



BANK PEKAO SA

Member of  **UniCredit Group**

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

Interim financial statements of the Bank Pekao S.A. Group for the first quarter of 2011 prepared according to International Financial Reporting Standards

Warsaw, May, 2011

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Selected Financial Data

1. Selected Financial Data

INCOME STATEMENT	1 QUARTER 2011	1 QUARTER 2010	1 QUARTER 2011	1 QUARTER 2010
	in PLN thousand		in EUR thousand	
Net interest income	1,061,172	1,005,120	267,015	253,377
Dividend income and income from equity investments	20,671	20,785	5,201	5,240
Total net interest income, dividend income and income from equity investments	1,081,843	1,025,905	272,217	258,616
Income from Swap transactions	20,805	34,137	5,235	8,605
Total net interest income and income from Swap transactions	1,102,648	1,060,042	277,452	267,222
Net fee and commission income	597,408	572,228	150,322	144,251
Profit before income tax	800,784	741,654	201,496	186,961
Net profit for the period	650,890	604,950	163,779	152,499
Net profit for attributable to equity holders of the Bank	648,307	602,712	163,129	151,935
Net profit for attributable to non-controlling interest	2,583	2,238	650	564
CASH FLOW STATEMENT	1 QUARTER 2011	1 QUARTER 2010	1 QUARTER 2011	1 QUARTER 2010
	in PLN thousand		in EUR thousand	
Net cash flows from operating activities	(2,975,026)	149,731	(748,585)	37,745
Net cash flows from investing activities	915,610	(5,748,480)	230,389	(1,449,111)
Net cash flows from financing activities	(6,411)	(158,916)	(1,613)	(40,061)
Net change in cash and cash equivalents	(2,065,827)	(5,757,665)	(519,810)	(1,451,427)
STATEMENT OF FINANCIAL POSITION	31.03.2011	31.12.2010	31.03.2011	31.12.2010
	in PLN thousand		in EUR thousand	
Loans and advances to customers and net investment in finance leases	81,892,308	80,842,705	20,412,350	20,413,278
Total assets	133,361,372	134,089,886	33,241,450	33,858,517
Amounts due to Central Bank	635,132	727,979	158,312	183,819
Amounts due to other banks	8,147,925	6,913,123	2,030,939	1,745,606
Amounts due to customers	97,324,657	99,807,236	24,258,994	25,201,938
Non-controlling interest	78,376	82,877	19,536	20,927
Equity attributable to equity holders of the Bank	20,698,890	20,174,112	5,159,373	5,094,087
Share capital	262,367	262,364	65,397	66,249
Number of shares	262,367,367	262,364,326	x	x
MARKET INDICES	1 QUARTER 2011	1 QUARTER 2010	1 QUARTER 2011	1 QUARTER 2010
	PLN		EUR	
Book value per share	78.89	72.80	19.66	18.85
Diluted book value per share	78.86	72.78	19.66	18.84
Basic earnings per share	2.47	2.30	0.62	0.58
Diluted earnings per share	2.47	2.30	0.62	0.58
Declared / paid dividend per share	6.80	2.90	1.71	0.67
CAPITAL ADEQUACY	31.03.2011	31.12.2010	31.03.2011	31.12.2010
	in PLN thousand		in EUR thousand	
Capital adequacy ratio (%)	18.51	17.61	x	x
Risk weighted assets	94,350,464	95,505,008	23,517,651	24,115,599
Core funds (Tier I)	17,459,632	16,819,902	4,351,961	4,247,128
Supplementary funds (Tier II)	-	-	-	-

Exchange rates used for EUR translation purposes:

- Statement of Financial Position – an exchange rate announced by the National Bank of Poland as at March 31, 2011 – EUR 1 = PLN 4.0119, as at December 31, 2010 – EUR 1 = PLN 3.9603,
- Income Statement – an exchange rate calculated as the arithmetic mean of exchange rates announced by the National Bank of Poland as at the end of each month of the first quarter of 2011 and 2010 – EUR 1 = PLN 3.9742 and EUR 1 = PLN 3.9669 respectively,
- Cash Flow Statement – an exchange rate used for income statement items,
- for dividend – an exchange rate calculated as the arithmetic mean of exchange rates announced by the National Bank of Poland as at the end of each month of 2010 and 2009 – EUR 1 = PLN 4.0044 and EUR 1 = PLN 4.3406.

Executive Summary

2. Executive Summary

The Bank Pekao S.A. Group reported solid financial results for the first quarter of 2011, with net profit attributable to equity holders amounting to PLN 648.3 million, i.e. an increase of PLN 45.6 million (7.6%) in comparison to the first quarter of 2010.

Sound results for the first quarter of 2011 with the operating profit increased by 10.3% in comparison with the first quarter of 2010 were driven by higher operating income as well as lower operating costs.

The strength of the capital and liquidity structure of the Bank Pekao S.A. Group is reflected by a capital adequacy ratio of 18.5% and loans to deposits ratio at the level of 84.1% at the end of March 2011. This enables for further sound and stable development of the Group's activities.

The Bank continued its policy of offering only PLN mortgage loans. The residual stock of mortgage loans denominated in foreign currencies, almost entirely acquired as a result of the merger of the spun-off part of Bank BPH SA, represents only 6.8% of total loans of the Bank.

- In the first quarter of 2011, the Group's operating income amounted to PLN 1,833.3 million, an increase of PLN 82.4 million (4.7%) in comparison with the first quarter of 2010 with growth in total net interest income, dividend income and income from equity investments as well as net fee and commission income.
- Total net interest income, dividend income and income from equity investments in the first quarter of 2011 amounted to PLN 1,102.7 million and increased by PLN 42.6 million (4.0%) in comparison with the first quarter of 2010. The increase was driven mainly by higher volumes and efficient management of interest margin.
- The Group's net non-interest income in the first quarter of 2011 amounted to PLN 730.6 million, an increase of PLN 39.8 million (5.8%) in comparison with the first quarter of 2010, mainly as a result of an increase in net fee and commission income as well as an increase in trading result.
- In the first quarter of 2011, the operating costs were kept under control and amounted to PLN 899.1 million. They were lower than the operating costs in comparable period of 2010 by PLN 4.5 million (0.5%).
- Net write-downs of loans and provision for guarantees and commitments amounted to PLN 134.2 million in the first quarter of 2011, a decrease of PLN 6.7 million (4.8%) compared with the first quarter of 2010.

As at March 31, 2011, the ratio of impaired receivables to total receivables amounted to 6.7% and was at the same level as compared to the end of 2010.

- As at the end of March 2011, the total amounts due to the Group's customers (including customer deposits, structured certificates of deposits, repo and sell-buy-back transactions) amounted to PLN 97,489.1 million, a decrease of PLN 2,577.0 million (2.6%) in comparison to the end of 2010.

The total volume of retail customers deposits and structured certificates of deposits amounted to PLN 46,996.6 million at the end of March 2011, an increase of PLN 658.5 million (1.4%) in comparison to the end of 2010. The value of net assets of investment funds managed by Pioneer Pekao TFI S.A. amounted to PLN 17,704.0 million, a decrease of PLN 354.8 million (2.0%) in comparison to the end of 2010.

The total volume of corporate customers deposits and repo and sell-buy-back transactions amounted to PLN 50,492.5 million at the end of March 2011, a decrease of PLN 3,235.5 million (6.0%) as compared to the end of 2010.

- As at the end of March 2011, the volume of retail loans amounted to PLN 32,137.8 million, an increase of PLN 592.1 million (1.9%) in comparison to the end of 2010. The growth of volumes of retail loans was driven by improving dynamics in sales of key lending products. Thanks to commercial focus, the Bank's sales of consumer loans in the first quarter of 2011 increased by 31.6% and sales of PLN mortgage loans was more than doubled compared with the first quarter of 2010. The volume of corporate loans, non quoted securities, reverse repo transactions and securities issued by local governments increased by PLN 1,087.8 million (2.0%) as compared to the end of 2010 and amounted to PLN 54,741.2 million at the end of March 2011.

Accounting principles adopted in the preparation of the report

3. Accounting principles adopted in the preparation of the report

Condensed interim consolidated financial statements of the Bank Pekao S.A. Capital Group and interim financial statements of Bank Pekao S.A. were prepared in compliance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and respective accounting standards which apply to interim financial reporting adopted by European Union.

The presented report meets the requirements of Decree of the Minister of Finance dated February 19, 2009 regarding current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state.

Condensed interim consolidated financial statements of the Group and enclosed interim financial statements of the Bank have been prepared in accordance with the accounting principles applied for the purpose of asset and liabilities valuation and measurement of financial results, as disclosed in the Consolidated financial statements of the Bank Pekao S.A. Capital Group and the Unconsolidated financial statement of Bank Pekao S.A. ended as at December 31, 2010.

The accounting principles applied in the first quarter of 2011 report have not been changed in relation to the scope of assets and liabilities valuation and income measurement.

Data presented in condensed interim consolidated financial statements of the Group and enclosed interim financial statements of the Bank have been prepared in a manner assuring their comparability.

Consolidated Income Statement – short form

(PLN thousand)

4. Financial Statements

In the next years, the Bank Pekao S.A. Group plans to concentrate its activities on local market and in connection with this the whole exposure of Bank Pekao S.A. in PJSC UniCredit Bank will be disposed.

The Bank intends to dispose of its exposure in Ukraine upon receiving all the necessary approvals by the end of 2011.

In the Consolidated and Unconsolidated Financial Statements of the Group and the Bank as at March 31, 2011 and December 31, 2010, the whole exposure in PJSC UniCredit Bank constituting assets and liabilities of the subsidiary has been classified as held for sale and respective Income Statement items were presented as discontinued operations.

4.1 Consolidated Financial Statements

	I QUARTER 2011 PERIOD FROM 01.01.2011 TO 31.03.2011			I QUARTER 2010 PERIOD FROM 01.01.2010 TO 31.03.2010		
	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
Interest income	1,611,758	57,327	1,669,085	1,502,030	74,842	1,576,872
Interest expense	(583,599)	(24,314)	(607,913)	(541,129)	(30,623)	(571,752)
Net interest income	1,028,159	33,013	1,061,172	960,901	44,219	1,005,120
Dividend income and income from equity investments	20,671	-	20,671	20,785	-	20,785
Total net interest income, dividend income and income from equity investments	1,048,830	33,013	1,081,843	981,686	44,219	1,025,905
Fee and commission income	696,670	8,773	705,443	672,763	8,478	681,241
Fee and commission expense	(104,504)	(3,531)	(108,035)	(104,989)	(4,024)	(109,013)
Net fee and commission income	592,166	5,242	597,408	567,774	4,454	572,228
Trading result	137,165	7,341	144,506	133,676	2,737	136,413
Net other operating income and expenses	9,951	(467)	9,484	15,455	885	16,340
Net non-interest income	739,282	12,116	751,398	716,905	8,076	724,981
OPERATING INCOME	1,788,112	45,129	1,833,241	1,698,591	52,295	1,750,886
Personnel expenses	(480,138)	(9,419)	(489,557)	(458,344)	(9,443)	(467,787)
Other administrative expenses	(306,069)	(9,633)	(315,702)	(320,681)	(9,304)	(329,985)
Refund of administrative costs	1,879	-	1,879	1,700	-	1,700
Depreciation and amortisation	(93,296)	(2,399)	(95,695)	(104,315)	(3,189)	(107,504)
Operating costs	(877,624)	(21,451)	(899,075)	(881,640)	(21,936)	(903,576)
OPERATING PROFIT	910,488	23,678	934,166	816,951	30,359	847,310
Net result on other provisions	(1,428)	-	(1,428)	837	-	837
Net write-downs of loans and provision for guarantees and commitments	(127,185)	(6,997)	(134,182)	(127,723)	(13,168)	(140,891)
Net result on investment activity	2,292	(64)	2,228	34,402	(4)	34,398
PROFIT BEFORE INCOME TAX	784,167	16,617	800,784	724,467	17,187	741,654
Income tax expenses	(147,073)	(2,821)	(149,894)	(131,859)	(4,845)	(136,704)
NET PROFIT FOR THE PERIOD	637,094	13,796	650,890	592,608	12,342	604,950
Attributable to equity holders of the Bank	634,511	13,796	648,307	590,370	12,342	602,712
Attributable to non-controlling interest	2,583	-	2,583	2,238	-	2,238
Earnings per share (in PLN per share)						
Basic for the period	2.42	0.05	2.47	2.25	0.05	2.30
Diluted for the period	2.42	0.05	2.47	2.25	0.05	2.30

Consolidated Statement of Comprehensive Income

(PLN thousand)

	I QUARTER 2011 PERIOD FROM 01.01.2011 TO 31.03.2011	I QUARTER 2010 PERIOD FROM 01.01.2010 TO 31.03.2010
Net profit	650,890	604,950
Attributable to equity holders of the Bank	648,307	602,712
Attributable to non-controlling interest	2,583	2,238
Other comprehensive income		
Foreign currency translation differences	(11,290)	4,745
Change in fair value of available-for-sale financial assets	(93,470)	195,966
Change in fair value of cash flow hedges	(46,167)	53,329
Income tax expense on other comprehensive income	29,517	(47,285)
Other comprehensive income (net)	(121,410)	206,755
Total comprehensive income	529,480	811,705
Attributable to equity holders of the Bank	526,897	809,467
Attributable to non-controlling interest	2,583	2,238

Consolidated Statement of Financial Position

(PLN thousand)

