



**Unaudited Interim Condensed
Consolidated Financial Report of the Bank
Gospodarki Żywnościowej S.A.
Capital Group
for the 3rd quarter ended 30 September
2012**

***Prepared in accordance with International Financial
Reporting Standards***

Warsaw, 6 November 2012

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

I	INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	4
	Consolidated income statement.....	4
	Consolidated statement of comprehensive income	5
	Consolidated statement of financial position.....	6
	Consolidated statement of financial position (continued).....	7
	Consolidated statement of changes in equity - unaudited	8
	Consolidated statement of changes in equity (continued)	8
	Consolidated statement of changes in equity – unaudited (continued)	9
	Consolidated statement of cash flows.....	10
1	ADDITIONAL INFORMATION.....	12
1.1	General information.....	12
1.2	Basis for the preparation of the unaudited interim condensed consolidated financial statements	12
1.3	Going concern	14
1.4	Authorization for issue.....	14
1.5	Changes in presentation	14
1.6	Seasonality or periodicity of operations	14
1.7	Major estimates and judgments	14
1.8	Hedge accounting	16
1.9	General information on the Capital Group	17
	1.9.1 The entities accounted for in the unaudited consolidated financial statement	17
	1.9.2 Related party transactions.....	18
2	EXPLANATORY NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	19
2.1	Net interest income	19
2.2	Net fee and commission income	20
2.3	Result on trading activities	21
2.4	General administrative expenses	22
2.5	Other operating income.....	23
2.6	Other operating costs	24
2.7	Net impairment allowances on loans and advances.....	25
2.8	Effective tax rate.....	25
2.9	Amounts due from banks	26
2.10	Receivables arising from reverse repo transactions	26
2.11	Held-for-trading securities	27
2.12	Derivative financial instruments	27
2.13	R Hedge accounting.....	28
2.14	Loans and advances to customers	29
2.15	Securities available for sale.....	31
2.16	Intangible assets	32
2.17	Property, plant and equipment	32
2.18	Amounts owed to other banks.....	32
2.19	Liabilities arising from repo transactions	33
2.20	Amounts owed to customers.....	33
2.21	Provisions.....	34
2.22	Liabilities arising from employee benefits	35
2.23	Cash and cash equivalents	35
2.24	Solvency ratio	35
2.25	Off-balance sheet items	36
2.26	Related party transactions.....	36
3	BUSINESS SEGMENTS.....	40
3.1	Segment reporting.....	40
3.2	Business segments characteristics	40
3.3	Reconciliation of results with financial reporting data	41
4	OTHER INFORMATION	47
4.1	Shareholders of the Bank Gospodarki Żywnościowej S.A.	47
4.2	Granted loan suretyships and guarantees exceeding 10% of equity.....	47
4.3	Emisja, wykup papierów wartościowych	Błąd! Nie zdefiniowano zakładki.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

4.4	Dividends paid	48
4.5	Legal issues	48
4.6	Risk management	48
4.7	Changes in the Bank's Management	48
4.8	Significant events	49
4.9	Significant events after the reporting date not accounted for in the financial statements.....	49
II	INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS	50
	Income statement.....	50
	Statement of comprehensive income.....	51
	Statement of financial position	52
	Statement of changes in equity - unaudited.....	54
	Statement of cash flows	56
1	ADDITIONAL EXPLANATORY NOTES.....	58
1.1.	Statement of compliance with International Financial Reporting Standards.....	58
1.2.	Significant accounting policies	58
2	EXPLANATORY NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS	58
2.1	Related party transactions.....	58
2.2	Solvency ratio	62
3	OTHER INFORMATION	62
3.1	Seasonality or periodicity of operations	62
3.2	Debt securities issued and redeemed.....	62
3.3	Dividends paid.....	62
3.4	Off-balance sheet items	62
3.5	Significant events	62
3.6	Significant events after the reporting date not accounted for in the financial statements.....	63

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

I INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

	Note	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 unaudited	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
Interest income	2.1	550 142	1 583 751	442 767	1 208 656
Interest expense	2.1	(287 571)	(818 919)	(214 327)	(610 437)
Net interest income		262 571	764 832	228 440	598 219
Fee and commission income	2.2	91 794	265 927	79 688	229 961
Fee and commission expense	2.2	(14 486)	(40 437)	(10 437)	(28 458)
Net fee and commission income		77 308	225 490	69 251	201 503
Dividend income		20	3 416	–	3 554
Result on trading activities	2.3	28 340	68 332	17 668	71 635
Result on investing activities		(8)	17 537	3 989	3 063
Result on hedge accounting		1 133	1 133	–	–
Other operating income	2.5	15 834	49 802	10 864	42 570
Net impairment losses on Lorans and advances	2.7	(73 982)	(231 663)	(55 035)	(108 683)
General administrative expenses	2.4	(231 137)	(690 373)	(206 674)	(616 723)
Other operating expenses	2.6	(29 270)	(103 210)	(26 078)	(80 655)
Operating result		50 809	105 296	42 425	114 483
Share In profit (loss) of associates		1 095	203	492	2 501
Profit (loss) before taxation		51 904	105 499	42 917	116 984
Income tax expense	2.8	(13 702)	(27 841)	(2 317)	(16 102)
Net profit (loss) for the period		38 202	77 658	40 600	100 882
– attributable to the shareholders of the Bank		38 202	77 658	40 600	100 882
Earnings per share (in PLN per share)		0.75	1.52	0.94	2.34
From continuing and discontinued operations:					
Basic		0.75	1.52	0.94	2.34
Diluted		0.88	1.78	0.94	2.34
From continuing operations:					
Basic		0.75	1.52	0.94	2.34
Diluted		0.88	1.78	0.94	2.34

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

Consolidated statement of comprehensive income

	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 unaudited	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
Profit (loss) for the period	38 202	77 658	40 600	100 882
Other comprehensive income				
Net (loss)/gain on valuation of available-for-sale financial assets	63 190	117 925	(3 934)	21 378
Net (loss)/gain on valuation of derivatives hedging future cash flows	5 055	10 305	–	–
Income tax effect	(12 967)	(24 364)	747	(4 062)
Other comprehensive income (net)	55 278	103 866	(3 187)	17 316
Total comprehensive income	93 480	181 524	37 413	118 198

The total comprehensive income of the Group in the first three quarters of 2012 increased by PLN 63 326 thousand, ie 53.6%, compared to the first three quarters of 2011, from the growth - by PLN 96 547 thousand – reflected in other capital net positive impact of financial assets available for sale revaluation. This result deal with the portfolio of long-term Treasury bonds. Another factors contributing to the growth of total comprehensive income were the effects of revaluation of derivatives which hedge future cash flows of PLN 10 305 thousand, which occurred in connection to launching during the second quarter of 2012 of the hedge accounting. In particular, the Bank has entered into the IRS transactions float-to-fix for the period up to April 2014 to in order to secure the interest rate risk due to future interest cash flows from interest-bearing preferential loans based on NBP rediscount rate (with a factor of 1.5 or 1.6).

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

Consolidated statement of financial position

	Note	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
ASSETS				
Cash and balances with the Central Bank		1 583 499	1 383 321	1 702 089
Amounts due from other banks	2.9	568 349	221 071	535 564
Receivables arising from reverse repo transactions	2.10	1 019 673	366 343	119 763
Held-for-trading securities	2.11	651 364	1 632 434	883 392
Derivative financial instruments, of which:	2.12	335 151	883 109	890 011
– hedging derivatives	2.13	39 554	–	–
Loans and advances to customers	2.14	26 320 067	24 222 391	23 307 252
Securities available for sale	2.15	4 733 320	3 624 750	3 284 427
Other debt securities		–	–	–
Investment property		63 401	63 401	63 900
Investments in associates		46 658	46 245	34 005
Intangible assets	2.16	142 011	146 443	101 744
Property, plant and equipment	2.17	469 186	485 943	468 871
Deferred tax asset		156 238	207 794	212 653
Current tax asset		22 273	–	–
Other assets		147 580	123 968	150 339
TOTAL ASSETS		36 258 770	33 407 213	31 754 010

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

Consolidated statement of financial position (continued)

	Note	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
LIABILITIES				
Amounts owed to other banks	2.18	3 706 266	4 446 716	4 806 940
Liabilities arising from repo transactions	2.19	767 416	–	411 806
Derivative financial instruments and other liabilities held for trading, of which:	2.12	235 013	795 707	842 157
– hedging derivatives	2.13	–	–	–
Amounts owed to customers	2.20	25 654 452	22 941 652	20 832 385
Liabilities from issued debt securities		1 972 127	2 033 267	1 768 308
Other liabilities		521 726	474 952	403 876
Deferred tax liability		9 719	9 719	9 814
Current tax liabilities		–	–	–
Provisions	2.21	45 277	41 926	41 470
Liabilities arising from employee benefits	2.22	27 388	25 412	24 039
TOTAL LIABILITIES		32 939 384	30 769 351	29 140 795
EQUITY				
Issued share capital	4.1	51 137	43 137	43 137
Reserve capital		2 950 716	2 332 656	2 332 656
Accumulated profit/(loss) from previous years		10 364	8 327	8 327
Other reserves		229 511	125 645	128 213
Undistributed profit		77 658	128 097	100 882
TOTAL EQUITY		3 319 386	2 637 862	2 613 215
TOTAL LIABILITIES AND EQUITY		36 258 770	33 407 213	31 754 010

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Consolidated statement of changes in equity - unaudited

	Share capital	Reserve capital	Other reserves	Accumulated profit (loss) from previous years	Undistributed profit	Total
As at 1 January 2012	43 137	2 332 656	125 645	8 327	128 097	2 637 862
Issue of shares	8 000	492 000	-	-	-	500 000
Net profit for the 3 rd quarter	-	-	-	-	77 658	77 658
Other comprehensive income for the period	-	-	103 866	-	-	103 866
Transfer from prior year profits	-	126 060	-	2 037	(128 097)	-
Comprehensive income for the period	-	-	103 866	-	77 658	181 524
As at 30 September 2012	51 137	2 950 716	229 511	10 364	77 658	3 319 386

Consolidated statement of changes in equity (continued)

	Share capital	Reserve capital	Other reserves	Accumulated profit (loss) from previous years	Undistributed profit	Total
As at 1 January 2011	43 137	2 220 155	110 897	8 487	112 341	2 495 017
Net profit for the year	-	-	-	-	128 097	128 097
Other comprehensive income for the period	-	-	14 748	-	-	14 748
Transfer from prior year profits	-	112 501	-	(160)	(112 341)	-
Comprehensive income for the period	-	-	14 748	-	128 097	142 845
As at 31 December 2011	43 137	2 332 656	125 645	8 327	128 097	2 637 862

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Consolidated statement of changes in equity – unaudited (continued)

	Share capital	Reserve capital	Other reserves	Accumulated profit (loss) from previous years	Undistributed profit	Total
As at 1 January 2011	43 137	2 220 155	110 897	8 487	112 341	2 495 017
Net profit for the 3 rd quarter	–	–	–	–	100 882	100 882
Other comprehensive income for the period	–	–	17 316	–	–	17 316
Transfer from prior year profits	–	112 501	–	(160)	(112 341)	–
Comprehensive income for the period	–	–	17 316	–	100 882	118 198
As at 30 September 2012	43 137	2 332 656	128 213	8 327	100 882	2 613 215

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

Consolidated statement of cash flows

Note	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 unaudited	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit/loss	38 202	77 658	40 600	100 882
Total adjustments:	890 558	1 140 856	(925 180)	(3 107 632)
Current and deferred tax recognized in the financial results	13 702	27 841	2 317	16 102
Amortization and depreciation	24 076	69 501	21 357	59 563
Interests and dividends	(43 890)	(132 225)	(55 046)	(91 483)
Profit/loss on investing activities	–	(18 049)	–	–
Change in provisions and liabilities for employee benefits	674	5 327	(97)	990
Change in amounts due from other banks	172	3 141	294	36 153
Change in receivables arising from reverse repo transactions	(357 256)	(653 330)	135 628	531 943
Change in held-for-trading debt securities	1 611 412	981 070	(71 154)	931 507
Change in valuation of derivative financial instruments except for hedging derivatives	40 748	587 512	(689 412)	(669 024)
Change in valuation of hedging instruments	(24 000)	(39 554)	–	–
Change in loans and advances to customers	(1 049 667)	(2 097 676)	(2 259 759)	(3 438 075)
Income tax paid	(22 275)	(22 275)	44 801	44 801
Change in amounts owed to other banks	(272 801)	(520 676)	(260 184)	330 086
Change in liabilities arising from repo transactions	(625 975)	767 416	411 806	(857 115)
Negative change in valuation of derivative financial instruments	(108 029)	(560 694)	479 031	110 059
Change in amounts owed to customers	1 530 640	2 712 800	1 284 169	(219 330)
Change in other assets	30 815	(23 612)	(8 631)	(72 061)
Change in other liabilities and liabilities arising from income tax	138 224	46 774	23 284	161 978
Other adjustments	3 988	7 565	16 416	16 274
NET CASH FLOW FROM OPERATING ACTIVITIES	928 760	1 218 514	(884 580)	(3 006 750)

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

Consolidated statement of Cash flows (continued)

	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 Note	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
CASH FLOW FROM INVESTING ACTIVITIES:				
Inflows	20 400 671	58 688 144	7 788 152	41 830 763
Sale and redemption of other debt securities	–	–	56 916	108 126
Sale of securities available for sale	20 400 651	58 684 728	7 731 236	41 722 609
Sale of intangible assets and property, plant and equipment	–	–	–	28
Dividends received and other investment income	20	3 416	–	–
Outflows	(21 399 629)	(59 590 288)	(7 409 583)	(41 692 673)
Purchase of securities available for sale	(21 376 455)	(59 543 638)	(7 368 342)	(41 622 482)
Purchase of intangible assets, property, plant and equipment	(23 174)	(46 409)	(40 697)	(70 191)
Other investing outflows	–	(241)	(544)	–
NET CASH FLOW FROM INVESTING ACTIVITIES	(998 958)	(902 144)	378 569	138 090
CASH FLOW FROM FINANCING ACTIVITIES:				
Inflows	1 621 000	4 026 500	2 379 456	7 548 897
Long – term financing from other banks	–	–	1 109 456	3 503 897
Issue of debt securities to other financial institutions	1 121 000	3 526 500	1 270 000	4 045 000
Issue of shares	500 000	500 000	–	–
Outflows	(1 174 924)	(3 792 274)	(963 676)	(4 067 088)
Repayment of long- term loans to other banks	(71 924)	(219 774)	(37 606)	(47 462)
Redemption of debt securities issued to other financial institutions	(1 103 000)	(3 572 500)	(926 070)	(4 019 626)
TOTAL NET CASH FLOW FROM FINANCING ACTIVITIES	446 076	234 226	1 415 780	3 481 809
TOTAL NET CASH FLOW	375 878	550 596	909 769	613 149
Cash and cash equivalents at the beginning of the year	1 767 367	1 592 649	1 314 218	1 610 838
Cash and cash equivalents at the end of the year, of which:	2.24	2 143 245	2 223 987	2 223 987
of restricted use	1 405	1 405	1 479	1 479

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

1 ADDITIONAL INFORMATION

1.1 General information

Bank Gospodarki Żywnościowej Spółka Akcyjna is the parent company of the BGŻ S.A. Capital Group (hereinafter referred to as the "Group").

