BANK
POLSKA KASA OPIEKI
SPOLKA AKCYJNA

Interim financial statements
of the Bank Pekao S.A. Group
for the third quarter of 2006
prepared according to the
International Financial Reporting Standards

1 Summary

In this quarterly report the Bank and the Group present their results in accordance with the International Financial Reporting Standards (IFRS).

The Group's consolidated financial statements and the Bank's individual financial statements fulfil the requirements of International Accounting Standard - IAS 34 "Interim Financial Reporting".

Net profit of the Group in the third quarter of 2006 was the best quarterly result achieved to date and amounted to PLN 455.9 million. In three quarters of 2006 the net profit amounted to PLN 1,321.1 million, i.e. 17.0% higher than in three quarters of 2005.

The increase in the net profit was possible thanks to increased business activity which translated into higher income, particularly fee and commission income, with stable operating costs and lower cost of risk.

- Group's income amounted to PLN 3,450.4 million in three quarters of 2006 and was 5.3% higher than in the previous year, with stable interest income and other income higher by 15.8%.
- In three quarters of 2006, the Group noted a continued positive trend in the results of its business activity, with successful sales of key products: consumer loans "Express Loan", PLN mortgage loans, mutual funds and credit cards. Sales of the "Express Loan" in three quarters of 2006 were 22.1% higher than in the previous year reaching PLN 1,445.2 million. Sales of PLN mortgage loans amounted to PLN 1,714.1 million contributing to a growth in the stock of 30.5% in three quarters of 2006. The value of mutual funds increased by 9.6% and the number of credit cards increased by 51.8% compared with the end of 2005.
- In three quarters of 2006, total overhead costs including depreciation were kept under control and amounted to PLN 1,732.0 million, i.e. were 0.3% lower than in the previous year. In three quarters of 2006, the Group's cost / income ratio amounted to 50.2% and was 2.8 p.p. lower than in the previous year.
- In three quarters of 2006, impairment losses on loans and advances amounted to PLN 160.7 million and were 15.4% lower than in the previous year. This resulted primarily from the effective credit risk management and improved macroeconomic situation. The ratio of impaired receivables to total receivables decreased from 15.5% at the end of 2005 to 12.9% at the end of September 2006 (including also the effect of write-off of impaired loans of ca. PLN 557.7 million, being a first step in preparation for the sale of part of the old stock of non-performing loans).
- Savings of the Group's clients increased by PLN 2,901.6 million, i.e. by 4.4% in three quarters of 2006 resulting from an increase both in the savings of individual clients and in corporate deposits. The savings of retail clients increased by PLN 1,964.7 million in three quarters of 2006 and exceeded the level of PLN 47 billion confirming Group's significant market share. Corporate deposits increased by PLN 937.0 million in three quarters of 2006.
- In three quarters of 2006, the gross loan portfolio grew by PLN 1,258.0 million, i.e. by 3.8% despite the above mentioned write-off of old impaired loans. This growth was driven by successful sale of the "Express Loan", PLN mortgage loans and loans for SME, as well as an increase in the volume of corporate loans.

2 Accounting principles adopted in the preparation of the quarterly report

The interim consolidated report of the Group of Bank Pekao S.A. and the stand alone report of Bank Pekao S.A. were prepared in compliance with the International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board.

The presented report meets the requirements of the International Accounting Standard 34 related to interim financial reports and of the Decree of the Council of Ministers dated 19th October 2005 on current and periodic information submitted by the issuers of securities.

The consolidated financial report of the Group and enclosed financial report of the Bank have been prepared in accordance with the accounting principles applied for the purpose of asset and liabilities valuation and measurement of financial results, as disclosed in the interim consolidated financial statements and the interim condensed financial statements of Bank Pekao S.A. for the period from 1st January 2006 to 30th June 2006, published on 12th September 2006. There were no changes of accounting principles in the third quarter of 2006 in comparison to accounting principles applied for the preparation of the Group and the Bank Pekao S.A. for the first half of 2006.

In this report the data have been presented to manner assuring comparability.

3 Financial statement

CONSOLIDATED INCOME STATEMENT (in '000 PLN)	**III Quarter 2006 period from 06-07-01 to 06-09-30**	**III Quarters 2006 period from 06-01-01 to 06-09-30**	**III Quarter 2005 period from 05-07-01 to 05-09-30**	**III Quarters 2005 period from 05-01-01 to 05-09-30**
Interest income	968 754	2 823 787	969 551	2 923 867
Interest expense	(377 096)	(1 088 247)	(349 076)	(1 171 314)
Net interest income	**591 658**	**1 735 540**	**620 475**	**1 752 553**
Fee and commission income	505 906	1 536 822	448 064	1 278 147
Fee and commission expense	(56 135)	(158 175)	(48 250)	(130 718)
Net fee and commission income	**449 771**	**1 378 647**	**399 814**	**1 147 429**
Dividend income	71	1 709	298	346
Result on financial instruments at fair value	3 178	22 575	3 087	56 273
Result on investment securities	1 914	65 326	35 172	68 990
Foreign exchange result	72 196	192 432	63 845	210 323
Other operating income	36 287	125 268	59 625	195 095
Other operating expenses	(17 447)	(71 108)	(49 013)	(153 473)
Net other operating income	**18 840**	**54 160**	**10 612**	**41 622**
Net impairment losses on financial assets and net provisions for guarantees and commitments	(50 876)	(160 636)	(61 314)	(189 943)
Overhead costs	(565 997)	(1 731 970)	(583 458)	(1 736 947)
Operating profit	**520 755**	**1 557 783**	**488 531**	**1 350 646**
Share of profit (loss) of associates and joint venture entities valued at the equity method	27 776	63 764	12 887	35 036
Profit before income tax	**548 531**	**1 621 547**	**501 418**	**1 385 682**
Income tax expense	(92 641)	(300 449)	(97 710)	(256 581)
Net profit for the period	**455 890**	**1 321 098**	**403 708**	**1 129 101**
1. Attributable to equity holders of the Company	455 019	1 320 011	404 345	1 131 641
2. Attributable to minority interest	871	1 087	(637)	(2 540)
Earnings per share (in PLN per share)				
- basic for the period		7,92		6,80
- diluted for the period		7,91		6,79

CONSOLIDATED BALANCE SHEET
(in '000 PLN)

	30.09.2006	31.12.2005	30.09.2005
ASSETS			
Cash and amounts due from Central Bank	3 806 602	3 574 791	3 105 816
Debt securities eligible for rediscounting at Central Bank	4 026	6 106	8 649
Loans and advances due from banks	9 057 060	6 966 026	8 530 654
Financial assets as held for trading	2 285 666	2 502 366	2 999 274
Derivative financial instruments	435 652	499 290	584 041
Other financial instruments at fair value through profit or loss	1 721 755	1 781 317	1 677 983
Loans and advances to customers	31 238 727	28 223 730	26 870 091
Net investment in the finance lease	871 723	745 891	673 063
Investment securities	15 921 560	14 490 772	14 189 525
1. Available for sale	15 487 447	11 902 898	11 633 281
2. Held to maturity	434 113	2 587 874	2 556 244
Assets of disposal group classifield as held for sale	51 135	167 366	-
Investments in associated undertakings	181 139	167 814	162 074
Intangible assets	595 423	645 457	627 007
Tangible fixed assets	1 418 238	1 441 141	1 469 430
Investment properties	54 621	61 259	97 114
Income taxes	272 855	182 180	178 711
1. Current tax assets	21	886	321
2. Deferred income tax assets	272 834	181 294	178 390
Other assets	634 966	516 450	994 506
TOTAL ASSETS	**68 551 148**	**61 971 956**	**62 167 938**
LIABILITIES			
Liabilities			
Amounts due to the Central Bank	1 782 534	1 950 710	2 005 195
Amounts due to other banks	3 469 241	1 997 043	3 224 005
Financial liabilities as held for trading	1 083 584	558 973	571 038
Derivative financial instruments	480 074	607 689	696 374
Amounts due to customers	51 130 674	46 847 877	45 591 524
Debt securities in issue	2	4	3
Liabilities directly associated with assets classified as held for sale	-	39 663	-
Current income tax liabilities	135 746	5 621	42 663
Provisions for deferred income tax	-	1	3 449
Provisions	166 691	108 727	94 127
Other liabilities	1 937 090	1 432 922	1 855 936
Total liabilities	**60 185 636**	**53 549 230**	**54 084 314**
Equity			
Capital and reserves attributable to the Company's equity holders	**8 349 424**	**8 407 290**	**8 067 805**
Share capital	166 808	166 482	166 482
Other capital and reserves	6 969 173	6 718 913	6 795 970
Prior and current year profits	1 213 443	1 521 895	1 105 353
Minority interest	16 088	15 436	15 819
Total equity	**8 365 512**	**8 422 726**	**8 083 624**
TOTAL LIABILITIES	**68 551 148**	**61 971 956**	**62 167 938**
Capital adequacy ratio	17,38	19,47	19,62
Book value	8 349 424	8 407 290	8 067 805
Number of shares	166 808 257	166 481 687	166 481 687
Book value per share (in PLN per share)	50,05	50,50	48,46
Diluted numebr of shares	166 935 617	166 558 940	166 543 189
Diluted book value per share (in PLN per share)	50,02	50,48	48,44