	31.03.2011	31.12.2010	31.03.2010
ASSETS			
Cash and due from Central Bank	4,075,121	5,969,104	3,780,471
Debt securities eligible for rediscounting at Central Bank	200	224	314
Loans and advances to banks	6,403,926	6,258,811	7,581,199
Financial assets held for trading	1,981,067	965,641	5,284,158
Derivative financial instruments (held for trading)	1,390,067	1,557,033	2,443,784
Other financial instruments at fair value through profit or loss	15,767	16,735	1,063,319
Loans and advances to customers	78,986,224	77,803,730	72,673,798
Receivables from finance leases	2,906,084	3,038,975	3,060,917
Hedging instruments	231,356	258,688	186,370
Investment securities	29,574,609	30,398,445	27,423,921
Available for sale	24,925,224	25,856,387	23,606,323
Held to maturity	4,649,385	4,542,058	3,817,598
Assets held for sale	3,145,789	3,246,985	39,635
Investments in associates and subsidiaries	235,247	214,616	260,059
Intangible assets	673,115	697,235	682,472
Property, plant and equipment	1,784,001	1,821,723	1,784,858
Investment properties	64,268	64,493	74,275
Income tax assets	718,088	723,230	638,352
Current tax receivable	28,770	1,249	160,983
Deferred tax assets	689,318	721,981	477,369
Other assets	1,176,443	1,054,218	949,792
TOTAL ASSETS	133,361,372	134,089,886	127,927,694
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to Central Bank	635,132	727,979	1,007,464
Amounts due to other banks	8,147,925	6,913,123	6,996,601
Financial liabilities held for trading	323,587	114,228	819,972
Derivative financial instruments (held for trading)	1,199,628	1,592,445	1,911,691
Amounts due to customers	97,324,657	99,807,236	93,581,549
Hedging instruments	754,837	710,566	164,584
Fair value hedge adjustments of hedged items due to interest rate risk	(53,936)	(40,127)	-
Debt securities issued	1,154,833	1,177,158	1,877,302
Liabilities associated with assets held for sale	1,014,545	1,009,074	-
Income tax liabilities	5,690	26,806	14,627
Current income tax payable	4,553	26,070	8,751
Deferred tax liabilities	1,137	736	5,876
Provisions	280,596	305,923	258,563
Other liabilities	1,796,612	1,488,486	2,116,040
TOTAL LIABILITIES	112,584,106	113,832,897	108,748,393
Equity attributable to equity holders of the Bank			
Share capital	262,367	262,364	262,338
Other capital and reserves	17,223,490	17,342,617	15,795,604
Retained earnings and profit for the period	3,213,033	2,569,131	3,041,368
Equity attributable to equity holders of the Bank	20,698,890	20,174,112	19,099,310
Non-controlling interest	78,376	82,877	79,991
TOTAL EQUITY	20,777,266	20,256,989	19,179,301
TOTAL EQUITY AND LIABILITIES	133,361,372	134,089,886	127,927,694
Capital adequacy ratio (%)	18.51	17.61	18.37
Book value	20,698,856	20,174,112	19,099,310
Number of shares	262,367,367	262,364,326	262,337,689
Book value per share (in PLN per share)	78.89	76.89	72.80
Diluted number of shares	262,460,023	262,446,413	262,422,059
Diluted book value per share (in PLN per share)	78.86	76.87	72.78

Consolidated Statement of Changes in Equity

(PLN thousand)

For the period from January 1, 2011 to March 31, 2011

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK											
	SHARE CAPITAL	OTHER CAPITAL AND RESERVES							RETAINED EARNINGS AND CURRENT YEAR PROFIT	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	NON-CONTROLLING INTERESTS	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY TRANSLATION DIFFERENCES	OTHER				
Equity as at January 1, 2011	262,364	17,342,617	9,124,344	1,437,850	6,525,419	22,099	(136,072)	368,977	2,569,131	20,174,112	82,877	20,256,989
Management options	3	2,283	367	-	-	-	-	1,916	-	2,286	26	2,312
Options exercised (share issue)	3	367	367	-	-	-	-	-	-	370	-	370
Revaluation of management share options	-	1,916	-	-	-	-	-	1,916	-	1,916	26	1,942
Valuation of financial instruments	-	(113,094)	-	-	-	(113,094)	-	-	-	(113,094)	-	(113,094)
Revaluation of available-for-sale investments net of tax	-	(75,699)	-	-	-	(75,699)	-	-	-	(75,699)	-	(75,699)
Revaluation of hedging financial instruments net of tax	-	(37,395)	-	-	-	(37,395)	-	-	-	(37,395)	-	(37,395)
Appropriation of retained earnings and current year profit	-	-	-	-	-	-	-	-	648,307	648,307	(4,527)	643,780
Dividend paid	-	-	-	-	-	-	-	-	-	-	(7,110)	(7,110)
Profit appropriation	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	648,307	648,307	2,583	650,890
Other	-	(8,316)	-	-	-	-	(8,316)	-	(4,405)	(12,721)	-	(12,721)
Foreign currency translation differences	-	(8,316)	-	-	-	-	(8,316)	-	(4,405)	(12,721)	-	(12,721)
Other	-	-	-	-	-	-	-	-	-	-	-	-
Equity as at March 31, 2011	262,367	17,223,490	9,124,711	1,437,850	6,525,419	(90,995)	(144,388)	370,893	3,213,033	20,698,890	78,376	20,777,266

Consolidated Statement of Changes in Equity

(PLN thousand)

For the period from January 1, 2010 to December 31, 2010

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK											
	OTHER CAPITAL AND RESERVES								RETAINED EARNINGS AND CURRENT YEAR PROFIT	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY TRANSLATION DIFFERENCES	OTHER				
Equity as at January 1, 2010	262,331	15,587,032	9,120,232	1,337,850	4,993,548	(46,762)	(179,560)	361,724	2,438,656	18,288,019	83,057	18,371,076
Management options	33	7,713	4,112	-	-	-	-	3,601	-	7,746	13	7,759
Options exercised (share issue)	33	4,112	4,112	-	-	-	-	-	-	4,145	-	4,145
Revaluation of management share options	-	3,601	-	-	-	-	-	3,601	-	3,601	13	3,614
Valuation of financial instruments	-	68,861	-	-	-	68,861	-	-	-	68,861	-	68,861
Revaluation of available-for-sale investments net of tax	-	14,130	-	-	-	14,130	-	-	-	14,130	-	14,130
Revaluation of hedging financial instruments net of tax	-	54,731	-	-	-	54,731	-	-	-	54,731	-	54,731
Appropriation of retained earnings and current year profit	-	1,637,638	-	100,000	1,533,986	-	-	3,652	126,500	1,764,138	(1,018)	1,763,120
Dividend paid	-	-	-	-	-	-	-	-	(761,096)	(761,096)	(6,123)	(767,219)
Profit appropriation	-	1,637,638	-	100,000	1,533,986	-	-	3,652	(1,637,638)	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	2,525,234	2,525,234	5,105	2,530,339
Other	-	41,373	-	-	(2,115)	-	43,488	-	3,975	45,348	825	46,173
Foreign currency translation differences	-	43,488	-	-	-	-	43,488	-	579	44,067	-	44,067
Other	-	(2,115)	-	-	(2,115)	-	-	-	3,396	1,281	825	2,106
Equity as at December 31, 2010	262,364	17,342,617	9,124,344	1,437,850	6,525,419	22,099	(136,072)	368,977	2,569,131	20,174,112	82,877	20,256,989

Consolidated Statement of Changes in Equity

(PLN thousand)

For the period from January 1, 2010 to March 31, 2010

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK										NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY TRANSLATION DIFFERENCES	OTHER	RETAINED EARNINGS AND CURRENT YEAR PROFIT	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		
Equity as at January 1, 2010	262,331	15,587,032	9,120,232	1,337,850	4,993,548	(46,762)	(179,560)	361,724	2,438,656	18,288,019	83,057	18,371,076
Management options	7	186	860	-	-	-	-	(674)	-	193	(6)	187
Options exercised (share issue)	7	860	860	-	-	-	-	-	-	860	-	867
Revaluation of management share options	-	(674)	-	-	-	-	-	(674)	-	(674)	(6)	(680)
Valuation of financial instruments	-	202,010	-	-	-	202,010	-	-	-	202,010	-	202,010
Revaluation of available-for-sale investments net of tax	-	158,814	-	-	-	158,814	-	-	-	158,814	-	158,814
Revaluation of hedging financial instruments net of tax	-	43,196	-	-	-	43,196	-	-	-	43,196	-	43,196
Appropriation of retained earnings and current year profit	-	-	-	-	-	-	-	-	602,712	602,712	(3,885)	598,827
Dividend paid	-	-	-	-	-	-	-	-	-	-	(6,123)	(6,123)
Profit appropriation	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	602,712	602,712	2,238	604,950
Other	-	6,376	-	-	1,631	-	4,745	-	-	6,376	825	7,201
Foreign currency translation differences	-	4,745	-	-	-	-	4,745	-	-	4,745	-	4,745
Other	-	1,631	-	-	1,631	-	-	-	-	1,631	825	2,456
Equity as at March 31, 2010	262,338	15,795,604	9,121,092	1,337,850	4,995,179	155,248	(174,815)	361,050	3,041,368	19,099,310	79,991	19,179,301

Consolidated Cash Flow Statement

(PLN thousand)

	I QUARTER 2011 PERIOD FROM 01.01.2011 TO 31.03.2011	I QUARTER 2010 PERIOD FROM 01.01.2010 TO 31.03.2010
Cash flow from operating activities - indirect method		
Net profit for the period	648,307	602,712
Adjustments:	(3,623,333)	(452,981)
Depreciation expense	95,695	108,162
Share of profit (losses) in associates	(20,671)	(20,785)
Gains (losses) on foreign exchange differences	48,708	39,361
(Gains) losses on investing activities	(2,228)	(35,056)
Interest and dividend	(288,415)	(227,269)
Change in loans and advances to banks	(316,959)	(296,331)
Change in financial assets held for trading and other financial instruments at fair value through profit or loss	(1,014,458)	(199,412)
Change in derivative financial instruments (assets)	166,966	(36,239)
Change in loans and advances to customers and debt securities eligible for rediscounting at Central Bank	(1,182,470)	3,706,107
Change in receivables from finance leases	132,891	42,560
Change in investment securities available for sale	17,334	(30,014)
Change in tax assets	31,684	(62,506)
Change in other assets	(21,653)	(162,468)
Change in amounts due to banks	1,141,955	(475,116)
Change in liabilities held for trading	209,359	(161,382)
Change in derivative financial instruments (liabilities) and other financial instruments at fair value	(392,817)	319,618
Change in amounts due to customers	(2,482,579)	(3,668,447)
Change in debt securities issued	(12,004)	6,710
Change in provisions	(25,327)	3,554
Change in other liabilities	338,836	629,268
Income tax paid (negative sign)	(131,739)	(128,676)
Current tax expense	84,559	195,380
Net cash flows from operating activities	(2,975,026)	149,731
Cash flows from investing activities		
Investing activity inflows	82,583,665	27,594,223
Sale of investment securities	82,552,914	27,560,790
Sale of intangible assets and property, plant and equipment	1,779	1,682
Other investing inflows	28,972	31,751
Investing activity outflows	(81,668,055)	(33,342,703)
Acquisition of investment securities	(81,643,629)	(33,290,507)
Acquisition of intangible assets and property, plant and equipment	(24,426)	(52,196)
Net cash flows from investing activities	915,610	(5,748,480)

Consolidated Cash Flow Statement (cont)

(PLN thousand)

	I QUARTER 2011 PERIOD FROM 01.01.2011 TO 31.03.2011	I QUARTER 2010 PERIOD FROM 01.01.2010 TO 31.03.2010
Cash flows from financing activities		
Financing activity inflows	464,605	867
Issue of debt securities	464,235	-
Issue of shares	370	867
Financing activity outflows	(471,016)	(159,783)
Redemption of debt securities	(471,016)	(159,783)
Net cash flows from financing activities	(6,411)	(158,916)
Total net cash flows	(2,065,827)	(5,757,665)
Net change in cash and cash equivalents	(2,065,827)	(5,757,665)
Cash and cash equivalents at the beginning of the period	11,130,476	14,653,202
Cash and cash equivalents at the end of the period	9,064,649	8,895,537

Unconsolidated Income Statement – short form

(PLN thousand)

4.2 Unconsolidated Financial Statements

	I QUARTER 2011 PERIOD FROM 01.01.2011 TO 31.03.2011	I QUARTER 2010 PERIOD FROM 01.01.2010 TO 31.03.2010
Interest income	1,571,128	1,460,061
Interest expense	(583,565)	(547,602)
Net interest income	987,563	912,459
Dividend income	118,260	32,287
Total net interest income and dividend income	1,105,823	944,746
Fee and commission income	632,810	615,927
Fee and commission expense	(102,379)	(101,686)
Net fee and commission income	530,431	514,241
Trading result	135,725	128,865
Net other operating income and expenses	6,386	10,659
Net non-interest income	672,542	653,765
OPERATING INCOME	1,778,365	1,598,511
Personnel expenses	(434,348)	(415,343)
Other administrative expenses	(302,182)	(315,954)
Refund of administrative costs	2,236	2,348
Depreciation and amortisation	(88,098)	(99,193)
Operating costs	(822,392)	(828,142)
OPERATING PROFIT	955,973	770,369
Net result on other provisions	(1,477)	179
Net write-downs of loans and provision for guarantees and commitments	(116,914)	(118,118)
Net result on investment activity	2,226	40,471
PROFIT BEFORE INCOME TAX	839,808	692,901
Income tax expenses	(136,378)	(122,821)
NET PROFIT FOR THE PERIOD	703,430	570,080
Earnings per share (in PLN per share)		
Basic for the period	2.68	2.17
Diluted for the period	2.68	2.17

Unconsolidated Statement of Comprehensive Income

(PLN thousand)

	I QUARTER 2011 PERIOD FROM 01.01.2011 TO 31.03.2011	I QUARTER 2010 PERIOD FROM 01.01.2010 TO 31.03.2010
Net profit	703,430	570,080
Other comprehensive income		
Foreign currency translation differences	(2)	(91)
Change in fair value of available-for-sale financial assets	(93,133)	195,781
Change in fair value of cash flow hedges	(46,167)	53,329
Income tax expenses on other comprehensive income	26,468	(47,250)
Other comprehensive income (net)	(112,834)	201,769
Total comprehensive income	590,596	771,849

Unconsolidated Statement of Financial Position

(PLN thousand)

	31.03.2011	31.12.2010	31.03.2010
ASSETS			
Cash and due from Central Bank	4,074,820	5,968,748	3,747,318
Debt securities eligible for rediscounting at Central Bank	200	224	314
Loans and advances to banks	6,655,991	6,609,869	9,421,295
Financial assets held for trading	1,981,067	965,641	5,183,093
Derivative financial instruments (held for trading)	1,442,688	1,614,154	2,463,529
Other financial instruments at fair value through profit or loss	15,767	16,735	1,063,272
Loans and advances to customers	78,113,718	77,059,221	69,396,775
Hedging instruments	231,356	258,688	186,370
Investment securities	29,544,723	30,429,860	27,423,156
Available for sale	24,982,782	25,920,038	23,646,598
Held to maturity	4,561,941	4,509,822	3,776,558
Assets held for sale	2,350,658	2,456,104	38,492
Investments in subsidiaries	793,268	793,268	1,370,547
Investments in associates	39,345	39,345	39,345
Intangible assets	647,987	671,352	652,737
Property, plant and equipment	1,742,593	1,778,425	1,711,072
Investment properties	57,670	57,874	64,052
Income tax assets	489,384	505,429	502,918
Current tax receivable	27,540	-	160,277
Deferred tax assets	461,844	505,429	342,641
Other assets	1,106,352	900,192	808,079
TOTAL ASSETS	129,287,587	130,125,129	124,072,364
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to Central Bank	635,132	727,979	1,007,464
Amounts due to other banks	6,717,060	5,392,159	5,199,640
Financial liabilities held for trading	323,587	114,228	819,972
Derivative financial instruments (held for trading)	1,199,777	1,592,859	1,914,032
Amounts due to customers	96,704,244	99,328,808	92,876,781
Hedging instruments	754,837	710,566	164,584
Fair value hedge adjustments of hedged items due to interest rate risk	(53,936)	(40,127)	-
Debt securities issued	667,005	737,800	1,171,089
Income tax liabilities	-	23,305	-
Current income tax payable	-	23,305	-
Deferred tax liabilities	-	-	-
Provisions	305,435	331,864	285,158
Other liabilities	1,608,061	1,371,949	1,894,051
TOTAL LIABILITIES	108,861,202	110,291,390	105,332,771
Equity			
Share capital	262,367	262,364	262,338
Other capital and reserves	16,908,566	17,019,353	15,444,912
Retained earnings and profit for the period	3,255,452	2,552,022	3,032,343
TOTAL EQUITY	20,426,385	19,833,739	18,739,593
TOTAL EQUITY AND LIABILITIES	129,287,587	130,125,129	124,072,364
Capital adequacy ratio (%)	18.20	17.17	18.11

