

**Report of  
Bank Pekao S.A. Group  
for the three quarters of  
2013**



## **Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013**



**Warsaw, November 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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# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 1 Highlights of Bank Pekao S.A. Group

	3 QUARTERS 2013	3 QUARTERS 2012	2012	2011
<b>INCOME STATEMENT (IN PLN MILLION) – SELECTED ITEMS*</b>				
Operating income	5,687.8	5,967.0	7,966.1	7,808.0
Operating costs	(2,644.8)	(2,747.4)	(3,622.9)	(3,671.7)
Operating profit	3,043.0	3,219.6	4,343.2	4,136.3
Profit before income tax	2,564.1	2,755.3	3,680.3	3,592.9
Net profit for the period attributable to equity holders of the Bank	2,062.7	2,213.1	2,955.7	2,899.4
<b>PROFITABILITY RATIOS</b>				
Return on average equity (ROE)	11.7%	13.4%	13.3%	14.2%
Net interest margin	3.3%	3.6%	3.6%	3.7%
Non-interest income / operating income	41.5%	39.1%	38.9%	40.6%
Cost / income	46.5%	46.0%	45.5%	47.0%
<b>STATEMENT OF FINANCIAL POSITION (IN PLN MILLION) – SELECTED ITEMS</b>				
Total assets	151,202.3	147,901.2	150,949.8	146,590.1
Net loans and advances to customers**	101,322.0	97,072.2	97,799.4	95,678.9
Amounts due to customers	110,537.5	106,821.9	107,992.6	108,437.0
Debt securities issued	2,611.8	5,389.5	4,758.7	3,043.9
Equity	23,014.3	22,393.3	23,458.8	21,356.9
<b>STATEMENT OF FINANCIAL POSITION STRUCTURE RATIOS</b>				
Net loans / total assets	67.0%	65.6%	64.8%	65.3%
Securities / total assets	18.2%	18.0%	19.4%	20.4%
Deposits*** / total assets	74.8%	75.9%	74.7%	76.0%
Net loans / deposits***	89.5%	86.5%	86.7%	85.8%
Equity / total assets	15.2%	15.1%	15.5%	14.6%
Capital Adequacy Ratio	19.4%	18.9%	19.0%	17.0%
<b>EMPLOYEES AND NETWORK</b>				
Total number of employees ****	18,826	19,882	19,816	20,357
Number of outlets (Bank Pekao S.A. and PJSC UniCredit Bank)	1,000	1,039	1,040	1,051
Number of ATMs (Bank Pekao S.A. and PJSC UniCredit Bank)	1,848	1,922	1,919	1,910

\* Income statement includes continuing and discontinued operations.

\*\* Including debt securities eligible for rediscounting at Central Bank and net investments in financial leases to customers.

\*\*\* Deposits include amounts due to customers and debt securities issued.

\*\*\*\* Starting from the first quarter of 2012 including Pekao Property S.A. as a result of consolidation of the company under the full method since that date.

Note: In connection with the disposal of 100% shares of PJSC UniCredit Bank on July 16, 2013, 3 quarters 2013 data concerning the selected items of statement of financial position, structure ratios of statement of financial position and employees and network are presented excluding UniCredit Bank. The 3 quarters 2013 data concerning selected items of income statement and profitability ratios are presented including UniCredit Bank results until July 15, 2013.

In the three quarters of 2013 in the income statement in a presentation form, to align the presentation to the standards implemented by the major Polish and European banks, gains on disposal of available for sale financial assets and held to maturity investments are reported under trading result (and thus in operating income, operating profit and respective ratios). In order to ensure comparability, data for the three quarters of 2012 and for the years 2011 and 2012 have been restated in comparison to those previously published.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 2 Highlights of Bank Pekao S.A.

	3 QUARTERS 2013	3 QUARTERS 2012	2012	2011
<b>INCOME STATEMENT (IN PLN MILLION) – SELECTED ITEMS</b>				
Operating income	5,431.6	5,676.2	7,523.4	7,318.1
Operating costs	(2,441.4)	(2,521.7)	(3,323.4)	(3,366.3)
Operating profit	2,990.2	3,154.5	4,200.0	3,951.8
Profit before income tax	2,617.5	2,753.2	3,608.9	3,449.5
Net profit for the period	2,137.0	2,251.1	2,938.2	2,826.4
<b>PROFITABILITY RATIOS</b>				
Return on average equity (ROE)	12.4%	14.0%	13.5%	14.2%
Net interest margin	3.2%	3.5%	3.5%	3.6%
Non-interest income / operating income	39.9%	37.5%	37.6%	39.0%
Cost / income	44.9%	44.4%	44.2%	46.0%
<b>STATEMENT OF FINANCIAL POSITION (IN PLN MILLION) – SELECTED ITEMS</b>				
Total assets	148,037.7	143,852.1	147,262.1	142,390.0
Net loans and advances to customers*	98,157.1	93,663.7	94,847.9	92,143.2
Amounts due to customers	110,352.4	106,380.5	108,104.5	108,004.7
Debt securities issued	1,788.9	4,685.6	3,966.1	2,402.6
Equity	22,410.0	21,897.1	22,911.7	20,798.7
<b>STATEMENT OF FINANCIAL POSITION STRUCTURE RATIOS</b>				
Net loans / total assets	66.3%	65.1%	64.4%	64.7%
Securities / total assets	18.5%	18.5%	19.8%	21.0%
Deposits** / total assets	75.8%	77.2%	76.1%	77.5%
Net loans / deposits**	87.5%	84.3%	84.6%	83.5%
Equity / total assets	15.1%	15.2%	15.6%	14.6%
Capital Adequacy Ratio	19.4%	18.5%	18.7%	16.6%
<b>EMPLOYEES AND NETWORK</b>				
Total number of employees	17,068	17,522	17,433	17,921
Number of outlets	1,000	1,000	1,001	1,002
Number of ATMs	1,848	1,848	1,845	1,817

\* Including debt securities eligible for rediscounting at Central Bank.

\*\* Deposits include amounts due to customers and debt securities issued.

Note: In the three quarters of 2013 in the income statement in a presentation form, to align the presentation to the standards implemented by the major Polish and European banks, gains on disposal of available for sale financial assets and held to maturity investments are reported under trading result (and thus in operating income, operating profit and respective ratios). In order to ensure comparability, data for the three quarters of 2012 and for the years 2011 and 2012 have been restated in comparison to those previously published.

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## 3 Summary of Performance

Net profit of Bank Pekao S.A. Group attributable to equity holders for the three quarters of 2013 amounted to PLN 2,062.7 million and was lower by PLN 150.4 million, i.e. 6.8% (lower by PLN 139.2 million, i.e. 6.4% in comparable terms) in comparison to the three quarters of 2012.

The Group's operating profit reported for the three quarters of 2013 was lower by 5.5% in comparison to the three quarters of 2012 (lower by 4.5% in comparable terms) as a result of lower operating income, mainly net interest income remaining under negative influence of decreasing interest rates, partially compensated by lower operating costs. The Bank's operating results are showing better resilience than the banking sector in the conditions of economic downturn and significant pressure on interest margin.

The strength of the capital and liquidity structure of Bank Pekao S.A. Group is reflected by a capital adequacy ratio of 19.4% and net loans to deposits ratio at the level of 89.5% at the end of September 2013. This enables for further sound and stable development of the Group's activities.

The Bank continued its policy of offering only PLN mortgage loans. The residual stock of mortgage loans denominated in foreign currencies, almost entirely acquired as a result of the merger of the spun-off part of Bank BPH SA in 2007, represents 5.1% of total loans of the Bank.

- In the three quarters of 2013, the Group's operating income amounted to PLN 5,687.8 million, a decrease of PLN 279.2 million, i.e. 4.7% (a decrease of PLN 226.6 million, i.e. 3.9% in comparable terms) in comparison with the three quarters of 2012 due to lower total net interest income, dividend income and income from equity investments.
- Total net interest income, dividend income and income from equity investments in the three quarters of 2013 amounted to PLN 3,329.0 million and decreased by PLN 305.7 million, i.e. 8.4% (decreased by PLN 271.8 million, i.e. 7.7% in comparable terms) in comparison with the three quarters of 2012, remaining under market-wide pressure of decreasing interest rates. In the three quarters of 2013 average WIBOR 3M rate stood at the level of 3.15%, and was lower by 187 bps than in the three quarters of 2012.
- The Group's net non-interest income in the three quarters of 2013 amounted to PLN 2,358.8 million, an increase of PLN 26.5 million, i.e. 1.1% (an increase of PLN 45.2 million, i.e. 2.0% in comparable terms) in comparison with the three quarters of 2012 mainly thanks to increase in net fee and commission income by 1.2% (increase by 1.7% in comparable terms) in this period.
- In the three quarters of 2013, the operating costs were kept under control and amounted to PLN 2,644.8 million. They were lower than the operating costs in the three quarters of 2012 by PLN 102.6 million, i.e. 3.7% (lower by PLN 85.4 million, i.e. 3.2% in comparable terms).
- The Group's net impairment losses on loans and off-balance sheet commitments amounted to PLN 494.4 million in the three quarters of 2013, an increase of PLN 11.9 million, i.e. 2.5% (an increase of PLN 32.0 million, i.e. 7.0% in comparable terms) as compared with the three quarters of 2012, reflecting weaker macroeconomic environment.

As at September 30, 2013, the ratio of impaired receivables to total receivables amounted to 7.3% and was at the same level in comparison to the end of 2012.

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Note: Comparable terms, i.e. excluding results of PJSC UniCredit Bank in both periods in connection with the disposal of 100% shares of the entity on July 16, 2013.  
In the three quarters of 2013 in the income statement in a presentation form, to align the presentation to the standards implemented by the major Polish and European banks, gains on disposal of available for sale financial assets and held to maturity investments are reported under trading result and thus in operating profit, operating income and net non-interest income. In order to ensure comparability, data for the three quarters of 2012 have been restated in comparison to those previously published.

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- As at the end of September 2013, the total amounts due to the Group's customers and debt securities issued amounted to PLN 113,149.3 million, an increase of PLN 398.0 million (0.4%) in comparison to the end of 2012.

The total volume of retail customers deposits, Structured Certificates of Deposit and other amounted to PLN 49,319.9 million at the end of September 2013, decrease of PLN 438.3 million (0.9%) in comparison to the end of 2012. The value of net assets of investment funds managed by Pioneer Pekao TFI S.A. amounted to PLN 16,490.2 million at the end of September 2013, an increase of PLN 1,525.0 million (10.2%) in comparison to the end of 2012.

The total volume of corporate customers deposits, repo and sell-buy-back transactions, Certificates of Deposit, Pekao Bank Hipoteczny S.A. covered bonds, interest and other amounted to PLN 63,829.4 million at the end of September 2013, an increase of PLN 836.3 million (1.3%) as compared to the end of 2012.

- As at the end of September 2013, the volume of retail loans amounted to PLN 43,176.9 million, an increase of PLN 2,692.0 million (6.6%) in comparison to the end of 2012.

The volume of corporate loans, non-quoted securities, reverse repo transactions and securities issued by non-monetary entities increased by PLN 918.0 million (1.5%) as compared to the end of 2012 and amounted to PLN 63,597.2 million at the end of September 2013.

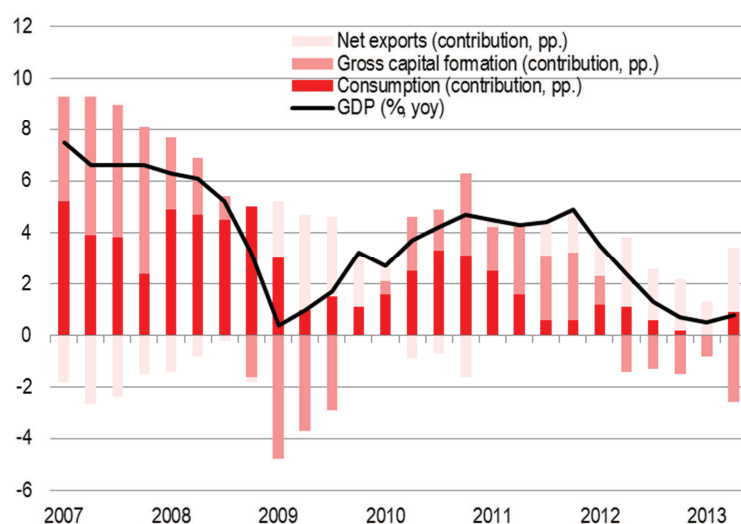
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## 4 External Environment

### Economic growth

The GDP growth in the second quarter of 2013 amounted to 0.4% quarter on quarter and 0.8% year on year, in line with preliminary estimates of the Central Statistical Office and against growth by 0.5% year on year in the first quarter of 2013. Private consumption rose in the second quarter by 0.2% year on year against growth by 0% year on year in the first quarter. Gross fixed capital formation fell by 3.2% year on year against a decline by 2.1% year on year in the previous quarter. Domestic demand growth decreased by -1.7% year on year compared with -0.9% year on year in the first quarter. Despite stronger than in the previous quarter decline in domestic demand, the GDP growth improved thanks to a strong growth in exports, which increased in the second quarter by 3.2% year on year against a rise by 1.3% year on year in the first quarter. Imports dynamics in the second quarter amounted to -1.9% year on year against -1.6% year on year in the first quarter, which compared to growth of aggregate consumption allows for conclusion that like in the entire 2012 it is still observed an increase in consumption of domestic goods and a drop in demand for imported goods. Net exports contribution to the GDP growth in the second quarter amounted to 2.5 p.p. against 1.3 p.p. in the first quarter. Change in inventories contributed negatively to the GDP growth in the amount of -2.0 p.p. against negative contribution of -0.5 p.p. in the first quarter.

Available monthly data on industrial production, construction output and retail sales indicate that in the third quarter of 2013, an increase in economic activity was recorded. Improving economic indicators signal the possibility of continued gradual economic recovery in the coming quarters. Its source may be stronger growth in exports following increasing orders from German economy. It is worth noting that higher sales on external markets makes exporters reduce competitive pressure on domestic market as well as generate demand for domestic intermediate goods, which will contribute to growth in economic activity of non-exporting firms.





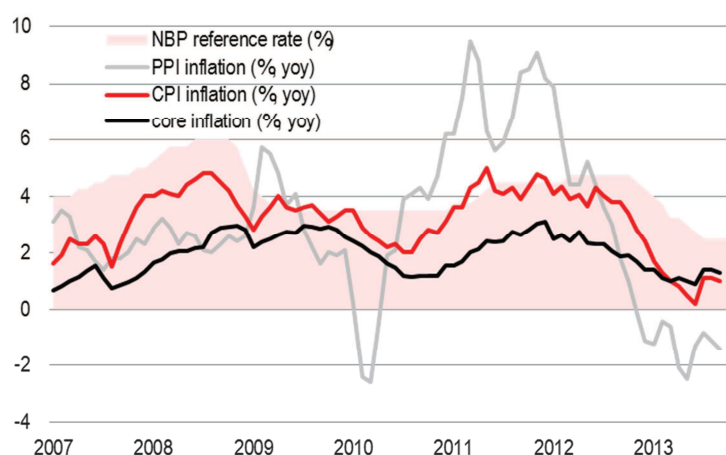
# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## Inflation and monetary policy

Inflation declined in June 2013 to the lowest level this year of 0.2% year on year and then rose again and during July and August stood at 1.1% year on year. A rise in inflation was a consequence of both higher growth in food and dwellings prices. In September, the CPI index decreased to 1.0% year on year and was driven by the reduction of fees for the nursery.

In the last quarter of 2013 it should be expected a slight increase in inflation but inflation in December 2013 is likely to remain below the bottom of allowed range of deviations from the NBP inflation target and will stay ca. 1.5% year on year. Stronger acceleration in inflation should be expected at the beginning of 2014, due to the low base in early 2013 resulting from cuts in gas prices for households. In the first half of 2014 years, inflation is likely to return to the level of the NBP inflation target.

In July 2013, the Monetary Policy Council (MPC) completed a series of interest rate cuts started in November 2012. The reference rate was reduced to 2.5%. The Monetary Policy Council declared that interest rates should be kept unchanged at least until the end of the year. In the opinion of the MPC current level of interest rates will support the return of inflation to the target in the medium term.

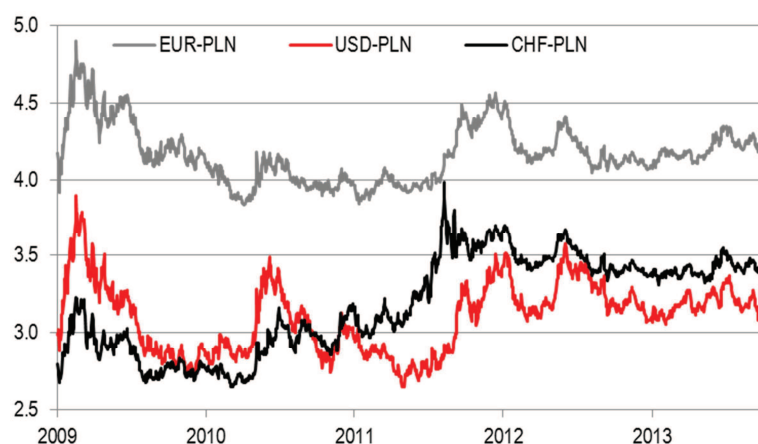


# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## Currency exchange rate

In the third quarter of 2013, the Polish zloty appreciated against the euro, however in the meantime the EUR/PLN and USD/PLN set yearly peaks of 4.35 and 3.38 respectively. The zloty weakening at the beginning of the quarter was linked to rising market expectations that in September the American Federal Reserve Bank (the Fed) might start tapering its assets purchases within currently pursued third round of quantitative easing. Part of the market participants expected that such a move could potentially trigger foreign capital outflow from emerging markets, including Poland. However, the Fed refrained from declaring any turnaround in its monetary policy, which resulted in substantial appreciation of the zloty to the level of 4.22 against the euro and 3.12 against American dollar at the end of September. The zloty appreciation was also fostered by signs of economic recovery in Poland. At the same time planned changes to the Open Pension Funds (OFE) functioning did not have negative impact on the perception of the domestic currency. The end of monetary easing cycle announced by the Monetary Policy Council (MPC) should support the zloty. During the third quarter of 2013 the zloty gained ca. 2.6% against the euro and ca. 5.9% against the American dollar.

Directions of main global central banks' monetary policies remain a key factor for the foreign exchange market. Fed's assets purchases tapering is only a matter of time and may put some downward pressure on the zloty in the future. At the same time Poland's favourable perception against the regions' background is relative positive, what may reduce the scale of negative impact, while further signs of economic recovery may strengthen the zloty in the coming months. It is expected that at the end of 2013 the zloty may be traded close to 4.12 against the euro.

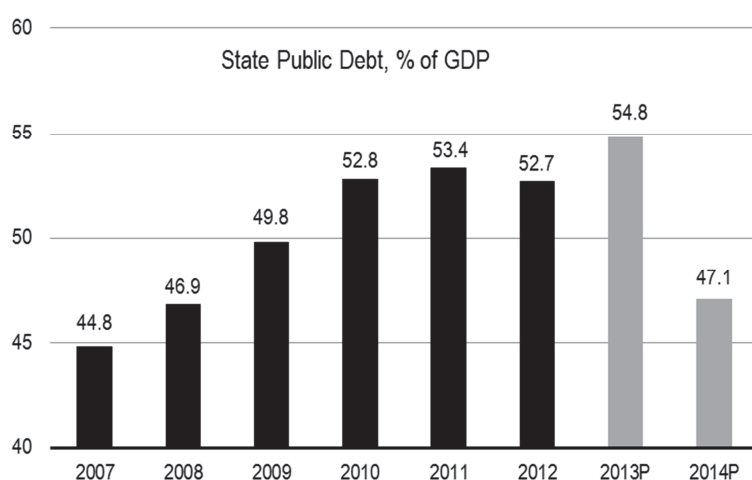


# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## Fiscal policy

In line with earlier announcements the government amended 2013 budget act rising the deficit limit from PLN 35.6 billion to PLN 51.6 billion. Budget act amendment has been accepted by the parliament and signed by the President of Poland. State budget revenues are currently estimated at PLN 275.7 billion i.e. PLN 23.7 billion lower than in the original budget act. At the same time planned expenditures were reduced from PLN 335.0 billion to PLN 327.3 billion (down by PLN 7.7 billion). As a consequence of higher budget imbalance net state borrowing needs are expected to amount to PLN 66.6 billion against PLN 45.7 billion envisaged in the original 2013 budget act. The Council of Ministers also approved 2014 budget bill. The deficit is planned at PLN 47.7 billion. The bill assumes savings stemming from planned move of some pension contributions from Open Pension Funds (OFE) what in turns should reduce 2014 net borrowing needs by ca. PLN 16.5 billion according to The Public Finance Sector Debt Management Strategy in the years 2014-2017. The 2014 budget draft assumes net borrowing needs next year at the level of PLN 55.4 billion i.e. PLN 11.2 billion lower than planned for 2013. That means that fiscal policy is to remain expansionary. The Ministry of Finance foresees the public finance sector deficit to rise from 2.4% of the GDP in 2012 to 4.1% of the GDP in 2013 and 3.6% of the GDP in 2014. As far as the deficit of government and local government (general government – ESA95) is concerned, the government estimates for the coming year a surplus of 4.5% of the GDP due to the fact that planned changes in pension scheme and transfer of financial assets from OFE to Social Security (ZUS) will be treated as one-time capital transfer.

At the end of June 2013 the state public debt amounted to PLN 888.1 billion (55.2% of the GDP) and since the end of 2012 it rose by PLN 47.6 billion. It is a high probability that the state public debt at the end of 2013 might exceed the second prudential limit of 55% of the GDP, however it would not trigger austerity provisions required by the public finance act as debt adjusted for financial resources at the disposal of the Minister of Finance is to be below the 55% threshold. The rise in the state public debt was driven by growing indebtedness of the central budget, which debt rose by PLN 49.8 billion. The local government debt decreased by PLN 1.2 billion, and the social security sector debt decreased by PLN 0.9 billion. The domestic debt increased by PLN 39.7 billion and the foreign debt (according to the place of issue) rose by PLN 7.9 billion. According to The Public Finance Sector Debt Management Strategy in the years 2014-2017 the state public debt will be at 54.8% of the GDP at the end of 2013 and at 47.1% of the GDP at the end of 2014. Planned drop in the public debt in 2014 is to arise from shifting government securities held by OFE to the public sector. The general government and local government debt (ESA95) amounted to PLN 937.4 billion (58.3% of the GDP) at the end of June 2013 and according to official government forecast the general government debt at the end of 2013 will be at the level of 58.0% of the GDP while at the end of 2014 will decline to the level of 49.9% of the GDP.



Source: The Public Finance Sector Debt Management Strategy in the years 2014-2017

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

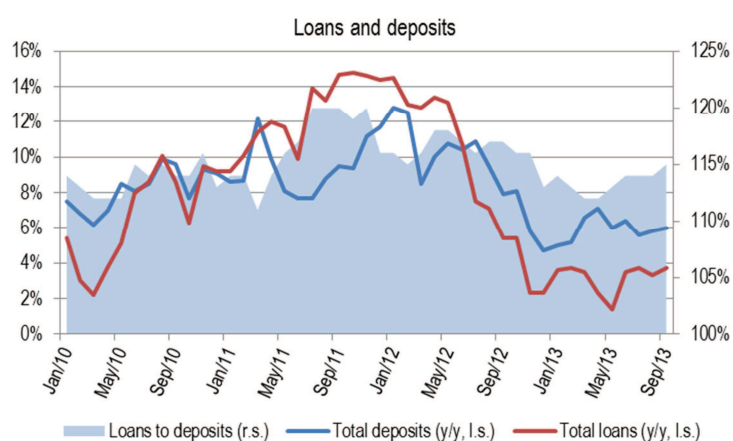
## Banking sector

According to the NBP data, in the first nine months of 2013 core activity results of the banking sector deteriorated in comparison to the corresponding period of previous year; in January – September 2013 a decline in the result on the banking activity has been noted by 6.5% year on year. Reduction in the result on banking activity was mainly a consequence of strong decline in net interest income (-7.6% year on year), which resulted from series of interest rate cuts made by the MPC. Deterioration of results was also visible in income from dividends (decrease by 20% year on year) and net income from fees and commissions (-1.1% year on year). Negative effects of deterioration of the banking activity result were offset by significantly lower impairment losses and cost of other provisions (-23.9% year on year). A higher profit from other operating activities (+19.4% year on year) as well as a decrease in banks' operating costs (-0.2% year on year) were – next to the lower costs of risk - positively contributed to banking sector's financial performance during this period. Net profit for the first nine months of 2013 decreased by -2.5% year on year to the level of PLN 11.8 billion.

At the end of August 2013, assets of the Polish banking sector amounted to PLN 1,400.3 billion and were 5.7% higher than year ago. Deposits of non-financial sector increased during this period by 7.1% year on year, while its loans grew by 2.8% year on year.

According to the NBP data in September 2013 the growth of household loans was equal to 4.4% year on year. Corporate loans recorded an increase of 0.2% year on year. Corporate and household loan volumes have been still influenced by the economic downturn and limited propensity to consume and invest.

At the end of September 2013, household deposits were 6.4% higher than last year. Their decreasing pace of growth is due to low interest rates and greater propensity to change the structure of savings towards more risky assets (e.g. mutual funds, shares). The pace of growth in corporate deposits has been increasing gradually (7.3% year on year in September), reflecting a gradual improvement in financial situation of the corporate and their still limited investment activity.



# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 5 Internal Factors

### 5.1 Description of the Group

The Group's structure is presented in the Notes to the Condensed Consolidated Interim Financial Statements of Bank Pekao S.A. Group for the three quarters of 2013.

### 5.2 Changes in the Group's structure

#### **Sale of the company**

In the current report no. 28/2013, the Management Board of Bank Pekao S.A. announced that on July 16, 2013 the Bank sold 653,507,670 common shares of PJSC UniCredit Bank based in Kiev, Ukraine at the nominal value of UAH 1 per share, with total nominal value of UAH 653,507,670 comprising 100% of shareholding capital of PJSC UniCredit Bank and carrying 100% of votes in the Shareholders' Meeting of PJSC UniCredit Bank to UniCredit S.p.A., based in Rome, at the price for the shares in the gross amount of USD 166.35 million plus the amount, after certification by external auditor, of cumulative consolidated net profit of the period from October 1, 2010 to July 16, 2013.

Transaction will further reinforce capital ratios of the Bank. Existing funding granted by the Bank to PJSC UniCredit Bank will be gradually reimbursed during period not exceeding 4 years. The purchaser of the shares is the dominating entity to the Bank. The sale of shares by the Bank is a result of Bank's focus on the business in the domestic market.

Impact of the transaction on Bank Pekao S.A. Group results and financial situation was presented in the Note to the Condensed Consolidated Interim Financial Statements of Bank Pekao S.A. Group for the three quarters of 2013.

#### **Merger of the companies**

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.

The register of the merger did not change the share of Bank Pekao S.A. in Pekao Property S.A. or the number of shares in this company.

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. Changes in the Statutory Bodies of the Bank.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 5.3 Changes in the Statutory Bodies of the Bank

### Supervisory Board

The Ordinary General Meeting of Bank Pekao S.A. held on June 12, 2013 appointed Ms. Małgorzata Adamkiewicz as a member of the Supervisory Board for current, common term of office.

Composition of the Supervisory Board:

SEPTEMBER 30, 2013	DECEMBER 31, 2012
Jerzy Woźnicki Chairman of the Supervisory Board	Jerzy Woźnicki Chairman of the Supervisory Board
Roberto Nicastro Deputy Chairman of the Supervisory Board	Roberto Nicastro Deputy Chairman of the Supervisory Board
Leszek Pawłowicz Deputy Chairman of the Supervisory Board	Leszek Pawłowicz Deputy Chairman of the Supervisory Board
Alessandro Decio Secretary of the Supervisory Board	Alessandro Decio Secretary of the Supervisory Board
Małgorzata Adamkiewicz Member of the Supervisory Board	Paweł Dangel Member of the Supervisory Board
Paweł Dangel Member of the Supervisory Board	Laura Penna Member of the Supervisory Board
Laura Penna Member of the Supervisory Board	Wioletta Rosołowska Member of the Supervisory Board
Wioletta Rosołowska Member of the Supervisory Board	Doris Tomanek Member of the Supervisory Board
Doris Tomanek Member of the Supervisory Board	

### Management Board of the Bank

On March 12, 2013, the Management Board of Bank Pekao S.A. published in the current report No. 12/2013 that Mr. Marco Iannaccone resigned from the function of Vice President of the Management Board of the Bank, effective from March 31, 2013.

On March 12, 2013, the Supervisory Board of the Bank appointed, effective from April 1, 2013, Mr. Stefano Santini as Vice President of the Management Board of Bank Pekao S.A. for the current, common term of office of the Management Board of the Bank.

The Supervisory Board of Bank Pekao S.A. at the meeting held on June 12, 2013 appointed the Members of the Management Board of the Bank for a new common term of office, lasting three years beginning as of June 13, 2013.

Composition of the Management Board:

SEPTEMBER 30, 2013	DECEMBER 31, 2012
Luigi Lovaglio President of the Management Board, CEO	Luigi Lovaglio President of the Management Board, CEO
Diego Biondo Vice President of the Management Board	Diego Biondo Vice President of the Management Board
Andrzej Kopyrski Vice President of the Management Board	Marco Iannaccone Vice President of the Management Board
Grzegorz Piwowar Vice President of the Management Board	Andrzej Kopyrski Vice President of the Management Board
Stefano Santini Vice President of the Management Board	Grzegorz Piwowar Vice President of the Management Board
Marian Ważyński Vice President of the Management Board	Marian Ważyński Vice President of the Management Board

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 5.4 The Bank's shareholding structure

As at September 30, 2013, the share capital of Bank Pekao S.A. amounted to PLN 262,470,034 and it was divided into 262,470,034 shares.

On the date of submitting the report, the share capital of the Bank remained unchanged. The share of UniCredit S.p.A., Aberdeen Asset Management PLC and other shareholders in the share capital and the total number of votes at the General Meeting amounts for 50.10%, 5.03% and 44.87% respectively.

All the existing shares are ordinary bearer shares. There are no special preferences or limitations connected with the shares, or differences in the rights attached to them. The rights and obligations related to the shares are defined by the provisions of the Polish Commercial Companies Code and other applicable laws.

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

SHAREHOLDER'S NAME	NUMBER OF SHARES AND VOTES AT THE GENERAL MEETING	SHARE IN SHARE CAPITAL AND TOTAL NUMBER OF VOTES AT THE GENERAL MEETING	NUMBER OF SHARES AND VOTES AT THE GENERAL MEETING	SHARE IN SHARE CAPITAL AND TOTAL NUMBER OF VOTES AT THE GENERAL MEETING
	SEPTEMBER 30, 2013		DECEMBER 31, 2012	
UniCredit S.p.A.	131,497,488	50.10%	155,433,755	59.22%
Aberdeen Asset Management PLC	13,194,683	5.03%	13,194,683	5.03%
Other shareholders	117,777,863	44.87%	93,841,596	35.75%
<b>Total</b>	<b>262,470,034</b>	<b>100.00%</b>	<b>262,470,034</b>	<b>100.00%</b>

On February 1, 2013 Management Board of Bank Pekao S.A. published in the current report No. 7/2013 information that the Bank received the notification from UniCredit S.p.A. with its registered office in Rome, about decreasing of the total number of votes at the General Meeting of the Bank as the result of the sale of 23,936,267 shares in the Bank constituting 9.12% in the total number of votes at the General Meeting of the Bank, through a sale order executed on January 31, 2013 via off-session transactions concluded on the Warsaw Stock Exchange S.A. according to the Secondary Placing Agreement made on January 29, 2013.

The Bank has not received any other notifications regarding changes in the ownership structure in accordance with art. 69 of the Act of July 29, 2005 on Public Offerings and Conditions Governing the Introduction of Financial Instruments to an Organized System of Trading, and on Public Companies.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 5.5 Financial credibility ratings

Bank Pekao S.A. is rated by three leading ratings agencies: Fitch Ratings, Standard and Poor's, and Moody's Investors Service. In the case of the first two, the ratings are provided on a solicited basis under agreements signed and with respect to Moody's Investors Service, the ratings are unsolicited and they are based on publicly available information and review meetings.

The Bank's ratings in the third quarter of 2013 remained at a very high level.

As at September 30, 2013, Bank Pekao S.A.'s creditworthiness was rated as follows:

<b>FITCH RATINGS</b>	<b>BANK PEKAO S.A.</b>	<b>POLAND</b>
Long-term rating (IDR)	A-	A-
Short-term rating	F2	F2
Viability rating	a-	-
Support rating	2	-
Outlook	Stable	Stable
<b>STANDARD AND POOR'S RATINGS SERVICES</b>	<b>BANK PEKAO S.A.</b>	<b>POLAND</b>
Long-term rating	BBB+	A-
Short-term rating	A-2	A-2
Stand-alone credit profile	bbb+	bbb*
Outlook	Stable	Stable
<b>MOODY'S INVESTORS SERVICE LTD. (UNSOLICITED RATING)</b>	<b>BANK PEKAO S.A.</b>	<b>POLAND</b>
Long-term foreign-currency deposit rating	A2	A2
Short-term deposit rating	Prime-1	Prime-1
Financial strength	C-	-
Outlook	Negative	Stable/Negative**

\* Banking Industry Country Risk Assessment (BICRA).

\*\* Stable for Poland and Negative for the Polish banking sector. On October 10, 2013 Moody's Investors Service upgraded ratings outlook for Polish banking sector to Stable. Financial strength is rated at D+ level.

Bank Pekao S.A. has the highest Viability rating assigned by Fitch Ratings, the highest Stand-Alone Credit Profile rating assigned by Standard & Poor's and the highest Financial strength rating assigned by Moody's Investors Service among banks rated by these agencies in Poland. All above mentioned agencies confirmed high level of creditworthiness of Bank Pekao S.A. in 2013 before the date of submitting this report.

Fitch Ratings agency assigned the "A" rating to the covered bonds issued by Pekao Bank Hipoteczny S.A., a 100% subsidiary of Bank Pekao S.A. It is the highest rating ever awarded to the Polish debt securities issued by a private company. The reasons underlying the Agency's decision included the high rating assigned to Pekao Bank Hipoteczny S.A. (A-), legal regulations pertaining to the covered bonds collateral register, and the excess of collateral over the volume of bonds in issue, as declared by the bank. The rating was also confirmed by the Agency in November 2013. The high rating assigned to the covered bonds confirms Pekao Bank Hipoteczny's ability to issue securities offering a high level of security and raise long-term capital to fund its lending activity.



# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 5.6 Achievements of Bank and Bank Pekao S.A. Group

Bank Pekao S.A. is a universal commercial bank providing a full range of banking services to individual and institutional clients, mainly in Poland. Bank Pekao S.A. Group includes financial institutions operating in banking, asset management, pension funds, brokerage services, leasing and factoring markets.

