

Subject: Information on the preliminary consolidated financial statement of the Capital Group of Bank Handlowy w Warszawie S.A. for the full year 2013

Legal basis: Art. 5 section 1 item 25 of the Ordinance of the Minister of Finance on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required under the law of a non-member state dated February 19, 2009 (Journal of Laws No. 33, item 259, as further amended).

Bank Handlowy w Warszawie S.A. hereby presents the preliminary consolidated data of the Capital Group of Bank Handlowy w Warszawie S.A. (hereinafter "the Group") for the full year 2013.

In 2013, the Group posted a consolidated net profit of PLN 972.7 million, representing an increase of PLN 2.6 million (i.e. 0.3%) compared to the net profit for 2012. The 2013 consolidated profit before tax of PLN 1,218.1 million decreased by PLN 21.4 million (i.e. 1.7%) as compared to the previous year. The revenue of the Group amounted to PLN 2,546.9 million, down by PLN 179.8 million (i.e. 6.6%) compared to the 2012 revenue, primarily due to the decline in the net interest income. On the other hand, the net fee and commission income and Treasury result increased.

In 2013 the Bank consistently continued its cost control policy as a result of which the general administrative and depreciation expenses dropped by PLN 65.0 million (i.e. 4.5%) YoY. At the same time, in the fourth quarter of 2013 the Bank established a restructuring provision amounting to PLN 62.4 million (for more information on the provision see page 4 of this report). Excluding the restructuring provision, the Bank's costs dropped by PLN 127.4 million (i.e. 8.9%) compared to 2012 and the Group's net profit in 2013 increased to PLN 1,022.5 million, i.e. by PLN 52.4 million (i.e. 5.4%) versus the net profit generated in 2012.

The year 2013 also brought further improvement in the area of credit risk, which is reflected by the positive value of net impairment losses due to financial assets and provisions granted financial and guarantee liabilities (PLN 36.2 million in 2013 compared to PLN -58.1 million in 2012, i.e. improvement by PLN 94.3 million).

Below is a summary of the key financial data and ratios for the Group in 2013 versus 2012.

- **Net profit:** PLN 972.7 million (increase of PLN 2.6 million, i.e. 0.3%)
- **Net profit excluding the restructuring provision:** PLN 1,022.5 million (increase of PLN 52.4 million, i.e. 5.4%)
- **Operating margin:** PLN 1,182.2 million (decrease of PLN 114.8 million, i.e. 8.9%)
- **Operating margin excluding the restructuring provision:** PLN 1,244.6 million (decrease of PLN 52.4 million, i.e. 4.0%)
- **Operating income:** PLN 2,546.9 million (decrease of PLN 179.8 million, i.e. 6.6%)
- **Operating costs and depreciation:** PLN 1,364.6 million (decrease of PLN 65.0 million, i.e. 4.5%)
- **Operating costs and depreciation excluding the restructuring provision:** PLN 1,302.2 million (decrease of PLN 127.4 million, i.e. 8.9%)
- **Key ratios:**
 - Return on equity (**ROE**): 15.3%
 - Return on assets (**ROA**): 2.1%
 - **Cost/Income** ratio: 54%
 - **Cost/Income** ratio excluding the restructuring provision: 51%
- **Capital adequacy ratio (CAR):** 17.5%

Consolidated income statement

PLN '000	01.01 - 31.12.2013	01.01 - 31.12.2012	Change	
			PLN '000	%
Net interest income	1,242,152	1,488,281	(246,129)	(16.5%)
Net fee and commission income	642,302	598,858	43,444	7.3%
Dividend income	4,416	6,493	(2,077)	(32.0%)
Net income on trade financial instruments and revaluation	349,000	371,993	(22,993)	(6.2%)
Net gain on debt investment securities	305,339	279,451	25,888	9.3%
Net gain on capital investment instruments	1,844	-	1,844	-
Net gain on hedge accounting	2,050	-	2,050	-
Net other operating income	(242)	(18,430)	18,188	(98.7%)
Total income	2,546,861	2,726,646	(179,785)	(6.6%)
General administrative expenses and depreciation	(1,364,643)	(1,429,634)	64,991	(4.5%)
Profit/(loss) on sale of other assets	1,050	84	966	-
Net impairment due to financial assets and provisions value for granted financial and guarantees liabilities	36,204	(58,101)	94,305	-
Share of profits (losses) of entities accounted using the equity method	(1,326)	540	(1,866)	-
Profit before tax	1,218,146	1,239,535	(21,389)	(1.7%)
Corporate income tax	(245,438)	(269,403)	23,965	(8.9%)
Net profit	972,708	970,132	2,576	0.3%

