

## Annex No. 13

### approved under the decision of the Polish Financial Supervision Authority (KNF) on 22 June 2015 to the Base Prospectus of the Bearer Mortgage Bond Program with a total nominal value of PLN 2,000,000,00 of Pekao Bank Hipoteczny S.A., approved by the Polish Financial Supervision Authority on 24 August 2010

In connection with carrying out the audit of the financial statements of the Issuer for 2014 and issuing appropriate unqualified opinions on the audit of the financial statements by Deloitte Polska Sp. z o.o. Sp.k. and their approval by the General Meeting of Shareholders on 16 June 2015, the following amendments to the Prospectus are introduced:

#### Prospectus

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#### II. Summary

#### 2. Financial information

#### Tables with comments were supplemented with data for the end of 2014

#### In view of the above, section 2. Financial information shall read as follows:

The following financial data were compiled on the basis of the audited financial statements, prepared in accordance with the IFRS for the financial year ended 31 December 2009 including comparative figures for the financial year ended 31 December 2008. These data were supplemented with selected unaudited operational and financial data that were taken from the management data of the Issuer.

The financial data for the year ended December 31, 2010 were presented on the basis of the audited financial statements prepared in accordance with the IFRS. These data were supplemented with selected unaudited operational and financial data that were taken from the management data of the Issuer.

The financial data for the year ended December 31, 2011 were presented on the basis of the audited financial statements prepared in accordance with the IFRS. These data were supplemented with selected unaudited operational and financial data that were taken from the management data of the Issuer.

The financial data for the year ended December 31, 2012 were presented on the basis of the audited financial statements prepared in accordance with the IFRS. These data were supplemented with selected unaudited operational and financial data that were taken from the management data of the Issuer.

The financial data for the year ended December 31, 2013 were presented on the basis of the audited financial statements prepared in accordance with the IFRS. These data were supplemented with selected unaudited operational and financial data that were taken from the management data of the Issuer.

The financial data for the year ended December 31, 2014 were presented on the basis of the audited financial statements prepared in accordance with the IFRS. These data were supplemented with selected unaudited operational and financial data that were taken from the management data of the Issuer.

Table 8 Selected financial data of the Issuer (in thous. PLN)

	31.12.2014*	31.12.2013*	31.12.2012*	31.12.2011*	31.12.2010*
<b>ASSETS</b>					
Cash and balances with the Central Bank	1	0	10	9	353
Amounts due from banks	16 166	44 699	87 077	29 350	29 101
Financial assets at fair value through profit or loss	202	2 898	8 705	28	455
Derivative hedging instruments	4 438	0	0	0	0
Loans and advances to customers	1 747 197	1 628 879	1 664 272	1 806 997	1 805 431
Other financial assets	53 663	67 858	69 852	136 662	92 493
Tangible fixed assets	447	493	907	1 353	1 492
Intangible assets	49	5	167	361	179

Other assets, including:	5 619	8 033	10 315	11 912	11 957
- current income tax receivables	64	1 108	997	681	1 128
- deferred tax assets	3 662	5 210	7 745	9 731	9 484
<b>Total assets</b>	<b>1 827 782</b>	<b>1 752 865</b>	<b>1 841 305</b>	<b>1 986 672</b>	<b>1 941 461</b>

\* Source: Financial Statements of the Issuer

	31.03.2010**	31.12.2009*	31.12.2008*
<b>ASSETS</b>			
Cash and balances with the Central Bank	5 466	7 107	126
Deposits in other banks and loans and advances to other banks	879	3 849	6 552
Financial assets at fair value through profit or loss	2 913	2 973	2 617
Derivative hedging instruments	200	212	135
Loans and advances to customers	1 691 564	1 726 410	1 810 297
Other financial assets	81 942	82 183	75 446
Assets held for sale	0	0	4 795
Tangible fixed assets	1 732	1 517	606
Intangible assets	321	374	209
Other assets	12 341	11 366	14 650
including deferred tax assets	10 374	9 718	11 498
<b>Total assets</b>	<b>1 797 358</b>	<b>1 835 991</b>	<b>1 915 433</b>

\* Source: Financial Statements of the Issuer

\*\* Source: unaudited operational and financial data from management data of the Issuer.

Table 9 Selected financial data of the Issuer (in thous. PLN)

	31.12.2014*	31.12.2013*	31.12.2012*	31.12.2011*	31.12.2010*
<b>EQUITY AND LIABILITIES</b>					
Liabilities to banks	382 960	447 799	625 914	772 803	975 534
Financial liabilities at fair value through profit or loss	1 345	5	513	455	463
Derivative hedging instruments	14 829	1 723	0	95 997	55 885
Liabilities to customers	11 436	29 006	18 482	24 262	19 248
Liabilities from issuance of own securities	1 101 955	960 071	894 158	807 811	604 564
Provisions**	470	452	762	820	713
Other liabilities**	8 227	6 615	5 669	4 692	4 714
<b>Total liabilities</b>	<b>1 521 222</b>	<b>1 445 671</b>	<b>1 545 498</b>	<b>1 706 840</b>	<b>1 661 121</b>
<b>Equity</b>					
Share capital	223 000	223 000	223 000	223 000	223 000
Supplementary capital	49 266	48 247	32 572	15 298	13 900
Reserve capital	23 322	23 322	23 322	23 322	23 322
Revaluation reserve	925	-107	1 238	938	2 638
Profit from previous years and the current year	10 047	12 732	15 675	17 274	17 480
<b>Total equity</b>	<b>306 560</b>	<b>307 194</b>	<b>295 807</b>	<b>279 832</b>	<b>280 340</b>
<b>Total equity and liabilities</b>	<b>1 827 782</b>	<b>1 752 865</b>	<b>1 841 305</b>	<b>1 986 672</b>	<b>1 941 461</b>

\* Source: Financial Statements of the Issuer

\*\* - In 2014 the Bank changed the presentation of the financial statements for 2013; for the year 2013 the Bank made the transformation of the above mentioned balance sheet item by presentation the provision for unused annual leave (until then it had been in item Provisions) in the item Other liabilities. After adjustment (+) by the amount of 471,000 PLN, the value of the balance sheet item Other liabilities amounted at the end of 2013 to 6,615,000 PLN. That change caused a similar change (with the sign -) of the item Provisions (after the adjustment, the value of this item amounted to 452,000 PLN).

	31.03.2010**	31.12.2009*	31.12.2008*
<b>EQUITY AND LIABILITIES</b>			
Liabilities to banks	543 233	586 482	674 319
Financial liabilities at fair value through profit or loss	690	932	11 879
Derivative hedging instruments	18 601	23 061	23 759
Liabilities to customers	12 211	11 962	12 546
Liabilities from issuance of own securities	924 852	922 244	925 791
Provisions	592	592	326
Other liabilities	4 295	3 451	5 098
<b>Total liabilities</b>	<b>1 504 474</b>	<b>1 548 724</b>	<b>1 653 718</b>
<b>Equity</b>			
Share capital	223 000	223 000	223 000
Supplementary capital	11 744	11 744	10 246
Reserve capital	23 322	23 322	6 100
Revaluation reserve	3 082	2 255	3 649
Profit from previous years	26 946	0	0
Profit from the current year	4 790	26 946	18 720
<b>Total equity</b>	<b>292 884</b>	<b>287 267</b>	<b>261 715</b>
<b>Total equity and liabilities</b>	<b>1 797 358</b>	<b>1 835 991</b>	<b>1 915 433</b>

\* Source: Financial Statements of the Issuer

\*\* Source: unaudited operational and financial data from management data of the Issuer.

At the end of the first quarter of 2010 total assets of the Bank reached 1,797,358,000 PLN and were lower than their balance at the end of 2009 by 38,633,000 PLN.

The basic item in the structure of assets were loans and advances to customers. They accounted for 94.1% of assets as at 31 March 2010 and 94.0% of assets at December 31, 2009.

At the end of March 2010, the level of the total loan portfolio of the Bank amounted to 1,803 102,000 PLN, which meant no significant changes compared to the level at the end of 2009. At the end of the first quarter of 2010 50% of loans and advances (gross) granted to customers related to corporate customers and the remaining 50% to individual clients and the public sector.