### Distribution channels

The Bank offers to its clients a broad distribution network with ATMs and outlets conveniently located throughout Poland.

	30.09.2013	31.12.2012
Total number of outlets	1,000	1,001
Total number of own ATMs	1,848	1,845

The Bank's clients can also make commission-free cash withdrawals from more than 4 thousand of domestic network of Euronet ATMs as well as European network of the UniCredit Group ATMs.

As at the end of September 2013, the Bank maintained 5,447.0 thousand PLN-denominated current accounts, 261.0 thousand mortgage loan accounts and 652.9 thousand consumer loan accounts.

	30.09.2013	31.12.2012
Total number of PLN current accounts*	5,447.0	5,305.4
of which packages	3,730.9	3,629.9
Number of mortgage loans accounts**	261.0	246.0
of which PLN mortgage loans accounts	219.5	202.5
Number of consumer loan accounts ***	652.9	676.1

\* Number of accounts including accounts of pre-paid cards.

\*\* Retail customers accounts.

\*\*\* "Pożyczka Ekspresowa"(Express Loan).

### Individual clients

In the third quarter of 2013, the Bank was focused on the consistent acquiring of new customers and sale of personal accounts. Number of new customers acquired in the third quarter of 2013 amounted to 125.6 thousand, i.e. growth by 27% in comparison to the second quarter and nearly double growth in comparison to the first quarter of 2013. The average daily number of new acquired customers in the third quarter of 2013 amounted to 1,933.

In June 2013, promoting innovations and modernity, the Bank offered to clients recent mobile solution – comprehensive system of mobile payments and payments acceptance PeoPay. PeoPay application can be used both by the Bank's customers and by customers who do not have an account at Bank Pekao S.A. The application enables execution of fast payments between users, the Internet payments and non-cash payments in shops and points of service branded with PeoPay logo. In the third quarter of 2013, the PeoPay application was enhanced by a new functionality, i.e. the opportunity to withdraw cash from ATMs of Bank Pekao S.A. Moreover, network of PeoPay payments acceptance was expanded.

In the third quarter of 2013, the Bank accompanied its customers in a number of cultural and sport mass events promoting its modern package of mobile solutions.

The Bank, in co-operation with the Great Orchestra of Christmas Charity, prepared for the consecutive time a dedicated prepaid card with the image of Woodstock Music Festival and ensured the ability to make mobile payments using the PeoPay application in all terminals located at the festival.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

During the Pekao Szczecin Open tennis tournament, the Bank strongly emphasized its presence on local market and promoted Master Offer of Eurokonto (Mistrzowska Oferta Eurokonta), Express Loan (Pożyczka Ekspresowa), housing loan and attractive discount offer given by the partners of Discount Program.

In September 2013, the Bank launched autumn marketing campaign promoting personal accounts for young persons – from 13 to 25 years of age. The Bank was focused on local actions, mainly in schools and universities and promoted secure PeoPay mobile payments.

In addition, in the third quarter of 2013, the Bank introduced to its offer a new saving account for children "My Treasure" ("Mój Skarb"). The new account which is opened on behalf of the child by the parents allows to safely explore finance and enables efficient saving even small amounts.

In the area of the Premium Personal Banking, the Bank continued systematical competences increase of Personal Advisers in order to ensure efficient realization of all financial needs expressed by customers. Assistance of certified Personal Adviser concentrates in particular on the customer support in the area of individual management of finance and ensuring an adequate customer's satisfaction with relationship with the Bank.

## **Loans**

The Bank continued its policy of offering only PLN mortgage loans. In the third quarter of 2013, the Bank reported growth in sale of mortgage loans by more than 18% in comparison to the second quarter of 2013 and by 6.5% in comparison to the third quarter of 2012. In September 2013, the Bank's share in the sale of mortgage loans market in Poland exceeded 19%.

The mortgage loans offer was being updated and adjusted to changing market conditions and needs. The advantages of Bank Pekao S.A.'s mortgage loans offer are fast credit decision, attractive financing conditions and competent advisers supporting customers in the process of loan granting. The Bank took a number of promotional activities, including promotional campaigns in the Internet and internal channels, prepared special offer of short-term local actions as well as participated on a regular basis in real estate fairs organized all over the country.

In the area of cash loans, the Bank realized strategy of consequent strengthening of its position on the consumer goods financing market while maintaining a balanced credit risk policy and providing customers with the highest level of satisfaction. The Bank conducted marketing activities using its knowledge and potential of local markets and actively promoted cash loan in the Internet. Efficient process, transparent rules of loans granting as well attractive financing conditions guaranteed the competitiveness of the cash loans offer. The clients taking loan have possibility to use insurance coverage within the available insurance packages allowing to adjust the offer to the individual needs.

## **Saving and investment products**

In the third quarter of 2013, the Bank enhanced its offer by a new investment fund Pioneer Pieniężny Plus. The new fund enables investing, first of all, in instruments with short-term maturity and is safer than a typical bonds fund.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## **Pioneer Pekao Investment Management S.A. - PPIM**

As at September 30, 2013, the net asset value of investment funds under the management of Pioneer Pekao TFI S.A. (a company managed by Pioneer Pekao Investment Management S.A. in which the Bank holds a 49% share), amounted to PLN 16,490.2 million, an increase of PLN 1,525.0 million (10.2%) as compared to the end of 2012.

As at the end of September 2013, PPIM maintained 946.4 thousand open customer accounts (increase by 0.8% in comparison to the end of 2012), managing portfolios of 38 investment funds and sub-funds.

The value of net assets of investment funds managed by Pioneer Pekao TFI S.A. is presented in the table below.

	(in PLN million)	
	30.09.2013	31.12.2012
<b>Net asset value</b>	<b>16,490.2</b>	<b>14,965.2</b>
bond and money market funds	9,804.1	8,216.8
balanced funds	3,715.6	4,064.1
equity funds	2,970.5	2,684.3

## **Brokerage activity**

Bank Pekao S.A. Group offers a wide range of capital market products and services through retail brokerage entities: Dom Maklerski Pekao (Dom Maklerski), a subsidiary Centralny Dom Maklerski Pekao S.A. (CDM) and associated entity Dom Inwestycyjny Xelion Sp. z o.o. (Xelion).

As at the end of September 2013, the brokerage entities maintained over 359 thousand investment accounts, which was over 24% share in total of investment accounts according to data of The National Depository for Securities (KDPW). The main group of individual investors were customers using the Group's brokerage services through remote channels, in particular through the Internet.

As at the end of September 2013, the total value of assets deposited on investment accounts run by the Group's brokerage entities amounted to PLN 24.4 billion.

In the third quarter of 2013, the Group's brokerage entities were focused on attracting new customers. In August 2013, CDM took the first place in terms of a number of newly opened investment accounts. CDM and Dom Maklerski were also included in the top ten list of brokerage entities ranking in the assessment of individual investors published by the Forbes magazine.

## **Small and micro enterprises (SME)**

In the third quarter of 2013, the Bank was focused on the consistent acquiring of new customers and strengthening of relationships with existing customers. The Bank acquired nearly 10 thousand of new customers, i.e. growth by 23% in comparison to the second quarter and growth by 69% in comparison to the first quarter of 2013.

In the third quarter of 2013, the Bank has developed an acceptance network of PeoPay mobile payments and promoted its innovative products mainly among customers in trade and services sector. Entrepreneurs can install PeoPay mPOS application on smartphone free of charge to accept non-cash payments.

In September 2013, the Bank's offer was extended by new package – Mój Biznes Mobilny (My Mobile Business) addressed to the clients looking for innovative and attractive in terms of price solutions. Mój Biznes Mobilny package (debit card, payments, cash withdrawals from ATMs in Poland) allows customers who prefer account service through the Internet and mobile applications to manage the business in a modern way.

In the lending area, the Bank allows customers to use preferential investment and operating loans guaranteed by European Investment Fund (EIF) within the framework of Risk Sharing Instrument EU program. The preferential credit line agreement with the EIF is dedicated for financing innovative projects and businesses.

Moreover, the Bank actively participated in realization of "de minimis" guarantee governmental scheme. In the period of May – September 2013 the Bank granted 2,789 loans with "de minimis" guarantee for the amount of PLN 553 million, reaching 13.2% share in the market.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## Private Banking

In the area of Private Banking, in the third quarter of 2013, the Bank focused on activities aiming at attracting new customers and offering investment and insurance solutions.

The Bank's offer was enhanced by new insurance and investment product dedicated exclusively to the Private Banking clients – "Plan Inwestycyjny Prestiż" (Prestige Investment Plan) which allows to invest in a various investment funds and/or model portfolios with insurance, legal and tax additional benefits. Thanks to the Bank's co-operation with TU Allianz Życie Polska S.A., "Plan Inwestycyjny Prestiż" guarantees high quality of the offer and access to a wide range of insurance equity funds offer, financial security, protection of capital and tax efficient and flexible investment solutions enabling easy access to invested funds.

The Private Banking customers were offered also new subscription of structured deposit "Indeks na Zysk" – 18-month term deposit based on WIBOR 3M index.

Business meetings with clients organized by the Bank in co-operation with Pioneer Pekao TFI S.A. contributed to extend the knowledge of investment possibilities in current market situation and to increase satisfaction of customers with co-operation with the Bank.

Moreover, the Bank conducted sponsoring activities, including football Champions League, which allowed to strengthen relationships with the customers.

## Corporate clients

In the third quarter of 2013, the Bank enhanced its offer for corporate clients by introducing new products and expanding functionalities to existing products, through among the others:

- launching of new deposit products – "Intro LOKATA" and "Intro LOKATA PLUS" which allows customer to invest funds on many term deposit accounts, in many currencies and with different maturities,
- opportunity of individual visualization of MasterCard Corporate Prepaid Pekao, which enhances building company brand awareness among the employees and increases recognition of the company on the local and national market,
- expanding of system PekaoBIZNES<sup>24</sup> functionalities allowing automated transfers between customer accounts held at the Bank and flexible management of funds collected on many accounts.

In the third quarter of 2013, thanks to attractive offer in the area of transactional banking the Bank reported 8% growth in volume of domestic external payments in comparison to the second quarter of 2013 (market dynamic in that period stood at the level of 5%).

In the area of structured finance, in the third quarter of 2013 the Bank was an agent of consortium financing one of the largest project of commercial real estate sector realized in Poland which the total amount of the financing exceeded PLN 900 million.

In the third quarter of 2013, the Bank consequently strengthened its leading position in public sector financing, participating in the current and direct financing of the local governments in Poland as well as in structuring of infrastructure projects in this sector. The Bank won tenders for current financing of another voivodeship. Currently, the Bank provide budgets servicing every second Polish metropolis and every third voivodeship in Poland.

In the area of organization and servicing of commercial debt securities issuance, as at September 30, 2013, Bank Pekao S.A. took the first place with market share of more than 22% (based on the Rating & Market Bulletin published by Fitch Poland).

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

In the third quarter of 2013, the market position of the Bank in each category was as follows:

- 1<sup>st</sup> place on corporate bonds market and corporate revenue bonds market (with maturities over 365 days) with a share of more than 30%,
- 2<sup>nd</sup> place in the segment of short-term debt securities with nearly 17% market share,
- 2<sup>nd</sup> place in the area of covered bonds with 29% market share,
- 2<sup>nd</sup> place on municipal bonds market (with maturities over 365 days) with share 25%.

In the area of commercial debt, in the third quarter of 2013 the Bank participated, among the others, in the following transactions:

- the issue of 6-year bonds for the amount of PLN 162 million conducted for a company in transportation sector,
- the issue of two series of bonds with the maturity date in 2018 for the total amount of PLN 150 million conducted for an entity in commodity sector,
- the issue of 3- and 4-year bonds for the total amount of PLN 200 million for one of commercial bank.

In the area of public sector financing, the Bank signed two agreements on bonds issue; for the amount of PLN 160 million for one of the Polish airport and PLN 90 million for municipal water and sewage entity. Moreover, the Bank signed twelve agreements on bonds issue for local government entities.

The Bank as an organizer, dealer and agent signed agreement on bonds issue program for the amount of PLN 5 billion for the company in the energy sector.

## **Alternative distribution channels**

The number of retail and business clients using alternative distribution channels is growing systematically. Pekao24 service (for retail clients), PekaoFirma24 (for SME clients) and PekaoBIZNES<sup>24</sup> (for corporate clients) facilitate the management of financial assets, and the range of available transactions is being steadily extended.

## **Pekao24**

The Pekao24 electronic banking system is a convenient and safe system for accessing the accounts maintained by the Bank, Dom Maklerski Pekao and Centralny Dom Maklerski Pekao S.A. The system enables to manage the funds accumulated on the accounts through the Internet, fixed-line or mobile phone and through Contact Center.

The Bank's customers have the opportunity to use mobile banking application dedicated to mobile phones and devices. Pekao24 mobile application is the most advanced mobile banking application on the market. It enables to execute most of the operations available via the Internet service and to access additional functionalities such as geo-location of ATMs, branches and stores as well as to track market information.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

As at the end of September 2013, the number of Pekao24 clients amounted to 2,399.5 thousand. In the third quarter of 2013, 1,319.9 thousand clients logged into the electronic banking services.

As at the end of September 2013, the number of clients with an access to mobile banking amounted to 309.6 thousand. In the third quarter of 2013, 131.5 thousand of clients logged into the mobile service m.pekao24.pl and the Pekao24 mobile banking application.

	(in thousand)	
	30.09.2013	31.12.2012
Number of individuals with an access to electronic banking Pekao24 as at the end of period	2,399.5	2,204.5
Number of individuals actively using electronic banking Pekao24*	1,319.9	1,225.0
Number of individuals with an access to mobile banking as at the end of period	309.6	200.7
Number of individuals actively using mobile banking**	131.5	90.0

\* A customer actively using electronic banking is a customer who logged in to the system at least once during the last quarter.

\*\* A customer actively using mobile banking is a customer who logged in to the mobile service m.pekao24.pl or the Pekao24mobile application at least once during the last quarter.

The most important projects realized in Pekao24 electronic banking system in the third quarter of 2013 included:

- introduction of a unique on the Polish market services in Pekao24 mobile application including scanning of QR codes on invoices, outlets searching using camera phone, integration of transactional part of mobile application with phone calendar and handy calculators,
- providing the PekaoToken application for devices with Windows Phone operational system and new version of application on iOS system,
- expanding the list of mobile operators, which accounts can be recharged in the Pekao24 system.

In the third quarter of 2013, Pekao24 mobile banking won in the ranking of mobile applications of the Polish banks (mobarank.pl) reaffirming the quality and competitiveness of mobile solutions offered by Bank Pekao S.A.

## **PekaoFirma24**

PekaoFirma24 electronic banking system is a comprehensive platform including the Internet, mobile banking application with unlimited transaction capabilities and telephone channel dedicated to small and micro enterprises. The PekaoFirma24 system allows to use the banking products and services and manage their funds conveniently and intuitively.

In the third quarter of 2013, the Bank enhanced the PekaoFirma24 system with a lease module which enables clients to review the agreements signed with Pekao Leasing and to make settlements within the scope of agreements (lease payments).

In the third quarter of 2013, the PekaoFirma24 mobile banking application was provided for the phones with Windows Phone operational system. In addition, functionality was enhanced by innovative function of searching on a map with the use of augmented reality.

As at the end of September 2013, 216.5 thousand clients had an access to the PekaoFirma24 system, of which 128.1 thousand are active clients. The number of business clients with an access to electronic banking system PekaoFirma24 increased by 17.4 thousand compared to the end of 2012.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

The number of transactions made through the PekaoFirma24 system in the third quarter of 2013 amounted to 7.7 million, while the value of PLN transactions amounted to PLN 37.7 billion, an increase by 4% and 12.5%, respectively in comparison to the second quarter of 2013.

(in thousand)

	30.09.2013	31.12.2012
Number of business clients (SME) with an access to electronic banking PekaoFirma24 as at the end of period	216.5	199.1
Number of business clients (SME) actively using electronic banking PekaoFirma24*	128.1	121.3

\* A customer actively using electronic banking is a customer who logged in to the system at least once during the last quarter.

As at the end of September 2013, 5.5 thousand clients had an access to the PekaoFirma24 mobile banking application, of which 4.3 thousand are active clients. The number of business clients with an access to the PekaoFirma24 mobile banking application increased by 4.4 thousand compared to the end of 2012.

The number of transactions made through the PekaoFirma24 mobile banking application in the third quarter of 2013 amounted to 18.7 thousand, while the value of PLN transactions amounted to PLN 331.5 million, an increase by 71.6% and 304.3%, respectively in comparison to the second quarter of 2013.

(in thousand)

	30.09.2013	31.12.2012
Number of business clients (SME) with an access to mobile banking as at the end of period	5.5	1.1
Number of business clients (SME) actively using mobile banking*	4.3	1.1

\* A customer actively using mobile banking is a customer who logged in to the system at least once during the last quarter.

## **PekaoBIZNES<sup>24</sup>**

PekaoBIZNES<sup>24</sup> is an electronic banking system dedicated to large companies, corporations and local government units which offers a wide range of functionalities and services available within one platform.

PekaoBIZNES<sup>24</sup> offers its corporate customers:

- convenient online access to a wide and modern offer of transactional banking and trade finance products,
- fast and efficient transactions processing,
- various types of reports adjusted to client's individual needs,
- the highest security standard thanks to application of latest methods of system securing, including security solutions based on biometric,
- a user-friendly and intuitive system navigation,
- open structure allowing for integration with ERP, financial and accounting systems.

In the third quarter of 2013, the number of customers actively using the PekaoBIZNES<sup>24</sup> system increased by ca. 4% in the comparison to the second quarter of 2013 and amounted nearly 14.5 thousand.

The system users have an access to PekaoBIZNES<sup>24</sup> call center, which provides remote, personalized, mobile or electronic assistance with the use of the system and products available within it.

In the third quarter of 2013, Bank Pekao S.A. received Gold Emblem in the category "the highest quality product" for the electronic banking system PekaoBIZNES<sup>24</sup> for corporate clients in competition "Najwyższa Jakość Quality International 2013" which was organized by editorial board of Dziennik Gazeta Prawna newspaper held under the honorary patronage of the Ministry of Regional Development, Polish Agency for Enterprise Development and Club of the Polish Forum ISO 9000.

The judging panel appreciated functional and visual revitalization of the PekaoBIZNES<sup>24</sup> system, including among the others, comfortable and intuitive use of the system, better presentation of the offer over one hundred financial products and increased efficiency of the platform.



# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 5.7 Factors which will affect the results of the Group

In the fourth quarter of 2013 as well as early 2014 it should be noted further acceleration of economic growth, which will have positive impact on the results of the banking sector. The MPC announced stabilization of monetary conditions, i.e. the end to the easing cycle. In the next period, interest rate hikes will be more likely, which in general should support banking sector financial results. The structure of economic growth is likely to be more supported with domestic demand in contrast to previous quarters when it was driven mainly by net exports. Such a change would also be a positive factor for the banking sector including increase in demand for loans.

Low growth in loans to households (4.4% year on year in September 2013) is a consequence of fundamental factors, mainly lower households' demand resulting from general macroeconomic situation. In the upcoming months gradual recovery may be expected. Faster growth in housing loans should start positively impact by the signs of stabilization in house prices (some potential buyers had been waiting till the end of a decline) and low interest rates of loans. In case of consumer loans improvement of the overall economic situation should translate into more purchasing decisions.

In case of corporate loans in the upcoming months stabilization of volumes is likely. Signs of recovery can be expected in 2014, by increasing production capacity utilization translating into decision on new investments and by increasing scale of operations rising working capital needs.

Taking into consideration relatively low, compared with previous years, scale of infrastructural projects, it should be taken into account that situation of construction sector will remain difficult. This may have negative implications for the quality of the bank loan portfolio and can lead to higher impairment charges. Because economic recovery is not progressing evenly in all sectors, higher level of write-offs may be also visible in other industries.

In 2013 and partially also in 2014, financial results of banks will be negatively impacted by a series of interest rate cuts by the MPC which will directly translate into decline in net interest income. Lower margins will not be offset by higher loan volumes - under current macroeconomic environment the impact of lower interests on demand for loans is limited.

In the perspective of 2014 it should also be considered the possibility of a growing charges the banking sector is obliged to pay to the Bank Guarantee Fund.



# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 6 Statement of Financial Position and Financial Results

Bank Pekao S.A. Group concentrates its activities on the local market and in connection with this on July 16, 2013, the Bank sold 100% shares of PJSC UniCredit Bank to UniCredit S.p.A.

Consolidated income statement containing cumulated items for the period from January 1 to September 30, 2013 and 2012 respectively was presented in the Condensed Consolidated Interim Financial Statements of Bank Pekao S.A. Group for the three quarters of 2013.

In the Consolidated Financial Statements of Bank Pekao S.A. Group and in the Unconsolidated Financial Statements of Bank Pekao S.A. for the period ended on December 31, 2012 the entire engagement in PJSC UniCredit Bank, which includes subsidiary's assets and liabilities was classified as held for sale, whereas appropriate income statement items of the Condensed Consolidated Interim Financial Statements of Bank Pekao S.A. Group for the three quarters of 2013 and in the Consolidated Financial Statements of Bank Pekao S.A. Group for the period ended on December 31, 2012 were presented as discontinued operations.

The Report on activities of Bank Pekao S.A. Group includes statement of financial position in a short form and income statement in a presentation form as well as the key, selected items from these statements were discussed. Items of income statement in a presentation form are presented including discontinued operations. In order to ensure comparability, dynamics of selected items of income statement were also presented excluding results of PJSC UniCredit Bank which was sold on July 16, 2013. Additionally, quarterly consolidated income statement containing three quarters of 2013 and 4 quarters of 2012 was presented.

In the three quarters of 2013 in the income statement in a presentation form, to align the presentation to the standards implemented by the major Polish and European banks, gains on disposal of available for sale financial assets and held to maturity investments are reported under trading result (and thus in operating income). In order to ensure comparability, data for the three quarters of 2012 have been restated in comparison to those previously published.

### 6.1 Structure of the consolidated statement of financial position – short form

The balance sheet of Bank Pekao S.A. determines the amount of total assets in balance sheet and the structure of the assets and liabilities of the Group. As at the end of September 2013, the total assets of Bank Pekao S.A. constitutes 97.9% of the total assets of the whole Group.

The table below presents the Group's statement of financial position – short form.

ASSETS	30.09.2013		31.12.2012		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Cash and due from Central Bank	7,154.8	4.7%	9,207.3	6.1%	(22.3%)
Loans and advances to banks*	7,518.6	5.0%	4,054.0	2.7%	85.5%
Loans and advances to customers**	101,322.0	67.0%	97,799.4	64.8%	3.6%
Securities***	27,516.4	18.2%	29,336.0	19.4%	(6.2%)
Investments in associates	158.1	0.1%	168.4	0.1%	(6.1%)
Property, plant and equipment and intangible assets	2,266.1	1.5%	2,339.9	1.6%	(3.2%)
Other assets****	5,266.3	3.5%	8,044.8	5.3%	(34.5%)
<b>Total assets</b>	<b>151,202.3</b>	<b>100.0%</b>	<b>150,949.8</b>	<b>100.0%</b>	<b>0.2%</b>

\* Including net investments in financial leases to banks.

\*\* Including debt securities eligible for rediscounting at Central Bank and net investments in financial leases to customers.

\*\*\* Including financial assets held for trading and other financial instruments at fair value through profit and loss.

\*\*\*\* Other assets as at December 31, 2012 include also assets of PJSC UniCredit Bank qualified as held for sale. In the third quarter of 2013 the Bank sold its all shares in subsidiary PJSC UniCredit Bank to UniCredit S.p.A. (parent entity of the Bank). The detailed information concerning assets and liabilities held for sale is presented in the Notes of the Condensed Consolidated Interim Financial Statements of Bank Pekao S.A. Group for the three quarters of 2013.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

EQUITY AND LIABILITIES	30.09.2013		31.12.2012		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Amounts due to Central Bank	1.0	0.0%	0.0	0.0%	x
Amounts due to other banks	9,076.6	6.0%	7,782.7	5.2%	16.6%
Amounts due to customers	110,537.5	73.1%	107,992.6	71.5%	2.4%
Debt securities issued	2,611.8	1.7%	4,758.7	3.2%	(45.1%)
Other liabilities*	5,961.1	4.0%	6,957.0	4.6%	(14.3%)
Total equity, including	23,014.3	15.2%	23,458.8	15.5%	(1.9%)
non-controlling interests	90.9	0.1%	92.2	0.1%	(1.4%)
<b>Total equity and liabilities</b>	<b>151,202.3</b>	<b>100.0%</b>	<b>150,949.8</b>	<b>100.0%</b>	<b>0.2%</b>

\* Other liabilities as at December 31, 2012 include also liabilities of PJSC UniCredit Bank qualified as held for sale. In the third quarter of 2013 the Bank sold its all shares in subsidiary PJSC UniCredit Bank to UniCredit S.p.A. (parent entity of the Bank). The detailed information concerning assets and liabilities held for sale is presented in the Notes of the Condensed Consolidated Interim Financial Statements of Bank Pekao S.A. Group for the three quarters of 2013.

## Customers' Financing

### Customer structure of loans and advances

(in PLN million)

	30.09.2013	31.12.2012	CHANGE
<b>Loans and advances at nominal value</b>	<b>105,958.4</b>	<b>102,189.1</b>	<b>3.7%</b>
Loans*	95,576.3	92,705.5	3.1%
Retail	43,176.9	40,484.9	6.6%
Corporate	52,399.4	52,220.6	0.3%
Non-quoted securities	7,071.6	6,791.3	4.1%
Reverse repo transactions	3,310.5	2,692.3	23.0%
Other**	365.2	344.0	6.2%
Nominal value adjustment	269.7	124.0	117.5%
<b>Impairment losses</b>	<b>(5,271.3)</b>	<b>(4,857.7)</b>	<b>8.5%</b>
<b>Total net receivables</b>	<b>101,322.0</b>	<b>97,799.4</b>	<b>3.6%</b>
Securities issued by non-monetary entities***	815.7	975.1	(16.3%)
<b>Total customers' financing****</b>	<b>106,774.1</b>	<b>103,164.2</b>	<b>3.5%</b>

\* Including debt securities eligible for rediscounting at Central Bank and net investments in financial leases to customers.

\*\* Including interest and receivables in transit.

\*\*\* Securities issued by non-monetary entities being loans equivalents.

\*\*\*\* Total customers' financing includes loans and advances at nominal value and securities issued by non-monetary entities.

As at the end of September 2013, the volume of retail loans amounted to PLN 43,176.9 million, an increase of PLN 2,692.0 million (6.6%) in comparison to the end of 2012.

The Bank continued its policy of offering only PLN mortgage loans. The residual stock of mortgage loans denominated in foreign currencies, almost entirely acquired as a result of the merger of the spun-off part of Bank BPH SA in 2007, represents 5.1% of total loans of the Bank.

The volume of corporate loans, non-quoted securities, reverse repo transactions and securities issued by non-monetary entities increased by PLN 918.0 million (1.5%) as compared to the end of 2012 and amounted to PLN 63,597.2 million at the end of September 2013.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## Receivables and impairment losses

(in PLN million)

	30.09.2013	31.12.2012	CHANGE
<b>Gross receivables*</b>	<b>106,272.8</b>	<b>102,341.1</b>	<b>3.8%</b>
Not impaired	98,492.8	94,878.2	3.8%
Impaired	7,780.0	7,462.9	4.2%
Impairment losses	(5,271.3)	(4,857.7)	8.5%
Interest	320.5	316.0	1.4%
<b>Total net receivables</b>	<b>101,322.0</b>	<b>97,799.4</b>	<b>3.6%</b>

\* Including debt securities eligible for rediscounting at Central Bank, net investments in financial leases to customers, non-quoted securities, reverse repo and buy-sell-back transactions.

As at September 30, 2013, the ratio of impaired receivables to total receivables amounted to 7.3% and was at the same level in comparison to the end of 2012.

Impairment losses as at the end of September 2013 amounted to PLN 5,271.3 million.

## Loans and advances to customers by currency\*

	30.09.2013		31.12.2012		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Denominated in PLN	87,027.0	81.6%	83,067.0	80.9%	4.8%
Denominated in foreign currencies**	19,566.3	18.4%	19,590.1	19.1%	(0.1%)
<b>Total</b>	<b>106,593.3</b>	<b>100.0%</b>	<b>102,657.1</b>	<b>100.0%</b>	<b>3.8%</b>
Impairment losses	(5,271.3)	x	(4,857.7)	x	8.5%
<b>Total net</b>	<b>101,322.0</b>	<b>x</b>	<b>97,799.4</b>	<b>x</b>	<b>3.6%</b>

\* Including interest and receivables in transit.

\*\* Including indexed loans.

The currency structure of loans and advances to customers is dominated by amounts expressed in the Polish zloty; as at the end of September 2013, their share was 81.6%. The largest portion of foreign currency loans and advances to customers were represented by those denominated in EUR (62.4%), CHF (29.4%) and USD (8.0%).

## Loans and advances to customers by contractual maturities\*

	30.09.2013		31.12.2012		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Current and up to 1 month	16,344.9	15.3%	15,134.2	14.7%	8.0%
1 to 3 months	3,825.9	3.6%	3,855.9	3.8%	(0.8%)
3 months to 1 year	10,325.3	9.7%	11,877.4	11.6%	(13.1%)
1 to 5 years	33,473.5	31.4%	31,213.9	30.4%	7.2%
Over 5 years	42,258.5	39.6%	40,231.7	39.2%	5.0%
Other	365.2	0.4%	344.0	0.3%	6.2%
<b>Total</b>	<b>106,593.3</b>	<b>100.0%</b>	<b>102,657.1</b>	<b>100.0%</b>	<b>3.8%</b>
Impairment losses	(5,271.3)	x	(4,857.7)	x	8.5%
<b>Total net</b>	<b>101,322.0</b>	<b>x</b>	<b>97,799.4</b>	<b>x</b>	<b>3.6%</b>

\* Including interest and receivables in transit.

Loans and advances with maturity over 5 years represents 39.6% of total loans and advances (mainly attributed to mortgage loans and receivables for which the maturity date already passed).

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## External sources of financing

(in PLN million)

	30.09.2013	31.12.2012	CHANGE
Amounts due to Central Bank	1.0	0.0	x
Amounts due to other banks	9,076.6	7,782.7	16.6%
Amounts due to customers	110,537.5	107,992.6	2.4%
Debt securities issued	2,611.8	4,758.7	(45.1%)
<b>Total external sources of financing</b>	<b>122,226.9</b>	<b>120,534.0</b>	<b>1.4%</b>

The deposit base is widely diversified and the deposits sourced from retail and corporate customers. In addition, the Group uses also funds borrowed on the interbank market. The Group is not dependent on any single customer nor group of customers.

## Total customer savings

(in PLN million)

	30.09.2013	31.12.2012	CHANGE
<b>Amounts due to corporate</b>	<b>58,501.4</b>	<b>53,736.9</b>	<b>8.9%</b>
Non-financial entities	39,275.7	36,270.0	8.3%
Non-banking financial entities	12,254.5	11,827.8	3.6%
Budget entities	6,971.2	5,639.1	23.6%
<b>Retail deposits</b>	<b>48,546.0</b>	<b>48,656.4</b>	<b>(0.2%)</b>
<b>Repo and sell-buy-back transactions</b>	<b>3,033.2</b>	<b>5,089.7</b>	<b>(40.4%)</b>
Other*	456.9	509.6	(10.3%)
<b>Amounts due to customers</b>	<b>110,537.5</b>	<b>107,992.6</b>	<b>2.4%</b>
<b>Debt securities issued, of which</b>	<b>2,611.8</b>	<b>4,758.7</b>	<b>(45.1%)</b>
Structured Certificates of Deposit (SCD)	410.5	718.7	(42.9%)
Certificates of Deposit	1,365.5	3,189.0	(57.2%)
Pekao Bank Hipoteczny S.A. covered bonds	817.2	782.7	4.4%
Interest	18.6	68.3	(72.8%)
<b>Amounts due to customers and debt securities issued, total</b>	<b>113,149.3</b>	<b>112,751.3</b>	<b>0.4%</b>
<b>Investment funds of Pioneer Pekao TFI</b>	<b>16,490.2</b>	<b>14,965.2</b>	<b>10.2%</b>
including distributed through the Group's network	15,545.4	13,765.7	12.9%

\* Other item includes interest and funds in transit.

As at the end of September 2013, the total amounts due to the Group's customers and debt securities issued amounted to PLN 113,149.3 million, an increase of PLN 398.0 million (0.4%) in comparison to the end of 2012.

The total volume of retail customers deposits, Structured Certificates of Deposit and other amounted to PLN 49,319.9 million at the end of September 2013, decrease of PLN 438.3 million (0.9%) in comparison to the end of 2012. The value of net assets of investment funds managed by Pioneer Pekao TFI S.A. amounted to PLN 16,490.2 million at the end of September 2013, an increase of PLN 1,525.0 million (10.2%) in comparison to the end of 2012.

The total volume of corporate customers deposits, repo and sell-buy-back transactions, Certificates of Deposit, Pekao Bank Hipoteczny S.A. covered bonds, interest and other amounted to PLN 63,829.4 million at the end of September 2013, an increase of PLN 836.3 million (1.3%) as compared to the end of 2012.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## *Amounts due to customers by currency\**

	30.09.2013		31.12.2012		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Denominated in PLN	93,866.0	84.9%	91,928.0	85.1%	2.1%
Denominated in foreign currencies	16,671.5	15.1%	16,064.6	14.9%	3.8%
<b>Total</b>	<b>110,537.5</b>	<b>100.0%</b>	<b>107,992.6</b>	<b>100.0%</b>	<b>2.4%</b>

\* Including interest and amounts due in transit.

The bulk of the amounts due to customers are denominated in the Polish currency and its share as at the end of September 2013 amounted to 84.9%. The majority of amounts due to customers denominated in foreign currencies were in EUR (59.9%) and USD (35.1%).

## *Amounts due to customers by contractual maturities*

	30.09.2013		31.12.2012		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Current accounts and overnight deposits	59,185.9	53.8%	50,338.8	46.8%	17.6%
Term deposits	50,894.7	46.2%	57,144.2	53.2%	(10.9%)
<b>Total deposits</b>	<b>110,080.6</b>	<b>100.0%</b>	<b>107,483.0</b>	<b>100.0%</b>	<b>2.4%</b>
Interest accrued	240.5	x	371.0	x	(35.2%)
Funds in transit	216.4	x	138.6	x	56.1%
<b>Total</b>	<b>110,537.5</b>	<b>x</b>	<b>107,992.6</b>	<b>x</b>	<b>2.4%</b>

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 6.2 The consolidated income statement – presentation form

Net profit of Bank Pekao S.A. Group attributable to equity holders for the three quarters of 2013 amounted to PLN 2,062.7 million and was lower by PLN 150.4 million, i.e. 6.8% (lower by PLN 139.2 million, i.e. 6.4% in comparable terms) in comparison to the three quarters of 2012.