The main determinants of the net operating income of the Group in 2013 versus 2012 were in particular the following:

- net interest income of PLN 1,242.2 million compared to PLN 1,488.3 million recorded in 2012 – decrease of PLN 246.1 million, i.e. 16.5%, following a significant reduction in base interest rates (by 225 basis points) to a historic low level. Consequently, interest income from amounts due from customers declined by PLN 217.3 million (i.e. 17.2%), which was partially offset by a lower level of interest expense (down by PLN 149.7 million, i.e. 30.1%). A significant drop in interest income was also recorded in the case of debt securities portfolio – in total by PLN 190.8 million, i.e. 26.4%, for debt securities available-for-sale and debt securities held-for-trading.

Net interest income

PLN '000	01.01. - 31.12.2013	01.01. - 31.12.2012	Change	
			PLN '000	%
Interest and similar income from:				
Balances with the Central Bank	26,171	38,240	(12,069)	(31.6%)
Amounts due from banks	45,142	54,905	(9,763)	(17.8%)
Amounts due from customers, including:	1,042,860	1,260,149	(217,289)	(17.2%)
Financial sector entities	37,430	38,503	(1,073)	(2.8%)
Non-financial sector entities, including:	1,005,430	1,221,646	(216,216)	(17.7%)
Credit cards	279,647	362,857	(83,210)	(22.9%)
Debt securities available-for-sale	446,389	621,697	(175,308)	(28.2%)
Debt securities held-for-trading	85,770	101,268	(15,498)	(15.3%)
Total	1,646,332	2,076,259	(429,927)	(20.7%)
Interest expense and similar charges on:				
Balances with Central Bank	(1)	(1)	-	-
Amounts due to banks	(47,674)	(83,657)	35,983	(43.0%)
Amounts due to financial sector entities	(101,451)	(125,156)	23,705	(18.9%)
Amounts due to non-financial sector entities	(246,228)	(372,293)	126,065	(33.9%)
Loans and advances received	(3,311)	(6,119)	2,808	(45.9%)
Debt securities issuance	-	(752)	752	(100.0%)

<i>PLN '000</i>	01.01. - 31.12.2013	01.01. - 31.12.2012	Change	
Derivatives in hedge accounting	(5,515)	-	(5,515)	-
Total	(404,180)	(587,978)	183,798	(31.3%)
Net interest income	1,242,152	1,488,281	(246,129)	(16.5%)

- net fee and commission income of PLN 642.3 million versus PLN 598.9 million in 2012 – increase of PLN 43.4 million, i.e. 7.3%, driven mainly by capital markets, i.e. brokerage activity and custody services as well as sale of investment and insurance products. Higher fee on brokerage activity resulted from Dom Maklerski Banku Handlowego S.A.'s (DMBH) participation in capital market transactions (among others, the accelerated sale of stake in Bank Pekao S.A. and PKO Bank Polski S.A.; secondary public offering of BZ WBK S.A., IPO of Energa S.A.) and was also due to the increased value of session equity transactions and block trades made by DMBH on the Warsaw Stock Exchange – up by 30% YoY. In the Consumer Banking segment the fee and commission income from insurance and investment products increased (up by PLN 15.9 million, i.e. 12.8%) due to the increased interest in investment products among customers, which partially offset the decrease in fee income resulting from the reduction in interchange rates by card organizations starting from January 2013;