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (in '000 PLN)	III Quarters 2006 from 1 Jan 2006 to 30 Sep 2006	2005 year from 1 Jan 2005 to 31 Dec 2005	III Quarters 2005 from 1 Jan 2005 to 30 Sep 2005
Shareholders equity at the beginning of the period	**8 422 726**	**8 023 481**	**8 023 481**
a) adjustment related to IFRS/IAS introduction	-	(192 460)	(192 460)
b) change of consolidation method	-	-	-
c) adjustment due to fundamental errors	-	-	-
Adjusted shareholders equity at the beginning of the period	**8 422 726**	**7 831 021**	**7 831 021**
1. Share capital at the beginning of the period	166 482	166 482	166 482
a) Increase	326	-	-
- new shares issue	326	-	-
b) Decrease	-	-	-
- redemptions	-	-	-
1. Share capital at the end of the period	166 808	166 482	166 482
2. Earnings from previous years at the beginning of the period	1 521 895	1 512 265	1 512 265
a) adjustment related to IFRS/IAS introduction	-	(192 460)	(192 460)
b) change of consolidation method	-	-	-
2. Adjusted earnings from previous years at the end of the period	1 521 895	1 319 805	1 319 805
a) Increase	34 118	1 761	-
- adjustment related to IFRS/IAS introduction	-	-	-
- other	34 118	1 761	-
b) Decrease	(1 662 581)	(1 337 383)	(1 346 093)
- appropriation to general banking risk fund	(70 000)	-	-
- appropriation to other reserve capital	(346 418)	(271 900)	(277 518)
- appropriation to reserve capital	(8 890)	-	-
- dividend	(1 234 381)	(1 065 483)	(1 065 483)
- other	(2 892)	-	(3 092)
2. Earnings from previous years at the end of the period	(106 568)	(15 817)	(26 288)
3. Other capital and reserves at the beginning of the period	6 718 913	6 325 958	6 334 393
a) Increase	462 324	393 691	462 074
- appropriation of net profit	425 308	271 900	277 518
- share premium on issue of new shares	32 230	-	-
- valuation of securities available for sale (net)	-	107 867	182 686
- employee share option proceeds	4 408	11 893	22
- foreign exchange differences on subordinated companies	159	-	-
- foreign exchange differences on branches abroad	219	-	-
- other	-	2 031	1 848
b) Decrease	(212 064)	(736)	(497)
- valuation of securities available for sale (net)	(182 414)	-	-
- foreign exchange differences on valuation of foreign branches for the p	-	(736)	(497)
- other	(29 650)	-	-
3. Other capital and reserves at the end of the period	6 969 173	6 718 913	6 795 970
4. Net profit	1 320 011	1 537 712	1 131 641
Shareholders' equity at the end of the period	8 349 424	8 407 290	8 067 805
Minority interest at the beginning of the period	15 436	18 776	18 776
a) Decrease	652	(3 340)	(2 957)
- net profit	1 087	(2 860)	1 899
- other	(435)	(480)	(4 856)
Minority interest at the end of the period	16 088	15 436	15 819
Total equity	**8 365 512**	**8 422 726**	**8 083 624**

CONSOLIDATED STATEMENT OF CASH FLOW (in '000 PLN)	III Quarter 2006 period from 06-07-01 to 06-09-30	III Quarters 2006 Cumulative period from 06-01-01 to 06-09-30	III Quarter 2005 period from 05-07-01 to 05-09-30	III Quarters 2005 Cumulative period from 05-01-01 to 05-09-30
Cash flow from operating activities - indirect method				
Net profit (loss)	**455 019**	**1 320 011**	**404 345**	**1 131 641**
Adjustments:	**428 637**	**2 343 894**	**212 683**	**(619 001)**
Deprecition	82 513	240 808	77 771	239 015
Share of profit of associates	(27 776)	(63 764)	(12 887)	(35 036)
Foreign exchange differences	29 762	93 445	51 303	(149 052)
(Profit) loss on investing activities	(2 128)	(48 869)	(37 383)	(70 114)
Impariment	2	(11 530)	-	-
Interest and dividend	(181 220)	(603 466)	(199 982)	(662 783)
Change in loans and advances to banks	104 254	(1 061 351)	(185 989)	(530 220)
Change in financial assets as held for trading and other financial instruments at fair value through profit or loss	380 922	276 262	(432 106)	(144 765)
Change in derivative financial instruments	185 466	63 638	47 653	(80 559)
Change in loans and advances to customers	(2 188 027)	(3 012 917)	(130 359)	(1 120 924)
Change in net investment in the finance lease	(11 855)	(125 832)	(34 561)	(125 739)
Change in investment securities available for sale	(1 330)	(760)	-	-
Change in deferred income tax assets	(16 017)	(47 966)	(11 571)	(106 747)
Change in other assets	858 514	8 015	(151 238)	(317 472)
Change in amounts due to banks	(1 071 549)	1 304 022	1 093 893	1 744 900
Change in liabilities as held for trading	528 759	524 611	480 614	(19 081)
Change in derivative financial instruments and other financial liabilitiy at fair value through profit or loss	(88 580)	(127 615)	(39 883)	72 691
Change in amounts due to customers	1 264 650	4 282 797	(402 247)	(230 121)
Change in debt securities in issue	-	-	-	-
Change in provisions	76 620	57 964	(12 049)	(6 486)
Change in other liabilities	466 244	434 263	171 467	837 243
Income tax paid	(69 224)	(185 830)	(172 991)	(293 983)
Current tax	108 637	347 969	113 228	380 232
Net cash from operating activities	**883 656**	**3 663 905**	**617 028**	**512 640**
Cash flows from investing activities				
Investing activity inflows	**14 042 141**	**31 536 724**	**10 204 153**	**25 709 440**
Sale of investment securities	14 003 991	31 109 215	10 154 457	25 357 483
Proceeds from sale of intangible assets and tangible fixed assets	450	8 809	1 224	3 279
Other investing inflows	37 700	418 700	48 472	348 678
Investing activity outflows	**(14 034 290)**	**(32 737 305)**	**(9 856 835)**	**(23 927 896)**
Purchase of associates	-	-	-	(25 000)
Purchase of investment securities	(13 965 655)	(32 572 238)	(9 793 573)	(23 731 664)
Purchase of intangible assets and tangible fixed assets	(68 705)	(164 746)	(63 262)	(171 232)
Other investing outflows	70	(321)	-	-
Net cash used in investing activities	**7 851**	**(1 200 581)**	**347 318**	**1 781 544**
Cash flows from financing activities				
Financing activity inflows	**(2 621)**	**32 556**	**-**	**2**
Issue of debt securities	-	-	-	2
Issue of ordinary shares	(2 621)	32 556	-	-
Financing activity outflows	**-**	**(1 234 386)**	**-**	**(1 088 688)**
Redemption of debt securities	-	(5)	-	(22 479)
Dividends and other payments to shareholders	-	(1 234 381)	-	(1 065 483)
Other financing outflows	-	-	-	(726)
Net cash from financing activities	**(2 621)**	**(1 201 830)**	**-**	**(1 088 686)**
Total net cash flow	**888 886**	**1 261 494**	**964 346**	**1 205 498**
Net change in cash and cash equivalents	**888 886**	**1 261 494**	**964 346**	**1 205 498**
Cash and casch equivalents at the beginning of the period	**8 039 829**	**7 667 221**	**7 517 578**	**7 276 426**
Cash and casch equivalents at the end of the period	**8 928 715**	**8 928 715**	**8 481 924**	**8 481 924**

