



Bank Polski

PKO Bank Polski SA
Group Report
for three quarters of 2011

SELECTED FINANCIAL DATA

SELECTED CONSOLIDATED FINANCIAL DATA	PLN thousand		EUR thousand	
	period from 01.01.2011 to 30.09.2011	period from 01.01.2010 to 30.09.2010	period from 01.01.2011 to 30.09.2011	period from 01.01.2010 to 30.09.2010
Net interest income	5 538 681	4 785 336	1 370 520	1 195 527
Net fee and commission income	2 309 705	2 324 802	571 525	580 808
Operating profit	3 572 208	3 010 925	883 925	752 223
Profit before income tax	3 569 090	3 006 290	883 154	751 066
Net profit (including non-controlling shareholders)	2 853 841	2 347 084	706 169	586 375
Net profit attributable to the parent company	2 855 339	2 349 187	706 540	586 901
Earnings per share for the period - basic (in PLN/EUR)	2.28	1.88	0.57	0.47
Earnings per share for the period - diluted (in PLN/EUR)	2.28	1.88	0.57	0.47
Net comprehensive income	3 063 052	2 394 481	757 937	598 216
Net cash flow from / used in operating activities	3 944 314	(2 938 950)	976 001	(734 242)
Net cash flow from / used in investing activities	(1 505 893)	(847 504)	(372 626)	(211 733)
Net cash flow from / used in financing activities	32 197	62 545	7 967	15 626
Total net cash flows	2 470 618	(3 723 909)	611 342	(930 349)

SELECTED CONSOLIDATED FINANCIAL DATA	PLN thousand		EUR thousand	
	as at 30.09.2011	as at 31.12.2010	as at 30.09.2011	as at 31.12.2010
Total assets	186 996 940	169 660 501	42 391 399	42 840 315
Total equity	21 947 620	21 359 568	4 975 431	5 393 422
Total equity attributable to equity holders of the parent company	21 947 648	21 357 578	4 975 437	5 392 919
Share capital	1 250 000	1 250 000	283 370	315 633
Number of shares (in thousand)	1 250 000	1 250 000	1 250 000	1 250 000
Book value per share (in PLN/EUR)	17.56	17.09	3.98	4.31
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)	17.56	17.09	3.98	4.31
Capital adequacy ratio	12.29%	12.47%	12.29%	12.47%
Tier 1 capital	16 716 301	15 960 255	3 789 513	4 030 062
Tier 2 capital	1 541 380	1 512 546	349 424	381 927
Tier 3 capital	98 799	145 928	22 397	36 848

SELECTED STAND-ALONE FINANCIAL DATA	PLN thousand		EUR thousand	
	period from 01.01.2011 to 30.09.2011	period from 01.01.2010 to 30.09.2010	period from 01.01.2011 to 30.09.2011	period from 01.01.2010 to 30.09.2010
Net interest income	5 472 179	4 694 662	1 354 064	1 172 874
Net fee and commission income	2 136 731	2 177 949	528 724	544 120
Operating profit	3 594 611	3 075 681	889 469	768 402
Profit before income tax	3 594 611	3 075 681	889 469	768 402
Net profit	2 896 740	2 469 472	716 784	616 952
Earnings per share for the period - basic (in PLN/EUR)	2.32	1.98	0.57	0.49
Earnings per share for the period - diluted (in PLN/EUR)	2.32	1.98	0.57	0.49
Net comprehensive income	3 073 270	2 520 706	760 466	629 751
Net cash flow from / used in operating activities	3 771 178	(3 030 352)	933 160	(757 077)
Net cash flow from / used in investing activities	(1 776 501)	(560 128)	(439 587)	(139 938)
Net cash flow from / used in financing activities	413 588	(72 421)	102 340	(18 093)
Total net cash flows	2 408 265	(3 662 901)	595 913	(915 108)

SELECTED STAND-ALONE FINANCIAL DATA	PLN thousand		EUR thousand	
	as at 30.09.2011	as at 31.12.2010	as at 30.09.2011	as at 31.12.2010
Total assets	184 879 317	167 238 919	41 911 343	42 228 851
Total equity	21 800 118	21 201 848	4 941 993	5 353 596
Share capital	1 250 000	1 250 000	283 370	315 633
Number of shares (in thousand)	1 250 000	1 250 000	1 250 000	1 250 000
Book value per share (in PLN/EUR)	17.44	16.96	3.95	4.28
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)	17.44	16.96	3.95	4.28
Capital adequacy ratio	11.81%	11.99%	11.81%	11.99%
Tier 1 capital	16 262 622	15 449 743	3 686 666	3 901 155
Tier 2 capital	992 960	967 418	225 100	244 279
Tier 3 capital	98 799	145 928	22 397	36 848

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

- the income statement, statement of comprehensive income and cash flow statement items – the rate is calculated as the average of NBP exchange rates prevailing as at the last day of each month of the nine-month period ended 30 September 2011 and 30 September 2010, respectively: EUR 1 = PLN 4.4112 and EUR 1 = PLN 4.0027,
- the statement of financial position items – average NBP exchange rate as at 30 September 2011: EUR 1 = PLN 4.0413 and as at 31 December 2010: EUR 1 = PLN 3.9603.



Bank Polski

Directors' Commentary to the financial results
of the PKO Bank Polski SA Group
for the third quarter of 2011

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1. Summary and selected financial data

	3 quarters of 2011		3 quarters of 2010		Change y/y	
NET PROFIT	2 855.3	PLN million	2 349.2	PLN million	21.5%	(y/y)
RESULT ON BUSINESS ACTIVITIES*	8 167.1	PLN million	7 545.3	PLN million	8.2%	(y/y)
ADMINISTRATIVE EXPENSES	-3 225.7	PLN million	-3 092.5	PLN million	4.3%	(y/y)
NET IMPAIRMENT ALLOWANCE	-1 369.1	PLN million	-1 441.9	PLN million	-5.0%	(y/y)
C/I	39.5%		41.0%		-1.5	pp.
ROE NET	17.1%		14.1%		3.0	pp.
ROA NET	2.1%		1.8%		0.3	pp.

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

In the third quarter of 2011 the situation of the banking sector further improved. The banking sector recorded lower impairment allowances as a result of the slowdown of deteriorating quality of the loan portfolio and high increase of net interest income (as a result of increase in interest income and relatively low interest expense growth). The growth rate of administrative expenses was limited and amounted on average to 5% y/y in the banking sector.

During this period PKO Bank Polski SA continued efforts to maintain a strong deposit and capital base underlying the stable development of business activity, while maintaining the priorities of efficiency and effective cost control.

The net profit of the PKO Bank Polski SA Group generated in the three quarters of this year amounted to PLN 2 855.3 million, which represents an increase of PLN 506.2 million (+21.5%) in relation to the corresponding period of the previous year. The profit was determined by:

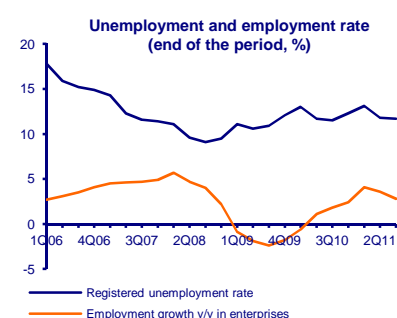
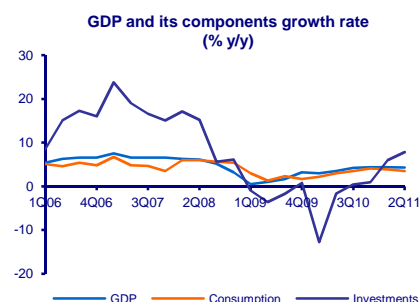
- ⇒ the high level of result on business activities of the PKO Bank Polski SA Group - PLN 8 167.1 million, mainly due to increase in net interest income by PLN 753.3 million compared to the same period of the previous year,
- ⇒ improvement of the level of net impairment allowance,
- ⇒ increase in administrative expenses by 4.3% y/y, which with dynamic growth in business activity has provided a decrease by 1.5 pp. of C/I ratio on an annual basis to the level of 39.5%,
- ⇒ increase in total assets by PLN 20.1 billion y/y to the level of PLN 187.0 billion resulting from an intensive growth of the loan activity (portfolio of loans and advances to customers has increased by PLN 13.0 billion y/y) financed by the increase in amounts due to customers as well as the issue of own securities,
- ⇒ an effective structure of the statement of financial position - an increase in the deposits of the PKO Bank Polski SA Group by PLN 12.3 billion y/y and the issuance of securities enabled a dynamic increase in business activities. As at the end of the third quarter of 2011 the loan to deposit ratio amounted to 97.0%, and considering the long-term financing was 89.3%.

2. External environment

Macroeconomic environment

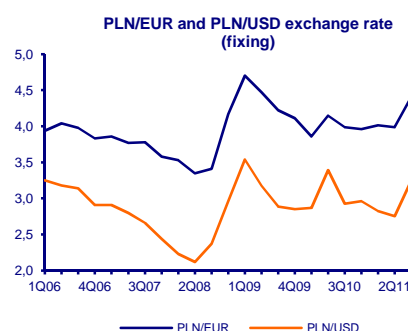
In the third quarter of 2011:

- compared with the first half of 2011, a further slowing was noted in the national economy, which was accompanied by a slightly slower growth in foreign demand and export production, slightly lower dynamics of private consumption and slowdown of re-building stocks by enterprises,
- the average annual increase in salaries and wages in the enterprise sector stabilized at ca. 5.3% p.a., the growth in employee pensions and disability benefits reached in July – August around 4.8% p.a.; the gradual annual growth of employment recorded in enterprises decreased to 2.8% in September; according to preliminary data from the Ministry of Labour and Social Policy, the registered unemployment rate decreased in September to 11.7% from 11.8% in June,
- inflation measured with CPI ratio decreased to 3.9% y/y in September, compared with 4.2% y/y in June as a result of strong decrease in food prices (primarily fruits and vegetables) while an increase in the annual growth rate of prices in most other categories of the inflation basket,
- the Monetary Policy Council (RPP – *Rada Polityki Pieniężnej*) left interest rates unchanged in conditions of continuing elevated level of the current inflation rate and deceleration of activity in the national economy.



Situation on the financial market

Due to the continuing disturbances in international financial markets, in September the profitability of Polish Treasury bonds with longer maturities have increased dramatically. Consequently, in spite of the downward trend at the beginning of the quarter - at the end of September the profitability of Polish Treasury Securities (PTS) with 5-year maturity remained unchanged compared with the end of June, and that of 10-year bonds increased slightly. This volatility of the Polish bonds prices was due to changes in the profitability of bonds on the base markets and in the risk premium measured in the profitabilities of the Polish bonds. In the first months of the third quarter of this year, the increase in the risk premium only partly offset the decrease in the profitability of German bonds related to the growing expectations for loosening of monetary policy in the euro zone.



In September, the risk free interest rate slowed down the drops, which with further increase in risk aversion caused a decrease in prices of PTS. In these circumstances, the drop in profitability of bonds at the shorter end of the yield curve - due to lower market expectations as to interest rate increases in Poland - again resulted in enhancing the steepness of the curve. The difference between the profitability of 10-year and 2-year bonds increased in the third quarter from 96 to 146 b.p.

In the third quarter, the main interbank money market rates remained stable with a slight tendency to increase. 1-12 month WIBOR rates increased by ca. 2-11 b.p. Similarly to other rates on the monetary market, the POLONIA rate remained stable in the third quarter and was at a level of ca. 20 b.p. below the NBP reference rate. This means a decrease in the difference between POLONIA rate and the basic rate of the central bank compared with ca. -50 b.p. in the second quarter and -45 b.p. in the first quarter of 2011. The reduction of the *spread* between POLONIA rate and the NBP reference rate was a result of continuing to issue short-term NBP bills (with a maturity of less than 7 days).

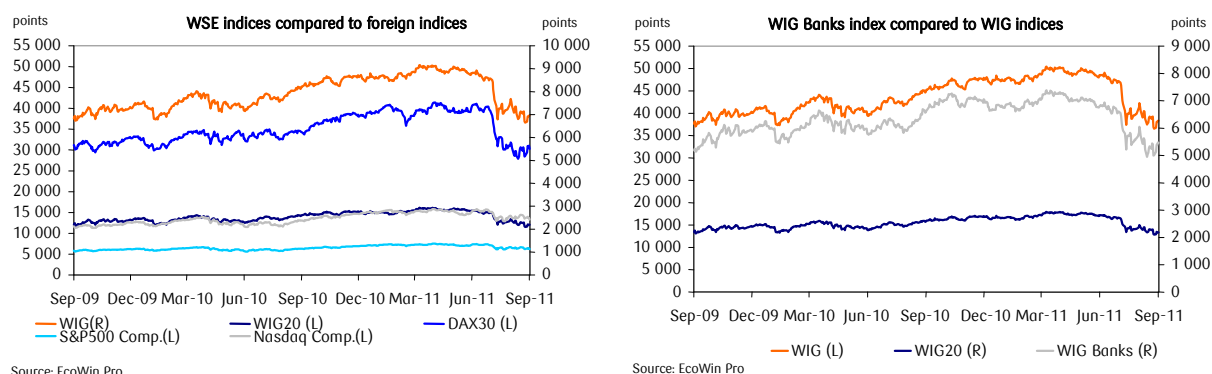
The third quarter of 2011 was a period of the Polish zloty's weakening against the main currencies. The continued doubts of the investors as to the way of resolving the debt-related crisis of some peripheral countries of the euro zone, and the uncertainty related to the economic growth perspectives in the world, stimulated increased risk aversion, which in turn reduced the demand for assets denominated in the Polish currency. The strongest drop in demand for the Polish zloty was recorded in September. Throughout the quarter, the Polish zloty weakened against the euro by ca. 11%. The drop in the valuation of the Polish

zloty against the US dollar was stronger and amounted to 18%, which resulted from the ongoing drop in the rate of the euro against the US dollar in the third quarter. As at the end of the third quarter, the Polish zloty exchange rate was PLN 4.41 to EUR 1 and PLN 3.26 to USD 1 compared with PLN 3.99 to EUR 1 and PLN 2.75 to USD 1 as at the end of June.

Situation on the stock exchange

In the third quarter of 2011 the situation on the primary market of Warsaw Stock Exchange (WSE) remained under the strong influence of the situation on foreign stock exchanges and investors' evaluation of the fiscal situation of euro zone countries. This resulted, together with high volatility, in a strong downward trend in the market shares listed on the WSE. WIG and WIG20 indices fell by 21% q/q and respectively 22% with a stronger decrease in the German index DAX30 (-25%) and a weaker decrease of American indices S&P500 Comp. and Nasdaq Comp. (-14% and respectively -13%). The situation in the third quarter of this year influenced the level of annual rates of return of the main indices of the WSE, which fell in the double digit pace, compared to increases in the previous quarters; the main WIG index fell 15% y/y. Stronger decrease was recorded in WIG20 (-16%), WIG Banks and index grouping medium entities - mWIG40 (by -18%). The strongest decrease was recorded in the small entities' index sWIG80 (-27%). At the end of the third quarter of 2011 WIG index reached the level of 38 269 points and the WIG Banks 5 456 points.

In the third quarter of 2011 on the WSE primary market 424 companies were listed, including 37 foreign companies (compared with 416 and respectively 35 at the end of the second quarter of 2011).



A strong downturn on the stock exchange, despite an increase in the number of companies listed on the primary market, resulted in the decreased capitalization of the companies listed on the WSE, which decreased by 21% in the third quarter of 2011 (compared with a drop of 3% in the previous quarter). A greater decrease was recorded by the capitalization of foreign companies (-26%). The capitalization of companies listed on the WSE fell to PLN 653 billion.

The conditions on WSE had impact on the situation of the banking and non-banking financial market, including impact on: a decrease in capitalization of banks listed on the WSE, a decrease in the value of investment fund and pension fund assets compared with the end of the second quarter of 2011, changes in the structure of savings (including: a strong decrease in the share of equity instruments, a decrease in the share of investment funds in the savings of the population and an increase in the share of bank deposits).

Situation in the Polish banking sector

In the third quarter of 2011, the situation of the banking sector further improved. As at the end of August of this year, the net income of the banking sector amounted to PLN 10.5 billion and was about 39.4% higher than in the corresponding period of the previous year. This was mainly due to a lower net impairment allowance (of about 31.8% y/y) which was a result of a slower rate in the deterioration of the loan portfolio quality, a high increase of net interest income by about 14.3% y/y caused by an increase of interest income (12.5% y/y) and a relatively low interest expenses growth rate (10.4% y/y). The growth rate of administrative expenses was limited and amounted on average to 5% y/y in the banking sector. The banking sector's capital adequacy ratio was 13.5%.

Non-performing loans increased decidedly more slowly than in the previous year and as at the end of August of this year they grew by ca. 8% y/y compared with ca. 21% y/y as at the end of 2010. Their increase related mainly to the household sector and was the result of a growing balance of non-performing mortgage loans. Consumer non-performing loans grew at a decidedly slower pace. The value

of non-performing loans in the corporate sector dropped. As at the end of August of this year, the share of non-performing loans in total receivables was 8.4% and it was 0.4 pp. lower than as at the end of the previous year.

The situation on the loan and deposit market was affected by: further improvement of loan activity on the market of corporate loans, a decrease of mortgage loans growth rate, still limited lending activity on the consumer loan market and an accelerating increase in deposits. The changes in the volumes, mainly mortgage loans in foreign currencies, were affected by changes in exchange rates, including in particular depreciation of Polish currency to the Swiss franc (exchange rate has increased by 11.8% since the beginning of this year) increasing their value in PLN.

The growth of the total loan portfolio in the three quarters of this year was higher than in the whole previous year. Loans increased by ca. PLN 92 billion and their growth rate was 15.5% y/y compared with 9.5% as at the end of 2010. More than 38% of an increase was a result of depreciation of Polish currency. After adjustment for changes in exchange rates, the increase in loans would amount to ca. PLN 57 billion and would be more than 70% higher than in the previous year.

An improvement in the situation on the corporate loans market had a significant effect on the increase in loans. The amount of corporate loans increased by ca. PLN 30.4 billion in the three quarters of this year compared with a decrease by PLN 3.7 billion as at the end of 2010. The growth rate of loans was 12.6% y/y compared with a decrease by 1.7% y/y as at the end of previous year. Loans for small and medium entities amounted to about 66% of the increase in loans. According to a survey conducted by the NBP, the banks continued their gradual liberalization of the loan granting criteria and conditions, which was due to the competitive pressure and an increase in demand for all types of corporate loans.

The growth of mortgage loans portfolio slowed down. In the three quarters of this year the mortgage loans growth amounted to ca. PLN 44.2 billion. More than a half of the increase of loans was a result of depreciation of Polish currency to the Swiss franc. After eliminating the changes in exchange rates, the actual increase in loans in the three quarters period of this year would be more than 10% lower compared with the corresponding period of the previous year and would amount to PLN 19.9 billion. The negative influence on sale of loans had a lower demand, which was a result of limiting of 'Rodzina na swoim' programme, as well as a stricter credit policy of banks caused by the deterioration of the mortgage loans portfolio quality.

The banks' lending activities in the area of consumer loans were still being limited. In the three quarters of this year the amount of such loans decreased by ca. PLN 1.2 billion compared with a growth of PLN 2.6 billion in the corresponding period of the previous year. Banks continued to apply more severe criteria and terms of granting loans, due to the quality of the loan portfolio deteriorating.

The increase in total deposits was higher in the three quarters of this year than in the corresponding period of the previous year. Their amount increased by ca. PLN 49.6 billion compared with ca. PLN 43 billion in the previous year, and their growth rate increased to 9.6% y/y from 9.1% y/y as at the end of the previous year. The main source of this growth were deposits of households, which increased by ca. PLN 31 billion, i.e. 12.2%, y/y due to savings outflow from the capital market and an increase of interest rates on bank deposits. Government bodies deposits increased significantly (by PLN 14 billion), whereas corporate deposits by PLN 0.7 billion.

Regulatory factors

The new regulatory solutions influenced the financial and organizational situation of the PKO Bank Polski SA Group in the third quarter of 2011, of which:

- Resolution No. 18/2011 of the Polish Financial Supervision Authority dated 25 January 2011 (PFSA's Journal of Laws No. 3, item 6) on Recommendation S concerning good practices related to credit exposures secured by mortgage, affecting the creditability of customers intending to draw loans, including foreign currency loans; the resolution put banks under an obligation to comply from 25 July 2011 with the quality requirements and to introduce by 31 December 2011 quantity requirements related to exposures secured by mortgage,
- the Act of 15 July 2011 amending the Act on financial support to families purchasing their own homes (Journal of Laws of 2011, No. 168, item 1006), which envisages gradually extinguishing by 31 December 2012, the 'Rodzina na swoim' programme. The Act specified the changes in the criteria for granting preferential loans, thus affecting the level of lending activity in banks; the Act came into force on 30 August 2011,

- the Act of 29 July 2011 called the *Anti-spread Act* (Journal of Laws No. 165, item 984) under which banks are obliged to accept, in the case of mortgage loans denominated in foreign currencies, the repayment of principal and interest in the loan's currency and which forbids restricting the consumers' right to obtain this currency from any source; the Act came into force on 26 August 2011,
- the Recommendation of the Polish Bank Association dated 22 December 2010 on good practices in financial insurance linked to banking products secured by mortgage, which regulates the principles of conduct to be followed by a bank which concluded an insurance policy under which the insurance company is obliged to cover material losses of the bank, caused by events covered by the insurance protection and related to the loan secured by mortgage; the Recommendation should be implemented by banks by 1 July 2011.

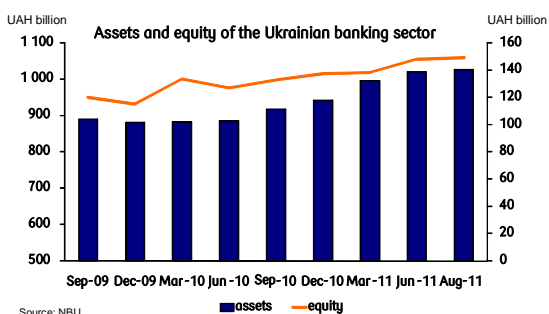
The situation of the PKO Bank Polski SA Group affected also:

- the previously announced introduction of amendments to the Tax Ordinance Act concerning the rules of calculating taxes on income from deposits, which determined the activity of banks in building a product offer for customers,
- new legal solutions related to the banking sector implemented in the Ukraine where KREDOBANK SA - a subsidiary of PKO Bank Polski SA, operates; this includes Resolution No. 278 of the Board of NBU dated 11 August 2011 introducing amendments related to the execution of currency transactions by banks (increasing the maximum sum of currency sale transactions, identifying persons who execute foreign currency cash transactions, eliminating the maximum level of margins on cash transactions on the currency market).

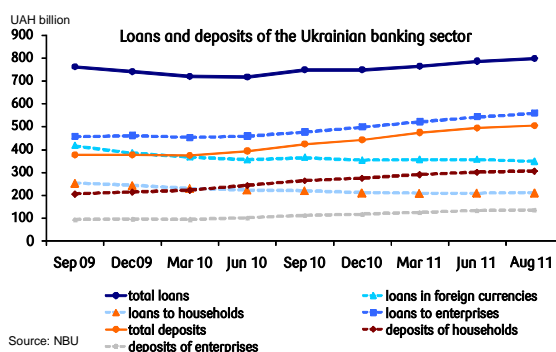
Ukrainian market

The activities and results of the PKO BP SA Group in the third quarter of 2011 were affected by the macroeconomic factors in Ukraine, where PKO Bank Polski SA's subsidiary - KREDOBANK SA - operates. These factors include:

- the continuation of the economic growth, supported by a very good harvest in agriculture, while maintaining the high dynamics of retail sales and industrial production and a further decrease in the unemployment rate together with the decrease in the number of people seeking employment; at the same time a slowdown of wage growth in nominal and real terms against the previous quarters was reported,
- drop in prices measured by the CPI index together with the strong slowdown of the annual indices, primarily due to a decrease in food prices,
- the delay in implementing the reform programme (primarily the lack of increases in energy prices), leading to the postponement of payment of the subsequent tranche of financial support by the IMF under the *Stand-by-Arrangement (SBA)* programme; the end of the next IMF mission in Ukraine is expected in the end of October,
- further increase of the current turnover deficit resulting from continued high import demand and a growth of the negative trade balance, which means in this context, the increase in risks to Ukraine's external stability in the coming quarters (with the possible disturbances in international financial markets and low demand for assets denominated in UAH and high financial needs for the repayment of foreign liabilities),
- stabilization of the hryvnia exchange rate (at around UAH 7.97 to USD 1) on further NBU interventions on the foreign exchange market.



Source: NBU



Source: NBU

According to the National Bank of Ukraine data, as at the end of the third quarter of 2011, 177 banks operated in Ukraine. The share of foreign capital in the Ukrainian banking sector increased to 42%.

In January-August 2011, the banking sector's assets increased by 8.9% y/y, which was due to an upturn on the loan market. The increase in loans during this period amounted to UAH 49.8 billion, compared with a decrease of growth by UAH 6.3 billion in the corresponding period of 2010, and the growth rate was 6.7% compared with a decrease of 0.8% a year before. The total increase in loans was due to an increase in the volume of corporate loans (11.5% compared with a growth of 3.4% in the previous year), accompanied by a downward trend in loans for households noted since March 2009. The scale of the drop in the volume of loans granted to households was lower than in the previous quarters and amounted to -0.3% compared with -9.2% a year before. Despite the decline since the beginning of 2011 by 3.5 pp. the share of foreign currency loans in total loans, the share was still high (43.6%).

The increase in deposits in January-August 2011 was stronger than the increase in loans and amounted to UAH 63 billion (an increase of 14.2%), which resulted in improved loan to deposits ratio which amounted to 158% compared with 179% a year before. Household savings increased by ca. 11.5% y/y, compared with 18.7% a year before, and corporate deposits increased by 18.1% y/y compared with 11.5% a year before.

In January-August 2011 the equity of the banking sector increased by 8% y/y, which resulted from capital injection to the banks and implemented regulatory solutions allowing the increase in the basic funds by 100% of subordinated loans obtained.

Despite the decrease in the third quarter of 2011 the level of non-performing loans (-4% q/q), the low loan portfolio quality remains a challenge for the Ukrainian banking sector. According to the National Bank of Ukraine, since the beginning of the year, the amount of non-performing loans decreased by 2.5%.

As of the end of the third quarter of 2011, the banking sector incurred a loss, and return on equity and return on assets remained negative. ROA ratio amounted to -0.75%, and ROE amounted to -5.25%.

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

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

Factors influencing results of the Group

In the three quarters of 2011, the situation of the Polish banking sector has continued to improve. Actions undertaken by the PKO Bank Polski SA Group in the three quarters of 2011 allowed generating the net profit amounting to PLN 2 855.3 million.

The efficiency of the PKO Bank Polski SA Group shaped up on high level – as at the end of the third quarter of 2011, the ROE ratio amounted to 17.1%.

The growth of the deposit base, high level of the equity and the issue of securities of the PKO Bank Polski SA Group covered the increasing funding needs, arising from the growth of the loan activity, and enabled the further stable and secure growth of business activities. At the end of the third quarter of 2011, the capital adequacy ratio amounted to 12.29%, while its minimum level, determined by the Banking Law, amounted to 8%.

Key financial indicators

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

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

	30.09.2011	30.09.2010	Change
ROA net (net profit/average total assets)	2.1%	1.8%	0.3 pp.
ROE net (net profit/average total equity)	17.1%	14.1%	3 pp.
C/I (cost to income ratio)	39.5%	41.0%	-1.5 pp.
Interest margin (net interest income/average interest-earning assets)	4.5%	4.3%	0.2 pp.
The share of impaired loans*	8.1%	8.0%	0.1 pp.
The coverage ratio of impaired loans**	48.2%	45.6%	2.6 pp.

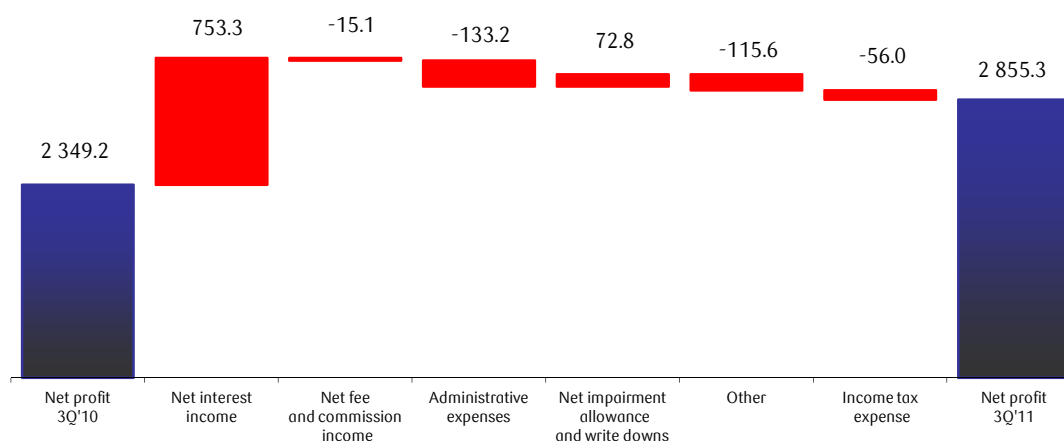
* Calculated by dividing the gross carrying amount of impaired loans and advances to customers by the gross carrying amount of loans and advances to customers.

