



Bank Polski

Report of the PKO Bank Polski SA Group for the first quarter of 2013

SELECTED CONSOLIDATED FINANCIAL DATA	PLN thousand		EUR thousand	
	period from	period from	period from	period from
	01.01.2013 to 31.03.2013	01.01.2012 to 31.03.2012	01.01.2013 to 31.03.2013	01.01.2012 to 31.03.2012
Net interest income	1 693 839	2 059 186	405 827	493 218
Net fee and commission income	770 179	723 440	184 527	173 279
Operating profit	954 093	1 243 436	228 591	297 829
Profit before income tax	951 756	1 251 447	228 031	299 748
Net profit (including non-controlling shareholders)	781 245	1 004 473	187 178	240 592
Net profit attributable to equity holders of the parent company	781 422	1 004 787	187 221	240 668
Earnings per share for the period – basic (in PLN/EUR)	0.63	0.80	0.15	0.19
Earnings per share for the period – diluted (in PLN/EUR)	0.63	0.80	0.15	0.19
Net comprehensive income	714 714	806 949	171 238	193 281
Net cash flow from / used in operating activities	(3 568 171)	(3 410 209)	(854 897)	(816 817)
Net cash flow from / used in investing activities	(402 501)	744 304	(96 435)	178 276
Net cash flow from / used in financing activities	265 687	(1 028 229)	63 656	(246 282)
Total net cash flows	(3 704 985)	(3 694 134)	(887 677)	(884 823)

SELECTED CONSOLIDATED FINANCIAL DATA	PLN thousand		EUR thousand	
	as at	as at	as at	as at
	31.03.2013	31.12.2012	31.03.2013	31.12.2012
Total assets	197 133 380	193 479 628	47 190 449	47 326 361
Total equity	25 422 364	24 707 650	6 085 691	6 043 650
Capital and reserves attributable to equity holders of the parent company	25 422 838	24 707 988	6 085 804	6 043 733
Share capital	1 250 000	1 250 000	299 229	305 758
Number of shares (in thousand)	1 250 000	1 250 000	1 250 000	1 250 000
Book value per share (in PLN/EUR)	20.34	19.77	4.87	4.83
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)	20.34	19.77	4.87	4.83
Capital adequacy ratio	13.74%	13.07%	13.74%	13.07%
Basic funds (Tier 1)	20 272 336	18 788 075	4 852 860	4 595 684
Supplementary funds (Tier 2)	1 525 762	1 573 276	365 242	384 833
Short-term equity (Tier 3)	38 075	129 641	9 115	31 711

SELECTED STAND-ALONE FINANCIAL DATA	PLN thousand		EUR thousand	
	period from	period from	period from	period from
	01.01.2013 to 31.03.2013	01.01.2012 to 31.03.2012	01.01.2013 to 31.03.2013	01.01.2012 to 31.03.2012
Net interest income	1 664 973	2 030 741	398 911	486 405
Net fee and commission income	708 698	665 161	169 797	159 320
Operating profit	943 990	1 244 243	226 170	298 022
Profit before income tax	943 990	1 244 243	226 170	298 022
Net profit	778 610	998 675	186 547	239 204
Earnings per share for the period – basic (in PLN/EUR)	0.62	0.80	0.15	0.19
Earnings per share for the period – diluted (in PLN/EUR)	0.62	0.80	0.15	0.19
Net comprehensive income	702 538	821 259	168 321	196 709
Net cash flow from / used in operating activities	(3 045 090)	(3 439 860)	(729 573)	(823 919)
Net cash flow from / used in investing activities	(601 681)	825 638	(144 157)	197 758
Net cash flow from / used in financing activities	283 050	(1 056 388)	67 816	(253 027)
Total net cash flows	(3 363 721)	(3 670 610)	(805 913)	(879 188)

SELECTED STAND-ALONE FINANCIAL DATA	PLN thousand		EUR thousand	
	as at	as at	as at	as at
	31.03.2013	31.12.2012	31.03.2013	31.12.2012
Total assets	194 692 704	191 017 712	46 606 191	46 724 160
Total equity	25 348 597	24 646 059	6 068 032	6 028 584
Share capital	1 250 000	1 250 000	299 229	305 758
Number of shares (in thousand)	1 250 000	1 250 000	1 250 000	1 250 000
Book value per share (in PLN/EUR)	20.28	19.72	4.85	4.82
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)	20.28	19.72	4.85	4.82
Capital adequacy ratio	13.46%	12.93%	13.46%	12.93%
Basic funds (Tier 1)	19 965 023	18 657 980	4 779 294	4 563 862
Supplementary funds (Tier 2)	1 036 833	1 087 104	248 201	265 913
Short-term equity (Tier 3)	38 075	129 641	9 115	31 711

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

- income statement, statement of comprehensive income and statement of cash flow items – the rate is calculated as the average of NBP exchange rates prevailing as at the last day of each month of the three-month period ended 31 March 2013 and 2012: EUR 1 = PLN 4.1738 and EUR 1 = PLN 4.1750,
- the statement of financial position items – average NBP exchange rate as at 31 March 2013: EUR 1 = PLN 4.1774 and as at 31 December 2012: EUR 1 = PLN 4.0882



Bank Polski

Director's Commentary to the financial results of the PKO Bank Polski SA Group for the first quarter of 2013



Bank Polski

DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE FIRST QUARTER OF 2013

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DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE FIRST QUARTER OF 2013

1. Summary and selected financial data of the PKO Bank Polski SA Group

	1st quarter of 2013	1st quarter of 2012	Change y/y
NET PROFIT	781.4 PLN million	1 004.8 PLN million	-22.2% (y/y)
RESULT ON BUSINESS ACTIVITIES*	2 521.8 PLN million	2 923.3 PLN million	-13.7% (y/y)
ADMINISTRATIVE EXPENSES	(1 119.7) PLN million	(1 152.3) PLN million	-2.8% (y/y)
NET IMPAIRMENT ALLOWANCE	(448.0) PLN million	(527.5) PLN million	-15.1% (y/y)
C/I	41.1 %	39.3 %	1.8 pp.
ROE NET	14.6 %	17.7 %	-3.1 pp.
ROA NET	1.8 %	2.1 %	-0.3 pp.

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

In the first quarter of 2013 the PKO Bank Polski SA Group activities were focused on securing a stable development of business activities in terms of falling interest rates and the noticeable economic slowdown, while maintaining the priorities in the area of operating efficiency and effective cost control.

The net profit of the PKO Bank Polski SA Group generated in the first quarter of this year amounted to PLN 781.4 million and was PLN 223.4 million lower than in the corresponding period of 2012 (-22.2% y/y). The achieved profit was determined by:

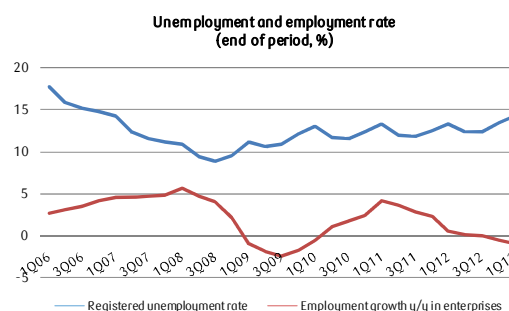
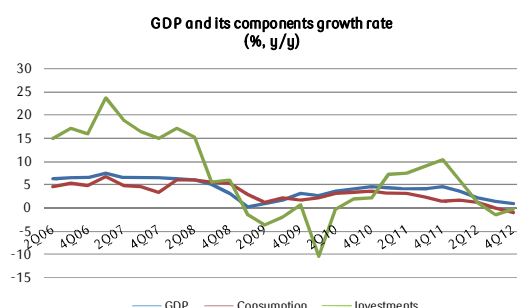
- deterioration of result on business activities of the PKO Bank Polski SA Group mainly due to a decrease in net interest income by PLN 365.3 million y/y, which is a consequence of reductions in market interest rates and a decline in net foreign exchange gains (PLN -104.0 million y/y) with a decrease in administrative expenses (-2.8% y/y),
- improvement in net impairment allowance, mainly as a result of a decrease of impairment allowances on consumer and housing loans portfolio,
- an effective structure of the statement of financial position – an increase of deposits of the PKO Bank Polski SA Group (PLN +2.3 billion compared to the end of 2012) and funds from the issue of securities enabled a dynamic increase in business activities. As at the end of the first quarter of 2013 the loan to deposit ratio amounted to 99.4% and considering the long-term financing was 90.2%.

2. External environment

Macroeconomic environment

Macroeconomic factors influencing the national economy in the first quarter of 2013:

- continuation of slowdown in the national economy to around 1.0% y/y compared with 2.0% in 2012, which was accompanied by relatively low growth rate in private consumption and decline in investments (both public and private),
- in March 2013, CPI inflation amounted to 1.0% p.a. compared with 2.4% in December 2012, with a very low annual growth rate of food prices, reductions in gas and electricity 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 March, registered unemployment rate seasonally increased to 14.3% (preliminary data of the Ministry of Labour and Social Policy) compared to 13.4% in the end of the fourth quarter of 2012 and the ratio's growth increased in comparison with the corresponding period of the previous year. The annual growth rate in salaries and wages in the enterprise sector reached 2.1% p.a. in the first quarter of 2013 compared to 2.8% in the fourth quarter of 2012 and the growth rate of employee pensions and disability benefits increased in January – February 2013 to 5.9% y/y from 5.5% in the fourth quarter of 2012.





DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE FIRST QUARTER OF 2013

Interest rate market

In the first quarter of 2013, the NBP's monetary policy was the basic factor determining the fluctuations on the domestic interest rate market. In view of the weak macroeconomic data, the Monetary Policy Council (RPP) decided to reduce the reference rate in the first three months of the year by a total of 100 b.p., while at the same time leaving space for the cycle to continue. The profitability trend on the Polish Treasury bonds market changed from a falling to side trend. The minimum levels achieved at the turn of the year were the lowest thresholds for the fluctuations which amplitude reached ca. 40-50 b.p. On the one hand, investors were afraid that the interest rate reduction cycle announced by RPP would end due to the market's expected revival in the second half of the year; on the other hand, stronger sell trend on the market was halted by reductions in interest rates and the publication of macroeconomic data which justified continuing the cycle of loosening of the monetary policy. At all times, it was mainly foreign investors that bought Treasury bonds. According to the Ministry of Finance's data, in February of this year their exposure to PLN-denominated securities exceeded PLN 200 billion for the first time in history. This was largely the effect of the actions of the largest global central banks which – in their endeavours to increase the supply of money in the global financial system – caused transfers of capital to markets of countries offering higher rates of return, including the Polish market. Since the beginning of the year an increasing trend in the yield on bonds on the American bonds market maintained. On the other hand, on the Bunds market, the trend was visible in January and February of this year, and March brought about a large correction of the market as a result of an increase in credit risk related to the parliamentary elections in Italy and the uncertain perspective of Cyprus.

Foreign exchange market

On the foreign exchange market, the first quarter of this year proved negative, both for the Eurodollar and the Polish zloty. In respect of Eurodollar, the initial optimism related to achieving agreement in the US Congress on a small increase in the public debt limit, accompanied by an optimistic ECB statement after the decision in January to leave the basic interest rate unchanged, had an impact on the dynamic appreciation of the Eurodollar which reached a level of 1.37 at the turn of January and February of this year. In consecutive months of the quarter, the Eurodollar lost in value as a result of unfavourable information from the euro zone, expectations increasing from February as to the drop in the scale of quantitative expansion by the Fed and negotiations on conditional support for Cyprus' financial system. As a result, the exchange rate of the Eurodollar which began the year 2013 at around 1.32, ended the first quarter of 2013 at around 1.28. In respect of the Polish zloty, the consecutive deteriorating macroeconomic data of Poland, reflected by the dropping inflation, had an impact on the continuation of the cycle of interest rate reductions by the Monetary Policy Council, which weakened the Polish currency. In March of this year, the depreciation of the Polish zloty was strengthened by events in the euro zone related to Cyprus, which had a negative impact on the global investor moods with reference to developing markets. As a result, the Polish zloty, which started the first quarter of 2013 at around 4.08 against euro, ended it at around 4.17.

Stock market

The first quarter of 2013 brought diverse conditions on the global stock exchanges. In the second half of the previous year, most markets were bull markets, among other things, thanks to the active policy of major central banks and to limiting the risk of the occurrence of negative extreme events (such as the breakdown of the euro zone), but in the first quarter of this year, investors started looking more closely at fundamental data. In the first quarter of this year the American economy was accelerating which was reflected in good results of the companies. New York stock exchange indices noted large increases, beating historical records. The euro zone remained stagnant and in recession, but this scenario did not diverge from analysts' forecasts; therefore, indices of West European Stock Exchanges oscillated at around zero. Slowdown of the Polish economy was sharper than expected. In consequence, the companies' results were lower than anticipated and dropped by a quarter year on year. The cuts in interest rates accompanied by uncertain business perspectives did not contribute to improving the situation on the stock exchange market and in result the WIG index dropped by 5%.

The situation of the Polish banking sector

In the first quarter of 2013, main influence on the situation in the banking sector had strong slowdown of economic growth. Net financial result was 6.7% lower than in the first quarter of 2012 and amounted to PLN 4 billion. The banking sector profit was adversely affected by a decrease of result on banking activities (-7.3% y/y), including net interest income (-9.5% y/y), which is mainly a consequence of lower interest rates made by the Monetary Policy Council (by 1 pp. in total) and the low growth in the volume of loans. Net impairment allowances decreased by 0.3% y/y. The impaired loans increased by 1.9%; their share in total loans increased to 8.9% compared to 8.8% at the end of 2012. The impact on this situation had the increase in the value of non-performing housing loans (by 5.5%) and in the value of non-performing corporate loans (by 2.3%). At the end of March 2013, the rate of non-performing loans for corporates amounted to 11.9%, for housing loans amounted to 2.9%, for consumer loans amounted to 17.3%.

In the first quarter of 2013 the operating efficiency of the banking sector deteriorated: as at the end of March 2013, the C/I ratio amounted to 53.3%, compared with 50% in the previous year. The capital adequacy ratio of the banking sector remained at high level: amounted to 15.2% at the end of February 2013 and the Tier 1 ratio amounted to 13.7%.

At the end of March 2013, total assets of the banking sector increased to PLN 1 373 billion (+1.5% since the beginning of 2013). The situation on the loan and deposit market was characterised by low lending activity and acceleration in the growth rate of deposits. Depreciation of PLN had a positive impact on the volume of the loans and deposits increasing their value (in the first quarter of 2013, an increase in the PLN/CHF exchange rate of 1.3%, PLN/EUR of 2.2%), and on changes in growth rate - low reference base in 2012.

In the first quarter of 2013, total loans increased by PLN 10 billion, and the rate of their growth amounted to 4% y/y compared to 1.5% y/y at the end of 2012. After an adjustment for exchange rates differences, the total increase in loans amounted to PLN 6.2 billion, and a growth rate of 4.8% y/y compared to 4.7% y/y at the end of 2012.

Lending activity addressed to enterprises was significantly reduced; the value of loans in this segment in the first quarter of 2013 increased by PLN 2 billion, 85% of the increase is a result of the depreciation of the PLN. The growth rate of these loans, after adjusting for changes in exchange rates, decreased to 2.1% y/y from 3.1% y/y at the end of 2012. Lending activity was limited by the low demand and stricter conditions and criteria for granting loans for enterprises which was due to increased risk associated with the economic downturn.



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The housing loans market recorded a low lending activity. In the first quarter of 2013, the housing loans growth rate rose to 4.3% y/y in comparison to 0.8% y/y at the end of 2012, after adjusting for exchange rate differences, fell to 6.7% y/y from 7.2% y/y at the end of 2012. The increase of housing loans value in this period amounted to PLN 4.7 billion, after eliminating foreign exchange differences, the increase amounted to PLN 2.9 billion and was ca. 26% lower than in the first quarter of 2012. The sales of housing loans were adversely affected by a lower demand as a result of concerns about future financial situation of potential borrowers, stricter lending policies of banks due to implemented legal regulations, abolition of the 'Rodzina na swoim' programme, and the deteriorating quality in the housing loan portfolio.

There was a further decline in the value of consumer loans. In the first quarter of 2013, their value decreased by ca. PLN 1.7 billion. The lower value of such loans was due to, among other things, reduced demand and an increase in competition from entities other than banks.

In the first quarter of 2013, an increase in the total balance of deposits amounted to PLN 13.4 billion compared to PLN 0.1 billion decrease reported in the first quarter of 2012. As at the end of the first quarter of 2013, the growth rate of deposits amounted to 7.6% y/y compared to 5.9% y/y at the end of 2012. The main source of growth were household deposits, which increase was almost twice as high as in the previous year and amounted to PLN 16.5 billion. A growth was observed in the deposits of central and local government institutions by ca. PLN 6.5 billion. At the same time, the volume of deposits of enterprises decreased by PLN 7 billion, which was mainly due to the deteriorating financial position of enterprises and self-financing of development.

The gap between loans and deposits as at the end of March 2013 amounted to ca. PLN 63 billion, and it was the lowest level since 2011. Ratio between loans and deposits was 107.4% compared to 107.9% at the end of 2012.

The Ukrainian market

The actions and results of the PKO Bank Polski SA Group in the first quarter of 2013 were impacted by the following macroeconomic factors in Ukraine:

- continued drop in industrial production (-4.8% on average), which indicates the further shrinking of business activities; a further drop in retail sales signalling the curbing of private consumption due to the gradual drop in real pay dynamics,
- the continued drop in the prices of major CPI basket categories (food, clothes, energy and home maintenance), resulting from weakening demand pressure and no cost pressure,
- curbing control over interbank market liquidity by the National Bank of Ukraine (NBU) in connection with a temporary reduction in the pressure to weaken UAH at the turn of the year (seasonal drop in household demand for foreign currencies, concerns about the possibility of taxing foreign exchange transactions in the future) and stabilising the level of foreign currency reserves,
- further postponement of the agreement on the renewal of the IMF Stand-by-Arrangement loan increasing the risk of disruptions in financing the current account deficit in case of a decrease in access to market financing,
- upholding the official UAH/USD rate at 8.0 by the NBU and weakening of the exchange rate on the interbank market once again (after a temporary appreciation in January) to 8.1 on average in the first quarter.

In accordance with National Bank of Ukraine data, as at the end of March, 175 banks operated in Ukraine, one less compared to the fourth quarter of 2012. In the first quarter of 2013 a tendency of reducing the share of the foreign capital in equities of banks acting in Ukraine established and at the end of March amounted to 38.3% compared to 39.5% at the end of December 2012 and 41.9% in December 2011.

In March 2013, the value of assets of Ukrainian banks amounted to UAH 1 145.5 billion compared to UAH 1 127.3 billion at the end of 2012. In the first quarter of 2013 increase in the value of the loan portfolio, to UAH 831 billion from UAH 818 billion in December 2012 was noted. The dynamics of the value of the loan portfolio in March amounted to 3.3% y/y compared with 1.5% y/y in December 2012. The increase in loans value in the banking sector compared with the end of 2012 was mainly related to an increase in the loan portfolio for residents (+ UAH 11.5 billion), including mainly to non-financial enterprises (+ UAH 7.8 billion). The trend to change the currency structure of the loans granted by Ukrainian banks in favour of national currency loans has also slowed down. As at the end of March the share of foreign currency loans in total loans amounted to 37.3% compared with 37.0% as at the end of December and 40.4% in March 2012.

At the beginning of 2013, higher dynamics of the deposit base than of the loan portfolio prevailed in the banking sector in Ukraine. Total deposits value in the first quarter of this year increased by UAH 25.5 billion (in the fourth quarter of 2012 deposits increased by UAH 35.3 billion). The annual dynamics of deposits value with Ukrainian banks as at the end of March amounted to 16.4% y/y (12.5% y/y on average in 2012). The main source of increase in deposits – contrary to loans – was the household segment where the deposits base increased by UAH 20.9 billion compared with December, and the increase was decidedly focused on deposits denominated in UAH (+UAH 21.3 billion). The rate of household deposits creation probably increased as a result of the drop in devaluation expectations and concerns about the possibility of introducing taxation on sales of foreign currencies in the future. An increase in the value of non-financial enterprises deposits (UAH +3.3 billion) contributed to the increase in deposits in the banking sector in Ukraine in the first quarter of this year. Changes in deposits from other sectors (financial enterprises and the public sector) were minor and increased the banks' deposit base on a net basis by UAH 0.1 billion. As a result of the faster growth in deposits than loans, the Loan-To-Deposit ratio (L/D) in Ukrainian banks improved once again and at the end of March it reached a level of 1.32 compared with 1.36 in December and 1.49 in March 2012.

In March 2013 the dynamics of the equity of the banking sector in Ukraine amounted to 10.6% y/y after increasing by 9.2% y/y in 2012. The total value of capital of the banking sector at the end of the first quarter of 2013 amounted to UAH 174.7 billion (15.2% of total assets of banks in Ukraine). The value of non-performing loans as at the end of March 2013 increased to UAH 76.3 billion from UAH 72.5 billion at the end of December 2012, and their share in total loans rose to 9.2% in March 2013 from 8.9% at the end of 2012. ROA ratio of the Ukrainian banking sector increased in the first quarter of 2013 to 1.1% from 0.45% as at the end of 2012, whereas ROE ratio increased in the same period from +3.0% to +7.3%.

Regulatory factors

The financial and organisational situation of the PKO Bank Polski SA Group in the first quarter of 2013 was affected by the new regulatory arrangements, including:

- Resolutions of RPP of January, February and March 2013 decreasing by a total of 1 pp.: the reference rate (to 3.25%), interest rate on refinancing loans secured with a pledge on securities (to 4.75%), the interest rate of fixed-term deposits placed by banks with the National



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- Bank of Poland (to 1.75%) and the rediscount rate for bills of exchange accepted from banks for rediscounting by the National Bank of Poland (to 3.5%),
- the Resolution of the Bank Guarantee Fund (BGF) Council of 21 November 2012 increasing the interest rate for determining the required annual fee paid by banks to the Bank Guarantee Fund in 2013,
 - executive regulations (the so-called Regulatory Technical Standards) to the Regulation of the European Parliament and European Union Council dated 4 July 2012 on OTC derivatives, central counterparties and trade repositories – EMIR (Official Journal L 52 of the European Union), the specific scope of which became binding on 10 January and 15 March 2013,
 - amendments to the Act of 11 March 2004 on VAT (Journal of Laws of 2011, No. 177, item 1054, as amended),
 - the Act of 24 October 2012 on amending the Act on personal income tax (Journal of Laws, item 1278) in the part relating to leases.
- Discontinuation of the 'Rodzina na Swoim' programme introduced in 2011 to financially support families in the purchase of their own homes as of 31 December 2012 had an impact on the level of lending activity in the mortgage loan market in the first quarter of 2013 (Journal of Laws, No. 168, item 1006).
- The new legal solutions implemented in Ukraine also had an impact on the operations of the PKO Bank Polski SA Group:
- Act No. 2755-VI dated 2 December 2010, reducing the income tax rate from 21% to 19% as of 1 January 2013,
 - Act No. 5519-VI dated 6 December 2012, introducing tax rates on securities sale transactions and transactions on derivatives as of 1 January 2013,
 - the decision of the Council of Ministers of Ukraine dated 6 March 2013, determining that cash in the Ukrainian currency (UAH) is to be accepted for further transfer through banks and licensed non-banking financial institutions,
 - Resolution of the Management Board of the NBU No. 479 dated 28 December 2011 in accordance with which as of 1 January 2013 the requirement specifying the ratio of regulatory capital to bank's liabilities at a level no lower than 10% became binding.

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

3.1. Directions of development of the PKO Bank Polski SA Group – strategy for the years 2013-2015

On 27 March of this year, the Supervisory Board of PKO Bank Polski SA adopted a new strategy for the years 2013-2015 'Codziennie najlepszy' ('Best everyday'), which was announced on 4 April of this year.

Implementation of the previous strategy 'Lider' was successfully finished, thus the starting position of PKO Bank Polski SA to pursue the new strategy for the years 2013-2015 is very good. The Bank is characterised by high profitability, effectiveness, a strong equity and liquidity position. It has a strong brand, the largest customer base in Poland and the widest distribution network. The 'Best everyday' strategy is to strengthen the Bank's domination in the Polish banking sector by maintaining its position in all material segments. This should be supported by the strengthening of the distribution network in so-called Polish county (powiat) areas and in attractive locations in large cities. A strategic alliance is also planned in the area of bancassurance and electronic payments.

The main planned effects of the new strategy are:

- a 4-5% annual increase in the Bank's assets,
- generating return on equity exceeding 15%,
- maintaining a stable liquidity position – L/D below 100%,
- constant increase in shareholder value,
- maintaining high cost effectiveness – C/I below 45%,
- significant reduction in the costs of risk – to the level of 1.20 pp.,
- maintaining high capital adequacy – capital adequacy ratio above 12%, and Tier 1 ratio above 11%.

Strategy for the years 2013-2015 defines 6 directions for the strategic actions of PKO Bank Polski SA:

- customer satisfaction – using the whole potential of the Bank's largest current customer base through a segment-tailored product offer,
- distribution excellence – related to better and more effective customer service, and development of remote channels,
- innovation and technology – increasing innovation in new financial solutions, not only in products but also in distribution channels,
- organisational effectiveness – maintaining high competitiveness by introducing intelligent management information, optimising risk and liquidity management,
- development of competencies – strengthening the organisational culture based on common values, aimed at cooperation, commitment and skills development,
- acquisitions and alliances – active search for possibilities of non-organic development in Poland and in Central Europe, financed with the Bank's significant capital excess.

In retail banking 'customer-centric' is to dominate the approach – using all customer information to provide better service, modernisation of branches and agencies will be continued, use of direct channels in sales of products and services will increase. In developing the offer, the main impact will be on innovative solutions and the development of insurance and investment-linked savings products.

In corporate banking relationship banking will be developed, implementation of advanced pricing policy is planned, which will enable improving the Bank's competitive position and developing competencies, including achieving excellence in sector specialisation in selected industries. Another important lever for corporate banking is the development of transaction banking by developing mass payment, implementing innovative products and the improvement of the quality of functioning of the transaction system.



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In **investment banking** integration of the sales model, more effective use of the corporate client base, sales of investment products in the branch network, participation in significant investment projects in the energy, mining and infrastructure sectors is planned. Optimisation of assets and liabilities management will translate into more effective management of the Bank's liquidity, particularly in the context of long-term financial stability regulations specified in Basel III. Optimisation of activities of all the Group entities, sales of non-strategic assets and use of synergy in the Group will be continued. The strategy stipulates achieving third place in the investment fund, leasing and factoring market, and sixth place in the pension fund market.

In other areas plans include mainly mitigating the costs of risk, developing the Bank's IT system, enabling effective implementation of priority business needs, increasing the effectiveness of the organisation, expenses optimising and implementing integrated accounting and tax model.

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

Factors influencing results of the PKO Bank Polski SA Group

In the first quarter of 2013, the loan and deposit market was characterised by the low level of lending activity and increase in the growth rate of deposits. The depreciation of the PLN positively affected the volume of loans and deposits, increasing their value. Bank's earnings were negatively affected by decline in net interest income, being a consequence of lowering interest rates made by the Monetary Policy Council (the main NBP rates were reduced in the first quarter of 2013 a total of 1 pp.).

Actions undertaken by the PKO Bank Polski SA Group in the first quarter of 2013 allowed generating the net profit amounting to PLN 781.4 million. The efficiency of the PKO Bank Polski SA Group shaped up on comparatively high level – as at the end of the first quarter of 2013, the ROE ratio amounted to 14.6%.

Stable deposit base, 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 secure growth of business activities.

As at the end of the first quarter of 2013, the capital adequacy ratio amounted to 13.7%, 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

	31.03.2013	31.03.2012	Change
ROA net* (net profit/average total assets)	1.8%	2.1%	-0.3 pp.
ROE net* (net profit/average total equity)	14.6%	17.7%	-3.1 pp.
C/I* (cost to income ratio annualised)	41.1%	39.3%	1.8 pp.
Interest margin* (net interest income/average interest-bearing assets)	4.3%	4.7%	-0.4 pp.
The share of impaired loans**	9.2%	8.5%	0.7 pp.
The coverage ratio of impaired loans***	50.5%	47.9%	2.6 pp.

* Income statement items used in calculating indicators capture the period of the last four quarters (annual recognition), while the statement of financial position items capture the average of the last five quarterly values of the respective assets and liabilities.

** 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

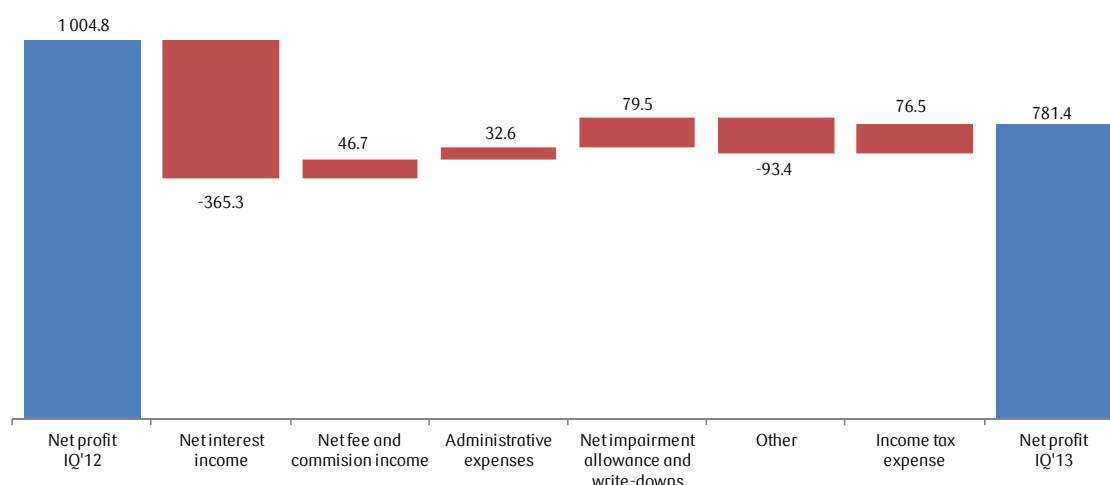
In the first quarter of 2013, the PKO Bank Polski SA Group achieved net profit in the amount of PLN 781.4 million, which was PLN 223.4 million lower than in the corresponding period of 2012 (-22.2% y/y) and was determined primarily by a lower net interest income.