INCOME STATEMENT (in '000 PLN)	**III Quarter 2006 period from 06-07-01 to 06-09-30**	**III Quarters 2006 period from 06-01-01 to 06-09-30**	**III Quarter 2005 period from 05-07-01 to 05-09-30**	**III Quarters 2005 period from 05-01-01 to 05-09-30**
Interest income	951 447	2 775 617	955 235	2 882 381
Interest expense	(382 904)	(1 107 272)	(358 919)	(1 206 594)
Net interest income	**568 543**	**1 668 345**	**596 316**	**1 675 787**
Fee and commission income	431 529	1 281 286	378 780	1 094 710
Fee and commission expense	(49 417)	(132 415)	(40 685)	(109 891)
Net fee and commission income	**382 112**	**1 148 871**	**338 095**	**984 819**
Dividend income	-	170 025	174	96 747
Result on financial instruments at fair value	2 675	22 126	3 605	55 468
Result on investment securities	1 914	65 326	35 902	69 720
Foreign exchange result	71 805	190 995	62 284	208 850
Other operating income	33 291	122 917	17 642	68 291
Other operating expenses	(15 135)	(47 653)	(16 368)	(54 744)
Net other operating income	**18 156**	**75 264**	**1 274**	**13 547**
Net impairment losses on financial assets and net provisions for guarantees and commitments	(47 389)	(148 303)	(58 613)	(185 233)
Overhead costs	(522 496)	(1 597 623)	(541 964)	(1 610 250)
Operating profit	**475 320**	**1 595 026**	**437 073**	**1 309 455**
Profit before income tax	**475 320**	**1 595 026**	**437 073**	**1 309 455**
Income tax expense	(83 958)	(268 026)	(86 820)	(228 264)
Net profit for the period	**391 362**	**1 327 000**	**350 253**	**1 081 191**

Earnings per share (in PLN per share)				
- basic for the period		7,96		6,49
- diluted for the period		7,95		6,49

BALANCE SHEET
(in '000 PLN)

	30.09.2006	31.12.2005	30.09.2005
ASSETS			
Cash and amounts due from Central Bank	3 803 938	3 573 613	3 104 638
Debt securities eligible for rediscounting at Central Bank	4 026	6 106	8 649
Loans and advances due from banks	8 909 958	7 000 770	8 506 844
Financial assets held for trading	1 979 875	2 217 887	2 717 824
Derivative financial instruments	435 646	499 290	584 041
Other financial instruments at fair value through profit or loss	1 721 755	1 781 317	1 677 983
Loans and advances to customers	31 779 482	28 727 143	27 249 401
Investment securities	15 921 114	14 490 374	14 188 707
1. Available for sale	15 487 001	11 902 500	11 632 463
2. Held to maturity	434 113	2 587 874	2 556 244
Non-current assets held for sale	49 848	37 650	-
Investments in subsidiaries	670 910	514 666	544 790
Investments in associates	51 092	42 234	47 060
Intangible assets	585 841	636 048	617 004
Tangible fixed assets	1 389 394	1 422 389	1 448 682
Investment properties	51 710	58 170	44 154
Income taxes	245 161	152 008	158 907
1. Current tax assets	-	-	-
2. Deferred income tax assets	245 161	152 008	158 907
Other assets	429 976	285 547	621 883
TOTAL ASSETS	**68 029 726**	**61 445 212**	**61 520 567**
LIABILITIES			
Liabilities			
Amounts due to the Central Bank	1 782 534	1 950 710	2 005 195
Amounts due to other banks	3 415 479	1 993 601	3 233 748
Financial liabilities held for trading	1 035 989	545 930	533 477
Derivative financial instruments	480 079	607 689	696 374
Amounts due to customers	51 141 622	46 849 748	45 523 453
Debt securities issued	12	17	17
Current income tax liabilities	132 573	4 427	38 611
Provisions	164 348	105 013	90 367
Other liabilities	1 730 822	1 191 819	1 488 483
Total liabilities	**59 883 458**	**53 248 954**	**53 609 725**
Equity			
Share capital	166 808	166 482	166 482
Prior and current year profit	1 327 000	1 506 779	1 148 554
Other capital and reserves	6 652 460	6 522 997	6 595 806
Total equity	**8 146 268**	**8 196 258**	**7 910 842**
TOTAL LIABILITIES	**68 029 726**	**61 445 212**	**61 520 567**
Capital adequacy ratio	15,54	17,95	17,65

STATEMENT OF CHANGES IN EQUITY
(in '000 PLN)

	III Quarters 2006 from 1 Jan 2006 to 30 Sep 2006	2005 year from 1 Jan 2005 to 31 Dec 2005	III Quarters 2005 from 1 Jan 2005 to 30 Sep 2005
Shareholders equity at the beginning of the period	**8 196 258**	**7 896 096**	**7 896 096**
a) adjustment related to IFRS/IAS introduction	-	(192 460)	(192 460)
b) adjustment due to fundamental errors	-	-	-
Adjusted shareholders equity at the beginning of the period	**8 196 258**	**7 703 636**	**7 703 636**
1. Share capital at the beginning of the period	166 482	166 482	166 482
a) Increase	326	-	-
- new shares issue	326	-	-
b) Decrease	-	-	-
- redemptions	-	-	-
1. Share capital at the end of the period	166 808	166 482	166 482
2. Retained earnings (loss) from previous years at the beginning of the period	1 506 779	1 602 824	1 602 824
a) adjustments related to IFRS/IAS introduction	-	(192 460)	(192 460)
2. Adjusted retained earnings from previous years at the beginning of the period	1 506 779	1 410 364	1 410 364
a) Increase	-	-	-
b) Decrease	(1 506 779)	(1 343 001)	(1 343 001)
- appropriation to general banking risk fund	(70 000)	-	-
- appropriation to reserve capital	(202 398)	(277 518)	(277 518)
- appropriation from earnings to reserve capital	-	-	-
- dividends	(1 234 381)	(1 065 483)	(1 065 483)
2. Retained earnings at the end of the period	-	67 363	67 363
3. Other capital at the beginning of the period	6 522 997	6 126 790	6 126 790
a) Increase	311 877	396 693	469 327
- appropriation of net profit	272 398	277 518	277 518
- issue of shares under its' nominal value	34 851	-	-
- valuation of securities available for sale; in which:	-	107 282	182 101
gains and losses from valuation of securities available for sale	-	130 707	224 666
provision for deferred income tax	-	(23 425)	(42 565)
- valuation of management options	4 408	11 893	9 708
- foreign exchange differences on branches abroad	220	-	-
b) Decrease	(182 414)	(486)	(311)
- valuation of securities available for sale; in which:	(182 414)	-	-
gains and losses from valuation of securities available for sale	(225 123)	-	-
provision for deferred income tax	42 709	-	-
- foreign exchange differences on branches abroad	-	(486)	(256)
- other changes	-	-	(55)
3. Other capital at the end of the period	6 652 460	6 522 997	6 595 806
4. Net profit	1 327 000	1 439 416	1 081 191
Shareholders' equity at the end of the period	**8 146 268**	**8 196 258**	**7 910 842**