The Group's operating profit reported for the three quarters of 2013 was lower by 5.5% in comparison to the three quarters of 2012 (lower by 4.5% in comparable terms) as a result of lower operating income, mainly net interest income remaining under negative influence of decreasing interest rates, partially compensated by lower operating costs. The Bank's operating results are showing better resilience than the banking sector in the conditions of economic downturn and significant pressure on interest margin.

The strength of the capital and liquidity structure of Bank Pekao S.A. Group is reflected by a capital adequacy ratio of 19.4% and net loans to deposits ratio at the level of 89.5% at the end of September 2013. This enables for further sound and stable development of the Group's activities.

### The consolidated income statement – presentation form

(in PLN million)

	3 QUARTERS OF 2013	3 QUARTERS OF 2012	CHANGE
Net interest income	3,280.7	3,584.8	(8.5%)
Dividend income and income from equity investments	48.3	49.9	(3.2%)
<b>Total net interest income, dividend income and other income from equity investments</b>	<b>3,329.0</b>	<b>3,634.7</b>	<b>(8.4%)</b>
Net fee and commission income	1,701.1	1,681.4	1.2%
Trading result	586.7	581.0	1.0%
Net other operating income and expenses	71.0	69.9	1.6%
<b>Net non-interest income</b>	<b>2,358.8</b>	<b>2,332.3</b>	<b>1.1%</b>
<b>Operating income</b>	<b>5,687.8</b>	<b>5,967.0</b>	<b>(4.7%)</b>
<b>Operating costs</b>	<b>(2,644.8)</b>	<b>(2,747.4)</b>	<b>(3.7%)</b>
<b>Operating profit</b>	<b>3,043.0</b>	<b>3,219.6</b>	<b>(5.5%)</b>
Net result on other provisions	(3.4)	(1.4)	142.9%
Net impairment losses on loans and off-balance sheet commitments	(494.4)	(482.5)	2.5%
Net result on investment activities	18.9	19.6	(3.6%)
<b>Profit before tax</b>	<b>2,564.1</b>	<b>2,755.3</b>	<b>(6.9%)</b>
Income tax expense	(494.6)	(535.6)	(7.7%)
<b>Net profit for the period</b>	<b>2,069.5</b>	<b>2,219.7</b>	<b>(6.8%)</b>
<b>Attributable to equity holders of the Bank</b>	<b>2,062.7</b>	<b>2,213.1</b>	<b>(6.8%)</b>
Attributable to non-controlling interest	6.8	6.6	3.0%

Note: In the three quarters of 2013 in the income statement in a presentation form, to align the presentation to the standards implemented by the major Polish and European banks, gains on disposal of available for sale financial assets and held to maturity investments are reported under trading result and thus in net non-interest income, operating income and operating profit. In order to ensure comparability, data for the three quarters of 2012 have been restated in comparison to those previously published.

### Operating income

In the three quarters of 2013, the Group's operating income amounted to PLN 5,687.8 million, a decrease of PLN 279.2 million, i.e. 4.7% (a decrease of PLN 226.6 million, i.e. 3.9% in comparable terms) in comparison with the three quarters of 2012 due to lower total net interest income, dividend income and income from equity investments.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## Total net interest income, dividend income and income from equity investments

(in PLN million)

	3 QUARTERS OF 2013	3 QUARTERS OF 2012	CHANGE
Interest income	5,103.6	6,254.7	(18.4%)
Interest expense	(1,822.9)	(2,669.9)	(31.7%)
<b>Net interest income</b>	<b>3,280.7</b>	<b>3,584.8</b>	<b>(8.5%)</b>
Dividend income	6.8	8.7	(21.8%)
Income from equity investments	41.5	41.2	0.7%
<b>Total net interest income, dividend income and income from equity investments</b>	<b>3,329.0</b>	<b>3,634.7</b>	<b>(8.4%)</b>

Total net interest income, dividend income and income from equity investments in the three quarters of 2013 amounted to PLN 3,329.0 million and decreased by PLN 305.7 million, i.e. 8.4% (decreased by PLN 271.8 million, i.e. 7.7% in comparable terms) in comparison with the three quarters of 2012, remaining under market-wide pressure of decreasing interest rates. In the three quarters of 2013 average WIBOR 3M rate stood at the level of 3.15%, and was lower by 187 bps than in the three quarters of 2012

## Net non-interest income

(in PLN million)

	3 QUARTERS OF 2013	3 QUARTERS OF 2012	CHANGE
Fee and commission income	2,085.4	2,081.1	0.2%
Fee and commission expense	(384.3)	(399.7)	(3.9%)
<b>Net fee and commission income</b>	<b>1,701.1</b>	<b>1,681.4</b>	<b>1.2%</b>
Trading result	586.7	581.0	1.0%
Net other operating income and expense	71.0	69.9	1.6%
<b>Net non-interest income</b>	<b>2,358.8</b>	<b>2,332.3</b>	<b>1.1%</b>

The Group's net non-interest income in the three quarters of 2013 amounted to PLN 2,358.8 million, an increase of PLN 26.5 million, i.e. 1.1% (an increase of PLN 45.2 million, i.e. 2.0% in comparable terms) in comparison with the three quarters of 2012 mainly thanks to increase in net fee and commission income by 1.2% (increase by 1.7% in comparable terms) in this period.

In the three quarters of 2013 in the income statement in a presentation form, to align the presentation to the standards implemented by the major Polish and European banks, gains on disposal of available for sale financial assets and held to maturity investments are reported under trading result and thus in net non-interest income. In order to ensure comparability, data for the three quarters of 2012 have been restated in comparison to those previously published.

In the three quarters of 2013 gains on disposal of available for sale financial assets and held to maturity investments amounted to PLN 249.7 million compared with PLN 236.6 million gains realized in the three quarters of 2012.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

The table below presents the Group's net fee and commission income divided according to the main areas of the activity.

(in PLN million)

	3 QUARTERS OF 2013	3 QUARTERS OF 2012	CHANGE
<b>Net fee and commission income</b>	<b>1,701.1</b>	<b>1,681.4</b>	<b>1.2%</b>
on loans	429.2	409.7	4.8%
on cards	332.1	319.3	4.0%
capital market related	271.0	247.8	9.4%
other	668.8	704.6	(5.1%)

Note: Data for the three quarters of 2012 have been restated in comparison to those previously published due to reclassification of loan related fees repayments from item other net fee and commission income to item net fee and commission income on loans to ensure comparability with 2013 classification.

The Group's net fee and commission income in the three quarters of 2013 amounted to PLN 1,701.1 million and was higher by PLN 19.7 million, i.e. 1.2% (higher by PLN 28.1 million, i.e. 1.7% in comparable terms) in comparison with the three quarters of 2012 thanks to higher net fee and commission income on loans, on cards and capital market related.

## Operating costs

In the three quarters of 2013, the operating costs were kept under control and amounted to PLN 2,644.8 million. They were lower than the operating costs in the three quarters of 2012 by PLN 102.6 million, i.e. 3.7% (lower by PLN 85.4 million, i.e. 3.2% in comparable terms).

(in PLN million)

	3 QUARTERS OF 2013	3 QUARTERS OF 2012	CHANGE
Personnel expenses	(1,435.3)	(1,449.8)	(1.0%)
Other administrative expenses	(949.5)	(1,018.6)	(6.8%)
Depreciation and amortization	(260.0)	(279.0)	(6.8%)
<b>Operating costs</b>	<b>(2,644.8)</b>	<b>(2,747.4)</b>	<b>(3.7%)</b>

In the three quarters of 2013, cost / income ratio amounted to 46.5% (46.3% in comparable terms) in comparison with 46.0% in the three quarters of 2012.

As at the end of September 2013, the Group employed 18,826 employees (in the Bank and the companies consolidated under full consolidation method) as compared to 19,816 employees as at the end of 2012.

As at the end of September 2013, the Bank employed 17,068 people, a reduction by 365 as compared with the end of 2012.



# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 6.3 The structure of the net profit

The structure of the net profit of the Group is presented in the table below:

(in PLN million)

	3 QUARTERS OF 2013	3 QUARTERS OF 2012	CHANGE
<b>Net profit of Bank Pekao S.A.</b>	<b>2,137.0</b>	<b>2,251.1</b>	<b>(5.1%)</b>
<b>Entities consolidated under full method</b>			
Pekao Leasing Holding S.A. <sup>1</sup>	27.6	27.7	(0.4%)
Centralny Dom Maklerski Pekao S.A.	27.2	20.7	31.4%
Pekao Leasing Sp. z o.o.	25.5	28.8	(11.5%)
PJSC UniCredit Bank <sup>2</sup>	17.5	28.7	(39.0%)
Pekao Pioneer PTE S.A.	9.6	8.0	20.0%
Pekao Bank Hipoteczny S.A.	8.6	10.0	(14.0%)
Pekao Faktoring Sp. z o.o.	7.1	6.7	6.0%
Pekao Financial Services Sp. z o.o.	4.9	3.5	40.0%
Centrum Bankowości Bezpośredniej Sp. z o.o.	1.7	2.9	(41.4%)
Centrum Kart S.A.	1.2	1.8	(33.3%)
Pekao Property S.A. <sup>3</sup>	0.8	0.6	33.3%
Pekao Fundusz Kapitałowy Sp. z o.o.	0.5	0.9	(44.4%)
FPB "Media" Sp. z o.o.	0.3	0.4	(25.0%)
Pekao Telecentrum Sp. z o.o.	0.1	0.4	(75.0%)
Property Sp. z o.o. in liquidation	(0.1)	(0.1)	x
Jana Kazimierza Development Sp. z o.o. <sup>3</sup>	-	2.0	x
Metropolis Sp. z o.o. <sup>3</sup>	-	(0.1)	x
<b>Entities valued under the equity method</b>			
Pioneer Pekao Investment Management S.A.	34.5	33.9	1.8%
Krajowa Izba Rozliczeniowa S.A.	6.6	7.0	(5.7%)
Dom Inwestycyjny Xelion sp. z o.o.	0.4	0.3	33.3%
Pirelli Pekao Real Estate Sp. z o.o. <sup>4</sup>	-	(0.1)	x
<b>Exclusions and consolidation adjustments <sup>5</sup></b>	<b>(248.3)</b>	<b>(222.0)</b>	<b>11.8%</b>
<b>Net profit of the Group attributable to equity holders of the Bank</b>	<b>2,062.7</b>	<b>2,213.1</b>	<b>(6.8%)</b>

1 The results of Pekao Leasing Holding S.A. mainly include the dividend received from Pekao Leasing Sp. z o.o.

2 On July 16, 2013, the Bank sold 100% shares of PJSC UniCredit Bank based in Kiev to UniCredit S.p.A. based in Rome.

3 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.

4 On November 15, 2012 the Bank sold its entire stake in the company.

5 Includes, among other, transactions within the Group (including dividends from subsidiaries for the previous year) and net profit attributable to non-controlling interest.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## The results of Bank Pekao S.A.

The main items from the Bank's income statement in presentation form are as follows:

(in PLN million)

	3 QUARTERS OF 2013	3 QUARTERS OF 2012	CHANGE
Net interest income	3,121.0	3,377.3	(7.6%)
Dividend income	143.8	168.5	(14.7%)
Total net interest income and dividend income	3,264.8	3,545.8	(7.9%)
Net non-interest income	2,166.8	2,130.4	1.7%
<b>Operating income</b>	<b>5,431.6</b>	<b>5,676.2</b>	<b>(4.3%)</b>
<b>Operating costs</b>	<b>(2,441.4)</b>	<b>(2,521.7)</b>	<b>(3.2%)</b>
<b>Operating profit</b>	<b>2,990.2</b>	<b>3,154.5</b>	<b>(5.2%)</b>
Net result on other provisions	(3.1)	(2.3)	34.8%
Net impairment losses on loans and off-balance sheet commitments	(456.9)	(421.9)	8.3%
Net result on investment activities	87.3	22.9	281.2%
<b>Profit before tax</b>	<b>2,617.5</b>	<b>2,753.2</b>	<b>(4.9%)</b>
<b>Net profit for the period</b>	<b>2,137.0</b>	<b>2,251.1</b>	<b>(5.1%)</b>

Note: In the three quarters of 2013 in the income statement in a presentation form, to align the presentation to the standards implemented by the major Polish and European banks, gains on disposal of available for sale financial assets and held to maturity investments are reported under trading result and thus in net non-interest income, operating income and operating profit. In order to ensure comparability, data for the three quarters of 2012 have been restated in comparison to those previously published.

In the three quarters of 2013, the Bank's net profit amounted to PLN 2,137.0 million, decrease of PLN 114.1 million (5.1%) in comparison to the three quarters of 2012.

The Bank's operating profit reported for the three quarters of 2013 was lower by 5.2% in comparison with the three quarters of 2012.

The main Bank's financial information are as follows:

	30.09.2013	31.12.2012	CHANGE
Total gross loans in PLN million*	92,174.6	89,522.8	3.0%
Impaired receivables to total receivables in %	7.1%	7.0%	0.1 p.p.
Total deposits in PLN million*	106,862.1	102,495.3	4.3%
Repo and sell-buy-back transactions in PLN million	3,033.2	5,099.7	(40.5%)
Structured Certificates of Deposit in PLN million	410.5	718.7	(42.9%)
Certificates of Deposit in PLN million	1,365.5	3,189.0	(57.2%)
Total assets in PLN million	148,037.7	147,262.1	0.5%
Investment funds distributed through the Bank's network in PLN million	14,594.4	12,845.1	13.6%
Capital adequacy ratio in %	19.4%	18.7%	0.7 p.p.

\* The nominal value.

The volume of gross loans of the Bank's clients as at the end of September 2013 amounted to PLN 92,174.6 million, increasing by PLN 2,651.8 million (3.0%) as compared to the end of 2012. At the end of September 2013, the total volume of retail loans amounted to PLN 42,260.7 million and volume of corporate loans amounted to PLN 49,913.9 million.

The total amounts due to the Bank's customers (including customer deposits, repo and sell-buy-back transactions, Structured Certificates of Deposit, Certificates of Deposit) amounted to PLN 111,671.3 million and increased by PLN 168.6 million (0.2%) compared to the end of 2012.

The value of net assets of investment funds managed by Pioneer Pekao TFI S.A. and distributed by the Bank's network increased by PLN 1,749.3 million (13.6%) as compared to the end of 2012.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## Results of the Bank's major related entities

### ***Pioneer Pekao Investment Management S.A. – PPIM***

In the three quarters of 2013, consolidated net profit of PPIM amounted to PLN 70.6 million compared with PLN 69.3 million in comparable period of 2012. The Bank's share in the company's profit was **PLN 34.5 million**.

### ***Centralny Dom Maklerski Pekao S.A. – CDM***

In the three quarters of 2013, net profit of CDM amounted to **PLN 27.2 million** and it was higher by over 31% than the profit earned in the same period of 2012 i.e. PLN 20.7 million.

### ***Pekao Leasing Sp. z o.o. – Pekao Leasing***

In the three quarters of 2013, Pekao Leasing reported a net profit of PLN 25.5 million (the Bank's share equaled to **PLN 22.3 million**) compared with PLN 28.8 million in the three quarters of 2012.

### ***PJSC UniCredit Bank – UniCredit Bank***

In the Consolidated income statement for the three quarters of 2013, UniCredit Bank net profit in the amount of **PLN 17.5 million** achieved for the period from January 1, 2013 to the date of the sale of the company was included.

### ***Pekao Pioneer PTE S.A. – PTE***

In the three quarters of 2013, PTE reported a net profit of PLN 9.6 million (the Bank's share equaled to **PLN 6.3 million**) compared with PLN 8.0 million in the same period of 2012.

### ***Pekao Bank Hipoteczny S.A. – Pekao Bank Hipoteczny***

In the three quarters of 2013, Pekao Bank Hipoteczny reported a net profit of **PLN 8.6 million** compared with PLN 10.0 million in the three quarters of 2012.

### ***Pekao Faktoring Sp. z o.o. – Pekao Faktoring***

In the three quarters of 2013, Pekao Faktoring reported a net profit of **PLN 7.1 million** compared with PLN 6.7 million in the same period of 2012.

### ***Dom Inwestycyjny Xelion Sp. z o.o. – Xelion***

In the three quarters of 2013, Xelion reported a net profit of PLN 0.79 million (the Bank's share equaled to **PLN 0.39 million**) and it was higher than the profit earned in the three quarters of 2012 in the amount of PLN 0.59 million.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 6.4 Provisions, deferred tax assets and liabilities

(in PLN million)

	GROUP		BANK PEKAO S.A.	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012
<b>Total provisions</b>	<b>392.2</b>	<b>359.5</b>	<b>390.2</b>	<b>373.5</b>
of which:				
provisions for off-balance sheet commitments	144.8	106.4	148.0	125.4
provisions for liabilities to employees	191.6	193.3	189.4	190.9
other provisions	55.8	59.8	52.8	57.2
<b>Deferred tax liabilities</b>	<b>2.9</b>	<b>6.0</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets</b>	<b>845.5</b>	<b>820.1</b>	<b>624.8</b>	<b>570.0</b>

## 6.5 Net impairment losses

(in PLN million)

	GROUP		BANK PEKAO S.A.	
	3 QUARTERS OF 2013	3 QUARTERS OF 2012	3 QUARTERS OF 2013	3 QUARTERS OF 2012
Impairment losses on loans	(456.1)	(478.5)	(434.9)	(434.6)
Impairment losses on off-balance sheet commitments	(38.3)	(4.0)	(22.0)	12.7
<b>Total</b>	<b>(494.4)</b>	<b>(482.5)</b>	<b>(456.9)</b>	<b>(421.9)</b>

The Group's net impairment losses on loans and off-balance sheet commitments amounted to PLN 494.4 million in the three quarters of 2013, an increase of PLN 11.9 million, i.e. 2.5% (an increase of PLN 32.0 million, i.e. 7.0% in comparable terms) as compared with the three quarters of 2012, reflecting weaker macroeconomic environment.

The Bank's net impairment losses on loans and off-balance sheet commitments amounted to PLN 456.9 million in the three quarters of 2013, an increase of PLN 35.0 million (8.3%) as compared with the three quarters of 2012.

## 6.6 Off-balance sheet items

(in PLN million)

	30.09.2013	31.12.2012	CHANGE
Contingent liabilities granted and received	46,202.4	45,307.2	2.0%
Liabilities granted:	36,858.6	33,920.4	8.7%
financial	26,584.5	23,602.1	12.6%
guarantees	10,274.1	10,318.3	(0.4%)
Liabilities received:	9,343.8	11,386.8	(17.9%)
financial	636.4	1,160.3	(45.2%)
guarantees	8,707.4	10,226.5	(14.9%)
Derivative financial instruments	213,236.4	156,262.8	36.5%
interest rate transactions	131,535.3	112,346.8	17.1%
transactions in foreign currency and in gold	80,519.1	43,334.6	85.8%
transactions based on commodities and equity securities	1,182.0	581.4	103.3%
Other	33,297.2	30,230.1	10.1%
<b>Total off-balance sheet items</b>	<b>292,736.0</b>	<b>231,800.1</b>	<b>26.3%</b>

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 6.7 Capital adequacy

A basic measure of capital adequacy is the capital adequacy ratio (CAR). The minimum capital adequacy ratio required by law is 8%. As at the end of September 2013, CAR for the Group amounted to 19.38%, which is more than doubled compared with the minimum value required by law.

The table below presents the basic data concerning the Group capital adequacy as at September 30, 2013 and December 31, 2012.

(in PLN thousand)

CAPITAL REQUIREMENT	30.09.2013	31.12.2012
Credit risk	7,047,565	7,020,898
Exceeding large exposure limits	0	0
Market risk	128,511	128,409
Delivery and contractor risk	126,629	145,302
Exceeding exposure concentration limit	0	0
Operational risk	1,007,136	1,005,703
<b>Total capital requirement</b>	<b>8,309,841</b>	<b>8,300,312</b>
<b>Capital for capital adequacy ratio calculation</b>		
Tier 1 capital	19,931,810	19,212,566
Tier 2 capital	202,409	481,438
<b>Capital for capital adequacy ratio calculation</b>	<b>20,134,219</b>	<b>19,694,004</b>
<b>Capital adequacy ratio (%)</b>	<b>19.38%</b>	<b>18.98%</b>

The capital requirements calculation is based on the regulation of supervisory authorities.

The capital adequacy ratio as at September 30, 2013 is higher by 0.4 p.p. than reported as at December 31, 2012 as a result of increase in own funds by 2.2%, total capital requirement increased slightly in this period.

The strengthening of the Group's own funds base in 2013 is mainly a consequence of a decision of the Ordinary General Meeting of Bank Pekao S.A. to allocate the net profit of Bank Pekao S.A. for 2012 in the amount of PLN 736 million for the own funds of the Bank.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 6.8 Reconciliation of income statement – presentation form and long form

### Consolidated income statement for the three quarters of 2013

(in PLN thousand)

INCOME STATEMENT – PRESENTATION FORM'S ITEMS	LONG FORM'S ITEMS RECLASSIFIED TO PRESENTATION FORM	3 QUARTERS OF 2013	COMMENTS
Net interest income		<u>3,280,748</u>	
Dividend income and income from equity investments		<u>48,253</u>	
	Dividend income	6,756	
	Gains (losses) on subsidiaries and associates	41,497	
<b>Total net interest income, dividend income and other income from equity investments</b>		<b>3,329,001</b>	
Net fee and commission income	Net fee and commission income	<u>1,701,104</u>	
Trading result		<u>586,708</u>	
	Result on financial assets and liabilities held for trading	351,600	
	Result on fair value hedge accounting	(11,355)	
	Net result on other financial instruments at fair value through profit and loss	-	
	Gains (losses) on disposal of available for sale financial assets and held to maturity investments	249,678	
	(Gains) losses on disposal of financial liabilities	(3,215)	
Net other operating income and expenses		<u>71,024</u>	
	Net other operating income and expenses	74,823	
	less - Refunding of administrative expenses	(3,718) /1	
	(Gains) losses on disposal of loans and other financial receivables	(81)	
<b>Net non-interest income</b>		<b>2,358,836</b>	
<b>Operating income</b>		<b>5,687,837</b>	
Operating costs		<u>(2,644,862)</u>	
	Personnel expenses	(1,435,318)	
	Other administrative expenses	(953,224)	
	Refunding of administrative expenses	3,718 /1	
	Depreciation and amortization	(260,038)	
<b>Operating profit</b>		<b>3,042,975</b>	
Net result on other provisions	Net result on other provisions	<u>(3,380)</u>	
Net impairment losses on loans and off-balance sheet commitments		<u>(494,402)</u>	
	Net impairment losses on loans	(456,135)	
	Net impairment provision for off-balance sheet commitments	(38,267)	
Net result on investment activities		<u>18,922</u>	
	Gains (losses) on disposal of property, plant and equipment and intangible assets.	18,922	
	Impairment losses on subsidiaries and associates	-	
	Gains (losses) on disposal of subsidiaries and associates	-	
<b>Profit before income tax</b>		<b>2,564,115</b>	
Income tax expense	Income tax expense	<u>(494,598)</u>	
<b>Net profit for the period</b>	<b>Net profit for the period</b>	<b>2,069,517</b>	
<b>Attributable to equity holders of the Bank</b>	<b>Attributable to equity holders of the Bank</b>	<b>2,062,726</b>	
Attributable to non-controlling interest	Attributable to non-controlling interest	6,791	

1/ In the long form the item "Refunding of administrative expenses" included in the item "Net other operating income/expenses", in a presentation form included in "Operating cost".

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## Consolidated income statement for the three quarters of 2012

(in PLN thousand)

INCOME STATEMENT – PRESENTATION FORM'S ITEMS	LONG FORM'S ITEMS RECLASSIFIED TO PRESENTATION FORM	3 QUARTERS OF 2012	COMMENTS
Net interest income		3,584,791	
Dividend income and income from equity investments		49,931	
	Dividend income	8,759	
	Gains (losses) on subsidiaries and associates	41,172	
<b>Total net interest income, dividend income and other income from equity investments</b>		<b>3,634,722</b>	
Net fee and commission income	Net fee and commission income	1,681,378	
Trading result		580,978	
	Result on financial assets and liabilities held for trading	369,678	
	Result on fair value hedge accounting	(25,238)	
	Net result on other financial instruments at fair value through profit and loss	-	
	Gains (losses) on disposal of available for sale financial assets and held to maturity investments	236,620	
	(Gains) losses on disposal of financial liabilities	(82)	
Net other operating income and expenses		69,908	
	Net other operating income and expenses	74,097	
	/less - Refunding of administrative expenses	(4,189) /1	
	Gains (losses) on disposal of loans and other financial receivables	-	
<b>Net non-interest income</b>		<b>2,332,264</b>	
<b>Operating income</b>		<b>5,966,986</b>	
Operating costs		(2,747,326)	
	Personnel expenses	(1,449,823)	
	Other administrative expenses	(1,022,673)	
	Refunding of administrative expenses	4,189 /1	
	Depreciation and amortization	(279,019)	
<b>Operating profit</b>		<b>3,219,660</b>	
Net result on other provisions	Net result on other provisions	(1,372)	
Net impairment losses on loans and off-balance sheet commitments		(482,551)	
	Net impairment losses on loans	(478,561)	
	Net impairment provision for off-balance sheet commitments	(3,990)	
Net result on investment activities		19,542	
	Gains (losses) on disposal of property, plant and equipment and intangible assets.	22,218	
	Impairment losses on subsidiaries and associates	-	
	(Gains) losses on disposal of subsidiaries and associates	(2,676)	
<b>Profit before income tax</b>		<b>2,755,279</b>	
Income tax expense	Income tax expense	(535,570)	
<b>Net profit for the period</b>	<b>Net profit for the period</b>	<b>2,219,709</b>	
<b>Attributable to equity holders of the Bank</b>	<b>Attributable to equity holders of the Bank</b>	<b>2,213,083</b>	
Attributable to non-controlling interest	Attributable to non-controlling interest	6,626	

1/ In the long form the item "Refunding of administrative expenses" included in the item "Net other operating income/expenses", in a presentation form included in "Operating cost".

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 7 Quarterly Income Statement

### 7.1 Consolidated income statement – long form

Consolidated income statement for the three quarters of 2013 - Provided for comparability purposes.

(in PLN thousand)

	Q1 2013			Q2 2013			Q3 2013		
	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
Interest income	1,816,541	48,138	1,864,679	1,650,086	39,333	1,689,419	1,543,691	5,877	1,549,568
Interest expense	(714,219)	(15,663)	(729,882)	(593,902)	(13,812)	(607,714)	(483,123)	(2,199)	(485,322)
<b>Net interest income</b>	<b>1,102,322</b>	<b>32,475</b>	<b>1,134,797</b>	<b>1,056,184</b>	<b>25,521</b>	<b>1,081,705</b>	<b>1,060,568</b>	<b>3,678</b>	<b>1,064,246</b>
Fee and commission income	659,727	7,958	667,685	699,172	9,661	708,833	707,372	1,556	708,928
Fee and commission expense	(112,752)	(2,935)	(115,687)	(131,727)	(3,683)	(135,410)	(131,860)	(1,385)	(133,245)
<b>Net fee and commission income</b>	<b>546,975</b>	<b>5,023</b>	<b>551,998</b>	<b>567,445</b>	<b>5,978</b>	<b>573,423</b>	<b>575,512</b>	<b>171</b>	<b>575,683</b>
Dividend income	-	-	-	6,751	-	6,751	5	-	5
<b>Result on financial assets and liabilities held for trading</b>	<b>110,439</b>	<b>(6,503)</b>	<b>103,936</b>	<b>119,422</b>	<b>3,901</b>	<b>123,323</b>	<b>124,089</b>	<b>252</b>	<b>124,341</b>
<b>Result on fair value hedge accounting</b>	<b>(4,654)</b>	<b>-</b>	<b>(4,654)</b>	<b>(2,381)</b>	<b>-</b>	<b>(2,381)</b>	<b>(4,320)</b>	<b>-</b>	<b>(4,320)</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>-</b>	<b>-</b>	<b>-</b>
<b>Gains (losses) on disposal of:</b>	<b>54,155</b>	<b>-</b>	<b>54,155</b>	<b>152,801</b>	<b>-</b>	<b>152,801</b>	<b>39,426</b>	<b>-</b>	<b>39,426</b>
loans and other financial receivables	(81)	-	(81)	-	-	-	-	-	-
available for sale financial assets and held to maturity investments	57,565	-	57,565	152,922	-	152,922	39,191	-	39,191
financial liabilities	(3,329)	-	(3,329)	(121)	-	(121)	235	-	235
<b>Operating income</b>	<b>1,809,237</b>	<b>30,995</b>	<b>1,840,232</b>	<b>1,900,222</b>	<b>35,400</b>	<b>1,935,622</b>	<b>1,795,280</b>	<b>4,101</b>	<b>1,799,381</b>
<b>Net impairment losses on financial assets and off-balance sheet commitments:</b>	<b>(163,279)</b>	<b>(1,727)</b>	<b>(165,006)</b>	<b>(156,143)</b>	<b>(3,916)</b>	<b>(160,059)</b>	<b>(169,765)</b>	<b>428</b>	<b>(169,337)</b>
loans and other financial receivables	(155,538)	(1,727)	(157,265)	(156,090)	(3,916)	(160,006)	(139,292)	428	(138,864)
off-balance sheet commitments	(7,741)	-	(7,741)	(53)	-	(53)	(30,473)	-	(30,473)
<b>Net result on financial activity</b>	<b>1,645,958</b>	<b>29,268</b>	<b>1,675,226</b>	<b>1,744,079</b>	<b>31,484</b>	<b>1,775,563</b>	<b>1,625,515</b>	<b>4,529</b>	<b>1,630,044</b>



# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## Consolidated income statement for the three quarters of 2013 - cont.

	Q1 2013			Q2 2013			Q3 2013		
	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
Administrative expenses	(769,179)	(19,995)	(789,174)	(796,473)	(19,519)	(815,992)	(780,431)	(2,945)	(783,376)
personnel expenses	(462,431)	(9,825)	(472,256)	(478,470)	(10,082)	(488,552)	(473,272)	(1,238)	(474,510)
other administrative expenses	(306,748)	(10,170)	(316,918)	(318,003)	(9,437)	(327,440)	(307,159)	(1,707)	(308,866)
Depreciation and amortization	(86,227)	(1,279)	(87,506)	(86,597)	(1,271)	(87,868)	(84,518)	(146)	(84,664)
Net result on other provisions	(643)	-	(643)	(1,672)	-	(1,672)	(1,065)	-	(1,065)
Net other operating income and expenses	22,229	1,069	23,298	14,155	279	14,434	37,229	(138)	37,091
Operating costs	(833,820)	(20,205)	(854,025)	(870,587)	(20,511)	(891,098)	(828,785)	(3,229)	(832,014)
Gains (losses) on subsidiaries and associates	14,854	-	14,854	12,835	-	12,835	13,808	-	13,808
Gains (losses) on disposal of property, plant and equipment, and intangible assets	41	-	41	16,976	-	16,976	1,905	-	1,905
Profit before income tax	827,033	9,063	836,096	903,303	10,973	914,276	812,443	1,300	813,743
Income tax expense	(166,693)	(1,687)	(168,380)	(168,180)	(2,196)	(170,376)	(155,871)	29	(155,842)
Net profit for the period	660,340	7,376	667,716	735,123	8,777	743,900	656,572	1,329	657,901
Attributable to equity holders of the Bank	658,138	7,376	665,514	733,025	8,777	741,802	654,081	1,329	655,410
Attributable to non-controlling interest	2,202	-	2,202	2,098	-	2,098	2,491	-	2,491

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## Consolidated income statement for 2012 - Provided for comparability purposes.

(in PLN thousand)

	Q1 2012			Q2 2012			Q3 2012			Q4 2012		
	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
Interest income	2,002,506	46,297	2,048,803	2,041,694	47,525	2,089,219	2,067,307	49,337	2,116,644	2,013,672	47,719	2,061,391
Interest expense	(839,043)	(16,640)	(855,683)	(887,626)	(16,179)	(903,805)	(895,695)	(14,692)	(910,387)	(824,485)	(16,278)	(840,763)
<b>Net interest income</b>	<b>1,163,463</b>	<b>29,657</b>	<b>1,193,120</b>	<b>1,154,068</b>	<b>31,346</b>	<b>1,185,414</b>	<b>1,171,612</b>	<b>34,645</b>	<b>1,206,257</b>	<b>1,189,187</b>	<b>31,441</b>	<b>1,220,628</b>
Fee and commission income	665,704	8,889	674,593	705,245	11,658	716,903	679,351	10,236	689,587	706,805	10,312	717,117
Fee and commission expense	(120,576)	(3,482)	(124,058)	(133,547)	(4,323)	(137,870)	(134,407)	(3,370)	(137,777)	(137,727)	(3,887)	(141,614)
<b>Net fee and commission income</b>	<b>545,128</b>	<b>5,407</b>	<b>550,535</b>	<b>571,698</b>	<b>7,335</b>	<b>579,033</b>	<b>544,944</b>	<b>6,866</b>	<b>551,810</b>	<b>569,078</b>	<b>6,425</b>	<b>575,503</b>
Dividend income	-	-	-	8,749	-	8,749	10	-	10	-	-	-
<b>Result on financial assets and liabilities held for trading</b>	<b>113,364</b>	<b>5,069</b>	<b>118,433</b>	<b>124,272</b>	<b>672</b>	<b>124,944</b>	<b>123,691</b>	<b>2,610</b>	<b>126,301</b>	<b>139,168</b>	<b>1,290</b>	<b>140,458</b>
<b>Result on fair value hedge accounting</b>	<b>(3,140)</b>	<b>-</b>	<b>(3,140)</b>	<b>(5,597)</b>	<b>-</b>	<b>(5,597)</b>	<b>(16,501)</b>	<b>-</b>	<b>(16,501)</b>	<b>(10,513)</b>	<b>-</b>	<b>(10,513)</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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Gains (losses) on disposal of:</b>	<b>43,118</b>	<b>-</b>	<b>43,118</b>	<b>37,044</b>	<b>-</b>	<b>37,044</b>	<b>156,397</b>	<b>(21)</b>	<b>156,376</b>	<b>42,661</b>	<b>-</b>	<b>42,661</b>
loans and other financial receivables	-	-	-	-	-	-	-	-	-	758	-	758
available for sale financial assets and held to maturity investments	43,209	-	43,209	36,929	-	36,929	156,503	(21)	156,482	42,124	-	42,124
financial liabilities	(91)	-	(91)	115	-	115	(106)	-	(106)	(221)	-	(221)
<b>Operating income</b>	<b>1,861,933</b>	<b>40,133</b>	<b>1,902,066</b>	<b>1,890,234</b>	<b>39,353</b>	<b>1,929,587</b>	<b>1,980,153</b>	<b>44,100</b>	<b>2,024,253</b>	<b>1,929,581</b>	<b>39,156</b>	<b>1,968,737</b>
<b>Net impairment losses on financial assets and off-balance sheet commitments:</b>	<b>(127,495)</b>	<b>(7,844)</b>	<b>(135,339)</b>	<b>(160,407)</b>	<b>(7,345)</b>	<b>(167,752)</b>	<b>(169,255)</b>	<b>(10,205)</b>	<b>(179,460)</b>	<b>(178,317)</b>	<b>(8,586)</b>	<b>(186,903)</b>
loans and other financial receivables	(137,201)	(7,844)	(145,045)	(139,664)	(7,345)	(147,009)	(176,302)	(10,205)	(186,507)	(155,475)	(8,586)	(164,061)
off-balance sheet commitments	9,706	-	9,706	(20,743)	-	(20,743)	7,047	-	7,047	(22,842)	-	(22,842)
<b>Net result on financial activity</b>	<b>1,734,438</b>	<b>32,289</b>	<b>1,766,727</b>	<b>1,729,827</b>	<b>32,008</b>	<b>1,761,835</b>	<b>1,810,898</b>	<b>33,895</b>	<b>1,844,793</b>	<b>1,751,264</b>	<b>30,570</b>	<b>1,781,834</b>

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## Consolidated income statement for 2012 - cont.