In 2009, the Bank's total loan portfolio as compared to 2008 decreased from 1,881,908,000 PLN to 1,812,805,000 PLN. The change resulted from the decrease in the portfolio due to a decrease in foreign exchange rates and the low level of originations of new loans. The main source of refinancing of the Bank's operations in 2009 were liabilities from the issue of own securities in the amount of 922,244,000 PLN and liabilities to banks in the amount of 586,482,000 PLN.

Liabilities due to the issue of debt securities were the dominant item in the Bank's liabilities and on 31 March 2010 they accounted for 51.5% of total assets to 50.2% at the end of 2009. This item included issues of mortgage bonds. Liabilities from mortgage bonds increased by 2,608,000 PLN as compared with the balance at the end of 2009. Another item of liabilities were liabilities to other banks with a 30.2% share in total assets at 31 March 2010 and with a 31.9% share in total assets at 31 December 2009.

At the end of 2010 the value of total assets of the Bank was 1,941,461,000 PLN and was lower than its balance at the end of 2009 by 105,470,000 PLN.

Loans and advances to customers represented the main item in the structure of assets. They accounted for 93% of total assets at December 31, 2010.

At the end of 2010, the level of the total loan portfolio of the Bank amounted to 1,928,282,000 PLN, which meant an increase in the portfolio of 115,477,000 PLN compared to the level at the end of 2009. At the end of 2010, 50% of loans and advances (gross) granted to customers related to corporate customers and the remaining 50% to individual clients and the public sector.

The main source of refinancing of the Bank's operations in 2010 were liabilities to banks in the amount of 975,534,000 PLN and liabilities arising from the issue of own securities in the amount of 604,564,000 PLN.

Liabilities to other banks with a 50.2% share in total assets at 31 December 2010 and liabilities arising from the issue of debt securities, which at 31 December 2010 represented 31.1% of total assets, were the main item in the liabilities of the Bank.

At the end of 2011, the value of total assets of the Bank was 1,986,672,000 and was higher than its balance at the end of 2010 by 45,211,000.

Loans and advances to customers represented the main item in the structure of assets of the Bank. They accounted for 91 % of total assets at December 31, 2011.

At the end of 2011, the level of the total loan portfolio of the Bank amounted to 1,908,189,000 PLN, which meant a decrease in the portfolio of 20,093,000 PLN compared to the level at the end of 2010. At the end of 2010, 49 % of loans and advances (gross) granted to customers related to corporate customers and the remaining 51 % individual clients and the public sector.

The main source of refinancing of the Bank's operations in 2011 were liabilities due to the issue of own securities in the amount of 80, 811,000 PLN, which increased by 203,247,000. PLN compared to 2010 and represented 40.7% of total liabilities. Another source of refinancing of the Bank's operations in 2011 were liabilities to banks and at 31 December 2011 they amounted to 772,803,000 PLN and their value was lower compared to the year 2010 by 202,731,000 PLN.

At the end of 2012, the value of total assets of the Bank was 1,841,305,000 PLN and was lower than its balance at the end of 2011 by 145,367,000 PLN.

Loans and advances to customers represented the main item in the structure of assets of the Bank. At 31 December 2012 they accounted for 90 % of total assets.

At the end of 2012, the level of the total loan portfolio of the Bank amounted to 1,747,387,000 PLN, which meant a decrease in the portfolio of 160,802,000 PLN compared to the level at the end of 2011. At the end of 2012, 49 % of loans and advances (gross) granted to customers related to corporate customers and the remaining 51 % to individual clients and the public sector.

The main source of refinancing of the Bank's operations in 2012 were liabilities due to the issue of own securities in the amount of 894,158,000 PLN. The level of the liabilities increased by 86,347,000 PLN compared to the year 2011. At the end of 2012, they represented 48.6% of total liabilities of the Bank's balance sheet. Another source of refinancing of the Bank's operations in 2012 were liabilities to banks and at 31 December 2012 they amounted to 625,914,000 PLN and their value was lower compared to the year 2011 by 146,889,000.

At the end of 2013, the value of total assets of the Bank was 1,752,865,000 PLN and was lower than its balance at the end of 2012 by 88,440,000 PLN.

Loans and advances to customers represented the main item in the structure of assets of the Bank. At 31 December 2013 they accounted for nearly 93 % of total assets.

At the end of 2013, the level of the total loan portfolio of the Bank amounted to 1,761,317,000 PLN, which meant an increase in the portfolio of 13,930,000 PLN compared to the level at the end of 2012. At the end of 2013, 49.3 % of loans and advances (gross) granted to customers related to corporate customers and the remaining 50.7 % to individual clients and the public sector.

The main source of refinancing of the Bank's operations in 2013 were liabilities due to the issue of own securities in the amount of 960,071,000 PLN. The level of the liabilities increased by 65,913,000. PLN compared to the end of 2012. At the end of 2013, they represented 54.8% of total liabilities of the Bank's balance sheet. Another source of refinancing of the Bank's operations in 2013 were liabilities to banks and at 31 December 2013 they amounted to 447,799,000 PLN and their value was lower compared to the year 2012 by 178,115,000 PLN.

At the end of 2014, the value of total assets of the Bank was 1,827,782,000 PLN and was higher than its balance at the end of 2013 by 74,917,000 PLN.

Loans and advances to customers represented the main item in the structure of assets of the Bank. At 31 December 2014, they accounted for nearly 96 % of total assets.

At the end of 2014, the level of the total loan portfolio of the Bank amounted to 2,008,071,000 PLN, which meant an increase in the portfolio of 246,755,000 PLN compared to the level at the end of 2013. At the end of 2014, 49.7% of loans and advances (gross) granted to customers related to corporate customers and the remaining 50.3 % to individual clients and the public sector.

The main source of refinancing of the Bank's operations in 2014 were liabilities due to the issue of own securities in the amount of 1,101,955,000 PLN. The level of the liabilities increased by 141,884,000 PLN compared to the end of 2013. At the end of 2014, they represented 60.3% of total liabilities of the Bank's balance sheet. Another source of refinancing of the Bank's operations in 2014 were liabilities to banks and at 31 December 2014 they amounted to 382,960,000 PLN and their value was lower compared to the year 2013 by 64,839,000 PLN.

Table 10 Off-balance sheet items (in thous. PLN)

Contingent liabilities granted and received	31.03.2010	31.12.2009	31.12.2008
<b>Liabilities granted</b>	<b>55 683</b>	<b>29 413</b>	<b>13 309</b>
- financial	55 683	29 413	13 309
<b>Liabilities received</b>	<b>610 172</b>	<b>203 948</b>	<b>122 162</b>
- financial	238 445	203 471	122 162
- guarantee	371 727	477	0
<b>Liabilities arising from purchase / sale</b>	<b>599 273</b>	<b>597 124</b>	<b>1 202 186</b>
<b>Other liabilities (collaterals for loan repayments)</b>	<b>2 911 927</b>	<b>2 959 904</b>	<b>2 846 716</b>
<b>Total off-balance sheet items</b>	<b>4 177 055</b>	<b>3 790 389</b>	<b>4 184 373</b>

Source: unaudited operational and financial data from management data of the Issuer.

Table 11 Selected items of the profit and loss account (in thous. PLN)

	2014*	2013*	2012*	2011*	2010*
Interest income	73 646	82 975	96 113	102 049	95 632
Interest expense	-42 457	-48 793	-61 341	-59 179	-51 539
<b>Net interest income</b>	<b>31 189</b>	<b>34 182</b>	<b>34 772</b>	<b>42 870</b>	<b>44 093</b>
Revenues from commissions and fees**	1 710	835	765	1 719	1 247
Costs of fees and commissions	-503	-536	-583	-684	-535
<b>Net fee and commission income**</b>	<b>1 207</b>	<b>299</b>	<b>182</b>	<b>1 035</b>	<b>712</b>
Result on financial instruments held for trading	4 123	6 509	5 695	3 251	
Net foreign exchange gains***	-	-	-	0	3 562
Net income from investments	642	0	-34	0	
Net income from financial instruments measured at fair value through profit or loss****	-	-	-	0	1 830
Other operating income*****	160	123	52	637	555
General administrative expenses	-18 125	-19 213	-20 948	-20 935	-20 428
Allowances for impairment*****	-6 324	-6 039	-247	-5 321	-8 599
Other operating costs	-32	-33	-61	-144	-97
<b>Operating result</b>	<b>12 840</b>	<b>15 828</b>	<b>19 411</b>	<b>21 393</b>	<b>21 628</b>
<b>Pre-tax profit</b>	<b>12 840</b>	<b>15 828</b>	<b>19 411</b>	<b>21 393</b>	<b>21 628</b>
Income tax	-2 793	-3 096	-3 736	-4 119	-4 148
<b>Profit for the period</b>	<b>10 047</b>	<b>12 732</b>	<b>15 675</b>	<b>17 274</b>	<b>17 480</b>

\* Source: Financial Statements of the Issuer

\*\* - In 2013 the Bank changed the presentation of the financial statements for 2012; for the year 2012, the Bank made changes in the above-mentioned items of the profit and loss account by presentation in revenues from commissions and fees of remuneration for technical activities performed by the Bank in the implementation of the agreement of insurance of the real property that are collaterals for loans granted by the Bank. After the adjustment (+) by 27,000 PLN, the value of the above-mentioned item of the profit and loss account reached 765,000 PLN at the end of 2012. This change resulted in a similar change in net commissions and fees.

