

**Report of
Bank Pekao S.A. Group
for the first quarter of
2013**



Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013



Warsaw, May 2013

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.

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1. Highlights of Bank Pekao S.A. Group

	1 QUARTER OF 2013	1 QUARTER OF 2012	2012	2011
INCOME STATEMENT (IN PLN MILLION) – SELECTED ITEMS*				
Operating income	1,877.3	1,931.6	7,966.1	7,808.0
Operating costs	(875.6)	(910.7)	(3,622.9)	(3,671.7)
Operating profit	1,001.7	1,020.9	4,343.2	4,136.3
Profit before income tax	836.1	884.5	3,680.3	3,592.9
Net profit for the period attributable to equity holders of the Bank	665.5	710.6	2,955.7	2,899.4
PROFITABILITY RATIOS				
Return on average equity (ROE)	11.2%	13.0%	13.3%	14.2%
Net interest margin	3.5%	3.6%	3.6%	3.7%
Non-interest income / operating income	38.8%	37.5%	38.9%	40.6%
Cost / income	46.6%	47.1%	45.5%	47.0%
STATEMENT OF FINANCIAL POSITION (IN PLN MILLION) – SELECTED ITEMS				
Total assets	148,028.5	147,267.8	150,949.8	146,590.1
Net loans and advances to customers**	97,386.5	95,915.5	97,799.4	95,678.9
Amounts due to customers	107,152.1	109,066.4	107,992.6	108,437.0
Debt securities issued	4,236.2	3,286.9	4,758.7	3,043.9
Equity	24,031.6	22,170.9	23,458.8	21,356.9
STATEMENT OF FINANCIAL POSITION STRUCTURE RATIOS				
Net loans / total assets	65.8%	65.1%	64.8%	65.3%
Securities / total assets	18.4%	19.5%	19.4%	20.4%
Deposits*** / total assets	75.2%	76.3%	74.7%	76.0%
Net loans / deposits***	87.4%	85.4%	86.7%	85.8%
Equity / total assets	16.2%	15.1%	15.5%	14.6%
Capital Adequacy Ratio	19.9%	18.9%	19.0%	17.0%
EMPLOYEES AND NETWORK				
Total number of employees ****	19,705	20,256	19,816	20,357
Number of outlets (Bank Pekao S.A. and PJSC UniCredit Bank)	1,041	1,046	1,040	1,051
Number of ATMs (Bank Pekao S.A. and PJSC UniCredit Bank)	1,919	1,924	1,919	1,910

* Income statement includes continuing and discontinued operations.

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

*** Deposits include Amounts due to customers and Debt securities issued.

**** Starting from the first quarter of 2012 including Pekao Property S.A. as a result of consolidation of the company under the full method since that date.

Note: Starting from the first quarter of 2013 in the income statement in a presentation form, to align the presentation to the standards implemented by the major Polish and European banks, gains on disposal of available for sale financial assets and held to maturity investments are reported under trading result (and thus in operating income, operating profit and respective ratios). In order to ensure comparability, data for the first quarter of 2012 and for the years 2011 and 2012 have been restated in comparison to those previously published.

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2. Highlights of Bank Pekao S.A.

	1 QUARTER OF 2013	1 QUARTER OF 2012	2012	2011
INCOME STATEMENT (IN PLN MILLION) – SELECTED ITEMS				
Operating income	1,782.7	1,812.6	7,523.4	7,318.1
Operating costs	(799.2)	(832.8)	(3,323.4)	(3,366.3)
Operating profit	983.5	979.8	4,200.0	3,951.8
Profit before income tax	843.7	867.1	3,608.9	3,449.5
Net profit for the period	684.4	705.8	2,938.2	2,826.4
PROFITABILITY RATIOS				
Return on average equity (ROE)	11.8%	13.3%	13.5%	14.2%
Net interest margin	3.4%	3.5%	3.5%	3.6%
Non-interest income / operating income	37.5%	36.2%	37.6%	39.0%
Cost / income	44.8%	45.9%	44.2%	46.0%
STATEMENT OF FINANCIAL POSITION (IN PLN MILLION) – SELECTED ITEMS				
Total assets	144,168.7	143,185.1	147,262.1	142,390.0
Net loans and advances to customers*	94,202.9	92,473.6	94,847.9	92,143.2
Amounts due to customers	107,014.0	108,615.4	108,104.5	108,004.7
Debt securities issued	3,445.3	2,597.2	3,966.1	2,402.6
Equity	23,488.3	21,638.8	22,911.7	20,798.7
STATEMENT OF FINANCIAL POSITION STRUCTURE RATIOS				
Net loans / total assets	65.3%	64.6%	64.4%	64.7%
Securities / total assets	18.8%	20.0%	19.8%	21.0%
Deposits** / total assets	76.6%	77.7%	76.1%	77.5%
Net loans / deposits**	85.3%	83.2%	84.6%	83.5%
Equity / total assets	16.3%	15.1%	15.6%	14.6%
Capital Adequacy Ratio	19.6%	18.6%	18.7%	16.6%
EMPLOYEES AND NETWORK				
Total number of employees	17,347	17,835	17,433	17,921
Number of outlets	1,002	1,000	1,001	1,002
Number of ATMs	1,845	1,837	1,845	1,817

* Including debt securities eligible for rediscounting at Central Bank.

** Deposits include Amounts due to customers and Debt securities issued.

Note: Starting from the first quarter of 2013 in the income statement in a presentation form, to align the presentation to the standards implemented by the major Polish and European banks, gains on disposal of available for sale financial assets and held to maturity investments are reported under trading result (and thus in operating income, operating profit and respective ratios). In order to ensure comparability, data for the first quarter of 2012 and for the years 2011 and 2012 have been restated in comparison to those previously published.

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3. Summary of Performance

Net profit of Bank Pekao S.A. Group attributable to equity holders for the first quarter of 2013 amounted to PLN 665.5 million and was lower by PLN 45.1 million (6.3%) in comparison to the first quarter of 2012. The Bank's results are showing better resilience than the results of the banking sector in the conditions of economic downturn and significant pressure on interest margin.

The Group's operating profit* reported for the first quarter of 2013 was lower by 1.9% in comparison to the first quarter of 2012 due to lower operating income, mainly net interest income remaining under pressure of decreasing interest rates, partially compensated by lower operating costs.

The strength of the capital and liquidity structure of Bank Pekao S.A. Group is reflected by a capital adequacy ratio of 19.9% and net loans to deposits ratio at the level of 87.4% at the end of March 2013. 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 5.5% of total loans of the Bank.

- In the first quarter of 2013, the Group's operating income* amounted to PLN 1,877.3 million, a decrease of PLN 54.3 million (2.8%) in comparison with the first quarter of 2012 mainly due to lower total net interest income, dividend income and income from equity investments as a consequence of lower interest rates.
- Total net interest income, dividend income and income from equity investments in the first quarter of 2013 amounted to PLN 1,149.7 million and decreased by PLN 57.1 million (4.7%) in comparison with the first quarter of 2012, remaining under market-wide pressure of decreasing interest rates.
- The Group's net non-interest income* in the first quarter of 2013 amounted to PLN 727.6 million, an increase of PLN 2.8 million (0.4%) in comparison with the first quarter of 2012.
- In the first quarter of 2013, the operating costs were kept under control and amounted to PLN 875.6 million. They were lower than the operating costs in the first quarter of 2012 by PLN 35.1 million (3.9%).
- The Group's net impairment losses on loans and off-balance sheet commitments amounted to PLN 165.0 million in the first quarter of 2013, an increase of PLN 29.7 million (22.0%) as compared with the first quarter of 2012, reflecting weaker macroeconomic environment.

As at March 31, 2013, the ratio of impaired receivables to total receivables amounted to 7.5% in comparison with 7.3% at the end of 2012.

- As at the end of March 2013, the total amounts due to the Group's customers and debt securities issued amounted to PLN 111,388.3 million, a decrease of PLN 1,363.0 million (1.2%) in comparison to the end of 2012.

The total volume of retail customers deposits, Structured Certificates of Deposit and other amounted to PLN 50,595.7 million at the end of March 2013, an increase of PLN 837.5 million (1.7%) in comparison to the end of 2012. The value of net assets of investment funds managed by Pioneer Pekao TFI S.A. amounted to PLN 15,650.1 million at the end of March 2013, an increase of PLN 684.9 million (4.6%) in comparison to the end of 2012.

The total volume of corporate customers deposits, repo and sell-buy-back transactions, Certificates of Deposit, Pekao Bank Hipoteczny S.A. mortgage bonds, interest and other amounted to PLN 60,792.6 million at the end of March 2013, a decrease of PLN 2,200.5 million (3.5%) as compared to the end of 2012.

- As at the end of March 2013, the volume of retail loans amounted to PLN 40,831.6 million, an increase of PLN 346.7 million (0.9%) in comparison to the end of 2012.

The volume of corporate loans, non-quoted securities, reverse repo transactions and securities issued by non-monetary entities decreased by PLN 901.9 million (1.4%) as compared to the end of 2012 and amounted to PLN 61,777.3 million at the end of March 2013.

* Starting from the first quarter of 2013 in the income statement in a presentation form, to align the presentation to the standards implemented by the major Polish and European banks, gains on disposal of available for sale financial assets and held to maturity investments are reported under trading result (and thus in operating income).

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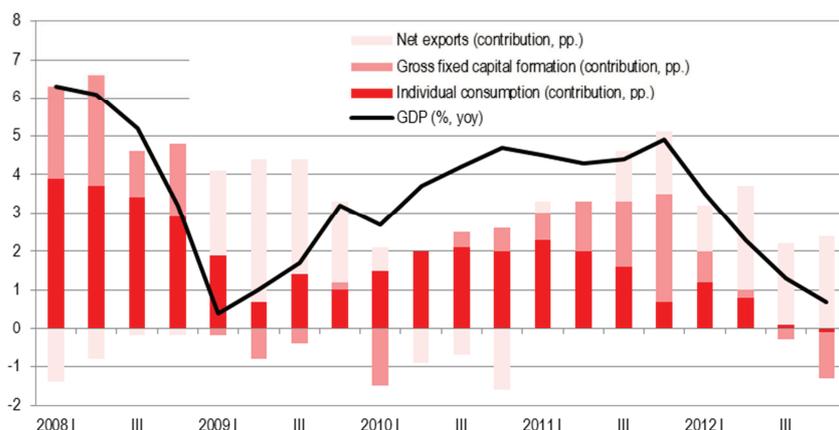
4. External Environment

Economic growth

In the fourth quarter of 2012, Poland's economic growth moderated to 0.7% year on year from 1.3% year on year in the third quarter. The pace of economic growth fell to the lowest level since the second quarter of 2009. Domestic demand decreased by 1.6% year on year mainly as a consequence of shrinking gross accumulation (by 4.9% year on year). Fixed investments declined by 4.1% year on year in the fourth quarter and this decline was higher than noted in the third quarter of 2012 (1.7% year on year). The decline in inventories reduced the GDP growth by 0.3 percentage points in the fourth quarter. In the fourth quarter of 2012, also individual consumption suffered a drop. The households individual consumption went down by 0.2% year on year posting a decline for the first time since 1995 i.e. since comparable Central Statistical Office quarterly data is available. The poor performance of individual consumption stemmed from shrinking employment and still lower growth in wages, what translated into slow expansion in households income from labour, which are the main source of financing for consumer spending. Moreover, elevated inflation was reducing the real purchasing power of households and uncertainty about future financial situation led to higher propensity to save, additionally curbing household spending. For the third consecutive quarter the decline in accumulation was noted.

Available monthly data suggest that unfavourable economic trends were continued in the first quarter of 2013, in particular as regards the condition of the domestic demand. Sharp declines in the construction-assembly production point to further substantial drop in fixed investments, while data on retail sales do not provide arguments for expecting significant improvement in consumption. It is also expected that households will continue rebuilding of their savings.

In the environment of declining domestic demand, the foreign trade was still the main engine of economic growth in the fourth quarter 2012. Improving balance in trade in goods and services contributed 2.4 percentage points into the GDP growth. Such developments stemmed from decline in imports (by 2.4% year on year) accompanied with expansion in exports (by 3.2% year on year). Despite unfavourable economic conditions on the main exports markets, particularly in the euro area, which is expected to be in recession in 2013, Poland's exports continues rising. At the same time, the domestic demand weakness reduces the demand for imports. Net exports is expected to remain the main driver of the GDP growth in the next few quarters.



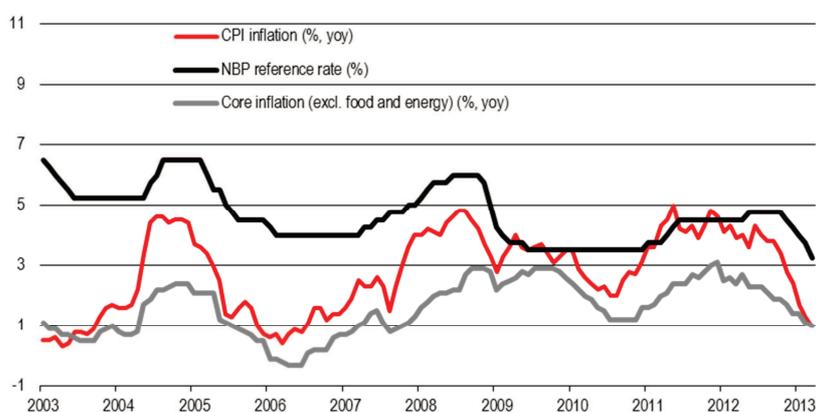
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Inflation and monetary policy

CPI inflation amounted to 1.0% year on year in March 2013 and was lower than the level of 1.5%, being the bottom limit of permissible deviations from the inflation target of the National Bank of Poland (NBP). Inflation declined significantly in the first quarter of 2013 vs. the fourth quarter of 2012. The average January-March CPI amounted to 1.3% year on year vs. 2.9% year on year in the fourth quarter of 2012. A decrease in inflation is mainly a consequence of lower growth in prices of food, housing and energy, transport and communication.

In February 2013, the Central Statistical Office has changed the inflation basket, which is the structure of households expenditure from the previous year. There were minor changes in the structure of household consumption in 2012. The share of expenditure on transport, alcoholic beverages and tobacco products, food and beverages, as well as recreation and culture increased slightly, while the share of spending on housing, communications, clothing and footwear as well as restaurants and hotels lowered slightly.

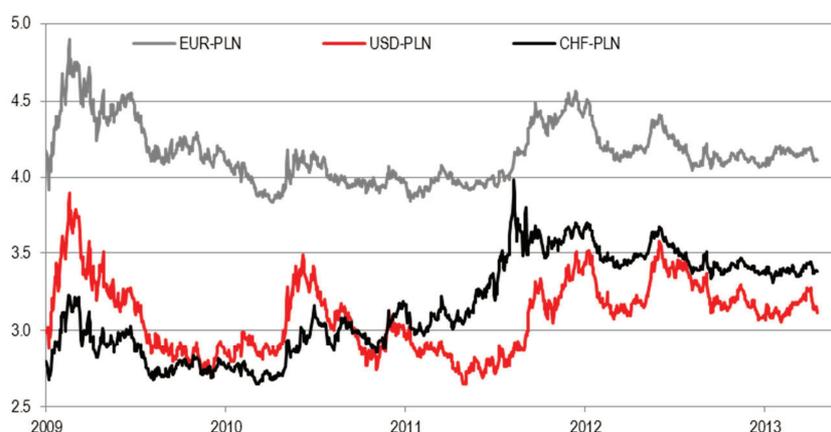
In the first quarter of 2013, the Monetary Policy Council (MPC) has continued monetary easing cycle started in November 2012. Interest rates were lowered in January (by 25 bps), February (by 25 bps) and March (by 50 bps). As a result the reference rate at the end of the first quarter of 2013 amounted to 3.25%. Further monetary easing is possible if in the medium-term inflation forecasts are permanently below the NBP target, and macroeconomic data do not confirm the scenario of economic recovery.



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Currency exchange rate

In the first quarter of 2013, volatility on the global markets has not influenced negatively on the Polish zloty, which fluctuations were relatively stable in relation to most of main currencies. The zloty lost in fact against the currency basket, however changes were moderate except underperformance against USD. Over the first quarter of 2013, the zloty depreciated by 2.2% against EUR, 5.1% against USD and 1.3% against CHF. A strong downward trend on the EUR-USD exchange rate on increasing risk aversion and concerns about the poor economic outlook not only in the euro zone, was a main driver of the USD-PLN growth. Behaviour of investors on the global F/X market is still under varying sentiments. Under the influence of ambiguous signals from the global economy and still ultra-ease monetary policies of the main central banks, investors were more interested in markets offering attractive returns. Despite of the lack of signs of global economic recovery and demand for safe assets, the Polish T-bonds were popular among the investors due to an attractive return rate. Losses of the Polish zloty were therefore limited by constant inflow of foreign investors into the domestic debt market. The negative impact of local factors, like weaker macro data, expectations of further monetary easing, the risk of the budget's revision and also likely changes in the pension system, turned out to be less than previously thought. Currently the balance of risk remain relatively steady, but it is still maintained a scenario of moderate depreciation of the zloty in the coming 2-3 months.



Fiscal policy

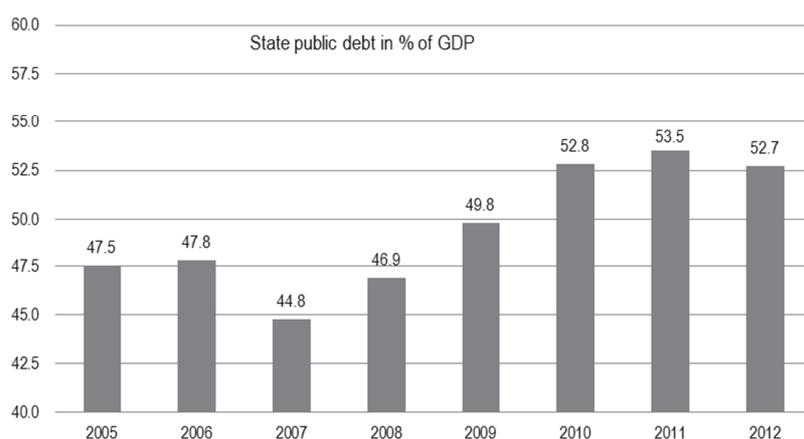
According to the preliminary data released by the Ministry of Finance, the state budget deficit in 2012 amounted to PLN 30.4 billion vs. PLN 35.0 billion limit set in the budget act. Budget revenues were executed at 97.9% of the plan, while expenditures reached 96.7% of the plan. The deficit was narrower than planned, among others, thanks to the discipline on the expenditure side and the higher than forecasted non-tax revenues (PLN 37.1 billion vs. planned PLN 27.1 billion). The higher than expected non-tax revenue collection was mainly a consequence of the revenue from the National Bank of Poland (NBP) profit in 2011 which amounted to PLN 8.2 billion. The revenue from the NBP profit was not expected in the budget act. Tax revenues turned out well below the government plans, falling short PLN 16.5 billion of the plan. The biggest shortfalls were recorded in the indirect taxes collection (PLN 14.2 billion), especially as regards the VAT revenues – PLN 12.2 billion. Negative influence on tax revenues had the unfavourable structure of the economic growth, namely the drop in domestic demand and imports, which constitute the broad tax base for the VAT. The shortfall in the direct taxes revenues vs. plan was much lower, reaching PLN 1.9 billion. On the expenditure side savings were made, among others, in the costs of domestic and foreign debt servicing.

The preliminary estimates of the Ministry of Finance indicate that in the first quarter of 2013 the state deficit amounted to PLN 24.4 billion i.e. 68.6% of the yearly plan at the level of PLN 35.6 billion. The high advancement of the budget execution along with a lower level of economic activity mean that the government is likely to be forced to revise the 2013 budget act in the course of the year and increase the deficit limit.

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The general government deficit amounted to 3.9% of the GDP in 2012 vs. 5.0% of the GDP in 2011 which means that Poland did not fulfill the European Council recommendation of July 7, 2009 to reduce the excessive deficit by 2012. As a consequence, the excessive deficit procedure will not be removed from Poland in 2013 and the government will probably negotiate with the European partners to extend the deadline for the budget imbalance reduction.

The state public debt amounted to PLN 840.5 billion at the end of 2012, increasing by PLN 25.1 billion as compared with the previous year. The domestic debt increased by PLN 19.4 billion, while the foreign debt expanded by PLN 5.8 billion. The state public debt to the GDP ratio stood at the level of 52.7% vs. 53.5% in 2011, falling for the first time since 2007. The state public debt is subject to austerity provisions envisaged in the Constitution and the Public Finance Act. Last year the state public deficit remained below a key prudential threshold of 55% of the GDP. Breaching that threshold would require a decisive fiscal consolidation actions. The general government debt increased to PLN 886.8 billion in 2012 from PLN 859.1 billion in 2011. The ratio of the ESA95 public debt to the GDP rose to 55.6% but was still below the 60% limit of the European Union Stability and Growth Pact.



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Banking sector

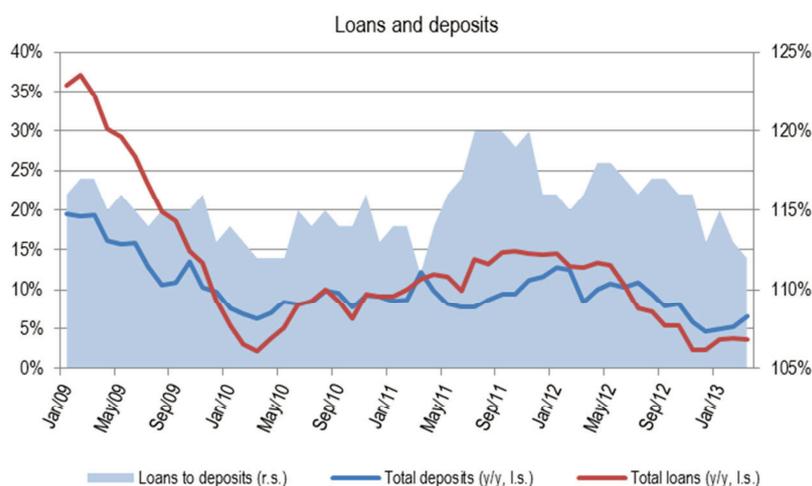
According to the NBP, financial results of the banking sector in the first quarter of 2013 deteriorated compared to the same period of 2012 - net profit declined by 6.7% year on year to PLN 4.0 billion. Results of banks deteriorated under a distinct slowdown in the economy and decline of interest rates.

In January-March 2013 banks recorded significant decline in the result on the banking activity (7.3% year on year), which resulted from strong decline in net interest income (9.5% year on year) as a consequence of interest rate cuts by the Monetary Policy Council. The decline was compensated by lower operating costs (1.4% year on year) as well as lower provisions and impairment losses (13.8% year on year).

At the end of March 2013, banking sector assets were higher by 5.6% as compared to March 2012. Deposits of non-financial sector increased in that time by 6.9% year on year and loans to that sector by 3.9%.

According to the NBP, in March 2013 growth pace of loans to households declined and was equal to 2.7% year on year in nominal terms. The nominal growth in loans to enterprises fell to 1.9% year on year. The volume of loans to households and enterprises is clearly influenced by the economic slowdown and the associated lower propensity to consume and to invest.

After the three months of 2013, the volume of household deposits rose by 9.2% year on year. Relatively high rate of growth in household deposits is the result of a higher propensity to save and is due to differences in monthly pattern of some payments (e.g. direct subsidies to farmers, bonuses) compared to 2012. In case of corporate deposits, the March level was by 0.8% lower than that in March 2012 due to deteriorating financial results of the corporates.



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5. Internal Factors

5.1 Achievements of the Bank and Bank Pekao S.A. Group

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. Bank Pekao S.A. Group includes financial institutions operating in banking, asset management, pension funds, brokerage services, leasing and factoring markets.

Distribution channels

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

	31.03.2013	31.12.2012
Total number of outlets	1,002	1,001
Total number of own ATMs	1,845	1,845

The Bank's clients can also make commission-free cash withdrawals from more than 3.8 thousand of domestic network of Euronet ATMs as well as European network of the UniCredit Group ATMs.

As at the end of March 2013, the Bank maintained 5,326.2 thousand PLN-denominated current accounts, 250 thousand mortgage loan accounts and 667.9 thousand consumer loan accounts.

(in thousand)

	31.03.2013	31.12.2012
Total number of PLN current accounts*	5,326.2	5,305.4
of which packages	3,627.1	3,629.9
Number of mortgage loans accounts**	250.0	246.0
of which PLN mortgage loans accounts	207.2	202.5
Number of consumer loan accounts ***	667.9	676.1

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

** Retail customers accounts.

*** "Pożyczka Ekspresowa"(Express Loan).

Individual clients

In the first quarter of 2013, the Bank was focused on the consequent strengthening of the position on consumer goods financing market and mortgage loans market and sale of individual accounts. Promoting innovative solutions and modernity, the Bank offers user-friendly solutions in the area of mobile banking. Clients actively using modern solutions were offered Eurokonto Aktywne Plus account with a comprehensive package of assistance insurance.

In 2012, the Bank launched a new brand name for services offered to affluent customers - Premium Personal Banking. The Premium Personal Banking is distinguished by personal financial planning with use of a professional tool - the Investment Navigator, assistance of certified Personal Adviser and high quality of service.

The affluent customers' co-operation with the Bank is executed mainly through contacts with a dedicated adviser, which helps to build personal relationship and intensify co-operation. Such a model allows to gain ever-better understanding of the clients' needs and helps to fit optimal financial solutions within the frame of the wide products offer of the Bank.

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Loans

The Bank continued its policy of offering only PLN mortgage loans, maintaining in the first quarter of 2013 strong position on the mortgage loans market. The mortgage loans offer was being updated and adjusted to changing market conditions and needs on an ongoing basis. The advantages of Pekao Bank S.A.'s mortgage loans offer are fast credit decision, attractive interest rates and competent advisers supporting customers in the process of loan granting.

In the first quarter of 2013, within the scope of mortgage loans the Bank took a number of actions, including:

- promotional actions, thereof promotional campaigns in the Internet and internal channels,
- participation in real estate fairs organized all over the country,
- adjustments of product regulations to changing law regulations and banking supervisory recommendations.

In the area of cash loans, the Bank was following the consequent strengthening of its position on the consumer goods financing market while maintaining a prudent credit risk policy and providing customers with the highest level of satisfaction.

Efficient process and transparent rules of loans granting as well as an individual approach to the clients guaranteed the competitiveness of the Express Loan among offers of other banks. The clients taking loan have possibility to use insurance coverage within the available insurance packages allowing to adjust the offer to the individual needs.

In search of new growth possibilities and sales development of the Express Loan, local marketing activities conducted in outlets throughout the country and an active use of the Bank's internal channels of marketing communication, including website dedicated to consumer loan, the Pekao24 system and mobile application played a significant role.

Saving and investment products

In the first quarter of 2013, the Bank continued its initiative to promote the idea of regular savings, by offering additional pension products in a form of IKE and IKZE accounts and by promoting Regular Savings Program (Program Systematycznego Oszczędzania). Within the framework of the existing Regular Savings Program - My Perspective (Moja Perspektywa), the Bank's offer was extended with a new portfolio – Polski Plus.

Moreover, in the first quarter of 2013, the Bank in co-operation with Pioneer TFI, introduced to its offer a new mutual fund – Pioneer Stabilnego Inwestowania for investors with a moderate risk tolerance.

Pioneer Pekao Investment Management S.A.

As at March 31, 2013, 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 15,650.1 million, an increase of PLN 684.9 million (4.6%) as compared to the end of 2012.

As at the end of March 2013, the Company maintained 962.5 thousand open customer accounts (increase by 2.5% in comparison to the end of 2012), managing portfolios of 39 investment funds and sub-funds.

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

	(in PLN million)	
	31.03.2013	31.12.2012
Net asset value	15,650.1	14,965.2
bond and money market funds	8,997.6	8,216.8
balanced funds	3,986.0	4,064.1
equity funds	2,666.5	2,684.3

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Brokerage Activity

Bank Pekao S.A. Group offers a wide range of capital market products and services through retail brokerage entities: Dom Maklerski Pekao (Dom Maklerski), a subsidiary Centralny Dom Maklerski Pekao S.A. (CDM) and associated entity Dom Inwestycyjny Xelion Sp. z o.o. (Xelion).

As at the end of March 2013, the brokerage entities maintained more than 359 thousand investment accounts which constitutes a 24% share in the market of all investment accounts run by brokerage entities. The main group of individual investors were customers using the Group's brokerage services through remote channels, in particular through the Internet. According to data of The National Depository for Securities (KDPW), Dom Maklerski and CDM took the second and the third place respectively in terms of a number of investment accounts run by the brokerage entities.

As at the end of the first quarter of 2013, the value of assets deposited on investment accounts run by the Group's brokerage entities amounted to ca. PLN 21 billion.

In the first quarter of 2013, the Group's brokerage entities have made changes in regulations applicable in the relations with customers in terms of implementation of new Rules of brokerage services, tariffs as well as implementation of new contracts models and annexes. Furthermore, Dom Maklerski and CDM updated MiFID information package.

Moreover, the activities of the Group's brokerage entities were focused on intensive adjustment of service model and IT systems to migration to the WSE new transactional system - Universal Trading Platform (UTP). Implementation project included changes in integration and development of IT area, extension of a range of available services and products, including services of new type of orders, as well as process of efficient communication with customers.

Small and micro enterprises (SME)

In the first quarter of 2013, in the segment of small and micro enterprises, the Bank intensified marketing activities promoting the PekaoFirma24 mobile banking application which is dedicated to mobile phones and devices. The application distinguishes itself in the market by the above-standard functionality offered that allows conducting undefined cash transfers to any domestic or foreign currency account, making cash conversion with the preferential exchange rate (Autodealing) and a multistage requests authorization. Also, the application has broad informational part (available without logging in) which presents the latest exchange rates, the Bank's product offer, localization of the Bank's ATMs and branches and the list of shops, in which payments made with any Bank's card entitles the customers to attractive discounts and special offers.

In January 2013, at a conference organized in Warsaw, Bank Pekao S.A. presented the third edition of report "Raport o sytuacji mikro i małych firm w roku" (Report on the situation of SME clients). The Report has been prepared based on 7 thousand interviews conducted with the enterprises' owners. The special subject of this year's report, which has been prepared with the participation of the scientific community and the business environment, was e-business. In March 2013, the Bank initiated a series of conferences organized jointly with the marshals of the voivodeships, local business organizations and business partners – co-authors of e-business elaboration. During those conferences the regional outcomes of the Report and practical solutions in terms of the Internet use in activity of small and micro enterprises were presented.

In the lending area, the Bank enables customers to take advantage from available sources of current financing with simplified process of loans granting, implemented in the previous year. The customers are informed on the Bank's loan offer on an ongoing basis, taking into account their individual needs.

The Bank continued to offer financing for transportation means and selected categories of machinery with the use of simplified procedures within the framework of a special offer for selected customers. The offer was met with the great interest especially within the area of cars leasing.

In the first quarter of 2013, a tool for automatic foreign exchange was further modified. A new functionality - FX transaction with collateral was introduced into the PekaoFirma24 internet banking system.

In the first quarter of 2013, the Bank has finalized negotiations with the European Investment Fund (EIF) on portfolio guarantees within the framework of Risk Sharing Instrument EU program. Thanks to agreement with the EIF a preferential credit line for operating and investment loans for innovative projects and businesses will be launched.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

Private Banking

In the area of Private Banking, the Bank focused on activities aiming at attracting new customers and implementing new products.

In the first quarter of 2013, the clients were offered new subscription of structured deposit "Indeks na Zysk" - a 3-month deposit linked to USD/PLN exchange rate.

To strengthen relationships with customers and raise awareness about the situation on the financial markets a series of business meetings were organized. Moreover, the Bank conducted sponsoring activities, including football Champions League, which allowed to foster the customer relationships and increase satisfaction with co-operation with the Bank.

Corporate clients

In the first quarter of 2013, within the framework of continued development of electronic banking system PekaoBIZNES²⁴ and adaptation of the Bank's offer to changing needs of corporate banking users, process of implementation of the new version of the system – Nowa twarz PekaoBIZNES²⁴ has been started.

The main advantages of modernized system in terms of functionality and graphics are:

- easy and intuitive navigation,
- simplification of advanced functionalities of the platform,
- adaptation of information (include among other in bank statements, history of operations, order status) to the needs of customer,
- personalization through the introduction of desktop users with the most frequently used information and products,
- flexibility of executed operations.

Over 20 thousand users of about 5.5 thousand companies operate in the new version of the PekaoBIZNES²⁴ system and over 2.5 million transactions were executed using the new platform.

In the first quarter of 2013, both a number and a volume of transactions in the PekaoBIZNES²⁴ system increased in comparison to the first quarter of 2012. The volume of transactions is higher by 20% what confirms growing attractiveness of the Bank's offer within the scope of processing of foreign transfers.