Bank Gospodarki Żywnościowej Spółka Akcyjna (the "Bank" or "BGŻ S.A."), with its registered office in Warsaw, at Kasprzaka 10/16 Street, is entered in the National Court Register maintained by the District Court for the capital city of Warsaw, XII Economic Department, Entry no. KRS 0000011571. The Bank and the subsidiary entities of the Group shall continue until terminated.

1.2 Basis for the preparation of the unaudited interim condensed consolidated financial statements

Accounting principles applied in the third quarter of 2012 do not differ from these applied in 2011 with the exception of hedge accounting, which was introduced by the Group in the second quarter of 2012 (the hedge accounting policies are described in paragraph 1.8). The accounting principles were described in detail in the consolidated financial statements for the year ended 31 December 2011 approved by the Management Board on 5 March 2012. The unaudited interim condensed consolidated financial statements for the third quarter ended 30 September 2012 were prepared in accordance with the International Financial Reporting Standards endorsed by the European Union applicable to interim reporting ('IAS 34') and in accordance with the requirements specified in the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information disclosed by issuers of securities (Journal of Laws of 2009 No. 33, pos. 259).

Based on the paragraph 101 point 2 of the above regulation the Bank does not publish consolidated quarterly report for the third quarter of 2012. Therefore the unaudited interim consolidated financial statements for three quarters of 2012 contain additionally:

- the consolidated income statement,
- the consolidated statement of comprehensive income,
- the consolidated statement of cash flows

for the third quarter of 2012, i.e. the period from 1 July 2012 to 30 September 2012 and for the third quarter of 2011, i.e. the period from 1 July 2011 to 30 September 2011.

The unaudited interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements, therefore they should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2011 approved by the Management Board on 5 March 2012.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

During the preparation of this unaudited interim condensed consolidated financial statements the accounting principles resulting from the following sources were applied:

1. International Financial Reporting Standards issued by the International Accounting Standards Board and their interpretations issued by the International Financial Reporting Interpretations Committee.
2. International Accounting Standard no. 34 'Interim financial reporting'.

Implementation of new Standards and Interpretations, which are issued, but not effective

Presented below are IFRSs issued by the International Accounting Standard Board and new IFRIC interpretations, which are not effective:

- The first phase of IFRS 9 *Financial Instruments: Classification and Measurement* – effective for financial years beginning on or after 1 January 2015 – not endorsed by EU till the date of approval of these financial statements. In subsequent phases, the IASB will address hedge accounting and impairment. The application of the first phase of IFRS 9 will have impact on classification and measurement of the financial assets of the Group. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture,
- IFRS 10 *Consolidated Financial Statements* – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- IFRS 11 *Joint Arrangements* – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- IFRS 12 *Disclosure of Interests in Other Entities* – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- IFRS 13 *Fair Value Measurement* - effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- IAS 27 *Separate financial statement* - effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- IAS 28 *Investments in Associates and Joint Ventures* - effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 19 *Employee Benefits* - effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income* - effective for financial years beginning on or after 1 July 2012 – not endorsed by EU till the date of approval of these financial statements,
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* - effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- Amendment to IFRS 7 *Financial Instruments – Disclosures: Offsetting Financial Assets and Financial Liabilities* – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

- Amendments to IAS 32 *Financial Instruments – Presentation: Offsetting Financial Assets and Financial Liabilities* - effective for financial years beginning on or after 1 January 2014 – not endorsed by EU till the date of approval of these financial statements,
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* - effective for financial years beginning on or after 1 July 2011. This interpretation did not have any effect on the financial position or performance of the Bank,
- Amendments to IFRS 12 *Income Taxes: Deferred Tax: Recovery of Underlying Assets* - effective for financial years beginning on or after 1 January 2012 – not endorsed by EU till the date of approval of these financial statements,
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Government Loans* - effective for financial years beginning on or after 1 January 2013 - not endorsed by EU till the date of approval of this financial statement.
- Amendments resulting from IFRS review (published in May 2012) effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements.

The Management Board does not expect the implementation of the above standards and interpretations to have material impact on the accounting policies applied by the Bank, except for the changes resulting from modifications introduced by IFRS 9, 11 and 13. The Bank is currently analysing the impact of the implementation of these standards on the financial statement.

1.3 Going concern

These consolidated financial statements were prepared under the assumption that the Group's companies would continue as a going concern in the foreseeable future, i.e. for the period of at least 12 months following the reporting date. As at the date of signing the consolidated financial statements, the Management Board BGŻ S.A. is not aware of any facts or circumstances that would indicate a threat to the Group's continued activity or a significant limitation in the Group's companies business.

1.4 Authorization for issue

These financial statements for the third quarter were authorized for issue by the Management Board on 6 November 2012.

1.5 Changes in presentation

The Group did not implement any presentation changes in the prepared interim condensed consolidated financial statements, except for the changes aimed at the improvement of the presentation of selected items in the explanatory notes to the financial statement, e.g. paragraphs 2.1, 2.2, 2.4, 2.5, 2.14, 2.29.

1.6 Seasonality or periodicity of operations

In the operations of the Group there are no material seasonal or periodical occurrences.

1.7 Major estimates and judgments

The Group makes estimates and adopts assumptions that affect the value of the assets and liabilities recognized in the following period. The estimates and assumptions, which are subject to continuous valuation, are based on historical experience and other factors, including expectations regarding future developments which, in a given situation, are justified.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

a) Impairment of loans and advances

According to IFRS, the following financial assets are assessed for impairment: financial assets carried at amortized cost, financial assets carried at cost and financial assets available-for-sale, which are not re-measured to fair value. The Bank assesses the impairment of financial assets on an individual basis and using the collective (group) approach. Individual assessment is performed on assets classified by the Bank as individually significant. Individually significant assets include, in particular, the following: exposures for which the total of the balance sheet principal and interest liability and off-balance sheet principal liability, at the valuation date, exceeds PLN 1 million (or its equivalent in a foreign currency); restructured exposures, for which the sum of the balance sheet principal and interest liability and off-balance sheet principal as at the valuation date exceeds PLN 100 thousand (or its equivalent in a foreign currency); all assets classified as individually significant in the previous period for which impairment was identified in the previous period; exposures with lower unit carrying amount if (due to the small number of such items) it is not possible to construct homogeneous and representative groups of assets, i.e., loan exposures to public sector entities, which have been found by the Bank to be impaired and loan exposures to financial entities. All financial assets that do not meet the criteria set forth for individually significant assets are considered to be individually insignificant. The methodology has changed with respect to the methodology applied as at 31.12.2011 only with respect to the fact, that individually significant impaired retail exposure are assessed on an individual basis instead of collective approach.

Assessment of impairment of individually significant asset

Financial assets are assessed for whether or not there is objective evidence to show that they are impaired. An individual assessment is carried out by the Bank's employees for individually significant financial assets, and involves an individual impairment review of the financial assets. The individual assessment of impairment involves an estimate of the anticipated future cash flows, and the amount of the impairment loss is measured as the difference between the current (carrying) amount of an individually significant financial asset, and the value of any future cash flows to be derived from that financial asset, discounted using the effective interest rate from the moment of impairment recognition. Cash flows from collateral are included in the evaluation of future cash flows.

Collective (group) assessment

A collective assessment is performed for assets classified as individually insignificant and those individually significant assets for which there is no objective evidence of impairment. For such group of assets, the Bank determines the amount of the impairment loss, if objective evidence of impairment is identified on a collective basis, or it determines the amount of the IBNR (Incurred But Not Reported) allowance if no impairment evidence is identified. Future cash flows from a group of financial assets assessed for impairment on a collective basis are estimated based on the history of losses incurred on assets with similar credit risk characteristics.

b) Fair value of derivative financial instruments (derivatives)

The fair value of financial instruments not listed on active markets is determined using valuation techniques (e.g. pricing models). These methods are assessed and reviewed on a regular basis by qualified independent employees, i.e., employees not involved in developing these methods. All models are approved before they are used, and adjusted to ensure that the results obtained reflect the factual data and comparable market prices. The models that the Group currently applies are based exclusively on observable data obtained from the Reuters and/or Bloomberg information systems.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

c) Impairment of equity instruments available-for-sale

The Group recognizes impairment of equity instruments available-for-sale if it has identified a significant or long-term decrease in their fair value below their initial cost. To determine whether impairment is significant or of a long-term nature, the Group must apply judgment. In making this judgment, apart from other factors, the Group must assess normal share price fluctuations. Furthermore, impairment losses may need to be recognized if there is evidence of a deterioration in the issuer's financial standing, the industry or economy sector, the technology or cash flows from operating and financing activities.

d) Investments held to maturity

The Group follows IAS 39 guidance concerning the classification of assets different from non-derivative financial assets with fixed or determinable payments and fixed maturity. This classification is, to a significant extent, based on the Group's judgment. In making this judgment, the Group assesses its intention and ability to hold these investments to maturity. If the Group does not hold these investments to maturity, it will have to change the classification of the entire category of these assets to assets available for sale (except for certain circumstances, such as the sale of investments of a small value shortly before maturity).

e) Impairment of fixed assets

At the end of each reporting period, the Bank assesses the existence of circumstances indicating impairment of fixed assets. In case of an identification of such a circumstance, the Bank estimates the residual value. The estimation of the fixed assets' value in use means, among other actions, making the assumptions concerning amounts and timing of future cash flows, which can be obtained by the Bank in respect of given fixed asset. While estimating the fair value less cost to sell, Bank relies on the available market data or valuations made by independent experts, which in fact are also based on estimates.

f) Provision for retirement benefits

The provision for retirement benefits were estimated using actuarial methods by an independent actuary. The assumptions adopted for this purpose are updated at the end of each financial year.

g) Deferred tax asset

The Bank recognizes deferred tax asset based on the assumption, that future tax profit will be achieved, allowing for its use. The future deteriorations of the taxable income would make this assumptions unjustified.

The estimated values did not change in comparison to 31 December 2011.

1.8 Hedge accounting

Hedge accounting recognizes results of offsetting changes in fair value of the hedging instrument and the hedged item, which influence the profit and loss statement. In accordance with the accepted principles of hedge accounting, the Group designates certain derivatives as a hedge of fair value and future cash flows of specific assets, under condition that certain criteria given in IAS 39 are met. Hedge accounting is used by the Group for hedging relationship, when all the following criteria are met:

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

- when the hedge is set, hedging relationship, as well as the goal of the Group risk management and strategy of setting the hedge were formally designated and documented. The documentation contains identification of hedging instrument, hedged item or the transaction, the nature of the hedged risk and the way the Group will evaluate the effectiveness of the hedging instrument in offsetting the exposure to changes in the fair value of the hedged item or cash flows connected with the hedged risk;
- it is expected that hedge relationship will be highly effective in offsetting changes in fair value (or cash flows) resulting from the hedged risk, in accordance with originally documented strategy of risk management, concerning this specific hedge relationship;
- in case of cash flow hedge, a planned transaction, which is a subject of the hedge, must be highly probable and must be subjected to the risk of changes in cash flows, which as a result may influence the profit and loss statement;
- the effectiveness of the hedge can be measured reliably, i.e. the fair value or the cash flows, connected with the hedged item and resulting from the hedged risk, as well as the fair value of hedging instrument, can be measured reliably;
- the hedge is constantly assessed and its high effectiveness is approved in all reporting periods, on which the hedge has been established.

Cash flow hedge, meeting the conditions of hedge accounting, are recognized by the Group in the following way:

- the effective part of the profit or loss connected with the hedging instrument is directly recognized in equity;
- the ineffective part of the profit or loss connected with the hedging instrument is recognized in the income statement.

The difference between interest income and interest expense corrects the outcome on the hedged item – in relation to the Group it influences on the interest income from preferential loans.

1.9 General information on the Capital Group

1.9.1 The entities accounted for in the unaudited consolidated financial statement

Bank Gospodarki Żywnościowej Spółka Akcyjna is an entity operating as part of the Rabobank Capital Group, whose parent company is Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A.

Bank Gospodarki Żywnościowej Spółka Akcyjna is the parent company of the BGŻ S.A. Capital Group (hereinafter referred to as the "Group"). The Group is composed of a subsidiary as at 30 September 2012:

1. **Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o.** – ('Actus') with its registered office in Warsaw, at Kasprzaka 10/16 Street. The company's main activities include:
 - acquisition and disposal of real estate and limited property rights relating to real estate,
 - management of own and third-party construction projects,
 - real estate trading intermediary services and lease of premises,
 - lease of real estate and rental of premises,
 - services relating to real estate valuation, management and advisory (real estate management agency activities).

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

The company is entered in the National Court Register maintained by the District Court for the capital city of Warsaw, XIII Economic Department of the National Court Register, Entry no. 0000023062.

BGŻ S.A. holds 100% of shares in the share capital of this company and 100% of the votes at the Shareholders' Meeting.

BGŻ S.A. holds 49% of shares in the share capital of an associated company BGŻ Leasing Sp. z o.o. and 49% of the votes at the Shareholders' Meeting of this company. The remaining 51% of the shares in the share capital is held by De Lage Landen company, which is a part of Rabobank Group.

Scope of consolidation

In accordance with the IFRS principles, consolidated financial statements include all subsidiaries as of 30 September 2012. The consolidation scope has not changed compared to 31 December 2011.