	Q1 2012			Q2 2012			Q3 2012			Q4 2012		
	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
Administrative expenses	(799,642)	(18,958)	(818,600)	(820,241)	(19,093)	(839,334)	(795,406)	(19,156)	(814,562)	(767,385)	(20,402)	(787,787)
personnel expenses	(469,851)	(9,429)	(479,280)	(482,855)	(10,038)	(492,893)	(467,591)	(10,059)	(477,650)	(447,197)	(10,303)	(457,500)
other administrative expenses	(329,791)	(9,529)	(339,320)	(337,386)	(9,055)	(346,441)	(327,815)	(9,097)	(336,912)	(320,188)	(10,099)	(330,287)
Depreciation and amortization	(91,515)	(1,854)	(93,369)	(91,353)	(1,673)	(93,026)	(91,093)	(1,531)	(92,624)	(88,417)	(1,402)	(89,819)
Net result on other provisions	(320)	-	(320)	(711)	-	(711)	(341)	-	(341)	(13,955)	-	(13,955)
Net other operating income and expenses	17,163	(44)	17,119	31,102	(131)	30,971	25,124	883	26,007	20,804	(508)	20,296
Operating costs	(874,314)	(20,856)	(895,170)	(881,203)	(20,897)	(902,100)	(861,716)	(19,804)	(881,520)	(848,953)	(22,312)	(871,265)
Gains (losses) on subsidiaries and associates	11,741	-	11,741	13,530	-	13,530	13,225	-	13,225	14,370	-	14,370
Gains (losses) on disposal of property, plant and equipment, and intangible assets	1,170	-	1,170	1,213	-	1,213	19,835	-	19,835	43	-	43
Profit before income tax	873,035	11,433	884,468	863,367	11,111	874,478	982,242	14,091	996,333	916,724	8,258	924,982
Income tax expense	(169,669)	(2,099)	(171,768)	(165,955)	(2,116)	(168,071)	(192,008)	(3,723)	(195,731)	(179,088)	(350)	(179,438)
Net profit for the period	703,366	9,334	712,700	697,412	8,995	706,407	790,234	10,368	800,602	737,636	7,908	745,544
Attributable to equity holders of the Bank	701,243	9,334	710,577	695,208	8,995	704,203	787,935	10,368	798,303	734,711	7,908	742,619
Attributable to non-controlling interest	2,123	-	2,123	2,204	-	2,204	2,299	-	2,299	2,925	-	2,925

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 7.2 Consolidated statement of comprehensive income

### Consolidated statement of comprehensive income for 2013 and 2012

(in PLN thousand)

	Q1 2013	Q2 2013	Q3 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012
<b>Net profit</b>	<b>667,716</b>	<b>743,900</b>	<b>657,901</b>	<b>712,700</b>	<b>706,407</b>	<b>800,602</b>	<b>745,544</b>
Attributable to equity holders of the Bank	665,514	741,802	655,410	710,577	704,203	798,303	742,619
Attributable to non-controlling interest	2,202	2,098	2,491	2,123	2,204	2,299	2,925
<b>Other comprehensive income</b>							
Foreign currency translation differences	22,194	5,014	(1,511)	(38,574)	38,126	(34,900)	(11,271)
Change in fair value of available-for-sale financial assets	(152,160)	(314,574)	(118,201)	230,634	119,232	54,422	357,588
Change in fair value of cash flow hedges	17,221	(48,395)	69,742	(60,000)	(26,320)	257	45,944
Income tax expense on other comprehensive income	21,422	68,074	9,428	(24,600)	(24,896)	(3,626)	(74,528)
<b>Other comprehensive income (net)</b>	<b>(91,323)</b>	<b>(289,881)</b>	<b>(40,542)</b>	<b>107,460</b>	<b>106,142</b>	<b>16,153</b>	<b>317,733</b>
<b>Total comprehensive income</b>	<b>576,393</b>	<b>454,019</b>	<b>617,359</b>	<b>820,160</b>	<b>812,549</b>	<b>816,755</b>	<b>1,063,277</b>
Attributable to equity holders of the Bank	574,191	451,921	614,868	818,037	810,345	814,456	1,060,352
Attributable to non-controlling interest	2,202	2,098	2,491	2,123	2,204	2,299	2,925

## 7.3 Consolidated income statement – presentation form

### Consolidated income statement for 2013 and 2012

(in PLN thousand)

	Q1 2013	Q2 2013	Q3 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Net interest income	1,134,797	1,081,705	1,064,246	1,193,120	1,185,414	1,206,257	1,220,628
Dividend income and income from equity investments	14,854	19,586	13,813	13,643	22,279	14,009	12,091
<b>Total net interest income, dividend income and other income from equity investments</b>	<b>1,149,651</b>	<b>1,101,291</b>	<b>1,078,059</b>	<b>1,206,763</b>	<b>1,207,693</b>	<b>1,220,266</b>	<b>1,232,719</b>
Net fee and commission income	551,998	573,423	575,683	550,535	579,033	551,810	575,503
Trading result	153,518	273,743	159,447	158,411	156,391	266,176	171,848
Net other operating income and expenses	22,177	13,349	35,498	15,908	28,781	25,219	19,028
<b>Net non-interest income</b>	<b>727,693</b>	<b>860,515</b>	<b>770,628</b>	<b>724,854</b>	<b>764,205</b>	<b>843,205</b>	<b>766,379</b>
<b>Operating income</b>	<b>1,877,344</b>	<b>1,961,806</b>	<b>1,848,687</b>	<b>1,931,617</b>	<b>1,971,898</b>	<b>2,063,471</b>	<b>1,999,098</b>
<b>Operating costs</b>	<b>(875,640)</b>	<b>(902,775)</b>	<b>(866,447)</b>	<b>(910,758)</b>	<b>(930,170)</b>	<b>(906,398)</b>	<b>(875,580)</b>
<b>Operating profit</b>	<b>1,001,704</b>	<b>1,059,031</b>	<b>982,240</b>	<b>1,020,859</b>	<b>1,041,728</b>	<b>1,157,073</b>	<b>1,123,518</b>
Net result on other provisions	(643)	(1,672)	(1,065)	(320)	(711)	(341)	(13,955)
Net impairment losses on loans and off-balance sheet commitments	(165,006)	(160,059)	(169,337)	(135,339)	(167,752)	(179,460)	(186,903)
Net result on investment activities	41	16,976	1,905	(732)	1,213	19,061	2,322
<b>Profit before income tax</b>	<b>836,096</b>	<b>914,276</b>	<b>813,743</b>	<b>884,468</b>	<b>874,478</b>	<b>996,333</b>	<b>924,982</b>
Income tax expense	(168,380)	(170,376)	(155,842)	(171,768)	(168,071)	(195,731)	(179,438)
<b>Net profit for the period</b>	<b>667,716</b>	<b>743,900</b>	<b>657,901</b>	<b>712,700</b>	<b>706,407</b>	<b>800,602</b>	<b>745,544</b>
Attributable to equity holders of the Bank	665,514	741,802	655,410	710,577	704,203	798,303	742,619
Attributable to non-controlling interest	2,202	2,098	2,491	2,123	2,204	2,299	2,925

Note: In the three quarters of 2013 in the income statement in a presentation form, to align the presentation to the standards implemented by the major Polish and European banks, gains on disposal of available for sale financial assets and held to maturity investments are reported under trading result and thus in net non-interest income, operating income and operating profit. In order to ensure comparability, data for 2012 have been restated in comparison to those previously published.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 8 Other Information

### 8.1 Management Board position regarding the possibility of achieving previously published forecasts

The Bank has not published the forecast of the financial results for 2013.

### 8.2 The issuer's shares held by the Management and Supervisory Board Members

According to information available to the Bank as at the date of submitting of this report, the members of the Bank's management and supervisory bodies held 73,535 shares of Bank Pekao S.A.

The table below presents the number of shares held by the Management Board Members:

	AS AT THE DATE OF SUBMITTING THE REPORT		CHANGE
	FOR THE THIRD QUARTER OF 2013	FOR THE FIRST HALF OF 2013	
Luigi Lovaglio	64,035	64,035	0
Diego Biondo	9,500	9,500	0
<b>Total</b>	<b>73,535</b>	<b>73,535</b>	<b>0</b>

### 8.3 Related party transactions

In the third quarter of 2013, the Bank and its subsidiaries have not concluded any significant transactions (single or aggregate) with related entities other than those executed on arm's length.

In the third quarter of 2013, the Bank and its subsidiaries did not provide any sureties or guarantees in respect of loans or advances to an entity or a subsidiary of such entity, as a result of which the total value of existing sureties and guarantees would have equaled or exceeded 10% of the Bank's equity.

### 8.4 Accounting principles adopted in the preparation of the report

Accounting principles adopted in the preparation of the report are described in the Notes to the Condensed Consolidated Interim Financial Statements of Bank Pekao S.A. Group for the three quarters of 2013.

### 8.5 Seasonality or cyclical nature of the Bank's activity

The demand for the financial services offered by the Bank is stable with no material impact of seasonal changes. Due to the nature of the Bank's activity, it is not subject to seasonal or cyclical changes.

# Report on the activities of Bank Pekao S.A. Group for the third quarter of 2013

## 8.6 Issuance, redemption and repayment of debt securities

### Structured Certificates of Deposit

Structured Certificates of Deposit are investment products for the Bank's clients that form an alternative to traditional banks' deposits. The total value of the Bank's liabilities relating to these products amounted to PLN 410.5 million (principal value) as at the end of September 2013. There are 6 issues of Structured Certificates of Deposit open in PLN with the maximum maturity date set at September 12, 2014. Those liabilities that mature in 2013 and 2014 account for 18.7%, and 81.3% of its total value, respectively.

### Certificates of Deposit

Certificates of Deposit are investment products denominated in PLN that guarantee 100% protection of invested funds also in case of termination before redemption date. The total value of the Bank's liabilities under these products amounted to PLN 1,365.5 million (principal value) as at the end of September 2013. There are 4 issues of Certificates of Deposit, and the maturity date up to 3 months accounts for 34.8% and up to 1 year accounts for 65.2% of its total value.

### Pekao Leasing Sp. z o.o. bonds

The total value of the company's liabilities under bonds amounted to PLN 47.1 million as at September 30, 2013 with the maturity date up to 1 month.

### Pekao Bank Hipoteczny S.A. covered bonds

The total value of liabilities due to covered bonds amounted to PLN 910.8 million as at September 30, 2013. The liabilities under covered bonds with maturity date up to 1 year account for 0.8%, with maturity date from 3 up to 5 years account for 21.0% and with maturity date from 5 up to 10 years account for 78.2% of the total nominal value.

## 8.7 Pending litigations

In the third quarter of 2013 the number of the legal proceedings pending before courts, arbitration bodies or public administration authorities in respect of the Group's liabilities was 724 with the total value amounting to PLN 19,037.7 million. The number of legal proceedings in respect of receivables was 9,590 with the total value of PLN 1,145.6 million.

In the third quarter of 2013 there were no legal proceedings relating to the liabilities and/or receivables of the Group in which asserted claims accounted for at least 10% of the Bank's own funds.

In the opinion of the Bank none of the individual pending proceedings before any courts, arbitration bodies or public administration authorities during the third quarter of 2013, nor the proceedings in aggregate pose any threat to the Bank's financial liquidity.

## 8.8 Subsequent events

No significant events occurred after the balance sheet date which were not reflected in the financial statements.

# **Condensed Consolidated Interim Financial Statements of Bank Pekao S.A. Group for the three quarters of 2013**



**Warsaw, November 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	3 QUARTERS 2013 PERIOD FROM 01.01.2013 TO 30.09.2013			3 QUARTERS 2012 PERIOD FROM 01.01.2012 TO 30.09.2012		
		CONTINUED OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUED OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
Interest income	8	5 010 318	93 348	5 103 666	6 111 507	143 159	6 254 666
Interest expense	8	(1 791 244)	(31 674)	(1 822 918)	(2 622 364)	(47 511)	(2 669 875)
<b>Net interest income</b>		<b>3 219 074</b>	<b>61 674</b>	<b>3 280 748</b>	<b>3 489 143</b>	<b>95 648</b>	<b>3 584 791</b>
Fee and commission income	9	2 066 271	19 175	2 085 446	2 050 300	30 783	2 081 083
Fee and commission expense	9	(376 339)	(8 003)	(384 342)	(388 530)	(11 175)	(399 705)
<b>Net fee and commission income</b>		<b>1 689 932</b>	<b>11 172</b>	<b>1 701 104</b>	<b>1 661 770</b>	<b>19 608</b>	<b>1 681 378</b>
Dividend income	10	6 756	-	6 756	8 759	-	8 759
<b>Result on financial assets and liabilities held for trading</b>	11	<b>353 950</b>	<b>(2 350)</b>	<b>351 600</b>	<b>361 327</b>	<b>8 351</b>	<b>369 678</b>
<b>Result on fair value hedge accounting</b>	27	<b>(11 355)</b>	<b>-</b>	<b>(11 355)</b>	<b>(25 238)</b>	<b>-</b>	<b>(25 238)</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>246 382</b>	<b>-</b>	<b>246 382</b>	<b>236 559</b>	<b>(21)</b>	<b>236 538</b>
loans and other financial receivables		(81)	-	(81)	-	-	-
available for sale financial assets and held to maturity investments		249 678	-	249 678	236 641	(21)	236 620
financial liabilities		(3 215)	-	(3 215)	(82)	-	(82)
<b>Operating income</b>		<b>5 504 739</b>	<b>70 496</b>	<b>5 575 235</b>	<b>5 732 320</b>	<b>123 586</b>	<b>5 855 906</b>
<b>Net impairment losses on financial assets and off-balance sheet commitments:</b>	15	<b>(489 187)</b>	<b>(5 215)</b>	<b>(494 402)</b>	<b>(457 157)</b>	<b>(25 394)</b>	<b>(482 551)</b>
loans and other financial receivables		(450 920)	(5 215)	(456 135)	(453 167)	(25 394)	(478 561)
available for sale financial assets and held to maturity investments		-	-	-	-	-	-
off-balance sheet commitments		(38 267)	-	(38 267)	(3 990)	-	(3 990)
<b>Net result on financial activity</b>		<b>5 015 552</b>	<b>65 281</b>	<b>5 080 833</b>	<b>5 275 163</b>	<b>98 192</b>	<b>5 373 355</b>
<b>Administrative expenses</b>	13	<b>(2 346 083)</b>	<b>(42 459)</b>	<b>(2 388 542)</b>	<b>(2 415 289)</b>	<b>(57 207)</b>	<b>(2 472 496)</b>
personnel expenses		(1 414 173)	(21 145)	(1 435 318)	(1 420 297)	(29 526)	(1 449 823)
other administrative expenses		(931 910)	(21 314)	(953 224)	(994 992)	(27 681)	(1 022 673)
<b>Depreciation and amortization</b>		<b>(257 342)</b>	<b>(2 696)</b>	<b>(260 038)</b>	<b>(273 961)</b>	<b>(5 058)</b>	<b>(279 019)</b>
<b>Net result on other provisions</b>		<b>(3 380)</b>	<b>-</b>	<b>(3 380)</b>	<b>(1 372)</b>	<b>-</b>	<b>(1 372)</b>
<b>Net other operating income and expenses</b>	14	<b>73 613</b>	<b>1 210</b>	<b>74 823</b>	<b>73 389</b>	<b>708</b>	<b>74 097</b>
<b>Operating costs</b>		<b>(2 533 192)</b>	<b>(43 945)</b>	<b>(2 577 137)</b>	<b>(2 617 233)</b>	<b>(61 557)</b>	<b>(2 678 790)</b>
<b>Gains (losses) on subsidiaries and associates</b>	16	<b>41 497</b>	<b>-</b>	<b>41 497</b>	<b>38 496</b>	<b>-</b>	<b>38 496</b>
<b>Gains (losses) on disposal of property, plant and equipment, and intangible assets</b>	17	<b>18 922</b>	<b>-</b>	<b>18 922</b>	<b>22 218</b>	<b>-</b>	<b>22 218</b>
<b>Profit before income tax</b>		<b>2 542 779</b>	<b>21 336</b>	<b>2 564 115</b>	<b>2 718 644</b>	<b>36 635</b>	<b>2 755 279</b>
<b>Income tax expense</b>	18	<b>(490 744)</b>	<b>(3 854)</b>	<b>(494 598)</b>	<b>(527 632)</b>	<b>(7 938)</b>	<b>(535 570)</b>
<b>Net profit for the period</b>		<b>2 052 035</b>	<b>17 482</b>	<b>2 069 517</b>	<b>2 191 012</b>	<b>28 697</b>	<b>2 219 709</b>
1. Attributable to equity holders of the Bank		2 045 244	17 482	2 062 726	2 184 386	28 697	2 213 083
2. Attributable to non-controlling interest		6 791	-	6 791	6 626	-	6 626
<b>Earnings per share (in PLN per share)</b>	19						
basic for the period		7.79	0.07	7.86	8.32	0.11	8.43
diluted for the period		7.79	0.07	7.86	8.32	0.11	8.43

Notes to the financial statements presented on pages 20 – 90 and annexes to the financial statements presented on pages I - VII constitute an integral part of the condensed consolidated interim financial statements.

# Consolidated income statement (cont)

(in PLN thousand)

	NOTE	III QUARTER 2013 PERIOD FROM 01.07.2013 TO 30.09.2013			III QUARTER 2012 PERIOD FROM 01.07.2012 TO 30.09.2012		
		CONTINUED OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUED OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
Interest income	8	1 543 691	5 877	1 549 568	2 067 307	49 337	2 116 644
Interest expense	8	(483 123)	(2 199)	(485 322)	(895 695)	(14 692)	(910 387)
<b>Net interest income</b>		<b>1 060 568</b>	<b>3 678</b>	<b>1 064 246</b>	<b>1 171 612</b>	<b>34 645</b>	<b>1 206 257</b>
Fee and commission income	9	707 372	1 556	708 928	679 351	10 236	689 587
Fee and commission expense	9	(131 860)	(1 385)	(133 245)	(134 407)	(3 370)	(137 777)
<b>Net fee and commission income</b>		<b>575 512</b>	<b>171</b>	<b>575 683</b>	<b>544 944</b>	<b>6 866</b>	<b>551 810</b>
Dividend income	10	5	-	5	10	-	10
Result on financial assets and liabilities held for trading	11	124 089	252	124 341	123 691	2 610	126 301
Result on fair value hedge accounting	27	(4 320)	-	(4 320)	(16 501)	-	(16 501)
Net result on other financial instruments at fair value through profit and loss		-	-	-	-	-	-
<b>Gains (losses) on disposal of:</b>	12	<b>39 426</b>	<b>-</b>	<b>39 426</b>	<b>156 397</b>	<b>(21)</b>	<b>156 376</b>
loans and other financial receivables		-	-	-	-	-	-
available for sale financial assets and held to maturity investments		39 191	-	39 191	156 503	(21)	156 482
financial liabilities		235	-	235	(106)	-	(106)
<b>Operating income</b>		<b>1 795 280</b>	<b>4 101</b>	<b>1 799 381</b>	<b>1 980 153</b>	<b>44 100</b>	<b>2 024 253</b>
Net impairment losses on financial assets and off-balance sheet commitments:	15	(169 765)	428	(169 337)	(169 255)	(10 205)	(179 460)
loans and other financial receivables		(139 292)	428	(138 864)	(176 302)	(10 205)	(186 507)
available for sale financial assets and held to maturity investments		-	-	-	-	-	-
off-balance sheet commitments		(30 473)	-	(30 473)	7 047	-	7 047
<b>Net result on financial activity</b>		<b>1 625 515</b>	<b>4 529</b>	<b>1 630 044</b>	<b>1 810 898</b>	<b>33 895</b>	<b>1 844 793</b>
Administrative expenses	13	(780 431)	(2 945)	(783 376)	(795 406)	(19 156)	(814 562)
personnel expenses		(473 272)	(1 238)	(474 510)	(467 591)	(10 059)	(477 650)
other administrative expenses		(307 159)	(1 707)	(308 866)	(327 815)	(9 097)	(336 912)
Depreciation and amortization		(84 518)	(146)	(84 664)	(91 093)	(1 531)	(92 624)
Net result on other provisions		(1 065)	-	(1 065)	(341)	-	(341)
Net other operating income and expenses	14	37 229	(138)	37 091	25 124	883	26 007
<b>Operating costs</b>		<b>(828 785)</b>	<b>(3 229)</b>	<b>(832 014)</b>	<b>(861 716)</b>	<b>(19 804)</b>	<b>(881 520)</b>
<b>Gains (losses) on subsidiaries and associates</b>	16	<b>13 808</b>	<b>-</b>	<b>13 808</b>	<b>13 225</b>	<b>-</b>	<b>13 225</b>
<b>Gains (losses) on disposal of property, plant and equipment, and intangible assets</b>	17	<b>1 905</b>	<b>-</b>	<b>1 905</b>	<b>19 835</b>	<b>-</b>	<b>19 835</b>
<b>Profit before income tax</b>		<b>812 443</b>	<b>1 300</b>	<b>813 743</b>	<b>982 242</b>	<b>14 091</b>	<b>996 333</b>
Income tax expense	18	(155 871)	29	(155 842)	(192 008)	(3 723)	(195 731)
<b>Net profit for the period</b>		<b>656 572</b>	<b>1 329</b>	<b>657 901</b>	<b>790 234</b>	<b>10 368</b>	<b>800 602</b>
1. Attributable to equity holders of the Bank		654 081	1 329	655 410	787 935	10 368	798 303
2. Attributable to non-controlling interest		2 491	-	2 491	2 299	-	2 299
<b>Earnings per share (in PLN per share)</b>	19						
basic for the period		2.49	0.01	2.50	3.00	0.04	3.04
diluted for the period		2.49	0.01	2.50	3.00	0.04	3.04

Notes to the financial statements presented on pages 20 – 90 and annexes to the financial statements presented on pages I - VII constitute an integral part of the condensed consolidated interim financial statements.

# Consolidated statement of comprehensive income

(in PLN thousand)

	NOTE	III QUARTER 2013 PERIOD FROM 01.07.2013 TO 30.09.2013	3 QUARTERS 2013 PERIOD FROM 01.01.2013 TO 30.09.2013	III QUARTER 2012 PERIOD FROM 01.07.2012 TO 30.09.2012	3 QUARTERS 2012 PERIOD FROM 01.01.2012 TO 30.09.2012
<b>Net profit</b>		<b>657 901</b>	<b>2 069 517</b>	<b>800 602</b>	<b>2 219 709</b>
1. Attributable to equity holders of the Bank		655 410	2 062 726	798 303	2 213 083
2. Attributable to non-controlling interest		2 491	6 791	2 299	6 626
<b>Other comprehensive income</b>					
<b>Item that are or may be reclassified subsequently to profit or loss:</b>					
Foreign currency translation differences		(1 511)	25 697	(34 900)	(35 348)
Change in fair value of available-for-sale financial assets		(118 201)	(584 935)	54 422	404 288
Change in fair value of cash flow hedges		69 742	38 568	257	(86 063)
Income tax expense on other comprehensive income	18	9 428	98 924	(3 626)	(53 122)
<b>Other comprehensive income (net)</b>		<b>(40 542)</b>	<b>(421 746)</b>	<b>16 153</b>	<b>229 755</b>
<b>Total comprehensive income</b>		<b>617 359</b>	<b>1 647 771</b>	<b>816 755</b>	<b>2 449 464</b>
1. Attributable to equity holders of the Bank		614 868	1 640 980	814 456	2 442 838
2. Attributable to non-controlling interest		2 491	6 791	2 299	6 626

Notes to the financial statements presented on pages 20 – 90 and annexes to the financial statements presented on pages I - VII constitute an integral part of the condensed consolidated interim financial statements.

# Consolidated statement of financial position

(in PLN thousand)

	NOTE	30.09.2013	31.12.2012	30.09.2012
<b>ASSETS</b>				
Cash and due from Central Bank	21	7 154 809	9 207 285	7 156 261
Bills of exchange eligible for rediscounting at Central Bank		245	159	300
Loans and advances to banks	22	7 514 396	4 053 848	6 956 813
Financial assets held for trading	23	1 346 976	600 543	820 509
Derivative financial instruments (held for trading)	24	2 078 056	2 649 097	2 211 109
Other financial instruments at fair value through profit and loss		-	-	-
Loans and advances to customers	25	98 610 517	95 081 492	94 251 644
Receivables from financial leases	26	2 715 494	2 717 931	2 820 390
Hedging instruments	27	244 749	367 890	453 426
Investments securities	28	26 169 409	28 735 442	25 817 378
1. Available for sale		23 902 772	25 887 659	22 366 203
2. Held to maturity		2 266 637	2 847 783	3 451 175
Assets held for sale	29	62 430	2 374 173	2 295 819
Investments in associates		158 074	168 436	161 226
Intangible assets	30	619 188	669 387	662 477
Property, plant and equipment	31	1 646 901	1 670 544	1 657 047
Investment properties		31 412	33 221	34 841
Income tax assets		919 570	828 566	826 153
1. Current tax assets		74 051	8 481	1 543
2. Deferred tax assets		845 519	820 085	824 610
Other assets		1 930 032	1 791 816	1 775 769
<b>TOTAL ASSETS</b>		<b>151 202 258</b>	<b>150 949 830</b>	<b>147 901 162</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Liabilities</b>				
Amounts due to Central Bank	21	975	-	89 494
Amounts due to other banks	33	9 076 566	7 782 672	6 411 028
Financial liabilities held for trading	23	467 064	246 578	172 541
Derivative financial instruments (held for trading)	24	2 093 360	2 620 798	2 198 317
Amounts due to customers	34	110 537 473	107 992 608	106 821 931
Hedging instruments	27	1 201 272	1 226 781	1 264 588
Fair value hedge adjustments of hedged items due to interest rate risk	27	3 372	11 328	12 773
Debt securities issued	35	2 611 787	4 758 736	5 389 512
Liabilities associated with assets held for sale	29	-	891 007	807 748
Income tax liabilities		4 637	82 634	12 997
1. Current tax liabilities		1 785	76 648	7 171
2. Deferred tax liabilities		2 852	5 986	5 826
Provisions	36	392 158	359 506	338 554
Other liabilities		1 799 318	1 518 400	1 988 339
<b>TOTAL LIABILITIES</b>		<b>128 187 982</b>	<b>127 491 048</b>	<b>125 507 822</b>
<b>Equity</b>				
Share capital		262 470	262 470	262 404
Other capital and reserves		20 605 138	20 023 141	19 699 839
Retained earnings and profit for the period		2 055 773	3 080 934	2 341 787
<b>Total equity attributable to equity holders of the Bank</b>		<b>22 923 381</b>	<b>23 366 545</b>	<b>22 304 030</b>
Non-controlling interest		90 895	92 237	89 310
<b>TOTAL EQUITY</b>		<b>23 014 276</b>	<b>23 458 782</b>	<b>22 393 340</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>151 202 258</b>	<b>150 949 830</b>	<b>147 901 162</b>

Notes to the financial statements presented on pages 20 – 90 and annexes to the financial statements presented on pages I - VII constitute an integral part of the condensed consolidated interim financial statements.

# Consolidated statement of changes in equity

(in PLN thousand)

For the period from 1 January 2013 to 30 September 2013

EQUITY ATTRIBUTABLE TO BANK STOCKHOLDERS												
	OTHER CAPITAL AND RESERVES								RETAINED EARNINGS AND PROFIT FOR THE PERIOD	TOTAL 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 TRANSLATION DIFFERENCES	OTHER				
Equity as at 1 January 2013	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
Management options	-	4 579	-	-	-	-	-	4 579	-	4 579	(6)	4 573
Options exercised (share issue)	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation of management share options	-	4 579	-	-	-	-	-	4 579	-	4 579	(6)	4 573
Comprehensive income	-	(429 685)	-	-	-	(442 557)	12 872	-	2 070 665	1 640 980	6 791	1 647 771
Revaluation of available-for-sale investments net of tax	-	(473 797)	-	-	-	(473 797)	-	-	-	(473 797)	-	(473 797)
Revaluation of hedging financial instruments net of tax	-	31 240	-	-	-	31 240	-	-	-	31 240	-	31 240
Foreign currency translation differences	-	12 872	-	-	-	-	12 872	-	7 939	20 811	-	20 811
Net profit for the period	-	-	-	-	-	-	-	-	2 062 726	2 062 726	6 791	2 069 517
Appropriation of retained earnings	-	707 256	-	200 000	489 581	-	-	17 675	(2 909 380)	(2 202 124)	(8 127)	(2 210 251)
Dividend paid	-	-	-	-	-	-	-	-	(2 202 124)	(2 202 124)	(8 127)	(2 210 251)
Profit appropriation	-	707 256	-	200 000	489 581	-	-	17 675	(707 256)	-	-	-
Other	-	299 847	-	-	215 905	-	117 266	(33 324)	(186 446)	113 401	-	113 401
Sale of net assets of PJSC UniCredit Bank	-	297 757	-	-	213 815	-	117 266	(33 324)	(184 356)	113 401	-	113 401
Other consolidation items	-	2 090	-	-	2 090	-	-	-	(2 090)	-	-	-
Equity as at 30 September 2013	262 470	20 605 138	9 137 221	1 937 850	9 069 638	76 635	1 370	382 424	2 055 773	22 923 381	90 895	23 014 276

Notes to the financial statements presented on pages 20 – 90 and annexes to the financial statements presented on pages I - VII constitute an integral part of the condensed consolidated interim financial statements.

# Consolidated statement of changes in equity (cont)

(in PLN thousand)

For the period from 1 January 2012 to 31 December 2012

	EQUITY ATTRIBUTABLE TO BANK STOCKHOLDERS										NON-CONTROLLING INTEREST	TOTAL EQUITY
	OTHER CAPITAL AND RESERVES							RETAINED EARNINGS AND CURRENT YEAR PROFIT	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK			
	SHARE CAPITAL	TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY 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	88	3 893	10 720	-	-	-	-	(6 827)	-	3 981	23	4 004
Options exercised (share issue)	88	10 720	10 720	-	-	-	-	-	-	10 808	-	10 808
Revaluation of management share options	-	(6 827)	-	-	-	-	-	(6 827)	-	(6 827)	23	(6 804)
Comprehensive income	-	554 832	-	-	-	584 624	(29 792)	-	2 948 358	3 503 190	9 551	3 512 741
Revaluation of available-for-sale investments net of tax	-	617 120	-	-	-	617 120	-	-	-	617 120	-	617 120
Revaluation of hedging financial instruments net of tax	-	(32 496)	-	-	-	(32 496)	-	-	-	(32 496)	-	(32 496)
Foreign currency translation differences	-	(29 792)	-	-	-	-	(29 792)	-	(7 344)	(37 136)	-	(37 136)
Net profit for the period	-	-	-	-	-	-	-	-	2 955 702	2 955 702	9 551	2 965 253
Appropriation of retained earnings	-	1 429 225	-	200 000	1 210 966	-	-	18 259	(2 841 314)	(1 412 089)	(2 804)	(1 414 893)
Dividend paid	-	-	-	-	-	-	-	-	(1 412 089)	(1 412 089)	(2 804)	(1 414 893)
Profit appropriation	-	1 429 225	-	200 000	1 210 966	-	-	18 259	(1 429 225)	-	-	-
Equity as at 31 December 2012	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

Notes to the financial statements presented on pages 20 – 90 and annexes to the financial statements presented on pages I – VII constitute an integral part of the condensed consolidated interim financial statements.

# Consolidated statement of changes in equity <sup>(cont)</sup>

(in PLN thousand)

For the period from 1 January 2012 to 30 September 2012

EQUITY ATTRIBUTABLE TO BANK STOCKHOLDERS												
	SHARE CAPITAL	TOTAL OTHER CAPITAL AND RESERVES	OTHER CAPITAL AND RESERVES					RETAINED EARNINGS AND CURRENT YEAR PROFIT	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	NON-CONTROLLING INTEREST	TOTAL EQUITY	
			SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY 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	22	1 798	2 694	-	-	-	-	(896)	-	1 820	21	1 841
Options exercised (share issue)	22	2 694	2 694	-	-	-	-	-	-	2 716	-	2 716
Revaluation of management share options	-	(896)	-	-	-	-	-	(896)	-	(896)	21	(875)
Comprehensive income	-	233 625	-	-	-	257 780	(24 155)	-	2 209 211	2 442 836	6 626	2 449 462
Revaluation of available-for-sale investments net of tax	-	327 492	-	-	-	327 492	-	-	-	327 492	-	327 492
Revaluation of hedging financial instruments net of tax	-	(69 712)	-	-	-	(69 712)	-	-	-	(69 712)	-	(69 712)
Foreign currency translation differences	-	(24 155)	-	-	-	-	(24 155)	-	(3 872)	(28 027)	-	(28 027)
Net profit for the period	-	-	-	-	-	-	-	-	2 213 083	2 213 083	6 626	2 219 709
Appropriation of retained earnings	-	1 429 225	-	200 000	1 210 966	-	-	18 259	(2 841 314)	(1 412 089)	(2 804)	(1 414 893)
Dividend paid	-	-	-	-	-	-	-	-	(1 412 089)	(1 412 089)	(2 804)	(1 414 893)
Profit appropriation	-	1 429 225	-	200 000	1 210 966	-	-	18 259	(1 429 225)	-	-	-
Equity as at 30 September 2012	262 404	19 699 839	9 129 195	1 737 850	8 364 152	192 348	(123 131)	399 425	2 341 787	22 304 030	89 310	22 393 340

Notes to the financial statements presented on pages 20 – 90 and annexes to the financial statements presented on pages I - VII constitute an integral part of the condensed consolidated interim financial statements.



