

**Report of  
Bank Pekao S.A. Group  
for the first quarter of  
2015**



# **Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015**



**Warsaw, May 2015**

*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 first quarter of 2015

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

	1 QUARTER 2015	1 QUARTER 2014	2014	2013
<b>INCOME STATEMENT CONTINUED OPERATIONS – SELECTED ITEMS<sup>(1)</sup></b> <span style="float: right;"><i>(in PLN million)</i></span>				
Operating income	1,808.1	1,789.8	7,345.7	7,493.6
Operating costs	(801.4)	(820.0)	(3,285.8)	(3,330.9)
Gross operating profit	1,006.7	969.8	4,060.0	4,162.7
Profit before income tax	775.4	784.0	3,359.7	3,432.9
Net profit for the period attributable to equity holders of the Bank	624.4	634.2	2,714.7	2,767.3
<b>INCOME STATEMENT – SELECTED ITEMS</b> <span style="float: right;"><i>(in PLN million)</i></span>				
Operating income	1,808.1	1,789.8	7,345.7	7,565.3
Operating costs	(801.4)	(820.0)	(3,285.8)	(3,376.1)
Gross operating profit	1,006.7	969.8	4,060.0	4,189.2
Profit before income tax	775.4	784.0	3,359.7	3,454.2
Net profit for the period attributable to equity holders of the Bank	624.4	634.2	2,714.7	2,784.8
<b>PROFITABILITY RATIOS</b>				
Return on average equity (ROE)	10.3%	10.7%	11.5%	12.0%
Net interest margin	2.9%	3.3%	3.1%	3.4%
Non-interest income / operating income	41.5%	35.8%	38.3%	39.6%
Cost / income	44.3%	45.8%	44.7%	44.6%
<b>STATEMENT OF FINANCIAL POSITION – SELECTED ITEMS</b> <span style="float: right;"><i>(in PLN million)</i></span>				
Total assets	163,528.0	152,371.6	167,625.0	158,521.7
Net loans and advances to customers <sup>(2)</sup>	117,706.2	106,556.0	114,978.1	103,937.3
Amounts due to customers	121,440.5	113,009.0	125,609.0	119,796.7
Debt securities issued	4,209.7	1,974.6	3,857.0	3,063.7
Equity	24,523.6	24,172.8	24,045.7	23,514.2
<b>STATEMENT OF FINANCIAL POSITION STRUCTURE RATIOS</b>				
Net loans / total assets	72.0%	69.9%	68.6%	65.6%
Securities / total assets	13.7%	16.9%	15.0%	22.2%
Deposits <sup>(3)</sup> / total assets	76.8%	75.5%	77.2%	77.5%
Net loans / deposits <sup>(3)</sup>	93.7%	92.7%	88.8%	84.6%
Equity / total assets	15.0%	15.9%	14.3%	14.8%
Capital Adequacy Ratio (Basel III) <sup>(4)</sup>	17.6%	18.0%	17.3%	18.3%
<b>EMPLOYEES AND NETWORK</b>				
Total number of employees	18,751	18,851	18,765	18,916
Number of outlets	1,022	1,000	1,034	1,001
Number of ATMs	1,816	1,846	1,825	1,847

(<sup>1</sup>) As financial data for 2015 and 2014 don't include results of PJSC UniCredit Bank – sold on July 16, 2013 – to ensure comparability, the section "Income statement continued operations – selected items" was added where for 2013 only results of continued operations, i.e. excluding PJSC UniCredit Bank, are reported.

(<sup>2</sup>) Including debt securities eligible for rediscounting at Central Bank and net investments in financial leases to customers.

(<sup>3</sup>) Deposits include amounts due to customers and debt securities issued.

(<sup>4</sup>) The total capital ratio for the period of 2013-2015 was calculated in accordance with the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 in force since January 1, 2014.

Note: In relation to changes in accounting policy in 2013 (for description refer to the Note 5 to the Consolidated Financial Statement of Bank Pekao S.A. Group for the period ended on December 31, 2014) data for 2013 have been presented in accordance with the new rules.

Highlights of Bank Pekao S.A. Group for the first quarter of 2015 and for 2014 beginning from takeover date (i.e. December 22, 2014) include data of Spółdzielcza Kasa Oszczędnościowo Kredytowa named Mikołaj Kopernik in Ornontowice.

Highlights of Bank Pekao S.A. Group for the first quarter of 2015 include data of Pekao Investment Banking S.A. (f. UniCredit CAIB Poland S.A.) took over by the Bank on January 1, 2015 under acquisition of 100% of the share capital.

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## 2. Highlights of Bank Pekao S.A.

	1 QUARTER 2015	1 QUARTER 2014	2014	2013
<b>INCOME STATEMENT – SELECTED ITEMS</b> <span style="float: right;"><i>(in PLN million)</i></span>				
Operating income	1,838.2	1,687.0	7,034.7	7,187.3
Operating costs	(743.1)	(768.7)	(3,086.6)	(3,124.8)
Gross operating profit	1,095.1	918.3	3,948.1	4,062.5
Profit before income tax	867.0	741.7	3,270.1	3,436.4
Net profit for the period	723.5	601.8	2,662.3	2,800.0
<b>PROFITABILITY RATIOS</b>				
Return on average equity (ROE)	12.2%	10.4%	11.6%	12.3%
Net interest margin	2.9%	3.3%	3.1%	3.3%
Non-interest income / operating income	37.4%	33.1%	36.2%	38.0%
Cost / income	40.4%	45.6%	43.9%	43.5%
<b>STATEMENT OF FINANCIAL POSITION – SELECTED ITEMS</b> <span style="float: right;"><i>(in PLN million)</i></span>				
Total assets	160,923.2	148,912.0	164,322.8	155,286.6
Net loans and advances to customers <sup>(*)</sup>	114,452.1	103,048.3	111,389.2	100,569.2
Amounts due to customers	121,713.2	113,071.2	126,381.3	119,868.7
Debt securities issued	3,141.4	1,048.8	2,819.7	2,240.5
Equity	23,995.7	23,471.2	23,387.2	22,848.7
<b>STATEMENT OF FINANCIAL POSITION STRUCTURE RATIOS</b>				
Net loans / total assets	71.1%	69.2%	67.8%	64.8%
Securities / total assets	13.8%	17.1%	15.3%	22.6%
Deposits <sup>(**)</sup> / total assets	77.6%	76.6%	78.6%	78.6%
Net loans / deposits <sup>(**)</sup>	91.7%	90.3%	86.2%	82.4%
Equity / total assets	14.9%	15.8%	14.2%	14.7%
Capital Adequacy Ratio (Basel III) <sup>(***)</sup>	17.2%	18.0%	17.1%	18.3%
<b>EMPLOYEES AND NETWORK</b>				
Total number of employees	16,794	17,033	16,914	17,092
Number of outlets	1,022	1,000	1,034	1,001
Number of ATMs	1,816	1,846	1,825	1,847

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

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

(\*\*\*) The total capital ratio for the period of 2013-2015 was calculated in accordance with the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 in force since January 1, 2014.

Note: In relation to changes in accounting policy in 2013 (for description refer to the Note 4 to the Unconsolidated Financial Statements of Bank Pekao S.A. for the period ended on 31 December 2014) data for 2013 have been presented in accordance with the new rules.

Highlights of Bank Pekao S.A. for the first quarter of 2015 and for 2014 beginning from takeover date (i.e. December 22, 2014) include data of Spółdzielcza Kasa Oszczędnościowo Kredytowa named Mikołaj Kopernik in Ormontowice.

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## 3. Summary of Performance

Net profit of Bank Pekao S.A. Group attributable to equity holders for the first quarter of 2015 amounted to PLN 624.4 million allowing return on average capital (ROE) at the level of 10.3% achieved with a strong capital base reflected by CAR at 17.6% (Basel III). Normalized ROE (return on minimum equity equivalent to CAR at 10%) amounted to 15.1%.

The Group's gross operating profit (excluding guarantee funds charges) reported for the first quarter of 2015 was higher by PLN 36.9 million, i.e. 3.8% in comparison to the first quarter of 2014 due to higher operating income, supported by growing volumes and gains on sale of available for sale portfolio compensating negative impact of regulatory constraints, and also thanks to lower operating costs.

The strength of the liquidity structure of Bank Pekao S.A. Group is reflected by net loans to deposits ratio at 93.7% at the end of March 2015. This together with strong equity level enables for further sound and stable development of the Group's activities.

In the area of mortgage lending, 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 only 4.6% of total loans of the Bank.

- In the first quarter of 2015, the Group's operating income amounted to PLN 1,808.1 million, an increase of PLN 18.3 million, i.e. 1.0% in comparison with the first quarter of 2014 mainly thanks to higher trading result.
- Total net interest income, dividend income and income from equity investments in the first quarter of 2015 amounted to PLN 1,058.4 million and was lower by PLN 90.9 million, i.e. 7.9% compared to the first quarter of 2014 due to negative impact of lower interest rates, including in particular reduction of the maximum interest rate applicable to loans. In the first quarter of 2015, average WIBOR 3M rate stood at the level of 1.86% and was lower by 85 b.p. than in the first quarter of 2014, while the NBP Lombard rate went from 4.0% at the end of March 2014 to 2.5% at the end of March 2015.
- The Group's net non-interest income in the first quarter of 2015 amounted to PLN 749.7 million, an increase of PLN 109.2 million, i.e. 17.0% in comparison with the first quarter of 2014 thanks to higher trading result with net fee and commission income lower by 6.3% compared to the first quarter 2014, mainly due to negative impact of interchange rates reduction.
- In the first quarter of 2015, the operating costs (excluding guarantee funds charges) were kept under control and amounted to PLN 801.4 million. They were lower than the operating costs in the first quarter of 2014 by PLN 18.6 million, i.e. 2.3%.
- Guarantee funds charges in the first quarter of 2015, amounted to PLN 69.0 million, an increase of PLN 32.2 million, i.e. 87.5% in comparison with the first quarter of 2014 due to higher BGF rates introduced in 2015.
- The Group's net impairment losses on loans and off-balance sheet commitments amounted to PLN 137.1 million in the first quarter of 2015, a decrease of PLN 10.4 million, i.e. 7.1% as compared with the first quarter of 2014.

As at March 31, 2015, the ratio of impaired receivables to total receivables amounted to 6.8% and was at the same level as compared to the end of 2014.

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- As at the end of March 2015, the total amounts due to the Group's customers and debt securities issued amounted to PLN 125,650.2 million, a decrease of PLN 3,815.8 million, i.e. 2.9% in comparison to the end of 2014.

The total volume of retail customers deposits, Structured Certificates of Deposit and other amounted to PLN 57,741.2 million at the end of March 2015, an increase of PLN 1,806.6 million, i.e. 3.2% in comparison to the end of 2014. The value of net assets of investment funds managed by Pioneer Pekao TFI S.A. amounted to PLN 17,945.7 million at the end of March 2015, an increase of PLN 830.6 million, i.e. 4.9% in comparison to the end of 2014.

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 67,909.0 million at the end of March 2015, a decrease of PLN 5,622.4 million, i.e. 7.6% as compared to the end of 2014.

- As at the end of March 2015, the volume of total customers' financing amounted to PLN 123,940.4 million, an increase of PLN 2,747.6 million, i.e. 2.3% in comparison to the end of 2014.

As at the end of March 2015, the volume of retail loans amounted to PLN 50,465.9 million, an increase of PLN 1,201.9 million, i.e. 2.4% in comparison to the end of 2014.

The volume of corporate loans, non-quoted securities, reverse repo transactions and securities issued by non-monetary entities increased by PLN 1,545.7 million, i.e. 2.1% as compared to the end of 2014 and amounted to PLN 73,474.5 million at the end of March 2015.

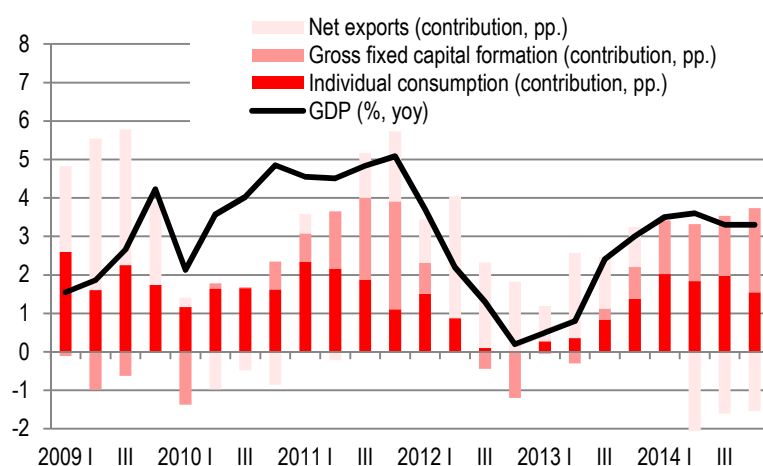
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## 4. External Environment

### Economic growth

Poland's economic growth amounted to 3.3% year on year in the fourth quarter of 2014 and was at the same level as compared to the third quarter of 2014. According to seasonally adjusted data, the pace of gross domestic product moderated to 0.8% quarter on quarter in the fourth quarter i.e. at the same level as compared to the third and the second quarter of 2014. Positive trends were continued in the fourth quarter of 2014 and economic growth was still driven by domestic demand, which increased by 5.0% year on year after rising by 5.1% year on year in the third quarter. Improving labour market conditions and price declines had positive impact on households disposable income. As a consequence individual consumption continued increasing in relatively high pace (3.0% year on year vs. 3.2% year on year in the previous quarter). Investment activity was also still on a high level. Gross fixed capital formation increased by 8.6% year on year in the fourth quarter of 2014 after rising by 9.2% year on year in the third quarter. Foreign trade reduced by 1.5 p.p. the GDP growth in the final quarter of 2014 (in the third quarter of 2014 the negative contribution of net exports stood at 1.6 p.p.) In the fourth quarter of 2014, exports and imports increased by 5.6% and 9.5% year on year respectively.

In the coming quarters the GDP growth continue should exceed 3.0% year on year and in the 2015 as a whole Poland's economy is forecast to expand by ca. 3.5%. Domestic demand is expected to remain the main factor of economic growth as it should be supported by further acceleration of individual consumption growth at a slight lower growth of fixed investments. Individual consumption will be supported by further improvement in the labour market conditions (rising wages and employment), deflation (including substantial declines in fuel prices) and record-low level of interest rates (lower burden of interest payments from loans). Low level of interest rates, still solid financial results of enterprises and high level of capacity utilization should facilitate further rise in fixed investments. Economic development in Poland is also to be supported by improving economic conditions in the European Union, which is accounting for ca. 80% of Poland's exports. The main sources of uncertainty include military conflict in Eastern Ukraine and potential further escalation of conflict in Middle East.





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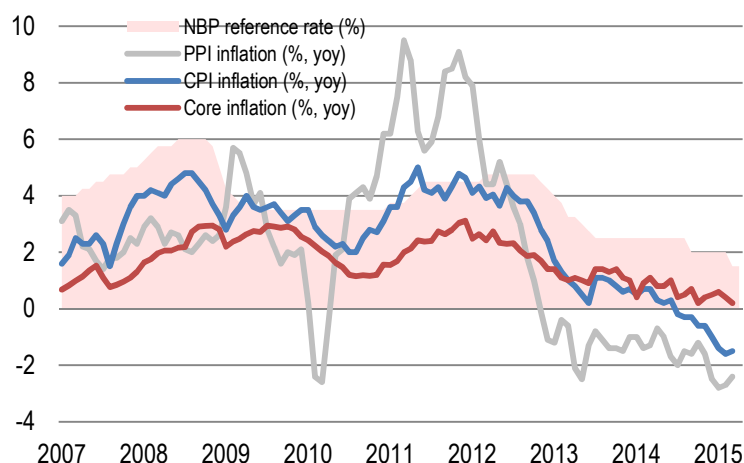
## Inflation and monetary policy

The CPI inflation in March 2015 amounted to -1.5 % year on year and was lower than the lower limit of acceptable deviations from the inflation target of the National Bank of Poland (NBP) of 1.5 %. The low level of inflation in March resulted mainly from a fall in prices of transport (by 9.9 % year on year), clothing and footwear (by 5.3% year on year) and food (by 3.8 % year on year),

In February 2015, the Central Statistical Office published a new structure of the inflation basket. The weight system is the structure of household expenditure on consumer goods and services from the previous year. There were only minor changes in the structure of household consumption in 2014. The share of food and non-alcoholic beverages decreased to 24.3% from 24.6% a year earlier, and share of the category of transport fell to 9.0% from 9.2% previously. Higher share was recorded in categories of "Restaurants and hotels" – (a rise to 5.2% from 4.6%), and "clothing and footwear" – (5.4% vs. 5.0% in the previous year).

In the first quarter of 2015, the Monetary Policy Council (MPC) lowered for the consecutive time interest rates. A rate cut took place in March and its scale was 50 b.p. At the end of the first quarter of 2015, the NBP reference rate amounted to 1.50% and the Lombard rate amounted to 2.5% (thus the maximum interest rate applicable to loans was limited to 10%). The MPC informed in its statement that the March decision concluded the monetary easing cycle.

In the first quarter of 2015, the NBP published its updated inflation and the GDP growth projection. In line with the March projection prepared under the assumption of unchanged NBP interest rates and taking into account data available until 17 February 2015, there is a 50% probability that the annual price growth will be in the range of -1.0÷0.0% in 2015 (as compared to 0.4÷1.7% in the November 2014 projection), -0.1÷1.8% in 2016 (as compared with 0.6÷2.3%) and 0.1÷2.2% in 2017. At the same time, the annual GDP growth rate, in line with this projection, will be with a 50% probability in the range of 2.7÷4.2% in 2015 (as compared with 2.0÷3.7% in the November 2014 projection), 2.2÷4.4% in 2016 (as compared with 1.9÷4.2%) and 2.4÷4.6% in 2017.



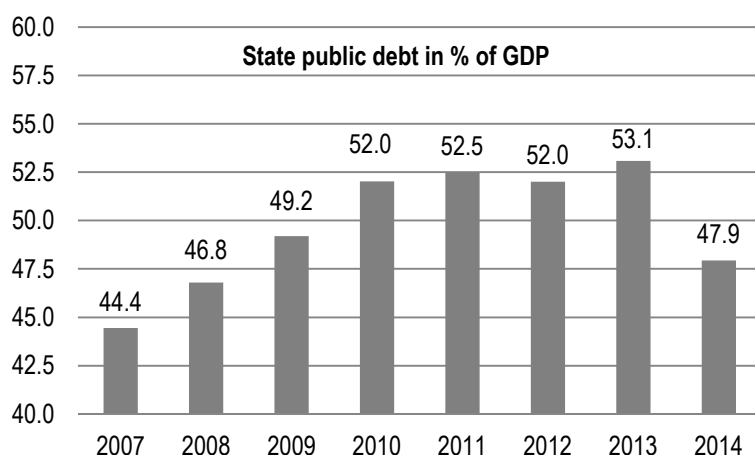
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## Fiscal policy

In the first months of 2015, a visible decline in VAT collections was noted as compared with the corresponding period of 2014. Despite that, in the first quarter of 2015 the state budget deficit reached the level of PLN 16.7 billion and was lower than the shortfall reported in the first quarter of 2014 (PLN 17.5 billion). After three months of 2015 budget revenues were ca. PLN 0.9 billion higher than in the previous year and at the same time expenditures were at the same level as in the first quarter of 2014. Tax revenues decreased by PLN 1.3 billion. In the first quarter of 2015, the state budget deficit amounted to 36.2% of the annual limit set at PLN 46.1 billion.

Economic recovery in 2014 facilitate fiscal consolidation. The general government deficit amounted to 3.2% of the GDP in 2014 as compared with 4.0% of the GDP in 2013. Payouts of state-guaranteed deposits from the Bank Guarantee Fund for the customers of defaulted credit unions (SKOK) in the amount of PLN 3.1 billion as well as expenditures related to the execution of Constitutional Tribunal ruling on pension entitlements and outstanding care benefits in the total amount of PLN 1.1 billion negatively impacted on the general government result last year. If the European Commission in its assessment of the fiscal situation in Poland in 2014 take into account the costs of pension reform, which the government estimates at 0.4% of the GDP, the adjusted deficit of the general government will be estimated below the reference value required by the Stability and Growth Pact (3.0% of the GDP), and it will be the basis for decision to remove the excessive deficit procedure in 2015. It is expected that the general government deficit will be narrowed to 2.8% of the GDP in 2015, remaining below reference value at the level of 3.0% of the GDP.

According to the official data of the Ministry of Finance at the end of 2014, the state public debt amounted to PLN 826.7 billion (47.9% of GDP) vs. PLN 882.3 billion (53.1% of GDP) at the end of 2013. The domestic debt stood at PLN 535.1 billion (down by PLN 79.3 billion vs. 2013) and foreign debt reached PLN 292.0 billion (35.3% of total debt). The decline in domestic debt was a consequence of moving and cancelling out treasury securities from Open Pension Funds to Social Security Enterprise. General government debt amounted to PLN 866.5 billion (50.2% of GDP) at the end of 2014 as compared with PLN 926.1 billion (55.7% of GDP) at the end of 2013.

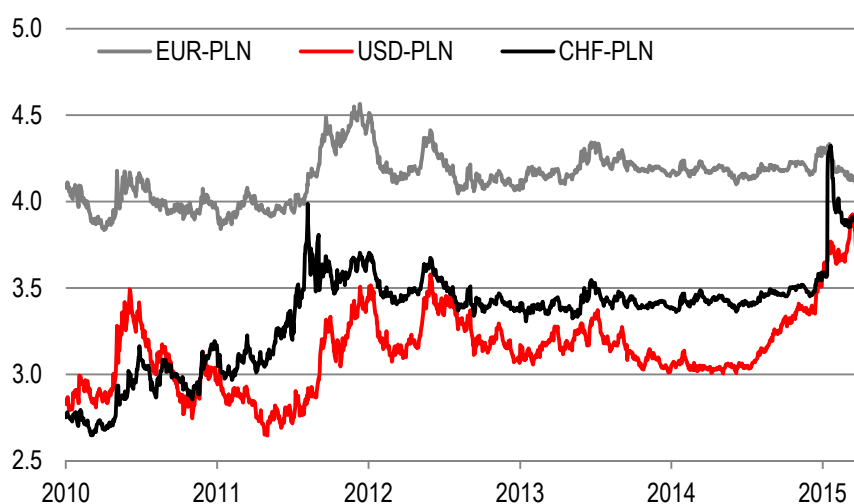


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## Currency exchange rate

An unexpected decision of the Swiss Central Bank to abandon its currency cap of 1.20/EUR (held since September 2011) was a key issue on global currency market in mid-January 2015. After sharp investors' reactions the EUR-CHF set short-term the record low of 0.81. The zloty depreciated to the level of 4.24/CHF. In the first quarter of 2015, there was an appreciation of USD, which gained more than 9% against a basket (and it was the highest increased since 2008). At the same time EUR decreased by ca. 11% against USD. Tendencies on global FX were result of different monetary policy by the Federal Reserve (Fed) and the European Central Bank (ECB). Fed is likely to abandon its record low rates policy and may start rate hikes cycle in the middle of the year and the ECB launched a wide asset purchase program, which would last till September 2016. In this environment, the American currency was very popular among the investors.

In the first quarter of 2015, the zloty appreciation against EUR (by 4%) and a decrease against USD (more than 8.5%) and the CHF (ca. 10%) was a consequence of the situation on currency market. The zloty was gaining vs EUR steadily since mid-January. The ECB's quantitative easing and the MPC declaration of the end of rate cuts cycle in Poland were strong supportive factors for the zloty. The prospect of lower deflationary pressures and expectations of better macro data in the coming months will be positive for the exchange rate. However, the external factors may be more important and expected Fed's policy may be a trigger for capital outflows from emerging markets in the coming months. The zloty may suffer also from higher risk aversion on uncertainty regarding negotiations between Greece and its creditors. In the baseline scenario, it is expected a weakening of the zloty clearly above 4.20/EUR in the second half of the year and return to this barrier at the end of December 2015.



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## Banking sector

According to the NBP data in the first three months of 2015 financial results of the banking sector were at the similar level compared to those recorded in the same period of 2014. Net profit increased by 1.6% year on year and amounted to PLN 4.0 billion. Simultaneously with an increase in the banking activity result (+2.5% year on year), operating cost increased (by 5.0% year on year) which was mainly due to increase of the contribution to the Bank Guarantee Fund. In the banking result position, net interest income decreased by 6.2% year on year and fee and commission income by 3.6% year on year. Those negative developments were compensated by an increase in income from other banking activity (+72.4% year on year).

According to the Financial Supervision Authority (KNF) at the end of March 2015, banking sector assets amounted to PLN 1,569.3 billion, an increase of 8.7% year on year. Deposits of non-financial sector increased by 10.3% year on year and loans to that sector by 7.8% year on year.

According to the NBP data, in March 2015 the nominal growth of loans to households was equal to 7.2% year on year. The growth rate in loans to enterprises was 7.8% year on year. Acceleration in growth of retail loans, which is visible at the beginning of the year is due to stronger CHF (resulting from the Swiss National Bank decision to cease to defend EUR/CHF anchor at 1.20), resulting in higher zloty value of the portfolio of mortgages denominated in CHF. Growth in retail loans adjusted for FX effects remains at 4-5% year on year, which means it is relatively low, especially taking into consideration macro environment.

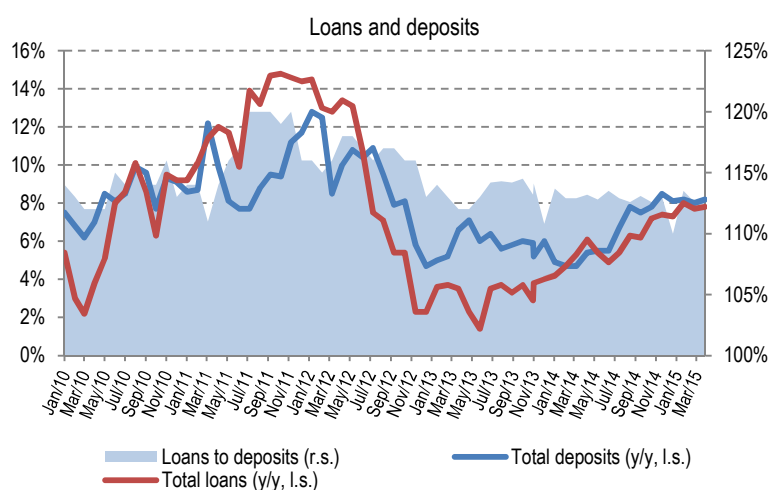
Regulatory environment (e.g. higher down-payment requirements in case of mortgages) and relatively high penetration in relation to the GDP in case of consumer loans seem to have significant impact on the pace of growth in loans to households. In this situation, in the coming months the growth in retail loans is expected to stabilize at current level.

In case of enterprises solid growth in loans derives from relatively good economic situation, which makes the companies to invest and a historically low interest rates. This situation should persist also in the coming months of 2015.

Given that the recovery in the economy may impact individual sectors in a different way and the situation in Ukraine, including Russian embargo might adversely affect financial results of some companies, it is expected that improvement in the quality of banks' loan portfolio will be limited in 2015.

After three months of 2015, the volume of household deposits increased by 8.4% year on year. Relatively high rate of growth in household deposits at the beginning of the year is due to the households' extra income from a direct subsidies paid to farmers as well as yearly bonuses being paid to the workers.

In case of corporate deposits, their growth was higher by 11.3% year on year in March 2015 and it was driven by the relatively good financial results. Inflow of funds from abroad also impacted on the corporate deposits level. It is related either to optimization of income within the international capital groups or local subsidiaries investment plans.



# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## 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 first quarter of 2015.

### 5.2. Changes in the Group's structure

#### Acquisition of the company

On January 1, 2015, the Bank acquired 100% of the share capital of UniCredit CAIB Poland S.A. and obtained control over the entity. On January 14, 2015, the name of UniCredit CAIB Poland S.A. was changed to Pekao Investment Banking S.A. Pekao Investment Banking S.A. specializes in corporate finance, in particular referring to mergers and acquisitions, public and private offering, as well as securities trading on secondary market. As a result of the acquisition, the Group extends the offer of services provided to the customers from corporate banking segment.

#### Liquidation of the company

In the current report No. 1/2015 dated January 23, 2015, the Management Board of Bank Pekao S.A. informs that it received a ruling of the Local Court for the Capital City of Warsaw in Warsaw concerning the deletion as at January 8, 2015 from the National Court Register of the Bank's subsidiary, Pekao Telecentrum Sp. z o.o. in liquidation. The Bank informed of the winding-up of Pekao Telecentrum Sp. z o.o. in the current report No. 34/2013 dated December 2, 2013.

### 5.3. Changes in the Statutory Bodies of the Bank

#### Supervisory Board

On April 28, 2015, the Management Board of Bank Pekao S.A. informed in the current report no. 6/2015 about resignation from the position of Member of the Supervisory Board of the Bank as of the end of April 30, 2015 by Mrs. Małgorzata Adamkiewicz, due to new professional duties and by Mr. Paweł Dangel due to new professional duties outside Poland.

On April 30, 2015, the Management Board of Bank Pekao S.A. informed in the current report no. 9/2015 that the Ordinary General Meeting of Bank Pekao S.A. on 30 April 2015 appointed Mr. Dariusz Filar and Ms. Katarzyna Majchrzak as Members of the Supervisory Board of the Bank effective May 1, 2015 for the current, common term of office of the Supervisory Board of the Bank. The Management Board of the Bank informed that the Supervisory Board, having performed the assessment, gave its opinion that Mr. Dariusz Filar and Ms. Katarzyna Majchrzak meet the requirements for individual and collective suitability as required from members of the Supervisory Board of the Bank.

Composition of the Supervisory Board:

MARCH 31, 2015	DECEMBER 31, 2014
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	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

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## Management Board of the Bank

The Management Board of Bank Pekao S.A. informed in the current report no. 10/2015 that the Supervisory Board of the Bank appointed, effective from April 30, 2015, Mr. Adam Niewiński 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 the Bank gave its opinion, that Mr. Adam Niewiński meets the requirements of the individual and collective suitability.

Composition of the Management Board:

MARCH 31, 2015	DECEMBER 31, 2014
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	Andrzej Kopyrski Vice President of the Management Board
Grzegorz Piwowar Vice President of the Management Board	Grzegorz Piwowar Vice President of the Management Board
Stefano Santini Vice President of the Management Board	Stefano Santini Vice President of the Management Board
Marian Ważyński Vice President of the Management Board	Marian Ważyński Vice President of the Management Board

## 5.4. The Bank's shareholding structure

As at March 31, 2015, 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. and other shareholders in the share capital and the total number of votes at the General Meeting amounts for 50.10% and 49.90% 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
	MARCH 31, 2015		DECEMBER 31, 2014	
UniCredit S.p.A.	131,497,488	50.10%	131,497,488	50.10%
Other shareholders (below 5%)	130,972,546	49.90%	130,972,546	49.90%
<b>Total</b>	<b>262,470,034</b>	<b>100.00%</b>	<b>262,470,034</b>	<b>100.00%</b>

The Bank has not received any other notifications regarding changes in the ownership structure in accordance with par. 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 first quarter of 2015

## 5.5. Financial credibility ratings

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

As at March 31, 2015, 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+	-
Outlook	Stable	Positive
<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
Baseline Credit Assessment	baa1	-
Outlook	Stable	Stable / Negative <sup>(*)</sup>

(\*) Stable for Poland's economy and Negative for the Polish banking sector.

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 Rating Services and the highest Baseline Credit Assessment rating assigned by Moody's Investors Service among banks rated by these agencies in Poland.

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 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 first quarter of 2015

## 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, transactional advisory, leasing and factoring markets.

Following decision of The Polish Financial Supervision Authority on December 5, 2014 Bank Pekao S.A. took over Spółdzielcza Kasa Oszczędnościowo Kredytowa named Mikołaj Kopernik in Ornontowice. Due to the above, data of Bank Pekao S.A. Group for 2014 presented in this chapter include data of Spółdzielcza Kasa Oszczędnościowo Kredytowa.