\*\*\* - In 2012 the Bank changed the presentation of the financial statements for 2011; for the year 2011, the Bank made changes in the above-mentioned items of the profit and loss account by presentation of net foreign exchange position in result on financial instruments held for trading. After the adjustment (-) by 4,165,000 PLN, the value of the above-mentioned item of the profit and loss account reached 0,000 PLN at the end of 2011.

\*\*\*\* - In 2012 the Bank changed the presentation of the financial statements for 2011; for the year 2011, the Bank made changes in the above-mentioned items of the profit and loss account by presentation of the result on financial instruments measured at fair value through profit or loss in net financial instruments held for trading. After the adjustment (-) by 258,000 PLN, the value of the above-mentioned item of the profit and loss account reached 0,000 PLN at the end of 2011.

\*\*\*\*\* - In 2013 the Bank changed the presentation of the financial statements for 2012; for the year 2012, the Bank made changes in the above-mentioned items of the profit and loss account by excluding remuneration for technical activities performed by the Bank in the implementation of the agreement of insurance of the real property that are collaterals for loans granted by the Bank from other operating income. After the adjustment (-) by 27,000 PLN, the value of the above-mentioned item of the profit and loss account reached 52,000 PLN at the end of 2012.

\*\*\*\*\* - In 2012 the Bank changed the presentation of the financial statements for 2011; for the year 2011, the Bank made changes in the above-mentioned items of the profit and loss account by excluding from allowances for impairment of valuation of foreign currency allowances for impairment and presenting them in net financial instruments held for trading. After the adjustment (+) by 1,172,000 PLN, the value of the above-mentioned item of the profit and loss account reached -5,321,000 PLN at the end of 2011.

	01.01.2010 – 31.03.2010**	01.01.2009 – 31.03.2009**	2009*	2008*
Interest income	23 591	33 418	111 601	130 312
Interest expense	-12 984	-21 253	-66 534	-81 715
<b>Net interest income</b>	<b>10 607</b>	<b>12 165</b>	<b>45 067</b>	<b>48 597</b>
Income from fees and commissions	290	334	1 493	3 136
Costs of fees and commissions	-77	-46	-328	-556
<b>Net fee and commission income</b>	<b>213</b>	<b>288</b>	<b>1 165</b>	<b>2 580</b>
Net foreign exchange gains	100	1 727	2 718	7 271
Net income from financial instruments measured at fair value through profit and loss	407	1 080	2 430	5 881
Net income from financial investments	0	0	15	0
Other operating income	6	63	2 626	940
General administrative expenses	-5 457	-5 817	-21 964	-24 578
Allowances for impairment	102	-1 844	2 335	-16 815
Other operating expenses	-50	-269	-894	-576
<b>Operating result</b>	<b>5 928</b>	<b>7 393</b>	<b>33 498</b>	<b>23 300</b>
<b>Gross profit</b>	<b>5 928</b>	<b>7 393</b>	<b>33 498</b>	<b>23 300</b>
Income tax	-1 138	-1 419	-6 552	-4 580
<b>Net profit</b>	<b>4 790</b>	<b>5 974</b>	<b>26 946</b>	<b>18 720</b>

\* Source: Financial Statements of the Issuer

\*\* Source: unaudited operational and financial data from management data of the Issuer.

The main source of income for the Bank was interest on banking operations. Similarly, interest expense is the main item in the expenses group. These financial parameters had a decisive influence on the formation of the operating result, which in the first quarter of 2010 amounted to 5,928,000 PLN and was lower by 1,465,000 PLN than operating profit generated in the first quarter of 2009. In 2009, the operating profit of the Bank amounted to 33,498,000 PLN and increased compared to 2008 by 10,198,000 PLN.

The decline in financial performance in the first quarter of 2010 was primarily due to a decrease in net interest income (a decrease of 1,558,000 PLN against the first quarter of 2009). At the same time, there was a decline in allowances for impairment of 1,946,000 PLN vs. the first quarter of 2009. Net income for the first quarter of 2010 was lower by 1,184,000 PLN vs. the first quarter of 2009 and it reached 4,790,000 PLN.

In 2009, there was an increase in financial results compared to 2008. The increase of these results was mainly due to the fall in the value of allowances for impairment loss (of 19,150,000 PLN) and a decrease in net interest income by 3,530,000 PLN. Net profit at the end of 2009 was higher by 8,226,000 PLN against 2008 and reached 26,946,000 PLN.

The main source of income for the Bank in 2010 was interest on banking operations. Similarly, interest expense is the main item in the expenses group. These financial parameters had a decisive influence on the formation of the operating result, which in 2010 amounted to 21,628,000 PLN and was lower by 11,870,000 PLN than operating profit generated in 2009.

In 2010, there was a decline in financial results compared to 2009. The decline of these results was mainly due to the fall in the value of allowances for impairment loss (of 10,934,000 PLN). Net profit at the end of 2010 was lower by 9,466,000 PLN compared to 2009 and reached 17,480,000 PLN.

The main source of income for the Bank in 2011 was interest on banking operations. Similarly, interest expense is the main item in the expenses group. These financial parameters had a decisive influence on the formation of the operating result, which in 2011 amounted to 21,393,000 PLN and was lower by 235,000 PLN than operating profit generated in 2010.

In 2011, the profit for the period amounted to 17,274,000 PLN and was lower by 206,000 PLN than the profit for 2010.

The main source of income for the Bank in 2012 was interest on banking operations. Similarly, interest expense is the main item in the expenses group. These financial parameters had a decisive influence on the formation of the operating result, which in 2012 amounted to 19,411,000 PLN and was lower by 1,982,000 PLN than operating profit generated in 2011.

Net profit at the end of 2012 was lower by 1,599,000 PLN compared to 2011 and reached 15,675,000 PLN.

The main source of income for the Bank in 2013 was interest on banking operations. Similarly, interest expense is the main item in the expenses group. These financial parameters had a decisive influence on the formation of the operating result, which in 2013 amounted to 15,828,000 PLN and was lower by 3,583,000 PLN than operating profit generated in 2012.

Net profit at the end of 2013 was lower by 2,943,000 PLN compared to 2012 and reached 12,732,000 PLN.

In 2014, in the same way as in previous years, the Bank's primary source of income was interest from banking operations. Similarly, interest expense is the main item in the expenses group. These categories of the profit and loss account had a decisive influence on the formation of the operating result, which in 2014 amounted to 12,840,000 PLN and was lower by 2,988,000 PLN than operating profit generated in 2013.

Net profit at the end of 2014 was lower by 2,685,000 PLN compared to 2013 and reached 10,047,000 PLN.

