

**CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS OF
BANK ZACHODNI WBK S.A.
FOR THE 6-MONTH PERIOD
ENDED 30 JUNE 2013**

2013



WBK

| Bank Zachodni WBK S.A.

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Income statement of Bank Zachodni WBK S.A.

for reporting period:	01.04.2013- 30.06.2013	01.01.2013- 30.06.2013	01.04.2012- 30.06.2012	01.01.2012- 30.06.2012
Interest income	1 296 500	2 652 404	917 203	1 831 699
Interest expenses	(536 650)	(1 179 686)	(381 966)	(775 987)
Net interest income Note 5	759 850	1 472 718	535 237	1 055 712
Fee and commission income	445 860	872 227	328 359	642 120
Fee and commission expenses	(53 911)	(106 521)	(33 339)	(66 132)
Net fee and commission income Note 6	391 949	765 706	295 020	575 988
Dividend income	131 955	131 955	53 061	115 895
Net trading income and revaluation Note 7	28 504	81 555	54 380	93 404
Gains (losses) from other financial securities Note 8	91 025	180 764	23 562	26 228
Other operating income Note 9	23 910	46 319	13 963	30 488
Impairment losses on loans and advances Note 10	(188 601)	(383 602)	(138 838)	(220 251)
Operating expenses incl.:	(686 070)	(1 321 138)	(408 204)	(827 379)
<i>Bank's staff, operating expenses and management costs</i> Notes 11, 12	(631 105)	(1 202 718)	(375 412)	(761 246)
<i>Depreciation/amortisation</i>	(55 022)	(109 543)	(31 140)	(62 663)
<i>Other operating expenses</i> Note 13	57	(8 877)	(1 652)	(3 470)
Operating profit	552 522	974 277	428 181	850 085
Profit before tax	552 522	974 277	428 181	850 085
Corporate income tax Note 14	(84 892)	(168 815)	(80 857)	(158 643)
Profit for the period	467 630	805 462	347 324	691 442
Net earnings per share (PLN/share)				
Basic earnings per share	5,02	8,65	4,75	9,46
Diluted earnings per share	5,01	8,63	4,74	9,44

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

for reporting period:	01.04.2013- 30.06.2013	01.01.2013- 30.06.2013	01.04.2012- 30.06.2012	01.01.2012- 30.06.2012
Profit for the period	467 630	805 462	347 324	691 442
Other comprehensive income which can be transferred to the profit and loss account:				
Available-for sale financial assets valuation	(239 217)	(321 452)	79 273	156 637
<i>including deferred tax</i>	45 451	61 076	(15 062)	(29 761)
Cash flow hedges valuation	(69 026)	(98 285)	28 340	2 307
<i>including deferred tax</i>	13 116	18 675	(5 384)	(438)
Other comprehensive income for the period, net of income tax	(249 676)	(339 986)	87 167	128 745
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	217 954	465 476	434 491	820 187

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

	as at:	30.06.2013	31.12.2012	30.06.2012
ASSETS				
Cash and balances with central banks	Note 15	2 498 198	4 157 270	1 570 283
Loans and advances to banks	Note 16	1 579 278	1 454 313	2 186 313
Financial assets held for trading	Note 17	2 956 025	818 581	3 742 151
Hedging derivatives	Note 18	229 527	253 553	120 234
Loans and advances to customers	Note 19	69 366 966	39 464 701	38 445 104
Investment securities	Notes 20, 21	19 916 840	11 697 393	11 164 946
Investments in subsidiaries, associates and joint ventures	Note 22	388 077	264 658	264 599
Intangible assets		330 605	113 678	119 727
Goodwill	Note 31	1 688 516	-	-
Property, plant and equipment		598 568	468 028	459 693
Net deferred tax assets		652 178	172 445	141 709
Assets classified as held for sale	Note 23	-	-	82 604
Investment property		14 170	-	-
Other assets	Note 24	527 698	331 483	323 340
Total assets		100 746 646	59 196 103	58 620 703
LIABILITIES				
Deposits from banks	Note 25	8 016 533	1 291 655	2 676 061
Hedging derivatives	Note 18	863 849	322 252	426 792
Financial liabilities held for trading	Note 17	1 302 591	728 831	813 438
Deposits from customers	Note 26	74 864 817	47 162 169	46 425 947
Subordinated liabilities	Note 27	1 436 145	409 110	425 929
Current income tax liabilities		144 883	160 417	47 269
Other liabilities	Note 28	1 525 262	837 608	735 438
Total liabilities		88 154 080	50 912 042	51 550 874
Equity				
Share capital		935 451	746 376	730 760
Other reserve funds		10 314 418	5 292 875	4 966 213
Revaluation reserve		537 235	877 221	681 414
Profit of the current period		805 462	1 367 589	691 442
Total equity		12 592 566	8 284 061	7 069 829
Total equity and liabilities		100 746 646	59 196 103	58 620 703



Statement of changes in equity of Bank Zachodni WBK S.A.

Statement of changes in equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2012	746 376	5 292 875	877 221	1 367 589	8 284 061
Total comprehensive income	-	-	(339 986)	805 462	465 476
Issue of shares*	189 075	4 354 765	-	-	4 543 840
Transfer to other capital	-	656 646	-	(656 646)	-
Transfer to dividends for 2012	-	-	-	(710 943)	(710 943)
Share scheme charge	-	10 132	-	-	10 132
As at 30.06.2013	935 451	10 314 418	537 235	805 462	12 592 566

As at the end of the period revaluation reserve in the amount of PLN 537 235k comprises mainly of debt securities and equity shares classified as available for sale of PLN 141 368k and PLN 408 187k, respectively. Additionally, it includes cash flow hedge activities of PLN (12 320)k.

*Detailed information on "Issue of shares" is included in Note 32.

Statement of changes in equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2011	730 760	4 382 125	552 669	1 158 502	6 824 056
Total comprehensive income	-	-	324 552	1 367 589	1 692 141
Issue of shares	15 616	316 384	-	-	332 000
Transfer to other capital	-	573 894	-	(573 894)	-
Transfer to dividends for 2011	-	-	-	(584 608)	(584 608)
Share scheme charge	-	20 472	-	-	20 472
As at 31.12.2012	746 376	5 292 875	877 221	1 367 589	8 284 061

As at the end of the period revaluation reserve in the amount of PLN 877 221k comprises mainly of debt securities and equity shares classified as available for sale of PLN 402 635k and PLN 407 296k, respectively. Additionally, it includes cash flow hedge activities of PLN 67 290k.

Statement of changes in equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2011	730 760	4 382 125	552 669	1 158 502	6 824 056
Total comprehensive income	-	-	128 745	691 442	820 187
Transfer to other capital	-	573 894	-	(573 894)	-
Dividend relating to 2011	-	-	-	(584 608)	(584 608)
Share scheme charge	-	10 194	-	-	10 194
As at 30.06.2012	730 760	4 966 213	681 414	691 442	7 069 829

As at the end of the period revaluation reserve in the amount of PLN 681 414k comprises mainly of debt securities and equity shares classified as available for sale of PLN 216 652k and PLN 410 957k, respectively. Additionally, it includes cash flow hedge activities of PLN 53 805k.