# Consolidated cash flow statement

(in PLN thousand)

	III QUARTER 2013 PERIOD FROM 01.07.2013 TO 30.09.2013	3 QUARTERS 2013 PERIOD FROM 01.01.2013 TO 30.09.2013	III QUARTER 2012 PERIOD FROM 01.07.2012 TO 30.09.2012	3 QUARTERS 2012 PERIOD FROM 01.01.2012 TO 30.09.2012
<b>Cash flow from operating activities – indirect method</b>				
<b>Net profit for the period</b>	<b>655 410</b>	<b>2 062 726</b>	<b>798 303</b>	<b>2 213 083</b>
<b>Adjustments for:</b>	<b>2 269 880</b>	<b>183 438</b>	<b>(3 200 721)</b>	<b>(4 149 659)</b>
Depreciation and amortisation	83 293	256 416	91 022	277 416
Share in profit (loss) of associates	(13 808)	(41 498)	(13 999)	(41 172)
(Gains) losses on investing activities	(23 731)	(251 235)	(158 340)	(240 861)
Interest received	(1 387 404)	(4 521 942)	(1 604 606)	(4 926 642)
Interest paid	598 095	1 999 979	890 945	2 561 005
Income tax	195 438	546 892	185 660	525 198
Income taxes paid	(201 126)	(607 586)	(188 301)	(708 847)
Change in loans and advances to banks	(130 591)	(269 607)	77 521	371 182
Change in financial assets held for trading and other financial instruments at fair value through profit and loss	(6 091)	(741 697)	259 259	56 407
Change in derivative financial instruments (assets)	320 438	571 041	(238 407)	(54 835)
Change in loans and advances to customers and debt securities eligible for rediscounting at Central Bank	(426 293)	53 580	1 483 902	2 520 047
Change in receivables from financial leases	(18 966)	2 437	11 639	42 370
Change in investment securities	30 399	(171 771)	(3 353)	(239 699)
Change in other assets	2 479 018	2 475 506	79 584	106 013
Change in amounts due to banks	3 834 529	1 196 867	(1 946 904)	408 938
Change in financial liabilities held for trading	53 503	220 486	61 761	172 541
Change in derivative financial instruments (liabilities) and other financial instruments at fair value	(287 953)	(527 438)	145 622	(308 882)
Change in amounts due to customers	1 090 417	823 587	(738 438)	(3 905 538)
Change in debt securities issued	(133 719)	(214 755)	8 302	(34 412)
Change in provisions	36 986	32 652	1 504	24 674
Change in other liabilities	(3 822 554)	(648 476)	(1 605 094)	(754 562)
<b>Net cash flows from operating activities</b>	<b>2 925 290</b>	<b>2 246 164</b>	<b>(2 402 418)</b>	<b>(1 936 576)</b>
<b>Cash flow from investing activities</b>				
<b>Investing activity inflows</b>	<b>108 955 698</b>	<b>332 586 930</b>	<b>65 530 460</b>	<b>199 034 867</b>
Sale of investment securities	108 803 953	331 956 498	65 362 397	198 500 857
Sale of intangible assets and property, plant and equipment	1 863	4 927	930	5 906
Other investing inflows	149 882	625 505	167 133	528 104
<b>Investing activity outflows</b>	<b>(105 663 892)</b>	<b>(329 736 627)</b>	<b>(64 565 949)</b>	<b>(194 433 695)</b>
Acquisition of investment securities	(105 612 990)	(329 549 380)	(64 503 497)	(194 293 295)
Acquisition of intangible assets and property, plant and equipment	(50 902)	(187 247)	(62 452)	(140 400)
<b>Net cash flows from investing activities</b>	<b>3 291 806</b>	<b>2 850 303</b>	<b>964 511</b>	<b>4 601 172</b>

Notes to the financial statements presented on pages 20 – 90 and annexes to the financial statements presented on pages I - VII constitute an integral part of the condensed consolidated interim financial statements.



## Consolidated cash flow statement (cont)

(in PLN thousand)

	III QUARTER 2013 PERIOD FROM 01.07.2013 TO 30.09.2013	3 QUARTERS 2013 PERIOD FROM 01.01.2013 TO 30.09.2013	III QUARTER 2012 PERIOD FROM 01.07.2012 TO 30.09.2012	3 QUARTERS 2012 PERIOD FROM 01.01.2012 TO 30.09.2012
<b>Cash flows from financing activities</b>				
<b>Financing activity inflows</b>	<b>340 392</b>	<b>2 082 273</b>	<b>2 220 421</b>	<b>4 396 985</b>
Issue of debt securities	340 392	2 082 273	2 217 825	4 394 269
Issue of shares	-	-	2 596	2 716
<b>Financing activity outflows</b>	<b>(1 984 264)</b>	<b>(6 397 291)</b>	<b>(220 799)</b>	<b>(3 505 866)</b>
Redemption of debt securities	(1 984 264)	(4 195 167)	(220 799)	(2 093 777)
Dividends and other payments to shareholders	-	(2 202 124)	-	(1 412 089)
<b>Net cash flows from financing activities</b>	<b>(1 643 872)</b>	<b>(4 315 018)</b>	<b>1 999 622</b>	<b>891 119</b>
<b>Total net cash flows</b>	<b>4 573 224</b>	<b>781 449</b>	<b>561 715</b>	<b>3 555 715</b>
including: effect of exchange rate fluctuations on cash and cash equivalents held	(95 774)	55 491	(172 709)	(231 028)
<b>Net change in cash and cash equivalents</b>	<b>4 573 224</b>	<b>781 449</b>	<b>561 715</b>	<b>3 555 715</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>9 023 015</b>	<b>12 814 790</b>	<b>13 149 537</b>	<b>10 155 537</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>13 596 239</b>	<b>13 596 239</b>	<b>13 711 252</b>	<b>13 711 252</b>

Notes to the financial statements presented on pages 20 – 90 and annexes to the financial statements presented on pages I - VII constitute an integral part of the condensed consolidated interim financial statements.

# Unconsolidated Financial Statements of Bank Pekao S.A.

(in PLN thousand)

## Unconsolidated Income Statement of Bank Pekao S.A.

	III QUARTER 2013 PERIOD FROM 01.07.2013 TO 30.09.2013	3 QUARTERS 2013 PERIOD FROM 01.01.2013 TO 30.09.2013	III QUARTER 2012 PERIOD FROM 01.07.2012 TO 30.09.2012	3 QUARTERS 2012 PERIOD FROM 01.01.2012 TO 30.09.2012
Interest income	1 497 709	4 875 877	2 012 853	5 956 331
Interest expense	(468 295)	(1 754 868)	(878 425)	(2 579 018)
<b>Net interest income</b>	<b>1 029 414</b>	<b>3 121 009</b>	<b>1 134 428</b>	<b>3 377 313</b>
Fee and commission income	652 132	1 904 355	629 444	1 896 971
Fee and commission expense	(132 885)	(376 087)	(134 152)	(386 668)
<b>Net fee and commission income</b>	<b>519 247</b>	<b>1 528 268</b>	<b>495 292</b>	<b>1 510 303</b>
<b>Dividend income</b>	<b>-</b>	<b>143 779</b>	<b>-</b>	<b>168 534</b>
<b>Result on financial assets and liabilities held for trading</b>	<b>120 353</b>	<b>345 389</b>	<b>120 827</b>	<b>352 977</b>
<b>Result on fair value hedge accounting</b>	<b>(4 320)</b>	<b>(11 355)</b>	<b>(16 501)</b>	<b>(25 238)</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>Gains (losses) on disposal of:</b>	<b>39 426</b>	<b>246 382</b>	<b>156 431</b>	<b>236 593</b>
loans and other financial receivables	-	(81)	-	-
available for sale financial assets and held to maturity investments	39 191	249 678	156 537	236 675
financial liabilities	235	(3 215)	(106)	(82)
<b>Operating income</b>	<b>1 704 120</b>	<b>5 373 472</b>	<b>1 890 477</b>	<b>5 620 482</b>
<b>Net impairment losses on financial assets and off-balance sheet commitments:</b>	<b>(165 498)</b>	<b>(456 936)</b>	<b>(158 658)</b>	<b>(421 931)</b>
loans and other financial receivables	(135 468)	(434 898)	(170 899)	(434 673)
available for sale financial assets and held to maturity investments	-	-	-	-
off-balance sheet commitments	(30 030)	(22 038)	12 241	12 742
<b>Net result on financial activity</b>	<b>1 538 622</b>	<b>4 916 536</b>	<b>1 731 819</b>	<b>5 198 551</b>
<b>Administrative expenses</b>	<b>(733 999)</b>	<b>(2 202 482)</b>	<b>(751 667)</b>	<b>(2 267 290)</b>
personnel expenses	(427 575)	(1 276 548)	(424 194)	(1 282 530)
other administrative expenses	(306 424)	(925 934)	(327 473)	(984 760)
<b>Depreciation and amortization</b>	<b>(80 336)</b>	<b>(244 571)</b>	<b>(86 606)</b>	<b>(259 887)</b>
<b>Net result on other provisions</b>	<b>(1 015)</b>	<b>(3 102)</b>	<b>(518)</b>	<b>(2 251)</b>
<b>Net other operating income and expenses</b>	<b>34 335</b>	<b>63 815</b>	<b>24 372</b>	<b>61 314</b>
<b>Operating costs</b>	<b>(781 015)</b>	<b>(2 386 340)</b>	<b>(814 419)</b>	<b>(2 468 114)</b>
<b>Gains (losses) on subsidiaries and associates</b>	<b>69 972</b>	<b>69 972</b>	<b>190</b>	<b>803</b>
<b>Gains (losses) on disposal of property, plant and equipment, and intangible assets</b>	<b>(361)</b>	<b>17 339</b>	<b>19 728</b>	<b>21 978</b>
<b>Profit before income tax</b>	<b>827 218</b>	<b>2 617 507</b>	<b>937 318</b>	<b>2 753 218</b>
<b>Income tax expense</b>	<b>(160 945)</b>	<b>(480 467)</b>	<b>(183 038)</b>	<b>(502 100)</b>
<b>Net profit</b>	<b>666 273</b>	<b>2 137 040</b>	<b>754 280</b>	<b>2 251 118</b>
<b>Earnings per share (in PLN per share)</b>				
basic for the period	2.54	8.14	2.88	8.58
diluted for the period	2.54	8.14	2.88	8.58

# Unconsolidated Financial Statements of Bank Pekao S.A.

(in PLN thousand)

## Unconsolidated Statement of Comprehensive Income of Bank Pekao S.A.

	III QUARTER 2013 PERIOD FROM 01.07.2013 TO 30.09.2013	3 QUARTERS 2013 PERIOD FROM 01.01.2013 TO 30.09.2013	III QUARTER 2012 PERIOD FROM 01.07.2012 TO 30.09.2012	3 QUARTERS 2012 PERIOD FROM 01.01.2012 TO 30.09.2012
<b>Net profit</b>	<b>666 273</b>	<b>2 137 040</b>	<b>754 280</b>	<b>2 251 118</b>
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences	(351)	(18)	(162)	(200)
Change in fair value of available-for-sale financial assets	(118 434)	(584 219)	55 018	404 718
Change in fair value of cash flow hedges	69 742	38 568	257	(86 063)
Income tax expense on other comprehensive income	9 252	103 674	(10 503)	(60 545)
<b>Other comprehensive income (net)</b>	<b>(39 791)</b>	<b>(441 995)</b>	<b>44 610</b>	<b>257 910</b>
<b>Total comprehensive income</b>	<b>626 482</b>	<b>1 695 045</b>	<b>798 890</b>	<b>2 509 028</b>

# Unconsolidated Financial Statements of Bank Pekao S.A.

(in PLN thousand)

## Unconsolidated Statement of Financial Position of Bank Pekao S.A.

	30.09.2013	31.12.2012	30.09.2012
<b>ASSETS</b>			
Cash and due from Central Bank	7 154 803	9 207 268	7 156 252
Debt securities eligible for rediscounting at Central Bank	245	159	300
Loans and advances to banks	7 556 532	4 096 454	6 925 580
Financial assets held for trading	1 346 976	614 719	820 509
Derivative financial instruments (held for trading)	2 084 467	2 650 577	2 212 779
Other financial instruments at fair value through profit and loss	-	-	-
Loans and advances to customers	98 156 817	94 847 780	93 663 382
Hedging instruments	244 749	367 890	453 426
Investment securities	26 017 944	28 587 056	25 748 969
1. Available for sale	23 826 034	25 808 501	22 391 747
2. Held to maturity	2 191 910	2 778 555	3 357 222
Assets held for sale	32 719	1 564 477	1 584 550
Investments in subsidiaries	793 113	793 113	793 263
Investments in associates	29 427	29 427	38 285
Intangible assets	596 233	644 445	636 103
Property, plant and equipment	1 549 050	1 642 140	1 626 195
Investment properties	26 262	28 071	28 372
Income tax assets	696 997	574 969	568 442
1. Current tax assets	72 152	4 981	-
2. Deferred tax assets	624 845	569 988	568 442
Other assets	1 751 388	1 613 509	1 595 734
<b>TOTAL ASSETS</b>	<b>148 037 722</b>	<b>147 262 054</b>	<b>143 852 141</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Amounts due to Central Bank	975	-	89 494
Amounts due to other banks	7 681 486	6 305 678	4 950 327
Financial liabilities held for trading	467 064	246 578	172 541
Derivative financial instruments (held for trading)	2 094 581	2 629 496	2 205 435
Amounts due to customers	110 352 434	108 104 514	106 380 541
Hedging instruments	1 201 272	1 226 781	1 264 588
Fair value hedge adjustments of hedged items due to interest rate risk	3 372	11 328	12 773
Debt securities issued	1 788 946	3 966 148	4 685 598
Income tax liabilities	-	74 508	4 912
1. Current tax liabilities	-	74 508	4 912
2. Deferred tax liabilities	-	-	-
Provisions	390 177	373 490	353 859
Other liabilities	1 647 413	1 411 793	1 834 971
<b>TOTAL LIABILITIES</b>	<b>125 627 720</b>	<b>124 350 314</b>	<b>121 955 039</b>
<b>Equity</b>			
Share capital	262 470	262 470	262 404
Other capital and reserves	20 010 492	19 711 115	19 383 580
Retained earnings and profit for the period	2 137 040	2 938 155	2 251 118
<b>TOTAL EQUITY</b>	<b>22 410 002</b>	<b>22 911 740</b>	<b>21 897 102</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>148 037 722</b>	<b>147 262 054</b>	<b>143 852 141</b>

# Unconsolidated Financial Statements of Bank Pekao S.A.

(in PLN thousand)

## Unconsolidated statement of changes in equity of Bank Pekao S.A

For the period from 1 January 2013 to 30 September 2013

	OTHER CAPITAL AND RESERVES							RETAINED EARNINGS AND PROFIT FOR THE PERIOD		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 TRANSLATION DIFFERENCES	OTHER		
Equity as at 1 January 2013	262 470	19 711 115	9 137 221	1 737 850	8 073 570	518 137	1 388	242 949	2 938 155	22 911 740
Management options	-	4 231	-	-	-	-	-	4 231	-	4 231
Options exercised (share issue)	-	-	-	-	-	-	-	-	-	-
Revaluation of management share options	-	4 231	-	-	-	-	-	4 231	-	4 231
Comprehensive income	-	(441 995)	-	-	-	(441 977)	(18)	-	2 137 040	1 695 045
Revaluation of available-for-sale investments net of tax	-	(473 217)	-	-	-	(473 217)	-	-	-	(473 217)
Revaluation of hedging financial instruments net of tax	-	31 240	-	-	-	31 240	-	-	-	31 240
Foreign currency translation differences	-	(18)	-	-	-	-	(18)	-	-	(18)
Net profit for the period	-	-	-	-	-	-	-	-	2 137 040	2 137 040
Appropriation of retained earnings	-	736 031	-	200 000	536 031	-	-	-	(2 938 155)	(2 202 124)
Dividend paid	-	-	-	-	-	-	-	-	(2 202 124)	(2 202 124)
Profit appropriation	-	736 031	-	200 000	536 031	-	-	-	(736 031)	-
Other	-	1 110	-	-	1 110	-	-	-	-	1 110
Sale of shares in PJSC UniCredit Bank	-	1 110	-	-	1 110	-	-	-	-	1 110
Equity as at 30 September 2013	262 470	20 010 492	9 137 221	1 937 850	8 610 711	76 160	1 370	247 180	2 137 040	22 410 002

# Unconsolidated Financial Statements of Bank Pekao S.A.

(in PLN thousand)

For the period from 1 January 2012 to 31 December 2012

	SHARE CAPITAL	TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY TRANSLATION DIFFERENCES	OTHER CAPITAL AND RESERVES		TOTAL EQUITY
								OTHER	RETAINED EARNINGS AND PROFIT FOR THE PERIOD	
<b>Equity as at 1 January 2012</b>	262 382	17 709 907	9 126 501	1 537 850	6 859 286	(65 446)	1 523	250 193	2 826 373	20 798 662
<b>Management options</b>	88	3 476	10 720	-	-	-	-	(7 244)	-	3 564
Options exercised (share issue)	88	10 720	10 720	-	-	-	-	-	-	10 808
Revaluation of management share options	-	(7 244)	-	-	-	-	-	(7 244)	-	(7 244)
<b>Comprehensive income</b>	-	583 448	-	-	-	583 583	(135)	-	2 938 155	3 521 603
Revaluation of available-for-sale investments net of tax	-	616 078	-	-	-	616 078	-	-	-	616 078
Revaluation of hedging financial instruments net of tax	-	(32 495)	-	-	-	(32 495)	-	-	-	(32 495)
Foreign currency translation differences	-	(135)	-	-	-	-	(135)	-	-	(135)
Net profit for the period	-	-	-	-	-	-	-	-	2 938 155	2 938 155
<b>Appropriation of retained earnings</b>	-	1 414 284	-	200 000	1 214 284	-	-	-	(2 826 373)	(1 412 089)
Dividend paid	-	-	-	-	-	-	-	-	(1 412 089)	(1 412 089)
Profit appropriation	-	1 414 284	-	200 000	1 214 284	-	-	-	(1 414 284)	-
<b>Equity as at 31 December 2012</b>	262 470	19 711 115	9 137 221	1 737 850	8 073 570	518 137	1 388	242 949	2 938 155	22 911 740

# Unconsolidated Financial Statements of Bank Pekao S.A.

(in PLN thousand)

For the period from 1 January 2012 to 30 September 2012

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES							TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES FROM FINANCIAL INSTRUMENTS	FOREIGN CURRENCY TRANSLATION DIFFERENCES	RETAINED EARNINGS AND PROFIT FOR THE PERIOD OTHER	
Equity as at 1 January 2012	262 382	17 709 907	9 126 501	1 537 850	6 859 286	(65 446)	1 523	250 193	20 798 662
Management options	22	1 480	2 694	-	-	-	-	(1 214)	1 502
Options exercised (share issue)	22	2 694	2 694	-	-	-	-	-	2 716
Revaluation of management share options	-	(1 214)	-	-	-	-	-	(1 214)	(1 214)
Comprehensive income	-	257 909	-	-	-	258 110	(201)	-	2 509 027
Revaluation of available-for-sale investments net of tax	-	327 821	-	-	-	327 821	-	-	327 821
Revaluation of hedging financial instruments net of tax	-	(69 711)	-	-	-	(69 711)	-	-	(69 711)
Foreign currency translation differences	-	(201)	-	-	-	-	(201)	-	(201)
Net profit for the period	-	-	-	-	-	-	-	-	2 251 118
Appropriation of retained earnings	-	1 414 284	-	200 000	1 214 284	-	-	-	(1 412 089)
Dividend paid	-	-	-	-	-	-	-	-	(1 412 089)
Profit appropriation	-	1 414 284	-	200 000	1 214 284	-	-	-	(1 414 284)
Equity as at 30 September 2012	262 404	19 383 580	9 129 195	1 737 850	8 073 570	192 664	1 322	248 979	21 897 102

# Unconsolidated Financial Statements of Bank Pekao S.A.

(in PLN thousand)

## Unconsolidated Cash Flow Statement of Bank Pekao S.A.

	III QUARTER 2013 PERIOD FROM 01.07.2013 TO 30.09.2013	3 QUARTERS 2013 PERIOD FROM 01.01.2013 TO 30.09.2013	III QUARTER 2012 PERIOD FROM 01.07.2012 TO 30.09.2012	3 QUARTERS 2 PERIOD FROM 01.01.2012 TO 30.09.2012
<b>Cash flow from operating activities – indirect method</b>				
<b>Net profit for the period</b>	<b>666 273</b>	<b>2 137 040</b>	<b>754 280</b>	<b>2 251 118</b>
<b>Adjustments for:</b>	<b>1 576 489</b>	<b>(21 635)</b>	<b>(3 115 914)</b>	<b>(4 281 804)</b>
Depreciation and amortization	79 410	243 645	83 760	258 284
(Gains) losses on investing activities	(21 464)	(249 651)	(158 286)	(240 674)
Dividend received	-	(137 029)	-	(159 785)
Interest received	(1 339 354)	(4 293 941)	(1 608 159)	(4 936 426)
Interest paid	578 090	1 931 648	860 902	2 473 459
Income tax	171 358	487 353	183 038	502 100
Income taxes paid	(186 266)	(575 371)	(174 837)	(658 770)
Change in loans and advances to banks	(96 031)	(282 027)	77 725	372 459
Change in financial assets held for trading and other financial instruments at fair value through profit and loss	(1 257)	(722 687)	263 641	60 789
Change in derivative financial instruments (assets)	324 362	566 110	(147 873)	40 183
Change in loans and advances to customers and debt securities eligible for rediscounting at Central Bank	(505 492)	61 632	1 380 652	2 437 509
Change in investment securities	29 408	(172 960)	(1 344)	(233 615)
Change in other assets	703 594	1 556 476	(36 608)	(36 347)
Change in amounts due to banks	3 890 050	1 304 209	(1 877 626)	477 541
Change in financial liabilities held for trading	53 503	220 486	61 761	172 541
Change in derivative financial instruments (liabilities) and other financial instruments at fair value	(290 722)	(534 915)	152 769	(301 265)
Change in amounts due to customers	1 063 164	536 465	(690 912)	(3 906 958)
Change in debt securities issued	(119 252)	(179 386)	23 652	(9 286)
Change in provisions	36 551	16 687	(4 464)	8 491
Change in other liabilities	(2 793 163)	201 621	(1 503 705)	(602 034)
<b>Net cash flows from operating activities</b>	<b>2 242 762</b>	<b>2 115 405</b>	<b>(2 361 634)</b>	<b>(2 030 686)</b>
<b>Cash flow from investing activities</b>				
<b>Investing activity inflows</b>	<b>108 952 558</b>	<b>332 605 699</b>	<b>65 469 815</b>	<b>199 062 436</b>
Sale of investment securities	108 803 953	331 896 297	65 304 334	198 436 606
Sale of intangible assets and property, plant and equipment	76	1 831	51	2 761
Other investing inflows	148 529	707 571	165 430	623 069
<b>Investing activity outflows</b>	<b>(105 610 478)</b>	<b>(329 587 179)</b>	<b>(64 563 333)</b>	<b>(194 394 518)</b>
Acquisition of investment securities	(105 564 331)	(329 484 911)	(64 503 497)	(194 264 540)
Acquisition of intangible assets and property, plant and equipment	(46 147)	(102 268)	(59 836)	(129 978)
<b>Net cash flows from investing activities</b>	<b>3 342 080</b>	<b>3 018 520</b>	<b>906 482</b>	<b>4 667 918</b>



# Unconsolidated Financial Statements of Bank Pekao S.A.

(in PLN thousand)

	III QUARTER 2013 PERIOD FROM 01.07.2013 TO 30.09.2013	3 QUARTERS 2013 PERIOD FROM 01.01.2013 TO 30.09.2013	III QUARTER 2012 PERIOD FROM 01.07.2012 TO 30.09.2012	3 QUARTERS 2012 PERIOD FROM 01.01.2012 TO 30.09.2012
<b>Cash flows from financing activities</b>				
<b>Financing activity inflows</b>	<b>340 900</b>	<b>2 063 300</b>	<b>2 070 422</b>	<b>4 096 986</b>
Issue of debt securities	340 900	2 063 300	2 067 825	4 094 269
Issue of shares	-	-	2 597	2 717
<b>Financing activity outflows</b>	<b>(1 983 370)</b>	<b>(6 410 860)</b>	<b>(220 799)</b>	<b>(3 271 308)</b>
Redemption of debt securities	(1 983 370)	(4 208 736)	(220 799)	(1 859 219)
Dividends and other payments to shareholders	-	(2 202 124)	-	(1 412 089)
<b>Net cash flows from financing activities</b>	<b>(1 642 470)</b>	<b>(4 347 560)</b>	<b>1 849 623</b>	<b>825 678</b>
<b>Total net cash flows</b>	<b>3 942 372</b>	<b>786 365</b>	<b>394 471</b>	<b>3 462 910</b>
including: effect of exchange rate fluctuations on cash and cash equivalents held	(43 615)	56 309	(177 208)	(232 453)
<b>Net change in cash and cash equivalents</b>	<b>3 942 372</b>	<b>786 365</b>	<b>394 471</b>	<b>3 462 910</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>9 663 473</b>	<b>12 819 480</b>	<b>13 329 583</b>	<b>10 261 144</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>13 605 845</b>	<b>13 605 845</b>	<b>13 724 054</b>	<b>13 724 054</b>

# Notes to financial statements

(in PLN thousand)

**The accompanying notes to the financial statement constitute an integral part of the condensed consolidated interim 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 Commercial 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 September 2013 contain financial information of the Bank and its subsidiaries (together referred to as the "Group"), and the associates accounted for using equity method.

## 2. Group structure

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

NAME OF ENTITY	LOCATION	CORE ACTIVITY	PERCENTAGE OF THE GROUP'S OWNERSHIP RIGHTS IN SHARE CAPITAL/ VOTING	
			30.09.2013	31.12.2012
Pekao Bank Hipoteczny S.A.	Warsaw	Banking	100.00	100.00
Centralny Dom Maklerski Pekao S.A.	Warsaw	Brokerage	100.00	100.00
Pekao Leasing Sp. z o.o. (*)	Warsaw	Leasing services	36.49	36.49
Pekao Leasing Holding S.A., including:	Warsaw	Leasing services	80.10	80.10
Pekao Leasing Sp. z o.o.	Warsaw	Leasing services	50.87	50.87
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
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
Centrum Bankowości Bezpośredniej Sp. z o.o.	Cracow	Call-center services	100.00	100.00
Pekao Property S.A., including:	Warsaw	Real estate development	100.00	100.00
Metropolis Sp. z o.o.	Warsaw	Real estate development	-	100.00
Jana Kazimierza Development Sp. z o.o.	Warsaw	Real estate development	-	100.00
Property Sp. z o.o. (in liquidation), including:	Warsaw	Real estate management	100.00	100.00
FPB Media Sp. z o.o.	Warsaw	Real estate development	100.00	100.00
Pekao Fundusz Kapitałowy Sp. z o.o.	Warsaw	Business consulting	100.00	100.00
Pekao Telecentrum Sp. z o.o.	Warsaw	Services	100.00	100.00
Public Joint Stock Company UniCredit Bank, including:	Kiev, Ukraine	Banking	-	100.00
BDK Consulting Ltd.	Lutsk, Ukraine	Consulting, hotel and transport services	-	99.99

(\*) 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.).

## Notes to financial statements (cont)

(in PLN thousand)

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

### Associates

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

NAME OF ENTITY	LOCATION	CORE ACTIVITY	PERCENTAGE OF THE GROUP'S OWNERSHIP RIGHTS IN SHARE CAPITAL/ VOTING	
			30.09.2013	31.12.2012
Dom Inwestycyjny Xelion Sp. z o.o. (*)	Warsaw	Financial intermediary	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
PPU Budpress Sp. z o.o. (in liquidation)	Żyrardów	Pending liquidation	36.20	36.20

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

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

### Changes in Group structure

#### Disposal of shares in PJSC UniCredit Bank

On 16 July 2013 the Bank sold 653 507 670 common shares of its subsidiary PJSC UniCredit Bank at the nominal value of UAH 1 per share, comprising 100% of shareholding capital of PJSC UniCredit Bank and carrying 100% of votes in the Shareholders' Meeting of PJSC UniCredit Bank to UniCredit S.p.A. (Parent Entity of the Bank). As a result of the transaction Bank Pekao S.A. lost its control over PJSC UniCredit Bank. The effect of the disposal of PJSC UniCredit Bank was recognized in the equity of the Bank and the Group.

## Notes to financial statements (cont)

(in PLN thousand)

### Business combination

On 3 June 2013, the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Registry registered the merger of Pekao Property S.A. with its subsidiaries Metropolis Sp. z o.o. and Jana Kazimierza Development Sp. z o.o. The acquired entities were removed from National Court Registry and Pekao Property S.A. books. Pekao Property S.A. had 100% shares in the acquired entities.

In preceding reporting periods, Metropolis Sp. z o.o. and Jana Kazimierza Development Sp. z o.o. have been consolidated.

The main purpose of the merger was to decrease general costs of the combined entities.

The transaction was classified as a business combination under common control and was recognized at book value. Such approach is consistent with the accounting policy of UniCredit Group which was described in consolidated financial statements of Bank Pekao S.A. Group for the period ended on 31 December 2012.

As a result of the merger the whole capital of Metropolis Sp. z o.o. and Jana Kazimierza Development Sp. z o.o. has been transferred to Pekao Property S.A.

Pekao Property S.A. as the acquiring entity recognized the assets and liabilities of the acquired entities at their book values, adjusted exclusively for the purpose of aligning the accounting principles.

The share capital of the acquired entities, equal to the share of the acquiring entity was eliminated. The mutual receivables and liabilities, income and expenses arising from transactions concluded between the entities prior to the merger also were eliminated.

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

### Assets and liabilities recognized at merger date

The following assets and liabilities have been transferred from Metropolis Sp. z o.o. and Jana Kazimierza Development Sp. z o.o. to Pekao Property S.A. on 3 June 2013:

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>		
Loans and advances	53 426	16 747
Other liabilities	1 652	1 269
Total equity	4 649	3 989
<i>in this: net profit for the period</i>	43	(167)
<b>TOTAL LIABILITIES AND EQUITY</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 annual financial statements, and shall be read in conjunction with the consolidated financial statements of the Bank Pekao S.A. Capital Group 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 Commercial Division of the National Court Register, 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 nine months ended 30 September 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 authorized for issue by the Management Board on 6 November 2013.

## Notes to financial statements (cont)

(in PLN thousand)

### 4. Significant accounting policies

The condensed consolidated interim 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 Group did not amend its accounting policy in respect to valuation of assets and liabilities and profit measurement in comparison to previous period. The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group 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 consolidated interim financial statements (Annex 1 to the Financial Statements).

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

The financial statements 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, but are not yet binding (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 statements, with the exception of a new IFRS 9 'Financial Instruments', described in the 2012 Group's consolidated financial statements.

# Notes to financial statements (cont)

(in PLN thousand)

## 5. Accounting estimates

The preparation of interim financial statements in accordance with IFRS requires the 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).

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

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

Starting from the first quarter of 2013 the Group includes credit valuation adjustment (CVA) in fair value measurement of derivatives. The adjustment is calculated as an expected loss the Group would incur on a transaction due to counterparty default. The calculation is based on two main components – the first one is transaction-dependent current and potential exposure to the counterparty, the second one – the 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 quotations 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 nine months period ended 30 September 2013 the most significant estimates are as follows:

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

## 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 allowances)

RATING CLASS	MORTGAGE				CONSUMER LOANS				NOT INSTALLMENT LOAN			
	PD RANGE	NOMINAL VALUE			PD RANGE	NOMINAL VALUE			PD RANGE	NOMINAL VALUE		
		30.09.2013	31.12.2012			30.09.2013	31.12.2012			30.09.2013	31.12.2012	
1	0.00% <= PD < 0.19%	4.6%	4.5%		0.00% <= PD < 0.30%	5.6%	4.6%		0.00% <= PD < 0.01%	0.6%	0.6%	
2	0.19% <= PD < 0.24%	10.6%	10.0%		0.30% <= PD < 0.50%	6.7%	6.9%		0.01% <= PD < 0.03%	9.8%	9.8%	
3	0.24% <= PD < 0.31%	29.2%	26.9%		0.50% <= PD < 0.60%	5.1%	4.8%		0.03% <= PD < 0.04%	2.8%	2.7%	
4	0.31% <= PD < 0.40%	40.0%	38.2%		0.60% <= PD < 0.80%	12.4%	12.1%		0.04% <= PD < 0.07%	7.7%	7.4%	
5	0.40% <= PD < 0.61%	5.5%	6.5%		0.80% <= PD < 1.30%	17.3%	16.4%		0.07% <= PD < 0.15%	16.8%	16.5%	
6	0.61% <= PD < 1.02%	2.8%	5.2%		1.30% <= PD < 2.10%	19.5%	19.7%		0.15% <= PD < 0.25%	18.3%	17.6%	
7	1.02% <= PD < 2.20%	1.9%	2.9%		2.10% <= PD < 3.70%	16.8%	16.9%		0.25% <= PD < 0.59%	10.2%	10.0%	
8	2.20% <= PD < 6.81%	1.7%	2.2%		3.70% <= PD < 7.20%	6.2%	7.6%		0.59% <= PD < 1.20%	10.9%	13.0%	
9	6.81% <= PD < 14.10%	1.1%	1.1%		7.20% <= PD < 15.40%	2.9%	3.2%		1.20% <= PD < 2.58%	4.6%	5.1%	
10	14.10% <= PD < 100.00%	2.6%	2.5%		15.40% <= PD < 100.00%	7.5%	7.8%		2.58% <= PD < 100.00%	18.3%	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>	

## Notes to financial statements (cont)

(in PLN thousand)

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

RATING CLASS	PD RANGE	NOMINAL VALUE	
		30.09.2013	31.12.2012
1	0.00% <= PD < 0.11%	1.6%	1.7%
2	0.11% <= PD < 0.22%	3.5%	4.3%
3	0.22% <= PD < 0.45%	8.7%	10.0%
4	0.45% <= PD < 1.00%	15.7%	16.8%
5	1.00% <= PD < 2.10%	17.0%	19.0%
6	2.10% <= PD < 4.00%	17.3%	15.1%
7	4.00% <= PD < 7.00%	12.1%	12.8%
8	7.00% <= PD < 12.00%	9.8%	8.5%
9	12.00% <= PD < 22.00%	8.1%	6.3%
10	22.00% <= PD < 100.00%	6.2%	5.5%
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>

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

RATING CLASS	PD RANGE	NOMINAL VALUE	
		30.09.2013	31.12.2012
1	0.00% <= PD < 0.15%	4.7%	7.5%
2	0.15% <= PD < 0.27%	8.6%	5.9%
3	0.27% <= PD < 0.45%	21.6%	8.3%
4	0.45% <= PD < 0.75%	13.2%	7.4%
5	0.75% <= PD < 1.27%	10.7%	9.8%
6	1.27% <= PD < 2.25%	8.9%	15.8%
7	2.25% <= PD < 4.00%	9.7%	14.1%
8	4.00% <= PD < 8.50%	17.8%	20.5%
9	8.50% <= PD < 100.00%	4.8%	10.7%
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>

For specialized lending, the Group adopts slotting criteria approach within internal rating method which uses supervisory categories in the process of assigning risk weight categories.