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DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE FIRST QUARTER OF 2013

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)

	1st quarter period from 01.01-31.03.2013	1st quarter period from 01.01-31.03.2012	Change Q1 2013/ Q1 2012 (in PLN million)	Change Q1 2013/ Q1 2012 (in %)
Interest and similar income	2 887.7	3 257.3	(369.7)	-11.3%
Interest expense and similar charges	(1 193.8)	(1 198.2)	4.3	-0.4%
Net interest income	1 693.8	2 059.2	(365.3)	-17.7%
Fee and commission income	983.3	890.7	92.6	10.4%
Fee and commission expense	(213.1)	(167.3)	(45.8)	27.4%
Net fee and commission income	770.2	723.4	46.7	6.5%
Net income from financial instruments designated at fair value	(0.2)	14.5	(14.7)	x
Gains less losses from investment securities	28.3	(0.7)	29.0	x
Net foreign exchange gains/(losses)	(12.2)	91.8	(104.0)	x
Net other operating income and expense	41.8	35.1	6.8	19.3%
Net impairment allowance and write-downs	(448.0)	(527.5)	79.5	-15.1%
Administrative expenses	(1 119.7)	(1 152.3)	32.6	-2.8%
Operating profit	954.1	1 243.4	(289.3)	-23.3%
Share of profit (loss) of associates and jointly controlled entities	(2.3)	8.0	(10.3)	x
Profit before income tax	951.8	1 251.4	(299.7)	-23.9%
Income tax expense	(170.5)	(247.0)	76.5	-31.0%
Net profit (including non-controlling shareholders)	781.2	1 004.5	(223.2)	-22.2%
Profit (loss) attributable to non-controlling shareholders	(0.2)	(0.3)	0.1	-43.6%
Net profit	781.4	1 004.8	(223.4)	-22.2%

In the income statement of the PKO Bank Polski SA Group in the first quarter of 2013, the sum of revenue positions amounted to PLN 2 521.8 million and was PLN 401.5 million, i.e. 13.7% lower than in the corresponding period of 2012.

Net interest income

In the first quarter of 2013, net interest income was PLN 365.3 million lower than in the corresponding period of the previous year, mainly due to a decrease in interest income by PLN 369.7 million determined by the fall in market interest rates, which for WIBOR 1M and 3M on an annual basis was 1.33 pp. and 1.55 pp. respectively.

In the first quarter of 2013, interest income amounted to PLN 2 887.7 million and in comparison with the corresponding period of 2012 was lower by 11.3%, mainly as a result of an decrease in:

- income in respect of loans and advances to customers (PLN -201.1 million y/y) - result of the drop in market interest rates, with an increase in loans of PLN 6.5 billion y/y,
- income from derivative hedging instruments (PLN -96.8 million y/y), resulting from narrowing the spread between the PLN and foreign currency rates as a result of the drop in the WIBOR market rates and the drop in the average volume of CIRS transactions,



DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE FIRST QUARTER OF 2013

- income from securities (PLN -64.2 million y/y), as a result of a drop in their average interest rate and volume.

The stable level of interest expense of PLN 1 193.8 million (-0.4% y/y) was the effect of an increase in expenses of debt securities in issue by PLN 25.4 million y/y (including a cost of subordinated loan and cost of issue of bonds by PKO Finance AB), which was offset by a drop in costs in respect of amounts due to customers by PLN 34.5 million y/y.

The interest margin decreased by 0.4 pp. y/y to the level of 4.3% at the end of the first quarter of 2013 as a result of a decrease in net interest income, mainly interest income from loans and advances, which was accompanied by an increase in average interest-bearing assets volume.

Net fee and commission income

In the first quarter of 2013, net fee and commission income amounted to PLN 770.2 million and was higher by PLN 46.7 million than in the corresponding period of the previous year, mainly due to the increase in commission income by PLN 92.6 million. The level of net commission income was largely determined by an increase in:

- net commission income in respect of loan insurance (PLN +34.9 million y/y) due to the increase in insurance saturation of consumer and housing loans, additionally supported by an increase in sales of housing loans,
- commission income in respect of maintenance of investment funds (including management fees) by PLN 20.8 million y/y, due to more profitable sales structure of funds, with more than 21% increase in the value of assets,
- income in respect of loans and advances granted (PLN +8.0 million y/y),

along with a decrease in commission income in respect of maintaining of bank accounts (PLN -12.0 million y/y).

Administrative expenses

In the first quarter of 2013, total administrative expenses were lower by PLN 32.6 million compared with the corresponding period of the previous year (-2.8% y/y). Their level was mainly determined by:

- decrease in employee benefits by PLN 20.6 million y/y,
- decrease in overheads and other expenses by PLN 15.5 million y/y, mainly due to the decrease in the cost of maintenance and rental of fixed assets, postal and courier services, as well as promotion and advertising,

along with an increase in amortisation and depreciation by PLN 3.6 million y/y.

Effective control of cost incurred resulted in operating efficiency of the PKO Bank Polski SA Group measured by the C/I ratio (annualised) amounting to 41.1%.

Net impairment allowance and write-downs

Net impairment allowance and write-downs reflects the PKO Bank Polski SA Group's conservative approach to recognition and measurement of credit risk. Improvement of net impairment allowance in the first quarter of 2013 compared with the corresponding period of the previous year (-15.1% y/y), is mainly a result of the decrease in the net impairment allowance on the consumer and housing loans portfolio.

The share of impaired loans at the end of the first quarter of 2013 amounted to 9.2% which represents an increase by 0.7 pp. y/y, mainly due to the deterioration in quality of corporate loans.

Cost of risk¹ as at the end of the first quarter of 2013 increased by 0.1 pp. to 1.4% compared to 1.3% at the end of the first quarter of 2012, mainly due to an increase in impairment allowances on corporate loans.

¹ Calculated through dividing net impairment allowance and write-downs of loans and advances to customers for the twelve-month period ended 31 March 2012 and 2013, 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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Statement of financial position

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

	31.03.2013	Structure 31.03.2013	31.12.2012	Structure 31.12.2012	Change (in %)
Cash and balances with the central bank	7 759.2	3.9%	10 289.5	5.3%	-24.6%
Amounts due from banks	1 729.6	0.9%	3 392.5	1.8%	-49.0%
Loans and advances to customers	147 491.8	74.8%	143 875.6	74.4%	2.5%
Securities	29 539.4	15.0%	25 159.4	13.0%	17.4%
Other assets	10 613.4	5.4%	10 762.7	5.6%	-1.4%
Total assets	197 133.4	100.0%	193 479.6	100.0%	1.9%
Amounts due to banks	4 059.7	2.1%	3 737.1	1.9%	8.6%
Amounts due to customers	148 446.1	75.3%	146 193.6	75.6%	1.5%
Debt securities in issue and subordinated liabilities	12 528.5	6.4%	11 902.0	6.2%	5.3%
Other liabilities	6 676.7	3.4%	6 939.3	3.6%	-3.8%
Total liabilities	171 711.0	87.1%	168 772.0	87.2%	1.7%
Total equity	25 422.4	12.9%	24 707.7	12.8%	2.9%
Total liabilities and equity	197 133.4	100.0%	193 479.6	100.0%	1.9%
Loans /Amounts due to customers	99.4%	x	98.4%	x	0.9 pp.
Loans/Stable sources of funding*	90.2%	x	89.6%	x	0.6 pp.
Interest bearing assets/Assets	90.7%	x	89.1%	x	1.6 pp.
Interest paying liabilities/Liabilities	83.7%	x	83.6%	x	0.1 pp.
Adequacy ratio	13.7%	x	13.1%	x	0.7 pp.

* Stable sources of funding include amounts due to customers and 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 197.1 billion as at the end of the first quarter of 2013, which means an increase by 1.9% compared to the end of 2012. 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

Loans and advances to customers continue to represent the largest part of the assets of the PKO Bank Polski SA Group. In the structure of the gross loan portfolio by types, the main items are housing loans with the volume of PLN 73.4 billion (PLN +1.1 billion compared with the end of 2012), the share of which in the structure of the loan portfolio decreased by 0.5 pp. compared with the end of the previous year. The volume of consumer loans decreased by PLN 0.7 billion compared with the end of 2012, the share of which in the structure of the gross loan portfolio decreased by 0.8 pp. in the presented period. The corporate loans increased by PLN 3.6 billion, accompanied by an increase of their share in the structure of the gross loan portfolio by 1.4 pp. As at the end of March 2013, the portfolio of loans and advances to customers included PLN 2.1 billion of debt securities, reclassified in accordance with the IAS from the portfolio of securities.

Securities

As at the end of the first quarter of 2013, the carrying amount of the securities portfolio was PLN 29.5 billion and accounted for 15.0% of total assets of the PKO Bank Polski SA Group. Debt securities issued by the State Treasury and by the central banks (mainly NBP money market bills) dominated in the type structure of the portfolio.

Amounts due to customers

Amounts due to customers remain the primary source of financing the PKO Bank Polski SA Group's operations, as at the end of March of this year and accounted for 86.5% of the sum of its liabilities. In the structure of amounts due to customers by types, the main items are amounts due to retail clients, which in the first quarter of this year recorded an increase by PLN 4.9 billion compared with the end of 2012 and amounted to PLN 115.8 billion. Their share in the structure of the liabilities portfolio compared to the end of 2012 increased by 2.2 pp. (mainly an increase in the share of term deposits) along with a decrease in share of amounts due to corporate entities by PLN 3.1 billion in the total amounts due to customers' portfolio.



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External financing

The PKO Bank Polski SA Group is an active participant of the market of debt securities in issue, both domestic and international. These actions are intended to diversify the sources of financing of operations and to adapt them to future regulatory requirements. At the end of the first quarter of 2013 debt securities in issue and subordinated liabilities represented 7.3% of the liabilities. The change in the level of liabilities in respect of the issue compared to the end of 2012 was primarily the result of the increase in liabilities due to own issue of securities on the domestic market by PLN 0.3 billion. Detailed information on the issues carried out by the PKO Bank Polski SA Group is described in the Note 24 of notes to the condensed interim consolidated financial statements.

Equity and capital adequacy ratio

As at the end of the first quarter of 2013, equity was PLN 0.7 billion i.e. 2.9% higher than as at the end of 2012 and accounted for 12.9% of total liabilities and equity of the PKO Bank Polski SA Group (an increase in share by 0.1 pp. compared with the end of 2012).

As at the end of the first quarter of 2013 the capital adequacy ratio of the PKO Bank Polski SA Group was at a level of 13.7%, which represents an increase by 0.7 pp. compared with the end of 2012. It was mainly due to an increase of Bank's own funds designated for the capital adequacy purposes, as a result of inclusion in the own funds part of the net profit achieved for the year 2012. 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.

3.3. 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 level of the following key financial efficiency indicators, which are shown in the table below.

Table 4. Key financial indicators of PKO Bank Polski SA

	31.03.2013	31.03.2012	Change
ROA net* (net profit/average total assets)	1.8%	2.3%	-0.5 pp.
ROE net* (net profit/average total equity)	14.0%	18.5%	-4.5 pp.
C/I* (cost to income ratio annualised)	38.9%	37.1%	1.8 pp.
Interest margin* (net interest income/average interest-bearing assets)	4.3%	4.7%	-0.4 pp.
The share of impaired loans**	8.6%	7.7%	0.9 pp.
The coverage ratio of impaired loans***	50.7%	47.9%	2.8 pp.

* Income statement items used in calculating indicators capture the period of the last four quarters (annual recognition), while the statement of financial position items capture the average of the last five quarterly values of the respective assets and liabilities.

** 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

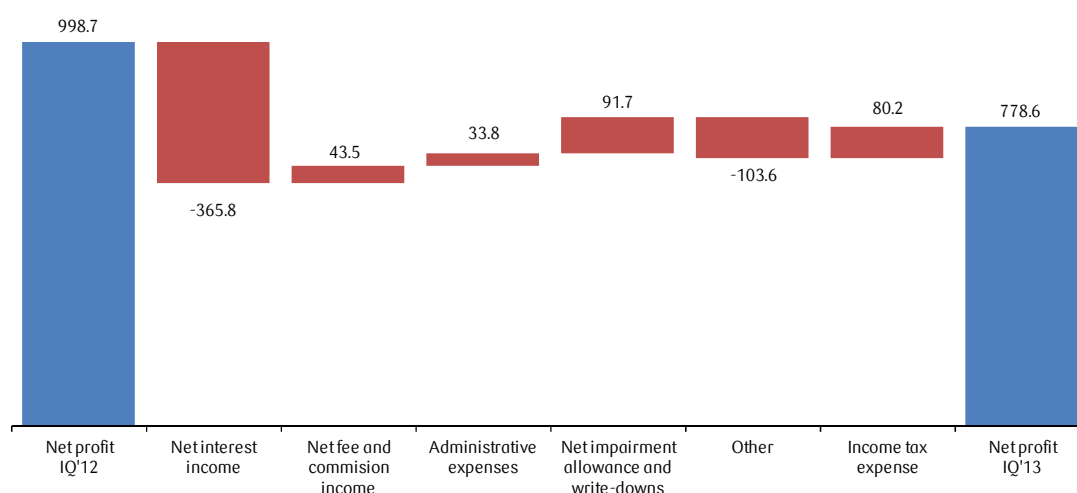
In the first quarter of 2013, PKO Bank Polski SA achieved net profit in the amount of PLN 778.6 million and was PLN 220.1 million lower than in the corresponding period of 2012 (-22.0% y/y) and was determined primarily by lower net interest income.



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DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA GROUP FOR THE FIRST QUARTER OF 2013

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)

	1st quarter period from 01.01-31.03.2013	1st quarter period from 01.01-31.03.2012	Change Q1 2013/ Q1 2012 (in PLN million)	Change Q1 2013/ Q1 2012 (in %)
Interest and similar income	2 820.7	3 200.7	(380.1)	-11.9%
Interest expense and similar charges	(1 155.7)	(1 170.0)	14.3	-1.2%
Net interest income	1 665.0	2 030.7	(365.8)	-18.0%
Fee and commission income	923.6	838.7	84.9	10.1%
Fee and commission expense	(214.9)	(173.6)	(41.3)	23.8%
Net fee and commission income	708.7	665.2	43.5	6.5%
Dividend income	-	16.1	(16.1)	x
Net income from financial instruments designated at fair value	0.5	14.6	(14.0)	-96.5%
Gains less losses from investment securities	27.6	(0.8)	28.4	x
Net foreign exchange gains/ (losses)	(13.6)	90.0	(103.6)	x
Net other operating income and expense	8.6	6.8	1.8	26.3%
Net impairment allowance and write-downs	(430.0)	(521.8)	91.7	-17.6%
Administrative expenses	(1 022.7)	(1 056.5)	33.8	-3.2%
Operating profit	944.0	1 244.2	(300.3)	-24.1%
Profit before income tax	944.0	1 244.2	(300.3)	-24.1%
Income tax expense	(165.4)	(245.6)	80.2	-32.7%
Net profit	778.6	998.7	(220.1)	-22.0%

3.4. Business development²

3.4.1. Market shares of PKO Bank Polski SA

In the first quarter of 2013, the Bank maintained its leading position in the banking sector in respect of its share in the loan and deposit market, which amounted to 16.3% and 16.7% respectively. As regards loans, market shares have increased by 0.2 pp. compared with the end of 2012, which was determined by an increase in share in respect of corporate customers (+0.4 pp.) and housing loans (+0.1 pp.).

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



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

	31.03.2013	31.12.2012	31.03.2012
Loans	16.3	16.1	16.4
retail clients	19.0	19.0	19.2
housing	20.1	20.0	20.0
in Polish zloty	28.6	28.6	30.1
in foreign currencies	12.9	12.9	13.1
consumer and other	16.3	16.6	17.5
corporate clients	13.6	13.2	13.5
Deposits	16.7	16.8	17.5
retail clients	22.1	21.8	22.3
corporate clients	9.5	10.2	11.2

* Data source: NBP reporting system – Webis.

3.4.2. Retail segment of PKO Bank Polski SA

In the first quarter of 2013, activities undertaken by the Bank within the retail segment were focused on increasing attractiveness and competitiveness of offered products, with flexible reaction to changing market conditions. The Bank focused on increasing innovation in the new financial solutions not only in products, but also the distribution channels.

In the area of retail segment of PKO Bank Polski SA efforts to improve the quality of customer service were undertaken, i.a. through employees' skills development (product training). The Bank continued sustained development, focused on recognising and satisfying needs of customers with whom it wants to build strong, long-term relationships.

The Bank regularly introduces new, innovative services to its offer. The Bank's latest achievement is implementing the proprietary IKO application which enables making payments using the phone and using the mobile banking functionality. As at the end of March of this year already over 11 thousand of the Bank's customers used IKO. Additionally, the Bank's activities were focused on preparations to implement solutions, from the second quarter of 2013, developed as part of the project aimed at increasing the effectiveness of the retail sales network and improvement of the customer service quality.

Loans offer in the retail segment

PKO Bank Polski SA gradually launched its new product offer in the retail segment and intensified cooperation with entrepreneurs, supporting economic growth. The Bank also continued projects aimed at a significant improvement of the customer service quality. Such projects comprised improvement of the sales processes and enhancing service standards based on the results of regular customer satisfaction surveys.

As at the end of the first quarter of 2013 gross loans to the retail segment of PKO Bank Polski SA amounted to PLN 107.6 billion and have increased by PLN 0.8 billion (i.e. by 0.8%) since the beginning of the year. This was mainly due to an increase in the portfolio of mortgage banking loans (+1.9% since the beginning of the year) and loans for small and medium enterprises (+2.9% since the beginning of the year).

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

	31.03.2013	31.12.2012	31.03.2012*	Change since:	
				31.12.2012	31.03.2012
Gross loans and advances granted**, of which:					
retail and private banking	21 111	21 849	23 555	-3.4%	-10.4%
small and medium enterprises	14 726	14 309	15 555	2.9%	-5.3%
mortgage banking	65 171	63 961	62 137	1.9%	4.9%
housing market clients (including refinanced by the State budget)	6 575	6 621	8 046	-0.7%	-18.3%
Total loans and advances	107 583	106 739	109 293	0.8%	-1.6%

* Change in relation to business volumes previously presented results from a change in presentation; volumes currently presented include also accrued interest. Additionally, the mortgage loan was presented in loans and advances of retail and private banking (previously recognised in mortgage banking loans).

** Data as at 31 March 2013 and 31 December 2012 includes resegmentation of small and medium enterprises clients and housing market clients to the corporate segment performed in the second and third quarter of 2012.

Customer loans

The negative trend in respect of consumer loans which prevailed on the banking market was reflected in the continued decrease in the volume of retail and private banking loans. In the first quarter of 2013 PKO Bank Polski SA continued the action conducted in 2012 of promoting sales of consumer loans. As part of the initiatives supporting sales of these loans, PKO Bank Polski SA conducted promotion activities relating specifically to the Cash loan and the Aurum/Platinum loan. In the first quarter of 2013 two promotional campaigns were conducted in respect of the Cash loan and several x-sell campaigns for selected customer groups were conducted in respect of the Aurum/Platinum loan.



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Housing loans

In the first quarter of 2013 the Bank strengthened its position on the housing loan market. According to the data presented by the Polish Banks Association PKO Bank Polski SA ranked first on the market in the first two months of 2013 – selling exclusively loans in the Polish currency – with a 32.4% share in sales of housing loans to individuals. In February 2013 the Bank organised the 'Open doors' campaign for the 'Własny Kąt hipoteczny' housing loan. Customers who have any current account with PKO Bank Polski SA, a credit card or life insurance and who signed the 4-year loss of job and hospital treatment insurance contract could avail themselves of the Bank's offer.

Small and medium enterprises and housing market loans

PKO Bank Polski SA concentrates its activities on supporting Polish entrepreneurship. It enables small and medium enterprises to finance both current and investment needs through an extensive and flexible lending offer. On 4 March of this year PKO Bank Polski SA and Bank Gospodarstwa Krajowego signed an agreement for a portfolio *de minimis* guarantee line 'Portfelowa Linia Gwarancyjna *de minimis*'. Under the said government programme of support for small and medium enterprises, the entrepreneurs will gain support in the form of BGK guarantee – *de minimis*, aimed at increasing availability of lending facilities and launching additional funds for companies' on-going activities.

Deposit offer in the retail segment

In the first quarter of 2013, PKO Bank Polski SA has introduced a number of initiatives increasing attractiveness of current accounts offer. At the same time measures to diversify sources of financing were taken.

As at 31 March 2013, deposits of the retail segment of PKO Bank Polski SA amounted to PLN 123.3 billion and since the beginning of the year their volume has increased by PLN 4.0 billion (i.e. by 3.4%). An increase in retail and private banking deposit level (+4.7% since the beginning of the year) contributed to this, due to both an increase of volume of term and current deposits.

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

	31.03.2013	31.12.2012	31.03.2012*	Change since:	
				31.12.2012	31.03.2012
Clients deposits**, of which:					
retail and private banking	110 743	105 799	102 824	4.7%	7.7%
small and medium enterprises	8 270	8 766	8 099	-5.7%	2.1%
housing market clients	4 239	4 646	4 739	-8.8%	-10.5%
Total deposits	123 253	119 212	115 662	3.4%	6.6%

*Change in relation to business volumes previously presented results from a change in presentation.

** Data as at 31 March 2013 and 31 December 2012 include resegmentation of small and medium enterprises clients and housing market clients to the corporate segment performed in the second and third quarter of 2012.

Current and saving accounts

PKO Bank Polski SA remains leader on the market in terms of the number of current accounts maintained which amounted to 6.2 million as at the end of the first quarter of 2013. The increase in the number of accounts resulted from the offer diversified in terms of customer preferences as part of which i.a. the following products can be distinguished: PKO Konto bez Granic, SUPERKONTO Oszczędne, PKO Konto za Zero, PKO Konto dla Młodych, PKO Konto Pogodne, PKO Konto Pierwsze.

In the first quarter of 2013 work was also continued on carrying out projects, implementation of which is scheduled in the second quarter:

- the 'PKO Junior oferta dla segmentu wiekowego 0-12' (PKO Junior offer for the segment aged 0-12) project which will offer two new types of current accounts (ROR): PKO Konto Dziecko (child account) and PKO Konto Rodzica (parent account), which enable purchasing long-term deposit and investment products on behalf of children under one consistent offer,
- special offer of Superkonto with IKO for persons who are not customers of PKO Bank Polski SA, giving the possibility of opening an account through the Internet or at a branch and allowing convenient and fast payments by mobile phone.

Saving accounts still constitute a significant portion of the deposit structure. The interest in this form of investing results from the possibility of combining an attractive interest rate dependent on the level of invested funds with flexible management of the funds. In the first quarter of 2013, holders of saving accounts in foreign currency were allowed to use a debit card to the account.

SKO offer

In the first quarter of 2013, the Bank continued 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. The aim of the project is to educate the younger generation in financial management and the promotion of non-cash transactions. As at the end of March 2013, ca. 131 thousand of students had SKO's internet accounts.

Term deposits and structured products

Retail banking and private banking deposits still dominate in retail deposit market. Customers from this segment deposited most of their funds in term deposits. In the first quarter of 2013 the Bank still offered to its customers i.a. deposits with progressive and standard interest rates ('even' and 'odd' deposit, 3M deposit) and structured deposits (based on the USD/PLN exchange rate), which interest rates were tailored to the current market conditions. The offer included products tailored to different customer preferences and enabled depositing funds for various periods. Structured instruments sold in the form of structured deposits or Bank Securities are an element of the Bank's standard offer dedicated to individual customers. The sales of such products increase year on year in terms of value. In the first quarter of this year two issues of Bank Securities and one subscription of a structured deposit based on USD/PLN exchange rate were carried out. Instruments with embedded currency options were the most popular.



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Banking cards

In the first quarter of 2013 several new active functions were made available to holders of credit and debit cards, such as card activation, change in correspondence address, cancelling the card, changing the PIN number. As at the end of March 2013 the number of banking cards of PKO Bank Polski SA amounted to ca. 7.1 million.

iPKO transaction service

Under the iPKO service an innovative mobile application IKO was implemented. It is a 4G mobile banking service – combining banking functions (checking account balances and history, transfers) with payment functions (paying for purchases in traditional stores and on-line, ATM withdrawals, transfers to the phone number, generating checks for off-line use) in one application. The system is based on free of charge IKO application installed on the user's mobile phone and transactions are authorised by one-off codes generated. The IKO system stands a great chance of becoming the local mass payment system. As at the end of the first quarter of 2013 more than 11 thousand customers were using the IKO service.

In the first quarter of 2013, as part of increasing the attractiveness of the iPKO transaction service, the Bank introduced changes to its product offer as well as implemented new and modified existing functionalities. One of the significant changes was implementing functionalities which facilitate the use of the offer of the Pension Package of PKO TFI, which offers attractive opportunities of long-term saving.

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

	31.03.2013	31.12.2012	31.03.2012	Change since:	
				31.12.2012	31.03.2012
Number of current accounts	6 245	6 220	6 123	25	122
Number of banking cards, of which:	7 120	7 164	7 125	(44)	(5)
credit cards	938	980	998	(42)	(60)

Distribution network

As at the end of the first quarter of 2013 the PKO Bank Polski SA network had 1 199 branches. Modernisation of the equipment and look of the branches is one of the priorities of the Bank's new Strategy. In the first quarter of 2013 work was continued on adapting the look of the branches to the highest market standards.

In the modernised branches comfortable customer service conditions were ensured, with the use of modern solutions. One of the solutions is the closed cash flow cashier dispenser (the so-called recycler). In the first quarter of 2013 the branches were equipped with another 68 pieces of such equipment (there are 307 dispenser type devices in total in the Bank's branches).

In the first quarter of 2013 the network of the Bank's own ATMs increased by 108, reaching 2 911 at the end of the quarter, which enabled a further reduction in the costs of cash services and extending the availability of services to customers. As part of network optimisation PKO Bank Polski SA developed an own network of ATMs by including eService ATMs in the Bank's network and locating ATMs in the Biedronka shop network.

Additionally, the Bank's customers may use over one thousand BZWBK ATMs free of charge. In the first quarter of 2013 the process of launching the ATM functionalities which enable paying in cash on a self-service basis was continued. 32 ATMs with a cash pay-in module were launched which gives a total of 69 self-service ATMs with pay-in function available to the Bank's customers as at the end of March 2013. The network of agencies significantly implements the network of bank branches and ATMs. At the end of the first quarter of this year there were ca. 1.2 thousand of such agencies.

Table 10. Branches and ATMs of PKO Bank Polski SA

	31.03.2013	31.12.2012	31.03.2012	Change since:	
				31.12.2012	31.03.2012
Total number of branches	1 199	1 198	1 196	1	3
in the retail segment	1 135	1 134	1 132	1	3
Number of ATMs	2 911	2 803	2 465	108	446
Number of agencies	1 202	1 208	1 253	(6)	(51)



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3.4.3. Corporate segment of PKO Bank Polski SA

In the first quarter of 2013, PKO Bank Polski SA has strengthened the image of the main partner of Polish entrepreneurship developed over the previous periods. Financing both the entrepreneurs' current operations (via working capital loans) and their future projects (via investment loans) were the key priorities of the Bank's corporate segment.

Lending activity

Market of loans granted to corporate segment, in the first quarter of 2013 compared to the end of previous year, maintained a positive growth dynamics of 1.7% according to NBP data. In the same period the volume of corporate customers loan granted by PKO Bank Polski SA increased by 4.9% (i.e. PLN 2.0 billion), ensuring maintaining the leader position in the market. Total amount of financing provided to corporate segment customers, including bonds issued, increased by PLN 1.9 billion compared to the end of 2012. As a result of achieving by the Bank a higher growth rate of the loan volume compared with the growth rate of the whole market, PKO Bank Polski SA further increased its share in the corporate loan market. This was achieved due to the proactive actions of the Bank to continuous improvement and adaptation of the product offer to the growing requirements of the customers.

The highest loan transactions concluded by the Bank in the first quarter of 2013 included financing in the form of investment and working capital loans granted to entities from the fuel, transport and mining sector. The unit values of the highest transactions were between PLN 100 million and PLN 1 250 million.

Table 11. Financing of the corporate segment clients (in PLN million)

	31.03.2013	31.12.2012	31.03.2012*	Change since:	
				31.12.2012	31.03.2012
Gross corporate loans**	43 386	41 351	34 534	4.9%	25.6%
Gross debt securities available for sale	4 128	4 252	5 760	-2.9%	-28.3%
Total financing	47 514	45 603	40 294	4.2%	17.9%

* Change in relation to loan volumes previously presented results from a change in presentation; loans currently presented include also accrued interest.

** Data as at 31 March 2013 and 31 December 2012 includes resegmentation of small and medium enterprises clients and housing market clients to the corporate segment performed in the second and third quarter of 2012 and a part of portfolio of non-Treasury securities classified upon initial recognition as available for sale, which due to change of the intention, the Bank reclassified to loans and advances to customers and include them in the corporate segment loans volume.

The Bank monitors market expectations and adapts its current offer of products and services so as to best match the growing competitive pressure and meet both credit and non-credit needs of its corporate customers. The corporate banking of PKO Bank Polski SA successfully implements a project of specialised services to strategic customers, providing them with a high quality of services and professional advice. At the same time the Bank constantly supports the development of local government and budget entities, thus consolidating the leading position in this market segment. The Bank develops its business by building long-term relations with corporate clients, ensuring high quality of services and specialised competencies of the sales network. By adapting the sales network to the existing market conditions the Bank strives to ensure the highest quality of services to all corporate client groups.

Deposit activities and transaction banking

The volume of deposits as at the end of the first quarter of 2013 amounted to PLN 21.8 billion and was 8.9% lower compared with the end of the previous year. It is a result of the Bank's liquidity and deposit policy.

Table 12. Deposits of the corporate segment clients (in PLN million)

	31.03.2013	31.12.2012	31.03.2012*	Change since:	
				31.12.2012	31.03.2012
Corporate deposits**	21 829	23 968	25 255	-8.9%	-13.6%

* Change in relation to business volumes previously presented results from a change in presentation.