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

	for reporting period:	od 01.01.2013 do 30.06.2013	od 01.01.2012 do 30.06.2012
Profit before tax		974 277	850 085
Total adjustments:			
Depreciation/amortisation		109 543	62 663
(Profit) loss from investing activities		(177 365)	(26 345)
Impairment losses		(661)	-
		905 794	886 403
Changes in:			
Trading portfolio financial instruments		(997 589)	8 037
Loans and advances to banks		100 390	10 113
Loans and advances to customers		(2 348 587)	(1 022 908)
Deposits from banks		1 459 183	314 628
Deposits from customers		(3 433 323)	(566 132)
Provisions		(29 457)	(46 844)
Equity arising from share issue for the acquisition purposes		4 543 840	-
Other assets and liabilities		(2 182 627)	(211 828)
		(2 888 170)	(1 514 934)
Interests and similar charges		(11 767)	119 576
Dividend received		(89 851)	(41 975)
Paid income tax		(270 173)	(93 052)
Net cash flow from operating activities		(2 354 167)	(643 982)
Inflows		116 724 192	8 217 063
Sale/maturity of investment securities		116 633 703	8 173 451
Sale of intangible assets and property, plant and equipment		638	1 637
Dividend received		89 851	41 975
Outflows		(117 114 962)	(7 630 144)
Purchase of investment securities		(117 077 114)	(7 614 803)
Purchase of intangible assets and property, plant and equipment		(37 848)	(15 341)
Net cash flow from investing activities		(390 770)	586 919
Inflows		-	-
Outflows		(807 676)	(629 104)
Repayment of long-term loans		(15 189)	-
Dividends and other payments to shareholders		(710 943)	(584 608)
Other financing outflows		(81 544)	(44 496)
Net cash flow from financing activities		(807 676)	(629 104)
Total net cash flow		(3 552 613)	(686 167)
Cash at the beginning of the accounting period		7 700 732	7 251 655
Cash acquired in a business combination		1 834 726	-
Cash at the end of the accounting period		5 982 845	6 565 488



Additional notes to condensed interim financial statements

1. General information about issuer

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

The direct parent of Bank Zachodni WBK S.A. is Banco Santander S.A. seated in Santander, Spain.

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

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

2. Basis of preparation of condensed interim unconsolidated financial statements

In comparison with annual financial statements content of an interim financial report is condensed, therefore it should be read in conjunction with the financial statements of Bank Zachodni WBK for the year 2012 and with the condensed interim consolidated financial statements of BZ WBK Group for the six-month period ended 30 June 2013.

Financial statements of Bank Zachodni WBK S.A. for the year 2012 is available at the Bank's official website: www.inwestor.bzwbk.pl

Statement of compliance

Condensed interim financial statements of Bank Zachodni WBK for the period from 1 January 2013 to 30 June 2013 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 is required to publish the financial results for the six months ended 30 June 2013 which is deemed to be the current interim financial reporting period.

Accounting policies

The interim financial statements are presented in PLN, rounded to the nearest thousand.

Section the accounting policies applied by the Bank in these condensed interim financial statements are the same as those applied by the Bank in its financial statements for the year ended 31 December 2012.

Comparability with results of previous periods

No changes were made to the presentation of financial information in the comparable periods.

Changes in judgments and estimates

The significant judgment and the key sources of estimation uncertainty were the same as those that applied to the Annual Report of Bank Zachodni WBK for 2012.

3. Risk management

Information on risk management included in Condensed Interim Consolidated Financial Statements of BZ WBK Group fully stand in for notes to these condensed interim unconsolidated financial statements.

4. Capital management

Information on capital management included in Condensed Interim Consolidated Financial Statements of BZ WBK Group fully stand in for notes to these condensed interim unconsolidated financial statements.

5. Net interest income

	01.04.2013- 30.06.2013	01.01.2013- 30.06.2013	01.04.2012- 30.06.2012	01.01.2012- 30.06.2012
Interest income				
Loans and advances to enterprises	435 642	904 019	392 608	771 635
Loans and advances to individuals, of which:	531 409	1 064 153	285 674	569 148
<i>Home mortgage loans</i>	201 683	414 373	103 560	204 301
Debt securities incl.:	206 860	431 443	167 438	354 026
<i>Investment portfolio available for sale</i>	196 174	409 220	139 135	284 685
<i>Trading portfolio</i>	10 686	22 223	28 303	69 341
Loans and advances to banks	27 107	59 590	21 009	42 799
Public sector	5 805	12 313	5 838	11 766
Reverse repo transactions	5 741	10 790	2 430	4 287
Interest recorded on hedging IRS	83 936	170 096	42 206	78 038
Total	1 296 500	2 652 404	917 203	1 831 699
Interest expenses				
Deposits from individuals	(320 479)	(706 603)	(210 954)	(420 828)
Deposits from enterprises	(137 931)	(318 718)	(113 442)	(240 668)
Repo transactions	(30 416)	(53 662)	(24 459)	(52 868)
Deposits from public sector	(28 024)	(61 640)	(22 839)	(41 301)
Deposits from banks	(6 160)	(13 092)	(4 965)	(9 191)
Subordinated liabilities	(13 640)	(25 971)	(5 307)	(11 131)
Total	(536 650)	(1 179 686)	(381 966)	(775 987)
Net interest income	759 850	1 472 718	535 237	1 055 712

6. Net fee and commission income

	01.04.2013- 30.06.2013	01.01.2013- 30.06.2013	01.04.2012- 30.06.2012	01.01.2012- 30.06.2012
Fee and commission income				
eBusiness & payments	136 805	271 201	109 299	212 308
Current accounts and money transfer	88 421	177 136	61 777	121 130
Foreign exchange commissions	74 949	138 001	58 781	113 248
Credit commissions	54 443	107 173	29 881	59 342
Insurance commissions	22 736	45 291	26 184	48 786
Credit cards	20 366	39 976	17 042	35 915
Off-balance sheet guarantee commissions	9 042	17 518	4 065	7 562
Issue arrangement fees	2 982	3 879	617	1 722
Distribution fees	32 452	65 087	19 598	39 485
Other commissions	3 664	6 965	1 115	2 622
Total	445 860	872 227	328 359	642 120
Fee and commission expenses				
eBusiness & payments	(36 584)	(73 978)	(20 968)	(44 129)
Credit cards	(3 578)	(6 903)	(2 036)	(4 896)
Commissions paid to credit agents	(3 956)	(4 707)	(4 504)	(5 773)
Other	(9 793)	(20 933)	(5 831)	(11 334)
Total	(53 911)	(106 521)	(33 339)	(66 132)
Net fee and commission income	391 949	765 706	295 020	575 988

7. Net trading income and revaluation

Net trading income and revaluation	01.04.2013- 30.06.2013	01.01.2013- 30.06.2013	01.04.2012- 30.06.2012	01.01.2012- 30.06.2012
Derivative instruments and interbank fx transactions	116	54 524	48 844	83 866
Other FX related income	29 198	21 905	5 457	8 366
Profit on equity instruments	2 283	5 706	108	433
Profit on debt instruments	(3 093)	(580)	(29)	739
Total	28 504	81 555	54 380	93 404

Net trading income and revaluation includes the write-back of adjustments of derivatives resulting from counterparty risk in the amount of PLN 2 289k for H1 2013, PLN (130)k for 2Q 2013 and PLN 5 266k for H1 2012, PLN 4 858k for 2Q 2012.

Net trading income and revaluation includes also depreciation of adjustment to the valuation of day 1 profit or lost for start forward CIRS transactions in the amount of PLN (169)k, disclosed in Note 18 Hedging derivatives. The initial valuation will be subject to linear depreciation for maturity of CIRS.

