



Bank Polski

Report of the PKO Bank Polski SA Group for the third quarter of 2015

SELECTED CONSOLIDATED FINANCIAL DATA	PLN thousand		EUR thousand	
	period from 01.01.2015 to 30.09.2015	period from 01.01.2014 to 30.09.2014	period from 01.01.2015 to 30.09.2015	period from 01.01.2014 to 30.09.2014
Net interest income	5 172 199	5 657 577	1 243 766	1 353 390
Net fee and commission income	2 157 080	2 215 790	518 716	530 055
Operating profit	2 649 841	3 137 683	637 211	750 588
Profit before income tax	2 673 943	3 160 944	643 007	756 152
Net profit (including non-controlling shareholders)	2 153 085	2 522 500	517 755	603 426
Net profit attributable to equity holders of the parent company	2 165 307	2 531 503	520 694	605 579
Earnings per share for the period – basic (in PLN/EUR)	1.73	2.03	0.42	0.48
Earnings per share for the period – diluted (in PLN/EUR)	1.73	2.03	0.42	0.48
Net comprehensive income	1 961 952	2 785 438	471 793	666 325
Net cash flows used in operating activities	5 094 020	65 173	1 224 966	15 591
Net cash flows used in investing activities	(4 103 251)	(9 487 254)	(986 714)	(2 269 515)
Net cash flows from / used in financing activities	(2 854 591)	12 176 665	(686 447)	2 912 869
Total net cash flows	(1 863 822)	2 754 584	(448 196)	658 944

SELECTED CONSOLIDATED FINANCIAL DATA	PLN thousand		EUR thousand	
	as at 30.09.2015	as at 31.12.2014	as at 30.09.2015	as at 31.12.2014
Total assets	254 920 430	248 700 589	60 142 601	58 348 917
Total equity	29 577 503	27 615 551	6 978 130	6 479 026
Capital and reserves attributable to equity holders of the parent company	29 599 770	27 625 566	6 983 384	6 481 375
Share capital	1 250 000	1 250 000	294 909	293 269
Number of shares (in thousand)	1 250 000	1 250 000	1 250 000	1 250 000
Book value per share (in PLN/EUR)	23.66	22.09	5.58	5.18
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)	23.66	22.09	5.58	5.18
Capital adequacy ratio	14.48%	12.96%	14.48%	12.96%
Basic funds (Tier 1)	24 817 016	22 348 472	5 855 003	5 243 289
Supplementary funds (Tier 2)	2 469 484	2 394 713	582 618	561 836

SELECTED STAND-ALONE FINANCIAL DATA	PLN thousand		EUR thousand	
	period from 01.01.2015 to 30.09.2015	period from 01.01.2014 to 30.09.2014	period from 01.01.2015 to 30.09.2015	period from 01.01.2014 to 30.09.2014
Net interest income	5 020 812	5 201 850	1 207 361	1 244 372
Net fee and commission income	1 963 020	1 967 146	472 050	470 575
Operating profit	2 664 085	3 058 067	640 636	731 542
Profit before income tax	2 664 085	3 058 067	640 636	731 542
Net profit	2 164 428	2 468 452	520 483	590 496
Earnings per share for the period – basic (in PLN/EUR)	1.73	1.97	0.42	0.47
Earnings per share for the period – diluted (in PLN/EUR)	1.73	1.97	0.42	0.47
Total net comprehensive income	1 968 140	2 794 159	473 281	668 411
Net cash flows used in operating activities	4 173 121	(3 213 944)	1 003 516	(768 831)
Net cash flows used in investing activities	(4 204 617)	(10 691 633)	(1 011 090)	(2 557 623)
Net cash flows generated from/used in financing activities	(1 908 489)	16 041 663	(458 937)	3 837 443
Net cash flows	(1 939 985)	2 136 086	(466 511)	510 989

SELECTED STAND-ALONE FINANCIAL DATA	PLN thousand		EUR thousand	
	as at 30.09.2015	as at 31.12.2014	as at 30.09.2015	as at 31.12.2014
Total assets	250 714 787	243 760 527	59 150 377	57 189 904
Total equity	29 570 296	27 602 156	6 976 430	6 475 883
Share capital	1 250 000	1 250 000	294 909	293 269
Number of shares (in thousand)	1 250 000	1 250 000	1 250 000	1 250 000
Book value per share (in PLN/EUR)	23.66	22.08	5.58	5.18
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)	23.66	22.08	5.58	5.18
Capital adequacy ratio	14.99%	13.37%	14.99%	13.37%
Basic funds (Tier 1)	22 558 648	22 558 648	5 322 193	5 292 600
Supplementary funds (Tier 2)	2 321 062	2 321 062	547 601	544 556

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

- the income statement, the statement of comprehensive income and the 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 2015 and 30 September 2014: EUR 1 = PLN 4.1585 and EUR 1 = PLN 4.1803
- the statement of financial position items – average NBP exchange rate as at 30 September 2015: EUR 1 = PLN 4.2386 as at 31 December 2014: EUR 1 = PLN 4.2623.



Bank Polski

DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS
OF THE PKO BANK POLSKI SA FOR THE THIRD QUARTER OF 2015

Directors' Commentary
to the financial results
of the PKO Bank Polski SA
for the third quarter of 2015



DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS
OF THE PKO BANK POLSKI SA FOR THE THIRD QUARTER OF 2015

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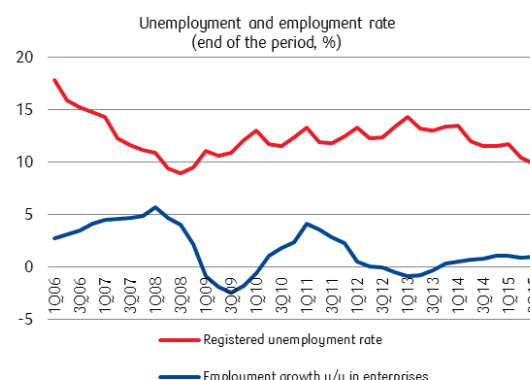
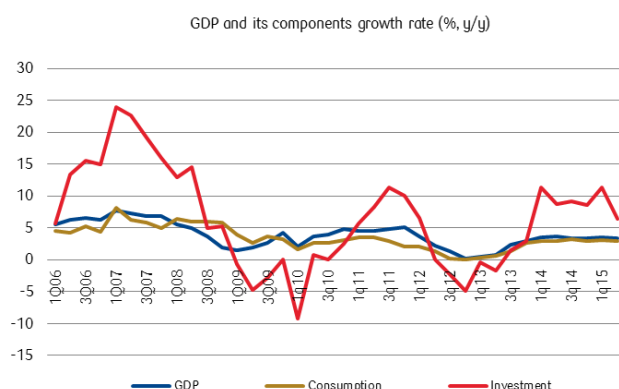
DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA FOR THE THIRD QUARTER OF 2015

1. External environment

Macroeconomic environment

Macroeconomic factors influencing the national economy in the third quarter of 2015:

- **Stabilization of the economic growth** – On the basis of monthly indicators of economic activity for July–September it can be estimated that economic growth in the third quarter of 2015 stabilized at around the level recorded in the previous quarter (vs. 3.3% y/y in the second quarter of 2015). The flattening of the trajectory of economic growth probably stems from the slowdown in investment growth and the deterioration of the contribution of net exports, while consumption contributed positively to GDP growth,
- **Improvement of the situation on the labour market** – the registered unemployment rate amounted to 9.9% at the end of September (preliminary data of the Ministry of Labour and Social Policy) compared with 10.3% at the end of the second quarter of 2015, declining during the quarter stronger than seasonal patterns (ie. on -0.4 p.p. vs. -0.2 p.p. average in the last 5 years). The annual growth rate in salaries in the enterprise sector reached an average of 3.6% in the third quarter of 2015 compared to 3.1% in the second quarter of 2015, accompanied by dynamics of employee pensions and disability benefits in July–August 2015 at the level of 3.0% y/y (compared with 2.4% in the second quarter of 2015), as a relative stabilization of inflation contributed to a slight acceleration of growth in real income,
- **Persistent deflation** – the CPI inflation amounted to -0.8% y/y in September 2015, the same as in June, with a stable core inflation (0.2% y/y in September vs. 0.2% y/y in June) and the decline in oil prices from ~60 USD/bbl for ~50 USD/bbl. The external environment operates anti-inflationary – inflation in most European countries decreased during the third quarter of 2015 after having slight increase,
- **Monetary policy without changes** – At the October meeting of the Monetary Policy Council ('MPC', RPP – Rada Polityki Pieniężnej) left interest rates unchanged and maintained position that the monetary easing cycle has been completed. The Council stated in a press release that the increased uncertainty about the pace of inflation returning to the target, but at the same time has not changed moderately optimistic assessment of economic prospects.



Interest rate market

In the third quarter of 2015 interest rates in Poland have remained unchanged with the prospect of no change in the coming months. 3M WIBOR index remained at 1.73%, while 6M WIBOR at 1.81%. Treasury bonds were strongly correlated with core markets. This period was characterized by high volatility, from the beginning of July to the end of September a 10-year benchmark yields fell from 3.29% to 2.83% (46 b.p.), 5-year from 2.70% to 2.39% (31 b.p.) 2-year from 1.99% to 1.76% (23 b.p.). Weaker data from the real economy and the September Fed's decision to leave interest rates unchanged contributed to declines in US bond yields over 30 b.p. in sectors from 5 to 30 years. German Bunds moved at this time 11 b.p. respectively on 2-year bonds, 16 b.p. for the 5-year bonds, 23 b.p. on the 10-year bonds. Investors were supported by the information on the possibility of extending the European program of asset purchases (QE).

Foreign exchange market

The third quarter of 2015 was characterized by a high volatility both on the EUR/USD and the EUR/PLN market. The EUR/USD fluctuated between 1.08 and 1.17, whereas EUR/PLN between 4.09 and 4.26. The dynamics of changes on the EUR/USD market was determined first of all by changing expectations on faster increases in interest rates in USA and speculation about further expand the asset purchase program by the ECB. The impact of these two factors prevented more lasting strengthening of the euro against the dollar despite the fact that the Federal Reserve ultimately decided not to raise their interest rates in September and only suggested their willingness to increase before the end of 2015. In the case of the EUR/PLN potential positive effect of the lack of interest rate hikes in the USA in September was neutralised the negative impact the slowing economic activity in China on global investment trends against all currencies in emerging markets. As a result, if only in mid-July has expired positive impulse for the zloty due to the remoteness of the spectrum of Grexit, EUR/PLN rate began to gradually rise. This trend continued until the end of the quarter.

Stock market

In the third quarter of 2015 the Warsaw Stock Exchange remained under pressure from international events (Greece, China, migration crisis, the Fed) and unrolling a parliamentary election campaign. In the course of the demands raised were unfavorable for some industries (especially banking), which was the main reason for the decline in the WIG index by 6.5%. The summer months have brought no significant changes regarding

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the outlook for the Polish economy, although incoming data can be considered as slightly disappointing. The euro area grew in line with expectations. Incoming data pointed to stabilization of growth at around 1.5%. In July this Year, there was ending a dramatic negotiations with Greece. In September this Year, the crisis migration reached its climax. Exchange of shares behaved poorly. STOXX 600 index fell by almost 9% (the biggest quarterly decline since 4 years). They influenced primarily concerns about the impact of the weakness of the developing countries on economic growth in Europe. German stock exchange was rocked by scandal Volkswagen. USA stock market disappointed. Disappointing earnings, worries about the impact of possible interest rate hikes and turbulence in China influenced negatively on investor sentiment. The S&P500 fell by 7%. The market had been exciting about Fed meeting at which the decision was made, however, is not a first for almost 10 years hike. More than decision surprised justification, which indicated turbulence in emerging markets as one of the main reasons stay the course in monetary policy. Developing countries were at the center of investor interest, due to the deepening economic problems. On the stock market in Shanghai there was a sharp sell (the index fell by 29%).

The situation of the Polish banking sector

Financial results and performance indicators

In the period January-August 2015 the banking sector generated a net profit of PLN 10.3 billion (-11.7% y/y). It was significantly lower than that generated in the period January-August 2014 and was influenced mainly lower net interest income. High impact on the net profit of the banking sector realized over period 8 months of 2015 were one-off events, including additional profits realized by some banks from the sale of shares in subsidiaries operating in other segments of the financial market. The deterioration of the financial result would have been even more pronounced when adjusted for one-off gains.

Chart 1. Changes in the net profit of banking sector (PLN bn)

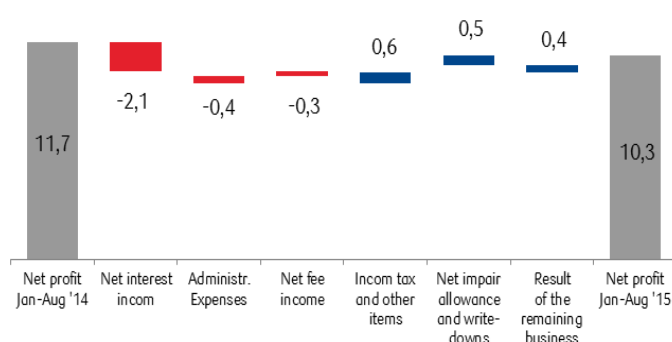
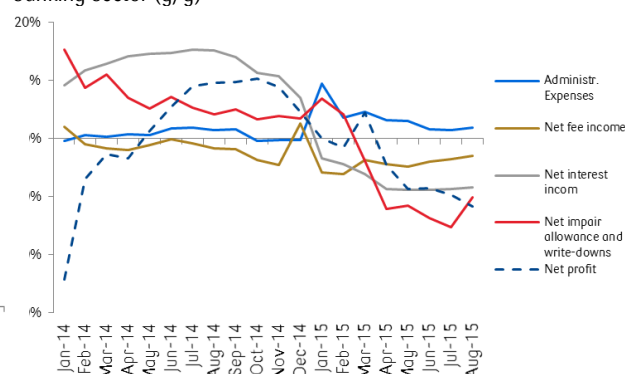


Chart 2. The pace of change in key income statement items of banking sector (y/y)



Source: KNF, calculation of PKO Bank Polski SA

The decrease in the net profit of the banking sector in the period 8 months of 2015 was determined the greatest decrease in net interest income. It was connected with the reduction by the Monetary Policy Council interest rates in October 2014 and March of 2015. Negative contribution to change the outcome of the banking sector had an increase in banks' operating costs associated with higher contributions to the Bank Guarantee Fund and a decrease in net fee and commission income resulting from a reduction of interchange fees.

The positive impact on profits of the banking sector in the period 8 months of 2015 were: increased y/y as a result of the remaining business (including sales of spare portfolio of government bonds by some banks in favorable market conditions and one-off gains) and improve y/y in the net impairment allowance.

Quality of the portfolio

At the end of August 2015 in the loan portfolio quality improved compared to August 2014; NPL ratio of non-financial sector amounted to 8.0% (8.2% at the end of August 2014), with a clear improvement in the quality of consumer loans and a slight improvement in the quality of corporate loans. The quality of housing loan portfolio worsened y/y, with the index at risk of housing loans in CHF rose to 3.6% from 2.9% at the end of August 2014 and threatened ratio of housing loans in PLN fell to 3.5% y/y compared with 3.7% at the end of August 2014.

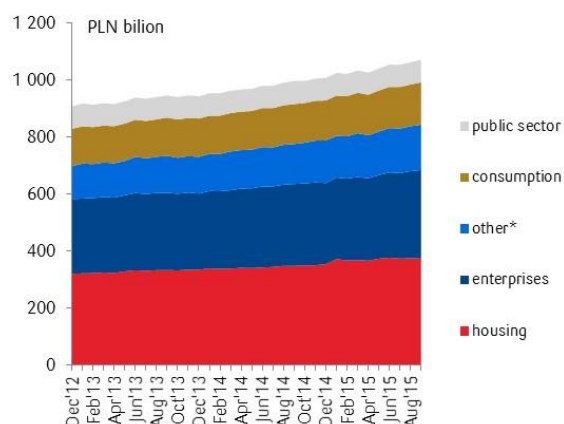
Business activity

At the end of August 2015 total assets of the banking sector increased to PLN 1 589 billion, while the annual rate slowed down to 4.2% y/y vs. 9.0% y/y at the end of December 2014.

In the period January-August 2015 situation on the loans and deposit market was shaped by, among others, significant weakening of the Polish currency against CHF (influence decisions Swiss central bank in January 2015 the cessation defend the minimum exchange rate of CHF/EUR, resulting in a sharp appreciation of the CHF and the strong depreciation of PLN vs. CHF) with sustained high growth of deposits of both individuals and enterprises.

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Chart 3. Loans structure of banking sector



* other loans include loans for individual entrepreneurs, non-monetary financial institutions, farmers and non-commercial institutions serving households.

Source: NBP, calculation of PKO Bank Polski SA

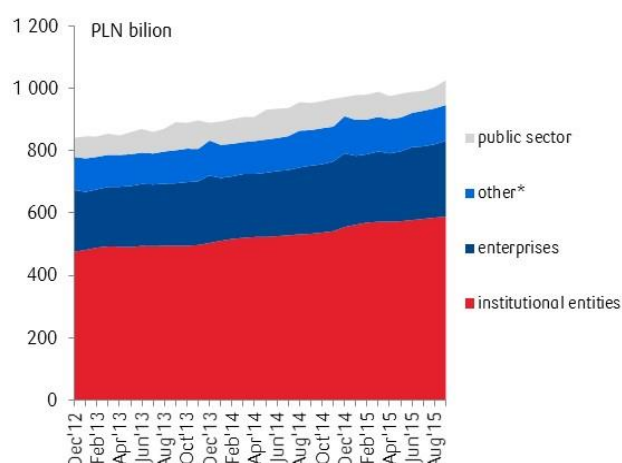
In the period January-September 2015, the situation on the loans market was influenced by a good macroeconomic situation, the persistence of a visible impact weakening of the Polish currency.

At the end of September 2015 the value of loans increased to PLN 1 070 billion (+7.4% y/y), which was the result of both growth in household loans and loans to businesses. Excluding the impact of foreign exchange loan growth y/y was lower, which means a slight decrease relative to the end of 2014.

Lending activity for individuals persons during the first 3 quarters of 2015 showed changes associated with the depreciation of the Polish currency. At the same time at the end of September 2015 it was visible a further deceleration of the growth rate of housing loans in PLN (+11.7% y/y vs. +13.5% y/y in December 2014). Continued relatively high rate of growth in consumer loans (+5.6% y/y vs. +4.6% y/y at the end of December 2014), resulting, among others, with record low interest rates (in particular, the lombard rate affecting to the maximum interest rate on consumer loans).

In the period January-September 2015 reported a revival on the enterprise loans market. Their value increased by approx. PLN 25 billion, and the annual growth rate amounted to 7.9% (6.5% at the end of December 2014). The situation on the market for loans to enterprises was the result of economic upturn and growth in corporate investment activity.

Chart 5. Deposit structure of banking sector



* Other deposits include deposits for individual entrepreneurs, non-monetary financial institutions, individual farmers, and non-commercial institutions serving households.

Source: NBP, calculation of PKO Bank Polski SA

Situation on the deposit market in the period January-September 2015 was affected by the low level of interest rates. At the end of September 2015, an increase y/y deposits of the banking sector was slightly higher than loans (7.6% and 7.4% y/y), after eliminating the effect of exchange

Chart 4. The pace of loans change in banking sector (y/y)

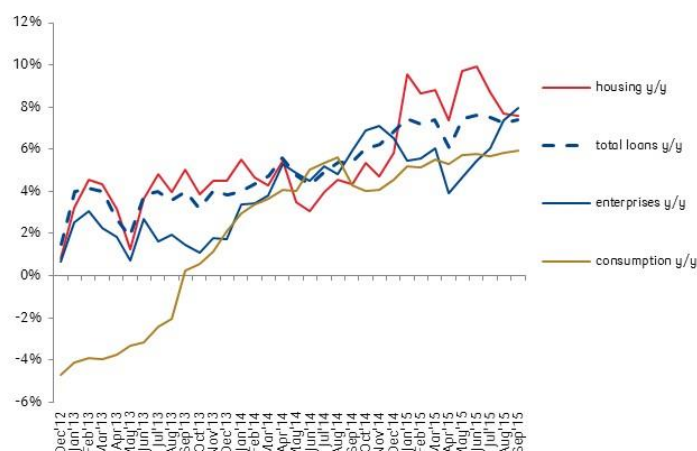
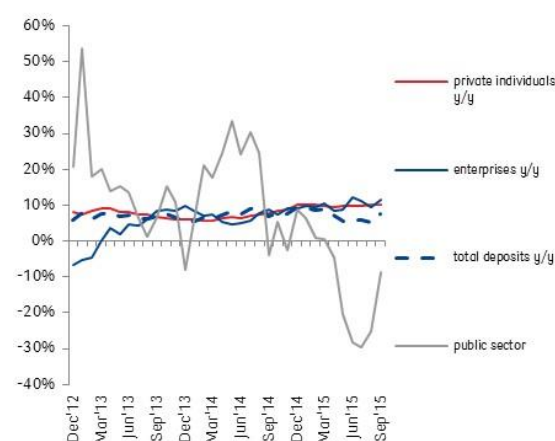


Chart 6. The pace of deposit change in banking sector (y/y)



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rate annual growth rate of deposits was higher than loans. At the end of September 2015, the volume of deposits increased to PLN 1 026 billion, while slowdown in the annual growth rate of deposits (9.3% y/y in December 2014)

The increase in deposits y/y was influenced mainly by the increase in deposits of individuals and the increase in deposits of enterprises and individual entrepreneurs, with a significant decrease in deposits of governmental and local government.

Despite significant reductions in interest rates on term deposits, deposits of individuals maintain a high growth rate y/y (10.2%, the same as at the end of December 2014), with the apparent high rate of growth of current deposits of individuals. The increase in individual deposits influenced the improving situation on the labor market and the relative uncertainty on the stock market and thus weak competition from other forms of saving). In the same period, the growth rate of corporate deposits stood at 11.4% (compared to 9.1% at the end of December 2014).

Changes in the loans and deposit market in the period January-September 2015 was influenced by the formation of a relationship between loans and deposits. The excess of loans over deposits increased to approx. PLN 44 billion, which resulted in an increase in the loans/deposits to 104.3%.

The Ukrainian market

Scale of the recession in Ukraine in the second quarter of 2015 decreased. Deeply negative GDP growth in the first quarter (-17.2% y/y) rebounded to -14.6% y/y. Data from third quarter about industrial production (average growth rate in the third quarter -8.1% y/y vs. -20.1% y/y in the second quarter) and retail sales (average growth in the third quarter -19.1% y/y vs. -26.5% in the second quarter) point to a further flattening of the recession. Slowdown in real salary growth and a slowdown in decline in imports, indicate a possible increase in domestic demand.

In the third quarter progressed consolidation of public finances (budget surplus at the end of August amounted to UAH 8.3 billion with deficit of UAH -33.7 billion in the same period 2014). Public debt at the end of August amounted to 72.8% of GDP and government guarantees increased by 88.2% of GDP. In August, the government of Ukraine signed an agreement with foreign creditors on which their claims were reduced by USD 15.5 billion (the debt write-off amounted to USD 3.6 billion), and the maturity date extended until 2019.

In the third quarter there were two reductions in the discount rate, the result of which its level fell from 33.0% at the end of June to 27.5% at the end of September. Digit growth in the money supply favored the decline in inflation rate, which in the third quarter averaged 53.3% y/y vs. 58.9% y/y in the second quarter. The high growth rate of price increase resulted primarily from increases in regulated prices (water, gas and electricity; the inflation rate: 146.4%).

According to National Bank of Ukraine (NBU) data, the number of banks that operate in Ukraine fell in September to 122 (compared with 143 in June and 163 in December). The trend has turned outflow of foreign capital, whose share in the capital of the sector increased to 37.9% from 27.5% in June. This was due to stabilization of the exchange rate of UAH against the dollar at the level of approx. 21.8.

The value of total assets in the Ukrainian banking sector in September was UAH 1 210 billion fell from UAH 1 300 billion in June. The ratio of capital to assets of banks increased during this period from 7.7% to 10.7%, which is equivalent to a decrease in leverage of banks.

Continued downward trend in the volume of foreign currency loans (UAH 549.3 billion at the end of September vs. UAH 571.7 billion at the end of June and UAH 687.0 billion in March), and the volume of total loans (respectively UAH 1 019.1 billion UAH 1 070.7 billion and UAH 1 012.9 billion). Visible was the continued decline in the deposit base (UAH 712.5 billion at the end of September vs. UAH 733.0 billion in June), which resulted primarily from the withdrawal of deposits by households (UAH -29.0 billion in the same period). As a result, the ratio of loans to deposits decreased from 146.1 in June to 143.0 in September (147.4 at the end of 2014).

Compared to the end of 2014 significantly increased rate of serviced loans (19.9% at the end of September vs. 13.5% in December 2014). In January-September ROA was stable (-4.1% vs. -4.1% in 2014) with decrease ROE (-39.4% vs. -30.5% in 2014).

Regulatory factors

For financial and organizational situation of the PKO Bank Polski SA Group in the third quarter of 2015 affected by legal and regulatory solutions, including:

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	Description of regulations	Impact on the Group's results
Low level of key interest rates	Monetary Policy Council Resolution No. 1/2015 of the MPC (Official Journal of the NBP 2015, item 2)) decreasing from 5 March 2015 the basic interest rate in the reference rate to 1.5% and the lombard rate to 2.5% .	impact on the level of net interest income
Higher load banks to BGF	resolution of the Bank Guarantee Fund significantly increasing for the year 2015 burden on the banks for bank deposit guarantee scheme (settled linearly), including: - resolution No. 28/104 booster indicator for calculating the annual fee (from 0.100% to 0.189%); - No. 29/2014 boost ratio for calculating the charge prudential (from 0.037% to 0.050%).	strong impact on the level of operating costs of banks
Reduction of income from card services	amendment to the law on payment services (Journal of Laws of 2014, item 1916) introducing limits on the interchange fee rates (0.2% for debit cards and 0.3% for credit cards)	a significant impact on the level of non-interest income
Greater access to consumer bankruptcy	amendment of the Law on Bankruptcy and Reorganization (Journal of Laws of 2014, item 1306) liberalization from 1 January 2015 bankruptcy rules	impact on the level of credit risk
Restrictions on the distribution of insurance by banks	Financial Supervisory Commission resolution No. 183/2014 on a recommendation U on bancassurance (Acts. Office. KNF 2014 pos. 12) and Resolution No. 184/2014 of the Financial Supervision concerning, inter alia insurance distribution (Official Journal of PFSA of 2014, item 13)	impact on the level of operating costs of banks (the need to develop a new business model, the introduction of the new strategy the governance risk adapting IT systems)
Support for the issuance of treasury bonds	Act on Bonds (Journal of Laws of 2015, item 238) on the implementation from 1 July 2015 solutions to support the market development of long-term Treasury debt securities, as an additional source to bank loans, a source of capital by companies and local governments	issuance of corporate and municipal bonds, as an alternative source of financing; risk segment of corporate loans
Good practices in liquidity risk management	P recommendation concerning the management of financial liquidity of banks (Official Journal of the PFSA, item 14), which determines the adjustment of banks by the end of 2015	increase banks' operating costs; measuring and managing liquidity risk
Apartment for young (Program MDM)	amendment to the law on state aid in the acquisition of housing by young people (Journal of Laws of 2015, item 1194) extending the number of people who can use program MDM to support the program and the rules for support; effective from 1 September 2015.	level of lending, the financial results of banks
Solvency II	The package of Solvency II on insurance and reinsurance operations, including the valuation of technical provisions, risk and disclosure obligations (Official Journal EU L 335 of 17 December 2009)	adjustment costs for insurance companies
Restrictions on the activities of OFE	Law on amendet in the rules concerning payment of pensions by the open pension funds (Journal of Laws of 2013, pos. 1717), including 1 January 2015 allows increased involvement of OPF in shares of companies listed abroad (from 10% to 20%), limiting the involvement of OPF in shares of domestic companies (from 75% to 55%)	the impact on operations Common Pension Fund, the situation on the Warsaw Stock Exchange

The activity of the PKO Bank Polski SA Group was influenced by new legislation introduced in Ukraine (where operates a subsidiary KREDOBANK SA), including:

- the Act No. 424-VIII/2014 introductory from 15 May 2015 restrictions on early withdrawals from term deposits,
- Resolution No. 820/2015 of the Management Board of the NBU introductory of 31 December 2014 on creating change in mandatory reserves by banks (6.5% for current deposits in UAH and foreign currencies and 3% for term deposits)
- Resolution No. 859/2014 of the Management Board of the NBU extension until 1 January 2019 not to apply sanctions against banks do not comply with regulatory requirements as a result of the devaluation of the UAH annexation of the Crimea and the war in Donetsk and Luhansk region circumference and defining its specific rules for carrying on banking activities,
- Resolution No. 860/2014 of the year tightens from 1 January 2015, the requirements for banks benefiting from the stabilization loan; stabilization loan interest rates set at a discount rate plus 1.5 p.p.
- Resolution No. 867/2014 of the Management Board of the NBU obliges banks to organize a system of risk management (in force since 31 December 2014)
- Resolution No. 22/2015 of the Management Board of the NBU allows for 17 January 2015 early repayment of foreign currency loans by non-residents;
- Resolution No. 81, 154, 557 and 627 of the 2015 of the Management Board of the NBU increasing in 2015 the NBU discount rate, respectively from 6 February by 11 p.p. to 19.5%, from 4 March by 10.5 p.p. to 30%; from 28 August, lowering the discount rate by 3 p.p. to 27%, and from 25 September by 5 p.p. to 22%;
- Resolutions No. 124, 129, 160, 248, 354, 551 and 581 of the 2015 of the Management Board of the NBU introducing a number of changes in market transactions monetary-credit and restrictions on the foreign exchange market;

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- Resolution No. 313/2015 of the Management Board of the NBU specifies time limits for compliance adequacy requirements for banks, including not less than 5% until 1 February 2016;
- Resolution No. 615/2015 of the Management Board of the NBU on refinancing loans and accepting securities, including foreign currency.

2. Financial results for the third quarter of 2015

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

Factors influencing results of the PKO Bank Polski SA Group

In the third quarter of 2015, the banking sector earns financial results in terms of stabilization of economic growth and continued at historically low levels of interest rates. The situation on the loans and deposit market was shaped primarily revival of credit activity of banks and the improving situation on the labor market, the persistence of a visible influence of the weakening of the Polish currency.

Action taken by the PKO Bank Polski SA Group in the third quarter of 2015 allowed it to generate a net profit of PLN 2 165.3 million. The effectiveness of the PKO Bank Polski SA Group stood at a relatively high level - at the end of the third quarter of 2015, ROE was 10.2%.

Stable deposit base, the funds from the bond issue and the high level of equity of the PKO Bank Polski SA Group covered the financing needs and enabled continued safe development of business activities.

As at the end of the third quarter of 2015, the capital adequacy ratio amounted to 14.5%, with a minimum the level specified in the Banking Law at a rate of 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

	30.09.2015	30.09.2014	Change
ROA net* (net profit/average total assets)	1.1%	1.6%	-0.5 p.p.
ROE net* (net profit/average total equity)	10.2%	13.5%	-3.3 p.p.
C/I* (cost to income ratio)	52.2%	44.0%	8.2 p.p.
Interest margin* (net interest income/average interest-bearing assets)	3.1%	3.6%	-0.5 p.p.
The share of impaired loans**	6.9%	7.1%	-0.2 p.p.
The coverage ratio of impaired loans***	63.5%	58.1%	5.4 p.p.
Cost of risk****	-0.8%	-1.1%	0.3 p.p.

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

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

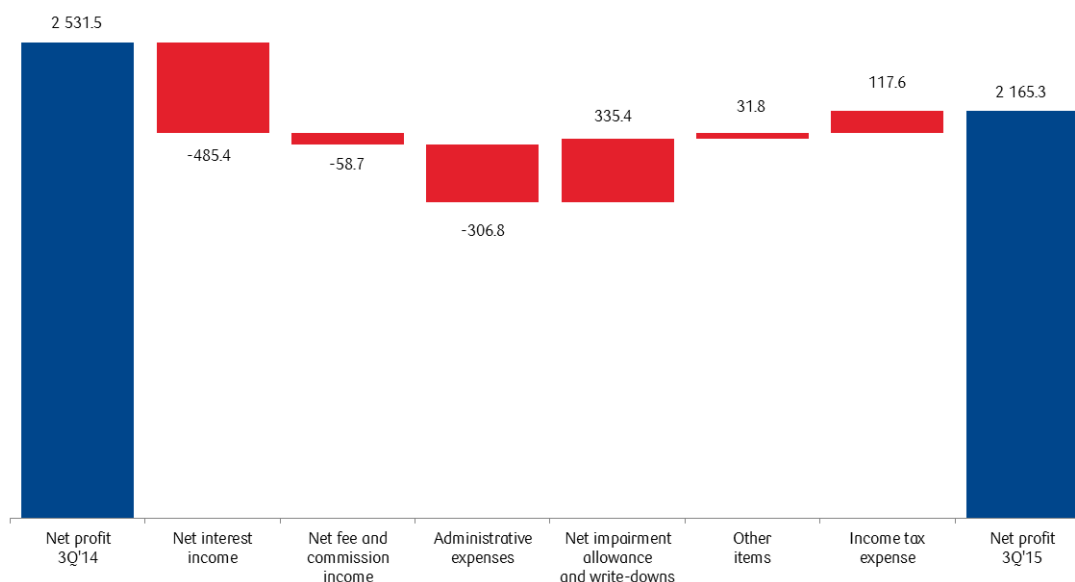
**** Calculated by dividing result from net impairment allowances on loans and advances to customers for 12 months by average balance of loans advances to customers in the beginning and end of the reporting period.

Financial results

The net profit of the PKO Bank Polski SA Group earned after for three quarters of 2015 was PLN 2 165.3 million and was PLN 366.2 million lower than in the comparable period of 2014 (-14.5% y/y), which was mainly influenced by lower net interest income, which remained under pressure from record-low interest rates and higher overall costs administrative, determined by changes in the Group structure and higher premiums for BGF, with significantly improved result for write-downs.

DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA FOR THE THIRD QUARTER OF 2015

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



The consolidated income statement items were as follows:

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

	3rd quarter period 01.07- 30.09.2015	3 quarters 2015	3rd quarter period 01.07- 30.09.2014	3 quarters 2014	Change 3 Q 2015/ 3 Q 2014 (in PLN million)	Change 3 Q 2015/ 3 Q 2014 (in %)
Interest and similar income	2 433.5	7 221.6	2 834.3	8 079.0	(857.3)	-10.6%
Interest expense and similar charges	(615.4)	(2 049.4)	(855.6)	(2 421.4)	372.0	-15.4%
Net interest income	1 818.1	5 172.2	1 978.7	5 657.6	(485.4)	-8.6%
Fee and commission income	904.3	2 709.7	983.9	2 975.4	(265.7)	-8.9%
Fee and commission expense	(183.8)	(552.6)	(257.1)	(759.6)	207.0	-27.2%
Net fee and commission income	720.5	2 157.1	726.8	2 215.8	(58.7)	-2.6%
Dividend income	1.0	10.7	0.3	6.4	4.3	66.4%
Net income from financial instruments measured at fair value	2.0	10.9	20.4	73.4	(62.5)	-85.2%
Gains less losses from investment securities	6.4	75.7	33.3	71.9	3.9	5.4%
Net foreign exchange gains (losses)	92.2	258.9	66.4	201.8	57.1	28.3%
Net other operating income and expense	58.0	187.9	65.2	162.9	25.0	15.4%
Net impairment allowance and write-downs	(362.3)	(1 111.0)	(475.2)	(1 446.4)	335.4	-23.2%
Administrative expenses	(1 335.5)	(4 112.6)	(1 337.2)	(3 805.7)	(306.8)	8.1%
Operating profit	1 000.5	2 649.8	1 078.8	3 137.7	(487.8)	-15.5%
Share in profit (loss) of associates and joint ventures	8.3	24.1	15.9	23.3	0.8	3.6%
Profit before income tax	1 008.7	2 673.9	1 094.7	3 160.9	(487.0)	-15.4%
Income tax expense	(193.0)	(520.9)	(220.8)	(638.4)	117.6	-18.4%
Net profit (including non-controlling shareholders)	815.7	2 153.1	873.9	2 522.5	(369.4)	-14.6%
Profit (loss) attributable to non-controlling shareholders	0.5	(12.2)	0.5	(9.0)	(3.2)	35.8%
Net profit	815.2	2 165.3	873.4	2 531.5	(366.2)	-14.5%

In the income statement of the PKO Bank Polski SA Group after 3 quarters of 2015 the sum of income items amounted PLN 7 873.4 million and was PLN 516.4 million, ie. 6.2% lower than in the corresponding period of 2014.

Net interest income

The net interest income generated in the three-quarter period of 2015 amounted to PLN 5 172.2 million and decreased by PLN 485.4 million (-8.6% y/y) mainly due to a decrease in interest income by PLN 857.3 million, which is assessed a decrease in the level of market interest rates and lower interest expense of PLN 372.0 million, mainly in effect bring offer to decrease market interest rates.

DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA FOR THE THIRD QUARTER OF 2015

After three quarters of 2015 interest income amounted to PLN 7 221.6 million and compared with the corresponding period of 2014 were lower by 10.6% mainly due:

- the decrease in income from loans and advances to customers (PLN -830.9 million y/y) - primarily a result of a decrease in zloty interest rates, which for average rates WIBOR 1M and 3M in annual terms amounted to 0.91 p.p. and 0.87 p.p. and the lombard rate that determines the maximum interest rates on consumption loans,
- with an increase in income from derivative hedging instruments of PLN 81.8 million y/y, mainly as a result of the revaluation of transactions to lower market rates WIBOR and LIBOR CHF and the increase in the average volume of transactions to hedge accounting.

The decrease in interest expense of PLN 372.0 million ie. about 15.4% y/y was mainly the result of:

- the decrease in the cost of liabilities to customers of PLN 431.3 million y/y, resulting from a lower average interest rates on deposits as a result of lower market rates and adjustment of pricing of deposit products,
- with an increase in expenses related to debt securities in issue and subordinated liabilities of PLN 19.1 million y/y, associated with increased level of liabilities from bond issues on foreign financial markets, partly neutralized by a decline in debt servicing costs on the domestic market as a result of lower market interest rates and an increase in the cost of loans received from banks of PLN 5.1 million y/y, associated with funding received from Nordea Bank AB, funding set aside for the acquired portfolio of housing loans.

The interest margin decreased by 0.5 p.p. y/y to 3.1% at the end of the third quarter 2015 result of decrease in annualized net interest income (which was influenced by a decline in market interest rates directly causes a faster decline in interest rates on interest-earning assets based mostly on market rates than the decline in interest rates on deposit offer) with an increase in the average volume of interest-earning assets (mainly loans and housing loans).

Net fee and commission income

Net fee and commission income generated in the three quarter period of 2015 amounted to PLN 2 157.1 million and was by PLN 58.7 million lower than in the same period last year due to a decrease in commission income by PLN 265.7 million, at the lower of PLN 207.0 million in commission costs. The level of fee income was largely determined by a fall of:

- result of payment cards (PLN -109.6 million y/y), as a consequence of a reduction in the mandatory payment organizations interchange fee rates to 0.2% for debit cards and 0.3% for credit cards since the beginning of the 2015,
- fee income from loan insurance (PLN -82.5 million y/y), mainly as a result of decrease in commissions from insurance consumer loans,
- costs related to acquisition services (PLN -38.8 million y/y),

accompanied by an increase in:

- income from investment and insurance products (PLN +35.6 million y/y), as a result of the enlargement of the Group of insurance company since second quarter 2014,
- income from loans and borrowings (PLN +30.7 million y/y) as a result of growth in loan sales.

