

**Condensed Consolidated  
Interim Financial  
Statements of  
Bank Pekao S.A. Group  
for the period from  
1 January 2013  
to 30 June 2013**



**Warsaw, August 2013**

*This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.*

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# Consolidated income statement

(In PLN thousand)

	NOTE	I HALF 2013 PERIOD FROM 01.01.2013 TO 30.06.2013			I HALF 2012 PERIOD FROM 01.01.2012 TO 30.06.2012		
		CONTINUED OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUED OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
Interest income	8	3 466 627	87 471	3 554 098	4 044 200	93 822	4 138 022
Interest expense	8	(1 308 121)	(29 475)	(1 337 596)	(1 726 669)	(32 819)	(1 759 488)
<b>Net interest income</b>		<b>2 158 506</b>	<b>57 996</b>	<b>2 216 502</b>	<b>2 317 531</b>	<b>61 003</b>	<b>2 378 534</b>
Fee and commission income	9	1 358 899	17 619	1 376 518	1 370 949	20 547	1 391 496
Fee and commission expense	9	(244 479)	(6 618)	(251 097)	(254 123)	(7 805)	(261 928)
<b>Net fee and commission income</b>		<b>1 114 420</b>	<b>11 001</b>	<b>1 125 421</b>	<b>1 116 826</b>	<b>12 742</b>	<b>1 129 568</b>
Dividend income	10	6 751	-	6 751	8 749	-	8 749
<b>Result on financial assets and liabilities held for trading</b>	11	<b>229 861</b>	<b>(2 602)</b>	<b>227 259</b>	<b>237 636</b>	<b>5 741</b>	<b>243 377</b>
<b>Result on fair value hedge accounting</b>	27	<b>(7 035)</b>	<b>-</b>	<b>(7 035)</b>	<b>(8 737)</b>	<b>-</b>	<b>(8 737)</b>
<b>Net result on other financial instruments at fair value through profit and loss</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Gains (losses) on disposal of:</b>	12	<b>206 956</b>	<b>-</b>	<b>206 956</b>	<b>80 162</b>	<b>-</b>	<b>80 162</b>
loans and other financial receivables		(81)	-	(81)	-	-	-
available for sale financial assets and held to maturity investments		210 487	-	210 487	80 138	-	80 138
financial liabilities		(3 450)	-	(3 450)	24	-	24
<b>Operating income</b>		<b>3 709 459</b>	<b>66 395</b>	<b>3 775 854</b>	<b>3 752 167</b>	<b>79 486</b>	<b>3 831 653</b>
<b>Net impairment losses on financial assets and off-balance sheet commitments:</b>	15	<b>(319 422)</b>	<b>(5 643)</b>	<b>(325 065)</b>	<b>(287 902)</b>	<b>(15 189)</b>	<b>(303 091)</b>
loans and other financial receivables		(311 628)	(5 643)	(317 271)	(276 865)	(15 189)	(292 054)
available for sale financial assets and held to maturity investments		-	-	-	-	-	-
off-balance sheet commitments		(7 794)	-	(7 794)	(11 037)	-	(11 037)
<b>Net result on financial activity</b>		<b>3 390 037</b>	<b>60 752</b>	<b>3 450 789</b>	<b>3 464 265</b>	<b>64 297</b>	<b>3 528 562</b>
<b>Administrative expenses</b>	13	<b>(1 565 652)</b>	<b>(39 514)</b>	<b>(1 605 166)</b>	<b>(1 619 883)</b>	<b>(38 051)</b>	<b>(1 657 934)</b>
personnel expenses		(940 901)	(19 907)	(960 808)	(952 706)	(19 467)	(972 173)
other administrative expenses		(624 751)	(19 607)	(644 358)	(667 177)	(18 584)	(685 761)
<b>Depreciation and amortization</b>		<b>(172 824)</b>	<b>(2 550)</b>	<b>(175 374)</b>	<b>(182 868)</b>	<b>(3 527)</b>	<b>(186 395)</b>
<b>Net result on other provisions</b>		<b>(2 315)</b>	<b>-</b>	<b>(2 315)</b>	<b>(1 031)</b>	<b>-</b>	<b>(1 031)</b>
<b>Net other operating income and expenses</b>	14	<b>36 384</b>	<b>1 348</b>	<b>37 732</b>	<b>48 265</b>	<b>(175)</b>	<b>48 090</b>
<b>Operating costs</b>		<b>(1 704 407)</b>	<b>(40 716)</b>	<b>(1 745 123)</b>	<b>(1 755 517)</b>	<b>(41 753)</b>	<b>(1 797 270)</b>
<b>Gain on sale discontinued operations</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Gains (losses) on associates and subsidiaries</b>	16	<b>27 689</b>	<b>-</b>	<b>27 689</b>	<b>25 271</b>	<b>-</b>	<b>25 271</b>
<b>Gains (losses) on disposal of property, plant and equipment, and intangible assets</b>	17	<b>17 017</b>	<b>-</b>	<b>17 017</b>	<b>2 383</b>	<b>-</b>	<b>2 383</b>
<b>Profit before income tax</b>		<b>1 730 336</b>	<b>20 036</b>	<b>1 750 372</b>	<b>1 736 402</b>	<b>22 544</b>	<b>1 758 946</b>
<b>Income tax expense</b>	18	<b>(334 873)</b>	<b>(3 883)</b>	<b>(338 756)</b>	<b>(335 624)</b>	<b>(4 215)</b>	<b>(339 839)</b>
<b>Income tax on gain on sale of discontinued operations</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net profit for the period</b>		<b>1 395 463</b>	<b>16 153</b>	<b>1 411 616</b>	<b>1 400 778</b>	<b>18 329</b>	<b>1 419 107</b>
1. Attributable to equity holders of the Bank		1 391 163	16 153	1 407 316	1 396 451	18 329	1 414 780
2. Attributable to non-controlling interest		4 300	-	4 300	4 327	-	4 327
<b>Earnings per share (in PLN per share)</b>	19						
basic for the period		5.30	0.06	5.36	5.32	0.07	5.39
diluted for the period		5.30	0.06	5.36	5.32	0.07	5.39

Notes to the financial statements presented on pages 11 – 85 and Annexes to the financial statements presented on pages I - VII constitute an integral part of the consolidated interim financial statements

# Consolidated income statement

(In PLN thousand)

	NOTE	II QUARTER 2013 PERIOD FROM 01.04.2013 TO 30.06.2013			II QUARTER 2012 PERIOD FROM 01.04.2012 TO 30.06.2012		
		CONTINUED OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUED OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
Interest income	8	1 650 086	39 333	1 689 419	2 041 694	47 525	2 089 219
Interest expense	8	(593 902)	(13 812)	(607 714)	(887 626)	(16 179)	(903 805)
<b>Net interest income</b>		<b>1 056 184</b>	<b>25 521</b>	<b>1 081 705</b>	<b>1 154 068</b>	<b>31 346</b>	<b>1 185 414</b>
Fee and commission income	9	699 172	9 661	708 833	705 245	11 658	716 903
Fee and commission expense	9	(131 727)	(3 683)	(135 410)	(133 547)	(4 323)	(137 870)
<b>Net fee and commission income</b>		<b>567 445</b>	<b>5 978</b>	<b>573 423</b>	<b>571 698</b>	<b>7 335</b>	<b>579 033</b>
Dividend income	10	6 751	-	6 751	8 749	-	8 749
Result on financial assets and liabilities held for trading	11	119 422	3 901	123 323	124 272	672	124 944
Result on fair value hedge accounting	27	(2 381)	-	(2 381)	(5 597)	-	(5 597)
<b>Net result on other financial instruments at fair value through profit and loss</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Gains (losses) on disposal of:	12	152 801	-	152 801	37 044	-	37 044
loans and other financial receivables		-	-	-	-	-	-
available for sale financial assets and held to maturity investments		152 922	-	152 922	36 929	-	36 929
financial liabilities		(121)	-	(121)	115	-	115
<b>Operating income</b>		<b>1 900 222</b>	<b>35 400</b>	<b>1 935 622</b>	<b>1 890 234</b>	<b>39 353</b>	<b>1 929 587</b>
Net impairment losses on financial assets and off-balance sheet commitments:	15	(156 143)	(3 916)	(160 059)	(160 407)	(7 345)	(167 752)
loans and other financial receivables		(156 090)	(3 916)	(160 006)	(139 664)	(7 345)	(147 009)
available for sale financial assets and held to maturity investments		-	-	-	-	-	-
off-balance sheet commitments		(53)	-	(53)	(20 743)	-	(20 743)
<b>Net result on financial activity</b>		<b>1 744 079</b>	<b>31 484</b>	<b>1 775 563</b>	<b>1 729 827</b>	<b>32 008</b>	<b>1 761 835</b>
Administrative expenses	13	(796 473)	(19 519)	(815 992)	(820 241)	(19 093)	(839 334)
personnel expenses		(478 470)	(10 082)	(488 552)	(482 855)	(10 038)	(492 893)
other administrative expenses		(318 003)	(9 437)	(327 440)	(337 386)	(9 055)	(346 441)
Depreciation and amortization		(86 597)	(1 271)	(87 868)	(91 353)	(1 673)	(93 026)
<b>Net result on other provisions</b>		<b>(1 672)</b>	<b>-</b>	<b>(1 672)</b>	<b>(711)</b>	<b>-</b>	<b>(711)</b>
Net other operating income and expenses	14	14 155	279	14 434	31 102	(131)	30 971
Operating costs		(870 587)	(20 511)	(891 098)	(881 203)	(20 897)	(902 100)
Gain on sale discontinued operations		-	-	-	-	-	-
Gains (losses) on subsidiaries and associates	16	12 835	-	12 835	13 530	-	13 530
Gains (losses) on disposal of property, plant and equipment, and intangible assets	17	16 976	-	16 976	1 213	-	1 213
<b>Profit before income tax</b>		<b>903 303</b>	<b>10 973</b>	<b>914 276</b>	<b>863 367</b>	<b>11 111</b>	<b>874 478</b>
Income tax expense	18	(168 180)	(2 196)	(170 376)	(165 955)	(2 116)	(168 071)
Income tax on gain on sale of discontinued operations		-	-	-	-	-	-
<b>Net profit for the period</b>		<b>735 123</b>	<b>8 777</b>	<b>743 900</b>	<b>697 412</b>	<b>8 995</b>	<b>706 407</b>
1. Attributable to equity holders of the Bank		733 025	8 777	741 802	695 208	8 995	704 203
2. Attributable to non-controlling interest		2 098	-	2 098	2 204	-	2 204
<b>Earnings per share (in PLN per share)</b>	19						
basic for the period		2.79	0.03	2.82	2.65	0.03	2.68
diluted for the period		2.79	0.03	2.82	2.65	0.03	2.68

Notes to the financial statements presented on pages 11 - 85 and Annexes to the financial statements presented on pages I - VII constitute an integral part of the consolidated interim financial statements

# Consolidated statement of comprehensive income

(In PLN thousand)

	NOTE	II QUARTER 2013 Period from 01.04.2013 to 30.06.2013	I HALF 2013 Period from 01.01.2013 to 30.06.2013	II QUARTER 2012 Period from 01.04.2012 to 30.06.2012	I HALF 2012 Period from 01.01.2012 to 30.06.2012
<b>Net profit</b>		<b>743 900</b>	<b>1 411 616</b>	<b>706 407</b>	<b>1 419 107</b>
1. Attributable to equity holders of the Bank		741 802	1 407 316	704 203	1 414 780
2. Attributable to non-controlling interest		2 098	4 300	2 204	4 327
<b>Other comprehensive income</b>					
<b>Item that are or may be reclassified subsequently to profit or loss:</b>					
Foreign currency translation differences		5 014	27 208	38 126	(448)
Change in fair value of available-for-sale financial assets		(314 574)	(466 734)	119 232	349 866
Change in fair value of cash flow hedges		(48 395)	(31 174)	(26 320)	(86 320)
Income tax expenses on other comprehensive income	18	68 074	89 496	(24 896)	(49 496)
<b>Other comprehensive income (net)</b>		<b>(289 881)</b>	<b>(381 204)</b>	<b>106 142</b>	<b>213 602</b>
<b>Total comprehensive income</b>		<b>454 019</b>	<b>1 030 412</b>	<b>812 549</b>	<b>1 632 709</b>
1. Attributable to equity holders of the Bank		451 921	1 026 112	810 345	1 628 382
2. Attributable to non-controlling interest		2 098	4 300	2 204	4 327

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# Consolidated statement of financial position

(In PLN thousand)

	NOTE	30.06.2013	31.12.2012
<b>ASSETS</b>			
Cash and due from Central Bank	21	5 286 845	9 207 285
Debt securities eligible for rediscounting at Central Bank		212	159
Loans and advances to banks	22	4 582 916	4 053 848
Financial assets held for trading	23	1 342 127	600 543
Derivative financial instruments (held for trading)	24	2 398 494	2 649 097
Other financial instruments at fair value through profit and loss		-	-
Loans and advances to customers	25	97 043 593	95 081 492
Receivables from financial leases	26	2 696 528	2 717 931
Hedging instruments	27	225 347	367 890
Investments securities	28	29 466 593	28 735 442
1.Available for sale		27 220 206	25 887 659
2.Held to maturity		2 246 387	2 847 783
Assets held for sale	29	2 260 317	2 374 173
Investments in associated		144 267	168 436
Intangible assets	30	632 282	669 387
Property, plant and equipment	31	1 669 179	1 670 544
Investment properties		32 627	33 221
Income tax assets		940 586	828 566
1.Current tax receivable		10 947	8 481
2.Deferred tax assets		929 639	820 085
Other assets		2 062 727	1 791 816
<b>TOTAL ASSETS</b>		<b>150 784 640</b>	<b>150 949 830</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Amounts due to Central Bank	21	965	-
Amounts due to other banks	33	5 211 288	7 782 672
Financial liabilities held for trading	23	413 561	246 578
Derivative financial instruments (held for trading)	24	2 381 313	2 620 798
Amounts due to customers	34	108 964 354	107 992 608
Hedging instruments	27	1 482 086	1 226 781
Fair value hedge adjustments of hedged items due to interest rate risk	27	6 188	11 328
Debt securities issued	35	4 304 743	4 758 736
Liabilities associated with assets held for sale	29	1 027 331	891 007
Income tax liabilities		40 040	82 634
1.Current income tax payable		36 638	76 648
2.Deferred tax liabilities		3 402	5 986
Provisions	36	355 172	359 506
Other liabilities		4 315 071	1 518 400
<b>TOTAL LIABILITIES</b>		<b>128 502 112</b>	<b>127 491 048</b>
<b>Equity</b>			
Share capital		262 470	262 470
Other capital and reserves		20 346 642	20 023 141
Retained earnings and profit for the period		1 584 996	3 080 934
<b>Equity attributable to equity holders of the Bank</b>		<b>22 194 108</b>	<b>23 366 545</b>
Non-controlling interest		88 420	92 237
<b>TOTAL EQUITY</b>		<b>22 282 528</b>	<b>23 458 782</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>150 784 640</b>	<b>150 949 830</b>

Notes to the financial statements presented on pages 11 – 85 and Annexes to the financial statements presented on pages I - VII constitute an integral part of the consolidated interim financial statements

# Consolidated statement of changes in equity

(In PLN thousand)

For the period from 1 January 2013 to 30 June 2013

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK										NON-CONTROLLING INTEREST	TOTAL EQUITY
	SHARE CAPITAL	TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY EXCHANGE RATES TRANSLATION DIFFERENCES	OTHER	RETAINED EARNINGS AND PROFIT FOR THE PERIOD	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		
<b>Equity as at 1 January 2013</b>	262 470	20 023 141	9 137 221	1 737 850	8 364 152	519 192	(128 768)	393 494	3 080 934	23 366 545	92 237	23 458 782
<b>Management options</b>	-	3 574	-	-	-	-	-	3 574	-	3 574	10	3 584
Options exercised (share issue)	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation of management share options	-	3 574	-	-	-	-	-	3 574	-	3 574	10	3 584
<b>Comprehensive income</b>	-	(389 553)	-	-	-	(403 305)	13 752	-	1 415 666	1 026 113	4 300	1 030 413
Revaluation of available-for-sale investments net of tax	-	(378 054)	-	-	-	(378 054)	-	-	-	(378 054)	-	(378 054)
Revaluation of hedging financial instruments net of tax	-	(25 251)	-	-	-	(25 251)	-	-	-	(25 251)	-	(25 251)
Foreign currency translation differences	-	13 752	-	-	-	-	13 752	-	8 350	22 102	-	22 102
Net profit for the period	-	-	-	-	-	-	-	-	1 407 316	1 407 316	4 300	1 411 616
<b>Appropriation of retained earnings</b>	-	709 480	-	200 000	491 805	-	-	17 675	(2 911 604)	(2 202 124)	(8 127)	(2 210 251)
Dividend paid	-	-	-	-	-	-	-	-	(2 202 124)	(2 202 124)	(8 127)	(2 210 251)
Profit appropriation	-	705 955	-	200 000	488 280	-	-	17 675	(705 955)	-	-	-
Other consolidation adjustments	-	3 525	-	-	3 525	-	-	-	(3 525)	-	-	-
<b>Equity as at 30 June 2013</b>	262 470	20 346 642	9 137 221	1 937 850	8 855 957	115 887	(115 016)	414 743	1 584 996	22 194 108	88 420	22 282 528

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## Consolidated statement of changes in equity (cont.)

