

**REPORT OF
BANK ZACHODNI WBK GROUP
FOR QUARTER 4 2011**

2011



WBK

| Bank Zachodni WBK S.A.

FINANCIAL HIGHLIGHTS		PLN k		EUR k	
		for reporting period ended:	31.12.2011	31.12.2010	31.12.2011
Consolidated financial statements					
I	Net interest income	2 068 585	1 822 175	499 646	455 043
II	Net fee and commission income	1 357 672	1 343 228	327 932	335 438
III	Operating profit	1 531 326	1 352 729	369 877	337 811
IV	Profit before tax	1 542 430	1 357 181	372 559	338 922
V	Net profit attributable to owners of BZ WBK S.A.	1 184 347	974 223	286 067	243 288
VI	Total net cash flow	2 954 682	627 707	713 674	156 754
VII	Total assets	59 873 339	53 153 871	13 555 818	13 421 678
VIII	Deposits from banks	2 556 715	2 526 082	578 861	637 851
IX	Deposits from customers	46 829 482	41 970 454	10 602 582	10 597 797
X	Total liabilities	52 390 379	46 380 296	11 861 615	11 711 309
XI	Total equity	7 482 960	6 773 575	1 694 204	1 710 369
XII	Non-controlling interests in equity	127 385	150 519	28 841	38 007
XIII	Profit of the period attributable to non-controlling interests	42 520	66 346	10 270	16 568
XIV	Number of shares	73 076 013	73 076 013		
XV	Net book value per share in PLN/EUR	102,40	92,69	23,18	23,40
XVI	Solvency ratio	15,10%	15,77%		
XVII	Profit per share in PLN/EUR	16,21	13,33	3,92	3,33
XVIII	Diluted earnings per share in PLN/EUR	16,15	13,28	3,90	3,32
XIX	Declared or paid dividend per share in PLN/EUR*		8,00		2,02
Stand alone financial statements					
I	Net interest income	1 923 748	1 668 277	464 662	416 611
II	Net fee and commission income	1 090 749	1 021 867	263 460	255 186
III	Operating profit	1 427 118	1 182 309	344 706	295 252
IV	Profit before tax	1 427 118	1 182 309	344 706	295 252
V	Profit for the period	1 158 502	916 855	279 825	228 962
VI	Total net cash flow	2 956 376	626 276	714 083	156 397
VII	Total assets	59 093 543	52 034 756	13 379 266	13 139 095
VIII	Deposits from banks	2 413 078	2 144 007	546 341	541 375
IX	Deposits from customers	46 992 079	42 099 210	10 639 395	10 630 308
X	Total liabilities	52 269 487	45 926 983	11 834 244	11 596 844
XI	Total equity	6 824 056	6 107 773	1 545 023	1 542 250
XII	Number of shares	73 076 013	73 076 013		
XIII	Net book value per share in PLN/EUR	93,38	83,58	21,14	21,10
XIV	Solvency ratio	14,60%	15,29%		
XV	Profit per share in PLN/EUR	15,85	12,55	3,83	3,13
XVI	Diluted earnings per share in PLN/EUR	15,79	12,50	3,81	3,12
XVII	Declared or paid dividend per share in PLN/EUR*		8,00		2,02

*As of the date of publication of this report, the Management Board did not make a decision in respect of recommendation on dividend payout for 2011.

The following rates were applied to determine the key EUR amounts for selected financials:

- for balance sheet items – 4,4168 PLN rate to EUR as at 30.12.2011 stated by National Bank of Poland (NBP), 3.9603 PLN rate to EUR as at 31.12.2010
- for profit and loss items – as at 31.12.2011: 4,1401 (an average PLN mid-rate to EUR in NBP on the last day of each month in 2011), as at 31.12.2010: 4.0044 (an average PLN mid-rate to EUR in NBP on the last day of each month in 2010)

As at 31.12.2011, FX denominated balance sheet positions were converted into PLN in line with the NBP FX table no. 252/A/NBP 2011 dd. 30.12.2011.

**CONSOLIDATED FINANCIAL
STATEMENTS OF
BANK ZACHODNI WBK GROUP
FOR QUARTER 4 2011**

2011



WBK

| Bank Zachodni WBK S.A.

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Consolidated income statement

for reporting period:		01.10.2011- 31.12.2011	01.01.2011- 31.12.2011	01.10.2010- 31.12.2010	01.01.2010- 31.12.2010
Interest income		915 721	3 413 733	792 406	3 130 301
Interest expense		(376 468)	(1 345 148)	(290 956)	(1 308 126)
Net interest income	Note 4	539 253	2 068 585	501 450	1 822 175
Fee and commission income		383 955	1 558 664	396 460	1 555 947
Fee and commission expense		(53 930)	(200 992)	(50 464)	(212 719)
Net fee and commission income	Note 5	330 025	1 357 672	345 996	1 343 228
Dividend income		109	68 025	281	54 514
Net trading income and revaluation	Note 6	49 701	267 151	60 258	258 731
Gains (losses) from other financial securities	Note 7	4 923	11 713	2 235	12 408
Other operating income		9 147	49 804	20 362	45 948
Impairment losses on loans and advances	Note 8	(85 524)	(366 982)	(103 192)	(420 754)
Operating expenses incl.:		(570 618)	(1 924 642)	(461 929)	(1 763 521)
<i>Bank's staff, operating expenses and management costs</i>	Notes 9,10	(442 513)	(1 659 145)	(421 765)	(1 600 592)
<i>Depreciation/amortisation</i>		(109 793)	(215 875)	(32 735)	(128 767)
<i>Other operating expenses</i>		(18 312)	(49 622)	(7 429)	(34 162)
Operating profit		277 016	1 531 326	365 461	1 352 729
Share in net profits (loss) of entities accounted for by the equity method		3 474	11 104	1 925	4 452
Profit before tax		280 490	1 542 430	367 386	1 357 181
Corporate income tax	Note 11	(75 959)	(315 563)	(82 984)	(316 612)
Profit for the period		204 531	1 226 867	284 402	1 040 569
of which:					
<i>attributable to owners of BZ WBK S.A.</i>		198 413	1 184 347	267 719	974 223
<i>attributable to non-controlling interests</i>		6 118	42 520	16 683	66 346
Net earnings per share (PLN/share)					
Basic earnings per share		2,72	16,21	3,66	13,33
Diluted earnings per share		2,71	16,15	3,65	13,28

Consolidated statement of comprehensive income

for reporting period:		01.10.2011- 31.12.2011	01.01.2011- 31.12.2011	01.10.2010- 31.12.2010	01.01.2010- 31.12.2010
Profit for the period		204 531	1 226 867	284 402	1 040 569
Other comprehensive income:					
Available-for sale financial assets valuation		35 459	62 935	(22 209)	11 867
Cash flow hedges valuation		2 279	49 922	(4 426)	97
Other comprehensive income for the period, net of income tax		37 738	112 857	(26 635)	11 964
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		242 269	1 339 724	257 767	1 052 533
Attributable to:					
<i>owners of BZ WBK S.A.</i>		235 097	1 296 531	240 688	985 352
<i>non-controlling interests</i>		7 172	43 193	17 079	67 181



Consolidated statement of financial position

as at:		31.12.2011	30.09.2011	31.12.2010	30.09.2010
ASSETS					
Cash and balances with central banks	Note 12	1 425 541	3 135 339	2 534 463	1 153 293
Loans and advances to banks	Note 13	1 244 290	1 704 661	619 655	1 724 843
Financial assets held for trading	Note 14	5 860 309	4 368 487	2 238 966	3 884 362
Hedging derivatives		141 636	109 828	14 768	21 554
Loans and advances to customers	Note 15	38 017 173	36 375 961	32 838 385	33 386 705
Investment securities	Notes 16, 17	11 664 507	11 542 133	13 395 355	13 676 997
Investments in associates and joint ventures	Note 18	104 512	101 038	87 360	83 077
Intangible assets		151 166	171 327	172 561	165 576
Property, plant and equipment		499 793	503 774	547 536	545 488
Current income tax assets		20 687	-	-	-
Net deferred tax assets		245 019	279 053	309 164	333 815
Assets classified as held for sale	Note 19	82 604	44 600	2 502	2 513
Other assets		416 102	429 666	393 156	507 191
Total assets		59 873 339	58 765 867	53 153 871	55 485 414
LIABILITIES					
Deposits from banks	Note 20	2 556 715	4 977 527	2 526 082	7 412 836
Hedging derivatives		523 725	8 593	16 441	48 991
Financial liabilities held for trading	Note 14	956 768	1 533 849	578 611	526 654
Deposits from customers	Note 21	46 829 482	43 769 035	41 970 454	39 607 403
Debt securities in issue		-	-	-	397 721
Subordinated liabilities	Note 35	441 234	440 585	395 230	-
Current income tax liabilities		-	26 089	82 858	120 813
Other liabilities		1 082 455	776 439	810 620	857 064
Total liabilities		52 390 379	51 532 117	46 380 296	48 971 482
Equity					
Equity attributable to owners of BZ WBK S.A.		7 355 575	7 113 537	6 623 056	6 380 492
Share capital		730 760	730 760	730 760	730 760
Other reserve funds		4 698 884	4 691 943	4 344 640	4 342 765
Revaluation reserve		545 318	508 634	433 134	460 165
Retained earnings		196 266	196 266	140 299	140 298
Profit of the current period		1 184 347	985 934	974 223	706 504
Non-controlling interests in equity		127 385	120 213	150 519	133 440
Total equity		7 482 960	7 233 750	6 773 575	6 513 932
Total equity and liabilities		59 873 339	58 765 867	53 153 871	55 485 414

Movements on consolidated equity

Movements on consolidated 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 31.12.2010	730 760	4 344 640	433 134	1 114 522	150 519	6 773 575
Total comprehensive income	-	-	112 184	1 184 347	43 193	1 339 724
Transfer to other capital	-	333 648	-	(333 648)	-	-
Dividend relating to 2010	-	-	-	(584 608)	(66 327)	(650 935)
Share scheme charge	-	20 748	-	-	-	20 748
Other	-	(152)	-	-	-	(152)
As at 31.12.2011	730 760	4 698 884	545 318*	1 380 613	127 385	7 482 960

As at the end of the period revaluation reserve in the amount of PLN 545 318 k comprises of debt securities and equity shares classified as available for sale of PLN 89 379 k and PLN 404 003 k respectively and additionally cash flow hedge activities of PLN 51 936 k. The revaluation reserve relates to the securities designated as available-for-sale.

*Bank Zachodni WBK has changed its intention regarding a portfolio of government bonds, which so far have been classified as 'held-to-maturity,' and has reclassified them into the 'investment financial assets available for sale' category as a result of adapting the Bank's investment policy to the strategy, investment rules and risk management rules of Santander Group. The above mentioned change was introduced on the last business day of 2011 and pertained to financial instruments of a total carrying value of PLN 4 696 542 k, of which PLN 69 132 k was recognised measurement at fair value. The same amount of measurement less the deferred tax was referred to equity of the Group during the current reporting period. Unrecognised measurement of financial instruments at fair value as at 31 December 2010 would be PLN 89 378 k.

Movements on consolidated 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 31.12.2010	730 760	4 344 640	433 134	1 114 522	150 519	6 773 575
Total comprehensive income	-	-	75 500	985 934	36 021	1 097 455
Transfer to other capital	-	333 648	-	(333 648)	-	-
Dividend relating to 2010	-	-	-	(584 608)	(66 327)	(650 935)
Share scheme charge	-	13 807	-	-	-	13 807
Other	-	(152)	-	-	-	(152)
As at 30.09.2011	730 760	4 691 943	508 634	1 182 200	120 213	7 233 750

As at the end of the period revaluation reserve in the amount of PLN 508 634 k comprises of debt securities and equity shares classified as available for sale of PLN 35 441 k and PLN 423 536 k respectively and additionally cash flow hedge activities of PLN 49 657 k. The revaluation reserve relates to the securities designated as available-for-sale.

Movements on consolidated 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 31.12.2009	730 760	3 566 999	422 005	1 208 368	108 338	6 036 470
Total comprehensive income	-	-	11 129	974 223	67 181	1 052 533
Transfer to other capital	-	775 765	-	(775 765)	-	-
Dividend relating to 2009	-	-	-	(292 304)	(25 000)	(317 304)
Other	-	1 876	-	-	-	1 876
As at 31.12.2010	730 760	4 344 640	433 134	1 114 522	150 519	6 773 575

As at the end of the period revaluation reserve in the amount of PLN 433 134 k comprises of debt securities and equity shares classified as available for sale of PLN 19 839 k and PLN 411 280 k respectively and additionally cash flow hedge activities of PLN 2 015 k. The revaluation reserve relates to the securities designated as available-for-sale.

Consolidated statement of cash flows

	for reporting period:	01.01.2011- 31.12.2011	01.01.2010- 31.12.2010
Profit before tax		1 542 430	1 357 181
Total adjustments:		217 013	30 051
Share in net profits (losses) of entities accounted for by the equity method		(11 104)	(4 452)
Depreciation/amortisation		215 875	128 767
Impairment losses		2 935	(186)
Gains (losses) on exchange differences		(37 510)	(99 467)
Interests and similar charges		154 394	(5 739)
Dividend received		(68 025)	(54 514)
(Profit) loss from investing activities		(9 630)	(11 691)
Change in provisions		5 112	43 834
Change in trading portfolio financial instruments		601 777	(191 378)
Change in loans and advances to banks		(9 686)	(1 115)
Change in loans and advances to customers		(5 178 788)	1 731 407
Change in deposits from banks		293 198	(1 676 441)
Change in deposits from customers		4 431 124	367 259
Change in other assets and liabilities		207 990	28 310
Paid income tax		(381 302)	(224 849)
Other adjustments		653	306
Net cash flow from operating activities		1 759 443	1 387 232
Inflows		3 496 606	3 561 459
Sale/maturity of investment securities		3 425 671	3 504 878
Sale of intangible assets and property, plant and equipment		2 899	2 057
Dividend received		68 025	54 514
Proceeds from other investments		11	10
Outflows		(1 746 598)	(3 575 518)
Purchase of subsidiaries, associates and joint ventures		(5 018)	(41)
Purchase of investment securities		(1 620 977)	(3 504 194)
Purchase of intangible assets and property, plant and equipment		(118 615)	(69 535)
Other investments		(1 988)	(1 748)
Net cash flow from investing activities		1 750 008	(14 059)
Inflows		516 681	806 230
Drawing of long-term loans		516 681	414 160
Increase of subsidinated liabilities		-	392 070
Outflows		(1 071 450)	(1 551 696)
Repayment of long-term loans		(329 725)	(1 163 213)
Dividends and other payments to shareholders		(650 936)	(317 304)
Other financing outflows		(90 789)	(71 179)
Net cash flow from financing activities		(554 769)	(745 466)
Total net cash flow		2 954 682	627 707
Cash at the beginning of the accounting period		4 343 025	3 715 318
Cash at the end of the accounting period		7 297 707	4 343 025

Income statement of Bank Zachodni WBK S.A.

for reporting period:	01.10.2011- 31.12.2011	01.01.2011- 31.12.2011	01.10.2010- 31.12.2010	01.01.2010- 31.12.2010
Interest income	886 275	3 291 718	754 750	2 971 648
Interest expense	(382 690)	(1 367 970)	(292 079)	(1 303 371)
Net interest income	503 585	1 923 748	462 671	1 668 277
Fee and commission income	314 569	1 208 919	296 111	1 144 246
Fee and commission expense	(35 894)	(118 170)	(29 029)	(122 379)
Net fee and commission income	278 675	1 090 749	267 082	1 021 867
Dividend income	17	182 552	9	131 375
Net trading income and revaluation	46 498	261 618	60 063	263 972
Gains (losses) from other financial securities	6 127	12 552	(105)	8 798
Other operating income	9 604	50 194	20 038	46 238
Impairment losses on loans and advances	(77 118)	(341 936)	(98 829)	(363 988)
Operating expenses incl.:	(529 914)	(1 752 359)	(418 743)	(1 594 230)
<i>Bank's staff, operating expenses and management costs</i>	<i>(409 776)</i>	<i>(1 513 763)</i>	<i>(382 618)</i>	<i>(1 447 095)</i>
<i>Depreciation/amortisation</i>	<i>(105 912)</i>	<i>(202 765)</i>	<i>(29 777)</i>	<i>(117 072)</i>
<i>Other operating expenses</i>	<i>(14 226)</i>	<i>(35 831)</i>	<i>(6 348)</i>	<i>(30 063)</i>
Operating profit	237 474	1 427 118	292 186	1 182 309
Profit before tax	237 474	1 427 118	292 186	1 182 309
Corporate income tax	(66 639)	(268 616)	(68 445)	(265 454)
Profit for the period	170 835	1 158 502	223 741	916 855
Net earnings per share (PLN/share)				
Basic earnings per share	2,34	15,85	3,06	12,55
Diluted earnings per share	2,33	15,79	3,05	12,50

Statement of comprehensive income of Bank Zachodni WBK S.A.

for reporting period:	01.10.2011- 31.12.2011	01.01.2011- 31.12.2011	01.10.2010- 31.12.2010	01.01.2010- 31.12.2010
Profit for the period	170 835	1 158 502	223 741	916 855
Other comprehensive income:				
Available-for sale financial assets valuation	35 099	71 719	(23 330)	8 669
Cash flow hedges valuation	2 279	49 922	(4 426)	97
Other comprehensive income for the period, net of income tax	37 378	121 641	(27 756)	8 766
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	208 213	1 280 143	195 985	925 621



Statement of financial position of Bank Zachodni WBK S.A.

as at:	31.12.2011	30.09.2011	31.12.2010	30.09.2010
ASSETS				
Cash and balances with central banks	1 425 537	3 135 334	2 534 458	1 153 289
Loans and advances to banks	1 238 467	1 689 293	601 637	1 706 261
Financial assets held for trading	5 803 575	4 346 913	2 200 930	3 851 610
Hedging derivatives	141 578	109 828	14 768	21 293
Loans and advances to customers	37 422 196	35 747 890	31 952 688	31 745 773
Investment securities	11 637 455	11 515 381	13 355 858	13 630 848
Investments in subsidiaries, associates and joint ventures	264 599	264 599	248 999	246 949
Intangible assets	134 581	154 606	155 055	149 619
Property, plant and equipment	486 312	490 506	533 443	532 588
Current income tax assets	24 455	-	-	-
Net deferred tax assets	165 775	203 265	242 949	266 431
Assets classified as held for sale	82 604	44 600	2 502	2 502
Other assets	266 409	252 188	191 469	186 500
Total assets	59 093 543	57 954 403	52 034 756	53 493 663
LIABILITIES				
Deposits from banks	2 413 078	4 798 138	2 144 007	6 154 283
Hedging derivatives	523 725	8 593	16 441	48 991
Financial liabilities held for trading	963 033	1 538 946	578 611	588 878
Deposits from customers	46 992 079	43 941 001	42 099 210	39 704 772
Debt securities in issue	-	-	-	397 721
Subordinated liabilities	441 234	440 585	395 230	-
Current income tax liabilities	-	19 012	74 197	105 018
Other liabilities	936 338	599 226	619 287	582 212
Total liabilities	52 269 487	51 345 501	45 926 983	47 581 875
Equity				
Share capital	730 760	730 760	730 760	730 760
Other reserve funds	4 382 125	4 375 184	4 048 213	4 048 213
Revaluation reserve	552 669	515 291	431 028	458 784
Retained earnings	-	-	(19 083)	(19 083)
Profit of the current period	1 158 502	987 667	916 855	693 114
Total equity	6 824 056	6 608 902	6 107 773	5 911 788
Total equity and liabilities	59 093 543	57 954 403	52 034 756	53 493 663

Movements on equity of Bank Zachodni WBK S.A.