Administrative expenses

After three quarters of 2015, general administrative expenses amounted to PLN 4 112.6 million, an increase of 8.1% compared to the same period of the previous year. The level of general administrative expenses was mainly determined by changes affecting the structure of the PKO Bank Polski SA in 2014, mainly the acquisition of companies in the Nordea Group and by an increase in premiums and contributions to the Bank Guarantee Fund of PLN 160.5 million y/y, mainly due to an increase in interest rates BGF fees.

The effectiveness of the PKO Bank Polski SA Group measured C/I ratio on an annual basis stood at 52.2%.

Net impairment allowance and write-downs

Net income from write-downs for impairment and provisions reflects the conservative approach of PKO Bank Polski SA Group in respect of recognition and measurement of credit risk. The improvement in net charge-offs in the period of three quarters of 2015 compared to the same period last year (+PLN 335.4 million y/y), mainly a drop in write-downs on the portfolio of commercial loans.

The participation rate loans impaired as at the end of the third quarter 2015 was 6.9%, which represents a decrease of 0.1 p.p. y/y, by improving the quality of consumption and housing loans.

The cost of risk¹ at the end of the third quarter of 2015 reached the level of 0.78%, which represents a decrease of 0.31 p.p. y/y as a result improve the economic result on loans.

¹ Calculated through dividing net impairment allowance and write-downs of loans and advances to customers for the twelve-month period ended 30 September 2014 and 2015, by the average balance of gross loans and advances to customers at the beginning and at the end of reporting period and intermediate quarterly periods.

DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA FOR THE THIRD QUARTER OF 2015

Statement of financial position

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

	30.09.2015	Structure 30.09.2015	31.12.2014	Structure 31.12.2014	Change (in %)
Cash and balances with the central bank	8 181.4	3.2%	11 738.4	4.7%	-30.3%
Amounts due from banks	4 113.1	1.6%	2 486.7	1.0%	65.4%
Loans and advances to customers	185 193.1	72.6%	179 497.4	72.2%	3.2%
Securities	43 679.1	17.1%	40 160.2	16.1%	8.8%
Other assets	13 753.7	5.4%	14 818.0	6.0%	-7.2%
Total assets	254 920.4	100.0%	248 700.6	100.0%	2.5%
Amounts due to banks	20 337.2	8.0%	19 398.9	7.8%	4.8%
Amount due to costumers	178 256.8	69.9%	174 386.8	70.1%	2.2%
Debt securities in issue and subordinated liabilities	16 586.5	6.5%	15 714.6	6.3%	5.5%
Liabilities of insurance activities	2 386.3	0.9%	2 679.7	1.1%	-10.9%
Other liabilities	7 776.0	3.1%	8 905.0	3.6%	-12.7%
Total liabilities	225 342.9	88.4%	221 085.0	88.9%	1.9%
Total equity	29 577.5	11.6%	27 615.6	11.1%	7.1%
Total liabilities and equity	254 920.4	100.0%	248 700.6	100.0%	2.5%
Loans/Deposits (amounts due to customers)	103.9%	x	102.9%	x	1 p.p.
Loans/Stable sources of funding*	87.7%	x	86.4%	x	1.3 p.p.
Interest bearing assets/Assets	91.4%	x	89.3%	x	2.1 p.p.
Interest paying liabilities/Liabilities	84.4%	x	84.2%	x	0.2 p.p.
Capital adequacy ratio	14.5%	x	13.0%	x	1.5 p.p.

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

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

The total assets of the PKO Bank Polski SA Group at the end of the third quarter 2015 amounted to PLN 254.9 billion, an increase of PLN 6.2 billion compared to the end of 2014. The increase in total assets was due to growth in deposit base and equity. The structure of assets at the end of the third quarter of 2015 was determined by changes in the structure of the portfolio of loans and advances, and remained under the influence of fluctuations in foreign exchange rates.

PKO Bank Polski SA Group, strengthened the position of the largest institution in the Polish banking sector.

Loans and advances to customers

Loans and advances to customers represent the largest part of the assets of the PKO Bank Polski SA Group. Compared to the end of 2014 the portfolio of loans and advances to customers rose by a net PLN 5.7 billion, with significant changes in the structure of the portfolio, which are the outcome of an activity in lending and strong appreciation of CHF observed from January of 2015. In the analyzed period there was an increase in receivables from loans from non-financial sector, in all categories of loans and a decrease in receivables from the financial sector and the budget.

The generic structure of the gross loan portfolio consisted mainly of loans with the volume ratio of PLN 101.9 billion (+PLN 3.8 billion compared to the end of 2014), whose share in the structure of the portfolio increased by 0.3 p.p. compared to the end of last year, and accounts receivable business, the volume of which amounted to PLN 68.2 billion (+PLN 0.7 billion compared to the end of 2014). Compared to the end of 2014 also saw a significant increase in the consumer loan portfolio, mainly as a result of growth in new sales, which in 2015 exceeded 9 billion PLN, and also as a result of the takeover of SKOK Wesoła on 1 August of 2015.

Securities

At the end of the third quarter of 2015, the carrying amount of the securities portfolio amounted to PLN 43.7 billion and accounted for 17.1% of the assets of the PKO Bank Polski SA, which represents an increase of approx. PLN 3.5 billion compared to the end of 2014. The increase in the securities portfolio is associated with the process of the liquidity management of the PKO Bank Polski SA Group.

The generic structure of the portfolio was dominated by debt securities issued by the Treasury and issued by the NBP.

DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA FOR THE THIRD QUARTER OF 2015

Amounts due to customers

Amounts due to customers remain the main source of financing the activities of the PKO Bank Polski SA Group, acting at the end of September 69.9% of the sum of its liabilities. The generic structure of liabilities to customers consisted mainly of obligations to the population that reported at the end of the third quarter an increase by PLN 3.6 billion (compared to the end of 2014) and amounted to PLN 132.2 billion.

Their share in the structure of the portfolio of liabilities in relation to the end of 2014 increased by 0.4 p.p. to a level of 74.2 p.p. At the same time towards the end of 2014 there was an increase in liabilities to the budget of PLN 1.6 billion and the decrease in liabilities to business entities by PLN 1.3 billion.

External financing

PKO Bank Polski SA Group is an active participant in the market for the issuance of debt securities, both domestic and international. These activities aim to diversify the sources of financing and their adaptation to regulatory requirements. At the end of the third quarter 2015 issued securities and subordinated liabilities accounted for 7.4% of total liabilities (+PLN 0.9 billion compared to the end of 2014). Changing the liabilities from the issue towards the end of 2014 was a result of increase in liabilities of PKO Bank Polski SA in respect of short-term bank bonds (+PLN 0.2 billion compared to the end of 2014) and the revaluation of foreign currency liabilities.

Detailed information on emissions carried out by the PKO Bank Polski SA were described in Note 31 Notes to the condensed interim consolidated financial statements.

Equity and capital adequacy ratio

At the end of the third quarter of 2015 equity amounted to PLN 29.6 billion and were higher by PLN 2.0 billion compared to the end of 2014, acting 11.6% of total liabilities of the PKO Bank Polski SA Group (increase by 0.5 p.p. towards the end of 2014).

The capital adequacy ratio of the PKO Bank Polski SA Group at the end of the third quarter 2015 reached the level of 14.5%, an increase of 1.5 p.p. compared to the end of 2014, which was due to the increase of own funds as a result of allocation of profit from 2014 and the lack of payment of dividends, as well as actions taken by the Bank to optimize its capital requirements.

The level of the capital adequacy ratio exceeds the minimum value of this ratio specified in the Banking Law and helps maintain capital adequacy at a safe level.

2.2. 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

	30.09.2015	30.09.2014	Change
ROA net* (net profit/average total assets)	1.1%	1.7%	-0.6 p.p.
ROE net* (net profit/average total equity)	9.8%	13.4%	-3.6 p.p.
C/I* (cost to income ratio)	49.6%	41.0%	8.6 p.p.
Interest margin* (net interest income/average interest-bearing assets)	3.1%	3.8%	-0.7 p.p.
The share of impaired loans**	6.7%	7.7%	-1 p.p.
The coverage ratio of impaired loans***	63.1%	55.6%	7.5 p.p.
Cost of risk****	-0.8%	-1.0%	0.2 p.p.

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

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

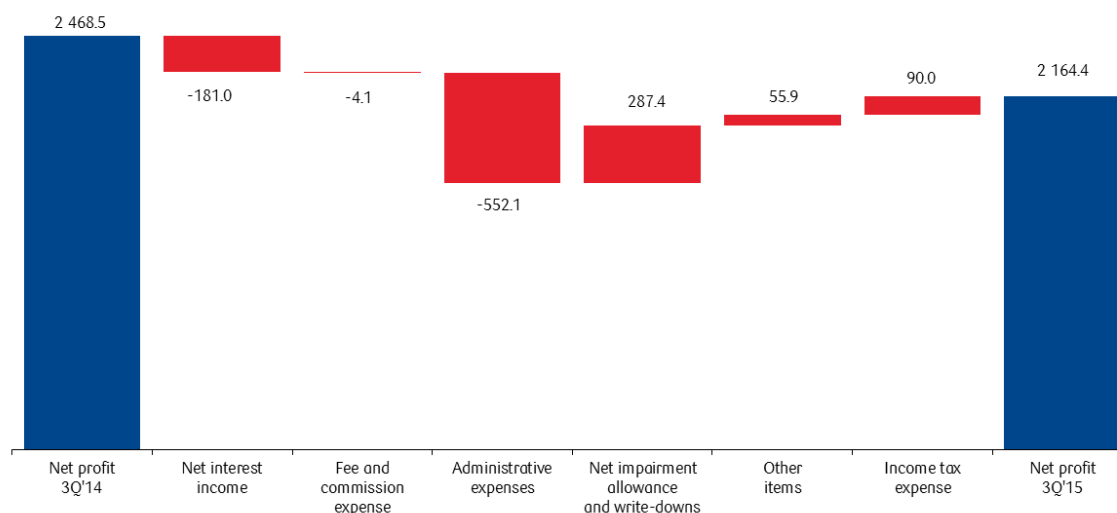
**** Calculated by dividing result from net impairment allowances on loans and advances to customers for 12 months by average balance of loans advances to customers in the beginning and end of the reporting period.

Financial results

After the three quarter of 2015, PKO Bank Polski SA achieved net profit in the amount of PLN 2 164.4 million, which was PLN 304.0 million lower than in the corresponding period of 2014 (-12.3% y/y), which was mainly influenced by higher net write-downs at higher general administrative costs.

DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA FOR THE THIRD QUARTER OF 2015

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



The Bank's income statement items were as follows:

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

	3rd quarter period 01.07- 30.09.2015	3 quarters 2015	3rd quarter period 01.07- 30.09.2014	3 quarters 2014	Change 3 Q 2015/ 3 Q 2014 (in PLN million)	Change 3 Q 2015/ 3 Q 2014 (in %)
Interest and similar income	2 367.6	7 022.0	2 535.6	7 407.9	(385.9)	-5.2%
Interest expense and similar charges	(601.8)	(2 001.2)	(765.8)	(2 206.1)	204.9	-9.3%
Net interest income	1 765.8	5 020.8	1 769.8	5 201.9	(181.0)	-3.5%
Fee and commission income	828.8	2 498.9	845.3	2 667.3	(168.4)	-6.3%
Fee and commission expense	(176.0)	(535.8)	(213.1)	(700.1)	164.3	-23.5%
Net fee and commission income	652.8	1 963.0	632.2	1 967.1	(4.1)	-0.2%
Dividend income	4.2	114.2	3.9	83.7	30.4	36.3%
Net income from financial instruments measured at fair value	0.3	1.5	14.5	56.8	(55.3)	-97.3%
Gains less losses from investment securities	6.4	83.3	33.4	71.2	12.1	17.0%
Net foreign exchange gains (losses)	91.2	297.6	61.4	243.4	54.2	22.3%
Net other operating income and expense	1.5	35.1	(6.6)	20.7	14.4	69.3%
Net impairment allowance and write-downs	(330.7)	(1 079.9)	(430.3)	(1 367.3)	287.4	-21.0%
Administrative expenses	(1 222.4)	(3 771.6)	(1 091.3)	(3 219.5)	(552.1)	17.1%
Operating profit	969.1	2 664.1	986.9	3 058.1	(394.0)	-12.9%
Profit before income tax	969.1	2 664.1	986.9	3 058.1	(394.0)	-12.9%
Income tax expense	(186.6)	(499.7)	(197.8)	(589.6)	90.0	-15.3%
Net profit	782.4	2 164.4	789.2	2 468.5	(304.0)	-12.3%

3. Activities of PKO Bank Polski SA Group²

3.1. Business activities of PKO Bank Polski SA

PKO Bank Polski SA Group operates a business within the segments, offering specific products and services targeted at specific groups of customers. The allocation of business areas ensures consistency with the model of sales management and to offer customers a comprehensive product range covering both traditional banking products, as well as more complex investment products. Currently, the Group conducts its business in the context of retail and corporate banking and investment.

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

DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA FOR THE THIRD QUARTER OF 2015

The retail segment

Retail segment offers full service individuals within the retail and private banking and mortgage banking. Further it includes transactions with legal persons, ie. small and medium-sized enterprises. Products and services offered to customers in this segment include mainly: current accounts, savings accounts, term deposits, private banking services, investment and insurance, credit cards and debit cards, electronic banking services, consumer loans and mortgages and corporate loans for small and medium-sized enterprises, developers, cooperatives and real estate managers

Corporate and Investment segment

The segment includes corporate and investment transactions with large corporate clients and financial institutions. This segment includes the following products and services: current accounts and term deposits, safekeeping of securities, currency and derivative products, loans, leases and factoring. Within this segment, PKO Bank Polski SA also enters, individually or in consortium with other banks agreements financing large projects in the form of loans and the issuance of treasury securities. In addition, the segment includes the activities of its own, ie. business investment and brokerage activities, interbank transactions, derivatives and debt securities.

3.1.1. The retail segment of PKO Bank Polski SA

In the first three quarters of 2015 the activities carried out by the Bank in the retail segment were focused on increasing attractiveness and competitiveness of the products offered, with a flexible response to changing market conditions. In the retail segment of PKO Bank Polski SA continued sustainable development, focused on identifying and meeting the needs of clients who want to build strong, long-term relationships. There have been efforts taken to improve the quality of customer service, among others, through the development of employee competencies and activities leading to increased innovation in the new financial solutions, not only in the products but also the distribution channels, particularly in the field of electronic banking and mobile payments. Expanding service capabilities banking products through electronic channels, the Bank consistently implemented strategy of promoting electronic customer service channels.

The loan offer in the retail segment

The offer of PKO Bank Polski SA covers a wide range of credit products. Customers retail and private banking and mortgage banking may take advantage of financing offered under consumer loans available in the form of cash loans, credit Aurum and Platinum, mortgage, revolving loans and credit cards and the financing available under housing loans. For small and medium-sized enterprises credit offer is available in the form of investment loans and investor, as well as working capital loans.

At the end of September 2015, the gross loans retail segment of PKO Bank Polski SA amounted to PLN 139.7 billion, and since the beginning of their condition increased by PLN 6.1 billion (ie. 4.6%). The increase in mortgage banking loan portfolio contributed to this mostly (+4.5% YTD), as well as the increase in consumer loans to clients retail and private banking (+8.6%), among others due to the increase in new sales.

Table 6. Gross loans of PKO Bank Polski SA (in PLN million)

	30.09.2015	31.12.2014	30.09.2014	Change since:	
				31.12.2014	30.09.2014
Loans and advances granted, gross, of which:					
retail and private banking	23 298	21 455	21 098	8.6%	10.4%
small and medium enterprises	21 727	21 504	21 644	1.0%	0.4%
mortgage banking	94 682	90 623	73 526	4.5%	28.8%
Total loans and advances	139 707	133 582	116 268	4.6%	20.2%

Loans for retail and private banking

Retail customers can use both the standard cash loan as well as with the current funding available under revolving loans and credit cards. For affluent clients there is a special offer Aurum and Platinum loans with high loan amounts and competitive pricing parameters.

In the first three quarters of 2015 PKO Bank Polski SA continued activities to promote the sale of consumer loans. Within the initiatives to support the sale of this product group Bank conducted promotional activities concerning, in particular, cash loans and credit Aurum/Platinum.

In relation to cash loans and credit Aurum/Platinum Bank also prepared special offers targeted to both the customers of PKO Bank Polski SA, as well as to those previously not benefiting from the offer cash loans and transfer debt PKO Bank Polski SA under these offers, available preferential pricing terms, i.e. reduced margins for customers engaged in selected occupations, ending repayment of the loan Aurum/Platinum occurring to increase the loan amount an customers actively using a revolving loan or credit card.

PKO Bank Polski SA has taken measures to increase the availability of credit offer for retail customers and private banking. For this purpose, facilities consisting of:

- increase the amount of available credits without collateral:
 - cash loans sold remotely to PLN 50 thousand,
 - cash loans sold in other channels to PLN 120 thousand,
 - credit Aurum/Platinum to PLN 200 thousand,
- simplifying the criteria and formalities associated with obtaining credit or cash loans by:

DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA FOR THE THIRD QUARTER OF 2015

- introducing the possibility of documenting income in the form of tax return PIT,
- replacing the need for accession spouse to the loan agreement by agreeing to be committed by a spouse,
- availability of modern sales process cash loans fully on-line "loan one-click", whereby through electronic banking iPKO customer can receive on account of loan funds even in a minute.

Furthermore, as part of activities to facilitate the Bank's customers access to product offerings via the Internet and mobile devices, since June this year. PKO Bank Polski SA offers the possibility of opening a revolving credit facility or increase the existing limit on individual and joint account without signing a contract or an annex in paper form. Customers of PKO Bank Polski SA who want to benefit from the revolving credit facility, may conclude a transaction service iPKO or via the Contact Center.

Undertaken by the Bank in the retail segment activities aimed at increasing the availability of credit offer resulted in positive sales volume of consumer loans.

Mortgage banking loans

In the analyzed period, the Bank maintained a dominant position on the mortgage market. According to the data presented by the Polish Banks Association shows that on 30 September 2015, PKO Bank Polski SA was the first on the market with 26% share in sales of housing loans to individuals. Since the beginning of the year granted loans for a total amount of approx. PLN 7.2 billion.

In the first three quarters of 2015, the Bank conducted promotional campaigns for mortgages under the slogan "Open Days Mortgage", supporting the sale of mortgage loans, during which offered an attractive:

- Housing Loan OWN ANGLE,
- Package Own Angle Mortgage and
- Loan Mortgage program "Apartment for the Young".

During this period, PKO Bank Polski SA continued offer housing loans with financial support from Bank Gospodarstwa Krajowego under the program "Apartment for the Young". The program consists of financing from the state budget's own contribution and grant additional financial support in the form of repayment of the loan. Since early September, these loans are awarded on the basis of amended regulations, which translates into increased chance of the first apartment for people with no credit standing so far, substantial tax breaks for large families, larger by the meter and the ability to purchase housing on the secondary market. The group of people who may be covered by the Programme has been extended: people, who do not have credit worthiness can use the program with by any person designated by them, not as it was until now a member of the immediate family. The amendment of the act also lifted some restrictions on large families. It was abolished 'first residence', the age limit and thus aid will benefit people who have crossed 35 years of age, as well as the increased surface area of dwellings covered by a surcharge of 50 to 65 square meters. It has also increased the amount of financing own contribution, which will depend on the number of children raised in the family applying for credit. In the period from January to September 2015, PKO Bank Polski SA granted under the "Apartment for the Young" nearly 2.2 thousand loans for a total amount of PLN 404 million.

Loans for small and medium-sized enterprises

PKO Bank Polski SA has consistently supported the Polish entrepreneurship. Companies in the sector of small and medium-sized enterprises provides funding for current and investment needs through a wide and flexible range of credit. Thanks to the cooperation between the PKO Bank Polski SA and Bank Gospodarstwa Krajowego (BGK) agreement "portfolio the Guarantee de minimis" rule, under the government scheme for small and medium-sized businesses, entrepreneurs receive support in the form of guarantees by BGK - de minimis aimed at increasing the availability of credit and start-up additional funds for current operations of the company. As at 30 September 2015 of the "Portfolio Line the Guarantee de minimis" benefited over 18 thousand customer value of loans amounted to PLN 5.1 billion.

PKO Bank Polski SA was the largest lender among the twenty-one banks granting loans with guarantees of de minimis and comprised 24.9% market share (according to the data provided by the Centre sureties and guarantees of Bank Gospodarstwa Krajowego of 30 September 2015).

Continued cooperation with Bank Gospodarstwa Krajowego under the "Portfolio Line the Guarantee de minimis" and a high interest in the product by customers, resulted in signing by PKO Bank Polski SA in June 2015 an annex to the agreement with BGK, resulting in an increase in the guarantee limit granted to a height of PLN 4.0 billion. As of 30 September 2015, the exposure measured by the value of active contracts signed amounted to PLN 2.5 billion.

During the period, there has been implemented the possibility of granting mortgage loans SME also in the scoring methods to assess the risk of small and medium enterprises, while also lowering the minimum loan amount of PLN 50 thousand to PLN 5 thousand entering limiting the maximum total exposure to a single customer for the amount of PLN 2 million and broadening the scope of entities that can apply for a loan for SME with farmers and foundations and associations. In addition, the working capital loans offer was expanded, targeted to housing associations about the possibility of financing exploitation activities, allowing this customer group maintained at optimum levels to its liquidity, as well as it can be a supplement of funds in the case of mismatch of liabilities and deposits.

Deposit and Investment Offer

In the first three quarters of 2015 PKO Bank Polski SA continued its efforts to enhance its deposit offer for retail clients, taking into account the current market and competitive position. At the same time activities were carried out aimed at diversifying sources of financing.

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As at 30 September 2015, deposits of the retail segment of PKO Bank Polski SA amounted to PLN 144.2 billion, and since the beginning of their condition increased by PLN 5.1 billion (ie. 3.6%). It was contributed by the increase in deposits of retail and private banking (+3.0% YTD) and deposits of small and medium-sized enterprises (+7.9% YTD), both due to volume growth of current deposits and term deposits with the apparent faster growth in current account deposits.

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

	30.09.2015	31.12.2014	30.09.2014	Change since:	
				31.12.2014	30.09.2014
Client deposits, of which:					
retail and private banking	125 606	121 893	114 076	3.0%	10.1%
small and medium enterprises	18 575	17 213	15 296	7.9%	21.4%
Total deposits	144 181	139 106	129 373	3.6%	11.4%

Current and saving accounts

PKO Bank Polski SA remains the market leader in terms of the number of current accounts, which at the end of the third quarter 2015 amounted to 6.6 million units. The presented level of the number of accounts is derived from a diversified offer in terms of customer preferences, under which the following products can be distinguished: PKO Konto bez Granic, PKO Konto za Zero, PKO Konto dla Młodych, PKO Konto Pogodne, PKO Konto Pierwsze and PKO Junior.

To meet Inteligo customers expectations, in September 2015 launched sales account Inteligo Konto Dziecka at attractive rates and modern service PKO Junior.

Term deposit and regular savings products

The dominant share of deposits in retail market are deposits of retail and private banking. Since the beginning of 2015 under the Bank's offer individual customers could benefit, among others, investment with progressive and standard rate (even and odd deposit, 3M deposit, 6M deposit, 3+9+12 deposit, 24M deposit) and structured investments. Occurring term deposits offered by the Bank and which have seen customer interest retail and private banking were:

- 24M deposit with negotiated interest rates,
- 24M deposit for new funds,
- 6M deposit Internet available in the electronic banking system with interest conditioned by the amount of deposited funds,
- term deposit account 3+3 for new funds,
- 3+3 deposits with negotiated interest rate.

Moreover, in the reporting period addressed to Private Banking clients, opening a policy of long-term investments in the form of life insurance with insurance capital fund or an investment program Akcjomat, offer a special 3-month term deposit

The elements of the Bank's standard offer dedicated to individual clients are structured instruments sold in the form of structured deposits. In the first three quarters of 2015, the Bank conducted 10 subscription of 6 structured deposits, which were: investment based on a basket of selected companies and investment based on exchange rates. Possession by the Bank this type of product on offer can offer the customer an attractive product and helps to improve the image of PKO Bank Polski SA, as an institution offering innovative investment instruments.

In the analyzed period once again under the name Business Deposit introduced for sale deposit with progressive interest, offering customers from the small and medium-sized enterprises the opportunity to deposit surplus funds held for 3, 6 or 12 months. Also, corporate clients of Inteligo proposed a three-month deposit progressive, offered under the Deposit increasing. In addition, customers segment of small and medium-sized enterprises have the opportunity to acquire dynamic deposits for 12 months with progressive interest. To meet customer expectations simplifies the process of selling the highly popular deposit automatically, eliminating the need to conclude a separate agreement

Investment funds and investment and insurance products

In cooperation with PKO TFI SA the Bank offers its clients 35 investment funds. PKO Bank Polski SA systematically develops its offering in the area of investment funds.

In the analyzed period, the Bank launched in cooperation with PKO TFI sub-fund PKO Shares of European Market and conducted further issue certificates of closed investment funds PKO Nieruchomości Komercyjnych, PKO Europa Wschód-Zachód, PKO Multistrategia and PKO Spółek Innowacyjnych Globalny.

In addition, in cooperation with PKO TFI SA made available to Specialized Investment Program PKO Akcjomat. The product is opened in the sub-fund source - PKO Skarbiec, and in the next 12 months, monthly funds are transferred to the selected sub-fund or Portfolio.

Available versions of the product:

- PKO Akcjomat of the sub-fund for the primary customer segment and Personal Banking (available sub-funds PKO Stabilnego Wzrostu, PKO Akcji Plus, PKO Technologii i Innowacji Globalny);
- PKO Akcjomat with the Portfolio for Personal Banking segment (available Portfolios: Conservative Strategy 15, Neutral Strategy 55, Aggressive Strategy 85).

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At the same time, in this period, PKO Bank Polski SA systematically developed sales made to the Bank's offer in 2014 life insurance with Insurance Capital Fund, directing the product not only to the most affluent customers, but also to base customers segment. This product is the first on the market, the anticipated meets the highest standards of quality and value for the customer confirmed Insurance Act, which will come into force 1 January 2016.

Referring to best practices in June 2015 was introduced the possibility of concluding a framework agreement MiFID. With this service, in order to benefit from a wide range of investment services, such as general advice or investment advice or investment products (mutual funds, insurance and structured products, structured deposits), enough to sign a contract with PKO Bank Polski SA and activate selected services and products.

Sale of Treasury bonds

PKO Bank Polski SA as the only, based on an agreement with the Minister of Finance, sells and services retail bonds issued by the Treasury. Treasury bonds are sold through an extensive network of sales PKO Bank Polski SA, which is a significant convenience for all those willing to invest in bonds. During the three quarters of 2015 sold approx. 16 million units bonds.

Other products and services in the retail segment

Banking cards

As at 30 September 2015, the number of banking cards of PKO Bank Polski SA amounted to approx. 7.5 million units (including 0.9 million credit cards).

PKO Bank Polski SA in the reporting period introduced new solutions that were designed to help customers manage and use of the cards. It has been implemented ability to apply for corporate consultants debit cards in the Contact Center and the site iPKO. New functionality, allowing remote applying for the card, eliminating the need to visit a business to a branch. In addition, PKO Bank Polski SA introduced the possibility for customers who have entered into an agreement with the Bank for the issuance and use of credit cards, requests for further additional credit cards for designated by their users, without the need for a physical presence in the institution of the Bank and the need to submit by the future user signature card under the proposal.

Another city, in cooperation with the PKO Bank Polski, which has implemented the Payment Card was Wrocław. Debit card, which allowed coding of registered long-term ticket, can receive everyone who opens or already have a personal account at PKO Bank Polski SA. The card can also be made available to a person who is at least 13 years of age and is indicated by the account holder.

Customers segment of small and medium-sized enterprises in the reported period made available two new cards: embossed debit card and charge card along with a package of insurance. Both cards are issued with the VISA logo. In addition, available for all debit card holders SME a new service involving the assumption of liability by the Bank for unauthorized transactions made prior to the notification of card loss. With it, users of debit cards SME have the ability to transfer responsibility to the Bank for unauthorized transactions contactless to an amount equivalent in PLN 50 EUR for transactions pin to an amount equivalent in PLN 150 EUR, made before reporting the card loss.

From 6 July 2015 to individuals client of PKO Bank Polski allowed the payment of Western Union money transfers at ATMs PKO Bank Polski. The service is available for customers who have an active debit card to the account in PLN or foreign currency. Transfer is transferred to a foreign currency account GBP, EUR or USD, cash withdrawal from an ATM takes place in the Polish currency. Holders of foreign currency account with the card at an ATM currency can also pick up transfer (no cash payment) without conversion means

Mobile banking IKO

IKO is the most popular and most developed mobile payment system in Poland. It combines the functions of mobile banking with the ability to make mobile payments. With the application of IKO has more than 353 thousand users. The application is constantly enriched with new functionality. Based on cash payments IKO was established Polish mobile payment standard BLIK. BLIK is a universal form of payments and cash withdrawals from ATMs without using cash or credit card, built jointly with partner banks and the National Clearing House.

At the end of the third quarter of 2015 of mobile payment acceptance network (IKO, BLIK) amounted to less than 130,000 (eService terminals and First Data) devices throughout the country. In connection with the implementation of the system BLIK, IKO application now allows withdrawals from more than 12,500 own ATMs PKO Bank Polski, Bank Millennium, BZ WBK, ING Bank, Euronet ATMs (about 5.8 thous.) and IT Card (approximately 1 thous.). With this application you can also make payments for purchases at about 25 thousands of online stores supported, among others, Dotpay, eCard, Przelewy24, Transferuj.pl, First Data and Cash Bill.

In the period under review expanded catalog available that can be performed by users with personal accounts PKO Bank Polski SA and Inteligo accounts, introducing the possibility of setting up deposits through the application of IKO. Since February 2015, PKO Bank Polski SA offers the customers term deposits for 1, 3, 6 or 12 months. The change essentially transforms IKO with an application used for payments or withdrawals mobile app representing the bank in the phone.

In addition, customers can benefit from features such as recharging your card, view details of standing orders, cards (including repayment of credit card debt) and loans (including mortgages) as well as the ability to send requests for transfer to another user application, which is convenient option to recall another person of outstanding debt. Shared features include the next stage in the development of IKO in the pursuit of full service banking within the mobile application.

In the second half of 2015 Mobile Package was implemented to the offer, as a practical solution for individuals engaged in self-employment and individuals profession, pending a comprehensive and modern financial management company through the application on the phone. This new product is aimed at entrepreneurs who are leading their business use of smartphones and want to keep manage the finances of companies. IKO

Mobile application also allows them to accept payments from customers for the phone number. For customers who make debit card payments and perform transfers to Social Security package is available for free.

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Electronic banking

Retail customers have the ability to use electronic banking within the service iPKO, iPKONET, iPKO Business. At the end of September 2015, the number of customers with access iPKO amounted to 7.6 thousand.

In the reporting period was made available a service that allows customers of PKO BP SA and Inteligo creating and maintaining orders variables through consultants Contact Center, a branch of the Bank, in banking services iPKO and Inteligo electronic banking services. This service allows you to pay bills with variable amount and date automatically within a prescribed period or after the confirmation of the operation by the customer. The order variables is to load the customer's account and send funds to the account issuer of the invoice on the basis of orders, containing the amount of the load, resulting in paper or electronic form by the Bank from the exhibitor.

To meet Inteligo customers expectations, in September 2015 launched sales account Inteligo Konto Dziecka at attractive rates and modern service PKO Junior.

Customers insurance products for retail and private banking and small and medium-sized enterprises

Increasing the attractiveness of banking products by providing the possibility to use additional services tailored to the needs and expectations of customers, the Bank offers customers insurance products for retail and private banking as well as the segment of small and medium-sized enterprises related banking products such as:

- ROR (life insurance and accident insurance, property insurance, casualty insurance, assistance insurance, travel insurance, Bill Protector)
- bank cards (security package to credit cards, charge and debit cards, travel insurance)
- consumer loans, mortgages and business (life and unemployment insurance, low contribution insurance, bridging insurance, property insurance, assistance insurance)

In the first half of 2015 as a result of intensive work associated with preparation of the Bank to fulfill its obligations under Recommendation U on good practices in bancassurance, changed the existing business model of insurance sales agency model. As a result of these changes in the Bank's offer included replacing individual insurance in the form of group insurance, such as:

- Individual insurance package for Cash Loan (base and extended), to Loans Inteligo and Credit Aurum/Platinum (base and extended),
- Individual life insurance for customers who have contracted a loan or a loan secured by mortgage,
- Individual insurance of mortgage credit/mortgage loan for customers with a loan or a mortgage loan,
- Individual insurance SuperProtection houses and flats for people buying a mortgage credit or a mortgage loan.

In life insurance, the Bank primarily offers products developed in cooperation with PKO Życie Towarzystwo Ubezpieczeń SA.

In the area of property insurance, the Bank created the first quarter of 2015 the company PKO Towarzystwo Ubezpieczeń SA.

In the second quarter of 2015 we have started work on preparing a new offer of insurance and commencement of obtaining synergies from the cooperation with the two insurance companies of the Bank Group.

Private Banking

Currently, the Private Banking Offices operate in 9 major Polish cities: Warsaw, Gdansk, Krakow, Katowice, Poznań, Wrocław, Łódź, Szczecin and Bydgoszcz (institution was launched within the Office of Private Banking in Gdansk). All offices are characterized prestigious location guarantees customers a discreet and comfortable service. Activities of Centre Private Banking also distinguished professional team of advisors, ensuring safety of the assets entrusted by clients

PKO Bank Polski SA consistently implements the Private Banking model, focusing on close cooperation within the Group (Brokerage House of PKO Bank Polski SA and PKO TFI SA), allowing customers access to a wide range of products and financial instruments. For the customers of Private Banking Center sent the following issues closed-end investment funds PKO Nieruchomości Komercyjnych, PKO Multistrategia, PKO Europa Wschód-Zachód and PKO Spółek Innowacyjnych Globalny.

The Bank is also focused on the ongoing development of Private Banking Advisors, continuing the process of certification under the EFA EFPA program. This certification confirms the highest professional qualifications in the field of financial advisory services.

Distribution Network

As at 30 September 2015 retail branch network PKO Bank Polski SA comprised 1 243 branches and 8 retail banking offices. In comparison to the end of 2014. Total number of retail branches decreased by 29 outlets. Reducing the number of establishments primarily due to the liquidation of branches operating in the same mikro-market, when you turn the acquired bank branches to the network PKO Bank Polski SA.

Table 8. Branches and ATMs of PKO Bank Polski SA

	30.09.2015	31.12.2014	30.09.2014	Change since:	
				31.12.2014	30.09.2014
Total number of branches	1 251	1 280	1 283	(29)	(32)
regional retail branches	11	11	11	-	-
retail branches	1 232	1 261	1 265	(29)	(33)
private banking offices	8	8	7	-	1
Number of ATMs	3 214	3 202	3 193	12	21
Number of agencies	887	1 001	1 027	(114)	(140)

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The network of branches and agencies

Improving the conditions of customer service network is one of the tasks of supporting the strategic program "Improving the efficiency of the distribution network of branches and agencies." Since the beginning of 2015 these activities were focused on the modernization of branches, moving offices to new, attractive locations and the creation of new branches. Their aim was to increase market competitiveness, improved customer service and optimization of the area occupied by the branches. This supports effective customer acquisition and customer service guarantees a comfortable and uniform conditions, regardless of the place of use.

An important addition to the network of branches and ATMs is a network of agencies. As of 30 September 2015, PKO Bank Polski SA cooperated with 887 agencies and in relation to 31 December 2014 the number of agencies has decreased by 114 units. The decrease in the number of agencies is a continuation of efforts to increase network efficiency

3.1.2. Corporate and investment segment of PKO Bank Polski SA

In the third quarter of 2015, as in the previous periods, PKO Bank Polski SA based the development of its corporate business on building stable relationships with customers, as a consequence of providing high-quality services, cooperation principles based on partnership and the specialised qualifications of the sales network. Both the financing of the current operations of companies (through working capital loans) and openness to participation in the implementation of their future projects (through investment loans), as well as support for the implementation of projects by local authorities, have remained the main priorities of the Bank's corporate segment.

By analysing market expectations systematically and making an effort to meet customer expectations, the Bank has tailored its broad range of products and services to cope with the increasing pressure of competition. As a result, a broad range of transaction products and products mitigating financial risks (liquidity, settlement, interest rate, currency and commodity price risks) were being developed consistently, and financing structure needs were addressed in a flexible manner.

In the third quarter it has been implemented a pilot program of "New Energy Co-operation", including new solutions in the areas of the incentive system, the rhythm of work and functioning of the credit process.

At the end of September 2015 for the segment were serviced nearly 14.0 thousand customers, including 0.9 thousand strategic customers and more than 1.8 thousand units of local government and central government together with nearly 2.3 thousand budget-related entities and related parties. Bank on the basis of newly acquired powers led also supports nearly 0.7 thousand affiliates and subsidiaries of parent undertakings having their registered office abroad.

Lending activity and structured finance

At the end of September 2015, the total financing of corporate clients, including bonds issued amounted to PLN 59.8 billion, remaining at a stable level.

Table 9. Financing provided to corporate customers (in PLN million)

	30.09.2015	31.12.2014	30.09.2014	Change since:	
				31.12.2014	30.09.2014
Corporate loan gross	46 671	46 257	38 760	0.9%	20.4%
Debt securities*	13 088	13 064	8 366	0.2%	56.5%
municipal	7 129	7 303	4 394	-2.4%	62.3%
corporate	5 960	5 761	3 972	3.4%	50.0%
Total financing	59 759	59 321	47 126	0.7%	26.8%

* Date presented together with securities classified as loans and advances to customers.

As part of the largest credit transactions made in the third quarter of 2015, the Bank granted financing in the form of investment and working capital loans to entities from the energy, financial, food, telecommunications and public finance sectors. Separate the largest transactions amounted from PLN 40 million to PLN 500 million.

Part of the standard offer of the Bank is to finance large investment projects in the form of loans as well as the organization of securities issue, for the most part with a guarantee of purchase by the Bank. In the third quarter of 2015, the Bank concluded:

- 3 credit agreement in the form of a banking consortium in the amount of PLN 18 billion, the Bank's share amounted to PLN 2.25 billion;
- 2 of the bank guarantee in the amount of EUR 88.0 million - a transaction with a related entity directly with the Bank, operating in the financial sector (the transaction was concluded at arm's length),
- 4 contract corporate bond issue without underwriting in the amount of PLN 0.23 billion and one bond issue program agreement with the guarantee of closing the issue worth PLN 2 billion, in which the Bank guaranteed the placing of emissions in the amount of PLN 0.5 billion (transaction with a related party operating in the banking sector - the transaction was concluded at arm's length).
- 56 contracts of municipal bond issues with a total value of PLN 414.5 million;
- annex to the credit agreement increases the amount of shared credit of PLN 0.25 billion to PLN 0.85 billion transaction concluded with an entity associated directly with the Bank, operating in the financial sector (the transaction was concluded at arm's length);

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- annex to the bank guarantee amount of the guarantee increases by EUR 0.03 million to EUR 0.25 million. A transaction concluded with an entity associated directly with the Bank, operating in the banking sector (the transaction was concluded at arm's length).

Deposit activities and transaction banking

The level of deposits at the end of September 2015 amounted to PLN 30 billion and it was 3.8% lower compared to the end of last year. This is the result used by the Bank's liquidity policy and deposit.

Table 10. Deposits of corporate customers (in PLN million)

	30.09.2015	31.12.2014	30.09.2014	Change since:	
				31.12.2014	30.09.2014
Corporate deposits	29 721	30 907	26 704	-3.8%	11.3%

PKO Bank Polski SA is constantly improving the quality of services in transaction banking. With a variety of modern trading and settlement systems, personalized approach to clients' needs and professional service is the leading partner of the largest companies and public sector entities. In the third quarter of 2015 the Bank has been selected in a tender to operate the consolidated accounts and the accounts of social insurance funds, as well as payments of mass. The Bank will be responsible for operation and maintenance of the consolidated accounts ZUS, Social Insurance Fund and Pension Fund Bridging the next four years. PKO Bank Polski SA is also a leader in services for the local government sector clients. Currently it supports budgets in following areas: Mazowieckie, Wielkopolskie, Zachodniopomorskie, Lubelskie and Kujawsko-Pomorskie, as well as many cities, including Poznan, Wroclaw, Szczecin, Katowice, Rzeszow, Zamosc, Grudziadz, Zielona Gora, Plock, Wloclawek, Skierniewice, Pila and Ostroleka.

