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Condensed Unconsolidated Interim Financial Statements of Bank Pekao S.A. for the period from 1 January 2011 to 30 June 2011

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Unconsolidated income statement

(In PLN thousand)

	NOTE	II QUARTER 2011 Period from 01.04.2011 to 30.06.2011	I HALF 2011 Period from 01.01.2011 to 30.06.2011	II QUARTER 2010 Period from 01.04.2010 to 30.06.2010	I HALF 2010 Period from 01.01.2010 to 30.06.2010
Interest income	6	1 691 762	3 262 890	1 496 114	2 956 175
Interest expense	6	(633 073)	(1 216 638)	(577 653)	(1 125 255)
Net interest income		1 058 689	2 046 252	918 461	1 830 920
Fee and commission income	7	700 144	1 332 954	623 232	1 239 159
Fee and commission expense	7	(120 383)	(222 762)	(97 509)	(199 195)
Net fee and commission income		579 761	1 110 192	525 723	1 039 964
Dividend income	8	77 395	195 655	222 951	255 238
Result on financial assets and liabilities held for trading	9	121 341	261 714	137 263	252 036
Result on fair value hedge accounting	23	(3 345)	(7 589)	(8 795)	(6 844)
Net result on other financial instruments at fair value through profit and loss		(153)	(139)	(351)	11 809
Gains (losses) on disposal of:	10	3 385	4 844	25 346	60 480
loans and other financial receivables		(153)	(153)	-	-
available for sale financial assets and held to maturity investments		3 863	5 740	25 553	60 706
financial liabilities		(325)	(743)	(207)	(226)
Operating income		1 837 073	3 610 929	1 820 598	3 443 603
Net impairment losses on financial assets and off-balance sheet commitments:	13	(120 933)	(237 847)	(112 278)	(230 396)
loans and other financial receivables		(112 107)	(261 533)	(118 002)	(239 049)
available for sale financial assets and held to maturity investments		-	-	-	-
off-balance sheet commitments		(8 826)	23 686	5 724	8 653
Net result on financial activity		1 716 140	3 373 082	1 708 320	3 213 207
Administrative expenses	11	(766 391)	(1 502 921)	(732 903)	(1 464 200)
personnel expenses		(447 217)	(881 565)	(419 631)	(834 974)
other administrative expenses		(319 174)	(621 356)	(313 272)	(629 226)
Depreciation and amortization		(86 535)	(174 633)	(89 909)	(189 696)
Net result on other provisions		390	(1 087)	101	280
Net other operating income and expenses	12	11 538	20 160	9 627	22 634
Operating costs		(840 998)	(1 658 481)	(813 084)	(1 630 982)
Gains (losses) from subordinated entities	14	-	-	1 627	7 629
Gains (losses) on disposal of property, plant and equipment, and intangible assets		246	595	97	7
Profit before income tax		875 388	1 715 196	896 960	1 589 861
Income tax expense	15	(153 427)	(289 805)	(129 671)	(252 492)
Net profit for the period		721 961	1 425 391	767 289	1 337 369
Earnings per share (in PLN per share)	16				
basic for the period		2.75	5.43	2.93	5.10
diluted for the period		2.75	5.43	2.93	5.10

For presentation of unconsolidated income statement information (short version) consistent with the quarterly format please refer to Report on Activities of Bank Pekao S.A. Capital Group for the first half of 2011.

Unconsolidated statement of comprehensive income

(In PLN thousand)

	NOTE	II QUARTER 2011 Period from 01.04.2011 to 30.06.2011	I HALF 2011 Period from 01.01.2011 to 30.06.2011	II QUARTER 2010 Period from 01.04.2010 to 30.06.2010	I HALF 2010 Period from 01.01.2010 to 30.06.2010
Net profit		721 961	1 425 391	767 289	1 337 369
Other comprehensive income					
Foreign currency translation differences		(1)	(3)	45	(46)
Change in fair value of available-for-sale financial assets		197 115	103 982	(168 797)	26 984
Change in fair value of cash flow hedges		18 395	(27 772)	47 808	101 137
Income tax expenses on other comprehensive income	15	(40 948)	(14 480)	23 217	(24 033)
Other comprehensive income (net)		174 561	61 727	(97 727)	104 042
Total comprehensive income		896 522	1 487 118	669 562	1 441 411

Unconsolidated statement of financial position

(In PLN thousand)

	NOTE	30.06.2011	31.12.2010
ASSETS			
Cash and due from Central Bank		4 892 968	5 968 748
Debt securities eligible for rediscounting at Central Bank		287	224
Loans and advances to banks	18	5 011 359	6 609 869
Financial assets held for trading	19	819 809	965 641
Derivative financial instruments (held for trading)	20	1 569 422	1 614 154
Other financial instruments at fair value through profit and loss	21	15 457	16 735
Loans and advances to customers	22	81 134 635	77 059 221
Hedging instruments	23	201 424	258 688
Investment securities	24	26 656 810	30 429 860
1. Available for sale		22 230 524	25 920 038
2. Held to maturity		4 426 286	4 509 822
Assets held for sale	25	2 102 892	2 456 104
Investments in subsidiaries		793 268	793 268
Investments in associates		39 345	39 345
Intangible assets	26	625 494	671 352
Property, plant and equipment	27	1 715 245	1 778 425
Investment properties		57 022	57 874
Income tax assets		501 933	505 429
1. Current tax receivable		-	-
2. Deferred tax assets		501 933	505 429
Other assets		1 068 904	900 192
TOTAL ASSETS		127 206 274	130 125 129
LIABILITIES			
Liabilities			
Amounts due to Central Bank		542 243	727 979
Amounts due to other banks	29	4 811 371	5 392 159
Financial liabilities held for trading	19	456 050	114 228
Derivative financial instruments (held for trading)	20	1 335 174	1 592 859
Amounts due to customers	30	96 844 107	99 328 808
Hedging instruments	23	1 038 858	710 566
Fair value hedge adjustments of hedged items due to interest rate risk	23	(44 161)	(40 127)
Debt securities issued	31	578 299	737 800
Income tax liabilities		66 901	23 305
1. Current income tax payable		66 901	23 305
2. Deferred tax liabilities		-	-
Provisions	32	312 413	331 864
Other liabilities		1 723 902	1 371 949
TOTAL LIABILITIES		107 665 157	110 291 390
Equity			
Share capital		262 367	262 364
Other capital and reserves		17 853 359	17 019 353
Retained earnings and profit for the period		1 425 391	2 552 022
TOTAL EQUITY		19 541 117	19 833 739
TOTAL EQUITY AND LIABILITIES		127 206 274	130 125 129

Unconsolidated statement of changes in equity

(In PLN thousand)

For the period from 1 January 2011 to 30 June 2011

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES						OTHER	RETAINED EARNINGS AND CURRENT YEAR PROFIT	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY TRANSLATION DIFFERENCES			
Equity as at 1 January 2011	262 364	17 019 353	9 124 344	1 437 850	6 191 904	21 266	2 965	241 024	2 552 022	19 833 739
Management options	3	4 897	367	-	-	-	-	4 530	-	4 900
Options exercised (share issue)	3	367	367	-	-	-	-	-	-	370
Revaluation of management share options	-	4 530	-	-	-	-	-	4 530	-	4 530
Valuation of financial instruments	-	61 730	-	-	-	61 730	-	-	-	61 730
Revaluation of available-for-sale investments net of tax	-	84 225	-	-	-	84 225	-	-	-	84 225
Revaluation of hedging financial instruments net of tax	-	(22 495)	-	-	-	(22 495)	-	-	-	(22 495)
Appropriation of retained earnings and current year profit	-	767 382	-	100 000	667 382	-	-	-	(1 126 631)	(359 249)
Dividend paid	-	-	-	-	-	-	-	-	(1 784 640)	(1 784 640)
Profit appropriation	-	767 382	-	100 000	667 382	-	-	-	(767 382)	-
Net profit for the period	-	-	-	-	-	-	-	-	1 425 391	1 425 391
Other	-	(3)	-	-	-	-	(3)	-	-	(3)
Foreign currency translation differences	-	(3)	-	-	-	-	(3)	-	-	(3)
Equity as at 30 June 2011	262 367	17 853 359	9 124 711	1 537 850	6 859 286	82 996	2 962	245 554	1 425 391	19 541 117

Unconsolidated statement of changes in equity (cont)

(In PLN thousand)

For the period from 1 January 2010 to 30 June 2010

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES						OTHER	RETAINED EARNINGS AND CURRENT YEAR PROFIT	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY TRANSLATION DIFFERENCES			
Equity as at 1 January 2010	262 331	15 242 975	9 120 232	1 337 850	4 590 737	(46 588)	3 046	237 698	2 462 263	17 967 569
Management options	30	4 201	3 649	-	-	-	-	552	-	4 231
Options exercised (share issue)	30	3 649	3 649	-	-	-	-	-	-	3 679
Revaluation of management share options	-	552	-	-	-	-	-	552	-	552
Valuation of financial instrument	-	104 088	-	-	-	104 088	-	-	-	104 088
Revaluation of available-for-sale investments net of tax	-	22 167	-	-	-	22 167	-	-	-	22 167
Revaluation of hedging financial instruments net of tax	-	81 921	-	-	-	81 921	-	-	-	81 921
Appropriation of retained earnings and current year profit	-	1 701 167	-	100 000	1 601 167	-	-	-	(1 124 894)	576 273
Dividend paid	-	-	-	-	-	-	-	-	(761 096)	(761 096)
Profit appropriation	-	1 701 167	-	100 000	1 601 167	-	-	-	(1 701 167)	-
Net profit for the period	-	-	-	-	-	-	-	-	1 337 369	1 337 369
Other	-	(46)	-	-	-	-	(46)	-	-	(46)
Foreign currency translation differences	-	(46)	-	-	-	-	(46)	-	-	(46)
Equity as at 30 June 2010	262 361	17 052 385	9 123 881	1 437 850	6 191 904	57 500	3 000	238 250	1 337 369	18 652 115

Unconsolidated cash flow statement

(In PLN thousand)

	I HALF 2011 Period from 01.01.2011 to 30.06.2011	I HALF 2010 Period from 01.01.2010 to 30.06.2010
Cash flow from operating activities – indirect method		
Net profit for the period	1 425 391	1 337 369
Adjustments:	(6 234 688)	2 717 552
Depreciation expense	173 390	189 696
(Gains) losses on foreign exchange differences	100 051	(439 030)
(Gains) losses on investing activities	(6 353)	(60 713)
Interest and dividend	(782 914)	(589 872)
Change in loans and advances to banks	448 179	450 754
Change in financial assets held for trading and other financial instruments at fair value through profit and loss	147 110	3 439 592
Change in derivative financial instruments (assets)	44 732	135 104
Change in loans and advances to customers and debt securities eligible for rediscounting at Central Bank	(4 075 477)	(2 434 801)
Change in investment securities available for sale	(9 844)	(74 779)
Change in tax assets	(10 984)	26 991
Change in other assets	210 325	(99 668)
Change in amounts due to banks	(766 524)	(729 500)
Change in liabilities held for trading	341 822	(913 413)
Change in derivative financial instruments (liabilities) and other financial instruments at fair value	(257 685)	875 839
Change in amounts due to customers	(2 484 701)	1 711 801
Change in debt securities issued	-	11 407
Change in provisions	(25 777)	(13 804)
Change in other liabilities	672 741	899 349
Income tax paid (negative sign)	(253 568)	(112 700)
Current tax expense	300 789	445 299
Net cash flows from operating activities	(4 809 297)	4 054 921
Cash flow from investing activities		
Investing activity inflows	173 642 580	123 101 743
Sale of instruments in subsidiaries and associates	-	55 895
Sale of investment securities	173 183 983	122 613 043
Sale of intangible assets and property, plant and equipment	2 265	889
Other investing inflows	456 332	431 916
Investing activity outflows	(169 125 853)	(127 370 757)
Acquisition of investment securities	(169 068 743)	(127 272 583)
Acquisition of intangible assets and property, plant and equipment	(57 110)	(98 174)
Net cash flows from investing activities	4 516 727	(4 269 014)

Unconsolidated cash flow statement (cont)

(In PLN thousand)

	I HALF 2011 Period from 01.01.2011 to 30.06.2011	I HALF 2010 Period from 01.01.2010 to 30.06.2010
Cash flows from financing activities		
Financing activity inflows	214 605	82 207
Issue of debt securities	214 235	78 528
Issue of shares	370	3 679
Financing activity outflows	(2 148 146)	(1 053 199)
Redemption of debt securities	(363 506)	(292 103)
Dividends and other payments to shareholders	(1 784 640)	(761 096)
Net cash flows from financing activities	(1 933 541)	(970 992)
Total net cash flows	(2 226 111)	(1 185 085)
Net change in cash and cash equivalents	(2 226 111)	(1 185 085)
Cash and cash equivalents at the beginning of the period	11 522 678	14 577 917
Cash and cash equivalents at the end of the period	9 296 567	13 392 832

Notes to financial statements

(In PLN thousand)

1. General information

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

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

Bank Pekao S.A. is part of the UniCredit S.p.A. Group with its seat in Roma, Italy.

