



**CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS OF BANK
ZACHODNI WBK S.A. FOR THE 6-MONTH
PERIOD ENDED 30 JUNE 2016**

2016



Bank Zachodni WBK

 Grupa Santander

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In thousands of PLN

Income statement of Bank Zachodni WBK

	for reporting period:		01.04.2016- 30.06.2016	01.01.2016- 30.06.2016	01.04.2015- 30.06.2015	01.01.2015- 30.06.2015
Interest income			1 095 243	2 182 773	1 027 065	2 117 735
Interest expenses			(255 981)	(521 150)	(278 087)	(605 333)
Net interest income	Note 5		839 262	1 661 623	748 978	1 512 402
Fee and commission income			457 488	913 334	470 147	920 668
Fee and commission expenses			(69 655)	(141 659)	(59 790)	(124 683)
Net fee and commission income	Note 6		387 833	771 675	410 357	795 985
Dividend income			336 651	438 564	119 259	135 851
Net gains/(losses) on subordinated entities	Note 37		-	-	-	234 391
Net trading income and revaluation	Note 7		85 608	161 634	42 801	101 118
Gains (losses) from other financial securities	Note 8		345 428	383 970	40 485	227 862
Other operating income	Note 9		33 650	58 208	31 201	73 830
Impairment losses on loans and advances	Note 10		(131 848)	(263 959)	(161 132)	(322 382)
Operating expenses incl.:			(688 366)	(1 384 047)	(685 263)	(1 342 448)
<i>Bank's staff, operating expenses and management costs</i>	Notes 11, 12		<i>(593 861)</i>	<i>(1 190 852)</i>	<i>(605 918)</i>	<i>(1 205 386)</i>
<i>Depreciation/amortisation</i>			<i>(58 639)</i>	<i>(113 107)</i>	<i>(51 057)</i>	<i>(99 880)</i>
<i>Other operating expenses</i>	Note 13		<i>(35 866)</i>	<i>(80 088)</i>	<i>(28 288)</i>	<i>(37 182)</i>
Operating profit			1 208 218	1 827 668	546 686	1 416 609
Tax on financial institutions			(97 596)	(159 589)	-	-
Profit before tax			1 110 622	1 668 079	546 686	1 416 609
Corporate income tax	Note 14		(191 853)	(291 052)	(86 025)	(246 090)
Profit for the period			918 769	1 377 027	460 661	1 170 519
Net earnings per share (PLN/share)						
Basic earnings per share			9,26	13,88	4,65	11,80
Diluted earnings per share			9,25	13,87	4,64	11,79

Statement of comprehensive income of Bank Zachodni WBK

	for reporting period:		01.04.2016- 30.06.2016	01.01.2016- 30.06.2016	01.04.2015- 30.06.2015	01.01.2015- 30.06.2015
Profit for the period			918 769	1 377 027	460 661	1 170 519
Other comprehensive income which can be transferred to the profit and loss account:			(17 674)	(161 749)	(258 610)	(402 685)
Available-for sale financial assets valuation			(241 399)	(294 256)	(399 861)	(452 718)
<i>including deferred tax</i>			<i>45 866</i>	<i>55 909</i>	<i>75 973</i>	<i>86 016</i>
Cash flow hedges valuation			219 580	94 566	80 590	(44 424)
<i>including deferred tax</i>			<i>(41 721)</i>	<i>(17 968)</i>	<i>(15 312)</i>	<i>8 441</i>
Other comprehensive income for the period, net of income tax			(17 674)	(161 749)	(258 610)	(402 685)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			901 095	1 215 278	202 051	767 834

Notes presented on pages 8 - 37 constitute an integral part of these financial statements.

In thousands of PLN

Statement of financial position of Bank Zachodni WBK

	as at:	30.06.2016	31.12.2015	30.06.2015
ASSETS				
Cash and balances with central banks	Note 15	3 055 301	6 129 543	2 889 828
Loans and advances to banks	Note 16	4 599 649	4 484 202	4 543 034
Financial assets held for trading	Note 17	4 948 140	4 174 634	5 080 649
Hedging derivatives	Note 18	94 508	162 823	144 863
Loans and advances to customers	Note 19	86 753 721	81 125 350	76 965 670
Buy-sell-back transactions	Note 20	34 925	289 260	138 290
Financial assets available for sale	Note 21	20 877 289	22 576 246	23 616 690
Investments in subsidiaries and associates	Note 22	2 377 325	2 377 325	2 377 325
Intangible assets		412 304	443 603	365 649
Goodwill		1 688 516	1 688 516	1 688 516
Property, plant and equipment		717 250	742 245	673 784
Net deferred tax assets	Note 23	965 120	842 763	993 560
Assets classified as held for sale	Note 24	637	637	637
Other assets	Note 25	839 247	440 442	616 706
Total assets		127 363 932	125 477 589	120 095 201
LIABILITIES				
Deposits from banks	Note 26	1 624 151	548 558	858 257
Hedging derivatives	Note 18	2 324 606	2 024 012	2 182 462
Financial liabilities held for trading	Note 17	2 479 040	2 535 708	2 686 777
Deposits from customers	Note 27	97 462 495	94 021 282	86 884 587
Sell-buy-back transactions	Note 28	990 247	4 007 525	6 153 745
Subordinated liabilities	Note 29	442 606	426 507	419 621
Debt securities in issue	Note 30	1 900 500	1 698 619	1 467 179
Current income tax liabilities		141 417	165 537	240 061
Other liabilities	Note 31	1 356 109	1 340 712	1 312 996
Total liabilities		108 721 171	106 768 460	102 205 685
Equity				
Share capital		992 345	992 345	992 345
Other reserve funds		15 125 183	14 238 675	14 229 590
Revaluation reserve		607 498	769 247	544 410
Retained earnings		540 708	952 652	952 652
Profit of the current period		1 377 027	1 756 210	1 170 519
Total equity		18 642 761	18 709 129	17 889 516
Total equity and liabilities		127 363 932	125 477 589	120 095 201

Notes presented on pages 8- 37 constitute an integral part of these financial statements.

In thousands of PLN

Statement of changes 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 31.12.2015	992 345	14 238 675	769 247	2 708 862	18 709 129
Other comprehensive income	-	-	(161 749)	1 377 027	1 215 278
Profit for the period	-	-	-	1 377 027	1 377 027
Other comprehensive income	-	-	(161 749)	-	(161 749)
Distribution of profits and losses	-	878 105	-	(878 105)	-
Dividends	-	-	-	(1 290 049)	(1 290 049)
Share scheme charge	-	8 403	-	-	8 403
As at 30.06.2016	992 345	15 125 183	607 498	1 917 735	18 642 761

As at the end of the period revaluation reserve in the amount of PLN 607,498 k comprises of debt securities and equity shares classified as available for sale of PLN 154,548 k and PLN 570,175 k respectively and additionally cash flow hedge activities of PLN (119,843) 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	-	-	(177 848)	1 756 210	1 570 320
Profit for the period	-	-	-	1 756 210	1 756 210
Other comprehensive income	-	-	(177 848)	-	(177 848)
Distribution of profits and losses	-	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 gains - 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	-	-	(402 685)	1 170 519	767 834
Profit for the period	-	-	-	1 170 519	1 170 519
Other comprehensive income	-	-	(402 685)	-	(402 685)
Distribution of profits and losses	-	1 041 980	-	(1 041 980)	-
Share scheme charge	-	9 670	-	-	9 670
As at 30.06.2015	992 345	14 229 590	544 410	2 123 171	17 889 516

As at the end of the period revaluation reserve in the amount of PLN 544,410 k comprises of debt securities and equity shares classified as available for sale of PLN 120,035 k and PLN 572,816 k respectively and additionally cash flow hedge activities of PLN (143,017) k and accumulated actuarial losses - provision for retirement allowances of PLN (5,424) k.

Notes presented on pages 8- 37 constitute an integral part of these financial statements.

In thousands of PLN

Statement of cash flows of Bank Zachodni WBK

	for reporting period:	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Profit before tax		1 668 079	1 416 609
Total adjustments:			
Depreciation/amortisation		113 107	99 880
(Profit) loss from investing activities		(387 531)	(472 911)
Impairment losses		447	320
		1 394 102	1 043 898
Changes in:			
Provisions		(89 699)	(62 997)
Trading portfolio financial instruments		(830 174)	45 476
Hedging derivatives		368 909	1 042 562
Loans and advances to banks		784 095	(117 385)
Loans and advances to customers		(5 628 371)	(2 319 790)
Deposits from banks		425 253	166 560
Deposits from customers		3 080 950	(2 639 681)
Buy-sell/ Sell-buy-back transactions		(3 000 318)	331 917
Other assets and liabilities		171 149	608 974
		(4 718 206)	(2 944 364)
Interest accrued excluded from operating activities		(377 666)	(419 906)
Dividend received		(438 506)	(134 668)
Paid income tax		(399 588)	(586 487)
Net cash flow from operating activities		(4 539 864)	(3 041 527)
Inflows		3 926 702	4 174 291
Sale of investments in subsidiaries		-	244 316
Sale/maturity of financial assets available for sale		3 626 045	3 569 076
Sale of intangible assets and property, plant and equipment		4 764	47 230
Dividend received		137 536	113 795
Interest received		158 357	199 874
Outflows		(3 534 920)	(3 427 283)
Purchase of financial assets available for sale		(3 485 960)	(3 376 146)
Purchase of intangible assets and property, plant and equipment		(48 960)	(51 137)
Net cash flow from investing activities		391 782	747 008
Inflows		1 823 620	669 569
Debt securities in issue		435 000	485 000
Drawing of loans		1 388 620	184 569
Outflows		(1 937 074)	(1 661 952)
Debt securities buy out		(230 000)	-
Repayment of loans		(379 641)	(1 605 746)
Dividends and other payments to shareholders		(1 290 049)	-
Interest paid		(37 384)	(56 206)
Net cash flow from financing activities		(113 454)	(992 383)
Total net cash flow		(4 261 536)	(3 286 902)
Cash at the beginning of the accounting period		11 729 903	12 113 526
Cash at the end of the accounting period		7 468 367	8 826 624

Notes presented on pages 8- 37 constitute an integral part of these financial statements.

In thousands of PLN

Additional notes to condensed interim unconsolidated financial statements

1. General information about issuer

Bank Zachodni WBK is a bank seated in Poland, 50-950 Wrocław, Rynek 9/11, TIN 896-000-56-73, National Official Business Register number (REGON) 930041341, registered in the District Court for Wrocław-Fabryczna, VI Economic Unit of the National Court Registry under 0000008723 number.