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### **Part III. Risk factors**

#### **1. Risk factors related to activities of the Issuer**

##### **1.1. Credit risk**

**Table 12 was supplemented with data for the end of 2014**

Table 12 Quality of the credit portfolio

	31.12.2014		31.12.2013		31.12.2012		31.12.2011		31.12.2010		31.03.2010		31.12.2009		31.03.2009		31.12.2008	
	Exposure (thous. PLN)	share/ coverage (%)	Exposure (thous. PLN)	share/ coverage (%)	Exposure (thous. PLN)	share/ coverage (%)	Exposure (thous. PLN)	share/ coverage (%)	Exposure (thous. PLN)	share/ coverage (%)	Exposure (thous. PLN)	share/ coverage (%)	Exposure (thous. PLN)	share/ coverage (%)	Exposure (thous. PLN)	share/ coverage (%)	Exposure (thous. PLN)	share/ coverage (%)
Non overdue exposures* for which there is no impairment	1 565 943	88,1%	1 430 090	86,0%	1 453 767	85,2%	1 601 665	86,1%	1 620 843	87,2%	1 521 508	87,5%	1 557 368	87,8%	1 742 617	90,0%	1 685 733	90,7%
Overdue exposures**, for which there is no impairment	65 085	3,7%	88 082	5,3%	85 709	5,0%	71 579	3,9%	64 468	3,5%	56 300	3,2%	58 266	3,3%	53 352	2,8%	51 654	2,8%
Exposures for which there is impairment	145 823	8,2%	144 991	8,7%	166 622	9,8%	186 861	10,0%	172 144	9,3%	160 732	9,3%	158 622	8,9%	140 339	7,2%	121 323	6,5%
<b>Total – loans and advances to customers</b>	<b>1 776 851</b>	<b>100%</b>	<b>1 663 163</b>	<b>100%</b>	<b>1 706 098</b>	<b>100%</b>	<b>1 860 105</b>	<b>100%</b>	<b>1 857 455</b>	<b>100%</b>	<b>1 738 540</b>	<b>100%</b>	<b>1 774 256</b>	<b>100%</b>	<b>1 936 308</b>	<b>100%</b>	<b>1 858 710</b>	<b>100%</b>
Interest	32 544		27 105		15 713		11 804		9 415		5 858		5 119		6 343		7 593	
Allowances for impairment	-62 198		-61 389		-57 539		-64 912		-61 439		-52 834		-52 965		-57 754		-56 006	
<b>Loans and advances to customers net</b>	<b>1 747 197</b>		<b>1 628 879</b>		<b>1 664 272</b>		<b>1 806 997</b>		<b>1 805 431</b>		<b>1 691 564</b>		<b>1 726 410</b>		<b>1 884 897</b>		<b>1 810 297</b>	

\*without delays of more than 30 days in loan repayment

\*\*with delays in loan repayment of more than 30 days

Source: data as at 31.12.2008, 31.12.2009, 31.12.2010, 31.12.2011, 31.12.2012, 31.12.2013, 31.12.2014- Financial Statements of the Issuer

data as at 31.03.2009 and 31.03.2010 - Unaudited operational and financial data derived from management reports of the Issuer.



**Part V. The interests of natural or legal persons involved in the issue or offer****5. Auditor**

**The section is supplemented by the following text:**

Deloitte Polska Sp. z o.o. Sp.k. – audited the financial statements of the Issuer for 2014 and issued relevant unqualified opinions on the aforesaid financial statements. Deloitte Polska Sp. z o.o. Sp.k. has no economic interest that depends on the success of the Public Offering of Mortgage Bonds.

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**Part VIII. general overview of activities****1.3. Financial information**

**Tables with comments were supplemented with data for the end of 2014**

**In view of the above, section 1.3. Financial information shall read as follows:**

The following financial data were compiled on the basis of the audited financial statements prepared in accordance with the IFRS for the financial year ended 31 December 2009 including comparative figures for the financial year ended 31 December 2008. These data were supplemented with selected unaudited operational and financial data derived from management data of the Issuer .

Financial data for the year ended December 31, 2010 were presented on the basis of the audited financial statements prepared in accordance with the IFRS. These data were supplemented with selected unaudited operational data and financial information derived from management data of the Issuer.

Financial data for the year ended December 31, 2011 were presented on the basis of the audited financial statements prepared in accordance with the IFRS. These data were supplemented with selected unaudited operational data and financial information derived from management data of the Issuer.

Financial data for the year ended December 31, 2012 were presented on the basis of the audited financial statements prepared in accordance with the IFRS. These data were supplemented with selected unaudited operational data and financial information derived from management data of the Issuer.

Financial data for the year ended December 31, 2013 were presented on the basis of the audited financial statements prepared in accordance with the IFRS. These data were supplemented with selected unaudited operational data and financial information derived from management data of the Issuer.

Financial data for the year ended December 31, 2014 were presented on the basis of the audited financial statements prepared in accordance with the IFRS. These data were supplemented with selected unaudited operational data and financial information derived from management data of the Issuer.

Table 15 Selected financial data of the Issuer (in thous. PLN)

	31.12.2014*	31.12.2013*	31.12.2012*	31.12.2011*	31.12.2010*
<b>ASSETS</b>					
Cash and balances with the Central Bank	1	0	10	9	353
Amounts due from banks	16 166	44 699	87 077	29 350	29 101
Financial assets at fair value through profit or loss	202	2 898	8 705	28	455
Derivative hedging instruments	4 438	0	0	0	0
Loans and advances to customers	1 747 197	1 628 879	1 664 272	1 806 997	1 805 431
Other financial assets	53 663	67 858	69 852	136 662	92 493
Tangible fixed assets	447	493	907	1 353	1 492
Intangible assets	49	5	167	361	179
Other assets, including:	5 619	8 033	10 315	11 912	11 957
- current income tax receivables	64	1 108	997	681	1 128
- deferred tax assets	3 662	5 210	7 745	9 731	9 484
<b>Total assets</b>	<b>1 827 782</b>	<b>1 752 865</b>	<b>1 841 305</b>	<b>1 986 672</b>	<b>1 941 461</b>

\* Source: Financial Statements of the Issuer

	31.03.2010**	31.12.2009*	31.12.2008*
<b>ASSETS</b>			
Cash and balances with the Central Bank	5 466	7 107	126
Deposits in other banks and loans and advances to other banks	879	3 849	6 552
Financial assets at fair value through profit or loss	2 913	2 973	2 617
Derivative hedging instruments	200	212	135
Loans and advances to customers	1 691 564	1 726 410	1 810 297
Other financial assets	81 942	82 183	75 446
Assets held for sale	0	0	4 795
Tangible fixed assets	1 732	1 517	606
Intangible assets	321	374	209
Other assets	12 341	11 366	14 650
including deferred tax assets	10 374	9 718	11 498
<b>Total assets</b>	<b>1 797 358</b>	<b>1 835 991</b>	<b>1 915 433</b>

\* Source: Financial Statements of the Issuer

\*\* Source: unaudited operational and financial data from management data of the Issuer.

Table 16 Selected financial data of the Issuer (in thous. PLN)

	31.12.2014*	31.12.2013*	31.12.2012*	31.12.2011*	31.12.2010*
<b>EQUITY AND LIABILITIES</b>					
Liabilities to banks	382 960	447 799	625 914	772 803	975 534
Financial liabilities at fair value through profit or loss	1 345	5	513	455	463
Derivative hedging instruments	14 829	1 723	0	95 997	55 885
Liabilities to customers	11 436	29 006	18 482	24 262	19 248
Liabilities from issuance of own securities	1 101 955	960 071	894 158	807 811	604 564
Provisions**	470	452	762	820	713
Other liabilities**	8 227	6 615	5 669	4 692	4 714
<b>Total liabilities</b>	<b>1 521 222</b>	<b>1 445 671</b>	<b>1 545 498</b>	<b>1 706 840</b>	<b>1 661 121</b>
<b>Equity</b>					
Share capital	223 000	223 000	223 000	223 000	223 000
Supplementary capital	49 266	48 247	32 572	15 298	13 900
Reserve capital	23 322	23 322	23 322	23 322	23 322
Revaluation reserve	925	-107	1 238	938	2 638
Profit from previous years and the current year	10 047	12 732	15 675	17 274	17 480
<b>Total equity</b>	<b>306 560</b>	<b>307 194</b>	<b>295 807</b>	<b>279 832</b>	<b>280 340</b>
<b>Total equity and liabilities</b>	<b>1 827 782</b>	<b>1 752 865</b>	<b>1 841 305</b>	<b>1 986 672</b>	<b>1 941 461</b>