(In PLN thousand)

For the period from 1 January 2012 to 30 June 2012

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK										NON-CONTROLLING INTEREST	TOTAL EQUITY
	SHARE CAPITAL	OTHER CAPITAL AND RESERVES							RETAINED EARNINGS AND CURRENT YEAR PROFIT	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY EXCHANGE RATES TRANSLATION DIFFERENCES	OTHER				
Equity as at 1 January 2012	262 382	18 035 191	9 126 501	1 537 850	7 153 186	(65 432)	(98 976)	382 062	2 973 890	21 271 463	85 467	21 356 930
Management options	1	(1 741)	119	-	-	-	-	(1 860)	-	(1 740)	20	(1 720)
Options exercised (share issue)	1	119	119	-	-	-	-	-	-	120	-	120
Revaluation of management share options	-	(1 860)	-	-	-	-	-	(1 860)	-	(1 860)	20	(1 840)
Comprehensive income	-	206 475	-	-	-	213 477	(7 002)	-	1 421 907	1 628 382	4 327	1 632 709
Revaluation of available-for-sale investments net of tax	-	283 396	-	-	-	283 396	-	-	-	283 396	-	283 396
Revaluation of hedging financial instruments net of tax	-	(69 919)	-	-	-	(69 919)	-	-	-	(69 919)	-	(69 919)
Foreign currency translation differences	-	(7 002)	-	-	-	-	(7 002)	-	7 127	125	-	125
Net profit for the period	-	-	-	-	-	-	-	-	1 414 780	1 414 780	4 327	1 419 107
Appropriation of retained earnings and current year profit	-	1 429 223	-	200 000	1 211 051	-	-	18 172	(2 841 312)	(1 412 089)	(2 804)	(1 414 893)
Dividend paid	-	-	-	-	-	-	-	-	(1 412 089)	(1 412 089)	(2 804)	(1 414 893)
Profit appropriation	-	1 429 223	-	200 000	1 211 051	-	-	18 172	(1 429 223)	-	-	-
Equity as at 30 June 2012	262 383	19 669 148	9 126 620	1 737 850	8 364 237	148 045	(105 978)	398 374	1 554 485	21 486 016	87 010	21 573 026

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# Consolidated cash flow statement

(In PLN thousand)

	I HALF 2013 PERIOD FROM 01.01.2013 TO 30.06.2013	I HALF 2012 PERIOD FROM 01.01.2012 TO 30.06.2012
<b>Cash flow from operating activities – indirect method</b>		
<b>Net profit for the period</b>	<b>1 407 316</b>	<b>1 414 780</b>
<b>Adjustments:</b>	<b>(2 086 442)</b>	<b>(948 938)</b>
Depreciation expense	173 123	186 394
Share of profit (losses) in associates	(27 690)	(27 173)
(Gains) losses on investing activities	(227 504)	(82 521)
Dividend received	-	-
Interests received	(3 134 538)	(3 322 036)
Interests expense	1 401 884	1 670 060
Income tax	351 454	339 538
Income tax expense	(406 460)	(520 546)
Change in loans and advances to banks	(139 016)	293 661
Change in financial assets held for trading and other financial instruments at fair value through profit and loss	(735 606)	(202 852)
Change in derivative financial instruments (assets)	250 603	183 572
Change in loans and advances to customers and debt securities eligible for rediscounting at Central Bank	479 873	1 036 145
Change in receivables from financial leases	21 403	30 731
Change in investment securities	(202 170)	(236 346)
Change in other assets	(3 512)	26 429
Change in amounts due to banks	(2 637 662)	2 355 842
Change in liabilities held for trading	166 983	110 780
Change in derivative financial instruments (liabilities) and other financial instruments at fair value	(239 485)	(454 504)
Change in amounts due to customers	(266 830)	(3 167 100)
Change in debt securities issued	(81 036)	(42 714)
Change in provisions	(4 334)	23 170
Change in other liabilities	3 174 078	850 532
<b>Net cash flows from operating activities</b>	<b>(679 126)</b>	<b>465 842</b>
<b>Cash flow from investing activities</b>		
<b>Investing activity inflows</b>	<b>223 631 232</b>	<b>133 504 407</b>
Sale of investment securities	223 152 545	133 138 460
Sale of intangible assets and property, plant and equipment	3 064	4 976
Other investing inflows	475 623	360 971
<b>Investing activity outflows</b>	<b>(224 072 735)</b>	<b>(129 867 746)</b>
Acquisition of investment securities	(223 936 390)	(129 789 798)
Acquisition of intangible assets and property, plant and equipment	(136 345)	(77 948)
<b>Net cash flows from investing activities</b>	<b>(441 503)</b>	<b>3 636 661</b>

Notes to the financial statements presented on pages 11 - 85 and Annexes to the financial statements presented on pages I - VII constitute an integral part of the consolidated interim financial statements

# Consolidated cash flow statement

(In PLN thousand)

	I HALF 2013 Period from 01.01.2013 to 30.06.2013	I HALF 2012 Period from 01.01.2012 to 30.06.2012
<b>Cash flows from financing activities</b>		
<b>Financing activity inflows</b>	<b>1 741 881</b>	<b>2 176 564</b>
Issue of debt securities	1 741 881	2 176 444
Issue of shares	-	120
<b>Financing activity outflows</b>	<b>(4 413 027)</b>	<b>(3 285 067)</b>
Redemption of debt securities	(2 210 903)	(1 872 978)
Dividends and other payments to shareholders	(2 202 124)	(1 412 089)
<b>Net cash flows from financing activities</b>	<b>(2 671 146)</b>	<b>(1 108 503)</b>
<b>Total net cash flows</b>	<b>(3 791 775)</b>	<b>2 994 000</b>
including: effect of exchange rate fluctuations on cash and cash equivalents held	151 265	(58 319)
<b>Net change in cash and cash equivalents</b>	<b>(3 791 775)</b>	<b>2 994 000</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>12 814 790</b>	<b>10 155 537</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9 023 015</b>	<b>13 149 537</b>

Notes to the financial statements presented on pages 11 - 85 and Annexes to the financial statements presented on pages I - VII constitute an integral part of the consolidated interim financial statements

# Notes to financial statements

(In PLN thousand)

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

## 1. General information

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

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

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

The condensed consolidated interim financial statements of Bank Pekao S.A. Capital Group for the period from 1 January 2013 to 30 June 2013 contain financial information of the Bank, the Bank's subsidiaries and subordinated entities accounted for using equity method.

# Notes to financial statements (cont.)

(In PLN thousand)

## 2. Group structure

The Group consists of Bank Pekao S.A. as the parent entity and the following subordinated entities:

NAME OF ENTITY	LOCATION	CORE ACTIVITY	PERCENTAGE OF THE GROUP'S OWNERSHIP RIGHTS IN SHARE CAPITAL/ VOTING	
			30.06.2013	31.12.2012
Public Joint Stock Company UniCredit Bank, including:	Kiev, Ukraine	Banking	100.00	100.00
<i>BDK Consulting Ltd.</i>	<i>Lutsk, Ukraine</i>	<i>Consulting, hotel and transport services</i>	<i>99.99</i>	<i>99.99</i>
Centralny Dom Maklerski Pekao S.A.	Warsaw	Brokerage	100.00	100.00
Pekao Fundusz Kapitałowy Sp. z o.o.	Warsaw	Business consulting	100.00	100.00
Pekao Leasing Sp. z o.o. (*)	Warsaw	Leasing services	36.49	36.49
Pekao Faktoring Sp. z o.o.	Lublin	Factoring services	100.00	100.00
Pekao Pioneer Powszechne Towarzystwo Emerytalne S.A.	Warsaw	Pension fund management	65.00	65.00
Pekao Telecentrum Sp. z o.o.	Warsaw	Services	100.00	100.00
Centrum Kart S.A.	Warsaw	Financial support	100.00	100.00
Pekao Financial Services Sp. z o.o.	Warsaw	Financial services	100.00	100.00
Pekao Bank Hipoteczny S.A.	Warsaw	Banking	100.00	100.00
Pekao Leasing Holding S.A., including (*):	Warsaw	Leasing services	80.10	80.10
<i>Pekao Leasing Sp. z o.o.</i>	<i>Warsaw</i>	<i>Leasing services</i>	<i>50.87</i>	<i>50.87</i>
Centrum Bankowości Bezpośredniej Sp. z o.o.	Cracow	Call-center services	100.00	100.00
Pekao Property S.A.	Warsaw	Real estate development	100.00	100.00
<i>Metropolis Sp. z o.o.</i>	<i>Warsaw</i>	<i>Real estate development</i>	-	<i>100.00</i>
<i>Jana Kazimierza Development Sp. z o.o.</i>	<i>Warsaw</i>	<i>Real estate development</i>	-	<i>100.00</i>
Property Sp. z o.o./in liquidation/, including:	Warsaw	Real estate management	100.00	100.00
<i>FPB Media Sp. z o.o.</i>	<i>Warsaw</i>	<i>Real estate development</i>	<i>100.00</i>	<i>100.00</i>

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

As at 30 June 2013, all of the subsidiaries have been consolidated.

### Associates

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

NAME OF ENTITY	LOCATION	CORE ACTIVITY	PERCENTAGE OF THE GROUP'S OWNERSHIP RIGHTS IN SHARE CAPITAL/ VOTING	
			30.06.2013	31.12.2012
Dom Inwestycyjny Xelion Sp. z o.o. (*)	Warsaw	Supporting, financial and insurance	50.00	50.00
Pioneer Pekao Investment Management S.A.	Warsaw	Asset management	49.00	49.00
Krajowa Izba Rozliczeniowa S.A.	Warsaw	Clearing house	34.44	34.44
CPF Management	Tortola, British Virgin Islands	Financial brokerage – not operating	40.00	40.00
Polish Banking System S.A. /in liquidation/	Warsaw	Pending liquidation	48.90	48.90
PPP Budpress Sp. z o.o. /in liquidation/	Żyrardów	Pending liquidation	36.20	36.20

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

As at 30 June 2013, the Group held no shares in entities under common control.

# Notes to financial statements (cont.)

(In PLN thousand)

## Changes in Group structure

### Business combination

On June 3, 2013, the District Court for the Capital City of Warsaw, XII Business Branch of the Domestic Registry Court registered the merger of Pekao Property S.A. with its subsidiaries Metropolis Sp. z o.o. and Jana Kazimierza Development Sp. z o.o. After registration of the merger the companies Metropolis Sp. z o.o. and Jana Kazimierza Development Sp. z o.o. lost their legal personality and were erased from court register and Pekao Property S.A. books, Pekao Property S.A. was 100% of share each of merged entities.

During preceding reporting periods, the entities referred to above have been included in consolidation.

The merger purposes, was decreased a cost of activity combined companies.

The transaction referred to above was classified as a business combination under common control and was recognized according to book value with accounting policy applied by UniCredit Group which has been described on Consolidated Financial Statements of Bank Pekao S.A. Group for the period ended on 31 December 2012.

As a result of merge above entities all capital of Metropolis Sp. z o.o. and Jana Kazimierza Development Sp. z o.o. has been transferred to Pekao Property S.A.

The acquiring entity recognized the assets and liabilities of the entities acquired at their respective book values, adjusted exclusively for the purpose of aligning the accounting principles.

The share capital takeover legal entities which was equal to book value was excluded also a mutual loans and liabilities, income and expense and gains and losses from common transactions which have provided before the business combination date was excluded.

Pursuant to the above transaction, neither positive nor negative goodwill has been recognized.

### Assets and Liabilities recognized at merger date

On the day of June 31 2013, the assets and liabilities specified below have been transferred from Metropolis Sp. z o.o. and Jana Kazimierza Development Sp. z o.o. to entity Pekao Property S.A.:

ITEM	JANA KAZIMIERZA DEVELOPMENT SP. Z O.O.	METROPOLIS SP. Z O.O.
<b>Assets</b>		
Cash	1 921	513
Income tax assets	696	143
Other assets	57 110	21 349
<b>TOTAL ASSETS</b>	<b>59 727</b>	<b>22 005</b>
<b>Liabilities</b>		
Liabilities due to loans and advances	53 426	16 747
Other liabilities	1 652	1 269
Total equity	4 649	3 989
<i>Including: profit for the period</i>	43	(167)
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>59 727</b>	<b>22 005</b>

# Notes to financial statements (cont.)

(In PLN thousand)

## 3. Statement of compliance

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

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

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

In accordance with the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal, No 33, item 259 with amendments) the Bank is required to publish the financial report for the six months ended 30 June 2013, i.e. current interim period.

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

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

These condensed consolidated interim financial statements were approved by the Management Board on 2 August 2013.

## 4. Significant accounting policies

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

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

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

Changes in published standards and interpretations, which became effective from 1 January 2013, had no impact on the Condensed Unconsolidated Interim Financial Statements (Annex 1 to the Financial Statements).

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

# Notes to financial statements (cont.)

(In PLN thousand)

The report does not take into account amendments to standards and interpretations that are awaiting approval by the European Union or have been approved by the European Union and which will take effect only after the balance sheet (Annex 2 and Annex 3 to the Financial Statements).

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

## 5. Accounting estimates

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

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

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

In preparing these interim financial statements, the significant judgments made by management in applying the Group's accounting policies were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2012 taking into account causes and sources of uncertainty expected at the balance day, except credit valuation adjustment (CVA) in the fair value of derivatives.

Starting from the first quarter 2013 Group includes credit valuation adjustment (CVA) in the fair value of derivatives. The adjustment is calculated as the expected loss the Group would incur on a transaction due to counterparty default. The calculation of this amount is based on two main components – the first is transaction-dependent current and potential exposure to the counterparty, the second ones are counterparty credit-worthiness parameters - PD (*Probability-of-Default*) and LGD (*Loss-Given-Default*). The exposure equals to the fair value calculated on the basis of market data under the assumption of lack of credit risk, including potential future market changes, while PD and LGD parameters are estimated by internal models. Additionally, collateral posted by the counterparty is taken into account.

During the six months period ended 30 June 2013 management reassessed the following estimates:

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

# Notes to financial statements (cont.)

(In PLN thousand)

## 6. Risks management

### Credit risk

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

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

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

CREDIT RATING	MORTGAGE				CONSUMER CREDIT				NOT INSTALLMENT LOAN			
	PD RANGE		NOMINAL VALUE		PD RANGE		NOMINAL VALUE		PD RANGE		NOMINAL VALUE	
			30.06.2013	31.12.2012			30.06.2013	31.12.2012			30.06.2013	31.12.2012
1	0.00% <= PD	< 0.19%	4.1%	4.5%	0.00% <= PD	< 0.30%	5.0%	4.6%	0.00% <= PD	< 0.01%	0.6%	0.6%
2	0.19% <= PD	< 0.24%	11.3%	10.0%	0.30% <= PD	< 0.50%	6.9%	6.9%	0.01% <= PD	< 0.03%	8.9%	9.8%
3	0.24% <= PD	< 0.31%	30.5%	26.9%	0.50% <= PD	< 0.60%	5.3%	4.8%	0.03% <= PD	< 0.04%	2.5%	2.7%
4	0.31% <= PD	< 0.40%	40.8%	38.2%	0.60% <= PD	< 0.80%	12.8%	12.1%	0.04% <= PD	< 0.07%	7.2%	7.4%
5	0.40% <= PD	< 0.61%	4.7%	6.5%	0.80% <= PD	< 1.30%	16.9%	16.4%	0.07% <= PD	< 0.15%	16.5%	16.5%
6	0.61% <= PD	< 1.02%	1.3%	5.2%	1.30% <= PD	< 2.10%	19.9%	19.7%	0.15% <= PD	< 0.25%	19.2%	17.6%
7	1.02% <= PD	< 2.20%	1.8%	2.9%	2.10% <= PD	< 3.70%	16.3%	16.9%	0.25% <= PD	< 0.59%	10.1%	10.0%
8	2.20% <= PD	< 6.81%	1.9%	2.2%	3.70% <= PD	< 7.20%	6.3%	7.6%	0.59% <= PD	< 1.20%	12.5%	13.0%
9	6.81% <= PD	< 14.10%	1.1%	1.1%	7.20% <= PD	< 15.40%	3.1%	3.2%	1.20% <= PD	< 2.58%	4.3%	5.1%
10	14.10% <= PD	< 100.00%	2.5%	2.5%	15.40% <= PD	< 100.00%	7.5%	7.8%	2.58% <= PD	< 100.00%	18.2%	17.3%
<b>Total</b>			<b>100.0%</b>	<b>100.0%</b>			<b>100.0%</b>	<b>100.0%</b>			<b>100.0%</b>	<b>100.0%</b>

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

CREDIT RATING	PD RANGE	NOMINAL VALUE	
		30.06.2013	31.12.2012
1	0.00% <= PD < 0.11%	1.2%	1.7%
2	0.11% <= PD < 0.22%	3.6%	4.3%
3	0.22% <= PD < 0.45%	8.1%	10.0%
4	0.45% <= PD < 1.00%	15.0%	16.8%
5	1.00% <= PD < 2.10%	16.0%	19.0%
6	2.10% <= PD < 4.00%	15.4%	15.1%
7	4.00% <= PD < 7.00%	14.7%	12.8%
8	7.00% <= PD < 12.00%	10.3%	8.5%
9	12.00% <= PD < 22.00%	8.9%	6.3%
10	22.00% <= PD < 100.00%	6.8%	5.5%
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>



# Notes to financial statements (cont.)

(In PLN thousand)

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

CREDIT RATING	PD RANGE	NOMINAL VALUE	
		30.06.2013	31.12.2012
1	0.00% <= PD < 0.15%	4.5%	7.5%
2	0.15% <= PD < 0.27%	9.2%	5.9%
3	0.27% <= PD < 0.45%	18.7%	8.3%
4	0.45% <= PD < 0.75%	15.8%	7.4%
5	0.75% <= PD < 1.27%	11.7%	9.8%
6	1.27% <= PD < 2.25%	11.6%	15.8%
7	2.25% <= PD < 4.00%	6.1%	14.1%
8	4.00% <= PD < 8.50%	18.3%	20.5%
9	8.50% <= PD < 100.00%	4.1%	10.7%
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>