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

Financial results

In the three quarters of 2011, the PKO Bank Polski SA Group achieved net profit in the amount of PLN 2 855.3 million, which was PLN 506.2 million higher than in the corresponding period of 2010 (+21.5% y/y).

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



The main consolidated income statement items were as follows:

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

	3rd quarter period from 01.07- 30.09.2011	3 quarters cumulatively period from 01.01-30.09.2011	3rd quarter period from 01.07- 30.09.2010	3 quarters cumulatively period from 01.01- 30.09.2010	Change Q3 2011/ Q3 2010 (in PLN million)	Change Q3 2011/ Q3 2010 (in %)
Interest and similar income	3 149.4	8 751.7	2 671.4	7 704.5	1 047.1	13.6%
Interest expense and similar charges	(1 185.2)	(3 213.0)	(952.2)	(2 919.2)	(293.8)	10.1%
Net interest income	1 964.1	5 538.7	1 719.2	4 785.3	753.3	15.7%
Fee and commission income	953.5	2 853.4	976.9	2 887.7	(34.3)	-1.2%
Fee and commission expense	(185.2)	(543.7)	(179.3)	(562.9)	19.2	-3.4%
Net fee and commission income	768.3	2 309.7	797.6	2 324.8	(15.1)	-0.6%
Dividend income	0.3	6.8	0.1	5.6	1.2	21.5%
Net income from financial instruments at fair value	(28.6)	(63.9)	(15.8)	(38.4)	(25.5)	66.3%
Gains less losses from investment securities	0.7	16.6	0.5	36.6	(20.0)	-54.6%
Net foreign exchange gains	115.1	247.5	125.9	291.8	(44.3)	-15.2%
Other operating income	100.9	331.0	149.1	338.5	(7.5)	-2.2%
Other operating expense	(69.3)	(219.3)	(86.3)	(198.9)	(20.5)	10.3%
Net other operating income and expense	31.6	111.6	62.9	139.6	(27.9)	-20.0%
Net impairment allowance	(487.7)	(1 369.1)	(558.7)	(1 441.9)	72.8	-5.0%
Administrative expenses	(1 102.5)	(3 225.7)	(1 057.5)	(3 092.5)	(133.2)	4.3%
Operating profit	1 261.2	3 572.2	1 074.1	3 010.9	561.3	18.6%
Share of profit (loss) of associates and jointly controlled entities	0.7	(3.1)	0.4	(4.6)	1.5	-32.7%
Profit (loss) before income tax	1 261.9	3 569.1	1 074.5	3 006.3	562.8	18.7%
Income tax expense	(245.2)	(715.2)	(228.1)	(659.2)	(56.0)	8.5%
Net profit (including non-controlling interest)	1 016.7	2 853.8	846.3	2 347.1	506.8	21.6%
Net profit (loss) attributable to non-controlling shareholders	(0.3)	(1.5)	(0.5)	(2.1)	0.6	-28.8%
Net profit (loss)	1 017.0	2 855.3	846.9	2 349.2	506.2	21.5%

In the income statement of the PKO Bank Polski SA Group for the three quarters of 2011, the sum of revenue positions amounted to PLN 8 167.1 million and was PLN 621.7 million, i.e. 8.2%, higher than in the corresponding period of 2010.

Net interest income

After the third quarter of 2011, net interest income was PLN 753.3 million (i.e. 15.7%) higher than in the corresponding period of the previous year, mainly due to interest income growth by PLN 1 047.1 million.

After three quarters of 2011, interest income amounted to PLN 8 751.7 million and in comparison with the corresponding period of 2010 was higher by 13.6%, mainly as a result of an increase in revenue in respect of loans and advances to customers (+)13.8% y/y – which was associated with the fast loan portfolio growth ((+)10.2% y/y) as well as the interest rates growth.

Growth of interest expenses amounted to (+)10.1% y/y, which was mainly due to an increase in the costs of amounts due to customers ((+)8.6% y/y) and an increase in the costs of issue of own securities (+2.3x y/y).

The interest margin increased by 0.2 pp. y/y to 4.5% in the third quarter of 2011 as a result of an increase in net interest income which was accompanied by an increase in average interest-bearing assets of 10.5% y/y.

Net fee and commission income

After three quarters of 2011, net fee and commission income was PLN 15.1 million lower than in the corresponding period of the previous year, mainly due to decrease in commission income by PLN 34.3 million. This situation was determined by lower commission income in respect of loan insurance ((-)PLN 122.4 million y/y), partly offset by an increase in income in respect of payment cards ((+)PLN 52.2 million y/y). A decrease in commission expense was determined by lower loan insurance cost. A decrease in net commission income in respect of loan insurance was related mainly to consumer loans and is associated with a decrease in sale of such loans in the whole banking sector.

Administrative expenses

After three quarters of 2011, total administrative expenses increased by PLN 133.2 million as compared to the corresponding period of the previous year (+4.3% y/y). They were mainly determined by:

- the increase in the costs of contributions and payments to the Bank Guarantee Fund by PLN 62.5 million (+2.6x y/y) – a result of the increase in the annual fee payable to the BGF,

- an increase in overheads of PLN 21.9 million (+4.7% y/y), mainly due to increased promotion and advertising costs.

An increase in administrative expenses, accompanied by a significant increase in the income of the PKO Bank Polski SA Group by 8.2% y/y, resulted in maintaining high operating efficiency of the PKO Bank Polski SA Group measured with the C/I ratio, which amounted to 39.5% (-1.5 pp. y/y) as at the end of the third quarter of 2011.

Net impairment allowance and write-downs

Net impairment allowance and write-downs reflect the PKO Bank Polski SA Group's conservative approach to recognition and measurement of credit risk in the previous periods. Favourable result in net impairment allowance in the three quarters of 2011 compared with the corresponding period of the previous year (-5.0% y/y), is mainly a result of the decrease in the level of net impairment allowance on the consumer loans portfolio.

The share of impaired loans remained stable and at the end of the third quarter of 2011 amounted to 8.1% (increase by 0.1 pp. y/y), which is the consequence of consistent use of stricter credit quality assessment criteria by the Group.

Statement of financial position

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

	30.09.2011	Structure 30.09.2011	31.12.2010	Structure 31.12.2010	Change (%)
Cash and balances with the central bank	7 743.5	4.1%	6 182.4	3.6%	25.3%
Amounts due from banks	3 483.5	1.9%	2 307.0	1.4%	51.0%
Loans and advances to customers	139 695.3	74.7%	130 668.1	77.0%	6.9%
Securities	26 505.8	14.2%	22 481.4	13.3%	17.9%
Other assets	9 568.9	5.1%	8 021.6	4.7%	19.3%
Total assets	186 996.9	100.0%	169 660.5	100.0%	10.2%
Amounts due to banks	6 521.6	3.5%	5 237.2	3.1%	24.5%
Amounts due to customers	143 952.1	77.0%	132 981.2	78.4%	8.2%
Debt securities in issue and subordinated liabilities	8 394.1	4.5%	4 910.6	2.9%	70.9%
Other liabilities	6 181.5	3.3%	5 171.8	3.0%	19.5%
Total liabilities	165 049.3	88.3%	148 300.9	87.4%	11.3%
Total equity	21 947.6	11.7%	21 359.6	12.6%	2.8%
Total liabilities and equity	186 996.9	100.0%	169 660.5	100.0%	10.2%
Loans/Amounts due to customers	97.0%	x	98.3%	x	-1.2 pp.
Loans/Stable sources of financing*	89.3%	x	92.0%	x	-2.8 pp.
Interest bearing assets/Assets	90.7%	x	91.6%	x	-0.9 pp.
Interest paying liabilities/Liabilities	85.0%	x	84.4%	x	0.6 pp.
Capital adequacy ratio	12.3%	x	12.5%	x	-0.2 pp.

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

The statement of financial position of the PKO Bank Polski SA Group is strongly 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 PKO Bank Polski SA Group amounted to PLN 187.0 billion as at the end of the third quarter of 2011, which means increase of 10.2% compared to the end of 2010. As a result, the PKO Bank Polski SA Group maintained the position of the largest institution in the Polish banking sector.

The increase in assets of the PKO Bank Polski SA Group in the three quarters of 2011 was mainly due to an increase in the volume of loans and advances to customers of 6.9% compared with the end of 2010 as well as an increase in the securities portfolio (PLN (+)4.0 billion compared with the end of 2010). The increase in total assets was financed mainly by an increase in amounts due to customers (+8.2% compared with the end of 2010) and an increase in liabilities arising from debt securities in issue (+ 70.9% compared with the end of 2010), which reflects the diversification of sources of financing.

Loans and advances to customers

In the type structure of the gross loan portfolio, the main items are housing loans of PLN 69.7 billion (+11.6% compared with the end of 2010), the share of which in the structure of the gross loan portfolio increased by 1.9 pp. compared with the end of the previous year. The volume of consumer loans decreased by PLN 0.6 billion compared with the end of 2010, the share of which in the structure of the gross loan portfolio decreased by 1.7 pp. in the presented period. An increase by 6.3% y/y was recorded in corporate loans, the share of which in the structure of the gross loan portfolio simultaneously went down by 0.3 pp.

Amounts due to customers

In the structure of amounts due to customers by types, the main items were amounts due to retail clients which recorded an increase by 5.0% compared with the end of 2010 and amounted to PLN 99.8 billion. The share of these in the structure of the liabilities portfolio compared to the end of 2010 decreased by 2.2 pp. along with an increase of amounts due to companies by 3.7 pp. in the total amounts due to customers portfolio.

Equity and capital adequacy ratio

Equity increased by 2.8% compared with the end of 2010 and at the end of the third quarter of 2011 accounted for 11.7% of total liabilities and equity of the PKO Bank Polski SA Group (the decrease in share by 0.9 pp. as compared with the end of 2010).

The solvency ratio of the PKO Bank Polski SA Group was at a level of 12.29% as at the end of the third quarter of 2011. Despite a decrease by 0.2 pp. compared with the end of 2010, this level significantly exceeds the minimum value for the ratio required by the Banking Law. Capital adequacy measured with the capital adequacy ratio remained at a safe level with simultaneous increase of the loan portfolio.

In the third quarter of 2011, efficiency ratios improved: the return on assets (ROA) and the return on equity (ROE), by 0.3 pp. and 3.0 pp. respectively p.a., due to a high growth rate of the annualized net profit (+29.9% y/y) combined with an increase in average assets of 10.4% y/y and in average equity of 7.4% y/y.

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

Key financial indicators

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

Table 4. Key financial indicators of PKO Bank Polski SA

	30.09.2011	30.09.2010	Change
ROA net (net profit/average total assets)	2.2%	2.0%	0.2 pp.
ROE net (net profit/average total equity)	17.3%	15.2%	2.1 pp.
C/I (cost to income ratio)	37.7%	39.0%	-1.3 pp.
Interest margin (net interest income/average interest-earning assets)	4.5%	4.2%	0.3 pp.
The share of impaired loans*	7.3%	7.0%	0.3 pp.
The coverage ratio of impaired loans**	48.7%	46.8%	1.9 pp.

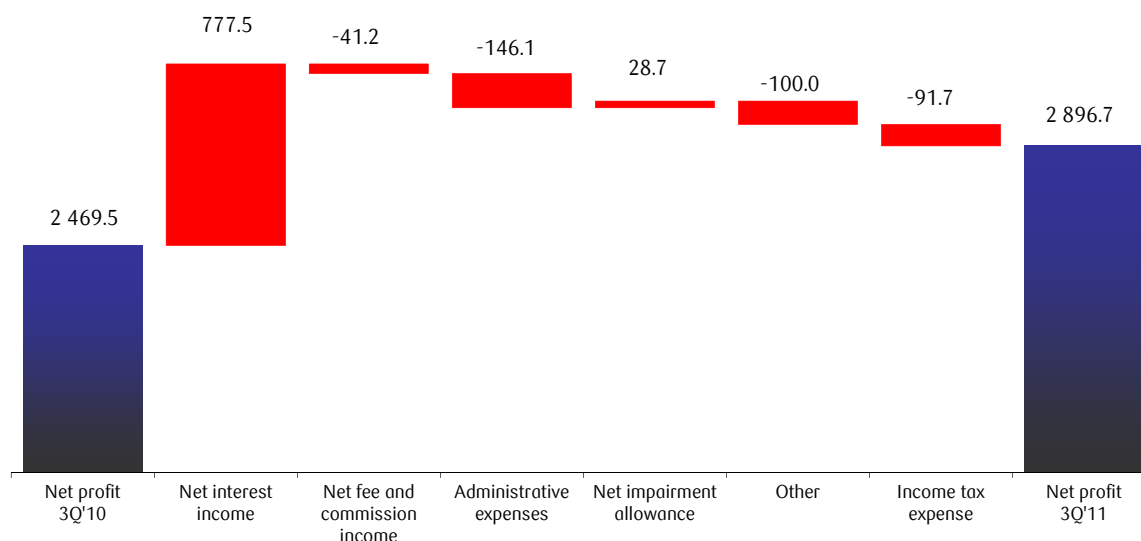
* Calculated by dividing the gross carrying amount of impaired loans and advances to customers by the gross carrying amount of loans and advances to customers.

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

Financial results

In the three quarters of 2011, PKO Bank Polski SA achieved net profit in the amount of PLN 2 896.7 million, and was PLN 427.3 million higher than in the corresponding period of 2010 (+17.3% y/y).

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



The Bank's income statement items were as follows:

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

	3rd quarter period from 01.07-30.09.2011	3 quarters cumulatively period from 01.01-30.09.2011	3rd quarter period from 01.07-30.09.2010	3 quarters cumulatively period from 01.01-30.09.2010	Change Q3 2011/ Q3 2010 (in PLN million)	Change Q3 2011/ Q3 2010 (in %)
Interest and similar income	3 102.4	8 591.6	2 595.2	7 465.3	1 126.4	15.1%
Interest expense and similar charges	(1 149.7)	(3 119.5)	(907.9)	(2 770.6)	(348.9)	12.6%
Net interest income	1 952.7	5 472.2	1 687.3	4 694.7	777.5	16.6%
Fee and commission income	902.0	2 691.0	928.6	2 737.1	(46.2)	-1.7%
Fee and commission expense	(197.7)	(554.2)	(176.5)	(559.2)	4.9	-0.9%
Net fee and commission income	704.2	2 136.7	752.1	2 177.9	(41.2)	-1.9%
Dividend income	0.3	94.0	0.1	109.8	(15.8)	-14.4%
Net income from financial instruments at fair value	(28.4)	(63.8)	(15.2)	(33.0)	(30.8)	93.3%
Gains less losses from investment securities	0.9	16.0	1.0	36.9	(20.9)	-56.6%
Net foreign exchange gains	114.6	244.8	124.4	289.1	(44.3)	-15.3%
Other operating income	17.4	56.6	11.8	35.4	21.2	59.8%
Other operating expense	(16.4)	(44.4)	(10.4)	(34.9)	(9.4)	27.0%
Net other operating income and expense	1.0	12.3	1.5	0.5	11.8	25.1x
Net impairment allowance	(473.1)	(1 330.9)	(517.7)	(1 359.6)	28.7	-2.1%
Administrative expenses	(1 026.6)	(2 986.8)	(964.1)	(2 840.7)	(146.1)	5.1%
Operating profit	1 245.6	3 594.6	1 069.3	3 075.7	518.9	16.9%
Profit (loss) before income tax	1 245.6	3 594.6	1 069.3	3 075.7	518.9	16.9%
Income tax expense	(244.0)	(697.9)	(212.3)	(606.2)	(91.7)	15.1%
Net profit (loss)	1 001.6	2 896.7	856.9	2 469.5	427.3	17.3%

3.3. Business development¹

3.3.1. Market shares of PKO Bank Polski SA

After three quarters of 2011, the Bank maintained its leading position in the banking sector in respect of its share in the loan market, which amounted to 16.5 pp. As regards deposits, market shares have increased by 0.2 pp. compared with the end of 2010 which was determined by an increase in shares in respect of corporate customers (+0.9 pp.).

¹ In this document, any differences in total balances, percentages and growth rates result from rounding the amounts to PLN million and rounding percentages to one decimal place.

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

	30.09.2011	31.12.2010	30.09.2010 **	Change 30.09.2011/ 31.12.2010	Change 30.09.2011/ 30.09.2010
Loans	16.5	17.2	17.2	-0.7 pp.	-0.7 pp.
retail clients	19.5	20.0	20.0	-0.5 pp.	-0.5 pp.
housing	20.1	20.9	21.1	-0.8 pp.	-1 pp.
PLN	31.3	33.1	33.6	-1.8 pp.	-2.3 pp.
FX	13.4	13.7	13.7	-0.3 pp.	-0.3 pp.
consumer and other	18.0	18.2	18.2	-0.2 pp.	-0.2 pp.
corporate clients	13.3	14.1	14.1	-0.8 pp.	-0.8 pp.
Deposits	18.1	17.9	18.2	0.2 pp.	-0.1 pp.
retail clients	22.5	23.2	23.2	-0.7 pp.	-0.7 pp.
corporate clients	12.6	11.7	12.5	0.9 pp.	0.1 pp.

* Data source: NBP reporting system – Webis.

** The change compared to previously published data results from the changed methodology. Data as at 30 September 2010 brought to comparability.

3.3.2. Retail segment of PKO Bank Polski SA

In the three quarters of 2011, activities undertaken by the Bank within the retail segment were focused on increasing attractiveness and competitiveness of offered products, as well as on reacting in a flexible way to changing market conditions.

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

As at 30 September 2011, deposits of the retail segment of PKO Bank Polski SA portfolio amounted to PLN 109.6 billion and since the beginning of the year, their volume has increased by PLN 5.2 billion (i.e. by 5.0%). An increase in retail and private banking deposit portfolio (+5.8% since the beginning of the year) contributed to this, mainly due to the dynamic increase in volume of time deposits.

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

	30.09.2011	31.12.2010	30.09.2010	Change since:	
				31.12.2010	30.09.2010
Clients deposits, of which:					
- retail and private banking	95 908	90 674	88 079	5.8%	8.9%
- small and medium entities	8 511	8 592	7 780	-0.9%	9.4%
- housing market	5 157	5 088	4 899	1.4%	5.2%
Total deposits	109 575	104 354	100 758	5.0%	8.8%

source: Bank's Management data

As at the end of the third quarter of 2011, the gross value of loans and advances to the retail segment of PKO Bank Polski SA amounted to PLN 110.9 billion, which constituted an increase of PLN 7.9 billion (i.e. by 7.7%) since the beginning of the year. Primarily, the mortgage loan portfolio growth (+11.9% since the beginning of the year) contributed to this. The Bank maintained its leading position in the market of the mortgage loans sale. The significant actions regarding mortgage loans include promotional campaign of 'WŁASNY KĄT hipoteczny' loan and housing loan with preferential interest rate subsidies by BGK.

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

	30.09.2011	31.12.2010	30.09.2010	Change since:	
				31.12.2010	30.09.2010
Gross loans and advances, of which:					
- retail and private banking	22 645	23 410	23 526	-3.3%	-3.7%
- small and medium entities	15 750	14 537	14 011	8.3%	12.4%
- mortgage banking	64 960	58 067	54 875	11.9%	18.4%
- housing market (including refinanced by the state budget)	7 533	6 972	6 902	8.0%	9.1%
Total loans and advances	110 888	102 987	99 315	7.7%	11.7%

source: Bank's Management data

* loans without interest due and interest not due

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

Table 9. *Activities and achievements of PKO Bank Polski SA in the retail segment in the third quarter of 2011*

New products and services	Activities
<p>Current account in the 'Superkonto' Group</p>	<p>On 14 March, a new, innovative offer of current (ROR) accounts, diversified in terms of customer preferences, was added to the Bank's offer: SUPERKONTO Oszczędne, PKO Konto za Zero, PKO Konto dla Młodych, PKO Konto Pogodne, PKO Konto Pierwsze. From 16 May of this year, 3 new types of accounts have been introduced, in which two of them dedicated to private banking clients: PKO Konto bez Granic, PKO Konto Aurum, PKO Konto Platynium II.</p> <p>The sale of new accounts was supported by an intensive advertising campaign aimed to gain new clients as well as to stop the outflow process of current customers from the Bank. As at the end of September, 444 thousand of accounts from the new offer were opened in the Bank.</p> <p>Actions resulting from the concept of the new current accounts offer (ROR) which are aimed at improving the profitability of new and old packages were executed in the third quarter of this year.</p>
<p>Savings Account</p>	<p>Due to the introduction of new accounts to the offer, the product procedures for the Savings Account were changed. Under the new procedure, the process of opening a Savings Account has been simplified for the holders of new packages, i.e. there is no need to conclude a separate agreement. In the period from 17 June to 3 August 2011, the Bank offered promotional interest rates on new savings accounts in PLN opened in that period.</p>
<p>'PLUS' Savings Account</p>	<p>On 18 August the Bank implemented a new attractive product - 'PLUS' Savings Account with progressive interest rate (9 quota intervals). The product is offered:</p> <ul style="list-style-type: none"> - in the standard option - with monthly capitalization, available to all interested customers, - in the promotional option - with daily capitalization (up to 29 December 2011 with possibility of prolongation for another period).
<p>Housing Savings Book (Oszczędnościowa Książeczka Mieszkaniowa)</p>	<p>In July the savings account 'Oszczędnościowa Książeczka Mieszkaniowa' was modified (two additional saving thresholds were added). The characteristic of the product is:</p> <ol style="list-style-type: none"> 1) an attractive interest rate on the deposit portion, 2) preferences in drawing the housing loan 'Własny Kąt' in PKO BP SA, 3) possibility of additional gains on the investment portion linked to PKO TFI funds, 4) exemption from personal income tax of interest obtained from the deposit portion. <p>The 'Oszczędnościowa Książeczka Mieszkaniowa' (Housing Savings Book) with a fixed interest rate where the interest is 4.25% was introduced in August. The book's account is opened for a period of 12 months (with the possibility of prolonging the contractual period). The minimum first payment is PLN 50 000.</p>
<p>Deposit linked to investment funds (Lokata Inwestycyjna Akcji Plus / Stabilnego Wzrostu Plus)</p>	<p>Offered in the period from 16 March to 31 December 2011. The third edition of a product popular among the customers of the Bank, which is the deposit linked to investment funds. The product combines guaranteed profit from a high interest rate deposit with an investment portion in the form of investment fund participation units. Clients can choose from 2 subfunds in PKO TFI offer: Akcji PLUS or Stabilnego Wzrostu PLUS.</p> <p>The deposit is a product characterised by high interest on the deposit portion, a low minimum amount of investment - PLN 2 000, no fees for redemption of participation units after 12 months.</p>
<p>Deposit linked to Fund for private banking clients</p>	<p>The deposit with a fund introduced in the Bank's offer for the period from 12 September to 31 December 2011 is addressed to private banking clients. The deposit's account is opened for a contractual period of 12 months. The recommended investment horizon for the investment component for PKO Zrównoważony Plus subfund is 4 years, profit is dependent on the results of PKO Zrównoważony Plus subfund. The interest rate of the deposit component is fixed and is 7% per annum. The minimum deposit payment is PLN 50 000.</p>
<p>Fixed-term deposit with daily capitalization of interest</p>	<p>From 18 August of this year a very attractive 1-, 2- and 3-month fixed-term deposit with daily capitalization of interest and a 1-, 2- and 3-month fixed-term deposit with daily capitalization of interest for new funds were introduced. The interest on 1-, 2- and 3-month deposit amounted to 4.05% and corresponds to the interest of 5.0% on the standard deposit subject to the income tax. The interest for new funds amounted to 4.50% and corresponds to the interest of 5.56% on the deposit subject to the 'Belka' tax. The minimum deposit payment is PLN 1 000.</p>
<p>Insurance Policy with PZU Życie</p>	<p>Offered to the Bank's customers from 11 July to 5 August 2011. The insurance policy is a group life and endowment insurance in PZU Życie SA with an attractive level of profit per annum of 4.05%, which corresponds to the profit of a deposit with an interest rate of 5.0% per annum. The term of the savings policy is 12 months.</p>
<p>SKO' circulating savings books (Obiegowe książeczki oszczędnościowe SKO)</p>	<p>On 1 September, product interest rate was increased from 3.5% to 5%. This change results from promoting by the Bank a positive image of School Savings Accounts (Szkolna Kasa Oszczędności), whose activity is based on the education of pupils in saving and entrepreneurship.</p>
<p>SME Business Deposit</p>	<p>Another edition of SME Business Deposits with progressive interest rates for periods of 6 or 12 months. The main purpose of introducing this deposit was to achieve the following business benefits on the small and medium entities market:</p> <ul style="list-style-type: none"> - maintaining the own existing term deposit portfolio, - obtaining an additional deposit portfolio from the market, - extending the period for which fixed-term deposits are placed.
<p>Pakiet Biznes Debiut 18</p>	<p>Pakiet Biznes Debiut 18, an attractive package for companies from the SME segment was introduced into the Bank's offer (19 September 2011). The package is addressed to customers interested in a cheap offer of daily services who have conducted business activities for no more than 12 months. The main advantages of the offer are its attractive pricing terms.</p>
<p>Structured Bank Securities (BS) based on the price of copper</p>	<p>In the Bank's offer from 29 August to 23 September 2011. BS based on the price of copper (listed on the London Metal Exchange (LME)) is a 2-year investment product with 100% guarantee of principal on the redemption date. An investor obtains a profit equal to a percentage change in the value of copper regardless of the direction of the change, provided that the price never reaches or exceeds the specified barriers. If the barrier is reached or exceeded the premium will be 3% for the investment term. The minimum investment amount is PLN 5 000.</p>

New products and services	Activities
Structured 6-month deposit based on the EUR/PLN exchange rate	In the Bank's offer from 11 July to 16 December of this year. The structured 6-month deposit based on the EUR/PLN exchange rate is a short-term investment product addressed to investors who wish to achieve higher profits than those of a deposit, while having a limited investment risk. The amount of interest is dependent on the EUR/PLN exchange rate. The minimum deposit payment is PLN 10 000.
INTELIGO Account	Since July, the interest rate of the deposit with daily capitalization of interest and a fixed interest rate was increased accordingly to 3.70% for 1-month deposit, 4.20% for 3-month deposit and 4.45% for 6-month deposit. From September, the offer of a fixed-term deposit with daily payment of interest as part of the Inteligo account was extended for two new terms of 9- and 12 months, with nominal interest rates of 5.24% and 5.59% respectively. Also from September of this year, a new attractive product - IGO deposit with daily capitalization of interest was introduced. The deposit is available both for customers with an Inteligo account and also those without the account.
Cash loan	In order to make the cash loan offer more attractive, in the period from 14 March 2011 to 14 September of this year a special offer for cash loans was implemented for customers opening current accounts from the Bank's new offer while concluding a loan agreement and at the same time arrange for their salary/pension to be transferred to the newly opened current account and arrange for the loan to be repaid from that account.
SME Loans	The SME credit offer for current and potential clients of PKO BP SA, with loans in other banks, the Bank assumes the possibility to benefit from special loan pricing conditions in PKO BP SA to repay debt in other banks. Promotion valid from 1 June 2011 to 1 August 2011.
Mortgage loan	In the third quarter of 2011 PKO Bank Polski SA remained the market leader in sales of mortgage loans - share of PKO BP SA in the sale of mortgage loans was 17.7% (data for the eight months of 2011). In order to support sales promotional activities (PR activities, promotional materials in Bank branches) of loan 'WŁASNY KĄT hipoteczny' were taken. Moreover, a special offer was launched for clients who purchase real estate as part of investments realized by selected developers (comprising a list of ca. 110 developers) and for employees of selected corporations (comprising 6 firms), as well as a special offer for clients of industry fairs - in respect of ca. 20 fairs organized. In July, the product regulations introducing the provisions of the S recommendation and the ZBP recommendation. At the same time, modifications were applied to i.a. the provisions concerning loan purposes and types of real estate accepted as collateral (expanding the range) and introducing a developers' database. Changes introduced in August comprised i.a. guaranteeing customers the possibility of repayment of foreign currency loans both in Polish and foreign currency. Changes were introduced in connection with the amendment to the Act on financial support for families purchasing their own homes.
Credit cards	In August and September of this year, took place a promotion campaign supporting the sale of blue, silver and gold credit cards and it consisted in ceasing to charge an annual fee (a fee for the 12-month term of validity of the card) for newly issued credit cards. An element supporting the sale was the additional payment of funds to the silver and gold card accounts of the customers who complied with the requirement of making at least one payment transaction or cash withdrawal using the newly issued card. The promotion has been extended until the end of November.

PKO Bank Polski SA remains a market leader in terms of the number of current accounts, which was 6.2 million as at the end of the third quarter of 2011. In the nine-month period of this year, the activities were focused on the execution of the strategic programme 'Nowa oferta ROR' (New Current Account Offer) in PKO Bank Polski SA.