The table below presents the percentage distribution of the portfolio exposure to specialized lending (excluding impairment allowances)

SUPERVISORY CATEGORY	NOMINAL VALUE	
	30.09.2013	31.12.2012
High	15.9%	20.6%
Good	78.2%	73.0%
Satisfactory	4.0%	5.2%
Poor	1.9%	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 (*)	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012
<b>GROSS CARRYING VALUE OF EXPOSURE INDIVIDUALLY IMPAIRED</b>				
- not past due	-	-	946 697	904 565
- up to 1 month	-	-	291 819	39 339
- between 1 month and 3 months	-	-	48 632	50 719
- between 3 months and 1 year	-	-	524 281	1 499 237
- between 1 year and 5 years	18 089	62 964	2 254 954	1 365 841
- above 5 years	-	-	902 424	881 377
<b>Total gross carrying value</b>	<b>18 089</b>	<b>62 964</b>	<b>4 968 807</b>	<b>4 741 078</b>
<b>ALLOWANCE FOR IMPAIRMENT</b>				
- not past due	-	-	(329 482)	(173 859)
- up to 1 month	-	-	(66 551)	(12 322)
- between 1 month and 3 months	-	-	(13 809)	(21 288)
- between 3 months and 1 year	-	-	(148 272)	(427 576)
- between 1 year and 5 years	(10 345)	(54 000)	(1 215 567)	(825 083)
- above 5 years	-	-	(784 219)	(755 556)
<b>Total allowance for impairment</b>	<b>(10 345)</b>	<b>(54 000)</b>	<b>(2 557 900)</b>	<b>(2 215 684)</b>
<b>Net carrying value of exposure individually impaired</b>	<b>7 744</b>	<b>8 964</b>	<b>2 410 907</b>	<b>2 525 394</b>
<b>GROSS CARRYING VALUE OF EXPOSURE COLLECTIVELY IMPAIRED</b>				
- not past due	-	-	84 584	80 039
- up to 1 month	-	-	27 956	33 618
- between 1 month and 3 months	-	-	38 344	38 431
- between 3 months and 1 year	-	10	476 041	509 853
- between 1 year and 5 years	-	-	1 581 136	1 502 453
- above 5 years	15 877	15 833	640 136	589 327
<b>Total gross carrying value</b>	<b>15 877</b>	<b>15 843</b>	<b>2 848 197</b>	<b>2 753 721</b>
<b>ALLOWANCE FOR IMPAIRMENT</b>				
- not past due	-	-	(48 531)	(42 471)
- up to 1 month	-	-	(14 106)	(16 826)
- between 1 month and 3 months	-	-	(19 587)	(18 373)
- between 3 months and 1 year	-	(10)	(270 871)	(281 900)
- between 1 year and 5 years	-	-	(1 237 053)	(1 180 032)
- above 5 years	(15 877)	(15 833)	(622 587)	(575 759)
<b>Total allowance for impairment</b>	<b>(15 877)</b>	<b>(15 843)</b>	<b>(2 212 735)</b>	<b>(2 115 361)</b>
<b>Net carrying value of exposure collectively impaired</b>	<b>-</b>	<b>-</b>	<b>635 462</b>	<b>638 360</b>

(\*) Loans and advances to banks and loans and advances to customers include receivables from financial 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 (*)			
	30.09.2013	31.12.2012	CORPORATE		RETAIL	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012	30.09.2013	31.12.2012
<b>GROSS CARRYING VALUE OF EXPOSURE WITH NO IMPAIRMENT</b>						
- not past due	7 511 225	4 045 377	56 644 867	55 682 247	39 772 358	36 928 519
- up to 30 days	-	-	447 965	574 694	1 028 576	1 393 332
- between 30 days and 60 days	-	-	191 693	161 777	213 388	215 717
- above 60 days	-	-	161 947	88 140	315 476	117 871
<b>Total gross carrying value</b>	<b>7 511 225</b>	<b>4 045 377</b>	<b>57 446 472</b>	<b>56 506 858</b>	<b>41 329 798</b>	<b>38 655 439</b>
<b>IBNR PROVISION</b>						
- not past due	(319)	(321)	(229 393)	(251 956)	(152 373)	(134 930)
- up to 30 days	-	-	(5 483)	(5 646)	(64 441)	(88 757)
- between 30 days and 60 days	-	-	(4 284)	(2 067)	(24 921)	(23 584)
- above 60 days	-	-	(1 283)	(816)	(18 459)	(18 885)
<b>Total IBNR provision</b>	<b>(319)</b>	<b>(321)</b>	<b>(240 443)</b>	<b>(260 485)</b>	<b>(260 194)</b>	<b>(266 156)</b>
<b>Net carrying value of exposure with no impairment</b>	<b>7 510 906</b>	<b>4 045 056</b>	<b>57 206 029</b>	<b>56 246 373</b>	<b>41 069 604</b>	<b>38 389 283</b>

(\*) Loans and advances to banks and loans and advances to customers include receivables from financial leases and bills of exchange 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 (*)	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012
<b>IMPAIRED EXPOSURES</b>				
Gross carrying amount	33 966	78 807	7 817 004	7 494 799
Allowance for impairment	(26 222)	(69 843)	(4 770 635)	(4 331 045)
<b>Total net carrying amount</b>	<b>7 744</b>	<b>8 964</b>	<b>3 046 369</b>	<b>3 163 754</b>
<b>EXPOSURES WITH IMPAIRMENT TRIGGERS FOR WHICH NO IMPAIRMENT HAS BEEN IDENTIFIED</b>				
Gross carrying amount, in this:	-	-	130 991	134 037
Exposure with collateral value included in expected discounted cash flow, in this:	-	-	130 991	134 037
- Past due exposures	-	-	27 600	4 300
IBNR provision	-	-	(3 173)	(4 916)
<b>Total net carrying amount</b>	<b>-</b>	<b>-</b>	<b>127 818</b>	<b>129 121</b>
<b>EXPOSURES WITH NO IMPAIRMENT TRIGGERS</b>				
Gross carrying amount	7 511 225	4 045 377	98 645 279	95 028 260
IBNR provision	(319)	(321)	(497 464)	(521 725)
<b>Total net carrying amount</b>	<b>7 510 906</b>	<b>4 045 056</b>	<b>98 147 815</b>	<b>94 506 535</b>

(\*) Loans and advances to banks and loans and advances to customers include receivables from financial leases and bills of exchange 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 September 2013

RATING	DEBT SECURITIES					TOTAL
	HELD FOR TRADING	DESIGNATED TO FAIR VALUE THROUGH PROFIT & LOSS	AVAILABLE FOR SALE	HELD TO MATURITY	REVERSE REPO TRANSACTIONS	
AA+ do AA-	-	-	279 443	-	-	279 443
A+ to A-	1 346 976	-	16 292 293	1 465 769	5 225 504	24 330 542
BBB+ to BBB-	-	-	251 243	-	-	251 243
no rating	-	-	7 061 511 (*)	800 868 (**)	-	7 862 379
<b>Total</b>	<b>1 346 976</b>	<b>-</b>	<b>23 884 490</b>	<b>2 266 637</b>	<b>5 225 504</b>	<b>32 723 607</b>

(\*) including NBP bills in the amount of PLN 6 397 210 thousand

(\*\*) including NBP bills in the amount of PLN 800 868 thousand

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	REVERSE 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 the amount of PLN 9 320 660 thousand

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

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

RATING	DERIVATIVES						TOTAL
	TRADING DERIVATIVES			DERIVATIVE HEDGING INSTRUMENTS			
	BANKS	OTHER FINANCIAL INSTITUTIONS	NON-FINANCIAL ENTITIES	BANKS	OTHER FINANCIAL INSTITUTIONS	NON-FINANCIAL ENTITIES	
AAA	2	-	-	-	-	-	2
AA+ to AA-	81 978	-	-	10 647	-	-	92 625
A+ to A-	1 149 221	38 866	-	89 787	-	-	1 277 874
BBB+ to BBB-	200 569	-	111	24 631	-	-	225 311
BB+ to BB-	27 597	-	2 296	-	-	-	29 893
B+ to B-	-	-	89	-	-	-	89
no rating	350 242	19 712	207 373	10 506	-	109 178	697 011
Total	1 809 609	58 578	209 869	135 571	-	109 178	2 322 805

## 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
<b>Total</b>	<b>2 274 816</b>	<b>25 464</b>	<b>348 817</b>	<b>187 848</b>	<b>-</b>	<b>180 042</b>	<b>3 016 987</b>

### 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.

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 September 2013 and in 2012:

	30.09.2013	MINIMUM VALUE	AVERAGE VALUE	MAXIMUM VALUE
foreign currency exchange risk	739	20	592	2 676
interest rate risk	1 273	802	1 361	2 399
Trading portfolio	1 438	831	1 482	3 236

	31.12.2012	MINIMUM VALUE	AVERAGE VALUE	MAXIMUM VALUE
foreign currency 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

# Notes to financial statements (cont)

(in PLN thousand)

## Interest rate risk of the banking book

There have been implemented a number of improvements in the modelling of impaired loans aimed at ensuring better representation of their interest income dynamics for interest rate risk of the banking book. The criteria used for the identification of products non-sensitive to changes in market interest rates also have been adjusted to the environment of the reduced market rates. In general, the changes in the interest rate risk management process in relation to those described in the consolidated financial statements of the Bank Pekao S.A. Group for the year ended 31 December 2012 were not significant and enabled more accurate modelling of interest rate risk in the banking book.

The following table shows the distribution of sensitivity level of interest income (NII) to the change of interest rates 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 September 2013 and as at 31 December 2012.

SENSITIVITY IN %	30.09.2013	31.12.2012
NII	(8.35)	(8.77)
EVE	(0.87)	(0.47)

## Currency risk

The foreign currency exchange risk management process 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.

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

CURRENCY	30.09.2013	31.12.2012
Currencies total (*)	976	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 the one described in the consolidated financial statements of Bank Pekao S.A. Capital Group as at 31 December 2012.

### Adjusted liquidity gap

30.09.2013	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	46 448 406	6 350 522	18 782 901	41 552 223	38 068 206	151 202 258
Liabilities	30 229 397	9 298 921	12 932 289	24 627 244	74 114 407	151 202 258
Net off-balance sheet items	(6 879 575)	404 567	1 397 553	3 053 345	1 223 501	(800 609)
<b>Periodic gap</b>	<b>9 339 434</b>	<b>(2 543 832)</b>	<b>7 248 165</b>	<b>19 978 324</b>	<b>(34 822 700)</b>	<b>(800 609)</b>
<b>Cumulative gap</b>		<b>6 795 602</b>	<b>14 043 767</b>	<b>34 022 091</b>	<b>(800 609)</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
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)
<b>Periodic gap</b>	<b>10 123 353</b>	<b>(5 843 245)</b>	<b>11 563 047</b>	<b>20 394 487</b>	<b>(36 814 747)</b>	<b>(577 105)</b>
<b>Cumulative gap</b>		<b>4 280 108</b>	<b>15 843 155</b>	<b>36 237 642</b>	<b>(577 105)</b>	

## Notes to financial statements (cont)

(in PLN thousand)

### Structure of financial liabilities by contractual maturity

30.09.2013	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 (*)	5 984 124	391 861	220 951	495 111	1 985 494	9 077 541
Amounts due to customers	87 084 738	11 799 162	11 250 279	359 894	43 400	110 537 473
Debt securities issued	261 129	297 473	1 230 344	193 602	629 239	2 611 787
Financial liabilities held for trading	-	-	11 068	245 944	210 052	467 064
<b>Total</b>	<b>93 329 991</b>	<b>12 488 496</b>	<b>12 712 642</b>	<b>1 294 551</b>	<b>2 868 185</b>	<b>122 693 865</b>
<b>OFF-BALANCE SHEET COMMITMENTS (**)</b>						
Financial liabilities granted	26 584 499	-	-	-	-	26 584 499
Guarantees issued	10 274 109	-	-	-	-	10 274 109
<b>Total</b>	<b>36 858 608</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36 858 608</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>						
Financial liabilities granted	23 602 150	-	-	-	-	23 602 150
Guarantees issued	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 guarantees issued 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 flows by the Group 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 financial flows associated with off-balance derivative transactions

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

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

# 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 derivatives transactions settled in net amounts

	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
30.09.2013	26 202	75 447	222 781	1 319 200	523 400	2 167 030
31.12.2012	25 853	123 149	246 296	1 522 062	878 871	2 796 231

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

	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
30.09.2013						
Inflows	13 263 044	6 435 013	7 903 861	4 624 726	4 932 582	37 159 226
Outflows	13 290 768	6 460 635	7 787 690	5 040 234	5 338 162	37 917 489
31.12.2012						
Inflows	7 805 246	5 111 905	7 984 591	6 262 355	2 382 595	29 546 692
Outflows	7 660 879	5 077 752	7 924 649	6 494 243	2 814 431	29 971 954

## 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 risk, Real Estate and Financial Investment risks, Macroeconomic risk, Model risk, Reputation risk, Compliance risk) 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.

## Fair value of financial assets and liabilities

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

The measurement of fair value of Over-the-counter ('OTC') derivatives and 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).

# Notes to financial statements (cont)

(in PLN thousand)

As of 30 September 2013 and on 31 December 2012, 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 of interest rate markets (including forward transactions on debt securities), equity instruments, commodities and foreign currency exchange, except for 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 currency exchange markets for which credit risk factor (unobservable parameter) 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 Assets and Liabilities Committee (ALCO). 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 Management Board Member, responsible for the Financial Division.

30.09.2013	METHOD 1	METHOD 2	METHOD 3	TOTAL
<b>Assets:</b>	<b>17 922 175</b>	<b>9 373 282</b>	<b>277 096</b>	<b>27 572 553</b>
Financial assets held for trading	1 346 976	-	-	1 346 976
Derivative financial instruments, including:	-	2 067 022	11 034	2 078 056
- Banks	-	1 809 609	-	1 809 609
- Customers	-	257 413	11 034	268 447
Other financial instruments at fair value through profit and loss	-	-	-	-
Hedging instruments, including:	-	244 749	-	244 749
- Banks	-	135 571	-	135 571
- Customers	-	109 178	-	109 178
Securities available for sale	16 575 199	7 061 511	266 062	23 902 772
<b>Liabilities:</b>	<b>467 064</b>	<b>3 294 632</b>	<b>-</b>	<b>3 761 696</b>
Financial liabilities held for trading	467 064	-	-	467 064
Derivative financial instruments, including:	-	2 093 360	-	2 093 360
- Banks	-	1 833 102	-	1 833 102
- Customers	-	260 258	-	260 258
Hedging instruments, including:	-	1 201 272	-	1 201 272
- Banks	-	1 201 272	-	1 201 272
- 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 at fair value according to Method 3 by the Group

30.09.2013	FINANCIAL ASSETS HELD FOR TRADING	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	SECURITIES AVAILABLE FOR SALE	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)
<b>Opening balance</b>	<b>306 977</b>	<b>24 360</b>	<b>962 867</b>	<b>24 360</b>
Increases, including:	12 683 464	17 273	9 082	-
Reclassification	-	16 103	-	-
Acquisition	12 679 844	-	-	-
Derivatives transactions made in 2013	-	-	-	-
Gains on financial instruments	3 620	1 170	9 082	-
recognized in the income statement	3 620	1 170	9 082	-
Decreases, including:	(12 990 441)	(30 599)	(705 887)	(24 360)
Reclassification	-	(24 360)	(699 084)	(24 360)
Settlement/redemption	(906 590)	(3 546)	(6 739)	-
Sale	(12 083 851)	-	-	-
Losses on financial instruments	-	(2 693)	(64)	-
recognized in the income statement	-	(2 693)	-	-
recognized in revaluation reserves	-	-	(64)	-
<b>Closing balance</b>	<b>-</b>	<b>11 034</b>	<b>266 062</b>	<b>-</b>
<b>Unrealized income from financial instruments held in portfolio until end of period, recognized in:</b>	<b>-</b>	<b>(1 523)</b>	<b>8 987</b>	<b>-</b>
Income statement:	-	(1 523)	9 051	-
net interest income	-	-	9 051	-
result on financial assets and liabilities held for trading	-	(1 523)	-	-
Other components income	-	-	(64)	-

# Notes to financial statements (cont)

(in PLN thousand)

31.12.2012	FINANCIAL ASSETS HELD FOR TRADING	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	SECURITIES AVAILABLE FOR SALE	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)
<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
Acquisition	21 254 306	-	250 513	-
Derivatives transactions made in 2012	-	11 592	-	24 331
Gains on financial instruments	4 987	13 082	139 876	11 187
recognized in the income statement	4 987	13 082	50 524	11 187
recognized in revaluation reserves	-	-	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)	-
Losses 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:	7 790	(1 461)	99 139	1 863
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 comprehensive income	-	-	36 368	-

Transfers from Method 1 to 2 are based on availability of active market quotations as at the 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 3 to Method 2 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 at the end of the reporting period.

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

In the period from 1 January till to 30 September 2013 linear derivative financial instruments of interest rate markets were transferred from Method 2 to Method 3. For transferred instruments credit risk impact (unobservable input) became significant at the end of the reporting period.

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

## Notes to financial statements (cont)

(in PLN thousand)

The impact of estimated parameters on measurement of financial instruments for which the Group applies fair value valuation according to Method 3 as at 30 September 2013 is as follows:

FINANCIAL ASSET/LIABILITY	FAIR VALUE	VALUATION TECHNIQUE	UNOBSERVABLE FACTOR	ALTERNATIVE FACTOR RANGE (WEIGHTED AVERAGE)	IMPACT ON FAIR VALUE	
					POSITIVE SCENARIO	NEGATIVE SCENARIO
Interest rate derivatives	14 441	Discounted cash flow	PD	26% - 55%	560	(104)
		Discounted cash flow	LGD	46% - 55%	146	(146)
Corporate debt securities	306 900	Discounted cash flow	Credit spread	0.5% - 1.3%	-	(5 900)

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

The Group also holds financial instruments which are not presented at fair value in the financial statements. The fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transactions at the reporting date.

In case of certain groups of financial assets, recognized at the amount equal to the principal payable with the impairment considered, the fair value was assumed to be equal to the carrying amount. In particular this applies to cash and other financial assets and liabilities.

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

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

Since no quoted market prices are available for deposits, their fair values are 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 at the balance sheet date. The cash flow discount rate is defined as the relevant market risk-free rate, increased by the sales margin. The margin is computed on deposits acquired during last quarter divided into deposit products group and maturity. In case of short term deposits (current deposits, overnights, saving accounts), the fair value is assumed as equal to the carrying amount.

The fair value of deposits and loans, except for mortgage loans denominated in PLN and CHF for which the prepayment model is used, is calculated based on contractual maturity.

For liquid debt securities, such as Treasury securities, the fair value is calculated directly on the basis of financial market quotations. In case of illiquid instruments, such as corporate and municipal debt securities, the fair value is measured by discounting of the expected future cash flows at the balance sheet date. Floating cash flows are estimated based upon rates adopted for specific markets (depending upon the issue specifications), whereas fixed cash flows are discounted with interbank money market rates adjusted for credit spread assigned to the issuer (which is determined on the basis of internal methodology of credit risk evaluation).

## Notes to financial statements (cont)

(in PLN thousand)

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

30.09.2013	CARRYING AMOUNT	FAIR VALUE
<b>Assets</b>		
Cash and due from Central Bank	7 154 809	7 154 809
Loans and advance to banks	7 514 396	7 523 964
Loans and advances to customers (*)	98 610 762	97 529 489
Receivables from financial leases	2 715 494	2 752 384
Debt securities held to maturity	2 266 637	2 291 958
<b>Total Assets</b>	<b>118 262 098</b>	<b>177 252 604</b>
<b>Liabilities</b>		
Amounts due to Central Bank	975	975
Amounts due to other banks	9 076 566	9 084 469
Amounts due to customers	110 537 473	110 953 712
Debt securities issued	2 611 787	2 617 444
<b>Total Liabilities</b>	<b>122 226 801</b>	<b>122 656 600</b>

(\*) including bills of exchange eligible for rediscounting 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
Loans and advance to 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 rediscounting 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 and Liabilities Committee (ALCO) and other units are based on market prices applicable to the funds' currency and maturity, including liquidity margins.

#### Operating segments

The operating segments of the Group are as follows:

- 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 results of the subsidiaries, and shares in net profit of associates accounted for using the equity method, that are assigned to the retail banking activity,
- Private banking – all banking activities related to the most affluent individual customers,
- Corporate and Investment banking – all banking activities related to the medium and large companies, interbank market, debt securities and other instruments, and results of the subsidiaries that are assigned to the Corporate and Investment, banking activity,
- Asset and Liabilities Committee and other – supervision and monitoring of fund transfers, other activities centrally managed as well as the results of the subsidiaries and shares in net profit of associates accounted for using equity method that are not assigned to other segments.

# Notes to financial statements (cont)

(in PLN thousand)

Operating segments reporting for the period from 1 January to 30 September 2013

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND INVESTMENT BANKING		ASSETS AND LIABILITIES COMMITTEE AND OTHER (*)	TOTAL
			CONTINUED OPERATIONS	DISCONTINUED OPERATIONS		
<b>Net interest income</b>	<b>2 093 757</b>	<b>30 808</b>	<b>923 741</b>	<b>61 674</b>	<b>219 021</b>	<b>3 329 001</b>
<b>Net non-interest income</b>	<b>1 447 520</b>	<b>23 327</b>	<b>820 378</b>	<b>10 032</b>	<b>57 579</b>	<b>2 358 836</b>
<b>Operating income</b>	<b>3 541 277</b>	<b>54 135</b>	<b>1 744 119</b>	<b>71 706</b>	<b>276 600</b>	<b>5 687 837</b>
Personnel expenses	(864 213)	(13 298)	(180 389)	(21 145)	(356 273)	(1 435 318)
Other administrative expenses	(1 090 618)	(20 266)	(290 032)	(21 314)	472 724	(949 506)
Depreciation and amortization	(122 737)	(877)	(15 251)	(2 696)	(118 477)	(260 038)
<b>Operating costs</b>	<b>(2 077 568)</b>	<b>(34 441)</b>	<b>(485 672)</b>	<b>(45 155)</b>	<b>(2 026)</b>	<b>(2 644 862)</b>
<b>Operating profit</b>	<b>1 463 709</b>	<b>19 694</b>	<b>1 258 447</b>	<b>26 551</b>	<b>274 574</b>	<b>3 042 975</b>
Net result on other provisions	(308)	(2 283)	(1 539)	-	750	(3 380)
Net impairment losses on financial assets and off-balance sheet commitments	(235 339)	2 388	(238 717)	(5 215)	(17 519)	(494 402)
Net result on investment activities	1 576	-	10	-	17 336	18 922
<b>Profit before income tax</b>	<b>1 229 638</b>	<b>19 799</b>	<b>1 018 201</b>	<b>21 336</b>	<b>275 141</b>	<b>2 564 115</b>
Income tax expense (continued operations)						(490 744)
Income tax expense (discontinued operations)				(3 854)		(3 854)
<b>Net profit for the period (continued operations)</b>						<b>2 052 035</b>
<b>Net profit for the period (discontinued operations)</b>				<b>17 482</b>		<b>17 482</b>
Attributable to equity holders of the Bank						2 062 726
Attributable to non-controlling interest						6 791
Allocated assets	52 529 860	348 636	88 235 909	-	909 586	142 023 991
Unallocated assets						9 178 267
<b>Total assets</b>						<b>151 202 258</b>
Allocated liabilities	59 076 974	6 309 870	62 183 789	-	(3 944 849)	123 625 784
Unallocated liabilities						27 576 474
<b>Total liabilities</b>						<b>151 202 258</b>

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

# Notes to financial statements (cont)

(in PLN thousand)

Operating segments reporting for the period from 1 January to 30 September 2012

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND INVESTMENT BANKING		ASSETS AND LIABILITIES COMMITTEE AND OTHER (*)	TOTAL
			CONTINUED OPERATIONS	DISCONTINUED OPERATIONS		
<b>Net interest income</b>	<b>2 098 403</b>	<b>32 974</b>	<b>992 952</b>	<b>95 648</b>	<b>414 745</b>	<b>3 634 722</b>
<b>Net non-interest income</b>	<b>1 430 850</b>	<b>20 870</b>	<b>811 393</b>	<b>28 646</b>	<b>40 505</b>	<b>2 332 264</b>
<b>Operating income</b>	<b>3 529 253</b>	<b>53 844</b>	<b>1 804 345</b>	<b>124 294</b>	<b>455 250</b>	<b>5 966 986</b>
Personnel expenses	(871 043)	(13 397)	(173 090)	(29 526)	(362 767)	(1 449 823)
Other administrative expenses	(1 128 468)	(20 362)	(307 344)	(27 681)	465 371	(1 018 484)
Depreciation and amortization	(129 565)	(807)	(14 091)	(5 058)	(129 498)	(279 019)
<b>Operating costs</b>	<b>(2 129 076)</b>	<b>(34 566)</b>	<b>(494 525)</b>	<b>(62 265)</b>	<b>(26 894)</b>	<b>(2 747 326)</b>
<b>Operating profit</b>	<b>1 400 177</b>	<b>19 278</b>	<b>1 309 820</b>	<b>62 029</b>	<b>428 356</b>	<b>3 219 660</b>
Net result on other provisions	680	(804)	(1 448)	-	200	(1 372)
Net impairment losses on financial assets and off-balance sheet commitments	(205 395)	(4 065)	(229 873)	(25 394)	(17 824)	(482 551)
Net result on investment activities	221	-	20	-	19 301	19 542
<b>Profit before income tax</b>	<b>1 195 683</b>	<b>14 409</b>	<b>1 078 519</b>	<b>36 635</b>	<b>430 033</b>	<b>2 755 279</b>
Income tax expense (continued operations)						(527 632)
Income tax expense (discontinued operations)				(7 938)		(7 938)
<b>Net profit for the period (continued operations)</b>						<b>2 191 012</b>
<b>Net profit for the period (discontinued operations)</b>				<b>28 697</b>		<b>28 697</b>
Attributable to equity holders of the Bank						2 213 083
Attributable to non-controlling interest						6 626
Allocated assets	49 098 822	533 856	87 571 201	2 192 513	(1 414 546)	137 981 846
Unallocated assets						9 919 316
<b>Total assets</b>						<b>147 901 162</b>
Allocated liabilities	59 549 406	6 201 288	58 595 793	1 724 563	(4 668 580)	121 402 470
Unallocated liabilities						26 498 692
<b>Total liabilities</b>						<b>147 901 162</b>

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

## Geographical segment

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

On 16 July 2013 the Bank sold 100% shares of PJSC UniCredit Bank to UniCredit S.p.A.

# Notes to financial statements (cont)

(in PLN thousand)

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

	POLAND	UKRAINE (DISCONTINUED OPERATIONS)	TOTAL
<b>3 quarters 2013</b>			
Net profit for the period attributable to equity holders of the Bank	2 045 244	17 482	2 062 726
Segment assets	151 202 258	-	151 202 258
<b>3 quarters 2012</b>			
Net profit for the period attributable to equity holders of the Bank	2 184 386	28 697	2 213 083
Segment assets	145 708 649	2 192 513	147 901 162

## 8. Interest income and expense

### Interest income

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
Loans and other receivables from customers	1 252 664	4 120 030	1 703 663	5 040 726
Interbank placements	37 327	148 322	73 079	206 702
Reverse repo transactions	18 913	69 384	49 282	128 434
Investment securities	235 829	755 152	281 048	840 434
Financial assets held for trading	4 835	10 778	9 572	38 370
Financial assets designated to fair value through profit and loss	-	-	-	-
<b>Total</b>	<b>1 549 568</b>	<b>5 103 666</b>	<b>2 116 644</b>	<b>6 254 666</b>

### Interest expense

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
Deposits from customers	(408 171)	(1 538 891)	(768 088)	(2 298 345)
Interbank deposits	(9 337)	(32 970)	(12 604)	(33 920)
Repo transactions	(23 259)	(76 304)	(51 114)	(130 333)
Loans and advances received	(12 971)	(43 765)	(26 946)	(83 994)
Debt securities issued	(31 584)	(130 988)	(51 635)	(123 283)
<b>Total</b>	<b>(485 322)</b>	<b>(1 822 918)</b>	<b>(910 387)</b>	<b>(2 669 875)</b>



## Notes to financial statements (cont)

(in PLN thousand)

### 9. Fee and commission income and expense

#### Fee and commission income

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
Accounts maintenance, payment orders and cash transactions	177 148	536 931	195 121	600 714
Payment cards	228 540	663 592	226 393	659 521
Loans and advances	137 394	388 323	132 912	403 756
Investment products sales intermediation	71 789	220 304	59 561	175 197
Securities operations	27 248	82 215	22 954	90 058
Custody activity	13 126	40 007	12 312	39 382
Pension and investment funds service fees	17 126	48 932	14 941	45 273
Guarantees, letters of credit and similar transactions	12 058	39 287	12 401	38 017
Other	24 499	65 855	12 992	29 165
<b>Total</b>	<b>708 928</b>	<b>2 085 446</b>	<b>689 587</b>	<b>2 081 083</b>

#### Fee and commission expense

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
Payment cards	(114 201)	(331 473)	(118 142)	(340 251)
Money orders and transfers	(5 935)	(15 881)	(6 660)	(20 759)
Securities operations and derivatives	(4 601)	(13 470)	(4 189)	(13 671)
Accounts maintenance	(1 091)	(3 909)	(1 041)	(2 972)
Custody activity	(2 346)	(6 522)	(2 504)	(6 412)
Pension funds management fees	(548)	(1 773)	(322)	(1 405)
Acquisition services	(693)	(1 269)	(345)	(1 201)
Other	(3 830)	(10 045)	(4 574)	(13 034)
<b>Total</b>	<b>(133 245)</b>	<b>(384 342)</b>	<b>(137 777)</b>	<b>(399 705)</b>

### 10. Dividend income

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
From issuers of securities available for sale	5	6 756	10	8 759
<b>Total</b>	<b>5</b>	<b>6 756</b>	<b>10</b>	<b>8 759</b>

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

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
Foreign currency exchange result	105 428	301 291	110 747	356 763
Gains (losses) on derivatives	15 815	42 435	9 720	(3 298)
Gains (losses) on securities	3 098	7 874	5 834	16 213
<b>Total</b>	<b>124 341</b>	<b>351 600</b>	<b>126 301</b>	<b>369 678</b>

## Notes to financial statements (cont)

(in PLN thousand)

### 12. Gains (losses) on disposal

#### Realized gains

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
Loans and other financial receivables	-	1	-	-
Available for sale financial assets – debt instruments	39 191	249 678	156 253	236 389
Available for sale financial assets – equity instruments	-	-	-	2
Investments held to maturity	-	-	283	283
Debt securities issued	286	357	62	344
<b>Total</b>	<b>39 477</b>	<b>250 036</b>	<b>156 598</b>	<b>237 018</b>

#### Realized losses

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
Loans and other financial receivables	-	(82)	-	-
Available for sale financial assets – debt instruments	-	-	(54)	(54)
Available for sale financial assets – equity instruments	-	-	-	-
Investments held to maturity	-	-	-	-
Debt securities issued	(51)	(3 572)	(168)	(426)
<b>Total</b>	<b>(51)</b>	<b>(3 654)</b>	<b>(222)</b>	<b>(480)</b>
<b>Net realized profit</b>	<b>39 426</b>	<b>246 382</b>	<b>156 376</b>	<b>236 538</b>

### 13. Administrative expenses

#### Personnel expenses

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
Wages and salaries	(395 372)	(1 195 241)	(399 928)	(1 220 071)
Insurance and other charges related to employees	(74 514)	(224 937)	(75 955)	(225 397)
Pension programs costs	(367)	(1 058)	(314)	(1 146)
Share-based payments expenses	(4 257)	(14 082)	(1 453)	(3 209)
<b>Total</b>	<b>(474 510)</b>	<b>(1 435 318)</b>	<b>(477 650)</b>	<b>(1 449 823)</b>

#### Other administrative expenses

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
General expenses	(274 334)	(833 366)	(299 113)	(900 024)
Taxes and charges	(10 437)	(31 161)	(9 583)	(31 471)
Bank Guarantee Fund fee	(24 240)	(73 091)	(24 467)	(72 002)
Financial supervision authority fee (KNF)	145	(15 606)	(3 749)	(19 176)
<b>Total</b>	<b>(308 866)</b>	<b>(953 224)</b>	<b>(336 912)</b>	<b>(1 022 673)</b>
<b>Total administrative expenses</b>	<b>(783 376)</b>	<b>(2 388 542)</b>	<b>(814 562)</b>	<b>(2 472 496)</b>

## Notes to financial statements (cont)

(in PLN thousand)

### 14. Net other operating income and expenses

#### Other operating income

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
Rental income and other miscellaneous income	11 494	31 021	11 853	35 464
Credit insurance income	7 898	19 889	8 041	23 353
Recovery of debt collection costs	5 314	15 989	5 833	18 010
Compensation, penalty fees and fines received	1 294	3 615	1 567	7 313
Refunding of administrative expenses	1 593	3 718	788	4 189
Income from written off liabilities	299	1 446	2 797	7 472
Releases of impairment allowances for litigation and other assets	70	1 027	80	696
Gains on sale of leasing assets for third person and on sale other assets	-	-	166	4 000
Releases of provisions for liabilities	112	267	374	391
Other	27 049	57 459	13 965	42 773
<b>Total</b>	<b>55 123</b>	<b>134 431</b>	<b>45 464</b>	<b>143 661</b>

#### Other operating expenses

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
Operating costs related to leasing activity	(1 523)	(5 878)	(1 546)	(9 551)
Credit insurance expenses	(6 908)	(20 487)	(7 720)	(19 264)
Reimbursement and deficiencies	(1 619)	(8 731)	(1 331)	(6 473)
Customers complaints expenses	(969)	(2 266)	(454)	(1 789)
Impairment allowances for litigation and other assets	(926)	(1 484)	(444)	(832)
Costs of litigation and claims	(492)	(2 111)	(370)	(1 708)
Compensation, penalty fees and fines paid	123	(1 320)	(276)	(770)
Losses on disposal of other assets	(162)	(403)	(67)	(231)
Other	(5 556)	(16 928)	(7 249)	(28 946)
<b>Total</b>	<b>(18 032)</b>	<b>(59 608)</b>	<b>(19 457)</b>	<b>(69 564)</b>

<b>Net other operating income and expenses</b>	<b>37 091</b>	<b>74 823</b>	<b>26 007</b>	<b>74 097</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