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

	31.03.2015	31.12.2014
Total number of outlets	1,022	1,034
Total number of own ATMs	1,816	1,825

The Bank's clients can also make commission-free cash withdrawals from the European network of the UniCredit Group ATMs.

As at the end of March 2015, the Bank maintained 5,224.2 thousand PLN-denominated current accounts, 292.8 thousand mortgage loan accounts and 582.9 thousand consumer loan accounts.

(in thousand)

	31.03.2015	31.12.2014
Total number of PLN current accounts (*)	5,224.2	5,214.3
of which packages	3,892.1	3,873.8
Number of mortgage loans accounts (**)	292.8	287.9
of which PLN mortgage loans accounts	254.9	249.7
Number of consumer loan accounts (***)	582.9	593.8

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

(\*\*) Retail customers accounts.

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

## Individual clients

In the first quarter of 2015, the Bank's activities focused on key lending products (Pożyczka Ekspresowa, Mortgage Loans). The total value of new granted loans amounted to PLN 3.1 billion in the first quarter of 2015 and was by 10% higher in comparison with the first quarter of 2014. The Bank continued also activities aimed at the acquisition of customers which resulted in the acquisition of over 80 thousand new customers.

In the first quarter of 2015, the next edition of the Academy of Finance of Bank Pekao S.A., which consists over 1,000 actions in schools and universities throughout Poland. The Academy aims to provide students with the most important rules of the bank day-to-day services, secure management of savings and knowledge of the innovative banking products.

In January 2015, the Bank for the seventeenth time participated in the annual Final of The Great Orchestra of Christmas Charity. The Bank, in co-operation with the Great Orchestra of Christmas Charity Foundation, prepared for the consecutive time a dedicated prepaid card Pekao WOŚP with contactless functionality whose holders support the Foundation by performing card payments. In addition, users of the PeoPay mobile application had an opportunity to transfer funds for The Great Orchestra of Christmas Charity with the use of QR code as well as HCE PeoPay technology.



# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## **Loans**

In the area of cash loans, the Bank strengthened its leading position on the consumer goods financing market. The value of cash loans granted in the first quarter of 2015 amounted to over PLN 1.5 billion and was by 21% higher in comparison with the first quarter of 2014.

The Bank provides transparent and attractive offer of the Express Loan (Pożyczka Ekspresowa) and focus its activities on strengthening the relationship with customers, among others, through preparation of individual loan offers with the use of CRM tools as well as electronic channels including website dedicated to consumer loans, the Pekao24 system and mobile application.

In the first quarter of 2015, the Bank unified the maximum loan period of the Express Loan for all customers and adjusted process of insurance sale to the Recommendation U of the Financial Supervision Authority on good practices in bancassurance to the banking sector.

In the first quarter of 2015, value of PLN mortgage loans granted by the Bank amounted to PLN 1.6 billion and the Bank's share in this segment amounted to 18% (in terms of volume) at the end of March 2015.

The Bank actively participated in sale of mortgage loan "Mieszkanie dla Młodych" ("Apartment for the Young") under the government program supporting the persons aged up to 35 in acquisition of the first new apartment. In the first quarter of 2015, the Bank's market share in the sale of these loans amounted to 39%.

The mortgage loans offer of the Bank was adjusted and updated to changing market conditions and customer needs and mortgage loans granting process was adopted to the Recommendation U. The Bank conducted also local and country-wide promotional activities of mortgage loans, including promotional campaigns in the Internet and internal channels of marketing communication as well as participated on a regular basis in real estate fairs organized all over the country.

## **Payment cards**

In the first quarter of 2015, the Bank extended its offer within credit cards by implementing a new card Flexia. The card is dedicated to customers who appreciate the convenience of payment cards usage while looking for a simple and transparent solutions for financing of certain expenditures. The Flexia card has all the standard functionalities of credit card with additional possibility to rescheduling selected payments.

## **Saving and investment products**

Thanks to a wide range of deposit products and dedicated commercial actions, in the first quarter of 2015, an increase by PLN 2 billion in savings volume of individuals was noted. The most popular among the customers were the Internet deposits (e-lokata) and negotiable deposits.

In the area of investment products, in the first quarter of 2015, the Bank introduced to distribution investment units of mixed fund Pioneer Wzrostu i Dochodu Rynku Amerykańskiego and a unique fund on the Polish market Pioneer Alternatywny Globalnego Dochodu enabling cutomers to diversify investment portfolios.

## **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 the first quarter of 2015, the brokerage entities maintained over 351.6 thousand investment accounts, which was nearly 25% share in total of investment accounts in Poland 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 March 2015, the total value of assets deposited on investment accounts run by the Group's retail brokerage entities amounted to nearly PLN 24 billion.

In the first quarter of 2015, activities of the Group's brokerage entities were focused on new customers acquisition and development of tools to improve the quality of customer service via remote channels.

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## **Pekao24 – electronic banking for individual clients**

The Pekao24 electronic banking system is a convenient and safe system for accessing the accounts maintained by the Bank, Dom Maklerski and CDM. 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 also 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 rebate points as well as to track market information.

In the first quarter of 2015, the Pekao24 mobile application together with the PeoPay payment system took the first place in the ranking of mobile banking application prepared by the Internet portal Bankier.pl and the second place for the best banking application 2015 in the ranking of Internet portal Money.pl.

As at the end of March 2015, the number of clients with an access to the Pekao24 system amounted to 2,724.9 thousand. In the first quarter of 2015, 1,472.1 thousand clients logged into the electronic banking services.

As at the end of March 2015, the number of clients with an access to mobile banking amounted to 657.2 thousand. In the first quarter of 2015, 246.0 thousand of clients logged into the mobile service m.pekao24.pl and the Pekao24 mobile banking application.

(in thousand)

	31.03.2015	31.12.2014
Number of individuals with an access to electronic banking Pekao24 as at the end of period	2,724.9	2,661.2
Number of individuals actively using electronic banking Pekao24 (*)	1,472.1	1,448.4
Number of individuals with an access to mobile banking as at the end of period	657.2	595.9
Number of individuals actively using mobile banking (**)	246.0	229.9

(\*) 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.

## **Private Banking**

In the first quarter of 2015, in the Private Banking area activities aiming at new customers acquisition and maintaining a high level of service by offering product solutions tailored to the customers' needs were intensified.

Within the framework of product offer modification, the previous credit card Pekao MasterCard World Signia was replaced by the Pekao World Elite MasterCard with a personalized set of services. For the Pekao VISA Platinum card insurance cover was optimized and insurance service provider was changed.

In the first quarter of 2015, within the investment offer the customers were provided with investment certificates of PZU Fundusz Inwestycyjny Zamknięty FORTE and Pioneer Global Multi-Asset Target Income Fundusz Inwestycyjny Zamknięty as well as units of the new Sub-Funds of Pioneer Wzrostu i Dochodu Rynku Amerykańskiego and Pioneer Alternatywny Globalnego Dochodu which were created in Pioneer Funduszy Globalnych SFIO.

Changes in insurance and investment products were implemented as a result of the Recommendation U on good practices in bancassurance directed by the Financial Supervision Authority to the banking sector as well as fees for life insurance service connected with insurance capital funds Plan Inwestycyjny Prestiż were optimized.

To strengthen relationship with customers, the Bank together with Forbes magazine organized prestigious meeting associated with announcement of a list of 100 Polish billionaires in 2015. Moreover, in the first quarter of 2015, the Bank's customers and experts from the Bank and selected Investment Funds participated in business meetings which aim was to increase investment knowledge and to present investment directions and trends that dominate on the financial markets.

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## Small and micro enterprises (SME)

In the first quarter of 2015, the Bank's activities focused on product offer enrichment, acquisition of new customers and strengthening the Bank's market position in the area of small and micro enterprises, including also AGRO sector.

The Bank introduced to its loan offer two new products: working capital loans to finance contracts with extended maturity date up to three years and investment loan for refinancing capital expenditures. In addition, the Bank introduced to offer for agri-food sector customers a new solution giving opportunity to diversify amount of repayment addressed to farmers whose activity is subject to seasonality.

In February 2015, the Bank's offer was enriched by new Mój Biznes packages. Apart from the standard packages for all groups of customers, specified groups of customers, i.e. farmers and enterprises of agri-food sector, communities and housing associations as well as non-profit organizations were provided with dedicated accounts.

In the first quarter of 2015, the Bank at a conference held in Warsaw presented the fifth edition of report "Raport o sytuacji mikro i małych firm" (Report on the situation of SME clients). The report has been prepared based on nearly 7 thousand interviews conducted with the enterprises' owners employed up to 49 persons. The special subject of this edition were innovations in micro and small companies.

### Electronic banking for SME clients

Business customers of Bank Pekao S.A. use the systems of electronic banking such as the PekaoBiznes24 and the Pekao24 for entrepreneurs. In the first quarter of 2015, it was continued the process of providing micro and small segment customers with an access to the PekaoBiznes24 system which is the main system offered to clients within Pakiet Mój Biznes (My Business Package). The PekaoBiznes24 system contains the Internet banking, fully transactional mobile banking application and phone banking.

As at the end of March 2015, 242.5 thousand clients had an access to the electronic banking systems, of which 162.0 thousand are active clients. The number of business clients with an access to electronic banking systems increased by 1.9 thousand compared to the end of 2014.

(in thousand)

	31.03.2015	31.12.2014
Number of business clients (SME) with an access to electronic banking systems as at the end of period	242.5	240.6
Number of business clients (SME) actively using electronic banking systems (*)	162.0	159.5

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

As at the end of March 2015, 14.0 thousand clients had an access to mobile banking application, of which 9.2 thousand are active clients. The number of business clients with an access to mobile banking application increased by 1.3 thousand compared to the end of 2014.

(in thousand)

	31.03.2015	31.12.2014
Number of business clients (SME) with an access to mobile banking as at the end of period	14.0	12.7
Number of business clients (SME) actively using mobile banking (*)	9.2	8.6

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

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## Corporate clients

In the first quarter of 2015, the Bank's activities were focused on expansion of product offer and adjustment the products and range of service to the customer needs and changing market conditions thus supporting the Bank's leading position on the market of corporate clients financial service.

### Electronic banking

#### *Transactional services*

In the first quarter of 2015, the Bank's electronic banking offer for corporate clients was extended, among other, by:

- functionality of Prosty przelew (Simple transfer) thanks to which, in the PekaoBiznes24 system, single and urgent payments can be easily and quickly processed directly from a desktop,
- opportunity to process foreign transfers in express mode in another currencies allowing the customers to manage settlements with counterparts flexibly and settle foreign transfers in ten currencies,
- providing services for customers – agents in foreign payments.

Moreover, in the first quarter of 2015, the Bank implemented a new model of supporting the users of electronic banking systems. Realization of project in co-operation with the Group's entity specialized in full range of remote services for the Bank's customers allowed, among other, to obtain high flexibility in supporting services by increasing the number of consultants and providing all day service seven days a week.

In the first quarter of 2015, Bank Pekao S.A. received a distinction for its contribution in creation of Nowy Model Rozrachunku Gieldy (New Settlement Model). The award „Rozrachunek specjalny za rok 2014” (Special Settlement for 2014) is a recognition for the most active participants on markets settled by IRGiT (Warsaw Commodity Clearing House).

#### ***PekaoBiznes24***

The electronic banking system PekaoBiznes24 that offers a wide range of services, the highest standards of security and flexibility in management of user access is dedicated to large companies, corporations and local government units. As at the end of the first quarter of 2015, over 14.5 thousand customers used the PekaoBiznes24 system.

In the first quarter of 2015, the number and volume of incoming payments and SEPA transfers increased by 15%, 10%, 40% and 19% respectively as compared to the first quarter of 2014 which confirms the popularity of this form of settlements and the attractiveness of the Bank's offer in respect of efficient settlements, convenient cut-off times and the functionality of electronic banking system.

In the first quarter of 2015, the Bank recorded also an increase in the number of external domestic payments by 10% as compared to the same period of 2014.

#### **Payment cards**

In the first quarter of 2015, the Bank introduced another functionalities that allow for better control of expenditures and security of card transactions. The Bank introduced also possibility to manage transactional limits by holders of company payment cards for transactions performed without the physical use of the card.

#### **Custodial services**

In the area of custodial services, in the first quarter of 2015, the Bank acquired new customers from investment funds segment, insurance companies and foreign banks. In particular, the Bank increased the value of client assets thanks to acquisition of the next bank from the largest global custodian banks. The Bank confirms its leader position servicing more than 50% programs related to depository receipts.

#### **International transactional banking**

The Bank implemented for its customers a new channel for realization of SEPA transfers. From the first quarter of 2015, SEPA transfers can be processed through the EuropeanGate Target Location service that allows international customers to manage the accounts of subordinated entities in one system through selected bank belonging to UniCredit Group.

The SEPA transfer processing expanded the EuropeanGate transactions package, which include domestic transfers, thereof transfers to tax office and ZUS (Social Insurance), SORBNET transfers, direct debits and foreign payments.

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## **Investment banking, structured finance and commercial real estate**

Structured finance and commercial real estate financing provided by the Bank supports development and expansion of corporates, construction of new facilities and covers re-financing of loans granted by other lenders. In the first quarter of 2015, the Bank achieved a 20% growth of new loan agreement volume as compared to the first quarter of 2014.

In the first quarter of 2015, the Bank participated in financing, among others, the following projects:

- financing of nationwide retail chain, amount of financing accounted for PLN 515 million,
- participation in loan granted for leading Polish company from mining sector, the total amount of financing accounted for PLN 100 million and the Bank's share amounted to PLN 50 million,
- financing of investment associated with foreign expansion of Polish company, the amount of loan accounted for PLN 120 million,
- financing of development of a transportation market leader, the amount of loan accounted for PLN 350 million,
- financing of office building construction in Warsaw, the amount of loan accounted for EUR 46 million.

## **Financial markets and commercial debt instruments of the capital market**

In the first quarter of 2015, it was introduced to the Bank's offer the another product hedging a risk of commodity price change – commodity Swap transaction, which is dedicated for trade companies as well as for corporates which use commodity trade in production cycle or their services are associated with global commodity market.

In the area of organization and servicing of commercial debt securities issuance, as at March 31, 2015, Bank Pekao S.A. kept the first place with market share of over 21% (based on the Rating & Market Bulletin published by Fitch Poland).

At the end of the first quarter of 2015, 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 over 25%,
- 2<sup>nd</sup> place in the segment of short-term debt securities with over 18% market share,
- 2<sup>nd</sup> place on municipal bonds market (with maturities over 365 days) with a share of nearly 27%.

## **Comprehensive services for the public finance sector**

In the first quarter of 2015, in the area of the public finance sector services the Bank continued strategy of maintaining undisputed leader position of airport infrastructure financing in Poland. The Bank signed an agreement on financing infrastructure of the largest airport in a form of bonds issuance for the amount of PLN 600 million with the redemption date until 2022.

In addition, the Bank extended co-operation on current servicing with a company whose majority shareholder is the State Treasury.

## **Co-operation with international clients**

In the first quarter of 2015, the Bank continued realization of "The internationalization of group customers" project within UniCredit Group. The project supports development of international clients co-operation and service of international business in Europe.

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

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

The main engine of economic growth in Poland in the past few quarters was internal demand, and this factor will also support growth in the coming months of 2015. Domestic demand, in turn, is supported with systematic improvement in the labor market on the one hand (current and forecasted increase of employment, increase of wages at 3-3.5% year on year in spite of deflation), which supports consumer demand, and on the other hand by improvement in investment demand. The beginning of spending of EU funds from the new financial perspective is likely to begin in late 2015, which will be an additional factor supporting demand. From the point of view of entrepreneurs, the record low level of interest rates might be a factor additionally encouraging for investments, although it should be taken into account that they will first use the accumulated profits they keep on bank accounts. On the other hand, low level of interest rates will likely prompt part of households to seek returns higher than offered by bank deposits and in consequence it is probable that some funds will be re-directed to the stock exchange.

The risk factors for economic growth are mainly signals from external environment, i.e. the risk of negative economic and political developments in the EU (risk of Greece leaving the euro zone, risks associated with popularity of populist parties in countries which held elections this year) and the risk of escalation of conflict in Ukraine.

Regarding factors that will likely be supportive for financial results of banks in 2015, it should be mentioned stable growth of demand for loans and increase of foreign trade. At the same time, the banks' results will be negatively affected by record-low interest rates (including reduction of the maximum interest rate applicable to loans due to cuts in Lombard rate), further reduction of interchange fees, increase of payments to the Bank Guarantee Fund, consequences of strong appreciation of CHF and new supervisory recommendations (including offers of bancassurance products). Another risk factor is the one of possible new regulations pertaining existing foreign currency mortgage loans.

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## 6. Statement of Financial Position and Financial Results

Consolidated income statement containing cumulated items for the period from 1 January to 31 March, 2015 and 2014 respectively was presented in the Condensed Consolidated Interim Financial Statements of Bank Pekao S.A. Group for the first quarter of 2015.

The Report on activities of Bank Pekao S.A. Group for the first quarter of 2015 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.

Following decision of The Polish Financial Supervision Authority on December 5, 2014 Bank Pekao S.A. took over Spółdzielcza Kasa Oszczędnościowo Kredytowa named Mikołaj Kopernik in Ornontowice. Due to the above, items of income statement of Bank Pekao S.A. Group for the first quarter of 2015 and items of statement of financial position of Bank Pekao S.A. Group as at December 31, 2014 and March 31, 2015, presented in this chapter, include data of Spółdzielcza Kasa Oszczędnościowo Kredytowa. The detailed information concerning above mentioned take over is presented in the Note 2 of the Consolidated Financial Statements of Bank Pekao S.A. Group for the period ended on 31 December 2014.

### 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 March 2015, the total assets of Bank Pekao S.A. constitutes 98.4% of the total assets of the whole Group.

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

ASSETS	31.03.2015		31.12.2014		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Cash and due from Central Bank	6,672.4	4.1%	9,226.3	5.5%	(27.7%)
Loans and advances to banks <sup>(*)</sup>	5,652.1	3.5%	7,175.9	4.3%	(21.2%)
Loans and advances to customers <sup>(**)</sup>	117,706.2	72.0%	114,978.1	68.6%	2.4%
Securities <sup>(***)</sup>	22,396.9	13.7%	25,161.2	15.0%	(11.0%)
Investments in associates	199.7	0.1%	184.2	0.1%	8.4%
Property, plant and equipment and intangible assets	2,172.2	1.3%	2,171.2	1.3%	0.0%
Other assets	8,728.5	5.3%	8,728.1	5.2%	0.0%
<b>Total assets</b>	<b>163,528.0</b>	<b>100.0%</b>	<b>167,625.0</b>	<b>100.0%</b>	<b>(2.4%)</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.



# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

EQUITY AND LIABILITIES	31.03.2015		31.12.2014		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Amounts due to Central Bank	0.9	0.0%	1.0	0.0%	(10.0%)
Amounts due to other banks	4,147.3	2.5%	5,344.7	3.2%	(22.4%)
Amounts due to customers	121,440.5	74.3%	125,609.0	74.9%	(3.3%)
Debt securities issued	4,209.7	2.6%	3,857.0	2.3%	9.1%
Other liabilities	9,206.0	5.6%	8,767.6	5.3%	5.0%
Total equity, including	24,523.6	15.0%	24,045.7	14.3%	2.0%
non-controlling interests	15.1	0.0%	28.0	0.0%	(46.1%)
<b>Total equity and liabilities</b>	<b>163,528.0</b>	<b>100.0%</b>	<b>167,625.0</b>	<b>100.0%</b>	<b>(2.4%)</b>

## Customers' Financing

### Customer structure of loans and advances

(in PLN million)

	31.03.2015	31.12.2014	CHANGE
<b>Loans and advances at nominal value</b>	<b>123,017.7</b>	<b>120,293.6</b>	<b>2.3%</b>
Loans <sup>(1)</sup>	105,479.0	104,108.3	1.3%
Retail	50,465.9	49,264.0	2.4%
Corporate	55,013.1	54,844.3	0.3%
Non-quoted securities	11,268.6	10,399.6	8.4%
Reverse repo transactions	6,270.1	5,785.7	8.4%
Other <sup>(2)</sup>	444.5	347.7	27.8%
Nominal value adjustment	138.1	107.2	28.8%
<b>Impairment losses</b>	<b>(5,894.1)</b>	<b>(5,770.4)</b>	<b>2.1%</b>
<b>Total net receivables</b>	<b>117,706.2</b>	<b>114,978.1</b>	<b>2.4%</b>
Securities issued by non-monetary entities <sup>(3)</sup>	922.7	899.2	2.6%
<b>Total customers' financing <sup>(4)</sup></b>	<b>123,940.4</b>	<b>121,192.8</b>	<b>2.3%</b>

<sup>(1)</sup> Including debt securities eligible for rediscounting at Central Bank and net investments in financial leases to customers.

<sup>(2)</sup> Including interest and receivables in transit.

<sup>(3)</sup> Securities issued by non-monetary entities being loans equivalents.

<sup>(4)</sup> Total customers' financing includes loans and advances at nominal value and securities issued by non-monetary entities.

As at the end of March 2015, the volume of total customers' financing amounted to PLN 123,940.4 million, an increase of PLN 2,747.6 million, i.e. 2.3% in comparison to the end of 2014.

As at the end of March 2015, the volume of retail loans amounted to PLN 50,465.9 million, an increase of PLN 1,201.9 million, i.e. 2.4% in comparison to the end of 2014.

In the area of mortgage lending, 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 only 4.6% 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 1,545.7 million, i.e. 2.1% as compared to the end of 2014 and amounted to PLN 73,474.5 million at the end of March 2015.



# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## Receivables and impairment losses

(in PLN million)

	31.03.2015	31.12.2014	CHANGE
<b>Gross receivables (*)</b>	<b>123,273.7</b>	<b>120,458.0</b>	<b>2.3%</b>
Not impaired	114,835.0	112,255.8	2.3%
Impaired	8,438.7	8,202.2	2.9%
Impairment losses	(5,894.1)	(5,770.4)	2.1%
Interest	326.6	290.5	12.4%
<b>Total net receivables</b>	<b>117,706.2</b>	<b>114,978.1</b>	<b>2.4%</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 March 31, 2015, the ratio of impaired receivables to total receivables amounted to 6.8% and was at the same level as compared to the end of 2014.

Impairment losses as at the end of March 2015 amounted to PLN 5,894.1 million.

## Loans and advances to customers by currency (\*)

	31.03.2015		31.12.2014		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Denominated in PLN	102,651.7	83.1%	99,594.0	82.5%	3.1%
Denominated in foreign currencies (**)	20,948.6	16.9%	21,154.5	17.5%	(1.0%)
<b>Total</b>	<b>123,600.3</b>	<b>100.0%</b>	<b>120,748.5</b>	<b>100.0%</b>	<b>2.4%</b>
Impairment losses	(5,894.1)	x	(5,770.4)	x	2.1%
<b>Total net</b>	<b>117,706.2</b>	<b>x</b>	<b>114,978.1</b>	<b>x</b>	<b>2.4%</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 March 2015, their share was 83.1%. The largest portion of foreign currency loans and advances to customers were represented by those denominated in EUR (57.5%), CHF (26.4%) and USD (15.7%).

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

	31.03.2015		31.12.2014		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Current and up to 1 month	19,940.5	16.1%	18,848.8	15.6%	5.8%
1 to 3 months	3,599.5	2.9%	3,368.6	2.8%	6.9%
3 months to 1 year	11,500.5	9.3%	11,347.1	9.4%	1.4%
1 to 5 years	38,530.3	31.2%	38,136.7	31.6%	1.0%
Over 5 years	49,585.0	40.1%	48,699.6	40.3%	1.8%
Other	444.5	0.4%	347.7	0.3%	27.8%
<b>Total</b>	<b>123,600.3</b>	<b>100.0%</b>	<b>120,748.5</b>	<b>100.0%</b>	<b>2.4%</b>
Impairment losses	(5,894.1)	x	(5,770.4)	x	2.1%
<b>Total net</b>	<b>117,706.2</b>	<b>x</b>	<b>114,978.1</b>	<b>x</b>	<b>2.4%</b>

(\*) Including interest and receivables in transit.

At the end of March 2015, loans and advances with maturity over 5 years represented 40.1% 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 first quarter of 2015

## External sources of financing

(in PLN million)

	31.03.2015	31.12.2014	CHANGE
Amounts due to Central Bank	0.9	1.0	(10.0%)
Amounts due to other banks	4,147.3	5,344.7	(22.4%)
Amounts due to customers	121,440.5	125,609.0	(3.3%)
Debt securities issued	4,209.7	3,857.0	9.1%
<b>Total external sources of financing</b>	<b>129,798.4</b>	<b>134,811.7</b>	<b>(3.7%)</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)

	31.03.2015	31.12.2014	CHANGE
<b>Amounts due to corporate</b>	<b>59,756.9</b>	<b>64,490.7</b>	<b>(7.3%)</b>
Non-financial entities	42,390.8	49,142.8	(13.7%)
Non-banking financial entities	8,809.0	9,138.8	(3.6%)
Budget entities	8,557.1	6,209.1	37.8%
<b>Retail deposits</b>	<b>57,058.1</b>	<b>55,275.7</b>	<b>3.2%</b>
<b>Repo and sell-buy-back transactions</b>	<b>4,070.6</b>	<b>4,976.3</b>	<b>(18.2%)</b>
Other (*)	554.9	866.3	(35.9%)
<b>Amounts due to customers</b>	<b>121,440.5</b>	<b>125,609.0</b>	<b>(3.3%)</b>
<b>Debt securities issued, of which</b>	<b>4,209.7</b>	<b>3,857.0</b>	<b>9.1%</b>
Structured Certificates of Deposit (SCD)	203.8	203.7	0.0%
Certificates of Deposit	2,911.3	2,594.7	12.2%
Pekao Bank Hipoteczny S.A. covered bonds	1,061.9	1,029.3	3.2%
Interest	32.7	29.3	11.6%
<b>Amounts due to customers and debt securities issued, total</b>	<b>125,650.2</b>	<b>129,466.0</b>	<b>(2.9%)</b>
<b>Investment funds of Pioneer Pekao TFI</b>	<b>17,945.7</b>	<b>17,115.1</b>	<b>4.9%</b>
Bond and money market funds	11,785.0	11,162.0	5.6%
Balanced funds	3,266.4	3,163.9	3.2%
Equity funds	2,894.3	2,789.2	3.8%
including distributed through the Group's network	17,518.6	16,669.7	5.1%

(\*) Other item includes interest and funds in transit.

As at the end of March 2015, the total amounts due to the Group's customers and debt securities issued amounted to PLN 125,650.2 million, a decrease of PLN 3,815.8 million, i.e. 2.9% in comparison to the end of 2014.

The total volume of retail customers deposits, Structured Certificates of Deposit and other amounted to PLN 57,741.2 million at the end of March 2015, an increase of PLN 1,806.6 million, i.e. 3.2% in comparison to the end of 2014. The value of net assets of investment funds managed by Pioneer Pekao TFI S.A. amounted to PLN 17,945.7 million at the end of March 2015, an increase of PLN 830.6 million, i.e. 4.9% in comparison to the end of 2014.

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 67,909.0 million at the end of March 2015, a decrease of PLN 5,622.4 million, i.e. 7.6% as compared to the end of 2014.

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## **Amounts due to customers by currency<sup>(\*)</sup>**

	31.03.2015		31.12.2014		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Denominated in PLN	101,641.1	83.7%	106,221.9	84.6%	(4.3%)
Denominated in foreign currencies	19,799.4	16.3%	19,387.1	15.4%	2.1%
<b>Total</b>	<b>121,440.5</b>	<b>100.0%</b>	<b>125,609.0</b>	<b>100.0%</b>	<b>(3.3%)</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 March 2015 amounted to 83.7%. The majority of amounts due to customers denominated in foreign currencies were in EUR (59.8%) and USD (35.2%).

## **Amounts due to customers by contractual maturities**

	31.03.2015		31.12.2014		CHANGE
	PLN MILLION	STRUCTURE	PLN MILLION	STRUCTURE	
Current accounts and overnight deposits	67,824.2	56.1%	59,847.4	48.0%	13.3%
Term deposits	53,061.4	43.9%	64,895.3	52.0%	(18.2%)
<b>Total deposits</b>	<b>120,885.6</b>	<b>100.0%</b>	<b>124,742.7</b>	<b>100.0%</b>	<b>(3.1%)</b>
Interest accrued	157.8	x	194.6	x	(18.9%)
Funds in transit	397.1	x	671.7	x	(40.9%)
<b>Total</b>	<b>121,440.5</b>	<b>x</b>	<b>125,609.0</b>	<b>x</b>	<b>(3.3%)</b>

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## 6.2. The consolidated income statement – presentation form

Net profit of Bank Pekao S.A. Group attributable to equity holders for the first quarter of 2015 amounted to PLN 624.4 million allowing return on average capital (ROE) at the level of 10.3% achieved with a strong capital base reflected by CAR at 17.6% (Basel III). Normalized ROE (return on minimum equity equivalent to CAR at 10%) amounted to 15.1%.

The Group's gross operating profit (excluding guarantee funds charges) reported for the first quarter of 2015 was higher by PLN 36.9 million, i.e. 3.8% in comparison to the first quarter of 2014 due to higher operating income, supported by growing volumes and gains on sale of available for sale portfolio compensating negative impact of regulatory constraints, and also thanks to lower operating costs.

The strength of the liquidity structure of Bank Pekao S.A. Group is reflected by net loans to deposits ratio at 93.7% at the end of March 2015. This together with strong equity level enables for further sound and stable development of the Group's activities.

### The consolidated income statement – presentation form

(in PLN million)

	1 QUARTER 2015	1 QUARTER 2014	CHANGE
Net interest income	1,042.9	1,130.0	(7.7%)
Dividend income and income from equity investments	15.5	19.3	(19.7%)
<b>Total net interest income, dividend income and other income from equity investments</b>	<b>1,058.4</b>	<b>1,149.3</b>	<b>(7.9%)</b>
Net fee and commission income	480.6	512.9	(6.3%)
Trading result	260.0	94.7	>100%
Net other operating income and expenses	9.1	32.9	(72.3%)
<b>Net non-interest income</b>	<b>749.7</b>	<b>640.5</b>	<b>17.0%</b>
<b>Operating income</b>	<b>1,808.1</b>	<b>1,789.8</b>	<b>1.0%</b>
<b>Operating costs</b>	<b>(801.4)</b>	<b>(820.0)</b>	<b>(2.3%)</b>
<b>Gross operating profit</b>	<b>1,006.7</b>	<b>969.8</b>	<b>3.8%</b>
Net impairment losses on loans and off-balance sheet commitments	(137.1)	(147.5)	(7.1%)
<b>Net operating profit</b>	<b>869.6</b>	<b>822.3</b>	<b>5.8%</b>
Net result on other provisions	(25.9)	(1.2)	>100%
Guarantee funds charges	(69.0)	(36.8)	87.5%
Net result on investment activities	0.7	(0.3)	x
<b>Profit before tax</b>	<b>775.4</b>	<b>784.0</b>	<b>(1.1%)</b>
Income tax expense	(150.8)	(146.1)	3.2%
<b>Net profit for the period</b>	<b>624.6</b>	<b>637.9</b>	<b>(2.1%)</b>
<b>Attributable to equity holders of the Bank</b>	<b>624.4</b>	<b>634.2</b>	<b>(1.5%)</b>
Attributable to non-controlling interest	0.2	3.7	(94.6%)

### Operating income

In the first quarter of 2015, the Group's operating income amounted to PLN 1,808.1 million, an increase of PLN 18.3 million, i.e. 1.0% in comparison with the first quarter of 2014 mainly thanks to higher trading result.