Movements on equity	Share capital	Other reserve funds	Revaluation reserve*	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2010	730 760	4 048 213	431 028	897 772	6 107 773
Total comprehensive income	-	-	121 641	1 158 502	1 280 143
Transfer to other capital	-	313 164	-	(313 164)	-
Dividend relating to 2010	-	-	-	(584 608)	(584 608)
Share scheme charge	-	20 748	-	-	20 748
As at 31.12.2011	730 760	4 382 125	552 669*	1 158 502	6 824 056

As at the end of the period revaluation reserve in the amount of PLN 552 669 k comprises of debt securities and equity shares classified as available for sale of PLN 89 379 k and PLN 411 354 k respectively and additionally cash flow hedge activities of PLN 51 936 k. The revaluation reserve relates to the securities designated as available-for-sale.

*Bank Zachodni WBK has changed its intention regarding a portfolio of government bonds, which so far have been classified as 'held-to-maturity,' and has reclassified them into the 'investment financial assets available for sale' category as a result of adapting the Bank's investment policy to the strategy, investment rules and risk management rules of Santander Group. The above mentioned change was introduced on the last business day of 2011 and pertained to financial instruments of a total carrying value of PLN 4 696 542 k, of which PLN 69 132 k was recognised measurement at fair value. The same amount of measurement less the deferred tax was referred to equity of the Group during the current reporting period. Unrecognised measurement of financial instruments at fair value as at 31 December 2010 would be PLN 89 378 k.

Movements on equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2010	730 760	4 048 213	431 028	897 772	6 107 773
Total comprehensive income	-	-	84 263	987 667	1 071 930
Transfer to other capital	-	313 164	-	(313 164)	-
Dividend relating to 2010	-	-	-	(584 608)	(584 608)
Share scheme charge	-	13 807	-	-	13 807
As at 30.09.2011	730 760	4 375 184	515 291	987 667	6 608 902

As at the end of the period revaluation reserve in the amount of PLN 515 291 k comprises of debt securities and equity shares classified as available for sale of PLN 35 441 k and PLN 430 193 k respectively and additionally cash flow hedge activities of PLN 49 657 k. The revaluation reserve relates to the securities designated as available-for-sale.

Movements on equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2009	730 760	3 354 289	422 262	967 145	5 474 456
Total comprehensive income	-	-	8 766	916 855	925 621
Transfer to other capital	-	693 924	-	(693 924)	-
Dividend relating to 2009	-	-	-	(292 304)	(292 304)
As at 31.12.2010	730 760	4 048 213	431 028	897 772	6 107 773

As at the end of the period revaluation reserve in the amount of PLN 431 028 k comprises of debt securities and equity shares classified as available for sale of PLN 19 843 k and PLN 409 170 k respectively and additionally cash flow hedge activities of PLN 2 015 k. The revaluation reserve relates to the securities designated as available-for-sale.



WBK

Bank Zachodni WBK S.A.

Statement of cash flows of Bank Zachodni WBK S.A.

	for reporting period:	01.01.2011- 31.12.2011	01.01.2010- 31.12.2010
Profit before tax		1 427 118	1 182 309
Total adjustments:		(167 229)	(1 082 392)
Depreciation/amortisation		202 765	117 072
Impairment losses		-	48
Interests and similar charges		135 963	(48 622)
Dividend received		(182 552)	(131 375)
(Profit) loss from investing activities		(9 470)	(8 454)
Change in provisions		17 411	46 517
Change in trading portfolio financial instruments		610 906	(355 329)
Change in loans and advances to banks		(20 187)	-
Change in loans and advances to customers		(5 469 508)	672 583
Change in deposits from banks		269 071	(1 676 693)
Change in deposits from customers		4 405 539	441 006
Change in other assets and liabilities		190 812	12 548
Paid income tax		(318 627)	(151 997)
Other adjustments		648	304
Net cash flow from operating activities		1 259 889	99 917
Inflows		3 585 780	3 627 118
Sale/maturity of investment securities		3 400 783	3 494 173
Sale of intangible assets and property, plant and equipment		2 434	1 560
Dividend received		182 552	131 375
Proceeds from other investments		11	10
Outflows		(1 719 525)	(3 568 424)
Purchase of subsidiaries, associates and joint ventures		(15 600)	(14 650)
Purchase of investment securities		(1 595 921)	(3 490 777)
Purchase of intangible assets and property, plant and equipment		(106 044)	(61 276)
Other investments		(1 960)	(1 721)
Net cash flow from investing activities		1 866 255	58 694
Inflows		487 330	788 100
Increase of subordinated liabilities		-	392 070
Drawing of long-term loans		487 330	396 030
Outflows		(657 098)	(320 435)
Dividends and other payments to shareholders		(584 608)	(292 304)
Other financing outflows		(72 490)	(28 131)
Net cash flow from financing activities		(169 768)	467 665
Total net cash flow		2 956 376	626 276
Cash at the beginning of the accounting period		4 335 397	3 709 121
Cash at the end of the accounting period		7 291 773	4 335 397

Additional notes to consolidated financial statements

1. Basis of preparation of interim 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 Group for the year 2010.

The consolidated financial statements of the Group for the year 2010 are available at the Bank's official website: www.inwestor.bzwbk.pl. The Group will publish its annual consolidated financial statements for the year 2011 on 1 March 2012.

Statement of compliance

Condensed interim consolidated financial statements of Bank Zachodni WBK Group for the period from 1 January 2011 to 31 December 2011 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 February 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 2009, No 33, item 259 as amended), the Bank has an obligation to publish its results for Q4 2011, which is deemed to be the current interim reporting period.

Accounting policies

The condensed interim consolidated financial statements are presented in PLN, rounded to the nearest thousand. The accounting policies have been applied consistently by Group entities.

Taking into account the exceptions below, as described in the 'Comparability with results of previous periods' section the accounting policies applied by the Group in these condensed interim consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010.

Comparability with results of previous periods

For the purpose of comparability of data, the following material presentation changes were made in:

a) consolidated statement of financial position: settlements on account of matured and unpaid derivative instruments with bank customers (PLN 89 k as at 31.12.2010 and PLN 193 k as at 30.09.2010) have been moved from "Financial assets held for trading" to "Loans and advances to customers";

b) consolidated statement of cash flows: as a result of changes in the interpretation of IAS 7, the definition of cash components was revised and applied. Since 2009 cash components have included other liquid financial assets with original maturity up to 3 months. The details of reclassification are presented in the table below.

	31.12.2010		31.12.2009	
	Before revision	After revision	Before revision	After revision
Cash components:				
Cash and current accounts in central bank	2 534 463	2 534 463	2 660 658	2 660 658
Deposits in other banks, current account	609 318	609 261	654 932	654 932
Debt securities held for trading	1 223 028	1 199 301	449 354	399 728
Debt securities available for sale	-	-	1 793 330	-
Total	4 366 809	4 343 025	5 558 274	3 715 318



The changes were made to appropriate items of the statement of cash flows, i.e.:

- a) Change in loans and advances to banks,
- b) Change in trading portfolio financial instruments,
- c) Purchase/sale of investment securities.

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 for 2010, except for those outlined below.

Bank Zachodni WBK has changed its intention regarding a portfolio of government bonds, which so far have been classified as 'held-to-maturity,' and has reclassified them into the 'investment financial assets available for sale' category as a result of adapting the Bank's investment policy to the strategy, investment rules and risk management rules of Santander Group. The above mentioned change was introduced on the last business day of 2011 and pertained to financial instruments of a total carrying value of PLN 4 696 542 k, of which PLN 69 132 k was recognised measurement at fair value. The same amount of measurement less the deferred tax was referred to equity of the Group during the current reporting period. Unrecognised measurement of financial instruments at fair value as at 31 December 2010 would be PLN 89 378 k.

As part of the ongoing process of integration with Santander Group, BZWBK Group revised its estimates in respect of the economic life of intangible assets and property, plant and equipment. A resultant non-recurring increase in depreciation of fixed assets and amortisation of intangible assets was PLN 76 352 k that is included in the total amount of once-off adjustments of PLN 88 780 k.

New standards and interpretations or changes to existing standards or interpretations which can be applicable to BZ WBK Group and are not yet effective or have neither been implemented earlier

IFRS	Description of changes	Effective from	Impact on the Group
IFRS 9 Financial Instruments	Changes in classification and measurement - the existing categories of financial instruments to be replaced by two measurement categories, i.e. amortised cost and fair value.	1 January 2015	The Group has not completed its analysis of changes
IFRS 7 Financial instruments: disclosures	The change requires disclosure of information so that the readers of the financial statements may: understand the relation between the transferred financial asset which has not been fully excluded from the financial statements and the underlying financial obligations; assess the nature of the asset, associated risks and exposure towards the excluded asset. The change includes definition of "continuous engagement" to ensure compliance with disclosure requirements.	1 January 2012	Amendments will not have material impact over financial statement
IFRS 10 Consolidated Financial Statements	New standard supersedes the previous version of IAS 27 (2008) Consolidated and Separate Financial Statements together with the related interpretation SIC 12 Consolidation-Special Purpose Entities. Establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.	1 January 2013	The Group has not completed its analysis of changes
IFRS 11 Joint Arrangements	Supersedes SIC -13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures	1 January 2013	The Group has not completed its analysis of changes
IFRS 12 Disclosures of Interests in Other Entities	New standard requires the disclosure of information that enables users of financial statements to evaluate: -the nature of, and risks associated with, its interests in other entities; - the effects of those interests on its financial position, financial performance and cash flows.	1 January 2013	The Group has not completed its analysis of changes

IFRS 13 Fair Value Measurement	IFRS establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs.	1 January 2013	The Group has not completed its analysis of changes
IAS 27 Separate Financial Statements	IAS 27 has the objective of setting standards to be applied in accounting for investments in subsidiaries, jointly ventures, and associates when an entity elects, or is required by local regulations, to present separate (non consolidated) financial statements.	1 January 2013	The Group has not completed its analysis of changes
IAS 28 Investments in Associates and Joint Ventures	The change prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 January 2013	The Group has not completed its analysis of changes
IAS 1 Presentation of Financial Statements	The amendments requires preparing presentation of items of other comprehensive income (OCI) in financial statements accordance with IFRSs and those accordance with GAAP.	1 January 2013	The Group has not completed its analysis of changes
IFRS 7 Financial instruments: disclosures	The amendments introduce the change in the disclosure requirements with regard to the effects of offsetting of financial assets and financial liabilities.	1 January 2013	The Group has not completed its analysis of changes
IAS 32 Financial Instruments: Presentation	IAS clarifies its requirements for offsetting financial instruments	1 January 2014	The Group has not completed its analysis of changes

Standards and interpretations or changes to existing standards or interpretations which were applied for the first time in the accounting year 2011

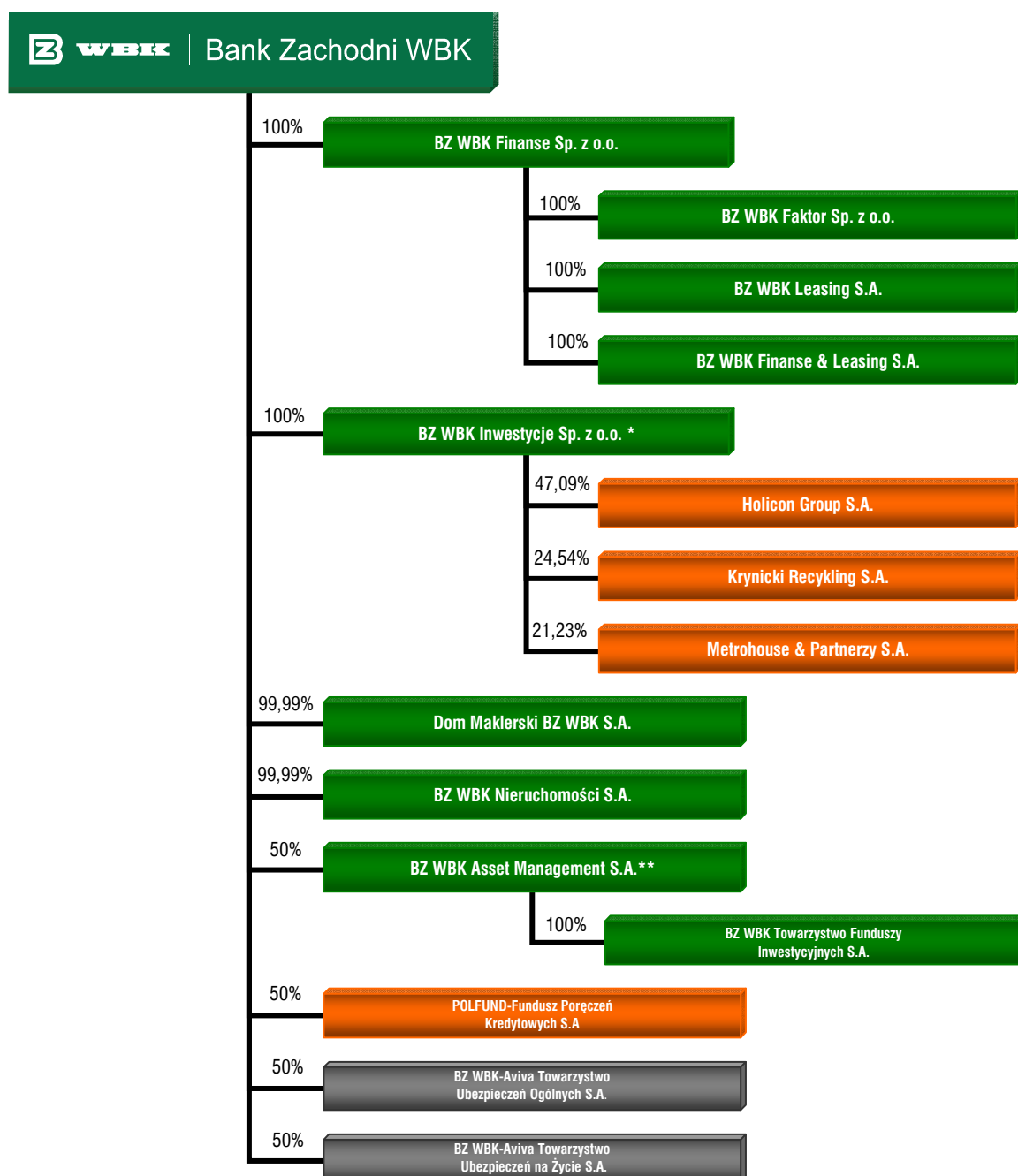
IFRS	Description of changes	Effective from	Impact on the Group
IAS 32 Financial Instruments: Presentation	The amendment pertains to the classification of rights issue	1 January 2011	The amendments have not had material impact over financial statement
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with IAS 39.41. The above described equity instruments shall be measured at the fair value and the difference between the carrying amount of the financial liability extinguished and the initial measurement of the equity instruments issued should be recognized in profit or loss	1 January 2011	The amendments have not had material impact over financial statement
IAS 24 Related Party Disclosures	Change relating to simplified definition of a related party and removal of certain internal inconsistencies	1 January 2011	The amendments have not had material impact over financial statement
IFRS 7 Financial instruments: disclosures "Changes to the International Financial Reporting Standards 2010"	Amended requirements of quantitative credit risk disclosures	1 January 2011	The amendments have not had material impact over financial statement



IAS 1 Presentation of financial reporting "Changes to the International Financial Reporting Standards 2010"	Amended method of presenting components of movements in equity	1 January 2011	The amendments have not had material impact over financial statement
IAS 34 Interim financial statements "Changes to the International Financial Reporting Standards 2010"	Guidelines to disclosing the following information: -circumstances that may affect fair value of financial instruments and their classification, -transfer of financial instruments in fair value hierarchy, -changes in asset and financial liabilities classification	1 January 2011	The amendments have not had material impact over financial statement
IFRIC 13 "Changes to the International Financial Reporting Standards 2010"	Fair value of loyalty points	1 January 2011	The amendments have not had material impact over financial statement

2. Description of organization of Bank Zachodni WBK Group

Graphical representation of the Group's organization structure and information about types of connection within the Group as at 31.12.2011:



* Associated undertakings of BZ WBK Inwestycje Sp. z o.o., i.e. Holicon Group S.A., Metrohouse & Partnerzy S.A. and Krynicky Recykling S.A. are classified as BZ WBK associates since the bank has a significant impact on their operations. The respective shareholdings were acquired as part of the bank's strategy to build a portfolio of "pre-IPO" investments.

** As at 31 December 2011, Bank Zachodni WBK was a co-owner of BZ WBK Asset Management S.A., together with Banco Santander S.A. Both owners are members of Santander Group and each holds an equal stake of 50% in the company's share capital. In practice, Bank Zachodni WBK exercises control over the company and its subsidiary, BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A., because through it Banco Santander pursues its policy in Poland. Consequently, the company is treated as a subsidiary.

Legend:

%	Voting power
■	Subsidiaries (fully consolidated with BZ WBK)
■	Associates
■	Joint ventures

3. Segment reporting

Operational activity of the BZ WBK S.A. Group has been divided into five segments: Retail Banking, Business Banking, Investment Banking, Treasury and Centre. They were identified based on customers and product types.

Income and costs assigned to a given segment are generated on sale and service of products or services in the segment, according to description presented below. Such income and costs are recognized in the profit and loss account for the Group and may be assigned to a given segment either directly or based on reasonable assumptions.

Settlements among business segments apply to payments for delivered services and include:

- sale and/or service of customers assigned to a given segment, via sale/service channels operated by another segment;
- sharing of income and costs on transactions in cases where a transaction is processed for a customer assigned to a different segment;
- sharing of income and cost of delivery of common projects.

