REPORT OF BANK ZACHODNI WBK GROUP FOR QUARTER 4 2013

2013

Bank Zachodni WBK
Grupa Santander

FINANCIAL HIGHLIGHTS		PLN k		EUR k	
	for reporting period ended:	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	Consolidated financial statements				
I	Net interest income	3 276 560	2 301 077	778 095	551 341
II	Net fee and commission income	1 778 556	1 384 986	422 360	331 844
III	Operating profit	2 498 420	1 817 293	593 308	435 426
IV	Profit before tax	2 514 717	1 837 039	597 178	440 157
V	Net profit attributable to owners of BZ WBK S.A.	1 982 328	1 433 847	470 750	343 552
VI	Total net cash flow	2 761 208	446 962	655 713	107 093
VII	Total assets	106 089 036	60 019 177	25 580 883	14 681 077
VIII	Deposits from banks	6 278 797	1 351 050	1 513 985	330 476
IX	Deposits from customers	78 542 982	47 077 094	18 938 798	11 515 360
X	Total liabilities	91 606 093	51 041 463	22 088 661	12 485 070
XI	Total equity	14 482 943	8 977 714	3 492 222	2 196 007
XII	Non-controlling interests in equity	610 855	93 347	147 293	22 833
XIII	Profit of the period attributable to non-controlling interests	32 283	28 788	7 666	6 898
XIV	Number of shares	93 545 089	74 637 631		
XV	Net book value per share in PLN/EUR	154,82	120,28	37,33	29,42
XVI	Solvency ratio	13,92%	16,53%		
XVII	Profit per share in PLN/EUR	21,25	19,42	5,05	4,65
XVIII	Diluted earnings per share in PLN/EUR	21,19	19,34	5,03	4,63
XIX	Declared or paid dividend per share in PLN/EUR*	-	7,60	-	1,86
	Stand alone financial statements				
I	Net interest income	3 123 433	2 150 575	741 732	515 281
II	Net fee and commission income	1 559 105	1 195 784	370 246	286 511
III	Operating profit	1 969 380	1 703 995	467 675	408 279
IV	Profit before tax	1 969 380	1 703 995	467 675	408 279
V	Profit for the period	1 611 471	1 367 589	382 681	327 676
VI	Total net cash flow	2 717 695	449 078	645 380	107 600
VII	Total assets	103 367 046	59 196 103	24 924 538	14 479 747
VIII	Deposits from banks	6 278 784	1 291 655	1 513 981	315 947
IX	Deposits from customers	78 735 663	47 162 169	18 985 258	11 536 170
X	Total liabilities	89 782 614	50 912 042	21 648 971	12 453 413
XI	Total equity	13 584 432	8 284 061	3 275 567	2 026 335
XII	Number of shares	93 545 089	74 637 631		
XIII	Net book value per share in PLN/EUR	145,22	110,99	35,02	27,15
XIV	Solvency ratio	15,22%	16,49%		
XV	Profit per share in PLN/EUR	17,28	18,52	4,10	4,44
XVI	Diluted earnings per share in PLN/EUR	17,22	18,45	4,09	4,42
XVII	Declared or paid dividend per share in PLN/EUR*	-	7,60	-	1,86

*As of the date of publication of this report, the Management Board did not make a decision in respect of recommendation on dividend payout for 2013.

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

- for balance sheet items – 4.1472 PLN rate to EUR as at 31.12.2013 stated by National Bank of Poland (NBP), 4.0882 PLN rate to EUR as at 31.12.2012
- for profit and loss items – as at 31.12.2013: 4.2110 (an average PLN mid-rate to EUR in NBP on the last day of each month in 2013), as at 31.12.2012: 4.1736 (an average PLN mid-rate to EUR in NBP on the last day of each month in 2012)

As at 31.12.2013, FX denominated balance sheet positions were converted into PLN in line with the NBP FX table no. 251/A/NBP/2013 dd. 31.12.2013.

CONSOLIDATED FINANCIAL STATEMENTS OF BANK ZACHODNI WBK GROUP FOR QUARTER 4 2013

2013

Bank Zachodni WBK
Grupa Santander

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In thousands of PLN

Consolidated income statement

for reporting period:		01.10.2013-31.12.2013	01.01.2013-31.12.2013	01.10.2012-31.12.2012	01.01.2012-31.12.2012
Interest income		1 240 318	5 215 203	993 963	3 867 485
Interest expense		(378 476)	(1 938 643)	(402 146)	(1 566 408)
Net interest income	Note 4	**861 842**	**3 276 560**	**591 817**	**2 301 077**
Fee and commission income		543 924	2 089 422	422 443	1 596 038
Fee and commission expense		(85 421)	(310 866)	(57 806)	(211 052)
Net fee and commission income	Note 5	**458 503**	**1 778 556**	**364 637**	**1 384 986**
Dividend income		665	58 738	(1 766)	55 748
Net gains/(losses) on subordinated entities		419 011	418 692	-	400
Net trading income and revaluation	Note 6	49 752	186 114	39 071	164 345
Gains (losses) from other financial securities	Note 7	9 376	297 594	131 586	180 052
Other operating income		16 338	73 545	10 810	49 672
Impairment losses on loans and advances	Note 8	(177 241)	(729 301)	(160 431)	(501 793)
Operating expenses incl.:		(808 198)	(2 862 078)	(466 265)	(1 817 194)
Bank's staff, operating expenses and management costs	*Notes 9, 10*	*(740 401)*	*(2 607 613)*	*(421 379)*	*(1 653 112)*
Depreciation/amortisation		*(51 349)*	*(219 321)*	*(33 556)*	*(137 940)*
Other operating expenses		*(16 448)*	*(35 144)*	*(11 330)*	*(26 142)*
Operating profit		**830 048**	**2 498 420**	**509 459**	**1 817 293**
Share in net profits (loss) of entities accounted for by the equity method		2 674	16 297	7 556	19 746
Profit before tax		**832 722**	**2 514 717**	**517 015**	**1 837 039**
Corporate income tax	Note 11	(171 017)	(500 106)	(107 256)	(374 404)
Consolidated profit for the period		**661 705**	**2 014 611**	**409 759**	**1 462 635**
of which:					
attributable to owners of BZ WBK S.A.		*651 846*	*1 982 328*	*404 519*	*1 433 847*
attributable to non-controlling interests		*9 859*	*32 283*	*5 240*	*28 788*
Net earnings per share (PLN/share)					
Basic earnings per share		6.98	21.25	5.43	19.42
Diluted earnings per share		6.96	21.19	5.39	19.34

Consolidated statement of comprehensive income

for reporting period:	01.10.2013-31.12.2013	01.01.2013-31.12.2013	01.10.2012-31.12.2012	01.01.2012-31.12.2012
Consolidated profit for the period	**661 705**	**2 014 611**	**409 759**	**1 462 635**
Other comprehensive income which can be transferred to the profit and loss account:				
Available-for sale financial assets valuation	282 698	(165 896)	149 951	384 858
including deferred tax	*(53 713)*	*31 520*	*(28 491)*	*(73 123)*
Cash flow hedges valuation	(9 330)	(43 611)	45 525	18 955
including deferred tax	*1 772*	*8 285*	*(8 649)*	*(3 601)*
Provision for retirement allowances – actuarial gains	7 673	7 673	-	-
including deferred tax	*(1 458)*	*(1 458)*	-	-
Other comprehensive income for the period, net of income tax	**227 642**	**(163 487)**	**158 336**	**327 089**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**889 347**	**1 851 124**	**568 095**	**1 789 724**
Attributable to:				
owners of BZ WBK S.A.	*879 487*	*1 818 835*	*562 835*	*1 760 929*
non-controlling interests	*9 860*	*32 289*	*5 260*	*28 795*