1.9.2 Related party transactions

All the transactions of the Bank, its subsidiaries and the related parties carried out in the third quarter of 2012 were concluded at arm's length and resulted from the operating activities.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

2 EXPLANATORY NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Net interest income

	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 unaudited	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
Interest income				
Amounts due from other banks	11 062	32 123	10 637	27 876
Amounts due from customers under overdraft facilities	87 265	238 116	67 034	174 195
Loans and advances to customers, after considering reversal of loans interests discount on impairment losses, of which	382 054	1 101 249	311 049	846 691
- companies	136 714	395 541	105 937	277 722
- households	239 521	687 413	200 618	556 346
- public institutions	4 004	11 589	2 907	8 045
- other entities	1 815	6 706	1 587	4 578
Debt securities for all portfolios	69 761	212 263	54 047	159 894
- at fair value through profit or loss account (trading)	12 101	46 000	6 930	27 185
- available for sale	57 660	166 263	46 519	130 551
- other debt securities	–	–	598	2 158
	550 142	1 583 751	442 767	1 208 656
Interest expense				
Amounts owed to banks, of which:	46 692	137 667	38 936	90 626
- due to its own issue	28 438	80 955	20 828	56 491
Amounts owed to customers, of which:	240 879	681 252	175 391	519 811
- companies	55 646	168 133	48 169	132 729
- households	145 025	422 508	98 820	297 410
- public institutions	9 337	26 651	7 780	39 084
- other entities	30 871	63 960	20 622	50 588
	287 571	818 919	214 327	610 437
Net interest income	262 571	764 832	228 440	598 219

The net interest income for three quarters of 2012 increased by PLN 166 613 thousand, ie. 27.9% compared to three quarters of 2011 which was due to an increase in interest income by PLN 375 095 thousand, ie. 31.0%, while the increase in interest expense amounted to PLN 208 482 thousand, ie. 34.2%.

The increase in interest income was mainly due to the increase in interest income from loans and advances to customers by PLN 254 558 thousand, ie. 30.1% and from amounts due from customers under overdraft facilities by PLN 63 921 thousand, ie. 36.7%, which was achieved through the development of lending activity, mainly in fourth quarter of 2011 and second and third of 2012. In

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

particular, it concerned the interest income from preferential loans. An important factor in the growth were NBP rediscount rate increases in 2011 and 2012, which impacted the level of interest rates on these loans in. In addition, the increase in interest income related also to higher income from debt securities by PLN 52 369 thousand, ie. 32.8%. An increased – compared to the three quarters of 2011 – excess of the Bank's liquidity was invested in those debt securities.

The main reason for the increase in interest expense were expenses relating to amounts due to customers, which increased by PLN 161 441 thousand PLN, ie. 31.1%, following the increase in customers' deposits mainly through internet banking BGŻOptima, collected in order to finance the development of the Group's of lending activity,. The second factor influencing increase of interest expense were liabilities to other banks which increased by PLN 47 041 thousand, ie. 51.9% compared with three quarters of 2011. It was an effect of obtaining a loan in CHF from the major shareholder and additional loan in EUR from the European Bank for Reconstruction and Development in 2011. This enabled a reduction in the higher interest-bearing financing in local currency, particularly in wholesale deposits of enterprises and public sector institutions.

2.2 Net fee and commission income

	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 unaudited	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
Fee and commission income				
Fee and commission income from banks	4 219	12 351	3 744	10 698
Fee and commission income from customers, including:	87 575	253 576	75 944	219 263
- on loans and advances	35 361	97 358	26 666	74 490
- on domestic settlements	193	630	257	805
- on foreign settlements	917	3 063	1 176	3 562
- on account service	22 616	72 035	25 073	77 183
- on guarantee commitments	2 856	8 533	3 005	8 860
- on brokerage operations	2 906	8 504	3 386	10 455
- on payment cards	18 817	54 586	14 561	40 398
- other	3 909	8 867	1 820	3 510
	91 794	265 927	79 688	229 961
Fee and commission expense				
Fee and commission expense from banks	1 039	2 346	827	2 891
Fee and commission expense from customers, including:	13 447	38 091	9 610	25 567
- on loans and advances	4 861	11 216	936	3 068
- on guarantee commitments	–	–	–	5
- on payment cards	6 289	18 085	5 056	14 044
- other	2 297	8 790	3 618	8 450
	14 486	40 437	10 437	28 458
Net fee and commission income	77 308	225 490	69 251	201 503

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

The net fee and commission result for the three quarters of 2012 increased by PLN 23 987 thousand, ie. 11.9% compared to the same period in 2011 which was due to an increase in fee and commission income by PLN 35 966 thousand(ie. 15.6%) and simultaneous increase in fee and commission costs by PLN 11 979 thousand (ie.42.1%).

The increase in commission income was achieved mainly due to the higher fee and commission income on loans and advances by PLN 22 868 thousand (ie. 30.7%) due to increased in lending activities (loans under overdraft facilities) among farmers, SME and Micro Companies and also due to expanding the offer in February 2012 with AVIVA insurance of cash loans. The second important factor was increase in commission from debit cards by PLN 14 188 thousand (ie. 35.1%), achieved mainly by increase in sales of "Konto z Premią" which is offered with card and changes to card commissions launched in December 2011.

At the same time there was a decline in fee and commission income on account service by PLN 5 148 thousand (ie. 6.7%), mainly due to the payments to retail clients account, under which the Bank pays back the client 1.0% of the value of inflows into the account under strict conditions.

The increase in fee and commission expense was mainly due to higher expenses to cards' operators, as a result of a higher number of transactions settled by the Bank's customers, and also higher costs of contribution paid to insurance company as a result of offering from February a new type of insurance to cash loans.

2.3 Result on trading activities

	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 unaudited	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
Debt instruments	3 057	12 154	(5 575)	(3 968)
Derivatives	(5 827)	(138 898)	177 224	548 437
Foreign exchange result	31 110	195 076	(153 981)	(472 834)
Result on trading activities	28 340	68 332	17 668	71 635

The result on trading activities for the three quarters of 2012 fell by PLN 3 303 thousand, ie. 4.6% compared with the same period of 2011, which was a result in a change in external financing structure as areult of Group obtained a loan in CHF in 2011. Obtaining a direct financing in CHF the Group reduced the number of swap transactions, used as a safeguard for the currency risk and interest rate risk of the so called old portfolio of mortgage loans for retail customers granted by April 2009. As a result, points result recognized in the trading activities decreased due to the reduced swap portfolio, which caused an increase in the interest income as a result of replacing higher interest-bearing PLN financing with the lower interest-bearing financing in CHF.

The result on trading activities also includes income from margins on currency transactions and derivatives with clients, which increased significantly compared to prior year.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

2.4 General administrative expenses

	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 unaudited	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
Employee benefit costs, including:	130 808	374 859	113 644	331 284
– payroll, including:	108 445	309 409	93 788	272 389
– retirement pay	30	164	122	183
- salary overheads	15 461	46 388	11 884	37 159
- fringe benefits	2 281	5 532	3 386	9 133
- cost related to Company Social Benefits Fund	1 525	4 575	1 349	4 048
- other	3 096	8 955	3 237	8 555
Materials and energy	6 799	22 962	7 055	23 498
External services	45 666	138 979	42 972	135 476
Other non-personnel costs	38 293	125 134	35 069	102 179
Taxes and charges	1 587	4 593	1 377	4 684
Contributions and amounts transferred to BFG	6 138	18 413	5 065	15 188
Contributions and amounts transferred to the Polish FSA	1 846	5 433	1 492	4 414
General administrative expenses, total	231 137	690 373	206 674	616 723

General administrative expenses for the three quarters of 2012 increased by PLN 73 650 thousand, ie. 11.9% compared with respective period of 2011 mainly due to increase in employee benefit cost, other non – personnel cost and contributions and amounts transferred to BFG i PFSA.

The increase in the employee benefit cost by PLN 43 575 thousand PLN, ie. 13.2% is partly driven by development of the branch network in 2011, and (to a lesser extent) simultaneous growth of the employment in 2012 in accordance with the Bank's strategy. At the end of September 2012, there were 400 total branches, total increase of 14 branches, ie. 3.6% in comparison with the previous year. The number of full time employees in Bank increased from 5 492 in previous year to 5 752 as at the end of September 2012, ie. by 4.7%, which was not only driven by development of the branch network but also launch of BGŻOptima in November 2011 and strengthening the function of sales coordination in regions' centers and Central Credit Platform responsible for processing of mortgage loan applications.

Apart from the above factors (development of branch network and increase in number of employees) the increase in employee benefit cost was due to the increase in provision for the cost of bonuses and rewards compared to 2011 and increase in pension insurance rate from February 2012 by 2 percentage points.

The increase of other non-personnel costs by PLN 22 955 thousand, ie. 22.5% was caused by increased promotion and advertising costs (broadcasts of advertisements of bank products – personal accounts, mortgage loans, cash loans, BGŻOptima products, Agro products, promotion of farmer insurance and bank deposits), higher rental and repair costs, costs of tokens purchases due to the development of the BGŻOptima and increased costs of cash processing, influenced also by the network development.

The contributions to BFG and Polish Financial Supervisory Authority increased by PLN 4 244 thousand, ie. 21.7% as a result of increase in the Bank's asset balance which are basis to the

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

calculation of Polish Financial Supervisory Authority contributions and also the increase in the total Bank's capital requirements which act as a basis for calculating annual fee for BFG.

2.5 Other operating income

	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 unaudited	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
From management of third-party properties	86	437	186	1 132
From sale or liquidation of property, plant and equipment, intangible assets and assets held-for-sale	2	483	503	1 817
From recovered statute –barred receivables, written off or bad debts, repayments of derecognised receivables, excluded from the statement of financial position	5 017	9 256	2 094	4 461
Sales of goods and services	2 618	7 303	3 142	7 960
Reversal of provisions for other receivables (excluding loan receivables)	287	630	158	493
Reversal of fixed asset impairment write-downs	3	2 519	3	10
Reversal of provisions for liabilities (Note 2.21, 2.22)	1 435	9 004	629	7 884
From recovery of costs incurred	586	1 788	474	1 379
From compensation of PARP expenses	152	830	1 304	3 446
Reversal of unused provisions for non-personnel costs	3 882	5 987	1 098	5 612
Other operating income*	1 766	11 565	1 273	8 376
Other operating income, total	15 834	49 802	10 864	42 570

Other operating income for three quarters of 2012 increased by PLN 7 232 thousand, ie. 22.8% compared with three quarters of 2011, primarily due to:

- the increase in income from recovered statute –barred receivables, written off or bad debts, repayments of derecognised receivables, excluded from the statement of financial position by PLN 4 795 thousand, which was achieved due to vindication activities and recognition of a result of a sale in the third quarter of 2012 of a portfolio of outstanding retail receivables (mainly cash loans)
- the increase in the other operating income by PLN 3 189 thousand(ie. 44.9%), mainly due to reversal of unused provisions for personnel cost in 2011
- increase in reversal of provisions for impairment of tangible fixed assets by PLN 2 509 thousand, as a result of update of market valuation of real estate acquired for collateral.

Decrease in income from compensation of PARP expenses by PLN 2 616 thousand reflects a significant reduction in the scope of training conducted under this program.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

2.6 Other operating costs

	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 unaudited	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
Due to the management of third-party assets	236	764	284	835
Due to the sale or liquidation of property, plant and equipment, intangible assets and assets or sale	132	724	1 046	1 788
Due to recognized provisions for other receivables (other than loans and advances)	107	5 438	364	619
Due to provisions for liabilities (Note 2.21, 2.22)	1 522	18 450	(182)	9 063
Due to debt recovery	2 127	5 454	1 907	5 185
Donations	877	2 257	841	2 206
Amortization and depreciation	24 077	69 502	21 357	59 563
Other operating expenses	192	621	461	1 396
Other operating expenses, total	29 270	103 210	26 078	80 655

Other operating costs in the three quarters of 2012 increased by PLN 22 555 thousand, ie. 28.0% compared with the same period of 2011, primarily due to:

- increased amortization and depreciation by PLN 9 939 thousand, i.e. 16.7%, which was associated with the development of the Bank's branch network, as well as the continuing investment in IT and launching of BGŻOptima
- the increase in costs of recognized provisions for liabilities by PLN 9 387 thousand, ie. 103.6%, which reflects provisions recognized for legal claims, UOKiK decision and write – offs for unused holidays.
- the increase in costs for other receivables (other than loans and advances) by PLN 5 076 thousand, due to recognition of provision for shortage of cash reserves in one of the branches.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

2.7 Net impairment allowances on loans and advances

	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 unaudited	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
Amounts due from other banks	(18)	(2)	(18)	98
Loans and advances to customers	(73 106)	(229 417)	(52 872)	(102 525)
Liabilities granted	(858)	(2 244)	(2 145)	(6 256)
Impairment losses on loans and advances, total	(73 982)	(231 663)	(55 035)	(108 683)

Impairment allowances on loans and advances for the three quarters of 2012 increased by PLN 122 980 thousand, ie. 193.9% compared to the three quarters of 2011, mainly due to higher allowances on loans to corporate customers, including construction industry – relating to the commitment to individual client from large corporate customers. Provision for commitment to this client was recognized in the second quarter of 2012 as a result of an announcement of its arrangement bankruptcy was subsequently increased in the third quarter due to the liquidation bankruptcy.

Compared to the three quarters of 2011, the Group recorded stabilization of allowances for mortgages for retail customers. There was a decrease in allowances for cash loans, resulting from lower rates of overdue repayments of loans granted in years 2011 – 2012, ie. after tightening of criteria for risk assessment for this product.

2.8 Effective tax rate

	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 unaudited	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
Current tax	(347)	(649)	(408)	(675)
Deferred tax	(13 355)	(27 192)	(1 909)	(15 427)
Income tax expense	(13 702)	(27 841)	(2 317)	(16 102)
Profit (loss) before taxation	51 904	105 499	42 917	116 984
Statutory tax rate	19%	19%	19%	19%
Income tax based on profit before taxation	(9 862)	(20 045)	(8 154)	(22 227)
Non tax-deductible costs	(2 292)	(5 925)	1 994	(1 252)
– receivables written-off	(1 851)	(4 854)	33	151
– non-tax-deductible material costs	(441)	(1 071)	1 961	(1 403)
Impairment allowance	(130)	(1 043)	5 493	11 581
Other differences	(1 418)	(828)	(1 650)	(4 204)
Income tax charge of the Group's profit	(13 702)	(27 841)	(2 317)	(16 102)

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

Based on the current actions taken by the Bank in respect to the treatment as tax-deductible impairment allowances on loans for the purposes of the corporate income tax, the basis for the calculation of the deferred tax asset as of 30 September 2012 amounting to PLN 550 717 thousand (31 December 2011: PLN 486 709 thousand and as of 30 September 2011 amounting to PLN 414 364 thousand) represents the best estimate of the impairment losses that are possible to be proved tax deductible in the foreseeable future. In 2011 and 2012, the Bank calculated the deferred tax asset in respect of receivables' impairment write-downs based on the historical analysis of the recognition of written-off unrecoverable receivables as tax-deductible costs.