Unconsolidated Statement of Changes in Equity

(PLN thousand)

For the period from January 1, 2011 to March 31, 2011

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES							RETAINED EARNINGS AND CURRENT YEAR PROFIT	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY TRANSLATION DIFFERENCES	OTHER		
Equity as at January 1, 2011	262,364	17,019,353	9,124,344	1,437,850	6,191,904	21,266	2,965	241,024	2,552,022	19,833,739
Management options	3	2,047	367	-	-	-	-	1,680	-	2,050
Options exercised (share issue)	3	367	367	-	-	-	-	-	-	370
Revaluation of management share options	-	1,680	-	-	-	-	-	1,680	-	1,680
Valuation of financial instruments	-	(112,832)	-	-	-	(112,832)	-	-	-	(112,832)
Revaluation of available-for-sale investments net of tax	-	(75,437)	-	-	-	(75,437)	-	-	-	(75,437)
Revaluation of hedging financial instruments net of tax	-	(37,395)	-	-	-	(37,395)	-	-	-	(37,395)
Appropriation of retained earnings and current year profit	-	-	-	-	-	-	-	-	703,430	703,430
Dividend paid	-	-	-	-	-	-	-	-	-	-
Profit appropriation	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	703,430	703,430
Other	-	(2)	-	-	-	-	(2)	-	-	(2)
Foreign currency translation differences	-	(2)	-	-	-	-	(2)	-	-	(2)
Equity as at March 31, 2011	262,367	16,908,566	9,124,711	1,437,850	6,191,904	(91,566)	2,963	242,704	3,255,452	20,426,385

Unconsolidated Statement of Changes in Equity

(PLN thousand)

For the period from January 1, 2010 to December 31, 2010

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES							RETAINED EARNINGS AND CURRENT YEAR PROFIT	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY TRANSLATION DIFFERENCES	OTHER		
Equity as at January 1, 2010	262,331	15,242,975	9,120,232	1,337,850	4,590,737	(46,588)	3,046	237,698	2,462,263	17,967,569
Management options	33	7,438	4,112	-	-	-	-	3,326	-	7,471
Options exercised (share issue)	33	4,112	4,112	-	-	-	-	-	-	4,145
Revaluation of management share options	-	3,326	-	-	-	-	-	3,326	-	3,326
Valuation of financial instruments	-	67,854	-	-	-	67,854	-	-	-	67,854
Revaluation of available-for-sale investments net of tax	-	13,123	-	-	-	13,123	-	-	-	13,123
Revaluation of hedging financial instruments net of tax	-	54,731	-	-	-	54,731	-	-	-	54,731
Appropriation of retained earnings and current year profit	-	1,701,167	-	100,000	1,601,167	-	-	-	89,759	1,790,926
Dividend paid	-	-	-	-	-	-	-	-	(761,096)	(761,096)
Profit appropriation	-	1,701,167	-	100,000	1,601,167	-	-	-	(1,701,167)	-
Net profit for the period	-	-	-	-	-	-	-	-	2,552,022	2,552,022
Other	-	(81)	-	-	-	-	(81)	-	-	(81)
Foreign currency translation differences	-	(81)	-	-	-	-	(81)	-	-	(81)
Equity as at December 31, 2010	262,364	17,019,353	9,124,344	1,437,850	6,191,904	21,266	2,965	241,024	2,552,022	19,833,739

Unconsolidated Statement of Changes in Equity

(PLN thousand)

For the period from January 1, 2010 to March 31, 2010

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES							RETAINED EARNINGS AND CURRENT YEAR PROFIT	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY TRANSLATION DIFFERENCES	OTHER		
Equity as at January 1, 2010	262,331	15,242,975	9,120,232	1,337,850	4,590,737	(46,588)	3,046	237,698	2,462,263	17,967,569
Management options	7	168	860	-	-	-	-	(692)	-	175
Options exercised (share issue)	7	860	860	-	-	-	-	-	-	867
Revaluation of management share options	-	(692)	-	-	-	-	-	(692)	-	(692)
Valuation of financial instruments	-	201,860	-	-	-	201,860	-	-	-	201,860
Revaluation of available-for-sale investments net of tax	-	158,664	-	-	-	158,664	-	-	-	158,664
Revaluation of hedging financial instruments net of tax	-	43,196	-	-	-	43,196	-	-	-	43,196
Appropriation of retained earnings and current year profit	-	-	-	-	-	-	-	-	570,080	570,080
Dividend paid	-	-	-	-	-	-	-	-	-	-
Profit appropriation	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	570,080	570,080
Other	-	(91)	-	-	-	-	(91)	-	-	(91)
Foreign currency translation differences	-	(91)	-	-	-	-	(91)	-	-	(91)
Equity as at March 31, 2010	262,338	15,444,912	9,121,092	1,337,850	4,590,737	155,272	2,955	237,006	3,032,343	18,739,593

Unconsolidated Cash Flow Statement

(PLN thousand)

	I QUARTER 2011 PERIOD FROM 01.01.2011 TO 31.03.2011	I QUARTER 2010 PERIOD FROM 01.01.2010 TO 31.03.2010
Cash flow from operating activities - indirect method		
Net profit for the period	703,430	570,080
Adjustments:	(3,917,068)	836,247
Depreciation expense	88,098	99,787
Gain (losses) on foreign exchange differences	61,463	34,845
(Gain) losses on investing activities	(2,225)	(35,063)
Interest and dividend	(406,077)	(260,277)
Change in loans and advances to banks	(322,592)	1,199,823
Change in financial assets held for trading and other financial instruments at fair value through profit or loss	(1,014,458)	(166,774)
Change in derivative financial instruments (assets)	171,466	(32,058)
Change in loans and advances to customers and debt securities eligible for rediscounting at Central Bank	(1,054,473)	3,645,791
Change in investment securities available for sale	17,183	(30,498)
Change in tax assets	42,512	7,600
Change in other assets	(100,079)	(202,470)
Change in amounts due to banks	1,232,054	(355,127)
Change in liabilities held for trading	209,359	(161,382)
Change in derivative financial instruments (liabilities) and other financial instruments at fair value	(393,082)	319,995
Change in amounts due to customers	(2,624,564)	(3,824,517)
Change in debt securities issued	-	7,005
Change in provisions	(37,538)	3,789
Change in other liabilities	264,876	523,737
Income tax paid (negative sign)	(115,317)	(112,700)
Current tax expense	66,326	174,741
Net cash flows from operating activities	(3,213,638)	1,406,327
Cash flows from investing activities		
Investing activity inflows	82,668,546	26,947,159
Sale of subsidiaries and associates	-	55,895
Sale of investment securities	82,522,465	26,829,124
Sale of intangible assets and property, plant and equipment	57	368
Other investing inflows	146,024	61,772
Investing activity outflows	(81,568,395)	(32,581,245)
Acquisition of investment securities	(81,549,584)	(32,537,027)
Acquisition of intangible assets and property, plant and equipment	(18,811)	(44,218)
Net cash flows from investing activities	1,100,151	(5,634,086)

Unconsolidated Cash Flow Statement (cont.)

(PLN thousand)

	I QUARTER 2011 PERIOD FROM 01.01.2011 TO 31.03.2011	I QUARTER 2010 PERIOD FROM 01.01.2010 TO 31.03.2010
Cash flows from financing activities		
Financing activity inflows	214,605	867
Issue of debt securities	214,235	-
Issue of shares	370	867
Financing activity outflows	(271,516)	(130,446)
Redemption of debt securities	(271,516)	(130,446)
Net cash flows from financing activities	(56,911)	(129,579)
Total net cash flows	(2,170,398)	(4,357,338)
Net change in cash and cash equivalents	(2,170,398)	(4,357,338)
Cash and cash equivalents at the beginning of the period	11,522,678	14,577,917
Cash and cash equivalents at the end of the period	9,352,280	10,220,579

Quarterly Income Statement

(PLN thousand)

4.3 Quarterly Income Statement

Consolidated Income Statement for 2011 – short form

	I QUARTER 2011 PERIOD FROM 01.01.2011 TO 31.03.2011		
	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
Interest income	1,611,758	57,327	1,669,085
Interest expense	(583,599)	(24,314)	(607,913)
Net interest income	1,028,159	33,013	1,061,172
Dividend income and income from equity investments	20,671	-	20,671
Total net interest income, dividend income and income from equity investments	1,048,830	33,013	1,081,843
Fee and commission income	696,670	8,773	705,443
Fee and commission expense	(104,504)	(3,531)	(108,035)
Net fee and commission income	592,166	5,242	597,408
Trading result	137,165	7,341	144,506
Net other operating income and expenses	9,951	(467)	9,484
Net non-interest income	739,282	12,116	751,398
OPERATING INCOME	1,788,112	45,129	1,833,241
Personnel expenses	(480,138)	(9,419)	(489,557)
Other administrative expenses	(306,069)	(9,633)	(315,702)
Refund of administrative costs	1,879	-	1,879
Depreciation and amortisation	(93,296)	(2,399)	(95,695)
Operating costs	(877,624)	(21,451)	(899,075)
OPERATING PROFIT	910,488	23,678	934,166
Net result on other provisions	(1,428)	-	(1,428)
Net write-downs of loans and provision for guarantees and commitments	(127,185)	(6,997)	(134,182)
Net result on investment activity	2,292	(64)	2,228
PROFIT BEFORE INCOME TAX	784,167	16,617	800,784
Income tax expense	(147,073)	(2,821)	(149,894)
NET PROFIT FOR THE PERIOD	637,094	13,796	650,890
Attributable to equity holders of the Bank	634,511	13,796	648,307
Attributable to non-controlling interest	2,583	-	2,583

Quarterly Income Statement

(PLN thousand)

Consolidated Income Statement for 2010 – short form

	Q1 2010			Q2 2010			Q3 2010			Q4 2010		
	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
Interest income	1,502,030	74,842	1,576,872	1,533,892	72,712	1,606,604	1,584,131	67,890	1,652,021	1,660,383	55,335	1,715,718
Interest expense	(541,129)	(30,623)	(571,752)	(569,694)	(34,388)	(604,082)	(590,485)	(30,557)	(621,042)	(624,223)	(26,442)	(650,665)
Net interest income	960,901	44,219	1,005,120	964,198	38,324	1,002,522	993,646	37,333	1,030,979	1,036,160	28,893	1,065,053
Dividend income and income from equity investments	20,785	-	20,785	26,357	-	26,357	21,393	-	21,393	7,623	-	7,623
Total net interest income, dividend income and income from equity investments	981,686	44,219	1,025,905	990,555	38,324	1,028,879	1,015,039	37,333	1,052,372	1,043,783	28,893	1,072,676
Fee and commission income	672,763	8,478	681,241	683,200	8,437	691,637	682,209	11,136	693,345	719,884	10,186	730,070
Fee and commission expense	(104,989)	(4,024)	(109,013)	(98,624)	(4,570)	(103,194)	(98,960)	(3,791)	(102,751)	(108,632)	(4,675)	(113,307)
Net fee and commission income	567,774	4,454	572,228	584,576	3,867	588,443	583,249	7,345	590,594	611,252	5,511	616,763
Trading result	133,676	2,737	136,413	139,188	5,935	145,123	143,381	13,385	156,766	162,640	2,959	165,599
Net other operating income and expenses	15,455	885	16,340	11,984	523	12,507	23,449	305	23,754	13,948	(296)	13,652
Net non-interest income	716,905	8,076	724,981	735,748	10,325	746,073	750,079	21,035	771,114	787,840	8,174	796,014
OPERATING INCOME	1,698,591	52,295	1,750,886	1,726,303	48,649	1,774,952	1,765,118	58,368	1,823,486	1,831,623	37,067	1,868,690
Personnel expenses	(458,344)	(9,443)	(467,787)	(465,744)	(10,266)	(476,010)	(472,815)	(9,627)	(482,442)	(514,253)	(9,809)	(524,062)
Other administrative expenses	(320,681)	(9,304)	(329,985)	(318,263)	(10,335)	(328,598)	(327,400)	(11,067)	(338,467)	(308,982)	(8,317)	(317,299)
Refund of administrative costs	1,700	-	1,700	1,822	-	1,822	1,070	-	1,070	2,613	-	2,613
Depreciation and amortisation	(104,315)	(3,189)	(107,504)	(95,710)	(3,514)	(99,224)	(94,600)	(3,103)	(97,703)	(84,584)	(2,696)	(87,280)
Operating costs	(881,640)	(21,936)	(903,576)	(877,895)	(24,115)	(902,010)	(893,745)	(23,797)	(917,542)	(905,206)	(20,822)	(926,028)
OPERATING PROFIT	816,951	30,359	847,310	848,408	24,534	872,942	871,373	34,571	905,944	926,417	16,245	942,662
Net result on other provisions	837	-	837	320	-	320	441	-	441	(52,272)	-	(52,272)
Net write-downs of loans and provision for guarantees and commitments	(127,723)	(13,168)	(140,891)	(121,979)	(14,033)	(136,012)	(112,211)	(21,477)	(133,688)	(123,974)	(3,363)	(127,337)
Net result on investment activity	34,402	(4)	34,398	26,339	7	26,346	46,717	353	47,070	13,444	(2)	13,442
PROFIT BEFORE INCOME TAX	724,467	17,187	741,654	753,088	10,508	763,596	806,320	13,447	819,767	763,615	12,880	776,495
Income tax expense	(131,859)	(4,845)	(136,704)	(139,152)	(2,845)	(141,997)	(153,960)	(3,542)	(157,502)	(129,145)	(5,825)	(134,970)
NET PROFIT FOR THE PERIOD	592,608	12,342	604,950	613,936	7,663	621,599	652,360	9,905	662,265	634,470	7,055	641,525
Attributable to equity holders of the Bank	590,370	12,342	602,712	611,452	7,663	619,115	649,780	9,905	659,685	636,667	7,055	643,722
Attributable to non-controlling interest	2,238	-	2,238	2,484	-	2,484	2,580	-	2,580	(2,197)	-	(2,197)

Quarterly Income Statement

(PLN thousand)

