

**REPORT OF  
BANK ZACHODNI WBK GROUP  
FOR QUARTER 3 2012**

2012



**WBK**

| Bank Zachodni WBK S.A.

FINANCIAL HIGHLIGHTS		PLN k		EUR k	
		for reporting period ended:	30.09.2012	30.09.2011	30.09.2012
Consolidated financial statements					
I	Net interest income	1 709 260	1 529 332	407 471	378 426
II	Net fee and commission income	1 020 349	1 027 647	243 241	254 286
III	Operating profit	1 307 834	1 254 310	311 775	310 373
IV	Profit before tax	1 320 024	1 261 940	314 681	312 261
V	Net profit attributable to owners of BZ WBK S.A.	1 029 328	985 934	245 382	243 965
VI	Total net cash flow	(280 182)	3 983 658	(66 793)	985 737
VII	Total assets	59 872 077	58 735 244	14 553 959	13 315 026
VIII	Deposits from banks	2 518 760	4 946 904	612 271	1 121 442
IX	Deposits from customers	46 397 791	43 769 035	11 278 572	9 922 251
X	Total liabilities	51 467 583	51 501 494	12 510 959	11 675 166
XI	Total equity	8 404 494	7 233 750	2 043 000	1 639 860
XII	Non-controlling interests in equity	88 087	120 213	21 413	27 252
XIII	Profit of the period attributable to non-controlling interests	23 548	36 402	5 614	9 007
XIV	Number of shares	74 637 631	73 076 013		
XV	Net book value per share in PLN/EUR	112,60	98,99	27,37	22,44
XVI	Solvency ratio	15,70%	15,09%		
XVII	Profit per share in PLN/EUR	13,79	13,49	3,29	3,34
XVIII	Diluted earnings per share in PLN/EUR	13,75	13,46	3,28	3,33
XIX	Declared or paid dividend per share in PLN/EUR	8,00	8,00	1,94	1,81
Stand alone financial statements					
I	Net interest income	1 596 109	1 420 163	380 497	351 412
II	Net fee and commission income	879 392	812 074	209 639	200 944
III	Operating profit	1 229 153	1 189 644	293 018	294 372
IV	Profit before tax	1 229 153	1 189 644	293 018	294 372
V	Profit for the period	991 143	987 667	236 279	244 393
VI	Total net cash flow	(277 587)	3 986 606	(66 174)	986 466
VII	Total assets	59 070 383	57 923 780	14 359 080	13 131 071
VIII	Deposits from banks	2 446 751	4 767 515	594 767	1 080 775
IX	Deposits from customers	46 479 048	43 941 001	11 298 325	9 961 235
X	Total liabilities	51 326 849	51 314 878	12 476 749	11 632 861
XI	Total equity	7 743 534	6 608 902	1 882 331	1 498 210
XII	Number of shares	74 637 631	73 076 013		
XIII	Net book value per share in PLN/EUR	103,75	90,44	25,22	20,50
XIV	Solvency ratio	15,51%	14,61%		
XV	Profit per share in PLN/EUR	13,28	13,52	3,17	3,35
XVI	Diluted earnings per share in PLN/EUR	13,24	13,48	3,16	3,34
XVII	Declared or paid dividend per share in PLN/EUR	8,00	8,00	1,94	1,81
FINANCIAL HIGHLIGHTS for the period ended 31.12.2011		Consolidated statement of financial position		Statement of financial position	
		PLN k	EUR k	PLN k	EUR k
I	Total assets	59 796 643	13 538 454	59 016 847	13 361 902
II	Deposits from banks	2 505 070	567 169	2 361 433	534 648
III	Deposits from customers	46 829 482	10 602 582	46 992 079	10 639 395
IV	Total liabilities	52 313 683	11 844 250	52 192 791	11 816 879
V	Total equity	7 482 960	1 694 204	6 824 056	1 545 023
VI	Non-controlling interests in equity	127 385	28 841	-	-

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

- for balance sheet items – 4.1138 PLN rate to EUR as at 28.09.2012 stated by National Bank of Poland (NBP), 4.4168 PLN rate to EUR as at 30.12.2011 and 4.4112 PLN rate to EUR as at 30.09.2011
- for profit and loss items – as at 30.09.2012: 4.1948 (an average PLN mid-rate to EUR in NBP on the last day of each month in 2012), as at 30.09.2011: 4.0413 (an average PLN mid-rate to EUR in NBP on the last day of each month in 2011)

As at 30.09.2012, FX denominated balance sheet positions were converted into PLN in line with the NBP FX table no. 189/A/NBP/2012 dd. 28.09.2012.

**CONSOLIDATED FINANCIAL  
STATEMENTS OF  
BANK ZACHODNI WBK GROUP  
FOR QUARTER 3 2012**

2012



**WBK**

| Bank Zachodni WBK S.A.

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## Consolidated income statement

for reporting period:		01.07.2012- 30.09.2012	01.01.2012- 30.09.2012	01.07.2011- 30.09.2011	01.01.2011- 30.09.2011
Interest income		983 491	2 873 522	877 099	2 498 012
Interest expenses		( 402 997)	(1 164 262)	( 344 870)	( 968 680)
<b>Net interest income</b>	Note 4	<b>580 494</b>	<b>1 709 260</b>	<b>532 229</b>	<b>1 529 332</b>
Fee and commission income		400 582	1 173 595	390 460	1 174 709
Fee and commission expenses		( 51 667)	( 153 246)	( 50 195)	( 147 062)
<b>Net fee and commission income</b>	Note 5	<b>348 915</b>	<b>1 020 349</b>	<b>340 265</b>	<b>1 027 647</b>
Dividend income		3 795	57 514	447	67 916
Net gain/(loss) on sale of subsidiaries and associates	Note 31	400	400	-	-
Net trading income and revaluation	Note 6	31 169	125 274	107 530	217 450
Gains (losses) from other financial securities	Note 7	21 432	48 466	1 505	6 790
Other operating income		6 099	38 862	7 810	40 657
Impairment losses on loans and advances	Note 8	( 120 530)	( 341 362)	( 107 854)	( 281 458)
Operating expenses incl.:		( 446 440)	(1 350 929)	( 445 003)	(1 354 024)
<i>Bank's staff, operating expenses and management costs</i>	Notes 9,10	( 407 989)	(1 231 733)	( 392 728)	(1 216 632)
<i>Depreciation/amortisation</i>		( 34 102)	( 104 384)	( 34 466)	( 106 082)
<i>Other operating expenses</i>		( 4 349)	( 14 812)	( 17 809)	( 31 310)
<b>Operating profit</b>		<b>425 334</b>	<b>1 307 834</b>	<b>436 929</b>	<b>1 254 310</b>
Share in net profits (loss) of entities accounted for by the equity method		5 954	12 190	2 733	7 630
<b>Profit before tax</b>		<b>431 288</b>	<b>1 320 024</b>	<b>439 662</b>	<b>1 261 940</b>
Corporate income tax	Note 11	( 88 519)	( 267 148)	( 88 806)	( 239 604)
<b>Profit for the period</b>		<b>342 769</b>	<b>1 052 876</b>	<b>350 856</b>	<b>1 022 336</b>
of which:					
<i>attributable to owners of BZ WBK S.A.</i>		334 738	1 029 328	344 857	985 934
<i>attributable to non-controlling interests</i>		8 031	23 548	5 999	36 402
<b>Net earnings per share (PLN/share)</b>					
Basic earnings per share		4,48	13,79	4,72	13,49
Diluted earnings per share		4,47	13,75	4,71	13,46

## Consolidated statement of comprehensive income

for reporting period:		01.07.2012- 30.09.2012	01.01.2012- 30.09.2012	01.07.2011- 30.09.2011	01.01.2011- 30.09.2011
<b>Profit for the period</b>		<b>342 769</b>	<b>1 052 876</b>	<b>350 856</b>	<b>1 022 336</b>
<b>Other comprehensive income:</b>					
Available-for sale financial assets valuation		121 372	190 275	(12 337)	27 476
Cash flow hedges valuation		( 435)	(21 522)	38 772	47 643
<b>Other comprehensive income for the period, net of income tax</b>		<b>120 937</b>	<b>168 753</b>	<b>26 435</b>	<b>75 119</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>463 706</b>	<b>1 221 629</b>	<b>377 291</b>	<b>1 097 455</b>
Attributable to:					
<i>owners of BZ WBK S.A.</i>		448 131	1 198 094	356 845	1 061 434
<i>non-controlling interests</i>		15 575	23 535	20 446	36 021

## Consolidated statement of financial position

as at:		30.09.2012	31.12.2011	30.09.2011
<b>ASSETS</b>				
Cash and balances with central banks	Note 12	2 606 568	1 425 541	3 135 339
Loans and advances to banks	Note 13	1 622 289	1 204 172	1 666 566
Financial assets held for trading	Note 14	1 775 509	5 836 043	4 375 959
Hedging derivatives		186 538	141 636	109 828
Loans and advances to customers	Note 15	39 928 847	38 017 173	36 375 961
Investment securities	Notes 16,17	12 303 304	11 652 195	11 542 133
Investments in associates and joint ventures	Note 18	112 161	104 512	101 038
Intangible assets		114 758	151 166	171 327
Property, plant and equipment		466 809	499 793	503 774
Current income tax assets		-	20 687	-
Net deferred tax assets	Note 19	265 224	245 019	279 053
Assets classified as held for sale	Note 20	82 604	82 604	44 600
Other assets		407 466	416 102	429 666
<b>Total assets</b>		<b>59 872 077</b>	<b>59 796 643</b>	<b>58 735 244</b>
<b>LIABILITIES</b>				
Deposits from banks	Note 21	2 518 760	2 505 070	4 946 904
Hedging derivatives		298 880	523 725	8 593
Financial liabilities held for trading	Note 14	805 011	931 717	1 533 849
Deposits from customers	Note 22	46 397 791	46 829 482	43 769 035
Subordinated liabilities	Note 23	411 254	441 234	440 585
Current income tax liabilities		102 525	-	26 089
Other liabilities	Note 24	933 362	1 082 455	776 439
<b>Total liabilities</b>		<b>51 467 583</b>	<b>52 313 683</b>	<b>51 501 494</b>
<b>Equity</b>				
<b>Equity attributable to owners of BZ WBK S.A.</b>		<b>8 316 407</b>	<b>7 355 575</b>	<b>7 113 537</b>
Share capital		746 376	730 760	730 760
Other reserve funds		5 699 555	4 698 884	4 691 943
Revaluation reserve		714 084	545 318	508 634
Retained earnings		127 064	196 266	196 266
Profit of the current period		1 029 328	1 184 347	985 934
<b>Non-controlling interests in equity</b>		<b>88 087</b>	<b>127 385</b>	<b>120 213</b>
<b>Total equity</b>		<b>8 404 494</b>	<b>7 482 960</b>	<b>7 233 750</b>
<b>Total equity and liabilities</b>		<b>59 872 077</b>	<b>59 796 643</b>	<b>58 735 244</b>



## Movements in consolidated equity

Movements in consolidated equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Non-controlling interests in equity	Total
<b>Opening balance as at 31.12.2011</b>	<b>730 760</b>	<b>4 698 884</b>	<b>545 318</b>	<b>1 380 613</b>	<b>127 385</b>	<b>7 482 960</b>
Total comprehensive income	-	-	168 766	1 029 328	23 535	1 221 629
Issue of shares*	15 616	316 384	-	-	-	332 000
Transfer to other capital	-	668 941	-	( 668 941)	-	-
Dividend relating to 2011	-	-	-	( 584 608)	( 62 833)	( 647 441)
Share scheme charge	-	15 346	-	-	-	15 346
<b>As at 30.09.2012</b>	<b>746 376</b>	<b>5 699 555</b>	<b>714 084</b>	<b>1 156 392</b>	<b>88 087</b>	<b>8 404 494</b>

As at the end of the period revaluation reserve in the amount of PLN 714 084 k comprises of debt securities and equity shares classified as available for sale of PLN 279 916 k and PLN 403 754 k respectively and additionally cash flow hedge activities of PLN 30 414 k.

\* Detailed information on "Issue of shares" is included in Note 28.

Movements in consolidated equity	Share capital	Other reserve funds	Revaluation reserve *	Retained earnings and profit for the period	Non-controlling interests in equity	Total
<b>Opening balance as at 31.12.2010</b>	<b>730 760</b>	<b>4 344 640</b>	<b>433 134</b>	<b>1 114 522</b>	<b>150 519</b>	<b>6 773 575</b>
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)
<b>As at 31.12.2011</b>	<b>730 760</b>	<b>4 698 884</b>	<b>545 318</b>	<b>1 380 613</b>	<b>127 385</b>	<b>7 482 960</b>

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.

\* On the last business day of 2011, Bank Zachodni WBK changed its intention regarding a portfolio of government bonds, which so far had been classified as 'held-to-maturity,' and 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 change pertained to financial instruments of a total carrying value of PLN 4 696 542 k, of which PLN 69 132 k was a recognised fair value. The same amount of fair value less the deferred tax was referred to the equity of the Group.

Movements in consolidated equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Non-controlling interests in equity	Total
<b>Opening balance as at 31.12.2010</b>	<b>730 760</b>	<b>4 344 640</b>	<b>433 134</b>	<b>1 114 522</b>	<b>150 519</b>	<b>6 773 575</b>
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)
<b>As at 30.09.2011</b>	<b>730 760</b>	<b>4 691 943</b>	<b>508 634</b>	<b>1 182 200</b>	<b>120 213</b>	<b>7 233 750</b>

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.



## Consolidated statement of cash flows

	for reporting period:	01.01.2012- 30.09.2012	01.01.2011- 30.09.2011
<b>Profit before tax</b>		<b>1 320 024</b>	<b>1 261 940</b>
<b>Total adjustments:</b>		<b>(2 676 688)</b>	<b>1 321 650</b>
Share in net profits (losses) of entities accounted for by the equity method		(12 190)	(7 630)
Depreciation/amortisation		104 384	106 082
Gains (losses) on exchange differences		11 347	(37 209)
Interests and similar charges		93 769	68 849
Dividend received		(47 882)	(67 916)
(Profit) loss from investing activities		(48 495)	(3 762)
Change in provisions		(47 348)	(49 973)
Change in trading portfolio financial instruments		(42 032)	1 029 223
Change in loans and advances to banks		(79 948)	37 798
Change in loans and advances to customers		(1 911 674)	(3 537 665)
Change in deposits from banks		82 262	2 697 538
Change in deposits from customers		(440 497)	1 371 797
Change in other assets and liabilities		(134 660)	(1 737)
Paid income tax		(203 724)	(283 745)
<b>Net cash flow from operating activities</b>		<b>(1 356 664)</b>	<b>2 583 590</b>
<b>Inflows</b>		<b>9 193 323</b>	<b>3 043 762</b>
Sale of shares or interests in subsidiaries, associates and joint ventures		4 941	-
Sale/maturity of investment securities		9 137 323	2 975 048
Sale of intangible assets and property, plant and equipment		3 177	798
Dividend received		47 882	67 916
<b>Outflows</b>		<b>(7 668 815)</b>	<b>(1 096 196)</b>
Purchase of subsidiaries, associates and joint ventures		-	(5 018)
Purchase of investment securities		(7 642 124)	(1 036 926)
Purchase of intangible assets and property, plant and equipment		(26 691)	(54 252)
<b>Net cash flow from investing activities</b>		<b>1 524 508</b>	<b>1 947 566</b>
<b>Inflows</b>		<b>394 256</b>	<b>515 561</b>
Drawing of long-term loans		62 256	515 561
Proceeds from issuing bonds / shares		332 000	-
<b>Outflows</b>		<b>(842 282)</b>	<b>(1 063 059)</b>
Repayment of long-term loans		(125 713)	(344 008)
Dividends and other payments to shareholders		(647 441)	(650 936)
Other financing outflows		(69 128)	(68 115)
<b>Net cash flow from financing activities</b>		<b>(448 026)</b>	<b>(547 498)</b>
<b>Total net cash flow</b>		<b>(280 182)</b>	<b>3 983 658</b>
<b>Cash at the beginning of the accounting period</b>		<b>7 257 589</b>	<b>4 343 025</b>
<b>Cash at the end of the accounting period</b>		<b>6 977 407</b>	<b>8 326 683</b>



## Income statement of Bank Zachodni WBK

	01.07.2012- 30.09.2012	01.01.2012- 30.09.2012	01.07.2011- 30.09.2011	01.01.2011- 30.09.2011
for reporting period:				
Interest income	952 889	2 784 588	846 142	2 405 443
Interest expenses	( 412 492)	( 1 188 479)	( 352 188)	( 985 280)
<b>Net interest income</b>	<b>540 397</b>	<b>1 596 109</b>	<b>493 954</b>	<b>1 420 163</b>
Fee and commission income	337 261	979 381	310 565	894 350
Fee and commission expenses	( 33 857)	( 99 989)	( 30 566)	( 82 276)
<b>Net fee and commission income</b>	<b>303 404</b>	<b>879 392</b>	<b>279 999</b>	<b>812 074</b>
Dividend income	2 415	118 310	140	182 535
Net trading income and revaluation	31 788	125 192	106 171	215 120
Gains (losses) from other financial securities	20 624	46 852	1 295	6 425
Other operating income	7 359	37 847	7 953	40 590
Impairment losses on loans and advances	( 114 695)	( 334 946)	( 100 910)	( 264 818)
Operating expenses incl.:	( 412 224)	( 1 239 603)	( 395 682)	( 1 222 445)
<i>Bank's staff, operating expenses and management costs</i>	<i>( 376 711)</i>	<i>( 1 137 957)</i>	<i>( 354 998)</i>	<i>( 1 103 987)</i>
<i>Depreciation/amortisation</i>	<i>( 31 829)</i>	<i>( 94 492)</i>	<i>( 31 319)</i>	<i>( 96 853)</i>
<i>Other operating expenses</i>	<i>( 3 684)</i>	<i>( 7 154)</i>	<i>( 9 365)</i>	<i>( 21 605)</i>
<b>Operating profit</b>	<b>379 068</b>	<b>1 229 153</b>	<b>392 920</b>	<b>1 189 644</b>
<b>Profit before tax</b>	<b>379 068</b>	<b>1 229 153</b>	<b>392 920</b>	<b>1 189 644</b>
Corporate income tax	( 79 367)	( 238 010)	( 78 387)	( 201 977)
<b>Profit for the period</b>	<b>299 701</b>	<b>991 143</b>	<b>314 533</b>	<b>987 667</b>
<b>Net earnings per share (PLN/share)</b>				
Basic earnings per share	4,02	13,28	4,30	13,52
Diluted earnings per share	4,00	13,24	4,29	13,48

## Statement of comprehensive income of Bank Zachodni WBK

	01.07.2012- 30.09.2012	01.01.2012- 30.09.2012	01.07.2011- 30.09.2011	01.01.2011- 30.09.2011
for reporting period:				
<b>Profit for the period</b>	<b>299 701</b>	<b>991 143</b>	<b>314 533</b>	<b>987 667</b>
<b>Other comprehensive income:</b>				
Available-for sale financial assets valuation	124 454	187 119	( 3 547)	36 620
Cash flow hedges valuation	( 435)	( 21 522)	38 772	47 643
<b>Other comprehensive income for the period, net of income tax</b>	<b>124 019</b>	<b>165 597</b>	<b>35 225</b>	<b>84 263</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>423 720</b>	<b>1 156 740</b>	<b>349 758</b>	<b>1 071 930</b>