8. Gains (losses) from other financial securities

Gains (losses) from other financial securities	01.04.2013- 30.06.2013	01.01.2013- 30.06.2013	01.04.2012- 30.06.2012	01.01.2012- 30.06.2012
Profit on sale of equity shares	1 370	874	-	-
Profit on sale of debt securities	87 367	176 750	23 296	25 368
Total profit (losses) on financial instruments	88 737	177 624	23 296	25 368
Change in fair value of hedging instruments	65 213	67 138	(1 908)	(1 104)
Change in fair value of underlying hedged positions	(62 925)	(63 998)	2 174	1 964
Total profit (losses) on hedging and hedged instruments	2 288	3 140	266	860
Total	91 025	180 764	23 562	26 228

9. Other operating income

Other operating income	01.04.2013- 30.06.2013	01.01.2013- 30.06.2013	01.04.2012- 30.06.2012	01.01.2012- 30.06.2012
Income on sale of services	5 191	9 670	6 018	11 602
Insurance indemnity received	88	254	172	353
Reimbursements of BGF charges	3 364	13 446	3 984	11 190
Release of provision for legal cases and other assets	1 677	4 396	470	923
Settlements of leasing agreements	247	402	489	1 030
Recovery of other receivables	825	1 254	1 018	1 818
Income on sales or liquidation of fixed assets, intangible assets and assets for disposal	8 192	8 192	846	977
Other	4 326	8 705	966	2 595
Total	23 910	46 319	13 963	30 488

10. Impairment losses on loans and advances

Impairment losses on loans and advances	01.04.2013- 30.06.2013	01.01.2013- 30.06.2013	01.04.2012- 30.06.2012	01.01.2012- 30.06.2012
Collective and individual impairment charge	(280 751)	(506 286)	(161 281)	(248 733)
Incurred but not reported losses charge	75 374	124 785	23 756	20 423
Recoveries of loans previously written off	1 367	2 340	1 530	2 772
Off-balance sheet credit related facilities	15 409	(4 441)	(2 843)	5 287
Total	(188 601)	(383 602)	(138 838)	(220 251)

11. Employee costs

Employee costs	01.04.2013- 30.06.2013	01.01.2013- 30.06.2013	01.04.2012- 30.06.2012	01.01.2012- 30.06.2012
Salaries and bonuses	(263 428)	(525 040)	(176 765)	(353 139)
Salary related costs	(45 122)	(93 768)	(29 522)	(60 629)
Staff benefits costs	(7 334)	(14 498)	(4 749)	(9 433)
Professional trainings	(3 336)	(5 216)	(4 992)	(8 190)
Retirement fund, holiday provisions and other employee costs	(410)	(1 652)	(583)	(1 768)
Total	(319 630)	(640 174)	(216 611)	(433 159)

12. General and administrative expenses

General and administrative expenses	01.04.2013- 30.06.2013	01.01.2013- 30.06.2013	01.04.2012- 30.06.2012	01.01.2012- 30.06.2012
Maintenance and rentals of premises	(95 526)	(182 663)	(55 855)	(111 110)
Marketing and representation	(22 461)	(42 639)	(13 884)	(40 481)
IT systems costs	(33 790)	(64 868)	(21 093)	(41 384)
Bank Guarantee Fund, Polish Financial Supervision Authority and National Depository for Securities	(24 561)	(48 466)	(13 595)	(27 235)
Postal and telecommunication costs	(15 140)	(26 517)	(9 982)	(20 072)
Consulting fees	(58 551)	(71 145)	(5 618)	(14 104)
Cars, transport expenses, carriage of cash	(15 199)	(29 586)	(8 512)	(16 298)
Other external services	(14 106)	(28 767)	(7 690)	(14 129)
Stationery, cards, cheques etc.	(5 096)	(9 917)	(4 511)	(9 897)
Sundry taxes	(5 275)	(10 360)	(4 580)	(7 853)
Data transmission	(4 779)	(10 850)	(3 666)	(7 327)
KIR, SWIFT settlements	(3 583)	(7 496)	(2 899)	(5 889)
Security costs	(5 176)	(10 027)	(3 073)	(5 453)
Costs of repairs	(1 528)	(6 340)	(1 043)	(1 935)
Other	(6 704)	(12 903)	(2 800)	(4 920)
Total	(311 475)	(562 544)	(158 801)	(328 087)

13. Other operating expenses

	01.04.2013- 30.06.2013	01.01.2013- 30.06.2013	01.04.2012- 30.06.2012	01.01.2012- 30.06.2012
Other operating expenses				
Charge of provisions for legal cases and other assets	2 466	(3 631)	(105)	(218)
Debt recovery costs	(371)	(741)	-	-
Other membership fees	(181)	(283)	(148)	(294)
Paid compensations, penalties and fines	(42)	(817)	(44)	(268)
Losses from past-due receivables	(11)	(18)	(175)	(192)
Donation paid	-	(6)	-	-
Other	(1 804)	(3 381)	(1 180)	(2 498)
Total	57	(8 877)	(1 652)	(3 470)

14. Corporate income tax

	01.04.2013- 30.06.2013	01.01.2013- 30.06.2013	01.04.2012- 30.06.2012	01.01.2012- 30.06.2012
Corporate income tax				
Current tax charge	(138 759)	(247 958)	(79 208)	(164 776)
Deferred tax	53 867	79 143	(1 649)	6 133
Total	(84 892)	(168 815)	(80 857)	(158 643)

	01.04.2013- 30.06.2013	01.01.2013- 30.06.2013	01.04.2012- 30.06.2012	01.01.2012- 30.06.2012
Corporate total tax charge information				
Profit before tax	552 522	974 277	428 181	850 085
Tax rate	19%	19%	19%	19%
Tax calculated at the tax rate	(104 979)	(185 113)	(81 354)	(161 516)
Non-deductible expenses	443	(2 191)	(3 561)	(4 474)
Sale of receivables	(14 374)	(15 690)	(7 067)	(7 809)
Non-tax deductible bad debt provisions	761	985	2 495	(3 551)
Non-taxable income (dividends)	24 890	24 890	10 082	22 017
Technological relief	4 242	4 242	-	-
Other	4 125	4 062	(1 452)	(3 310)
Total income tax expense	(84 892)	(168 815)	(80 857)	(158 643)

	30.06.2013	31.12.2012	30.06.2012
Deferred tax recognised directly in equity			
Relating to equity securities available-for-sale	(95 748)	(95 539)	(96 397)
Relating to debt securities available-for-sale	(33 160)	(94 445)	(50 820)
Relating to cash flow hedging activity	2 890	(15 784)	(12 621)
Total	(126 018)	(205 768)	(159 838)

15. Cash and balances with central banks

Cash and balances with central banks	30.06.2013	31.12.2012	30.06.2012
Cash	1 621 494	1 084 104	868 315
Current accounts in central banks	481 663	3 073 166	639 957
Term deposits	395 041	-	62 011
Total	2 498 198	4 157 270	1 570 283

BZ WBK holds an obligatory reserve on a current account in the National Bank of Poland. The figure is calculated at a fixed percentage of the monthly average balance of the customers' deposits, which in all the covered periods was 3.5%. In accordance with the applicable regulations, the amount of the calculated provision is reduced by the equivalent of EUR 500k.

