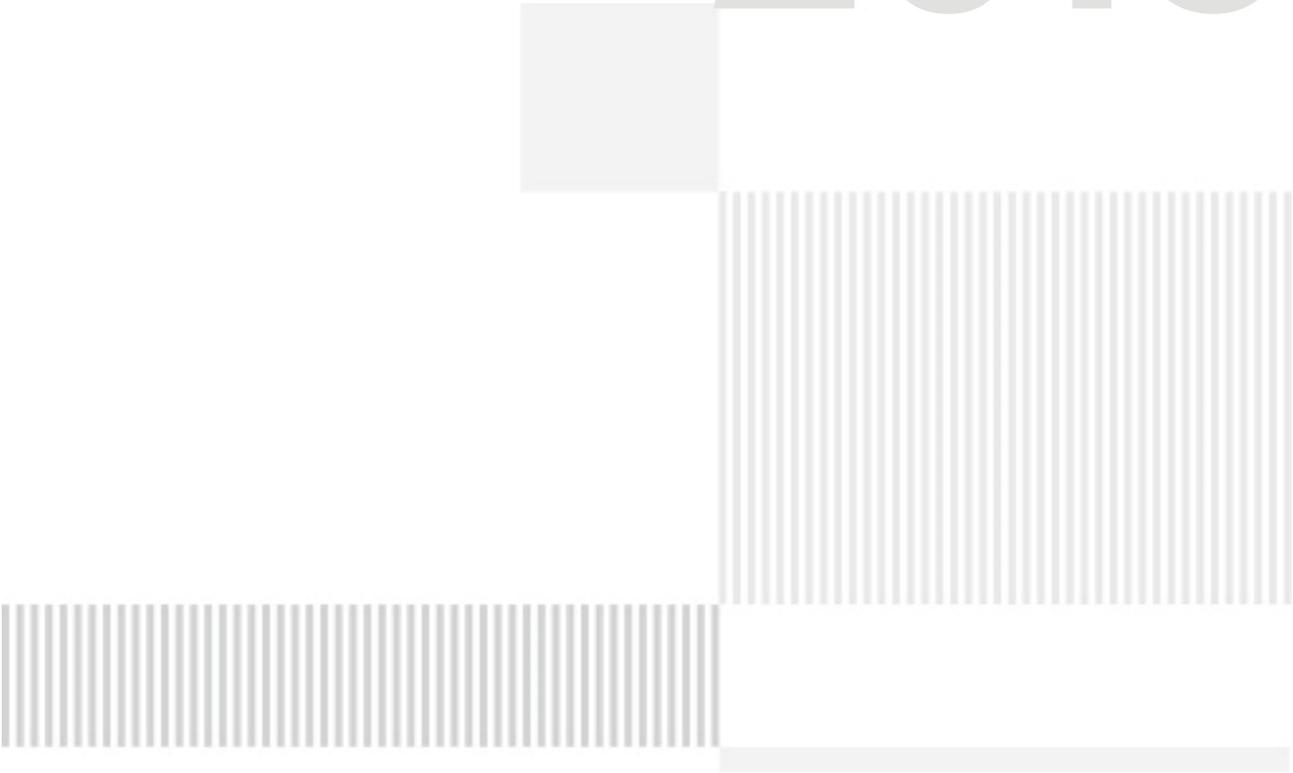


**SELECTED FINANCIAL INFORMATION
ON BANK ZACHODNI WBK GROUP
FOR 2015**

2015



Bank Zachodni WBK

 Grupa Santander

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The content of this report represents insider information as defined in article 154 of the Act of 29 July 2005 on Trading in Financial Instruments (Journal of Laws of 2014, 94, as amended). The legal basis of this notification is article 56 section 1 item 1 of the Act of 29 July 2005 on Public Offering, the Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies (Journal of Laws of 2013, item 1382, as amended).

The financial information for the quarter and the year ended 31 December 2015 as included in this document covers selected, preliminary and unaudited data prepared for information purposes only, in addition to the statutory interim reporting obligations of Bank Zachodni WBK Group. The scope of disclosures contained herein does not meet the definition of an interim report required by the International Accounting Standard 34 „Interim Financial Reporting” or the Regulation of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities. Some financial data may be subject to revision in the Group’s Annual Report 2015 to be published on 12 February 2016 along with the independent auditor’s opinion.

In thousands of PLN

Consolidated Income Statement

	for reporting period:		01.10.2015	01.01.2015	01.10.2014	01.01.2014
			31.12.2015	31.12.2015	31.12.2014	31.12.2014
Interest income			1 458 617	5 708 829	1 577 627	5 723 043
Interest expense			(322 336)	(1 399 678)	(506 636)	(1 726 221)
Net interest income			1 136 281	4 309 151	1 070 991	3 996 822
Fee and commission income			618 690	2 358 072	585 767	2 211 332
Fee and commission expense			(124 460)	(419 972)	(113 828)	(363 571)
Net fee and commission income			494 230	1 938 100	471 939	1 847 761
Dividend income			14 539	105 278	5	80 229
Net gains/(losses) on subordinated entities			-	522 995	10 602	10 602
Net trading income and revaluation			56 061	223 642	48 318	101 043
Gains (losses) from other financial securities			13 103	277 350	159 015	225 552
Other operating income			28 470	163 607	83 110	317 034
Impairment losses on loans and advances			(256 405)	(810 692)	(284 622)	(836 555)
Operating expenses incl.:			(1 095 576)	(3 578 850)	(857 437)	(3 103 832)
<i>Bank's staff, operating expenses and management costs</i>			<i>(982 068)</i>	<i>(3 208 701)</i>	<i>(749 344)</i>	<i>(2 719 479)</i>
<i>Depreciation/amortisation</i>			<i>(66 149)</i>	<i>(256 561)</i>	<i>(84 438)</i>	<i>(308 022)</i>
<i>Other operating expenses</i>			<i>(47 359)</i>	<i>(113 588)</i>	<i>(23 655)</i>	<i>(76 331)</i>
Operating profit			390 703	3 150 581	701 921	2 638 656
Share in net profits (loss) of entities accounted for by the equity method			13 878	27 711	349	1 385
Profit before tax			404 581	3 178 292	702 270	2 640 041
Corporate income tax			(99 624)	(643 741)	(206 028)	(592 749)
Consolidated profit for the period			304 957	2 534 551	496 242	2 047 292
of which:						
<i>attributable to owners of BZ WBK S.A.</i>			<i>277 142</i>	<i>2 327 273</i>	<i>445 230</i>	<i>1 914 711</i>
<i>attributable to non-controlling interests</i>			<i>27 815</i>	<i>207 278</i>	<i>51 012</i>	<i>132 581</i>
Net earnings per share (PLN/share)						
Basic earnings per share			2,79	23,45	4,63	19,91
Diluted earnings per share			2,78	23,41	4,62	19,86