## Statement of financial position of Bank Zachodni WBK

as at:	30.09.2012	31.12.2011	30.09.2011
<b>ASSETS</b>			
Cash and balances with central banks	2 606 564	1 425 537	3 135 334
Loans and advances to banks	1 618 956	1 198 349	1 651 198
Financial assets held for trading	1 684 078	5 779 309	4 354 385
Hedging derivatives	186 538	141 578	109 828
Loans and advances to customers	39 362 182	37 422 196	35 747 890
Investment securities	12 281 739	11 625 143	11 515 381
Investments in subsidiaries, associates and joint ventures	264 658	264 599	264 599
Intangible assets	101 010	134 581	154 606
Property, plant and equipment	454 843	486 312	490 506
Current income tax assets	-	24 455	-
Net deferred tax assets	180 878	165 775	203 265
Assets classified as held for sale	82 604	82 604	44 600
Other assets	246 333	266 409	252 188
<b>Total assets</b>	<b>59 070 383</b>	<b>59 016 847</b>	<b>57 923 780</b>
<b>LIABILITIES</b>			
Deposits from banks	2 446 751	2 361 433	4 767 515
Hedging derivatives	298 902	523 725	8 593
Financial liabilities held for trading	805 011	937 982	1 538 946
Deposits from customers	46 479 048	46 992 079	43 941 001
Subordinated liabilities	411 254	441 234	440 585
Current income tax liabilities	103 670	-	19 012
Other liabilities	782 213	936 338	599 226
<b>Total liabilities</b>	<b>51 326 849</b>	<b>52 192 791</b>	<b>51 314 878</b>
<b>Equity</b>			
Share capital	746 376	730 760	730 760
Other reserve funds	5 287 749	4 382 125	4 375 184
Revaluation reserve	718 266	552 669	515 291
Profit of the current period	991 143	1 158 502	987 667
<b>Total equity</b>	<b>7 743 534</b>	<b>6 824 056</b>	<b>6 608 902</b>
<b>Total equity and liabilities</b>	<b>59 070 383</b>	<b>59 016 847</b>	<b>57 923 780</b>



## Movements in equity of Bank Zachodni WBK

Movements in equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
<b>Opening balance as at 31.12.2011</b>	<b>730 760</b>	<b>4 382 125</b>	<b>552 669</b>	<b>1 158 502</b>	<b>6 824 056</b>
Total comprehensive income	-	-	165 597	991 143	1 156 740
Issue of shares*	15 616	316 384	-	-	332 000
Transfer to other capital	-	573 894	-	( 573 894)	-
Dividend relating to 2011	-	-	-	( 584 608)	( 584 608)
Share scheme charge	-	15 346	-	-	15 346
<b>As at 30.09.2012</b>	<b>746 376</b>	<b>5 287 749</b>	<b>718 266</b>	<b>991 143</b>	<b>7 743 534</b>

As at the end of the period revaluation reserve in the amount of PLN 718 266 k comprises of debt securities and equity shares classified as available for sale of PLN 279 916 k and PLN 407 936 k respectively and additionally cash flow hedge activities of PLN 30 414 k.

\* Detailed information on "Issue of shares" is included in Note 28.

Movements in equity	Share capital	Other reserve funds	Revaluation reserve*	Retained earnings and profit for the period	Total
<b>Opening balance as at 31.12.2010</b>	<b>730 760</b>	<b>4 048 213</b>	<b>431 028</b>	<b>897 772</b>	<b>6 107 773</b>
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
<b>As at 31.12.2011</b>	<b>730 760</b>	<b>4 382 125</b>	<b>552 669</b>	<b>1 158 502</b>	<b>6 824 056</b>

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.

\* On the last business day of 2011, Bank Zachodni WBK changed its intention regarding a portfolio of government bonds, which so far had been classified as 'held-to-maturity,' and 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 change pertained to financial instruments of a total carrying value of PLN 4 696 542 k, of which PLN 69 132 k was a recognised fair value. The same amount of fair value less the deferred tax was referred to the equity of the Bank.

Movements in equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
<b>Opening balance as at 31.12.2010</b>	<b>730 760</b>	<b>4 048 213</b>	<b>431 028</b>	<b>897 772</b>	<b>6 107 773</b>
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
<b>As at 30.09.2011</b>	<b>730 760</b>	<b>4 375 184</b>	<b>515 291</b>	<b>987 667</b>	<b>6 608 902</b>

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.

## Statement of cash flows of Bank Zachodni WBK

	for reporting period:	01.01.2012- 30.09.2012	01.01.2011- 30.09.2011
<b>Profit before tax</b>		<b>1 229 153</b>	<b>1 189 644</b>
<b>Total adjustments:</b>		<b>(2 766 525)</b>	<b>893 004</b>
Depreciation/amortisation		94 492	96 853
Impairment losses		( 59)	-
Interests and similar charges		85 664	54 291
Dividend received		( 108 678)	( 182 535)
(Profit) loss from investing activities		( 49 359)	( 3 386)
Change in provisions		( 28 021)	( 34 592)
Change in trading portfolio financial instruments		( 5 980)	1 002 134
Change in loans and advances to banks		( 79 841)	38 095
Change in loans and advances to customers		(1 939 986)	(3 795 291)
Change in deposits from banks		85 318	2 623 509
Change in deposits from customers		( 513 031)	1 355 581
Change in other assets and liabilities		( 143 212)	( 24 411)
Paid income tax		( 163 832)	( 237 244)
<b>Net cash flow from operating activities</b>		<b>(1 537 372)</b>	<b>2 082 648</b>
<b>Inflows</b>		<b>9 231 562</b>	<b>3 137 860</b>
Sale/maturity of investment securities		9 120 222	2 954 965
Sale of intangible assets and property, plant and equipment		2 662	360
Dividend received		108 678	182 535
<b>Outflows</b>		<b>(7 658 146)</b>	<b>(1 082 012)</b>
Sale of shares or interests in subsidiaries		-	( 15 600)
Purchase of investment securities		(7 636 120)	(1 019 375)
Purchase of intangible assets and property, plant and equipment		( 22 026)	( 47 037)
<b>Net cash flow from investing activities</b>		<b>1 573 416</b>	<b>2 055 848</b>
<b>Inflows</b>		<b>332 000</b>	<b>486 210</b>
Drawing of long-term loans		-	486 210
Proceeds from issuing bonds / shares		332 000	-
<b>Outflows</b>		<b>( 645 631)</b>	<b>( 638 100)</b>
Other financing outflows		( 61 023)	( 53 492)
Dividends and other payments to shareholders		( 584 608)	( 584 608)
<b>Net cash flow from financing activities</b>		<b>( 313 631)</b>	<b>( 151 890)</b>
<b>Total net cash flow</b>		<b>( 277 587)</b>	<b>3 986 606</b>
<b>Cash at the beginning of the accounting period</b>		<b>7 251 655</b>	<b>4 335 396</b>
<b>Cash at the end of the accounting period</b>		<b>6 974 068</b>	<b>8 322 002</b>



# 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 2011.

The consolidated financial statements of the Group for the year 2011 are available at the Bank's official website: [ir.bzwbk.pl](http://ir.bzwbk.pl)

### Statement of compliance

Condensed interim consolidated financial statements of Bank Zachodni WBK Group for the period from 1 January 2012 to 30 September 2012 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 Q3 2012, 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 2011.

### Comparability with results of previous periods

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

- a) Change in presentation of standardised purchase/ sales transactions in respect of financial assets and their recognition in the statement of financial position as at the transaction settlement date rather than as at the date of concluding the transaction as in previous periods of time.

	30.09.2011		
ASSETS	Before revision	Revision	After revision
Loans and advances to banks	1 704 661	(38 095)	1 666 566
Financial assets held for trading	4 368 487	7 472	4 375 959

LIABILITIES	Before revision	Revision	After revision
Deposits from banks	4 977 527	(30 623)	4 946 904

	31.12.2011		
ASSETS	Before revision	Revision	After revision
Loans and advances to banks	1 244 290	(40 118)	1 204 172
Financial assets held for trading	5 860 309	(24 266)	5 836 043
Inwestycyjne aktywa finansowe	11 664 507	(12 312)	11 652 195

LIABILITIES	Before revision	Revision	After revision
Deposits from banks	2 556 715	(51 645)	2 505 070
Financial liabilities held for trading	956 768	(25 051)	931 717

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

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

b) On 1 January 2012, BZ WBK Group changed the business segment reporting rules. The changes affect two key areas:

- Change in the structure of (split into) operating segments and, consequently, reporting segments;
- Change in the calculation methodology for net interest income of segments.

Due to unavailability of historical data, BZ WBK Group dispensed with conversion of comparable information.

Detailed information on the changes in the business segment reporting is presented in Note 3.

## Changes in judgments and estimates

Compared with the consolidated financial statements for 2011, in Q3 2012 there were no material changes in Bank Zachodni WBK Group's accounting estimates or judgments.

## 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 10 Consolidated Financial Statements	New standard supersedes the previous version of IAS 27 (2008) Consolidated and Separate Financial Statements as far as presentation and preparation of <b>consolidated</b> financial statements is concerned.	1 January 2014	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 2014	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 2014	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 ( <b>non consolidated</b> ) financial statements.	1 January 2014	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 2014	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.	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
Improvements to IFRSs (2009-2011)	Subject of amendment: IAS 1- Clarification of requirement for comparative information, IAS 16 Classification of servicing equipment, IAS 32 Income tax consequences of distributions to holders of an equity instrument, IAS 34 segment information for total asset;	1 January 2013	The Group has not completed its analysis of changes
Transition Guidance (Amendments to IFRS 10	The amendments clarify transition guidance in IFRS 10 and also provide additional transition relief in IFRS 10 IFRS 11, IFRS 12	1 January 2013	The Group has not completed its analysis of changes

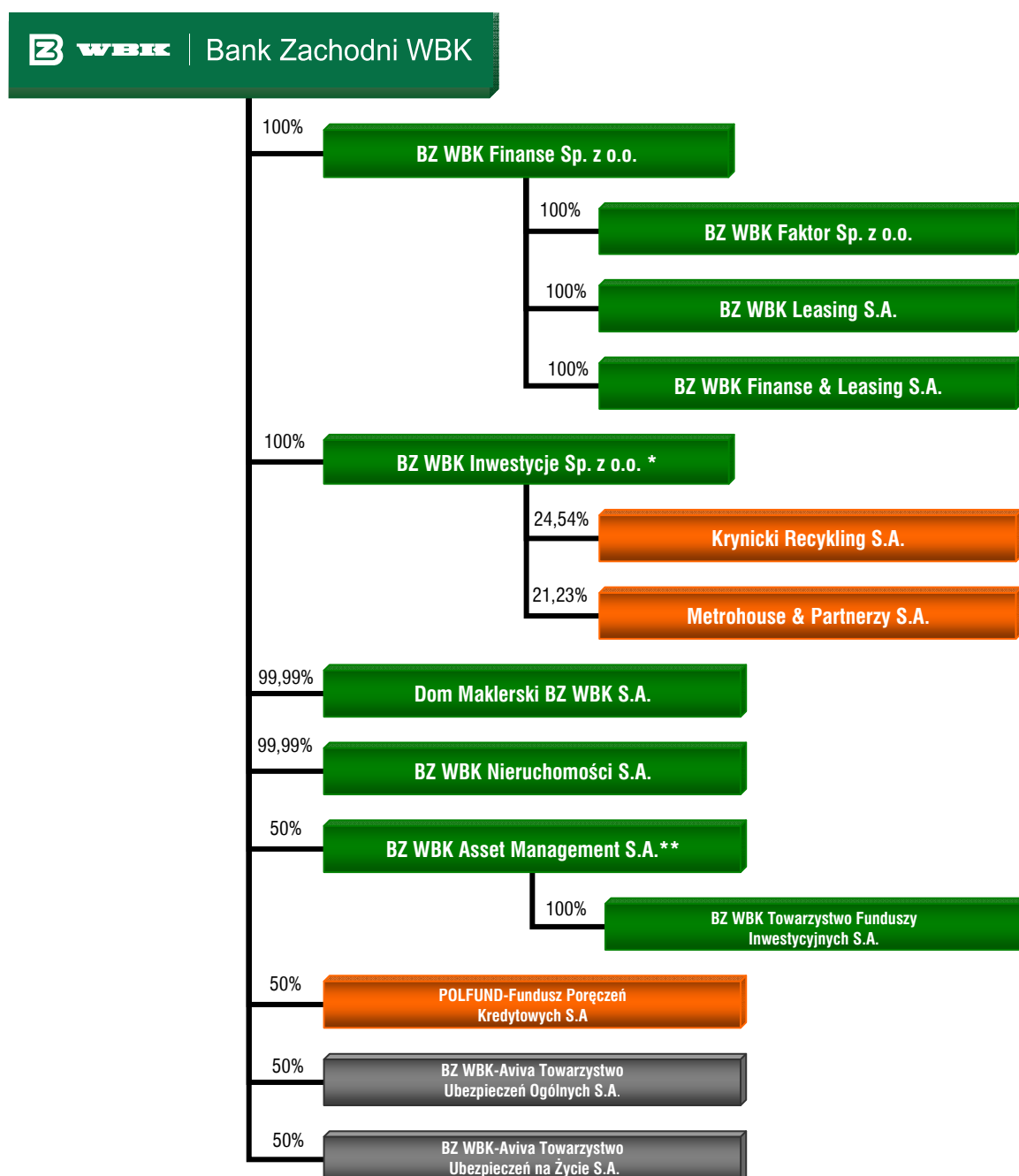


## Standards and interpretations or changes to existing standards or interpretations which were applied for the first time in 2012

IFRS	Description of changes	Effective from	Impact on the Bank
IFRS 7 Financial instruments: disclosures	The change required 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 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 30.09.2012:



\* Associated undertakings of BZ WBK Inwestycje Sp. z o.o., Metrohouse & Partnerzy S.A. and Krynicki 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 30 September 2012, 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
<span style="background-color: #008000; width: 20px; height: 10px; display: inline-block;"></span>	Subsidiaries (fully consolidated with BZ WBK)
<span style="background-color: #FFA500; width: 20px; height: 10px; display: inline-block;"></span>	Associates
<span style="background-color: #808080; width: 20px; height: 10px; display: inline-block;"></span>	Joint ventures

### 3. Segment reporting

Operational activity of the Bank Zachodni WBK Group has been divided into four segments: Retail Banking, Business and Corporate Banking, Global Banking and Markets, and ALM 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 relate to rewarding 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 agreements between segments, which are based on single rates for specific services or 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.

On 1 January 2012, BZ WBK Group changed its business segment reporting rules. The changes affect two key areas:

- a. Change in the structure of (split into) operating segments and, consequently, reporting segments;
- b. Change in the calculation methodology for net interest income of segments.

In order to create a more effective operating model, in Q4 2011 a new business segment was created: Global Banking and Markets. The role of the segment is to provide services to the largest corporations, including transactional banking products, specialist lending, Treasury and equity products. Furthermore, the Treasury operations were reorganised and divided to separate trading activity from liquidity, interest rate risk and FX risk management. Currently, the trading activity is managed by Global Banking and Markets Division / Segment, while liquidity, interest rate risk and FX risk management have been transferred to Finance Division. Once these changes were put in place, the Bank stopped classification of customers / transactions based on the previous methodology. Therefore, currently it is not possible to obtain comparable information.

Another key change effective from 2012 is introduction of a new methodology for calculation of transfer pricing in the Group, which affects the reported net interest income at the level of individual segments. Furthermore, according to the existing methodology, transfer prices are calculated based on individual client accounts, taking into account the new transfer pricing components. In view of the foregoing, retrieval of comparable financials is impossible, and any attempts to obtain estimated values would be very laborious and would not ensure appropriate reliability of the results.

Therefore, the bank advises that according to IFRS 8.29 it uses the right of exemption from transformation of comparable data on account of unavailability of such information.

#### 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. Furthermore, the Retail Banking segment generates income through offering asset management services within investment funds and private portfolios. It also covers insourcing services provided to retail customers based on mutual agreements with other banks and financial institutions.

#### Business and Corporate Banking

Business and Corporate 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.

## Global Banking and Markets

In the Global Banking and Markets segment, the Group derives income from the sale of products and services to the largest international and local corporations, including:

- transactional banking with such products as cash management, deposits, leasing, factoring, letters of credit, guarantees, bilateral lending and trade finance;
- lending, including project finance, syndicated facilities and bond issues;
- FX and interest rate risk management products;
- underwriting and financing of securities issues, financial advice and brokerage services related to the activities of the Brokerage House.

Through its presence in the wholesale market, Global Banking and Markets also generates revenues from interest rate and FX risk positioning activity.

## ALM and Centre

The segment covers central operations such as financing of other Group's segments, including liquidity, interest rate risk and FX risk management. It also includes managing the Bank's strategic investments and transactions generating income and/or costs that cannot be directly or reasonably assigned to a given segment.