Moreover, in the third quarter of 2015, services dedicated to entities with a complex organisational structure (e.g. groups of companies) were being developed, enabling customers to use various kinds of products and services which make it easier to settle transactions with foreign partners.

In the framework of the offer of electronic services by Bank PKO Bank Polski SA for customers, leading product is the wholesale banking system iPKO business. In the third quarter of 2015 iPKO business application has been extended with new functionalities to improve the comfort of use, including but not limited simplified and redesigned the possibility of making key operations on the site so as to make them even more user-friendly and intuitive. Currently, iPKO business application allows customers to monitor and manage accounts, payment cards and loans, and to submit orders all kinds of transfers.

Financial institutions

In the framework of International Settlement Bank cooperates with financial institutions and is a leading Polish banks in terms of the number of billable foreign payments sent to the Polish beneficiaries. In the period under review, actions were taken to optimize infrastructure for handling discharge flows of foreign payments and initiated evaporator associated with the implementation of a new model of intermediation rate. In the normal course of operations, the Bank solicit new clients and included new agreements with national and foreign non-banking financial institutions. On the basis of these agreements, the Bank offered attractive products that support the management of financial, billing and tracking products, treasury and risk hedging.

Brokerage activities

The Brokerage House of PKO Bank Polski SA (BH) is one of the best brokers in the domestic financial market. BH strong position cemented by years of high share in trading on the secondary market and the NewConnect market, but also participate in transactions spectacular IPO and SPO. In the third quarter of this year Office's turnover of shares on the secondary market amounted to nearly PLN 10 billion, representing about 8% of the market and placed the BH on the third position in terms of increasing the share of BH accounted for 9.5%, which translates into second place. At the end of September BH acted as market maker for 48 companies (third place) and realized a turnover in excess of PLN 210 million, which represents 20% of the market (I place).

Within the advisory services and intermediary in transactions in the market for emission organizations, the Brokerage House was involved, as the book joint Offeror and Manager in the transaction SPO Rafako SA. The value of the transaction amounted to PLN 93.5 million. Moreover, the book joint Offeror and Manager participated in the transaction rights issue through a public offering of shares of Globe Trade Centre SA, the value of which amounted to more than PLN 595 million. In addition, the completed tender offer for the shares of Echo Investment SA, announced in June 2015 - the value of the transaction is nearly PLN 575 million. Additionally, in September 2015 announced tender offer for the shares of Infovide-Matrix SA, Brokerage House of PKO Bank Polski SA acts as an intermediary in the transaction. It is worth noting also participating in the consortium of BH sale of shares VIND MOBILE SA.

At the end of September 2015 BH conducted more than 179 thousand securities accounts and cash accounts and had approx. 161 thousand active accounts in the registry, which puts the BH on the second position among 42 participants in the market.

Treasury Products

A standard part of the product offering of the Bank treasury products, including market instruments, foreign exchange, interest rates and commodity. The Bank provides a variety of distribution channels tailored to individual customer needs. In recent years, Bank puts special emphasis on the development of the Internet platform.

In December 2014 there was completion of work related to the implementation of a new autodealing system, connecting branch network with the Bank's headquarters. The effect of these actions was the increase in the share transactions by a dealer platform iPKO mainly FX spot.

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However, in the context of running in the third quarter this year modification of the Bank's website, customers can realize the so-called conditional orders, FX series including par forwards and ARF transactions. In addition, the Bank's customers gained access to the platform from mobile devices as well as access to current market information from Reuters. The work related to the implementation of new functionalities will be continued under phase III of the project, which is planned to start in September 2016.

Fiduciary services

At the end of September 2015, the value of client assets held on fiduciary accounts amounted to nearly PLN 66.5 billion and was higher by about 6% than the one obtained at the end of 2014 and by 2.5% than the one obtained at the end of June. The number of securities accounts serviced totaled 1.9 thousand items.

Distribution network

Corporate segment's sales network includes seven Macroregions Corporate covering 32 Regional Corporate Centres and 7 Regional Corporate Branches. The Bank continued to successfully implement a strategic corporate sales development program based on modern mechanisms for planning the development of customer relations, cooperation in the construction of financial strategy and use

As announced by the Bank's expansion into foreign markets, the regular work design and implementation that are supposed to start operating the first corporate branch PKO Bank Polski SA in Germany at the end of 2015. Selecting the direction of the first phase of international expansion is integrally related to high activity of the Bank's institutional clients in the German market, the scale of bilateral trade and investment realized. The product offer of the German facility will include a full range of available financial solutions for corporate clients, from financing the trade finance and international cash management.

3.2. Market shares in loans and deposits of PKO Bank Polski SA

At the end of the third quarter of 2015 the market shares of PKO Bank Polski SA in respect of deposits decreased compared to the end of 2014 by 0.5 p.p. to 16.8%, mainly due to the decline in the share of deposits of individuals.

In terms of loans saw a decline in market share by 0.4 percentage points compared to the end of 2014 reached the level of 17.5%, determined by a decrease in share of loans institutional entities.

Table 11. Market share of loans and deposits (in %)*

	30.09.2015	31.12.2014	30.09.2014	Change 30.09.2015/ 31.12.2014	Change 30.09.2015/ 30.09.2014
Loans	17.5	17.9	18.0	-0.4 p.p.	-0.5 p.p.
private individuals	22.9	22.9	22.9	-0.1 p.p.	0 p.p.
housing	25.6	25.9	25.9	-0.3 p.p.	-0.3 p.p.
PLN	28.8	29.6	29.8	-0.8 p.p.	-1 p.p.
foreign currency	21.5	21.5	21.5	0.1 p.p.	0.1 p.p.
consumption and other	16.2	15.6	15.6	0.6 p.p.	0.6 p.p.
institutional entities	12.4	13.1	13.2	-0.7 p.p.	-0.9 p.p.
Deposits	16.8	17.3	17.4	-0.5 p.p.	-0.6 p.p.
private individuals	21.1	21.7	21.9	-0.6 p.p.	-0.8 p.p.
institutional entities	11.0	11.5	11.6	-0.5 p.p.	-0.6 p.p.

* Data according to NBP reporting system - Webis.

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3.3. Activities of the PKO Bank Polski SA Group entities

SIGNIFICANT EVENTS IN the third quarter of 2015	
PKO Towarzystwo Funduszy Inwestycyjnych SA	1 The value of assets of funds managed by the Company at the end of September 2015 amounted to PLN 18.3 billion, which represents 1.6% decrease in the value of assets compared to the end of June of 2015. The decrease in assets was due mainly to the low balance net sales and negative results from asset management.
	2 PKO TFI SA, ranks 3th place in terms of net asset value with 7.9% market share in investment funds and the #1 position with a share of 14.2% in non-dedicated funds*
	3 As at 30 September 2015, the Company manages 43 investment funds and sub-funds. <i>*Source: The Chamber of Fund and Asset Managers (Izba Zarządzających Funduszami i Aktywami).</i>
PKO BP BANKOWY PTE SA	1 At the end of September 2015, the net assets of PKO BP Bankowy OFE managed by PKO BP BANKOWY PTE SA amounted to PLN 6.5 billion, which represents 6.0% decrease compared to the end of June of 2015. The decrease in the value of assets was mainly related to the general situation on the Warsaw Stock Exchange in Warsaw.
	2 As at the end of September 2015, the number of members of PKO BP Bankowy OFE amounted to 945 thousand.
	3 PKO BP Bankowy OFE holds the 9th place on the pension funds market regarding the OPF's net assets value and the number of members and 9th place in terms of membership*.
	4 According to data published by the Polish Financial Supervision Authority, PKO BP Bankowy OFE for the period from 28 September 2012 to 30 September 2015 reached a rate of return at the level of 15.129% (the weighted average rate of return of 12.717%) holding thereby second place in the list of OPF investment results for that period. <i>* Source: www.knf.gov.pl</i>
The PKO Życie Towarzystwo Ubezpieczeń SA Group	1 PKO Życie Towarzystwo Ubezpieczeń SA offers protection products and saving-investment products. As part of the investment products, the Company offers a wide range of Insurance Capital Funds in which customers can invest their savings. The investment offer includes 172 domestic and foreign Insurance Capital Funds and 6 model portfolios and 9 Insurance Capital Funds developed by experts from PKO TFI SA.
	2 The value of gross written premiums under insurance agreements, concluded by the Company as at 30 September 2015, amounted to PLN 824 million.
	3 As at the end of September 2014, the Company insured 538 thousand people.
The PKO Leasing SA Group (leasing activity)	1 In the third quarter of 2015, Companies of PKO Leasing SA Group submitted leased out assets with a total value of PLN 698 million, ie. 10.3% more than in the third quarter of 2014.
	2 At the end of September 2015, the total carrying amount of the lease investments of the Companies PKO Leasing SA Group amounted to PLN 5.0 billion.
	3 In terms of value of assets leased, at the end of September 2015, PKO Leasing SA Group they ranked 6th position on the leasing market with 6.1% market share *. <i>* Source: Company's calculation and the Polish Leasing Association data</i>
The PKO Leasing SA Group (factoring activity)	1 PKO BP Faktoring SA - as of 10 June 2015, the subsidiary of PKO Leasing SA - provided services domestic and export factoring with assuming the risk and without taking risks, factoring and reverse factoring service program for suppliers.
	2 In the third quarter of 2015 of factoring turnover amounted to PLN 2 billion and the number of customers at the end of September 2015 - 203.
	3 PKO BP Faktoring SA on 30 September 2015 holds 8th place among factoring companies associated in Polish Factors Association with a market share of 4.4%.
The KREDOBANK SA Group (Data according to IFRS in force at the Group of PKO Bank Polski SA)	1 The loan portfolio of KREDOBANK SA Group (gross) in the third quarter of 2015 has increased by UAH 270 million, ie. by 6.3% and at 30 September 2015 amounted UAH 4 570 million (gross loan portfolio denominated in PLN at the end of September 2015 amounted to PLN 811 million).
	2 Term deposits of KREDOBANK SA Group's customers in the third quarter of 2015 were increased by UAH 19 million, ie. by 0.9% and at 30 September 2015 amounted UAH 2 273 million (term deposits denominated in PLN at the end of September 2015 amounted PLN 403 million).
	3 As at 30 September 2015 the network of KREDOBANK SA included the Head Office in Lviv and 109 branches in 22 of the 24 regions of Ukraine.
The Qualia Development Sp. z o.o. Group	1 In third quarter of 2015, the Group obtained a zoning decision for the project Wigury Street in Warsaw and to the real estate owned by PKO Bank Polski SA, located in Warsaw at Nowogrodzka st. and continued activities related to the implementation of the investments.
PKO Bank Hipoteczny SA	1 The company specializes in providing mortgages for individual customers. Based on a strategic cooperation with PKO Bank Polski SA, these loans are offered to retail customers
	2 The key task of the PKO Bank Hipoteczny SA is the issue of mortgage bonds, which are the primary source of long-term financing granted by the Company of loans secured by real estate.
	3 In September 2015 the rating agency Moody's gave the company a rating of Baa1/P-2 with a stable outlook and the rating precondition for issued mortgage bonds at Aa3.

DIRECTORS' COMMENTARY TO THE FINANCIAL RESULTS OF THE PKO BANK POLSKI SA FOR THE THIRD QUARTER OF 2015

3.4. Prizes and awards

In third quarter 2015, the PKO Bank Polski SA was granted the following prizes:

Star of Banking	PKO Bank Polski SA won two awards - for business structure and pace of development in the ranking Dziennik Gazeta Prawna "Stars of Banking" 2014. The Bank achieved the best results in the category of business structure, standing out in terms of loans and deposits complex. Financial data relating, among others, with annual growth: revenue, net income, equity and the increase in the number of customers well certify the pace of development and brought the Bank award in the category growth rate. The ranking was based on analysis of data from financial statements for 2014. Ranking methodology was developed in collaboration with PwC and approved by the jury.
Leader of TOP Brand	PKO Bank Polski SA is the most common and best described in the media institution of the banking sector - due to the eighth ranking of the "Top Brand". The aim prepared by the magazine "Press" statement is to identify the most popular brands in the press and online media. On our Bank within a month on average it appears more than 4.2 thousand information in the media and on Internet portals. In the analyzed period July 2014 to June 2015, media and netizens especially widely described and commented on topics related to the integration of Nordea Bank Poland SA, the mobile payment system and business sponsorship. According to a study equivalent advertising for all publications in which he was cited PKO Bank Polski SA it is the highest among banks and amounts to PLN 172 million.
Leader of Mobile Banking	In the 14th edition of the ranking "Newsweek Friendly Bank" PKO Bank Polski SA was recognized for mobile banking functionality of winning a prize in the category "mobile banking". IKO application and mobile service iPKO allow customers of PKO Bank Polski SA service account and basic banking products and to make transactions from a mobile phone. Available for smartphones, mobile service iPKO is a simplified version of the Internet system iPKO, and the application of IKO combines the functions of mobile banking with the possibility of payment. The study was carried out by "mystery client". By checking the mobile auditors evaluated the offer mostly friendly navigation, usability and innovation applications, the efficiency of contact with the bank, duration of operation and new services and functionality. Ranking was realized in cooperation with research company Millward Brown.
PKO Bank Polski SA appreciated for supporting the Capital Market Leaders Academy	The Foundation named Lesław A. Paga honored PKO Bank Polski SA for long-term commitment to the Capital Market Leaders Academy, contributing to community development of the capital market of young professionals who are guided by the highest standards of professional and ethical standards. The Bank has been supporting educational projects and cooperates with academic centers.
Blue Lions for PKO Bank Polski SA	PKO Bank Polski SA during the ceremony connected with the 40th anniversary Film Festival in Gdynia was honored with the Blue Lions. It is a sign of appreciation for their commitment and contribution to the Bank in the development of the festival and support of Polish cinema. The prize was awarded for the first time in the history of the Festival.
First place KREDOBANK SA w in ranking of Ukrainian edition of Forbes on the most secure banks	KREDOBANK SA for the second time in a row took first place in the ranking of the most secure, resilient in banks in Ukraine conducted by Forbes Ukraine. In the latest edition of the ranking covering the first half of 2015 years were taken into account the 27 largest Ukrainian banks together control 86% of sector assets. KREDOBANK SA received from the experts of Forbes highest possible rating A analyzed, among others, indicator of profitability, liquidity and capitalization.



Bank Polski

Condensed interim
consolidated financial statements
of the PKO Bank Polski SA Group
for the nine-month period ended
30 September 2015

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

	Note	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Continuing operations					
Interest and similar income	6	2 433 497	7 221 629	2 834 330	8 078 969
Interest expense and similar charges	6	(615 398)	(2 049 430)	(855 615)	(2 421 392)
Net interest income		1 818 099	5 172 199	1 978 715	5 657 577
Fee and commission income	7	904 340	2 709 694	983 865	2 975 360
Fee and commission expense	7	(183 792)	(552 614)	(257 104)	(759 570)
Net fee and commission income		720 548	2 157 080	726 761	2 215 790
Dividend income		982	10 658	315	6 406
Net income from financial instruments measured at fair value	8	2 004	10 875	20 447	73 410
Gains less losses from investment securities	9	6 385	75 738	33 338	71 884
Net foreign exchange gains (losses)		92 247	258 935	66 386	201 807
Other operating income	10	123 757	397 747	138 512	412 106
Other operating expense	10	(65 776)	(209 863)	(73 287)	(249 233)
Net other operating income and expense		57 981	187 884	65 225	162 873
Net impairment allowance and write-downs	11	(362 316)	(1 110 965)	(475 209)	(1 446 350)
Administrative expenses	12	(1 335 476)	(4 112 563)	(1 337 200)	(3 805 714)
Operating profits		1 000 454	2 649 841	1 078 778	3 137 683
Share in profit (loss) of associates and joint ventures		8 279	24 102	15 948	23 261
Profit before income tax		1 008 733	2 673 943	1 094 726	3 160 944
Income tax expense	13	(193 031)	(520 858)	(220 838)	(638 444)
Net profit (including non-controlling shareholders)		815 702	2 153 085	873 888	2 522 500
Profit (loss) attributable to non-controlling shareholders		454	(12 222)	513	(9 003)
Net profit attributable to equity holders of the parent company		815 248	2 165 307	873 375	2 531 503

Earnings per share

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- basic earnings per share for the period (PLN)	0.65	1.73	0.70	2.03
- diluted earnings per share for the period (PLN)	0.65	1.73	0.70	2.03
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 periods ended 30 September 2015 and 30 September 2014 respectively, no discontinued operations were conducted by the PKO Bank Polski SA Group

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Net profit (including non-controlling shareholders)		815 702	2 153 085	873 888	2 522 500
Other comprehensive income		30 950	(191 133)	114 727	262 938
Items that may be reclassified to the income statement		30 950	(191 133)	114 636	262 938
Cash flow hedges (gross)	19	25 260	(93 600)	43 081	195 016
Deferred tax on cash flow hedges		(4 800)	17 784	(8 185)	(37 053)
Cash flow hedges (net)		20 460	(75 816)	34 896	157 963
Unrealised net gains on financial assets available for sale (gross)	9	11 768	(124 240)	101 130	212 260
Deferred tax on unrealised net gains on financial assets available for sale		(1 036)	26 500	(19 326)	(40 545)
Unrealised net gains on financial assets available for sale (net)		10 732	(97 740)	81 804	171 715
Currency translation differences from foreign operations		(242)	(16 571)	(2 445)	(67 423)
Share in other comprehensive income of an associate		-	(1 006)	381	683
Items that may not be reclassified to the income statement		-	-	91	-
Actuarial gains and losses / Shares settlement (net)		-	-	91	-
Total net comprehensive income		846 652	1 961 952	988 615	2 785 438
Total net comprehensive income, of which attributable to:		846 652	1 961 952	988 615	2 785 438
equity holders of PKO Bank Polski SA		846 198	1 974 204	988 102	2 794 638
non-controlling shareholders		454	(12 252)	513	(9 200)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30.09.2015	31.12.2014
ASSETS			
Cash and balances with the central bank	15	8 181 397	11 738 371
Amounts due from banks	16	4 113 135	2 486 686
Trading assets	17	2 526 087	1 924 426
Derivative financial instruments	18	4 376 549	5 494 822
Financial assets designated upon initial recognition at fair value through profit and loss	20	14 592 585	15 723 148
Loans and advances to customers	21	185 193 115	179 497 384
Investment securities available for sale	22	26 270 567	22 279 225
Investment securities held to maturity	23	289 880	233 358
Investments in associates and joint ventures	24	207 769	322 486
Non-current assets held for sale	25	772 796	624 992
Inventories	26	238 968	237 883
Intangible assets	27	3 168 575	3 379 501
Tangible fixed assets, of which:	27	2 519 689	2 653 555
investment properties	27	140 420	129 693
Current income tax receivables		12 846	118 810
Deferred income tax asset	13	921 862	863 677
Other assets		1 534 610	1 122 265
TOTAL ASSETS		254 920 430	248 700 589
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to the central bank		4 541	4 427
Amounts due to banks	28	20 332 686	19 394 482
Derivative financial instruments	18	4 855 943	5 545 141
Amounts due to customers	29	178 256 829	174 386 766
Liabilities due to insurance operations	30	2 386 315	2 679 722
Liabilities associated with assets classified as held for sale		92 166	34 964
Debt securities in issue	31	14 114 895	13 300 610
Subordinated liabilities	32	2 471 649	2 413 985
Other liabilities	33	2 469 657	2 954 603
Current income tax liabilities		58 527	17 453
Deferred income tax liability	13	28 847	29 047
Provisions	34	270 872	323 838
TOTAL LIABILITIES		225 342 927	221 085 038
Equity			
Share capital		1 250 000	1 250 000
Other capital		25 171 283	23 374 794
Currency translation differences from foreign operations		(209 233)	(192 692)
Undistributed profits		1 222 413	(60 658)
Net profit for the year		2 165 307	3 254 122
Capital and reserves attributable to equity holders of the parent company		29 599 770	27 625 566
Non-controlling interest		(22 267)	(10 015)
TOTAL EQUITY		29 577 503	27 615 551
TOTAL LIABILITIES AND EQUITY		254 920 430	248 700 589
Capital adequacy ratio	43	14.48%	12.96%
Book value (in PLN thousand)		29 577 503	27 615 551
Number of shares (in thousand)	1	1 250 000	1 250 000
Book value per share (in PLN)		23.66	22.09
Diluted number of shares (in thousand)		1 250 000	1 250 000
Diluted book value per share (in PLN)		23.66	22.09

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
OF THE PKO BANK POLSKI SA GROUP FOR THE NINE-MONTH PERIOD
ENDED 30 SEPTEMBER 2015
(IN PLN THOUSAND)



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 September 2015	Share capital	Other capital								Currency translation differences from foreign operations	Undistributed profits	Net profit for the period	Total capital and reserves attributable to equity holders of the parent company	Non-controlling interest	Total equity
		Reserves			Other comprehensive income				Total other capital						
		Reserve capital	General banking risk fund	Other reserves	Share in other comprehensive income of an associate	Financial assets available for sale	Cash flow hedges	Actuarial gains and losses / Shares settlement							
As at 1 January 2015	1 250 000	18 802 387	1 070 000	3 474 127	1 006	31 046	5 204	(8 976)	23 374 794	(192 692)	(60 658)	3 254 122	27 625 566	(10 015)	27 615 551
Transfer of net profit from previous years	-	-	-	-	-	-	-	-	-	-	3 254 122	(3 254 122)	-	-	-
Total comprehensive income, of which:	-	-	-	-	(1 006)	(97 740)	(75 816)	-	(174 562)	(16 541)	-	2 165 307	1 974 204	(12 252)	1 961 952
Net profit	-	-	-	-	-	-	-	-	-	-	-	2 165 307	2 165 307	(12 222)	2 153 085
Other comprehensive income	-	-	-	-	(1 006)	(97 740)	(75 816)	-	(174 562)	(16 541)	-	-	(191 103)	(30)	(191 133)
Transfer from undistributed profits	-	1 908 787	-	62 264	-	-	-	-	1 971 051	-	(1 971 051)	-	-	-	-
As at 30 September 2015	1 250 000	20 711 174	1 070 000	3 536 391	-	(66 694)	(70 612)	(8 976)	25 171 283	(209 233)	1 222 413	2 165 307	29 599 770	(22 267)	29 577 503

for the period ended 30 September 2014	Share capital	Other capital								Currency translation differences from foreign operations	Undistributed profits	Net profit for the period	Total capital and reserves attributable to equity holders of the parent company	Non-controlling interest	Total equity
		Reserves			Other comprehensive income										
		Reserve capital	General banking risk fund	Other reserves	Share in other comprehensive income of an associate	Financial assets available for sale	Cash flow hedges	Actuarial gains and losses / Shares settlement	Total other capital						
As at 1 January 2014	1 250 000	16 760 686	1 070 000	3 469 107	(54)	(57 797)	(125 593)	(7 676)	21 108 673	(129 420)	(306 230)	3 229 793	25 152 816	1 509	25 154 325
Transfer of net profit from previous years	-	-	-	-	-	-	-	-	-	-	3 229 793	(3 229 793)	-	-	-
Total comprehensive income, of which:	-	-	-	-	683	171 715	157 963	-	330 361	(67 226)	-	2 531 503	2 794 638	(9 200)	2 785 438
Net profit (transformed)	-	-	-	-	-	-	-	-	-	-	-	2 531 503	2 531 503	(9 003)	2 522 500
Other comprehensive income (transformed)	-	-	-	-	683	171 715	157 963	-	330 361	(67 226)	-	-	263 135	(197)	262 938
Transfer of net profit to capital	-	2 041 701	-	5 020	-	-	-	-	2 046 721	-	(2 046 721)	-	-	-	-
Dividend declared	-	-	-	-	-	-	-	-	-	-	(937 500)	-	(937 500)	-	(937 500)
As at 30 September 2014	1 250 000	18 802 387	1 070 000	3 474 127	629	113 918	32 370	(7 676)	23 485 755	(196 646)	(60 658)	2 531 503	27 009 954	(7 691)	27 002 263

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	01.01- 30.09.2015	01.01- 30.09.2014
Net cash flows from operating activities			
Profit before income tax		2 673 943	3 160 944
Adjustments:		2 420 077	(3 095 771)
Amortisation and depreciation		610 100	551 817
(Gains) losses from investing activities		(13 691)	(20 348)
Interest and dividends		(110 001)	105 188
Change in amounts due from banks		66 201	335 288
Change in trading assets and financial assets designated upon initial recognition at fair value through profit and loss		528 902	3 353 269
Change in derivative financial instruments (asset)		1 118 273	(1 510 249)
Change in loans and advances to customers		(6 207 920)	(4 679 017)
Change in other assets, inventories and non-current assets held for sale		(472 332)	(98 089)
Change in amounts due to banks		3 609 585	(9 732 646)
Change in derivative financial instruments (liability)		(689 198)	1 110 756
Change in amounts due to customers		3 846 385	5 824 986
Change in liabilities classified as held for sale		57 202	(480)
Change in debt securities in issue		581 767	466 392
Change in provisions and impairment allowances		517 323	808 113
Change in other liabilities, subordinated liabilities and insurance liabilities		(720 689)	49 301
Income tax paid		(401 189)	(568 203)
Other adjustments		99 359	908 151
Net cash generated from/used in operating activities		5 094 020	65 173
Net cash flows from investing activities			
Inflows from investing activities		12 011 992	33 841 014
Proceeds from sale and interest on investment securities		11 970 247	33 741 084
Proceeds from sale of intangible assets and tangible fixed assets		15 239	80 340
Other investing inflows (dividends)		26 506	19 590
Outflows from investing activities		(16 115 243)	(43 328 268)
Purchase of subsidiaries, net of cash acquired		-	(1 797 972)
Purchase of investment securities		(15 798 648)	(41 084 518)
Purchase of intangible assets and tangible fixed assets		(316 595)	(445 778)
Net cash used in investing activities		(4 103 251)	(9 487 254)
Net cash flows from financing activities			
Proceeds from debt securities in issue		1 986 252	2 823 567
Redemption of debt securities in issue		(1 753 734)	(862 032)
Repayment of interest from issued debt securities and subordinated loans		(335 095)	(299 644)
Long-term borrowings		134 090	15 043 929
Repayment of long-term borrowings and interest		(2 886 104)	(4 529 155)
Net cash generated from/used in financing activities		(2 854 591)	12 176 665
Net cash flow		(1 863 822)	2 754 584
of which currency translation differences on cash and cash equivalents		42 209	52 643
Cash and cash equivalents at the beginning of the period		14 254 855	8 884 739
Cash and cash equivalents at the end of the period	38	12 391 033	11 639 323
of which restricted		12 216	11 384

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 2015 and include comparative data for the nine-month period ended 30 September 2014 (as regards consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows), and comparative data as at 31 December 2014 (as regards consolidated statement of financial position). Financial data has been presented in Polish zloty (PLN), rounded to thousand zloty, unless indicated otherwise.

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

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

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

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

Moreover, through its subsidiaries, the Group provides financial services relating to leasing, factoring, investment funds, pension funds and life insurance and provides support services in the field of running a business, it conducts real estate development activities and manages real estate and also through its subsidiaries in Ukraine it conducts banking, debt collection and factoring activities.

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

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

Approval of financial statements

These condensed interim consolidated financial statements, reviewed by the Bank's Supervisory Board's Audit Committee on 4 November 2015, have been approved for issuance by the Bank's Management Board on 30 October 2015.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
OF THE PKO BANK POLSKI SA GROUP FOR THE NINE-MONTH PERIOD
ENDED 30 SEPTEMBER 2015
(IN PLN THOUSAND)



Bank Polski

Structure of the PKO Bank Polski SA Group

The PKO Bank Polski SA Group consists of the following direct and indirect subsidiaries:

NAME OF ENTITY	HEAD OFFICE	RANGE OF ACTIVITY	% SHARE IN EQUITY *	
			30.09.2015	31.12.2014
PKO Towarzystwo Funduszy Inwestycyjnych SA	Warsaw	investment funds management	100.00	100.00
PKO BP BANKOWY PTE SA	Warsaw	pension funds management	100.00	100.00
PKO Leasing SA	Łódź	leasing services	100.00	100.00
PKO Bankowy Leasing Sp. z o.o.	Łódź	leasing services	100.00	100.00
PKO Leasing Sverige AB	Stockholm, Sweden	leasing services	100.00	100.00
PKO BP Faktoring SA ¹	Warsaw	factoring services	100.00	-
PKO BP Finat Sp. z o.o.	Warsaw	services, including services supporting funds management	100.00	100.00
PKO Życie Towarzystwo Ubezpieczeń SA	Warsaw	life insurance	100.00	100.00
Ubezpieczeniowe Usługi Finansowe Sp. z o.o.	Warsaw	services	100.00	100.00
PKO Towarzystwo Ubezpieczeń SA ²	Warsaw	other personal and property insurance	100.00	-
PKO Bank Hipoteczny SA	Gdynia	banking activities	100.00	100.00
PKO Finance AB	Stockholm, Sweden	financial services	100.00	100.00
KREDOBANK SA	Lviv, Ukraine	banking activities	99.5655	99.5655
Finansowa Kompania 'Idea Kapital' Sp. z o.o.	Lviv, Ukraine	financial services	100.00	100.00
'Inter-Risk Ukraina' Spółka z dodatkową odpowiedzialnością	Kiev, Ukraine	debt collection services	100.00	100.00
Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o. ³	Kiev, Ukraine	factoring services	95.4676	95.4676
Qualia Development Sp. z o.o. ⁴	Warsaw	real estate development	100.00	100.00
Qualia 2 Sp. z o.o. ⁵	Warsaw	general partner in limited partnership of the Qualia 2 spółka z ograniczoną odpowiedzialnością - Nowy Wianów Sp.k.	100.00	-
Qualia 2 spółka z ograniczoną odpowiedzialnością - Nowy Wianów Sp. k. ⁶	Warsaw	real estate development	99.9750	99.9750
Qualia Sp. z o.o.	Warsaw	general partner in limited partnership of other entities of the Qualia Development Group	100.00	100.00
Qualia spółka z ograniczoną odpowiedzialnością - Neptun Park Sp. k.	Warsaw	real estate development	99.9975	99.9975
Qualia sp. z o.o. - Sopot Sp. k.	Warsaw	real estate development	99.9811	99.9811
Qualia spółka z ograniczoną odpowiedzialnością - Jurata Sp. k.	Warsaw	real estate development	99.9770	99.9770
Qualia spółka z ograniczoną odpowiedzialnością - Zakopane Sp. k.	Warsaw	real estate development	99.9123	99.9123
Qualia spółka z ograniczoną odpowiedzialnością - Pomeranka Sp. k.	Warsaw	real estate development	99.8951	99.8951
Qualia spółka z ograniczoną odpowiedzialnością - Projekt 1 Sp. k.	Warsaw	real estate development	50.00	50.00
Qualia spółka z ograniczoną odpowiedzialnością - Władysławowo Sp. k.	Warsaw	real estate development	50.00	50.00
Qualia Hotel Management Sp. z o.o.	Warsaw	real estate development	100.00	100.00
Qualia - Residence Sp. z o.o.	Warsaw	real estate development	100.00	100.00
Qualia - Rezydencja Flotyli Sp. z o.o.	Warsaw	real estate development	100.00	100.00
'Fort Mokotów Inwestycje' Sp. z o.o.	Warsaw	real estate development	100.00	100.00
Sarnia Dolina Sp. z o.o.	Warsaw	real estate development	100.00	100.00
Giełda Nieruchomości Wartościowych Sp. z o.o.	Warsaw	intermediation in the sale of real estate	100.00	100.00
FORT MOKOTÓW Sp. z o.o. w likwidacji	Warsaw	in liquidation	51.00	51.00
Merkury - fiz an ⁷	Warsaw	placement of funds collected from fund members	100.00	100.00
Zarząd Majątkiem Górczewska' Sp. z o.o.	Warsaw	real estate management	100.00	100.00
Malina Sp. z o.o.	Warsaw	general partner in limited joint-stock partnership entities of the fund	100.00	100.00
Molina spółka z ograniczoną odpowiedzialnością 1 S.K.A.	Warsaw	purchase and sale of real estate for own account, real estate management	100.00	100.00
Molina spółka z ograniczoną odpowiedzialnością 2 S.K.A.	Warsaw	purchase and sale of real estate for own account, real estate management	100.00	100.00
Molina spółka z ograniczoną odpowiedzialnością 3 S.K.A.	Warsaw	purchase and sale of real estate for own account, real estate management	100.00	100.00
Molina spółka z ograniczoną odpowiedzialnością 4 S.K.A.	Warsaw	purchase and sale of real estate for own account, real estate management	100.00	100.00
Molina spółka z ograniczoną odpowiedzialnością 5 S.K.A.	Warsaw	purchase and sale of real estate for own account, real estate management	100.00	100.00
Molina spółka z ograniczoną odpowiedzialnością 6 S.K.A.	Warsaw	purchase and sale of real estate for own account, real estate management	100.00	100.00
NEPTUN - fiz an ⁷	Warsaw	placement of funds collected from fund members	100.00	-
Bankowe Towarzystwo Kapitałowe SA ⁸	Warsaw	services	100.00	-
'CENTRUM HAFFNERA' Sp. z o.o. ⁹	Sopot	subsidiaries' real estate management	72.9766	-
'Sopot Zdrój' Sp. z o.o.	Sopot	real estate management	100.00	-
'Promenada Sopocka' Sp. z o.o.	Sopot	rental services and real estate management	100.00	-

* Share in equity of direct parent entity

1) The Entity was a subsidiary of Bankowe Towarzystwo Kapitałowe SA at the end of 2014.

2) The Entity was registered with the National Court Register on 13 April 2015.

3) The second shareholder of the Entity is 'Inter-Risk Ukraina' Additional Liability Company.

4) The share in the Entity is recognised as non-current assets held for sale; for limited partnership entities of Qualia Development Group the total contribution made by the limited partner - Qualia Development Sp. z o.o. is presented in the position 'Share in equity'.

5) The Entity was registered with the National Court Register on 9 January 2015.

6) Formerly: Qualia spółka z ograniczoną odpowiedzialnością - Nowy Wianów Sp. k.

7) PKO Bank Polski SA has investment certificates of the Fund; the share of possessed investment certificates of the Fund is presented in the position 'Share in equity'.

8) As at the end of 2014 The Entity was a subsidiary of PKO Bank Polski SA.

9) As at the end of 2014 the Entity was subsidiary of PKO Bank Polski SA, and its subsidiaries are indirect subsidiaries of PKO Bank Polski SA.

Joint ventures and associates included in the consolidated financial statements:

NAME OF ENTITY	HEAD OFFICE	RANGE OF ACTIVITY	% SHARE IN EQUITY*	
			30.09.2015	31.12.2014
Joint ventures of PKO Bank Polski SA				
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	Warsaw	activities supporting financial services, including servicing of transactions made by payment instrument	34.00	34.00
EVO Payments International Sp. z o.o. ¹	Warsaw	activities supporting financial services	100.00	-
EVO Payments International s.r.o. ²	Prague, Czech Republic	activities supporting financial services	100.00	-
Joint venture of Neptun - fizan				
'Centrum Obsługi Biznesu' Sp. z o.o. ³	Poznań	hotel management	41.44	-
Associates of PKO Bank Polski SA				
Bank Pocztowy SA ⁴	Bydgoszcz	banking activities	25.0001	25.0001
Centrum Operacyjne Sp. z o.o.	Bydgoszcz	activities supporting financial services	100.00	100.00
Spółka Dystrybucyjna Banku Poczтового Sp. z o.o.	Warsaw	intermediary financial services	100.00	100.00
'Poznański Fundusz Poręczeń Kredytowych' Sp. z o.o	Poznań	guarantees	33.33	33.33

* Share in equity of direct parent entity.

- 1) The Entity was registered with the National Court Register on 9 February 2015.
- 2) The Entity was registered with the Czech Commercial Register on 16 February 2015.
- 3) The Entity was a joint venture of PKO Bank Polski SA at the end of 2014.
- 4) At the end of September 2015 The company recognized under non-current assets held for sale

Information on changes in the participation in the share capital of the subsidiaries is set out in the Note 40 'Changes to the entities of the PKO Bank Polski SA Group, associates companies and joint ventures'.

2. Summary of significant accounting policies, estimates and judgements

These condensed interim consolidated financial statements of the PKO Bank Polski SA Group have been prepared in accordance with requirements of the International Accounting Standard 34 'Interim Financial Reporting', as approved by the European Commission. The accounting policies and calculations applied in these condensed interim consolidated financial statements are consistent with those, which were applied in the six-month period ended 30 June 2015. These policies were described in the interim condensed consolidated financial statements of the PKO Bank Polski SA Group for the six-month period ended 30 June 2015, including policies applied in preparation of the annual consolidated financial statements of the PKO Bank Polski SA Group for the year 2014.

These condensed interim consolidated financial statements for the nine-month period of 2015 should be read together with interim condensed consolidated financial statements of the PKO Bank Polski SA Group for the six-month period ended 30 June 2015 and together with consolidated financial statements of the PKO Bank Polski SA Group for the year ended 31 December 2014, prepared in accordance with International Financial Reporting Standards, as approved by the European Commission.

New interpretations and amendments to existing standards have come into force since 1 January 2015 and the description of these changes and their impact on the consolidated financial statements are included in the consolidated financial statements of the PKO Bank Polski SA Group for the year ended 31 December 2014. One of changes related to application of IFRIC 21 'Levies' (interpretation of IAS 37 'Provisions, contingent liabilities and contingent assets'). Published by the International Financial Reporting Standards Board on 20 May 2013, it was approved for application in the European Union by Decree of the European Union Commission No. 634/2014 of 13 June 2014. The interpretation is effective for annual periods beginning on or after 17 June 2014, which means, in practice, an annual period beginning on 1 January 2015. Changes in accounting policies resulting from application of the interpretation for the first time are recognised retrospectively. IFRIC 21 determines how an entity should present, in its financial statements, the obligation to pay the levies imposed by government institutions (other than income tax liabilities). The main issue is when an entity should recognise a liability to pay the levy. IFRIC 21 sets out the criteria for the recognition of the liability. One of the criteria is the requirement of an obligation arising from past events (so-called the obligating event). The interpretation explains that an obligating event that give rise to the obligation to pay a levy, are relevant legislations that trigger the payment of the levy. In practice, for banks in Poland, IFRIC 21 applies to fees paid by banks to the Bank Guarantee Fund, that is, annual fee and prudential fee.

According to the Act of 14 December 1994 about the Bank Guarantee Fund (Journal of Law of 2014 item 1866 as amended), banks are obligated to pay for BGF:

- an obligatory annual fee amounting to the rate product up to 0.3% and the calculation base of the annual fee,
- prudential fee amounting to the rate product up to 0.2% and the calculation base of the annual fee.

The basis for the calculation of annual and prudential fee is an amount corresponding to 12.5 times of the sum of the capital requirements of the particular kinds of risk. Obligatory annual fee is tax deductible (within the meaning of the Corporate Income Tax Act). Means from payments of annual fee are allocated for the tasks of the Fund related with the cash guarantees. Prudential fee is not tax deductible (within the meaning of the Corporate Income Tax Act). Means for payments of the prudential fee are allocated for stability fund, which is a fund of BGF. The interest rates for the following years are set and presented to the entities covered by the guarantee scheme by BGF Fund Council no later than the end of the calendar year preceding the year in which the fee has to be paid. On 19 November 2014 the BGF Fund Council set interest rates of the payments to the Guarantee Fund for 2015 - 0.189% for obligatory annual fee and 0.05% for the prudential fee.