Consolidated Statement of Comprehensive Income

	for reporting period:		01.10.2015	01.01.2015	01.10.2014	01.01.2014
			31.12.2015	31.12.2015	31.12.2014	31.12.2014
Consolidated profit for the period			304 957	2 534 551	496 242	2 047 292
Other comprehensive income which can be transferred to the profit and loss account:			336 864	(177 216)	(118 350)	256 216
Available-for sale financial assets valuation			263 007	(111 009)	(48 304)	488 423
<i>including deferred tax</i>			<i>(49 971)</i>	<i>21 092</i>	<i>9 178</i>	<i>(92 800)</i>
Cash flow hedges valuation			152 874	(107 777)	(97 808)	(172 108)
<i>including deferred tax</i>			<i>(29 046)</i>	<i>20 478</i>	<i>18 584</i>	<i>32 701</i>
Other comprehensive income which can't be transferred to the profit and loss account			8 055	8 055	(4 508)	(11 670)
Provision for retirement allowances – actuarial gains/losses			9 944	9 944	(5 566)	(14 408)
<i>including deferred tax</i>			<i>(1 889)</i>	<i>(1 889)</i>	<i>1 058</i>	<i>2 738</i>
Other comprehensive income for the period, net of income tax			344 919	(169 161)	(122 858)	244 546
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			649 876	2 365 390	373 384	2 291 838
Attributable to:						
<i>owners of BZ WBK S.A.</i>			<i>615 417</i>	<i>2 152 641</i>	<i>321 720</i>	<i>2 157 350</i>
<i>non-controlling interests</i>			<i>34 459</i>	<i>212 749</i>	<i>51 664</i>	<i>134 488</i>

In thousands of PLN

Consolidated Statement of Financial Position

as at:	31.12.2015	30.09.2015	31.12.2014	30.09.2014
Assets				
Cash and balances with central banks	6 229 853	3 480 147	6 806 521	5 406 209
Loans and advances to banks	3 853 257	3 386 246	2 523 063	3 478 761
Financial assets held for trading	4 165 511	4 621 166	5 238 741	3 466 586
Hedging derivatives	164 777	153 198	238 889	230 872
Loans and advances to customers	94 930 844	91 915 873	85 820 571	84 964 651
Investment securities	24 622 078	25 827 142	27 057 093	26 535 786
Investments in associates	831 142	817 264	42 792	64 480
Intangible assets	465 687	409 115	505 385	500 947
Goodwill	1 688 516	1 688 516	2 542 325	2 542 325
Property, plant and equipment	830 493	732 416	756 950	681 723
Net deferred tax assets	1 251 808	1 332 314	1 181 610	964 884
Assets classified as held for sale	1 569	983	1 378	2 897
Investment property	-	-	-	14 070
Other assets	673 165	697 969	1 786 556	1 533 650
Total assets	139 708 700	135 062 349	134 501 874	130 387 841
Liabilities				
Deposits from banks	5 704 604	7 986 005	8 359 856	7 787 640
Hedging derivatives	2 079 805	2 208 813	1 258 224	807 877
Financial liabilities held for trading	2 535 684	2 194 603	2 781 680	2 085 957
Deposits from customers	101 865 376	95 602 148	94 981 809	93 022 956
Subordinated liabilities	526 634	524 885	1 539 967	1 509 717
Debt securities in issue	4 320 891	4 388 201	3 373 374	3 570 081
Current income tax liabilities	228 488	250 827	624 189	362 842
Other liabilities	1 879 088	1 992 979	3 531 081	3 564 126
Total liabilities	119 140 570	115 148 461	116 450 180	112 711 196
Equity				
Equity attributable to owners of BZ WBK S.A.	19 392 029	18 772 246	16 530 895	16 207 510
Share capital	992 345	992 345	992 345	992 345
Other reserve funds	14 685 919	14 681 553	12 309 424	12 310 490
Revaluation reserve	776 914	438 639	951 546	1 075 056
Retained earnings	609 578	609 578	362 869	360 138
Profit of the current period	2 327 273	2 050 131	1 914 711	1 469 481
Non-controlling interests in equity	1 176 101	1 141 642	1 520 799	1 469 135
Total equity	20 568 130	19 913 888	18 051 694	17 676 645
Total equity and liabilities	139 708 700	135 062 349	134 501 874	130 387 841

In thousands of PLN

Movements in Consolidated Equity

Consolidated statement of changes in equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Non-controlling interests in equity	Total
Opening balance as at 31.12.2014	992 345	12 309 424	951 546	2 277 580	1 520 799	18 051 694
Other comprehensive income which can be transferred to the profit and loss account	-	-	(182 687)	2 327 273	212 749	2 357 335
Other comprehensive income which can't be transferred to the profit and loss account	-	-	8 055	-	-	8 055
Equity adjustment due to loss of control over BZ WBK-Aviva insurance companies.	-	1 032 206	-	(342 467)	(540 854)	148 885
Transfer to other capital	-	1 329 746	-	(1 329 746)	-	-
Share scheme charge	-	18 754	-	-	-	18 754
Dividends	-	-	-	-	(16 593)	(16 593)
Other	-	(4 211)	-	4 211	-	-
As at 31.12.2015	992 345	14 685 919	776 914	2 936 851	1 176 101	20 568 130

As at the end of the period revaluation reserve in the amount of PLN 776 914 k comprises of debt securities and equity shares classified as available for sale of PLN 183 416 k and PLN 786 398 k respectively and additionally cash flow hedge activities of PLN (195 500) k and accumulated actuarial losses -provision for retirement allowances of PLN 2 600 k.