3 QUARTERS 2013	OPENING BALANCE	INCREASES		DECREASES		CLOSING BALANCE	IMPACT ON INCOME STATEMENT (**)	
		IMPAIRMENT CHARGES	OTHER (*)	WRITE-OFFS OF ASSETS FROM THE BALANCE SHEET	RELEASE OF IMPAIRMENT CHARGES			OTHER (*)
Impairment of financial assets and off - balance sheet commitments								
Loans and advances to banks valued at amortized cost	70 132	19	683	-	(43 689)	(633)	26 512	43 670
Loans and advances to customers valued at amortized cost	4 665 033	1 052 319	81 302	(108 879)	(563 667)	(56 121)	5 069 987	(488 652)
Receivables from financial leases	192 685	26 008	-	(1 261)	(15 353)	(765)	201 314	(10 655)
Financial assets available for sale	123	-	-	-	-	-	123	-
Off-balance sheet commitments	106 406	92 276	164	-	(54 009)	-	144 837	(38 267)
Total financial assets and off-balance sheet commitments	5 034 379	1 170 622	82 149	(110 140)	(676 718)	(57 519)	5 442 773	(493 904)
Impairment of other assets								
Investments in associates	60	-	-	-	-	-	60	-
Intangible assets	11 399	-	-	(438)	-	-	10 961	-
Property, plant and equipment	7 638	1 357	-	(2 012)	(2)	-	6 981	(1 355)
Investment properties	2 154	926	-	-	-	-	3 080	(926)
Other	74 647	1 484	216	-	(205)	(435)	75 707	(1 279)
Total impairment of other assets	95 898	3 767	216	(2 450)	(207)	(435)	96 789	(3 560)
Total	5 130 277	1 174 389	82 365	(112 590)	(676 925)	(57 954)	5 539 562	(497 464)

(\*) 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 493 904 thousand, net impairment concerning discontinued operations in the amount of PLN minus 5 215 thousand and proceeds from recovered bad debt in the amount of PLN 4 717 thousand, totaling PLN minus 494 402 thousand

## Notes to financial statements (cont)

(in PLN thousand)

3 QUARTERS 2012	OPENING BALANCE	INCREASES		DECREASES		CLOSING BALANCE	IMPACT ON INCOME STATEMENT (**)
		IMPAIRMENT CHARGES	OTHER (*)	WRITE-OFFS OF ASSETS FROM THE BALANCE SHEET	RELEASE OF IMPAIRMENT CHARGES		
Impairment of financial assets and off - balance sheet commitments							
Loans and advances to banks valued at amortized cost	72 516	170	2 231	-	(1 328)	70 697	1 158
Loans and advances to customers valued at amortized cost	4 422 752	1 114 616	128 085	(122 784)	(667 886)	4 684 142	(446 730)
Receivables from financial leases	200 290	44 526	-	(1 093)	(30 404)	212 538	(14 122)
Financial assets available for sale	123	-	-	-	-	123	-
Off-balance sheet commitments	79 140	47 670	-	-	(43 680)	82 646	(3 990)
Total financial assets and off-balance sheet commitments	4 774 821	1 206 982	130 316	(123 877)	(743 298)	5 050 146	(463 684)
Impairment of other assets							
Investments in associates	891	-	-	-	-	80	-
Intangible assets	10 961	-	-	-	-	10 961	-
Property, plant and equipment	9 650	1 095	(1 596)	-	(12)	7 581	(1 083)
Investment properties	550	1 604	-	-	-	2 154	(1 604)
Other	75 699	794	26	(36)	(696)	75 282	(98)
Total impairment of other assets	97 751	3 493	(1 570)	(36)	(708)	96 058	(2 785)
Total	4 872 572	1 210 475	128 746	(123 913)	(744 006)	5 146 204	(466 469)

(\*) 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 463 684 thousand, net impairment concerning discontinued operations in the amount of PLN minus 25 394 thousand and proceeds from recovered bad debt in the amount of PLN 6 527 thousand, totaling PLN minus 482 551 thousand

## Notes to financial statements (cont)

(in PLN thousand)

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

Share in gains (losses) from associates

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
Share in gains (losses) from associates				
Dom Inwestycyjny Xelion Sp. z o.o.	238	394	182	296
Pioneer Pekao Investment Management S.A.	11 279	34 504	11 011	33 931
Krajowa Izba Rozliczeniowa S.A.	2 291	6 599	3 014	7 024
Pirelli Pekao Real Estate Sp. z o.o.	-	-	(208)	(79)
<b>Total share in gains (losses) from associates</b>	<b>13 808</b>	<b>41 497</b>	<b>13 999</b>	<b>41 172</b>
<b>Losses on disposal of associates</b>	<b>-</b>	<b>-</b>	<b>(774)</b>	<b>(2 676)</b>
<b>Total gains (losses) from associates</b>	<b>13 808</b>	<b>41 497</b>	<b>13 225</b>	<b>38 496</b>

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

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
Gains (losses) on disposal of property, plant and equipment and intangible assets classified as assets held for sale	2 283	19 688	17 979	18 672
Gains (losses) on derecognition of property, plant and equipment and intangible assets other than classified as assets held for sale	(378)	(766)	1 856	3 546
<b>Total gains (losses) on disposal of property plant and equipment and intangible assets</b>	<b>1 905</b>	<b>18 922</b>	<b>19 835</b>	<b>22 218</b>

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

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
<b>INCOME STATEMENT</b>				
Current tax	(91 156)	(460 108)	(144 842)	(521 841)
Current tax charge in the income statement	(90 338)	(456 529)	(143 581)	(520 219)
Adjustments related to the current tax from previous years	(69)	903	-	2 500
Other taxes (e.g. withholding tax, income tax relating to foreign branches)	(749)	(4 482)	(1 261)	(4 122)
<b>Deferred tax</b>	<b>(64 686)</b>	<b>(34 490)</b>	<b>(50 889)</b>	<b>(13 729)</b>
Occurrence and reversal of temporary differences	(64 686)	(34 490)	(50 889)	(13 729)
<b>Tax charge in the consolidated income statement</b>	<b>(155 842)</b>	<b>(494 598)</b>	<b>(195 731)</b>	<b>(535 570)</b>
<b>EQUITY</b>				
<b>Deferred tax</b>	<b>9 428</b>	<b>98 924</b>	<b>(3 626)</b>	<b>(53 122)</b>
Income and costs disclosed in other comprehensive income:				
revaluation of financial instruments - cash flows hedges	(13 251)	(7 328)	(49)	16 352
revaluation of available for sale financial assets – debt securities	22 459	111 124	(10 354)	(76 772)
revaluation of available for sale financial assets – equity securities	-	14	28	(24)
Foreign currency translation differences	220	(4 886)	6 749	7 322
<b>Tax charge in other comprehensive income</b>	<b>9 428</b>	<b>98 924</b>	<b>(3 626)</b>	<b>(53 122)</b>
<b>Total charge</b>	<b>(146 414)</b>	<b>(395 674)</b>	<b>(199 357)</b>	<b>(588 692)</b>

## Notes to financial statements (cont)

(in PLN thousand)

### 19. Earnings per share for continued and discontinued operations

#### Basic earnings per share

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

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
Net profit	655 410	2 062 726	798 303	2 213 083
Weighted average number of ordinary shares in the period	262 470 034	262 470 034	262 390 357	262 385 246
Earnings per share (in PLN per share)	2.50	7.86	3.04	8.43

#### Diluted earnings per share

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

As at 30 September 2013 there were no diluting instruments in the form of convertible bonds in the Group.

	III QUARTER 2013	3 QUARTERS 2013	III QUARTER 2012	3 QUARTERS 2012
Net profit	655 410	2 062 726	798 303	2 213 083
Weighted average number of ordinary shares in the period	262 470 034	262 470 034	262 390 357	262 385 246
Adjustments to the number of shares for the purpose of calculation of diluted earnings per share	-	-	66 779	65 779
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	262 470 034	262 470 034	262 457 136	262 451 025
Diluted earnings per share (in PLN per share)	2.50	7.86	3.04	8.43

### 20. Dividend payment

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

## Notes to financial statements (cont)

(in PLN thousand)

### 21. Cash and balances with Central Bank

Cash and due from Central Bank	30.09.2013	31.12.2012	30.09.2012
Cash	2 101 267	2 228 394	2 066 587
Current account at Central Bank	5 053 529	6 978 478	3 974 241
Placements	-	-	1 101 000
Interest accrued	-	400	14 420
Other	13	13	13
<b>Total</b>	<b>7 154 809</b>	<b>9 207 285</b>	<b>7 156 261</b>

Amounts due to Central Bank	30.09.2013	31.12.2012	30.09.2012
Loans received	-	-	89 494
Term deposits	946	-	-
Interest accrued	29	-	-
<b>Total</b>	<b>975</b>	<b>-</b>	<b>89 494</b>

#### Cash and balances with Central Bank by currency

30.09.2013	ASSETS	LIABILITIES
PLN	6 396 091	975
EUR	382 587	-
USD	227 179	-
CHF	26 586	-
Other currencies	122 366	-
<b>Total</b>	<b>7 154 809</b>	<b>975</b>

31.12.2012	ASSETS	LIABILITIES
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>

30.09.2012	ASSETS	LIABILITIES
PLN	6 464 088	89 494
EUR	324 724	-
USD	241 383	-
CHF	25 590	-
Other currencies	100 476	-
<b>Total</b>	<b>7 156 261</b>	<b>89 494</b>



## Notes to financial statements (cont)

(in PLN thousand)

### 22. Loans and advances to banks

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

	30.09.2013	31.12.2012	30.09.2012
Current accounts and overnight placements	3 057 136	1 653 685	2 603 425
Interbank placements	936 720	607 767	258 177
Loans and advances	129 281	104 461	104 439
Cash collaterals	1 304 343	1 332 991	1 391 168
Reverse repo transactions	1 916 062	190 028	2 449 757
Debt securities	-	-	-
Interest accrued	30 136	35 891	34 788
Cash in transit	167 230	199 157	185 756
<b>Total gross amount</b>	<b>7 540 908</b>	<b>4 123 980</b>	<b>7 027 510</b>
Impairment allowances	(26 512)	(70 132)	(70 697)
<b>Total net amount</b>	<b>7 514 396</b>	<b>4 053 848</b>	<b>6 956 813</b>

#### Loans and advances to banks by quality

	30.09.2013	31.12.2012	30.09.2012
Loans and advances to banks, including:			
non impaired (gross)	7 506 942	4 045 173	6 948 382
impaired (gross)	33 966	78 807	79 128
individual impairment allowances	(10 345)	(54 000)	(54 000)
collective impairment allowances (*)	(16 167)	(16 132)	(16 697)
<b>Total</b>	<b>7 514 396</b>	<b>4 053 848</b>	<b>6 956 813</b>

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

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

	30.09.2013	31.12.2012	30.09.2012
Loans and advances to banks, including:			
up to 1 month	6 484 069	3 028 748	6 682 136
between 1 and 3 months	124 058	777 896	58 598
between 3 months and 1 year	458 901	76 972	47 580
between 1 and 5 years	363 890	80 913	81 240
over 5 years	45 710	44 564	44 039
past due	34 144	78 996	79 129
Interest accrued	30 136	35 891	34 788
<b>Total gross amount</b>	<b>7 540 908</b>	<b>4 123 980</b>	<b>7 027 510</b>
Impairment allowances	(26 512)	(70 132)	(70 697)
<b>Total net amount</b>	<b>7 514 396</b>	<b>4 053 848</b>	<b>6 956 813</b>

## Notes to financial statements (cont)

(in PLN thousand)

### Loans and advances to banks by currency

	30.09.2013	31.12.2012	30.09.2012
PLN	3 191 110	1 155 757	3 482 204
CHF	5 524	31 500	22 029
EUR	2 852 918	2 048 093	2 296 293
USD	1 258 244	657 147	984 047
Other currencies	206 600	161 351	172 240
<b>Total</b>	<b>7 514 396</b>	<b>4 053 848</b>	<b>6 956 813</b>

Changes in impairment allowances in the period from 1 January to 30 September 2013 and in the period from 1 January to 30 September 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

30.09.2013	ASSETS	LIABILITIES
Securities issued by State Treasury	1 346 976	467 064
T - bills	-	-
T - bonds	1 346 976	467 064
Securities issued by banks	-	-
Securities issued by business entities	-	-
<b>Total</b>	<b>1 346 976</b>	<b>467 064</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>

30.09.2012	ASSETS	LIABILITIES
Securities issued by State Treasury	699 800	172 541
T - bills	50 037	-
T - bonds	649 763	172 541
Securities issued by banks	120 709	-
<b>Total</b>	<b>820 509</b>	<b>172 541</b>

# Notes to financial statements (cont)

(in PLN thousand)

## Financial assets and liabilities held for trading by maturity

30.09.2013	ASSETS	LIABILITIES
Debt securities, including:		
up to 1 month	18 261	-
between 1 and 3 months	-	-
between 3 months and 1 year	729 438	11 068
between 1 and 5 years	208 045	245 944
over 5 years	391 232	210 052
<b>Total</b>	<b>1 346 976</b>	<b>467 064</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>

30.09.2012	ASSETS	LIABILITIES
Debt securities, including:		
up to 1 month	14 875	-
between 1 and 3 months	79 998	-
between 3 months and 1 year	150 349	-
between 1 and 5 years	382 645	-
over 5 years	192 642	172 541
<b>Total</b>	<b>820 509</b>	<b>172 541</b>

## Assets and financial liabilities held for trading by currency

30.09.2013	ASSETS	LIABILITIES
PLN	1 271 577	467 064
EUR	36 714	-
USD	38 685	-
<b>Total</b>	<b>1 346 976</b>	<b>467 064</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>

30.09.2012	ASSETS	LIABILITIES
PLN	722 656	172 541
EUR	27 332	-
USD	70 521	-
<b>Total</b>	<b>820 509</b>	<b>172 541</b>

# Notes to financial statements (cont)

(in PLN thousand)

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

Fair value of trading derivatives

30.09.2013	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	1 823 537	1 824 215
Forward Rate Agreements (FRA)	21 594	15 706
Options	19 845	19 845
Other	1 514	1 704
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	9 502	29 496
Currency Forward Agreements	37 426	69 784
Currency Swaps (fx-swap)	100 189	69 267
Options for currency and gold	55 453	54 766
Transactions based on equity securities		
Options	2 725	2 726
Swaps	6 271	5 851
<b>Total</b>	<b>2 078 056</b>	<b>2 093 360</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>

30.09.2012	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	1 953 182	1 904 637
Forward Rate Agreements (FRA)	3 589	4 262
Options	12 439	11 732
Other	659	766
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	12 254	67 050
Currency Forward Agreements	95 075	80 580
Currency Swaps (fx-swap)	33 770	32 405
Options for currency and gold	68 297	65 041
Transactions based on equity securities		
Options	31 844	31 844
<b>Total</b>	<b>2 211 109</b>	<b>2 198 317</b>

## Notes to financial statements (cont)

(in PLN thousand)

### 25. Loans and advances to customers

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

	30.09.2013	31.12.2012	30.09.2012
Mortgage loans	35 816 517	33 137 807	32 358 027
Current accounts	12 090 049	10 859 724	11 552 497
Operating loans	13 102 350	14 346 399	14 093 034
Investment loans	19 008 594	18 372 955	18 545 467
Payment cards receivables	774 116	747 952	752 666
Purchased debt receivables	2 554 199	2 873 180	2 907 915
Other loans and advances	9 587 361	9 580 888	9 737 246
Debt securities	7 071 631	6 791 337	6 052 248
Reverse repo transactions	3 310 521	2 692 280	2 433 968
Interest accrued	320 478	316 018	477 531
Cash in transit	44 688	27 985	25 187
<b>Total gross amount</b>	<b>103 680 504</b>	<b>99 746 525</b>	<b>98 935 786</b>
Impairment allowances	(5 069 987)	(4 665 033)	(4 684 142)
<b>Total net amount</b>	<b>98 610 517</b>	<b>95 081 492</b>	<b>94 251 644</b>

#### Loans and advances to customers by customer type

	30.09.2013	31.12.2012	30.09.2012
Corporate	49 683 653	47 812 814	47 813 270
Individuals	43 360 197	40 624 113	39 830 999
Budget entities	10 316 176	10 993 580	10 813 986
Interest accrued	320 478	316 018	477 531
<b>Total gross amount</b>	<b>103 680 504</b>	<b>99 746 525</b>	<b>98 935 786</b>
Impairment allowances	(5 069 987)	(4 665 033)	(4 684 142)
<b>Total net amount</b>	<b>98 610 517</b>	<b>95 081 492</b>	<b>94 251 644</b>

#### Loans and advances to customers by quality

	30.09.2013	31.12.2012	30.09.2012
Loans and advances to customers, including:			
non impaired (gross)	96 142 175	92 540 136	91 965 240
impaired (gross)	7 538 329	7 206 389	6 970 546
individual impairment allowances	(2 538 801)	(2 201 789)	(2 075 130)
collective impairment allowances (*)	(2 531 186)	(2 463 244)	(2 609 012)
<b>Total</b>	<b>98 610 517</b>	<b>95 081 492</b>	<b>94 251 644</b>

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

## Notes to financial statements (cont)

(in PLN thousand)

### Loans and advances to customers by contractual maturity

	30.09.2013	31.12.2012	30.09.2012
Loans and advances to customers, including:			
up to 1 month	16 286 871	15 059 577	13 905 736
between 1 and 3 months	3 627 368	3 660 637	3 938 425
between 3 months and 1 year	9 573 267	11 069 814	10 670 703
between 1 and 5 years	31 859 351	29 643 766	29 105 640
over 5 years	36 765 639	34 933 377	35 512 625
expired	5 247 530	5 063 336	5 325 126
Interest accrued	320 478	316 018	477 531
<b>Total gross amount</b>	<b>103 680 504</b>	<b>99 746 525</b>	<b>98 935 786</b>
Impairment allowances	(5 069 987)	(4 665 033)	(4 684 142)
<b>Total net amount</b>	<b>98 610 517</b>	<b>95 081 492</b>	<b>94 251 644</b>

### Loans and advances to customers by currency

	30.09.2013	31.12.2012	30.09.2012
PLN	80 492 791	76 874 963	75 756 548
CHF	5 558 270	5 870 827	6 015 118
EUR	11 078 469	10 510 432	10 422 652
USD	1 452 345	1 794 904	2 030 874
Other currencies	28 642	30 366	26 452
<b>Total</b>	<b>98 610 517</b>	<b>95 081 492</b>	<b>94 251 644</b>

Changes in impairment allowances in the period from 1 January to 30 September 2013 and in the period from 1 January to 30 September 2012 are presented in the Note 15.

## 26. Receivables from financial leases

The Group conducts leasing operations through its subsidiary Pekao Leasing Sp. z o.o. The value of gross lease investments and minimum lease payments are follows as:

30.09.2013	GROSS LEASING INVESTMENT	PRESENT VALUE OF MINIMUM LEASE PAYMENTS
Up to 1 year	1 324 613	1 202 405
Between 1 and 5 years	1 742 904	1 616 409
Over 5 years	105 455	97 994
<b>Total</b>	<b>3 172 972</b>	<b>2 916 808</b>
Unearned finance income	(256 164)	
<b>Net leasing investment</b>	<b>2 916 808</b>	
Unguaranteed residual values accruing to the benefit of the lessor	-	
Present value of minimum lease payments	2 916 808	
Impairment allowances	(201 314)	
<b>Balance sheet value</b>	<b>2 715 494</b>	

## Notes to financial statements (cont)

(in PLN thousand)

31.12.2012	GROSS LEASING INVESTMENT	PRESENT VALUE OF MINIMUM LEASE PAYMENTS
Up to 1 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>
Unearned finance income	(309 968)	
<b>Net leasing investment</b>	<b>2 910 616</b>	
Unguaranteed residual values accruing to the benefit of the lessor	-	
Present value of minimum lease payments	2 910 616	
Impairment allowances	(192 685)	
<b>Balance sheet value</b>	<b>2 717 931</b>	

30.09.2012	GROSS LEASING INVESTMENT	PRESENT VALUE OF MINIMUM LEASE PAYMENTS
Up to 1 year	1 450 947	1 285 363
Between 1 and 5 years	1 780 628	1 616 632
Over 5 years	143 379	130 933
<b>Total</b>	<b>3 374 954</b>	<b>3 032 928</b>
Unearned finance income	(342 026)	
<b>Net leasing investment</b>	<b>3 032 928</b>	
Unguaranteed residual values accruing to the benefit of the lessor	-	
Present value of minimum lease payments	3 032 928	
Impairment allowances	(212 538)	
<b>Balance sheet value</b>	<b>2 820 390</b>	

The Group is acting as a lessor in financial leases mainly for transport vehicles, machines and equipment. Moreover, when the Group is a lessee in a financial lease contract among the Group entities, the inter-company transactions relating to the financial leases are eliminated in the consolidated financial statements.

Receivables from financial leases from banks by quality

	30.09.2013	31.12.2012	30.09.2012
Receivables from financial leases from banks, including:			
non impaired (gross)	4 283	204	153
impaired (gross)	-	-	-
individual impairment allowances	(28)	(31)	-
collective impairment allowances (*)	(1)	(1)	(33)
<b>Total</b>	<b>4 254</b>	<b>172</b>	<b>120</b>

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

## Notes to financial statements (cont)

(in PLN thousand)

### Receivables from financial leases from clients by quality

	30.09.2013	31.12.2012	30.09.2012
Receivables from financial leases from clients, including:			
non impaired (gross)	2 633 850	2 622 002	2 717 456
impaired (gross)	278 675	288 410	315 319
individual impairment allowances	(43 157)	(38 740)	(51 563)
collective impairment allowances (*)	(158 128)	(153 913)	(160 942)
<b>Total</b>	<b>2 711 240</b>	<b>2 717 759</b>	<b>2 820 270</b>

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

### Receivables from financial leases by currency

	30.09.2013	31.12.2012	30.09.2012
PLN	2 001 368	2 036 287	2 137 950
CHF	7 575	19 199	25 389
EUR	697 544	649 163	642 270
USD	9 007	13 282	14 781
<b>Total</b>	<b>2 715 494</b>	<b>2 717 931</b>	<b>2 820 390</b>

## 27. Hedge accounting

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

In the period from 1 January to 30 September 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 against interest rate risk hedged 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 accounting for variable portfolio of loans in EUR and USD hedged with fx-swap instruments - described in 27.6.

In the period from 1<sup>st</sup> January till to 30<sup>th</sup> September of 2013 the Group concluded the designation of hedge accounting (cash flow hedge) for the highly probable cash flow in USD (Bank's long position in US dollars) hedged with fx-forward instruments (made as series of fx-spot and fx-swap transactions). The last cash flow related to the hedged item was generated on 24 September 2013.



# Notes to financial statements (cont)

(in PLN thousand)

The table below presents the fair value of hedging derivatives

30.09.2013	ASSETS	LIABILITIES
Fair value hedge accounting		
Interest rate swaps (IRS)	52	189 521
Cross-currency interest rate swap (CIRS)	109 179	-
Cash flow hedge accounting		
Interest rate swaps (IRS)	55 197	54 400
Cross-currency interest rate swap (CIRS)	27 873	956 783
FX-swaps	52 448	568
<b>Total</b>	<b>244 749</b>	<b>1 201 272</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>

30.09.2012	ASSETS	LIABILITIES
Fair value hedge accounting		
Interest rate swaps (IRS)	-	233 513
Cross-currency interest rate swap (CIRS)	201 929	-
Cash flow hedge accounting		
Interest rate swaps (IRS)	49 371	103 453
Cross-currency interest rate swap (CIRS)	86 497	927 622
FX-swaps	115 629	-
<b>Total</b>	<b>453 426</b>	<b>1 264 588</b>

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

	3 QUARTERS 2013	3 QUARTERS 2012
Revaluation reserves (deferral of fair value changes of hedging instruments related to the portions recognized as effective hedge - gross value)	(25 751)	(110 264)
Net interest income on hedging derivatives	163 905	244 089
Ineffective portions of changes in the fair value of hedging transactions recognized in the income statement	193	6 381

# Notes to financial statements (cont)

(in PLN thousand)

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

	3 QUARTERS 2013	3 QUARTERS 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	38 528	(86 104)
Amount of the deferral of fair value changes of hedging instruments of the effective hedge removed from the revaluation reserves and presented in net profit or loss	39	39
<b>Closing balance</b>	<b>(25 751)</b>	<b>(110 264)</b>

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

TYPE OF GAINS/LOSSES	3 QUARTERS 2013	3 QUARTERS 2012
Gains/losses from revaluation of hedging instruments to fair value	43 189	(34 292)
Gains/losses from revaluation of hedged item associated with hedged risk to fair value	(54 544)	9 054
<b>Result on fair value hedge accounting</b>	<b>(11 355)</b>	<b>(25 238)</b>
Net interest income on hedging derivatives	(37 398)	(42 124)

## 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 resulting 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 Statements 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 the 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 the 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.

## Notes to financial statements (cont)

(in PLN thousand)

### **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 Statements presentation**

The effective portion of the change in fair value of hedging derivatives' is recognized in the 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.

## **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 Statements presentation**

The effective portion of the change in fair value of hedging derivatives is recognized in the 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 on 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 interest 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 Statements 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. The interest on deposits is presented in the net interest income.

## Notes to financial statements (cont)

(in PLN thousand)

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 the net interest income.

### 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 Statements presentation**

The effective portion of the change in fair value of hedging derivatives is recognized in the 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 on 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 5 December 2014.

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

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

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

#### **Hedged items**

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 Statements presentation**

The effective portion of the change in fair value of hedging derivatives is recognized in the 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 the revaluation reserve in equity and recognized in interest income. Currency revaluation regarding the first capital exchange on the hedging instrument is transferred from the revaluation reserve in equity and recognized in the foreign currency exchange result.

#### **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 July 2014.

# Notes to financial statements (cont)

(in PLN thousand)

## 28. Investment (placement) securities

	30.09.2013	31.12.2012	30.09.2012
Debt securities available for sale (AFS)	23 884 490	25 869 334	22 348 078
Equity securities available for sale (AFS)	18 282	18 325	18 125
Debt securities held to maturity (HTM)	2 266 637	2 847 783	3 451 175
<b>Total</b>	<b>26 169 409</b>	<b>28 735 442</b>	<b>25 817 378</b>

### Debt securities available for sale (AFS)

	30.09.2013	31.12.2012	30.09.2012
Securities issued by State Treasury	16 571 736	15 600 595	15 206 987
T-bills	-	199	197
T-bonds	16 571 736	15 600 396	15 206 790
Securities issued by Central Banks	6 397 210	9 320 660	6 185 604
Securities issued by business entities	251 243	248 995	254 004
Securities issued by local governments	664 301	699 084	701 483
<b>Total</b>	<b>23 884 490</b>	<b>25 869 334</b>	<b>22 348 078</b>
including impairment of assets	-	-	-

### Equity securities available for sale (AFS)

	30.09.2013	31.12.2012	30.09.2012
Shares	18 282	18 325	18 125
<b>Total</b>	<b>18 282</b>	<b>18 325</b>	<b>18 125</b>
including impairment of assets	(123)	(123)	(123)

### Debt securities held to maturity (HTM)

	30.09.2013	31.12.2012	30.09.2012
Securities issued by State Treasury	1 465 769	2 173 002	2 841 777
T - bills	-	116 604	200 688
T - bonds	1 465 769	2 056 398	2 641 089
Securities issued by Central Banks	800 868	674 781	609 398
<b>Total</b>	<b>2 266 637</b>	<b>2 847 783</b>	<b>3 451 175</b>
including impairment of assets	-	-	-

### Investment debt securities according to contractual maturity

	30.09.2013	31.12.2012	30.09.2012
Debt securities, including:			
up to 1 month	7 208 555	11 073 994	7 447 364
between 1 and 3 months	-	261 985	141 283
between 3 months and 1 year	1 560 974	841 723	2 602 511
between 1 and 5 years	12 068 535	12 077 182	11 418 510
over 5 years	5 313 063	4 462 233	4 189 585
<b>Total</b>	<b>26 151 127</b>	<b>28 717 117</b>	<b>25 799 253</b>

# Notes to financial statements (cont)

(in PLN thousand)

## Investment debt securities by currency

	30.09.2013	31.12.2012	30.09.2012
PLN	23 408 686	26 391 921	23 229 023
EUR	1 489 029	1 361 396	1 340 930
USD	1 253 412	963 800	1 229 300
<b>Total</b>	<b>26 151 127</b>	<b>28 717 117</b>	<b>25 799 253</b>

## 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) in the item 'Assets held for sale'.

As at 30 September 2013 non-current assets classified as held for sale are as follows:

- real estate,
- other property, plant and equipment owned by the Group.

Assets held for sale and liabilities associated with assets held for sale are presented below:

	30.09.2013	31.12.2012	30.09.2012
<b>ASSETS HELD FOR SALE</b>			
Assets of PJSC UniCredit Bank	-	2 265 490	2 203 506
Property, plant and equipment	39 915	86 168	92 313
Other assets	22 515	22 515	-
<b>Total assets</b>	<b>62 430</b>	<b>2 374 173</b>	<b>2 295 819</b>
<b>LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE</b>			
Liabilities of PJSC UniCredit Bank	-	891 007	807 748
<b>Total liabilities</b>	<b>-</b>	<b>891 007</b>	<b>807 748</b>

In III quarter of 2013 the Bank sold its all shares in subsidiary PJSC UniCredit Bank to UniCredit S.p.A. (Parent Entity of the Bank).

The sale transaction of PJSC UniCredit Bank was recognized as intragroup transaction and therefore the result on the transaction was accounted for in the equity of the Bank and the Group.

The above accounting policy is consistent with the policy of UniCredit Group, adopted by the Bank and applicable for business combinations transactions under common control.

# Notes to financial statements (cont)

(in PLN thousand)

The table below presents the Statement of financial position of PJSC UniCredit Bank:

	15.07.2013	31.12.2012	30.09.2012
<b>ASSETS</b>			
Cash and due from Central Bank	44 039	34 320	34 479
Loans and advances to banks	944 380	953 056	770 264
Financial assets held for trading	-	131	29 495
Loans and advances to customers	1 105 510	1 205 385	1 269 580
Investments (placement) securities	10	33 029	53 691
Intangible assets	1 433	1 831	2 016
Property, plant and equipment	14 673	14 424	15 674
Other assets	13 406	14 553	17 314
<b>TOTAL ASSETS</b>	<b>2 123 451</b>	<b>2 256 729</b>	<b>2 192 513</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Amounts due to other banks	794 915	956 129	1 014 770
Amounts due to customers	774 424	792 045	664 925
Income tax liabilities	26 026	27 007	27 674
Other liabilities	19 395	16 662	17 194
<b>TOTAL LIABILITIES</b>	<b>1 614 760</b>	<b>1 791 843</b>	<b>1 724 563</b>
<b>EQUITY</b>	<b>508 691</b>	<b>464 886</b>	<b>467 950</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2 123 451</b>	<b>2 256 729</b>	<b>2 192 513</b>

# Notes to financial statements (cont)

(in PLN thousand)

The table below presents the Income statement of PJSC UniCredit Bank:

	01.01.2013 – 15.07.2013	III QUARTER 2012	3 QUARTERS 2012
Interest income	93 348	49 337	143 159
Interest expense	(31 674)	(14 692)	(47 511)
<b>Net interest income</b>	<b>61 674</b>	<b>34 645</b>	<b>95 648</b>
Fee and commission income	19 175	10 236	30 783
Fee and commission expense	(8 003)	(3 370)	(11 175)
<b>Net fee and commission income</b>	<b>11 172</b>	<b>6 866</b>	<b>19 608</b>
<b>Result on financial assets and liabilities held for trading</b>	<b>(2 350)</b>	<b>2 610</b>	<b>8 351</b>
<b>Gains (losses) on disposal of</b>	<b>-</b>	<b>(21)</b>	<b>(21)</b>
available for sale financial assets and held to maturity investments	-	(21)	(21)
<b>Operating income</b>	<b>70 496</b>	<b>44 100</b>	<b>123 586</b>
<b>Net impairment losses on financial assets and off-balance sheet commitments</b>	<b>(5 215)</b>	<b>(10 205)</b>	<b>(25 394)</b>
loans and other financial receivables	(5 215)	(10 205)	(25 394)
<b>Net result on financial activity</b>	<b>65 281</b>	<b>33 895</b>	<b>98 192</b>
<b>Administrative expenses</b>	<b>(42 459)</b>	<b>(19 156)</b>	<b>(57 207)</b>
personnel expenses	(21 145)	(10 059)	(29 526)
other administrative expenses	(21 314)	(9 097)	(27 681)
<b>Depreciation and amortization</b>	<b>(2 696)</b>	<b>(1 531)</b>	<b>(5 058)</b>
<b>Net other operating income and expenses</b>	<b>1 210</b>	<b>883</b>	<b>708</b>
<b>Operating costs</b>	<b>(43 945)</b>	<b>(19 804)</b>	<b>(61 557)</b>
<b>Profit before income tax</b>	<b>21 336</b>	<b>14 091</b>	<b>36 635</b>
Income tax expense	(3 854)	(3 723)	(7 938)
<b>Net profit for the period</b>	<b>17 482</b>	<b>10 368</b>	<b>28 697</b>

The table below presents the Cash flow statement of PJSC UniCredit Bank:

	01.01.2013 – 15.07.2013	III QUARTER 2012	3 QUARTERS 2012
Net cash flows from operating activities	(31 011)	(200 977)	(16 231)
Net cash flows from investing activities	32 103	17 507	(52 478)
Net cash flows from financing activities	-	-	-
<b>Total net cash flow</b>	<b>1 092</b>	<b>(183 470)</b>	<b>(68 709)</b>



## Notes to financial statements (cont)

(in PLN thousand)

Effect of disposal of net assets of PJSC UniCredit Bank recognized in the equity of the Group:

	3 QUARTERS 2013
Sales proceeds	671 287
Carrying amount of net assets disposed (including costs to sell)	(531 286)
<b>Gross result on sale</b>	<b>140 001</b>
Income tax expense	(26 600)
<b>Net result on sale</b>	<b>113 401</b>

Effect of disposal of equity investment in PJSC UniCredit Bank recognized in the equity of the Bank:

	3 QUARTERS 2013
Sales proceeds	671 287
Carrying amount of equity investment disposed (including costs to sell)	(669 917)
<b>Gross result on sale</b>	<b>1 370</b>
Income tax expense	(260)
<b>Net result on sale</b>	<b>1 110</b>

In III quarter of 2013 the Bank released the impairment allowance for its equity investment in PJSC UniCredit Bank in the amount of PLN 69 972 thousand in order to remeasure it at fair value less expected costs to sell.

Effect of disposal of other assets:

	3 QUARTERS 2013	2012	3 QUARTERS 2012
Sales proceeds	69 434	29 584	28 048
Net carrying value of disposed assets (including sale costs)	49 746	12 787	9 376
<b>Gain/loss on sale before income tax</b>	<b>19 688</b>	<b>16 797</b>	<b>18 672</b>

# Notes to financial statements (cont)

(in PLN thousand)

## 30. Intangible assets

	30.09.2013	31.12.2012	30.09.2012
Intangible assets, including:	564 628	614 827	607 917
research and development expenditures	12 980	15 858	17 169
licenses and patents	432 162	452 599	464 659
other	1 373	2 460	2 876
assets under construction	118 113	143 910	123 213
Goodwill	54 560	54 560	54 560
<b>Total</b>	<b>619 188</b>	<b>669 387</b>	<b>662 477</b>

In the period from 1 January to 30 September 2013, the Group acquired intangible assets in the amount of PLN 56 944 thousand (in 2012 - PLN 106 807 thousand).

