TRANSLATION

Bank Pekao S.A. Group

Report supplementing the auditor’s opinion on the consolidated financial statements

Financial Year ended 31 December 2009

The report supplementing the auditor’s opinion
contains 18 pages
Report supplementing the auditor’s opinion
on the consolidated financial statements
for the financial year ended
31 December 2009

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

Contents

1.	General	4
1.1	Identification of the Group	4
1.1.1	Name of the Group	4
1.1.2	Registered office of the Parent Entity of the Group	4
1.1.3	Registration of the Parent Entity in the National Court Register	4
1.1.4	Registration of the Parent Entity in the Tax Office and Statistical Office	4
1.2	Information about entities comprising the Group	4
1.2.1	Entities included in the consolidated financial statements	4
1.2.2	Entities excluded from consolidation	5
1.3	Auditor information	5
1.4	Legal status	5
1.4.1	Share capital	5
1.4.2	Management of the Parent Entity	7
1.4.3	Scope of activities	8
1.5	Prior period consolidated financial statements	8
1.6	Audit scope and responsibilities	8
1.7	Information on audits of the financial statements of the consolidated entities	10
1.7.1	Parent Entity	10
1.7.2	Other consolidated entities	10
2	Financial analysis of the Group	11
2.1	Summary of the consolidated financial statements	11
2.1.1	Consolidated statement of financial position	11
2.1.2	Consolidated income statement	13
2.1.3	Consolidated statement of comprehensive income	14
2.2	Selected financial ratios	15
2.3	Interpretation of selected financial ratios	15
3	Detailed report	16
3.1	Accounting principles	16
3.2	Basis of preparation of the consolidated financial statements	16
3.3	Method of consolidation	16
3.4	Consolidation of equity and calculation of minority interest	16
3.5	Consolidation eliminations	17
3.6	Compliance with banking regulations	17
3.7	Audit materiality	17

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3.8	Notes to the consolidated financial statements	17
3.9	Report of the Management Board of the Parent Entity on the Group's activities	17
3.10	Information on the opinion of the independent auditor	18

1. General

1.1 Identification of the Group

1.1.1 Name of the Group

Bank Polska Kasa Opieki Spółka Akcyjna Group (hereinafter “Bank Pekao S.A. Group”, “the Group”) is a member of UniCredit S.p.A. Group, registered in Rome.

1.1.2 Registered office of the Parent Entity of the Group

ul. Grzybowska 53/57
00-950 Warsaw
Poland

1.1.3 Registration of the Parent Entity in the National Court Register

Registration court:	District Court for Capital City Warsaw in Warsaw, XII Commercial Department of the National Court Register
Date:	2 July 2001
Registration number:	KRS0000014843

1.1.4 Registration of the Parent Entity in the Tax Office and Statistical Office

NIP number:	526-00-06-841
REGON:	000010205

1.2 Information about entities comprising the Group

1.2.1 Entities included in the consolidated financial statements

At 31 December 2009, the following entities were consolidated by the Group:

Parent Entity:

- Bank Pekao S.A.

Subsidiaries consolidated using the full consolidation basis:

- Open Joint Stock Company UniCredit Bank – Luck, Ukraine,
- Centralny Dom Maklerski Pekao S.A. – Warsaw,
- Pekao Fundusz Kapitałowy Sp. z o.o. – Warsaw,
- Pekao Leasing Sp. z o.o. – Warsaw,
- Pekao Faktoring Sp. z o.o. – Lublin,
- Pekao Pioneer Powszechne Towarzystwo Emerytalne S.A. – Warsaw,
- Pekao Telecentrum Sp. z o.o. – Cracow,
- Centrum Kart S.A. – Warsaw,

- Pekao Financial Services Sp. z o.o. – Warsaw,
- Pekao Bank Hipoteczny S.A. – Warsaw,
- Pekao Leasing Holding S.A. – Warsaw,
- Holding Sp. z o.o. – Warsaw,
- Finanse plc – London, Great Britain.