Net fee and commission income

<i>PLN '000</i>	01.01 – 31.12.2013	01.01 - 31.12.2012	Change	
			PLN '000	%
Fee and commission income				
Insurance and investment products	140,595	124,668	15,927	12.8%
Payment and credit cards	233,716	254,393	(20,677)	(8.1%)
Payment orders	105,892	108,116	(2,224)	(2.1%)
Custody services	104,521	87,744	16,777	19.1%
Cash loans	5,417	7,066	(1,649)	(23.3%)
Brokerage operations	86,489	47,562	38,927	81.8%
Account cash management services	26,007	28,478	(2,471)	(8.7%)
Guarantees granted	14,090	14,397	(307)	(2.1%)
Financial liabilities granted	5,343	5,960	(617)	(10.4%)
Other	40,702	28,856	11,846	41.1%
Total	762,772	707,240	55,532	7.9%
Fee and commission expense				
Payment and credit cards	(57,944)	(55,704)	(2,240)	4.0%
Brokerage operations	(24,801)	(19,921)	(4,880)	24.5%
Fees paid to the National Depository for Securities (KDPW)	(21,060)	(16,633)	(4,427)	26.6%
Brokerage fees	(4,595)	(4,049)	(546)	13.5%
Other	(12,070)	(12,075)	5	-
Total	(120,470)	(108,382)	(12,088)	11.2%
Net fee and commission income				
Insurance and investment products	140,595	124,668	15,927	12.8%
Payment and credit cards	175,772	198,689	(22,917)	(11.5%)
Payment orders	105,892	108,116	(2,224)	(2.1%)
Custody services	104,521	87,744	16,777	19.1%
Cash loans	5,417	7,066	(1,649)	(23.3%)
Brokerage operations	61,688	27,641	34,047	123.2%
Account cash management services	26,007	28,478	(2,471)	(8.7%)
Guarantees granted	14,090	14,397	(307)	(2.1%)
Financial liabilities granted	5,343	5,960	(617)	(10.4%)
Fees paid to the National Depository for Securities (KDPW)	(21,060)	(16,633)	(4,427)	26.6%
Brokerage fees	(4,595)	(4,049)	(546)	13.5%

PLN '000	01.01 – 31.12.2013	01.01 - 31.12.2012	Change	
			PLN '000	%
Other	28,632	16,781	11,851	70.6%
Net fee and commission expense	642,302	598,858	43,444	7.3%

- net income on trade financial instruments and revaluation of PLN 349.0 million versus PLN 372.0 million recorded in 2012, i.e. down by PLN 23.0 million, principally reflecting lower income on the interbank market operations;
- net gain on investment debt securities of PLN 305.3 million versus PLN 279.5 million in 2012, i.e. an increase of PLN 25.9 million, stemming from the realized gains in favorable conditions on the domestic debt market;
- general administrative and depreciation expenses of PLN 1,364.6 million versus PLN 1,429.6 million in the previous year – a decrease of PLN 65.0 million (i.e. 4.5%) primarily as a consequence of lower staff expenses, lower spending on marketing and advertising as well as lower advisory services' costs. At the same time in the fourth quarter of 2013 the Bank established a restructuring provision in connection with the decision about the transformation of the Bank's distribution model into the Smart Banking Ecosystem, which was announced in October 2013, as well as the implementation of changes into the Bank's operating model, leading to employment restructuring and exit from 19 retail branches located outside the target markets for the Bank. The restructuring provision in the amount of PLN 62.4 million includes the costs of severance payments for employees to be laid off (PLN 55.2 million) as well as the costs related to early termination of lease agreements and rent due from the moment of branch closure to the end of lease terms (PLN 7.2 million). Excluding the impact of the restructuring provision, in 2013 general administrative expenses and depreciation amounted to PLN 1,302.2 million, i.e. down by PLN 127.4 million, i.e. 8.9%, compared to 2012.

