's loan portfolio was in the mazowiecki region. Approximately 25% the Bank's loan portfolio is concentrated in two regions: mazowiecki and śląsko-opolski, which is consistent with the regions' domination both in terms of population and economy in Poland.

### **Concentration of credit risk by currency**

As at 30 September 2012, the share of exposure in convertible currencies other than PLN, in the total portfolio of the Group amounted to 22%. The greatest parts of currency exposures of the Group are those in CHF (66.5% of the Group's currency portfolio) and they are related mainly to Bank's loan portfolio. In case of the PKO Bank Polski SA Group entities the situation is different, i.e. in the BFL SA Group's currency portfolio, the EUR exposure constitutes the largest part (91.5% of the currency portfolio), similarly in the BTK SA Group's portfolio – factoring receivables in EUR (83.2% of the currency portfolio) while in the KREDOBANK SA portfolio – loans granted in USD (68.9% of the currency portfolio and 20.8% of the whole portfolio of the company).

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

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\* Concentration partly exempt from concentrations limits.

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### Other types of concentration

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

As at 30 September 2012, those limits were not exceeded.

### 33.2. Interest rate risk

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

VaR (for a 10-day time horizon, 99%) of the Bank and stress-tests analysis of the PKO Bank Polski SA Group's exposure to the interest rate risk are presented in the following table:

Name of sensitivity measure	30.09.2012	31.12.2011
VaR for a 10-day time horizon (PLN thousand)*	71 648	62 661
Parallel movement of interest rate curves by 200 b.p. (PLN thousand) (stress-test)	249 216	530 726

\* Due to the nature of the activities carried out by the other Group entities generating significant interest rate risk as well as the specific nature of the market in which they operate, the PKO Bank Polski SA Group does not calculate consolidated VaR. These companies apply their own risk measures in the interest rate risk management. KREDOBANK SA uses the 10-day interest rate VaR for the main currencies, which amounted to PLN 21 715 thousand as at 30 September 2012 and PLN 29 673 thousand as at 31 December 2011.

As at 30 September 2012, the Bank's interest rate VaR for a 10-day time horizon (10-day VaR, 99%) amounted to PLN 71 648 thousand, which accounted for approximately 0.36% of the Bank's own funds. As at 31 December 2011, VaR for the Bank amounted to PLN 62 661 thousand, which accounted to approximately 0.36% of the Bank's own funds\*.

### 33.3. Currency risk

VaR (for a 10-day time horizon, 99%) of the Bank and stress-test analysis of the PKO Bank Polski SA Group's exposure to currency risk are stated cumulatively for all currencies in the table below:

Name of sensitivity measure	30.09.2012	31.12.2011
VaR for a 10-day time horizon (PLN thousand)*	869	1 470
Change of CUR/PLN by 20% (PLN thousand) (stress-test)**	33 383	17 210

\* Due to the nature of the activities carried out by the other Group entities generating significant currency risk as well as the specific nature of the market on which they operate, the Bank does not calculate consolidated VaR. These companies apply their own risk measures in the currency risk management. KREDOBANK SA uses the 10-day VaR which amounted to approx. PLN 447 thousand as at 30 September 2012 and approx. PLN 467 thousand as at 31 December 2011.

\*\* The table presents the value of the most adverse stress-test of the scenarios: PLN appreciation by 20% and PLN depreciation by 20%.

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

The currency positions in the PKO Bank Polski SA Group are presented in the table below:

Currency position	30.09.2012	31.12.2011
GBP	937	50
EUR	(11 303)	83 153
CHF	(48 133)	(37 266)
USD	(156 709)	(180 781)
Other (Global Net)	13 667	11 630

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

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The volume of currency positions is a key factor determining the level of currency risk to which the Group is exposed (except for volatility of foreign exchange rates). The level of currency positions is determined by all foreign currency transactions, which are concluded, both in the statement of financial position and off-balance sheet transactions. The Bank's exposure to currency risk is low (with reference to own funds, VaR for a 10-day time horizon 99% for the Bank's currency position as at 30 September 2012 amounted to approx. 0.004%).

### 33.4. Liquidity risk

Liquidity gaps presented below include i.a. the Group's items of the statement of financial position in real terms concerning permanent balances on deposits (excluding interbank market) and their maturity, permanent balances on loans in current accounts for non-financial entities and their maturity and liquid securities and their maturity.

	a'vista	0 - 1 month	1 - 3 months	3 - 6 months	6 - 12 months	12 - 24 months	24 - 60 months	over 60 months
	30.09.2012							
The Group - adjusted gap in real terms	7 964 581	10 329 611	2 097 056	471 270	3 502 724	9 498 495	11 646 464	(45 510 201)
The Group - cumulative adjusted gap in real terms	7 964 581	18 294 192	20 391 248	20 862 518	24 365 242	33 863 737	45 510 201	-
	31.12.2011							
The Group - adjusted gap in real terms	7 299 484	12 094 029	(1 599 805)	1 399 996	(1 169 611)	10 276 571	16 150 066	(44 450 730)
The Group - cumulative adjusted gap in real terms	7 299 484	19 393 513	17 793 708	19 193 704	18 024 093	28 300 664	44 450 730	-

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

The table below presents liquidity reserve of the Bank as at 30 September 2012 and 31 December 2011:

Name of sensitivity measure	30.09.2012	31.12.2011
Liquidity reserve up to 1 month* (PLN million)	14 852	17 723

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

As at 30 September 2012, the level of permanent balances on deposits constituted approx. 92.7% of all deposits in the Bank (excluding interbank market), which means a decrease by approx. 2.1 pp. as compared to the end of 2011.

### 34. Capital adequacy

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

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

The capital adequacy ratio of the Group, which is one of the main capital adequacy measures as compared to 31 December 2011 increased by 0.51 pp., which was mainly caused by the increase of the Bank's own funds calculated for capital adequacy purposes.

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

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### 34.1.1. Own funds for the capital adequacy requirements

As at 30 September 2012, the PKO Bank Polski SA Group's own funds calculated for capital adequacy purposes increased by PLN 2 224 637 thousand, which was mainly due to the recognition of profit earned by the Bank in 2011 after charges deduction (in the amount of PLN 2 366 122 thousand) to the Bank's own funds.

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

GROUP'S OWN FUNDS	30.09.2012	31.12.2011
<b>Basic funds (Tier 1)</b>	<b>18 926 239</b>	<b>16 664 233</b>
Share capital	1 250 000	1 250 000
Reserve capital	15 363 674	13 041 390
Other reserves	3 437 957	3 460 368
General banking risk fund for unidentified banking activities risk	1 070 000	1 070 000
Unappropriated profits from previous years, profit in the course of approval less any expected charges	(103 340)	(23 162)
Unrealised losses on debt and equity instruments and other receivables classified as available for sale	(89 786)	(129 518)
Assets valuation adjustments in trade portfolio	(524)	(143)
Intangible assets, of which:	(1 797 526)	(1 800 008)
goodwill of subsidiaries	(227 431)	(227 349)
Equity exposures	(86 373)	(109 054)
Negative currency translation differences from foreign operations	(116 035)	(94 350)
Non-controlling interest	(1 808)	(1 290)
<b>Supplementary funds (Tier 2)</b>	<b>1 548 103</b>	<b>1 545 549</b>
Subordinated liabilities classified as supplementary funds	1 600 700	1 600 700
Unrealised profits on debt and equity instruments classified as available for sale (up to 80% of their values before tax)	32 112	51 576
Positive currency translation differences from foreign operations	1 664	2 327
Equity exposures	(86 373)	(109 054)
<b>Short-term equity (Tier 3)</b>	<b>93 211</b>	<b>133 134</b>
<b>TOTAL OWN FUNDS</b>	<b>20 567 553</b>	<b>18 342 916</b>

### 34.1.2. Capital requirements (Pillar 1)

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

Capital requirements	30.09.2012	31.12.2011
<b>Credit risk</b>	<b>11 320 531</b>	<b>10 657 309</b>
credit risk (banking book)	11 172 505	10 534 714
counterparty credit risk (trading book)	148 026	122 595
<b>Market risk</b>	<b>542 598</b>	<b>355 284</b>
equity securities risk	749	1 604
specific risk of debt instruments	446 762	262 412
general risk of interest rates	95 087	91 268
<b>Operational risk</b>	<b>912 787</b>	<b>852 099</b>
<b>Total capital requirements</b>	<b>12 775 916</b>	<b>11 864 692</b>
<b>Capital adequacy ratio</b>	<b>12.88%</b>	<b>12.37%</b>



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

The increase of market risk capital requirement was mainly due to the increase in value of liabilities due to securities underwriting agreements of corporate and municipal bonds by approx. 270%.

The Bank's capital requirements in respect of operational risk was calculated under the advanced measurement approach (AMA) with the limitation on the drop in the capital requirement by no more than up to a level of 75% of the requirement calculated under the standardised approach (TSA). The requirement in respect of operational risk of the Group entities was calculated under the basic index approach (BIA) in both periods. An increase of requirement in respect of operational risk from PLN 852 million (as at 31 December 2011) to PLN 913 million (as at 30 September 2012) results from the annual revaluation of the requirement calculated under the standardised approach (TSA) and the basic index approach (BIA), including the difference in weighted profit before income tax between 2011 and 2008.

#### **34.1.3. Internal capital (Pillar 2)**

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

#### **34.1.4. Disclosures (Pillar 3)**

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

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

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

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## STAND-ALONE FINANCIAL DATA

### Income statement

for the nine-month periods ended 30 September 2012 and 30 September 2011 respectively

	Note	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Continuing operations</b>					
Interest and similar income	1	3 235 642	9 610 719	3 102 373	8 591 647
Interest expense and similar charges	1	(1 285 482)	(3 673 824)	(1 149 654)	(3 119 468)
<b>Net interest income</b>		<b>1 950 160</b>	<b>5 936 895</b>	<b>1 952 719</b>	<b>5 472 179</b>
Fee and commission income	2	901 125	2 651 043	901 969	2 690 962
Fee and commission expense	2	(209 876)	(580 606)	(197 745)	(554 231)
<b>Net fee and commission income</b>		<b>691 249</b>	<b>2 070 437</b>	<b>704 224</b>	<b>2 136 731</b>
Dividend income		2 004	93 200	263	94 028
Net income from financial instruments designated at fair value	3	32 814	47 610	(28 403)	(63 781)
Gains less losses from investment securities		17 668	23 242	930	16 040
Net foreign exchange gains		88 238	231 211	114 590	244 849
Other operating income	4	12 599	45 629	17 442	56 621
Other operating expense	4	(12 222)	(37 892)	(16 437)	(44 371)
<b>Net other operating income and expense</b>		<b>377</b>	<b>7 737</b>	<b>1 005</b>	<b>12 250</b>
Net impairment allowance and write-downs	5	(645 386)	(1 737 425)	(473 134)	(1 330 869)
Administrative expenses	6	(1 025 908)	(3 068 621)	(1 026 596)	(2 986 816)
<b>Operating profit</b>		<b>1 111 216</b>	<b>3 604 286</b>	<b>1 245 598</b>	<b>3 594 611</b>
<b>Profit before income tax</b>		<b>1 111 216</b>	<b>3 604 286</b>	<b>1 245 598</b>	<b>3 594 611</b>
Income tax expense	7	(216 928)	(704 312)	(244 022)	(697 871)
<b>Net profit</b>		<b>894 288</b>	<b>2 899 974</b>	<b>1 001 576</b>	<b>2 896 740</b>
Earnings per share	8				
- basic earnings per share for the period (PLN)		0.72	2.32	0.80	2.32
- diluted earnings per share for the period (PLN)		0.72	2.32	0.80	2.32
Weighted average number of ordinary shares during the period (in thousand)		1 250 000	1 250 000	1 250 000	1 250 000
Weighted average diluted number of ordinary shares during the period (in thousand)		1 250 000	1 250 000	1 250 000	1 250 000

#### Discontinued operations

In the nine-month period ended 30 September 2012 and 30 September 2011 PKO Bank Polski SA did not carry out discontinued operations.