16. Loans and advances to banks

Loans and advances to banks	30.06.2013	31.12.2012	30.06.2012
Loans and advances	306 381	916 475	1 305 979
Current accounts, other	1 261 267	470 025	631 097
Buy-sell-back transaction	11 662	67 813	249 297
Gross receivables	1 579 310	1 454 313	2 186 373
Impairment write down	(32)	-	(60)
Total	1 579 278	1 454 313	2 186 313

17. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading	30.06.2013		31.12.2012		30.06.2012	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Trading derivatives	1 117 755	1 253 109	643 094	711 669	607 519	645 448
Interest rate operations	840 380	862 347	365 998	371 136	228 277	229 041
Forward	33	-	-	-	-	-
Options	4 251	4 251	564	564	1 229	1 229
IRS	810 595	828 500	357 116	358 516	222 749	224 334
FRA	25 501	29 596	8 318	12 056	4 299	3 478
FX operations	276 597	390 186	277 096	340 533	379 242	416 407
CIRS	88 098	174 766	77 480	152 711	45 271	140 518
Forward	58 531	22 301	27 050	22 343	47 005	32 821
FX Swap	93 932	154 898	142 466	135 140	227 734	184 290
Spot	910	686	901	1 140	2 781	2 327
Options	35 126	37 535	29 199	29 199	56 451	56 451
Transactions concerning precious metals and commodities	778	576	-	-	-	-
Debt and equity securities	1 838 270	-	175 487	-	3 134 632	-
Debt securities	1 838 270	-	175 487	-	3 134 632	-
Government securities:	1 838 270	-	175 487	-	315 664	-
- bills	24 900	-	-	-	115 925	-
- bonds	1 813 370	-	175 487	-	199 739	-
Central Bank securities:	-	-	-	-	2 818 968	-
- bills	-	-	-	-	2 818 968	-
Short sale	-	49 482	-	17 162	-	167 990
Total financial assets/liabilities	2 956 025	1 302 591	818 581	728 831	3 742 151	813 438

Financial assets and liabilities held for trading - trading derivatives include value adjustments resulting from counterparty risk in the amount of PLN 3 139k as at 30.06.2013, PLN 2 298k as at 31.12.2012, PLN 628k as at 30.06.2012.

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

Derivatives' nominal values		30.06.2013	31.12.2012	30.06.2012
1. Term derivatives (hedging)		29 168 868	14 675 607	11 799 469
a) Single-currency interest rate swap		1 515 000	1 085 000	320 540
b) Macro cash flow hedge -purchased (IRS)		3 269 470	2 213 144	2 249 349
c) Macro cash flow hedge -purchased (CIRS)		11 847 620	5 585 823	4 398 278
d) Macro cash flow hedge -sold (CIRS)		12 536 778	5 791 640	4 831 302
2. Term derivatives (trading)		143 496 671	69 681 667	86 293 190
a) Interest rate operations		91 699 333	35 419 700	39 241 048
Single-currency interest rate swap		63 730 687	28 068 156	29 269 265
FRA - purchased amounts		27 100 000	6 850 000	9 600 000
Options		857 746	501 544	371 783
Forward- sold amounts		10 900	-	-
b) FX operations		51 771 674	34 261 967	47 052 142
FX swap – purchased amounts		14 916 332	8 020 505	14 119 647
FX swap – sold amounts		14 962 740	8 008 784	14 038 406
Forward- purchased amounts		3 139 425	1 483 082	2 042 209
Forward- sold amounts		3 124 438	1 482 429	2 044 941
Cross-currency interest rate swap – purchased amounts		4 481 159	4 965 537	2 893 815
Cross-currency interest rate swap – sold amounts		4 571 066	5 033 742	2 994 374
FX options -purchased CALL		1 165 487	1 250 855	2 117 477
FX options -purchased PUT		2 122 770	1 383 089	2 341 898
FX options -sold CALL		1 165 487	1 250 855	2 117 477
FX options -sold PUT		2 122 770	1 383 089	2 341 898
c) Transactions concerning precious metals and commodities		25 664	-	-
Commodity swap - purchased amounts		12 933	-	-
Commodity swap - sold amounts		12 731	-	-
3. Currency transactions- spot		1 760 107	1 889 992	2 579 334
Spot-purchased		880 188	944 898	1 289 894
Spot-sold		879 919	945 094	1 289 440
Total		174 425 646	86 247 266	100 671 993

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

18. Hedging derivatives

Hedging derivatives	30.06.2013		31.12.2012		30.06.2012	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
IRS hedging fair value	21 278	40 401	-	60 214	-	8 232
IRS hedging cash flow	208 249	823 448	253 553	262 038	120 234	418 560
Total hedging derivatives	229 527	863 849	253 553	322 252	120 234	426 792

In H1 2013, Hedging derivatives - IRS hedging cash flow includes adjustment to the valuation of day 1 profit or loss for start forward CIRS transactions in the amount of PLN (10 447)k in accordance with the principles set out in IFRS 7.

As at 30.06.2013, Net trading income and revaluation includes amortisation of adjustment to the valuation of day 1 profit or lost for start forward CIRS transactions in the amount of PLN (169)k.

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

19. Loans and advances to customers

Loans and advances to customers	30.06.2013	31.12.2012	30.06.2012
Loans and advances to enterprises	37 815 302	27 080 320	26 527 379
Loans and advances to individuals, of which:	34 543 900	13 697 343	13 054 410
<i>Home mortgage loans</i>	26 110 366	8 080 532	7 886 594
Loans and advances to public sector	294 326	105 366	163 294
Buy-sell-back transaction	66 116	15 234	1 515
Other	63 417	11 815	8 181
Gross receivables	72 783 061	40 910 078	39 754 779
Impairment write down	(3 416 095)	(1 445 377)	(1 309 675)
Total	69 366 966	39 464 701	38 445 104

Movements on impairment losses on loans and advances to customers	30.06.2013	31.12.2012	30.06.2012
Individual and collective impairment			
As at the beginning of the period	(1 121 025)	(982 865)	(982 865)
Individual and collective impairment acquired in a business combination	(1 645 106)	-	-
Charge/write back of current period	(506 286)	(524 730)	(248 733)
Write off/Sale of receivables	350 570	367 341	227 404
Transfer	(49 845)	16 215	11 460
F/X differences	(6 509)	3 014	2 513
Balance at the end of the period	(2 978 201)	(1 121 025)	(990 221)
IBNR			
As at the beginning of the period	(324 352)	(331 177)	(331 177)
IBNR acquired in a business combination	(196 873)	-	-
Charge/write back of current period	124 817	17 025	20 483
Transfer	(35 090)	(13 018)	(9 824)
F/X differences	(6 396)	2 818	1 064
Balance at the end of the period	(437 894)	(324 352)	(319 454)
Impairment write down	(3 416 095)	(1 445 377)	(1 309 675)

20. Investment securities available for sale

Investment securities available for sale	30.06.2013	31.12.2012	30.06.2012
Available for sale investments - measured at fair value			
Debt securities	19 259 059	11 048 024	10 511 301
Government securities:	14 720 794	7 711 424	9 285 897
- bills	-	-	143 871
- bonds	14 720 794	7 711 424	9 142 026
Central Bank securities:	2 089 847	2 099 256	-
- bills	2 089 847	2 099 256	-
Commercial securities:	2 448 418	1 237 344	1 225 404
-bonds	2 448 418	1 237 344	1 225 404
Equity securities	632 041	610 353	608 577
- listed	22 533	2 759	2 377
- unlisted	609 508	607 594	606 200
Investment certificates	25 740	39 016	45 068
Total	19 916 840	11 697 393	11 164 946

Movements on investment securities available for sale	Debt securities	Financial instruments representing equity rights	Total
As at 1 January 2013	11 048 024	649 369	11 697 393
Investment securities available for sale acquired in a business combination	7 701 195	846	7 702 041
Additions	117 077 114	-	117 077 114
Disposals (sale and maturity)	(116 258 338)	(11 804)	(116 270 142)
Fair value adjustment (AFS)	(473 315)	1 663	(471 652)
Movements on interest accrued	98 376	-	98 376
F/X differences	66 003	(9)	65 994
Transfer	-	17 716	17 716
As at 30 June 2013	19 259 059	657 781	19 916 840

Movements on investment securities available for sale	Debt securities	Financial instruments representing equity rights	Total
As at 1 January 2012	10 971 563	653 580	11 625 143
Additions	41 537 666	3 319	41 540 985
Disposals (sale and maturity)	(41 659 215)	(3 969)	(41 663 184)
Fair value adjustment (AFS)	448 057	(2 167)	445 890
Movements on interest accrued	(226 281)	-	(226 281)
Allowances for impairment	-	(1 386)	(1 386)
F/X differences	(23 766)	(8)	(23 774)
As at 31 December 2012	11 048 024	649 369	11 697 393