General administrative expenses and depreciation expense

PLN '000	01.01 – 31.12.2013	01.01 - 31.12.2012	Change	
			PLN '000	%
Staff expenses	(689,625)	(720,051)	30,426	(4.2%)
Remuneration costs	(495,298)	(528,146)	32,848	(6.2%)
Bonuses and rewards	(123,304)	(114,379)	(8,925)	7.8%
Social security costs	(71,023)	(77,526)	6,503	(8.4%)
Administrative expenses	(612,383)	(644,900)	32,517	(5.0%)
Telecommunication fees and hardware purchase costs	(191,038)	(170,003)	(21,035)	12.4%
Advisory, audit, consulting and other external services' costs	(63,019)	(81,470)	18,451	(22.6%)
Building maintenance and rent costs	(101,919)	(111,841)	9,922	(8.9%)
Advertising and Marketing costs	(23,321)	(49,375)	26,054	(52.8%)
Cash management services, KIR services and other transactional costs	(47,600)	(46,853)	(747)	1.6%
Costs of external services concerning distribution of banking products	(55,249)	(54,037)	(1,212)	2.2%
Postal services, office supplies and printmaking costs	(19,098)	(25,118)	6,020	(24.0%)
Training and education costs	(7,171)	(5,384)	(1,787)	33.2%
Banking supervision costs	(1,173)	(3,179)	2,006	(63.1%)
Other costs	(102,795)	(97,640)	(5,155)	5.3%
Depreciation/amortization of tangible and intangible assets	(62,635)	(64,683)	2,048	(3.2%)
General administrative expenses and depreciation expense in total	(1,364,643)	(1,429,634)	64,991	(4.5%)

- reversal of net impairment losses of PLN 36.2 million versus PLN 58.1 million in 2012 – improvement by PLN 94.3 million, mainly in the Consumer Banking segment (reversal of net impairment losses of PLN 62.3 million in 2013 compared to PLN 30.0 million of net impairment losses in 2012), where retail receivables continued to improve and were broadly matched by

releases of provisions. Moreover, in 2013 a part of retail impaired exposures was sold: in the second quarter the Bank sold retail impaired exposures (cash loans and credit cards) of value of PLN 148.8 million (98% out of which constituted written-off receivables) for PLN 23.3 million; in the fourth quarter the Bank sold retail impaired exposures (cash loans and credit cards) of value of PLN 99.3 million (98% out of which constituted written-off receivables) for PLN 10.2 million. In the Corporate Banking segment the quality of the portfolio also improved and net impairment losses declined by PLN 2.0 million (from PLN -28.1 million in 2012 to PLN -26.1 million in 2013)

Net impairment due to financial assets and provisions value losses for granted financial and guarantees liabilities

PLN '000	01.01 –		Change	
	31.12.2013	31.12.2012	PLN '000	%
Impairment write-offs of financial assets				
Equity investments	-	(5,092)	5,092	(100.0%)
Amounts due from banks	(2,697)	(865)	(1,832)	211.8%
Amounts due from customers	(240,017)	(295,660)	55,643	(18.8%)
Amounts due from matured derivative transactions	(6,374)	(1,518)	(4,856)	319.9%
Other	(12,109)	(13,144)	1,035	(7.9%)
	(261,197)	(316,279)	55,082	(17.4%)
Reversals of impairment write-offs of financial assets				
Amounts due from banks	1,661	797	864	108.4%
Amounts due from customers	261,860	242,073	19,787	8.2%
Amounts due from matured derivative transactions	1,560	759	801	105.5%
Recovery on sale of debt previously written-off	33,994	14,551	19,443	133.6%
	299,075	258,180	40,895	15.8%
Net impairment due to financial assets value losses	37,878	(58,099)	95,977	-
Establish of provisions for granted financial and guarantee commitments	(32,528)	(22,768)	(9,760)	42.9%
Release of provisions for granted financial and guarantee commitments	30,854	22,766	8,088	35.5%
Net impairment due to provisions for granted financial and guarantee commitments	(1,674)	(2)	(1,672)	-
Net impairment due to financial assets and provisions value losses for granted financial and guarantees liabilities	36,204	(58,101)	94,305	-