The immediate and, simultaneously, the ultimate parent entity of Bank Zachodni WBK is Banco Santander S.A. seated in Santander, Spain.

Bank Zachodni WBK offers a wide range of banking services for individual and business customers and operates in domestic and interbank foreign markets. Additionally, it offers also the following services:

- intermediation in trading securities,
- leasing,
- factoring,
- asset/ fund management,
- insurance services,
- trading in stock and shares of commercial companies,
- brokerage activity.

2. Basis of preparation of financial statements

In comparison with annual financial statements content of an interim financial report is condensed, therefore it should be read in conjunction with the financial statements of Bank Zachodni WBK for the year 2015 and with the condensed interim consolidated financial statements of BZ WBK Group for the six-month period ended 30.06.2016.

Financial statements of Bank Zachodni WBK S.A for the year 2015 is available at the Bank's official website: www.bzwbk.pl.

Statement of compliance

Condensed interim unconsolidated financial statements of Bank Zachodni WBK for the period from 1.01.2016 to 30.06.2016 were prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and other applicable regulations.

In accordance with Decree of the Ministry of Finance dated 19.02.2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2014 of 28.01.2014, No 133 as amended), the Bank is required to publish the financial results for the six months ended 30.06.2016 which is deemed to be the current interim financial reporting period.

Accounting policies

Condensed interim unconsolidated financial statements of Bank Zachodni WBK are presented in PLN, rounded to the nearest thousand.

Condensed interim unconsolidated financial statements of Bank Zachodni WBK have been prepared in accordance with the International Financial Reporting Standards adopted for application in the European Union (IFRS). Financial statements have been prepared using the historical cost convention, except for the financial assets and financial liabilities measured at fair value through profit and loss, including derivatives and available-for-sale financial assets, except for those whose fair value cannot be determined reliably. Other financial assets and financial liabilities (including loans and advances) are recognised at amortised cost using the effective interest rate less impairment or purchase price less impairment.

The Bank has used the same accounting principles as those used in preparation of the Bank's financial statements for 2015, except for the income tax charge, which was calculated in accordance with IAS 34.30c and the new standards.

The standards applied to the interim condensed unconsolidated financial statements are consistent with the standards applied to and described in the interim condensed consolidated financial statements of Bank Zachodni WBK Group for H1 2016.

In thousands of PLN

Comparability with results of previous periods

No major changes were introduced in respect of presentation of financial data for comparable periods of time.

The tax imposed under the act on tax on certain financial institutions that became effective on 1.02.2016 was disclosed in a separate item in the income statement as "Tax on financial institutions".

During the current reporting period, in its Statement of financial position, the Bank separated the 'Buy-sell-back transactions/ Sell-buy-back transactions,' which were previously presented in the 'Loans and advances to customers,' 'Loans and advances to banks' and 'Deposits from banks' and 'Deposits from customers' lines.

Changes in judgments and estimates

The significant judgment and the key sources of estimation uncertainty were the same as those that applied to the Annual Report of Bank Zachodni WBK for 2015.

Operating Segments reporting

Data regarding the respective business segments are presented in the interim condensed consolidated financial statements of Bank Zachodni WBK Group for H1 2016.

3. Risk management

Information on risk management included in condensed interim consolidated financial statements of BZ WBK Group fully stand in for notes to these condensed interim unconsolidated financial statements.

4. Capital Management

Information on capital management included in condensed interim consolidated financial statements of BZ WBK fully stand in for notes to these condensed interim unconsolidated financial statements.

In thousands of PLN

5. Net interest income

	01.04.2016- 30.06.2016	01.01.2016- 30.06.2016	01.04.2015- 30.06.2015	01.01.2015- 30.06.2015
Interest income				
Loans and advances to enterprises	403 579	793 402	372 177	769 537
Loans and advances to individuals, of which:	465 988	921 040	412 358	854 046
<i>Home mortgage loans</i>	203 389	397 788	172 630	364 680
Debt securities incl.:	134 860	280 041	151 450	308 324
<i>Investment portfolio available for sale</i>	132 136	269 534	140 661	289 517
<i>Trading portfolio</i>	2 724	10 507	10 789	18 807
Loans and advances to banks	15 385	32 077	17 812	40 214
Public sector	1 696	3 687	1 794	4 056
Reverse repo transactions	1 490	2 395	2 245	5 852
Interest recorded on hedging IRS	72 245	150 131	69 229	135 706
Total	1 095 243	2 182 773	1 027 065	2 117 735
Interest expenses				
Deposits from individuals	(130 875)	(276 394)	(143 877)	(318 534)
Deposits from enterprises	(82 780)	(166 033)	(80 036)	(179 643)
Repo transactions	(7 773)	(16 322)	(13 737)	(23 284)
Deposits from public sector	(10 805)	(20 187)	(13 340)	(29 095)
Deposits from banks	(7 220)	(9 555)	(2 268)	(4 888)
Subordinated liabilities and issue of securities	(16 528)	(32 659)	(24 829)	(49 889)
Total	(255 981)	(521 150)	(278 087)	(605 333)
Net interest income	839 262	1 661 623	748 978	1 512 402

6. Net fee and commission income

	01.04.2016- 30.06.2016	01.01.2016- 30.06.2016	01.04.2015- 30.06.2015	01.01.2015- 30.06.2015
Fee and commission income				
eBusiness & payments	138 287	279 145	129 843	260 070
Current accounts and money transfer	80 641	159 093	83 955	169 022
Asset management fees	1 097	2 321	1 797	3 479
Foreign exchange commissions	78 307	152 100	76 091	150 174
Credit commissions	54 353	104 307	57 907	103 463
Insurance commissions	20 481	50 264	28 049	61 183
Brokerage commissions	14 900	31 483	16 714	34 876
Credit cards	20 047	39 858	20 598	39 505
Off-balance sheet guarantee commissions	14 943	26 478	11 227	21 196
Issue arrangement fees	2 069	4 240	7 494	9 468
Distribution fees	31 662	62 435	34 729	65 900
Other commissions	701	1 610	1 743	2 332
Total	457 488	913 334	470 147	920 668
Fee and commission expenses				
eBusiness & payments	(45 091)	(97 900)	(35 664)	(79 791)
Credit cards	(3 634)	(7 788)	(4 548)	(8 410)
Brokerage commissions	(2 155)	(4 481)	(2 634)	(6 093)
Insurance commissions	(1 666)	(3 965)	(1 913)	(4 453)
Finance lease commissions	(13)	(23)	(47)	(68)
Commissions paid to credit agents	(5 009)	(5 467)	(4 465)	(5 928)
Other	(12 087)	(22 035)	(10 519)	(19 940)
Total	(69 655)	(141 659)	(59 790)	(124 683)
Net fee and commission income	387 833	771 675	410 357	795 985

In thousands of PLN

7. Net trading income and revaluation

Net trading income and revaluation	01.04.2016- 30.06.2016	01.01.2016- 30.06.2016	01.04.2015- 30.06.2015	01.01.2015- 30.06.2015
Derivative instruments and interbank fx transactions	86 631	146 986	64 119	116 306
Other FX related income	(2 471)	5 042	2 066	3 467
Profit on equity instruments	(5 411)	(3 533)	(5 006)	(3 122)
Profit on debt instruments	6 859	13 139	(18 378)	(15 533)
Total	85 608	161 634	42 801	101 118

Net trading income and revaluation includes value of adjustments of derivatives resulting from counterparty risk in the amount of PLN (1,023) k for H1 2016, the write-back of adjustments of derivatives resulting from counterparty risk in the amount of PLN 6,009 k for 2Q 2016 and value of adjustments of derivatives resulting from counterparty risk in the amount of PLN (11,188) k for H1 2015, PLN (7,214) k for 2Q 2015.

8. Gains (losses) from other financial securities

Gains (losses) from other financial securities	01.04.2016- 30.06.2016	01.01.2016- 30.06.2016	01.04.2015- 30.06.2015	01.01.2015- 30.06.2015
Profit on sale of equity shares	305 797	307 666	-	17
Profit on sale of debt securities	39 425	79 461	40 680	228 469
Charge due to impairment losses	-	(447)	(86)	(320)
Total profit (losses) on financial instruments	345 222	386 680	40 594	228 166
Change in fair value of hedging instruments	7 030	(17 252)	117 095	109 847
Change in fair value of underlying hedged positions	(6 824)	14 542	(117 204)	(110 151)
Total profit (losses) on hedging and hedged instruments	206	(2 710)	(109)	(304)
Total	345 428	383 970	40 485	227 862

On 21.06.2016, Visa Inc. announced the completion of its acquisition of Visa Europe Limited. As a result, BZ WBK received:

- Bank Zachodni WBK – EUR 49,974,289 in cash, respectively
- Bank Zachodni WBK – 18,092 series C preference shares of Visa Inc., respectively.

Furthermore, the earn-out of EUR 1.12 bn payable to all transaction participants was settled. The share of Bank Zachodni WBK in the above amount is 0.3839946336 %. The earn-out payable to the bank may be adjusted within three years of the transaction date in the circumstances stipulated in the agreement.

As at 30.06.2016, the total profit made by Bank Zachodni WBK on the above transaction was PLN 305,865 k, and was recognised under “Gains from other financial securities” in the income statement.