Due to the fact that, according to IFRIC 21 the event obligating to the payments for BGF is the fact of being covered by the guarantee system of BGF in the given year, since the first quarter of 2015 the Group is presenting the liability due to the fees mentioned above as at the moment when the obligating event occurs i.e. 1 January of the year while their cost is accounted during 12 months of the year, which is in accordance with the interpretation of Ministry of Finance of 11 February 2015 and with the accepted market practice in Poland.

On 25 September 2015 ESMA (European Securities and Markets Authority) published on its website an opinion on the applications of IFRS requirements with respect to the recognition of payments to the deposit guarantee scheme (2015/ESMA/1462). According to this opinion, the payments for the BGF should be recognized immediately in full, in the first interim profit and loss account. In connection with the position of the ESMA, the Financial Supervision Authority directed the question to the Ministry of Finance concerning the date of implementation by banks preparing financial statements with IAS and IFRS the requirements resulting from the ESMA opinion. Due to the fact that until the date of approval of the financial statements of the Bank and the Group for the 9 months ended 30 September 2015, there is no response from the Ministry of Finance, the Group abstained from change of approach to the BGF fees.

According to the above, in the period under review, the Group recognized PLN 333.6 million as an expense due to the BGF fee for 2015. If the total annual cost of the BGF fee was presented on a one off basis at the moment when the obligating moment occurs than the gross profit of the Group for this reporting period would have been lower by PLN 111.2 million (and would account for PLN 2 563 million) and the Group's profit gross for the third quarter of 2015 would have been higher by PLN 111.2 million (and would account for PLN 1 1120 million).

In the third quarter of 2015, the impact of annual and prudential fee to BGF, depending on the adopted scenario, on the income statement is presented below:

Scenario - BGF fee settled in time (adopted in the Bank)	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015
Operation costs - BGF fee	(111 214)	(333 642)
- annual fee	(87 947)	(263 843)
- prudential fee	(23 267)	(69 800)
Income tax*	16 710	50 130
Effect on net profit	(94 504)	(283 512)

* The impact on tax expense (prudential fee is not deductible for tax purposes)

Scenario - BGF fee recognized as a one time cost in the I quarter of 2015	In PLN thousand
Operating costs - BGF fee	(444 856)
- annual fee	(351 790)
- prudential fee	(93 066)
Income tax*	66 840
Effect on net profit	(378 016)

* The impact on tax expense (prudential fee is not deductible for tax purposes)

The impact of deferred charges to BGF will be decreasing with time on a straight-line basis, and thus, at the end of the year no difference in this respect will not occur.

3. Explanation of differences regarding bancassurance recognition in comparison with previously published financial statements

The Bank has changed the presentation method concerning commission income and expense from insurance brokerage (bancassurance) since the second quarter of 2015. Until the methodology change, income and costs from insurance were presented individually, i.e. received and accrued remuneration from bancassurance was noted in commission income, while insurance products sales costs were accounted in commission expense. Since the change, income and cost from bancassurance are compensated and presented in net values i.e. the received and accrued remuneration from bancassurance reduced by the Bank's insurance products sales costs are recognized by the Bank in commission income.

The above mentioned changes are only presentational and have no impact on the financial results presented in the financial statements.

The table below presents the impact of the changes in the presentation of comparative data.

	01.01-30.09.2014 before restatement	changes in recognition of results from bancassurance	01.01-30.09.2014 restated
Net interest income	5 657 577	-	5 657 577
Fee and commission income	3 052 726	(77 366)	2 975 360
Fee and commission expense	(836 936)	77 366	(759 570)
Net fee and commission income	2 215 790	-	2 215 790
Operating profit	3 137 683	-	3 137 683
Profit before tax	3 160 944	-	3 160 944
Net profit attributable to equity holders of the parent company	2 531 503	-	2 531 503

4. The takeover of the Spółdzielcza Kasa Oszczędnościowo-Kredytowa Wesola in Myslowice by PKO Bank Polski SA on 1 August 2015.

On 18 June 2015, PKO Bank Polski SA agreed to participate in the restructuring of the Spółdzielcza Kasa Oszczędnościowo-Kredytowa Wesola in Myslowice („SKOK Wesola” or „Credit Union”). On this basis, also on 18 June 2015 Polish Financial Supervision Authority (PFSA) has decided about the takeover of the SKOK Wesola by the Bank. This decision has been taken in accordance with article 74c clause 4 of the Act of 5 November 2009 on Credit Unions (the "Act on Credit Unions"). According to this article, if it impossible to take over the credit union by the other union, PFSA taking into account the need to safeguard financial market stability and safety of funds held on accounts of the union, can decide whether to accept the takeover of the credit union or the takeover of some property rights or union's obligations, by a domestic bank with its consent, or to liquidate the credit union. According to the decision of the Polish Financial Supervision Authority, since 19 June 2015 the management of property of SKOK Wesola has been taken over by the Management Board of PKO Bank Polski SA, and 1 August 2015 has been set as the date of the takeover of SKOK Wesola by PKO Bank Polski SA. According to the PFSA decision, the credit union conducted activities and offered services to its members in the full current range, until the date of the takeover.

According to the reached agreement and applicable regulations, the support from the Bank Guarantee Fund (BGF) is expected in the process of restructuring of SKOK Wesola in the form of guarantees to cover losses and grant subsidies for the differences between the value of taken over property rights and union's obligations due to guaranteed funds held on accounts of SKOK Wesola.

SKOK Wesola has operated since 1993. The activities of the taken over Credit Union were among others, to raise funds and implement a program of regular savings, to grant loans to its members and to carry out on their behalf financial settlements.

At the date of publication of these financial statements, there have been accomplished preliminary, provisional valuation of settlement of the takeover of the SKOK Wesola. SKOK Wesola's financial data at the takeover date, which are the basis of this provisional valuation of settlement, derive from SKOK Wesola's financial statements prepared as at 31 July 2015 and are audited by the entity authorized to audit financial statements. According to this financial statements the value of assets and liabilities as at 31 July 2015 amounted to PLN 303.6 million and PLN 623.6 million respectively. The Group continued the process of estimating the fair value at the date of takeover of selected assets and liabilities of SKOK Wesola. At this day the final amount of the grant affecting the settlement of the acquisition remains unknown. The value of the grant BGF is the subject of ongoing negotiations.

In view of the above, the final allocation may differ from preliminary settlement both in terms of grants received and the fair value of the identifiable assets acquired and the liabilities assumed.

5. Information on the segments of activities and about geographical areas

5.1 Information on the segments of activities

The PKO Bank Polski SA Group conducts business activities as part of segments offering specific products and services addressed to specific groups of customers. The manner in which the business segments are divided ensures consistency with the sales management model and offers the customers a comprehensive product mix comprising both traditional banking products and more complex investment products, as well as services provided by the PKO Bank Polski SA Group entities. The segment note below is recognised in an internal reporting system, i.e. information presented to the Management Board of PKO Bank Polski SA, used to assess achieved results and to allocate resources. The segment report below presents an internal organisational structure of the PKO Bank Polski SA Group.

In 2014, changes were made to the functioning of the existing segments: the corporate segment and the investment segment, which were combined into one corporate and investment segment. These changes were aimed at further improving the quality of service for corporate customers and financial institutions, including extending the range of services and products offered and, consequently, ensuring the provision of comprehensive services. At present, the PKO Bank Polski SA Group comprises three basic segments: retail, corporate and investment, and transfer centre:

1. The retail segment offers a full range of services for individuals as part of retail and private banking as well as mortgage banking. Moreover, it comprises transactions conducted with legal persons, i.e. small and medium enterprises. The products and services offered to customers in this segment include, among others: current accounts, saving accounts, term deposits, private banking services, investment and insurance products, credit and debit cards, electronic banking services, consumer and mortgage loans, as well as corporate loans to small and medium enterprises, developers, cooperatives, and property managers.
2. The corporate and investment segment includes transactions concluded with large corporate clients and financial institutions. This segment comprises i.a., the following products and services: current accounts, term deposits, depositary services, currency and derivative products, corporate loans, leases and factoring. Within this segment, PKO Bank Polski SA also enters, individually or in a consortium with other banks, into loan agreements financing large investment projects and issuance of non-Treasury securities. This segment also comprises the Bank's portfolio activity on its own account i.e. investing and brokerage activities, interbank transactions, derivative instruments and debt securities. The results of corporate and investment segment comprise results of activities of PKO Bank Polski SA's subsidiaries.
3. The transfer centre comprises the result on internal settlements related to funds transfer pricing, the results on long-term sources of financing and the result on positions classified for hedge accounting. Internal funds transfer is based on transfer pricing dependant on market rates. The transactions between business segments are conducted at arms' length. Long-term external financing includes the issuance of securities, subordinated liabilities and amounts due to financial institutions.

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

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

Disclosed values of assets and liabilities are operating assets and liabilities applied by segment in operating activities. Values of assets, liabilities, income and expenses of particular segments are based on internal management information. Assets and liabilities as well as income and costs related to these assets and liabilities are assigned to particular segments.

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Bank Polski

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

The tables below present data relating to income and results of individual business segments of the PKO Bank Polski SA Group for the nine-month periods ended 30 September 2015 and 30 September 2014, and assets and liabilities as at 30 September 2015 and as at 31 December 2014.

For the period ended 30 September 2015	Continuing operations			
	Retail segment	Corporate and investment segment	Transfer centre	Total activity of the PKO Bank Polski SA Group
Net interest income	4 583 569	858 630	(270 000)	5 172 199
Net fee and commission income	1 619 841	537 338	(99)	2 157 080
Other net income	188 048	358 455	(2 413)	544 090
Net result from financial operations	5 762	81 797	(946)	86 613
Net foreign exchange gains (losses)	132 939	127 463	(1 467)	258 935
Dividend income	-	10 658	-	10 658
Net other operating income and expense	29 757	158 127	-	187 884
Income/expenses relating to internal customers	19 590	(19 590)	-	-
Net impairment allowance and write-downs	(866 063)	(244 902)	-	(1 110 965)
Administrative expenses, of which:	(3 390 275)	(722 288)	-	(4 112 563)
amortisation and depreciation	(513 465)	(96 635)	-	(610 100)
Share of profit (loss) of associates and joint ventures	-	-	-	24 102
Segment gross profit	2 135 120	787 233	(272 512)	2 673 943
Income tax expense (tax burden)	-	-	-	(520 858)
Profit (loss) attributable to non-controlling shareholders	-	-	-	(12 222)
Net profit attributable to equity holders of the parent company	2 135 120	787 233	(272 512)	2 165 307

At as 30 September 2015	Continuing operations			
	Retail segment	Corporate and investment segment	Transfer centre	Total activity of the PKO Bank Polski SA Group
Assets	140 048 476	105 791 490	8 145 756	253 985 722
Unallocated assets	-	-	-	934 708
Total assets	140 048 476	105 791 490	8 145 756	254 920 430
Liabilities	146 311 217	56 189 106	22 755 230	225 255 553
Unallocated liabilities	-	-	-	87 374
Total liabilities	146 311 217	56 189 106	22 755 230	225 342 927

For the period ended 30 September 2014	Continuing operations			
	Retail segment	Corporate and investment segment*	Transfer centre	Total activity of the PKO Bank Polski SA Group
Net interest income	4 689 041	807 700	160 836	5 657 577
Net fee and commission income	1 692 326	524 915	(1 451)	2 215 790
Other net income	162 500	385 740	(31 860)	516 380
Net result from financial operations	9 954	146 573	(11 233)	145 294
Net foreign exchange gains (losses)	123 450	98 984	(20 627)	201 807
Dividend income	-	6 406	-	6 406
Net other operating income and expense	9 553	153 320	-	162 873
Income/expenses relating to internal customers	19 543	(19 543)	-	-
Net impairment allowance and write-downs	(918 239)	(528 111)	-	(1 446 350)
Administrative expenses, of which: **	(3 045 766)	(759 948)	-	(3 805 714)
amortisation and depreciation	(445 999)	(105 818)	-	(551 817)
Share of profit (loss) of associates and joint ventures	-	-	-	23 261
Segment gross profit	2 579 862	430 296	127 525	3 160 944
Income tax expense (tax burden)	-	-	-	(638 444)
Profit (loss) attributable to non-controlling shareholders	-	-	-	(9 003)
Net profit attributable to equity holders of the parent company	2 579 862	430 296	127 525	2 531 503

* The data for nine-month period of 2014 have been brought to comparability. Changes relate to the organisational structure of combining the corporate and investment segments performance.

** Since 1 January 2015 the cost allocation methodology has changed. The data for 2014 have been brought to comparability, i.e. recalculated according to the new methodology.

As at 31 December 2014	Continuing operations			
	Retail segment	Corporate and investment segment	Transfer centre	Total activity of the PKO Bank Polski SA Group
Assets	134 683 185	101 519 006	11 515 913	247 718 104
Unallocated assets	-	-	-	982 485
Total assets	134 683 185	101 519 006	11 515 913	248 700 589
Liabilities	141 576 058	57 145 886	22 316 594	221 038 538
Unallocated liabilities	-	-	-	46 500
Total liabilities	141 576 058	57 145 886	22 316 594	221 085 038

5.2 Information about geographical areas

As a complementary, the PKO Bank Polski SA Group applies geographical areas distribution. The PKO Bank Polski SA Group conducts activities in the Republic of Poland and in Ukraine through the KREDOBANK SA Group, 'Inter-Risk Ukraina' Additional Liability Company and Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o., as well as in Sweden through subsidiaries: PKO Finance AB and PKO Leasing Sverige AB. For presentation purposes, the results of companies operating in Sweden are included in the segment of Poland.

For the period ended 30 September 2015	Poland	Ukraine	Total
Net interest income	5 107 564	64 635	5 172 199
Net fee and commission income	2 122 533	34 547	2 157 080
Other net income	583 115	(39 025)	544 090
Administrative expenses	(4 041 284)	(71 279)	(4 112 563)
Net impairment allowance	(1 089 150)	(21 815)	(1 110 965)
Share of profit (loss) of associates and joint ventures	-	-	24 102
Profit (loss) before income tax	2 682 778	(32 937)	2 673 943
Income tax expense (tax burden)	-	-	(520 858)
Profit (loss) attributable to non-controlling shareholders	-	-	(12 222)
Net profit (loss) attributable to equity holders of the parent company	2 682 778	(32 937)	2 165 307

As at 30 September 2015	Poland	Ukraine	Total
Assets of which:	253 515 590	1 404 840	254 920 430
non-financial fixed assets	5 620 726	67 538	5 688 264
deferred tax assets and current income tax receivable	918 452	16 256	934 708
Liabilities	224 028 734	1 314 193	225 342 927

For the period ended 30 September 2014	Poland	Ukraine	Total
Net interest income	5 615 386	42 191	5 657 577
Net fee and commission income	2 179 384	36 406	2 215 790
Other net income	543 165	(26 785)	516 380
Administrative expenses	(3 722 789)	(82 925)	(3 805 714)
Net impairment allowance	(1 404 147)	(42 203)	(1 446 350)
Share of profit (loss) of associates and joint ventures	-	-	23 261
Profit (loss) before income tax	3 210 999	(73 316)	3 160 944
Income tax expense (tax burden)	-	-	(638 444)
Profit (loss) attributable to non-controlling shareholders	-	-	(9 003)
Net profit (loss) attributable to equity holders of the parent company	3 210 999	(73 316)	2 531 503

As at 31 December 2014	Poland	Ukraine	Total
Assets of which:	247 272 350	1 428 239	248 700 589
non-financial fixed assets	5 948 657	84 399	6 033 056
deferred tax assets and current income tax receivable	959 109	23 378	982 487
Liabilities	219 733 534	1 351 504	221 085 038

6. Interest income and expense

Interest and similar income

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Interest income calculated using the effective interest rate method, with respect to financial assets, which are not measured at fair value through profit and loss, of which:	2 243 769	6 670 253	2 631 412	7 468 012
Income from loans and advances to customers, of which: *	2 036 697	6 050 306	2 411 280	6 881 247
from impaired loans	86 072	249 312	112 236	336 858
Income from loans to banks	1 533	7 006	9 594	20 813
Income from investment securities	180 761	536 017	172 543	452 577
Income from placements with banks	23 500	74 110	37 151	109 952
Other	1 278	2 814	844	3 423
Other income, of which:	189 728	551 376	202 918	610 957
Income from financial assets designated upon initial recognition at fair value through profit and loss	48 028	170 382	104 271	313 206
Income from derivative hedging instruments	124 976	337 211	84 260	255 374
Income from trading financial assets	16 724	43 783	14 387	42 377
Total	2 433 497	7 221 629	2 834 330	8 078 969

* In the nine-month period of 2015 the amount of interest income decline due to negative LIBOR amounted to PLN (372) thousand and in the third quarter of 2015 it amounted PLN (169) thousand.

Interest expense and similar charges

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Interest expense calculated using the effective interest rate method, with respect to financial liabilities, which are not measured at fair value through profit and loss, of which:	(604 959)	(2 022 802)	(850 005)	(2 410 083)
Interest expense on amounts due to customers	(436 729)	(1 518 215)	(684 937)	(1 949 526)
Interest expense on loans from banks	(13 996)	(50 511)	(18 649)	(45 397)
Interest expense on debt securities in issue and subordinated liabilities	(133 327)	(400 622)	(133 217)	(381 476)
Premium expense on debt securities available for sale	(16 453)	(46 235)	(10 037)	(24 917)
Interest expense on deposits from banks	(4 454)	(7 219)	(3 165)	(8 767)
Other expense	(10 439)	(26 628)	(5 610)	(11 309)
Interest expense on financial assets designated upon initial recognition at fair value through profit and loss	(4 367)	(12 535)	(2 853)	(5 984)
Interest expense on trading financial assets	(6 072)	(14 093)	(2 757)	(5 325)
Total	(615 398)	(2 049 430)	(855 615)	(2 421 392)

7. Fee and commission income and expense

Fee and commission income

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014 restated	3 quarters cumulative period from 01.01.2014 to 30.09.2014 restated
Income from financial assets, which are not measured at fair value through profit and loss, of which:	164 873	479 528	163 843	448 868
income from loans and advances granted	164 873	479 528	163 843	448 868
Other commissions from:	738 351	2 227 048	819 287	2 524 121
payment cards	251 892	712 683	286 350	1 001 293
maintenance of bank accounts	211 651	675 752	224 559	689 805
maintenance of investment and open pension funds (including management fees)	119 810	348 975	140 391	342 147
loans insurance	13 628	39 981	37 039	122 491
cash transactions	25 316	75 738	28 745	85 964
securities transactions	17 263	71 634	26 757	71 101
servicing foreign mass transactions	19 637	53 259	18 198	49 768
providing services of an agent for the issue of Treasury bonds	5 146	13 334	3 721	15 237
sale and distribution of court fee stamps	4 136	9 639	2 303	4 803
investment and insurance products	25 891	78 276	20 891	42 697
Other*	43 981	147 777	30 333	98 815
From fiduciary activities	1 116	3 118	735	2 371
Total	904 340	2 709 694	983 865	2 975 360

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

Income from insurance

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Income from insurance intermediary	1 427	5 645	424	1 148
Income from policies administration	1 622	4 918	1 685	3 541
Income from fund management	18 766	56 205	14 606	28 853
Other	4 076	11 508	4 176	9 155
Total	25 891	78 276	20 891	42 697

Fee and commission expense

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014 restated	3 quarters cumulative period from 01.01.2014 to 30.09.2014 restated
payment cards	(123 502)	(348 276)	(156 614)	(527 326)
acquisition services	(19 436)	(50 143)	(32 243)	(88 907)
settlement services	(7 600)	(23 245)	(7 494)	(21 364)
fee and commissions for operating services provided by banks	(2 779)	(14 615)	(4 506)	(11 366)
other*	(30 475)	(116 335)	(56 247)	(110 607)
Total	(183 792)	(552 614)	(257 104)	(759 570)

* Included in 'Other' are i.a.: fee and expenses paid by the Brokerage House of PKO Bank Polski SA to Warsaw Stock Exchange (WSE) and to the National Depository for Securities (KDPW) and incurred asset management costs.

8. Net income from financial instruments measured at fair value

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Derivative instruments, of which:	(9 614)	33 518	(8 336)	3 398
an ineffective portion related to cash flow hedges	3 474	6 886	(5 692)	802
Structured bank securities measured at fair value through profit and loss	5 412	(1 767)	(2 713)	(8 447)
Debt securities	8 943	(16 245)	30 098	75 865
Equity instruments	(2 737)	(4 631)	1 029	1 924
Other	-	-	369	670
Total	2 004	10 875	20 447	73 410

9. Gains less losses from investment securities and unrealised net gains on financial assets available for sale

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Gain/loss due to change in value of assets available for sale recognised directly in other comprehensive income during the period	5 383	(199 978)	67 792	140 376
Gain/loss derecognised from other comprehensive income recognised in the income statement in the position 'Gains less losses from investment securities' on:	6 385	75 738	33 338	71 884
gain from sale derecognised from other comprehensive income	8 112	81 532	30 591	71 227
loss on sale derecognised from other comprehensive income	(1 727)	(5 794)	2 747	657
Impact on other comprehensive income (gross), position 'Unrealised net gains on financial assets available for sale (gross)'	11 768	(124 240)	101 130	212 260

10. Other operating income and expense

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Net income from sale of products and services	56 426	155 321	68 332	181 579
Sale, disposal of tangible fixed assets, intangible assets and assets held for sale	21 489	80 955	28 042	88 351
Damages, penalties and fines received	8 624	34 323	7 122	46 545
Sundry income	5 917	16 497	4 317	13 649
Recovery of expired and written-off receivables	3 570	17 269	3 388	9 280
Other*	27 731	93 382	27 311	72 702
Total other operating income	123 757	397 747	138 512	412 106

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Costs of sale of products and services	(23 778)	(69 918)	(25 674)	(90 080)
Costs of sale, disposal of tangible fixed assets, intangible assets and assets held for sale	(20 222)	(67 264)	(33 513)	(80 876)
Sundry expenses	(2 179)	(5 101)	(811)	(3 239)
Donations	(5 136)	(7 214)	(8 314)	(14 638)
Other	(14 461)	(60 366)	(4 975)	(60 400)
Total other operating expense	(65 776)	(209 863)	(73 287)	(249 233)

11. Net impairment allowance and write-downs

For the period ended 30 September 2015	Note	Value at the beginning of the period	Increases			Decreases				Value at the end of the period	Net – impact on the income statement
			Recognised during the period	Currency translation differences	Other	Derecognition of assets and settlement	Reversed during the period	Currency translation differences	Other		
Investment securities available for sale	22	129 369	38 567	74	-	102 282	3 170	11	-	62 547	(35 397)
Debt securities available for sale		-	33 842	74	-	-	-	-	-	33 916	(33 842)
Equity securities		129 369	4 725	-	-	102 282	3 170	11	-	28 631	(1 555)
Amounts due from banks	16	111	2 357	-	377	-	2 232	-	-	613	(125)
Loans and advances to customers measured at amortised cost	21	8 022 477	3 664 168	-	504 853	932 852	2 622 967	64 679	36 334	8 534 666	(1 041 201)
Non-financial sector		7 812 724	3 581 970	-	503 103	924 784	2 559 884	63 916	35 409	8 313 804	(1 022 086)
corporate loans		4 089 160	1 921 991	-	35 043	430 696	1 359 335	47 262	5 705	4 203 196	(562 656)
consumer loans		1 322 907	804 108	-	315 804	284 349	546 497	5 229	465	1 606 279	(257 611)
housing loans		2 307 712	855 089	-	152 173	209 739	625 665	11 425	28 176	2 439 969	(229 424)
debt securities		92 945	782	-	83	-	28 387	-	1 063	64 360	27 605
Financial sector		9 483	49 694	-	868	-	50 526	763	859	7 897	832
corporate loans		9 483	49 694	-	868	-	50 526	763	859	7 897	832
Public sector		15 462	10 894	-	882	1 632	6 131	-	66	19 409	(4 763)
corporate loans		12 639	10 837	-	882	1 632	6 131	-	-	16 595	(4 706)
debt securities		2 823	57	-	-	-	-	-	66	2 814	(57)
Finance lease receivables		184 808	21 610	-	-	6 436	6 426	-	-	193 556	(15 184)
Non-current assets held for sale	25	93 430	951	-	27 804	1 751	-	-	-	120 434	(951)
Tangible fixed assets	27	10 080	48 375	-	20 069	-	-	2 045	-	76 479	(48 375)
Intangible assets	27	139 726	184	-	-	-	-	-	-	139 910	(184)
Investments in associates and joint ventures	24	108 715	3 219	-	-	-	28 854	-	74 142	8 938	25 635
Inventories	26	29 164	11 243	-	-	2 514	336	-	-	37 557	(10 907)
Other receivables		154 897	42 953	-	46 363	5 126	25 542	612	438	212 495	(17 411)
Provision for legal claims, loan commitments and guarantees granted	34	151 324	236 140	-	7 168	7 592	252 846	49	3 055	131 090	16 706
Provision for future liabilities		11 192	1 496	-	606	-	2 741	-	1 942	8 611	1 245
Total		8 850 485	4 049 653	74	607 240	1 052 117	2 938 688	67 396	115 911	9 333 340	(1 110 965)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
OF THE PKO BANK POLSKI SA GROUP FOR THE NINE-MONTH PERIOD
ENDED 30 SEPTEMBER 2015
(IN PLN THOUSAND)



Bank Polski

For the period ended 30 September 2014	Note	Value at the beginning of the period	Increases			Decreases				Value at the end of the period	Net - impact on the income statement
			Increases of allowances due to acquisition of Nordea Polska's entities and so called 'Swedish Portfolio'	Recognised during the period	Other	Derecognition of assets and settlement	Reversed during the period	Currency translation differences	Other		
Investment securities available for sale	22	33 455	-	123	-	-	-	31	15 874	17 673	(123)
Debt securities available for sale		3 296	-	123	-	-	-	-	3 419	-	(123)
Equity securities		30 159	-	-	-	-	-	31	12 455	17 673	-
Amounts due from banks	16	28 583	1	264	-	3 711	24 435	-	-	702	24 171
Loans and advances to customers measured at amortised cost	21	6 650 780	551 981	4 344 393	34 847	881 955	3 048 998	33 248	975	7 616 825	(1 295 395)
Non-financial sector		6 501 046	546 877	4 282 503	31 103	876 019	3 020 006	33 221	580	7 431 703	(1 262 497)
corporate loans		3 329 352	273 898	2 127 967	11 734	538 087	1 324 196	25 533	-	3 855 135	(803 771)
consumer loans		1 413 349	4 036	977 141	1 920	238 647	817 165	4 027	580	1 336 027	(159 976)
housing loans		1 731 258	267 944	1 137 578	17 449	99 285	878 096	3 661	-	2 173 187	(259 482)
debt securities		27 087	999	39 817	-	-	549	-	-	67 354	(39 268)
Financial sector		5 524	867	6 493	3 574	240	9 975	27	-	6 216	3 482
corporate loans		5 524	867	6 493	3 574	240	9 975	27	-	6 216	3 482
Public sector		11 527	3 036	1 526	170	54	1 160	-	395	14 650	(366)
corporate loans		10 549	1 616	1 475	170	54	1 146	-	395	12 215	(329)
debt securities		978	1 420	51	-	-	14	-	-	2 435	(37)
Finance lease receivables		132 683	1 201	53 871	-	5 642	17 857	-	-	164 256	(36 014)
Non-current assets held for sale	25	365 340	-	21 639	-	26 113	17 100	111 607	-	232 159	(4 539)
Tangible fixed assets	27	12 084	-	-	-	16	-	3 712	-	8 356	-
Intangible assets	27	153 011	-	40 010	-	39	3 851	87	-	189 044	(36 159)
Investments in associates and joint ventures	24	116 532	-	6 762	-	6 235	-	-	-	117 059	(6 762)
Inventories	26	53 805	-	4 266	-	1 292	174	-	-	56 605	(4 092)
Other receivables		158 752	1 755	154 302	5 450	8 210	19 382	1 136	1 600	289 931	(134 920)
Provision for legal claims, loan commitments and guarantees granted	34	151 603	20 271	324 643	667	312	336 174	149	256	160 293	11 531
Provision for future liabilities		6 945	3 329	2 393	3 035	589	2 331	-	1 067	11 715	(62)
Total		7 730 890	577 337	4 898 795	43 999	928 472	3 452 445	149 970	19 772	8 700 362	(1 446 350)

12. Administrative expenses

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Employee benefits	(680 545)	(2 040 091)	(694 216)	(1 962 081)
Overheads	(323 453)	(1 083 230)	(369 104)	(1 052 444)
Amortisation and depreciation, of which:	(204 473)	(610 100)	(192 850)	(551 817)
tangible fixed assets	(87 016)	(262 254)	(79 447)	(232 801)
intangible assets	(117 075)	(346 272)	(112 945)	(317 824)
investment properties	(382)	(1 574)	(458)	(1 192)
Taxes and other charges	(15 598)	(45 307)	(20 542)	(66 040)
Contribution and payments to the Bank Guarantee Fund *	(111 407)	(333 835)	(60 488)	(173 332)
Total	(1 335 476)	(4 112 563)	(1 337 200)	(3 805 714)

* The rules of the recognition of the BGF fee are described in note 2 'Summary of significant accounting policies, estimates and judgements'.

Wages and salaries/employee benefits

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Wages and salaries, of which:	(570 827)	(1 694 011)	(588 786)	(1 640 836)
expenses on employee pension programme	(10 925)	(33 747)	(10 210)	(27 732)
Social Insurance, of which:	(90 281)	(287 320)	(89 709)	(269 793)
contributions to retirement pay and pensions	(75 093)	(244 629)	(81 647)	(239 704)
Other employee benefits	(19 437)	(58 760)	(15 721)	(51 452)
Total	(680 545)	(2 040 091)	(694 216)	(1 962 081)

13. Income tax expense

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Current income tax expense	(164 108)	(549 145)	(227 417)	(714 981)
Deferred income tax related to creating and reversal of temporary differences	(28 923)	28 287	6 579	76 537
Tax expense in the consolidated income statement	(193 031)	(520 858)	(220 838)	(638 444)
Deferred tax expense in other comprehensive income related to creating and reversal of temporary differences	(5 836)	44 284	(27 511)	(77 598)
Total	(198 867)	(476 574)	(248 349)	(716 042)

In 2015 KREDOBANK SA conducted proceeding related to legal claim described below with the tax authority in Ukraine.

- The legal claim concerns the results of tax audit, which covered the period from 1 April 2011 to 30 September 2012. Legal claims mainly concern recognition of the costs related to the transaction of selling loans in the period covered by the inspection as tax deductible expenses, the adequacy of recognition of impairment allowances on loans, the correctness of the settlement of VAT on property sales and withholding tax for the payment of fees for services.

The value of disputed claims amounted to UAH 877 thousand (PLN 156 thousand¹), and the amount of reducing tax loss from previous years - UAH 626 282 thousand (PLN 111 478 thousand). In February 2013, KREDOBANK SA paid a part of the legal claims in the total amount of UAH 439 thousand (PLN 78 thousand). This value is still included in subsequent appeal claims.

KREDOBANK SA appealed against the above-mentioned tax decision consecutive to the Regional State Tax Service and The Ministry of Revenue and Duties of Ukraine, and these appeals were rejected.

On 2 August 2013, KREDOBANK SA filed a claim against the results of the inspection and applying for annulling the above-mentioned tax decision. On 5 November 2013 the court of first instance issued a favourable verdict for KREDOBANK SA, which accepted a position of the Company, except the correctness of calculation of tax depreciation on tangible fixed assets in the total amount of UAH 336 thousand (PLN 60 thousand).

On 26 November 2013, the tax authority appealed to the court of second instance. On 2 April 2014 the court of appeal upheld the decision of the court of first instance favourable for KREDOBANK SA. On 15 April 2014 the tax authority filed a motion for cassation of this judgement to the Higher Administrative Court.

On 10 February 2015 Higher Administrative Court issued a favourable verdict for KREDOBANK SA, maintaining above-mentioned decisions of the court of the first and second instance. The judgement is legally valid. There is possible to appeal to the tax authority to Supreme Court of Ukraine.

2. The legal claims regard the results of tax audit of liquidation of KREDOBANK SA's central branch, which covered March and April 2015. Legal claims concern the operation of redemption of loans - audit revealed irregularities regarding the scope and form of information about the redemption of the loan, provided by KREDOBANK for the part of customers (individuals). As a consequence of irregularities the supervision body counted KREDOBANK SA arrears of personal income tax.

KREDOBANK SA had filed an appeal, to the Interregional Department of the State Tax Service, which was rejected, and the State Tax Service, on 8 October 2015, published a decision declaring that the position of KREDOBANK SA, applied only to the extent factor to calculate the amount of tax.

As a result of the above-mentioned decision, the amount of tax to be paid has been reduced to UAH 366 thousand (PLN 65 thousand) and fines up to UAH 92 thousand (PLN 16 thousand). Further possible variants of conduct are analyzed.

14. Earnings per share

Basic earnings per share ratio

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 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014 restated	3 quarters cumulative period from 01.01.2014 to 30.09.2014 restated
Profit per ordinary shareholders (in PLN thousand)	815 248	2 165 307	873 375	2 531 503
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)	0.65	1.73	0.70	2.03

Diluted earnings per share and diluted earnings per share from discontinued operations.

In the third quarter of 2015 and in the third quarter of 2014 there were no dilutive instruments and there were no significant expenses or income from discontinued operations.

15. Cash and balances with the central bank

	30.09.2015	31.12.2014
Current account in the central bank	4 982 179	7 772 859
Cash	3 199 131	3 965 456
Other funds	87	56
Total	8 181 397	11 738 371

16. Amounts due from banks

	30.09.2015	31.12.2014
Deposits with banks	3 382 271	1 630 832
Current accounts	695 729	835 582
Loans and advances granted	30 516	16 146
Cash in transit	5 232	4 237
Total	4 113 748	2 486 797
Impairment allowances on receivables, of which:	(613)	(111)
Net total	4 113 135	2 486 686

17. Trading assets

By carrying amount	30.09.2015	31.12.2014
Debt securities	2 505 942	1 915 120
issued by the State Treasury, of which:	2 388 664	1 825 454
Treasury bonds PLN	2 382 165	1 825 454
Treasury bonds EUR	6 499	-
issued by local government bodies, municipal bonds PLN	49 876	50 563
issued by non-financial institutions, of which:	46 326	22 146
corporate bonds PLN	46 280	22 137
corporate bonds EUR	46	9
issued by other financial institutions, of which:	6 835	2 326
bonds issued by WSE PLN	6 674	2 248
corporate bonds PLN	161	78
issued by banks	14 241	14 631
Shares in other entities – listed on stock exchanges	18 037	5 137
Investment certificates	1 814	3 891
Allotment certificates	294	278
Total	2 526 087	1 924 426

Securities held by the Brokerage House are included in the portfolio of assets held for trading.

18. Derivative financial instruments

Derivative instruments used by the Group

As at 30 September 2015 and as at 31 December 2014, the Group held the following types of derivative instruments:

	30.09.2015		31.12.2014	
	Assets	Liabilities	Assets	Liabilities
Hedging instruments	537 827	1 076 439	599 841	494 961
Other derivative instruments	3 838 722	3 779 504	4 894 981	5 050 180
Total	4 376 549	4 855 943	5 494 822	5 545 141

Type of contract	30.09.2015		31.12.2014	
	Assets	Liabilities	Assets	Liabilities
IRS	3 495 128	3 234 363	4 591 519	4 439 830
CIRS	388 805	1 257 413	340 972	616 841
Options	229 631	173 092	185 366	133 912
FX Swap	154 692	79 409	227 857	237 542
Forward	81 631	79 352	89 113	52 838
FRA	25 998	31 860	59 078	63 505
Other	664	454	917	673
Total	4 376 549	4 855 943	5 494 822	5 545 141

19. Derivative hedging instruments

As at 30 September 2015 the Group applies the following hedging strategies:

19.1 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 in foreign exchange rates, using CIRS transactions

Description of hedge relationship – elimination of the risk of cash flow fluctuations generated by floating interest rate 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 value defined in CHF and PLN respectively.

Hedged position – the portfolio of floating interest rate mortgage loans denominated in CHF and the portfolio of short-term negotiated term deposits, including renewals in the future (high probability of occurrence). The Group designated the hedged position according to the regulations of IAS.39.AG.99C as adopted by the European Union.

Periods in which cash flows are expected and in which they should have an impact on the financial result – October 2015 – October 2026.

19.2 Hedges against fluctuations in cash flow floating interest rate loans in PLN, resulting from the risk of fluctuations in interest rates, using IRS transactions

Description of hedge relationship – elimination of the risk of cash flow fluctuations generated by floating interest rate PLN 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 floating 3M WIBOR rate, and receives coupons based on a fixed rate on the nominal value for which they were concluded.

Hedged position – the portfolio of loans in PLN indexed to the floating 3M WIBOR rate.

Periods in which cash flows are expected and in which they should have an impact on the financial result – October 2015 – June 2020.

19.3 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

Description of hedge relationship:

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

Hedged risk – interest rate risk.

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

Hedged position – the portfolio of loans in EUR indexed to the floating EURIBOR rate.

Periods in which cash flows are expected and in which they should have an impact on the financial result – October 2015 – June 2016.

19.4 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

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

Hedged risk – interest rate risk.

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

Hedged position – the portfolio of loans in CHF indexed to the floating 3M CHF LIBOR rate.

Periods in which cash flows are expected and in which they should have an impact on the financial result – October 2015 – July 2016.

19.5 Hedges against fluctuations in cash flows from floating interest rate loans in foreign currencies, resulting from the risk of fluctuations in interest rates and from foreign exchange rate risk, and hedges against fluctuations in cash flows from fixed interest rate financial liability in foreign currency, resulting from foreign exchange rate risk, using CIRS transactions.

Description of hedge relationship – elimination of the risk of cash flow fluctuations of floating interest rate loans in foreign currencies, resulting from the risk of fluctuations in interest rates and from foreign exchange rate risk, and elimination of the risk of cash flow fluctuations of fixed interest rate financial liability in foreign currency, resulting from foreign exchange rate risk, using CIRS transactions.

Hedged risk – currency risk and interest rate risk

Hedging instrument – CIRS transactions where the Bank pays coupons based on floating 3M CHF LIBOR rate, and receives coupons based on fixed USD rate on the nominal value for which they were concluded.

Hedged position – the portfolio of floating interest rate mortgage loans denominated in CHF and fixed interest rate financial liability denominated in USD.

Periods in which cash flows are expected and in which they should have an impact on the financial result – October 2015 – September 2022.

As at 30 September 2015 and as at 31 December 2014, the Group did not use the fair value hedge.

All types of hedging relationships applied by the Group are cash flow hedge accounting (macro cash flow hedge).

Hedge effectiveness is verified through the use of prospective and retrospective effectiveness tests. Tests are performed monthly.

