

Current Report no. 21/2004

In connection with the decision of the Selling Shareholder of 3rd November, 2004 on the determination of the final structure of the Public Offer which the Bank communicated in its Current Report no. 20/2004, the Management Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna informs about the following amendments to the Prospectus:

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

"Pursuant to the Prospectus under the Public Offer, 377,000,000 Series C Shares are being offered which are ordinary bearer shares having the nominal value of PLN 1 each, which constitutes 37.7% of the total number of Shares."

The existing table on the cover shall be replaced with the following one:

	Offer Price	Underwriters' commissions and other costs of the Selling Shareholder (net)	Actual proceeds of the Selling Shareholder
Offer Shares			
Per item (In PLN) ⁽¹⁾	20.16	0.05	20.11
TOTAL (in PLN '000)	7,600,779	19,287	7,581,491

(1) The average offer price for the Offer Shares with the Offer Price of PLN 20.50, and subject to the 4% discount in the Retail Investors Subtranche in the First Subscription Period and in the Bank Customer Subtranche, and 2% discount in the Retail Investors Subtranche in the Second Subscription Period.

The following sentence of the cover shall be deleted:

"Shares from the Additional Shares may be reallocated to Bonus Shares or all or a part of them may be allocated by the Selling Shareholder to each of the Tranches or they may not be allocated at all, depending on the level of demand under the Offer, on the basis of recommendation of the Global Coordinator and THE LISTING AGENT."

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

"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. 51.8% (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. 54.3% (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)."

Chapter I, Section 2.3.5 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. 51.8% 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. 54.3% 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.”

Chapter III, Section 1 of the Prospectus – The existing contents of Section 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 of which:	377,000,000	37.7%
Other Introduced Shares of which:	623,000,000	62.3%
Series A Shares	510,000,000	51%
Employee Shares	105,000,000	10.5%
Series C Shares	8,000,000	0.8%

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

Pursuant to the Prospectus a total of 377,000,000 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.

Securities according to class	Number	Nominal value (PLN)	Offer Price (PLN)	Surplus of Offer Price over the nominal value (PLN)	Estimated commissions and costs of the Offering (PLN)	Selling Shareholder's Proceeds (PLN)
1	2	3	4	5	6	7=(2*4)-6
Individual Investors Tranche, including:						
Per share	1	1	19.70	18.70	NA	NA
Total	160,000,000	160,000,000	3,152,278,753	2,992,278,753	NA	NA
Domestic Institutional Investors Tranche						
Per share	1	1	20.50	19.50	NA	NA
Total	132,000,000	132,000,000	2,706,000,000	2,574,000,000	NA	NA
International Institutional Investors Tranche						
Per share	1	1	20.50	19.50	NA	NA
Total	85,000,000	85,000,000	1,742,500,000	1,657,500,000	NA	NA
Offer Shares in all tranches						
Per share	1	1	20.16	19.16	0.05	20.11
Total	377,000,000	377,000,000	7,600,778,753	7,223,778,753	19,287,402	7,581,491,351

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

“On the 12th 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. 377,000,000 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.”

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

“Under the Public Offer, 377,000,000 Shares are being offered, constituting 37.7% of the total number of Shares.”

Chapter III, Section 2.8.2 of the Prospectus – The second sentence in fourth paragraph shall be deleted.

Chapter III, Section 2.8.2 of the Prospectus – In the part entitled “Domestic Institutional Investors Tranche,” the existing first sentence shall be replaced with the following wording:

“Under this Tranche, 132,000,000 Shares are being offered.”

Chapter III, Section 2.8.2 of the Prospectus – In the part entitled “International Institutional Investors Tranche,” the existing first sentence shall be replaced with the following wording:

“Under this Tranche, 85,000,000 Shares are being offered.”

Chapter III, Section 2.8.2 of the Prospectus – The part entitled “Additional Shares” shall be deleted.

Chapter III, Section 2.8.3 of the Prospectus - The existing first paragraph shall be replaced with the following wording:

“Upon recommendation of the Global Coordinator and the Listing Agent, the Selling Shareholder reserves the right to reallocate Offer Shares to individual tranches.”

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

“Upon recommendation of the Global Coordinator and the Listing Agent, the Selling Shareholder reserves also the right to offer less than 377,000,000 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.”

Chapter III, Section 2.8.4 of the Prospectus – the following last paragraph shall be added:

“On November 3, 2004, the Selling Shareholder, on the basis of recommendations of the Listing Agent and the Global Coordinator, established the Offer Price at PLN 20.50.”

Chapter III, Section 2.8.7 of the Prospectus – The existing first sentence shall be replaced with the following wording:

“In the Domestic Institutional Investors Tranche, 132,000,000 Shares are being offered.”

Chapter III, Section 2.8.8 of the Prospectus – The existing first sentence shall be replaced with the following wording:

“In the International Institutional Investors Tranche, 85,000,000 Shares are being offered.”

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

“Under this Prospectus, in addition to the Offer Shares, 623,000,000 Other Introduced Shares are introduced into public trading, of which 510,000,000 Series A Shares, 105,000,000 Series B Shares and 8,000,000 Series C Shares.”

Chapter III, Section 3.1 of the Prospectus - The existing seventh paragraph shall be added:

“Other Introduced Shares of Series C, constituting 0.8% of the Bank’s share capital, are ordinary bearer shares. No requirement of additional performance and, to the best knowledge of the Bank, no security, are attached to the Other Introduced Shares of Series C. The Articles of Association do not provide for any restrictions on the transferability of the Other Introduced Shares of Series C.

Chapter VII, Section 12 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 623,000,000, i.e., at least 62.3% of the share capital of the Bank and at least 62.3% of voting rights at its General Meeting, assuming that all the Offer Shares have been transferred.”

Chapter VII, Section 12 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. 51.8% 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. 54.3% 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. The shareholding of the State Treasury may decrease by up to an additional 0.8% of the share capital as a result of the transfer of Bonus Shares pursuant to Sections 2.8.6.1.3 and 2.8.6.2.4 of Chapter III.”

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

“377,000,000 Series C Shares (or any part thereof)”

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

“510,000,000 Series A Shares, 105,000,000 Series B Shares and 8,000,000 Series C Shares, or any part thereof.”

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

“Up to 8,000,000 Offer Shares of Series C which the investors who have purchased Shares under the Retail Investors Tranche will have the right to acquire for no consideration pursuant to Sections 2.8.6.1.3 and 2.8.6.2.3 of Chapter III.”

In Chapter X of the Prospectus, in Section 11 “Definitions and abbreviations,” the existing definition of the “Reserve Tranche” shall be deleted.

In Chapter X of the Prospectus, in Section 11 “Definitions and abbreviations,” the existing definition of the “Domestic Institutional Investors Tranche” shall read as follows:

“The Tranche including 132,000,000 Offer Shares.”

In Chapter X of the Prospectus, in Section 11 “Definitions and abbreviations,” the existing definition of the “International Institutional Investors Tranche” shall read as follows:

“The Tranche including 85,000,000 Offer Shares.”

Stabilisation/FSA

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