Income and cost allocations are regulated by segments on a mutual basis, according to single rates for specific services or agreements concerning the breakdown of total income and/or cost.

Assets and liabilities of a given segment are used for the operational activity and may be assigned to the segment directly or on a reasonable basis.

The principles of income and cost identification, as well as assets and liabilities for segmental reporting purposes are consistent with the accounting policy applied in Bank Zachodni WBK Group. Thereby there are no discrepancies between the valuation of segments' profit or loss, assets or liabilities, presented to the Management Board and the valuation of these components for the Group, included in the consolidated financial statement.

Retail Banking

Retail Banking segment includes products and services targeted at individual customers as well as small and micro companies. In the offer for customers of this segment there are a wide range of savings products, consumer and mortgage loans, credit and debit cards, insurance and investment products, clearing services, GSM phones top-ups, foreign payments and Western Union and private-banking services. For small and micro companies, the segment provides, among others, lending and deposit taking services, cash management services, leasing, factoring, letters of credit and guarantees. Retail Banking Segment also renders services for retail customers of third party financial institutions (in-sourcing services).

Business Banking

Business Banking segment covers products and activities targeted at business entities, local governments and the public sector. In addition to banking services covering lending and deposit activities, the segment provides services in the areas of cash management, leasing, factoring, trade financing and guarantees.

Investment Banking

Investment Banking segment includes such activities as underwriting financing via issue of securities, financial advisory services, brokerage services provided by Brokerage House and asset management services within investment funds and private portfolios, management of strategic investments of the bank (dividends).

Treasury

Treasury is responsible for the management of the bank's liquidity, interest rate risk and foreign exchange rate risks. It also provides interest rate and fx risk management products to the bank's customer base. Through its presence in the wholesale markets, it also generates revenues from interest rate and fx risk positioning activity.

Centre

The segment covers central operations, financing of other Groups' segments activity as well as other income and/or costs that cannot be reasonably assigned to one of the defined segments.

Consolidated income statement (by business segments)

31.12.2011	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
Net interest income	1 415 576	675 470	22 250	(99 638)	54 927	2 068 585
incl. internal transactions	-	(108 123)	74 604	-	33 519	-
Other income	920 143	118 385	272 677	317 467	57 668	1 686 340
incl. internal transactions	141 444	50 772	(90 364)	(97 366)	(4 486)	-
Dividend income	-	-	68 025	-	-	68 025
Operating costs	(1 211 421)	(212 528)	(145 042)	(34 944)	(104 832)	(1 708 767)
incl. internal transactions	(2 010)	(33 535)	(7 193)	25 417	17 321	-
Depreciation/amortisation	(145 696)	(20 558)	(10 784)	(6 110)	(32 727)	(215 875)
Impairment losses on loans and advances	(213 657)	(157 498)	-	-	4 173	(366 982)
Share in net profits (loss) of entities accounted for by the equity method	8 166	-	2 938	-	-	11 104
Profit before tax	773 111	403 271	210 064	176 775	(20 791)	1 542 430
Corporate income tax						(315 563)
Non-controlling interests						(42 520)
Profit for the period						1 184 347

01.10.2011-31.12.2011	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
Net interest income	369 297	181 095	4 102	(37 037)	21 796	539 253
incl. internal transactions	-	(30 917)	21 281	-	9 636	-
Other income	231 867	32 496	50 675	88 487	(9 729)	393 796
incl. internal transactions	36 990	12 011	(21 445)	(23 988)	(3 568)	-
Dividend income	-	-	109	-	-	109
Operating costs	(290 114)	(49 282)	(31 546)	(6 515)	(83 368)	(460 825)
incl. internal transactions	(2 897)	(7 518)	(1 922)	7 259	5 078	-
Depreciation/amortisation	(61 703)	(9 991)	(3 267)	(3 255)	(31 577)	(109 793)
Impairment losses on loans and advances	(24 516)	(60 194)	-	-	(814)	(85 524)
Share in net profits (loss) of entities accounted for by the equity method	2 623	-	851	-	-	3 474
Profit before tax	227 454	94 124	20 924	41 680	(103 692)	280 490
Corporate income tax						(75 959)
Non-controlling interests						(6 118)
Profit for the period						198 413

Consolidated statement of financial position (by business segment)

31.12.2011	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
Loans and advances to customers	17 907 539	20 013 974	79 971	8 932	6 757	38 017 173
Investments in associates and joint ventures	42 830	-	61 682	-	-	104 512
Other assets	6 055 815	4 551 929	1 145 105	9 263 858	734 947	21 751 654
Total assets	24 006 184	24 565 903	1 286 758	9 272 790	741 704	59 873 339
Deposits from customers	33 907 984	12 270 078	651 202	218	-	46 829 482
Other liabilities and equity	2 603 458	4 872 842	331 822	3 410 745	1 824 990	13 043 857
Total equity and liabilities	36 511 442	17 142 920	983 024	3 410 963	1 824 990	59 873 339

Consolidated income statement (by business segments)

31.12.2010	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
Net interest income	1 203 493	638 803	24 459	(93 806)	49 226	1 822 175
incl. internal transactions	-	(65 900)	46 228	-	19 672	-
Other income	849 737	95 385	341 674	326 300	47 219	1 660 315
incl. internal transactions	120 625	41 087	(86 609)	(85 699)	10 596	-
Dividend income	-	-	54 514	-	-	54 514
Operating costs	(1 192 024)	(198 411)	(149 826)	(40 830)	(53 663)	(1 634 754)
incl. internal transactions	5 123	(42 626)	(5 563)	22 939	20 127	-
Depreciation/amortisation	(102 489)	(12 564)	(9 275)	(3 161)	(1 278)	(128 767)
Impairment losses on loans and advances	(373 583)	(67 181)	-	-	20 010	(420 754)
Share in net profits (loss) of entities accounted for by the equity method	2 555	-	1 897	-	-	4 452
Profit before tax	387 689	456 032	263 443	188 503	61 514	1 357 181
Corporate income tax						(316 612)
Non-controlling interests						(66 346)
Profit for the period						974 223

01.10.2010-31.12.2010	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
Net interest income	317 294	182 859	6 102	(14 538)	9 733	501 450
incl. internal transactions	-	(18 464)	11 910	-	6 554	-
Other income	218 310	25 650	87 670	78 668	18 553	428 851
incl. internal transactions	32 568	12 676	(25 773)	(24 391)	4 920	-
Dividend income	-	-	281	-	-	281
Operating costs	(292 832)	(52 705)	(40 991)	(9 648)	(33 018)	(429 194)
incl. internal transactions	715	(11 174)	(1 923)	6 287	6 095	-
Depreciation/amortisation	(26 060)	(3 176)	(2 374)	(797)	(328)	(32 735)
Impairment losses on loans and advances	(54 585)	(52 434)	(48)	-	3 875	(103 192)
Share in net profits (loss) of entities accounted for by the equity method	1 723	-	202	-	-	1 925
Profit before tax	163 850	100 194	50 842	53 685	(1 185)	367 386
Corporate income tax						(82 984)
Non-controlling interests						(16 683)
Profit for the period						267 719

Consolidated statement of financial position (by business segment)

31.12.2010	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
Loans and advances to customers	15 868 881	16 888 035	61 182	89	20 198	32 838 385
Investments in associates and joint ventures	32 496	-	54 864	-	-	87 360
Other assets	7 116 426	4 430 708	1 160 592	6 347 943	1 172 457	20 228 126
Total assets	23 017 803	21 318 743	1 276 638	6 348 032	1 192 655	53 153 871
Deposits from customers	32 532 318	8 624 360	781 201	32 575	-	41 970 454
Other liabilities and equity	2 312 899	4 640 248	333 969	2 557 595	1 338 706	11 183 417
Total equity and liabilities	34 845 217	13 264 608	1 115 170	2 590 170	1 338 706	53 153 871

4. Net interest income

	01.10.2011- 31.12.2011	01.01.2011- 31.12.2011	01.10.2010- 31.12.2010	01.01.2010- 31.12.2010
Interest income				
Loans and advances to enterprises	372 162	1 307 357	304 565	1 173 137
Loans and advances to individuals, of which:	267 494	1 042 925	244 320	961 258
<i>Home mortgage loans</i>	99 520	362 108	78 617	299 295
Debt securities incl.:	185 798	754 311	180 222	750 253
<i>Investment portfolio available for sale</i>	80 224	342 168	81 845	302 158
<i>Investment portfolio held to maturity</i>	65 023	287 123	87 709	362 229
<i>Trading portfolio</i>	40 551	125 020	10 668	85 866
Leasing agreements	45 419	177 026	41 885	172 702
Loans and advances to banks	22 687	78 264	16 855	60 383
Public sector	6 683	22 232	4 722	17 129
Reverse repo transactions	1 699	6 283	1 475	7 373
Interest recorded on hedging IRS	13 779	25 335	(1 638)	(11 934)
Total	915 721	3 413 733	792 406	3 130 301
Interest expense				
Deposits from individuals	(193 087)	(719 500)	(173 389)	(779 571)
Deposits from enterprises	(126 132)	(387 122)	(67 277)	(321 955)
Repo transactions	(28 412)	(131 700)	(24 210)	(95 976)
Deposits from public sector	(17 900)	(61 504)	(12 112)	(56 836)
Deposits from banks	(4 779)	(23 401)	(8 867)	(45 608)
Subordinated liabilities	(6 158)	(21 921)	(5 101)	(8 180)
Total	(376 468)	(1 345 148)	(290 956)	(1 308 126)
Net interest income	539 253	2 068 585	501 450	1 822 175



5. Net fee and commission income

	01.10.2011- 31.12.2011	01.01.2011- 31.12.2011	01.10.2010- 31.12.2010	01.01.2010- 31.12.2010
Fee and commission income				
eBusiness & payments	103 911	391 533	89 516	357 483
Asset management fees	56 263	273 520	83 618	336 064
Current accounts and money transfer	59 715	243 932	63 505	251 214
Foreign exchange commissions	60 581	224 263	53 568	201 745
Brokerage commissions	25 566	128 670	31 812	126 682
Credit commissions	34 041	115 509	25 843	104 764
Insurance commissions	17 106	68 758	18 170	70 339
Credit cards	16 714	63 040	15 394	63 626
Distribution fees	1 670	12 971	5 210	14 463
Off-balance sheet guarantee commissions	3 299	12 875	3 074	11 258
Issue arrangement	2 960	15 321	4 990	11 220
Finance lease commissions	1 099	4 069	970	3 841
Other commissions	1 030	4 203	790	3 248
Total	383 955	1 558 664	396 460	1 555 947
Fee and commission expense				
eBusiness & payments	(22 678)	(77 907)	(16 154)	(77 197)
Distribution fees	(7 539)	(36 260)	(10 187)	(42 939)
Brokerage commissions	(6 193)	(28 371)	(6 139)	(26 484)
Commissions paid to credit agents	(3 565)	(12 174)	(6 999)	(23 217)
Asset management fees and other costs	(1 870)	(8 369)	(2 192)	(10 447)
Credit cards	(1 996)	(7 168)	(1 900)	(7 597)
Finance lease commissions	(1 964)	(7 268)	(2 132)	(6 848)
Other	(8 125)	(23 475)	(4 761)	(17 990)
Total	(53 930)	(200 992)	(50 464)	(212 719)
Net fee and commission income	330 025	1 357 672	345 996	1 343 228

6. Net trading income and revaluation

	01.10.2011- 31.12.2011	01.01.2011- 31.12.2011	01.10.2010- 31.12.2010	01.01.2010- 31.12.2010
Net trading income and revaluation				
Profit/(loss) on derivative instruments	4 705	133 446	24 558	109 221
Profit on interbank FX transactions	36 683	96 773	25 315	111 398
Other FX related income	3 772	25 965	7 274	27 275
Profit on market maker activity	3 862	8 455	2 667	9 736
Profit on debt instruments	679	2 512	444	1 101
Total	49 701	267 151	60 258	258 731

Net trading income and revaluation includes the write-back of adjustments of derivatives resulting from counterparty risk in the amount of PLN 14 030 k for 2011, PLN 856 k for 4Q 2011 and PLN 5 994 k for 2010, PLN 3 032 k for 4Q 2010.

7. Gains (losses) from other financial securities

	01.10.2011- 31.12.2011	01.01.2011- 31.12.2011	01.10.2010- 31.12.2010	01.01.2010- 31.12.2010
Gains (losses) from other financial securities				
Profit on sale of equity shares	5 949	6 138	2 181	6 516
Profit on sale of debt securities	772	6 761	-	5 657
Charge due to impairment losses	(2 321)	(2 321)	-	(48)
Total profit (losses) on financial instruments	4 400	10 578	2 181	12 125
Change in fair value of hedging instruments	1 228	3 205	5 254	(192)
Change in fair value of underlying hedged positions	(705)	(2 070)	(5 200)	475
Total profit (losses) on hedging and hedged instruments	523	1 135	54	283
Total	4 923	11 713	2 235	12 408

8. Impairment losses on loans and advances

	01.10.2011- 31.12.2011	01.01.2011- 31.12.2011	01.10.2010- 31.12.2010	01.01.2010- 31.12.2010
Impairment losses on loans and advances				
Collective and individual impairment charge	(98 717)	(371 079)	(133 261)	(474 770)
Incurred but not reported losses charge	9 374	(4 713)	32 612	35 317
Recoveries of loans previously written off	7 330	12 765	4 059	20 370
Off balance sheet credit related facilities	(3 511)	(3 955)	(6 602)	(1 671)
Total	(85 524)	(366 982)	(103 192)	(420 754)

9. Employee costs

	01.10.2011- 31.12.2011	01.01.2011- 31.12.2011	01.10.2010- 31.12.2010	01.01.2010- 31.12.2010
Employee costs				
Salaries and bonuses	(220 135)	(816 189)	(217 134)	(801 719)
Salary related costs	(25 903)	(117 235)	(25 780)	(117 524)
Staff benefits costs	(7 031)	(22 214)	(6 574)	(20 620)
Professional trainings	(6 310)	(17 526)	(6 082)	(14 176)
Retirement fund, holiday provisions and other employee costs	(990)	(3 645)	(894)	(4 955)
Total	(260 369)	(976 809)	(256 464)	(958 994)

10. General and administrative expenses

	01.10.2011- 31.12.2011	01.01.2011- 31.12.2011	01.10.2010- 31.12.2010	01.01.2010- 31.12.2010
General and administrative expenses				
Maintenance and rentals of premises	(58 993)	(216 709)	(55 463)	(212 295)
IT systems costs	(25 017)	(90 032)	(24 450)	(87 113)
Marketing and representation	(21 061)	(83 646)	(16 438)	(79 083)
Postal and telecommunication costs	(9 804)	(46 313)	(9 051)	(47 104)
Other external services	(10 841)	(36 428)	(11 243)	(36 433)
Cars, transport expenses, carriage of cash	(9 760)	(35 044)	(8 780)	(31 712)
Consulting fees	(4 390)	(27 459)	(9 496)	(27 949)
Bank Guarantee Fund, Polish Financial Supervision Authority and National Depository for Securities	(9 292)	(42 660)	(4 788)	(24 548)
Stationery, cards, cheques etc.	(12 920)	(25 974)	(5 795)	(18 842)
Sundry taxes	(5 543)	(19 525)	(4 247)	(17 138)
Data transmission	(4 088)	(15 744)	(3 721)	(15 288)
Security costs	(2 081)	(12 481)	(3 644)	(13 677)
KIR, SWIFT settlements	(2 361)	(11 307)	(3 164)	(12 187)
Costs of repairs	(1 785)	(5 264)	(1 992)	(6 011)
Other	(4 208)	(13 750)	(3 029)	(12 218)
Total	(182 144)	(682 336)	(165 301)	(641 598)



11. Corporate income tax

Corporate income tax	01.10.2011- 31.12.2011	01.01.2011- 31.12.2011	01.10.2010- 31.12.2010	01.01.2010- 31.12.2010
Current tax charge	(50 781)	(277 757)	(52 088)	(350 356)
Deferred tax	(25 178)	(37 806)	(30 896)	33 744
Total	(75 959)	(315 563)	(82 984)	(316 612)

Corporate total tax charge information	01.10.2011- 31.12.2011	01.01.2011- 31.12.2011	01.10.2010- 31.12.2010	01.01.2010- 31.12.2010
Profit before tax	280 490	1 542 430	367 386	1 357 181
Tax rate	19%	19%	19%	19%
Tax calculated at the tax rate	(53 293)	(293 062)	(69 803)	(257 864)
Non-deductible expenses	(4 087)	(11 144)	(836)	(6 382)
Sale of receivables	(8 359)	(13 968)	(7 065)	(31 294)
Non-taxable income (dividends)	1	12 584	79	10 090
Non-tax deductible bad debt provisions	(9 871)	(10 067)	(6 031)	(13 849)
Adjustment of deferred tax asset on interest on debt securities	-	-	-	(16 897)
Other	(350)	94	672	(416)
Total income tax expense	(75 959)	(315 563)	(82 984)	(316 612)

Deferred tax recognised directly in equity	31.12.2011	30.09.2011	31.12.2010
The amount of deferred tax recognised directly in equity totaled:			
Relating to equity securities available-for-sale	(94 743)	(99 077)	(96 292)
Relating to debt securities available-for-sale	(20 965)	(8 313)	(4 653)
Relating to cash flow hedging activity	(12 183)	(11 648)	(473)
Total	(127 891)	(119 038)	(101 418)

12. Cash and balances with central banks

Cash and balances with central banks	31.12.2011	30.09.2011	31.12.2010	30.09.2010
Cash	932 600	903 815	821 556	773 180
Current accounts in central banks	290 908	2 231 524	1 712 907	380 113
Term deposits	202 033	-	-	-
Total	1 425 541	3 135 339	2 534 463	1 153 293

BZ WBK holds an obligatory reserve on a current account in the National Bank of Poland. The figure is calculated as a fixed percentage of the monthly average balance of the customers' deposits. As at 31.12.2011 the rate was 3.5%, as at 30.09.2011 - 3.5%, as at 31.12.2010 - 3.5%, as at 30.09.2010 - 3.0%. In accordance with the applicable regulations, the amount of the calculated provision is reduced by the equivalent of EUR 500 k.