In thousands of PLN

9. Other operating income

	01.04.2016- 30.06.2016	01.01.2016- 30.06.2016	01.04.2015- 30.06.2015	01.01.2015- 30.06.2015
Other operating income				
Income on sale of services	4 503	9 416	4 372	7 911
Insurance indemnity received	1 110	733	19	258
Reimbursements of BGF charges	18 608	25 097	14 880	37 427
Release of provision for legal cases and other assets	2 940	8 777	3 130	7 266
Settlements of leasing agreements	849	1 707	421	588
Recovery of other receivables	2 913	4 341	1 273	2 395
Income on sales or liquidation of fixed assets, intangible assets and assets for disposal	403	403	2 386	10 034
Received compensations, penalties and fines	59	233	360	463
Other	2 265	7 501	4 360	7 488
Total	33 650	58 208	31 201	73 830

10. Impairment losses on loans and advances

	01.04.2016- 30.06.2016	01.01.2016- 30.06.2016	01.04.2015- 30.06.2015	01.01.2015- 30.06.2015
Impairment losses on loans and advances				
Collective and individual impairment charge	(152 468)	(278 628)	(125 488)	(285 759)
Incurred but not reported losses charge	7 871	(6 323)	(50 021)	(48 890)
Recoveries of loans previously written off	(2 254)	(357)	(77)	(228)
Off-balance sheet credit related facilities	15 003	21 349	14 454	12 495
Total	(131 848)	(263 959)	(161 132)	(322 382)

11. Employee costs

	01.04.2016- 30.06.2016	01.01.2016- 30.06.2016	01.04.2015- 30.06.2015	01.01.2015- 30.06.2015
Employee costs				
Salaries and bonuses	(251 652)	(497 023)	(255 585)	(513 858)
Salary related costs	(43 719)	(89 354)	(43 874)	(91 302)
Staff benefits costs	(6 462)	(12 492)	(6 666)	(12 964)
Professional trainings	(3 376)	(4 926)	(3 949)	(6 236)
Retirement fund, holiday provisions and other employee costs	(594)	(1 188)	(594)	(1 188)
Integration costs	-	-	(65)	(360)
Total	(305 803)	(604 983)	(310 733)	(625 908)

In thousands of PLN

12. General and administrative expenses

	01.04.2016- 30.06.2016	01.01.2016- 30.06.2016	01.04.2015- 30.06.2015	01.01.2015- 30.06.2015
General and administrative expenses				
Maintenance and rentals of premises	(76 993)	(156 535)	(73 927)	(150 656)
Marketing and representation	(24 648)	(42 041)	(35 577)	(53 951)
IT systems costs	(35 729)	(75 407)	(34 313)	(69 813)
Depository for Securities	(62 768)	(132 119)	(56 853)	(113 892)
Postal and telecommunication costs	(9 552)	(19 664)	(10 636)	(22 349)
Consulting fees	(8 240)	(16 740)	(8 411)	(17 628)
Cars, transport expenses, carriage of cash	(14 062)	(29 717)	(16 143)	(33 162)
Other external services	(21 592)	(41 471)	(18 614)	(38 613)
Stationery, cards, cheques etc.	(4 718)	(9 711)	(5 525)	(11 410)
Sundry taxes	(7 467)	(14 739)	(6 670)	(13 072)
Data transmission	(3 027)	(6 417)	(4 472)	(8 893)
KIR, SWIFT settlements	(6 372)	(13 128)	(6 186)	(11 655)
Security costs	(6 314)	(12 141)	(4 345)	(9 107)
Costs of repairs	(1 731)	(6 742)	(1 406)	(2 601)
Integration costs	-	-	(6 914)	(12 959)
Other	(4 845)	(9 297)	(5 193)	(9 717)
Total	(288 058)	(585 869)	(295 185)	(579 478)

13. Other operating expenses

	01.04.2016- 30.06.2016	01.01.2016- 30.06.2016	01.04.2015- 30.06.2015	01.01.2015- 30.06.2015
Other operating expenses				
Charge of provisions for legal cases and other assets	(33 220)	(72 328)	(23 532)	(26 987)
Costs of purchased services	(342)	(434)	(448)	(785)
Other membership fees	(218)	(362)	(259)	(449)
Paid compensations, penalties and fines	(221)	(374)	(574)	(2 559)
Donation paid	-	(1 500)	(2 000)	(3 320)
Other	(1 865)	(5 090)	(1 475)	(3 082)
Total	(35 866)	(80 088)	(28 288)	(37 182)

14. Corporate income tax

	01.04.2016- 30.06.2016	01.01.2016- 30.06.2016	01.04.2015- 30.06.2015	01.01.2015- 30.06.2015
Corporate income tax				
Current tax charge	(289 558)	(375 468)	(132 807)	(351 184)
Deferred tax	97 705	84 416	46 782	105 094
Total	(191 853)	(291 052)	(86 025)	(246 090)

In thousands of PLN

Corporate total tax charge information	01.04.2016- 30.06.2016	01.01.2016- 30.06.2016	01.04.2015- 30.06.2015	01.01.2015- 30.06.2015
Profit before tax	1 110 622	1 668 079	546 686	1 416 609
Tax rate	19%	19%	19%	19%
Tax calculated at the tax rate	(211 018)	(316 935)	(103 871)	(269 156)
Permanent differences	(16 595)	(23 303)	(740)	(4 792)
Tax on financial institutions	(18 543)	(30 322)	-	-
Sale of receivables	(9 459)	(11 992)	(4 125)	(7 625)
Non-tax deductible bad debt provisions	63 964	83 327	229	(914)
Non-taxable income (dividends)	647	1 150	22 435	25 587
Adjustment of prior year tax incl. technological relief	-	8 385	-	10 431
Other	(849)	(1 362)	47	379
Total income tax expense	(191 853)	(291 052)	(86 025)	(246 090)

Deferred tax recognised directly in equity	30.06.2016	31.12.2015	30.06.2015
Relating to equity securities available-for-sale	(133 745)	(183 376)	(134 364)
Relating to debt securities available-for-sale	(36 252)	(42 530)	(28 156)
Relating to cash flow hedging activity	28 112	46 079	33 547
Relating to valuation of defined benefit plans	(614)	(614)	1 272
Total	(142 499)	(180 441)	(127 701)

15. Cash and balances with central banks

Cash and balances with central banks	30.06.2016	31.12.2015	30.06.2015
Cash	1 970 464	2 003 444	1 629 235
Current accounts in central banks	1 084 837	4 126 099	1 260 593
Total	3 055 301	6 129 543	2 889 828

BZ WBK holds an obligatory reserve on a current account in the National Bank of Poland. The figure is calculated at a fixed percentage of the monthly average balance of the customers deposits, which in all the covered periods was 3.5%.

In accordance with the applicable regulations, the amount of the calculated provision is reduced by the equivalent of EUR 500 k.

16. Loans and advances to banks

Loans and advances to banks	30.06.2016	31.12.2015	30.06.2015
Loans and advances	1 378 428	1 753 992	1 695 830
Current accounts, other	3 221 222	2 730 211	2 847 235
Gross receivables	4 599 650	4 484 203	4 543 065
Allowance for impairment	(1)	(1)	(31)
Total	4 599 649	4 484 202	4 543 034

In thousands of PLN

17. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading	30.06.2016		31.12.2015		30.06.2015	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Trading derivatives	2 084 834	2 044 625	2 074 811	2 011 510	2 123 678	2 380 796
Interest rate operations	1 266 871	1 222 879	1 297 769	1 261 946	1 320 334	1 516 263
Forward	7	-	-	-	-	-
Options	7 428	7 428	9 638	9 639	11 094	11 094
IRS	1 247 233	1 208 029	1 284 493	1 247 064	1 304 266	1 498 146
FRA	12 203	7 422	3 638	5 243	4 974	7 023
Transactions on equity instruments	9 410	9 410	13 099	13 099	8 220	8 220
Options	9 410	9 410	13 099	13 099	8 220	8 220
FX operations	808 553	812 336	763 943	736 465	795 124	856 313
CIRS	211 520	267 044	123 878	171 575	184 829	271 974
Forward	78 981	44 901	35 472	36 408	58 765	59 037
FX Swap	320 813	313 494	394 037	324 068	396 818	378 340
Spot	1 311	1 044	1 913	1 729	3 028	2 275
Options	185 841	185 841	202 503	202 503	144 695	144 687
Other	10 087	12	6 140	182	6 989	-
Debt and equity securities	2 863 306	-	2 099 823	-	2 956 971	-
Debt securities	2 832 918	-	2 074 899	-	2 926 980	-
Government securities:	2 832 282	-	2 073 995	-	2 926 492	-
- bonds	2 832 282	-	2 073 995	-	2 926 492	-
Commercial securities:	636	-	904	-	488	-
- bonds	636	-	904	-	488	-
Equity securities:	30 388	-	24 924	-	29 991	-
- listed	30 388	-	24 924	-	29 991	-
Short sale	-	434 415	-	524 198	-	305 981
Total financial assets/liabilities	4 948 140	2 479 040	4 174 634	2 535 708	5 080 649	2 686 777

Financial assets and liabilities held for trading - trading derivatives include value adjustments resulting from counterparty risk in the amount of PLN 14,165 k as at 30.06.2016, PLN 14,197 k as at 31.12.2015, PLN (5,229) k as at 30.06.2015.

In thousands of PLN

The table below presents off-balance sheet derivatives' nominal values.

Derivatives' nominal values		30.06.2016	31.12.2015	30.06.2015
1. Term derivatives (hedging)		32 794 267	35 681 069	35 781 022
a)	Single-currency interest rate swap	2 332 255	2 115 615	3 273 000
b)	Macro cash flow hedge -purchased (IRS)	2 468 212	3 498 747	2 218 087
c)	Macro cash flow hedge -purchased (CIRS)	13 074 013	14 281 838	14 274 363
d)	Macro cash flow hedge -sold (CIRS)	14 919 787	15 784 869	16 015 572
2. Term derivatives (trading)		305 809 436	251 524 712	215 630 532
a)	Interest rate operations	177 772 127	148 248 296	127 033 096
	Single-currency interest rate swap	140 807 054	131 201 753	113 532 309
	FRA - purchased amounts	31 300 000	13 375 000	10 720 000
	Options	5 662 853	3 671 543	2 780 787
	Forward- purchased amounts	2 220	-	-
b)	FX operations	128 037 309	103 276 416	88 597 436
	FX swap – purchased amounts	30 800 824	23 112 618	19 207 223
	FX swap – sold amounts	30 760 703	23 042 788	19 187 039
	Forward- purchased amounts	5 439 597	4 872 628	3 914 800
	Forward- sold amounts	5 441 188	4 899 101	3 935 593
	Cross-currency interest rate swap – purchased amounts	14 038 055	9 336 831	8 610 425
	Cross-currency interest rate swap – sold amounts	14 113 858	9 389 486	8 703 616
	FX options -purchased CALL	6 696 021	6 972 190	6 125 607
	FX options -purchased PUT	7 025 521	7 339 292	6 393 763
	FX options -sold CALL	6 696 021	6 972 190	6 125 607
	FX options -sold PUT	7 025 521	7 339 292	6 393 763
3. Currency transactions- spot		1 515 931	3 119 168	3 941 784
	Spot-purchased	758 101	1 559 682	1 971 266
	Spot-sold	757 830	1 559 486	1 970 518
4. Transactions on equity financial instruments		1 143 352	1 485 063	863 782
	Derivatives contract- purchased	557 094	731 883	418 543
	Derivatives contract - sold	586 258	753 180	445 239
Total		341 262 986	291 810 012	256 217 120

In the case of single-currency transactions (IRS, FRA, non-FX options) only purchased amounts are presented.