2.9 Amounts due from banks

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Current accounts	40 819	197 829	61 385
Placements with other banks	514 120	10 244	458 730
Loans and advances	14 423	14 039	16 494
Amounts due from other banks (gross)	569 362	222 112	536 609
Impairment allowances (negative value)	(1 013)	(1 041)	(1 045)
Amounts due from other banks (net), total	568 349	221 071	535 564
	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Impairment allowances on amounts due from other banks at the beginning of the period	1 041	1 105	1 105
Allowance recognized	130	219	143
Allowance reversed	(128)	(341)	(241)
Other changes	(30)	58	38
Impairment allowances on amounts due from other banks at the end of the period	1 013	1 041	1 045

2.10 Receivables arising from reverse repo transactions

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Up to 1 month	1 014 607	76 669	119 763
1 – 3 months	5 066	289 674	–
Receivables arising from reverse repo transactions, total	1 019 673	366 343	119 763

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

2.11 Held-for-trading securities

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Held for trading securities:			
- treasury bills	–	22 899	986
- bonds issued by central government institutions	651 364	1 609 535	882 406
Held-for-trading securities, total	651 364	1 632 434	883 392
<i>including: valued using the market quotation method</i>	651 364	1 632 434	883 392

2.12 Derivative financial instruments

30.09.2012 unaudited	Nominal value	Fair value of assets	Fair value of liabilities
Currency derivatives from OTC transactions	6 595 770	79 838	(72 415)
Interest rate derivatives from OTC transactions	54 166 265	204 717	(153 384)
Interest rate derivatives from regulated market transactions	28 992	82	–
Derivatives on indexes from OTC transactions	115 038	2 512	(5 857)
Commodity derivatives from OTC transactions	14 908	1 278	(1 278)
Interest rate derivative instruments from hedging OTC transactions	3 000 000	39 554	–
Settlements in respect of the purchase and sale of derivatives	X	31	(175)
Settlements in respect of the purchase and sale of options	X	7 139	(1 904)
TOTAL	63 920 973	335 151	(235 013)
31.12.2011			
Currency derivatives from OTC transactions	23 807 248	734 114	(590 932)
Interest rate derivatives from OTC transactions	49 644 453	142 828	(199 584)
Derivatives on indexes from OTC transactions	66 837	2 003	(4 945)
Settlements in respect of the purchase and sale of options	X	4 164	(246)
TOTAL	73 518 538	883 109	(795 707)
30.09.2011 unaudited			
Currency derivatives from OTC transactions	26 539 945	745 929	(678 643)
Interest rate derivatives from OTC transactions	53 028 832	137 644	(158 045)
Interest rate derivatives from regulated market transactions	–	–	–
Derivatives on indexes from OTC transactions	67 009	2 281	(4 901)
Settlements in respect of the purchase and sale of options	X	4 157	(568)
TOTAL	79 635 786	890 011	(842 157)

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

2.13 Hedge accounting

The Bank has applied the hedge accounting since the second quarter of 2012. The interest rate risk connected with the future cash flows of interests from the preferential loans, of which interests rates depend on the NBP rediscount rate (with a multiplier of 1.5 or 1.6) is hedged by IRS float-to-fix transactions. Above-mentioned IRS transactions exchange the interest payments based on 1M WIBOR on fixed interest income. The Bank hedges the margin above the rediscount rate in such a way that the nominal value of hedging IRS transactions is equal or lower than the nominal value preferential loans portfolio being the hedged item multiplied by the margin above NBP rediscount rate in the whole period of existence of hedge relationship. IRS transactions were assigned by the Bank as hedging instruments for the purpose of applying cash flow hedge accounting.

The table below presents the basic conditions of those transactions and their fair value in thousand PLN as at 30 September 2012.

The periods in which cash flow hedge will occur, as well as the periods in which they will influence the financial results, have been presented below:

Typ of transaction	Terms of payment - face value		Frequency	Terms of payment - interests		Frequency From
	From	To		From	To	
IRS	n/d	n/d	n/d	April 2012	April 2014	1M

The change in fair value of cash flow hedges is recognised in equity as follows:

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
1. As at the beginning of the period	–	–	–
2. The effective part of the profit or loss connected with the hedging instrument	10 278	–	–
3. The amounts recognized in the income statement, of which:	(27)	–	–
– the adjustments of interest income	(1 160)	–	–
– the adjustments of interest costs	–	–	–
– the adjustments of foreign exchange profits or losses	–	–	–
– the adjustments of hedge inefficiency	(1 133)	–	–
As at the end of the period (1+2-3)	10 305	–	–

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

2.14 Loans and advances to customers

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Amounts due from customers under overdraft facilities, including:	4 339 820	3 408 551	3 528 569
- corporates	2 322 888	1 814 091	1 915 251
- households:	1 971 347	1 575 122	1 580 309
- individual customers	117 555	132 123	137 008
- individual entrepreneurs	374 054	313 568	319 607
- farmers	1 479 738	1 129 431	1 123 694
Loans and advances to customers:	23 036 238	21 696 745	20 607 682
- corporates, including:	8 127 003	7 641 938	6 977 717
- investment loans	4 902 660	4 265 207	3 679 137
- operating loans	2 071 321	2 366 793	2 313 703
- households:	14 496 215	13 651 409	13 314 575
- individual customers, including:	8 716 705	8 331 162	8 259 779
- real-estate loans	7 434 139	7 118 474	7 060 654
- individual entrepreneurs	1 263 815	1 173 698	1 064 719
- farmers	4 515 695	4 146 549	3 990 377
- public sector institutions	296 080	288 652	209 176
- other entities	116 940	114 746	106 214
Loans and advances to customers, gross, total	27 376 058	25 105 296	24 136 251
Impairment allowances (negative value)	(1 055 991)	(882 905)	(828 999)
Loans and advances to customers, net, total	26 320 067	24 222 391	23 307 252

Preferential loans and advances granted to businesses, farmers and individual entrepreneurs as at 30.09.2012 amounted to PLN 4 199 392 thousand, as at 31.12.2011 to PLN 4 057 019 thousand, and as at 30.09.2011 to PLN 3 983 066 thousand.

Receivables in respect to purchased receivables as at 30.09.2012 amounted to PLN 457 055 thousand, as at 31.12.2011 to PLN 400 382 thousand, and as at 30.09.2011 to PLN 402 425 thousand.

In the period from 30 September 2011 up to 30 September 2012 gross loans and advances to customers have increased by PLN 3 239 807 thousand, ie. 13.4%.

The increase in gross loans and advances granted to corporates by PLN 1 149 286 thousand ie 16.5% has been achieved mainly through lending to customers of the Large, Small and Medium Enterprises (SMEs) segments. In the case of Large Corporates, it was largely as a result of participation in the syndication loan facility for one of the investment companies in December 2011, while in the case of SMEs the increase resulted from granting in July 2012 the credit facility to the amount of EUR 78.5 million to agricultural sector company.

The increase in consumer loans by PLN 456 926 thousand, ie, 5.5%, was mainly due to the increase in mortgage loans by PLN 373 494 thousand, ie 5.3%. This growth corresponded with an increase in sales of this product (up to PLN 1 059 million in the first three quarters of 2012 with PLN 444 million during the same period of the previous year), thanks to that PLN mortgage loans portfolio increased during this period by 22.6%. As a result of the appreciation of the Polish zloty and customer repayments foreign exchange value of the mortgage loan portfolio decreased (by 10.9%).

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

The increase in sales of cash loans (up to PLN 398 million in the first three quarters of 2012 with PLN 231 million during the same period of the previous year) has translated into growth rate of this portfolio up to 15.9%.

The increase in loans to farmers amounted to PLN 525 318 thousand, ie 13.2%, and was driven by the dynamics of investment loans and preferential loans. The factor limiting the growth of the latter portfolio in 2012 compared with 2011, was a decrease in the lending limits for banks made by the Agency for Restructuring and Modernisation of Agriculture (ARMA). As a result, preferential loans were one of the slowest growing in the the corporate loans (+5.4% y / y). It was in September when the Bank obtained from ARMA an additional limit, which will provide possibility to grant further preferential loans in 2012.

In the period from 30 September 2011 to 30 September 2012, the high growth rate (about PLN 811 251 thousand, i.e. 23.0%) was also recorded for overdrafts, which was achieved thanks to a good performance of the products Ekspress Lina for SME and the Agro Ekspress for farmers. At the beginning of 2011, the Bank implemented a new, more efficient process of selling these products.

Impairment losses on loans and advances

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Losses incurred but not reported (IBNR)			
Gross statement of financial position exposure	25 689 234	23 665 232	22 722 107
Impairment allowance on exposures analyzed on the portfolio basis	(114 579)	(95 001)	(83 046)
Net exposure	25 574 655	23 570 231	22 639 061
Impaired exposures			
Gross statement of financial position exposure	1 686 824	1 440 064	1 414 144
Impairment allowance on exposures analyzed on the portfolio and individual basis	(941 412)	(787 904)	(745 953)
Net exposure	745 412	652 160	668 191
	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Amounts due from customers under overdraft facilities, including:	141 287	120 013	123 528
- corporates	76 241	61 695	67 008
- households:	64 889	58 174	56 376
- individual customers	13 409	15 346	15 417
- individual entrepreneurs	34 932	26 870	25 085
- farmers	16 548	15 958	15 874
Loans and advances to customers:	914 703	762 892	705 471
- corporates, including:	357 583	246 855	226 955
- investment loans	59 935	50 508	45 327
- operating loans	208 724	124 851	107 687
- households:	549 333	502 620	465 325
- individual customers, including:	374 902	337 595	303 985
- real-estate loans	203 519	164 744	140 662
- individual entrepreneurs	66 466	54 408	52 284
- farmers	107 965	110 617	109 056
- public sector institutions	679	674	540

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

- other entities	7 108	12 743	12 651
Impairment allowances, total	1 055 990	882 905	828 999

As at 30 September 2012, the share of loans that are impaired in the gross portfolio of loans and advances to customers amounted to 6.2% compared with 5.7% as at 31 December 2011 and 5.9% at 30 September 2011. The deterioration was due to the growth of gross loans that were impaired primarily in a portfolio of loans to Large Corporate, including due to the bankruptcy of one of the clients of the construction industry.

Impairment allowances on preferential loans and advances granted to corporates, farmers and individual entrepreneurs amounted to a total of PLN 85 377 thousand as at 30.09.2012, PLN 87 016 thousand as at 31.12.2011, PLN 86 780 thousand as at 30.09.2011.

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Impairment allowances at the beginning of the period	882 905	698 817	698 817
Allowance recognized	1 146 757	1 154 438	850 550
Allowance reversed	(917 340)	(997 788)	(748 025)
Write-off	(50 748)	(20 993)	(11 276)
Other changes (including FX differences and change in interest income in relation to IBNR)	(5 584)	48 431	38 933
Impairment allowances at the end of the period	1 055 990	882 905	828 999

On 9 August 2012 BGZ entered into a sale transaction of 9,668 retail debt portfolio with a total commitment of PLN 83 070 thousand, including capital of PLN 33 509 thousand for the price of PLN 7 393 thousand to securitization fund.

Overdue receivables arising from non-performing loans (the vast majority of cash), overdrafts and credit cards were subject of this agreement. This package does not include any loans secured with mortgage. The ratio of the price received for the sold receivables capital was 22.06%.

2.15 Securities available for sale

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Debt securities carried at fair value:	4 728 625	3 621 702	3 281 001
- NBP money bills	1 348 900	449 808	-
- bonds issued by central government institutions	3 286 762	3 008 472	3 115 357
- debt securities issued by financial institutions	4 994	5 104	4 929
- debt securities issued by non-financial institutions	58 196	128 405	126 726
- bonds issued by public sector entities	29 773	29 913	33 989
Equity securities	4 695	3 048	3 426
Total securities available for sale	4 733 320	3 624 750	3 284 427
of which:			
- valued using the market quotation method	3 290 524	3 010 568	3 117 820
- valued using model-based method	1 442 796	614 182	166 607

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

2.16 Intangible assets

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Licenses	123 351	122 997	83 167
Other intangible assets	471	648	572
Expenditures on intangible assets	18 189	22 798	18 005
Intangible assets, total	142 011	146 443	101 744

2.17 Property, plant and equipment

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Property, plant and equipment including:	457 303	470 301	457 209
- land and buildings	272 584	274 128	274 936
- tangible fixed assets	184 719	196 173	182 273
Assets under construction	11 883	15 642	11 662
Property, plant and equipment, total	469 186	485 943	468 871

2.18 Amounts owed to other banks

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Cash in current accounts	129 015	199 346	25 501
Term deposits	70 236	241 140	712 530
Loans and advances taken out	3 498 216	3 997 834	4 058 983
Other liabilities	8 799	8 396	9 926
Amounts owed to other banks, total	3 706 266	4 446 716	4 806 940

Deposits are with fixed and variable interest rates.

On the 22nd of April 2011 the Bank and Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. concluded an agreement under which the Bank will be provided with the funds amounting to CHF 1 008 million for the period of 12 years to finance the existing housing loans portfolio denominated in CHF. The credit facility was made available in tranches starting from the 29th of April 2011 to the 30th of September 2011. As of the 30th of September 2012 the Bank has utilized the total of the loan amounting to PLN 3 106 631 thousand.