13. Loans and advances to banks

Loans and advances to banks	31.12.2011	30.09.2011	31.12.2010	30.09.2010
Loans and advances	428 823	347 297	304 313	1 428 363
Current accounts, other	815 467	970 644	315 342	296 480
Buy-sell-back transaction	-	386 720	-	-
Total	1 244 290	1 704 661	619 655	1 724 843

14. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading	31.12.2011		30.09.2011		31.12.2010		30.09.2010	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Trading derivatives	700 252	872 544	730 092	1 533 849	464 442	568 153	570 004	505 801
Interest rate operations	314 053	308 585	285 178	289 933	238 659	236 968	239 768	252 222
Options	132	132	169	169	68	68	41	41
IRS	304 421	300 206	271 378	276 933	236 209	235 422	237 282	250 796
FRA	9 500	8 247	13 631	12 831	2 382	1 478	2 445	1 385
FX operations	386 199	563 959	444 914	1 243 916	225 242	331 185	330 236	253 579
CIRS	42 149	120 636	55 784	604 430	65 543	171 730	75 443	112 112
Forward	97 509	32 182	117 981	42 619	25 765	9 937	32 026	10 242
FX Swap	150 924	316 003	168 359	494 738	90 104	105 658	173 027	81 612
Spot	2 015	1 536	5 025	4 364	1 363	1 393	688	560
Options	93 602	93 602	97 765	97 765	42 467	42 467	49 052	49 053
Other	-	-	-	-	541	-	-	-
Stock options	-	-	-	-	541	-	-	-
Debt and equity securities	5 160 057	-	3 638 395	-	1 774 524	-	3 314 358	-
Debt securities	5 107 251	-	3 620 494	-	1 728 184	-	3 273 419	-
Government securities:	455 350	-	119 422	-	526 989	-	571 775	-
- bills	-	-	-	-	206 799	-	267 435	-
- bonds	455 350	-	119 422	-	320 190	-	304 340	-
Central Bank securities:	4 647 956	-	3 497 375	-	1 199 300	-	2 700 000	-
- bills	4 647 956	-	3 497 375	-	1 199 300	-	2 700 000	-
Other securities:	3 945	-	3 697	-	1 895	-	1 644	-
- bonds	3 945	-	3 697	-	1 895	-	1 644	-
Equity securities:	52 806	-	17 901	-	46 340	-	40 939	-
- listed	52 806	-	17 901	-	46 340	-	40 939	-
Short sale	-	84 224	-	-	-	10 458	-	20 853
Total financial assets/liabilities	5 860 309	956 768	4 368 487	1 533 849	2 238 966	578 611	3 884 362	526 654

Financial assets and liabilities held for trading - trading derivatives include value adjustments resulting from counterparty risk in the amount of PLN (396) k as at 31.12.2011, PLN (786) k as at 30.09.2011, PLN (1 944) k as at 31.12.2010 and PLN (10 241) k as at 30.09.2010.

15. Loans and advances to customers

Loans and advances to customers	31.12.2011	30.09.2011	31.12.2010	30.09.2010
Loans and advances to enterprises	24 262 182	22 908 344	20 251 489	20 861 336
Loans and advances to individuals, of which:	12 572 576	12 581 787	11 437 508	11 302 055
<i>Home mortgage loans</i>	7 605 063	7 532 402	6 926 647	6 732 177
Finance lease receivables	2 335 543	2 361 745	2 435 755	2 471 708
Loans and advances to public sector	259 057	162 891	101 089	137 632
Buy-sell-back transaction	100	100	10 118	147
Other	2 960	5 272	10 047	7 552
Gross receivables	39 432 418	38 020 139	34 246 006	34 780 430
Impairment write down	(1 415 245)	(1 644 178)	(1 407 621)	(1 393 725)
Total	38 017 173	36 375 961	32 838 385	33 386 705

Movements on impairment losses on loans and advances to customers	31.12.2011	30.09.2011	31.12.2010	30.09.2010
Individual and collective impairment				
As at the beginning of the period	(1 069 646)	(1 069 646)	(766 110)	(766 110)
Charge/write back of current period	(371 079)	(272 362)	(474 770)	(341 509)
Write off/Sale of receivables	352 347	47 826	206 912	156 473
Transfer	24 829	11 077	(38 958)	(75 127)
F/X differences	(5 747)	(5 773)	3 280	3 070
Balance at the end of the period	(1 069 296)	(1 288 878)	(1 069 646)	(1 023 203)
IBNR				
As at the beginning of the period	(337 975)	(337 975)	(373 566)	(373 566)
Charge/write back of current period	(4 713)	(14 087)	35 317	2 705
Transfer	27	27	10	-
F/X differences	(3 288)	(3 265)	264	339
Balance at the end of the period	(345 949)	(355 300)	(337 975)	(370 522)
Impairment write down	(1 415 245)	(1 644 178)	(1 407 621)	(1 393 725)

16. Investment securities available for sale

Investment securities available for sale	31.12.2011	30.09.2011	31.12.2010	30.09.2010
Available for sale investments - measured at fair value				
Debt securities	10 983 874	6 180 000	6 965 866	6 569 697
Government securities:	10 906 085	6 098 799	6 885 095	6 474 861
- bills	-	-	-	21 158
- bonds	10 906 085	6 098 799	6 885 095	6 453 703
Commercial securities:	77 789	81 201	80 771	94 836
- bonds	77 789	81 201	80 771	94 836
Equity securities	629 194	651 410	623 456	615 347
- listed	19 475	23 253	20 688	22 666
- unlisted	609 719	628 157	602 768	592 681
Investment certificates	51 439	52 087	56 625	56 706
Total	11 664 507	6 883 497	7 645 947	7 241 750

Bank Zachodni WBK has changed its intention regarding a portfolio of government bonds, which so far have been classified as 'held-to-maturity,' and has reclassified them into the 'investment financial assets available for sale' category as a result of adapting the Bank's investment policy to the strategy, investment rules and risk management rules of Santander Group. The above mentioned change was introduced on the last business day of 2011 and pertained to financial instruments of a total carrying value of PLN 4 696 542 k, of which PLN 69 132 k was recognised measurement at fair value. The same amount of measurement less the deferred tax was referred to equity of the Group during the current reporting period. Unrecognised measurement of financial instruments at fair value as at 31 December 2010 would be PLN 89 378 k.

17. Financial assets held to maturity

Financial assets held to maturity	31.12.2011	30.09.2011	31.12.2010	30.09.2010
Government securities:	-	4 658 636	5 749 408	6 435 247
- bonds	-	4 658 636	5 749 408	6 435 247
Total	-	4 658 636	5 749 408	6 435 247

Bank Zachodni WBK has changed its intention regarding a portfolio of government bonds, which so far have been classified as 'held-to-maturity,' and has reclassified them into the 'investment financial assets available for sale' category as a result of adapting the Bank's investment policy to the strategy, investment rules and risk management rules of Santander Group. The above mentioned change was introduced on the last business day of 2011 and pertained to financial instruments of a total carrying value of PLN 4 696 542 k, of which PLN 69 132 k was recognised measurement at fair value. The same amount of measurement less the deferred tax was referred to equity of the Group during the current reporting period. Unrecognised measurement of financial instruments at fair value as at 31 December 2010 would be PLN 89 378 k.

18. Investments in associates and joint ventures

Movements on investments in associates and joint ventures	31.12.2011	30.09.2011	31.12.2010	30.09.2010
Balance at 1 January	87 360	87 360	81 887	81 887
Share of profits/(losses)	11 104	7 630	4 452	2 527
Sale/acquisition	5 018	5 018	41	-
Transfer	4 050	4 050	-	-
Other/dividend	(3 020)	(3 020)	980	(1 337)
Balance at the end of the period	104 512	101 038	87 360	83 077

Balance sheet value of associates and joint ventures	31.12.2011	30.09.2011	31.12.2010	30.09.2010
Polfund - Fundusz Poręczeń Kredytowych S.A.	38 464	38 382	36 786	36 552
BZ WBK - Aviva Towarzystwo Ubezpieczeń Ogólnych S.A.	22 728	21 249	20 101	19 135
BZ WBK - Aviva Towarzystwo Ubezpieczeń na Życie S.A.	20 102	18 958	12 395	11 637
Krynicky Recykling S.A.	14 356	14 283	13 773	11 460
Metrohouse & Partnerzy S.A.	4 297	4 123	4 305	4 293
Holicon Group S.A.	4 565	4 043	-	-
Total	104 512	101 038	87 360	83 077

19. Assets classified as held for sale

Assets classified as held for sale	31.12.2011	30.09.2011	31.12.2010	30.09.2010
Land and buildings	82 511	44 507	2 409	2 409
Equipment	93	93	93	104
Total	82 604	44 600	2 502	2 513

20. Deposits from banks

Deposits from banks	31.12.2011	30.09.2011	31.12.2010	30.09.2010
Repo/sell-buy-back transactions	2 240 824	4 217 707	1 927 368	5 531 973
Term deposits	12 495	468 833	119 663	524 223
Loans from other banks	143 572	179 323	380 791	1 257 274
Current accounts	159 824	111 664	98 260	99 366
Total	2 556 715	4 977 527	2 526 082	7 412 836

21. Deposits from customers

Deposits from customers	31.12.2011	30.09.2011	31.12.2010	30.09.2010
Deposits from individuals	27 111 339	26 171 356	25 230 799	25 379 275
Term deposits	14 822 913	13 866 079	12 745 658	12 984 230
Current accounts	12 254 430	12 265 987	12 449 476	12 356 808
Other	33 996	39 290	35 665	38 237
Deposits from enterprises	17 881 182	15 476 048	14 605 812	12 247 528
Term deposits	11 786 350	9 254 304	8 757 801	7 306 049
Current accounts	4 702 194	4 718 167	4 958 514	4 241 009
Credits	1 047 963	1 045 327	600 805	333 302
Other	344 675	458 250	288 692	367 168
Deposits from public sector	1 836 961	2 121 631	2 133 843	1 980 600
Term deposits	806 083	1 039 524	1 015 651	737 740
Current accounts	1 028 988	1 080 218	1 117 309	1 241 983
Other	1 890	1 889	883	877
Total	46 829 482	43 769 035	41 970 454	39 607 403

22. Contingent liabilities

Significant court proceedings

As at 31.12.2011 no proceedings were instituted by court or by state administration agencies with relation to any claims made by or against the Bank or its subsidiaries amounting to a minimum of 10% of the Group's equity.

The value of all litigation amounts to PLN 243 274 k, which is ca 3.25 % of the Group's equity. This amount includes PLN 100 957 k claimed by the Group, PLN 132 138 k in claims against the Group and PLN 10 179 k of the Group's receivables due to bankruptcy or arrangement cases.

In 2011 the amount of significant court proceedings which had been completed amounted to PLN 48 323 k.

As at 31.12.2010 no proceedings were instituted by court or by state administration agencies with relation to any claims made by or against the Bank or its subsidiaries amounting to a minimum of 10% of the Group's equity.

The value of all litigation amounts to PLN 238 580 k, which is ca 3.52 % of the Group's equity. This amount includes PLN 103 404 k claimed by the Group, PLN 130 897 k in claims against the Group and PLN 4 279 k of the Group's receivables due to bankruptcy or arrangement cases.

In 2010 the amount of significant court proceedings which had been completed amounted to PLN 192 622 k.

Off balance sheet liabilities

The break-down of contingent liabilities and off-balance transactions into categories are presented below. The values of guarantees and letters of credit as set out in the table below represent the maximum possible loss that would be disclosed as at the balance sheet day if the customers did not meet any of their obligations towards third parties.

Contingent liabilities - sanctioned	31.12.2011	30.09.2011	31.12.2010	30.09.2010
Liabilities sanctioned				
- financial	8 129 987	7 472 304	5 623 703	5 348 215
- credit lines	7 006 625	6 432 533	4 745 222	4 504 235
- credit cards debits	970 702	930 661	818 961	789 105
- import letters of credit	152 165	109 110	55 105	51 390
- term deposits with future commencement term	495	-	4 415	3 485
- guarantees	1 473 722	1 229 876	1 185 541	1 071 294
Total	9 603 709	8 702 180	6 809 244	6 419 509

23. Off-balance sheet liabilities relating to derivatives' nominal values

Off-balance sheet liabilities relating to derivatives' nominal values as at 31.12.2011, 30.09.2011, 31.12.2010 and 30.09.2010.

Derivatives' nominal values	31.12.2011	30.09.2011	31.12.2010	30.09.2010
1. Term derivatives (hedging)	6 380 238	2 687 842	1 669 876	2 425 698
a) Single-currency interest rate swaps	341 696	374 997	975 320	1 049 378
b) Macro cash flow hedge	6 038 542	2 312 845	694 556	1 376 320
2. Term derivatives (trading)	82 393 349	99 890 194	55 583 100	64 722 504
a) Interest rate operations	49 413 206	57 064 072	28 179 598	29 627 744
Single-currency interest rate swaps	31 449 423	31 599 977	22 753 982	22 601 898
FRA - purchased amounts	17 900 000	25 400 000	5 400 000	7 000 000
Options	63 783	64 095	25 616	25 846
b) FX operations	32 980 143	42 826 122	27 403 502	35 094 760
FX swap – purchased amounts	11 006 569	12 348 104	7 840 597	11 853 065
FX swap – sold amounts	11 127 200	12 633 535	7 839 580	11 738 731
Forward- purchased amounts	2 088 999	2 138 646	1 008 250	850 009
Forward- sold amounts	2 041 784	2 077 529	993 640	825 796
Cross-currency interest rate swaps – purchased amounts	1 194 669	4 688 231	4 030 917	3 969 787
Cross-currency interest rate swaps – sold amounts	1 273 094	5 297 761	4 161 578	4 032 642
FX options -purchased	2 123 914	1 821 158	764 470	912 365
FX options -sold	2 123 914	1 821 158	764 470	912 365
3. Currency transactions- spot	2 343 838	4 601 011	935 449	902 613
Spot-purchased	1 172 159	2 300 836	467 710	451 370
Spot-sold	1 171 679	2 300 175	467 739	451 243
4. Transactions on equity instruments	47 369	11 924	993	37 550
Futures	47 369	11 924	993	37 550
Total	91 164 794	107 190 971	58 189 418	68 088 365

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

24. Basis of FX conversion

As at 31.12.2011, FX denominated balance sheet positions were converted into PLN in line with the NBP FX table no. 252/A/NBP/2011 dd. 30.12.2011.

25. 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 BZWBK Annual General Meeting as at the publication date of the condensed interim consolidated report for 4Q 2011 /31.01.2012/ is Banco Santander S.A.

Shareholder	Number of shares held		% in the share capital		Number of votes at AGM		Voting power at AGM	
	31.01.2012	27.10.2011	31.01.2012	27.10.2011	31.01.2012	27.10.2011	31.01.2012	27.10.2011
Banco Santander S.A.	70 334 512	70 334 512	96,25%	96,25%	70 334 512	70 334 512	96,25%	96,25%
Other	2 741 501	2 741 501	3,75%	3,75%	2 741 501	2 741 501	3,75%	3,75%
Total	73 076 013	73 076 013	100%	100%	73 076 013	73 076 013	100%	100%

Sale of shares in Bank Zachodni WBK

On 1 April 2011, Banco Santander finalised the purchase of Bank Zachodni WBK in the tender for the bank's shares. As a result, Banco Santander acquired a 95.67% stake in the bank. Consequently, Bank Zachodni WBK joined Santander Group. The acquisition price totalled EUR 3,989 m.

AIB European Investments Limited sold 51,413,790 shares of Bank Zachodni WBK representing 70.36% of share capital and voting power in the tender. The transaction was settled on 1 April 2011. As a result, AIB European Investments Limited does not hold any shares of Bank Zachodni WBK or any voting rights attached to such shares.

As a consequence of Banco Santander's exceeding a 90% share in the total voting power at the General Meeting of Shareholders of Bank Zachodni WBK on 1 April 2011, the non-controlling shareholders became entitled to demand for a further three months that their shares be acquired by the majority shareholder. Based on the requests from shareholders, Banco Santander acquired an additional 421 859 shares of Bank Zachodni WBK, thus increasing its share in the share capital and voting power at the General Meeting of Shareholders to 96.25%

26. Changes in shareholding of members of the Management and Supervisory Board

No. of Bank Zachodni WBK shares held and rights to them	As at 31.01.2012	As at 27.10.2011	Change
Members of the Supervisory Board	-	-	-
Members of the Management Board	64 580	64 580	-

Management Board members	31.01.2012		27.10.2011	
	No. of BZ WBK shares	Rights	No. of BZ WBK shares	Rights
Mateusz Morawiecki	3 591	10 120	3 591	10 120
Andrzej Burliga	1 606	4 282	1 606	4 282
Eamonn Crowley*	-	4 003	-	4 003
Justyn Konieczny	3 591	5 283	3 591	5 283
Janusz Krawczyk	3 397	3 854	3 397	3 854
Michael McCarthy	-	4 875	-	4 875
Juan de Porras Aguirre*	-	-	-	-
Marcin Prell	2 530	3 704	2 530	3 704
Mirosław Skiba	1 575	4 282	1 575	4 282
Feliks Szyszkowski	3 438	4 449	3 438	4 449
Razem	19 728	44 852	19 728	44 852

* Mr Eamonn Crowley and Mr Juan de Porras Aguirre were appointed as members of the Management Board of the Bank with effect from 1 September 2011

27. 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 and guarantees. Intercompany transactions effected by the bank and its subsidiaries have been eliminated during the consolidation process.