Consolidated statement of comprehensive income

PLN'000	01.01 –	
	31.12.2013	31.12.2012
Net profit	972,708	970,132
Other comprehensive income:		
Net valuation of financial assets available-for-sale	(300,754)	340,085
Exchange rates differences	414	(2,386)
Other comprehensive income after tax	(300,340)	337,699
Total comprehensive income	672,368	1,307,831
Including:		
Comprehensive income attributable to Bank's shareholders	672,368	1,307,831

Consolidated statement of financial position

As at December 31, 2013, total assets of the Group stood at PLN 45,398.4 million, i.e. 4.3% higher versus the end of 2012. The increase was predominantly due to the following events:

- securities available-for-sale portfolio increased by PLN 2.6 billion, i.e. 17.4%, mainly as a result of increased position in Treasury bonds and the National Bank of Poland cash bills;
- financial assets held-for-trading decreased by PLN 1.1 billion, i.e. 15.9%, mainly as a result of the decrease in the valuation of derivatives;
- customer receivables decreased by PLN 1.0 billion, i.e. 6.1%, mainly due to a decline in loans to corporate clients (PLN -0.8 billion, i.e. 7.9%) and lower receivables for reverse repo transactions in the financial sector. On the other hand, the credit portfolio of individual customers increased as compared to the end of 2012 (by 0.4%) mainly due to the growth in mortgage and credit card loans, which at the same time was accompanied with a decline in cash loans.

The biggest change in the liabilities was recorded in liabilities towards banks which increased by PLN 4.0 billion versus the end of 2012. In 2013 the Group saw also a significant increase in customer deposits, driven mainly by higher balances on current accounts of individuals and it was a result of the Bank's consistent focus on operating accounts. In total, current deposits of non-banking sector customers increased by PLN 3.0 billion (i.e. 21.1%), out of which current deposits of corporate customers grew by PLN 1.9 billion and balances on current accounts of individual customers (predominantly in the area of savings accounts) increased by PLN 1.1 billion. On the other hand, other liabilities towards customers went down by PLN 2.7 billion, i.e. 85.0%, which was due to decreased repo transactions volume and caused a drop in total liabilities towards customers by PLN 0.2 billion, i.e. 1.1%.

Consolidated statement of financial position

PLN '000	State as at		Change	
	31.12.2013	31.12.2012	PLN '000	%
ASSETS				
Cash and balances with the Central Bank	778,464	1,357,308	(578,844)	(42.7%)
Amounts due from banks	3,539,927	1,461,901	2,078,026	142.2%
Financial assets held-for-trading	5,751,829	6,838,483	(1,086,654)	(15.9%)
Debt securities available-for-sale	17,616,041	15,003,003	2,613,038	17.4%
Capital investments valued at equity method	7,814	15,110	(7,296)	(48.3%)
Other equity investments available for sale	15,280	19,921	(4,641)	(23.3%)
Amounts due from customers	15,231,327	16,221,412	(990,085)	(6.1%)
Tangible fixed assets	384,581	409,916	(25,335)	(6.2%)
Intangible assets	1,417,363	1,379,931	37,432	2.7%
Receivables due to current income tax	80,854	2,702	78,152	-
Asset due to deferred income tax	203,132	218,786	(15,654)	(7.2%)
Other assets	359,039	567,736	(208,697)	(36.8%)
Fixed assets held-for-sale	12,738	12,554	184	1.5%
Total assets	45,398,389	43,508,763	1,889,626	4.3%
LIABILITIES				
Due to banks	6,378,436	2,356,429	4,022,007	170.7%
Financial liabilities held-for-trading	4,196,896	5,846,404	(1,649,508)	(28.2%)
Hedging derivatives	24,710	-	24,710	-
Due to customers	26,568,765	26,852,165	(283,400)	(1.1%)
Provisions	89,284	28,656	60,628	211.6%
Current income tax liabilities	84	55,343	(55,259)	(99.9%)
Other liabilities	832,950	978,351	(145,401)	(14.9%)
Total liabilities	38,091,125	36,117,348	1,973,777	5.5%