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

	30.09.2011	31.12.2010	30.09.2010	Change since:	
				31.12.2010	30.09.2010
Number of current accounts, of which:	6 171	6 150	6 155	22	16
- Inteligo current accounts	669	655	646	14	23
Number of banking cards, of which:	7 097	7 171	7 192	(73)	(94)
- credit cards	1 010	1 063	1 062	(54)	(52)

As at the end of the third quarter of 2011, PKO Bank Polski SA had 7.6 million customers in the retail segment and 0.6 million Inteligo customers.

The Bank's own ATM network as at the end of the third quarter of 2011 reached 2 425 machines (compared with the end of 2010, the number of ATMs increased by 6), which allowed a further reduction in costs of cash service and expansion of services availability to customers. Additionally, based on the contracts signed between the Bank and external entities, the Bank's customers can use free of charge an additional network of ATMs belonging to other entities, i.e.: BZWBK (1 044 ATMs), eService (124 ATMs).

In the retail segment, the sales network had 1 134 branches. The network of agencies retained an important role in the distribution network - as at the end of September of this year, 1 560 agencies collaborated with the Bank.

Table 11. Branches and ATMs of PKO Bank Polski SA

	30.09.2011	31.12.2010	30.09.2010	Change since:	
				31.12.2010	30.09.2010
Total number of branches	1 201	1 208	1 211	(7)	(10)
- in the retail segment	1 134	1 140	1 143	(6)	(9)
Number of ATM's	2 425	2 419	2 388	6	37
Number of agencies	1 560	1 942	1 983	(382)	(423)

3.3.3. Corporate segment of PKO Bank Polski SA

Corporate banking in PKO Bank Polski SA comprises business customers with a turnover of over PLN 5 million per annum and local government and public administration entities (state budget entities). The structure of corporate segment is based on 13 regional corporate branches and 54 corporate centres.

The third quarter of 2011 was, for PKO Bank Polski SA corporate banking, a period where the key activities were focused on maintaining the high market position and further development. Through its flexible credit policy adapted to customers' needs and the current market situation, the Bank consistently supported enterprises and local government entities. This resulted in a dynamic development of volume of loans of corporate customers and strengthening of the Bank's role as a leader in the banking sector in financing business entities. As at the end of the third quarter, the corporate loans portfolio reached PLN 31.9 billion. This represents an increase of 8.6% y/y and an almost 10% increase compared with the end of the previous year. The increase in the corporate loans base of the Bank in the third quarter of 2011 reflects market tendencies and at the same time means that the Bank is an active market participant.

The development of corporate banking in the third quarter of 2011 is also visible in the growth of the deposit base. Funds obtained from corporate customers as at the end of September 2011 exceeded PLN 30.1 billion, which helped to achieve 4.5% growth y/y and 18.1% growth compared with the end of 2010.

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

	30.09.2011	31.12.2010	30.09.2010	Change since:	
				31.12.2010	30.09.2010
Gross corporate loans	31 895	29 112	29 367	9.6%	8.6%
Corporate deposits	30 120	25 500	28 825	18.1%	4.5%

Source: Bank's Management data

* loans without interest due and interest not due

PKO Bank Polski SA is continually developing its internet banking addressed to corporate customers. In the third quarter of 2011, efforts were continued to implement new functionalities and improvements in 'iPKO biznes'. In this time, the range of services available via 'iPKO biznes' was extended to: cash management service which comprises functions enabling the parameterization and handling of cash payment declarations, mass payments (as part of the service the Bank executes the customer's cash payments orders in a situation where the customer makes a number of one-off cash payments and wishes to *outsource* this process outside the network of its branches) and an automatic deposit – a function which enables presentation of details and management of automatic deposit sessions in 'iPKO biznes'.

Additionally, PKO Bank Polski SA is systematically increasing its products offer in response to the customers' needs. In the third quarter of 2011, another type of a payment card was included in the package offer – a charge PKO MasterCard Corporate card.

PKO Bank Polski SA develops transaction banking for corporate customers by adopting a comprehensive approach to customer needs. A flexible transaction offer applied by the Bank leads to a growth in the results on these operations. In the three quarters of 2011, the amount of *trade finance* products sold exceeded PLN 6.1 billion (more than a twofold increase compared with the corresponding period of 2010). There was also a more than 22% increase in the sale of letters of credit and foreign guarantees. The share of transactions handled through *TradeService* (an internet module operating as part of iPKO) is also growing – more than 60% of orders to open a letter of credit are submitted via this channel.

Table 13. Branches of PKO Bank Polski SA

	30.09.2011	31.12.2010	30.09.2010	Change since:	
				31.12.2010	30.09.2010
Total number of branches	1 201	1 208	1 211	(7)	(10)
- in the corporate segment:	67	68	68	(1)	(1)
regional corporate branches	13	13	13	-	-
corporate centers	54	55	55	(1)	(1)

Table 14. Activities and achievements of PKO Bank Polski SA in the corporate segment in the third quarter of 2011

Scope of activity	Activity
Loan activity	In the third quarter of 2011 the following events took place: 1) a framework agreement for providing bank guarantees and letters of credit in EUR 57.4 million was concluded with a company in the shipbuilding industry, 2) granted an investment loan of PLN 200 million to a construction company, 3) setting a guarantee limit of PLN 200 million to a customer from the petroleum industry, 4) increasing the working capital financing (a loan in the form of a Multi-purpose Loan Limit) from PLN 150 million to PLN 250 million to a company in the food industry, 5) increasing the amount of the framework agreement for granting a guarantee from PLN 150 million to PLN 200 million to a company operating in the energy industry, 6) increasing the working capital financing (a loan in the form of a Multi-purpose Loan Limit) from PLN 60 million to PLN 120 million to a company operating in the agriculture and food industry.
Deposit activity	In the third quarter of 2011, the corporate segment increased its deposit portfolio by PLN 4.6 billion in relation to the balance as at the end of 2010.

PKO Bank Polski SA undertakes actions in order to i.a. increase the customer base and activate and strengthen sales of corporate banking products.

3.3.4. Investment segment of PKO Bank Polski SA

In the third quarter of this year, there was another wave of growing risk aversion on the financial markets in connection with the debt crisis. The uncertainty was mainly related to the possibility of Greece's uncontrolled insolvency and the unpredictable effects of such an event on other peripheral countries, financial institutions from the euro zone and even the euro zone itself.

The above-mentioned factors resulted in an increase of credit risk margins for practically all countries in Europe and also for financial institutions. This was noticeable i.a. through an increase in the profitability of Treasury bonds, quotations of CDS contracts (in the case of Poland – a twofold increase to 300 b.p.) and activeness of rating agencies which reduced ratings of a number of countries and banks. Ratings were reduced not only for European countries – the Standard & Poor's United States rating reduction to 'AA+' from 'AAA' in August had the most serious effect on the market.

A more important factor for the Polish interest rate market in July and August was a change in the monetary policy perspectives in the world, which led to a sudden decrease in profitability of PTS of 15-40 b.p. Further escalation of the crisis in September clearly weakened the quotations of Treasury bonds with longer maturity terms, which led to an increase in their profitability of 30 b.p. (in sectors above 5 years).

On the currency market, the Polish zloty was systematically losing its value. Throughout the period, a strong downward trend on WSE remained, and the largest offer of shares for sale took place at the beginning of August.

Table 15. *Treasury activities in the third quarter of 2011*

Scope of activity	Activity
Treasury products	A period of increased volatility, in particular a considerable weakening of the Polish zloty against the EUR and USD, resulted in the increased activity of customers who wished to hedge against currency risk. The Bank recorded an increased turnover in foreign currency transactions and derivative transactions, where the exchange rate is an underlying instrument. In the third quarter compared with the second quarter of this year, the turnover of SPOT transactions increased by 13% and by 18% compared with the third quarter of 2010, the turnover of FORWARD transactions increased by 3% and 40% respectively and the turnover of options transactions increased by 145% and 42% respectively. Product offer and the method of distribution of the Bank Treasury products are tailored to individual customer needs. Transactions on treasury and non-treasury securities, currencies exchange and derivatives can be concluded with consultants at the Bank's branches, with dedicated corporate dealers and, from 2010, through the internet platform (SPOT operations).
Treasury activities	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 currency markets. The result of the Bank's intensive activity on the inter-bank market is to maintain, after three periods of competition, second place in the ranking of Treasury Securities Dealers for the year 2012. The Bank's high activity on the interest rate market was reflected, i.a. by achieving in the third quarter of this year a 24% share in the primary market of Treasury Securities and (according to the data for July and August of this year) a 26% share in the FRA market. On the currency market, the Bank is one of the main <i>market makers</i> for the Polish zloty. The share of PKO BP SA in the FX spot market and futures market (FORWARD and FX swap transactions) was 9.4% (according to the data for July and August 2011). The Bank actively managed financial risk (the liquidity, interest rate and currency risk), focusing on minimizing exposure. Cash surpluses in PLN not used for the purposes of the Bank's lending activities were mainly invested in NBP and Treasury bills and Treasury bonds. In terms of activities on the wholesale market, the issuance of short-term debt securities, under which nearly PLN 2 billion were placed in 3-month bonds, was a considerable success in the third quarter. The main group of investors were financial institutions outside the banking sector.
inter-bank market	

Table 16. *Brokerage activities in the third quarter of 2011*

Scope of activity	Activity
primary market	In the third quarter of this year, Dom Maklerski PKO BP SA (the Brokerage House of PKO BP SA, DM) prepared and introduced on the WSE as part of an IPO, the shares of Jastrzębska Spółka Węglowa S.A. Moreover, it carried out a public offer of shares, as part of performing the function of an offering party and manager of the offer for Zakłady Azotowe w Tarnowie-Mościcach SA and participated in handling the summons to Zakłady Chemiczne Police SA. As a member of the sales consortium, it managed the subscriptions for the shares of companies TOYA SA and AC SA. The Brokerage House participated also in the introduction of the bonds of Multimedia Polska to the Catalyst market and the launch of the operations of incentive programme of Selena S.A. and further work on the execution of TIM SA's incentive programme. As at the end of September of this year, the Brokerage House offered 157 investment funds managed by 11 Investment Funds and continued the distribution of four types of retail Treasury bonds with fixed and floating interest rates.
Brokerage activities	In the third quarter of this year, the share of the Brokerage House in transactions on the secondary market of shares was 6.4%, which accompanied by the transaction value of PLN 9.3 billion (73% higher than in the third quarter of 2010) placed it in 6th position in the market. In the third quarter of this year, the Brokerage House, with a share of 3.3%, ranked 12th position in the ranking of brokerage houses office executing transactions on contracts and with a share of 12.6% held 2nd position on the options market. The third quarter was another period in which the turnover on the market of bonds went down. Compared with the third quarter of 2010 the value of the market's transactions dropped by more than half, similarly to the turnover of the Brokerage House. The Brokerage House ranked 1st position in the ranking with the share of 43.6% in this market segment. As at the end of September, DM acted as the market maker for 38 companies and as the issue underwriter for 27 companies, which places DM on 3rd position on the market.
secondary market	
number of accounts	The Brokerage House is one of the leading brokerage houses operating in the domestic capital market. As at the end of September of this year, the Brokerage House maintained nearly 135 thousand investment accounts, i.e. 20% more than in the corresponding period of the previous year. Together with active registration accounts, the number of accounts maintained by DM was nearly 295 thousand as at the end of the third quarter of this year.

Table 17. *Structured finance in the third quarter of 2011*

Scope of activity	Activity
Structured finance	<p>In the third quarter of this year, as part of financing of large investment with loans, the Bank signed one annex to a consortium loan agreement and granted two loans designated for syndication to banks. The total share of the Bank in the financing was PLN 855.5 million. Moreover, the Bank concluded two agreements for granting a bank guarantee to an entity related to the Bank, operating in the financial sector with a total value of PLN 435.2 million - the transactions were concluded on arm's length.</p> <p>The Bank is a market leader in terms of arranging issues of municipal bonds and occupies an important position on the market of arranging issues of corporate bonds. In the third quarter of this year, the Bank participated, among other things, in arranging the issue of municipal bonds for the Municipality of Wrocław City, with the value of the programme amounted to PLN 40 million, and the Municipality of Świnoujście City, with the value of the programme amounted to PLN 37 million. In total, in the third quarter the Bank concluded 43 contracts for issuing municipal bonds with a total value of PLN 371.2 million. Additionally, the Bank concluded one annex to a contract for issuing corporate bonds with guarantee of its closing, which increased the value of the programme by PLN 2 billion - the Bank's share in this consortium financing was PLN 320 million. The Bank also concluded two contracts for the programme of issuing corporate bonds without the guarantee of closing the issue with a total value of PLN 450 million.</p>

Table 18. *Fiduciary activities in the third quarter of 2011*

Scope of activity	Activity
Fiduciary activities	<p>The Bank is a direct participant in the National Depository for Securities and the Securities Register (NBP) and a member of the Council of Depository Banks and the Non-Treasury Debt Securities Council of the Polish Banks Association. The Bank 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 and actively participates in creating market regulations and standards.</p> <p>As at the end of September of this year, the Bank maintained nearly 1.8 thousand securities accounts as part of its fiduciary function. The amount of assets held by clients on fiduciary accounts amounted to PLN 50 billion compared with PLN 30.5 billion at the end of September of the previous year, which represents an increase of 64%.</p>

3.3.5. Activities of the PKO Bank Polski SA Group entities

Table 19. Activities of the Group's entities in the third quarter of 2011

SUBSIDIARY	SIGNIFICANT EVENTS IN THE 3RD QUARTER OF 2011
KREDOBANK SA	<p>1. In the third quarter, total assets of KREDOBANK SA increased by PLN 262 million, i.e. by 14.4% (total assets denominated in UAH decreased by UAH 59 million, i.e. by 1.3%) and amounted to PLN 1 824 million (UAH 4 474 million) as at 30 September 2011.</p> <p>2. The Company's gross loan portfolio increased by PLN 188 million i.e. by 12.7% (the gross loan portfolio as denominated in UAH decreased by UAH 121 million, i.e. by 3.3%) in the third quarter of 2011 and amounted to PLN 1 483 million (UAH 3 638 million) as at the end of September 2011.</p> <p>3. In the third quarter of 2011, clients' term deposits of KREDOBANK SA increased by PLN 76 million, i.e. by 9.7% (the value of term deposits as denominated in UAH decreased by UAH 132 million, i.e. by 6.9%). As at 30 September 2011, the term deposits amounted to PLN 785 million (UAH 1 925 million).</p> <p>4. As at 30 September 2011, 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 (i.e. by 1 subordinated branch less than as at the end of the first half of 2011).</p> <p>The financial information concerning the statement of financial position of KREDOBANK SA was recalculated using the average NBP rates prevailing at the last day of the month – as at the end of September 2011 UAH 1 = PLN 0.4076 and as at the end of June 2011 UAH 1 = PLN 0.3444.</p>
PKO Towarzystwo Funduszy Inwestycyjnych SA	<p>1. The asset value of the funds managed by the Company amounted to PLN 8.4 billion as at the end of September 2011, which is a decrease of the assets value by 13.2% comparing with the end of June 2011. A decrease of the asset value was primarily related with the deterioration in the situation on the stock market and negative net sales result.</p> <p>2. The net asset value of the PKO TFI SA estimates to 7.8%* share in the investment fund market holding the 3rd place among the funds.</p> <p>3. In total as at 30 September 2011 PKO TFI SA managed 28 investment funds and subfunds.</p> <p><small>* Source: Chamber of Fund and Asset Management</small></p>
PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA	<p>1. As at the end of the third quarter of 2011, the net assets value of PKO BP Bankowy OFE managed by PKO BP BANKOWY PTE SA, amounted to PLN 7.3 billion, which is a decrease of PLN 257 million in comparison to the end of the second quarter of 2011. A decrease in the net assets value of PKO BP Bankowy OFE results from negative trends at the Warsaw Stock Exchange.</p> <p>2. As at 30 September of this year, the number of participants of PKO BP Bankowy OFE amounted to 528 215.</p> <p>3. PKO BP Bankowy OFE holds the 9th place regarding the net assets value among OPF and the 10th place regarding the number of OPF's members*.</p> <p>4. According to the ranking of the Polish Financial Supervision Authority PKO BP Bankowy OFE for the period from 30 September 2008 to 30 September 2011 reached a rate of return of 16.138% (the weighted average rate of return of 14.735%) occupying the same 1st place in the ranking of OPF for that period.</p> <p><small>* Source: www.knf.gov.pl</small></p>
Inteligo Financial Services SA	<p>1. At the end of the third quarter of 2011, the Company provided electronic banking services to more than 3 458 thousand of PKO Bank Polski SA's customers using iPKO services.</p> <p>2. The Company provided services to over 640 thousand Inteligo account customers.</p>
PKO BP Finat Sp. z o.o.	<p>1. The Company provides transfer agent services for PKO TFI SA and PKO BP BANKOWY PTE SA, as well as transfer agent or bookkeeping services of investment funds for 5 other companies.</p> <p>2. As a result of Bank's acquisition of Company's shares from existing shareholders, as at the end of the third quarter of 2011, PKO Bank Polski SA became the sole shareholder of the Company.</p>
Centrum Elektronicznych Usług Płatniczych eService SA	<p>1. The number of terminals as at the end of the third quarter of 2011 (including terminals enabling to withdraw cash) amounted to 51 441 units, which represents a decrease of 230 units compared to the end of June of this year. A decrease of number of terminals is a result of actions undertaken in order to increase the efficiency of the terminals network.</p> <p>2. In terms of the number of installed terminals (including terminal used to cash withdrawal), the Company's estimated market share amounted to 20.2% as at the end of September of this year.</p> <p>3. Transactions (payment transactions and cash withdrawals) with a total value of PLN 5.9 billion were performed by means of CEUP eService SA terminals during the third quarter of 2011 (PLN 5.4 billion in the corresponding period of 2010).</p> <p>4. The Company estimated that its market share reached 23.2% as measured by number of card transactions (including cash withdrawals) as the end of September of this year.</p> <p>5. In the third quarter of 2011, the Company expanded its own ATM network to 136 units (an increase of 19 units compared to the end of the first half of 2011).</p>

SUBSIDIARY	SIGNIFICANT EVENTS IN THE 3RD QUARTER OF 2011
<p>Qualia Development Sp. z o.o. (previously: PKO BP Inwestycje Sp. z o.o.)</p>	<p>In the third quarter of 2011, the Group's activities were focused on:</p> <ul style="list-style-type: none"> - continuing its projects: Nowy Wilanów in Warsaw, Neptun Park in Gdańsk Jelitkowo and Rezydencja Flotylla in Międzyzdroje, - conducting activities related to the commencement of new projects: a residential building with an office function in Sopot, an apart hotel in Gdańsk Jelitkowo, - extinguishing activity of Fort Mokotów Sp. z o.o. in liquidation, - restructuring of the remaining projects.
<p>Fort Mokotów Inwestycje Sp. z o.o.</p>	<p>In the third quarter of 2011, the Company continued working on the organization of a development investment project on the plot of land located at 107 Raclawicka Street in Warsaw.</p>
<p>Bankowy Fundusz Leasingowy SA</p>	<ol style="list-style-type: none"> 1. In the third quarter of 2011, the BFL SA Group Companies leased out assets with a total value of PLN 373.5 million, i.e. an increase of 15% compared with the third quarter of 2010. 2. As at the end of September 2011, in terms of the value of assets leased, the BFL Group ranked 5th position with 6.9% market share*. 3. The total carrying amount of the lease investments of the BFL SA Group's entities amounted to PLN 2 958 million as at the end of September 2011. 4. In September of this year the process of merger of BFL SA subsidiaries i.e. Companies: Bankowy Leasing Sp. z o.o. and BFL Nieruchomości Sp. z o.o. has been initiated - on 30 September 2011 Companies Merger Plan was submitted to the Court Registry. <p>* Source: Rzeczpospolita of 13 October 2011</p>
<p>Bankowe Towarzystwo Kapitałowe SA</p>	<ol style="list-style-type: none"> 1. In the third quarter of 2011, PKO BP Faktoring SA - the subsidiary of BTK SA - providing domestic and export factoring services, both with and without the acceptance of risk (with recourse) and <i>reverse factoring</i>. 2. In the third quarter of 2011, the volume of factoring turnover amounted to PLN 411 million and client volume increased to 102. 3. At the end of September of this year, PKO BP Faktoring SA ranked 9th place among factoring companies associated in the Polish Factors' Association, with a market share of 2.5%.
<p>PKO Finance AB</p>	<p>The Company's core activity is to raise funds for PKO Bank Polski SA deriving from issue of bonds. On 7 July 2011, the Company issued bonds for a total amount of CHF 250 million with a maturity of 7 July 2016.</p>
<p>Centrum Finansowe Puławska Sp. z o.o. - in liquidation</p>	<p>As at 30 September 2011, the Company rented 98.1% of the office and commercial space in the managed by itself Centrum Finansowe Puławska building, of which 91.9% was rented to the entities of the PKO Bank Polski SA Group.</p>

3.3.6. Activities taken by PKO Bank Polski SA towards KREDOBANK SA

In the third quarter of 2011, the Management Board of PKO Bank Polski SA undertook a series of measures activities which directly contributed to securing the operations of KREDOBANK SA and strengthening corporate supervision over its investment in Ukraine.

The key activities included:

1. Developing a new strategy of PKO Bank Polski SA towards KREDOBANK SA, which assumes restructuring and reorganizing the business and implementing the best market practices, while focusing on selected areas of the Ukrainian market.

Currently, work related to development of a detailed business plan for implementing the strategy is performed. Implementing a new development strategy for KREDOBANK SA should impact the capital adequacy improvement, revenues reconstruction, better risk management and focusing on strategic directions, i.a. creating a regional bank for Western Ukraine, which would also operate in the largest selected cities of other regions of the country and take advantage of market niches, mainly in the area of services to retail customers and SME.

2. Strengthening the supervision over KREDOBANK SA by appointing a Vice President of the Management Board of KREDOBANK SA responsible for supervising the IT and telecommunications area, and entrusting the position of the first Vice President of the

Management Board of KREDOBANK SA to the former Vice President responsible for supervising the corporate and retail business.

In the third quarter of 2011, PKO Bank Polski SA continued its cooperation with the National Bank of Ukraine and the Government of Ukraine as part of which a meeting with representatives of the Ukrainian party took place in Kiev, and cooperation with the Polish-Ukrainian Chamber of Commerce and the *Amicus Europae* Foundation.

3.3.7. Awards and honours

In the third quarter of 2011, PKO Bank Polski SA and other entities of the PKO Bank Polski SA Group were granted the following awards:

1. The 'Studencki Produkt Roku' (Students' Product of the Year) poll

PKO Bank Polski SA is a favourite brand of students. As part of the voting which lasted several months, students selected their favourite brands, thus deciding which of them obtains the title of the Students' Product of the Year.

2. 'Najwyższa Jakość Quality International 2011'

The chapter of the competition appreciated two products of PKO Bank Polski SA addressed to corporate customers: highest quality service – electronic banking system iPKO biznes, and highest quality product – payroll account.

3. 'Przyjazny Bank Newsweeka' (Nesweek's Friendly Bank) ranking

Inteligo won the first prize in the 'Mobile bank' category. The ranking was organized for the seventh time but the prize in this category was awarded for the first time. Researchers from *MillwardBrown* SMG/KRC conducted 91 audits in 13 financial institutions to evaluate i.a. the availability of communication channels, quality of services and ability to gain and keep customers. The auditors played the role of customers who wished to obtain access to the basic bank functionalities in every situation and in any place. The Bank has been appreciated i.a. for availability to customers and a wide package of additional services.



Bank Polski

Condensed interim consolidated
financial statements of the
PKO Bank Polski SA Group
for three quarters of 2011

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

CONSOLIDATED INCOME STATEMENT

for the nine-month periods ended 30 September 2011 and 30 September 2010 respectively

	Note	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Continuing operations:					
Interest and similar income	4	3 149 367	8 751 681	2 671 362	7 704 538
Interest expense and similar charges	4	(1 185 232)	(3 213 000)	(952 205)	(2 919 202)
Net interest income		1 964 135	5 538 681	1 719 157	4 785 336
Fee and commission income	5	953 530	2 853 384	976 913	2 887 665
Fee and commission expense	5	(185 228)	(543 679)	(179 333)	(562 863)
Net fee and commission income		768 302	2 309 705	797 580	2 324 802
Dividend income		263	6 800	83	5 595
Net income from financial instruments at fair value	6	(28 592)	(63 868)	(15 803)	(38 408)
Gains less losses from investment securities		670	16 607	481	36 613
Net foreign exchange gains	7	115 102	247 487	125 860	291 814
Other operating income	8	100 858	330 967	149 124	338 462
Other operating expense	8	(69 280)	(219 322)	(86 266)	(198 869)
Net other operating income and expense		31 578	111 645	62 858	139 593
Net impairment allowance and write-downs	9	(487 736)	(1 369 136)	(558 653)	(1 441 937)
Administrative expenses	10	(1 102 542)	(3 225 713)	(1 057 470)	(3 092 483)
Operating profit		1 261 180	3 572 208	1 074 093	3 010 925
Share of profit (loss) of associates and jointly controlled entities		679	(3 118)	359	(4 635)
Profit before income tax		1 261 859	3 569 090	1 074 452	3 006 290
Income tax expense	11	(245 165)	(715 249)	(228 109)	(659 206)
Net profit (including non-controlling shareholders)		1 016 694	2 853 841	846 343	2 347 084
Profit (loss) attributable to non-controlling shareholders		(331)	(1 498)	(507)	(2 103)
Net profit attributable to equity holders of the parent company		1 017 025	2 855 339	846 850	2 349 187
Earnings per share	12				
- basic earnings per share for the period (in PLN)		0.81	2.28	0.68	1.88
- diluted earnings per share for the period (in PLN)		0.81	2.28	0.68	1.88
Weighted average number of ordinary shares during the period (in thousand)		1 250 000	1 250 000	1 250 000	1 250 000
Weighted average diluted number of ordinary shares during the period (in thousand)		1 250 000	1 250 000	1 250 000	1 250 000

Discontinued operations:

In the nine-month period ended 30 September 2011 and 30 September 2010, the PKO Bank Polski SA Group did not carry out discontinued operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the nine-month periods ended 30 September 2011 and 30 September 2010 respectively

	Note	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Net profit (including non-controlling shareholders)		1 016 694	2 853 841	846 343	2 347 084
Other comprehensive income		288 991	209 211	(164 411)	47 397
Currency translation differences from foreign operations		59 417	33 099	(43 409)	(3 504)
Share in other comprehensive income of an associate		(661)	(1 028)	-	728
Unrealised net gains on financial assets available for sale (gross)		(37 895)	(9 039)	(19 242)	(4 213)
Deferred tax on unrealised net gains on financial assets available for sale	11	7 153	1 671	4 234	1 379
Cash flow hedges (gross)	16	322 194	227 788	(130 857)	65 441
Deferred tax on cash flow hedges	11	(61 217)	(43 280)	24 863	(12 434)
Total net comprehensive income		1 305 685	3 063 052	681 932	2 394 481
Total net comprehensive income, of which attributable to:		1 305 685	3 063 052	681 932	2 394 481
equity holders of PKO Bank Polski SA		1 306 809	3 065 070	682 316	2 396 843
non-controlling shareholders		(1 124)	(2 018)	(384)	(2 362)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2011 and as at 31 December 2010

	Note	30.09.2011	31.12.2010
ASSETS			
Cash and balances with the central bank		7 743 480	6 182 412
Amounts due from banks	13	3 483 529	2 307 032
Trading assets	14	813 848	1 503 649
Derivative financial instruments	15	3 019 277	1 719 085
Financial assets designated at fair value through profit and loss	17	13 496 683	10 758 331
Loans and advances to customers	18	139 695 281	130 668 119
Investment securities available for sale	19	12 195 237	10 219 400
Investments in associates and jointly controlled entities	20	167 279	172 931
Non-current assets held for sale		17 969	19 784
Inventories		546 567	530 275
Intangible assets	21	1 779 845	1 802 037
Tangible fixed assets, of which:	21	2 521 661	2 576 445
investment properties		251	259
Current income tax receivables		6 115	4 318
Deferred income tax asset		644 275	582 802
Other assets		865 894	613 881
TOTAL ASSETS		186 996 940	169 660 501
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to the central bank		3 689	3 370
Amounts due to banks	22	6 517 940	5 233 875
Derivative financial instruments	15	3 009 468	2 404 795
Amounts due to customers	23	143 952 056	132 981 215
Debt securities in issue		6 758 821	3 298 867
Subordinated liabilities		1 635 314	1 611 779
Other liabilities	24	2 354 432	2 092 834
Current income tax liabilities		230 391	67 744
Deferred income tax liability		29 661	22 764
Provisions	25	557 548	583 690
TOTAL LIABILITIES		165 049 320	148 300 933
Equity			
Share capital		1 250 000	1 250 000
Other capital		17 941 599	16 888 145
Currency translation differences from foreign operations		(76 128)	(109 747)
Unappropriated profits		(23 162)	112 297
Net profit for the period		2 855 339	3 216 883
Capital and reserves attributable to equity holders of the parent company		21 947 648	21 357 578
Non-controlling interest		(28)	1 990
TOTAL EQUITY		21 947 620	21 359 568
TOTAL LIABILITIES AND EQUITY		186 996 940	169 660 501
Capital adequacy ratio	34.1.2	12.29%	12.47%
Book value (in PLN thousand)		21 947 620	21 359 568
Number of shares (in thousand)	1	1 250 000	1 250 000
Book value per share (in PLN)		17.56	17.09
Diluted number of shares (in thousand)		1 250 000	1 250 000
Diluted book value per share (in PLN)		17.56	17.09

This document is a translation of a document originally issued in Polish. The only binding version is the original Polish version.