The Bank received two loans from the European Bank for Reconstruction and Development, both amounting to EUR 50 million (the first one in the first half of 2010, the second in August 2011). As at 30th of September 2012 the balance of the loans amounts to PLN 381 996 thousand.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

2.19 Liabilities arising from repo transactions

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Up to 1 month	767 416	–	411 806
Liabilities arising from repo transactions, total	767 416	–	411 806

2.20 Amounts owed to customers

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Other financial institutions:	2 428 064	817 751	1 311 236
Current accounts	10 821	16 842	4 011
Term deposits	2 417 232	800 898	1 302 237
Other liabilities	11	11	4 988
- liabilities arising from monetary collateral	–	–	–
- other	11	11	4 988
Retail customers:	14 672 094	13 433 828	11 542 344
Current accounts	7 634 486	6 174 921	6 332 555
Term deposits	7 028 349	7 249 879	5 200 511
Other liabilities	9 259	9 028	9 278
- liabilities arising from monetary collateral	5 065	5 242	5 591
- other	4 194	3 786	3 687
Corporate customers:	7 697 469	7 901 418	7 348 654
Current accounts	3 008 541	3 442 366	2 580 778
Term deposits	4 619 088	4 382 143	4 686 913
Other liabilities	69 840	76 909	80 963
- liabilities arising from monetary collateral	69 282	76 456	80 488
- other	558	453	475
Including farmers:	986 574	876 745	735 688
Current accounts	811 372	722 838	613 553
Term deposits	167 280	149 479	114 644
Other liabilities	7 922	4 428	7 491
- liabilities arising from monetary collateral	7 901	4 409	7 466
- other	21	19	25
Public sector customers:	856 825	788 655	630 151
Current accounts	496 630	413 291	359 752
Term deposits	360 062	375 241	270 277
Other liabilities	133	123	122
- liabilities arising from monetary collateral	123	121	120
- other	10	2	2
Amounts owed to customers, total	25 654 452	22 941 652	20 832 385

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

The increase in amounts due to customers during the period from 30 September 2011 to 30 September 2012 amounted to PLN 2 712 800 thousand, i.e. 11.8% and was associated primarily with an increase in amounts due to individual clients and other financial institutions.

Deposits from retail customers increased during this period by PLN 1 238 266 thousand, i.e. 9.2%, primarily due to the funds raised by launching in November 2011 BGŻOptima direct banking website, which as at 30 September 2012 amounted to PLN 2 414 981 thousand.

The increase in amounts due to other financial institutions amounted to PLN 1 610 313 thousand and was generated mainly due to the funds deposited by the investment funds and insurance industry clients.

2.21 Provisions

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Provision for guarantees, suretyships, unused credit facilities	7 320	6 018	5 641
Provision for court cases	16 112	14 810	14 486
Other provisions, including:	21 845	21 098	21 343
- provision in accordance with UOKiK (Office of Competition and Consumer Protection) decision	12 814	11 883	11 883
- provision for potential liabilities relating to the return of subsidies to preferential loans	7 597	7 991	7 936
Total provisions	45 277	41 926	41 470

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Provision for guaranties, suretyships and unused credit facilities			
Carrying amount at the beginning of the period	6 018	4 050	4 050
Increases	33 143	32 611	28 074
Utilization	(30 899)	(25 997)	(21 818)
Reversal	-	(4 517)	-
Other changes	(942)	(129)	(4 665)
Carrying amount at the end of the period	7 320	6 018	5 641

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Provision for court cases			
Carrying amount at the beginning of the period	14 810	15 136	15 136
Increases	6 393	1 348	931
Utilization	(5 607)	(1 718)	(1 635)
Reversal	(18)	(1 098)	(1 084)
Reclassification/transfer	534	1 142	1 138
Carrying amount at the end of the period	16 112	14 810	14 486

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

Other provisions	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Carrying amount at the beginning of the period	21 098	22 511	22 511
Increases	1 538	292	157
Utilization	(24)	(107)	(107)
Reversal	(443)	(421)	(42)
Reclassification/transfer	(324)	(1 177)	(1 176)
Carrying amount at the end of the period	21 845	21 098	21 343

2.22 Liabilities arising from employee benefits

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Carrying amount at the beginning of the period	25 412	22 822	22 822
Increases	10 519	9 486	7 975
Reversal	(8 543)	(6 896)	(6 758)
Carrying amount at the end of the period	27 388	25 412	24 039

2.23 Cash and cash equivalents

Cash and cash equivalents presented in the statement of cash flows comprise the following balances, with maturity periods of 3 months or less.

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Cash and balances with the Central Bank	1 583 499	1 383 321	1 702 089
Current accounts of banks and other receivables	45 942	199 328	63 449
Bank deposits with maturity of up to 3 months	513 804	10 000	458 449
Cash and cash equivalents, total	2 143 245	1 592 649	2 223 987

2.24 Solvency ratio

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Own funds	3 105 235	2 399 781	2 454 971
Total capital requirement	2 184 936	1 980 349	1 909 930
Solvency ratio (%)	11,4%	9,7%	10,3%

The solvency ratio calculated in accordance with Resolution 76/2010 of the Polish Financial Supervision Authority dated 10 March 2010 (as amended).

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

The solvency ratio increased to 11.4% as at 30 September 2012, from 10.3% at 30 September 2011 mainly as a result of increased equity level in the period by PLN 650 264 million, i.e. 26.5%, what was influenced by the following factors:

- issue of 8 000 000 shares of series D with a nominal value of PLN 1 per share and the issue price of PLN 62.50, adopted on 28 August 2012 by the Extraordinary General Meeting and acquired in their entirety through private placement by Rabobank International Holding BV. The increase of the share capital of the Bank by the court was on September 14;
- allocation of the total net profit for 2011 to reserve capital by the decision of the Annual General Meeting on 25 June 2012;
- allocation of the net profit for the first half of 2012 to share capital, after a review of the financial statements by the auditor;
- an increase in supplementary funds from the valuation of financial assets available for sale.

At the same time during the period from 30 September 2011 to 30 September 2012, total capital requirement increased by PLN 275 006 thousand, ie 14.4%, which was mainly due to the loans growth during this period, as well as the entry into force on 30 June 2012, the provisions which increase the importance of the mortgage loans to calculate the capital requirement for credit risk in the primary method from 75% to 100%.

2.25 Off-balance sheet items

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Liabilities granted	4 275 150	4 264 562	4 170 974
Liabilities received	406 246	5 438	92 201
Off-balance sheet financial instruments	62 078 829	71 597 041	74 079 464
F/X transactions	1 842 144	1 921 497	5 556 322
Off-balance sheet items, total	68 602 369	77 788 538	83 898 961
Liabilities granted, unused credit lines	(7 320)	(6 018)	(5 641)

2.26 Related party transactions

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Transactions with the BGŻ S.A. shareholders for the period ended 30.09.2012

	RABOBANK INTERNATIONAL HOLDING B.V.	COOPERATIEVE CENTRALE RAIFFEISEN- BOERENLEENBANK B.A.	COOPERATIEVE C.R-B B.A. (BRANCHES)	SUBSIDIARIES RABOBANK	TOTAL	% share in total assets/ financial result of BGŻ S.A.
Assets	-	71 359	-	252 804	324 163	0,89%
Current accounts	-	32	-	-	32	0,00%
Interest	-	-	-	61	61	0,00%
Deposits	-	-	-	248 731	248 731	0,68%
Receivables from derivative instruments	-	71 327	-	4 012	75 339	0,21%
Other	-	-	-	-	-	-
Liabilities	-	3 196 951	7 503	4 505	3 208 959	8,85%
Loans taken out	-	3 106 631	-	-	3 106 631	8,57%
Current account	-	3 559	201	493	4 253	0,01%
Term deposits	-	-	-	-	-	-
Interest payable	-	7 757	-	-	7 757	0,02%
Liabilities from derivative instruments	-	60 217	-	4 012	64 229	0,18%
Other*	-	18 787	7 302	-	26 089	0,07%
Costs	-	37 737	7 307	3	45 047	0,94%
Interest	-	35 362	5	3	35 370	0,74%
Commission	-	27	-	-	27	0,00%
Result on trading activities	-	-	-	-	-	-
Other	-	2 348	7 302	-	9 650	0,20%
Revenue	11	76 098	3 695	3 711	83 515	1,71%
Interest	-	227	-	487	714	0,01%
Commission	-	-	-	-	-	-
Results on derivative instruments	-	74 169	-	3 224	77 393	1,59%
Other	11	1 702	3 695	-	5 408	0,11%
Contingent liabilities	-	4 784 618	-	600 000	5 384 618	8,86%
Liabilities granted	-	3 704	-	-	3 704	0,09%
Derivative instruments	-	4 780 914	-	600 000	5 380 914	9,51%

*Line: 'Other liabilities' concerns liabilities to COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. for the acquisition of licenses and services connected with the implementation of BGŻOptima IT system, which were capitalized as intangible assets.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Transactions with the BGŻ S.A. shareholders as at 31.12.2011

	STATE TREASURY	RABOBANK INTERNATIONAL HOLDING B.V.	COOPERATIEVE CENTRALE RAIFFEISEN- BOERENLEENBANK B.A.	COOPERATIEVE C.R-B B.A. (BRANCHES)	SUBSIDIARIES RABOBANK	TOTAL	% share in total assets/ financial result of BGŻ S.A.
Assets	4 677 180	-	689 043	-	-	5 366 223	16,07%
Current accounts	148	-	88	-	-	236	0,00%
Interest	23 844	-	-	-	-	23 844	0,07%
Debt securities	4 640 906	-	-	-	-	4 640 906	13,90%
Receivables from derivative instruments	-	-	688 955	-	-	688 955	2,06%
Other	12 282	-	-	-	-	12 282	0,04%
Liabilities	81 453	-	4 273 465	8 532	45	4 363 495	13,07%
Loans taken out	-	-	3 547 917	-	-	3 547 917	10,62%
Current account	42 749	-	160 936	122	45	203 852	0,61%
Term deposits	38 417	-	-	-	-	38 417	0,12%
Interest payable	166	-	8 807	-	-	8 973	0,03%
Liabilities from derivative instruments	-	-	527 846	-	-	527 846	1,58%
Other	121	-	27 959**	8 410	-	36 490	0,11%
Costs	21 228	123	153 502	7 478	687	183 018	0,03%
Interest	21 228	-	27 580	4	5	48 817	0,01%
Commission	-	-	1 059	-	-	1 059	0,00%
Result on derivative instruments	-	-	123 032	-	505	123 537	0,02%
Other	-	123	1 831	7 474	177	9 605	0,00%
Revenue	360 310	527	1 478	-	1 030	363 345	0,07%
Interest*	355 630	-	1 478	-	1 030	358 138	0,07%
Commission	558	-	-	-	-	558	0,00%
Results on trading activities	4 122	-	-	-	-	4 122	0,00%
Other	-	527	-	-	-	527	0,00%
Contingent liabilities	852	-	25 666 913	-	-	25 667 765	33,00%
Liabilities granted	852	-	704	-	-	1 556	0,00%
Derivative instruments	-	-	25 666 209	-	-	25 666 209	33,00%

* Line: Revenue – 'Interest' includes interest on preferential loans

** Line: 'Other liabilities' concerns liabilities to COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. for the acquisition of licenses and services connected with the implementation of BGŻOptima IT system, which were capitalized as intangible assets.

The transactions with the Treasury (budgetary units) concern in particular ministries, voivodeship authorities, courts, government agencies (including the Agency of Restructuring and Modernization of Agriculture, with which the Bank conducts the settlements of payments of preferential loans).

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Transactions with the BGŻ S.A. shareholders as at 30.09.2011

	STATE TREASURY	RABOBANK INTERNATIONAL HOLDING B.V.	COOPERATIEVE CENTRALE RAIFFEISEN- BOERENLEENBANK B.A.	COOPERATIEVE C.R-B B.A. (BRANCHES)	SUBSIDIARIES RABOBANK	TOTAL	% share in total assets/ financial result of BGŻ S.A.
Assets	35 425	-	701 778	-	-	737 203	2,32%
Current accounts	553	-	88	-	-	641	0,00%
Term deposits	-	-	12 500	-	-	12 500	0,04%
Interest	22 687	-	1	-	-	22 688	0,07%
Debt securities	3 999	-	-	-	-	3 999	0,01%
Receivables from derivative instruments	-	-	689 189	-	-	689 189	2,17%
Other	8 186	-	-	-	-	8 186	0,03%
Liabilities	74 843	-	4 262 466	7 730	45	4 345 084	13,69%
Loans taken out	-	-	3 607 459	-	-	3 607 459	11,37%
Current account	29 838	-	-	121	45	30 004	0,09%
Term deposits	44 790	-	-	-	-	44 790	0,14%
Interest payable	215	-	8 978	-	-	9 193	0,03%
Liabilities from derivative instruments	-	-	646 029	-	-	646 029	2,04%
Other	-	-	-	7 609	-	7 609	0,02%
Costs	20 755	100	150 119	4 775	642	176 391	4,27%
Interest	20 289	-	14 909	3	4	35 205	0,85%
Commission	-	-	1 048	-	-	1 048	0,03%
Result on dividend instruments	-	-	134 162	-	461	134 623	3,26%
Other	466	100	-	4 772	177	5 515	0,13%
Revenue	256 634	-	152	-	782	257 568	6,06%
Interest*	256 187	-	152	-	782	257 121	6,05%
Commission	447	-	-	-	-	447	0,01%
Results on trading activities	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Contingent liabilities	447	-	29 898 292	-	-	29 898 739	38,46%
Liabilities granted	447	-	704	-	-	1 151	0,03%
Liabilities received	-	-	-	-	-	-	-
Derivative instruments	-	-	29 897 588	-	-	29 897 588	40,64%

* Line: Revenue – 'Interest' includes interest on preferential loans

The transactions with the Treasury (budgetary units) concern in particular ministries, voivodeship authorities, courts, government agencies (including the Agency of Restructuring and Modernization of Agriculture, with which the Bank conducts the settlements of payments of preferential loans)

The terms of the transactions with related parties and BGŻ S.A. shareholders do not differ from the market conditions.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

3 BUSINESS SEGMENTS

3.1 Segment reporting

The group has divided its operations and applied identification of income and expenses, and assets and liabilities into following reporting operating segments: Retail Banking (including BGŻOptima, introduced in November 2011, was included in the results), Institutional Banking (with separate Agro Clients segment), Financial Markets, ALCO and Other. This division reflects the principles of classification of customers into segments in accordance with the Bank's business model which is based on subjective and financial criteria as well as the type of activity.

The monitoring of the management results in the Group takes into account all the components of the profit and loss of each segment to the level of gross profit, i.e. each segment is accounted for revenues, expenses and net impairment losses. Management revenues include cash flows between the customer segments and the ALCO committee, valued using internal transfer pricing of funds based on market prices and liquidity margins determined for a given maturity and currency. The net interest income of each segment was divided into external and internal revenue and costs. Management segment costs include the direct costs of their activities and costs allocated in accordance with the allocation model adopted by the Group. The allocation of the indirect costs to each segment is executed by extracting several aggregate costs, homogenous in relation to area and scope of activity. For each of the units separate allocation keys are used, which also specifically tailored to the aggregate costs and carry their costs by segment revenue.