### Statement of comprehensive income

for the nine-month periods ended 30 September 2012 and 30 September 2011 respectively

	Note	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Net profit</b>		<b>894 288</b>	<b>2 899 974</b>	<b>1 001 576</b>	<b>2 896 740</b>
<b>Other comprehensive income</b>		<b>(140 208)</b>	<b>(320 255)</b>	<b>229 094</b>	<b>176 530</b>
Cash flow hedges (gross)		(164 596)	(406 572)	322 194	227 788
Deferred tax on cash flow hedges	7	31 274	77 249	(61 217)	(43 280)
Cash flow hedges (net)		(133 322)	(329 323)	260 977	184 508
Unrealised net gains on financial assets available for sale (gross)		(8 502)	11 194	(39 362)	(9 850)
Deferred tax on unrealised net gains on financial assets available for sale	7	1 616	(2 126)	7 479	1 872
Unrealised net gains on financial assets available for sale (net)		(6 886)	9 068	(31 883)	(7 978)
<b>Total net comprehensive income</b>		<b>754 080</b>	<b>2 579 719</b>	<b>1 230 670</b>	<b>3 073 270</b>

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## Statement of financial position

as at 30 September 2012 and as at 31 December 2011

	Note	30.09.2012	31.12.2011
<b>ASSETS</b>			
Cash and balances with the central bank		6 642 417	9 060 280
Amounts due from banks	9	5 168 433	2 320 198
Trading assets	10	767 833	1 311 089
Derivative financial instruments	11	3 534 083	3 065 149
Financial assets designated upon initial recognition at fair value through profit and loss	12	16 204 788	12 467 201
Loans and advances to customers	13	141 121 661	140 058 649
Investment securities available for sale	14	11 279 360	14 168 933
Investments in subsidiaries, jointly controlled entities, associates	15	1 353 895	1 497 975
Non-current assets held for sale		19 782	20 410
Intangible assets	16	1 536 467	1 522 568
Tangible fixed assets, of which:	16	2 253 770	2 013 314
investment properties		241	248
Deferred income tax asset	7	477 201	384 134
Other assets		652 346	482 790
<b>TOTAL ASSETS</b>		<b>191 012 036</b>	<b>188 372 690</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Amounts due to the central bank		2 856	3 454
Amounts due to banks	17	2 665 361	5 321 390
Derivative financial instruments		3 356 751	2 645 281
Amounts due to customers	18	153 903 057	150 030 681
Debt securities in issue	19	1 230 606	3 105 588
Subordinated liabilities	20	3 244 162	1 614 377
Other liabilities	21	1 917 984	2 156 523
Current income tax liabilities		125 689	77 532
Provisions	22	682 443	615 489
<b>TOTAL LIABILITIES</b>		<b>167 128 909</b>	<b>165 570 315</b>
<b>Equity</b>			
Share capital		1 250 000	1 250 000
Other capital		19 733 153	17 598 753
Net profit for the year		2 899 974	3 953 622
<b>TOTAL EQUITY</b>		<b>23 883 127</b>	<b>22 802 375</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>191 012 036</b>	<b>188 372 690</b>
Capital adequacy ratio	28	12.62%	11.93%
Book value (in PLN thousand)		23 883 127	22 802 375
Number of shares (in thousand)		1 250 000	1 250 000
Book value per share (in PLN)		19.11	18.24
Diluted number of shares (in thousand)		1 250 000	1 250 000
Diluted book value per share (in PLN)		19.11	18.24

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## Statement of changes in equity

for the nine-month periods ended 30 September 2012 and 30 September 2011 respectively

for the nine-month period ended 30 September 2012	Share capital	Other capital						Unappropriated profits	Net profit for the period	Total equity
		Reserve capital	General banking risk fund	Other reserves	Financial assets available for sale	Cash flow hedges	Total other capital			
<b>As at 1 January 2012</b>	<b>1 250 000</b>	<b>12 898 111</b>	<b>1 070 000</b>	<b>3 319 621</b>	<b>(51 164)</b>	<b>362 185</b>	<b>17 598 753</b>	-	<b>3 953 622</b>	<b>22 802 375</b>
Transfer of net profit from previous years	-	-	-	-	-	-	-	3 953 622	(3 953 622)	-
<b>Total comprehensive income, of which:</b>	-	-	-	-	<b>9 068</b>	<b>(329 323)</b>	<b>(320 255)</b>	-	<b>2 899 974</b>	<b>2 579 719</b>
Net profit	-	-	-	-	-	-	-	-	2 899 974	2 899 974
Other comprehensive income	-	-	-	-	9 068	(329 323)	(320 255)	-	-	(320 255)
Transfer from unappropriated profits	-	2 300 000	-	66 122	-	-	2 366 122	(2 366 122)	-	-
The effect of the takeover of subsidiary's assets and liabilities by the Bank	-	-	-	-	-	-	-	88 533	-	88 533
Dividends paid	-	-	-	-	-	-	-	(1 587 500)	-	(1 587 500)
<b>As at 30 September 2012</b>	<b>1 250 000</b>	<b>15 198 111</b>	<b>1 070 000</b>	<b>3 385 743</b>	<b>(42 096)</b>	<b>32 862</b>	<b>19 644 620</b>	<b>88 533</b>	<b>2 899 974</b>	<b>23 883 127</b>

for the nine-month period ended 30 September 2011	Share capital	Other capital						Unappropriated profits	Net profit for the period	Total equity
		Reserve capital	General banking risk fund	Other reserves	Financial assets available for sale	Cash flow hedges	Total other capital			
<b>As at 1 January 2011</b>	<b>1 250 000</b>	<b>12 098 111</b>	<b>1 070 000</b>	<b>3 283 412</b>	<b>(28 808)</b>	<b>217 924</b>	<b>16 640 639</b>	-	<b>3 311 209</b>	<b>21 201 848</b>
Transfer of net profit from previous years	-	-	-	-	-	-	-	3 311 209	(3 311 209)	-
<b>Total comprehensive income, of which:</b>	-	-	-	-	<b>(7 978)</b>	<b>184 508</b>	<b>176 530</b>	-	<b>2 896 740</b>	<b>3 073 270</b>
Net profit	-	-	-	-	-	-	-	-	2 896 740	2 896 740
Other comprehensive income	-	-	-	-	(7 978)	184 508	176 530	-	-	176 530
Transfer from unappropriated profits	-	800 000	-	36 209	-	-	836 209	(836 209)	-	-
Dividends paid	-	-	-	-	-	-	-	(2 475 000)	-	(2 475 000)
<b>As at 30 September 2011</b>	<b>1 250 000</b>	<b>12 898 111</b>	<b>1 070 000</b>	<b>3 319 621</b>	<b>(36 786)</b>	<b>402 432</b>	<b>17 653 378</b>	-	<b>2 896 740</b>	<b>21 800 118</b>



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## Statement of cash flows

for the nine-month periods ended 30 September 2012 and 30 September 2011 respectively

	Note	01.01 – 30.09.2012	01.01 – 30.09.2011
<b>Net cash flow from operating activities</b>			
Profit before income tax		3 604 286	3 594 611
Adjustments:		(6 416 399)	176 567
Amortisation and depreciation		360 735	335 179
(Gains) losses from investing activities		2 742	(11 893)
Interest and dividends		(697 749)	(442 327)
Change in amounts due from banks		(83 313)	(262 830)
Change in trading assets and financial assets designated upon initial recognition at fair value through profit and loss		(3 194 331)	(2 048 551)
Change in derivative financial instruments (asset)		(468 934)	(1 299 960)
Change in loans and advances to customers		(1 992 386)	(9 859 633)
Change in other assets		(168 928)	(240 201)
Change in amounts due to banks		(599 319)	1 680 780
Change in derivative financial instruments (liability)		711 470	604 673
Change in amounts due to customers		(1 153 589)	11 311 591
Change in impairment allowances and provisions		918 629	753 615
Change in other liabilities		1 466	423 850
Income tax paid		(674 098)	(620 689)
Other adjustments		621 206	(147 037)
<b>Net cash from / used in operating activities</b>		<b>(2 812 113)</b>	<b>3 771 178</b>
<b>Net cash flow from investing activities</b>			
<b>Inflows from investing activities</b>		<b>14 480 802</b>	<b>6 731 977</b>
Proceeds from sale of a subsidiary		1 482	-
Proceeds and interest from sale of investment securities		14 387 256	6 623 825
Proceeds from sale of intangible assets and tangible fixed assets		1 002	14 508
Other investing inflows (dividends)		91 062	93 644
<b>Outflows from investing activities</b>		<b>(12 124 195)</b>	<b>(8 508 478)</b>
Purchase / increase in equity of a subsidiary		(41 395)	(53 693)
Purchase of investment securities available for sale		(11 707 146)	(8 205 359)
Purchase of intangible assets and tangible fixed assets		(375 654)	(249 426)
<b>Net cash from / used in investing activities</b>		<b>2 356 607</b>	<b>(1 776 501)</b>
<b>Net cash flow from financing activities</b>			
Proceeds from debt securities in issue		5 364 897	2 060 613
Proceeds from subordinated bonds		1 600 700	-
Redemption of debt securities in issue		(7 335 846)	(648)
Dividends paid		(1 587 500)	(2 475 000)
Repayment of interest from issued debt securities		(144 438)	(40 307)
Long-term borrowings		6 420 293	904 125
Repayment of long-term borrowings		(3 518 118)	(35 195)
<b>Net cash generated from financing activities</b>		<b>799 988</b>	<b>413 588</b>
<b>Net cash inflow</b>		<b>344 482</b>	<b>2 408 265</b>
of which currency translation differences on cash and cash equivalents		(145 470)	292 903
Cash and cash equivalents at the beginning of the period		11 160 666	8 199 997
<b>Cash and cash equivalents at the end of the period</b>	24	<b>11 505 148</b>	<b>10 608 262</b>
of which restricted		3 416	6 434



## NOTES TO THE FINANCIAL STATEMENTS

### 1. Interest income and expense

#### Interest and similar income

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Interest income calculated using the effective interest rate method, with respect to financial assets, which are not designated at fair value through profit and loss, of which:</b>	<b>2 822 539</b>	<b>8 339 643</b>	<b>2 724 133</b>	<b>7 560 642</b>
Income from loans and advances to customers	2 573 651	7 605 729	2 510 292	7 009 716
Income from investment securities available for sale	161 001	522 893	150 237	387 268
Income from placements with banks	65 348	185 142	59 062	156 123
Income from debt securities from loans and advances portfolio	20 933	20 933	-	-
Other	1 606	4 946	4 542	7 535
<b>Other income, of which:</b>	<b>413 103</b>	<b>1 271 076</b>	<b>378 240</b>	<b>1 031 005</b>
Income from derivative hedging instruments	227 836	694 053	207 965	559 110
Income from financial assets designated upon initial recognition at fair value through profit and loss	173 971	533 259	151 512	407 828
Income from trading assets	11 296	43 764	18 763	64 067
<b>Total</b>	<b>3 235 642</b>	<b>9 610 719</b>	<b>3 102 373</b>	<b>8 591 647</b>

In the 'Income from derivative hedging instruments' the Bank presents interest income from derivative instruments designated for hedge accounting that are effective hedging instruments in respect of cash flow hedges.

In the nine-month period ended 30 September 2012 the value of interest income from impaired loans amounted to PLN 357 684 thousand (in the nine-month period ended 30 September 2011, it amounted to PLN 279 492 thousand). This income has been included in the position 'Income from loans and advances to customers'.

#### Interest expense and similar charges

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Interest expense calculated using the effective interest rate method, with respect to financial liabilities, which are not designated at fair value through profit and loss, of which:</b>	<b>(1 284 874)</b>	<b>(3 672 401)</b>	<b>(1 149 257)</b>	<b>(3 117 952)</b>
Interest expense on amounts due to customers	(1 223 446)	(3 483 874)	(1 102 972)	(3 010 614)
Interest expense on debt securities in issue	(52 919)	(160 647)	(33 053)	(74 484)
Interest expense on deposits from banks	(6 710)	(21 089)	(12 709)	(32 108)
Premium expense on debt securities available for sale	(1 799)	(6 791)	(523)	(746)
<b>Other expense</b>	<b>(608)</b>	<b>(1 423)</b>	<b>(397)</b>	<b>(1 516)</b>
<b>Total</b>	<b>(1 285 482)</b>	<b>(3 673 824)</b>	<b>(1 149 654)</b>	<b>(3 119 468)</b>

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## 2. Fee and commission income and expense

### Fee and commission income

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Income from financial assets, which are not designated at fair value through profit and loss, of which:</b>	<b>143 531</b>	<b>424 036</b>	<b>141 061</b>	<b>416 085</b>
Income from loans and advances granted	143 531	424 036	141 061	416 085
<b>Other commissions</b>	<b>756 683</b>	<b>2 224 276</b>	<b>760 209</b>	<b>2 272 971</b>
Income from payment cards	292 333	831 626	259 709	746 541
Income from maintenance of bank accounts	213 436	653 022	223 502	680 423
Income from loan insurance	104 189	307 010	120 531	382 688
Income from maintenance of investment funds (including management fees)	44 631	127 980	44 114	148 864
Income from cash transactions	30 567	92 561	36 604	113 514
Income from securities transactions	20 013	55 259	19 899	52 506
Income from servicing foreign mass transactions	12 141	36 265	12 037	35 430
Income from sale and distribution of court fee stamps	4 463	14 730	3 603	14 221
Other*	34 910	105 823	40 210	98 784
<b>Income from fiduciary activities</b>	<b>911</b>	<b>2 731</b>	<b>699</b>	<b>1 906</b>
<b>Total</b>	<b>901 125</b>	<b>2 651 043</b>	<b>901 969</b>	<b>2 690 962</b>

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

### Fee and commission expense

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
Expenses on payment cards	(127 355)	(340 774)	(97 942)	(267 244)
Expenses on loan insurance	(27 809)	(82 629)	(31 900)	(100 364)
Expenses on acquisition services	(23 065)	(71 025)	(28 384)	(90 456)
Expenses on settlement services	(5 529)	(16 554)	(4 303)	(16 178)
Expenses on fee and commissions for operating services provided by banks	(2 670)	(7 710)	(2 832)	(8 268)
Other*	(23 448)	(61 914)	(32 384)	(71 721)
<b>Total</b>	<b>(209 876)</b>	<b>(580 606)</b>	<b>(197 745)</b>	<b>(554 231)</b>

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

## 3. Net income from financial instruments designated at fair value

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
Debt securities	37 431	54 056	5 018	1 692
Equity instruments	(1 727)	(1 537)	(2 212)	(822)
Structured bank securities designated at fair value through profit and loss <sup>1)</sup>	(11 416)	(11 939)	2 455	3 407
Derivative instruments <sup>1)</sup>	8 526	7 030	(33 664)	(68 057)
Other <sup>1)</sup>	-	-	-	(1)
<b>Total</b>	<b>32 814</b>	<b>47 610</b>	<b>(28 403)</b>	<b>(63 781)</b>

In the net income from financial instruments designated at fair value, position 'Derivative instruments', in the period ended 30 September 2012, an ineffective portion related to cash flow hedges was recognised and it amounted to PLN 1 152 thousand (in the period ended 30 September 2011, an ineffective portion related to cash flow hedges was recognised and it amounted to PLN (48 343) thousand).