Movements on investment securities available for sale	Debt securities	Financial instruments representing equity rights	Total
As at 1 January 2012	10 971 563	653 580	11 625 143
Additions	7 614 247	556	7 614 803
Disposals (sale and maturity)	(8 148 083)	-	(8 148 083)
Fair value adjustment (AFS)	159 001	(16)	158 985
Movements on interest accrued	(75 083)	-	(75 083)
F/X differences	(10 344)	(475)	(10 819)
As at 30 June 2012	10 511 301	653 645	11 164 946

21. Financial assets held to maturity

Movements on financial assets held to maturity	Debt securities	Financial instruments representing equity rights	Total
Balance at 1 January 2011	-	-	-
Financial asset held to maturity acquired in a business combination	2 518 251	-	2 518 251
Disposals (sale and maturity)	(2 467 838)	-	(2 467 838)
Fair value amortisation	379	-	379
Movements on interest accrued	(51 318)	-	(51 318)
F/X differences	526	-	526
As at end of reporting period	-	-	-

As at 30.06.2013 and in comparable period there were no Financial assets held to maturity.

22. Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures	30.06.2013	31.12.2012	30.06.2012
Subsidiaries	341 546	218 127	218 068
Associates	8 000	8 000	8 000
Joint ventures	38 531	38 531	38 531
Total	388 077	264 658	264 599

23. Assets classified as held for sale

Assets classified as held for sale	30.06.2013	31.12.2012	30.06.2012
Land and buildings	-	-	82 511
Equipment	-	-	93
Total	-	-	82 604

On 31.12.2012 the BZ WBK reclassified assets held for sale of PLN 74 764k to others assets - repossessed assets. It was a result of not meeting requirements described in IFRS 5.

24. Other assets

Other assets	30.06.2013	31.12.2012	30.06.2012
Sundry debtors	241 583	150 149	233 793
Interbank and interbranch settlements	125 772	76 800	39 900
Prepayments	87 092	29 718	49 595
Repossessed assets*	73 199	74 764	-
Other	52	52	52
Total	527 698	331 483	323 340

* On 31.12.2012 BZ WBK reclassified assets held for sale of PLN 74 764k to others assets - repossessed assets. It was a result of not meeting requirements described in IFRS 5.

25. Deposits from banks

Deposits from banks	30.06.2013	31.12.2012	30.06.2012
Repo/sell-buy-back transactions	7 085 719	668 150	1 920 015
Term deposits	472 413	331 073	529 625
Loans from other banks	-	-	-
Current accounts	458 401	292 432	226 421
Total	8 016 533	1 291 655	2 676 061

26. Deposits from customers

Deposits from customers	30.06.2013	31.12.2012	30.06.2012
Deposits from individuals	44 535 740	28 073 106	27 479 808
Term deposits	18 115 171	15 980 357	14 989 434
Current accounts	26 354 897	12 053 225	12 456 838
Other	65 672	39 524	33 536
Deposits from enterprises	26 164 369	17 187 024	16 790 838
Term deposits	12 390 720	9 424 385	10 475 832
Current accounts	10 810 543	6 239 902	4 961 075
Sell-buy-back transaction	100 213	205 032	191 527
Credits	2 300 906	1 022 564	852 460
Other	561 987	295 141	309 944
Deposits from public sector	4 164 708	1 902 039	2 155 301
Term deposits	1 997 206	648 281	773 552
Current accounts	2 165 799	1 251 994	1 379 836
Other	1 703	1 764	1 913
Total	74 864 817	47 162 169	46 425 947

27. Subordinated liabilities

Subordinated liabilities	Nominal value	Currency	Redemption date	As at the end of the period
Tranche 1	100 000	EUR	05.08.2020	432 533
Tranche 2	100 000	CHF	15.06.2018	350 548
Tranche 3	165 000	CHF	28.06.2019	578 119
Tranche 4	75 000	PLN	30.01.2019	74 945
Total				1 436 145



Movements in subordinated liabilities	30.06.2013	31.12.2012	30.06.2012
As at the beginning of the period	409 110	441 234	441 234
Subordinated liabilities acquired in a business combination	978 237	-	-
Increase (due to):	75 783	20 263	11 131
- interest on subordinated loan	26 910	20 263	11 131
- FX differences	48 873	-	-
Decrease (due to):	(26 985)	(52 387)	(26 436)
- interest repayment	(26 985)	(19 560)	(10 951)
- FX differences	-	(32 827)	(15 485)
as at the end of the period	1 436 145	409 110	425 929
Short-term	3 942	4 378	4 061
Long-term (over 1 year)	1 432 203	404 732	421 868

28. Other liabilities

Other liabilities	30.06.2013	31.12.2012	30.06.2012
Interbank and interbranch settlements	739 937	217 711	286 466
Provisions:	347 766	212 922	169 546
<i>Employee provisions</i>	209 102	176 457	129 352
<i>Provisions for legal claims</i>	44 989	15 546	15 954
<i>Provisions for off balance sheet credit facilities</i>	86 624	17 619	16 940
<i>Other</i>	7 051	3 300	7 300
Sundry creditors	126 981	225 775	88 087
Other deferred and suspended income	105 632	96 350	112 706
Public and law settlements	58 305	33 697	31 800
Accrued liabilities	146 641	51 153	46 833
Total	1 525 262	837 608	735 438

Change in provisions	30.06.2013	31.12.2012	30.06.2012
As at the beginning of the period	212 922	226 501	226 501
Employee provisions	176 457	179 494	179 494
Provisions for legal claims	15 546	17 484	17 484
Provisions for off balance sheet credit facilities	17 619	22 223	22 223
Other	3 300	7 300	7 300
Provision acquired in a business combination	191 366	-	-
Employee provisions	92 679	-	-
Provisions for legal claims	28 961	-	-
Provisions for off balance sheet credit facilities	63 175	-	-
Other	6 551	-	-
Provision charge	255 167	214 357	97 450
Employee provisions	119 232	171 094	78 809
Provisions for legal claims	1 456	355	254
Provisions for off balance sheet credit facilities	134 479	42 908	18 387
Other	-	-	-
Utilization	(178 889)	(163 460)	(130 267)
Employee provisions	(178 776)	(161 876)	(128 951)
Provisions for legal claims	(134)	(1 560)	(1 320)
Provisions for off balance sheet credit facilities	24	(24)	4
Other	(3)	-	-
Write back	(131 367)	(64 476)	(24 138)
Employee provisions	(490)	(12 255)	-
Provisions for legal claims	(840)	(733)	(464)
Provisions for off balance sheet credit facilities	(130 037)	(47 488)	(23 674)
Other	-	(4 000)	-
Other changes	(1 433)	-	-
Employee provisions	-	-	-
Provisions for legal claims	-	-	-
Provisions for off balance sheet credit facilities	1 364	-	-
Other	(2 797)	-	-
Balance at the end of the period	347 766	212 922	169 546
Employee provisions	209 102	176 457	129 352
Provisions for legal claims	44 989	15 546	15 954
Provisions for off balance sheet credit facilities	86 624	17 619	16 940
Other	7 051	3 300	7 300

29. Contingent liabilities

Significant court proceedings

As at 30.06.2013 no proceedings were instituted by court or by state administration agencies with relation to any claims made by or against the Bank amounting to a minimum of 10% of the Bank's equity.

The value of all litigation amounts to PLN 282 419k, which is ca. 2.24% of the Bank's equity. This amount includes PLN 92 999k claimed by the Bank, PLN 146 473k in claims against the Bank and PLN 42 947k are Bank's receivables due to bankruptcy or arrangement cases.