1.2.2 Entities excluded from consolidation

As at 31 December 2009, the following subsidiaries of the Group were not consolidated:

- Pekao Property S.A. - Warsaw,
- Property Sp. z o.o. (in liquidation) – Warsaw,
- Centrum Bankowości Bezpośredniej – Kraków.

The financial statements of the above mentioned entities are not significant to the Group's consolidated financial statements. According to the Bank's Management's any economic decisions made by the users of the consolidated financial statements would not be altered, if these entities were consolidated.

1.3 Auditor information

Name:	KPMG Audyt Sp. z o.o.
Registered office:	Warsaw
Address:	ul. Chłodna 51, 00-867 Warsaw
Registration number:	KRS 0000104753
Registration court:	District Court for the Capital City Warsaw in Warsaw, XII Commercial Department of the National Court Register
Share capital:	PLN 125 000
NIP number:	526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of entities authorised to audit financial statements under number 458.

1.4 Legal status

1.4.1 Share capital

The Parent Entity was established for an indefinite period under the terms of Notarial Deed dated 18 October 1929.

At 31 December 2009 the share capital of the Parent Entity amounted to PLN 262 330 611 consisting of 262 330 611 ordinary shares with a nominal value of PLN 1 each.

On 9 October 2009 the District Court for the Capital City Warsaw in Warsaw, XII Commercial Department of National Court Register, registered an issue of 22 228 Series G bearer shares with a nominal value of PLN 22 228, which was an increase of the Parent Entity's share capital from PLN 262 212 629 to PLN 262 234 857. This share issue was registered pursuant to Resolution No. 7 of the Extraordinary General Meeting of Bank Polska Kasa Opieki S.A. conducted on 25 July 2003 on contingent increase of the statutory capital, exclusion of the pre-emptive rights on the Series F and G shares of the Bank and amendment to the Charter of the Bank.

On 23 November 2009 the District Court for the Capital City Warsaw in Warsaw, XII Commercial Department of National Court Register, registered an issue of 34 647 Series G bearer shares with a nominal value of PLN 34 647, which was an increase of the Parent Entity's share capital from PLN 262 234 857 to PLN 262 269 504. This share issue was registered pursuant to Resolution No. 7 of the Extraordinary General Meeting of Bank Polska Kasa Opieki S.A. conducted on 25 July 2003 on contingent increase of the statutory capital, exclusion of the pre-emptive rights on the Series F and G shares of the Bank and amendment to the Charter of the Bank.

On 30 November 2009 the District Court for the Capital City Warsaw in Warsaw, XII Commercial Department of National Court Register, registered an issue of 40 690 Series G bearer shares with a nominal value of PLN 40 690, which was an increase of the Parent Entity's share capital from PLN 262 269 504 to PLN 262 310 194. This share issue was registered pursuant to Resolution No. 7 of the Extraordinary General Meeting of Bank Polska Kasa Opieki S.A. conducted on 25 July 2003 on contingent increase of the statutory capital, exclusion of the pre-emptive rights on the Series F and G shares of the Bank and amendment to the Charter of the Bank.

On 30 December 2009 the District Court for the Capital City Warsaw in Warsaw, XII Commercial Department of National Court Register, registered an issue of 18 568 Series G bearer shares with a nominal value of PLN 18 568, which was an increase of the Parent Entity's share capital from PLN 262 310 194 to PLN 262 328 780. This share issue was registered pursuant to Resolution No. 7 of the Extraordinary General Meeting of Bank Polska Kasa Opieki S.A. conducted on 25 July 2003 on contingent increase of the statutory capital, exclusion of the pre-emptive rights on the Series F and G shares of the Bank and amendment to the Charter of the Bank.

On 23 February 2010 the District Court for the Capital City Warsaw in Warsaw, XII Commercial Department of National Court Register, registered an issue of 4 418 Series G bearer shares with a nominal value of PLN 4 418, which was an increase of the Parent Entity's share capital from PLN 262 328 780 to PLN 262 333 198. This share issue was registered pursuant to Resolution No. 7 of the Extraordinary General Meeting of Bank Polska Kasa Opieki S.A. conducted on 25 July 2003 on contingent increase of the statutory capital, exclusion of the pre-emptive rights on the Series F and G shares of the Bank and amendment to the Charter of the Bank.