The Group's operating activities are limited to Poland. The significant differences in each of the risks, which could be influenced by the geographical location of the Group centers, cannot be distinguished, and therefore the Bank has waived the disclosure by geographic information. Due to the specific nature of the Bank, there are no seasonal or cyclical phenomenon. The Bank provides financial services, for which the demand is stable and the impact of seasonality is negligible.

3.2 Business segments characteristics

The Retail Banking Segment represents sales of products and services performed for private persons, including maintaining current accounts and deposit accounts, gathering term deposits, saving insurance policies, granting housing loans, cash loans, mortgage loans, current account loans, issuance of debit and credit cards, administration of foreign money transfers, entering into currency change transactions, sales of insurance products and other services with a minor impact on the Group's revenues. Within the Retail Banking Segment, the Bank presents: results from BGŻOptima, income from brokerage services and distribution of investment fund units.

Retail services are performed by branches of the Group and through alternative channels, i.e. internet banking (eBGŻ) and phone banking (TeleBGŻ) and the direct banking channel BGŻOptima. Additionally, selected products are distributed by financial intermediaries operating nationwide and locally.

The Institutional Banking Segment includes sales of products and services rendered to enterprises, companies, cooperatives, private entrepreneurs, farmers, non-commercial institutions and public sector. Institutional clients are divided into: Large companies, Small and medium enterprises and Micro-entrepreneurs. Services for the large companies are performed by consultants operating within the Corporate Centres. Services for the Small and medium enterprises and Micro-entrepreneurs are provided by branch consultants. Operating service for all institutional segments is provided by the Group's branches and additionally they also have access to the phone (TeleBGŻ) and internet banking (eBGŻ Firma). In

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

addition, sales of selected products is performed by financial intermediaries, both nationwide and locally.

Products and services for Institutional Clients include maintaining current and saving accounts, gathering term deposits (including negotiable deposits), issuing business-type cards, granting current account loans, corporate investments and operating loans, agro-business financing loans (including preferential loans, operating loans for farmers, agricultural procurement loans, loans with refinancing from the European Bank for Reconstruction and Development, current account loans secured with mortgages on agricultural land, loans for realization of projects co-financed with the subsidies from the European Union), insurance for farmers, issuing debt securities, financing trading activities (including guarantees, suretyships, letters of credit, discounting of bills and factoring), leasing (in cooperation with BGŻ Leasing) and entering into currency change and derivative transactions.

Within the Institutional Banking segment the Group separated **Agro Clients** i.e. individual farmers and companies operating in the food and agro sector. According to the principles of customer segmentation in the Group, farmers include natural persons, legal persons and organizational entities not being legal persons involved in agricultural activity in accordance with the Act on Agricultural Tax, whereas the segmentation of companies is done using classification of activities codes (PKD 2007). The main classes of activity of Agro clients include: food, beverages and tobacco production, retail sale and wholesale of food, beverages and tobacco, forestry and logging, production of machinery and other production means for agriculture and forestry, wholesale of agriculture machinery and equipment, manufacture of wood products, paper and paper products, packaging production, manufacture of machinery for food, beverage and tobacco processing.

The Financial Markets and ALCO segments cover activities in the area of financial markets and liquidity management attributable to the Bank's own account as well as products and services for non-banking financial institutions and assets and liabilities management (including investing portfolio of debt securities, issued certificates of deposit, loans from other banks, liquidity margin balance, bid/ask spread between fund transfer prices of assets and liabilities). Additionally this segment presents differences resulting from different recognition of financial instruments in the management accounting compared to financial accounting.

The Other segment includes results that are not attributable to any of above listed segments (i.e. the loan portfolio under vindication and restructuring procedures, capital investments, results attributable to the Bank's own accounts and to clients' accounts not attributed to specified segment). In addition, the segment Other includes adjustments in interest income on impaired loans, not recognized in other segments.

3.3 Reconciliation of results with financial reporting data

Result on financial operations and foreign exchange result from the statement by operating segments reconciles with the sum of the following positions from the consolidated income statement:

- dividend income
- result on trading activities
- result on investing activities
- share in profits of associates

Result on other operations and depreciation/amortization from the segment report reconciles with the sum of the following income statement items:

- other operating income
- other operating costs

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand

	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 unaudited	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
Reporting by operating segments				
Result on financial operations	11 208	37 842	3 065	34 638
Foreign exchange result	18 239	51 646	19 084	46 115
	29 447	89 488	22 149	80 753
Income statement:				
Dividend income	20	3 416	–	3 554
Result on trading activities	28 340	68 332	17 668	71 635
Result on investing activities	(8)	17 537	3 989	3 063
Share in income of associates	1 095	203	492	2 501
	29 447	89 488	22 149	80 753
Result on other operations	11 773	17 226	6 143	21 478
Depreciation	(24 076)	(69 501)	(21 357)	(59 563)
	(12 303)	(52 275)	(15 214)	(38 085)
Income statement:				
Other operating income	15 834	49 802	10 864	42 570
Other operating expenses and result on hedge accounting	(28 137)	(102 077)	(26 078)	(80 655)
	(12 303)	(52 275)	(15 214)	(38 085)

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



3rd quarter of 2012 unaudited Income Statement	Retail banking	Institutional banking	Including: Agro clients	Financial markets and ALCO	Other Capital Group	BGŻ S.A.
Net interest income	107 567	125 000	72 315	29 245	759	262 571
External interest income	131 215	323 780	207 567	72 114	23 033	550 142
External interest expenses	(135 221)	(78 164)	(21 884)	(74 183)	(3)	(287 571)
Internal interest income	167 678	97 828	31 595	(265 522)	16	-
Internal interest expenses	(56 105)	(218 444)	(144 963)	296 836	(22 287)	-
Net fee and commission income	23 983	51 210	24 947	1 059	1 056	77 308
Result on financial operations	20	560	-	10 644	(16)	11 208
Foreign exchange result	3 752	13 510	5 263	117	860	18 239
Result on other operations	35	(69)	(38)	1 814	9 993	11 773
Net impairment write-offs	(16 648)	(51 056)	(12 832)	(63)	(6 215)	(73 982)
Total costs of banking activities	(121 895)	(98 856)	(52 000)	(5 026)	(5 360)	(231 137)
Depreciation/Amortization	(13 532)	(9 906)	(5 174)	(396)	(242)	(24 076)
Segment result	(16 718)	30 393	32 481	37 394	835	51 904
Profit (loss) before taxation	-	-	-	-	-	51 904
Income tax expense	-	-	-	-	-	(13 702)
Net profit (loss)	-	-	-	-	-	38 202
Statement of financial position as at 30.09.2012						
Segment assets	8 434 008	17 637 853	11 287 908	6 296 899	3 890 010	36 258 770
Segment liabilities	14 826 792	8 608 762	2 954 056	7 078 101	2 425 729	32 939 384
Equity	-	-	-	-	-	3 319 386
Total equity and liabilities	-	-	-	-	-	36 258 770

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Three quarters of 2012 unaudited	Retail banking	Institutional banking	Including: Agro clients	Financial markets and ALCO	Other	BGŻ S.A. Capital Group
Income Statement						
Net interest income	290 859	354 046	202 578	114 284	5 643	764 832
External interest income	373 626	905 791	573 875	232 467	71 867	1 583 751
External interest expenses	(386 701)	(254 113)	(65 691)	(178 098)	(7)	(818 919)
Internal interest income	470 302	304 512	92 896	(774 863)	49	-
Internal interest expenses	(166 368)	(602 144)	(398 502)	834 778	(66 266)	-
Net fee and commission income	70 726	151 390	71 957	271	3 103	225 490
Result on financial operations	22	1 821	426	33 511	2 488	37 842
Foreign exchange result	11 433	39 567	13 649	311	335	51 646
Result on other operations	491	(4 730)	(77)	4 242	17 223	17 226
Net impairment write-offs	(64 366)	(139 235)	(35 262)	(195)	(27 867)	(231 663)
Total costs of banking activities	(374 546)	(283 769)	(142 652)	(17 354)	(14 704)	(690 373)
Depreciation/Amortization	(39 824)	(27 410)	(13 713)	(1 519)	(748)	(69 501)
Segment result	(105 205)	91 680	96 906	133 551	(14 527)	105 499
Profit (loss) before taxation	-	-	-	-	-	105 499
Income tax expense	-	-	-	-	-	(27 841)
Net profit (loss)	-	-	-	-	-	77 658
Statement of financial position as at 30.09.2012						
Segment assets	8 434 008	17 637 853	11 287 908	6 296 899	3 890 010	36 258 770
Segment liabilities	14 826 792	8 608 762	2 954 056	7 078 101	2 425 729	32 939 384
Equity	-	-	-	-	-	3 319 386
Total equity and liabilities	-	-	-	-	-	36 258 770

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



3rd quarter of 2011 unaudited	Retail banking	Institutional banking	Including: Agro clients	Financial markets and ALCO	Other	BGŻ S.A. Capital Group
Income Statement						
Net interest income	93 229	103 247	56 576	27 582	4 382	228 440
External interest income	112 667	249 983	156 941	54 587	25 530	442 767
External interest expenses	(91 010)	(66 787)	(15 411)	(56 528)	(2)	(214 327)
Internal interest income	119 495	84 059	22 520	(203 573)	19	–
Internal interest expenses	(47 923)	(164 008)	(107 474)	233 096	(21 165)	–
Net fee and commission income	19 589	49 843	20 811	(503)	322	69 251
Result on financial operations	–	28	24	2 546	491	3 065
Foreign exchange result	5 025	13 864	4 535	72	123	19 084
Result on other operations	23	(20)	(1)	1 966	4 174	6 143
Net impairment write-offs	(25 982)	(17 821)	(5 959)	(16)	(11 216)	(55 035)
Total costs of banking activities	(102 335)	(89 661)	(41 675)	(4 467)	(10 211)	(206 674)
Depreciation/Amortization	(11 439)	(9 106)	(4 205)	(541)	(271)	(21 357)
Segment result	(21 890)	50 374	30 106	26 639	(12 206)	42 917
Profit (loss) before taxation	–	–	–	–	–	42 917
Income tax expense	–	–	–	–	–	(2 317)
Net profit (loss)	–	–	–	–	–	40 600
Statement of financial position as at 30.09.2011						
Segment assets	8 060 787	15 053 333	9 153 091	5 056 081	3 583 809	31 754 010
Segment liabilities	11 498 366	8 268 171	2 375 300	7 407 859	1 966 399	29 140 795
Equity	–	–	–	–	–	2 613 215
Total equity and liabilities	–	–	–	–	–	31 754 010

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Three quarters of 2011 unaudited	Retail banking	Institutional banking	Including: Agro clients	Financial markets and ALCO	Other	BGŻ S.A. Capital Group
Income Statement						
Net interest income	244 656	283 051	150 137	55 038	15 474	598 219
External interest income	321 258	646 108	401 085	167 194	74 096	1 208 656
External interest expenses	(274 964)	(202 174)	(40 089)	(133 297)	(2)	(610 437)
Internal interest income	383 517	274 135	64 882	(657 691)	39	–
Internal interest expenses	(185 155)	(435 018)	(275 741)	678 832	(58 659)	–
Net fee and commission income	60 768	140 699	55 591	(2 617)	2 653	201 503
Result on financial operations	(6)	38	24	28 551	6 055	34 638
Foreign exchange result	12 432	33 168	9 925	189	326	46 115
Result on other operations	1 211	(27)	(7)	4 227	16 067	21 478
Net impairment write-offs	(55 927)	(27 860)	(7 271)	(76)	(24 820)	(108 683)
Total costs of banking activities	(311 673)	(260 795)	(119 474)	(13 602)	(30 653)	(616 723)
Depreciation/Amortization	(32 515)	(24 753)	(11 214)	(1 555)	(740)	(59 563)
Segment result	(81 054)	143 521	77 711	70 155	(15 638)	116 984
Profit (loss) before taxation	–	–	–	–	–	116 984
Income tax expense	–	–	–	–	–	(16 102)
Net profit (loss)	–	–	–	–	–	100 882
Statement of financial position as at 30.09.2011						
Segment assets	8 060 787	15 053 333	9 153 091	5 056 081	3 583 809	31 754 010
Segment liabilities	11 498 366	8 268 171	2 375 300	7 407 859	1 966 399	29 140 795
Equity	–	–	–	–	–	2 613 215
Total equity and liabilities	–	–	–	–	–	31 754 010

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



4 OTHER INFORMATION

4.1 Shareholders of the Bank Gospodarki Żywnościowej S.A.

Shareholders' structure as of 30.09.2012, 31.12.2011 and 30.09.2011.

Shareholders	30.09.2012		31.12.2011		30.09.2011	
	Number of shares	Structure (%)	Number of shares	Structure (%)	Number of shares	Structure (%)
Rabobank International Holding B.V.*	45 941 751	89,84	21 298 609	49,37	21 298 609	49,37
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.*	4 303 695	8,42	4 303 695	9,98	4 303 695	9,98
State treasury	–	–	11 015 937	25,54	11 015 937**	25,54
Other shareholders	891 318	1,74	6 518 523	15,11	6 518 523**	15,11
TOTAL	51 136 764	100	43 136 764	100	43 136 764	100

* Group Rabobank

** the change in the presentation in the financial statement for the thirdquarter of 2011 - nil paid disposal shares were presented in "Other shareholder", due to the fact the Ministry of Treasury did not execute the voting rights from these shares

As at 30.09.2012, 31.12.2011, 30.09.2011 none of the members of the Management Board, Supervisory Board held directly Bank shares.

In the period from July to September 2012 the shareholders' structure changed significantly following the completion of the tender offer of Rabobank Group entities and by increasing of the share capital in the form of issue of 8 000 000 shares of series D. As a result Rabobank Group entities as of 30 September held in total 98.26% of the shares of the Bank execute the same number of votes during the General Meeting of Shareholders. .

The State Treasury holding so far 25.54% of the Bank's shares decreased its commitment to a level below 5% as a result of the call. As at 30.09.2012, the shares owned by the State Treasury, are included in the "other shareholders".

4.2 Granted loan suretyships and guarantees exceeding 10% of equity

In the BGŻ S.A. Group there were no loan suretyships nor guarantees granted exceeding 10% of equity.