Consolidated statement of changes in equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Non-controlling interests in equity	Total
Opening balance as at 31.12.2014	992 345	12 309 424	951 546	2 277 580	1 520 799	18 051 694
Other comprehensive income which can be transferred to the profit and loss account	-	-	(512 907)	2 050 131	178 290	1 715 514
Equity adjustment due to loss of control over BZ WBK-Aviva insurance companies.	-	1 032 206	-	(342 467)	(540 854)	148 885
Transfer to other capital	-	1 329 746	-	(1 329 746)	-	-
Share scheme charge	-	14 388	-	-	-	14 388
Dividends	-	-	-	-	(16 593)	(16 593)
Other	-	(4 211)	-	4 211	-	-
As at 31.09.2015	992 345	14 681 553	438 639	2 659 709	1 141 642	19 913 888

As at the end of the period revaluation reserve in the amount of PLN 438 639 k comprises of debt securities and equity shares classified as available for sale of PLN 188 942 k and PLN 574 481 k respectively and additionally cash flow hedge activities of PLN (319 329) k and accumulated actuarial losses -provision for retirement allowances of PLN (5 455) k.

In thousands of PLN

Consolidated statement of changes in equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Non-controlling interests in equity	Total
Opening balance as at 31.12.2013	935 451	10 115 745	708 907	2 111 985	610 855	14 482 943
Other comprehensive income which can be transferred to the profit and loss account	-	-	254 309	1 914 711	134 488	2 303 508
Other comprehensive income which can't be transferred to the profit and loss account	-	-	(11 670)	-	-	(11 670)
Issue of shares	56 894	2 102 575	-	-	-	2 159 469
Adjustment to equity from acquisition of controlling interest in Santander Consumer Bank	-	(663 825)	-	-	995 059	331 234
Transfer to other capital	-	750 915	-	(750 915)	-	-
Share scheme charge	-	6 846	-	-	-	6 846
Adjustment to equity from the incorporation of Dom Maklerski BZ WBK (Brokerage House) into the structure of Bank Zachodni WBK	-	(2 832)	-	2 832	-	-
Other	-	-	-	(101)	-	(101)
Dividends	-	-	-	(1 000 932)	(219 603)	(1 220 535)
As at 31.12.2014	992 345	12 309 424	951 546	2 277 580	1 520 799	18 051 694

As at the end of the period revaluation reserve in the amount of PLN 951 546 k comprises of debt securities and equity shares classified as available for sale of PLN 493 867 k and PLN 571 335 k respectively and additionally cash flow hedge activities of PLN (108 201) k and accumulated actuarial losses -provision for retirement allowances of PLN (5 455) k.

In thousands of PLN

Consolidated Statement of Cash Flows

	for the period	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014
Profit before tax		3 178 292	2 640 041
Total adjustments:			
Share in net profits (losses) of entities accounted for by the equity method		(27 711)	(1 385)
Depreciation/amortisation		256 561	308 022
Impairment losses		1 733	14 028
(Profit) loss from investing activities		(823 152)	(244 697)
		2 585 723	2 716 009
Changes:			
Provisions		(1 078 594)	(30 308)
Trading portfolio financial instruments		1 722 927	(415 159)
Loans and advances to banks		(246 273)	(404 211)
Loans and advances to customers		(9 110 273)	(5 809 053)
Deposits from banks		(2 669 542)	(124 276)
Deposits from customers		6 653 539	9 322 696
Liabilities arising from debt securities in issue		-	(171 366)
Other assets and liabilities		1 014 948	(273 321)
		(3 713 268)	2 095 002
Interests and similar charges		643 823	353 104
Dividend received		(103 899)	(80 278)
Paid income tax		(1 048 980)	(567 112)
Net cash flow from operating activities		(1 636 601)	4 516 725
Inflows		125 797 137	252 427 064
Sale of subordinated entities		244 316	2 592
Sale/maturity of investment securities		125 398 533	252 318 165
Sale of intangible assets and property, plant and equipment		50 389	26 029
Dividend received		103 899	80 278
Outflows		(124 877 359)	(257 000 117)
Purchase of investment securities		(124 527 238)	(256 692 323)
Purchase of intangible assets and property, plant and equipment		(350 121)	(307 794)
Net cash flow from investing activities		919 778	(4 573 053)
Inflows		3 359 574	2 729 755
Debt securities in issue		2 111 125	1 955 600
Drawing of loans		1 248 449	771 100
Proceeds from issuing shares		-	3 055
Outflows		(3 496 034)	(2 612 931)
Debt securities buy out		(728 200)	(902 863)
Repayment of loans		(2 143 089)	(194 952)
Dividends and other payments to shareholders		(16 593)	(1 220 537)
Other financing outflows		(608 152)	(294 579)
Net cash flow from financing activities		(136 460)	116 824
Total net cash flow		(853 283)	60 496
Cash at the beginning of the accounting period		13 530 975	12 300 487
Cash acquired in a business combination		-	1 169 992
Cash at the end of the accounting period		12 677 692	13 530 975