The condensed unconsolidated interim Financial Statements of Bank Pekao S.A. for the period from 1 January 2011 to 30 June 2011 contain financial information of all of the activities performed by the Bank.

The Bank also prepares Consolidated Financial Statements of Bank Pekao S.A. Capital Group.

2. Statement of compliance

The condensed unconsolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union and other applicable regulations.

These financial statements do not include all information required for full annual financial statements, and shall be construed and interpreted in conjunction with the unconsolidated financial statements of the Bank as at and for the year ended 31 December 2010.

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2010 are available upon request at the Bank's registered office at the Local Court for the Capital City of Warsaw, XII Business Division of the National Court Register KRS, Warsaw, at 100 Czerniakowska Street or at the Bank's website, www.pekao.com.pl

In accordance with the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal, No 33, item 259) the Bank is required to publish the financial report for the six months ended 30 June 2011, i.e. current interim period.

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

These condensed unconsolidated interim financial statements were approved by the Management Board on 1 August 2011.

Notes to financial statements (cont)

(In PLN thousand)

3. Significant accounting policies

The condensed unconsolidated financial statements of the Bank have been prepared based on the following valuation principles:

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

The accounting policies applied by the Bank in these condensed unconsolidated interim financial statements are the same as those applied by the Bank in the unconsolidated financial statements of Bank Pekao S.A. for the year ended 31 December 2010.

Changes in published standards and interpretations, which become effective since 1st January 2011, had no impact on these interim financial statements.

The Bank does not take into consideration interpretations and amendments to the Standards, pending approval by the European Union (Annex 1 to the Financial Statements).

In the opinion of the Bank, the amendments to IFRS 9 'Financial Instruments' described in the 2010 unconsolidated financial statements shall have a significant impact on its financial statements.

Moreover, the International Accounting Standards Board (IASB) approved in 2011 the following standards:

- IFRS 10 'Consolidated Financial Statements',
- IFRS 11 'Joint Arrangements',
- IFRS 12 'Disclosure of Interests in Other Entities',
- IFRS 13 'Fair Value Measurement',
- IAS 19 'Employee benefits'.

The Bank is currently analyzing the influence of above listed standards on its financial statements.

On 12 May 2011 the IASB issued the IFRS 10 'Consolidated Financial Statements'. IFRS 10 defines the principles of presentation and preparation of consolidated financial statements for entities controlling one or more other entities. IFRS 10 supersedes the requirements for consolidation presented in SIC-12 'Consolidation- special purpose entities' and IAS 27 'Consolidated and separate financial statements' and becomes effective for the fiscal years starting on 1 January 2013. The application of the standard before that date is permitted. IFRS 10 is based on binding principles that control is the key factor determining whether an entity should be included in the consolidated financial statements of parent entity. The standard includes also guidelines on the assessment of the control extent.

On 12 May 2011 the IASB issued IFRS 11 'Joint Arrangements'. IFRS 11 provides guidelines for more realistic presentation of joint arrangements, concentrating on rights and obligations of the arrangement instead of its legal form (as it is currently). The standard interprets inaccuracies in presentation of joint arrangements in financial statements through introduction of homogenous rules for posting of shares in joint-controlled entities.

On 12 May 2011 the IASB issued IFRS 12 'Disclosure of Interests in Other Entities'. IFRS 12 is a new, complex standard describing the requirements for disclosure of participation in all forms in other entities, including subsidiaries, joint-ventures, associates and non-consolidated entities. IFRS 12 becomes effective for the fiscal years starting on 1 January 2013. The application of the standard before that date is permitted.

On 12 May 2011 the IASB issued IFRS 13 'Fair Value Measurement'. IFRS 13, which is effective from 1 January 2013, defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value

Notes to financial statements (cont)

(In PLN thousand)

measurements. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions).

On 16 June 2011 the IASB issued amended IAS 19 'Employee benefits', which becomes effective for the fiscal years starting on 1 January 2013. The amendments make it easier for financial statements users to understand how the benefits influence the financial situation of the entity, its financial results and cash flows.

4. Accounting estimates

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

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

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

In preparing these interim financial statements, the significant judgments made by management in applying the Bank's accounting policies were the same as those that applied to the unconsolidated financial statements as at and for the year ended 31 December 2010.

During the six months period ended 30 June 2011 management reassessed the following estimates:

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

Notes to financial statements (cont)

(In PLN thousand)

5. Financial risk management

Credit risk

The credit risk management process and measurement methods have not changed in relation to those described in the unconsolidated financial statements of the Bank Pekao S.A. as at 31 December 2010.

Exposure to credit risk

The table below presents the Bank's exposure to credit risk with impairment recognized by ageing

	LOANS AND ADVANCES TO BANKS		LOANS AND ADVANCES TO CUSTOMERS	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
GROSS CARRYING VALUE OF EXPOSURE INDIVIDUALLY IMPAIRED				
– not past due	951	1 024	411 526	642 696
– up to 1 month	-	-	213 547	24 460
– between 1 month and 3 months	-	-	140 162	15 903
– between 3 months and 1 year	-	-	172 930	264 903
– between 1 year and 5 years	62 964	62 964	1 143 175	1 227 338
– above 5 years	-	-	893 805	687 879
Total gross carrying value	63 915	63 988	2 975 145	2 863 179
ALLOWANCE FOR IMPAIRMENT				
– not past due	(951)	(1 024)	(77 888)	(109 257)
– up to 1 month	-	-	(21 516)	(7 265)
– between 1 month and 3 months	-	-	(26 113)	(5 272)
– between 3 months and 1 year	-	-	(62 243)	(84 792)
– between 1 year and 5 years	(54 000)	(54 000)	(783 476)	(927 490)
– above 5 years	-	-	(765 821)	(560 364)
Total allowance for impairment	(54 951)	(55 024)	(1 737 057)	(1 694 440)
Net carrying value of exposure individually impaired	8 964	8 964	1 238 088	1 168 739
GROSS CARRYING VALUE OF EXPOSURE COLLECTIVELY IMPAIRED				
– not past due	-	-	50 633	43 727
– up to 1 month	-	-	20 495	18 565
– between 1 month and 3 months	-	-	35 526	31 783
– between 3 months and 1 year	-	-	444 909	504 179
– between 1 year and 5 years	-	-	1 162 340	1 020 559
– above 5 years	15 934	19 371	658 932	656 585
Total gross carrying value	15 934	19 371	2 372 835	2 275 398
ALLOWANCE FOR IMPAIRMENT				
– not past due	-	-	(30 371)	(24 725)
– up to 1 month	-	-	(12 883)	(11 643)
– between 1 month and 3 months	-	-	(22 342)	(20 067)
– between 3 months and 1 year	-	-	(303 283)	(343 062)
– between 1 year and 5 years	-	-	(968 503)	(852 744)
– above 5 years	(15 928)	(19 361)	(645 864)	(650 451)
Total allowance for impairment	(15 928)	(19 361)	(1 983 246)	(1 902 692)
Net carrying value of exposure collectively impaired	6	10	389 589	372 706

Notes to financial statements (cont)

(In PLN thousand)

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

	LOANS AND ADVANCES TO BANKS		LOANS AND ADVANCES TO CUSTOMERS			
	30.06.2011	31.12.2010	CORPORATE		RETAIL	
			30.06.2011	31.12.2010	30.06.2011	31.12.2010
GROSS CARRYING VALUE OF EXPOSURE WITH NO IMPAIRMENT						
– not past due	5 004 236	6 604 987	48 566 568	46 651 888	29 612 975	27 474 386
– up to 30 days	-	-	248 437	324 170	1 043 008	1 115 372
– between 30 days and 60 days	-	-	71 908	49 319	204 235	168 671
– above 60 days	-	-	137 283	22 393	98 201	104 584
Total gross carrying value	5 004 236	6 604 987	49 024 196	47 047 770	30 958 419	28 863 013
IBNR PROVISION						
– not past due	(1 847)	(4 092)	(195 583)	(158 037)	(142 017)	(71 694)
– up to 30 days	-	-	(3 260)	(8 793)	(71 293)	(59 500)
– between 30 days and 60 days	-	-	(1 637)	(11 329)	(33 564)	(37 410)
– above 60 days	-	-	(10 577)	(2 084)	(17 726)	(44 160)
Total IBNR provision	(1 847)	(4 092)	(211 057)	(180 243)	(264 600)	(212 764)
Net carrying value of exposure with no impairment	5 002 389	6 600 895	48 813 139	46 867 527	30 693 819	28 650 249

Classification of exposures to debt securities according to Standard & Poor's ratings as at 30 June 2011

RATING	DEBT SECURITIES					TOTAL
	HELD FOR TRADING	DESIGNATED TO FAIR VALUE THROUGH PROFIT & LOSS	AVAILABLE FOR SALE	HELD TO MATURITY	REPO TRANSACTIONS	
AAA	-	-	-	-	-	-
AA- to AA+	-	-	-	-	-	-
A- to A+	710 715	15 457	14 396 882	3 833 250	4 227 804	23 184 108
BBB+ to BBB-	-	-	-	-	-	-
BB+ to BB-	-	-	-	-	-	-
B+ to B-	-	-	-	-	-	-
under B-	-	-	-	-	-	-
no rating	109 094	-	7 827 807 (*)	593 036 (**)	-	8 529 937
Total	819 809	15 457	22 224 689	4 426 286	4 227 804	31 714 045

(*) including NBP bills in an amount of PLN 6 906 036 thousand

(**) including NBP bills in an amount of PLN 593 036 thousand

Notes to financial statements (cont)

(In PLN thousand)

Classification of exposures to debt securities according to Standard & Poor's ratings as at 31 December 2010

RATING	DEBT SECURITIES					TOTAL
	HELD FOR TRADING	DESIGNATED TO FAIR VALUE THROUGH PROFIT & LOSS	AVAILABLE FOR SALE	HELD TO MATURITY	REPO TRANSACTIONS	
AAA	-	-	-	-	-	-
AA- to AA+	-	-	-	-	-	-
A- to A+	768 237	16 735	13 026 522	4 075 318	1 659 889	19 546 701
BBB+ to BBB-	-	-	-	-	-	-
BB+ to BB-	-	-	-	-	-	-
B+ to B-	-	-	-	-	-	-
under B-	-	-	-	-	-	-
no rating	197 404	-	12 887 714 (*)	434 504 (**)	-	13 519 622
Total	965 641	16 735	25 914 236	4 509 822	1 659 889	33 066 323

(*) including NBP bills in an amount of PLN 12 556 925 thousand

(**) including NBP bills in an amount of PLN 434 504 thousand

Derivative financial instruments

	TRADING DERIVATIVES		DERIVATIVE HEDGING INSTRUMENTS	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Banks	1 385 217	1 406 759	45 246	87 573
Other financial institutions	50 298	6 609	-	-
Non-financial entities	133 907	200 786	156 178	171 115
Total	1 569 422	1 614 154	201 424	258 688

Market risk

The model of market risk measurement has not changed in relation to the one described in the unconsolidated financial statements of the Bank Pekao S.A. as at 31 December 2010.