As at 31 December 2009, the shareholder structure was as follows:

Name of the Shareholder	**Number of shares**	**Voting rights (in %)**	**Book value of shares (in PLN)**	**Percentage of share capital (in %)**
UniCredit S.p.A.	155 433 755	59.25	155 433 755,0	59.25
Minority shareholders	106 896 856	40.75	106 896 856,0	40.75
	262 330 611	100.00%	262 330 611,0	100.00%

1.4.2 Management of the Parent Entity

At the consolidated financial statement approval date (i.e. 11 March 2010), the Management Board of the Parent Entity consisted of the following members:

- Alicja Kornasiewicz - Member of the Board, Acting President of the Board,
- Luigi Lovaglio - First Vice-President of the Board, General Director,
- Diego Biondo - Vice-President of the Board,
- Marco Iannaccone - Vice-President of the Board,
- Andrzej Kopyrski - Vice-President of the Board,
- Grzegorz Piwowar - Vice-President of the Board,
- Marian Ważyński - Vice-President of the Board.

At 31 December 2009, the Management Board of the Parent Entity consisted of the following members:

- Jan Krzysztof Bielecki - President of the Board, CEO,
- Luigi Lovaglio - First Vice-President of the Board, General Director,
- Diego Biondo - Vice-President of the Board,
- Marco Iannaccone - Vice-President of the Board,
- Andrzej Kopyrski - Vice-President of the Board,
- Grzegorz Piwowar - Vice-President of the Board,
- Marian Ważyński - Vice-President of the Board.

At 31 December 2008, the Management Board of the Parent Entity consisted of the following members:

- Jan Krzysztof Bielecki - President of the Board, CEO,
- Luigi Lovaglio - First Vice-President of the Board, General Director,
- Diego Biondo - Vice-President of the Board,
- Marco Iannaccone - Vice-President of the Board,
- Paolo Iannone - Vice-President of the Board,
- Andrzej Kopyrski - Vice-President of the Board,
- Katarzyna Niezgoda - Vice-President of the Board,
- Grzegorz Piwowar - Vice-President of the Board,
- Marian Ważyński - Vice-President of the Board.

During the financial statements period and till the date of this report the following changes took place in composition of the Management Board:

- Effective from 1 January 2009 Mr. Paolo Iannone resigned from the position of the Vice-President of the Management Board of the Bank.
- On 17 April 2009 the Supervisory Board recalled Ms. Katarzyna Niezgoda from the position of Vice-President of the Management Board of the Bank.
- On 24 November 2009 Mr. Jan Krzysztof Bielecki, President of the Management Board resigned from his position effective on 11 January 2010.
- On the 12 January 2010 Supervisory Board appointed Ms. Alicja Kornasiewicz as Management Board Member acting as President of the Bank Management Board effective on 15 February 2010. Mrs. Alicja Kornasiewicz will take a position of President of the Bank Management Board when approved by Polish Financial Supervision Authority.

1.4.3 Scope of activities

Bank Pekao S.A. is a universal bank, offering a broad range of banking services in domestic and foreign financial markets, provided to retail and corporate clients, in compliance with the scope of services, set forth in the Bank's Articles of Association. The Bank is running both PLN and forex operations, and it actively participates in both domestic and foreign financial markets.

Moreover, acting through its subsidiaries, the Group is running:

- stockbroking,
- leasing,
- factoring operations,
- offering other financial services.

1.5 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2008 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion with the following emphasis of matter: “Without qualifying our opinion, we draw attention to note 8 to the consolidated financial statements which describe management's assessment of the Group’s loan exposure in Ukraine. As the management stated the assessment of this exposure is of a particularly complex nature in light of the current market conditions and the resulting difficulties when forecasting future earnings. In addition, the parameters and the information used to assess the carrying value of the Group’s loan portfolio in Ukraine are heavily influenced by the macroeconomic and market environment, which could be rapidly affected, as it has been in the past few months, by unforeseeable developments.”

The consolidated financial statements were approved at the General Meeting on 5 May 2009.