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3rd quarter period from 01.07.2012 to 30.09.2012	Gains	Losses	Net result
Trading assets	3 079 989	(3 068 004)	11 985
Financial assets designated upon initial recognition at fair value through profit and loss	30 212	(9 383)	20 829
<b>Total</b>	<b>3 110 201</b>	<b>(3 077 387)</b>	<b>32 814</b>
3 quarters cumulatively period from 01.01.2012 to 30.09.2012	Gains	Losses	Net result
Trading assets	11 384 570	(11 371 358)	13 212
Financial assets designated upon initial recognition at fair value through profit and loss	110 910	(76 512)	34 398
<b>Total</b>	<b>11 495 480</b>	<b>(11 447 870)</b>	<b>47 610</b>
3rd quarter period from 01.07.2011 to 30.09.2011	Gains	Losses	Net result
Trading assets	2 484 238	(2 522 375)	(38 137)
Financial assets designated upon initial recognition at fair value through profit and loss	8 328	1 406	9 734
<b>Total</b>	<b>2 492 566</b>	<b>(2 520 969)</b>	<b>(28 403)</b>
3 quarters cumulatively period from 01.01.2011 to 30.09.2011	Gains	Losses	Net result
Trading assets	8 836 231	(8 905 515)	(69 284)
Financial assets designated upon initial recognition at fair value through profit and loss	57 182	(51 679)	5 503
<b>Total</b>	<b>8 893 413</b>	<b>(8 957 194)</b>	<b>(63 781)</b>

The total change in fair values of financial instruments designated at fair value through profit and loss determined with use of valuation models (where no quotations from active market are available) in the period ended 30 September 2012 amounted to PLN (4 909)<sup>\*</sup> thousand (in the period ended 30 September 2011: PLN (64 651)<sup>\*</sup> thousand).

#### 4. Other operating income and expense

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Other operating income</b>				
Sales and disposal of tangible fixed assets, intangible assets and assets held for sale	618	10 019	2 134	14 508
Damages, penalties and fines received	305	1 033	685	1 210
Other*	11 676	34 577	14 623	40 903
<b>Total</b>	<b>12 599</b>	<b>45 629</b>	<b>17 442</b>	<b>56 621</b>

\*Included in 'Other' are i.a.: sundry income, income from expired and written-off receivables.

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Other operating expense</b>				
Costs of sale and disposal of tangible fixed assets, intangible assets and assets held for sale	(1 704)	(3 754)	(3 079)	(6 212)
Other*	(10 518)	(34 138)	(13 358)	(38 159)
<b>Total</b>	<b>(12 222)</b>	<b>(37 892)</b>	<b>(16 437)</b>	<b>(44 371)</b>

\* Included in 'Other' are i.a.: donations and sundry expenses.

\* Comprises the total amount of the items marked with <sup>1)</sup> in Note 3 'Net income from financial instruments designated at fair value'.

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## 5. Net impairment allowance and write-downs

For the nine-month period ended 30 September 2012	Note	Value at the beginning of the period	Increases		Decreases			Value at the end of the period	Net – impact on the income statement
			Recognised during the period	Other	Decrease due to derecognition of assets and settlement	Reversed during the period	Other		
<b>Investment securities available for sale</b>	<b>14</b>	<b>15 502</b>	<b>9 696</b>	-	<b>5 898</b>	<b>1 564</b>	-	<b>17 736</b>	<b>(8 132)</b>
Debt securities available for sale		12 998	-	-	5 898	1 564	-	5 536	1 564
Equity securities not admitted to public trading		2 504	9 696	-	-	-	-	12 200	(9 696)
<b>Amounts due from banks</b>	<b>9</b>	<b>33 710</b>	<b>48</b>	-	-	<b>275</b>	<b>2 350</b>	<b>31 133</b>	<b>227</b>
<b>Loans and advances to customers measured at amortised cost</b>	<b>13</b>	<b>4 982 790</b>	<b>4 039 234</b>	<b>31 625</b>	<b>627 633</b>	<b>2 453 586</b>	<b>60 266</b>	<b>5 912 164</b>	<b>(1 585 648)</b>
Non-financial sector		4 958 486	4 017 094	30 647	626 456	2 452 553	60 266	5 866 952	(1 564 541)
consumer loans		1 451 068	1 529 321	19 940	435 292	1 051 892	6 881	1 506 264	(477 429)
housing loans		1 234 974	751 246	2 476	12 326	449 745	33 010	1 493 615	(301 501)
corporate loans		2 272 444	1 735 139	8 231	178 838	950 916	20 375	2 865 685	(784 223)
debt securities		-	1 388	-	-	-	-	1 388	(1 388)
Financial sector		8 525	18 668	357	1 177	537	-	25 836	(18 131)
corporate loans		8 525	18 668	357	1 177	537	-	25 836	(18 131)
Public sector		15 779	3 472	621	-	496	-	19 376	(2 976)
corporate loans		15 779	1 722	621	-	496	-	17 626	(1 226)
debt securities		-	1 750	-	-	-	-	1 750	(1 750)
<b>Non-current assets held for sale</b>		<b>1 278</b>	-	-	<b>3</b>	-	-	<b>1 275</b>	-
<b>Tangible fixed assets</b>	<b>16</b>	<b>143</b>	<b>2 804</b>	-	<b>2 913</b>	-	-	<b>34</b>	<b>(2 804)</b>
<b>Intangible assets</b>	<b>16</b>	<b>18 017</b>	<b>3 695</b>	-	<b>4 558</b>	-	-	<b>17 154</b>	<b>(3 695)</b>
<b>Investments in subsidiaries, jointly controlled entities and associates</b>	<b>15</b>	<b>475 669</b>	<b>16 705</b>	-	-	-	-	<b>492 374</b>	<b>(16 705)</b>
<b>Other, of which:</b>		<b>293 282</b>	<b>231 416</b>	-	<b>26 631</b>	<b>110 748</b>	<b>809</b>	<b>386 510</b>	<b>(120 668)</b>
provisions on legal claims and liabilities and guarantees granted		114 023	202 153	-	-	97 207	472	218 497	(104 946)
<b>Total</b>		<b>5 820 391</b>	<b>4 303 598</b>	<b>31 625</b>	<b>667 636</b>	<b>2 566 173</b>	<b>63 425</b>	<b>6 858 380</b>	<b>(1 737 425)</b>

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For the nine-month period ended 30 September 2011	Value at the beginning of the period	Increases		Decreases			Value at the end of the period	Net – impact on the income statement
		Recognised during the period	Other	Decrease due to derecognition of assets and settlement	Reversed during the period	Other		
<b>Investment securities available for sale</b>	<b>13 578</b>	<b>1 971</b>	-	-	-	-	<b>15 549</b>	<b>(1 971)</b>
Debt securities available for sale	13 045	-	-	-	-	-	13 045	-
Equity securities not admitted to public trading	533	1 971	-	-	-	-	2 504	(1 971)
<b>Amounts due from banks</b>	<b>32 570</b>	<b>262</b>	<b>2 779</b>	<b>25</b>	<b>1 096</b>	-	<b>34 490</b>	<b>834</b>
<b>Loans and advances to customers measured at amortised cost</b>	<b>4 265 484</b>	<b>4 826 836</b>	<b>60 534</b>	<b>535 566</b>	<b>3 543 670</b>	-	<b>5 073 618</b>	<b>(1 283 166)</b>
Non-financial sector	4 246 632	4 818 227	60 534	535 500	3 539 000	-	5 050 893	(1 279 227)
consumer loans	1 499 403	2 222 448	11 258	436 315	1 683 175	-	1 613 619	(539 273)
housing loans	907 343	1 080 992	37 343	80 271	779 595	-	1 165 812	(301 397)
corporate loans	1 839 886	1 514 787	11 933	18 914	1 076 230	-	2 271 462	(438 557)
Financial sector	5 718	4 081	-	66	1 000	-	8 733	(3 081)
corporate loans	5 718	4 081	-	66	1 000	-	8 733	(3 081)
Public sector	13 134	4 528	-	-	3 670	-	13 992	(858)
corporate loans	13 134	4 528	-	-	3 670	-	13 992	(858)
<b>Non-current assets held for sale</b>	<b>1 281</b>	-	-	<b>3</b>	-	-	<b>1 278</b>	-
<b>Tangible fixed assets</b>	<b>18 381</b>	-	-	<b>17 254</b>	-	-	<b>1 127</b>	-
<b>Intangible assets</b>	<b>18 017</b>	-	-	-	-	-	<b>18 017</b>	-
<b>Investments in subsidiaries, jointly controlled entities and associates</b>	<b>450 962</b>	-	-	-	-	-	<b>450 962</b>	-
<b>Other, of which:</b>	<b>404 246</b>	<b>178 671</b>	<b>244</b>	<b>5 364</b>	<b>132 105</b>	-	<b>445 204</b>	<b>(46 566)</b>
provisions on legal claims and liabilities and guarantees granted	222 448	132 830	244	104 261	104 261	-	146 512	(28 569)
<b>Total</b>	<b>5 204 519</b>	<b>5 007 740</b>	<b>63 557</b>	<b>558 212</b>	<b>3 676 871</b>	-	<b>6 040 245</b>	<b>(1 330 869)</b>

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## 6. Administrative expenses

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
Staff costs	(563 384)	(1 677 901)	(571 050)	(1 627 279)
Overheads	(287 996)	(876 077)	(288 101)	(876 551)
Amortisation and depreciation	(123 076)	(360 735)	(116 935)	(335 179)
Taxes and other charges	(15 455)	(45 917)	(16 325)	(45 254)
Contribution and payments to the Bank Guarantee Fund	(35 997)	(107 991)	(34 185)	(102 553)
<b>Total</b>	<b>(1 025 908)</b>	<b>(3 068 621)</b>	<b>(1 026 596)</b>	<b>(2 986 816)</b>

## Wages and salaries/Employee benefits

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
Wages and salaries	(469 593)	(1 388 806)	(483 390)	(1 367 332)
Social Insurance, of which:	(77 998)	(239 911)	(72 865)	(214 964)
contributions for retirement pay and pensions*	(62 803)	(197 751)	(55 169)	(166 403)
Other employee benefits	(15 793)	(49 184)	(14 795)	(44 983)
<b>Total</b>	<b>(563 384)</b>	<b>(1 677 901)</b>	<b>(571 050)</b>	<b>(1 627 279)</b>

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

## 7. Income tax expense

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
<b>Income statement</b>				
Current income tax expense	1 214 443	722 255	(286 997)	(784 721)
Deferred income tax related to temporary differences	(22 747)	(17 943)	42 975	86 850
<b>Tax expense in the income statement</b>	<b>1 191 696</b>	<b>704 312</b>	<b>(244 022)</b>	<b>(697 871)</b>
Tax expense in other comprehensive income related to temporary differences	32 890	75 123	(53 738)	(41 408)
<b>Total</b>	<b>1 224 586</b>	<b>779 435</b>	<b>(297 760)</b>	<b>(739 279)</b>

## 8. Earnings per share

### Basic earnings per share

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

### Earnings per share

	3rd quarter period from 01.07.2012 to 30.09.2012	3 quarters cumulatively period from 01.01.2012 to 30.09.2012	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011
Profit per ordinary shareholder (in PLN thousand)	894 288	2 899 974	1 001 576	2 896 740
Weighted average number of ordinary shares during the period (in thousand)	1 250 000	1 250 000	1 250 000	1 250 000
Earnings per share (in PLN per share)	0.72	2.32	0.80	2.32

### Earnings per share from discontinued operations

In the periods ended 30 September 2012 and 30 September 2011 respectively, there were no material expenses or income from discontinued operations.

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### Diluted earnings per share

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

In the periods ended 30 September 2012 and 30 September 2011, there were no dilutive instruments.