\* Source: Financial Statements of the Issuer

\*\* - In 2014 the Bank changed the presentation of the financial statements for 2013; for the year 2013 the Bank made the transformation of the above mentioned balance sheet item by presentation the provision for unused annual leave (until then it had been in item Provisions) in the item Other liabilities. After adjustment (+) by the amount of 471,000 PLN, the value of the balance sheet item Other liabilities amounted at the end of 2013 to 6,615,000 PLN. That change caused a similar change (with the sign -) of the item Provisions (after the adjustment, the value of this item amounted to 452,000 PLN)

	31.03.2010**	31.12.2009*	31.12.2008*
<b>EQUITY AND LIABILITIES</b>			
Liabilities to banks	543 233	586 482	674 319
Financial liabilities at fair value through profit or loss	690	932	11 879
Derivative hedging instruments	18 601	23 061	23 759
Liabilities to customers	12 211	11 962	12 546
Liabilities from issuance of own securities	924 852	922 244	925 791
Provisions	592	592	326
Other liabilities	4 295	3 451	5 098
<b>Total liabilities</b>	<b>1 504 474</b>	<b>1 548 724</b>	<b>1 653 718</b>
<b>Equity</b>			
Share capital	223 000	223 000	223 000
Supplementary capital	11 744	11 744	10 246
Reserve capital	23 322	23 322	6 100
Revaluation reserve	3 082	2 255	3 649
Profit from previous years	26 946	0	0
Profit from the current year	4 790	26 946	18 720
<b>Total equity</b>	<b>292 884</b>	<b>287 267</b>	<b>261 715</b>
<b>Total equity and liabilities</b>	<b>1 797 358</b>	<b>1 835 991</b>	<b>1 915 433</b>

\* Source: Financial Statements of the Issuer

\*\* Source: unaudited operational and financial data from management data of the Issuer.

At the end of the first quarter of 2010 total assets of the Bank reached 1,797,000 and their value was lower than its balance at the end of 2009 by 38,633,000 PLN.

Loans and advances to customers represented the main item in the structure of assets. They accounted for 94.1 % of assets at 31 March 2010 and 94.0 % of assets at 31 December 2009.

At the end of March 2010, the level of the total loan portfolio of the Bank amounted to 1,803,102,000 PLN, which meant there were no significant changes compared to the level at the end of 2009. At the end of the first quarter of 2010, 50 % of loans and advances (gross) granted to customers related to corporate customers and the remaining 50 % to individual clients and the public sector.

In 2009, the total credit portfolio of the Bank decreased, compared to 2008, from 1,881,908,000 PLN to 1,812,805,000 PLN. The change results from the decrease in the portfolio due to a decrease in foreign exchange rates and the low level of originations of new loans. The main source of refinancing of the Bank's operations in 2009 were liabilities arising from the issue of own securities in the amount of 922,244,000 PLN and liabilities to banks in the amount of 586,482,000 PLN.

Liabilities due to the issue of debt securities were the main item in the Bank's liabilities and at 31 March 2010 they accounted for 51.5 % of total assets against 50.2 % at the end of 2009. This item included issues of mortgage bonds. Liabilities due to mortgage bonds increased by 2,608,000 PLN compared to the balance at the end of 2009. Another item in the Bank's liabilities was liabilities to other banks and they accounted for 30.2 % of total assets at 31 March 2010 and for 31.9 % of total assets at 31 December 2009.

The value of total assets of the Bank at the end of 2010 amounted to 1,941,461,000 PLN and was lower than its balance at the end of 2009 by 105,470,000 PLN.

Loans and advances to customers represented the main item in the structure of assets. They accounted for 93 % of assets at 31 December 2010.

At the end of 2010, the level of the total loan portfolio of the Bank amounted to 1,928,282,000 PLN, which meant there was an increase in the portfolio of 115,477,000 PLN compared to the level from the end of 2009. At the end of 2010, 50 % of loans and advances (gross) granted to customers related to corporate customers and the remaining 50 % related to individual clients and the public sector.

The main source of refinancing of the Bank's operations in 2010 were liabilities to banks in the amount of 975,534,000 PLN and liabilities arising from the issue of own securities in the amount of 604,564,000 PLN.

Liabilities to other Banks were the main item in the Bank's liabilities and they accounted for 50.2 % of total assets at 31 December 2010 as well as liabilities due to the issues of debt securities and as at 31 December 2010 they accounted for 31.1 % of total assets.

The value of total assets of the Bank at the end of 2011 amounted to 1,986,672,000 PLN and was higher than its balance at the end of 2010 by 45,211,000 PLN.

Loans and advances to customers represented the main item in the structure of assets. They accounted for 91 % of assets at 31 December 2011.

At the end of 2011, the level of the total loan portfolio of the Bank amounted to 1,908,189,000 PLN, which meant there was a decline in the portfolio of 20,093,000 PLN compared to the level from the end of 2010. At the end of 2010, 49 % of loans and advances (gross) granted to customers related to corporate customers and the remaining 51 % to individual clients and the public sector.

The main source of refinancing of the Bank's operations in 2011 were liabilities arising from the issue of own securities in the amount of 807,811,000 PLN, which increased by 203,247,000 PLN compared to 2010 and represented 40.7% of total liabilities. Another source of refinancing of the Bank's operations in 2011 were liabilities to banks, which at 31 December 2011 amounted to 772,803,000 PLN and were lower compared to 2010 by 202,731,000 PLN.

The value of total assets of the Bank at the end of 2012 amounted to 1,841,305,000 PLN and was lower than its balance at the end of 2011 by 145,367,000 PLN.

Loans and advances to customers represented the main item in the structure of assets. As at 31 December 2012, they accounted for 90 % of total assets.

At the end of 2012, the level of the total loan portfolio of the Bank amounted to 1,747,387,000 PLN, which meant there was a decline in the portfolio of 160,802,000 PLN compared to the level from the end of 2011. At the end of 2012, 48 % of loans and advances (gross) granted to customers related to corporate customers and the remaining 52 % related to individual clients and the public sector.

The main source of refinancing of the Bank's operations in 2012 were liabilities arising from the issue of own securities in the amount of 894,158,000 PLN. The level of these liabilities increased by 86,347,000 PLN compared to 2011. At the end of 2012, they accounted for 48.6% of total liabilities of the balance sheet of the Bank. Another source of refinancing of the Bank's operations in 2012 were liabilities to banks, which at 31 December 2012 amounted to 625,914,000 PLN and were lower compared to 2011 by 146,889,000 PLN.

The value of total assets of the Bank at the end of 2013 amounted to 1,752,865,000 PLN and was lower than its balance at the end of 2012 by 88,440,000 PLN.

Loans and advances to customers represented the main item in the structure of assets. As at 31 December 2013, they accounted for nearly 93 % of total assets.

At the end of 2013, the level of the total loan portfolio of the Bank amounted to 1,761,317,000 PLN, which meant there was an increase in the portfolio of 13,930,000 PLN compared to the level from the end of 2012. At the end of 2013, 49.3 % of loans and advances (gross) granted to customers related to corporate customers and the remaining 50.7 % related to individual clients and the public sector.

The main source of refinancing of the Bank's operations in 2013 were liabilities arising from the issue of own securities in the amount of 960,071,000 PLN. The level of these liabilities increased by 65,913,000 PLN compared to the end of 2012. At the end of 2013, they accounted for 54.8% of total liabilities of the balance sheet of the Bank. Another source of refinancing of the Bank's operations in 2013 were liabilities to banks, which at 31 December 2013 amounted to 447,799,000 PLN and were lower compared to 2012 by 178,115,000 PLN.

The value of total assets of the Bank at the end of 2014 amounted to 1,827,782,000 PLN and was higher than its balance at the end of 2013 by 74,917,000 PLN.

Loans and advances to customers represented the main item in the structure of assets. As at 31 December 2014, they accounted for nearly 96 % of total assets.

At the end of 2014, the level of the total loan portfolio of the Bank amounted to 2,008,071,000 PLN, which meant there was an increase in the portfolio of 246,755,000 PLN compared to the level from the end of 2013. At the end of 2014, 49.7% of loans and advances (gross) granted to customers related to corporate customers and the remaining 50.3 % related to individual clients and the public sector.

The main source of refinancing of the Bank's operations in 2014 were liabilities arising from the issue of own securities in the amount of 1,101,955,000 PLN. The level of these liabilities increased by 141,884,000 PLN compared to the end of 2013. At the end of 2014, they accounted for 60.3% of total liabilities of the balance sheet of the Bank. Another source of refinancing of the Bank's operations in 2014 were liabilities to banks, which at 31 December 2014 amounted to 382,960,000 PLN and were lower compared to 2013 by 64,839,000 PLN.