The closing balances at 31 December 2008 have been properly recorded as the opening balances of the audited year.

The consolidated financial statements were submitted to the Registry Court on 22 May 2009 and were published in Monitor Polski B No. 1776 on 29 September 2009.

1.6 Audit scope and responsibilities

This report was prepared for the General Meeting of Bank Pekao S.A. with Head Office in Warsaw, ul. Grzybowska 53/57, 00-950 Warsaw and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December

2009, with total assets and total liabilities and equity of PLN 130 616 054 thousand, the consolidated income statement for the year then ended with a net profit for the period of PLN 2 421 345 thousand and the consolidated statement of comprehensive income for the year then ended with a total comprehensive income of PLN 2 273 483 thousand, the consolidated statement of changes in equity for the year then ended with an increase in equity of PLN 2 334 638 thousand, the consolidated statement of cash flows for the year then ended with an increase in cash amounting to PLN 2 986 413 thousand and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

The Parent Entity prepares its consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union on the basis of the decision of General Meeting dated 5 April 2005.

The consolidated financial statements have been audited in accordance with the contract dated 16 June 2008, concluded on the basis of the resolution of General Meeting of Bank Pekao S.A. dated 26 April 2007 on the appointment of the independent auditor.

We conducted the audit in accordance with section 7 of the Accounting Act and International Standards on Auditing.

We have conducted the interim audit in the Parent Entity's head office and branches during the period from 26 October 2009 to 31 December 2009.

We audited the consolidated financial statements in the Parent Entity's head office and branches during the period from 4 January 2010 to 11 March 2010.

Management of the Parent Entity is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

Management of the Parent Entity and members of the Supervisory Board are responsible to ensure that the consolidated financial statements and the Report on the activities of the Bank Pekao S.A. Group are in compliance with the requirements set forth in the Accounting Act.

Our responsibility is to express an opinion and to prepare a supplementing report on the financial statements.

The Management Board of the Parent Entity submitted a statement, dated the same date as this report, as to the true and fair presentation of the consolidated financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements.

All our requests for documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

KPMG Audyt Sp. z o.o., the members of its Management Board and Supervisory Board and other persons involved in the audit of the consolidated financial statements fulfil independence requirements from the entities included in the Group. The scope of work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Sp. z o. o.

1.7 Information on audits of the financial statements of the consolidated entities

1.7.1 Parent Entity

The financial statements of the Parent Entity for the year ended 31 December 2009 were audited by KPMG Audyt Sp. z o.o., certified auditor number 458, and received an unqualified opinion with the following emphasis of matter:
"Without qualifying our opinion, we draw attention to note 28 to the financial statements, confirming management's view about the uncertainty in assessing the recoverability of the Bank's equity investment in Ukraine due to uncertainty about the future outlook of the Ukrainian economic environment."

1.7.2 Other consolidated entities

Entity's name	Authorized auditor	Financial year end	Type of auditor's opinion
Open Joint Stock Company UniCredit Bank	KPMG Ukraine Ltd.	31 December 2009	In progress
Centralny Dom Maklerski Pekao S.A.	KPMG Audyt Sp. z o.o.	31 December 2009	Unqualified opinion
Pekao Fundusz Kapitałowy Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2009	Unqualified opinion
Pekao Leasing Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2009	Unqualified opinion
Pekao Faktoring Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2009	Unqualified opinion
Pekao Pioneer Powszechne Towarzystwo Emerytalne S.A.	KPMG Audyt Sp. z o.o.	31 December 2009	Unqualified opinion
Centrum Kart S.A.	KPMG Audyt Sp. z o.o.	31 December 2009	Unqualified opinion
Pekao Financial Services Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2009	Unqualified opinion
Pekao Bank Hipoteczny S.A.	KPMG Audyt Sp. z o.o.	31 December 2009	Unqualified opinion
Pekao Leasing Holding S.A.	KPMG Audyt Sp. z o.o.	31 December 2009	Unqualified opinion
Holding Sp. z o.o.	Not subject to statutory audit requirement		
Finanse plc	Not subject to statutory audit requirement		
Pekao Telecentrum Sp. z o.o.	Not subject to statutory audit requirement		