In thousands of PLN

Income Statement of Bank Zachodni WBK

	for reporting period:		01.10.2015	01.01.2015	01.10.2014	01.01.2014
	31.12.2015	31.12.2015	31.12.2014	31.12.2014	31.12.2014	31.12.2014
Interest income	1 076 766	4 243 768	1 192 588	4 856 042		
Interest expenses	(250 097)	(1 108 916)	(414 713)	(1 541 395)		
Net interest income	826 669	3 134 852	777 875	3 314 647		
Fee and commission income	498 856	1 887 844	479 420	1 873 349		
Fee and commission expenses	(77 622)	(274 600)	(71 531)	(251 035)		
Net fee and commission income	421 234	1 613 244	407 889	1 622 314		
Dividend income	14 539	156 365	1	417 914		
Net gains/(losses) on subordinated entities	-	234 391	-	-		
Net trading income and revaluation	53 280	193 495	35 533	93 599		
Gains (losses) from other financial securities	13 103	273 717	162 385	231 508		
Other operating income	21 997	119 649	28 813	108 105		
Impairment losses on loans and advances	(184 736)	(667 895)	(212 341)	(731 194)		
Operating expenses incl.:	(881 098)	(2 881 265)	(666 241)	(2 578 497)		
<i>Bank's staff, operating expenses and management costs</i>	<i>(788 830)</i>	<i>(2 589 034)</i>	<i>(601 706)</i>	<i>(2 331 429)</i>		
<i>Depreciation/amortisation</i>	<i>(55 445)</i>	<i>(206 104)</i>	<i>(50 456)</i>	<i>(192 636)</i>		
<i>Other operating expenses</i>	<i>(36 823)</i>	<i>(86 127)</i>	<i>(14 079)</i>	<i>(54 432)</i>		
Operating profit	284 988	2 176 553	533 914	2 478 396		
Profit before tax	284 988	2 176 553	533 914	2 478 396		
Corporate income tax	(74 557)	(420 343)	(157 580)	(483 764)		
Profit for the period	210 431	1 756 210	376 334	1 994 632		
Net earnings per share (PLN/share)						
Basic earnings per share	2,12	17,70	3,73	20,74		
Diluted earnings per share	2,11	17,67	3,71	20,69		

Statement of Comprehensive Income of Bank Zachodni WBK

	for reporting period:		01.10.2015	01.01.2015	01.10.2014	01.01.2014
	31.12.2015	31.12.2015	31.12.2014	31.12.2014	31.12.2014	31.12.2014
Profit for the period	210 431	1 756 210	376 334	1 994 632		
Other comprehensive income which can be transferred to the profit and loss account:	318 989	(185 890)	(123 640)	245 378		
Available-for sale financial assets valuation	245 662	(119 112)	(56 902)	474 540		
<i>including deferred tax</i>	<i>(46 676)</i>	<i>22 631</i>	<i>10 811</i>	<i>(90 163)</i>		
Cash flow hedges valuation	148 151	(110 382)	(95 739)	(171 604)		
<i>including deferred tax</i>	<i>(28 148)</i>	<i>20 973</i>	<i>18 190</i>	<i>32 605</i>		
Other comprehensive income which can't be transferred to the profit and loss account	8 042	8 042	(4 057)	(11 219)		
Provision for retirement allowances – actuarial gains/losses	9 929	9 929	(5 009)	(13 851)		
<i>including deferred tax</i>	<i>(1 887)</i>	<i>(1 887)</i>	<i>952</i>	<i>2 632</i>		
Other comprehensive income for the period, net of income tax	327 031	(177 848)	(127 697)	234 159		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	537 462	1 578 362	248 637	2 228 791		

In thousands of PLN

Statement of Financial Position of Bank Zachodni WBK

as at:	31.12.2015	30.09.2015	31.12.2014	30.09.2014
ASSETS				
Cash and balances with central banks	6 129 543	3 420 067	6 567 108	5 156 967
Loans and advances to banks	4 756 502	4 489 509	3 673 519	3 566 480
Financial assets held for trading	4 174 634	4 629 485	5 221 034	3 424 640
Hedging derivatives	162 823	153 199	238 889	228 913
Loans and advances to customers	81 142 310	78 784 397	74 645 880	72 198 043
Investment securities	22 576 246	23 300 579	24 465 448	24 415 711
Investments in subsidiaries and associates	2 377 325	2 377 325	2 387 250	2 435 605
Intangible assets	443 603	375 405	393 265	363 051
Goodwill	1 688 516	1 688 516	1 688 516	1 688 516
Property, plant and equipment	742 245	656 234	676 212	603 171
Net deferred tax assets	842 763	945 848	794 008	607 309
Assets classified as held for sale	637	637	637	2 652
Investment property	-	-	-	14 070
Other assets	440 442	492 371	855 599	468 867
Total assets	125 477 589	121 313 572	121 607 365	115 173 995
LIABILITIES				
Deposits from banks	3 935 893	5 935 316	6 171 077	4 999 418
Hedging derivatives	2 024 012	2 125 234	1 233 926	801 794
Financial liabilities held for trading	2 535 708	2 194 749	2 781 686	2 087 383
Deposits from customers	94 641 472	89 045 554	90 149 236	86 690 160
Subordinated liabilities	426 507	424 124	1 439 835	1 408 691
Debt securities in issue	1 698 619	1 701 320	983 646	984 153
Current income tax liabilities	165 537	192 340	475 363	267 352
Other liabilities	1 340 712	1 527 634	1 260 584	1 206 842
Total liabilities	106 768 460	103 146 271	104 495 353	98 445 793
Equity				
Share capital	992 345	992 345	992 345	992 345
Other reserve funds	14 238 675	14 234 309	13 177 940	13 042 768
Revaluation reserve	769 247	442 216	947 095	1 074 791
Retained earnings	952 652	952 652	-	-
Profit of the current period	1 756 210	1 545 779	1 994 632	1 618 298
Total equity	18 709 129	18 167 301	17 112 012	16 728 202
Total equity and liabilities	125 477 589	121 313 572	121 607 365	115 173 995