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

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

(in PLN million)

	1 QUARTER 2015	1 QUARTER 2014	CHANGE
Interest income	1,398.3	1,571.0	(11.0%)
Interest expense	(355.4)	(441.0)	(19.4%)
<b>Net interest income</b>	<b>1,042.9</b>	<b>1,130.0</b>	<b>(7.7%)</b>
Dividend income	0.0	0.0	x
Income from equity investments	15.5	19.3	(19.7%)
<b>Total net interest income, dividend income and income from equity investments</b>	<b>1,058.4</b>	<b>1,149.3</b>	<b>(7.9%)</b>

Total net interest income, dividend income and income from equity investments in the first quarter of 2015 amounted to PLN 1,058.4 million and was lower by PLN 90.9 million, i.e. 7.9% compared to the first quarter of 2014 due to negative impact of lower interest rates, including in particular reduction of the maximum interest rate applicable to loans. In the first quarter of 2015, average WIBOR 3M rate stood at the level of 1.86% and was lower by 85 b.p. than in the first quarter of 2014, while the NBP Lombard rate went from 4.0% at the end of March 2014 to 2.5% at the end of March 2015.

## Net non-interest income

(in PLN million)

	1 QUARTER 2015	1 QUARTER 2014	CHANGE
Fee and commission income	583.9	632.0	(7.6%)
Fee and commission expense	(103.3)	(119.1)	(13.3%)
<b>Net fee and commission income</b>	<b>480.6</b>	<b>512.9</b>	<b>(6.3%)</b>
Trading result	260.0	94.7	>100%
of which gains on disposal of AFS assets	152.6	0.0	100.0%
Net other operating income and expense	9.1	32.9	(72.3%)
<b>Net non-interest income</b>	<b>749.7</b>	<b>640.5</b>	<b>17.0%</b>

The Group's net non-interest income in the first quarter of 2015 amounted to PLN 749.7 million, an increase of PLN 109.2 million, i.e. 17.0% in comparison with the first quarter of 2014 thanks to higher trading result with net fee and commission income lower by 6.3% compared to the first quarter 2014, mainly due to negative impact of interchange rates reduction.

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

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

(in PLN million)

	1 QUARTER 2015	1 QUARTER 2014	CHANGE
<b>Net fee and commission income</b>	<b>480.6</b>	<b>512.9</b>	<b>(6.3%)</b>
on loans	115.9	98.0	18.3%
on cards	75.1	108.2	(30.6%)
capital market related	99.6	92.4	7.8%
other	190.0	214.3	(11.3%)

The Group's net fee and commission income in the first quarter of 2015 amounted to PLN 480.6 million and was lower by PLN 32.3 million, i.e. 6.3% in comparison with the first quarter of 2014.

## Operating costs

In the first quarter of 2015, the operating costs (excluding guarantee funds charges) were kept under control and amounted to PLN 801.4 million. They were lower than the operating costs in the first quarter of 2014 by PLN 18.6 million, i.e. 2.3%.

(in PLN million)

	1 QUARTER 2015	1 QUARTER 2014	CHANGE
Personnel expenses	(471.9)	(471.4)	0.1%
Other administrative expenses	(247.7)	(266.7)	(7.1%)
Depreciation and amortization	(81.8)	(81.9)	(0.1%)
<b>Operating costs</b>	<b>(801.4)</b>	<b>(820.0)</b>	<b>(2.3%)</b>

In the first quarter of 2015, cost / income ratio amounted to 44.3% in comparison with 45.8% in the first quarter of 2014.

As at the end of March 2015, the Group employed 18,751 employees (in the Bank and the companies consolidated under full consolidation method) as compared to 18,765 employees as at the end of 2014.

As at the end of March 2015, the Bank employed 16,794 employees as compared to 16,914 employees as at the end of 2014.

## Guarantee funds charges

Guarantee funds charges in the first quarter of 2015, amounted to PLN 69.0 million, an increase of PLN 32.2 million, i.e. 87.5% in comparison with the first quarter of 2014 due to higher BGF rates introduced in 2015.

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## 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)

	1 QUARTER 2015	1 QUARTER 2014	CHANGE
<b>Net profit of Bank Pekao S.A.</b>	<b>723.5</b>	<b>601.8</b>	<b>20.2%</b>
<b>Entities consolidated under full method</b>			
Pekao Leasing Holding S.A. <sup>(*)</sup>	60.7	0.2	>100%
Centralny Dom Maklerski Pekao S.A.	10.4	10.6	(1.9%)
Pekao Leasing Sp. z o.o.	9.2	29.2	(68.5%)
Pekao Financial Services Sp. z o.o.	2.0	1.8	11.1%
Pekao Faktoring Sp. z o.o.	1.7	1.9	(10.5%)
Pekao Investment Banking <sup>(**)</sup>	1.0	-	x
Pekao Pioneer PTE S.A.	0.4	(0.1)	x
Centrum Bankowości Bezpośredniej Sp. z o.o.	0.3	0.5	(40.0%)
FPB "Media" Sp. z o.o.	0.2	0.2	0.0%
Pekao Bank Hipoteczny S.A.	0.1	2.5	(96.0%)
Pekao Fundusz Kapitałowy Sp. z o.o.	0.1	0.1	0.0%
Pekao Property S.A. <sup>(***)</sup>	0.0	0.0	x
Property Sp. z o.o. w likwidacji <sup>(***)</sup>	-	0.0	x
Pekao Telecentrum Sp. z o.o. w likwidacji <sup>(****)</sup>	0.0	0.0	x
Centrum Kart S.A.	(0.9)	0.5	x
<b>Entities valued under the equity method</b>			
Pioneer Pekao Investment Management S.A.	11.8	16.7	(29.3%)
Krajowa Izba Rozliczeniowa S.A.	3.3	2.4	37.5%
Dom Inwestycyjny Xelion sp. z o.o.	0.4	0.2	100.0%
<b>Exclusions and consolidation adjustments <sup>(*****)</sup></b>	<b>(199.8)</b>	<b>(34.3)</b>	<b>&gt;100%</b>
<b>Net profit of the Group attributable to equity holders of the Bank</b>	<b>624.4</b>	<b>634.2</b>	<b>(1.5%)</b>

(\*) The result of Pekao Leasing Holding S.A. for the first quarter of 2015 mainly include the dividend received from Pekao Leasing Sp. z o.o.

(\*\*) On January 1, 2015, the Bank acquired 100% of the share capital of UniCredit CAIB Poland S.A. and obtained control over the entity. On January 14, 2015, the name of UniCredit CAIB Poland S.A was changed to Pekao Investment Banking S.A.

(\*\*\*) On September 26, 2014, the merger of Pekao Property S.A. and Property Sp. z o.o. w likwidacji was accomplished.

(\*\*\*\*) On January 8, 2015, the Bank's subsidiary Pekao Telecentrum Sp. z o.o. w likwidacji was removed from the National Court Register.

(\*\*\*\*\*) Includes, among others, 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 first quarter of 2015

## 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)

	1 QUARTER 2015	1 QUARTER 2014	CHANGE
Net interest income	1,011.2	1,099.0	(8.0%)
Dividend income	139.1	29.0	>100%
Total net interest income and dividend income	1,150.3	1,128.0	2.0%
Net non-interest income	687.9	559.0	23.1%
<b>Operating income</b>	<b>1,838.2</b>	<b>1,687.0</b>	<b>9.0%</b>
<b>Operating costs</b>	<b>(743.1)</b>	<b>(768.7)</b>	<b>(3.3%)</b>
<b>Gross operating profit</b>	<b>1,095.1</b>	<b>918.3</b>	<b>19.3%</b>
Net impairment losses on loans and off-balance sheet commitments	(136.7)	(141.5)	(3.4%)
<b>Net operating profit</b>	<b>958.4</b>	<b>776.8</b>	<b>23.4%</b>
Net result on other provisions	(26.0)	(0.4)	>100%
Guarantee funds charges	(68.3)	(34.2)	99.7%
Net result on investment activities	2.9	(0.5)	x
<b>Profit before tax</b>	<b>867.0</b>	<b>741.7</b>	<b>16.9%</b>
<b>Net profit for the period</b>	<b>723.5</b>	<b>601.8</b>	<b>20.2%</b>

In the first quarter of 2015, the Bank's net profit amounted to PLN 723.5 million, an increase of PLN 121.7 million, i.e. 20.2% in comparison to the first quarter of 2014 mainly thanks to higher dividend income.

The Bank's gross operating profit reported for the first quarter of 2015 amounted to PLN 1,095.1 million and was higher by PLN 176.8 million, i.e. 19.3% in comparison with the first quarter of 2014 thanks to higher operating income and lower operating costs.

The main Bank's financial information are as follows:

	31.03.2015	31.12.2014	CHANGE
Total gross loans in PLN million <sup>(*)</sup>	102,058.2	100,330.6	1.7%
Impaired receivables to total receivables in %	6.7%	6.6%	0.1 p.p.
Total deposits in PLN million <sup>(*)</sup>	117,112.5	120,279.7	(2.6%)
Repo and sell-buy-back transactions in PLN million	4,085.6	5,253.4	(22.2%)
Structured Certificates of Deposit in PLN million	203.8	203.7	0.0%
Certificates of Deposit in PLN million	2,911.3	2,594.7	12.2%
Total assets in PLN million	160,923.2	164,322.8	(2.1%)
Investment funds distributed through the Bank's network in PLN million	16,477.0	15,660.9	5.2%
Capital adequacy ratio (Basel III) in %	17.2%	17.1%	0.1 p.p.

(\*) The nominal value.

The volume of gross loans of the Bank's clients as at the end of March 2015 amounted to PLN 102,058.2 million, increasing by PLN 1,727.6 million, i.e. 1.7% as compared to the end of 2014. At the end of March 2015, the total volume of retail loans amounted to PLN 49,537.7 million and volume of corporate loans amounted to PLN 52,520.5 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 124,313.2 million and decreased by PLN 4,018.3 million, i.e. 3.1% compared to the end of 2014.

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 816.1 million, i.e. 5.2% as compared to the end of 2014.



# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## Results of the Bank's major related entities

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

In the first quarter of 2015, consolidated net profit of PPIM amounted to PLN 24.1 million compared with PLN 34.0 million in comparable period of 2014. The Bank's share in the company's profit was **PLN 11.8 million**.

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

In the first quarter of 2015, Pekao Leasing reported a net profit of **PLN 9.2 million** compared with PLN 29.2 million in the first quarter of 2014. Pekao Leasing result for 2014 on top of positive commercial income includes positive impact of VAT settlements.

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

In the first quarter of 2015, net profit of CDM amounted to **PLN 10.4 million** compared with PLN 10.6 million profit earned in the first quarter of 2014.

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

In the first quarter of 2015, PTE reported net profit of PLN 0.4 million (the Bank's share equaled to **PLN 0.3 million**) compared with loss of PLN 0.1 million in the first quarter of 2014. The loss incurred in the first quarter of 2014 partially resulted from an increase of the contribution to the Guarantee Fund as well as transfer of assets from Open Pensions Funds (OFE) to The Social Insurance Institution (ZUS) as a consequence of pension funds reform.

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

In the first quarter of 2015, Pekao Bank Hipoteczny reported a net profit of **PLN 0.1 million** compared with PLN 2.5 million in the first quarter of 2014, being under negative impact of external factors, mainly the reduction of interest rates.

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

In the first quarter of 2015, Pekao Faktoring reported a net profit of **PLN 1.7 million** compared with PLN 1.9 million in the first quarter of 2014.

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

In the first quarter of 2015, Xelion reported a net profit of PLN 0.8 million (the Bank's share equaled to **PLN 0.4 million**) and it was higher than the profit earned in the first quarter of 2014 in the amount of PLN 0.4 million.

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## 6.4. Provisions, deferred tax assets and liabilities

(in PLN million)

	GROUP		BANK PEKAO S.A.	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
<b>Total provisions</b>	<b>442.9</b>	<b>442.5</b>	<b>437.8</b>	<b>437.0</b>
of which:				
provisions for off-balance sheet commitments	93.2	102.4	96.7	105.2
provisions for liabilities to employees	306.7	301.5	303.5	298.8
other provisions	43.0	38.6	37.6	33.0
<b>Deferred tax liabilities</b>	<b>2.0</b>	<b>2.1</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets</b>	<b>982.9</b>	<b>877.4</b>	<b>738.4</b>	<b>672.5</b>

## 6.5. Net impairment losses

(in PLN million)

	GROUP		BANK PEKAO S.A.	
	1 QUARTER 2015	1 QUARTER 2014	1 QUARTER 2015	1 QUARTER 2014
Impairment losses on loans	(146.9)	(149.0)	(145.8)	(143.0)
Impairment losses on off-balance sheet commitments	9.8	1.5	9.1	1.5
<b>Total</b>	<b>(137.1)</b>	<b>(147.5)</b>	<b>(136.7)</b>	<b>(141.5)</b>

The Group's net impairment losses on loans and off-balance sheet commitments amounted to PLN 137.1 million in the first quarter of 2015, a decrease of PLN 10.4 million, i.e. 7.1% as compared with the first quarter of 2014.

The Bank's net impairment losses on loans and off-balance sheet commitments amounted to PLN 136.7 million in the first quarter of 2015, a decrease of PLN 4.8 million i.e. 3.4% as compared with the first quarter of 2014.

## 6.6. Off-balance sheet items

(in PLN million)

	31.03.2015	31.12.2014	CHANGE
Contingent liabilities granted and received	59,187.4	54,257.2	9.1%
Liabilities granted:	44,338.4	41,585.2	6.6%
financial	30,316.1	27,376.5	10.7%
guarantees	14,022.3	14,208.7	(1.3%)
Liabilities received:	14,849.0	12,672.0	17.2%
financial	2,057.5	496.5	>100%
guarantees	12,791.5	12,175.5	5.1%
Derivative financial instruments	264,079.8	251,602.9	5.0%
interest rate transactions	155,561.3	147,004.1	5.8%
transactions in foreign currency and in gold	107,096.4	102,912.9	4.1%
transactions based on commodities and equity securities	1,422.1	1,685.9	(15.6%)
Other	52,755.3	32,292.0	63.4%
<b>Total off-balance sheet items</b>	<b>376,022.5</b>	<b>338,152.1</b>	<b>11.2%</b>

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## 6.7. Capital adequacy

Capital ratios are the basic measures applied for the measurement for capital adequacy according to Regulation of the European Parliament and of the Council (EU) No 575/2013 of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, which enters into force since January 1, 2014.

Capital ratios, capital requirements and own funds have been calculated in accordance with the above mentioned Regulation using national options for COREP reporting. In particular, this applies to the risk weights for claims secured by mortgages, which are consistent with Resolution No. 76/2010 of the Polish Financial Supervision Authority of March 10, 2010 as amended as well as number of ratios regulating method of own funds calculation for transitional reporting.

The minimum Total Capital Ratio required by law cannot be lower than 8% while according to recommendation of European Banking Authority (EBA) and Polish Financial Supervision Authority (KNF) total capital ratio must be not lower than 12% and Tier 1 Capital ratio not lower than 9%. Group amounted to 17.6% and was more than twice the minimum value required by the law and significantly higher than the level recommended by the EBA and the KNF.

The table below presents the basic data concerning the Group capital adequacy as at March 31, 2015 and December 31, 2014 according to the new rules of Basel III.

(in PLN thousand)

CAPITAL REQUIREMENT	31.03.2015	31.12.2014
Credit risk	7,959,838	7,937,365
Exceeding large exposure limits	-	-
Market risk	163,075	192,563
Delivery and contractor risk	412,504	442,446
Exceeding exposure concentration limit	-	-
Operational risk	692,632	705,781
<b>Total capital requirement</b>	<b>9,228,049</b>	<b>9,278,155</b>
<b>OWN FUNDS</b>		
Common Equity Tier 1 Capital	20,253,051	20,063,716
<b>Own funds for total capital ratio</b>	<b>20,253,051</b>	<b>20,063,716</b>
<b>Common Equity Tier 1 Capital ratio (%)</b>	<b>17.6%</b>	<b>17.3%</b>
<b>Total capital ratio (%)</b>	<b>17.6%</b>	<b>17.3%</b>

Total Capital Ratio at the end of March 2015 compared with December 2014 increased by 0.3 p.p. Own funds for total capital ratio increased by 0.9% and total capital requirement decreased by 0.5%.

Total capital requirement as of end of March 2014 decreased as a result of decrease of capital requirements for market risk, counterparty risk and operational risk. Capital requirement for credit risk increase due to credit portfolio increase.

Own funds increase mainly due to change of ratios regulating method of own funds calculation for transitional reporting by KNF, in particular change of applicable portion of unrealized gains from available for sale portfolio (as of end of March 2015 Bank could include 40% of unrealized gains from AFS portfolio, whereas as of end of December 2014 Bank included 0% of unrealized gains from AFS portfolio).

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

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

### Consolidated income statement for the first quarter of 2015

(in PLN thousand)

INCOME STATEMENT – PRESENTATION FORM'S ITEMS	LONG FORM'S ITEMS RECLASSIFIED TO PRESENTATION FORM	1 QUARTER 2015	COMMENTS
Net interest income		1,042,930	
Dividend income and income from equity investments		15,502	
	Dividend income	1	
	Gains (losses) on subsidiaries and associates	15,501	
<b>Total net interest income, dividend income and other income from equity investments</b>		<b>1,058,432</b>	
Net fee and commission income	Net fee and commission income	480,567	
Trading result		259,961	
	Result on financial assets and liabilities held for trading	105,127	
	Result on fair value hedge accounting	2,234	
	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	152,626	
	(Gains) losses on disposal of financial liabilities	(26)	
Net other operating income and expenses		9,131	
	Net other operating income and expenses	9,623	
	less - Refunding of administrative expenses	(836) /1	
	Gains (losses) on disposal of loans and other financial receivables	344	
<b>Net non-interest income</b>		<b>749,659</b>	
<b>Operating income</b>		<b>1,808,091</b>	
Operating costs		(801,363)	
	Personnel expenses	(471,922)	
	Other administrative expenses	(317,511)	
	less –Guarantee funds charges	68,972	
	Refunding of administrative expenses	836 /1	
	Depreciation and amortization	(81,738)	
<b>Gross operating profit</b>		<b>1,006,728</b>	
Net impairment losses on loans and off-balance sheet commitments		(137,132)	
	Net impairment losses on loans	(146,890)	
	Net impairment provision for off-balance sheet commitments	9,758	
<b>Net operating profit</b>		<b>869,596</b>	
Net result on other provisions	Net result on other provisions	(25,872)	
Guarantee funds charges	Guarantee funds charges	(68,972)	
Net result on investment activities		683	
	(Gains) losses on disposal of property, plant and equipment and intangible assets.	628	
	Impairment losses on subsidiaries and associates	-	
	Gains (losses) on disposal of subsidiaries and associates	55	
<b>Profit before income tax</b>		<b>775,435</b>	
Income tax expense	Income tax expense	(150,866)	
<b>Net profit for the period</b>	<b>Net profit for the period</b>	<b>624,569</b>	
<b>Attributable to equity holders of the Bank</b>	<b>Attributable to equity holders of the Bank</b>	<b>624,417</b>	
Attributable to non-controlling interest	Attributable to non-controlling interest	152	

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 first quarter of 2015

## Consolidated income statement for the first quarter of 2014

(in PLN thousand)

INCOME STATEMENT – PRESENTATION FORM'S ITEMS	LONG FORM'S ITEMS RECLASSIFIED TO PRESENTATION FORM	1 QUARTER 2014	COMMENTS
Net interest income		<u>1,130,073</u>	
Dividend income and income from equity investments		<u>19,282</u>	
	Dividend income	-	
	Gains (losses) on subsidiaries and associates	19,282	
<b>Total net interest income, dividend income and other income from equity investments</b>		<b>1,149,355</b>	
Net fee and commission income	Net fee and commission income	<u>512,899</u>	
Trading result		<u>94,718</u>	
	Result on financial assets and liabilities held for trading	105,443	
	Result on fair value hedge accounting	(10,725)	
	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	17	
	(Gains) losses on disposal of financial liabilities	(17)	
Net other operating income and expenses		<u>32,856</u>	
	Net other operating income and expenses	34,237	
	less - Refunding of administrative expenses	(1,795) /1	
	Gains (losses) on disposal of loans and other financial receivables	414	
<b>Net non-interest income</b>		<b>640,473</b>	
<b>Operating income</b>		<b>1,789,828</b>	
Operating costs		<u>(820,047)</u>	
	Personnel expenses	(471,380)	
	Other administrative expenses	(305,322)	
	less – Guarantee funds charges	36,805	
	Refunding of administrative expenses	1,795 /1	
	Depreciation and amortization	(81,945)	
<b>Gross operating profit</b>		<b>969,781</b>	
Net impairment losses on loans and off-balance sheet commitments		<u>(147,502)</u>	
	Net impairment losses on loans	(149,004)	
	Net impairment provision for off-balance sheet commitments	1,502	
<b>Net operating profit</b>		<b>822,279</b>	
Net result on other provisions	Net result on other provisions	<u>(1,188)</u>	
Guarantee funds charges	Guarantee funds charges	(36,805)	
Net result on investment activities		<u>(333)</u>	
	(Gains) losses on disposal of property, plant and equipment and intangible assets.	(333)	
	Impairment losses on subsidiaries and associates	-	
	Gains (losses) on disposal of subsidiaries and associates	-	
<b>Profit before income tax</b>		<b>783,953</b>	
Income tax expense	Income tax expense	<u>(146,017)</u>	
<b>Net profit for the period</b>	<b>Net profit for the period</b>	<b>637,936</b>	
<b>Attributable to equity holders of the Bank</b>	<b>Attributable to equity holders of the Bank</b>	<b>634,244</b>	
Attributable to non-controlling interest	Attributable to non-controlling interest	3,692	

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 first quarter of 2015

## 7. Quarterly Income Statement

### 7.1. Consolidated income statement – long form

Consolidated income statement for 2015 and 2014 - Provided for comparability purposes.

(in PLN thousand)

	Q1 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Interest income	1,398,296	1,571,029	1,584,757	1,594,530	1,474,974
Interest expense	(355,366)	(440,956)	(444,851)	(460,586)	(417,603)
<b>Net interest income</b>	<b>1,042,930</b>	<b>1,130,073</b>	<b>1,139,906</b>	<b>1,133,944</b>	<b>1,057,371</b>
Fee and commission income	583,905	631,965	664,663	612,307	627,346
Fee and commission expense	(103,338)	(119,066)	(138,499)	(107,285)	(127,696)
<b>Net fee and commission income</b>	<b>480,567</b>	<b>512,899</b>	<b>526,164</b>	<b>505,022</b>	<b>499,650</b>
Dividend income	1	-	8,189	109	-
<b>Result on financial assets and liabilities held for trading</b>	<b>105,127</b>	<b>105,443</b>	<b>111,177</b>	<b>105,102</b>	<b>121,579</b>
<b>Result on fair value hedge accounting</b>	<b>2,234</b>	<b>(10,725)</b>	<b>(3,392)</b>	<b>(1,598)</b>	<b>(1,532)</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>Gains (losses) on disposal of:</b>	<b>152,944</b>	<b>414</b>	<b>35,490</b>	<b>94,620</b>	<b>141,531</b>
loans and other financial receivables	344	414	670	-	17,495
available for sale financial assets and held to maturity investments	152,626	17	34,820	94,618	124,045
financial liabilities	(26)	(17)	-	2	(9)
<b>Operating income</b>	<b>1,783,803</b>	<b>1,738,104</b>	<b>1,817,534</b>	<b>1,837,199</b>	<b>1,818,599</b>
<b>Net impairment losses on financial assets and off-balance sheet commitments:</b>	<b>(137,132)</b>	<b>(147,502)</b>	<b>(142,666)</b>	<b>(134,194)</b>	<b>(135,213)</b>
loans and other financial receivables	(146,890)	(149,004)	(131,271)	(173,182)	(118,373)
off-balance sheet commitments	9,758	1,502	(11,395)	38,988	(16,840)
<b>Net result on financial activity</b>	<b>1,646,671</b>	<b>1,590,602</b>	<b>1,674,868</b>	<b>1,703,005</b>	<b>1,683,386</b>
<b>Administrative expenses</b>	<b>(789,433)</b>	<b>(776,702)</b>	<b>(784,046)</b>	<b>(778,424)</b>	<b>(762,962)</b>
personnel expenses	(471,922)	(471,380)	(484,010)	(479,962)	(469,718)
other administrative expenses	(317,511)	(305,322)	(300,036)	(298,462)	(293,244)
<b>Depreciation and amortization</b>	<b>(81,738)</b>	<b>(81,945)</b>	<b>(81,049)</b>	<b>(82,263)</b>	<b>(81,422)</b>
<b>Net result on other provisions</b>	<b>(25,872)</b>	<b>(1,188)</b>	<b>(1,962)</b>	<b>99</b>	<b>349</b>
<b>Net other operating income and expenses</b>	<b>9,623</b>	<b>34,237</b>	<b>22,337</b>	<b>12,677</b>	<b>5,085</b>
<b>Operating costs</b>	<b>(887,420)</b>	<b>(825,598)</b>	<b>(844,720)</b>	<b>(847,911)</b>	<b>(838,950)</b>
<b>Gains (losses) on subsidiaries and associates</b>	<b>15,556</b>	<b>19,282</b>	<b>15,411</b>	<b>15,320</b>	<b>13,197</b>
<b>Gains (losses) on disposal of property, plant and equipment, and intangible assets</b>	<b>628</b>	<b>(333)</b>	<b>(210)</b>	<b>122</b>	<b>2,218</b>
<b>Profit before income tax</b>	<b>775,435</b>	<b>783,953</b>	<b>845,349</b>	<b>870,536</b>	<b>859,851</b>
Income tax expense	(150,866)	(146,017)	(154,786)	(165,454)	(168,316)
<b>Net profit for the period</b>	<b>624,569</b>	<b>637,936</b>	<b>690,563</b>	<b>705,082</b>	<b>691,535</b>
<b>Attributable to equity holders of the Bank</b>	<b>624,417</b>	<b>634,244</b>	<b>685,077</b>	<b>704,370</b>	<b>691,023</b>
Attributable to non-controlling interest	152	3,692	5,486	712	512

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## 7.2. Consolidated statement of comprehensive income

### Consolidated statement of comprehensive income for 2015 and 2014

(in PLN thousand)

	Q1 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014
<b>Net profit</b>	<b>624,569</b>	<b>637,936</b>	<b>690,563</b>	<b>705,082</b>	<b>691,535</b>
<b>Attributable to equity holders of the Bank</b>	<b>624,417</b>	<b>634,244</b>	<b>685,077</b>	<b>704,370</b>	<b>691,023</b>
Attributable to non-controlling interest	152	3,692	5,486	712	512
<b>Other comprehensive income</b>					
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation differences	6	5	6	(8)	(72)
Change in fair value of available-for-sale financial assets	(85,527)	36,868	322,991	127,131	(4,924)
Change in fair value of cash flow hedges	(56,220)	(11,416)	113,138	74,877	(8,490)
Income tax expense on other comprehensive income	26,932	(4,836)	(82,865)	(38,381)	2,548
<i>Items that will never be reclassified to profit or loss:</i>					
Re-measurements of the defined benefit liabilities	-	-	-	-	(44,338)
Share in re-measurements of the defined benefit liabilities of associates	-	-	-	-	(38)
Tax on items that will never be reclassified to profit or loss	-	-	-	-	8,424
<b>Other comprehensive income (net)</b>	<b>(114,809)</b>	<b>20,621</b>	<b>353,270</b>	<b>163,619</b>	<b>(46,890)</b>
<b>Total comprehensive income</b>	<b>509,760</b>	<b>658,557</b>	<b>1,043,833</b>	<b>868,701</b>	<b>644,645</b>
<b>Attributable to equity holders of the Bank</b>	<b>509,608</b>	<b>654,865</b>	<b>1,038,347</b>	<b>867,989</b>	<b>644,133</b>
Attributable to non-controlling interest	152	3,692	5,486	712	512

## 7.3. Consolidated income statement – presentation form

### Consolidated income statement for 2015 and 2014

(in PLN thousand)

	Q1 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Net interest income	1,042,930	1,130,073	1,139,906	1,133,944	1,057,371
Dividend income and income from equity investments	15,502	19,282	23,600	15,429	13,197
<b>Total net interest income, dividend income and other income from equity investments</b>	<b>1,058,432</b>	<b>1,149,355</b>	<b>1,163,506</b>	<b>1,149,373</b>	<b>1,070,568</b>
Net fee and commission income	480,567	512,899	526,164	505,022	499,650
Trading result	259,961	94,718	142,605	198,124	244,083
Net other operating income and expenses	9,131	32,856	22,995	12,148	21,664
<b>Net non-interest income</b>	<b>749,659</b>	<b>640,473</b>	<b>691,764</b>	<b>715,294</b>	<b>765,397</b>
<b>Operating income</b>	<b>1,808,091</b>	<b>1,789,828</b>	<b>1,855,270</b>	<b>1,864,667</b>	<b>1,835,965</b>
<b>Operating costs</b>	<b>(801,363)</b>	<b>(820,047)</b>	<b>(830,660)</b>	<b>(825,416)</b>	<b>(809,644)</b>
<b>Gross operating profit</b>	<b>1,006,728</b>	<b>969,781</b>	<b>1,024,610</b>	<b>1,039,251</b>	<b>1,026,321</b>
Net impairment losses on loans and off-balance sheet commitments	(137,132)	(147,502)	(142,666)	(134,194)	(135,213)
<b>Net operating profit</b>	<b>869,596</b>	<b>822,279</b>	<b>881,944</b>	<b>905,057</b>	<b>891,108</b>
Net result on other provisions	(25,872)	(1,188)	(1,962)	99	349
Guarantee funds charges	(68,972)	(36,805)	(34,423)	(34,742)	(33,824)
Net result on investment activities	683	(333)	(210)	122	2,218
<b>Profit before income tax</b>	<b>775,435</b>	<b>783,953</b>	<b>845,349</b>	<b>870,536</b>	<b>859,851</b>
Income tax expense	(150,866)	(146,017)	(154,786)	(165,454)	(168,316)
<b>Net profit for the period</b>	<b>624,569</b>	<b>637,936</b>	<b>690,563</b>	<b>705,082</b>	<b>691,535</b>
<b>Attributable to equity holders of the Bank</b>	<b>624,417</b>	<b>634,244</b>	<b>685,077</b>	<b>704,370</b>	<b>691,023</b>
Attributable to non-controlling interest	152	3,692	5,486	712	512

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## 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 2015.

### 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 FIRST QUARTER OF 2015	FOR THE YEAR 2014	
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 first quarter of 2015, 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 first quarter of 2015, 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 first quarter of 2015.

### 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 first quarter of 2015

## 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 203.8 million (principal value) as at the end of March 2015. There are 3 issues of Structured Certificates of Deposit open in PLN with the maximum maturity date set at March 24, 2016. Those liabilities that mature in 2015 and 2016 account for 34.4%, and 65.6% 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 2,911.3 million (principal value) as at the end of March 2015. There are 22 issues of Certificates of Deposit, and the maturity date up to 3 months accounts for 35.2%, up to 6 months accounts for 34.8% and up to 1 year accounts for 30.0% of its total value.

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

The total value of the company's liabilities under bonds amounted to PLN 48.3 million as at March 31, 2015 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 1,093.3 million as at March 31, 2015. The liabilities under covered bonds with maturity date up to 1 year account for 0.6%, with maturity date from 1 up to 3 years account for 24.3%, with maturity date from 3 up to 5 years account for 10.3% and with maturity date from 5 up to 10 years account for 64.8% of the total nominal value.

## 8.7. Appropriation of profit achieved in 2014

On April 30, 2015, the Ordinary General Meeting of Bank Pekao S.A. took a resolution regarding the distribution of the net profit of the Bank for 2014 in the amount of PLN 2,662,265,662.64 in the following manner:

- 98.6% of net profit of the Bank i.e. PLN 2,624,700,340.00 is allocated to dividend,
- PLN 37,565,322.64 is allocated to fund for general banking risk.