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

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

SUPERVISORY CATEGORY	NOMINAL VALUE	
	30.06.2013	31.12.2012
High	16.3%	20.6%
Good	76.9%	73.0%
Satisfactory	4.0%	5.2%
Poor	2.8%	1.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

# Notes to financial statements (cont.)

(In PLN thousand)

## Qualitative analysis of Group's financial assets

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

	LOANS AND ADVANCES TO BANKS (*)		LOANS AND ADVANCES TO CUSTOMERS (*)	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
<b>GROSS CARRYING VALUE OF EXPOSURE INDIVIDUALLY IMPAIRED</b>				
- not past due	-	-	661 454	904 565
- up to 1 month	-	-	497 435	39 339
- between 1 month and 3 months	-	-	109 595	50 719
- between 3 months and 1 year	-	-	823 403	1 499 237
- between 1 year and 5 years	62 964	62 964	2 001 977	1 365 841
- above 5 years	-	-	899 164	881 377
<b>Total gross carrying value</b>	<b>62 964</b>	<b>62 964</b>	<b>4 993 028</b>	<b>4 741 078</b>
<b>ALLOWANCE FOR IMPAIRMENT</b>				
- not past due	-	-	(132 864)	(173 859)
- up to 1 month	-	-	(161 281)	(12 322)
- between 1 month and 3 months	-	-	(12 732)	(21 288)
- between 3 months and 1 year	-	-	(326 267)	(427 576)
- between 1 year and 5 years	(25 300)	(54 000)	(1 055 579)	(825 083)
- above 5 years	-	-	(791 154)	(755 556)
<b>Total allowance for impairment</b>	<b>(25 300)</b>	<b>(54 000)</b>	<b>(2 479 877)</b>	<b>(2 215 684)</b>
<b>Net carrying value of exposure individually impaired</b>	<b>37 664</b>	<b>8 964</b>	<b>2 513 151</b>	<b>2 525 394</b>
<b>GROSS CARRYING VALUE OF EXPOSURE COLLECTIVELY IMPAIRED</b>				
- not past due	-	-	76 825	80 039
- up to 1 month	-	-	23 304	33 618
- between 1 month and 3 months	-	-	58 074	38 431
- between 3 months and 1 year	-	10	503 517	509 853
- between 1 year and 5 years	-	-	1 552 505	1 502 453
- above 5 years	16 258	15 833	624 791	589 327
<b>Total gross carrying value</b>	<b>16 258</b>	<b>15 843</b>	<b>2 839 016</b>	<b>2 753 721</b>
<b>ALLOWANCE FOR IMPAIRMENT</b>				
- not past due	-	-	(48 665)	(42 471)
- up to 1 month	-	-	(11 630)	(16 826)
- between 1 month and 3 months	-	-	(29 983)	(18 373)
- between 3 months and 1 year	-	(10)	(283 232)	(281 900)
- between 1 year and 5 years	-	-	(1 215 923)	(1 180 032)
- above 5 years	(16 258)	(15 833)	(604 228)	(575 759)
<b>Total allowance for impairment</b>	<b>(16 258)</b>	<b>(15 843)</b>	<b>(2 193 661)</b>	<b>(2 115 361)</b>
<b>Net carrying value of exposure collectively impaired</b>	<b>-</b>	<b>-</b>	<b>645 355</b>	<b>638 360</b>

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

# Notes to financial statements (cont.)

(In PLN thousand)

The Group exposures to credit risk with no impairment recognized, broken down by delays in repayment

	LOANS AND ADVANCES TO BANKS (*)		LOANS AND ADVANCES TO CUSTOMERS (*)			
	30.06.2013	31.12.2012	CORPORATE		RETAIL	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012
<b>GROSS CARRYING VALUE OF EXPOSURE WITH NO IMPAIRMENT</b>						
- not past due	4 545 664	4 045 377	55 710 722	55 682 247	38 636 485	36 928 519
- up to 30 days	-	-	838 135	574 694	994 157	1 393 332
- between 30 days and 60 days	-	-	204 735	161 777	228 027	215 717
- above 60 days	-	-	160 659	88 140	306 555	117 871
<b>Total gross carrying value</b>	<b>4 545 664</b>	<b>4 045 377</b>	<b>56 914 251</b>	<b>56 506 858</b>	<b>40 165 224</b>	<b>38 655 439</b>
<b>IBNR PROVISION</b>						
- not past due	(320)	(321)	(224 451)	(251 956)	(156 798)	(134 930)
- up to 30 days	-	-	(6 716)	(5 646)	(60 757)	(88 757)
- between 30 days and 60 days	-	-	(3 128)	(2 067)	(28 125)	(23 584)
- above 60 days	-	-	(1 634)	(816)	(16 131)	(18 885)
<b>Total IBNR provision</b>	<b>(320)</b>	<b>(321)</b>	<b>(235 929)</b>	<b>(260 485)</b>	<b>(261 811)</b>	<b>(266 156)</b>
<b>Net carrying value of exposure with no impairment</b>	<b>4 545 344</b>	<b>4 045 056</b>	<b>56 678 322</b>	<b>56 246 373</b>	<b>39 903 413</b>	<b>38 389 283</b>

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

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

	LOANS AND ADVANCES TO BANKS (*)		LOANS AND ADVANCES TO CUSTOMERS (*)	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
<b>IMPAIRED EXPOSURE</b>				
Gross carrying amount	79 222	78 807	7 832 044	7 494 799
Allowance for impairment	(41 558)	(69 843)	(4 673 539)	(4 331 045)
<b>Total net carrying amount</b>	<b>37 664</b>	<b>8 964</b>	<b>3 158 505</b>	<b>3 163 754</b>
<b>EXPOSURES WITH IMPAIRMENT TRIGGERS FOR WHICH NO IMPAIRMENT HAS BEEN IDENTIFIED</b>				
Gross carrying amount, in this:	-	-	138 580	134 037
<i>Exposure with collateral value included in expected discounted cash flow, in this</i>	-	-	138 580	134 037
<i>Past due exposures</i>	-	-	29 652	4 300
IBNR provision	-	-	(2 956)	(4 916)
<b>Total net carrying amount</b>	<b>-</b>	<b>-</b>	<b>135 624</b>	<b>129 121</b>
<b>EXPOSURES WITH NO IMPAIRMENT TRIGGERS</b>				
Gross carrying amount	4 545 664	4 045 377	96 940 895	95 028 260
IBNR provision	(320)	(321)	(494 784)	(521 725)
<b>Total net carrying amount</b>	<b>4 545 344</b>	<b>4 045 056</b>	<b>96 446 111</b>	<b>94 506 535</b>

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

# Notes to financial statements (cont.)

(In PLN thousand)

## Classification of exposures to debt securities according to Standard & Poor's ratings as at 30 June 2013

RATING	DEBT SECURITIES					TOTAL
	HELD FOR TRADING	DESIGNATED TO FAIR VALUE THROUGH PROFIT & LOSS	AVAILABLE FOR SALE	HELD TO MATURITY	REPO TRANSACTIONS (***)	
AA+ do AA-	-	-	298 596	-	-	298 596
A+ to A-	1 342 127	-	17 247 922	1 484 478	3 760 259	23 834 786
BBB+ to BBB-	-	-	248 752	-	-	248 752
no rating	-	-	9 406 627 (*)	761 909 (**)	-	10 168 536
<b>Total</b>	<b>1 342 127</b>	<b>-</b>	<b>27 201 897</b>	<b>2 246 387</b>	<b>3 760 259</b>	<b>34 550 670</b>

(\*) including NBP bills in an amount of PLN 8 733 360 thousand

(\*\*) including NBP bills in an amount of PLN 761 909 thousand

(\*\*\*) These transactions are treated as repo receivables and presented appropriately in Loans and advances to banks or Loans and advances to customers.

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

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

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

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

(\*\*\*) These transactions are treated as repo receivables and presented appropriately in Loans and advances to banks or Loans and advances to customers

## Classification of exposures to derivative financial instruments according to Standard & Poor's ratings as at 30 June 2013

RATING	DERIVATIVES						TOTAL
	TRADING DERIVATIVES			DERIVATIVE HEDGING INSTRUMENTS			
	BANKS	OTHER FINANCIAL INSTITUTIONS	NON-FINANCIAL ENTITIES	BANKS	OTHER FINANCIAL INSTITUTIONS	NON-FINANCIAL ENTITIES	
AAA	140	-	-	-	-	-	140
AA+ to AA-	83 510	-	-	6 765	-	-	90 275
A+ to A-	1 181 473	42 337	-	59 558	-	-	1 283 368
BBB+ to BBB-	206 605	-	-	17 770	-	-	224 375
BB+ to BB-	25 165	-	2 012	-	-	-	27 177
B+ to B-	-	-	1 152	-	-	-	1 152
no rating	383 390	209 400	263 310	4 227	-	137 027	997 354
Total	1 880 283	251 737	266 474	88 320	-	137 027	2 623 841

# Notes to financial statements (cont.)

(In PLN thousand)

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

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

## Credit risk management of Public Joint Stock Company UniCredit Bank

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

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

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

# Notes to financial statements (cont.)

(In PLN thousand)

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

	30.06.2013	31.12.2012
	LOANS AND ADVANCES TO CUSTOMERS (CORPORATES AND RETAIL)	LOANS AND ADVANCES TO CUSTOMERS (CORPORATES AND RETAIL)
<b>GROSS CARRYING AMOUNT OF EXPOSURE INDIVIDUALLY IMPAIRED</b>		
- not past due	15 621	41 368
- up to 1 month	-	-
- between 1 month and 3 months	-	-
- between 3 months and 1 year	25 670	60 510
- between 1 year and 5 years	201 075	127 799
- above 5 years	-	-
<b>Total gross carrying amount</b>	<b>242 366</b>	<b>229 677</b>
<b>ALLOWANCE FOR IMPAIRMENT</b>		
- not past due	(5 790)	(17 072)
- up to 1 month	-	-
- between 1 month and 3 months	-	-
- between 3 months and 1 year	(10 259)	(6 053)
- between 1 year and 5 years	(116 629)	(98 698)
- above 5 years	-	-
<b>Total allowance for impairment</b>	<b>(132 678)</b>	<b>(121 823)</b>
<b>Net carrying amount of exposure individually impaired</b>	<b>109 688</b>	<b>107 854</b>
<b>GROSS CARRYING AMOUNT OF EXPOSURE COLLECTIVELY IMPAIRED</b>		
- not past due	-	-
- up to 1 month	-	-
- between 1 month and 3 months	-	-
- between 3 months and 1 year	19 152	19 575
- between 1 year and 5 years	88 138	78 799
- above 5 years	-	-
<b>Total gross carrying amount</b>	<b>107 290</b>	<b>98 374</b>
<b>ALLOWANCE FOR IMPAIRMENT</b>		
- not past due	-	-
- up to 1 month	-	-
- between 1 month and 3 months	-	-
- between 3 months and 1 year	(8 860)	(8 741)
- between 1 year and 5 years	(37 310)	(33 467)
- above 5 years	-	-
<b>Total allowance for impairment</b>	<b>(46 170)</b>	<b>(42 208)</b>
<b>Net carrying amount of exposure collectively impaired</b>	<b>61 120</b>	<b>56 166</b>

# Notes to financial statements (cont.)

(In PLN thousand)

	30.06.2013		31.12.2012	
	CORPORATE	RETAIL	CORPORATE	RETAIL
<b>GROSS CARRYING AMOUNT OF EXPOSURE WITH NO IMPAIRMENT</b>				
- not past due	660 169	149 986	746 306	162 952
- up to 1 month	1 655	7 084	78 260	7 641
- between 30 days and 60 days	-	2 178	62 784	2 053
- above 60 days	143 212	1 573	-	74
<b>Total gross carrying amount</b>	<b>805 036</b>	<b>160 821</b>	<b>887 350</b>	<b>172 720</b>
<b>IBNR provision</b>	<b>(16 444)</b>	<b>(723)</b>	<b>(18 057)</b>	<b>(649)</b>
<b>Net carrying amount of exposure with no impairment</b>	<b>788 592</b>	<b>160 098</b>	<b>869 293</b>	<b>172 071</b>

Most of credit portfolio of UCB consists of corporate loans, including receivables from the biggest companies from Ukraine. 25 largest debtors belonging to international groups constitute 80.2% of corporate loans portfolio and 36.3% of all credit exposures of the Bank. Credit activities connected with financing corporate clients concentrate on investment and working capital loans.

## Market risk of the trading book

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

Value at Risk (VaR) remains the main tool used to measure the market risk. However, Stressed VaR was introduced as a supplementary tool. This parameter allows assessing how much VaR can increase in case of crisis situation and increasing market volatility.

The table below presents the market risk exposure of the trading portfolio of the Group measured by Value at Risk in the period from 1 January to 30 June 2013 and in 2012:

	30.06.2013	MINIMUM VALUE	AVERAGE VALUE	MAXIMUM VALUE
foreign exchange risk	1 642	20	421	2 010
interest rate risk	1 330	891	1 316	2 321
Trading portfolio	1 968	883	1 385	2 876

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

## Interest rate risk of the banking book

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

In the first half of the year, the Group introduced improvements in the capital economic value sensitivity valuation method. Full revaluation method was implemented. According to this method, sensitivity is computed on the basis of assets and liabilities valuation (using appropriate models) at the baseline scenario and after 200 bp shift in interest rates. As for the trading book, Stressed VaR was introduced.

# Notes to financial statements (cont.)

(In PLN thousand)

The following table shows the distribution of sensitivity level of interest income (NII) to the change of the interest rate by -100 basis points and the sensitivity of the economic capital of the Group (EVE), calculated according to the new method, to the change of interest rates by 200 basis points as at 30 June 2013 and at the end of December 2012.

SENSITIVITY IN %	30.06.2013	31.12.2012
NII	(8.74)	(8.77)
EVE	(0.54)	(0.47)

## Currency risk

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

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

CURRENCY	30.06.2013	31.12.2012
Currencies total (*)	2 578	1 903

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

## Liquidity risk

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

### Adjusted liquidity gap

30.06.2013	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
Assets	46 287 762	6 161 779	20 573 313	40 957 785	36 804 001	150 784 640
Liabilities	31 233 106	9 310 735	13 633 862	24 809 662	71 797 275	150 784 640
Net off-balance sheet items	(5 918 457)	(783 624)	2 101 319	2 575 572	1 052 823	(972 367)
Periodic gap	9 136 199	(3 932 580)	9 040 770	18 723 695	(33 940 451)	(972 367)
Cumulative gap		5 203 619	14 244 389	32 968 084	(972 367)	

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



# Notes to financial statements (cont.)

(In PLN thousand)

## Structure of financial liabilities by contractual maturities

30.06.2013	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
<b>BALANCE SHEET LIABILITIES</b>						
Amounts due to banks (*)	1 255 712	826 565	549 019	529 278	2 051 679	5 212 253
Amounts due to customers	84 478 239	11 753 022	12 249 144	429 804	54 145	108 964 354
Debt securities issued	-	2 038 564	1 390 843	241 839	633 497	4 304 743
Financial liabilities held for trading	-	-	95 851	179 640	138 070	413 561
<b>Total</b>	<b>85 733 951</b>	<b>14 618 151</b>	<b>14 284 857</b>	<b>1 380 561</b>	<b>2 877 391</b>	<b>118 894 911</b>
<b>OFF-BALANCE SHEET COMMITMENTS (**)</b>						
Off- balance sheet commitments Financial liabilities granted	25 728 515	-	-	-	-	25 728 515
Off- balance sheet commitments Guarantees liabilities granted	10 542 531	-	-	-	-	10 542 531
<b>Total</b>	<b>36 271 046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36 271 046</b>

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

(\*) Including Central Bank.

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

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

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

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

# Notes to financial statements (cont.)

(In PLN thousand)

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

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

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

	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
<b>30.06.2013</b>	27 035	95 671	259 900	1 393 811	598 736	<b>2 375 153</b>
<b>31.12.2012</b>	25 853	123 149	246 296	1 522 062	878 871	<b>2 796 231</b>

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
<b>30.06.2013</b>						
Inflows	16 536 262	6 673 667	11 643 812	4 151 324	5 302 687	<b>44 307 752</b>
Outflows	16 196 378	6 734 962	11 670 934	4 563 797	5 796 684	<b>44 962 755</b>
<b>31.12.2012</b>						
Inflows	7 805 246	5 111 905	7 984 591	6 262 355	2 382 595	<b>29 546 692</b>
Outflows	7 660 879	5 077 752	7 924 649	6 494 243	2 814 431	<b>29 971 954</b>

## Operational risk

There have been no significant changes in the operational risk management process in relation to those presented in Consolidated Financial Statements of Bank Pekao S.A. Capital Group as at 31 December 2012.

## Other risks

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

# Notes to financial statements (cont.)

(In PLN thousand)

## Fair value of financial assets and liabilities

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

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

The measurement of fair value of Over-the-counter ('OTC') derivatives and of instruments with limited liquidity (i.e. for which no 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 of 30 June 2013, the Group classified the financial assets and liabilities measured at fair value into the following three categories based on the valuation method:

- Method 1: mark-to-market applies exclusively to quoted securities;
- Method 2: mark-to-model valuation with model parameterization, based on quotations from active markets for given type of instrument. This method applies to illiquid government, municipal and central bank debt securities, linear and non-linear derivative instruments on interest rate (including forward transactions on debt securities), , capital instruments, commodities and foreign exchange except those cases that meet the criteria belonging to Method 3;
- Method 3: mark-to-model valuation with partial model parameterization, based on estimated risk factors. This method is applicable to corporate debt securities and for linear and non-linear derivative instruments of interest rate and foreign exchange markets for which credit risk factor (unobservable parameters) is recognized as significant.