Unconsolidated Income Statement for 2011 and 2010 – short form

	Q1 2011	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Interest income	1,571,128	1,460,061	1,496,114	1,542,886	1,619,032
Interest expense	(583,565)	(547,602)	(577,653)	(590,967)	(624,177)
Net interest income	987,563	912,459	918,461	951,919	994,855
Dividend income	118,260	32,287	222,951	181	0
Total net interest income and dividend income	1,105,823	944,746	1,141,412	952,100	994,855
Fee and commission income	632,810	615,927	623,232	619,253	658,265
Fee and commission expense	(102,379)	(101,686)	(97,509)	(96,067)	(108,666)
Net fee and commission income	530,431	514,241	525,723	523,186	549,599
Trading result	135,725	128,865	127,910	144,107	156,213
Net other operating income and expenses	6,386	10,659	7,342	21,137	21,774
Net non-interest income	672,542	653,765	660,975	688,430	727,586
OPERATING INCOME	1,778,365	1,598,511	1,802,387	1,640,530	1,722,441
Personnel expenses	(434,348)	(415,343)	(419,631)	(426,780)	(469,319)
Other administrative expenses	(302,182)	(315,954)	(313,272)	(324,219)	(302,526)
Refund of administrative costs	2,236	2,348	2,285	1,513	2,982
Depreciation and amortisation	(88,098)	(99,193)	(90,503)	(89,568)	(79,184)
Operating costs	(822,392)	(828,142)	(821,121)	(839,054)	(848,047)
OPERATING PROFIT	955,973	770,369	981,266	801,476	874,394
Net result on other provisions	(1,477)	179	101	413	(28,382)
Net write-downs of loans and provision for guarantees and commitments	(116,914)	(118,118)	(112,278)	(105,946)	(113,536)
Net result on investment activity	2,226	40,471	27,871	46,693	13,374
PROFIT BEFORE INCOME TAX	839,808	692,901	896,960	742,636	745,850
Income tax expense	(136,378)	(122,821)	(129,671)	(145,156)	(128,677)
NET PROFIT FOR THE PERIOD	703,430	570,080	767,289	597,480	617,173

Quarterly Statement of Comprehensive Income

(PLN thousand)

4.4 Quarterly Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income

	2011		2010		
	Q1 2011	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Net profit for the period	650,890	604,950	621,599	662,265	641,525
Attributable to equity holders of the Bank	648,307	602,712	619,115	659,685	643,722
Attributable to non-controlling interest	2,583	2,238	2,484	2,580	(2,197)
Other comprehensive income					
Foreign currency translation differences	(11,290)	4,745	51,915	(49,514)	4,818
Change in fair value of available-for-sale financial assets	(93,470)	195,966	(168,900)	121,548	(131,294)
Change in fair value of cash flow hedges	(46,167)	53,329	47,808	3,548	(37,116)
Income tax expense on other comprehensive income	29,517	(47,285)	23,233	(24,165)	63,713
Other comprehensive income (net)	(121,410)	206,755	(45,944)	51,417	(99,879)
Total comprehensive income	529,480	811,705	575,655	713,682	541,646
Attributable to equity holders of the Bank	526,897	809,467	573,171	711,102	543,843
Attributable to non-controlling interest	2,583	2,238	2,484	2,580	(2,197)

Unconsolidated Statement of Comprehensive Income

	2011		2010		
	Q1 2011	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Net profit for the period	703,430	570,080	767,289	597,480	617,173
Other comprehensive income					
Foreign currency translation differences	(2)	(91)	45	5	(40)
Change in fair value of available-for-sale financial assets	(93,133)	195,781	(168,797)	119,983	(130,941)
Change in fair value of cash flow hedges	(46,167)	53,329	47,808	3,548	(37,116)
Income tax expense on other comprehensive income	26,468	(47,250)	23,217	(23,778)	32,070
Other comprehensive income (net)	(112,834)	201,769	(97,727)	99,758	(136,027)
Total comprehensive income	590,596	771,849	669,562	697,238	481,146

Supplementary Information

(PLN thousand)

4.5 Supplementary information

The tables below present additional information on items of Income Statement - short form.

Selected information on Consolidated Income Statement

	I QUARTER 2011 PERIOD FROM 01.01.2011 TO 31.03.2011			I QUARTER 2010 PERIOD FROM 01.01.2010 TO 31.03.2010		
	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
Total net interest income, dividend income and income from equity investments	20,671	-	20,671	20,785	-	20,785
Dividend income	-	-	-	-	-	-
Gains (losses) from associates	20,671	-	20,671	20,785	-	20,785
Trading result	137,165	7,341	144,506	133,676	2,737	136,413
-/ Result on financial assets and liabilities held for trading	141,813	7,341	149,154	119,584	2,737	122,321
-/ Result on fair value hedge accounting	(4,244)	-	(4,244)	1,951	-	1,951
-/ Net result on other financial instruments at fair value through profit and loss	14	-	14	12,160	-	12,160
-/ Gains (losses) on disposal of financial liabilities	(418)	-	(418)	(19)	-	(19)
Net impairment losses on financial assets and off-balance sheet commitments	(127,185)	(6,997)	(134,182)	(127,723)	(13,168)	(140,891)
-/ Net impairment losses on loans and advances	(159,598)	(6,997)	(166,595)	(130,143)	(13,168)	(143,311)
-/ Net impairment provision for off-balance sheet commitments	32,413	-	32,413	2,420	-	2,420
Net result on investment activity	2,292	(64)	2,228	34,402	(4)	34,398
-/ Gains (losses) on disposal of property, plant and equipment, and intangible assets	415	-	415	(100)	-	(100)
-/ Gains (losses) on disposal of available for sale financial assets and held to maturity investments	1,877	(64)	1,813	35,154	2	35,156
-/ Net impairment losses on available for sale financial assets and held to maturity investments	-	-	-	-	-	-
-/ Amortisation on property owned for investment	-	-	-	(652)	(6)	(658)

Supplementary Information

(PLN thousand)

Selected information on Unconsolidated Income Statement

	I QUARTER 2011 PERIOD FROM 01.01.2011 TO 31.03.2011	I QUARTER 2010 PERIOD FROM 01.01.2010 TO 31.03.2010
Trading result	135,725	128,865
-/ Result on financial assets and liabilities held for trading	140,373	114,773
-/ Result on fair value hedge accounting	(4,244)	1,951
-/ Net result on other financial instruments at fair value through profit and loss	14	12,160
-/ Gains (losses) on disposal of financial liabilities	(418)	(19)
Net impairment losses on financial assets and off-balance sheet commitments	(116,914)	(118,118)
-/ Net impairment losses on loans and advances	(149,426)	(121,047)
-/ Net impairment provision for off-balance sheet commitments	32,512	2,929
Net result on investment activity	2,226	40,471
-/ Gains (losses) on disposal of property, plant and equipment, and intangible assets	349	(90)
-/ Gains (losses) on disposal of available for sale financial assets and held to maturity investments	1,877	35,153
-/ Net impairment losses on available for sale financial assets and held to maturity investments	-	-
-/ Profit (loss) from subordinated entities	-	6,002
-/ Amortisation on property owned for investment	-	(594)

Additional Information

5. Additional information

5.1 The Group

The Bank Pekao S.A. Capital Group on March 31, 2011 consists of Bank Pekao S.A. as the parent entity and the following subordinated entities:

NAME OF ENTITY	LOCATION	CORE ACTIVITY	PERCENTAGE OF THE GROUP'S OWNERSHIP RIGHTS IN SHARE CAPITAL/ VOTING	CONSOLIDATION METHOD
Public Joint Stock Company UniCredit Bank (before Open Joint Stock Company UniCredit Bank), including:	Kiev, Ukraine	Banking	100.00	full
<i>BDK Consulting Ltd.</i>	<i>Luck, Ukraine</i>	<i>Consulting, hotel and transport services</i>	<i>99.99</i>	<i>full</i>
Centralny Dom Maklerski Pekao S.A.	Warsaw	Brokerage	100.00	full
Pekao Fundusz Kapitałowy Sp. z o.o.	Warsaw	Business consulting	100.00	full
Pekao Leasing Sp. z o.o.*	Warsaw	Leasing services	36.49	full
Pekao Faktoring Sp. z o.o.	Lublin	Factoring services	100.00	full
Pekao Pioneer Powszechne Towarzystwo Emerytalne S.A.	Warsaw	Pension fund management	65.00	full
Pekao Telecentrum Sp. z o.o.	Kraków	Services	100.00	full
Centrum Kart S.A.	Warsaw	Financial support	100.00	full
Pekao Financial Services Sp. z o.o.	Warsaw	Financial services	100.00	full
Pekao Bank Hipoteczny S.A.	Warsaw	Banking	100.00	full
Pekao Leasing Holding S.A., including:*	Warsaw	Leasing services	80.10	full
<i>Pekao Leasing</i>	<i>Warsaw</i>	<i>Leasing services</i>	<i>50.87</i>	<i>full</i>
Holding Sp. z o.o. /in liquidation/	Warsaw	Non-financial holding	100.00	full
Centrum Bankowości Bezpośredniej Sp. z o.o.	Kraków	Call-center services	100.00	full
Pekao Property S.A., including:	Warsaw	Real estate development	100.00	non -consolidated
<i>Metropolis Sp. z o.o.</i>	<i>Warsaw</i>	<i>Real estate development (SPV)</i>	<i>100.00</i>	<i>non -consolidated</i>
<i>Jana Kazimierza Development Sp. z o.o.</i>	<i>Warsaw</i>	<i>Real estate development (SPV)</i>	<i>100.00</i>	<i>non -consolidated</i>
Property Sp. z o.o. /in liquidation/including:	Warsaw	Real estate management	100.00	non -consolidated
<i>FPB Media Sp. z o.o.</i>	<i>Warsaw</i>	<i>Real estate development</i>	<i>100.00</i>	<i>non -consolidated</i>

* Total share of Pekao Leasing Sp. z o.o. equity held by the Group is 87.36% (36.49% directly and 50.87% via Pekao Leasing Holding S.A.)

Additional Information

Associates

The Bank Pekao S.A. Capital Group holds interest in the following associated entities:

NAME OF ENTITY	LOCATION	CORE ACTIVITY	PERCENTAGE OF THE GROUP'S OWNERSHIP RIGHTS IN SHARE CAPITAL/ VOTING	CONSOLIDATION METHOD
Central Poland Fund LLC*	Wilmington, Delaware USA	Financial brokerage	53.19	equity
Xelion. Doradcy Finansowi Sp. z o.o.**	Warsaw	Supporting, financial and insurance	50.00	equity
Pioneer Pekao Investment Management S.A.	Warsaw	Financial brokerage	49.00	equity
Pirelli Pekao Real Estate Sp. z o.o.	Warsaw	Real estate management	25.00	equity
Krajowa Izba Rozliczeniowa S.A.	Warsaw	Clearing house	34.44	equity
CPF Management	Tortola, British Virgin Islands	Financial brokerage – Not operating	40.00	not valued
Polish Banking System S.A. /in liquidation/	Warsaw	In liquidation	48.90	not valued
PPU Budpress Sp. z o.o. /in liquidation/	Żyrardów	In liquidation	36.20	not valued

* The Group holds over 50% of voting rights in the Central Poland Fund LLC. The Group does not control the entity due to the provisions in this company's articles of association.

** The Group holds 50% of voting rights in Xelion. Doradcy Finansowi Sp. z o.o. Due to the provisions in this company's articles of association this entity is classified by the Group as an associated entity.

As at March 31, 2011 composition of the Bank Pekao S.A. Capital Group was not changed as compared with December 31, 2010.

As at March 31, 2011 the Group engagement at subsidiaries and associated entities non-consolidated or not valued under the equity method were included at the historical cost. Financial data of these companies are immaterial and have no influence on the Group condensed interim consolidated financial statements.

Additional Information

5.2 Results achieved in the first quarter of 2011 and factors which influenced these results

The Bank intends to dispose of its exposure in Ukraine upon receiving all the necessary approvals by the end of 2011.

In the Consolidated and Unconsolidated Financial Statements of the Group and the Bank as at March 31, 2011 and December 31, 2010, the whole exposure in PJSC UniCredit Bank constituting assets and liabilities of the subsidiary has been classified as held for sale and respective Income Statement items were presented as discontinued operations.

Below in this report, Income Statement items for 2011 and 2010 are presented including discontinued operations.

5.2.1 Results of the Group

The Bank Pekao S.A. Group reported solid financial results for the first quarter of 2011, with net profit attributable to equity holders amounting to PLN 648.3 million, i.e. an increase of PLN 45.6 million (7.6%) in comparison to the first quarter of 2010.

Sound results for the first quarter of 2011 with the operating profit increased by 10.3% in comparison with the first quarter of 2010 were driven by higher operating income as well as lower operating costs.

The strength of the capital and liquidity structure of the Bank Pekao S.A. Group is reflected by a capital adequacy ratio of 18.5% and loans to deposits ratio at the level of 84.1% at the end of March 2011. This enables for further sound and stable development of the Group's activities.

The consolidated income statement - for the presentation purposes

(PLN million)

	1 QUARTER 2011	1 QUARTER 2010	CHANGE
Net interest income*	1,082.0	1,039.3	4.1%
Dividend income and income from equity investments	20.7	20.8	(0.5%)
Total net interest income, dividend income and other income from equity investments	1,102.7	1,060.1	4.0%
Net fee and commission income	597.4	572.2	4.4%
Trading result	123.7	102.3	20.9%
Net other operating income and expenses	9.5	16.3	(41.7%)
Net non-interest income	730.6	690.8	5.8%
Operating income	1,833.3	1,750.9	4.7%
Operating costs	(899.1)	(903.6)	(0.5%)
Operating profit	934.2	847.3	10.3%
Net result on other provisions	(1.4)	0.8	(275.0%)
Net write-downs of loans and provision for guarantees and commitments	(134.2)	(140.9)	(4.8%)
Net result on investment activities	2.2	34.4	(93.6%)
Profit before tax	800.8	741.6	8.0%
Income tax expense	(149.9)	(136.7)	9.7%
Net profit for the period	650.9	605.0	7.6%
Attributable to equity holders of the Bank	648.3	602.7	7.6%
Attributable to non-controlling interest	2.6	2.3	13.0%

* Including income from SWAP transactions.

Operating Income

In the first quarter of 2011, the Group's operating income amounted to PLN 1,833.3 million, an increase of PLN 82.4 million (4.7%) in comparison with the first quarter of 2010 with growth in total net interest income, dividend income and income from equity investments as well as net fee and commission income.

Additional Information

Total net interest income, dividend income and income from equity investments

(PLN million)

	1 QUARTER 2011	1 QUARTER 2010	CHANGE
Interest income	1,669.1	1,576.9	5.8%
Interest expense	(607.9)	(571.7)	6.3%
Income from SWAP transactions	20.8	34.1	(39.0%)
Net interest income	1,082.0	1,039.3	4.1%
Dividend income	0.0	0.0	x
Income from equity investments	20.7	20.8	(0.5%)
Total net interest income, dividend income and income from equity investments	1,102.7	1,060.1	4.0%

Total net interest income, dividend income and income from equity investments in the first quarter of 2011 amounted to PLN 1,102.7 million and increased by PLN 42.6 million (4.0%) in comparison with the first quarter of 2010. The increase was driven mainly by higher volumes and efficient management of interest margin.