The main tool used to measure the market risk is Value at Risk (VaR).

The table below presents the market risk exposure of the trading portfolio of the Bank measured by Value at Risk in the first half of 2011 and in 2010.

IN PLN THOUSAND	30.06.2011	MINIMUM VALUE	AVERAGE VALUE	MAXIMUM VALUE
foreign exchange risk	1 793	13	348	2 641
interest rate risk	2 013	1 597	2 297	3 287
Trading portfolio	3 286	1 650	2 374	3 398

IN PLN THOUSAND	31.12.2010	MINIMUM VALUE	AVERAGE VALUE	MAXIMUM VALUE
foreign exchange risk	121	10	319	2 453
interest rate risk	2 240	1 371	3 286	6 479
Trading portfolio	2 249	1 408	3 373	6 473

Notes to financial statements (cont)

(In PLN thousand)

Interest rate risk

There have been changes in the interest rate risk management process and measurement methods. An economic model of the value of current deposits in PLN has been implemented into the interest rate risk measurement system. The model adjusts the profile of revaluation of the deposits and limits the sensitivity level of the economic value of equity, and leads to an increase in net interest income sensitivity for market interest rates changes. There also have been changes in limits system of interest rate risk. Apart from that, there have been no significant changes in the interest rate risk management process and measurement methods in relation to those presented in the unconsolidated financial statements of the Bank Pekao S.A. as at 31 December 2010.

The table below presents the sensitivity levels of net interest income (NII) for interest rates changes by -100 bp and of economic value of the Bank equity (EVE) for interest rate changes by +100 bp as at 30 June 2011 and the end of December 2010.

SENSITIVITY IN %	30.06.2011	31.12.2010
NII	(6.75)	(8.05)
EVE	(1.25)	(1.36)

Currency risk

The foreign currency exchange risk management process has not changed in relation to one described in the unconsolidated financial statements of the Bank Pekao S.A. as at 31 December 2010.

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

CURRENCY	30.06.2011	31.12.2010
USD	1 895	305
EUR	30	800
CHF	137	171
Other	27	71
Currencies total (*)	1 827	783

(*) VaR presented in "Currencies total" is VaR for the whole portfolio, and includes correlations among currencies.

Liquidity risk

The liquidity risk management process has not changed in relation to one described in the unconsolidated financial statements of the Bank Pekao S.A. as at 31 December 2010.

Adjusted liquidity gap as at 30 June 2011

	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
Assets	39 206 346	7 945 731	21 042 256	31 774 047	27 237 894	127 206 274
Liabilities	27 572 311	5 297 292	10 668 352	19 932 361	63 735 958	127 206 274
Net off-balance sheet items	(6 338 230)	(1 141 954)	2 725 336	3 378 153	945 580	(431 115)
Periodic gap	5 295 805	1 506 485	13 099 240	15 219 839	(35 552 484)	(431 115)
Cumulative gap		6 802 290	19 901 530	35 121 369	(431 115)	

Notes to financial statements (cont)

(In PLN thousand)

Adjusted liquidity gap as at 31 December 2010

	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
Assets	46 392 952	5 310 897	21 295 810	32 463 494	24 661 976	130 125 129
Liabilities	27 992 844	8 460 029	11 900 486	21 970 946	59 800 824	130 125 129
Net off-balance sheet items	(6 123 703)	(982 581)	3 629 328	2 352 782	942 456	(181 718)
Periodic gap	12 276 405	(4 131 713)	13 024 652	12 845 330	(34 196 392)	(181 718)
Cumulative gap		8 144 692	21 169 344	34 014 674	(181 718)	

Structure of financial liabilities by contractual maturities

30.06.2011	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
BALANCE SHEET LIABILITIES						
Amounts due to banks (*)	3 359 618	7 088	167 103	492 620	1 327 185	5 353 614
Amounts due to customers	78 225 043	9 457 158	8 808 525	322 634	30 747	96 844 107
Debt securities issued	-	3	81 708	496 588	-	578 299
Financial liabilities held for trading	-	-	-	111 612	344 438	456 050
Total	81 584 661	9 464 249	9 057 336	1 423 454	1 702 370	103 232 070
OFF-BALANCE SHEET COMMITMENTS (**)						
Off- balance sheet commitments Financial liabilities granted	26 711 933	-	-	-	-	26 711 933
Off- balance sheet commitments Guarantees liabilities granted	9 837 288	-	-	-	-	9 837 288
Total	36 549 221	-	-	-	-	36 549 221

31.12.2010	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
BALANCE SHEET LIABILITIES						
Amounts due to banks (*)	4 132 291	12 685	152 437	969 078	853 647	6 120 138
Amounts due to customers	80 873 006	9 927 859	8 001 231	471 397	55 315	99 328 808
Debt securities issued	-	267 145	121 604	349 051	-	737 800
Financial liabilities held for trading	-	-	-	104 280	9 948	114 228
Total	85 005 297	10 207 689	8 275 272	1 893 806	918 910	106 300 974
OFF-BALANCE SHEET COMMITMENTS (**)						
Off- balance sheet commitments Financial liabilities granted	24 559 653	-	-	-	-	24 559 653
Off- balance sheet commitments Guarantees liabilities granted	9 691 866	-	-	-	-	9 691 866
Total	34 251 519	-	-	-	-	34 251 519

(*) Including Central Bank.

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

Notes to financial statements (cont)

(In PLN thousand)

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

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

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

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

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

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

	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
30.06.2011	22 034	32 132	136 377	903 931	355 317	1 449 791
31.12.2010	22 887	143 996	151 781	1 017 284	292 865	1 628 813

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

	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
30.06.2011						
Proceeds	14 920 808	4 790 669	4 679 995	5 558 431	2 744 660	32 694 563
Outflows	14 898 460	4 696 226	4 726 103	5 576 875	3 303 700	33 201 364
31.12.2010						
Proceeds	12 673 579	3 795 325	9 359 938	5 876 319	2 744 660	34 449 821
Outflows	12 441 768	3 723 635	9 198 525	5 850 211	3 167 064	34 381 203

Operational risk

In the I half of 2011 the operational risk management process including identification and assessment, monitoring, mitigation and reporting system has not changed significantly in comparison with 2010, however the calculation method of operational risk capital requirement was changed.

In the first half of 2011 Bank Pekao S.A. received from regulators of Italy and Poland the Decision concerning the permission to apply the AMA for the calculation purposes of operational risk capital requirement at the consolidated and solo level, in the part related to Bank Pekao S.A.

Notes to financial statements (cont)

(In PLN thousand)

The Advanced Measurement Approach (AMA) is based on internal loss data, external loss data, scenario analysis data and key risk indicators. The calculated overall AMA capital requirement is allocated to particular UniCredit Group legal entities. The capital requirement is allocated by mechanism reflecting the entities' risk exposures.

Regarding the above-mentioned Decision, the Bank applied its provisions to the calculation of the operational risk capital requirement as at 30 June 2011.

Other risks

The management processes and methods regarding measurement of other risks identified under Pillar II (Business, Real Estate and Financial Investment risks) have not changed in relation to those described in the unconsolidated financial statements of the Bank Pekao S.A. as at 31 December 2010.

Fair value of financial assets and liabilities

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

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

As at 30 June 2011 and 31 December 2010, the Bank classified the financial assets and liabilities measured at fair value into the following three categories based on the valuation method:

- Method 1: mark-to-market applies exclusively to quoted securities;
- Method 2: mark-to-model valuation with model parameterization, based exclusively on quotations from active markets for given type of instrument. This method applies to linear and non-linear derivative instruments on interest rate and foreign exchange markets (including forward transactions on securities and non-liquid Treasury or Central Bank securities);
- Method 3: mark-to-model valuation with partial model parameterization, based on estimated risk factors. This method is applicable for derivatives on inactive markets (mainly options for equity or commodity market instruments), unquoted corporate or community securities, and derivatives for which an adjustment of fair value was made by credit risk-related write-downs.

Notes to financial statements (cont)

(In PLN thousand)

As at 30 June 2011

	METHOD 1	METHOD 2	METHOD 3	TOTAL
Assets:	15 123 448	8 637 465	1 075 723	24 836 636
Financial assets held for trading	710 715	-	109 094	819 809
Derivative financial instruments, including:	-	1 530 005	39 417	1 569 422
- Banks	-	1 345 800	39 417	1 385 217
- Customers	-	184 205	-	184 205
Other financial instruments at fair value through profit and loss	15 457	-	-	15 457
Hedging instruments	-	201 424	-	201 424
- Banks	-	45 246	-	45 246
- Customers	-	156 178	-	156 178
Securities available for sale	14 397 276	6 906 036	927 212	22 230 524
Liabilities:	456 050	2 334 615	39 417	2 830 082
Financial liabilities held for trading	456 050	-	-	456 050
Derivative financial instruments, including:	-	1 295 757	39 417	1 335 174
- Banks	-	1 196 539	1 608	1 198 147
- Customers	-	99 218	37 809	137 027
Hedging instruments	-	1 038 858	-	1 038 858
- Banks	-	1 038 858	-	1 038 858
- Customers	-	-	-	-

As at 31 December 2010

	METHOD 1	METHOD 2	METHOD 3	TOTAL
Assets:	13 811 858	14 366 187	597 211	28 775 256
Financial assets held for trading	768 237	-	197 404	965 641
Derivative financial instruments, including:	-	1 550 574	63 580	1 614 154
- Banks	-	1 343 539	63 220	1 406 759
- Customers	-	207 035	360	207 395
Other financial instruments at fair value through profit and loss	16 735	-	-	16 735
Hedging instruments	-	258 688	-	258 688
- Banks	-	87 573	-	87 573
- Customers	-	171 115	-	171 115
Securities available for sale	13 026 886	12 556 925	336 227	25 920 038
Liabilities:	114 228	2 240 175	63 250	2 417 653
Financial liabilities held for trading	114 228	-	-	114 228
Derivative financial instruments, including:	-	1 529 609	63 250	1 592 859
- Banks	-	1 326 558	4 069	1 330 627
- Customers	-	203 051	59 181	262 232
Hedging instruments	-	710 566	-	710 566
- Banks	-	710 566	-	710 566
- Customers	-	-	-	-

Notes to financial statements (cont)

(In PLN thousand)

6. Interest income and expense

Interest income

	II QUARTER 2011	I HALF 2011	II QUARTER 2010	I HALF 2010
Loans and other receivables from customers	1 293 191	2 509 239	1 124 175	2 257 327
Placements in other banks	62 569	125 619	63 488	124 974
Reverse repo transactions	28 838	47 845	10 399	29 695
Investment securities	295 548	568 847	256 289	470 042
Financial assets held for trading	11 418	10 934	31 317	49 778
Financial assets designated to fair value through profit and loss	198	406	10 446	24 359
Total	1 691 762	3 262 890	1 496 114	2 956 175