### Diluted earnings per share from discontinued operations

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

## 9. Amounts due from banks

	30.09.2012	31.12.2011
Deposits with banks	2 714 674	1 914 393
Current accounts	2 293 728	279 622
Loans and advances granted	166 985	158 162
Receivables due from repurchase agreements	20 616	-
Cash in transit	3 563	1 731
<b>Total</b>	<b>5 199 566</b>	<b>2 353 908</b>
Impairment allowances on receivables, of which:	(31 133)	(33 710)
impairment allowances on exposure to a foreign bank	(31 084)	(33 283)
<b>Net total</b>	<b>5 168 433</b>	<b>2 320 198</b>

## 10. Trading assets

	30.09.2012	31.12.2011
<b>Debt securities</b>	<b>763 215</b>	<b>1 300 164</b>
issued by the State Treasury, of which:	710 610	1 268 471
Treasury bonds	693 034	1 219 069
Treasury bills	17 576	49 402
issued by other financial institutions, of which:	18 333	239
bonds issued by WSE	13 391	-
bonds issued by PKO Finance AB in EUR	4 819	-
corporate bonds	118	-
corporate bonds NIF (National Investment Fund)	5	239
issued by non-financial institutions, corporate bonds	17 808	14 947
issued by local government bodies, municipal bonds	15 037	14 783
issued by banks, BGK bonds	1 427	1 724
<b>Shares in other entities – listed on stock exchange</b>	<b>2 880</b>	<b>10 925</b>
<b>Investment certificates</b>	<b>1 692</b>	<b>-</b>
<b>Rights issues</b>	<b>46</b>	<b>-</b>
<b>Total</b>	<b>767 833</b>	<b>1 311 089</b>

## 11. Derivative financial instruments

	30.09.2012		31.12.2011	
	Assets	Liabilities	Assets	Liabilities
Hedging instruments	689 878	226 848	516 925	342 598
Other derivative instruments	2 844 205	3 129 903	2 548 224	2 302 683
<b>Total</b>	<b>3 534 083</b>	<b>3 356 751</b>	<b>3 065 149</b>	<b>2 645 281</b>



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Type of contract	30.09.2012		31.12.2011	
	Assets	Liabilities	Assets	Liabilities
IRS	2 709 049	2 462 935	1 941 725	1 925 161
CIRS	481 752	380 751	419 640	421 039
FX Swap	168 243	323 536	438 331	139 720
Options	99 193	81 491	106 492	70 112
Forward	39 438	66 538	119 293	56 271
FRA	36 045	41 285	38 117	31 965
Other	363	215	1 551	1 013
<b>Total</b>	<b>3 534 083</b>	<b>3 356 751</b>	<b>3 065 149</b>	<b>2 645 281</b>

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

	30.09.2012	31.12.2011
<b>Debt securities</b>	<b>16 204 788</b>	<b>12 467 201</b>
issued by central banks, of which:	12 788 990	8 593 791
NBP money market bills	12 788 990	8 593 791
issued by the State Treasury, of which:	3 161 887	3 620 515
Treasury bonds PLN	2 375 085	1 318 278
Treasury bills	786 802	2 180 148
Treasury bonds EUR	-	122 089
issued by local government bodies, of which:	253 911	252 895
municipal bonds EUR	145 609	143 973
municipal bonds PLN	108 302	108 922
<b>Total</b>	<b>16 204 788</b>	<b>12 467 201</b>

## 13. Loans and advances to customers

	30.09.2012	31.12.2011
<b>Gross loans and advances to customers, of which:</b>	<b>147 033 825</b>	<b>145 041 439</b>
financial sector	3 530 436	3 220 155
corporate, of which:	3 530 436	3 220 155
receivables due from repurchase agreements	304 336	92 836
deposits of the Brokerage House in the Stock Exchange Guarantee Fund and initial deposit	6 199	6 891
non-financial sector	137 356 077	136 754 855
corporate, of which:	43 194 800	41 625 770
receivables due from repurchase agreements	21 250	-
contributions to equity of subsidiaries	222 262	186 943
debt securities*	630 867	-
housing	70 933 292	70 880 841
consumer	22 597 118	24 248 244
public sector	6 147 312	5 066 429
corporate	5 351 705	5 066 429
debt securities*	795 607	-
Impairment allowances on loans and advances to customers	(5 912 164)	(4 982 790)
<b>Loans and advances to customers net</b>	<b>141 121 661</b>	<b>140 058 649</b>

\* Information about the debt securities portfolio reclassified to the loans and advances to customers portfolio is provided in Note 14 'Investment securities available for sale'.

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	30.09.2012	31.12.2011
<b>Loans and advances to customers</b>		
Receivables assessed on an individual basis, of which:	7 137 036	5 145 413
impaired	5 411 879	4 459 538
not impaired	1 725 157	685 875
Receivables assessed on a portfolio basis, impaired	6 650 488	5 936 241
Receivables assessed on a group basis (IBNR)	133 246 301	133 959 785
<b>Loans and advances to customers gross</b>	<b>147 033 825</b>	<b>145 041 439</b>
Allowances on exposures assessed on an individual basis, of which:	(1 977 196)	(1 498 059)
impaired	(1 950 271)	(1 498 059)
Allowances on exposures assessed on a portfolio basis	(3 309 614)	(2 832 217)
Allowances on exposures assessed on a group basis (IBNR)	(625 354)	(652 514)
<b>Allowances - total</b>	<b>(5 912 164)</b>	<b>(4 982 790)</b>
<b>Loans and advances to customers net</b>	<b>141 121 661</b>	<b>140 058 649</b>
	30.09.2012	31.12.2011
<b>Loans and advances granted gross, of which:</b>	<b>147 033 825</b>	<b>145 041 439</b>
mortgage banking	63 005 966	63 155 551
corporate	40 142 365	33 854 145
retail and private banking	22 597 118	24 248 244
small and medium enterprises	14 387 519	15 527 392
housing market clients	6 346 854	7 969 364
contributions to equity of subsidiaries	222 262	186 943
receivables due from repurchase agreements	325 586	92 836
other receivables	6 155	6 964
<b>Impairment allowances on loans and advances</b>	<b>(5 912 164)</b>	<b>(4 982 790)</b>
<b>Loans and advances granted net</b>	<b>141 121 661</b>	<b>140 058 649</b>

In the nine-month period ended 30 September 2012, as a result of re-segmentation, PLN 1 139 112 thousand of loan volumes of small and medium enterprises and PLN 1 575 554 thousand of loan volumes of housing market clients were transferred to the corporate segment.

The information regarding the Bank's operational segments was presented in the condensed consolidated interim financial statements of the Powszechna Kasa Oszczędności Bank Polski SA Group for the nine-month period ended 30 September 2012.

As at 30 September 2012, the share of impaired loans amounted to 8.2% (as at 31 December 2011: 7.2%), whereas the coverage ratio of impaired loans (calculated by dividing the balance of impairment allowances on loans and advances to customers by gross carrying amount of impaired loans and advances to customers) amounted to 49.0% (as at 31 December 2011: 47.9%).

As at 30 September 2012, the share of loans overdue by more than 90 days in the gross amount of loans and advances was 5.1% (as at 31 December 2011: 4.0%).

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## 14. Investment securities available for sale

	30.09.2012	31.12.2011
<b>Debt securities available for sale, gross</b>	<b>11 178 865</b>	<b>14 104 181</b>
issued by the State Treasury, of which:	6 660 127	8 310 429
Treasury bonds PLN	6 581 995	8 298 709
Treasury bonds EUR	-	11 720
Treasury bonds USD	78 132	-
issued by local government bodies, municipal bonds	2 801 707	3 458 356
issued by non-financial institutions	1 621 812	2 132 269
corporate bonds	1 621 812	2 129 507
bills of exchange	-	2 762
issued by banks, corporate bonds	51 828	50 870
issued by other financial institutions, corporate bonds	43 391	152 257
<b>Impairment allowances of debt securities available for sale</b>	<b>(5 536)</b>	<b>(12 998)</b>
corporate bonds	(5 536)	(10 236)
bills of exchange	-	(2 762)
<b>Total net debt securities available for sale</b>	<b>11 173 329</b>	<b>14 091 183</b>
<b>Equity securities available for sale, gross</b>	<b>118 231</b>	<b>80 254</b>
Equity securities not admitted to public trading	84 813	40 897
Equity securities admitted to public trading	33 418	39 357
<b>Impairment allowances of equity securities available for sale</b>	<b>(12 200)</b>	<b>(2 504)</b>
<b>Total net equity securities available for sale</b>	<b>106 031</b>	<b>77 750</b>
<b>Total net investment securities available for sale</b>	<b>11 279 360</b>	<b>14 168 933</b>

Due to change of intention as regards holding of the selected portfolio of non-Treasury securities classified upon initial recognition as available for sale, in the third quarter of 2012, the Bank reclassified them to loans and advances to customers.

As a result of the reclassification of the portfolio, the valuation methods have also changed, i.e. from measured at fair value to measured at amortised cost.

### Debt securities (municipal bonds and corporate bonds) reclassified from financial assets available for sale to loans and advances to customers

As at 30 September 2012	nominal value	fair value	carrying amount
Municipal bonds	778 233	807 275	793 856
Corporate bonds	632 160	632 013	629 480
<b>Total</b>	<b>1 410 393</b>	<b>1 439 288</b>	<b>1 423 336</b>

The securities reclassified are presented in the financial statements in loans and advances to customers.

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## 15. Investments in subsidiaries, jointly controlled entities and associates

As at 30 September 2012, the Bank's investments in subsidiaries, jointly controlled entities and associates have been recognised at acquisition cost adjusted by potential impairment allowances.

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

As at 30 September 2012	Gross value	Impairment	Carrying amount
<b>Subsidiaries</b>			
KREDOBANK SA	935 619	(423 723)	511 896
PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA	205 786	-	205 786
PKO Towarzystwo Funduszy Inwestycyjnych SA	186 989	-	186 989
Bankowy Fundusz Leasingowy SA	70 000	-	70 000
Inteligo Financial Services SA	59 602	-	59 602
Centrum Elektronicznych Usług Płatniczych 'eService' SA	55 500	-	55 500
Fort Mokotów Inwestycje Sp. z o.o. <sup>1</sup>	65 228	-	65 228
Bankowe Towarzystwo Kapitałowe SA	21 566	(10 666)	10 900
'Inter Risk Ukraina' Spółka z dodatkową odpowiedzialnością	19 713	-	19 713
PKO BP Finat Sp. z o.o.	11 693	-	11 693
Qualia Development Sp. z o.o. <sup>2</sup>	4 503	-	4 503
PKO Finance AB	172	-	172
<b>Jointly controlled entities</b>			
CENTRUM HAFFNERA Sp. z o.o.	44 371	(16 705)	27 666
Centrum Obsługi Biznesu Sp. z o.o.	17 498	-	17 498
<b>Associates</b>			
Bank Poczty SA	146 500	(39 780)	106 720
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	1 500	(1 500)	-
Agencja Inwestycyjna CORP-SA SA	29	-	29
<b>Total</b>	<b>1 846 269</b>	<b>(492 374)</b>	<b>1 353 895</b>

1) value does not include capital contribution of PKO Bank Polski SA presented in the statement of financial position as 'Loans and advances to customers' in the amount of PLN 8 053 thousand.

2) value does not include capital contribution of PKO Bank Polski SA presented in the statement of financial position as 'Loans and advances to customers' in the total amount of PLN 214 209 thousand.

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As at 31 December 2011	Gross value	Impairment	Carrying amount
<b>Subsidiaries</b>			
KREDOBANK SA	935 619	(423 723)	511 896
PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA	205 786	-	205 786
PKO Towarzystwo Funduszy Inwestycyjnych SA	186 989	-	186 989
Centrum Finansowe Puławska Sp. z o.o. – in liquidation	167 288	-	167 288
Bankowy Fundusz Leasingowy SA	70 000	-	70 000
Inteligo Financial Services SA	59 602	-	59 602
Centrum Elektronicznych Usług Płatniczych 'eService' SA	55 500	-	55 500
Fort Mokotów Inwestycje Sp. z o.o. <sup>1</sup>	43 546	-	43 546
Bankowe Towarzystwo Kapitałowe SA	21 566	(10 666)	10 900
PKO BP Finat Sp. z o.o.	11 693	-	11 693
Qualia Development Sp. z o.o. <sup>2</sup>	4 503	-	4 503
Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o.	1 482	-	1 482
PKO Finance AB	172	-	172
<b>Jointly controlled entities</b>			
CENTRUM HAFFNERA Sp. z o.o.	44 371	-	44 371
Centrum Obsługi Biznesu Sp. z o.o.	17 498	-	17 498
<b>Associates</b>			
Bank Pocztowy SA	146 500	(39 780)	106 720
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	1 500	(1 500)	-
Agencja Inwestycyjna CORP-SA SA	29	-	29
<b>Total</b>	<b>1 973 644</b>	<b>(475 669)</b>	<b>1 497 975</b>

1) value does not include capital contribution of PKO Bank Polski SA presented in the statement of financial position as 'Loans and advances to customers' in the amount of PLN 8 053 thousand.

2) value does not include capital contribution of PKO Bank Polski SA presented in the statement of financial position as 'Loans and advances to customers' in the total amount of PLN 178 890 thousand.