In thousands of PLN

Consolidated statement of financial position

as at:		31.12.2013	30.09.2013	31.12.2012	30.09.2012
Assets					
Cash and balances with central banks	Note 12	5 149 686	5 767 930	4 157 274	2 606 568
Loans and advances to banks	Note 13	2 212 704	2 991 521	1 458 128	1 622 289
Financial assets held for trading	Note 14	2 344 901	2 489 967	831 715	1 775 509
Hedging derivatives		321 956	270 342	253 553	186 538
Loans and advances to customers	Note 15	68 132 143	69 687 638	39 867 554	39 928 847
Investment securities	Note 16	22 090 764	20 554 714	11 716 133	12 303 304
Investments in associates and joint ventures	Note 17	63 444	124 258	115 685	112 161
Intangible assets		506 792	337 880	127 338	114 758
Goodwill	Note 29, 34	2 542 325	1 688 516	-	-
Property, plant and equipment		632 642	601 466	479 811	466 809
Net deferred tax assets	Note 18	476 430	684 473	258 037	265 224
Assets classified as held for sale	Note 19	3 503	3 503	-	82 604
Investment property		14 166	14 198	-	-
Other assets	Note 20	1 597 580	748 859	753 949	407 466
Total assets		**106 089 036**	**105 965 265**	**60 019 177**	**59 872 077**
Liabilities					
Deposits from banks	Note 21	6 278 797	11 342 679	1 351 050	2 518 760
Hedging derivatives		367 524	557 758	321 950	298 880
Financial liabilities held for trading	Note 14	1 277 162	1 112 599	728 831	805 011
Deposits from customers	Note 22	78 542 982	76 188 012	47 077 094	46 397 791
Subordinated liabilities	Note 23	1 384 719	1 409 577	409 110	411 254
Debt securities in issue	Note 24	500 645	-	-	-
Current income tax liabilities		100 983	140 590	154 916	102 525
Other liabilities	Note 25	3 153 281	1 466 919	998 512	933 362
Total liabilities		**91 606 093**	**92 218 134**	**51 041 463**	**51 467 583**
Equity					
Equity attributable to owners of BZ WBK S.A.		**13 872 088**	**13 671 776**	**8 884 367**	**8 316 407**
Share capital		935 451	935 451	746 376	746 376
Other reserve funds		10 115 745	10 794 920	5 704 680	5 699 555
Revaluation reserve		708 907	481 266	872 400	714 084
Retained earnings		129 657	129 657	127 064	127 064
Profit of the current period		1 982 328	1 330 482	1 433 847	1 029 328
Non-controlling interests in equity		**610 855**	**75 355**	**93 347**	**88 087**
Total equity		**14 482 943**	**13 747 131**	**8 977 714**	**8 404 494**
Total equity and liabilities		**106 089 036**	**105 965 265**	**60 019 177**	**59 872 077**

In thousands of PLN

Movements in consolidated equity

Consolidated statement of changes in equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Non-controlling interests in equity	Total
Opening balance as at 31.12.2012	**746 376**	**5 704 680**	**872 400**	**1 560 911**	**93 347**	**8 977 714**
Total comprehensive income	-	-	(163 493)	1 982 328	32 289	1 851 124
Issue of shares *	189 075	4 354 766	-	-	-	4 543 841
Transfer to other capital	-	720 311	-	(720 311)	-	-
Dividend relating to 2012	-	-	-	(710 943)	(40 421)	(751 364)
Share purchase mandate adjustment	-	(684 289)	-	-	-	(684 289)
Share scheme charge	-	20 287	-	-	-	20 287
Minority interest recognized on acquisition	-	-	-	-	525 640	525 640
Other	-	(10)	-	-	-	(10)
As at 31.12.2013	**935 451**	**10 115 745**	**708 907**	**2 111 985**	**610 855**	**14 482 943**

As at the end of the period revaluation reserve in the amount of PLN 708 907 k comprises of debt securities and equity shares classified as available for sale of PLN 102 744 k and PLN 567 982 k respectively and additionally cash flow hedge activities of PLN 31 966 k and provision for retirement allowances – actuarial gains of PLN 6 215 k.

* Detailed information on “Issue of shares” is included in Note 29.

Consolidated statement of changes in equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Non-controlling interests in equity	Total
Opening balance as at 31.12.2012	**746 376**	**5 704 680**	**872 400**	**1 560 911**	**93 347**	**8 977 714**
Total comprehensive income	-	-	(391 134)	1 330 482	22 429	961 777
Issue of shares	189 075	4 354 765	-	-	-	4 543 840
Transfer to other capital	-	720 311	-	(720 311)	-	-
Dividend relating to 2012	-	-	-	(710 943)	(40 421)	(751 364)
Share scheme charge	-	15 174	-	-	-	15 174
Other	-	(10)	-	-	-	(10)
As at 30.09.2013	**935 451**	**10 794 920**	**481 266**	**1 460 139**	**75 355**	**13 747 131**

As at the end of the period revaluation reserve in the amount of PLN 481 266 k comprises of debt securities and equity shares classified as available for sale of PLN 38 510 k and PLN 403 234 k respectively and additionally cash flow hedge activities of PLN 39 522 k.

Consolidated statement of changes in equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Non-controlling interests in equity	Total
Opening balance as at 31.12.2011	**730 760**	**4 698 884**	**545 318**	**1 380 613**	**127 385**	**7 482 960**
Total comprehensive income	-	-	327 082	1 433 847	28 795	1 789 724
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	-	20 471	-	-	-	20 471
As at 31.12.2012	**746 376**	**5 704 680**	**872 400**	**1 560 911**	**93 347**	**8 977 714**

As at the end of the period revaluation reserve in the amount of PLN 872 400 k comprises of debt securities and equity shares classified as available for sale of PLN 402 635 k and PLN 402 475 k respectively and additionally cash flow hedge activities of PLN 67 290 k.

In thousands of PLN

Consolidated statement of cash flows

for reporting period:	01.01.2013-31.12.2013	01.01.2012-31.12.2012
Profit before tax	**2 514 717**	**1 837 039**
Total adjustments:		
Share in net profits (losses) of entities accounted for by the equity method	(16 297)	(19 746)
Depreciation/amortisation	219 321	137 940
Impairment losses	2 468	9 226
Gains (losses) on exchange differences	(6 135)	21 356
(Profit) loss from investing activities	(298 573)	(179 193)
	2 415 501	**1 806 622**
Changes:		
Provisions	(19 053)	(25 690)
Trading portfolio financial instruments	(734 266)	(169 146)
Loans and advances to banks	(576 228)	9 973
Loans and advances to customers	(278 348)	(1 850 381)
Deposits from banks	(376 094)	(1 083 673)
Deposits from customers	465 283	100 117
Other assets and liabilities	(214 689)	(360 777)
	(1 733 395)	**(3 379 577)**
Interests and similar charges	209 939	313 457
Dividend received	(58 738)	(55 748)
Paid income tax	(401 835)	(288 544)
Net cash flow from operating activities	**431 472**	**(1 603 790)**
Inflows	**216 612 615**	**41 919 005**
Sale of shares or interests in subsidiaries, associates and joint ventures	-	4 941
Sale/maturity of investment securities	216 548 514	41 854 760
Sale of intangible assets and property, plant and equipment	5 363	3 556
Dividend received	58 738	55 748
Outflows	**(213 349 897)**	**(39 530 370)**
Purchase of investment securities	(213 176 088)	(39 447 733)
Purchase of intangible assets and property, plant and equipment	(173 809)	(82 637)
Net cash flow from investing activities	**3 262 718**	**2 388 635**
Inflows	**543 535**	**532 946**
Drawing of long-term loans	42 890	200 946
Proceeds from issuing shares, bonds and payments to capital	500 645	332 000
Outflows	**(1 476 517)**	**(870 829)**
Repayment of long-term loans	(580 416)	(136 212)
Dividends and other payments to shareholders	(751 364)	(647 441)
Other financing outflows	(144 737)	(87 176)
Net cash flow from financing activities	**(932 982)**	**(337 883)**
Total net cash flow	**2 761 208**	**446 962**
Cash at the beginning of the accounting period	**7 704 551**	**7 257 589**
Cash acquired in a business combination	**1 834 727**	**-**
Cash at the end of the accounting period	**12 300 486**	**7 704 551**