4.3 Issuances and redemptions of Certificates of Deposit

In 2008, the Bank signed with three financing banks a number of agreements for issue of bearer bank securities (Certificates of Deposit - CDs), denominated in PLN. Under the program, a short- and middle-term issue of securities is possible, in the amount not exceeding PLN 2.5 billion. CDs issued by the Bank may be purchased on the primary market exclusively by the financing banks. CDs are issued in tranches. The last issue date of bank securities issued under this program may not be later than 30 March 2013.

As at 30 September 2012 the value of CDs issued amounts PLN 1 998 500 thousand (nominal value), while as at 31 December 2011 it amounted to PLN 2 044 500 thousand (nominal value), and as at 30 September 2011 it amounted to PLN 1 782 000 thousand (nominal value).

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



4.4 Dividends paid

The Bank did not pay dividends for the year 2011. The Bank's Annual General Meeting decided on 25 June 2012 to transfer the Bank's net profit for the year 2011 to supplementary capital.

4.5 Legal issues

As of 30th of September 2012 the total value of the court proceedings in which the Bank is defendant amounted to PLN 108 682 thousand and the total value of the court proceedings in which the Bank is a claimant amounted to PLN 87 580 thousand. As of 31st December 2011 the total value of the court proceedings in which the Bank is defendant amounted to PLN 67 651 thousand, and the total value of the court proceedings in which the Bank is a claimant amounted to PLN 42 864 thousand. As of 30th September 2011 the total value of the court proceedings in which the Bank is defendant amounted to PLN 91 293 thousand, and the total value of the court proceedings in which the Bank is a claimant amounted to PLN 51 964 thousand.

Neither the Bank nor any other company of the Capital Group are party to a court/arbitration court/public administration institution proceeding which value amounts to at least 10% of their equity

A subsidiary Fundusz Nieruchomościowy Actus Sp. z o.o. (the Company) has been a part of a court proceeding resulting from a claim filed by SM INCO. The proceeding relates to the removal of inconsistency between the legal status of the property situated in Wrocław Marszowice and the real legal status of the said property by registering SM INCO as the owner of this property instead of presently BFN Actus. On 16 March 2011 the Court of first instance dismissed the lawsuit of SM INCO and on 20 January 2012 the District Court in Wrocław rejected an appeal. On 23 April 2012 SM INCO lodged a cassation claim against sentence of the Court of first instance from 20 January 2012. In the Bank's opinion probability of losing legal case as a result of lodging a cassation claim to the Supreme Court by SM INCO is low, i.e. significantly below 50%.

4.6 Risk management

In the third quarter of 2012 there were no significant changes in operating risk management in comparison with 2011.

4.7 Changes in the Bank's Management

Until the day of signing this Interim Condensed Consolidated Financial Statement there were no changes in the composition of the Management Board.

According to the Supervisory Board of BGŻ S.A. until 30 September 2012 there were the following changes:

- On 22 June 2012 Mr Roelof Dekker submitted his abandonment from the position of Supervisory Board Member.
- On 25 June 2012 the according to the Resolution of the Annual General Meeting Mr Evert Derks (Eric) Drok was appointed for the position of the Supervisory Board Member.
- On 13 August 2012 Mr Andrzej Zdebski submitted his resignation from the position of Supervisory Board Member.
- On 22 August 2012 Mr Waldemar Maj submitted his resignation from the position of Supervisory Board Member.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



- On 27 August 2012 Mr Hendrik Adams submitted his resignation from the position of Supervisory Board Member.

Resolution of the Annual General Meeting on 28 August 2012, has changed the number of Supervisory Board members BGZ SA to six people.

4.8 Significant events

BGŻ share tender offer

On 11 April 2012 Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and Rabobank International Holding B.V.(RIH) announced tender offer for the sale of all outstanding shares of BGŻ with intention to obtain 100% of the shares of BGŻ

The tender offer ended July 30, RIH acquired 16 371 351 shares of the Bank. The total exposure of RIH in BGZ Bank amounted to 37 941 751 shares representing 87.95% of the share capital of the Bank and the right to exercise the same number of votes at the general meeting. Both Rabobank Group entities as a result of the call acquired a total of 97.93% of the share capital of the Bank.

At the same time the State Treasury reduced its involvement in Bank BGZ to 0.02% of the Bank's share capital.

Increase of the share capital and issue of G series shares

Due to the requirement for additional capital to meet the current and planned activities of the Bank and maintaining economic security, and to raise funds in order to meet the Bank's increased capital adequacy requirements under Basel II as well as the recommendations of the Polish Financial Supervision Authority the Bank has raised its share capital through the issuance of shares of G series.

On 28 August this year, the Extraordinary General Meeting resolved to increase the Bank's share capital by the amount of 8,000,000 to PLN 51 136 764 through the issuance of 8 000 000 shares of G Series, with nominal value of PLN 1 each and issue price of PLN 62.50. The whole issue of shares of G Series was offered in a private placement to RIH.

As a result of the acquisition by RIH all shares of G Series, the commitment increased to 45 941 751 shares representing 89.84% of the Bank's BGZ share capital and entitling to performed the same number of votes at the General Meeting. Rabobank Group's total exposure in Bank BGZ was 98.26%.

4.9 Significant events after the reporting date not accounted for in the financial statements

Understating with trade unions

On 16 October 2012, the Management Board has concluded an understating with trade unions operating in the Bank in the subject of the rules of conduct concerning the employees covered by the intent of group redundancy process in accordance with art. 1, par. 3 of the Act on Special Employment Termination Rules for Reasons Not Attributable to Employees dated 13 March 2003. The redundancies will take place in the period from 31 October 2012 to 30 June 2013 and will cover a total of no more than 370 employees of the Bank. The understanding provides the possibility, for the employees affected, to use the benefits, which mitigate the effects of loss of employment. These benefits include additional severance payments depending on the job seniority, as well as outplacement. The Bank shall provide information regarding the expected financial impact of redundancies in the financial statements as at 31 December 2012.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



II INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS

Income statement

	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 unaudited	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
Interest income	550 142	1 583 751	442 767	1 208 656
Interest expense	(287 571)	(818 919)	(214 327)	(610 437)
Net interest income	262 571	764 832	228 440	598 219
Fee and commission income	91 794	265 927	79 690	229 964
Fee and commission expense	(14 486)	(40 437)	(10 439)	(28 459)
Net fee and commission income	77 308	225 490	69 251	201 505
Dividend income	20	3 416	–	3 554
Result on trading activities	28 340	68 332	17 668	71 635
Result on investing activities	(8)	17 537	3 989	3 063
Result on hedge accounting	1 133	1 133	–	–
Other operating income	16 323	51 291	11 387	44 086
Net impairment losses on loans and advances	(73 034)	(231 716)	(55 035)	(108 683)
General administrative expenses	(231 052)	(690 179)	(206 621)	(616 542)
Other operating expenses	(29 262)	(103 201)	(26 077)	(80 654)
Operating result	52 339	106 935	43 002	116 183
Profit (loss) before taxation	52 339	106 935	43 002	116 183
Income tax	(13 702)	(27 841)	(2 317)	(16 102)
Profit (loss) after taxation	38 637	79 094	40 685	100 081

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Statement of comprehensive income

	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 unaudited	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
Profit (loss)	38 637	79 094	40 685	100 081
Other comprehensive income				
Net (loss)/gain on valuation of available-for-sale financial assets	63 190	117 925	(3 934)	21 378
Net (loss)/gain on valuation of derivatives hedging future cash flows	5 055	10 305	–	–
Income tax effect	(12 967)	(24 364)	747	(4 062)
Other comprehensive income (net)	55 278	103 866	(3 187)	17 316
Total comprehensive income	93 915	182 960	37 498	117 397

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Statement of financial position

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
ASSETS			
Cash and balances with the Central Bank	1 583 499	1 383 321	1 702 089
Amounts due from other banks	568 349	221 071	535 564
Receivables arising from reverse repo transactions	1 019 673	366 343	119 763
Held-for-trading securities	651 364	1 632 434	883 392
Derivative financial instruments, including:	335 151	883 109	890 011
– hedging derivatives	39 554	–	–
Loans and advances to customers	26 337 493	24 238 267	23 322 608
Securities available for sale	4 733 320	3 624 750	3 284 427
Other debt securities	15 052	15 105	15 876
Investments in associates and subsidiaries	58 624	58 468	47 602
Intangible assets	142 011	146 443	101 744
Property, plant and equipment	469 186	485 943	468 871
Deferred tax asset	156 238	207 794	212 653
Current tax asset	22 273	–	–
Other assets	147 435	123 848	150 223
TOTAL ASSETS	36 239 668	33 386 896	31 734 823

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Statement of financial position (continued)

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
LIABILITIES			
Amounts owed to other banks	3 706 266	4 446 716	4 806 940
Liabilities arising from repo transactions	767 416	–	411 806
Derivative financial instruments and other liabilities held for trading, including:	235 013	795 707	842 157
– hedging derivatives	–	–	–
Amounts owed to customers	25 654 511	22 941 728	20 832 430
Liabilities from issued debt securities	1 971 966	2 033 112	1 768 153
Other liabilities	521 697	474 912	403 856
Current tax liabilities	–	–	–
Provisions	44 953	41 811	41 355
Liabilities arising from employee benefits	27 388	25 412	24 039
TOTAL LIABILITIES	32 929 210	30 759 398	29 130 736
EQUITY			
Issued share capital	51 137	43 137	43 137
Reserve capital	2 950 716	2 332 656	2 332 656
Other reserves	229 511	125 645	128 213
Undistributed profit	79 094	126 060	100 081
TOTAL EQUITY	3 310 458	2 627 498	2 604 087
TOTAL LIABILITIES AND EQUITY	36 239 668	33 386 896	31 734 823

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Statement of changes in equity - unaudited

	Share capital	Reserve capital	Other reserves	Undistributed profit	Total
As at 1 January 2012	43 137	2 332 656	125 645	126 060	2 627 498
Shares issue	8 000	492 000	-	-	500 000
Net profit for the third quarter of 2012	-	-	-	79 094	79 094
Other comprehensive income for the period	-	-	103 866	-	103 866
Transfer from prior year profits	-	126 060	-	(126 060)	-
Comprehensive income for the period	-	-	103 866	79 094	182 960
As at 30 September 2012	51 137	2 950 716	229 511	79 094	3 310 458

Statement of changes in equity (continued)

	Share capital	Reserve capital	Other reserves	Undistributed profit	Total
As at 1 January 2011	43 137	2 220 155	110 897	112 501	2 486 690
Net profit for the year	-	-	-	126 060	126 060
Other comprehensive income for the year	-	-	14 748	-	14 748
Transfer from prior year profits	-	112 501	-	(112 501)	-
Comprehensive income for the period	-	-	14 748	126 060	140 808
As at 31 December 2011	43 137	2 332 656	125 645	126 060	2 627 498

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Statement of changes in equity – unaudited (continued)

	Share capital	Reserve capital	Other reserves	Undistributed profit	Total
As at 1 January 2011	43 137	2 220 155	110 897	112 501	2 486 690
Net profit for the third quarter of 2011	–	–	–	100 081	100 081
Other comprehensive income for the period	–	–	17 316	–	17 316
Transfer from prior year profits	–	112 501	–	(112 501)	–
Comprehensive income for the period	–	–	17 316	100 081	117 397
As at 30 September 2011	43 137	2 332 656	128 213	100 081	2 604 087

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Statement of cash flows

	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 unaudited	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit/loss	38 637	79 094	40 685	100 081
Total adjustments:	890 143	1 139 576	(925 205)	(3 106 651)
Current and deferred tax recognized in the financial result	13 702	27 841	2 317	16 102
Amortization and depreciation	24 076	69 501	21 356	59 562
Interest and dividends	(43 890)	(132 225)	(55 046)	(91 483)
Profit/Loss from investing activities	–	(18 049)	–	–
Change in provisions and liabilities from employee benefits	675	5 118	(97)	1 028
Change in amounts due from other banks	172	3 141	294	36 100
Change in receivables arising from reverse repo transactions	(357 256)	(653 330)	135 628	531 943
Change in held-for-trading debt securities	1 611 412	981 070	(71 154)	931 507
Positive change in valuation of derivative financial instruments except for hedging derivatives	40 748	587 512	(689 412)	(669 024)
Change in valuation of hedging instruments	(24 000)	(39 554)	–	–
Change in loans and advances to customers	(1 050 187)	(2 099 226)	(2 260 279)	(3 439 619)
Income tax paid	(22 275)	(22 275)	44 801	44 801
Change in amounts owed to other banks	(272 801)	(520 676)	(260 184)	330 086
Change in liabilities arising from repo transactions	(625 975)	767 416	411 806	(857 115)
Negative change in valuation of derivative financial instruments	(108 029)	(560 694)	479 031	110 059
Change in amounts owed to customers	1 530 654	2 712 783	1 284 171	(219 292)
Change in other assets	30 832	(23 587)	(8 629)	(72 045)
Change in other liabilities and liabilities arising from income tax	138 213	46 785	23 284	162 001
Other adjustments	4 072	8 025	16 908	18 738
NET CASH FLOW FROM OPERATING ACTIVITIES	928 780	1 218 670	(884 520)	(3 006 570)

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Statement of cash flows (continued)

	3rd quarter of 2012 period from 01.07.2012 to 30.09.2012 unaudited	Three quarters of 2012 period from 01.01.2012 to 30.09.2012 unaudited	3rd quarter of 2011 period from 01.07.2011 to 30.09.2011 unaudited	Three quarters of 2011 period from 01.01.2011 to 30.09.2011 unaudited
CASH FLOW FROM INVESTING ACTIVITIES:				
Inflows	20 400 671	58 688 144	7 788 152	41 830 763
Sale and redemption of other debt securities	–	–	56 916	108 126
Sale of securities available for sale	20 400 651	58 684 728	7 731 236	41 722 609
Sale of intangible assets and property, plant and equipment	–	–	–	28
Dividends received and other investment income	20	3 416	–	–
Outflows	(21 399 649)	(59 590 444)	(7 409 643)	(41 692 853)
Purchase of securities available for sale	(21 376 455)	(59 543 638)	(7 368 342)	(41 622 482)
Purchase of intangible assets, property, plant and equipment	(23 173)	(46 409)	(40 697)	(70 191)
Other investing outflows	(21)	(397)	(604)	(180)
NET CASH FLOW FROM INVESTING ACTIVITIES	(998 978)	(902 300)	378 509	137 910
CASH FLOW FROM FINANCING ACTIVITIES:				
Inflows	1 621 000	4 026 500	2 379 456	7 548 897
Long – term financing from other banks	–	–	1 109 456	3 503 897
Issue of debt securities to other financial institutions	1 121 000	3 526 500	1 270 000	4 045 000
Shares issue	500 000	500 000	–	–
Outflows	(1 174 924)	(3 792 274)	(963 676)	(4 067 088)
Repayment of long-term financing from other banks	(71 924)	(219 774)	(37 606)	(47 462)
Redemption of debt securities issued to other financial institutions	(1 103 000)	(3 572 500)	(926 070)	(4 019 626)
TOTAL NET CASH FLOW FROM FINANCING ACTIVITIES	446 076	234 226	1 415 780	3 481 809
TOTAL NET CASH FLOW	375 878	550 596	909 769	613 149
Cash and cash equivalents at the beginning of the period	1 767 367	1 592 649	1 314 218	1 610 838
Cash and cash equivalents at the end of the period, including:	2 143 245	2 143 245	2 223 987	2 223 987
of restricted use	1 405	1 405	1 479	1 479

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



1 ADDITIONAL EXPLANATORY NOTES

1.1. Statement of compliance with International Financial Reporting Standards

Unaudited interim condensed standalone financial statements for the third quarter ended 30 September 2012 are prepared in accordance with International Financial Reporting Standards ('IFRS') that were endorsed by the European Union ("IAS 34").