## 8.8. Information on dividend

Pursuant to Resolution of the Ordinary General Meeting of Bank Pekao S.A. dated April 30, 2015, PLN 2,624,700,340.00 (98.6% of the net profit of the Bank for 2014) was allocated as dividend, i.e. PLN 10 per one share. The dividend's date was established on June 22, 2015 and the dividend's pay-out day was established on July 7, 2015. All the Bank's shares are ordinary shares.

## 8.9. Pending litigations

In the first quarter of 2015, the number of the legal proceedings pending before courts, arbitration bodies or public administration authorities in respect of the Group's liabilities was 574 with the total value amounting to PLN 1,159.5 million. The number of legal proceedings in respect of receivables was 10,332 with the total value of PLN 1,107.1 million.

In the first quarter of 2015, 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 first quarter of 2015, nor the proceedings in aggregate pose any threat to the Bank's financial liquidity.

# Report on the activities of Bank Pekao S.A. Group for the first quarter of 2015

## 8.10. Subsequent events

On April 28, 2015, the Management Board of Bank Pekao S.A. informed in the current report no. 6/2015 about resignation from the position of Member of the Supervisory Board of the Bank as of the end of April 30, 2015 by Mrs. Małgorzata Adamkiewicz due to new professional duties and by Mr. Paweł Dangel due to new professional duties outside Poland.

On April 30, 2015, the Management Board of Bank Pekao S.A. informed in the current report no. 9/2015 that the Ordinary General Meeting of Bank Pekao S.A. on 30 April 2015 appointed Mr. Dariusz Filar and Ms. Katarzyna Majchrzak as Members of the Supervisory Board of the Bank effective May 1, 2015 for the current, common term of office of the Supervisory Board of the Bank. The Management Board of the Bank informed that the Supervisory Board, having performed the assessment, gave its opinion that Mr. Dariusz Filar and Ms. Katarzyna Majchrzak meet the requirements for individual and collective suitability as required from members of the Supervisory Board of the Bank.

On April 30, 2015, the Management Board of Bank Pekao S.A. informed in the current report no. 10/2015 that the Supervisory Board of the Bank appointed, effective from April 30, 2015, Mr. Adam Niewiński 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 the Bank gave its opinion, that Mr. Adam Niewiński meets the requirements of the individual and collective suitability.

On April 30, 2015, the Management Board of Bank Pekao S.A. informed in the current report no. 11/2015 that on April 30, 2015 the Extraordinary Shareholders Meeting of Pekao Leasing Holding S.A., which the Bank is the only shareholder, took resolution on winding-up of the company and starting liquidation procedure of the company within the date the resolution was taken. Decision on the liquidation of holding company aims at simplification of organization structure in the group as well as governance of leasing and as a consequence rationalization of operating costs.

**Condensed Consolidated  
Interim Financial  
Statements of  
Bank Pekao S.A. Group  
for the first quarter of  
2015**



**Warsaw, May 2015**

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

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# Consolidated income statement

(in PLN thousand)

	NOTE	I QUARTER 2015 PERIOD FROM 01.01.2015 TO 31.03.2015	I QUARTER 2014 PERIOD FROM 01.01.2014 TO 31.03.2014
Interest income	9	1 398 296	1 571 029
Interest expense	9	(355 366)	(440 956)
<b>Net interest income</b>		<b>1 042 930</b>	<b>1 130 073</b>
Fee and commission income	10	583 905	631 965
Fee and commission expense	10	(103 338)	(119 066)
<b>Net fee and commission income</b>		<b>480 567</b>	<b>512 899</b>
<b>Dividend income</b>	11	<b>1</b>	<b>-</b>
<b>Result on financial assets and liabilities held for trading</b>	12	<b>105 127</b>	<b>105 443</b>
<b>Result on fair value hedge accounting</b>	29	<b>2 234</b>	<b>(10 725)</b>
<b>Gains (losses) on disposal of</b>	13	<b>152 944</b>	<b>414</b>
loans and other financial receivables		344	414
available for sale financial assets and held to maturity investments		152 626	17
financial liabilities		(26)	(17)
<b>Operating income</b>		<b>1 783 803</b>	<b>1 738 104</b>
<b>Net impairment losses on financial assets and off-balance sheet commitments</b>	17	<b>(137 132)</b>	<b>(147 502)</b>
loans and other financial receivables		(146 890)	(149 004)
off-balance sheet commitments		9 758	1 502
<b>Net result on financial activity</b>		<b>1 646 671</b>	<b>1 590 602</b>
<b>Administrative expenses</b>	14	<b>(789 433)</b>	<b>(776 702)</b>
personnel expenses		(471 922)	(471 380)
other administrative expenses		(317 511)	(305 322)
<b>Depreciation and amortization</b>	15	<b>(81 738)</b>	<b>(81 945)</b>
<b>Net result on other provisions</b>		<b>(25 872)</b>	<b>(1 188)</b>
<b>Net other operating income and expenses</b>	16	<b>9 623</b>	<b>34 237</b>
<b>Operating costs</b>		<b>(887 420)</b>	<b>(825 598)</b>
<b>Gains (losses) on subsidiaries and associates</b>	18	<b>15 556</b>	<b>19 282</b>
<b>Gains (losses) on disposal of property, plant and equipment, and intangible assets</b>	19	<b>628</b>	<b>(333)</b>
<b>Profit before income tax</b>		<b>775 435</b>	<b>783 953</b>
<b>Income tax expense</b>	20	<b>(150 866)</b>	<b>(146 017)</b>
<b>Net profit for the period</b>		<b>624 569</b>	<b>637 936</b>
1. Attributable to equity holders of the Bank		624 417	634 244
2. Attributable to non-controlling interests		152	3 692
<b>Earnings per share (in PLN per share)</b>	21		
basic for the period		2.38	2.42
diluted for the period		2.38	2.42

Notes to the financial statements presented on pages 19 – 87 and annexes to the financial statements presented on pages I - V constitute an integral part of the condensed consolidated interim financial statements.

# Consolidated statement of comprehensive income

(in PLN thousand)

	NOTE	I QUARTER 2015 PERIOD FROM 01.01.2015 TO 31.03.2015	I QUARTER 2014 PERIOD FROM 01.01.2014 TO 31.03.2014
<b>Net profit for the period</b>		<b>624 569</b>	<b>637 936</b>
1. Attributable to equity holders of the Bank		624 417	634 244
2. Attributable to non-controlling interests		152	3 692
<b>Other comprehensive income</b>			
<b>Item that are or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences		6	5
Change in fair value of available-for-sale financial assets		(85 527)	36 868
Change in fair value of cash flow hedges	29	(56 220)	(11 416)
Tax on items that are or may be reclassified subsequently to profit or loss	20	26 932	(4 836)
<b>Items that will never be reclassified to profit or loss:</b>			
Remeasurements of the defined benefit liabilities		-	-
Share in remeasurements of the defined benefit liabilities of associates		-	-
Tax on items that will never be reclassified to profit or loss		-	-
<b>Other comprehensive income (net of tax)</b>		<b>(114 809)</b>	<b>20 621</b>
<b>Total comprehensive income</b>		<b>509 760</b>	<b>658 557</b>
1. Attributable to equity holders of the Bank		509 608	654 865
2. Attributable to non-controlling interests		152	3 692

Notes to the financial statements presented on pages 19 – 87 and annexes to the financial statements presented on pages I - V constitute an integral part of the condensed consolidated interim financial statements.

# Consolidated statement of financial position

(in PLN thousand)

	NOTE	31.03.2015	31.12.2014	31.03.2014
<b>ASSETS</b>				
Cash and due from Central Bank	23	6 672 390	9 226 254	6 571 379
Bill of exchange eligible for rediscounting at Central Bank		105	165	283
Loans and advances to banks	24	5 646 693	7 169 872	5 747 307
Financial assets held for trading	25	684 232	448 453	990 768
Derivative financial instruments (held for trading)	26	4 251 013	4 447 975	1 917 893
Loans and advances to customers	27	114 653 261	111 871 948	103 622 628
Receivables from finance leases	28	3 058 228	3 112 048	2 939 753
Hedging instruments	29	582 771	470 822	188 074
Investments (placement) securities	30	21 712 654	24 712 776	24 729 946
1. Available for sale		18 404 284	23 111 208	22 760 618
2. Held to maturity		3 308 370	1 601 568	1 969 328
Assets held for sale	31	37 102	37 102	32 603
Investments in associates		199 730	184 228	195 285
Intangible assets	32	657 434	627 032	611 731
Property, plant and equipment	33	1 514 806	1 544 139	1 560 787
Investment properties		34 882	35 295	42 769
Income tax assets		984 066	879 991	1 023 510
1. Current tax assets		1 140	2 572	156 193
2. Deferred tax assets		982 926	877 419	867 317
Other assets		2 838 623	2 856 928	2 196 902
<b>TOTAL ASSETS</b>		<b>163 527 990</b>	<b>167 625 028</b>	<b>152 371 618</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Liabilities</b>				
Amounts due to Central Bank	23	902	971	952
Amounts due to other banks	35	4 147 319	5 344 702	7 588 280
Financial liabilities held for trading	25	165 211	591 311	365 896
Derivative financial instruments (held for trading)	26	4 296 335	4 417 706	1 969 241
Amounts due to customers	36	121 440 494	125 609 000	113 008 989
Hedging instruments	29	1 898 638	1 484 428	1 045 375
Fair value hedge adjustments of hedged items due to interest rate risk		-	-	426
Debt securities issued	37	4 209 690	3 857 043	1 974 649
Income tax liabilities		99 323	70 257	3 744
1. Current tax liabilities		97 315	68 164	1 341
2. Deferred tax liabilities		2 008	2 093	2 403
Provisions	38	442 888	442 456	398 783
Other liabilities		2 303 635	1 761 422	1 842 520
<b>TOTAL LIABILITIES</b>		<b>139 004 435</b>	<b>143 579 296</b>	<b>128 198 855</b>
<b>Equity</b>				
Share capital		262 470	262 470	262 470
Other capital and reserves		20 965 934	20 990 344	20 585 267
Retained earnings and profit for the period		3 280 055	2 764 875	3 227 046
<b>Total equity attributable to equity holders of the Bank</b>		<b>24 508 459</b>	<b>24 017 689</b>	<b>24 074 783</b>
Non - controlling interests		15 096	28 043	97 980
<b>TOTAL EQUITY</b>		<b>24 523 555</b>	<b>24 045 732</b>	<b>24 172 763</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>163 527 990</b>	<b>167 625 028</b>	<b>152 371 618</b>

Notes to the financial statements presented on pages 19 – 87 and annexes to the financial statements presented on pages I - V 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 2015 to 31 March 2015

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK											
	SHARE CAPITAL	OTHER CAPITAL AND RESERVES							RETAINED EARNINGS AND PROFIT FOR THE PERIOD	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	NON - CONTROLLING INTERESTS	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES	FOREIGN CURRENCY TRANSLATION DIFFERENCES	OTHER				
<b>Equity as at 1.01.2015</b>	<b>262 470</b>	<b>20 990 344</b>	<b>9 137 221</b>	<b>1 937 850</b>	<b>9 002 629</b>	<b>540 806</b>	<b>1 169</b>	<b>370 669</b>	<b>2 764 875</b>	<b>24 017 689</b>	<b>28 043</b>	<b>24 045 732</b>
<b>Management options</b>	-	-	-	-	-	-	-	-	-	-	-	-
Options exercised (share issue)	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation of management options	-	-	-	-	-	-	-	-	-	-	-	-
<b>Comprehensive income</b>	-	<b>(114 809)</b>	-	-	-	<b>(114 815)</b>	<b>6</b>	-	<b>624 417</b>	<b>509 608</b>	<b>152</b>	<b>509 760</b>
Remeasurements of the defined benefit liabilities (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation of available-for-sale investments (net of tax)	-	(69 277)	-	-	-	(69 277)	-	-	-	(69 277)	-	(69 277)
Revaluation of hedging financial instruments (net of tax)	-	(45 538)	-	-	-	(45 538)	-	-	-	(45 538)	-	(45 538)
Foreign currency translation differences	-	6	-	-	-	-	6	-	-	6	-	6
Net profit for the period	-	-	-	-	-	-	-	-	624 417	624 417	152	624 569
<b>Appropriation of retained earnings</b>	-	<b>114 249</b>	-	-	<b>113 961</b>	-	-	<b>288</b>	<b>(109 237)</b>	<b>5 012</b>	<b>(13 099)</b>	<b>(8 087)</b>
Dividend paid	-	-	-	-	-	-	-	-	-	-	(8 089)	(8 089)
Profit appropriation to other reserves including consolidation adjustments	-	114 249	-	-	113 961	-	-	288	(109 237)	5 012	(5 010)	2
<b>Other</b>	-	<b>(23 850)</b>	-	-	<b>(23 850)</b>	-	-	-	-	<b>(23 850)</b>	-	<b>(23 850)</b>
Acquisition of Pekao Investment Banking S.A.	-	(23 850)	-	-	(23 850)	-	-	-	-	(23 850)	-	(23 850)
<b>Equity as at 31.03.2015</b>	<b>262 470</b>	<b>20 965 934</b>	<b>9 137 221</b>	<b>1 937 850</b>	<b>9 092 740</b>	<b>425 991</b>	<b>1 175</b>	<b>370 957</b>	<b>3 280 055</b>	<b>24 508 459</b>	<b>15 096</b>	<b>24 523 555</b>

Notes to the financial statements presented on pages 19 – 87 and annexes to the financial statements presented on pages I - V 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 2014 to 31 December 2014

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK										NON - CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	OTHER CAPITAL AND RESERVES					RETAINED EARNINGS AND PROFIT FOR THE PERIOD	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK				
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES	FOREIGN CURRENCY TRANSLATION DIFFERENCES	OTHER				
<b>Equity as at 1.01.2014</b>	262 470	20 564 611	9 137 221	1 937 850	9 070 200	50 117	1 238	367 985	2 592 802	23 419 883	94 288	23 514 171
<b>Management options</b>	-	(697)	-	-	-	-	-	(697)	-	(697)	-	(697)
Options exercised (share issue)	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation of management share options	-	(697)	-	-	-	-	-	(697)	-	(697)	-	(697)
<b>Comprehensive income</b>	-	490 620	-	-	-	490 689	(69)	-	2 714 714	3 205 334	10 402	3 215 736
Remeasurements of the defined benefit liabilities (net of tax)	-	(35 952)	-	-	-	(35 952)	-	-	-	(35 952)	-	(35 952)
Revaluation of available-for-sale investments (net of tax)	-	390 473	-	-	-	390 473	-	-	-	390 473	-	390 473
Revaluation of hedging financial instruments (net of tax)	-	136 168	-	-	-	136 168	-	-	-	136 168	-	136 168
Foreign currency translation differences	-	(69)	-	-	-	-	(69)	-	-	(69)	-	(69)
Net profit for the period	-	-	-	-	-	-	-	-	2 714 714	2 714 714	10 402	2 725 116
<b>Appropriation of retained earnings</b>	-	(71 614)	-	-	(74 995)	-	-	3 381	(2 542 641)	(2 614 255)	(4 823)	(2 619 078)
Dividend paid	-	-	-	-	-	-	-	-	(2 614 202)	(2 614 202)	(4 823)	(2 619 025)
Profit appropriation to other reserves including consolidation adjustments	-	(71 614)	-	-	(74 995)	-	-	3 381	71 561	(53)	-	(53)
<b>Other</b>	-	7 424	-	-	7 424	-	-	-	-	7 424	(71 824)	(64 400)
Acquisition of non-controlling interests	-	7 424	-	-	7 424	-	-	-	-	7 424	(71 824)	(64 400)
<b>Equity as at 31.12.2014</b>	262 470	20 990 344	9 137 221	1 937 850	9 002 629	540 806	1 169	370 669	2 764 875	24 017 689	28 043	24 045 732

Notes to the financial statements presented on pages 19 – 87 and annexes to the financial statements presented on pages I - V 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 2014 to 31 March 2014

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK											NON - CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	OTHER CAPITAL AND RESERVES							RETAINED EARNINGS AND PROFIT FOR THE PERIOD	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK			
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES	FOREIGN CURRENCY TRANSLATION DIFFERENCES	OTHER					
<b>Equity as at 1.01.2014</b>	262 470	20 564 611	9 137 221	1 937 850	9 070 200	50 117	1 238	367 985	2 592 802	23 419 883	94 288	23 514 171	
<b>Management options</b>	-	35	-	-	-	-	-	35	-	35	-	35	
Options exercised (share issue)	-	-	-	-	-	-	-	-	-	-	-	-	
Revaluation of management share options	-	35	-	-	-	-	-	35	-	35	-	35	
<b>Comprehensive income</b>	-	20 621	-	-	-	20 616	5	-	634 244	654 865	3 692	658 557	
Remeasurements of the defined benefit liabilities (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	
Revaluation of available-for-sale investments (net of tax)	-	29 863	-	-	-	29 863	-	-	-	29 863	-	29 863	
Revaluation of hedging financial instruments (net of tax)	-	(9 247)	-	-	-	(9 247)	-	-	-	(9 247)	-	(9 247)	
Foreign currency translation differences	-	5	-	-	-	-	5	-	-	5	-	5	
Net profit for the period	-	-	-	-	-	-	-	-	634 244	634 244	3 692	637 936	
<b>Appropriation of retained earnings</b>	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	
Profit appropriation to other reserves including consolidation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Equity as at 31.03.2014</b>	262 470	20 585 267	9 137 221	1 937 850	9 070 200	70 733	1 243	368 020	3 227 046	24 074 783	97 980	24 172 763	

Notes to the financial statements presented on pages 19 – 87 and annexes to the financial statements presented on pages I - V constitute an integral part of the condensed consolidated interim financial statements.

# Consolidated cash flow statement

(in PLN thousand)

	NOTE	I QUARTER 2015 PERIOD FROM 01.01.2015 TO 31.03.2015	I QUARTER 2014 PERIOD FROM 01.01.2014 TO 31.03.2014
<b>Cash flow from operating activities – indirect method</b>			
<b>Net profit for the period</b>		<b>624 417</b>	<b>634 244</b>
<b>Adjustments for:</b>		<b>(8 069 571)</b>	<b>(9 083 155)</b>
Depreciation and amortization	15	81 738	81 945
Share of profit (loss) of associates	18	(15 556)	(19 282)
(Gains) losses on investing activities		(153 227)	316
Net interest income	9	(1 042 930)	(1 130 073)
Dividend income	11	(1)	-
Interest received		1 342 672	1 374 878
Interest paid		(386 301)	(470 122)
Income tax		72 292	146 902
Income tax paid		(163 181)	(186 723)
Change in loans and advances to banks		(87 145)	372 300
Change in financial assets held for trading		(235 657)	(802 391)
Change in derivative financial instruments (assets)		196 962	79 041
Change in loans and advances to customers and bill of exchange eligible for rediscounting at Central Bank		(2 745 153)	(2 560 119)
Change in receivables from finance leases		53 820	(8 505)
Change in investment (placement) securities		(230 874)	(159 852)
Change in other assets		94 816	(163 974)
Change in amounts due to banks		(1 196 116)	1 170 590
Change in financial liabilities held for trading		(426 100)	56 154
Change in derivative financial instruments (liabilities)		(121 371)	(82 260)
Change in amounts due to customers		(4 135 622)	(6 759 325)
Change in debt securities issued		33 273	43 012
Change in provisions		432	5 246
Change in other liabilities		993 658	(70 913)
<b>Net cash flows from operating activities</b>		<b>(7 445 154)</b>	<b>(8 448 911)</b>
<b>Cash flow from investing activities</b>			
<b>Investing activity inflows</b>		<b>83 632 120</b>	<b>93 879 717</b>
Sale of investment securities		83 497 796	93 763 536
Sale of intangible assets and property, plant and equipment		153	677
Dividend received	11	1	-
Other investing inflows		134 170	115 504
<b>Investing activity outflows</b>		<b>(80 667 074)</b>	<b>(83 346 443)</b>
Acquisition of shares in subsidiary, net of cash acquired		(274 329)	-
Acquisition of investment securities		(80 314 298)	(83 308 867)
Acquisition of intangible assets and property, plant and equipment		(78 447)	(37 576)
<b>Net cash flows from investing activities</b>		<b>2 965 046</b>	<b>10 533 274</b>

Notes to the financial statements presented on pages 19 - 87 and annexes to the financial statements presented on pages I - V constitute an integral part of the condensed consolidated interim financial statements.

## Consolidated cash flow statement (cont.)

(in PLN thousand)

	NOTE	I QUARTER 2015 PERIOD FROM 01.01.2015 TO 31.03.2015	I QUARTER 2014 PERIOD FROM 01.01.2014 TO 31.03.2014
<b>Cash flows from financing activities</b>			
<b>Financing activity inflows</b>		<b>1 584 700</b>	<b>894 636</b>
Issue of debt securities	37	1 584 700	894 636
<b>Financing activity outflows</b>		<b>(1 268 610)</b>	<b>(2 025 962)</b>
Redemption of debt securities	37	(1 268 610)	(2 025 962)
<b>Net cash flows from financing activities</b>		<b>316 090</b>	<b>(1 131 326)</b>
<b>Total net cash flows</b>		<b>(4 164 018)</b>	<b>953 037</b>
including: effect of exchange rate fluctuations on cash and cash equivalents held		30 903	16 175
<b>Net change in cash and cash equivalents</b>		<b>(4 164 018)</b>	<b>953 037</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>15 556 184</b>	<b>10 615 862</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>11 392 166</b>	<b>11 568 899</b>

Notes to the financial statements presented on pages 19 - 87 and annexes to the financial statements presented on pages I - V 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.

	I QUARTER 2015 PERIOD FROM 01.01.2015 TO 31.03.2015	I QUARTER 2014 PERIOD FROM 01.01.2014 TO 31.03.2014
Interest income	1 357 079	1 524 582
Interest expense	(345 860)	(425 591)
<b>Net interest income</b>	<b>1 011 219</b>	<b>1 098 991</b>
Fee and commission income	528 321	579 714
Fee and commission expense	(103 348)	(119 553)
<b>Net fee and commission income</b>	<b>424 973</b>	<b>460 161</b>
<b>Dividend income</b>	<b>139 119</b>	<b>28 976</b>
<b>Result on financial assets and liabilities held for trading</b>	<b>103 590</b>	<b>102 559</b>
<b>Result on fair value hedge accounting</b>	<b>2 234</b>	<b>(10 725)</b>
<b>Gains (losses) on disposal of</b>	<b>152 944</b>	<b>414</b>
loans and other financial receivables	344	414
available for sale financial assets and held to maturity investments	152 626	17
financial liabilities	(26)	(17)
<b>Operating income</b>	<b>1 834 079</b>	<b>1 680 376</b>
<b>Net impairment losses on financial assets and off-balance sheet commitments</b>	<b>(136 700)</b>	<b>(141 479)</b>
loans and other financial receivables	(145 838)	(142 981)
off-balance sheet commitments	9 138	1 502
<b>Net result on financial activity</b>	<b>1 697 379</b>	<b>1 538 897</b>
<b>Administrative expenses</b>	<b>(736 210)</b>	<b>(728 810)</b>
personnel expenses	(424 458)	(426 756)
other administrative expenses	(311 752)	(302 054)
<b>Depreciation and amortization</b>	<b>(76 741)</b>	<b>(76 399)</b>
<b>Net result on other provisions</b>	<b>(26 005)</b>	<b>(415)</b>
<b>Net other operating income and expenses</b>	<b>5 683</b>	<b>8 897</b>
<b>Operating costs</b>	<b>(833 273)</b>	<b>(796 727)</b>
<b>Gains (losses) on subsidiaries and associates</b>	<b>2 390</b>	<b>-</b>
<b>Gains (losses) on disposal of property, plant and equipment, and intangible assets</b>	<b>524</b>	<b>(454)</b>
<b>Profit before income tax</b>	<b>867 020</b>	<b>741 716</b>
<b>Income tax expense</b>	<b>(143 567)</b>	<b>(139 895)</b>
<b>Net profit</b>	<b>723 453</b>	<b>601 821</b>
<b>Earnings per share (in PLN per share)</b>		
basic for the period	2.76	2.29
diluted for the period	2.76	2.29

# Unconsolidated Financial Statements of Bank Pekao S.A.

(in PLN thousand)

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

	I QUARTER 2015 PERIOD FROM 01.01.2015 TO 31.03.2015	I QUARTER 2014 PERIOD FROM 01.01.2014 TO 31.03.2014
<b>Net profit</b>	<b>723 453</b>	<b>601 821</b>
<b>Other comprehensive income</b>		
<b>Items that are or may be reclassified subsequently to profit or loss:</b>		
Foreign currency translation differences	6	5
Change in fair value of available-for-sale financial assets	(85 771)	36 930
Change in fair value of cash flow hedges	(56 220)	(11 416)
Tax on items that are or may be reclassified subsequently to profit or loss	26 979	(4 848)
<b>Items that will never be reclassified to profit or loss:</b>		
Remeasurements of the defined benefit liabilities	-	-
Tax on items that will never be reclassified to profit or loss	-	-
<b>Other comprehensive income (net of tax)</b>	<b>(115 006)</b>	<b>20 671</b>
<b>Total comprehensive income</b>	<b>608 447</b>	<b>622 492</b>

# Unconsolidated statement of financial position

(in PLN thousand)

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

	31.03.2015	31.12.2014	31.03.2014
<b>ASSETS</b>			
Cash and due from Central Bank	6 672 378	9 226 249	6 571 374
Bill of exchange eligible for rediscounting at Central Bank	105	165	283
Loans and advances to banks	5 878 473	7 215 362	5 839 840
Financial assets held for trading	683 928	513 078	990 768
Derivative financial instruments (held for trading)	4 298 608	4 464 894	1 922 285
Loans and advances to customers	114 452 016	111 389 077	103 048 056
Hedging instruments	582 771	470 822	188 074
Investment (placement) securities	21 555 564	24 572 130	24 527 949
1. Available for sale	18 330 766	23 048 190	22 638 723
2. Held to maturity	3 224 798	1 523 940	1 889 226
Assets held for sale	31 952	31 952	32 603
Investments in subsidiaries	1 123 654	857 513	793 113
Investments in associates	29 427	29 427	29 427
Intangible assets	631 241	601 673	585 830
Property, plant and equipment	1 493 663	1 525 593	1 538 090
Investment properties	23 538	23 802	25 679
Income tax assets	738 498	674 378	808 217
1. Current tax assets	121	1 881	154 410
2. Deferred tax assets	738 377	672 497	653 807
Other assets	2 727 431	2 726 716	2 010 421
<b>TOTAL ASSETS</b>	<b>160 923 247</b>	<b>164 322 831</b>	<b>148 912 009</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Amounts due to Central Bank	902	971	952
Amounts due to other banks	3 044 055	3 129 856	5 882 767
Financial liabilities held for trading	165 211	591 311	365 896
Derivative financial instruments (held for trading)	4 291 775	4 422 292	1 969 835
Amounts due to customers	121 713 243	126 381 270	113 071 184
Hedging instruments	1 898 638	1 484 428	1 045 375
Fair value hedge adjustments of hedged items due to interest rate risk	-	-	426
Debt securities issued	3 141 412	2 819 713	1 048 764
Income tax liabilities	96 258	66 412	-
1. Current tax liabilities	96 258	66 412	-
2. Deferred tax liabilities	-	-	-
Provisions	437 756	436 952	395 762
Other liabilities	2 138 306	1 602 382	1 659 820
<b>TOTAL LIABILITIES</b>	<b>136 927 556</b>	<b>140 935 587</b>	<b>125 440 781</b>
<b>Equity</b>			
Share capital	262 470	262 470	262 470
Other capital and reserves	20 347 502	20 462 508	19 990 896
Retained earnings and profit for the period	3 385 719	2 662 266	3 217 862
<b>TOTAL EQUITY</b>	<b>23 995 691</b>	<b>23 387 244</b>	<b>23 471 228</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>160 923 247</b>	<b>164 322 831</b>	<b>148 912 009</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 2015 to 31 March 2015

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES							RETAINED EARNINGS AND PROFIT FOR THE PERIOD	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES	FOREIGN CURRENCY TRANSLATION DIFFERENCES	OTHER		
<b>Equity as at 1.01.2015</b>	<b>262 470</b>	<b>20 462 508</b>	<b>9 137 221</b>	<b>1 937 850</b>	<b>8 612 550</b>	<b>540 591</b>	<b>1 169</b>	<b>233 127</b>	<b>2 662 266</b>	<b>23 387 244</b>
<b>Management options</b>	-	-	-	-	-	-	-	-	-	-
Options exercised (share issue)	-	-	-	-	-	-	-	-	-	-
Revaluation of management options	-	-	-	-	-	-	-	-	-	-
<b>Comprehensive income</b>	-	<b>(115 006)</b>	-	-	-	<b>(115 012)</b>	<b>6</b>	-	<b>723 453</b>	<b>608 447</b>
Remeasurements of the defined benefit liabilities (net of tax)	-	-	-	-	-	-	-	-	-	-
Revaluation of available-for-sale investments (net of tax)	-	(69 474)	-	-	-	(69 474)	-	-	-	(69 474)
Revaluation of hedging financial instruments (net of tax)	-	(45 538)	-	-	-	(45 538)	-	-	-	(45 538)
Foreign currency translation differences	-	6	-	-	-	-	6	-	-	6
Net profit for the period	-	-	-	-	-	-	-	-	723 453	723 453
<b>Appropriation of retained earnings</b>	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
Profit appropriation	-	-	-	-	-	-	-	-	-	-
<b>Equity as at 31.03.2015</b>	<b>262 470</b>	<b>20 347 502</b>	<b>9 137 221</b>	<b>1 937 850</b>	<b>8 612 550</b>	<b>425 579</b>	<b>1 175</b>	<b>233 127</b>	<b>3 385 719</b>	<b>23 995 691</b>



# Unconsolidated statement of changes in equity

(in PLN thousand)

For the period from 1 January 2014 to 31 December 2014

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES							RETAINED EARNINGS AND PROFIT FOR THE PERIOD	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES	FOREIGN CURRENCY TRANSLATION DIFFERENCES	OTHER		
<b>Equity as at 1.01.2014</b>	<b>262 470</b>	<b>19 970 192</b>	<b>9 137 221</b>	<b>1 937 850</b>	<b>8 610 711</b>	<b>49 713</b>	<b>1 238</b>	<b>233 459</b>	<b>2 616 041</b>	<b>22 848 703</b>
<b>Management options</b>	-	(332)	-	-	-	-	-	(332)	-	(332)
Options exercised (share issue)	-	-	-	-	-	-	-	-	-	-
Revaluation of management share options	-	(332)	-	-	-	-	-	(332)	-	(332)
<b>Comprehensive income</b>	-	<b>490 809</b>	-	-	-	<b>490 878</b>	(69)	-	<b>2 662 266</b>	<b>3 153 075</b>
Remeasurements of the defined benefit liabilities (net of tax)	-	(35 812)	-	-	-	(35 812)	-	-	-	(35 812)
Revaluation of available-for-sale investments (net of tax)	-	390 522	-	-	-	390 522	-	-	-	390 522
Revaluation of hedging financial instruments (net of tax)	-	136 168	-	-	-	136 168	-	-	-	136 168
Foreign currency translation differences	-	(69)	-	-	-	-	(69)	-	-	(69)
Net profit for the period	-	-	-	-	-	-	-	-	2 662 266	2 662 266
<b>Appropriation of retained earnings</b>	-	<b>1 839</b>	-	-	<b>1 839</b>	-	-	-	<b>(2 616 041)</b>	<b>(2 614 202)</b>
Dividend paid	-	-	-	-	-	-	-	-	(2 614 202)	(2 614 202)
Profit appropriation	-	1 839	-	-	1 839	-	-	-	(1 839)	-
<b>Equity as at 31.12.2014</b>	<b>262 470</b>	<b>20 462 508</b>	<b>9 137 221</b>	<b>1 937 850</b>	<b>8 612 550</b>	<b>540 591</b>	<b>1 169</b>	<b>233 127</b>	<b>2 662 266</b>	<b>23 387 244</b>