18. Hedging derivatives

Hedging derivatives	30.06.2016		31.12.2015		30.06.2015	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives hedging fair value	-	245 194	116	192 392	1 725	184 532
Derivatives hedging cash flow	94 508	2 079 412	162 707	1 831 620	143 138	1 997 930
Total hedging derivatives	94 508	2 324 606	162 823	2 024 012	144 863	2 182 462

As at 30.06.2016 Hedging derivatives - derivatives hedging cash flow include value adjustments day first profit or loss for start forward CIRS transactions in the amount of PLN (11,195) k., PLN (11,719) k as at 31.12.2015, PLN (12,249) k as at 30.06.2015.

For the valuation of hedging transactions, Bank uses a valuation model, in which not all essential data used for valuation are based on observable market parameters, therefore, differences arise in the initial valuation. Bank treats it as the Day 1 profit or loss and amortises it in time and indicates the valuation effect in the profit and loss account. Amortisation of adjustment to the valuation of day 1 is recognized in Net trading income and revaluation.

In thousands of PLN

19. Loans and advances to customers

Loans and advances to customers	30.06.2016	31.12.2015	30.06.2015
Loans and advances to enterprises	48 883 435	45 442 685	42 733 434
Loans and advances to individuals, of which:	41 186 574	38 865 950	37 659 487
<i>Home mortgage loans</i>	31 171 889	29 195 051	28 361 851
Loans and advances to public sector	157 900	234 917	183 722
Other	32 598	6 392	12 297
Gross receivables	90 260 507	84 549 944	80 588 940
Allowance for impairment	(3 506 786)	(3 424 594)	(3 623 270)
Total	86 753 721	81 125 350	76 965 670

Movements on impairment losses on loans and advances to customers	01.01.2016- 30.06.2016	01.01.2015- 31.12.2015	01.01.2015- 30.06.2015
Individual and collective impairment			
As at the beginning of the period	(3 084 165)	(3 079 999)	(3 079 999)
Charge/write back of current period	(278 628)	(694 394)	(285 759)
Write off/Sale of receivables	216 391	661 948	117 909
Transfer	(994)	35 920	25 265
F/X differences	(10 616)	(7 640)	(4 303)
Balance at the end of the period	(3 158 012)	(3 084 165)	(3 226 887)
IBNR			
As at the beginning of the period	(340 429)	(342 520)	(342 520)
Charge/write back of current period	(6 324)	6 059	(48 903)
Sale of receivables	1 497	-	-
Transfer	-	-	-
F/X differences	(3 518)	(3 968)	(4 960)
Balance at the end of the period	(348 774)	(340 429)	(396 383)
Allowance for impairment	(3 506 786)	(3 424 594)	(3 623 270)

20. Buy-sell-back transactions

Buy-sell-back transactions	30.06.2016	31.12.2015	30.06.2015
Buy-sell-back transactions to banks	34 925	272 300	138 290
Buy-sell-back transactions to customers	-	16 960	-
Razem	34 925	289 260	138 290

In thousands of PLN

21. Financial assets available for sale

Financial assets available for sale	30.06.2016	31.12.2015	30.06.2015
Available for sale investments - measured at fair value			
Debt securities	19 972 384	21 471 774	22 755 680
Government securities:	17 672 128	17 379 677	18 029 459
- bonds	17 672 128	17 379 677	18 029 459
Central Bank securities:	-	1 849 461	2 499 791
- bills	-	1 849 461	2 499 791
Commercial securities:	2 300 256	2 242 636	2 226 430
- bonds	2 300 256	2 242 636	2 226 430
Equity securities	904 905	1 095 923	843 994
- listed	13 592	18 271	22 743
- unlisted	891 313	1 077 652	821 251
Investment certificates	-	8 549	17 016
Total	20 877 289	22 576 246	23 616 690

Movements on financial assets available for sale	Debt securities	Financial instruments representing equity rights	Total
As at 1 January 2016	21 471 774	1 104 472	22 576 246
Additions	33 491 873	70 565	33 562 438
Disposals (sale and maturity)	(35 175 291)	(264 156)	(35 439 447)
Fair value adjustment	(12 643)	(5 529)	(18 172)
Movements on interest accrued	161 524	-	161 524
Allowances for impairment	-	(447)	(447)
F/X differences	35 147	-	35 147
As at 30 June 2016	19 972 384	904 905	20 877 289

Movements on financial assets available for sale	Debt securities	Financial instruments representing equity rights	Total
As at 1 January 2015	23 612 492	852 956	24 465 448
Additions	95 257 414	6 805	95 264 219
Disposals (sale and maturity)	(96 982 076)	(15 193)	(96 997 269)
Fair value adjustment	(417 785)	260 226	(157 559)
Movements on interest accrued	(32 928)	-	(32 928)
Allowances for impairment	-	(322)	(322)
F/X differences	34 657	-	34 657
As at 31 December 2015	21 471 774	1 104 472	22 576 246

Movements on financial assets available for sale	Debt securities	Financial instruments representing equity rights	Total
As at 1 January 2015	23 612 492	852 956	24 465 448
Additions	55 352 289	6 105	55 358 394
Disposals (sale and maturity)	(55 822 880)	-	(55 822 880)
Fair value adjustment	(557 521)	2 269	(555 252)
Movements on interest accrued	153 222	-	153 222
Allowances for impairment	-	(320)	(320)
F/X differences	18 078	-	18 078
As at 30 June 2015	22 755 680	861 010	23 616 690

In thousands of PLN

22. Investments in subsidiaries and associates

Investments in subsidiaries and associates	30.06.2016	31.12.2015	30.06.2015
Subsidiaries	2 340 720	2 340 720	2 340 720
Associates	36 605	36 605	36 605
Total	2 377 325	2 377 325	2 377 325

23. Net deferred tax assets

Deferred tax asset	30.06.2016	Changes to equity	Changes to financial result	Changes in temporary differences	31.12.2015
Provisions for loans	451 306	-	22 817	22 817	428 489
Unrealized liabilities due to derivatives	844 603	-	76 759	76 759	767 844
Cash flow hedges valuation	28 111	(17 968)	-	(17 968)	46 079
Other provisions which are not yet taxable costs	98 323	-	(12 008)	(12 008)	110 331
Deferred income	264 178	-	10 277	10 277	253 901
Unrealised interest expense on loans, deposits and securities	22 302	-	(18 550)	(18 550)	40 852
Other	7 674	-	(100)	(100)	7 774
Total	1 716 497	(17 968)	79 195	61 227	1 655 270

Deferred tax liability	30.06.2016	Changes to equity	Changes to financial result	Changes in temporary differences	31.12.2015
Revaluation of financial instruments available for sale*	(170 613)	55 909	-	55 909	(226 522)
Unrealised receivables on derivatives	(411 654)	-	11 835	11 835	(423 489)
Unrealised interests from loans, securities and interbank deposits	(168 862)	-	(8 983)	(8 983)	(159 879)
Provision due to application of investment relief	(2 145)	-	58	58	(2 203)
Difference between balance sheet and taxable value of unfinancial value assets	3 668	-	1 577	1 577	2 091
Other	(1 771)	-	734	734	(2 505)
Total	(751 377)	55 909	5 221	61 130	(812 507)
Net deferred tax assets	965 120	37 941	84 416	122 357	842 763

*Changes in deferred tax liabilities were recognised in the unconsolidated statement of comprehensive income.

As at 30.06.2016 the calculation of deferred tax assets did not include gross purchased receivables of PLN 8,518 k and gross loans that will not be realised of PLN 46,686 k.

In thousands of PLN

Deferred tax asset	31.12.2015	Changes to equity	Changes to financial result	Changes in temporary differences	30.06.2015
Provisions for loans	428 489	-	(45 515)	(45 515)	474 004
Unrealized liabilities due to derivatives	767 844	-	(104 323)	(104 323)	872 167
Cash flow hedges valuation	46 079	12 532	-	12 532	33 547
Other provisions which are not yet taxable costs	110 331	-	16 609	16 609	93 722
Deferred income	253 901	-	7 724	7 724	246 177
Unrealised interest expense on loans, deposits and securities	40 852	-	10 339	10 339	30 513
Other	7 774	-	(614)	(614)	8 388
Total	1 655 270	12 532	(115 780)	(103 248)	1 758 518

Deferred tax liability	31.12.2015	Changes to equity	Changes to financial result	Changes in temporary differences	30.06.2015
Revaluation of financial instruments available for sale*	(226 522)	(65 274)	-	(65 274)	(161 248)
Unrealised receivables on derivatives	(423 489)	-	5 973	5 973	(429 462)
Unrealised interests from loans, securities and interbank deposits	(159 879)	-	(4 783)	(4 783)	(155 096)
Provision due to application of investment relief	(2 203)	-	66	66	(2 269)
Difference between balance sheet and taxable value of unfinancial value assets	2 091	-	1 764	1 764	327
Other	(2 505)	-	14 705	14 705	(17 210)
Total	(812 507)	(65 274)	17 725	(47 549)	(764 958)

Net deferred tax assets	842 763	(52 742)	(98 055)	(150 797)	993 560
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*Changes in deferred tax liabilities were recognised in the unconsolidated statement of comprehensive income.

As at 31.12.2015 the calculation of deferred tax assets did not include gross purchased receivables of PLN 10,684 k and gross loans that will not be realised of PLN 61,866 k.

Deferred tax asset	30.06.2015	Changes to equity	Changes to financial result	Changes in temporary differences	31.12.2014
Provisions for loans	474 004	-	29 874	29 874	444 130
Unrealized liabilities due to derivatives	872 167	-	190 961	190 961	681 206
Cash flow hedges valuation	33 547	8 440	-	8 440	25 107
Other provisions which are not yet taxable costs	93 722	-	(4 443)	(4 443)	98 165
Deferred income	246 177	-	12 482	12 482	233 695
Unrealised interest expense on loans, deposits and securities	30 513	-	(104 923)	(104 923)	135 436
Other	8 388	-	1 787	1 787	6 601
Total	1 758 518	8 440	125 738	134 178	1 624 340

Deferred tax liability	30.06.2015	Changes to equity	Changes to financial result	Changes in temporary differences	31.12.2014
Revaluation of financial instruments available for sale*	(161 248)	86 017	-	86 017	(247 265)
Unrealised receivables on derivatives	(429 462)	-	(17 705)	(17 705)	(411 757)
Unrealised interests from loans, securities and interbank deposits	(155 096)	-	8 434	8 434	(163 530)
Provision due to application of investment relief	(2 269)	-	958	958	(3 227)
Difference between balance sheet and taxable value of unfinancial value assets	327	-	1 498	1 498	(1 171)
Other	(17 210)	-	(13 828)	(13 828)	(3 382)
Total	(764 958)	86 017	(20 643)	65 374	(830 332)

Net deferred tax assets	993 560	94 457	105 095	199 552	794 008
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*Changes in deferred tax liabilities were recognised in the unconsolidated statement of comprehensive income.