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## 16. Intangible assets and tangible fixed assets

Intangible assets	30.09.2012	31.12.2011
Software	1 381 775	1 411 429
Other, of which:	154 692	111 139
capital expenditure	138 034	101 354
goodwill related to assets acquired from subsidiary	7 785	-
<b>Total</b>	<b>1 536 467</b>	<b>1 522 568</b>

Tangible fixed assets	30.09.2012	31.12.2011
Land and buildings	1 608 949	1 375 234
Machinery and equipment	389 125	442 458
Assets under construction	163 415	133 508
Means of transport	272	464
Investment properties	241	248
Other	91 768	61 402
<b>Total</b>	<b>2 253 770</b>	<b>2 013 314</b>

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

## 17. Amounts due to banks

	30.09.2012	31.12.2011
Loans and advances received	1 391 716	3 443 872
Bank deposits	1 000 003	1 372 635
Amounts due from repurchase agreements	157 167	-
Current accounts	71 926	421 939
Other money market deposits	44 549	82 944
<b>Total</b>	<b>2 665 361</b>	<b>5 321 390</b>

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

## 18. Amounts due to customers

	30.09.2012	31.12.2011
<b>Amounts due to retail clients</b>	<b>107 284 312</b>	<b>103 424 136</b>
Term deposits	60 824 965	54 897 173
Current accounts and overnight deposits	46 248 158	48 054 921
Other money market deposits	211 189	472 042
<b>Amounts due to corporate entities</b>	<b>42 034 599</b>	<b>42 784 326</b>
Term deposits	21 100 949	24 012 372
Loans and advances received*	11 196 679	6 453 092
Current accounts and overnight deposits	9 183 654	11 187 998
Other money market deposits	342 983	486 859
Amounts due from repurchase agreements	210 334	644 005
<b>Amounts due to state budget entities</b>	<b>4 584 146</b>	<b>3 822 219</b>
Current accounts and overnight deposits	2 314 652	2 241 309
Term deposits	2 199 553	1 516 981
Other money market deposits	69 941	63 929
<b>Total</b>	<b>153 903 057</b>	<b>150 030 681</b>

\* In 'Loans and advances received' there are included received loans of: EUR 850 000 thousand, CHF 750 000 thousand and USD 1 000 000 thousand from PKO Finance AB, the Bank's subsidiary, as funds gathered through Eurobonds issue.

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

	30.09.2012	31.12.2011
<b>Amounts due to customers, of which:</b>	<b>153 903 057</b>	<b>150 030 681</b>
retail and private banking	103 488 637	99 965 327
corporate	25 928 289	28 655 384
loans and advances received	11 196 679	6 453 092
small and medium enterprises	8 402 851	8 905 833
housing market clients	4 676 267	5 407 040
amounts due from repurchase agreement	210 334	644 005
<b>Total</b>	<b>153 903 057</b>	<b>150 030 681</b>

At the end of the third quarter of 2012, as a result of re-segmentation performed during the year, PLN 446 337 thousand of deposit volumes of housing market clients and PLN 31 960 thousand of deposit volumes of small and medium enterprises were transferred to the corporate segment.

## 19. Debt securities in issue

	30.09.2012	31.12.2011
<b>Debt securities in issue</b>		
Financial instruments designated at fair value through profit and loss, bank securities issued by PKO Bank Polski SA	321 993	175 615
Financial instruments measured at amortised cost – Bank bonds issued by PKO Bank Polski SA	908 613	2 929 973
<b>Total</b>	<b>1 230 606</b>	<b>3 105 588</b>

	30.09.2012	31.12.2011
<b>Debt securities in issue by maturity:</b>		
from 1 month to 3 months	908 613	2 929 973
from 3 months to 1 year	113 305	-
from 1 year to 5 years	208 688	175 615
<b>Total</b>	<b>1 230 606</b>	<b>3 105 588</b>

In the nine-month period of 2012, the Bank issued bank securities and bank bonds with nominal value of PLN 5 434 232 thousand classified as liabilities designated to be measured at fair value through profit and loss, in accordance with IAS 39.11A and measured at amortised cost. In the nine-month period of 2012, bank securities and bank bonds with nominal value of PLN 7 335 846 thousand were redeemed.

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## 20. Subordinated liabilities

As at 30 September 2012

Subordinated liabilities	Nominal value	Currency	Interest rate (%)	Maturity date	Balance
Subordinated bonds	1 600 700	PLN	5.96%	30.10.2017	1 638 617
Subordinated bonds	1 600 700	PLN	6.60%	14.09.2022	1 605 545
<b>Total</b>	<b>3 201 400</b>				<b>3 244 162</b>

As at 31 December 2011

Subordinated liabilities	Nominal value	Currency	Interest rate (%)	Maturity date	Balance
Subordinated bonds	1 600 700	PLN	5.92%	30.10.2017	1 614 377
				<b>30.09.2012</b>	<b>31.12.2011</b>
<b>As at the beginning of the period</b>				<b>1 614 377</b>	<b>1 611 779</b>
<b>Increases (of which):</b>				<b>1 677 296</b>	<b>87 125</b>
issue				1 600 700	-
accrued interest				76 596	87 125
<b>Decreases (of which):</b>				<b>(47 511)</b>	<b>(84 527)</b>
repayment of interest				(47 511)	(84 527)
<b>Subordinated liabilities as at the end of the period</b>				<b>3 244 162</b>	<b>1 614 377</b>

On 14 September 2012, the Bank issued subordinated bonds with ten-year maturity, with the Bank's right to a premature redemption of all debt securities from this programme, during 5 years from the issue date. A nominal value of the bonds is PLN 1 600 700 thousand. The proceeds obtained from new issue were, with the approval of the Polish Financial Supervision Authority, used for increasing the Bank's supplementary funds.

On 18 September 2012, the Polish Financial Supervision Authority gave its consent for the Bank to effect a call option concerning the premature redemption of all subordinated bonds, with a total nominal value of PLN 1 600 700 thousand, issued by the Bank on 30 October 2007 with primary maturity on 30 October 2017. On 30 October 2012, PKO Bank Polski SA performed a premature redemption of all subordinated bonds with a total nominal value of PLN 1 600 700 thousand, issued by PKO Bank Polski SA as a part of 2007 issue.

## 21. Other liabilities

	<b>30.09.2012</b>	<b>31.12.2011</b>
Deferred income	336 306	277 150
Accounts payable	299 263	241 918
Other liabilities	1 282 415	1 637 455
<b>Total</b>	<b>1 917 984</b>	<b>2 156 523</b>



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## 22. Provisions

For the nine-month period ended 30 September 2012	Provision for legal claims	Provisions for retirement benefits and anniversary bonuses	Provisions for liabilities and guarantees granted	Other provisions*	Total
<b>As at 1 January 2012, of which:</b>	<b>2 254</b>	<b>426 973</b>	<b>111 769</b>	<b>74 493</b>	<b>615 489</b>
Short term provision	2 254	38 069	111 769	74 493	226 585
Long term provision	-	388 904	-	-	388 904
Increase/reassessment of provision	-	-	202 153	10 058	212 211
Use of provision	-	-	-	(47 578)	(47 578)
Release of provision	-	-	(97 207)	-	(97 207)
Other changes and reclassifications	-	-	(472)	-	(472)
<b>As at 30 September 2012, of which:</b>	<b>2 254</b>	<b>426 973</b>	<b>216 243</b>	<b>36 973</b>	<b>682 443</b>
Short term provision	2 254	38 069	175 459	36 973	252 755
Long term provision	-	388 904	40 784	-	429 688

\* Included in 'Other provisions' are i.a.: restructuring provision of PLN 20 852 thousand and provision of PLN 5 149 thousand for potential claims on impaired loans portfolios sold.

For the nine-month period ended 30 September 2011	Provision for legal claims	Provisions for retirement benefits and anniversary bonuses	Provisions for liabilities and guarantees granted	Other provisions*	Total
<b>As at 1 January 2011, of which:</b>	<b>6 311</b>	<b>410 723</b>	<b>216 137</b>	<b>81 267</b>	<b>714 438</b>
Short term provision	6 311	29 537	81 965	81 267	199 080
Long term provision	-	381 186	134 172	-	515 358
Increase/reassessment of provision	-	-	132 830	4 901	137 731
Use of provision	-	-	-	(48 774)	(48 774)
Release of provision	-	-	(104 261)	-	(104 261)
Other changes and reclassifications	-	-	244	-	244
<b>As at 30 September 2011, of which:</b>	<b>6 311</b>	<b>410 723</b>	<b>244 950</b>	<b>37 394</b>	<b>699 378</b>
Short term provision	6 311	29 537	244 950	37 394	318 192
Long term provision	-	381 186	-	-	381 186

\* Included in 'Other provisions' are i.a.: restructuring provision of PLN 21 490 thousand and provision of PLN 10 858 thousand for potential claims on impaired loans portfolios sold.

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

## 23. Off – balance sheet liabilities

### Contingent liabilities

### Underwriting programmes

As at 30 September 2012, the Bank's underwriting agreements covered the following securities:

Issuer of securities underwritten	Type of underwritten securities	Off-balance sheet liabilities resulting from underwriting agreement	Contract period	Sub-issue type
Company A	corporate bonds	1 633 000	15.06.2017	Bonds Issue Agreement*
Company B	corporate bonds	457 000	31.07.2013	Bonds Issue Agreement*
Company C	corporate bonds	250 000	31.10.2017	Bonds Issue Agreement*
Company D	corporate bonds	106 590	31.12.2024	Bonds Issue Agreement*
Company E	corporate bonds	102 700	31.10.2013	Bonds Issue Agreement*
Company F	corporate bonds	34 000	31.12.2022	Bonds Issue Agreement*
<b>Total</b>		<b>2 583 290</b>		

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

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As at 31 December 2011, the Bank's underwriting agreements covered the following securities:

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

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

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

### Contractual commitments

As at 30 September 2012, the amount of contractual commitments concerning intangible assets amounted to PLN 213 896 thousand (as at 31 December 2011, it amounted to PLN 98 233 thousand).

As at 30 September 2012, the amount of contractual commitments concerning tangible fixed assets amounted to PLN 82 535 thousand (as at 31 December 2011, it amounted to PLN 18 894 thousand).

### Granted loan commitments

	30.09.2012	31.12.2011
Financial entities	1 838 895	1 609 576
Non-financial entities	28 616 694	28 238 271
State budget entities	4 017 963	823 897
<b>Total</b>	<b>34 473 552</b>	<b>30 671 744</b>
of which: irrevocable loan commitments	8 509 336	6 569 014

Granted loan commitments were presented in nominal values.

### Guarantees issued

	30.09.2012	31.12.2011
Financial entities	1 071 764	1 214 684
Non-financial entities	9 119 637	6 014 910
State budget entities	801 386	174 459
<b>Total</b>	<b>10 992 787</b>	<b>7 404 053</b>

### Off-balance sheet liabilities received

	30.09.2012	31.12.2011
Financial	507 343	375 428
Guarantees	1 794 336	1 905 208
<b>Total</b>	<b>2 301 679</b>	<b>2 280 636</b>

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

### Assets pledged as collateral for contingent liabilities

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



## 24. Supplementary information to the statement of cash flows

### Cash and cash equivalents

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

	30.09.2012	31.12.2011	30.09.2011
Cash and balances with the central bank	6 642 417	9 060 280	7 658 405
Current receivables from financial institutions	4 862 731	2 100 386	2 949 857
<b>Total</b>	<b>11 505 148</b>	<b>11 160 666</b>	<b>10 608 262</b>

## 25. Related party transactions

All transactions with related parties presented below were arm's length transactions. Repayment terms are within a range from one month to twenty years.