Measurement at fair value is performed directly by a unit within Risk Management Division, independent from front-office units. Methodology of fair value measurement, including the changes of its parameterization are subject to approval of ALCO Committee. Adequacy of measurement methods is subject to on-going analysis and periodical reviews in framework of model risk management. Within the same unit, assessment of adequacy and significance of risk factors is performed, including assignment of valuation models to appropriate method class, according to established principles of classification. Principles of classification are regulated by internal procedures and subject to approval of the Board Member, responsible for the Financial Division.

30.06.2013	METHOD 1	METHOD 2	METHOD 3	TOTAL
<b>Assets:</b>	<b>18 892 108</b>	<b>12 021 906</b>	<b>272 160</b>	<b>31 186 174</b>
Financial assets held for trading	1 342 127	-	-	1 342 127
Derivative financial instruments, including:	-	2 389 932	8 562	2 398 494
- Banks	-	1 880 447	-	1 880 447
- Customers	-	509 485	8 562	518 047
Other financial instruments at fair value through profit and loss	-	-	-	-
Hedging instruments, including:	-	225 347	-	225 347
- Banks	-	88 320	-	88 320
- Customers	-	137 027	-	137 027
Securities available for sale	17 549 981	9 406 627	263 598	27 220 206
<b>Liabilities:</b>	<b>413 561</b>	<b>3 863 399</b>	<b>-</b>	<b>4 276 960</b>
Financial liabilities held for trading	413 561	-	-	413 561
Derivative financial instruments, including:	-	2 381 313	-	2 381 313
- Banks	-	2 140 467	-	2 140 467
- Customers	-	240 846	-	240 846
Hedging instruments, including:	-	1 482 086	-	1 482 086
- Banks	-	1 482 086	-	1 482 086
- Customers	-	-	-	-

# Notes to financial statements (cont.)

(In PLN thousand)

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

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

30.06.2013	FINANCIAL ASSETS HELD FOR TRADING	ASSETS FROM DERIVATIVES	SECURITIES AVAILABLE FOR SALE	LIABILITIES FROM DERIVATIVES
<b>Opening balance:</b>	<b>306 977</b>	<b>24 360</b>	<b>962 867</b>	<b>24 360</b>
Increases, including:	7 850 898	12 905	6 638	-
Reclassification	-	12 905	-	-
Acquisition	7 848 458	-	-	-
Derivatives transactions made in 2013	-	-	-	-
Revenues from financial instruments	2 440	-	6 638	-
recognized in the income statement	2 440	-	6 638	-
Decreases, including:	(8 157 875)	(28 703)	(705 907)	(24 360)
Reclassification	-	(24 360)	(699 084)	(24 360)
Settlement/redemption	(725 800)	(1 684)	(6 739)	-
Sale	(7 432 075)	-	-	-
Loss on financial instruments	-	(2 659)	(84)	-
recognized in the income statement	-	(2 659)	-	-
recognized in revaluation reserves	-	-	(84)	-
<b>Closing balance</b>	<b>-</b>	<b>8 562</b>	<b>263 598</b>	<b>-</b>
<b>Unrealized income from financial instruments held in portfolio until end of period, recognized in:</b>	<b>-</b>	<b>(2 659)</b>	<b>6 496</b>	<b>-</b>
Income statement item:				
net interest income	-	(2 659)	-	-
result on financial assets and liabilities held for trading	-	-	6 580	-
result on fair value hedge accounting	-	-	-	-
Other components of comprehensive income	-	-	(84)	-

# Notes to financial statements (cont.)

(In PLN thousand)

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

Transfers from Method 1 to 2 are based on availability of active market quotations as of end of the reporting period.

Transfers from Method 2 to 3 takes place if observable valuation parameter is changed to an unobservable one or if a new unobservable parameter is applied, provided the change results in significant impact on the valuation of instrument. Transfer from Method 2 to Method 3 takes place if unobservable valuation parameter is changed to an observable one, or the impact of unobservable parameter becomes insignificant. The transfers between methods take place on date and according to the state at the of reporting period.

In the period from 1 January till to 30 June 2013, there was no transfer of instruments valued at fair value between Method 1 and Method 2.

In the period from 1 January till to 30 June 2013 linear and non-linear derivative instruments on interest rate and foreign exchange markets were transferred from Method 2 to Method 3 valuation. For transferred instruments credit risk influence (unobservable input) impact became significant at the end of reporting period.

In the period from 1 January till to 30 June 2013 derivative instruments on capital and commodity markets and municipal bonds were transferred from Method 3 to Method 2 valuation. For the transferred instruments unobservable factors were replaced with observable ones.

# Notes to financial statements (cont.)

(In PLN thousand)

The impact of estimated parameters of measurement at fair value for which the Group applies valuation to fair value according to Method 3 as of 30 June 2013 amounts to:

ASSET/LIABILITY	FAIR value	VALUATION TECHNIQUE	UNOBSERVABLE FACTOR	ALTERNATIVE FACTOR RANGE (WEIGHTED AVERAGE)	IMPACT ON FAIR VALUE	
					POSITIVE SCENARIO	NEGATIVE SCENARIO
Interest rate derivatives	8 562	Discounted cash flow	PD	38% - 61%	392	(980)
		Discounted cash flow	LGD	43% - 52%	189	(189)
Corporate Bonds	254 564	Discounted cash flow	Credit spread	0.4% - 1.3%	7 862	(170)

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

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

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

In the case of credits for which no quoted market values are available, the fair values presented are roughly estimated using validation techniques and taking into consideration the assumption, that at the moment the credit is granted its fair value is equal to its carrying amount. Fair value of non-impaired loans is equal to the sum of future expected cash flows, discounted to the balance sheet date. The discount rate is defined as the sum of the appropriate market risk-free rate, increased by the credit risk margin and current sales margin (taking commission fees into consideration) for the given credit products group. Margin is computed on loans granted during last three months divided into credit products group and time to maturity. For the purpose of the fair value of foreign currency loans estimation, margin on PLN loans adjusted by the cross-currency basis swap quotes is used. The fair value of impaired loans is defined as equal to the sum of expected recoveries, discounted with the use of effective interest rate, since the average expected recovery values take the element of credit risk fully into consideration. In case of loans without repayment schedule (loans in current account, overdrafts and credit cards), fair value was assumed as equal to the carrying amount.

For exposures, for which no active market prices are available and market values are unattainable, the Group does not measure their fair value. Such exposures include companies in the financial sector, associated with the use of the financial and banking infrastructure and payment card services and companies taken-over over as a result of debt restructuring,

Since no quoted market prices are available for deposits, their fair values have been roughly estimated using valuation techniques with the assumption that the fair value of a deposit at the moment of its receipt is equal to its carrying amount. The fair value of term deposits is equal to the sum of future expected cash flows, discounted to the relevant balance sheet date. The cash flow discount rate is defined as the relevant market risk-free rate, increased by the sales margin. Margin is computed on deposits acquired during last three months divided into deposit products group and time to maturity. In case of short term deposits (current deposits, overnights, saving accounts), fair value was assumed as equal to the carrying amount.

The fair value of deposits and loans, apart from mortgage loans denominated in PLN and CHF for whose prepayment model is used, is calculated based on contractual maturities.

The mark-to-model valuation of own issue debt instruments is based on the method of discounting the future cash flows. Variable cash flows are estimated based upon rates adopted for specific markets (depending upon issue specifications). Both the fixed and implied cash flows are discounted using interbank money market rates.

# Notes to financial statements (cont.)

(In PLN thousand)

30.06.2013	CARRYING AMOUNT	FAIR VALUE
<b>ASSETS</b>		
Cash and due from Central Bank	5 286 845	5 286 792
Receivables from banks	4 582 916	4 586 243
Loans and advances to customers (*)	97 043 805	96 133 915
Receivables from financial leases	2 696 483	2 696 483
Debt securities held to maturity	2 246 387	2 266 607
<b>TOTAL ASSETS</b>	<b>111 856 436</b>	<b>110 970 040</b>
<b>Liabilities</b>		
Amounts due to Central Bank	965	-
Amounts due to other banks	5 211 288	5 180 990
Amounts due to customers	108 964 354	109 508 046
Debt securities issued	4 304 743	4 345 098
<b>TOTAL LIABILITIES</b>	<b>118 481 350</b>	<b>119 034 134</b>

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

31.12.2012	CARRYING AMOUNT	FAIR VALUE
<b>ASSETS</b>		
Cash and due from Central Bank	9 207 285	9 207 285
Receivables from banks	4 053 848	4 054 284
Loans and advances to customers (*)	95 081 651	93 972 637
Receivables from financial leases	2 717 931	2 717 931
Debt securities held to maturity	2 847 783	2 896 977
<b>TOTAL ASSETS</b>	<b>113 908 498</b>	<b>112 849 114</b>
<b>Liabilities</b>		
Amounts due to Central Bank	-	-
Amounts due to other banks	7 782 672	7 852 462
Amounts due to customers	107 992 608	107 998 069
Debt securities issued	4 758 736	4 773 372
<b>TOTAL LIABILITIES</b>	<b>120 534 016</b>	<b>120 623 903</b>

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

# Notes to financial statements (cont.)

(In PLN thousand)

## 7. Operating segments

Segment reporting is based on the application of the management model ('Model'), in which the main criteria for segmentation in Group reporting is the classification of customers based on their profile and service model.

The Model assumes that budgeting and monitoring of results at the segments' level is focused on all components of the income statement up to the gross profit level. Therefore, the income from the segment's activities as well as operating costs related to those activities (including direct and allocated costs) and other components of income statement are attached to each segment.

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

### Trade segments

The reportable segments of the Group are:

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



# Notes to financial statements (cont.)

(In PLN thousand)

Information on revenues of the Group's operating segments for the first half of 2013

	RETAIL BANKING	PRIVATE BANKING	CORPORATE ACTIVITIES AND INVESTMENT BANKING		ASSETS AND LIABILITIES MANAGEMENT AND OTHER (*)	GROUP TOTAL
			CONTINUED OPERATIONS	DISCONTINUED OPERATIONS		
<b>Net interest income</b>	<b>1 384 476</b>	<b>19 641</b>	<b>616 077</b>	<b>57 996</b>	<b>172 752</b>	<b>2 250 942</b>
<b>Net non-interest income</b>	<b>953 487</b>	<b>15 241</b>	<b>584 076</b>	<b>9 747</b>	<b>25 657</b>	<b>1 588 208</b>
<b>Operating income</b>	<b>2 337 963</b>	<b>34 882</b>	<b>1 200 153</b>	<b>67 743</b>	<b>198 409</b>	<b>3 839 150</b>
Personnel expenses	(575 296)	(8 941)	(119 581)	(19 907)	(237 083)	(960 808)
Other administrative expenses	(727 729)	(13 758)	(195 980)	(19 607)	314 841	(642 233)
Depreciation and amortization	(82 743)	(595)	(10 699)	(2 550)	(78 787)	(175 374)
<b>Operating costs</b>	<b>(1 385 768)</b>	<b>(23 294)</b>	<b>(326 260)</b>	<b>(42 064)</b>	<b>(1 029)</b>	<b>(1 778 415)</b>
<b>Operating profit</b>	<b>952 195</b>	<b>11 588</b>	<b>873 893</b>	<b>25 679</b>	<b>197 380</b>	<b>2 060 735</b>
Net result on other provisions	(599)	(238)	(1 395)	-	(83)	(2 315)
Net impairment losses on financial assets and off-balance sheet	(147 543)	2 390	(157 531)	(5 643)	(16 738)	(325 065)
Net result on investment activities	(680)	-	-	-	17 697	17 017
<b>Profit before income tax</b>	<b>803 373</b>	<b>13 740</b>	<b>714 967</b>	<b>20 036</b>	<b>198 256</b>	<b>1 750 372</b>
Income tax expense (continued operations)						(334 873)
Income tax expense (discontinued operations)				(3 883)		(3 883)
<b>Net profit for the period (continued operations)</b>						<b>1 395 463</b>
<b>Net profit for the period (discontinued operations)</b>				<b>16 153</b>		<b>16 153</b>
<b>Attributable to equity holders of the Bank</b>						<b>1 407 316</b>
Attributable to non-controlling interest						4 300
Allocated assets	51 242 174	378 730	89 067 866	2 196 232	(2 618 047)	140 266 955
Unallocated assets						10 517 685
<b>Total assets</b>						<b>150 784 640</b>
Allocated liabilities	59 328 421	6 464 765	58 369 516	1 687 708	(4 490 457)	121 359 953
Unallocated liabilities						29 424 687
<b>Total liabilities</b>						<b>150 784 640</b>

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

# Notes to financial statements (cont.)

(In PLN thousand)

Information on revenues of the Group's operating segments for the first half of 2012

	RETAIL BANKING	PRIVATE BANKING	CORPORATE ACTIVITIES AND INVESTMENT BANKING		ASSETS AND LIABILITIES MANAGEMENT AND OTHER (*)	GROUP TOTAL
			CONTINUED OPERATIONS	DISCONTINUED OPERATIONS		
<b>Net interest income</b>	<b>1 385 593</b>	<b>21 568</b>	<b>665 003</b>	<b>61 003</b>	<b>281 289</b>	<b>2 414 456</b>
<b>Net non-interest income</b>	<b>953 773</b>	<b>13 934</b>	<b>483 118</b>	<b>18 308</b>	<b>19 926</b>	<b>1 489 059</b>
<b>Operating income</b>	<b>2 339 366</b>	<b>35 502</b>	<b>1 148 121</b>	<b>79 311</b>	<b>301 215</b>	<b>3 903 515</b>
Personnel expenses	(593 000)	(9 142)	(114 523)	(19 467)	(236 041)	(972 173)
Other administrative expenses	(752 220)	(13 881)	(204 598)	(18 584)	306 923	(682 360)
Depreciation and amortization	(87 340)	(512)	(8 982)	(3 527)	(86 034)	(186 395)
<b>Operating costs</b>	<b>(1 432 560)</b>	<b>(23 535)</b>	<b>(328 103)</b>	<b>(41 578)</b>	<b>(15 152)</b>	<b>(1 840 928)</b>
<b>Operating profit</b>	<b>906 806</b>	<b>11 967</b>	<b>820 018</b>	<b>37 733</b>	<b>286 063</b>	<b>2 062 587</b>
Net result on other provisions	702	(804)	(929)	-	-	(1 031)
Net impairment losses on financial assets and off-balance sheet	(123 550)	(4 357)	(147 089)	(15 189)	(12 906)	(303 091)
Net result on investment activities	134	-	-	-	347	481
<b>Profit before income tax</b>	<b>784 092</b>	<b>6 806</b>	<b>672 000</b>	<b>22 544</b>	<b>273 504</b>	<b>1 758 946</b>
Income tax expense (continued operations)						(335 624)
Income tax expense (discontinued operations)				(4 215)		(4 215)
<b>Net profit for the period (continued operations)</b>						<b>1 400 778</b>
<b>Net profit for the period (discontinued operations)</b>				<b>18 329</b>		<b>18 329</b>
<b>Attributable to equity holders of the Bank</b>						<b>1 414 780</b>
Attributable to non-controlling interest						4 327
Allocated assets	48 105 091	525 111	89 631 129	2 480 487	(2 115 393)	138 626 425
Unallocated assets						9 684 564
<b>Total assets</b>						<b>148 310 989</b>
Allocated liabilities	61 090 496	6 362 867	56 620 120	1 986 996	(4 755 182)	121 305 297
Unallocated liabilities						27 005 692
<b>Total liabilities</b>						<b>148 310 989</b>

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

# Notes to financial statements (cont.)

(In PLN thousand)

## Geographical segment

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

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

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

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

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

The below table presents information about operating activity of the Group according to the geographical segments:

	POLAND	UKRAINE (DISCONTINUED OPERATIONS)	TOTAL GROUP
<b>I half of 2013</b>			
Net profit for the period attributable to equity holders of the Bank	1 391 163	16 153	1 407 316
Segment assets	148 588 408	2 196 232	150 784 640
<b>I half of 2012</b>			
Net profit for the period attributable to equity holders of the Bank	1 396 451	18 329	1 414 780
Segment assets	145 830 502	2 480 487	148 310 989

## 8. Interest income and expense

### Interest income

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
Loans and other receivables from customers	1 357 455	2 867 366	1 674 463	3 337 063
Placements in other banks	51 489	110 995	68 870	133 623
Reverse repo transactions	27 425	50 471	43 809	79 152
Investment securities	250 733	519 323	291 110	559 386
Financial assets held for trading	2 317	5 943	10 967	28 798
Financial assets designated to fair value through profit and loss	-	-	-	-
<b>Total</b>	<b>1 689 419</b>	<b>3 554 098</b>	<b>2 089 219</b>	<b>4 138 022</b>

### Interest expense

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
Customers' deposits	(515 285)	(1 130 720)	(779 265)	(1 530 257)
Other banks' deposits	(11 038)	(23 633)	(11 687)	(21 316)
Repo transactions	(23 822)	(53 045)	(46 349)	(79 219)
Loans from other banks	(12 985)	(30 794)	(28 039)	(57 048)
Debt securities issued	(44 584)	(99 404)	(38 465)	(71 648)
<b>Total</b>	<b>(607 714)</b>	<b>(1 337 596)</b>	<b>(903 805)</b>	<b>(1 759 488)</b>