2 Financial analysis of the Group

2.1 Summary of the consolidated financial statements

2.1.1 Consolidated statement of financial position

ASSETS	**31.12.2009** **PLN '000**	**% of total balance sheet**	**31.12.2008** **PLN '000**	**% of total balance sheet**
Cash and due from Central Bank	9 620 329	7.4	9 933 637	7.5
Debt securities eligible for rediscounting at Central Bank	158	-	840	-
Loans and receivables from banks	7 202 675	5.5	7 908 626	6.0
Financial assets held for trading	3 753 979	2.9	2 744 415	2.1
Derivative financial instruments (held for trading)	2 407 545	1.8	4 440 541	3.4
Other financial instruments at fair value through profit and loss	2 394 086	1.8	4 713 116	3.6
Loans and receivables from customers	76 380 061	58.5	79 077 983	59.9
Net investments in financial leases	3 103 477	2.4	3 437 383	2.6
Hedging instruments	87 543	0.1	157 899	0.1
Investment securities	21 274 025	16.3	15 128 906	11.5
- *available for sale*	17 466 202	13.4	13 249 845	10.0
- *held to maturity*	3 807 823	2.9	1 879 061	1.5
Assets classified as held for sale	39 908	0.0	141 783	0.1
Investments in associates	239 949	0.2	308 756	0.2
Intangible assets	708 473	0.5	745 661	0.6
Property, plant and equipment	1 822 396	1.4	1 906 036	1.4
Investment properties	65 239	0.1	70 852	0.1
Income taxes	682 728	0.5	388 337	0.3
Other assets	833 483	0.6	835 991	0.6
TOTAL ASSETS	**130 616 054**	**100.0**	**131 940 762**	**100.0**

EQUITY AND LIABILITIES	31.12.2009 PLN '000	% of total balance sheet	31.12.2008 PLN '000	% of Total balance sheet
Liabilities				
Amounts due to Central Bank	1 100 176	0.8	4 817 499	3.7
Amounts due to other banks	7 379 005	5.6	10 175 521	7.7
Financial liabilities held for trading	981 354	0.8	405 979	0.3
Hedging instruments (held for trading)	1 592 073	1.2	5 145 498	3.9
Amounts due to customers	97 249 996	74.5	90 889 048	68.9
Hedging instruments	150 452	0.1	373	-
Debt securities in issue	2 032 234	1.6	2 470 702	1.9
Income taxes	6 080	-	307 116	0.2
Provisions	255 009	0.2	306 739	0.2
Other liabilities	1 498 599	1.1	1 385 849	1.1
Total liabilities	**112 244 978**	**85.9**	**115 904 324**	**87.9**
Equity				
Share capital	262 331	0.2	262 213	0.2
Other capital and reserves	15 587 032	11.9	12 194 504	9.2
Retained earnings and current year profit	2 438 656	1.9	3 490 596	2.6
Total equity attributable to equity holders of the Bank	**18 288 019**	**14.0**	**15 947 313**	**12.0**
Minority interest	83 057	0.1	89 125	0.1
Total equity	**18 371 076**	**14.1**	**16 036 438**	**12.1**
TOTAL EQUITY AND LIABILITIES	**130 616 054**	**100.0**	**131 940 762**	**100.0**