**Consolidated income statement (by business segments)**

30.09.2012	Retail Banking	Business and Corporate Banking	Global Banking and Markets	ALM and Centre	Total
<b>Net interest income</b>	<b>1 149 800</b>	<b>410 795</b>	<b>72 455</b>	<b>76 210</b>	<b>1 709 260</b>
incl. internal transactions	9 566	( 97 523)	27 463	60 494	-
<b>Other income</b>	<b>823 541</b>	<b>99 006</b>	<b>196 188</b>	<b>114 616</b>	<b>1 233 351</b>
incl. internal transactions	34 982	19 822	( 46 045)	( 8 759)	-
<b>Dividend income</b>	-	-	-	<b>57 514</b>	<b>57 514</b>
<b>Operating costs</b>	<b>( 948 703)</b>	<b>( 127 363)</b>	<b>( 122 989)</b>	<b>( 47 490)</b>	<b>( 1 246 545)</b>
incl. internal transactions	( 1 869)	( 3 889)	( 3 257)	9 015	-
<b>Depreciation/amortisation</b>	<b>( 80 443)</b>	<b>( 10 834)</b>	<b>( 8 758)</b>	<b>( 4 349)</b>	<b>( 104 384)</b>
<b>Impairment losses on loans and advances</b>	<b>( 140 468)</b>	<b>( 205 906)</b>	<b>( 121)</b>	<b>5 133</b>	<b>( 341 362)</b>
<b>Share in net profits (loss) of entities accounted for by the equity method</b>	<b>9 864</b>	-	<b>689</b>	<b>1 637</b>	<b>12 190</b>
<b>Profit before tax</b>	<b>813 591</b>	<b>165 698</b>	<b>137 464</b>	<b>203 271</b>	<b>1 320 024</b>
Corporate income tax					( 267 148)
Non-controlling interests					( 23 548)
<b>Profit for the period</b>					<b>1 029 328</b>

01.07.2012-30.09.2012	Retail Banking	Business and Corporate Banking	Global Banking and Markets	ALM and Centre	Total
<b>Net interest income</b>	<b>400 265</b>	<b>129 419</b>	<b>26 649</b>	<b>24 161</b>	<b>580 494</b>
incl. internal transactions	3 469	( 35 230)	10 022	21 739	-
<b>Other income</b>	<b>280 351</b>	<b>30 137</b>	<b>66 961</b>	<b>30 566</b>	<b>408 015</b>
incl. internal transactions	11 294	5 605	( 14 080)	( 2 819)	-
<b>Dividend income</b>	-	-	-	<b>3 795</b>	<b>3 795</b>
<b>Operating costs</b>	<b>( 312 886)</b>	<b>( 41 735)</b>	<b>( 41 760)</b>	<b>( 15 957)</b>	<b>( 412 338)</b>
incl. internal transactions	( 720)	( 1 292)	( 1 105)	3 117	-
<b>Depreciation/amortisation</b>	<b>( 26 732)</b>	<b>( 3 493)</b>	<b>( 2 365)</b>	<b>( 1 512)</b>	<b>( 34 102)</b>
<b>Impairment losses on loans and advances</b>	<b>( 86 187)</b>	<b>( 36 623)</b>	<b>( 75)</b>	<b>2 355</b>	<b>( 120 530)</b>
<b>Share in net profits (loss) of entities accounted for by the equity method</b>	<b>5 257</b>	-	<b>199</b>	<b>498</b>	<b>5 954</b>
<b>Profit before tax</b>	<b>260 068</b>	<b>77 705</b>	<b>49 609</b>	<b>43 906</b>	<b>431 288</b>
Corporate income tax					( 88 519)
Non-controlling interests					( 8 031)
<b>Profit for the period</b>					<b>334 738</b>

**Consolidated statement of financial position (by business segment)**

30.09.2012	Retail Banking	Business and Corporate Banking	Global Banking and Markets	ALM and Centre	Total
Loans and advances to customers	19 986 392	17 454 636	2 387 622	100 197	39 928 847
Investments in associates and joint ventures	52 694	-	19 366	40 101	112 161
Other assets	1 197 217	460 577	1 986 095	16 187 180	19 831 069
<b>Total assets</b>	<b>21 236 303</b>	<b>17 915 213</b>	<b>4 393 083</b>	<b>16 327 478</b>	<b>59 872 077</b>
Deposits from customers	34 584 327	9 580 319	2 233 145	-	46 397 791
Other liabilities and equity	3 073 024	4 274 181	1 827 433	4 299 648	13 474 286
<b>Total equity and liabilities</b>	<b>37 657 351</b>	<b>13 854 500</b>	<b>4 060 578</b>	<b>4 299 648</b>	<b>59 872 077</b>

**Consolidated income statement (by business segments)**

30.09.2011	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
<b>Net interest income</b>	<b>1 046 279</b>	<b>494 375</b>	<b>18 148</b>	<b>( 62 601)</b>	<b>33 131</b>	<b>1 529 332</b>
incl. internal transactions	-	( 77 206)	53 323	-	23 883	-
<b>Other income</b>	<b>688 276</b>	<b>85 889</b>	<b>222 002</b>	<b>228 980</b>	<b>67 397</b>	<b>1 292 544</b>
incl. internal transactions	104 454	38 761	( 68 919)	( 73 378)	( 918)	-
<b>Dividend income</b>	-	-	<b>67 916</b>	-	-	<b>67 916</b>
<b>Operating costs</b>	<b>( 921 307)</b>	<b>( 163 246)</b>	<b>( 113 496)</b>	<b>( 28 429)</b>	<b>( 21 464)</b>	<b>(1 247 942)</b>
incl. internal transactions	887	( 26 017)	( 5 271)	18 158	12 243	-
<b>Depreciation/amortisation</b>	<b>( 83 993)</b>	<b>( 10 567)</b>	<b>( 7 517)</b>	<b>( 2 855)</b>	<b>( 1 150)</b>	<b>( 106 082)</b>
<b>Impairment losses on loans and advances</b>	<b>( 189 141)</b>	<b>( 97 304)</b>	-	-	<b>4 987</b>	<b>( 281 458)</b>
<b>Share in net profits (loss) of entities accounted for by the equity method</b>	<b>5 543</b>	-	<b>2 087</b>	-	-	<b>7 630</b>
<b>Profit before tax</b>	<b>545 657</b>	<b>309 147</b>	<b>189 140</b>	<b>135 095</b>	<b>82 901</b>	<b>1 261 940</b>
Corporate income tax						( 239 604)
Non-controlling interests						( 36 402)
<b>Profit for the period</b>						<b>985 934</b>

01.07.2011-30.09.2011	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
<b>Net interest income</b>	<b>373 582</b>	<b>175 095</b>	<b>6 574</b>	<b>( 39 241)</b>	<b>16 219</b>	<b>532 229</b>
incl. internal transactions	-	( 29 236)	30 275	-	( 1 039)	-
<b>Other income</b>	<b>236 287</b>	<b>26 397</b>	<b>61 811</b>	<b>75 624</b>	<b>56 991</b>	<b>457 110</b>
incl. internal transactions	38 204	14 116	( 25 096)	( 26 747)	( 477)	-
<b>Dividend income</b>	-	-	<b>447</b>	-	-	<b>447</b>
<b>Operating costs</b>	<b>( 294 645)</b>	<b>( 54 933)</b>	<b>( 41 921)</b>	<b>( 7 820)</b>	<b>( 11 218)</b>	<b>( 410 537)</b>
incl. internal transactions	( 370)	( 8 478)	( 2 034)	6 122	4 760	-
<b>Depreciation/amortisation</b>	<b>( 26 323)</b>	<b>( 3 464)</b>	<b>( 2 551)</b>	<b>( 1 127)</b>	<b>( 1 001)</b>	<b>( 34 466)</b>
<b>Impairment losses on loans and advances</b>	<b>( 60 515)</b>	<b>( 49 003)</b>	-	-	<b>1 664</b>	<b>( 107 854)</b>
<b>Share in net profits (loss) of entities accounted for by the equity method</b>	<b>2 239</b>	-	<b>494</b>	-	-	<b>2 733</b>
<b>Profit before tax</b>	<b>230 625</b>	<b>94 092</b>	<b>24 854</b>	<b>27 436</b>	<b>62 655</b>	<b>439 662</b>
Corporate income tax						( 88 806)
Non-controlling interests						( 5 999)
<b>Profit for the period</b>						<b>344 857</b>

**Consolidated statement of financial position (by business segment)**

30.09.2011	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
Loans and advances to customers	17 550 483	18 736 194	73 585	9 499	6 200	36 375 961
Investments in associates and joint ventures	40 207	-	60 831	-	-	101 038
Other assets	6 700 107	4 504 810	1 131 246	8 411 199	1 510 883	22 258 245
<b>Total assets</b>	<b>24 290 797</b>	<b>23 241 004</b>	<b>1 265 662</b>	<b>8 420 698</b>	<b>1 517 083</b>	<b>58 735 244</b>
Deposits from customers	33 201 691	9 880 027	623 132	64 185	-	43 769 035
Other liabilities and equity	2 501 691	4 595 652	345 868	5 455 433	2 067 565	14 966 209
<b>Total equity and liabilities</b>	<b>35 703 382</b>	<b>14 475 679</b>	<b>969 000</b>	<b>5 519 618</b>	<b>2 067 565</b>	<b>58 735 244</b>



## 4. Net interest income

	01.07.2012- 30.09.2012	01.01.2012- 30.09.2012	01.07.2011- 30.09.2011	01.01.2011- 30.09.2011
<b>Interest income</b>				
Loans and advances to enterprises	375 071	1 116 451	347 150	935 195
Loans and advances to individuals, of which:	317 375	887 289	273 013	775 431
<i>Home mortgage loans</i>	108 218	312 519	95 502	262 588
Debt securities incl.:	162 540	516 569	177 392	568 513
<i>Investment portfolio available for sale</i>	132 382	417 067	86 081	261 944
<i>Trading portfolio</i>	30 158	99 502	24 909	84 469
<i>Investment portfolio held to maturity</i>	-	-	66 402	222 100
Leasing agreements	43 849	131 418	46 081	131 607
Loans and advances to banks	23 911	66 926	20 693	55 577
Public sector	6 157	17 957	6 187	15 549
Reverse repo transactions	4 171	8 457	2 309	4 584
Interest recorded on hedging IRS	50 417	128 455	4 274	11 556
<b>Total</b>	<b>983 491</b>	<b>2 873 522</b>	<b>877 099</b>	<b>2 498 012</b>
	01.07.2012- 30.09.2012	01.01.2012- 30.09.2012	01.07.2011- 30.09.2011	01.01.2011- 30.09.2011
<b>Interest expenses</b>				
Deposits from individuals	( 237 178)	( 661 439)	( 183 487)	( 526 413)
Deposits from enterprises	( 110 021)	( 330 000)	( 95 459)	( 260 990)
Repo transactions	( 21 443)	( 74 311)	( 37 950)	( 103 288)
Deposits from public sector	( 23 949)	( 65 250)	( 16 948)	( 43 604)
Deposits from banks	( 5 587)	( 17 312)	( 5 313)	( 18 622)
Subordinated liabilities	( 4 819)	( 15 950)	( 5 713)	( 15 763)
<b>Total</b>	<b>( 402 997)</b>	<b>( 1 164 262)</b>	<b>( 344 870)</b>	<b>( 968 680)</b>
<b>Net interest income</b>	<b>580 494</b>	<b>1 709 260</b>	<b>532 229</b>	<b>1 529 332</b>



## 5. Net fee and commission income

Fee and commission income	01.07.2012- 30.09.2012	01.01.2012- 30.09.2012	01.07.2011- 30.09.2011	01.01.2011- 30.09.2011
eBusiness & payments	113 478	325 761	100 327	287 622
Current accounts and money transfer	60 283	181 188	61 158	184 217
Asset management fees	54 577	165 041	62 669	217 257
Foreign exchange commissions	62 363	175 611	59 250	163 682
Credit commissions	35 946	101 622	29 017	81 468
Insurance commissions	26 145	83 323	16 525	51 652
Brokerage commissions	21 409	64 149	32 129	103 104
Credit cards	18 289	54 204	16 083	46 326
Off-balance sheet guarantee commissions	3 611	10 337	3 180	9 576
Finance lease commissions	1 377	3 695	1 024	2 970
Issue arrangement fees	654	2 376	4 346	12 361
Distribution fees	985	2 870	3 865	11 301
Other commissions	1 465	3 418	887	3 173
<b>Total</b>	<b>400 582</b>	<b>1 173 595</b>	<b>390 460</b>	<b>1 174 709</b>
Fee and commission expenses	01.07.2012- 30.09.2012	01.01.2012- 30.09.2012	01.07.2011- 30.09.2011	01.01.2011- 30.09.2011
eBusiness & payments	( 24 230)	( 68 358)	( 20 724)	( 55 229)
Distribution fees	( 7 856)	( 23 143)	( 8 356)	( 28 721)
Brokerage commissions	( 4 735)	( 14 822)	( 7 067)	( 22 178)
Credit cards	( 2 543)	( 7 439)	( 1 769)	( 5 172)
Asset management fees and other costs	( 1 772)	( 5 739)	( 1 917)	( 6 499)
Finance lease commissions	( 2 317)	( 6 523)	( 1 703)	( 5 304)
Commissions paid to credit agents	( 565)	( 6 508)	( 2 646)	( 8 609)
Other	( 7 649)	( 20 714)	( 6 013)	( 15 350)
<b>Total</b>	<b>( 51 667)</b>	<b>( 153 246)</b>	<b>( 50 195)</b>	<b>( 147 062)</b>
<b>Net fee and commission income</b>	<b>348 915</b>	<b>1 020 349</b>	<b>340 265</b>	<b>1 027 647</b>

## 6. Net trading income and revaluation

Net trading income and revaluation	01.07.2012- 30.09.2012	01.01.2012- 30.09.2012	01.07.2011- 30.09.2011	01.01.2011- 30.09.2011
Profit on interbank FX transactions	32 567	83 971	18 806	60 090
Profit/(loss) on derivative instruments	( 11 562)	18 645	78 650	128 741
Other FX related income	10 073	19 153	7 761	22 193
Profit on market maker activity	19	2 261	1 555	4 593
Profit on equity instruments	-	433	-	-
Profit on debt instruments	72	811	758	1 833
<b>Total</b>	<b>31 169</b>	<b>125 274</b>	<b>107 530</b>	<b>217 450</b>

Net trading income and revaluation includes the write-back of adjustments of derivatives resulting from counterparty risk in the amount of PLN 3 677 k for 1-3Q 2012, PLN -1 589 k for 3Q 2012, PLN 13 173 k for 1-3Q 2011 and PLN 1 887 k for 3Q 2011.

## 7. Gains (losses) from other financial securities

Gains (losses) from other financial securities	01.07.2012- 30.09.2012	01.01.2012- 30.09.2012	01.07.2011- 30.09.2011	01.01.2011- 30.09.2011
Profit on sale of equity shares	3 702	4 531	88	189
Profit on sale of debt securities	17 462	42 830	712	5 990
<b>Total profit (losses) on financial instruments</b>	<b>21 164</b>	<b>47 361</b>	<b>800</b>	<b>6 179</b>
Change in fair value of hedging instruments	( 3 392)	( 4 114)	( 190)	1 976
Change in fair value of underlying hedged positions	3 660	5 219	895	( 1 365)
<b>Total profit (losses) on hedging and hedged instruments</b>	<b>268</b>	<b>1 105</b>	<b>705</b>	<b>611</b>
<b>Total</b>	<b>21 432</b>	<b>48 466</b>	<b>1 505</b>	<b>6 790</b>

## 8. Impairment losses on loans and advances

Impairment losses on loans and advances	01.07.2012- 30.09.2012	01.01.2012- 30.09.2012	01.07.2011- 30.09.2011	01.01.2011- 30.09.2011
Collective and individual impairment charge	( 112 635)	( 364 349)	( 93 812)	( 272 362)
Incurred but not reported losses charge	( 11 246)	11 369	( 15 599)	( 14 087)
Recoveries of loans previously written off	2 773	5 753	1 756	5 435
Off-balance sheet credit related facilities	578	5 865	( 199)	( 444)
<b>Total</b>	<b>( 120 530)</b>	<b>( 341 362)</b>	<b>( 107 854)</b>	<b>( 281 458)</b>

## 9. Employee costs

Employee costs	01.07.2012- 30.09.2012	01.01.2012- 30.09.2012	01.07.2011- 30.09.2011	01.01.2011- 30.09.2011
Salaries and bonuses	( 194 808)	( 583 791)	( 200 658)	( 596 054)
Salary related costs	( 30 000)	( 96 470)	( 27 332)	( 91 332)
Staff benefits costs	( 4 924)	( 15 060)	( 5 573)	( 15 183)
Professional trainings	( 2 527)	( 11 157)	( 2 304)	( 11 216)
Retirement fund, holiday provisions and other employee costs	( 282)	( 2 045)	( 514)	( 2 655)
<b>Total</b>	<b>( 232 541)</b>	<b>( 708 523)</b>	<b>( 236 381)</b>	<b>( 716 440)</b>



## 10. General and administrative expenses

General and administrative expenses	01.07.2012- 30.09.2012	01.01.2012- 30.09.2012	01.07.2011- 30.09.2011	01.01.2011- 30.09.2011
Maintenance and rentals of premises	( 54 382)	( 167 590)	( 50 977)	( 157 716)
Marketing and representation	( 18 158)	( 60 252)	( 17 323)	( 62 585)
IT systems costs	( 25 016)	( 70 933)	( 21 618)	( 65 015)
Bank Guarantee Fund, Polish Financial Supervision Authority and National Depository for Securities	( 10 329)	( 38 358)	( 8 979)	( 33 368)
Postal and telecommunication costs	( 11 484)	( 33 489)	( 11 094)	( 36 509)
Consulting fees	( 16 144)	( 33 915)	( 6 629)	( 23 069)
Cars, transport expenses, carriage of cash	( 9 289)	( 26 466)	( 9 134)	( 25 284)
Other external services	( 8 220)	( 23 532)	( 8 262)	( 25 587)
Stationery, cards, cheques etc.	( 4 483)	( 14 640)	( 4 387)	( 13 054)
Sundry taxes	( 4 835)	( 13 768)	( 4 318)	( 13 982)
Data transmission	( 3 125)	( 10 660)	( 3 832)	( 11 656)
KIR, SWIFT settlements	( 3 077)	( 9 201)	( 2 715)	( 8 946)
Security costs	( 2 719)	( 8 202)	( 3 080)	( 10 400)
Costs of repairs	( 1 205)	( 3 248)	( 1 054)	( 3 479)
Other	( 2 982)	( 8 956)	( 2 945)	( 9 542)
<b>Total</b>	<b>( 175 448)</b>	<b>( 523 210)</b>	<b>( 156 347)</b>	<b>( 500 192)</b>

## 11. Corporate income tax

Corporate income tax	01.07.2012- 30.09.2012	01.01.2012- 30.09.2012	01.07.2011- 30.09.2011	01.01.2011- 30.09.2011
Current tax charge	( 139 371)	( 326 936)	( 72 481)	( 226 976)
Deferred tax	50 852	59 788	( 16 325)	( 12 628)
<b>Total</b>	<b>( 88 519)</b>	<b>( 267 148)</b>	<b>( 88 806)</b>	<b>( 239 604)</b>

Corporate total tax charge information	01.07.2012- 30.09.2012	01.01.2012- 30.09.2012	01.07.2011- 30.09.2011	01.01.2011- 30.09.2011
Profit before tax	431 288	1 320 024	439 662	1 261 940
Tax rate	19%	19%	19%	19%
Tax calculated at the tax rate	( 81 945)	( 250 805)	( 83 537)	( 239 769)
Non-deductible expenses	( 1 502)	( 6 680)	( 4 026)	( 7 057)
Sale of receivables	( 2 445)	( 10 254)	( 655)	( 2 333)
Non-taxable income (dividends)	-	10 079	25	12 583
Non-tax deductible bad debt provisions	( 1 124)	( 4 675)	( 909)	( 3 082)
Other	( 1 503)	( 4 813)	296	54
<b>Total income tax expense</b>	<b>( 88 519)</b>	<b>( 267 148)</b>	<b>( 88 806)</b>	<b>( 239 604)</b>

Deferred tax recognised directly in equity	30.09.2012	31.12.2011	30.09.2011
The amount of deferred tax recognised directly in equity totaled:			
Relating to equity securities available-for-sale	( 94 681)	( 94 743)	( 99 077)
Relating to debt securities available-for-sale	( 65 659)	( 20 965)	( 8 313)
Relating to cash flow hedging activity	( 7 134)	( 12 183)	( 11 648)
<b>Total</b>	<b>( 167 474)</b>	<b>( 127 891)</b>	<b>( 119 038)</b>

## 12. Cash and balances with central banks

Cash and balances with central banks	30.09.2012	31.12.2011	30.09.2011
Cash	842 606	932 600	903 815
Current accounts in central banks	1 714 949	290 908	2 231 524
Term deposits	49 013	202 033	-
<b>Total</b>	<b>2 606 568</b>	<b>1 425 541</b>	<b>3 135 339</b>

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 30.09.2012 the rate was 3.5%, as at 31.12.2011 – 3.5%, as at 30.09.2011 – 3.5%. In accordance with the applicable regulations, the amount of the calculated provision is reduced by the PLN equivalent of EUR 500 k.