CASH FLOW STATEMENT (in '000 PLN)	III Quarter (current year) from 1 July 2006 to 30 Sep 2006	III Quarters cumulative (current year) from 1 Jan 2006 to 30 Sep 2006	III Quarter (previous year) from 1 July 2005 to 30 Sep 2005	III Quarters cumulative (previous year) from 1 Jan 2005 to 30 Sep 2005
Cash flow from operating activities - indirect method				
Net profit (loss)	**391 362**	**1 327 000**	**350 253**	**1 081 191**
Adjustments:	**496 390**	**2 147 589**	**306 057**	**(186 404)**
Depreciation	79 474	230 073	74 043	224 683
Foreign exchange differences	29 668	93 288	58 353	(148 380)
(Profit) loss on investing activities	(1 684)	(66 226)	(37 388)	(70 188)
Impairment	-	-	-	6 630
Interest and dividend	(181 220)	(771 881)	(199 982)	(759 247)
Change in loans and advances to banks	98 418	(1 070 980)	(115 811)	(55 881)
Change in financial assets as held for trading and other financial instruments at fair value through profit or loss	336 510	297 574	(438 742)	(119 883)
Change in derivative financial instruments	185 462	63 644	47 668	(80 560)
Change in loans and advances to customers	(2 227 374)	(3 050 259)	(2 477)	(1 186 056)
Change in investment securities available for sale	(1 347)	(782)	53 223	-
Change in deferred income tax assets	(15 472)	(50 444)	(56 213)	(104 936)
Change in other assets	828 881	(160 430)	(134 083)	(155 493)
Change in amounts due to banks	(963 241)	1 253 702	1 103 314	1 736 404
Change in liabilities as held for trading	534 873	490 059	447 617	95 258
Change in derivative financial instruments	(88 627)	(127 610)	(39 883)	72 691
Change in amounts due to customers	1 283 908	4 291 874	(505 715)	(336 911)
Change in debt securities in issue	-	-	-	-
Change in provisions	76 489	59 335	(12 133)	(5 254)
Change in other liabilities	481 976	507 470	154 236	650 013
Income tax paid	(59 733)	(159 287)	(179 779)	(293 502)
Current tax	99 429	318 469	89 809	344 208
Net cash from operating activities	**887 752**	**3 474 589**	**656 310**	**894 787**
Cash flows from investing activities				
Investing activity inflows	**14 042 038**	**31 662 563**	**10 204 094**	**25 765 828**
Sale of investment securities	14 003 991	31 131 276	10 154 415	25 340 350
Proceeds from sale of intangible assets and tangible fixed assets	347	1 266	1 206	2 940
Other investing inflows	37 700	530 021	48 473	422 538
Investing activity outflows	**(14 176 811)**	**(32 869 410)**	**(9 852 387)**	**(23 908 053)**
Purchase of associates	-	-	-	(25 000)
Purchase of subsidiaries	(156 242)	(156 242)	-	-
Purchase of investment securities	(13 965 655)	(32 572 238)	(9 793 572)	(23 721 791)
Purchase of intangible assets and tangible fixed assets	(54 914)	(140 930)	(58 815)	(161 262)
Net cash used in investing activities	**(134 773)**	**(1 206 847)**	**351 707**	**1 857 775**
Cash flows from financing activities				
Financing activity inflows	**-**	**35 177**	**-**	**17**
Issue of debt securities	-	-	-	17
Issue of ordinary shares	-	35 177	-	-
Financing activity outflows	**-**	**(1 234 386)**	**-**	**(1 088 688)**
Redemption of debt securities	-	(5)	-	(22 479)
Dividends and other payments to shareholders	-	(1 234 381)	-	(1 065 483)
Other financing outflows	-	-	-	(726)
Net cash from financing activities	**-**	**(1 199 209)**	**-**	**(1 088 671)**
Total net cash flow	**752 979**	**1 068 533**	**1 008 017**	**1 663 891**
Net change in cash and cash equivalents	**752 979**	**1 068 533**	**1 008 017**	**1 663 891**
Cash and cash equivalents at the beginning of the period	**8 004 128**	**7 688 574**	**7 432 683**	**6 776 809**
Cash and cash equivalents at the end of the period	**8 757 107**	**8 757 107**	**8 440 700**	**8 440 700**

Selected financial statements translated into EUR:

Position	in PLN ths.		in EUR ths.	
	III Quarters of 2006	III Quarters of 2005	III Quarters of 2006	III Quarters of 2005
Net interest income	1 735 540	1 752 553	443 068	431 844
Net fee and commission income	1 378 647	1 147 429	351 956	282 736
Operating profit	1 557 783	1 350 646	397 688	332 811
Profit before income tax	1 621 547	1 385 682	413 966	341 444
Net profit (loss)	1 321 098	1 129 101	337 264	278 220
Net profit (loss) attributable to equity holders of the Company	1 320 011	1 131 641	336 986	278 846
Net profit (loss) attributable to minority interest	1 087	(2 540)	278	(626)
Net cash from operating activities	3 632 067	512 640	927 234	126 319
Net cash used in investing activities	(1 200 581)	1 781 544	(306 497)	438 988
Net cash from financing activities	(1 169 992)	(1 088 686)	(298 688)	(268 262)
Net increase / decrease in cash and cash equivalents	1 261 494	1 205 498	322 048	297 045
Total assets	68 551 107	62 167 938	17 208 763	15 872 935
Amounts due to the Central Bank	1 782 534	2 005 195	447 479	511 973
Amounts due to other banks	3 469 241	3 224 005	870 903	823 164
Amounts due to customers	51 130 674	45 591 524	12 835 615	11 640 587
Minority interest	16 088	15 819	4 039	4 039
Equity attributable to the Company's equity holders	8 349 424	8 067 805	2 096 002	2 059 900
Share capital	166 808	166 482	41 875	42 507
Number of shares	166 808 257	166 481 687	166 808 257	166 481 687
Book value per share (in zl/EUR per share)	50,05	48,46	12,56	12,37
Diluted book value per share (in zl/EUR per share)	50,02	48,44	12,56	12,37
Earnings per 1 ordinary share (in zl/EUR per share)	7,92	6,80	2,02	1,68
Diluted earnings per 1 ordinary share (in zl/EUR per share)	7,91	6,79	2,02	1,67
Declared or paid dividend per share (in zl/EUR per share)	7,40	6,40	1,81	1,42
Capital adequacy ratio	17,38	19,62	x	x
Risk weighted assets	36 206 475	32 075 976	9 089 111	8 189 750
Core funds	6 535 554	6 748 460	1 640 656	1 723 040
Supplementary funds	(85 477)	171 875	(21 458)	43 884

4 Additional information

4.1 The Group

Bank Pekao S.A. Capital Group as at 30th September 2006 consists of Bank Pekao S.A as the parent entity and 12 subsidiary entities. The structure of the Group as at 30th September 2006 has changed in comparison to the structure presented as at 30th June 2006.

The change results from the disposal of 86,68% of shares of Fabryka Maszyn Sp. z o.o. in Janów Lubelski that took place on 3rd August 2006. Due to immateriality of financial data, they were not taken into consolidation with the use of the full method.

The effect of disposal of 86,68% shares of Fabryka Maszyn in Janów Lubelski Sp. z o.o. was as follows (PLN ths.):

Revenues	12,243
Balance sheet value of shares (including cost of sales)	11,961
Gross income	282

The following entities are included in the consolidated financial report as at 30th September 2006:

No	Name of company	Core activity	% of shareholder's share capital	Status	Consolidation method
1.	Bank Pekao S.A.	banking	-	parent	-
2.	UniCredit Bank Ltd. (before Bank Pekao (Ukraina) Ltd.)	banking	100,00	subsidiary	full
3.	Centralny Dom Maklerski Pekao S.A.	brokerage	100,00	subsidiary	full
4.	Pekao Fundusz Kapitałowy Sp. z o.o.	financial	100,00	subsidiary	full
5.	Pekao Leasing Sp. z o.o.	leasing	100,00	subsidiary	full
6.	Pekao Faktoring Sp. z o.o.	financial	100,00	subsidiary	full
7.	Pekao Pioneer Powszechne Towarzystwo Emerytalne S.A.	financial	65,00	subsidiary	full
8.	Drukbank Sp. z o.o.	no activities performed	100,00	subsidiary	full
9.	Centrum Kart S.A.	financial	100,00	subsidiary	full
10.	Pekao Financial Services Sp. z o.o.	financial	100,00	subsidiary	full
11.	Pekao Access Sp. z o.o.	consulting	55,26	subsidiary	full
12.	BDK Consulting Sp. z o.o.	consulting, hotels, transportation	99,99	subsidiary	full
13.	SARL Pekao Immobilier	real estate management	100,00	subsidiary	non- consolidated

SARL Pekao Immobilier was not consolidated with the use of the full method, due to immateriality of it's financial data in comparison to the size of the operations of the whole Group. The company in consolidated financial statements was recognized at the cost of purchase.

Other listed below exposures of the Group constitute investments in the associated entities and are recognized in the consolidated report of the Group with the use of the equity method. Company CPF Management due to immateriality of it's financial data was recognized at the cost of purchase. Companies classified as held for sale were recognized in accordance with IFRS 5 "Non – Current assets and discontinued operations".