As at 30.06.2015 the calculation of deferred tax assets did not include gross purchased receivables of PLN 11,893 k and gross loans that will not be realised of PLN 91,615 k.

In thousands of PLN

24. Assets classified as held for sale

Assets classified as held for sale	30.06.2016	31.12.2015	30.06.2015
Land and buildings	637	637	637
Total	637	637	637

25. Other assets

Other assets	30.06.2016	31.12.2015	30.06.2015
Interbank and interbranch settlements	201 624	120 406	160 583
Sundry debtors	521 071	227 847	240 820
Prepayments *	52 711	31 265	136 559
Reposessed assets	37 364	37 364	37 364
Settlements of stock exchange transactions	26 425	23 508	41 328
Other	52	52	52
Total	839 247	440 442	616 706

* Due to changes in the Act on Bank Guarantee Fund (Journal of Laws of 2016), in March 2016, the mandatory and prudential BGF fee started to be calculated on an annual rather than quarterly basis.

Accordingly, at the end of March 2016, the Bank paid the fee for Q1 2016 and now no BGF payments are posted under "Prepayments".

Due to the above amendment to the Act, the basis for calculation of the fee will also change in the following quarters. In Q2, the fee will be calculated on the basis of the total risk exposure estimated as at 31.03.2016.

In the corresponding period, "Prepayments" included the fees to the Bank Guarantee Fund that are settled over time. As at 30.06.2015 they amounted to PLN 100,428 k for the Bank.

In 2015, BGF payments were accounted for on an accrual basis in accordance with the opinion of the KNF and the Finance Ministry.

26. Deposits from banks

Deposits from banks	30.06.2016	31.12.2015	30.06.2015
Term deposits	306 548	29 050	208 099
Loans from other banks	862 885	195 247	187 957
Current accounts	454 718	324 261	462 201
Total	1 624 151	548 558	858 257

In thousands of PLN

27. Deposits from customers

Deposits from customers	30.06.2016	31.12.2015	30.06.2015
Deposits from individuals	55 858 345	54 219 574	50 854 629
Term deposits	19 389 764	22 061 992	21 371 082
Current accounts	36 425 604	32 087 122	29 433 796
Other	42 977	70 460	49 751
Deposits from enterprises	37 479 638	36 729 117	32 427 598
Term deposits	18 627 585	18 424 576	16 089 087
Current accounts	14 956 449	14 972 460	13 187 864
Credits	3 101 168	2 638 739	2 214 291
Other	794 436	693 342	936 356
Deposits from public sector	4 124 512	3 072 591	3 602 360
Term deposits	2 435 034	1 292 043	1 718 684
Current accounts	1 678 223	1 668 272	1 883 442
Other	11 255	112 276	234
Total	97 462 495	94 021 282	86 884 587

28. Sell-buy-back transactions

Sell-buy-back transactions	30.06.2016	31.12.2015	30.06.2015
Sell-buy-back transactions from banks	990 247	3 387 335	6 033 741
Sell-buy-back transactions from customers	-	620 190	120 004
Razem	990 247	4 007 525	6 153 745

29. Subordinated liabilities

Subordinated liabilities	Redemption date	Currency	Nominal value
Tranche 1	05.08.2025	EUR	100 000

Movements in subordinated liabilities	30.06.2016	31.12.2015	30.06.2015
As at the beginning of the period	426 507	1 439 835	1 439 835
Increase (due to):	24 373	166 216	151 190
- interest on subordinated loan	8 048	42 564	32 807
- FX differences	16 325	123 652	118 383
Decrease (due to):	(8 274)	(1 179 544)	(1 171 404)
- subordinated loans repayment	-	(1 138 338)	(1 138 338)
- interest repayment	(8 274)	(41 206)	(33 066)
As at the end of the period	442 606	426 507	419 621
Short-term	1 781	2 158	2 164
Long-term (over 1 year)	440 825	424 349	417 457

Subordinated loans in the amount of PLN 1,138,338 k were repaid to KBC Bank in June 2015 as they no longer qualified to be treated as Tier II capital under CRD IV/CRR rules.

In thousands of PLN

30. Debt securities in issue

Debt securities in issue	ISIN	Nominal value	Currency	Redemption date	30.06.2016
Series A bank securities	PLBZ00000192	250 000	PLN	17.08.2016	
Series A	PLBZ00000150	500 000	PLN	19.12.2016	
Series B	PLBZ00000168	475 000	PLN	17.07.2017	
Series C	PLBZ00000176	485 000	PLN	25.06.2018	
Series D	PLBZ00000200	185 000	PLN	26.02.2017	
Debt securities in issue					1 900 500
- as at the end of the period					

Debt securities in issue	ISIN	Nominal value	Currency	Redemption date	31.12.2015
Series A bank securities	PLBZ00000184	230 000	PLN	17.02.2016	
Series A	PLBZ00000150	500 000	PLN	19.12.2016	
Series B	PLBZ00000168	475 000	PLN	17.07.2017	
Series C	PLBZ00000176	485 000	PLN	25.06.2018	
Debt securities in issue					1 698 619
- as at the end of the period					

Debt securities in issue	ISIN	Nominal value	Currency	Redemption date	30.06.2015
Series A	PLBZ00000150	500 000	PLN	19.12.2016	
Series B	PLBZ00000168	475 000	PLN	17.07.2017	
Series C	PLBZ00000176	485 000	PLN	25.06.2018	
Debt securities in issue					1 467 179
- as at the end of the period					

Movements in debt securities in issue	30.06.2016	31.12.2015	30.06.2015
As at the beginning of the period	1 698 619	983 646	983 646
Increase (due to):	455 275	753 484	500 568
- debt securities in issue	435 000	715 000	485 000
- interest on debt securities in issue	20 275	38 484	15 568
Decrease (due to):	(253 394)	(38 511)	(17 035)
- debt securities buy out	(230 000)	-	-
- interest repayment	(23 394)	(38 511)	(17 035)
As at the end of the period	1 900 500	1 698 619	1 467 179

31 Other liabilities

Other liabilities	30.06.2016	31.12.2015	30.06.2015
Provisions:	315 256	404 955	357 322
Employee provisions	251 330	319 000	257 673
Provisions for legal claims	25 866	27 373	37 945
Provisions for off-balance sheet credit facilities	34 760	55 276	58 404
Other	3 300	3 306	3 300
Interbank and interbranch settlements	313 843	202 215	310 946
Other deferred and suspended income	175 564	157 560	150 766
Sundry creditors	297 671	353 179	268 572
Accrued liabilities	155 300	152 191	140 192
Public and law settlements	77 095	45 236	50 352
Settlements of stock exchange transactions	21 380	25 376	34 846
Total	1 356 109	1 340 712	1 312 996

In thousands of PLN

Change in provisions 30.06.2016	Employee provisions	Provisions for legal claims	Provisions for off balance sheet credit facilities	Other	Total
As at the beginning of the period	319 000	27 373	55 276	3 306	404 955
Provision charge	153 476	64 676	34 147	-	252 299
Utilization	(210 692)	(66 037)	833	(6)	(275 902)
Write back	(10 454)	(146)	(55 496)	-	(66 096)
Other changes	-	-	-	-	-
Balance at the end of the period	251 330	25 866	34 760	3 300	315 256
Short-term	189 789	25 866	25 210	3 300	244 165
Long-term	61 541	-	9 550	-	71 091

Change in provisions 31.12.2015	Employee provisions	Provisions for legal claims	Provisions for off balance sheet credit facilities	Other	Total
As at the beginning of the period	306 503	39 466	71 050	3 300	420 319
Provision charge	249 212	4 299	86 730	6	340 247
Utilization	(227 870)	(7 628)	252	-	(235 246)
Write back	(8 845)	(8 764)	(102 756)	-	(120 365)
Other changes	-	-	-	-	-
Balance at the end of the period	319 000	27 373	55 276	3 306	404 955
Short-term	259 678	27 373	40 880	3 306	331 237
Long-term	59 322	-	14 396	-	73 718

Change in provisions 30.06.2015	Employee provisions	Provisions for legal claims	Provisions for off balance sheet credit facilities	Other	Total
As at the beginning of the period	306 503	39 466	71 050	3 300	420 319
Provision charge	122 744	2 791	51 362	-	176 897
Utilization	(167 290)	(2 977)	(152)	-	(170 419)
Write back	(4 284)	(1 335)	(63 856)	-	(69 475)
Other changes	-	-	-	-	-
Balance at the end of the period	257 673	37 945	58 404	3 300	357 322
Short-term	189 629	37 945	45 179	3 300	276 053
Long-term	68 044	-	13 225	-	81 269

In thousands of PLN

32. Fair value

A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

Below is a summary of the book values and fair values of the individual groups of assets and liabilities.

Assets	30.06.2016		31.12.2015		30.06.2015	
	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value
Cash and balances with central banks	3 055 301	3 055 301	6 129 543	6 129 543	2 889 828	2 889 828
Loans and advances to banks	4 599 648	4 599 648	4 484 202	4 484 202	4 543 034	4 543 034
Financial assets held for trading	4 948 140	4 948 140	4 174 634	4 174 634	5 080 649	5 080 649
Hedging derivatives	94 508	94 508	162 823	162 823	144 863	144 863
Loans and advances to customers	86 753 721	86 899 586	81 125 350	81 773 676	76 965 670	77 211 115
Financial assets available for sale	20 877 289	20 877 289	22 576 246	22 576 246	23 616 690	23 616 690
Investments in subsidiaries and associates	2 377 325	2 377 325	2 377 325	2 377 325	2 377 325	2 377 325
Liabilities						
Deposits from banks	1 624 151	1 624 151	548 558	548 558	858 257	858 257
Hedging derivatives	2 324 606	2 324 606	2 024 012	2 024 012	2 182 462	2 182 462
Financial liabilities held for trading	2 479 040	2 479 040	2 535 708	2 535 708	2 686 777	2 686 777
Subordinated liabilities	442 606	572 656	426 507	503 582	419 621	494 349
Deposits from customers	97 462 495	97 477 215	94 021 282	94 020 221	86 884 587	86 902 683

Below is a summary of the key methods and assumptions used in the estimation of fair values of the financial instruments shown in the table above.