In the area of organization and servicing of commercial debt securities issuance, as at March 31, 2013, Bank Pekao S.A. took the first place with market share of nearly 24% (based on the Rating & Market Bulletin published by Fitch Poland).

For the first quarter of 2013, the market position of the Bank in each category was as follows:

- 1st place on corporate bonds market and corporate revenue bonds market (with maturities over 365 days) with a share of 30%,
- 2nd place in the segment of short-term debt securities with 25% market share,
- 2nd place in the area of mortgage bonds with 28% market share,
- 2nd place on municipal bonds market (with maturities over 365 days) with share 25%.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

Alternative distribution channels

The number of retail and business clients using alternative distribution channels is growing systematically. Pekao24 service (for retail clients), PekaoFirma24 (for SME clients) and PekaoBIZNES²⁴ (for corporate clients) facilitate the management of financial assets, and the range of available transactions is being steadily extended.

Pekao24

The Pekao24 electronic banking system is a convenient and safe system for accessing the accounts maintained by the Bank, Dom Maklerski Pekao and Centralny Dom Maklerski Pekao S.A. The system enables to manage the funds accumulated on the accounts through the Internet, fixed-line or mobile phone and through Contact Center.

In 2012, the Bank has provided a new version of Pekao24 mobile application enhanced with further functions. Pekao24 mobile application is the most advanced mobile banking application on the market that is dedicated to mobile phones and devices. It enables to execute most of the operations available via the Internet service and to access additional functionalities such as geo-location of ATMs, branches and stores as well as to track market information.

As at the end of March 2013, the number of Pekao24 clients amounted to 2,258.6 thousand. In the first quarter of 2013, 1,254 thousand of clients logged into the electronic banking services.

As at the end of March 2013, the number of clients with an access to mobile banking amounted to 241 thousand. In the first quarter of 2013, a 102.2 thousand of clients logged into the mobile service m.pekao24.pl and the Pekao24 mobile banking application.

	31.03.2013	31.12.2012
Number of individuals with an access to electronic banking Pekao24 as at the end of period	2,258.6	2,204.5
Number of individuals actively using electronic banking Pekao24*	1,254.0	1,225.0
Number of individuals with an access to mobile banking as at the end of period	241.0	200.7
Number of individuals actively using mobile banking**	102.2	90.0

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

** A customer actively using mobile banking is a customer who logged in to the mobile service m.pekao24.pl or the Pekao24mobile application at least once during the last quarter.

The most important projects realized in Pekao24 system in the first quarter of 2013 included:

- providing new version of Pekao24 mobile application for iPhone 5 and implementation of dedicated keyboard for authorization of operations in Android system phones,
- enabling fast payments PayByNet, among others, for execution of electronic administrative payments in a fast and convenient way,
- introduction of functional enhancements enabling advisors to customize settings for electronic banking client,
- expanding the list of mobile operators, which accounts can be recharged in the Pekao24 services.

PekaoFirma24

PekaoFirma24 electronic banking system is a comprehensive platform including the Internet, mobile banking application with unlimited transaction capabilities and telephone channel dedicated to small and micro enterprises. The PekaoFirma24 system allows clients to use the banking products and services and manage their funds conveniently and intuitively.

The latest electronic banking product for firms that has been launched in December 2012 is a mobile banking application which offers full functionality known by the clients from the PekaoFirma24 system.

In the first quarter of 2013, the PekaoFirma24 system was enhanced with functionality to repay a credit card and to change a realization date of many orders at the same time.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

As at the end of March 2013, 203.8 thousand clients had an access to the PekaoFirma24 system, of which 124.3 thousand are active clients. The number of business clients with an access to electronic banking system PekaoFirma24 increased by 4.7 thousand compared to the end of 2012.

	(in thousand)	
	31.03.2013	31.12.2012
Number of business clients (SME) with an access to electronic banking PekaoFirma24 as at the end of period	203.8	199.1
Number of business clients (SME) actively using electronic banking PekaoFirma24*	124.3	121.3

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

The number of transactions made through the PekaoFirma24 system in the first quarter of 2013 amounted to 7 million, while the value of PLN transactions amounted to PLN 31.6 billion, an increase by 11% and 7%, respectively in comparison to the same period of 2012.

5.2 PJSC UniCredit Bank

PJSC UniCredit Bank (UniCredit Bank) operates in Ukrainian market as 100% subsidiary of Bank Pekao S.A. It pursues its activity through a network of 39 branches developed as a "green field project" and as a result of the merger with HVB Bank Ukraine, it provides services for 80.1 thousand individual customers and 5.3 thousand corporate clients (including SME).

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

Bank Pekao S.A. Group plans to concentrate its activities on local market and in connection with this a process aiming at disposal of the whole exposure of Bank Pekao S.A. in UniCredit Bank has been started.

5.3 Awards

Bank Pekao S.A. among the best employers in Poland

Bank Pekao S.A. was once again awarded with "Top Employers Poland 2013" certificate by the International Institute CRF (Corporate Research Foundation), one of the leading institutions that assesses the human resources management policies worldwide.

The certificate is granted on the basis of results of detailed research that evaluates the key areas of HR policies and practices such as basic salaries and additional benefits, working conditions, training and development opportunities, career path development and corporate culture.

Global Finance: Bank Pekao as the best foreign exchange provider

Bank Pekao S.A. has been titled, for the sixth consecutive year, as the Best Foreign Exchange Provider 2013 in the ranking organized by Global Finance magazine thus confirming a leading position of the Bank on the interbank foreign exchange market (EUR/PLN and USD/PLN).

Global Finance magazine has selected the winners based on the opinions of analysts, top managers and banking experts and their assessments of the following factors: transaction volume, market share, services scope, customer service, competitive prices and innovative technologies.

WSE: Bank Pekao S.A. as the best organizer of bonds issues on Catalyst market

In February 2013, the Warsaw Stock Exchange awarded leaders of the Polish capital market for achievements in 2012. Bank Pekao S.A. won an award in category "the value of debt issues arranged and introduced in 2012" on the Catalyst market.

In 2012, Bank Pekao S.A. has organized medium-term corporate bond issues which accounted for 40% of the value of all last years' medium-term issues on the Polish market, of which more than 80% of issues were placed on the Catalyst market. Nearly 70% of all listed corporate bonds on the Catalyst market was placed through the Bank.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

5.4 Description of the Group

The Group's structure is presented in the Notes to the Condensed Consolidated Interim Financial Statements of Bank Pekao S.A. Group for the first quarter of 2013.

5.5 Changes in the Group's structure

As at March 31, 2013 the composition of Bank Pekao S.A. Group has not changed compared to the information disclosed as at December 31, 2012.

5.6 Changes in the Statutory Bodies of the Bank

Supervisory Board

Composition of the Supervisory Board:

MARCH 31, 2013	DECEMBER 31, 2012
Jerzy Woźnicki Chairman of the Supervisory Board	Jerzy Woźnicki Chairman of the Supervisory Board
Roberto Nicastrò Deputy Chairman of the Supervisory Board	Roberto Nicastrò Deputy Chairman of the Supervisory Board
Leszek Pawłowicz Deputy Chairman of the Supervisory Board	Leszek Pawłowicz Deputy Chairman of the Supervisory Board
Alessandro Decio Secretary of the Supervisory Board	Alessandro Decio Secretary of the Supervisory Board
Paweł Dangel Member of the Supervisory Board	Paweł Dangel Member of the Supervisory Board
Laura Penna Member of the Supervisory Board	Laura Penna Member of the Supervisory Board
Wioletta Rosołowska Member of the Supervisory Board	Wioletta Rosołowska Member of the Supervisory Board
Doris Tomanek Member of the Supervisory Board	Doris Tomanek Member of the Supervisory Board

Management Board of the Bank

On March 12, 2013, the Management Board of Bank Pekao S.A. published in the current report No. 12/2013 that Mr. Marco Iannaccone resigned from the function of Vice President of the Management Board of the Bank, effective from March 31, 2013.

On March 12, 2013, the Supervisory Board of the Bank appointed, effective from April 1, 2013, Mr. Stefano Santini as Vice President of the Management Board of Bank Pekao S.A. for the current, common term of office of the Management Board of the Bank.

Composition of the Management Board:

MARCH 31, 2013	DECEMBER 31, 2012
Luigi Lovaglio President of the Management Board, CEO	Luigi Lovaglio President of the Management Board, CEO
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 Kopyński Vice President of the Management Board	Andrzej Kopyński 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

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

5.7 The Bank's shareholding structure

As at March 31, 2013, the share capital of Bank Pekao S.A. amounted to PLN 262,470,034 and it was divided into 262,470,034 shares.

As at the date of submitting the report, the share capital of the Bank remained unchanged. The share of UniCredit S.p.A., Aberdeen Asset Management PLC and other shareholders in the share capital and the total number of votes at the General Meeting amounts for 50.10%, 5.03% and 44.87% respectively.

All the existing shares are ordinary bearer shares. There are no special preferences or limitations connected with the shares, or differences in the rights attached to them. The rights and obligations related to the shares are defined by the provisions of the Polish Commercial Companies Code and other applicable laws.

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, 2013		DECEMBER 31, 2012	
UniCredit S.p.A.	131,497,488	50.10%	155,433,755	59.22%
Aberdeen Asset Management PLC	13,194,683	5.03%	13,194,683	5.03%
Other shareholders	117,777,863	44.87%	93,841,596	35.75%
Total	262,470,034	100.00%	262,470,034	100.00%

On February 1, 2013 Management Board of Bank Pekao S.A. published in the current report No. 7/2013 information that the Bank received the notification from UniCredit S.p.A. with its registered office in Milan, about decreasing of the total number of votes at the General Meeting of the Bank as the result of the sale of 23,936,267 shares in the Bank constituting 9.12% in the total number of votes at the General Meeting of the Bank, through a sale order executed on January 31, 2013 via off-session transactions concluded on the Warsaw Stock Exchange S.A. according to the Secondary Placing Agreement made on January 29, 2013.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

5.8 Financial credibility ratings

Bank Pekao S.A. is rated by three leading ratings agencies: Fitch Ratings, Standard and Poor's, and Moody's Investors Service. In the case of the first two, the ratings are provided on a solicited basis under agreements signed and with respect to Moody's Investors Service, the ratings are unsolicited and they are based on publicly available information and review meetings.

The Bank's ratings in the first quarter of 2013 remained at a very high level.

As at March 31, 2013, 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
Viability rating	a-	-
Support rating	2	-
Outlook	Stable	Positive
STANDARD AND POOR'S RATINGS SERVICES	BANK PEKAO S.A.	POLAND
Long-term rating	BBB+	A-
Short-term rating	A-2	A-2
Stand-alone credit profile	bbb+	bbb-*
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-	-
Outlook	Negative	Stable/Negative**

* Banking Industry Country Risk Assessment (BICRA).

** Stable for Poland and Negative for the Polish banking sector.

Bank Pekao S.A. has the highest Viability rating assigned by Fitch Ratings, the highest Stand-Alone Credit Profile rating assigned by Standard & Poor's and the highest Financial strength rating assigned by Moody's Investors Service among banks rated by these agencies in Poland.

Fitch Ratings agency assigned the "A" rating to the mortgage bonds issued by Pekao Bank Hipoteczny S.A., a 100% subsidiary of Bank Pekao S.A. It is the highest rating ever awarded to the Polish debt securities issued by a private company. The reasons underlying the Agency's decision included the high rating assigned to Pekao Bank Hipoteczny S.A. (A-), legal regulations pertaining to the mortgage bonds collateral register, and the excess of collateral over the volume of bonds in issue, as declared by the bank. The high rating assigned to the mortgage bonds confirms Pekao Bank Hipoteczny's ability to issue securities offering a high level of security and raise long-term capital to fund its lending activity.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

5.9 Factors which will affect the results of the Group

The key factor influencing the financial results of the Group will be the pace of economic growth in Poland, which has direct impact on financial results of the enterprises, and which indirectly influences the situation in the labour market (wage and employment growth), which in turn has a key impact on scale of consumption and demand for lending. The next couple of months will be of key importance for the whole year in the context of economic growth. There is a real chance that economic growth will accelerate gradually, starting from the second quarter of 2013. Initially net exports will likely to be the principal engine of growth, while private consumption should accelerate in the second half of the year. Such a scenario seems to be supported by the leading indicators, both for the Polish economy (PMI, NBP quarterly survey of business confidence in the corporate sector), and for the German economy – the biggest recipient of Poland's exports. At the same time it should be emphasized the very high degree of uncertainty regarding economic revival in Western Europe (with Germany being in relatively best situation), which will have a negative impact on the scale and pace of economic recovery.

Low growth in loans to households (2.7% year on year in March 2013) is a consequence of fundamental factors, i.e. decreased demand resulting, among others, from closing the subsidy program to housing, expected declining real-estate prices and uncertainty regarding developments on the labour market. Given the overall macroeconomic situation in the coming months it can be expected a stabilization of growth at a low level. The gradual, slow recovery is possible in the second half of the year provided that predictions of improving macroeconomic situation materialize.

In the case of loans to enterprises a further decline in demand is expected (temporary deleveraging cannot be ruled out). This situation should be associated with an unfavourable macroeconomic environment, which will make some enterprises to delay their investment plans. Moreover, a significant deterioration in the financial situation of some sectors (e.g. construction) has negative impact on their creditworthiness making the banks to reduce their exposure to that sectors.

Taking into consideration the narrowing scale of infrastructural projects in 2013 (probably also in 2014), it should be taken into account that situation of construction sector will remain difficult, which may translate into the quality of the existing bank loan portfolio and can lead to higher impairment charges. Due to the economic slowdown higher impairments may also occur in loan portfolios of other industries.

In 2013, financial results of banks will be negatively affected by a series of interest rate cuts by the Monetary Policy Council which directly will translate into a decline in net interest income. Lower margins will not be offset by higher loan volumes - under current macroeconomic environment the impact of lower interests on demand for loans is limited.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

6. Statement of Financial Position and Financial Results

Bank Pekao S.A. Group plans to concentrate its activities on the local market and in connection with this a process aiming at disposal of the whole exposure of Bank Pekao S.A. in UniCredit Bank has been started.

Consolidated income statement containing cumulated items for the period from January 1 to March 31, 2013 and 2012 respectively was presented in the Condensed Consolidated Interim Financial Statements of Bank Pekao S.A. Group for the first quarter of 2013.

The Report on activities of Bank Pekao S.A. Group includes statement of financial position in a short form and income statement in a presentation form as well as the key, selected items from these statements were discussed. Additionally, in order to ensure comparability, quarterly consolidated income statement containing first quarter of 2013 and 4 quarters of 2012 was presented.

In the Condensed Consolidated Interim Financial Statements of Bank Pekao S.A. Group for the first quarter of 2013 and in the Consolidated Financial Statements of Bank Pekao S.A. Group and in the Unconsolidated Financial Statements of Bank Pekao S.A. for the period ended on December 31, 2012 the entire engagement in UniCredit Bank, which includes subsidiary's assets and liabilities was classified as held for sale, whereas appropriate items of the Income Statement were presented as discontinued operations.

Items of income statement in a presentation form are presented including discontinued operations.

Starting from the first quarter of 2013 in the income statement in a presentation form, to align the presentation to the standards implemented by the major Polish and European banks, gains on disposal of available for sale financial assets and held to maturity investments are reported under trading result (and thus in operating income). In order to ensure comparability, data for the first quarter of 2012 have been restated in comparison to those previously published.

6.1 Structure of the consolidated statement of financial position – short form

The balance sheet of Bank Pekao S.A. determines the amount of total assets in balance sheet and the structure of the assets and liabilities of the Group. As at the end of March 2013, the total assets of Bank Pekao S.A. constitutes 97.4% of the total assets of the whole Group.

The table below presents the Group's statement of financial position – short form.

ASSETS	31.03.2013		31.12.2012		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Cash and due from Central Bank	5,841.1	3.9%	9,207.3	6.1%	(36.6%)
Loans and advances to banks*	7,189.3	4.9%	4,054.0	2.7%	77.3%
Loans and advances to customers**	97,386.5	65.8%	97,799.4	64.8%	(0.4%)
Securities***	27,184.9	18.4%	29,336.0	19.4%	(7.3%)
Investments in associates	183.3	0.1%	168.4	0.1%	8.8%
Property, plant and equipment and intangible assets	2,277.1	1.5%	2,339.9	1.6%	(2.7%)
Other assets****	7,966.3	5.4%	8,044.8	5.3%	(1.0%)
Total assets	148,028.5	100.0%	150,949.8	100.0%	(1.9%)

* Including net investments in financial leases to banks.

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

*** Including financial assets held for trading and other financial instruments at fair value through profit and loss.

**** Other assets include the Bank's exposure in subordinated entity – UniCredit Bank in Ukraine qualified as held for sale. The detailed information concerning assets and liabilities held for sale is presented in the Notes of the Condensed Consolidated Interim Financial Statements of Bank Pekao S.A. Group for the first quarter of 2013.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

EQUITY AND LIABILITIES	31.03.2013		31.12.2012		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Amounts due to Central Bank	1.0	0.0%	0.0	0.0%	x
Amounts due to other banks	5,079.6	3.4%	7,782.7	5.2%	(34.7%)
Amounts due to customers	107,152.1	72.4%	107,992.6	71.5%	(0.8%)
Debt securities issued	4,236.2	2.9%	4,758.7	3.2%	(11.0%)
Other liabilities	7,528.0	5.1%	6,957.0	4.6%	8.2%
Total equity, including non-controlling interests	24,031.6 89.3	16.2% 0.1%	23,458.8 92.2	15.5% 0.1%	2.4% (3.1%)
Total equity and liabilities	148,028.5	100.0%	150,949.8	100.0%	(1.9%)

Customers' Financing

Customer structure of loans and advances

(in PLN million)

	31.03.2013	31.12.2012	CHANGE
Loans and advances at nominal value	101,786.4	102,189.1	(0.4%)
Loans*	92,497.5	92,705.5	(0.2%)
Retail	40,831.6	40,484.9	0.9%
Corporate	51,665.9	52,220.6	(1.1%)
Non-quoted securities	6,391.5	6,791.3	(5.9%)
Reverse repo transactions	2,897.4	2,692.3	7.6%
Other**	435.6	344.0	26.6%
Nominal value adjustment	163.0	124.0	31.5%
Impairment losses	(4,998.5)	(4,857.7)	2.9%
Total net receivables	97,386.5	97,799.4	(0.4%)
Securities issued by local governments***	822.5	975.1	(15.6%)
Total customers' financing****	102,608.9	103,164.2	(0.5%)

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

** Including interest and receivables in transit.

*** Securities issued by non-monetary entities being loans equivalents.

**** Total customers' financing includes Loans and advances at nominal value and Securities issued by non-monetary entities.

As at the end of March 2013, the volume of retail loans amounted to PLN 40,831.6 million, an increase of PLN 346.7 million (0.9%) in comparison to the end of 2012.

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 5.5% of total loans of the Bank.

The volume of corporate loans, non-quoted securities, reverse repo transactions and securities issued by non-monetary entities decreased by PLN 901.9 million (1.4%) as compared to the end of 2012 and amounted to PLN 61,777.3 million at the end of March 2013.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

Receivables and impairment losses

(in PLN million)

	31.03.2013	31.12.2012	CHANGE
Gross receivables*	101,981.2	102,341.1	(0.4%)
Not impaired	94,299.8	94,878.2	(0.6%)
Impaired	7,681.4	7,462.9	2.9%
Impairment losses	(4,998.5)	(4,857.7)	2.9%
Interest	403.8	316.0	27.8%
Total net receivables	97,386.5	97,799.4	(0.4%)

* 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.

As at March 31, 2013, the ratio of impaired receivables to total receivables amounted to 7.5% in comparison with 7.3% at the end of 2012.

Impairment losses as at the end of March 2013 amounted to PLN 4,998.5 million.

Loans and advances to customers by currency*

	31.03.2013		31.12.2012		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Denominated in PLN	82,902.2	81.0%	83,067.0	80.9%	(0.2%)
Denominated in foreign currencies**	19,482.8	19.0%	19,590.1	19.1%	(0.5%)
Total	102,385.0	100.0%	102,657.1	100.0%	(0.3%)
Impairment losses	(4,998.5)	x	(4,857.7)	x	2.9%
Total net	97,386.5	x	97,799.4	x	(0.4%)

* Including interest and receivables in transit.

** Including indexed loans.

The currency structure of loans and advances to customers is dominated by amounts expressed in the Polish zloty; as at the end of March 2013, their share was 81.0%. The largest portion of foreign currency loans and advances to customers were represented by those denominated in EUR (60.1%), CHF (30.9%) and USD (8.8%).

Loans and advances to customers by contractual maturities*

	31.03.2013		31.12.2012		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Current and up to 1 month	15,479.6	15.1%	15,134.2	14.7%	2.3%
1 to 3 months	3,766.8	3.7%	3,855.9	3.8%	(2.3%)
3 months to 1 year	10,714.1	10.5%	11,877.4	11.6%	(9.8%)
1 to 5 years	31,667.5	30.9%	31,213.9	30.4%	1.5%
Over 5 years	40,321.4	39.4%	40,231.7	39.2%	0.2%
Other	435.6	0.4%	344.0	0.3%	26.6%
Total	102,385.0	100.0%	102,657.1	100.0%	(0.3%)
Impairment losses	(4,998.5)	x	(4,857.7)	x	2.9%
Total net	97,386.5	x	97,799.4	x	(0.4%)

* Including interest and receivables in transit.

Loans and advances with maturity over 5 years represents 39.4% of total loans and advances (mainly attributed to mortgage loans and receivables for which the maturity date already passed).

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

External sources of financing

(in PLN million)

	31.03.2013	31.12.2012	CHANGE
Amounts due to Central Bank	1.0	0.0	x
Amounts due to other banks	5,079.6	7,782.7	(34.7%)
Amounts due to customers	107,152.1	107,992.6	(0.8%)
Debt securities issued	4,236.2	4,758.7	(11.0%)
Total external sources of financing	116,468.9	120,534.0	(3.4%)

The deposit base is widely diversified and the deposits sourced from retail and corporate customers. In addition, the Group uses also funds borrowed on the interbank market. The Group is not dependent on any single customer nor group of customers.

Total customer savings

(in PLN million)

	31.03.2013	31.12.2012	CHANGE
Amounts due to corporate	55,423.3	53,736.9	3.1%
Non-financial entities	35,661.1	36,270.0	(1.7%)
Non-banking financial entities	12,127.0	11,827.8	2.5%
Budget entities	7,635.2	5,639.1	35.4%
Retail deposits	49,353.1	48,656.4	1.4%
Repo and sell-buy-back transactions	1,732.2	5,089.7	(66.0%)
Other*	643.5	509.6	26.3%
Amounts due to customers	107,152.1	107,992.6	(0.8%)
Debt securities issued, of which	4,236.2	4,758.7	(11.0%)
Structured Certificates of Deposit (SCD)	719.9	718.7	0.2%
Certificates of Deposit	2,667.8	3,189.0	(16.3%)
Pekao Bank Hipoteczny S.A. mortgage bonds	783.6	782.7	0.1%
Interest	64.9	68.3	(5.0%)
Amounts due to customers and Debt securities issued, total	111,388.3	112,751.3	(1.2%)
Investment funds of Pioneer Pekao TFI	15,650.1	14,965.2	4.6%
including distributed through the Group's network	14,486.3	13,765.7	5.2%

* Other item includes interest and funds in transit.

As at the end of March 2013, the total amounts due to the Group's customers and debt securities issued amounted to PLN 111,388.3 million, a decrease of PLN 1,363.0 million (1.2%) in comparison to the end of 2012.

The total volume of retail customers deposits, Structured Certificates of Deposit and other amounted to PLN 50,595.7 million at the end of March 2013, an increase of PLN 837.5 million (1.7%) in comparison to the end of 2012. The value of net assets of investment funds managed by Pioneer Pekao TFI S.A. amounted to PLN 15,650.1 million at the end of March 2013, an increase of PLN 684.9 million (4.6%) in comparison to the end of 2012.

The total volume of corporate customers deposits, repo and sell-buy-back transactions, Certificates of Deposit, Pekao Bank Hipoteczny S.A. mortgage bonds, interest and other amounted to PLN 60,792.6 million at the end of March 2013, a decrease of PLN 2,200.5 million (3.5%) as compared to the end of 2012.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

Amounts due to customers by currency*

	31.03.2013		31.12.2012		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Denominated in PLN	89,891.9	83.9%	91,928.0	85.1%	(2.2%)
Denominated in foreign currencies	17,260.2	16.1%	16,064.6	14.9%	7.4%
Total	107,152.1	100.0%	107,992.6	100.0%	(0.8%)

* Including interest and amounts due in transit.

The bulk of the amounts due to customers are denominated in the Polish currency and its share as at the end of March 2013 amounted to 83.9%. The majority of amounts due to customers denominated in foreign currencies were in EUR (57.9%) and USD (37.2%).

Amounts due to customers by contractual maturities

	31.03.2013		31.12.2012		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Current accounts and overnight deposits	48,719.8	45.7%	50,338.8	46.8%	(3.2%)
Term deposits	57,788.8	54.3%	57,144.2	53.2%	1.1%
Total deposits	106,508.6	100.0%	107,483.0	100.0%	(0.9%)
Interest accrued	340.0	x	371.0	x	(8.4%)
Funds in transit	303.5	x	138.6	x	119.0%
Total	107,152.1	x	107,992.6	x	(0.8%)

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

6.2 The consolidated income statement – presentation form

Net profit of Bank Pekao S.A. Group attributable to equity holders for the first quarter of 2013 amounted to PLN 665.5 million and was lower by PLN 45.1 million (6.3%) in comparison to the first quarter of 2012. The Bank's results are showing better resilience than the results of the banking sector in the conditions of economic downturn and significant pressure on interest margin.

The Group's operating profit reported for the first quarter of 2013 was lower by 1.9% in comparison to the first quarter of 2012 due to lower operating income, mainly net interest income remaining under pressure of decreasing interest rates, partially compensated by lower operating costs.

The strength of the capital and liquidity structure of Bank Pekao S.A. Group is reflected by a capital adequacy ratio of 19.9% and net loans to deposits ratio at the level of 87.4% at the end of March 2013. This enables for further sound and stable development of the Group's activities.

The consolidated income statement – presentation form

(in PLN million)

	1 QUARTER OF 2013	1 QUARTER OF 2012	CHANGE
Net interest income	1,134.8	1,193.2	(4.9%)
Dividend income and income from equity investments	14.9	13.6	9.6%
Total net interest income, dividend income and other income from equity investments	1,149.7	1,206.8	(4.7%)
Net fee and commission income	552.0	550.5	0.3%
Trading result*	153.5	158.4	(3.1%)
Net other operating income and expenses	22.1	15.9	39.0%
Net non-interest income*	727.6	724.8	0.4%
Operating income*	1,877.3	1,931.6	(2.8%)
Operating costs	(875.6)	(910.7)	(3.9%)
Operating profit*	1,001.7	1,020.9	(1.9%)
Net result on other provisions	(0.6)	(0.3)	100.0%
Net impairment losses on loans and off-balance sheet commitments	(165.0)	(135.3)	22.0%
Net result on investment activities	0.0	(0.8)	(100.0%)
Profit before tax	836.1	884.5	(5.5%)
Income tax expense	(168.4)	(171.8)	(2.0%)
Net profit for the period	667.7	712.7	(6.3%)
Attributable to equity holders of the Bank	665.5	710.6	(6.3%)
Attributable to non-controlling interest	2.2	2.1	4.8%

* Starting from the first quarter of 2013 in the income statement in a presentation form, to align the presentation to the standards implemented by the major Polish and European banks, gains on disposal of available for sale financial assets and held to maturity investments are reported under trading result (and thus in operating income). In order to ensure comparability, data for the first quarter of 2012 have been restated in comparison to those previously published.

Operating Income

In the first quarter of 2013, the Group's operating income amounted to PLN 1,877.3 million, a decrease of PLN 54.3 million (2.8%) in comparison with the first quarter of 2012 mainly due to lower total net interest income, dividend income and income from equity investments as a consequence of lower interest rates.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

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

(in PLN million)

	1 QUARTER OF 2013	1 QUARTER OF 2012	CHANGE
Interest income	1,864.7	2,048.8	(9.0%)
Interest expense	(729.9)	(855.6)	(14.7%)
Net interest income	1,134.8	1,193.2	(4.9%)
Dividend income	0.0	0.0	x
Income from equity investments	14.9	13.6	9.6%
Total net interest income, dividend income and income from equity investments	1,149.7	1,206.8	(4.7%)

Total net interest income, dividend income and income from equity investments in the first quarter of 2013 amounted to PLN 1,149.7 million and decreased by PLN 57.1 million (4.7%) in comparison with the first quarter of 2012, remaining under market-wide pressure of decreasing interest rates.

Net non-interest income

(in PLN million)

	1 QUARTER OF 2013	1 QUARTER OF 2012	CHANGE
Fee and commission income	667.7	674.6	(1.0%)
Fee and commission expense	(115.7)	(124.1)	(6.8%)
Net fee and commission income	552.0	550.5	0.3%
Trading result	153.5	158.4	(3.1%)
Net other operating income and expense	22.1	15.9	39.0%
Net non-interest income	727.6	724.8	0.4%

The Group's net non-interest income in the first quarter of 2013 amounted to PLN 727.6 million, an increase of PLN 2.8 million (0.4%) in comparison with the first quarter of 2012.

Starting from the first quarter of 2013 in the income statement in a presentation form, to align the presentation to the standards implemented by the major Polish and European banks, gains on disposal of available for sale financial assets and held to maturity investments are reported under trading result (and thus in operating income). In order to ensure comparability, data for the first quarter of 2012 have been restated in comparison to those previously published.

The table below presents the Group's net fee and commission income divided according to the main areas of the activity.

(in PLN million)

	1 QUARTER OF 2013	1 QUARTER OF 2012	CHANGE
Net fee and commission income	552.0	550.5	0.3%
on loans*	122.7	124.7	(1.6%)
on cards	109.1	105.5	3.4%
capital market related	91.3	89.6	1.9%
other*	228.9	230.7	(0.8%)

* Data for the first quarter of 2012 have been restated in comparison to those previously published due to reclassification of loan related fees repayments from item Other net fee and commission income to item Net fee and commission income on loans to ensure comparability with 2013 classification.

The Group's net fee and commission income in the first quarter of 2013 amounted to PLN 552.0 million and was higher by PLN 1.5 million (0.3%) in comparison with the first quarter of 2012.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

Operating costs

In the first quarter of 2013, the operating costs were kept under control and amounted to PLN 875.6 million. They were lower than the operating costs in the first quarter of 2012 by PLN 35.1 million (3.9%).

(in PLN million)

	1 QUARTER OF 2013	1 QUARTER OF 2012	CHANGE
Personnel expenses	(472.3)	(479.2)	(1.4%)
Other administrative expenses	(315.8)	(338.1)	(6.6%)
Depreciation and amortization	(87.5)	(93.4)	(6.3%)
Operating costs	(875.6)	(910.7)	(3.9%)

In the first quarter of 2013, cost / income ratio amounted to 46.6% and was better by 0.5 p.p. in comparison to the first quarter of 2012.

As at the end of March 2013, Bank Pekao S.A. Group employed 19,705 employees (in the Bank and the companies consolidated under full consolidation method) as compared to 19,816 employees as at the end of 2012.

As at the end of March 2013, the Bank employed 17,347 people, a reduction by 86 as compared with the end of 2012.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

6.3 The structure of the net profit

The structure of the net profit of the Group is presented in the table below:

(in PLN million)

	1 QUARTER OF 2013	1 QUARTER OF 2012	CHANGE
Net profit of Bank Pekao S.A.	684.4	705.8	(3.0%)
Entities consolidated under full method			
Pekao Leasing Holding S.A. ¹	26.9	26.8	0.4%
Pekao Leasing Sp. z o.o.	8.1	9.6	(15.6%)
Centralny Dom Maklerski Pekao S.A.	8.1	8.0	1.3%
PJSC UniCredit Bank ²	7.4	9.3	(20.4%)
Pekao Pioneer PTE S.A.	3.2	2.5	28.0%
Pekao Faktoring Sp. z o.o.	1.8	2.1	(14.3%)
Pekao Financial Services Sp. z o.o.	1.7	1.2	41.7%
Pekao Bank Hipoteczny S.A.	1.2	2.6	(53.8%)
Centrum Bankowości Bezpośredniej Sp. z o.o.	0.4	0.9	(55.6%)
Centrum Kart S.A.	0.4	0.4	0.0%
Pekao Fundusz Kapitałowy Sp. z o.o.	0.2	0.2	0.0%
FPB "Media" Sp. z o.o.	0.1	0.2	(50.0%)
Jana Kazimierza Development Sp. z o.o.	0.1	1.9	(94.7%)
Pekao Telecentrum Sp. z o.o.	0.1	0.1	0.0%
Property Sp. z o.o. in liquidation	0.0	0.0	x
Holding Sp. z o.o. in liquidation ³	0.0	0.0	x
Pekao Property S.A.	(0.1)	(0.2)	(50.0%)
Metropolis Sp. z o.o.	(0.1)	0.0	x
Entities valued under the equity method			
Pioneer Pekao Investment Management S.A.	12.1	12.3	(1.6%)
Krajowa Izba Rozliczeniowa S.A.	2.7	1.2	125.0%
Dom Inwestycyjny Xelion Sp. z o.o.	0.1	0.0	x
Central Poland Fund LLC ⁴	0.0	0.0	x
Pirelli Pekao Real Estate Sp. z o.o. ⁵	0.0	0.2	(100.0%)
Exclusions and consolidation adjustments⁶	(93.3)	(74.5)	25.2%
Net profit of the Group attributable to equity holders of the Bank	665.5	710.6	(6.3%)

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

2 In the Condensed Consolidated Interim Financial Statements of Bank Pekao S.A. Group for the first quarter of 2013, the entire engagement in PJSC UniCredit Bank, which includes subsidiary's assets and liabilities was classified as held for sale, whereas appropriate positions of the Income statement were presented as discontinued operations.