## 13. Loans and advances to banks

Loans and advances to banks	30.09.2012	31.12.2011	30.09.2011
Loans and advances	1 036 949	428 823	347 297
Current accounts, other	486 014	775 349	932 549
Buy-sell-back transaction	99 343	-	386 720
<b>Gross receivables</b>	<b>1 622 306</b>	<b>1 204 172</b>	<b>1 666 566</b>
Impairment write down	( 17)	-	-
<b>Total</b>	<b>1 622 289</b>	<b>1 204 172</b>	<b>1 666 566</b>



## 14. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading	30.09.2012		31.12.2011		30.09.2011	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
<b>Trading derivatives</b>	<b>680 239</b>	<b>679 640</b>	<b>700 252</b>	<b>872 544</b>	<b>730 092</b>	<b>1 533 849</b>
<b>Interest rate operations</b>	<b>285 640</b>	<b>283 426</b>	<b>314 053</b>	<b>308 585</b>	<b>285 178</b>	<b>289 933</b>
Options	760	760	132	132	169	169
IRS	280 317	275 764	304 421	300 206	271 378	276 933
FRA	4 563	6 902	9 500	8 247	13 631	12 831
<b>FX operations</b>	<b>394 599</b>	<b>396 214</b>	<b>386 199</b>	<b>563 959</b>	<b>444 914</b>	<b>1 243 916</b>
CIRS	52 314	140 453	42 149	120 636	55 784	604 430
Forward	31 317	28 316	97 509	32 182	117 981	42 619
FX Swap	256 080	173 317	150 924	316 003	168 359	494 738
Spot	1 659	899	2 015	1 536	5 025	4 364
Options	53 229	53 229	93 602	93 602	97 765	97 765
<b>Debt and equity securities</b>	<b>1 095 270</b>	<b>-</b>	<b>5 135 791</b>	<b>-</b>	<b>3 645 867</b>	<b>-</b>
<b>Debt securities</b>	<b>1 005 853</b>	<b>-</b>	<b>5 082 985</b>	<b>-</b>	<b>3 620 494</b>	<b>-</b>
Government securities:	52 883	-	431 084	-	119 422	-
- bonds	52 883	-	431 084	-	119 422	-
Central Bank securities:	949 499	-	4 647 956	-	3 497 375	-
- bills	949 499	-	4 647 956	-	3 497 375	-
Other securities:	3 471	-	3 945	-	3 697	-
- bonds	3 471	-	3 945	-	3 697	-
<b>Equity securities:</b>	<b>89 417</b>	<b>-</b>	<b>52 806</b>	<b>-</b>	<b>25 373</b>	<b>-</b>
- listed	89 417	-	52 806	-	25 373	-
<b>Short sale</b>	<b>-</b>	<b>125 371</b>	<b>-</b>	<b>59 173</b>	<b>-</b>	<b>-</b>
<b>Total financial assets/liabilities</b>	<b>1 775 509</b>	<b>805 011</b>	<b>5 836 043</b>	<b>931 717</b>	<b>4 375 959</b>	<b>1 533 849</b>

Financial assets and liabilities held for trading - trading derivatives include value adjustments resulting from counterparty risk in the amount of PLN (20) k as at 30.09.2012, PLN (396) k as at 31.12.2011 and PLN (786) k as at 30.09.2011.

## 15. Loans and advances to customers

Loans and advances to customers	30.09.2012	31.12.2011	30.09.2011
Loans and advances to enterprises	25 380 760	24 262 182	22 908 344
Loans and advances to individuals, of which:	13 414 811	12 572 576	12 581 787
<i>Home mortgage loans</i>	7 951 693	7 605 063	7 532 402
Finance lease receivables	2 330 613	2 335 543	2 361 745
Loans and advances to public sector	197 774	259 057	162 891
Buy-sell-back transaction	100	100	100
Other	13 240	2 960	5 272
<b>Gross receivables</b>	<b>41 337 298</b>	<b>39 432 418</b>	<b>38 020 139</b>
Impairment write down	(1 408 451)	(1 415 245)	(1 644 178)
<b>Total</b>	<b>39 928 847</b>	<b>38 017 173</b>	<b>36 375 961</b>

Movements on impairment losses on loans and advances to customers	30.09.2012	31.12.2011	30.09.2011
<b>Individual and collective impairment</b>			
As at the beginning of the period	(1 069 296)	(1 069 646)	(1 069 646)
Charge/write back of current period	( 364 349)	( 371 079)	( 272 362)
Write off/Sale of receivables	354 256	352 347	47 826
Transfer	9 852	24 829	11 077
F/X differences	2 948	( 5 747)	( 5 773)
<b>Balance at the end of the period</b>	<b>(1 066 589)</b>	<b>(1 069 296)</b>	<b>(1 288 878)</b>
<b>IBNR</b>			
As at the beginning of the period	( 345 949)	( 337 975)	( 337 975)
Charge/write back of current period	11 386	( 4 713)	( 14 087)
Transfer	( 9 824)	27	27
F/X differences	2 525	( 3 288)	( 3 265)
<b>Balance at the end of the period</b>	<b>( 341 862)</b>	<b>( 345 949)</b>	<b>( 355 300)</b>
<b>Impairment write down</b>	<b>(1 408 451)</b>	<b>(1 415 245)</b>	<b>(1 644 178)</b>

## 16. Investment securities available for sale

Investment securities available for sale	30.09.2012	31.12.2011	30.09.2011
<b>Available for sale investments - measured at fair value</b>			
<b>Debt securities</b>	<b>11 630 457</b>	<b>10 971 561</b>	<b>6 180 000</b>
Government securities:	8 526 128	10 893 773	6 098 799
- bonds	8 526 128	10 893 773	6 098 799
Central Bank securities:	1 899 077	-	-
- bills	1 899 077	-	-
Commercial securities:	1 205 252	77 788	81 201
-bonds	1 205 252	77 788	81 201
<b>Equity securities</b>	<b>627 676</b>	<b>629 194</b>	<b>651 410</b>
- listed	14 031	19 475	23 253
- unlisted	613 645	609 719	628 157
<b>Investment certificates</b>	<b>45 171</b>	<b>51 440</b>	<b>52 087</b>
<b>Total</b>	<b>12 303 304</b>	<b>11 652 195</b>	<b>6 883 497</b>

On the last business day of 2011, Bank Zachodni WBK changed its intention regarding a portfolio of government bonds, which so far had been classified as 'held-to-maturity,' and 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 change pertained to financial instruments of a total carrying value of PLN 4 696 542 k, of which PLN 69 132 k was a recognised fair value. The same amount of fair value less the deferred tax was referred to the equity of the Group.

## 17. Financial assets held to maturity

Financial assets held to maturity	30.09.2012	31.12.2011	30.09.2011
<b>Government securities:</b>	-	-	4 658 636
- bonds	-	-	4 658 636
<b>Total</b>	-	-	<b>4 658 636</b>

On the last business day of 2011, Bank Zachodni WBK changed its intention regarding a portfolio of government bonds, which so far had been classified as 'held-to-maturity,' and 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 change pertained to financial instruments of a total carrying value of PLN 4 696 542 k, of which PLN 69 132 k was a recognised fair value. The same amount of fair value less the deferred tax was referred to the equity of the Group.

## 18. Investments in associates and joint ventures

Movements on investments in associates and joint ventures	30.09.2012	31.12.2011	30.09.2011
<b>Balance at 1 January</b>	<b>104 512</b>	<b>87 360</b>	<b>87 360</b>
Share of profits/(losses)	12 190	11 104	7 630
Sale/acquisition	( 4 541)	5 018	5 018
Transfer	-	4 050	4 050
Dividend	-	( 3 020)	( 3 020)
<b>Balance at the end of the period</b>	<b>112 161</b>	<b>104 512</b>	<b>101 038</b>

Balance sheet value of associates and joint ventures	30.09.2012	31.12.2011	30.09.2011
Polfund - Fundusz Poręczeń Kredytowych S.A.	40 101	38 464	38 382
BZ WBK - Aviva Towarzystwo Ubezpieczeń Ogólnych S.A.	27 999	22 728	21 249
BZ WBK - Aviva Towarzystwo Ubezpieczeń na Życie S.A.	24 695	20 102	18 958
Krynicky Recykling S.A.	14 854	14 356	14 283
Metrohouse & Partnerzy S.A.	4 512	4 297	4 123
Holicon Group S.A.	-	4 565	4 043
<b>Total</b>	<b>112 161</b>	<b>104 512</b>	<b>101 038</b>



## 19. Net deferred tax assets

Deferred tax asset	30.09.2012	31.12.2011	30.09.2011
Provisions for loans	206 586	200 098	244 005
Unrealized liabilities due to derivatives	100 016	89 177	85 873
Other provisions which are not yet taxable costs	54 655	64 496	55 935
Deferred income	96 122	88 562	84 312
Difference between balance sheet and taxable value of leasing portfolio	68 024	63 624	60 040
Unrealised interest on credits, loans and securities	87 912	42 063	52 367
Depreciation, amortisation - effects of a change in estimate	14 664	14 560	-
Unrealised FX translation differences from b/s valuation of receivables and liabilities	314	441	-
Other	2 816	588	708
<b>Total</b>	<b>631 109</b>	<b>563 609</b>	<b>583 240</b>
Deferred tax liability	30.09.2012	31.12.2011	30.09.2011
Revaluation of financial instruments available for sale	( 160 340)	( 116 092)	( 107 776)
Unrealised receivables on derivatives	( 99 982)	( 99 118)	( 94 617)
Unrealised interests from loans, securities and interbank deposits	( 77 248)	( 70 225)	( 69 692)
Provision due to application of investment relief	( 3 119)	( 3 269)	( 3 301)
Unrealised FX translation differences from b/s valuation of receivables and liabilities	( 4 176)	( 5 687)	( 4 444)
Cash flow hedges valuation	( 7 134)	( 12 183)	( 11 648)
Other	( 13 886)	( 12 016)	( 12 709)
<b>Total</b>	<b>(365 885)</b>	<b>(318 590)</b>	<b>(304 187)</b>
<b>Net deferred tax assets</b>	<b>265 224</b>	<b>245 019</b>	<b>279 053</b>

As at 30 September 2012 the calculation of deferred tax asset did not include purchased receivables of PLN 14 715 k and loans that will not be realised of PLN 60 756 k.

As at 31 December 2011 the calculation of deferred tax asset did not include purchased receivables of PLN 14 757 k and loans that will not be realised of PLN 62 345 k.

As at 30 September 2011 the calculation of deferred tax asset did not include purchased receivables of PLN 14 747 k and loans that will not be realised of PLN 73 995 k.

## 20. Assets classified as held for sale

Assets classified as held for sale	30.09.2012	31.12.2011	30.09.2011
Land and buildings	82 511	82 511	44 507
Equipment	93	93	93
<b>Total</b>	<b>82 604</b>	<b>82 604</b>	<b>44 600</b>

## 21. Deposits from banks

Deposits from banks	30.09.2012	31.12.2011	30.09.2011
Repo/sell-buy-back transactions	1 315 710	2 240 824	4 217 707
Term deposits	885 183	12 495	468 833
Loans from other banks	69 970	143 572	179 323
Current accounts	247 897	108 179	81 041
<b>Total</b>	<b>2 518 760</b>	<b>2 505 070</b>	<b>4 946 904</b>



## 22. Deposits from customers

Deposits from customers	30.09.2012	31.12.2011	30.09.2011
<b>Deposits from individuals</b>	<b>28 543 407</b>	<b>27 111 339</b>	<b>26 171 356</b>
Term deposits	15 992 371	14 822 913	13 866 079
Current accounts	12 517 512	12 254 430	12 265 987
Other	33 524	33 996	39 290
<b>Deposits from enterprises</b>	<b>15 228 158</b>	<b>17 881 182</b>	<b>15 476 048</b>
Term deposits	9 096 236	11 786 350	9 254 304
Current accounts	4 779 599	4 702 194	4 718 167
Credits	986 868	1 047 963	1 045 327
Other	365 455	344 675	458 250
<b>Deposits from public sector</b>	<b>2 626 226</b>	<b>1 836 961</b>	<b>2 121 631</b>
Term deposits	1 216 163	806 083	1 039 524
Current accounts	1 408 249	1 028 988	1 080 218
Other	1 814	1 890	1 889
<b>Total</b>	<b>46 397 791</b>	<b>46 829 482</b>	<b>43 769 035</b>

## 23. Subordinated liabilities

Subordinated liabilities	Nominal value	Currency	Redemption date	As at the end of the period
Subordinated liabilities	100 000	EUR	05.08.2020	411 254
<b>As at 30 September 2012</b>				<b>411 254</b>

Movements in Subordinated Liabilities	30.09.2012	31.12.2011	30.09.2011
<b>As at the beginning of the period</b>	<b>441 234</b>	<b>395 230</b>	<b>395 230</b>
<b>Increase (due to):</b>	<b>15 950</b>	<b>69 003</b>	<b>62 278</b>
- interest on subordinated loan	15 950	21 921	15 763
- FX differences	-	47 082	46 515
<b>Decrease (due to):</b>	<b>( 45 930)</b>	<b>( 22 999)</b>	<b>( 16 923)</b>
- interest repayment	( 15 300)	( 22 999)	( 16 923)
- FX differences	( 30 630)	-	-
<b>Subordinated liabilities - as at the end of the period</b>	<b>411 254</b>	<b>441 234</b>	<b>440 585</b>
Short-term	3 987	3 971	3 876
Long-term (over 1 year)	407 267	437 263	436 709

## 24. Other liabilities

Other liabilities	30.09.2012	31.12.2011	30.09.2011
Settlements of stock exchange transactions	56 204	39 760	63 285
Interbank and interbranch settlements	277 804	369 125	178 501
Provisions:	197 738	252 387	197 302
Employee provisions	158 970	206 274	160 866
Provisions for legal claims	16 131	17 590	18 749
Provisions for off balance sheet credit facilities	15 337	21 223	17 687
Other	7 300	7 300	-
Sundry creditors	138 217	182 849	102 572
Other deferred and suspended income	116 070	119 791	114 191
Public and law settlements	48 890	36 769	40 442
Accrued liabilities	77 246	56 244	58 967
Financial lease related settlements	20 660	25 267	21 114
Other	533	263	65
<b>Total</b>	<b>933 362</b>	<b>1 082 455</b>	<b>776 439</b>

Change in provisions	30.09.2012	31.12.2011	30.09.2011
<b>As at the beginning of the period</b>	<b>252 387</b>	<b>247 275</b>	<b>247 275</b>
Employee provisions	206 274	212 540	212 540
Provisions for legal claims	17 590	17 518	17 518
Provisions for off balance sheet credit facilities	21 223	17 217	17 217
Other	7 300	-	-
<b>Provision charge</b>	<b>155 342</b>	<b>236 446</b>	<b>150 364</b>
Employee provisions	125 910	192 818	126 439
Provisions for legal claims	473	1 836	1 509
Provisions for off balance sheet credit facilities	28 959	34 492	22 416
Other	-	7 300	-
<b>Utilization</b>	<b>( 173 690)</b>	<b>( 188 610)</b>	<b>( 168 708)</b>
Employee provisions	( 172 278)	( 187 496)	( 168 652)
Provisions for legal claims	( 1 391)	( 1 165)	( 82)
Provisions for off balance sheet credit facilities	( 21)	51	26
Other	-	-	-
<b>Write back</b>	<b>( 36 301)</b>	<b>( 42 724)</b>	<b>( 31 629)</b>
Employee provisions	( 936)	( 11 588)	( 9 461)
Provisions for legal claims	( 541)	( 599)	( 196)
Provisions for off balance sheet credit facilities	( 34 824)	( 30 537)	( 21 972)
Other	-	-	-
<b>Balance at the end of the period</b>	<b>197 738</b>	<b>252 387</b>	<b>197 302</b>
<b>Employee provisions</b>	<b>158 970</b>	<b>206 274</b>	<b>160 866</b>
<b>Provisions for legal claims</b>	<b>16 131</b>	<b>17 590</b>	<b>18 749</b>
<b>Provisions for off balance sheet credit facilities</b>	<b>15 337</b>	<b>21 223</b>	<b>17 687</b>
<b>Other</b>	<b>7 300</b>	<b>7 300</b>	<b>-</b>



## 25. Contingent liabilities

### Significant court proceedings

As at 30.09.2012 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 205 921 k, which is ca 2.45 % of the Group's equity. This amount includes PLN 108 632 k claimed by the Group, PLN 79 794 k in claims against the Group and PLN 17 495 k of the Group's receivables due to bankruptcy or arrangement cases.

As at 30.09.2012 the amount of significant court proceedings which had been completed amounted to PLN 137 203 k.

As at 30.09.2011 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 240 776 k, which is ca 3.33 % of the Group's equity. This amount includes PLN 99 147 k claimed by the Group, PLN 131 460 k in claims against the Group and PLN 10 169 k of the Group's receivables due to bankruptcy or arrangement cases.

As at 30.09.2011 the amount of court proceedings which had been completed amounted to PLN 24 736 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	30.09.2012	31.12.2011	30.09.2011
<b>Liabilities sanctioned</b>			
- financial	<b>10 465 934</b>	<b>8 129 987</b>	<b>7 472 304</b>
- credit lines	9 275 599	7 006 625	6 432 533
- credit cards debits	1 082 058	970 702	930 661
- import letters of credit	108 277	152 165	109 110
- term deposits with future commencement term	-	495	-
- guarantees	<b>1 524 063</b>	<b>1 473 722</b>	<b>1 229 876</b>
<b>Total</b>	<b>11 989 997</b>	<b>9 603 709</b>	<b>8 702 180</b>

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

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

Derivatives' nominal values	30.09.2012	31.12.2011	30.09.2011
<b>1. Term derivatives (hedging)</b>	<b>10 816 799</b>	<b>10 702 996</b>	<b>2 687 842</b>
a) Single-currency interest rate swaps	185 000	341 696	374 997
b) Macro cash flow hedge -purchased (IRS)	2 219 925	2 269 914	2 312 845
c) Macro cash flow hedge -purchased (CIRS)	4 089 173	3 768 628	-
d) Macro cash flow hedge -sold (CIRS)	4 322 701	4 322 758	-
<b>2. Term derivatives (trading)</b>	<b>85 586 587</b>	<b>82 393 349</b>	<b>100 147 930</b>
a) Interest rate operations	41 202 393	49 413 206	57 064 072
Single-currency interest rate swaps	31 083 043	31 449 423	31 599 977
FRA - purchased amounts	9 650 000	17 900 000	25 400 000
Options	469 350	63 783	64 095
b) FX operations	44 384 194	32 980 143	43 083 858
FX swap – purchased amounts	14 179 117	11 006 569	12 348 104
FX swap – sold amounts	14 081 167	11 127 200	12 633 535
Forward- purchased amounts	1 860 129	2 088 999	2 138 646
Forward- sold amounts	1 865 821	2 041 784	2 077 529
Cross-currency interest rate swaps – purchased amounts	3 832 824	1 194 669	4 813 631
Cross-currency interest rate swaps – sold amounts	3 913 162	1 273 094	5 430 097
FX options -purchased	2 325 987	2 123 914	1 821 158
FX options -sold	2 325 987	2 123 914	1 821 158
<b>3. Currency transactions- spot</b>	<b>2 238 660</b>	<b>2 343 838</b>	<b>4 601 011</b>
Spot-purchased	1 119 710	1 172 159	2 300 836
Spot-sold	1 118 950	1 171 679	2 300 175
<b>4. Transactions on equity instruments</b>	<b>88 298</b>	<b>47 369</b>	<b>11 924</b>
Futures - sold	88 046	47 369	11 924
Futures - purchased	252	-	-
<b>Total</b>	<b>98 730 344</b>	<b>91 164 794</b>	<b>107 448 707</b>

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

## 27. Basis of FX conversion

As at 30.09.2012, FX denominated balance sheet positions were converted into PLN in line with the NBP FX table no. 189/A/NBP/2012 dd. 28.09.2012.