Transactions with associates and joint ventures	31.12.2011	30.09.2011	31.12.2010	30.09.2010
ASSETS	742	904	514	635
Loans and advances to customers	259	369	492	537
Other assets	483	535	22	98
LIABILITIES	392 882	346 041	361 038	270 058
Deposits from customers	392 418	345 996	360 985	270 007
Other liabilities	464	45	53	51
INCOME	65 405	47 250	61 013	42 856
Interest income	8 421	5 478	1 037	29
Fee and commission income	55 662	41 699	59 714	42 689
Gains (losses) from other financial securities	(21)	(281)	-	-
Other operating income	1 343	354	262	138
EXPENSES	18 435	14 670	24 235	6 597
Interest expense	16 080	12 914	21 921	4 894
Fee and commission expense	711	536	604	431
Operating expenses incl.:	1 644	1 220	1 710	1 272
<i>General and administrative expenses</i>	<i>1 644</i>	<i>1 220</i>	<i>1 710</i>	<i>1 272</i>



Transactions with:	Santander Group		AIB Group	
	31.12.2011	30.09.2011	31.12.2010	30.09.2010
ASSETS	117 976	123 676	130 969	1 218 027
Loans and advances to banks, incl:	81 701	93 421	93 399	1 179 440
<i>deposits</i>	<i>70 557</i>	<i>85 453</i>	-	<i>1 046 841</i>
<i>current accounts</i>	<i>11 144</i>	<i>7 968</i>	<i>93 399</i>	<i>132 599</i>
Financial assets held for trading	35 230	30 255	36 968	38 050
Hedging derivatives	1 045	-	-	-
Other assets	-	-	602	537
LIABILITIES	46 625	210 014	463 030	1 257 559
Deposits from banks incl.:	178	179 656	326 117	1 092 094
<i>loans granted to BZ WBK subsidiaries</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>797 609</i>
<i>repo transactions</i>	<i>-</i>	<i>179 003</i>	<i>289 270</i>	<i>290 738</i>
<i>deposits</i>	<i>178</i>	<i>653</i>	<i>36 847</i>	<i>3 747</i>
Hedging derivatives	-	-	887	1 136
Financial liabilities held for trading	46 446	30 358	124 466	152 683
Other liabilities	1	-	11 560	11 646
INCOME	(22 327)	(6 819)	(41 125)	(52 385)
Interest income	1 010	471	1 957	369
Fee and commission income	301	146	2 183	1 549
Other operating income	230	102	1 917	1 050
Net trading income and revaluation	(23 868)	(7 538)	(46 009)	(53 690)
Gains (losses) from other financial securities	-	-	(1 173)	(1 663)
EXPENSES	946	748	42 897	32 209
Interest expense	946	748	16 528	13 104
Operating expenses incl.:	-	-	26 369	19 105
<i>Bank's staff, operating expenses and management costs</i>	<i>-</i>	<i>-</i>	<i>26 369</i>	<i>19 105</i>
CONTINGENT LIABILITIES	63 648	-	-	-
Sanctioned:	49 999	-	-	-
<i>- guarantees</i>	<i>49 999</i>	<i>-</i>	<i>-</i>	<i>-</i>
Received:	13 649	-	-	-
<i>- guarantees</i>	<i>13 649</i>	<i>-</i>	<i>-</i>	<i>-</i>
DERIVATIVES' NOMINAL VALUES	3 415 369	3 161 289	4 611 239	5 166 804
Cross-currency interest rate swaps – purchased amounts	-	-	372 205	370 250
Cross-currency interest rate swaps – sold amounts	-	-	362 070	364 512
Single-currency interest rate swaps	656 927	593 151	3 092 517	3 535 446
Options	45 542	45 877	25 616	25 846
FX swap – purchased amounts	564 471	767 989	186 807	202 650
FX swap – sold amounts	572 762	783 063	205 653	210 164
FX options -purchased	694 939	429 488	122 520	213 313
FX options -sold	877 099	529 263	127 976	225 051
Spot-purchased	1 813	6 238	58 387	9 817
Spot-sold	1 816	6 220	57 488	9 755

28. Acquisitions and disposals of investments in subsidiaries, associates and joint ventures

In 4Q 2011 and 4Q 2010, BZ WBK Group did not engage in any transactions impacting its equity investment in the subsidiary, joint venture or associated undertakings

29. 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.

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

In the reporting period no such events took place.

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

In the reporting period and in the comparable period no transfers were made.

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

Bank Zachodni WBK has changed its intention regarding a portfolio of government bonds, which so far have been classified as 'held-to-maturity,' and has reclassified them into the 'investment financial assets available for sale' category as a result of adapting the Bank's investment policy to the strategy, investment rules and risk management rules of Santander Group. The above mentioned change was introduced on the last business day of 2011 and pertained to financial instruments of a total carrying value of PLN 4 696 542 k, of which PLN 69 132 k was recognised measurement at fair value. The same amount of measurement less the deferred tax was referred to equity of the Group during the current reporting period. Unrecognised measurement of financial instruments at fair value as at 31 December 2010 would be PLN 89 378 k.

33. Comments concerning the seasonal or cyclical character of the annual activity

The business activity of Bank Zachodni WBK S.A. and its subsidiary undertakings has no material seasonal character.

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

Notification on the sale of shares by AIB European Investments Limited

On 1 April 2011, AIB European Investments Limited sold its 51,413,790 shares of Bank Zachodni WBK S.A. to Banco Santander in the tender offer for BZ WBK shares. AIB European Investments Limited does not hold any BZ WBK shares or voting rights attached to such shares.

On 19 April 2011, an entry was made in the shareholder register of BZ WBK Asset Management S.A., namely AIB Capital Markets was deleted and Banco Santander S.A. was recorded as the shareholder. Banco Santander S.A., with its registered office in Santander (Spain) acquired 67,500 shares, gaining 50% of the voting rights at AGM.

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

On 5 August 2010 Bank Zachodni WBK SA issued Subordinated Variable Rate Bonds with a nominal value of EUR 100 m, maturing in 2020. The bonds were acquired in full by the European Bank for Reconstruction and Development (EBRD).

On 13th October 2010 Bank obtained an approval of KNF for the inclusion of the funds raised through the issue of debt securities dated 5th August 2010 into the supplementary funds. The funds raised from this issue have been included in the calculation of the Group's adequacy ratio.

Detailed information on subordinated liabilities is presented below.

**WBK****Bank Zachodni WBK S.A.**

Subordinated liabilities	Nominal value	Currency	Redemption date	As at the end of the period
Subordinated liabilities	100 000	EUR	05.08.2020	441 234
As at 31 December 2011				441 234

Movements in Subordinated Liabilities	31.12.2011	30.09.2011	31.12.2010	30.09.2010
As at the beginning of the period	395 230	395 230	-	-
Increase (due to:)	69 003	62 278	404 210	-
- subordinated loan raised	-	-	396 030	-
- interest on subordinated loan	21 921	15 763	8 180	-
- FX differences	47 082	46 515	-	-
Decrease (due to):	(22 999)	(16 923)	(8 980)	-
- interest repayment	(22 999)	(16 923)	(4 756)	-
- FX differences	-	-	(264)	-
- subscription price	-	-	(3 960)	-
Subordinated liabilities - as at the end of the period	441 234	440 585	395 230	-
Short-term	3 971	3 876	3 160	-
Long-term (over 1 year)	437 263	436 709	392 070	-

36. Dividend per share

As of the date of publication of this report, the Management Board had not made a decision in respect of recommendation on dividend payout for 2011.

On 20 April 2011, the Annual General Meeting of Bank Zachodni WBK adopted a Resolution allocating PLN 584 608 k to dividend for shareholders, from the net profit for 2010, which meant that the proposed dividend was PLN 8 per share.

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

By the end of December 2011 Bank Zachodni WBK S.A. 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.

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

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

39. Macroeconomic situation in the fourth quarter of 2011

Economic growth

The Polish economy is still quite immune to global economic slowdown. Based on the available information, we estimate that GDP growth in Q4 2011 maintained slightly above 4% y-o-y, similarly to the first three quarters of the year. Even though private consumption probably slowed down at the end of the year (among others due to a reversal of positive labour market developments and rising costs of living), fixed investments remained the main driver of growth. Apart from a high pace of investment growth in the public sector, which is due to, among others, delivery of infrastructure projects and use of the European funds, signs of revival in private investment are visible. These signs of rebounding investment demand are: rising demand for corporate loans (investment loans for companies accelerated to over 20% y-o-y at the end of 2011) as well as high momentum of construction and assembly output (ca. 16% y-o-y in 2011). In spite of signs of economic slowdown abroad, negatively affecting export orders and confidence of Polish entrepreneurs, the increase of industrial output maintained in Q4 at a high level (ca. 8% y-o-y). Still, we expect that in the upcoming quarters the waning global economic activity will translate into a weaker situation of the Polish industry and a slower pace of investment. This will be accompanied by falling inventories, which will lead to a lower positive contribution of gross capital formation to GDP growth. Our calculations show that in Q4 trade and services deficit declined, thus enlarging the positive contribution of net exports to GDP growth. However, we already see and expect further gradual slowdown in Polish exports, which is related to weakening economic activity of our main trading partners. Still, considerable depreciation of the domestic currency will provide some support for Polish exporters. At the same time, this factor will constrain imports. Consequently, positive contribution of net exports to GDP growth may be maintained in the coming quarters.

Labour market

Despite robust economic growth, labour market has been showing a stagnation and reversal of earlier positive tendencies since mid-2011. Corporate sector witnessed a slight decline of average employment in Q4, with annual pace of growth slowing to ca. 2.4% y-o-y from 4% at the beginning of the year. At the same time, momentum of wages decelerated to 4.6% y-o-y from ca. 6% y-o-y in Q3. Weakening pace of wages and employment, low growth of social benefits and rising inflation translated into a weaker increase of households' disposable income.

Q4 brought a rise in unemployment. Registered unemployment rate jumped to 12.1% in November and, according to our estimates, exceeded 12.5% in December. Number of registered jobseekers was close to 2 m at the year-end. An increase was also visible in the seasonally-adjusted Labour Force Survey (LFS) unemployment rate, which amounted to 10% in November, the highest level since March 2010.

Inflation

Last months of 2011 were marked by a returning rise of inflation, which, after abating temporarily to 3.9% y-o-y in September, jumped to 4.8% y-o-y in November and 4.6% y-o-y in December. A considerable zloty weakening in H2 2011 was an important impulse accelerating the consumer prices. This caused a rise of import prices, including cost of fuels. Core inflation continued its upward trend, visible since mid-2010. In December, core inflation excluding food and energy prices climbed to 3.1% y-o-y, the highest level since April 2002. Prospect of economic weakening, labour market stagnation and high base effect (VAT hike at the beginning of 2011) will be supportive for decline of inflation in 2012, but this process will be slowed down by an impact of the weak zloty.

Interest rates

The Monetary Policy Council kept main interest rates unchanged in Q4 2011. With inflation running clearly above the official target and depreciative pressure on the zloty, the MPC maintained negative informal bias of monetary policy. Theoretically, this is a signal that interest rates hikes are still more probable than cuts. Still, it seems that a marked deterioration of global economic outlook and gradual decline of inflation will encourage the Council to cut interest rates in mid-2012 at the earliest. Cuts are possible, should the financial markets stabilize and pressure on the zloty ease.



Credit market

The pace of growth of companies' demand for bank credit kept accelerating in Q4. Momentum of corporate loans rose to 19.1% y-o-y at the end of Q4 from ca. 13% y-o-y at the end of Q3 and from a figure close to zero at the beginning of the year. Investment loans show an especially high growth (over 20% y-o-y, even after FX adjustment). The pace of growth of households' demand for loans stabilised at the year-end. After FX adjustment, total value of household loans increased in 2011 by ca. 7%, driven mainly by home loans (growth by ca. 10% y-o-y). Consumer loans are still stagnating.

Financial market

Last months of 2011 were marked by a significantly elevated volatility on the global financial markets. The market sentiment was under pressure mainly due to concerns about the euro zone debt crisis and pronounced deterioration of growth outlook. Elevated risk aversion triggered a considerable weakening of the zloty, bonds and a drop of stock indices. In mid-December EUR/PLN hit the highest levels since June 2009 (ca. 4.56). Even though NBP interventions and activity of the state-owned BGK bank on the FX market helped the zloty to trim some of its losses at the year-end, the whole year 2011 was not favourable for the Polish currency as it weakened against the euro by 11.5%. Yields of Polish treasury securities were on an upward trend in Q4. At the same time, high risk aversion held yields of German and US bonds, perceived as safe havens, on record low levels.

40. Activities of Bank Zachodni WBK Group in Q4 2011

Business development of Bank Zachodni WBK

Retail Banking

- On 4 October 2011, 3-month Daily Earning Pro Deposit addressed to personal customers holding new cash was introduced to the bank's offer.
- Under the strategic cooperation between Bank Zachodni WBK and Polkomtel, on 14 November 2011 Polkomtel outlets started selling Avocado packages. The package includes a personal account, a debit card and allows for access to account through electronic, mobile and telephone banking. 2% of expenditure made with the Avocado card is discounted from the customer's subscription with Plus, thus reducing the mobile phone bills of Avocado package holders. The Avocado card comes with all the functionalities offered by Bank Zachodni WBK: free withdrawals from ATMs in Poland as well as contactless, cash back and e-payments through 3D Secure.
- Customers who avail of the Avocado offer may open a high-paying two-month deposit via electronic, mobile or phone banking channels. They may also enjoy the new functionality of SMS transfers, which enables to cash money from BZ WBK ATMs without a card or make transfers between the users by means of simple text messages.
- In Q4 2011, Bank Zachodni WBK arranged six subscriptions of structured deposits for mass retail customers and six other for high-net-worth individuals (HNWI). They offered a yield tied to the EUR/PLN or CHF/PLN rate under three possible strategies: appreciation, depreciation and stabilisation of the zloty against the foreign currency. In addition, the proposition for HNWI was expanded to include dedicated strategies tied to EUR/PLN rate.
- In October 2011, the bank continued the Internet and TV campaign across Poland featuring Antonio Banderas. The campaign titled "Zer0 faktur" ("No Invoices") promoted business loans. Another online cash loan campaign featuring the same actor was started in November under the slogan of "100 zł w prezencie" ("Gift of PLN 100") and was supported by offering pre-paid cards of PLN 100 to customers willing to take out a loan of over PLN 3,000.
- Non-cash transactions through Visa Business Electron were promoted between 1 September and 31 December 2011 under "Karta wiele warta" ("Card with Benefits"). Customers who applied for a new Visa Business Electron and then made an active use of it were given a bonus of 1% of the value of all non-cash transactions made with the card over a closed period of several months. The promotion was effective in stimulating business customers' activity.

- In December 2011, Bank Zachodni WBK implemented an IT solution enabling customers to collect PAYBACK points for purchasing any products and services from the bank's offer and not just for using MasterCard PAYBACK cards. PAYBACK points are thus an additional incentive for customers to buy banking products and services. In addition, the bank added pre-paid PAYBACK card to its PAYBACK card offer.

Insurance

- At the end of 2011, the service of customers willing to participate in Aviva- BZ WBK Open Pension Fund was withdrawn from the bank's offer due to the provisions of the Act of 25 March 2011 amending certain social security laws that came into force on 1 January 2012.

Business & Corporate Banking

- On 25 November 2011, under a syndicated deal, Bank Zachodni WBK concluded a guarantee, agency and deposit agreements with Polskie Górnictwo Naftowe i Gazownictwo S.A. on multiple bond issues with a ceiling of PLN 7 bn. In line with the agreements the bank becomes one of the nine guarantors of the bond issues and one of the seven payment sub-agents and sub-depositaries. The bank's share in the financing was set at PLN 616.5 m.

Investment Banking

- In Q4 2011 Bank Zachodni WBK:
 - ✓ disposed of its entire package of Visa Inc. shares at a profit of PLN 4.7 m;
 - ✓ acquired 141 shares in Aviva Towarzystwo Ubezpieczeń Ogólnych S.A. for PLN 2.8 m;
 - ✓ acting as an agent, arranged private issues of non-treasury debt securities for two entities for a total amount of PLN 75.8 m, which were acquired by domestic companies.

Global Banking & Markets

- Global Banking & Markets Division (GBM Division) became fully operational in Q4 2011. It is dedicated to largest corporate customers of Bank Zachodni WBK Group who are offered a wide array of products and services:
 - ✓ sophisticated credit facilities,
 - ✓ transactional products,
 - ✓ treasury products (FX transactions and derivatives),
 - ✓ Corporate Banking products,
 - ✓ brokerage products.
- GBM Division operates within Global Banking & Markets framework of Santander Group and may therefore establish and develop relationships with customers operating in international markets. This also benefits the Division's customers as they have an access to solutions delivered across Santander Group. GBM Division units are based in Warsaw, Poznań and Wrocław.

Distribution channels

Branch Network and complementary channels

- As at 31 December 2011, Bank Zachodni WBK operated through a network of 526 branches (527 as at the end of September 2011 and December 2010), and 96 partner outlets.

Business & Corporate Banking

- As at 31 December 2011, business customers were attended through:
 - ✓ 3 Corporate Banking Centres across Poland and the following departments: Corporate Property Department, Large Corporate & Structured Finance Department, Large Corporate Sectoral Department;
 - ✓ 7 Business Banking Centres in the largest economic centres of the country and 7 local centres reporting to them.

Direct Banking**BZWBK24 e-banking**

- The bank launched BZWBK24, call centre and information service at bzbwk.pl in Spanish to increase the availability of the services.
- The electronic invoice service (E-Faktura) was started in November 2011. It allows customers to pay their invoices and bills through electronic banking system BZWBK24.
- Since 12 December 2011 the sales process through BZWBK24 has been simplified, and a new agreement version has also been in place. The range of options available to the customers now includes a possibility of changing daily transaction limits, assigning/unblocking PIN to the remote channels (BZWBK24 telefon, BZWBK24 sms, Teledysponent), PAYBACK and PAYBACK Multi debit card purchase through "buy-by-click" and many others.

ATM Network

- As at 31 December 2011 the ATM network of Bank Zachodni WBK comprised 1,045 ATMs (1,046 as at the end of September 2011; 1,051 as at the end of December 2010). In 2011, the total number of ATM transactions increased by 5% y-o-y. The number of ATMs with a voice-support function for the vision-impaired customers was increased to 105.

Business Development of Subsidiaries**BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A.**

- The value of net assets under the management of BZ WBK Towarzystwo Funduszy Inwestycyjnych (BZ WBK TFI) declined by 6.1% q-o-q and 26.3% y-o-y. With total net assets of PLN 7.8 bn as at 31 December 2011, the subsidiary enjoyed a 6.8% share in the market and was ranked fifth in Poland. The decrease in net assets is due to the prevailing macroeconomic conditions and the asset structure with above-average percentage of funds investing in shares.
- In line with the BZ WBK TFI strategy for 2011 assuming an increased share of funds investing in debt instruments (money-market bills and bonds), the debt funds managed by the subsidiary grew by 60.9% to PLN 2 bn as at 31 December 2011. As a consequence, the share of BZ WBK TFI in the Polish debt funds market increased by 1.3 p.p. to 5.1%.

BZ WBK Asset Management S.A.

- As at 31 December 2011, the value of assets in the portfolios managed by BZ WBK AIB Asset Management was PLN 0.8 bn, i.e. down 11.1% q-o-q and 49.2% y-o-y. A drop in the value of assets was driven by the bearish stock market, which adversely affected the price of financial instruments and customers' investment decisions. Other significant factors included the sustained risk aversion and growing competitiveness on the local market.
- The structure of portfolios (in terms of asset allocation to particular investment strategies) reflects a further decrease in the contribution of share-oriented strategies and a growing share of other investment strategies, in particular bond-oriented ones.

Dom Maklerski BZ WBK S.A.

- In 2011, the stock trading of Dom Maklerski BZ WBK was at PLN 53.2 bn, which was up 36% y-o-y as the company handled customer sell transactions for shares of Bank Zachodni WBK as part of a tender offer announced by Banco Santander. Such a performance secured the company the third position in Poland and a 9.3% market share (an increase by 1 p.p. y-o-y).
- In the futures market, which is the second most important stock market in Poland, Dom Maklerski BZ WBK acted as an agent for concluding of 3,547.7 k transactions. The volume of transactions declined by 7.2% on the previous year, giving the company the third position in Poland and a 12.1% market share, a decrease by 1.5 p.p. y-o-y attributed to the institutionalization of the turnover on this market.