3 On July 6, 2012, the Company was removed from the National Court Register.

4 On September 30, 2012, the liquidation proceedings of the Company was completed.

5 On November 15, 2012 the Bank sold its entire stake in the Company.

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

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

The results of Bank Pekao S.A.

The main items from the Bank's income statement in presentation form are as follows:

(in PLN million)

	1 QUARTER OF 2013	1 QUARTER OF 2012	CHANGE
Net interest income	1,069.9	1,125.5	(4.9%)
Dividend income	44.3	30.8	43.8%
Total net interest income and dividend income	1,114.2	1,156.3	(3.6%)
Net non-interest income*	668.5	656.3	1.9%
Operating income*	1,782.7	1,812.6	(1.6%)
Operating costs	(799.2)	(832.8)	(4.0%)
Operating profit*	983.5	979.8	0.4%
Net result on other provisions	(0.7)	(0.5)	40.0%
Net impairment losses on loans and off-balance sheet commitments	(139.1)	(113.9)	22.1%
Net result on investment activities	0.0	1.7	(100.0%)
Profit before tax	843.7	867.1	(2.7%)
Net profit for the period	684.4	705.8	(3.0%)

* Starting from the first quarter of 2013 in the income statement in a presentation form, to align the presentation to the standards implemented by the major Polish and European banks, gains on disposal of available for sale financial assets and held to maturity investments are reported under trading result (and thus in operating income). In order to ensure comparability, data for the first quarter of 2012 have been restated in comparison to those previously published.

In the first quarter of 2013, the Bank's net profit amounted to PLN 684.4 million, decrease of PLN 21.4 million (3.0%) in comparison to the first quarter of 2012. The Bank's results are showing better resilience than the results of the banking sector in the conditions of economic downturn and significant pressure on interest margin.

The Bank's operating profit reported for the first quarter of 2013 was higher by 0.4% in comparison with the first quarter of 2012.

The main Bank's financial information are as follows:

	31.03.2013	31.12.2012	CHANGE
Total gross loans in PLN million*	89,075.9	89,522.8	(0.5%)
Impaired receivables to total receivables in %	7.3%	7.0%	0.3 p.p.
Total deposits in PLN million*	104,592.0	102,495.3	2.0%
Repo and sell-buy-back transactions in PLN million	1,777.2	5,099.7	(65.2%)
Structured Certificates of Deposit in PLN million	719.9	718.7	0.2%
Certificates of Deposit in PLN million	2,667.8	3,189.0	(16.3%)
Total assets in PLN million	144,168.7	147,262.1	(2.1%)
Investment funds distributed through the Bank's network in PLN million	13,576.7	12,845.1	5.7%
Capital adequacy ratio in %	19.6%	18.7%	0.9 p.p.

* The nominal value.

The volume of gross loans of the Bank's clients as at the end of March 2013 amounted to PLN 89,075.9 million, decreasing by PLN 446.9 million (0.5%) as compared to the end of 2012. At the end of March 2013, the total volume of retail loans amounted to PLN 39,903.1 million and volume of corporate loans amounted to PLN 49,172.8 million.

The total amounts due to the Bank's customers (including customer deposits, repo and sell-buy-back transactions, Structured Certificates of Deposit, Certificates of Deposit) amounted to PLN 109,756.9 million and decreased by PLN 1,745.8 million (1.6%) compared to the end of 2012.

The value of net assets of investment funds managed by Pioneer Pekao TFI S.A. and distributed by the Bank's network increased by PLN 731.6 million (5.7%) as compared to the end of 2012.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

Results of the Bank's major related entities

Pioneer Pekao Investment Management S.A. – PPIM

In the first quarter of 2013, the Company's consolidated net profit amounted to PLN 24.8 million compared with PLN 25.1 million in comparable period of 2012. The Bank's share in the Company's profit was **PLN 12.1 million**.

Pekao Leasing Sp. z o.o. – Pekao Leasing

In the first quarter of 2013, the Company reported a net profit of PLN 8.1 million (the Bank's share equaled to **PLN 7.1 million**) compared with PLN 9.6 million in the first quarter of 2012.

Centralny Dom Maklerski Pekao S.A. – CDM

In the first quarter of 2013, CDM generated a net profit of **PLN 8.1 million** and it was close to a profit earned in the same period of 2012.

PJSC UniCredit Bank – UniCredit Bank

In the first quarter of 2013, the Company reported a net profit of **PLN 7.4 million**, compared with PLN 9.3 million in the same period of 2012.

Pekao Pioneer PTE S.A. – PTE

In the first quarter of 2013, the Company reported a net profit of PLN 3.2 million (the Bank's share equaled to **PLN 2.0 million**) compared with PLN 2.5 million in the same period of 2012.

Pekao Faktoring Sp. z o.o. – Pekao Faktoring

In the first quarter of 2013, the Company reported a net profit of **PLN 1.8 million** compared with PLN 2.1 million in the same period of 2012.

Pekao Bank Hipoteczny S.A. – Pekao Bank Hipoteczny

In the first quarter of 2013, the Company reported a net profit of **PLN 1.2 million** compared with PLN 2.6 million in the first quarter of 2012.

Dom Inwestycyjny Xelion Sp. z o.o. – Xelion

In the first quarter of 2013, the Company reported a net profit of PLN 0.13 million (the Bank's share equaled to **PLN 0.07 million**) and it was close to a profit earned in the first quarter of 2012.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

6.4 Provisions, deferred tax assets and liabilities

(in PLN million)

	GROUP		BANK PEKAO S.A.	
	31.03.2013	31.12.2012	31.03.2013	31.12.2012
Total provisions	362.1	359.5	360.4	373.5
of which:				
provisions for off-balance sheet commitments	114.4	106.4	117.4	125.4
provisions for liabilities to employees	193.3	193.3	191.1	190.9
other provisions	54.4	59.8	51.9	57.2
Deferred tax liabilities	4.3	6.0	-	-
Deferred tax assets	834.1	820.1	590.6	570.0

6.5 Net impairment losses

(in PLN million)

	GROUP		BANK PEKAO S.A.	
	1 QUARTER OF 2013	1 QUARTER OF 2012	1 QUARTER OF 2013	1 QUARTER OF 2012
Impairment losses on loans	(157.3)	(145.0)	(147.7)	(128.9)
Impairment losses on off-balance sheet commitments	(7.7)	9.7	8.6	15.0
Total	(165.0)	(135.3)	(139.1)	(113.9)

The Group's net impairment losses on loans and off-balance sheet commitments amounted to PLN 165.0 million in the first quarter of 2013, an increase of PLN 29.7 million (22.0%) as compared with the first quarter of 2012, reflecting weaker macroeconomic environment.

The Bank's net impairment losses on loans and off-balance sheet commitments amounted to PLN 139.1 million in the first quarter of 2013, an increase of PLN 25.2 million (22.1%) as compared with the first quarter of 2012.

6.6 Off-balance sheet items

(in PLN million)

	31.03.2013	31.12.2012	CHANGE
Contingent liabilities granted and received	48,060.3	45,307.2	6.1%
Liabilities granted:	35,800.9	33,920.4	5.5%
financial	26,047.5	23,602.1	10.4%
guarantees	9,753.4	10,318.3	(5.5%)
Liabilities received:	12,259.4	11,386.8	7.7%
financial	1,652.0	1,160.3	42.4%
guarantees	10,607.4	10,226.5	3.7%
Derivative financial instruments	190,086.6	156,262.8	21.6%
interest rate transactions	102,956.4	112,346.8	(8.4%)
transactions in foreign currency and in gold	86,547.3	43,334.6	99.7%
transactions based on commodities and equity securities	582.9	581.4	0.3%
Other	31,320.4	30,230.1	3.6%
Total off-balance sheet items	269,467.3	231,800.1	16.2%

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

6.7 Capital Adequacy

A basic measure of capital adequacy is the capital adequacy ratio (CAR). The minimum capital adequacy ratio required by law is 8%. As at the end of March 2013, CAR for the Group amounted to 19.86%, which is more than doubled compared with the minimum value required by law.

The table below presents the basic data concerning the Group capital adequacy as at March 31, 2013 and December 31, 2012.

(in PLN thousand)

CAPITAL REQUIREMENT	31.03.2013	31.12.2012
Credit risk	6,929,488	7,020,898
Exceeding large exposure limits	0	0
Market risk	116,687	128,409
Delivery and contractor risk	144,730	145,302
Exceeding exposure concentration limit	0	0
Operational risk	1,000,413	1,005,703
Total capital requirement	8,191,318	8,300,312
Capital for capital adequacy ratio calculation		
Tier 1 capital	19,985,491	19,212,566
Tier 2 capital	352,937	481,438
Capital for capital adequacy ratio calculation	20,338,428	19,694,004
Capital adequacy ratio (%)	19.86%	18.98%

The capital requirements calculation is based on the regulation of supervisory authorities.

The capital adequacy ratio as at March 31, 2013 is higher by 0.88 p.p. than reported as at December 31, 2012 as a result of increase in own funds by 3.3% and decrease of total capital requirement by 1.3%.

The Group's own funds base increased in 2013 by PLN 772.9 million, of which PLN 736 million including the net profit of Bank Pekao S.A. for 2012 decreased by expected dividend according to the proposal of the Management Board of the Bank on dividend payment for year 2012.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

6.8 Reconciliation of income statement – presentation form and long form

Consolidated income statement for the first quarter of 2013

(in PLN thousand)

INCOME STATEMENT – PRESENTATION FORM'S ITEMS	LONG FORM'S ITEMS RECLASSIFIED TO PRESENTATION FORM	1 QUARTER OF 2013	COMMENTS
Net interest income		<u>1,134,797</u>	
Dividend income and income from equity investments		<u>14,854</u>	
	Dividend income	-	
	Gains (losses) on subsidiaries and associates	14,854	
Total net interest income, dividend income and other income from equity investments		1,149,651	
Net fee and commission income	Net fee and commission income	<u>551,998</u>	
Trading result		<u>153,518</u>	
	Result on financial assets and liabilities held for trading	103,936	
	Result on fair value hedge accounting	(4,654)	
	Net result on other financial instruments at fair value through profit and loss	-	
	Gains (losses) on disposal of available for sale financial assets and held to maturity investments	57,565	
	(Gains) losses on disposal of financial liabilities	(3,329)	
Net other operating income and expenses		<u>22,177</u>	
	Net other operating income and expenses	23,298	
	less - Refunding of administrative expenses	(1,040) 1/	
	(Gains) losses on disposal of loans and other financial receivables	(81)	
Net non-interest income		727,693	
Operating income		1,877,344	
Operating costs		<u>(875,640)</u>	
	Personnel expenses	(472,256)	
	Other administrative expenses	(316,918)	
	Refunding of administrative expenses	1,040 1/	
	Depreciation and amortization	(87,506)	
Operating profit		1,001,704	
Net result on other provisions	Net result on other provisions	<u>(643)</u>	
Net impairment losses on loans and off-balance sheet commitments		<u>(165,006)</u>	
	Net impairment losses on loans	(157,265)	
	Net impairment provision for off-balance sheet commitments	(7,741)	
Net result on investment activities		<u>41</u>	
	Gains (losses) on disposal of property, plant and equipment and intangible assets.	41	
	Impairment losses on subsidiaries and associates	-	
	Gains (losses) on disposal of subsidiaries and associates	-	
Profit before income tax		836,096	
Income tax expense	Income tax expense	<u>(168,380)</u>	
Net profit for the period	Net profit for the period	667,716	
Attributable to equity holders of the Bank	Attributable to equity holders of the Bank	665,514	
Attributable to non-controlling interest	Attributable to non-controlling interest	2,202	

1/ In the long form the item "Refunding of administrative expenses" included in the item "Net other operating income/expenses", in a presentation form included in "Operating cost".

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

Consolidated income statement for the first quarter of 2012

(in PLN thousand)

INCOME STATEMENT – PRESENTATION FORM'S ITEMS	LONG FORM'S ITEMS RECLASSIFIED TO PRESENTATION FORM	1 QUARTER OF 2012	COMMENTS
Net interest income		1,193,120	
Dividend income and income from equity investments		13,643	
	Dividend income	-	
	Gains (losses) on subsidiaries and associates	13,643	
Total net interest income, dividend income and other income from equity investments		1,206,763	
Net fee and commission income	Net fee and commission income	550,535	
Trading result		158,411	
	Result on financial assets and liabilities held for trading	118,433	
	Result on fair value hedge accounting	(3,140)	
	Net result on other financial instruments at fair value through profit and loss	-	
	Gains (losses) on disposal of available for sale financial assets and held to maturity investments	43,209	
	(Gains) losses on disposal of financial liabilities	(91)	
Net other operating income and expenses		15,908	
	Net other operating income and expenses	17,119	
	/less - Refunding of administrative expenses	(1,211) 1/	
	Gains (losses) on disposal of loans and other financial receivables	-	
Net non-interest income		724,854	
Operating income		1,931,617	
Operating costs		(910,758)	
	Personnel expenses	(479,280)	
	Other administrative expenses	(339,320)	
	Refunding of administrative expenses	1,211 1/	
	Depreciation and amortization	(93,369)	
Operating profit		1,020,859	
Net result on other provisions	Net result on other provisions	(320)	
Net impairment losses on loans and off-balance sheet commitments		(135,339)	
	Net impairment losses on loans	(145,045)	
	Net impairment provision for off-balance sheet commitments	9,706	
Net result on investment activities		(732)	
	Gains (losses) on disposal of property, plant and equipment and intangible assets.	1,170	
	Impairment losses on subsidiaries and associates	-	
	(Gains) losses on disposal of subsidiaries and associates	(1,902)	
Profit before income tax		884,468	
Income tax expense	Income tax expense	(171,768)	
Net profit for the period	Net profit for the period	712,700	
Attributable to equity holders of the Bank	Attributable to equity holders of the Bank	710,577	
Attributable to non-controlling interest	Attributable to non-controlling interest	2,123	

1/ In the long form the item "Refunding of administrative expenses" included in the item "Net other operating income/expenses", in a presentation form included in "Operating cost".

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

7. Quarterly Income Statement

7.1 Consolidated income statement – long form

Consolidated income statement for the first quarter of 2013 and 2012- Provided for comparability purposes.

(in PLN thousand)

	Q1 2013			Q2 2012			Q3 2012			Q4 2012		
	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL									
Interest income	1,816,541	48,138	1,864,679	2,002,506	46,297	2,048,803	2,041,694	47,525	2,089,219	2,067,307	49,337	2,116,644
Interest expense	(714,219)	(15,663)	(729,882)	(839,043)	(16,640)	(855,683)	(887,626)	(16,179)	(903,805)	(895,695)	(14,692)	(910,387)
Net interest income	1,102,322	32,475	1,134,797	1,163,463	29,657	1,193,120	1,154,068	31,346	1,185,414	1,171,612	34,645	1,206,257
Fee and commission income	659,727	7,958	667,685	665,704	8,889	674,593	705,245	11,668	716,903	679,351	10,236	689,587
Fee and commission expense	(112,752)	(2,935)	(115,687)	(120,576)	(3,482)	(124,058)	(133,547)	(4,323)	(137,870)	(134,407)	(3,370)	(137,777)
Net fee and commission income	546,975	5,023	551,998	545,128	5,407	550,535	571,698	7,335	579,033	544,944	6,866	551,810
Dividend income	-	-	-	-	-	-	8,749	-	8,749	10	-	10
Result on financial assets and liabilities held for trading	110,439	(6,503)	103,936	113,364	5,069	118,433	124,272	672	124,944	123,691	2,610	126,301
Result on fair value hedge accounting	(4,654)	-	(4,654)	(3,140)	-	(3,140)	(5,597)	-	(5,597)	(16,501)	-	(16,501)
Net result on other financial instruments at fair value through profit and loss	-	-	-									
Gains (losses) on disposal of:	54,155	-	54,155	43,118	-	43,118	37,044	-	37,044	156,397	(21)	156,376
loans and other financial receivables	(81)	-	(81)	-	-	-	-	-	-	-	-	758
available for sale financial assets and held to maturity investments	57,565	-	57,565	43,209	-	43,209	36,929	-	36,929	156,503	(21)	156,482
financial liabilities	(3,329)	-	(3,329)	(91)	-	(91)	115	-	115	(106)	-	(221)
Operating income	1,809,237	30,995	1,840,232	1,861,933	40,133	1,902,066	1,890,234	39,353	1,929,587	1,860,153	44,100	2,024,253
Net impairment losses on financial assets and off-balance sheet commitments:	(163,279)	(1,727)	(165,006)	(127,495)	(7,844)	(135,339)	(160,407)	(7,345)	(167,752)	(169,255)	(10,205)	(179,460)
loans and other financial receivables	(155,538)	(1,727)	(157,265)	(137,201)	(7,844)	(145,045)	(139,664)	(7,345)	(147,009)	(176,302)	(10,205)	(186,507)
off-balance sheet commitments	(7,741)	-	(7,741)	9,706	-	9,706	(20,743)	-	(20,743)	7,047	-	(22,842)
Net result on financial activity	1,645,958	29,268	1,675,226	1,734,438	32,289	1,766,727	1,729,827	32,008	1,761,835	1,810,898	33,895	1,844,793
												1,751,264
												30,570
												1,781,834

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

Consolidated income statement for the first quarter of 2013 and 2012 - cont.

	Q1 2013			Q2 2012			Q3 2012			Q4 2012					
	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL												
Administrative expenses	(769,179)	(19,995)	(789,174)	(799,642)	(18,958)	(818,600)	(820,241)	(19,093)	(839,334)	(795,406)	(19,156)	(814,562)	(767,385)	(20,402)	(787,787)
personnel expenses	(462,431)	(9,825)	(472,256)	(469,851)	(9,429)	(479,280)	(482,855)	(10,038)	(492,893)	(467,591)	(10,059)	(477,650)	(447,197)	(10,303)	(487,500)
other administrative expenses	(306,748)	(10,170)	(316,918)	(329,791)	(9,529)	(339,320)	(337,386)	(9,055)	(346,441)	(327,815)	(9,097)	(336,912)	(320,188)	(10,099)	(330,287)
Depreciation and amortization	(86,227)	(1,279)	(87,506)	(91,515)	(1,854)	(93,369)	(91,353)	(1,873)	(93,226)	(91,093)	(1,531)	(92,624)	(88,417)	(1,402)	(89,819)
Net result on other provisions	(643)	-	(643)	(320)	-	(320)	(711)	-	(711)	(341)	-	(341)	(13,955)	-	(13,955)
Net other operating income and expenses	22,229	1,069	23,298	17,163	(44)	17,119	31,102	(131)	30,971	25,124	883	26,007	20,804	(508)	20,296
Operating costs	(833,820)	(20,205)	(854,025)	(874,314)	(20,856)	(895,170)	(881,203)	(20,897)	(902,100)	(861,716)	(19,804)	(881,520)	(848,953)	(22,312)	(871,265)
Gains (losses) on subsidiaries and associates	14,854	-	14,854	11,741	-	11,741	13,530	-	13,530	13,225	-	13,225	14,370	-	14,370
Gains (losses) on disposal of property, plant and equipment, and intangible assets	41	-	41	1,170	-	1,170	1,213	-	1,213	19,835	-	19,835	43	-	43
Profit before income tax	827,033	9,063	836,096	873,035	11,433	884,468	863,367	11,111	874,478	982,242	14,091	996,333	916,724	8,258	924,982
Income tax expense	(166,693)	(1,687)	(168,380)	(169,669)	(2,099)	(171,768)	(165,955)	(2,116)	(168,071)	(192,008)	(3,723)	(195,731)	(179,088)	(350)	(179,438)
Net profit for the period	660,340	7,376	667,716	703,366	9,334	712,700	697,412	8,995	706,407	790,234	10,368	800,602	737,636	7,908	745,544
Attributable to equity holders of the Bank	658,138	7,376	665,514	701,243	9,334	710,577	695,208	8,995	704,203	787,935	10,368	798,303	734,711	7,908	742,619
Attributable to non-controlling interest	2,202	-	2,202	2,123	-	2,123	2,204	-	2,204	2,299	-	2,299	2,925	-	2,925

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

7.2 Consolidated statement of comprehensive income

Consolidated statement of comprehensive income for 2013 and 2012

(in PLN thousand)

	Q1 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Net profit	667,716	712,700	706,407	800,602	745,544
Attributable to equity holders of the Bank	665,514	710,577	704,203	798,303	742,619
Attributable to non-controlling interest	2,202	2,123	2,204	2,299	2,925
Other comprehensive income					
Foreign currency translation differences	22,194	(38,574)	38,126	(34,900)	(11,271)
Change in fair value of available-for-sale financial assets	(152,160)	230,634	119,232	54,422	357,588
Change in fair value of cash flow hedges	17,221	(60,000)	(26,320)	257	45,944
Income tax expense on other comprehensive income	21,422	(24,600)	(24,896)	(3,626)	(74,528)
Other comprehensive income (net)	(91,323)	107,460	106,142	16,153	317,733
Total comprehensive income	576,393	820,160	812,549	816,755	1,063,277
Attributable to equity holders of the Bank	574,191	818,037	810,345	814,456	1,060,352
Attributable to non-controlling interest	2,202	2,123	2,204	2,299	2,925

7.3 Consolidated income statement – presentation form

Consolidated income statement for 2013 and 2012

(in PLN thousand)

	Q1 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Net interest income	1,134,797	1,193,120	1,185,414	1,206,257	1,220,628
Dividend income and income from equity investments	14,854	13,643	22,279	14,009	12,091
Total net interest income, dividend income and other income from equity investments	1,149,651	1,206,763	1,207,693	1,220,266	1,232,719
Net fee and commission income	551,998	550,535	579,033	551,810	575,503
Trading result*	153,518	158,411	156,391	266,176	171,848
Net other operating income and expenses	22,177	15,908	28,781	25,219	19,028
Net non-interest income*	727,693	724,854	764,205	843,205	766,379
Operating income*	1,877,344	1,931,617	1,971,898	2,063,471	1,999,098
Operating costs	(875,640)	(910,758)	(930,170)	(906,398)	(875,580)
Operating profit*	1,001,704	1,020,859	1,041,728	1,157,073	1,123,518
Net result on other provisions	(643)	(320)	(711)	(341)	(13,955)
Net impairment losses on loans and off-balance sheet commitments	(165,006)	(135,339)	(167,752)	(179,460)	(186,903)
Net result on investment activities	41	(732)	1,213	19,061	2,322
Profit before income tax	836,096	884,468	874,478	996,333	924,982
Income tax expense	(168,380)	(171,768)	(168,071)	(195,731)	(179,438)
Net profit for the period	667,716	712,700	706,407	800,602	745,544
Attributable to equity holders of the Bank	665,514	710,577	704,203	798,303	742,619
Attributable to non-controlling interest	2,202	2,123	2,204	2,299	2,925

* Starting from the first quarter of 2013 in the income statement in a presentation form, to align the presentation to the standards implemented by the major Polish and European banks, gains on disposal of available for sale financial assets and held to maturity investments are reported under trading result (and thus in operating income). In order to ensure comparability, data for 2012 have been restated in comparison to those previously published.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

8. Other Information

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

The Bank has not published the forecast of the financial results for 2013.

8.2 The issuer'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 73,535 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 2013	FOR THE YEAR 2012	
Luigi Lovaglio	64,035	64,035	0
Diego Biondo	9,500	9,500	0
Total	73,535	73,535	0

8.3 Related party transactions

In the first quarter of 2013, 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 2013, 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 equaled or exceeded 10% of the Bank's equity.

8.4 Accounting principles adopted in the preparation of the report

Accounting principles adopted in the preparation of the report are described in the Notes to the Condensed Consolidated Interim Financial Statements of Bank Pekao S.A. Group for the first quarter of 2013.

8.5 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.

8.6 Issuance, redemption and repayment of debt securities

Structured Certificates of Deposit

Structured Certificates of Deposit 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 719.9 million (principal value) as at the end of March 2013. There are 12 issues of Structured Certificates of Deposit open in PLN, EUR and USD with the maximum maturity date set at September 12, 2014. Those liabilities that mature in 2013 and 2014 account for 53.2%, and 46.8% of its total value, respectively.

Report on the activities of Bank Pekao S.A. Group for the first quarter of 2013

Certificates of Deposit

Certificates of Deposit are investment products denominated in PLN that guarantee 100% protection of invested funds also in case of termination before redemption date. The total value of the Bank's liabilities under these products amounted to PLN 2,667.8 million (principal value) as at the end of March 2013. There are 11 issues of Certificates of Deposit, and the maturity date up to 3 months accounts for 35.9% and up to 6 months accounts for 64.1% of its total value.

Pekao Leasing Sp. z o.o. bonds

The total value of the company's liabilities under these bonds amounted to PLN 45.5 million as at March 31, 2013 with the maturity date up to 6 months.

Pekao Bank Hipoteczny S.A. mortgage bonds

The total value of liabilities due to mortgage bonds amounted to PLN 893.8 million as at March 31, 2013. The liabilities under mortgage bonds with maturity date up to 1 year account for 1.1%, with maturity date from 3 up to 5 years account for 21.4% and with maturity date from 5 up to 10 years account for 77.5% of the total nominal value.

8.7 Information on dividend

The Management Board of Bank Pekao S.A. announced in the current report no 13/2013 from March 15, 2013, that on March 14, 2013 decided to submit to the General Meeting the proposal of the dividend payment for year 2012 in the amount of PLN 8.39 per 1 share, which translates into a payout ratio of 75% of the Bank net profit for 2012. Decision of Management Board got positive opinion from Supervisory Board.

8.8 Pending litigations

In the first quarter of 2013 the number of the legal proceedings pending before courts, arbitration bodies or public administration authorities in respect of the Group's liabilities was 2,194 with the total value amounting to PLN 19,050.9 million. The number of legal proceedings in respect of receivables was 10,404 with the total value of PLN 1,381.8 million.

In the first quarter of 2013 there were no legal proceedings relating to the liabilities and/or receivables of the Group in which asserted claims accounted for at least 10% of the Bank's own funds.

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 2013, nor the proceedings in aggregate pose any threat to the Bank's financial liquidity.

8.9 Subsequent events

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

**Condensed Consolidated
Interim Financial
Statements of
Bank Pekao S.A. Group
for the first quarter of
2013**



Warsaw, May 2013

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.

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6. Risks management	22	Annex 1	
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8. Interest income and expense	41	published standards that have been approved and	
9. Fee and commission income and expense	42	published by the European Union and are effective from 1	
10. Result on financial assets and liabilities held		January 2013.	I
for trading	42	Annex 2	
11. Gains (losses) on disposal	43	New standards, interpretations and amendments to	
12. Administrative expenses	43	published standards that have been approved and	
13. Net other operating income and expenses	44	published by the European Union but are effective from the	
14. Net impairment losses on financial assets and		date after the balance sheet date.	IV
off-balance sheet commitments	45	Annex 3	
15. Gains (losses) on associated entities	47	New standards, interpretations and amendments to	
16. Basic components of income tax charge presented		published standards that have been published by the	
in the income statement and equity	47	International Accounting Standards Board (IASB) and are	
17. Earnings per share	48	awaiting approval by the European Union.	V
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Consolidated income statement

(in PLN thousand)

	NOTE	I QUARTER 2013 PERIOD FROM 01.01.2013 TO 31.03.2013			I QUARTER 2012 PERIOD FROM 01.01.2012 TO 31.03.2012		
		CONTINUED OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUED OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
Interest income	8	1 816 541	48 138	1 864 679	2 002 506	46 297	2 048 803
Interest expense	8	(714 219)	(15 663)	(729 882)	(839 043)	(16 640)	(855 683)
Net interest income		1 102 322	32 475	1 134 797	1 163 463	29 657	1 193 120
Fee and commission income	9	659 727	7 958	667 685	665 704	8 889	674 593
Fee and commission expense	9	(112 752)	(2 935)	(115 687)	(120 576)	(3 482)	(124 058)
Net fee and commission income		546 975	5 023	551 998	545 128	5 407	550 535
Dividend income		-	-	-	-	-	-
Result on financial assets and liabilities held for trading	10	110 439	(6 503)	103 936	113 364	5 069	118 433
Result on fair value hedge accounting	25	(4 654)	-	(4 654)	(3 140)	-	(3 140)
Net result on other financial instruments at fair value through profit and loss		-	-	-	-	-	-
Gains (losses) on disposal of	11	54 155	-	54 155	43 118	-	43 118
loans and other financial receivables		(81)	-	(81)	-	-	-
available for sale financial assets and held to maturity investments		57 565	-	57 565	43 209	-	43 209
financial liabilities		(3 329)	-	(3 329)	(91)	-	(91)
Operating income		1 809 237	30 995	1 840 232	1 861 933	40 133	1 902 066
Net impairment losses on financial assets and off-balance sheet commitments	14	(163 279)	(1 727)	(165 006)	(127 495)	(7 844)	(135 339)
loans and other financial receivables		(155 538)	(1 727)	(157 265)	(137 201)	(7 844)	(145 045)
available for sale financial assets and held to maturity investments		-	-	-	-	-	-
off-balance sheet commitments		(7 741)	-	(7 741)	9 706	-	9 706
Net result on financial activity		1 645 958	29 268	1 675 226	1 734 438	32 289	1 766 727
Administrative expenses	12	(769 179)	(19 995)	(789 174)	(799 642)	(18 958)	(818 600)
personnel expenses		(462 431)	(9 825)	(472 256)	(469 851)	(9 429)	(479 280)
other administrative expenses		(306 748)	(10 170)	(316 918)	(329 791)	(9 529)	(339 320)
Depreciation and amortization		(86 227)	(1 279)	(87 506)	(91 515)	(1 854)	(93 369)
Net result on other provisions		(643)	-	(643)	(320)	-	(320)
Net other operating income and expenses	13	22 229	1 069	23 298	17 163	(44)	17 119
Operating costs		(833 820)	(20 205)	(854 025)	(874 314)	(20 856)	(895 170)
Gain on sale of discontinued operations		-	-	-	-	-	-
Gains (losses) from subordinated entities	15	14 854	-	14 854	11 741	-	11 741
Gains (losses) on disposal of property, plant and equipment, and intangible assets		41	-	41	1 170	-	1 170
Profit before income tax		827 033	9 063	836 096	873 035	11 433	884 468
Income tax expense	16	(166 693)	(1 687)	(168 380)	(169 669)	(2 099)	(171 768)
Income tax on gain on sale of discontinued operations		-	-	-	-	-	-
Net profit for the period		660 340	7 376	667 716	703 366	9 334	712 700
1. Attributable to equity holders of the Bank		658 138	7 376	665 514	701 243	9 334	710 577
2. Attributable to non-controlling interest		2 202	-	2 202	2 123	-	2 123
Earnings per share (in PLN per share)	17						
basic for the period		2.51	0.03	2.54	2.67	0.04	2.71
diluted for the period		2.51	0.03	2.54	2.67	0.04	2.71

Notes to the financial statements presented on pages 19 - 87 and Annexes to the financial statements presented on pages I - VI constitute an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

(in PLN thousand)

	NOTE	I QUARTER 2013 PERIOD FROM 01.01.2013 TO 31.03.2013	I QUARTER 2012 PERIOD FROM 01.01.2012 TO 31.03.2012
Net profit		667 716	712 700
1. Attributable to equity holders of the Bank		665 514	710 577
2. Attributable to non-controlling interest		2 202	2 123
Other comprehensive income			
Foreign currency translation differences		22 194	(38 574)
Change in fair value of available-for-sale financial assets		(152 160)	230 634
Change in fair value of cash flow hedges		17 221	(60 000)
Income tax expenses on other comprehensive income	16	21 422	(24 600)
Other comprehensive income (net)		(91 323)	107 460
Total comprehensive income		576 393	820 160
1. Attributable to equity holders of the Bank		574 191	818 037
2. Attributable to non-controlling interest		2 202	2 123

Notes to the financial statements presented on pages 19 - 87 and Annexes to the financial statements presented on pages I - VI constitute an integral part of the consolidated financial statements.