Interest expense

	II QUARTER 2011	I HALF 2011	II QUARTER 2010	I HALF 2010
Customers' deposits	(568 184)	(1 108 326)	(508 945)	(993 742)
Other banks' deposits	(13 425)	(25 113)	(16 612)	(31 599)
Repo transactions	(31 637)	(42 705)	(20 832)	(36 537)
Loans from other banks	(15 325)	(31 782)	(19 137)	(39 435)
Debt securities issued	(4 502)	(8 712)	(12 127)	(23 942)
Total	(633 073)	(1 216 638)	(577 653)	(1 125 255)

7. Fee and commission income and expense

Fee and commission income

	II QUARTER 2011	I HALF 2011	II QUARTER 2010	I HALF 2010
Customer accounts maintenance and payment orders	208 092	396 138	209 303	413 765
Payment cards	209 246	393 977	200 923	401 802
Loans and advances	144 784	274 724	98 698	195 130
Acquisition services	61 854	127 096	56 860	114 867
Securities operations	10 229	23 460	11 353	20 261
Custody activity	15 520	30 341	12 935	25 108
Guarantees, letters of credit and similar transactions	14 768	29 857	14 398	27 805
Other	35 651	57 361	18 762	40 421
Total	700 144	1 332 954	623 232	1 239 159

Notes to financial statements (cont)

(In PLN thousand)

Fee and commission expense

	II QUARTER 2011	I HALF 2011	II QUARTER 2010	I HALF 2010
Payment cards	(103 330)	(190 587)	(83 032)	(171 387)
Bank drafts and transfers	(6 245)	(11 831)	(5 179)	(11 308)
Securities operations	(2 299)	(4 621)	(2 393)	(4 401)
Accounts maintenance	(153)	(304)	(197)	(416)
Custody activity	(2 854)	(4 292)	(1 156)	(2 506)
Acquisition services	(1 756)	(3 940)	(494)	(1 278)
Other	(3 746)	(7 187)	(5 058)	(7 899)
Total	(120 383)	(222 762)	(97 509)	(199 195)

8. Dividend income

	II QUARTER 2011	I HALF 2011	II QUARTER 2010	I HALF 2010
Subsidiaries	1	118 261	122 328	154 615
Associates	67 083	67 083	92 930	92 930
Other entities	10 311	10 311	7 693	7 693
Total	77 395	195 655	222 951	255 238

9. Result on financial assets and liabilities held for trading

	II QUARTER 2011	I HALF 2011	II QUARTER 2010	I HALF 2010
Foreign currency exchange result	112 283	231 490	130 857	259 671
Gains (losses) on derivatives	7 747	26 091	9 200	4 123
Gains (losses) on securities	1 311	4 133	(2 794)	(11 758)
Total	121 341	261 714	137 263	252 036

10. Gains (losses) on disposal

Realized gains

	II QUARTER 2011	I HALF 2011	II QUARTER 2010	I HALF 2010
Loans and other financial receivables	-	-	-	-
Available for sale financial assets – debt instruments	3 084	3 084	25 546	53 772
Available for sale financial assets – equity instruments	-	-	7	6 934
Investments held to maturity	779	2 656	-	-
Debt securities issued	6	15	82	242
Total	3 869	5 755	25 635	60 948

Notes to financial statements (cont)

(In PLN thousand)

Realized losses

	II QUARTER 2011	I HALF 2011	II QUARTER 2010	I HALF 2010
Loans and other financial receivables	(153)	(153)	-	-
Available for sale financial assets – debt instruments	-	-	-	-
Available for sale financial assets – equity instruments	-	-	-	-
Investments held to maturity	-	-	-	-
Debt securities issued	(331)	(758)	(289)	(468)
Total	(484)	(911)	(289)	(468)

Net realized profit	3 385	4 844	25 346	60 480
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11. Administrative expenses

Personnel expenses

	II QUARTER 2011	I HALF 2011	II QUARTER 2010	I HALF 2010
Wages and salaries	(378 522)	(742 771)	(354 231)	(702 299)
Insurance and other charges related to employees	(63 908)	(132 327)	(63 079)	(130 119)
Share-based payments expense	(4 787)	(6 467)	(2 321)	(2 556)
Total	(447 217)	(881 565)	(419 631)	(834 974)

Other administrative expenses

	II QUARTER 2011	I HALF 2011	II QUARTER 2010	I HALF 2010
Other administrative expenses	(282 607)	(546 775)	(288 796)	(579 232)
Taxes and charges	(7 772)	(16 951)	(8 236)	(17 181)
Bank Guarantee Fund fee	(21 983)	(43 966)	(9 703)	(19 406)
Financial supervision authority fee (KNF)	(6 812)	(13 664)	(6 537)	(13 407)
Total	(319 174)	(621 356)	(313 272)	(629 226)

Total administrative expenses	(766 391)	(1 502 921)	(732 903)	(1 464 200)
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Notes to financial statements (cont)

(In PLN thousand)

12. Net other operating income and expenses

Other operating income

	II QUARTER 2011	I HALF 2011	II QUARTER 2010	I HALF 2010
Rental income and other miscellaneous income	10 292	20 838	9 392	18 313
Credit insurance charges	6 790	12 978	6 026	9 981
Recovery of debt collection costs	4 369	7 923	2 609	4 644
Compensation, penalty fees and fines received	10	18	8	108
Refunding of administrative costs	2 057	4 293	2 285	4 633
Income from written off liabilities	345	439	1 244	2 285
Releases of impairment of litigation and other assets	144	1 334	123	6 082
Gains on sale of other assets	-	-	-	3
Other	4 334	6 285	4 081	9 093
Total	28 341	54 108	25 768	55 142

Other operating expenses

	II QUARTER 2011	I HALF 2011	II QUARTER 2010	I HALF 2010
Credit insurance costs	(7 248)	(14 105)	(4 091)	(7 311)
Customers complaints expense	(425)	(1 415)	(1 459)	(2 827)
Impairment of litigations receivables and other assets	(242)	(377)	(89)	(344)
Costs of litigation and claims	(760)	(1 713)	(1 219)	(2 436)
Compensation, penalty fees and fines paid	(63)	(150)	(202)	(675)
Losses on disposal of other assets	(8)	(8)	(4)	(86)
Other	(8 057)	(16 180)	(9 077)	(18 829)
Total	(16 803)	(33 948)	(16 141)	(32 508)

Net other operating income and expenses	11 538	20 160	9 627	22 634
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Notes to financial statements (cont)

(In PLN thousand)

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

I HALF 2011	OPENING BALANCE	INCREASES		DECREASES			CLOSING BALANCE	IMPACT ON PROFIT AND LOSS(**)
		IMPAIRMENT CHARGES	OTHER (*)	WRITE-OFFS OF ASSETS FROM THE BALANCE SHEET	RELEASE OF IMPAIRMENT CHARGES	OTHER (*)		
Impairment of financial assets and off- balance sheet commitments								
Loans and advances to banks valued at amortized cost	78 477	331	8 787	(2 747)	(10 699)	(1 423)	72 726	10 368
Derivative financial instruments	480	-	-	-	-	(480)	-	-
Loans and advances to customers valued at amortized cost	3 990 139	730 766	35 150	(67 475)	(455 412)	(37 208)	4 195 960	(275 354)
Financial assets available for sale	459	-	13	-	-	-	472	-
Impairment of off-balance sheet commitments	128 492	39 785	-	-	(63 471)	(2 520)	102 286	23 686
Total financial assets and off-balance sheet commitments	4 198 047	770 882	43 950	(70 222)	(529 582)	(41 631)	4 371 444	(241 300)
Impairment of other assets								
Investments in subsidiaries and associates	68 056	-	-	-	-	-	68 056	-
Intangible assets	10 961	-	-	-	-	-	10 961	-
Property, plant and equipment	7 405	1 243	-	-	-	(558)	8 090	(1 243)
Investment properties	550	-	-	-	-	-	550	-
Other	92 562	377	-	-	(1 334)	(531)	91 074	957
Total impairment of other assets	179 534	1 620	-	-	(1 334)	(1 089)	178 731	(286)
Total	4 377 581	772 502	43 950	(70 222)	(530 916)	(42 720)	4 550 175	(241 586)

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

(**) 'Impairment of financial assets and off-balance sheet commitments' balance includes net impairment in the amount of PLN (241 300) thousand and proceeds from recovered bad debt in the amount of PLN 3 453 thousand, the total is PLN (237 847) thousand.

Notes to financial statements (cont)

(In PLN thousand)

I HALF 2010	INCREASES			DECREASES			CLOSING BALANCE	IMPACT ON PROFIT AND LOSS(**)
	OPENING BALANCE	IMPAIRMENT CHARGES	OTHER (*)	WRITE-OFFS OF ASSETS FROM THE BALANCE SHEET	RELEASE OF IMPAIRMENT CHARGES	OTHER (*)		
Impairment of financial assets and off- balance sheet commitments								
Loans and advances to banks valued at amortized cost	84 721	3 467	3 807	-	(2 826)	(43)	89 126	(641)
Derivative financial instruments	4 793	-	491	-	-	(4 793)	491	-
Loans and advances to customers valued at amortized cost	3 925 431	702 678	77 959	(20 324)	(458 344)	(33 968)	4 193 432	(244 334)
Financial assets available for sale	7 258	-	871	-	-	-	8 129	-
Impairment of off-balance sheet commitments	135 194	36 459	6 974	-	(45 112)	(890)	132 625	8 653
Total financial assets and off-balance sheet commitments	4 157 397	742 604	90 102	(20 324)	(506 282)	(39 694)	4 423 803	(236 322)
Impairment of other assets								
Investments in subsidiaries and associates	148 056	-	-	-	-	-	148 056	-
Intangible assets	10 961	-	-	-	-	-	10 961	-
Property, plant and equipment	11 191	-	23	-	-	(762)	10 452	-
Investment properties	4 352	-	35	-	-	-	4 387	-
Other	104 324	344	635	(249)	(6 082)	(404)	98 568	5 738
Total impairment of other assets	278 884	344	693	(249)	(6 082)	(1 166)	272 424	5 738
Total	4 436 281	742 948	90 795	(20 573)	(512 364)	(40 860)	4 696 227	(230 584)

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

(**) Impairment of financial assets and off-balance sheet commitments' balance includes net impairment in the amount of PLN (236 322) thousand and proceeds from recovered bad debt in the amount of PLN 5 926 thousand, the total is PLN (230 396) thousand.

Notes to financial statements (cont)

(In PLN thousand)

14. Gains (losses) from subordinated entities

	II QUARTER 2011	I HALF 2011	II QUARTER 2010	I HALF 2010
Profit from liquidation of shares in subordinated entities	-	-	1 627	1 627
Profit from reduction of equity in subordinated entities	-	-	-	6 002
Impairment of the investment in subordinated entities	-	-	-	-
Total profit (loss) from subordinated entities	-	-	1 627	7 629

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

	II QUARTER 2011	I HALF 2011	II QUARTER 2010	I HALF 2010
INCOME STATEMENT				
Current income tax	(234 463)	(300 789)	(270 557)	(445 298)
Current tax charge disclosed in the income statement	(232 691)	(297 319)	(268 103)	(439 566)
Adjustments related to the current tax from previous years	-	156	16	(741)
Other taxes (e.g. withholding tax, income tax relating to foreign branches)	(1 772)	(3 626)	(2 470)	(4 991)
Deferred income tax	81 036	10 984	140 886	192 806
Occurrence and reversal of temporary differences	81 036	10 984	140 886	192 806
Tax charge disclosed in the unconsolidated income statement	(153 427)	(289 805)	(129 671)	(252 492)
EQUITY				
Deferred income tax	(40 948)	(14 480)	23 217	(24 033)
Income and costs disclosed in other comprehensive income:				
Revaluation of financial instruments, used as cash flows hedges	(3 495)	5 277	(9 084)	(19 216)
Revaluation of available for sale financial assets – debt securities	(37 448)	(19 746)	32 297	(4 824)
Revaluation of available for sale financial assets – with equity rights	(5)	(11)	4	7
Tax charge disclosed in other comprehensive income	(40 948)	(14 480)	23 217	(24 033)
Total charge	(194 375)	(304 285)	(106 454)	(276 525)

16. Earnings per share

Earnings per share

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

	II QUARTER 2011	I HALF 2011	II QUARTER 2010	I HALF 2010
Net profit	721 961	1 425 391	767 289	1 337 369
Weighted average number of ordinary shares in the period	262 367 367	262 366 124	262 354 553	262 344 331
Earnings per share (in PLN per share)	2.75	5.43	2.93	5.10

Notes to financial statements (cont)

(In PLN thousand)

Diluted earnings per share

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

There are diluting instruments in the Bank in the form of convertible bonds. For calculation purposes it is assumed that these instruments will be converted into shares.