## Unconsolidated statement of changes in equity

(in PLN thousand)

For the period from 1 January 2014 to 31 March 2014

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES							TOTAL EQUITY	
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES	FOREIGN CURRENCY TRANSLATION DIFFERENCES	OTHER		RETAINED EARNINGS AND PROFIT FOR THE PERIOD
<b>Equity as at 1.01.2014</b>	<b>262 470</b>	<b>19 970 192</b>	<b>9 137 221</b>	<b>1 937 850</b>	<b>8 610 711</b>	<b>49 713</b>	<b>1 238</b>	<b>233 459</b>	<b>2 616 041</b>	<b>22 848 703</b>
<b>Management options</b>	-	33	-	-	-	-	-	33	-	33
Options exercised (share issue)	-	-	-	-	-	-	-	-	-	-
Revaluation of management share options	-	33	-	-	-	-	-	33	-	33
<b>Comprehensive income</b>	-	<b>20 671</b>	-	-	-	<b>20 666</b>	<b>5</b>	-	<b>601 821</b>	<b>622 492</b>
Remeasurements of the defined benefit liabilities (net of tax)	-	-	-	-	-	-	-	-	-	-
Revaluation of available-for-sale investments (net of tax)	-	29 913	-	-	-	29 913	-	-	-	29 913
Revaluation of hedging financial instruments (net of tax)	-	(9 247)	-	-	-	(9 247)	-	-	-	(9 247)
Foreign currency translation differences	-	5	-	-	-	-	5	-	-	5
Net profit for the period	-	-	-	-	-	-	-	-	601 821	601 821
<b>Appropriation of retained earnings</b>	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
Profit appropriation	-	-	-	-	-	-	-	-	-	-
<b>Equity as at 31.03.2014</b>	<b>262 470</b>	<b>19 990 896</b>	<b>9 137 221</b>	<b>1 937 850</b>	<b>8 610 711</b>	<b>70 379</b>	<b>1 243</b>	<b>233 492</b>	<b>3 217 862</b>	<b>23 471 228</b>

# Unconsolidated Financial Statements of Bank Pekao S.A.

(in PLN thousand)

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

	I QUARTER 2015 PERIOD FROM 01.01.2015 TO 31.03.2015	I QUARTER 2014 PERIOD FROM 01.01.2014 TO 31.03.2014
<b>Cash flow from operating activities – indirect method</b>		
<b>Net profit for the period</b>	<b>723 453</b>	<b>601 821</b>
<b>Adjustments for:</b>	<b>(8 135 535)</b>	<b>(9 073 995)</b>
Depreciation and amortization	76 741	76 399
(Gains) losses on investing activities	(153 123)	437
Net interest income	(1 011 219)	(1 098 991)
Dividend income	(139 119)	(28 976)
Interest received	1 314 473	1 327 112
Interest paid	(378 264)	(444 242)
Income tax	104 665	139 894
Income tax paid	(157 756)	(181 241)
Change in loans and advances to banks	(90 225)	383 149
Change in financial assets held for trading	(170 728)	(801 290)
Change in derivative financial instruments (assets)	166 286	77 061
Change in loans and advances to customers and bill of exchange eligible for rediscounting at Central Bank	(3 026 538)	(2 429 451)
Change in investment (placement) securities	(236 409)	(159 152)
Change in other assets	(165 919)	(156 684)
Change in amounts due to banks	(85 430)	1 127 200
Change in financial liabilities held for trading	(426 100)	56 154
Change in derivative financial instruments (liabilities)	(130 517)	(84 550)
Change in amounts due to customers	(4 631 104)	(6 767 917)
Change in debt securities issued	649	1 804
Change in provisions	804	4 366
Change in other liabilities	1 003 298	(115 077)
<b>Net cash flows from operating activities</b>	<b>(7 412 082)</b>	<b>(8 472 174)</b>
<b>Cash flow from investing activities</b>		
<b>Investing activity inflows</b>	<b>83 770 237</b>	<b>93 907 093</b>
Sale of investment securities	83 497 660	93 763 535
Sale of intangible assets and property, plant and equipment	2	1
Dividend received	139 119	28 976
Other investing inflows	133 456	114 581
<b>Investing activity outflows</b>	<b>(80 648 234)</b>	<b>(83 291 379)</b>
Acquisition of subsidiary	(274 334)	-
Acquisition of investment securities	(80 298 148)	(83 257 248)
Acquisition of intangible assets and property, plant and equipment	(75 752)	(34 131)
<b>Net cash flows from investing activities</b>	<b>3 122 003</b>	<b>10 615 714</b>

# Unconsolidated Financial Statements of Bank Pekao S.A.

(in PLN thousand)

	I QUARTER 2015 PERIOD FROM 01.01.2015 TO 31.03.2015	I QUARTER 2014 PERIOD FROM 01.01.2014 TO 31.03.2014
<b>Cash flows from financing activities</b>		
<b>Financing activity inflows</b>	<b>1 584 700</b>	<b>832 067</b>
Issue of debt securities	1 584 700	832 067
<b>Financing activity outflows</b>	<b>(1 268 610)</b>	<b>(2 025 962)</b>
Redemption of debt securities	(1 268 610)	(2 025 962)
<b>Net cash flows from financing activities</b>	<b>316 090</b>	<b>(1 193 895)</b>
<b>Total net cash flows</b>	<b>(3 973 989)</b>	<b>949 645</b>
including: effect of exchange rate fluctuations on cash and cash equivalents held	24 768	15 931
<b>Net change in cash and cash equivalents</b>	<b>(3 973 989)</b>	<b>949 645</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>15 553 341</b>	<b>10 615 031</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>11 579 352</b>	<b>11 564 676</b>

# Notes to financial statements

(in PLN thousand)

**The accompanying notes to the financial statements 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. Group for the period from 1 January 2015 to 31 March 2015 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	
			31.03.2015	31.12.2014
Pekao Bank Hipoteczny S.A.	Warsaw	Banking	100.00	100.00
Centralny Dom Maklerski Pekao S.A.	Warsaw	Brokerage	100.00	100.00
Pekao Investment Banking S.A.	Warsaw	Brokerage	100.00	-
Pekao Leasing Sp. z o.o. (*)	Warsaw	Leasing services	36.49	36.49
Pekao Leasing Holding S.A. (in liquidation), including:	Warsaw	Leasing services	100.00	100.00
<i>Pekao Leasing Sp. z o.o.</i>	<i>Warsaw</i>	<i>Leasing services</i>	<i>63.51</i>	<i>63.51</i>
Pekao Faktoring Sp. z o.o.	Lublin	Factoring services	100.00	100.00
Pekao Pioneer Powszechnie 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	Transferable agent	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
<i>FPB - Media Sp. z o.o.</i>	<i>Warsaw</i>	<i>Real estate development</i>	<i>100.00</i>	<i>100.00</i>
Pekao Fundusz Kapitałowy Sp. z o.o.	Warsaw	Business consulting	100.00	100.00
Pekao Telecentrum Sp. z o.o. (in liquidation)	Warsaw	in liquidation	-	100.00

(\*)The total share of the Group in Pekao Leasing Sp. z o.o. equity is 100.00% (36.49% directly and 63.51% via Pekao Leasing Holding S.A. (in liquidation)).

As at 31 March 2015, all subsidiaries of the Bank have been consolidated.

## Notes to financial statements (cont.)

(in PLN thousand)

### Associates

Bank Pekao S.A. 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	
			31.03.2015	31.12.2014
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 31 March 2015, the Group held no shares in entities under joint control.

### Changes in the Group structure

#### Acquisition of shares in UniCredit CAIB Poland S.A (presently Pekao Investment Banking S.A.).

On 1 January 2015, the Bank acquired 100% of the share capital of UniCredit CAIB Poland S.A. and obtained control over the entity. UniCredit CAIB Poland S.A. specializes in corporate finance, in particular referring to mergers and acquisitions, public and private offering, as well as securities trading on secondary market. As a result of the acquisition, the Group extends the portfolio of services provided to the customers from corporate banking segment. The purchase consideration was PLN 274 334 thousand and consisted of cash in total. After the acquisition by the Bank, the entity changed its name on Pekao Investment Banking S.A.

The acquisition transaction was classified as intragroup transaction and recognized at book value. The Bank recognized the assets and liabilities of the acquired entity at their book values, adjusted exclusively for the purpose of aligning the accounting principles. Pursuant to the transaction, neither goodwill nor badwill was recognized. The result on the transaction was recognized in the equity of the Group.

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

## Notes to the financial statements (cont.)

(in PLN thousand)

The recognized amounts of identifiable assets acquired and liabilities assumed are presented in the table below.

ITEM	
Cash	5
Loans and advances to banks	232 469
Financial assets held for trading	12 981
Debt securities available for sale	640
Intangible assets	730
Property, plant and equipment	4 047
Deferred tax assets	42 831
Other assets	60 715
<b>TOTAL ASSETS</b>	<b>354 418</b>
Amounts due to other banks	581
Derivative financial instruments (held for trading)	8 906
Amounts due to customers	64 042
Deferred tax liabilities	177
Provisions	442
Other liabilities	29 786
<b>TOTAL LIABILITIES</b>	<b>103 934</b>
<b>TOTAL NET ASSETS</b>	<b>250 484</b>

The Group incurred acquisition-related costs of PLN 868 thousand. These costs have been included in 'Administrative expenses' in the consolidated income statement.

The interest income and commission income included in the consolidated income statement since 1 January 2015 contributed by UniCredit CAIB Poland S.A. business was PLN 6 575 thousand. UniCredit CAIB Poland S.A. also contributed net profit of PLN 997 thousand for the same period.

### Liquidation of Pekao Telecentrum Sp. z o.o. (in liquidation)

On 8 January 2015, the District Court for the City of Warsaw, XIII Commercial Division of the National Court Registry decided on completing the liquidation proceedings of Pekao Telecentrum Sp. z o.o. (in liquidation) and deleting the Entity from the National Court Registry.

## 3. Business combination

In the first quarter of 2015 there were no business combinations in the Group. In 2014 Bank Pekao S.A. took over Spółdzielcza Kasa Oszczędnościowo – Kredytowa im. Mikołaja Kopernika. The transaction was detailed in the consolidated financial statements of Bank Pekao S.A. Group for the period ended on 31 December 2014.

## Notes to financial statements (cont.)

(in PLN thousand)

### 4. Statement of compliance

The condensed consolidated interim financial statements of Bank Pekao S.A. 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 Bank Pekao S.A. Group for the year ended 31 December 2014.

The consolidated financial statements of Bank Pekao S.A. Group as at and for the year ended 31 December 2014 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, Czerniakowska Street 100 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 from 2014, item 133) the Bank is required to publish the financial report for the three months period ended 31 March 2015, 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 statements 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 11 May 2015.

### 5. Significant accounting policies

#### General information

The condensed consolidated interim financial statements of Bank Pekao S.A. 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, and available-for-sale financial assets, for which fair value cannot be reliably measured,
- 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.

In the first quarter of 2015 the Group did not amend its accounting policy in respect to valuation of assets and liabilities and profit measurement in comparison to the 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. Group for the year ended 31 December 2014. Those accounting policies have been applied uniformly to all presented reporting period and by all entities of the Group.



## Notes to financial statements (cont.)

(in PLN thousand)

Amendments to published standards and interpretations, which are effective from 1 January 2015, had no material impact on these condensed consolidated interim financial statements (Annex 1 to the Financial Statements).

The financial statements do not take into account amendments to standards and interpretations that are awaiting approval by the European Union (Annex 2 to the Financial Statements).

In the Group's opinion, amendments to Standards and interpretations will not have a significant influence on the consolidated financial statements of the Group, with the exception of IFRS 9 'Financial Instruments'.

New regulations constitute a part of changes designed to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The main changes, introduced by the new standard, are as follows:

- new categorisation of financial assets,
- new criteria of assets classification to the group of financial assets measured at amortized cost,
- new impairment model – expected credit losses model,
- new principles for recognition of changes in fair value measurement of capital investment in financial instruments,
- elimination of the necessity to separate embedded derivatives from financial assets.

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

The Group is currently assessing the impact of the IFRS 9 implementation on its financial statements. 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.

### 6. Accounting estimates

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

The estimates at balance sheet date 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 in applying the Group's accounting policies were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2014 taking into account reasons and sources of uncertainty expected at the balance sheet day.

During the three months period ended 31 March 2015 the most significant estimates are as follows:

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

# Notes to financial statements (cont.)

(in PLN thousand)

## 7. Risk management

### Credit risk

The credit risk management process and measurement methods have not significantly changed in relation to those described in the consolidated financial statements of Bank Pekao S.A. Group for the year ended 31 December 2014.

In February 2015 the Bank implemented new prognostic model for mortgage loans and cash loans and updated the rating classes. The new models better reflect the probability of default of the Bank's clients.

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) – mortgage loans

RATING CLASS	PD RANGE	NOMINAL VALUE	
		31.03.2015	31.12.2014
1	0.00% <= PD < 0.06%	23.6%	25.2%
2	0.06% <= PD < 0.19%	13.4%	14.0%
3	0.19% <= PD < 0.35%	40.7%	39.5%
4	0.35% <= PD < 0.73%	13.9%	12.9%
5	0.73% <= PD < 3.50%	4.9%	4.9%
6	3.50% <= PD < 14.00%	1.4%	1.5%
7	14.00% <= PD < 100.00%	2.1%	2.0%
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>

The distribution of rated portfolio for individual client segment (excluding impairment allowances) – consumer loans

RATING CLASS	PD RANGE	NOMINAL VALUE	
		31.03.2015	31.12.2014
1	0.00% <= PD < 0.34%	7.4%	8.5%
2	0.34% <= PD < 0.80%	10.2%	11.4%
3	0.80% <= PD < 1.34%	20.1%	19.7%
4	1.34% <= PD < 2.40%	27.4%	26.4%
5	2.40% <= PD < 4.75%	20.2%	18.7%
6	4.75% <= PD < 14.50%	8.9%	8.6%
7	14.50% <= PD < 31.00%	2.3%	3.1%
8	31.00% <= PD < 100.00%	3.5%	3.6%
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>

## Notes to financial statements (cont.)

(in PLN thousand)

The distribution of rated portfolio for individual client segment (excluding impairment allowances) – not instalment loans

RATING CLASS	PD RANGE	NOMINAL VALUE	
		31.03.2015	31.12.2014
1	0.00% <= PD < 0.01%	0.8%	0.8%
2	0.01% <= PD < 0.03%	9.7%	10.2%
3	0.03% <= PD < 0.04%	2.6%	2.8%
4	0.04% <= PD < 0.07%	6.2%	6.9%
5	0.07% <= PD < 0.15%	17.1%	17.0%
6	0.15% <= PD < 0.25%	17.7%	17.5%
7	0.25% <= PD < 0.59%	8.7%	9.0%
8	0.59% <= PD < 1.20%	8.3%	8.6%
9	1.20% <= PD < 2.58%	5.6%	5.3%
10	2.58% <= PD < 100.00%	23.3%	21.9%
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>

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

RATING CLASS	PD RANGE	NOMINAL VALUE	
		31.03.2015	31.12.2014
1	0.00% <= PD < 0.11%	2.2%	2.0%
2	0.11% <= PD < 0.22%	4.6%	4.4%
3	0.22% <= PD < 0.45%	9.5%	9.3%
4	0.45% <= PD < 1.00%	16.5%	17.3%
5	1.00% <= PD < 2.10%	18.4%	18.1%
6	2.10% <= PD < 4.00%	14.9%	15.6%
7	4.00% <= PD < 7.00%	12.1%	12.5%
8	7.00% <= PD < 12.00%	9.3%	8.6%
9	12.00% <= PD < 22.00%	6.8%	6.3%
10	22.00% <= PD < 100.00%	5.7%	5.9%
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>

## Notes to financial statements (cont.)

(in PLN thousand)

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

RATING CLASS	PD RANGE	NOMINAL VALUE	
		31.03.2015	31.12.2014
1	0.00% <= PD < 0.15%	11.3%	10.1%
2	0.15% <= PD < 0.27%	9.8%	10.5%
3	0.27% <= PD < 0.45%	14.1%	14.9%
4	0.45% <= PD < 0.75%	12.7%	14.6%
5	0.75% <= PD < 1.27%	13.1%	12.8%
6	1.27% <= PD < 2.25%	8.3%	11.0%
7	2.25% <= PD < 4.00%	8.7%	3.9%
8	4.00% <= PD < 8.50%	21.0%	20.6%
9	8.50% <= PD < 100.00%	1.0%	1.6%
<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 distribution of the portfolio exposure to specialized lending (excluding impairment allowances)

SUPERVISORY CATEGORY	NOMINAL VALUE	
	31.03.2015	31.12.2014
High	38.8%	33.3%
Good	51.2%	46.0%
Satisfactory	9.3%	20.5%
Low	0.7%	0.2%
<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 (*)	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
<b>GROSS CARRYING AMOUNT OF EXPOSURE INDIVIDUALLY IMPAIRED</b>				
- not past due	-	-	606 263	606 657
- up to 1 month	-	-	57 251	49 537
- between 1 month and 3 months	-	-	40 560	115 710
- between 3 months and 1 year	-	-	409 814	773 426
- between 1 year and 5 years	9 755	9 160	3 054 829	2 690 334
- above 5 years	-	-	1 275 586	1 146 735
<b>Total gross carrying amount</b>	<b>9 755</b>	<b>9 160</b>	<b>5 444 303</b>	<b>5 382 399</b>
<b>ALLOWANCE FOR IMPAIRMENT</b>				
- not past due	-	-	(202 626)	(197 636)
- up to 1 month	-	-	(15 411)	(8 787)
- between 1 month and 3 months	-	-	(13 602)	(60 488)
- between 3 months and 1 year	-	-	(189 384)	(317 684)
- between 1 year and 5 years	(9 755)	(9 160)	(1 613 246)	(1 462 240)
- above 5 years	-	-	(1 009 947)	(925 460)
<b>Total allowance for impairment</b>	<b>(9 755)</b>	<b>(9 160)</b>	<b>(3 044 216)</b>	<b>(2 972 295)</b>
<b>Net carrying amount of exposure individually impaired</b>	<b>-</b>	<b>-</b>	<b>2 400 087</b>	<b>2 410 104</b>
<b>GROSS CARRYING AMOUNT OF EXPOSURE COLLECTIVELY IMPAIRED</b>				
- not past due	-	-	78 291	74 332
- up to 1 month	-	-	32 198	34 439
- between 1 month and 3 months	-	-	36 340	51 263
- between 3 months and 1 year	-	-	387 859	366 923
- between 1 year and 5 years	-	-	1 535 798	1 511 446
- above 5 years	9 800	9 800	959 925	816 260
<b>Total gross carrying amount</b>	<b>9 800</b>	<b>9 800</b>	<b>3 030 411</b>	<b>2 854 663</b>
<b>ALLOWANCE FOR IMPAIRMENT</b>				
- not past due	-	-	(41 269)	(44 747)
- up to 1 month	-	-	(15 915)	(17 188)
- between 1 month and 3 months	-	-	(18 589)	(26 512)
- between 3 months and 1 year	-	-	(216 734)	(212 986)
- between 1 year and 5 years	-	-	(1 166 364)	(1 217 252)
- above 5 years	(9 800)	(9 800)	(892 709)	(777 124)
<b>Total allowance for impairment</b>	<b>(9 800)</b>	<b>(9 800)</b>	<b>(2 351 580)</b>	<b>(2 295 809)</b>
<b>Net carrying amount of exposure collectively impaired</b>	<b>-</b>	<b>-</b>	<b>678 831</b>	<b>558 854</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 (*)			
			CORPORATE		RETAIL	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014	31.03.2015	31.12.2014
<b>GROSS CARRYING AMOUNT OF EXPOSURE WITH NO IMPAIRMENT</b>						
- not past due	5 652 400	7 176 334	66 509 903	64 973 743	46 212 702	45 042 713
- up to 30 days	-	-	480 381	438 304	1 305 911	1 300 910
- between 30 days and 60 days	-	-	111 263	108 516	189 199	198 014
- above 60 days	-	-	113 872	146 870	202 336	302 346
<b>Total gross carrying amount</b>	<b>5 652 400</b>	<b>7 176 334</b>	<b>67 215 419</b>	<b>65 667 433</b>	<b>47 910 148</b>	<b>46 843 983</b>
<b>IBNR PROVISION</b>						
- not past due	(270)	(442)	(260 098)	(253 479)	(122 297)	(128 724)
- up to 30 days	-	-	(4 738)	(4 326)	(70 773)	(74 108)
- between 30 days and 60 days	-	-	(1 885)	(2 122)	(20 321)	(22 575)
- above 60 days	-	-	(1 501)	(1 227)	(16 715)	(15 672)
<b>Total IBNR provision</b>	<b>(270)</b>	<b>(442)</b>	<b>(268 222)</b>	<b>(261 154)</b>	<b>(230 106)</b>	<b>(241 079)</b>
<b>Net carrying amount of exposure with no impairment</b>	<b>5 652 130</b>	<b>7 175 892</b>	<b>66 947 197</b>	<b>65 406 279</b>	<b>47 680 042</b>	<b>46 602 904</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 (*)	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
<b>IMPAIRED EXPOSURES</b>				
Gross carrying amount	19 555	18 960	8 474 714	8 237 062
Allowance for impairment	(19 555)	(18 960)	(5 395 796)	(5 268 104)
<b>Total net carrying amount</b>	<b>-</b>	<b>-</b>	<b>3 078 918</b>	<b>2 968 958</b>
Exposures with impairment triggers for which no impairment has been identified				
Gross carrying amount, in this:	-	-	70 035	64 755
<i>Exposure with collateral value included in expected discounted cash flow, in this:</i>	-	-	70 035	64 755
- <i>Past due exposures</i>	-	-	25 738	25 804
IBNR provision	-	-	(1 123)	(1 820)
<b>Total net carrying amount</b>	<b>-</b>	<b>-</b>	<b>68 912</b>	<b>62 935</b>
Exposures with no impairment triggers				
Gross carrying amount	5 652 400	7 176 334	115 055 532	112 446 661
IBNR provision	(270)	(442)	(497 205)	(500 413)
<b>Total net carrying amount</b>	<b>5 652 130</b>	<b>7 175 892</b>	<b>114 558 327</b>	<b>111 946 248</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 31 March 2015

RATING	DEBT SECURITIES				TOTAL
	HELD FOR TRADING	AVAILABLE FOR SALE	HELD TO MATURITY	REPO TRANSACTIONS	
A+ to A-	540 464	15 919 773	2 484 233	7 789 187	26 733 657
BBB+ to BBB-	-	251 262	-	-	251 262
no rating	127 729	2 160 591(*)	824 137(**)	-	3 112 457
<b>Total</b>	<b>668 193</b>	<b>18 331 626</b>	<b>3 308 370</b>	<b>7 789 187</b>	<b>30 097 376</b>

(\*) Including NBP bills in the amount of PLN 1 475 575 thousand.

(\*\*) Including NBP bills in the amount of PLN 824 137 thousand.

### Classification of exposures to debt securities according to Standard & Poor's ratings as at 31 December 2014

RATING	DEBT SECURITIES				TOTAL
	HELD FOR TRADING	AVAILABLE FOR SALE	HELD TO MATURITY	REPO TRANSACTIONS	
AA+ to AA-	-	1 048 585	-	-	1 048 585
A+ to A-	310 653	14 891 849	750 123	7 716 100	23 668 725
BBB+ to BBB-	-	248 985	-	-	248 985
no rating	137 800	6 850 034(*)	851 445(**)	-	7 839 279
<b>Total</b>	<b>448 453</b>	<b>23 039 453</b>	<b>1 601 568</b>	<b>7 716 100</b>	<b>32 805 574</b>

(\*) including NBP bills in an amount of PLN 6 147 781 thousand.

(\*\*) including NBP bills in an amount of PLN 851 445 thousand.

### Classification of exposures to derivative financial instruments according to Standard & Poor's ratings as at 31 March 2015

RATING	DERIVATIVES						TOTAL
	TRADING DERIVATIVES			DERIVATIVE HEDGING INSTRUMENTS			
	BANKS	OTHER FINANCIAL INSTITUTIONS	NON-FINANCIAL ENTITIES	BANKS	OTHER FINANCIAL INSTITUTIONS	NON-FINANCIAL ENTITIES	
AAA	15	-	-	-	-	-	15
AA+ to AA-	138 884	-	-	8 728	-	-	147 612
A+ to A-	2 577 792	279 792	-	509 627	-	-	3 367 211
BBB+ to BBB-	217 629	-	916	2 869	-	-	221 414
BB+ to BB-	-	-	2 715	-	-	-	2 715
B+ to B-	-	-	2 098	-	-	-	2 098
no rating	557 612	117 068	356 492	55 870	5 677	-	1 092 719
<b>Total</b>	<b>3 491 932</b>	<b>396 860</b>	<b>362 221</b>	<b>577 094</b>	<b>5 677</b>	<b>-</b>	<b>4 833 784</b>

## 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 2014

RATING	DERIVATIVES						TOTAL
	TRADING DERIVATIVES			DERIVATIVE HEDGING INSTRUMENTS			
	BANKS	OTHER FINANCIAL INSTITUTIONS	NON-FINANCIAL ENTITIES	BANKS	OTHER FINANCIAL INSTITUTIONS	NON-FINANCIAL ENTITIES	
AAA	155	-	-	-	-	-	155
AA+ to AA-	165 233	-	-	7 996	-	-	173 229
A+ to A-	2 672 019	275 856	-	415 222	-	-	3 363 097
BBB+ to BBB-	490 530	-	1 129	20 649	-	-	512 308
BB+ to BB-	26 026	-	2 623	-	-	-	28 649
B+ to B-	-	-	103	-	-	-	103
no rating	304 009	201 825	308 467	21 383	5 572	-	841 256
<b>Total</b>	<b>3 657 972</b>	<b>477 681</b>	<b>312 322</b>	<b>465 250</b>	<b>5 572</b>	<b>-</b>	<b>4 918 797</b>

### Forbearance measures

The identifying process of Forborne exposures has not changed in relation to the one described in the consolidated financial statements of Bank Pekao S.A. Group for the year ended 31 December 2014.

Share of forborne exposures in the Group's loan portfolio

	31.03.2015	31.12.2014
<b>LOANS AND ADVANCES TO CUSTOMERS</b>		
<b>Exposures with no impairment, of which:</b>	<b>114 627 239</b>	<b>112 009 181</b>
forborne exposures	412 267	450 050
<b>Impaired exposures, of which:</b>	<b>3 078 918</b>	<b>2 968 958</b>
forborne exposures	1 697 126	1 718 075
<b>Total net carrying amount, of which:</b>	<b>117 706 157</b>	<b>114 978 139</b>
forborne exposures	2 109 393	2 168 125

The quality analysis of forborne exposures

	31.03.2015	31.12.2014
<b>Exposures with no impairment</b>		
Gross carrying amount	448 360	490 667
IBNR provisions	(36 093)	(40 617)
<b>Net carrying amount</b>	<b>412 267</b>	<b>450 050</b>
<b>Impaired exposures</b>		
Gross carrying amount, of which:	2 903 143	2 866 373
exposures individually impaired	2 751 944	2 725 502
exposures collectively impaired	151 199	140 871
Allowances for impairment, of which:	(1 206 017)	(1 148 298)
exposures individually impaired	(1 117 694)	(1 066 135)
exposures collectively impaired	(88 323)	(82 163)
<b>Net carrying amount</b>	<b>1 697 126</b>	<b>1 718 075</b>
<b>Total net carrying amount</b>	<b>2 109 393</b>	<b>2 168 125</b>



## Notes to financial statements (cont.)

(in PLN thousand)

### Credit exposures towards Ukraine

As at 31 March 2015, the Group carried the level of net balance sheet exposures towards Ukraine amounting to PLN 1 030 million (0.6% of total Bank Pekao Group exposures).

The majority of the mentioned amount refers to exposures in the form of interbank placements from which 50% will be repaid up to 2015 and 50% up to 2017. The remaining part of exposures refer to two international corporate groups.

The Group is strictly monitoring evolution of the situation in the country, however the nature of our exposures do not pose any treat in the overall quality of our assets.

The below table presents the Group's exposure towards the Ukrainian entities

	31.03.2015	31.12.2014
<b>Balance sheet exposures</b>		
Loans and advances to banks	775 265	713 178
Loans and advances to customers	293 588	269 487
<b>Total gross carrying amount</b>	<b>1 068 853</b>	<b>982 665</b>
IBNR provision / Allowance for impairment	(39 237)	(20 505)
<b>Total net carrying amount</b>	<b>1 029 616</b>	<b>962 160</b>
<b>Off-balance sheet exposure</b>		
Credit lines granted	3 868	4 028
<b>Total gross carrying amount</b>	<b>3 868</b>	<b>4 028</b>
IBNR provision	(13)	(14)
<b>Total net carrying amount</b>	<b>3 855</b>	<b>4 014</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 Bank Pekao S.A. Group for the year ended 31 December 2014.

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 31 March 2015 and in 2014:

	31.03.2015	MINIMUM VALUE	AVERAGE VALUE	MAXIMUM VALUE
foreign currency exchange risk	404	15	205	815
interest rate risk	1 136	964	1 431	2 103
Trading portfolio	1 252	1 046	1 329	1 880

	31.12.2014	MINIMUM VALUE	AVERAGE VALUE	MAXIMUM VALUE
foreign currency exchange risk	44	11	413	2 183
interest rate risk	1 365	936	1 792	3 710
Trading portfolio	1 282	872	1 819	3 772

## Notes to financial statements (cont.)

(in PLN thousand)

### Interest rate risk of the banking book

The measurement method of interest rate risk of the banking book has not changed significantly in relation to the one described in the consolidated financial statements of Bank Pekao S.A. Group for the year ended 31 December 2014.

The only adjustments introduced to the measurement of the sensitivity of net interest income (NII) was the exclusion of the impact of further potential lowering of the lombard rate on the interest rates charged on loans.

The following table shows the distribution of sensitivity of net interest income (NII) to the change of interest rates by 100 basis points and the sensitivity of the economic capital of the Group (EVE) to the change of interest rates by 200 basis points as at 31 March 2015 and as at 31 December 2014.

SENSITIVITY IN %	31.03.2015	31.12.2014
NII	(9.05)	(12.17)
EVE	(0.22)	(0.32)

### Foreign currency exchange risk

The foreign currency exchange risk management process has not changed significantly in relation to the one described in the consolidated financial statements of Bank Pekao S.A. Group for the year ended 31 December 2014.

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

CURRENCY	31.03.2015	31.12.2014
Currencies total (*)	285	490

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

### Liquidity risk

The liquidity risk management process has not changed significantly in relation to the one described in the consolidated financial statements of Bank Pekao S.A. Group for the year ended 31 December 2014.

The only adjustment was the update of the models applied: deposit stability model and off-balance sheet flows model, which enabled for better mapping of the liquidity profile.

The tables below present adjusted liquidity gap and structure of financial liabilities and derivatives transactions maturity.