Consolidated statement of financial position

(in PLN thousand)

	NOTE	31.03.2013	31.12.2012	31.03.2012
ASSETS				
Cash and due from Central Bank	19	5 841 139	9 207 285	5 654 367
Debt securities eligible for rediscounting at Central Bank		150	159	318
Loans and advances to banks	20	7 189 179	4 053 848	6 889 543
Financial assets held for trading	21	565 455	600 543	1 600 641
Derivative financial instruments (held for trading)	22	2 528 231	2 649 097	1 852 163
Other financial instruments at fair value through profit and loss		-	-	-
Loans and advances to customers	23	94 696 075	95 081 492	93 124 392
Receivables from financial leases	24	2 690 398	2 717 931	2 791 019
Hedging instruments	25	363 453	367 890	474 707
Investments securities	26	26 619 430	28 735 442	27 120 461
1. Available for sale		24 434 015	25 887 659	22 871 577
2. Held to maturity		2 185 415	2 847 783	4 248 884
Assets held for sale	27	2 232 268	2 374 173	2 551 964
Investments in subsidiaries		183 291	168 436	199 244
Intangible assets	28	646 350	669 387	681 455
Property, plant and equipment	29	1 630 713	1 670 544	1 722 105
Investment properties		33 722	33 221	61 881
Income tax assets		843 622	828 566	840 697
1. Current tax receivable		9 519	8 481	1 823
2. Deferred tax assets		834 103	820 085	838 874
Other assets		1 965 030	1 791 816	1 702 857
TOTAL ASSETS		148 028 506	150 949 830	147 267 814
EQUITY AND LIABILITIES				
Liabilities				
Amounts due to Central Bank	19	955	-	267 450
Amounts due to other banks	31	5 079 613	7 782 672	5 690 971
Financial liabilities held for trading	21	513 796	246 578	108 441
Derivative financial instruments (held for trading)	22	2 544 763	2 620 798	1 851 923
Amounts due to customers	32	107 152 089	107 992 608	109 066 369
Hedging instruments	25	1 327 743	1 226 781	1 334 871
Fair value hedge adjustments of hedged items due to interest rate risk	25	7 224	11 328	(2 419)
Debt securities issued	33	4 236 180	4 758 736	3 286 885
Liabilities associated with assets held for sale	27	904 145	891 007	868 139
Income tax liabilities		50 822	82 634	209 890
1. Current income tax payable		46 529	76 648	205 885
2. Deferred tax liabilities		4 293	5 986	4 005
Provisions	34	362 139	359 506	306 294
Other liabilities		1 817 415	1 518 400	2 108 139
TOTAL LIABILITIES		123 996 884	127 491 048	125 096 953
Equity				
Share capital		262 470	262 470	262 383
Other capital and reserves		19 926 768	20 023 141	18 144 214
Retained earnings and profit for the period		3 753 108	3 080 934	3 679 463
Equity attributable to equity holders of the Bank		23 942 346	23 366 545	22 086 060
Non-controlling interest		89 276	92 237	84 801
TOTAL EQUITY		24 031 622	23 458 782	22 170 861
TOTAL EQUITY AND LIABILITIES		148 028 506	150 949 830	147 267 814

Notes to the financial statements presented on pages 19 - 87 and Annexes to the financial statements presented on pages I - VI constitute an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

(in PLN thousand)

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK										NON-CONTROLLING INTEREST	TOTAL EQUITY
	OTHER CAPITAL AND RESERVES											
	SHARE CAPITAL	TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY EXCHANGE RATES TRANSLATION DIFFERENCES	OTHER	RETAINED EARNINGS AND CURRENT YEAR PROFIT	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		
Equity as at 1 January 2013	262 470	20 023 141	9 137 221	1 737 850	8 364 152	519 192	(128 768)	393 494	3 080 934	23 366 545	92 237	23 458 782
Management options	-	1 610	-	-	-	-	-	1 610	-	1 610	(17)	1 593
Options exercised (share issue)	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation of management share options	-	1 610	-	-	-	-	-	1 610	-	1 610	(17)	1 593
Comprehensive income	-	(97 983)	-	-	-	(109 300)	11 317	-	672 174	574 191	2 202	576 393
Revaluation of available-for-sale investments net of tax	-	(123 249)	-	-	-	(123 249)	-	-	-	(123 249)	-	(123 249)
Revaluation of hedging financial instruments net of tax	-	13 949	-	-	-	13 949	-	-	-	13 949	-	13 949
Foreign currency translation differences	-	11 317	-	-	-	-	11 317	-	6 660	17 977	-	17 977
Net profit for the period	-	-	-	-	-	-	-	-	665 514	665 514	2 202	667 716
Appropriation of retained earnings	-	-	-	-	-	-	-	-	-	-	(5 146)	(5 146)
Dividend paid	-	-	-	-	-	-	-	-	-	-	(5 146)	(5 146)
Profit appropriation	-	-	-	-	-	-	-	-	-	-	-	-
Equity as at 31 March 2013	262 470	19 926 768	9 137 221	1 737 850	8 364 152	409 892	(117 451)	395 104	3 753 108	23 942 346	89 276	24 031 622

Notes to the financial statements presented on pages 19 - 87 and Annexes to the financial statements presented on pages I - VI constitute an integral part of the consolidated financial statements.

Consolidated statement of changes in equity (cont)

(in PLN thousand)

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK										NON-CONTROLLING INTEREST	TOTAL EQUITY
	OTHER CAPITAL AND RESERVES					REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY EXCHANGE RATES TRANSLATION DIFFERENCES	OTHER	RETAINED EARNINGS AND CURRENT YEAR PROFIT	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		
	SHARE CAPITAL	TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL							
Equity as at 1 January 2012	262 382	18 035 191	9 126 501	1 537 850	7 153 186	(65 432)	(98 976)	382 062	2 973 890	21 271 463	85 467	21 356 930
Management options	88	3 893	10 720	-	-	-	-	(6 827)	-	3 981	23	4 004
Options exercised (share issue)	88	10 720	10 720	-	-	-	-	-	-	10 808	-	10 808
Revaluation of management share options	-	(6 827)	-	-	-	-	-	(6 827)	-	(6 827)	23	(6 804)
Comprehensive income	-	554 832	-	-	-	584 624	(29 792)	-	2 948 358	3 503 190	9 551	3 512 741
Revaluation of available-for-sale investments net of tax	-	617 120	-	-	-	617 120	-	-	-	617 120	-	617 120
Revaluation of hedging financial instruments net of tax	-	(32 496)	-	-	-	(32 496)	-	-	-	(32 496)	-	(32 496)
Foreign currency translation differences	-	(29 792)	-	-	-	-	(29 792)	-	(7 344)	(37 136)	-	(37 136)
Net profit for the period	-	-	-	-	-	-	-	-	2 955 702	2 955 702	9 551	2 965 253
Appropriation of retained earnings	-	1 429 225	-	200 000	1 210 966	-	-	18 259	(2 841 314)	(1 412 089)	(2 804)	(1 414 893)
Dividend paid	-	-	-	-	-	-	-	-	(1 412 089)	(1 412 089)	(2 804)	(1 414 893)
Profit appropriation	-	1 429 225	-	200 000	1 210 966	-	-	18 259	(1 429 225)	-	-	-
Equity as at 31 December 2012	262 470	20 023 141	9 137 221	1 737 850	8 364 152	519 192	(128 768)	393 494	3 080 934	23 366 545	92 237	23 458 782

Notes to the financial statements presented on pages 19 - 87 and Annexes to the financial statements presented on pages I - VI constitute an integral part of the consolidated financial statements.

Consolidated statement of changes in equity (cont)

(in PLN thousand)

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK										NON-CONTROLLING INTEREST	TOTAL EQUITY	
	OTHER CAPITAL AND RESERVES					RETAINED EARNINGS AND CURRENT YEAR PROFIT							TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK
	SHARE CAPITAL	TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY EXCHANGE RATES TRANSLATION	OTHER	CURRENT YEAR PROFIT	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK			
Equity as at 1 January 2012	262 382	18 035 191	9 126 501	1 537 850	7 153 186	(65 432)	(98 976)	382 062	2 973 890	21 271 463	85 467	21 356 930	
Management options	1	(3 441)	122	-	-	-	-	(3 563)	-	(3 440)	15	(3 425)	
Options exercised (share issue)	1	122	122	-	-	-	-	-	-	123	-	123	
Revaluation of management share options	-	(3 563)	-	-	-	-	-	(3 563)	-	(3 563)	15	(3 548)	
Comprehensive income	-	112 464	-	-	-	138 213	(25 749)	-	705 573	818 037	2 123	820 160	
Revaluation of available-for-sale investments net of tax	-	186 813	-	-	-	186 813	-	-	-	186 813	-	186 813	
Revaluation of hedging financial instruments net of tax	-	(48 600)	-	-	-	(48 600)	-	-	-	(48 600)	-	(48 600)	
Foreign currency translation differences	-	(25 749)	-	-	-	-	(25 749)	-	(5 004)	(30 753)	-	(30 753)	
Net profit for the period	-	-	-	-	-	-	-	-	710 577	710 577	2 123	712 700	
Appropriation of retained earnings	-	-	-	-	-	-	-	-	-	-	(2 804)	(2 804)	
Dividend paid	-	-	-	-	-	-	-	-	-	-	(2 804)	(2 804)	
Profit appropriation	-	-	-	-	-	-	-	-	-	-	-	-	
Equity as at 31 March 2012	262 383	18 144 214	9 126 623	1 537 850	7 153 186	72 781	(124 725)	378 499	3 679 463	22 086 060	84 801	22 170 861	

Notes to the financial statements presented on pages 19 - 87 and Annexes to the financial statements presented on pages I - VI constitute an integral part of the consolidated financial statements.

Consolidated cash flow statement

(in PLN thousand)

	I QUARTER 2013 PERIOD FROM 01.01.2013 TO 31.03.2013	I QUARTER 2012 PERIOD FROM 01.01.2012 TO 31.03.2012
Cash flow from operating activities – indirect method		
Net profit for the period	665 514	710 577
Adjustments:	(2 768 252)	(1 102 635)
Depreciation	86 227	93 369
Share of profit (losses) in associates	(14 855)	(13 643)
(Gains) losses on investing activities	(57 605)	(44 379)
Dividend received	-	-
Interests received	(1 589 995)	(1 893 849)
Interests expense	759 270	782 511
Income tax (from income statement)	175 562	165 316
Income tax expense	(195 115)	(137 258)
Change in loans and advances to banks	117 377	243 334
Change in financial assets held for trading and other financial instruments at fair value through profit or loss	38 823	(735 649)
Change in derivative financial instruments (assets)	120 866	304 111
Change in loans and advances to customers and debt securities eligible for rediscounting at Central Bank	1 610 456	1 015 514
Change in receivables from finance leases	27 533	71 741
Change in investment securities	(140 574)	332 935
Change in other assets	(4 858)	(118 249)
Change in amounts due to banks	(2 736 978)	(227)
Change in liabilities held for trading	267 218	108 441
Change in derivative financial instruments (liabilities) and other financial instruments at fair value	(76 035)	(655 276)
Change in amounts due to customers	(1 506 670)	(75 467)
Change in debt securities issued	(54 763)	(15 275)
Change in provisions	2 633	(7 586)
Change in other liabilities	403 231	(523 049)
Net cash flows from operating activities	(2 102 738)	(392 058)
Cash flow from investing activities		
Investing activity inflows	105 291 515	62 552 878
Sale of investment securities	105 132 911	62 486 497
Sale of intangible assets and property, plant and equipment	1 068	3 225
Other investing inflows	157 536	63 156
Investing activity outflows	(102 909 013)	(60 226 420)
Acquisition of investment securities	(102 900 061)	(60 196 659)
Acquisition of intangible assets and property, plant and equipment	(8 952)	(29 761)
Net cash flows from investing activities	2 382 502	2 326 458

Notes to the financial statements presented on pages 19 - 87 and Annexes to the financial statements presented on pages I - VI constitute an integral part of the consolidated financial statements.

Consolidated cash flow statement (cont)

(in PLN thousand)

	I QUARTER 2013 PERIOD FROM 01.01.2013 TO 31.03.2013	I QUARTER 2012 PERIOD FROM 01.01.2012 TO 31.03.2012
Cash flows from financing activities		
Financing activity inflows	697 800	756 103
Issue of debt securities	697 800	755 980
Issue of shares	-	123
Financing activity outflows	(1 223 838)	(517 327)
Redemption of debt securities	(1 223 838)	(517 327)
Net cash flows from financing activities	(526 038)	238 776
Total net cash flows	(246 274)	2 173 176
including: effect of exchange rate fluctuations on cash and cash equivalents held	98 748	(229 784)
Net change in cash and cash equivalents	(246 274)	2 173 176
Cash and cash equivalents at the beginning of the period	12 814 790	10 155 537
Cash and cash equivalents at the end of the period	12 568 516	12 328 713

Notes to the financial statements presented on pages 19 - 87 and Annexes to the financial statements presented on pages I - VI constitute an integral part of the consolidated financial statements.

Unconsolidated Financial Statements for Bank Pekao S.A.

(in PLN thousand)

Unconsolidated Income Statement Bank Pekao S.A

	I QUARTER 2013 PERIOD FROM 01.01.2013 TO 31.03.2013	I QUARTER 2012 PERIOD FROM 01.01.2012 TO 31.03.2012
Interest income	1 771 871	1 952 919
Interest expense	(701 976)	(827 401)
Net interest income	1 069 895	1 125 518
Fee and commission income	606 063	612 289
Fee and commission expense	(111 859)	(119 669)
Net fee and commission income	494 204	492 620
Dividend income	44 286	30 764
Result on financial assets and liabilities held for trading	107 594	114 264
Result on fair value hedge accounting	(4 654)	(3 140)
Gains (losses) on other financial instruments at fair value through profit or loss	-	-
Gains (losses) on disposal of:	54 155	43 118
loans and other financial receivables	(81)	-
available for sale financial assets and held to maturity investments	57 565	43 209
financial liabilities	(3 329)	(91)
Operating income	1 765 480	1 803 144
Net impairment losses on financial assets and off-balance sheet commitments	(139 120)	(113 870)
loans and other financial receivables	(147 673)	(128 861)
available for sale financial assets and held to maturity investments	-	-
off-balance sheet commitments	8 553	14 991
Net result on financial activity	1 626 360	1 689 274
Administrative expenses	(718 858)	(747 871)
personnel expenses	(415 230)	(422 065)
other administrative expenses	(303 628)	(325 806)
Depreciation and amortization	(81 873)	(86 545)
Net result on other provisions	(643)	(516)
Net other operating income and expenses	18 715	11 076
Operating costs	(782 659)	(823 856)
Gains (losses) from subordinated entities	-	613
Gains (losses) on disposal of property, plant and equipment and intangible assets	(41)	1 154
Profit before income tax	843 660	867 185
Income tax expense	(159 274)	(161 346)
Net profit	684 386	705 839
Earnings per share (in PLN per share)		
basic for the period	2.61	2.69
diluted for the period	2.61	2.69

Notes to the financial statements presented on pages 19 – 87 and Annexes to the financial statements presented on pages I - VI constitute an integral part of the consolidated financial statements.

Unconsolidated Financial Statements for Bank Pekao S.A. (cont)

(in PLN thousand)

Unconsolidated Statement of Comprehensive Income Bank Pekao S.A.

	I QUARTER 2013 PERIOD FROM 01.01.2013 TO 31.03.2013	I QUARTER 2012 PERIOD FROM 01.01.2012 TO 31.03.2012
Net profit	684 386	705 839
Other comprehensive income		
Foreign currency translation differences	(2)	7
Change in fair value of available-for-sale financial assets	(152 344)	229 972
Change in fair value of cash flow hedges	17 221	(60 000)
Income tax expenses on other comprehensive income	25 674	(32 295)
Other comprehensive income (net)	(109 451)	137 684
Total comprehensive income	574 935	843 523

Notes to the financial statements presented on pages 19 - 87 and Annexes to the financial statements presented on pages I - VI constitute an integral part of the consolidated financial statements.

Unconsolidated Financial Statements for Bank Pekao S.A. (cont)

(in PLN thousand)

Unconsolidated Statement of Financial Position Bank Pekao S.A.

	31.03.2013	31.12.2012	31.03.2012
ASSETS			
Cash and due from Central Bank	5 841 131	9 207 268	5 653 766
Debt securities eligible for rediscounting at Central Bank	150	159	318
Loans and advances to banks	7 232 680	4 096 454	6 851 361
Financial assets held for trading	579 811	614 719	1 600 641
Derivative financial instruments (held for trading)	2 529 759	2 650 577	1 938 402
Other financial instruments at fair value through profit and loss	-	-	-
Loans and advances to customers	94 202 745	94 847 780	92 473 324
Hedging instruments	363 453	367 890	474 707
Investments securities	26 521 890	28 587 056	27 032 395
1. Available for sale	24 356 297	25 808 501	22 906 260
2. Held to maturity	2 165 593	2 778 555	4 126 135
Assets held for sale	1 381 032	1 564 477	1 800 292
Investments in subsidiaries	793 113	793 113	793 268
Investments in associates	29 428	29 427	38 627
Intangible assets	622 490	644 445	654 729
Property, plant and equipment	1 604 017	1 642 140	1 689 102
Investment properties	27 774	28 071	56 731
Income tax assets	595 699	574 969	589 017
1. Current tax receivable	5 090	4 981	-
2. Deferred tax assets	590 609	569 988	589 017
Other assets	1 843 487	1 613 509	1 538 430
TOTAL ASSETS	144 168 659	147 262 054	143 185 110
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to Central Bank	955	-	267 450
Amounts due to other banks	3 739 889	6 305 678	4 303 899
Financial liabilities held for trading	513 796	246 578	108 441
Derivative financial instruments (held for trading)	2 550 874	2 629 496	1 851 486
Amounts due to customers	107 014 047	108 104 514	108 615 383
Hedging instruments	1 327 743	1 226 781	1 334 871
Fair value hedge adjustments of hedged items due to interest rate risk	7 224	11 328	(2 419)
Debt securities issued	3 445 292	3 966 148	2 597 170
Income tax liabilities	45 001	74 508	201 398
1. Current income tax payable	45 001	74 508	201 398
2. Deferred tax liabilities	-	-	-
Provisions	360 429	373 490	330 718
Other liabilities	1 675 115	1 411 793	1 937 963
TOTAL LIABILITIES	120 680 365	124 350 314	121 546 360
Equity			
Share capital	262 470	262 470	262 383
Other capital and reserves	19 603 282	19 711 115	17 844 155
Retained earnings and profit for the period	3 622 542	2 938 155	3 532 212
TOTAL EQUITY	23 488 294	22 911 740	21 638 750
TOTAL EQUITY AND LIABILITIES	144 168 659	147 262 054	143 185 110

Notes to the financial statements presented on pages 19 - 87 and Annexes to the financial statements presented on pages I - VI constitute an integral part of the consolidated financial statements.

Unconsolidated Financial Statements for Bank Pekao S.A. (cont)

(in PLN thousand)

Unconsolidated statement of changes in equity Bank Pekao S.A.

	SHARE CAPITAL	TOTAL OTHER CAPITAL AND RESERVES	OTHER CAPITAL AND RESERVES					RETAINED EARNINGS AND CURRENT YEAR PROFIT	TOTAL EQUITY	
			SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY EXCHANGE RATES TRANSLATION DIFFERENCES			OTHER
Equity as at 1 January 2013	262 470	19 711 115	9 137 221	1 737 850	8 073 570	518 137	1 388	242 949	2 938 155	22 911 740
Management options	-	1 619	-	-	-	-	-	1 619	-	1 619
Options exercised (share issue)	-	-	-	-	-	-	-	-	-	-
Revaluation of management share options	-	1 619	-	-	-	-	-	1 619	-	1 619
Comprehensive income	-	(109 451)	-	-	-	(109 449)	(2)	-	684 386	574 935
Revaluation of available-for-sale investments net of tax	-	(123 398)	-	-	-	(123 398)	-	-	-	(123 398)
Revaluation of hedging financial instruments net of tax	-	13 949	-	-	-	13 949	-	-	-	13 949
Foreign currency translation differences	-	(2)	-	-	-	-	(2)	-	-	(2)
Net profit for the period	-	-	-	-	-	-	-	-	684 386	684 386
Appropriation of retained earnings	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
Profit appropriation	-	-	-	-	-	-	-	-	-	-
Equity as at 31 March 2013	262 470	19 603 283	9 137 221	1 737 850	8 073 570	408 688	1 386	244 568	3 622 541	23 488 294

Notes to the financial statements presented on pages 19 - 87 and Annexes to the financial statements presented on pages I - VI constitute an integral part of the consolidated financial statements.

Unconsolidated Financial Statements for Bank Pekao S.A. (cont)

(in PLN thousand)

	SHARE CAPITAL	TOTAL OTHER CAPITAL AND RESERVES	OTHER CAPITAL AND RESERVES					RETAINED EARNINGS AND CURRENT YEAR PROFIT	TOTAL EQUITY	
			SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY EXCHANGE RATES TRANSLATION DIFFERENCES			OTHER
Equity as at 1 January 2012	262 382	17 709 907	9 126 501	1 537 850	6 859 286	(65 446)	1 523	250 193	2 826 373	20 798 662
Management options	88	3 476	10 720	-	-	-	-	(7 244)	-	3 564
Options exercised (share issue)	88	10 720	10 720	-	-	-	-	-	-	10 808
Revaluation of management share options	-	(7 244)	-	-	-	-	-	(7 244)	-	(7 244)
Comprehensive income	-	583 448	-	-	-	583 583	(135)	-	2 938 155	3 521 603
Revaluation of available-for-sale investments net of tax	-	616 078	-	-	-	616 078	-	-	-	616 078
Revaluation of hedging financial instruments net of tax	-	(32 495)	-	-	-	(32 495)	-	-	-	(32 495)
Foreign currency translation differences	-	(135)	-	-	-	-	(135)	-	-	(135)
Net profit for the period	-	-	-	-	-	-	-	-	2 938 155	2 938 155
Appropriation of retained earnings	-	1 414 284	-	200 000	1 214 284	-	-	-	(2 826 373)	(1 412 089)
Dividend paid	-	-	-	-	-	-	-	-	(1 412 089)	(1 412 089)
Profit appropriation	-	1 414 284	-	200 000	1 214 284	-	-	-	(1 414 284)	-
Equity as at 31 December 2012	262 470	19 711 115	9 137 221	1 737 850	8 073 570	518 137	1 388	242 949	2 938 155	22 911 740

Notes to the financial statements presented on pages 19 - 87 and Annexes to the financial statements presented on pages I - VI constitute an integral part of the consolidated financial statements.

Unconsolidated Financial Statements for Bank Pekao S.A. (cont)

(in PLN thousand)

	SHARE CAPITAL	TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	OTHER CAPITAL AND RESERVES					RETAINED EARNINGS AND CURRENT YEAR PROFIT	TOTAL EQUITY
				GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY EXCHANGE RATES TRANSLATION DIFFERENCES	OTHER		
Equity as at 1 January 2012	262 382	17 709 907	9 126 501	1 537 850	6 859 286	(65 446)	1 523	250 193	2 826 373	20 798 662
Management options	1	(3 437)	122	-	-	-	-	(3 559)	-	(3 436)
Options exercised (share issue)	1	122	122	-	-	-	-	-	-	123
Revaluation of management share options	-	(3 559)	-	-	-	-	-	(3 559)	-	(3 559)
Comprehensive income	-	137 685	-	-	-	137 678	7	-	705 839	843 524
Revaluation of available-for-sale investments net of tax	-	186 277	-	-	-	186 277	-	-	-	186 277
Revaluation of hedging financial instruments net of tax	-	(48 599)	-	-	-	(48 599)	-	-	-	(48 599)
Foreign currency translation differences	-	7	-	-	-	-	7	-	-	7
Net profit for the period	-	-	-	-	-	-	-	-	705 839	705 839
Appropriation of retained earnings	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
Profit appropriation	-	-	-	-	-	-	-	-	-	-
Equity as at 31 March 2012	262 383	17 844 155	9 126 623	1 537 850	6 859 286	72 232	1 530	246 634	3 532 212	21 638 750

Notes to the financial statements presented on pages 19 - 87 and Annexes to the financial statements presented on pages I - VI constitute an integral part of the consolidated financial statements.

Unconsolidated Financial Statements for Bank Pekao S.A. (cont)

(in PLN thousand)

Unconsolidated Cash Flow Statement Bank Pekao S.A.

	I QUARTER 2013 PERIOD FROM 01.01.2013 TO 31.03.2013	I QUARTER 2012 PERIOD FROM 01.01.2012 TO 31.03.2012
Cash flow from operating activities – indirect method		
Net profit for the period	684 386	705 839
Adjustments:	(2 785 156)	(1 168 886)
Depreciation expense	81 873	86 545
(Gains) losses on investing activities	(57 524)	(44 363)
Dividend payments received	(44 286)	(30 764)
Interests received	(1 492 983)	(1 898 283)
Interests expense	732 270	759 012
Income tax (from income statement)	159 164	161 346
Income tax expense	(182 536)	(116 558)
Change in loans and advances to banks	103 032	243 570
Change in financial assets held for trading and other financial instruments at fair value through profit and loss	38 643	(735 649)
Change in derivative financial instruments (assets)	120 818	314 560
Change in loans and advances to customers and debt securities eligible for rediscounting at Central Bank	1 783 726	996 545
Change in investment securities	(141 741)	334 615
Change in other assets	(37 745)	(236 731)
Change in amounts due to banks	(2 591 720)	104 203
Change in liabilities held for trading	267 218	108 441
Change in derivative financial instruments (liabilities) and other financial instruments at fair value	(78 622)	(655 214)
Change in amounts due to customers	(1 751 218)	(92 143)
Change in debt securities issued	(39 451)	(11 977)
Change in provisions	(13 061)	(14 650)
Change in other liabilities	358 987	(441 391)
Net cash flows from operating activities	(2 100 770)	(463 047)
Cash flow from investing activities		
Investing activity inflows	105 273 121	62 539 857
Sale of investment securities	105 072 710	62 445 496
Sale of intangible assets and property, plant and equipment	340	2 062
Other investing inflows	200 071	92 299
Investing activity outflows	(102 897 203)	(60 193 791)
Acquisition of investment securities	(102 889 815)	(60 167 904)
Acquisition of intangible assets and property, plant and equipment	(7 388)	(25 887)
Net cash flows from investing activities	2 375 918	2 346 066

Notes to the financial statements presented on pages 19 - 87 and Annexes to the financial statements presented on pages I - VI constitute an integral part of the consolidated financial statements.

Unconsolidated Financial Statements for Bank Pekao S.A. (cont)

(in PLN thousand)

	I QUARTER 2013 PERIOD FROM 01.01.2013 TO 31.03.2013	I QUARTER 2012 PERIOD FROM 01.01.2012 TO 31.03.2012
Cash flows from financing activities		
Financing activity inflows	697 800	606 103
Issue of debt securities	697 800	605 980
Issue of shares	-	123
Financing activity outflows	(1 223 838)	(417 327)
Redemption of debt securities	(1 223 838)	(417 327)
Net cash flows from financing activities	(526 038)	188 776
Total net cash flows	(250 890)	2 071 795
including: effect of exchange rate fluctuations on cash and cash equivalents held	98 688	(235 821)
Net change in cash and cash equivalents	(250 890)	2 071 795
Cash and cash equivalents at the beginning of the period	12 819 480	10 261 144
Cash and cash equivalents at the end of the period	12 568 590	12 332 939

Notes to the financial statements presented on pages 19 - 87 and Annexes to the financial statements presented on pages I - VI constitute an integral part of the consolidated financial statements.

Notes to the financial statements

(in PLN thousand)

The accompanying notes to the financial statement constitute an integral part of the consolidated financial statements Notes

1. General information

Bank Polska Kasa Opieki Spółka Akcyjna (hereafter 'Bank Pekao S.A.' or 'the Bank'), with its headquarters in Warsaw 00-950, Grzybowska Street 53/57, was incorporated on 29 October 1929 in the Commercial Register of the District Court in Warsaw and has been continuously operating since its incorporation.

Bank Pekao S.A. is registered in the National Court Registry – Enterprise Registry of the Warsaw District Court XII Economic Division of the National Court Registry in Warsaw under the reference number KRS 0000014843.

Bank Pekao S.A. Capital Group ('Group' or 'Bank Pekao S.A. Group') is part of the UniCredit S.p.A. Group with its seat in Roma, Italy.

The condensed consolidated interim financial statements of Bank Pekao S.A. Capital Group for the period from 1 January 2013 to 31 March 2013 contain financial information of the Bank, the Bank's associated and subordinated entities accounted for using equity method.

2. Group structure

The Group 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	
			31.03.2013	31.12.2012
Public Joint Stock Company UniCredit Bank, including:	Kiev, Ukraine	Banking	100.00	100.00
<i>BDK Consulting Ltd.</i>	<i>Lutsk, Ukraine</i>	<i>Consulting, hotel and transport services</i>	<i>99.99</i>	<i>99.99</i>
Centralny Dom Maklerski Pekao S.A.	Warsaw	Brokerage	100.00	100.00
Pekao Fundusz Kapitałowy Sp. z o.o.	Warsaw	Business consulting	100.00	100.00
Pekao Leasing Sp. z o.o. (*)	Warsaw	Leasing services	36.49	36.49
Pekao Faktoring Sp. z o.o.	Lublin	Factoring services	100.00	100.00
Pekao Pioneer Powszechne Towarzystwo Emerytalne S.A.	Warsaw	Pension fund management	65.00	65.00
Pekao Telecentrum Sp. z o.o.	Warsaw	Services	100.00	100.00
Centrum Kart S.A.	Warsaw	Financial support	100.00	100.00
Pekao Financial Services Sp. z o.o.	Warsaw	Financial services	100.00	100.00
Pekao Bank Hipoteczny S.A.	Warsaw	Banking	100.00	100.00
Pekao Leasing Holding S.A., including (*):	Warsaw	Leasing services	80.10	80.10
<i>Pekao Leasing Sp. z o.o.</i>	<i>Warsaw</i>	<i>Leasing services</i>	<i>50.87</i>	<i>50.87</i>
Centrum Bankowości Bezpośredniej Sp. z o.o.	Cracow	Call-center services	100.00	100.00
Pekao Property S.A., including:	Warsaw	Real estate development	100.00	100.00
<i>Metropolis Sp. z o.o.</i>	<i>Warsaw</i>	<i>Real estate development</i>	<i>100.00</i>	<i>100.00</i>
<i>Jana Kazimierza Development Sp. z o.o.</i>	<i>Warsaw</i>	<i>Real estate development</i>	<i>100.00</i>	<i>100.00</i>
Property Sp. z o.o. (in liquidation), including:	Warsaw	Real estate management	100.00	100.00
<i>FPB Media Sp. z o.o.</i>	<i>Warsaw</i>	<i>Real estate development</i>	<i>100.00</i>	<i>100.00</i>

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

As at 31 March 2013, all of the subsidiaries have been consolidated.

Notes to the financial statements (cont)

(in PLN thousand)

Associates

Bank Pekao S.A. Capital Group has an interest in the following associated entities:

NAME OF ENTITY	LOCATION	CORE ACTIVITY	PERCENTAGE OF THE GROUP'S OWNERSHIP RIGHTS IN SHARE CAPITAL/ VOTING	
			31.03.2013	31.12.2012
Dom Inwestycyjny Xelion Sp. z o.o. (*)	Warsaw	Financial Intermediation	50.00	50.00
Pioneer Pekao Investment Management S.A.	Warsaw	Asset management	49.00	49.00
Krajowa Izba Rozliczeniowa S.A.	Warsaw	Clearing house	34.44	34.44
CPF Management	Tortola, British Virgin Islands	Financial brokerage – not operating	40.00	40.00
Polish Banking System S.A. (in liquidation)	Warsaw	Pending liquidation	48.90	48.90
PPU Budpress Sp. z o.o. (in liquidation)	Żyrardów	Pending liquidation	36.20	36.20

(*)The Group has no control over the entities due to provisions in the Company's Articles of Association.

As at 31 March 2013, the Group held no shares in entities under common control.

Changes in Group structure

The composition of the Capital Group as at 31 March 2013 has not changed compared to 31 December 2012.

3. Statement of compliance

The condensed consolidated interim financial statements of Bank Pekao S.A. Capital Group have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union and other applicable regulations.

These financial statements do not include all information required for full annual financial statements, and shall be construed and interpreted in conjunction with the consolidated financial statements of the Bank Pekao S.A. Capital Group as at and for the year ended 31 December 2012.

The consolidated financial statements of the Bank Pekao S.A. Capital Group as at and for the year ended 31 December 2012 are available upon request at the Bank's registered office at the Local Court for the Capital City of Warsaw, XII Business Division of the National Court Register KRS, Warsaw, at 100 Czerniakowska Street or at the Bank's website, www.pekao.com.pl

In accordance with the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal, No 33, item 259 with amendments) the Bank is required to publish the financial report for the three months ended 31 March 2013, i.e. current interim period.