Net non-interest income

(PLN million)

	1 QUARTER 2011	1 QUARTER 2010	CHANGE
Fee and commission income	705.4	681.2	3.6%
Fee and commission expense	(108.0)	(109.0)	(0.9%)
Net fee and commission income	597.4	572.2	4.4%
Trading result*	123.7	102.3	20.9%
Net other operating income and expense	9.5	16.3	(41.7%)
Net non-interest income	730.6	690.8	5.8%

* Excluding income from SWAP transactions.

The Group's net non-interest income in the first quarter of 2011 amounted to PLN 730.6 million, an increase of PLN 39.8 million (5.8%) in comparison with the first quarter of 2010, mainly as a result of an increase in net fee and commission income as well as an increase in trading result.

Operating costs

In the first quarter of 2011, the operating costs were kept under control and amounted to PLN 899.1 million. They were lower than the operating costs in comparable period of 2010 by PLN 4.5 million (0.5%).

(PLN million)

	1 QUARTER 2011	1 QUARTER 2010	CHANGE
Personnel expenses	(489.6)	(467.8)	4.7%
Other administrative expenses	(313.8)	(328.3)	(4.4%)
Depreciation and amortisation	(95.7)	(107.5)	(11.0%)
Operating costs	(899.1)	(903.6)	(0.5%)

In the first quarter of 2011, cost / income ratio amounted to 49.0% and was better by 2.6 p.p. than reported in the first quarter of 2010 thanks to higher income and lower costs.

As at the end of March 2011, the Bank Pekao S.A. Group employed 20,789 employees (in the Bank and the companies consolidated under full consolidation method) as compared to 20,783 employees as at the end of 2010.

As at the end of March 2011, the Bank employed 18,317 people, by 41 more as compared with the end of 2010.

Additional Information

Net write-downs of loans and provision for guarantees and commitments

Net write-downs of loans and provision for guarantees and commitments amounted to PLN 134.2 million in the first quarter of 2011, a decrease of PLN 6.7 million (4.8%) compared with the first quarter of 2010.

As at March 31, 2011, the ratio of impaired receivables to total receivables amounted to 6.7% and was at the same level as compared to the end of 2010.

(PLN million)

	31.03.2011	31.12.2010	CHANGE
Gross receivables*	86,013.2	84,858.6	1.4%
not impaired	80,268.9	79,144.3	1.4%
impaired	5,744.3	5,714.3	0.5%
Impairment losses	(4,365.2)	(4,233.7)	3.1%
Interest	243.5	214.8	13.4%
Total net receivables	81,891.5	80,839.7	1.3%

* Including debt securities eligible for rediscounting at Central Bank, net investments in financial leases to customers, non quoted securities, reverse repo and buy-sell-back transactions.

Customers' Financing

(PLN million)

	31.03.2011	31.12.2010	CHANGE
Loans and advances at nominal value	86,228.5	85,114.9	1.3%
Loans*	81,291.8	81,124.2	0.2%
retail	32,137.8	31,545.7	1.9%
corporate	49,154.0	49,578.5	(0.9%)
Non quoted securities	2,382.1	2,579.1	(7.6%)
Reverse repo transactions	2,554.6	1,411.6	81.0%
Other	252.0	220.0	14.5%
Nominal value adjustment	(223.8)	(261.5)	(14.4%)
Impairment losses	(4,365.2)	(4,233.7)	3.1%
Net loans and advances	81,891.5	80,839.7	1.3%
Securities issued by local governments**	650.5	84.2	672.6%
Total customers' financing***	86,879.0	85,199.1	2.0%

* Including debt securities eligible for rediscounting at Central Bank, net investments in financial leases to customers.

** Securities issued by local governments classified as securities available for sale.

*** Total customers' financing includes loans and advances at nominal value and securities issued by local governments.

As at the end of March 2011, the volume of retail loans amounted to PLN 32,137.8 million, an increase of PLN 592.1 million (1.9%) in comparison to the end of 2010. The growth of volumes of retail loans was driven by improving dynamics in sales of key lending products. Thanks to commercial focus, the Bank's sales of consumer loans in the first quarter of 2011 increased by 31.6% and sales of PLN mortgage loans was more than doubled compared with the first quarter of 2010.

The Bank continued its policy of offering only PLN mortgage loans. The residual stock of mortgage loans denominated in foreign currencies, almost entirely acquired as a result of the merger of the spun-off part of Bank BPH SA, represents only 6.8% of total loans of the Bank.

The volume of corporate loans, non quoted securities, reverse repo transactions and securities issued by local governments increased by PLN 1,087.8 million (2.0%) as compared to the end of 2010 and amounted to PLN 54,741.2 million at the end of March 2011.

Additional Information

Savings

(PLN million)

	31.03.2011	31.12.2010	CHANGE
Amounts due to corporate	49,951.0	53,078.1	(5.9%)
non-financial entities	34,052.1	39,166.9	(13.1%)
non-banking financial entities	8,410.2	8,820.2	(4.6%)
budget entities	7,488.7	5,091.0	47.1%
Retail deposits	46,329.6	45,600.8	1.6%
Structured Certificates of Deposits (SCD)	667.0	737.3	(9.5%)
Repo and sell-buy-back transactions	541.5	649.9	(16.7%)
Total amounts due to customers (including SCD, repo and sell-buy-back transactions)*	97,489.1	100,066.1	(2.6%)
Investment funds of Pioneer Pekao TFI	17,704.0	18,058.8	(2.0%)
including distributed through the Group's network	16,257.0	16,605.7	(2.1%)

* Excluding interest and funds in transit.

As at the end of March 2011, the total amounts due to the Group's customers (including customer deposits, structured certificates of deposits, repo and sell-buy-back transactions) amounted to PLN 97,489.1 million, a decrease of PLN 2,577.0 million (2.6%) in comparison to the end of 2010.

The total volume of retail customers deposits and structured certificates of deposits amounted to PLN 46,996.6 million at the end of March 2011, an increase of PLN 658.5 million (1.4%) in comparison to the end of 2010. The value of net assets of investment funds managed by Pioneer Pekao TFI S.A. amounted to PLN 17,704.0 million, a decrease of PLN 354.8 million (2.0%) in comparison to the end of 2010.

The total volume of corporate customers deposits and repo and sell-buy-back transactions amounted to PLN 50,492.5 million at the end of March 2011, a decrease of PLN 3,235.5 million (6.0%) as compared to the end of 2010.

Additional Information

5.2.2 The structure of the Net Profit

The structure of the net profit of the Group is shown in the following table:

(PLN million)

	1 QUARTER 2011	1 QUARTER 2010	CHANGE
Net profit of Bank Pekao S.A.	703.4	570.1	23.4%
Entities consolidated under full method			
PJSC UniCredit Bank*	13.8	12.3	12.2%
Centralny Dom Maklerski Pekao S.A.	13.4	14.9	(10.1%)
Pekao Leasing Sp. z o.o.	9.8	10.3	(4.9%)
Pekao Bank Hipoteczny S.A.	4.5	4.8	(6.3%)
Pekao Pioneer PTE S.A.	3.7	2.6	42.3%
Pekao Leasing Holding S.A.**	3.4	15.4	(77.9%)
Pekao Financial Services Sp. z o.o.	2.4	2.9	(17.2%)
Pekao Faktoring Sp. z o.o.	2.1	2.5	(16.0%)
Centrum Kart S.A.	1.0	1.2	(16.7%)
Centrum Bankowości Bezpośredniej Sp. z o.o.	0.8	0.5	60.0%
Pekao Fundusz Kapitałowy Sp. z o.o.	0.3	2.0	(85.0%)
Pekao Telecentrum Sp. z o.o.	0.1	0.1	0.0%
Holding Sp. z o.o. w likwidacji	0.0	0.3	(100.0%)
Finanse Ltd.***	x	0.0	x
Entities valued under the equity method			
Pioneer Pekao Investment Management S.A.	18.5	17.1	8.2%
Krajowa Izba Rozliczeniowa S.A.	2.8	2.1	33.3%
Xelion. Doradcy Finansowi Sp. z o.o.	0.1	0.1	0.0%
Central Poland Fund LLC	0.0	0.6	(100.0%)
Pirelli Pekao Real Estate Sp. z o.o.	(0.8)	0.9	x
Exclusions and consolidation adjustments****	(131.0)	(58.0)	125.9%
Net profit of the Group attributable to equity holders of the Bank	648.3	602.7	7.6%

* On February 8, 2011, the legal form of OJSC UniCredit Bank Ukraine was changed from Open Joint Stock Company into Public Joint Stock Company and currently the bank's full name is Public Joint Stock Company UniCredit Bank.

In the Consolidated Statement of Financial Position as of March 31, 2011, the whole exposure in PJSC UniCredit Bank constituting assets and liabilities of the subsidiary has been classified as held for sale and respective Income Statement items were presented as discontinued operations.

** The results of Pekao Leasing Holding S.A. mainly include the dividend received from Pekao Leasing Sp. z o.o.

*** On September 7, 2010, Finanse Ltd. has been removed from UK Companies House register. The British proceedings provided for solvent companies have been applied for liquidation.

**** Includes, among others, transactions within the Group (including dividends from subsidiaries for the previous year) and net profit attributable to non-controlling interest.

Additional Information

The results of Bank Pekao S.A.

The main items from the Income Statement of the Bank are as follows:

(PLN million)

	1 QUARTER 2011	1 QUARTER 2010	CHANGE
Net interest income*	1,008.4	946.6	6.5%
Dividend income	118.3	32.3	266.3%
Total net interest income and dividend income	1,126.7	978.9	15.1%
Net non-interest income	651.7	619.6	5.2%
Operating income	1,778.4	1,598.5	11.3%
Operating costs	(822.4)	(828.1)	(0.7%)
Operating profit	956.0	770.4	24.1%
Net result on other provisions	(1.5)	0.2	(850.0%)
Net write-downs of loans and provision for guarantees and commitments	(116.9)	(118.1)	(1.0%)
Net result on investment activities	2.2	40.4	(94.6%)
Profit before tax	839.8	692.9	21.2%
Net profit for the period	703.4	570.1	23.4%

* Including income from SWAP transactions.

In the first quarter of 2011, the Bank's net profit amounted to PLN 703.4 million, an increase of PLN 133.3 million (23.4%) in comparison to the first quarter of 2010.

Good results of the first quarter of 2011 with the operating profit higher by 24.1% in comparison with the first quarter of 2010 were driven by the higher operating income as well as lower operating costs.

The main items of the Bank's Statement of Financial Position are as follows:

	31.03.2011	31.12.2010	CHANGE
Total gross loans in PLN million*	77,266.0	77,100.7	0.2%
Impaired receivables to total receivables in %	6.4%	6.4%	0.0 p.p.
Total deposits in PLN million*	95,658.7	98,199.4	(2.6%)
Structured Certificates of Deposits in PLN million	667.0	737.3	(9.5%)
Repo and sell-buy-back transactions in PLN million	541.5	649.9	(16.7%)
Total assets in PLN million	129,287.6	130,125.1	(0.6%)
Investment funds distributed through the Bank's network in PLN million	14,845.9	15,125.9	(1.9%)
Capital adequacy ratio in %	18.2%	17.2%	1.0 p.p.

* The nominal value.

The volume of gross loans of the Bank's clients as at the end of March 2011 amounted to PLN 77,266.0 million, increasing by PLN 165.3 million (0.2%) as compared to the end of 2010. At the end of March 2011, the total volume of retail loans amounted to PLN 31,128.9 million and volume of corporate loans amounted to PLN 46,137.1 million.

The total amounts due to the Bank's customers (including customer deposits, structured certificates of deposits, repo and sell-buy-back transactions) amounted to PLN 96,867.2 million and decreased by PLN 2,719.4 million (2.7%) compared to the end of 2010.

The value of net assets of investment funds managed by Pioneer Pekao TFI S.A. and distributed by the Bank's network decreased by PLN 280.0 million (1.9%) as compared to the end of 2010.

Additional Information

5.2.3 Achievements of Bank Pekao S.A.

Bank Pekao S.A. is a universal commercial bank providing a full range of banking services to individual and institutional clients, both in Poland and abroad. The Bank Pekao S.A. Group include financial institutions operating in banking, asset management, pension funds, brokerage services, leasing and factoring markets.

The Bank offers its clients a broad distribution network with ATMs and outlets conveniently located throughout Poland.

	31.03.2011	31.12.2010
Total number of outlets	1,011	1,014
Total number of own ATMs	1,803	1,800

As at the end of March 2011, the Bank maintained 4,744.3 thousand PLN-denominated current accounts, 206.5 thousand mortgage loan accounts, and 695.1 thousand consumer loan accounts.

(in thousand)

	31.03.2011	31.12.2010
Total number of PLN current accounts*	4,744.3	4,743.0
of which packages	3,505.5	3,489.2
Number of mortgage loans accounts**	206.5	201.9
of which PLN mortgage loans accounts	157.6	152.0
Number of consumer loan accounts ***	695.1	703.3

* Number of accounts including accounts of pre-paid cards.

** Retail customers accounts.

*** "Pożyczka Ekspresowa".

Individual clients

Loans

The Bank's mortgage loans offering is systematically updated and adjusted to changing market conditions and customers' needs. Intensified promotional activities initiated in 2010 allowed to boost sales dynamics and strengthen the Bank's position with outstanding product offering on the housing loans market.

In the first quarter of 2011, the Bank's sales of PLN mortgage loans was more than doubled in comparison with the first quarter of 2010. The market share in sales of PLN mortgage loans was substantially improved in this period and amounted to 18.2% in March 2011.

The Bank is still actively involved in the sale of preferential subsidized loans within the framework of the governmental program "Family on their own". The share of such loans in the Bank's total sales remained substantial, as they accounted for nearly half of all housing loans extended by Bank Pekao S.A.

In the area of consumer lending, Bank Pekao S.A. continued its strategy focused on increasing its presence in the consumer financing market. Increased commercial activity supported by marketing campaigns allowed to significantly accelerate sales of "Pożyczka Ekspresowa" in the first quarter of 2011. The Bank recorded very high quarterly sales with the increase of 31.6% compared to the first quarter of 2010.

The most important activities undertaken in the first quarter of 2011 included:

- enhancement of the Bank's cash loans offering by promotional offering for selected groups of clients and launch of the advertisement campaign promoting this offering in press and internet,
- launch of a special promotional campaign of „PEX – Affluent Promocja Zimowa” with attractive loan conditions for affluent clients,
- extension of the scope of insurance for borrowers,

Additional Information

- launch of spring advertisement campaign, that actively promoted the Bank's consumer loans in TV, press and internet,
- Intensification of the activities in the local marketing towards promotional campaign of Express Loan.

Saving products

In the area of saving products, regular savings was promoted by the Bank through an innovative product My Perspective Systematic Saving Program introduced to the offering in the fourth quarter of 2010. In the first quarter of 2011, the new program focused clients' attention that resulted in sales dynamics of this product at the level of 43% in the period January-March 2011.

New subscriptions of structured products: 3 months deposit Indeks na Zysk based on fx rate CHF/PLN and 18 months deposit Indeks na Zysk based on price of copper, sugar and oil were offered in the first quarter of 2011 to Private Banking clients. Moreover, two subscriptions of Structured Certificate Deposits Blask Złota and Skarby Natury as well as subscriptions of Investment Certificate Allianz Platinum Closed Investment Fund were introduced to the Bank's offering.