- In Q4 2011, Dom Maklerski BZ WBK arranged two offerings:
 - ✓ as a party accepting subscription orders under a pre-emptive offer of CP Energia (total value of the offer after allocation was PLN 32.5 m);
 - ✓ as an offering party for Synektik (total value of the offer was PLN 12.5 m).
- With Q4 2011 closed, it is evident that in 2011 the company maintained its leadership position on the IPO market in terms of the number of transactions arranged.
- Between 24 October 2011 and 2 December 2011, Dom Maklerski BZ WBK arranged a subscription for WIG 20 Premium Bonds. It is a 2.5-year structured product which guarantees 100% capital protection on redemption and the minimum yield of 5%. It also gives an opportunity to earn on the performance of WIG 20 up to 20% at the maximum.

BZ WBK Finanse & Leasing S.A. and BZ WBK Leasing S.A.

- From 1 January to 31 December 2011, the companies financed net assets totalling PLN 1,535.7 m, i.e. up 16.2% y-o-y. A notable y-o-y sales growth of 30.5% was recorded in the category of machines & equipment while the sales of vehicles was increased by 5.6% y-o-y.

BZ WBK Inwestycje Sp. z o.o.

- BZ WBK Inwestycje acquired 923,077 shares in Infosystems S.A. In October and December, the subsidiary sold 426,829 and 188,261 shares, respectively, as a consequence of which it held 7.50% of the company's share capital as at 31 December 2011.
- In Q4 2011, BZ WBK Inwestycje purchased 965,000 shares in i3D S.A., representing 10.39% of the company's share capital. In January 2012, the subsidiary acquired another 500,000 shares, thereby increasing its share to 15.77%.

Other information

Human Resources

FTEs	31.12.2011	30.09.2011	31.12.2010	30.09.2010
BZ WBK	8 726	8 879	9 163	9 040
BZ WBK Group	9 383	9 563	9 840	9 714

- As at 31 December 2011, the number of FTEs in Bank Zachodni WBK Group added up to 9,383, which was 180 down on the previous quarter and 457 down on the previous year. This was an effect of natural staff movements and rationalisation of the back-office function within the Branch Banking structure.

Bank Zachodni WBK Rating

- In its announcement of 11 October 2011, Fitch Ratings affirmed its ratings for Bank Zachodni WBK (as announced on 5 April 2011, and confirmed on 16 June 2011) but changed the outlook on its long-term IDR from stable to negative. This is reflective of the downgrade of the long-term IDR rating of Banco Santander (the bank's main shareholder) from "AA" to "AA-" due to increased sovereign risk of the home country in which they are domiciled (Spanish sovereign rating was downgraded from "AA+" to "AA-").
- On 22 December 2011, Fitch Ratings placed long-term and short-term IDR ratings of Bank Zachodni WBK on Rating Watch Negative following the same action towards its parent entity, i.e. Banco Santander (announced on 20 December 2011) due to the likelihood of negative verification of the Spanish sovereign risk in the wake of the euro zone crisis.
- As a result of these actions, as at 31 December 2011 the ratings of Bank Zachodni WBK were as follows:
 - ✓ **Long-term IDR:** "A+"; Rating Watch Negative
 - ✓ **Long-term IDR Outlook:** Rating Watch Negative
 - ✓ **Short-term IDR:** "F1"; Rating Watch Negative
 - ✓ **Viability Rating:** "bbb"
 - ✓ **Individual Rating:** "C"
 - ✓ **Support Rating:** "1"

- On 25 January 2012 Fitch Ratings globally withdrew all individual ratings for banks and replaced them with viability ratings launched last year. As a result, Bank Zachodni WBK individual rating "C" has been removed.

Awards

- "Buy-by-click" products of Bank Zachodni WBK were recognized among products of financial institutions in "2011 Best IT Solutions" Awards organised by "Gazeta Bankowa".
- Biznes Gwarant insurance offered by Bank Zachodni WBK was awarded by the Home&Market magazine in the business products category. Biznes Gwarant is targeted at business borrowers and provides coverage against fortuitous events.
- For many years now, Dom Maklerski BZ WBK has been ranked top in terms of customer service quality. The company was voted second by both personal and business customers in the ranking published by Forbes (10/2011). The sales-traders team came third. Retail investors recognized the company for its analytical products (1st rank) and the Inwestor online website. Business customers, on the other hand, appreciated the quality of IPO services (1st rank), analyses and recommendations, comprehensive proposition as well as flexibility and professional attitude in the relationship with customers.

41. Overview of BZ WBK Group performance in the period ending 31 December 2011

Financial highlights (year-to-date)

- Total income of BZ WBK Group increased by 8.1% y-o-y to PLN 3,823.0 m.
- Excluding the once-off adjustments of PLN 88.8 m, total costs increased by 4.1% y-o-y to PLN 1,835.8 m with staff costs up 1.9% y-o-y to PLN 976.8 m.
- Underlying profit-before-tax (excluding the once-off adjustments) was PLN 1,631.2 m and up 20.2% y-o-y. After once-off adjustments, the profit totalled PLN 1,542.4 m and was 13.6% higher y-o-y.
- Underlying profit-after-tax attributable to shareholders of BZ WBK was PLN 1,273.1 m and 30.7% higher y-o-y. After once-off adjustments, the profit totalled PLN 1,184.3 m, i.e. up 21.6% y-o-y.
- Capital adequacy ratio stood at 15.10% (15.77% as at 31 December 2010).
- Based on underlying data, return on equity was 21.2% vs. 19.7% after once-off adjustments (17.6% as at 31 December 2010).
- Based on underlying data, cost-to-income ratio was 48.0% vs. 50.3% after once-off adjustments, all of them impacting operating costs (49.9% in 2010).
- Net impairment losses on loans and advances amounted to PLN 367.0 m compared with PLN 420.8 m in 2010. NPL ratio dropped to 5.5% (6.8% as at 31 December 2010) with annual impairment losses to average amount of loans and advances at 1.0% (1.2% as at 31 December 2010).
- Loans to deposits ratio was 81.2% as at 31 December 2011 compared with 78.2% as at 31 December 2010.
- Gross loans to customers increased by 15.1% on the end of 2010 driven by growth in the business and public sector loan portfolio (+20.5% y-o-y) to PLN 24,521.2 m and in the personal loan portfolio (+9.9% y-o-y) to PLN 12,572.6 m. Excluding the effect of FX movements, gross loans increased by 11.2% y-o-y.
- Deposits from customers went up by 11.6% on the end of 2010 as a result of higher balances in business and public sector (+17.8% y-o-y) as well as personal (+7.5% y-o-y) deposits adding up to PLN 19,718.2 m and PLN 27,111.3 m, respectively. Excluding the effect of FX movements, deposits from customers grew by 10.3% y-o-y.
- The value of assets held by mutual funds and private portfolios declined by 29.3% in 2011 to PLN 8.6 bn, which reflected growing uncertainty among investors about political and economic developments around the world.
- The number of bank accounts exceeded 3.5 m and was up 17.8% y-o-y.
- The number of BZWBK24 electronic banking service users reached almost 2 m while BZ WBK payment card base comprised ca. 2.5 m debit cards.

Profit and Loss Account of Bank Zachodni WBK Group

Composition of the profit earned by Bank Zachodni WBK Group in 2011

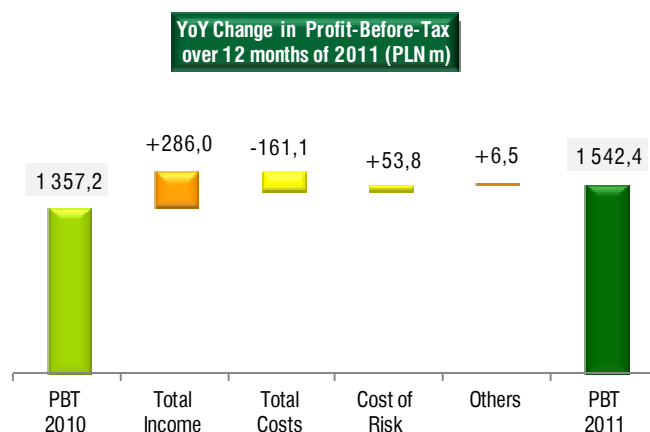
The table below shows changes in the key items of the Group's consolidated profit and loss account in 2011 compared with the previous year.

Condensed Profit & Loss Account (for analytical purposes)	PLN m				
	2011	2011 underlying data *	2010	Change y-o-y	Change y-o-y underlying data *
Total income	3 823,0	3 823,0	3 537,0	8,1%	8,1%
- Net interest income	2 068,6	2 068,6	1 822,2	13,5%	13,5%
- Net fee & commission income	1 357,7	1 357,7	1 343,2	1,1%	1,1%
- Other income	396,7	396,7	371,6	6,8%	6,8%
Total costs	(1 924,6)	(1 835,8)	(1 763,5)	9,1%	4,1%
- Staff, general and administrative expenses	(1 659,1)	(1 654,0)	(1 600,6)	3,7%	3,3%
- Depreciation/amortisation	(215,9)	(139,5)	(128,8)	67,6%	8,3%
- Other operating expenses	(49,6)	(42,3)	(34,1)	45,5%	24,0%
Impairment losses on loans and advances	(367,0)	(367,0)	(420,8)	-12,8%	-12,8%
Profit/loss attributable to the entities accounted for using equity method	11,0	11,0	4,5	144,4%	144,4%
Profit-before-tax	1 542,4	1 631,2	1 357,2	13,6%	20,2%
Tax charges	(315,5)	(315,5)	(316,6)	-0,3%	-0,3%
Net profit for the period	1 226,9	1 315,7	1 040,6	17,9%	26,4%
- Net profit attributable to BZ WBK shareholders	1 184,3	1 273,1	974,2	21,6%	30,7%
- Net profit attributable to non-controlling shareholders	42,6	42,6	66,4	-35,8%	-35,8%

* underlying data exclude once-off adjustments as described in Note 1

In 2011, Bank Zachodni WBK Group generated a profit-before-tax of PLN 1,542.4 m, an increase of 13.6% y-o-y. The net profit attributable to Bank Zachodni WBK shareholders was PLN 1,184.3 m and 21.6% higher y-o-y.

Excluding the once-off adjustments of PLN 88.8 m, posted in the fourth quarter of 2011 to align the Group's operating practices with Santander Group, the PBT was PLN 1,631.2 m and up 20.2% y-o-y, while the net profit attributable to Bank Zachodni WBK shareholders increased by 30.7% y-o-y to PLN 1,273.1 m. The once-off adjustments apply entirely to the cost side of the consolidated profit and loss account.



The main driver of the profit growth for 2011 was net interest income which increased by PLN 246.4 m as a result of acceleration in the Group's core business volumes in a higher interest rate environment. The profit was also favourably impacted by higher dividend and net commission income as well as reduced loan impairment losses.

This performance was achieved amid stable economic growth, reviving investment demand and high interest rates. These factors were accompanied by a heightened inflation, subdued positive trends in the labour market, depreciation of the Polish currency, declining sentiment among Polish businesses, volatility of financial markets and risk aversion due to fiscal imbalances and the weakening economic activity of Poland's main business partners.

Total Income and Profit-Before-Tax in 2010 and 2011 (PLN m)



Total Income and Profit-Before-Tax in Consecutive Quarters of 2010 and 2011 (PLN m)



Structure of PBT earned by BZ WBK Group – by contributing entities

PLN m

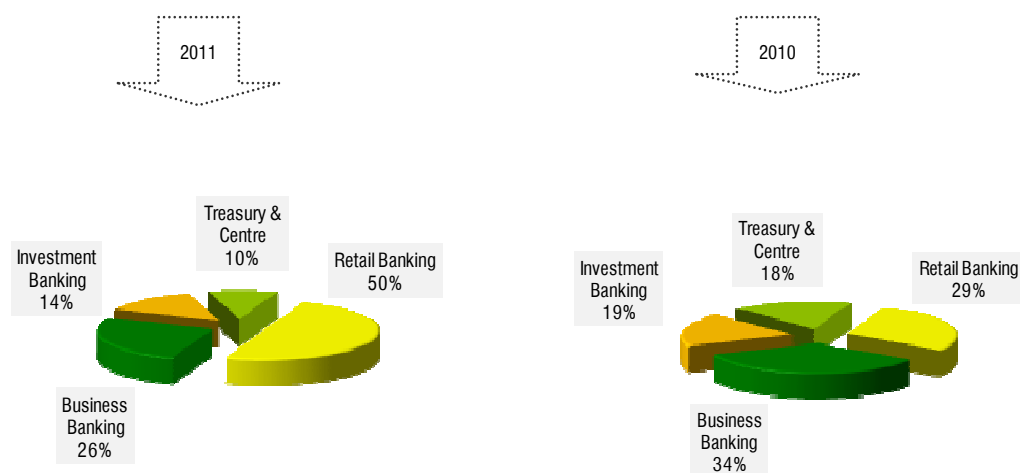
Structure of Profit-Before-Tax by Contributing Entities	2011	Structure 2011 *	2010	Structure 2010 *	Change y-o-y
Bank	1 427,1	81,8%	1 182,3	77,4%	20,7%
Subsidiaries, of which:	316,7	18,2%	345,3	22,6%	-8,3%
Dom Maklerski BZ WBK	61,2	3,5%	59,4	3,9%	3,0%
BZ WBK Leasing and BZ WBK Finanse & Leasing	41,7	2,4%	14,6	1,0%	185,6%
BZ WBK Asset Management and BZ WBK Towarzystwo Funduszy Inwestycyjnych	201,9	11,6%	258,8	16,9%	-22,0%
Other subsidiaries	11,9	0,7%	12,5	0,8%	-4,8%
Intercompany and consolidation adjustments	(201,4)	-	(170,5)	-	18,1%
Total	1 542,4	-	1 357,2	-	13,6%

* percentage share in BZ WBK Group profit before tax, intercompany and consolidation adjustments

In 2011, the stand-alone profit-before-tax of Bank Zachodni WBK was higher by 20.7% y-o-y, while the total gross profits of the subsidiaries decreased by 8.3% y-o-y. Lower profits earned by BZ WBK Asset Management and BZ WBK Towarzystwo Funduszy Inwestycyjnych were to some extent offset by the increased result reported by BZ WBK Leasing and BZ WBK Finanse & Leasing. Weaker performance observed in the area of mutual funds and asset management is an effect of adverse developments in the Polish and global financial markets, whereas the marked improvement of the leasing companies' profits is due to the high impairment charge for leasing receivables recognised in the comparable period. Other members of the Group closed the year 2011 with a PBT that was similar to the previous year's figure.

Structure of PBT earned by BZ WBK Group – by segments

Structure of PBT of BZ WBK Group in 2010 and 2011 – by segments

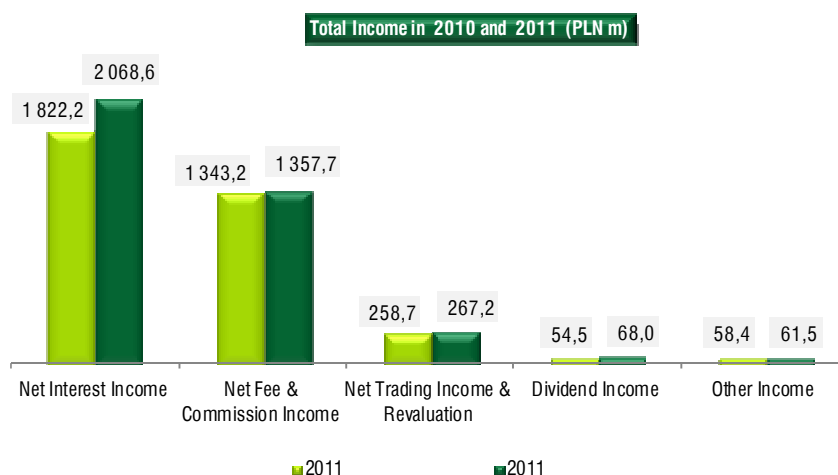


In 2011, Retail Banking increased its contribution to the consolidated profit-before-tax, while the input of Business Banking, Investment Banking and Treasury segments declined. The y-o-y changes result mainly from different levels of impairment charges reported in both reporting periods. The decline in impairment losses of Retail Banking amply compensated for the increase witnessed in Business Banking. The segmental profit structure evolution was also induced by business-driven developments, in particular: growth of interest income from customer deposits (Retail Banking), lower income from mutual funds and asset management market with concurrent growth of dividend income (Investment Banking), and also valuation of derivative transactions (Treasury and Centre).



Income

The total income achieved by Bank Zachodni WBK Group in 2011 was PLN 3,823.0 m and up 8.1% y-o-y.

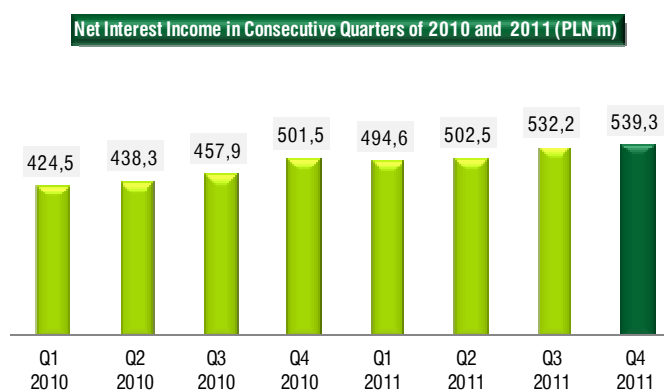


Net Interest Income

Net interest income increased by 13.5% y-o-y to PLN 2,068.6 m, which is a combined effect of positive net interest margin trends in the rising interest rate environment and strong growth of core business volumes. The Group's net interest income level was most strongly affected by higher deposit margins on retail products, supported by four official interest rate hikes during the first half of 2011 (by 100 b.p. in total). While deposit margins improved, credit margins narrowed under increased competitive pressure in the quality loan market.

Net interest income for 2011 includes PLN 10.1 m of interest income from CIRS transactions designated as hedging instruments under cash flow hedge accounting launched by Bank Zachodni WBK S.A. effective from 1 December 2011.