** Data as at 31 March 2013 and 31 December 2012 include resegmentation of small and medium enterprises clients and housing market clients to the corporate segment performed in the second and third quarter of 2012.

PKO Bank Polski SA is constantly enhancing the quality of its transaction banking services. The lead product of the corporate banking segment of PKO Bank Polski SA is the iPKO biznes electronic banking system. In the first quarter of 2013 the iPKO biznes application was expanded by new functionalities offered to corporate clients who use the product; among other things, the orders authorisation process was improved. At the beginning of 2013 the Bank also implemented new solutions in the area of mass withdrawals, at the same time enabling corporate clients to withdraw cash in the Bank's agencies. Striving to meet the increasing needs of corporate clients the Bank introduced new services in respect of domestic and international settlements, dedicated to entities with a complex organisational structure (e.g. capital groups).



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Sales network

The sales network of the corporate segment includes regional corporate branches and subordinated corporate centres – altogether 64 branches as at 31 March 2013.

Table 13. Branches of PKO Bank Polski SA

	31.03.2013	31.12.2012	31.03.2012	Change since:	
				31.12.2012	31.03.2012
Total number of branches	1 199	1 198	1 196	1	3
in the corporate segment:	64	64	64	-	-
regional corporate branches	13	13	13	-	-
corporate centres	51	51	51	-	-

3.4.4. Investment segment of PKO Bank Polski SA

As part of the investment segment activities, the Bank performs operations on the money and the capital market, manages financial risk, and trades on the interbank interest rate and foreign exchange market. Transactions concluded with retail and corporate customers, including transactions associated with financing large investment projects and transaction banking services, constitute an important part of the activities of this segment.

Interbank market

The Bank is the Treasury Securities Dealer and the Money Market Dealer, and it acts as the market maker on the domestic interest rate and foreign exchange markets. In the contest for the Treasury Securities Dealer for 2014 after two competitive assessments the Bank took the 5th place. The Bank actively managed financial risks (liquidity risk, interest rate risk and currency risk). Surplus funds in PLN, which were not used by the Bank for the purposes of its lending activity, were mainly invested on the treasury securities market and in NBP money market bills. The Bank continued the programme of issuing its own bonds on the domestic market. As at the end of March 2013 the carrying amount of PKO Bank Polski SA bonds in the portfolios of banking and non-banking financial institutions amounted to PLN 845.4 million.

Also, to ensure safe trading, in the first quarter of 2013 the Bank concluded one ISDA Master Agreement with foreign banks, with a Credit Support Annex (CSA). The Bank also concluded two Credit Support Annexes (CSA) to previously concluded ISDA Master Agreements and one Polish Banks Association (ZBP) security agreement to the previously concluded framework agreement with a Polish bank.

The Bank continued its work related to implementing EMIR (European Market Infrastructure Regulation) which obliges financial institutions and other selected entities to settle OTC derivative transactions using central counterparties – CCP. In the first phase IRS, FRA and OIS transactions will have to be settled via CCP.

Activities of the Brokerage House of PKO Bank Polski SA

The Brokerage House of PKO Bank Polski SA is one of the leading brokerage houses operating in the domestic financial market. The network of customer service points and a network of points of brokerage services located in the Bank's branches, enables to offer brokerage services in more than 1 000 locations, that is the largest number among financial institutions operating in Poland.

Activities on the secondary market

In the first quarter of 2013, the Brokerage House of PKO Bank Polski SA strengthened its position in the market of brokerage houses operating on the WSE. A high level of turnover enabled gaining a 10.4% market share and the second position in the ranking of brokerage houses. In the corresponding period of the previous year the value of turnover was lower by 47.5%, and the market share at the level of 6.6% allowed to took the fifth position in the ranking.

The Brokerage House of PKO Bank Polski SA takes one of the leading places in performing the function of the market maker in the NewConnect market. In the first quarter of 2013 the Brokerage House of PKO Bank Polski SA performed this function for 55 companies (the second place), and the value of turnover amounted to nearly PLN 34 million, which puts the Brokerage House of PKO Bank Polski SA to the sixth position in the ranking with 6.4% share. The Brokerage House of PKO Bank Polski SA is a leading office in terms of bonds trading on the WSE. In the first quarter of 2013 held a 7.0% market share which places it in the third position. In the first quarter of 2013, turnover in the contracts market in the Brokerage House of PKO Bank Polski SA amounted to 202.7 thousand units and 56.9 thousand units in the options market, allowing the Brokerage House of PKO Bank Polski SA to hold eighth and third position in the market respectively.

Activities on primary market

The Brokerage House of PKO Bank Polski SA as the offeror and the joint bookrunner participated in the IPO of Polski Holding Nieruchomości S.A., as the joint offeror in the issue of shares of Zakłady Azotowe w Tarnowie-Mościcach S.A. in exchange for shares of Zakłady Azotowe Puławy S.A., as the global coordinator and joint bookrunner in the share sale transaction during the accelerated bookbuilding in respect of PKO Bank Polski SA shares and as a Co-Lead Manager in the sale transaction of shares, during accelerated bookbuilding in respect of Bank Zachodni WBK S.A. shares. The total value of the above mentioned transactions was: PLN 11.9 billion.

The Brokerage House of PKO Bank Polski SA also placed the following municipal bonds on the Catalyst market: bonds issued by the Brzesko Commune, Siedlce Municipality, Przemyśl Municipality and Włocławek Municipality. The total value of the bonds placed was: PLN 106 million. As at the end of the first quarter of 2013 the Brokerage House of PKO Bank Polski SA was market maker for 52 companies (ranking third on the market) and issuer's market maker for 22 companies (ranking seventh on the market).

As at the end of March of this year, the Brokerage House of PKO Bank Polski SA maintained 175.2 thousand securities accounts and cash accounts, and 147.1 thousand registration accounts. In terms of the number of securities accounts (according to KDPW data) the Brokerage House of PKO Bank Polski SA ranks fourth on the market which has 45 participants.



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Treasury products

The Bank has a wide offer of forex and interest rate instruments which effectively support customers in their day-to-day operations and allow them to prepare effective foreign exchange and interest rate risk management strategies. SPOT forex transactions have the largest share in sales of treasury products. In response to customer expectations the Bank is expanding and modernising its sales channel network, among other things introducing the possibility of concluding transactions directly via the Internet platform. In the first quarter of this year the value of SPOT transactions concluded via the Internet was ca. 60% higher than in the same period of the prior year and nearly 40% higher in respect of the whole sales network. Favourable trends on the interest rate market, in the form of drops in interest rates, were used by the Bank's customers to hedge risk which was positively reflected in the increase in the number of IRS transactions, respective sales and results. In the prior year the Bank conducted activities relating to the expansion of its basic product offer by commodity transactions. As a result in the first quarter of 2013 first such transactions were concluded.

Structural financing

Products related to financing large investment projects are a standard element of the Bank's offer dedicated to institutional clients. Depending on the client needs, financing could take the form of loans or issuance of securities, often by consortia of banks. It should be emphasised that the Bank is one of the leaders in corporate bonds issue arranging activity and is the market leader in arranging municipal bond issues. In the first quarter of 2013 the Bank concluded two loan agreements in the form of bank consortium for a total amount of PLN 861.0 million, of which the Bank's share amounted to ca. PLN 253.8 million, two banking guarantee agreements with an entity directly related to the Bank and operating in the banking sector, for a total amount of ca. PLN 1.5 million (the transactions were concluded on an arm's length basis) and a bilateral loan agreement for USD 400 million. The Bank also underwrote six agreements for issuing municipal bonds totalling ca. PLN 46.8 million and a corporate bond issue agreement in the form of bank consortium for PLN 700 million, of which the Bank's share amounted to PLN 105 million.

Fiduciary services

The Bank maintains securities accounts and handles transactions on the domestic and the foreign markets. It also provides fiduciary services and acts as a depository for pension and investment funds. It is a direct participant in the National Depository for Securities and the Securities Register (NBP), a member of the Council of Depository Banks and the Non-Treasury Debt Securities Council of the Polish Banks Association.

As at the end of the first quarter of this year, the value of assets held on fiduciary accounts of the Bank's customers amounted to PLN 54.8 billion and was 6.4% higher than the amount obtained in the corresponding period of the previous year. In addition, as at the end of March of this year, the Bank served 1.45 thousand of fiduciary accounts.

3.4.5. Activities of the PKO Bank Polski SA Group entities

Significant events in the 1st quarter of 2013	
PKO Towarzystwo Funduszy Inwestycyjnych SA	1. The asset value of the funds managed by the Company amounted to PLN 10.7 billion as at the end of March 2013, which is an increase of the assets by 6.5% compared to the end of 2012.
	2. PKO TFI SA ranked 4th place in terms of the value of net assets with a 6.9% share in the investment funds market*.
	3. As at 31 March 2013 PKO TFI SA managed 36 investment funds and subfunds. * Source: Chamber of Fund and Asset Management.
PKO BP BANKOWY PTE SA	1. As at the end of March 2013, the net assets value of PKO BP Bankowy OFE managed by PKO BP BANKOWY PTE SA, amounted to PLN 9.4 billion (which means maintaining the level from the end of 2012).
	2. As at 31 March of this year number of members of PKO BP Bankowy OFE amounted to 658 537.
	3. PKO BP Bankowy OFE holds the 9th place on the pension funds market regarding the OPF's net assets value and the 9th place regarding the number of OPF's members*.
	4. According to the ranking of the Polish Financial Supervision Authority, PKO BP Bankowy OFE for the period from 31 March 2010 to 29 March 2013 reached a rate of return of 16.375% (the weighted average rate of return of 16.636%) holding thereby 7th place in the ranking of OPF for that period.
	5. As at the end of March 2013, the net assets value of PKO Dobrowolny Fundusz Emerytalny managed by PKO BP BANKOWY PTE SA, amounted to PLN 1.4 million.
	6. In February 2013 PKO BP BANKOWY PTE SA was authorised by the Polish Financial Supervision Authority to take over the management of Otwarty Fundusz Emerytalny POLSAT, and thus has a set of required permits for the above mentioned acquisition. * Source: www.knf.gov.pl

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The PKO Leasing SA Group (former name: The Bankowy Fundusz Leasingowy SA Group)	<ol style="list-style-type: none"> 1. In March 2013, the company Bankowy Fundusz Leasingowy SA changed its name to PKO Leasing SA, and the company Bankowy Leasing Sp. z o.o. changed its name to PKO Bankowy Leasing Sp. z o.o. 2. In the first quarter of 2013 Entities of the PKO Leasing Group (PKO Leasing SA and its subsidiary PKO Bankowy Leasing Sp. z o.o.) leased out assets with a total value of PLN 527.9 million, i.e. an increase of 24.5% compared with the first quarter of 2012. The increase in sales is due to activities undertaken to maximise the use of sales channels, including banking and vendor channels. 3. As at the end of March 2013, in terms of the value of assets leased, the PKO Leasing Group ranked 3th position on the market with 7.5% market share*. 4. The total carrying amount of the lease investments of the PKO Leasing Group Entities amounted to PLN 3 391.0 million as at the end of March 2013. <p><i>* Source: Polish Leasing Association.</i></p>
The Bankowe Towarzystwo Kapitałowe SA Group	<ol style="list-style-type: none"> 1. In the first quarter of 2013, 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. 2. In the first quarter of 2013, the value of factoring turnover amounted to PLN 614.3 million (PLN 607.4 million in the corresponding period of 2012). 3. The total number of customers as at the end of March of this year amounted to 137. 4. As at the end of March of this year, PKO BP Faktoring SA ranked 9th place among factoring companies associated in the Polish Factors' Association, with a market share of 3.0%.
Inteligo Financial Services SA	<p>As at the end of the first quarter of 2013, the Company provided electronic banking systems to more than 5.5 million customers of PKO Bank Polski SA using iPKO services.</p>
The KREDOBANK SA Group (data according to IFRS/IAS)	<ol style="list-style-type: none"> 1. KREDOBANK SA's (gross) loan portfolio in the first quarter of 2013 increased by UAH 32.1 million, i.e. by 1.3% and amounted to UAH 2 477.3 million as at the end of March 2013 (the gross loan portfolio as denominated in PLN increased by PLN 57.1 million, i.e. by 6.1% and amounted to PLN 992.4 million as at the end of March 2013). 2. In the first quarter of 2013, clients' term deposits of KREDOBANK SA decreased by UAH 98.7 million, i.e. by 4.7% and amounted to UAH 1 990.4 million as at 31 March 2013 (term deposits as denominated in PLN decreased by PLN 1.7 million, i.e. by 0.2% and amounted to PLN 797.4 million as at 31 March 2013). 3. As at 31 March 2013, the network of KREDOBANK SA branches consisted of 1 branch and 130 subordinated branches in 22 out of 24 Ukrainian districts and in the Autonomous Republic of the Crimea.
Centrum Elektronicznych Usług Płatniczych eService SA	<ol style="list-style-type: none"> 1. As at the end of March 2013, the Company operated more than 71.7 thousand of payment terminal units reaching, according to Company's estimates, 24.3% market share. 2. Transactions with a total value of PLN 8.5 billion were generated in eService SA terminals in the first quarter of 2013 (in the corresponding period of 2012 this value amounted to PLN 6.0 billion). The increase results from growth of the terminal base. 3. In terms of the value of generated card transactions, market share estimated by the Company as at the end of March of this year amounted to 31.0%.
The Qualia Development Sp. z o.o. Group	<p>In the first quarter of 2013, the Qualia Development Group (Qualia Development Sp. z o.o. and its subsidiaries) activities were focused on:</p> <ul style="list-style-type: none"> - completing projects in Sopot (residential building with an office function), in Gdańsk Jelitkowo (hotel facility Golden Tulip Residence Gdańsk and residential buildings) and in Warsaw (Nowy Wilanów), - conducting design work and administrative procedures to obtain construction permits for: Golden Tulip Zakopane hotel and apartment building in Zakopane, Royal Tulip hotel and apartment building in Jurata and for properties of PKO Bank Polski SA located in Warsaw.

3.4.6. Prizes and awards

In the first quarter of 2013, PKO Bank Polski SA and other entities of the PKO Bank Polski SA Group were granted the following awards:

1. Złoty Bankier 2012 (Golden Banker 2012)

In the fourth edition of the contest, PKO Bank Polski SA received the largest number of positive opinions in the best mortgage loan category, thus winning 1st place and getting 37% of the votes.

Internet users also awarded PKO Konto za Zero for the best personal account for an internet user, online account Inteligo in the category of best corporate account for entrepreneurs and mobile banking.

The project of School Savings Unions was also awarded in the category of the most innovative product of 2012 and the 'Poznaj Moc Oszczędzania' advertising spot with Szymon Majewski, promoting saving in SKO lessons for the youngest.

2. The Most Interesting Bank Card

Two cards issued by the Bank won the competition for the Most Interesting Bank Card of 2012. Internet users, participating in the competition organised on the Banking-Magazine.pl portal, considered that PKO Visa Express and PKO Visa Gold are characterised by the unique graphic.

The title of the Most Interesting Card for Account – enjoying the greatest popularity among the Bank's customers – gained PKO Visa Express 'Black Cat'. In the category of the Most Interesting Gold Card internet users chose PKO Visa Gold.

3. The Brokerage House of PKO Bank Polski SA awarded by the WSE

The Brokerage House of PKO Bank Polski SA received a prize for the highest turnover achieved by a market maker on the Catalyst market in 2012.

The Warsaw Stock Exchange granted awards for the Polish capital market leaders. During the 'Summary of the Stock Exchange Year 2012' Gala, the issuers, members of the Stock Exchange and authorised advisers, who particularly contributed to the development of the Polish stock market in the previous year were awarded.



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4. **Byki i niedźwiedzie (Bulls and Bears)**

During the 19th edition of the 'Bulls and Bears' awards organised by Gazeta Giełdy Parkiet, the Brokerage House of PKO Bank Polski SA received the title of 'the Brokerage house of 2012' for changes and effective striving to strengthen the position.

In 2012, the Brokerage House of PKO Bank Polski SA significantly strengthened its position, taking 3rd place in the stock market among brokerage houses on the WSE.

5. **Platinum Aerial**

Zbigniew Jagiełło, the President of PKO Bank Polski SA, received a special award - Platinum Aerial - awarded by the chapter of the Competition of Gold and Crystal Aerials of the Media World in a contest organised by MM Conferences Polska for effective building of convergence between the financial and telecommunications sectors.

6. **The professor Remigiusz Kaszubski Prize**

Piotr Alicki, Vice-President of the Management Board of the Bank, was awarded the professor Remigiusz Kaszubski Prize granted by the Management Board of the Polish Bank Association for innovative solutions in the field of banking.

The chapter of the competition awarded the Vice-President Piotr Alicki for managing innovative projects in the field of electronic banking. He is responsible for the implementation of the application and infrastructure solutions that enable to offer modern products and services to Bank's customers. The Bank's latest achievement is implementing the proprietary IKO application which enables making payments using the phone and the mobile banking functionality.

7. **Lider Informatyki (IT Leader)**

In the eleventh edition of the IT Leader of Financial Institutions 2012 contest of 'Gazeta Bankowa' PKO Bank Polski SA won the prize in the category 'Transaction systems' for the project 'Mass benefits service'. The chapter of the competition also awarded the Bank in the category of 'Electronic banking and e-finance' for the implementation of new offer of School Savings Unions, which was adjusted to the requirements of the market and young generation everyday using modern technology and the Internet.

8. **JP Morgan Prize**

PKO Bank Polski SA was awarded the 2012 Quality Recognition Award granted by JP Morgan Chase Bank New York for the highest quality of funds transfer and interbank operations realised in 2012.

The prize awarded by one of the largest American financial institutions is a certificate of professional service of transactions carried out by the Bank.

9. **Buława (Mace) Award 2013**

PKO Bank Polski SA was awarded by the Polish-Ukrainian Chamber of Commerce the Buława (Mace) Award 2013.

The first time granted Polish-Ukrainian Economic Award is an award for individuals and companies particularly merit for the development of Polish-Ukrainian economic cooperation. Award Committee composed of representatives of the Polish and Ukrainian institutions grants it to companies, whose activities are characterised by specific achievements in the market, being synonymous with economic success.

10. **The Car Fleet Management Leaders ranking**

PKO Leasing SA took the second place in Poland in the above mentioned ranking published by Gazeta Finansowa for the second half of 2012.

11. **The Leasing Leaders ranking**

PKO Leasing SA took the first place in Poland in the above mentioned ranking published by Gazeta Finansowa in the category of the value of property leased for the second half of 2012.

12. **Business Gazelles**

Centrum Elektronicznych Usług Płatniczych eService SA was awarded the title of the Business Gazelle 2012 in the ranking organised by Puls Biznesu daily.



Bank Polski

**Condensed interim consolidated
financial statements
of the PKO Bank Polski SA Group
for the three-month period ended
31 March 2013**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
OF THE PKO BANK POLSKI SA GROUP FOR THE THREE-MONTH PERIOD
ENDED 31 MARCH 2013 (IN PLN THOUSAND)**



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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the three-month periods ended 31 March 2013 and 31 March 2012 respectively

	Note	01.01- 31.03.2013	01.01- 31.03.2012
Continuing operations			
Interest and similar income	4	2 887 682	3 257 338
Interest expense and similar charges	4	(1 193 843)	(1 198 152)
Net interest income		1 693 839	2 059 186
Fee and commission income	5	983 328	890 740
Fee and commission expense	5	(213 149)	(167 300)
Net fee and commission income		770 179	723 440
Dividend income		-	-
Net income from financial instruments designated at fair value	6	(155)	14 513
Gains less losses from investment securities		28 324	(707)
Net foreign exchange gains (losses)		(12 225)	91 779
Other operating income	7	112 134	109 606
Other operating expense	7	(70 293)	(74 525)
Net other operating income and expense		41 841	35 081
Net impairment allowance and write-downs	8	(447 983)	(527 526)
Administrative expenses	9	(1 119 727)	(1 152 330)
Operating profit		954 093	1 243 436
Share of profit (loss) of associates and jointly controlled entities		(2 337)	8 011
Profit before income tax		951 756	1 251 447
Income tax expense	10	(170 511)	(246 974)
Net profit (including non-controlling shareholders)		781 245	1 004 473
Profit (loss) attributable to non-controlling shareholders		(177)	(314)
Net profit attributable to equity holders of the parent company		781 422	1 004 787
Earnings per share	11		
– basic earnings per share for the period (PLN)		0.63	0.80
– diluted earnings per share for the period (PLN)		0.63	0.80
Weighted average number of ordinary shares during the period (in thousand)		1 250 000	1 250 000
Weighted average diluted number of ordinary shares during the period (in thousand)		1 250 000	1 250 000

Discontinued operations

In the three-month periods ended 31 March 2013 and 31 March 2012 the PKO Bank Polski SA Group did not carry out discontinued operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three-month periods ended 31 March 2013 and 31 March 2012 respectively

	Note	01.01- 31.03.2013	01.01- 31.03.2012
Net profit (including non-controlling shareholders)		781 245	1 004 473
Other comprehensive income		(66 531)	(197 524)
Cash flow hedges (gross)	15	(30 293)	(272 528)
Deferred tax on cash flow hedges	15	5 756	51 780
Cash flow hedges (net)		(24 537)	(220 748)
Unrealised net gains on financial assets available for sale (gross)		(62 236)	62 949
Deferred tax on unrealised net gains on financial assets available for sale		11 895	(11 720)
Unrealised net gains on financial assets available for sale (net)		(50 341)	51 229
Currency translation differences from foreign operations		8 794	(28 730)
Share in other comprehensive income of an associate		(447)	725
Total net comprehensive income		714 714	806 949
Total net comprehensive income, of which attributable to:		714 714	806 949
equity holders of PKO Bank Polski SA		714 850	806 880
non-controlling shareholders		(136)	69

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2013 and as at 31 December 2012**

	Note	31.03.2013	31.12.2012
ASSETS			
Cash and balances with the central bank		7 759 248	10 289 451
Amounts due from banks	12	1 729 557	3 392 486
Trading assets	13	2 627 211	277 566
Derivative financial instruments	14	3 463 573	3 860 561
Financial assets designated upon initial recognition at fair value through profit and loss	16	14 114 362	12 629 711
Loans and advances to customers	17	147 491 817	143 875 644
Investment securities available for sale	18	12 767 965	12 205 130
Investment securities held to maturity	19	29 829	46 971
Investments in associates and jointly controlled entities	20	119 209	119 211
Non-current assets held for sale		20 798	20 410
Inventories		604 980	553 534
Intangible assets	21	1 912 440	1 934 000
Tangible fixed assets, of which:	21	2 645 938	2 650 597
investment properties		235	238
Current income tax receivables	10	2 944	5 713
Deferred income tax asset		563 206	564 514
Other assets		1 280 303	1 054 129
TOTAL ASSETS		197 133 380	193 479 628
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to the central bank		2 909	3 128
Amounts due to banks	22	4 056 803	3 733 947
Derivative financial instruments	14	3 577 349	3 964 098
Amounts due to customers	23	148 446 145	146 193 570
Debt securities in issue	24	10 924 388	10 270 783
Subordinated liabilities	25	1 604 076	1 631 256
Other liabilities	26	2 302 431	2 057 707
Current income tax liabilities		70 104	155 580
Deferred income tax liability	10	45 057	41 300
Provisions	27	681 754	720 609
TOTAL LIABILITIES		171 711 016	168 771 978
Equity			
Share capital		1 250 000	1 250 000
Other capital		19 857 687	19 933 012
Currency translation differences from foreign operations		(111 552)	(120 305)
Unappropriated profits		3 645 281	(103 340)
Net profit for the year		781 422	3 748 621
Capital and reserves attributable to equity holders of the parent company		25 422 838	24 707 988
Non-controlling interest		(474)	(338)
TOTAL EQUITY		25 422 364	24 707 650
TOTAL LIABILITIES AND EQUITY		197 133 380	193 479 628
Capital adequacy ratio	35	13.74%	13.07%
Book value (in PLN thousand)		25 422 364	24 707 650
Number of shares (in thousand)	1	1 250 000	1 250 000
Book value per share (in PLN)		20.34	19.77
Diluted number of shares (in thousand)		1 250 000	1 250 000
Diluted book value per share (in PLN)		20.34	19.77

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three-month periods ended 31 March 2013 and 31 March 2012 respectively

for the three-month period ended 31 March 2013	Share capital	Other capital							Currency translation differences from foreign operations	Unappropriated profits	Net profit for the period	Total capital and reserves attributable to equity holders of the parent company	Non- controlling interest	Total equity
		Reserves			Other comprehensive income			Total other capital						
		Reserve capital	General banking risk fund	Other reserves	Share in other comprehensive income of an associate	Financial assets available for sale	Cash flow hedges							
As at 1 January 2013	1 250 000	15 364 728	1 070 000	3 437 957	1 330	7 098	51 899	19 933 012	(120 305)	(103 340)	3 748 621	24 707 988	(338)	24 707 650
Transfer of net profit from previous years	-	-	-	-	-	-	-	-	-	3 748 621	(3 748 621)	-	-	-
Total comprehensive income, of which:	-	-	-	-	(447)	(50 341)	(24 537)	(75 325)	8 753	-	781 422	714 850	(136)	714 714
Net profit	-	-	-	-	-	-	-	-	-	-	781 422	781 422	(177)	781 245
Other comprehensive income	-	-	-	-	(447)	(50 341)	(24 537)	(75 325)	8 753	-	-	(66 572)	41	(66 531)
As at 31 March 2013	1 250 000	15 364 728	1 070 000	3 437 957	883	(43 243)	27 362	19 857 687	(111 552)	3 645 281	781 422	25 422 838	(474)	25 422 364

for the three-month period ended 31 March 2012	Share capital	Other capital							Currency translation differences from foreign operations	Unappropriated profits	Net profit for the period	Total capital and reserves attributable to equity holders of the parent company	Non- controlling interest	Total equity
		Reserves			Other comprehensive income			Total other capital						
		Reserve capital	General banking risk fund	Other reserves	Share in other comprehensive income of an associate	Financial assets available for sale	Cash flow hedges							
As at 1 January 2012	1 250 000	13 041 390	1 070 000	3 460 368	(257)	(52 422)	362 185	17 881 264	(92 023)	(23 162)	3 807 195	22 823 274	(1 290)	22 821 984
Transfer of net profit from previous years	-	-	-	-	-	-	-	-	-	3 807 195	(3 807 195)	-	-	-
Total comprehensive income, of which:	-	-	-	-	725	51 229	(220 748)	(168 794)	(29 113)	-	1 004 787	806 880	69	806 949
Net profit	-	-	-	-	-	-	-	-	-	-	1 004 787	1 004 787	(314)	1 004 473
Other comprehensive income	-	-	-	-	725	51 229	(220 748)	(168 794)	(29 113)	-	-	(197 907)	383	(197 524)
The effect of the takeover of subsidiary's assets and liabilities by the parent company	-	(303)	-	(86 459)	-	-	-	(86 762)	-	86 762	-	-	-	-
As at 31 March 2012	1 250 000	13 041 087	1 070 000	3 373 909	468	(1 193)	141 437	17 625 708	(121 136)	3 870 795	1 004 787	23 630 154	(1 221)	23 628 933

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CONSOLIDATED STATEMENT OF CASH FLOWS

for the three-month periods ended 31 March 2013 and 31 March 2012 respectively

	Note	01.01- 31.03.2013	01.01- 31.03.2012
Net cash flow from operating activities			
Profit before income tax		951 756	1 251 447
Adjustments:		(4 519 927)	(4 661 656)
Amortisation and depreciation	9	137 870	134 318
(Gains) losses from investing activities		188	752
Interest and dividends		(82 679)	(203 698)
Change in amounts due from banks		486 603	(205 057)
Change in trading assets and financial assets designated upon initial recognition at fair value through profit and loss		(3 834 296)	(3 537 116)
Change in derivative financial instruments (asset)		396 988	211 838
Change in loans and advances to customers		(4 037 071)	376 142
Change in other assets and non-current assets held for sale		(278 008)	(266 002)
Change in amounts due to banks		404 281	1 189 388
Change in derivative financial instruments (liability)		(386 749)	(164 460)
Change in amounts due to customers		2 252 672	(2 271 545)
Change in debt securities in issue		220 529	27 784
Change in impairment allowances and provisions		365 936	318 996
Change in other liabilities and subordinated liabilities		294 547	550 960
Income tax paid		(230 325)	(182 103)
Other adjustments		(230 413)	(641 853)
Net cash from / used in operating activities		(3 568 171)	(3 410 209)
Net cash flow from investing activities			
Inflows from investing activities		4 209 756	2 924 827
Proceeds from sale and interest of investment securities		4 207 200	2 923 442
Proceeds from sale of intangible assets and tangible fixed assets		2 556	1 385
Outflows from investing activities		(4 612 257)	(2 180 523)
Purchase of investment securities		(4 494 220)	(2 069 256)
Purchase of intangible assets and tangible fixed assets		(118 037)	(111 267)
Net cash from / used in investing activities		(402 501)	744 304
Net cash flow from financing activities			
Proceeds from debt securities in issue		936 271	1 948 683
Redemption of debt securities in issue		(503 195)	(2 951 309)
Repayment of interest from issued debt securities and subordinated loans		(58 447)	(39 189)
Long-term borrowings		113 338	197 534
Repayment of long-term borrowings		(222 280)	(183 948)
Net cash generated from financing activities		265 687	(1 028 229)
Net cash flow		(3 704 985)	(3 694 134)
of which currency translation differences on cash and cash equivalents		85 261	(166 051)
Cash and cash equivalents at the beginning of the period		12 495 632	11 422 970
Cash and cash equivalents at the end of the period	30	8 790 647	7 728 836
of which restricted		9 701	3 953

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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**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 three-month period ended 31 March 2013 and include comparative data for the three-month period ended 31 March 2012 (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 2012 (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 Pocztaowa Kasa Oszczędnościowa. In 1950 it 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 of 2000, No. 5, item 55 with subsequent amendments) Powszechna Kasa Oszczędności (a State-owned bank) was transformed into a State-owned joint-stock company, Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna with its Head Office in Warsaw, Puławska 15, 02-515 Warsaw, Poland.

