

The text below is an unofficial translation of the report disclosed by PKO BP pursuant to the Polish Act on Public Trading in Securities of 21st August, 1997 (as amended). As Polish is the only official language in the Republic of Poland, PKO BP assumes responsibility only for the Polish language report. PKO BP assumes no responsibility for the report in its unofficial English translation.

Current report no. 16/2004

In connection with the decision of the Council of Ministers dated 2<sup>nd</sup> November, 2004 to increase the total number of the Offered Shares from 300,000,000 to 385,000,000 shares (i.e. from 30 percent to 38.5 percent of the total number of shares of the Bank), the Management Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna informs on the following changes to the Prospectus (to which the Securities and Exchanges Commission consented on 2nd November, 2004 by its decision no. DSP/E/4110/32/60/2004, upon examining the application of the Selling Shareholder, BGZ and the Issuer):

**The third sentence of the cover shall be replaced with the following sentence:**

“Pursuant to the Prospectus under the Public Offer, 385,000,000 Series C Shares are being offered which are ordinary bearer shares having the nominal value of PLN 1 each, which constitutes 38,5% of the total number of Shares.”

**Clause 2.1.5 of Chapter I of the Prospectus – The existing second sentence of the first paragraph shall be replaced with the sentence reading as follows:**

“As at the date of the Prospectus the State Treasury was the sole shareholder of the Bank. It is anticipated that as a result of the sale of the Offer Shares and distribution of the Employee Shares for no consideration, the shareholding of the State Treasury will fall to approx. 51% (assuming that all the Offer Shares and the Employee Shares have been transferred and the Reverse Greenshoe Option has not been exercised) or to approx. 53,5% (assuming that all the Offer Shares and the Employee Shares have been transferred and the Reverse Greenshoe Option has been fully exercised by the Stabilisation Agent), with the State Treasury remaining the majority shareholder of the Bank, hence acquiring the status of the eligible shareholder (as defined in § 11.2 of the Articles of Association).”

**Clause 2.3.5 of Chapter I of the Prospectus – The existing second paragraph shall be replaced with a paragraph reading as follows:**

“Moreover, upon completion of the Public Offer and distribution of the Employee Shares, the State Treasury will continue to own approx. 51% of the Shares (assuming that all the Offer Shares and the Employee Shares have been transferred and the Reverse Greenshoe Option has not been exercised) or approx. 53,5% of the Shares (assuming that all the Offer Shares and the Employee Shares have been transferred and the Reverse Greenshoe Option has been fully exercised by the Stabilisation Agent) which it will be free to transfer (subject to the provisions of the Articles of Association) as part of its exercising property rights as it was the case in the past with other companies privatised on the Warsaw Stock Exchange.”

**Clause 1 of Chapter III of the Prospectus – The existing contents of Clause 1 of Chapter III shall be replaced with the following wording:**

The table below contains information about the Introduced Shares.

	Number of Shares	Percentage of the share capital
Introduced Shares of which:	1,000,000,000	100%
Offer Shares:	385,000,000	38,5%
Other Introduced Shares of which:	615,000,000	61,5%
Series A Shares	510,000,000	51%
Employee Shares	105,000,000	10.5%

**Clause 2.1 of Chapter III of the Prospectus – The existing contents of Clause 2.1 of Chapter III shall be replaced with the following wording:**

Pursuant to the Prospectus a total of 385,000,000 of the Offer Shares are being offered. The nominal value of each of the Offer Shares is PLN 1. The Offer Shares are ordinary bearer shares created following the conversion of registered shares into bearer shares pursuant to § 6.4 of the Articles of Association. No requirement of additional performance and no security are attached to the Offer Shares. The Articles of Association do not provide for any restrictions on the transferability of rights under the Offer Shares.

The table below describes the Offer Shares as broken down into individual tranches and subtranches, without taking into account, however, any possible re-allocations between the tranches which may be done pursuant to Clause 2.8.3 of this Chapter.

Type of securities	Number of Shares	Nominal value (in PLN)	Offer Price (in PLN)	Excess of the Offer Price over the nominal value (in PLN)	Estimated commissions and fees of the Offer (in PLN)	Proceeds of the Selling Shareholder (in PLN)
1	2	3	4	5	6	7=(2*4)-6
<b>Retail Tranche, of which:</b>						
Per item	160,000,000	160,000,000	•	•	•	•
<b>Bank Customer Subtranche</b>						
Per item <sup>1</sup>	x	x	•	•	•	•
<b>Retail Investor Subtranche</b>						
Per item	160,000,000-x	160,000,000-x	•	•	•	•
<b>Domestic Institutional Tranche</b>						
Per item	90,000,000	90,000,000	•	•	•	•
<b>International Institutional Tranche</b>						
Per item	105,000,000	105,000,000	•	•	•	•
<b>Additional Shares</b>						
Per item	30,000,000	30,000,000	•	•	•	•
<b>Total</b>	<b>385,000,000</b>	<b>385,000,000</b>	<b>•</b>	<b>•</b>	<b>•</b>	<b>•</b>

<sup>1</sup> The number of Shares will be determined pursuant to Clause 2.8.6.2 of this Chapter

**Clause 2.3.1 of Chapter III of the Prospectus – The existing first paragraph shall be replaced with the following wording:**

“On the 12<sup>th</sup> August, 2004, the Extraordinary General Meeting resolved to amend the Articles of Association, including the provisions on the share capital and shares of the Bank. As a result of the above amendment to the Articles of Association, the existing 70,000,000 series A shares having the nominal value of PLN 10 each and 30,000,000 series B shares having the nominal value of PLN 10 each were converted into shares of three series: Series A Shares, Series B Shares, and Series C Shares, each of these Shares having the nominal value of PLN 1. 385,000,000 Series C Shares are Offer Shares, therefore it should be deemed that the legal basis for issuing Offer Shares are

consecutive legal acts which resulted in the creation of series A shares and series B shares, followed by the resolution pursuant to which the series A shares and series B shares were converted into Series A Shares, Series B Shares, and Series C Shares. In this connection the abovementioned legal acts were referred to.”