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## 30 September 2012

Entity	Receivables	including loans	Liabilities	Total income	including interest and fee and commission income	Total expense	including interest and fee and commission expense	Contingent liabilities and commitments
Agencja Inwestycyjna CORP-SA SA	-	-	89	-	-	1 900	-	-
Bank Pocztowy SA	-	-	9	24	24	-	-	1 418
Bankowe Towarzystwo Kapitałowe SA	-	-	93	17	2	7	7	-
Bankowy Fundusz Leasingowy SA	64 216	20 456	26 009	7 293	5 492	9 663	367	1 087 031
Bankowy Leasing Sp. z o.o.	2 090 549	2 090 399	55	80 974	80 900	33	3	250 371
Centrum Elektronicznych Usług Płatniczych 'eService' SA	1 664	-	38 635	13 860	13 860	54 618	54 618	5 000
CENTRUM HAFNERA Sp. z o.o.	-	-	193	6	6	-	-	-
Centrum Majkowskiego Sp. z o.o.	-	-	2 222	5	5	-	-	-
Centrum Obsługi Biznesu Sp. z o.o.	30 510	30 510	19 154	593	593	453	453	-
Centrum Operacyjne Sp. z o.o.	-	-	79	2	2	-	-	-
Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o.	198 023	198 023	-	7 921	7 921	-	-	-
Fort Mokotów Inwestycje Sp. z o.o.	8 053	-	19 946	3	3	113	113	-
Fort Mokotów Sp. z o.o. - in liquidation	-	-	4 666	2	2	146	146	-
Inteligo Financial Services SA	26 268	-	130 904	1 532	16	39 901	4 598	-
Kamienica Morska Sp. z o.o.	-	-	28	5	5	-	-	-
Kolej Gondolowa Jaworzyna Krynicka SA	6 989	6 989	4 120	348	348	120	120	-
KREDOBANK SA	211 265	109 011	439	3 025	3 025	-	-	162 996
PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA	67	-	23 416	471	37	382	382	-
PKO BP Faktoring SA	324 017	324 017	1 218	11 913	11 738	1	1	169 933
PKO BP Finat Sp. z o.o.	-	-	2 481	23	15	209	108	593
PKO Finance AB	-	-	9 332 826	-	-	123 137	122 189	-
PKO Towarzystwo Funduszy Inwestycyjnych SA	12 384	-	10 774	111 813	110 804	933	933	-
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	-	-	19 011	1	1	348	348	-
Promenada Sopocka Sp. z o.o.	45 309	45 309	778	1 016	1 016	51	51	-
Qualia - Residence Sp. z o.o.	-	-	950	13	13	19	10	-
Qualia - Rezydencja Flotylla Sp. z o.o.	72 712	72 712	1 650	3 568	3 568	2	2	4 605
Qualia Development Sp. z o.o.	214 209	-	15 376	13	13	643	643	2 413
Qualia Hotel Management Sp. z o.o.	-	-	227	4	4	6	6	-
Qualia Sp. z o.o.	-	-	3	2	2	-	-	-
Qualia spółka z ograniczoną odpowiedzialnością - Jurata Sp. k.	-	-	1	1	1	-	-	-
Qualia spółka z ograniczoną odpowiedzialnością - Neptun Park Sp. k.	70 410	70 410	7 309	4 195	4 195	209	209	1 855
Qualia spółka z ograniczoną odpowiedzialnością - Nowy Wilanów Sp. k.	95 365	95 365	12 195	5 892	5 892	195	195	94 635
Qualia spółka z ograniczoną odpowiedzialnością - Pomeranka Sp. k.	26 600	26 600	348	1 936	1 936	-	-	57 095
Qualia spółka z ograniczoną odpowiedzialnością - Projekt 1 Sp. k.	-	-	1	2	2	-	-	-
Qualia Spółka z ograniczoną odpowiedzialnością - Sopot Sp. k.	2 341	2 341	1 332	89	76	1	1	2 114
Qualia Spółka z ograniczoną odpowiedzialnością - Władysławowo Sp. k.	-	-	1	1	1	-	-	-
Qualia Spółka z ograniczoną odpowiedzialnością - Zakopane Sp. k.	-	-	1	1	1	-	-	-
Sarnia Dolina Sp. z o.o.	16 502	16 502	10	793	793	-	-	-
Sopot Zdrój Sp. z o.o.	219 751	219 751	5 142	3 661	3 661	2	2	-
<b>TOTAL</b>	<b>3 737 204</b>	<b>3 328 395</b>	<b>9 681 691</b>	<b>261 018</b>	<b>255 973</b>	<b>233 092</b>	<b>185 505</b>	<b>1 840 059</b>

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## 31 December 2011

Entity	Receivables	including loans	Liabilities	Total income	including interest and fee and commission income	Total expense	including interest and fee and commission expense	Contingent liabilities and commitments
Agencja Inwestycyjna CORP-SA SA	-	-	76	691	-	2 552	-	-
Bank Pocztowy SA	-	-	983	346	325	486	481	24 974
Bankowe Towarzystwo Kapitałowe SA	-	-	355	23	3	19	19	7 000
Bankowy Fundusz Leasingowy SA	177 829	25 231	24 177	9 972	8 295	12 214	980	1 043 235
Bankowy Leasing Sp. z o.o.	1 205 779	1 205 697	14	65 594	65 547	48	5	224 454
BFL Nieruchomości Sp. z o.o.	394 295	394 295	58	19 312	19 312	27	27	9 650
Centrum Elektronicznych Usług Płatniczych 'eService' SA	568	-	28 243	14 250	13 737	54 172	53 780	23 500
Centrum Finansowe Puławska Sp. z o.o. - in liquidation	-	-	18 983	1 149	1 148	41 966	582	-
CENTRUM HAFFNERA Sp. z o.o.	-	-	2 797	18	18	-	-	-
Centrum Majkowskiego Sp. z o.o.	-	-	7 350	13	13	245	245	-
Centrum Obsługi Biznesu Sp. z o.o.	33 625	33 625	21 447	993	993	635	635	-
Centrum Operacyjne Sp. z o.o.	-	-	156	5	5	-	-	-
Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o.	214 957	214 957	-	541	541	-	-	-
Fort Mokotów Inwestycje Sp. z o.o.	8 053	-	1 410	3	3	82	82	-
Fort Mokotów Sp. z o.o. - in liquidation	-	-	5 252	2	2	226	226	-
Inteligo Financial Services SA	14 530	-	130 667	1 735	20	52 038	5 243	-
Kamienica Morska Sp. z o.o.	-	-	-	13	13	-	-	-
Kolej Gondolowa Jaworzyna Krynicka SA	8 479	8 479	217	479	479	58	58	2 976
KREDOBANK SA	130 285	118 234	1 012	7 260	7 260	-	-	172 346
PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA	13	-	1 605	2 664	2 492	156	156	-
PKO BP Faktoring SA	179 249	179 249	228	7 534	7 285	-	-	70 751
PKO BP Finat Sp. z o.o.	-	-	3 361	10	10	240	174	593
PKO Finance AB	-	-	4 475 542	-	-	139 833	139 833	-
PKO Towarzystwo Funduszy Inwestycyjnych SA	12 798	-	21 585	175 676	175 378	360	360	467
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	-	-	1 047	2	2	907	907	-
Promenada Sopocka Sp. z o.o.	49 162	49 162	1 477	1 496	1 496	20	20	-
Qualia - Residence Sp. z o.o.	-	-	747	1	1	-	-	-
Qualia - Rezydencja Flotylla Sp. z o.o.	39 695	39 695	311	2 057	2 057	-	-	28 973
Qualia Development Sp. z o.o.	178 890	-	15 542	7	-	-	-	17 763
Qualia Hotel Management Sp. z o.o.	-	-	49	-	-	-	-	-
Qualia Sp. z o.o.	-	-	1	2	2	-	-	-
Qualia spółka z ograniczoną odpowiedzialnością - Neptun Park Sp. k.	124 617	124 617	15 314	8 510	8 510	265	265	820
Qualia spółka z ograniczoną odpowiedzialnością - Nowy Wilanów Sp. k.	122 088	122 088	13 638	9 159	9 159	689	689	77 912
Qualia spółka z ograniczoną odpowiedzialnością - Pomeranka Sp. k.	-	-	-	1	1	-	-	-
Qualia spółka z ograniczoną odpowiedzialnością - Projekt 1 Sp. k.	-	-	1	1	1	-	-	-
Qualia Spółka z ograniczoną odpowiedzialnością - Sopot Sp. k.	782	782	6	84	84	-	-	7 173
Sarnia Dolina Sp. z o.o.	16 121	16 121	4	935	935	-	-	-
Sopot Zdrój Sp. z o.o.	235 466	235 466	3 318	7 322	7 322	71	71	-
<b>TOTAL</b>	<b>3 147 281</b>	<b>2 767 698</b>	<b>4 796 973</b>	<b>337 860</b>	<b>332 449</b>	<b>307 309</b>	<b>204 838</b>	<b>1 712 587</b>



## 26. Explanations of differences between previously published financial statements and these financial statements

In the third quarter of 2012, there were no significant changes as compared to the previously published financial statements.

## 27. Objectives and principles of risk management in PKO Bank Polski SA

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

Objectives and principles of risk management in PKO Bank Polski SA were described in details in the annual financial statements of PKO Bank Polski SA for 2011.

Relevant information on risk monitoring and changes in methods of risk measurement in the period from 1 January to 30 September 2012 are presented below.

### Credit risk

The Bank's exposure to credit risk

Amounts due from banks	Exposure	
	30.09.2012	31.12.2011
Amounts due from banks impaired, of which:	39 661	42 280
assessed on an individual basis	39 661	42 166
Amounts due from banks not impaired, of which:	5 159 905	2 311 628
not past due	5 159 905	2 311 628
<b>Gross total</b>	<b>5 199 566</b>	<b>2 353 908</b>
<b>Impairment allowances</b>	<b>(31 133)</b>	<b>(33 710)</b>
<b>Net total by carrying amount</b>	<b>5 168 433</b>	<b>2 320 198</b>

Loans and advances to customers	Exposure	
	30.09.2012	31.12.2011
Loans and advances impaired, of which:	12 062 367	10 395 779
assessed on an individual basis	5 411 879	4 459 538
Loans and advances not impaired, of which:	134 971 458	134 645 660
not past due	130 808 115	131 102 983
past due	4 163 343	3 542 677
past due up to 4 days	1 339 572	774 863
past due over 4 days	2 823 771	2 767 814
<b>Gross total</b>	<b>147 033 825</b>	<b>145 041 439</b>
<b>Impairment allowances</b>	<b>(5 912 164)</b>	<b>(4 982 790)</b>
<b>Net total by carrying amount</b>	<b>141 121 661</b>	<b>140 058 649</b>

Investment securities available for sale – debt securities	Exposure	
	30.09.2012	31.12.2011
Debt securities impaired, of which:	5 536	12 998
assessed on an individual basis	5 536	12 998
Debt securities not impaired, of which:	11 173 329	14 091 183
not past due	11 173 329	14 091 183
with external rating	5 272 654	8 361 299
with internal rating	5 900 675	5 729 884
<b>Gross total</b>	<b>11 178 865</b>	<b>14 104 181</b>
<b>Impairment allowances</b>	<b>(5 536)</b>	<b>(12 998)</b>
<b>Net total by carrying amount</b>	<b>11 173 329</b>	<b>14 091 183</b>

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### Level of exposure to credit risk

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

Items of the statement of financial position	30.09.2012	31.12.2011
Current account in the central bank	3 947 910	6 845 759
Amounts due from banks	5 168 433	2 320 198
Trading assets – debt securities	763 215	1 300 164
Derivative financial instruments	3 534 083	3 065 149
Financial assets designated upon initial recognition at fair value through profit and loss	16 204 788	12 467 201
Loans and advances to customers	141 121 661	140 058 649
Investment securities available for sale – debt securities	11 173 329	14 104 181
Other assets – other financial assets	490 115	380 795
<b>Total</b>	<b>182 403 534</b>	<b>180 542 096</b>

Off-balance sheet items	30.09.2012	31.12.2011
Irrevocable loan commitments	8 509 336	6 569 014
Guarantees granted	6 289 918	5 657 237
Letters of credit granted	383 184	418 383
Underwriting of issues	4 319 685	1 328 433
<b>Total</b>	<b>19 502 123</b>	<b>13 973 067</b>

Financial assets assessed on an individual basis for which individual impairment allowance has been recognised by carrying amount gross.

	30.09.2012	31.12.2011
<b>Amounts due from banks</b>	<b>39 661</b>	<b>42 166</b>
<b>Loans and advances to customers</b>	<b>5 411 879</b>	<b>4 459 538</b>
Non-financial sector	5 405 670	4 451 987
corporate loans	3 904 895	3 267 730
housing loans	1 423 431	1 108 920
consumer loans	77 344	75 337
Public sector	6 209	7 551
corporate loans	6 209	7 551
<b>Investment debt securities available for sale issued by non-financial entities</b>	<b>5 536</b>	<b>12 998</b>
<b>Total</b>	<b>5 457 076</b>	<b>4 514 702</b>

### Interest rate risk

Exposure of the Bank to interest rate risk was within accepted limits. The Bank was mainly exposed to PLN interest rate risk, which represented about 55% of value at risk (VaR) of the Bank as at 30 September 2012 and approx. 77% as at 31 December 2011.

VaR (for a 10-day time horizon, 99%) of the Bank and stress-test analysis of the Bank's exposure to the interest rate risk are presented in the following table:

Name of sensitivity measure	30.09.2012	31.12.2011
VaR for a 10-day time horizon (PLN thousand)	71 648	62 661
Parallel movement of interest rate curves by 200 b.p. (PLN thousand) (stress-test)	278 503	486 121

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## Currency risk

VaR (for a 10-day time horizon, 99%) and stress-test analysis of the Bank's financial assets exposed to currency risk are stated cumulatively for all currencies in the table below:

Name of sensitivity measure	30.09.2012	31.12.2011
VaR for a 10-day time horizon with a confidence level of 99% threshold (PLN thousand)	869	1 470
Change in CUR/PLN by 20% (PLN thousand) (stress-test)	3 703	2 969

\* The table presents the value of the most adverse stress-test of the scenarios: PLN appreciation by 20% and PLN depreciation by 20%.