In thousands of PLN

Income statement of Bank Zachodni WBK

for reporting period:	01.10.2013-31.12.2013	01.01.2013-31.12.2013	01.10.2012-31.12.2012	01.01.2012-31.12.2012
Interest income	1 208 887	5 085 818	964 877	3 749 465
Interest expenses	(384 456)	(1 962 385)	(410 411)	(1 598 890)
Net interest income	**824 431**	**3 123 433**	**554 466**	**2 150 575**
Fee and commission income	469 427	1 795 743	358 428	1 337 809
Fee and commission expenses	(67 335)	(236 638)	(42 036)	(142 025)
Net fee and commission income	**402 092**	**1 559 105**	**316 392**	**1 195 784**
Dividend income	-	132 052	2 264	120 574
Net gains/(losses) on subordinated entities	-	(804)	-	-
Net trading income and revaluation	49 090	183 379	38 813	164 005
Gains (losses) from other financial securities	9 386	297 671	131 634	178 486
Other operating income	12 883	69 414	13 087	50 934
Impairment losses on loans and advances	(171 834)	(701 542)	(155 527)	(490 473)
Operating expenses incl.:	(761 898)	(2 693 328)	(426 287)	(1 665 890)
Bank's staff, operating expenses and management costs	*(698 330)*	*(2 456 058)*	*(388 727)*	*(1 526 684)*
Depreciation/amortisation	*(48 748)*	*(209 471)*	*(31 425)*	*(125 917)*
Other operating expenses	*(14 820)*	*(27 799)*	*(6 135)*	*(13 289)*
Operating profit	**364 150**	**1 969 380**	**474 842**	**1 703 995**
Profit before tax	**364 150**	**1 969 380**	**474 842**	**1 703 995**
Corporate income tax	(60 467)	(357 909)	(98 396)	(336 406)
Profit for the period	**303 683**	**1 611 471**	**376 446**	**1 367 589**
Net earnings per share (PLN/share)				
Basic earnings per share	3,26	17,28	5,05	18,52
Diluted earnings per share	3,23	17,22	5,02	18,45

Statement of comprehensive income of Bank Zachodni WBK

for reporting period:	01.10.2013-31.12.2013	01.01.2013-31.12.2013	01.10.2012-31.12.2012	01.01.2012-31.12.2012
Profit for the period	**303 683**	**1 611 471**	**376 446**	**1 367 589**
Other comprehensive income which can be transferred to the profit and loss account:				
Available-for sale financial assets valuation	226 530	(166 363)	150 715	381 726
including deferred tax	*(43 041)*	*31 609*	*(28 636)*	*(72 528)*
Cash flow hedges valuation	(9 330)	(43 611)	45 525	18 955
including deferred tax	*1 772*	*8 285*	*(8 649)*	*(3 601)*
Provision for retirement allowances – actuarial gains	7 154	7 154	-	-
including deferred tax	*(1 359)*	*(1 359)*	-	-
Other comprehensive income for the period, net of income tax	**181 726**	**(164 285)**	**158 955**	**324 552**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**485 409**	**1 447 186**	**535 401**	**1 692 141**

In thousands of PLN

Statement of financial position of Bank Zachodni WBK

as at:	31.12.2013	30.09.2013	31.12.2012	30.09.2012
ASSETS				
Cash and balances with central banks	5 149 682	5 767 926	4 157 270	2 606 564
Loans and advances to banks	2 165 376	2 987 812	1 454 313	1 618 956
Financial assets held for trading	2 188 672	2 416 802	818 581	1 684 078
Hedging derivatives	321 956	270 266	253 553	186 538
Loans and advances to customers	67 614 542	69 211 771	39 464 701	39 362 182
Investment securities	21 924 489	20 536 827	11 697 393	12 281 739
Investments in subsidiaries, associates and joint ventures	279 191	279 191	264 658	264 658
Intangible assets	342 805	326 745	113 678	101 010
Goodwill	1 688 516	1 688 516	-	-
Property, plant and equipment	621 228	591 487	468 028	454 843
Net deferred tax assets	469 801	568 868	172 445	180 878
Assets classified as held for sale	3 503	3 503	-	82 604
Investment property	14 166	14 198	-	-
Other assets	583 119	515 989	331 483	246 333
Total assets	**103 367 046**	**105 179 901**	**59 196 103**	**59 070 383**
LIABILITIES				
Deposits from banks	6 278 784	11 343 314	1 291 655	2 446 751
Hedging derivatives	367 536	557 758	322 252	298 902
Financial liabilities held for trading	1 277 247	1 113 094	728 831	805 011
Deposits from customers	78 735 663	76 364 993	47 162 169	46 479 048
Subordinated liabilities	1 384 719	1 409 577	409 110	411 254
Debt securities in issue	500 695	-	-	-
Current income tax liabilities	92 807	133 191	160 417	103 670
Other liabilities	1 145 163	1 209 260	837 608	782 213
Total liabilities	**89 782 614**	**92 131 187**	**50 912 042**	**51 326 849**
Equity				
Share capital	935 451	935 451	746 376	746 376
Other reserve funds	10 324 574	10 319 461	5 292 875	5 287 749
Revaluation reserve	712 936	486 014	877 221	718 266
Profit of the current period	1 611 471	1 307 788	1 367 589	991 143
Total equity	**13 584 432**	**13 048 714**	**8 284 061**	**7 743 534**
Total equity and liabilities	**103 367 046**	**105 179 901**	**59 196 103**	**59 070 383**

In thousands of PLN

Movements in equity of Bank Zachodni WBK

Statement of changes in equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2012	**746 376**	**5 292 875**	**877 221**	**1 367 589**	**8 284 061**
Total comprehensive income	-	-	(164 285)	1 611 471	1 447 186
Issue of shares *	189 075	4 354 766	-	-	4 543 841
Transfer to other capital	-	656 646	-	(656 646)	-
Transfer to dividends for 2012	-	-	-	(710 943)	(710 943)
Share scheme charge	-	20 287	-	-	20 287
As at 31.12.2013	**935 451**	**10 324 574**	**712 936**	**1 611 471**	**13 584 432**

As at the end of the period revaluation reserve in the amount of PLN 712 936 k comprises of debt securities and equity shares classified as available for sale of PLN 102 015 k and PLN 572 740 k respectively and additionally cash flow hedge activities of PLN 31 966 k and provision for retirement allowances – actuarial gains of PLN 6 215 k.

* Detailed information on “Issue of shares” is included in Note 29.

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	-	-	(391 207)	1 307 788	916 581
Issue of shares	189 075	4 354 766	-	-	4 543 841
Transfer to other capital	-	656 646	-	(656 646)	-
Transfer to dividends for 2012	-	-	-	(710 943)	(710 943)
Share scheme charge	-	15 174	-	-	15 174
As at 30.09.2013	**935 451**	**10 319 461**	**486 014**	**1 307 788**	**13 048 714**

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

Statement of changes in equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2011	**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)	-
Dividend relating to 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 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.