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 2015 and as at 31 December 2014:

Type of instrument:	Carrying amount/fair value			
	30.09.2015		31.12.2014	
	Assets	Liabilities	Assets	Liabilities
IRS	343 797	-	421 101	-
CIRS	194 030	1 076 439	178 740	494 961
Total	537 827	1 076 439	599 841	494 961

Other comprehensive income as regards cash flow hedges	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Other comprehensive income at the beginning of the period, gross	(112 435)	6 425	(3 118)	(155 053)
Gains/losses transferred to other comprehensive income in the period	674 185	(732 120)	197 476	381 549
Amount transferred from other comprehensive income to the income statement	(648 925)	638 520	(154 395)	(186 533)
- interest income	(124 976)	(337 211)	(84 260)	(255 374)
- net foreign exchange gains (losses)	(523 949)	975 731	(70 135)	68 841
Accumulated other comprehensive income at the end of the period, gross	(87 175)	(87 175)	39 963	39 963
Tax effect	16 563	16 563	(7 593)	(7 593)
Accumulated other comprehensive income at the end of the period, net	(70 612)	(70 612)	32 370	32 370
Ineffective part of cash flow hedges recognised in the income statement	3 474	6 886	(5 692)	802
Effect on other comprehensive income in the period, gross	25 260	(93 600)	43 081	195 016
Deferred tax on cash flow hedges	(4 800)	17 784	(8 185)	(37 053)
Effect on other comprehensive income in the period, net	20 460	(75 816)	34 896	157 963

20. Financial instruments designated upon initial recognition at fair value through profit and loss

By carrying amount	30.09.2015	31.12.2014
Debt securities	12 769 418	13 804 860
issued by central banks, NBP money market bills	8 959 175	10 998 812
issued by the State Treasury, of which:	3 553 939	2 478 708
Treasury bonds PLN	2 391 327	2 452 213
Treasury bonds CHF	974 085	-
Treasury bonds EUR	159 276	-
Treasury bonds UAH	29 251	26 495
issued by local government bodies, of which:	248 382	253 817
municipal bonds EUR	135 039	139 882
municipal bonds PLN	113 343	113 935
issued by banks, structured bonds PLN	7 419	73 012
issued by non-financial institutions, corporate bonds PLN	503	511
Participation units in ICF (insurance capital funds)*	1 823 167	1 918 288
Total	14 592 585	15 723 148

* Related with insurance products belonging to investment products where the risk is borne by policyholders

21. Loans and advanced to customers

	30.09.2015	31.12.2014
Loans and advances to customers, gross, of which:	193 727 781	187 519 861
financial sector	592 322	1 630 191
corporate, of which:	351 062	1 319 339
deposits of the Brokerage House of PKO Bank Polski SA in the Stock Exchange Guarantee Fund and initial deposit	12 317	11 440
receivables due from repurchase agreements	241 260	310 852
non-financial sector	183 256 776	175 789 529
housing	101 858 559	98 105 676
corporate	55 356 356	53 930 247
consumer	23 476 089	21 644 625
debt securities (corporate)	2 565 772	2 108 981
public sector	9 878 683	10 100 141
corporate	7 066 004	7 277 642
debt securities (municipal)	2 812 679	2 822 499
Impairment allowances on loans and advances	(8 534 666)	(8 022 477)
Loans and advances to customers, net	185 193 115	179 497 384

By client segment	30.09.2015	31.12.2014
Loans and advances granted, gross, of which:	193 727 781	187 519 861
mortgage banking	94 924 596	90 768 711
corporate	51 286 213	50 661 094
small and medium enterprises	23 787 306	24 123 139
retail and private banking	23 476 089	21 644 625
receivables due from repurchase agreements	241 260	310 852
deposits of the Brokerage House of PKO Bank Polski SA in the Stock Exchange Guarantee Fund	12 317	11 440
Impairment allowances on loans and advances	(8 534 666)	(8 022 477)
Loans and advances granted, net	185 193 115	179 497 384

The structure of loans and advances presented in the note:

- corporate loans of financial institutions (i.e. e.g. leasing companies, insurance companies, investment companies) include corporate banking,
- housing loans include loans of mortgage banking and housing market clients, corporate clients segment and small and medium enterprises as regards to products intended for housing purposes,
- corporate loans of non-financial institutions, depending on the size of the entity, include loans for small and medium enterprises and corporate loans granted to corporate entities for non-housing purposes,
- consumer loans include retail and private banking,
- corporate loans of State budget entities include corporate banking loans,
- reclassified debt securities are included in the corporate client segment

Loans and advances to customers by method of calculating allowances	30.09.2015	31.12.2014
Assessed on an individual basis	7 510 256	7 377 955
Impaired, of which:	5 640 255	5 615 878
finance lease receivables	374 051	344 975
Not impaired, of which:	1 870 001	1 762 077
finance lease receivables	305 343	300 021
Assessed on a portfolio basis	7 797 918	7 361 432
Impaired, of which:	7 797 918	7 361 432
finance lease receivables	99 413	106 401
Assessed on a group basis (IBNR), of which:	178 419 607	172 780 474
finance lease receivables	4 839 391	4 477 927
Loans and advances to customers, gross	193 727 781	187 519 861
Allowances on exposures assessed on an individual basis	(3 026 082)	(2 963 733)
Impaired, of which:	(3 017 036)	(2 948 025)
allowances on lease receivables	(100 341)	(95 057)
Allowances on exposures assessed on a portfolio basis, of which:	(4 822 861)	(4 426 869)
allowances on lease receivables	(78 041)	(75 273)
Allowances on exposures assessed on a group basis (IBNR), of which:	(685 723)	(631 875)
allowances on lease receivables	(15 174)	(14 478)
Allowances - total	(8 534 666)	(8 022 477)
Loans and advances to customers, net	185 193 115	179 497 384

As at 30 September 2015, the share of impaired loans amounted to 6.9% (as at 31 December 2014: 6.9%), 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 63.5% (as at 31 December 2014: 61.8%).

As at 30 September 2015, the share of loans overdue by more than 90 days in the gross amount of loans and advances was 5.3% (as at 31 December 2014: 5.2%).

Debt securities (municipal and corporate bonds) reclassified from financial assets available for sale to loans and advances to customers (reclassified in the third and fourth quarter of 2012).

As at 30 September 2015	nominal value	fair value	carrying amount
Municipal bonds	805 555	808 285	815 388
Corporate bonds	582 000	594 741	544 730
Total	1 387 555	1 403 026	1 360 118

As at 31 December 2014	nominal value	fair value	carrying amount
Municipal bonds	850 183	847 435	853 129
Corporate bonds	631 640	640 689	568 483
Total	1 481 823	1 488 124	1 421 612

22. Investment securities available for sale

	30.09.2015	31.12.2014
Debt securities available for sale, gross	25 974 356	21 961 102
issued by the State Treasury	16 858 460	12 781 051
Treasury bonds PLN	16 672 173	12 601 236
Treasury bonds USD	76 067	149 582
Treasury bonds UAH	19 224	30 233
Treasury bonds EUR	90 996	-
issued by local government bodies, municipal bonds PLN	4 316 130	4 480 325
issued by non-financial institutions	3 283 676	3 475 594
corporate bonds PLN	2 752 164	2 960 217
corporate bonds USD	218 620	315 965
corporate bonds EUR	312 892	199 412
issued by banks, corporate bonds	1 516 090	1 224 132
corporate bonds PLN	1 467 665	1 112 705
corporate bonds EUR	44 298	90 867
corporate bonds UAH	4 127	20 560
Impairment allowances on debt securities available for sale - corporate bonds PLN	(33 916)	-
Total net debt securities available for sale	25 940 440	21 961 102
Equity securities available for sale, gross	358 758	447 492
Equity securities not admitted to public trading	219 225	395 412
Equity securities admitted to public trading	139 533	52 080
Impairment allowances on equity securities available for sale	(28 631)	(129 369)
Total net equity securities available for sale	330 127	318 123
Total net investment securities available for sale	26 270 567	22 279 225

23. Investment securities held to maturity

Debt securities	30.09.2015	31.12.2014
issued by the State Treasury, of which:		
issued by the Treasury State PLN	37 462	37 709
issued by the Treasury State EUR	2 588	2 629
issued by the Treasury State USD	164 951	193 020
issued by banks, UAH	84 879	-
Total	289 880	233 358

24. Investment in associates and joint ventures

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

Entity name	30.09.2015	31.12.2014
'Centrum Obsługi Biznesu' Sp. z o.o.	-	3 460
Purchase price	17 498	17 498
Change in share of net assets	(14 352)	(14 038)
Impairment allowance	(3 146)	-
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	207 769	201 380
Fair value of the remaining part of shares as at the date of obtaining joint control	197 320	197 320
Change in share of net assets	10 449	4 060
Total	207 769	204 840

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

Entity name	30.09.2015	31.12.2014
The Bank Pocztowy SA Group *	-	117 646
Purchase price	-	146 500
Change in valuation with equity method	-	74 142
Impairment allowance	-	(102 996)
'Poznański Fundusz Poręczeń Kredytowych' Sp. z o.o.	-	-
Purchase price	1 500	1 500
Change in valuation with equity method	4 292	4 219
Impairment allowance	(5 792)	(5 719)
Total	-	117 646

* In the first quarter of 2015 the entity's share were reclassified to non-current assets available for sale

25. Non-current assets held for sale

	30.09.2015	31.12.2014
Assets of a subsidiary classified as held for sale	366 105	373 174
Non-current assets held for sale reclassified from subsidiary entities	146 500	-
Land and buildings	258 025	251 599
Other	2 166	219
Total	772 796	624 992

In the first quarter 2015 the Group reclassified, in accordance with IFRS 5, shares of Bank Pocztowy SA to the position 'Non-current assets held for sale'.

Since December 2014, the Group reclassified, in accordance with IFRS 5, shares of Qualia Development Sp. z o.o. and selected real estate to the position 'Non-current assets held for sale' - the Group intends to recover the value of the above-mentioned assets through a sale transaction.

26. Inventories

Carrying amount of inventories by kind	30.09.2015	31.12.2014
Supplies	254 980	242 503
Materials	21 545	24 544
Impairment allowances on inventories	(37 557)	(29 164)
Total	238 968	237 883

Inventories in the Group include mainly expenses on real estate development incurred by the Group entities, the scope of activity of which relates to real estate development.

27. Intangible assets and tangible fixed assets

Intangible assets	30.09.2015	31.12.2014
Software	1 611 406	1 711 902
Goodwill acquired as a result of business combinations (including subsidiaries' goodwill)	1 193 728	1 193 728
Future profits on concluded insurance contracts	104 796	122 302
Relations with customers	52 899	67 252
Other, including capital expenditure	205 746	284 317
Total	3 168 575	3 379 501

Net goodwill	30.09.2015	31.12.2014
Nordea Polska entities	985 221	985 221
PKO Towarzystwo Funduszy Inwestycyjnych SA	149 564	149 564
PKO BP BANKOWY PTE SA	51 158	51 158
Goodwill related to assets taken over from Centrum Finansowe Puławska Sp. z o.o.	7 785	7 785
Total	1 193 728	1 193 728

Tangible fixed assets	30.09.2015	31.12.2014
Land and buildings	1 564 385	1 602 761
Machinery and equipment	444 631	499 830
Means of transport	79 187	79 573
Assets under construction	109 720	165 587
Investment properties	140 420	129 693
Other	181 346	176 111
Total	2 519 689	2 653 555

In periods ended respectively on 30 September 2015 and 30 September 2014, no significant acquisitions and sales of tangible fixed assets occurred.

28. Amounts due to banks

	30.09.2015	31.12.2014
Loans and advances received	16 374 028	17 643 643
Bank deposits	2 470 581	823 815
Amounts due from repurchase agreements	1 022 381	299 530
Current accounts	426 325	609 836
Other money market deposits	39 371	17 658
Total	20 332 686	19 394 482

29. Amounts due to customers

	30.09.2015	31.12.2014
Amounts due to retail clients	132 229 076	128 675 561
Term deposits	70 532 815	69 228 283
Current accounts and overnight deposits	61 435 945	59 219 213
Other liabilities	260 316	228 065
Amounts due to corporate entities	39 603 492	40 932 868
Current accounts and overnight deposits	20 254 916	19 416 337
Term deposits	14 321 709	16 068 233
Loans and advances received	3 605 614	3 421 704
Amounts due from repurchase agreements	460 706	856 124
Other liabilities	960 547	1 170 470
Amounts due to public entities	6 424 261	4 778 337
Current accounts and overnight deposits	4 493 854	4 018 030
Term deposits	1 918 668	740 995
Other liabilities	11 739	19 312
Total	178 256 829	174 386 766

By client segment	30.09.2015	31.12.2014
Amounts due to customers, of which:		
retail and private banking	126 013 759	122 331 368
corporate	29 241 493	30 295 632
small and medium enterprises	18 928 100	17 475 288
loans and advances received	3 605 614	3 421 704
amounts due from repurchase agreements	460 706	856 124
other liabilities	7 157	6 650
Total	178 256 829	174 386 766

The structure of liabilities presented in the note includes the following segmentation:

- amounts due to retail clients include retail and private banking,
- amounts due to corporate entities include corporate client segment (excluding State budget entities), small and medium enterprises segment,
- amounts due to public entities include corporate client segment – public client

30. Liabilities due to insurance operations

	30.09.2015	31.12.2014
Technical provisions	103 762	176 441
Liabilities due to insurer's investment contracts divided into:	2 282 553	2 503 281
Structured products	69 345	252 184
Products combining policy and deposit	2 862	3 732
Unit-linked insurance financial products	2 210 346	2 247 365
Total	2 386 315	2 679 722

31. Debt securities in issue

Liabilities arising from the issue	30.09.2015	31.12.2014
Financial instruments measured at amortised cost	13 999 096	13 182 348
bonds issued by PKO Finance AB	12 592 473	12 032 368
bonds issued by PKO Bank Polski SA	997 553	747 825
bonds issued by PKO Leasing SA	409 070	402 155
Financial instruments measured at fair value through profit and loss - bank securities	115 799	118 262
Total	14 114 895	13 300 610

In the nine-month period of 2015 PKO Leasing SA issued bonds with the nominal value of PLN 1 680 000 thousand and redeemed bonds with a nominal value of PLN 1 740 000 thousand. As at 30 September 2015 the Company's debt due to bond issue amounted to a nominal value of PLN 530 000 thousand, of which the debt due to the Bank amounted to a nominal value of PLN 119 280 thousand.

Bonds issued by the PKO Finance AB

Issuance date	Nominal value	Currency	Maturity date	Carrying amount as at 30.09.2015	Carrying amount as at 31.12.2014
21.10.2010*	800 000	EUR	21.10.2015	3 503 717	3 427 536
07.07.2011	250 000	CHF	07.07.2016	978 792	901 443
25.07.2012	50 000	EUR	25.07.2022	211 134	213 768
21.09.2012	500 000	CHF	21.12.2015	2 151 736	1 772 805
26.09.2012	1 000 000	USD	26.09.2022	3 767 950	3 540 943
23.01.2014	500 000	EUR	23.01.2019	1 979 144	2 175 873
Total				12 592 473	12 032 368

* Elimination of bonds held in the Brokerage House of PKO Bank Polski SA portfolio was taken into consideration.

32. Subordinated liabilities

As at 30 September 2015	Nominal value in currency	Nominal value in PLN	Currency	Maturity date	Liability balance
Subordinated bonds	1 600 700	1 600 700	PLN	14.09.2022	1 602 804
Subordinated loan	224 000	868 784	CHF	24.04.2022	868 845
Total	x	2 469 484	x	x	2 471 649

As at 31 December 2014	Nominal value in currency	Nominal value in PLN	Currency	Maturity date	Liability balance in PLN
Subordinated bonds	1 600 700	1 600 700	PLN	14.09.2022	1 619 833
Subordinated loan	224 000	780 013	CHF	24.04.2022	794 152
Total	x	2 380 713	x	x	2 413 985

33. Other liabilities

	30.09.2015	31.12.2014
Accounts payable	462 517	542 514
Deferred income	429 631	400 345
Other liabilities	1 577 509	2 011 744
Total	2 469 657	2 954 603
of which financial liabilities	1 828 482	2 321 761

As at 30 September 2015 and as at 31 December 2014 the Group had no overdue contractual liabilities.

34. Provisions

For the period ended 30 September 2015	Provision for legal claims	Provisions for retirement benefits and anniversary bonuses	Provisions for loan commitments and guarantees granted	Other provisions*	Total
As at 1 January 2015, of which:	47 480	39 847	103 844	132 667	323 838
Short term provision	47 165	3 141	73 707	132 667	256 680
Long term provision	315	36 706	30 137	-	67 158
Take of control over subsidiary	2 343	128	-	-	2 471
Increase/reassessment of provision	13 483	19	222 657	1 846	238 005
Release of provision	(11 337)	-	(241 509)	(9 880)	(262 726)
Use of provision	(7 592)	(38)	-	(23 128)	(30 758)
Currency translation differences	(19)	-	(30)	-	(49)
Other changes and reclassifications	4 825	-	(3 055)	(1 679)	91
As at 30 September 2015, of which:	49 183	39 956	81 907	99 826	270 872
Short term provision	48 868	3 145	60 918	99 826	212 757
Long term provision	315	36 811	20 989	-	58 115

Included in 'Other provisions' are i.a.: restructuring provision of PLN 64 223 thousand and provision of PLN 2 081 thousand for potential claims on impaired loan portfolio sold.

For the period ended 30 September 2014	Provision for legal claims	Provisions for retirement benefits and anniversary bonuses	Provisions for loan commitments and guarantees granted	Other provisions*	Total
As at 1 January 2014, of which:	36 289	35 739	115 314	133 528	320 870
Short term provision	36 289	2 458	88 464	133 528	260 739
Long term provision	-	33 281	26 850	-	60 131
Take of control over subsidiary	11 798	12 570	8 473	3 329	36 170
Increase/reassessment of provision	3 099	1 618	321 544	3 662	329 923
Release of provision	(3 438)	(2)	(332 736)	(7 168)	(343 344)
Use of provision	(312)	(6 840)	-	(31 252)	(38 404)
Currency translation differences	(112)	-	(37)	-	(149)
Other changes and reclassifications	667	-	(256)	7 500	7 911
As at 30 September 2014, of which:	47 991	43 085	112 302	109 599	312 977
Short term provision	47 676	9 403	82 549	109 523	249 151
Long term provision	315	33 682	29 753	76	63 826

* Included in 'Other provisions' are i.a.: restructuring provision of PLN 70 571 thousand and provision of PLN 1 574 thousand for potential claims on impaired loan portfolio sold.

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

35. Equity and shareholding structure of the Bank

	30.09.2015	31.12.2014
Share capital	1 250 000	1 250 000
Other capital, of which:	25 171 283	23 374 794
Reserve capital	20 711 174	18 802 387
General banking risk fund	1 070 000	1 070 000
Other reserves	3 536 391	3 474 127
Total reserves	25 317 565	23 346 514
Share in other comprehensive income of an associate	-	1 006
Financial assets available for sale	(66 694)	31 046
Cash flow hedges	(70 612)	5 204
Actuarial gains and losses	(8 976)	(8 976)
Other comprehensive income	(146 282)	28 280
Currency translation differences from foreign operations	(209 233)	(192 692)
Undistributed profits	1 222 413	(60 658)
Net profit for the period	2 165 307	3 254 122
Capital attributable to equity holders of the parent company	29 599 770	27 625 566
Non-controlling interests	(22 267)	(10 015)
Total equity	29 577 503	27 615 551

The Bank's structure is as follows:

Name of entity	Number of shares	Number of votes %	Nominal value of 1 share	Share in equity %
As at 30 September 2015				
The State Treasury	367 918 980	29.43	PLN 1	29.43
Aviva Otwarty Fundusz Emerytalny ¹	83 952 447	6.72	PLN 1	6.72
Nationale-Nederlanden OFE ²	64 594 448	5.17	PLN 1	5.17
Other shareholders ³	733 534 125	58.68	PLN 1	58.68
Total	1 250 000 000	100.00	---	100.00
As at 31 December 2014				
The State Treasury	392 406 277	31.39	PLN 1	31.39
Aviva Otwarty Fundusz Emerytalny ¹	83 952 447	6.72	PLN 1	6.72
Nationale-Nederlanden OFE ²	64 594 448	5.17	PLN 1	5.17
Other shareholders	709 046 828	56.72	PLN 1	56.72
Total	1 250 000 000	100.00	---	100.00

- 1) Number of shares held as at 29 January 2013, reported by Aviva OFE after exceeding 5% of share in PKO Bank Polski SA's shareholding structure after settlement of the transaction of sale of 153.1 million of PKO Bank Polski SA's shares by BGK and the State Treasury.
- 2) Number of shares held as at 24 July 2012, reported by ING OFE (the entity name was changed to Nationale Nederlanden OFE) after exceeding 5% of share in PKO Bank Polski SA's shareholding structure after settlement of the transaction of sale of 95 million of PKO Bank Polski SA's shares by the State Treasury.
- 3) Including Bank Gospodarstwa Krajowego, which on the day of publication of the report for the third quarter of 2015 owned 24 487 297 shares, representing 1.96% of the number of votes at the General Meeting of Shareholders.

All shares of PKO Bank Polski SA carry the same rights and obligations. Shares are not preference shares in relation to voting rights and dividends. However, the Memorandum of Association of PKO Bank Polski SA restricts the voting rights of shareholders holding more than 10% of the total number of votes at the General Shareholders' Meeting and forbids those shareholders to execute more than 10% of the total number of votes at the General Shareholders' Meeting. The above does not apply to:

- shareholders who on the date of passing the resolution of the General Shareholders' Meeting introducing the limitation of the voting rights had rights from the shares representing more than 10% of the total number of votes at the Bank (i.e. the State Treasury and BGK).
- shareholders, who have the rights from A-series registered shares (the State Treasury) and
- shareholders acting jointly with the shareholders referred to in point (2) based on an agreement concerning the joint execution of voting rights from shares. Moreover, limitation of the voting rights shall expire when the share of the State Treasury in the Bank's share capital drops below 5%.

In accordance with § 6 clause 2 of the PKO Bank Polski SA's Memorandum of Association, the conversion of A-series registered shares into bearer shares and the transfer of these shares requires an approval of the Council of Ministers in the form of a resolution. Conversion into bearer shares or transfer of A-series registered shares, after getting the above-mentioned approval, results in the expiry of the above-mentioned restrictions in respect of shares subject to conversion into bearer shares or transfer, to the extent to which this approval was given.

The Bank's shares are listed on the Warsaw Stock Exchange.

The structure of PKO Bank Polski SA's share capital:

Series	Type of shares	Number of shares	Nominal value of 1 share	Series amount by nominal value
Series A	registered ordinary shares	312 500 000	PLN 1	PLN 312 500 000
Series A	bearer ordinary shares	197 500 000	PLN 1	PLN 197 500 000
Series B	bearer ordinary shares	105 000 000	PLN 1	PLN 105 000 000
Series C	bearer ordinary shares	385 000 000	PLN 1	PLN 385 000 000
Series D	bearer ordinary shares	250 000 000	PLN 1	PLN 250 000 000
Total	---	1 250 000 000	---	PLN 1 250 000 000

In third quarter of 2015, there were no changes in the amount of the share capital of PKO Bank Polski SA. Issued shares of PKO Bank Polski SA are not preferred shares and are fully paid.

36. Contingent liabilities and off-balance sheet liabilities received

36.1 Securities covered with underwriting agreements (maximum liability of the Group to acquire securities):

As at 30 September 2015 and as at 31 December 2014, the underwriting agreements covered the following securities (maximum liability of the PKO Bank Polski SA Group to acquire securities):

Issuer of securities underwritten	Type of underwritten securities	Off-balance sheet liabilities	Contract period
As at 30 September 2015			
Company A	corporate bonds	1 055 000	31.07.2020
Company B	corporate bonds	509 700	15.06.2022
Company C	corporate bonds	83 300	31.12.2022
Company D	corporate bonds	50 000	19.12.2022
Company E	corporate bonds	29 472	31.12.2029
Company F	corporate bonds	8 841	31.01.2016
Total		1 736 313	
As at 31 December 2014			
Company A	corporate bonds	1 055 000	31.07.2020
Company B	corporate bonds	1 049 000	15.06.2022
Company C	corporate bonds	91 700	31.12.2022
Company D	corporate bonds	50 000	19.12.2022
Total		2 245 700	

All agreements relate to the Agreement for Organisation, Conducting and Servicing of the Bond Issuance Programme.

All securities of the Group 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.

36.2 Contractual commitments

As at 30 September 2015 the value of contractual commitments concerning intangible assets amounted to PLN 128 780 thousand (as at 31 December 2014 amounted to PLN 200 662 thousand).

As at 30 September 2015 the value of contractual commitments concerning tangible fixed assets amounted to PLN 54 101 thousand (as at 31 December 2014 amounted to PLN 96 772 thousand).

36.3 Loan commitments granted

by nominal value	30.09.2015	31.12.2014
Credit lines and limits		
to financial entities	2 133 513	533 975
to non-financial entities	37 053 022	34 540 558
to public entities	4 031 871	3 258 574
Total	43 218 406	38 333 107
of which: irrevocable loan commitments	29 519 200	27 730 846

Pursuant the provisions of the Agreement which require the Nordea Bank AB (publ) Group to participate in the default risk of the Mortgage Portfolio, on 1 April 2014, PKO Bank Polski SA and Nordea Bank AB (publ) concluded a special indemnity agreement (the 'Special Indemnity Agreement'), according to which Nordea Bank AB (publ) covers, for a period of 4 years following the closing date, 50% of the excess of the Mortgage Portfolio cost of risk excess over the annual cost of risk set at 40 basis points for each year of the above-mentioned four-year contract period of the Special Indemnity Agreement.

As a part of works related to the settlement of the transaction, the Group has made a valuation of the Special Indemnity Agreement on the basis of conducted analysis of probability of cash flows arising from the Agreement. The estimated expected value is equal to 0.

Guarantee liabilities granted

	30.09.2015	31.12.2014
Guarantees in domestic and foreign trading	7 667 859	9 248 321
to financial entities	365 828	160 298
to non-financial entities	7 295 165	9 066 109
to public entities	6 866	21 914
Guarantees and pledges granted – domestic corporate bonds	4 147 766	4 516 150
to non-financial entities	4 076 531	4 514 050
to financial entities	71 235	2 100
Letters of credit granted	1 835 593	702 768
to non-financial entities	1 835 593	702 768
Guarantees and pledges granted – payment guarantee	174 296	17 278
to financial entities	174 296	17 278
Guarantees and pledges granted – domestic municipal bonds	322 129	55 008
to public entities	322 129	55 008
Total	14 147 643	14 539 525
of which: good performance guarantees granted	2 111 989	1 942 582

36.4 Off-balance sheet liabilities received

By nominal value	30.09.2015	31.12.2014
Financial	1 247 726	2 004 673
Guarantees	6 064 608	4 725 751
Total	7 312 334	6 730 424

Right to sell or pledge collateral established for the Group

As at 30 September 2015 and as at 31 December 2014, there was no collateral established for the Group, which the Group was entitled to sell or encumber with another pledge in the event of fulfilment of all obligations by the owner of the collateral.

37. Legal claims

As at 30 September 2015, the total value of court proceedings in which the PKO Bank Polski SA Group entities (including the Bank) are a defendant was PLN 1 578 313 thousand, of which PLN 3 575 thousand refers to court proceedings in Ukraine (as at 31 December 2014 the total value of the above-mentioned court proceedings was PLN 427 555 thousand) while as at 30 September 2015 the total value of court proceedings in which the PKO Bank Polski SA Group entities (including the Bank) are the plaintiff was PLN 846 992 thousand, of which PLN 103 878 thousand referred to court proceedings in Ukraine, mainly related to collection of dues from loan agreements granted by KREDOBANK SA (as at 31 December 2014 the total value of the above-mentioned court proceedings was PLN 767 505 thousand). The most significant legal claims of PKO Bank Polski SA Group are described below:

a) Unfair competition proceeding

Bank The Bank is a party to proceeding initiated by President of the Competition and Consumer Protection Office (Urząd Ochrony Konkurencji i Konsumentów - UOKiK) on the basis of a decision dated 23 April 2001 upon the request of the Polish Trade and Distribution Organisation – Employers' association (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 mentioned above 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.

The Bank appealed against the decision of the President of UOKiK to Court for the Competition and Consumer Protection (Sąd Ochrony Konkurencji i Konsumentów - SOKiK). On 20 December 2011 a hearing was held during which no factual resolution of the appeals was reached. The SOKiK obligated MasterCard to submit explanations concerning the issue however on 8 May 2012, SOKiK suspended proceedings until the final conclusion of proceedings before the European Union Court in the case MasterCard against the European Commission. On 24 May 2012, the European Union Court upheld the decision of the European Commission banning multilaterally agreed 'interchange' fees applied by MasterCard. On 28 May 2012 the participant to the proceedings, Visa Europe Ltd, and on 29 May 2012 the plaintiffs' attorney, including PKO Bank Polski SA, filed a complaint against the decision of SOKiK dated 8 May 2012. In August 2012, the European Court of Justice received the appeal of MasterCard against the verdict of the EU Court of 24 May 2012 rejecting the appeal of mentioned above. On 25 October 2012, the Court of Appeal in Warsaw changed the decision of 8 May 2012 and dismissed the motion of MasterCard for suspending the proceedings. In January 2013 the Bank's attorney received the court's decision in this case and in February 2013, court files were transferred to the court of first instance. The hearing was on 29 October 2013 and on 21 November 2013 the judgment was announced, by which SOKiK reduced the penalty imposed on the Bank to the amount of PLN 10 359 thousand. On 7 February 2014 the judgment was appealed on behalf of the Bank and eight plaintiffs represented by the Bank's attorney. The judgment was also appealed by other participants of the proceedings, i.e. by the President of the Competition and Consumer Protection Office (UOKiK) and of the Polish Trade and Distribution Organisation (POHiD) (appeals aimed to impose on

the participants of the agreements stricter financial penalties), and: Visa Europe Limited, Bank Pocztowy S.A., Bank Gospodarki Żywnościowej S.A., mBank S.A. (formerly: BRE Bank S.A.), Deutsche Bank PBC S.A., HSBC Bank Polska S.A. (appeals aimed at imposing more strict fines on participants to the agreement). Copies of these appeals have been delivered to the Bank's attorney, who responded to them. The court files have been transferred from SOKiK to the Court of Appeal in Warsaw. After hearing the parties' attorneys and stakeholders Court at the hearing on 22 September 2015, the court adjourned sentencing until 6 October of 2015. In its judgment of 6 October 2015, the court dismissed the appeal of banks and Visa, while the appeal of the OCCP (UOKiK). The court restored the original amount of the penalties imposed laid down in the decision of the OCCP, i.e. the penalty in the amount of PLN 16 597 thousand – penalty imposed on PKO Bank Polski SA instead of the penalty in the amount of PLN 10 359 thousand determined in the court judgment of 21 November 2013 and the penalty in the amount of PLN 4 825 thousand – penalty imposed on Nordea Bank Polska SA instead of the penalty in the amount of PLN 2 586 thousand determined in the court judgment mentioned above. The penalties were paid by the Bank in October 2015. As at 30 September the Bank has a provision in the amount of PLN 16 597 thousand and PLN 4 825 thousand (the position 'Provisions' in the statement of financial position).

As at 30 September 2015, PKO Życie Towarzystwo Ubezpieczeń – a subsidiary of the Bank – is a party:

- 1) proceedings before the President of the OCCP (UOKiK) in case charges of decommission and the policy surrender value in connection with the termination of the insurance contract in some sample contracts for life insurance contracts, as well as the use of these patterns imprecise information about the total redemption value in connection with the termination of the insurance contract.

On 15 October 2015 the President of OCCP (UOKiK) issued at the request of the Company, a decision requiring, on the basis of which PKO Życie Towarzystwo Ubezpieczeń undertook to make changes in the range of 25 standard contracts relating to policies with insurance capital funds for fees for early resignation. The Company's liability stemming from this decision will consist in particular in the fact that, for the above-mentioned 25 standard contracts:

- liquidation fees paid by current customers for insurance with regular premium will not be higher than 25% of the value of premiums paid and 4% in the case of contracts with a single premium,
- PKO Życie Towarzystwo Ubezpieczeń will provide consumers with a proposal for an annex to the contract of insurance, or equivalent arrangements,
- PKO Życie Towarzystwo Ubezpieczeń will inform consumers of the availability of new conditions through the website, applications for customers and direct customer – every time a client indicates that it intends to terminate the contract.

Decision becomes final after one month from the date of its delivery to the Company. It does not exhaust the possibilities of an investigation by the present customers of their rights through civil law. As at 30 September 2015, the Company had a provision for the amount of PLN 8 172 thousand.

- 2) eleven proceedings before the CCCP (SOKiK) brought by individuals for recognition as prohibited certain provisions of standard contracts relating to life insurance contracts; In all cases, the Company filed a reply to the lawsuit requesting that it be dismissed in connection with the institution of proceedings after 6 months of discontinuation of their use, in that case there is no risk of punishing the Company's financial penalty
- 3) proceedings relating to the cassation brought by the Company against the judgment of the Court of Appeal in connection with the sentence imposed on the Company in 2010 by the President of the OCCP (UOKiK) for breach by the Company of the collective interests of consumers (fine was paid in 2013); The Supreme Court annulled the contested decision in part on the amount of fines charged and remanded the case for reconsideration to the court of second instance

b) As at 30 September 2015 the Bank is also a party to i.a. following proceedings:

before SOKiK on appeal from the decision of the President of UOKiK

- 1) as a result of the appeal proceeding before SOKiK initiated by the Bank against the decision of the President of UOKiK due to the possibility of the use of unfair contractual provisions in forms of individual pension accounts ('IKE') agreements. On 19 December 2012, the President of UOKiK imposed a fine on the Bank in a total amount of PLN 14 697 thousand, of which:
 - a) PLN 7 111 thousand for not indicating in the IKE agreements responsibilities of the Bank for timely and proper carrying out the monetary settlements and the compensation for the delay in execution of a holder instruction,
 - b) PLN 4 741 thousand for application in the form of IKE agreements, an open list of termination conditions,
 - c) PLN 2 845 thousand for application a clause, entered in the register, defining for disputed with customers a court with jurisdiction over the seat of PKO Bank Polski SA's branch, carrying the IKE deposit account

The Bank appealed against the decision of the President of UOKiK on 2 January 2013. SOKiK reduced the penalty imposed on the Bank to the amount of PLN 4 000 thousand by the court judgement of 25 November 2014, as regards to:

- a) the practice described in the point a above, it reduced the penalty to the amount of PLN 2.5 million,
- b) the practice described in the point b above, it reduced the penalty to the amount of PLN 1.5 million
- c) the practice described in the point c above, the penalty was repealed, as the Court considered that the practice of the Bank did not violate collective interests of consumers.

In January 2015 both the Bank and the President of the OCCP (UOKiK) appealed against the judgement. Proceeding in progress. As at 30 September 2015 the Bank had a provision for the above-mentioned amounts in the amount of PLN 4 000 thousand (the position 'Provisions' in the statement of financial position).

- 2) due to unfair proceedings violating collective interests of consumers in the presentation in advertising campaigns of consumer loan under the marketing name 'Max pożyczka Mini Ratka' information that might be clear for an average consumer and mislead him as to the availability of loans on promoted conditions.

On 28 December 2012, the President of UOKiK imposed a fine on the Bank in the amount of PLN 2 845 thousand. The Bank appealed against the decision of the President of UOKiK on 16 January 2013. On 13 January 2015, SOKiK issued a judgment, which annulled the decision of the President of UOKiK in its entirety, i.e. annulled also the financial penalty imposed on the Bank. On 26 February 2015, the President of UOKiK filed the appeal against the judgment. On 20 March 2015 the Bank replied to the appeal bringing to dismiss the appeal

in its entirety as unfounded. Proceeding in progress. As at 30 September 2015 the Bank has a provision in the same amount (the position 'Provisions' in the statement of financial position).

- 3) due to use of prohibited contractual provisions in form of consumer loan agreements, with the exclusion of credit card agreements.

By decision of 31 December 2013, the Bank's activities were considered as practices violating collective interests of consumers and a fine in the amount of PLN 17 236 thousand and PLN 11 828 thousand (PLN 29 064 thousand in total) was imposed on the Bank. The Bank appealed against this decision. By decision of 9 July 2015 SOKiK issued a judgment, which annulled decision of the President of UOKiK. On 28 August 2015 the President of UOKiK appealed against the court judgement. On 11 September 2015 Bank responded due to the appeal rejecting allegations of President of OCCP (UOKiK).

Proceeding in progress. As at 30 September 2015 the Bank has no provision.

before SOKiK initiated by on individual:

- 1) on the recognition as abusive and on prohibition in trading with consumers the use of the standard contractual from provisions concerning loans denominated in CHF, indicating that the currency conversion rules used by the Bank for the purpose of loan payment were against good practice and highly violated consumer interests. The lawsuit was delivered to the Bank on 20 April 2015 and on 20 May 2015 the Bank replied to the lawsuit. The case is in progress.
- 2) on the recognition as abusive and on prohibition in trading with consumers the use of the standard contractual form provisions concerning loans denominated in CHF, indicating that the currency conversion rules used by the Bank for the purpose of loan payment and for the purpose of conversion of installments as well as decisions concerning the amount of interest rate were against good practice and highly violated consumer interest. The lawsuit was delivered to the Bank on 4 February 2015. On 6 March 2015 the Bank replied to the lawsuit, filing for its dismissal. The Court ordered the delivery of the Bank's response to the plaintiff, requiring him to reply to the claims of the Bank – an order in this regard was delivered to the plaintiff on 15 May 2015. On 23 June 2015, the Bank prosecuted to cut off judge seised the Court of Appeal. By order of 11 August 2015, the court cut off the judge and the decision of 21 September 2015 the court dismissed the request of the Bank for dismissal. Proceeding in progress.

before the President of UOKiK:

- 1) a preliminary proceeding initiated on 29 August 2014 in order to determine whether the Bank, in the Aurum loan agreement, misled its customers by presenting insurance costs in these agreement and the information forms. The Bank answered to UOKiK,
- 2) a preliminary proceeding initiated on 9 October 2014 concerning the possibility of customers using the 'chargeback' complaint procedure. The Bank replied to the UOKiK's call. There is no such complaint procedure in the Bank's relationship with its customers (it is typical of the Bank – card organisation relationship);
- 3) preliminary proceeding of 26 January 2015 concerning the provision of information on currently applied policies for securing and conversion of mortgage loans denominated in CHF by the Bank, in the context of the recent changes in the exchange rate of the Swiss franc; Since today, letters were only exchanged as part of the proceedings;
- 4) preliminary proceeding of 5 February 2015 concerning the treatment by the Bank of housing loans secured with a mortgage and expressed in/denominated in/indexed to CHF (negative LIVOR, spread reduction, exchange rate tables); The proceeding is in progress;
- 5) preliminary proceeding initiated on 12 February 2015 concerning whether the Bank applies the fee of PLN 20 to former clients of Nordea Bank Polska SA, as specified in Nordea Bank Polska SA's Tariff, for servicing a seizure of receivables when an executory title has been issued. In the file from 24 February 2015, bank gave an answer to UOKiK explaining that The Bank does not use such tariff;
- 6) preliminary proceeding of 2 March 2015 concerning the Bank's cooperation with property appraisers in the preparation of appraisal studies used for the valuation of a property securing a loan. On 23 March 2015 and on 7 May 2015 the Bank answered to UOKiK;
- 7) preliminary proceeding of 9 March 2015 concerning the documents specifying fees and commissions applied by the Bank, identification of all amendments to these documents in 2014-2015, the reasons behind the amendments implemented by the Bank and the manner of communicating the amendments to consumers. Respectively on 13 April 2015, 21 April 2015 and 8 May 2015 the Bank submitted required documentation and information to UOKiK;
- 8) preliminary proceeding of 2 April 2015 concerning the analysis of consumer loans market, including specification of its structure and the structure of fees in this group of products. On 29 April 2015 the Bank delivered to the UOKiK questionnaire with required information;
- 9) preliminary proceeding of 2 April 2015 concerning the analysis of mortgage loans market. On 24 September 2015 Bank delivered a questionnaire containing the required information to the UOKiK;
- 10) preliminary proceeding of 20 April 2015 concerning the fees applied by the Bank for the transactions made by customers using credit cards abroad. On 28 May 2015 the Bank delivered all required information and documents to the UOKiK;
- 11) preliminary proceeding of 10 September 2015 concerning debit cards, including debit card fees and conditions for exemption from the fees. On 9 October 2015 the Bank submitted required documentation and information to UOKiK.

c) Re-privatisations claims relating to properties held by the Group

As at the date of these financial statements the following proceedings are pending:

- 1) five administrative proceedings, of which one is suspended, to invalidate administrative decisions issued by public administration authorities with respect to properties held by the PKO Bank Polski SA Group entities (including the Bank). These proceedings, in the event of an unfavourable outcome for the Group may result in re-privatisation claims being raised; 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,
- 2) five court proceedings, including one suspended, in relation to Bank's two properties pertaining to release or return the premises and the property, payment of fee for non-contractual use of property and regulation of the legal status of the property,

- 3) three administrative proceedings and one court proceeding in relation to a part of one property owned by a subsidiary of the Bank for requesting the return of the property.