In H1 2013 the amount of significant court proceedings which have been completed amounted to PLN 32 685k.

As at 30.06.2012 no proceedings were instituted by court or by state administration agencies with relation to any claims made by or against the Bank amounting to a minimum of 10% of the Bank's equity.

The value of all litigation amounts to PLN 109 019k, which is ca. 1.54% of the Bank's equity. This amount includes PLN 32 696k claimed by the Bank, PLN 76 214k in claims against the Bank and PLN 109k are Bank's receivables due to bankruptcy or arrangement cases.

In H1 2012 the amount of significant court proceedings which have been completed amounted to PLN 71 428k.

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	30.06.2013	31.12.2012	30.06.2012
Liabilities sanctioned			
- financial	16 067 918	11 324 306	11 483 260
- credit lines	13 765 588	10 118 501	10 299 052
- credit cards debits	1 799 762	1 109 436	1 046 891
- import letters of credit	263 654	96 369	84 958
- term deposits with future commencement term	238 914	-	52 359
- guarantees	4 115 489	2 531 336	1 893 453
Total	20 183 407	13 855 642	13 376 713

30. Basis of FX conversion

As at 30.06.2013, FX denominated balance sheet positions were converted into PLN in line with the NBP FX table no. 124/A/NBP/2013 dd. 28.06.2013.

31. Merger of Bank Zachodni WBK S.A. and Kredyt Bank S.A.

Transaction

On 4 January 2013 (date of merger) the Bank registered the business combination of Bank Zachodni WBK and Kredyt Bank S.A. The transaction was settled through the issue of merger shares. As a result, eligible shareholders of Kredyt Bank S.A. were entitled to acquire shares in accordance with the agreed exchange ratio of 6.96 Merger Shares for every 100 shares of the Kredyt Bank. This represents a total of 18,907,458 ordinary shares with a nominal value of PLN 10 each, with a total nominal value of PLN 189,074,580. For the purposes of the settlement, the price of the new shares was determined in the amount of PLN 240.32. This price was calculated on the basis of the average BZ WBK share price over the thirty trading days between 21 November 2012 and 8 January 2013, excluding trading days without required turnover. The table below shows the total amount of the consideration transferred in a business combination and its effects on the equity of the combined entity.

as at:	04.01.2013
Share capital	189 074
Other reserve funds	4 354 766
Total consideration	4 543 840

The merger transaction was designed to implement the strategic objectives of the Bank and its major shareholder Banco Santander on the Polish market and has positioned the bank amongst the top three universal banks in Poland. As a result of the merger, there was an increase of the geographical scope of banking distribution network and the complementary businesses of the two banks were integrated. Bank increased scope of the services offered and expanded the customer base. This provided significant strengthening of the bank's market penetration potential and with the blended knowledge and experience of the two banks, the merged entity was more effective and achieved a higher quality of its solutions. With the economies of scale and harmonised risk management, the bank's profitability and effectiveness is increasing. Cost synergies are primarily achieving by improvement of processes, adoption of the most effective operational solutions, merger and optimisation of organisational structures and integration of IT systems. Revenue synergies are result from combination of the complementary offerings, cross-selling of the both banks' products, harmonisation of service styles and an increase in productivity.

Analysis of acquired assets and liabilities on a merger day

As at the date of issuance of the Report of Bank Zachodni WBK Group for H1 2013 Bank Zachodni WBK Group performed a preliminary and provisional valuation related to the Kredyt Bank acquisition.

The financial information as of 4 January 2013 of Kredyt Bank which formed the basis of this provisional settlement were audited by a qualified auditor. Bank Zachodni WBK has not completed the process of fair value estimation for the selected assets and liabilities of the Kredyt Bank S.A. such as loans and advances to customers, non-current assets, deposits from customers and contingent liabilities. Bank has not completed the fair value estimation of intangible assets that can be recognized in transaction. As a result, the total additional deferred tax asset and liabilities have been calculated based on the best estimates of the Management Board.

The auditor of Kredyt Bank, Ernst & Young Audit Sp. z o.o., has issued an audit opinion to Kredyt Bank financial statements on 4 January 2013 which contained the following qualification:

"The Management Board of Bank Zachodni WBK S.A., after the merger with Kredyt Bank S.A., carried out the analysis of the credit risk relating to Kredyt Bank S.A. loan portfolio as at 31 December 2012. The analysis was based on new assumptions towards collection scenarios weighted by their probabilities and significantly discounted collaterals as well as changed parameters for the calculation of the collective impairment. As a result of the above analysis, the Bank increased the level of loan impairment losses in the attached financial statement by approx. PLN 319 million for the loans assessed individually and by approx. PLN 258 million for the loans assessed collectively as at 31 December 2012. The amounts did not change as at 4 January 2013. During the audit of the abbreviated interim financial statement, we were not provided with any sufficient evidence to confirm ca. PLN 333m of the abovementioned increase in the impairment losses recognised in the balance sheet of Kredyt Bank S.A. as at 4 January 2013. Therefore, we are not in a position to confirm the soundness of this part of the additional impairment losses and, consequently, the deferred tax asset in the amount of ca. PLN 61m recognised in connection with the abovementioned additional impairment losses as at 4 January 2013. The amounts did not change as at 4 January 2013".

With regard to the qualification relating to the collective provisions and IBNR of PLN 258m, as at 30.06.2013 the presentation of the abovementioned provisions was amended to meet the requirements arising from the standards. The provisions reduce relevant asset classes.

The final purchase price allocation may differ from the preliminary allocation described below due to further refinement of the allocation of purchase price to the fair values of assets and liabilities acquired, and for any impacts resulting from the resolution of the qualification reported by Kredyt Bank Group's independent auditors, described above.



The following table shows the initial estimate of the fair value of acquired assets and liabilities.

	as at:	04.01.2013
ASSETS		
Cash and balances with central banks		1 429 283
Loans and advances to banks		680 206
Financial assets held for trading		1 152 738
Hedging derivatives		111 200
Loans and advances to customers		27 568 167
Investment securities		10 377 912
Intangible assets		233 831
Property, plant and equipment		191 063
Net deferred tax assets		352 177
Investment property		16 002
Assets classified as held for sale		5 709
Other assets		77 663
Total assets		42 195 951
LIABILITIES		
Deposits from banks		(5 760 512)
Hedging derivatives		(78 970)
Financial liabilities held for trading		(1 130 233)
Deposits from customers		(31 044 324)
Subordinated liabilities		(978 237)
Current income tax liabilities		(7 238)
Other liabilities		(341 113)
Total liabilities		(39 340 627)
Fair value of identifiable net assets		2 855 324

During the merger Bank recognized PLN 207 756k of additional assets that meet the conditions for recognition as intangible assets. These assets resulted from the revaluation of the acquired deposits of individual and business customers as well as customer relationships created in former Kredyt Bank. As at the release date of these financial statements, Bank has not completed the process of identification of intangible assets, which would be recognized in accordance with the principles set out in IFRS 3.

Non-controlling interest

Due to the fact that the business combination considered all of the operations of former Kredyt Bank S.A. and the exchange covered 100% of Kredyt Bank S.A. shares, any non-controlling interests were recognized in the consolidated financial statements of combined entity for the transaction.

Provisional calculation of goodwill

	as at:	04.01.2013
Goodwill		
Total consideration		4 543 840
Less: fair value of identifiable net assets		(2 855 324)
Total		1 688 516

Goodwill arising on the date of the merger basically represents a premium for control, and results from a potential ability to achieve additional benefits resulting from expected synergies, revenue growth, gained market share, combining competences of employees and increase the efficiency of processes as compared to the fair value of the net assets acquired. These benefits were not recognized separate intangible assets as in this instance the conditions for their individual recognition have not been met.