In thousands of PLN

Statement of cash flows of Bank Zachodni WBK

for reporting period:	01.01.2013-31.12.2013	01.01.2012-31.12.2012
Profit before tax	**1 969 380**	**1 703 995**
Total adjustments:		
Depreciation/amortisation	209 471	125 917
(Profit) loss from investing activities	(298 585)	(177 434)
Impairment losses	2 468	9 167
	1 882 734	**1 661 645**
Changes:		
Provisions	15 097	(13 579)
Trading portfolio financial instruments	(614 918)	(209 827)
Loans and advances to banks	(576 230)	10 080
Loans and advances to customers	(675 816)	(2 042 505)
Deposits from banks	(277 508)	(1 069 778)
Deposits from customers	454 767	31 400
Other assets and liabilities	(306 075)	(118 740)
	(1 980 683)	**(3 412 949)**
Interests and similar charges	223 327	303 549
Dividend received	(132 052)	(120 574)
Paid income tax	(362 220)	(234 333)
Net cash flow from operating activities	**(368 894)**	**(1 802 662)**
Inflows	**216 683 080**	**41 960 747**
Sale/maturity of investment securities	216 546 516	41 837 291
Sale of intangible assets and property, plant and equipment	4 512	2 882
Dividend received	132 052	120 574
Outflows	**(213 196 750)**	**(39 517 821)**
Purchase of investment securities	(213 027 023)	(39 441 729)
Purchase of intangible assets and property, plant and equipment	(169 727)	(76 092)
Net cash flow from investing activities	**3 486 330**	**2 442 926**
Inflows	**500 695**	**470 690**
Drawing of long-term loans	-	138 690
Proceeds from issuing shares, bonds and payments to capital	500 695	332 000
Outflows	**(900 436)**	**(661 876)**
Repayment of long-term loans	(31 368)	-
Dividends and other payments to shareholders	(710 943)	(584 608)
Other financing outflows	(158 125)	(77 268)
Net cash flow from financing activities	**(399 741)**	**(191 186)**
Total net cash flow	**2 717 695**	**449 078**
Cash at the beginning of the accounting period	**7 700 731**	**7 251 654**
Cash acquired in a business combination	**1 834 727**	**-**
Cash at the end of the accounting period	**12 253 153**	**7 700 732**

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 2012.

The consolidated financial statements of the Group for the year 2012 are available at the Bank's official website: www.bzwbk.pl

Statement of compliance

Condensed interim consolidated financial statements of Bank Zachodni WBK Group for the period from 1 January 2013 to 31 December 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 has an obligation to publish its results for Q4 2013, 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.

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 2012.

Comparability with results of previous periods

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

„The Consolidated Financial Statements of Bank Zachodni WBK Group for the Fourth Quarter of 2013" are financial statements prepared after the merger with Kredyt Bank on 4 January 2013. The comparative data are derived from the consolidated financial statements of Bank Zachodni WBK as the acquiring entity.

Changes in judgments and estimates

Compared with the consolidated financial statements for 2012, in Q4 2013 there were no material changes in Bank Zachodni WBK Group's accounting estimates or judgments.

In thousands of PLN

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 in the European Union from	Impact on the Group
IFRS 9 Financial Instruments, Amendments to IFRS 9	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. Changes in hedge accounting.	Date of entry postponed indefinitely	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	Amendments will not have material impact over the financial statements.
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 2014	Amendments will not have material impact over the financial statements.
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendment exempts from consolidation "investment entities" such as mutual funds.	1 January 2014	Amendments will not have material impact over the financial statements.
Amendments to IAS 36 Impairment of assets	Amendments IAS 36 modified the disclosure requirement regarding measurement of the recoverable amount of impaired non-financial assets as a consequential amendment to IFRS 13.	1 January 2014	Amendments will not have material impact over the financial statements.
IFRIC interpretation 21 Levies	The interpretation clarifies how an entity should account for liabilities to pay levies imposed by governments, other than income taxes.	1 January 2014	Amendments will not have material impact over the financial statements.
IAS 39 Financial Instruments: Recognition and Measurement- amendments	The amendments allow hedge accounting to continue in a situation when hedging relation changes as a result of legislative changes.	1 January 2014	Amendments will not have material impact over the financial statements.
IAS 19 Employee Benefits - amendments	The amendments apply contributions from employees or third parties to defined benefit plans. The objective of amendments is to simplify the accounting for contributions that are independent of the number of years of employee service.	1 January 2015	The Group has not completed its analysis of changes.
Annual Improvements to IFRSs cycle 2010-2012	The issues included: - IFRS 2 Definition of 'vesting condition'; - IFRS 3 Accounting for contingent consideration in a business combination; - IFRS 8 Aggregation of operating segments and Reconciliation of the total of the reportable segments' assets to the entity's assets; - IFRS 13 Short-term receivables and payables; - IAS 7 Interest paid that is capitalised; - IAS 16 / IAS 38 Revaluation method - proportionate; - IAS 24 Key management personnel.	1 January 2015	The Group has not completed its analysis of changes.
Annual Improvements to IFRSs cycle 2011-2013	The issues included: - IFRS 3: scope exceptions for joint ventures; - IFRS 13: scope of paragraph 52 (portfolio exception); - IAS 40 Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property.	1 January 2015	The Group has not completed its analysis of changes.

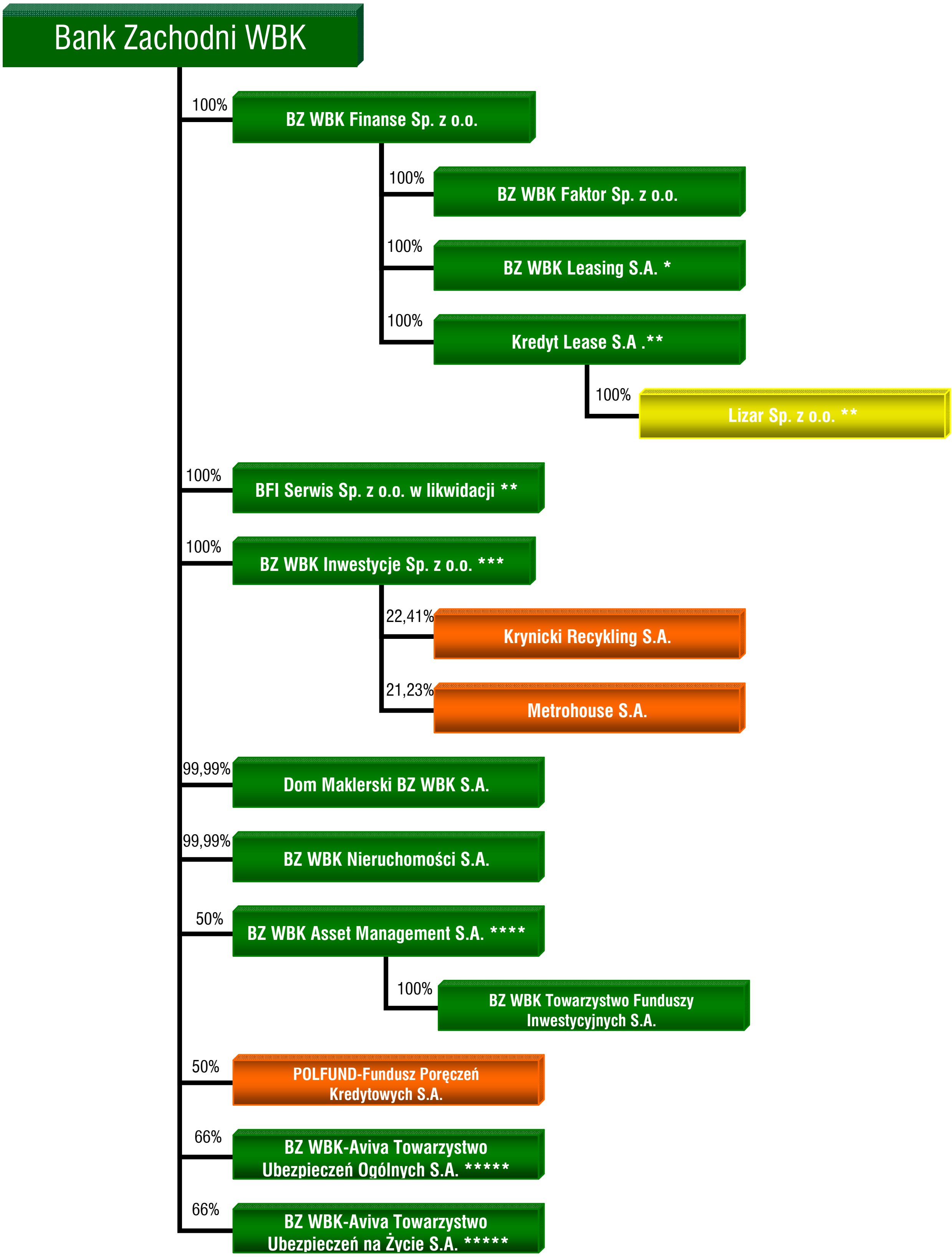
In thousands of PLN

Standards and interpretations or changes to existing standards or interpretations which were applied for the first time in 2013