Payment cards

In the first quarter of 2011, process of migration of traditional debit cards to payment cards equipped with built-in microprocessors and PayPass technology was continued. At the same time, all MasterCard credit cards issued and re-issued since January 2011 were equipped with PayPass technology which enables to execute transaction in a fast and convenient way.

Dom Maklerski Pekao

In the first quarter of 2011, Dom Maklerski concentrated its activity on efficient service of individual clients operating on secondary market and intensification of sales to individual investors, including also those interested in IPOs offered by Dom Maklerski.

In the framework of service development through electronic channels, Pekao24Makler internet system and mobile service, a wide range of improvements and modifications were introduced, including, inter alia, integrated parametrization and defining of customers own settings, the possibility to place request for contact electronically also with an automatic transfer of the request to Contact Center and outbound service which enables Contact Center consultant to log the customer into mobile service during the outbound calls, inter alia, handled during IPO promotional campaign.

The basic offering was extended by another foreign markets accessible for investors in the framework of brokerage service.

As at the end of March 2011, the stock trading volume of Dom Maklerski amounted to PLN 1.2 billion and was almost 26% higher in relation to the comparative period of the previous year.

As at the end of March 2011, Dom Maklerski maintained 180.7 thousand investment accounts, by 5.2 thousand more in comparison with the end of 2010, with the highest monthly growth in the number of new investment accounts among brokerage companies operating on the Polish market in February and March 2011.

The total assets held on the accounts as at March 31, 2011 amounted to over PLN 5.4 billion and were on the similar level compared to the end of December 2010.

Additional Information

Business Customers (Small and Microenterprises)

In SME segment, the Bank continued the growth track in the loan activity. In the first quarter of 2011, thanks to initiatives in area of procedures and supporting tools as well as launching of commercial campaigns, a significant growth of loan sales was reported. The volume of new loan applications in the first quarter of 2011 was 33.4% higher in relation to the comparative period of the previous year.

Within the framework of the agreement signed with the European Investment Bank (EIB) and the guarantee agreements signed with the European Investment Fund (EIF), the Bank enhanced its credit offering for SME clients by introduction of investment loans on preferential terms in the first quarter of 2011.

Corporate clients

In the first quarter of 2011, the Bank's offering was enhanced by introducing new financial services tailored to the market needs. Within the scope of the Integrated Agreement, selected products and financial services were combined into three packages differentiated in terms of the scope of products and enabling the clients to choose the banking services individually with efficient usage depending on their needs.

In the area of transactional services, the Bank's position concerning electronic salary payments was strengthened in the first quarter of 2011 thanks to a 10% increase in the number of corporate clients using Pekao Place service.

The Bank's offering of loans refinanced from funds of European Investment Bank for middle, large-sized corporate and SME clients was extended by loans dedicated to public sector entities.

Bank Pekao S.A. constantly strengthens its market position as a leader in financing the public sector, participating in structuring infrastructure projects in this sector. The Bank, after winning a tender to provide current financial service to another big city including its all budgetary units, is currently serving six out of twelve largest Polish cities. In addition, the Bank won competitions for financing two airports in western Poland, confirming its strong position on the market of regional airports financing in Poland.

In March 2011, the Bank in co-operation with other bank, arranged municipal bond issue for one customer in the total amount of PLN 600 million and won the biggest tender for granting long-term financing for local government in the first quarter of 2011, i.e. loan in the amount of PLN 100 million.

In the first quarter of 2011, the Bank expanded its cooperation with five foreign banks in PLN clearing settlements and with two foreign banks in interbank and commercial settlements. In the area of trading products offering targeted at customers of correspondent banking the Bank is reaching very high levels of STP (straight through processing), which was at the level of 98-99% of the customer and interbank transactions executed.

The Bank is consistently engaged in financing commercial real estate segment. The total amount of new loan agreements signed in the first quarter of 2011 increased by 30% in comparison to the first quarter of 2010 also thanks to visible recovery on the real estate market. The Bank is focusing continuously on financing construction projects.

Awards

In the first quarter of 2011, Bank Pekao S.A. as the only bank in Poland, was honoured for the forth consecutive time with two prestigious awards from the *Global Finance* magazine for its trade finance and foreign exchange offering:

- *Best Trade Finance Provider 2011* – the best provider of trade finance services,
- *Best Foreign Exchange Provider 2011* – the best provider of foreign exchange services in Polish Zloty category.

The best provider of trade finance services award is a recognition for the banks, that are engaged in financing of cross-border transactions and effectively meet the needs of the corporates worldwide. The best provider of foreign exchange services award goes to the institutions that are specialized in foreign exchange and efficiently support activity of their clients.

In the first quarter of 2011, Bank Pekao S.A. was awarded *The leader of the Treasury BondSpot Poland market in 2010* statuette and was recognized as unquestionable leader of this market after concluding the summary of participants' activities on Treasury BondSpot Poland by The Warsaw Stock Exchange. The Bank has a 11% share in turnover on Treasury

Additional Information

BondSpot Poland market, in which currently participate 30 domestic and foreign banks. Moreover, Bank Pekao S.A. took the second place in category *The highest turnover on the repo segment of the Treasury BondSpot Poland market in 2010*.

Alternative distribution channels

The number of retail and business clients using alternative distribution channels such as the internet banking platform and Contact Center has been growing systematically. Pekao24 service (for the retail clients), PekaoFIRMA²⁴ (for SME clients) and PekaoBiznes²⁴ (for corporate clients) facilitate the management of financial assets, and the scope of services is being steadily extended.

Pekao24

Pekao24 is a comprehensive service dedicated to retail customers that allows to manage the funds accumulated in the accounts through the Internet, fixed-line or mobile telephone in a convenient and safe way.

As at the end of March 2011 the number of Pekao24 clients totalled 1,780.9 thousand. In the first quarter of 2011, 1,052.7 thousand of clients logged into the electronic banking services and online transactions represented 92% of total transactions executed through the Pekao24 platform.

	(in thousand)	
	31.03.2011	31.03.2010
Number of individual clients with an access to electronic banking as at the end of period	1,780.9	1,485.3
Number of individual clients actively using electronic banking*	1,052.7	903.4

* A customer actively using electronic banking is a customer who logged in to the system at least once during the last quarter.

The most important projects realized in Pekao24 system in the first quarter of 2011:

- introducing a token appliance - tool for generating codes for authorization of operation in internet and mobile service of Pekao24 platform. This is additional method of authorization, alternative to PekaoToken application, SMSs and cards of disposable codes used by the clients.
- completion of contact data of banking adviser in Pekao24 internet service.
- implementation of new functionality which allows to summarize easily the accounts related to customer assets and liabilities.

Awards

Electronic banking service Pekao24 was awarded EUROPRODUKT title in the 16th edition of competition under the auspices of the Ministry of Economy and the Polish Agency for Enterprise Development. The judging panel especially commended modern, clear and comprehensive service. EUROPRODUKT is a prestigious nationwide competition to recognise products and services able to compete on the European market.

Additional Information

PekaoFIRMA²⁴

PekaoFIRMA²⁴ is a state-of-the-art internet banking system dedicated to small and micro business clients.

In the first quarter of 2011, another improvements regarding visual appearance, functionality and optimization of the system were implemented in PekaoFIRMA²⁴ system.

The PekaoFIRMA²⁴ system supports the accounts of 162.1 thousand companies, 102.0 thousand of which are its active clients. In the first quarter of 2011, the number of orders through the PekaoFIRMA²⁴ system exceeded 5.3 million, and the value of PLN transactions alone amounted to PLN 23.4 billion.

	(in thousand)	
	31.03.2011	31.03.2010
Number of business clients (SME) with an access to electronic banking PekaoFirma ²⁴ as at the end of period	162.1	133.7
Number of business clients (SME) actively using electronic banking PekaoFirma ²⁴ *	102.0	86.3

* A customer actively using electronic banking is a customer who logged in to the system at least once during the last quarter.

Contact Center

In the first quarter of 2011, Contact Center supported the sales activity of the Bank, initiated phone calls through telemarketing campaigns, responded to the clients' inquiries through the marketing campaign conducted by the Bank and provided information on the Bank's services and products.

The number of inbound and outbound phone calls served by Contact Center amounted to 3,065.8 thousand in the first quarter of 2011, the number of outbound calls initiated by Contact Center amounted to 2,422.3 thousand, while the number of commercial outbound calls initiated by the consultants supporting sales activities of the Bank amounted to 693.6 thousand, which means 54% growth in comparison with the first quarter of 2010. The number of inbound calls served by Contact Center in the first quarter of 2011 amounted to 643.5 thousand and the majority of phone calls related to payment cards service.

	(in thousand)	
	Q1 2011	Q1 2010
Total number of outbound calls initiated by Contact Center	2,422.3	1,976.0
of which number of commercial outbound calls initiated by Contact Center supporting sales activities of the Bank	693.6	449.3
Number of inbound calls served by Contact Center	643.5	768.2
Total number of inbound and outbound calls served by Contact Center	3,065.8	2,744.3

5.2.4 Achievements of subsidiaries

Pioneer Pekao Investment Management S.A.

As at March 31, 2011, the net asset value of investment funds under the management of Pioneer Pekao TFI S.A. (a company managed by Pioneer Pekao Investment Management S.A. in which the Bank holds a 49% share), amounted to PLN 17,704.0 million, a decrease of PLN 354.8 million (2.0%) as compared to the end of 2010.

As at the end of March 2011, the company had 1,101.2 thousand open customer accounts (the similar level in comparison to the end of 2010), managing portfolios of 34 investment funds and sub-funds.

Additional Information

The value of net assets of investment funds managed by Pioneer Pekao TFI S.A. is presented in the table below:

	(PLN million)	
	31.03.2011	31.12.2010
Net asset value	17,704.0	18,058.8
bond and money market funds	6,274.7	6,548.8
equity funds	4,586.8	4,590.6
balanced funds	6,842.5	6,919.4

Centralny Dom Maklerski Pekao S.A.

As at the end of March 2011, Centralny Dom Maklerski Pekao S.A. maintained 215.0 thousand investment accounts and its market share was 14.4%. The company offers also on-line access to investment accounts (www.cdm24.pl), allowing its customers to buy and sell all instruments listed on the Warsaw Stock Exchange and on the BondSpot market via the internet. As at the end of March 2011, Centralny Dom Maklerski Pekao S.A. handled 85.6 thousand on-line accounts, an increase of 3 thousand (3.6%) from the end of 2010.

In the first quarter of 2011, the company achieved the following shares on the Warsaw Stock Exchange:

- a 14.2% share in the bond trading volume,
- a 4.2% share in the futures trading volume,
- a 3.2% share in the stock trading volume.

PJSC UniCredit Bank

PJSC UniCredit Bank operates in Ukrainian market as 100% subsidiary of Bank Pekao S.A. It pursues its activity through a network of 54 branches developed as a “green field project” and as a result of the merger with HVB Bank Ukraine, it provides services for 106.9 thousand individual customers and 3.4 thousand corporate clients. In the first quarter of 2011, PJSC UniCredit Bank generated net profit of PLN 13.8 million thanks to stable revenues and strict costs control. The bank maintains a sound capital structure with a capital adequacy ratio (Basel II) at the level of 25.65% as at the end of March 2011.

Performance of the bank is under continuous monitoring, specifically with the use of reinforced credit risk monitoring procedures.

In the next years, the Bank Pekao S.A. Group plans to concentrate its activities on local market and in connection with this the whole exposure of Bank Pekao SA in PJSC UniCredit Bank will be taken over by the purchaser.

The Bank intends to dispose of its exposure in Ukraine upon receiving all the necessary approvals by the end of 2011.

Additional Information

5.3 Segment reporting

Segment reporting is based on the application of the management model ("Model") in which the main criterion for segmentation in the Group reporting is the classification of customers based on their profile and service model.

The Model assumes that budgeting and monitoring of results at the segments' level includes all the components of income statement to the level of profit before income tax. This means that both income generated by activities of specific segments and operating costs associated with these activities (both direct costs and allocated costs, in accordance with the adopted model of the allocation) are assigned to distinctive segments, as well as other components of income statement.

The Group settles transactions between segments on an arms length basis by applying current market prices. Fund transfers between the Bank's segments namely retail, private, corporate and investment banking and Assets and Liabilities Management and other unit are based on market prices applicable to the funds' currency and maturity, adjusted for liquidity margins.

Reported segments of the Group include the following areas:

- Retail Banking – full scope of banking activity offered to the individual customers (excluding Private Banking customers), small and micro enterprises with annual turnover not exceeding PLN 10 million, as well as results of those of the Group's consolidated subsidiaries, and share in net profit of those of the Group's associated entities accounted for using the equity method, that are assigned to the retail banking activity,
- Private Banking – full scope of banking activity offered to wealthiest individual customers,
- Corporate and Investment Banking – full scope of banking activity offered to the medium and large enterprises, including activities on the inter-bank market, investments in debt securities and other instruments as well as results of those of the Group's consolidated subsidiaries consolidated under the full method, that are assigned to the corporate and investment banking activities,
- Assets and Liabilities Management and other – covers supervision and monitoring of fund transfers, other areas centrally managed, results of Group's subsidiaries consolidated under the full method and share in the profits of associated entities accounted under the equity method that are not assigned to other reported segments.

Additional Information

Information on segments' results for the first quarter of 2011

(PLN million)

	RETAIL BANKING	PRIVATE BANKING	CORPORATE ACTIVITIES AND INVESTMENT BANKING		ASSETS AND LIABILITIES MANAGEMENT AND OTHER*	TOTAL GROUP
			CONTINUING OPERATIONS	DISCONTINUED OPERATIONS		
External interest income	743.2	6.8	874.8	57.3	(13.0)	1,669.1
External interest expense	(290.3)	(50.4)	(275.2)	(24.3)	32.3	(607.9)
Net external interest income	452.9	(43.6)	599.6	33.0	19.3	1,061.2
Internal interest income	499.1	57.9	489.6	0.0	(1,046.6)	-
Internal interest expense	(344.8)	(5.2)	(781.8)	0.0	1,131.8	-
Net internal interest income	154.3	52.7	(292.2)	0.0	85.2	-
Dividend income and income from equity investments	18.7	0.0	0.0	0.0	2.0	20.7
Total net interest income, dividend income and income from equity investments	625.9	9.1	307.4	33.0	106.5	1,081.9
Non-interest income	511.9	9.2	214.5	12.1	3.7	751.4
Operating income	1,137.8	18.3	521.9	45.1	110.2	1,833.3
Personnel expenses	(295.0)	(4.9)	(63.2)	(9.4)	(117.1)	(489.6)
Other administrative expenses	(368.1)	(7.1)	(97.9)	(9.6)	168.9	(313.8)
Depreciation and amortisation	(39.3)	(0.1)	(3.6)	(2.4)	(50.3)	(95.7)
Operating costs	(702.4)	(12.1)	(164.7)	(21.4)	1.5	(899.1)
OPERATING PROFIT	435.4	6.2	357.2	23.7	111.7	934.2
Net result on other provisions	0.0	0.0	0.1	0.0	(1.5)	(1.4)
Net write-downs of loans and provision for guarantees and commitments	(98.5)	0.7	(25.2)	(7.0)	(4.2)	(134.2)
Net result on investment activity	0.1	0.0	1.9	(0.1)	0.3	2.2
PROFIT BEFORE INCOME TAX	337.0	6.9	334.0	16.6	106.3	800.8
Income tax expenses (continuing operations)						(147.1)
Income tax expenses (discontinued operations)				(2.8)		(2.8)
NET PROFIT FOR THE PERIOD (CONTINUING OPERATIONS)						637.1
NET PROFIT FOR THE PERIOD (DISCONTINUED OPERATIONS)				13.8		13.8
Attributable to equity holders of the Bank						648.3
Attributable to non-controlling interest						2.6
Allocated assets	40,754.5	571.6	83,670.7	3,140.6	(3,500.7)	124,636.7
Unallocated assets						8,724.7
TOTAL ASSETS						133,361.4
Allocated liabilities	57,391.2	5,855.9	49,154.5	2,781.2	(5,171.6)	110,011.2
Unallocated liabilities						23,350.2
TOTAL LIABILITIES						133,361.4

* Including intercompany transactions within the Group.

