TRANSLATION

Bank Polska Kasa Opieki Spółka Akcyjna

Supplementary report on the audit of the separate financial statements

Financial Year ended 31 December 2012

The supplementary report contains 10 pages
The supplementary report
on the audit of the separate financial statements
for the financial year ended
31 December 2012

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Contents

1. General

1.1. Identification of the Bank

1.1.1. The Bank's name

Bank Polska Kasa Opieki Spółka Akcyjna (hereinafter "Bank Pekao S.A.", "the Bank")

1.1.2. Registered office

ul. Grzybowska 53/57
00-950 Warsaw
Poland

1.1.3. Registration in the National Court Register

Registration court:	District Court for Capital City Warsaw in Warsaw, XII Commercial Department of the National Court Register
Date:	2 July 2001
Registration number:	KRS 0000014843
Share capital as at the balance sheet date:	PLN 262,470,034

1.1.4. Management of the Bank

The Management Board is responsible for management of the Bank.

At 31 December 2012, the Management Board of the Bank was comprised of the following members:

- Luigi Lovaglio – President of the Management Board, CEO,
- Diego Biondo – Vice-President of the Management Board,
- Marco Iannaccone – Vice-President of the Management Board,
- Marian Ważyński – Vice-President of the Management Board,
- Andrzej Kopyrski – Vice-President of the Management Board,
- Grzegorz Piwowar – Vice-President of the Management Board,
– Vice-President of the Management Board.

1.2. Auditor information

1.2.1. Key Certified Auditor information

Name and surname:	Bogdan Dębicki
Registration number:	796

1.2.2. Audit Firm information

Name:	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address of registered office:	ul. Chłodna 51, 00-867 Warsaw
Registration number:	KRS 0000339379
Registration court:	District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register
NIP number:	527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered in the register of entities authorised to audit financial statements under number 3546, maintained by the National Council of Certified Auditors.

1.3. Prior period separate financial statements

The separate financial statements for the financial year ended 31 December 2011 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The separate financial statements were approved at the General Meeting on 1 June 2012 where it was resolved to allocate the net profit for the prior financial year of PLN 2,826,372,868.00 as follows:

- the amount of PLN 1,412,088,782.92 was allocated to dividend payment,
- the amount of PLN 1,214,284,085.08 was allocated to other reserve capital,
- the amount of PLN 200,000,000.00 was allocated to general risk fund.

The separate financial statements were submitted to the Registry Court on 14 July 2012 and were published in Monitor Polski B No. 2201 on 21 September 2012.

1.4. Audit scope and responsibilities

This report was prepared for the General Meeting of Bank Polska Kasa Opieki Spółka Akcyjna with its registered office in Warsaw, ul. Grzybowska 53/57 and relates to the separate financial statements comprising: the separate statement of financial position as at 31 December 2012, the separate income statement and the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory information.

The audited Bank prepares its separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of General Meeting dated 5 April 2005.

The separate financial statements have been audited in accordance with the contract dated 27 July 2012, concluded on the basis of the resolution of the General Meeting dated 1 June 2012 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) ("the Accounting Act"), National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing.

We audited the separate financial statements at the Bank's head office (and branches) during the period from 16 September 2012 to 14 March 2013.

Management of the Bank is responsible for the accuracy of the accounting records and the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the report on the Bank's activities.

Our responsibility is to express an opinion and to prepare a supplementary report on the audit of the separate financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit.

Management of the Bank submitted a statement dated as at the same date as this report as to the true and fair presentation of the accompanying separate financial statements, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the financial statements.

All required statements, explanations and information were provided to us by Management of the Bank and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfil the independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and Their Self-Government, Audit Firms and Public Oversight dated 7 May 2009 (Official Journal from 2009, No. 77, item 649).

2. Financial analysis of the Bank

2.1. Summary analysis of the separate financial statements

2.1.1. Statement of financial position

ASSETS	31.12.2012 PLN '000	% of total balance sheet	31.12.2011 PLN '000	% of total balance sheet
Cash and due from Central Bank	9 207 268	6.3	4 886 074	3.5
Debt securities eligible for rediscounting at Central Bank	159	-	100	-
Loans and advances to banks	4 096 454	2.8	5 648 899	4.0
Financial assets held for trading	614 719	0.4	849 711	0.6
Derivative financial instruments (held for trading)	2 650 577	1.8	2 252 962	1.6
Other financial instruments at fair value through profit or loss	-	-	-	-
Loans and advances to customers	94 847 780	64.5	92 143 106	64.6
Hedging instruments	367 890	0.2	408 906	0.3
Investment securities	28 587 056	19.4	29 018 866	20.4
- available for sale	*25 808 501*	*17.5*	*25 345 366*	*17.8*
- held to maturity	*2 778 555*	*1.9*	*3 673 500*	*2.6*
Assets held for sale	1 564 477	1.1	2 015 733	1.4
Investments in subsidiaries	793 113	0.5	793 268	0.6
Investments in associates	29 427	-	39 345	-
Intangible assets	644 445	0.4	675 747	0.5
Property, plant and equipment	1 642 140	1.1	1 736 128	1.2
Investment properties	28 071	-	58 778	-
Income tax assets	574 969	0.4	655 966	0.5
Other assets	1 613 509	1.1	1 206 366	0.8
TOTAL ASSETS	**147 262 054**	**100.0**	**142 389 955**	**100.0**