## Notes to financial statements (cont.)

(In PLN thousand)

### 9. Fee and commission income and expense

#### Fee and commission income

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
Customer accounts maintenance, payment orders and cash transactions	178 617	359 783	204 341	405 593
Payment cards	224 965	435 052	225 711	433 128
Loans and advances	143 085	250 929	147 481	270 844
Investment products sales intermediation	71 779	148 515	53 904	115 636
Securities operations	29 480	54 967	31 604	67 104
Custody activity	13 998	26 881	13 707	27 070
Pension and investment funds service fees	15 920	31 806	15 144	30 332
Guarantees, letters of credit and similar transactions	12 263	27 229	12 776	25 616
Other	18 726	41 356	12 235	16 173
<b>Total</b>	<b>708 833</b>	<b>1 376 518</b>	<b>716 903</b>	<b>1 391 496</b>

#### Fee and commission expense

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
Payment cards	(116 281)	(217 272)	(118 255)	(222 109)
Bank drafts and transfers	(6 055)	(9 946)	(7 127)	(14 099)
Securities operations and derivatives	(4 409)	(8 869)	(4 551)	(9 482)
Accounts maintenance	(1 744)	(2 818)	(1 093)	(1 931)
Custody activity	(2 139)	(4 176)	(1 304)	(3 908)
Pension funds management charges	(842)	(1 225)	(772)	(1 083)
Acquisition services	(374)	(576)	(265)	(856)
Other	(3 566)	(6 215)	(4 503)	(8 460)
<b>Total</b>	<b>(135 410)</b>	<b>(251 097)</b>	<b>(137 870)</b>	<b>(261 928)</b>

### 10. Dividend income

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
From issuers of securities available for sale	6 751	6 751	8 749	8 749
<b>Total</b>	<b>6 751</b>	<b>6 751</b>	<b>8 749</b>	<b>8 749</b>

### 11. Result on financial assets and liabilities held for trading

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
Foreign currency exchange result	105 914	195 863	128 156	246 016
Gains (losses) on derivatives	14 537	26 620	(3 831)	(13 018)
Gains (losses) on securities	2 872	4 776	619	10 379
<b>Total</b>	<b>123 323</b>	<b>227 259</b>	<b>124 944</b>	<b>243 377</b>

# Notes to financial statements (cont.)

(In PLN thousand)

## 12. Gains (losses) on disposal

### Realized gains

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
Loans and other financial receivables	-	1	-	-
Available for sale financial assets – debt instruments	152 922	210 487	36 929	80 136
Available for sale financial assets – equity instruments	-	-	-	2
Investments held to maturity	-	-	-	-
Debt securities issued	22	71	204	282
<b>Total</b>	<b>152 944</b>	<b>210 559</b>	<b>37 133</b>	<b>80 420</b>

### Realized losses

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
Loans and other financial receivables	-	(82)	-	-
Available for sale financial assets – debt instruments	-	-	-	-
Available for sale financial assets – equity instruments	-	-	-	-
Investments held to maturity	-	-	-	-
Debt securities issued	(143)	(3 521)	(89)	(258)
<b>Total</b>	<b>(143)</b>	<b>(3 603)</b>	<b>(89)</b>	<b>(258)</b>

<b>Net realized profit</b>	<b>152 801</b>	<b>206 956</b>	<b>37 044</b>	<b>80 162</b>
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## 13. Administrative expenses

### Personnel expenses

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
Wages and salaries	(406 251)	(799 869)	(414 137)	(820 143)
Insurance and other charges related to employees	(76 857)	(150 423)	(76 127)	(149 442)
Pension programs costs due define contributions	(319)	(691)	(381)	(832)
Share-based payments expense	(5 125)	(9 825)	(2 248)	(1 756)
<b>Total</b>	<b>(488 552)</b>	<b>(960 808)</b>	<b>(492 893)</b>	<b>(972 173)</b>

### Other administrative expenses

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
Other administrative expenses	(285 425)	(559 032)	(304 127)	(600 911)
Taxes and charges	(9 784)	(20 724)	(11 262)	(21 888)
Bank Guarantee Fund fee	(24 437)	(48 851)	(23 318)	(47 535)
Financial supervision authority fee (KNF)	(7 794)	(15 751)	(7 734)	(15 427)
<b>Total</b>	<b>(327 440)</b>	<b>(644 358)</b>	<b>(346 441)</b>	<b>(685 761)</b>

<b>Total administrative expenses</b>	<b>(815 992)</b>	<b>(1 605 166)</b>	<b>(839 334)</b>	<b>(1 657 934)</b>
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# Notes to financial statements (cont.)

(In PLN thousand)

## 14. Net other operating income and expenses

### Other operating income

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
Rental income and other miscellaneous income	9 786	19 527	12 362	23 611
Credit insurance charges	6 591	11 991	8 699	15 312
Recovery of debt collection costs	5 292	10 675	6 245	12 177
Compensation, penalty fees and fines received	820	2 321	206	5 746
Refunding of administrative costs	1 085	2 125	2 190	3 401
Income from written off liabilities	245	1 147	4 349	4 675
Releases of impairment of litigation and other assets	65	957	70	616
Gains on sale of leasing assets for third person and on sale other assets	(155)	-	(246)	3 834
Releases of provisions for liabilities	44	155	-	17
Other	12 561	30 410	17 029	28 808
<b>Total</b>	<b>36 334</b>	<b>79 308</b>	<b>50 904</b>	<b>98 197</b>

### Other operating expenses

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
Operating costs related to leasing activity	(3 359)	(4 355)	(226)	(8 005)
Credit insurance costs	(6 133)	(13 579)	(6 812)	(11 544)
Reimburse costs and inventory deficiencies	(3 714)	(7 112)	(2 394)	(5 142)
Customers complaints expense	(830)	(1 297)	(726)	(1 335)
Impairment of litigations receivables and other assets	(341)	(558)	(303)	(388)
Costs of litigation and claims	(1 063)	(1 619)	(603)	(1 338)
Compensation, penalty fees and fines paid	(496)	(1 443)	(257)	(494)
Losses on sale of leasing assets for third person and on sale other assets	(233)	(241)	(106)	(164)
Other	(5 731)	(11 372)	(8 506)	(21 697)
<b>Total</b>	<b>(21 900)</b>	<b>(41 576)</b>	<b>(19 933)</b>	<b>(50 107)</b>

<b>Net other operating income and expenses</b>	<b>14 434</b>	<b>37 732</b>	<b>30 971</b>	<b>48 090</b>
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## Notes to financial statements (cont.)

(In PLN thousand)

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

I HALF 2013	OPENING BALANCE	INCREASES		DECREASES			CLOSING BALANCE	IMPACT ON NET RESULT(**)
		IMPAIRMENT CHARGES	OTHER (*)	WRITE-OFFS OF ASSETS FROM THE STATEMENT OF FINANCIAL POSITION	RELEASE OF IMPAIRMENT CHARGES	OTHER (*)		
Impairment of financial assets and off- balance sheet commitments								
Loans and advances to banks valued at amortized cost	70 132	13	628	-	(28 728)	(196)	41 849	28 715
Loans and advances to customers valued at amortized cost	4 665 033	782 166	75 947	(63 398)	(445 817)	(40 547)	4 973 384	(336 349)
Receivables from financial leasing	192 685	20 198	-	(1 261)	(12 934)	(765)	197 923	(7 264)
Financial assets available for sale	123	-	-	-	-	-	123	-
Impairment of off-balance sheet commitments	106 406	54 368	475	-	(46 574)	-	114 675	(7 794)
Total financial assets and off-balance sheet commitments	5 034 379	856 745	77 050	(64 659)	(534 053)	(41 508)	5 327 954	(322 692)
Impairment of other assets								
Investments in subsidiaries and associates	60	-	-	-	-	-	60	-
Intangible assets	11 399	-	-	(438)	-	-	10 961	-
Property, plant and equipment	7 638	2 283	-	(375)	(2)	-	9 544	(2 281)
Investment properties	2 154	-	-	-	-	-	2 154	-
Other	74 647	558	29	(9)	(138)	(28)	75 059	(420)
Total impairment of other assets	95 898	2 841	29	(822)	(140)	(28)	97 778	(2 701)
Total	5 130 277	859 586	77 079	(65 481)	(534 193)	(41 536)	5 425 732	(325 393)

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

(\*\*) Impairment of financial assets and off-balance sheet commitments' balance includes net impairment in the amount of PLN minus 322 692 thousand, net impairment concerning discontinued operations in the amount of PLN minus 5 643 thousand and proceeds from recovered bad debt in the amount of PLN 3 270 thousand, the total is PLN minus 325 065 thousand.

## Notes to financial statements (cont.)

(In PLN thousand)

I HALF 2012	OPENING BALANCE	INCREASES			DECREASES		CLOSING BALANCE	IMPACT ON NET RESULT(**)
		IMPAIRMENT CHARGES	OTHER (*)	WRITE-OFFS OF ASSETS FROM THE STATEMENT OF FINANCIAL POSITION	RELEASE OF IMPAIRMENT CHARGES	OTHER (*)		
Impairment of financial assets and off- balance sheet commitments								
Loans and advances to banks valued at amortized cost	72 516	873	1 070	-	(809)	(1 310)	72 340	(64)
Loans and advances to customers valued at amortized cost	4 422 752	806 836	105 790	(85 149)	(534 057)	(133 590)	4 582 582	(272 779)
Receivables from financial leasing	200 290	34 166	52	(1 093)	(25 201)	(784)	207 430	(8 965)
Financial assets available for sale	123	-	-	-	-	-	123	-
Impairment of off-balance sheet commitments	79 140	50 480	-	-	(39 443)	(718)	89 459	(11 037)
Total financial assets and off-balance sheet commitments	4 774 821	892 355	106 912	(86 242)	(599 510)	(136 402)	4 951 934	(292 845)
Impairment of other assets								
Investments in subsidiaries and associates	891	-	-	-	-	(831)	60	-
Intangible assets	10 961	-	-	-	-	-	10 961	-
Property, plant and equipment	9 650	612	-	-	(12)	(1 474)	8 776	(600)
Investment properties	550	-	-	-	-	-	550	-
Other	75 699	371	125	(70)	(616)	(309)	75 200	245
Total impairment of other assets	97 751	983	125	(70)	(628)	(2 614)	95 547	(355)
Total	4 872 572	893 338	107 037	(86 312)	(600 138)	(139 016)	5 047 481	(293 200)

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

(\*\*) Impairment of financial assets and off-balance sheet commitments' balance includes net impairment in the amount of PLN minus 292 845 thousand, net impairment concerning discontinued operations in the amount of PLN minus 15 189 thousand and proceeds from recovered bad debt in the amount of PLN 4 943 thousand, the total is PLN minus 303 091 thousand.



## Notes to financial statements (cont.)

(In PLN thousand)

### 16. Gains (losses) on associated and subsidiaries

Share in gains (losses) from associated entities

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
Share of profit (loss) in associates				
Xelion. Doradcy Finansowi Sp. z o.o.	91	156	78	114
Pioneer Pekao Investment Management S.A.	11 088	23 225	10 626	22 920
Krajowa Izba Rozliczeniowa S.A.	1 656	4 308	2 853	4 010
Pirelli Pekao Real Estate Sp. z o.o.	-	-	(27)	129
<b>Total profit (loss) from associates entities</b>	<b>12 835</b>	<b>27 689</b>	<b>13 530</b>	<b>27 173</b>
<b>Losses on disposal of associates entities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 902)</b>
<b>Total gain (losses) of associates entities</b>	<b>12 835</b>	<b>27 689</b>	<b>13 530</b>	<b>25 271</b>

### 17. Gains (losses) on disposal of property, plant and equipment and intangible assets

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
Gains on disposal of tangible assets classified as assets held for sale	17 405	17 405	693	693
Gains (losses) on derecognition of tangible assets other than classified as held for sale	(429)	(388)	520	1 690
<b>Total gains (losses) on disposal of tangible assets</b>	<b>16 976</b>	<b>17 017</b>	<b>1 213</b>	<b>2 383</b>

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

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
<b>INCOME STATEMENT</b>				
<b>Current income tax</b>	<b>(203 906)</b>	<b>(368 952)</b>	<b>(228 518)</b>	<b>(376 999)</b>
Current tax charge disclosed in the income statement	(202 337)	(366 191)	(227 217)	(376 638)
Adjustments related to the current tax from previous years	971	972	144	2 500
Other taxes (e.g. withholding tax, income tax relating to foreign branches)	(2 540)	(3 733)	(1 445)	(2 861)
<b>Deferred income tax</b>	<b>33 530</b>	<b>30 196</b>	<b>60 447</b>	<b>37 160</b>
Occurrence and reversal of temporary differences	33 530	30 196	60 447	37 160
<b>Tax charge disclosed in the consolidated income statement</b>	<b>(170 376)</b>	<b>(338 756)</b>	<b>(168 071)</b>	<b>(339 839)</b>
<b>EQUITY</b>				
<b>Deferred income tax</b>	<b>68 074</b>	<b>89 496</b>	<b>(24 896)</b>	<b>(49 496)</b>
Income and costs disclosed in other comprehensive income:				
revaluation of financial instruments, used as cash flows hedges	9 195	5 923	5 001	16 401
revaluation of available for sale financial assets – debt securities	59 749	88 665	(22 697)	(66 419)
revaluation of available for sale financial assets – with equity rights	19	14	48	(51)
Foreign currency translation differences	(889)	(5 106)	(7 248)	573
<b>Tax charge disclosed in other comprehensive income</b>	<b>68 074</b>	<b>89 496</b>	<b>(24 896)</b>	<b>(49 496)</b>
<b>Total charge</b>	<b>(102 302)</b>	<b>(249 260)</b>	<b>(192 967)</b>	<b>(389 335)</b>

# Notes to financial statements (cont.)

(In PLN thousand)

## 19. Earnings per share

### Earnings per share

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

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
Net profit	741 802	1 407 316	704 203	1 414 780
Weighted average number of ordinary shares in the period	262 470 034	262 470 034	262 383 129	262 382 662
Earnings per share (in PLN per share)	2.82	5.36	2.68	5.39

### Diluted earnings per share

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

On 30 June 2013 there are not diluting instruments in the Group in the form of convertible bonds.

	II QUARTER 2013	I HALF 2013	II QUARTER 2012	I HALF 2012
Net profit	741 802	1 407 316	704 203	1 414 780
Weighted average number of ordinary shares in the period	262 470 034	262 470 034	262 383 129	262 382 662
Adjustments to the number of shares for the purpose of calculation of diluted earnings per share	-	-	86 905	86 905
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	262 470 034	262 470 034	262 470 034	262 469 567
Diluted earnings per share (in PLN per share)	2.82	5.36	2.68	5.39

## 20. Dividend payment

Dividends and other payments to shareholders are recognized directly in equity. The dividend payable is not recognized until the entity has no obligation to pay dividends that is until the payment is approved by the General Meeting.

A dividend of PLN 8.39 per share from the net profit for the financial year 2012 was paid by the Bank to its shareholders in 2013.

Dividend payment day was set for 8 July 2013.

# Notes to financial statements (cont.)

(In PLN thousand)

## 21. Cash and balance with Central Bank

<b>Cash and due from Central Bank</b>	<b>30.06.2013</b>	<b>31.12.2012</b>
Cash	2 454 811	2 228 394
Current account at Central Bank	2 582 387	6 978 478
Placements	241 000	-
Interest	8 634	400
Other	13	13
<b>Total</b>	<b>5 286 845</b>	<b>9 207 285</b>

<b>Amounts due to Central Bank</b>	<b>30.06.2013</b>	
Loans	-	-
Term Deposits	946	-
Interest	19	-
<b>Total</b>	<b>965</b>	<b>-</b>

Cash and balance with Central Bank by currencies

<b>30.06.2013</b>	<b>ASSETS</b>	<b>LIABILITIES</b>
PLN	4 319 752	965
EUR	440 239	-
USD	338 377	-
CHF	38 634	-
Other currencies	149 843	-
<b>Total</b>	<b>5 286 845</b>	<b>965</b>

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

## Notes to financial statements (cont.)

(In PLN thousand)

### 22. Loans and advances to banks

#### Loans and advances to banks by product type

	30.06.2013	31.12.2012
Current accounts and overnight placements	1 336 586	1 653 685
Interbank placements	797 151	607 767
Loans and advances	113 377	104 461
Cash collateral	1 495 260	1 332 991
Repo transactions	649 326	190 028
Debt securities	-	-
Interest accrued	32 169	35 891
Receivables in transit	200 896	199 157
<b>Total gross amount</b>	<b>4 624 765</b>	<b>4 123 980</b>
Impairment provision	(41 849)	(70 132)
<b>Total net amount</b>	<b>4 582 916</b>	<b>4 053 848</b>

#### Loans and advances to banks by quality

	30.06.2013	31.12.2012
Loans and advances to banks, including:		
gross value of non impaired receivables	4 545 543	4 045 173
gross value of impaired receivables	79 222	78 807
individual impairment charges	(25 300)	(54 000)
collective impairment charges (*)	(16 549)	(16 132)
<b>Total</b>	<b>4 582 916</b>	<b>4 053 848</b>

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

#### Loans and advances to banks by contractual maturities

	30.06.2013	31.12.2012
Loans and advances to banks, including:		
up to 1 month	3 892 403	3 028 748
between 1 and 3 months	44 645	777 896
between 3 months and 1 year	130 695	76 972
between 1 and 5 years	400 088	80 913
over 5 years	45 357	44 564
expired	79 408	78 996
Interest accrued	32 169	35 891
<b>Total gross amount</b>	<b>4 624 765</b>	<b>4 123 980</b>
Impairment provision	(41 849)	(70 132)
<b>Total net amount</b>	<b>4 582 916</b>	<b>4 053 848</b>

# Notes to financial statements (cont.)

(In PLN thousand)

## Loans and advances to banks by currencies

	30.06.2013	31.12.2012
PLN	1 483 663	1 155 757
CHF	3 317	31 500
EUR	1 888 968	2 048 093
USD	1 085 151	657 147
Other currencies	121 817	161 351
<b>Total</b>	<b>4 582 916</b>	<b>4 053 848</b>

Changes in impairment balances in the first half of 2013 and 2012 are presented in the Note 15.