The proceedings for the statement of an acquisitive prescription of a part of two properties held by the Bank's subsidiaries are also pending.

The proceeding concerning a complaint brought by Centrum Finansowe Puławska Sp. z o.o. ('CFP') concerning the use of a property located at Puławska and Chocimska street in Warsaw, on which the Bank's office is currently located, are pending before the Regional Administrative Court in Warsaw. The proceedings concern rendering invalid the decision of the Local Government Court of Appeal of 10 April 2001, which stated that the decision of the Council of the Capital City of Warsaw of 1 March 1954 was issued in gross violation of the law. Due to the liquidation of CFP and removing it from the register of companies and then distribution of its assets, the transfer of the right to perpetual usufruct of said plot was issued to the Bank, a motion for participation in the proceeding was filed on 23 May 2012 on behalf of the Bank. During the hearing on 18 December 2012, the Regional Administrative Court in Warsaw granted the Bank the right to participate in the proceeding due to the fact that the rights to the property in question had been transferred to the Bank. After the hearing on 7 May 2013, the Court dismissed the complaint. The judgement may be appealed against to the Supreme Administrative Court. A copy of the judgment together with the explanation was served for the Bank on 20 June 2013. A cassation complaint was filed on 17 July 2013. On 3 June 2015 the trial took place during which Supreme Administrative Court upheld the Bank's write off from Regional Administrative Court in Warsaw verdict from 23 August 2012 concerning the reprivatization of the part of grounds at Puławska 15 street. On 15 September 2015 the statement in case to hangup proceedings by the Minister of Infrastructure and Development, was addressed to the Minister of Infrastructure and Development, with a request for remission of the proceedings or the refusal to annul the governor of the Warsaw of 29 September 1991 and to the Local Government in Warsaw a statement issue a decision on refusal to annul SKO in Warsaw of 10 April 2001. The case is still in progress.

In the opinion of the Management Board of PKO Bank Polski SA the probability of significant claims against the Bank and its direct and indirect subsidiaries in relation to the above mentioned proceedings is remote.

38. Supplementary information on the statement of cash flows

Cash and cash equivalents

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

	30.09.2015	31.12.2014	30.09.2014
Cash and balances with the central bank	8 181 397	11 738 371	8 636 840
Current amounts due from banks	4 209 636	2 516 484	3 002 483
Total	12 391 033	14 254 855	11 639 323

39. Related party transactions

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

30 September 2015

Entity	Receivables	of which loans	Liabilities	Off-balance sheet liabilities granted
Direct joint ventures				
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	162	-	50 081	5 000
Indirect joint ventures				
'Centrum Obsługi Biznesu' Sp. z o.o.	27 625	27 625	8 883	-
Direct associates				
Bank Pocztowy SA*	79	-	319	1 080
'Poznański Fundusz Poręczeń Kredytowych' Sp. z o.o.	-	-	2 606	-
Indirect associates				
Centrum Operacyjne Sp. z o.o.	-	-	53	-
Total	27 866	27 625	61 942	6 080

* Entity presented in 'Non-current assets held for sale'

For the nine-month period ended as at 30 September 2015

Entity	Total income	of which interest and fee and commission	Total expense	of which interest and fee and commission
Direct joint ventures				
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	120 268	119 104	79 807	79 672
Indirect joint ventures				
Centrum Obsługi Biznesu' Sp. z o.o.	689	689	69	69
Direct associates				
Bank Pocztowy SA*	498	20	515	-
'Poznański Fundusz Poręczeń Kredytowych' Sp. z o.o.	2	2	14	14
Indirect associates				
Centrum Operacyjne Sp. z o.o.	2	2	-	-
Total	121 459	119 817	80 405	79 755

* Entity presented in 'Non-current assets held for sale'

31 December 2014

Entity	Receivables	of which loans	Liabilities	Off-balance sheet liabilities granted
Direct joint ventures				
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	23 390	-	57 008	5 000
Centrum Obsługi Biznesu' Sp. z o.o.	28 852	28 852	12 022	-
Direct associates				
Bank Pocztowy SA	-	-	299	941
Poznański Fundusz Poręczeń Kredytowych' Sp. z o.o.	-	-	966	-
Indirect associates				
Centrum Operacyjne Sp. z o.o.	-	-	2	-
Total	52 242	28 852	70 297	5 941

For the nine-month period ended 30 September 2014

Entity	Total income	of which interest and fee and commission	Total expense	of which interest and fee and commission
Direct joint ventures				
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	15 538	14 903	81 728	81 566
'Centrum Obsługi Biznesu' Sp. z o.o.	728	728	175	175
Direct associates				
Bank Pocztowy SA	405	39	345	-
'Kamienica Morska' Sp. z o.o. in liquidation	2	2	121	121
Indirect associates				
Centrum Operacyjne Sp. z o.o.	2	2	-	-
Total	16 675	15 674	82 369	81 862

40. Changes to the entities of the PKO Bank Polski SA Group, associates companies and joint ventures

In the third quarter of 2015, the following events affecting the structure of the PKO Bank Polski SA:

1. concerning PKO Leasing SA

On 4 August 2015, an increase in the share capital of PKO Leasing SA by PLN 80 000 thousand, was registered in the National Court Register. All shares in the increased share capital were acquired by PKO Bank Polski SA, for a price equal to the nominal value of the shares.

As at 30 September 2015 the share capital of PKO Leasing SA amounts to PLN 174 057 thousand and is divided into 17 405 690 shares with a nominal value of PLN 10 each.

2. concerning events which will cause changes in the Group in the next quarters

On 13 August 2015 the Extraordinary General Meeting of Shareholders of PKO Bankowy Leasing Sp. z o.o. adopted a resolution on a share capital increase by PLN 20 000 thousand. All shares in the increased share capital were acquired by PKO Leasing SA. The above-mentioned increase was registered in the National Court Register on 28 October 2015.

On 11 September 2015 as part of the resolution of the Annual General Meeting of PKO Życie Towarzystwo Ubezpieczeń SA dated 10 April 2015 relating to a capital increase in a closed subscription directed to the sole shareholder, PKO Bank Polski SA subscribed and paid acquire 1 registered share of above-mentioned Company, with a nominal value of PLN 111.59 and the issue price of 8 000 111.59 PLN. The above-mentioned increase was registered in the National Court Register on 20 October 2015.

On 28 September 2015, the resolution of the Qualia Sp. z o.o. - Sopot Sp. k. was increased the limited partner's contribution (Qualia Development Sp. z o.o.) by PLN 4 900 thousand, i.e. the amount from PLN 5 300 thousand to PLN 10 200 thousand.

In terms of associates companies in the third quarter of 2015:

The Extraordinary General Meeting of Bank Pocztowy SA on 23 September 2015 adopted a resolution concerning the recapitalization of the Company by the existing shareholders the amount of PLN 60 000 066.56, with no change in the shareholding structure. The value of recapitalization per PKO Bank Polski SA amounts to PLN 15 000 016.64. After the above recapitalization of Bank Pocztowy SA will continue to prepare for an increase in capital through an initial public offering.

On 13 October 2015, PKO Bank Polski SA paid for acquisition of the above-mentioned shares.

41. Fair value of financial assets and liabilities

41.1 Categories of fair value valuation of financial assets and liabilities measured at fair value in the consolidated statement of financial position

The Group classifies particular components of financial assets and liabilities measured at fair value to the following categories::

- Level 1: Prices quoted on the active markets
- Level 2: Valuation techniques based on observable market data
- Level 3: Other valuation techniques

The table below presents a classification of financial assets and liabilities presented in the financial statements at fair value divided into 3 levels as at 30 September 2015.

Assets and liabilities measured at fair value as at 30 September 2015	Note	Carrying amount	Level 1	Level 2	Level 3
			Prices quoted on the active markets	Valuation techniques based on observable market data	Other valuation techniques
Trading assets	17	2 526 087	2 526 087	-	-
Debt securities		2 505 942	2 505 942	-	-
Shares in other entities		18 037	18 037	-	-
Investment certificates		1 814	1 814	-	-
Rights to the shares		294	294	-	-
Derivative financial instruments	18	4 376 549	1 223	4 375 326	-
Hedging instruments		537 827	-	537 827	-
Trade instruments		3 838 722	1 223	3 837 499	-
Financial instruments designated upon initial recognition at fair value through profit and loss	20	14 592 585	5 348 357	9 244 228	-
Debt securities		12 769 418	3 525 190	9 244 228	-
Participation units		1 823 167	1 823 167	-	-
Investment securities available for sale	23	26 252 255	16 882 016	9 177 270	192 969
Debt securities		25 940 440	16 763 170	9 177 270	-
Equity securities		311 815	118 846	-	192 969
Financial assets measured at fair value - total		47 747 476	24 757 683	22 796 824	192 969
Derivative financial instruments	18	4 855 943	1 526	4 854 417	-
Hedging instruments		1 076 439	-	1 076 439	-
Trade instruments		3 779 504	1 526	3 777 978	-
Debt securities in issue	31	115 799	-	115 799	-
Financial instruments designated at fair value through profit and loss		115 799	-	115 799	-
Financial liabilities measured at fair value - total		4 971 742	1 526	4 970 216	-

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ENDED 30 SEPTEMBER 2015
(IN PLN THOUSAND)



Bank Polski

The table below presents a classification of financial assets and liabilities presented in the financial statements at fair value divided into 3 levels as at 31 December 2014.

Assets and liabilities measured at fair value as at 31 December 2014	Note	Carrying amount	Level 1 Prices quoted on the active markets	Level 2 Valuation techniques based on observable market data	Level 3 Other valuation techniques
Trading assets	17	1 924 426	1 924 426	-	-
Debt securities		1 915 120	1 915 120	-	-
Shares in other entities		5 137	5 137	-	-
Investment certificates		3 891	3 891	-	-
Right issues		278	278	-	-
Derivative financial instruments	18	5 494 822	1 397	5 493 425	-
Hedging instruments		599 841	-	599 841	-
Trade instruments		4 894 981	1 397	4 893 584	-
Financial instruments designated upon initial recognition at fair value through profit and loss	20	15 723 148	4 371 012	11 352 136	-
Debt securities		13 804 860	2 452 724	11 352 136	-
Participation units		1 918 288	1 918 288	-	-
Investment securities available for sale	23	22 267 433	12 709 259	9 354 898	203 276
Debt securities		21 961 102	12 601 236	9 354 898	4 968
Equity securities		306 331	108 023	-	198 308
Financial assets measured at fair value - total		45 409 829	19 006 094	26 200 459	203 276
Derivative financial instruments	18	5 545 141	523	5 544 618	-
Hedging instruments		494 961	-	494 961	-
Trade instruments		5 050 180	523	5 049 657	-
Debt securities in issue	31	118 262	-	118 262	-
Financial instruments designated at fair value through profit and loss		118 262	-	118 262	-
Financial liabilities measured at fair value - total		5 663 403	523	5 662 880	-

Depending on the category of classification of financial assets and liabilities to the hierarchy, different methods of fair value valuation are used, detailed description of which was presented in the annual consolidated financial statements for the year 2014.

The Group classified shares of the entity (Fund) not listed on WSE, which are valued with internal valuation models to the level 3. The fair value of these securities is determined based on the net asset value of the fund, i.e. the fair value of investment projects (the companies) in the fund, which are subject to semi-annual review or examination by the registered auditor. If the Group applied the parameter values that are unobservable extremes of the range of possible values, the fair value of equity financial instruments could at 30 September 2015 be increased by PLN 9 640 thousand or decreased by PLN 9 640 thousand.

In the period from 1 January to 30 September 2015, there were no transfers between levels in the fair value hierarchy used in measuring financial instruments at fair value.

The tables below presents a reconciliation during the periods of measurement, from 1 January 2015 to 30 September 2015 and from 1 January 2014 to 31 December 2014, respectively, of fair value at level 3 of fair value hierarchy:

Investment securities available for sale	01.01-30.09.2015
Opening balance at the beginning of the period	203 276
Total gain or losses	4 362
recognized in financial result	(3 649)
recognised in other comprehensive income	8 011
Foreign exchange differences of currency entities	(2 305)
Sale of shares of the Company listed on the stock exchange	(12 000)
Settlements	(364)
Closing balance at the end of the period	192 969

Investment securities available for sale	01.01-30.09.2014
Opening balance at the beginning of the period	137 326
Total gains and losses	26 504
recognised in other comprehensive income	26 504
Take up of new shares in the Fund and translation differences of currency entities	15 622
Closing balance at the end of period	179 452

In the period from 1 January to 30 September of 2015, no significant changes in the methodology for estimating fair value were recognized.

41.2 Financial assets and liabilities not presented at fair value in consolidated statement of financial position

The table below presents a summary of the carrying amounts and fair values for the particular groups of financial instruments, which have not been recognised at fair value in the Group's statement of financial position as at 30 September 2015:

	Level of fair value hierarchy	Valuation method	30.09.2015	
			carrying amount	fair value
Cash and balances with the central bank	n/a	value at cost to pay	8 181 397	8 181 397
Amounts due from banks	2	discounted cash flows	4 113 135	4 113 134
Loans and advances to customers			185 193 115	182 216 379
housing loans	3	discounted cash flows	99 418 590	96 157 771
corporate loans	3	discounted cash flows	58 352 178	59 088 244
consumer loans	3	discounted cash flows	21 869 810	21 538 850
receivables due from repurchase agreements	3	discounted cash flows	241 260	241 260
debt securities	3	discounted cash flows	5 311 277	5 190 254
Investment securities held to maturity	3	discounted cash flows	289 880	296 851
Other financial assets	3	value at cost to pay including impairment allowance	948 441	948 441
Amounts due to the central bank	2	value at cost to pay	4 541	4 541
Amounts due to other banks	2	discounted cash flows	20 332 686	20 332 889
Amount due to customers			178 256 829	178 483 245
due to corporate entities	3	discounted cash flows	39 603 492	39 873 134
due to public entities	3	discounted cash flows	6 424 261	6 424 261
due to retail clients	3	discounted cash flows	132 229 076	132 185 850
Debt securities in issue	1, 2	market quotations / discounted cash flows	13 999 096	14 268 779
Subordinated debt	2	discounted cash flows	2 471 649	2 472 109
Other financial liabilities	3	value at cost to pay	1 828 482	1 828 482

The table below presents a summary of the carrying amounts and fair values for the particular groups of financial instruments which have not been recognised at fair value in the Group's statement of financial position as at 31 December 2014:

	Level of fair value hierarchy	Valuation method	31.12.2014	
			carrying amount	fair value
Cash and balances with the central bank	n/a	value at cost to pay	11 738 371	11 738 371
Amounts due from banks	2	discounted cash flows	2 486 686	2 486 692
Loans and advances to customers			179 497 384	170 510 276
housing loans	3	discounted cash flows	95 797 964	86 756 438
corporate loans	3	discounted cash flows	58 231 138	58 274 526
consumer loans	3	discounted cash flows	20 321 718	20 440 558
receivables due from repurchase agreements	3	discounted cash flows	310 852	310 852
debt securities	3	discounted cash flows	4 835 712	4 727 902
Investment securities held to maturity	3	discounted cash flows	233 358	241 902
Other financial assets	3	value at cost to pay including impairment allowance	710 349	710 349
Amounts due to the central bank	2	value at cost to pay	4 427	4 427
Amounts due to other banks	2	discounted cash flows	19 394 482	19 394 544
Amounts due to customers			174 386 766	174 352 166
due to corporate entities	3	discounted cash flows	40 932 868	40 932 943
due to public entities	3	discounted cash flows	4 778 337	4 778 337
due to retail clients	3	discounted cash flows	128 675 561	128 640 886
Debt securities in issue	1, 2	market quotations / discounted cash flows	13 182 348	13 620 129
Subordinated debt	2	discounted cash flows	2 413 985	2 398 946
Other financial liabilities	3	value at cost to pay	2 321 761	2 321 761

Detailed assumptions concerning valuation methods were presented in the annual consolidated financial statements for the year 2014.

42. Objectives and principles of risk management in the Group

Objectives and principles of risk management in the PKO Bank Polski SA Group were presented in details in the annual consolidated financial statements of the PKO Bank Polski SA Group for the year 2014.

Relevant information on risk monitoring and changes in methods of risk measurement in the period from 1 January to 30 September 2015 is presented below.

Credit risk

The Group's exposure to credit risk

Amounts due from banks	Exposure	
	30.09.2015	31.12.2014
Amounts due from banks impaired, of which:	372	362
assessed on an individual basis	-	-
Amounts due from banks not impaired, of which:	4 113 376	2 486 435
not past due	4 113 376	2 486 435
Gross total	4 113 748	2 486 797
Impairment allowances	(613)	(111)
Net total by carrying amount	4 113 135	2 486 686

Loans and advances to customers	Exposure	
	30.09.2015	31.12.2014
Loans and advances impaired, of which:	13 438 173	12 977 310
assessed on an individual basis	5 640 255	5 615 878
Loans and advances not impaired, of which:	180 289 608	174 542 551
not past due	176 429 581	169 950 801
past due	3 860 027	4 591 750
past due up to 4 days	713 965	1 645 065
past due over 4 days	3 146 062	2 946 685
Gross total	193 727 781	187 519 861
Impairment allowances	(8 534 666)	(8 022 477)
Net total by carrying amount	185 193 115	179 497 384

Investment securities available for sale - debt securities	Exposure	
	30.09.2015	31.12.2014
Debt securities impaired, of which:	400 161	-
assessed on an individual basis	400 161	-
Debt securities not impaired, of which:	25 574 195	21 961 102
not past due	25 574 195	21 961 102
with external rating	17 968 511	14 054 512
with internal rating	7 605 684	7 906 590
Gross total	25 974 356	21 961 102
Impairment allowances	(33 916)	-
Net total by carrying amount	25 940 440	21 961 102

Investment securities held to maturity - debt securities	Exposure	
	30.09.2015	31.12.2014
Debt securities not impaired, of which:	289 880	233 358
not past due	289 880	233 358
with external rating	289 880	233 358
Gross total	289 880	233 358
Impairment allowances	-	-
Net total by carrying amount	289 880	233 358

Level of exposure to credit risk

The table below presents the maximal exposure on credit risk of the Group on 30 September 2015, and on 31 December 2014:

Items of the statement of financial position	30.09.2015	31.12.2014
Current account in the central bank	4 982 179	7 772 859
Amounts due from banks	4 113 135	2 486 686
Trading assets – debt securities	2 505 942	1 915 120
issued by the State Treasury	2 388 664	1 825 454
issued by local government bodies	49 876	50 563
issued by non-financial institutions	46 326	22 146
issued by financial institutions	6 835	2 326
issued by banks	14 241	14 631
Derivative financial instruments	4 376 549	5 494 822
Financial instruments designated upon initial recognition at fair value through profit and loss - debt securities	12 769 418	13 804 860
issued by central banks	8 959 175	10 998 812
issued by the State Treasury	3 553 939	2 478 708
issued by local government bodies	248 382	253 817
issued by banks	7 419	73 012
issued by non-financial institutions	503	511
Loans and advances to customers	185 193 115	179 497 384
financial sector (excluding banks)	584 425	1 620 708
corporate loans	343 165	1 309 856
receivables due from repurchase agreements	241 260	310 852
non-financial sector	174 749 416	167 791 997
housing loans	99 418 590	95 797 964
corporate loans	50 959 604	49 656 279
consumer loans	21 869 810	20 321 718
debt securities	2 501 412	2 016 036
public sector	9 859 274	10 084 679
corporate loans	7 049 409	7 265 003
debt securities	2 809 865	2 819 676
Investment securities - debt securities	25 940 440	21 961 102
issued by the State Treasury	16 858 460	12 781 051
issued by local government bodies	4 316 130	4 480 325
issued by non-financial institutions	3 249 760	3 475 594
issued by banks	1 516 090	1 224 132
Investment securities held to maturity	289 880	233 358
issued by the State Treasury	205 001	233 358
issued by banks	84 879	-
Other assets - other financial assets	948 441	710 349
Total	241 119 099	233 876 540

Off-balance sheet items	30.09.2015	31.12.2014
Irrevocable liabilities granted	29 519 200	27 730 846
Guarantees granted	7 842 155	9 265 599
Guarantees of issuance	4 469 895	4 571 158
Letters of credit granted	1 835 593	702 768
Total	43 666 843	42 270 371

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

	30.09.2015	31.12.2014
Amounts due from banks	-	-
Loans and advances to customers	5 640 255	5 615 878
Financial sector	4 677	5 609
corporate loans	4 677	5 609
Non-financial sector	5 615 935	5 593 388
corporate loans	4 061 767	4 134 858
housing loans	1 161 014	1 248 389
consumer loans	282 385	99 297
debt securities	110 769	110 844
Public sector	19 643	16 881
corporate loans	19 643	16 881
Debt investment securities available for sale	400 161	-
issued by non-financial entities	396 034	-
issued by financial entities	4 127	-
Investment equity securities available for sale	48	60
issued by non-financial entities	44	55
issued by financial entities	4	5
Total	6 040 464	5 615 938

Interest rate risk

As at 30 September 2015 and 31 December 2014, the exposure of the PKO Bank Polski SA Group to the interest rate risk comprised mainly of the exposure of the Bank. Interest rate risk generated by the Group entities did not have a significant effect on the interest rate risk of the entire Group and therefore did not significantly affect its risk profile.

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

Name of sensitivity measure	30.09.2015	31.12.2014
VaR for a 10-day time horizon with a confidence level of 99% threshold (in PLN thousand)*	162 443	282 268
Parallel movement of interest rate curves by 200 b.p. (in PLN thousand) (stress-test)**	2 030 525	2 380 354

* Due to the nature of the activities carried out by the other Group entities generating significant interest rate risk as well as a the specific nature of the market on which they operate, the Group does not calculate consolidated VaR. These companies apply their own risk measures in the interest rate risk management. KREDOBANK SA uses the 10-day interest rate VaR for the main currencies, which amounted to approx. PLN 10 308 thousand as at 30 September 2015 and PLN 9 480 thousand as at 31 December 2014.

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

As at 30 September 2015 the Bank's interest rate VaR for a 10-day time horizon (10-day VaR, 99%) amounted to PLN 162 443 thousand, which accounted for approximately 0.6% of the Bank's own funds. As at 31 December 2014 VaR for the Bank amounted to PLN 282 268 thousand, which accounted for approximately 1.15% of the Bank's own funds.

Currency risk

VaR of the Bank and stress-testing of the Group's exposure to currency risk are stated cumulatively for all currencies in the table below:

Name of sensitivity measure	30.09.2015	31.12.2014
VaR for a 10-day time horizon with a confidence level of 99% threshold (in PLN thousand)*	12 286	6 230
Change in CUR/PLN by 20% (in PLN thousand) (stress-test)**	23 781	28 609

* Due to the nature of the activities carried out by the other Group entities generating significant currency risk as well as the specific nature of the market on which they operate, the Bank does not calculate consolidated VaR. These companies apply their own risk measures in the currency risk management. KREDOBANK SA uses the 10-day VaR, which amounted to approx. PLN 7 754 thousand as at 30 September 2015 and approx. PLN 3 664 thousand as at 31 December 2014.

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

The volume of currency positions is a key factor determining the level of currency risk on which the Group is exposed (except for volatility of foreign exchange rates). The level of currency positions is determined by all foreign currency transactions, which are concluded by the Group, both in the statement of financial position and off-balance sheet transactions. The Bank's exposure to currency risk is low (with reference to own funds, 99% VaR for a 10-day time horizon for the Bank's currency position as at 30 September 2015 amounted to ca. 0,05%).

Liquidity risk

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

	a'vista	0-1 month	1-3 months	3-6 months	6-12 months	12-24 months	24-60 months	over 60 months
30.09.2015								
The Group - adjusted periodic gap	8 775 025	10 573 741	(1 280 025)	3 800 785	5 474 792	11 105 161	9 797 934	(48 247 413)
The Group - adjusted cumulative periodic gap	8 775 025	19 348 766	18 068 741	21 869 526	27 344 318	38 449 479	48 247 413	-
31.12.2014								
The Group - adjusted periodic gap	12 733 729	13 357 476	536 836	1 309 410	1 088 394	11 977 076	13 281 695	(54 284 616)
The Group - adjusted cumulative periodic gap	12 733 729	26 091 205	26 628 041	27 937 451	29 025 845	41 002 921	54 284 616	-

In all time horizons, the Group's cumulative adjusted liquidity gap in real terms, which has been determined as a sum of adjusted liquidity gap in real terms of the Bank and contractual liquidity gaps of the remaining Group entities, as at 30 September 2015 and as at 31 December 2014 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 2015 and as at 31 December 2014:

Name of sensitivity measure	30.09.2015	31.12.2014
Liquidity reserve up to 1 month* (in PLN million)	16 315	21 075

*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 2015 the level of permanent balances on deposits constituted approx. 93.3% of all deposits in the Bank (excluding interbank market), which means a decrease by approx. 1.4 p.p. as compared to the end of 2014

43. Capital adequacy

The fundamental regulation applicable in the capital adequacy assessment process as at 30 September 2015 and as at 31 December 2014 is the Regulation (EU) No. 575/2013 of the European Parliament and of the Council as of 26 June 2013 on prudential requirements for credit institutions and investment firms, amending the Regulation (EU) No. 648/2012, hereinafter called 'CRR Regulation'. The CRR Regulation constitutes a part of so-called CRD IV/CRR package, which apart from the Regulation comprises CRD IV Directive – Directive 2013/36/EU of the European Parliament and of the Council as of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (hereinafter called 'CRD Directive'). In contrast to the CRR Regulation which is directly applicable, the CRD had to be transposed into national law.

The Act on macro-prudential oversight of the financial system and crisis management in the financial system was enacted on 5 August 2015, which comes into force on 1 November 2015. The Act implements the recommendations of the European Systemic Risk Council on macro-prudential mandate of national authorities and the CRD and also adjusts the Polish law to the Regulation of the CRR. The Act, among others, establishes a Financial Stability Committee and a formal framework for macro-prudential policy, introduces additional capital requirements for credit institutions and investment firms (hedged buffer, countercyclical capital buffer, systemic risk buffer, systemically important institutions buffer and requirements for their validity's buffer). The Act also introduced a number of changes, among others, Banking Law's Act, Bank Guarantee Fund's Act of 14 December 1994, National Polish Bank's Act of 29 August 1997, Supervision of the capital market's Act of 29 July 2005, trading in Financial Instruments' Act of 29 July 2005, Supervision of the financial market's Act of 21 July 2006.

In accordance with the CRR Regulation for the purposes of capital adequacy a prudential consolidation is applied, which unlike the consolidation consistent with International Financial Reporting Standards, comprises Bank's subsidiaries being institutions and financial institutions. Nonfinancial and insurance entities are excluded from prudential consolidation.

For the purpose of prudential consolidation the Group comprises: PKO Bank Polski SA, PKO Leasing SA Group, PKO BP BANKOWY PTE SA, PKO Towarzystwo Funduszy Inwestycyjnych SA, KREDO BANK SA Group, PKO Finance AB, Finansowa Kompania 'Prywatne Inwestycje' Sp. z o.o. and PKO Bank Hipoteczny SA.

As at 30 September 2015 capital adequacy measures were calculated in accordance with the provisions of the CRR Regulation, including i.a. as regards the scope of consolidation taking into account known to the Bank and planned to implement national options. As at 30 September 2015 the Bank meets requirements relating to capital adequacy measures defined within the CRR Regulation.

Own funds for capital adequacy purposes

Own funds of the Group for the purposes of capital adequacy were calculated as at 30 September 2015 in accordance with the provisions of the CRR Regulation. Own funds of the Group comprise Tier 1 basic funds and Tier 2 supplementary funds. No elements of additional Tier 1 fund are identified within the Group.

Information on the structure of the Group's own funds included in prudential, set out for purposes of capital adequacy as at 30 September 2015 and 31 December 2014, according to the CRR Regulation, is presented in the table below:

GROUP'S OWN FUNDS	30.09.2015	31.12.2014
Basic funds (Tier 1)	24 817 016	22 348 472
Share capital	1 250 000	1 250 000
Other reserves	24 116 302	22 126 506
General banking risk fund	1 070 000	1 070 000
Retained earnings	1 589 411	1 175 718
Other comprehensive income	(414 880)	(290 466)
Deferred income tax assets, dependent on future profitability, not derived from temporary differences	(1 284)	(11 576)
Goodwill	(1 102 497)	(1 102 497)
Other intangible assets	(1 633 696)	(1 833 506)
Adjustments in share capital Tier 1 due to prudential filters	(56 340)	(35 707)
Supplementary funds (Tier 2)	2 469 484	2 394 713
Subordinated liabilities classified as supplementary funds	2 469 484	2 394 713
TOTAL OWN FUNDS	27 286 500	24 743 185

Requirements as regard own funds (Pillar 1)

In accordance with the CRR Regulation on prudential requirements for institutions and investment firms, the Group calculates requirements in respect of own funds for the following risk types:

- in respect of credit risk – using the standardised method,
- in respect of operational risk for the Bank – using the advanced measurement approach (AMA), and for the Group entities – the basic index approach (BIA),
- in respect of position risk (market) – using basic methods.

The total requirements in respect of own funds comprises the sum of the capital requirements for:

- 1) credit risk, including credit risk instruments from banking book, counterparty credit risk,
- 2) market risk,
- 3) risk of credit valuation adjustment (CVA),
- 4) settlement and delivery risk,
- 5) operational risk,
- 6) exceeding the large exposure limit.

The table below presents the Group's exposure types of risk. Data as at 30 September 2015 and at 31 December 2014 was calculated pursuant to the CRR Regulation, which is mentioned above.

Capital requirements	30.09.2015	31.12.2014
Credit risk	13 870 833	13 882 607
Market risk	488 861	585 337
Credit valuation adjustment risk	25 916	42 375
Settlement/delivery risk	-	68
Operational risk	685 330	759 212
Total capital requirements	15 070 940	15 269 599
Total capital adequacy ratio	14.48%	12.96%
Tier 1 capital ratio	13.17%	11.71%

In the third quarter of 2015, the Bank realized actions leading to decrease risk weighted assets. The most significant source of taken optimization was an increase in the quality of data (among others, regarding in retail segment exposure all of the SME clients, who met criteria of segmentation) and review of off-balance sheet liabilities, including verification of assigned risk weights of the product.

The Group calculates requirements as regard own funds in respect of credit risk according to the following formulas:

- in case of statement of financial position items – a product of a carrying amount, a risk weight of the exposure calculated according to the standardised method of the requirement as regards own funds in respect of credit risk and 8% (considering recognised collaterals),
- in case of off-balance sheet liabilities granted – a product of nominal value of liability (considering value of provisions for the liability), a risk weight of the product, a risk weight of off-balance sheet exposure calculated according to the standardised method of requirement as regards own funds in respect of credit risk and 8% (considering recognised collaterals),
- in case of off-balance sheet transactions (derivative instruments) – a product of risk weight of the off-balance sheet exposure calculated according to the standardised method of the requirement as regards own funds in respect of credit risk, equivalent in the statement of financial position of off-balance sheet transactions and 8% (the value of the equivalent in the statement of financial position is calculated in accordance with the mark-to-market method).

Internal capital (Pillar II)

As at 30 September 2015, The Group calculates internal capital in accordance with:

- CRR Regulation,
- CRD Directive,
- Resolution No. 258/2011 of PESA of 4 October 2011 on detailed principles for functioning of risk management system and internal control system and detailed terms of estimating internal capital by banks and reviewing the process of estimating and maintaining internal capital and the principles for determining the variable salary components policy for person holding managerial positions in the Bank.

Internal capital is the amount of estimated capital that is necessary to cover all of the identified significant risks characteristics of the Group's activities and the effect of changes in the business environment, taking account of the anticipated risk level.

The internal capital in the PKO Bank Polski SA Group is calculated to cover each of the significant risk types:

- credit risk (including default risk, concentration risk, residual risk and dilution risk),
- currency risk,
- interest rate risk,
- liquidity risk,
- operational risk,,
- business risk (taking into consideration strategic risk).

Materialisation of macroeconomic changes risk, model risk, capital risk, compliance risk and reputation risk is reflected in the estimates of internal capital for covering the types of risk: credit, interest rate, currency, liquidity, operational and business.

The Bank regularly monitors the significance of the individual risk types relating to the activity of the Bank and other Group subsidiaries.

The internal capital for covering the individual risk types is determined using the methods specified in the internal regulations. In the event of performing internal capital estimates based on statistical models, the annual forecast horizon and a 99.9% confidence level are adopted. The total internal capital of each entity of the Group is the sum of internal capital necessary to cover all of the significant risks for the entity. The total internal capital of the Group is the sum of internal capital of the Bank and all Group entities. The correlation ratio between particular types of risk and particular Group entities used in the internal capital calculation is equal to 1.

As at 30 September 2015, the relation of the Group's own funds to its internal capital remained on a level exceeding both the threshold set by the law and the Group's internal limits.

Disclosures (Pillar III)

The Group announces annually information relating in particular to risk management and capital adequacy in accordance with:

- CRR Regulation,
- Implementing acts to the CRR Regulation in acts of national law transposing the provisions of the CRD,
- Recommendation M relating to the management of operation risk in banks of the Polish Financial Supervision Authority,
- Resolution No. 385/2008 of the Polish Financial Supervision Authority dated 17 December 2008 on the detailed principles and methods for banks to disclose qualitative and quantitative information concerning capital adequacy and the scope of the information to be announced.

Detail of the scope of capital information disclosed, the method of its verification and publication are presented in the PKO Bank Polski SA's Capital Adequacy Information Policies and other information to be published, which are available on the Bank's website (www.pkobp.pl).

STAND-ALONE FINANCIAL DATA

INCOME STATEMENT

	Note	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Continuing operations					
Interest and similar income	1	2 367 640	7 022 016	2 535 589	7 407 942
Interest expense and similar charges	1	(601 846)	(2 001 204)	(765 815)	(2 206 092)
Net interest income		1 765 794	5 020 812	1 769 774	5 201 850
Fee and commission income	2	828 795	2 498 857	845 252	2 667 252
Fee and commission expense	2	(176 003)	(535 837)	(213 063)	(700 106)
Net fee and commission income		652 792	1 963 020	632 189	1 967 146
Dividend income		4 159	114 160	3 907	83 739
Net income from financial instruments measured at fair value	3	312	1 518	14 514	56 803
Gains less losses from investment securities	4	6 363	83 312	33 384	71 184
Net foreign exchange gains (losses)		91 193	297 619	61 428	243 388
Other operating income	5	25 643	106 606	25 694	93 628
Other operating expense	5	(24 096)	(71 506)	(32 325)	(72 898)
Net other operating income and expense		1 547	35 100	(6 631)	20 730
Net impairment allowance and write-downs	6	(330 732)	(1 079 887)	(430 341)	(1 367 275)
Administrative expenses	7	(1 222 358)	(3 771 569)	(1 091 299)	(3 219 498)
Operating profit		969 070	2 664 085	986 925	3 058 067
Profit before income tax		969 070	2 664 085	986 925	3 058 067
Income tax expense	8	(186 645)	(499 657)	(197 773)	(589 615)
Net profit		782 425	2 164 428	789 152	2 468 452

Earnings per share

9

– basic earnings per share for the period (PLN)

0.63

1.73

0.63

1.97

– diluted earnings per share for the period (PLN)

0.63

1.73

0.63

1.97

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 periods ended 30 September 2015 and 30 September 2014 respectively, no discontinued operations were conducted by PKO Bank Polski SA.