PLN '000	State as at		Change	
	31.12.2013	31.12.2012	PLN '000	%
EQUITY				
Share capital	522,638	522,638	-	-
Share premium	2,997,759	3,011,380	(13,621)	(0.5%)
Revaluation reserve	(42,963)	257,791	(300,754)	(116.7%)
Other reserves	2,859,388	2,637,066	222,322	8.4%
Retained earnings	970,442	962,540	7,902	0.8%
Total equity	7,307,264	7,391,415	(84,151)	(1.1%)
Total liabilities and equity	45,398,389	43,508,763	1,889,626	4.3%

Receivables from customers divided into at risk vs. not at risk of impairment

PLN '000	31.12.2013	31.12.2012	Change	
			PLN '000	%
Not at risk of impairment, including:	14,983,311	15,938,733	(955,422)	(6.0%)
non-financial sector	14,267,713	15,005,344	(737,631)	(4.9%)
corporate customers *	9,093,770	9,833,172	(739,402)	(7.5%)
individual customers	5,173,943	5,172,172	1,771	-
At risk of impairment, including:	1 135 085	1,299,462	(164,377)	(12.7%)
non-financial sector	1 116 089	1,280,466	(164,377)	(12.8%)
corporate customers *	470 945	531,645	(60,700)	(11.4%)
individual customers	645 144	748,821	(103,677)	(13.9%)
Dues related to matured derivative transactions	96 964	114,144	(17,180)	(15.1%)
Total gross receivables from customers, including:	16 215 360	17,352,339	(1,136,979)	(6.6%)
non-financial sector	15 383 802	16,285,810	(902,008)	(5.5%)
corporate customers *	9 564 715	10,364,817	(800,102)	(7.7%)
individual customers	5 819 087	5,920,993	(101,906)	(1.7%)
Impairment, including:	(984 033)	(1,130,927)	146,894	(13.0%)
Dues related to matured derivative transactions	(81 556)	(94,925)	13,369	(14.1%)
Total net receivables from customers	15 231 327	16,221,412	(990,085)	(6.1%)
Provision coverage ratio**	79.5%	79.7%		
corporate customers *	73.8%	67.0%		
individual customers	83.1%	88.2%		
Non-performing loans ratio (NPL)	7.0%	7.5%		

*Corporate clients include enterprises, public sector, public and private companies, cooperatives, individual enterprises, non-commercial institutions operating for households.

**Ratio calculated with IBNR impairment.

Customer net receivables

PLN '000	31.12.2013	31.12.2012	Change	
			PLN '000	%
Amounts due from financial sector entities	715 466	933,272	(217,806)	(23.3%)
Amounts due from non-financial sector entities including:	14 515 861	15,288,140	(772,279)	(5.1%)
Corporate customers *	9 232 582	10,027,941	(795,359)	(7.9%)
Individual customers, including:	5 283 279	5,260,199	23,080	0.4%
Credit cards	2 222 243	2,150,189	72,054	3.4%
Cash loans	1 919 308	2,103,643	(184,335)	(8.8%)
Mortgages	1 068 199	925,740	142,459	15.4%
Total net customer receivables	15 231 327	16,221,412	(990,085)	(6.1%)

*Corporate clients include enterprises, public sector, public and private companies, cooperatives, individual enterprises, non-commercial institutions operating for households.