2.1.2 Consolidated income statement

PLN '000	01.01.2009 - 31.12.2009	01.01.2008 - 31.12.2008 Continuing operations	01.01.2008 - 31.12.2008 Discontinued operations	Total
Interest income	6 747 925	8 193 874	-	8 193 874
Interest expense	-2 945 639	-3 684 276	-113	-3 684 389
Net interest income	**3 802 286**	**4 509 598**	**-113**	**4 509 485**
Fee and commission income	2 716 157	2 852 488	556	2 853 044
Fee and commission expense	-427 564	-511 116	-112	-511 228
Net fee and commission income	**2 288 593**	**2 341 372**	**444**	**2 341 816**
Dividend income	**7 105**	**5 398**	**-**	**5 398**
Gains (losses) on financial assets and liabilities held for trading	**751 883**	**736 783**	**-30**	**736 753**
Fair value adjustments in hedge accounting	**13 945**	**-**	**-**	**-**
Gains and losses on financial assets/liabilities at fair value through profit and loss	**54 558**	**-93 630**	**-**	**-93 630**
Gains and losses on disposal of:	**100 519**	**191 390**	**-**	**191 390**
loans	2 584	112 985	-	112 985
available for sale financial assets and held to maturity investments	97 853	82 969	-	82 969
financial liabilities	82	-4 564	-	-4 564
Operating income	**7 018 889**	**7 690 911**	**301**	**7 691 212**
Impairment losses on:	**-534 531**	**-262 916**	**-**	**-262 916**
loans	-571 059	-316 792	-	-316 792
available for sale financial assets and held to maturity investments	126	3 349	-	3 349
off-balance sheet commitments	36 402	50 527	-	50 527
Net profit (loss) from financial activity	**6 484 358**	**7 427 995**	**301**	**7 428 296**
Administrative expenses:	**-3 244 660**	**-3 386 958**	**-643**	**-3 387 601**
payroll costs	-1 856 341	-1 874 370	-323	-1 874 693
other administrative expenses	-1 388 319	-1 512 588	-320	-1 512 908
Depreciation and amortization	**-441 367**	**-413 977**	**-**	**-413 977**
Provisions for risk charges	**1 162**	**29 008**	**-**	**29 008**
Net other income/expense	**86 706**	**134 983**	**-98**	**134 885**
Operating expenses	**-3 598 159**	**-3 636 944**	**-741**	**-3 637 685**
Gain on sale of discontinued operations	**-**	**-**	**436 172**	**436 172**
Profit/loss form subsidiaries and associates	**58 076**	**123 028**	**-**	**123 028**
Gains and losses on disposal of investments	**53 205**	**-3 833**	**-**	**-3 833**
Profit before income tax	**2 997 480**	**3 910 246**	**435 732**	**4 345 978**
Income tax expense	**-576 135**	**-721 690**	**56**	**-721 634**
Income tax expense on gain on sale of discontinued operations	**-**	**-**	**-83 408**	**-83 408**
Net profit for the period	**2 421 345**	**3 188 556**	**352 380**	**3 540 936**
Attributable to:				
equity holders of the Bank	2 411 735	3 175 584	352 380	3 527 964
minority interest	9 610	12 972	-	12 972
Basic and diluted earnings per share				
Basic	9.2	12.12	1.34	13.46
Diluted	9.2	12.11	1.34	13.45

2.1.3 Consolidated statement of comprehensive income

	1.01.2009 - 31.12.2009 PLN '000	**1.01.2008 - 31.12.2008 PLN '000**
Net profit for the period	**2 421 345**	**3 540 936**
Attributable to equity holders of the Bank	2 411 735	3 527 964
attributable to minority interest	9 610	12 972
Other comprehensive income		
Foreign currency translation differences for foreign operations	-66 774	-89 695
Net change in fair value of available-for-sale financial assets (net of tax)	52 121	214 197
Net change in fair value of cash flow hedges (net of tax)	-150 781	170 166
Income tax expense on other comprehensive income	17 572	-71 443
Other comprehensive income (net)	**-147 862**	**223 225**
Comprehensive income for reporting period:	**2 273 483**	**3 764 161**
attributable to equity holders of the Bank	2 263 873	3 751 189
attributable to minority interest	9 610	12 972

2.2 Selected financial ratios

	2009	**2008**
Total assets (PLN '000)	130 616 054	131 940 762
Gross profit from continuing operations (PLN '000)	2 997 480	3 910 246
Gross profit from discontinuing operations (PLN '000)	-	435 732
Net profit from continuing operations (PLN '000)	2 421 345	3 188 556
Net profit from discontinuing operations (PLN '000)	-	352 380
Shareholders equity*	15 949 731	12 495 502
Return on equity	15.2%	28.3%
Capital adequacy ratio	16.2%	12.2%
Total loans to total assets	64.0%	65.9%
Income generating assets to total assets	96.9%	97.1%
Interest bearing liabilities to total liabilities	84.6%	86.3%