Table 17 Off-balance sheet items (in thous. PLN)

Contingent liabilities granted and received	31.03.2010	31.12.2009	31.12.2008
<b>Liabilities granted</b>	<b>55 683</b>	<b>29 413</b>	<b>13 309</b>
- financial	55 683	29 413	13 309
<b>Liabilities received</b>	<b>610 172</b>	<b>203 948</b>	<b>122 162</b>
- financial	238 445	203 471	122 162
- guarantee	371 727	477	0
<b>Liabilities arising from purchase / sale</b>	<b>599 273</b>	<b>597 124</b>	<b>1 202 186</b>
<b>Other liabilities (collaterals for loan repayments)</b>	<b>2 911 927</b>	<b>2 959 904</b>	<b>2 846 716</b>
<b>Total off-balance sheet items</b>	<b>4 177 055</b>	<b>3 790 389</b>	<b>4 184 373</b>

Source: unaudited operational and financial data from management data of the Issuer.

Table 18 Selected items of the profit and loss account (in thous. PLN)

	2014*	2013*	2012*	2011*	2010*
Interest income	73 646	82 975	96 113	102 049	95 632
Interest expense	-42 457	-48 793	-61 341	-59 179	-51 539
<b>Net interest income</b>	<b>31 189</b>	<b>34 182</b>	<b>34 772</b>	<b>42 870</b>	<b>44 093</b>
Revenues from commissions and fees**	1 710	835	765	1 719	1 247
Costs of fees and commissions	-503	-536	-583	-684	-535
<b>Net fee and commission income**</b>	<b>1 207</b>	<b>299</b>	<b>182</b>	<b>1 035</b>	<b>712</b>
Result on financial instruments held for trading	4 123	6 509	5 695	3 251	
Net foreign exchange gains***	-	-	-	0	3 562
Net income from investments	642	0	-34	0	
Net income from financial instruments measured at fair value through profit or loss****	-	-	-	0	1 830
Other operating income*****	160	123	52	637	555
General administrative expenses	-18 125	-19 213	-20 948	-20 935	-20 428
Allowances for impairment*****	-6 324	-6 039	-247	-5 321	-8 599
Other operating costs	-32	-33	-61	-144	-97
<b>Operating result</b>	<b>12 840</b>	<b>15 828</b>	<b>19 411</b>	<b>21 393</b>	<b>21 628</b>
<b>Pre-tax profit</b>	<b>12 840</b>	<b>15 828</b>	<b>19 411</b>	<b>21 393</b>	<b>21 628</b>
Income tax	-2 793	-3 096	-3 736	-4 119	-4 148
<b>Profit for the period</b>	<b>10 047</b>	<b>12 732</b>	<b>15 675</b>	<b>17 274</b>	<b>17 480</b>

\* Source: Financial Statements of the Issuer

\*\* - In 2013 the Bank changed the presentation of the financial statements for 2012; for the year 2012, the Bank made changes in the above-mentioned items of the profit and loss account by presentation in revenues from commissions and fees of remuneration for technical activities performed by the Bank in the implementation of the agreement of insurance of the real property that are collaterals for loans granted by the Bank. After the adjustment (+) by 27,000 PLN, the value of the above-mentioned item of the profit and loss account reached 765,000 PLN at the end of 2012. This change resulted in a similar change in net commissions and fees.

\*\*\* - In 2012 the Bank changed the presentation of the financial statements for 2011; for the year 2011, the Bank made changes in the above-mentioned items of the profit and loss account by presentation of net foreign exchange position in result on financial instruments held for trading. After the adjustment (-) by 4,165,000 PLN, the value of the above-mentioned item of the profit and loss account reached 0,000 PLN at the end of 2011

\*\*\*\* - In 2012 the Bank changed the presentation of the financial statements for 2011; for the year 2011, the Bank made changes in the above-mentioned items of the profit and loss account by presentation of the result on financial instruments measured at fair value through profit or loss in net financial instruments held for trading. After the adjustment (-) by 258,000 PLN, the value of the above-mentioned item of the profit and loss account reached 0,000 PLN at the end of 2011.

\*\*\*\* - In 2012 the Bank changed the presentation of the financial statements for 2012; for the year 2012, the Bank made changes in the above-mentioned items of the profit and loss account by excluding remuneration for technical activities performed by the Bank in the implementation of the agreement of insurance of the real property that are collaterals for loans granted by the Bank from other operating income. After the adjustment (-) by 27,000 PLN, the value of the above-mentioned item of the profit and loss account reached 52,000 PLN at the end of 2012.

\*\*\*\*\* - In 2011 the Bank changed the presentation of the financial statements for 2011; for the year 2011, the Bank made changes in the above-mentioned items of the profit and loss account by excluding from allowances for impairment of valuation of foreign currency allowances for impairment and presenting them in net financial instruments held for trading. After the adjustment (+) by 1,172,000 PLN, the value of the above-mentioned item of the profit and loss account reached -5,321,000 PLN at the end of 2011.

	01.01.2010 – 31.03.2010**	01.01.2009 – 31.03.2009**	2009*	2008*
Interest income	23 591	33 418	111 601	130 312
Interest expense	-12 984	-21 253	-66 534	-81 715
<b>Net interest income</b>	<b>10 607</b>	<b>12 165</b>	<b>45 067</b>	<b>48 597</b>
Income from fees and commissions	290	334	1 493	3 136
Costs of fees and commissions	-77	-46	-328	-556
<b>Net fee and commission income</b>	<b>213</b>	<b>288</b>	<b>1 165</b>	<b>2 580</b>
Net foreign exchange gains	100	1 727	2 718	7 271
Net income from financial instruments measured at fair value through profit and loss	407	1 080	2 430	5 881
Net income from financial investments	0	0	15	0
Other operating income	6	63	2 626	940
General administrative expenses	-5 457	-5 817	-21 964	-24 578
Allowances for impairment	102	-1 844	2 335	-16 815
Other operating expenses	-50	-269	-894	-576
<b>Operating result</b>	<b>5 928</b>	<b>7 393</b>	<b>33 498</b>	<b>23 300</b>
<b>Gross profit</b>	<b>5 928</b>	<b>7 393</b>	<b>33 498</b>	<b>23 300</b>
Income tax	-1 138	-1 419	-6 552	-4 580
<b>Net profit</b>	<b>4 790</b>	<b>5 974</b>	<b>26 946</b>	<b>18 720</b>

\* Source: Financial Statements of the Issuer

\*\* Source: unaudited operational and financial data from management data of the Issuer.

The main source of income for the Bank was interest on banking operations. Similarly, interest expense is the main item in the expenses group. These financial parameters had a decisive influence on the formation of the operating result, which in the first quarter of 2010 amounted to 5,928,000 PLN and was lower by 1,465,000 PLN than operating profit generated in the first quarter of 2009. In 2009, the operating profit of the Bank amounted to 33,498,000 PLN and increased compared to 2008 by 10,198,000 PLN.

The decline in financial performance in the first quarter of 2010 was primarily due to a decrease in net interest income (a decrease of 1,558,000 PLN against the first quarter of 2009). At the same time, there was a decline in allowances for impairment of 1,946,000 PLN vs. the first quarter of 2009. Net income for the first quarter of 2010 was lower by 1,184,000 PLN vs. the first quarter of 2009 and it reached 4,790,000 PLN.

In 2009 there was an increase in financial results compared to 2008. The increase of these results was mainly due to the fall in the value of allowances for impairment loss (of 19,150,000 PLN) and a decrease in net interest income by 3,530,000 PLN. Net profit at the end of 2009 was higher by 8,226,000 PLN against 2008 and reached 26,946,000 PLN.

The main source of income for the Bank in 2010 was interest on banking operations. Similarly, interest expense is the main item in the expenses group. These financial parameters had a decisive influence on the formation of the operating result, which in 2010 amounted to 21,628,000 PLN and was lower by 11,870,000 PLN than operating profit generated in 2009.

In 2010, there was a decline in financial results compared to 2009. The decline of these results was mainly due to the fall in the value of allowances for impairment loss (of 10,934,000 PLN). Net profit at the end of 2010 was lower by 9,466,000 PLN compared to 2009 and reached 17,480,000 PLN.

