TRANSLATION

Bank Pekao S.A.

Report supplementing the auditor's opinion on the separate financial statements

Financial Year ended 31 December 2009

The report supplementing the auditor's opinion
contains 14 pages
Report supplementing the auditor's opinion
on the separate 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

1.1. General information about the Bank

1.1.1. Bank's name

Bank Polska Kasa Opieki Spółka Akcyjna (hereinafter "Bank Pekao S.A.", "the Bank")

1.1.2. Registered office

ul. Grzybowska 53/57
00-950 Warsaw
Poland

1.1.3. Registration 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. Tax Office and Provincial Statistical Office registration

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

1.2. 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.

1.3. Legal status

1.3.1. Share capital

The Bank was established for an indefinite period under the terms of its articles of association dated 18 October 1929.

At 31 December 2009 the share capital of the Bank 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 Bank 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 Bank 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 Bank 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 Bank 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 Bank 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 %)	Nominal value of shares PLN	Percentage of share capital (in %)
UniCredit S.p.A.	155 433 755	59.25%	155 433 755	59.25%
Minority shareholders	106 896 856	40.75%	106 896 856	40.75%
	262 330 611	100.00%	262 330 611	100.00%

1.3.2. Related parties

The Bank is a member of the UniCredit S.p.A, registered in Rome. The Bank is also the parent entity of Bank Pekao S.A. Capital Group.

1.3.3. Management of the Bank

At the unconsolidated financial statement approval date (i.e. 11 March 2010), the Management Board of the Bank 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 Bank was comprised 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 Bank 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 1 January 2009 Mr. Paolo Iannone resigned from the position of Vice-President of the Management Board.
- 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.

1.3.4. 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 Articles of Association.

1.4. Prior period financial statements

The separate financial statements for the period ended 31 December 2008 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion with the following emphasis of matters:
'Without qualifying our opinion, we draw attention to note 32 to the financial statements which describes management's assessment of the Bank's loan exposure and equity investment 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 Bank Pekao's investments 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 financial statements were approved at the General Meeting on 5 May 2009 where it was resolved to allocate the profit for the prior financial year of PLN 3 345 844 759.58 as follows:

- the amount of PLN 3 245 844 759.58 was allocated to other reserve capital,
- the amount of PLN 100 000 000.00 was allocated to general risk fund.

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

The financial statements were submitted to the Registry Court on 22 May 2009 and were published in Monitor Polski B No. 1775 on 29 September 2009.

1.5. 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 financial statements comprising: the statement of financial position as at 31 December 2009, with total assets and total liabilities and equity of PLN 126 918 020 thousand, the income statement for the year then ended with a net profit for the period of PLN 2 462 263 thousand and the statement of comprehensive income for the year then ended with a total comprehensive income of PLN 2 379 431 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 2 396 235 thousand, the statement of cash flows for the year then ended with an increase in cash amounting to PLN 3 067 395 thousand, and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory information.

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

The separate financial statements have been audited in accordance with the contract dated 16 June 2008, concluded on the basis of the resolution of General Meeting 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 Bank’s head office and branches during the period from 26 October 2009 to 31 December 2009.

We audited the separate financial statements in the Bank’s head office and branches during the period from 4 January 2010 to 11 March 2010.

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

Management of the Bank and members of the Supervisory Board are responsible to ensure that the financial statements and the Report on the activities of the Bank Pekao S.A. 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 and whether the financial statements are derived from properly maintained accounting records based on our audit.

Management of the Bank submitted a statement dated the same date as this report as to the true and fair presentation of the separate financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the separate 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 separate financial statements of the Bank fulfill independence requirements. The scope of the 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.