No	Name of company	Core activity	% of shareholder's share capital	Status	Consolidation method
1.	Anica System S.A.	information technology	33,84 / 13,49	subsidiary	equity
2.	Central Poland Fund LLC	financial intermediary	53,19	subsidiary	equity
3.	Xelion. Doradcy Finansowi Sp. z o.o.	auxiliary, financial and insurance	50,00	subsidiary	equity
4.	Pioneer Pekao Investment Management S.A.	financial intermediary	49,00	subsidiary	equity
5.	Pirelli Pekao Real Estate Sp. z o. o.	real estate management	25,00	subsidiary	equity
6.	Krajowa Izba Rozliczeniowa S.A.	chamber of settlement	22,96	subsidiary	equity
7.	CPF Management	mutual funds management- does not operate	40,00	subsidiary	not valuated under equity method
7.	Hotel Jan III Sobieski Sp. z o.o.	hotel	37,50	subsidiary	held for sale
8.	Fabryka Sprzętu Okrętowego "Meblomor" S.A.	manufacturing of ships equipment	23,81	subsidiary	held for sale

4.2 Achievements of Bank Pekao S.A.

Commercial activity

The performance in three quarters of 2006 was primarily the result of a further development in Bank's business activity. The key success factor was the increased sales pace, particularly in consumer loans, PLN mortgage loans and mutual funds.

In three quarters of 2006, sales of the "Express Loan" ("Pożyczka Ekspresowa") were 22.1% higher than in three quarters of 2005 with total sales reaching PLN 1,445.2 million, of which PLN 534 million sold in the third quarter alone.

In three quarters of 2006, the sales of mortgage loans amounted to PLN 1,714.1 million (38.1% higher compared to three quarters of 2005) with PLN 694 million of mortgage loans sold in the third quarter alone. The Bank continued its policy of offering PLN mortgage loans.

In three quarters of 2006, the volume of loans for SME has also increased (by 15.6%) which resulted form significant growth of sale of those loans.

The Pekao Group confirmed its leading position in the mutual funds market – at the end of September 2006 market share of mutual funds managed by PPIM S.A. amounted to 24.9%.

Key commercial indicators:

	30.09.2006	31.12.2005	Change
Total number of PLN current accounts (in thousand) *	3,044.9	3,019.2	25.7
of which packages	2,210.9	2,176.9	34.0
Number of mortgage loans accounts (in thousand)	70.2	60.3	9.9
Number of "Express Loans" accounts (in thousand)	279.9	166.6	113.3
Number of mutual fund registers (in thousand)**	770.4	665.3	105.1
Payment cards (in thousand)***	2,724.0	2,673.8	50.2
Credit	222.2	146.4	75.8
Charge	224.1	269.2	(45.1)
Debit (including Maestro)	2,277.7	2,258.2	19.5
Total number of outlets (in items)	782	778	4
Total number of ATMs (in items)	1,259	1,244	15

* number of accounts including accounts of pre-paid cards
** sold in Bank's network
*** the number of cards is calculated according to the definition used by international payment organizations Visa and MasterCard

4.3 Achievements of subsidiaries

4.3.1 Pioneer Pekao TFI S.A.

As at 30th September 2006, the net assets value of mutual funds under 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 21,079.9 million and was higher by PLN 1,842.4 million compared with the end of 2005. As at 30th September 2006, the Company had 905.2 thousand open accounts (an increase by 12.4% since the beginning of 2006).

The net assets value of mutual funds under management of Pioneer Pekao TFI S.A. is presented in the table below:

(PLN million)

	30.09.2006	31.12.2005	Change
Net assets value of Pioneer Pekao TFI	**21,079.9**	**19,237.5**	**1,842.4**
- bond and money market funds	6,417.8	9,308.0	(2,890.2)
- equity funds	3,289.1	1,586.5	1,702.6
- balanced funds	11,373.0	8,343.0	3,030.0

4.3.2 Centralny Dom Maklerski Pekao S.A. (CDM)

In three quarters of 2006, CDM provided the full scope of services (permitted to brokerage houses), excluding asset management.

After 9 months of 2006, the Company achieved:

- a 33.2% share in the bond trading volume at the Warsaw Stock Exchange,
- a 12.8% share in the stock trading volume at the Warsaw Stock Exchange,
- a 7.5% share in the futures trading volume at the Warsaw Stock Exchange.

At the end of September 2006 CDM maintained 139.2 thousand investment accounts and its market share was 15.8%. CDM offered also on-line access to investment accounts, allowing its customers to buy and sell all instruments listed on the Warsaw Stock Exchange and on the OTC market (CeTO) through the Internet. As at the end of September 2006 CDM maintained 17.6 thousand on-line accounts, i.e. a 2.3 thousand increase in comparison to the end of 2005.

4.4 Results achieved in three quarters of 2006 and the factors which influenced these results

4.4.1 Results of the Group

In the third quarter of 2006 the Group achieved another quarterly record net profit which amounted to PLN 455.9 million.

Net profit of the Group after three quarters of 2006 amounted to PLN 1,321.1 million, i.e. 17.0% higher than in the previous year.

The increase in the net profit was possible thanks to increased business activity which translated into higher income, particularly fee and commission income, with stable operating costs and lower cost of risk.

The results of the third quarter are confirming growing efficiency of the Pekao S.A. Group.

Good results of Bank Pekao S.A. were accompanied by positive results of the Group's companies.

The consolidated profit and loss account for the three quarters of 2006 and 2005 is presented below:

(PLN million)

	3 Q 2006	3 Q 2005	Change
Net interest income *	1,745.4	1,745.4	0.0%
Fee and commission income	1,378.6	1,147.4	20.1%
Dividend income	1.7	0.4	x
Trading income	78.1	132.4	(41.0%)
FX income	192.4	210.3	(8.5%)
Other operating income / cost net	54.2	41.6	30.3%
Total income	**3,450.4**	**3,277.5**	**5.3%**
Overhead costs (including depreciation)	**(1,732.0)**	**(1,736.9)**	**(0.3%)**
Personnel	(905.1)	(898.8)	0.7%
Non-personnel	(588.3)	(596.6)	(1.4%)
Depreciation	(238.6)	(241.5)	(1.2%)
Operating income	**1,718.4**	**1,540.6**	**11.5%**
Impairment losses on loans and advances	(160.7)	(189.9)	(15.4%)
Share in net profit (loss) of the associates	63.8	35.0	82.3%
Pre-tax profit	**1,621.5**	**1,385.7**	**17.0%**
Tax charge	(300.4)	(256.6)	17.1%
Net profit	**1,321.1**	**1,129.1**	**17.0%**
Attributable to equity holders of the Company	**1,320.0**	**1,131.6**	**16.6%**
Attributable to minority interest	1.1	(2.5)	x

* including income on SWAP transactions.

The Group's income

In three quarters of 2006, the Group's income amounted to PLN 3,450.4 million and was by PLN 172.9 million (5.3%) higher than in the comparable period of the previous year.

The growth in income was due to the development of business activity, supported by pro-sales activities relating to the key products of both the Bank and the other Group companies. The main growth driver in this period was fee and commission income, which increased by 20.1%, primarily thanks to commissions on investment products and loans.

Interest income after three quarters of 2006 achieved the same level as last year. Increasing volume of loans contributed to offsetting the impact of declining interest rates in the market.

The Group's overhead costs (including depreciation)

Overhead costs (including depreciation) after three quarters of 2006 remained under control and amounted to PLN 1,732.0 million, i.e. were 0.3% lower compared with the previous year.

After three quarters of 2006, the Group's cost / income ratio amounted to 50.2% and was by 2.8 p.p. lower than in the previous year.

As at the end of September 2006, the Bank had 14,560 employees (a reduction of 258 employees compared with the end of 2005), and the Group had 15,771 employees (171 employees less than at the end of 2005, which includes the decrease in employment due to divestment of Pekao Development Sp. z o.o.).

Impairment losses on loans and advances

In three quarters of 2006, impairment losses on loans and advances amounted to PLN 160.7 million and were 15.4% lower than in the previous year. This resulted primarily from the effective credit risk management and improved macroeconomic situation. The ratio of impaired receivables to total receivables[1] decreased from 15.5% at the end of 2005 to 12.9% at the end of September 2006 as a result of an increase in the volume of not impaired receivables and a decrease in the volume of impaired receivables (including also the effect of the write-off of ca. PLN 557.7 million of impaired loans, being a first step in preparation for the sale of part of the old stock of non-performing loans).