STATEMENT OF COMPREHENSIVE INCOME

	Note	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Net profit		782 425	2 164 428	789 152	2 468 452
Other comprehensive income		14 503	(196 288)	115 974	325 707
Items that may be reclassified to the income statement		14 503	(196 288)	115 974	325 707
Cash flow hedges (gross)		25 260	(93 600)	43 081	195 016
Deferred tax on cash flow hedges		(4 800)	17 784	(8 185)	(37 053)
Cash flow hedges (net)		20 460	(75 816)	34 896	157 963
Unrealised net gains on financial assets available for sale (gross)	4	(7 354)	(148 731)	100 096	207 090
Deferred tax on unrealised net gains on financial assets available for sale		1 397	28 259	(19 018)	(39 346)
Unrealised net gains on financial assets available for sale (net)		(5 957)	(120 472)	81 078	167 744
Total net comprehensive income		796 928	1 968 140	905 126	2 794 159

STATEMENT OF FINANCIAL POSITION

	Note	30.09.2015	31.12.2014
ASSETS			
Cash and balances with the central bank	10	8 138 986	11 698 248
Amounts due from banks	11	4 256 401	2 608 547
Trading assets	12	2 530 408	1 928 659
Derivative financial instruments	13	4 377 497	5 483 508
Financial assets designated upon initial recognition at fair value through profit and loss	14	12 136 692	13 417 667
Loans and advances to customers	15	183 883 610	177 557 571
Investment securities available for sale	16	26 065 201	22 092 136
Investments in subsidiaries, joint ventures and associates	17	1 909 291	1 813 774
Non-current assets held for sale		609 203	416 760
Intangible assets	18	2 707 327	2 898 612
Tangible fixed assets, of which:	18	2 138 562	2 251 373
investment properties		8 384	184
Current income tax receivables		-	94 343
Deferred income tax asset	8	704 278	671 404
Other assets		1 257 331	827 925
TOTAL ASSETS		250 714 787	243 760 527
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to the central bank		4 541	4 427
Amounts due to banks	19	20 107 123	18 439 584
Derivative financial instruments	13	4 858 232	5 545 502
Amounts due to customers	20	190 072 043	185 920 562
Debt securities in issue	21	1 113 352	866 087
Subordinated liabilities	22	2 471 649	2 413 985
Other liabilities	23	2 223 368	2 665 058
Current income tax liabilities		40 339	-
Provisions	24	253 844	303 166
TOTAL LIABILITIES		221 144 491	216 158 371
Equity			
Share capital		1 250 000	1 250 000
Other capital		24 905 868	23 139 892
Undistributed profits		1 250 000	132 793
Net profit for the year		2 164 428	3 079 471
TOTAL EQUITY		29 570 296	27 602 156
TOTAL LIABILITIES AND EQUITY		250 714 787	243 760 527
Capital adequacy ratio			
Capital adequacy ratio	29	14.99%	13.37%
Book value (in PLN thousand)		29 570 296	27 602 156
Number of shares (in thousand)	1	1 250 000	1 250 000
Book value per share (in PLN)		23.66	22.08
Diluted number of shares (in thousand)		1 250 000	1 250 000
Diluted book value per share (in PLN)		23.66	22.08

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 September 2015	Share capital	Other capital						Total other capital	Undistributed profits	Net profit for the period	Total equity
		Reserves			Other comprehensive income						
		Reserve capital	General capital	Other capital	Financial assets available for sale	Cash flow hedges	Actuarial gains and losses				
As at 1 January 2015	1 250 000	18 618 111	1 070 000	3 421 913	33 640	5 204	(8 976)	23 139 892	132 793	3 079 471	27 602 156
Transfer of net profit from previous years	-	-	-	-	-	-	-	-	3 079 471	(3 079 471)	-
Total comprehensive income, of which:	-	-	-	-	(120 472)	(75 816)	-	(196 288)	-	2 164 428	1 968 140
Net profit	-	-	-	-	-	-	-	-	-	2 164 428	2 164 428
Other comprehensive income	-	-	-	-	(120 472)	(75 816)	-	(196 288)	-	-	(196 288)
Transfer from undistributed profits	-	1 900 000	-	62 264	-	-	-	1 962 264	(1 962 264)	-	-
As at 30 September 2015	1 250 000	20 518 111	1 070 000	3 484 177	(86 832)	(70 612)	(8 976)	24 905 868	1 250 000	2 164 428	29 570 296

for the period ended 30 September 2014	Share capital	Other capital						Total other capital	Undistributed profits	Net profit for the period	Total equity
		Reserves			Other comprehensive income						
		Reserve capital	General capital	Other capital	Financial assets available for sale	Cash flow hedges	Actuarial gains and losses				
As at 1 January 2014	1 250 000	16 598 111	1 070 000	3 416 893	(53 013)	(125 593)	(7 676)	20 898 722	(271 242)	3 233 762	25 111 242
Transfer of net profit from previous years	-	-	-	-	-	-	-	-	3 233 762	(3 233 762)	-
Total comprehensive income, of which:	-	-	-	-	167 744	157 963	-	325 707	-	2 468 452	2 794 159
Net profit	-	-	-	-	-	-	-	-	-	2 468 452	2 468 452
Other comprehensive income	-	-	-	-	167 744	157 963	-	325 707	-	-	325 707
Transfer from undistributed profits	-	2 020 000	-	5 020	-	-	-	2 025 020	(2 025 020)	-	-
Dividends declared	-	-	-	-	-	-	-	-	(937 500)	-	(937 500)
As at 30 September 2014	1 250 000	18 618 111	1 070 000	3 421 913	114 731	32 370	(7 676)	23 249 449	-	2 468 452	26 967 901

STATEMENT OF CASH FLOWS

	Note	01.01- 30.09.2015	01.01- 30.09.2014
Net cash flow from operating activities			
Profit before income tax		2 664 085	3 058 067
Adjustments:		1 509 036	(6 272 011)
Amortisation and depreciation		559 610	465 813
(Gains) losses from investing activities		(14 015)	(17 205)
Interest and dividends		(207 017)	(192 637)
Change in amounts due from banks		(17 594)	(14 538 293)
Change in trading assets and financial assets designated upon initial recognition of fair value through profit and loss		679 226	2 349 863
Change in derivative financial instruments (asset)		1 106 011	(1 516 594)
Change in loans and advances to customers		(6 924 508)	(4 202 570)
Change in other assets and non-current assets held for sale		(489 231)	34 649
Change in amounts due to banks		3 327 415	1 178 351
Change in derivative financial instruments (liability)		(687 270)	1 117 105
Change in amounts due to customers		4 209 599	8 571 717
Change in provisions and impairment allowances		566 897	395 630
Change in other liabilities and subordinated liabilities		(384 026)	(273 724)
Income tax paid		(358 610)	(497 674)
Other adjustments		142 549	853 558
Net cash used in operating activities		4 173 121	(3 213 944)
Net cash flow from investing activities			
Inflows from investing activities		12 077 788	34 478 223
Proceeds from sale of an associate classified as held for sale		-	-
Proceeds from sale of investment securities available for sale		11 950 713	34 355 844
Proceeds from sale of intangible assets and tangible fixed assets		14 015	39 223
Other investing inflows (dividends)		113 060	83 156
Outflows from investing activities		(16 282 405)	(45 169 856)
Purchase of equity of subsidiaries		(181 000)	(3 191 026)
Increase in equity of a subsidiary		(48 000)	(142 259)
Purchase of investment securities available for sale		(15 783 927)	(41 471 831)
Purchase of intangible assets and tangible fixed assets		(269 478)	(364 740)
Net cash used in investing activities		(4 204 617)	(10 691 633)
Net cash flows from financing activities			
Proceeds from debt securities in issue		1 986 252	739 617
Redemption of debt securities in issue		(1 753 734)	(862 032)
Repayment of interest from issued debt securities and subordinated loans		(68 672)	(97 364)
Long-term borrowings		-	16 499 505
Repayment of long-term borrowings		(2 072 335)	(238 063)
Net cash generated from/used in financing activities		(1 908 489)	16 041 663
Net cash flows		(1 939 985)	2 136 086
of which currency translation differences on cash and cash equivalents		64 142	70 937
Cash and cash equivalents at the beginning of the period		14 052 760	8 644 682
Cash and cash equivalents at the end of the period	26	12 112 775	10 780 768
of which restricted		12 216	11 384

NOTES TO THE FINANCIAL STATEMENTS

1. Interest income and expense

Interest and similar income

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Interest income calculated using the effective interest rate method, with respect to financial assets, which are not measured at fair value through profit and loss, of which:	2 179 023	6 473 243	2 352 358	6 838 907
Income from loans and advances to customers, of which:*	1 982 494	5 884 478	2 140 915	6 276 312
from impaired loans	83 776	242 957	106 892	330 229
Income from loans to banks	1 308	4 608	9 594	20 813
Income from investment securities available for sale	170 696	507 806	163 028	427 698
Income from placements with banks	23 451	74 019	38 298	111 373
Other	1 074	2 332	523	2 711
Other income, of which:	188 617	548 773	183 231	569 035
Income from financial assets designated upon initial recognition at fair value through profit and loss	46 917	167 779	84 584	271 284
Income from derivative hedging instruments	124 976	337 211	84 260	255 374
Income from trading assets	16 724	43 783	14 387	42 377
Total	2 367 640	7 022 016	2 535 589	7 407 942

* In the nine-month period of 2015 the amount of interest income decline due to negative LIBOR amounted to PLN (372) thousand and in the third quarter of 2015 it amounted PLN (169) thousand.

Interest expense and similar charges

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Interest expense calculated using the effective interest rate method, with respect to financial liabilities, which are not measured at fair value through profit and loss, of which:	(591 407)	(1 974 576)	(760 205)	(2 194 783)
Interest expense on amounts due to customers	(539 985)	(1 820 245)	(705 445)	(2 048 728)
Interest expense on loans from banks	(12 531)	(44 973)	(18 649)	(45 397)
Interest expense on debt securities in issue and subordinated liabilities	(17 983)	(55 904)	(22 925)	(67 317)
Premium expense on debt securities available for sale	(16 453)	(46 235)	(10 037)	(24 917)
Interest expense on deposits from banks	(4 455)	(7 219)	(3 149)	(8 424)
Other expense	(10 439)	(26 628)	(5 610)	(11 309)
Expense on financial assets designated upon initial recognition at fair value through profit and loss	(4 367)	(12 535)	(2 853)	(5 984)
Expense on trading assets	(6 072)	(14 093)	(2 757)	(5 325)
Total	(601 846)	(2 001 204)	(765 815)	(2 206 092)

2. Fee and commission income and expense

Fee and commission income

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014 restated	3 quarters cumulative period from 01.01.2014 to 30.09.2014 restated
Income from financial assets, which are not measured at fair value through profit and loss, of which:	164 002	474 742	150 088	425 978
income from loans and advances granted	164 002	474 742	150 088	425 978
Other commissions from:	663 677	2 020 997	694 429	2 238 903
payment cards	249 776	706 796	280 687	986 252
maintenance of bank accounts	206 953	664 214	216 404	669 877
loans insurance	28 971	79 861	41 280	121 804
maintenance of investment funds (including management fees)	71 766	216 654	56 803	170 834
cash transactions	22 761	69 022	25 191	76 778
securities transactions	17 263	71 634	23 589	65 079
servicing foreign mass transactions	19 637	53 259	14 619	42 636
providing the services of an agent for the issue of Treasury bonds	5 146	13 334	3 721	15 237
sale and distribution of court fee stamps	4 136	9 639	2 303	4 803
investment and insurance products	4 105	13 567	-	-
Other*	33 163	123 017	29 832	85 603
Income from fiduciary activities	1 116	3 118	735	2 371
Total	828 795	2 498 857	845 252	2 667 252

* Included in "Other" are i.a. commissions of the Brokerage House of PKO Bank Polski S.A. 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 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014 restated	3 quarters cumulative period from 01.01.2014 to 30.09.2014 restated
payment cards	(122 738)	(346 053)	(152 644)	(519 396)
acquisition services	(13 365)	(48 327)	(20 384)	(62 899)
settlement services	(7 592)	(23 221)	(7 257)	(20 875)
fee and commissions for operating services provided by banks	(2 589)	(14 107)	(3 810)	(9 911)
other*	(29 719)	(104 129)	(28 968)	(87 025)
Total	(176 003)	(535 837)	(213 063)	(700 106)

* Included in „Other“ are i.a. fee and expenses paid by the Brokerage House of PKO Bank Polski SA to WSE and to the National Depository for Securities (KDPW).

3. Net income from financial instruments measured at fair value

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Derivative instruments, of which:	(7 628)	32 801	(7 974)	5 217
an ineffective portion related to cash flow hedges	3 474	6 886	(5 692)	802
Structured bank securities measured at fair value through profit and loss	5 412	(1 767)	(2 713)	(8 447)
Debt securities	4 996	(24 935)	24 210	58 144
Equity instruments	(2 468)	(4 581)	991	1 889
Total	312	1 518	14 514	56 803

4. Gains less losses from investment securities and unrealised net gains on financial assets available for sale

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Gain/loss due to change in value of assets available for sale recognised directly in other comprehensive income during the period	(13 717)	(232 043)	66 712	135 906
Gain/loss derecognised from other comprehensive income recognised in income statement in the position 'Gains less losses from investment securities' on:	6 363	83 312	33 384	71 184
gain from sale derecognised from other comprehensive income	6 367	89 523	36 733	77 309
loss on sale derecognised from other comprehensive income	(4)	(6 211)	(3 349)	(6 125)
Impact on other comprehensive income gross, position 'Unrealised net gains on financial assets available for sale gross'	(7 354)	(148 731)	100 096	207 090

5. Other operating income and expense

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Sale and disposal of tangible fixed assets, intangible assets and assets held for sale	8 791	38 571	7 000	39 223
Sundry income	5 890	16 425	4 287	13 590
Recovery of expired and written-off receivables	3 554	16 509	2 378	7 952
Other	7 408	35 101	12 029	32 863
Total	25 643	106 606	25 694	93 628

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Costs of sale and disposal of tangible fixed assets, intangible assets and assets held for sale	(8 189)	(24 556)	(16 799)	(36 797)
Donations	(5 120)	(7 152)	(8 251)	(14 477)
Sundry expense	(2 165)	(5 070)	(811)	(3 239)
Other	(8 622)	(34 728)	(6 464)	(18 385)
Total	(24 096)	(71 506)	(32 325)	(72 898)

6. Net impairment allowance and write-downs

For the nine month period ended 30 September 2015	Note	Value at the beginning of the period	Increases		Decreases			Value at the end of the period	Net- impact on the statement
			Recognised during the period	Other	Derecognition of assets and settlement	Reversed during the period	Other		
Investment securities available for sale	16	127 747	32 908	-	102 282	-	-	58 373	(32 908)
Debt securities available for sale		-	29 790	-	-	-	-	29 790	(29 790)
Equity securities		127 747	3 118	-	102 282	-	-	28 583	(3 118)
Amounts due from banks	11	11 596	2 357	377	-	13 717	-	613	11 360
Loans and advances to customers measured at amortised cost	15	7 527 200	3 673 673	503 762	964 282	2 579 414	35 270	8 125 669	(1 094 259)
Non-financial sector		7 504 886	3 540 498	502 011	901 013	2 523 521	34 345	8 088 516	(1 016 977)
corporate loans		3 869 710	1 895 994	33 952	408 426	1 329 401	5 705	4 056 124	(566 593)
housing loans		2 247 418	847 802	152 173	208 398	621 320	28 176	2 389 499	(226 482)
consumer loans		1 295 876	795 920	315 803	284 189	544 413	464	1 578 533	(251 507)
debt securities		91 882	782	83	-	28 387	-	64 360	27 605
Financial sector		6 854	122 281	868	61 637	49 762	859	17 745	(72 519)
corporate loans		6 854	122 281	868	61 637	49 762	859	17 745	(72 519)
Public sector		15 460	10 894	883	1 632	6 131	66	19 408	(4 763)
corporate loans		12 638	10 837	883	1 632	6 131	-	16 595	(4 706)
debt securities		2 822	57	-	-	-	66	2 813	(57)
Non-current assets held for sale		155 934	1 590	297 003	-	-	-	454 527	(1 590)
Tangible fixed assets	18	18	93	20 069	-	-	-	20 180	(93)
Intangible assets	18	15 373	-	-	-	-	-	15 373	-
Investments in subsidiaries, joint ventures and associates	17	1 120 101	2 399	-	62 062	32 419	265 878	762 141	30 020
Other receivables		145 672	40 891	46 269	5 007	24 566	-	203 259	(16 325)
Provision for legal claims, loan commitments and guarantees granted	24	133 078	228 726	7 168	-	251 389	3 055	114 528	22 663
Provisions for future liabilities		9 250	1 496	700	94	2 741	438	8 173	1 245
Total		9 245 969	3 984 133	875 348	1 133 727	2 904 246	304 641	9 762 836	(1 079 887)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
OF THE PKO BANK POLSKI SA GROUP FOR THE NINE-MONTH PERIOD
ENDED 30 SEPTEMBER 2015
(IN PLN THOUSAND)



Bank Polski

For the nine month period ended 30 September 2014	Note	Value at the beginning of the period	Increases		Decreases			Value at the end of the period	Net- impact on the statement
			Recognised during the period	Other	Derecognition of assets and settlement	Reversed during the period	Other		
Investment securities available for sale	16	33 355	123	-	-	-	15 874	17 604	(123)
Debt securities available for sale		3 296	123	-	-	-	3 419	-	(123)
Equity securities		30 059	-	-	-	-	12 455	17 604	-
Amounts due from banks	11	40 237	4 341	-	2 049	28 930	-	13 599	24 589
Loans and advances to customers measured at amortised cost	15	6 381 232	4 094 466	32 950	863 783	2 876 875	-	6 767 990	(1 217 591)
Non-financial sector		6 361 891	4 069 609	32 668	863 543	2 867 696	-	6 732 929	(1 201 913)
corporate loans		3 229 736	2 065 559	11 376	529 064	1 283 692	-	3 493 915	(781 867)
housing loans		1 704 404	1 006 996	18 405	99 427	776 949	-	1 853 429	(230 047)
consumer loans		1 400 664	957 828	2 887	235 052	807 055	-	1 319 272	(150 773)
debt securities		27 087	39 226	-	-	-	-	66 313	(39 226)
Financial sector		7 814	24 456	207	240	8 203	-	24 034	(16 253)
corporate loans		7 814	24 456	207	240	8 203	-	24 034	(16 253)
Public sector		11 527	401	75	-	976	-	11 027	575
corporate loans		10 549	372	75	-	976	-	10 020	604
debt securities		978	29	-	-	-	-	1 007	(29)
Non-current assets held for sale		165 226	48 531	-	236	-	-	213 521	(48 531)
Tangible fixed assets	18	34	-	-	16	-	-	18	-
Intangible assets	18	17 154	-	-	-	1 781	-	15 373	1 781
Investments in subsidiaries, joint ventures and associates	17	842 040	14 918	-	-	-	-	856 958	(14 918)
Other receivables		143 335	145 677	5 602	2 304	17 301	-	275 009	(128 376)
Provision for legal claims, loan commitments and guarantees granted	24	145 124	309 870	1 578	-	325 458	-	131 114	15 588
Provisions for future liabilities		5 396	1 723	-	589	2 029	-	4 501	306
Total		7 773 133	4 619 649	40 130	868 977	3 252 374	15 874	8 295 687	(1 367 275)

7. Administrative expenses

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Employee benefits	(624 591)	(1 882 123)	(594 326)	(1 713 930)
Overheads	(287 011)	(960 314)	(269 885)	(829 520)
Amortisation and depreciation, of which:	(187 447)	(559 610)	(157 798)	(465 813)
tangible fixed assets	(76 809)	(235 925)	(63 666)	(189 658)
intangible assets	(110 613)	(323 658)	(94 131)	(276 152)
investments properties	(25)	(27)	(1)	(3)
Taxes and other charges	(11 902)	(35 687)	(16 736)	(52 771)
Contribution and payments to the Bank Guarantee Fund	(111 407)	(333 835)	(52 554)	(157 464)
Total	(1 222 358)	(3 771 569)	(1 091 299)	(3 219 498)

Wages and salaries/employee benefits

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Wages and salaries, of which:	(523 460)	(1 562 681)	(499 245)	(1 428 997)
expenses on employee pension programme	(10 925)	(33 747)	(5 101)	(22 623)
Social insurance, of which:	(83 476)	(265 849)	(79 690)	(238 177)
contributions for retirement pay and pensions	(68 282)	(225 244)	(63 477)	(206 308)
Other employee benefits	(17 655)	(53 593)	(15 391)	(46 756)
Total	(624 591)	(1 882 123)	(594 326)	(1 713 930)

8. Income tax expense

	3rd quarter period from 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Current income tax expense	(150 763)	(495 728)	(198 764)	(631 039)
Deferred income tax related to creating and reversal of temporary differences	(35 882)	(3 929)	991	41 424
Tax expenses in the income statement	(186 645)	(499 657)	(197 773)	(589 615)
Tax expense in other comprehensive income related to creating and reversal of temporary differences	(3 403)	46 043	(27 203)	(76 399)
Total	(190 048)	(453 614)	(224 976)	(666 014)

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 01.07.2015 to 30.09.2015	3 quarters cumulative period from 01.01.2015 to 30.09.2015	3rd quarter period from 01.07.2014 to 30.09.2014	3 quarters cumulative period from 01.01.2014 to 30.09.2014
Profit per ordinary shareholders (in PLN thousand)	782 425	2 164 428	789 152	2 468 452
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)	0.63	1.73	0.63	1.97

Diluted earnings per share and diluted earnings per share from discontinued operations

In the third quarter of 2015 as well as in the third quarter of 2014 there were no dilutive instruments and any material expenses or income from discontinued operations.

10. Cash and balances with the central bank

	30.09.2015	31.12.2014
Current account in the central bank	4 982 162	7 772 856
Cash	3 156 820	3 925 385
Other funds	4	7
Total	8 138 986	11 698 248

11. Amounts due from bank

	30.09.2015	31.12.2014
Loans and advances granted	225 843	295 004
Current accounts	570 378	721 366
Deposits with banks	3 460 448	1 602 613
Cash in transit	345	1 160
Total	4 257 014	2 620 143
Impairment allowances on receivables	(613)	(11 596)
Net total	4 256 401	2 608 547

12. Trading assets

By carrying amounts	30.09.2015	31.12.2014
Debt securities	2 510 263	1 919 353
issued by the State Treasury, of which:	2 388 664	1 825 454
Treasury bonds PLN	2 382 165	1 825 454
Treasury bonds EUR	6 499	-
issued by local government bodies, municipal bonds PLN	49 876	50 563
issued by non-financial institutions, of which:	46 326	22 146
corporate bonds PLN	46 280	22 137
corporate bonds EUR	46	9
issued by other financial institutions, of which:	11 156	6 559
bonds issued by WSE PLN	6 674	2 248
bonds issued by PKO Finance AB EUR	4 321	4 233
corporate bonds PLN	161	78
issued by banks	14 241	14 631
Shares in other entities - listed on stock exchange	18 037	5 137
Investment certificates	1 814	3 891
Rights to shares	294	278
Total	2 530 408	1 928 659

13. Derivative financial instruments

Derivative instruments used by the Bank

The Bank uses various types of derivatives in order to manage risk involved in its business activities. As at 30 September 2015 and as at 31 December 2014, the Bank held the following derivative instruments:

	30.09.2015		31.12.2014	
	Assets	Liabilities	Assets	Liabilities
Hedging instruments	537 827	1 076 439	599 841	494 961
Other derivative instruments	3 839 670	3 781 793	4 883 667	5 050 541
Total	4 377 497	4 858 232	5 483 508	5 545 502

Type of contract	30.09.2015		31.12.2014	
	Assets	Liabilities	Assets	Liabilities
IRS	3 496 485	3 234 363	4 592 893	4 439 830
CIRS	388 805	1 259 702	340 970	616 997
FX Swap	154 682	79 409	227 857	237 542
Options	229 232	173 092	172 680	133 912
Forward	81 631	79 352	89 113	53 043
FRA	25 998	31 860	59 078	63 505
Other	664	454	917	673
Total	4 377 497	4 858 232	5 483 508	5 545 502

14. Financial instruments designated upon initial recognition at fair value through profit and loss

By carrying amount	30.09.2015	31.12.2014
Debt securities	12 136 692	13 417 667
issued by central banks, NBP money market bills	8 799 190	10 998 812
issued by the State Treasury, of which:	3 089 120	2 165 038
Treasury bonds PLN	1 955 759	2 165 038
Treasury bonds EUR	159 276	-
Treasury bonds CHF	974 085	-
issued by local government bodies, of which:	248 382	253 817
municipal bonds EUR	135 039	139 882
municipal bonds PLN	113 343	113 935
Total	12 136 692	13 417 667

15. Loans and advances to customers

	30.09.2015	31.12.2014
Loans and advances to customers, gross, of which:	192 009 279	185 084 771
financial sector	5 610 351	5 334 058
corporate, of which:	5 369 091	5 031 085
deposits of the Brokerage House of PKO Bank Polski SA in the Stock Exchange Guarantee Fund and initial deposit	12 317	11 440
receivables due from repurchase agreements	241 260	302 973
non-financial sector	176 592 767	169 725 839
housing	101 617 531	97 959 884
corporate	49 111 194	48 201 845
consumer	23 298 270	21 455 129
debt securities (corporate)	2 565 772	2 108 981
public sector	9 806 161	10 024 874
corporate	6 993 482	7 202 375
debt securities (municipal)	2 812 679	2 822 499
Impairment allowances on loans and advances	(8 125 669)	(7 527 200)
Loans and advances to customers, net	183 883 610	177 557 571

In the first quarter of 2015, PKO Bank Polski S.A. redeemed USD 8 250 thousand loan granted to Finansowa Kompania „Prywatne Inwestycje” Sp. z o.o. and USD 8 284 thousand loan provided for company Finansowa Kompania „Idea Kapital” Sp. z o.o. and interest due on mentioned above loans (i.e. the value of loans remained to be repaid). Redemptions were carried out at the request of mentioned above companies, due to the economic situation of Ukraine, including in particular a progressive devaluation of the hryvnia resulting in the Companies' inability to obtain revenues from recoveries of receivables in UAH at the level required to repay the loans received from the Bank, and limits of the National Bank of Ukraine in terms of exchange and transfer of currency abroad.

By client segment	30.09.2015	31.12.2014
Loans and advances granted, gross, of which:	192 009 279	185 084 771
mortgage banking	94 681 900	90 622 919
corporate	52 048 766	51 188 599
small and medium enterprises	21 726 766	21 503 711
retail and private banking	23 298 270	21 455 129
receivables due from repurchase agreements	241 260	302 973
deposits of the Brokerage House of PKO Bank Polski SA in the Stock Exchange Guarantee Fund	12 317	11 440
Impairment allowances on loans and advances	(8 125 669)	(7 527 200)
Loans and advances granted, net	183 883 610	177 557 571

The structure of loans and advances presented in the Note includes the following segmentation:

- corporate loans of financial institutions (i.e. e.g. leasing companies, insurance companies, investment companies) include corporate banking,
- housing loans include loans of mortgage banking and housing market clients, corporate client segment and small and medium enterprises as regards to products intended for housing purposes,
- corporate loans of non-financial institutions, depending on the size of the entity, include loans for small and medium enterprises, housing market loans and corporate loans granted to corporate entities for non-housing purposes,
- consumer loans include retail and private banking,
- corporate loans of public entities include corporate banking loans,
- debt securities are included in the corporate client segment.

Loans and advances to customers by method of calculating impairment allowances	30.09.2015	31.12.2014
Assessed on an individual basis, of which:	6 742 858	6 616 005
impaired	5 218 751	5 138 087
not impaired	1 524 107	1 477 918
Assessed on a portfolio basis, impaired	7 657 531	7 209 870
Assessed on a group basis (IBNR)	177 608 890	171 258 896
Loans and advances to customers, gross	192 009 279	185 084 771
Impairment allowances on exposures assessed on an individual basis, of which:	(2 751 006)	(2 599 180)
impaired	(2 741 960)	(2 583 402)
Impairment allowances on exposures assessed on a portfolio basis	(4 714 616)	(4 322 663)
Impairment allowances on exposures assessed on a group basis (IBNR)	(660 047)	(605 357)
Impairment allowances - total	(8 125 669)	(7 527 200)
Loans and advances to customers, net	183 883 610	177 557 571

As at 30 September 2015, the share of impaired loans amounted to 6.7% (as at 31 December 2014: 6.7%), whereas the coverage ratio for impaired loans (calculated as total impairment allowances on receivables divided by gross carrying amount of impaired loans) amounted to 63.1% (as at 31 December 2014: 61.0%).

As at 30 September 2015, the share of loans overdue by more than 90 days in the gross amount of loans and advances was 5.2% (as at 31 December 2014: 4.9%).

Debt securities (municipal bonds and corporate bonds) reclassified from financial assets available for sale to loans and advances to customers (in III and IV quarter 2012)

30 September 2015	nominal value	fair value	carrying amount
Municipal bonds	805 555	808 285	815 388
Corporate bonds	582 000	594 741	544 730
Total	1 387 555	1 403 026	1 360 118

31 December 2014	nominal value	fair value	carrying amount
Municipal bonds	850 183	847 435	853 129
Corporate bonds	631 640	640 689	568 483
Total	1 481 823	1 488 124	1 421 612

16. Investment securities available for sale

	30.09.2015	31.12.2014
Debt securities available for sale, gross	25 844 350	21 794 141
issued by the State Treasury, of which:	16 622 512	12 458 348
treasury bonds PLN	16 531 516	12 458 348
treasury bonds EUR	90 996	-
issued by local government bodies, municipal bonds PLN	4 316 130	4 480 325
issued by non-financial institutions	3 275 046	3 466 982
corporate bonds PLN	2 743 534	2 951 605
corporate bonds USD	218 620	315 965
corporate bonds EUR	312 892	199 412
issued by other financial institutions, corporate bonds PLN	118 699	184 914
issued by banks, corporate bonds	1 511 963	1 203 572
corporate bonds PLN	1 467 665	1 112 705
corporate bonds EUR	44 298	90 867
Impairment allowances on debt securities available for sale	(29 790)	-
Total net debt securities available for sale	25 814 560	21 794 141
Equity securities available for sale, gross	279 224	425 742
Equity securities not admitted to public trading	219 172	395 345
Equity securities admitted to public trading	60 052	30 397
Impairment allowances on equity securities available for sale	(28 583)	(127 747)
Total net equity securities available for sale	250 641	297 995
Total net investment securities available for sale	26 065 201	22 092 136

17. Investments in subsidiaries, joint ventures and associates

As at 30 September 2015, the Bank's investments in subsidiaries, joint ventures and associates have been recognised at acquisition cost adjusted by impairment allowances.

The Bank's individual shares in particulars subsidiaries are presented below.

As at 30 September 2015	Gross value	Impairment	Carrying amount
Subsidiaries			
KREDOBANK SA	1 018 069	(760 641)	257 428
PKO Bank Hipoteczny SA	300 000	-	300 000
PKO Życie Towarzystwo Ubezpieczeń SA	232 636	-	232 636
PKO BP BANKOWY PTE SA	205 786	-	205 786
PKO Towarzystwo Funduszy Inwestycyjnych SA	186 989	-	186 989
PKO Leasing SA	178 000	-	178 000
Merkury - fiz an ¹	120 000	-	120 000
PKO Towarzystwo Ubezpieczeń SA	88 000	-	88 000
NEPTUN - fizan ¹	71 665	-	71 665
PKO BP Finat Sp. z o.o.	71 295	-	71 295
PKO Finance AB	172	-	172
Joint ventures			
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	197 320	-	197 320
Associates			
„Poznański Fundusz Poręczeń Kredytowych” Sp. z o.o.	1 500	(1 500)	-
Total	2 671 432	(762 141)	1 909 291

¹⁾ PKO Bank Polski SA has investment certificates of the Fund, which, according to IFRS allow to control the Fund.

In 2015, according to IFRS 5, the Bank reclassified shares of Bank Pocztowy SA and shares in Company Finansowa Kompania „Prywatne Inwestycje” Sp. z o.o. and in Company „Inter-Risk Ukraina” Sp. z o.o., to non-current assets held for sale

As at 31 December 2014	Gross value	Impairment	Carrying amount
Subsidiaries			
KREDOBANK SA	1 018 069	(760 641)	257 428
PKO Bank Hipoteczny SA	300 000	-	300 000
Finansowa Kompatnia „Prywatne Inwestycje” Sp. z o.o.	283 624	(244 162)	39 462
PKO BP BANKOWY PTE SA	205 786	-	205 786
PKO Towarzystwo Funduszy Inwestycyjnych SA	186 989	-	186 989
PKO Życie Towarzystwo Ubezpieczeń SA	184 636	-	184 636
Merkury - fiz an ¹	120 000	-	120 000
PKO Leasing SA	98 000	-	98 000
PKO BP Finat Sp. z o.o.	71 295	-	71 295
„CENTRUM HAFFNERA” Sp z o.o.	44 371	(44 371)	-
Bankowe Towarzystwo Kapitałowe SA	30 566	(10 666)	19 900
„Inter-Risk Ukraina” Spółka z dodatkową odpowiedzialnością	27 549	(20 441)	7 108
PKO Finance AB	172	-	172
Joint ventures			
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	197 320	-	197 320
„Centrum Obsługi Biznesu” Sp. z o.o.	17 498	(9 466)	8 032
Associates			
Bank Pocztowy SA	146 500	(28 854)	117 646
„Poznański Fundusz Poręczeń Kredytowych” Sp. z o.o.	1 500	(1 500)	-
Total	2 933 875	(1 120 101)	1 813 774

¹⁾ PKO Bank Polski SA has investment certificates of the Fund, which, according to IFRS allow to control the Fund.

18. Intangible assets and tangible fixed assets

Intangible assets	30.09.2015	31.12.2014
Software	1 619 573	1 716 957
Goodwill	871 047	871 047
Relations with customers	52 899	67 252
Other, including capital expenditure	163 808	243 356
Total	2 707 327	2 898 612

Tangible fixed assets	30.09.2015	31.12.2014
Land and buildings	1 445 128	1 467 583
Machinery and equipment	408 848	439 669
Means of transport	8	3
Assets under construction	108 176	182 792
Investment properties	8 384	184
Other	168 018	161 142
Total	2 138 562	2 251 373

In period ended 30 September 2015 and 30 September 2014, there were no significant transactions of purchase and sale of tangible fixed assets.

19. Amounts due to banks

	30.09.2015	31.12.2014
Loans and advances received	16 138 366	16 393 118
Bank deposits	2 481 493	1 122 090
Amounts due from repurchase agreements	1 022 381	299 530
Current accounts	425 511	607 188
Other money from market deposits	39 372	17 658
Total	20 107 123	18 439 584

20. Amount due to customers

	30.09.2015	31.12.2014
Amounts due to retail clients	131 814 618	128 230 900
Term deposits	70 227 408	68 882 671
Current accounts and overnight deposits	61 334 058	59 126 815
Other liabilities	253 152	221 414
Amounts due to corporate entities	51 833 168	52 911 331
Current accounts and overnight deposits	20 029 315	19 270 916
Term deposits	14 673 329	16 562 690
Loans and advances received, of which:	15 709 271	15 051 131
- received from PKO Finance AB	12 596 794	12 036 601
Other liabilities	960 547	1 170 470
Amounts due from repurchase agreements	460 706	856 124
Amounts due to public entities	6 424 257	4 778 331
Current accounts and overnight deposits	4 493 850	4 018 024
Term deposits	1 918 668	740 995
Other liabilities	11 739	19 312
Total	190 072 043	185 920 562

By client segment	30.09.2015	31.12.2014
Amounts due to customers, of which:		
retail and private banking	125 606 459	121 893 357
corporate	29 720 867	30 907 441
loans and advances received	15 709 271	15 051 131
small and medium enterprises	18 574 740	17 212 509
amounts due from repurchase agreements	460 706	856 124
Total	190 072 043	185 920 562

The structure of liabilities presented in the Note includes the following segmentation:

- amounts due to retail clients include retail and private banking,
- amounts due to corporate entities include corporate client segment (excluding public entities), small and medium enterprises segment, housing market client segment,
- amounts due to public entities include corporate client segment – public entity.

21. Debt securities in issue

	30.09.2015	31.12.2014
Financial instruments designated at fair value through profit and loss - bank securities	115 799	118 262
Financial instruments measured at amortised cost - bank bonds	997 553	747 825
Total	1 113 352	866 087

22. Subordinated liabilities

As at 30 September 2015	Nominal value in currency	Nominal value in PLN	Currency	Maturity date	Balance in PLN
Subordinated bonds	1 600 700	1 600 700	PLN	14.09.2022	1 602 804
Subordinated loan	224 000	868 784	CHF	24.04.2022	868 845
Total	x	2 469 484	x	x	2 471 649

As at 31 December 2014	Nominal value in currency	Nominal value in PLN	Currency	Maturity date	Balance in PLN
Subordinated bonds	1 600 700	1 600 700	PLN	14.09.2022	1 619 833
Subordinated loan	224 000	780 013	CHF	24.04.2022	794 152
Total	x	2 380 713	x	x	2 413 985

23. Other liabilities

	30.09.2015	31.12.2014
Accounts payable	404 205	487 274
Deferred income	387 286	358 567
Other liabilities	1 431 877	1 819 217
Total	2 223 368	2 665 058
of which financial liabilities	1 681 419	2 127 610

24. Provisions

For the period ended 30 September 2015	Provision for legal claims	Provisions for retirement benefits and anniversary bonuses	Provisions for loan commitments and guarantees granted	Other provisions*	Total
As at 1 January 2015, of which:	29 457	39 363	103 621	130 725	303 166
Short term provision	29 457	3 117	73 484	130 725	236 783
Long term provision	-	36 246	30 137	-	66 383
Take of control over subsidiary	2 343	128	-	-	2 471
Increase/reassessment of provisions	6 239	-	222 487	1 846	230 572
Use of provisions	-	-	-	(23 128)	(23 128)
Release of provisions	(10 000)	-	(241 389)	(9 880)	(261 269)
Other changes and reclassifications	4 825	-	(3 055)	262	2 032
As at 30 September 2015, of which:	32 864	39 491	81 664	99 825	253 844
Short term provision	32 864	3 121	60 696	99 825	196 506
Long term provision	-	36 370	20 968	-	57 338

* Included in "Other provisions" are i.a.: restructuring provision of PLN 64 223 thousand and provision of PLN 2 081 thousand for potential claims on impaired loan portfolios sold.

For the period ended 30 September 2014	Provision for legal claims	Provisions for retirement benefits and anniversary bonuses	Provisions for loan commitments and guarantees granted	Other provisions*	Total
As at 1 January 2014, of which:	29 457	35 386	115 667	129 971	310 481
Short term provision	29 457	2 441	88 817	129 971	250 686
Long term provision	-	32 945	26 850	-	59 795
Increase/reassessment of provisions	-	-	309 870	3 269	313 139
Use of provisions	-	-	-	(30 149)	(30 149)
Release of provisions	-	-	(325 458)	-	(325 458)
Other changes and reclassifications	-	-	1 578	-	1 578
As at 30 September 2014, of which:	29 457	35 386	101 657	103 091	269 591
Short term provision	29 457	2 441	79 380	103 091	214 369
Long term provision	-	32 945	22 277	-	55 222

* Included in "Other provisions" are i.a.: restructuring provision of PLN 70 571 thousand and provision of PLN 1 574 thousand for potential claims on impaired loan portfolios sold.

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

25. Contingent liabilities and off-balance sheet liabilities received

25.1 Underwriting programmes

As at 30 September 2015 and as at 31 December 2014, underwriting agreements covered the following securities:

Issuer of securities underwritten	Type of underwritten securities	Off-balance sheet liabilities resulting from underwriting agreement	Contract period
As at 30 September 2015			
Company A	corporate bonds	1 055 000	31.07.2020
Company B	corporate bonds	509 700	15.06.2022
Company C	corporate bonds	83 300	31.12.2022
Company D	corporate bonds	50 000	19.12.2022
Company E	corporate bonds	29 472	31.12.2029
Company F	corporate bonds	8 841	31.01.2016
Total		1 736 313	
As at 31 December 2014			
Company A	corporate bonds	1 055 000	31.07.2020
Company B	corporate bonds	1 049 000	15.06.2022
Company C	corporate bonds	91 700	31.12.2022
Company D	corporate bonds	50 000	19.12.2022
Total		2 245 700	

All contracts concern the Agreements of the Organization, Conducting and Servicing of Bond Issuance Programme.

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

25.2 Contractual commitments

As at 30 September 2015, the amount of contractual commitments concerning intangible assets amounted to PLN 125 985 thousand (as at 31 December 2014, it amounted to PLN 196 807 thousand).

As at 30 September 2015, the amount of contractual commitments concerning intangible assets amounted to PLN 50 941 thousand (as at 31 December 2014, it amounted to PLN 95 322 thousand).

25.3 Loan commitments granted

by nominal value	30.09.2015	31.12.2014
Credit lines and limits:		
to financial entities	2 484 922	998 133
to non-financial entities	36 564 828	34 023 705
to public entities	4 031 871	3 258 574
Total	43 081 621	38 280 412
of which: irrevocable loan commitments	29 519 200	27 730 846

Guarantee liabilities granted

	30.09.2015	31.12.2014
Guarantees in domestic and foreign trading	8 418 280	10 003 696
to financial entities	1 123 992	919 391
to non-financial entities	7 287 422	9 062 391
to public entities	6 866	21 914
Guarantees and pledges granted – domestic corporate bonds	4 147 766	4 526 126
to financial entities	71 235	12 076
to non-financial entities	4 076 531	4 514 050
Letters of credit granted	1 835 593	704 504
to financial entities	-	1 736
to non-financial entities	1 835 593	702 768
Guarantees and pledges granted – payment guarantee	174 296	17 278
to financial entities	174 296	17 278
Guarantees and pledges granted – domestic municipal bonds	322 129	55 008
to public entities	322 129	55 008
Total	14 898 064	15 306 612
of which: good performance guarantees granted	2 111 989	1 942 582

25.4 Off-balance sheet liabilities received

By nominal value	30.09.2015	31.12.2014
financial	639 544	1 747 327
guarantees	5 908 377	4 587 353
Total	6 547 921	6 334 680

26. Supplementary information to the statement of cash flows

Cash and cash equivalents

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

	30.09.2015	31.12.2014	30.09.2014
Cash and balances with the central bank	8 138 986	11 698 248	8 042 193
Amounts due from banks	3 973 789	2 354 512	2 738 575
Total	12 112 775	14 052 760	10 780 768

27. Related party transactions

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

30 September 2015

Entity	Receivables	of which loans	Liabilities	Off-balance sheet liabilities granted
Direct subsidiaries				
KREDOBANK SA	387 261	201 577	9 166	68 651
Merkury - fiz an	41 100	41 100	-	-
NEPTUN - fiz an	-	-	1 331	-
PKO Bank Hipoteczny SA	1 529	-	13 029	-
PKO BP BANKOWY PTE SA	72	-	1 214	-
PKO BP Finat Sp. z o.o.	192	-	149 371	593
PKO Finance AB	-	-	12 592 473	-
PKO Leasing SA	1 875 556	1 755 985	138 047	1 242 183
PKO Towarzystwo Funduszy Inwestycyjnych SA	20 279	-	45 510	-
PKO Towarzystwo Ubezpieczeń SA	-	-	73 594	-
PKO Życie Towarzystwo Ubezpieczeń SA	43 079	35 064	139 017	55 911
Qualia Development Sp. z o.o. ¹⁾	27	-	24 681	426
Indirect subsidiaries				
Bankowe Towarzystwo Kapitałowe SA	1	-	11 273	-
„CENTRUM HAFNERA” Sp. z o.o.	-	-	2 238	-
Finansowa Kompania „Idea Kapital” Sp. z o.o.	30 108	30 108	-	-
FORT MOKOTÓW Sp. z o.o. w likwidacji	-	-	3 079	-
Molina spółka z ograniczoną odpowiedzialnością 1 S.K.A.	-	-	1 825	-
Molina spółka z ograniczoną odpowiedzialnością 2 S.K.A.	-	-	2 844	-
Molina spółka z ograniczoną odpowiedzialnością 3 S.K.A.	-	-	8 688	-
Molina spółka z ograniczoną odpowiedzialnością 6 S.K.A.	-	-	3 199	-
PKO BP Faktoring SA	453 171	453 134	1 126	396 866
PKO Bankowy Leasing Sp. z o.o.	2 586 921	2 584 876	1 584	41 790
PKO Leasing Sverige AB	109 774	109 774	7 237	-
„Promenada Sopocka” Sp. z o.o.	42 885	42 885	3 786	-
Qualia - Rezydencja Flotyła Sp. z o.o.	75 930	75 930	921	-
Qualia Hotel Management Sp. z o.o.	-	-	4 577	-
Qualia spółka z ograniczoną odpowiedzialnością - Neptun Park Sp. k.	-	-	3 807	1 035
Qualia spółka z ograniczoną odpowiedzialnością - Nowy Wilanów Sp. k.	-	-	13 528	-
Qualia spółka z ograniczoną odpowiedzialnością - Pomeranka Sp. k.	76 770	76 770	2 457	-
Qualia sp. z o.o. - Sopot Sp. k.	43	43	1 247	-
„Sopot Zdrój” Sp. z o.o.	189 036	189 036	23 690	-
Ubezpieczeniowe Usługi Finansowe Sp. z o.o.	-	-	1 498	-
„Zarząd Majątkiem Górczewska” Sp. z o.o.	-	-	2 333	-
Other	-	-	1 713	-
Total Subsidiaries	5 933 734	5 596 282	13 290 083	1 807 455

¹⁾ The company is in a position of 'Non-current assets held for sale'.