2. Financial analysis of the Bank

2.1. Summary of the separate financial statements

2.1.1. 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	9 587 211	7.6	9 905 270	7.7
Debt securities eligible for rediscounting at Central Bank	158	-	840	-
Loans and receivables from banks	9 138 563	7.2	10 213 642	8.0
Financial assets held for trading	3 685 551	2.9	2 727 581	2.1
Derivative financial instruments (held for trading)	2 431 471	1.9	4 489 752	3.5
Other financial instruments at fair value through profit and loss	2 394 040	1.9	4 713 069	3.7
Loans and receivables from customers	73 042 722	57.6	75 105 146	58.7
Hedging instruments	87 543	0.1	157 899	0.1
Investment securities	21 293 507	16.8	15 242 759	11.9
- *available for sale*	17 526 224	13.8	13 363 698	10.4
- *held to maturity*	3 767 283	3.0	1 879 061	1.5
Assets classified as held for sale	38 580	0.0	128 734	0.1
Investments in subsidiaries	1 426 442	1.1	1 506 442	1.2
Investments in associates	39 345	0.0	56 845	0.0
Intangible assets	678 462	0.5	721 888	0.6
Property, plant and equipment	1 745 821	1.4	1 808 694	1.4
Investment properties	54 967	0.0	63 283	0.1
Income taxes	557 768	0.4	286 699	0.2
Other assets	715 869	0.6	849 914	0.7
TOTAL ASSETS	**126 918 020**	**100.0**	**127 978 457**	**100.0**

EQUITY AND LIABILITIES	31.12.2009 PLN '000	% of total balance sheet	31.12.2008 PLN '000	% of total balance sheet
Amounts due to Central Bank	1 100 176	0.9	4 817 499	3.8
Amounts due to other banks	5 462 055	4.3	8 091 435	6.3
Financial liabilities held for trading	981 354	0.8	405 979	0.3
Derivative financial instruments (held for trading)	1 594 037	1.3	5 150 384	4.0
Amounts due to customers	96 701 298	76.2	90 458 074	70.7
Hedging instruments	150 452	0.1	373	-
Debt securities in issue	1 297 785	1.0	1 719 894	1.3
Current income tax payable	-	-	244 898	0.2
Provisions	281 369	0.2	298 177	0.2
Other liabilities	1 381 925	1.0	1 220 410	1.0
Total liabilities	**108 950 451**	**85.8**	**112 407 123**	**87.8**
Equity				
Share capital	262 331	0.2	262 213	0.2
Other capital and reserves	15 242 975	12.0	11 963 276	9.4
Retained earnings and current year profit	2 462 263	2.0	3 345 845	2.6
Total equity	**17 967 569**	**14.2**	**15 571 334**	**12.2**
TOTAL EQUITY AND LIABILITIES	**126 918 020**	**100.0**	**127 978 457**	**100.0**

2.1.2. Income statement

	1.01.2009 - 31.12.2009 PLN '000	**1.01.2008 - 31.12.2008 PLN '000**
Interest income	6 223 962	7 628 112
Interest expense	(2 831 223)	(3 510 979)
Net interest income	**3 392 739**	**4 117 133**
Fee and commission income	2 454 980	2 561 039
Fee and commission expense	(399 044)	(487 645)
Net fee and commission income	**2 055 936**	**2 073 394**
Dividend income	**417 171**	**525 537**
Gains (losses) on financial assets and liabilities held for trading	**702 001**	**682 429**
Fair value adjustments in hedge accounting	**13 945**	**-**
Gains and losses on financial assets/liabilities at fair value through profit and loss	**54 558**	**(93 626)**
Gains and losses on disposal of:	**100 132**	**190 455**
loans	2 584	112 985
available for sale financial assets and held to maturity investments	97 466	82 034
financial liabilities	82	(4 564)
Operating income	**6 736 482**	**7 495 322**
Impairment losses on:	**(406 454)**	**(180 676)**
loans	**(412 443)**	**(232 919)**
available for sale financial assets and held to maturity investments	126	3 349
off-balance sheet commitments	5 863	48 894
Net profit from financial activity	**6 330 028**	**7 314 646**
Administrative expenses:	**(2 963 166)**	**(3 071 111)**
payroll costs	(1 664 606)	(1 667 506)
other administrative expenses	(1 298 560)	(1 403 605)
Depreciation and amortization	**(403 597)**	**(371 871)**
Provisions for risks and charges	**450**	**29 578**
Net other income/expenses	**67 892**	**127 171**
Operating expenses	**(3 298 421)**	**(3 286 233)**
Profit/loss from subsidiaries and associates	**(105 000)**	**1 682**
Gains and losses on disposal of investments	**53 963**	**(458)**
Profit before income tax	**2 980 570**	**4 029 637**
Income tax expense	**(518 307)**	**(683 792)**
Net profit for the period	**2 462 263**	**3 345 845**