IFRS	Description of changes	Effective in the European Union from	Impact on the Group
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 **consolidated** financial statements is concerned.	1 January 2014	The Group analysed the amendments to IFRS 10 and decided to apply the standard earlier. Amendments did not have material impact on the financial statements.
IFRS 11 Joint Arrangements	Supersedes SIC –13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures.	1 January 2014	The Group analysed the amendments to IFRS 11 and decided to apply the standard earlier. Amendments did not have material impact on the financial statements.
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 analysed the amendments to IFRS 12 and decided to apply the standard earlier. Amendments did not have material impact on the financial statements.
IAS 27 Separate Financial Statements	IAS 27 has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate **(non-consolidated)** financial statements.	1 January 2014	The Group analysed the amendments to IAS 27 and decided to apply the standard earlier. Amendments did not have material impact on the financial statements.
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 analysed the amendments to IAS 28 and decided to apply the standard earlier. Amendments did not have material impact on the financial statements.
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	Amendments did not have material impact on the financial statements.
IAS 1 Presentation of Financial Statements	The amendments requires preparing presentation of items of other comprehensive income (OCI) in financial statements.	1 January 2013	Amendments did not have material impact on the financial statements.
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	Amendments did not have material impact on the financial statements.
Improvments 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	Amendments did not have material impact over the financial statements.
IAS 19 Employee Benefits	The standard modifies the rules of settlement of the defined benefits plans and the employment termination benefits. It introduces changes to disclosures.	1 January 2013	Amendments did not have material impact on the financial statements.

2. Description of organization of Bank Zachodni WBK Group

Graphical representation of the Group's organization structure and information about types of connection within the Group as at 31.12.2013:



* On 29 March 2013, the BZ WBK leasing companies merged in accordance with Article 492 (1) (1) of the Code of Companies and Partnerships. The merger was effected by acquisition of BZ WBK Finanse & Leasing S.A. by BZ WBK Leasing S.A., being the acquiring entity, and by transfer of the whole of the assets of BZ WBK Finanse & Leasing S.A. to BZ WBK Leasing S.A. in exchange for shares to be issued by BZ WBK Leasing S.A. to the existing partner in BZ WBK Finanse & Leasing S.A.

** Subsidiaries Kredyt Lease S.A., BFI Serwis Sp. z o.o. in liquidation and Lizar Sp. z o.o. were acquired in a merger of BZ WBK and Kredyt Bank

*** Associated undertakings of BZ WBK Inwestycje Sp. z o.o., Metrohouse 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 31 December 2013, 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.

***** Detailed information on the controlling stake at the companies BZ WBK-AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A. (General Insurance Company) and BZ WBK-AVIVA Towarzystwo Ubezpieczeń na Życie S.A. (Life Insurance Company) are described in Note 34.

Legend:

%	Voting power
	Subsidiaries (fully consolidated with BZ WBK)
	Subsidiary (unconsolidated due to irrelevance of their business operations and financial data)
	Associates

3. Segment reporting

Operational activity of Bank Zachodni WBK Group has been divided into four segments: Retail Banking, Business & Corporate Banking, Global Banking & Markets, and ALM (Assets and Liabilities Management) 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.

Retail Banking

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 & Corporate Banking

Business & 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 & Markets

In the Global Banking & 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 & 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. The segment's results for 2013 include:

- PLN 299 350 k as a result of the sale of debt securities performed as regular course of liquidity management activities - as at year ended 2012 comparative figure totaled PLN 174 132k, and
- PLN 419 011 k of pre-tax profit on revaluation of the shares in BZ WBK-AVIVA Towarzystwo Ubezpieczeń na Życie S.A. and BZ WBK-AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A., as described in the note 34 of this Consolidated financial statements of Bank Zachodni WBK Group for quarter 4 2013.

In thousands of PLN

Consolidated income statement (by business segments)

01.01.2013-31.12.2013	Retail Banking	Business & Corporate Banking	Global Banking & Markets	ALM and Centre	Total
Net interest income	**2 047 202**	**699 723**	**123 827**	**405 808**	**3 276 560**
incl. internal transactions	7 728	(130 055)	24 787	97 540	-
Other income	**1 359 348**	**244 465**	**360 136**	**790 552**	**2 754 501**
incl. internal transactions	48 681	44 159	(92 054)	(786)	-
Dividend income	**-**	**-**	**-**	**58 738**	**58 738**
Operating costs	**(1 867 493)**	**(293 423)**	**(190 442)**	**(291 399)**	**(2 642 757)**
incl. internal transactions	(2 443)	(6 416)	(4 493)	13 352	-
Depreciation/amortisation	**(155 518)**	**(28 131)**	**(12 750)**	**(22 922)**	**(219 321)**
Impairment losses on loans and advances	**(422 974)**	**(303 432)**	**(15 259)**	**12 364**	**(729 301)**
Share in net profits (loss) of entities accounted for by the equity method	**14 500**	**-**	**928**	**869**	**16 297**
Profit before tax	**975 065**	**319 202**	**266 440**	**954 010**	**2 514 717**
Corporate income tax					(500 106)
Non-controlling interests					(32 283)
Profit for the period					**1 982 328**

01.10.2013-31.12.2013	Retail Banking	Business & Corporate Banking	Global Banking & Markets	ALM and Centre	Total
Net interest income	**540 055**	**174 727**	**33 452**	**113 608**	**861 842**
incl. internal transactions	1 234	(32 275)	5 992	25 049	-
Other income	**344 589**	**58 092**	**105 007**	**445 292**	**952 980**
incl. internal transactions	9 879	8 840	(17 594)	(1 125)	-
Dividend income	**-**	**-**	**-**	**665**	**665**
Operating costs	**(503 759)**	**(77 573)**	**(49 507)**	**(126 010)**	**(756 849)**
incl. internal transactions	(784)	(2 532)	(1 225)	4 541	-
Depreciation/amortisation	**(27 207)**	**(4 982)**	**(2 707)**	**(16 453)**	**(51 349)**
Impairment losses on loans and advances	**(67 319)**	**(107 228)**	**(4 719)**	**2 025**	**(177 241)**
Share in net profits (loss) of entities accounted for by the equity method	**2 211**	**-**	**239**	**224**	**2 674**
Profit before tax	**288 570**	**43 036**	**81 765**	**419 351**	**832 722**
Corporate income tax					(171 017)
Non-controlling interests					(9 859)
Profit for the period					**651 846**

In thousands of PLN

Consolidated statement of financial position (by business segment)

31.12.2013	Retail Banking	Business & Corporate Banking	Global Banking & Markets	ALM and Centre	Total
Loans and advances to customers	41 661 901	21 610 593	4 626 587	233 062	68 132 143
Investments in associates and joint ventures	-	-	20 842	42 602	63 444
Other assets	5 383 828	1 069 057	3 569 484	27 871 080	37 893 449
Total assets	**47 045 729**	**22 679 650**	**8 216 913**	**28 146 744**	**106 089 036**
Deposits from customers	57 966 899	15 416 837	5 159 246	-	78 542 982
Other liabilities and equity	7 992 752	5 262 362	3 089 250	11 201 690	27 546 054
Total equity and liabilities	**65 959 651**	**20 679 199**	**8 248 496**	**11 201 690**	**106 089 036**

In thousands of PLN

Consolidated income statement (by business segments)