Customer liabilities

PLN '000	31.12.2013	31.12.2012	Change	
			PLN '000	%
Current accounts of:	17,303,756	14,284,414	3,019,342	21.1%
financial sector entities	320,634	445,054	(124,420)	(28.0%)
non-financial sector entities, including:	16,983,122	13,839,360	3,143,762	22.7%
corporate customers*, including:	11,051,215	9,002,878	2,048,337	22.8%
budgetary units	3,347,446	2,008,699	1,338,747	66.7%
individual customers	5,931,907	4,836,482	1,095,425	22.7%
Term deposits from:	8,780,957	9,345,306	(564,349)	(6.0%)
financial sector entities	2,939,233	2,349,736	589,497	25.1%
non-financial sector entities, including:	5,841,724	6,995,570	(1,153,846)	(16.5%)
corporate customers*, including:	4,866,448	5,935,959	(1,069,511)	(18.0%)
budgetary units	216,815	823,314	(606,499)	(73.7%)
individual customers	975,276	1,059,611	(84,335)	(8.0%)
Total customers deposits	26,084,713	23,629,720	2,454,993	10.4%
Other liabilities to customers	484,052	3,222,445	(2,738,393)	(85.0%)
Total amounts due to customers	26,568,765	26,852,165	(283,400)	(1.1%)

* Corporate clients include enterprises, public sector, public and private companies, cooperatives, individual enterprises, non-commercial institutions operating for households.

Financial ratios and employment data

In 2013 the Bank kept its return on equity ratio (ROE) and return on assets ratio (ROA) at high levels of 15.3% and 2.1%, respectively. In terms of cost efficiency, the cost to income ratio increased to 54%, however excluding the impact of the restructuring provision, it was 51%, i.e. it improved by 1.3 p.p. compared to the previous year.

Due to the impact of the already mentioned significant reduction in base interest rates in 2013 (in total by 225 basis points), the net interest margin weakened. Net interest margin on total assets dropped to 2.7%, while net interest margin on interest bearing assets decreased to 3.2%.

The Bank continued to maintain safe liquidity and capital adequacy position confirmed by the following ratios: the loan to deposit ratio of 64% and the capital adequacy ratio of 17.5%.

Ratios	2013	2012
ROE	15.3%	15.3%
ROA	2.1%	2.4%
Cost/Income	54%	52%
Interest margin on total assets	2.7%	3.7%
Interest margin on interest-bearing assets	3.2%	4.4%
Non-financial sector loans/ Non-financial sector deposits	64%	73%
Capital adequacy ratio	17.5%	18.1%

Group employment

In full time job equivalents (FTE)	2013	2012	Change	
			FTEs	%
Average employment in the year	4,833	5,263	(430)	(8.2)
Employment at the end of the year	4,665	4,892	(227)	(4.6)

Consolidated income statement of the Group by business segments

<i>PLN '000</i>	For the period			01.01 – 31.12.2013			01.01 -31.12.2012		
	Corporate Banking	Consumer Banking	Total	Corporate Banking	Consumer Banking	Total	Corporate Banking	Consumer Banking	Total
Net interest income	581,022	661,130	1,242,152	715,122	773,159	1,488,281			
Net commission income	296,526	345,776	642,302	250,901	347,957	598,858			
Dividend income	1,485	2,931	4,416	2,779	3,714	6,493			
Net income on trade financial instruments and revaluation	315,639	33,361	349,000	335,731	36,262	371,993			
Net gain on debt investment securities	305,339	-	305,339	279,451	-	279,451			
Net gain on capital investment instruments	1,844	-	1,844	-	-	-			
Net gain on hedge accounting	2,050	-	2,050	-	-	-			
Net other operating income	27,086	(27,328)	(242)	8,605	(27,035)	(18,430)			
General administrative expenses	(559,520)	(742,488)	(1,302,008)	(628,024)	(736,927)	(1,364,951)			
Depreciation of fixed assets and intangible assets	(25,823)	(36,812)	(62,635)	(30,106)	(34,577)	(64,683)			
Profit / (loss) on sale of other assets	915	135	1,050	54	30	84			
Net impairment due to financial assets and provisions value for granted financial and guarantees liabilities	(26,113)	62,317	36,204	(28,111)	(29,990)	(58,101)			
Operating income	920,450	299,022	1,219,472	906,402	332,593	1,238,995			
Share in net profits (losses) of entities valued at equity method	(1,326)	-	(1,326)	540	-	540			
Profit before tax	919,124	299,022	1,218,146	906,942	332,593	1,239,535			
Income tax expense			(245,438)			(269,403)			
Net profit			972,708			970,132			