Financial assets and liabilities not carried at fair value in the statement of financial position

The Bank has financial instruments which in accordance with the IFRS are not carried at fair value in the unconsolidated financial statements. The fair value of such instruments is measured using the following methods and assumptions.

Loans and advances to banks: The fair value of deposits is measured using discounted cash flows at the current money market interest rates for receivables of similar credit risk, maturity and currency.

Loans and advances to customers: Carried at net value after impairment charges. Fair value is calculated as the discounted value of the expected future cash flows in respect of principal and interest payments. It is assumed that loans and advances will be repaid at their contractual maturity date. The estimated fair value of the loans and advances reflects changes in the credit risk from the moment of sanction (margins) and changes in interest rates.

Financial assets not carried at fair value: The Bank does not use fair valuation for equity securities of unlisted companies for which the fair value cannot be reliably established. In the statement of financial position, equity instruments are presented at cost less impairment. Debt instruments are measured at amortised cost.

Investments in subsidiaries and associates: The financial assets representing investments in subsidiaries and associates are measured using the equity method. The Management Board of the parent company believes that this is the most accurate estimation of fair value of these instruments.

Deposits from banks and deposits from customers: Fair value of the deposits with maturity exceeding 6 months was estimated based on the cash flows discounted by the current market rates for the deposits with similar maturity dates. In the case of demand deposits without a fixed maturity date or with maturity up to 6 months, it is assumed that their fair value is not significantly different than their book value. The process of fair value estimation for these instruments is not affected by the long-term nature of the business with depositors.

Debt securities in issue and subordinated liabilities: The securities and subordinated liabilities are measured at amortised cost. The fair value of these instruments is not significantly different from their balance sheet value.

Financial assets and liabilities carried at fair value in the statement of financial position

As at 30.06.2016 and in the comparable periods the Bank made the following classification of its financial instruments measured at fair value in the statement of financial position:

Level I (active market quotations): Debt, equity and derivative financial instruments which at the balance sheet date were measured using the prices quoted in the active market. The Bank allocates to this level fixed-rate State Treasury bonds, treasury bills, shares of listed companies and WIG 20 futures.

In thousands of PLN

Level II (the measurement methods based on market-derived parameters): This level includes derivative instruments. Level II also classifies variable-rate State Treasury bonds. These bonds were measured using discounted cash flow models based on the discount curve derived from the market of fixed-rate treasury bonds. Derivative instruments are measured using discounted cash flow models based on the discount curve derived from the inter-bank market.

Level III (measurement methods using material non-market parameters): This level includes equity securities that are not quoted in the active market, measured using the expert valuation model; investment certificates measured at the balance sheet date at the price announced by the mutual fund and debt securities.

The objective of using a valuation technique is to determine the fair value, i.e., prices, which were obtained by the sale of an asset in an orderly transaction between market participants carried out under current market conditions between market participants at the measurement date.

Valuation of major capital investments classified to Category III are made semi-annually by specialized units of the Bank using income methods based on discounted cash flows and comparative methods based on market multiples of comparable transactions multiples or stock quotes.

The final valuation is approved jointly by representatives of the Risk Management Division and the Financial Accounting and Control Division, who assess it taking into account in particular:

- which valuation technique requires the least subjective / expert changes to the input data (ie. to maximize the use of appropriate, observable parameters and minimizes the use of unobservable data)
- span ranges of valuation and the convergence of the results indicated by valuation techniques,
- the differences in the values indicated by the different valuation techniques.

In the current reporting period, the valuations remained unchanged.

As at 30.06.2016 and in the comparable periods the Bank classified its financial instruments to the following fair value levels:

30.06.2016	Level I	Level II	Level III	Total
Financial assets				
Financial assets held for trading	2 460 205	2 487 630	305	4 948 140
Hedging derivatives	-	94 508	-	94 508
Financial investment assets - debt securities	13 600 097	6 372 287	-	19 972 384
Financial investment assets - equity securities	13 592	-	891 313	904 905
Total	16 073 894	8 954 425	891 618	25 919 937
Financial liabilities				
Financial liabilities held for trading	434 414	2 044 626	-	2 479 040
Hedging derivatives	-	2 324 606	-	2 324 606
Total	434 414	4 369 232	-	4 803 646

31.12.2015	Level I	Level II	Level III	Total
Financial assets				
Financial assets held for trading	1 743 073	2 429 722	1 839	4 174 634
Hedging derivatives	-	162 823	-	162 823
Financial investment assets - debt securities	14 549 997	6 921 777	-	21 471 774
Financial investment assets - equity securities	18 271	-	1 086 201	1 104 472
Total	16 311 341	9 514 322	1 088 040	26 913 703
Financial liabilities				
Financial liabilities held for trading	524 198	2 011 510	-	2 535 708
Hedging derivatives	-	2 024 012	-	2 024 012
Total	524 198	4 035 522	-	4 559 720

In thousands of PLN

30.06.2015	Level I	Level II	Level III	Total
Financial assets				
Financial assets held for trading	1 647 553	3 431 736	1 360	5 080 649
Hedging derivatives	-	144 863	-	144 863
Financial investment assets - debt securities	14 786 876	7 968 804	-	22 755 680
Financial investment assets - equity securities	22 743	-	838 267	861 010
Total	16 457 172	11 545 403	839 627	28 842 202
Financial liabilities				
Financial liabilities held for trading	305 981	2 380 796	-	2 686 777
Hedging derivatives	-	2 182 462	-	2 182 462
Total	305 981	4 563 258	-	4 869 239

The tables below show reconciliation of changes in the balance of financial instruments whose fair value is established by means of the valuation methods using material non-market parameters.

Level III	Financial assets			Financial liabilities
	Financial assets held for trading	Financial assets available for sale - debt securities	Financial assets available for sale - equity securities	Financial liabilities held for trading
30.06.2016				
Beginning of the period	1 839	-	1 086 201	-
Profit or losses	27	-	67 544	-
<i>recognised in income statement (unrealised)</i>	27	-	68 506	-
<i>recognised in equity</i>	-	-	(962)	-
Purchase	298	-	2 500	-
Sale	(1 859)	-	(264 932)	-
Transfer between levels	-	-	-	-
At the period end	305	-	891 313	-

Level III	Financial assets			Financial liabilities
	Financial assets held for trading	Financial assets available for sale - debt securities	Financial assets available for sale - equity securities	Financial liabilities held for trading
31.12.2015				
Beginning of the period	1 390	-	832 488	-
Profit or losses	23	-	258 175	-
<i>recognised in income statement (unrealised)</i>	23	-	-	-
<i>recognised in equity</i>	-	-	258 175	-
Purchase	1 278	-	6 805	-
Sale	(852)	-	(11 267)	-
Transfer between levels	-	-	-	-
At the period end	1 839	-	1 086 201	-

Level III	Financial assets			Financial liabilities
	Financial assets held for trading	Financial assets available for sale - debt securities	Financial assets available for sale - equity securities	Financial liabilities held for trading
30.06.2015				
Beginning of the period	1 390	-	832 488	-
Profits or losses	(55)	-	(305)	-
<i>recognised in income statement (unrealised)</i>	(55)	-	-	-
<i>recognised in equity</i>	-	-	(305)	-
Purchase	72	-	6 084	-
Sale	(47)	-	-	-
Transfer between levels	-	-	-	-
At the period end	1 360	-	838 267	-

In thousands of PLN

33. Contingent liabilities

Significant court proceedings conducted by Bank Zachodni WBK

As at 30.06.2016, no proceedings were instituted by court or by state administration agencies with relation to any claims made by or against the Bank amounting to a minimum of 10% of the Bank's equity.

The value of all litigation amounts to PLN 439,563 k, which is ca. 2.36% of the Bank's equity. This amount includes PLN 300,720 k claimed by the Bank, PLN 138,843 k in claims against the Bank. No litigation were of bankruptcy or arrangement.

In H1 2016 the amount of significant court proceedings which had been completed amounted to PLN 122,760 k.

As at 30.06.2016, the value of provisions for legal risks, for court cases against the Bank was PLN 25,866 k. In seven cases against the Bank, where the claim value was high, a provision of PLN 23,000 k was raised. The remaining amount of PLN 2,866 k covers 56 cases.

The Bank raises provisions for legal risk where an internal risk assessment for a particular case indicates a possible outflow of cash. Provisions for cases disputed in court are presented in Note 31.

As at 31.12.2015, no proceedings were instituted by court or by state administration agencies with relation to any claims made by or against the Bank amounting to a minimum of 10% of the Bank's equity.

The value of all litigation amounts to PLN 305,012 k, which is ca. 1.63% of the Bank's equity. This amount includes PLN 93,305 k claimed by the Bank, PLN 198,060 k in claims against the Bank and PLN 13,647 k are Bank's receivables due to bankruptcy or arrangement cases.

In 2015 the amount of significant court proceedings which had been completed amounted to PLN 16,128 k.

As at 31.12.2015, the value of provisions for legal risks, for court cases against the Bank was PLN 27,373 k. In eight cases against the Bank, where the claim value was high, a provision of PLN 25,000 k was raised. The remaining amount of PLN 2,373 k covers 58 cases.

As at 30.06.2015, no proceedings were instituted by court or by state administration agencies with relation to any claims made by or against the Bank amounting to a minimum of 10% of the Bank's equity.

The value of all litigation amounted to PLN 268,630 k, which is ca. 1.50% of the Bank's equity. This amount includes PLN 89,512 k claimed by the Bank, PLN 179,009 k in claims against the Bank and PLN 109 k are Bank's receivables due to bankruptcy or arrangement cases.

In H1 2015 the amount of significant court proceedings which have been completed amounted to PLN 9,279 k.

As at 30.06.2015, the value of provisions for legal risks, for court cases against the Bank was PLN 37 945 k. In five cases against the Bank, where the claim value was high, a provision of PLN 31 411 k was raised. PLN 4 226 k relates to a provision raised for a claim filed by the Bank. The remaining amount of PLN 2 308 k covers 42 cases.