Entity	Receivables	of which loans	Liabilities	Off-balance sheet liabilities granted
Direct joint ventures				
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	162	-	50 081	5 000
Indirect joint ventures				
„Centrum Obsługi Biznesu” Sp. z o.o.	27 625	27 625	8 883	-
Direct associates				
Bank Poczty SA ¹⁾	79	-	319	1 080
„Poznański Fundusz Poręczeń Kredytowych” Sp. z o.o.	-	-	2 606	-
Indirect associate				
Centrum Operacyjne Sp. z o.o.	-	-	53	-
Total joint ventures and associates	27 866	27 625	61 942	6 080

¹⁾ The company is in a position of 'Non-current assets held for sale'.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
OF THE PKO BANK POLSKI SA GROUP FOR THE NINE-MONTH PERIOD
ENDED 30 SEPTEMBER 2015
(IN PLN THOUSAND)



Bank Polski

31 December 2014

Entity	Receivables	of which loans	Liabilities	Off-balance sheet liabilities granted
Direct subsidiaries				
PKO Bank Hipoteczny SA	-	-	299 563	-
Bankowe Towarzystwo Kapitałowe SA	4 169	-	1 116	7 000
Finansowa Kompania „Prywatne Inwestycje” Sp. z o.o.	60 873	60 873	-	-
KREDOBANK SA	371 639	283 387	2 831	22 043
Merkury - fiz an	53 978	53 978	1 665	6 022
PKO BP BANKOWY PTE SA	17	-	1 237	-
PKO BP Finat Sp. z o.o.	212	-	152 158	593
PKO Finance AB	7	-	12 032 368	-
PKO Leasing SA	947 517	759 882	194 487	949 752
PKO Towarzystwo Funduszy Inwestycyjnych SA	20 217	-	52 954	-
PKO Życie Towarzystwo Ubezpieczeń SA	30 662	30 662	232 714	40 264
Qualia Development Sp. z o.o.	-	-	10 829	13 904
Other	-	-	644	-
Indirect subsidiaries				
Finansowa Kompania „Idea Kapitał” Sp. z o.o.	72 930	72 930	-	-
FORT MOKOTÓW Sp. z o.o. w likwidacji	-	-	3 395	-
Molina spółka z ograniczoną odpowiedzialnością 1 S.K.A.	-	-	8 121	-
Molina spółka z ograniczoną odpowiedzialnością 2 S.K.A.	-	-	5 838	-
Molina spółka z ograniczoną odpowiedzialnością 3 S.K.A.	-	-	11 385	-
Molina spółka z ograniczoną odpowiedzialnością 5 S.K.A.	-	-	4 752	-
Molina spółka z ograniczoną odpowiedzialnością 6 S.K.A.	-	-	3 078	-
PKO BP Faktoring SA	497 702	497 684	219 135	2 316
PKO Bankowy Leasing Sp. z o.o.	2 255 640	2 253 051	674	176 388
PKO Leasing Sverige AB	90 866	90 866	83	44 229
„Promenada Sopocka” Sp. z o.o.	44 189	44 189	4 152	-
Qualia - Residence Sp. z o.o.	1	-	8 517	-
Qualia - Rezydencja Flotylla Sp. z o.o.	76 000	76 000	622	-
Qualia Hotel Management Sp. z o.o.	-	-	3 228	-
Qualia spółka z ograniczoną odpowiedzialnością - Jurata Sp. k.	-	-	1 342	-
Qualia spółka z ograniczoną odpowiedzialnością - Neptun Park Sp. k.	-	-	4 444	1 035
Qualia spółka z ograniczoną odpowiedzialnością - Nowy Wilanów Sp. k.	-	-	8 510	-
Qualia spółka z ograniczoną odpowiedzialnością - Pomeranka Sp. k.	76 770	76 770	1 245	-
Qualia sp. z o.o. - Sopot Spółka komandytowa	3 887	3 887	431	-
„Sopot Zdrój” Sp. z o.o.	198 542	198 542	16 086	-
Ubezpieczeniowe Usługi Finansowe Sp. z o.o.	-	-	1 826	-
„Zarząd Majątkiem Górczewska” Sp. z o.o.	-	-	6 778	-
Other	-	-	1 051	-
Total Subsidiaries	4 805 818	4 502 701	13 297 259	1 263 546

Entity	Receivables	of which loans	Liabilities	Off-balance sheet liabilities granted
Direct joint ventures				
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	23 390	-	57 008	5 000
„Centrum Obsługi Biznesu” Sp z o.o.	28 852	28 852	12 022	-
Direct associates				
Bank Pocztowy SA	-	-	299	941
„Poznański Fundusz Poręczeń Kredytowych” Sp. z o.o.	-	-	966	-
Indirect associate				
Centrum Operacyjne Sp. z o.o.	-	-	2	-
Total joint ventures and associates	52 242	28 852	70 297	5 941

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
OF THE PKO BANK POLSKI SA GROUP FOR THE NINE-MONTH PERIOD
ENDED 30 SEPTEMBER 2015
(IN PLN THOUSAND)



Bank Polski

For the period ended 30 September 2015

Entity	Total income	of which interest and fee and commission	Total expense	of which interest and fee and commission
Direct subsidiaries				
PKO Bank Hipoteczny SA	5 891	2 765	1 571	1 571
Finansowa Kompania „Prywatne Inwestycje” Sp. z o.o. ¹⁾	-	-	30 683	-
KREDOBANK SA	5 948	5 798	-	-
Merkury - fiz an	1 916	1 916	17	17
PKO BP Finat Sp. z o.o.	1 607	31	4 303	1 846
PKO Finance AB	63	63	344 211	342 458
PKO Leasing SA	26 146	22 564	13 451	1 464
PKO Towarzystwo Funduszy Inwestycyjnych SA	179 854	178 838	823	823
PKO Życie Towarzystwo Ubezpieczeń SA	253 992	253 825	219 118	219 118
Other	663	68	489	559
Indirect subsidiaries				
Finansowa Kompania „Idea Kapitał” Sp. z o.o.	1 258	1 258	31 218	-
PKO BP Faktoring SA	5 406	5 204	15	15
PKO Bankowy Leasing Sp. z o.o.	46 685	45 670	72	72
PKO Leasing Sverige AB	1 601	1 601	-	-
Qualia - Rezydencja Flotylla Sp. z o.o.	2 815	2 815	9	9
Qualia spółka z ograniczoną odpowiedzialnością - Pomeranka Sp. k.	2 840	2 840	11	11
„Sopot Zdrój” Sp. z o.o.	2 651	2 651	153	153
Other	845	835	640	640
Total joint ventures and associates	540 181	528 742	646 784	568 756

¹⁾ The company is in a position of 'Non-current assets held for sale'.

Entity	Total income	of which interest and fee and commission	Total expense	of which interest and fee and commission
Direct joint venture				
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	120 268	119 104	79 807	79 672
Indirect joint venture				
„Centrum Obsługi Biznesu” Sp. z o.o.	689	689	69	69
Direct associates				
Bank Poczty SA ¹⁾	498	20	515	-
„Poznański Fundusz Poręczeń Kredytowych” Sp. z o.o.	2	2	14	14
Indirect associates				
Centrum Operacyjne Sp. z o.o.	2	2	-	-
Total joint ventures and associates	121 459	119 817	80 405	79 755

¹⁾ The company is in a position of 'Non-current assets held for sale'.

For the period ended 30 September 2014

Entity	Total income	of which interest and fee and commission	Total expense	of which interest and fee and commission
Direct subsidiaries				
Finansowa Kompania „Prywatne Inwestycje” Sp. z o.o.	9 535	9 535	-	-
Inteligo Financial Services SA	2 785	19	30 959	2 149
KREDOBANK SA	4 984	4 984	-	-
Nordea Bank Polska SA	20 245	19 862	4 141	275
PKO Finance AB	53	53	308 979	-
PKO Leasing SA	11 441	9 021	14 358	4 276
PKO Towarzystwo Funduszy Inwestycyjnych SA	157 939	156 824	1 019	1 019
PKO Życie Towarzystwo Ubezpieczeń SA	6 587	6 587	7 551	49
Other	834	100	1 193	455
Indirect subsidiaries				
PKO BP Faktoring SA	6 140	5 936	-	-
PKO Bankowy Leasing Sp. z o.o.	60 884	60 825	47	1
Qualia - Rezydencja Flotylla Sp. z o.o.	2 951	2 951	10	10
Qualia spółka z ograniczoną odpowiedzialnością - Pomeranka Sp. k.	3 248	3 248	36	36
„Sopot Zdrój” Sp. z o.o.	3 069	3 069	119	119
Other	4 138	4 036	244	244
Total joint ventures and associates	294 833	287 050	368 656	8 633

Entity	Total income	of which interest and fee and commission	Total expense	of which interest and fee and commission
Direct subsidiaries				
Centrum Elektronicznych Usług Płatniczych eService Sp. z o.o.	15 538	14 903	81 728	81 566
„Centrum Obsługi Biznesu” Sp. z o.o.	728	707	175	175
Direct associates				
Bank Poczty SA	405	39	345	-
„Poznański Fundusz Poręczeń Kredytowych” Sp. z o.o.	2	2	121	121
Indirect associates				
Centrum Operacyjne Sp. z o.o.	2	2	-	-
Total joint ventures and associates	16 675	15 653	82 369	81 862

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

Objectives and principles of risk management in PKO Bank Polski SA were presented in details in the annual financial statements of PKO Bank Polski SA for the year 2014.

Relevant information on risk monitoring and changes in methods of risk measurement in the period from 1 January to 30 September 2015 is presented below:

Credit risk

The Bank's exposure to credit risk

Amounts due from banks	Exposure	
	30.09.2015	31.12.2014
Amounts due from banks impaired, of which:	372	41 535
assessed on an individual basis	-	41 173
Amounts due from banks not impaired, of which:	4 256 642	2 578 608
not past due	4 256 642	2 578 608
Gross total	4 257 014	2 620 143
Impairment allowances	(613)	(11 596)
Net total by carrying amount	4 256 401	2 608 547

Loans and advances to customers	Exposure	
	30.09.2015	31.12.2014
Loans and advances impaired, of which:	12 876 282	12 347 957
assessed on an individual basis	5 218 751	5 138 087
Loans and advances not impaired, of which:	179 132 997	172 736 814
not past due	175 968 023	168 833 734
past due	3 164 974	3 903 080
past due up to 4 days	563 567	1 491 221
past due over 4 days	2 601 407	2 411 859
Gross total	192 009 279	185 084 771
Impairment allowances	(8 125 669)	(7 527 200)
Net total by carrying amount	183 883 610	177 557 571

Investment securities available for sale - debt securities	Exposure	
	30.09.2015	31.12.2014
Debt securities impaired, of which:	396 034	-
assessed on an individual basis	396 034	-
Debt securities not impaired, of which:	25 448 316	21 794 141
not past due	25 448 316	21 794 141
with external rating	17 723 933	13 702 637
with internal rating	7 724 383	8 091 504
Gross total	25 844 350	21 794 141
Impairment allowances	(29 790)	-
Net total by carrying amount	25 814 560	21 794 141

Level of exposure to credit risk

The table below presents maximum exposure to credit risk of the Bank as at 30 September 2015 and as at 31 December 2014, excluding collaterals and related improvement of credit situation, by net carrying amount.

Items of the statement of financial position	30.09.2015	31.12.2014
Current account in the central bank	4 982 162	7 772 856
Amounts due from banks	4 256 401	2 608 547
Trading assets – debt securities	2 510 263	1 919 353
issued by the State Treasury	2 388 664	1 825 454
issued by local government bodies	49 876	50 563
issued by non-financial institutions	46 326	22 146
issued by other financial institutions	11 156	6 559
issued by banks	14 241	14 631
Derivative financial instruments	4 377 497	5 483 508
Financial instruments designated upon initial recognition at fair value through profit and loss - debt securities	12 136 692	13 417 667
issued by central banks	8 799 190	10 998 812
issued by the State Treasury	3 089 120	2 165 038
issued by local government bodies	248 382	253 817
Loans and advances to customers	183 883 610	177 557 571
financial sector (excluding banks)	5 592 606	5 327 204
corporate loans	5 351 346	5 024 231
receivables due from repurchase agreements	241 260	302 973
non-financial sector	168 504 251	162 220 953
housing loans	99 228 032	95 712 466
corporate loans	45 055 070	44 332 135
consumer loans	21 719 737	20 159 253
debt securities	2 501 412	2 017 099
public sector	9 786 753	10 009 414
corporate loans	6 976 887	7 189 737
debt securities	2 809 866	2 819 677
Investment securities available for sale - debt securities	25 814 560	21 794 141
issued by the State Treasury	16 622 512	12 458 348
issued by local government bodies	4 316 130	4 480 325
issued by non-financial institutions	3 245 256	3 466 982
issued by other financial institutions	118 699	3 466 982
issued by banks	1 511 963	184 914
Other assets - other financial assets	884 380	647 235
Total	238 845 565	231 200 878

Off-balance sheet items	30.09.2015	31.12.2014
Irrevocable liabilities granted	29 519 200	27 730 846
Guarantees granted	8 592 576	10 020 974
Letters of credit granted	1 835 593	704 504
Guarantees of issue	4 469 895	4 581 134
Total	44 417 264	43 037 458

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

	30.09.2015	31.12.2014
Amounts due from banks	-	41 173
Loans and advances to customers measured at amortised cost	5 218 751	5 138 087
Financial sector	44 267	76 110
corporate loans	44 267	76 110
Non-financial sector	5 154 841	5 045 096
corporate loans	3 668 816	3 664 094
housing loans	1 096 556	1 175 329
consumer loans	278 700	94 829
debt securities	110 769	110 844
Public sector	19 643	16 881
corporate loans	19 643	16 881
Investing debt securities available for sale issued by non-financial sector	396 034	-
Razem	5 614 785	5 179 260

Interest rate risk

The Bank was mainly exposed to PLN interest rate risk. For the Bank, the most unfavourable scenario of all stress tests involving a parallel movement in interest rate curves applied by the Bank, was a parallel movement in PLN interest rate curves. The effect of materialisation of this scenario amounted approx. PLN 1.7 billion as at 30 September 2015, and PLN 1.88 billion as at 31 December 2014.

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

Name of sensitivity measure	30.09.2015	31.12.2014
VaR for a 10-day time horizon with a confidence level of 99% threshold (in PLN thousand)	162 443	282 868
Parallel movement of interest rate curves by 200 b.p. (in PLN thousand) (stress-test)*	2 061 746	2 369 729

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

Currency risk

VaR of the Bank and stress-test analysis of the Bank's exposure to the currency risk are stated in the table below:

Name of sensitivity measure	30.09.2015	31.12.2014
VaR for a 10-day time horizon with a confidence level of 99% threshold (in PLN thousand)	12 286	6 230
Change in CUR/PLN by 20% (in PLN thousand) (stress-test)*	31 489	16 351

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

The level of currency risk was low both as at 30 September 2015 and as at 31 December 2014.

Liquidity risk

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

	a'vista	0 - 1 month	1 - 3 months	3 - 6 months	6 - 12 months	12 - 24 months	24 - 60 months	over 60 months
30.09.2015								
Adjusted gap in real terms	8 769 805	10 573 741	(1 280 026)	3 800 785	5 474 792	11 105 138	9 797 678	(48 241 913)
Cumulative adjusted gap in real terms	8 769 805	19 343 546	18 063 520	21 864 305	27 339 097	38 444 235	48 241 913	-
31.12.2014								
Adjusted gap in real terms	12 717 177	11 080 529	1 211 542	1 328 179	1 404 543	11 330 017	12 836 839	(51 908 826)
Cumulative adjusted gap in real terms	12 717 177	23 797 706	25 009 248	26 337 427	27 741 970	39 071 987	51 908 826	-

In all time horizons, the Bank's cumulative adjusted liquidity gap in real terms as at 30 September 2015 and as at 31 December 2014 was positive. This means a surplus of assets receivable over liabilities payable.

29. Capital adequacy

As at 30 September 2015 and as at 31 December 2014 capital adequacy measures were calculated in accordance with the provisions of CRR Regulation.

The level of the Bank's capital adequacy as at 30 September 2015 remained on a safe level, significantly above the statutory limits.

Own funds for the capital adequacy purposes

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

BANK'S OWN FUNDS	30.09.2015	31.12.2014
Capital Tier 1	24 858 788	22 558 648
Share capital	1 250 000	1 250 000
Other reserves	24 002 288	22 040 024
Other comprehensive income	(198 897)	(85 123)
General banking risk fund	1 070 000	1 070 000
Retained earnings	1 250 000	1 004 300
Goodwill	(871 047)	(871 047)
Other intangible assets	(1 564 974)	(1 764 734)
Equity exposures deducted from own funds	(22 652)	(49 101)
Additional adjustments of assets measured at fair value	(55 930)	(35 671)
Capital Tier 2	2 416 628	2 321 062
Subordinated liabilities classified as supplementary funds	2 469 484	2 394 713
Equity exposures deducted from own funds	(52 856)	(73 651)
Total own funds	27 275 416	24 879 710

Capital requirements (Pillar 1)

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

Requirements as regard own funds	30.09.2015	31.12.2014
Credit risk	13 456 926	13 590 324
Market risk	505 713	602 407
Credit valuation adjustment risk	25 916	42 375
Settlement / delivery risk	-	68
Operational risk	569 500	655 419
Total capital requirements	14 558 055	14 890 593
Capital adequacy ratio	14.99%	13.37%
Capital ratio Tier 1	13.66%	12.12%

OTHER INFORMATION

Identification data

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

The Authorities of PKO Bank Polski SA in the reporting period

The Management Board of PKO Bank Polski SA as at 30 September 2015

No.	Name	Function	Date of appointment
1.	Zbigniew Jagiełło	President of the Management Board	re-appointed on 8 January 2014 to the position of President of the Management Board of PKO Bank Polski SA for the joint term of the Management Board, which begin with the end of previous joint term of the Management Board.
2.	Piotr Alicki	Vice-President of the Management Board	re-appointed on 8 January 2014 to the position of Vice-President of the Management Board of PKO Bank Polski SA for the joint term of the Management Board, which begin with the end of previous joint term of the Management Board.
3.	Bartosz Drabikowski	Vice-President of the Management Board	re-appointed on 8 January 2014 to the position of Vice-President of the Management Board of PKO Bank Polski SA for the joint term of the Management Board, which begin with the end of previous joint term of the Management Board.
4.	Piotr Mazur	Vice-President of the Management Board	re-appointed on 8 January 2014 to the position of Vice-President of the Management Board of PKO Bank Polski SA for the joint term of the Management Board, which begin with the end of previous joint term of the Management Board.
5.	Jarosław Myjak	Vice-President of the Management Board	re-appointed on 8 January 2014 to the position of Vice-President of the Management Board of PKO Bank Polski SA for the joint term of the Management Board, which begin with the end of previous joint term of the Management Board.
6.	Jacek Obłąkowski	Vice-President of the Management Board	re-appointed on 8 January 2014 to the position of Vice-President of the Management Board of PKO Bank Polski SA for the joint term of the Management Board, which begin with the end of previous joint term of the Management Board.
7.	Jakub Papierski	Vice-President of the Management Board	re-appointed on 8 January 2014 to the position of Vice-President of the Management Board of PKO Bank Polski SA for the joint term of the Management Board, which begin with the end of previous joint term of the Management Board.

The Supervisory Board of PKO Bank Polski SA as at 30 September 2015

No.	Name	Function	Date of appointment
1.	Jerzy Góra	Chairman of the Supervisory Board	appointed on 26 June 2014 for the next term of the Supervisory Board, which began on the day of the Ordinary General Shareholders' Meeting convened as at 26 June 2014. On 26 June 2014 the State Treasury, as the Eligible Shareholder has appointed Jerzy Góra as a Chairman of the Supervisory Board.
2.	Mirosław Czekaj	Deputy Chairman of the Supervisory Board	appointed on 26 June 2014 for the next term of the Supervisory Board, which began on the day of the Ordinary General Shareholders' Meeting convened as at 26 June 2014. On 16 July 2014 the Supervisory Board has appointed Mirosław Czekaj as a Secretary of the Supervisory Board. On 25 June 2015 the State Treasury, as the Eligible Shareholder has appointed Mirosław Czekaj as a Deputy-Chairman of the Supervisory Board. On 7 July 2015 Deputy Chairman of the Supervisory Board send resignation as Secretary of the Supervisory Board.
3.	Małgorzata Dec-Kruczkowska	Secretary of the Supervisory Board	appointed on 25 June 2015 for present term of the Supervisory Board, which began on the day of the Ordinary General Shareholder's Meeting convened as at 26 June 2014. On 5 August 2015 has appointed as Secretary of the Supervisory Board.
4.	Mirosława Boryczka	Member of the Supervisory Board until 30 September 2015	appointed on 26 June 2014 for the next term of the Supervisory Board, which began on the day of the Ordinary General Shareholders' Meeting convened as at 26 June 2014. On 23 September 2015 Mrs. Mirosława Boryczka send resignation as Member of the Supervisory Board from 30 September 2015.
5.	Zofia Dzik	Member of the Supervisory Board	appointed on 26 June 2014 for the next term of the Supervisory Board, which began on the day of the Ordinary General Shareholders' Meeting convened as at 26 June 2014.
6.	Krzysztof Kilian	Member of the Supervisory Board	appointed on 25 June 2015 for present term of the Supervisory Board, which began on the day of the Ordinary General Shareholders' Meeting convened as at 26 June 2014.
7.	Piotr Marczak	Member of the Supervisory Board	appointed on 26 June 2014 for the next term of the Supervisory Board, which began on the day of the Ordinary General Shareholders' Meeting convened as at 26 June 2014.
8.	Elżbieta Mączyńska - Ziemacka	Member of the Supervisory Board	appointed on 26 June 2014 for the next term of the Supervisory Board, which began on the day of the Ordinary General Shareholders' Meeting convened as at 26 June 2014.
9.	Marek Mroczkowski	Member of the Supervisory Board	appointed on 26 June 2014 for the next term of the Supervisory Board, which began on the day of the Ordinary General Shareholders' Meeting convened as at 26 June 2014.

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

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

Shareholding structure in PKO Bank Polski SA

Shareholders	As at the date of publication of the report for the 3rd quarter of 2015		As at the date of publication of the report for the 1st half of 2015		Changes of the share in the number of votes at GSM (pp.)
	Number of shares	Share in the number of votes at GSM	Number of shares	Share in the number of votes at GSM	
State Treasury	367 918 980	29.43%	392 406 277	31.39%	-1.96
Aviva Otwarty Fundusz Emerytalny ¹⁾	83 952 447	6.72%	83 952 447	6.72%	0.00
Nationale-Nederlanden Otwarty Fundusz Emerytalny (until 23.06.2015 ING Otwarty Fundusz Emerytalny) ²⁾	64 594 448	5.17%	64 594 448	5.17%	0.00
Other shareholders ³⁾	733 534 125	58.68%	709 046 828	56.72%	1.96
Total	1 250 000 000	100.00%	1 250 000 000	100.00%	0.00

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

2) Number of shares held as at 24 July 2012, reported by ING OFE (at the moment Nationale-Nederlanden OFE) after exceeding 5% of share in PKO Bank Polski SA's shareholding structure after settlement the transaction of sale of 95 million of PKO Bank Polski SA's shares by the State Treasury.

3) Including BGK, with the date of publication of the report for III quarter 2015 owned 24 487 297 shares, representing 1.96% of the number of votes at the General Meeting of Shareholders.

On 27 August 2015 Ministry of the state Treasury announced signing an agreement on 26 August 2015, under which has been transferred by the State Treasury to the BGK 24 487 297 shares of PKO Bank Polski SA as an increase in the statutory fund of BGK.

After the settlement of the above-mentioned transaction on 28 August 2015 the State Treasury in the Bank's share capital and number of votes at the General Meeting at Shareholders decreased by 1.96% to 29.43%.

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

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

No.	Name	Number of shares as at the date of publication of the report for the 3rd quarter of 2015	Purchase	Disposal	Number of shares as at the date of publication of the report for the 1st half of 2015
I. Management Board of the Bank					
1.	Zbigniew Jagiełło, President of the Management Board of the Bank	11 000	-	-	11 000
2.	Piotr Alicki, Vice-President of the Management Board of the Bank	2 627	-	-	2 627
3.	Bartosz Drabikowski, Vice-President of the Management Board of the Bank	-	-	-	-
4.	Piotr Mazur, Vice-President of the Management Board of the Bank	4 500	-	-	4 500
5.	Jarosław Myjak, Vice-President of the Management Board of the Bank	-	-	-	-
6.	Jacek Obłękowski, Vice-President of the Management Board of the Bank	512	-	-	512
7.	Jakub Papierski, Vice-President of the Management Board of the Bank	3 000	-	-	3 000
II. Supervisory Board of the Bank					
1.	Jerzy Góra, Chairman of the Supervisory Board of the Bank	-	-	-	-
2.	Mirosław Czekaj, Deputy-Chairman of the Supervisory Board of the Bank	-	-	-	-
3.	Małgorzata Dec-Kruczkowska, Member of the Supervisory Board of the Bank	-	-	-	x
4.	Zofia Dził, Member of the Supervisory Board of the Bank	-	-	-	-
5.	Krzysztof Kilian, Member of the Supervisory Board of the Bank	-	-	-	x
6.	Elżbieta Mączyńska-Ziemacka, Member of the Supervisory Board of the Bank	-	-	-	-
7.	Piotr Marczak, Member of the Supervisory Board of the Bank	-	-	-	-
8.	Marek Mroczkowski, Member of the Supervisory Board of the Bank	-	-	-	-

Seasonality or cyclicity of activities in the reporting period

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

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

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

The financial and organization situation of the PKO Bank Polski SA Group will be impacted law regulations and coming in force in next quarter or in the nearest future regulations.

On the Bank's results and level of credit shares will have positive influence changes to the Program 'Apartment for the Young' with effect from 1 September 2015. The program consists of financing from the state budget's own contribution and grant additional financial support in the form of repayment part of the loan. Introduced changes concern i.a. including in program real estates from secondary market, facilities for numerous family, abolishment of the obligation of 'first residence' and abolishment of age limit, that will increase the availability and the attractiveness of program.

Other regulations results which will have an influence on activity and organizations of the PKO Bank Polski SA Group in next periods:

- CRR Regulation (from 1 January 2016, i.a. change in rules of establishing equity and increasing of limits LCR ratio),
- Macro-prudential oversight's Act (from 1 January 2016, imposing on banks, i.a. extra buffer resulting increase in the capital requirement),
- recommendations of the Polish Financial Supervision Authority to hold from 1 January 2016 Capital T1 ratio on 10.25% and TCR on 13.25%,
- the resolutions BFG Board determining load banks for the deposit insurance system in 2016,
- P Recommendation, which should be implemented by banks to the end of 2015,
- law about supporting borrowers with mortgage who are in bad financial situation,
- law about handling of complaints by financial institutions, which shortens the time for dealing with complaints,
- an amendment to law about financial market supervision, leads from 1 January 2016, i.a. changes in financing supervision activity,
- an amendment to law about letter of pledge and mortgage banks, leads from 1 January 2016 rules which increased security polish letter of pledge.

Moreover, the Group's activity will be effected by PFSA recommendation concerning extra capital requirement due to currency housing loans portfolio, as well as legislations concerning imposing on financial institutions so-called banking tax.

The financial results of the PKO Bank Polski SA Group will be impacted also by the political and economic situation in Ukraine where the Group entities operate: KREDOBANK SA and factoring entities and debt collection entity. In February 2015 occurred the significant depreciation of Ukrainian hryvnia compared to other currencies, including Polish zloty. From the beginning of March 2015 after the decision of significant increase of reference interest rates in Ukraine, the depreciation inhibition of hryvnia is observed.

Recently it resumed work towards the adoption by the Supreme Council of Ukraine resolution on currency translation of foreign currency loans for individual persons (including mortgages) and partial redemption them regarding the rate before the crisis in Ukraine. The group is continuously analyse the influence of these events on financial results including the risk of deterioration of assets quality of the group in Ukraine. PKO Bank Polski SA continues to implement actions aimed at ensuring the safe functioning of its companies in Ukraine. These actions include strengthening supervisory activities, including monitoring the development of the regulatory requirements determined by the National Bank of Ukraine.

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

In the third quarter of 2015, PKO Leasing SA (subsidiary of PKO Bank Polski SA) issued 53 000 bonds with a total nominal value of PLN 530 000 thousand and redeemed 59 000 bonds with a total nominal value of PLN 590 000 thousand. At the end of September of this year, the Company's debt due to the bonds issue amounted to PLN 530 000 thousand.

As at 30 September 2015, 11 928 of PKO Leasing SA's bonds with a total nominal value of PLN 119 280 thousand were included in Bank's portfolio and 41 072 bonds with a total nominal value of PLN 410 720 thousand were sold on a secondary market.

In the third quarter of 2015, subsidiaries of Mercury - fiz an redeemed bills of exchange with a total value of issue day of PLN 12 800 thousand. At the end of September of this year, total debt due to the bills of exchange issue of subsidiaries of Mercuru - fiz an amounted to PLN 250 thousand.

In the third quarter of 2015, subsidiaries of Mercury - fiz an redeemed bonds with a total nominal value of PLN 13 250 thousand. At the end of September of this year, total debt due to bonds issue of subsidiaries of Mercury - fiz an amounted PLN 95 000 thousand.

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

In the third quarter of 2015, PKO Bank Polski SA and the subsidiaries of PKO Bank Polski SA did not conclude any significant transactions with related parties not on arms' length.

Results of changes in the entity's structure, including the effects of business combination, 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 effects of business combination, takeover or disposal of the Group entities have been in Note 38 in Supplementary information to the condensed interim consolidated financial statements.

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

In the third quarter of 2015, PKO Bank Polski SA and the subsidiaries of PKO Bank Polski SA did not grant any warranties on loan or advance or a guarantee to a single entity or its subsidiary that would constitute at least 10% of the Bank's equity.

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

In the third quarter of 2015, PKO Bank Polski SA and the subsidiaries of PKO Bank Polski SA did not take any loans, advances or receive any guarantees or warranties that were not related to its operating activity.

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

In the third quarter of 2015, the subsidiaries of PKO Bank Polski SA did not concluded any significant contracts and important agreements with the central bank or supervisory authorities.

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

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

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

PKO Bank Polski SA did not publish any financial result forecasts for the year 2015.

Information on dividend paid (or declared)

On 31 March 2015, the Bank's Management Board adopted 'Principles for managing the capital adequacy and equity in PKO Bank Polski SA and in the PKO Bank Polski SA Group' with the new wording, which include, inter alia, dividend policy issues in their scope.

The general assumption of the Bank's dividend policy is to maintain a stable level of dividend payments in the long term, in compliance with the principle of prudent management of the Bank and the Bank's Group and with consideration of the financial capacity of the Bank and the Bank's Group as determined on the basis of the adopted criteria. The aim of the dividend policy is an optimisation of the structure of the Bank's and the Group's own funds, taking into account the return on capital and its cost, capital needs for development, while ensuring an appropriate level of capital adequacy ratios. The dividend policy assumes the possibility of the Bank's net profit distribution to shareholders in the long-term perspective in the amount of the surplus of capital above minimal capital adequacy ratios considering the additional capital buffer. The dividend policy takes into account factors related to the operations of the Bank and the Group entities, in particular, the requirements and supervisory recommendations concerning capital adequacy. Capital adequacy ratios specifying the dividend criteria are as follows:

- Total capital ratio above 12,5% and
- Basic capital ratio Tier 1 above 12%.

These principles were approved by the Supervisory Board on 6 May 2015.

On 31 March 2015, the Bank received from the Polish Financial Supervision Authority recommendation for PKO Bank Polski SA to withhold the entire net profit earned by PKO Bank Polski SA for the period from 1 January 2014 till 31 December 2014 - until the supervision authority determines the additional capital requirement for the Bank. The PFSA expected the statement of the Bank's Management Board and the Bank's Supervisory Board position in this regard.

Management Board on 7 April 2015 and the Supervisory Board on 8 April 2015 adopted resolutions on the application within its competence recommendation PFSA. The Bank informed that in accordance with Art. 395 § 2 point 2 of the Commercial Companies Code, the decision on the distribution of the profit belongs to the Annual General Meeting.

On 25 June 2015, the Annual General Shareholders' Meeting decided to distribute the profit of the Bank for the year 2014 and retained profit from previous years, allocating profits in accordance with the recommendation of the Management Board for reserve capital an amount of PLN 1 250 000 thousand, without earmarking amounts for dividend payments. The resolution of the Annual General Shareholders' Meeting of the Bank on the distribution of profits for 2014 is consistent with the Polish Financial Supervision Authority recommendation.

Changes in Statutes of the Bank

1. On 3 September 2015 the Bank received information about registration by the District Court for the capital city of Warsaw, XIII Economic Department of the National Court Register changes in Statutes of the PKO Bank Polski SA, made by Resolution No. 53 the Annual General Meeting the PKO Bank Polski SA from the 25 June 2015 (make by Bank to public in current report No. 44/2015 from 25 June 2015=.
2. On 23 September 2015 Supervisory Board settled consolidated text of the Statutes of the Bank, with changes based on the Annual General Meeting resolution.

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

On 23 September 2015 Mrs. Mirosława Boryczka send resignation as Member of the Supervisory Board from 30 September 2015.

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

1. On 6 October 2015, PKO BP Finat Sp. z o. o. received from the Polish Financial Supervision Authority approval for providing services of a national payment institution. As a result of above-mentioned receiving approval, the condition specified in the Company agreement, which is the automatic redemption of 750 000 shares with a total nominal value PLN 75 million, belonging to the only shareholder - PKO Bank Polski SA, has fulfilled. Redemption will become effective with the day of registration reduction of Company's share capital with the National Court Register. Share capital of PKO BP Finat Sp. z o. o. will be reduced from the amount of PLN 107 302.5 thousand to PLN 32 302.5 thousand.

2. On 13 October 2015 in Qualia Development Sp. z o. o. Group, Qualia 3 Sp. z o. o. Company was founded, with share capital of the amount of PLN 5 thousand. Company will be a new general partner in Qualia Sp. z o.o. – Neptun Park Sp. k.
3. On 21 October 2015 PKO Finance redeemed Eurobonds Series 1 of the total nominal amount of EUR 800 000 000, with the maturity of 5 years, issued under the EMTN Program. Interest on bonds were calculated as fixed interest rate, amounted to 3.733% per year, payable annually. In connection with the redemption of the bonds on 20 October 2015, the Bank repaid a loan received from PKO Finance with the proceeds from the issuance of the Series 1 Eurobonds in the amount matching to the nominal value of the bond issuance. The interest rate of the loan was fixed and matched to the interest rate bond issued Series 1.
4. On 23 October 2015 Management Board received from Polish Financial Supervision Authority (PFSA) recommendations on the amount of the additional requirements of own funds. PFSA recommended to maintenance of the Bank's own funds to cover additional capital requirement at the 0.76 pp. to hedge the risk arising from currency mortgage loans which should assemble at least in 75% of Tier 1 capital (equivalent to 0.57 pp.). This mean that:
 - minimum Bank's capital ratios regarding extra capital requirement recommended by PFSA amount to:
(Tier1) $T1=9+0.57=9.57\%$,
(Total Capital Requirement) $TCR=12+0.76=12.76\%$,
 - Bank's capital ratios regarding capital requirement in the context of dividend policy recommended by PESA amount to:
 - criterion for payment up to 50% of profit for the 2014:
(Common Equity Tier 1) $CET1=12+0.57=12.57\%$,
(Total Capital Requirement) $TCR=12.5+0.76=13.26\%$,
 - criterion for payment up to 100% profit for the 2014:
(Common Equity Tier 1) $CET1=12+0.57=12.57\%$,
(Total Capital Requirement) $TCR=15.5+0.76=16.26\%$.

The above recommendations should be respective by the Bank from the date of receipt until further notice – i.e. until PFSA consider on the basis of analysis and supervisory assessment – that risk connected to currency mortgage loans, which is the reason of extra capital requirement, significantly changed. PFSA also recommended to retain by Bank at least 50% of profit generated from 1 January 2014 to 31 December 2014.

Moreover, banks had been informed in separate letter of recommendation to maintain – since 1 January 2016 – capital ratios of at least: $T1= 10.25\%$, $TCR=13.25\%$.

5. On 2 November 2015 Bank's Management Board received information derived from Visa Inc.' current report, that the entity has entered into an agreement to acquire the shares of Visa Europe Ltd. Closing of the transaction is expected in the third quarter of Visa Inc. financial year 2016 and it depends on obtaining relevant regulatory approvals. According to the agreement, the transaction value is up to EUR 21.2 billion and consists of the following components:
 - (i) The acquisition price amounted to EUR 16.5 billion paid at closing date,
 - (ii) The earn-out type of deferred maximum payment of EUR 4.7 billion that members of Visa Europe Ltd. may receive on 4 anniversary of the closing transaction date depending on purposes achievement, specified in the agreement, in the perspective of 16 quarters.

The purchase price is paid in:

- (a) Cash amounted to EUR 11.5 billion and
- (b) Preferred shares convertible into ordinary shares of Visa Inc. worth up to EUR 5 billion.

PKO Bank Polski as a member of Visa Europe Ltd. is among the transaction beneficiaries in proportion to the Bank's share in adjusted income of Visa Europe Ltd. Due to this share the Bank expects significant revenues from closing the transaction. Precise estimation of the impact of the transaction on the Bank's results will be possible after receipt of the information on the distribution of the transactions' amount between Visa Europe Ltd.'s members.

Signatures of all Members of the Bank's Management Board

30.10.2015	Zbigniew Jagiełło	President of the Management Board	 (signature)
30.10.2015	Piotr Alicki	Vice-President of the Management Board	 (signature)
30.10.2015	Bartosz Drabikowski	Vice-President of the Management Board	 (signature)
30.10.2015	Piotr Mazur	Vice-President of the Management Board	 (signature)
30.10.2015	Jarosław Myjak	Vice-President of the Management Board	 (signature)
30.10.2015	Jacek Obłękowski	Vice-President of the Management Board	 (signature)
30.10.2015	Jakub Papierski	Vice-President of the Management Board	 (signature)

Signature of person responsible for
maintaining the books of account

30.10.2015

Danuta Szymańska
Director of the Accounting Division

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(signature)