01.01.2012-31.12.2012	Retail Banking	Business & Corporate Banking	Global Banking & Markets	ALM and Centre	Total
Net interest income	**1 544 222**	**548 992**	**96 243**	**111 620**	**2 301 077**
incl. internal transactions	11 737	(134 604)	37 161	85 706	-
Other income	**1 099 538**	**143 915**	**262 112**	**273 890**	**1 779 455**
incl. internal transactions	44 490	30 228	(56 311)	(18 407)	-
Dividend income	**-**	**-**	**-**	**55 748**	**55 748**
Operating costs	**(1 276 643)**	**(166 206)**	**(167 004)**	**(69 401)**	**(1 679 254)**
incl. internal transactions	(2 520)	(5 244)	(4 418)	12 182	-
Depreciation/amortisation	**(106 610)**	**(14 552)**	**(10 975)**	**(5 803)**	**(137 940)**
Impairment losses on loans and advances	**(215 948)**	**(298 416)**	**14**	**12 557**	**(501 793)**
Share in net profits (loss) of entities accounted for by the equity method	**15 241**	**-**	**1 236**	**3 269**	**19 746**
Profit before tax	**1 059 800**	**213 733**	**181 626**	**381 880**	**1 837 039**
Corporate income tax					(374 404)
Non-controlling interests					(28 788)
Profit for the period					**1 433 847**

01.10.2012-31.12.2012	Retail Banking	Business & Corporate Banking	Global Banking & Markets	ALM and Centre	Total
Net interest income	**394 422**	**138 197**	**23 788**	**35 410**	**591 817**
incl. internal transactions	2 171	(37 081)	9 698	25 212	-
Other income	**275 997**	**44 909**	**65 924**	**159 274**	**546 104**
incl. internal transactions	9 508	10 406	(10 266)	(9 648)	-
Dividend income	**-**	**-**	**-**	**(1 766)**	**(1 766)**
Operating costs	**(327 940)**	**(38 843)**	**(44 015)**	**(21 911)**	**(432 709)**
incl. internal transactions	(651)	(1 355)	(1 161)	3 167	-
Depreciation/amortisation	**(26 167)**	**(3 718)**	**(2 217)**	**(1 454)**	**(33 556)**
Impairment losses on loans and advances	**(75 480)**	**(92 510)**	**135**	**7 424**	**(160 431)**
Share in net profits (loss) of entities accounted for by the equity method	**5 377**	**-**	**547**	**1 632**	**7 556**
Profit before tax	**246 209**	**48 035**	**44 162**	**178 609**	**517 015**
Corporate income tax					(107 256)
Non-controlling interests					(5 240)
Profit for the period					**404 519**

In thousands of PLN

Consolidated statement of financial position (by business segment)

31.12.2012	Retail Banking	Business & Corporate Banking	Global Banking & Markets	ALM and Centre	Total
Loans and advances to customers	20 042 900	17 534 167	2 189 673	100 814	39 867 554
Investments in associates and joint ventures	54 039	-	19 913	41 733	115 685
Other assets	1 392 045	528 367	1 274 427	16 841 099	20 035 938
Total assets	**21 488 984**	**18 062 534**	**3 484 013**	**16 983 646**	**60 019 177**
Deposits from customers	34 797 598	9 745 141	2 534 355	-	47 077 094
Other liabilities and equity	3 308 885	4 464 637	2 003 162	3 165 399	12 942 083
Total equity and liabilities	**38 106 483**	**14 209 778**	**4 537 517**	**3 165 399**	**60 019 177**

In thousands of PLN

4. Net interest income

Interest income	01.10.2013-31.12.2013	01.01.2013-31.12.2013	01.10.2012-31.12.2012	01.01.2012-31.12.2012
Loans and advances to enterprises	419 209	1 727 968	385 716	1 502 167
Loans and advances to individuals, of which:	505 840	2 079 419	326 569	1 213 858
Home mortgage loans	*199 140*	*841 385*	*108 334*	*420 853*
Debt securities incl.:	176 203	787 373	159 801	676 370
Investment portfolio available for sale	*169 634*	*743 718*	*150 913*	*567 980*
Trading portfolio	*6 569*	*43 655*	*8 888*	*108 390*
Leasing agreements	37 295	163 382	41 091	172 509
Loans and advances to banks	23 983	106 395	23 537	90 463
Public sector	3 850	20 736	5 358	23 315
Reverse repo transactions	2 909	15 200	3 154	11 611
Interest recorded on hedging IRS	71 029	314 730	48 737	177 192
Total	**1 240 318**	**5 215 203**	**993 963**	**3 867 485**
Interest expenses	**01.10.2013-31.12.2013**	**01.01.2013-31.12.2013**	**01.10.2012-31.12.2012**	**01.01.2012-31.12.2012**
Deposits from individuals	(214 499)	(1 142 253)	(241 688)	(903 127)
Deposits from enterprises	(101 359)	(504 426)	(113 642)	(443 642)
Repo transactions	(20 680)	(105 703)	(9 759)	(84 070)
Deposits from public sector	(21 875)	(105 436)	(27 545)	(92 795)
Deposits from banks	(5 162)	(25 929)	(4 708)	(22 020)
Subordinated liabilities	(14 901)	(54 896)	(4 804)	(20 754)
Total	**(378 476)**	**(1 938 643)**	**(402 146)**	**(1 566 408)**
Net interest income	**861 842**	**3 276 560**	**591 817**	**2 301 077**

In thousands of PLN

5. Net fee and commission income

Fee and commission income	01.10.2013-31.12.2013	01.01.2013-31.12.2013	01.10.2012-31.12.2012	01.01.2012-31.12.2012
eBusiness & payments	158 931	613 869	114 618	440 379
Current accounts and money transfer	80 820	310 721	64 195	245 383
Asset management fees	63 937	258 363	55 399	220 440
Foreign exchange commissions	79 913	296 676	58 171	233 782
Credit commissions	59 614	230 066	53 309	154 931
Insurance commissions	28 604	105 994	25 078	108 401
Brokerage commissions	25 702	105 422	21 175	85 324
Credit cards	23 164	88 138	19 333	73 537
Off-balance sheet guarantee commissions	9 981	36 025	4 414	14 751
Finance lease commissions	1 651	5 879	1 451	5 146
Issue arrangement fees	5 618	11 834	2 556	4 932
Distribution fees	2 653	15 099	896	3 766
Other commissions	3 336	11 336	1 848	5 266
Total	**543 924**	**2 089 422**	**422 443**	**1 596 038**
Fee and commission expenses	**01.10.2013-31.12.2013**	**01.01.2013-31.12.2013**	**01.10.2012-31.12.2012**	**01.01.2012-31.12.2012**
eBusiness & payments	(41 800)	(158 549)	(25 534)	(93 892)
Distribution fees	(7 391)	(32 424)	(6 113)	(29 256)
Brokerage commissions	(3 841)	(16 088)	(4 364)	(19 186)
Credit cards	(4 204)	(14 706)	(2 575)	(10 014)
Asset management fees and other costs	(1 918)	(7 578)	(1 651)	(7 390)
Finance lease commissions	(3 221)	(11 863)	(2 632)	(9 155)
Credit commissions paid	(5 923)	(12 734)	(5 408)	(11 916)
Other	(17 123)	(56 924)	(9 529)	(30 243)
Total	**(85 421)**	**(310 866)**	**(57 806)**	**(211 052)**
Net fee and commission income	**458 503**	**1 778 556**	**364 637**	**1 384 986**

6. Net trading income and revaluation

Net trading income and revaluation	01.10.2013-31.12.2013	01.01.2013-31.12.2013	01.10.2012-31.12.2012	01.01.2012-31.12.2012
Derivative instruments and interbank fx transactions	62 861	180 696	45 288	147 904
Other FX related income	(13 508)	(3 221)	(5 531)	13 622
Profit on market maker activity	(299)	1 845	735	2 996
Profit on equity instruments	(422)	5 706	-	433
Profit on debt instruments	1 120	1 088	(1 421)	(610)
Total	**49 752**	**186 114**	**39 071**	**164 345**

Net trading income and revaluation includes the write-back of adjustments of derivatives resulting from counterparty risk in the amount of PLN 817 k for 1-4Q 2013, PLN (851) k for 4Q 2013, the write-back of adjustments of derivatives resulting from counterparty risk in the amount of PLN 3 340 k for 1-4Q 2012 and value adjustments of derivatives resulting from counterparty risk in the amount of PLN (337) k for 4Q 2012.