Off-balance sheet liabilities

The value of contingent liabilities and off-balance sheet transactions by categories is presented below. The value of guarantees and letters of credit, as presented in the table below, reflects the maximum possible loss which would have been disclosed at the balance sheet date without taking into account the collateral held by the Bank if the customers failed to meet their commitments towards third parties in full.

Contingent liabilities - sanctioned	30.06.2016	31.12.2015	30.06.2015
Liabilities sanctioned			
- financial	21 833 443	20 836 127	19 176 060
- credit lines	18 039 146	17 923 865	16 549 505
- credit cards debits	2 707 298	2 471 115	2 251 159
- import letters of credit	582 611	438 346	358 457
- term deposits with future commencement term	504 388	2 801	16 939
- guarantees	4 464 457	4 461 141	4 479 683
Total	26 297 900	25 297 268	23 655 743

In thousands of PLN

34. Basis of FX conversion

As at 30.06.2016, FX denominated balance sheet positions were converted into PLN in line with the NBP FX table no. 125/A/NBP/2016 dd. 30.06.2016.

35. Shareholders with min. 5% voting power

According to the information held by the Bank's Management Board, the shareholder with a min. 5% of the total number of votes at the Bank Zachodni WBK General Meeting as at the publication date of the condensed interim unconsolidated financial statements for H1 2016 (27.07.2016) are Banco Santander S.A. and Nationale-Nederlanden OFE.

Shareholder	Number of shares held		% in the share capital		Number of votes at AGM		Voting power at AGM	
	27.07.2016	27.04.2016	27.07.2016	27.04.2016	27.07.2016	27.04.2016	27.07.2016	27.04.2016
Banco Santander S.A.	68 880 774	68 880 774	69,41%	69,41%	68 880 774	68 880 774	69,41%	69,41%
Nationale Nederlanden OFE	5 110 586	5 110 586	5,15%	5,15%	5 110 586	5 110 586	5,15%	5,15%
Other	25 243 174	25 243 174	25,44%	25,44%	25 243 174	25 243 174	25,44%	25,44%
Total	99 234 534	99 234 534	100,00%	100,00%	99 234 534	99 234 534	100,00%	100,00%

36. Related party disclosures

The tables below present intercompany transactions. They are effected between subsidiaries, associates, joint ventures and parent entity. Most of the transactions are banking transactions made as part of ordinary business activities and mainly include loans, deposits, guarantees and leasing.

In thousands of PLN

Transactions with subsidiaries	30.06.2016	31.12.2015	30.06.2015
ASSETS	8 815 366	8 528 758	8 629 209
Loans and advances to banks	222 842	1 151 017	1 565 747
Financial assets held for trading	24 127	9 123	86 095
Loans and advances to customers	8 275 595	7 356 993	6 953 106
Other assets	292 802	11 625	24 261
LIABILITIES	261 275	272 243	372 255
Deposits from banks	25 947	12 867	145 535
Financial liabilities held for trading	3 889	43	188
Deposits from customers	127 258	166 793	145 722
Other liabilities	104 181	92 540	80 810
INCOME	125 665	342 419	216 971
Interest income	67 197	142 294	72 163
Fee and commission income	64 061	143 557	75 548
Other operating income	3 764	7 689	3 446
Net trading income and revaluation	(9 357)	48 879	65 814
EXPENSES	5 121	15 121	9 841
Interest expense	2 434	9 383	6 888
Fee and commission expense	2 674	5 067	2 485
Operating expenses incl.:	13	671	468
<i>Bank's staff, operating expenses and management costs</i>	-	647	457
<i>Other</i>	13	24	11
CONTINGENT LIABILITIES	2 516 122	2 292 336	1 702 389
Sanctioned:	2 516 122	2 292 336	1 702 389
- <i>financing-related</i>	2 449 031	2 227 705	1 638 746
- <i>guarantees</i>	67 091	64 631	63 643
DERIVATIVES' NOMINAL VALUES	2 318 994	1 553 216	1 841 006
Spot-purchased	-	51 120	4 879
Spot-sold	-	51 138	4 879
FX swap – purchased amounts	514 140	162 779	-
FX swap – sold amounts	509 790	161 541	-
Cross-currency interest rate swaps – purchased amounts	284 739	275 758	868 858
Cross-currency interest rate swaps – sold amounts	270 900	270 900	771 020
Single-currency interest rate swaps	739 425	579 980	191 370

On 16.04.2015, an agreement was signed between BZ WBK and its subsidiary BZ WBK Leasing providing for a financial leaseback of properties (freehold of a building and land and perpetual usufruct of land) and a lease of a planned project (an office building to be developed during the next three years) located in Wrocław.

The final total value of the assets arising from the lease of the building and land, which was estimated at the time of initiation of the transaction, was PLN 156,278 k.

Current value of the fixed assets obtained under the financial leaseback agreement was PLN 39,480 k as at 30.06.2016, the initial value of fixed assets under construction was PLN 9,354 k.

In accordance with the agreement, the basic lease term was defined as 153 months.

The purchase of assets by BZ WBK Leasing and development of the office building is financed with a loan provided by BZ WBK.

The lease agreement requires that only interest should be paid on the lease and the loan during the term of the respective agreements, while the principal sums will be paid as part of the last tranche, with the pre-financing costs relating to the building and the site where the building is developed are to be capitalised by BZ WBK Leasing, and the bank is to pay them along with the principal payment at the end of contractual period. Both agreements are to be based on 1M WIBOR + margin, and the parties reportedly plan to offset their mutual obligations.

In thousands of PLN

Transactions with associates	30.06.2016	31.12.2015	30.06.2015
Liabilities	118 896	60 075	101 351
Deposits from customers	118 896	60 075	101 351
Income	12 913	49 028	14 539
Fee and commission income	12 913	49 028	14 539
Expenses	5 402	4 412	1 575
Interest expense	676	1 237	599
Fee and commission expense	41	203	377
Operating expenses incl.:	4 685	2 972	599
<i>General and administrative expenses</i>	4 685	2 972	599
Contingent liabilities	407	407	444
Sanctioned:	407	407	444
- <i>guarantees</i>	407	407	444

In thousands of PLN

Transactions with Santander Group	with the parent company			with other entities		
	30.06.2016	31.12.2015	30.06.2015	30.06.2016	31.12.2015	30.06.2015
ASSETS	760 429	684 477	406 400	5 256	13 376	10 390
Loans and advances to banks, incl:	389 440	337 099	162 402	2 205	1 391	2 221
<i>deposits</i>	177 020	252 132	-	-	-	-
<i>current accounts</i>	212 420	84 967	162 402	2 205	1 391	2 221
Financial assets held for trading	370 297	343 790	240 057	3 051	11 982	8 169
Hedging derivatives	473	1 529	3 374	-	-	-
Other assets	219	2 059	567	-	3	-
LIABILITIES	657 315	401 482	345 810	156 365	124 986	116 619
Deposits from banks incl.:	238 600	102 590	50 794	1 059	9 193	6 232
<i>current accounts</i>	238 600	102 590	50 794	1 059	9 193	6 232
Hedging derivatives	54 269	22 065	10 862	-	-	-
Financial liabilities held for trading	364 444	276 696	284 148	18 750	7 220	9 631
Deposits from customers	-	-	-	129 280	105 202	96 428
Other liabilities	2	131	6	7 276	3 371	4 328
INCOME	745 427	736 899	111 963	5 953	473	(738)
Interest income	7 054	13 035	6 515	23	11	6
Fee and commission income	832	2 220	1 019	100	63	33
Other operating income	-	-	-	-	614	614
Net trading income and revaluation	737 541	721 644	104 429	5 830	(215)	(1 391)
EXPENSES	717	1 083	476	8 955	15 314	6 452
Interest expenses	125	116	5	594	1 034	547
Fee and commission expenses	592	967	471	3	3	-
Operating expenses incl.:	-	-	-	8 358	14 277	5 905
<i>Bank's staff, operating expenses and management costs</i>	-	-	-	8 358	14 277	5 905
CONTINGENT LIABILITIES	15	280	560	-	-	-
<i>Sanctioned:</i>	15	280	560	-	-	-
- <i>financing-related</i>	15	280	300	-	-	-
- <i>guarantees</i>	-	-	260	-	-	-
DERIVATIVES' NOMINAL VALUES	61 110 407	48 521 643	39 710 884	1 591 529	2 059 430	1 857 244
Cross-currency interest rate swap – purchased amounts	5 615 936	3 704 776	3 650 637	-	-	-
Cross-currency interest rate swap – sold amounts	5 517 879	3 586 042	3 636 817	-	-	-
Single-currency interest rate swap	16 464 009	11 991 876	8 700 563	1 591 529	1 591 418	1 586 000
FRA	3 050 000	1 600 000	-	-	-	-
Options	5 621 021	3 626 907	2 704 277	-	-	-
FX swap – purchased amounts	4 929 780	4 412 806	3 624 362	-	-	-
FX swap – sold amounts	4 905 351	4 401 243	3 573 527	-	-	-
FX options -purchased CALL	3 375 752	3 563 906	3 064 602	-	-	-
FX options -purchased PUT	3 601 979	3 751 086	3 194 972	-	-	-
FX options -sold CALL	3 320 269	3 408 284	3 061 005	-	-	-
FX options -sold PUT	3 423 542	3 588 205	3 198 791	-	-	-
Spot-purchased	160 967	144 011	465 851	-	-	-
Spot-sold	161 276	143 917	465 394	-	-	-
Forward- purchased amounts	204 092	165 120	108 347	-	-	-
Forward- sold amounts	202 130	169 671	114 440	-	-	-
Capital derivatives contract - purchased	556 424	263 793	147 299	-	468 012	271 244

Transactions with Members of the Management and Supervisory Boards

Remuneration of Bank Zachodni WBK Management and Supervisory Board Members

As at 30.06.2016, 31.12.2015 and 30.06.2015 members of the Management Board were bound by the non-compete agreements which remain in force after they step down from their function. If a Member of the Management Board is removed from their function or not appointed for another term, he/she is entitled to a once-off severance pay. The severance pay does not apply if the person accepts another function in the Bank.

Loans and advances have been sanctioned on regular terms and conditions.

In thousands of PLN

30.06.2016

In H1 2016 the amount of remuneration paid to the Management Board Members of Bank Zachodni WBK totalled PLN 5,057 k, whereas additional benefits totalled PLN 369 k. In 2016, a total bonus of PLN 6,006 k was paid for 2015, including a deferred part for 2014, 2013 and 2012.