## 23. Financial assets and liabilities held for trading

### Financial assets and liabilities held for trading by product type

30.06.2013	ASSETS	LIABILITIES
Securities issued by State Treasury	1 342 127	413 561
T- bills	344 442	-
T- bonds	997 685	413 561
Securities issued by banks	-	-
Securities issued by business entities	-	-
<b>Total</b>	<b>1 342 127</b>	<b>413 561</b>

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

# Notes to financial statements (cont.)

(In PLN thousand)

## Financial assets and liabilities held for trading by maturities

30.06.2013	ASSETS	LIABILITIES
Debt securities, including:		
up to 1 month	153 185	-
between 1 and 3 months	344 442	-
between 3 months and 1 year	352 317	95 851
between 1 and 5 years	301 190	179 640
over 5 years	190 993	138 070
<b>Total</b>	<b>1 342 127</b>	<b>413 561</b>

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

## Assets and financial liabilities held for trading by currencies

30.06.2013	ASSETS	LIABILITIES
PLN	1 323 940	413 561
EUR	5 517	-
USD	12 670	-
<b>Total</b>	<b>1 342 127</b>	<b>413 561</b>

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

# Notes to financial statements (cont.)

(In PLN thousand)

## 24. Derivative financial instruments (held for trading)

### Fair value of trading derivatives

30.06.2013	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	2 015 175	2 039 615
Forward Rate Agreements (FRA)	28 117	19 534
Options	15 580	15 914
Other	3 525	3 906
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	9 966	37 733
Currency Forward Agreements	100 786	87 199
Currency Swaps (fx-swap)	173 301	122 010
Options for currency and gold	47 219	50 574
Transactions based on equity securities		
Options	4 825	4 828
<b>Total</b>	<b>2 398 494</b>	<b>2 381 313</b>
31.12.2012	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	2 368 230	2 345 059
Forward Rate Agreements (FRA)	10 007	13 582
Options	18 316	17 647
Other	82	48
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	12 947	69 715
Currency Forward Agreements	77 355	76 742
Currency Swaps (fx-swap)	80 527	17 502
Options for currency and gold	74 759	73 629
Transactions based on equity securities		
Options	6 874	6 874
<b>Total</b>	<b>2 649 097</b>	<b>2 620 798</b>

# Notes to financial statements (cont.)

(In PLN thousand)

## 25. Loans and advances to customers

### Loans and advances to customers by product type

	30.06.2013	31.12.2012
Mortgage	34 590 054	33 137 807
Current accounts	11 745 992	10 859 724
Operating loans	13 387 445	14 346 399
Investment loans	18 954 209	18 372 955
Payment cards receivables	771 380	747 952
Purchased debt receivables	2 679 824	2 873 180
Other loans and advances	9 568 423	9 580 888
Debt securities	6 784 971	6 791 337
Repo transactions	3 118 853	2 692 280
Interest accrued	366 654	316 018
Receivables in transit	49 172	27 985
<b>Total gross amount</b>	<b>102 016 977</b>	<b>99 746 525</b>
Impairment provision	(4 973 384)	(4 665 033)
<b>Total net amount</b>	<b>97 043 593</b>	<b>95 081 492</b>

### Loans and advances to customers by customer type

	30.06.2013	31.12.2012
Receivables from corporate	49 276 021	47 812 814
Receivables from individuals	42 182 255	40 624 113
Receivables from budget entities	10 192 047	10 993 580
Interest accrued	366 654	316 018
<b>Total gross amount</b>	<b>102 016 977</b>	<b>99 746 525</b>
Impairment provision	(4 973 384)	(4 665 033)
<b>Total net amount</b>	<b>97 043 593</b>	<b>95 081 492</b>

### Loans and advances to customers by quality

	30.06.2013	31.12.2012
Loans and advances to customers, including:		
gross value of non impaired receivables	94 461 794	92 540 136
gross value of impaired receivables	7 555 183	7 206 389
individual impairment charges	(2 460 458)	(2 201 789)
collective impairment charges (*)	(2 512 926)	(2 463 244)
<b>Total</b>	<b>97 043 593</b>	<b>95 081 492</b>

(\*) 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

	30.06.2013	31.12.2012
Loans and advances to customers, including:		
up to 1 month	15 751 679	15 059 577
between 1 and 3 months	2 885 785	3 660 637
between 3 months and 1 year	10 219 670	11 069 814
between 1 and 5 years	31 931 466	29 643 766
over 5 years	35 359 619	34 933 377
expired	5 502 104	5 063 336
Interest accrued	366 654	316 018
<b>Total gross amount</b>	<b>102 016 977</b>	<b>99 746 525</b>
Impairment provision	(4 973 384)	(4 665 033)
<b>Total net amount</b>	<b>97 043 593</b>	<b>95 081 492</b>

## Loans and advances to customers by currencies

	30.06.2013	31.12.2012
PLN	78 507 558	76 874 963
CHF	5 800 674	5 870 827
EUR	11 082 359	10 510 432
USD	1 626 689	1 794 904
Other currencies	26 313	30 366
<b>Total</b>	<b>97 043 593</b>	<b>95 081 492</b>

Changes in impairment balances in the first half of 2013 and 2012 are presented in the Note 15.

## Notes to financial statements (cont.)

(In PLN thousand)

### 26. Receivables from financial leases

The value of gross lease investments and minimum lease payments were respectively:

30.06.2013	GROSS LEASING INVESTMENT	PRESENT VALUE OF MINIMUM LEASING PAYMENTS
Up to one year	1 319 853	1 190 820
Between 1 and 5 years	1 719 384	1 586 967
Over 5 years	125 151	116 664
<b>Total</b>	<b>3 164 388</b>	<b>2 894 451</b>
Unrealized financial revenues	(269 937)	
Net leasing investment	<b>2 894 451</b>	
Non-guarantee residual values attributed to lessor	-	
Present value of minimum lease payments	<b>2 894 451</b>	
<b>Value of provision</b>	<b>(197 923)</b>	
<b>Balance sheet value</b>	<b>2 696 528</b>	

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

The Group is acting as a lessor in financial leases mainly for transport vehicles, machines and equipment.

Moreover, when the Capital Group is a lessee in a finance lease contract among the Group entities, the inter-company transactions relating to the finance lease are subject to elimination in the consolidated financial statements.

# Notes to financial statements (cont.)

(In PLN thousand)

## Receivables from financial leases from banks by quality

	30.06.2013	31.12.2012
Receivables from banks, including:		
gross value of non impaired receivables	121	204
gross value of impaired receivables	-	-
individual impairment charges	(29)	(31)
collective impairment charges (*)	-	(1)
<b>Total</b>	<b>92</b>	<b>172</b>

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

## Receivables from financial leases from clients by quality

	30.06.2013	31.12.2012
Receivables from clients, including:		
gross value of non impaired receivables	2 617 469	2 622 002
gross value of impaired receivables	276 861	288 410
individual impairment charges	(41 000)	(38 740)
collective impairment charges (*)	(156 894)	(153 913)
<b>Total</b>	<b>2 696 436</b>	<b>2 717 759</b>

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

## Receivables from financial leases by currencies

	30.06.2013	31.12.2012
PLN	1 984 144	2 036 287
CHF	10 133	19 199
EUR	692 302	649 163
USD	9 949	13 282
<b>Total</b>	<b>2 696 528</b>	<b>2 717 931</b>

# Notes to financial statements (cont.)

(In PLN thousand)

## 27. Hedge accounting

As at 30 June 2013 the Group applies fair value hedge accounting and cash flow hedge accounting.

In the first half of 2013 the Group continued to apply the following hedge accounting:

- fair value hedge accounting for fixed coupon debt securities classified as available-for-sale (AFS) hedged with interest rate swap (IRS) transactions - described in 27.1,
- cash flow hedge accounting for floating-rate financial assets and liabilities hedged with cross-currency interest rate swap (CIRS) transactions - described in 27.2,
- cash flow hedge accounting for floating-rate financial assets hedged with interest rate swap (IRS) transactions - described in 27.3,
- 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 - described in 27.4,
- cash flow hedge accounting for a denominated in EUR floating coupon deposits portfolio, hedged with interest rate swap (IRS) transactions - described in 27.5,
- cash flow hedge for highly probable cash flow in US dollars (Bank's long position in US dollars) secured with fx-forward - type instruments (made as series of fx-spot and fx-forward transactions) - described in 27.6,
- has designated hedge relationships to hedge accounting – cash flow hedge of variable portfolio of loans in EUR and USD hedged with fx-swap-type instruments - description in 27.7.

In the period from 1<sup>st</sup> January 2013 till to 30<sup>th</sup> June 2013 the Group:

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

The table below presents the fair value of hedging derivatives

30.06.2013	ASSETS	LIABILITIES
Fair value hedge accounting		
Interest rate swaps (IRS)	706	189 370
Cross-currency interest rate swap (CIRS)	137 028	-
Cash flow hedge accounting		
Interest rate swaps (IRS)	49 599	55 318
Cross-currency interest rate swap (CIRS)	38 014	1 120 775
FX-swaps	-	116 623
<b>Total</b>	<b>225 347</b>	<b>1 482 086</b>

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

## Notes to financial statements (cont.)

(In PLN thousand)

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

	I HALF 2013	I HALF 2012
Revaluation reserves (deferral of fair value changes of hedging instruments related to portions recognized as effective hedge- gross value)	(95 492)	(110 519)
Net interest income on hedging derivatives	114 135	152 560
Ineffective portions in changes in the fair value of hedging transactions recognized in income statement	(447)	4 937

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

	I HALF 2013	I HALF 2012
<b>Opening balance</b>	<b>(64 318)</b>	<b>(24 199)</b>
Deferral of fair value changes of hedging instruments related to the portion recognized as effective hedge	(31 200)	(86 346)
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	26	26
<b>Closing balance</b>	<b>(95 492)</b>	<b>(110 519)</b>

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

TYPE OF GAINS/LOSSES	I HALF 2013	I HALF 2012
Gains/losses from revaluation of hedging instruments to fair value	39 304	(1 181)
Gains/losses from revaluation of hedged item associated with hedged risk to fair value	(46 339)	(7 556)
<b>Result on fair value hedge accounting</b>	<b>(7 035)</b>	<b>(8 737)</b>
Net interest income on hedging instruments	(24 792)	(29 770)

# Notes to financial statements (cont.)

(In PLN thousand)

## 27.1 Fair value hedge of fixed coupon debt securities

### **Description of the hedging relationship**

The Group 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 derivatives**

The hedging derivatives consist of IRS transactions in PLN, EUR and USD (short position in fixed-rate) for which the Group 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 are 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.

## 27.2 Cash flow hedge of floating-rate loans and deposits

### **Description of the hedging relationship**

The Group 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 Group 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.

### **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 18 September 2028.

# Notes to financial statements (cont.)

(In PLN thousand)

## 27.3 Cash flow hedge of floating-rate loans

### **Description of hedging relationship**

The Group 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 Group 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.

## 27.4 Fair value portfolio hedge of interest rate risk for deposit portfolio

### **Description of hedging relationship**

The Group 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 derivatives**

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

### **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 are 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.

## Notes to financial statements (cont.)

(In PLN thousand)

### 27.5 Cash flow hedge of floating-rate deposits

#### **Description of hedging relationship**

The Group 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 Group 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.

### 27.6 Cash flow hedge of variable portfolio of loans in foreign currency

#### **Description of hedging relationship**

The Bank hedges volatility of cash flows in USD constituting the predicted revenues from expected future sale through fx-forward transaction. The currency risk is hedged.

#### **Hedged items**

The hedged items are predicted revenues of the future sale dependent on the USD/PLN exchange rate.

#### **Hedging derivatives**

The hedging derivatives consist of fx-forward transactions portfolio (consisting of fx-swap and fx-spot transactions closing the flows of the initial exchange of fx-swap), the Bank sells USD in exchange for PLN on 11 September 2013 at the agreed 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 the change in fair value of hedging derivatives is recognized in the 'Result on financial assets and liabilities held for trading'.

#### **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 11 September 2013.



## Notes to financial statements (cont.)

(In PLN thousand)

### 27.7 Cash flow hedge of floating-rate currency assets hedged by fx-swap transactions against the exchange and interest rate risk

#### *Description of hedging relationship*

The Bank hedges volatility of cash flows constituting floating-rate financial assets (loans in EUR and USD) by fx-swap transactions. The currency and interest rate risk is hedged.

#### *Hedged items*

Granted loans with variable interest rate risk, denominated in EUR and USD constitute hedged items.

#### *Hedging derivatives*

Fx-swap transaction portfolio constitutes the hedging position.

#### *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.

Settled part of the swap points on the hedging instrument is transferred from revaluation reserve in equity and is recognized in interest income. Currency revaluation regarding the first capital exchange on the hedging instrument is transferred from revaluation reserve in equity and is recognized in the result of foreign exchange position.

#### *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 15 May 2014.

## 28. Investment (placement) securities

	30.06.2013	31.12.2012
Debt securities available for sale (AFS)	27 201 897	25 869 334
Equity securities available for sale (AFS)	18 309	18 325
Debt securities held to maturity (HTM)	2 246 387	2 847 783
<b>Total</b>	<b>29 466 593</b>	<b>28 735 442</b>

#### Debt securities available for sale (AFS)

	30.06.2013	31.12.2012
Securities issued by State Treasury	17 546 518	15 600 595
T-bills	-	199
T-bonds	17 546 518	15 600 396
Securities issued by Central Banks	8 733 360	9 320 660
Securities issued by business entities	248 752	248 995
Securities issued by local governments	673 267	699 084
<b>Total</b>	<b>27 201 897</b>	<b>25 869 334</b>
including impairment of assets	-	-

# Notes to financial statements (cont.)

(In PLN thousand)

## Equity securities available for sale (AFS)

	30.06.2013	31.12.2012
Shares	18 309	18 325
<b>Total</b>	<b>18 309</b>	<b>18 325</b>
including impairment of assets	(123)	(123)

## Debt securities held to maturity (HTM)

	30.06.2013	31.12.2012
Securities issued by State Treasury	1 484 478	2 173 002
T- bills	64 635	116 604
T- bonds	1 419 843	2 056 398
Securities issued by Central Banks	761 909	674 781
<b>Total</b>	<b>2 246 387</b>	<b>2 847 783</b>
including impairment of assets	-	-

## Investment debt securities according to contractual maturities

	30.06.2013	31.12.2012
Debt securities, including:		
up to 1 month	9 709 839	11 073 994
between 1 and 3 months	64 635	261 985
between 3 months and 1 year	2 467 037	841 723
between 1 and 5 years	11 379 296	12 077 182
over 5 years	5 827 477	4 462 233
<b>Total</b>	<b>29 448 284</b>	<b>28 717 117</b>

## Investment debt securities by currencies

	30.06.2013	31.12.2012
PLN	26 579 445	26 391 921
EUR	1 529 670	1 361 396
USD	1 339 169	963 800
<b>Total</b>	<b>29 448 284</b>	<b>28 717 117</b>

## Notes to financial statements (cont.)

(In PLN thousand)

### 29. Assets and liabilities held for sale and discontinued operations

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

As at 30 June 2013 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 Group.

Assets held for sale and liabilities connected with assets held for sale:

	30.06.2013	31.12.2012
<b>ASSETS HELD FOR SALE</b>		
Assets of PJSC UniCredit Bank	2 196 075	2 265 490
Property, plant and equipment	41 727	86 168
Other assets	22 515	22 515
<b>Total assets</b>	<b>2 260 317</b>	<b>2 374 173</b>
<b>LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE</b>		
Liabilities of PJSC UniCredit Bank	1 027 331	891 007
<b>Total liabilities</b>	<b>1 027 331</b>	<b>891 007</b>

The assets change to non – current assets classified as held for sale refers to sale the Paris Branch property and PJSC UniCredit Bank items change.