Condensed Interim Consolidated Financial Statements of
the Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Group
for the nine-month period ended 30 September 2011



(in PLN thousand)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine-month periods ended 30 September 2011 and 30 September 2010 respectively

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

for the nine-month period ended 30 September 2010	Share capital	Other capital						Currency translation differences from foreign operations	Unappropriated profits	Net profit for the period	Total equity attributable to equity holders of the parent company	Non- controlling interest	Total equity	
		Reserve capital	Other reserves	General banking risk fund	Share in other comprehensive income of an associate	Financial assets available for sale	Cash flow hedges							Total other capital
As at 1 January 2010	1 250 000	12 149 682	3 405 087	1 070 000	705	(11 762)	119 276	16 732 988	(108 791)	248 806	2 305 538	20 428 541	7 329	20 435 870
Transfer of net profit from previous years	-	-	-	-	-	-	-	-	-	2 305 538	(2 305 538)	-	-	-
Total comprehensive income	-	-	-	-	728	(2 834)	53 007	50 901	(3 245)	-	2 349 187	2 396 843	(2 362)	2 394 481
Transfer from unappropriated profits	-	12 495	-	-	-	-	-	12 495	-	(12 495)	-	-	-	-
Additional payment to equity for non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	352	352
Acquisition of shares issue of a subsidiary by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	204	204
Increase of non-controlling interest by acquisition of shares issue of a subsidiary	-	-	-	-	-	-	-	-	-	1 493	-	1 493	(1 493)	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	761	-	761	(722)	39
As at 30 September 2010	1 250 000	12 162 177	3 405 087	1 070 000	1 433	(14 596)	172 283	16 796 384	(112 036)	2 544 103	2 349 187	22 827 638	3 308	22 830 946

CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine-month periods ended 30 September 2011 and 30 September 2010 respectively

	Note	01.01- 30.09.2011	01.01- 30.09.2010
Net cash flow from operating activities			
Net profit		2 855 339	2 349 187
Adjustments:		1 088 975	(5 288 137)
Profit (loss) of non-controlling shareholders		(1 498)	(2 103)
Amortisation and depreciation		385 079	361 026
(Gains) losses from investing activities		(11 893)	(3 033)
Interest and dividends		(321 552)	(323 796)
Change in amounts due from banks		(269 893)	(62 096)
Change in trading assets and financial assets designated at fair value		(2 048 551)	(2 257 478)
Change in derivative financial instruments (asset)		(1 300 192)	(390 696)
Change in loans and advances to customers		(9 814 737)	(11 021 695)
Change in deferred income tax asset and in income tax receivables		(63 270)	(108 502)
Change in other assets		(266 490)	58 536
Change in amounts due to banks		1 700 592	427 660
Change in derivative financial instruments (liability)		604 673	395 287
Change in amounts due to customers		10 972 867	6 558 888
Change in debt securities in issue		512 190	(110 205)
Change in impairment allowances and provisions		729 667	790 508
Change in other liabilities		273 919	756 826
Income tax paid		(656 253)	(848 922)
Current income tax expense		818 900	781 243
Other adjustments		(154 583)	(289 585)
Net cash from / used in operating activities		3 944 314	(2 938 950)
Net cash flow from investing activities			
Inflows from investing activities		6 455 782	7 200 903
Proceeds from sale of investment securities		6 433 959	7 187 870
Proceeds from sale of intangible assets and tangible fixed assets		15 407	7 672
Other investing inflows		6 416	5 361
Outflows from investing activities		(7 961 675)	(8 048 407)
Purchase of investment securities		(7 665 918)	(7 767 238)
Purchase of intangible assets and tangible fixed assets		(295 757)	(281 169)
Net cash from / used in investing activities		(1 505 893)	(847 504)
Net cash flow from financing activities			
Dividends paid		(2 475 000)	-
Proceeds from debt securities in issue		2 964 738	-
Redemption of debt securities in issue		(648)	-
Repayment of interest from issued debt securities		(40 307)	(42 302)
Long-term borrowings		483 866	699 947
Repayment of long-term borrowings		(900 452)	(595 100)
Net cash generated from financing activities		32 197	62 545
Net cash inflow/(outflow)		2 470 618	(3 723 909)
of which currency translation differences on cash and cash equivalents		314 944	495
Cash and cash equivalents at the beginning of the period		8 438 681	8 992 393
Cash and cash equivalents at the end of the period	29	10 909 299	5 268 484
of which restricted		6 434	9 061

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The condensed interim consolidated financial statements of the Powszechna Kasa Oszczędności Bank Polski SA Group ('the PKO Bank Polski SA Group', 'the Group') have been prepared for the nine-month period ended 30 September 2011 and include comparative data for the nine-month period ended 30 September 2010 (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 2010 (as regards consolidated statement of financial position). Data has been presented in PLN thousand, unless indicated otherwise.

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

The parent company was established in 1919 as the Poczta Kasa Oszczędnościowa. Since 1950 the parent company operated as the Powszechna Kasa Oszczędności State-owned bank. Pursuant to the Decree of the Council of Ministers dated 18 January 2000 (Journal of Laws No. 5, item 55 with subsequent amendments) Powszechna Kasa Oszczędności (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 the Company was entered in the Register of Companies by the District Court for the capital city of Warsaw, Commercial Court XVI Registration Department. At present, the appropriate Court of Registration is the District Court for the capital city of Warsaw, XIII Economic Department of the National Court Register. The Bank was registered under entry No. KRS 0000026438 and was granted a statistical REGON No. 016298263. The Bank's paid share capital amounts to PLN 1 250 000 thousand.

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 %
<i>As at 30 September 2011</i>				
The State Treasury	512 406 277	40.99	PLN 1	40.99
Bank Gospodarstwa Krajowego	128 102 731	10.25	PLN 1	10.25
Other shareholders	609 490 992	48.76	PLN 1	48.76
Total	1 250 000 000	100.00	---	100.00
<i>As at 31 December 2010</i>				
The State Treasury	512 406 277	40.99	PLN 1	40.99
Bank Gospodarstwa Krajowego	128 102 731	10.25	PLN 1	10.25
Other shareholders	609 490 992	48.76	PLN 1	48.76
Total	1 250 000 000	100.00	---	100.00

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

Business activities of the Group

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

In addition, through its subsidiaries, the Group conducts activities relating to leasing, factoring, investment funds, pension funds, Internet banking as well as servicing and settlement of card transactions and real estate development. The scope of activities of each of the Group entities is set out in this note, in the table 'Structure of the PKO Bank Polski SA Group'.

The Group operates in the Republic of Poland and through its subsidiaries, KREDOBANK SA and UKRPOLINWESTYCJE Sp. z o.o. – in Ukraine and through its subsidiary PKO Finance AB in Sweden.

Structure of the PKO Bank Polski SA Group

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

No.	Entity name	Registered office	Activity	Share capital (%)	
				30.09.2011	31.12.2010
Parent company					
1	Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna				
Direct subsidiaries					
2	Bankowe Towarzystwo Kapitałowe SA	Warsaw	Services, including financial services	100.00	100.00
3	Bankowy Fundusz Leasingowy SA	Łódź	Leasing services	100.00	100.00
4	Centrum Elektronicznych Usług Płatniczych 'eService' SA	Warsaw	Servicing and settlement of card transactions	100.00	100.00
5	Centrum Finansowe Puławska Sp. z o.o. – in liquidation	Warsaw	Management and use of Centrum Finansowe Puławska	100.00	100.00
6	Fort Mokotów Inwestycje Sp. z o.o. ¹	Warsaw	Real estate development	99.9885	99.9885
7	Inteligo Financial Services SA	Warsaw	Technical servicing of Internet banking	100.00	100.00
8	KREDOBANK SA	Lviv, Ukraine	Financial services	99.5655	99.5655
9	PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA	Warsaw	Pension fund management	100.00	100.00
10	PKO Finance AB	Stockholm, Sweden	Financial services	100.00	100.00
11	PKO Towarzystwo Funduszy Inwestycyjnych SA	Warsaw	Investment fund management	100.00	100.00
12	Qualia Development Sp. z o.o.	Warsaw	Real estate development	100.00	100.00
13	PKO BP Finat Sp. z o.o. ²	Warsaw	Real estate development	100.00	-
Indirect subsidiaries					
Subsidiaries of Qualia Development Sp. z o.o.³					
14	Qualia Sp. z o.o.	Warsaw	Act as the general partner in limited partnerships of the Qualia Development Group entities	100.00	-
15	Qualia spółka z ograniczoną odpowiedzialnością - Neptun Park Sp.k. ⁴	Warsaw	Real estate development	99.9975	99.9975
16	Qualia spółka z ograniczoną odpowiedzialnością - Nowy Wilanów Sp.k. ⁵	Warsaw	Real estate development	99.9750	99.9750
17	Qualia spółka z o.o.- Sopot Sp.k.	Warsaw	Real estate development	99.9787	-
18	Qualia spółka z ograniczoną odpowiedzialnością - Pomeranka Sp.k.	Warsaw	Real estate development	50.00	-
19	Qualia spółka z ograniczoną odpowiedzialnością - Projekt 1 Sp.k.	Warsaw	Real estate development	50.00	-
20	Qualia - Rezydencja Flotylla Sp. z o.o.	Warsaw	Real estate development	100.00	100.00
21	Sarnia Dolina Sp. z o.o.	Warsaw	Real estate development	56.00	56.00
22	Fort Mokotów Sp. z o.o. – in liquidation	Warsaw	Real estate development	51.00	51.00
23	UKRPOLINWESTYCJE Sp. z o.o.	Kiev, Ukraine	Real estate development	55.00	55.00
Subsidiaries of Bankowy Fundusz Leasingowy SA					
24	Bankowy Leasing Sp. z o.o.	Łódź	Leasing services	100.00	99.9978
25	BFL Nieruchomości Sp. z o.o.	Łódź	Leasing services	100.00	99.9952
Subsidiary of Bankowe Towarzystwo Kapitałowe SA					
26	PKO BP Faktoring SA ⁶	Warsaw	Factoring	99.9889	99.9867

1. the second shareholder of the Entity is Qualia Development Sp. z o.o.

2. formerly the subsidiary of Inteligo Financial Services SA

3. in limited partnerships of the Qualia Development Group, the limited partner is Qualia Development Sp. z o.o.; and the general partner is Qualia Sp. z o.o., in the position of share capital, the total contributions made by the limited partner is presented

4. the Company was established as a result of transformation of the company PKO BP Inwestycje - Neptun Park Sp. z o.o.

5. the Company was established as a result of transformation of the company PKO BP Inwestycje - Nowy Wilanów Sp. z o.o.

6. PKO Bank Polski SA holds 1 share in the Entity

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

Jointly controlled entities

No.	Name of Entity	Registered office	Activity	Share capital (%)	
				30.09.2011	31.12.2010
Direct jointly controlled entities					
1	CENTRUM HAFFNERA Sp. z o.o.	Sopot	Real estate development	49.43	49.43
2	Centrum Obsługi Biznesu Sp. z o.o.	Poznań	Construction and maintenance of a hotel	41.44	41.44
Indirect jointly controlled entities					
Subsidiaries of CENTRUM HAFFNERA Sp. z o.o. (indirect jointly controlled by PKO Bank Polski SA)					
3	Centrum Majkowskiego Sp. z o.o.	Sopot	Real estate development	100.00	100.00
4	Kamienica Morska Sp. z o.o.	Sopot	Real estate development	100.00	100.00
5	Sopot Zdrój Sp. z o.o.	Sopot	Real estate development	100.00	100.00
6	Promenada Sopocka Sp. z o.o.	Sopot	Real estate development	100.00	100.00

Associates

No.	Name of Entity	Registered office	Activity	Share capital (%)	
				30.09.2011	31.12.2010
Direct associates					
1	Bank Pocztowy SA	Bydgoszcz	Financial services	25.0001	25.0001
2	Kolej Gondolowa Jaworzyna Krynicka SA ¹	Krynica Górská	Construction and operation of cable railway	37.53	37.53
3	Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	Poznań	Provision of sureties and guarantees	33.33	33.33
4	Agencja Inwestycyjna CORP SA	Warsaw	Office real estate management	22.31	22.31
Indirect associates					
Subsidiaries of Bank Pocztowy SA (indirect associates of PKO Bank Polski SA)					
5	Centrum Operacyjne Sp. z o.o.	Bydgoszcz	Financial services supporting	100.00	100.00
6	Spółka Dystrybucyjna Banku Poczтового Sp. z o.o.	Warsaw	Intermediary financial services	100.00	100.00

¹⁾ shares of the Entity in the nine-month period of 2011 and in 2010 are recognised in non-current assets held for sale.

Information on changes in the parent's participation in the share capital of the subsidiaries is set out in Note 31 'Changes to the entities of the Group'.

2. Summary of significant accounting policies and critical 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 Union.

The accounting policies and calculations applied in these condensed interim financial statements are consistent to those, which were applied in the six-month period ended 30 June 2011. These policies were described in detail in the condensed interim consolidated financial statements of the Group for the six-month period ended 30 June 2011, including policies applied by preparation of consolidated financial statements for the year ended 31 December 2010.

These condensed interim consolidated financial statements for the third quarter of 2011 should be read together with condensed interim consolidated financial statements of the PKO Bank Polski SA Group for the six-month period ended 30 June 2011 and together with consolidated financial statements of the PKO Bank Polski SA Group for 2010 prepared in accordance with International Financial Reporting Standards as approved by the European Union.

3. Information on the segments of activities

The PKO Bank Polski SA Group's segment reporting scheme is primarily based on the criteria of the groups of clients – recipients of the products and services offered by the parent company and the PKO Bank Polski SA Group entities. Every operating business segment comprises activities of providing products and services that are characterized by the similar risk and rewards – 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 results summary below presents an internal organisational structure of the PKO Bank Polski SA Group. At present, the PKO Bank Polski SA Group comprises three basic segments: retail, corporate and investment segment:

1. The retail segment comprises transactions of the parent company with retail clients, clients of small and medium entities and housing market clients, as well as activities of the following subsidiaries: KREDOBANK SA, PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA, PKO Towarzystwo Funduszy Inwestycyjnych SA, the 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 and Fort Mokołów Inwestycje Sp. z o.o.

This segment comprises, among others, the following products and services: current and saving accounts, deposits, private banking services, investment products, credit and debit cards, consumer and mortgage loans, corporate loans for small and medium entities and housing market customers.

2. The corporate segment includes transactions of the parent company with large corporate clients, as well as activities of the Bankowy Fundusz Leasingowy SA Group and of the Bankowe Towarzystwo Kapitałowe SA Group.

This segment comprises, among others, the following products and services: current accounts, deposits, securities depositary services, currency and derivative products, sell buy back and buy sell back transactions, investment loans, leases and factoring. Within the segment, PKO Bank Polski SA also enters, individually or in consortium with other banks, into loan agreements financing large investment projects.

3. The investment segment comprises own activity i.e. investing and brokerage activities, interbank transactions, derivative instruments and debt securities transactions and activities of PKO Finance AB and Centrum Finansowe Puławska Sp. z .o.o. (own activities). In the net result of the segment, the net result of internal settlements related to funds transfer pricing, the result on long-term sources of financing and the result on positions classified for hedge accounting is presented. Internal funds transfer is based on transfer pricing dependant on interest rates. The transactions between business segments are conducted on arm's length. Long-term external financing includes the issuance of bonds, subordinated liabilities and funds due to EMTN issuance as well as amounts due to financial institutions.

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

Accounting policies applied in the segment report are consistent with accounting policies described in Note 2 of these 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 was presented only on the Group level.

The tables below present data relating to income and results of individual operational segments of the PKO Bank Polski SA Group for the nine-month period ended 30 September 2011 and 30 September 2010 and assets and liabilities as at 30 September 2011 and 31 December 2010.

For the nine-month period ended 30 September 2011	Continuing operations				Total activity of the Group
	Retail segment	Corporate segment	Investment segment		
			Own activities	Transfer centre (ALM)	
Net interest income	4 063 492	548 485	125 799	800 905	5 538 681
Net fee and commission income	2 037 373	194 143	78 189	-	2 309 705
Other net income	222 186	84 733	146 405	(134 653)	318 671
Net result from financial operations	590	113	(1 322)	(46 642)	(47 261)
Net foreign exchange gains	136 355	63 714	135 429	(88 011)	247 487
Dividend income	-	-	6 800	-	6 800
Net other operating income and expense	65 717	40 430	5 498	-	111 645
Income/expenses relating to internal customers	19 524	(19 524)	-	-	-
Net impairment allowance and write-downs	(1 088 539)	(276 051)	(4 546)	-	(1 369 136)
Administrative expenses, of which:	(2 892 616)	(220 160)	(112 937)	-	(3 225 713)
amortisation and depreciation	(344 298)	(26 822)	(13 959)	-	(385 079)
Share of profit (loss) of associates and jointly controlled entities	-	-	-	-	(3 118)
Segment gross profit	2 341 896	331 150	232 910	666 252	3 569 090
Income tax expense (tax burden)	-	-	-	-	(715 249)
Profit (loss) attributable to non-controlling shareholders	-	-	-	-	(1 498)
Net profit attributable to equity holders of the parent company	2 341 896	331 150	232 910	666 252	2 855 339

As at 30 September 2011	Continuing operations				Total activity of the Group
	Retail segment	Corporate segment	Investment segment		
			Own activities	Transfer centre (ALM)	
Assets	121 592 976	38 098 674	27 305 290	-	186 996 940
Liabilities	115 505 826	32 446 901	17 096 593	-	165 049 320

For the nine-month period ended 30 September 2010	Continuing operations*				Total activity of the Group
	Retail segment	Corporate segment	Investment segment		
			Own activities	Transfer centre (ALM)	
Net interest income	3 827 211	470 489	208 440	279 196	4 785 336
Net fee and commission income	2 052 642	191 241	80 919	-	2 324 802
Other net income	202 596	58 584	142 688	31 339	435 207
Net result from financial operations	(4 328)	(650)	30 006	(26 823)	(1 795)
Net foreign exchange gains	84 139	48 282	101 231	58 162	291 814
Dividend income	-	-	5 595	-	5 595
Net other operating income and expense	103 270	30 467	5 856	-	139 593
Income/expenses relating to internal customers	19 515	(19 515)	-	-	-
Net impairment allowance and write-downs	(1 179 473)	(205 131)	(57 333)	-	(1 441 937)
Administrative expenses, of which:	(2 796 334)	(192 564)	(103 585)	-	(3 092 483)
amortization and depreciation	(323 056)	(24 126)	(13 844)	-	(361 026)
Share of profit (loss) of associates and jointly controlled entities	-	-	-	-	(4 635)
Segment gross profit	2 106 642	322 619	271 129	310 535	3 006 290
Income tax expense (tax burden)	-	-	-	-	(659 206)
Profit (loss) attributable to non-controlling shareholders	-	-	-	-	(2 103)
Net profit attributable to equity holders of the parent company	2 106 642	322 619	271 129	310 535	2 349 187

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(in PLN thousand)

As at 31 December 2010	Continuing operations*				Total activity of the Group
	Retail segment	Corporate segment	Investment segment		
			Own activities	Transfer centre (ALM)	
Assets	112 010 210	34 963 122	22 687 169	-	169 660 501
Liabilities	109 307 500	27 721 094	11 272 339	-	148 300 933

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 KREDOBANK SA and through UKRPOLINWESTYCJE Sp. z o.o.

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

As at 30 September 2011	Poland	Ukraine	Total
Assets of the segment	185 325 123	1 671 817	186 996 940
Liabilities of the segment	164 010 613	1 038 707	165 049 320

For the nine-month period ended 30 September 2010	Poland	Ukraine	Total
Net interest income	4 732 940	52 396	4 785 336
Net fee and commission income	2 294 343	30 459	2 324 802
Other net income	445 048	(9 841)	435 207
Administrative expenses	(3 009 947)	(82 536)	(3 092 483)
Net impairment allowance and write-downs	(1 421 190)	(20 747)	(1 441 937)
Share of profit (loss) of associates and jointly controlled entities	-	-	(4 635)
Segment gross profit	3 041 194	(30 269)	3 006 290
Income tax expense (tax burden)	-	-	(659 206)
Profit (loss) attributable to non-controlling shareholders	-	-	(2 103)
Net profit (loss) attributable to equity holders of the parent company	3 041 194	(30 269)	2 349 187

As at 31 December 2010	Poland	Ukraine	Total
Assets of the segment	168 030 912	1 629 589	169 660 501
Liabilities of the segment	147 264 946	1 035 987	148 300 933

4. Interest income and expense

Interest and similar income

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Income from loans and advances to customers	2 555 647	7 157 384	2 182 952	6 287 403
Income from derivative hedging instruments	207 965	559 110	185 199	493 610
Income from securities designated at fair value through profit and loss	151 512	407 828	119 981	362 869
Income from investment securities available for sale	154 032	401 770	115 051	344 406
Income from placements with banks	59 149	156 107	36 896	109 501
Income from trading securities	18 763	64 067	29 052	101 536
Other	2 299	5 415	2 231	5 213
Total	3 149 367	8 751 681	2 671 362	7 704 538

In the 'Income from derivative hedging instruments' the Group presents interest income from derivative instruments designated for hedge accounting that are effective hedging instruments in respect of cash flow hedges. Details of hedging relationships applied by the Group are included in Note 16 'Derivative hedging instruments'.

In the nine-month period ended 30 September 2011, the value of interest income from loans for which evidence of impairment has been identified amounted to PLN 279 492 thousand. This income has been included in the position 'Income from loans and advances to customers'.

Interest expense and similar charges

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Interest expense on amounts due to customers	(1 097 945)	(3 000 389)	(903 695)	(2 763 057)
Interest expense on debt securities in issue	(74 166)	(178 181)	(25 202)	(78 805)
Interest expense on deposits from banks	(12 709)	(32 108)	(7 231)	(24 466)
Other	(412)	(2 322)	(16 077)	(52 874)
Total	(1 185 232)	(3 213 000)	(952 205)	(2 919 202)

5. Fee and commission income and expense

Fee and commission income

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Income from financial assets, which are not valued at fair value through profit and loss, of which:	143 193	421 488	138 463	384 603
Income from loans and advances	143 193	421 488	138 463	384 603
Other commissions	809 638	2 429 990	838 074	2 501 920
Income from payment cards	265 693	767 119	239 687	714 908
Income from maintenance of bank accounts	226 784	689 414	229 487	690 888
Income from loan insurance	120 531	382 688	167 037	505 121
Income from maintenance of investment and pension funds (including management fees)	81 214	268 013	85 428	243 550
Income from cash transactions	39 772	122 148	44 669	133 434
Income from securities transactions	19 901	52 553	20 288	53 584
Income from servicing foreign mass transactions	12 037	35 430	11 390	32 905
Income from sale and distribution of court fee stamps	3 603	14 221	5 248	18 913
Other*	40 103	98 404	34 840	108 617
Income from fiduciary activities	699	1 906	376	1 142
Total	953 530	2 853 384	976 913	2 887 665

* Included in 'Other' are i.a.: commissions received for servicing bond sale transactions, commissions of Dom Maklerski (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.

Fee and commission expense

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Expenses on payment cards	(82 618)	(227 849)	(67 145)	(225 826)
Expenses on loan insurance	(38 697)	(107 161)	(39 926)	(113 902)
Expenses on acquisition services	(33 686)	(103 475)	(36 004)	(109 118)
Expenses on asset management fees	(2 744)	(21 160)	(8 145)	(21 006)
Expenses on settlement services	(4 300)	(16 175)	(4 637)	(16 460)
Expenses on fee and commissions for operating services rendered by banks	(2 800)	(8 276)	(2 626)	(7 814)
Other*	(20 383)	(59 583)	(20 850)	(68 737)
Total	(185 228)	(543 679)	(179 333)	(562 863)

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

6. Net income from financial instruments designated at fair value

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Derivative instruments ¹⁾	(33 852)	(68 150)	(29 909)	(78 832)
Debt securities	5 017	1 698	13 320	38 937
Equity instruments	(2 212)	(822)	777	1 460
Structured bank securities valued at fair value through profit and loss ¹⁾	2 455	3 407	-	-
Other ¹⁾	-	(1)	9	27
Total	(28 592)	(63 868)	(15 803)	(38 408)

In the net income from financial instruments designated at fair value, position 'Derivative instruments', in the period ended 30 September 2011, an ineffective portion related to cash flow hedges was recognized and it amounted to PLN (48 343) thousand (in the period ended 30 September 2010, an ineffective portion related to cash flow hedges was recognized and it amounted to PLN (48 772) thousand).

3rd quarter period from 01.07.2011 to 30.09.2011	Gains	Losses	Net result
Trading assets	2 483 501	(2 521 826)	(38 325)
Financial assets designated upon initial recognition at fair value through profit and loss	8 327	1 406	9 733
Total	2 491 828	(2 520 420)	(28 592)
3 quarters cumulatively period from 01.01.2011 to 30.09.2011	Gains	Losses	Net result
Trading assets	8 834 238	(8 903 615)	(69 377)
Financial assets designated upon initial recognition at fair value through profit and loss	57 188	(51 679)	5 509
Total	8 891 426	(8 955 294)	(63 868)
3rd quarter period from 01.07.2010 to 30.09.2010	Gains	Losses	Net result
Trading assets	1 641 280	(1 670 006)	(28 726)
Financial assets designated upon initial recognition at fair value through profit and loss	10 918	2 005	12 923
Total	1 652 198	(1 668 001)	(15 803)
3 quarters cumulatively period from 01.01.2010 to 30.09.2010	Gains	Losses	Net result
Trading assets	7 283 891	(7 359 481)	(75 590)
Financial assets designated upon initial recognition at fair value through profit and loss	50 076	(12 894)	37 182
Total	7 333 967	(7 372 375)	(38 408)

The total change in fair values of financial instruments designated at fair value through profit and loss determined with use of valuation models (where no quotations from active market are available) in the period ended 30 September 2011 amounted to PLN (64 744)^{*)} thousand (in the period ended 30 September 2010 PLN (78 805)^{*)} thousand).

7. Net foreign exchange gains

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Currency translation differences resulting from financial instruments designated at fair value through profit and loss	54 929	162 798	2 010 458	74 980
Currency translation differences from foreign operations	60 173	84 689	(1 884 598)	216 834
Total	115 102	247 487	125 860	291 814

^{*)} The total amount of the items marked with ¹⁾ in Note 6 'Net income from financial instruments designated at fair value'.