On 12 April 2000, Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna was 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 paid share capital amounts to PLN 1 250 000 000.

The Bank's shareholding structure is as follows:

Name of entity	Number of shares	Number of votes %	Nominal value of 1 share	Share in equity %
As at 31 March 2013				
The State Treasury	392 406 277	31.39	PLN 1	31.39
AVIVA Otwarty Fundusz Emerytalny*	83 952 447	6.72	PLN 1	6.72
ING Otwarty Fundusz Emerytalny**	64 594 448	5.17	PLN 1	5.17
Other shareholders	709 046 828	56.72	PLN 1	56.72
Total	1 250 000 000	100.00	---	100.00
As at 31 December 2012				
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 Otwarty Fundusz Emerytalny	64 594 448	5.17	PLN 1	5.17
Other shareholders	639 896 544	51.19	PLN 1	51.19
Total	1 250 000 000	100.00	---	100.00

*According to information provided by the shareholder on 1 February 2013.

** According to information provided by the shareholder on 27 July 2012.

Information on changes in the shareholding structure of PKO Bank Polski SA is described in 'The further explanatory data' under the Table 3 'Shareholding structure in PKO Bank Polski SA'.

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

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

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 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 until 14 November 2012 through UKRPOLINWESTYCJE Sp. z o.o.) - in Ukraine as well as through its subsidiary PKO Finance AB in Sweden.

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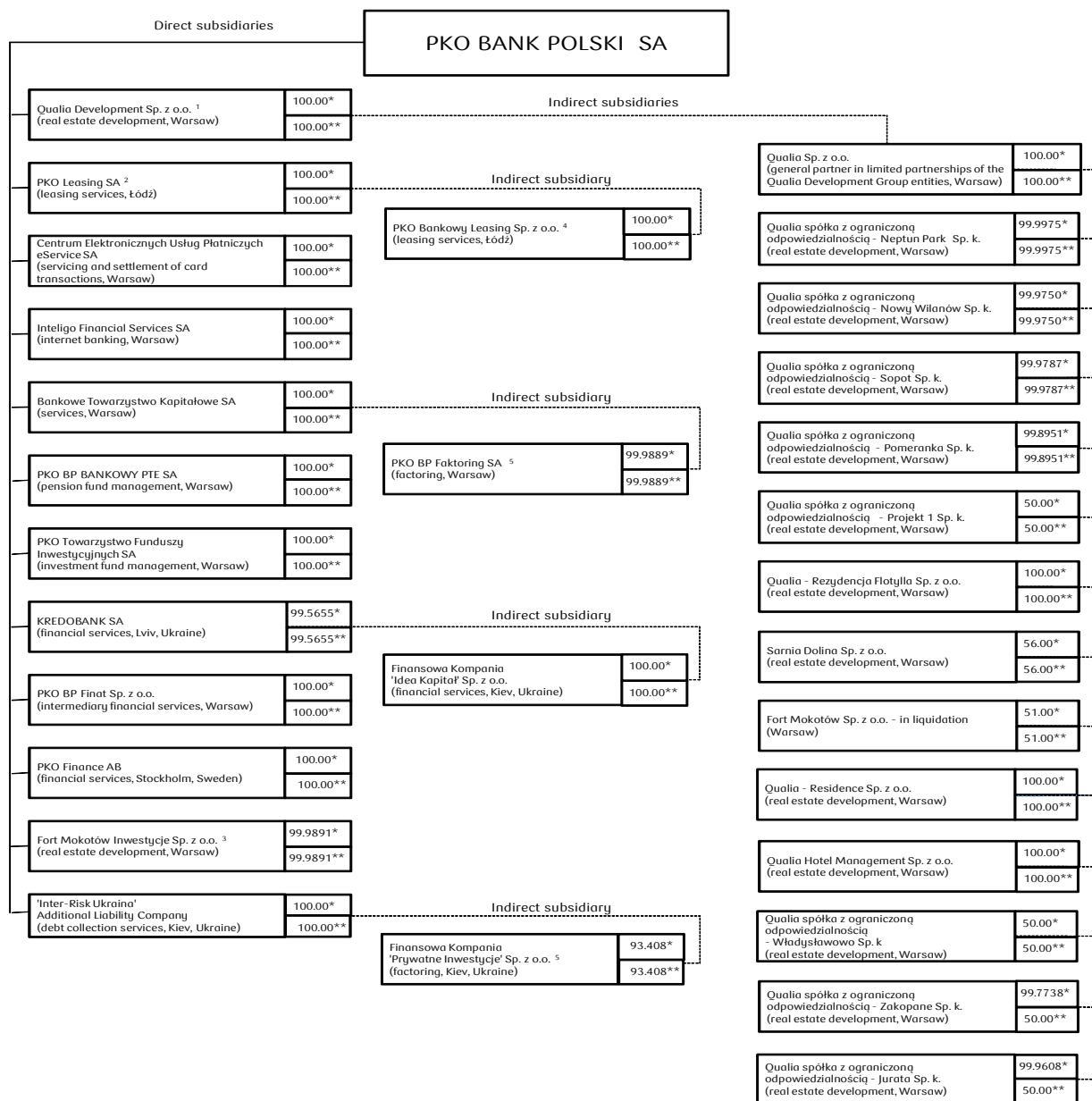


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Structure of the PKO Bank Polski SA Group

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

Subsidiaries



*% share in equity as at 31.03.2013 **% share in equity as at 31.12.2012

- 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 contribution made by the limited partner is presented
- 2) formerly Bankowy Fundusz Leasingowy SA
- 3) the second shareholder of the Entity is Qualia Development Sp. z o.o.
- 4) formerly Bankowy Leasing Sp. z o.o.
- 5) the second shareholder of the Entity is PKO Bank Polski SA

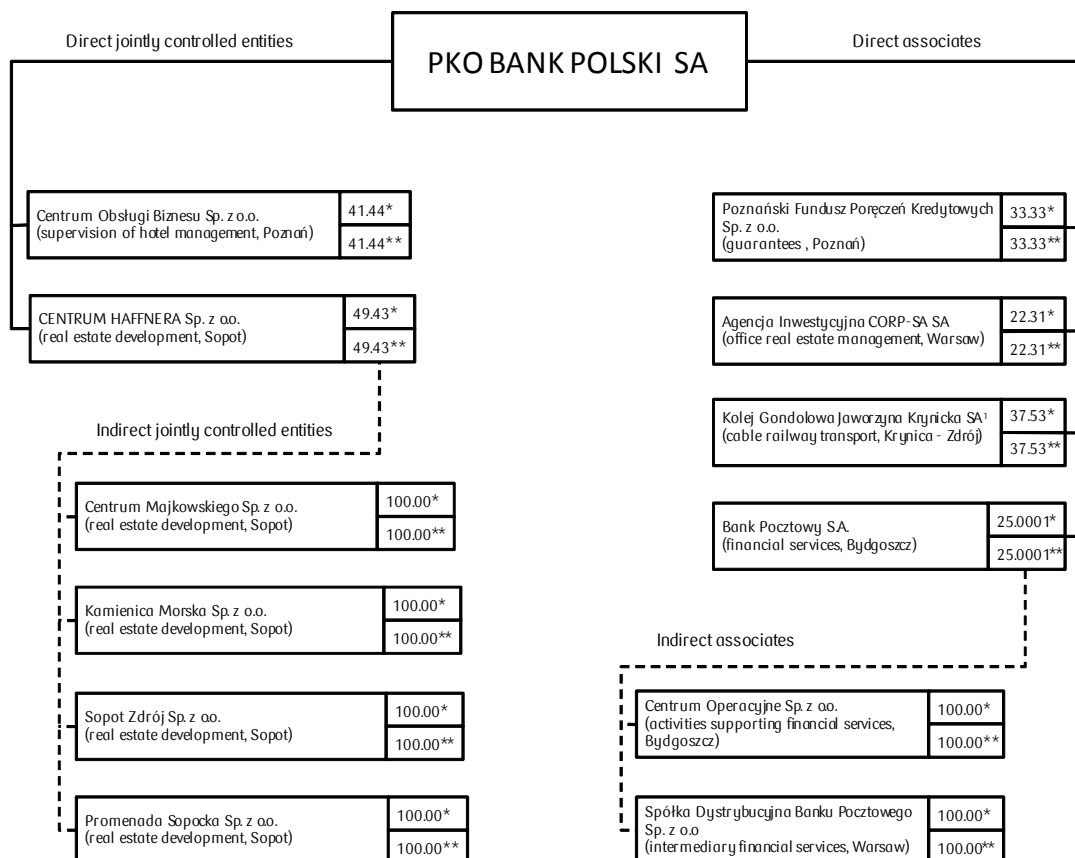
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Jointly controlled entities and associates included in the consolidated financial statements:

Jointly controlled entities and associates



*% share in equity as at 31.03.2013

**% share in equity as at 31.12.2012

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

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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 the requirements of the International Accounting Standard 34 'Interim Financial Reporting' as approved by the European Commission.

The accounting policies and calculations applied in these condensed interim consolidated financial statements are consistent to those, which were applied in the annual consolidated financial statements of the PKO Bank Polski SA Group for the year ended 31 December 2012.

These condensed interim consolidated financial statements for the first quarter of 2013 should be read together with consolidated financial statements of the PKO Bank Polski SA Group for 2012 prepared in accordance with International Financial Reporting Standards as approved by the European Union.

3. Information on the segments of activities and information about geographical areas

3.1. Information on the segments of activities

The PKO Bank Polski SA Group's segment reporting scheme is primarily based on the criteria of groups of clients – recipients of products and services offered by the parent company and the PKO Bank Polski SA Group entities. Each 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 four basic segments: retail, corporate, investment segment and transfer centre:

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, term 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, term deposits, 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' Sp. z d.o Group, PKO BP BANKOWY PTE 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 PKO Leasing 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).
4. The transfer centre comprises the result on 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 market rates. The transactions between business segments are conducted on arm's length. Long-term external financing includes the issuance of securities, subordinated liabilities and 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 have been assigned assets and liabilities as well as income and expense related to these assets and liabilities.

The current income tax expense in respect of the presentation of the financial result, and deferred income tax asset and current income tax liabilities in respect of the consolidated statement of financial position presentation were recognised at the Group level.

The tables below present data relating to income and results of individual business segments of the PKO Bank Polski SA Group for the three-month periods ended 31 March 2013 and 31 March 2012 and assets and liabilities as at 31 March 2013 and as at 31 December 2012.

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For the three-month period ended 31 March 2013	Continuing operations				Total activity of the PKO Bank Polski SA Group
	Retail segment	Corporate segment	Investment segment	Transfer centre	
Net interest income	1 295 806	144 348	58 939	194 746	1 693 839
Net fee and commission income	608 874	72 374	89 672	(741)	770 179
Other net income	24 630	12 975	76 182	(56 002)	57 785
Net result from financial operations	(2 291)	665	28 633	1 162	28 169
Net foreign exchange gains (losses)	20 870	17 988	6 081	(57 164)	(12 225)
Dividend income	-	-	-	-	-
Net other operating income and expense	(459)	832	41 468	-	41 841
Income/expenses relating to internal customers	6 510	(6 510)	-	-	-
Net impairment allowance and write-downs	(280 376)	(146 199)	(21 408)	-	(447 983)
Administrative expenses, of which:	(902 798)	(68 244)	(148 685)	-	(1 119 727)
amortisation and depreciation	(113 778)	(7 262)	(16 830)	-	(137 870)
Share of profit (loss) of associates and jointly controlled entities	-	-	-	-	(2 337)
Segment gross profit	746 136	15 254	54 700	138 003	951 756
Income tax expense (tax burden)	-	-	-	-	(170 511)
Profit (loss) attributable to non-controlling shareholders	-	-	-	-	(177)
Net profit attributable to equity holders of the parent company	746 136	15 254	54 700	138 003	781 422

As at 31 March 2013	Continuing operations				Total activity of the PKO Bank Polski SA Group
	Retail segment	Corporate segment	Investment segment	Transfer centre	
Assets	108 408 973	42 330 080	39 585 958	6 245 163	196 570 174
Unallocated assets	-	-	-	-	563 206
Total assets	108 408 973	42 330 080	39 585 958	6 245 163	197 133 380
Liabilities	125 882 454	21 808 860	19 029 908	4 919 690	171 640 912
Unallocated liabilities	-	-	-	-	70 104
Total liabilities	125 882 454	21 808 860	19 029 908	4 919 690	171 711 016

For the three-month period ended 31 March 2012	Continuing operations*				Total activity of the PKO Bank Polski SA Group
	Retail segment	Corporate segment	Investment segment	Transfer centre	
Net interest income	1 491 992	141 567	66 241	359 386	2 059 186
Net fee and commission income	573 528	67 404	82 634	(126)	723 440
Other net income	68 337	21 043	66 902	(15 616)	140 666
Net result from financial operations	(305)	1 808	8 223	4 080	13 806
Net foreign exchange gains (losses)	62 219	25 735	23 521	(19 696)	91 779
Dividend income	-	-	-	-	-
Net other operating income and expense	(87)	10	35 158	-	35 081
Income/expenses relating to internal customers	6 510	(6 510)	-	-	-
Net impairment allowance and write-downs	(434 526)	(69 015)	(23 985)	-	(527 526)
Administrative expenses, of which:	(928 639)	(61 874)	(161 817)	-	(1 152 330)
amortisation and depreciation	(108 310)	(6 249)	(19 759)	-	(134 318)
Share of profit (loss) of associates and jointly controlled entities	-	-	-	-	8 011
Segment gross profit	770 692	99 125	29 975	343 644	1 251 447
Income tax expense (tax burden)	-	-	-	-	(246 974)
Profit/loss attributable to non-controlling shareholders	-	-	-	-	(314)
Net profit attributable to equity holders of the parent company	770 692	99 125	29 975	343 644	1 004 787

* Data for the first quarter of 2012 have been brought to comparability.

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As at 31 December 2012	Continuing operations				Total activity of the PKO Bank Polski SA Group
	Retail segment	Corporate segment	Investment segment	Transfer centre	
Assets	108 005 298	43 031 211	32 568 811	9 309 794	192 915 114
Unallocated assets	-	-	-	-	564 514
Total assets	108 005 298	43 031 211	32 568 811	9 309 794	193 479 628
Liabilities	121 365 763	18 739 826	23 724 738	4 786 071	168 616 398
Unallocated liabilities	-	-	-	-	155 580
Total liabilities	121 365 763	18 739 826	23 724 738	4 786 071	168 771 978

3.2. Information about geographical areas

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 and the 'Inter – Risk Ukraina' Sp. z d. o. Group.

For the three-month period ended 31 March 2013	Poland	Ukraine	Total
Net interest income	1 685 523	8 316	1 693 839
Net fee and commission income	756 277	13 902	770 179
Other net income	58 487	(702)	57 785
Administrative expenses	(1 088 497)	(31 230)	(1 119 727)
Net impairment allowance and write-downs	(438 314)	(9 669)	(447 983)
Share of profit (loss) of associates and jointly controlled entities	-	-	(2 337)
Gross profit	973 476	(19 383)	951 756
Income tax expense (tax burden)	-	-	(170 511)
Profit (loss) attributable to non-controlling shareholders	-	-	(177)
Net profit (loss)	973 476	(19 383)	781 422

As at 31 March 2013	Poland	Ukraine	Total
Assets of which:	195 336 647	1 796 733	197 133 380
non-financial fixed assets	4 409 691	148 687	4 558 378
deferred tax assets	494 136	69 070	563 206
Liabilities	170 101 191	1 609 825	171 711 016

For the three-month period ended 31 March 2012*	Poland	Ukraine	Total
Net interest income	2 044 820	14 366	2 059 186
Net fee and commission income	711 876	11 564	723 440
Other net income	136 963	3 703	140 666
Administrative expenses	(1 123 376)	(28 954)	(1 152 330)
Net impairment allowance and write-downs	(515 753)	(11 773)	(527 526)
Share of profit (loss) of associates and jointly controlled entities	-	-	8 011
Gross profit	1 254 530	(11 094)	1 251 447
Income tax expense (tax burden)	-	-	(246 974)
Profit (loss) attributable to non-controlling shareholders	-	-	(314)
Net profit (loss)	1 254 530	(11 094)	1 004 787

* Data for the first quarter of 2012 brought to comparability. Change in methodology concerning presentation of mutual transactions.

As at 31 December 2012	Poland	Ukraine	Total
Assets of which:	191 613 212	1 866 416	193 479 628
non-financial fixed assets	4 438 395	146 202	4 584 597
deferred tax assets	498 510	66 004	564 514
Liabilities	167 100 845	1 671 133	168 771 978

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4. Interest income and expense

Interest and similar income

	01.01- 31.03.2013	01.01- 31.03.2012
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:	2 578 642	2 836 613
Income from loans and advances to customers, of which:	2 377 049	2 578 154
from impaired loans	129 596	108 797
Income from investment securities available for sale	147 188	197 223
Income from placements with banks	52 478	59 537
Income from investments securities held to maturity	666	-
Other	1 261	1 699
Other income, of which:	309 040	420 725
Income from derivative hedging instruments (Note 15)	148 168	245 000
Income from financial assets designated upon initial recognition at fair value through profit and loss	144 517	158 983
Income from trading assets	16 355	16 742
Total	2 887 682	3 257 338

Interest expense and similar charges

	01.01- 31.03.2013	01.01- 31.03.2012
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:	(1 190 999)	(1 197 737)
Interest expense on amounts due to customers	(1 055 181)	(1 089 646)
Interest expense on debt securities in issue	(124 364)	(98 952)
Premium expense on debt securities available for sale	(7 124)	(2 482)
Interest expense on deposits from banks	(4 330)	(6 657)
Other expense, of which:	(2 844)	(415)
Interest expense on trading assets	(1 780)	(325)
Interest expense on financial assets designated upon initial recognition at fair value through profit and loss	(1 064)	(90)
Total	(1 193 843)	(1 198 152)

5. Fee and commission income and expense

Fee and commission income

	01.01- 31.03.2013	01.01- 31.03.2012
Income from financial assets, which are not designated at fair value through profit and loss, of which:	150 687	142 650
Income from loans and advances granted	150 687	142 650
Other commissions	831 596	747 183
Income from payment cards	293 425	257 319
Income from maintenance of bank accounts	216 349	228 313
Income from loan insurance	130 014	88 879
Income from maintenance of investment and open pension funds (including management fees)	89 410	71 640
Income from cash transactions	31 562	34 078
Income from securities transactions	14 921	15 507
Income from servicing foreign mass transactions	11 934	11 897
Income from providing the services of an agent for the issue of Treasury bonds	5 807	10 220
Income from sale and distribution of court fee stamps	1 849	6 340
Other*	36 325	22 990
Income from fiduciary activities	1 045	907
Total	983 328	890 740

* Included in "Other" are i.a. commissions of the Brokerage House of PKO Bank Polski SA for servicing Initial Public Offering issue and commissions for servicing indebtedness of borrowers against the State budget.

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Fee and commission expense

	01.01- 31.03.2013	01.01- 31.03.2012
Expenses on payment cards	(121 393)	(82 078)
Expenses on loan insurance	(31 277)	(25 061)
Expenses on acquisition services	(25 654)	(27 205)
Expenses on settlement services	(7 225)	(6 908)
Expenses on fee and commissions for operating services provided by banks	(3 021)	(2 801)
Expenses on asset management fees	(2 799)	(5 867)
Other*	(21 780)	(17 380)
Total	(213 149)	(167 300)

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

6. Net income from financial instruments designated at fair value

	01.01- 31.03.2013	01.01- 31.03.2012
Change in fair value of financial instruments designated at fair value through profit and loss determined using the valuation techniques	1 225	1 816
Derivative instruments, of which:	9 549	3 999
an ineffective portion related to cash flow hedges	2 009	(2 304)
Structured bank securities designated at fair value through profit and loss	(8 324)	(2 183)
Equity instruments	(693)	576
Debt securities	(687)	12 121
Total	(155)	14 513

01.01-31.03.2013	Gains	Losses	Net result
Trading assets	8 685 664	(8 675 468)	10 196
Financial assets designated upon initial recognition at fair value through profit and loss	69 897	(80 248)	(10 351)
Total	8 755 561	(8 755 716)	(155)

01.01-31.03.2012	Gains	Losses	Net result
Trading assets	6 201 800	(6 195 057)	6 743
Financial assets designated upon initial recognition at fair value through profit and loss	57 153	(49 383)	7 770
Total	6 258 953	(6 244 440)	14 513

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7. Other operating income and expense

	01.01- 31.03.2013	01.01- 31.03.2012
Other operating income		
Net income from sale of products and services	66 686	60 599
Damages, penalties and fines received	13 715	11 377
Sales and disposal of tangible fixed assets, intangible assets and assets held for sale	10 902	14 739
Sundry income	4 983	4 110
Recovery of expired and written-off receivables	968	3 062
Other	14 880	15 719
Total	112 134	109 606
	01.01- 31.03.2013	01.01- 31.03.2012
Other operating expense		
Costs of sale of products and services	(42 164)	(40 476)
Costs of sale and disposal of tangible fixed assets, intangible assets and assets held for sale	(12 582)	(15 584)
Sundry expenses	(1 663)	(1 222)
Donations	(586)	(3 587)
Other	(13 298)	(13 656)
Total	(70 293)	(74 525)

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8. Net impairment allowance and write-downs

For the three-month period ended 31 March 2013	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		
Investment securities available for sale	18	23 243	142	8	-	5 536	-	17 857	(142)
Debt securities available for sale		5 536	142	4	-	5 536	-	146	(142)
Equity securities not admitted to public trading		17 707	-	4	-	-	-	17 711	-
Amounts due from banks	12	29 382	33	-	1 511	-	-	30 926	(33)
Loans and advances to customers measured at amortised cost	17	6 776 265	1 474 693	21 862	35 301	113 383	997 575	7 197 163	(477 118)
Non-financial sector		6 606 755	1 459 567	20 771	34 746	112 292	992 222	7 017 325	(467 345)
corporate loans		3 458 562	793 688	16 515	8 360	61 563	464 346	3 751 216	(329 342)
consumer loans		1 431 689	357 517	650	8 780	42 956	275 553	1 480 127	(81 964)
housing loans		1 714 698	308 329	3 606	17 606	7 773	252 323	1 784 143	(56 006)
debt securities		1 806	33	-	-	-	-	1 839	(33)
Financial sector		25 376	345	1 091	512	-	1 731	25 593	1 386
corporate loans		25 376	345	1 091	512	-	1 731	25 593	1 386
Public sector		21 990	158	-	43	127	1 149	20 915	991
corporate loans		19 640	148	-	43	127	1 149	18 555	1 001
debt securities		2 350	10	-	-	-	-	2 360	(10)
Finance lease receivables		122 144	14 623	-	-	964	2 473	133 330	(12 150)
Non-current assets held for sale		2 906	569	-	-	-	-	3 475	(569)
Tangible fixed assets		13 943	462	583	-	-	-	14 988	(462)
Intangible assets		142 313	3 166	13	-	-	-	145 492	(3 166)
Investments in associates and jointly controlled entities	20	113 226	1 281	-	-	-	4 063	110 444	2 782
Other, of which:		405 593	35 581	186	14 911	4 443	66 306	385 522	30 725
inventories		31 504	309	-	406	-	9	32 210	(300)
provisions for legal claims, loan commitments and guarantees granted	27	217 085	21 621	2	14 267	282	49 246	203 447	27 625
Total		7 506 871	1 515 927	22 652	51 723	123 362	1 067 944	7 905 867	(447 983)

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For the three-month period ended 31 March 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	Currency translation differences	Other		
Investment securities available for sale	18	20 563	-	-	-	-	436	-	20 127	-
Debt securities available for sale		17 944	-	-	-	-	426	-	17 518	-
Equity securities not admitted to public trading		2 619	-	-	-	-	10	-	2 609	-
Amounts due from banks	12	32 812	123	-	-	1	-	2 941	29 993	(122)
Loans and advances to customers measured at amortised cost	17	5 658 243	1 169 241	935	102 881	650 845	44 587	60 788	5 969 318	(518 396)
Non-financial sector		5 497 033	1 157 390	821	102 710	641 960	42 135	60 037	5 808 402	(515 430)
corporate loans		2 709 360	476 847	401	48 824	255 261	33 454	28 344	2 820 725	(221 586)
consumer loans		1 463 843	436 923	-	50 095	271 955	1 094	5 504	1 572 118	(164 968)
housing loans		1 323 830	243 620	420	3 791	114 744	7 587	26 189	1 415 559	(128 876)
Financial sector		37 058	877	114	-	1 493	2 452	751	33 353	616
corporate loans		37 058	877	114	-	1 493	2 452	751	33 353	616
Public sector		15 779	596	-	-	258	-	-	16 117	(338)
corporate loans		15 779	596	-	-	258	-	-	16 117	(338)
Finance lease receivables		108 373	10 378	-	171	7 134	-	-	111 446	(3 244)
Non-current assets held for sale		2 958	-	-	-	-	-	-	2 958	-
Tangible fixed assets		6 388	10 625	-	-	305	489	-	16 219	(10 320)
Intangible assets		135 295	4 166	237	-	-	-	-	139 698	(4 166)
Investments in associates and jointly controlled entities	20	88 953	2 465	-	-	-	-	-	91 418	(2 465)
Other, of which:		336 751	32 467	6 758	26 634	40 410	711	447	307 774	7 943
inventories		33 088	5 032	-	1 820	937	-	-	35 363	(4 095)
provisions for legal claims, loan commitments and guarantees granted	27	115 608	18 725	-	16	34 538	16	407	99 356	15 813
Total		6 281 963	1 219 087	7 930	129 515	691 561	46 223	64 176	6 577 505	(527 526)

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9. Administrative expenses

	01.01- 31.03.2013	01.01- 31.03.2012
Staff costs	(610 058)	(630 684)
Overheads	(315 449)	(334 288)
Amortisation and depreciation	(137 870)	(134 318)
Taxes and other charges	(17 915)	(17 043)
Contribution and payments to the Bank Guarantee Fund	(38 435)	(35 997)
Total	(1 119 727)	(1 152 330)

Wages and salaries/employee benefits

	01.01- 31.03.2013	01.01- 31.03.2012
Wages and salaries	(498 220)	(520 607)
Social insurance, of which:	(93 527)	(92 829)
contributions for retirement pay and pensions *	(83 686)	(75 933)
Other employee benefits	(18 311)	(17 248)
Total	(610 058)	(630 684)

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

10. Income tax expense

	01.01- 31.03.2013	01.01- 31.03.2012
Consolidated income statement		
Current income tax expense	(157 848)	(255 870)
Deferred income tax related to temporary differences	(12 663)	8 896
Tax expense in the consolidated income statement	(170 511)	(246 974)
Tax expense in other comprehensive income related to creating and reversal of temporary differences	17 651	40 060
Total	(152 860)	(206 914)
	31.03.2013	31.12.2012
Deferred income tax asset	563 206	564 514
Deferred income tax liability	45 057	41 300
Total	518 149	523 214

As at 31 March 2013 KREDO BANK SA remains in legal claims with the tax authorities, as stated below.

- The 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 decrease of the deferred tax asset amounts to UAH 123 430 thousand (i.e. PLN 49 446 thousand*). On 31 January 2013 KREDO BANK SA obtained a legally valid judgment of the court of second instance favorable to the company. KREDO BANK SA does not have any information indicating that the tax authority within the statutory term applied on cassation of the judgment. The risk of further continuation of the presented legal claim, the company considers as minor.
- The legal claim concerns recognition of the costs related to the transaction of selling loans in 2011, including factoring transactions between KREDO BANK SA and Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o. as tax deductible expenses by KREDO BANK SA (the tax authority questioned the legal basis treating the above mentioned costs as tax deductible). On 21 March 2013, KREDO BANK SA obtained a legally valid judgment of the court of the second instance invalidating a tax audit decision concerning payment of income tax. The tax authority filed a motion for cassation of this judgment. On 4 April of this year, court opened proceedings in the above mentioned case - the date of the hearing has not been set yet.

In case the verdict of the court is unfavourable, KREDO BANK SA will be obliged to pay to the State Treasury of Ukraine an amount of UAH 62 909 thousand (i.e. PLN 25 201 thousand) increased by due penalty interests. At the same time tax losses of KREDO BANK SA concerning previous years will be eliminated in the amount set at the end of the audit period (i.e. as at 31 December 2011), which will reduce/resolve deferred tax asset.

* the values of legal claims presented in PLN were translated using the average NBP rate from 29 March 2013 prevailing as at 31 March 2013

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3. The legal claim concerns fiscal decisions made on 19 February 2013 on the basis of tax audit, which covered the period from 1 April 2011 to 30 September 2012. Legal claims mainly concern recognition of the costs related to the transaction of selling loans in the period covered by the inspection, the correctness of the settlement of VAT on property sales and withholding tax for the payment of fees for services as tax deductible expenses. As a result of the above mentioned control the total amount of tax claims has been established at UAH 1 129 thousand (i.e. PLN 452 thousand) and the amount of reduction in tax losses from previous years has been established at UAH 626 282 thousand (i.e. PLN 250 889 thousand). KREDOBANK SA appealed against the above mentioned tax decision to the Regional State Tax Service. In case the verdict is unfavourable, KREDOBANK SA intends to take legal action.
4. The legal claim concerns the possibility of recognition of the legal costs in litigation conducted by KREDOBANK SA as tax deductible expenses, questioned by the tax authority as a result of the audit conducted in 2003. On 10 December 2012, as a result of the cassation of the previous favourable for KREDOBANK SA verdict (issued in 2004), the court of the first instance issued an unfavourable verdict for KREDOBANK SA. On 15 March 2013, KREDOBANK SA appealed to the Lviv Court of Appeal. The date of the hearing has not been set yet.

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 594 thousand (i.e. PLN 238 thousand).

11. Basic earnings per share

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

Earnings per share

	01.01- 31.03.2013	01.01- 31.03.2012
Profit per ordinary shareholder (in PLN thousand)	781 422	1 004 787
Weighted average number of ordinary shares during the period (in thousand)	1 250 000	1 250 000
Earnings per share (in PLN per share)	0.63	0.80

Earnings per share from discontinued operations

In the periods ended 31 March 2013 and 31 March 2012 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 of the effect of all potential dilutive ordinary shares.