The main source of income for the Bank in 2011 was interest on banking operations. Similarly, interest expense is the main item in the expenses group. These financial parameters had a decisive influence on the formation of the operating result, which in 2011 amounted to 21,393,000 PLN and was lower by 235,000 PLN than operating profit generated in 2010.

In 2011, the profit for the period amounted to 17,274,000 PLN and was lower by 206,000 PLN than the profit for 2010.

The main source of income for the Bank in 2012 was interest on banking operations. Similarly, interest expense is the main item in the expenses group. These financial parameters had a decisive influence on the formation of the operating result, which in 2012 amounted to 19,411,000 PLN and was lower by 1,982,000 PLN than operating profit generated in 2011.

Net profit at the end of 2012 was lower by 1,599,000 PLN compared to 2011 and reached 15,675,000 PLN.

The main source of income for the Bank in 2013 was interest on banking operations. Similarly, interest expense is the main item in the expenses group. These financial parameters had a decisive influence on the formation of the operating result, which in 2013 amounted to 15,828,000 PLN and was lower by 3,583,000 PLN than operating profit generated in 2012.

Net profit at the end of 2013 was lower by 2,943,000 PLN compared to 2012 and reached 12,732,000 PLN.

In 2014, in the same way as in previous years, the Bank's primary source of income was interest from banking operations. Similarly, interest expense is the main item in the expenses group. These categories of the profit and loss account had a decisive influence on the formation of the operating result, which in 2014 amounted to 12,840,000 PLN and was lower by 2,988,000 PLN than operating profit generated in 2013.

Net profit at the end of 2014 was lower by 2,685,000 PLN compared to 2013 and reached 10,047,000 PLN

Table 19 Key financial indicators\*

	31.12.2014/2014	31.12.2013/2013	31.12.2012/2012	31.12.2011/2011	31.12.2010/2010
<b>Profitability ratios</b>					
Return on equity (net profit / loss for the financial period / average net assets) (1)	3%	4%	5%	6%	6%
Return on equity ( net profit / loss for the financial period / average net assets excluding net result for the period)	3%	4%	6%	7%	7%
Return on assets (profit / loss before tax for the financial period / average total assets) (1)	1%	1%	1%	1%	1%
Gross profitability (profit / loss before tax for the financial period / total income)	34%	38%	48%	44%	43%
Rate of interest income from working assets (interest income / average balance of working assets )	4%	5%	5%	5%	5%
Costs / income ( general administrative expenses / net banking operations) (2)	49%	47%	52%	43%	40%
<b>Debt ratios</b>					
Price of borrowed assets (interest expense for the period / average balance of interest-bearing liabilities) (1)	-3%	-3%	-4%	-4%	-3%
Share of own assets in liabilities (average equity/ average total liabilities) (1)	17%	17%	15%	14%	15%
Share of loans in assets (average balance of receivables from banks and customers gross / average balance of total assets) (1)	96%	95%	94%	93%	94%
Share of loans with recognized impairment in total loans	8%	9%	10%	10%	9%
Share of working assets in total assets (3)	99%	99%	99%	99%	99%
<b>Capital market indicators</b>					
Profit per 1 share	4,51 PLN	5,71 PLN	7,03 PLN	7,75 PLN	7,84 PLN
Book value per 1 share	137,47 PLN	137,76 PLN	132,65 PLN	125,49 PLN	125,71 PLN
<b>Other indicators</b>					
Own funds according to KNF Resolution (in thous. PLN)**	295 538	294 767 (294 564)**	279 949	261 053	260 121
Total regulatory requirement together with requirement of risk of excessive capital exposures (total regulatory capital requirement according to KNF Resolution) (in thous. PLN)**	134 560	125 727 (127 000)**	126 545	124 729	124 776
Capital adequacy ratio according to KNF Resolution**	17,57%	18,76% (18,56%)**	17,70%	16,74%	16,68%

Source: The Issuer

\*Data according to IFRS

- (1) The average balance of balance sheet items is calculated on the basis of the balance of individual items at the beginning and end of the current and period and previous period.
- (2) Income from banking operations understood as gross profit less general administrative costs, result of write-offs (net) due to impairment of credit and loans and other operating expenses.
- (3) Interest receivables were not eliminated in working assets.
- (4) The values of individual ratios may differ from the ratios presented in the financial statements because of application of different calculation methods.
- (5) Values calculated based on undiscounted cash flows.

\*\* Starting from 2014, the Bank's capital management process is carried out in accordance with regulatory requirements, in particular with the provisions of the Regulation of the European Parliament and of the Council (EU) No 575/2013 of 26 June 2013, referred to as CRR and

the relevant resolutions of the Financial Supervision Authority. The Bank estimated the data (shown in the table) at 31/12/2013, in accordance with the rules of calculation applicable since 1 January 2014.

	31.03.2010/ I-III. 2010	31.03.2009/ I-III. 2009	31.12.2009/2009	31.12.2008/2008
<b>Profitability ratios</b>				
Return on equity (net profit / loss for the financial period / average net assets) (1)	7%	9%	10%	7%
Return on equity ( net profit / loss for the financial period / average net assets excluding net result for the period)	7%	9%	11%	8%
Return on assets (profit / loss before tax for the financial period / average total assets) (1)	1%	1%	1%	1%
Gross profitability (profit / loss before tax for the financial period / total income)	52%	48%	62%	36%
Rate of interest income from working assets (interest income / average balance of working assets )	5%	7%	6%	7%
Costs / income ( general administrative expenses / net banking operations) (2)	49%	40%	42%	39%
<b>Debt ratios</b>				
Price of borrowed assets (interest expense for the period / average balance of interest-bearing liabilities) (1)	-3%	-5%	-4%	-5%
Share of own assets in liabilities (average equity/ average total liabilities) (1)	16%	14%	15%	14%
Share of loans in assets (average balance of receivables from banks and customers gross / average balance of total assets) (1)	94%	95%	95%	93%
Share of loans with recognized impairment in total loans	9%	7%	9%	7%
Share of working assets in total assets (3)	99%	99%	99%	98%
<b>Capital market indicators</b>				
Profit per 1 share	2,15 PLN	2,68 PLN	12,08 PLN	8,39 PLN
Book value per 1 share	131,34 PLN	122,73 PLN	128,82 PLN	117,36 PLN
<b>Other indicators</b>				
Own funds according to KNF Resolution (in thous. PLN)**	257 756	237 845	257 546	238 102
Total regulatory requirement together with requirement of risk of excessive capital exposures (total regulatory capital requirement according to KNF Resolution) (in thous. PLN)	116 715	132 056	118 225	126 718
Capital adequacy ratio according to KNF Resolution	17,67%	14,41%	17,43%	15,03%

Source: The Issuer

\*Data according to IFRS

- (1) The average balance of balance sheet items is calculated on the basis of the balance of individual items at the beginning and end of the current and period and previous period.
- (2) Income from banking operations understood as gross profit less general administrative costs, result of write-offs (net) due to impairment of credit and loans and other operating expenses.
- (3) Interest receivables were not eliminated in working assets.
- (4) The values of individual ratios may differ from the ratios presented in the financial statements because of application of different calculation methods.
- (5) Values calculated based on undiscounted cash flows.

The indicators presented above describe the activities of the Bank.

In the first quarter of 2010, due to the decline in net profit of 1,184,000 PLN ( of 19.8%) compared to the first quarter of 2009, the Bank reported a decrease of profitability ratios calculated as the ratio of net profit to a given financial volume. Return on equity (net profit / average assets excluding the net result of the period), in the first quarter of 2010, calculated on the basis of 1 amounted to 7 % (compared to 9 % at the end of the first quarter of 2009).

Book value per 1 share in the first quarter of 2010 increased up to 131.34 PLN against 122.73 PLN in the first quarter of 2009. Earning per 1 share dropped in that period to 2.15 PLN from 2.68 PLN.

Capital adequacy ratio at the end of the first quarter of 2010 amounted to 17.67 % (against 14.41 % at the end of March 2009). This ratio remains at a safe level. The minimum level of the capital adequacy ratio, in accordance with the Banking Law, should be at the level of 8%.