Loans

In the third quarter of 2006 the Management Board of Bank Pekao S.A. decided to write off the balance sheet the loans and advances that fulfill the following criteria: lack of expected future recoveries and full coverage of the balance sheet exposure with the allowance accounts. Loans of the notional value of PLN 557.7 million have been written off.

(PLN million)

	30.09.2006	31.12.2005	Change
Gross loans (principal)*	**34,493.2**	**33,235.2**	**3.8%**
corporate (principal)	25,039.2	25,058.2	(0.1)%
retail (principal)	9,454.0	8,177.0	15.6%

* including debt securities eligible for rediscounting at the Central Bank and net investment in the finance lease, excluding non quoted securities and settlements relating to securities trading

In three quarters of 2006 the gross loans portfolio grew by PLN 1,258.0 million, i.e. by 3.8% despite the above mentioned write-off of old impaired loans.

[1] loans and advances to customers including buy-sell-back transactions and not quoted securities, debt securities eligible for rediscounting at the Central Bank and net investment in the finance lease

Savings

Savings of the Group's clients increased by PLN 2,901.6 million, i.e. by 4.4% in three quarters of 2006 resulting from an increase both in the savings of individual clients and in corporate deposits.

The savings of retail clients increased by PLN 1,964.6 in three quarters of 2006 as a result of increase in deposits (by PLN 122.2 million) and in mutual funds (by PLN 1,842.4 million).

At the end of September 2006 total retail savings reached the PLN 47 billion level confirming Group's significant market share.

Corporate deposits increased by PLN 937.0 million in three quarters of 2006.

(PLN million)

	30.09.2006	31.12.2005	Change
Deposits (principal)	**47,072.9**	**46,013.7**	**2.3%**
corporate (principal)	21,056.6	20,119.6	4.7%
retail (principal)	26,016.3	25,894.1	0.5%
Pioneer Pekao TFI mutual funds	**21,079.9**	**19,237.5**	**9.6%**
incl. distributed through the Group's network	19,713.1	18,009.2	9.5%
Total savings	**68,152.8**	**65,251.2**	**4.4%**
incl. retail	47,096.3	45,131.6	4.4%

4.4.2 The structure of the net profit

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

(PLN million)

	3 Q 2006	3 Q 2005
Net profit of Bank Pekao S.A.	**1,327.0**	**1,081.2**
Net profit (loss) of entities consolidated under full method	**143,3**	**116,8**
Centralny Dom Maklerski Pekao S.A.	104,4	71,6
Pekao Leasing Sp. z o.o.	8,8	2,5
Pekao Financial Services Sp. z o.o.	7,7	10,5
Pekao Faktoring Sp. z o.o.	7,3	6,0
Pekao Development Sp. z o.o. *	6,5	18,6
Pekao Pioneer PTE S.A.	6,4	4,7
Centrum Kart S.A.	2,5	1,5
Pekao Fundusz Kapitałowy Sp. z o.o.**	1,9	0,6
Pekao Access Sp. z o.o.	1,1	0,6
Drukbank Sp. z o.o.	0,0	0,0
UniCredit Bank Ltd. / Bank Pekao (Ukraine) Ltd. in Luck***	(3,3)	0,2
Net profit (loss) of entities valued under equity method	**62,4**	**34,4**
Pioneer Pekao Investment Management S.A.	67,8	38,6
Krajowa Izba Rozliczeniowa S.A.	4,1	4,8
Central Poland Fund LLC	0,0	(0,3)
Pirelli Pekao Real Estate Sp. z o.o. ****	(1,3)	-
Xelion. Doradcy Finansowi Sp. z o.o.	(8,2)	(8,8)
Grupa Inwestycyjna Nywig S.A.	-	0,1
Exclusions and consolidation adjustments*****	**(211.6)**	**(103.3)**
Net profit (loss) of the Group	**1,321.1**	**1,129.1**

* equity valuation of the subsidiary since the II quarter 2006 due to sale of 75% of shares which took place on 3th April 2006. Net profit presented equals to I quarter 2006 result,
** the result of the company includes the valuation of associates based on equity method,
*** change in the name of the company,
**** Bank's share in net result for II and III quarter 2006,
***** includes transactions within the Group, including dividends from subsidiaries and associates.

The results of Bank Pekao S.A.

The main items from the profit and loss account of the Bank are as follows:

(PLN million)	3 Q 2006	3 Q 2005	Change
Net interest income*	1,678.2	1,668.6	0.6%
Non-interest income	1,662.8	1,436.3	15.8%
Total income	**3,341.0**	**3,104.9**	**7.6%**
Overhead costs (including depreciation)	**(1,597.7)**	**(1,610.3)**	**(0.8%)**
Operating income	**1,743.3**	**1,494.7**	**16.6%**
Impairment losses on loans and advances	(148.3)	(185.2)	(19.9%)
Pre-tax profit	1,595.0	1,309.5	21.8%
Net profit	**1,327.0**	**1,081.2**	**22.7%**

* including income on SWAP operations

The main items of the Bank's balance sheet at the end of September 2006 in comparison with the end of 2005 are as follows:

	30.09.2006	31.12.2005	Change
Total gross loans in PLN million*	33,843.2	32,748.7	3.3%
Impaired receivables to total receivables in %	12.1	14.7	(2.6 p.p.)
Total deposits in PLN million*	47,094.8	46,062.3	2.2%
Total assets in PLN mil.	68,029.7	61,445.2	10.7%
Mutual funds sold in Bank's network in PLN million	17,297.5	15,539.0	11.3%
Capital adequacy ratio in %	15.5	18.0	(3.5 p.p.)

* the nominal value

4.5 Segment reporting

Segment reporting of the Pekao Group covers following areas:

- Retail banking area – full-range of banking activity related to retail clients and small and micro companies with annual turnover not exceeding PLN 10 million, and also income of companies consolidated under the full method and assigned to retail activity,
- Corporate banking area – full-range of banking activity related to medium and large companies, and also income of companies consolidated under the full method and assigned to corporate activity,
- Treasury and Investment activities area – Bank's involvement on inter-bank market, in debt securities and capital investments in companies, which are not a part of other segments, and also income of companies consolidated under the full method and assigned to this activity.

Information on main segments' results for the three quarters of 2006:

(PLN million)

	Retail activity	Corporate activity	Treasury and investment activity	Total Group
External interest income	746.9	990.7	1,086.2	2,823.8
External interest expense	268.4	648.2	171.7	1,088.3
Net external interest income	**478.5**	**342.5**	**914.5**	**1,735.5**
Internal interest income	938.5	704.8	(1,643.3)	0.0
Internal interest expense	320.3	704.8	(1,025.1)	0.0
Net internal interest income	**618.2**	**0.0**	**(618.2)**	**0.0**
Net interest income	**1,096.7**	**342.5**	**296.3**	**1,735.5**
Non interest income	**1,311.5**	**325.2**	**78.2**	**1,714.9**
Total income	**2,408.2**	**667.7**	**374.5**	**3,450.4**
Allocated assets	11,672.0	20,683.0	30,707.5	63,062.5
Unallocated assets				5,488.6
Total assets				**68,551.1**
Allocated liabilities	31,456.2	17,390.5	7,780.9	56,627.6
Unallocated liabilities				11,923.5
Total liabilities				**68,551.1**

Information on main segments' results for the three quarters of 2005*:

(PLN million)

	Retail activity	Corporate activity	Treasury and investment activity	Total Group
External interest income	670.5	1,177.4	1,076.0	2,923.9
External interest expense	332.0	736.1	103.3	1,171.4
Net external interest income	**338.5**	**441.3**	**972.7**	**1,752.5**
Internal interest income	1,070.0	729.6	(1,799.6)	0.0
Internal interest expense	342.7	761.5	(1,104.2)	0.0
Net internal interest income	**727.3**	**(31.9)**	**(695.4)**	**0.0**
Net interest income	**1,065.8**	**409.4**	**277.3**	**1,752.5**
Non interest income	**1,090.8**	**329.9**	**104.3**	**1,525.0**
Total income	**2,156.6**	**739.3**	**381.6**	**3,277.5**
Allocated assets	9,655.9	19,623.4	27,666.1	56,945.4
Unallocated assets				5,222.5
Total assets				**62,167.9**
Allocated liabilities	30,907.1	16,428.6	3,897.8	51,233.5
Unallocated liabilities				10,934.4
Total liabilities				**62,167.9**

* data comparable with three quarters of 2006, different than published for three quarters of 2005 due to changes in methodology for allocation of revenues by segment.