Bank does not expect tax deductibility of goodwill in future periods.

32. 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 General Meeting as at the publication date of the interim report for H1 2013 /30.07.2013/ is Banco Santander and ING Otworthy Fundusz Emerytalny.

Shareholder	Number of shares held		% in the share capital		Number of votes at GMS		Voting power at GMS	
	30.07.2013	25.04.2013	30.07.2013	25.04.2013	30.07.2013	25.04.2013	30.07.2013	25.04.2013
Banco Santander S.A.	65 481 563	65 481 563	70,00%	70,00%	65 481 563	65 481 563	70,00%	70,00%
ING Otworthy Fundusz Emerytalny	4 966 506	4 966 506	5,31%	5,31%	4 966 506	4 966 506	5,31%	5,31%
Other	23 097 020	23 097 020	24,69%	24,69%	23 097 020	23 097 020	24,69%	24,69%
Total	93 545 089	93 545 089	100%	100%	93 545 089	93 545 089	100%	100%

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

- Until 4 January 2013 i.e. the date of the merger Santander held 70,334,512 shares of Bank Zachodni WBK which represented 94.23% of the share capital and the total number of votes at the General Meeting of Shareholders of Bank Zachodni WBK and from 4th January 2013 – due to the merger - the shares of Bank Zachodni WBK represented 75.19% of the share capital and the total number of voting rights at the General Meeting of the Shareholders of Bank Zachodni WBK.

Santander's subsidiaries do not hold shares of Bank Zachodni WBK.

- The Management Board of Bank Zachodni WBK announced that on 8 January 2013 it became aware that the management board of the KDPW adopted resolution no. 24/13 on the registration of 18,907,458 series J shares in the Bank, i.e. the shares in the Bank issued in connection with its merger with Kredyt Bank. Pursuant to the KDPW resolution, the registration of the series J shares under code PLBZ00000044 was conditional on the decision of the company operating the regulated market to introduce these shares to trading on the regulated market.

Furthermore, based on this resolution of the KDPW, the reference date was set at 9 January 2013. The information memorandum prepared by the Bank in connection with the merger defines the reference date as the date at which the number of shares in Kredyt Bank held by shareholders of Kredyt Bank will be determined in exchange for which the series J shares in the Bank will be allotted to such shareholders in accordance with an agreed exchange ratio.

- On 24 January 2013 the Management Board of Bank Zachodni WBK announced that it had received a message from the Operations Department of the National Depository for Securities (Dział Operacyjny Krajowego Depozytu Papierów Wartościowych S.A.) ("KDPW") stating that on 25 January 2013 the KDPW would register 18,907,458 series J shares in the Bank with a nominal value of PLN 10 each, i.e. the merger shares in the Bank issued in connection with its merger with Kredyt Bank which were assigned the code: PLBZ00000044 in compliance with resolution no. 24/13 of the Management Board of the KDPW dated 8 January 2013.
- On 22 March 2013, KBC Bank NV and Banco Santander S.A. announced a secondary offering for the shares of Bank Zachodni WBK. The offering was for 19,978,913 shares representing 21.4% of the bank's share capital, with 15,125,964 shares owned by KBC Bank NV, and 4,852,949 owned by Banco Santander S.A. The final price per share was set in a book-building process at PLN 245. The total value of the offering was PLN 4.9bn.
- On 28 March 2013, Bank Zachodni WBK was advised that all of its 15,125,964 shares held by KBC Bank NV, representing 16.7% of the bank's registered capital, had been sold directly. As a result of the transaction, neither KBC Bank NV nor KBC Group NV hold directly or indirectly any shares of Bank Zachodni WBK and effectively have no voting power at the bank's General Meeting.
- On 28 March 2013, the bank received a notice about disposal of 4,852,949 shares of Bank Zachodni WBK held by Banco Santander S.A. and reduction of the latter's share in the bank's registered capital and votes at its General Meeting by 5.19 p.p. to 70%.
- On 2 April 2013, Bank Zachodni WBK was notified by the open-ended pension fund ING OFE that it had purchased the bank's shares and consequently exceeded 5% of the total number of votes at the bank's General Meeting. Before the transaction, ING OFE held 903,006 of the bank's shares carrying 0.97% votes at the General Meeting. Now ING OFE holds 4,966,506 of the bank's shares, representing 5.31% of the share capital and voting power at the General Meeting of Bank Zachodni WBK.



33. Related party disclosures

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

Transactions with subsidiaries	30.06.2013	31.12.2012	30.06.2012
ASSETS	4 350 493	3 375 598	2 758 442
Financial assets held for trading	128	2 043	18
Loans and advances to customers	4 297 723	3 362 687	2 687 126
Other assets	52 642	10 868	71 298
LIABILITIES	881 449	938 660	2 789 576
Financial liabilities held for trading	1 620	-	1 263
Deposits from customers	849 842	905 184	2 757 448
Other liabilities	29 987	33 476	30 865
INCOME	117 882	233 117	110 308
Interest income	64 659	133 466	61 499
Fee and commission income	50 200	84 422	41 134
Other operating income	5 097	11 106	5 408
Net trading income and revaluation	(2 074)	4 123	2 267
EXPENSES	19 536	53 209	24 814
Interest expense	19 103	51 916	25 027
Fee and commission expense	581	270	104
Operating expenses incl.:	(148)	1 023	(317)
<i>Bank's staff, operating expenses and management costs</i>	(159)	997	(337)
<i>Other</i>	11	26	20
CONTINGENT LIABILITIES	1 746 648	1 492 670	2 109 592
Sanctioned:	1 746 648	1 492 670	2 109 592
- <i>financing-related</i>	1 426 523	1 182 426	1 780 883
- <i>guarantees</i>	320 125	310 244	328 709
DERIVATIVES' NOMINAL VALUES	273 115	336 992	300 359
Cross-currency interest rate swaps – purchased amounts	41 800	83 600	83 600
Cross-currency interest rate swaps – sold amounts	43 292	81 764	85 226
Single-currency interest rate swaps	188 023	171 628	131 533

Transactions with associates and joint ventures	30.06.2013	31.12.2012	30.06.2012
ASSETS	1 256	751	849
Loans and advances to customers	-	-	-
Other assets	1 256	751	849
LIABILITIES	193 810	480 361	381 955
Deposits from customers	193 810	480 361	381 950
Other liabilities	-	-	5
INCOME	66 204	114 138	55 099
Interest income	18 961	24 262	9 109
Fee and commission income	42 145	89 571	45 922
Dividend income	5 050	-	-
Gains (losses) from other financial securities	-	21	21
Other operating income	48	284	47
EXPENSES	5 003	24 182	11 279
Interest expenses	3 972	22 362	10 410
Fee and commission expenses	19	44	23
Operating expenses incl.:	1 012	1 776	846
<i>General and administrative expenses</i>	<i>1 012</i>	<i>1 768</i>	<i>845</i>