Net trading income and revaluation includes depreciation of adjustment to the valuation of day 1 profit or lost for start forward CIRS transactions in the amount of PLN (533) k, disclosed in consolidated statement of financial position in line of Hedging derivatives. The initial valuation will be subject to linear depreciation for maturity of CIRS.

In thousands of PLN

7. Gains (losses) from other financial securities

Gains (losses) from other financial securities	01.10.2013-31.12.2013	01.01.2013-31.12.2013	01.10.2012-31.12.2012	01.01.2012-31.12.2012
Profit on sale of equity shares	(2 045)	(1 171)	(1 425)	3 106
Profit on sale of debt securities	12 483	299 335	131 275	174 105
Total profit (losses) on financial instruments	**10 438**	**298 164**	**129 850**	**177 211**
Change in fair value of hedging instruments	(5 453)	68 709	(53 389)	(57 503)
Change in fair value of underlying hedged positions	4 391	(69 279)	55 125	60 344
Total profit (losses) on hedging and hedged instruments	**(1 062)**	**(570)**	**1 736**	**2 841**
Total	**9 376**	**297 594**	**131 586**	**180 052**

8. Impairment losses on loans and advances

Impairment losses on loans and advances	01.10.2013-31.12.2013	01.01.2013-31.12.2013	01.10.2012-31.12.2012	01.01.2012-31.12.2012
Collective and individual impairment charge	(220 523)	(890 806)	(174 559)	(538 908)
Incurred but not reported losses charge	54 508	174 566	7 894	19 263
Recoveries of loans previously written off	(8 487)	3 294	7 519	13 272
Off-balance sheet credit related facilities	(2 739)	(16 355)	(1 285)	4 580
Total	**(177 241)**	**(729 301)**	**(160 431)**	**(501 793)**

9. Employee costs

Employee costs	01.10.2013-31.12.2013	01.01.2013-31.12.2013	01.10.2012-31.12.2012	01.01.2012-31.12.2012
Salaries and bonuses	(287 708)	(1 133 340)	(208 518)	(792 309)
Salary related costs	(36 385)	(180 458)	(26 534)	(123 004)
Staff benefits costs	(10 732)	(33 249)	(6 994)	(22 054)
Professional trainings	(9 759)	(18 448)	(5 566)	(16 723)
Retirement fund, holiday provisions and other employee costs	(7 516)	(10 010)	3 011	966
Total	**(352 100)**	**(1 375 505)**	**(244 601)**	**(953 124)**

In thousands of PLN

10. General and administrative expenses

General and administrative expenses	01.10.2013-31.12.2013	01.01.2013-31.12.2013	01.10.2012-31.12.2012	01.01.2012-31.12.2012
Maintenance and rentals of premises	(108 285)	(383 770)	(58 987)	(226 577)
Marketing and representation	(65 006)	(125 757)	(16 820)	(77 072)
IT systems costs	(42 436)	(150 908)	(22 604)	(93 537)
Bank Guarantee Fund, Polish Financial Supervision Authority and National Depository for Securities	(26 280)	(86 482)	(11 028)	(49 386)
Postal and telecommunication costs	(13 729)	(55 608)	(6 232)	(39 721)
Consulting fees	(47 997)	(133 706)	(11 796)	(45 711)
Cars, transport expenses, carriage of cash	(17 045)	(68 698)	(10 484)	(36 950)
Other external services	(20 475)	(69 266)	(12 382)	(35 914)
Stationery, cards, cheques etc.	(12 527)	(32 060)	(4 002)	(18 642)
Sundry taxes	(6 739)	(26 511)	(5 420)	(19 188)
Data transmission	(4 860)	(22 363)	(3 193)	(13 853)
KIR, SWIFT settlements	(4 738)	(20 864)	(3 229)	(12 430)
Security costs	(5 391)	(21 165)	(2 446)	(10 648)
Costs of repairs	(3 521)	(9 140)	(1 770)	(5 018)
Other	(9 272)	(25 810)	(6 385)	(15 341)
Total	**(388 301)**	**(1 232 108)**	**(176 778)**	**(699 988)**

11. Corporate income tax

Corporate income tax	01.10.2013-31.12.2013	01.01.2013-31.12.2013	01.10.2012-31.12.2012	01.01.2012-31.12.2012
Current tax charge	(11 631)	(337 880)	(137 211)	(464 147)
Deferred tax	(159 386)	(162 226)	29 955	89 743
Total	**(171 017)**	**(500 106)**	**(107 256)**	**(374 404)**

Corporate total tax charge information	01.10.2013-31.12.2013	01.01.2013-31.12.2013	01.10.2012-31.12.2012	01.01.2012-31.12.2012
Profit before tax	832 722	2 514 717	517 015	1 837 039
Tax rate	19%	19%	19%	19%
Tax calculated at the tax rate	(158 217)	(477 796)	(98 233)	(349 037)
Non-deductible expenses	(6 314)	(13 018)	(2 911)	(9 591)
Sale of receivables	(18 308)	(34 842)	(2 333)	(12 587)
Deferred tax of consolidation adjustments	15 120	15 120	-	-
Non-taxable income (dividends)	-	10 569	(335)	9 744
Non-tax deductible bad debt provisions	(3 009)	(8 359)	(2 892)	(7 567)
Technological relief	-	4 242	-	-
Other	(289)	3 978	(552)	(5 366)
Total income tax expense	**(171 017)**	**(500 106)**	**(107 256)**	**(374 404)**

Deferred tax recognised directly in equity	31.12.2013	30.09.2013	31.12.2012
Relating to equity securities available-for-sale	(133 282)	(94 565)	(94 386)
Relating to debt securities available-for-sale	(24 028)	(9 033)	(94 445)
Relating to cash flow hedging activity	(8 956)	(9 271)	(15 784)
Total	**(166 266)**	**(112 869)**	**(204 615)**

In thousands of PLN

12. Cash and balances with central banks

Cash and balances with central banks	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Cash	1 766 257	1 480 169	1 084 108	842 606
Current accounts in central banks	3 383 429	4 287 761	3 073 166	1 714 949
Term deposits	-	-	-	49 013
Total	**5 149 686**	**5 767 930**	**4 157 274**	**2 606 568**

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

13. Loans and advances to banks

Loans and advances to banks	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Loans and advances	1 237 751	1 577 648	916 567	1 036 949
Current accounts	798 153	1 182 981	473 748	486 014
Buy-sell-back transactions	176 987	231 003	67 813	99 343
Gross receivables	**2 212 891**	**2 991 632**	**1 458 128**	**1 622 306**
Impairment write down	(187)	(111)	-	(17)
Total	**2 212 704**	**2 991 521**	**1 458 128**	**1 622 289**