## 28. 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 BZ WBK Annual General Meeting as at the publication date of the condensed interim consolidated report for 3Q 2012 /25.10.2012/ is Banco Santander S.A.

Shareholder	Number of shares held		% in the share capital		Number of votes at AGM		Voting power at AGM	
	25.10.2012	26.07.2012	25.10.2012	26.07.2012	25.10.2012	26.07.2012	25.10.2012	26.07.2012
Banco Santander S.A.	70 334 512	70 334 512	94,23%	96,25%	70 334 512	70 334 512	70 334 512	94,23%
Other	4 303 119	2 741 501	5,77%	3,75%	4 303 119	2 741 501	4 303 119	5,77%
<b>Total</b>	<b>74 637 631</b>	<b>73 076 013</b>	<b>100%</b>	<b>100%</b>	<b>74 637 631</b>	<b>73 076 013</b>	<b>74 637 631</b>	<b>100%</b>

**Capital increase and admission of new shares to trading on the stock exchange**

- On 6 July 2012, the bank completed a private subscription of ordinary bearer shares, series I, without pre-emptive rights. The 1,561,618 shares with a nominal value of PLN 10 were fully acquired by the European Bank for Reconstruction and Development (EBRD). The issue price was PLN 212.60 per share. The subscription took place under the resolution of the Annual General Meeting of Shareholders of Bank Zachodni WBK of 10 May 2012.
- On 9 August 2012, i.e. on the day of registration of the appropriate amendments to the Bank's Statutes in the National Court Register, the share capital of Bank Zachodni WBK was increased by PLN 15,616,180 to PLN 746,376,310. The increased capital was fully paid up.
- The Management Board of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) issued Resolution no. 846/2012 of 27 August 2012 confirming admission of the ordinary series I shares to trading on the main market.
- Under § 38 section 1 and section 3 of the Warsaw Stock Exchange Regulations, the Management of the Warsaw Stock Exchange decided that the shares would be admitted to the main market effective from 30 August 2012, following registration of the shares by the National Depository of Securities and marking them with code PLBZ00000044. After the shares were registered on 30 August 2012, the total number of shares of Bank Zachodni WBK increased to 74,637,631.

**Further steps towards the merger between Bank Zachodni WBK and Kredyt Bank**

- On 16 July 2012, Bank Zachodni WBK published another notice of the prospective merger with Kredyt Bank.
- On 18 July 2012, Bank Zachodni WBK was advised that the European Commission decided to raise no objections to Kredyt Bank being taken over by Banco Santander, and effectively by Bank Zachodni WBK. The Commission decided that the planned take-over of control was in accordance with the common market principle and the European Economic Community Agreement.
- On 30 July 2012, the Extraordinary General Meeting (EGM) of Bank Zachodni WBK advised the shareholders of the key aspects of the merger plan for Bank Zachodni WBK and Kredyt Bank and presented the auditor's opinion on the respective document, as well as outlined all the material changes in assets and liabilities in the period between preparation of the merger plan and adoption of a resolution on the merger. Furthermore, the EGM resolved on the merger of Bank Zachodni WBK with Kredyt Bank, on the increase in the share capital of Bank Zachodni WBK, changes to its Statutes, dematerialisation of the series J shares and the steps taken to ensure admission of the shares to the regulated market on the Warsaw Stock Exchange.
- Measures are taken at both Bank Zachodni WBK and Kredyt Bank in preparation for a legal merger which will be completed upon the KNF's approval.

**Mechanism of the planned merger between Bank Zachodni WBK and Kredyt Bank**

- According to the plan for the merger between Bank Zachodni WBK and Kredyt Bank dated 11 May 2012, the merger will be carried out under Article 492 § 1(1) of the Commercial Companies Code, i.e. by transferring all the assets of Kredyt Bank (the acquired entity) to Bank Zachodni WBK (the acquiring entity), with a simultaneous increase in the share capital of the acquiring entity by way of issue of up to 18,907,458 ordinary bearer shares series J with a nominal value of PLN 10 each (merger shares). The shares will be distributed to all the existing shareholders of Kredyt Bank.
- As a result of the merger, Bank Zachodni WBK will acquire all the rights and obligations of Kredyt Bank, which will be dissolved (without a liquidation procedure) on the date of registration of the merger by the court relevant to the registered office of Bank Zachodni WBK, and the registration of its share capital.
- On the merger date, the shareholders of Kredyt Bank will become the shareholders of Bank Zachodni WBK. The following exchange ratio was agreed: the shareholders of Kredyt Bank will receive 6.96 merger shares for each 100 shares of Kredyt Bank.

## 29. Changes in shareholding of members of the Management and Supervisory Board

No. of Bank Zachodni WBK shares held and rights to them	As at 25.10.2012	As at 26.07.2012	Change
Members of the Supervisory Board	-	-	-
Members of the Management Board	49 627	51 310	( 1 683)

Management Board members	25.10.2012		26.07.2012	
	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
Michael McCarthy	-	4 875	-	4 875
Juan de Porras Aguirre	-	-	-	-
Piotr Partyga	-	2 855	-	2 855
Marcin Prell	2 530	3 704	2 530	3 704
Marco Antonio Silva Rojas*	-	-	-	-
Mirosław Skiba	1 575	4 282	1 575	4 282
Feliks Szyszkowski	1 755	4 449	3 438	4 449
<b>Total</b>	<b>11 057</b>	<b>38 570</b>	<b>12 740</b>	<b>38 570</b>

\* Mr Marco Antonio Silva Rojas was appointed as members of the Management Board of the Bank with effect from 3 September 2012

## 30. 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	30.09.2012	31.12.2011	30.09.2011
<b>ASSETS</b>	<b>757</b>	<b>742</b>	<b>904</b>
Loans and advances to customers	-	259	904
Other assets	757	483	-
<b>LIABILITIES</b>	<b>406 756</b>	<b>392 882</b>	<b>345 685</b>
Deposits from customers	406 593	392 418	345 685
Other liabilities	163	464	-
<b>INCOME</b>	<b>85 151</b>	<b>65 405</b>	<b>47 250</b>
Interest income	16 138	8 421	5 478
Fee and commission income	68 766	55 662	41 699
Gains (losses) from other financial securities	21	( 21)	( 281)
Other operating income	226	1 343	354
<b>EXPENSES</b>	<b>17 731</b>	<b>18 435</b>	<b>14 670</b>
Interest expense	15 391	16 080	12 914
Fee and commission expense	1 042	711	536
Operating expenses incl.:	1 298	1 644	1 220
General and administrative expenses	1 297	1 644	1 220



Transactions with:	Santander Group		
	30.09.2012	31.12.2011	30.09.2011
<b>ASSETS</b>	<b>312 188</b>	<b>117 976</b>	<b>123 676</b>
Loans and advances to banks, incl:	259 481	81 701	93 421
<i>deposits</i>	<i>185 591</i>	<i>70 557</i>	<i>85 453</i>
<i>current accounts</i>	<i>73 890</i>	<i>11 144</i>	<i>7 968</i>
Financial assets held for trading	51 356	35 230	30 255
Hedging derivatives	1 351	1 045	-
<b>LIABILITIES</b>	<b>126 710</b>	<b>46 625</b>	<b>210 014</b>
Deposits from banks incl.:	32 363	178	179 656
<i>current accounts</i>	<i>32 363</i>	-	-
<i>repo transactions</i>	-	-	<i>179 003</i>
<i>deposits</i>	-	<i>178</i>	<i>653</i>
Hedging derivatives	2 948	-	-
Financial liabilities held for trading	60 234	46 446	30 358
Deposits from customers	8 860	-	-
Other liabilities	22 305	1	-
<b>INCOME</b>	<b>14 857</b>	<b>( 22 327)</b>	<b>( 6 775)</b>
Interest income	2 206	1 010	471
Fee and commission income	207	301	146
Other operating income	402	230	102
Net trading income and revaluation	12 042	( 23 868)	( 7 494)
<b>EXPENSES</b>	<b>4 115</b>	<b>946</b>	<b>748</b>
Interest expenses	289	946	748
Operating expenses incl.:	3 826	-	-
<i>Bank's staff, operating expenses and management costs</i>	<i>3 826</i>	-	-
<b>CONTINGENT LIABILITIES</b>	<b>149 995</b>	<b>49 999</b>	<b>-</b>
Sanctioned:	149 995	49 999	-
- <i>guarantees</i>	<i>149 995</i>	<i>49 999</i>	-
<b>DERIVATIVES' NOMINAL VALUES</b>	<b>11 486 789</b>	<b>3 415 369</b>	<b>3 161 289</b>
Cross-currency interest rate swaps – purchased amounts	1 709 588	-	-
Cross-currency interest rate swaps – sold amounts	1 741 303	-	-
Single-currency interest rate swaps	1 273 876	656 927	593 151
Options	435 404	45 542	45 877
FX swap – purchased amounts	1 988 994	564 471	767 989
FX swap – sold amounts	2 088 130	572 762	783 063
FX options -purchased	1 012 378	694 939	429 488
FX options -sold	1 180 358	877 099	529 263
Spot-purchased	19 064	1 813	6 238
Spot-sold	19 014	1 816	6 220
Forward- purchased amounts	9 216	-	-
Forward- sold amounts	9 464	-	-

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

### Acquisitions and disposals of investments in subsidiaries, associates and joint ventures in Q3 2012

On 21 September 2012, the company BZ WBK Inwestycje Sp. z o.o. signed an agreement to sell all 4,050,000 shares of Holicon Group SA at PLN 1.22 per share. The total value of shares sold amounted to PLN 4,941,000.

### Acquisitions and disposals of investments in subsidiaries, associates and joint ventures in Q3 2011

In Q3 2011, BZ WBK Group made a capital contribution of PLN 5 000 k to BZ WBK-AVIVA Towarzystwo Ubezpieczeń na Życie S.A. seated in Poznań. The raised capital was registered on 26.09.2011. BZ WBK share of votes remained unchanged at 50%.



### **32. 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.

### **33. 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.

### **34. 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.

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

On the last business day of 2011, Bank Zachodni WBK changed its intention regarding a portfolio of government bonds, which so far had been classified as 'held-to-maturity,' and 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 change pertained to financial instruments of a total carrying value of PLN 4 696 542 k, of which PLN 69 132 k was a recognised fair value. The same amount of fair value less the deferred tax was referred to the equity of the Group.

### **36. Comments concerning the seasonal or cyclical character of the annual activity**

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

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

No items occurred in Q3 2012 that were unusual because of their nature, volume or occurrence.

### **38. Issues, repurchases and repayments of debt and equity securities**

#### ***Conclusion of an agreement with the European Bank for Reconstruction and Development***

- On 29 March 2012, Bank Zachodni WBK (BZ WBK) signed an investment agreement with the European Bank for Reconstruction and Development (EBRD) and Banco Santander S.A., whereby EBRD agreed to subscribe for PLN 332 m-worth of BZ WBK shares of new issue to support the planned BZ WBK - Kredyt Bank merger.
- The shares were taken up by virtue of Resolution of the Annual General Meeting of Bank Zachodni WBK dated 10 May 2012 regarding the increase of the share capital through the issue of series I shares.

- In line with the Subscription Agreement dated 6 July 2012, EBRD acquired 1,561,618 of BZ WBK shares in a private placement offer. The pre-emptive rights of the existing shareholders were waived. The issue price was PLN 212.60, which is a reference price for BZ WBK shares of PLN 226.40 determined in the Investment Agreement between Banco Santander S.A. and KBC Bank NV, without the right to dividend (recommended for 2011), and reduced by the customary discount applicable in similar private placement deals.

### **39. Dividend per share**

On 10 May 2012, 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 2011, which meant that the proposed dividend was PLN 8 per share.

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.

### **40. Information concerning issuing loan and guarantees by an issuer or its subsidiary**

By the end of September 2012 Bank Zachodni WBK and its subsidiaries had not issued any guarantees to one business unit or a subsidiary totalling a minimum of 10% of the issuer's equity.

### **41. Creation and reversal of impairment charges for financial assets, tangible fixed assets, intangible fixed assets and other assets**

As at 30.09.2012, either Bank Zachodni WBK or its subsidiaries did not create or reverse any impairment charges for financial assets, tangible fixed assets, intangible fixed assets or other assets

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

In y-t-d 2012 and y-t-d 2011, either Bank Zachodni WBK or its subsidiaries did not sell or purchase any material tangible fixed assets. Also, no material liabilities arose on account of purchase of tangible fixed assets.

### **43. Events which occurred subsequently to the end of the interim period**

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

## 44. Macroeconomic situation in Q3 2012

### Economic growth

The deceleration of economic growth that became apparent in the first half of 2012 continued into Q3. The primary reason for faltering business activity in Poland was pronounced deterioration of the global economy, particularly in the Euro zone where Q3 was most likely closed with a GDP decrease. In effect, our exporters felt a discernible fall in the number of orders placed, which had an adverse impact on the export trade figures and the industrial output. Concurrently, the uncertainty of the global financial markets and the latest update on the Euro zone crisis eroded the sentiment of the domestic entrepreneurs and consumers. The consumer confidence index fell visibly nearing the level of 2009. Strong weakening was also observed in the economic outlook index across the major sectors – as regards the construction sector, the index has plummeted to its lowest since the start of the economic transformation. The industrial output growth shrank from nearly 10% y-o-y at the end of 2011 to ca. -1% y-o-y in Q3 2012. The construction & assembly sector, that already slowed down in Q2 to ca. 2% y-o-y (from over 12% y-o-y in Q4 2011), plunged to ca. -11% y-o-y in Q3. Based on the monthly updates already released, it can be now assessed that the GDP growth fell below 2% y-o-y in Q3 2012 versus 2.4% y-o-y at the close of Q2. The deceleration of economic growth was caused by low consumption dynamics (amid the labour market stagnation and the fall of the household real income), further decrease in fixed investment growth and a cyclical fall in stock volumes maintained by companies. The growth of fixed investment dropped to 1.9% y-o-y in Q2 2012 from nearly 10% at the end of 2011, despite the great infrastructure projects ahead of the Euro Championship 2012. A dramatic fall in the construction sector that occurred in Q3 implies that the fixed investment also shrank in that period.

### Labour market

The average employment rate in the business sector was gradually falling throughout Q3 2012. Between January and September 2012, the number of salaried staff fell by 37,000 FTEs, while the same period of the previous year witnessed the creation of 14,000 new jobs. On top of that, salaries ceased to grow, falling below the inflation rate. Consequently, the real household income was decreasing throughout the third quarter. The registered unemployment rate has begun to grow again after a seasonal reduction, reaching 12.5% at the end of September. The unemployment rate devoid of the seasonal effects, according to the methodology of the Labour Force Survey, also recorded a slight increase at the end of Q3, having been stable at 10% throughout most of 2012.

### Inflation

The inflation rate fell in Q3, 2012 to 3.8% y-o-y from 4.3% that was measured at the end of Q2 by the NBP, but still remaining above the inflation target. The main factors contributing to the CPI dynamics at a relatively high level were the lagging effects of the earlier fuel, energy and food prices. However, the weakening economy and particularly domestic demand mitigated the knock-on effect of those price hikes on other services and commodities, which was proved by a falling base inflation (CPI after excluding food and energy prices) to 2% y-o-y in September. The forecasts are indicative of the inflation rate falling as early as in the first quarter of 2013, with the CPI dynamics getting in line with the inflation target (2.5%).

### Interest rates

The Monetary Policy Council kept the interest rates unchanged in Q3, although some of the Council Members had voiced the easing of the policy since July, seeing that the economic slowdown both globally and domestically would be imminent. The official tone of the Council messages got distinctly milder after the summer holiday, and the Council suggested that they would cut the interest rates if market updates, including NBP's November projection would confirm that the economic weakening was persistent, whilst the risk of having a stronger inflationary pressure would be limited. The latest information shows that the Council are very likely to lower the reference interest rate by 25 bp in November, with cumulative cuts of 75 bp by the end of Q1 2013, down to 4%.

## Credit market

Both households and enterprises were growing more and more averse to borrowing. The growth of consumer & business lending decelerated to ca. 5.7% y-o-y at the end of August from 13.7% in December 2011. The dynamics of business lending fell from ca. 18% y-o-y at the end of 2011 to 10.6% y-o-y in August. The growth rate of investment loans also decreased, although it continued to be relatively high (ca. 15% y-o-y). The growth rate of consumer lending decelerated from 11.9% y-o-y at the end of 2011 to 3.5% y-o-y in August (after eliminating FX movements from 6.6% to 3.9% y-o-y).

The growth rate of property lending has fallen to 6.9% after the FX adjustment, the lowest level observed since 1996 when it began to be measured. The decline of consumer lending deepened to ca. -4.6% y-o-y.

## Financial markets

International financial markets continued to be volatile in Q3 2012 due to the unresolved problems of the Euro zone, a worsening global economic outlook and investors' uncertainty about how quickly the crisis may be overcome. Still, the tendency of gradually receding aversion to risk prevailed, fostered, among others, by the central banks' actions (ECB's plan to purchase the bonds of the peripheral euro countries in unlimited amounts, and start of the third round of quantitative easing, so-called QE3 by the Federal Reserve).

The exchange rate of PLN appreciated within Q3 by ca. 3.5% against EUR and by over 6% against USD (this was a consequence of EUR to USD appreciation as the concerns about the disintegration of the euro zone faded away). The scale of PLN appreciation was contained by the growing market expectations about the future interest rate cuts by the Monetary Policy Council. The money market began to anticipate the chances for easing the monetary policy in the near future, pricing-in a reduction of reference rate by ca. 1 pp over the coming quarters. The growing expectation of an interest rate cut coupled with a better sentiment in the global markets have caused the Polish sovereign papers to yield lower returns which in the case of two and five-year bonds have reached the record low levels.

## 45. Activities of Bank Zachodni WBK Group in Q3 2012

### Retail Banking

#### Personal customers

##### Loans

- In compliance with KNF (Polish Financial Supervision Authority) recommendations to limit FX personal lending, Bank Zachodni WBK introduced a number of changes to its pricing and credit policies, which resulted in reduced availability of its EUR mortgage offer. It is now intended for a narrow group of eligible customers with appropriate income level.
- Since August 2012, a new fixed interest rate of 17.99% has been charged on cash loans up to PLN 5k, while the range from 7.99% to 23.99% has been applied for loans above PLN 5k.
- On 1 July 2012 the bank started offering promotional credit fee-free overdrafts for personal customers. Furthermore, in September 2012, the maximum overdraft amount available for new customers was increased from one-fold to three-fold income.

##### Bank deposits

- On 17 September 2012, the bank's personal proposition was expanded to include a 7-month renewable Dynamically Earning Deposit with a progressive interest rate reaching 8% in the last month of the deposit term. Compared to the previous 6-month term deposit of this kind, the new product offers such options as monthly interest capitalisation and early termination with accrual of interest for full monthly periods of the deposit life.