Transactions with:	Santander Group		
	30.06.2013	31.12.2012	30.06.2012
ASSETS	216 001	335 686	251 758
Loans and advances to banks, incl:	110 846	283 789	204 661
<i>deposits</i>	<i>100 354</i>	<i>197 009</i>	<i>186 860</i>
<i>current accounts</i>	<i>10 492</i>	<i>86 780</i>	<i>17 801</i>
Financial assets held for trading	103 466	48 729	45 529
Hedging derivatives	1 452	3 109	1 568
Loans and advances to customers	-	2	-
Other assets	237	57	-
LIABILITIES	355 136	167 326	148 177
Deposits from banks incl.:	235 407	36 328	60 522
<i>current accounts</i>	<i>235 407</i>	<i>36 328</i>	<i>60 522</i>
Hedging derivatives	25 647	-	11 953
Financial liabilities held for trading	77 807	121 440	46 848
Deposits from customers	13 000	9 089	10 646
Other liabilities	3 275	469	18 208
INCOME	(39 310)	(24 132)	(1 492)
Interest income	6 547	14 964	1 361
Fee and commission income	76	306	140
Other operating income	478	591	262
Net trading income and revaluation	(46 411)	(39 993)	(3 255)
EXPENSES	15 634	5 872	2 100
Interest expenses	212	318	183
Operating expenses incl.:	15 422	5 554	1 917
<i>Bank's staff, operating expenses and management costs</i>	<i>15 422</i>	<i>5 554</i>	<i>1 917</i>
CONTINGENT LIABILITIES	161 451	259 418	149 996
Sanctioned:	160 467	158 175	149 996
<i>- guarantees</i>	<i>160 467</i>	<i>158 175</i>	<i>149 996</i>
Received:	984	101 243	-
<i>- guarantees</i>	<i>984</i>	<i>101 243</i>	-
DERIVATIVES' NOMINAL VALUES	19 644 126	12 330 499	12 218 816
Cross-currency interest rate swap – purchased amounts	2 534 338	1 872 728	1 194 900
Cross-currency interest rate swap – sold amounts	2 559 372	1 909 243	1 204 355
Single-currency interest rate swap	3 663 074	1 748 351	1 087 690
Options	786 254	468 004	336 419
FX swap – purchased amounts	3 749 870	1 808 349	2 184 983
FX swap – sold amounts	3 759 254	1 882 817	2 223 275
FX options -purchased CALL	669 694	669 822	950 091
FX options -purchased PUT	683 061	663 176	991 771
FX options -sold CALL	495 793	581 032	936 861
FX options -sold PUT	552 086	719 912	1 086 419
Spot-purchased	93 919	3 508	1 388
Spot-sold	93 903	3 557	1 373
Forward- purchased amounts	-	-	9 827
Commodity swap - sold amounts	3 508	-	9 464

Transactions with Members of Management and Supervisory Boards

Remuneration, Loans and advances of Bank Zachodni WBK S.A. Management and Supervisory Board Members

30.06.2013

In H1 2013 the amount of remuneration paid to the Management Board Members of Bank Zachodni WBK totalled PLN 8 161k, whereas additional benefits totalled PLN 593k. In 2013, a total bonus of PLN 4 429k was paid for 2012, including a deferred part for 2011.

In H1 2013, the total amount of remuneration paid to the Supervisory Board Members of Bank Zachodni WBK totalled PLN 2 323k.

Loans and advances made by the Bank to the Members of the Management Board of BZ WBK S.A. and to their relatives totalled PLN 10 179k.

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

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

30.06.2012

In H1 2012 the amount of remuneration paid to the Management Board Members of Bank Zachodni WBK totalled PLN 8 338k, whereas additional benefits totalled PLN 648k. In 2012, a total bonus of PLN 8 966k was paid for 2011, including a deferred part for 2010.

In H1 2012, the total amount of remuneration paid to the Supervisory Board Members of Bank Zachodni WBK totalled PLN 532k.

Loans and advances made by the Bank to the Members of the Management Board of BZ WBK S.A. and to their relatives totalled PLN 9 992k.

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

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

Members of the Management Board have signed non-competition agreements which remain in force after they step down from their function.

If a Member of the Management Board is removed from their function or not appointed for another term, he/she is entitled to a once-off severance pay. The severance pay does not apply if the person accepts another function in the Bank.

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

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

Acquisitions of subsidiaries and associates in H1 2013 and in H1 2012

In H1 2013 and in H1 2012, BZ WBK did not engage in any transactions impacting its equity investment in the subsidiaries, joint ventures or associated undertakings.



35. 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 such 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 recognised at fair value or amortised cost.

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

In H1 2013 no such events took place.

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

In H1 2013 and in comparable period no transfers have been made.

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

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

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

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

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

Detailed information on the merger of Bank Zachodni WBK S.A. and Kredyt Bank S.A. is presented in point 31.

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

30.06.2013

Registration and admission of new shares to trading on the stock exchange

- The Management Board of Bank Zachodni WBK announced that on 8 January 2013 it became aware that the management board of the KDPW adopted resolution no. 24/13 on the registration of 18,907,458 series J shares in the Bank, i.e. the shares in the Bank issued in connection with its merger with Kredyt Bank. Pursuant to the KDPW resolution, the registration of the series J shares under code PLBZ00000044 was conditional on the decision of the company operating the regulated market to introduce these shares to trading on the regulated market.

Furthermore, based on this resolution of the KDPW, the reference date was set at 9 January 2013. The information memorandum prepared by the Bank in connection with the merger defines the reference date as the date at which the number of shares in Kredyt Bank held by shareholders of Kredyt Bank will be determined in exchange for which the series J shares in the Bank will be allotted to such shareholders in accordance with an agreed exchange ratio.

- On 24 January 2013 the Management Board of Bank Zachodni WBK announced that it had received a message from the Operations Department of the National Depository for Securities (Dział Operacyjny Krajowego Depozytu Papierów Wartościowych S.A.) ("KDPW") stating that on 25 January 2013 the KDPW would register 18,907,458 series J shares in the Bank with a nominal value of PLN 10 each, i.e. the merger shares in the Bank issued in connection with its merger with Kredyt Bank which were assigned the code: PLBZ00000044 in compliance with resolution no. 24/13 of the Management Board of the KDPW dated 8 January 2013.

Detailed information on the merger of Bank Zachodni WBK S.A. and Kredyt Banku S.A. is presented in point 31.

30.06.2012

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 332m 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 General Meeting of Bank Zachodni WBK Shareholders 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.

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

As at 30.06.2013 Bank Zachodni WBK and its subsidiaries had not issued any loan or guarantees to one business unit or a subsidiary totalling a minimum of 10% of the issuer's equity.

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

As at 30.06.2013 and as at 30.06.2012, Bank Zachodni WBK did not create or reverse any material impairment charges for financial assets, tangible fixed assets, intangible fixed assets or other assets other than those disclosed in Note 25.

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

In June 2013, Bank Zachodni WBK S.A. sold properties located in Wrocław, Kraków and Poznań. The sales proceeds amounted to PLN 8 250k. No significant fixed assets were sold or bought by the subsidiaries. There were no significant liabilities arising from purchase of fixed assets either.

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

45. Dividend per share

On 17 April 2013, The Annual General Meeting of Bank Zachodni WBK adopted a Resolution allocating PLN 710 943k to dividend for shareholders, from the net profit for 2012, which meant that the dividend is PLN 7.6 per share.

The Bank has issued 18,907,458 shares that are entitled to dividend from 2012 profit.

On 10 May 2012, the Annual General Meeting of Bank Zachodni WBK adopted a Resolution allocating PLN 584 608k to dividend for shareholders, from the profit for 2011, which meant that the proposed dividend was PLN 8 per share.

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

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

Signatures of Members of the Management Board			
Date	Name	Function	Signature
25.07.2013	Mateusz Morawiecki	President	
25.07.2013	Andrzej Burliga	Member	
25.07.2013	Eamonn Crowley	Member	
25.07.2013	Michael McCarthy	Member	
25.07.2013	Piotr Partyga	Member	
25.07.2013	Juan de Porras Aguirre	Member	
25.07.2013	Marcin Prell	Member	
25.07.2013	Marco Antonio Silva Rojas	Member	
25.07.2013	Mirosław Skiba	Member	
25.07.2013	Feliks Szyszkowiak	Member	
Signature of a person who is responsible for maintaining the book of account			
Date	Name	Function	Signature
25.07.2013	Wojciech Skalski	Financial Accounting Area Director	