Unaudited interim condensed standalone financial statements do not include all information and disclosures required in the annual consolidated financial statements, therefore they should be read in conjunction with the interim condensed consolidated financial statements for the third quarter of 2012 and with the Bank's financial statements for the year ended 31 December 2011 that were approved by the Management on the 5th of March 2012.

During the preparation of this unaudited interim condensed standalone financial statements the accounting principles resulting from the following sources were applied:

1. International Financial Reporting Standards issued by the International Accounting Standards Board and their interpretations issued by the International Financial Reporting Interpretations Committee.
2. International Accounting Standard no. 34 'Interim financial reporting'

New standards and interpretations have been described in the paragraph 1.2 of the interim consolidated financial statements for the third quarter of 2012.

1.2. Significant accounting policies

Accounting policies and methods relating to accounting estimates adopted during the preparation of the Bank's interim condensed standalone financial statements are consistent with the accounting policies adopted for the Group's interim condensed consolidated financial statements, which are described in section I.1.2., except for the valuation of associates, which are recognized at purchase price in the standalone financial statements.

2 EXPLANATORY NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS

2.1 Related party transactions

The Bank presents transactions with its subsidiaries and main shareholders.

In order to improve the presentation of transactions with related parties the presentation of the tables has changed similarly to the interim consolidated financial statements for the third quarter of 2012 years.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Transactions with the related parties and BGŻ S.A. shareholders as at 30.09.2012

	RABOBANK INTERNATIONAL HOLDING B.V.	COOPERATIEVE CENTRALE RAIFFEISEN- BOERENLEENBANK B.A.	COOPERATIEVE C.R-B B.A. (BRANCHES)	SUBSIDIARIES RABOBANK	BGŻ Leasing Sp. z o.o.	ACTUS Sp. z o.o.	TOTAL	% share in total assets/ financial result of BGŻ S.A.
Assets	-	71 359	-	252 804	19 873	33 302	377 338	1,04%
Loans and advances	-	-	-	-	18 797	-	18 797	0,05%
Current accounts	-	32	-	-	-	-	32	0,00%
Interest	-	-	-	61	3	22 742	22 806	0,06%
Debt securities	-	-	-	248 731	-	-	248 731	0,68%
Derivative instruments	-	-	-	-	-	10 560	10 560	0,03%
Other	-	71 327	-	4 012	-	-	75 339	0,21%
Debt securities	-	-	-	-	1 073	-	1 073	0,00%
Liabilities	-	3 196 951	7 503	4 505	56 430	59	3 265 448	9,01%
Loans taken out	-	3 106 631	-	-	-	-	3 106 631	8,57%
Current account	-	3 559	201	493	154	59	4 466	0,01%
Term deposits	-	-	-	-	55 497	-	55 497	0,15%
Interest payable	-	7 757	-	-	756	-	8 513	0,02%
Derivative instruments	-	60 217	-	4 012	-	-	64 229	0,18%
Other *	-	18 787	7 302	-	23	-	26 112	0,07%
Costs	-	37 737	7 307	3	2 167	-	47 214	0,99%
Interest	-	35 362	5	3	2 017	-	37 387	0,78%
Commission	-	27	-	-	150	-	177	0,00%
Result on derivative instruments	-	-	-	-	-	-	-	-
Other	-	2 348	7 302	-	-	-	9 650	0,20%
Revenue	11	76 098	3 695	3 711	3 904	1 560	88 979	1,83%
Interest	-	227	-	487	483	1 549	2 746	0,06%
Commission	-	-	-	-	3 325	1	3 326	0,07%
Results on derivative instruments	-	74 169	-	3 224	77	-	77 470	1,59%
Results on trading activities	11	1 702	3 695	-	19	10	5 437	0,11%
Other	-	4 784 618	-	600 000	17 403	-	5 402 021	8,88%
Contingent liabilities	-	3 704	-	-	17 403	-	21 107	0,49%
Liabilities granted	-	4 780 914	-	600 000	-	-	5 380 914	9,52%

* Line: 'Other liabilities' concerns liabilities to COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. for the acquisition of licenses and services connected with the implementation of BGŻOptima IT system, which were capitalized as intangible assets.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Transactions with the related parties and BGŻ S.A. shareholders as at 31.12.2011

	STATE TREASURY	RABOBANK INTERNATIONAL HOLDING B.V.	COOPERATIEVE CENTRALE RAIFFEISEN- BOERENLEENBANK B.A.	COOPERATIEVE C.R-B B.A. (BRANCHES)	SUBSIDIARIE S RABOBANK	BGŻ Leasing Sp. z o.o.	ACTUS Sp. z o.o.	TOTAL	% share in total assets/ financial result of BGŻ S.A.
Assets	4 677 180	-	689 043	-	-	18 008	31 753	5 415 984	16,22%
Loans and advances	-	-	-	-	-	17 030	-	17 030	0,05%
Current accounts	148	-	88	-	-	-	-	236	0,00%
Interest	23 844	-	-	-	-	3	21 193	45 040	0,14%
Debt securities	4 640 906	-	-	-	-	-	10 560	4 651 466	13,93%
Derivative instruments	-	-	688 955	-	-	-	-	688 955	2,06%
Other	12 282	-	-	-	-	975	-	13 257	0,04%
Liabilities	81 453	-	4 273 465	8 532	45	65 340	77	4 428 912	13,27%
Loans taken out	-	-	3 547 917	-	-	-	-	3 547 917	10,63%
Current account	42 749	-	160 936	122	45	7 224	77	211 153	0,63%
Term deposits	38 417	-	-	-	-	57 661	-	96 078	0,29%
Interest payable	166	-	8 807	-	-	455	-	9 428	0,03%
Derivative instruments	-	-	527 846	-	-	-	-	527 846	1,58%
Other	121	-	27 959**	8 410	-	-	-	36 490	0,11%
Costs	21 228	123	153 502	7 478	687	2 128	-	185 146	0,03%
Interest	21 228	-	27 580	4	5	2 023	-	50 840	0,01%
Commission	-	-	1 059	-	-	-	-	1 059	0,00%
Result on trading activities	-	-	123 032	-	505	-	-	123 537	0,02%
Other	-	123	1 831	7 474	177	105	-	9 710	-
Revenue	360 310	527	1 478	-	1 030	4 559	2 079	369 983	0,07%
Interest*	355 630	-	1 478	-	1 030	402	2 064	360 604	0,07%
Commission	558	-	-	-	-	23	1	582	0,00%
Results on derivative instruments	-	-	-	-	-	47	-	47	0,00%
Results on trading activities	4 122	-	-	-	-	-	-	4 122	0,00%
Other	-	527	-	-	-	4 087	14	4 628	0,00%
Contingent liabilities	852	-	25 666 913	-	-	19 700	-	25 687 465	33,02%
Liabilities granted	852	-	704	-	-	19 700	-	21 256	0,02%
Derivative instruments	-	-	25 666 209	-	-	-	-	25 666 209	33,00%

* Line: Revenue – 'Interest' includes interest on preferential loans

** Line: 'Other liabilities' concerns liabilities to COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. for the acquisition of licenses and services connected with the implementation of BGŻOptima IT system, which were capitalized as intangible assets.

The transactions with the Treasury (budgetary units) concern in particular ministries, voivodeship authorities, courts, government agencies (including the Agency of Restructuring and Modernization of Agriculture, with which the Bank conducts the settlements of payments of preferential loans).

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



Transactions with the related parties and BGŻ S.A. shareholders as at 30.09.2011

	STATE TREASURY	RABOBANK INTERNATIONAL HOLDING B.V.	COOPERATIEVE CENTRALE RAIFFEISEN- BOERENLEENBANK B.A.	COOPERATIEVE C.R-B B.A. (BRANCHES)	SUBSIDIARIE S RABOBANK	BGŻ Leasing Sp. z o.o.	ACTUS Sp. z o.o.	TOTAL	% share in total assets/ financial result of BGŻ S.A.
Assets	35 425	-	701 778	-	-	13 537	31 232	781 972	2,46%
Loans and advances	-	-	-	-	-	13 526	-	13 526	0,04%
Deposits	-	-	12 500	-	-	-	-	12 500	0,04%
Current accounts	553	-	88	-	-	-	-	641	0,00%
Interests	22 687	-	1	-	-	2	20 672	43 362	0,14%
Debt securities	3 999	-	-	-	-	-	10 560	14 559	0,04%
Derivative instruments	-	-	689 189	-	-	-	-	689 189	2,17%
Other	8 186	-	-	-	-	9	-	8 195	0,03%
Liabilities	74 843	-	4 262 466	7 730	45	43 272	46	4 388 402	13,83%
Loans taken out	-	-	3 607 459	-	-	-	-	3 607 459	11,37%
Current account	29 838	-	-	121	45	203	46	30 253	0,09%
Term deposits	44 790	-	-	-	-	42 856	-	87 646	0,28%
Interest payable	215	-	8 978	-	-	213	-	9 406	0,03%
Derivative instruments	-	-	646 029	-	-	-	-	646 029	2,04%
Other	-	-	-	7 609	-	-	-	7 609	0,02%
Costs	20 755	100	150 119	4 775	642	1 489	-	177 880	4,30%
Interest	20 289	-	14 909	3	4	1 401	-	36 606	0,89%
Commission	-	-	1 048	-	-	-	-	1 048	0,02%
Result on trading activities	-	-	134 162	-	461	-	-	134 623	3,26%
Other	466	100	-	4 772	177	88	-	5 603	0,13%
Revenue	256 634	-	152	-	782	2 225	1 555	261 348	6,15%
Interest*	256 187	-	152	-	782	272	1544	258 937	6,09%
Commission	447	-	-	-	-	20	1	468	0,01%
Results on derivative instruments	-	-	-	-	-	1 933	-	1 933	0,05%
Results on trading activities	-	-	-	-	-	-	10	10	0,00%
Contingent liabilities	-	-	-	-	-	-	-	-	-
Liabilities granted	447	-	29 898 292	-	-	19 885	-	29 918 624	38,49%
Loans taken out	447	-	704	-	-	19 885	-	21 036	0,50%
Commitments received	-	-	-	-	-	-	-	-	-
Derivative instruments	-	-	29 897 588	-	-	-	-	29 897 588	40,64%

* Line: Revenue – 'Interest' includes interest on preferential loans.

The transactions with the Treasury (budgetary units) concern in particular ministries, voivodeship authorities, courts, government agencies (including the Agency of Restructuring and Modernization of Agriculture, with which the Bank conducts the settlements of payments of preferential loans).

The terms of the transactions with related parties and BGŻ S.A. shareholders do not differ from the market conditions.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



2.2 Solvency ratio

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Own funds	3 100 158	2 394 441	2 449 661
Capital requirements	2 190 400	1 983 850	1 913 406
Solvency ratio (%)	11,3%	9,7%	10,2%

3 OTHER INFORMATION

The notes presenting changes in the particular positions are presented in the interim condensed consolidated financial statements for the third quarter on 2012.

3.1 Seasonality or periodicity of operations

In the operations of the Group there are no material seasonal or periodical occurrences.

3.2 Debt securities issued and redeemed

The issuance and redemption of securities are described in the paragraph 4.3 of the interim consolidated financial statements for the third quarter of 2012.

3.3 Dividends paid

The Bank did not pay dividends for the year 2011. The Bank's Annual General Meeting decided on 25 June 2012 to transfer the Bank's net profit for the year 2011 to reserve capital.

3.4 Off-balance sheet items

	30.09.2012 unaudited	31.12.2011	30.09.2011 unaudited
Liabilities granted	4 275 150	4 264 562	4 170 974
Liabilities received	406 246	5 438	92 201
Off-balance sheet financial instruments	62 078 829	71 597 041	74 079 464
F/X transactions	1 842 144	1 921 497	5 556 322
Off-balance sheet items, total	68 602 369	77 788 538	83 898 961
Liabilities granted, suretyships, unused credit lines	(7 320)	(6 018)	(5 641)

3.5 Significant events

Significant events in the Bank in the third quarter of 2012 are described in point 4.8 of the interim condensed consolidated financial statements for the third quarter of 2012.

Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the 3rd quarter ended 30 September 2012

- data in PLN thousand



3.6 Significant events after the reporting date not accounted for in the financial statements

Significant events after the reporting date not accounted for in the financial statements are described in the note 4.9 of the interim condensed consolidated financial statements for the third quarter of 2012.

.....
Jacek Bartkiewicz
President of the Management Board

.....
Gerardus Cornelis Embrechts
*First Vice-President
of the Management Board*

.....
Witold Okarma
*Vice-President
of the Management Board*

.....
Andrzej Sieradz
*Vice-President
of the Management Board*

.....
Johannes Gerardus Beuming
*Vice-President
of the Management Board*

.....
Dariusz Odzioba
*Vice-President
of the Management Board*

.....
Wojciech Sass
*Vice-President
of the Management Board*

.....
Magdalena Legęć
*Vice-President
of the Management Board*

.....
Katarzyna Romaszewska-Rosiak
*Chief Financial Officer
Chief Accountant*

Warsaw, 6 November 2012