2.1.3. 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	**2 462 263**	**3 345 845**
Other comprehensive income		
Foreign currency translation differences for foreign operations	(123)	3 847
Net change in fair value of available-for-sale financial assets (net of tax)	50 291	215 696
Net change in fair value of cash flow hedges (net of tax)	(150 781)	170 059
Income tax expense on other comprehensive income	17 781	(71 576)
Other comprehensive income (net)	**(82 832)**	**318 026**
Comprehensive income for reporting period	**2 379 431**	**3 663 871**

2.2. Selected financial ratios

	2009	**2008**
Total assets (PLN '000)	126 918 020	127 978 457
Gross profit (PLN '000)	2 980 570	4 029 637
Net profit (PLN '000)	2 462 263	3 345 845
Shareholders equity (PLN '000)*	15 505 306	12 225 489
Return on equity*	15.9%	27.4%
Capital adequacy ratio	15.64%	11.62%
Total loans to total assets	64.7%	66.7%
Income generating assets to total assets	97.1%	97.1%
Interest bearing liabilities to total liabilities	84.5%	86.5%

** excluding current year net profit*

2.3. Interpretation of selected financial ratios

In comparison to prior financial year total assets decreased by PLN 1 060 437 thousand or 0.83%. The most significant decrease, on the assets side was a PLN 2 062 424 thousand or 2.7% decrease in loans and receivables from customers, PLN 2 319 030 thousand or 49.2% decrease in other financial instruments at fair value through profit and loss and PLN 2 058 281 thousand or 45.84% decrease in derivative financial instruments. The decrease was partially compensated by an increase in investment securities (PLN 6 050 748 thousand or 39.7%). 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 3 556 347 thousand or 69.1%) and amounts due to other banks (2 629 380 thousand or 32.5%). The decrease was partially offset by an increase in amounts due to customers (PLN 6 243 224 thousand or 6.9%) and an increase in shareholders' equity (PLN 2 396 235 thousand or 15.4%).

The 2009 net profit of the Bank was lower as compared to prior year by PLN 883 582 thousand or 26.41%. The decrease was mainly driven by a decrease in the net interest income by PLN 724 394 thousand or 17.6%.

3. Detailed report

3.1. Proper operation of the accounting system

The Bank maintains current documentation describing the accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act and the Decree of the Ministry of Finance dated 29 August 2008 on the specific accounting principles of banks (Official Journal from 2008, No. 161, item 1002).

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system. Our assessment covered in particular:

- appropriateness and consistency of the accounting principles used,
- correctness of the documentation of transactions,
- fairness, accuracy and verifiability of the accounting records, including the matching of accounting entries with supporting documentation and the financial statements,
- compliance of the adopted policies relating to the safeguarding of the supporting documentation, the accounting records and the financial statements with the Accounting Act.

On the basis of the work performed, we have not identified material irregularities in the accounting system which have not been corrected and that could have a material impact on the separate financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

3.2. Asset verification

The Bank performed a physical verification of assets and liabilities in accordance with the requirements and time frame specified in Art. No. 26 of the Accounting Act and in the Decree of the Ministry of Finance dated 29 August 2008 on the specific accounting principles of banks (Official Journal from 2008, No. 161, item 1002).

Count differences have been recorded in the period covered by the separate financial statements.

3.3. Compliance with banking regulations

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

3.4. 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 separate financial statements taken as a whole are free of material misstatements.

3.5. Notes to the separate financial statements

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

3.6. Report on the Bank's activities

The Report on the Bank'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 separate financial statements.

3.7. Information on the opinion of the independent auditor

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

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
Bogdan 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