**Clause 2.3.3 of Chapter III of the Prospectus – After the last sentence, the following sentence shall be added:**

“During the meeting on the 2<sup>nd</sup> November, 2004 the Council of Ministers decided to sell in the Public Offer up to 38,5% of the shares in PKO BP S.A. owned by the State Treasury.”

**Clause 2.8.2 of Chapter III of the Prospectus – The following first sentence shall be replaced with a sentence reading as follows:**

“Under the Public Offer, 385,000,000 Shares are being offered, constituting 38,5% of the total number of Shares.”

**Clause 2.8.2 of Chapter III of the Prospectus – In the part entitled “Individual Investor Tranche,” the existing contents shall be replaced with the following wording:**

“Under this tranche, 160,000,000 Shares are being offered, of which:

- In the Retail Investor Subtranche, the number of Shares offered equals the difference between the number 160,000,000 and the number of Shares allocated to the Bank Customer Subtranche, subject to possible re-allocations between tranches as described in Clause 2.8.3. Purchase orders in that subtranche shall be accepted from 22<sup>nd</sup> October until 3<sup>rd</sup> November, 2004 r.
- In the Bank Customer Subtranche, Shares shall be offered the total Offer Price of which less the discount referred to in Clause 2.8.6.2.4 of this Chapter shall not exceed PLN 1,100,000,000. Purchase orders under this subtranche shall be accepted after the Offer Price has been published, however not later than by 10:00 a.m. on 4<sup>th</sup> November, 2004, at the POK accepting orders in this subtranche.”

**Clause 2.8.3 of Chapter III of the Prospectus - The existing third paragraph shall be replaced with the following wording:**

“Upon recommendation of the Global Coordinator and BGZ, the Selling Shareholder reserves also the right to offer less than 355,000,000 Shares, hence reduce the number of Shares in individual tranches, such reduction in individual tranches not having to be proportional to the reduction of the overall number of offered Shares.”

**Clause 2.8.6 of Chapter III of the Prospectus – The existing contents shall be replaced with the following wording:**

“In the Individual Investor Tranche, 160,000,000 Shares are being offered. The Individual Investor Tranche is divided into Retail Investor Subtranche and Bank Customer Subtranche. The Selling Shareholder may change the final number of Shares offered in this tranche in accordance with Clause 2.8.3 of Chapter III.”

**Clause 2.8.6.1 of Chapter III of the Prospectus - The existing first paragraph shall be replaced with the following wording:**

“In the Retail Investor Subtranche, the number of Shares offered equals the difference between the number 160,000,000 and the number of Shares allocated to the Bank Customer Subtranche. The number of Shares offered under this tranche shall be published by the 4<sup>th</sup> November, 2004, pursuant to Art. 81.1 of the Public Trading in Securities Act.”

**Clause 3.1 of Chapter III of the Prospectus - The existing first paragraph shall be replaced with the following wording:**

“Under this Prospectus, in addition to the Offer Shares, 615,000,000 Other Introduced Shares are introduced into public trading, of which 510,000,000 Series A Shares and 105,000,000 Series B Shares.”

**Clause 3.1 of Chapter III of the Prospectus - the existing seventh paragraph is deleted.**

**Clause 12 of Chapter VII of the Prospectus – The existing fifth paragraph shall be replaced with the following wording:**

“Upon completion of the Offer, the anticipated number of Shares held by the State Treasury will be at least 615,000,000, i.e., at least 61,5% of the share capital of the Bank and 61,5% of voting rights at its General Meeting, assuming that all the Offer Shares have been transferred.”

**Clause 12 of Chapter VII of the Prospectus – The existing second sentence in the sixth paragraph shall be replaced with the following wording:**

“As a result of this process, the shareholding of the State Treasury will fall to approx. 51% of the share capital and voting rights at the General Meeting, assuming that all the Offer Shares and the Employee Shares have been transferred and the Reverse Greenshoe Option has not been exercised by the Stabilising Agent, or to approx. 53,5% of the share capital and voting rights at the General Meeting, assuming that all the Offer Shares and the Employee Shares have been transferred and the Reverse Greenshoe Option has been fully exercised.”

**In Chapter X of the Prospectus, in Clause 11 “Definitions and abbreviations,” the existing definition of “Offer Shares” shall read as follows:**

“385,000,000 Series C Shares (or any part thereof)”

**In Chapter X of the Prospectus, in Clause 11 “Definitions and abbreviations,” the existing definition of “Retail Investor Subtranche” shall read as follows:**

“The subtranche which includes Shares the number of which equals the difference between the number 160,000,000 and the number of Shares allocated to the Bank Customer Subtranche, subject to possible re-allocations between tranches as described in Clause 2.8.3. of Chapter III.”

**In Chapter X of the Prospectus, in Clause 11 “Definitions and abbreviations,” the existing definition of “Other Introduced Shares” shall read as follows:**

"510,000,000 Series A Shares and 105,000,000 Series B Shares, or any part thereof."

**In Chapter X of the Prospectus, in Clause 11 "Definitions and abbreviations," the existing definition of "Retail Investor Tranche" shall read as follows:**

"The tranche including 160,000,000 Offer Shares."

Stabilisation/FSA