	II QUARTER 2011	I HALF 2011	II QUARTER 2010	I HALF 2010
Net profit	721 961	1 425 391	767 289	1 337 369
Weighted average number of ordinary shares in the period	262 367 367	262 366 124	262 354 553	262 344 331
Adjustments to the number of shares for the purpose of calculation of diluted earnings per share	94 583	93 608	78 231	80 627
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	262 461 950	262 459 732	262 432 784	262 424 958
Diluted earnings per share (in PLN per share)	2.75	5.43	2.93	5.10

17. Dividend payment

A dividend of PLN 6.80 per share from the net profit for the financial year 2010 was paid by the Bank to its shareholders in 2011.

18. Loans and advances to banks

Loans and advances to banks by product type

	30.06.2011	31.12.2010
Current accounts and overnight placements	1 280 128	2 991 846
Interbank placements	203 267	1 337 889
Loans and advances	1 799 442	1 767 996
Repo transactions	1 273 481	250 133
Debt securities	291 480	291 622
Receivables in transit	210 215	28 331
Interest accrued	26 072	20 529
Total gross amount	5 084 085	6 688 346
Impairment provision	(72 726)	(78 477)
Total net amount	5 011 359	6 609 869

Loans and advances to banks by quality

	30.06.2011	31.12.2010
Loans and advances to banks, including:		
gross value of non impaired receivables	5 004 236	6 604 987
gross value of impaired receivables	79 849	83 359
individual impairment charges	(54 951)	(55 024)
collective impairment charges (*)	(17 775)	(23 453)
Total	5 011 359	6 609 869

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

Notes to financial statements (cont)

(In PLN thousand)

Loans and advances to banks by contractual maturities

	30.06.2011	31.12.2010
Loans and advances to banks, including:		
up to 1 month	4 395 493	5 762 283
between 1 and 3 months	297 610	1 347
between 3 months and 1 year	321 045	838 225
between 1 and 5 years	43 865	65 962
over 5 years	-	-
Interest accrued	26 072	20 529
Total gross amount	5 084 085	6 688 346
Impairment provision	(72 726)	(78 477)
Total net amount	5 011 359	6 609 869

Loans and advances to banks by currencies

	30.06.2011	31.12.2010
PLN	2 743 680	1 745 196
CHF	7 327	137 699
EUR	2 027 046	4 368 775
USD	80 464	174 382
Other currencies	152 842	183 817
Total	5 011 359	6 609 869

Changes in impairment balances in the first half of 2011 and 2010 are presented in the Note 13.

19. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading by product type

30.06.2011	ASSETS	LIABILITIES
Securities issued by State Treasury	710 715	456 050
T - bills	181 865	-
T - bonds	528 850	456 050
Securities issued by banks	109 094	-
Total	819 809	456 050

31.12.2010	ASSETS	LIABILITIES
Securities issued by State Treasury	768 237	114 228
T - bills	100 752	-
T - bonds	667 485	114 228
Securities issued by banks	197 404	-
Total	965 641	114 228

Notes to financial statements (cont)

(In PLN thousand)

Financial assets and liabilities held for trading by maturities

30.06.2011	ASSETS	LIABILITIES
Debt securities, including:		
up to 1 month	27 206	-
between 1 and 3 months	373 472	-
between 3 months and 1 year	249 079	-
between 1 and 5 years	90 565	111 612
over 5 years	79 487	344 438
Total	819 809	456 050

31.12.2010	ASSETS	LIABILITIES
Debt securities, including:		
up to 1 month	959	-
between 1 and 3 months	236 845	-
between 3 months and 1 year	574 172	-
between 1 and 5 years	139 139	104 280
over 5 years	14 526	9 948
Total	965 641	114 228

20. Derivative financial instruments (held for trading)

Fair value of trading derivatives

30.06.2011	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	1 131 165	1 155 057
Forward Rate Agreements (FRA)	1 035	1 469
Options	5 028	5 192
Other	1 375	2 084
Foreign currency transactions and gold		
Cross-Currency Interest Rate Swaps (CIRS)	76 198	52 601
Currency Forward Agreements	39 171	35 763
Currency Swaps (fx-swap)	244 303	24 194
Options for currency and gold	32 562	20 229
Transactions based on equity securities		
Options	38 585	38 585
Total	1 569 422	1 335 174

Notes to financial statements (cont)

(In PLN thousand)

31.12.2010	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	1 178 599	1 388 521
Forward Rate Agreements (FRA)	2 092	1 551
Options	7 729	7 729
Other	727	376
Foreign currency transactions and gold		
Cross-Currency Interest Rate Swaps (CIRS)	63 715	10 773
Currency Forward Agreements	41 145	51 446
Currency Swaps (fx- swap)	234 921	49 626
Options for currency and gold	22 567	20 993
Transactions based on equity securities		
Options	62 659	61 844
Total	1 614 154	1 592 859

21. Other financial instruments at fair value through profit and loss

	30.06.2011	31.12.2010
Debt securities	15 457	16 735
Equity securities	-	-
Total	15 457	16 735

	30.06.2011	31.12.2010
Securities issued by State Treasury	15 457	16 735
T-bonds	15 457	16 735
Securities issued by business entities	-	-
Total	15 457	16 735

Debt securities measured at fair value through profit and loss according to maturities

	30.06.2011	31.12.2010
Debt securities, including:		
between 1 and 3 months	515	-
between 3 months and 1 year	-	505
between 1 and 5 years	14 942	16 230
over 5 years	-	-
Total	15 457	16 735

Notes to financial statements (cont)

(In PLN thousand)

22. Loans and advances to customers

Loans and advances to customers by product type

	30.06.2011	31.12.2010
Mortgage	23 886 143	22 002 377
Current accounts	11 967 850	10 242 356
Operating loans	15 018 659	16 309 368
Investment loans	15 179 045	15 328 866
Payment cards receivables	753 038	742 682
Purchased debt receivables	1 547 168	1 273 616
Other loans and advances	11 189 643	10 948 687
Debt securities	2 613 290	2 579 089
Repo transactions	2 950 703	1 411 577
Receivables in transit	8 535	5 225
Interest accrued	216 521	205 517
Total gross amount	85 330 595	81 049 360
Impairment provision	(4 195 960)	(3 990 139)
Total net amount	81 134 635	77 059 221

Loans and advances to customers by customer type

	30.06.2011	31.12.2010
Receivables from corporate	45 383 280	43 597 165
Receivables from individuals	32 633 067	30 436 733
Receivables from budget entities	7 097 727	6 809 945
Interest accrued	216 521	205 517
Total gross amount	85 330 595	81 049 360
Impairment provision	(4 195 960)	(3 990 139)
Total net amount	81 134 635	77 059 221

Loans and advances to customers by quality

	30.06.2011	31.12.2010
Loans and advances to customers, including:		
gross value of non impaired receivables	79 982 615	75 910 783
gross value of impaired receivables	5 347 980	5 138 577
individual impairment charges	(1 737 057)	(1 694 440)
collective impairment charges (*)	(2 458 903)	(2 295 699)
Total	81 134 635	77 059 221

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

Notes to financial statements (cont)

(In PLN thousand)

Loans and advances to customers by contractual maturities

	30.06.2011	31.12.2010
Loans and advances to customers, including:		
up to 1 month	16 503 278	14 267 503
between 1 and 3 months	1 762 041	2 921 097
between 3 months and 1 year	11 400 681	11 429 572
between 1 and 5 years	25 368 504	25 067 129
over 5 years	30 079 570	27 158 542
Interest accrued	216 521	205 517
Total gross amount	85 330 595	81 049 360
Impairment provision	(4 195 960)	(3 990 139)
Total net amount	81 134 635	77 059 221

Loans and advances to customers by currencies

	30.06.2011	31.12.2010
PLN	63 837 007	60 185 752
CHF	5 798 522	5 898 358
EUR	9 853 478	9 193 001
USD	1 585 170	1 713 411
Other currencies	60 458	68 699
Total	81 134 635	77 059 221

Changes in impairment balances in the first half of 2011 and 2010 are presented in the Note 13.

23. Hedge accounting

As at 30 June 2011 the Bank applies fair value hedge accounting and cash flow hedge accounting.

In the first half of 2011 the Bank continued to apply the following hedge accounting:

- fair value hedge accounting for fixed coupon debt securities classified as available-for-sale (AFS) hedged with interest rate swap (IRS) transactions - description under 23.1,
- cash flow hedge accounting for floating-rate financial assets and liabilities hedged with cross-currency interest rate swap (CIRS) transactions - description under 23.2,
- cash flow hedge accounting for floating-rate financial assets hedged with interest rate swap (IRS) transactions - description under 23.3,
- fair value hedge accounting for the portfolio of deposits denominated in EUR hedge of interest rate risk with cross-currency interest rate swap (CIRS) transactions - description under 23.4.

In the first half of 2011 the Bank has designated the following hedge relationships to hedge accounting:

- cash flow hedge accounting for a denominated in EUR floating coupon deposits portfolio, hedged with interest rate swap (IRS) transactions – description under 23.5,
- fair value hedge accounting for fixed coupon bonds denominated in PLN, hedged with interest rate swap (IRS) transactions – description under 23.1.

Notes to financial statements (cont)

(In PLN thousand)

The table below presents the fair value of hedging derivatives as at 30.06.2011

	ASSETS	LIABILITIES
Fair value hedge accounting		
interest rate swaps (IRS)	-	137 024
cross-currency interest rate swap (CIRS)	156 178	-
Cash flow hedge accounting		
interest rate swaps (IRS)	33 912	92 235
cross-currency interest rate swap (CIRS)	11 334	809 599
Total	201 424	1 038 858

The table below presents the fair value of hedging derivatives as at 31.12.2010

	ASSETS	LIABILITIES
Fair value hedge accounting		
interest rate swaps (IRS)	-	147 768
cross-currency interest rate swap (CIRS)	171 115	-
Cash flow hedge accounting		
interest rate swaps (IRS)	56 039	407
cross-currency interest rate swap (CIRS)	31 534	562 391
Total	258 688	710 566

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

	I HALF 2011	I HALF 2010
Revaluation reserves (deferral of fair value changes of hedging instruments related to portions recognized as effective hedge- gross value)	(2 701)	58 638
Net interest income on hedging derivatives	91 858	89 857
Ineffective portions in changes in the fair value of hedging transactions recognized in income statement	2 189	1 755

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

	I HALF 2011	I HALF 2010
Opening balance	25 070	(42 499)
Deferral of fair value changes of hedging instruments related to the portion recognized as effective hedge	(27 796)	100 814
Amount of the deferral of fair value changes of hedging instruments of the effective hedge removed from revaluation reserves and presented in net profit or loss	25	323
Closing balance	(2 701)	58 638

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

TYPE OF GAINS/LOSSES	I HALF 2011	I HALF 2010
Gains/losses from revaluation of hedging instruments to fair value	(20 170)	(72 054)
Gains/losses from revaluation of hedged item associated with hedged risk to fair value	12 581	65 210
Result on fair value hedge accounting	(7 589)	(6 844)
Net interest income on hedging instruments	(24 278)	(30 623)

Notes to financial statements (cont)

(In PLN thousand)

23.1 Fair value hedge of fixed coupon debt securities

Description of the hedging relationship

The Bank hedges a portion of the interest rate risk resultant from the fair value changes of the hedged item related to the volatility of market swap curves with the designated IRS transactions.