4.6 Adjustments for provisions, deferred tax provision and assets

(PLN million)

	Group		Bank Pekao S.A.	
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Total provisions	**166.7**	**108.7**	**164.3**	**105.0**
of which:				
provisions for off-balance sheet liabilities	91,6	20.3	91.5	20.3
provisions for liabilities to employees	61,5	66.0	60.4	65.0
other provisions	13,6	22.4	12.4	19.7
Provision for deferred tax	**0.0**	**0.0**	**0.0**	**0.0**
Deferred tax assets	**272.8**	**181.3**	**245.2**	**152.0**

4.7 Write-offs for revaluation of assets

(PLN million)

	Group		Bank Pekao S.A.	
	3 Q 2006	3 Q 2005	3 Q 2006	3 Q 2005
Total	**(160.6)**	**(189.9)**	**(148.3)**	**(185.2)**
for loan receivables	(88.4)	(192.4)	(76.5)	(187.7)
for off-balance sheet liabilities	(71.8)	2.5	(71.8)	2.5
for financial assets	(0.4)	0.0	(0.0)	0.0

4.8 Information on contingent assets and liabilities

(PLN ths.)

	30.09.2006	31.12.2005
Contingent liabilities granted and received	21,839,176	15,994,786
Liabilities granted:	17,467,499	12,404,368
financial	15,486,485	10,990,273
guarantees	1,981,014	1,414,095
Liabilities received:	4,371,677	3,590,418
financial	1,429,514	457,353
guarantees	2,942,163	3,133,065
Financial derivatives	79,770,114	65,182,224
currency transactions	26,182,087	25,795,810
Interest rate transactions	50,423,969	38,548,574
securities transactions	3,164,058	837,840
Other	7,108,427	6,615,255
Total off-balance sheet items	**108,717,717**	**87,792,265**

4.9 Post balance sheet events

Sale of shares of Jan III Sobieski by Bank Pekao S.A.

On 31st October 2006 the Bank concluded an agreement with Europa Hawk S.a.r.l. with its seat in Luxemburg (as the Purchaser) on the sale of shares of Hotel Jan III Sobieski limited liability company by virtue of which the Bank sold to Purchaser 142,876 shares of face value equal to PLN 540 for each share, constituting 49.398 % of Hotel Jan III Sobieski limited liability company capital and carrying the right to 49.398% of votes at the Hotel Jan III Sobieski General Meeting of Shareholders for the total price of EUR 11,135,697.00.

The net book value of the sold share in the Bank's books is equal to PLN 45,922,418.23. The sold assets has been classified as short-term investment.

The Bank shall hold no shares of Hotel Jan III Sobieski limited liability company following the aforementioned transaction.

4.10 Seasonality or cyclical nature of the Bank's activity

The demand for the financial services offered by the Bank is stable, and so the impact of seasonal changes is immaterial. Due to the nature of the Bank's activity, it is not subject to seasonal or cyclical changes.

4.11 Issuance, redemption and repayment of debt securities

Issuance of registered bonds with pre-emptive rights to take up the Bank's F and G shares

The Bank issued 415 thousand registered A series bonds and 415 thousand registered B series bonds with pre-emptive rights to take up the Bank's F series shares, and 415 thousand registered C series bonds and 415 thousand registered D series bonds with pre-emptive rights to take up the Bank's G series shares.

1,660 of the Bank's registered bonds were allocated to Pekao Faktoring (the Bank's subsidiary) acting as the Trustee, and registered in the Bonds Register of Centralny Dom Maklerski Banku Pekao S.A.

The Bonds were issued on the basis of Resolution No. 6 of the Bank's Extraordinary General Meeting dated 25th July 2003 on the issue of registered bonds under an incentive programme.

Each Bond entitles to take up 1 ordinary bearer share of the Bank.

The nominal value of one bond is PLN 0.01. The issue price of one bond is equal to its nominal value.

The bonds do not bear interest. The bonds are not secured.

The issue price of F series shares amounts to PLN 108.37, and of G series shares PLN 123.06.

The Bank acquired 88,430 registered series A bonds from Pekao Faktoring Sp. z o.o., for the purpose of redemption, and the total of 326,570 series A bonds from eligible persons, upon the request thereof for early redemption, pursuant to the implementation of the right of priority to take up the Bank's shares ensuing from the bonds, for the purpose of redemption thereof.

As at the day of submitting this report, all the pre-emptive rights to take up F series shares pursuant to the implementation of the right of priority ensuing from the A series bonds were executed.

B series bonds are available for purchase from the Trustee by the eligible persons until 30th December 2006.

Bonds of the other series will be available for purchase from the Trustee by the eligible persons in the following periods:

- C series bonds in the period from the 31st day after the date of the General Shareholders' Meeting, approving financial statements for the financial year 2006 until 30th December 2007.
- D series bonds in the period from the 31st day after the date of the General Shareholders' Meeting, approving financial statements for the financial year 2007 until 30th December 2008.

All Bonds which are not sold off by the Trustee by 30th December 2006, 2007 and 2008 respectively shall be acquired by the Bank on 31st December 2006, 2007 and 2008 respectively to be redeemed at their nominal value.

The execution of the pre-emptive rights to take up F and G series shares can be exercised in the following periods:
- in respect of B series bonds - from 1st January 2007 to 31st December 2010,
- in respect of C series bonds - from 1st January 2008 to 31st December 2012,
- in respect of D series bonds - from 1st January 2009 to 31st December 2012.

4.12 Dividend paid

Pursuant to Resolution No. 8 of the General Meeting of Bank Pekao S.A., PLN 7.40 per one share was appropriated for the payment of dividend for 2005, i.e. 15.6% higher compared to the dividend for 2004 (PLN 6.40 per one share). The ex-dividend date was determined at 19th May 2006 and the date of dividend payment at 2nd June 2006. All the Bank's shares are ordinary shares.

4.13 Effects of changes in the Group's structure

In the third quarter of 2006 there were no significant changes in the Group's structure.

4.14 The position of the Management Board regarding the possibility of achieving previously published forecasts

The Bank has not published the forecast of financial results for 2006.

4.15 The information about the shareholders owning at least 5% of the total number of votes at the General Meeting of Bank Pekao S.A.

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

Shareholder's name	# of shares and votes at the General Meeting	Share in share capital and total number of votes at the General Meeting	# of shares and votes at the General Meeting	Share in share capital and total number of votes at the General Meeting
	30th September 2006		31st December 2005	
UniCredito Italiano S.p.A.	88,121,725	52.83%	88,121,725	52.93%
Other shareholders	78,686,532	47.17%	78,359,962	47.07%
Total	**166,808,257**	**100.00%**	**166,481,687**	**100.00%**

Since the beginning of the 2006 share capital of the Bank has been increased by the total amount of PLN 326,570 as a result of issue of series F ordinary bearer shares.

According to the information known by the Bank, as at the date of submitting this report no significant changes were made in the shareholding structure.

4.16 The Issuer's shares held by the Management and Supervisory Board members

According to the Bank's knowledge, as at the date of submitting this report the members of the Bank's management and supervisory bodies held 48,513 shares of Bank Pekao S.A. All these shares were held by members of the Bank's management.

The Bank Pekao S.A. Capital Group is running an incentive programme in the form of management stock options. The Programme covers the Management Board of the Bank, the remaining managerial staff, key employees for realisation of Bank's strategy, as well as employees of subsidiaries.

The incentive programme for 2003 covers 39 people on the day of conveying the report, with a total of 294,841 shares, 126,635 of which will be available for the management.

The incentive programme for 2004 includes 44 persons for a total 691,921 shares, 391,348 of which will be able to be purchased by the management.

4.17 Pending litigations

In the third quarter of 2006 the number of the legal proceedings in courts, appropriate bodies of arbitration or public administration bodies, concerning the liabilities of the Group was 392. The total value of them was PLN 680.5 million. The number of legal proceedings concerning the receivables was 2.839 at total value of PLN 969.4 million.