** excluding current year net profit*

2.3 Interpretation of selected financial ratios

In comparison to prior financial year total assets decreased by PLN 1 324 708 thousand or 1%. The most significant decrease, on the assets side was a PLN 2 697 922 thousand or 3.4% decrease in loans and advances to customers, PLN 2 319 030 thousand or 49.2% decrease in other financial instruments at fair value through profit and loss and PLN 2 032 996 thousand or 45.8% decrease in derivative financial instruments. The decrease was partially compensated by an increase in investment securities (PLN 6 145 119 thousand or 40.6%). On the liabilities' side, the decrease was mainly driven by a decrease in amounts due to central bank (PLN 3 717 323 thousand or 77.2%), derivative financial instruments (PLN 3 553 425 thousand or 69.1%) and amounts due to other banks (PLN 2 796 516 thousand or 27.5%). The decrease was partially offset by an increase in amounts due to customers (PLN 6 360 948 thousand or 7%) and an increase in shareholders' equity (PLN 2 334 638 thousand or 14.6%).

The 2009 net profit of the Group was lower as compared to prior year by PLN 1 119 591 thousand or 31.6%. The decrease was mainly driven by a decrease in the net interest income by PLN 707 199 thousand or 15.7% and a decrease in gain on sale of discounted operations by PLN 436 172 thousand or 100%.

3 Detailed report

3.1 Accounting principles

The Parent Entity maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Entity.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

Entities included in the Group apply accounting principles consistent with the accounting principles applied by the Parent Entity, in all material aspects.

The financial statements of the entities included in the consolidated financial statements were prepared at the end of the same reporting period as the financial statements of the Parent Entity.

3.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Bank Pekao S.A. Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

The consolidated financial statements were prepared on the basis of the consolidation documentation.

3.3 Method of consolidation

The method of consolidation is described in note 4.3 of the notes to the consolidated financial statements.

3.4 Consolidation of equity and calculation of minority interest

The share capital of the Group is equal to the share capital of the Parent Entity.

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements in the proportion reflecting the Parent Entity's share in the subsidiaries' equity at the end of the reporting period to the corresponding captions of the equity of the Parent Entity.

Only equity of subsidiaries arising after the Parent Entity obtained control of the subsidiary is included in the equity of the Group.

Minority interests in subsidiaries included in the consolidated financial statements were determined based on the minority shareholders' share in the subsidiaries' equity as at the end of the reporting period.

3.5 Consolidation eliminations

Intragroup balances were eliminated on consolidation.

Sales between entities and other intragroup operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of Bank Pekao S.A. (or subsidiary entities) and agreed with information received from the subsidiaries.

3.6 Compliance with banking regulations

Based on our audit we have not identified any significant deviations in the Parent Entity's compliance with the banking regulatory norm pertaining among other to loan concentration, obligatory reserve and capital adequacy ratio.

3.7 Audit materiality

We have planned and applied an appropriate level of precision in conducting our audit procedures in order to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free of material misstatements.

3.8 Notes to the consolidated financial statements

All information included in the notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information, is, in all material respects, presented correctly and completely. The notes to the consolidated financial statements should be read in conjunction with the consolidated financial statements taken as a whole.

3.9 Report of the Management Board of the Parent Entity on the Group's activities

The Management Report on the Group's activities includes, in all material respects, information required by Art. 49 of the Accounting Act and by 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 from 2009, No 33, item 259) and the information is consistent with the consolidated financial statements.

3.10 Information on the opinion of the independent auditor

Based on our audit of the consolidated financial statements of the Group as at and for the year ended 31 December 2009, we have issued an unqualified opinion.

Signed on the Polish original

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On behalf of KPMG Audyt Sp. z o. o.
ul. Chłodna 51, 00-867 Warsaw
Certified Auditor No. 796/1670
Bodgan Dębicki,
Member of the Management Board

Signed on the Polish original

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On behalf of KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
Stacy Ligas, Director

11 March 2010
Warsaw