Notes to the financial statements (cont)

(in PLN thousand)

The condensed consolidated interim financial statements have been prepared in Polish Zloty, and all amounts are stated in PLN thousand, unless indicated otherwise.

The financial data, presented in Condensed Consolidated Interim Financial Statement of the Group were prepared in the way ensuring their comparability.

These condensed consolidated interim financial statements were approved by the Management Board on 8 May 2013.

4. Significant account policies

The Condensed Consolidated Interim Financial Statements of Bank Pekao S.A. Capital Group have been prepared based on the following valuation principles:

- at fair value for: derivatives, financial assets and liabilities held for trading, financial assets recognized at fair value through profit or loss and available-for-sale financial assets, except for those for which fair value cannot be reliably measured,
- at amortized cost for other financial assets, including loans and advances and other financial liabilities,
- at historical cost for non-financial assets and liabilities,
- non-current assets (or disposal groups) classified as held for sale are recognized at the lower of the carrying amount or the fair value less costs to sell.

During the period covered by the Condensed Consolidated Interim Financial Statements the Bank did not introduce significant changes in the accounting policy concerning valuation of assets and liabilities and profit measurement in comparison with previous period. The accounting policies applied by the Bank in these condensed consolidated interim financial statements are the same as those applied by the Bank in the Consolidated Financial Statements of Bank Pekao S.A. Capital Group for the year ended 31 December 2012 and Unconsolidated Financial Statements of Bank Pekao S.A. for the year ended on 31 December 2012.

During the first quarter 2013 did not introduce significant changes in the accounting policy concerning valuation of assets and liabilities and profit measurement in comparison with previous period. Changes in published standards and interpretations, which became effective from 1 January 2013, had no impact on the Condensed Consolidated Interim Financial Statements (Annex 1 to the financial statements).

However, European Committee Resolution establishes IFRS 13 included a change to IAS 34 'Interim Financial Reporting' which requires from entity an additional disclosures in scope of fair value, a disclosure are presented in the Note 6 'Risks Management'.

The Condensed Consolidated Interim Financial Statement does not take into consideration changes in standards and interpretations, which are awaiting approval or were enacted after the balance sheet data (Annex II and Annex III to the Consolidated Financial Statement).

In the Group's opinion amendments to standards and interpretations will not have significant influence on consolidated financial statement, with the exception of a new IFRS 9 "Financial Instruments", described in the 2012 Group's Consolidated Interim Financial Statement.

Notes to the financial statements (cont)

(in PLN thousand)

5. Accounting estimates

The preparation of interim financial statements in accordance with IFRS requires management of the Bank to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

Balance sheet estimates reflect market conditions on that date (e.g. market prices, interest rates, exchange rates).

Whilst, the estimates are based on the best knowledge concerning current conditions and activities of the Group, actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgments made by management in applying the Group's accounting policies were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2012.

During the nine months period ended 31 March 2013 management reassessed the following estimates:

- impairment of financial assets and off-balance sheet commitments,
- fair value valuation for derivative financial instruments,
- impairment of other assets.

6. Risks management

Credit risk

The credit risk management process and measurement methods have not changed in relation to those described in the consolidated financial statements of the Bank Pekao S.A. Capital Group as at 31 December 2012.

The tables below present the loan portfolio quality depending on percentage distribution of rating classes for exposures encompassed by internal rating models.

The distribution of rated portfolio for individual client segment (excluding impairment provisions)

CREDIT RATING	MORTGAGE				CONSUMER CREDIT				NOT INSTALLMENT LOAN			
	PD RANGE	NOMINAL VALUE		PD RANGE	NOMINAL VALUE		PD RANGE	NOMINAL VALUE				
		31.03.2013	31.12.2012		31.03.2013	31.12.2012		31.03.2013	31.12.2012			
1	0.00% <= PD < 0.19%	4.0%	4.5%	0.00% <= PD < 0.30%	4.3%	4.6%	0.00% <= PD < 0.01%	0.6%	0.6%			
2	0.19% <= PD < 0.24%	10.9%	10.0%	0.30% <= PD < 0.50%	7.3%	6.9%	0.01% <= PD < 0.03%	9.0%	9.8%			
3	0.24% <= PD < 0.31%	29.6%	26.9%	0.50% <= PD < 0.60%	5.3%	4.8%	0.03% <= PD < 0.04%	2.5%	2.7%			
4	0.31% <= PD < 0.40%	41.9%	38.2%	0.60% <= PD < 0.80%	12.6%	12.1%	0.04% <= PD < 0.07%	6.4%	7.4%			
5	0.40% <= PD < 0.61%	5.0%	6.5%	0.80% <= PD < 1.30%	16.3%	16.4%	0.07% <= PD < 0.15%	17.3%	16.5%			
6	0.61% <= PD < 1.02%	1.2%	5.2%	1.30% <= PD < 2.10%	20.5%	19.7%	0.15% <= PD < 0.25%	19.4%	17.6%			
7	1.02% <= PD < 2.20%	1.9%	2.9%	2.10% <= PD < 3.70%	16.4%	16.9%	0.25% <= PD < 0.59%	9.1%	10.0%			
8	2.20% <= PD < 6.81%	1.9%	2.2%	3.70% <= PD < 7.20%	6.3%	7.6%	0.59% <= PD < 1.20%	12.1%	13.0%			
9	6.81% <= PD < 14.10%	1.1%	1.1%	7.20% <= PD < 15.40%	3.1%	3.2%	1.20% <= PD < 2.58%	5.0%	5.1%			
10	14.10% <= PD < 100.00%	2.5%	2.5%	15.40% <= PD < 100.00%	7.9%	7.8%	2.58% <= PD < 100.00%	18.6%	17.3%			
Total		100.0%	100.0%		100.0%	100.0%		100.0%	100.0%			

Notes to the financial statements (cont)

(in PLN thousand)

The distribution of rated portfolio for the SME clients (excluding impairment provisions)

CREDIT RATING	PD RANGE	NOMINAL VALUE	
		31.03.2013	31.12.2012
1	0.00% <= PD < 0.11%	1.1%	1.7%
2	0.11% <= PD < 0.22%	3.9%	4.3%
3	0.22% <= PD < 0.45%	9.4%	10.0%
4	0.45% <= PD < 1.00%	16.4%	16.8%
5	1.00% <= PD < 2.10%	17.9%	19.0%
6	2.10% <= PD < 4.00%	15.8%	15.1%
7	4.00% <= PD < 7.00%	12.5%	12.8%
8	7.00% <= PD < 12.00%	9.4%	8.5%
9	12.00% <= PD < 22.00%	7.7%	6.3%
10	22.00% <= PD < 100.00%	5.9%	5.5%
Total		100.0%	100.0%

The distribution of rated portfolio for the corporate clients (excluding impairment provisions)

CREDIT RATING	PD RANGE	NOMINAL VALUE	
		31.03.2013	31.12.2012
1	0.00% <= PD < 0.15%	6.3%	7.5%
2	0.15% <= PD < 0.27%	6.5%	5.9%
3	0.27% <= PD < 0.45%	17.1%	8.3%
4	0.45% <= PD < 0.75%	17.6%	7.4%
5	0.75% <= PD < 1.27%	10.5%	9.8%
6	1.27% <= PD < 2.25%	13.3%	15.8%
7	2.25% <= PD < 4.00%	7.1%	14.1%
8	4.00% <= PD < 8.50%	17.2%	20.5%
9	8.50% <= PD < 100.00%	4.4%	10.7%
Total		100.0%	100.0%

For special-purpose loans, the Bank adopts slotting criteria approach within internal rating method which uses supervisory categories in the process of assigning risk weigh category.

The table below presents percentage distribution of the portfolio exposure to specialized lending (no impairment)

SUPERVISORY CATEGORY	NOMINAL VALUE	
	31.03.2013	31.12.2012
High	15.9%	20.6%
Good	76.6%	73.0%
Satisfactory	4.9%	5.2%
Poor	2.6%	1.2%
Total	100.0%	100.0%

Notes to the financial statements (cont.)

(in PLN thousand)

The quality analysis of the Group's financial assets

The Group exposures to credit risk with impairment recognized, broken down by delays in repayment

	LOANS AND ADVANCES TO BANKS (*)		LOANS AND ADVANCES TO CUSTOMERS (*)	
	31.03.2013	31.12.2012	31.03.2013	31.12.2012
GROSS CARRYING VALUE OF EXPOSURE INDIVIDUALLY IMPAIRED				
- not past due	-	-	708 112	904 565
- up to 1 month	-	-	450 393	39 339
- between 1 month and 3 months	-	-	64 467	50 719
- between 3 months and 1 year	-	-	1 089 346	1 499 237
- between 1 year and 5 years	62 964	62 964	1 717 594	1 365 841
- above 5 years	-	-	897 746	881 377
Total gross carrying value	62 964	62 964	4 927 658	4 741 078
ALLOWANCE FOR IMPAIRMENT				
- not past due	-	-	(120 999)	(173 859)
- up to 1 month	-	-	(116 290)	(12 322)
- between 1 month and 3 months	-	-	(28 601)	(21 288)
- between 3 months and 1 year	-	-	(387 436)	(427 576)
- between 1 year and 5 years	(54 000)	(54 000)	(914 965)	(825 083)
- above 5 years	-	-	(775 570)	(755 556)
Total allowance for impairment	(54 000)	(54 000)	(2 343 861)	(2 215 684)
Net carrying value of exposure individually impaired	8 964	8 964	2 583 797	2 525 394
GROSS CARRYING VALUE OF EXPOSURE COLLECTIVELY IMPAIRED				
- not past due	-	-	88 459	80 039
- up to 1 month	-	-	26 051	33 618
- between 1 month and 3 months	-	-	59 563	38 431
- between 3 months and 1 year	-	10	488 529	509 853
- between 1 year and 5 years	-	-	1 522 101	1 502 453
- above 5 years	16 143	15 833	602 815	589 327
Total gross carrying value	16 143	15 843	2 787 518	2 753 721
ALLOWANCE FOR IMPAIRMENT				
- not past due	-	-	(46 908)	(42 471)
- up to 1 month	-	-	(12 894)	(16 826)
- between 1 month and 3 months	-	-	(30 167)	(18 373)
- between 3 months and 1 year	-	(10)	(277 366)	(281 900)
- between 1 year and 5 years	-	-	(1 194 267)	(1 180 032)
- above 5 years	(16 143)	(15 833)	(586 862)	(575 759)
Total allowance for impairment	(16 143)	(15 843)	(2 148 464)	(2 115 361)
Net carrying value of exposure collectively impaired	-	-	639 054	638 360

(*) Receivables from banks and receivables from customers include net investments in finance leases.

Notes to the financial statements (cont)

(in PLN thousand)

The table below presents the Group's exposure to credit risk with no impairment recognized by ageing

	LOANS AND ADVANCES TO BANKS (*)		LOANS AND ADVANCES TO CUSTOMERS (*)			
			CORPORATE		RETAIL	
	31.03.2013	31.12.2012	31.03.2013	31.12.2012	31.03.2013	31.12.2012
GROSS CARRYING VALUE OF EXPOSURE WITH NO IMPAIRMENT						
- not past due	7 180 621	4 045 377	54 747 963	55 682 247	37 726 139	36 928 519
- up to 30 days	-	-	668 474	574 694	942 345	1 393 332
- between 30 days and 60 days	-	-	158 722	161 777	236 618	215 717
- above 60 days	-	-	98 150	88 140	91 418	117 871
Total gross carrying value	7 180 621	4 045 377	55 673 309	56 506 858	38 996 520	38 655 439
IBNR PROVISION						
- not past due	(299)	(321)	(238 490)	(251 956)	(153 287)	(134 930)
- up to 30 days	-	-	(6 301)	(5 646)	(63 204)	(88 757)
- between 30 days and 60 days	-	-	(3 334)	(2 067)	(28 270)	(23 584)
- above 60 days	-	-	(796)	(816)	(12 482)	(18 885)
Total IBNR provision	(299)	(321)	(248 921)	(260 485)	(257 243)	(266 156)
Net carrying value of exposure with no impairment	7 180 322	4 045 056	55 424 388	56 246 373	38 739 277	38 389 283

(*) Receivables from banks and receivables from customers include net investments in finance leases and debt securities eligible for rediscounting at Central Bank.

The Bank exposures to credit risk, broken down by impairment triggers criteria

	LOANS AND ADVANCES TO BANKS		LOANS AND ADVANCES TO CUSTOMERS (*)	
	31.03.2013	31.12.2012	31.03.2013	31.12.2012
IMPAIRED EXPOSURE				
Gross carrying amount	79 107	78 807	7 715 176	7 494 799
Allowance for impairment	(70 143)	(69 843)	(4 492 325)	(4 331 045)
Total net carrying amount	8 964	8 964	3 222 851	3 163 754
EXPOSURES WITH IMPAIRMENT TRIGGERS FOR WHICH NO IMPAIRMENT HAS BEEN IDENTIFIED				
Gross carrying amount, in this:	-	-	141 057	134 037
<i>Exposure with collateral value included in expected discounted cash flow, in this:</i>	-	-	141 057	134 037
<i>Past due exposures</i>	-	-	30 670	4 300
IBNR provision	-	-	(3 218)	(4 916)
Total net carrying amount	-	-	137 839	129 121
EXPOSURES WITH NO IMPAIRMENT TRIGGERS				
Gross carrying amount	7 180 621	4 045 377	94 528 772	95 028 260
IBNR provision	(299)	(321)	(502 946)	(521 725)
Total net carrying amount	7 180 322	4 045 056	94 025 826	94 506 535

(*) Receivables from banks and receivables from customers include net investments in finance leases and debt securities eligible for rediscounting at Central Bank

Notes to the financial statements (cont)

(in PLN thousand)

Classification of exposures to debt securities according to Standard & Poor's ratings as at 31 March 2013

RATING	DEBT SECURITIES					TOTAL
	HELD FOR TRADING	DESIGNATED TO FAIR VALUE THROUGH PROFIT & LOSS	AVAILABLE FOR SALE	HELD TO MATURITY	REPO TRANSACTIONS	
AA- do AA+	-	-	198 623	-	-	198 623
A- to A+	485 847	-	17 066 487	1 518 216	2 528 231	21 598 781
BBB+ to BBB-	-	-	252 579	-	-	252 579
no rating	79 608	-	6 897 949 (*)	667 199(**)	211 667	7 856 423
Total	565 455	-	24 415 638	2 185 415	2 739 898	29 906 406

(*) including NBP bills in an amount of PLN 6 228 794 thousand

(**) including NBP bills in an amount of PLN 667 199 thousand

Classification of exposures to debt securities according to Standard & Poor's ratings as at 31 December 2012

RATING	DEBT SECURITIES					TOTAL
	HELD FOR TRADING	DESIGNATED TO FAIR VALUE THROUGH PROFIT & LOSS	AVAILABLE FOR SALE	HELD TO MATURITY	REPO TRANSACTIONS	
A- to A+	293 566	-	15 600 595	2 173 002	2 887 530	20 954 693
BBB+ to BBB-	-	-	248 995	-	-	248 995
no rating	306 977	-	10 019 744 (*)	674 781 (**)	-	11 001 502
Total	600 543	-	25 869 334	2 847 783	2 887 530	32 205 190

(*) including NBP bills in an amount of PLN 9 320 660 thousand PLN

(**) including NBP bills in an amount of PLN 674 781 thousand PLN

Classification of exposures to derivative financial instruments according to Standard & Poor's ratings as at 31 March 2013

RATING	DERIVATIVES						TOTAL
	TRADING DERIVATIVES			DERIVATIVE HEDGING INSTRUMENTS			
	BANKS	OTHER FINANCIAL INSTITUTIONS	NON-FINANCIAL ENTITIES	BANKS	OTHER FINANCIAL INSTITUTIONS	NON-FINANCIAL ENTITIES	
AAA	37	-	-	-	-	-	37
AA- to AA+	83 378	-	-	25 051	-	-	108 429
A- to A+	1 633 466	3 987	-	109 858	-	-	1 747 311
BBB+ to BBB-	218 678	-	-	25 298	-	-	243 976
BB+ to BB-	30 675	-	2 234	-	-	-	32 909
no rating	171 171	92 145	292 460	5 146	-	198 100	759 022
Total	2 137 405	96 132	294 694	165 353	-	198 100	2 891 684

Notes to the financial statements (cont)

(in PLN thousand)

Classification of exposures to derivative financial instruments according to Standard & Poor's ratings as at 31 December 2012

RATING	DERIVATIVES						TOTAL
	TRADING DERIVATIVES			DERIVATIVE HEDGING INSTRUMENTS			
	BANKS	OTHER FINANCIAL INSTITUTIONS	NON-FINANCIAL ENTITIES	BANKS	OTHER FINANCIAL INSTITUTIONS	NON-FINANCIAL ENTITIES	
AAA	16	-	-	-	-	-	16
AA- to AA+	86 386	-	-	36 970	-	-	123 356
A- to A+	1 686 769	-	-	116 102	-	-	1 802 871
BBB+ to BBB-	234 706	-	8 550	29 712	-	-	272 968
BB+ to BB-	-	-	2 131	-	-	-	2 131
no rating	266 939	25 464	338 136	5 064	-	180 042	815 645
Total	2 274 816	25 464	348 817	187 848	-	180 042	3 016 987

Credit risk management of Public Joint Stock Company UniCredit Bank

The process of credit risk management in Public Joint Stock Company UniCredit Bank (Ukraine) ('UCB') is consistent with the Credit Policy of Bank Pekao S.A. Group and adopted to local environment in Ukraine.

The credit policy has been annually approved by the statutory bodies of Public Joint Stock Company UniCredit Bank and issued in the form of internal regulation bounding within UCB.

Bank Pekao S.A. supervises and controls the underwriting process in UCB. All credit decisions are taken by the Management Board of the Public Joint Stock Company UniCredit Bank, however for credits or total exposures above USD 5 million (or its equivalent in other currencies), only upon approval by Bank Pekao S.A. The credit underwriting scheme is compliant with the standards of credit risk management that are currently enforced in Bank Pekao S.A.

Notes to the financial statements (cont)

(in PLN thousand)

The below table presents loan portfolio of Public Joint Stock Company UniCredit Bank:

	31.03.2013	31.12.2012
	LOANS AND ADVANCES TO CUSTOMERS (CORPORATES AND RETAIL)	LOANS AND ADVANCES TO CUSTOMERS (CORPORATES AND RETAIL)
GROSS CARRYING AMOUNT OF EXPOSURE INDIVIDUALLY IMPAIRED		
- not past due	15 975	41 368
- up to 1 month	-	-
- between 1 month and 3 months	14 828	-
- between 3 months and 1 year	63 416	60 510
- between 1 year and 5 years	144 079	127 799
- above 5 years	-	-
Total gross carrying amount	238 298	229 677
ALLOWANCE FOR IMPAIRMENT		
- not past due	(6 234)	(17 072)
- up to 1 month	-	-
- between 1 month and 3 months	(4 589)	-
- between 3 months and 1 year	(6 371)	(6 053)
- between 1 year and 5 years	(108 921)	(98 698)
- above 5 years	-	-
Total allowance for impairment	(126 115)	(121 823)
Net carrying amount of exposure individually impaired	112 183	107 854
GROSS CARRYING AMOUNT OF EXPOSURE COLLECTIVELY IMPAIRED		
- not past due	-	-
- up to 1 month	-	-
- between 1 month and 3 months	-	-
- between 3 months and 1 year	21 062	19 575
- between 1 year and 5 years	82 980	78 799
- above 5 years	-	-
Total gross carrying amount	104 042	98 374
ALLOWANCE FOR IMPAIRMENT		
- not past due	-	-
- up to 1 month	-	-
- between 1 month and 3 months	-	-
- between 3 months and 1 year	(9 866)	(8 741)
- between 1 year and 5 years	(35 206)	(33 467)
- above 5 years	-	-
Total allowance for impairment	(45 072)	(42 208)
Net carrying amount of exposure collectively impaired	58 970	56 166

Notes to the financial statements (cont)

(in PLN thousand)

	31.03.2013		31.12.2012	
	CORPORATE	RETAIL	CORPORATE	RETAIL
GROSS CARRYING AMOUNT OF EXPOSURE WITH NO IMPAIRMENT				
- not past due	678 433	156 540	746 306	162 952
- up to 30 days	52 969	9 009	78 260	7 641
- between 30 days and 60 days	177 763	3 405	62 784	2 053
- over 60 days	-	2 028	-	74
Total gross carrying amount	909 165	170 982	887 350	172 720
IBNR provision	(18 490)	(953)	(18 057)	(649)
Net carrying amount of exposure with no impairment	890 675	170 029	869 293	172 071

The majority of UCB credit portfolio are corporate loans including receivables from the largest Ukrainian companies. 25 of the largest customers, belonging to the international groups, constitute 77.8% of the corporate loan portfolio and 40.2% of the total value of Bank's credit exposures. Loan granting activity in the field of financing corporate customers focuses on working capital loans and investment loans.

Market risk of the trading book

The model of market risk measurement has not changed in relation to the one described in the consolidated financial statements of the Bank Pekao S.A. Capital Group as at 31 December 2012.

The table below presents the market risk exposure of the trading portfolio of the Group measured by Value at Risk in the period from 1 January to 31 March 2013 and in 2012:

	31.03.2013	MINIMUM VALUE	AVERAGE VALUE	MAXIMUM VALUE
foreign exchange risk	58	20	337	1 694
interest rate risk	1 326	906	1 313	1 925
Trading portfolio	1 415	883	1 308	2 067

	31.12.2012	MINIMUM VALUE	AVERAGE VALUE	MAXIMUM VALUE
foreign exchange risk	55	17	590	2 080
interest rate risk	1 527	797	1 766	5 710
Trading portfolio	1 487	736	1 906	5 701

Interest rate risk of the banking book

There have been no changes in the interest rate risk management process in relation to those presented in the consolidated financial statements of Bank Pekao S.A. Capital Group as at 31 December 2012.

The following table shows the distribution of sensitivity level of interest income (NII) to the change of the interest rate by 100 basis points and the sensitivity of the economic capital of the Group (EVE), calculated according to the new method, to the change of interest rates by 200 basis points as at 31 March 2013 and at the end of December 2012.

SENSITIVITY IN %	31.03.2013	31.12.2012
NII	(7.08)	(8.77)
EVE	(0.82)	(0.47)

Notes to the financial statements (cont)

(in PLN thousand)

Currency risk

The foreign currency exchange risk management process has not changed in relation to one described in the consolidated financial statements of the Bank Pekao S.A. Capital Group as at 31 December 2012.

The table below presents the Group's foreign currency risk profile by major foreign currencies measured by Value at Risk:

CURRENCY	31.03.2013	31.12.2012
Currencies total (*)	1 212	1 903

(*) VaR presented in 'Currencies total' is VaR for the whole portfolio, and includes correlations among currencies. The VAR in 'Currencies total' is mainly generated by USD and EUR.

Liquidity risk

The liquidity risk management process has not changed in relation to one described in the consolidated financial statements of Bank Pekao S.A. Capital Group as at 31 December 2012.

Adjusted liquidity gap

31.03.2013	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
Assets	47 121 922	5 105 521	22 189 791	39 362 250	34 249 022	148 028 506
Liabilities	31 271 997	7 582 011	12 384 002	18 101 782	78 688 714	148 028 506
Net off-balance sheet items	(6 541 099)	282 799	2 268 806	2 311 069	963 345	(715 080)
Periodic gap	9 308 826	(2 193 691)	12 074 595	23 571 537	(43 476 347)	(715 080)
Cumulative gap		7 115 135	19 189 730	42 761 267	(715 080)	

31.12.2012	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
Assets	49 235 105	5 139 367	22 541 209	39 191 740	34 842 409	150 949 830
Liabilities	32 480 744	10 925 999	13 974 793	21 156 713	72 411 581	150 949 830
Net off-balance sheet items	(6 631 008)	(56 613)	2 996 631	2 359 460	754 425	(577 105)
Periodic gap	10 123 353	(5 843 245)	11 563 047	20 394 487	(36 814 747)	(577 105)
Cumulative gap		4 280 108	15 843 155	36 237 642	(577 105)	

Notes to the financial statements (cont)

(in PLN thousand)

Structure of financial liabilities by contractual maturities

31.03.2013	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
BALANCE SHEET LIABILITIES						
Amounts due to banks (*)	2 101 609	150 471	462 171	586 361	1 779 956	5 080 568
Amounts due to customers	82 174 658	11 036 667	13 145 371	381 547	413 846	107 152 089
Debt securities issued	111 931	905 368	2 379 762	242 154	596 965	4 236 180
Financial liabilities held for trading	-	-	77 579	175 405	260 812	513 796
Total	84 388 198	12 092 506	16 064 883	1 385 467	3 051 579	116 982 633
OFF-BALANCE SHEET COMMITMENTS (**)						
Off- balance sheet commitments Financial liabilities granted	26 047 488	-	-	-	-	26 047 488
Off- balance sheet commitments Guarantees liabilities granted	9 753 450	-	-	-	-	9 753 450
Total	35 800 938	-	-	-	-	35 800 938

31.12.2012	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
BALANCE SHEET LIABILITIES						
Amounts due to banks (*)	3 615 495	1 579 290	541 994	487 203	1 558 690	7 782 672
Amounts due to customers	82 397 304	12 550 198	12 662 812	328 340	53 954	107 992 608
Debt securities issued	-	805 335	2 826 292	484 572	642 537	4 758 736
Financial liabilities held for trading	-	-	37 496	131 160	77 922	246 578
Total	86 012 799	14 934 823	16 068 594	1 431 275	2 333 103	120 780 594
OFF-BALANCE SHEET COMMITMENTS (**)						
Off- balance sheet commitments Financial liabilities granted	23 602 150	-	-	-	-	23 602 150
Off- balance sheet commitments Guarantees liabilities granted	10 318 308	-	-	-	-	10 318 308
Total	33 920 458	-	-	-	-	33 920 458

(*) Including Central Bank.

(**)Exposure amounts from financing-related off-balance sheet commitments granted and guarantee liabilities granted have been allocated to earliest tenors, for which an outflow of assets from the Group is possible based on contracts entered into by the Group. However, the expected by the Group flows from off-balance exposures are actually significantly lower and are differently distributed in time than those indicated from the specification presented above. The above is a consequence of considerable diversification of amounts due to customers and stages of life of individual contracts. Risk monitoring and management in relation to the outflow of assets from off-balance exposures are provided by the Group on continuous basis. The Group estimates also more probable flows that are presented in tables 'Adjusted liquidity gap'.

The tables below present the financial flows associated with off-balance derivative transactions.

According to Group's policy, off-balance derivative transactions settled in net amounts include:

- Interest Rate Swaps (IRS),
- Forward Rate Agreements (FRA),
- Foreign currency options and options for gold,
- Interest rate options (Cap/Floor),
- Transactions based on commodities and equity securities.

Notes to financial statements (cont)

(in PLN thousand)

Off-balance derivative transactions settled by the Group in gross amounts include:

- Cross-Currency Interest Rate Swaps (CIRS),
- Foreign currency forward contracts,
- Foreign currency swaps (fx-swap),
- Forward contracts based on securities.

Liabilities from off-balance transactions on derivatives recognized in net amounts

	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
31.03.2013	44 289	117 906	281 934	1 444 692	804 812	2 693 633
31.12.2012	25 853	123 149	246 296	1 522 062	878 871	2 796 231

Flows related to off-balance derivative transactions settled in gross amounts

	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
31.03.2013						
Inflows	13 974 900	8 053 573	7 411 186	5 763 377	5 204 907	40 407 943
Outflows	13 800 581	8 004 814	7 450 038	5 987 818	5 687 182	40 930 433
31.12.2012						
Inflows	7 805 246	5 111 905	7 984 591	6 262 355	2 382 595	29 546 692
Outflows	7 660 879	5 077 752	7 924 649	6 494 243	2 814 431	29 971 954

Operational risk

Operational risk management process was not subject to significant change in relations to the one described in the consolidated financial statements of Bank Pekao S.A. Group for the period ended on 31 December 2012.

Other risks

The management processes and methods regarding measurement of other risks identified under Pillar II (Business risk, Real estate risk, Financial investment risks, Macroeconomic risk, Model risk, Reputation risk and Compliance risk) have not changed in relation to those described in the consolidated financial statements of Bank Pekao S.A. Capital Group as at 31 December 2012.

Fair value of financial assets and liabilities

Financial instruments are measured at fair value in the consolidated statement of financial position the Group

The measurement of fair value of financial instruments, for which market values from active markets are available, is based on market quotations of the given instrument (mark-to-market).

The measurement of fair value of Over-the-counter ('OTC') derivatives and of instruments with limited liquidity (i.e. for which no regular market quotations are available), is made on the basis of other instruments quotations on active markets by replication thereof using a number of valuation techniques, including the estimation of present value of future cash flows (mark-to-model).

Notes to the financial statements (cont)

(in PLN thousand)

As at 31 March 2013 and 31 December 2012, the Group classified the financial assets and liabilities measured at fair value into the following three categories based on the valuation method:

- Method 1: mark-to-market applies exclusively to quoted securities,
- Method 2: mark-to-model valuation with model parameterization, based exclusively on quotations from active markets for given type of instrument. This method applies to linear and non-linear derivative instruments on interest rate and foreign exchange markets (including forward transactions on securities and non-liquid Treasury or Central Bank securities), except of those cases that meet the criteria belonging to Method 3;
- Method 3: mark-to-model valuation with partial model parameterization, based on estimated risk factors. This method is applicable for derivatives on inactive markets (mainly options for equity or commodity market instruments), unquoted corporate or community securities and for linear and non-linear derivative instruments of interest rate and foreign exchange markets (including forward transactions on securities and illiquid Treasury or Central Bank securities) for which credit risk factor (unobservable parameters) is recognized as significant.

31.03.2013	METHOD 1	METHOD 2	METHOD 3	TOTAL
Assets:	17 754 524	9 093 505	1 043 125	27 891 154
Financial assets held for trading	485 847	-	79 608	565 455
Derivative financial instruments, including:	-	2 501 258	26 973	2 528 231
- Banks	-	2 122 726	14 679	2 137 405
- Customers	-	378 532	12 294	390 826
Other financial instruments at fair value through profit and loss	-	-	-	-
Hedging instruments, including:	-	363 453	-	363 453
- Banks	-	165 353	-	165 353
- Customers	-	198 100	-	198 100
Securities available for sale	17 268 677	6 228 794	936 544	24 434 015
Liabilities:	513 796	3 854 335	18 171	4 386 302
Financial liabilities held for trading	513 796	-	-	513 796
Derivative financial instruments, including:	-	2 526 592	18 171	2 544 763
- Banks	-	2 375 064	1 061	2 376 125
- Customers	-	151 528	17 110	168 638
Hedging instruments, including:	-	1 327 743	-	1 327 743
- Banks	-	1 327 743	-	1 327 743
- Customers	-	-	-	-

Notes to the financial statements (cont)

(in PLN thousand)

31.12.2012	METHOD 1	METHOD 2	METHOD 3	TOTAL
Assets:	15 897 698	12 313 287	1 294 204	29 505 189
Financial assets held for trading	293 566	-	306 977	600 543
Derivative financial instruments, including:	-	2 624 737	24 360	2 649 097
- Banks	-	2 254 460	20 354	2 274 814
- Customers	-	370 277	4 006	374 283
Other financial instruments at fair value through profit and loss	-	-	-	-
Hedging instruments, including:	-	367 890	-	367 890
- Banks	-	187 847	-	187 847
- Customers	-	180 043	-	180 043
Securities available for sale	15 604 132	9 320 660	962 867	25 887 659
Liabilities:	246 578	3 823 219	24 360	4 094 157
Financial liabilities held for trading	246 578	-	-	246 578
Derivative financial instruments, including:	-	2 596 438	24 360	2 620 798
- Banks	-	2 410 168	1 050	2 411 218
- Customers	-	186 270	23 310	209 580
Hedging instruments, including:	-	1 226 781	-	1 226 781
- Banks	-	1 226 781	-	1 226 781
- Customers	-	-	-	-

Change in fair value of financial instruments measured by the Group at fair value according to Method 3

31.03.2013	FINANCIAL ASSETS HELD FOR TRADING	ASSETS FROM DERIVATIVES	SECURITIES AVAILABLE FOR SALE	LIABILITIES FROM DERIVATIVES
Opening balance	306 977	24 360	962 867	24 360
Increases, including:	3 480 194	10 831	12 550	767
Reclassification	-	10 487	-	-
Acquisition	3 475 800	-	-	-
Derivatives transactions made in 2013	-	-	-	385
Revenues from financial instruments	4 394	344	12 550	382
recognized in the income statement	4 394	344	12 550	382
Decreases, including:	(3 707 563)	(8 218)	(38 873)	(6 956)
Settlement/redemption	(40 000)	(345)	(26 022)	(515)
Sale	(3 667 563)	-	-	-
Loss on financial instruments	-	(7 873)	(12 851)	(6 441)
recognized in the income statement	-	(7 873)	-	(6 441)
recognized in revaluation reserves	-	-	(12 851)	-
Closing balance	79 608	26 973	936 544	18 171
Unrealized income from financial instruments held in portfolio until end of period, recognized in:	1 156	(7 529)	48	6 059
Income statement item:				
net interest income	329	-	12 886	-
result on financial assets and liabilities held for trading	827	(7 529)	13	6 059
result on fair value hedge accounting	-	-	(1 014)	-
Other components of comprehensive income	-	-	(11 837)	-

Notes to the financial statements (cont.)