Additional Information

Information on segments' results for the first quarter of 2010

(PLN million)

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND ACTIVITIES INVESTMENT BANKING		ASSETS AND LIABILITIES MANAGEMENT AND OTHER*	TOTAL GROUP
			CONTINUING OPERATIONS	DISCONTINUED OPERATIONS		
External interest income	705.5	7.9	803.6	74.8	(14.9)	1,576.9
External interest expense	(266.6)	(46.7)	(263.7)	(30.6)	35.8	(571.8)
Net external interest income	438.9	(38.8)	539.9	44.2	20.9	1,005.1
Internal interest income	455.7	53.3	441.2	0.0	(950.2)	-
Internal interest expense	(308.7)	(5.8)	(695.1)	0.0	1,009.6	-
Net internal interest income	147.0	47.5	(253.9)	0.0	59.4	-
Dividend income and income from equity investments	17.2	0.0	0.0	0.0	3.6	20.8
Total net interest income, dividend income and income from equity investments	603.1	8.7	286.0	44.2	83.9	1,025.9
Non-interest income	495.6	7.5	211.7	8.1	2.1	725.0
Operating income	1,098.7	16.2	497.7	52.3	86.0	1,750.9
Personnel expenses	(284.0)	(4.6)	(63.1)	(9.4)	(106.7)	(467.8)
Other administrative expenses	(385.0)	(7.0)	(96.7)	(9.3)	169.7	(328.3)
Depreciation and amortisation	(40.4)	(0.1)	(2.6)	(3.2)	(61.2)	(107.5)
Operating costs	(709.4)	(11.7)	(162.4)	(21.9)	1.8	(903.6)
OPERATING PROFIT	389.3	4.5	335.3	30.4	87.8	847.3
Net result on other provisions	0.7	0.0	(0.3)	0.0	0.4	0.8
Net write-downs of loans and provision for guarantees and commitments	(115.6)	1.8	(10.2)	(13.2)	(3.7)	(140.9)
Net result on investment activity	(0.1)	0.0	28.2	0.0	6.3	34.4
PROFIT BEFORE INCOME TAX	274.3	6.3	353.0	17.2	90.8	741.6
Income tax expenses (continuing operations)						(131.8)
Income tax expenses (discontinued operations)				(4.9)		(4.9)
NET PROFIT FOR THE PERIOD (CONTINUING OPERATIONS)						592.6
NET PROFIT FOR THE PERIOD (DISCONTINUED OPERATIONS)				12.3		12.3
Attributable to equity holders of the Bank						602.7
Attributable to non-controlling interest						2.2
Allocated assets	37,587.5	572.0	83,397.3	0.0	(4,427.0)	117,129.8
Unallocated assets						10,798.0
TOTAL ASSETS						127,927.8
Allocated liabilities	53,466.0	5,342.9	50,965.4	0.0	(4,584.0)	105,190.3
Unallocated liabilities						22,737.5
TOTAL LIABILITIES						127,927.8

* Including intercompany transactions within the Group.

Additional Information

5.4 Provisions, deferred tax assets and liabilities

(PLN million)

	GROUP		BANK PEKAO S.A.	
	31.03.2011	31.12.2010	31.03.2011	31.12.2010
Total provisions	280.6	305.9	305.4	331.9
of which:				
provisions for off-balance sheet commitments	63.6	96.5	94.6	128.5
provisions for liabilities to employees	170.8	164.7	167.4	161.4
other provisions	46.1	44.7	43.4	42.0
Deferred tax liabilities	1.1	0.7	-	-
Deferred tax assets	689.3	722.0	461.8	505.4

5.5 Impairment losses

(PLN million)

	GROUP		BANK PEKAO S.A.	
	1 QUARTER 2011	1 QUARTER 2010	1 QUARTER 2011	1 QUARTER 2010
for loans and other financial assets	(166.6)	(143.3)	(149.4)	(121.0)
for off-balance sheet commitments	32.4	2.4	32.5	2.9
Total	(134.2)	(140.9)	(116.9)	(118.1)

5.6 Assets held for sale and discontinued operations

As at March 31, 2011, non-current assets classified as held for sale included following items classified as held for sale:

- exposure in the subsidiary PJSC UniCredit Bank (ex. OJSC UniCredit Bank),
- real property,
- other tangible assets owned by the Group.

In the first quarter of 2011, the Bank discontinued recognition of the property located at Marynarska Str. together with perpetual land lease rights as assets held for sale. As these items did not meet criteria required by IFRS 5, they were classified to the Bank's assets. Value of the items amounted to PLN 32,142 thousand.

Specification of assets held for sale and liabilities associated with those assets:

(PLN thousand)

	31.03.2011	31.12.2010
ASSETS HELD FOR SALE		
Assets of PJSC UniCredit Bank	3,130,729	3,200,087
Property, plant and equipment	15,060	23,440
Other assets	-	23,458
Total assets	3,145,789	3,246,985
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE		
Liabilities of PJSC UniCredit Bank	1,014,545	1,009,074
Total liabilities	1,014,545	1,009,074

Additional Information

The table below presents assets and liabilities of PJSC UniCredit Bank classified by the Group as assets held for sale (after intercompany transactions' eliminations and consolidated adjustments).

(PLN thousand)

	31.03..2011	31.12.2010
ASSETS HELD FOR SALE		
Cash and due from Central Bank	24,457	27,193
Loans and advances to banks	668,490	430,988
Financial assets held for trading	247,757	222,143
Loans and advances to customers	2,053,415	2,294,833
Receivables from finance leases	1,787	2,241
Investments securities	87,676	175,240
Intangible assets	4,174	4,845
Property, plant and equipment	22,533	24,810
Investment properties	-	727
Income tax assets	370	390
Other assets	20,070	16,677
TOTAL ASSETS	3,130,729	3,200,087
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE		
Amounts due to other banks	170,218	185,566
Amounts due to customers	797,356	765,974
Income tax liabilities	17,278	15,201
Other liabilities	29,693	42,333
TOTAL LIABILITIES	1,014,545	1,009,074

The table below presents the cash flow statement of discontinued operations of PJSC UniCredit Bank (ex. OJSC UniCredit Bank).

(PLN thousand)

	I QUARTER 2011	2010
Net cash flows from operating activities	150,283	299,973
Net cash flows from investing activities	84,532	(113,828)
Net cash flows from financing activities	-	(30,869)
Total	234,815	155,276

As at March 31, 2011, the Bank's exposure in PJSC UniCredit Bank constitutes:

- the shares in PJSC UniCredit Bank worth PLN 577,349 thousand,
- loans and deposit worth altogether PLN 1,758,248 thousand,
- off-balance sheet commitments, including guarantees and letters of credit worth PLN 5,646 thousand and PLN 514,883 thousand respectively.

Additional Information

5.7 Off-balance sheet items

Statement of Off-balance sheet items

(PLN million)

	31.03.2011	31.12.2010	CHANGE
Contingent liabilities granted and received	49,907.0	48,993.1	1.9%
Liabilities granted:	33,675.0	33,284.7	1.2%
financial	25,117.1	24,698.6	1.7%
guarantees	8,557.9	8,586.1	(0.3%)
Liabilities received:	16,232.0	15,708.4	3.3%
financial	3,057.2	3,075.9	(0.6%)
guarantees	13,174.8	12,632.5	4.3%
Derivative financial instruments	178,459.5	164,916.4	8.2%
currency transactions	67,535.7	71,210.8	(5.2%)
interest rate transactions	107,420.9	91,154.5	17.8%
securities transactions	3,502.9	2,551.1	37.3%
Other	27,286.1	28,182.4	(3.2%)
Total off-balance sheet items	255,652.6	242,091.9	5.6%

Additional Information

5.8 Changes in the Statutory Bodies of the Bank

Supervisory Board

Mr. Sergio Ermotti, Member of the Supervisory Board of the Bank, resigned from position held in the Supervisory Board effective February 23, 2011.

On April 14, 2011, Mr. Federico Ghizzoni, Deputy Chairman, Secretary of the Supervisory Board has submitted resignation from his positions in the Supervisory Board of the Bank, effective from April 30, 2011.

The Ordinary General Meeting of the Bank held on April 19, 2011, has appointed into the composition of the Supervisory Board of the Bank Mrs. Alicja Kornasiewicz effective from May 1, 2011 and Mr. Alessandro Decio effective from April 19, 2011.

Composition of the Supervisory Board:

MARCH 31, 2011	DECEMBER 31, 2010
Jerzy Woźnicki Chairman of the Supervisory Board	Jerzy Woźnicki Chairman of the Supervisory Board
Federico Ghizzoni Deputy Chairman, Secretary of the Supervisory Board	Federico Ghizzoni Deputy Chairman, Secretary of the Supervisory Board
Roberto Nicastrò Deputy Chairman of the Supervisory Board	Roberto Nicastrò Deputy Chairman of the Supervisory Board
Paweł Dangel Member of the Supervisory Board	Paweł Dangel Member of the Supervisory Board
Oliver Greene Member of the Supervisory Board	Sergio Ermotti Member of the Supervisory Board
Enrico Pavoni Member of the Supervisory Board	Oliver Greene Member of the Supervisory Board
Leszek Pawłowicz Member of the Supervisory Board	Enrico Pavoni Member of the Supervisory Board
Krzysztof Pawłowski Member of the Supervisory Board	Leszek Pawłowicz Member of the Supervisory Board
	Krzysztof Pawłowski Member of the Supervisory Board

Management Board of the Bank

On April 14, 2011, Mrs. Alicja Kornasiewicz, President of the Management Board of the Bank has resigned from her position, effective on April 30, 2011.

On April 14, 2011, according to the Supervisory Board unanimous decision, which entered into force on May 1, 2011, Mr. Luigi Lovaglio, who currently holds the position of First Vice President of the Management Board, General Manager, has been appointed as President of the Management Board of the Bank, CEO for the current common term of office of the Bank's Management Board. The appointment is effective as of the date of obtaining the approval of the Polish Financial Supervision Authority.

Additional Information

Composition of the Management Board:

MARCH 31, 2011	DECEMBER 31, 2010
Alicja Komasiwicz President of the Management Board	Alicja Komasiwicz President of the Management Board
Luigi Lovaglio First Vice President of the Management Board General Manager	Luigi Lovaglio First Vice President of the Management Board General Manager
Diego Biondo Vice President of the Management Board	Diego Biondo Vice President of the Management Board
Marco Iannaccone Vice President of the Management Board	Marco Iannaccone Vice President of the Management Board
Andrzej Kopyrski Vice President of the Management Board	Andrzej Kopyrski Vice President of the Management Board
Grzegorz Piwowar Vice President of the Management Board	Grzegorz Piwowar Vice President of the Management Board
Marian Ważyński Vice President of the Management Board	Marian Ważyński Vice President of the Management Board

5.9 Subsequent events

No significant events occurred after the balance sheet date which were not reflected in the financial statements.

5.10 Seasonality or cyclical nature of the Bank's activity

The demand for the financial services offered by the Bank is stable with no material impact of seasonal changes. Due to the nature of the Bank's activity, it is not subject to seasonal or cyclical changes.

5.11 Issuance, redemption and repayment of debt securities

Issuance of bonds of Bank Pekao S.A.

Under Resolution No. 6 of the Bank's Extraordinary General Meeting dated July 25, 2003 on the issue of registered bonds under an incentive program, the Bank issued registered A and B series bonds with pre-emptive rights to take up the Bank's F series shares as well as registered C and D series bonds with pre-emptive rights to take up the Bank's G series shares.

All the pre-emptive rights to take up F series shares pursuant to the implementation of the right of priority ensuing from the A and B series bonds and all the pre-emptive rights to take up G series shares pursuant to the implementation of the right of priority ensuing from the C series bonds were exercised.

The pre-emptive rights to take up G series shares can be exercised in respect of D series bonds from January 1, 2009 to December 31, 2012.

The issue price of G series shares amounts to PLN 123.06.

Structured Certificates of Deposits

Structured Certificates of Deposits are investment products for the Bank's clients that form an alternative to traditional banks' deposits. The total value of the Bank's liabilities relating to these products amounted to PLN 667.0 million (principal value) as at the end of March 2011. There are 10 issues of Structured Certificates of Deposits open in PLN, EUR and USD with the maximum maturity date set at March 17, 2014. Those liabilities that mature in 2011, 2012, 2013 and 2014 account for 17.6%, 46.3%, 5.5% and 30.6% of its total value, respectively.

Pekao Leasing Sp. z o.o. bonds

The total value of the company's liabilities under these bonds amounted to PLN 31.9 million as at March 31, 2011 with the maturity date up to 1 month.

Additional Information

Pekao Bank Hipoteczny S.A. mortgage bonds

The total value of liabilities due to mortgage bonds amounted to PLN 654.9 million as at March 31, 2011. The liabilities under mortgage bonds with maturity date up to 1 year account for 15.4%, with maturity date from 1 up to 3 years account for 30.8% and with maturity date from 5 up to 10 years account for 53.8% of the total nominal value.

5.12 Appropriation of profit achieved in 2010

On April 19, 2011, the Ordinary General Meeting of Bank Pekao S.A. took a resolution regarding the distribution of the net profit of the Bank for 2010 in the amount of PLN 2,552,022,461.54 in the following manner:

- PLN 1,784,639,831.20 for dividend,
- PLN 667,382,630.34 for reserve equities,
- PLN 100,000,000.00 for the general risk fund.