In thousands of PLN

Movements in Equity of Bank Zachodni WBK

Statement of changes in equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2014	992 345	13 177 940	947 095	1 994 632	17 112 012
Other comprehensive income which can be transferred to the profit and loss account	-	-	(185 890)	1 756 210	1 570 320
Other comprehensive income which can't be transferred to the profit and loss account	-	-	8 042	-	8 042
Transfer to other capital	-	1 041 980	-	(1 041 980)	-
Share scheme charge	-	18 755	-	-	18 755
As at 31.12.2015	992 345	14 238 675	769 247	2 708 862	18 709 129

As at the end of the period revaluation reserve in the amount of PLN 769 247 k comprises of debt securities and equity shares classified as available for sale of PLN 181 310 k and PLN 781 761 k respectively and additionally cash flow hedge activities of PLN (196 442) k and accumulated actuarial losses - provision for retirement allowances of PLN 2 618 k.

Statement of changes in equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2014	992 345	13 177 940	947 095	1 994 632	17 112 012
Other comprehensive income which can be transferred to the profit and loss account	-	-	(504 879)	1 545 779	1 040 900
Other comprehensive income which can't be transferred to the profit and loss account	-	-	-	-	-
Transfer to other capital	-	1 041 980	-	(1 041 980)	-
Share scheme charge	-	14 389	-	-	14 389
As at 30.09.2015	992 345	14 234 309	442 216	2 498 431	18 167 301

As at the end of the period revaluation reserve in the amount of PLN 442 216 k comprises of debt securities and equity shares classified as available for sale of PLN 188 794 k and PLN 575 292 k respectively and additionally cash flow hedge activities of PLN (316 445) k and accumulated actuarial losses - provision for retirement allowances of PLN (5 425) k.

Statement of changes in equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2013	935 451	10 324 574	712 936	1 611 471	13 584 432
Other comprehensive income which can be transferred to the profit and loss account	-	-	245 378	1 994 632	2 240 010
Other comprehensive income which can't be transferred to the profit and loss account	-	-	(11 219)	-	(11 219)
Issue of shares	56 894	2 102 575	-	-	2 159 469
Transfer to other capital	-	610 539	-	(610 539)	-
Transfer to dividends for 2013	-	-	-	(1 000 932)	(1 000 932)
Share scheme charge	-	6 846	-	-	6 846
Maklerski BZ WBK (Brokerage House) into the structure of Bank Zachodni WBK	-	133 406	-	-	133 406
As at 31.12.2014	992 345	13 177 940	947 095	1 994 632	17 112 012

As at the end of the period revaluation reserve in the amount of PLN 947 095 k comprises of debt securities and equity shares classified as available for sale of PLN 488 575 k and PLN 570 978 k respectively and additionally cash flow hedge activities of PLN (107 033) k and accumulated actuarial losses - provision for retirement allowances of PLN (5 425) k.

In thousands of PLN

Statement of Cash Flows of Bank Zachodni WBK

	for reporting period:	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014
Profit before tax		2 176 553	2 478 396
Total adjustments:			
Depreciation/amortisation		206 104	192 636
(Profit) loss from investing activities		(531 489)	(248 645)
Impairment losses		322	3 519
		1 851 490	2 425 906
Changes in:			
Provisions		(15 364)	7 490
Trading portfolio financial instruments		1 666 574	(778 438)
Loans and advances to banks		121 331	(270 717)
Loans and advances to customers		(6 496 430)	(7 031 338)
Deposits from banks		(2 420 635)	(107 707)
Deposits from customers		4 545 029	11 020 204
Other assets and liabilities		481 531	(415 265)
		(2 117 964)	2 424 229
Interests and similar charges		509 030	269 290
Dividend received		(154 986)	(417 914)
Paid income tax		(737 207)	(478 230)
Net cash flow from operating activities		(649 637)	4 223 281
Inflows		96 601 784	237 926 010
Sale of investments in subsidiaries		244 316	-
Sale/maturity of investment securities		96 125 480	237 483 273
Sale of intangible assets and property, plant and equipment		77 002	24 823
Dividend received		154 986	417 914
Outflows		(95 570 319)	(241 954 228)
Purchase of investment securities		(95 264 219)	(241 678 469)
Purchase of intangible assets and property, plant and equipment		(306 100)	(275 759)
Net cash flow from investing activities		1 031 465	(4 028 218)
Inflows		1 327 019	904 285
Debt securities in issue		715 000	475 000
Drawing of loans		612 019	426 230
Proceeds from issuing/shares		-	3 055
Outflows		(2 092 470)	(1 243 857)
Repayment of loans		(1 618 109)	(32 861)
Dividends and other payments to shareholders		-	(1 000 932)
Other financing outflows		(474 361)	(210 064)
Net cash flow from financing activities		(765 451)	(339 572)
Total net cash flow		(383 623)	(144 509)
Cash at the beginning of the accounting period		12 113 526	12 253 154
Cash acquired in a business combination		-	4 881
Cash at the end of the accounting period *		11 729 903	12 113 526

Overview of Bank Zachodni WBK Group Performance in 2015

Summary of Bank Zachodni WBK Group Performance in 2015 in Terms of Key Business Volumes and Financial Performance