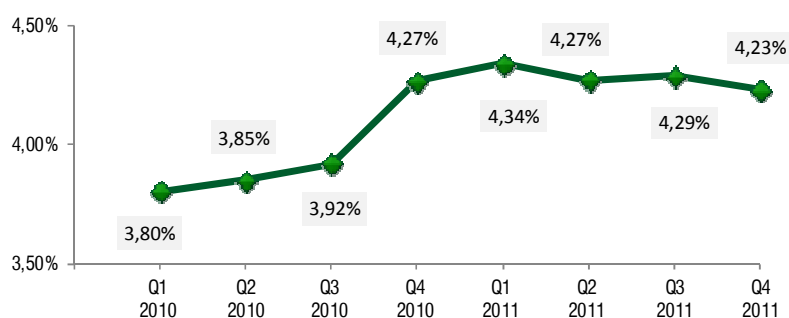
Taking into account the other interest-related income, which is generated by FX Swaps and Basis Swaps (PLN 178.1 m in 2011 and PLN 192.1 m in 2010) and disclosed under "Net trading income and revaluation", the underlying net interest income increased by 13% y-o-y.



In 2011, the annualised net interest margin of Bank Zachodni WBK Group was 4.28% compared with 3.98% a year before.

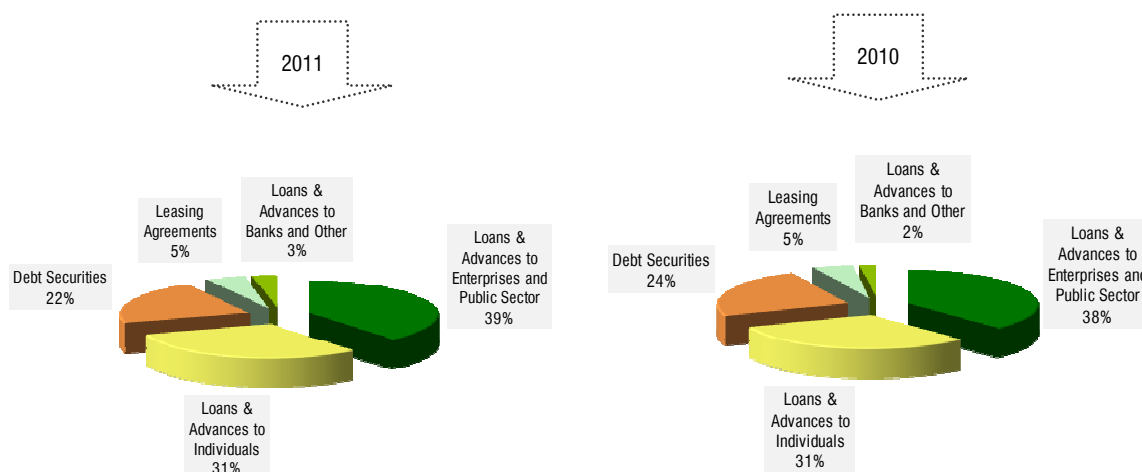
On a quarterly basis, the net interest margins were relatively stable in the range of 4.23-4.34% whose boundaries represent the last and the first quarter of 2011, respectively. The slight decline in margins observed in the second and the fourth quarter of 2011 reflects the Bank's efforts to increase the attractiveness of its deposit offer in response to the growing inflationary pressure and the revived competition in the short-term deposits market. The fourth quarter of 2011 also saw higher volume deposits from customers.

**Net Interest Margin in Consecutive Quarters of 2010 and 2011
(including SWAP points)**

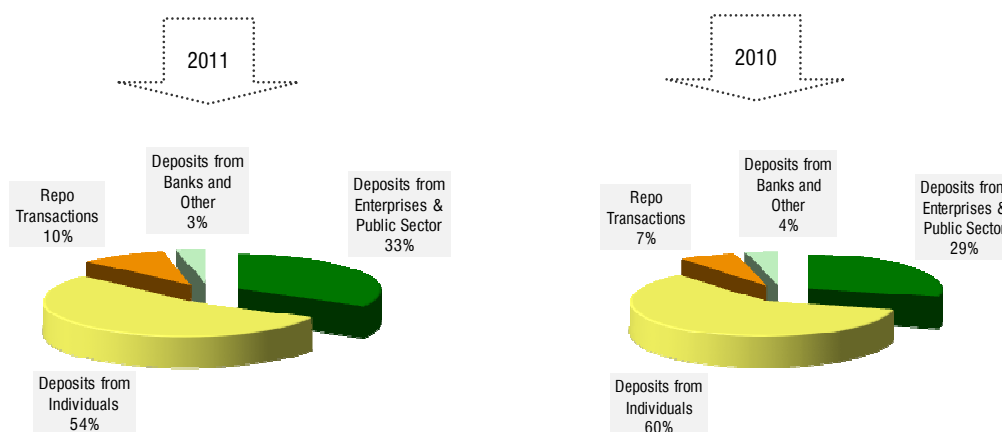


In 2011, interest income (PLN 3,413.7 m) increased by 9.1% y-o-y, which outpaced the 2.8% growth in interest expense (PLN 1,345.1 m). Interest income was driven by loans to business customers (+11.4% y-o-y), home mortgages (+21% y-o-y) and debt security trading portfolio (+45.6% y-o-y). The growth in interest costs was mainly attributable to business deposits (+20.2% y-o-y), subordinated liabilities (+168% y-o-y) and liabilities due to repo transactions (+37.2% y-o-y).

Structure of interest revenues earned by BZ WBK Group in 2010 and 2011



Structure of interest expenses payable by BZ WBK Group in 2010 and 2011



Net Fee and Commission Income

PLN m

Net Fee and Commission Income	2011	2010	Change y-o-y
Direct banking *	313,6	280,3	11,9%
Account maintenance and cash transactions	243,9	251,2	-2,9%
Mutual fund distribution and asset management	241,9	297,1	-18,6%
FX fees	224,3	201,7	11,2%
Credit fees **	113,0	89,8	25,8%
Brokerage fees	100,3	100,2	0,1%
Insurance fees	68,8	70,3	-2,1%
Other ***	51,9	52,6	-1,3%
Total	1 357,7	1 343,2	1,1%

Includes:

* fees for foreign and mass payments, Western Union transfers, trade finance, debit cards, services for third parties as well as other electronic & telecommunications services

** selected fees related mainly to lending, leasing and factoring activities which are not amortised to interest income

*** credit card fees, issue arrangement fees and others

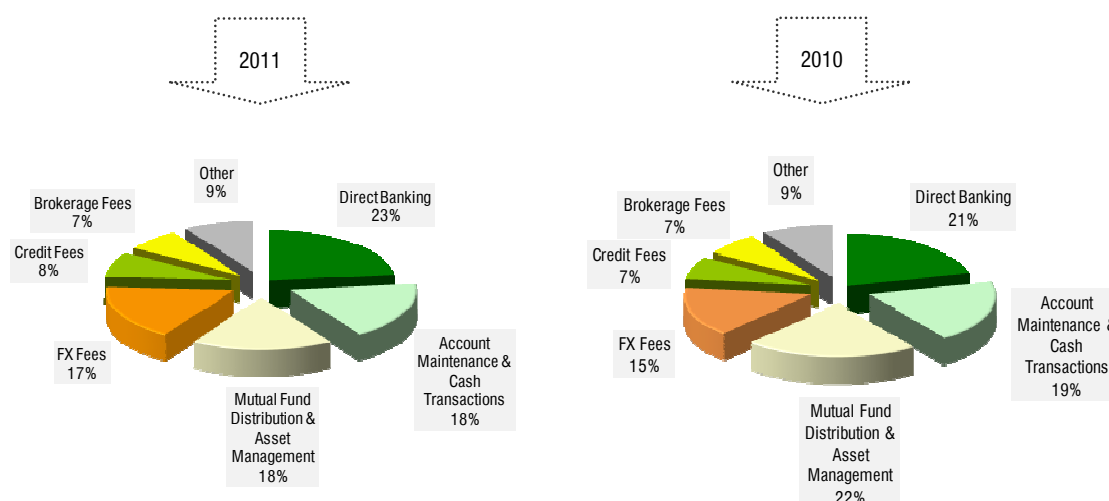
In 2011, net fee and commission income was PLN 1,357.7 m and increased by 1.1% y-o-y. The sharp decline in the Group's net fee income from asset management and distribution of mutual funds and structured products, which reflected the difficult situation in the capital markets, was more than offset by the increase in the net income from direct banking, lending and FX transactions driven by growing business volumes.

Major y-o-y movements in key lines of the 2011 net fee and commission income are discussed in more detail below:

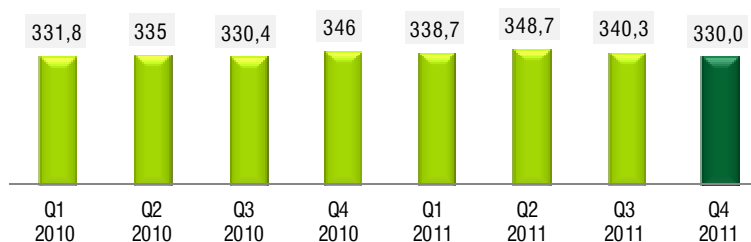
- Direct Banking services generated a net fee and commission income of PLN 313.6 m, an increase of 11.9% y-o-y. This growth was driven by the income from debit cards which was on the rise along with the higher number (+9% y-o-y) and value (+24% y-o-y) of cashless transactions effected by debit card holders. The debit card-related fees were also affected by revenues from card issues and cash transactions, particularly the increasing number of withdrawals from third party ATMs (+32% y-o-y) and the lower cost of such transactions as a result of interchange fee changes.
- FX fee income amounted to PLN 224.3 m and was 11.2% higher y-o-y amid the increase in the corporate customer FX trading processed by the Bank (+26 y-o-y), with a simultaneous narrowing of FX spreads (-9% y-o-y) caused by the situation in the FX market.
- Credit fee income amounted to PLN 113 m and was up 25.8% on 2010 as a result of increasing business overdrafts portfolio and declining agency costs with a modified settlement process in place.
- The Group's income from mutual funds and asset management decreased by 18.6% y-o-y to PLN 241.9 m. The direction and extent of this change was shaped by the situation on the WSE, heavily influenced by the global events (debt crisis of the eurozone and the USA, concerns about the sustainability of economic recovery worldwide). Following the relative stabilisation of indices in the first half of 2011 (despite the gradual increase in risk-aversion among investors), in the third quarter the market slumped and saw investors retreat from risky assets, which continued into the fourth quarter, yet with lower intensity. In such circumstances, the average value of net assets of mutual funds and private portfolios declined by 14.8% y-o-y, which adversely affected the commission income.

Other net commission income remained stable y-o-y.

Structure of net commission income of BZ WBK Group in 2010 and 2011 – by type



Net Fee & Commission Income in Consecutive Quarters of 2010 and 2011 (PLN m)

**Net Trading Income and Revaluation**

Net trading income and revaluation amounted to PLN 267.2 m, up 3.3% y-o-y. The increase was mainly attributable to the CIRS transactions funding the bank's EUR and CHF loan portfolio. Last year saw a higher volume of such transactions with a parallel increase in spreads and FX rates in relation to the zloty as a result of developments in the global markets.

Interest-related income from Basis Swap and FX Swap transactions, which make a significant portion of the net trading income and revaluation, totalled PLN 178.1 m in 2011 compared with PLN 192.1 m a year before. The value of Basis Swap transactions (PLN 93.1 m) for 2011 excludes PLN 10.1 m recognised as net interest income on the basis of cash flow hedge accounting (launched by Bank Zachodni WBK SA on 1 December 2011) which adopts CIRS transactions as a the main hedging instrument for floating interest rate financial assets and liabilities, primarily FX credit portfolios.

Under cash flow hedge accounting the net trading income and revaluation recognises the ineffective portion of fair value changes of hedging derivatives, which was negative for 2011 and amounted to PLN 1.1 m. The effective portion is disclosed in the revaluation reserve of equity (-PLN 4.8 m).

Net trading income and revaluation also includes the write-back of adjustments to the value of derivative instruments related to the counterparty risk, totalling PLN 14 m vs. PLN 6 m in 2011.



WBK

Bank Zachodni WBK S.A.

Dividend Income

Dividend income of PLN 68 m increased by 24.8% y-o-y due to higher dividend payment from Aviva Group companies which are a part of the Group's portfolio of non-controlling investments (PLN 61.6 m in 2011 vs. PLN 48.3 m in 2010). In 2010, Bank Zachodni WBK recognized lower dividend income from this source as a result of the interim dividend payout (PLN 20.3 m) in December 2009.

Impairment Charges

In 2011, the loan impairment charge to the profit and loss account was PLN 367 m compared with PLN 420.8 m in the corresponding period, a decrease of 12.8% y-o-y.

The balance of provisions for identified losses (individual and collective) was PLN 371.1 m, down by PLN 103.7 m (-21.8%) y-o-y. Compared with the impairment charge recognised in 2010, there was evident improvement, particularly in the household sector. This is an effect of higher payment discipline of customers and the recognition of the result of PLN 43.7 m from the disposal of a portion of the retail loan portfolio. Relative stabilisation was also observed in the business sector, which maintained a robust financial standing in the favourable economic environment despite the growing concerns about weakening foreign economies. The only exception are some corporations from the commercial property sector, whose liquidity position deteriorated in 2011 contrary to the positive market trends.

In 2011, the balance of provisions for unidentified losses (IBNR) was negative at PLN 4.7 m, while a year before a positive result of PLN 35.3 m was posted due to the reversal of PLN 60 m for the IBNR losses in the Business and Corporate Banking portfolio following positive revision of the Group's projections for selected sectors.

Bank Zachodni WBK Group maintains a conservative approach to recognition and valuation of credit risk. In 2011, the monitoring system was modified to ensure a more effective identification of negative changes in the customer risk profiles.

Costs

PLN m					
Total costs	2011	2011 underlying data *	2010	Change y-o-y	Change y-o-y underlying data *
Staff, general and administrative expenses, of which:	(1 659,1)	(1 654,0)	(1 600,6)	3,7%	3,3%
- Staff expenses	(976,8)	(976,8)	(959,0)	1,9%	1,9%
- General and administrative expenses	(682,3)	(677,2)	(641,6)	6,3%	5,5%
Depreciation/amortisation	(215,9)	(139,5)	(128,8)	67,6%	8,3%
Other operating expenses	(49,6)	(42,3)	(34,1)	45,5%	24,0%
Total	(1 924,6)	(1 835,8)	(1 763,5)	9,1%	4,1%

* underlying data exclude once-off adjustments as described in Note 1

Total operating costs of Bank Zachodni WBK Group in 2011 totalled PLN 1,924.6 m, an increase of 9.1% y-o-y. This amount contains the once-off adjustments of PLN 88.8 m posted to align the operating practices within Santander Group. Excluding the impact of the adjustments, the operating costs were PLN 1,835.8 m and up 4.1% y-o-y. Total costs grew in the wake of higher obligatory fees, ownership changes, new business projects and development initiatives aimed to support the business and improve the organisational efficiency. The Group places an ongoing focus on cost control and continues administrative, technological and enablement efforts to reduce its cost base.

Excluding the once-off adjustments, the Group's cost effectiveness ratio (total costs to total income) improved y-o-y, falling from 49.9% in 2010 to 48.0% in 2011.

Staff Expenses

In 2011, staff expenses increased by 1.9% y-o-y to PLN 976.8 m due to recognition of the cost related to the launch of the 4th edition of the "Performance-Share Programme" (PLN 20.7 m) and the growth of the training costs, driven mainly by management and sales training initiatives.

General and Administrative Expenses

The underlying operating costs of the Group (excluding the once-off adjustments) amounted to PLN 677.2 m and were higher by 5.5% y-o-y. The most pronounced growth (+73.8% y-o-y) was seen in fees payable to market regulators, mainly on account of the increase in the annual fee owed to the Banking Guarantee Fund (BFG). Other growth drivers were the marketing and representation costs (+5.8% y-o-y) associated with the Group's intensive marketing campaigns in the mass media. In 2011, the Group's marketing efforts were focused on promotion of cash loans, home mortgages, the 3-month Daily Earning Deposit and structured bonds. The projects related to the ownership changes induced higher business travel costs disclosed under the heading "cars, transport services, transport of valuables" (+10.5% y-o-y). There was also an increase (+3.4% y-o-y) in the cost of IT usage due to the need to improve the Group's IT infrastructure, secure extra licences in response to the change of the strategic shareholder, and to develop the tools that facilitate effective implementation of business projects. Maintenance and rentals of premises went up (+2.1% y-o-y) as a result of higher rental payments (indexation, EUR exchange rate) and running costs as well as qualitative development of the branch network.

The Group maintains a strong cost discipline. In 2011, a new corporate methodology for management of operating and capital expenses was put in place. The centralised procurement process ensured further cost savings, including those resulting from review and renegotiation of contracts with suppliers. The operating and capital expenses are subject to a stringent planning and progress vs. approved budget is closely monitored.

Other Costs

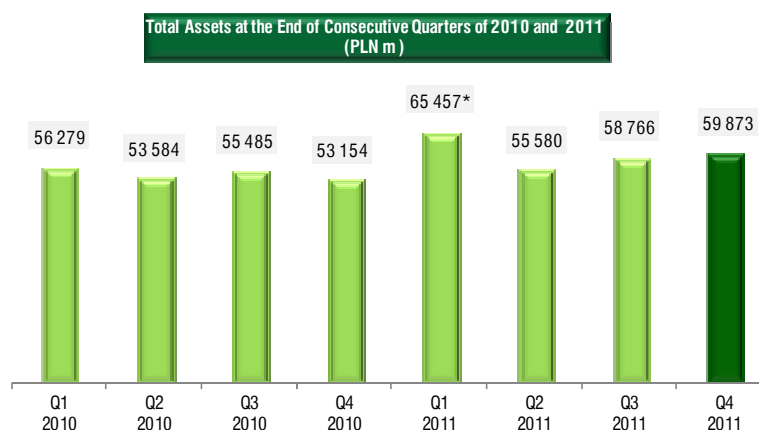
In compliance with the practice of Santander Group, in the fourth quarter of 2011 Bank Zachodni WBK Group adopted a shorter economic life for its intangible assets and selected properties, which increased the Group's accumulated amortisation/depreciation by a total of PLN 76.4 m.

Depreciation/amortisation (excluding the once-off adjustments) amounted to PLN 139.5 m, up 8.3% on 2010. Other operating costs were PLN 42.3 m and 24% higher than a year before due to a number of factors, including the cost of debt recovery (take-over of properties for debts, effective collection as part of service outsourcing).

Financial Position

Assets

As at 31 December 2011, total assets of Bank Zachodni WBK Group amounted to PLN 59,873.3 m, up 12.6% on 31 December 2010. The value and structure of the Group's financial position is determined by the bank (parent), which accounts for 98.7% of the consolidated total assets.