In the first quarter of 2013 as well as in the first quarter of 2012, there were no dilutive instruments.

Diluted earnings per share from discontinued operations

In the periods ended 31 March 2013 and 31 March 2012, the PKO Bank Polski SA Group did not report any material expenses or income from discontinued operations.

12. Amounts due from banks

	31.03.2013	31.12.2012
Deposits with banks	1 221 820	2 369 774
Current accounts	471 511	861 331
Loans and advances granted	63 428	38 150
Receivables due from repurchase agreements	-	149 284
Cash in transit	3 724	3 329
Total	1 760 483	3 421 868
Impairment allowances on receivables, of which:	(30 926)	(29 382)
impairment allowances on exposure to a foreign bank	(30 884)	(29 373)
Net total	1 729 557	3 392 486

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13. Trading assets

	31.03.2013	31.12.2012
Debt securities	2 609 961	273 576
issued by the State Treasury, of which:	2 549 656	216 521
Treasury bonds	1 745 881	216 521
Treasury bills	803 775	-
issued by local government bodies, municipal bonds	36 786	26 673
issued by non-financial institutions, corporate bonds	11 951	15 064
issued by other financial institutions, of which:	10 198	13 947
bonds issued by WSE	10 140	13 880
corporate bonds	58	67
issued by banks, of which:	1 370	1 371
BGK bonds	1 370	1 361
Shares in other entities listed on stock exchange	16 547	3 237
Investment certificates	663	713
Rights issues	40	40
Total	2 627 211	277 566

In the period from 1 January 2013 to 31 March 2013, there were no transfers between levels in the fair value hierarchy used in fair value valuation of financial instruments.

14. Derivative financial instruments

Derivative instruments used by the Group

The Bank and the other Group entities use various types of derivatives in order to manage risk involved in its business activities. The most frequently used types of derivatives in the Group's activity are: IRS, CIRS, FX Swap, FRA, Options, Forwards. The remaining Group's subsidiaries may enter into transactions in derivatives exclusively for the purpose of hedging against the risk resulting from their core activities.

As at 31 March 2013 and as at 31 December 2012, the Group held the following types of derivative instruments:

	31.03.2013		31.12.2012	
	Assets	Liabilities	Assets	Liabilities
Hedging instruments	280 458	349 206	498 130	224 373
Other derivative instruments	3 183 115	3 228 143	3 362 431	3 739 725
Total	3 463 573	3 577 349	3 860 561	3 964 098

Type of contract	31.03.2013		31.12.2012	
	Assets	Liabilities	Assets	Liabilities
IRS	3 087 244	2 954 949	3 221 798	3 183 744
CIRS	171 964	422 750	357 675	370 043
Options	67 994	51 936	63 301	61 932
FRA	60 454	63 002	74 608	78 693
FX Swap	51 724	36 802	109 819	207 538
Forward	22 505	46 906	33 190	60 742
Other	1 688	1 004	170	1 406
Total	3 463 573	3 577 349	3 860 561	3 964 098

In the period from 1 January 2013 to 31 March 2013, there were no transfers between levels in the fair value hierarchy used in fair value valuation of financial instruments.

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15. Derivative hedging instruments

As at 31 March 2013, the Group applies the following hedging strategies:

Hedging strategy:	Hedges against fluctuations in cash flows from mortgage loans in CHF and negotiated term deposits in PLN, resulting from the risk of fluctuations in interest rates and in foreign exchange rates, using CIRS transactions	Hedges against fluctuations in cash flows from floating interest rate loans in PLN, resulting from the risk of fluctuations in interest rates, using IRS transactions	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	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 mortgage loans denominated in CHF and negotiated term deposits in PLN resulting from fluctuations in reference interest rates in CHF and PLN, and changes in foreign exchange rates CHF/PLN during the hedged period.	Elimination of the risk of cash flow fluctuations generated by floating interest rate PLN loan portfolio resulting from the interest rate risk in the period covered by the hedge.	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.	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	Currency risk and interest rate risk.	Interest rate risk.	Interest rate risk.	Interest rate risk.
Hedging instrument	CIRS transactions where the Bank pays coupons based on 3M CHF LIBOR, and receives coupons based on 3M WIBOR on the nominal value defined in CHF and PLN respectively.	IRS transactions where the Bank pays coupons based on floating 3M WIBOR rate, and receives coupons based on a fixed rate on the nominal value for which they were concluded.	IRS transactions where the Bank pays coupons based on floating 3M EURIBOR rate, and receives coupons based on a fixed rate on the nominal value for which they were concluded.	IRS transactions where the Bank pays coupons based on floating 3M CHF LIBOR rate, and receives coupons based on a fixed rate on the nominal value for which they were concluded.
Hedged position	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 European Union.	The portfolio of loans in PLN indexed to the floating 3M WIBOR rate.	The portfolio of loans in EUR indexed to the floating EURIBOR rate.	The portfolio of loans in CHF indexed to the floating 3M CHF LIBOR rate.
Periods in which cash flows are expected and in which they should have an impact on the financial result	April 2013 to October 2026	April 2013 to March 2016	April 2013 to June 2016	April 2013 to July 2016

As at 31 March 2013 and as at 31 December 2012, the Group did not use the fair value hedge. All types of hedging relationships applied by the Group are cash flow hedge accounting (macro cash flow hedge). Hedge effectiveness is verified through the use of prospective and retrospective effectiveness tests, that are performed monthly.

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Cash flow hedges

The fair value of derivative instruments constituting cash flow hedges related to the interest rate or foreign exchange rate as at 31 March 2013 and as at 31 December 2012:

Type of instrument:	Carrying amount/fair value			
	31.03.2013		31.12.2012	
	Assets	Liabilities	Assets	Liabilities
IRS	224 504	-	256 223	54
CIRS	55 954	349 206	241 907	224 319
Total	280 458	349 206	498 130	224 373

The nominal value of hedging instruments by maturity as at 31 March 2013 and as at 31 December 2012:

Nominal value as at 31 March 2013						
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	36 000	880 000	3 070 000	250 000	-	4 236 000
IRS in PLN thousand	-	-	-	1 971 733	-	1 971 733
IRS in EUR thousand	-	-	-	472 000	-	472 000
IRS in PLN thousand	-	-	-	858 075	-	858 075
IRS in CHF thousand	-	-	-	250 000	-	250 000
CIRS in PLN thousand	674 060	1 021 790	4 237 335	7 199 933	2 010 240	15 143 358
CIRS in CHF thousand	200 000	300 000	1 250 000	2 175 000	575 000	4 500 000

Nominal value as at 31 December 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	1 150 000	60 000	1 816 000	360 000	-	3 386 000
IRS in PLN thousand	-	-	-	1 929 630	-	1 929 630
IRS in EUR thousand	-	-	-	472 000	-	472 000
IRS in PLN thousand	-	-	-	846 700	-	846 700
IRS in CHF thousand	-	-	-	250 000	-	250 000
CIRS in PLN thousand	-	1 196 440	5 095 105	8 084 755	2 010 240	16 386 540
CIRS in CHF thousand	-	350 000	1 500 000	2 425 000	575 000	4 850 000

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Other comprehensive income as regards cash flow hedges	01.01- 31.03.2013	01.01- 31.03.2012
Other comprehensive income at the beginning of the period, gross	64 074	447 142
Gains transferred to other comprehensive income in the period	(142 603)	471 267
Amount transferred from other comprehensive income to income statement, of which:	112 310	(743 795)
- interest income	(148 168)	(245 000)
- net foreign exchange gains (losses)	260 478	(498 795)
Accumulated other comprehensive income at the end of the period, gross	33 781	174 614
Tax effect	(6 419)	(33 177)
Accumulated other comprehensive income at the end of the period, net	27 362	141 437
Ineffective part of cash flow hedges recognised through profit and loss	2 009	(2 304)
Effect on other comprehensive income in the period, gross	(30 293)	(272 528)
Deferred tax on cash flow hedges	5 756	51 780
Effect on other comprehensive income in the period, net	(24 537)	(220 748)

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

	31.03.2013	31.12.2012
Debt securities	14 114 362	12 629 711
issued by central banks, NBP money market bills	11 992 454	9 995 300
issued by the State Treasury, of which:	1 864 427	2 377 883
Treasury bonds PLN	1 434 842	1 322 226
Treasury bills	394 333	1 040 863
Treasury bonds UAH	35 252	14 794
issued by local government bodies, of which:	257 481	256 528
municipal bonds EUR	148 438	145 343
municipal bonds PLN	109 043	111 185
Total	14 114 362	12 629 711

In the period from 1 January 2013 to 31 March 2013, there were no transfers between levels in the fair value hierarchy used in fair value valuation of financial instruments.

17. Loans and advances to customers

	31.03.2013	31.12.2012
Loans and advances to customers, gross, of which:	154 688 980	150 651 909
financial sector	1 738 526	746 320
corporate, of which:	1 738 526	746 320
receivables due from repurchase agreements	959 713	-
deposits of Brokerage House in the Stock Exchange Guarantee Fund and initial deposit	15 552	8 779
non-financial sector	145 183 578	142 218 959
housing	73 385 573	72 279 131
corporate	49 585 877	47 021 975
consumer	21 292 506	22 014 785
debt securities	919 622	903 068
public sector	7 766 876	7 686 630
corporate	6 582 643	6 511 591
housing	4 155	-
debt securities	1 180 078	1 175 039
Impairment allowances on loans and advances	(7 197 163)	(6 776 265)
Loans and advances to customers, net	147 491 817	143 875 644

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	31.03.2013	31.12.2012
Loans and advances to customers		
Assessed on an individual basis	8 864 171	8 087 968
Impaired, of which:	6 918 099	6 506 653
receivables from finance leases	132 249	134 421
Not impaired, of which:	1 946 072	1 581 315
receivables from finance leases	144 772	128 142
Assessed on a portfolio basis	7 321 483	6 939 156
Impaired, of which:	7 321 483	6 939 156
receivables from finance leases	140 354	132 185
Assessed on a group basis (IBNR), of which:	138 503 326	135 624 785
receivables from finance leases	3 308 682	3 177 631
Loans and advances to customers, gross	154 688 980	150 651 909
Allowances on exposures assessed on an individual basis	(2 899 777)	(2 707 928)
Impaired, of which:	(2 825 933)	(2 647 481)
allowances on lease receivables	(42 236)	(35 164)
Allowances on exposures assessed on a portfolio basis, of which:	(3 791 139)	(3 516 549)
allowances on lease receivables	(77 126)	(73 524)
Allowances on exposures assessed on a group basis (IBNR), of which:	(506 247)	(551 788)
allowances on lease receivables	(13 969)	(13 456)
Allowances - total	(7 197 163)	(6 776 265)
Loans and advances to customers, net	147 491 817	143 875 644
By client segment	31.03.2013	31.12.2012
Loans and advances granted, gross, of which:	154 688 980	150 651 909
mortgage banking	65 412 673	64 199 027
corporate	43 010 670	41 113 192
retail and private banking	21 292 506	22 014 784
small and medium enterprises	17 421 363	16 688 662
housing market clients	6 576 120	6 627 465
receivables due from repurchase agreements	959 713	-
other receivables	15 935	8 779
Impairment allowances on loans and advances	(7 197 163)	(6 776 265)
Loans and advances granted, net	147 491 817	143 875 644

As at 31 March 2013, the share of impaired loans amounted to 9.2% (as at 31 December 2012: 8.9%), whereas the coverage ratio for impaired loans (calculated as total impairment allowances on total receivables divided by gross carrying amount of impaired loans) amounted to 50.5% (as at 31 December 2012: 50.4%).

As at 31 March 2013, the share of loans overdue by more than 90 days in the gross amount of loans and advances was 6.1% (as at 31 December 2012: 6.1%).

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18. Investment securities available for sale

	31.03.2013	31.12.2012
Debt securities available for sale, gross	12 564 689	12 049 073
issued by the State Treasury	8 771 937	7 902 479
Treasury bonds PLN	8 508 006	7 697 426
Treasury bonds USD	207 799	125 253
Treasury bonds UAH	56 132	79 800
issued by local government bodies, municipal bonds	2 704 889	2 780 212
issued by non-financial institutions, corporate bonds PLN	1 027 915	1 315 490
issued by banks	59 948	50 892
corporate bonds PLN	51 785	50 892
corporate bonds UAH	8 163	-
Impairment allowances of debt securities available for sale	(146)	(5 536)
corporate bonds PLN	-	(5 536)
corporate bonds UAH	(146)	-
Total net debt securities available for sale	12 564 543	12 043 537
Equity securities available for sale, gross	221 133	179 300
Equity securities not admitted to public trading	162 634	129 653
Equity securities admitted to public trading	58 499	49 647
Impairment allowances of equity securities available for sale	(17 711)	(17 707)
Total net equity securities available for sale	203 422	161 593
Total net investment securities available for sale	12 767 965	12 205 130

In the period from 1 January 2013 to 31 March 2013, there were no transfers between levels in the fair value hierarchy used in fair value valuation of financial instruments.

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

As at 31 March 2013	nominal value	fair value	carrying amount
municipal bonds	1 158 170	1 176 220	1 177 717
corporate bonds	891 290	905 970	901 484
Total	2 049 460	2 082 190	2 079 201

*Relates to portfolios reclassified in the third and the fourth quarter of 2012.

19. Investment securities held to maturity

	31.03.2013	31.12.2012
Investment securities held to maturity - debt securities		
issued by the State Treasury	29 829	27 843
issued by banks	-	19 128
Total investment securities held to maturity	29 829	46 971

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20. Investments in associates and jointly controlled entities

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

Entity name	31.03.2013	31.12.2012
The CENTRUM HAFNERA Sp. z o.o. Group	5 935	5 935
Purchase price	44 371	44 371
Change in valuation with equity method	(31 953)	(27 890)
Impairment allowances	(6 483)	(10 546)
Centrum Obsługi Biznesu Sp. z o.o.	6 019	6 113
Purchase price	17 498	17 498
Change in valuation with equity method	(11 479)	(11 385)
Total	11 954	12 048

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

Entity name	31.03.2013	31.12.2012
The Bank Pocztowy SA Group	106 720	106 720
Purchase price	146 500	146 500
Change in valuation with equity method	58 676	57 428
Impairment allowances	(98 456)	(97 208)
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	-	-
Purchase price	1 500	1 500
Change in valuation with equity method	4 005	3 972
Impairment allowances	(5 505)	(5 472)
Agencja Inwestycyjna CORP-SA SA	535	443
Purchase price	29	29
Change in valuation with equity method	506	414
Total	107 255	107 163

	01.01- 31.03.2013	01.01- 31.03.2012
Investments in associates at the beginning of the period	107 163	107 147
Share of profit/loss	1 820	1 823
Share in other comprehensive income of associate	(447)	725
Change in impairment allowances of investment	(1 281)	(2 465)
Investment in associates at the end of the period	107 255	107 230

	01.01- 31.03.2013	01.01- 31.03.2012
Investments in jointly controlled entities at the beginning of the period	12 048	15 972
Share of profit / loss	(4 157)	6 188
Change in impairment allowances of investment	4 063	-
Investments in jointly controlled entities at the end of the period	11 954	22 160

21. Intangible assets and tangible fixed assets

Intangible assets	31.03.2013	31.12.2012
Software	1 524 690	1 446 356
Goodwill acquired as a result of business combinations (including subsidiaries' goodwill)	221 888	222 438
Development costs	872	3 486
Other, including capital expenditure	164 990	261 720
Total	1 912 440	1 934 000

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Tangible fixed assets	31.03.2013	31.12.2012
Land and buildings	1 728 465	1 705 092
Machinery and equipment	501 053	494 282
Assets under construction	220 857	264 665
Means of transport	57 191	59 822
Investment properties	235	238
Other	138 137	126 498
Total	2 645 938	2 650 597

In the three-month period ended 31 March 2013 there were no significant transactions of purchase and sale of tangible fixed assets.

22. Amounts due to banks

	31.03.2013	31.12.2012
Loans and advances received	2 568 230	2 542 361
Bank deposits	925 490	1 086 956
Amounts due from repurchase agreements	242 247	-
Current accounts	227 919	72 676
Other money market deposits	92 917	31 954
Total	4 056 803	3 733 947

In the three-month period ended 31 March 2013 loans and advances received are paid on a timely manner and with no significant violations of loans or advances agreements.

23. Amounts due to customers

	31.03.2013	31.12.2012
Amounts due to retail clients	115 802 518	110 866 422
Term deposits	66 924 537	63 517 469
Current accounts and overnight deposits	48 633 785	47 143 802
Other money market deposits	244 196	205 151
Amounts due to corporate entities	28 817 853	31 868 251
Term deposits	16 368 344	17 171 300
Current accounts and overnight deposits	9 116 593	11 621 112
Loans and advances received	1 583 791	1 557 653
Amounts due from repurchase agreements	1 129 038	851 416
Other money market deposits	620 087	666 770
Amounts due to State budget entities	3 825 774	3 458 897
Current accounts and overnight deposits	2 522 583	2 870 735
Term deposits	1 236 376	562 397
Other money market deposits	66 815	25 765
Total	148 446 145	146 193 570

In the three-month period ended 31 March 2013 loans and advances received are paid on a timely manner and with no significant violations of loans or advances agreements.

By client segment	31.03.2013	31.12.2012
Amounts due to customers, of which:		
retail and private banking	111 504 478	106 538 784
corporate	21 465 612	23 586 602
small and medium enterprises	8 520 149	9 008 039
housing market clients	4 243 077	4 651 076
loans and advances received	1 583 791	1 557 653
amounts due from repurchase agreements	1 129 038	851 416
Total	148 446 145	146 193 570

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24. Debt securities in issue

	31.03.2013	31.12.2012
Debt securities in issue		
Financial instruments measured at amortised cost	10 456 492	9 902 161
bonds issued by PKO Finance AB	9 454 997	9 169 937
bonds issued by PKO Bank Polski SA	845 406	497 283
bonds issued by PKO Leasing SA*	156 089	234 941
Financial instruments designated at fair value through profit and loss		
- bank securities issued by PKO Bank Polski SA	467 896	368 622
Total	10 924 388	10 270 783

*formerly BFL SA

	31.03.2013	31.12.2012
Debt securities in issue by maturity:		
up to 1 month	202 294	14 960
from 1 month to 3 months	915 091	754 928
from 3 months to 1 year	237 875	225 156
from 1 year to 5 years*	6 114 035	5 990 368
over 5 years**	3 455 093	3 285 371
Total	10 924 388	10 270 783

* Significant items of debt securities in issue were Eurobonds at nominal value of EUR 800 000 thousand and bonds at nominal value of CHF 750 000 thousand.

**Significant items of debt securities in issue were Eurobonds at nominal value of EUR 50 000 thousand and bonds at nominal value of USD 1 000 000 thousand.

In the period from 1 January 2013 to 31 March 2013, there were no transfers between levels in the fair value hierarchy used in fair value valuation of financial instruments.

In the three-month period of 2013 the Bank issued bank securities and bank bonds at nominal value of PLN 944 258 thousand classified respectively as liabilities designated to be measured at fair value through profit and loss, in accordance with IAS 39.11A.a and measured at amortised cost. In the first quarter of 2013, bank securities and bank bonds at nominal value of PLN 503 195 thousand were redeemed.

In the three-month period of 2013 PKO Leasing SA issued bonds at nominal value of PLN 605 000 thousand and redeemed bonds at nominal value of PLN 445 000 thousand. As at 31 March 2013, the Company's debt in respect of the bonds issued amounted to PLN 555 000 thousand (at nominal value) of which the debt due to the Bank amounted to PLN 397 990 thousand (at nominal value).

25. Subordinated liabilities

31 March 2013

Subordinated liabilities	Nominal value	Currency	Interest rate (%)	Maturity date	Carrying amount
Subordinated bonds	1 600 700	PLN	5.12%	14.09.2022	1 604 076

31 December 2012

Subordinated liabilities	Nominal value	Currency	Interest rate (%)	Maturity date	Carrying amount
Subordinated bonds	1 600 700	PLN	6.60%	14.09.2022	1 631 256

Change in subordinated liabilities

For the period ended	01.01- 31.03.2013	01.01- 31.03.2012
Subordinated liabilities as at the beginning of the period	1 631 256	1 614 377
Increases (of which):	25 209	23 824
accrued interest	25 209	23 625
other	-	199
Decreases (of which):	(52 389)	-
repayment of interest	(52 389)	-
Subordinated liabilities as at the end of the period	1 604 076	1 638 201

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26. Other liabilities

	31.03.2013	31.12.2012
Deferred income	392 956	366 410
Accounts payable	343 305	376 150
Other liabilities	1 566 170	1 315 147
Total	2 302 431	2 057 707

27. Provisions

For the three-month period ended 31 March 2013	Provision for legal claims	Provisions for retirement benefits and anniversary bonuses	Provisions for loan commitments and guarantees granted	Other provisions*	Total
As at 1 January 2013, of which:	6 081	431 210	211 004	72 314	720 609
Short term provision	6 081	36 233	145 066	72 314	259 694
Long term provision	-	394 977	65 938	-	460 915
Increase/reassessment of provision	252	-	21 369	2 658	24 279
Release of provision	(299)	(6 240)	(48 947)	(19 877)	(75 363)
Use of provision	(282)	-	-	(1 761)	(2 043)
Currency translation differences	6	-	(4)	-	2
Transfers and other changes	13 950	-	317	3	14 270
As at 31 March 2013, of which:	19 708	424 970	183 739	53 337	681 754
Short term provision	19 708	29 993	154 212	53 337	257 250
Long term provision	-	394 977	29 527	-	424 504

* Included in 'Other provisions' are i.a.: restructuring provision of PLN 46 389 thousand and provision of PLN 2 494 thousand for potential claims on impaired loan portfolios sold.

For the three-month period ended 31 March 2012	Provision for legal claims	Provisions for retirement benefits and anniversary bonuses	Provisions for loan commitments and guarantees granted	Other provisions*	Total
As at 1 January 2012, of which:	3 638	428 299	111 970	75 257	619 164
Short term provision	3 638	38 232	111 970	75 257	229 097
Long term provision	-	390 067	-	-	390 067
Increase/reassessment of provision	350	-	18 375	2 835	21 560
Release of provision	-	-	(34 538)	(14 013)	(48 551)
Use of provision	(16)	-	-	(1 890)	(1 906)
Currency translation differences	-	-	(16)	-	(16)
Transfers and other changes	(1)	-	(406)	-	(407)
As at 31 March 2012, of which:	3 971	428 299	95 385	62 189	589 844
Short term provision	3 971	38 232	95 385	62 189	199 777
Long term provision	-	390 067	-	-	390 067

* Included in 'Other provisions' are i.a.: restructuring provision of PLN 51 075 thousand and provision of PLN 4 020 thousand for potential claims on impaired loan portfolios sold.

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

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28. Off-balance sheet liabilities

Underwriting programmes

As at 31 March 2013 and as at 31 December 2012, the Group's underwriting agreements covered the following securities (maximum liability of the PKO Bank Polski SA 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
As at 31 March 2013				
Company A	corporate bonds	1 633 000	15.06.2017	Bonds Issue Agreement*
Company B	corporate bonds	800 000	31.07.2013	Bonds Issue Agreement*
Company C	corporate bonds	102 700	31.10.2013	Bonds Issue Agreement*
Company D	corporate bonds	73 582	31.12.2024	Bonds Issue Agreement*
Company E	corporate bonds	50 000	19.12.2022	Bonds Issue Agreement*
Company F	corporate bonds	34 000	31.12.2022	Bonds Issue Agreement*
Company G	corporate bonds	12 200	31.10.2017	Bonds Issue Agreement*
Total		2 705 482		
As at 31 December 2012				
Company A	corporate bonds	1 633 000	15.06.2017	Bonds Issue Agreement*
Company B	corporate bonds	537 000	31.07.2013	Bonds Issue Agreement*
Company C	corporate bonds	102 700	31.10.2013	Bonds Issue Agreement*
Company D	corporate bonds	89 749	31.12.2024	Bonds Issue Agreement*
Company G	corporate bonds	67 070	31.10.2017	Bonds Issue Agreement*
Company E	corporate bonds	50 000	19.12.2022	Bonds Issue Agreement*
Company F	corporate bonds	34 000	31.12.2022	Bonds Issue Agreement*
Total		2 513 519		

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

All securities of the PKO Bank Polski SA Group under the sub-issue (underwriting) programme have an unlimited transferability, are not listed on the stock exchange and are not traded on a regulated OTC market.

Contractual commitments

As at 31 March 2013 the value of contractual commitments concerning intangible assets amounted to PLN 188 445 thousand (as at 31 December 2012 amounted to PLN 157 320 thousand).

As at 31 March 2013 the value of contractual commitments concerning tangible fixed assets amounted to PLN 47 016 thousand (as at 31 December 2012 amounted to PLN 71 513 thousand).

Loan commitments granted

By nominal value	31.03.2013	31.12.2012
Financial entities	734 060	913 713
Non-financial entities	30 194 601	29 137 031
State budget entities	2 923 003	2 462 680
Total	33 851 664	32 513 424
of which: irrevocable loan commitments	7 828 037	7 871 614

Guarantees issued

	31.03.2013	31.12.2012
Financial entities	50 528	50 456
Non-financial entities	10 441 800	10 190 736
State budget entities	215 348	135 943
Total	10 707 676	10 377 135

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Off-balance sheet liabilities received

	31.03.2013	31.12.2012
Financial	1 480 511	1 831 357
Guarantees	1 895 730	1 780 305
Total	3 376 241	3 611 662

Assets pledged as collateral for contingent liabilities

As at 31 March 2013 and as at 31 December 2012 the Group had no assets pledged as collateral for liabilities.

29. Legal claims

As at 31 March 2013, the total value of court proceedings in which the PKO Bank Polski SA Group entities (including the Bank) are a defendant was PLN 426 688 thousand, of which PLN 3 767 thousand referred to court proceedings in Ukraine (as at 31 December 2012 the total value of the above mentioned court proceedings was PLN 404 689 thousand), while the total value of court proceedings in which the Group entities (including the Bank) are the plaintiff was PLN 348 475 thousand, of which PLN 174 363 thousand referred to court proceedings in Ukraine, mainly related to collection of dues from loan agreements granted by KREDOBANK SA and tax litigations (as at 31 December 2012 the total value of the above mentioned court proceedings was PLN 360 205 thousand).

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

a) Unfair competition proceedings

The Bank is a party to proceedings initiated on the basis of a decision dated 23 April 2001 of the President of the Competition and Consumer Protection Office (Urząd Ochrony Konkurencji i Konsumentów - UOKiK) upon request of the Polish Trade and Distribution 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 (Sąd Ochrony Konkurencji i Konsumentów - SOKiK), suspended proceedings until the final conclusion of proceedings before the European Union Court in the case MasterCard against the European Commission. On 24 May 2012, the European Union Court upheld the decision of the European Commission banning multilaterally agreed interchange fees applied by MasterCard. On 28 May 2012 the participant to the proceedings, Visa Europe Ltd, and on 29 May 2012 the plaintiffs' attorney, including PKO Bank Polski SA, filed a complaint against the decision of the District Court in Warsaw, the Court for Competition and Consumer Protection dated 8 May 2012. In August 2012, the European Court of Justice received the appeal of MasterCard against the verdict of the Court of 24 May 2012 rejecting the appeal of MasterCard. On 25 October 2012, the Court of Appeal in Warsaw changed the decision of 8 May 2012 and dismissed the motion of MasterCard for suspending the proceedings. The court's decision in this case was delivered to the plaintiffs' attorney in January 2013. In February 2013, court files were transferred to the court of first instance. Currently, the case is heard by the mentioned court.

As at 31 March 2013 and 31 December 2012, the Bank had a liability in the amount of PLN 16 597 thousand.

Additionally, as at 31 March 2013 the Bank is i.a. a party to appeal proceedings against the decision of the President of UOKiK before the Court for the Competition and Consumer Protection with the possibility of the use of unfair contractual provisions in forms of Individual Pension Accounts ('IKE') agreements and a party to unfair proceedings on collective interests of consumers in the presentation in advertising campaigns of consumer loan under the marketing name 'Max pożyczka Mini Ratka', information that might not be clear for the average consumer and mislead as to the availability of loans on promoted conditions. In respect of the first of proceedings, on 19 December 2012, the President of UOKiK imposed a fine on the Bank in the amount of PLN 14 697 thousand, including:

- PLN 7 111 thousand for not indicating in the IKE agreements responsibilities of the Bank for timely and proper carrying out the monetary settlements and the amount of compensation for the delay in execution of a holder instruction.
- PLN 4 741 thousand for application in the form of IKE agreements, an open list of termination conditions.
- PLN 2 845 thousand for application a clause, entered in the register, defining a court with jurisdiction over the seat of PKO Bank Polski SA's branch, carrying the IKE deposit account.

In respect of the second of proceedings, on 28 December 2012, the President of UOKiK imposed a fine on the Bank in the amount of PLN 2 845 thousand.

As at 31 March 2013 a provision for these amounts was not recognised. Both appeal proceedings are pursued on behalf of the Bank by reputable law offices. The Bank appealed against both decisions of the President of UOKiK, on 2 and 16 January 2013, respectively. As at 31 March 2013 proceedings are in progress.

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Moreover, the Bank is a party to the following proceedings:

- 1) initiated by the President of UOKiK before SOKiK to determine some of the provisions in the form of agreement of individual pension investment account (IKE) to be prohibited. On 20 March 2013, the District Court in Warsaw, the Court for Competition and Consumer Protection, issued a verdict against PKO Bank Polski SA determining invalid and prohibiting the use in trading of the provision in the form of agreement called: 'Investment account agreement for an individual pension account' ('Umowa rachunku lokacyjnego-indywidualnego konta emerytalnego (IKE)') contractual clauses worded as follows: '(...) Changing or withdrawing power of attorney causes effects as of the moment of PKO Bank Polski SA confirming its acceptance of the instruction relating to the change or withdrawal of the power of attorney placed by the Saver'. However, no fine was imposed on the Bank;
- 2) initiated by the President of UOKiK before SOKiK against the Bank to determine the provisions in the form of consumer loan agreements to be prohibited, which, however, does not lead to the risk of the Bank being fined, initiated by an individual before SOKiK. The plaintiff filed a complaint against the Bank which relates to the standard form of housing loan agreement and current account agreement (appealed model of loan and bank account agreements not binding for many years). The complaint should be dismissed for formal reasons;

The Bank is a party to three proceedings before the President of UOKiK. Administrative proceedings relate to using prohibited contractual provisions in form of consumer loan agreements, with the exclusion of credit card agreements. The other two preliminary proceedings relate to initial determination as to whether the Bank violated the Act on competition and consumer protection with its actions consisting of collecting fees for the disbursement of cash in its agencies and whether the manner of offering mortgage loans by the Bank under the 'Autumn promotion of mortgage loans' ('Jesienna promocja kredytów hipotecznych') may constitute a practice which violates the collective interests of consumers. The proceedings are in progress.