In H1 2016, the total amount of remuneration paid to the Supervisory Board Members of Bank Zachodni WBK totalled PLN 879 k.

Loans and advances made by the Bank to the Members of the Management Board of BZ WBK and to their relatives as at 30.06.2016 totalled PLN 5,075 k.

The Members of the Management Board of Bank Zachodni WBK did not use any assets that would be provided by the subsidiaries or the associates under lease.

Social Fund loans and advances provided to the Members of the Management Board were nil.

31.12.2015

In 2015 the amount of remuneration paid to the Management Board Members of Bank Zachodni WBK totalled PLN 11,743 k, whereas additional benefits totalled PLN 973 k. In 2015, a total bonus of PLN 6,475 k was paid for 2015, including a deferred part for 2014, 2013 and 2012.

In 2015, the Management Board members were paid the equivalent for unused annual leave in the amount of PLN 1,056k .

In addition, Mr. Piotr Partyga received additional compensation for termination of the contract and the non-competition clause in the amount of PLN 1,108k.

In 2015, remuneration paid to the Supervisory Board Members of Bank Zachodni WBK totalled PLN 1 535 k.

In addition, Mr John Power received remuneration for the supervision of the merger process of BZ WBK and Kredyt Bank on behalf of the Supervisory Board in the amount of PLN 1,050 k.

Mr John Power received remuneration of PLN 31 k from subsidiaries for his membership in their Supervisory Boards.

Loans and advances made by the Bank to the Members of the Management Board of BZ WBK and to their relatives as at 31.12.2015 totalled PLN 5,160 k.

The Members of the Management Board of Bank Zachodni WBK did not use any assets that would be provided by the subsidiaries or the associates under lease.

Social Fund loans and advances provided to the Members of the Management Board were nil.

30.06.2015

In H1 2015 the amount of remuneration paid to the Management Board Members of Bank Zachodni WBK totalled PLN 7,940 k, whereas additional benefits totalled PLN 425 k. In 2015, a total bonus of PLN 5,261 k was paid for 2014, including a deferred part for 2012 and 2013.

In H1 2015, the total amount of remuneration paid to the Supervisory Board Members of Bank Zachodni WBK totalled PLN 1,680 k.

Loans and advances made by the Bank to the Members of the Management Board of BZ WBK and to their relatives as at 30.06.2015 totalled PLN 12,312 k.

The Members of the Management Board of Bank Zachodni WBK did not use any assets that would be provided by the subsidiaries or the associates under lease.

Social Fund loans and advances provided to the Members of the Management Board were nil.

37. Acquisitions and disposals of investments in subsidiaries and associates

Acquisitions and disposals of investments in subsidiaries and associates in 1H 2016 and in 2015

A merger of BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A. and BZ WBK Asset Management S.A. was completed, as a result of which BZ WBK TFI has acquired AM.

On 31.03.2016, a merger of BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A. (BZ WBK TFI) and BZ WBK Asset Management S.A. (BZ WBK AM) was completed, as a result of which BZ WBK TFI has acquired AM.

The merger was executed by way of transfer of all assets of AM (the acquired company) to BZ WBK TFI (the acquiring company) in return for shares which BZ WBK TFI has allotted to the shareholders of the acquired company. The merger of the companies took effect on the date of entry of the merger into the register of businesses. Upon recording of the merger, AM has been deleted from the register of businesses. As of the merger date BZ WBK TFI has taken over all rights and obligations of its legal predecessor, i.e. AM. Business combinations under common control have no material impact on the financial statements.

Metrohouse Franchise S.A. shares sale transaction

On 22.01.2016, BZ WBK Inwestycje Sp. z o.o. sold all its shares of Metrohouse Franchise S.A. and ceased to be a shareholder of Metrohouse Franchise S.A.

Disposal of a shareholding in Lizar sp. z o.o.

On 29.10.2015, BZ WBK Lease entered into an agreement with Poland Media Properties S.A. whereby it sold all its shares of Lizar Sp. z o.o. As a result, the company ceased to be a member of Bank Zachodni WBK Group.

Registration of SC Poland Consumer 15-1 sp. z o.o.

On 7.07.2015, a subsidiary of Santander Consumer Bank trading as SC Poland Consumer 15-1 sp. z o.o. was registered. This is a special-purpose vehicle formed for the purpose of securitisation of a part of the credit portfolio, its shareholder being a foreign legal person that is not associated with the Group. As the control criteria set out in IFRS 10.7 are met, the company is considered as an entity controlled by Santander Consumer Bank.

The closing of the sale by the Bank of a 17% equity stake in BZ WBK-AVIVA Towarzystwo Ubezpieczeń na Życie S.A. and BZ WBK-AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A. to AVIVA International Insurance Limited

On 27.02.2015, Bank Zachodni WBK S.A. lost control over insurance entities BZ WBK-AVIVA Towarzystwo Ubezpieczeń na Życie S.A. („TUnŻ S.A.”) and BZ WBK-AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A. („TUO S.A.”) following the exercise of a call option by Aviva International Insurance Limited (“Aviva Ltd.”). After the fulfilment of the conditions precedent, including the obtaining of the European Commission consent and a decision of the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego) confirming the absence of formal grounds for objecting to the direct acquisition by Aviva Ltd. and indirect acquisition by Aviva plc. of 17% of shares in TUnŻ S.A. and 17% of shares in TUO S.A., the ownership transfer of the abovementioned shares has been completed.

After the transfer, the Bank holds 49% of the total number of shares in the share capital and the total number of the votes at the general meetings of each of the Insurance Companies, with the remaining 51% of the shares and votes being held by Aviva Ltd.

In thousands of PLN

Tables below present an analysis of assets and liabilities which were transferred upon the control loss and total profit before tax on the transaction.

as at 27.02.2015	BZ WBK-Aviva TUO S.A.	BZ WBK-Aviva TUŻ S.A.
ASSETS		
Loans and advances to banks	17 629	52 187
Financial assets held for trading	5 784	27 493
Investment securities	234 773	104 897
Intangible assets	179	180
Property, plant and equipment	552	786
Net deferred tax assets	(1 613)	(93)
Other assets	58 228	743 166
Total assets	315 532	928 616
LIABILITIES		
Current income tax liabilities	(9 626)	(3 470)
Other liabilities	(196 992)	(861 955)
Total liabilities	(206 618)	(865 425)
Book value of net assets	108 914	63 191

Total profit before tax on the transaction	as at 27.02.2015
Fair value of consideration received	244 317
Revaluation of retained non-controlling interest	766 360
Non-controlling interests derecognised	540 854
Other adjustments related to loss of control	35 604
Less: book value of identifiable net assets	(172 105)
Less: derecognition of goodwill	(853 809)
Total	561 221

38. Changes in the business or economic circumstances that affect the fair value of the entity's financial assets and financial liabilities, whether those assets or liabilities are recognized at fair value or amortised costs

There were no changes in the business or economic circumstances that would affect the fair value of the entity's financial assets or financial liabilities, whether these assets or liabilities were recognised at fair value or amortised cost.

39. Any loan default or breach of a loan agreement that has not been remedied on or before the end of the reporting period

No such events took place in the reporting period and the comparable period.

40. Transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments

No transfers were made in the reporting period and the comparable period.

In thousands of PLN

41. Changes in the classification of financial assets as a result of a change in the purpose or use of those assets

In the reporting period no such changes were made.

42. Comments concerning the seasonal or cyclical character of the interim activity

The business activity of Bank Zachodni WBK has no material seasonal character.

43. Character and amounts of items which are extraordinary due to their nature, volume or occurrence

- The settlement of the acquisition of Visa Europe Limited by Visa Inc. (details in Note 8),
- The closing of the sale by the Bank of a 17% equity stake in BZ WBK-AVIVA Towarzystwo Ubezpieczeń na Życie S.A. and BZ WBK-AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A. to AVIVA International Insurance Limited

44. Issues, repurchases and repayments of debt and equity securities

Detailed information on the issue of bonds are presented in Note 30.

45. Dividend per share

On 20.04.2016, the Annual General Meeting of Bank Zachodni WBK adopted a resolution to distribute the net profit of PLN 1,756,210k in respect of 2015 as follows: PLN 702,484k to be allocated to the dividend for shareholders, PLN 878,105k to be allocated to the reserve capital and the remainder of PLN 175,621k to be left undistributed.

The Annual General Meeting of Bank Zachodni WBK allocated to the dividend for shareholders, the amount PLN 587,565k from retained profit in the amount of PLN 952,652k generated by the Bank in the accounting year commenced on 01.01.2014 and ended on 31.12.2014. The remaining part PLN 365,087k to be left undivided.

Dividend per share is PLN 13.

46. Information concerning issuing loan and guarantees by an issuer or its subsidiary

As at 30.06.2016, 31.12.2015 and 30.06.2015 Bank Zachodni WBK and its subsidiaries had not issued any guarantees to one business unit or a subsidiary totalling a minimum of 10% of the issuer's equity.

In thousands of PLN

47. Creation and reversal of impairment charges for financial assets, tangible fixed assets, intangible fixed assets and other assets

As at 30.06.2016, 31.12.2015 and 30.06.2015 Bank Zachodni WBK did not create or reverse any material impairment charges for financial assets, tangible fixed assets, intangible fixed assets or other assets.

48. Material purchases or sales of tangible fixed assets and material obligations arising from the purchase of tangible fixed assets

As at 30.06.2016, 31.12.2015 and 30.06.2015 Bank Zachodni WBK has not made significant sales and purchases of property, plant and equipment. There were no significant liabilities arising from purchase of fixed assets either.

49. Events which occurred subsequently to the end of the interim period

There were no major events subsequent to the end of the interim period.



Signatures of Members of the Management Board

Date	Name	Function	Signature
25.07.2016	Gery Byrne	Acting President of BZ WBK Management Board	
25.07.2016	Andrzej Burliga	Member	
25.07.2016	Artur Chodacki	Member	
25.07.2016	Eamonn Crowley	Member	
25.07.2016	Beata Daszyńska-Muzyczka	Member	
25.07.2016	Michael McCarthy	Member	
25.07.2016	Carlos Polaino Izquierdo	Member	
25.07.2016	Juan de Porras Aguirre	Member	
25.07.2016	Marcin Prell	Member	
25.07.2016	Mirosław Skiba	Member	
25.07.2016	Feliks Szyszkowski	Member	

Signature of a person who is responsible for maintaining the book of account

Date	Name	Function	Signature
25.07.2016	Wojciech Skalski	Financial Accounting Area Director	