Hedged item

The hedged items are fixed-coupon debt securities classified as AFS, denominated in PLN, EUR and USD.

Hedging derivative

The hedging derivatives consist of IRS transactions in PLN, EUR and USD (short position in fixed-rate) for which the Bank receives floating-rate payments, and pays fixed-rate.

Financial Statement presentation

The result of the change in the hedged items' fair value that relates to the hedged risk is presented in the income statement line item 'Result on fair value hedge accounting'. The remaining portion of the change in the hedged items' fair value (resulting from spread between swap yield curve and bond yield curve) is recognized in accordance with the accounting principles applicable to AFS (i.e. in revaluation reserve in equity). Interest accrued on AFS bonds is presented in the net interest income.

Changes in the fair value of hedging derivatives under the fair value hedge accounting is presented in the income statement line item 'Result on fair value hedge accounting'. Interest accrued on the hedging derivatives under the fair value hedge accounting is presented in net interest income.

23.2 Cash flow hedge of floating-rate loans and deposits

Description of the hedging relationship

The Bank hedges a portion of the interest rate risk and the foreign currency risk resulting from the volatility of cash flows from floating-rate assets and liabilities with the designated CIRS transactions (basis swap).

Hedged items

Cash flows from floating-rate assets and liabilities portfolio are designated as the hedged items.

Hedging derivatives

Hedging derivatives consist of a portfolio of CIRS transactions (basis swap), where the Bank pays floating-rate currency cash flows, and receives floating-rate PLN/currency cash-flows.

Financial Statement presentation

The effective portion of the change in fair value of hedging derivatives' is recognized in revaluation reserve in equity. The ineffective portion of the change in fair value of hedging derivatives is recognized in the result on financial assets and liabilities held for trading. The interest on CIRS transactions and hedged items is presented in the net interest income.

Notes to financial statements (cont)

(In PLN thousand)

Period in which the cash flows related to the hedged items are expected to occur

It is expected that the cash flows related to the hedged items will occur until 9 September 2019.

23.3 Cash flow hedge of floating-rate loans

Description of hedging relationship

The Bank hedges a portion of the interest rate risk related to the volatility of cash flows on floating-rate assets with the designated IRS transactions.

Hedged items

The hedged items consist of the cash flows from floating-rate assets.

Hedging derivatives

The hedging derivatives consist of portfolio of IRS transactions (short position in floating rate – the Bank receives fixed payments and pays floating-rate).

Financial Statement presentation

The effective portion of the change in fair value of hedging derivatives is recognized in revaluation reserve in equity. The ineffective portion of change in fair value hedging derivatives is recognized in the result on financial assets and liabilities held for trading. The interest from IRS transactions and hedged items is presented in the net interest income.

Period in which the cash flows related to the hedged items are expected to occur

It is expected that the cash flows related to the hedged items will occur until 20 November 2017.

23.4 Fair value portfolio hedge of interest rate risk

Description of hedging relationship

The Bank hedges the interest rate risk component of the fair value changes of the hedged item related to the volatility of market interest rates with the designated CIRS transactions.

Hedged item

The hedged item is a portfolio of deposits denominated in EUR with interests insensitive to interest rate changes.

Hedging derivative

The hedging items consist of CIRS transactions in which the Bank receives fixed-rate payments in EUR, and pays floating-rate payments in Polish Zloty.

Notes to financial statements (cont)

(In PLN thousand)

Financial Statement presentation

The result of the change in the hedged items' fair value that relates to the hedged risk is presented in the income statement line item 'Result on fair value hedge accounting'. The remaining portion of change in the hedged items' fair value is recognized as a separate line in the liabilities. Interests from deposits are presented in net interest income.

Changes in the fair value of hedging derivatives under the fair value hedge accounting is presented in the income statement line item 'Result on fair value hedge accounting'. Interest accrued on the hedging derivatives under the fair value hedge accounting is presented in net interest income.

23.5 Cash flow hedge of floating-rate deposits

Description of hedging relationship

The Bank hedges a portion of the interest rate risk related to the volatility of cash flows on floating-rate deposits with the designated IRS transactions.

Hedged items

Cash flows from floating-rate deposits denominated in EUR are the hedged items.

Hedging derivatives

The hedging derivatives consist of portfolio of IRS transactions (short position in fix-rate – the Bank receives floating-rate payments and pays fixed-rate).

Financial Statement presentation

The effective portion of the change in fair value of hedging derivatives is recognized in revaluation reserve in equity. The ineffective portion of change in fair value hedging derivatives is recognized in the net result on financial assets and liabilities held for trading. The interest from IRS transactions and hedged items is presented in net interest income.

Period in which the cash flows related to the hedged items are expected to occur

It is expected that the cash flows related to the hedged items will occur until 5 December 2014.

24. Investment securities

	30.06.2011	31.12.2010
Debt securities available for sale (AFS)	22 224 689	25 914 236
Equity securities available for sale (AFS)	5 835	5 802
Debt securities held to maturity (HTM)	4 426 286	4 509 822
Total	26 656 810	30 429 860

Notes to financial statements (cont)

(In PLN thousand)

Debt securities available for sale (AFS)

	30.06.2011	31.12.2010
Securities issued by State Treasury	14 396 882	13 026 522
T-bills	-	-
T-bonds	14 396 882	13 026 522
Securities issued by Central Banks	6 906 036	12 556 925
Securities issued by banks	166 108	165 205
Securities issued by business entities	59 533	81 097
Securities issued by local governments	696 130	84 487
Total	22 224 689	25 914 236
including impairment of assets	-	-

Equity securities available for sale (AFS)

	30.06.2011	31.12.2010
Shares	5 835	5 802
Total	5 835	5 802
including impairment of assets	(472)	(459)

Debt securities held to maturity (HTM)

	30.06.2011	31.12.2010
Securities issued by State Treasury	3 833 250	4 075 318
T - bills	191 182	363 828
T - bonds	3 642 068	3 711 490
Securities issued by Central Banks	593 036	434 504
Securities issued by business entities	-	-
Total	4 426 286	4 509 822
including impairment of assets	-	-

Investment debt securities according to contractual maturities

	30.06.2011	31.12.2010
Debt securities, including:		
up to 1 month	7 499 072	13 016 366
between 1 and 3 months	51 684	362 836
between 3 months and 1 year	2 204 098	917 032
between 1 and 5 years	11 610 391	11 200 877
over 5 years	5 285 730	4 926 947
Total	26 650 975	30 424 058

Notes to financial statements (cont)

(In PLN thousand)

25. Assets held for sale

As at 30 June 2011 non-current assets classified as held for sale included following items classified as held for sale:

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

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

In first half of 2011 the Bank's properties located at Marynarska Street in Warsaw including perpetual usufruct right to the land are not classified as assets held for sale, since the relevant requirements are not fulfilled. The items are now presented in line 'Property, plant and equipment' and 'Other assets'.

Assets held for sale:

	30.06.2011	31.12.2010
PJSC UniCredit Bank exposure	2 087 960	2 409 206
Property, plant and equipment	14 932	23 440
Other assets	-	23 458
Total	2 102 892	2 456 104

The disposals have been settled as follows:

	30.06.2011	31.12.2010
Sales revenues	700	991
Net carrying value of divested assets (including sale costs)	94	714
Profit/loss on sale before income tax	606	277

Notes to financial statements (cont)

(In PLN thousand)

26. Intangible assets

	30.06.2011	31.12.2010
a) Intangible assets, including:	573 819	619 677
research and development expenditures	22 253	23 855
licenses and patents	409 017	396 169
other	4 012	4 472
assets under construction and prepayments for assets under construction	138 537	195 181
b) Goodwill	51 675	51 675
Total	625 494	671 352

In the first half of 2011, the Bank acquired intangible assets in the amount of PLN 27 371 thousand, (in 2010 the Bank acquired intangible assets amounting to PLN 144 065 thousand).

In the first half of 2011 and in 2010 there have been no restrictions to legal titles to intangible assets as security banking liabilities.

27. Property, plant and equipment

	30.06.2011	31.12.2010
Fixed assets, including:	1 649 104	1 618 017
land and buildings	1 224 410	1 235 761
machinery and equipment	354 611	312 303
transport vehicles	38 856	43 068
other	31 227	26 885
Fixed assets in progress and prepayments for fixed assets in progress	66 141	160 408
Total	1 715 245	1 778 425

In the first half of 2011 the Bank acquired 'Property, plant and equipment' in the amount of PLN 29 739 thousand (in 2010 the value of property, plant and equipment acquired amounted to PLN 227 344 thousand), while value of property, plant and equipment sold amounted to PLN 2 590 thousand (PLN 2 958 thousand in 2010).

In the first half of 2011 and in 2010 there have been no restrictions to legal titles to property, plant and equipment as security backing liabilities.

Contractual liabilities

As at 30 June 2011 the Bank had signed agreements with contractors for the future purchase of intangible assets totaling PLN 35 966 thousand and property, plant and equipment totaling PLN 29 832 thousand.

As at the 30 June 2010 the Bank signed agreements with contractors for the future purchase of intangible assets totaling PLN 116 559 thousand and property, plant and equipment totaling PLN 69 890 thousand.

Notes to financial statements (cont)

(In PLN thousand)

28. Assets pledged as collateral

As at 30 June 2011 the Bank held the following financial assets pledged as collateral

TYPE OF TRANSACTION	PLEDGE INSTRUMENT	CARRYING VALUE OF ASSETS USED TO PLEDGE LIABILITIES	NOMINAL VALUE OF ASSETS USED TO PLEDGE LIABILITIES	VALUE OF LIABILITIES SUBJECT TO PLEDGE
Sell-buy-back	bonds	2 071 776	2 079 658	2 065 307
Coverage of Fund for protection of guaranteed assets to the benefit of the Bank Guarantee Fund	bonds	411 772	380 000	-
Lombard and technical loan	bonds	3 436 078	3 495 209	-
Other loans	bonds	474 032	500 000	317 955

As at 31 December 2010 the Bank held the following financial assets pledged as collateral

TYPE OF TRANSACTION	PLEDGE INSTRUMENT	CARRYING VALUE OF ASSETS USED TO PLEDGE LIABILITIES	NOMINAL VALUE OF ASSETS USED TO PLEDGE LIABILITIES	VALUE OF LIABILITIES SUBJECT TO PLEDGE
Sell-buy-back	bonds	1 509 525	1 495 480	1 570 272
Coverage of Fund for protection of guaranteed assets to the benefit of the Bank Guarantee Fund	bonds	397 982	380 000	-
Lombard and technical loan	bonds	6 625 567	6 706 120	-
Other loans	bonds	462 442	500 000	331 893
Derivatives	bonds	220 356	239 609	96 605

29. Amounts due to other banks

Amounts due to other banks by product type

	30.06.2011	31.12.2010
Current accounts and overnight deposits	1 520 548	1 822 474
Deposits from other banks and other liabilities	549 795	1 052 946
Loans and advances received	1 214 719	1 163 389
Funds in transit	54 690	31 281
Repo transactions	1 469 563	1 316 102
Interest accrued	2 056	5 967
Total	4 811 371	5 392 159

Amounts due to other banks by currencies

	30.06.2011	31.12.2010
PLN	3 279 285	3 060 573
CHF	398 152	379 537
EUR	1 014 202	1 601 651
USD	86 576	78 052
Other currencies	33 156	272 346
Total	4 811 371	5 392 159

Notes to financial statements (cont)

(In PLN thousand)

30. Amounts due to customers

Amounts due to customers by entity and product type

	30.06.2011	31.12.2010
Amounts due to corporate, including:	44 696 696	48 486 220
current accounts and overnight deposits	18 087 159	19 782 795
term deposits and other liabilities	26 531 643	28 618 613
interest accrued	77 894	84 812
Amounts due to budget entities, including:	6 072 033	5 103 516
current accounts and overnight deposits	3 313 260	3 327 568
term deposits and other liabilities	2 748 490	1 763 336
interest accrued	10 283	12 612
Amounts due to individuals, including:	44 723 990	44 841 990
current accounts and overnight deposits	27 731 132	28 632 620
term deposits and other liabilities	16 871 438	16 074 525
interest accrued	121 420	134 845
Repo transactions, including:	1 031 209	650 086
forward transactions	1 030 716	649 905
interest accrued	493	181
Funds in transit	320 179	246 996
Total	96 844 107	99 328 808

Amounts due to customers by currencies

	30.06.2011	31.12.2010
PLN	81 907 596	84 555 830
CHF	123 299	122 680
EUR	8 265 951	8 825 168
USD	6 011 882	5 309 783
Other currencies	535 379	515 347
Total	96 844 107	99 328 808

31. Debt securities issued

Debt securities issued by type

	30.06.2011	31.12.2010
Bonds	3	3
Certificates of deposit	578 296	737 269
Interest accrued	-	528
Total	578 299	737 800

There have been no instances of default on repayment of principal or interest or redemption of its own securities by the Bank.