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

As at the date of these financial statements, five administrative and court-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 against the Bank 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 authorities, it is not possible to assess their potential negative financial effects for the Bank. Moreover, with respect to three properties of the Bank claims were submitted by their former owners (court and administrative proceedings are pending).

The proceedings concerning a complaint brought by Centrum Finansowe Puławska Sp. z o.o. (CFP) concerning the use of a property located at Puławska and Chocimska Streets in Warsaw on which the Bank's office is currently located, are pending before the Regional Administrative Court in Warsaw. The proceedings concern rendering invalid the decision of the Local Government Court of Appeal of 10 April 2001, which stated that the decision of the Council of Warsaw of 1 March 1954 was issued in gross violation of the law. Due to the liquidation of CFP, removing it from the register of companies and distribution of its assets, including the transfer of the right to perpetual usufruct of said plot, a motion for participation in the proceedings was filed on 23 May 2012 on behalf of the Bank. The motion had not been considered, the subsequent hearing was scheduled for 18 December 2012. During the hearing on 18 December 2012, the Regional Administrative Court in Warsaw granted the Bank the right to participate in the proceedings due to the fact that the rights to the property in question had been transferred to the Bank. During the hearing on 7 May 2013, the Court dismissed the complaint. The judgement may be appealed against to the Supreme Administrative Court, which will be possible after receiving the copy of the judgement and explanation from the Regional Administrative Court in Warsaw.

In the opinion of the Management Board of PKO Bank Polski SA, in 2013 the probability of significant claims arising against the Bank in relation to the above mentioned proceedings is remote.

30. Supplementary information to the consolidated statement of cash flows

Cash and cash equivalents

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

	31.03.2013	31.12.2012	31.03.2012
Cash and balances with the central bank	7 759 248	10 289 451	6 125 548
Current receivables from banks	1 031 399	2 206 181	1 603 288
Total	8 790 647	12 495 632	7 728 836

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31. 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 ten years.

31 March 2013

Entity	Receivables	including loans	Liabilities	Total income	including interest and fee and commission	Total expense	including interest and fee and commission	Off-balance sheet liabilities granted
Agencja Inwestycyjna CORP-SA SA	55	-	-	15	-	23	-	-
Bank Pocztowy SA	-	-	109	14	10	213	-	4 383
CENTRUM HAFFNERA Sp. z o.o.	-	-	55	2	2	-	-	-
Centrum Majkowskiego Sp. z o.o.	-	-	588	1	1	-	-	-
Centrum Obsługi Biznesu Sp. z o.o.	30 406	30 461	17 868	522	521	116	116	147
Centrum Operacyjne Sp. z o.o.	-	-	6	1	1	-	-	-
Kamienica Morska Sp. z o.o.	-	-	7	1	1	-	-	-
Kolej Gondolowa Jaworzyna Krynicka SA	3 539	3 539	4 328	64	63	36	36	-
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	-	-	19 560	-	-	187	187	-
Promenada Sopocka Sp. z o.o.	45 055	45 055	3 751	351	331	43	43	-
Sopot Zdrój Sp. z o.o.	218 529	218 529	2 101	1 628	1 530	5	5	-
Total	297 584	297 584	48 373	2 599	2 460	623	387	4 530

31 December 2012

Entity	Receivables	including loans	Liabilities	Total income	including interest and fee and commission	Total expense	including interest and fee and commission	Off-balance sheet liabilities granted
Agencja Inwestycyjna CORP-SA SA	61	-	-	690	-	86	-	-
Bank Pocztowy SA	-	-	91	93	78	1 160	285	1 409
CENTRUM HAFFNERA Sp. z o.o.	-	-	296	7	7	-	-	-
Centrum Majkowskiego Sp. z o.o.	-	-	593	6	6	-	-	-
Centrum Obsługi Biznesu Sp. z o.o.	30 010	30 010	18 975	1 015	1 015	626	569	144
Centrum Operacyjne Sp. z o.o.	-	-	21	3	3	-	-	-
Kamienica Morska Sp. z o.o.	-	-	11	6	6	-	-	-
Kolej Gondolowa Jaworzyna Krynicka SA	4 235	4 235	343	291	291	50	43	-
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	-	-	19 402	2	2	299	299	-
Promenada Sopocka Sp. z o.o.	43 857	43 857	5 225	1 205	1 205	721	152	-
Sopot Zdrój Sp. z o.o.	212 691	212 691	1 816	5 911	5 911	2 785	3	-
Total	290 854	290 793	46 773	9 229	8 524	5 727	1 351	1 553

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

In the first quarter of 2013 the following events affecting the structure of the PKO Bank Polski SA Group took place:

1) Changes in names of the Bankowy Fundusz Leasingowy SA Group entities

In March 2013 the Bankowy Fundusz Leasingowy SA Group entities changed their names, including:

- Bankowy Fundusz Leasingowy SA (a subsidiary of PKO Bank Polski SA) changed its name to PKO Leasing SA; the above mentioned change was registered with the National Court Register on 27 March 2013,
- Bankowy Leasing Sp. z o.o. (a subsidiary of PKO Leasing SA) changed its name to PKO Bankowy Leasing Sp. z o.o.; the above mentioned change was registered with the National Court Register on 28 March 2013.

2) Increase in the share capital of PKO Leasing SA

On 19 March 2013 an increase in the share capital of PKO Leasing SA of PLN 20 000 thousand was registered with the National Court Register. As a result of the above mentioned increase, the share capital of PKO Leasing SA amounts to PLN 90 000 thousand and consists of 9 000 000 shares, each of PLN 10 nominal value.

All the shares in the increased Company's share capital were acquired by PKO Bank Polski SA for a price equal to the nominal value of the shares taken up.

As a result of the above mentioned transactions PKO Bank Polski SA remains the sole shareholder of PKO Leasing SA.

3) Increase in the limited partner's amount of contribution and the limited partnership amount in Qualia spółka z ograniczoną odpowiedzialnością – Zakopane Spółka komandytowa

On 17 January 2013 by the Partners' Resolution of Qualia spółka z ograniczoną odpowiedzialnością - Zakopane Sp. k. (a company from the Qualia Development Sp. z o.o. Group), the amount of limited partner's (Qualia Development Sp. z o.o.) contribution and the limited partnership amount was increased from PLN 1 thousand to PLN 441 thousand. The above mentioned changes were registered with the National Court Register on 13 February of this year.

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4) Increase in the limited partner's amount of contribution and the limited partnership amount in Qualia spółka z ograniczoną odpowiedzialnością – Jurata Spółka komandytowa

On 17 January 2013 by the Partners' Resolution of Qualia spółka z ograniczoną odpowiedzialnością – Jurata Sp. k. (a company from the Qualia Development Sp. z o.o. Group) the amount of limited partner's (Qualia Development Sp. z o.o.) contribution and the limited partnership amount was increased from PLN 1 thousand to PLN 2 551 thousand. The above mentioned changes were registered with the National Court Register on 13 February of this year.

5) Additional contributions to Qualia Development Sp. z o.o.

In February 2013, PKO Bank Polski SA made an additional contribution to Qualia Development Sp. z o.o. in the amount of PLN 1 251 thousand.

6) Events, which will result in changes in the PKO Bank Polski SA Group in the following quarters

- in the first quarter of 2013 the Bank continued work related to developing and creating a strategic alliance model in the area of payments realised by the Bank and its subsidiary Centrum Elektronicznych Usług Płatniczych eService SA. The above mentioned project takes into account the possibility of the Bank's selling the control package of the above mentioned Company. Until the date of publication of this Report no binding decisions were taken and the final structure of the transaction was not determined.
- on 22 March 2013 Giełda Nieruchomości Wartościowych Sp. z o.o. was established. The Company's share capital amounts to PLN 5 thousand and consists of 100 shares at nominal value of PLN 50 each. 99 shares at total nominal value of PLN 4 950 were taken up by Qualia Development Sp. z o.o. (a subsidiary of PKO Bank Polski SA), and 1 share was taken up by Qualia Sp. z o.o. (a subsidiary of Qualia Development Sp. z o.o.). On 17 April of this year the Company was registered with the National Court Register.
- on 8 April 2013, a resolution to increase the share capital of Fort Mokotów Inwestycje Sp. z o.o. (a subsidiary of the Bank) by PLN 4 194 thousand was passed. The above mentioned shares were taken up by the present shareholders, including: 4 193 shares at total nominal value of PLN 4 193 thousand were taken up by PKO Bank Polski SA, and 1 share was taken up by Qualia Development Sp. z o.o. On 19 April of this year the above mentioned increase was registered with the National Court Register.
- on 12 April 2013 all the terms and conditions of the agreement relating to the purchase of 44% of shares in the share capital of Sarnia Dolina Sp. z o.o. by Qualia Development Sp. z o.o. (a subsidiary of the Bank) from Przedsiębiorstwo Robót Inżynierskich 'Pol-Aqua' SA were met; thus Qualia Development Sp. z o.o. became the sole shareholder of Sarnia Dolina Sp. z o.o. The above mentioned change requires registration with the National Court Register.

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

In the first quarter of 2013 there were no significant changes as compared to the previously published financial statements.

34. 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 presented in details in the annual consolidated financial statements of the PKO Bank Polski SA Group for 2012.

Relevant information on risk monitoring and changes in methods of risk measurement in the period from 1 January to 31 March 2013 is presented below.

Credit risk

The Group's exposure to credit risk

Amounts due from banks	Exposure	
	31.03.2013	31.12.2012
Amounts due from banks impaired, of which:	30 884	29 373
assessed on an individual basis	30 884	29 373
Amounts due from banks not impaired, of which:	1 729 599	3 392 495
not past due	1 729 599	3 392 495
Gross total	1 760 483	3 421 868
Impairment allowances	(30 926)	(29 382)
Net total by carrying amount	1 729 557	3 392 486



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Loans and advances to customers	Exposure	
	31.03.2013	31.12.2012
Loans and advances impaired, of which:	14 239 582	13 445 809
assessed on an individual basis	6 918 099	6 506 653
Loans and advances not impaired, of which:	140 449 398	137 206 100
not past due	136 542 376	132 358 709
past due	3 907 022	4 847 391
past due up to 4 days	675 072	1 791 011
past due over 4 days	3 231 950	3 056 380
Gross total	154 688 980	150 651 909
Impairment allowances	(7 197 163)	(6 776 265)
Net total by carrying amount	147 491 817	143 875 644

Investment securities available for sale – debt securities	Exposure	
	31.03.2013	31.12.2012
Debt securities impaired, of which:	8 163	5 536
assessed on an individual basis	8 163	5 536
Debt securities not impaired, of which:	12 556 526	12 043 537
not past due	12 556 526	12 043 537
with external rating	8 714 679	7 953 371
with internal rating	3 841 847	4 090 166
Gross total	12 564 689	12 049 073
Impairment allowances	(146)	(5 536)
Net total by carrying amount	12 564 543	12 043 537

Investment securities held to maturity – debt securities	Exposure	
	31.03.2013	31.12.2012
Debt securities not impaired, of which:	29 829	46 971
not past due	29 829	46 971
with external rating	29 829	46 971
Gross total	29 829	46 971
Impairment allowances	-	-
Net total by carrying amount	29 829	46 971

Level of exposure to credit risk

The table below presents maximum exposure to credit risk of the Group as at 31 March 2013 and as at 31 December 2012.

Items of the statement of financial position	31.03.2013	31.12.2012
Current account in the central bank	5 620 656	7 550 898
Amounts due from banks	1 729 557	3 392 486
Trading assets – debt securities	2 609 961	273 576
Derivative financial instruments	3 463 573	3 860 561
Financial instruments designated upon initial recognition at fair value through profit and loss – debt securities	14 114 362	12 629 711
Loans and advances to customers	147 491 817	143 875 644
Investment securities – debt securities	12 564 543	12 043 537
Investment securities held to maturity	29 829	46 971
Other assets – other financial assets	740 696	758 419
Total	188 364 994	184 431 803

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Off-balance sheet items	31.03.2013	31.12.2012
Irrevocable loan commitments	7 828 037	7 871 614
Guarantees granted	6 503 003	6 535 055
Guarantees of issue	3 821 602	3 469 465
Letters of credit granted	383 071	372 615
Total	18 535 713	18 248 749

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

	31.03.2013	31.12.2012
Amounts due from banks	30 884	29 373
Loans and advances to customers	6 918 099	6 506 653
Financial sector, corporate loans	37 985	36 113
Non-financial sector	6 873 905	6 464 331
corporate loans	4 865 629	4 594 172
housing loans	1 886 474	1 765 592
consumer loans	121 802	104 567
Public sector, corporate loans	6 209	6 209
Financial assets available for sale	8 271	5 639
issued by financial entities	8 172	8
issued by non-financial entities	99	5 631
Total	6 957 254	6 541 665

Concentration by the largest business entities

As at 31 March 2013 and as at 31 December 2012, concentration limits were not exceeded.

As at 31 March 2013, 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 9.5% and 8.9% of the own consolidated funds.

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

Concentration by the largest capital groups

The greatest exposure of the PKO Bank Polski SA Group towards a group of borrowers amounts to 2.04% of the PKO Bank Polski SA Group's loan portfolio. The 5 largest capital groups include only clients of PKO Bank Polski SA.

As at 31 March 2013, the level of concentration of credit risk by the largest capital groups was low – the greatest exposure of the Group was 18.9% of the own consolidated funds.

Concentration by industry

The 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 2012 the exposure of the PKO Bank Polski SA Group in industry sectors increased by ca. PLN 2.9 billion. The total exposure in the four largest industry sectors: 'Industrial processing', 'Wholesale and retail trade (...)', 'Maintenance of real estate' and 'Construction' amounted to ca. 61% of the total loan portfolio covered by an analysis of the sector.

Significant concentration risk by industry was identified in the PKO Leasing SA Group (resulting from the character of activities limited to the corporate clients).

Concentration by geographical regions

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

As at 31 March 2013, the largest concentration of the PKO Bank Polski SA Group's loan portfolio was in the mazowiecki region. Half of the Bank's loan portfolio is concentrated in four regions: mazowiecki, śląsko-opolski, wielkopolski and małopolsko-świętokrzyski, which is consistent with the regions' domination both in terms of population and economy in Poland.

Concentration of credit risk by currency

As at 31 March 2013, the share of exposure in convertible currencies, other than PLN, in the total loan portfolio of the Group amounted to 21.9%. The greatest part of the Group's currency exposures are those in CHF, which constitute 62.2% of the Group's currency portfolio, and they are related to the Bank's loan portfolio. In case of the Group entities, the situation is different, i.e. in the PKO Leasing SA Group's currency portfolio, EUR exposures constitute the largest part (93.6% of the currency portfolio), similarly in the BTK SA Group's portfolio – loans granted in EUR (82.3% of currency portfolio) and in KREDOBANK SA – loans granted in USD (66.0% of the currency portfolio and 18.7% of the company's total portfolio).



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The significant risk of concentration has been identified in KREDOBANK SA resulting from the specifics of the Ukrainian market, on which because of weak local currency, the currency loans are the most popular.

Other types of concentration

In accordance with the Recommendation S and T of the Polish Financial Supervision Authority, the Bank uses internal limits with regard to:

- 1) portfolio of exposures financing real estate and with established mortgage collateral,
- 2) portfolio of retail credit exposures.

As at 31 March 2013 and as at 31 December 2012, these limits have not been exceeded.

Interest rate risk

As at 31 March 2013 and 31 December 2012, the exposure of the PKO Bank Polski SA Group to the interest rate risk comprised mainly of the exposure of the Bank. Interest rate risk generated by the Group entities with regard to PLN, EUR and CHF did not have a significant effect on the interest rate risk of the entire Group and therefore did not significantly affect its risk profile. Interest rate risk with regard to USD was significantly altered by exposure of the Group entities, in which the biggest part has the exposure of KREDOBANK SA.

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

Name of sensitivity measure	31.03.2013	31.12.2012
VaR for a 10-day time horizon with a confidence level of 99% threshold (in PLN thousand)*	86 369	64 451
Parallel movement of interest rate curves by 200 b.p. (in PLN thousand) (stress-test)**	391 567	270 818

*Due to the nature of the activities carried out by the other PKO Bank Polski SA Group entities generating significant interest rate risk as well as the specific nature of the market on 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 14 556 thousand as at 31 March 2013 and PLN 14 287 thousand as at 31 December 2012.

**The table presents the absolute value of the most adverse stress-test of the scenarios: movement of interest rate curves in PLN by 200 b.p. up and by 200 b.p. down.

As at 31 March 2013 the Bank's interest rate VaR for a 10-day time horizon (10-day VaR, 99%) amounted to PLN 86 369 thousand, which accounted for approximately 0.44% of the Bank's own funds. As at 31 December 2012, VaR for the Bank amounted to PLN 64 451 thousand, which accounted for approximately 0.33% of the Bank's own funds*.

Currency risk

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

Name of sensitivity measure	31.03.2013	31.12.2012
VaR for a 10-day time horizon with a confidence level of 99% threshold (in PLN thousand)*	863	628
Change in FX rates by 20% (in PLN thousand) (stress-test)**	14 328	32 581

* 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 221 thousand as at 31 March 2013 and approx. PLN 616 thousand as at 31 December 2012.

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

The level of the currency risk was low both as at 31 March 2013 and as at 31 December 2012.

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

Currency position	31.03.2013	31.12.2012
EUR	52 286	(13 818)
USD	(178 473)	(153 155)
CHF	(22 785)	(20 180)
GBP	2 419	4 653
Other (Global Net)	20 323	15 609

The volume of currency positions is a key factor determining the level of currency risk on which the Group is exposed (except for volatility of foreign exchange rates). 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 31 March 2013 amounted to ca. 0.04%).

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



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Liquidity risk

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

	aVista	0 - 1 month	1 - 3 months	3 - 6 months	6 - 12 months	12 - 24 months	24 - 60 months	over 60 months
31.03.2013								
The Group - adjusted gap in real terms	7 061 264	10 528 104	(54 165)	1 994 155	2 641 269	9 286 568	12 648 821	(44 106 016)
The Group - cumulative adjusted gap in real terms	7 061 264	17 589 368	17 535 203	19 529 358	22 170 627	31 457 195	44 106 016	-
31.12.2012								
The Group - adjusted gap in real terms	10 386 244	6 857 506	25 124	3 044 679	2 005 333	9 159 462	11 851 101	(43 329 449)
The Group - cumulative adjusted gap in real terms	10 386 244	17 243 750	17 268 874	20 313 553	22 318 886	31 478 348	43 329 449	-

In all time horizons, the PKO Bank Polski SA Group's cumulative adjusted liquidity gap in real terms* as at 31 March 2013 and as at 31 December 2012 was positive. This means a surplus of assets receivable over liabilities payable.

The table below presents liquidity reserve of the Group as at 31 March 2013 and as at 31 December 2012:

Name of sensitivity measure	31.03.2013	31.12.2012
Liquidity reserve up to 1 month* (in PLN million)	14 496	13 568

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

As at 31 March 2013 the level of core balances on deposits constituted approx. 92.9% of all deposits in the Bank (excluding interbank market), which means a decrease by approximately 0.4 pp. as compared to the end of 2012.

35. 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 2012. In those financial statements was also included the information on the Group's own funds components calculated for the capital adequacy purposes as well as the calculation methods of capital requirements concerning the individual risk types.

The level of capital adequacy of the PKO Bank Polski SA Group as at 31 March 2013 remained on the safe level, significantly above the statutory limits.

The capital adequacy ratio of the PKO Bank Polski SA Group, one of the main capital adequacy measures, increased by 0.67 pp. as compared to 31 December 2012, which has been mainly caused by increase in the total Bank's own funds calculated for the capital adequacy purposes.

Own funds calculated for capital adequacy purposes

As at 31 March 2013, own funds of the Group calculated for capital adequacy purposes increased by PLN 1 345 181 thousand, which was mainly due to the recognition of profit earned by the Bank in 2012 and unappropriated profits from previous years less any expected charges (PLN 1 342 617 thousand) to the Bank's own funds.

The structure of the PKO Bank Polski SA Group's own funds determined for the purpose of the capital adequacy is presented in the table below:

* 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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GROUP'S OWN FUNDS	31.03.2013	31.12.2012
Basic funds (Tier 1)	20 272 336	18 788 075
Share capital	1 250 000	1 250 000
Reserve capital	15 364 728	15 364 728
Other reserves	3 437 957	3 437 957
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	1 395 279	(103 340)
Unrealised losses on debt and equity instruments and other receivables classified as available for sale	(102 686)	(77 104)
Assets valuation adjustments in trading portfolio	(454)	(504)
Intangible assets, of which:	(1 912 440)	(1 934 000)
goodwill of subordinated entities	(221 888)	(222 438)
Equity exposures	(117 928)	(98 115)
Negative currency translation differences from foreign operations	(111 646)	(121 209)
Non-controlling interest	(474)	(338)
Supplementary funds (Tier 2)	1 525 762	1 573 276
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)	42 896	69 787
Positive currency translation differences from foreign operations	94	904
Equity exposures	(117 928)	(98 115)
Short-term equity (Tier 3)	38 075	129 641
TOTAL OWN FUNDS	21 836 173	20 490 992

Capital requirements (Pillar 1)

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

Capital requirements	31.03.2013	31.12.2012
Credit risk	11 552 979	11 387 017
credit risk (banking book)	11 394 556	11 223 185
counterparty risk (trading book)	158 423	163 832
Market risk	522 211	494 551
commodity price risk	-	-
equity securities price risk	2 225	586
specific risk of debt instruments	410 497	412 110
general risk of interest rates	109 489	81 855
Operational risk	642 243	659 587
Total capital requirements	12 717 433	12 541 155
Capital adequacy ratio	13.74%	13.07%

In the first quarter of 2013, an increase in the capital requirement in respect of credit risk resulted mainly from an increase of ca. 2.51% in the PKO Bank Polski SA Group's loan portfolio.

Internal capital (Pillar 2)

The principles of calculation of internal capital in the Group were presented in the annual consolidated financial statements of the Group for 2012.

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 principles and methods for banks to disclose qualitative and quantitative information concerning capital adequacy and the scope of the information to be announced (PFSA Journal of Laws 2008, No. 8, item 39 with subsequent amendments), PKO Bank Polski SA, which is the parent company within the meaning of § 3 of the Resolution, publishes information about capital adequacy in a separate document on an annual basis, not later than within 30 days of the date of authorisation 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 the PKO Bank Polski SA Capital Adequacy Information Policies, which are available on the Bank's website (www.pkobp.pl).



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STAND-ALONE FINANCIAL DATA

INCOME STATEMENT

for the three-month periods ended 31 March 2013 and 31 March 2012 respectively

	Note	01.01 – 31.03.2013	01.01 – 31.03.2012
Continuing operations			
Interest and similar income	1	2 820 695	3 200 746
Interest expense and similar charges	1	(1 155 722)	(1 170 005)
Net interest income		1 664 973	2 030 741
Fee and commission income	2	923 610	838 728
Fee and commission expense	2	(214 912)	(173 567)
Net fee and commission income		708 698	665 161
Dividend income		-	16 119
Net income from financial instruments designated at fair value	3	504	14 551
Gains less losses from investment securities		27 568	(803)
Net foreign exchange gains (losses)		(13 608)	89 955
Other operating income	4	15 983	19 250
Other operating expense	4	(7 346)	(12 411)
Net other operating income and expense		8 637	6 839
Net impairment allowance and write-downs	5	(430 046)	(521 775)
Administrative expenses	6	(1 022 736)	(1 056 545)
Operating profit		943 990	1 244 243
Profit before income tax		943 990	1 244 243
Income tax expense	7	(165 380)	(245 568)
Net profit		778 610	998 675
Earnings per share	8		
- basic earnings per share for the period (PLN)		0.62	0.80
- diluted earnings per share for the period (PLN)		0.62	0.80
Weighted average number of ordinary shares during the period (in thousand)		1 250 000	1 250 000
Weighted average diluted number of ordinary shares during the period (in thousand)		1 250 000	1 250 000

Discontinued operations

In the three-month period ended 31 March 2013 and 31 March 2012 respectively PKO Bank Polski SA did not carry out discontinued operations.

STATEMENT OF COMPREHENSIVE INCOME

for the three-month periods ended 31 March 2013 and 31 March 2012 respectively

	Note	01.01 – 31.03.2013	01.01 – 31.03.2012
Net profit		778 610	998 675
Other comprehensive income		(76 072)	(177 416)
Cash flow hedges (gross)		(30 293)	(272 528)
Deferred tax on cash flow hedges		5 756	51 780
Cash flow hedges (net)		(24 537)	(220 748)
Unrealised net gains on financial assets available for sale (gross)		(63 622)	53 496
Deferred tax on unrealised net gains on financial assets available for sale		12 087	(10 164)
Unrealised net gains on financial assets available for sale (net)		(51 535)	43 332
Total net comprehensive income		702 538	821 259

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STATEMENT OF FINANCIAL POSITION

as at 31 March 2013 and as at 31 December 2012

	Note	31.03.2013	31.12.2012
ASSETS			
Cash and balances with the central bank		7 708 687	10 229 230
Amounts due from banks	9	1 858 525	3 456 391
Trading assets	10	2 632 019	282 230
Derivative financial instruments	11	3 464 675	3 861 456
Financial assets designated upon initial recognition at fair value through profit and loss	12	14 079 110	12 614 917
Loans and advances to customers	13	145 544 642	142 084 858
Investment securities available for sale	14	12 810 594	12 061 406
Investments in subsidiaries, jointly controlled entities, associates	15	1 191 005	1 171 005
Non-current assets held for sale		20 798	20 410
Intangible assets	16	1 665 104	1 681 120
Tangible fixed assets, of which:	16	2 381 735	2 382 658
investment properties		235	238
Deferred income tax asset		364 009	369 007
Other assets		971 801	803 024
TOTAL ASSETS		194 692 704	191 017 712
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to the central bank		2 909	3 128
Amounts due to banks	17	2 881 012	2 502 888
Derivative financial instruments	11	3 577 606	3 964 170
Amounts due to customers	18	157 230 524	154 740 574
Debt securities in issue	19	1 313 302	865 905
Subordinated liabilities	20	1 604 076	1 631 256
Other liabilities	21	2 002 307	1 799 363
Current income tax liabilities		66 303	145 274
Provisions	22	666 068	719 095
TOTAL LIABILITIES		169 344 107	166 371 653
Equity			
Share capital		1 250 000	1 250 000
Other capital		23 319 987	19 803 442
Net profit for the year		778 610	3 592 617
TOTAL EQUITY		25 348 597	24 646 059
TOTAL LIABILITIES AND EQUITY		194 692 704	191 017 712
Capital adequacy ratio	28	13.46%	12.93%
Book value (in PLN thousand)		25 348 597	24 646 059
Number of shares (in thousand)		1 250 000	1 250 000
Book value per share (in PLN)		20.28	19.72
Diluted number of shares (in thousand)		1 250 000	1 250 000
Diluted book value per share (in PLN)		20.28	19.72

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STATEMENT OF CHANGES IN EQUITY

for the three-month periods ended 31 March 2013 and 31 March 2012 respectively

for the three-month period ended 31 March 2013	Share capital	Other capital						Unappropriated profits	Net profit for the period	Total equity
		Reserves			Other comprehensive income		Total other capital			
		Reserve capital	General banking risk fund	Other reserves	Financial assets available for sale	Cash flow hedges				
As at 1 January 2013	1 250 000	15 198 111	1 070 000	3 385 743	9 156	51 899	19 714 909	88 533	3 592 617	24 646 059
Transfer of net profit from previous years	-	-	-	-	-	-	-	3 592 617	(3 592 617)	-
Total comprehensive income, of which:	-	-	-	-	(51 535)	(24 537)	(76 072)	-	778 610	702 538
Net profit	-	-	-	-	-	-	-	-	778 610	778 610
Other comprehensive income	-	-	-	-	(51 535)	(24 537)	(76 072)	-	-	(76 072)
As at 31 March 2013	1 250 000	15 198 111	1 070 000	3 385 743	(42 379)	27 362	19 638 837	3 681 150	778 610	25 348 597

for the three-month period ended 31 March 2012	Share capital	Other capital						Unappropriated profits	Net profit for the period	Total equity
		Reserves			Other comprehensive income		Total other capital			
		Reserve capital	General banking risk fund	Other reserves	Financial assets available for sale	Cash flow hedges				
As at 1 January 2012	1 250 000	12 898 111	1 070 000	3 319 621	(51 164)	362 185	17 598 753	-	3 953 622	22 802 375
Transfer of net profit from previous years	-	-	-	-	-	-	-	3 953 622	(3 953 622)	-
Total comprehensive income, of which:	-	-	-	-	43 332	(220 748)	(177 416)	-	998 675	821 259
Net profit	-	-	-	-	-	-	-	-	998 675	998 675
Other comprehensive income	-	-	-	-	43 332	(220 748)	(177 416)	-	-	(177 416)
The effect of the takeover of subsidiary's assets and liabilities by the Bank	-	-	-	-	-	-	-	86 762	-	86 762
As at 31 March 2012	1 250 000	12 898 111	1 070 000	3 319 621	(7 832)	141 437	17 421 337	4 040 384	998 675	23 710 396