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

The currency positions in PKO Bank Polski SA are presented in the table below:

Currency position	30.09.2012	31.12.2011
USD	3 201	(13 151)
GBP	904	49
CHF	(32 703)	(36 795)
EUR	(5 783)	70 224
Other (Global Net)	18 266	10 985

## Liquidity risk

The Bank's adjusted liquidity gap in real terms is presented in the table below:

	a\vista	0 - 1 month	1 - 3 months	3 - 6 months	6 - 12 months	12 - 24 months	24 - 60 months	over 60 months
<b>30.09.2012</b>								
Adjusted gap in real terms	8 034 673	10 447 566	2 308 784	440 450	3 454 786	9 695 084	11 360 792	(45 742 135)
Cumulative adjusted gap in real terms	8 034 673	18 482 239	20 791 023	21 231 473	24 686 259	34 381 343	45 742 135	-
<b>31.12.2011</b>								
Adjusted gap in real terms	7 426 100	12 228 512	(1 386 297)	1 477 225	(1 254 297)	10 195 400	15 701 903	(44 388 546)
Cumulative adjusted gap in real terms	7 426 100	19 654 612	18 268 315	19 745 540	18 491 243	28 686 643	44 388 546	-

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

## 28. Capital adequacy

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

As compared to 31 December 2011, the capital adequacy ratio of the Bank increased by 0.69 pp., which was mainly caused by the increase in the value of the Bank's own funds calculated for capital adequacy purposes.

### 28.1.1. Own funds for the capital adequacy requirements

As at 30 September 2012, the Bank's own funds determined for capital adequacy purposes increased by PLN 2 453 710 thousand, which was mainly due to the recognition of profit earned by the Bank in 2011 after charges deduction (in the amount of PLN 2 366 122 thousand).



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

<b>BANK'S OWN FUNDS</b>	<b>30.09.2012</b>	<b>31.12.2011</b>
<b>Basic funds (Tier 1)</b>	<b>18 722 772</b>	<b>16 225 262</b>
Share capital	1 250 000	1 250 000
Reserve capital	15 198 111	12 898 111
Other reserves	3 385 743	3 319 621
General banking risk fund for unidentified banking activities risk	1 070 000	1 070 000
Unappropriated profits from previous years, profit in the course of approval less any expected charges	88 533	-
Unrealised losses on debt and equity instruments and other receivables classified as available for sale	(88 416)	(127 287)
Assets valuation adjustments in trade portfolio	(524)	(143)
Intangible assets	(1 536 467)	(1 522 568)
Equity exposures	(644 208)	(662 472)
<b>Supplementary funds (Tier 2)</b>	<b>985 648</b>	<b>989 525</b>
Subordinated liabilities classified as supplementary funds	1 600 700	1 600 700
Unrealised profits on debt and equity instruments classified as available for sale (up to 80% of their values before tax)	29 156	51 297
Equity exposures	(644 208)	(662 472)
<b>Short-term equity (Tier 3)</b>	<b>93 211</b>	<b>133 134</b>
<b>TOTAL OWN FUNDS</b>	<b>19 801 631</b>	<b>17 347 921</b>

### 28.1.2. Capital requirements (Pillar 1)

The table below presents the Bank's capital requirements as regards particular types of risk:

<b>Capital requirements</b>	<b>30.09.2012</b>	<b>31.12.2011</b>
<b>Credit risk</b>	<b>11 152 685</b>	<b>10 486 573</b>
credit risk (banking book)	11 004 636	10 363 885
counterparty credit risk (trading book)	148 049	122 688
<b>Market risk</b>	<b>576 779</b>	<b>390 863</b>
equity securities risk	749	1 604
specific risk of debt instruments	478 082	294 836
general risk of interest rates	97 948	94 423
<b>Operational risk</b>	<b>820 104</b>	<b>757 943</b>
<b>Total capital requirements</b>	<b>12 549 568</b>	<b>11 635 379</b>
<b>Capital adequacy ratio</b>	<b>12.62%</b>	<b>11.93%</b>

The Bank's capital requirement in respect of operational risk was calculated under the advanced measurement approach (AMA) with the limitation on the drop in the capital requirement by no more than up to a level of 75% of the requirement calculated under the standardised approach (TSA). In consequence, an increase of requirement in respect of operational risk from PLN 758 million (as at 31 December 2011) to PLN 820 million (as at 30 September 2012) results from the annual revaluation of the requirement calculated under the standardised approach (TSA), including the difference in weighted profit before income tax between 2011 and 2008.



## FURTHER EXPLANATORY DATA

### Other information

#### Identification data

PKO Bank Polski SA, with its registered Head Office at 15 Puławska Street, Warsaw, has been registered in the District Court for the Capital City of Warsaw, XIII Business Department of the National Court Register under entry No. KRS 0000026438. The Company was granted a statistical REGON No. 016298263 and tax identification number (NIP) 525-000-77-38.

#### The Authorities of PKO Bank Polski SA in the reporting period

Table 1. The Management Board of PKO Bank Polski SA as at 30 September 2012

No.	Name	Function	Date of appointment
1.	Zbigniew Jagiełło	President of the Management Board	appointed on 2 March 2011 to the position of President of the Management Board of PKO Bank Polski SA for the joint term of the Management Board, which commenced on 30 June 2011.
2.	Piotr Alicki	Vice-President of the Management Board	appointed on 1 April 2011 to the position of Vice-President of the Management Board of PKO Bank Polski SA for the joint term of the Management Board, which commenced on 30 June 2011.
3.	Bartosz Drabikowski	Vice-President of the Management Board	appointed on 1 April 2011 to the position of Vice-President of the Management Board of PKO Bank Polski SA for the joint term of the Management Board, which commenced on 30 June 2011.
4.	Jarosław Myjak	Vice-President of the Management Board	appointed on 1 April 2011 to the position of Vice-President of the Management Board of PKO Bank Polski SA for the joint term of the Management Board, which commenced on 30 June 2011.
5.	Jacek Obłękowski	Vice-President of the Management Board	appointed on 1 April 2011 to the position of Vice-President of the Management Board of PKO Bank Polski SA for the joint term of the Management Board, which commenced on 30 June 2011. Vice-President of the Management Board, J. Obłękowski assumed function on 30 June 2011.
6.	Jakub Papierski	Vice-President of the Management Board	appointed on 1 April 2011 to the position of Vice-President of the Management Board of PKO Bank Polski SA for the joint term of the Management Board, which commenced on 30 June 2011.

1) On 13 July 2012 Mr Andrzej Kołatkowski – Vice-President of the Management Board of PKO Bank Polski SA responsible for Risk and Debt Collection resigned from performing the function of Vice-President of the Management Board of PKO Bank Polski SA.

2) On 26 September 2012 the Supervisory Board appointed Mr Piotr Mazur to the position of the Vice-President of the Management Board of PKO Bank Polski SA who will be responsible for the Risk and Debt Collection Area for the joint term of the Management Board of PKO Bank Polski SA, which commenced on 30 June 2011; the appointment shall be effective as of the 1 January 2013 under the condition that the consent of the Polish Financial Supervision Authority (PFSA) is granted no later than on that day, if the PFSA's consent is not granted until 1 January 2013 the appointment shall be effective as of the date of gaining the consent.

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**The Supervisory Board of PKO Bank Polski SA as at 30 September 2012**

No.	Name	Function	Date of appointment/recalling
1.	Cezary Banasiński	Chairman of the Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which commenced on that day. On 30 June 2011 the Minister of State Treasury appointed Cezary Banasiński, a member of the Supervisory Board, as a Chairman of the Supervisory Board.
2.	Tomasz Zganiacz	Deputy-Chairman of the Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which commenced on that day. On 30 June 2011 the Minister of State Treasury appointed Tomasz Zganiacz, a member of the Supervisory Board, as a Deputy-Chairman of the Supervisory Board.
3.	Miroslaw Czekaj	Secretary of the Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which commenced on that day. On 6 July 2011 the Supervisory Board chose Miroslaw Czekaj as Secretary of the Supervisory Board.
4.	Jan Bossak	Member of the Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which commenced on that day.
5.	Zofia Dzik	Member of the Supervisory Board	appointed on 6 June 2012 for the joint term of the Supervisory Board, which commenced on 30 June 2011.
6.	Krzysztof Kilian	Member of the Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which commenced on that day.
7.	Piotr Marczak	Member of the Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which commenced on that day.
8.	Marek Mroczkowski	Member of the Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which commenced on that day.
9.	Ryszard Wierzb	Member of the Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which commenced on that day.

**Shareholders holding, directly or indirectly through subsidiaries, at least 5% of total votes at the General Shareholders' Meeting (GSM)**

To the best knowledge of PKO Bank Polski SA, the shareholders holding, directly or indirectly, considerable block of shares (at least 5%) are three entities: the State Treasury, Bank Gospodarstwa Krajowego and ING Otwarty Fundusz Emerytalny\*, which as at the date of submission of this report, hold 417 406 277, 128 102 731 and 64 594 448 shares of PKO Bank Polski SA respectively.

The percentage share of the State Treasury, of Bank Gospodarstwa Krajowego and of ING Otwarty Fundusz Emerytalny\* in the share capital of PKO Bank Polski SA amounts to 33.39%, 10.25% and 5.17% respectively and matches the percentage share in the total number of votes at the General Shareholders' Meeting of PKO Bank Polski SA.

**Table 2. Shareholding structure in PKO Bank Polski SA**

Shareholders	As at the date of submission of the report for the 3rd quarter of 2012		As at the date of submission of the report for the 1st half of 2012		Change of the share in the number of votes on GSM (pp.)
	Numbers of shares	Share in the number of votes on GSM	Numbers of shares	Share in the number of votes on GSM	
State Treasury	417 406 277	33.39%	417 406 277	33.39%	0.00
Bank Gospodarstwa Krajowego	128 102 731	10.25%	128 102 731	10.25%	0.00
ING Otwarty Fundusz Emerytalny*	64 594 448	5.17%	64 594 448	5.17%	0.00
Other shareholders	639 896 544	51.19%	639 896 544	51.19%	0.00
<b>Total</b>	<b>1 250 000 000</b>	<b>100.00%</b>	<b>1 250 000 000</b>	<b>100.00%</b>	<b>0.00</b>

\* Number of shares held as at 24 July 2012, reported by ING OFE after exceeding 5% of shares in PKO Bank Polski SA's shareholding structure after settlement the transaction of sale of 95 million of PKO Bank Polski SA's shares by the State Treasury.

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

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

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After settlement of the above mentioned sell-off transaction on 24 July 2012:

- the State Treasury held 417 406 277 Bank's shares giving the same number of votes at the General Shareholders' Meeting of the Bank. The shares amount to 33.39% of the share capital and the same share in the total number of votes in the Bank,
- the State Treasury and Bank Gospodarstwa Krajowego held the total number of 545 509 008 Bank's shares giving the same number of votes at the General Shareholders' Meeting. The shares amounted to 43.64% of the Bank's share capital and the same share in the total number of votes in the Bank,
- ING Otworthy Fundusz Emerytalny (ING Open Pension Fund) increased its stake in PKO Bank Polski SA to a level above 5% of the total votes at the Bank's General Shareholders' Meeting to 64 594 448 shares, representing 5.17% of the share capital and votes at the Bank's General Shareholders' Meeting. Before the purchase, the Fund held 53 631 448 shares of PKO Bank Polski SA, representing 4.29% of the share capital and votes at the Bank's General Shareholders' Meeting.

**Changes in the number and rights to PKO Bank Polski SA shares held by Management and Supervisory Board Members**

**Table 3. PKO Bank Polski SA shares held by the Management and Supervisory Board Members**

No.	Name	Number of shares as at the date of submission of the report for the 3rd quarter of 2012	Purchase	Disposal	Number of shares as at the date of submission of the report for the 1st half of 2012
<b>I. Management Board of the Bank</b>					
1.	Zbigniew Jagiełło, President of the Management Board of the Bank	9 000	0	0	9 000
2.	Piotr Alicki, Vice-President of the Management Board of the Bank	2 627	0	0	2 627
3.	Bartosz Drabikowski, Vice-President of the Management Board of the Bank	0	0	0	0
4.	Jarosław Myjak, Vice-President of the Management Board of the Bank	0	0	0	0
5.	Jacek Obłękowski, Vice-President of the Management Board of the Bank	512	0	0	512
6.	Jakub Papierski, Vice-President of the Management Board of the Bank	3 000	0	0	3 000
<b>II. Supervisory Board of the Bank</b>					
1.	Cezary Banasiński, Chairman of the Supervisory Board of the Bank	0	0	0	0
2.	Tomasz Zganiacz, Deputy-Chairman of the Supervisory Board of the Bank	0	0	0	0
3.	Mirosław Czekaj, Secretary of the Supervisory Board of the Bank	0	0	0	0
4.	Jan Bossak, Member of the Supervisory Board of the Bank	0	0	0	0
5.	Zofia Dzik, Member of the Supervisory Board of the Bank	0	0	0	0
6.	Krzysztof Kilian, Member of the Supervisory Board of the Bank	0	0	0	0
7.	Piotr Marczak, Member of the Supervisory Board of the Bank	0	0	0	0
8.	Marek Mroczkowski, Member of the Supervisory Board of the Bank	0	0	0	0
9.	Ryszard Wierzbą, Member of the Supervisory Board of the Bank	2 570	0	0	2 570

**Seasonality or cyclicity of activities in the reporting period**

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

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

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



## Information on the issue, redemption and repayment of non-equity and equity securities

In the third quarter of 2012, the PKO Bank Polski SA Group carried out the following issues of bonds:

### 1. The EMTN Eurobonds issue programme ('the Programme')

#### Issue of the third tranche of bonds under the Programme

On 25 July 2012, PKO Finance AB issued a tranche of bonds under the Programme in a private offer procedure, with a total nominal value of EUR 50 million, the terms and conditions of which have been regulated in the supplement to the loan agreement dated 24 July 2012 and in the Terms and Conditions of the Issue constituting a part of the issue documentation, including the EMTN programme prospectus dated 20 April 2012 with supplements. The issued bonds bear a fixed interest rate of 4.0% per annum, payable once a year, with a redemption date of ten years. The bonds are quoted on the LSE stock exchange in Luxembourg.