Notes to financial statements (cont)

(In PLN thousand)

Changes in debt securities issued

	I HALF 2011	2010
Opening balance	737 800	1 297 785
Increase (issuance)	214 235	78 401
Decrease (repurchase)	(350 658)	(634 719)
Decrease (partial payment)	(12 848)	(30 263)
Foreign currency exchange differences	(3 375)	1 737
Other changes	(6 855)	24 859
Closing balance	578 299	737 800

32. Provisions

Roll-forward of provisions in the reporting period:

I HALF 2011	PROVISIONS FOR LITIGATION AND CLAIMS	PROVISIONS FOR RETIREMENT BENEFITS	PROVISIONS FOR UNDRAWN CREDIT FACILITIES AND GUARANTEES ISSUED	OTHER PROVISIONS	TOTAL
Opening balance	40 809	125 618	128 492	36 945	331 864
Provision charges/revaluation	1 869	10 338	39 785	10 246	62 238
Provision utilization	-	-	-	(7 883)	(7 883)
Provision releases	(783)	-	(63 471)	-	(64 254)
Foreign currency exchange differences	2	-	(2 520)	-	(2 518)
Other changes	(413)	(6 865)	-	244	(7 034)
Closing balance	41 484	129 091	102 286	39 552	312 413

2010	PROVISIONS FOR LITIGATION AND CLAIMS	PROVISIONS FOR RETIREMENT BENEFITS	PROVISIONS FOR UNDRAWN CREDIT FACILITIES AND GUARANTEES ISSUED	OTHER PROVISIONS	TOTAL
Opening balance	15 289	119 410	135 194	11 476	281 369
Provision charges/revaluation	30 357	15 141	50 828	35 760	132 086
Provision utilization	-	-	-	(11 476)	(11 476)
Provision releases	(2 668)	-	(58 185)	-	(60 853)
Foreign currency exchange differences	(984)	-	911	-	(73)
Other changes	(1 185)	(8 933)	(256)	1 185	(9 189)
Closing balance	40 809	125 618	128 492	36 945	331 864

Notes to financial statements (cont)

(In PLN thousand)

Litigation provision

Provision for litigation includes court, administrative and other legal proceedings.

Other provisions

Other provisions include in particular provisions for long term employee benefits resulting from IAS 19 and provisions for employment restructuring concerning planned liquidation of the Branch in Paris. Cash flows connected with the branch's liquidation are expected to be received until the end of 2012.

33. Contingent liabilities

Litigation

As at 30 June 2011, there were no legal claims against the Bank, which accounted for at least 10% of the Bank's own funds.

In the first half of 2011 the value of legal proceedings against the Bank amounted to PLN 566 186 thousand (in 2010 PLN 593 440 thousand).

As at 30 June 2011, the most significant claim against the Bank and also Centralny Dom Maklerski Pekao S.A. was lodged by private individuals and relates to the damage arose as a result of shares purchase. The total amount in dispute is PLN 306 622 thousand. In the opinion of the Bank the suit is groundless.

As at 30 June 2011, the Bank created provisions for litigations against the Bank, which according to legal opinion are associated with a risk of outflow of funds related to the fulfillment of court rulings. The value of provisions, created as at 30 June 2011 stood at PLN 41 484 thousand (as at 31 December 2010 PLN 40 809 thousand).

Financial commitments

Financial commitments by entities

	30.06.2011	31.12.2010
Financial commitments to:		
financial entities	3 116 182	2 663 526
non- financial entities	22 399 297	20 476 547
budget entities	1 196 454	1 419 580
Total	26 711 933	24 559 653

Notes to financial statements (cont)

(In PLN thousand)

Guarantees

Guarantees by entities

	30.06.2011	31.12.2010
Liabilities to financial entities	1 590 858	1 590 172
guarantees	1 569 616	1 581 062
confirmed exports letters of credit	21 242	9 110
Liabilities to non-financial entities	7 812 737	7 914 931
guarantees	5 016 017	5 236 911
securities underwriting guarantees	2 796 720	2 678 020
Liabilities to budget entities	433 693	186 763
guarantees	18 059	6 763
securities underwriting guarantees	415 634	180 000
Total	9 837 288	9 691 866

Securities underwriting

As at 30 June 2011, the following securities programs have been in place, covered by underwriting

NAME OF ISSUER	TYPE OF SECURITIES	OUTSTANDING UNDERWRITING AMOUNT TO WHICH THE BANK HAS UNDERTAKEN TO COMMIT ITSELF	CONTRACT LIFE	TYPE OF UNDERWRITING
Zakład Komunikacji Miejskiej w Gdańsku Sp. z o.o.	Corporate bonds	54 910	26.03.10 - 30.04.12	Conditional
Międzynarodowe Targi Łódzkie Sp. z o.o.	Corporate bonds	34 490	31.05.10 - 28.02.28	Conditional
Polskie Górnictwo Naftowe i Gazownictwo S.A.	Corporate bonds	575 000	23.07.10 - 30.06.13	Conditional
Miasto Poznań	Municipal bonds	180 000	29.07.10 - 31.12.11	Conditional
PGE Polska Grupa Energetyczna S.A.	Corporate bonds	2 000 000	15.11.10 - 31.10.13	Conditional
Tauron Polska Energia S.A.	Corporate bonds	75 200	16.12.10 - 30.12.15	Conditional
Miasto Chełm	Municipal bonds	29 500	28.03.11 - 31.12.11	Conditional
Port Lotniczy Wrocław S.A.	Corporate bonds	57 120	04.04.11 - 31.12.11	Conditional
Miasto Słupsk	Municipal bonds	33 000	19.05.11 - 31.12.11	Conditional
Gmina Miejska Koszalin	Municipal bonds	68 000	19.05.11 - 31.12.11	Conditional
Gmina Miasto Żyrardów	Municipal bonds	4 500	22.06.11 - 31.12.11	Conditional
Gmina Chęciny	Municipal bonds	9 500	22.06.11 - 31.12.11	Conditional
Gmina Końskie	Municipal bonds	5 000	20.06.11 - 31.12.11	Conditional
Gmina Kielce	Municipal bonds	86 134	02.06.11 - 31.12.11	Conditional

Securities issued by Zakład Komunikacji Miejskiej w Gdańsku Sp. z o.o., Międzynarodowe Targi Łódzkie Sp. z o.o., Polskie Górnictwo Naftowe i Gazownictwo S.A., Miasto Poznań, PGE Polska Grupa Energetyczna S.A., Tauron Polska Energia S.A., Miasto Chełm, Port Lotniczy Wrocław S.A., Miasto Słupsk, Gmina Miejska Koszalin, Gmina Miasto Żyrardów, Gmina Chęciny, Gmina Końskie oraz Gmina Kielce covered by the Bank underwriting are classified as securities with unlimited marketability, unquoted on stock exchanges and not subject to regulated off-the-floor trading.

Notes to financial statements (cont)

(In PLN thousand)

34. Related party transactions

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

The credit granting process applicable to the Bank's management and entities related to the Bank is the same as that described in the 2010 annual Unconsolidated Financial Statements.

Notes to financial statements (cont)

(In PLN thousand)

Related party transactions

Related party transactions as at 30 June 2011

NAME OF ENTITY	LOANS AND PLACEMENTS	SECURITIES	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	OTHER RECEIVABLES	LOANS AND DEPOSITS	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)	OTHER LIABILITIES
Bank's parent entity							
UniCredit S.p.A.	386 231	-	-	-	19 107	-	12 426
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	726 744	-	200 714	18 334	1 033 968	617 315	85
Pekao S.A. Group entities							
Subsidiaries							
Public Joint Stock Company UniCredit Bank	1 510 611	-	-	-	804	-	1 530
Pekao Leasing Sp. z o.o.	1 257 776	-	610	784	32 653	4	-
Pekao Faktoring Sp. z o.o.	496 387	-	-	15	2 832	-	-
Centralny Dom Maklerski Pekao S.A.	43	-	-	462	827 298	-	154
Pekao Fundusz Kapitałowy Sp. z o.o.	-	-	-	-	46 989	-	-
Pekao Pioneer Powszechne Towarzystwo Emerytalne S.A.	-	-	-	-	5 180	-	-
Pekao Telecentrum Sp. z o.o.	-	-	-	-	9 606	-	-
Centrum Kart S.A.	-	-	-	248	20 292	-	13 339
Pekao Financial Services Sp. z o.o.	-	-	-	3 809	4 992	-	-
Pekao Bank Hipoteczny S.A.	126 534	166 108	68 456	-	28 748	237	61
Pekao Leasing Holding S.A.	-	-	-	-	137	-	-
Property Sp. z o.o. (in liquidation)	-	-	-	-	3 234	-	-
Holding Sp. z o.o. (in liquidation)	-	-	-	-	312	-	-
Pekao Property S.A.	-	-	-	1	129	-	-
Centrum Bankowości Bezpośredniej Sp. z o.o.	-	-	-	4 094	3 591	-	4 751
Jana Kazimierza Development Sp. z o.o.	38 640	-	-	-	6 327	-	313
Metropolis Sp. z o.o.	-	-	-	-	552	-	-
FPB - Media Sp. z o.o.	12 748	-	-	-	109	-	1
Associates							
Pirelli Pekao Real Estate Sp. z o.o.	-	-	-	-	2 484	-	-
Xelion Doradcy Finansowi Sp. z o.o.	-	-	-	-	9 656	-	-
Pioneer Pekao Investment Management S.A.	-	-	-	-	124 459	-	-
Krajowa Izba Rozliczeniowa S.A.	-	-	-	6	8 514	-	7
Pekao S.A. Group entities total	3 442 739	166 108	69 066	9 419	1 138 898	241	20 156
Key management Staff of the Bank or its parent entity	3 635	-	-	-	13 357	-	-
Total	4 559 349	166 108	269 780	27 753	2 205 330	617 556	32 667

On 10 December 2010, Bank Pekao S.A. entered into a credit facility agreement with UniCredit Luxembourg, allowing Bank Pekao S.A. to raise a loan from UniCredit Luxembourg up to EUR 500 million.