EQUITY AND LIABILITIES	31.12.2012 PLN '000	% of total balance sheet	31.12.2011 PLN '000	% of total balance sheet
Liabilities				
Amounts due to Central Bank	-	-	356 386	0.3
Amounts due to other banks	6 305 678	4.3	4 072 409	2.9
Financial liabilities held for trading	246 578	-	-	-
Derivative financial instruments (held for trading)	2 629 496	1.8	2 506 700	1.8
Amounts due to customers	108 104 514	73.4	108 004 745	75.8
Hedging instruments	1 226 781	0.8	1 738 549	1.2
Fair value hedge adjustments of hedged items due to interest rate risk	11 328	-	(17 475)	-
Debt securities issued	3 966 148	2.7	2 402 614	1.7
Income tax liabilities	74 508	0.1	192 681	0.1
Provisions	373 490	0.3	345 368	0.2
Other liabilities	1 411 793	1.0	1 989 316	1.4
TOTAL LIABILITIES	**124 350 314**	**84.4**	**121 591 293**	**85.4**
Equity				
Share capital	262 470	0.2	262 382	0.2
Other capital and reserves	19 711 115	13.4	17 709 907	12.4
Retained earnings and profit for the period	2 938 155	2.0	2 826 373	2.0
TOTAL EQUITY	**22 911 740**	**15.6**	**20 798 662**	**14.6**
TOTAL EQUITY AND LIABILITIES	**147 262 054**	**100.0**	**142 389 955**	**100.0**

2.1.2. Income statement

	1.01.2012 - 31.12.2012 PLN '000	**1.01.2011 - 31.12.2011 PLN '000**
Interest income	7 917 577	7 002 384
Interest expense	(3 387 999)	(2 734 165)
Net interest income	**4 529 578**	**4 268 219**
Fee and commission income	2 549 630	2 656 786
Fee and commission expense	(524 145)	(463 701)
Net fee and commission income	**2 025 485**	**2 193 085**
Dividend income	168 534	195 673
Result on financial assets and liabilities held for trading	489 185	561 289
Result on fair value hedge accounting	(35 751)	(15 757)
Gains (losses) on other financial instruments at fair value through profit or loss	-	(501)
Gains (losses) on disposal of:	279 253	75 450
loans and other financial receivables	758	(31)
available for sale financial assets and held to maturity investments	278 798	76 762
financial liabilities	(303)	(1 281)
Operating income	**7 456 284**	**7 277 458**
Net impairment losses on financial assets and off-balance sheet commitments:	(596 555)	(497 872)
loans and other financial receivables	(587 798)	(515 677)
available for sale financial assets and held to maturity investments	-	-
off-balance sheet commitments	(8 757)	17 805
Net result on financial activity	**6 859 729**	**6 779 586**
Administrative expenses	(2 988 160)	(3 027 834)
personnel expenses	(1 687 951)	(1 728 929)
other administrative expenses	(1 300 209)	(1 298 905)
Depreciation and amortization	(343 289)	(347 908)
Net result on other provisions	(16 062)	(5 106)
Net other operating income and expenses	75 163	50 054
Operating costs	(3 272 348)	(3 330 794)
Gains (losses) on associates and subsidiaries	(855)	-
Gains (losses) on disposal of property, plant and equipment, and intangible assets	22 327	660
Profit before income tax	**3 608 853**	**3 449 452**
Income tax expense	(670 698)	(623 079)
Net profit for the period	**2 938 155**	**2 826 373**

2.1.3. Statement of comprehensive income

	1.01.2012 - 31.12.2012 PLN '000	1.01.2011 - 31.12.2011 PLN '000
Net profit	**2 938 155**	**2 826 373**
Other comprehensive income		
Foreign currency translation differences	(135)	(1 442)
Change in fair value of available-for-sale financial assets	760 591	(57 782)
Change in fair value of cash flow hedges	(40 119)	(49 270)
Income tax expenses on other comprehensive income	(136 889)	20 340
Other comprehensive income (net)	**583 448**	**(88 154)**
Total comprehensive income	**3 521 603**	**2 738 219**

2.2. Selected financial ratios

	2012	2011
Total assets (PLN '000)	147 262 054	142 389 955
Profit (loss) before income tax (PLN '000)	3 608 853	3 449 452
Profit (loss) for the period (PLN '000)	2 938 155	2 826 373
Shareholders' equity (PLN '000)*	19 973 585	17 972 289
Return on equity	14.71%	15.73%
Capital adequacy ratio	18.67%	16.64%
Receivables to total assets	67.19%	68.68%
Income generating assets to total assets	96.96%	97.00%
Interest bearing liabilities to total liabilities	83.18%	83.62%

** excluding current-year net profit*

3. Detailed report

3.1. Accounting system

The Bank maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act and the Decree of the Ministry of Finance dated 1 October 2010 on the specific accounting principles of banks (Official Journal from 2010, No 191, item 1279).

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified any material irregularities in the accounting system which have not been corrected and that could have a material effect on the separate financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Bank performed a physical verification of its assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act and the Decree of the Ministry of Finance dated 1 October 2010 on the specific accounting principles of banks (Official Journal from 2010, No 191, item 1279) and reconciled and recorded the results thereof in the accounting records.

3.2. Notes to the separate financial statements

All information included in the notes to the separate financial statements, comprising of a summary of significant accounting policies and other explanatory notes, is, in all material respects, presented accurately and completely. This information should be read in conjunction with the separate financial statements.

3.3. Compliance with banking regulations

Based on our audit we have not identified significant incompliance by the Bank with the banking prudential regulatory norms pertaining among other to exposure concentration, obligatory reserve and capital adequacy.

3.4. Report on the Bank's activities

The report on the Bank's activities includes, in all material respects, information required by Art. 49 of the Accounting Act and the information is consistent with the separate financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. registration number 3546
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

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Bogdan Dębicki
Key Certified Auditor
Registration No. 796
Management Board member of KPMG Audyt Sp. z o.o., general partner of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Signed on the Polish original

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Stacy Ligas
Limited Liability Partner with power of attorney

14 March 2013