#### Adjusted liquidity gap

31.03.2015	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
Periodic gap	18 356 247	(3 286 458)	3 104 292	33 062 839	(52 358 709)	(1 121 789)
Cumulated gap		15 069 789	18 174 081	51 236 920	(1 121 789)	

31.12.2014	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
Periodic gap	7 394 324	(3 313 804)	8 223 344	22 264 541	(35 543 283)	(974 878)
Cumulated gap		4 080 520	12 303 864	34 568 405	(974 878)	

## Notes to financial statements (cont.)

(in PLN thousand)

### Structure of financial liabilities by contractual maturity

31.03.2015	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
<b>BALANCE SHEET LIABILITIES</b>						
Amounts due to banks (*)	1 398 286	334 469	80 446	1 008 500	1 464 497	4 286 198
Amounts due to customers	93 323 554	13 152 952	13 301 362	2 032 161	21 340	121 831 369
Debt securities issued	9 529	1 039 262	2 153 115	456 959	745 553	4 404 418
Financial liabilities held for trading	34 747	-	-	92 023	38 441	165 211
<b>Total</b>	<b>94 766 116</b>	<b>14 526 683</b>	<b>15 534 923</b>	<b>3 589 643</b>	<b>2 269 831</b>	<b>130 687 196</b>
<b>OFF-BALANCE SHEET COMMITMENTS (**)</b>						
Financial liabilities granted	30 316 063	-	-	-	-	30 316 063
Guarantees issued	14 022 302	-	-	-	-	14 022 302
<b>Total</b>	<b>44 338 365</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44 338 365</b>

### Structure of financial liabilities by contractual maturity

31.12.2014	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 (*)	2 007 821	233 470	360 834	1 030 528	1 941 187	5 573 840
Amounts due to customers	99 800 692	14 198 585	11 196 512	712 407	50 317	125 958 513
Debt securities issued	79 083	1 211 065	1 453 224	560 727	755 557	4 059 656
Financial liabilities held for trading	-	-	362 582	173 090	55 639	591 311
<b>Total</b>	<b>101 887 596</b>	<b>15 643 120</b>	<b>13 373 152</b>	<b>2 476 752</b>	<b>2 802 700</b>	<b>136 183 320</b>
<b>OFF-BALANCE SHEET COMMITMENTS (**)</b>						
Financial liabilities granted	27 376 548	-	-	-	-	27 376 548
Guarantees issued	14 208 684	-	-	-	-	14 208 684
<b>Total</b>	<b>41 585 232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41 585 232</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 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'.

## Notes to financial statements (cont.)

(in PLN thousand)

The financial cash flows associated with off-balance sheet derivative transactions

Off-balance sheet 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),
- Transactions based on equity securities and stock indexes,
- Transactions based on commodities and precious metals.

Off-balance sheet 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 sheet 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
31.03.2015	18 089	41 374	465 193	2 093 375	1 458 784	4 076 815
31.12.2014	109 831	66 827	157 420	2 488 681	1 594 385	4 417 144

Cash flows related to off-balance sheet derivative transactions settled in gross amounts

	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
<b>31.03.2015</b>						
Inflows	26 286 572	4 533 702	6 301 031	8 582 633	3 063 884	48 767 822
Outflows	26 433 252	4 507 521	6 314 067	9 398 464	3 397 961	50 051 265
<b>31.12.2014</b>						
Inflows	20 372 845	11 645 192	5 339 427	8 072 682	3 000 995	48 431 141
Outflows	20 369 706	11 635 627	5 451 489	8 811 935	3 084 889	49 353 646

### 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. Group for the year ended 31 December 2014.

# Notes to financial statements (cont.)

(in PLN thousand)

## Fair value of financial assets and liabilities

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

The measurement of fair value of financial instruments, for which market values from active markets are available, is based on market quotations of 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).

As of 31 March 2015 and on 31 December 2014, the Group classified the financial assets and liabilities measured at fair value into the following three categories based on the valuation method:

- Level 1: mark-to-market, applies exclusively to quoted securities,
- Level 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, corporate 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 Level 3,
- Level 3: mark-to-model valuation with partial model parameterization, based on estimated risk factors. This method is applicable to corporate and municipal debt securities and for derivatives for which unobservable parameters (e.g. credit risk factors) are recognized as significant.

The measurement at fair value is performed directly by a unit within Risk Management Division, independent from front-office units. The methodology of fair value measurement, including the changes of its parameterization are subject to approval of Assets and Liabilities Committee (ALCO). The 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. The principles of classification are regulated by internal procedures and subject to approval of the Management Board Member, responsible for the Finance Division.

## Notes to financial statements (cont.)

(in PLN thousand)

31.03.2015	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Assets:</b>	<b>16 524 866</b>	<b>7 049 146</b>	<b>348 288</b>	<b>23 922 300</b>
Financial assets held for trading	547 217	56 420	80 595	684 232
Derivative financial instruments, including:	7	4 249 364	1 642	4 251 013
- Banks	-	3 490 276	1 642	3 491 918
- Customers	7	759 088	-	759 095
Hedging instruments, including:	-	582 771	-	582 771
- Banks	-	577 094	-	577 094
- Customers	-	5 677	-	5 677
Securities available for sale	15 977 642	2 160 591	266 051	18 404 284
<b>Liabilities:</b>	<b>165 219</b>	<b>6 194 965</b>	<b>-</b>	<b>6 360 184</b>
Financial liabilities held for trading	165 211	-	-	165 211
Derivative financial instruments, including:	8	4 296 327	-	4 296 335
- Banks	-	3 408 220	-	3 408 220
- Customers	8	888 107	-	888 115
Hedging instruments, including:	-	1 898 638	-	1 898 638
- Banks	-	1 898 638	-	1 898 638
- Customers	-	-	-	-

31.12.2014	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Assets:</b>	<b>16 308 012</b>	<b>11 803 880</b>	<b>366 566</b>	<b>28 478 458</b>
Financial assets held for trading	310 653	38 016	99 784	448 453
Derivative financial instruments, including:	-	4 445 008	2 967	4 447 975
- Banks	-	3 654 969	2 967	3 657 936
- Customers	-	790 039	-	790 039
Hedging instruments, including:	-	470 822	-	470 822
- Banks	-	465 249	-	465 249
- Customers	-	5 573	-	5 573
Securities available for sale	15 997 359	6 850 034	263 815	23 111 208
<b>Liabilities:</b>	<b>591 311</b>	<b>5 902 134</b>	<b>-</b>	<b>6 493 445</b>
Financial liabilities held for trading	591 311	-	-	591 311
Derivative financial instruments, including:	-	4 417 706	-	4 417 706
- Banks	-	3 687 513	-	3 687 513
- Customers	-	730 193	-	730 193
Hedging instruments, including:	-	1 484 428	-	1 484 428
- Banks	-	1 484 428	-	1 484 428
- Customers	-	-	-	-

## Notes to financial statements (cont.)

(in PLN thousand)

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

I QUARTER 2015	FINANCIAL ASSETS HELD FOR TRADING	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	SECURITIES AVAILABLE FOR SALE	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)
<b>Opening balance</b>	<b>99 784</b>	<b>2 967</b>	<b>263 815</b>	<b>-</b>
Increases, including:	2 526 975	-	2 236	-
Reclassification	-	-	-	-
Acquisition	2 525 851	-	-	-
Settlement	-	-	-	-
Gains on financial instruments	1 124	-	2 236	-
recognized in the income statement	1 124	-	2 236	-
Decreases, including:	(2 546 164)	(1 325)	-	-
Reclassification	(40 973)	-	-	-
Settlement/redemption	(35 673)	-	-	-
Sale	(2 469 364)	-	-	-
Losses on financial instruments	(154)	(1 325)	-	-
recognized in the income statement	(154)	(1 325)	-	-
recognized in revaluation reserves	-	(1 325)	-	-
<b>Closing balance</b>	<b>80 595</b>	<b>1 642</b>	<b>266 051</b>	<b>-</b>
<b>Unrealized income from financial instruments held in portfolio at the end of the period, recognized in:</b>	<b>266</b>	<b>(1 325)</b>	<b>2 277</b>	<b>-</b>
Income statement:	118	(1 325)	2 025	-
net interest income	118	-	2 025	-
result on financial assets and liabilities held for trading	-	(1 325)	-	-
Other comprehensive income	148	-	252	-

2014	FINANCIAL ASSETS HELD FOR TRADING	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	SECURITIES AVAILABLE FOR SALE	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)
<b>Opening balance</b>	<b>-</b>	<b>2 625</b>	<b>263 668</b>	<b>-</b>
Increases, including:	13 997 309	4 541	9 979	-
Acquisition	13 996 268	-	-	-
Derivatives transactions made in 2014	-	1 488	-	-
Gains on financial instruments	1 041	3 053	9 979	-
recognized in the income statement	1 041	3 053	9 979	-
Decreases, including:	(13 897 525)	(4 199)	(9 832)	-
Reclassification	-	-	-	-
Settlement/redemption	(1 432 830)	(4 199)	(9 832)	-
Sale	(12 464 143)	-	-	-
Losses on financial instruments	(552)	-	-	-
recognized in the income statement	(552)	-	-	-
<b>Closing balance</b>	<b>99 784</b>	<b>2 967</b>	<b>263 815</b>	<b>-</b>
<b>Unrealized income from financial instruments held in portfolio at the end of the period, recognized in:</b>	<b>(343)</b>	<b>1 479</b>	<b>470</b>	<b>-</b>
Income statement:	117	1 479	292	-
net interest income	117	-	292	-
result on financial assets and liabilities held for trading	-	1 479	-	-
Other comprehensive income	(460)	-	178	-

## Notes to financial statements (cont.)

(in PLN thousand)

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

Transfers from Level 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 Level 3 to Level 2 takes place if unobservable valuation parameter is changed to an observable one, or the impact of unobservable parameter becomes insignificant. The transfers between levels take place on date and at the end of the reporting period.

In the period from 1 January till to 31 March 2015, there was no transfer of instruments measured at fair value between Level 1 and Level 2.

In the period from 1 January till to 31 March 2015, there was transfer of two instruments (corporate bonds) measured at fair value from Level 3 to Level 2.

The impact of estimated parameters on measurement of financial instruments for which the Group applies fair value valuation according to Level 3 as at 31 March 2015 and 31 December 2014 is as follows:

FINANCIAL ASSET/LIABILITY	FAIR VALUE AS AT 31.03.2015	VALUATION TECHNIQUE	UNOBSERVABLE FACTOR	ALTERNATIVE FACTOR RANGE (WEIGHTED AVERAGE)	IMPACT ON FAIR VALUE AS AT 31.03.2015	
					POSITIVE SCENARIO	NEGATIVE SCENARIO
Equity derivatives	1 647	Black Scholes Model	Correlation	0-1	327	(270)
Corporate debt securities	333 874	Discounted cash flow	Credit spread	0.66% - 1.05%	4 075	(244)

FINANCIAL ASSET/LIABILITY	FAIR VALUE AS AT 31.12.2014	VALUATION TECHNIQUE	UNOBSERVABLE FACTOR	ALTERNATIVE FACTOR RANGE (WEIGHTED AVERAGE)	IMPACT ON FAIR VALUE AS AT 31.12.2014	
					POSITIVE SCENARIO	NEGATIVE SCENARIO
Equity derivatives	2 967	Black Scholes Model	Correlation	0-1	263	(581)
Corporate debt securities	348 069	Discounted cash flow	Credit spread	0.53% - 0.95%	4 530	(1 264)

### **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. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As of 31 March 2015 and on 31 December 2014, the Group classified the financial assets and liabilities not measured at fair value in the consolidated statement of financial position into the following three categories based on the valuation level:

- Level 1: mark-to-market. Applies to government securities quoted on the liquid market and cash,
- Level 2: mark-to-model valuation with model parameterization, based on quotations from active markets for given type of instrument. This method applies to interbank deposits, own issues, illiquid government, municipal, corporate and central bank debt securities,
- Level 3: mark-to-model valuation with partial model parameterization, based on estimated risk factors. This method is applicable to corporate and municipal debt securities and loans and deposits for which the applied credit risk factor (an unobservable parameter) is recognized significant.



## Notes to financial statements (cont.)

(in PLN thousand)

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

In the case of loans for which no quoted market values are available, the fair values presented are generally estimated using valuation techniques taking into consideration the assumption, that at the moment when the loan is granted its fair value is equal to its carrying amount. Fair value of non-impaired loans is equal to the sum of future expected cash flows, discounted at the balance sheet date. The discount rate is defined as the appropriate market risk-free rate plus the credit risk margin and current sales margin (taking commission income into consideration) for the given loan products group. The margin is computed on loans granted during last three months broken down by loan product groups 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 defined as equal to the sum of expected recoveries, discounted with the use of effective interest rate, since the average expected recovery values take the element of credit risk fully into consideration. In case of loans without repayment schedule (loans in current account, overdrafts and credit cards), the fair value was assumed as equal to the carrying amount.

For the Group's capital exposure, for which no active market prices are available and market values are unattainable, the Group does not measure their fair value. Such exposures include companies from 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 have been generally 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 relevant 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 three months broken down by deposit product groups and maturity. In case of short term deposits (current deposits, overnights, saving accounts), the fair value was assumed as equal to the carrying amount.

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

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

## Notes to the financial statements (cont.)

(in PLN thousand)

31.03.2015	CARRYING AMOUNT	FAIR VALUE	OF WHICH:		
			LEVEL 1	LEVEL 2	LEVEL 3
<b>Assets</b>					
Cash and due from Central Bank	6 672 390	6 672 390	2 330 741	4 341 649	-
Loans and advance to banks	5 646 693	5 657 896	-	3 846 207	1 811 689
Loans and advances to customers (*)	114 653 426	113 838 967	-	8 221 223	105 617 744
Receivables from financial leases	3 058 228	3 111 908	-	-	3 111 908
Debt securities held to maturity	3 308 370	3 325 628	2 501 491	824 137	-
<b>Total Assets</b>	<b>133 339 107</b>	<b>132 606 789</b>	<b>4 832 232</b>	<b>17 233 216</b>	<b>110 541 341</b>
<b>Liabilities</b>					
Amounts due to Central Bank	902	974	-	-	974
Amounts due to other banks	4 147 319	4 197 436	-	1 182 684	3 014 752
Amounts due to customers	121 440 494	121 111 424	-	4 086 665	117 024 759
Debt securities issued	4 209 690	4 277 884	-	4 277 884	-
<b>Total Liabilities</b>	<b>129 798 405</b>	<b>129 587 718</b>	<b>-</b>	<b>9 547 233</b>	<b>120 040 485</b>

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

31.12.2014	CARRYING AMOUNT	FAIR VALUE	OF WHICH:		
			LEVEL 1	LEVEL 2	LEVEL 3
<b>Assets</b>					
Cash and due from Central Bank	9 226 254	9 226 254	3 399 335	5 826 919	-
Loans and advance to banks	7 169 872	7 197 178	-	5 340 515	1 856 663
Loans and advances to customers (*)	111 872 113	110 749 476	-	7 513 821	103 235 655
Receivables from financial leases	3 112 048	3 165 120	-	-	3 165 120
Debt securities held to maturity	1 601 568	1 616 035	764 589	851 446	-
<b>Total Assets</b>	<b>132 981 855</b>	<b>131 954 063</b>	<b>4 163 924</b>	<b>19 532 701</b>	<b>108 257 438</b>
<b>Liabilities</b>					
Amounts due to Central Bank	971	997	-	-	997
Amounts due to other banks	5 344 702	5 408 323	-	1 126 766	4 281 557
Amounts due to customers	125 609 000	125 249 984	-	5 257 218	119 992 766
Debt securities issued	3 857 043	3 921 735	-	3 921 735	-
<b>Total Liabilities</b>	<b>134 811 716</b>	<b>134 581 039</b>	<b>-</b>	<b>10 305 719</b>	<b>124 275 320</b>

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

## Notes to financial statements (cont.)

(in PLN thousand)

### 8. Operating segments

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

The Model within budgeting and monitoring area of results of the segments includes 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 20 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,
- Assets and Liabilities Management 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 31 March 2015

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND INVESTMENT BANKING	ASSETS AND LIABILITIES COMMITTEE AND OTHER	TOTAL
<b>Total net interest income</b>	<b>585 446</b>	<b>5 871</b>	<b>379 732</b>	<b>87 383</b>	<b>1 058 432</b>
<b>Non-interest income</b>	<b>375 456</b>	<b>7 860</b>	<b>358 203</b>	<b>8 140</b>	<b>749 659</b>
<b>Operating income</b>	<b>960 902</b>	<b>13 731</b>	<b>737 935</b>	<b>95 523</b>	<b>1 808 091</b>
Personnel expenses	(278 761)	(5 579)	(66 721)	(120 861)	(471 922)
Other administrative expenses	(310 376)	(6 988)	(85 557)	155 218	(247 703)
Depreciation and amortisation	(41 505)	(376)	(6 352)	(33 505)	(81 738)
<b>Operating costs</b>	<b>(630 642)</b>	<b>(12 943)</b>	<b>(158 630)</b>	<b>852</b>	<b>(801 363)</b>
<b>Operating profit</b>	<b>330 260</b>	<b>788</b>	<b>579 305</b>	<b>96 375</b>	<b>1 006 728</b>
Net impairment losses on loans and off-balance sheet commitments	(51 528)	(478)	(86 258)	1 132	(137 132)
<b>Net operating profit</b>	<b>278 732</b>	<b>310</b>	<b>493 047</b>	<b>97 507</b>	<b>869 596</b>
Net result on other provisions	152	-	38	(26 062)	(25 872)
Guarantee funds charges	(25 395)	(162)	(43 415)	-	(68 972)
Net result on investment activities	6	-	98	579	683
<b>Profit before tax</b>	<b>253 495</b>	<b>148</b>	<b>449 768</b>	<b>72 024</b>	<b>775 435</b>
Income tax expense					(150 866)
<b>Net profit for the period</b>					<b>624 569</b>
<b>Attributable to equity holders of the Bank</b>					<b>624 417</b>
Attributable to non-controlling interest					152
Allocated assets	55 105 298	258 956	95 506 044	(95 132)	150 775 166
Unallocated assets					12 752 824
<b>Total assets</b>					<b>163 527 990</b>
Allocated liabilities	64 165 241	6 750 871	64 489 569	(3 956 766)	131 448 915
Unallocated liabilities					32 079 075
<b>Total liabilities</b>					<b>163 527 990</b>

## Notes to financial statements (cont.)

(in PLN thousand)

Operating segments reporting for the period from 1 January to 31 March 2014

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND INVESTMENT BANKING	ASSETS AND LIABILITIES COMMITTEE AND OTHER	TOTAL
<b>Total net interest income</b>	<b>598 884</b>	<b>7 255</b>	<b>401 237</b>	<b>141 979</b>	<b>1 149 355</b>
<b>Non-interest income</b>	<b>413 388</b>	<b>7 496</b>	<b>199 525</b>	<b>20 064</b>	<b>640 473</b>
<b>Operating income</b>	<b>1 012 272</b>	<b>14 751</b>	<b>600 762</b>	<b>162 043</b>	<b>1 789 828</b>
Personnel expenses	(279 931)	(5 593)	(67 418)	(118 438)	(471 380)
Other administrative expenses	(327 929)	(6 724)	(86 907)	154 838	(266 722)
Depreciation and amortisation	(40 172)	(275)	(4 729)	(36 769)	(81 945)
<b>Operating costs</b>	<b>(648 032)</b>	<b>(12 592)</b>	<b>(159 054)</b>	<b>(369)</b>	<b>(820 047)</b>
<b>Operating profit</b>	<b>364 240</b>	<b>2 159</b>	<b>441 708</b>	<b>161 674</b>	<b>969 781</b>
Net impairment losses on loans and off-balance sheet commitments	(63 798)	353	(82 995)	(1 062)	(147 502)
<b>Net operating profit</b>	<b>300 442</b>	<b>2 512</b>	<b>358 713</b>	<b>160 612</b>	<b>822 279</b>
Net result on other provisions	(21)	-	(690)	(477)	(1 188)
Guarantee funds charges	(16 116)	(132)	(20 557)	-	(36 805)
Net result on investment activities	19	-	102	(454)	(333)
<b>Profit before tax</b>	<b>284 324</b>	<b>2 380</b>	<b>337 568</b>	<b>159 681</b>	<b>783 953</b>
Income tax expense					(146 017)
<b>Net profit for the period</b>					<b>637 936</b>
<b>Attributable to equity holders of the Bank</b>					<b>634 244</b>
Attributable to non-controlling interest					3 692
Allocated assets	50 284 289	354 325	92 537 913	130 795	143 307 322
Unallocated assets					9 064 296
<b>Total assets</b>					<b>152 371 618</b>
Allocated liabilities	59 795 910	7 136 199	61 143 397	(4 049 879)	124 025 627
Unallocated liabilities					28 345 991
<b>Total liabilities</b>					<b>152 371 618</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### Reconciliations of operating income for reportable segments

	I QUARTER 2015	I QUARTER 2014
<b>Total operating income for reportable segments</b>	<b>1 808 091</b>	<b>1 789 828</b>
Share in gains (losses) from associates	(15 501)	(19 282)
Net other operating income and expenses	(9 623)	(34 237)
Refunding of administrative expenses	836	1 795
<b>Operating income</b>	<b>1 783 803</b>	<b>1 738 104</b>

### Geographical segment

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

## 9. Interest income and expense

### Interest income

	I QUARTER 2015	I QUARTER 2014
Loans and other receivables from customers	1 130 029	1 248 690
Interbank placements	29 649	37 707
Reverse repo transactions	21 290	21 315
Investment securities	169 497	221 138
Hedging derivatives	46 546	39 525
Financial assets held for trading	1 285	2 654
<b>Total</b>	<b>1 398 296</b>	<b>1 571 029</b>

### Interest expense

	I QUARTER 2015	I QUARTER 2014
Deposits from customers	(301 014)	(380 382)
Interbank deposits	(4 210)	(9 730)
Repo transactions	(16 169)	(20 087)
Loans and advances received	(8 008)	(12 941)
Debt securities issued	(25 965)	(17 816)
<b>Total</b>	<b>(355 366)</b>	<b>(440 956)</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### 10. Fee and commission income and expense

#### Fee and commission income

	I QUARTER 2015	I QUARTER 2014
Accounts maintenance, payment orders and cash transactions	161 711	167 889
Payment cards	161 447	210 740
Loans and advances	104 024	86 079
Investment products sales intermediation	75 286	67 339
Securities operations	29 008	29 503
Custody activity	13 713	14 923
Pension and investment funds service fees	12 445	14 514
Guarantees, letters of credit and similar transactions	12 162	11 935
Other	14 109	29 043
<b>Total</b>	<b>583 905</b>	<b>631 965</b>

#### Fee and commission expense

	I QUARTER 2015	I QUARTER 2014
Payment cards	(86 328)	(102 548)
Money orders and transfers	(5 399)	(4 707)
Securities and derivatives operations	(4 464)	(5 111)
Accounts maintenance	(672)	(578)
Custody activity	(2 183)	(2 580)
Pension funds management charges	(110)	(347)
Acquisition services	(825)	(537)
Other	(3 357)	(2 658)
<b>Total</b>	<b>(103 338)</b>	<b>(119 066)</b>

### 11. Dividend income

	I QUARTER 2015	I QUARTER 2014
Issuers of securities held for trading	1	-
<b>Total</b>	<b>1</b>	<b>-</b>

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

	I QUARTER 2015	I QUARTER 2014
Foreign currency exchange result	100 723	82 650
Gains (losses) on derivatives	(889)	21 186
Gains (losses) on securities	5 293	1 607
<b>Total</b>	<b>105 127</b>	<b>105 443</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### 13. Gains (losses) on disposal

#### Realized gains

	I QUARTER 2015	I QUARTER 2014
Loans and other financial receivables	344	414
Available for sale financial assets – debt instruments	152 626	95
Debt securities issued	1	2
<b>Total</b>	<b>152 971</b>	<b>511</b>

#### Realized losses

	I QUARTER 2015	I QUARTER 2014
Loans and other financial receivables	-	-
Available for sale financial assets – debt instruments	-	(78)
Debt securities issued	(27)	(19)
<b>Total</b>	<b>(27)</b>	<b>(97)</b>
<b>Net realized profit</b>	<b>152 944</b>	<b>414</b>

### 14. Administrative expenses

#### Personnel expenses

	I QUARTER 2015	I QUARTER 2014
Wages and salaries	(395 775)	(394 564)
Insurance and other charges related to employees	(72 967)	(73 191)
Share-based payments expenses	(3 180)	(3 625)
<b>Total</b>	<b>(471 922)</b>	<b>(471 380)</b>

#### Other administrative expenses

	I QUARTER 2015	I QUARTER 2014
General expenses	(227 995)	(249 645)
Taxes and charges	(11 947)	(12 868)
Bank Guarantee Fund fee (*)	(68 762)	(34 423)
Financial supervision authority fee (KNF)	(8 807)	(8 386)
<b>Total</b>	<b>(317 511)</b>	<b>(305 322)</b>
<b>Total administrative expenses</b>	<b>(789 433)</b>	<b>(776 702)</b>

(\*) The costs of annual fees on the Bank Guarantee Fund for 2015 will amount to PLN 275 047 thousand, for 2014 – PLN 137 742 thousand. Such costs are spread over a period of 12 months. The applied approach reflects the adopted market practices in this area.



## Notes to financial statements (cont.)

(in PLN thousand)

### 15. Depreciation and amortization

	I QUARTER 2015	I QUARTER 2014
Property, plant and equipment	(46 204)	(47 292)
Investment property	(414)	(1 642)
Intangible assets	(35 120)	(33 011)
<b>Total</b>	<b>(81 738)</b>	<b>(81 945)</b>

### 16. Net other operating income and expenses

#### Other operating income

	I QUARTER 2015	I QUARTER 2014
Rental income	6 043	6 083
Miscellaneous income	4 196	2 508
Credit insurance income	203	5 902
Recovery of debt collection costs	3 942	4 823
Excess payments, repayments	966	2 124
Compensation, penalty fees and fines received (including received compensations from damages in relation to fixed assets)	733	31 774
Revenues from sale of products, goods and services	3 527	3 073
Revenues from leasing activity	506	142
Refunding of administrative expenses	836	1 795
Income from written off liabilities	199	69
Releases of impairment allowances for litigation and other assets	2 502	144
Gains on sale of leasing assets for third person and other assets	67	595
Other	1 664	1 284
<b>Total</b>	<b>25 384</b>	<b>60 316</b>

#### Other operating expenses

	I QUARTER 2015	I QUARTER 2014
Costs related to leasing activity	(394)	(7 955)
Credit insurance expenses	(2 036)	(6 717)
Reimbursement and deficiencies	(1 437)	(2 129)
Sundry expenses	(2 438)	(4 538)
Costs from sale of products, goods and services	(1 090)	(1 157)
Customers complaints expenses	(550)	(736)
Impairment allowance for litigations and other assets	(4 463)	(245)
Costs of litigation and claims	(464)	(436)
Compensation, penalty fees and fines paid	(90)	(150)
Losses on disposal of leasing assets for third person and other assets	(412)	-
Other	(2 387)	(2 016)
<b>Total</b>	<b>(15 761)</b>	<b>(26 079)</b>

<b>Net other operating income and expenses</b>	<b>9 623</b>	<b>34 237</b>
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## Notes to financial statements (cont.)

(in PLN thousand)

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

I QUARTER 2015	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 (*)		
<b>Impairment of financial assets and off-balance sheet commitments</b>								
Loans and advances to banks measured at amortized cost	19 360	732	638	-	(721)	(220)	19 789	(11)
Loans and advances to customers measured at amortized cost	5 582 478	396 706	38 552	(36 484)	(249 177)	(26 566)	5 705 509	(147 529)
Receivables from financial leases	187 901	11 783	-	-	(10 234)	(799)	188 651	(1 549)
Financial assets available for sale	122	-	-	-	-	-	122	-
Off-balance sheet commitments	102 386	20 505	582	-	(30 263)	-	93 210	9 758
<b>Total financial assets and off-balance sheet commitments</b>	<b>5 892 247</b>	<b>429 726</b>	<b>39 772</b>	<b>(36 484)</b>	<b>(290 395)</b>	<b>(27 585)</b>	<b>6 007 281</b>	<b>(139 331)</b>
<b>Impairment of other assets</b>								
Investments in associates	60	-	-	-	-	-	60	-
Intangible assets	10 961	-	-	-	-	-	10 961	-
Property, plant and equipment	6 667	27	-	-	-	(75)	6 619	(27)
Investment properties	8 682	-	-	-	-	-	8 682	-
Other	76 532	4 463	859	(396)	(2 502)	-	78 956	(1 961)
<b>Total impairment of other assets</b>	<b>102 902</b>	<b>4 490</b>	<b>859</b>	<b>(396)</b>	<b>(2 502)</b>	<b>(75)</b>	<b>105 278</b>	<b>(1 988)</b>
<b>Total</b>	<b>5 995 149</b>	<b>434 216</b>	<b>40 631</b>	<b>(36 880)</b>	<b>(292 897)</b>	<b>(27 660)</b>	<b>6 112 559</b>	<b>(141 319)</b>

(\*) 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 139 331 thousand and proceeds from recovered bad debt in the amount of PLN 2 199 thousand, the total is PLN minus 137 132 thousand.

## Notes to financial statements (cont.)

(in PLN thousand)

I QUARTER 2014	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 (*)		
<b>Impairment of financial assets and off-balance sheet commitments</b>								
Loans and advances to banks measured at amortized cost	25 721	74	248	-	(106)	(204)	25 733	32
Loans and advances to customers measured at amortized cost	5 028 177	409 481	64 100	(46 920)	(262 461)	(59 208)	5 133 169	(147 020)
Receivables from financial leasing	175 111	14 265	79	-	(10 823)	-	178 632	(3 442)
Financial assets available for sale	123	-	-	-	-	-	123	-
Impairment of off-balance sheet commitments	113 932	27 473	47	-	(28 975)	-	112 477	1 502
<b>Total financial assets and off-balance sheet commitments</b>	<b>5 343 064</b>	<b>451 293</b>	<b>64 474</b>	<b>(46 920)</b>	<b>(302 365)</b>	<b>(59 412)</b>	<b>5 450 134</b>	<b>(148 928)</b>
<b>Impairment of other assets</b>								
Investments in associates	60	-	-	-	-	-	60	-
Intangible assets	10 961	-	-	-	-	-	10 961	-
Property, plant and equipment	6 830	-	-	(1)	-	-	6 829	-
Investment properties	3 080	-	6 152	-	-	-	9 232	-
Other	65 544	245	16	(61)	(144)	-	65 600	(101)
<b>Total impairment of other assets</b>	<b>86 475</b>	<b>245</b>	<b>6 168</b>	<b>(62)</b>	<b>(144)</b>	<b>-</b>	<b>92 682</b>	<b>(101)</b>
<b>Total</b>	<b>5 429 539</b>	<b>451 538</b>	<b>70 642</b>	<b>(46 982)</b>	<b>(302 509)</b>	<b>(59 412)</b>	<b>5 542 816</b>	<b>(149 029)</b>

(\*) 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 148 928 thousand and proceeds from recovered bad debt in the amount of PLN 1 426 thousand, the total is PLN minus 147 502 thousand.

## Notes to financial statements (cont.)

(in PLN thousand)

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

	I QUARTER 2015	I QUARTER 2014
Share in gains (losses) from associates		
Dom Inwestycyjny Xelion Sp. z o.o	388	193
Pioneer Pekao Investment Management S.A.	11 797	16 675
Krajowa Izba Rozliczeniowa S.A.	3 316	2 414
<b>Total share in gains (losses) from associates</b>	<b>15 501</b>	<b>19 282</b>
<b>Gains on liquidation of subsidiaries</b>	<b>55</b>	<b>-</b>
<b>Total gains (losses) from subsidiaries and associates</b>	<b>15 556</b>	<b>19 282</b>

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

	I QUARTER 2015	I QUARTER 2014
Gains (losses) on disposal of property, plant and equipment classified as assets held for sale	-	-
Gains (losses) on de-recognition of property, plant and equipment and intangible assets other than classified as assets held for sale	628	(333)
<b>Total gains (losses) on disposal of property, plant and equipment, and intangible assets</b>	<b>628</b>	<b>(333)</b>

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

	I QUARTER 2015	I QUARTER 2014
<b>INCOME STATEMENT</b>		
<b>Current tax</b>	<b>(186 872)</b>	<b>(123 710)</b>
Current tax charge in the income statement	(201 134)	(130 290)
Adjustments related to the current tax from previous years	14 993	7 433
Other taxes (e.g. withholding tax, income tax relating to foreign branches)	(731)	(853)
<b>Deferred tax</b>	<b>36 006</b>	<b>(22 307)</b>
Occurrence and reversal of temporary differences	36 006	(22 307)
<b>Tax charge in the consolidated income statement</b>	<b>(150 866)</b>	<b>(146 017)</b>
<b>EQUITY</b>		
<b>Deferred tax</b>	<b>26 932</b>	<b>(4 836)</b>
Income and costs disclosed in other comprehensive income:		
revaluation of financial instruments - cash flows hedges	10 682	2 169
revaluation of available for sale financial assets – debt securities	16 308	(7 043)
revaluation of available for sale financial assets – equity securities	(58)	38
Foreign currency translation differences	-	-
<b>Tax on items that are or may be reclassified subsequently to profit or loss</b>	<b>26 932</b>	<b>(4 836)</b>
<b>Tax charge on items that will never be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>
revaluation of the defined benefit liabilities	-	-
<b>Total charge</b>	<b>(123 934)</b>	<b>(150 853)</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### 21. 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.