The legal proceedings involving the largest amounts in receivables group include:

- The action brought by Bank Pekao S.A., Paris branch against LA HUPPE regarding the vindication of the loan receivables. The value of the subject of litigation amounts to EUR 23.6 million. The proceedings were instituted on December 23rd, 1998.
- The statement of claims for the payment brought by Bank Pekao S.A. against Salomon Industries S.A. and Pekao Leasing Sp. z o.o. (main intervention). The value of the subject of litigation amounts to PLN 67.4 million. The proceedings were instituted on January 23rd, 2006.
- The statement of claims for the payment brought by Bank Pekao S.A. against Royal Grant S.A. and Pekao Leasing Sp. z o.o. (main intervention). The value of the subject of litigation amounts to PLN 53.5 million. The proceedings were instituted on January 23rd, 2006.

According to the issuer's opinion any single proceeding that was in progress in courts, appropriate bodies of arbitration or public administration bodies in the third quarter of 2006, as well as all the proceedings together do not create any threat to financial liquidity of the Bank.

4.18 Assessment of the financial credibility of Bank Pekao S.A.

Standard & Poor's

On 19th September 2006 Standard & Poor's Ratings Services made the decision to keep the ratings of the Bank unchanged on the following level:

- Long-term: A-,
- Outlook: Stable,
- Short-term: A-2.

Fitch Ratings

On 28th September 2006 Management Board of Bank Pekao S.A. was informed that Fitch Ratings:

- has revised the Bank's Outlook on Issuer Default Ratings ("IDR") from Stable to Positive,
- has affirmed the ratings on the following level:
  - IDR rating: A,
  - Short-term: F1,
  - Individual rating: C,
  - Support rating: 1.

4.19 Information about integration of Bank Pekao S.A. and Bank BPH S.A.

On 12th November 2006 the Management Board of Bank Pekao S.A passed a resolution on the intention to integrate Bank Pekao S.A. with Bank BPH S.A., in a way of Bank BPH S.A.'s spin-off by transfer of a part of Bank BPH S.A.'s property in a form of a organised part of enterprise to Bank Pekao S.A., in exchange of shares of Bank Pekao S.A., which will be taken up by the shareholders of Bank BPH S.A.

The decision on the intention to integrate the Banks through Bank BPH S.A.'s spin-off and conducting the integration of the Banks in a way of Bank BPH S.A.'s spin-off by transfer of the part of Bank BPH S.A.'s property is justified by the interest of both Banks, their shareholders, and customers. As a result of the transfer of the part of Bank BPH S.A.'s property onto Bank Pekao S.A. the benefits of the scale effect, in the broad sense, shall be gained. The customers – both retail and corporate – will benefit from the range of the operations conducted by Bank Pekao S.A.

As a consequence of this integration UniCredito Italiano S.p.A., being the majority shareholder of both Banks, will consolidate banking operations conducted in Poland within its Group. Integration of the Banks by way of dividing Bank BPH S.A. is consistent with the provisions of the Agreement concluded on 19 April 2006 by and between the Ministry of State Treasury of the Republic of Poland and UniCredito Italiano S.p.A. concerning integration of the Banks.

On 12th November 2006 the Management Board of Bank Pekao S.A. passed also a resolution determining, for the purposes of the Bank BPH S.A.'s spin-off plan, a share allocation ratio, i.e. a ratio according to which the shareholders of Bank BPH S.A. will take up the shares of Bank Pekao S.A. in relation to Bank BPH S.A.'s spin-off. According to the share allocation ratio determined by the Management Board of Bank Pekao S.A., each shareholder of Bank BPH S.A. will receive 3,3 of Bank Pekao S.A. shares for each share of Bank BPH S.A. held, maintaining their shareholding in Bank BPH S.A.

4.20 Transactions of related entities

In three quarters of 2006, the Bank and its subsidiaries have not concluded any transactions with related entities other than typical and routine transactions whose aggregate value exceeded the equivalent of EUR 500 thousand.

In three quarters of 2006, the Bank and its subsidiaries did not give any sureties or guarantees in respect of loans or advances to any single entity or a subsidiary of that entity, as a result of which the total value of the existing sureties and guarantees would equal 10% of the Bank's equity.

Registration of UniCredit Bank Ltd. capital increase (ex known as Bank Pekao (Ukraina) Ltd.)

On the day of 24th July 2006, the Extraordinary General Meeting of Shareholders of UniCredit Bank Ltd. adopted a conditional resolution (anchored to the consent of the National Bank of Ukraine) on the UniCredit Bank Ltd. capital increase from the amount of UAH 41,247,155.85 by the amount of UAH 250,227,900.00 to the amount of UAH 291,475,055.85.

On 7th September 2006 the Register of Banks in the National Bank of Ukraine, after received approval from National Bank of Ukraine, registered the amendments to the Articles of Association of UniCredit Bank Ltd. regarding the amount of the capital of UniCredit Bank Ltd.

Registered capital amounts to UAH 291,475,055.85.

Bank now holds a total stake of UAH 284,397,320.85, i.e. 97.57% of UniCredit Bank Ltd. capital and carrying 97.57% of votes at the General Meeting of Shareholders of UniCredit Bank Ltd. The remaining 2.43% of shares in the registered capital of UniCredit Bank Ltd. worth the total of UAH 7,077,735.00 is held by „Drukbank" Sp. z o.o. (a 100%-owned subsidiary of the Bank), carrying 2.43% of votes at the General Meeting of Shareholders of UniCredit Bank Ltd.

Sale of financial assets by Pekao Fundusz Kapitałowy Sp. z o.o.

On 3rd August 2006 Pekao Fundusz Kapitałowy Sp. z o.o. subsidiary of the Bank (PFK) divested of to Komas OY, the company seated in Jyväskylä in Finland, 1 share in Fabryka Maszyn Sp. z o.o. w Janowie Lubelskim (FMJ) with the par value of PLN 15,754,944.62, and comprising a 86.68% stake in the Company's share capital, and carrying 86.68% of votes on the General Meeting of FMJ for the price amounting in total EUR 3,125,000.00 that states PLN 12,242,812.50.

The net book value of the sold share in FMJ is equal to PLN 11,938,761.95. The sold asset have been classified as long-term investment.

In the result of this transaction, PFK and the Bank indirectly does not have any share in FMJ company.

Acquiring shares in Jan III Sobieski Sp. z o.o.

On 19th September 2006 the District Court in Warsaw registered the capital increase of the company Jan III Sobieski Sp. z o.o. with its registered seat at Warsaw in which Bank acquired 142,276 shares of PLN 540 value each and of total nominal value amounting PLN 76,829,040. The acquisition price was equal to the nominal value of the shares.

Following the registration the share capital of the Company equals to PLN 156,187,980.00 and is divided into 289,237 shares with nominal value of PLN 540 each. Bank owns 142,876 shares of Hotel Jan III Sobieski Sp. z o.o. (of nominal value of PLN 77,153,040) constituting 49.398% of the capital and entitling to 49.398% of votes at the General Meeting of Shareholders of Hotel Jan III Sobieski Sp. z o.o.

The acquisition of Company's shares is treated as the short term investment and is the result of Company's debt conversion to Bank. The gross and net value of converted debt amounts to PLN 76,829,040.00 and PLN 45,922,418.23 respectively.

On 31st October 2006 the Bank concluded an agreement with Europa Hawk S.a.r.l. on the sale of shares of Hotel Jan III Sobieski limited liability company.

4.21 Factors which will affect the results of at least the next quarter

Bank Pekao S.A. and its subsidiaries mainly run their business on the territory of Poland which therefore makes Bank's results dependent on economic development of the country and economic trends.

Polish economy expands at high rate due to both strong internal demand and export. It is expected, that these positive trends observed in economy development will continue in the next quarters.

High growth rate will have impact on inflation increase, however there is expectation of stable interest rate environment in Poland till the end of current year.

Fast economic growth makes favourable conditions for banking activities. Further acceleration of growth rate in retail and corporate customers loans and in the level of retail savings is observed. Improvement in corporate financial situation as well as continuation in declining unemployment decrease the costs of credit risk. It is expected that all above trends will continue also in the next quarters.