Financial ¹⁾ and Business Highlights of Bank Zachodni WBK Group (BZ WBK Group) for 2015	
Total income	<ul style="list-style-type: none"> Total income of Bank Zachodni WBK Group for 2015 increased by 14.6% YoY to PLN 7,540.2m. Excluding gains on interest in subordinate entities²⁾ totalling PLN 523m in 2015 and PLN 10.6m in 2014, the underlying total income grew by 6.8% YoY.
Total costs	<ul style="list-style-type: none"> Total costs went up by 15.3% YoY to PLN 3,578.9m. Excluding the diminishing costs of integration with former Kredyt Bank, impact of acquisition or loss of control over subordinate entities (Santander Consumer Bank, BZ WBK-Aviva TUO and BZ WBK-Aviva TUnŻ) and mandatory contribution under the Polish deposit guarantee scheme³⁾, the underlying cost base⁴⁾ grew by 7.4% YoY. Adjusting further for recurring statutory fees, the total underlying costs were stable.
Profit	<ul style="list-style-type: none"> Profit before tax was PLN 3,178.3m and increased by 20.4% YoY, and by 8% YoY excluding one-off items (gains on divestment from BZ WBK-Aviva companies and contributions under the deposit protection fund). Profit attributable to the shareholders of Bank Zachodni WBK was PLN 2,327.3m and 21.5% higher YoY (7.7% excluding one-off items).
Capital ratio	<ul style="list-style-type: none"> Capital ratio stood at 14.6% as per the calculation methodology defined in CRD IV/CRR package (12.9% as at 31 December 2014).
ROE	<ul style="list-style-type: none"> Return on Equity (ROE) was 15.1% (14.4% as at 31 December 2014), and 13.7% excluding one-off items and integration costs.
Costs/Income	<ul style="list-style-type: none"> Cost to income ratio was 48.4% excluding one-offs (47.3% in 2014), and 47.5% excluding also integration costs (44.6% in 2014).
Net impairment losses	<ul style="list-style-type: none"> Net impairment losses on loans and advances amounted to PLN 810.7m compared with PLN 836.6m in 2014.
Credit quality	<ul style="list-style-type: none"> NPL ratio was 7.3% (8.4% as at 31 December 2014), while the ratio of impairment losses to the average gross credit volumes was 0.8% (1% as at 31 December 2014).
Loans to customers	<ul style="list-style-type: none"> Gross loans to customers increased by 10.0% YoY to PLN 100,062.0m due to the growth of 8.7% YoY in personal loans and of 10.7% YoY in loans to enterprises and the public sector to PLN 51,950.1m and PLN 43,542.3m, respectively.
Deposits from customers	<ul style="list-style-type: none"> Deposits from customers increased by 7.2% YoY to PLN 101,865.4m as a combined effect of the expansion of deposits from enterprises and the public sector by 16.2% YoY to PLN 42,664.7m and the growth in personal deposits by 1.6% YoY to PLN 59,200.7m.
Loans/Deposits	<ul style="list-style-type: none"> Loan to deposit ratio was 93.2% as at 31 December 2015 compared with 90.4% as at 31 December 2014. The increase is attributable to the growth in the lending business.
Net assets under management	<ul style="list-style-type: none"> Net value of assets in mutual funds and private portfolios declined by 1.8% YoY to PLN 13.0bn.
Electronic banking	<ul style="list-style-type: none"> The number of customers using BZWBK24 electronic banking services totalled 3.2m (+5.0% YoY), the number of customers with access to mobile services stood at 0.7m (+37.8% YoY), while the BZ WBK Group payment card base included 4.1m debit and pre-paid cards (-3.2% YoY) and more than 1.1m credit cards (+12.6% YoY), including the cards of SCB customers.
Customer base	<ul style="list-style-type: none"> The stable customers base of BZ WBK and SCB included 6.4m customers.

1) Significant YoY increases in several line items of the consolidated income statement of BZ WBK Group for 2015 are largely attributed to asymmetrical periods of consolidation of Santander Consumer Bank Group in the the years under review (starting from the takeover of control over the company on 1 July 2014).

2) One-off gains on subordinate entities of PLN 523m result from partial disposal and loss of control over BZ WBK-Aviva TUnŻ and BZ WBK-Aviva TUO on 27 February 2015, while the one-off gain of PLN 10.6m in 2014 was earned on the sale of a shareholding from the portfolio of BZ WBK Inwestycje.

3) Pursuant to the Resolution of the Bank Guarantee Fund (BFG) no. 87/DGD/2015 of 26.11.2015, BZ WBK and SCB were obliged to make a contribution of PLN 170.5m and PLN 13.3m, respectively, from the guaranteed deposit protection fund to reimburse depositors of Spółdzielczy Bank Rzemiosła i Rolnictwa, Wołomin, as a result of the latter's bankruptcy.

4) The cost base of BZ WBK Group includes a provision of PLN 40.8m raised by BZ WBK and SCB for their obligatory contribution to the support fund for distressed residential borrowers (supervised by Bank Gospodarstwa Krajowego). The fee was imposed on the Polish banks maintaining residential mortgage loan-books, effective from the start of 2016.

Impact of Macroeconomic Developments in 2015

Key Macroeconomic Factors Impacting Financial and Business Performance of the Group in 2015	
Economic growth	<ul style="list-style-type: none"> Mixed signals about economic growth in the euro zone, disappointing data from Germany, worries about the global economic outlook due to the slowdown in China.
Labour market	<ul style="list-style-type: none"> Favourable situation in the labour market – gradual increase in employment in the enterprise sector, declining unemployment and relatively fast wage growth, supporting private consumption.
Inflation	<ul style="list-style-type: none"> Low inflationary pressure; CPI inflation rate hitting an all-time low (-1.6%YoY) and gradually rebounding thereafter; Drop in oil prices to their lowest in years.
Monetary policy	<ul style="list-style-type: none"> NBP official rates kept at the lowest level ever. Decision of the Swiss National Bank to stop defending EUR/CHF floor at 1.20, resulting in strong depreciation of the zloty versus the Swiss franc; LIBOR CHF rates reduced below zero.
Credit and deposit markets	<ul style="list-style-type: none"> Relatively strong growth in loans in the banking sector, in particular in investment loans and consumer loans.
Financial markets	<ul style="list-style-type: none"> Change of investor sentiments in the international financial markets impacted by the expected policy re-orientation of the main central banks (Federal Reserve, ECB), incoming macroeconomic data, worries about the geopolitical situation, including concerns about Greece exiting the EU, immigrant crisis and slowdown in China. Volatility of the zloty exchange rate versus the main currencies; decline in Polish bond yields. Presidential and parliamentary elections in Poland, resulting in the change of the president, the government and the economic policy.