	I QUARTER 2015	I QUARTER 2014
Net profit	624 417	634 244
Weighted average number of ordinary shares in the period	262 470 034	262 470 034
Earnings per share (in PLN per share)	2.38	2.42

#### 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 31 March 2015 there were no diluting instruments in the form of convertible bonds in the Group.

	I QUARTER 2015	I QUARTER 2014
Net profit	624 417	634 244
Weighted average number of ordinary shares in the period	262 470 034	262 470 034
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	262 470 034	262 470 034
Diluted earnings per share (in PLN per share)	2.38	2.42

### 22. Dividend payment

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

On 30 April 2015 the Ordinary General Meeting of Bank Pekao S.A. made the resolution regarding the dividend payment for year 2014. The dividend to the shareholders contributed an amount of PLN 2 624 700 340.00, wherein the amount of the dividend per one share was PLN 10.00. The dividend's day was fixed for 22 June 2015.

The payment of the dividend will be on 7 July 2015.

## Notes to financial statements (cont.)

(in PLN thousand)

### 23. Cash and balances with Central Bank

<b>Cash and due from Central Bank</b>	<b>31.03.2015</b>	<b>31.12.2014</b>	<b>31.03.2014</b>
Cash	2 330 741	3 399 335	1 949 146
Current account at Central Bank	4 341 637	5 826 907	4 622 221
Other	12	12	12
<b>Total</b>	<b>6 672 390</b>	<b>9 226 254</b>	<b>6 571 379</b>

<b>Amounts due to Central Bank</b>	<b>31.03.2015</b>	<b>31.12.2014</b>	<b>31.03.2014</b>
Term deposits	902	971	952
<b>Total</b>	<b>902</b>	<b>971</b>	<b>952</b>

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

<b>31.03.2015</b>	<b>ASSETS</b>	<b>LIABILITIES</b>
PLN	5 865 328	902
EUR	305 685	-
USD	274 003	-
CHF	47 239	-
Other currencies	180 135	-
<b>Total</b>	<b>6 672 390</b>	<b>902</b>

<b>31.12.2014</b>	<b>ASSETS</b>	<b>LIABILITIES</b>
PLN	7 719 529	971
EUR	834 006	-
USD	246 688	-
CHF	72 104	-
Other currencies	353 927	-
<b>Total</b>	<b>9 226 254</b>	<b>971</b>

<b>31.03.2014</b>	<b>ASSETS</b>	<b>LIABILITIES</b>
PLN	5 964 440	952
EUR	256 373	-
USD	208 413	-
CHF	26 538	-
Other currencies	115 615	-
<b>Total</b>	<b>6 571 379</b>	<b>952</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### 24. Loans and advances to banks

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

	31.03.2015	31.12.2014	31.03.2014
Current accounts and overnight placements	1 170 613	2 361 001	1 299 569
Interbank placements	1 145 564	1 024 821	892 157
Loans and advances	116 598	156 224	122 870
Cash collaterals	1 675 036	1 675 036	1 247 331
Reverse repo transactions	1 522 475	1 930 808	2 184 993
Cash in transit	36 196	41 342	26 120
<b>Total gross amount</b>	<b>5 666 482</b>	<b>7 189 232</b>	<b>5 773 040</b>
Impairment allowances	(19 789)	(19 360)	(25 733)
<b>Total net amount</b>	<b>5 646 693</b>	<b>7 169 872</b>	<b>5 747 307</b>

#### Loans and advances to banks by quality

	31.03.2015	31.12.2014	31.03.2014
Loans and advances to banks, including:			
non impaired (gross)	5 646 927	7 170 272	5 747 356
impaired (gross)	19 555	18 960	25 684
individual impairment allowances	(9 755)	(9 160)	(9 707)
collective impairment allowances (*)	(10 034)	(10 200)	(16 026)
<b>Total</b>	<b>5 646 693</b>	<b>7 169 872</b>	<b>5 747 307</b>

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

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

	31.03.2015	31.12.2014	31.03.2014
Loans and advances to banks, including:			
up to 1 month	4 701 026	6 185 886	4 150 575
between 1 and 3 months	62 465	194 601	874 040
between 3 months and 1 year	517 588	408 533	386 369
between 1 and 5 years	353 569	367 091	313 121
over 5 years	-	-	23 078
past due	31 834	33 121	25 857
<b>Total gross amount</b>	<b>5 666 482</b>	<b>7 189 232</b>	<b>5 773 040</b>
Impairment allowances	(19 789)	(19 360)	(25 733)
<b>Total net amount</b>	<b>5 646 693</b>	<b>7 169 872</b>	<b>5 747 307</b>

#### Loans and advances to banks by currency

	31.03.2015	31.12.2014	31.03.2014
PLN	2 131 268	2 709 014	2 911 723
CHF	6 959	3 457	34 684
EUR	1 624 829	2 739 042	1 388 103
USD	1 727 928	1 553 787	1 283 534
Other currencies	155 709	164 572	129 263
<b>Total</b>	<b>5 646 693</b>	<b>7 169 872</b>	<b>5 747 307</b>

Changes in impairment allowances in the period from 1 January to 31 March 2015 and in the period from 1 January to 31 March 2014 are presented in the Note 17.

## Notes to financial statements (cont.)

(in PLN thousand)

### 25. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading by product type

	31.03.2015	31.12.2014	31.03.2014
<b>FINANCIAL ASSETS</b>			
Debt securities	668 193	448 453	990 768
Equity securities	16 039	-	-
<b>Total financial assets</b>	<b>684 232</b>	<b>448 453</b>	<b>990 768</b>
<b>FINANCIAL LIABILITIES</b>			
Debt securities	165 211	591 311	365 896
<b>Total financial liabilities</b>	<b>165 211</b>	<b>591 311</b>	<b>365 896</b>

Debt securities held for trading

	31.03.2015	31.12.2014	31.03.2014
<b>FINANCIAL ASSETS</b>			
Debt securities issued by State Treasury	531 178	310 653	990 768
T- bills	-	-	-
T- bonds	531 178	310 653	990 768
Debt securities issued by banks	30 039	54 688	-
Debt securities issued by business entities	106 976	83 112	-
<b>Total financial assets</b>	<b>668 193</b>	<b>448 453</b>	<b>990 768</b>
<b>FINANCIAL LIABILITIES</b>			
Debt securities issued by State Treasury	165 211	591 311	365 896
T- bonds	165 211	591 311	365 896
<b>Total financial liabilities</b>	<b>165 211</b>	<b>591 311</b>	<b>365 896</b>

Equity securities held for trading

	31.03.2015	31.12.2014	31.03.2014
Shares	16 039	-	-
<b>Total</b>	<b>16 039</b>	<b>-</b>	<b>-</b>



## Notes to financial statements (cont.)

(in PLN thousand)

### Debt securities held for trading by maturity

	31.03.2015	31.12.2014	31.03.2014
<b>FINANCIAL ASSETS</b>			
Debt securities, including:			
up to 1 month	22 392	26 201	9 271
between 1 and 3 months	-	13 214	-
between 3 months and 1 year	141 818	65 729	75 643
between 1 and 5 years	377 109	163 072	744 652
over 5 years	117 588	180 237	161 202
unspecified term	9 286	-	-
<b>Total financial assets</b>	<b>668 193</b>	<b>448 453</b>	<b>990 768</b>
<b>FINANCIAL LIABILITIES</b>			
Debt securities, including:			
up to 1 month	34 747	-	-
between 1 and 3 months	-	-	-
between 3 months and 1 year	-	362 582	-
between 1 and 5 years	92 023	173 090	180 714
over 5 years	38 441	55 639	185 182
<b>Total financial liabilities</b>	<b>165 211</b>	<b>591 311</b>	<b>365 896</b>

### Debt securities held for trading by currency

	31.03.2015	31.12.2014	31.03.2014
<b>FINANCIAL ASSETS</b>			
PLN	653 161	403 194	950 704
EUR	10 071	41 876	10 121
USD	4 961	3 383	29 943
<b>Total financial assets</b>	<b>668 193</b>	<b>448 453</b>	<b>990 768</b>
<b>FINANCIAL LIABILITIES</b>			
PLN	165 211	591 311	365 896
<b>Total financial liabilities</b>	<b>165 211</b>	<b>591 311</b>	<b>365 896</b>

## Notes to financial statements (cont.)

(in PLN thousand)

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

#### Fair value of trading derivatives

31.03.2015	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	3 468 494	3 479 483
Forward Rate Agreements (FRA)	4 317	7 459
Options	17 188	17 609
Other	500	603
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	40 046	80 674
Currency Forward Agreements	177 789	204 233
Currency Swaps (fx-swap)	252 680	203 338
Options for currency and gold	67 524	72 965
Transactions based on equity securities and stock indexes		
Options	12 921	12 950
Other	7	9 293
Transactions based on commodities and precious metals		
Options	3	3
Other	209 544	207 725
<b>Total</b>	<b>4 251 013</b>	<b>4 296 335</b>

31.12.2014	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	3 772 307	3 768 010
Forward Rate Agreements (FRA)	4 558	6 956
Options	13 263	13 076
Other	110	84
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	37 844	70 612
Currency Forward Agreements	149 724	82 594
Currency Swaps (fx-swap)	143 469	146 153
Options for currency and gold	46 657	52 016
Transactions based on equity securities and stock indexes		
Options	5 387	5 390
Other	-	-
Transactions based on commodities and precious metals		
Options	41	41
Other	274 615	272 774
<b>Total</b>	<b>4 447 975</b>	<b>4 417 706</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### Fair value of trading derivatives

31.03.2014	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	1 709 419	1 734 720
Forward Rate Agreements (FRA)	6 438	4 660
Options	12 791	12 460
Other	631	503
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	13 309	33 524
Currency Forward Agreements	34 304	77 741
Currency Swaps (fx-swap)	85 506	49 892
Options for currency and gold	40 181	41 096
Transactions based on equity securities and stock indexes		
Options	1 867	1 867
Other	-	-
Transactions based on commodities and precious metals		
Options	-	-
Other	13 447	12 778
<b>Total</b>	<b>1 917 893</b>	<b>1 969 241</b>

## 27. Loans and advances to customers

### Loans and advances to customers by product type

	31.03.2015	31.12.2014	31.03.2014
Mortgage loans	41 970 148	40 799 856	38 044 945
Current accounts	11 669 570	10 892 636	11 778 917
Operating loans	14 665 687	15 253 042	13 027 178
Investment loans	20 156 147	20 177 440	19 501 387
Payment cards receivables	792 555	805 590	768 569
Purchased debt receivables	3 166 891	3 135 495	2 663 049
Other loans and advances	10 209 100	10 101 570	9 644 911
Debt securities	11 339 387	10 442 561	9 327 129
Reverse repo transactions	6 271 378	5 789 064	3 930 188
Cash in transit	117 907	57 172	69 524
<b>Total gross amount</b>	<b>120 358 770</b>	<b>117 454 426</b>	<b>108 755 797</b>
Impairment allowances	(5 705 509)	(5 582 478)	(5 133 169)
<b>Total net amount</b>	<b>114 653 261</b>	<b>111 871 948</b>	<b>103 622 628</b>

### Loans and advances to customers by customer type

	31.03.2015	31.12.2014	31.03.2014
Corporate	57 948 740	56 324 459	51 803 992
Individuals	50 529 892	49 309 571	45 486 603
Budget entities	11 880 138	11 820 396	11 465 202
<b>Total gross amount</b>	<b>120 358 770</b>	<b>117 454 426</b>	<b>108 755 797</b>
Impairment allowances	(5 705 509)	(5 582 478)	(5 133 169)
<b>Total net amount</b>	<b>114 653 261</b>	<b>111 871 948</b>	<b>103 622 628</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### Loans and advances to customers by quality

	31.03.2015	31.12.2014	31.03.2014
Loans and advances to customers, including:			
non impaired (gross)	112 129 396	109 456 509	101 012 807
impaired (gross)	8 229 374	7 997 917	7 742 990
individual impairment allowances	(3 043 324)	(2 965 669)	(2 809 289)
collective impairment allowances (*)	(2 662 185)	(2 616 809)	(2 323 880)
<b>Total</b>	<b>114 653 261</b>	<b>111 871 948</b>	<b>103 622 628</b>

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

### Loans and advances to customers by contractual maturity

	31.03.2015	31.12.2014	31.03.2014
Loans and advances to customers, including:			
up to 1 month	20 093 321	18 925 405	17 326 931
between 1 and 3 months	3 429 527	3 199 478	3 625 216
between 3 months and 1 year	10 751 491	10 576 253	8 928 010
between 1 and 5 years	36 790 820	36 359 689	33 529 094
over 5 years	43 185 746	42 303 745	39 880 149
past due	6 107 865	6 089 856	5 466 397
<b>Total gross amount</b>	<b>120 358 770</b>	<b>117 454 426</b>	<b>108 755 797</b>
Impairment allowances	(5 705 509)	(5 582 478)	(5 133 169)
<b>Total net amount</b>	<b>114 653 261</b>	<b>111 871 948</b>	<b>103 622 628</b>

### Loans and advances to customers by currency

	31.03.2015	31.12.2014	31.03.2014
PLN	95 490 248	92 504 616	85 181 284
CHF	5 314 367	4 934 512	5 151 659
EUR	10 608 712	11 122 123	11 142 757
USD	3 141 333	3 187 087	2 075 100
Other currencies	98 601	123 610	71 828
<b>Total</b>	<b>114 653 261</b>	<b>111 871 948</b>	<b>103 622 628</b>

Changes in impairment allowances in the period from 1 January to 31 March 2015 and in the period from 1 January to 31 March 2014 are presented in the Note 17.

## Notes to financial statements (cont.)

(in PLN thousand)

### 28. 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:

31.03.2015	GROSS LEASING INVESTMENT	PRESENT VALUE OF MINIMUM LEASE PAYMENTS
Up to 1 year	1 387 770	1 257 852
Between 1 and 5 years	1 910 843	1 761 088
Over 5 years	264 710	227 939
<b>Total</b>	<b>3 563 323</b>	<b>3 246 879</b>
Unearned finance income	(316 444)	
<b>Net leasing investment</b>	<b>3 246 879</b>	
Unguaranteed residual values accruing to the benefit of the lessor	-	
Present value of minimum lease payments	3 246 879	
Impairment allowances	(188 651)	
<b>Balance sheet value</b>	<b>3 058 228</b>	

31.12.2014	GROSS LEASING INVESTMENT	PRESENT VALUE OF MINIMUM LEASE PAYMENTS
Up to 1 year	1 400 757	1 270 838
Between 1 and 5 years	1 938 819	1 789 065
Over 5 years	276 817	240 046
<b>Total</b>	<b>3 616 393</b>	<b>3 299 949</b>
Unearned finance income	(316 444)	
<b>Net leasing investment</b>	<b>3 299 949</b>	
Unguaranteed residual values accruing to the benefit of the lessor	-	
Present value of minimum lease payments	3 299 949	
Impairment allowances	(187 901)	
<b>Balance sheet value</b>	<b>3 112 048</b>	

31.03.2014	GROSS LEASING INVESTMENT	PRESENT VALUE OF MINIMUM LEASE PAYMENTS
Up to 1 year	1 311 774	1 182 929
Between 1 and 5 years	1 861 619	1 713 744
Over 5 years	258 479	221 712
<b>Total</b>	<b>3 431 872</b>	<b>3 118 385</b>
Unearned finance income	(313 487)	
<b>Net leasing investment</b>	<b>3 118 385</b>	
Unguaranteed residual values accruing to the benefit of the lessor	-	
Present value of minimum lease payments	3 118 385	
Impairment allowances	(178 632)	
<b>Balance sheet value</b>	<b>2 939 753</b>	

## Notes to financial statements (cont.)

(in PLN thousand)

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

	31.03.2015	31.12.2014	31.03.2014
Receivables from financial leases from banks, including:			
non impaired (gross)	5 473	6 062	6 761
impaired (gross)	-	-	-
individual impairment allowances	(35)	(41)	(82)
collective impairment allowances (*)	(1)	(1)	-
<b>Total</b>	<b>5 437</b>	<b>6 020</b>	<b>6 679</b>

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

### Receivables from financial leases from clients by quality

	31.03.2015	31.12.2014	31.03.2014
Receivables from financial leases from clients, including:			
non impaired (gross)	2 996 066	3 054 742	2 866 659
impaired (gross)	245 340	239 145	244 965
individual impairment allowances	(36 981)	(40 506)	(39 071)
collective impairment allowances (*)	(151 634)	(147 353)	(139 479)
<b>Total</b>	<b>3 052 791</b>	<b>3 106 028</b>	<b>2 933 074</b>

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

### Receivables from financial leases by currency

	31.03.2015	31.12.2014	31.03.2014
PLN	1 987 522	2 007 147	1 964 865
CHF	3 241	3 483	4 654
EUR	1 062 323	1 096 026	962 609
USD	5 142	5 392	7 625
<b>Total</b>	<b>3 058 228</b>	<b>3 112 048</b>	<b>2 939 753</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### 29. Hedge accounting

As at 31 March 2015 the Group applies fair value hedge accounting and cash flow hedge accounting.

In the period from 1 January to 31 March 2015 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 swaps (IRS),
- cash flow hedge accounting for floating-rate financial assets and liabilities hedged with cross-currency interest rate swap (CIRS) transactions,
- cash flow hedge accounting for floating-rate financial assets hedged with interest rate swap (IRS) transactions,
- cash flow hedge accounting for portfolio of variable rate loans in EUR and USD hedged with fx-swap instruments.

The table below presents the fair value of hedging derivatives

31.03.2015	ASSETS	LIABILITIES
Fair value hedge accounting		
Interest rate swaps (IRS)	-	269 328
Cross-currency interest rate swap (CIRS)	-	-
Cash flow hedge accounting		
Interest rate swaps (IRS)	376 301	-
Cross-currency interest rate swap (CIRS)	71 807	1 546 901
FX-swaps	134 663	82 409
<b>Total</b>	<b>582 771</b>	<b>1 898 638</b>

31.12.2014	ASSETS	LIABILITIES
Fair value hedge accounting		
Interest rate swaps (IRS)	-	298 881
Cross-currency interest rate swap (CIRS)	-	-
Cash flow hedge accounting		
Interest rate swaps (IRS)	425 946	-
Cross-currency interest rate swap (CIRS)	29 120	1 097 779
FX-swaps	15 756	87 768
<b>Total</b>	<b>470 822</b>	<b>1 484 428</b>

## Notes to financial statements (cont.)

(in PLN thousand)

The table below presents the fair value of hedging derivatives

31.03.2014	ASSETS	LIABILITIES
Fair value hedge accounting		
Interest rate swaps (IRS)	194	159 553
Cross-currency interest rate swap (CIRS)	85 031	-
Cash flow hedge accounting		
Interest rate swaps (IRS)	59 103	14 624
Cross-currency interest rate swap (CIRS)	1 186	871 198
FX-swaps	42 560	-
<b>Total</b>	<b>188 074</b>	<b>1 045 375</b>

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

	I QUARTER 2015	I QUARTER 2014
Revaluation reserves (deferral of fair value changes of hedging instruments related to the portions recognized as effective hedge - gross value)	82 403	(40 903)
Net interest income on hedging derivatives	59 574	46 976
Ineffective portions of changes in the fair value of hedging transactions recognized in the income statement	484	179

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

	I QUARTER 2015	I QUARTER 2014
<b>Opening balance</b>	<b>138 622</b>	<b>(29 487)</b>
Deferral of fair value changes of hedging instruments related to the portion recognized as effective hedge	(56 232)	(11 429)
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	13	13
<b>Closing balance</b>	<b>82 403</b>	<b>(40 903)</b>

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

TYPE OF GAINS/LOSSES	I QUARTER 2015	I QUARTER 2014
Gains/losses from revaluation of hedging instruments to fair value	(2 860)	(37 140)
Gains/losses from revaluation of hedged item associated with hedged risk to fair value	5 094	26 415
<b>Result on fair value hedge accounting</b>	<b>2 234</b>	<b>(10 725)</b>
Net interest income on hedging derivatives	(13 028)	(7 451)



## Notes to financial statements (cont.)

(in PLN thousand)

### 30. Investment (placement) securities

	31.03.2015	31.12.2014	31.03.2014
Debt securities available for sale (AFS)	18 331 626	23 039 453	22 742 234
Equity securities available for sale (AFS)	72 658	71 755	18 384
Debt securities held to maturity (HTM)	3 308 370	1 601 568	1 969 328
<b>Total</b>	<b>21 712 654</b>	<b>24 712 776</b>	<b>24 729 946</b>

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

	31.03.2015	31.12.2014	31.03.2014
Securities issued by State Treasury	15 919 773	15 940 434	17 862 636
T-bills	-	-	-
T-bonds	15 919 773	15 940 434	17 862 636
Securities issued by Central Banks	1 475 575	6 147 781	3 966 876
Securities issued by business entities	251 262	248 985	251 323
Securities issued by local governments	685 016	702 253	661 399
<b>Total</b>	<b>18 331 626</b>	<b>23 039 453</b>	<b>22 742 234</b>
including impairment of assets	-	-	-

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

	31.03.2015	31.12.2014	31.03.2014
Shares	72 658	71 755	18 384
<b>Total</b>	<b>72 658</b>	<b>71 755</b>	<b>18 384</b>
including impairment of assets	(122)	(122)	(123)

#### Debt securities held to maturity (HTM)

	31.03.2015	31.12.2014	31.03.2014
Securities issued by State Treasury	2 484 233	750 123	1 137 509
T-bills	-	-	-
T-bonds	2 484 233	750 123	1 137 509
Securities issued by Central Banks	824 137	851 445	831 819
<b>Total</b>	<b>3 308 370</b>	<b>1 601 568</b>	<b>1 969 328</b>
including impairment of assets	-	-	-

#### Investment debt securities according to contractual maturity

	31.03.2015	31.12.2014	31.03.2014
Debt securities, including:			
up to 1 month	2 315 507	6 999 226	5 188 221
between 1 and 3 months	-	-	-
between 3 months and 1 year	1 045 402	590 517	77 429
between 1 and 5 years	14 187 627	13 506 159	12 906 426
over 5 years	4 091 460	3 545 119	6 539 486
<b>Total</b>	<b>21 639 996</b>	<b>24 641 021</b>	<b>24 711 562</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### Investment debt securities by currency

	31.03.2015	31.12.2014	31.03.2014
PLN	18 744 719	20 673 366	21 785 362
EUR	1 921 656	2 027 262	1 918 663
USD	973 621	1 940 393	1 007 537
<b>Total</b>	<b>21 639 996</b>	<b>24 641 021</b>	<b>24 711 562</b>

## 31. 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 31 March 2015 non-current assets classified as held for sale are as follows:

- real estate,
- other property, plant and equipment.

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

	31.03.2015	31.12.2014	31.03.2014
<b>ASSETS HELD FOR SALE</b>			
Property, plant and equipment	14 587	14 587	10 088
Other assets	22 515	22 515	22 515
<b>Total assets</b>	<b>37 102</b>	<b>37 102</b>	<b>32 603</b>

The effect of disposal of other assets is as follows:

	I QUARTER 2015	2014	I QUARTER 2014
Sales revenues	-	1 293	-
Net carrying amount of disposed assets (including sale costs)	-	732	-
<b>Profit/loss on sale before income tax</b>	<b>-</b>	<b>561</b>	<b>-</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### 32. Intangible assets

	31.03.2015	31.12.2014	31.03.2014
Intangible assets, including:	601 914	571 512	557 171
research and development expenditures	9 693	10 412	12 009
licenses and patents	457 825	436 939	434 328
other	10 498	10 845	4 290
assets under construction	123 898	113 316	106 544
Goodwill	55 520	55 520	54 560
<b>Total</b>	<b>657 434</b>	<b>627 032</b>	<b>611 731</b>

In the period from 1 January to 31 March 2015 the Group acquired intangible assets in the amount of PLN 66 193 thousand (in 2014 – PLN 128 523 thousand).

In the period from 1 January to 31 March 2015 and in 2014 there have been no intangible assets whose title is restricted and pledged as security for liabilities.

#### Contractual commitments

As at 31 March 2015 the contractual commitments for the acquisition of intangible assets amounted to PLN 12 260 thousand, whereas as at 31 December 2014 - PLN 35 372 thousand.

### 33. Property, plant and equipment

	31.03.2015	31.12.2014	31.03.2014
Non-current assets, including:	1 465 257	1 458 085	1 483 955
land and buildings	1 106 596	1 103 973	1 130 219
machinery and equipment	266 357	261 076	282 417
transport vehicles	45 936	47 301	32 911
other	46 368	45 735	38 408
Non-current assets under construction and prepayments	49 549	86 054	76 832
<b>Total</b>	<b>1 514 806</b>	<b>1 544 139</b>	<b>1 560 787</b>

In the period from 1 January to 31 March 2015 the Group acquired property, plant and equipment in the amount of PLN 12 245 thousand (in 2014 - PLN 126 020 thousand), while the value of property, plant and equipment sold amounted to PLN 143 thousand (in 2014 - PLN 6 394 thousand).

In the period from 1 January to 31 March 2015 and in 2014 there have been no property, plant and equipment whose title is restricted and pledged as security for liabilities.

#### Contractual commitments

As at 31 March 2015 the contractual commitments for the acquisition of property, plant and equipment amounted to PLN 17 455 thousand, whereas as at 31 December 2014 - PLN 63 077 thousand.

## Notes to financial statements (cont.)

(in PLN thousand)

### 34. Assets pledged as security for liabilities

As at 31 March 2015 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	920 700	866 361	922 631
Coverage of Fund for protection of guaranteed assets to the benefit of the Bank Guarantee Fund	bonds	684 399	640 200	-
Lombard and technical loan	bonds	4 366 781	4 305 645	-
Other loans	bonds, leases encumbrances	338 137	325 000	193 089
Deposits	bonds	-	-	-
Issue of mortgage bonds	receivables backed by mortgage, bonds	1 573 699	1 579 094	1 068 279
Coverage of the Guarantee Fund for the Settlement of Stock Exchange Transactions to Central Securities Depository (KDPW)	bonds, cash deposits	47 747	46 826	-
Derivatives	bonds	40 149	39 950	22 197

As at 31 December 2014 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 transaction	bonds	3 003 206	2 774 855	3 004 383
Coverage of Fund for protection of guaranteed assets to the benefit of the Bank Guarantee Fund	bonds	679 338	640 200	-
Lombard and technical loan	bonds	5 338 928	5 008 832	-
Other loans	bonds, leases encumbrances	1 124 328	1 115 790	931 077
Deposits	bonds	-	-	-
Issue of mortgage bonds	receivables backed by mortgage, bonds	1 335 272	1 339 615	1 037 330
Coverage of the Gurantee Fund for the Settlement of Stock Exchange Transactions to Central Securities Depository (KDPW)	bonds, cash deposit	40 698	39 915	-
Derivatives	bonds	47 790	42 160	33 640

## Notes to financial statements (cont.)

(in PLN thousand)

As at 31 March 2014 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	3 444 398	3 235 849	3 438 974
Coverage of Fund for protection of guaranteed assets to the benefit of the Bank Guarantee Fund	bonds	609 677	575 200	-
Lombard and technical loan	bonds, bills	3 992 928	3 871 133	-
Other loans	bonds, leases encumbrances	989 000	997 427	872 275
Deposits	bonds	143 625	135 500	136 196
Issue of mortgage bonds	receivables backed by mortgage, bonds	1 322 624	1 333 103	925 885
Coverage of the Guarantee Fund for the Settlement of Stock Exchange Transactions to Central Securities Depository (KDPW)	bonds, cash deposits	45 212	44 785	-
Derivatives	bonds	17 472	17 489	2 317

### 35. Amounts due to other banks

Amounts due to other banks by product type

	31.03.2015	31.12.2014	31.03.2014
Current accounts and overnight deposits	619 271	1 503 821	1 264 379
Interbank deposits and other liabilities	642 811	455 673	695 132
Loans and advances received	2 374 962	3 243 612	3 049 144
Repo transactions	473 263	126 277	2 563 202
Cash in transit	37 012	15 319	16 423
<b>Total</b>	<b>4 147 319</b>	<b>5 344 702</b>	<b>7 588 280</b>

Amounts due to other banks by currency

	31.03.2015	31.12.2014	31.03.2014
PLN	1 085 156	2 335 096	2 674 124
CHF	763 445	713 045	836 847
EUR	2 236 070	2 218 925	2 835 618
USD	35 412	42 023	1 202 995
Other currencies	27 236	35 613	38 696
<b>Total</b>	<b>4 147 319</b>	<b>5 344 702</b>	<b>7 588 280</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### 36. Amounts due to customers

Amounts due to customers by entity and product type

	31.03.2015	31.12.2014	31.03.2014
Amounts due to corporate, including:	51 240 125	58 339 752	48 429 889
current accounts and overnight deposits	30 168 409	24 353 752	24 846 358
term deposits and other liabilities	21 071 716	33 986 000	23 583 531
Amounts due to budget entities, including:	8 560 391	6 210 671	8 808 024
current accounts and overnight deposits	5 730 169	5 090 071	5 411 220
term deposits and other liabilities	2 830 222	1 120 600	3 396 804
Amounts due to individuals, including:	57 171 015	55 407 585	53 635 497
current accounts and overnight deposits	31 926 280	30 404 771	28 549 887
term deposits and other liabilities	25 244 735	25 002 814	25 085 610
Repo transactions	4 071 853	4 979 370	1 791 572
Cash in transit	397 110	671 622	344 007
<b>Total</b>	<b>121 440 494</b>	<b>125 609 000</b>	<b>113 008 989</b>

Amounts due to customers by currency

	31.03.2015	31.12.2014	31.03.2014
PLN	101 641 108	106 221 889	95 229 742
CHF	223 536	205 950	172 895
EUR	11 849 506	11 882 782	10 330 454
USD	6 964 715	6 611 746	6 635 360
Other currencies	761 629	686 633	640 538
<b>Total</b>	<b>121 440 494</b>	<b>125 609 000</b>	<b>113 008 989</b>

### 37. Debt securities issued

Debt securities issued by type

	31.03.2015	31.12.2014	31.03.2014
Certificates of deposit	3 141 411	2 819 713	1 048 764
Mortgage bonds	1 068 279	1 037 330	925 885
<b>Total</b>	<b>4 209 690</b>	<b>3 857 043</b>	<b>1 974 649</b>

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

## Notes to financial statements (cont.)

(in PLN thousand)

### Debt securities issued by currency

	31.03.2015	31.12.2014	31.03.2014
PLN	4 040 469	3 679 880	1 810 488
EUR	169 221	177 163	164 161
USD	-	-	-
<b>Total</b>	<b>4 209 690</b>	<b>3 857 043</b>	<b>1 974 649</b>

### Changes in debt securities issued

	I QUARTER 2015	2014	I QUARTER 2014
<b>Opening balance</b>	<b>3 857 043</b>	<b>3 063 737</b>	<b>3 063 737</b>
Increase (issuance)	1 584 700	6 015 875	894 636
Decrease (redemption)	(1 268 100)	(5 312 326)	(2 025 268)
Decrease (partial redemption)	(510)	(1 838)	(694)
Foreign currency exchange differences	(7 247)	2 686	171
Purchase	-	(64 625)	-
Sale	39 604	136 141	41 894
Other	4 200	17 393	173
<b>Closing balance</b>	<b>4 209 690</b>	<b>3 857 043</b>	<b>1 974 649</b>

## 38. Provisions

### Changes in provisions in the reporting period

I QUARTER 2015	PROVISIONS FOR LITIGATION AND CLAIMS	PROVISIONS FOR DEFINED BENEFIT PLANS	PROVISIONS FOR UNDRAWN CREDIT FACILITIES AND GUARANTEES ISSUED	OTHER PROVISIONS	TOTAL
<b>Opening balance</b>	<b>37 873</b>	<b>267 991</b>	<b>102 386</b>	<b>34 206</b>	<b>442 456</b>
Provision charges/revaluation	26 122	6 385	20 505	3 080	56 092
Provision utilization	(21 433)	(3 880)	-	(823)	(26 136)
Provision releases	(250)	-	(30 263)	-	(30 513)
Foreign currency exchange differences	-	-	582	(35)	547
Other changes	-	442	-	-	442
<b>Closing balance</b>	<b>42 312</b>	<b>270 938</b>	<b>93 210</b>	<b>36 428</b>	<b>442 888</b>
Short term	6 062	13 019	44 061	753	63 895
Long term	36 250	257 919	49 149	35 675	378 993

## Notes to financial statements (cont.)

(in PLN thousand)

2014	PROVISIONS FOR LITIGATION AND CLAIMS	PROVISIONS FOR DEFINED BENEFIT PLANS	PROVISIONS FOR UNDRAWN CREDIT FACILITIES AND GUARANTEES ISSUED	OTHER PROVISIONS	TOTAL
<b>Opening balance</b>	<b>34 986</b>	<b>207 297</b>	<b>113 932</b>	<b>37 322</b>	<b>393 537</b>
Provision charges/revaluation	5 129	22 657	67 469	13 245	108 500
Provision utilization	(3 053)	(6 487)	-	(13 878)	(23 418)
Provision releases	(2 998)	-	(79 724)	-	(82 722)
Foreign currency exchange differences	-	-	709	134	843
Other changes	3 809	44 524	-	(2 617)	45 716
<b>Closing balance</b>	<b>37 873</b>	<b>267 991</b>	<b>102 386</b>	<b>34 206</b>	<b>442 456</b>
Short term	9 308	119	45 842	1 242	56 511
Long term	28 565	267 872	56 544	32 964	385 945

I QUARTER 2014	PROVISIONS FOR LITIGATION AND CLAIMS	PROVISIONS FOR DEFINED BENEFIT PLANS	PROVISIONS FOR UNDRAWN CREDIT FACILITIES AND GUARANTEES ISSUED	OTHER PROVISIONS	TOTAL
<b>Opening balance</b>	<b>34 986</b>	<b>207 297</b>	<b>113 932</b>	<b>37 322</b>	<b>393 537</b>
Provision charges/revaluation	1 395	5 754	27 473	3 689	38 311
Provision utilization	(138)	(2 955)	-	(1 023)	(4 116)
Provision releases	(207)	-	(28 975)	-	(29 182)
Foreign currency exchange differences	39	-	47	29	115
Other changes	-	-	-	118	118
<b>Closing balance</b>	<b>36 075</b>	<b>210 096</b>	<b>112 477</b>	<b>40 135</b>	<b>398 783</b>
Short term	8 465	8 080	62 330	8 936	87 811
Long term	27 610	202 016	50 147	31 199	310 972

### 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 defined benefits plans

Provisions for defined benefits plans consist of provisions for retirement benefits and death-in-service benefits. The present value of such obligations is measured by an independent actuary using the projected unit credit method.