In the period from 1 January to 30 September 2013 and in 2012 there have been no intangible assets whose title is restricted and pledged as security for liabilities.

### Contractual commitments

As at 30 September 2013 the contractual commitments for the acquisition of intangible assets amounted to PLN 37 665 thousand, whereas as at 31 December 2012 - PLN 41 841 thousand.

## 31. Property, plant and equipment

	30.09.2013	31.12.2012	30.09.2012
Non-current assets, including:	1 584 530	1 579 886	1 604 110
land and buildings	1 205 673	1 159 929	1 166 993
machinery and equipment	301 814	334 837	349 941
transport vehicles	39 222	49 475	50 810
other	37 821	35 645	36 366
Non-current assets under construction and prepayments	62 371	90 658	52 937
<b>Total</b>	<b>1 646 901</b>	<b>1 670 544</b>	<b>1 657 047</b>

In the period from 1 January to 30 September 2013 the Group acquired property, plant and equipment in the amount of PLN 130 303 thousand (in 2012 - PLN 141 845 thousand), while the value of property, plant and equipment sold amounted to PLN 5 228 thousand (in 2012 - PLN 5 395 thousand).

In the period from 1 January to 30 September 2013 and in 2012 there have been no property, plant and equipment whose title is restricted and pledged as security for liabilities.

### Contractual commitments

As at 30 September 2013 the contractual commitments for the acquisition of property, plant and equipment amounted to PLN 41 619 thousand, whereas as at 31 December 2012 - PLN 64 840 thousand.

## Notes to financial statements (cont)

(in PLN thousand)

### 32. Assets pledged as security for liabilities

As at 30 September 2013 the Group held the following financial assets pledged as security for liabilities

TYPE OF TRANSACTION	SECURITY	CARRYING VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	NOMINAL VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	VALUE OF LIABILITIES SUBJECT TO SECURITY
Repo transactions	bonds	3 859 206	3 629 423	3 878 387
Coverage of Fund for protection of guaranteed assets to the benefit of the Bank Guarantee Fund	bonds	611 663	565 120	-
Lombard and technical loan	bonds, bills	4 098 765	4 011 107	-
Other loans	bonds, leases encumbrances	992 257	981 460	867 963
Deposits	bonds	211 423	213 150	204 390
Issue of mortgage bonds	receivables backed by mortgage, bonds	1 262 203	1 275 326	822 841
Coverage of the Guarantee Fund for the Settlement of Stock Exchange Transactions to Central Securities Depository (KDPW)	bonds, cash deposits	51 985	50 963	-

As at 31 December 2012 the Group held the following financial assets pledged as security for liabilities

TYPE OF TRANSACTION	SECURITY	CARRYING VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	NOMINAL VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	VALUE OF LIABILITIES SUBJECT TO SECURITY
Repo transactions	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)

As at 30 September 2012 the Group held the following financial assets pledged as security for liabilities

TYPE OF TRANSACTION	SECURITY	CARRYING VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	NOMINAL VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	VALUE OF LIABILITIES SUBJECT TO SECURITY
Repo transactions	bonds	2 917 055	2 771 139	2 909 729
Coverage of Fund for protection of guaranteed assets to the benefit of the Bank Guarantee Fund	bonds, bills	626 573	560 120	-
Lombard and technical loan	bonds, bills	6 444 907	6 235 178	-
Other credits	bonds, leases encumbrances	786 551	768 329	670 230
Issue of mortgage bonds	receivables backed by mortgage, bonds and hedging instruments	1 305 799	1 324 594	703 913

### 33. Amounts due to other banks

Amounts due to other banks by product type

	30.09.2013	31.12.2012	30.09.2012
Current accounts and overnight deposits	2 056 851	1 278 004	1 206 570
Interbank deposits and other liabilities	598 538	1 161 499	547 135
Loans and advances received	2 780 689	2 684 218	2 356 156
Repo transactions	3 607 273	2 608 219	2 262 313
Interest accrued	6 436	9 870	4 858
Cash in transit	26 779	40 862	33 996
<b>Total</b>	<b>9 076 566</b>	<b>7 782 672</b>	<b>6 411 028</b>

Amounts due to other banks by currency

	30.09.2013	31.12.2012	30.09.2012
PLN	4 657 738	4 488 972	3 327 285
CHF	830 640	1 008 560	1 029 310
EUR	3 336 354	1 898 819	1 981 712
USD	151 508	272 713	51 176
Other currencies	100 326	113 608	21 545
<b>Total</b>	<b>9 076 566</b>	<b>7 782 672</b>	<b>6 411 028</b>

## Notes to financial statements (cont)

(in PLN thousand)

### 34. Amounts due to customers

Amounts due to customers by entity and product type

	30.09.2013	31.12.2012	30.09.2012
Amounts due to corporate, including:	51 610 922	48 208 966	48 238 216
current accounts and overnight deposits	25 949 448	19 223 760	17 624 351
term deposits and other liabilities	25 580 818	28 874 042	30 494 068
interest accrued	80 656	111 164	119 797
Amounts due to budget entities, including:	6 975 781	5 642 509	7 173 821
current accounts and overnight deposits	5 126 884	4 611 446	4 355 601
term deposits and other liabilities	1 844 266	1 027 635	2 806 711
interest accrued	4 631	3 428	11 509
Amounts due to individuals, including:	48 700 135	48 908 199	48 952 100
current accounts and overnight deposits	28 082 601	26 503 598	26 553 921
term deposits and other liabilities	20 463 344	22 152 790	22 157 162
interest accrued	154 190	251 811	241 017
Repo transactions, including:	3 034 231	5 094 347	2 243 986
nominal amount	3 033 227	5 089 736	2 242 175
interest accrued	1 004	4 611	1 811
Cash in transit	216 404	138 587	213 808
<b>Total</b>	<b>110 537 473</b>	<b>107 992 608</b>	<b>106 821 931</b>

Amounts due to customers by currency

	30.09.2013	31.12.2012	30.09.2012
PLN	93 865 975	91 928 090	90 347 225
CHF	172 452	187 052	175 877
EUR	9 984 185	9 405 046	9 884 587
USD	5 859 626	5 882 785	5 817 884
Other currencies	655 235	589 635	596 358
<b>Total</b>	<b>110 537 473</b>	<b>107 992 608</b>	<b>106 821 931</b>

## Notes to financial statements (cont)

(in PLN thousand)

### 35. Debt securities issued

Debt securities issued by type

	30.09.2013	31.12.2012	30.09.2012
Bonds	-	-	2
Certificates of deposit	1 775 959	3 907 679	4 635 817
Mortgage bonds	817 226	782 744	697 369
Interest accrued	18 602	68 313	56 324
<b>Total</b>	<b>2 611 787</b>	<b>4 758 736</b>	<b>5 389 512</b>

The Group redeems its own debt securities issued on a timely basis.

Debt securities issued by currency

	30.09.2013	31.12.2012	30.09.2012
PLN	2 550 607	4 678 440	5 349 485
EUR	61 180	58 072	17 268
USD	-	22 224	22 759
<b>Total</b>	<b>2 611 787</b>	<b>4 758 736</b>	<b>5 389 512</b>

Changes in debt securities issued

	3 QUARTERS 2013	2012	3 QUARTERS 2012
<b>Opening balance</b>	<b>4 758 736</b>	<b>3 043 919</b>	<b>3 043 919</b>
Increase (issuance)	2 082 273	5 327 751	4 394 269
Decrease (redemption)	(3 749 886)	(3 451 775)	(1 593 014)
Decrease (partial redemption)	(445 281)	(222 870)	(500 763)
Foreign currency exchange differences	2 601	(3 673)	(3 001)
Other changes	(36 656)	65 384	48 102
<b>Closing balance</b>	<b>2 611 787</b>	<b>4 758 736</b>	<b>5 389 512</b>

# Notes to financial statements (cont)

(in PLN thousand)

## 36. Provisions

Changes in provisions in the reporting period

3 QUARTERS 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	6 498	14 015	92 276	9 781	122 570
Provision utilization	(7 854)	(6 747)	-	(18 964)	(33 565)
Provision releases	(3 121)	-	(54 009)	-	(57 130)
Foreign currency exchange differences	8	-	164	186	358
Other changes	-	-	-	419	419
<b>Closing balance</b>	<b>52 326</b>	<b>161 549</b>	<b>144 837</b>	<b>33 446</b>	<b>392 158</b>
Short term	25 080	63	45 069	10 654	80 866
Long term	27 246	161 486	99 768	22 792	311 292

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

3 QUARTERS 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	2 332	19 498	47 670	14 453	83 953
Provision utilization	(4 344)	(57)	-	(485)	(4 886)
Provision releases	(590)	-	(43 680)	(431)	(44 701)
Foreign currency exchange differences	(24)	-	(484)	(439)	(947)
Other changes	(281)	(8 764)	-	300	(8 745)
<b>Closing balance</b>	<b>44 408</b>	<b>160 658</b>	<b>82 646</b>	<b>50 842</b>	<b>338 554</b>
Short term	21 755	116	55 404	45 688	122 963
Long term	22 653	160 542	27 242	5 154	215 591

# Notes to financial statements (cont)

(in PLN thousand)

## Provisions for litigation and claims

Provisions for litigation and claims include court, administrative and other legal proceedings. The provisions were estimated in the amount of expected outflow of resources embodying economic benefits.

## Provisions for retirement benefits

Provisions for retirement benefits are created individually for each employee based on the actuarial valuation. The basis for the provisions is the expected benefit amount, which the Group is obliged to pay based on internal regulations in respect to employee remuneration.

## Other provisions

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

## 37. Contingent commitments

### Litigation

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

As at 30 September 2013, the value of legal proceedings against the Group amounted to PLN 19 037 716 thousand (in 2012 PLN 18 716 622 thousand).

The most significant legal proceedings against the Group as at 30 September 2013 are as follows:

- legal proceeding resulting from minority shareholder lawsuit to repeal the resolution No 8 and No 24 of the Annual General Meeting of 19 April 2011 on the approval of the 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 is 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 Group the suit and amount in dispute are groundless.

As at 30 September 2013, the Group created provisions for litigations against the Group, which according to legal opinion are associated with a risk of outflow of funds on related to the fulfillment of court rulings. The value of provisions created as at 30 September 2013 is PLN 52 326 thousand (as at 31 December 2012 PLN 56 795 thousand).

After 30 September 2013, but before the date of authorization of the condensed consolidated interim financial statement the Group has received a new information referring to legal proceeding resulting from minority shareholder lawsuit to repeal the resolution No 8 and No 24 of the Annual General Meeting of 19 April 2011 on the approval of the Group consolidated financial statements for 2010 and acknowledgement of the fulfillment of duties by one of the members of the Management Board in 2010. Based on the resolution of the District Court in Warsaw dated 4 November 2013, the amount in dispute indicated by the plaintiff - PLN 18 000 000 thousand - has been verified and now is PLN 692. The Court resolution in respect to the amount in dispute is valid and final.

## Financial commitments granted

Financial commitments granted by entity

	30.09.2013	31.12.2012	30.09.2012
Financial commitments granted to:			
financial entities	2 905 116	1 441 529	2 228 445
non - financial entities	22 079 139	21 415 681	21 138 635
budget entities	1 600 244	744 940	907 677
<b>Total</b>	<b>26 584 499</b>	<b>23 602 150</b>	<b>24 274 757</b>



# Notes to financial statements (cont)

(in PLN thousand)

## Guarantees issued

### Guarantees issued by entity

	30.09.2013	31.12.2012	30.09.2012
Issued to financial entities:	770 561	964 391	898 967
guarantees	728 251	889 107	845 683
sureties	38 778	60 824	37 704
confirmed export letters of credit	3 532	14 460	15 580
Issued to non-financial entities	9 008 682	9 284 016	8 307 090
guarantees	4 381 670	5 506 620	5 333 654
securities' underwriting guarantees	4 625 127	3 775 430	2 971 470
sureties	1 885	1 966	1 966
Issued to budget entities:	494 866	69 901	271 813
guarantees	21 026	3 401	3 631
securities' underwriting guarantees	473 840	66 500	268 182
<b>Total</b>	<b>10 274 109</b>	<b>10 318 308</b>	<b>9 477 870</b>

## Off-balance sheet commitment received

### Off-balance sheet commitment received by entity

	30.09.2013	31.12.2012	30.09.2012
Financial received from:	636 441	1 160 255	1 845 048
financial entities	636 441	1 160 255	1 541 948
non - financial entities	-	-	3 100
budget entities	-	-	300 000
Guarantees received from:	8 707 373	10 226 535	13 197 291
financial entities	804 883	514 238	776 570
non - financial entities	7 172 843	9 014 735	9 150 158
budget entities	729 647	697 562	3 270 563
<b>Total</b>	<b>9 343 814</b>	<b>11 386 790</b>	<b>15 042 339</b>

Moreover, the Group 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

Transactions between the Bank and related parties are typical transactions arising from current operating activities conducted by the Bank. Such transactions mainly include loans, deposits, foreign currency transactions and guarantees.

#### Significant transactions with related parties

In third quarter of 2013 the Bank sold its all shares in subsidiary PJSC UniCredit Bank to UniCredit S.p.A. (Parent Entity of the Bank). The detailed description of the transaction is presented in Note 29.

#### 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 Banks 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 Supervisory Board of the Bank.

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

Members of the Bank's Management Board 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, the standard credit procedures are applied, with transaction-related decisions taken exclusively at level of the Bank's Head Office.

## Notes to financial statements (cont)

(in PLN thousand)

### Related party transactions

Related party transactions as at 30 September 2013

NAME OF ENTITY	RECEIVABLES FROM LOANS AND PLACEMENTS	POSITIVE VALUATION OF DERIVATIVES	OTHER RECEIVABLES	LIABILITIES FROM LOANS AND DEPOSITS	NEGATIVE VALUATION OF DERIVATIVES	OTHER LIABILITIES
UniCredit S.p.A. – the Bank's parent entity	14 470	-	7	11 859	-	14 354
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	1 324 155	309 460	794	1 911 487	818 012	8 474
<b>Associates of Bank Pekao S.A. Group</b>						
Dorn Inwestycyjny Xelion Sp. z o.o.	-	-	2 669	19 619	-	31
Pioneer Pekao Investment Management S.A.	-	-	46	142 148	-	22
Pioneer Pekao TFI S.A. (PPIM S.A. subsidiary)	5	-	15 747	118 804	-	24
Krajowa Izba Rozliczeniowa S.A.	-	-	-	19 425	-	-
<b>Total Associates of Bank Pekao S.A. Group</b>	<b>5</b>	<b>-</b>	<b>18 462</b>	<b>299 996</b>	<b>-</b>	<b>77</b>
Key management personnel of the Bank and UniCredit S.p.A.	6 954	-	-	23 929	-	-
<b>Total</b>	<b>1 345 584</b>	<b>309 460</b>	<b>19 263</b>	<b>2 247 271</b>	<b>818 012</b>	<b>22 905</b>

## Notes to financial statements (cont)

(in PLN thousand)

### Receivables from loans and placements by contractual maturity

30.09.2013	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. – the Bank's parent entity	14 470	-	-	-	-	-	-	14 470
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	526 777	89 940	29 308	313 250	363 812	-	1 068	1 324 155
Associates of Bank Pekao S.A. Group	-	-	-	-	5	-	-	5
Key management personnel of the Bank and UniCredit S.p.A.	-	-	-	6 514	82	357	1	6 954
<b>Total</b>	<b>541 247</b>	<b>89 940</b>	<b>29 308</b>	<b>319 764</b>	<b>363 899</b>	<b>357</b>	<b>1 069</b>	<b>1 345 584</b>

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

### Liabilities from loans and deposits by contractual maturity

30.09.2013	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. – the Bank's parent entity	11 859	-	-	-	-	-	-	11 859
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	48 432	440 267	433 898	486 250	70 909	431 212	519	1 911 487
Associates of Bank Pekao S.A. Group	19 296	30 412	178 800	70 000	-	-	1 488	299 996
Key management personnel of the Bank and UniCredit S.p.A.	9 857	11 615	2 111	211	100	-	35	23 929
<b>Total</b>	<b>89 444</b>	<b>482 294</b>	<b>614 809</b>	<b>556 461</b>	<b>71 009</b>	<b>431 212</b>	<b>2 042</b>	<b>2 247 271</b>

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

## Notes to financial statements (cont)

(in PLN thousand)

### Receivables from loans and placement by currency

30.09.2013	EUR	USD	CHF	PLN	OTHER	TOTAL
UniCredit S.p.A. – the Bank's parent entity	327	14 143	-	-	-	14 470
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	587 271	636 342	6	50 233	50 303	1 324 155
Associates of Bank Pekao S.A. Group	-	-	-	5	-	5
Key management personnel of the Bank and UniCredit S.p.A.	-	-	-	6 954	-	6 954
<b>Total</b>	<b>587 598</b>	<b>650 485</b>	<b>6</b>	<b>57 192</b>	<b>50 303</b>	<b>1 345 584</b>

### Liabilities due to loans and deposits by currency

30.09.2013	EUR	USD	CHF	PLN	OTHER	TOTAL
UniCredit S.p.A. – the Bank's parent entity	2 387	-	-	9 472	-	11 859
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	788 504	5 433	431 450	660 849	25 251	1 911 487
Associates of Bank Pekao S.A. Group	-	-	-	299 996	-	299 996
Key management personnel of the Bank and UniCredit S.p.A.	1 197	518	-	15 496	6 718	23 929
<b>Total</b>	<b>792 088</b>	<b>5 951</b>	<b>431 450</b>	<b>985 813</b>	<b>31 969</b>	<b>2 247 271</b>

## Notes to financial statements (cont)

(in PLN thousand)

### Related party transactions as at 31 December 2012

NAME OF ENTITY	RECEIVABLES FROM LOAN. ADVANCES AND PLACEMENT	RECEIVABLES FROM REVALUATION OF DERIVATIVES	OTHER RECEIVABLES	LIABILITIES FROM LOANS AND DEPOSITS	LIABILITIES FROM REVALUATION OF DERIVATIVES	OTHER LIABILITIES
UniCredit S.p.A. – the Bank's parent entity	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</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. (PPIM S.A. subsidiary)	2	-	17 630	103 914	-	21
Krajowa Izba Rozliczeniowa S.A.	-	-	-	19 700	-	-
<b>Total Associates of Bank Pekao S.A. Group</b>	<b>2</b>	<b>-</b>	<b>17 717</b>	<b>274 250</b>	<b>-</b>	<b>52</b>
Key management personnel of the Bank 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. – the Bank's parent entity	425 754	-	-	-	-	-	-	425 754
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	1 207 509	1 387	671	1 497	40 882	-	323	1 252 269
Associates of Bank Pekao S.A. Group	-	-	-	-	2	-	-	2
Key management personnel of the Bank 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 collaterals

### 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. – the Bank's parent entity	57 621	-	-	-	-	-	-	57 621
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	294 699	295 684	18 055	504 489	218 833	474 782	1 694	1 808 236
Associates of Bank Pekao S.A. Group	7 711	81 828	43 100	140 500	-	-	1 111	274 250
Key management personnel of the Bank 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 collaterals

## Notes to financial statements (cont)

(in PLN thousand)

### Receivables from loans and deposits by currency

31.12.2012	EUR	USD	CHF	PLN	OTHER	TOTAL
UniCredit S.p.A. – the Bank's parent entity	366 990	58 764	-	-	-	425 754
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	577 094	3 906	265	228 250	442 754	1 252 269
Associates of Bank Pekao S.A Group	-	-	-	2	-	2
Key management personnel of the Bank 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 due to loans and deposits by currency

31.12.2012	EUR	USD	CHF	PLN	OTHER	TOTAL
UniCredit S.p.A. – the Bank's parent entity	-	-	-	57 621	-	57 621
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	196 468	46 414	601 426	949 594	14 334	1 808 236
Associates of Bank Pekao S.A Group	-	-	-	274 250	-	274 250
Key management personnel of the Bank 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 to 30 September 2013

NAME OF ENTITY	INTEREST INCOME	INTERES EXPENSE	COMMISSION INCOME	FEE AND COMMISSION EXPENSE	POSITIVE VALUATION OF DERIVATIVES AND OTHER INCOME	NEGATIVE VALUATION OF DERIVATIVES AND OTHER EXPENSES
UniCredit S.p.A. – the Bank's parent entity	83	(135)	819	(2 085)	1 431	(8 253)
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	75 570	(30 120)	6 968	(1 332)	28 291	(6 888)
<b>Associates of Bank Pekao S.A. Group</b>						
Dom Inwestycyjny Xelion Sp. z o.o.	-	(250)	31	(20)	165	-
Pioneer Pekao Investment Management S.A.	-	(3 773)	405	-	63	-
Pioneer Pekao TFI S.A. (PPIM S.A. subsidiary)	-	(3 141)	178 978	-	-	-
Krajowa Izba Rozliczeniowa S.A.	-	(147)	60	-	-	(7 109)
<b>Total Associates of Bank Pekao S.A. Group</b>	-	(7 311)	179 474	(20)	228	(7 109)
Key management personnel of the Bank and UniCredit S.p.A.	234	(460)	6	-	-	-
<b>Total</b>	<b>75 887</b>	<b>(38 026)</b>	<b>187 267</b>	<b>(3 437)</b>	<b>29 950</b>	<b>(22 250)</b>

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

NAME OF ENTITY	INTEREST INCOME	INTERES EXPENSE	COMMISSION INCOME	FEE AND COMMISSION EXPENSE	POSITIVE VALUATION OF DERIVATIVES AND OTHER INCOME	NEGATIVE VALUATION OF DERIVATIVES AND OTHER EXPENSES
UniCredit S.p.A. – the Bank's parent entity	464	(382)	768	(2 960)	2 358	(8 081)
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	118 015	(56 901)	7 999	(2 908)	5 809	(88 203)
<b>Associates of Bank Pekao S.A. Group</b>						
Pirelli Pekao Real Estate Sp. z o.o.	-	(39)	11	-	-	-
Dom Inwestycyjny Xelion Sp. z o.o.	-	(225)	31	(35)	203	-
Pioneer Pekao Investment Management S.A.	-	(191)	394	-	100	-
Pioneer Pekao TFI S.A. (jednostka zależna PPIM S.A.)	-	(1 349)	154 965	-	33	(4)
Krajowa Izba Rozliczeniowa S.A.	-	(582)	40	-	-	(7 356)
<b>Total Associates of Bank Pekao S.A. Group</b>	-	(2 386)	155 441	(35)	336	(7 360)
Key management personnel of the Bank and UniCredit S.p.A.	150	(528)	4	-	-	(12)
<b>Total</b>	<b>118 629</b>	<b>(60 197)</b>	<b>164 212</b>	<b>(5 903)</b>	<b>8 503</b>	<b>(103 656)</b>

# Notes to financial statements (cont)

(in PLN thousand)

Off-balance sheet financial commitments and guarantees as at 30 September 2013

NAME OF ENTITY	GRANTED		RECEIVED
	FINANCIAL	GUARANTEES	GUARANTEES
UniCredit S.p.A. – the Bank's parent entity	64 993	310 236	62 233
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	682 552	247 868	94 022
<b>Associates of Bank Pekao S.A. Group</b>			
Dom Inwestycyjny Xelion Sp. z o.o.	30	-	-
Pioneer Pekao Investment Management S.A.	15	-	-
Pioneer Pekao TFI S.A. (PPIM S.A. subsidiary)	57	-	-
Krajowa Izba Rozliczeniowa S.A.	-	500	-
<b>Total Associates of Bank Pekao S.A. Group</b>	<b>102</b>	<b>500</b>	<b>-</b>
Key management personnel of the Bank and UniCredit S.p.A.	233	-	-
<b>Total</b>	<b>747 880</b>	<b>558 604</b>	<b>156 255</b>

As at 30 September 2013, the Group did not have off-balance sheet financial commitments received from related parties.

## Notes to financial statements (cont)

(in PLN thousand)

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

30.09.2013	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 COMMITMENTS GRANTED</b>							
UniCredit S.p.A. – the Bank's parent entity	24 000	-	40 993	-	-	-	64 993
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	333 001	279 745	69 603	-	203	-	682 552
Associates of Bank Pekao S.A Group	-	-	-	-	102	-	102
Key management personnel of the Bank and UniCredit S.p.A.	30	-	-	5	198	-	233
<b>Total</b>	<b>357 031</b>	<b>279 745</b>	<b>110 596</b>	<b>5</b>	<b>503</b>	<b>-</b>	<b>747 880</b>
<b>GUARANTEES ISSUED</b>							
UniCredit S.p.A. – the Bank's parent entity	-	-	-	107 162	94 200	108 874	310 236
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	-	2 618	1 332	25 804	31 989	186 125	247 868
Associates of Bank Pekao S.A Group	-	-	-	500	-	-	500
<b>Total</b>	<b>-</b>	<b>2 618</b>	<b>1 332</b>	<b>133 466</b>	<b>126 189</b>	<b>294 999</b>	<b>558 604</b>
<b>FINANCIAL COMMITMENTS RECEIVED</b>							
UniCredit S.p.A. – the Bank's parent entity	-	-	5 509	14 506	22 191	20 027	62 233
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	3 308	13 050	32 459	12 068	30 654	2 483	94 022
<b>Total</b>	<b>3 308</b>	<b>13 050</b>	<b>37 968</b>	<b>26 574</b>	<b>52 845</b>	<b>22 510</b>	<b>156 255</b>

## Notes to financial statements (cont)

(in PLN thousand)

### Off- Balance sheet financial commitments and guarantees granted by currency

30.09.2013	EUR	USD	CHF	PLN	INNE	TOTAL
<b>FINANCIAL COMMITMENTS GRANTED</b>						
UniCredit S.p.A. – the Bank's parent entity	40 993	-	-	24 000	-	64 993
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	30 147	-	-	652 405	-	682 552
Associates of Bank Pekao S.A Group	-	-	-	102	-	102
Key management personnel of the Bank and UniCredit S.p.A.	-	-	-	233	-	233
<b>Total</b>	<b>71 140</b>	<b>-</b>	<b>-</b>	<b>676 740</b>	<b>-</b>	<b>747 880</b>
<b>GUARANTEES ISSUED</b>						
UniCredit S.p.A. – the Bank's parent entity	10 001	-	-	300 235	-	310 236
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	15 854	-	-	232 014	-	247 868
Associates of Bank Pekao S.A Group	-	-	-	500	-	500
<b>Total</b>	<b>25 855</b>	<b>-</b>	<b>-</b>	<b>532 749</b>	<b>-</b>	<b>558 604</b>
<b>FINANCIAL COMMITMENTS RECEIVED</b>						
UniCredit S.p.A. – the Bank's parent entity	51 158	-	-	11 075	-	62 233
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	12 504	-	-	81 518	-	94 022
<b>Total</b>	<b>63 662</b>	<b>-</b>	<b>-</b>	<b>92 593</b>	<b>-</b>	<b>156 255</b>

# Notes to financial statements (cont)

(in PLN thousand)

Off-balance sheet financial commitments and guarantees as at 31 December 2012

NAME OF ENTITY	GRANTED	
	FINANCIAL	GUARANTEES
UniCredit S.p.A. – the Bank's parent entity	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</b>		
Dom Inwestycyjny Xelion Sp. z o.o.	30	-
Pioneer Pekao Investment Management S.A.	32	-
Pioneer Pekao TFI S.A. (PPIM S.A. subsidiary)	136	-
Krajowa Izba Rozliczeniowa S.A.	-	500
<b>Total Associates of Bank Pekao S.A. Group</b>	<b>198</b>	<b>500</b>
Key management personnel of the Bank and UniCredit S.p.A.	184	-
<b>Total</b>	<b>92 926</b>	<b>654 422</b>

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

## Notes to financial statements (cont)

(in PLN thousand)

### Off-balance sheet financial commitments and guarantees issued 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 COMMITMENTS GRANTED</b>							
UniCredit S.p.A. – the 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	-	-	-	44	154	-	198
Key management personnel of the Bank 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 ISSUED</b>							
UniCredit S.p.A. – the 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	-	-	-	500	-	-	500
<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 commitments and guarantees issued by currency

31.12.2012	EUR	USD	CHF	PLN	OTHER	TOTAL
<b>FINANCIAL COMMITMENTS GRANTED</b>						
UniCredit S.p.A. – the 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	-	-	-	198	-	198
Key management personnel of the Bank 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 ISSUED</b>						
UniCredit S.p.A. – the 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	-	-	-	500	-	500
<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	
	3 QUARTERS 2013	3 QUARTERS 2012
<b>Management Board of the Bank</b>		
Short-term employee benefits (*)	10 473	12 864
Long-term benefits(**)	1 627	3 217
Benefits resulting from the termination of employment relationship	-	-
Share-based payments (***)	5 372	2 277
<b>Total</b>	<b>17 472</b>	<b>18 358</b>
<b>Supervisory Board of the Bank</b>		
Short-term employee benefits (*)	612	743
Share-based payments (***)	-	-
<b>Total</b>	<b>612</b>	<b>743</b>

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

(\*\*) 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 Personnel Expenses, recognized according to IFRS 2 during the reporting period in the income statement, representing the settlement of fair value of share options and shares, including phantom shares, granted to the Members of the Bank's Management Board.

Bank's Management Board and Supervisory Board Members did not receive any remuneration from subsidiaries and associates in the period from 1 January to 30 September 2013 and in the period from 1 January to 30 September 2012.

## Remuneration of Supervisory Boards and Management Boards of subsidiaries

	VALUE OF BENEFITS	
	3 QUARTERS 2013	3 QUARTERS 2012
<b>Companies' Management Boards</b>		
Short-term employee benefits	9 470	14 157
Long-term benefits	219	431
Benefits resulting from the termination of employment relationship	-	315
Share-based payments	95	169
<b>Total</b>	<b>9 784</b>	<b>15 072</b>
<b>Companies' Supervisory Boards</b>		
Short-term employee benefits	29	19
<b>Total</b>	<b>29</b>	<b>19</b>

## 39. Subsequent events

There have been no significant subsequent events.



# Signatures of the Management Board Members

06.11.2013	Luigi Lovaglio	President of the Management Board, CEO	
Date	Name/Surname	Position/Function	Signature
06.11.2013	Diego Biondo	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
06.11.2013	Andrzej Kopyrski	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
06.11.2013	Grzegorz Piwowar	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
06.11.2013	Stefano Santini	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
06.11.2013	Marian Ważyński	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature

# Annexes to the financial statements

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

## Annex 1

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

- **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's amendment had no material impact on its financial statements in the period of its first application.

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

The amendment has replaced 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 restatement transactions that occurred before their date of transition to IFRSs. Moreover, the amendment has provided guidance on re-application of IFRSs for entities emerging from severe hyperinflation.

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

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

The standard requires entities to provide disclosures in their financial statements that enable users to better estimate the impact or potential impact of offsetting financial assets and financial liabilities on financial standing of the entity.

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

- **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 establish when an asset, liability or entity's own equity instruments should be measured at fair value. On opposite, the measurement and the disclosure's required by the standard is to be applied when other standards require or permit fair value measurement (with few exceptions).

The Group claims that the new standard had no material impact on its financial statements in the period of its first application.

## 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 the financial statements to distinguish the components of other comprehensive income, which may be then reclassified to profit or loss from the items which cannot be reclassified in such a way.

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

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

The amendment specifies how the deferred tax assets and deferred tax liabilities should be measured in case of investment properties measured with 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's amendment had no material impact on its consolidated financial statements in the period of its first application.

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

The changes should help users of the financial statements to better understand the way in which the defined employee benefits impact on the financial situation, financial results and cash flows of the entity. This standard is to regulate the employee benefits accounting as well as the relevant disclosures.

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

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

IFRS 20 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 application.

- **Annual Improvements to International Financial Reporting Standards (2013)**

The improvements is to streamline and clarify the standards.

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

# 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 not yet binding.**

- **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 established the basis for determining which entities are to be consolidated. 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 application.

- **IFRS 11 'Joint Arrangements'**

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

The standard establishes more realistic reflection of joint arrangements, concentrating 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, thus eliminating the proportionate consolidation. The existence of an independent legal entity is not 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 application.

- **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 application.

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

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

The standard establishes principles for the presentation and disclosures to be applied in accounting for investments in subsidiaries, associates and joint ventures. The standard 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 application.

## Annexes to the financial statements (cont.)

- **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 establishes the requirements for the application of the equity method for investments in associates and joint ventures. The standard will supersede 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 application.

- **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 concerning the offsetting criteria for financial assets and financial liabilities.

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

## 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 not yet approved 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 at 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 investments in equity instruments,
- Elimination of the need to separate embedded derivatives.

Most requirements of IAS 39 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 application on its financial statement, however due to the nature of the Group, it is expected that these changes will have a significant impact on the Group's financial instruments valuation and presentation.

The real impact of IFRS 9 first application 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: the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs to sell.

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

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

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

The amendment allows to continuously apply hedge accounting 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's amendment will not have a material impact on its financial statements in the period of its first application.

## Annexes to the financial statements (cont.)

### **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 the obligating event for the recognition of a liability for 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 application.

# 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 – the committee operating under the International Accounting Standards Board publishing interpretations of IFRS.

**CIRS** – Currency Interest Rate Swap – the transaction exchange of principal amounts and interest payments in different currencies between two counterparties.

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

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

**CAP** – the financial agreement, which limits the risk borne by lender on a variable interest rate, exposed to the potential loss as a result of increase in interest rates. Cap option is a series of call options on interest rates, in which the issuer guarantees the buyer the compensation of the additional interest costs, that the buyer must pay if the interest rate on loan increases above the fixed interest rate.

**FLOOR** – the financial agreement, which limits the risk of incurring losses resulting from decrease in interest rates by the lender providing the loan at a variable interest rate. Floor option is a series of put options on interest rates, in which the issuer guarantees the interest to be paid on the loan if the interest rate on the loan decreases below the fixed interest rate.

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

**PD** – Probability Default – the parameter used in Internal Ratings-Based Approach which determines the likelihood that the debtor will be unable to meet its obligation. PD is a financial term describing the likelihood of a default over an one year time horizon.

**LGD** – Loss Given Default – the percentage of loss over the total exposure when bank's counterparty goes to default.

**EAD** – Exposure At Default.

**EL** – Expected Loss.

**CCF** – Credit Conversion Factor.

**A-IRB** – Advanced Internal Ratings-Based Approach – advanced method where all parameters of risk (PD, LGD, EAD) are estimated by the bank using its own quantitative model for calculating the risk weighted assets (RWA).

**VaR** – Value at Risk – the risk measure by which the market value of an asset or portfolio may be reduced for a given assumptions, probability and time horizon.

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

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