**Structured products**

- In late July/early August 2012, Bank Zachodni WBK launched an offer of structured deposits with a new shorter 3-month term. The first subscription was tied to EUR/PLN rate and was made available to personal customers in three options depending on the projected FX movements (Złoty Plus, Euro Plus or Złoty Stabilizacja). The product was concurrently issued to VIP customers.
- In August and September 2012, personal and VIP customers were invited to subscribe for analogous 3-month structured deposits tied to USD/PLN and EUR/PLN.
- In Q3 2012, in cooperation with Aviva Towarzystwo Ubezpieczeń na Życie S.A., Bank Zachodni WBK made another two issues of unit-linked insurance policies, i.e. Euro Indeks 2 and Euro Indeks 3. These investment and insurance products offer a yield tied to Euro Stoxx 50 index movements and have a 2.5 year investment horizon.

**Investment funds**

- Despite stock market upturn, debt funds remained the first choice product in Q3 2012. Arka Prestiż Obligacji Skarbowych SFIO (open-end treasury bond subfund) performed best in terms of net sales generated over that period both directly and indirectly via In Plus Investment Scheme. Arka BZ WBK Obligacji Skarbowych SFIO was another subfund popular with customers in the reporting period.
- The value of net assets under management of BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A. (BZ WBK TFI) increased by 2.4% q-o-q and 16% y-t-d, reaching PLN 9.1bn as at 30 September 2012.
- Due to the property market downturn and the ensuing difficulty with the sale of properties at a market price, on 26 September 2012 BZ WBK TFI extended by 6 months the life of ARKA BZ WBK Fundusz Rynku Nieruchomości FIZ (close-end property fund that originally was to be liquidated on 28 December 2012). It is likely to be extended by another two six-month periods. Certificate holders who intend to exit the investment before the new fund liquidation date may have their certificates redeemed earlier.
- According to Analizy Online, a research company, Arka Prestiż Akcji Polskich SFIO ranked top in terms of portfolio structuring over the period of 12 months (31 July 2011 - 31 July 2012), which resulted in the company's outstanding performance in the category of universal Polish equity funds.

**Wealth Management**

- As at 30 September 2012, the value of assets of high net worth individuals managed by Wealth Management Department stood at PLN 1.5bn.
  - ✓ The value of private portfolios offered by BZ WBK Asset Management S.A. was PLN 0.6bn and 12% lower q-o-q. The contribution of bond-oriented strategies increased while the share of the other ones decreased.
  - ✓ Other assets, including deposit products, totalled PLN 0.9bn and increased by 6% q-o-q.

**Small companies****Loans for small companies**

- On 24 September 2012, Bank Zachodni WBK signed an annex to the agreement with the Agency for Restructuring and Modernisation of Agriculture (ARiMR) whereby the Bank's subsidized loan proposition for agricultural sector was modified: the bank introduced one interest rate for all subsidy lines, reduced the fee and changed the maximum amount of loan for acquisition of arable land.
- Pursuant to the agreement of 14 September 2012, the European Investment Bank extended a EUR 50m-worth of credit line for Bank Zachodni WBK earmarked for loans towards small and medium enterprises from industry and service sectors. The funds will be available as part of the existing Business Express loan (Biznes Express EBI) which is granted to finance broadly defined business activity, i.e. working capital needs as well as investments aimed to replace or increase the value of fixed assets. The maximum amount of the Business Express loan is PLN 500k. It is the third credit line sanctioned by the European Investment Bank to finance SMEs.

**Current accounts**

- On 6 August 2012, BZ WBK customers cooperating with Elavon (purchase of POS terminal to accept card payments) were approached with a special current account offering with attractive pricing for account maintenance and transfers via electronic banking services.

**Direct Banking****BZWBK24 electronic banking**

- In July 2012, the “buy-by-click” proposition available via BZWBK24 Internet (including cash loans, credit cards, overdrafts, credit card and overdraft top-ups) was extended to include the Ratio loan which enables to repay credit card debt in instalments.
- On 9 July 2012, the bank launched the BZWBK24 Mini Firma service for small companies which enables management of their accounts by max. 5 users, execution of debit card transactions (card activation, PIN, 3DSecure) and purchase of products “by click” (current account, payment card, card insurance) via electronic banking services.

**Website**

- In Q3 2012, Bank Zachodni WBK’s website [www.bzwbk.pl](http://www.bzwbk.pl) was upgraded to offer a more intuitive user experience, enhanced design and new sites with product information. Customers may now access information easily, buy products and services online or request contact with an advisor.

**Services to personal customers of financial institutions**

- As at the end of September 2012, Bank Zachodni WBK co-operated with more than 20 banks and numerous other financial institutions as a provider of outsourcing services. It managed a network of 600 ATMs and handled nearly 2.9m Visa/Mastercard cards of third-party institutions.

**Business and Corporate Banking****Issue Programme**

- On 29 August 2012, Bank Zachodni WBK signed a secured ordinary bond issue agreement with Katowicki Holding Węglowy S.A., as part of a syndicate of five banks. The bonds will be issued in three tranches totalling PLN 1,025m. Bank Zachodni WBK will contribute PLN 250m to the programme which will span 5 years from the first issue of restricted registered bonds. It is the first mid-term funding programme addressed to the coal mining sector in Poland.

**Development of services**

- In Q3 2012, Bank Zachodni WBK continued to enhance the functionality of iBiznes24 electronic banking system which is now accessible to all customers of Business and Corporate Banking Division and Global Banking and Markets Division, following a pilot run completed in April 2012. Customer migration to the new channel is currently in progress, with a steadily increasing number of users.
- The bank’s offer was expanded to include current accounts in four new currencies: CNY, TRY, MXN, RON.

**Leasing**

- In the period from January to September 2012, the leasing subsidiaries (BZ WBK Leasing S.A. and BZ WBK Finanse & Leasing S.A.), included in the Business and Corporate Banking segment, increased sales by 30% y-o-y, as they financed net assets of PLN 1,339.2m, of which PLN 745.9m represented machines & equipment and PLN 507.3m represented vehicles. The segment of machines & equipment was growing particularly fast owing to the funding extended to the agricultural sector.
- In Q3 2012, the companies included two new products to their offer: GAP insurance (insurance protection against total loss or theft of a vehicle; return of 100% of the vehicle’s value as at the purchase day throughout the lease term) and the Weidemann Finance factory financing programme (special terms for the financing of the machines produced by the German manufacturer).

## Factoring

- Due to a dynamically growing volume of factoring agreements, the value of invoices purchased by BZ WBK Faktor Sp. z o.o. amounted to PLN 2,626.6m (up 58% y-o-y) while the credit exposure of the company totalled PLN 745.5m (up 88% y-o-y).

## Global Banking and Markets

### Lending (Credit Markets)

- On 4 July 2012, Bank Zachodni WBK - as part of a syndicate of banks – concluded with PGNiG Termika S.A. guarantee, agency and deposit agreements which define the rules of multiple bonds issue by the company up to the maximum amount of PLN 1.5bn. Under the agreements, Bank Zachodni WBK acts as one of four underwriters for the bonds issue and one of three sub-agents for payment and sub-depositories. The bank's obligations as the underwriter amount to a maximum of PLN 235m.

### Treasury (Rates)

- Bank Zachodni WBK was awarded the Primary Dealer status for the year 2013 as a result of the competition held by the Minister of Finance. The Primary Dealers system is designed to organise the primary and secondary market of treasury securities trading with a group of specialised banks that agree to act as market makers in return for specified privileges.

### Transactional Banking

- In Q3 2012, the credit exposure limits for a number of big customers were considerably expanded, which resulted in higher utilization of supplier finance products (confirming/factoring)
- The bank's cash management offering with added flexibility contributed to the increase in the average level of deposit balances by 69% q-o-q to PLN 1.6bn.

### Capital Markets (Equity)

- In Q3 2012, the subsidiary Inwestycje Sp. z o.o. sold its entire stake in Holicon Group S.A. (47.09%) comprising 4,050k shares at PLN 1.22 per share. The total value of the shares sold was PLN 4.9m and the profit on the sale was PLN 0.4m.
- Bank Zachodni WBK acted as an advisor for a PLN 31m worth of secondary public offer, organised jointly with Dom Maklerski BZ WBK S.A. (BZ WBK Brokerage House), for the shares of a company from the new technologies sector.
- BZ WBK Brokerage House posted notably lower turnover in the equity market (-49 y-o-y) and the futures market (-31% y-o-y), which resulted in lower fees earned from its brokerage transactions in the secondary market. The year-on-year decrease in the annual equity trading was reinforced by the high base effect from handling the sale of Bank Zachodni WBK shares in the public tender announced by Banco Santander last year.
- After the first three quarters of 2012, BZ WBK Brokerage House was ranked 5th in the stock exchange equity market with a share of 6.9%, 3rd in the futures market (11.4%) and 2nd in the options market (20.2%).

## Selected Distribution Channels

### Branch network and complementary distribution channels

- As at 30 September 2012, Bank Zachodni WBK operated through 522 branches (vs. 526 as at 31 December 2011 and 527 as at 30 September 2011). The branch network was supported by 108 Partner outlets.

### Business and Corporate Banking Network

- The bank provides services to medium and large businesses through the network of 3 Corporate Banking Centres operating Poland-wide, 7 Business Banking Centres located in main economic centres in Poland and 7 reporting offices, as well as Corporate Property Department and Large Corporate Department in Business and Corporate Banking Division.



## ATM Network

- At the end of September 2012, the ATM network of Bank Zachodni WBK comprised 1,053 machines (vs. 1,045 as at the end of December 2011 and 1,046 as at the end of September 2011).

## Other information

### Human Resources

FTEs	30.09.2012	30.06.2012	31.03.2012	31.12.2011	30.09.2011
BZ WBK	8 251	8 399	8 534	8 726	8 879
BZ WBK Group	8 867	9 027	9 180	9 383	9 563

- As at 30 September 2012, the employment level in the Bank Zachodni WBK Group reached 8,867 FTEs. The q-o-q decrease by 160 FTEs results from natural personnel movements and the decision not to fill in the vacancies.

### Capital increase and admission of new shares to trading on the stock exchange

- On 6 July 2012, the bank completed a private subscription of ordinary bearer shares, series I, without pre-emptive rights. The 1,561,618 shares with a nominal value of PLN 10 were fully acquired by the European Bank for Reconstruction and Development (EBRD). The issue price was PLN 212.60 per share. The subscription took place under the resolution of the Annual General Meeting of Shareholders of Bank Zachodni WBK of 10 May 2012.
- On 9 August 2012, i.e. on the day of registration of the appropriate amendments to the Bank's Statutes in the National Court Register, the share capital of Bank Zachodni WBK was increased by PLN 15,616,180 to PLN 746,376,310. The increased capital was fully paid up.
- The Management Board of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) issued Resolution no. 846/2012 of 27 August 2012 confirming admission of the ordinary series I shares to trading on the main market.
- Under § 38 section 1 and section 3 of the Warsaw Stock Exchange Regulations, the Management of the Warsaw Stock Exchange decided that the shares would be admitted to the main market effective from 30 August 2012, following registration of the shares by the National Depository of Securities and marking them with code PLBZ00000044. After the shares were registered on 30 August 2012, the total number of shares of Bank Zachodni WBK increased to 74,637,631.

### Further steps towards the merger between Bank Zachodni WBK and Kredyt Bank

- On 16 July 2012, Bank Zachodni WBK published another notice of the prospective merger with Kredyt Bank.
- On 18 July 2012, Bank Zachodni WBK was advised that the European Commission decided to raise no objections to Kredyt Bank being taken over by Banco Santander, and effectively by Bank Zachodni WBK. The Commission decided that the planned take-over of control was in accordance with the common market principle and the European Economic Community Agreement.
- On 30 July 2012, the Extraordinary General Meeting (EGM) of Bank Zachodni WBK advised the shareholders of the key aspects of the merger plan for Bank Zachodni WBK and Kredyt Bank and presented the auditor's opinion on the respective document, as well as outlined all the material changes in assets and liabilities in the period between preparation of the merger plan and adoption of a resolution on the merger. Furthermore, the EGM resolved on the merger of Bank Zachodni WBK with Kredyt Bank, on the increase in the share capital of Bank Zachodni WBK, changes to its Statutes, dematerialisation of the series J shares and the steps taken to ensure admission of the shares to the regulated market on the Warsaw Stock Exchange.
- Measures are taken at both Bank Zachodni WBK and Kredyt Bank in preparation for a legal merger which will be completed upon the KNF's approval.



**Appointment of a new Management Board member**

- On 30 August 2012, the Supervisory Board of Bank Zachodni WBK adopted a resolution appointing Mr. Marco Antonio Silva Rojas Management Board Member, effective from 3 September 2012, with a responsibility for Accounting and Financial Control Division, a part of previous Finance Division. The remaining finance areas, in particular Assets and Liabilities Management, were transferred to Financial Management Division headed by Eamonn Crowley, Management Board Member.

**46. Overview of BZ WBK Group performance in the period ending 30 September 2012****Financial and business highlights**

- Total income increased by 3.8% y-o-y to PLN 3,000.1m;
- Total costs decreased by 0.2% y-o-y to PLN 1,350.9m, with staff expenses down 1.1% to PLN 708.5m;
- Profit-before-tax was PLN 1,320.0m and 4.6% higher y-o-y;
- Profit-after-tax attributable to the shareholders of Bank Zachodni WBK increased by 4.4% y-o-y to PLN 1,029.3m;
- Capital Adequacy Ratio was 15.70% (15.10% as at 31 December 2011 / 15.09% as at 30 September 2011);
- Return of Equity was 19.8% (21.2% as at 31 December 2011 / 21.2% as at 30 September 2011), excluding once-off cost adjustments charged to the Q4 2011 performance;
- Cost to income ratio was 45.0% (46.9% for the three quarters of 2011);
- Net impairment losses on loans and advances amounted to PLN 341.4m compared with PLN 281.5m for the first three quarters of 2011;
- NPL ratio was 5.3% (5.5% as at 31 December 2011 / 6.5% as at 30 September 2011) with the ratio of annualised impairment losses to the average credit volumes at 1.1% (1.0% as at 31 December 2011 / 1.1% as at 30 September 2011);
- Loans to deposits ratio was 86.1% as at 30 September 2012 compared with 81.2% as at 31 December 2011 and 83.1% as at 30 September 2011;
- Gross loans to customers increased by 4.8% y-t-d; y-o-y growth was more pronounced at 8.7% due to expansion of business & public sector loans (+10.9% y-o-y) and personal loans (+6.6% y-o-y) to PLN 25,578.5m and PLN 13,414.8m, respectively;
- Deposits from customers decreased by 0.9% y-t-d; notable y-o-y growth of 6.0% as a result of the inflow of funds to personal deposits (+9.1% y-o-y) and business & public sector deposits (+1.5% y-o-y) which amounted to PLN 28,543.4m and PLN 17,854.4m, respectively;
- Net value of assets held by mutual funds and private portfolios grew by 12.8% y-t-d and by 5.4% y-o-y to PLN 9.7bn amid lower risk aversion of investors;
- The number of customers using the BZWBK24 electronic banking services amounted to 2.2m (+9.1% y-o-y), while the BZ WBK payment card base included ca. 2.7m debit instruments (+14.1% y-o-y).

## Income statement of Bank Zachodni WBK Group

### Profit earned by Bank Zachodni WBK Group for the first three quarters of 2012 and its structure

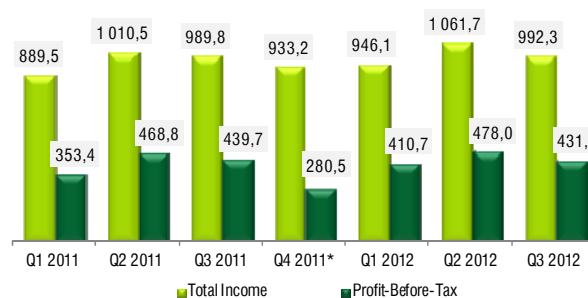
PLN m

Condensed Profit & Loss Account (for analytical purposes)	Q1-3 2012	Q1-3 2011	Change y-o-y
<b>Total income</b>	<b>3 000,1</b>	<b>2 889,8</b>	<b>3,8%</b>
- Net interest income	1 709,3	1 529,3	11,8%
- Net fee & commission income	1 020,3	1 027,6	-0,7%
- Other income	270,5	332,9	-18,7%
<b>Total costs</b>	<b>(1 350,9)</b>	<b>(1 354,0)</b>	<b>-0,2%</b>
- Staff, general and administrative expenses	(1 231,7)	(1 216,6)	1,2%
- Depreciation/amortisation	(104,4)	(106,1)	-1,6%
- Other operating expenses	(14,8)	(31,3)	-52,7%
<b>Impairment losses on loans and advances</b>	<b>(341,4)</b>	<b>(281,5)</b>	<b>21,3%</b>
Profit/loss attributable to the entities accounted for using equity method	12,2	7,6	60,5%
<b>Profit-before-tax</b>	<b>1 320,0</b>	<b>1 261,9</b>	<b>4,6%</b>
Tax charges	(267,1)	(239,6)	11,5%
<b>Net profit for the period</b>	<b>1 052,9</b>	<b>1 022,3</b>	<b>3,0%</b>
- Net profit attributable to BZ WBK shareholders	<b>1 029,3</b>	<b>985,9</b>	<b>4,4%</b>
- Net profit attributable to non-controlling shareholders	23,6	36,4	-35,2%

The profit-before-tax posted by Bank Zachodni WBK Group for the first three quarters of 2012 was PLN 1,320.0m, an increase of 4.6% on the corresponding period of 2011. The net profit attributable to Bank Zachodni WBK shareholders was PLN 1,029.3m and 4.4% higher y-o-y.

The profit was mainly driven by the net interest income, which improved by 11.8% y-o-y as a result of balanced growth of core business volumes, higher interest rates environment and implementation of cash flow hedge accounting. In accordance with hedge accounting, the y-t-d interest income of PLN 116.1m from CIRS transactions designated as cash flow hedges was recognised as part of net interest income while previously (prior to the establishment of hedge relationships) it had been reported under net trading income and revaluation.

The bottom line figure of Bank Zachodni WBK Group was also affected by higher credit risk costs and stable operating costs. The former item was driven by difficult situation in the Polish construction sector and overall economic slowdown whereas the latter was due to continuous monitoring and optimisation of the Group's cost base.