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STATEMENT OF CASH FLOWS

for the three-month periods ended 31 March 2013 and 31 March 2012 respectively

	Note	01.01 – 31.03.2013	01.01 – 31.03.2012
Net cash flow from operating activities			
Profit before income tax		943 990	1 244 243
Adjustments:		(3 989 080)	(4 684 103)
Amortisation and depreciation	6	123 603	116 928
(Gains) losses from investing activities		188	752
Interest and dividends		(91 324)	(229 621)
Change in amounts due from banks		753 364	(224 240)
Change in trading assets and financial assets designated upon initial recognition at fair value through profit and loss		(3 813 982)	(3 540 712)
Change in derivative financial instruments (asset)		396 781	211 897
Change in loans and advances to customers		(3 846 782)	202 128
Change in other assets and non-current assets held for sale		(169 165)	(243 978)
Change in amounts due to banks		377 905	1 214 311
Change in derivative financial instruments (liability)		(386 564)	(164 460)
Change in amounts due to customers		2 489 950	(2 333 653)
Change in impairment allowances and provisions		317 451	322 403
Change in other liabilities and subordinated liabilities		325 790	511 120
Income tax paid		(221 508)	(170 602)
Other adjustments		(244 787)	(356 376)
Net cash from / used in operating activities		(3 045 090)	(3 439 860)
Net cash flow from investing activities			
Inflows from investing activities		4 452 974	3 218 863
Proceeds from sale of a subsidiary		-	1 482
Proceeds and interest from sale of investment securities available for sale		4 451 949	3 201 043
Proceeds from sale of intangible assets and tangible fixed assets		1 025	219
Other investing inflows (dividends)		-	16 119
Outflows from investing activities		(5 054 655)	(2 393 225)
Purchase / increase in equity of a subsidiary		-	(19 713)
Purchase of investment securities available for sale		(4 944 082)	(2 287 983)
Purchase of intangible assets and tangible fixed assets		(110 573)	(85 529)
Net cash from / used in investing activities		(601 681)	825 638
Net cash flow from financing activities			
Proceeds from debt securities in issue		936 271	1 948 683
Redemption of debt securities in issue		(503 195)	(2 951 309)
Repayment of interest from issued debt securities and subordinated loans		(58 447)	(39 189)
Repayment of long-term borrowings		(91 579)	(14 573)
Net cash generated from financing activities		283 050	(1 056 388)
Net cash flow		(3 363 721)	(3 670 610)
of which currency translation differences on cash and cash equivalents		70 954	(144 629)
Cash and cash equivalents at the beginning of the period		12 235 414	11 160 666
Cash and cash equivalents at the end of the period	24	8 871 693	7 490 056
of which restricted		9 701	3 953

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NOTES TO THE FINANCIAL STATEMENTS

1. Interest income and expense

Interest and similar income

	01.01 – 31.03.2013	01.01 – 31.03.2012
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:	2 512 276	2 780 021
Income from loans and advances to customers, of which:	2 316 930	2 530 683
from impaired loans	129 596	108 797
Income from investment securities available for sale	142 272	188 344
Income from placements with banks	52 060	59 303
Other	1 014	1 691
Other income, of which:	308 419	420 725
Income from derivative hedging instruments	148 168	245 000
Income from financial assets designated upon initial recognition at fair value through profit and loss	143 896	158 983
Income from trading assets	16 355	16 742
Total	2 820 695	3 200 746

Interest expense and similar charges

	01.01 – 31.03.2013	01.01 – 31.03.2012
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:	(1 152 878)	(1 169 590)
Interest expense on amounts due to customers	(1 110 142)	(1 104 372)
Interest expense on debt securities in issue	(31 332)	(56 079)
Interest expense on deposits from banks	(4 280)	(6 657)
Premium expense on debt securities available for sale	(7 124)	(2 482)
Other expense, of which:	(2 844)	(415)
Interest expense on financial assets designated upon initial recognition at fair value through profit and loss	(1 064)	(90)
Interest expense on trading assets	(1 780)	(325)
Total	(1 155 722)	(1 170 005)

2. Fee and commission income and expense

Fee and commission income

	01.01 – 31.03.2013	01.01 – 31.03.2012
Income from financial assets, which are not designated at fair value through profit and loss, of which:	147 877	140 133
Income from loans and advances granted	147 877	140 133
Other commissions	774 688	697 688
Income from payment cards	288 556	251 240
Income from maintenance of bank accounts	212 305	222 924
Income from loan insurance	130 014	88 879
Income from maintenance of investment funds (including management fees)	51 001	37 048
Income from cash transactions	28 661	31 208
Income from securities transactions	14 909	15 477
Income from servicing foreign mass transactions	11 934	11 897
Income from providing the services of an agent for the issue of Treasury bonds	5 807	10 220
Income from sale and distribution of court fee stamps	1 849	6 340
Other*	29 652	22 455
Income from fiduciary activities	1 045	907
Total	923 610	838 728

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

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Fee and commission expense

	01.01 – 31.03.2013	01.01 – 31.03.2012
Expenses on payment cards	(130 010)	(97 569)
Expenses on loan insurance	(31 149)	(25 061)
Expenses on acquisition services	(22 820)	(23 829)
Expenses on settlement services	(7 224)	(6 908)
Expenses on fee and commissions for operating services provided by banks	(2 719)	(2 765)
Other*	(20 990)	(17 435)
Total	(214 912)	(173 567)

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

3. Net income from financial instruments designated at fair value

	01.01 – 31.03.2013	01.01 – 31.03.2012
Change in fair value of financial instruments designated at fair value through profit and loss determined using the valuation techniques:	1 236	1 854
Derivative instruments, of which:	9 560	4 037
an ineffective portion related to cash flow hedges	2 009	(2 304)
Structured bank securities designated at fair value through profit and loss	(8 324)	(2 183)
Debt securities	(39)	12 121
Equity instruments	(693)	576
Total	504	14 551

01.01.2013-31.03.2013	Gains	Losses	Net result
Trading assets	8 685 874	(8 675 667)	10 207
Financial assets designated upon initial recognition at fair value through profit and loss	69 897	(79 600)	(9 703)
Total	8 755 771	(8 755 267)	504

01.01.2012-31.03.2012	Gains	Losses	Net result
Trading assets	6 201 935	(6 195 154)	6 781
Financial assets designated upon initial recognition at fair value through profit and loss	57 153	(49 383)	7 770
Total	6 259 088	(6 244 537)	14 551

4. Other operating income and expense

	01.01 – 31.03.2013	01.01 – 31.03.2012
Other operating income		
Sundry income	4 980	4 084
Sales and disposal of tangible fixed assets, intangible assets and assets held for sale	1 025	219
Recovery of expired and written-off receivables	968	274
Other	9 010	14 673
Total	15 983	19 250

	01.01 – 31.03.2013	01.01 – 31.03.2012
Other operating expense		
Sundry expenses	(1 663)	(1 222)
Costs of sale and disposal of tangible fixed assets, intangible assets and assets held for sale	(1 605)	(980)
Donations	(551)	(3 575)
Other	(3 527)	(6 634)
Total	(7 346)	(12 411)

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5. Net impairment allowance and write-downs

For the three-month period ended 31 March 2013	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		
Investment securities available for sale	14	24 592	-	-	5 536	-	19 056	-
Debt securities available for sale		5 536	-	-	5 536	-	-	-
Equity securities not admitted to public trading		19 056	-	-	-	-	19 056	-
Amounts due from banks	9	30 792	267	1 510	-	453	32 116	186
Loans and advances to customers measured at amortised cost	13	6 228 629	1 448 963	35 394	111 676	985 683	6 615 627	(463 280)
Non-financial sector		6 161 413	1 442 833	34 839	111 549	982 873	6 544 663	(459 960)
corporate loans		3 102 026	782 469	8 453	61 079	458 023	3 373 846	(324 446)
housing loans		1 639 861	303 981	17 606	7 602	250 150	1 703 696	(53 831)
consumer loans		1 417 720	356 350	8 780	42 868	274 700	1 465 282	(81 650)
debt securities		1 806	33	-	-	-	1 839	(33)
Financial sector, corporate loans		45 226	5 972	512	-	1 661	50 049	(4 311)
Public sector		21 990	158	43	127	1 149	20 915	991
corporate loans		19 640	148	43	127	1 149	18 555	1 001
debt securities		2 350	10	-	-	-	2 360	(10)
Non-current assets held for sale		1 226	569	-	-	-	1 795	(569)
Tangible fixed assets		34	-	-	-	-	34	-
Intangible assets		17 154	-	-	-	-	17 154	-
Investments in subsidiaries, jointly controlled entities and associates	15	683 817	-	-	-	-	683 817	-
Other, of which:		379 383	29 665	556	4 146	63 282	342 176	33 617
provisions for legal claims, loan commitments and guarantees granted	22	217 873	21 604	317	-	48 926	190 868	27 322
Total		7 365 627	1 479 464	37 460	121 358	1 049 418	7 711 775	(430 046)

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For the three-month period ended 31 March 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		
Investment securities available for sale	14	15 502	-	-	-	-	-	15 502	-
Debt securities available for sale		12 998	-	-	-	-	-	12 998	-
Equity securities not admitted to public trading		2 504	-	-	-	-	-	2 504	-
Amounts due from banks	9	33 710	123	-	-	365	2 941	30 527	242
Loans and advances to customers measured at amortised cost	13	4 982 790	1 146 313	114	65 278	635 670	48 673	5 379 596	(510 643)
Non-financial sector		4 958 486	1 144 840	-	65 278	633 919	48 673	5 355 456	(510 921)
corporate loans		2 272 444	468 608	-	15 167	249 864	17 586	2 458 435	(218 744)
consumer loans		1 451 068	435 002	-	49 614	271 375	5 443	1 559 638	(163 627)
housing loans		1 234 974	241 230	-	497	112 680	25 644	1 337 383	(128 550)
Financial sector, corporate loans		8 525	877	114	-	1 493	-	8 023	616
Public sector, corporate loans		15 779	596	-	-	258	-	16 117	(338)
Non-current assets held for sale		1 278	-	-	-	-	-	1 278	-
Tangible fixed assets		143	2 804	-	-	-	-	2 947	(2 804)
Intangible assets		18 017	3 695	-	-	-	-	21 712	(3 695)
Investments in subsidiaries, jointly controlled entities and associates	15	475 669	16 705	-	-	-	-	492 374	(16 705)
Other, of which:		293 282	25 594	-	24 369	37 424	825	256 258	11 830
provisions for legal claims, loan commitments and guarantees granted	22	114 023	17 495	-	-	33 624	406	97 488	16 129
Total		5 820 391	1 195 234	114	89 647	673 459	52 439	6 200 194	(521 775)

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6. Administrative expenses

	01.01 – 31.03.2013	01.01 – 31.03.2012
Staff costs	(559 671)	(582 594)
Overheads	(285 834)	(307 220)
Amortisation and depreciation	(123 603)	(116 928)
Taxes and other charges	(15 193)	(13 806)
Contribution and payments to the Bank Guarantee Fund	(38 435)	(35 997)
Total	(1 022 736)	(1 056 545)

Wages and salaries/employee benefits

	01.01 – 31.03.2013	01.01 – 31.03.2012
Wages and salaries	(457 492)	(481 620)
Social insurance, of which:	(84 470)	(84 591)
contributions for retirement pay and pensions *	(76 010)	(68 733)
Other employee benefits	(17 709)	(16 383)
Total	(559 671)	(582 594)

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

7. Income tax expense

	01.01 – 31.03.2013	01.01 – 31.03.2012
Income statement		
Current income tax expense	(142 537)	(240 360)
Deferred income tax related to temporary differences	(22 843)	(5 208)
Tax expense in the income statement	(165 380)	(245 568)
Tax expense in other comprehensive income related to temporary differences	17 843	41 616
Total	(147 537)	(203 952)

	31.03.2013	31.12.2012
Deferred income tax asset	563 206	564 514
Deferred income tax liability	45 057	41 300
Total	518 149	523 214

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

	01.01 – 31.03.2013	01.01 – 31.03.2012
Profit per ordinary shareholder (in PLN thousand)	778 610	998 675
Weighted average number of ordinary shares during the period (in thousand)	1 250 000	1 250 000
Earnings per share (in PLN per share)	0.62	0.80

Earnings per share from discontinued operations

In the periods ended 31 March 2013 and 31 March 2012 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 first quarter of 2013 as well as in the first quarter of 2012, there were no dilutive instruments.

Diluted earnings per share from discontinued operations

In the periods ended 31 March 2013 and 31 March 2012, the Bank did not report any material expenses or income from discontinued operations.

9. Amounts due from banks

	31.03.2013	31.12.2012
Deposits with banks	1 312 347	2 445 915
Current accounts	405 974	589 139
Loans and advances granted	168 596	299 516
Receivables due from repurchase agreements	-	149 284
Cash in transit	3 724	3 329
Total	1 890 641	3 487 183
Impairment allowances on receivables, of which:	(32 116)	(30 792)
impairment allowances on exposure to a foreign bank	(32 074)	(30 782)
Net total	1 858 525	3 456 391

10. Trading assets

	31.03.2013	31.12.2012
Debt securities	2 614 769	278 240
issued by the State Treasury, of which:	2 549 656	216 521
Treasury bonds	1 745 881	216 521
Treasury bills	803 775	-
issued by local government bodies, municipal bonds	36 786	26 673
issued by non-financial institutions, corporate bonds	11 951	15 064
issued by other financial institutions, of which:	15 006	18 611
bonds issued by WSE	10 140	13 880
bonds issued by PKO Finance AB	4 808	4 664
corporate bonds	58	67
issued by banks, of which:	1 370	1 371
BGK bonds	1 370	1 361
Shares in other entities listed on stock exchange	16 547	3 237
Investment certificates	663	713
Rights issues	40	40
Total	2 632 019	282 230

In the period from 1 January 2013 to 31 March 2013, there were no transfers between levels in the fair value hierarchy used in fair value valuation of financial instruments.

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11. Derivative financial instruments

Derivative instruments used by the Bank

The Bank uses various types of derivatives in order to manage risk involved in its business activities. As at 31 March 2013 and as at 31 December 2012, the Bank held the following types of derivative instruments:

	31.03.2013		31.12.2012	
	Assets	Liabilities	Assets	Liabilities
Hedging instruments	280 458	349 206	498 130	224 373
Other derivative instruments	3 184 217	3 228 400	3 363 326	3 739 797
Total	3 464 675	3 577 606	3 861 456	3 964 170

Type of contract	31.03.2013		31.12.2012	
	Assets	Liabilities	Assets	Liabilities
IRS	3 088 346	2 955 206	3 222 693	3 183 816
CIRS	171 964	422 750	357 675	370 043
FX Swap	51 724	36 802	109 819	207 538
Options	67 994	51 936	63 301	61 932
Forward	22 505	46 906	33 190	60 742
FRA	60 454	63 002	74 608	78 693
Other	1 688	1 004	170	1 406
Total	3 464 675	3 577 606	3 861 456	3 964 170

In the period from 1 January 2013 to 31 March 2013, there were no transfers between levels in the fair value hierarchy used in fair value valuation of financial instruments.

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

	31.03.2013	31.12.2012
Debt securities	14 079 110	12 614 917
issued by central banks, NBP money market bills	11 992 454	9 995 300
issued by the State Treasury, of which:	1 829 175	2 363 089
Treasury bonds PLN	1 434 842	1 322 226
Treasury bills	394 333	1 040 863
issued by local government bodies, of which:	257 481	256 528
municipal bonds EUR	148 438	145 343
municipal bonds PLN	109 043	111 185
Total	14 079 110	12 614 917

In the period from 1 January 2013 to 31 March 2013, there were no transfers between levels in the fair value hierarchy used in fair value valuation of financial instruments.

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13. Loans and advances to customers

	31.03.2013	31.12.2012
Loans and advances to customers, gross, of which:	152 160 269	148 313 487
financial sector	4 194 914	3 177 999
corporate, of which:	4 194 914	3 177 999
receivables due from repurchase agreements	959 713	-
deposits of Brokerage House in the Stock Exchange Guarantee Fund and initial deposit	15 552	8 779
non-financial sector	140 279 386	137 530 488
housing	73 162 983	72 059 644
corporate, of which:	45 086 005	42 719 131
contributions to equity of subsidiaries	215 460	214 209
consumer	21 110 776	21 848 645
debt securities	919 622	903 068
public sector	7 685 969	7 605 000
corporate	6 501 736	6 429 961
housing	4 155	-
debt securities	1 180 078	1 175 039
Impairment allowances on loans and advances to customers	(6 615 627)	(6 228 629)
Loans and advances to customers, net	145 544 642	142 084 858
	31.03.2013	31.12.2012
Loans and advances to customers		
Assessed on an individual basis, of which:	7 829 040	7 100 715
impaired	5 901 603	5 552 524
not impaired	1 927 437	1 548 191
Assessed on a portfolio basis, impaired	7 138 069	6 764 251
Assessed on a group basis (IBNR)	137 193 160	134 448 521
Loans and advances to customers, gross	152 160 269	148 313 487
Allowances on exposures assessed on an individual basis, of which:	(2 424 364)	(2 261 663)
impaired	(2 311 910)	(2 165 236)
Allowances on exposures assessed on a portfolio basis	(3 694 611)	(3 424 393)
Allowances on exposures assessed on a group basis (IBNR)	(496 652)	(542 573)
Allowances - total	(6 615 627)	(6 228 629)
Loans and advances to customers, net	145 544 642	142 084 858
	31.03.2013	31.12.2012
By client segment		
Loans and advances granted, gross, of which:	152 160 269	148 313 487
mortgage banking	65 170 875	63 960 739
corporate	43 385 894	41 351 050
retail and private banking	21 110 776	21 848 645
small and medium enterprises	14 726 272	14 309 022
housing market clients	6 575 344	6 621 043
contributions to equity of subsidiaries	215 460	214 209
receivables due from repurchase agreements	959 713	-
other receivables	15 935	8 779
Impairment allowances on loans and advances	(6 615 627)	(6 228 629)
Loans and advances granted, net	145 544 642	142 084 858

As at 31 March 2013, the share of impaired loans amounted to 8.6% (as at 31 December 2012: 8.3%), whereas the coverage ratio for impaired loans (calculated as total impairment allowances on total receivables divided by gross carrying amount of impaired loans) amounted to 50.7% (as at 31 December 2012: 50.6%).

As at 31 March 2013, the share of loans overdue by more than 90 days in the gross amount of loans and advances was 5.6% (as at 31 December 2012: 5.6%).

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14. Investment securities available for sale

	31.03.2013	31.12.2012
Debt securities available for sale, gross	12 624 045	11 922 509
issued by the State Treasury, of which Treasury bonds PLN	8 444 501	7 619 522
issued by local government bodies, municipal bonds	2 704 889	2 780 212
issued by non-financial institutions, corporate bonds	1 027 915	1 315 490
issued by other financial institutions, corporate bonds	394 955	156 393
issued by banks, corporate bonds	51 785	50 892
Impairment allowances of debt securities available for sale	-	(5 536)
corporate bonds	-	(5 536)
Total net debt securities available for sale	12 624 045	11 916 973
Equity securities available for sale, gross	205 605	163 489
Equity securities not admitted to public trading	163 968	130 991
Equity securities admitted to public trading	41 637	32 498
Impairment allowances of equity securities available for sale	(19 056)	(19 056)
Total net equity securities available for sale	186 549	144 433
Total net investment securities available for sale	12 810 594	12 061 406

In the period from 1 January 2013 to 31 March 2013, there were no transfers between levels in the fair value hierarchy used in fair value valuation of financial instruments.

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

As at 31 March 2013	nominal value	fair value	carrying amount
municipal bonds	1 158 170	1 176 220	1 177 717
corporate bonds	891 290	905 970	901 484
Total	2 049 460	2 082 190	2 079 201

*Relates to portfolios reclassified in the third and the fourth quarter of 2012

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15. Investments in subsidiaries, jointly controlled entities and associates

As at 31 March 2013, the Bank's investments in subsidiaries, jointly controlled entities and associates have been recognised at acquisition cost adjusted by impairment allowances.

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

As at 31 March 2013	Gross value	Impairment	Carrying amount
Subsidiaries			
KREDOBANK SA	935 619	(573 723)	361 896
PKO BP BANKOWY PTE SA	205 786	-	205 786
PKO Towarzystwo Funduszy Inwestycyjnych SA	186 989	-	186 989
Fort Mokotów Inwestycje Sp. z o.o.	73 281	-	73 281
PKO Leasing SA (formerly: Bankowy Fundusz Leasingowy SA)	90 000	-	90 000
Inteligo Financial Services SA	59 602	-	59 602
Centrum Elektronicznych Usług Płatniczych eService SA	55 500	-	55 500
Bankowe Towarzystwo Kapitałowe SA	22 066	(10 666)	11 400
'Inter-Risk Ukraina' Additional Liability Company	19 713	(19 713)	-
PKO BP Finat Sp. z o.o.	11 693	-	11 693
Qualia Development Sp. z o.o. ¹	4 503	-	4 503
PKO Finance AB	172	-	172
Jointly controlled entities			
CENTRUM HAFFNERA Sp. z o.o.	44 371	(38 435)	5 936
Centrum Obsługi Biznesu Sp. z o.o.	17 498	-	17 498
Associates			
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
Total	1 874 822	(683 817)	1 191 005

1) Value does not include capital contribution of PKO Bank Polski SA, presented in the item 'Loans and advances to customers' in the amount of PLN 215 460 thousand.

As at 31 December 2012	Gross value	Impairment	Carrying amount
Subsidiaries			
KREDOBANK SA	935 619	(573 723)	361 896
PKO BP BANKOWY PTE SA	205 786	-	205 786
PKO Towarzystwo Funduszy Inwestycyjnych SA	186 989	-	186 989
Fort Mokotów Inwestycje Sp. z o.o.	73 281	-	73 281
Bankowy Fundusz Leasingowy SA ¹	70 000	-	70 000
Inteligo Financial Services SA	59 602	-	59 602
Centrum Elektronicznych Usług Płatniczych 'eService' SA	55 500	-	55 500
Bankowe Towarzystwo Kapitałowe SA	22 066	(10 666)	11 400
'Inter-Risk Ukraina' Additional Liability Company	19 713	(19 713)	-
PKO BP Finat Sp. z o.o.	11 693	-	11 693
Qualia Development Sp. z o.o. ²	4 503	-	4 503
PKO Finance AB	172	-	172
Jointly controlled entities			
CENTRUM HAFFNERA Sp. z o.o.	44 371	(38 435)	5 936
Centrum Obsługi Biznesu Sp. z o.o.	17 498	-	17 498
Associates			
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
Total	1 854 822	(683 817)	1 171 005

1) value does not include capital contribution of PKO Bank Polski SA for taking up shares in the increased share capital of the Company in the amount of PLN 20 000 thousand presented in the item 'Other assets'.

2) value does not include capital contributions of PKO Bank Polski SA, presented in the item 'Loans and advances to customers' in the total amount of PLN 214 209 thousand.

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16. Intangible assets and tangible fixed assets

Intangible assets	31.03.2013	31.12.2012
Software	1 500 747	1 418 873
Other, of which:	164 357	262 247
capital expenditure	145 248	244 042
goodwill related to assets acquired from subsidiary	7 785	7 785
Total	1 665 104	1 681 120

Tangible fixed assets	31.03.2013	31.12.2012
Land and buildings	1 651 588	1 629 368
Machinery and equipment	398 740	390 331
Assets under construction	207 610	251 065
Means of transport	248	253
Investment properties	235	238
Other	123 314	111 403
Total	2 381 735	2 382 658

In the three-month period ended 31 March 2013, there were no significant transactions of purchase and sale of tangible fixed assets.

17. Amounts due to banks

	31.03.2013	31.12.2012
Loans and advances received	1 404 160	1 393 048
Bank deposits	923 687	1 006 347
Amounts due from repurchase agreements	242 247	-
Current accounts	218 001	71 539
Other money market deposits	92 917	31 954
Total	2 881 012	2 502 888

In the three-month period ended 31 March 2013 loans and advances received are paid in a timely manner and with no significant violations of loans or advances agreements.

18. Amounts due to customers

	31.03.2013	31.12.2012
Amounts due to retail clients	115 041 641	110 127 352
Term deposits	66 285 371	62 895 895
Current accounts and overnight deposits	48 512 074	47 026 306
Other money market deposits	244 196	205 151
Amounts due to corporate entities	38 363 167	41 154 325
Term deposits	16 613 708	17 381 502
Loans and advances received, of which:	11 019 894	10 709 239
- received from PKO Finance AB*	9 457 646	9 171 845
Current accounts and overnight deposits	8 980 440	11 545 398
Other money market deposits	620 087	666 770
Amounts due from repurchase agreements	1 129 038	851 416
Amounts due to State budget entities	3 825 716	3 458 897
Current accounts and overnight deposits	2 522 525	2 870 735
Term deposits	1 236 376	562 397
Other money market deposits	66 815	25 765
Total	157 230 524	154 740 574

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

In the three-month period ended 31 March 2013 loans and advances received are paid in a timely manner and with no significant violations of loans or advances agreements.

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By client segment	31.03.2013	31.12.2012
Amounts due to customers, of which:		
retail and private banking	110 743 219	105 799 406
corporate	21 828 820	23 967 961
loans and advances received	11 019 894	10 709 239
small and medium enterprises	8 270 189	8 766 193
housing market clients	4 239 364	4 646 359
amounts due from repurchase agreements	1 129 038	851 416
Total	157 230 524	154 740 574

19. Debt securities in issue

	31.03.2013	31.12.2012
Debt securities in issue		
Financial instruments designated at fair value through profit and loss - bank securities issued by PKO Bank Polski SA	467 896	368 622
Financial instruments measured at amortised cost - bank bonds issued by PKO Bank Polski SA	845 406	497 283
Total	1 313 302	865 905

	31.03.2013	31.12.2012
Debt securities in issue by maturity:		
up to 1 month	46 205	-
from 1 month to 3 months	915 091	497 283
from 3 months to 1 year	140 966	182 150
from 1 year to 5 years	211 040	186 472
Total	1 313 302	865 905

In the period from 1 January 2013 to 31 March 2013, there were no transfers between levels in the fair value hierarchy used in fair value valuation of financial instruments.

In the three-month period of 2013 the Bank issued bank securities and bank bonds at nominal value of PLN 944 258 thousand classified respectively as liabilities designated at fair value through profit and loss, in accordance with IAS 39.11A.a and measured at amortised cost. In the first quarter of 2013, bank securities and bank bonds at nominal value of PLN 503 195 thousand were redeemed.

20. Subordinated liabilities

As at 31 March 2013

Subordinated liabilities	Nominal value	Currency	Interest rate (%)	Maturity date	Carrying amount
Subordinated bonds	1 600 700	PLN	5.12%	14.09.2022	1 604 076

As at 31 December 2012

Subordinated liabilities	Nominal value	Currency	Interest rate (%)	Maturity date	Carrying amount
Subordinated bonds	1 600 700	PLN	6.60%	14.09.2022	1 631 256

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Change in subordinated liabilities

For the period ended	01.01- 31.03.2013	01.01- 31.03.2012
Subordinated liabilities as at the beginning of the period	1 631 256	1 614 377
Increases (of which):	25 209	23 824
accrued interest	25 209	23 625
other	-	199
Decreases (of which):	(52 389)	-
repayment of interest	(52 389)	-
Subordinated liabilities as at the end of the period	1 604 076	1 638 201

21. Other liabilities

	31.03.2013	31.12.2012
Accounts payable	283 075	318 690
Deferred income	366 128	343 366
Other liabilities	1 353 104	1 137 307
Total	2 002 307	1 799 363

22. Provisions

For the three-month period ended 31 March 2013	Provision for legal claims	Provisions for retirement benefits and anniversary bonuses	Provisions for loan commitments and guarantees granted	Other provisions*	Total
As at 1 January 2013, of which:	2 254	429 728	215 619	71 494	719 095
Short term provision	2 254	36 068	149 681	71 494	259 497
Long term provision	-	393 660	65 938	-	459 598
Increase/reassessment of provision	-	-	21 604	1 798	23 402
Use of provision	-	-	-	(1 703)	(1 703)
Release of provision	-	(6 240)	(48 926)	(19 877)	(75 043)
Transfers and other changes	-	-	317	-	317
As at 31 March 2013, of which:	2 254	423 488	188 614	51 712	666 068
Short term provision	2 254	29 828	159 087	51 712	242 881
Long term provision	-	393 660	29 527	-	423 187

*Included in 'Other provisions' are i.a.: restructuring provision of PLN 46 389 thousand and provision of PLN 2 494 thousand for potential claims on impaired loan portfolios sold.

For the three-month period ended 31 March 2012	Provision for legal claims	Provisions for retirement benefits and anniversary bonuses	Provisions for loan commitments and guarantees granted	Other provisions*	Total
As at 1 January 2012, of which:	2 254	426 973	111 769	74 493	615 489
Short term provision	2 254	38 069	111 769	74 493	226 585
Long term provision	-	388 904	-	-	388 904
Increase/reassessment of provision	-	-	17 495	2 835	20 330
Use of provision	-	-	-	(1 890)	(1 890)
Release of provision	-	-	(33 624)	(14 013)	(47 637)
Transfers and other changes	-	-	(406)	-	(406)
As at 31 March 2012, of which:	2 254	426 973	95 234	61 425	585 886
Short term provision	2 254	38 069	95 234	61 425	196 982
Long term provision	-	388 904	-	-	388 904

*Included in 'Other provisions' are i.a.: restructuring provision of PLN 51 075 thousand and provision of PLN 4 020 thousand for potential claims on impaired loan portfolios sold.

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

23. Off-balance sheet liabilities

Underwriting programmes

As at 31 March 2013 and as at 31 December 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
As at 31 March 2013				
Company A	corporate bonds	1 633 000	15.06.2017	Bonds Issue Agreement*
Company B	corporate bonds	800 000	31.07.2013	Bonds Issue Agreement*
Company C	corporate bonds	102 700	31.10.2013	Bonds Issue Agreement*
Company D	corporate bonds	73 582	31.12.2024	Bonds Issue Agreement*
Company E	corporate bonds	50 000	19.12.2022	Bonds Issue Agreement*
Company F	corporate bonds	34 000	31.12.2022	Bonds Issue Agreement*
Company G	corporate bonds	12 200	31.10.2017	Bonds Issue Agreement*
Total		2 705 482		
As at 31 December 2012				
Company A	corporate bonds	1 633 000	15.06.2017	Bonds Issue Agreement*
Company B	corporate bonds	537 000	31.07.2013	Bonds Issue Agreement*
Company C	corporate bonds	102 700	31.10.2013	Bonds Issue Agreement*
Company D	corporate bonds	89 749	31.12.2024	Bonds Issue Agreement*
Company G	corporate bonds	67 070	31.10.2017	Bonds Issue Agreement*
Company E	corporate bonds	50 000	19.12.2022	Bonds Issue Agreement*
Company F	corporate bonds	34 000	31.12.2022	Bonds Issue Agreement*
Total		2 513 519		

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

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

Contractual commitments

As at 31 March 2013 the amount of contractual commitments concerning intangible assets amounted to PLN 188 820 thousand (as at 31 December 2012 it amounted to PLN 155 452 thousand).