8. Other operating income and expense

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Other operating income				
Net income from sale of products and services	52 421	185 440	119 434	235 181
Sales and disposal of tangible fixed assets, intangible assets and assets held for sale	18 117	60 035	12 429	38 042
Damages, penalties and fines received	4 754	15 844	4 197	18 515
Sundry income	6 815	15 345	7 101	16 484
Recovery of expired and written-off receivables	777	1 226	1 802	3 340
Sale of shares in jointly controlled entities and associates	-	-	-	577
Other	17 974	53 077	4 161	26 323
Total	100 858	330 967	149 124	338 462

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Other operating expenses				
Costs of sale of products and services	(39 840)	(135 480)	(69 814)	(123 906)
Costs of sale and disposal of tangible fixed assets, intangible assets and assets held for sale	(18 039)	(48 548)	(10 854)	(36 226)
Donations	(1 713)	(8 002)	(1 250)	(3 210)
Sundry expenses	(1 148)	(3 407)	(1 067)	(3 249)
Other	(8 540)	(23 885)	(3 281)	(32 278)
Total	(69 280)	(219 322)	(86 266)	(198 869)

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(in PLN thousand)

9. Net impairment allowance and write-downs

For the nine-month period ended 30 September 2011	Impairment allowances at the beginning of the period	Increases			Decreases			Impairment allowances at the end of the period	Net impairment allowance – impact on the income statement	
		Impairment allowances recognised during the period	Currency translation differences	Other	Decrease in impairment allowances due to derecognition of assets	Impairment allowances reversed during the period	Currency translation differences			Other
Investment securities available for sale	21 909	2 342	791	-	16	358	-	-	24 668	(1 984)
Loans and advances to customers and amounts due from banks measured at amortised cost	4 885 595	4 937 842	23 585	63 313	615 041	3 619 178	-	-	5 676 116	(1 318 664)
Tangible fixed assets	18 434	36	-	-	17 254	-	-	-	1 216	(36)
Intangible assets	132 972	2 479	-	-	-	-	-	-	135 451	(2 479)
Investments in entities measured using equity method	60 138	1 394	-	-	-	-	-	-	61 532	(1 394)
Non-current assets held for sale	2 961	-	-	-	3	-	-	-	2 958	-
Other, of which:	314 214	179 240	749	250	13 522	134 661	-	-	346 270	(44 579)
provisions for legal claims and off-balance sheet liabilities	89 799	122 473	48	244	113	104 906	-	-	107 545	(17 567)
Total	5 436 223	5 123 333	25 125	63 563	645 836	3 754 197	-	-	6 248 211	(1 369 136)

For the nine-month period ended 30 September 2010	Impairment allowances at the beginning of the period	Increases			Decreases			Impairment allowances at the end of the period	Net impairment allowance – impact on the income statement	
		Impairment allowances recognised during the period	Currency translation differences	Other	Decrease in impairment allowances due to derecognition of assets	Impairment allowances reversed during the period	Currency translation differences			Other
Investment securities available for sale	21 572	4 607	149	-	1 061	3 750	-	137	21 380	(857)
Loans and advances to customers and amounts due from banks measured at amortised cost	3 964 233	3 638 704	11 935	16 233	529 283	2 256 988	-	-	4 844 834	(1 381 716)
Tangible fixed assets	1 856	16 222	-	-	1	28	-	23	18 026	(16 194)
Intangible assets	95 135	-	-	-	-	-	-	-	95 135	-
Investments in entities measured using equity method	5 028	48 668	-	-	-	26	-	-	53 670	(48 642)
Non-current assets held for sale	1 680	-	-	-	-	-	-	-	1 680	-
Other, of which:	359 043	187 276	281	-	42 192	192 748	-	49	311 611	5 472
provisions for legal claims and off-balance sheet liabilities	119 849	118 581	73	-	743	137 071	-	45	100 644	18 490
Total	4 448 547	3 895 477	12 365	16 233	572 537	2 453 540	-	209	5 346 336	(1 441 937)

10. Administrative expenses

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Staff costs	(613 944)	(1 759 128)	(598 105)	(1 736 541)
Overheads	(300 877)	(923 680)	(304 432)	(901 780)
Depreciation and amortisation	(133 698)	(385 079)	(122 806)	(361 026)
Taxes and other charges	(19 838)	(55 273)	(18 781)	(53 098)
Contribution and payments to the Bank Guarantee Fund	(34 185)	(102 553)	(13 346)	(40 038)
Total	(1 102 542)	(3 225 713)	(1 057 470)	(3 092 483)

Wages and salaries / Employee benefits

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Wages and salaries	(519 250)	(1 476 058)	(505 545)	(1 454 992)
Social Security, of which:	(78 844)	(234 616)	(77 794)	(235 185)
contributions for retirement pay and pensions*	(57 832)	(175 192)	(57 535)	(178 744)
Other employee benefits	(15 850)	(48 454)	(14 766)	(46 364)
Total	(613 944)	(1 759 128)	(598 105)	(1 736 541)

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

11. Income tax expense

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Consolidated income statement				
Current income tax expense	(299 511)	(818 900)	(302 629)	(781 243)
Deferred income tax related to temporary differences	54 346	103 651	74 520	122 037
Tax expense in the consolidated income statement	(245 165)	(715 249)	(228 109)	(659 206)
Tax expense in other comprehensive income related to temporary differences	(54 064)	(41 609)	29 097	(11 055)
Total	(299 229)	(756 858)	(199 012)	(670 261)

12. Earnings per share

Basic earnings per share

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

Earnings per share

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Profit per ordinary shareholder (in PLN thousand)	1 017 025	2 855 339	846 850	2 349 187
Weighted average number of ordinary shares during the period (in thousand)	1 250 000	1 250 000	1 250 000	1 250 000
Earnings per share (in PLN per share)	0.81	2.28	0.68	1.88

Earnings per share from discontinued operations

In the periods ended respectively 30 September 2011 and 30 September 2010, there were no any material income or expenses from discontinued operations.

Diluted earnings per share

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

In the periods ended 30 September 2011 and 30 September 2010, there were no dilutive instruments.

Diluted earnings per share from discontinued operations

In the periods ended 30 September 2011 and 30 September 2010, the Group did not report any material income or expenses from discontinued operations.

13. Amounts due from banks

	30.09.2011	31.12.2010
Deposits with banks	2 602 954	1 493 827
Current accounts	480 441	722 717
Receivables due from repurchase agreements	337 955	-
Loans and advances granted	70 982	112 551
Cash in transit	23 068	6 862
Total	3 515 400	2 335 957
Impairment allowances on receivables, of which:	(31 871)	(28 925)
impairment allowances on exposure to a foreign bank	(30 868)	(28 089)
Net total	3 483 529	2 307 032

14. Trading assets

	30.09.2011	31.12.2010
Debt securities	807 446	1 491 053
issued by the State Treasury, of which:	769 754	1 483 144
Treasury bonds	706 011	1 483 144
Treasury bills	63 743	-
issued by local government bodies, of which:	16 293	7 390
municipal bonds	16 293	7 390
issued by non-financial institutions, of which:	14 794	509
corporate bonds	14 794	509
issued by banks, of which:	6 570	-
BGK bonds	6 570	-
issued by other financial institutions, of which:	35	10
corporate bonds	35	10
Shares in other entities - listed on stock exchange	6 402	12 596
Total	813 848	1 503 649

15. Derivative financial instruments

Type of contract	30.09.2011		31.12.2010	
	Assets	Liabilities	Assets	Liabilities
IRS	1 759 280	1 710 989	1 447 237	1 553 029
FX Swap	489 274	408 018	62 204	83 613
CIRS	379 876	691 286	126 219	687 977
Forward	217 242	56 016	18 356	42 972
Options	119 325	99 886	46 397	25 382
FRA	51 183	39 818	12 157	11 107
Other	3 097	3 455	6 515	715
Total	3 019 277	3 009 468	1 719 085	2 404 795

16. Derivative hedging instruments

As at 30 September 2011, the Group applies the following hedging strategies:

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

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

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
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.
Hedged risk	Currency risk and 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 amount defined in CHF and PLN respectively.
Hedged position	1) The portfolio of floating rate mortgage loans denominated in CHF. 2) The portfolio of short-term negotiable term deposits, including renewals in the future (high probability of occurrence). The Bank designated the hedged position according to the regulations of IAS 39.AG.99C as adopted by the EU.
Periods in which cash flows are expected and in which they should have an impact on the financial result	October 2011 to January 2017

Hedging strategy:	Hedges against fluctuations from loans in PLN at float rate, resulting from the risk of fluctuations in interest rates, using IRS transactions
Description of hedge relationship	Elimination of the risk of cash flow fluctuations generated by floating rate PLN loans resulting from the interest rate risk in the period covered by the hedge.
Hedged risk	Interest rate risk.
Hedging instrument	IRS transactions where the Bank pays coupons based on variable 3M WIBOR, and receives coupons based on a fixed rate on the nominal amount for which they were concluded.
Hedged position	The portfolio of loans in PLN at float rate.
Periods in which cash flows are expected and in which they should have an impact on the financial result	October 2011 to October 2013
Hedging strategy:	Hedges against fluctuations from loans in EUR at float rate, resulting from the risk of fluctuations in interest rates, using IRS transactions
Description of hedge relationship	Elimination of the risk of cash flow fluctuations generated by floating rate EUR loans resulting from the interest rate risk in the period covered by the hedge.
Hedged risk	Interest rate risk.
Hedging instrument	IRS transactions where the Bank pays coupons based on variable 3M EURIBOR, and receives coupons based on a fixed rate on the nominal amount for which they were concluded.
Hedged position	The portfolio of loans in EUR at float rate.
Periods in which cash flows are expected and in which they should have an impact on the financial result	October 2011 to June 2016

Hedging strategy:	Hedges against fluctuations from loans in CHF at float rate, resulting from the risk of fluctuations in interest rates, using IRS transactions
Description of hedge relationship	Elimination of the risk of cash flow fluctuations generated by floating rate CHF loan portfolio resulting from the interest rate risk in the period covered by the hedge.
Hedged risk	Interest rate risk.
Hedging instrument	IRS transactions where the Bank pays coupons based on variable 3M CHF LIBOR, and receives coupons based on a fixed rate on the nominal amount for which they were concluded.
Hedged position	The portfolio of loans in CHF at float rate.
Periods in which cash flows are expected and in which they should have an impact on the financial result	October 2011 to July 2016

Cash flow hedges

The fair value of derivative instruments constituting cash flow hedges related to the interest rate and / or foreign exchange rate as at 30 September 2011 and as at 31 December 2010:

Type of instrument:	Carrying amount/fair value					
	30.09.2011			31.12.2010		
	Assets	Liabilities	Total	Assets	Liabilities	Total
IRS	136 091	217	135 874	103 219	18 755	84 464
CIRS	272 618	556 078	(283 460)	50 702	537 228	(486 526)
Total	408 709	556 295	(147 586)	153 921	555 983	(402 062)

The nominal value of the hedging instruments by maturity as at 30 September 2011 and as at 31 December 2010

Type of instrument:		Nominal value as at 30 September 2011					Total
		Up to 6 months	6 – 12 months	1 – 2 years	2 – 5 years	Over 5 years	
IRS	in PLN thousand	500 000	1 500 000	394 000	37 000	-	2 431 000
IRS	in PLN thousand	-	-	-	1 923 283	-	1 923 283
	in EUR thousand	-	-	-	436 000	-	436 000
IRS	in PLN thousand	-	-	-	904 125	-	904 125
	in CHF thousand	-	-	-	250 000	-	250 000
CIRS	in PLN thousand	361 650	1 627 425	6 871 350	8 589 188	1 627 425	19 077 038
	in CHF thousand	100 000	450 000	1 900 000	2 375 000	450 000	5 275 000

Type of instrument:		Nominal value as at 31 December 2010					Total
		Up to 6 months	6 – 12 months	1 – 2 years	2 – 5 years	Over 5 years	
IRS	in PLN thousand	3 375 000	1 700 000	780 000	125 000	-	5 980 000
IRS	in PLN thousand	-	-	-	1 128 686	-	1 128 686
	in EUR thousand	-	-	-	285 000	-	285 000
CIRS	in PLN thousand	632 780	1 265 560	1 740 145	12 418 308	1 423 755	17 480 548
	in CHF thousand	200 000	400 000	550 000	3 925 000	450 000	5 525 000

Other comprehensive income as regards cash flow hedges	01.01- 30.09.2011	01.01- 30.09.2010
Other comprehensive income at the beginning of the period (gross)	269 042	147 254
Gains or losses transferred to other comprehensive income in the period	755 677	654 246
Amount transferred from other comprehensive income to profit and loss, of which	(527 889)	(588 805)
- interest income	(559 109)	(493 610)
- net foreign exchange gains	31 220	(95 195)
Accumulated other comprehensive income at the end of the period (gross)	496 830	212 695
Tax effect	(94 398)	(40 412)
Accumulated other comprehensive income at the end of the period (net)	402 432	172 283
Ineffective part of cash flow hedges recognized through profit and loss	(48 343)	(48 772)
Effect on other comprehensive income in the period (gross)	227 788	65 441
Deferred tax on cash flow hedges	(43 280)	(12 434)
Effect on other comprehensive income in the period (net)	184 508	53 007

17. Financial assets designated at fair value through profit and loss

	30.09.2011	31.12.2010
Debt securities	13 496 683	10 758 331
issued by central banks, of which:	8 492 503	3 997 780
NBP money market bills	8 492 503	3 997 780
issued by the State Treasury, of which:	4 754 456	6 631 702
Treasury bills	2 935 940	1 893 058
Treasury bonds	1 818 516	4 738 644
issued by local government bodies, of which:	249 724	128 849
municipal bonds EUR	142 431	128 849
municipal bonds PLN	107 293	-
Total	13 496 683	10 758 331

18. Loans and advances to customers

	30.09.2011	31.12.2010
Gross loans and advances to customers, of which:	145 339 526	135 524 789
housing	69 709 868	62 441 248
corporate	49 884 733	46 912 413
consumer	24 836 356	25 446 265
Interest	908 569	724 863
Impairment allowances on loans and advances to customers	(5 644 245)	(4 856 670)
Net loans and advances to customers	139 695 281	130 668 119

	30.09.2011	31.12.2010
Loans and advances to customers		
Valued with the individual method	6 321 772	6 562 353
Impaired, of which:	5 637 299	5 899 231
receivables from finance leases	145 918	125 556
Not impaired, of which:	684 473	663 122
receivables from finance leases	129 154	155 373
Valued with the portfolio method, of which:	6 075 473	4 987 943
receivables from finance leases	106 657	102 133
Valued with the group method (IBNR), of which:	132 942 281	123 974 493
receivables from finance leases	2 473 134	2 177 602
Loans and advances to customers – gross	145 339 526	135 524 789
Allowances on exposures valued with the individual method	(1 943 952)	(1 765 956)
Impaired, of which:	(1 943 952)	(1 765 956)
allowances on lease receivables	(39 584)	(29 509)
Allowances on exposures valued with the portfolio method, of which:	(2 965 101)	(2 593 103)
allowances on lease receivables	(58 263)	(48 013)
Allowances on exposures valued with group method (IBNR), of which:	(735 192)	(497 611)
allowances on lease receivables	(13 171)	(12 383)
Allowances total	(5 644 245)	(4 856 670)
Loans and advances to customers - net	139 695 281	130 668 119

As at 30 September 2011, the share of impaired loans amounted to 8.1% (as at 31 December 2010: 8.0%), whereas the coverage ratio for impaired loans (calculated as total impairment allowances on loans and advances to customers divided by gross carrying amount of impaired loans) amounted to 48.2% (as at 31 December 2010: 44.6%).

As at 30 September 2011, the share of loans overdue by more than 90 days in the gross amount of loans and advances to customers amounted to 4.85% (as at 31 December 2010: 4.3%).

The increase in the volume of loans valued with the portfolio method in the nine-month period of 2011 by PLN 1 087 530 thousand resulted mainly from the increase in delays in repayment in the portfolio of consumer loans and housing loans.

19. Investment securities available for sale

	30.09.2011	31.12.2010
Debt securities available for sale (gross)	12 132 546	10 144 678
issued by the State Treasury	7 405 518	5 813 314
Treasury bonds in PLN	7 294 866	5 636 357
Treasury bonds in UAH	109 674	153 323
Treasury bills	978	23 634
issued by local government bodies	2 997 280	2 824 173
municipal bonds	2 997 280	2 824 173
issued by non-financial institutions	1 677 982	1 456 333
corporate bonds in PLN	1 666 211	1 445 357
corporate bonds in UAH	9 009	8 214
bills of exchange	2 762	2 762
issued by banks	51 766	50 858
corporate bonds	51 766	50 858
Impairment of debt securities available for sale	(22 054)	(21 259)
corporate bonds in PLN	(10 283)	(10 283)
corporate bonds in UAH	(9 009)	(8 214)
bills of exchange	(2 762)	(2 762)
Total net debt securities available for sale	12 110 492	10 123 419
Equity securities available for sale (gross)	87 359	96 631
Equity securities admitted to public trading	68 468	85 491
Equity securities not admitted to public trading	18 891	11 140
Impairment of equity securities available for sale	(2 614)	(650)
Impairment of equity securities not admitted to public trading	(2 614)	(650)
Total net equity securities available for sale	84 745	95 981
Total net investment securities available for sale	12 195 237	10 219 400

20. Investments in associates and jointly controlled entities

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

Entity name	30.09.2011	31.12.2010
Centrum Obsługi Biznesu Sp. z o.o.	7 732	9 298
Centrum Haffnera Sp. z o.o. Group	27 766	31 981
Total	35 498	41 279

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

Entity name	30.09.2011	31.12.2010
Bank Pocztowy SA	131 427	131 427
Agencja Inwestycyjna CORP SA	354	225
Total	131 781	131 652

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	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Investments in associates at the beginning of the period	-	131 652	-	179 452
Share in profit and loss	1 457	2 663	(15)	210
Share in other comprehensive income	(661)	(1 028)	-	728
Dividends paid	-	(112)	-	(107)
Change in impairment allowances of investment	(751)	(1 394)	(48 686)	(48 642)
Investments in associates at the end of the period	45	131 781	(48 701)	131 641

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Investments in jointly controlled entities at the beginning of the period	-	41 279	-	49 240
Share in profit and loss	(778)	(5 781)	374	(4 845)
Investments in jointly controlled entities at the end of the period	(778)	35 498	374	44 395

21. Intangible assets and tangible fixed assets

Intangible assets	30.09.2011	31.12.2010
Software	1 444 662	1 279 303
Goodwill	227 499	229 740
Development costs	3 486	3 486
Other, including capital expenditure	104 198	289 508
Total	1 779 845	1 802 037

Tangible fixed assets	30.09.2011	31.12.2010
Land and buildings	1 698 852	1 722 797
Machinery and equipment	580 814	603 388
Assets under construction	95 947	96 022
Means of transport	52 488	47 703
Investment properties	251	259
Other	93 309	106 276
Total	2 521 661	2 576 445

22. Amounts due to banks

	30.09.2011	31.12.2010
Loans and advances received	4 099 854	4 068 332
Banks deposits	2 208 359	973 072
Current accounts	36 091	44 379
Amounts due from repurchase agreement	24 994	54 446
Other money market deposits	148 642	93 646
Total	6 517 940	5 233 875

23. Amounts due to customers

	30.09.2011	31.12.2010
Amounts due to retail clients	99 821 807	95 107 854
Current accounts and overnight deposits	45 778 321	46 416 011
Term deposits	53 729 206	48 398 185
Other money market deposits	314 280	293 658
Amounts due to corporate entities	39 732 899	31 826 551
Current accounts and overnight deposits	9 532 867	11 264 473
Term deposits	27 472 669	18 259 084
Loans and advances received	2 047 946	1 856 819
Amounts due from repurchase agreement	679 417	446 175
Amounts due to state budget entities	4 397 350	6 046 810
Current accounts and overnight deposits	2 437 657	2 689 369
Term deposits	1 946 456	3 349 821
Other money market deposits	13 237	7 620
Total	143 952 056	132 981 215

24. Debt securities in issue

	30.09.2011	31.12.2010
Debt securities in issue		
Financial instruments designated at fair value through profit and loss	107 230	-
bank securities issued by PKO Bank Polski SA	107 230	-
Financial instruments measured at amortised cost	6 651 591	3 298 867
bonds issued by PKO Bank Polski SA	1 936 409	-
bonds issued by PKO Finance AB	4 558 676	3 187 766
bonds issued by BFL SA	156 506	111 101
Total	6 758 821	3 298 867

	30.09.2011	31.12.2010
Debt securities in issue by maturity:		
up to 1 month	156 506	24 901
from 1 month to 3 months	1 936 409	86 200
from 3 months to 1 year	-	23 389
from 1 year to 5 years	4 665 906	3 164 377
Total	6 758 821	3 298 867

In the nine-month period of 2011 the Bank issued bank securities and bank bonds with nominal value of PLN 2 060 613 thousand classified respectively as liabilities designated to be measured at fair value through profit and loss, in accordance with IAS 39.9. and measured at amortised cost. In the nine-month period of 2011, bank securities in the amount of PLN 648 thousand were redeemed (at nominal value).

In the nine-month period of 2011 BFL SA issued bonds with a nominal value of PLN 825 000 thousand and redeemed bonds with a nominal value of PLN 530 000 thousand. As at 30 September 2011, the Company's debt in respect of the bonds issued amounted to PLN 415 000 thousand (at nominal value) of which the debt due to the Bank amounted to PLN 257 740 thousand (at nominal value).

In the third quarter of 2011 PKO Finance AB issued bonds with a nominal value of CHF 250 000 thousand.

25. Other liabilities

	30.09.2011	31.12.2010
Accounts payable	395 421	304 515
Deferred income	320 821	345 302
Other liabilities	1 638 190	1 443 017
Total	2 354 432	2 092 834

26. Provisions

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

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

For the nine-month period ended 30 September 2010	Provision for legal claims	Provisions for anniversary bonuses and retirement benefits	Provisions for liabilities and guarantees granted	Other provisions*	Total
As at 1 January 2010, of which:	8 128	368 295	111 721	114 150	602 294
Short term provision	8 128	27 418	111 721	114 150	261 417
Long term provision	-	340 877	-	-	340 877
Increase of provision	678	-	117 903	4 113	122 694
Release of provision	(743)	-	(137 071)	(95)	(137 909)
Use of provision	-	-	-	(67 680)	(67 680)
Currency translation differences	-	-	73	-	73
Other changes and reclassifications	(47)	-	2	520	475
As at 30 September 2010, of which:	8 016	368 295	92 628	51 008	519 947
Short term provision	8 016	27 418	92 628	50 932	178 994
Long term provision	-	340 877	-	76	340 953

* Included in 'Other provisions' is i.a.: restructuring provision of PLN 36 292 thousand and provision of PLN 10 660 thousand for potential claims on impaired loans portfolios sold.

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

27. Off-balance sheet liabilities

Contingent liabilities

Underwriting programs

As at 30 September 2011, the Group's underwriting agreements covered the following securities (maximum liability of the Group to acquire securities):

Issuer of securities underwritten	Type of underwritten securities	Off-balance sheet liabilities resulting from underwriting agreement	Contract period	Sub-issue type
Company A	corporate bonds	520 000	31.07.2013	Bonds Issue Agreement*
Company B	corporate bonds	144 774	31.12.2024	Bonds Issue Agreement*
Company C	corporate bonds	102 700	31.10.2013	Bonds Issue Agreement*
Company D	corporate bonds	74 900	30.12.2015	Bonds Issue Agreement*
Company E	corporate bonds	20 000	02.01.2012	Bonds Issue Agreement*
Total		862 374		

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

As at 31 December 2010, the Group's underwriting agreements covered the following securities (maximum liabilities of the Group to acquire securities):

Issuer of securities underwritten	Type of underwritten securities	Off-balance sheet liabilities resulting from underwriting agreement	Contract period	Sub-issue type
Company A	corporate bonds	304 000	31.07.2013	Bonds Issue Agreement*
Company B	corporate bonds	200 000	02.01.2012	Bonds Issue Agreement*
Company C	corporate bonds	155 000	31.12.2024	Bonds Issue Agreement*
Company D	corporate bonds	74 900	30.12.2015	Bonds Issue Agreement*
Company E	corporate bonds	13 000	31.12.2018	Bonds Issue Agreement*
Entity A	municipal bonds	4 000	31.12.2025	Bonds Issue Agreement*
Total		750 900		

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

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

Contractual commitments

As at 30 September 2011, the value of contractual commitments concerning intangible assets amounted to PLN 52 548 thousand (as at 31 December 2010, the value of commitments amounted to PLN 1 100 thousand).

Granted loan commitments

	30.09.2011	31.12.2010
Financial sector	1 150 316	752 074
Non-financial sector	28 600 261	27 747 336
Public sector	1 624 770	1 005 614
Total	31 375 347	29 505 024
of which: irrevocable loan commitments	5 775 973	7 001 338

Granted loan commitments have been presented in nominal values.

Guarantees issued

Guarantees and sureties	30.09.2011	31.12.2010
Financial sector	879 769	2 234 228
Non-financial sector	7 430 880	4 792 355
Public sector	526 725	253 771
Total	8 837 374	7 280 354

Off-balance sheet liabilities received

	30.09.2011	31.12.2010
Financial	1 352 887	403 874
Guarantees	3 721 436	3 726 067
Total	5 074 323	4 129 941

Assets pledged as collateral for contingent liabilities

As at 30 September 2011 and 31 December 2010 the Group had no assets pledged as collateral for contingent liabilities.

28. Legal claims

As at 30 September 2011, the total value of court proceedings in which the Bank is a defendant was PLN 311 785 thousand (as at 31 December 2010: PLN 308 304 thousand), while the total value of court proceedings in which the Bank is the plaintiff was PLN 89 153 thousand (as at 31 December 2010: PLN 60 207 thousand).

The most significant disputes of PKO Bank Polski SA Group are described below:

1) Unfair competition proceedings

The Bank is a party to proceedings initiated on the basis of a decision dated 23 April 2001 of the President of the Competition and Consumer Protection Office (Urząd Ochrony Konkurencji i Konsumentów - UOKiK) upon request of the Polish Trade and Distribution Organization (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. In detail this case was presented in the PKO Bank Polski Groups' consolidated financial statements for the year 2010. In the period from 1 January to 30 September 2011 the date of the trial had not been set. As at 30 September 2011, the Bank recognised a liability in the amount stated above.

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

As at the date of these financial statements, four administrative proceedings are pending to invalidate decisions issued by public administration authorities with respect to properties held by the Bank and one administrative proceeding with respect to property held by Centrum Finansowe Puławska Sp. z o.o. These proceedings, in the event of an unfavourable outcome for the Bank and this Company, may result in re-privatization claims. Given the current status of these proceedings as regards stating the invalidity of decisions and verdicts of public administration bodies, it is not possible to assess their potential negative financial effects for the Group. Moreover, with respect to two properties of the Bank claims were submitted by their former owners (court proceedings are pending).

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

29. Supplementary information to the statement of cash flows

Cash and cash equivalents

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

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	30.09.2011	31.12.2010	30.09.2010
Cash and balances with the central bank	7 743 480	6 182 412	3 943 312
Current receivables from financial institutions	3 165 819	2 256 269	1 325 172
Total	10 909 299	8 438 681	5 268 484

30. Related party transactions

All transactions presented below with entities related by capital relationships were arm's length transactions. Repayment terms are within a range from one month to ten years.

30 September 2011

Entity	Receivables	including loans	Liabilities	Total income	including interest and fee and commission income	Total expense	including interest and fee and commission expense	Contingent liabilities and commitments
Agencja Inwestycyjna CORP SA	63	-	159	573	112	1 918	-	-
Bank Pocztowy SA	85 017	85 011	52	302	285	994	337	3 148
CENTRUM HAFFNERA Sp. z o.o.	-	-	2 158	7	7	-	-	-
Centrum Majkowskiego Sp. z o.o.	-	-	4 540	5	5	90	90	-
Centrum Operacyjne Sp. z o.o.	-	-	27	2	2	-	-	-
Centrum Obsługi Biznesu Sp. z o.o.	64 449	64 449	43 244	714	714	464	464	-
Kamienica Morska Sp. z o.o.	-	-	8	5	5	-	-	-
Kolej Gondolowa Jaworzyna Krynicka SA	8 599	8 599	1 685	344	344	32	32	2 976
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	-	-	6 940	1	1	290	290	-
Promenada Sopocka Sp. z o.o.	48 701	48 701	1 030	1 095	1 095	8	8	-
Sopot Zdrój Sp. z o.o.	233 230	233 230	2 519	5 363	5 365	49	49	-
Total	440 059	439 990	62 362	8 411	7 935	3 845	1 270	6 124

31 December 2010

Entity	Receivables	including loans	Liabilities	Total income	including interest and fee and commission income	Total expense	including interest and fee and commission expense	Contingent liabilities and commitments
Agencja Inwestycyjna CORP SA	61	-	87	628	-	2 425	-	-
Bank Pocztowy SA	-	-	105	146	131	1 962	419	1 330
CENTRUM HAFFNERA Sp. z o.o.	-	-	2 478	9	9	59	59	-
Centrum Majkowskiego Sp. z o.o.	-	-	4 765	6	6	93	93	-
Centrum Obsługi Biznesu Sp. z o.o.	30 799	30 799	22 285	753	752	558	557	-
Kamienica Morska Sp. z o.o.	-	-	66	6	6	-	-	-
Kolej Gondolowa Jaworzyna Krynicka SA	5 824	5 824	538	74	74	9	9	8 375
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	-	-	16 178	1	1	152	141	-
Promenada Sopocka Sp. z o.o.	43 805	43 805	691	1 165	1 165	-	-	-
Sopot Zdrój Sp. z o.o.	209 785	209 785	4 049	5 617	5 617	60	60	-
Total	290 274	290 213	51 242	8 405	7 761	5 318	1 338	9 705

31. Changes to the entities of the Group, jointly controlled entities and associates

In the third quarter of 2011 the following events affecting the structure of the PKO Bank Polski SA Group took place:

1. Start of the liquidation of the company Centrum Finansowe Puławska Sp. z o.o.

On 1 July 2011, PKO Bank Polski SA, as the sole shareholder of Centrum Finansowe Puławska Sp. z o.o., passed a resolution on the Company's winding up and opening its liquidation as of 1 July 2011. The relevant motion was filed with the National Court Register on 4 July of this year. The winding up of the Company will not result in any changes to the scope of activities of the PKO Bank Polski SA Group – it is expected that the main activities conducted by the Company, i.e. managing the building Centrum Finansowe Puławska in Warsaw together with the property, will be taken over by the Bank.

2. Takeover of direct control of PKO BP Finat Sp. z o.o. by PKO Bank Polski SA.

In the third quarter of 2011 PKO Bank Polski SA bought from its subsidiaries all shares of PKO BP Finat Sp. z o.o., of which:

- on 24 August 2011 bought from Inteligo Financial Services SA 75 999 shares of PKO BP Finat Sp. z o.o. with a total nominal value of PLN 7 599.9 thousand; purchase price of the above-mentioned shares amounted to PLN 9 392.7 thousand.
- on 13 September 2011 bought from PKO BP BANKOWY Powszechnie Towarzystwo Emerytalne SA 18 610 shares of PKO BP Finat Sp. z o.o. with a total nominal value of PLN 1 861 thousand; purchase price amounted to PLN 2 300 thousand.