**Total Income and Profit-Before-Tax  
in Q1-Q3 of 2011 and 2012 (PLN m)****Total Income and Profit-Before-Tax by Quarters  
in Years 2011-2012 (PLN m)**

\* includes once-off cost adjustments totalling PLN 88.8m

**Structure of PBT earned by BZ WBK Group – by companies**

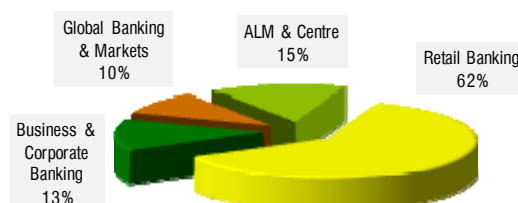
PLN m					
Structure of Profit-Before-Tax by Contributing Entities	Q1-3 2012	Structure Q1-3 2012*	Q1-3 2011	Structure Q1-3 2011*	Change y-o-y
<b>Bank</b>	<b>1 229,2</b>	<b>86,2%</b>	<b>1 189,6</b>	<b>81,1%</b>	<b>3,3%</b>
<b>Subsidiaries, of which:</b>	<b>196,4</b>	<b>13,8%</b>	<b>276,4</b>	<b>18,9%</b>	<b>-28,9%</b>
BZ WBK Asset Management S.A. and BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A.	112,4	7,9%	186,6	12,7%	-39,8%
BZ WBK Leasing S.A., BZ WBK Finanse & Leasing S.A. and BZ WBK Finanse Sp. z o.o.	51,5	3,6%	34,7	2,4%	48,4%
Dom Maklerski BZ WBK S.A.	26,0	1,8%	48,3	3,3%	-46,2%
Other subsidiaries	6,5	0,5%	6,8	0,5%	-4,4%
Intercompany and consolidation adjustments	(105,6)	-	(204,1)	-	-48,3%
<b>Total</b>	<b>1 320,0</b>	<b>-</b>	<b>1 261,9</b>	<b>-</b>	<b>4,6%</b>

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

After the first three quarters of 2012, the unconsolidated profit-before-tax of Bank Zachodni WBK increased by 3.3% y-o-y, while the total profit of the subsidiaries declined by 28.9% y-o-y, mainly as a result of weaker performance of the entities operating in the capital markets sector. BZ WBK Asset Management S.A. and BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. generated lower profits (-39.8% y-o-y) due to decreased net income from asset management and distribution fees. The decelerating rate of the commission income collection was also responsible for curbed profits reported by Dom Maklerski BZ WBK S.A. (-46.2% y-o-y). The weaker performance from capital markets was eased somewhat by the leasing companies, whose sales and profitability improved markedly (+48.4% y-o-y).

### Structure of PBT earned by BZ WBK Group – by segments

Structure of PBT of BZ WBK Group for the first three quarters of 2012 - by segments

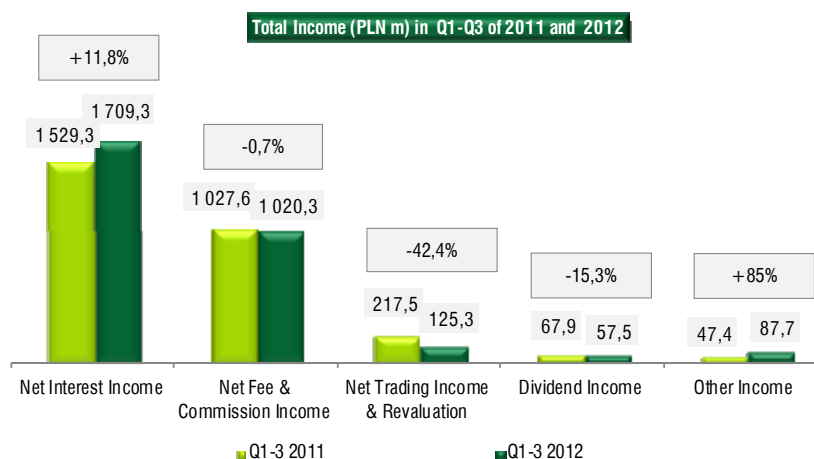


On 1 January 2012, Bank Zachodni WBK Group changed its operating segment reporting to reflect the modified organisational structure and customer segmentation, as well as upgraded transfer pricing calculation method impacting the net interest income by segments. Due to the lack of historical data, no comparative figures are provided.

On 30 September 2012, the segment referred to as "Centre" was renamed as "ALM and Centre" to better render its contents.

### Total income

The total income produced by Bank Zachodni WBK Group in the first three quarters of 2012 was PLN 3,000.1m and up 3.8% y-o-y.



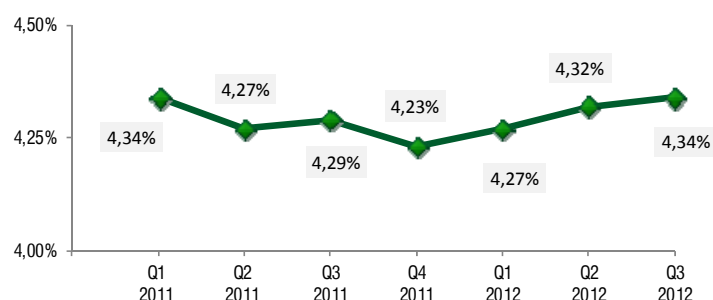
### Net interest income

During nine months to 30 September 2012, the net interest income increased by 11.8% y-o-y to PLN 1,709.3m, driven by good growth of core business volumes, including business and personal loans.

Net Interest Income by Quarters in Years 2011-2012  
(PLN m)

The net interest income for the first three quarters of 2012 includes interest income of PLN 116.1m from CIRS transactions designated as hedging instruments under cash flow hedge accounting, first adopted in Bank Zachodni WBK on 1 December 2011. The respective amount is disclosed in Note 4 "Net interest income" under "Interest income from IRS hedges" which reports PLN 128.5m in y-t-d 2012 compared with PLN 11.6m in y-t-d 2011.

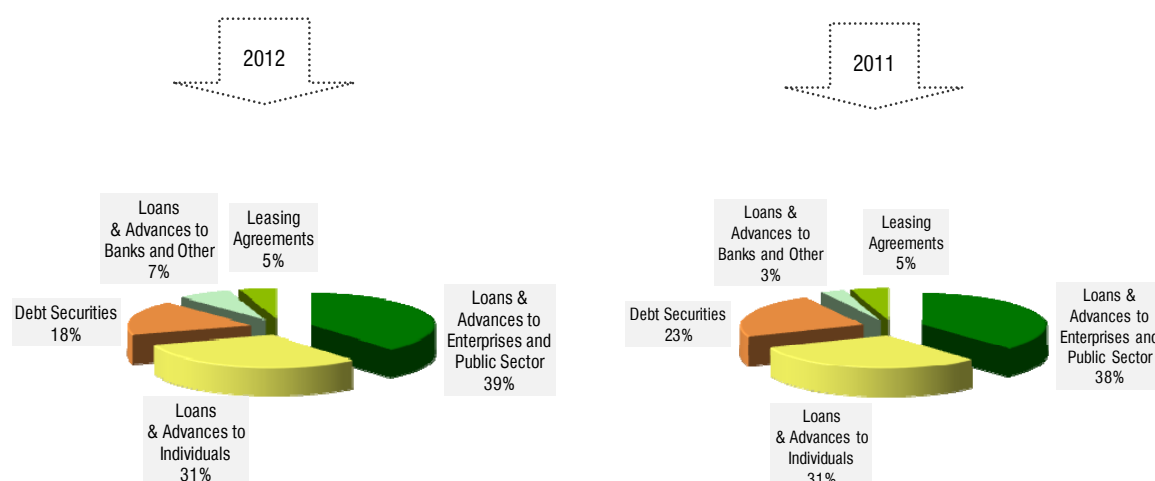
Taking into account the other interest-related income that is included in "Net trading income and revaluation" and derive from FX Swaps and CIRS transactions exempt from hedge accounting (PLN 77.4m for the first three quarters of 2012 and PLN 127.5m for the first three quarters of 2011), the underlying net interest income increased by 7.8% y-o-y.

Net Interest Margin by Quarters in Years 2011-2012  
(including SWAP points)

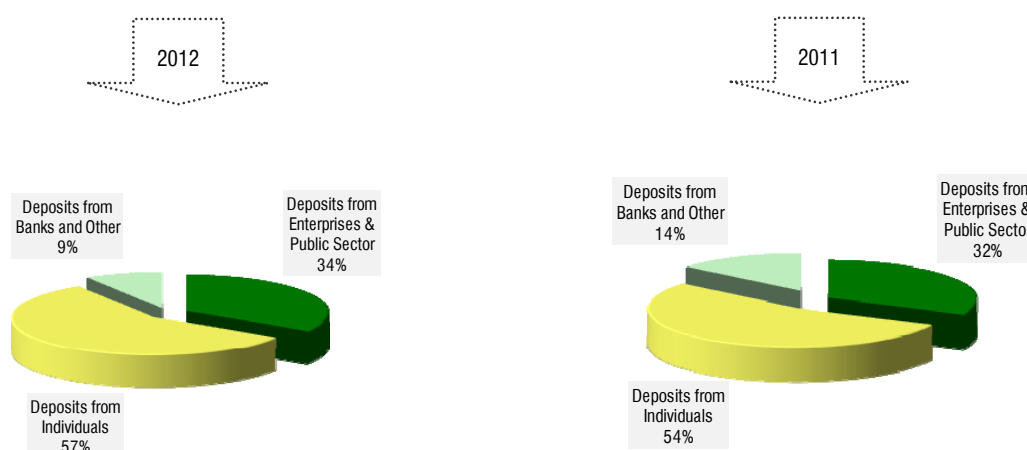
In the nine month period ended on 30 September 2012, the quarterly net interest margin of BZ WBK Group remained above the level of 4% and slightly trended upwards (from 4.27% in Q1 2012 to 4.34% in Q3 2012). The relatively low margin at the beginning of the year results from more intensive competition among banks for household deposits (including the maturing loans with 1-day interest capitalisation). The margin gradually increased during the year as a result of changes in the Group's balance sheet structure, which was also reflected in the interest income and expense (expanding loans, including personal loans; evolving deposit base under the impact of high-value short-term deposits as well as customers' economic situation and savings preferences; changes in debt securities portfolios as part of the Group's liquidity and balance sheet structure management).

After the three quarters of 2012, the annualised net interest margin of BZ WBK Group was 4.30% compared with 4.29% reported in the corresponding period last year. The margins are similar as a result of the proportional increase in the Group's annualised net interest income and the average value of interest-bearing assets net of impairment charge.

## Structure of interest income of BZ WBK Group for the three quarters of 2012 and 2011



## Structure of interest expense payable by BZ WBK Group for the three quarters of 2012 and 2011



During the first three quarters of 2012, interest income (PLN 2,873.5m) increased by 15% y-o-y, while interest expense (PLN 1,164.3m) increased by 20.2% y-o-y. Interest income was driven by loans to business enterprises (+19.4% y-o-y), mortgage loans (+19% y-o-y), other retail loans (+12.1% y-o-y), trading debt securities (+17.8% y-o-y), loans and advances to banks (+20.4%) and interest on hedging IRS (+1 011.6% y-o-y). The growth in interest expense was attributable to business deposits (+26.4% y-o-y), personal deposits (25.7% y-o-y) and public sector deposits (+49.6% y-o-y).

**Net fee and commission income**

PLN m

Net Fee and Commission Income	Q1-3 2012	Q1-3 2011	Change y-o-y
Direct Banking *	257,4	232,4	10,8%
Account maintenance and cash transactions	181,2	184,2	-1,6%
FX fees	175,6	163,7	7,3%
Asset management and distribution	139,0	193,3	-28,1%
Credit fees **	92,3	70,5	30,9%
Insurance fees	83,3	51,7	61,1%
Brokerage fees	49,3	80,9	-39,1%
Other ***	42,2	50,9	-17,1%
<b>Total</b>	<b>1 020,3</b>	<b>1 027,6</b>	<b>-0,7%</b>

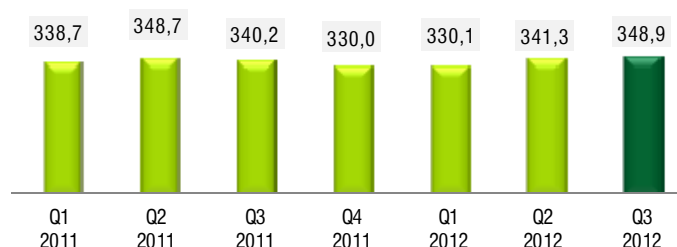
Includes:

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

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

\*\*\* credit card fees, guarantees & suerties, issue arrangement fees and others

**Net Fee & Commission Income by Quarters in Years 2011-2012**  
(PLN m)



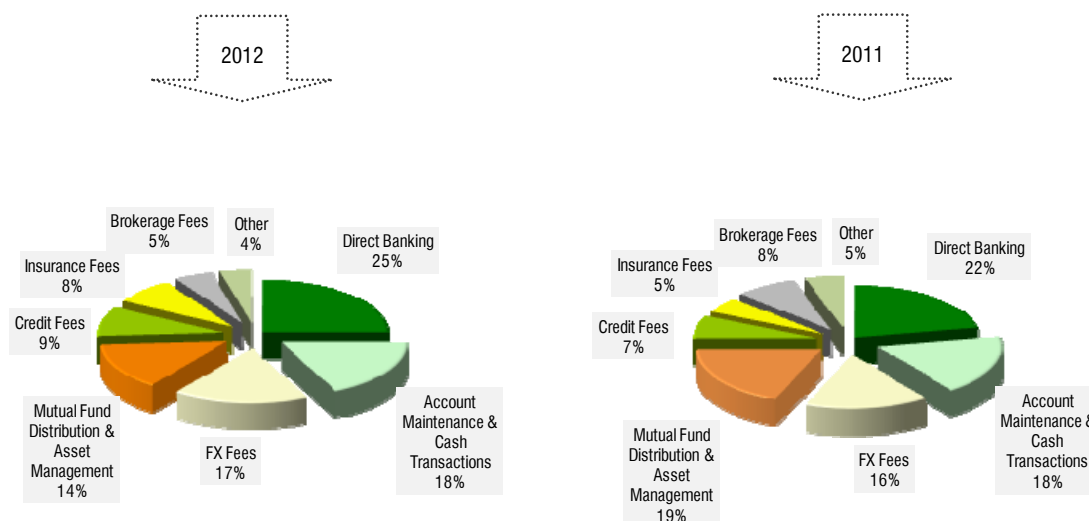
After the first three quarters of 2012, the net fee and commission income amounted to PLN 1,020.3m, and was marginally lower y-o-y (-0.7% y-o-y).

Fee and commission income earned by the Group from its capital markets activities decreased y-o-y as investors continued to be risk-cautious due to the volatile equity market and adverse economic environment.

The Group's net fee income from asset management and distribution of mutual funds declined by 28.1% y-o-y, reflecting lower average value of mutual funds and private portfolios managed by BZ WBK Asset Management and BZ WBK Towarzystwo Funduszy Inwestycyjnych (-14.8% y-o-y). A 39.1% decrease in brokerage fees (representing net commission income of BZ WBK Brokerage House from a variety of sources) is attributable to limited investment activity of customers, pressure on the reduction of margins in all the stock market segments and a slowdown in the IPO market. The income from investment advice and securities issue arrangement services fell by PLN 10m y-o-y to PLN 2.4m, bringing down the other net fee income by 17.1% y-o-y.

The erosion of the income earned in stock exchange markets was counterbalanced by the increase in credit fees, insurance fees and Direct Banking by 30.9%, 61.1% and 10.8%, respectively. The income from credit and insurance fees was driven by the Group's growing loan portfolio, while the fee income from the Direct Banking was rising in line with the increasing number and transactional activity of debit card holders, users of the BZWKB24 electronic banking services and recipients/issuers of international payment orders.

## Structure of net commission income of BZ WBK Group for the first three quarters of 2012 and 2011

**Net trading income and revaluation**

Net trading income and revaluation (net trading income) amounted to PLN 125.3m and decreased by 42.4% y-o-y under the impact of cash flow hedge accounting adopted by Bank Zachodni WBK effective from 1 December 2011.

A significant part of this line is derived from interest-related income from FX Swap and CIRS transactions (disclosed under income from interbank FX transactions and income from derivative instruments, respectively), which after the first three quarters of 2012 totalled PLN 77.4m compared with PLN 127.5m in the corresponding period last year. Interbank FX Swap transactions contributed PLN 69.5m and increased by PLN 14.3m y-o-y, mainly as a result of higher nominal transaction values. CIRS transactions brought an income of PLN 7.9m, which was by PLN 64.4m lower y-o-y as a result of implementation of cash flow hedge accounting under which interest-related income from CIRS transactions designated and qualifying as cash flow hedges is treated as a component of interest income, while the interest income from other CIRS transactions is classified as net trading income. In y-t-d 2012, the amount of PLN 116.1m was accordingly recognised as interest income, which negatively impacted the net trading income.

Also in compliance with cash flow hedge accounting, the ineffective portion of changes in the fair value of derivative hedging instruments is recognised in the net trading income, while the effective portion is reported under the revaluation reserve of the equity. Accordingly, September 2012 y-t-d net trading income reports a loss on hedging derivatives of -PLN 1.2m.

**Dividend income**

The Group's dividend income from the non-controlling equity investments amounted to PLN 57.5m and decreased by 15.3% y-o-y. The largest dividend pay-outs came from Aviva Group companies (Aviva Powszechne Towarzystwo Emerytalne S.A. and Aviva Towarzystwo Ubezpieczeń na Życie S.A.) which in 2012 added up to PLN 47.9m and were PLN 13.7m lower y-o-y.

**Other income**

Other income of Bank Zachodni WBK Group, an aggregate comprised of the gain on the sale of an associate undertaking (PLN 0.4m), the gains on the sale of other financial instruments (PLN 48.5m) and other operating income (PLN 38.9m), totalled PLN 87.7m and went up by 85% y-o-y. This movement was most strongly driven by the gains on other financial instruments, which increased by PLN 41.7m on account of the profit of PLN 42.8m from the sale of available-for-sale debt securities (PLN 6m in Q1-Q3 2011) and the gains of PLN 4.5m from the sale of equity instruments (PLN 0.2m in Q1-Q3 of 2011), including PLN 2.8m from the disposal of the bank's entire stake in Bank Polskiej Spółdzielczości, PLN 0.8m from the disposal of Centrum Klima S.A. from the equity investment of BZ WBK Inwestycje Sp. z o.o. and PLN 0.9m from the sale by BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. of certificates and units in Arka funds.



## Impairment charges

In the first three quarters of 2012, the loan impairment charge to the profit and loss account amounted to PLN 341.4m vs. PLN 281.5m in corresponding period last year, which represents an increase of 21.3% y-o-y.

The balance of provisions for identified losses (individual and collective) was PLN 364.4m and up PLN 92m against a considerable growth in gross loans and advances to customers (+8.7% y-o-y). The ensuing increase in provisions is mainly the effect of deteriorating financial condition of the construction & assembly sector, liquidity problems of enterprises and the projected deceleration of investment activity in Poland. The balance of provisions for unidentified losses (IBNR) was positive at PLN 11.4m (-PLN 14.1m in y-t-d 2011), reflecting timely loan service by the Group customers.

From January to September 2012, BZ WBK Group sold retail and business loan portfolios with a total principal value of PLN 381.8m.

As a result of a number of actions taken as part of the Group's conservative credit risk management, the quality of consolidated loan receivables – as measured by the impaired loans ratio – improved further during the year, particularly with respect to the retail, SME and property portfolios.

## Total costs

PLN m			
Total costs	Q1-3 2012	Q1-3 2011	Change y-o-y
Staff, general and administrative expenses, of which:	(1 231,7)	(1 216,6)	1,2%
- Staff expenses	(708,5)	(716,4)	-1,1%
- General and administrative expenses	(523,2)	(500,2)	4,6%
Depreciation/amortisation	(104,4)	(106,1)	-1,6%
Other operating expenses	(14,8)	(31,3)	-52,7%
<b>Total</b>	<b>(1 350,9)</b>	<b>(1 354,0)</b>	<b>-0,2%</b>

The total costs of Bank Zachodni WBK Group for nine months ended 30 September 2012 amounted to PLN 1,350.9m and were slightly lower on a y-o-y basis (-0.2% y-o-y). As the costs remained stable and the total income increased by 3.8% y-o-y, the Group's cost to income ratio improved from 46.9% in y-t-d 2011 to 45% in y-t-d 2012.

The Group's total cost base includes the integration costs of PLN 24.1m associated with the upcoming merger between Bank Zachodni WBK and Kredyt Bank.