Changes in the Group's Structure and its Impact on Comparability of the Periods Covered by the Income Statement for 2015

Impact of Structural Changes Within the Group on Horizontal Comparability	
Inclusion of SCB Group in the Consolidation Scope of BZ WBK Group	<ul style="list-style-type: none"> BZ WBK acquired control over SCB and its subsidiaries (SCB Group) on 1 July 2014. As a result, the consolidated income statement of Bank Zachodni WBK Group covers twelve months of the financial performance of SCB Group in the reporting period and six months in the base period. Hence, higher YoY movements in respective income statement items.
Loss of control over BZ WBK-Aviva TUŃ and BZ WBK-Aviva TUO	<ul style="list-style-type: none"> On 27 February 2015, Bank Zachodni WBK sold part of its stake in BZ WBK-Aviva TUŃ and BZ WBK-Aviva TUO (17% of shares in each insurance company), which resulted in a loss of control over the above entities. In effect, gains on the sale (PLN 234.4m) and adjustments resulting from the loss of control (PLN 288.6m) were recognised. The loss of control resulted in reclassification of the above-mentioned companies from subsidiaries to associated undertakings along with the change of their accounting treatment from full consolidation to equity method. The above changes had the most significant impact on the comparability of the consolidated income statement with regard to insurance fee, other operating income and share in the profit of entities accounted for using the equity method.
Incorporation of Dom Maklerski BZ WBK by Bank Zachodni WBK	<ul style="list-style-type: none"> On 31 October 2014, Dom Maklerski BZ WBK was divided (and removed from the National Court Register) through the transfer to Bank Zachodni WBK of an organised part of the enterprise specialising in the provision of brokerage services and the set-up of Geldokracja, a limited liability company, which provides communication, educational and advertising services. The brokerage activity became an integral part of the operations of Bank Zachodni WBK.

Key Factors Affecting the Profit of Bank Zachodni WBK Group in 2015

Main Profit Determinants in 2015	
Gains on partial disposal and loss of control over BZ WBK-Aviva TUO and BZ WBK-Aviva TUnŻ	<ul style="list-style-type: none"> Partial disposal and loss of control over BZ WBK-Aviva TUO and BZ WBK-Aviva TUnŻ insurance companies contributed PLN 523.0m in total to the Group's consolidated profit before tax.
Increase in net interest income	<ul style="list-style-type: none"> YoY increase in net interest income (+PLN 312.4m) combined with a slight decrease in net interest margin (from 3.73% in 2014 to 3.55% in 2015 as per year-to-date annualisation) reflects a faster growth of income assets than interest income generated on that portfolio (in a low interest rate environment). This results from the consolidation of SCB Group and the organic growth of business volumes amid economic recovery and record low interest rate environment.
Increase in net fee and commission income	<ul style="list-style-type: none"> An increase in fee and commission income (+PLN 90.3m YoY) was driven by the development of the Polish economy and financial markets, regulatory changes, competitive pressures and changes in the scope of consolidation of Bank Zachodni WBK Group's financial statements. A growth in the net fee income from insurance products, distribution and asset management as well as account maintenance and cash transactions observed during 2015 was partly offset by lower fees from e-Business and payments, brokerage services, lending and currency exchange.
Increase in other income	<ul style="list-style-type: none"> An increase of PLN 46.1m in the Group's other income (including dividend income but excluding gains on subordinated entities) is attributed to gains on financial instruments which easily covered the decline in other income arising from changed presentation of insurance income. Following the deconsolidation of BZ WBK-Aviva TUO and BZ WBK TUnŻ, the Group returned to the former presentation of the insurance income as fee and commission income (starting from March 2015), without any of it being taken to other operating income.
Lower level of impairment losses	<ul style="list-style-type: none"> Lower YoY level of impairment losses (-PLN 25.9m) coupled with a 10% YoY increase in gross loan book and improved credit quality ratios reflect the Group's proactive credit risk management policy, continuous development of tools supporting credit decision making, close monitoring of loan portfolios and favourable trends in the economic environment.
Effective cost management	<ul style="list-style-type: none"> BZ WBK Group effectively managed its costs based on a strict budget policy, while incurring mandatory expenses as a member of the banking system and the deposit guarantee scheme. In 2015, the costs were additionally increased by mandatory contributions of PLN 170.5m and PLN 13.3m, respectively, made by BZ WBK and SCB from the deposit protection fund to reimburse depositors of the bankrupt Spółdzielczy Bank Rzemiosła i Rolnictwa, Wołomin. Excluding this one-off contribution, operating expenses of SCB Group and BZ WBK-Aviva companies as well as adjustments related to the takeover and loss of control over the above-mentioned insurance companies, the underlying cost base of Bank Zachodni WBK Group increased by 7.4% YoY, mainly on account of statutory contributions. Adjusting for such charges, the underlying cost base was stable.

Profit for the Year Ended 31 December 2015

In 2015, Bank Zachodni WBK Group posted a profit before tax of PLN 3,178.3m, up 20.4% YoY. Profit attributable to shareholders of Bank Zachodni WBK was PLN 2,327.3m and increased by 21.5% YoY.