In connection with the issue on 25 July 2012, PKO Finance AB granted a loan to the Bank in an amount corresponding to the amount of inflows received from the issue of the bonds, for the purpose of general financing of the Bank. The interest rate of the loan is fixed and corresponds to the interest rate of the issued bonds.

#### Issue of the fourth tranche of bonds under the Programme

On 21 September 2012, PKO Finance AB issued a tranche of bonds under the Programme, with a total nominal value of CHF 500 million, the terms and conditions of which have been regulated in the supplement to the loan agreement dated 19 September 2012 and in the Terms and Conditions of the Issue constituting a part of the issue documentation, including the EMTN programme prospectus dated 20 April 2012 with supplements. The issued bonds bear a fixed interest rate of 2.536% per annum, payable once a year, with a redemption date of 3 years and 3 months. The bonds are quoted on the SIX stock exchange in Zurich.

In connection with the issue on 21 September 2012 PKO Finance AB granted a loan to the Bank in an amount corresponding to the amount of inflows received from the issue of the bonds, for the purpose of general financing of the Bank. The interest rate of the loan is fixed and corresponds to the interest rate of the issued bonds.

The Standard and Poor's rating agency granted the 'A-' rating to the fourth tranche of the bonds issued as part of the EMTN Programme.

### 2. Issue of subordinated bonds

On 14 September 2012, the Bank carried out an issue of subordinated bonds with a total nominal value of PLN 1 600.7 million. The bonds were issued on the basis of the Act on bonds with a view to designating the funds thus obtained, as approved by the Polish Financial Supervision Authority, for increasing the supplementary funds of PKO Bank Polski SA in accordance with Article 127 clause 3.2.b of the Banking Law Act. The bonds bear interest in biannual interest periods, interest on bonds shall be accrued on the nominal amount using the variable interest rate equal to 6M+ WIBOR, plus a margin of 164 b.p. p.a. over the entire issue period. The issued subordinated bonds are quoted on the WSE bond market Catalyst in the Alternative Trading System from 12 October 2012.

On 18 September 2012, the Polish Financial Supervision Authority granted its approval for:

- performing by PKO Bank Polski SA a premature redemption (call option) of all subordinated bonds with a total nominal value of PLN 1 600.7 million issued by PKO Bank Polski SA on 30 October 2007,
- designating the funds obtained from the issue of subordinated bonds carried out on 14 September 2012 with a total nominal value of PLN 1 600.7 million for increasing the supplementary funds of PKO Bank Polski SA based on Article 127 clause 3.2.b of the Banking Law Act.

### 3. Issue of bonds in USD in the 144A format

On 26 September 2012, PKO Finance AB issued bonds with a total nominal value of USD 1 000 million on the US market based on the documentation binding on the debt market in the United States, in accordance with the Rule 144A issued based on the US Securities Act.



The issued bonds bear a fixed interest rate of 4.63% per annum, payable biannually, with a redemption date of 10 years. The bonds are quoted on the LSE stock exchange in Luxembourg.

In connection with the issue on 26 September 2012 PKO Finance AB granted a loan to the Bank in an amount corresponding to the amount of inflows received from the issue of the bonds, for the purpose of general financing of the Bank. The interest rate of the loan is fixed and corresponds to the interest rate of the issued bonds.

The rating agencies granted the following ratings to the above issue of bonds denominated in US dollars (USD):

- Standard and Poor's granted an 'A-' rating,
- Moody's Investors Service granted an 'A2' rating.

#### 4. Bonds' issue by Bankowy Fundusz Leasingowy SA

In the third quarter of 2012, Bankowy Fundusz Leasingowy SA issued 28 500 bonds with a total nominal value of PLN 285 million and redeemed 31 000 bonds with a total nominal value of PLN 310 million. At the end of September of this year, the Company's debt due to the bonds issue amounted to PLN 255 million, while the Bank's liability to coverage of Company's bonds in order to guarantee the placement (BFL SA's bond issue closing) amounted to PLN 345 million.

As at 30 September 2012, 4 366 BFL SA's bonds with a total nominal value of PLN 43.7 million were included in the Bank's portfolio and the 21 134 bonds with a total nominal value of PLN 211.3 million were sold on a secondary market.

#### **Information on any transaction or a number of transactions concluded by the issuer or its subsidiary with related parties, if they are significant and were concluded not on arms' length**

In the third quarter of 2012, PKO Bank Polski SA and the subsidiaries of PKO Bank Polski SA did not conclude any transactions with related parties not on arms' length.

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

The results of changes in the entity's structure, including the results of merger, takeover or disposal of the Group entities have been described in Note 31 in Notes to the condensed interim consolidated financial statements.

#### **Information on warranties on loan or advance granted by the issuer or by the issuer's subsidiary or on a guarantee granted – cumulatively to a single entity or its subsidiary, if the total value of outstanding warranties or guarantees constitutes at least 10% of the Issuer's equity**

In the third quarter of 2012, PKO Bank Polski SA and subsidiaries of PKO Bank Polski SA did not grant any warranties on loan or advance or a guarantee to a single entity or its subsidiary that would constitute at least 10% of the Bank's equity.

#### **Loans and advances taken, guarantee and warranties agreements not related to operating activity**

In the third quarter of 2012, PKO Bank Polski SA and the subsidiaries of PKO Bank Polski SA did not take out any loans, advances or receive any guarantees or warranties that were not related to its operating activity.

#### **Significant contracts and important agreements with the central bank or supervisory authorities**

In the third quarter of 2012, PKO Bank Polski SA did not conclude any significant agreements with the central bank or supervisory authorities.

#### Termination of the Agreement with the National Bank of Ukraine

In April 2011, KREDOBANK SA signed with the National Bank of Ukraine (NBU) a two-year agreement regarding obtaining by KREDOBANK SA a positive financial result and meeting all regulatory requirements of NBU (including: regarding adjusting the Bank's capital structure, complying with the regulatory limit of the open currency position and loan portfolio quality improvement).





The agreement concluded with the NBU assumed a two-year adjustment period. Restructuring the loan portfolio of KREDOBANK SA conducted at the end of 2011, helped meet most of the obligations before the set deadline and as at 31 December 2011, KREDOBANK SA met the conditions of the agreement in the following areas: (1) the achieved results established in accordance with the Ukrainian Accounting Standards (UAS), including the net profit (which was higher than assumed in the agreement), which translated into meeting the declared level of regulatory capital, (2) complying with the regulatory limit of the open currency position and (3) loan portfolio quality improvement.

In July 2012 KREDOBANK SA submitted with the NBU 'The action plan for removing breaches in the Bank's operations and improving the financial standing', which assumes:

- reducing the share of assets classified negatively in assets to a level below 10% (12.6% as at the date of submitting the action plan with NBU),
- reducing the mismatch between assets and liabilities according to maturity dates in the short-term period to 31 days, to a level below 10% of total assets (11.7% as at the date of submitting the action plan with NBU),
- reducing the share of deposits of individuals in liabilities,
- achieving a positive financial result.

NBU approved the action plan submitted by KREDOBANK SA and on 1 August 2012, based on the NBU's decision, the agreement concluded in April 2011 was terminated before its deadline.

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

As at 30 September 2012, the total value of court proceedings against the PKO Bank Polski SA Group entities was PLN 436 706 thousand, of which PLN 76 234 thousand referred to court proceedings in Ukraine (as at 31 December 2011 the total value of above mentioned court proceedings amounted to PLN 428 623 thousand) and the total value of court proceedings initiated by the PKO Bank Polski SA Group entities was PLN 409 262 thousand, of which PLN 156 348 thousand referred to court proceedings in Ukraine, mainly related to collection of dues from loan agreements granted by KREDOBANK SA (as at 31 December 2011 the total value of the above mentioned court proceedings amounted to PLN 698 971 thousand).

The PKO Bank Polski Group Entities have not conducted any proceedings before court, arbitration tribunal or public administration authorities concerning liabilities or receivables, the value of which constitutes at least 10% of the equity of PKO Bank Polski SA.

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

PKO Bank Polski SA did not publish any financial result forecasts for the year 2012.

#### **Information on dividend paid (or declared)**

In the third quarter of 2012 there were no events relating to payment (or declaration of payment) of dividend by PKO Bank Polski SA.

#### **Other information of particular importance to the assessment of the human resources, proprietary and financial situation of the issuer, its financial results and changes thereto**

1. On 4 July 2012 the Bank concluded an agreement with one of the clients of the Bank ('the Client') for a total amount of PLN 600 million. The Client has to pay the final instalment of the loan granted according to the Agreement no later than on 31 December 2015. Interest on the loan granted according to the Agreement is based on the WIBOR rate, plus the Bank's margin. The claim from the loan granted has been secured with, among others, registered pledges on the Client's assets. The Bank's total engagement under credit agreements concluded by the Bank with the Client and the Client's related parties over the past 12 months before the date of the conclusion of the Agreement amounts to PLN 2 796 million.



2. On 18 July 2012 the Bank was made aware of:

- the Resolution No. 711/2012 adopted by the Management Board of the Warsaw Stock Exchange ('WSE') dated 18 July 2012 in which WSE states that 197 500 000 ordinary bearer series A shares of the Bank, assigned with the code 'PLPKO0000073' by the National Depository for Securities ('KDPW') are admitted for trading on the primary market and in which WSE decided to introduce 197 500 000 shares of the Bank, assigned with the code 'PLPKO0000073' by KDPW, on the primary market under an ordinary procedure as of 19 July 2012,
- the Resolution No 535/12 of the Management Board of KDPW dated 18 July 2012 pursuant to which it was decided to assimilate on 19 July 2012 197 500 000 shares of the Bank assigned with the code 'PLPKO0000073' with 740 000 000 shares of the Bank assigned with the code 'PLPKO0000016'.

The shares covered by the assimilation are assigned with the code 'PLPKO0000016'.

As of 19 July 2012, the Bank's shares in the total number of 1 250 000 000 included:

- 312 500 000 ordinary registered shares assigned with the code 'PLPKO0000024',
  - 937 500 000 bearer shares assigned with the code 'PLPKO0000016' (which are traded on the stock exchange).
3. On 17 September 2012, the rating agency Moody's Investors Service ('Moody's') changed the outlook on ratings given to the Bank. Moody's decreased the outlook from 'stable' to 'negative' on a rating for long-term debt liabilities and on a rating for deposits 'A2'. The reason for change in outlook is a reduction in the State Treasury's share in the Bank's share capital and the State Treasury's medium-term plans to reduce its indirect shareholding in the Bank's share capital. Other ratings have not been changed.

**Subsequent events occurring after the reporting date which may have an impact on future financial results**

1. On 8 October 2012 Extraordinary General Shareholders' Meeting of Bankowe Towarzystwo Kapitałowe SA (a subsidiary of PKO Bank Polski SA) passed the resolution on the increase of the Company's share capital by PLN 500 thousand. The shares in the increased capital will be acquired by the Bank.
2. Due to obtaining – on 18 September 2012 – of the relevant approval from the Polish Financial Supervision Authority for the execution by PKO Bank Polski SA of a premature redemption (call option) for all subordinated bonds with a total nominal value of PLN 1 600 700 thousand, issued by PKO Bank Polski SA on 30 October 2007 ('the 2007 Issue'), on 30 October 2012, PKO Bank Polski SA performed a premature redemption of all subordinated bonds with a total nominal value of PLN 1 600 700 thousand, issued by PKO Bank Polski SA as part of the 2007 Issue.  
The conditions of the 2007 Issue form the legal basis for the purchase of subordinated bonds issued as part of the 2007 Issue. The reason for purchasing the subordinated bonds was PKO Bank Polski's intention to use its right to perform a premature redemption (the execution of the call option) for all bonds issued as part of the 2007 Issue after 5 years from their issuance.



Condensed Interim Consolidated Financial Statements of  
the PKO Bank Polski SA Group for the nine-month period ended 30 September 2012  
(in PLN thousand)



Bank Polski

### Approval of financial statements

These condensed interim consolidated financial statements, reviewed by the Supervisory Board's Audit Committee on 7 November 2012, have been approved for issue by the Bank's Management Board on 6 November 2012.

### Signatures of all Members of the Management Board of the Bank

06.11.2012	Zbigniew Jagiełło	President of the Management Board	..... (signature)
06.11.2012	Piotr Alicki	Vice-President of the Management Board	..... (signature)
06.11.2012	Bartosz Drabikowski	Vice-President of the Management Board	..... (signature)
06.11.2012	Jarosław Myjak	Vice-President of the Management Board	..... (signature)
06.11.2012	Jacek Obłękowski	Vice-President of the Management Board	..... (signature)
06.11.2012	Jakub Papierski	Vice-President of the Management Board	..... (signature)

Signature of person responsible for  
maintaining the books of account

06.11.2012

Danuta Szymańska

Director of the Accounting Division

.....  
(signature)