### Other provisions

Other provisions include in particular provisions for other employee benefits and provision for employment restructuring concerning planned liquidation of the Branch in Paris.



## Notes to financial statements (cont.)

(in PLN thousand)

### 39. Contingent commitments

#### Litigation

In the first quarter of 2015 the total value of the litigation subject in the ongoing court proceedings against the Group was PLN 1 159 452 thousand (in the first quarter of 2014 it was PLN 987 516 thousand).

In the first quarter of 2015 there were no proceedings before the court or state administration bodies related to the receivables or payables of the Bank and its subsidiaries in which the pursued claim value (amount to be paid) is at least 10% of the Group's equity.

The most significant court litigation against the Group, per its value, ongoing as at 31 March 2015, is the litigation brought via the plaint of private individuals against the Bank and the Central Brokerage House Pekao S.A. for the payment of PLN 306 622 thousand as compensation for the damage arising from the purchase of stocks and the injury resulting from the execution process. In the first quarter of 2015 was issued a judgment dismissing the claim against defendants. The judgment is not legally valid and final.

Moreover against the Bank currently are pending the following essential litigations:

- proceedings instigated in the second quarter of 2014 as a result of the plaint brought by a guarantee beneficiary for the payment of PLN 55 996 thousand as the bank guarantee drawing,
- proceedings instigated in 2013 as a result of the plaint brought by a guarantee beneficiary for the payment of PLN 43 760 thousand as the bank guarantee drawing,
- proceedings instigated in the first quarter of 2014 as a result of the plaint brought by guarantee beneficiaries for the payment of PLN 32 750 thousand as the bank guarantee drawing,
- proceedings instigated in the first quarter of 2015 as a result of the plaint brought by guarantee beneficiary for the payment of PLN 29 205 thousand as the bank guarantee drawing.

Given the analysis of facts and legal aspects, the Bank evaluates the risk of outflow of funds in these four lawsuits as possible.

As at 31 March 2015, the Group created provisions for litigations against the Group entities which, according to the legal opinion, are connected with a risk of the funds outflow resulting from the fulfillment of the obligation. The value of the above provisions as at 31 March 2015 is PLN 42 312 thousand (PLN 37 873 thousand as at 31 December 2014).

## Notes to financial statements (cont.)

(in PLN thousand)

### Financial commitments granted

Financial commitments granted by entity

	31.03.2015	31.12.2014	31.03.2014
Financial commitments granted to:			
financial entities	2 258 235	626 967	3 492 654
non - financial entities	26 855 819	25 804 627	22 522 961
budget entities	1 202 009	944 954	841 719
<b>Total</b>	<b>30 316 063</b>	<b>27 376 548</b>	<b>26 857 334</b>

### Guarantees issued

Guarantees issued by entity

	31.03.2015	31.12.2014	31.03.2014
Issued to financial entities:	997 409	1 015 435	684 662
guarantees	939 470	971 814	645 104
sureties	57 100	42 990	37 133
confirmed export letters of credit	839	631	2 425
Issued to non-financial entities	12 776 663	13 041 275	10 184 373
guarantees	6 713 778	7 474 912	5 209 508
securities' underwriting guarantees	6 062 885	5 566 363	4 915 935
sureties	-	-	58 930
Issued to budget entities:	248 230	151 974	84 238
guarantees	12 767	13 007	15 028
securities' underwriting guarantees	235 463	138 967	69 210
<b>Total</b>	<b>14 022 302</b>	<b>14 208 684</b>	<b>10 953 273</b>

### Off-balance sheet commitments received

Off-balance sheet commitments received by entity

	31.03.2015	31.12.2014	31.03.2014
Financial received from:	2 057 528	496 467	2 637 437
financial entities	2 045 261	496 467	1 999 437
non - financial entities	12 267	-	638 000
budget entities	-	-	-
Guarantees received from:	12 791 506	12 175 488	13 030 749
financial entities	1 501 416	1 324 576	1 180 184
non - financial entities	10 565 276	10 102 000	11 138 555
budget entities	724 814	748 912	712 010
<b>Total</b>	<b>14 849 034</b>	<b>12 671 955</b>	<b>15 668 186</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)

### 40. Related party transactions

The 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.

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

According to the Banking Act, credit transactions with Members of the Bank's 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 31 March 2015

NAME OF ENTITY	RECEIVABLES FROM LOANS AND PLACEMENTS	SECURITIES	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	67 135	-	-	4	682	-	1 053
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	1 722 825	9 285	408 075	321	490 895	1 168 008	6 698
<b>Associates of Bank Pekao S.A. Group</b>							
Dom Inwestycyjny Xelion Sp. z o.o.	-	-	-	3	22 270	-	34
Pioneer Pekao Investment Management S.A.	-	-	-	41	159 561	-	24
Pioneer Pekao TFI S.A. (PPIM S.A. subsidiary)	7	-	-	20 199	147 291	-	20
Krajowa Izba Rozliczeniowa S.A.	-	-	-	2	25 378	-	-
<b>Total Associates of Bank Pekao S.A. Group</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>20 245</b>	<b>354 500</b>	<b>-</b>	<b>78</b>
Key management personnel of the Bank and UniCredit S.p.A.	6 412	-	-	-	23 147	-	-
<b>Total</b>	<b>1 796 379</b>	<b>9 285</b>	<b>408 075</b>	<b>20 570</b>	<b>869 224</b>	<b>1 168 008</b>	<b>7 829</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### Receivables from loans and placements by contractual maturity

31.03.2015	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
UniCredit S.p.A. – the Bank's parent entity	4 632	62 503	-	-	-	-	67 135
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	804 526	142 823	212	381 808	393 456	-	1 722 825
Associates of Bank Pekao S.A. Group	-	-	-	-	7	-	7
Key management personnel of the Bank and UniCredit S.p.A.	2	-	6	6 005	66	333	6 412
<b>Total</b>	<b>809 160</b>	<b>205 326</b>	<b>218</b>	<b>387 813</b>	<b>393 529</b>	<b>333</b>	<b>1 796 379</b>

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

### Liabilities from loans and deposits by contractual maturity

31.03.2015	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
UniCredit S.p.A. – the Bank's parent entity	682	-	-	-	-	-	682
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	51 564	23 878	269	13 518	30 063	371 603	490 895
Associates of Bank Pekao S.A. Group	18 041	158 742	177 717	-	-	-	354 500
Key management personnel of the Bank and UniCredit S.p.A.	4 333	8 918	5 223	3 170	1 503	-	23 147
<b>Total</b>	<b>74 620</b>	<b>191 538</b>	<b>183 209</b>	<b>16 688</b>	<b>31 566</b>	<b>371 603</b>	<b>869 224</b>

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

## Notes to financial statements (cont.)

(in PLN thousand)

### Receivables from loans and placements by currency

31.03.2015	EUR	USD	CHF	PLN	OTHER	TOTAL
UniCredit S.p.A. – the Bank's parent entity	3 366	1 266	-	62 503	-	67 135
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	830 241	775 716	7	71 844	45 017	1 722 825
Associates of Bank Pekao S.A. Group	-	-	-	7	-	7
Key management personnel of the Bank and UniCredit S.p.A.	-	-	-	6 412	-	6 412
<b>Total</b>	<b>833 607</b>	<b>776 982</b>	<b>7</b>	<b>140 766</b>	<b>45 017</b>	<b>1 796 379</b>

### Liabilities from loans and deposits by currency

31.03.2015	EUR	USD	CHF	PLN	OTHER	TOTAL
UniCredit S.p.A. – the Bank's parent entity	1	-	-	681	-	682
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	59 952	153	371 603	55 777	3 410	490 895
Associates of Bank Pekao S.A. Group	-	-	-	354 500	-	354 500
Key management personnel of the Bank and UniCredit S.p.A.	2 241	1 381	-	12 722	6 803	23 147
<b>Total</b>	<b>62 194</b>	<b>1 534</b>	<b>371 603</b>	<b>423 680</b>	<b>10 213</b>	<b>869 224</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### Related party transactions as at 31 December 2014

NAME OF ENTITY	RECEIVABLES FROM LOANS AND PLACEMENTS	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	183 634	-	13	15 339	-	654
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	1 496 697	456 005	4 493	1 048 862	1 002 599	866
<b>Associates of Bank Pekao S.A. Group</b>						
Dom Inwestycyjny Xelion Sp. z o.o.	-	-	3	22 812	-	36
Pioneer Pekao Investment Management S.A.	-	-	-	154 825	-	3
Pioneer Pekao TFI S.A. (PPIM S.A. subsidiary)	-	-	23 067	144 297	-	9
Krajowa Izba Rozliczeniowa S.A.	-	-	-	7 766	-	-
<b>Total Associates of Bank Pekao S.A. Group</b>	-	-	<b>23 070</b>	<b>329 700</b>	-	<b>48</b>
Key management personnel of the Bank and UniCredit S.p.A.	6 385	-	-	33 291	-	-
<b>Total</b>	<b>1 686 716</b>	<b>456 005</b>	<b>27 576</b>	<b>1 427 192</b>	<b>1 002 599</b>	<b>1 568</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### Receivables from loans and deposits by contractual maturity

31.12.2014	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
UniCredit S.p.A. – the Bank's parent entity	4 766	178 868	-	-	-	-	183 634
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	621 804	117 883	43 218	351 637	362 155	-	1 496 697
Associates of Bank Pekao S.A. Group	-	-	-	-	-	-	-
Key management personnel of the Bank and UniCredit S.p.A.	2	5 998	-	-	48	337	6 385
<b>Total</b>	<b>626 572</b>	<b>302 749</b>	<b>43 218</b>	<b>351 637</b>	<b>362 203</b>	<b>337</b>	<b>1 686 716</b>

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

### Liabilities from loans and deposits by contractual maturity

31.12.2014	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
UniCredit S.p.A. – the Bank's parent entity	15 339	-	-	-	-	-	15 339
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	126 309	539 530	277	14 061	7 596	361 089	1 048 862
Associates of Bank Pekao S.A. Group	28 208	102 192	198 800	500	-	-	329 700
Key management personnel of the Bank and UniCredit S.p.A.	15 644	8 679	8 425	443	100	-	33 291
<b>Total</b>	<b>185 500</b>	<b>650 401</b>	<b>207 502</b>	<b>15 004</b>	<b>7 696</b>	<b>361 089</b>	<b>1 427 192</b>

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



## Notes to financial statements (cont.)

(in PLN thousand)

### Receivables from loans and deposits by currency

31.12.2014	EUR	USD	CHF	PLN	OTHER	TOTAL
UniCredit S.p.A. – the Bank's parent entity	3 581	180 053	-	-	-	183 634
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	606 379	714 067	6	142 632	33 613	1 496 697
Associates of Bank Pekao S.A. Group	-	-	-	-	-	-
Key management personnel of the Bank and UniCredit S.p.A.	-	-	-	6 385	-	6 385
<b>Total</b>	<b>609 960</b>	<b>894 120</b>	<b>6</b>	<b>149 017</b>	<b>33 613</b>	<b>1 686 716</b>

### Liabilities from loans and deposits by currency

31.12.2014	EUR	USD	CHF	PLN	OTHER	TOTAL
UniCredit S.p.A. – the Bank's parent entity	-	-	-	15 339	-	15 339
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	347 597	140	336 914	364 211	-	1 048 862
Associates of Bank Pekao S.A. Group	-	-	-	329 700	-	329 700
Key management personnel of the Bank and UniCredit S.p.A.	2 894	845	-	22 843	6 709	33 291
<b>Total</b>	<b>350 491</b>	<b>985</b>	<b>336 914</b>	<b>732 093</b>	<b>6 709</b>	<b>1 427 192</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### Income and expenses from transactions with related parties for the period from 1 January to 31 March 2015

NAME OF ENTITY	INTEREST INCOME	INTEREST EXPENSE	FEE AND 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	11	(3)	113	(751)	281	(3 486)
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	11 911	(1 632)	1 162	(158)	9 508	(1 355)
<b>Associates of Bank Pekao S.A. Group</b>						
Dom Inwestycyjny Xelion Sp. z o.o.	-	(96)	14	(4)	76	-
Pioneer Pekao Investment Management S.A.	-	(766)	189	-	7	-
Pioneer Pekao TFI S.A. (PPIM S.A. subsidiary)	-	(669)	69 815	-	-	-
Krajowa Izba Rozliczeniowa S.A.	-	(88)	22	-	-	(2 246)
<b>Total Associates of Bank Pekao S.A. Group</b>	-	<b>(1 619)</b>	<b>70 040</b>	<b>(4)</b>	<b>83</b>	<b>(2 246)</b>
Key management personnel of the Bank and UniCredit S.p.A.	53	(114)	2	-	-	-
<b>Total</b>	<b>11 975</b>	<b>(3 368)</b>	<b>71 317</b>	<b>(913)</b>	<b>9 872</b>	<b>(7 087)</b>

### Income and expenses from transactions with related parties for the period from 1 January to 31 March 2014

NAME OF ENTITY	INTEREST INCOME	INTEREST EXPENSE	FEE AND 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	8	(6)	25	(617)	382	(1 813)
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	13 166	(4 677)	3 081	(50)	1 489	(24 247)
<b>Associates of Bank Pekao S.A. Group</b>						
Dom Inwestycyjny Xelion Sp. z o.o.	-	(134)	10	(9)	52	-
Pioneer Pekao Investment Management S.A.	-	(915)	129	-	6	-
Pioneer Pekao TFI S.A. (PPIM S.A. subsidiary)	-	(891)	56 796	-	-	-
Krajowa Izba Rozliczeniowa S.A.	-	(55)	24	-	-	(2 298)
<b>Total Associates of Bank Pekao S.A. Group</b>	-	<b>(1 995)</b>	<b>56 959</b>	<b>(9)</b>	<b>58</b>	<b>(2 298)</b>
Key management personnel of the Bank and UniCredit S.p.A.	64	(120)	4	-	-	-
<b>Total</b>	<b>13 238</b>	<b>(6 798)</b>	<b>60 069</b>	<b>(676)</b>	<b>1 929</b>	<b>(28 358)</b>

## Notes to financial statements (cont.)

(in PLN thousand)

Off-balance sheet financial commitments and guarantees as at 31 March 2015

NAME OF ENTITY	GRANTED		RECEIVED
	FINANCIAL	GUARANTEES	GUARANTEES
UniCredit S.p.A. – the Bank's parent entity	37 790	257 069	36 501
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	175 924	560 261	61 045
<b>Associates of Bank Pekao S.A. Group</b>			
Dom Inwestycyjny Xelion Sp. z o.o.	10 030	-	-
Pioneer Pekao Investment Management S.A.	15	-	-
Pioneer Pekao TFI S.A. (PPIM S.A. subsidiary)	48	-	-
Krajowa Izba Rozliczeniowa S.A.	-	500	-
<b>Total Associates of Bank Pekao S.A. Group</b>	<b>10 093</b>	<b>500</b>	<b>-</b>
Key management personnel of the Bank and UniCredit S.p.A.	843	-	-
<b>Total</b>	<b>224 650</b>	<b>817 830</b>	<b>97 546</b>

At as 31 March 2015, 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

31.03.2015	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	-	-	-	37 790	-	-	37 790
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	-	-	-	175 924	-	-	175 924
Associates of Bank Pekao S.A. Group	-	-	-	10 015	78	-	10 093
Key management personnel of the Bank and UniCredit S.p.A.	20	-	44	565	204	10	843
<b>Total</b>	<b>20</b>	<b>-</b>	<b>44</b>	<b>224 294</b>	<b>282</b>	<b>10</b>	<b>224 650</b>
<b>GUARANTEES ISSUED</b>							
UniCredit S.p.A. – the Bank's parent entity	-	240	-	103 233	18 290	135 306	257 069
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	-	1 489	732	29 784	312 042	216 214	560 261
Associates of Bank Pekao S.A. Group	-	-	-	-	500	-	500
<b>Total</b>	<b>-</b>	<b>1 729</b>	<b>732</b>	<b>133 017</b>	<b>330 832</b>	<b>351 520</b>	<b>817 830</b>
<b>GUARANTEES RECEIVED</b>							
UniCredit S.p.A. – the Bank's parent entity	-	9 174	-	13 628	12 268	1 431	36 501
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	-	2 500	-	42 754	13 731	2 060	61 045
<b>Total</b>	<b>-</b>	<b>11 674</b>	<b>-</b>	<b>56 382</b>	<b>25 999</b>	<b>3 491</b>	<b>97 546</b>

## Notes to financial statements (cont.)

(in PLN thousand)

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

31.03.2015	EUR	USD	CHF	PLN	INNE	TOTAL
<b>FINANCIAL COMMITMENTS GRANTED</b>						
UniCredit S.p.A. – the Bank's parent entity	37 790	-	-	-	-	37 790
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	74 624	-	-	101 300	-	175 924
Associates of Bank Pekao S.A. Group	-	-	-	10 093	-	10 093
Key management personnel of the Bank and UniCredit S.p.A.	-	-	-	843	-	843
<b>Total</b>	<b>112 414</b>	<b>-</b>	<b>-</b>	<b>112 236</b>	<b>-</b>	<b>224 650</b>
<b>GUARANTEES ISSUED</b>						
UniCredit S.p.A. – the Bank's parent entity	9 380	-	-	247 689	-	257 069
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	52 460	-	-	507 801	-	560 261
Associates of Bank Pekao S.A. Group	-	-	-	500	-	500
<b>Total</b>	<b>61 840</b>	<b>-</b>	<b>-</b>	<b>755 990</b>	<b>-</b>	<b>817 830</b>
<b>GUARANTEES RECEIVED</b>						
UniCredit S.p.A. – the Bank's parent entity	29 408	-	-	7 093	-	36 501
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	19 635	-	-	41 410	-	61 045
<b>Total</b>	<b>49 043</b>	<b>-</b>	<b>-</b>	<b>48 503</b>	<b>-</b>	<b>97 546</b>

## Notes to financial statements (cont.)

(in PLN thousand)

Off-balance sheet financial commitments and guarantees as at 31 December 2014

NAME OF ENTITY	GRANTED		RECEIVED	
	FINANCIAL	GUARANTEES	FINANCIAL	GUARANTEES
UniCredit S.p.A. – the Bank's parent entity	39 009	270 784	-	25 121
Entities of UniCredit Group excluding of Bank Pekao S.A. Group entities	96 655	557 728	9 885	51 596
<b>Associates of Bank Pekao S.A. Group</b>				
Dom Inwestycyjny Xelion Sp. z o.o.	10 030	-	-	-
Pioneer Pekao Investment Management S.A.	15	-	-	-
Pioneer Pekao TFI S.A. (PPIM S.A. subsidiary)	54	-	-	-
Krajowa Izba Rozliczeniowa S.A.	-	500	-	-
<b>Total Associates of Bank Pekao S.A. Group</b>	<b>10 099</b>	<b>500</b>	<b>-</b>	<b>-</b>
Key management personnel of the Bank and UniCredit S.p.A.	874	-	-	-
<b>Total</b>	<b>146 637</b>	<b>829 012</b>	<b>9 885</b>	<b>76 717</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### Off-balance sheet financial commitments and guarantees issued by contractual maturity

31.12.2014	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	-	-	-	39 009	-	-	39 009
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	-	-	-	96 464	191	-	96 655
Associates of Bank Pekao S.A. Group	-	-	-	10 015	84	-	10 099
Key management personnel of the Bank and UniCredit S.p.A.	20	516	5	50	273	10	874
<b>Total</b>	<b>20</b>	<b>516</b>	<b>5</b>	<b>145 538</b>	<b>548</b>	<b>10</b>	<b>146 637</b>
<b>GUARANTEES ISSUED</b>							
UniCredit S.p.A. – the Bank's parent entity	-	-	700	84 875	42 909	142 300	270 784
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	-	1 214	1 228	44 810	307 825	202 651	557 728
Associates of Bank Pekao S.A. Group	-	-	-	500	-	-	500
<b>Total</b>	<b>-</b>	<b>1 214</b>	<b>1 928</b>	<b>130 185</b>	<b>350 734</b>	<b>344 951</b>	<b>829 012</b>
<b>FINANCIAL RECEIVED</b>							
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	9 885	-	-	-	-	-	9 885
<b>Total</b>	<b>9 885</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 885</b>
<b>GUARANTEES RECEIVED</b>							
UniCredit S.p.A. – the Bank's parent entity	-	1 211	725	14 994	6 699	1 492	25 121
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	-	-	550	32 986	15 912	2 148	51 596
<b>Total</b>	<b>-</b>	<b>1 211</b>	<b>1 275</b>	<b>47 980</b>	<b>22 611</b>	<b>3 640</b>	<b>76 717</b>

## Notes to financial statements (cont.)

(in PLN thousand)

### Off-balance sheet financial commitments and guarantees issued by currency

31.12.2014	EUR	USD	CHF	PLN	OTHER	TOTAL
<b>FINANCIAL COMMITMENTS GRANTED</b>						
UniCredit S.p.A. – the Bank's parent entity	39 009	-	-	-	-	39 009
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	35 164	-	-	61 491	-	96 655
Associates of Bank Pekao S.A. Group	-	-	-	10 099	-	10 099
Key management personnel of the Bank and UniCredit S.p.A.	-	-	-	874	-	874
<b>Total</b>	<b>74 173</b>	<b>-</b>	<b>-</b>	<b>72 464</b>	<b>-</b>	<b>146 637</b>
<b>GUARANTEES ISSUED</b>						
UniCredit S.p.A. – the Bank's parent entity	9 607	-	-	261 177	-	270 784
Entities of UniCredit Group excluding the Bank Pekao S.A. Group entities	46 734	-	-	510 994	-	557 728
Associates of Bank Pekao S.A. Group	-	-	-	500	-	500
<b>Total</b>	<b>56 341</b>	<b>-</b>	<b>-</b>	<b>772 671</b>	<b>-</b>	<b>829 012</b>
<b>FINANCIAL RECEIVED</b>						
Entities of UniCredit Group exclusive of Bank Pekao S.A. Group entities	-	-	-	9 885	-	9 885
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 885</b>	<b>-</b>	<b>9 885</b>
<b>GUARANTEES RECEIVED</b>						
UniCredit S.p.A. – the Bank's parent entity	18 130	-	-	6 991	-	25 121
Entities of UniCredit Group excluding of Bank Pekao S.A. Group entities	18 336	-	-	33 260	-	51 596
<b>Total</b>	<b>36 466</b>	<b>-</b>	<b>-</b>	<b>40 251</b>	<b>-</b>	<b>76 717</b>



## Notes to financial statements (cont.)

(in PLN thousand)

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

	VALUE OF BENEFITS	
	I QUARTER 2015	I QUARTER 2014
<b>Management Board of the Bank</b>		
Short-term employee benefits (*)	2 645	2 631
Long-term benefits(**)	1 746	1 777
Share-based payments (***)	1 599	1 792
<b>Total</b>	<b>5 990</b>	<b>6 200</b>
<b>Supervisory Board of the Bank</b>		
Short-term employee benefits (*)	243	235
<b>Total</b>	<b>243</b>	<b>235</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 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 phantom shares, granted to the Members of the Bank's Management Board.

The Bank's Management Board and Supervisory Board Members did not receive any remuneration from subsidiaries and associates in the period from 1 January to 31 March 2015 and in the period from 1 January to 31 March 2014.

### Remuneration of Supervisory Boards and Management Boards of subsidiaries

	VALUE OF BENEFITS	
	I QUARTER 2015	I QUARTER 2014
<b>Companies' Management Boards</b>		
Short-term employee benefits	3 352	2 750
<b>Total</b>	<b>3 352</b>	<b>2 750</b>
<b>Companies' Supervisory Boards</b>		
Short-term employee benefits	10	10
<b>Total</b>	<b>10</b>	<b>10</b>

## 41. Subsequent events

There have been no significant subsequent events.

# Signatures of the Management Board Members

11.05.2015	Luigi Lovaglio	President of the Management Board CEO	
Date	Name/Surname	Position/Function	Signature
11.05.2015	Diego Biondo	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
11.05.2015	Andrzej Kopyrski	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
11.05.2015	Adam Niewiński	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
11.05.2015	Grzegorz Piowar	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
11.05.2015	Stefano Santini	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature
11.05.2015	Marian Ważyński	Vice-President of the Management Board	
Date	Name/Surname	Position/Function	Signature

# Annexes to the financial statements

*The accompanying annexes to the financial statements constitute an integral part of the condensed consolidated interim 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 2015**

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

The amendment applies to contributions from employees or third parties to defined benefit plans. The aim of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of remuneration.

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

- **IFRIC 21 'Levies'**

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

The impact of the initial application of the Interpretation will depend on the specific levies imposed, applicable at the date of initial application. The Group claims that the standard's amendment did not have a material impact on its financial statements in the period of its first application.

- **Improvements to IFRS 2010-2012**

The annual improvements to IFRS 2010-2012 principally aim to solve inconsistencies and specify vocabulary.

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

- **Improvements to IFRS 2011-2013**

The annual improvements to IFRS 2011-2013 principally aim to solve inconsistencies and specify vocabulary.

The Group claims that the improvements did not have a 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 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 1 January 2018.

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

Main changes resulting from the new standard include:

- New categorisation of financial assets,
- 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 from financial assets.

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

The standard was 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 Bank, it is expected that these changes will have a significant impact on the Bank's financial instruments valuation and presentation.

- **IFRS 14 'Regulatory deferral accounts'**

Date of application: the first financial year beginning after 1 January 2016.

The aim of this standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities.

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 15 'Revenue from Contracts with Customers'**

Date of application: the first financial year beginning after 1 January 2017.

The Standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

The core principle of the new Standard is to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. In accordance with new IFRS 15, the revenue is recognized when the control over the goods or services is transferred to the customer.

The Group is currently assessing the impact of the IFRS 15 application on its financial statements.

## Annexes to the financial statements (cont.)

- **IAS 16 (amendment) 'Property, Plant and Equipment' and IAS 38 (amendment) 'Intangible Assets'**

Date of application: the first financial year beginning after 1 January 2016.

The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

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

- **IAS 16 (amendment) 'Property, Plant and Equipment' and IAS 41 (amendment) 'Agriculture'**

Date of application: the first financial year beginning after 1 January 2016.

IAS 41 'Agriculture' currently requires all biological assets related to agricultural activity to be measured at fair value less costs to sell. This is based on the principle that the biological transformation that these assets undergo during their lifespan is best reflected by fair value measurement. However, there is a subset of biological assets, known as bearer plants, which are used solely to grow produce over several periods. At the end of their productive lives they are usually scrapped. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits.

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 'Property, Plant and Equipment', because their operation is similar to that of manufacturing.

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

- **IFRS 11 (amendment) 'Joint Arrangements'**

Date of application: the first financial year beginning after 1 January 2016.

The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

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.

- **Improvements to IFRS 2012-2014**

Date of application: the first financial year beginning after 1 January 2016.

The annual improvements to IFRS 2012-2014 principally aim to solve inconsistencies and specify vocabulary.

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

## Annexes to the financial statements (cont.)

- **IFRS 10 (amendment)** 'Consolidated Financial Statements' and **IAS 28 (amendment)** 'Investments in Associates and Joint Ventures'

Date of application: the first financial year beginning after 1 January 2016.

The amendments concern the sale or contribution of assets between the investor and the associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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

- **IAS 27 (amendment)** 'Separate Financial Statements'

Date of application: the first financial year beginning after 1 January 2016.

The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

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

- **Amendments to IFRS 10** 'Consolidated Financial Statements', **IFRS 12** 'Disclosure of interests in other entities' and **IAS 28** 'Associates and joint ventures'

Date of application: the first financial year beginning after 1 January 2016.

The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

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

- **IAS 1 'Presentation of the financial statements'**

Date of application: the first financial year beginning after 1 January 2016.

The amendments clarify that among others an entity should not reduce understandability by aggregating or disaggregating information in a manner that obscures useful information.

These amendments will have an impact on the presentation of the disclosures.

# Annexes to the financial statements (cont.)

## Annex 3

### 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.