As a result of the above-mentioned transaction, PKO Bank Polski SA holds shares of PKO BP Finat Sp. z o.o. which represent 100% interest in the share capital of the Company and entitle to 100% of the votes at the General Shareholders' Meeting.

3. Changes in the Bankowy Fundusz Leasingowy SA Group

On 28 September 2011 Bankowy Fundusz Leasingowy SA - the Bank's subsidiary - bought from PKO Bank Polski SA, 1 share in BFL Nieruchomości Sp. z o.o. and 1 share in Bankowy Leasing Sp. z o.o. The purchase price in both cases was PLN 0.8 thousand.

As a result of the above transactions Bankowy Fundusz Leasingowy SA became the sole shareholder in the company BFL Nieruchomości Sp. z o.o. and in the company Bankowy Leasing Sp. z o.o.

4. Changes in the Qualia Development Sp. z o.o. Group

In in the third quarter of 2011, as part of the activities of Qualia Development Sp. z o.o. related to the execution of the new concept for conducting development activities within the structure of a holding, including the use of limited partnerships:

- PKO BP Inwestycje - Nowy Wilanów Sp. z o.o. was transformed into a limited partnership
On 1 July 2011, the National Court Register registered the transformation into a limited partnership and changing the name of PKO BP Inwestycje Nowy Wilanów Sp. z o.o. to Qualia spółka z ograniczoną odpowiedzialnością - Nowy Wilanów Spółka komandytowa.
The Company's shareholders are: Qualia Development Sp. z o.o. (the limited partner, amount of contribution: PLN 3 999 thousand) and Qualia Sp. z o.o. (the general partner, amount of contribution: PLN 1 thousand).
- PKO BP Inwestycje - Neptun Park Sp. z o.o. was transformed into a limited partnership
On 1 July 2011, the National Court Register registered the transformation into a limited partnership and changing the name of PKO BP Inwestycje Neptun Park Sp. z o.o. to Qualia spółka z ograniczoną odpowiedzialnością - Neptun Park Spółka komandytowa.
The Company's shareholders are: Qualia Development Sp. z o.o. (the limited partner, amount of contribution: PLN 3 999.9 thousand) and Qualia Sp. z o.o. (the general partner, amount of contribution: PLN 0.1 thousand).
- Qualia spółka z ograniczoną odpowiedzialnością - Pomeranka Spółka komandytowa was formed
The Company's shareholders are: Qualia Development Sp. z o.o. (the limited partner, amount of contribution: PLN 1 thousand) and Qualia Sp. z o.o. (the general partner, amount of contribution: PLN 1 thousand).
The company was registered in the National Court Register on 21 July 2011.
- Qualia spółka z ograniczoną odpowiedzialnością - Projekt 1 Sp. komandytowa was formed
The Company's shareholders are: Qualia Development Sp. z o.o. (the limited partner, amount of contribution: PLN 1 thousand) and Qualia Sp. z o.o. (the general partner, amount of contribution: PLN 1 thousand).
The company was registered in the National Court Register on 29 July 2011.
- liquidation of Fort Mokotów Sp. z o.o. was commenced
On 28 July 2011, the Extraordinary Shareholders' Meeting of Fort Mokotów Sp. z o.o. - a subsidiary of Qualia Development Sp. z o.o. - passed a resolution to dissolve the Company and open its

liquidation as of 28 July 2011. The liquidation is carried out in connection with completing the execution of a development project.

By the date of publishing the report, the following events had taken place which will result in changes in the structure of the PKO Bank Polski SA Group in the fourth quarter of 2011:

On 6 October 2011, a new company Qualia – Residence Sp. z o.o. belonging to the Qualia Development Group was registered in the National Court Register. The Company's share capital amounts to PLN 5 thousand and consists of 100 shares of PLN 50 nominal value each. Shares with a nominal value of PLN 4.95 thousand were taken up by Qualia Development Sp. z o.o., and 1 share with a nominal value of PLN 50 was taken up by Qualia Sp. z o.o. – a subsidiary of Qualia Development Sp. z o.o.

On 13 October 2011, Qualia Development Sp. z o.o. repurchased the 1 share from Qualia – Residence Sp. z o.o. and thus became the sole shareholder of Qualia – Residence Sp. z o.o.

The following events took place in the third quarter of 2011 in jointly controlled entities and associates of the Bank:

- On 28 September 2011, a decrease in the share capital of Centrum Majkowskiego Sp. z o.o. was registered in the National Court Register. The company is a subsidiary of Centrum Haffnera Sp. z o.o. (a jointly controlled entity of PKO Bank Polski SA). The share capital was reduced from PLN 6 609 thousand to PLN 3 833.2 thousand by reducing the nominal value of each share.
- On 30 September 2011, the Extraordinary Shareholders' Meeting of Spółka Dystrybucyjna Banku Pocztowego Sp. z o.o. – a subsidiary of Bank Pocztowy SA (an associate of PKO Bank Polski SA) took the decision to increase the Company's share capital from PLN 2 000 thousand to PLN 2 679.8 thousand by increasing the nominal value of the shares. The above-mentioned increase in the share capital has not yet been registered with the Registration Court.

32. Differences between previously published financial statements and these financial statements

In the third quarter of 2011, there were no significant changes as compared to the previously published financial statements.

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

Objectives and principles of risk management in the PKO Bank Polski SA Group were in details presented in the PKO Bank Polski Group's consolidated financial statements for 2010.

Relevant information for risk monitoring and changes in methods of risk measurement in the period from 1 January to 30 September 2011 are presented below.

33.1. Credit risk

Credit risk measurement methods

In the third quarter of 2011, when determining the impairment allowances on the portfolio of mortgage loans of individuals, the portfolio parameters estimated on the basis of the assumptions of the methodology for estimating parameters for the purpose of calculating capital requirement under the IRB method. The new methodology takes into account intensive restructuring processes carried out in respect of this portfolio and allows a more precise assessment of the related credit risk.

33.1.1. Monitoring of credit risk

The Group's exposure to credit risk

Amounts due from banks	30.09.2011	31.12.2010
Amounts due from banks impaired	31 319	28 559
of which valued with the individual method	30 868	28 089
Amounts due from banks not impaired	3 484 081	2 307 398
neither past due nor impaired	3 484 081	2 307 047
past due but not impaired	-	351
past due up to 4 days	-	351
Gross total	3 515 400	2 335 957
Impairment allowances	(31 871)	(28 925)
Net total by carrying amount	3 483 529	2 307 032

Loans and advances to customers	30.09.2011	31.12.2010
Loans and advances impaired	11 712 772	10 887 174
of which valued with the individual method	5 637 299	5 899 231
Loans and advances not impaired	133 626 754	124 637 615
neither past due nor impaired	127 677 253	120 260 937
past due but not impaired	5 949 501	4 376 678
past due up to 4 days	2 958 292	2 027 160
past due over 4 days	2 991 209	2 349 518
Gross total	145 339 526	135 524 789
Impairment allowances	(5 644 245)	(4 856 670)
Net total by carrying amount	139 695 281	130 668 119

Investment securities – debt securities	30.09.2011	31.12.2010
Debt securities impaired	22 054	21 259
of which valued with the individual method	22 054	21 259
Debt securities not impaired	12 110 492	10 123 419
neither past due nor impaired	12 110 492	10 123 419
Gross total	12 132 546	10 144 678
Impairment allowances	(22 054)	(21 259)
Net total by carrying amount	12 110 492	10 123 419

Maximum exposure to credit risk

The table below presents maximum exposure to credit risk of the Group as at 30 September 2011 and as at 31 December 2010.

Items of the statement of financial position	30.09.2011	31.12.2010
Current account in the central bank	5 282 745	3 782 717
Amounts due from banks	3 483 529	2 307 032
Trading assets – debt securities	807 446	1 491 053
Derivative financial instruments	3 019 277	1 719 085
Other financial instruments designated at fair value through profit and loss - debt securities	13 496 683	10 758 331
Loans and advances to customers	139 695 281	130 668 119
Investment securities – debt securities	12 110 492	10 123 419
Other assets – other financial assets	439 619	352 473
Total	178 335 072	161 202 229

Off-balance sheet items	30.09.2011	31.12.2010
Irrevocable loan commitments	5 775 973	7 001 338
Guarantees granted	3 886 025	4 554 377
Letters of credit granted	2 718 034	229 946
Guarantees of issue (underwriting)	2 233 315	2 496 031
Total	14 613 347	14 281 692

Financial assets individually determined to be impaired for which individual impairment allowance has been recognised by carrying amount gross

	30.09.2011	31.12.2010
Amounts due from banks	30 868	28 089
Loans and advances to customers	5 637 299	5 899 231
Financial entities	42 823	41 188
corporate loans	42 823	41 188
Non-financial entities	5 586 941	5 850 521
consumer loans	76 997	91 982
housing loans	1 187 758	903 038
corporate loans	4 322 186	4 855 501
State budget entities	7 535	7 522
corporate loans	7 535	7 522
Financial assets available for sale	22 164	21 376
issued by financial entities	9	8
issued by non-financial entities	22 155	21 368
Total	5 690 331	5 948 696

Concentration by the largest business entities

As at 30 September 2011 and 31 December 2010, concentration limits were not exceeded.

As at 30 September 2011, the level of the PKO Bank Polski SA Group risk concentration with respect to individual exposures was low – the biggest exposure to a single entity was equal to 18.3%* and 4.6% of the consolidated own funds.

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

Concentration by the largest groups

The greatest exposure of the PKO Bank Polski SA Group towards a group of borrowers amounted to 2.59% of the PKO Bank Polski SA Group's loan portfolio. The 5 biggest groups include only clients of PKO Bank Polski SA.

As at 30 September 2011, the level of concentration of credit risk by the largest groups was low – the greatest exposure of the Group to a single entity was equal to 20.5%* of the Group's consolidated own funds, with the concentration ratio at 8.0%.

Concentration by industry

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

* Concentration partly exempt from the concentration limits, concentration ratio at 6.0% of consolidated own funds.

The Group's exposure increased compared with 31 December 2010 with respect to all sectors by ca. PLN 4.9 billion. The total exposure in the four largest industry sectors: 'Industrial processing', 'Wholesale and retail trade, repair of cars, motorcycles...', 'Business activity connected with maintenance and rental of real estate' and 'Construction' amounted to ca. 66% of the total loan portfolio covered by an analysis of the sector.

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

Concentration by geographical regions

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

As at 30 September 2011, the largest concentration of the Group's loan portfolio was in the mazowiecki region. More than 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 30 September 2011, the share of exposure in convertible currencies, other than PLN, in the total loan portfolio of the Group amounted to 24.5%. The greatest part of the Group's currency exposures are those in CHF, which constitute 69.3% of the Group's currency portfolio, and they relate mainly to the currency loan portfolio of the Bank. In case of particular Group entities, the situation is different, i.e. for the BFL SA Group, the greatest currency exposures are those in EUR (83.7% of currency loan portfolio), similarly for the BTK SA Group – factoring receivables granted in EUR (64.2% of currency loan portfolio) and for KREDOBANK SA – USD denominated loans (81.0% of the currency loan portfolio and 36.0% of the company's total loan portfolio).

Significant concentration risk was identified in KREDOBANK SA, and resulted from the character of the Ukrainian market, where due to weak local currency the majority of loans are granted in a foreign currency.

Other types of concentration

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

- 1) portfolio of exposures with established mortgage collateral,
- 2) portfolio of loans granted to individual clients.

As at 30 September 2011, these limits have not been exceeded.

33.2. Interest rate risk

The PKO Bank Polski SA Group's exposure to interest rate risk as at 30 September 2011 and 31 December 2010 consisted mainly of the Bank's exposure. The interest rate risk for such currencies as PLN, EUR and CHF, generated by the Group entities, did not have a material influence on the interest rate risk of the Group and, as a result, did not change significantly its risk profile. Interest rate risk for USD was changed significantly by the exposure of the entities of the Group, where the most significant exposure concerned KREDOBANK SA.

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

Name of sensitivity measure	30.09.2011	31.12.2010
VaR for a 10-day time horizon (in PLN thousand)*	111 556	39 004
Parallel movement of interest rate curves by 200 b.p. (in PLN thousand) (stress-test)	523 532	522 641

*Due to the nature of the activities carried out by the other Group entities generating significant interest rate risk as well as the specific nature of the market in which they operate, the Group does not calculate consolidated VaR. These entities 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 25 613 thousand as at 30 September 2011 and to PLN 30 150 thousand as at 31 December 2010.

As at 30 September 2011, the Bank's interest rate VaR for a 10-day time horizon (10-day VAR, 99%) amounted to PLN 111 556 thousand, which accounted for approximately 0.64% of the value of the Bank's own funds. As at 31 December 2010, VaR for the Bank amounted to PLN 39 004 thousand, which accounted for approximately 0.24% of the Bank's own funds*.

33.3. Currency risk

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

Name of sensitivity measure	30.09.2011	31.12.2010
VaR for a 10-day time horizon (in PLN thousand)*	3 863	3 171
Change of CUR/PLN by 20% stress-test (in PLN thousand)**	1 365	8 109

* 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 in which they operate, the Bank does not calculate consolidated VaR. These entities apply their own risk measures in the currency risk management. KREDOBANK SA uses the 10-day VaR, which amounted to ca. PLN 221 thousand as at 30 September 2011 and to ca. PLN 182 thousand as at 31 December 2010.

**The table presents the value of the most adverse stress-test of the scenarios: PLN appreciation by 20% and PLN depreciation by 20%. On 29 August 2011, decision of the managing director in charge of the Banking Risk Division introduced the revised foreign exchange risk management methods, which changed in particular the way of conducting stress-tests of currency risk. The value of stress-test of currency risk as at 31 December 2010 was brought to comparability.

The level of currency risk was low both as at 30 September 2011 and as at 31 December 2010.

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

Currency position	30.09.2011	31.12.2010
USD	(20 096)	(78 916)
GBP	3 534	48 073
CHF	(29 954)	(18 820)
EUR	168	(4 035)
Other (Global Net)	10 003	11 257

The volume of currency positions is a key factor determining the level of currency risk to which the Group is exposed (except for volatility of foreign exchange rates). The level of currency positions is determined by all foreign currency transactions, which are concluded by the Group, both in the statement of financial position and off-balance sheet. Exposure of the Bank to currency risk is low (with reference to own funds, VaR for a 10-day time horizon at 99% confidence level for the Bank's currency position as at 30 September 2011 amounted to ca. 0.02%).

33.4. Liquidity risk

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

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

	a'vista	0 - 1 month	1 - 3 months	3 - 6 months	6 - 12 months	12 - 24 months	24 - 60 months	over 60 months
30.09.2011								
The Group - adjusted gap in real terms	7 952 479	8 311 793	(2 535 915)	(774 894)	370 531	9 808 634	15 149 759	(38 282 387)
The Group - cumulative adjusted gap in real terms	7 952 479	16 264 272	13 728 357	12 953 463	13 323 994	23 132 628	38 282 387	-
31.12.2010								
The Group - adjusted gap in real terms	3 207 473	14 102 549	(949 842)	(106 638)	3 800 570	5 160 414	(1 014 208)	(24 200 318)
The Group - cumulative adjusted gap in real terms	3 207 473	17 310 022	16 360 180	16 253 542	20 054 112	25 214 526	24 200 318	-

In all time horizons, the PKO Bank Polski SA Group's cumulative liquidity gap in real terms* as at 30 September 2011 and 31 December 2010 was positive. This means a surplus of assets receivable over liabilities payable.

The table below presents liquidity reserve of the Bank as at 30 September 2011 and 31 December 2010:

Name of sensitivity measure	30.09.2011	31.12.2010
Liquidity reserve to 1 month* (in PLN million)	12 488	10 151

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

As at 30 September 2011, the level of permanent balances on deposits constituted ca. 94.8% of all deposits of the Bank (excluding interbank market), which is ca. 0.4 pp. lower as compared to the level as at the end of 2010.

34. Capital adequacy

Objectives and principles of capital adequacy management were in details presented in the PKO Bank Polski SA Group's consolidated financial statements for the year 2010. In these statements there was also included the information concerning components of the Group's own funds calculated for capital adequacy purposes as well as the methods of capital requirements calculation for particular risk purposes.

The level of capital adequacy of the Group as at 30 September 2011 remained on the safe level significantly above the statutory limits.

The capital adequacy ratio of the Group, one of the main capital adequacy measures, as compared to 31 December 2010, decreased by 0.18 pp., which has been mainly caused by increase in Group's loan portfolio, while increasing the total Group's own funds calculated for the purpose of capital adequacy at the same time.

34.1.1. Own funds calculated for capital adequacy purposes

As at 30 September 2011, own funds of the Group calculated for capital adequacy purposes increased by PLN 737 751 thousand, which was mainly due to the recognition of profit earned by the Bank in 2010 after charges deduction (PLN 836 209 thousand) to the Bank's own funds.

* 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.

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

GROUP'S OWN FUNDS	30.09.2011	31.12.2010
Basic funds (Tier 1)	16 716 301	15 960 255
Share capital	1 250 000	1 250 000
Reserve capital	13 041 390	12 212 177
Other reserves	3 460 368	3 412 239
General banking risk fund for unidentified banking activities risk	1 070 000	1 070 000
Profit/loss from previous years	(23 162)	112 297
Unrealised losses on debt and equity instruments and other receivables classified as available for sale	(110 552)	(67 406)
Intangible assets	(1 779 845)	(1 802 037)
of which goodwill of subsidiaries	(227 499)	(229 740)
Equity exposures	(113 863)	(118 285)
Negative currency translation differences from foreign operations	(78 007)	(110 720)
Non-controlling interest	(28)	1 990
Supplementary funds (Tier 2)	1 541 380	1 512 546
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)	52 664	29 158
Positive currency translation differences from foreign operations	1 879	973
Equity exposures	(113 863)	(118 285)
Short-term equity (Tier 3)	98 799	145 928
TOTAL OWN FUNDS	18 356 480	17 618 729

34.1.2. Capital requirements (Pillar 1)

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

Capital requirements	30.09.2011	31.12.2010
Credit risk	10 690 714	9 821 710
credit risk (banking book)	10 585 204	9 756 757
counterparty risk (trading book)	105 510	64 953
Market risk	403 370	422 154
equity securities risk	655	767
specific risk of debt instruments	310 240	341 058
general risk of interest rates	92 472	80 329
price of goods	3	-
Operational risk	852 099	1 057 922
Total capital requirements	11 946 183	11 301 786
Capital adequacy ratio	12.29%	12.47%

In 2011, an increase in the capital requirement in respect of credit risk resulted mainly from an increase of ca. 6.91% in the Group's loans portfolio.

The decrease of market risk capital requirement was mainly due to the decrease of liabilities due to securities underwriting agreements by ca. 10.53%.

34.1.3. Internal capital (Pillar 2)

Principles of the calculation of internal capital in the Group were in details presented in the PKO Bank Polski SA Group's consolidated financial statements for the year 2010.

34.1.4. Disclosures (Pillar 3)

In accordance with § 6 of Resolution 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 (Polish Financial Supervision Authority Journal of Laws 2008, No. 8, item 39, with subsequent amendments), Powszechna Kasa Oszczędności Bank Polski SA, which is the parent company within the meaning of § 3 of the resolution, publishes information about capital adequacy in a separate document on an annual basis, not later than within 30 days from the date of approval of the annual financial statements by the Ordinary General Shareholders' Meeting.

The report 'Capital Adequacy and Risk Management (Pillar 3) of the PKO Bank Polski SA Group as at 31 December 2010' was published on the Bank's official website on 27 July 2011.

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).

STAND-ALONE FINANCIAL DATA

INCOME STATEMENT

for the nine-month periods ended 30 September 2011 and 30 September 2010 respectively

	Note	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Continuing operations:					
Interest and similar income	1	3 102 373	8 591 647	2 595 172	7 465 280
Interest expense and similar charges	1	(1 149 654)	(3 119 468)	(907 922)	(2 770 618)
Net interest income		1 952 719	5 472 179	1 687 250	4 694 662
Fee and commission income	2	901 969	2 690 962	928 578	2 737 112
Fee and commission expense	2	(197 745)	(554 231)	(176 500)	(559 163)
Net fee and commission income		704 224	2 136 731	752 078	2 177 949
Dividend income		263	94 028	83	109 827
Net income from financial instruments designated at fair value	3	(28 403)	(63 781)	(15 194)	(32 994)
Gains less losses from investment securities		930	16 040	975	36 922
Net foreign exchange gains	4	114 590	244 849	124 442	289 113
Other operating income	5	17 442	56 621	11 821	35 435
Other operating expense	5	(16 437)	(44 371)	(10 359)	(34 946)
Net other operating income and expense		1 005	12 250	1 462	489
Net impairment allowance and write-downs	6	(473 134)	(1 330 869)	(517 699)	(1 359 594)
Administrative expenses	7	(1 026 596)	(2 986 816)	(964 141)	(2 840 693)
Operating profit		1 245 598	3 594 611	1 069 256	3 075 681
Profit before income tax		1 245 598	3 594 611	1 069 256	3 075 681
Income tax expense	8	(244 022)	(697 871)	(212 324)	(606 209)
Net profit		1 001 576	2 896 740	856 932	2 469 472
Earnings per share	9				
– basic earnings per share for the period (in PLN)		0.80	2.32	0.69	1.98
– diluted earnings per share for the period (in PLN)		0.80	2.32	0.69	1.98
Weighted average number of ordinary shares during the period (in thousand)		1 250 000	1 250 000	1 250 000	1 250 000
Weighted average diluted number of ordinary shares during the period (in thousand)		1 250 000	1 250 000	1 250 000	1 250 000

Discontinued operations:

In the nine-month period ended 30 September 2011 and 30 September 2010 PKO Bank Polski SA did not carry out discontinued operations.

STATEMENT OF COMPREHENSIVE INCOME

for the nine-month periods ended 30 September 2011 and 30 September 2010 respectively

	Note	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Net profit		1 001 576	2 896 740	856 932	2 469 472
Other comprehensive income		229 094	176 530	(121 090)	51 234
Unrealised net gains on financial assets available for sale (gross)		(39 362)	(9 850)	(18 637)	(2 189)
Deferred tax on unrealised net gains on financial assets available for sale	8	7 479	1 872	3 541	416
Cash flow hedges (gross)		322 194	227 788	(130 857)	65 441
Deferred tax on cash flow hedges	8	(61 217)	(43 280)	24 863	(12 434)
Total net comprehensive income		1 230 670	3 073 270	735 842	2 520 706

STATEMENT OF FINANCIAL POSITION
as at 30 September 2011 and 31 December 2010

	Note	30.09.2011	31.12.2010
ASSETS			
Cash and balances with the central bank		7 658 405	6 112 562
Amounts due from banks	10	3 502 571	2 379 239
Trading assets	11	813 848	1 503 649
Derivative financial instruments	12	3 019 724	1 719 764
Financial assets designated at fair value through profit and loss	13	13 496 683	10 758 331
Loans and advances to customers	14	137 984 599	128 933 129
Investment securities available for sale	15	12 198 118	9 876 252
Investments in subsidiaries, jointly controlled entities and associates	16	1 521 200	1 467 507
Non-current assets held for sale		17 969	19 784
Intangible assets	17	1 508 220	1 528 267
Tangible fixed assets, of which:	17	2 007 226	2 077 140
investment properties		251	259
Deferred income tax asset		508 366	462 923
Other assets		642 388	400 372
TOTAL ASSETS		184 879 317	167 238 919
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to the central bank		3 689	3 370
Amounts due to banks	18	5 844 642	4 164 181
Derivative financial instruments	12	3 009 468	2 404 795
Amounts due to customers	19	147 504 771	135 289 055
Debt securities in issue	20	2 043 639	-
Subordinated liabilities		1 635 314	1 611 779
Other liabilities	21	2 112 412	1 787 599
Current income tax liabilities		225 886	61 854
Provisions	22	699 378	714 438
TOTAL LIABILITIES		163 079 199	146 037 071
Equity			
Share capital		1 250 000	1 250 000
Other capital		17 653 378	16 640 639
Net profit for the period		2 896 740	3 311 209
TOTAL EQUITY		21 800 118	21 201 848
TOTAL LIABILITIES AND EQUITY		184 879 317	167 238 919
Capital adequacy ratio	28.1.2	11.81%	11.99%
Book value (in PLN thousand)		21 800 118	21 201 848
Number of shares (in thousand)		1 250 000	1 250 000
Book value per share (in PLN)		17.44	16.96
Diluted number of shares (in thousand)		1 250 000	1 250 000
Diluted book value per share (in PLN)		17.44	16.96

Condensed Interim Consolidated Financial Statements of
the Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Group
for the nine-month period ended 30 September 2011

STATEMENT OF CHANGES IN EQUITY
for the nine-month periods ended 30 September 2011 and 30 September 2010 respectively

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

for the nine-month period ended 30 September 2010	Share capital	Other capital						Unappropriated profits	Net profit for the period	Total equity
		Reserve capital	General banking risk fund	Other reserves	Financial assets available for sale	Cash flow hedges	Total other capital			
As at 1 January 2010	1 250 000	12 048 111	1 070 000	3 276 260	(16 282)	119 276	16 497 365	-	2 432 152	20 179 517
Transfer of net profit from previous years	-	-	-	-	-	-	-	2 432 152	(2 432 152)	-
Total comprehensive income	-	-	-	-	(1 773)	53 007	51 234	-	2 469 472	2 520 706
As at 30 September 2010	1 250 000	12 048 111	1 070 000	3 276 260	(18 055)	172 283	16 548 599	2 432 152	2 469 472	22 700 223

STATEMENT OF CASH FLOWS

for the nine-month periods ended 30 September 2011 and 30 September 2010 respectively

	Note	01.01 – 30.09.2011	01.01 – 30.09.2010
Net cash flow from operating activities			
Net profit		2 896 740	2 469 472
Adjustments:		874 438	(5 499 824)
Amortisation and depreciation		335 179	311 915
(Gains) losses from investing activities		(11 893)	(3 033)
Interest and dividends		(442 327)	(448 605)
Change in amounts due from banks		(262 830)	(10 174)
Change in trading assets and financial assets designated at fair value		(2 048 551)	(2 260 747)
Change in derivative financial instruments (asset)		(1 299 960)	(390 926)
Change in loans and advances to customers		(9 859 633)	(11 202 326)
Change in deferred income tax asset and in income tax receivables		(45 443)	(128 670)
Change in other assets		(240 201)	(24 091)
Change in amounts due to banks		1 680 780	495 433
Change in derivative financial instruments (liability)		604 673	395 287
Change in amounts due to customers		11 311 591	6 591 094
Change in impairment allowances and provisions		753 615	763 374
Change in other liabilities		423 850	750 704
Income tax paid		(620 689)	(816 049)
Current income tax expense		784 721	746 897
Other adjustments		(188 444)	(269 907)
Net cash from / used in operating activities		3 771 178	(3 030 352)
Net cash flow from investing activities			
Inflows from investing activities		6 731 977	6 962 002
Proceeds from sale of investment securities		6 623 825	6 846 722
Proceeds from sale of intangible assets and tangible fixed assets		14 508	5 686
Other investing inflows		93 644	109 594
Outflows from investing activities		(8 508 478)	(7 522 130)
Increase in equity of subsidiaries		(42 000)	-
Purchase of a subsidiary		(11 693)	(148 873)
Purchase of investment securities		(8 205 359)	(7 141 502)
Purchase of intangible assets and tangible fixed assets		(249 426)	(231 755)
Net cash from / used in investing activities		(1 776 501)	(560 128)
Net cash flow from financing activities			
Dividends paid		(2 475 000)	-
Proceeds from debt securities in issue		2 060 613	-
Redemption of debt securities in issue		(648)	-
Repayment of interest from issued debt securities		(40 307)	(42 302)
Long-term borrowings		904 125	-
Repayment of long-term borrowings		(35 195)	(30 119)
Net cash generated from financing activities		413 588	(72 421)
Net cash inflow/(outflow)		2 408 265	(3 662 901)
of which currency translation differences on cash and cash equivalents		292 903	(427)
Cash and cash equivalents at the beginning of the period		8 199 997	8 617 962
Cash and cash equivalents at the end of the period	24	10 608 262	4 955 061
of which restricted		6 434	9 061

NOTES TO THE FINANCIAL STATEMENTS

1. Interest income and expense

Interest and similar income

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Income from loans and advances to customers	2 510 292	7 009 716	2 116 528	6 066 528
Income from derivative hedging instruments	207 965	559 110	185 199	493 610
Income from securities designated at fair value through profit and loss	151 512	407 828	119 981	362 869
Income from investment securities available for sale	150 237	387 268	107 070	329 321
Income from placements with banks	59 062	156 123	36 507	108 817
Income from trading securities	18 763	64 067	29 052	101 536
Other	4 542	7 535	835	2 599
Total	3 102 373	8 591 647	2 595 172	7 465 280

In the 'Income from derivative hedging instruments' the Bank presents interest income from derivative instruments designated for hedge accounting that are effective hedging instruments in respect of cash flow hedges. Details of hedging relationships applied by the Bank are included in Note 16 of the condensed interim consolidated financial statements of the Group 'Derivative hedging instruments'.