Notes to financial statements (cont)

(In PLN thousand)

Related party transactions as at 31 December 2010

NAME OF ENTITY	LOANS AND PLACEMENTS	SECURITIES	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	OTHER RECEIVABLES	LOANS AND DEPOSITS	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)	OTHER LIABILITIES
Bank's parent entity							
UniCredit S.p.A.	3 558 653	-	-	-	24 740	-	7 897
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	655 991	-	206 642	19 286	1 189 033	555 732	-
Pekao S.A. Group entities							
Subsidiaries							
Open Joint Stock Company UniCredit Bank	1 840 594	-	-	93	230	-	2 063
Pekao Leasing Sp. z o.o.	1 253 118	-	815	-	35 235	-	23
Pekao Faktoring Sp. z o.o.	410 195	-	-	21	1 929	-	-
Centralny Dom Maklerski Pekao S.A.	40	-	-	200	1 017 230	-	264
Pekao Fundusz Kapitałowy Sp. z o.o.	-	-	-	-	49 212	-	-
Pekao Pioneer Powszechne Towarzystwo Emerytalne S.A.	-	-	-	317	11 850	-	-
Pekao Telecentrum Sp. z o.o.	-	-	-	-	9 439	-	1
Centrum Kart S.A.	-	-	-	246	29 088	-	8 354
Pekao Financial Services Sp. z o.o.	-	-	-	-	6 243	-	-
Pekao Bank Hipoteczny S.A.	389 861	165 205	56 341	-	29 082	442	122
Pekao Leasing Holding S.A.	-	-	-	-	58	-	-
Property Sp. z o.o. (in liquidation)	-	-	-	-	3 227	-	-
Holding Sp. z o.o. (in liquidation)	-	-	-	-	359	-	-
Pekao Property S.A.	-	-	-	3	397	-	-
Centrum Bankowości Bezpośredniej Sp. z o.o.	-	-	-	3 124	2 662	-	4 028
Jana Kazimierza Development Sp. z o.o.	56 512	-	-	-	5 217	-	-
Metropolis Sp. z o.o.	-	-	-	-	816	-	-
FPB -Media Sp. z o.o.	12 995	-	-	-	87	-	-
Associates							
Pirelli Pekao Real Estate Sp. z o.o.	-	-	-	-	694	-	-
Xelion. Doradcy Finansowi Sp. z o.o.	-	-	-	-	9 376	-	-
Pioneer Pekao Investment Management S.A.	-	-	-	-	142 422	-	-
Krajowa Izba Rozliczeniowa S.A.	-	-	-	-	21 149	-	-
Pekao S.A. Group entities total	3 963 315	165 205	57 156	4 004	1 376 002	442	14 855
Key management Staff of the Bank or its parent entity	3 693	-	-	-	11 562	-	-
Total	8 181 652	165 205	263 798	23 290	2 601 337	556 174	22 752

On 10 December 2010, Bank Pekao S.A. entered into a credit facility agreement with UniCredit Luxembourg, allowing Bank Pekao S.A. to raise a loan from UniCredit Luxembourg up to EUR 500 million.

Notes to financial statements (cont)

(In PLN thousand)

Income and expenses from transactions with related parties for the period from 1 January 2011 to 30 June 2011

NAME OF ENTITY	INTEREST INCOME	INTERES EXPENSE	FEE AND COMMISSION INCOME	FEE AND COMMISSION EXPENSE	OTHER INCOME	OTHER EXPENSES
Bank's parent entity						
UniCredit S.p.A.	2 443	(153)	89	(1 869)	1 495	(3 484)
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	59 064	(22 001)	120 532	(1 956)	7 434	(10 272)
Pekao S.A. Group entities						
Subsidiaries						
Public Joint Stock Company UniCredit Bank	35 101	-	3 252	(22)	-	-
Centralny Dom Maklerski Pekao S.A.	-	(5 952)	1 012	(11)	1 853	(1 301)
Pekao Leasing Sp. z o.o.	22 683	(4 267)	341	-	1 502	-
Pekao Faktoring Sp. z o.o.	7 754	(3)	265	-	38	-
Pekao Pioneer Powszechne Towarzystwo Emerytalne S.A.	-	(192)	1 057	-	8	-
Pekao Fundusz Kapitałowy Sp. z o.o.	-	(953)	2	-	5	-
Centrum Kart S.A.	-	(342)	17	-	598	(29 818)
Pekao Telecentrum Sp. z o.o.	-	(187)	1	-	1	-
Pekao Financial Services Sp. z o.o.	-	(100)	16	-	-	-
Pekao Bank Hipoteczny S.A.	11 117	(356)	1 056	-	62	(4 360)
Pekao Leasing Holding S.A.	-	(2)	2	-	-	-
Holding Sp. z o.o. (in liquidation)	-	(3)	1	-	9	-
Centrum Bankowości Bezpośredniej Sp. z o.o.	-	(25)	2	(3 455)	2 060	(16 149)
Metropolis Sp. z o.o.	-	(10)	1	-	-	-
Property Sp. z o.o. (in liquidation)	-	(59)	1	-	-	-
Pekao Property S.A.	-	(2)	2	-	9	-
Jana Kazimierza Development Sp. z o.o.	1 611	(34)	211	-	-	-
FPB - Media Sp. z o.o.	271	-	2	-	-	-
Associates						
Pioneer Pekao Investment Management S.A.	-	(3 502)	242	-	-	-
Xelion Doradcy Finansowi Sp. z o.o.	-	(221)	12	(30)	75	-
Krajowa Izba Rozliczeniowa S.A.	-	(249)	7	-	-	(5 734)
Pirelli Pekao Real Estate Sp. z o.o.	-	(40)	7	-	2	-
Pekao S.A. Group entities total	78 537	(16 499)	7 509	(3 518)	6 222	(57 362)
Key management Staff of the Bank or its parent entity	91	(237)	2	-	-	(12)
Total	140 135	(38 890)	128 132	(7 343)	15 151	(71 130)

Notes to financial statements (cont)

(In PLN thousand)

Income and expenses from transactions with related parties for the period from 1 January 2010 to 30 June 2010

NAME OF ENTITY	INTEREST INCOME	INTERES EXPENSE	FEE AND COMMISSION INCOME	FEE AND COMMISSION EXPENSE	OTHER INCOME	OTHER EXPENSES
Bank's parent entity						
UniCredit S.p.A.	715	(53)	156	(1 879)	526	(2 995)
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	62 303	(21 898)	112 402	(2 864)	6 115	(80 699)
Pekao S.A. Group entities						
Subsidiaries						
Open Joint Stock Company UniCredit Bank	48 089	-	4 252	(16)	150	-
Centralny Dom Maklerski Pekao S.A.	-	(15 536)	1 363	(11)	2 509	(1 100)
Pekao Leasing Sp. z o.o.	19 435	(5 215)	289	-	18 486	-
Pekao Faktoring Sp. z o.o.	3 720	(1)	388	-	43	-
Pekao Pioneer Powszechne Towarzystwo Emerytalne S.A.	-	(296)	1 223	-	8	-
Pekao Fundusz Kapitałowy Sp. z o.o.	-	(1 207)	2	-	5	-
Centrum Kart S.A.	-	(308)	16	-	605	(29 790)
Pekao Telecentrum Sp. z o.o.	-	(184)	1	-	2	-
Pekao Financial Services Sp. z o.o.	-	(127)	45	(10)	-	-
Pekao Bank Hipoteczny S.A.	7 019	(90)	13	-	61	(4 876)
Pekao Leasing Holding S.A.	-	(1)	3	-	-	-
Holding Sp. z o.o.	-	(484)	1	-	11	-
Centrum Bankowości Bezpośredniej Sp. z o.o.	-	(60)	2	(1 069)	1 322	(12 076)
Metropolis Sp. z o.o.	-	(22)	1	-	-	-
Property Sp. z o.o. (in liquidation)	-	(62)	1	-	-	-
Pekao Property S.A.	-	(11)	2	-	5	-
Jana Kazimierza Development Sp. z o.o.	2 954	(45)	2	-	-	-
FPB - Media Sp. z o.o.	324	-	2	-	-	-
Associates						
Pioneer Pekao Investment Management S.A.	-	(3 394)	260	-	-	-
Xelion Doradcy Finansowi Sp. z o.o.	-	(133)	10	(21)	75	-
Krajowa Izba Rozliczeniowa S.A.	-	(271)	15	-	-	(5 727)
Pirelli Pekao Real Estate Sp. z o.o.	-	(130)	16	-	2	-
Pekao S.A. Group entities total	81 541	(27 577)	7 907	(1 127)	23 284	(53 569)
Key management Staff of the Bank or its parent entity	86	(206)	3	-	-	-
Total	144 645	(49 734)	120 468	(5 870)	29 925	(137 263)

Notes to financial statements (cont)

(In PLN thousand)

The off-balance sheet exposure related to financing as at 30 June 2011 amounted to PLN 1 577 312 thousand (PLN 1 454 193 thousand as at 31 December 2010); guarantee-related exposure as at 30 June 2011 amounted to PLN 1 383 772 thousand (PLN 1 412 301 thousand as at 31 December 2010), whereas as at 30 June 2011 there were no credit card limits (no credit card limits as at 31 December 2010).

Remuneration of Management Board and Supervisory Board Members

	VALUE OF BENEFITS	
	I HALF 2011	I HALF 2010
Management Board of the Bank		
Short-term employee benefits (*)	7 432	8 459
Long-term benefits	1 075	756
Termination benefits	5 568	-
Share-based payments (**)	869	545
Total	14 944	9 760
Supervisory Board of the Bank		
Short-term employee benefits (*)	435	335
Share-based payments (**)	51	-
Total	486	335

(*) Short-term employee benefits include: base salary, bonuses and other benefits, including in particular the cost of life insurance and health insurance policies and of medical treatment, child education costs. Provision for the expected amount of bonus to be paid in 2012 for the year 2011 is presented in 'Short-term employee benefits'.

(**) The value of share-based payments is a part of Personnel Expenses, recognized according to IFRS 2 during the reporting period in the income statement, representing the settlement of initial fair value of options allotted to options granted by the parent entity.

Bank's Management Board and Supervisory Board Members did not receive any remuneration from subsidiaries and associated entities in the first half year of 2011 and 2010.

35. Subsequent events

There have been no significant subsequent events.

Signatures of the Management Board Members

01.08.2011	Luigi Lovaglio	President of the Management Board, CEO	
Date	Name/Surname	Position/Function	Signature
01.08.2011	Diego Biondo	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
01.08.2011	Marco Iannaccone	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
01.08.2011	Andrzej Kopyrski	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
01.08.2011	Grzegorz Piwowar	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
01.08.2011	Marian Ważyński	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature

Annexes to the Financial Statements

Annex 1

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

IFRS 9 'Financial Instruments'

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

Description:

The standard was issued as part of comprehensive review of financial instruments accounting. The new standard reduces the complexity of the current requirements and to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard deals with classification and measurement of financial assets only.

IFRS 10 'Consolidated Financial Statements'

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

Description:

The standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The IFRS supersedes IAS 27 'Consolidated and Separate Financial Statements' and SIC-12 'Consolidation - Special Purpose Entities'. The IFRS 10 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. The IFRS also sets out the accounting requirements for the preparation of consolidated financial statements.

IFRS 11 'Joint Arrangements'

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

Description:

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

IFRS 12 'Disclosure of Interests in Other Entities'

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

Description:

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

IFRS 13 'Fair Value Measurement'

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

Description:

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

IAS 19 'Employee benefits'

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

Description:

The amended standard helps recipients of financial statements to understand how the employee benefits influence the financial position of the entity, its financial results and cash flows.

Annex 2

Glossary

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

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

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

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

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

IBNR – Incurred But Not Reported losses.

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