As at 31 March 2010, the share of impaired loans in the gross portfolio amounted to 9 % against 7 % as at 31 March 2009. The ratio of coverage of impaired loan receivables by impairment write-downs amounted to 29.7 % as at 31 March 2010 and decreased compared to the end of the first quarter of 2009 by 7 %.



At the end of the first quarter of 2010, the share of working assets reached 99 % and was comparable to the rate calculated at the end of the first quarter of 2009.

In 2010, due to the decline in net profit of 9,466,000 PLN (of 35.1%) compared to 2009, the Bank reported a decrease of profitability ratios calculated as the ratio of net profit to a given financial volume. Return on equity (net profit / average assets excluding the net result of the period), in 2010 amounted to 6 % (compared to 10 % at the end of 2009).

Book value per 1 share in 2010 decreased to 125.71 PLN against 128.82 PLN in 2009. Earning per 1 share dropped in that period to 7.84 PLN from 12.08 PLN.

Capital adequacy ratio at the end of 2010 amounted to 16.68 % (against 17.43 % at the end of 2009). This ratio remains at a safe level. The minimum level of the capital adequacy ratio, in accordance with the Banking Law, should be at the level of 8%.

As at 31 December 2010, the share of impaired loans in the gross portfolio remained at the same level as in 2009 and amounted to 9 %. The ratio of coverage of impaired loan receivables by impairment write-downs amounted to 31.9 % as at 31 December 2010 and increased compared to the end of 2009 by 1.6 %.

At the end of 2010, the share of working assets reached 99 % and was comparable to the rate calculated at the end of 2009.

In 2011, the Bank maintained its profitability ratios at the level comparable to the profitability ratios from 2010. The largest change was reported in the cost to income ratio, which increased by 3 % compared to 2010.

Book value per 1 share in 2011 decreased to 125.49 PLN against 125.71 PLN in 2010. Earning per 1 share dropped in that period to 7.75 PLN from 7.84 PLN.

Capital adequacy ratio at the end of 2011 amounted to 16.74 % (against 16.68 % at the end of 2010). This ratio remains at a safe level. The minimum level of the capital adequacy ratio, in accordance with the Banking Law, should be at the level of 8%.

As at 31 December 2011, the share of impaired loans in the gross portfolio increased by 1 % compared to 2010 and amounted to 10 %. The ratio of coverage of impaired loan receivables by impairment write-downs amounted to 30.8 % as at 31 December 2011 and decreased compared to the end of 2010 by 1.1 %.

In 2012, Bank generally maintained profitability ratios at a level comparable to or slightly lower than the profitability ratios from 2011. The largest change was reported in the cost to income ratio, which increased by 9 % compared to 2011.

Book value per 1 share in 2012 increased up to 132.65 PLN against 125.49 PLN in 2011. Earnings per share fell during this period to 7.03 PLN from 7.75 PLN.

Capital adequacy ratio at the end of 2012 increased up to 17.70 % (against 16.74 % at the end of 2011). This ratio remains at a safe level. The minimum level of the capital adequacy ratio, in accordance with the Banking Law, should be at the level of 8%.

As at 31 December 2012, the share of impaired loans in the gross portfolio amounted to 10 % and it did not change compared to 2011. The ratio of coverage of impaired loan receivables by impairment write-downs amounted to 31.3 % as at 31 December 2012 and increased compared to the end of 2012 by 0.5 %.

At the end of 2012, the share of working assets reached 99 % (it remained at the same level as in 2011).

In 2013, the Bank generally maintained profitability ratios at a level comparable to or slightly lower than the profitability ratios from 2012. The largest change was reported in the cost to income ratio, which decreased by 5 p.p. compared to 2012.

Book value per 1 share in 2013 increased up to 137.76 PLN against 132.65 PLN in 2012. Earnings per share fell during this period to 5.71 PLN from 7.03 PLN.

Capital adequacy ratio at the end of 2013 increased up to 18.76 % (against 17.70 % at the end of 2012). This ratio remains at a safe level. The minimum level of the capital adequacy ratio, in accordance with the Banking Law, should be at the level of 8%.

As at 31 December 2013, the share of impaired loans in the gross portfolio amounted to 9 % and compared to 2012 decreased by 1 p.p. The ratio of coverage of impaired loan receivables by impairment write-downs amounted to 39.2 % as at 31 December 2013 and increased compared to the end of 2012 by 7.9 %.

At the end of 2013, the share of working assets reached 99 % (it reached the same level as at the end of 2012).

In 2014, the Bank generally maintained profitability ratios at a slightly lower level compared to the profitability ratios from 2013. The biggest change was reported in gross profitability ratio (constituting the ratio of gross profit to total income for the financial year) which decreased by 4 p.p. compared to 2013 and in the case of the cost to income ratio (the ratio of general administrative expenses of the Bank to the result on banking operations), which increased (deteriorated) by 2 p.p.

Book value per 1 share in 2014 slightly declined and amounted to 137.47 PLN against 137.76 PLN in 2013. Earning per 1 share dropped in that period to 4.51 PLN from 5.71 PLN.

Capital adequacy ratio at the end of 2014 amounted to 17.57 %, against 18.76 % at the end of 2013 (estimated value, comparable 18.56%). This ratio remains at a safe level. The minimum level of the capital adequacy ratio, in accordance with the Banking Law, should be at the level of 8%.

As at 31 December 2014, the share of impaired loans in the gross portfolio amounted to 8 % and compared to 2013, dropped by nearly 1 p.p. The ratio of coverage of impaired loan receivables by impairment write-downs amounted to 39.5 % as at 31 December 2014 and increased compared to the end of 2013 by 0.3 %.

At the end of 2014, the share of working assets reached 99 % (it reached the same level as at the end of 2013).

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### **Part XII. Auditors within the period covered by the historical financial information**

#### **1. Names, surnames, addresses and registered Office of the auditors**

**This section has been supplemented with the following information:**

The Financial Statements of the Issuer for the year 2014, included in the Prospectus, were audited by Deloitte Polska Sp. z o.o. Sp.k. Al. Jana Pawła II 19; 00-854 Warszawa - the entity authorized to audit financial statements, included in the list of authorized entities, maintained by the National Council of Statutory Auditors under the number 73, the key certified auditor No.9667 Dorota Snarska-Kuman.

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### **Part XIII. Financial information**

**This section has been supplemented with the following information:**

The Financial Statements of the Issuer for the period from 1 January 2014 to 31 December 2014 along with independent auditor's opinion on these financial statements have been included in the Prospectus by reference to the annual report of the Issuer for 2014 published on 24 February 2014 and published on the Issuer's website: [www.pekaobh.pl](http://www.pekaobh.pl) and available at the registered office of the Issuer 02-672 Warszawa, ul. Domaniewska 39A.

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### **Part XIV. Significant Agreements. Judicial and Administrative Proceedings**

**The second paragraph has been supplemented with the following information:**

#### **Litigation and Arbitration**

As at 31 December 2014, there were no cases before courts or government agencies relating to liabilities or receivables of the Bank, whose value would constitute at least 10% of the equity of the Bank.

The total value of all litigation, enforcement and bankruptcy proceedings undertaken to satisfy debts due to loans granted is 207,162,000 PLN. The Bank created impairment write-downs for the aforesaid debts in the amount of 52,416,000 PLN.

As at 31 December 2014, Bank is a defendant in proceedings before a court or government agencies for a total amount of 64,000 PLN. The Bank created a provision for the aforesaid proceedings in the amount of 300,000 PLN.

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### **Part XV. Documents available for inspection**

**This part has been supplemented with the following information:**

- (ix) Financial Statements of the Issuer for the year 2014 prepared in accordance with IFRS, audited by the auditor (Deloitte Polska Sp. z o.o. Sp.k together with the opinion and report on the audit

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### **Part XIX. The list of references to the information contained in the Prospectus by reference**

**This part has been supplemented with the following information:**

- 6) To the annual report of the Issuer for 2014 published on 24 February 2014, stated on the Issuer's website [www.pekaobh.pl](http://www.pekaobh.pl) containing the Financial Statements of the Issuer for the period from 1 January 2014 to 31 December 2014, together with the independent auditor's opinion on these financial statements.

**On behalf of the Issuer**

**Tomasz Mozer**  
Management Board President

**Agata Kwaśniak**  
Management Board Member