Excluding the following one-offs:

- gains on subordinate entities of PLN 523m in 2015 from settlement of partial disposal and loss of control over BZ WBK-Aviva companies and PLN 10.6m in 2014 attributed to the sale of shareholdings from the portfolio of BZ WBK Inwestycje;
- mandatory contribution of PLN 183.8m from the deposit protection fund established under the deposit guarantee scheme to reimburse holders of deposit accounts with the bankrupt Spółdzielczy Bank Rzemiosła i Rolnictwa, Wołomin;

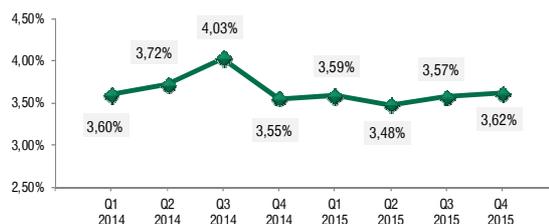
the underlying profit before tax grew by 8% YoY and profit attributable to the shareholders of the parent entity increased by 7.7% YoY.

The cost base of the Group was also impacted by:

- a charge of PLN 230.9m representing annual and prudential fees payable to the Banking Guarantee Fund by Bank Zachodni WBK and SCB;
- provision of PLN 40.8m for contributions made by Bank Zachodni WBK and SCB to the Borrowers Support Fund;
- an increase of PLN 22.2m in provisions for legal claims due to the appellate court's decision on interchange fees charged in the past by 18 Polish banks.

In the year under review, net interest income amounted to PLN 4,309.2m and increased by 7.8% YoY.

Net Interest Margin by Quarters in Years 2014-2015
(including SWAP points*)



* The calculation of adjusted net interest margin of Bank Zachodni WBK takes account of swap points allocation from derivative instruments used for the purpose of liquidity management. It excludes however (since Q1 2014) interest income from the debt trading portfolio. Since 1 July 2015, the margin has taken account of net interest income and interest-bearing assets of SCB Group.

Over the year 2015, the quarterly net interest margin held fairly steady, fluctuating around 3.5%-3.6%. The Group generated the net interest margin in the record low interest rate environment (following another cut of 50 b.p. by the Monetary Policy Council in March 2015) as a result of proactive customer acquisition, promotion and modification of pricing in line with the market trends, customer expectations and the Group's objectives in terms of liquidity, capital and balance sheet structure management. The stabilisation of the net interest margin with a slight upward trend observed in the second half of the year is a combined effect of growing business volumes, in particular the portfolio of cash loans and other consumer loans, and an increase in low-cost current and savings balances.

Net fee and commission income for 2015 was PLN 1,938.1m and increased by 4.9% YoY.

In 2015, the loan impairment charge to the income statement of Bank Zachodni WBK Group was PLN 810.7m, down 3.1% YoY. The contribution of SCB Group to that figure was PLN 123.4m.

	PLN m		
Impairment Losses on Loans and Advances	2015	2014	YoY Change
Collective and individual impairment charge	(926,3)	(975,4)	-5,0%
Impaired but not reported losses charge	22,8	98,8	-76,9%
Recoveries of loans previously written off	80,4	12,0	570,0%
Off-balance sheet credit related facilities	12,4	28,0	-55,7%
Total	(810,7)	(836,6)	-3,1%

Selected Financial Ratios

Selected Financial Ratios	2015 ¹⁾	2014
Total costs/Total income ²⁾	48,4%	47,3%
Net interest income/Total income	61,4%	60,8%
Net interest margin ³⁾	3,6%	3,7%
Net commission income/Total income	27,6%	28,1%
Customer net loans/Customer deposits	93,2%	90,4%
NPL ratio	7,3%	8,4%
NPL coverage ratio	61,5%	58,4%
Credit risk ratio ⁴⁾	0,8%	1,0%
ROE ⁵⁾	15,1%	14,4%
ROTE ⁶⁾	19,6%	20,4%
ROA ⁷⁾	1,7%	1,6%
Capital ratio ⁸⁾	14,6%	12,9%
Tier I ratio ⁹⁾	14,1%	12,5%
Book value per share (in PLN)	207,3	181,9
Earnings per share (in PLN) ¹⁰⁾	20,7	19,9

1) The calculations of the following ratios for 2015 use the Group's total income, total costs or profit (as the case may be) adjusted for one-off items (gains on divestment from BZ WBK-Aviva companies and payout from the deposit protection fund): cost/income, net interest income/total income, net commission income/total income and earnings per share.

2) Excluding integration costs and one-off items, the adjusted cost-to-income ratio was 47.5% for 2015 vs. 44.6% for 2014.

3) Net interest income (excluding interest income from the portfolio of trading securities) to average net interest-bearing assets (excluding the trading portfolio).

4) Impairment losses to average gross loans and advances to customers (as at the beginning and end of the reporting period).

5) Net profit attributable to the parent's shareholders to average equity (as at the beginning and end of the reporting period), net of non-controlling interests, current period profit and undistributed portion of the profit/dividend. Adjusted for the impact of divestment from BZ WBK-Aviva companies, integration costs and one-off items, ROE was 13.7% as at 31 December 2015.

6) Net profit attributable to the parent's shareholders to average tangible equity (as at the beginning and end of the reporting period) defined as common equity attributable to the parent's shareholders less revaluation reserve, current period profit, undistributed part of the profit/dividend, intangible assets and goodwill. Adjusted for the impact of divestment from BZ WBK-Aviva companies, integration costs and one-off items, ROTE was 16.7% as at 31 December 2015.

7) Net profit attributable to BZ WBK shareholders to average total assets (as at the beginning and end of the reporting period).

8) The calculation of capital ratio takes account of the equity and total capital requirements for relevant risks using a standardised approach in line with CRD IV/CRR package, effective from 1 January 2014 by virtue of the decision of the European Parliament and European Banking Authority.

9) Tier 1 ratio is Tier 1 capital expressed as a percentage of risk weighted assets for credit, market and operational risk.

10) Net profit for the period attributable to shareholders of BZ WBK divided by the number of ordinary shares.