* The consolidated statement of financial position as at 31 March 2011 reports total assets of PLN 65.5 bn which includes short-term settlements of PLN 11.7 bn between BZ WBK Brokerage House and the National Depository of Securities regarding the sale of Bank Zachodni WBK through a public tender announced by Banco Santander.

The table below presents major developments in the key categories of the consolidated assets of Bank Zachodni WBK Group as at 31 December 2011 vs. 30 September 2011 and 31 December 2010.

							PLN m	
Assets (condensed presentation for analytical purposes)	31.12.2011	Structure 31.12.2011	30.09.2011	Structure 30.09.2011	31.12.2010	Structure 31.12.2010	Change	Change
	1	2	3	4	5	6	1/3	1/5
Loans and advances to customers *	38 017,2	63,5%	36 376,0	61,9%	32 838,4	61,8%	4,5%	15,8%
Investment securities	11 664,5	19,5%	11 542,1	19,6%	13 395,4	25,2%	1,1%	-12,9%
Financial assets held for trading	5 860,3	9,8%	4 368,5	7,4%	2 239,0	4,2%	34,1%	161,7%
Cash and operations with Central Banks	1 425,5	2,4%	3 135,3	5,3%	2 534,5	4,8%	-54,5%	-43,8%
Loans and advances to banks	1 244,3	2,1%	1 704,7	2,9%	619,7	1,2%	-27,0%	100,8%
Fixed and intangible assets	651,0	1,1%	675,1	1,2%	720,1	1,3%	-3,6%	-9,6%
Hedging derivatives	141,6	0,2%	109,8	0,2%	14,8	0,0%	29,0%	856,8%
Other assets	868,9	1,4%	854,4	1,5%	792,0	1,5%	1,7%	9,7%
Total	59 873,3	100,0%	58 765,9	100,0%	53 153,9	100,0%	1,9%	12,6%

* including impairment write-down

In the consolidated statement of financial position as at 31 December 2011, the major change on the asset side (in percentage terms) was noted under "hedging derivatives", which increased by 856.8% y-o-y under the impact of newly designated relationships under cash flow hedge accounting implemented in Bank Zachodni WBK on 1 December 2011. Financial assets held for trading went up (+161.7% y-o-y) along with expanding portfolio of short-term NBP bills. The growth of loans and advances to banks (+100.8% y-o-y) was due to larger deposits lodged in the inter-bank market as part of the collateral mechanism established to manage risk in derivative transactions. Net loans and advances to customers increased by 15.8% y-o-y, which constitutes 81.2% of non-financial customer deposits funding them, compared with 78.2% at the end of December 2010. Other assets include assets classified as held for sale which increased as a result of initiatives launched by the Group to take over properties for debts (in 2011, BZ WBK Group took over four properties for a total value of PLN 80.1m).

Cash and operations with Central Bank decreased by 43.8% y-o-y due to the lower balance held by the bank in the NBP current account as part of the Group's on-going liquidity management. The decline in fixed and intangible assets of 9.6% y-o-y results from harmonisation of operating practices within Santander Group, i.e. adoption of a shorter amortization/depreciation period for intangible assets and selected fixed assets. The once-off adjustments increased the Group's accumulated depreciation/amortisation by PLN 76.4 m. In 2011, the value of investment securities decreased by 12.9% y-o-y, mainly due to the redemption of State Treasury bonds at their maturity. The mix of the portfolio was changed as well. On the last working day of 2011, Treasury bonds of total carrying value of PLN 4,696.5 m designated as "held-to-maturity assets" were reclassified as "financial assets available for sale", which reflects a shift in the Group's intentions about these instruments as part of the aligning of its investment strategy and risk management with Santander Group.

Credit Portfolio

PLN m					
Gross Loans and Advances to Customers	31.12.2011	30.09.2011	31.12.2010	Change	Change
	1	2	3	1/2	1/3
Loans and advances to business and public sector customers	24 521,2	23 071,2	20 352,6	6,3%	20,5%
Loans and advances to personal customers	12 572,6	12 581,8	11 437,5	-0,1%	9,9%
Finance lease receivables	2 335,5	2 361,7	2 435,8	-1,1%	-4,1%
Other *	3,1	5,4	20,1	-42,6%	-84,6%
Total	39 432,4	38 020,1	34 246,0	3,7%	15,1%

* other receivables include repo and other transactions

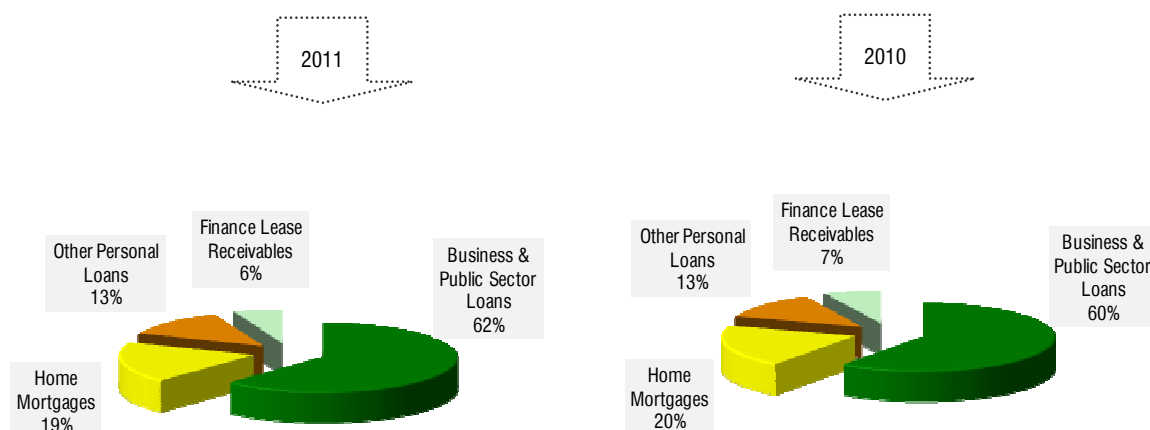
As at 31 December 2011, gross loans and advances to customers amounted to PLN 39,432.4, 15.1% up y-o-y. Excluding the impact of FX rates, the growth was 11.2%.

In 2011, loans and advances to business and public sector customers increased by 20.5% to PLN 24,521.2 m. This movement is attributable to the favourable economic situation in 2011, which led to higher demand of business customers for credit (especially large corporations), including long-term investment loans. Property loans, which make up a large portion of loans and advances to business and public sector customers, increased by 3.7% y-o-y to PLN 9,897.7 m. This increase reflects the scheduled credit repayments, depreciation of PLN vs. EUR and other currencies (part of the portfolio is denominated in foreign currency), and the gradual acquisition of new business on the back of the revival in the commercial property market.

In 2011, customer investments into the lease of plant and equipment were on the rise while the sales growth of passenger car leases was comparatively slow, which had an adverse impact on the Group's financial lease receivables and reduced them by 4.1% y-o-y to PLN 2,335.5 m.

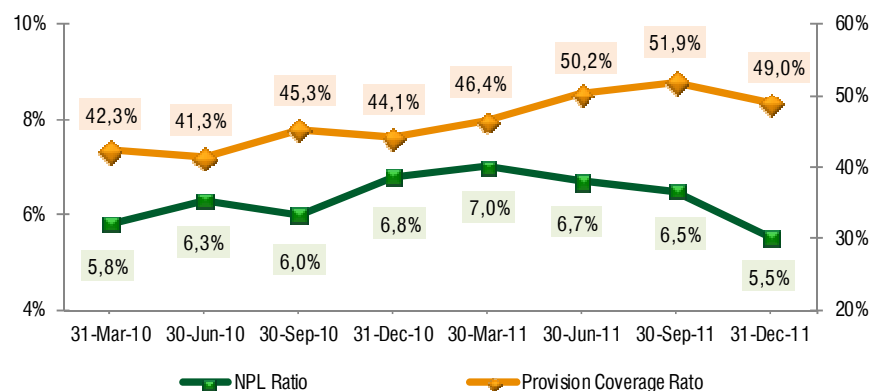
Loans to retail customers increased by 9.9% vs. the end of 2010 and amounted to PLN 12,572.6 m. Mortgage portfolio increased by 9.8% to PLN 7,605.1 m, and cash loans grew by 15.2% y-o-y to PLN 3,621.3 m. The rapid growth of home mortgage and cash loan sales is a result of the continuous improvement of the bank's product proposition (efficient credit delivery, competitive pricing, attractive product packages) and strong brand awareness enhanced by advertising campaigns. Some of the mortgage growth also resulted from the depreciation of PLN vs. CHF and EUR.

Loans and advances to customers of BZ WBK Group as at 31.12.2010 and 31.12.2011 – by entities



At the end of December 2011, non-performing loans to customers accounted for 5.5% of the gross portfolio vs. 6.8% at the end of December 2010. The provision cover for the non-performing loans was 49% compared with 44.1% a year before.

The Group's NPL and provision cover ratio at the end of individual quarters in the period from 31.03.2010 to 31.12.2011



The foregoing historical ratios for the period prior to 31 March 2011 do not include changes in the presentation of matured and unsettled derivatives, which starting from the second quarter of 2011 have been classified under "loans and advances to customers" rather than under "financial assets held for trading".

Equity and Liabilities

The table below presents major developments in key categories of the consolidated equity and liabilities of Bank Zachodni WBK Group at the end of December 2011 versus 30 September 2011 and 31 December 2010.

Liabilities & Equity (condensed presentation for analytical purposes)	PLN m							
	31.12.2011	Structure 31.12.2011	30.09.2011	Structure 30.09.2011	31.12.2010	Structure 31.12.2010	Change	Change
	1	2	3	4	5	6	1/3	1/5
Deposits from customers	46 829,5	78,2%	43 769,0	74,5%	41 970,5	79,0%	7,0%	11,6%
Deposits from banks	2 556,7	4,3%	4 977,5	8,5%	2 526,1	4,8%	-48,6%	1,2%
Financial liabilities held for trading	956,8	1,6%	1 533,8	2,6%	578,6	1,1%	-37,6%	65,4%
Hedging derivatives	523,7	0,9%	8,6	0,0%	16,4	0,0%	5994,8%	3085,5%
Subordinated liabilities	441,2	0,7%	440,6	0,7%	395,2	0,7%	0,1%	11,6%
Other liabilities	1 082,5	1,8%	802,5	1,4%	893,5	1,7%	34,9%	21,1%
Total equity	7 483,0	12,5%	7 233,8	12,3%	6 773,6	12,7%	3,4%	10,5%
Total	59 873,3	100,0%	58 765,9	100,0%	53 153,9	100,0%	1,9%	12,6%

Compared with the end of 2010, in the statement of financial position as at 31 December 2011 there was a material increase under the financial liabilities held for trading (+65.4% y-o-y), mainly due to the impact of CIRS transactions. The derivative hedges grew up significantly following the launch of the hedge accounting based on CIRS transactions hedging cash flows from the bank's CHF and EUR credit portfolios. A material growth was also noted in the Group's deposits from customers (+11.6 y-o-y). The 10Y bonds with a nominal value of EUR 100 m issued by the bank in August 2010 were recognised as subordinated liabilities. Deposits from banks were similar to the last year's figure as the increase in the liabilities on account of repo transactions offset the decrease in loans and deposits from the wholesale market.

Deposit Base

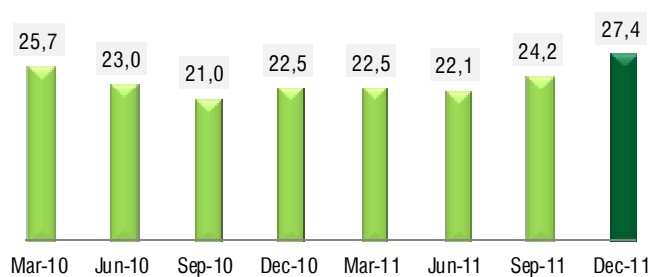
Deposits from Customers	PLN m				
	31.12.2011	30.09.2011	31.12.2010	Change	Change
	1	2	3	1/2	1/3
Deposits from personal customers	27 111,3	26 171,4	25 230,8	3,6%	7,5%
Deposits from business and public sector customers	19 718,2	17 597,6	16 739,7	12,1%	17,8%
Total	46 829,5	43 769,0	41 970,5	7,0%	11,6%

Deposits from customers, which represent 78.2% of the Group's total equity and liabilities are the primary source of funding the Group's lending business. As at 31 December 2011, deposits from customers amounted to PLN 46,829.5 m and were 11.6% higher y-o-y. Excluding the impact of FX rates, the growth was 10.3% y-o-y.

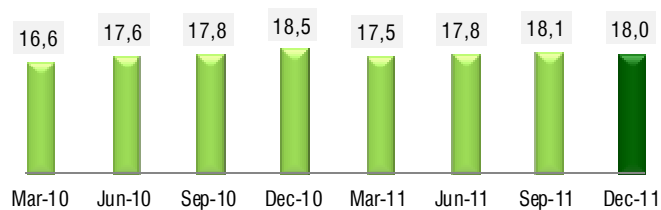
Deposits from retail customers totalled PLN 27,111.3, an increase of 7.5% y-o-y. Retail customers showed the highest demand for the attractively priced varieties of Daily Earning Deposit. Deposits from business customers of PLN 19,718.2 m increased by 17.8% y-o-y as a result of implementation of effective strategy for acquiring deposits from corporate customers. In the reporting period, corporate clients opted mainly for negotiable short-term deposits.

In the total amount of deposits from customers, term deposits were PLN 27,415.3 m (+21.7% y-o-y), current accounts PLN 17,985.6 m (-2.9% y-o-y) and other liabilities PLN 1,428.5 m (+54.3% y-o-y). The latter item reflects utilisation of the credit lines from the European Investment Bank for SME funding in the total amount of EUR 200 m.

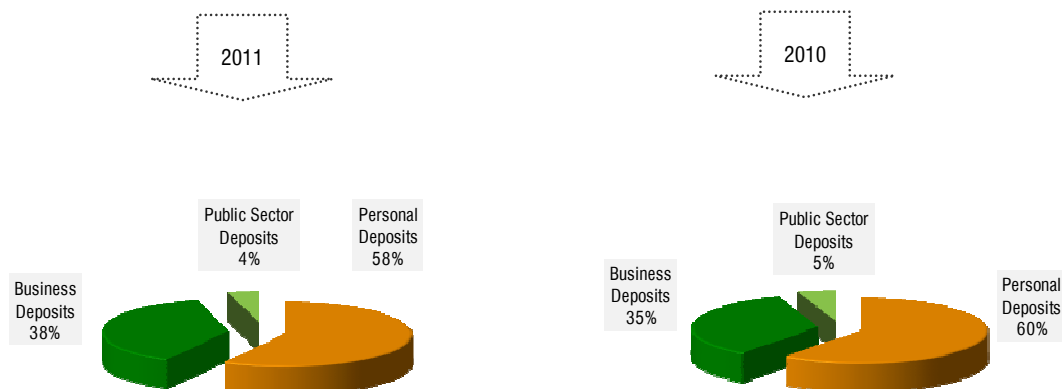
**Term Deposits at the End of Consecutive Quarters of 2010 and 2011
(PLN bn)**



**Current Accounts at the End of Consecutive Quarters
of 2010 and 2011 (PLN bn)**



Deposits from customers of Bank Zachodni WBK Group as at 31.12.2010 and 31.12.2011



Selected Financial Ratios

Selected Financial Ratios (on a cumulative basis for P&L Account data)	31.12.2011	31.12.2011 underlying data *	30.09.2011	31.12.2010
Total costs/Total income	50,3%	48,0%	46,9%	49,9%
Net interest income/Total income	54,1%	54,1%	52,9%	51,5%
Net interest margin **	4,28%	4,28%	4,29%	3,98%
Net commission income/Total income	35,5%	35,5%	35,5%	38,0%
Customer loans/Customer deposits	81,2%	81,2%	83,1%	78,2%
NPL ratio ***	5,5%	5,5%	6,5%	6,8%
NPL coverage ratio ***	49,0%	49,0%	51,9%	44,1%
Impairment losses on loans and advances/Average loans and advances	1,0%	1,0%	1,1%	1,2%
ROE ****	19,7%	21,2%	21,2%	17,6%
ROA *****	2,0%	2,2%	2,2%	1,8%
Capital adequacy ratio	15,10%	15,10%	15,09%	15,77%
Book value per share (in PLN)	102,40	103,61	98,99	92,69
Earnings per share (in PLN) *****	16,21	17,42	13,49	13,33

* underlying data exclude once-off adjustments as described in Note 1

** annualised interest income (including Swap points) to the quarterly average of interest-bearing assets (net of impairment write-down)

*** comparable data as at the end of 2010 have not been adjusted for the changed presentation of matured and past-due customer derivatives on grounds of immateriality

**** annualised net profit attributable to the shareholders of BZ WBK (4 consecutive quarters) to the quarterly average of equity calculated based on total equity at the end of five consecutive quarters, net of the current period profit, non-controlling interests and dividend due to BZ WBK shareholders (change of calculation method since Q1 2011)

***** annualised net profit attributable to the shareholders of BZ WBK (4 consecutive quarters) to the quarterly average of total assets calculated based on balances as at the end of five consecutive quarters (change of calculation method since Q1 2011)

***** net profit attributable to the shareholders of BZ WBK for the reporting period divided by the number of ordinary shares

42. Events which might affect financial results of the Group within the next quarter and beyond

The most important factors which may affect financial results of BZ WBK Group in the future are:

- Clear deceleration of economic growth abroad, including Poland's major trading partners, which will weaken the rise in exports and industrial output. Significant slowdown, or even fall of the external demand may limit investment activity of Polish entrepreneurs (especially in the case of new investment), thus reducing the demand for corporate loans and other bank products for business customers.
- Further stagnation in the labour market, which will limit wage pressure, negatively affect the quality of credit portfolio in the household segment, and decrease the demand for new consumption and mortgage loans.
- Stabilization of interest rates by the MPC in the first half of 2012 and possible rates cuts in H2, amid deterioration of economic outlook, growing chances for inflation's return to target, and some stabilization in financial markets.
- Changes of assets' financing cost depending on the pace and scale of main interest rates cuts, changes of the zloty exchange rate, development of liquidity situation of the banking sector and intensity of price competition between banks regarding deposits.
- Persisting high volatility on the financial markets due to uncertainty regarding debt problems of many economies and worries over global economic outlook.
- Further developments on the global stock market and their impact on the propensity to buy investment fund units or, alternatively, to keep savings as safe bank deposits.

Signature of a person who is responsible for maintaining the book of account			
Date	Name	Function	Signature
27.01.2012	Eamonn Crowley	Member of the Management Board	
27.01.2012	Wojciech Skalski	Financial Accounting Area Director	