(in PLN thousand)

Change in fair value of financial instruments measured by the Group at fair value according to Method 3

31.12.2012	FINANCIAL ASSETS HELD FOR TRADING	ASSETS FROM DERIVATIVES	SECURITIES AVAILABLE FOR SALE	LIABILITIES FROM DERIVATIVES
Opening balance	247 897	26 095	717 431	26 095
Increases, including:	21 259 293	24 674	390 389	35 518
Acquisition	21 254 306	-	250 513	-
Derivatives transactions made in 2012	-	11 592	-	24 331
Revenues from financial instruments	4 987	13 082	139 876	11 187
recognized in the income statement	4 987	13 082	50 524	11 187
recognized in Revaluation reserves from financial instruments	-	-	89 352	-
Decreases, including:	(21 200 213)	(26 409)	(144 953)	(37 253)
Settlement/redemption	(1 021 666)	(15 894)	(143 614)	(24 325)
Sale	(20 178 547)	-	(1 339)	-
Loss on financial instruments	-	(10 515)	-	(12 928)
recognized in the income statement	-	(10 515)	-	(12 928)
Closing balance	306 977	24 360	962 867	24 360
Unrealized income from financial instruments held in portfolio until end of period, recognized in:	7 790	(1 461)	135 507	1 863
Income statement item:				
net interest income	6 495	-	46 141	-
result on financial assets and liabilities held for trading	1 295	(1 461)	13	1 863
result on fair value hedge accounting	-	-	52 985	-
Other components of comprehensive income	-	-	36 368	-

Transfers from Method 1 to 2 are identified if on the end of the reporting period are not available quoted price in active market, while it was available at the on the prior reporting period.

Transfers from Method 2 to 3 are possible if an unobservable input, when has been included into valuation, have a significant impact for valuation at the end of reporting period, while on the prior reporting period has no significant impact.

In the period from 1 January till to 31 March 2013, there is no transfer of instruments valued at fair value from Method 1 to Method 2.

In the period from 1 January till to 31 March 2013 has been transferred linear and non-linear derivative instruments on interest rate and foreign exchange markets from Method 2 to Method 3 valuation. Credit risk influence (unobservable inputs) has a significant impact at the end of reporting period for instruments which are transferred.

The impact of estimated parameters of measurement at fair value for which the Group applies valuation to fair value according to Method 3 as at 31 March 2013 amounts for:

- linear and non-linear derivative instruments on interest rate and foreign exchange markets impact of estimated credit risks amounts PLN minus 1 817 thousand;
- unquoted corporate or community securities impact of estimated credit spread amounts PLN minus 32.6 millions.

For derivative instruments on inactive markets (mainly options for equity or commodity market instruments), transactions are immediately closed back-to-back on the interbank market, and as such estimated parameters no impact on result.

Notes to the financial statements (cont.)

(in PLN thousand)

In case of linear and non-linear derivative instruments on interest rate and foreign exchange markets valued at Method 3 due to a significant impact credit risk parameters, the sensitivity of exposure to Probability Default - parameter (PD) changes by 1% amounts 3.85 millions and Loss Given Default (LGD) changes by 1% amounts 82.6 thousands of impact on the first quarter result, respectively.

In case of debt instruments exposed to credit spread risk, the sensitivity of exposure to spread changes by 1 bp amounts to PLN 10 thousand of impact on the first quarter 2013 result and PLN 529 thousand impact on revaluation reserves.

Financial instruments are not measured at fair value in the consolidated statement of financial position the Group

The Group also holds financial instruments which are not presented at fair value in the financial statements. Fair value is defined as the amount, for which an asset could be exchanged or a liability transferred between counterparties in normal condition on the report date.

In case of certain groups of financial assets, recognized at the value due for payment taking impairment into consideration, fair value was assumed to be equal to carrying amount. The above applies in particular to cash, cash assets, current receivables and payables and other assets and liabilities.

In the case of credits for which no quoted market values are available, the fair values presented are roughly estimated using validation techniques and taking into consideration the assumption, that at the moment the credit is granted its fair value is equal to its carrying amount. Fair value of non-impaired loans is equal to the sum of future expected cash flows, discounted to the balance sheet date. The discount rate is defined as the sum of the appropriate market risk-free rate, increased by the credit risk margin and current sales margin (taking commission fees into consideration) for the given credit products group. The fair value of impaired loans is defined as equal to the sum of expected recoveries, discounted to the relevant balance sheet date using the market risk-free discount rate, since the average expected recovery values take the element of credit risk fully into consideration.

For exposures, for which no active market prices are available and market values are unattainable, the Group is unable to determine their fair value. The Group's non - controlling interests include companies associated with the financial sector, companies taken-over over as a result of debt restructuring, as well as other companies related to the financial sector. Equity interests in such companies are associated with the use of the financial and banking infrastructure and payment card services, including: BIK S.A., GPW S.A. and MasterCard. The Group's exposures to those companies depend upon the long-term investments, and to-date the Group has no plans as to the divestment thereof.

31.03.2013	CARRYING AMOUNT	FAIR VALUE	INCREASE/DECREASE OF FAIR VALUE OVER CARRYING AMOUNT
ASSETS			
Cash and due from Central Bank	5 841 139	5 841 139	-
Receivables from banks	7 189 179	7 188 822	(357)
Financial assets held for trading	565 455	565 455	-
Assets from derivatives	2 528 231	2 528 231	-
Loans and advances to customers (*)	94 696 225	94 153 235	(542 990)
Receivables from financial leasing	2 690 398	2 690 398	-
Hedging instruments	363 453	363 453	-
Securities available for sale (**)	24 419 205	24 419 205	-
Securities held for maturity	2 185 415	2 215 721	30 306
Total	140 478 700	139 965 659	(513 041)

(*) Including bills of exchange eligible for rediscount at Central Bank.

(**) Subtracted by the Group's exposures in the carrying amount of PLN 14 810 thousand, for which the Group is unable to determine their fair value.

Notes to the financial statements (cont.)

(in PLN thousand)

31.12.2012	CARRYING AMOUNT	FAIR VALUE	INCREASE/DECREASE OF FAIR VALUE OVER CARRYING AMOUNT
ASSETS			
Cash and due from Central Bank	9 207 285	9 207 285	-
Receivables from banks	4 053 848	4 054 284	436
Financial assets held for trading	600 543	600 543	-
Assets from derivatives	2 649 097	2 649 097	-
Loans and advances to customers (*)	95 081 651	93 972 637	(1 109 014)
Receivables from financial leasing	2 717 931	2 717 931	-
Hedging instruments	367 890	367 890	-
Securities available for sale (**)	25 872 871	25 872 871	-
Securities held for maturity	2 847 783	2 896 977	49 194
Total	143 398 899	142 339 515	(1 059 384)

(*) Including bills of exchange eligible for rediscount at Central Bank.

(**)Subtracted by the Group's exposures in the carrying amount of PLN 14 788 thousand, for which the Group is unable to determine their fair value.

Since no quoted market prices are available for deposits, their fair values have been roughly estimated using valuation techniques with the assumption that the fair value of a deposit at the moment of its receipt is equal to its carrying amount. The fair value of term deposits is equal to the sum of future expected cash flows, discounted to the relevant balance sheet date. The cash flow discount rate is defined as the relevant market risk-free rate, increased by the sales margin. If the carrying amount is lower than the nominal value, a term deposit may be cancelled before maturity, and in such case the fair value will be equal to its nominal value. In case of current deposits, fair value was assumed as equal to the carrying amount.

In case of deposits received by the Group, the adjustment to fair value as at 31 March 2013 amounts:

- PLN minus 3 096 thousand (PLN minus 5 461 thousand as at 31 December 2012) for deposits received from clients, and
- PLN minus 260 thousand (PLN minus 69 790 thousand as at 31 December 2012) for deposits received and loans from banks.

The fair value of deposits and loans is calculated based on contractual maturities.

In case of debt securities in issue, the adjustment to fair value as at 31 March 2013 was PLN 21 752 thousand (PLN 14 636 thousand as at 31 December 2012).

For other financial liabilities the Group assumes that the carrying amount is similar to the fair value.

The mark-to-model valuation of debt instruments is based on the method of discounting the future cash flows. Variable cash flows are estimated based upon rates adopted for specific markets (depending upon issue specifications). Both the fixed and implied cash flows are discounted using zero-coupon curves, relevant to given markets or issuers (taking into consideration relevant credit spread).

Notes to the financial statements (cont)

(in PLN thousand)

7. Operating segments

Segment reporting is based on the application of the management model ('Model'), in which the main criteria for segmentation in 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 is focused on all components of the income statement up to the gross profit level. Therefore, the income from the segment's activities as well as operating costs related to those activities (including direct and allocated costs) and other components of income statement are attached to each segment.

The Group settles transactions between segments on an arm's length basis by applying current market prices. Fund transfers between retail, private corporate and investment banking departments and the Asset-Liability Committee (ALCO) and other units are based on market prices applicable to the funds' currency and maturity, including liquidity margins.

Trade segments

The reportable segments of the Group are:

- Retail Banking – all banking activities related to retail customers (excluding private banking customers), small and micro companies with annual turnover not exceeding PLN 10 million, as well as the revenues of Group consolidated subsidiaries, and income from Group associated entities accounted for using the equity method, that are assigned to the retail banking activity,
- Private Banking – all banking activities related to the wealthiest and most demanding individual customers,
- Corporate and Investment Banking – all banking activities related to the medium and large companies, the revenue of Group consolidated subsidiaries that are assigned to the Corporate and International banking activity, treasury and investment activity including inter-bank market in debt securities and other instruments,
- Asset-Liability Committee and other – includes supervision and monitoring of fund transfers, other activities centrally managed including proceeds from collections as well as revenue from Group consolidated subsidiaries and income from Group associated entities accounted using equity method that are not assigned to other segments.

Notes to the financial statements (cont)

(in PLN thousand)

Information on revenues of the Group's operating segments for the period from 1 January to 31 March 2013

	RETAIL BANKING	PRIVATE BANKING	CORPORATE ACTIVITIES AND INVESTMENT BANKING		ASSETS AND LIABILITIES MANAGEMENT AND OTHER (*)	GROUP TOTAL
			CONTINUED OPERATIONS	DISCONTINUED OPERATIONS		
Net interest income	690 279	8 793	307 907	32 475	110 197	1 149 651
Non-interest income	474 616	7 076	229 388	(411)	17 024	727 693
Operating income	1 164 895	15 869	537 295	32 064	127 221	1 877 344
Personnel expenses	(283 348)	(4 402)	(59 254)	(9 825)	(115 427)	(472 256)
Other administrative expenses	(357 060)	(6 639)	(96 640)	(10 170)	154 631	(315 878)
Depreciation and amortization	(40 490)	(299)	(5 531)	(1 279)	(39 907)	(87 506)
Operating costs	(680 898)	(11 340)	(161 425)	(21 274)	(703)	(875 640)
Operating profit	483 997	4 529	375 870	10 790	126 518	1 001 704
Net result on other provisions	(30)	-	(448)	-	(165)	(643)
Net impairment losses on financial assets and off-balance sheet commitments	(63 953)	2 483	(83 017)	(1 727)	(18 792)	(165 006)
Net result on investment activities	82	-	(1)	-	(40)	41
Profit before tax	420 096	7 012	292 404	9 063	107 521	836 096
Income tax expense (continuing operations)						(166 693)
Income tax expense (discontinued operations)				(1 687)		(1 687)
Net profit (continuing operations)						660 340
Net profit (discontinued operations)				7 376		7 376
Net profit for the period attributable to equity holders of the Bank						665 514
Net profit for the period attributable to non-controlling interest						2 202
Allocated assets	50 076 709	376 023	86 967 260	2 115 583	(2 293 627)	137 241 948
Unallocated assets						10 786 558
Total assets						148 028 506
Allocated liabilities	59 356 226	6 433 102	56 444 476	1 620 714	(4 597 597)	119 256 921
Unallocated liabilities						28 771 585
Total liabilities						148 028 506

(*) Including intercompany transactions within the Group of Bank Pekao S.A.

Notes to the financial statements (cont)

(in PLN thousand)

Information on revenues of the Group's operating segments for the period from 1 January to 31 March 2012

	RETAIL BANKING	PRIVATE BANKING	CORPORATE ACTIVITIES AND INVESTMENT BANKING		ASSETS AND LIABILITIES MANAGEMENT AND OTHER (*)	GROUP TOTAL
			CONTINUED OPERATIONS	DISCONTINUED OPERATIONS		
Net interest income	705 094	12 071	328 584	29 657	131 357	1 206 763
Non-interest income	468 276	7 746	232 594	10 432	5 806	724 854
Operating income	1 173 370	19 817	561 178	40 089	137 163	1 931 617
Personnel expenses	(292 901)	(4 836)	(57 090)	(9 429)	(115 024)	(479 280)
Other administrative expenses	(375 555)	(7 021)	(99 946)	(9 529)	153 942	(338 109)
Depreciation and amortization	(43 919)	(256)	(4 266)	(1 854)	(43 074)	(93 369)
Operating costs	(712 375)	(12 113)	(161 302)	(20 812)	(4 156)	(910 758)
Operating profit	460 995	7 704	399 876	19 277	133 007	1 020 859
Net result on other provisions	195	-	(516)	-	1	(320)
Net impairment losses on financial assets and off-balance sheet commitments	(56 501)	(932)	(62 434)	(7 844)	(7 628)	(135 339)
Net result on investment activities	17	-	(2)	-	(747)	(732)
Profit before tax	404 706	6 772	336 924	11 433	124 633	884 468
Income tax expense (continuing operations)						(169 669)
Income tax expense (discontinued operations)				(2 099)		(2 099)
Net profit (continuing operations)						703 366
Net profit (discontinued operations)				9 334		9 334
Net profit for the period attributable to equity holders of the Bank						710 577
Net profit for the period attributable to non-controlling interest						2 123
Allocated assets	46 057 702	531 942	91 014 732	2 490 161	(2 539 957)	137 554 580
Unallocated assets						9 713 234
Total assets						147 267 814
Allocated liabilities	59 555 733	6 965 181	57 123 157	2 043 643	(4 648 987)	121 038 727
Unallocated liabilities						26 229 087
Total liabilities						147 267 814

(*) Including intercompany transactions within the Group of Bank Pekao S.A.

Notes to the financial statements (cont)

(in PLN thousand)

Geographical segment

The operating activity of Bank Pekao S.A. Group is concentrated in Poland through the network of branches and the Group's subsidiaries and associates.

Apart from Poland, Bank Pekao Group conducts activities in the following countries:

Ukraine – through the subsidiaries of Bank Pekao S.A.

France – through the branch of Bank Pekao S.A. in Paris.

Results generated by activities of the Group performed through the branch of Bank Pekao S.A. in Paris are insignificant in comparison to the result of the Group.

The following table presents geographical segment information for the Group's operating activity:

	POLAND	UKRAINE (DISCONTINUED OPERATIONS)	TOTAL GROUP
I QUARTER 2013			
Net profit for the period attributable to equity holders of the Bank	658 138	7 376	665 514
Segment assets	145 912 922	2 115 584	148 028 506
I QUARTER 2012			
Net profit for the period attributable to equity holders of the Bank	701 243	9 334	710 577
Segment assets	144 777 653	2 490 161	147 267 814

8. Interest income and expense

Interest income

	I QUARTER 2013	I QUARTER 2012
Loans and other receivables from customers	1 509 911	1 662 600
Placements in other banks	59 506	64 753
Reverse repo transactions	23 046	35 343
Investment securities	268 590	268 276
Financial assets held for trading	3 626	17 831
Financial assets designated to fair value through profit and loss	-	-
Total	1 864 679	2 048 803

Interest expense

	I QUARTER 2013	I QUARTER 2012
Customers' deposits	(615 435)	(750 992)
Other banks' deposits	(12 595)	(9 629)
Repo transactions	(29 223)	(32 870)
Loans from other banks	(17 809)	(29 009)
Debt securities issued	(54 820)	(33 183)
Total	(729 882)	(855 683)

Notes to the financial statements (cont)

(in PLN thousand)

9. Fee and commission income and expense

Fee and commission income

	I QUARTER 2013	I QUARTER 2012
Customer accounts maintenance, payment orders and cash transactions	181 166	201 252
Payment cards	210 087	207 417
Loans and advances	107 844	123 363
Investment products sales intermediation	76 736	61 732
Securities operations	25 487	35 500
Custody activity	12 883	13 363
Pension and investment funds service fees	15 886	15 188
Guarantees, letters of credit and similar transactions	14 966	12 840
Other	22 630	3 938
Total	667 685	674 593

Fee and commission expense

	I QUARTER 2013	I QUARTER 2012
Payment cards	(100 991)	(101 791)
Bank drafts and transfers	(3 891)	(6 972)
Securities operations and derivatives	(4 460)	(4 931)
Accounts maintenance	(1 074)	(2 901)
Custody activity	(2 037)	(2 604)
Pension funds management charges	(383)	(311)
Acquisition services	(202)	(591)
Other	(2 649)	(3 957)
Total	(115 687)	(124 058)

10. Result on financial assets and liabilities held for trading

	I QUARTER 2013	I QUARTER 2012
Foreign currency exchange result	89 949	117 860
Gains (losses) on derivatives	12 083	(9 187)
Gains (losses) on securities	1 904	9 760
Total	103 936	118 433

Notes to the financial statements (cont)

(in PLN thousand)

11. Gains (losses) on disposal

Realized gains

	I QUARTER 2013	I QUARTER 2012
Loans and other financial receivables	1	-
Available for sale financial assets – debt instruments	57 565	43 207
Available for sale financial assets – equity instruments	-	2
Investments held to maturity	-	-
Debt securities issued	49	78
Total	57 615	43 287

Realized losses

	I QUARTER 2013	I QUARTER 2012
Loans and other financial receivables	(82)	-
Available for sale financial assets – debt instruments	-	-
Available for sale financial assets – equity instruments	-	-
Investments held to maturity	-	-
Debt securities issued	(3 378)	(169)
Total	(3 460)	(169)

Net realized profit	54 155	43 118
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12. Administrative expenses

Personnel expenses

	I QUARTER 2013	I QUARTER 2012
Wages and salaries	(393 618)	(406 006)
Insurance and other charges related to employees	(73 566)	(73 315)
Pension programs costs due define contributions	(372)	(451)
Share-based payments expense	(4 700)	492
Total	(472 256)	(479 280)

Other administrative expenses

	I QUARTER 2013	I QUARTER 2012
Other administrative expenses	(273 607)	(296 784)
Taxes and charges	(10 940)	(10 626)
Bank Guarantee Fund fee	(24 414)	(24 217)
Financial supervision authority fee (KNF)	(7 957)	(7 693)
Total	(316 918)	(339 320)

Total administrative expenses	(789 174)	(818 600)
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Notes to the financial statements (cont)

(in PLN thousand)

13. Net other operating income and expenses

Other operating income

	I QUARTER 2013	I QUARTER 2012
Rental income and other miscellaneous income	9 741	11 249
Credit insurance charges	5 400	6 613
Recovery of debt collection costs	5 383	5 932
Compensation, penalty fees and fines received	1 501	5 540
Refunding of administrative costs	1 040	1 211
Income from written off liabilities	902	326
Releases of impairment of litigation and other assets	892	546
Gains on sale of leasing assets for third person and on sale other assets	155	4 080
Releases of provisions for liabilities	111	17
Other	17 849	11 779
Total	42 974	47 293

Other operating expenses

	I QUARTER 2013	I QUARTER 2012
Operating costs related to leasing activity	(996)	(7 779)
Credit insurance costs	(7 446)	(4 732)
Reimburse costs and inventory deficiencies	(3 398)	(2 748)
Customers complaints expense	(467)	(609)
Impairment of litigations receivables and other assets	(217)	(85)
Costs of litigation and claims	(556)	(735)
Compensation, penalty fees and fines paid	(947)	(237)
Losses on disposal of other assets	(8)	(58)
Other	(5 641)	(13 191)
Total	(19 676)	(30 174)
Net other operating income and expenses	23 298	17 119

Notes to the financial statements (cont)

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(in PLN thousand)

14. Net impairment losses on financial assets and off-balance sheet commitments

I QUARTER 2013	OPENING BALANCE	INCREASES			DECREASES			CLOSING BALANCE	IMPACT ON NET RESULT(**)
		IMPAIRMENT CHARGES	OTHER (*)	WRITE-OFFS OF ASSETS FROM THE STATEMENT OF FINANCIAL POSITION	RELEASE OF IMPAIRMENT CHARGES	OTHER (*)			
Impairment of financial assets and off - balance sheet commitments									
Loans and advances to banks valued at amortized cost	70 132	5	338	-	(40)	(24)	70 411	35	
Loans and advances to customers valued at amortized cost	4 665 033	460 020	40 093	(30 293)	(306 627)	(24 565)	4 803 661	(153 393)	
Receivables from financial leasing	192 885	12 132	-	(782)	(8 414)	(763)	194 858	(3 718)	
Financial assets available for sale	123	-	-	-	-	-	123	-	
Impairment of off-balance sheet commitments	106 406	38 615	228	-	(30 874)	-	114 375	(7 741)	
Total financial assets and off-balance sheet commitments	5 034 379	510 772	40 659	(31 075)	(345 955)	(25 352)	5 183 428	(164 817)	
Impairment of other assets									
Investments in subsidiaries and associates	60	-	-	-	-	-	60	-	
Intangible assets	11 399	-	-	(438)	-	-	10 961	-	
Property, plant and equipment	7 638	-	-	(280)	(2)	-	7 356	2	
Investment properties	2 154	-	-	-	-	-	2 154	-	
Other	73 897	217	637	(520)	(95)	(181)	73 955	(122)	
Total impairment of other assets	95 148	217	637	(1 238)	(97)	(181)	94 486	(120)	
Total	5 129 527	510 989	41 296	(32 313)	(346 052)	(25 533)	5 277 914	(164 937)	

(*) Including foreign exchange differences and transfers between positions.

(**) Impairment of financial assets and off-balance sheet commitments' balance includes net impairment in the amount of PLN minus 164 817 thousand, net impairment concerning discontinued operations in the amount of PLN minus 1 727 thousand and proceeds from recovered bad debt in the amount of PLN 1 538 thousand, the total is PLN minus 165 006 thousand.

Notes to the financial statements (cont)

(in PLN thousand)

I QUARTER 2012	OPENING BALANCE	INCREASES		DECREASES			CLOSING BALANCE	IMPACT ON NET RESULT (**)
		IMPAIRMENT CHARGES	OTHER (*)	WRITE-OFFS OF ASSETS FROM THE STATEMENT OF FINANCIAL POSITION	RELEASE OF IMPAIRMENT CHARGES	OTHER (*)		
Impairment of financial assets and off - balance sheet commitments								
Loans and advances to banks valued at amortized cost	72 516	28	108	-	(143)	(807)	71 702	115
Loans and advances to customers valued at amortized cost	4 422 752	455 863	7 822	(29 709)	(320 282)	(63 090)	4 473 356	(135 581)
Receivables from financial leasing	200 290	23 615	-	(1 691)	(19 192)	-	203 022	(4 423)
Financial assets available for sale	123	-	-	-	-	-	123	-
Impairment of off-balance sheet commitments	79 140	17 012	-	-	(26 718)	(993)	68 441	9 706
Total financial assets and off-balance sheet commitments	4 774 821	496 518	7 930	(31 400)	(366 335)	(64 890)	4 816 644	(130 183)
Impairment of other assets								
Investments in subsidiaries and associates	891	-	-	-	-	(831)	60	-
Intangible assets	10 961	-	-	-	-	-	10 961	-
Property, plant and equipment	9 650	-	-	-	(12)	(1 439)	8 199	12
Investment properties	550	-	-	-	-	-	550	-
Other	75 699	85	-	-	(519)	(417)	74 848	434
Total impairment of other assets	97 751	85	-	-	(531)	(2 687)	94 618	446
Total	4 872 572	496 603	7 930	(31 400)	(366 866)	(67 577)	4 911 262	(129 737)

(*) Including foreign exchange differences and transfers between positions.

(**) Impairment of financial assets and off-balance sheet commitments' balance includes net impairment in the amount of PLN minus 130 183 thousand, net impairment concerning discontinued operations in the amount of PLN minus 7 844 thousand and proceeds from recovered bad debt in the amount of PLN minus 135 339 thousand.

Notes to the financial statements (cont)

(in PLN thousand)

15. Gains (losses) on associated entities

Share in gains (losses) from associated entities

NAME OF ENTITY	I QUARTER 2013	I QUARTER 2012
Dom Inwestycyjny Xelion Sp. z o.o.	65	36
Pioneer Pekao Investment Management S.A.	12 137	12 294
Krajowa Izba Rozliczeniowa S.A.	2 652	1 157
Pirelli Pekao Real Estate Sp. z o.o.	-	156
Total profit (loss) from associates entities	14 854	13 643
Losses on disposal of associate entities	-	(1 902)
Total gain (losses) of associated entities	14 854	11 741

16. Basic components of income tax charge presented in the income statement and equity

	I QUARTER 2013	I QUARTER 2012
INCOME STATEMENT		
Current income tax	(165 046)	(148 481)
Current tax charge disclosed in the income statement	(163 854)	(149 421)
Adjustments related to the current tax from previous years	1	2 356
Other taxes (e.g. withholding tax, income tax relating to foreign branches)	(1 193)	(1 416)
Deferred income tax	(3 334)	(23 287)
Occurrence and reversal of temporary differences	(3 334)	(23 287)
Tax charge disclosed in the consolidated income statement	(168 380)	(171 768)
Equity		
Deferred income tax	21 422	(24 600)
Income and costs disclosed in other comprehensive income:		
revaluation of financial instruments. used as cash flows hedges	(3 272)	11 400
revaluation of available for sale financial assets – debt securities	28 916	(43 721)
revaluation of available for sale financial assets – with equity rights	(5)	(100)
Foreign currency translation differences	(4 217)	7 821
Tax charge disclosed in other comprehensive income	21 422	(24 600)
Total charge	(146 958)	(196 368)

Notes to the financial statements (cont)

(in PLN thousand)

17. Earnings per share

Earnings per share

Basic earnings per share are calculated by dividing the net profit of the Group by the weighted average number of the ordinary shares outstanding during the given period.

	I QUARTER 2013	I QUARTER 2012
Net profit	665 514	710 577
Weighted average number of ordinary shares in the period	262 470 034	262 382 195
Earnings per share (in PLN per share)	2.54	2.71

Diluted earnings per share

Diluted earnings per share are calculated by dividing the net profit of the Group by the weighted average number of the ordinary shares outstanding during the given period adjusted for all potential dilution of ordinary shares.

On 31 March 2013 there are not diluting instruments in the Group in the form of convertible bonds.

	I QUARTER 2013	I QUARTER 2012
Net profit	665 514	710 577
Weighted average number of ordinary shares in the period	262 470 034	262 382 195
Adjustments to the number of shares for the purpose of calculation of diluted earnings per share	-	86 905
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	262 470 034	262 469 100
Diluted earnings per share (in PLN per share)	2.54	2.71

18. Dividend payment

Dividends and other distributions to shareholders are recognized directly in equity. A liability for dividend payment is not recognized until the entity has not an obligation to pay the dividend, i.e. until the payment is approved.

The Management Board of the Bank will propose to the Shareholder's General Meeting a dividend payment for 2012 in the amount of PLN 8.39 per share. Total dividend proposed to pay amounts to PLN 2 202 124 thousand.

The final dividend distribution is subject to approval of the Shareholder's General Meeting.

Notes to the financial statements (cont)

(in PLN thousand)

19. Cash and balance with Central Bank

CASH AND DUE FROM CENTRAL BANK	31.03.2013	31.12.2012	31.03.2012
Cash	2 497 396	2 228 394	2 201 223
Current account at Central Bank	3 062 942	6 978 478	3 030 816
Placements	270 000	-	408 000
Interest	10 788	400	14 315
Other funds	13	13	13
Total	5 841 139	9 207 285	5 654 367

AMOUNTS DUE TO CENTRAL BANK	31.03.2013	31.12.2012	31.03.2012
Loans	-	-	267 450
Term Deposits	946	-	-
Interest	9	-	-
Total	955	-	267 450

Cash and balance with Central Bank by currencies

31.03.2013	ASSETS	LIABILITIES
PLN	4 919 697	955
EUR	459 153	-
USD	253 106	-
CHF	26 997	-
Other currencies	182 186	-
Total	5 841 139	955

31.12.2012	ASSETS	LIABILITIES
PLN	8 530 306	-
EUR	336 426	-
USD	192 204	-
CHF	30 915	-
Other currencies	117 434	-
Total	9 207 285	-

31.03.2012	ASSETS	LIABILITIES
PLN	5 001 721	267 450
EUR	329 626	-
USD	197 811	-
CHF	22 556	-
Other currencies	102 653	-
Total	5 654 367	267 450

Notes to the financial statements (cont)

(in PLN thousand)

20. Loans and advances to banks

Loans and advances to banks by product type

	31.03.2013	31.12.2012	31.03.2012
Current accounts and overnight placements	2 592 913	1 653 685	2 972 740
Interbank placements	790 480	607 767	187 275
Loans and advances	105 653	104 461	60 791
Cash collateral	1 495 260	1 332 991	1 411 796
Repo transactions	2 010 905	190 028	2 208 191
Debt securities	-	-	1 078
Receivables in transit	228 356	35 891	88 486
Interest accrued	36 023	199 157	30 888
Total gross amount	7 259 590	4 123 980	6 961 245
Impairment provision	(70 411)	(70 132)	(71 702)
Total net amount	7 189 179	4 053 848	6 889 543

Loans and advances to banks by quality

	31.03.2013	31.12.2012	31.03.2012
Loans and advances to banks, including:			
gross value of non impaired receivables	7 180 483	4 045 173	6 881 059
gross value of impaired receivables	79 107	78 807	80 186
individual impairment charges	(54 000)	(54 000)	(55 078)
collective impairment charges (*)	(16 411)	(16 132)	(16 624)
Total	7 189 179	4 053 848	6 889 543

(*) Including estimated impairment for losses. incurred but not reported (IBNR).

Loans and advances to banks by contractual maturities

	31.03.2013	31.12.2012	31.03.2012
Loans and advances to banks, including:			
up to 1 month	6 850 361	3 028 748	6 743 616
between 1 and 3 months	105 352	777 896	19 196
between 3 months and 1 year	60 858	76 972	1 632
between 1 and 5 years	81 857	80 913	43 746
over 5 years	44 996	44 564	42 998
expired	80 143	78 996	79 169
Interest accrued	36 023	35 891	30 888
Total gross amount	7 259 590	4 123 980	6 961 245
Impairment provision	(70 411)	(70 132)	(71 702)
Total net amount	7 189 179	4 053 848	6 889 543

Notes to the financial statements (cont)

(in PLN thousand)

Loans and advances to banks by currencies

	31.03.2013	31.12.2012	31.03.2012
PLN	2 570 702	1 155 757	3 832 385
CHF	25 312	31 500	60 021
EUR	2 816 612	2 048 093	2 534 522
USD	1 241 950	657 147	357 162
Other currencies	534 603	161 351	105 453
Total	7 189 179	4 053 848	6 889 543

Changes in impairment balances in the period from 1 January to 31 March 2013 and in the period from 1 January to 31 March 2012 are presented in the Note 14.

21. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading by product type

31.03.2013	ASSETS	LIABILITIES
Securities issued by State Treasury	485 847	513 796
T- bills	5 489	-
T- bonds	480 358	513 796
Securities issued by banks	72 503	-
Securities issued by business entities	7 105	-
Total	565 455	513 796

31.12.2012	ASSETS	LIABILITIES
Securities issued by State Treasury	293 566	246 578
T- bills	1 204	-
T- bonds	292 362	246 578
Securities issued by banks	147 489	-
Securities issued by business entities	159 488	-
Total	600 543	246 578

31.03.2012	ASSETS	LIABILITIES
Securities issued by State Treasury	1 525 775	108 441
T- bills	128 231	-
T- bonds	1 397 544	108 441
Securities issued by banks	74 866	-
Total	1 600 641	108 441

Notes to the financial statements (cont)

(in PLN thousand)

Financial assets and liabilities held for trading by maturities

31.03.2013	ASSETS	LIABILITIES
Debt securities, including:		
up to 1 month	2 660	-
between 1 and 3 months	367	-
between 3 months and 1 year	104 007	77 579
between 1 and 5 years	313 986	175 405
over 5 years	144 435	260 812
Total	565 455	513 796

31.12.2012	ASSETS	LIABILITIES
Debt securities, including:		
up to 1 month	161 555	-
between 1 and 3 months	975	-
between 3 months and 1 year	175 674	37 496
between 1 and 5 years	160 512	131 160
over 5 years	101 827	77 922
Total	600 543	246 578

31.03.2012	ASSETS	LIABILITIES
Debt securities, including:		
up to 1 month	798 979	-
between 1 and 3 months	-	-
between 3 months and 1 year	567 674	-
between 1 and 5 years	206 125	48 205
over 5 years	27 863	60 236
Total	1 600 641	108 441

Financial assets and liabilities held for trading by currencies

31.03.2013	ASSETS	LIABILITIES
PLN	405 523	493 527
EUR	55 599	20 269
USD	104 333	-
Total	565 455	513 796

31.12.2012	ASSETS	LIABILITIES
PLN	566 180	246 578
EUR	6 651	-
USD	27 712	-
Total	600 543	246 578

31.03.2012	ASSETS	LIABILITIES
PLN	1 287 630	102 791
EUR	27 192	3 909
USD	285 819	1 741
Total	1 600 641	108 441

Notes to the financial statements (cont)

(in PLN thousand)

22. Derivative financial instruments held for trading

Fair value of trading derivatives

31.03.2013	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	2 273 546	2 284 907
Forward Rate Agreements (FRA)	4 642	4 731
Options	16 803	17 481
Other	2 229	2 047
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	11 263	64 483
Currency Forward Agreements	61 459	52 028
Currency Swaps (FX-swap)	98 271	59 827
Options for currency and gold	55 171	54 412
Transactions based on commodities and equity securities		
Options	4 847	4 847
Total	2 528 231	2 544 763

31.12.2012	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	2 368 230	2 345 059
Forward Rate Agreements (FRA)	10 007	13 582
Options	18 316	17 647
Other	82	48
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	12 947	69 715
Currency Forward Agreements	77 355	76 742
Currency Swaps (FX-swap)	80 527	17 502
Options for currency and gold	74 759	73 629
Transactions based on commodities and equity securities		
Options	6 874	6 874
Total	2 649 097	2 620 798

31.03.2012	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	1 558 185	1 588 774
Forward Rate Agreements (FRA)	4 914	4 258
Options	5 640	5 106
Other	450	370
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	10 394	62 893
Currency Forward Agreements	82 608	60 972
Currency Swaps (FX-swap)	116 340	73 456
Options for currency and gold	39 129	21 564
Transactions based on commodities and equity securities		
Options	34 503	34 530
Total	1 852 163	1 851 923

Notes to the financial statements (cont)

(in PLN thousand)

23. Loans and advances to customers

Loans and advances to customers by product type

	31.03.2013	31.12.2012	31.03.2012
Mortgage	33 753 940	33 137 807	29 262 948
Current accounts	11 362 400	10 859 724	12 112 698
Operating loans	13 095 395	14 346 399	14 908 523
Investment loans	18 563 162	18 372 955	18 283 283
Payment cards receivables	748 455	747 952	790 178
Purchased debt receivables	2 809 239	2 873 180	2 937 648
Other loans and advances	9 442 581	9 580 888	10 603 839
Debt securities	6 391 519	6 791 337	5 946 705
Repo transactions	2 897 463	2 692 280	2 372 330
Receivables in transit	31 791	27 985	14 074
Interest accrued	403 791	316 018	365 522
Total gross amount	99 499 736	99 746 525	97 597 748
Impairment provision	(4 803 661)	(4 665 033)	(4 473 356)
Total net amount	94 696 075	95 081 492	93 124 392

Loans and advances to customers by customer type

	31.03.2013	31.12.2012	31.03.2012
Receivables from corporate	47 893 316	47 812 814	49 223 523
Receivables from individuals	40 983 861	40 624 113	37 195 250
Receivables from budget entities	10 218 768	10 993 580	10 813 453
Interest accrued	403 791	316 018	365 522
Total gross amount	99 499 736	99 746 525	97 597 748
Impairment provision	(4 803 661)	(4 665 033)	(4 473 356)
Total net amount	94 696 075	95 081 492	93 124 392

Loans and advances to customers by quality

	31.03.2013	31.12.2012	31.03.2012
Loans and advances to customers, including:			
gross value of non impaired receivables	92 057 987	92 540 136	91 389 325
gross value of impaired receivables	7 441 749	7 206 389	6 208 423
individual impairment charges	(2 324 558)	(2 201 789)	(1 918 539)
collective impairment charges (*)	(2 479 103)	(2 463 244)	(2 554 817)
Total	94 696 075	95 081 492	93 124 392

(*) Including estimated impairment for losses, incurred but not reported (IBNR).

Notes to the financial statements (cont)

(in PLN thousand)

Loans and advances to customers by contractual maturities

	31.03.2013	31.12.2012	31.03.2012
Loans and advances to customers, including:			
up to 1 month	15 409 832	15 059 577	15 667 808
between 1 and 3 months	3 563 544	3 660 637	3 484 315
between 3 months and 1 year	9 934 428	11 069 814	10 171 747
between 1 and 5 years	30 104 580	29 643 766	29 718 415
over 5 years	34 804 319	34 933 377	33 315 866
expired	5 279 242	5 063 336	4 874 075
Interest accrued	403 791	316 018	365 522
Total gross amount	99 499 736	99 746 525	97 597 748
Impairment provision	(4 803 661)	(4 665 033)	(4 473 356)
Total net amount	94 696 075	95 081 492	93 124 392

Loans and advances to customers by currencies

	31.03.2013	31.12.2012	31.03.2012
PLN	76 619 917	76 874 963	73 795 599
CHF	5 814 931	5 870 827	6 405 882
EUR	10 636 826	10 510 432	10 546 537
USD	1 598 648	1 794 904	2 322 721
Other currencies	25 753	30 366	53 653
Total	94 696 075	95 081 492	93 124 392

Changes in impairment balances in the period from 1 January to 31 March 2013 and in the period from 1 January to 31 March 2012 are presented in the Note 14.

Notes to the financial statements (cont)

(in PLN thousand)

24. Receivables from financial leases

The Group conducts leasing operations through its subsidiary Pekao Leasing Sp. z o.o. The value of gross lease investments and minimum lease payments were respectively:

31.03.2013	GROSS LEASING INVESTMENT	PRESENT VALUE OF MINIMUM LEASING PAYMENTS
Up to 1 year	1 344 607	1 202 711
Between 1 and 5 years	1 706 613	1 562 978
Over 5 years	129 226	119 567
Total	3 180 446	2 885 256
Unrealized financial revenues	(295 190)	
Net leasing investment	2 885 256	
Non-guarantee residual values attributed to lessor	-	
Present value of minimum lease payments	2 885 256	
Value of provision	(194 858)	
Balance sheet value	2 690 398	

31.12.2012	GROSS LEASING INVESTMENT	PRESENT VALUE OF MINIMUM LEASING PAYMENTS
Up to 1 year	1 369 550	1 220 143
Between 1 and 5 years	1 720 003	1 570 143
Over 5 years	131 031	120 330
Total	3 220 584	2 910 616
Unrealized financial revenues	(309 968)	
Net leasing investment	2 910 616	
Non-guarantee residual values attributed to lessor	-	
Present value of minimum lease payments	2 910 616	
Value of provision	(192 685)	
Balance sheet value	2 717 931	

31.03.2012	GROSS LEASING INVESTMENT	PRESENT VALUE OF MINIMUM LEASING PAYMENTS
Up to 1 year	1 435 789	1 267 978
Between 1 and 5 years	1 760 482	1 601 278
Over 5 years	140 184	124 785
Total	3 336 455	2 994 041
Unrealized financial revenues	(342 414)	
Net leasing investment	2 994 041	
Non-guarantee residual values attributed to lessor	-	
Present value of minimum lease payments	2 994 041	
Value of provision	(203 022)	
Balance sheet value	2 791 019	

Notes to the financial statements (cont)

(in PLN thousand)

The Group is acting as a lessor in financial leases mainly for transport vehicles, machines and equipment. Moreover, when the Capital Group is a lessee in a finance lease contract among the Group entities, the inter-company transactions relating to the finance lease are subject to elimination in the consolidated financial statements.

Receivables from financial leases from banks by quality

	31.03.2013	31.12.2012	31.03.2012
Receivables from banks, including:			
gross value of non impaired receivables	137	204	220
gross value of impaired receivables	-	-	-
individual impairment charges	(29)	(31)	(33)
collective impairment charges (*)	(1)	(1)	(2)
Total	107	172	185

(*) Including estimated impairment for losses, incurred but not reported (IBNR).

Receivables from financial leases from clients by quality

	31.03.2013	31.12.2012	31.03.2012
Receivables from clients, including:			
gross value of non impaired receivables	2 611 692	2 622 002	2 704 380
gross value of impaired receivables	273 427	288 410	289 441
individual impairment charges	(40 366)	(38 740)	(51 904)
collective impairment charges (*)	(154 462)	(153 913)	(151 083)
Total	2 690 291	2 717 759	2 790 834

(*) Including estimated impairment for losses, incurred but not reported (IBNR).

Receivables from financial leases by currencies

	31.03.2013	31.12.2012	31.03.2012
PLN	2 007 654	2 036 287	2 130 435
CHF	14 475	19 199	38 691
EUR	657 518	649 163	605 434
USD	10 751	13 282	16 459
Total	2 690 398	2 717 931	2 791 019

Notes to the financial statements (cont)

(in PLN thousand)

25. Hedge accounting

As at 31 March 2013 the Group applies fair value hedge accounting and cash flow hedge accounting.

In the period from 1 January to 31 March 2013 the Group continued to apply the following hedge accounting:

- fair value hedge accounting for fixed coupon debt securities classified as available-for-sale (AFS) hedged with interest rate swap (IRS) transactions,
- cash flow hedge accounting for floating-rate financial assets and liabilities hedged with cross-currency interest rate swap (CIRS) transactions,
- cash flow hedge accounting for floating-rate financial assets hedged with interest rate swap (IRS) transactions,
- fair value hedge accounting for the portfolio of deposits denominated in EUR hedge of interest rate risk with cross-currency interest rate swap (CIRS) transactions,
- cash flow hedge accounting for a denominated in EUR floating coupon deposits portfolio, hedged with interest rate swap (IRS) transactions,
- cash flow hedge for highly probable cash flow in US dollars (Bank's long position in US dollars) secured with fx-forward - type instruments (made as series of fx-spot and fx-swap transactions),
- cash flow hedge of floating portfolio of loans in EUR and USD hedged with fx-swap-type instruments.

In the period from 1st January till to 31rd March of 2013 the Group:

- extended the performance of hedge accounting (cash flow hedge) for the highly probable cash flow in USD (Bank's long position in US dollars) secured with fx-forward-type instruments (made as series of fx-spot and fx-swap transactions). It is expected that the cash flows related to the hedged items will occur until 11 June 2013.

The table below presents the fair value of hedging derivatives

31.03.2013	ASSETS	LIABILITIES
Fair value hedge accounting		
Interest rate swaps (IRS)	-	257 189
Cross-currency interest rate swap (CIRS)	198 099	-
Cash flow hedge accounting		
Interest rate swaps (IRS)	60 992	70 066
Cross-currency interest rate swap (CIRS)	88 371	973 913
FX-swaps	15 991	26 575
Total	363 453	1 327 743

Notes to the financial statements (cont)

(in PLN thousand)

31.12.2012	ASSETS	LIABILITIES
Fair value hedge accounting		
Interest rate swaps (IRS)	-	270 343
Cross-currency interest rate swap (CIRS)	180 042	-
Cash flow hedge accounting		
Interest rate swaps (IRS)	68 317	69 097
Cross-currency interest rate swap (CIRS)	75 036	887 341
FX-swaps	44 495	-
Total	367 890	1 226 781

31.03.2012	ASSETS	LIABILITIES
Fair value hedge accounting		
Interest rate swaps (IRS)	-	183 339
Cross-currency interest rate swap (CIRS)	236 697	-
Cash flow hedge accounting		
Interest rate swaps (IRS)	46 576	99 608
Cross-currency interest rate swap (CIRS)	46 962	1 051 924
FX-swaps	144 472	-
Total	474 707	1 334 871

The table below presents the amounts recognized in the income statement and in revaluation reserves due to cash flow hedge accounting

	I QUARTER 2013	I QUARTER 2012
Revaluation reserves (deferral of fair value changes of hedging instruments related to portions recognized as effective hedge - gross value)	(47 098)	(84 199)
Net interest income on hedging derivatives	60 817	70 582
Ineffective portions in changes in the fair value of hedging transactions recognized in income statement	(68)	3 360

The table below presents changes in revaluation reserves during the period due to cash flow hedge accounting

	I QUARTER 2013	I QUARTER 2012
Opening balance	(64 318)	(24 199)
Deferral of fair value changes of hedging instruments related to the portion recognized as effective hedge	17 207	(60 013)
Amount of the deferral of fair value changes of hedging instruments of the effective hedge removed from revaluation reserves and presented in net profit or loss	13	13
Closing balance	(47 098)	(84 199)

The table below presents the amounts recognized in the income statement due to the fair value hedge

TYPE OF GAINS/LOSSES	I QUARTER 2013	I QUARTER 2012
Gains/losses from revaluation of hedging instruments to fair value	1 417	17 361
Gains/losses from revaluation of hedged item associated with hedged risk to fair value	(6 071)	(20 501)
Result on fair value hedge accounting	(4 654)	(3 140)
Net interest income on hedging instruments	(12 110)	(14 316)

Notes to the financial statements (cont)

(in PLN thousand)

26. Investment (placement) securities

	31.03.2013	31.12.2012	31.03.2012
Debt securities available for sale (AFS)	24 415 638	25 869 334	22 853 548
Equity securities available for sale (AFS)	18 377	18 325	18 029
Debt securities held to maturity (HTM)	2 185 415	2 847 783	4 248 884
Total	26 619 430	28 735 442	27 120 461

Debt securities available for sale (AFS)

	31.03.2013	31.12.2012	31.03.2012
Securities issued by State Treasury	17 265 110	15 600 595	15 950 625
T-bills	-	199	29 023
T-bonds	17 265 110	15 600 396	15 921 602
Securities issued by Central Banks	6 228 794	9 320 660	6 239 327
Securities issued by business entities	252 579	248 995	-
Securities issued by local governments	669 155	699 084	663 596
Total	24 415 638	25 869 334	22 853 548
including impairment of assets	-	-	-

Equity securities available for sale (AFS)

	31.03.2013	31.12.2012	31.03.2012
Shares	18 377	18 325	18 029
Total	18 377	18 325	18 029
including impairment of assets	(123)	(123)	(123)

Debt securities held to maturity (HTM)

	31.03.2013	31.12.2012	31.03.2012
Securities issued by State Treasury	1 518 216	2 173 002	3 593 376
T-bills	99 517	116 604	168 231
T-bonds	1 418 699	2 056 398	3 425 145
Securities issued by Central Banks	667 199	674 781	655 508
Total	2 185 415	2 847 783	4 248 884
including impairment of assets	-	-	-

Investment debt securities according to contractual maturities

	31.03.2013	31.12.2012	31.03.2012
Debt securities, including:			
up to 1 month	7 216 228	11 073 994	6 925 854
between 1 and 3 months	35 445	261 985	19 854
between 3 months and 1 year	1 414 335	841 723	4 024 766
between 1 and 5 years	12 449 276	12 077 182	9 182 170
over 5 years	5 485 769	4 462 233	6 949 788
Total	26 601 053	28 717 117	27 102 432

Notes to the financial statements (cont)

(in PLN thousand)

Investment debt securities by currencies

	31.03.2013	31.12.2012	31.03.2012
PLN	23 889 178	26 391 921	24 388 994
EUR	1 513 968	1 361 396	1 092 945
USD	1 197 907	963 800	1 620 493
Total	26 601 053	28 717 117	27 102 432

27. Assets and liabilities held for sale and discontinued operations

According to IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the Group identified non-current assets meeting requirements of IFRS 5 (concerning classification of non-current assets as held for sale) from the item 'Assets held for sale'.

As at 31 March 2013 non-current assets classified as held for sale and discontinued operations included following items classified as held for sale:

- exposure in subsidiary – PJSC UniCredit Bank,
- real estate,
- other property, plant and equipment owned by the Group.

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

	31.03.2013	31.12.2012	31.03.2012
ASSETS HELD FOR SALE			
Assets of PJSC UniCredit Bank	2 124 228	2 265 490	2 493 354
Property, plant and equipment	85 525	86 168	36 094
Other assets	22 515	22 515	22 516
Total assets	2 232 268	2 374 173	2 551 964
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE			
Liabilities of PJSC UniCredit Bank	904 145	891 007	868 139
Total liabilities	904 145	891 007	868 139

The disposal of the Bank's investment in Ukraine will be achievable upon receiving all the necessary approvals.

Notes to the financial statements (cont)

(in PLN thousand)

The table below presents assets and liabilities of PJSC UniCredit Bank classified by the Pekao Group as assets held for sale:

	31.03.2013 BEFORE ELIMINATION	ELIMINATION OF INTERCOMPANY TRANSACTIONS/ CONSOLIDATION ADJUSTMENTS	31.03.2013 AFTER ELIMINATION	31.12.2012 BEFORE ELIMINATION	ELIMINATION OF INTERCOMPANY TRANSACTIONS/ CONSOLIDATION ADJUSTMENTS	31.12.2012 AFTER ELIMINATION	31.03.2012 BEFORE ELIMINATION	ELIMINATION OF INTERCOMPANY TRANSACTIONS/ CONSOLIDATION ADJUSTMENTS	31.03.2012 AFTER ELIMINATION
ASSETS HELD FOR SALE									
Cash and due from Central Bank	40 909	-	40 909	34 320	-	34 320	36 047	-	36 047
Loans and advances to banks	797 570	8 646	806 216	953 056	8 793	961 849	939 801	3 227	943 028
Financial assets held for trading	3	-	3	131	-	131	151 637	-	151 637
Loans and advances to customers	1 231 858	-	1 231 858	1 205 385	-	1 205 385	1 324 775	-	1 324 775
Investments (placement) securities	15 985	-	15 985	33 029	-	33 029	10	-	10
Intangible assets	1 656	-	1 656	1 831	-	1 831	2 812	-	2 812
Property, plant and equipment	18 061	-	18 061	14 424	-	14 424	17 761	-	17 761
Other assets	9 542	(2)	9 540	14 553	(32)	14 521	17 318	(34)	17 284
TOTAL ASSETS	2 115 584	8 644	2 124 228	2 256 729	8 761	2 265 490	2 490 161	3 193	2 493 354
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE									
Amounts due to other banks	791 413	(716 570)	74 843	956 129	(900 836)	55 293	1 276 195	(1 175 504)	100 691
Amounts due to customers	784 483	-	784 483	792 045	-	792 045	724 157	-	724 157
Income tax liabilities	25 882	-	25 882	27 007	-	27 007	27 045	-	27 045
Other liabilities	18 937	-	18 937	16 662	-	16 662	16 246	-	16 246
TOTAL LIABILITIES	1 620 715	(716 570)	904 145	1 791 843	(900 836)	891 007	2 043 643	(1 175 504)	868 139

Notes to the financial statements (cont)

(in PLN thousand)

The below table presents selected items assets and liabilities of PJSC UniCredit Bank (before elimination) by currency

31.03.2013	UAH	USD	EUR	OTHER	TOTAL
Cash and due from Central Bank	28 549	9 023	3 337	-	40 909
Loans and advances to banks	635 238	117 840	38 329	6 163	797 570
Financial assets held for trading	3	-	-	-	3
Loans and advances to customers	181 923	803 971	245 964	-	1 231 858
Investments (placement) securities	15 985	-	-	-	15 985
Other assets	28 964	122	172	1	29 259
TOTAL	890 662	930 956	287 802	6 164	2 115 584
Amounts due to other banks	2 492	655 122	133 799	-	791 413
Amounts due to customers	430 883	237 164	111 998	4 438	784 483
Other liabilities	33 836	944	9 936	103	44 819
TOTAL	467 211	893 230	255 733	4 541	1 620 715

31.12.2012	UAH	USD	EUR	OTHER	TOTAL
Cash and due from Central Bank	24 428	4 146	5 746	-	34 320
Loans and advances to banks	712 326	221 815	13 324	5 591	953 056
Financial assets held for trading	131	-	-	-	131
Loans and advances to customers	173 013	774 528	257 844	-	1 205 385
Investments (placement) securities	33 029	-	-	-	33 029
Other assets	30 032	748	28	-	30 808
TOTAL	972 959	1 001 237	276 942	5 591	2 256 729
Amounts due to other banks	2 377	747 973	205 779	-	956 129
Amounts due to customers	456 026	211 936	119 428	4 655	792 045
Other liabilities	35 284	1 271	7 087	27	43 669
TOTAL	493 687	961 180	332 294	4 682	1 791 843

31.03.2012	UAH	USD	EUR	OTHER	TOTAL
Cash and due from Central Bank	26 135	5 093	4 819	-	36 047
Loans and advances to banks	630 903	301 881	851	6 166	939 801
Financial assets held for trading	151 637	-	-	-	151 637
Loans and advances to customers	179 202	854 048	291 525	-	1 324 775
Investments (placement) securities	10	-	-	-	10
Other assets	37 344	416	130	1	37 891
TOTAL	1 025 231	1 161 438	297 325	6 167	2 490 161
Amounts due to other banks	5 438	1 018 492	252 265	-	1 276 195
Amounts due to customers	352 236	233 895	133 510	4 516	724 157
Other liabilities	34 800	1 130	7 361	-	43 291
TOTAL	392 474	1 253 517	393 136	4 516	2 043 643

Notes to the financial statements (cont)

(in PLN thousand)

The following exchange rates were used for preparation of tables presenting major positions:

	31.03.2013	31.12.2012	31.03.2012
1 USD/UAH – NBU average rate	7.9930	7.9930	7.9867
1 EUR/UAH – NBU average rate	10.235037	10.537172	10.599948
1 UAH/PLN – NBP average rate	0.4006	0.3825	0.3889

The table below presents the income statement of discontinued operations of PJSC UniCredit Bank:

	I QUARTER 2013	I QUARTER 2012
Interest income	48 138	46 297
Interest expense	(15 663)	(16 640)
Net interest income	32 475	29 657
Fee and commission income	7 958	8 889
Fee and commission expense	(2 935)	(3 482)
Net fee and commission income	5 023	5 407
Result on financial assets and liabilities held for trading	(6 503)	5 069
Operating income	30 995	40 133
Net impairment losses on financial assets and off-balance sheet commitments	(1 727)	(7 844)
loans and other financial receivables	(1 727)	(7 844)
Net result on financial activity	29 268	32 289
Administrative expenses	(19 995)	(18 958)
personnel expenses	(9 825)	(9 429)
other administrative expenses	(10 170)	(9 529)
Depreciation and amortization	(1 279)	(1 854)
Net other operating income and expenses	1 069	(44)
Operating costs	(20 205)	(20 856)
Profit before income tax	9 063	11 433
Income tax expense	(1 687)	(2 099)
Net profit	7 376	9 334

The table below presents the cash flow statement of discontinued operations of PJSC UniCredit Bank:

	I QUARTER 2013	I QUARTER 2012
Net cash flows from operating activities	(164 678)	102 619
Net cash flows from investing activities	15 781	(244)
Net cash flows from financing activities	-	-
Total net cash flows	(148 897)	102 375

Assets disposed:

	31.03.2013	31.12.2012	31.03.2012
Sales revenues	-	29 584	-
Net carrying value of divested assets (including sale costs)	-	12 787	-
Profit/loss on sale before income tax	-	16 797	-

Notes to the financial statements (cont)

(in PLN thousand)

28. Intangible assets

	31.03.2013	31.12.2012	31.03.2012
Intangible assets, including:	591 790	614 827	626 895
research and development expenditures	14 883	15 858	19 028
licenses and patents	436 034	452 599	469 991
other	2 115	2 460	3 484
assets under construction and prepayments for assets under construction	138 758	143 910	134 392
Goodwill	54 560	54 560	54 560
Total	646 350	669 387	681 455

In the period from 1 January to 31 March 2013, the Group acquired intangible assets in the amount of PLN 403 thousand, (in 2012 the Group acquired PLN 106 807 thousand).

In the period from 1 January to 31 March 2013 and in 2012 there have been no restrictions to legal titles to intangible assets as security banking liabilities.

29. Property, plant and equipment

	31.03.2013	31.12.2012	31.03.2012
Non-current assets, including:	1 567 948	1 579 886	1 657 758
land and buildings	1 158 216	1 159 929	1 202 302
machinery and equipment	327 534	334 837	365 684
transport vehicles	46 511	49 475	53 000
other	35 687	35 645	36 772
Non-current assets under construction and prepayments	62 765	90 658	64 347
Total	1 630 713	1 670 544	1 722 105

In the period from 1 January to 31 March 2013 the Group acquired 'Property, plant and equipment' in the amount of PLN 8 549 thousand (in 2012 value of property, plant and equipment acquired amounted to PLN 141 821 thousand), while value of property, plant and equipment sold amounted to PLN 838 thousand (PLN 5 395 thousand in 2012).

In the period from 1 January to 31 March 2013 and in 2012 there have been no restrictions to legal titles to property, nor pledges in place as security for liabilities.

Contractual liabilities

As at 31 March 2013 the Group signed agreements with contractors for the future purchase of intangible assets totalling PLN 26 643 thousand and property, plant and equipment totalling PLN 34 897 thousand.

As at 31 December 2012 the Group signed agreements with contractors for the future purchase of intangible assets totalling PLN 41 841 thousand, and property, plant and equipment totalling PLN 64 840 thousand.

Notes to the financial statements (cont)

(in PLN thousand)

30. Assets pledged as collateral

As at 31 March 2013 the Group held the following financial assets pledged as collateral

TYPE OF TRANSACTION	PLEDGE INSTRUMENT	CARRYING VALUE OF ASSETS USED TO PLEDGE LIABILITIES	NOMINAL VALUE OF ASSETS USED TO PLEDGE LIABILITIES	VALUE OF LIABILITIES SUBJECT TO PLEDGE
Sell-buy-back	bonds	1 623 908	1 522 830	1 622 987
Coverage of Fund for protection of guaranteed assets to the benefit of the Bank Guarantee Fund	bonds, bills	616 585	560 120	-
Lombard and technical loan	bonds, bills	6 258 056	5 817 397	-
Other loans	bonds, leases encumbrances	909 142	886 273	736 479
Deposits	bonds	209 625	215 000	199 689
Issue of mortgage bonds	receivables backed by mortgage, bonds	1 266 412	1 283 717	790 888

As at 31 December 2012 the Group held the following financial assets pledged as collateral

TYPE OF TRANSACTION	PLEDGE INSTRUMENT	CARRYING VALUE OF ASSETS USED TO PLEDGE LIABILITIES	NOMINAL VALUE OF ASSETS USED TO PLEDGE LIABILITIES	VALUE OF LIABILITIES SUBJECT TO PLEDGE
Sell-buy-back	bonds	5 608 203	5 249 834	5 600 698
Coverage of Fund for protection of guaranteed assets to the benefit of the Bank Guarantee Fund	bonds, bills	613 330	560 120	-
Lombard and technical loan	bonds, bills	7 102 603	6 656 034	-
Other loans	bonds, leases encumbrances	777 561	759 254	794 765
Deposits	bonds	147 251	152 095	142 490
Issue of mortgage bonds	receivables backed by mortgage, bonds	1 241 535	1 257 630	792 588

Notes to the financial statements (cont)

(in PLN thousand)

As at 31 March 2012 the Group held the following financial assets pledged as collateral

TYPE OF TRANSACTION	PLEDGE INSTRUMENT	CARRYING VALUE OF ASSETS USED TO PLEDGE LIABILITIES	NOMINAL VALUE OF ASSETS USED TO PLEDGE LIABILITIES	VALUE OF LIABILITIES SUBJECT TO PLEDGE
Repo transactions	bonds	1 683 820	1 649 612	1 662 494
Coverage of Fund for protection of guaranteed assets to the benefit of the Bank Guarantee Fund	bonds, bills	601 446	560 140	-
Lombard and technical loan	bonds, bills	4 803 576	4 734 101	-
Other loans	bonds, leases encumbrances	781 549	789 351	524 202
Issue of mortgage bonds	receivables backed by mortgage, bonds and hedging instruments	1 237 327	1 254 739	689 715

31. Amounts due to other banks

Amounts due to other banks by product type

	31.03.2013	31.12.2012	31.03.2012
Current accounts and overnight deposits	779 895	1 278 004	903 875
Deposits from other banks and other liabilities	635 678	1 161 499	444 147
Loans and advances received	2 641 580	2 684 218	2 487 246
Repo transactions	982 119	2 608 219	1 759 004
Interest accrued	4 586	9 870	4 690
Funds in transit	35 755	40 862	92 009
Total	5 079 613	7 782 672	5 690 971

Amounts due to other banks by currencies

	31.03.2013	31.12.2012	31.03.2012
PLN	2 511 353	4 488 972	3 241 778
CHF	1 021 603	1 008 560	1 028 232
EUR	1 347 028	1 898 819	1 309 590
USD	133 105	272 713	79 372
Other currencies	66 524	113 608	31 999
Total	5 079 613	7 782 672	5 690 971

Notes to the financial statements (cont)

(in PLN thousand)

32. Amounts due to customers

Amounts due to customers by entity and product type

	31.03.2013	31.12.2012	31.03.2012
Amounts due to corporate, including:	47 890 928	48 208 966	50 840 893
current accounts and overnight deposits	16 580 739	19 223 760	16 913 121
term deposits and other liabilities	31 207 377	28 874 042	33 794 885
interest accrued	102 812	111 164	132 887
Amounts due to budget entities, including:	7 641 457	5 642 509	7 756 450
current accounts and overnight deposits	4 979 750	4 611 446	3 990 610
term deposits and other liabilities	2 655 426	1 027 635	3 751 273
interest accrued	6 281	3 428	14 567
Amounts due to individuals, including:	49 582 916	48 908 199	48 826 551
current accounts and overnight deposits	27 159 250	26 503 598	26 218 857
term deposits and other liabilities	22 193 821	22 152 790	22 388 269
interest accrued	229 845	251 811	219 425
Repo transactions, including:	1 733 230	5 094 347	1 398 615
forward transactions	1 732 202	5 089 736	1 397 051
interest accrued	1 028	4 611	1 564
Funds in transit	303 558	138 587	243 860
Total	107 152 089	107 992 608	109 066 369

Amounts due to customers by currencies

	31.03.2013	31.12.2012	31.03.2012
PLN	89 891 846	91 928 090	92 439 958
CHF	183 441	187 052	166 666
EUR	9 989 417	9 405 046	9 180 291
USD	6 425 567	5 882 785	5 876 691
Other currencies	661 818	589 635	1 402 763
Total	107 152 089	107 992 608	109 066 369

Notes to the financial statements (cont)

(in PLN thousand)

33. Debt securities issued

Debt securities issued by type

	31.03.2013	31.12.2012	31.03.2012
Bonds	-	-	2
Certificates of deposit	3 387 651	3 907 679	2 578 404
Mortgage bonds	783 641	782 744	682 331
Interest accrued	64 888	68 313	26 148
Total	4 236 180	4 758 736	3 286 885

There have been no instances of late discharge of redemption Group own securities (repayment of principal, payment of interest).