In the nine-month period ended 30 September 2011 the value of interest income from loans for which evidence of impairment has been identified amounted to PLN 279 492 thousand. This income has been included in the position 'Income from loans and advances to customers'.

Interest expense and similar charges

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Interest expense on amounts due to customers	(1 102 972)	(3 010 614)	(873 470)	(2 662 585)
Interest expense on debt securities in issue	(33 053)	(74 484)	(20 415)	(61 878)
Interest expense on deposits from banks	(12 709)	(32 108)	(7 241)	(24 466)
Other	(920)	(2 262)	(6 796)	(21 689)
Total	(1 149 654)	(3 119 468)	(907 922)	(2 770 618)

2. Fee and commission income and expense

Fee and commission income

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Income from financial assets, which are not valued at fair value through profit and loss, of which:	141 061	416 085	137 404	381 899
Income from loans and advances	141 061	416 085	137 404	381 899
Other commissions	760 209	2 272 971	790 798	2 354 071
Income from payment cards	259 709	746 541	239 736	714 777
Income from maintenance of bank accounts	223 502	680 423	225 653	680 161
Income from loan insurance	120 531	382 688	167 037	505 121
Income from maintenance of investment funds (including management fees)	44 114	148 864	46 195	119 184
Income from cash transactions	36 604	113 514	41 341	124 518
Income from securities transactions	19 899	52 506	20 260	53 554
Income from servicing foreign mass transactions	12 037	35 430	11 390	32 905
Income from sale and distribution of court fee stamps	3 603	14 221	5 248	18 913
Other*	40 210	98 784	33 938	104 938
Income from fiduciary activities	699	1 906	376	1 142
Total	901 969	2 690 962	928 578	2 737 112

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

Fee and commission expense

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Expenses on payment cards	(97 942)	(267 244)	(74 723)	(250 312)
Expenses on loan insurance	(31 900)	(100 364)	(39 926)	(113 902)
Expenses on acquisition services	(28 384)	(90 456)	(32 441)	(101 309)
Expenses on settlement services	(4 303)	(16 178)	(4 227)	(16 050)
Expenses on fee and commissions for operating services rendered by banks	(2 832)	(8 268)	(2 622)	(7 809)
Other*	(32 384)	(71 721)	(22 561)	(69 781)
Total	(197 745)	(554 231)	(176 500)	(559 163)

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

3. Net income from financial instruments designated at fair value

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Derivative instruments ¹⁾	(33 664)	(68 057)	(29 609)	(77 493)
Debt securities	5 018	1 692	13 629	43 012
Structured bank securities valued at fair value through profit and loss ¹⁾	2 455	3 407	-	-
Equity instruments	(2 212)	(822)	777	1 460
Other ¹⁾	-	(1)	9	27
Total	(28 403)	(63 781)	(15 194)	(32 994)

In the net income from financial instruments designated at fair value, position 'Derivative instruments', in the period ended 30 September 2011, an ineffective portion related to cash flow hedges was recognized and it amounted to PLN (48 345) thousand (in the period ended 30 September 2010, an ineffective portion related to cash flow hedges was recognized and it amounted to PLN (48 772) thousand).

3rd quarter period from 01.07.2011 to 30.09.2011	Gains	Losses	Net result
Trading assets	2 484 238	(2 522 375)	(38 137)
Financial assets designated upon initial recognition at fair value through profit and loss	8 328	1 406	9 734
Total	2 492 566	(2 520 969)	(28 403)

3 quarters cumulatively period from 01.01.2011 to 30.09.2011	Gains	Losses	Net result
Trading assets	8 836 231	(8 905 515)	(69 284)
Financial assets designated upon initial recognition at fair value through profit and loss	57 182	(51 679)	5 503
Total	8 893 413	(8 957 194)	(63 781)

3rd quarter period from 01.07.2010 to 30.09.2010	Gains	Losses	Net result
Trading assets	1 641 664	(1 670 091)	(28 427)
Financial assets designated upon initial recognition at fair value through profit and loss	10 904	2 329	13 233
Total	1 652 568	(1 667 762)	(15 194)

3 quarters cumulatively period from 01.01.2010 to 30.09.2010	Gains	Losses	Net result
Trading assets	7 285 398	(7 359 649)	(74 251)
Financial assets designated upon initial recognition at fair value through profit and loss	49 976	(8 719)	41 257
Total	7 335 374	(7 368 368)	(32 994)

The total change in fair values of financial instruments designated at fair value through profit and loss determined with use of valuation models (where no quotations from active market are available) in the period ended 30 September 2011 amounted to PLN (64 651)^{*)} thousand (in the period ended 30 September 2010: PLN (77 466)^{*)} thousand).

4. Net foreign exchange gains

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Currency translation differences resulting from financial instruments designated at fair value through profit and loss	54 929	162 798	2 010 458	74 980
Other currency translation differences	59 661	82 051	(1 886 016)	214 133
Total	114 590	244 849	124 442	289 113

5. Other operating income and expense

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Other operating income				
Sundry income	6 709	15 107	6 979	16 158
Sales and disposal of tangible fixed assets and intangible assets	2 134	14 508	2 478	5 687
Recovery of expired and written-off receivables	765	1 176	1 319	2 857
Sale of shares in subsidiaries, jointly controlled entities and associates	-	-	-	545
Other	7 834	25 830	1 045	10 188
Total	17 442	56 621	11 821	35 435

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Other operating expenses				
Donations	(1 706)	(7 789)	(1 237)	(3 136)
Costs of sale and disposal of tangible fixed assets, intangible assets and assets held for sale	(3 079)	(6 212)	(1 543)	(4 065)
Sundry expenses	(1 148)	(3 407)	(1 067)	(3 249)
Other	(10 504)	(26 963)	(6 512)	(24 496)
Total	(16 437)	(44 371)	(10 359)	(34 946)

* The total amount of the items marked with¹⁾ in Note 3 'Net income from financial instruments designated at fair value'.

6. Net impairment allowance and write-downs

For the nine-month period ended 30 September 2011	Impairment allowances at the beginning of the period	Increases		Decreases			Impairment allowances at the end of the period	Net impairment allowance - impact on the income statement
		Impairment allowances recognised during the period	Other	Decrease in impairment allowances due to derecognition of assets	Impairment allowances reversed during the period	Other		
Investment securities available for sale	13 578	1 971	-	-	-	-	15 549	(1 971)
Loans and advances to customers and amounts due from banks measured at amortised cost	4 298 054	4 827 098	63 313	535 591	3 544 766	-	5 108 108	(1 282 332)
Non-current assets held for sale	1 281	-	-	3	-	-	1 278	-
Tangible fixed assets	18 381	-	-	17 254	-	-	1 127	-
Intangible assets	18 017	-	-	-	-	-	18 017	-
Investments in subsidiaries, jointly-controlled entities and associates	450 962	-	-	-	-	-	450 962	-
Other, of which:	404 246	178 671	244	5 364	132 105	-	445 692	(46 566)
provision for legal claims and off-balance sheet liabilities	222 448	132 830	244	-	104 261	-	251 261	(28 569)
Total	5 204 519	5 007 740	63 557	558 212	3 676 871	-	6 040 733	(1 330 869)

For the nine-month period ended 30 September 2010	Impairment allowances at the beginning of the period	Increases		Decreases			Impairment allowances at the end of the period	Net impairment allowance - impact on the income statement
		Impairment allowances recognised during the period	Other	Decrease in impairment allowances due to derecognition of assets	Impairment allowances reversed during the period	Other		
Investment securities available for sale	15 576	-	-	1 061	800	137	13 578	800
Loans and advances to customers and amounts due from banks measured at amortised cost	3 442 054	2 960 360	16 233	501 112	1 674 950	-	4 242 585	(1 285 410)
Tangible fixed assets	1 166	16 222	-	-	-	23	17 365	(16 222)
Intangible assets	15 373	-	-	-	-	-	15 373	-
Investments in subsidiaries, jointly-controlled entities and associates	435 889	15 073	-	-	-	-	450 962	(15 073)
Other, of which:	315 840	230 183	2	26 790	186 494	970	331 771	(43 689)
provision for legal claims and off-balance sheet liabilities	117 483	173 205	2	-	134 670	-	156 020	(38 535)
Total	4 225 898	3 221 838	16 235	528 963	1 862 244	1 130	5 071 634	(1 359 594)

7. Administrative expenses

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Staff costs	(571 050)	(1 627 279)	(554 722)	(1 607 955)
Overheads	(288 101)	(876 551)	(274 624)	(836 936)
Depreciation and amortisation	(116 935)	(335 179)	(105 647)	(311 915)
Taxes and other charges	(16 325)	(45 254)	(15 802)	(43 849)
Contribution and payments to the Bank Guarantee Fund	(34 185)	(102 553)	(13 346)	(40 038)
Total	(1 026 596)	(2 986 816)	(964 141)	(2 840 693)

Wages and salaries / Employee benefits

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Wages and salaries	(483 390)	(1 367 332)	(469 140)	(1 348 276)
Social Security, of which:	(72 865)	(214 964)	(71 532)	(215 507)
contributions for retirement pay and pensions*	(55 169)	(166 403)	(50 319)	(162 428)
Other employee benefits	(14 795)	(44 983)	(14 050)	(44 172)
Total	(571 050)	(1 627 279)	(554 722)	(1 607 955)

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

8. Income tax expense

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Income statement				
Current income tax expense	(286 997)	(784 721)	(289 852)	(746 897)
Deferred income tax related to temporary differences	42 975	86 850	77 528	140 688
Tax expense in the income statement	(244 022)	(697 871)	(212 324)	(606 209)
Tax expense in other comprehensive income related to temporary differences	(53 738)	(41 408)	28 404	(12 018)
Total	(297 760)	(739 279)	(183 920)	(618 227)

9. Earnings per share

Basic earnings per share

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

Earnings per share

	3rd quarter period from 01.07.2011 to 30.09.2011	3 quarters cumulatively period from 01.01.2011 to 30.09.2011	3rd quarter period from 01.07.2010 to 30.09.2010	3 quarters cumulatively period from 01.01.2010 to 30.09.2010
Profit per ordinary shareholders (in PLN thousand)	1 001 576	2 896 740	856 932	2 469 472
Weighted average number of ordinary shares during the period (in thousand)	1 250 000	1 250 000	1 250 000	1 250 000
Earnings per share (in PLN per share)	0.80	2.32	0.69	1.98

Earnings per share from discontinued operations

In the periods ended respectively 30 September 2011 and 30 September 2010, there were no material income or expenses from discontinued operations.

Diluted earnings per share

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

In the periods ended 30 September 2011 and 30 September 2010, there were no dilutive instruments.

Diluted earnings per share from discontinued operations

In the periods ended 30 September 2011 and 30 September 2010, the Bank did not report any material income or expenses from discontinued operations.

10. Amounts due from banks

	30.09.2011	31.12.2010
Deposits with banks	2 600 172	1 501 919
Loans and advances granted	310 920	345 620
Receivables due from repurchase agreements	337 955	-
Current accounts	264 946	557 408
Cash in transit	23 068	6 862
Total	3 537 061	2 411 809
Impairment allowances on receivables, of which:	(34 490)	(32 570)
impairment allowances on exposure to a foreign bank	(33 487)	(31 734)
Net total	3 502 571	2 379 239

11. Trading assets

	30.09.2011	31.12.2010
Debt securities	807 446	1 491 053
issued by the State Treasury, of which:	769 754	1 483 144
Treasury bonds	706 011	1 483 144
Treasury bills	63 743	-
issued by local government bodies, of which:	16 293	7 390
municipal bonds	16 293	7 390
issued by banks, of which:	6 570	-
BGK bonds	6 570	-
issued by non-financial institutions, of which:	14 794	509
corporate bonds	14 794	509
issued by other financial institutions, of which:	35	10
corporate bonds	35	10
Shares in other entities - listed on stock exchange	6 402	12 596
Total	813 848	1 503 649

12. Derivative financial instruments

Type of contract	30.09.2011		31.12.2010	
	Assets	Liabilities	Assets	Liabilities
IRS	1 759 727	1 710 989	1 447 916	1 553 029
FX Swap	489 274	408 018	62 204	83 613
CIRS	379 876	691 286	126 219	687 977
Forward	217 242	56 016	18 356	42 972
Options	119 325	99 886	46 397	25 382
FRA	51 183	39 818	12 157	11 107
Other	3 097	3 455	6 515	715
Total	3 019 724	3 009 468	1 719 764	2 404 795

13. Financial assets designated at fair value through profit and loss

	30.09.2011	31.12.2010
Debt securities	13 496 683	10 758 331
issued by central banks, of which:	8 492 503	3 997 780
NBP money market bills	8 492 503	3 997 780
issued by the State Treasury, of which:	4 754 456	6 631 702
Treasury bills	2 935 940	1 893 058
Treasury bonds	1 818 516	4 738 644
issued by local government bodies, of which:	249 724	128 849
municipal bonds PLN	107 293	-
municipal bonds EUR	142 431	128 849
Total	13 496 683	10 758 331

14. Loans and advances to customers

	30.09.2011	31.12.2010
Gross loans and advances to customers, of which:	143 058 217	133 198 613
housing	69 477 899	62 183 520
corporate	48 031 914	45 046 772
consumer	24 761 168	25 367 184
Interest	787 236	601 137
Impairment allowances on loans and advances to customers	(5 073 618)	(4 265 484)
Net loans and advances to customers	137 984 599	128 933 129

	30.09.2011	31.12.2010
Loans and advances to customers		
Valued with the individual method, of which:	4 937 192	5 059 607
impaired	4 523 325	4 686 388
not impaired	413 867	373 219
Valued with the portfolio method	5 888 226	4 803 630
Valued with the group method (IBNR)	132 232 799	123 335 376
Loans and advances to customers - gross	143 058 217	133 198 613
Allowances on exposures valued with the individual method, of which:	(1 480 521)	(1 276 776)
impaired	(1 480 521)	(1 276 776)
Allowances on exposures valued with the portfolio method	(2 874 364)	(2 508 826)
Allowances on exposures valued with the group method (IBNR)	(718 733)	(479 882)
Allowances - total	(5 073 618)	(4 265 484)
Loans and advances to customers - net	137 984 599	128 933 129

As at 30 September 2011, the share of impaired loans amounted to 7.3% (as at 31 December 2010: 7.1%); whereas the coverage ratio for impaired loans (calculated as total impairment allowances on loans and advances divided by gross carrying amount of impaired loans) amounted to 48.7% (as at 31 December 2010: 44.9%).

As at 30 September 2011, the share of loans overdue by more than 90 days in the gross amount of loans and advances to customers amounted to 4.24% (as at 31 December 2010: 3.6%).

The increase in the volume of loans valued with the portfolio method in the nine-month period of 2011 by PLN 1 084 596 thousand resulted mainly from the increase in delays in repayment in the portfolio of consumer loans and mortgage loans, as well as loans for small and medium entities.

15. Investment securities available for sale

	30.09.2011	31.12.2010
Debt securities available for sale (gross)	12 150 283	9 817 952
issued by the State Treasury	7 176 386	5 486 623
Treasury bonds	7 176 386	5 486 623
issued by local government bodies	2 997 280	2 824 173
municipal bonds	2 997 280	2 824 173
issued by non-financial institutions	1 668 973	1 448 119
corporate bonds	1 666 211	1 445 357
bills of exchange	2 762	2 762
issued by other financial institutions	255 878	8 179
corporate bonds	255 878	8 179
issued by banks	51 766	50 858
corporate bonds	51 766	50 858
Impairment of debt securities available for sale	(13 045)	(13 045)
corporate bonds	(10 283)	(10 283)
bills of exchange	(2 762)	(2 762)
Total net debt securities available for sale	12 137 238	9 804 907
Equity securities available for sale (gross)	63 384	71 878
Equity securities admitted to public trading	44 615	60 866
Equity securities not admitted to public trading	18 769	11 012
Impairment of equity securities available for sale	(2 504)	(533)
Impairment of equity securities not admitted to public trading	(2 504)	(533)
Total net equity securities available for sale	60 880	71 345
Total net investment securities available for sale	12 198 118	9 876 252

16. Investments in subsidiaries, jointly controlled entities and associates

As at 30 September 2011, 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 30 September 2011	Gross value	Impairment	Carrying amount
Subsidiaries			
KREDOBANK SA	935 619	(423 723)	511 896
PKO BP BANKOWY PTE SA	205 786	-	205 786
PKO Towarzystwo Funduszy Inwestycyjnych SA	186 989	-	186 989
Centrum Finansowe Puławska Sp. z o.o.	167 288	-	167 288
Bankowy Fundusz Leasingowy SA	70 000	-	70 000
Inteligo Financial Services SA	59 602	-	59 602
Centrum Elektronicznych Usług Płatniczych 'eService' SA	55 500	-	55 500
Fort Mokotów Inwestycje Sp. z o.o. ¹	43 546	-	43 546
Bankowe Towarzystwo Kapitałowe SA	21 566	(10 666)	10 900
PKO BP Finat Sp. z o.o.	11 693	-	11 693
Qualia Development Sp. z o.o. ² (previous name PKO BP Inwestycje Sp. z o.o.)	4 503	-	4 503
PKO Finance AB	172	-	172
Jointly controlled entities			
Centrum Haffnera Sp. z o.o.	44 371	-	44 371
Centrum Obsługi Biznesu Sp. z o.o.	17 498	-	17 498
Associates			
Bank Pocztowy SA	146 500	(15 073)	131 427
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	1 500	(1 500)	-
Agencja Inwestycyjna CORP SA	29	-	29
Total	1 972 162	(450 962)	1 521 200

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

2) Value does not include capital contribution of PKO Bank Polski SA, presented in the statement of financial position as 'Loans and advances to customers' in the amount of PLN 118 650 thousand.

As at 31 December 2010	Gross value	Impairment	Carrying amount
Subsidiaries			
KREDOBANK SA	935 619	(423 723)	511 896
PKO BP BANKOWY PTE SA	205 786	-	205 786
PKO Towarzystwo Funduszy Inwestycyjnych SA	186 989	-	186 989
Centrum Finansowe Puławska Sp. z o.o.	128 288	-	128 288
Bankowy Fundusz Leasingowy SA	70 000	-	70 000
Inteligo Financial Services SA	59 602	-	59 602
Centrum Elektronicznych Usług Płatniczych 'eService' SA	55 500	-	55 500
Fort Mokotów Inwestycje Sp. z o.o. ¹	43 546	-	43 546
Bankowe Towarzystwo Kapitałowe SA	18 566	(10 666)	7 900
PKO BP Inwestycje 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	-	44 371
Centrum Obsługi Biznesu Sp. z o.o.	17 498	-	17 498
Associates			
Bank Pocztowy SA	146 500	(15 073)	131 427
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	1 500	(1 500)	-
Agencja Inwestycyjna CORP SA	29	-	29
Total	1 918 469	(450 962)	1 467 507

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

2) Value does not include capital contribution of PKO Bank Polski SA, presented in the statement of financial position as 'Loans and advances to customers' in the amount of PLN 113 310 thousand.

17. Intangible assets and tangible fixed assets

Intangible assets	30.09.2011	31.12.2010
Software	1 410 504	1 248 339
Other, including capital expenditure	97 716	279 928
Total	1 508 220	1 528 267

Tangible fixed assets	30.09.2011	31.12.2010
Land and buildings	1 394 537	1 422 122
Machinery and equipment	469 049	502 731
Assets under construction	70 578	65 592
Means of transport	870	1 036
Investment properties	251	259
Other	71 941	85 400
Total	2 007 226	2 077 140

18. Amounts due to banks

	30.09.2011	31.12.2010
Loans and advances received	3 427 925	2 999 116
Banks deposits	2 208 359	973 056
Current accounts	34 722	43 901
Amounts due from repurchase agreements	24 994	54 446
Other money market deposits	148 642	93 662
Total	5 844 642	4 164 181

19. Amounts due to customers

	30.09.2011	31.12.2010
Amounts due to retail clients	99 035 679	94 347 108
Current accounts and overnight deposits	45 647 599	46 308 729
Term deposits	53 073 800	47 744 721
Other money market deposits	314 280	293 658
Amounts due to corporate entities	44 071 746	34 895 145
Current accounts and overnight deposits	9 308 028	11 139 468
Term deposits	27 498 666	18 289 102
Loans and advances received*	6 585 635	5 020 400
Amounts due from repurchase agreements	679 417	446 175
Amounts due to state budget entities	4 397 346	6 046 802
Current accounts and overnight deposits	2 437 653	2 689 361
Term deposits	1 946 456	3 349 821
Other money market deposits	13 237	7 620
Total	147 504 771	135 289 055

*In 'Loans and advances received' there is included a loan of EUR 800 000 thousand and CHF 250 000 thousand from PKO Finance AB, the Bank's subsidiary, as funds gathered through Eurobonds issue.

20. Debt securities in issue

	30.09.2011	31.12.2010
Debt securities in issue		
Financial instruments designated at fair value through profit and loss	107 230	-
Bank securities issued by PKO Bank Polski SA	107 230	-
Financial instruments measured at amortised cost	1 936 409	-
Bonds issued by PKO Bank Polski SA	1 936 409	-
Total	2 043 639	-

	30.09.2011	31.12.2010
Debt securities in issue by maturity:		
from 1 month to 3 months	1 936 409	-
from 1 year to 5 years	107 230	-
Total	2 043 639	-

In the nine-month period of 2011 the Bank issued bank securities and bank bonds with nominal value of PLN 2 060 613 thousand classified respectively as liabilities designated to be measured at fair value through profit and loss, in accordance with IAS 39.9. and measured at amortised cost. In the nine-month period of 2011, bank securities with nominal value of PLN 648 thousand were redeemed.

21. Other liabilities

	30.09.2011	31.12.2010
Accounts payable	343 393	236 504
Deferred income	289 521	312 480
Other liabilities	1 479 498	1 238 615
Total	2 112 412	1 787 599

22. Provisions

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

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

For the nine-month period ended 30 September 2010	Provision for legal claims	Provisions for retirement benefits and anniversary bonuses	Provisions for liabilities and guarantees granted	Other provisions*	Total
As at 1 January 2010, of which:	6 841	367 291	110 642	113 852	598 626
Short term provision	6 841	27 277	110 642	113 852	258 612
Long term provision	-	340 014	-	-	340 014
Increase of provision	-	-	173 205	4 004	177 209
Use of provision	-	-	-	(67 680)	(67 680)
Release of provision	-	-	(134 670)	-	(134 670)
Other changes and reclassifications	-	-	2	-	2
As at 30 September 2010, of which:	6 841	367 291	149 179	50 176	573 487
Short term provision	6 841	27 277	92 279	50 176	176 573
Long term provision	-	340 014	56 900	-	396 914

*Included in 'Other provisions' is: restructuring provision of PLN 36 292 thousand and provision of PLN 10 660 thousand for potential claims on impaired loans portfolios sold.

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

23. Off-balance sheet liabilities

Contingent liabilities

Underwriting programs

As at 30 September 2011, the Bank's underwriting agreements covered the following securities:

Issuer of securities underwritten	Type of underwritten securities	Off-balance sheet liabilities resulting from underwriting agreement	Contract period	Sub-issue type
Company A	corporate bonds	520 000	31.07.2013	Bonds Issue Agreement*
Company B	corporate bonds	144 774	31.12.2024	Bonds Issue Agreement*
Company C	corporate bonds	102 700	31.10.2013	Bonds Issue Agreement*
Company D	corporate bonds	74 900	30.12.2015	Bonds Issue Agreement*
Company E	corporate bonds	20 000	02.01.2012	Bonds Issue Agreement*
Total		862 374		

* Relates to the Agreement for Organization, Conducting and Servicing of the Bond Issuance Program.

As at 31 December 2010, the Bank's underwriting agreements covered the following securities:

Issuer of securities underwritten	Type of underwritten securities	Off-balance sheet liabilities resulting from underwriting agreement	Contract period	Sub-issue type
Company A	corporate bonds	304 000	31.07.2013	Bonds Issue Agreement*
Company B	corporate bonds	200 000	02.01.2012	Bonds Issue Agreement*
Company C	corporate bonds	155 000	31.12.2024	Bonds Issue Agreement*
Company D	corporate bonds	74 900	30.12.2015	Bonds Issue Agreement*
Company E	corporate bonds	13 000	31.12.2018	Bonds Issue Agreement*
Entity A	municipal bonds	4 000	31.12.2025	Bonds Issue Agreement*
Total		750 900		

* Relates to the Agreement for Organization, Conducting and Servicing of the Bond Issuance Program.

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

Contractual commitments

As at 30 September 2011, the value of contractual commitments concerning intangible assets amounted to PLN 52 548 thousand (as at 31 December 2010, the value of commitments amounted to PLN 1 100 thousand).

Granted loan commitments

	30.09.2011	31.12.2010
Financial sector	1 593 837	1 139 573
Non-financial sector	28 742 361	27 790 351
Public sector	1 624 770	1 005 614
Total	31 960 968	29 935 538
of which: irrevocable loan commitments	6 642 034	7 001 338

Granted loan commitments have been presented in nominal values.

Guarantees issued

	30.09.2011	31.12.2010
Financial sector	1 824 515	2 504 479
Non-financial sector	7 418 996	5 494 578
Public sector	526 725	253 771
Total	9 770 236	8 252 828

Off-balance sheet liabilities received

	30.09.2011	31.12.2010
Financial	574 952	395 625
Guarantees	1 964 228	2 231 427
Total	2 539 180	2 627 052

Assets pledged as collateral for contingent liabilities

As at 30 September 2011 and as at 31 December 2010, the Bank had no assets pledged as collateral for contingent liabilities.

24. Supplementary information to the statement of cash flows

Cash and cash equivalents

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

	30.09.2011	31.12.2010	30.09.2010
Cash and balances with the central bank	7 658 405	6 112 562	3 847 048
Current receivables from financial institutions	2 949 857	2 087 435	1 108 013
Total	10 608 262	8 199 997	4 955 061

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(in PLN thousand)

25. Related party transactions

All transactions presented below with entities related by capital relationships were arm's length transactions. Repayment terms are within a range from 1 month to 10 years.

30 September 2011

Direct and indirect subsidiaries

Entity	Capital relation	Receivables	including loans	Liabilities	Total income	including interest and fee and commission income	Total expense	including interest and fee and commission expense	Contingent liabilities and commitments
Bankowe Towarzystwo Kapitałowe SA	Direct subsidiary	-	-	501	17	3	12	12	7 000
Bankowy Fundusz Leasingowy SA	Direct subsidiary	284 581	28 261	7 217	6 678	5 612	9 925	1 642	758 589
Centrum Elektronicznych Usług Płatniczych 'eService' SA	Direct subsidiary	1 005	-	15 147	11 158	10 794	40 273	39 951	23 500
Centrum Finansowe Puławska Sp. z o.o. - in liquidation	Direct subsidiary	-	-	13 551	1 146	1 146	31 850	442	-
Fort Mokotów Inwestycje Sp. z o.o.	Direct subsidiary	8 053	-	1 765	2	2	71	71	-
Inteligo Financial Services SA	Direct subsidiary	12 505	-	130 018	1 302	1 250	38 969	3 607	-
KREDOBANK SA	Direct subsidiary	261 735	247 680	1 004	5 598	5 598	-	-	395 747
PKO BP BANKOWY Powszechne Towarzystwo Emerytalne SA	Direct subsidiary	13	-	2 254	2 021	1 887	112	112	-
PKO BP Finat Sp. z o.o. ¹⁾	Direct subsidiary	-	-	3 293	5	5	177	142	-
PKO Finance AB	Direct subsidiary	-	-	4 557 902	-	-	97 942	97 942	-
PKO Towarzystwo Funduszy Inwestycyjnych SA	Direct subsidiary	13 101	-	3 059	137 105	136 871	253	253	467
Qualia Development Sp. z o.o. ²⁾	Direct subsidiary	124 450	-	1 943	35	29	23	23	56 883
Bankowy Leasing Sp. z o.o.	Indirect subsidiary	1 237 649	1 237 336	210	47 411	47 369	34	1	294 351
BFL Nieruchomości Sp. z o.o.	Indirect subsidiary	355 666	355 291	787	13 813	13 813	24	24	9 827
Fort Mokotów Sp. z o.o. - in liquidation	Indirect subsidiary	-	-	5 424	2	2	173	173	-
PKO BP Faktoring SA	Indirect subsidiary	143 839	143 840	853	5 106	4 931	-	-	106 161
Qualia - Rezydencja Flotylla Sp. z o.o. ³⁾	Indirect subsidiary	26 604	26 604	645	1 365	1 365	-	-	110 731
Qualia Sp. z o.o. ⁴⁾	Indirect subsidiary	-	-	1	1	1	-	-	-
Qualia spółka z ograniczoną odpowiedzialnością - Neptun Park Sp. k. ⁵⁾	Indirect subsidiary	124 000	124 000	11 009	6 366	6 366	156	156	820
Qualia spółka z ograniczoną odpowiedzialnością - Nowy Wilanów Sp. k. ⁶⁾	Indirect subsidiary	132 088	132 088	27 312	6 773	6 773	480	480	67 912
Qualia spółka z ograniczoną odpowiedzialnością - Pomeranka Sp. k. ⁷⁾	Indirect subsidiary	-	-	2	-	-	-	-	-
Qualia spółka z ograniczoną odpowiedzialnością - Projekt 1 Sp. k. ⁸⁾	Indirect subsidiary	-	-	2	-	-	-	-	-
Qualia spółka z ograniczoną odpowiedzialnością - Sopot Sp.k. ⁹⁾	Indirect subsidiary	159	159	11	77	77	-	-	4 296
Sarnia Dolina Sp. z o.o. ¹⁰⁾	Indirect subsidiary	15 872	15 872	-	684	684	-	-	50 000
TOTAL		2 741 320	2 311 131	4 783 910	246 665	244 578	220 474	145 031	1 886 284

1) The Bank bought shares of PKO BP Finat Sp. z o.o. from Inteligo Financial Services SA and PKO BP Bankowy Powszechne Towarzystwo Emerytalne SA obtaining 100% of the votes at the General Shareholders' Meeting.