5.13 Information on Dividend

Pursuant to Resolution of the Ordinary General Meeting of Bank Pekao S.A. dated April 19, 2011, the amount of PLN 1,784,639,831.20 from the net profit of the Bank for 2010 was allocated as dividend. The dividend value per one share amounted to PLN 6.80 which translates into dividend pay-out rate of 70% of the Bank's net profit for 2010. On the day of convening of the Ordinary General Meeting, the total number of shares amounted to 262,367,367 shares. The dividend's setting date was established on May 23, 2011 and the dividend's pay-out day was established on June 8, 2011.

5.14 Effects of changes in the Group's structure

Change of name, legal form and business place

On February 8, 2011, the legal form of OJSC UniCredit Bank Ukraine was changed from Open Joint Stock Company into Public Joint Stock Company and currently the bank's full name is Public Joint Stock Company UniCredit Bank. The business place of the bank was moved from Luck to Kiev.

Liquidation of the company

On October 20, 2010, the Extraordinary General Meeting of the company Holding Sp. z o.o. in liquidation took the resolution to commence the liquidation process of the company and the process of liquidation is continued in 2011.

5.15 Management Board position regarding the possibility of achieving previously published forecasts

The Bank has not published the forecast of the financial results for 2011.

Additional Information

5.16 Information regarding shareholders owning at least 5% of the total number of votes at the General Meeting of Bank Pekao S.A.

The shareholders of Bank Pekao S.A. owning directly or indirectly through their subsidiaries at least 5% of the total number of voting rights at the General Meeting of Bank Pekao S.A. are as follows:

SHAREHOLDER'S NAME	NUMBER OF SHARES AND VOTES AT THE GENERAL MEETING	SHARE IN SHARE CAPITAL AND TOTAL NUMBER OF VOTES AT THE GENERAL MEETING	NUMBER OF SHARES AND VOTES AT THE GENERAL MEETING	SHARE IN SHARE CAPITAL AND TOTAL NUMBER OF VOTES AT THE GENERAL MEETING
	MARCH 31, 2011		DECEMBER 31, 2010	
UniCredit S.p.A.	155,433,755	59.24%	155,433,755	59.24%
Other shareholders	106,933,612	40.76%	106,930,571	40.76%
Total	262,367,367	100.00%	262,364,326	100.00%

At the date of submitting the report, the share capital of the Bank amounts to PLN 262,367,367. Since the beginning of the year until the date of submitting the report, the share capital of the Bank has been increased by the total amount of PLN 3,041 as a result of issue of 3,041 series G ordinary bearer shares which have been taken up by participants of share option program. The share of UniCredit S.p.A. in the share capital and the total number of votes at the General Meeting amounts to 59.24% while the share of other shareholders amounts to 40.76%.

5.17 The Bank's shares held by the Management and Supervisory Board Members

According to information available to the Bank as at the date of submitting of this report, the members of the Bank's management and supervisory bodies held 40,857 shares of Bank Pekao S.A.

The table below presents the number of shares held by the Management Board Members:

	AS AT THE DATE OF SUBMITTING THE REPORT		CHANGE
	FOR THE FIRST QUARTER OF 2011	FOR THE YEAR OF 2010	
Luigi Lovaglio	31,357	31,357	0
Diego Biondo	9,500	9,500	0
Total	40,857	40,857	0

The Bank Pekao S.A. Group is running an incentive program in the form of management stock options. The Program covers the Management Board of the Bank, other managerial staff, key employees for implementing the Bank's strategy, as well as employees of the Bank's subsidiaries. The persons who meet the requirements set in the program will be able to acquire the Bank's shares.

As at the date of submitting this report the incentive program for 2004 includes 13 persons for a total 79,667 shares, 32,678 of which will be eligible for purchase by the management.

The Members of the Supervisory Board did not participate in the management stock options program.

The table below presents the number of management stock options held by the Management Board Members:

	AS AT THE DATE OF SUBMITTING THE REPORT		CHANGE
	FOR THE FIRST QUARTER OF 2011	FOR THE YEAR OF 2010	
Luigi Lovaglio	32,678	32,678	0
Total	32,678	32,678	0

Additional Information

5.18 Pending litigations

In the first quarter of 2011 the number of the legal proceedings pending before courts, arbitration bodies or public administration authorities in respect of the Group's liabilities was 2,660 with the total value amounting to PLN 635.2 million. The number of legal proceedings in respect of receivables was 16,854 with the total value of PLN 1,034.2 million. The value of legal proceedings relating to the liabilities and/or receivables of the Group in the first quarter of 2011 does not exceed 10% of the Bank's equity.

In the opinion of the Bank none of the individual pending proceedings before any courts, arbitration bodies or public administration authorities during the first quarter of 2011, nor the proceedings in aggregate pose any threat to the Bank's financial liquidity.

5.19 Assessment of creditworthiness of Bank Pekao S.A.

As at March 31, 2011, Bank Pekao S.A.'s creditworthiness was rated as follows:

FITCH RATINGS	BANK PEKAO S.A.	POLAND
Long-term rating (IDR)	A-	A-
Short-term rating	F2	F2
Individual rating	B/C	-
Support rating	1	-
Rating outlook	Stable	Stable
STANDARD AND POOR'S*	BANK PEKAO S.A.	POLAND
Long-term rating	A-	A-
Short-term rating	A-2	A-2
Rating outlook	Stable	Stable
MOODY'S INVESTORS SERVICE LTD. (UNSOLICITED RATING)	BANK PEKAO S.A.	POLAND
Long-term foreign-currency deposit rating	A2	A2
Short-term deposit rating	Prime-1	Prime-1
Financial strength	C-	C-**
Rating outlook	Stable	Negative**

* The latest research analysis of Bank Pekao S.A. by agency Standard and Poor's has been published on the Bank's website:

http://www.pekao.com.pl/binsource/f/33/87/3/bin_P1K09e9ac74da4b11cb733873.ATTACHMENT.PL.1.3.0/BankPolskaKasaOpiekiSA.PDF

** Average for the Polish banking sector.

On February 3, 2011, Fitch Ratings has upgraded the Bank's individual rating from C to B/C and outlook of the Bank's Long-term Issuer Default Rating from Negative to Stable. The upgrade of Individual rating reflects the Bank's stable and diversified funding sources, ample capitalisation and strong franchise as well as consistency in conservative credit and market risk management.

Additional Information

5.20 Related party transactions

Balance sheet transactions as at March 31, 2011

(PLN thousand)

	PARENT ENTITY UNICREDIT S.P.A.	ENTITIES OF UNICREDIT GROUP EXCLUSIVE OF PEKAO S.A. GROUP ENTITIES	FULLY CONSOLIDATED SUBSIDIARIES	NOT FULLY CONSOLIDATED SUBSIDIARIES	ASSOCIATES	KEY MANAGEMENT STAFF OF THE BANK OR ITS PARENT ENTITY
Loans and advances	1,236,022	743,364	4,717,149	63,424	-	3,722
Receivables from securities	-	-	199,025	-	-	-
Receivables from revaluation of derivatives	-	229,976	52,820	-	-	-
Other receivables	-	22,923	135,841	-	500	-
Liabilities from loans and deposits	11,336	2,618,801	4,680,055	8,314	175,679	9,797
Liabilities from securities	-	-	199,025	-	-	-
Liabilities from revaluation of derivatives	-	480,725	52,820	-	-	-
Other liabilities	15,001	63,555	172,935	-	-	-

Balance sheet transactions as at December 31, 2010

(PLN thousand)

	PARENT ENTITY UNICREDIT S.P.A.	ENTITIES OF UNICREDIT GROUP EXCLUSIVE OF PEKAO S.A. GROUP ENTITIES	FULLY CONSOLIDATED SUBSIDIARIES	NOT FULLY CONSOLIDATED SUBSIDIARIES	ASSOCIATES	KEY MANAGEMENT STAFF OF THE BANK OR ITS PARENT ENTITY
Loans and advances	3,558,996	772,535	3,893,808	69,507	-	3,693
Receivables from securities	-	-	165,205	-	-	-
Receivables from revaluation of derivatives	-	206,642	57,156	-	-	-
Other receivables	1	23,633	4,001	3	-	-
Liabilities from loans and deposits	25,428	3,004,336	1,192,617	9,744	173,641	11,562
Liabilities from securities	-	-	-	-	-	-
Liabilities from revaluation of derivatives	-	555,732	442	-	-	-
Other liabilities	7,897	344	14,855	-	-	-

Income and expenses from transactions with related entities for the first quarter of 2011

(PLN thousand)

	PARENT ENTITY UNICREDIT S.P.A.	ENTITIES OF UNICREDIT GROUP EXCLUSIVE OF PEKAO S.A. GROUP ENTITIES	FULLY CONSOLIDATED SUBSIDIARIES	NOT FULLY CONSOLIDATED SUBSIDIARIES	ASSOCIATES	KEY MANAGEMENT STAFF OF THE BANK OR ITS PARENT ENTITY
Interest income	1,454	27,203	44,839	1,057	-	44
Interest expense	(51)	(21,718)	(44,839)	(50)	(1,694)	(113)
Fee and commission income	47	71,122	5,314	4	109	1
Fee and commission expense	(718)	(1,184)	(5,314)	-	(15)	-
Other income	1,052	36,552	41,573	4	66	-
Other expense	(2,955)	(2,844)	(41,573)	-	(2,798)	-

Additional Information

Income and expenses from transactions with related entities for the first quarter of 2010

(PLN thousand)

	PARENT ENTITY UNICREDIT S.P.A.	ENTITIES OF UNICREDIT GROUP EXCLUSIVE OF PEKAO S.A. GROUP ENTITIES	FULLY CONSOLIDATED SUBSIDIARIES	NOT FULLY CONSOLIDATED SUBSIDIARIES	ASSOCIATES	KEY MANAGEMENT STAFF OF THE BANK OR ITS PARENT ENTITY
Interest income	419	31,150	50,696	1,638	-	43
Interest expense	(18)	(22,980)	(50,696)	(73)	(1,849)	(98)
Fee and commission income	91	68,193	3,933	4	193	2
Fee and commission expense	(892)	(1,526)	(3,933)	-	(8)	-
Other income	252	1,280	37,034	2	4	-
Other expense	(2,618)	(77,785)	(37,034)	-	(3,459)	-

The off-balance sheet exposure related to financing as at March 31, 2011 amounted to PLN 581,340 thousand (PLN 711,288 thousand as at December 31, 2010); guarantee-related exposure as at March 31, 2011 amounted to PLN 266,148 thousand (PLN 218,742 thousand as at December 31, 2010).

In the first quarter of 2011, the Bank and its subsidiaries have not concluded any significant transactions (single or aggregate) with related entities other than those executed on arm's length.

In the first quarter of 2011, the Bank and its subsidiaries did not provide any sureties or guarantees in respect of loans or advances to an entity or a subsidiary of such entity, as a result of which the total value of existing sureties and guarantees would have equalled or exceeded 10% of the Bank's equity.

5.21 Factors which will affect the results in the next quarter

Bank Pekao S.A. and its subsidiaries operate predominantly on the territory of Poland. Therefore, the Bank's performance will be influenced by the economic events in Poland and international developments that have an impact on Poland's economy.

The first quarter of 2011 is likely to bring GDP growth at the level close to that one recorded in the last quarter of 2010, namely about 4.4%. Throughout 2011, it is expected to maintain such a medium pace of growth (with some fluctuations in subsequent quarters), which will mean some acceleration in comparison to GDP at the level of 3.8% in the previous year.

Factors supporting the acceleration of economic growth are both investments and accelerating private consumption, with relatively minor influence of such factors as rebuilding in inventories and net exports. It is worth noting, however, that consumption and investments are seen as pillars of sustainable growth, so the fact that they will be the main driving forces of the Polish GDP is the most positive.

Investment growth particularly in the first half of 2011 will be supported by public investments, co-financed by the EU funds. An increase in EU spending in 2011 will be accelerated by the upcoming European Football Championship EURO2012 - investment attributable to this event have to be completed in 2011. As for private sector investment, small and medium sized companies do not show signs of revival in investments what is caused by the low utilization of production capacity on the one hand and by uncertainty about economic situation in the coming years on the other hand. Large companies record significantly higher level of optimism which should translate into higher willingness to invest in the second half of 2011. NBP business tendency survey shows that evaluation of current economic situation among companies employing more than two thousand persons is the highest in the history of research, surpassing readings from the boom in years 2007-2008.

An increase in consumption will be influenced by continued improvement in the labor market. In January 2011, there was a growth in the average number of employees in enterprise sector by 3.8% yoy, and this confirms a good financial situation of enterprises and need to hire new employees. At the same time, it is observed a relatively stable growth of wages, with the nominal rate of about 4-5% yoy. In the subsequent quarters wages growth is likely to accelerate to the level of 6-8% yoy,

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which will mean an increase in disposable income of households, thereby positively supporting consumption. An additional factor that may increase dynamics of wages growth is opening of the German labor market for Poles in May this year, especially in the context of relatively rapid growth of German economy and record low unemployment.

GDP growth is accompanied by an increase in inflation, which in March 2011 reached the level of 4.3% yoy, and further increase in the index to about 4.4 - 4.6% in May-June is expected. In the following months a decline in inflation rate is likely to the level slightly above 4.0% at the end of 2011 assuming stabilization in global food and fuel prices in the second half of the year. Leading indicators support such a scenario. They suggest some weakening of global economic growth in the second half of the year which would result in lower demand for i.a. crude oil and raw materials and the expectations of harvest not unsettled by weather conditions. However, considering uncertainty associated with geopolitical situation in the main region of oil production and unpredictability of weather conditions, there is a risk of further increase in inflation over a local peak in the first half of the year. In the Bank's opinion, a scenario for more than three interest rates hikes by Monetary Policy Council becomes more probable, especially in the situation when the Council has already decided to raise their interest rates by a total of 75 percentage points (interest rates increases have already taken place in January, April and May).

Growth in corporate and households deposits in the first months of 2011, was continued at levels similar to those observed in late 2010, namely about 9-10% yoy. In the coming months it can be expected some acceleration in growth of household deposits thanks to increasing wages, while the growth in corporate deposits will decline due to intensified activity on the investing field. The prospect of growth in private sector investment is likely to impact on an increase in corporate credit, which remained at negative levels throughout the previous year, and since early 2011 have recorded first positive readings in yoy terms. It should be noted, however, that significant investment plans apply mainly to large companies and previous pattern of companies' behavior suggests that firms in the first order use their accumulated profits, and only then apply for credit. Growth in credit to households remained at the level of 12-14% growth yoy, and probably will be continued, with dominant contribution from mortgage loans. It is expected that consumer credit will accelerate only slightly in the second half of the year, along with improvement in situation in the labor market and stronger sense of employment safety. It should be noted, however, that regulations changes i.e. Recommendation T, which includes a set of best practices for managing the risk related to retail credit exposures and Recommendation S, concerning best practices in the area of management of mortgage secured credit exposures as well as interest rates hikes limit growth rate of credit to households.

Signature of persons representing the Company

DATE	FIRST NAME / FAMILY NAME	POSITION / FUNCTION	SIGNATURE
11/05/2011	Luigi Lovaglio	Acting President of the Management Board, F.V.P. of the Management Board	
11/05/2011	Piotr Miałkowski	Director of Accounting Department	