Debt securities issued by currencies

	31.03.2013	31.12.2012	31.03.2012
PLN	4 153 651	4 678 440	3 246 881
EUR	59 109	58 072	22 494
USD	23 420	22 224	17 510
Total	4 236 180	4 758 736	3 286 885

Changes in debt securities issued

	I QUARTER 2013	2012	I QUARTER 2012
Opening balance	4 758 736	3 043 919	3 043 919
Increase (issuance)	697 800	5 327 751	755 980
Decrease (repurchase)	(785 250)	(3 451 775)	(511 300)
Decrease (partial payment)	(438 588)	(222 870)	(6 027)
Foreign currency exchange differences	2 414	(3 673)	(3 233)
Other changes	1 068	65 384	7 546
Closing balance	4 236 180	4 758 736	3 286 885

Notes to the financial statements (cont)

(in PLN thousand)

34. Provisions

Roll-forward of provisions in the reporting period

I QUARTER 2013	PROVISIONS FOR LITIGATION AND CLAIMS	PROVISIONS FOR RETIREMENT BENEFITS	PROVISIONS FOR UNDRAWN CREDIT FACILITIES AND GUARANTEES ISSUED	OTHER PROVISIONS	TOTAL
Opening balance	56 795	154 281	106 406	42 024	359 506
Provision charges/revaluation	858	4 663	38 615	3 252	47 388
Provision utilization	(484)	(9)	-	(1 413)	(1 906)
Provision releases	(215)	-	(30 874)	-	(31 089)
Foreign currency exchange differences	5	-	228	129	362
Other changes	(5 596)	(6 641)	-	115	(12 122)
Closing balance	51 363	152 294	114 375	44 107	362 139
Short term	21 828	67	70 221	27 510	119 626
Long term	29 535	152 227	44 154	16 597	242 513

2012	PROVISIONS FOR LITIGATION AND CLAIMS	PROVISIONS FOR RETIREMENT BENEFITS	PROVISIONS FOR UNDRAWN CREDIT FACILITIES AND GUARANTEES ISSUED	OTHER PROVISIONS	TOTAL
Opening balance	47 315	149 981	79 140	37 444	313 880
Provision charges/revaluation	24 509	13 834	75 207	13 230	126 780
Provision utilization	(5 740)	(57)	-	(11 363)	(17 160)
Provision releases	(8 775)	(713)	(48 375)	(708)	(58 571)
Foreign currency exchange differences	(27)	-	434	(476)	(69)
Other changes	(487)	(8 764)	-	3 897	(5 354)
Closing balance	56 795	154 281	106 406	42 024	359 506
Short term	22 069	6 762	63 378	28 652	120 861
Long term	34 726	147 519	43 028	13 372	238 645

I QUARTER 2012	PROVISIONS FOR LITIGATION AND CLAIMS	PROVISIONS FOR RETIREMENT BENEFITS	PROVISIONS FOR UNDRAWN CREDIT FACILITIES AND GUARANTEES ISSUED	OTHER PROVISIONS	TOTAL
Opening balance	47 315	149 981	79 140	37 444	313 880
Provision charges/revaluation	523	6 785	17 012	6 363	30 683
Provision utilization	(486)	-	-	(256)	(742)
Provision releases	(104)	-	(26 718)	(99)	(26 921)
Foreign currency exchange differences	(22)	-	(993)	(369)	(1 384)
Other changes	(589)	(8 764)	-	131	(9 222)
Closing balance	46 637	148 002	68 441	43 214	306 294
Short term	14 868	165	50 589	22 302	87 924
Long term	31 769	147 837	17 852	20 912	218 370

Litigation provision

Provision for litigation includes court, administrative and other legal proceedings. Provision for litigation was recognized in the amount of expected outflow of economic benefits.

Notes to the financial statements (cont)

(in PLN thousand)

Provisions for retirement benefits

Provision for retirement benefits is created individually for each employee based on the actuarial valuation. The basis for the determination of the provision amount is the expected benefit amount, which the Group is obliged to pay on the basis of internal regulations concerning employee remuneration.

Other provisions

Other provisions include in particular provisions for long term employee benefits resulting from IAS 19 and provision for employment restructuring concerning planned liquidation of the Branch in Paris.

35. Contingent liabilities

Litigation

As at 31 March 2013, there were no court or administrative proceedings held by public administration bodies in relation to liabilities or receivables of the Group, with the claim amount (for cash payment) for at least 10% of the equity.

As at 31 March 2013 the value of legal proceedings against the Group entities amounted to PLN 20 432 718 thousand (in 2012 PLN 20 004 081 thousand).

The most significant, taking into account the amount in dispute, legal proceedings against the Group entities as at 31 March 2013 are described below:

- legal proceeding resulting from minority shareholder lawsuit to repeal resolution No. 8 and No. 24 of the Annual General Meeting of 19 April 2011 on the approval of the Pekao Group consolidated financial statements for 2010 and acknowledgement of the fulfilment of duties by one of the members of the Management Board in 2010. Indicated by the plaintiff amount in dispute equals to PLN 18 000 000 thousand. In the opinion of the Bank, both the claim and amount in dispute are groundless.
- claim against the Bank and Centralny Dom Maklerski Pekao S.A. lodged by private individuals, which relates to the alleged damage arising as a result of shares purchased and execution process. The total amount in dispute is PLN 306 622 thousand. In the opinion of the Bank, the suit and amount in dispute are groundless.

As at 31 March 2013, the Group created provisions for litigations against the Group entities, which according to legal opinion are associated with a risk of outflow of funds related to the fulfilment of court rulings. The value of provisions, created as at 31 March 2013 stood at PLN 51 363 thousand (as at 31 December 2012 PLN 56 795 thousand).

Financial commitments

Financial commitments by entities

	31.03.2013	31.12.2012	31.03.2012
Financial commitments to:			
financial entities	3 227 688	1 441 529	3 893 738
non - financial entities	21 980 959	21 415 681	22 049 815
budget entities	838 841	744 940	751 324
Total	26 047 488	23 602 150	26 694 877

Notes to the financial statements (cont)

(in PLN thousand)

Guarantees

Guarantees by entities

	31.03.2013	31.12.2012	31.03.2012
Liabilities to financial entities to:	859 618	964 391	872 542
guarantees	807 632	889 107	818 651
sureties	40 668	60 824	43 321
confirmed export letters of credit	11 318	14 460	10 570
Liabilities to non-financial entities to:	8 833 127	9 284 016	6 973 060
guarantees	4 662 610	5 506 620	5 640 360
securities' underwriting guarantees	4 168 550	3 775 430	1 332 700
sureties	1 967	1 966	-
Liabilities to budget entities to:	60 705	69 901	159 931
guarantees	16 205	3 401	7 931
securities' underwriting guarantees	44 500	66 500	152 000
Total	9 753 450	10 318 308	8 005 533

Off-balance sheet financial liabilities

Financial liabilities by entities

	31.03.2013	31.12.2012	31.03.2012
Financial to:	1 652 000	1 160 255	1 586 765
financial entities	1 048 578	1 160 255	1 586 765
non- financial entities	603 422	-	-
budget entities	-	-	-
Guarantees to:	10 607 399	10 226 535	12 690 176
financial entities	482 414	514 238	860 655
non- financial entities	9 400 845	9 014 735	9 050 397
budget entities	724 140	697 562	2 779 124
Total	12 259 399	11 386 790	14 276 941

Additionally, the Group can to obtain financing from the National Bank of Poland pledged on securities.

36. Related party transactions

The credit granting process applicable to the Bank's management and entities related to the Bank

The credit granting process applicable to the Bank's management and entities related to the Bank is the same as that described in the 2012 annual Consolidated Financial Statements.

Notes to the financial statements (cont)

(in PLN thousand)

Related party transactions

Related party transactions as at 31 March 2013

NAME OF ENTITY	RECEIVABLES FROM LOAN, ADVANCES AND PLACEMENT	RECEIVABLES FROM REVALUATION OF DERIVATIVES	OTHER RECEIVABLES	LIABILITIES FROM LOANS AND DEPOSITS	LIABILITIES FROM REVALUATION OF DERIVATIVES	OTHER LIABILITIES
Bank's parent entity						
UniCredit S.p.A.	1 188 633	-	-	7 319	-	15 571
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	1 281 781	365 443	581	1 318 882	953 461	6 398
Associates of Bank Pekao S.A. Group entities						
Dom Inwestycyjny Xelion Sp. z o.o.	-	-	-	8 101	-	10
Pioneer Pekao Investment Management S.A.	-	-	-	148 632	-	21
Pioneer Pekao TFI S.A. (PPIM S.A. subsidiary)	-	-	16 418	139 965	-	19
Krajowa Izba Rozliczeniowa S.A.	-	-	-	11 058	-	-
Total Bank Pekao S.A. Group entities	-	-	16 418	307 756	-	50
Key management Staff of the Bank or its parent entity	7 388	-	-	12 920	-	-
Total	2 477 802	365 443	16 999	1 646 877	953 461	22 019

Notes to the financial statements (cont)

(in PLN thousand)

Receivables from loans and deposits by contractual maturity

31.03.2013	CURRENT (*)	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	INTEREST	TOTAL
UniCredit S.p.A. – Bank's parent entity	11 450	1 177 165	-	-	-	-	18	1 188 633
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	1 154 071	83 517	1 793	549	41 774	-	77	1 281 781
Associates of Bank Pekao S.A. Group entities	-	-	-	-	-	-	-	-
Key management Staff of the Bank or its parent entity	-	-	-	6 954	39	365	30	7 388
Total	1 165 521	1 260 682	1 793	7 503	41 813	365	125	2 477 802

(*) Current receivables include Nostro account and cash collateral account

Liabilities from loans and deposits by contractual maturity

31.03.2013	CURRENT (*)	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	INTEREST	TOTAL
UniCredit S.p.A. – Bank's parent entity	7 319	-	-	-	-	-	-	7 319
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	133 951	274 391	8 833	262 476	235 918	402 532	781	1 318 882
Associates of Bank Pekao S.A. Group entities	12 276	85 552	149 500	58 000	-	-	2 428	307 756
Key management Staff of the Bank or its parent entity	940	10 063	1 850	-	-	-	67	12 920
Total	154 486	370 006	160 183	320 476	235 918	402 532	3 276	1 646 877

(*) Current liabilities include Loro account and cash collateral account

Notes to the financial statements (cont)

(in PLN thousand)

Receivables from loans and deposits by currencies

31.03.2013	EUR	USD	CHF	PLN	OTHER	TOTAL
UniCredit S.p.A. – Bank's parent entity	165 938	1 008 690	-	14 005	-	1 188 633
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	663 997	4 818	273	21 657	591 036	1 281 781
Associates of Bank Pekao S.A. Group entities	-	-	-	-	-	-
Key management Staff of the Bank Pekao S.A.	-	-	-	7 388	-	7 388
Total	829 935	1 013 508	273	43 050	591 036	2 477 802

Liabilities due to loans and deposits by currencies

31.03.2013	EUR	USD	CHF	PLN	OTHER	TOTAL
UniCredit S.p.A. – Bank's parent entity	2 776	-	-	4 543	-	7 319
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	168 817	365	609 473	524 965	15 262	1 318 882
Associates of Bank Pekao S.A. Group entities	-	-	-	307 756	-	307 756
Key management Staff of the Bank Pekao S.A.	690	543	-	11 684	3	12 920
Total	172 283	908	609 473	848 948	15 265	1 646 877

Notes to the financial statements (cont)

(in PLN thousand)

Related party transactions as at 31 December 2012

NAME OF ENTITY	RECEIVABLES FROM LOAN, ADVANCES AND PLACEMENT	RECEIVABLES FROM REVALUATION OF DERIVATIVES	OTHER- RECEIVABLES	LIABILITIES FROM LOANS AND DEPOSITS	LIABILITIES FROM REVALUATION OF DERIVATIVES	OTHER- LIABILITIES
Bank's parent entity						
UniCredit S.p.A.	425 754	-	596	57 621	-	13 928
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	1 252 269	375 503	4 662	1 808 236	929 295	1 210
Associates of Bank Pekao S.A. Group entities						
Dom Inwestycyjny Xellon Sp. z o.o.	-	-	6	8 155	-	12
Pioneer Pekao Investment Management S.A.	-	-	81	142 481	-	19
Pioneer Pekao TFI S.A. (PPIM S.A. subsidiary)	2	-	17 630	103 914	-	21
Krajowa Izba Rozliczeniowa S.A.	-	-	-	19 700	-	-
Total Bank Pekao S.A. Group entities	2	-	17 717	274 250	-	52
Key management Staff of the Bank or its parent entity	7 361	-	-	12 675	-	-
Total	1 685 386	375 503	22 975	2 152 782	929 295	15 190

Notes to the financial statements (cont)

(in PLN thousand)

Receivables from loans and deposits by contractual maturity

31.12.2012	CURRENT (*)	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	INTEREST	TOTAL
UniCredit S.p.A. – Bank's parent entity	425 754	-	-	-	-	-	-	425 754
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	1 207 509	1 387	671	1 497	40 882	-	323	1 252 269
Associates of Bank Pekao S.A. Group entities	-	-	-	-	2	-	-	2
Key management Staff of the Bank or its parent entity	-	6 949	-	6	35	369	2	7 361
Total	1 633 263	8 336	671	1 503	40 919	369	325	1 685 386

(*) Current receivables include Nostro account and cash collateral account

Liabilities from loans and deposits by contractual maturity

31.12.2012	CURRENT (*)	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	INTEREST	TOTAL
UniCredit S.p.A. – Bank's parent entity	57 621	-	-	-	-	-	-	57 621
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	294 699	295 684	18 065	504 489	218 833	474 782	1 694	1 808 236
Associates of Bank Pekao S.A. Group entities	7 711	81 828	43 100	140 500	-	-	1 111	274 250
Key management Staff of the Bank or its parent entity	487	10 040	34	2 054	-	-	60	12 675
Total	360 518	387 552	61 189	647 043	218 833	474 782	2 865	2 152 782

(*) Current liabilities include Loro account and cash collateral account

Notes to the financial statements (cont)

(in PLN thousand)

Receivables from loans and deposits by currencies

31.12.2012	EUR	USD	CHF	PLN	OTHER	TOTAL
UniCredit S.p.A. – Bank's parent entity	366 990	58 764	-	-	-	425 754
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	577 094	3 906	265	228 250	442 754	1 252 269
Associates of Bank Pekao S.A. Group entities	-	-	-	2	-	2
Key management Staff of the Bank or its parent entity	-	-	-	7 361	-	7 361
Total	944 084	62 670	265	235 613	442 754	1 685 386

Liabilities due to loans and deposits by currencies

31.12.2012	EUR	USD	CHF	PLN	OTHER	TOTAL
UniCredit S.p.A. – Bank's parent entity	-	-	-	57 621	-	57 621
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	196 468	46 414	601 426	949 594	14 334	1 808 236
Associates of Bank Pekao S.A. Group entities	-	-	-	274 250	-	274 250
Key management Staff of the Bank or its parent entity	539	515	-	11 618	3	12 675
Total	197 007	46 929	601 426	1 293 083	14 337	2 152 782

Notes to the financial statements (cont)

(in PLN thousand)

Income and expenses from transactions with related parties for the period from 1 January to 31 March 2013

NAME OF ENTITY	INTEREST INCOME	INTERES EXPENSE	FEE AND COMMISSION INCOME	FEE AND COMMISSION EXPENSE	DERIVATIVES VALUATION AND OTHER INCOME	DERIVATIVES VALUATION AND OTHER EXPENSES
Bank's parent entity						
UniCredit S.p.A.	30	(114)	885	(14)	325	(2 844)
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	33 296	(11 565)	1 255	(522)	6 970	(21 353)
Associates of Bank Pekao S.A. Group entities						
Dom Inwestycyjny Xelion Sp. z o.o.	-	(80)	11	(8)	67	-
Pioneer Pekao Investment Management S.A.	-	(1 541)	98	-	2	-
Pioneer Pekao TFI S.A. (PPIM S.A. subsidiary)	-	(1 154)	59 021	-	-	(1)
Krajowa Izba Rozliczeniowa S.A.	-	(113)	5	-	-	(1 575)
Total Bank Pekao S.A. Group entities	-	(2 888)	59 135	(8)	69	(1 576)
Key management Staff of the Bank or its parent entity	91	(141)	1	-	-	-
Total	33 417	(14 708)	61 276	(544)	7 364	(25 773)

Notes to the financial statements (cont)

(in PLN thousand)

Income and expenses from transactions with related parties for the period from 1 January to 31 March 2012

NAME OF ENTITY	INTEREST INCOME	INTEREST EXPENSE	COMMISSION INCOME	FEE AND COMMISSION EXPENSE	DERIVATIVES VALUATION AND OTHER INCOME	DERIVATIVES VALUATION AND OTHER EXPENSES
Bank's parent entity						
UniCredit S.p.A.	179	(153)	48	(1 139)	468	(3 217)
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	36 050	(18 104)	2 032	(2 398)	1 471	(41 880)
Associates of Bank Pekao S.A. Group entities						
Pirelli Pekao Real Estate Sp. z o.o.	-	(17)	4	-	-	-
Dom Inwestycyjny Xelion Sp. z o.o.	-	(111)	8	(12)	33	-
Pioneer Pekao Investment Management S.A.	-	(71)	132	-	29	-
Pioneer Pekao TFI S.A. (PPIM S.A. subsidiary)	-	(184)	51 793	-	-	-
Krajowa Izba Rozliczeniowa S.A.	-	(175)	5	-	-	(2 480)
Total Bank Pekao S.A. Group entities	-	(558)	51 942	(12)	62	(2 480)
Key management Staff of the Bank or its parent entity	50	(166)	1	-	-	(1)
Total	36 279	(18 981)	54 023	(3 549)	2 001	(47 578)

Notes to the financial statements (cont)

(in PLN thousand)

Off-balance sheet financial liabilities and guarantees as at 31 March 2013

NAME OF ENTITY	GRANTED		RECEIVED
	FINANCIAL	GUARANTEE	GUARANTEE
Bank's parent entity			
UniCredit S.p.A.	64 939	302 765	73 613
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	695 641	254 657	100 475
Associates of Bank Pekao S.A. Group entities			
Dom Inwestycyjny Xelion Sp. z o.o.	30	-	-
Pioneer Pekao Investment Management S.A.	32	-	-
Pioneer Pekao TFI S.A. (PPIM S.A. subsidiary)	130	-	-
Krajowa Izba Rozliczeniowa S.A.	-	500	-
Total Bank Pekao S.A. Group entities	192	500	-
Key management staff of the Bank Pekao S.A.	170	-	-
Total	760 942	557 922	174 088

As at 31 March 2013, the Bank did not have off-balance sheet financial liabilities received from related parties.

Notes to the financial statements (cont)

(in PLN thousand)

Off- Balance sheet financial liabilities and guarantees granted by contractual maturity

31.03.2013	CURRENT	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
FINANCIAL LIABILITIES GRANTED							
UniCredit S.p.A. – Bank's parent entity	24 000	-	-	40 939	-	-	64 939
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	638 389	3 599	8 000	44 804	849	-	695 641
Associates of Bank Pekao S.A. Group entities	-	-	30	-	162	-	192
Key management Staff of the Bank Pekao S.A.	20	-	-	13	127	10	170
Total	662 409	3 599	8 030	85 756	1 138	10	760 942
GUARANTEES GRANTED							
UniCredit S.p.A. – Bank's parent entity	-	4 474	14 260	83 964	91 664	108 403	302 765
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	-	11 921	3 825	22 446	34 283	182 182	254 657
Associates of Bank Pekao S.A. Group	-	-	500	-	-	-	500
Key management Staff of the Bank Pekao S.A.	-	-	-	-	-	-	-
Total	-	16 395	18 585	106 410	125 947	290 585	557 922
GUARANTEES RECEIVED							
UniCredit S.p.A. – Bank's parent entity	-	18 752	5 264	13 406	36 191	-	73 613
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	-	9 753	2 089	86 534	-	2 099	100 475
Total	-	28 505	7 353	99 940	36 191	2 099	174 088

Notes to the financial statements (cont)

(in PLN thousand)

Off- Balance sheet financial liabilities and guarantees granted by currencies

31.03.2013	EUR	USD	CHF	PLN	OTHER	TOTAL
FINANCIAL LIABILITIES GRANTED						
UniCredit S.p.A. – Bank's parent entity	40 939	-	-	24 000	-	64 939
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	25 534	-	-	666 508	3 599	695 641
Associates of Bank Pekao S.A. Group entities	-	-	-	192	-	192
Key management Staff of the Bank Pekao S.A.	-	-	-	170	-	170
Total	66 473	-	-	690 870	3 599	760 942
GUARANTEES GRANTED						
UniCredit S.p.A. – Bank's parent entity	15 286	-	-	287 479	-	302 765
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	23 591	-	-	231 066	-	254 657
Associates of Bank Pekao S.A. Group entities	-	-	-	500	-	500
Key management Staff of the Bank Pekao S.A.	-	-	-	-	-	-
Total	38 877	-	-	519 045	-	557 922
GUARANTEES RECEIVED						
UniCredit S.p.A. – Bank's parent entity	51 011	-	-	22 602	-	73 613
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	22 141	-	-	78 334	-	100 475
Total	73 152	-	-	100 936	-	174 088

Notes to the financial statements (cont)

(in PLN thousand)

Off- Balance sheet financial liabilities and guarantees as at 31 December 2012

NAME OF ENTITY	GRANTED	
	FINANCIAL	FINANCIAL
Bank's parent entity		
UniCredit S.p.A.	38 181	273 072
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	54 363	380 850
Associates of Bank Pekao S.A. Group entities		
Dom Inwestycyjny Xelion Sp. z o.o.	30	-
Pioneer Pekao Investment Management S.A.	32	-
Pioneer Pekao TFI S.A. (subsidiary of PPIM S.A.)	136	-
Krajowa Izba Rozliczeniowa S.A.	-	500
Total Bank Pekao S.A. Group entities	198	500
Key management Staff of the Bank Pekao S.A.	184	-
Total	92 926	654 422

As at 31 December 2012, the Bank did not have off-balance sheet financial liabilities and guarantees received from related parties.

Notes to the financial statements (cont)

(in PLN thousand)

Off- Balance sheet financial liabilities and guarantees granted by contractual maturity

31.12.2012	CURRENT	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
FINANCIAL LIABILITIES GRANTED							
UniCredit S.p.A. – Bank's parent entity	-	-	-	38 181	-	-	38 181
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	818	-	-	52 693	852	-	54 363
Associates of Bank Pekao S.A. Group entities	-	-	-	44	154	-	198
Key management Staff of the Bank Pekao S.A.	30	-	55	9	90	-	184
Total	848	-	55	90 927	1 096	-	92 926
GUARANTEES GRANTED							
UniCredit S.p.A. – Bank's parent entity	-	51	1 362	26 381	136 408	108 870	273 072
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	-	2 152	19 990	21 449	27 117	310 142	380 850
Associates of Bank Pekao S.A. Group entities	-	-	-	500	-	-	500
Key management Staff of the Bank Pekao S.A.	-	-	-	-	-	-	-
Total	-	2 203	21 352	48 330	163 525	419 012	654 422

Notes to the financial statements (cont)

(in PLN thousand)

Off- Balance sheet financial liabilities and guarantees granted by currencies

31.12.2012	EUR	USD	CHF	PLN	OTHER	TOTAL
FINANCIAL LIABILITIES GRANTED						
UniCredit S.p.A. – Bank's parent entity	38 181	-	-	-	-	38 181
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	12 878	-	-	41 485	-	54 363
Associates of Bank Pekao S.A. Group entities	-	-	-	198	-	198
Key management Staff of the Bank Pekao S.A.	-	-	-	184	-	184
Total	51 059	-	-	41 867	-	92 926
GUARANTEES GRANTED						
UniCredit S.p.A. – Bank's parent entity	14 719	-	-	258 353	-	273 072
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	27 119	-	-	353 681	50	380 850
Associates of Bank Pekao S.A. Group entities	-	-	-	500	-	500
Key management Staff of the Bank Pekao S.A.	-	-	-	-	-	-
Total	41 838	-	-	612 534	50	654 422

Notes to the financial statements (cont)

(in PLN thousand)

Remuneration of Bank's Management Board and Supervisory Board Members

	VALUE OF BENEFITS	
	I QUARTER 2013	I QUARTER 2012
Management Board of the Bank		
Short-term employee benefits (*)	2 554	2 440
Other long-term benefits (**)	1 774	1 695
Benefits resulting from the termination of employment relationship	-	-
Share-based payments (***)	1 915	1 269
Total	6 243	5 404
Supervisory Board of the Bank		
Short-term employee benefits (*)	195	297
Share-based payments (***)	-	-
Total	195	297

(*) Short-term employee benefits include: base salary, bonuses and other benefits due in next 12 months from the date of the balance sheet.

(**) The item "long-term benefit" includes: provisions for a long-term motivation program and deferred bonus payments.

(***) The value of share-based payments is a part of Payroll/Employee Expenses, recognized according to IFRS 2 during the reporting period in the income statement, representing the settlement of initial fair value of options allotted to options granted by the parent entity including phantom shares, granted to the Members of the Bank's Management Board.

Bank's Management Board and Supervisory Board Members did not receive any remuneration from subsidiaries and associated entities in the period from 1 January to 31 March 2013 and in the period from 1 January to 31 March 2012.

Remuneration of Members of Supervisory Boards and management Boards of Group subsidiaries

	VALUE OF BENEFITS	
	I QUARTER 2013	I QUARTER 2012
Companies' Management Boards		
Short-term employee benefits	3 658	3 703
Other long-term benefits	25	13
Benefits resulting from the termination of employment relationship	198	-
Share-based payments	70	132
Total	3 951	3 848
Companies' Supervisory Boards		
Short-term employee benefits	10	10
Total	10	10

37. Subsequent events

There have been no significant subsequent events.

Signatures of the Management Board Members

8.05.2013	Luigi Lovaglio	President of the Management Board, CEO	
Date	Name/Surname	Position/Function	Signature
8.05.2013	Diego Biondo	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
8.05.2013	Andrzej Kopyrski	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
8.05.2013	Grzegorz Piwowar	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
8.05.2013	Stefano Santini	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
8.05.2013	Marian Ważyński	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature

Annexes to the financial statements

The accompanying annexes to the financial statements constitute an integral part of the consolidated financial statements.

Annex 1

New standards, interpretations and amendments to published standards that have been approved and published by the European Union and are effective from 1 January 2013.

- **IFRS 1 (amendment)** 'First-time Adoption of International Financial Reporting Standards'

Date of application - the first financial year beginning after 31 December 2012.

The amendments allow entities that apply IFRS for the first time a prospective application of IAS 39 or IFRS 9 as well as § 10A IAS 20 as far as loans granted by the government and owned at the moment of transition to IFRS are concerned.

The Group claims, that the standard amendment will not have a material impact on its consolidated financial statements in the period of its first implementation.

- **IFRS 7 (amendment)** 'Financial Instruments: Disclosures'

The objective of this IFRS is to require entities to provide disclosures in their financial statements that enable users to better estimate the influence or potential influence of offsetting financial assets and liabilities on financial standing of the entity.

The Group claims, that the standard amendment will not have a material impact on its consolidated financial statements in the period of its first implementation.

- **IFRS 10** 'Consolidated Financial Statements'

The standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements' and SIC-12 'Consolidation - Special Purpose Entities'. The IFRS 10 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. The IFRS presents the additional guidelines useful in determining the existence of the control when it is hard to define.

The Group claims, that the new standard will not have a material impact on its consolidated financial statements in the period of its first implementation.

- **IFRS 11** 'Joint Arrangements'

The standard establishes more realistic principles for financial reporting by parties to a joint arrangement, and is concentrating mainly on rights and obligations resulting from those arrangements, and not on its legal form. The standard addresses inconsistencies in financial reporting of joint arrangements by introduction of homogenous method of accounting of interest in jointly controlled entities.

IFRS 11 requires accounting of interests in joint arrangements only under the equity method, which eliminates the proportionate consolidation. The existence of an independent entity is no more a fundamental classification condition. Transitional provisions vary depending on the method of classification of joint arrangements under IAS 31.

The Group claims, that the new standard will not have a material impact on its consolidated financial statements in the period of its first implementation.

Annexes to the financial statements (cont)

- **IFRS 12** 'Disclosure of Interests in Other Entities'

The standard establishes new and complex principles for disclosure of entity's interests in other entities, including subsidiaries, joint ventures, associates and other entities that are not consolidated.

The Group claims, that the new standard will not have a material impact on its consolidated financial statements in the period of its first implementation.

- **IFRS 13** 'Fair Value Measurement'

The standard establishes framework for fair value measurement and requires disclosure of information on fair value measurement. The standard does not set out when an asset, liability or entity's own equity instruments should be measured at fair value. On opposite, measurement and disclosure required by the standard is to be applied when other standards permit fair value measurement (with few exceptions).

The Group claims, that the new standard will not have a material impact on its consolidated financial statements in the period of its first implementation.

- **IAS 1 (amendment)** 'Presentation of Financial Statements'

The changes serve clearer presentation of the increasing number of components of other comprehensive income as well as help users of financial statements to distinguish between the components of other comprehensive income, which may be then reclassified to profit or loss on items which cannot be reclassified in such a way.

The Group claims, that the standard amendment will not have a material impact on its consolidated financial statements in the period of its first implementation.

- **IAS 19 (amendment)** 'Employee Benefits'

The changes should help users of financial statements to better understand the way in which the defined employee benefits influence the financial situation, financial results and cash flows of the entity. This standard aims at regulating employee benefits accountancy as well as information disclosure.

The Group claims, that the standard amendment will not have a material impact on its consolidated financial statements in the period of its first implementation.

- **IAS 27** 'Separate Financial Statements'

The IAS 27 'Separate Financial Statements' establishes principles for the presentation and disclosures to be applied in accounting for investments in subsidiaries, associates and jointly ventures. IAS 27 'Separate Financial Statements' supersedes the previous version of IAS 27 'Consolidated and Separate Financial Statements'.

The Group claims, that the new standard will not have a material impact on its consolidated financial statements in the period of its first implementation.

- **IAS 28** 'Investments in Associates and Joint Ventures'

The new standard refers to accounting for investments in associates and sets out the requirements for the application of equity method when accounting for investments in associates and joint ventures. IAS 28 'Investments in Associates and Joint Ventures' will replace the previous version of IAS 28 'Investments in Associates'.

Annexes to the financial statements (cont)

The Group claims, that the new standard will not have a material impact on its consolidated financial statements in the period of its first implementation.

- **IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine'**

The Interpretation clarifies accounting for costs associated with the process of removing waste from a surface mine in order to gain access to mineral ore deposits.

The Group claims, that the new interpretation will not have a material impact on its consolidated financial statements in the period of its first implementation.

Annexes to the financial statements (cont)

Annex 2

New standards, interpretations and amendments to published standards that have been approved and published by the European Union but are effective from the date after the balance sheet date.

IAS 32 (amendment) 'Financial Instruments: Presentation'

Date of application - the first financial year beginning after 31 December 2013.

The objective of this Standard is to establish principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and liabilities.

The Group claims, that the standard amendment will not have a material impact on its consolidated financial statements in the period of its first implementation.

Annexes to the financial statements (cont)

Annex 3

New standards, interpretations and amendments to published standards that have been published by the International Accounting Standards Board (IASB) and are awaiting approval by the European Union.

- **IFRS 9 'Financial Instruments'**

Date of application: the first financial year beginning after 31 December 2014.

New regulations compose a part of changes superseding IAS 39 'Financial Instruments: Recognition and Measurement'.

Main changes resulting from the new standard include:

- elimination of available-for-sale and held-to-maturity financial assets,
- implementation of two financial assets categories: measured at amortized cost and fair value,
- new criteria of assets classification to the group of financial assets measured at amortized cost,
- new principles on recognition of changes in fair value measurement of capital investment in financial instruments,
- elimination of the need to separate embedded derivatives.

The majority of IAS 39 requirements relating to financial liabilities classification and valuation were transferred to IFRS 9 unchanged.

The standard will be extended by parts concerning principles of measurement at amortized cost as well as principles of hedge accounting application.

The Group is currently assessing the impact of the IFRS 9 implementation on its financial statement, however due to the nature of the Bank, it is expected that these changes will have a meaningful impact on the Group's financial instruments valuation and presentation.

The real impact of IFRS 9 first implementation will be possible to be estimated after the publication of the final, complete version of the standard.

Annexes to the financial statements (cont)

Annex 4

Glossary

IFRS – International Financial Reporting Standards – the standards, interpretations and their structure adopted by the International Accounting Standards Board IASB.

IAS – International Accounting Standards – previous name of the standards forming part of the current IFRS.

IFRIC – International Financial Reporting Interpretations Committee – committee operating under the International Accounting Standards Board publishing interpretations of IFRS.

CIRS – Currency Interest Rate Swap – this is a transaction exchange of principal amounts and interest payments in different currencies between two partners.

IRS – Interest Rate Swap – agreement between two counterparties, under which parties pay each other (at specified intervals during the contract live) of contractual principal and interest on the contract, charged at a different rate.

FRA – Forward Rate Agreement – contract under which two counterparties agree the interest rate that will apply in the future for a specified amount in currency transactions for a predetermined period.

CAP – cap option is the financial agreement, which limits the risks borne by lenders on a variable rate, is susceptible to the potential for loss as a result of the growth rate. Cap option is a series of call options on interest rates, in which the issuer guarantees the buyer that he will compensate the additional interest costs, which he must pay from your loan if the loan interest rate rises above the agreed interest rate.

FLOOR – floor option is the financial agreement, which reduces the risk of incurring losses resulting from lower interest rates by the lender providing the loan at a variable rate of interest. Floor option is a series of put options on interest rates, the issuer guarantees the interest which he must pay the loan if the interest rate on the loan falls below the agreed interest rate.

IBNR – Incurred But Not Reported losses.

PD – Probability Default - parameter used in A-IRB method which determines the probability of debtor's insolvency. PD denotes with what probability is credit loss expected within time period of one year.

LGD – Loss Given Default.

EAD – Exposure At Default.

EL – Expected Loss.

CCF – Credit Conversion Factor.

A-IRB – Advanced Internal Rating-Based approach – advanced method where all parameters of risk (PD, LGD, EAD) are estimated by the bank using its own quantitative model to determine the amount of the risk weighted assets.

VaR – Value at Risk – the amount by which the market value of an asset or portfolio may be reduced based on specific, within a fixed time and a specified probability.

EaR – Earnings at Risk – the maximum decrease of earnings, relative to specific goal, which might occur due to influence of market risk on specific risk factors for the given time period and confidence level.

ICAAP – Internal Capital Adequacy Assessment Process – the process of assessing internal capital adequacy.