## Notes to financial statements (cont.)

(In PLN thousand)

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

	30.06.2013 BEFORE ELIMINATION	ELIMINATION OF INTERCOMPANY TRANSACTIONS/ CONSOLIDATION ADJUSTMENTS	30.06.2013 AFTER ELIMINATION	31.12.2012 BEFORE ELIMINATION	ELIMINATION OF INTERCOMPANY TRANSACTIONS/ CONSOLIDATION ADJUSTMENTS	31.12.2012 AFTER ELIMINATION
<b>ASSETS HELD FOR SALE</b>						
Cash and due from Central Bank	24 210	-	24 210	34 320	-	34 320
Loans and advances to banks	994 422	(157)	994 265	953 056	8 793	961 849
Financial assets held for trading	-	-	-	131	-	131
Loans and advances to customers	1 119 497	-	1 119 497	1 205 385	-	1 205 385
Investments (placement) securities	12 319	-	12 319	33 029	-	33 029
Intangible assets	1 436	-	1 436	1 831	-	1 831
Property, plant and equipment	17 272	-	17 272	14 424	-	14 424
Other assets	27 077	(1)	27 076	14 553	(32)	14 521
<b>TOTAL ASSETS</b>	<b>2 196 233</b>	<b>(158)</b>	<b>2 196 075</b>	<b>2 256 729</b>	<b>8 761</b>	<b>2 265 490</b>
<b>LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE</b>						
Amounts due to other banks	809 639	(660 377)	149 262	956 129	(900 836)	55 293
Amounts due to customers	834 555	-	834 555	792 045	-	792 045
Income tax liabilities	26 364	-	26 364	27 007	-	27 007
Other liabilities	17 150	-	17 150	16 662	-	16 662
<b>TOTAL LIABILITIES</b>	<b>1 687 708</b>	<b>(660 377)</b>	<b>1 027 331</b>	<b>1 791 843</b>	<b>(900 836)</b>	<b>891 007</b>

# Notes to financial statements (cont.)

(In PLN thousand)

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

30.06.2013	UAH	USD	EUR	OTHER	TOTAL
Cash and due from Central Bank	15 288	4 256	4 666	-	24 210
Loans and advances to banks	678 134	251 361	53 019	11 908	994 422
Loans and advances to customers	190 506	684 541	244 450	-	1 119 497
Investments securities	12 319	-	-	-	12 319
Other assets	45 011	302	471	1	45 785
<b>TOTAL</b>	<b>941 258</b>	<b>940 460</b>	<b>302 606</b>	<b>11 909</b>	<b>2 196 233</b>
Amounts due to other banks	2 547	669 026	135 157	2 909	809 639
Amounts due to customers	463 235	239 033	125 187	7 100	834 555
Other liabilities	36 525	347	6 636	6	43 514
<b>TOTAL</b>	<b>502 307</b>	<b>908 406</b>	<b>266 980</b>	<b>10 015</b>	<b>1 687 708</b>

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

In preparing these interim financial statements have be used exchange rates:

	30.06.2013	31.12.2012
1 USD/UAH – NBU average rate	7.9930	7.9930
1 EUR/UAH – NBU average rate	10.410083	10.537172
1 UAH/PLN – NBP average rate	0.4043	0.3825

# Notes to financial statements (cont.)

(In PLN thousand)

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

	II Q 2013	I HALF 2013	II Q 2012	I HALF 2012
Interest income	39 333	87 471	47 525	93 822
Interest expense	(13 812)	(29 475)	(16 179)	(32 819)
<b>Net interest income</b>	<b>25 521</b>	<b>57 996</b>	<b>31 346</b>	<b>61 003</b>
Fee and commission income	9 661	17 619	11 658	20 547
Fee and commission expense	(3 683)	(6 618)	(4 323)	(7 805)
<b>Net fee and commission income</b>	<b>5 978</b>	<b>11 001</b>	<b>7 335</b>	<b>12 742</b>
<b>Result on financial assets and liabilities held for trading</b>	<b>3 901</b>	<b>(2 602)</b>	<b>672</b>	<b>5 741</b>
<b>Operating income</b>	<b>35 400</b>	<b>66 395</b>	<b>39 353</b>	<b>79 486</b>
<b>Net impairment losses on financial assets and off-balance sheet commitments</b>	<b>(3 916)</b>	<b>(5 643)</b>	<b>(7 345)</b>	<b>(15 189)</b>
loans and other financial receivables	(3 916)	(5 643)	(7 345)	(15 189)
<b>Net result on financial activity</b>	<b>31 484</b>	<b>60 752</b>	<b>32 008</b>	<b>64 297</b>
<b>Administrative expenses</b>	<b>(19 519)</b>	<b>(39 514)</b>	<b>(19 093)</b>	<b>(38 051)</b>
personnel expenses	(10 082)	(19 907)	(10 038)	(19 467)
other administrative expenses	(9 437)	(19 607)	(9 055)	(18 584)
<b>Depreciation and amortization</b>	<b>(1 271)</b>	<b>(2 550)</b>	<b>(1 673)</b>	<b>(3 527)</b>
<b>Net other operating income and expenses</b>	<b>279</b>	<b>1 348</b>	<b>(131)</b>	<b>(175)</b>
<b>Operating costs</b>	<b>(20 511)</b>	<b>(40 716)</b>	<b>(20 897)</b>	<b>(41 753)</b>
<b>Profit before income tax</b>	<b>10 973</b>	<b>20 036</b>	<b>11 111</b>	<b>22 544</b>
Income tax expense	(2 196)	(3 883)	(2 116)	(4 215)
<b>Net profit for the period</b>	<b>8 777</b>	<b>16 153</b>	<b>8 995</b>	<b>18 329</b>

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

	I HALF 2013	I HALF 2012
Net cash flows from operating activities	11 278	184 746
Net cash flows from investing activities	19 980	(69 985)
Net cash flows from financing activities	-	-
<b>Total net cash flow</b>	<b>31 258</b>	<b>114 761</b>

Changes in dis vestment the PJSC UniCredit Bank are presented in the Note 39 "Subsequent events".

Assets disposed

ITEM	30.06.2013	31.12.2012
Sales revenues	65 236	29 584
Net carrying value of divested assets (including sale costs)	47 831	12 787
<b>Profit/loss on sale before income tax</b>	<b>17 405</b>	<b>16 797</b>

# Notes to financial statements (cont.)

(In PLN thousand)

## 30. Intangible assets

	30.06.2013	31.12.2012
Intangible assets, including:	577 722	614 827
research and development expenditures	13 930	15 858
licenses and patents	434 378	452 599
other	1 738	2 460
expenditures on intangible assets and advances to expenditures on intangible assets	127 676	143 910
Goodwill	54 560	54 560
<b>Total</b>	<b>632 282</b>	<b>669 387</b>

In the first half of 2013, the Group acquired intangible assets in the amount of PLN 35 043 thousand, (in 2012 the Group acquired intangible assets amounting to PLN 106 807 thousand).

In the first half of 2013 and in 2012 there have been no restrictions to legal titles to intangible assets as security banking liabilities.

## 31. Property, plant and equipment

	30.06.2013	31.12.2012
Non-current assets, including:	1 610 785	1 579 886
land and buildings	1 215 768	1 159 929
machinery and equipment	314 868	334 837
transport vehicles	43 287	49 475
other	36 862	35 645
Non-current assets under construction and prepayments	58 394	90 658
<b>Total</b>	<b>1 669 179</b>	<b>1 670 544</b>

In the first half of 2013 the Group acquired 'Property, plant and equipment' in the amount of PLN 101 302 thousand (in 2012 value of property, plant and equipment acquired amounted to PLN 141 845 thousand), while value of property, plant and equipment sold amounted to PLN 1 879 thousand (PLN 5 395 thousand in 2012).

In the first half of 2013 and in 2012 there have been no restrictions to legal titles to property, plant and equipment as security backing liabilities.

### Contractual liabilities

As at 30 June 2013 the Group signed agreements with contractors for the future purchase of intangible assets totaling PLN 20 826 thousand and property, plant and equipment totaling PLN 46 405 thousand.

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

## Notes to financial statements (cont.)

(In PLN thousand)

### 32. Assets pledged as collateral

As at 30 June 2013 the Group held the following financial assets pledged as collateral

TYPE OF TRANSACTION	PLEDGE INSTRUMENT	CARRYING VALUE OF ASSETS USED TO PLEDGE LIABILITIES	NOMINAL VALUE OF ASSETS USED TO PLEDGE LIABILITIES	VALUE OF LIABILITIES SUBJECT TO PLEDGE
Repo transaction	bonds	1 162 032	1 130 626	1 161 017
Coverage of Fund for protection of guaranteed assets to the benefit of the Bank Guarantee Fund	bonds, bills	621 613	560 120	-
Lombard and technical loan	bonds, bills	7 011 236	6 720 047	-
Other loans	bonds, leases encumbrances	1 050 577	1 044 307	894 931
Deposits	bonds	201 486	204 700	192 014
Issue of mortgage bonds	receivables backed by mortgage, bonds	1 284 390	1 298 578	826 927

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

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



## Notes to financial statements (cont.)

(In PLN thousand)

### 33. Amounts due to other banks

Amounts due to other banks by product type

	30.06.2013	31.12.2012
Current accounts and overnight deposits	1 526 361	1 278 004
Deposits from other banks and other liabilities	603 697	1 161 499
Loans and advances received	2 631 886	2 684 218
Repo transactions	396 193	2 608 219
Interest accrued	5 230	9 870
Funds in transit	47 921	40 862
<b>Total</b>	<b>5 211 288</b>	<b>7 782 672</b>

Amounts due to other banks by currencies

	30.06.2013	31.12.2012
PLN	2 574 451	4 488 972
CHF	870 452	1 008 560
EUR	1 560 304	1 898 819
USD	128 252	272 713
Other currencies	77 829	113 608
<b>Total</b>	<b>5 211 288</b>	<b>7 782 672</b>

### 34. Amounts due to customers

Amounts due to customers by entity and product type

	30.06.2013	31.12.2012
Amounts due to corporate, including:	50 294 572	48 208 966
current accounts and overnight deposits	19 338 876	19 223 760
term deposits and other liabilities	30 858 856	28 874 042
interest accrued	96 840	111 164
Amounts due to budget entities, including:	6 780 275	5 642 509
current accounts and overnight deposits	4 512 033	4 611 446
term deposits and other liabilities	2 262 399	1 027 635
interest accrued	5 843	3 428
Amounts due to individuals, including:	49 304 761	48 908 199
current accounts and overnight deposits	27 936 738	26 503 598
term deposits and other liabilities	21 172 206	22 152 790
interest accrued	195 817	251 811
Repo transactions, including:	2 320 084	5 094 347
forward transactions	2 319 010	5 089 736
interest accrued	1 074	4 611
Funds in transit	264 662	138 587
<b>Total</b>	<b>108 964 354</b>	<b>107 992 608</b>

# Notes to financial statements (cont.)

(In PLN thousand)

## Amounts due to customers by currencies

	30.06.2013	31.12.2012
PLN	93 320 719	91 928 090
CHF	180 197	187 052
EUR	9 207 555	9 405 046
USD	5 596 997	5 882 785
Other currencies	658 886	589 635
<b>Total</b>	<b>108 964 354</b>	<b>107 992 608</b>

## 35. Debt securities issued

### Debt securities issued by type

	30.06.2013	31.12.2012
Bonds	-	-
Certificates of deposit	3 414 997	3 907 679
Mortgage bonds	818 725	782 744
Interest accrued	71 021	68 313
<b>Total</b>	<b>4 304 743</b>	<b>4 758 736</b>

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

### Debt securities issued by currencies

	30.06.2013	31.12.2012
PLN	4 261 235	4 678 440
EUR	43 508	58 072
USD	-	22 224
<b>Total</b>	<b>4 304 743</b>	<b>4 758 736</b>

### Changes in debt securities issued

	I HALF 2013	2012
<b>Opening balance</b>	<b>4 758 736</b>	<b>3 043 919</b>
Increase (issuance)	1 741 881	5 327 751
Decrease (repurchase)	(1 782 504)	(3 451 775)
Decrease (partial payment)	(428 399)	(222 870)
Foreign currency exchange differences	3 787	(3 673)
Other changes	11 242	65 384
<b>Closing balance</b>	<b>4 304 743</b>	<b>4 758 736</b>

# Notes to financial statements (cont.)

(In PLN thousand)

## 36. Provisions

Roll-forward of provisions in the reporting period

I HALF 2013	PROVISIONS FOR LITIGATION AND CLAIMS	PROVISIONS FOR RETIREMENT BENEFITS	PROVISIONS FOR UNDRAWN CREDIT FACILITIES AND GUARANTEES ISSUED	OTHER PROVISIONS	TOTAL
<b>Opening balance</b>	<b>56 795</b>	<b>154 281</b>	<b>106 406</b>	<b>42 024</b>	<b>359 506</b>
Provision charges/revaluation	3 023	9 331	54 368	6 535	73 257
Provision utilization	(7 468)	(6 650)	-	(16 196)	(30 314)
Provision releases	(711)	-	(46 574)	-	(47 285)
Foreign currency exchange differences	17	-	475	349	841
Other changes	-	-	-	(833)	(833)
<b>Closing balance</b>	<b>51 656</b>	<b>156 962</b>	<b>114 675</b>	<b>31 879</b>	<b>355 172</b>
Short term	21 927	337	47 573	12 223	82 060
Long term	29 729	156 625	67 102	19 656	273 112

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

### Litigation provision

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

### Provisions for retirement benefits

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

### Other provisions

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

# Notes to financial statements (cont.)

(In PLN thousand)

## 37. Contingent liabilities

### Litigation

As at 30 June 2013, there were no legal claims against the Group or its subsidiaries, which accounted for at least 10% of the Group's own funds.

In the first half of 2013 the value of legal proceedings against the Group amounted to PLN 19 059 875 thousand (in 2012 PLN 18 716 622 thousand).

The most significant legal proceedings against the Bank as at 30 June 2013 are described below:

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

As at 30 June 2013, the Group created provisions for litigations against the Group, 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 2013 stood at PLN 51 656 thousand (as at 31 December 2012 PLN 56 795 thousand).

### Financial commitments

#### Financial commitments by entities

	30.06.2013	31.12.2012
Financial commitments to:		
financial entities	2 688 989	1 441 529
non - financial entities	21 618 102	21 415 681
budget entities	1 421 424	744 940
<b>Total</b>	<b>25 728 515</b>	<b>23 602 150</b>

# Notes to financial statements (cont.)

(In PLN thousand)

## Guarantees

### Guarantees by entities

	30.06.2013	31.12.2012
Liabilities to financial entities to:	890 458	964 391
guarantees	810 001	889 107
sureties	50 672	60 824
confirmed export letters of credit to:	29 785	14 460
Liabilities to non-financial entities	9 171 739	9 284 016
guarantees	5 001 219	5 506 620
securities' underwriting guarantees	4 168 550	3 775 430
suretie	1 970	1 966
Liabilities to budget entities to:	480 334	69 901
guarantees	435 834	3 401
securities' underwriting guarantees	44 500	66 500
<b>Total</b>	<b>10 542 531</b>	<b>10 318 308</b>

## Off-balance sheet financial liabilities

### Financial liabilities by entities

	30.06.2013	31.12.2012
Financial to:	452 075	1 160 255
financial entities	452 075	1 160 255
non- financial entities	-	-
budget entities	-	-
Guarantees to:	12 688 951	10 226 535
financial entities	716 295	514 238
non- financial entities	11 226 889	9 014 735
budget entities	745 767	697 562
<b>Total</b>	<b>13 141 026</b>	<b>11 386 790</b>

Moreover, the Bank has the ability to obtain financing from National Bank of Poland secured by government securities.

# Notes to financial statements (cont.)

(In PLN thousand)

## 38. Related party transactions

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

According to the Banking Act, credit transactions with Members of the Bank Management Board and Supervisory Board, persons holding managerial positions at the Bank, with the entities related financially or organizationally therewith, shall be effected according to Regulation adopted by the Bank Supervisory Board.

The Regulation provide detailed decision-making procedures, applicable to transactions with such persons and entities, also defining the decision-making levels authorized to take decisions. In particular, transactions with Members of the Bank Management Board or Supervisory Board or with an entity related therewith financially or organizationally, are subject to decisions taken by the Bank Management Board and Supervisory Board.

Members of the Bank Management and entities related therewith financially or organizationally may take advantage of credit products offered by the Bank on standard terms and conditions of the Bank. In particular, the Bank may not offer more advantageous credit interest rates to such persons or entities.

Credit risk assessment is performed using the methodology applied by the Bank, tailored to the client's segment and type of transaction.

In case of entities related to the Bank, standard credit procedures are applied, with transaction-related decisions taken exclusively at level of the Bank Head Office.