Staff and general & administrative expenses, which have the highest share in the total Group's costs, amounted to PLN 1,231.7m, of which:

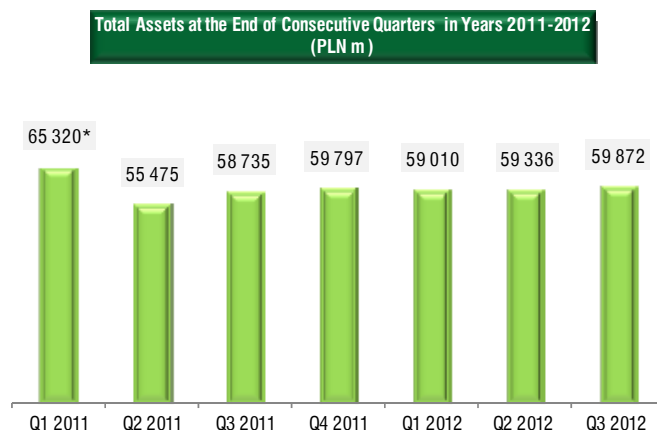
- The Group's staff expenses amounted to PLN 708.5m and decreased by 1.1% y-o-y as the Group's employment fell by 696 FTEs over the 12 month period.
- The Group's general and administrative expenses amounted to PLN 523.2m and were 4.6% higher y-o-y. The most pronounced growth (+47% y-o-y) was seen in the consulting fees connected with the merger between Bank Zachodni WBK and Kredyt Bank. The higher fees paid to the market regulators (+15% y-o-y) result from the higher basis of their calculation in effect of the steady development of business volumes. The IT usage costs increased (+by 9.1% y-o-y) as a result of expanded outsourcing of IT service and application development. At the same time, the Group notably limited its operating costs in such areas as: security (-21.1% y-o-y), postal and telecommunications charges (-8.3% y-o-y), other external services (-8% y-o-y), and marketing & entertainment (-3.7% y-o-y).

## Financial position

### Assets

As at 30 September 2012, total assets of Bank Zachodni WBK Group amounted to PLN 59,872.1m, showing stable levels on a y-t-d basis and an increase of 1.9% on a y-o-y basis. The value and structure of the Group's statement of financial position is determined by the parent company which accounts for 98.7% of the consolidated total assets.

Total assets of BZ WBK Group in 2011-2012 by quarters (PLN m)



\* As at 31.03.2011, assets include short-term settlements of PLN 11.7bn between BZ WBK Brokerage House and the National Depository of Securities regarding the sale of Bank Zachodni WBK through a public tender offer 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 30 September 2012 versus 31 December 2011 and 30 September 2011.

Assets (condensed presentation for analytical purposes)	PLN m							
	30.09.2012	Structure 30.09.2012	31.12.2011	Structure 31.12.2011	30.09.2011	Structure 30.09.2011	Change y-t-d	Change y-o-y
	1	2	3	4	5	6	1/3	1/5
Loans and advances to customers *	39 928,8	66,7%	38 017,2	63,6%	36 376,0	61,9%	5,0%	9,8%
Investment securities	12 303,3	20,5%	11 652,2	19,5%	11 542,1	19,7%	5,6%	6,6%
Cash and operations with Central Banks	2 606,6	4,4%	1 425,5	2,4%	3 135,3	5,3%	82,9%	-16,9%
Financial assets held for trading	1 775,5	3,0%	5 836,0	9,8%	4 376,0	7,5%	-69,6%	-59,4%
Loans and advances to banks	1 622,3	2,7%	1 204,2	2,0%	1 666,6	2,8%	34,7%	-2,7%
Fixed and intangible assets	581,6	1,0%	651,0	1,1%	675,1	1,1%	-10,7%	-13,8%
Hedging derivatives	186,5	0,3%	141,6	0,2%	109,8	0,2%	31,7%	69,9%
Other assets	867,5	1,4%	868,9	1,4%	854,3	1,5%	-0,2%	1,5%
<b>Total</b>	<b>59 872,1</b>	<b>100,0%</b>	<b>59 796,6</b>	<b>100,0%</b>	<b>58 735,2</b>	<b>100,0%</b>	<b>0,1%</b>	<b>1,9%</b>

\* including impairment write-down

The biggest y-t-d changes in the consolidated assets resulted from the Group's on-going liquidity management process. As a result of reduced purchasing of short-term NBP bills, the "financial assets held for trading" decreased by 69.6% y-t-d. Concurrently, the Group increased its current account balances with the NBP, which augmented the value of "cash and operations with Central Bank" (+82.9% y-t-d). The amount of "loans and advances to banks" expanded as well (+34.7% y-t-d) as a result of the bank's deposit activity in the interbank money market.

During the first three quarters of 2012, the net loans and advances to customers increased by 5% and at the end of September accounted for 86.1% of the deposits from non-financial entities funding them, as compared with 81.2% at the end of December 2011. At the same time, the loans and advances to customers increased their share in the total assets from 63.6% to 66.7%.

**Credit portfolio**

	PLN m				
Gross Loans and Advances to Customers	30.09.2012	31.12.2011	30.09.2011	Change y-t-d	Change y-o-y
Loans and advances to business and public sector customers	25 578,5	24 521,2	23 071,2	4,3%	10,9%
Loans and advances to personal customers	13 414,8	12 572,6	12 581,8	6,7%	6,6%
Finance lease receivables	2 330,6	2 335,5	2 361,7	-0,2%	-1,3%
Other	13,4	3,1	5,4	332,3%	148,1%
<b>Total</b>	<b>41 337,3</b>	<b>39 432,4</b>	<b>38 020,1</b>	<b>4,8%</b>	<b>8,7%</b>

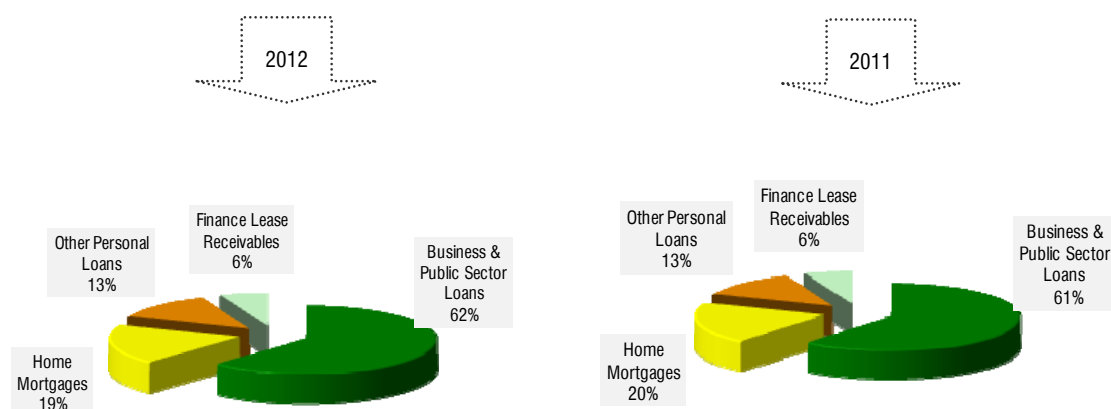
As at 30 September 2012, gross loans and advances to customers were PLN 41,337.3m, up 4.8% y-t-d and 8.7% y-o-y.

During nine months to September 2012, the loans and advances to business & public sector customers expanded by 4.3% to PLN 25,578.5m. The increase in working capital loans (mainly overdrafts) observed over that period amply compensated for the decrease in commercial property loans, caused by the strengthening of the zloty and the scheduled loan repayments. During twelve months to September 2012, the loans and advances to business & public sector customers rose by 10.9%, reflecting higher borrowing demands of SME and corporate customers seeking to enhance their current operations or resume the suspended development plans.

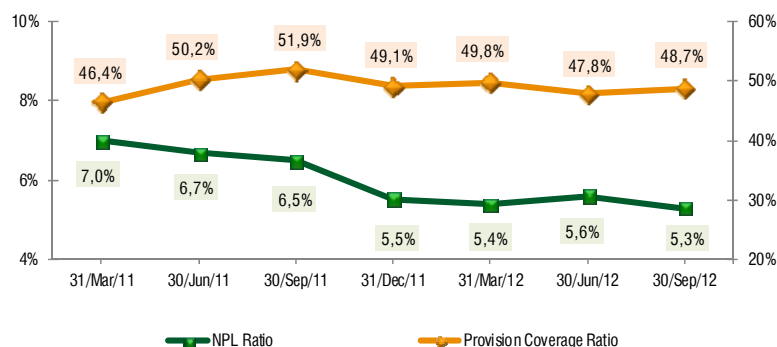
The financial lease portfolio amounted to PLN 2,330.6m and remained stable compared with 31 December 2011 and 30 September 2011. The sales of the leasing subsidiaries grew rapidly in y-t-d 2012 (+30% y-o-y) driven by loans, a facility most popular in the agricultural sector and for funding the EU-subsidised investments. In the consolidated statement of financial position of Bank Zachodni WBK Group as at 30 September 2012 the majority of respective loans are disclosed under loans and advances to business customers.

Loans and advances to personal customers increased by 6.7% y-t-d and by 6.6% y-o-y to reach PLN 13,414.8m. Out of this figure, PLN 7,951.7m was represented by mortgages which grew by 4.6% y-t-d, and PLN 4,089.7m was represented by cash loans which increased by 12.9% y-t-d. Sales of these products are improving steadily with the bank consistently upgrading its offering, developing CRM tools and extending brand recognition through advertising campaigns.

Loans and advances to customers of BZ WBK Group as at 30.09.2012 and 30.09.2011 – by entities



The Group's NPL and provision cover ratio at the end of individual quarters in the period from 31.03.2011 to 30.09.2012



As at 30 September 2012, non-performing (impaired) loans to customers accounted for 5.3% of the gross portfolio vs. 5.5% at the end of December 2011 and 6.5% at the end of September 2011. The provision cover for the non-performing loans was 48.7% compared with 49.1% nine months before and 51.9% twelve months before.

## Equity and liabilities

The table below presents major developments in key categories of the consolidated equity and liabilities of Bank Zachodni WBK Group as at 30 September 2012 versus 31 December 2011 and 30 September 2011.

Liabilities & Equity (condensed presentation for analytical purposes)	PLN m							
	30.09.2012	Structure 30.09.2012	31.12.2011	Structure 31.12.2011	30.09.2011	Structure 30.09.2011	Change y-t-d	Change y-o-y
	1	2	3	4	5	6	1/3	1/5
Deposits from customers	46 397,8	77,5%	46 829,5	78,3%	43 769,0	74,5%	-0,9%	6,0%
Deposits from banks	2 518,8	4,2%	2 505,1	4,2%	4 946,9	8,4%	0,5%	-49,1%
Financial liabilities held for trading	805,0	1,4%	931,7	1,6%	1 533,8	2,6%	-13,6%	-47,5%
Subordinated liabilities	411,3	0,7%	441,2	0,7%	440,6	0,8%	-6,8%	-6,7%
Hedging derivatives	298,9	0,5%	523,7	0,9%	8,6	0,0%	-42,9%	3375,6%
Other liabilities	1 035,7	1,7%	1 082,4	1,8%	802,5	1,4%	-4,3%	29,1%
Total equity	8 404,5	14,0%	7 483,0	12,5%	7 233,8	12,3%	12,3%	16,2%
<b>Total</b>	<b>59 872,0</b>	<b>100,0%</b>	<b>59 796,6</b>	<b>100,0%</b>	<b>58 735,2</b>	<b>100,0%</b>	<b>0,1%</b>	<b>1,9%</b>

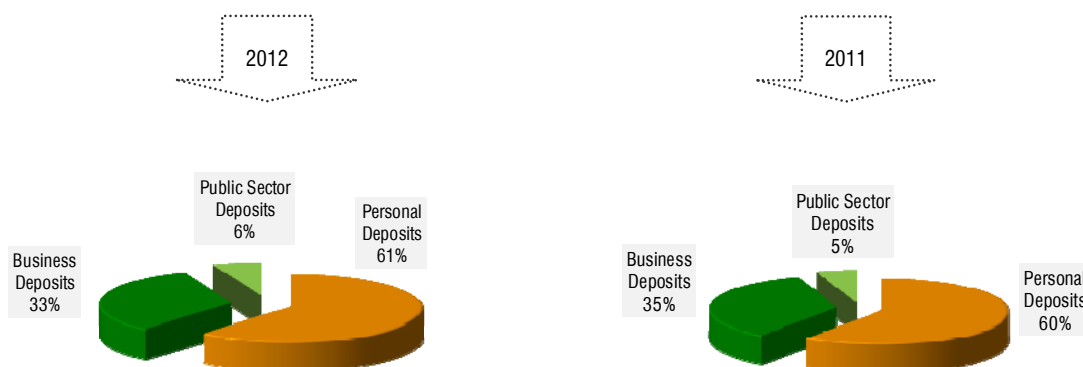
The consolidated statement of financial position as at 30 September 2012 shows a major y-t-d increase in total equity (+12.3% y-t-d) resulting from an increase in Bank Zachodni WBK share capital through the issue of 1,561,618 ordinary series I shares, fully taken up by EBRD in a private subscription. The nominal value of the shares of PLN 15.6m increased the share capital, while the share premium of PLN 316.4m was recognised in the supplementary capital. At the same time, a decrease was noted in the book value of hedging derivatives (-42.9% y-t-d) and trading derivatives, the latter being disclosed as part of "financial liabilities held for trading" (-13.6% y-t-d). There was also a slight decrease in customer deposits (-0.9% y-t-d).

**Deposit base**

	PLN m				
Deposits from Customers	30.09.2012	31.12.2011	30.09.2011	Change y-t-d	Change y-o-y
Deposits from personal customers	28 543,4	27 111,3	26 171,3	5,3%	9,1%
Deposits from business and public sector customers	17 854,4	19 718,2	17 597,7	-9,5%	1,5%
<b>Total</b>	<b>46 397,8</b>	<b>46 829,5</b>	<b>43 769,0</b>	<b>-0,9%</b>	<b>6,0%</b>

Deposits from customers, which represent 77.5% of the Group's total equity and liabilities are the primary source of funding the Group's lending business. As at 30 September 2012, these liabilities amounted to PLN 46,397.8m, decreasing by 0.9% y-t-d and increasing by 6% y-o-y.

Deposits from customers of BZ WBK Group as at 30.09.2012 and 31.09.2011

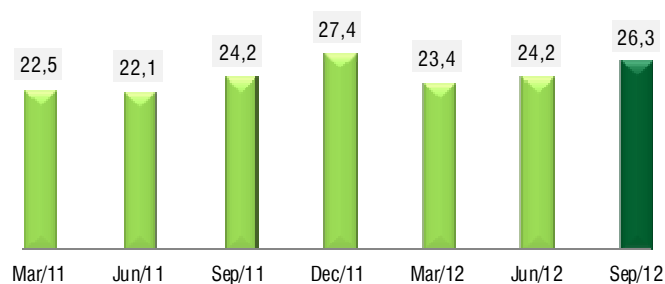


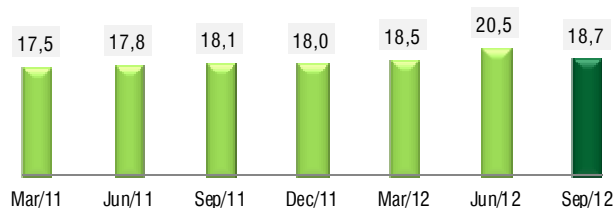
Deposits from personal customers amounted to PLN 28,543.4m, up 5.3% on 31 December 2011 and 9.1% on 30 September 2011. The most rapid growth, both on a y-t-d and y-o-y basis, was observed in term deposits. In the reporting period, personal customers were most attracted by the latest deposit products of Bank Zachodni WBK, including the 12M Easy Earning Deposit and the 6M or 7M Fast Earning Deposit.

Deposits from business & public sector customers of PLN 17,854.4m decreased by 9.5% from 31 December 2011 as several high-value short-term deposits placed by corporate customers towards the end of 2011 matured and were utilised for scheduled investment undertakings. Over twelve months, deposits from business and public sector customers increased by 1.5% driven by the term and current deposits from the public sector.

In the total amount of deposits from customers, term deposits were PLN 26,304.8m, current accounts PLN 18,705.4m and other liabilities PLN 1,387.7m. The last item reflects utilisation of the credit lines from the European Investment Bank for SME funding in the total maximum amount of EUR 200m.

**Term Deposits at the End of Consecutive Quarters of 2011 and 2012**  
(PLN bn)



Current Accounts at the End of Consecutive Quarters  
of 2011 and 2012 (PLN bn)

## Financial Ratios

Selected Financial Ratios	30.09.2012	31.12.2011	30.09.2011
Total costs/Total income	45,0%	50,3%	46,9%
Net interest income/Total income	57,0%	54,1%	52,9%
Net interest margin *	4,30%	4,28%	4,29%
Net commission income/Total income	34,0%	35,5%	35,6%
Customer loans/Customer deposits	86,1%	81,2%	83,1%
NPL ratio	5,3%	5,5%	6,5%
NPL coverage ratio	48,7%	49,1%	51,9%
Impairment losses on loans and advances/Average loans and advances	1,1%	1,0%	1,1%
ROE **	18,4%	19,7%	21,2%
Adjusted ROE ***	19,8%	21,2%	-
Adjusted ROA ****	2,2%	2,2%	2,2%
Capital adequacy ratio	15,70%	15,10%	15,09%
Book value per share (in PLN)	112,60	102,40	98,99
Earnings per share (in PLN) *****	13,79	16,21	13,49

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

\*\* Annualised net profit attributable to the shareholders of BZ WBK (for 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.

\*\*\* Adjusted ratios as at 30.09.2012 and 31.12.2011 do not include once-off cost adjustments introduced in Q4 2011 as described in "Report of BZ WBK Group for Q4 2011" (Note 1 of consolidated financial statements).

\*\*\*\* Annualised net profit attributable to the shareholders of BZ WBK (for 4 consecutive quarters) to the quarterly average of total assets calculated based on balances as at the end of five consecutive quarters. Adjusted ratios as at 30.09.2012 and 31.12.2011 do not include once-off cost adjustments introduced in Q4 2011.

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

## 47. Factors Which May Affect Financial Results of BZ WBK Group in the Next Quarter and Beyond

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

- Clear deceleration of forecast economic growth abroad, mainly in the euro zone, meaning also a gloomier outlook for the Polish economy;
- Financial problems of construction sector enterprises which may translate into deeper deceleration of construction output and total investments;

- Further stagnation in the labour market which will limit wage pressure and may negatively affect the quality of the credit portfolio in the household segment, and reduce the demand for new consumer and mortgage loans;
- Likely cuts of interest rates by the MPC (Monetary Policy Council) in response to a significant deceleration of economic growth and inflation's return to the NBP target;
- Changes of asset funding costs depending on the pace and scale of changes of the main interest rates, changes of the zloty exchange rate, liquidity situation of the banking sector and intensity of price competition for deposits between banks;
- Possible increase in volatility of the financial markets due to the pace of debt crisis solving in the euro zone and the deteriorated outlook for the global economy;
- Further developments in the global stock market and their impact on the willingness to purchase 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
22.10.2012	Marco Antonio Silva Rojas	Member of the Management Board	
22.10.2012	Wojciech Skalski	Financial Accounting Area Director	