2) Previous name - PKO BP Inwestycje Sp. z o.o.

3) Previous name - PKO BP Inwestycje - Rezydencja Flotylla Sp. z o.o.

4) Registered in National Court Register (KRS) on 25 February 2011

5) Previous name - PKO BP Inwestycje - Neptun Park Sp. z o.o.

6) Previous name - PKO BP Inwestycje - Nowy Wilanów Sp. z o.o.

7) Registered in National Court Register (KRS) on 21 July 2011

8) Registered in National Court Register (KRS) on 29 July 2011

9) Registered in National Court Register (KRS) on 11 March 2011

10) Previous name - PKO BP Inwestycje - Sarnia Dolina Sp. z o.o.

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(in PLN thousand)

30 September 2011

Other entities

Entity	Capital relation	Receivables	including loans	Liabilities	Total income	including interest and fee and commission income	Total expense	including interest and fee and commission expense	Contingent liabilities and commitments
CENTRUM HAFFNERA Sp. z o.o.	Direct jointly controlled entity	-	-	2 158	7	7	-	-	-
Centrum Obsługi Biznesu Sp. z o.o.	Direct jointly controlled entity	64 449	64 449	43 244	714	714	464	464	-
Centrum Majkowskiego Sp. z o.o.	Indirect jointly controlled entity	-	-	4 540	5	5	90	90	-
Kamienica Morska Sp. z o.o.	Indirect jointly controlled entity	-	-	8	5	5	-	-	-
Promenada Sopotka Sp. z o.o.	Indirect jointly controlled entity	48 701	48 701	1 030	1 095	1 095	8	8	-
Sopot Zdrój Sp. z o.o.	Indirect jointly controlled entity	233 230	233 230	2 519	5 365	5 365	49	49	-
Agencja Inwestycyjna CORP SA	Associate	63	-	159	573	112	1 918	-	-
Bank Pocztowy SA	Associate	85 017	85 011	52	302	285	994	337	3 148
Centrum Operacyjne Sp. z o.o.	Indirect associate	-	-	27	2	2	-	-	-
Kolej Gondolowa Jaworzyna Krynicka SA	Associate available for sale	8 599	8 599	1 685	344	344	32	32	2 976
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	Associate	-	-	6 940	1	1	290	290	-
TOTAL		440 059	439 990	62 362	8 413	7 935	3 845	1 270	6 124

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(in PLN thousand)

31 December 2010

Direct and indirect subsidiaries

Entity	Capital relation	Receivables	Including loans	Liabilities	Total income	Including interest and fee and commission income	Total expense	Including interest and fee and commission expense	Contingent liabilities and commitments
Bankowe Towarzystwo Kapitałowe SA	Direct subsidiary	3 000	-	4 175	4	4	108	108	7 000
Bankowy Fundusz Leasingowy SA	Direct subsidiary	50 467	41 652	26 882	8 496	5 855	10 799	272	807 665
Centrum Elektronicznych Usług Płatniczych 'eService' SA	Direct subsidiary	864	-	27 342	5 110	5 110	37 908	37 907	2 500
Centrum Finansowe Puławska Sp. z o.o.	Direct subsidiary	64 940	64 810	28 744	2 935	2 935	43 802	891	-
Fort Mokotów Inwestycje Sp. z o.o.	Direct subsidiary	8 053	-	3 591	1	1	108	108	-
Inteligo Financial Services SA	Direct subsidiary	7 822	-	120 044	1 741	22	50 838	4 512	-
KREDOBANK SA	Direct subsidiary	247 819	130 096	25	9 827	9 827	-	-	489 427
PKO BP BANKOWY Powszechnie Towarzystwo Emerytalne SA	Direct subsidiary	121	-	234	3 317	3 195	400	400	-
PKO Finanse AB	Direct subsidiary	-	-	3 188 019	-	-	22 892	22 664	-
PKO Towarzystwo Funduszy Inwestycyjnych SA	Direct subsidiary	15 557	-	3 686	162 142	161 752	248	248	467
Qualia Development Sp. z o.o. ¹⁾	Direct subsidiary	113 310	-	1 509	9	9	638	203	1 500
Bankowy Leasing Sp. z o.o.	Indirect subsidiary	946 242	946 169	230	35 654	35 442	6	6	126 889
BFL Nieruchomości Sp. z o.o.	Indirect subsidiary	307 305	307 305	1 501	13 210	13 210	15	15	5 071
Fort Mokotów Sp. z o.o.	Indirect subsidiary	-	-	6 293	1	1	211	211	-
PKO BP Faktoring SA	Indirect subsidiary	92 542	92 542	1 196	3 911	3 911	-	-	157 476
PKO BP Finat Sp. z o.o.	Indirect subsidiary	-	-	5 856	7	7	168	168	-
PKO BP Inwestycje - Neptun Park Sp. z o.o.	Indirect subsidiary	132 016	131 500	14 802	8 090	8 090	298	298	-
PKO BP Inwestycje - Nowy Wilanów Sp. z o.o.	Indirect subsidiary	132 088	132 088	20 020	9 168	9 168	120	120	67 912
Qualia - Rezydencja Flotyła Sp. z o.o. ²⁾	Indirect subsidiary	13 909	13 909	89	1 461	1 461	-	-	54 759
Sarnia Dolina Sp. z o.o. ³⁾	Indirect subsidiary	15 260	15 260	149	828	828	-	-	50 000
WISŁOK Inwestycje Sp. z o.o. ⁴⁾	Indirect subsidiary	-	-	-	337	337	-	-	-
TOTAL		2 151 315	1 875 331	3 454 387	266 249	261 165	168 559	68 131	1 770 666

1) Previous name - PKO BP Inwestycje Sp. z o.o.

2) Previous name - PKO BP Inwestycje - Rezydencja Flotyła Sp. z o.o.

3) Previous name - PKO BP Inwestycje - Sarnia Dolina Sp. z o.o.

4) Shares in the entity disposed on 26 February 2010

Other entities

Entity	Capital relation	Receivables	Including loans	Liabilities	Total income	Including interest and fee and commission income	Total expense	Including interest and fee and commission expense	Contingent liabilities and commitments
CENTRUM HAFFNERA Sp. z o.o.	Direct jointly controlled entity	-	-	2 478	9	9	59	59	-
Centrum Obsługi Biznesu Sp. z o.o.	Direct jointly controlled entity	30 799	30 799	22 285	753	752	558	557	-
Centrum Majkowskiego Sp. z o.o.	Indirect jointly controlled entity	-	-	4 765	6	6	93	93	-
Kamienica Morska Sp. z o.o.	Indirect jointly controlled entity	-	-	66	6	6	-	-	-
Promenada Sopotcka Sp. z o.o.	Indirect jointly controlled entity	43 805	43 805	691	1 165	1 165	-	-	-
Sopot Zdrój Sp. z o.o.	Indirect jointly controlled entity	209 785	209 785	4 049	5 617	5 617	60	60	-
Agencja Inwestycyjna CORP SA	Associate	61	-	87	628	-	2 425	-	-
Bank Pocztowy SA	Associate	-	-	105	146	131	1 962	419	1 330
Kolej Gondolowa Jaworzyna Krynicka SA	Associate available for sale	5 824	5 824	538	74	74	9	9	8 375
Poznański Fundusz Poręczeń Kredytowych Sp. z o.o.	Associate	-	-	16 178	1	1	152	141	-
TOTAL		290 274	290 213	51 242	8 405	7 761	5 318	1 338	9 705

26. Differences between previously published financial statements and these financial statements

In the third quarter of 2011, there were no significant changes as compared to the previously published financial statements.

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

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

Relevant information for risk monitoring and changes in methods of risk measurement in the period from 1 January to 30 September 2011 are presented below.

Credit risk

In the third quarter of 2011, when determining the impairment allowances on the portfolio of mortgage loans of individuals, the portfolio parameters estimated on the basis of the assumptions of the methodology for estimating parameters for the purpose of calculating capital requirement under the IRB method. The new methodology takes into account intensive restructuring processes carried out in respect of this portfolio and allows a more precise assessment of the related credit risk.

The Bank's exposure to credit risk

Amounts due from banks	Exposure	
	30.09.2011	31.12.2010
Amounts due from banks impaired	41 576	42 720
of which valued with the individual method	41 125	42 250
Amounts due from banks not impaired	3 495 485	2 369 089
<i>neither past due nor impaired</i>	3 495 485	2 368 738
<i>past due but not impaired</i>	-	351
<i>past due up to 4 days</i>	-	351
Gross total	3 537 061	2 411 809
Impairment allowances	(34 490)	(32 570)
Net total by carrying amount	3 502 571	2 379 239

Loans and advances to customers	Exposure	
	30.09.2011	31.12.2010
Loans and advances impaired	10 411 551	9 490 018
of which valued with the individual method	4 523 325	4 686 388
Loans and advances not impaired	132 646 666	123 708 595
<i>neither past due nor impaired</i>	127 245 394	119 904 124
<i>past due but not impaired</i>	5 401 272	3 804 471
<i>past due up to 4 days</i>	2 955 834	2 025 979
<i>past due over 4 days</i>	2 445 438	1 778 492
Gross total	143 058 217	133 198 613
Impairment allowances	(5 073 618)	(4 265 484)
Net total by carrying amount	137 984 599	128 933 129

Investment securities available for sale – debt securities	Exposure	
	30.09.2011	31.12.2010
Debt securities impaired	13 045	13 045
of which valued with the individual method	13 045	13 045
Debt securities not impaired	12 137 238	9 804 907
<i>neither past due nor impaired</i>	12 137 238	9 804 907
Gross total	12 150 283	9 817 952
Impairment allowances	(13 045)	(13 045)
Net total by carrying amount	12 137 238	9 804 907

Maximum exposure to credit risk

The table below presents maximum exposure to credit risk of the Bank as at 30 September 2011 and as at 31 December 2010, excluding collaterals and related improvement of credit situation, by net carrying amount.

Items of the statement of financial position	30.09.2011	31.12.2010
Current account in the central bank	5 282 745	3 782 717
Amounts due from banks	3 502 571	2 379 239
Trading assets – debt securities	807 446	1 491 053
Derivative financial instruments	3 019 724	1 719 764
Financial instruments at fair value through profit and loss - debt securities	13 496 683	10 758 331
Loans and advances to customers	137 984 599	128 933 129
Investment securities available for sale - debt securities	12 137 238	9 804 907
Other assets - other financial assets	380 868	289 587
Total	176 611 874	159 158 727
Off-balance sheet items	30.09.2011	31.12.2010
Irrevocable loan commitments	6 642 034	7 001 338
Guarantees granted	4 633 887	5 048 902
Letters of credit granted	2 718 034	229 946
Guarantees of issue (underwriting)	2 418 315	2 973 980
Total	16 412 270	15 254 166

Financial assets individually determined to be impaired for which individual impairment allowance has been recognised by carrying amount gross.

	30.09.2011	31.12.2010
Amounts due from banks	41 125	42 250
Loans and advances to customers	4 523 325	4 686 388
non-financial entities	4 515 790	4 678 866
consumer loans	72 616	88 303
housing loans	1 051 150	764 065
corporate loans	3 392 024	3 826 498
State budget entities	7 535	7 522
corporate loans	7 535	7 522
Investment debt securities available for sale	13 045	13 045
issued by non-financial entities	13 045	13 045
Total	4 577 495	4 741 683

Interest rate risk

The Bank was mainly exposed to PLN interest rate risk, which represented about 78% of the Bank's value at risk (VaR) as at 30 September 2011 and about 63% as at 31 December 2010.

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

Name of sensitivity measure	30.09.2011	31.12.2010
VaR for a 10-day time horizon (in PLN thousand)	111 556	39 004
Parallel movement of interest rate curves by 200 b.p. (in PLN thousand) (stress-tests)	491 154	475 091

Currency risk

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

Name of sensitivity measure	30.09.2011	31.12.2010
VaR for a 10-day time horizon (in PLN thousand)	3 863	3 171
Change of CUR/PLN by 20% stress-tests (in PLN thousand)*	2 500	3 954

* The table presents the value of the most adverse stress-test of the scenarios: PLN appreciation by 20% and PLN depreciation by 20%. On 29 August 2011, decision of the managing director in charge of the Banking Risk Division introduced the revised foreign exchange risk management methods, which changed in particular the way of conducting stress-tests of currency risk. The value of stress-test of currency risk as at 31 December 2010 was brought to the comparability.

The level of the currency risk was low both as at 30 September 2011 and as at 31 December 2010.

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

Currency position	30.09.2011	31.12.2010
USD	(1 526)	(60 735)
GBP	3 513	48 110
CHF	(30 683)	(19 038)
EUR	(11 047)	(13 120)
Other (Global Net)	9 088	18 424

Liquidity risk

The adjusted liquidity gap 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
	30.09.2011							
Adjusted gap in real terms	7 985 191	8 638 506	(2 405 495)	(721 283)	436 429	9 752 893	14 860 261	(38 546 502)
Cumulative adjusted gap in real terms	7 985 191	16 623 697	14 218 202	13 496 919	13 933 348	23 686 241	38 546 502	-
	31.12.2010							
Adjusted gap in real terms	3 220 646	14 309 944	(711 294)	(65 793)	3 965 229	5 019 030	(1 317 240)	(24 420 522)
Cumulative adjusted gap in real terms	3 220 646	17 530 590	16 819 296	16 753 503	20 718 732	25 737 762	24 420 522	-

In all time horizons, the Bank's cumulative liquidity gap in real terms as at 30 September 2011 and as at 31 December 2010 was positive. This means a surplus of assets receivable over liabilities payable.

28. Capital adequacy

The level of capital adequacy of the Bank as at 30 September 2011 remained on a safe level significantly above the statutory limits.

Compared with 31 December 2010, the Bank's capital adequacy ratio decreased by 0.18 pp., which has been mainly caused by the increase in the Bank's loans portfolio, with a simultaneous increase of the Bank's own funds calculated for capital adequacy purposes as a consequence of the recognition of profit earned in 2010.

28.1.1. Own funds calculated for capital adequacy purposes

As at 30 September 2011, own funds of the Bank calculated for capital adequacy purposes increased by PLN 791 292 thousand, which was mainly due to the recognition of profit earned by the Bank in 2010 after charges deduction (in amount PLN 836 209 thousand) to the Bank's own funds.

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	30.09.2011	31.12.2010
Basic funds (Tier 1)	16 262 622	15 449 743
Share capital	1 250 000	1 250 000
Reserve capital	12 898 111	12 098 111
Other reserves	3 319 621	3 283 412
General banking risk fund for unidentified banking activities risk	1 070 000	1 070 000
Unrealised losses on debt and equity instruments and other receivables classified as available for sale	(108 601)	(65 935)
Intangible assets	(1 508 220)	(1 528 267)
Equity exposures	(658 289)	(657 578)
Supplementary funds (Tier 2)	992 960	967 418
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)	50 549	24 296
Equity exposures	(658 289)	(657 578)
Short-term equity (Tier 3)	98 799	145 928
TOTAL OWN FUNDS	17 354 381	16 563 089

28.1.2. Capital requirements (Pillar 1)

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

Capital requirements	30.09.2011	31.12.2010
Credit risk	10 563 433	9 625 972
credit risk (banking book)	10 457 864	9 560 923
counterparty risk (trading book)	105 569	65 049
Market risk	437 959	465 911
equity securities risk	655	767
specific risk of debt instruments	345 141	379 948
general interest rates risk	92 160	85 196
price of goods	3	-
Operational risk	757 943	957 564
Total capital requirements	11 759 335	11 049 447
Capital adequacy ratio	11.81%	11.99%

FURTHER EXPLANATORY DATA

Identification data

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

The Authorities of PKO Bank Polski SA in the reporting period

The Management Board of PKO Bank Polski SA as at 30 September 2011

No.	Name	Function	Date of appointment
1.	Zbigniew Jagiełło*	President of the Bank's 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 Board, which began on 30 June 2011.
2.	Piotr Alicki*	Vice-President of the Bank's 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 Board, which began on 30 June 2011.
3.	Bartosz Drabikowski*	Vice-President of the Bank's 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 Board, which began on 30 June 2011.
4.	Andrzej Kołatkowski	Vice-President of the Bank's Management Board	appointed on 16 May 2011 to the position of Vice-President of the Management Board responsible for Risk and Debt Collection Area, for a joint term of the Management Board which began on 30 June 2011, provided that he obtains the approval of the PFSA for performing this function. On 9 August 2011, the PFSA has approved Mr. Andrzej Kołatkowski as Vice-President of the Management Board of PKO Bank Polski SA.
5.	Jarosław Mjyak*	Vice-President of the Bank's 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 Board, which began on 30 June 2011
6.	Jacek Oblękowski	Vice-President of the Bank's 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 Board, which began on 30 June 2011. Vice-President of the Management Board Mr. Jacek Oblękowski assumed function on 30 June 2011.
7.	Jakub Papierski*	Vice-President of the Bank's 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 Board, which began on 30 June 2011.

* Management Board members who performed their functions during the term of the Management Board ended on 19 May 2011.

The Supervisory Board of PKO Bank Polski SA as at 30 September 2011

No.	Name	Function	Date of appointment / recalling
1.	Cezary Banasiński*	Chairman of the Bank's 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 Bank's Supervisory Board, as a Chairman of the Supervisory Board.
2.	Tomasz Zganiacz*	Deputy-Chairman of the Bank's 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 Bank's 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 Bank's Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which began that day.
5.	Krzysztof Kilian	Member of the Bank's Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which began that day.
6.	Piotr Marczak*	Member of the Bank's Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which began that day.
7.	Ewa Miklaszewska	Member of the Bank's 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 Bank's Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which began that day.
9.	Ryszard Wierzba	Member of the Bank's Supervisory Board	appointed on 30 June 2011 for the joint term of the Supervisory Board, which began that day.

* The Members of the Supervisory Board who performed their functions during the term of the Supervisory Board, which ended on 19 May 2011.

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.

Information on the issue, redemption and repayment of debt and equity instruments

On 12 August 2011 and 9 September 2011, as part of the programme for issuing bonds on the domestic market with a value of PLN 5 billion, the Bank carried out an issue of short-term bonds with a total value of PLN 1.95 billion.

In the third quarter of 2011, Bankowy Fundusz Leasingowy SA issued 50 500 bonds with a total nominal value of PLN 505 million and redeemed 26 000 bonds with a total nominal value of PLN 260 million. At the end of September of the current year, the Company's debt due to the bonds issue amounted to PLN 415 million.

As at 30 September 2011, 25 774 BFL SA bonds with a nominal value of PLN 257.7 million were included in PKO Bank Polski SA portfolio and the remaining 15 726 bonds with a nominal value of PLN 157.3 million were sold on a secondary market.

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

To the best knowledge of PKO Bank Polski SA, the shareholders holding, directly or indirectly, at least 5% of total votes at the General Shareholders' Meeting of the Bank are two entities: the State Treasury and Bank Gospodarstwa Krajowego. As at the date of submission of this Report, the State Treasury and Bank Gospodarstwa Krajowego hold 512 406 277 and 128 102 731 shares of PKO Bank Polski SA respectively.

The percentage shares of the State Treasury and of Bank Gospodarstwa Krajowego in the share capital of PKO Bank Polski SA amount to respectively 40.99% and 10.25% and match the percentage share in the total number of votes at the General Shareholders' Meeting of PKO Bank Polski SA.

Shareholding structure in PKO Bank Polski SA as at the date of submission of this report

Shareholders	As at the date of submission of the report for the 3rd quarter of 2011		As at the date of submission of the report for the 1st half of 2011		Change of the share in the number of votes on General Shareholders' Meeting (pp.)
	Numbers of shares	Share in the number of votes on General Shareholders' Meeting	Numbers of shares	Share in the number of votes on General Shareholders' Meeting	
State Treasury	512 406 277	40.99%	512 406 277	40.99%	0.00
Bank Gospodarstwa Krajowego	128 102 731	10.25%	128 102 731	10.25%	0.00
Other shareholders	609 490 992	48.76%	609 490 992	48.76%	0.00
Total	1 250 000 000	100.00%	1 250 000 000	100.00%	0.00

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

PKO Bank Polski SA shares held by the Management and Supervisory Board Members

No.	Name	Number of shares as at the date of submission of the Report for the 3rd quarter of 2011	Purchase	Disposal	Number of shares as at the date of submission of the Report for the 1st half of 2011
I. Management Board of the Bank					
1.	Zbigniew Jagiełło, President of the Bank's Management Board	9 000	3 000	0	6 000
2.	Piotr Alicki, Vice-President of the Bank's Management Board	2 627	0	0	2 627
3.	Bartosz Drabikowski, Vice-President of the Bank's Management Board	0	0	0	0
4.	Andrzej Kołatkowski, Vice-President of the Bank's Management Board	0	0	0	0
5.	Jarosław Myjak, Vice-President of the Bank's Management Board	0	0	0	0
6.	Jacek Obłąkowski, Vice-President of the Bank's Management Board	512	0	0	512
7.	Jakub Papierski, Vice-President of the Bank's Management Board	3 000	3 000	0	0
II. Supervisory Board of the Bank					
1.	Cezary Banasiński, Chairman of the Bank's Supervisory Board	0	0	0	0
2.	Tomasz Zganiacz, Deputy-Chairman of the Bank's Supervisory Board	0	0	0	0
3.	Jan Bossak, Member of the Bank's Supervisory Board	0	0	0	0
4.	Mirosław Czekaj, Secretary of the Bank's Supervisory Board	0	0	0	0
5.	Krzysztof Kilian, Member of the Bank's Supervisory Board	0	0	0	0
6.	Piotr Marczak, Member of the Bank's Supervisory Board	0	0	0	0
7.	Ewa Miklaszewska, Member of the Bank's Supervisory Board	0	0	0	0
8.	Marek Mroczkowski, Member of the Bank's Supervisory Board	0	0	0	0
9.	Ryszard Wierzba*, Member of the Bank's Supervisory Board	NA	NA	NA	NA

*) As at the date of assuming the position of the Supervisory Board member, i.e. as at 30 June 2011, Professor Ryszard Wierzba held 2 570 shares in PKO Bank Polski SA. On 7 July 2011, he transferred all of these shares to a 'blind portfolio' managed by DM PKO Banku Polskiego SA. A 'blind portfolio' means that the owner is not informed of the portfolio composition and transactions. Therefore, after 7 July 2011, and consequently also as at the date of submission of this report, Professor R. Wierzba was unable to provide information on the number of the Bank's shares held by him.

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

In the third quarter of 2011 the subsidiaries of PKO Bank Polski SA did not conclude any transaction 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 sale of the Group entities have been described in Note 31 'Changes to the entities of the Group, jointly controlled entities and associates'.

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 a response of the financial markets to those processes. The interest rate policy applied by the Monetary Policy Council and by other largest central banks will also have a great impact on the future performance.

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

In the third quarter of 2011, PKO Bank Polski SA or subsidiaries of PKO Bank Polski SA did not grant any guarantees or warranties on loans on advances to a single entity or its subsidiary that would constitute at least 10% of the Bank's equity.

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

As at 30 September 2011, the total value of court proceedings against the Bank was approximately PLN 311 785 thousand, while the total value of court proceedings initiated by the Bank was approximately PLN 89 153 thousand. No proceedings with the participation of the Bank are in progress, the value of which amounts to at least 10% of the equity.

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

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

PKO Bank Polski SA did not publish any financial result forecasts for the year 2011.

Information on dividend paid or declared

On 30 June 2011, the General Shareholders Meeting of PKO Bank Polski SA passed a resolution on the payment of the dividend from profit earned in the year 2010, amounting to PLN 1.98 per share. The list of shareholders entitled to dividend for 2010 was determined as at 31 August 2011, and dividend was paid out on 15 September 2011.

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

1. On 18 July 2011, an application for approval of the Bank's Prospectus prepared in connection with the public offering of sale of up to 190 602 731 of the Bank's shares (i.e. up to 15.25% of the Bank's share capital) by Bank Gospodarstwa Krajowego and the State Treasury and the application for admitting and introducing 197 500 000 A-series shares of the Bank for trading on the basic market of the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie SA) was filed with the Polish Financial Supervision Authority.

On 23 August 2011, the Bank received a letter from the State Treasury and Bank Gospodarstwa Krajowego acting as the Bank's shareholders, informing of suspending the work on preparing and carrying out the sale of the Bank's shares through a public offering. The shareholders asked PKO Bank Polski SA to suspend its activities in preparation for this sale and asked the Bank to submit an application for suspending the administrative proceedings before the Polish Financial Supervision Authority related to the approval of the prospectus prepared in connection with the sale of the Bank's shares.

On receiving the above-mentioned letter, on 23 August 2011 the Management Board of the Bank decided to suspend the activities related to preparing and carrying out the sale of the Bank's shares through a public offering and a decision to agree to sign on behalf of the Bank and submit an application to suspend the administrative proceedings before the PFSA related to approval of the prospectus.

2. On 4 August 2011 the rating agency Fitch Ratings informed in a press note that the Fitch had maintained the *rating* given to PKO Bank Polski SA at level 2. Agency analysts emphasized that the assessment of support acquired by the Bank reflects a high probability of support from national authorities due to high importance of the Bank for the national banking system.
3. The District Court for the Capital City of Warsaw, XIII Business Department of the National Court Register registered in the National Court Register changes to the Memorandum of Association of PKO Bank Polski SA introduced by Resolution No. 26/2011 passed by the Ordinary General Shareholders' Meeting of PKO Bank Polski SA on 30 June 2011. The resolution concerns changing 197 500 000 A-series registered shares into bearer shares.

4. On 26 September 2011, the rating agency Moody's Investor Services announced in its credit opinion that all ratings previously granted to the Bank would be maintained. According to agency analysts, ratings acquired by PKO Bank Polski SA, reflect the Bank's current dominant position in the Polish retail banking sector and its historically strong profitability, which is mainly due to the extensive and strong distribution network and retail funding base.
5. On 29 September 2011 the Polish Financial Supervision Authority did not allow changes in the Bank's Memorandum of Association consisting of the addition of § 3a. clause 2 and 3, and discontinued the proceedings on changing the wording of clause 1 of the added § 3a as in the AGM Resolution No. 27/2011 on the amendment of the Memorandum of Association of PKO Bank Polski SA. Entry into force of the above amendments to the Bank's Memorandum of Association (concerning clarification of competencies associated with cooperation of the Bank with the Group's entities), made by the AGM of 30 June 2011 was dependent on the permission of PFSA.

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

In the third quarter of 2011, PKO Bank Polski SA and the subsidiaries of PKO Bank Polski SA did not take out any loans or advances or receive any guarantees or warranties that were not related to its operating activity.

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

In the third quarter of 2011, PKO Bank Polski SA and the subsidiaries of PKO Bank Polski SA did not conclude any significant agreements with the central bank or supervisory authorities.

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

As at the date of preparation of these financial statements there were no significant events that could affect future financial results of the Bank.

Approval of financial statements

These condensed interim consolidated financial statements, reviewed by the Supervisory Board's Audit Committee on 2 November 2011, have been approved for issue by the Bank's Management Board on 28 October 2011.

Signatures of all Members of the Management Board of the Bank

28.10.2011	Zbigniew Jagiełło	President of the Management Board (signature)
28.10.2011	Piotr Alicki	Vice-President of the Management Board (signature)
28.10.2011	Bartosz Drabikowski	Vice-President of the Management Board (signature)
28.10.2011	Andrzej Kołatkowski	Vice-President of the Management Board (signature)
28.10.2011	Jarosław Myjak	Vice-President of the Management Board (signature)
28.10.2011	Jacek Obłąkowski	Vice-President of the Management Board (signature)
28.10.2011	Jakub Papierski	Vice-President of the Management Board (signature)

Signature of person responsible for
maintaining the books of account

28.10.2011
Danuta Szymańska
Director of the Bank

.....
(signature)