As at 31 March 2013 the amount of contractual commitments concerning tangible fixed assets amounted to PLN 44 483 thousand (as at 31 December 2012 it amounted to PLN 71 580 thousand).

Loan commitments granted

by nominal value	31.03.2013	31.12.2012
Financial entities	1 366 465	1 401 646
Non-financial entities	29 916 697	28 612 603
State budget entities	2 923 003	2 462 680
Total	34 206 165	32 476 929
of which: irrevocable loan commitments	8 499 670	8 397 676

Guarantees issued

	31.03.2013	31.12.2012
Financial entities	1 050 365	1 222 752
Non-financial entities	10 441 605	10 193 861
State budget entities	215 348	135 943
Total	11 707 318	11 552 556

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Off-balance sheet liabilities received

	31.03.2013	31.12.2012
Financial	981 689	1 256 389
Guarantees	1 820 839	1 707 143
Total	2 802 528	2 963 532

Assets pledged as collateral for contingent liabilities

As at 31 March 2013 and as at 31 December 2012 the Bank had no assets pledged as collateral for liabilities.

24. Supplementary information to the statement of cash flows

Cash and cash equivalents

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

	31.03.2013	31.12.2012	31.03.2012
Cash and balances with the central bank	7 708 687	10 229 230	6 042 896
Current receivables from banks	1 163 006	2 006 184	1 447 160
Total	8 871 693	12 235 414	7 490 056

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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 ten years.

31 March 2013

Entity	Receivables	including loans	Liabilities	Total income	including interest and fee and commission	Total expense	including interest and fee and commission	Off-balance sheet liabilities granted
Direct subsidiaries								
Bankowe Towarzystwo Kapitałowe SA	-	-	432	4	1	3	3	7 000
PKO Leasing SA ¹⁾	414 399	18 669	233 661	4 432	3 097	4 693	1 492	1 341 962
Centrum Elektronicznych Usług Płatniczych 'eService' SA	743	-	48 358	6 137	5 973	9 554	9 451	4 986
Fort Mokotów Inwestycje Sp. z o.o.	-	-	18 271	1	1	160	160	-
Inteligo Financial Services SA	33 900	-	126 059	876	5	14 886	1 178	-
KREDOBANK SA	221 550	112 359	6 776	993	502	4	4	161 817
PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA	38	-	66 926	244	4	457	457	-
PKO BP Finat Sp. z o.o.	-	-	3 764	13	5	54	26	591
PKO Finance AB	4 703	-	9 457 646	-	-	88 046	87 800	-
PKO Towarzystwo Funduszy Inwestycyjnych SA	13 816	-	29 644	39 843	39 364	167	167	-
Qualia Development Sp. z o.o.	215 460	-	12 306	5	5	103	103	13 889
Indirect subsidiaries								
PKO Bankowy Leasing Sp. z o.o. ²⁾	2 030 517	2 030 189	297	26 145	26 025	264	-	198 644
Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o.	156 479	156 478	-	2 767	2 767	4 108	-	-
Fort Mokotów Sp. z o.o. – in liquidation	-	-	4 145	-	-	38	38	-
PKO BP Faktoring SA	241 932	241 926	3 570	2 509	2 460	17	-	257 776
Qualia - Residence Sp. z o.o.	-	-	376	3	3	2	2	-
Qualia - Rezydencja Flotylla Sp. z o.o.	76 121	76 121	1 537	1 482	1 482	687	12	-
Qualia Hotel Management Sp. z o.o.	-	-	114	2	2	-	-	-
Qualia Sp. z o.o.	-	-	5	1	1	-	-	-
Qualia spółka z ograniczoną odpowiedzialnością - Jurata Spółka komandytowa	-	-	2 562	1	1	14	-	-
Qualia spółka z ograniczoną odpowiedzialnością - Neptun Park Spółka komandytowa	55 657	55 657	6 317	954	954	675	45	1 837
Qualia spółka z ograniczoną odpowiedzialnością - Nowy Wilanów Spółka komandytowa	81 736	81 736	9 090	1 308	1 304	80	80	-
Qualia spółka z ograniczoną odpowiedzialnością - Pomeranka Spółka komandytowa	64 633	64 633	1 157	939	930	202	11	18 573
Qualia spółka z ograniczoną odpowiedzialnością - Projekt 1 Spółka komandytowa	-	-	2	1	1	-	-	-
Qualia spółka z ograniczoną odpowiedzialnością - Sopot Spółka komandytowa	4 742	4 742	2 109	89	89	21	18	3 186
Qualia spółka z ograniczoną odpowiedzialnością - Władysławowo Spółka komandytowa	-	-	2	1	1	-	-	-
Qualia spółka z ograniczoną odpowiedzialnością - Zakopane Spółka komandytowa	-	-	248	1	1	-	-	-
Sarnia Dolina Sp. z o.o.	17 159	17 159	-	364	243	188	188	-
Direct jointly controlled entities								
CENTRUM HAFNERA Sp. z o.o.	-	-	55	2	2	-	-	-
Centrum Obsługi Biznesu Sp. z o.o.	30 406	30 406	17 868	522	521	116	116	147
Indirect jointly controlled entities								
Centrum Majkowskiego Sp. z o.o.	-	-	588	1	1	-	-	-
Kamienica Morska Sp. z o.o.	-	-	7	1	1	-	-	-
Promenada Sopocka Sp. z o.o.	45 055	45 055	3 751	351	331	43	43	-
Sopot Źródło Sp. z o.o.	218 529	218 529	2 101	1 628	1 530	5	5	-
Direct associates								
Agencja Inwestycyjna CORP-SA SA	55	-	-	15	-	23	-	-
Bank Pocztowy SA	-	-	109	14	10	213	-	4 383
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	-	-	19 560	-	-	187	187	-
Direct associate held for sale								
Kolej Gondolowa Jaworzyna Krynicka SA	3 539	3 539	4 328	64	63	36	36	-
Indirect associate								
Centrum Operacyjne Sp. z o.o.	-	-	6	1	1	-	-	-
TOTAL	3 931 169	3 157 198	10 083 747	91 714	87 681	125 046	101 622	2 014 791

¹⁾ formerly Bankowy Fundusz Leasingowy SA

²⁾ formerly Bankowy Leasing Sp. z o.o.

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Entity	Receivables	including loans	Liabilities	Total income	including interest and fee and commission	Total expense	including interest and fee and commission	Off-balance sheet liabilities granted
Direct subsidiaries								
Bankowe Towarzystwo Kapitałowe SA	-	-	501	23	3	11	11	-
Bankowy Fundusz Leasingowy SA	176 577	19 547	279 165	9 623	6 986	16 041	297	1 446 637
Centrum Elektronicznych Usług Płatniczych 'eService' SA	2 411	-	69 842	18 984	18 984	73 724	73 710	5 000
Fort Mokotów Inwestycje Sp. z o.o.	-	-	19 793	4	4	336	336	-
Inteligo Financial Services SA	31 882	-	126 269	2 502	21	54 212	6 199	-
KREDOBANK SA	352 374	260 544	1 888	5 923	5 923	855	-	5 001
PKO BP BANKOWY Powszechnie Towarzystwo Emerytalne SA	8	-	47 248	633	14	725	725	-
PKO BP Finat Sp. z o.o.	-	-	2 842	38	20	266	135	593
PKO Finance AB	-	-	9 171 845	-	-	210 978	209 498	-
PKO Towarzystwo Funduszy Inwestycyjnych SA	13 470	-	19 418	150 749	148 991	1 188	1 188	-
Qualia Development Sp. z o.o.	214 209	-	12 456	34	18	801	794	2 411
Indirect subsidiaries								
Bankowy Leasing Sp. z o.o.	2 008 357	1 996 581	2 802	111 012	110 921	6 874	12	254 186
Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o.	155 285	155 285	-	10 318	10 318	35 980	-	-
Fort Mokotów Sp. z o.o. - in liquidation	-	-	4 270	3	3	192	192	-
PKO BP Faktoring SA	243 309	243 309	3 241	15 931	15 686	1 306	9	255 935
Qualia - Residence Sp. z o.o.	-	-	862	35	35	708	15	-
Qualia - Rezydencja Flotylla Sp. z o.o.	76 994	76 894	1 974	5 100	5 100	276	13	-
Qualia Hotel Management Sp. z o.o.	-	-	287	7	7	7	7	-
Qualia Sp. z o.o.	-	-	5	3	3	-	-	-
Qualia spółka z ograniczoną odpowiedzialnością - Jurata Spółka komandytowa	-	-	-	2	2	-	-	-
Qualia spółka z ograniczoną odpowiedzialnością - Neptun Park Spółka komandytowa	60 389	60 389	7 244	5 334	5 334	257	257	1 855
Qualia spółka z ograniczoną odpowiedzialnością - Nowy Wilanów Spółka komandytowa	83 809	83 809	11 491	7 478	324	299	299	-
Qualia spółka z ograniczoną odpowiedzialnością - Pomeranka Spółka komandytowa	47 502	47 502	65	2 649	2 649	807	-	35 756
Qualia spółka z ograniczoną odpowiedzialnością - Projekt 1 Spółka komandytowa	-	-	1	3	3	-	-	-
Qualia spółka z ograniczoną odpowiedzialnością - Sopot Spółka komandytowa	4 069	4 069	2 120	145	145	26	13	373
Qualia spółka z ograniczoną odpowiedzialnością - Władysławowo Spółka komandytowa	-	-	-	2	2	-	-	-
Qualia spółka z ograniczoną odpowiedzialnością - Zakopane Spółka komandytowa	-	-	5	2	2	-	-	-
Sarnia Dolina Sp. z o.o.	15 149	15 149	-	1 012	1 012	1 982	-	-
Direct jointly controlled entities								
CENTRUM HAFNERA Sp. z o.o.	-	-	296	7	7	-	-	-
Centrum Obsługi Biznesu Sp. z o.o.	30 010	30 010	18 975	1 015	1 015	626	569	144
Indirect jointly controlled entities								
Centrum Majkowskiego Sp. z o.o.	-	-	593	6	6	-	-	-
Kamienica Morska Sp. z o.o.	-	-	11	6	6	-	-	-
Promenada Sopocka Sp. z o.o.	43 857	43 857	5 225	1 205	1 205	721	152	-
Sopot Zdrój Sp. z o.o.	212 691	212 691	1 816	5 911	5 911	2 785	3	-
Direct associates								
Agencja Inwestycyjna CORP-SA SA	61	-	-	690	-	86	-	-
Bank Pocztowy SA	-	-	91	93	78	1 160	285	1 409
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	-	-	19 402	2	2	299	299	-
Direct associate held for sale								
Kolej Gondolowa Jaworzyna Krynicka SA	4 235	4 235	343	291	291	50	43	-
Indirect associate								
Centrum Operacyjne Sp. z o.o.	-	-	21	3	3	-	-	-
TOTAL	3 776 648	3 253 871	9 832 407	356 778	341 034	413 578	295 061	2 009 300



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

In the first quarter of 2013, 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 in PKO Bank Polski SA were presented in details in the annual financial statements of PKO Bank Polski SA for 2012.

Relevant information on risk monitoring and changes in methods of risk measurement in the period from 1 January to 31 March 2013 is presented below:

Credit risk

The Bank's exposure to credit risk

Amounts due from banks	Exposure	
	31.03.2013	31.12.2012
Amounts due from banks impaired, of which:	35 295	33 569
assessed on an individual basis	35 295	33 569
Amounts due from banks not impaired, of which:	1 855 346	3 453 614
not past due	1 855 346	3 453 614
Gross total	1 890 641	3 487 183
Impairment allowances	(32 116)	(30 792)
Net total by carrying amount	1 858 525	3 456 391

Loans and advances to customers	Exposure	
	31.03.2013	31.12.2012
Loans and advances impaired, of which:	13 039 672	12 316 775
assessed on an individual basis	5 901 603	5 552 524
Loans and advances not impaired, of which:	139 120 597	135 996 712
not past due	135 668 968	131 732 488
past due	3 451 629	4 264 224
past due up to 4 days	712 777	1 725 423
past due over 4 days	2 738 852	2 538 801
Gross total	152 160 269	148 313 487
Impairment allowances	(6 615 627)	(6 228 629)
Net total by carrying amount	145 544 642	142 084 858

Investment securities available for sale – debt securities	Exposure	
	31.03.2013	31.12.2012
Debt securities impaired, of which:	-	5 536
assessed on an individual basis	-	5 536
Debt securities not impaired, of which:	12 624 045	11 916 973
not past due	12 624 045	11 916 973
with external rating	8 387 243	7 670 414
with internal rating	4 236 802	4 246 559
Gross total	12 624 045	11 922 509
Impairment allowances	-	(5 536)
Net total by carrying amount	12 624 045	11 916 973



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Level of exposure to credit risk

The table below presents maximum exposure to credit risk of the Bank as at 31 March 2013 and as at 31 December 2012, excluding collaterals and related improvement of credit situation, by net carrying amount.

Items of the statement of financial position	31.03.2013	31.12.2012
Current account in the central bank	5 620 656	7 550 898
Amounts due from banks	1 858 525	3 456 391
Trading assets – debt securities	2 614 769	278 240
Derivative financial instruments	3 464 675	3 861 456
Financial instruments designated upon initial recognition at fair value through profit and loss – debt securities	14 079 110	12 614 917
Loans and advances to customers	145 544 642	142 084 858
Investment securities available for sale – debt securities	12 624 045	11 916 973
Other assets - other financial assets	663 118	716 136
Total	186 469 540	182 479 869

Off-balance sheet items	31.03.2013	31.12.2012
Irrevocable loan commitments	8 499 670	8 397 676
Guarantees granted	7 457 813	7 501 328
Letters of credit granted	383 071	377 643
Guarantees of issue	3 866 434	3 673 585
Total	20 206 988	19 950 232

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

	31.03.2013	31.12.2012
Amounts due from banks	35 295	33 569
Loans and advances to customers	5 901 603	5 552 524
Non-financial sector	5 895 394	5 546 315
corporate loans	4 006 411	3 790 964
housing loans	1 774 855	1 658 076
consumer loans	114 128	97 275
Public sector, corporate loans	6 209	6 209
Investment debt securities available for sale issued by non-financial entities	-	5 536
Total	5 936 898	5 591 629

Interest rate risk

The Bank was mainly exposed to PLN interest rate risk, which represented about 52% of the Bank's value at risk (VaR) as at 31 March 2013 and about 61% as at 31 December 2012.

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

Name of sensitivity measure	31.03.2013	31.12.2012
VaR for a 10-day time horizon with a confidence level of 99% threshold (in PLN thousand)	86 369	64 451
Parallel movement of interest rate curves by 200 b.p. (in PLN thousand) (stress-test)*	424 537	299 015

*The table presents the absolute value of the most adverse stress-test of the scenarios of interest rate curves in PLN by 200 b.p. up and 200 b.p. down.



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Currency risk

VaR (for a 10-day time horizon, 99%) of the Bank and stress-tests analysis of the Bank's exposure to currency risk are stated in the table below:

Name of sensitivity measure	31.03.2013	31.12.2012
VaR for a 10-day time horizon with a confidence level of 99% threshold (in PLN thousand)	863	628
Change in FX rates by 20% (in PLN thousand) (stress-test)*	2 669	3 869

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

The level of the currency risk was low both as at 31 March 2013 and as at 31 December 2012.

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

Currency position	31.03.2013	31.12.2012
EUR	43 059	(11 933)
USD	(16 792)	(8 277)
CHF	(22 850)	(20 127)
GBP	2 424	4 611
Other (Global Net)	17 166	12 395

Liquidity risk

The adjusted liquidity gap in real terms of the Bank 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
31.03.2013								
Adjusted gap in real terms	7 205 705	10 645 581	428 005	2 018 352	2 796 959	9 073 644	12 066 670	(44 234 916)
Cumulative adjusted gap in real terms	7 205 705	17 851 286	18 279 291	20 297 643	23 094 602	32 168 246	44 234 916	-
31.12.2012								
Adjusted gap in real terms	10 223 289	6 747 680	402 358	3 132 724	2 174 389	9 249 234	11 556 246	(43 485 920)
Cumulative adjusted gap in real terms	10 223 289	16 970 969	17 373 327	20 506 051	22 680 440	31 929 674	43 485 920	-

In all time horizons, the Bank's cumulative adjusted liquidity gap in real terms as at 31 March 2013 and as at 31 December 2012 was positive. This means a surplus of assets receivable over liabilities payable.



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28. Capital adequacy

The level of capital adequacy of the Bank as at 31 March 2013 remained on a safe level, significantly above the statutory limits.

As compared to 31 December 2012, the Bank's capital adequacy ratio increased by 0.53 pp., which was mainly caused by an increase in the value of the Bank's own funds calculated for capital adequacy purposes.

Own funds calculated for capital adequacy purposes

As at 31 March 2013, own funds of the Bank calculated for capital adequacy purposes increased by PLN 1 165 206 thousand, which was mainly due to the recognition of profit earned by the Bank in 2012 and unappropriated profits from previous years less any expected charges (in the amount of PLN 1 342 617 thousand).

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

BANK'S OWN FUNDS	31.03.2013	31.12.2012
Basic funds (Tier 1)	19 965 023	18 657 980
Share capital	1 250 000	1 250 000
Reserve capital	15 198 111	15 198 111
Other reserves	3 385 743	3 385 743
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	1 431 150	88 533
Unrealised losses on debt and equity instruments and other receivables classified as available for sale	(101 340)	(72 303)
Assets valuation adjustments in trading portfolio	(454)	(504)
Intangible assets	(1 665 104)	(1 681 120)
Equity exposures	(603 083)	(580 480)
Supplementary funds (Tier 2)	1 036 833	1 087 104
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)	39 216	66 884
Equity exposures	(603 083)	(580 480)
Short-term equity (Tier 3)	38 075	129 641
TOTAL OWN FUNDS	21 039 931	19 874 725

Capital requirements (Pillar 1)

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

Capital requirements	31.03.2013	31.12.2012
Credit risk	11 388 906	11 205 625
credit risk (banking book)	11 229 623	11 040 973
counterparty risk (trading book)	159 283	164 652
Market risk	562 053	526 814
equity securities price risk	2 225	586
specific risk of debt instruments	445 966	441 346
general risk of interest rates	113 862	84 882
Operational risk	551 166	566 904
Total capital requirements	12 502 125	12 299 343
Capital adequacy ratio	13.46%	12.93%



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FURTHER EXPLANATORY DATA

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 Economic Department of the National Court Register under entry No. KRS 0000026438. The Company has 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 31 March 2013**

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 began 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 began 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 began on 30 June 2011.
4.	Piotr Mazur	Vice-President of the Management Board	appointed on 26 September 2012 to the position of Vice-President of the Management Board of PKO Bank Polski SA for a joint term of the Management Board of PKO Bank Polski SA which began on 30 June 2011; the appointment was to take place on 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. On 8 January 2013 the PFSA approved the appointment of Piotr Mazur as a Member of the Management Board of PKO Bank Polski SA and on that date President of the Management Board Zbigniew Jagiełło has entrusted Piotr Mazur supervision of the Risk and Debt Collection Area.
5.	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 began on 30 June 2011.
6.	Jacek Obłąkowski	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 began on 30 June 2011.
7.	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 began on 30 June 2011.

Table 2. **The Supervisory Board of PKO Bank Polski SA as at 31 March 2013**

No.	Name	Function	Date of appointment
1.	Cezary Banasiński	Chairman of the Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which began that day. On 30 June 2011 the Minister of State Treasury appointed Mr 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 began that day. On 30 June 2011 the Minister of State Treasury appointed Mr Tomasz Zganiacz, a member of the Supervisory Board, as a Deputy-Chairman of the Supervisory Board.
3.	Mirosław Czekaj	Secretary of the Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which began that day. On 6 July 2011 the Supervisory Board chose Mr Mirosław 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 began that day.
5.	Zofia Dzik	Member of the Supervisory Board	appointed on 6 June 2012 for the joint term of the Supervisory Board, which began 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 began that day.
7.	Piotr Marczał	Member of the Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which began that day.
8.	Marek Mroczkowski	Member of the Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which began that day.
9.	Ryszard Wierzb	Member of the Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which began that day.



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Shareholders holding, directly or indirectly through subsidiaries, at least 5% of total votes at the GSM

To the best knowledge of PKO Bank Polski SA, as at the date of submission of the report, the shareholders holding, directly or indirectly, considerable block of shares (at least 5%) are three entities: the State Treasury, Aviva Otwarty Fundusz Emerytalny ('Aviva OFE') and ING Otwarty Fundusz Emerytalny.

Table 3. Shareholding structure in PKO Bank Polski SA

Shareholders	As at the date of publication of the report for the first quarter of 2013		As at 31 December 2012		Change of the share in the number of votes at GSM (pp.)
	Number of shares	Share in the number of votes at GSM	Number of shares	Share in the number of votes at GSM	
State Treasury	392 406 277	31.39%	417 406 277	33.39%	(2.00)
Bank Gospodarstwa Krajowego	-	0.00%	128 102 731	10.25%	(10.25)
Aviva Otwarty Fundusz Emerytalny ¹⁾	83 952 447	6.72%	x	x	x
ING Otwarty Fundusz Emerytalny ²⁾	64 594 448	5.17%	64 594 448	5.17%	0.00
Other shareholders ³⁾	709 046 828	56.72%	639 896 544	51.19%	5.53
Total	1 250 000 000	100.00%	1 250 000 000	100.00%	0.00

¹⁾ Number of shares held as at 29 January 2013, reported by Aviva OFE after exceeding 5% of shares in PKO Bank Polski SA's shareholding structure after settlement the transaction of sale of 153.1 million of PKO Bank Polski SA's shares by BGK and the State Treasury.

²⁾ 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.

³⁾ As at 31 December 2012 Aviva OFE is included.

On 31 January 2013, PKO Bank Polski SA informed about receiving notifications from Bank Gospodarstwa Krajowego ('BGK') and the Minister of the State Treasury of selling off a considerable block of the Bank's shares as a result of which the total number of votes held by BGK and the State Treasury at the General Shareholders' Meeting of the Bank has changed. On 24 January 2013, according to the notifications received, through the Warsaw Stock Exchange in block transactions:

- Bank Gospodarstwa Krajowego sold 128 102 731 Bank's shares held, which amounted to 10.25% of the share capital and the total number of votes at the General Shareholders' Meeting of the Bank,
- the State Treasury sold 25 000 000 Bank's shares held, which amounted to 2.00% of the share capital and the total number of votes at the General Shareholders' Meeting of the Bank.

Prior to conclusion and settlement of the above mentioned transaction, BGK and the State Treasury held 128 102 731 and 417 406 277 Bank's shares, respectively. After the transaction settlement on 29 January 2013, BGK did not hold any Bank's shares, and the State Treasury held 392 406 277, which represent 31.39% of the share capital and total number of votes at the General Shareholders' Meeting of the Bank.

On 1 February 2013, PKO Bank Polski SA received a notification from Aviva Powszechne Towarzystwo Emerytalne Aviva BZ WBK SA about increasing by the Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK the stake of the Bank's shares and exceeding the threshold 5% of total number of votes in the Bank as the result of the purchase transactions concluded on 24 January 2013. Prior to the settlement of the above mentioned transactions Aviva OFE on 28 January 2013 held 57 152 447 Bank's shares representing 4.57% of the Bank's share capital and the total number of votes at the Bank's General Shareholders' Meeting. After conclusion and the settlement of the above mentioned transactions, on 29 January 2013 Aviva OFE held 83 952 447 the Bank's shares representing 6.72% of the Bank's share capital and the total number of votes at the Bank's General Shareholders' Meeting.

On 1 March 2013 the Bank received a copy from the Ministry of State Treasury ('MSP') of a letter sent by MSP to Bank Gospodarstwa Krajowego, in which MSP informs that in connection with the sale of all the Bank's shares held by BGK and thus the loss of the Bank's shareholder status by BGK, the Agreement on cooperation in the joint exercise of corporate governance (joint control) over the Bank concluded on 21 April 2010 between the State Treasury and BGK (of the conclusion of which the Bank informed in current report No. 20/2010) ceased to be binding.



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

Table 4. **PKO Bank Polski SA shares held by the Management and Supervisory Board Members**

No.	Name	Number of shares as at the date of publication of the report for the first quarter of 2013	Purchase	Disposal	Number of shares as at 31 December 2012
I. Management Board of the Bank					
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.	Piotr Mazur*, Vice-President of the Management Board of the Bank	0	x	x	x
5.	Jarosław Mójak, Vice-President of the Management Board of the Bank	0	0	0	0
6.	Jacek Obłękowski, Vice-President of the Management Board of the Bank	512	0	0	512
7.	Jakub Papierski, Vice-President of the Management Board of the Bank	3 000	0	0	3 000
II. Supervisory Board of the Bank					
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 Wierzba, Member of the Supervisory Board of the Bank	2 570	0	0	2 570

* Mr Piotr Mazur was appointed to perform a function of Vice-President of the Management Board of the Bank after 31 December 2012.

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

- On 21 June 2011 the Bank has adopted a resolution concerning the consent to open the programme of own bonds issue on the domestic market ('Issue Programme'). The amount of Issue Programme is PLN 5 000 000 000 or the equivalent of this in other currencies. The proceeds from the issue of bonds issued within Issue Programme shall be used for general financing purposes of the Bank. The Issue Programme is of unlimited duration (Current report No. 32/2011). In connection with opening the above mentioned Programme in the first quarter of 2013 the Bank redeemed bonds for PLN 500 million, and then issued short-term bonds for PLN 850 million. As at 31 March 2013 the Bank's debt in respect of the bonds issued under the Programme amounted to PLN 845.4 million.
- In the first quarter of 2013, PKO Leasing SA (former Bankowy Fundusz Leasingowy SA) issued 60 500 bonds with a total nominal value of PLN 605 million and redeemed 44 500 bonds with a total nominal value of PLN 445 million. At the end of March of this year, the Company's debt due to the bonds issue amounted to PLN 555 million, while the Bank's liability to coverage of Company's bond in order to guarantee the placement (PKO Leasing SA's bond issue closing) to PLN 45 million.
As at 31 March 2013, 39 799 PKO Leasing SA bonds with a total nominal value of PLN 398 million were included in Bank's portfolio and 15 701 bonds with a total nominal value of PLN 157 million were sold on a secondary market.

Information on 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 first quarter of 2013, 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 32 in Notes to the condensed interim consolidated financial statements.

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

In the first quarter of 2013, PKO Bank Polski SA and the 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 first quarter of 2013, 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 first quarter of 2013, PKO Bank Polski SA did not conclude any significant agreements with the central bank or supervisory authorities.

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

Information about proceedings pending before the court, arbitration tribunal or public administrative authority is described in Note 29 'Legal claims'.

Position of the Management Board of PKO Bank Polski SA 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 2013.

Information on dividend paid (or declared)

In the first quarter of 2013 there were no events relating to payment (or declaration of payment) of dividend by PKO Bank Polski SA.

After the balance date i.e., on 17 April 2013 the Management Board of the Bank adopted a resolution and decided to submit a recommendation to the Bank's Ordinary General Shareholders' Meeting on payment of a dividend for the year 2012 in the amount of PLN 2 250 million (i.e. 61.12% of the sum of net profit for the year 2012 and unappropriated profits from previous years in the amount of PLN 88 533 thousand) i.e. PLN 1.80 per share. The dividend recommended by the Management Board is to be paid in cash. The Management Board proposed 19 September 2013 to be the dividend day and 4 October 2013 to be the dividend payment date.

The decision on the recommended distribution of profit for 2012 is in accordance with the Bank's dividend policy, which was published by the Bank in the current report No. 22/2012 dated 4 April 2012. A dividend payment in the recommended amount will guarantee the maintenance of the capital adequacy ratio above 12% and the maintenance of Tier 1 ratio above 9%, while maintaining the necessary capital buffer. A dividend payment in the recommended amount will allow the Bank to maintain its good capital and liquidity position.

The proposed dividend level is in line with the statement of the Polish Financial Supervision Authority with regard to strengthening banks' capital bases and the Bank meets all the above mentioned criteria, so that the Management Board of the Bank may recommend a dividend payment. The Management Board's recommendation on payment of a dividend was considered by and obtained a positive opinion of the Bank's Supervisory Board and will be submitted for consideration by the Bank's Ordinary General Shareholders' Meeting approving the financial statements for the financial year ended 31 December 2012.

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

On 8 January 2013, Mr Piotr Mazur was appointed to the position of Vice-President of the Management Board, who is responsible for matters related to risk and debt collection, as a result of the Polish Financial Supervision Authority approval for his appointment as a Member of the Management Board granted on that day.

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

Except for above mentioned there were no events occurring after the reporting date, which may have an impact on the future financial results.



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Approval of financial statements

These condensed interim consolidated financial statements, reviewed by the Supervisory Board's Audit Committee on 8 May 2013, have been approved for issue by the Bank's Management Board on 7 May 2013.

Signatures of all Members of the Management Board of the Bank

07.05.2013	Zbigniew Jagiełło	President of the Management Board (signature)
07.05.2013	Piotr Alicki	Vice-President of the Management Board (signature)
07.05.2013	Bartosz Drabikowski	Vice-President of the Management Board (signature)
07.05.2013	Piotr Mazur	Vice-President of the Management Board (signature)
07.05.2013	Jarosław Myjak	Vice-President of the Management Board (signature)
07.05.2013	Jacek Obłąkowski	Vice-President of the Management Board (signature)
07.05.2013	Jakub Papierski	Vice-President of the Management Board (signature)

Signature of person responsible for
maintaining the books of account

07.05.2013

Danuta Szymańska
Director of the Accounting Division

.....
(signature)