## Notes to financial statements (cont.)

(In PLN thousand)

### Related party transactions

Related party transactions as at 30 June 2013

NAME OF ENTITY	RECEIVABLES FROM	RECEIVABLES FROM REVALUATION OF DERIVATIVES	OTHER RECEIVABLES	LIABILITIES FROM LOANS AND DEPOSITS	LIABILITIES FROM REVALUATION OF DERIVATIVES	OTHER LIABILITIES
<b>Bank's parent entity</b>						
UniCredit S.p.A.	5 075	-	1 264	47 954	-	1 122 785
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	1 347 335	307 126	10 808	1 363 923	913 742	2 932
<b>Associates of Pekao S.A. Group entities</b>						
Dom Inwestycyjny Xelion Sp. z o.o.	4	-	-	11 844	-	31
Pioneer Pekao Investment Management S.A.	-	-	72	135 652	-	4
Pioneer Pekao TFI S.A. ( subsidiary of PPIM S.A.)	4	-	16 374	102 631	-	5
Krajowa Izba Rozliczeniowa S.A.	-	-	-	515	-	-
<b>Total Pekao S.A. Group entities</b>	<b>8</b>	<b>-</b>	<b>16 446</b>	<b>250 642</b>	<b>-</b>	<b>40</b>
Key management Staff of the Bank Pekao S.A. and UniCredit S.p.A.	7 392	-	-	15 116	-	-
<b>Total</b>	<b>1 359 810</b>	<b>307 126</b>	<b>28 518</b>	<b>1 677 635</b>	<b>913 742</b>	<b>1 125 757</b>

## Notes to financial statements (cont.)

(In PLN thousand)

### Receivables from loans and deposits by contractual maturity

30.06.2013	CURRENT (*)	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	INTEREST	TOTAL
UniCredit S.p.A. – Bank 's parent entity	5 075	-	-	-	-	-	-	5 075
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	1 221 093	71 677	332	10 584	43 295	-	354	1 347 335
Associates of Pekao S.A Group entities	-	-	-	-	8	-	-	8
Key management Staff of the Bank Pekao S.A. and UniCredit S.p.A.	-	-	-	6 949	419	-	24	7 392
<b>Total</b>	<b>1 226 168</b>	<b>71 677</b>	<b>332</b>	<b>17 533</b>	<b>43 722</b>	<b>-</b>	<b>378</b>	<b>1 359 810</b>

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

### Liabilities from loans and deposits by contractual maturity

30.06.2013	CURRENT (*)	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	INTEREST	TOTAL
UniCredit S.p.A. – Bank 's parent entity	47 954	-	-	-	-	-	-	47 954
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	198 705	86 305	114 710	449 185	74 787	439 450	781	1 363 923
Associates of Pekao S.A Group entities	14 929	41 300	59 845	133 500	-	-	1 068	250 642
Key management Staff of the Bank Pekao S.A. and UniCredit S.p.A.	6 788	3 050	4 583	649	-	-	46	15 116
<b>Total</b>	<b>268 376</b>	<b>130 655</b>	<b>179 138</b>	<b>583 334</b>	<b>74 787</b>	<b>439 450</b>	<b>1 895</b>	<b>1 677 635</b>

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



## Notes to financial statements (cont.)

(In PLN thousand)

### Receivables from loans and deposits by currencies

30.06.2013	EUR	USD	CHF	PLN	OTHER	TOTAL
UniCredit S.p.A. – Bank 's parent entity	3 817	1 258	-	-	-	5 075
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	724 512	1 345	223	16 908	604 347	1 347 335
Associates of Pekao S.A Group entities	-	-	-	8	-	8
Key management Staff of the Bank Pekao S.A. and UniCredit S.p.A.	-	-	-	7 392	-	7 392
<b>Total</b>	<b>728 329</b>	<b>2 603</b>	<b>223</b>	<b>24 308</b>	<b>604 347</b>	<b>1 359 810</b>

### Liabilities from loans and deposits by currencies

30.06.2013	EUR	USD	CHF	PLN	OTHER	TOTAL
UniCredit S.p.A. – Bank 's parent entity	1 382	-	-	46 572	-	47 954
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	274 940	6 616	438 677	639 984	3 706	1 363 923
Associates of Pekao S.A Group entities	-	-	-	250 642	-	250 642
Key management Staff of the Bank Pekao S.A. and UniCredit S.p.A.	1 387	553	3	13 173	-	15 116
<b>Total</b>	<b>277 709</b>	<b>7 169</b>	<b>438 680</b>	<b>950 371</b>	<b>3 706</b>	<b>1 677 635</b>

## Notes to financial statements (cont.)

(In PLN thousand)

### Related party transactions as at 31 December 2012

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

## Notes to financial statements (cont.)

(In PLN thousand)

### Receivables from loans and deposits by contractual maturity

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

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

### Liabilities from loans and deposits by contractual maturity

31.12.2012	CURRENT (*)	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	INTEREST	TOTAL
UniCredit S.p.A. – Bank 's parent entity	57 621	-	-	-	-	-	-	57 621
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	294 699	295 684	18 055	504 489	218 833	474 782	1 694	1 808 236
Associates of Pekao S.A Group entities	7 711	81 828	43 100	140 500	-	-	1 111	274 250
Key management Staff of the Bank Pekao S.A. and UniCredit S.p.A.	487	10 040	34	2 054	-	-	60	12 675
<b>Total</b>	<b>360 518</b>	<b>387 552</b>	<b>61 189</b>	<b>647 043</b>	<b>218 833</b>	<b>474 782</b>	<b>2 865</b>	<b>2 152 782</b>

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

## Notes to financial statements (cont.)

(In PLN thousand)

### Receivables from loans and deposits by currencies

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

### Liabilities from loans and deposits by currencies

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

## Notes to financial statements (cont.)

(In PLN thousand)

Income and expenses from transactions with related parties for the period from 1 January 2013 to 30 June 2013

NAME OF ENTITY	INTEREST INCOME	INTERES EXPENSE	FEE AND COMMISSION INCOME	FEE AND COMMISSION EXPENSE	DERIVATIVES VALUATION AND OTHER INCOME	DERIVATIVES VALUATION AND OTHER EXPENSES
<b>Bank's parent entity</b>						
UniCredit S.p.A.	74	(117)	1 110	(1 179)	914	(6 079)
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	46 509	(21 503)	4 746	(1 127)	21 555	(18 651)
<b>Associates of Pekao S.A. Group entities</b>						
Dom Inwestycyjny Xelion Sp. z o.o.	-	(162)	24	(14)	133	-
Pioneer Pekao Investment Management S.A.	-	(2 420)	268	-	50	-
Pioneer Pekao TFI S.A. ( subsidiary of PPIM S.A.)	-	(1 735)	119 053	-	-	(2)
Krajowa Izba Rozliczeniowa S.A.	-	(133)	25	-	-	(4 877)
<b>Total Pekao S.A. Group entities</b>	-	<b>(4 450)</b>	<b>119 370</b>	<b>(14)</b>	<b>183</b>	<b>(4 879)</b>
Key management Staff of the Bank Pekao S.A. and UniCredit S.p.A.	168	(259)	1	-	-	-
<b>Total</b>	<b>46 751</b>	<b>(26 329)</b>	<b>125 227</b>	<b>(2 320)</b>	<b>22 652</b>	<b>(29 609)</b>

## Notes to financial statements (cont.)

(In PLN thousand)

Income and expenses from transactions with related parties for the period from 1 January 2012 to 30 June 2012

NAME OF ENTITY	INTEREST INCOME	INTERES EXPENSE	FEE AND COMMISSION INCOME	FEE AND COMMISSION EXPENSE	DERIVATIVES VALUATION AND OTHER INCOME	DERIVATIVES VALUATION AND OTHER EXPENSES
<b>Bank's parent entity</b>						
UniCredit S.p.A.	404	(245)	105	(2 209)	1 741	(6 134)
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	71 382	(37 616)	5 513	(1 996)	4 365	(67 123)
<b>Associates of Pekao S.A. Group entities</b>						
Pirelli Pekao Real Estate Sp. z o.o.	-	(27)	6	-	-	-
Dom Inwestycyjny Xelion Sp. z o.o.	-	(170)	22	(23)	102	-
Pioneer Pekao Investment Management S.A.	-	(130)	263	-	61	-
Pioneer Pekao TFI S.A. ( subsidiary of PPIM S.A.)	-	(415)	102 754	-	-	(4)
Krajowa Izba Rozliczeniowa S.A.	-	(377)	17	-	-	(4 937)
<b>Total Pekao S.A. Group entities</b>	-	<b>(1 119)</b>	<b>103 062</b>	<b>(23)</b>	<b>163</b>	<b>(4 941)</b>
Key management Staff of the Bank Pekao S.A. and UniCredit S.p.A.	100	(337)	2	-	-	(1)
<b>Total</b>	<b>71 886</b>	<b>(39 317)</b>	<b>108 682</b>	<b>(4 228)</b>	<b>6 269</b>	<b>(78 199)</b>

# Notes to financial statements (cont.)

(In PLN thousand)

## Off-balance sheet financial liabilities and guarantees as at 30 June 2013

NAME OF ENTITY	GARANTED		RECEIVED
	FINANCIAL	GUARANTEE	GUARANTEE
<b>Bank's parent entity</b>			
UniCredit S.p.A.	66 426	312 147	77 353
Entities of UniCredit Group exclusive of Pekao S.A. Group entities	680 043	264 244	144 497
<b>Associates of Pekao S.A. Group entities</b>			
Dom Inwestycyjny Xelion Sp. z o.o.	26	-	-
Pioneer Pekao Investment Management S.A.	15	-	-
Pioneer Pekao TFI S.A. ( subsidiary of PPIM S.A.)	58	-	-
Krajowa Izba Rozliczeniowa S.A.	-	500	-
<b>Total Pekao S.A. Group entities</b>	<b>99</b>	<b>500</b>	<b>-</b>
Key management Staff of the Bank Pekao S.A. and UniCredit S.p.A.	157	-	-
<b>Total</b>	<b>746 725</b>	<b>576 891</b>	<b>221 850</b>

## Notes to financial statements (cont.)

(In PLN thousand)

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

30.06.2013	CURRENT	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
<b>FINANCIAL LIABILITIES GRANTED</b>							
UniCredit S.p.A. – Bank's parent entity	24 000	-	-	42 426	-	-	66 426
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	633 773	-	46 059	-	211	-	680 043
Associates of Bank Pekao S.A. Group entities	-	-	-	-	99	-	99
Key management Staff of the Bank Pekao S.A. and UniCredit S.p.A.	25	-	-	-	122	10	157
<b>Total</b>	<b>657 798</b>	<b>-</b>	<b>46 059</b>	<b>42 426</b>	<b>432</b>	<b>10</b>	<b>746 725</b>
<b>GUARANTEES GRANTED</b>							
UniCredit S.p.A. – Bank's parent entity	-	2 298	6 383	100 953	93 953	108 560	312 147
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	9	9 286	8 085	32 459	31 280	183 125	264 244
Associates of Bank Pekao S.A. Group	-	-	-	500	-	-	500
Key management Staff of the Bank Pekao S.A. and UniCredit S.p.A.	-	-	-	-	-	-	-
<b>Total</b>	<b>9</b>	<b>11 584</b>	<b>14 468</b>	<b>133 912</b>	<b>125 233</b>	<b>291 685</b>	<b>576 891</b>
<b>GUARANTEES RECEIVED</b>							
UniCredit S.p.A. – Bank's parent entity	19 856	909	6 591	16 057	33 940	-	77 353
Key management Staff of the Bank Pekao S.A. and UniCredit S.p.A.	-	108	24 695	105 778	13 916	-	144 497
<b>Total</b>	<b>19 856</b>	<b>1 017</b>	<b>31 286</b>	<b>121 835</b>	<b>47 856</b>	<b>-</b>	<b>221 850</b>



## Notes to financial statements (cont.)

(In PLN thousand)

### Off- Balance sheet financial liabilities and guarantees granted by currencies

30.06.2013	EUR	USD	CHF	PLN	OTHER	TOTAL
<b>FINANCIAL LIABILITIES GRANTED</b>						
UniCredit S.p.A. – Bank's parent entity	42 426	-	-	24 000	-	66 426
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	26 625	-	-	653 418	-	680 043
Associates of Bank Pekao S.A. Group entities	-	-	-	99	-	99
Key management Staff of the Bank Pekao S.A. and UniCredit S.p.A.	-	-	-	157	-	157
<b>Total</b>	<b>69 051</b>	<b>-</b>	<b>-</b>	<b>677 674</b>	<b>-</b>	<b>746 725</b>
<b>GUARANTEES GRANTED</b>						
UniCredit S.p.A. – Bank's parent entity	16 027	1 404	-	294 716	-	312 147
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	37 491	-	-	226 753	-	264 244
Associates of Bank Pekao S.A. Group entities	-	-	-	500	-	500
Key management Staff of the Bank Pekao S.A.	-	-	-	-	-	-
<b>Total</b>	<b>53 518</b>	<b>1 404</b>	<b>-</b>	<b>521 969</b>	<b>-</b>	<b>576 891</b>
<b>GUARANTEES RECEIVED</b>						
UniCredit S.p.A. – Bank's parent entity	53 601	-	-	23 752	-	77 353
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	64 679	-	-	79 818	-	144 497
<b>Total</b>	<b>118 280</b>	<b>-</b>	<b>-</b>	<b>103 570</b>	<b>-</b>	<b>221 850</b>

# Notes to financial statements (cont.)

(In PLN thousand)

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

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

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

## Notes to financial statements (cont.)

(In PLN thousand)

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

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

## Notes to financial statements (cont.)

(In PLN thousand)

### Off-Balance sheet financial liabilities and guarantees granted by currencies

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

# Notes to financial statements (cont.)

(In PLN thousand)

## Remuneration of Bank's Management Board and Supervisory Board Members

	VALUE OF BENEFITS	
	I HALF 2013	I HALF 2012
<b>Management Board of the Bank</b>		
Short-term employee benefits (*)	7 454	7 304
Other long-term benefits(**)	1 251	4 234
Benefits resulting from the termination of employment relationship	-	-
Share-based payments (***)	3 666	461
<b>Total</b>	<b>12 371</b>	<b>11 999</b>
<b>Supervisory Board of the Bank</b>		
Short-term employee benefits (*)	389	543
Share-based payments (***)	-	-
<b>Total</b>	<b>389</b>	<b>543</b>

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

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

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

Bank's Management Board and Supervisory Board Members did not receive any remuneration from subsidiaries and associated entities in the first half year of 2013 and 2012.

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

	VALUE OF BENEFITS	
	I HALF 2013	I HALF 2012
<b>Companies' Management Boards</b>		
Short-term employee benefits	8 391	10 656
Long-term benefits	219	426
Termination benefits	-	315
Share-based payments	269	91
<b>Total</b>	<b>8 879</b>	<b>11 488</b>
<b>Companies' Supervisory Boards</b>		
Short-term employee benefits	10	19
<b>Total</b>	<b>10</b>	<b>19</b>

## 39. Subsequent events

### Divestment the PJSC UniCredit Bank, subsidiary of Bank

Of the day of 16 June 2013 Bank sold 653 507 670 common shares of PJSC UniCredit Bank to UniCredit S.p.A (Bank's parent entity) at the nominal value of 1 UAH per share, comprising 100% of shareholding capital of PJSC UniCredit, at the price for the share in the gross amount of USD 166 350 thousand plus the amount, after certification by external auditors, of cumulative consolidated net profit of the period from October 1, 2010 to July 16, 2013.

# Signatures of the Management Board Members

02.08.2013 Date	Luigi Lovaglio Name/Surname	President of the Management Board, CEO Position/Function	Signature
02.08.2013 Date	Diego Biondo Name/Surname	Vice-President of the Management Board Position/Function	Signature
02.08.2013 Date	Andrzej Kopyrski Name/Surname	Vice-President of the Management Board Position/Function	Signature
02.08.2013 Date	Grzegorz Piwowar Name/Surname	Vice-President of the Management Board Position/Function	Signature
02.08.2013 Date	Stefano Santini Name/Surname	Vice-President of the Management Board Position/Function	Signature
02.08.2013 Date	Marian Ważyński Name/Surname	Vice-President of the Management Board Position/Function	Signature

# Annexes to the financial statements

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

## Annexes to the Financial Statements

### Annex 1

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

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

The proposed amendment would replace the fixed date: '1 January 2004' as the date of adopting IFRSs for the first time with a 'date of adopting IFRSs for the first time' in order to provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs. Moreover, the amendment would provide guidance on resumption of presentation of IFRS financial statements for entities emerging from severe hyperinflation.

The Group claims, that the standard amendment had no material impact on its consolidated financial statements in the period of its first implementation.

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

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

The Group claims, that the standard amendment had no material impact on its financial statements in the period of its first implementation.

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

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

The Group claims, that the standard amendment had no material impact on its financial statements in the period of its first implementation.

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

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

The Group claims, that the standard amendment had no material impact on its financial statements in the period of its first implementation.

## Annexes to the financial statements (cont.)

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

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

The Group claims, that the standard amendment had no material impact on its financial statements in the period of its first implementation.

- **IAS 12 (amendment) 'Income Taxes'**

The amendment would specify how the assets and provisions for deferred tax should be measured in case of investment properties measured using the fair value model in IAS 40 'Investment Property'. The revised standard withdraws the interpretation of SIC-21 'Income tax – Recovery of Revalued Non-depreciable Assets'.

The Group claims, that the standard amendment had no material impact on its consolidated financial statements in the period of its first implementation.

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

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

The Group claims, that the standard amendment had no material impact on its financial statements in the period of its first implementation.

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

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

The Group claims, that the new interpretation had no material impact on its financial statements in the period of its first implementation.

- **Annual Improvements to International Financial Reporting Standards (2012)**

Improvements aims at streamlining and clarifying the standards.

The Group claims, that improvements had no material impact on its financial statements in the period of its first implementation.



## Annexes to the financial statements (cont.)

### Annex 2

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

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

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

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

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

- **IFRS 11 'Joint Arrangements'**

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

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

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

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

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

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

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

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

## Annexes to the financial statements (cont.)

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

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

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

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

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

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

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

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

- **IAS 32 (amendment) 'Financial Instruments: Presentation'**

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

The objective of this Standard is to address inconsistencies in requirements when applying the offsetting criteria for financial assets and liabilities.

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

## Annexes to the financial statements (cont.)

### Annex 3

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

- **IFRS 9 'Financial Instruments'**

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

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

Main changes resulting from the new standard include:

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

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

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

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

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

- **IAS 36 (amendment) „Impairment of Assets”**

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

When developing IFRS 13 "Fair Value Measurement", the IASB decided to amend IAS 36 to require disclosures about the recoverable amount of impaired assets.

The amendments clarify the IASB's original intention: that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

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

## Annexes to the financial statements (cont.)

- **IAS 39 (amendment)** „Financial Instruments: Recognition and Measurement”

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

The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

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

- **IFRIC 21** „Levies”

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

IFRIC 21 is an interpretation of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. The interpretation clarifies what is an event giving rise to the obligation to pay a levy.

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

# Annexes to the financial statements (cont.)

## Annex 4

### Glossary

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

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

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

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

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

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

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

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

**IBNR** – Incurred But Not Reported losses.

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

**LGD** – Loss Given Default.

**EAD** – Exposure At Default.

**EL** – Expected Loss.

**CCF** – Credit Conversion Factor.

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

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

## Annexes to the financial statements (cont.)

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

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