In thousands of PLN

14. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading	31.12.2013		30.09.2013		31.12.2012		30.09.2012	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Trading derivatives	**1 021 659**	**1 022 029**	**915 937**	**945 652**	**641 051**	**711 669**	**680 239**	**679 640**
Interest rate operations	**632 187**	**632 007**	**622 317**	**636 514**	**365 874**	**371 136**	**285 640**	**283 426**
Forward	-	-	26	-	-	-	-	-
Options	4 323	4 328	4 821	4 827	564	564	760	760
IRS	614 204	617 986	601 582	615 907	356 991	358 516	280 317	275 764
FRA	13 660	9 693	15 888	15 780	8 319	12 056	4 563	6 902
Transactions on equity instruments	**2 819**	**717**	**1 236**	**388**	**-**	**-**	**-**	**-**
Options	2 819	717	1 236	388	-	-	-	-
FX operations	**386 653**	**389 305**	**292 141**	**308 537**	**275 177**	**340 533**	**394 599**	**396 214**
CIRS	95 304	147 521	74 129	141 074	75 561	152 711	52 314	140 453
Forward	28 994	49 144	18 583	31 700	27 050	22 343	31 317	28 316
FX Swap	202 087	130 025	152 300	87 508	142 466	135 140	256 080	173 317
Spot	792	1 037	2 835	2 314	901	1 140	1 659	899
Options	59 476	61 578	44 294	45 941	29 199	29 199	53 229	53 229
Transactions concerning precious metals and commodities	**-**	**-**	**243**	**213**	**-**	**-**	**-**	**-**
Debt and equity securities	**1 323 242**	**-**	**1 574 030**	**-**	**190 664**	**-**	**1 095 270**	**-**
Debt securities	**1 290 130**	**-**	**1 501 096**	**-**	**176 963**	**-**	**1 005 853**	**-**
Government securities:	1 060 063	-	1 500 671	-	175 487	-	52 883	-
- bonds	1 060 063	-	1 500 671	-	175 487	-	52 883	-
Central Bank securities:	199 972	-	-	-	-	-	949 499	-
- bills	199 972	-	-	-	-	-	949 499	-
Other securities:	30 095	-	425	-	1 476	-	3 471	-
- bonds	30 095	-	425	-	1 476	-	3 471	-
Equity securities:	**33 112**	**-**	**72 934**	**-**	**13 701**	**-**	**89 417**	**-**
- listed	33 112	-	72 934	-	13 701	-	89 417	-
Short sale	**-**	**255 133**	**-**	**166 947**	**-**	**17 162**	**-**	**125 371**
Total financial assets/liabilities	**2 344 901**	**1 277 162**	**2 489 967**	**1 112 599**	**831 715**	**728 831**	**1 775 509**	**805 011**

Financial assets and liabilities held for trading - trading derivatives include value adjustments resulting from counterparty risk in the amount of PLN (1 665) k as at 31.12.2013, PLN (1 807) k as at 30.09.2013, PLN (2 298) k as at 31.12.2012 and PLN (610) k as at 30.09.2012.

In thousands of PLN

15. Loans and advances to customers

Loans and advances to customers	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Loans and advances to enterprises	34 252 562	35 168 537	25 280 604	25 380 760
Loans and advances to individuals, of which:	34 041 366	34 412 424	13 708 551	13 414 811
Home mortgage loans	*25 294 769*	*25 545 203*	*8 080 532*	*7 951 693*
Finance lease receivables	3 052 093	2 967 802	2 289 852	2 330 613
Loans and advances to public sector	225 766	264 176	105 366	197 774
Buy-sell-back transactions	40 718	535 936	15 234	100
Other	9 363	5 301	12 154	13 240
Gross receivables	**71 621 868**	**73 354 176**	**41 411 761**	**41 337 298**
Impairment write down	(3 489 725)	(3 666 538)	(1 544 207)	(1 408 451)
Total	**68 132 143**	**69 687 638**	**39 867 554**	**39 928 847**

Movements on impairment losses on loans and advances to customers	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Individual and collective impairment				
As at the beginning of the period	(1 207 321)	(1 207 321)	(1 069 296)	(1 069 296)
Individual and collective impairment acquired in a business combination	(1 667 026)	(1 667 026)	-	-
Charge/write back of current period	(890 806)	(670 283)	(538 908)	(364 349)
Write off/Sale of receivables	708 113	382 805	381 667	354 256
Transfer	14 194	14 283	16 215	9 852
F/X differences	6 297	530	3 001	2 948
Balance at the end of the period	**(3 036 549)**	**(3 147 012)**	**(1 207 321)**	**(1 066 589)**
IBNR				
As at the beginning of the period	(336 886)	(336 886)	(345 949)	(345 949)
IBNR acquired in a business combination	(198 306)	(198 306)	-	-
Charge/write back of current period	174 754	120 170	19 263	11 386
Transfer	(89 862)	(100 041)	(13 018)	(9 824)
F/X differences	(2 876)	(4 463)	2 818	2 525
Balance at the end of the period	**(453 176)**	**(519 526)**	**(336 886)**	**(341 862)**
Allowance for impairment	**(3 489 725)**	**(3 666 538)**	**(1 544 207)**	**(1 408 451)**

In thousands of PLN

16. Investment securities available for sale

Investment securities available for sale	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Available for sale investments - measured at fair value				
Debt securities	**21 217 376**	**19 879 300**	**11 048 024**	**11 630 457**
Government securities:	13 245 914	13 615 113	7 711 424	8 526 128
- bonds	13 245 914	13 615 113	7 711 424	8 526 128
Central Bank securities:	5 599 222	3 799 208	2 099 256	1 899 077
- bills	5 599 222	3 799 208	2 099 256	1 899 077
Commercial securities:	2 372 240	2 464 979	1 237 344	1 205 252
-bonds	2 372 240	2 464 979	1 237 344	1 205 252
Equity securities	**851 603**	**650 475**	**627 180**	**627 676**
- listed	35 980	35 867	13 441	14 031
- unlisted	815 623	614 608	613 739	613 645
Investment certificates	**21 785**	**24 939**	**40 929**	**45 171**
Total	**22 090 764**	**20 554 714**	**11 716 133**	**12 303 304**

17. Investments in associates and joint ventures

Movements on investments in associates and joint ventures	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Balance as at 1 January	**115 685**	**115 685**	**104 512**	**104 512**
Share of profits/(losses)	16 297	13 623	19 746	12 190
Sale/acquisition	-	-	(4 541)	(4 541)
Dividends	(5 050)	(5 050)	(4 032)	-
Reclassification*	(63 488)	-	-	-
Balance at the end of the period	**63 444**	**124 258**	**115 685**	**112 161**

Balance sheet value of associates and joint ventures	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Polfund - Fundusz Poręczeń Kredytowych S.A.	42 602	42 378	41 733	40 101
BZ WBK - Aviva Towarzystwo Ubezpieczeń Ogólnych S.A. *	-	34 272	26 536	27 999
BZ WBK - Aviva Towarzystwo Ubezpieczeń na Życie S.A. *	-	27 006	27 502	24 695
Krynicki Recykling S.A.	16 675	16 464	15 408	14 854
Metrohouse S.A.	4 167	4 138	4 506	4 512
Total	**63 444**	**124 258**	**115 685**	**112 161**

* As at 31.12.2013 BZ WBK - Aviva Towarzystwo Ubezpieczeń Ogólnych S.A. and BZ WBK - Aviva Towarzystwo Ubezpieczeń na Życie S.A. were subsidiaries.

In thousands of PLN

18. Net deferred tax assets

Deferred tax assets	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Provisions for loans	492 703	511 410	168 286	206 586
Unrealized liabilities due to derivatives	271 334	298 592	214 291	100 016
Other provisions which are not taxable costs	101 921	82 367	56 085	54 655
Deferred income	154 024	104 546	96 420	96 122
Difference between balance sheet and taxable value of leasing portfolio	90 818	94 647	69 001	68 024
Unrealised interest expense on loans, deposits and securities	46 043	130 548	115 773	87 912
Revaluation of financial instruments available for sale-cash flow hedges	152	-	-	-
Depreciation, amortisation - effects of a change in estimate	-	-	14 771	14 664
Other	6 240	6 880	2 882	3 130
Total	**1 163 235**	**1 228 990**	**737 509**	**631 109**
Deferred tax liabilities	**31.12.2013**	**30.09.2013**	**31.12.2012**	**30.09.2012**
Revaluation of financial instruments available for sale*	(158 831)	(103 599)	(188 832)	(160 340)
Unrealised receivables on derivatives	(242 969)	(219 432)	(170 315)	(99 982)
Unrealised interest income on loans, securities and interbank deposits	(148 992)	(185 311)	(85 780)	(77 248)
Provision due to application of investment relief	(3 402)	(3 440)	(3 088)	(3 119)
Unrealised FX translation differences from b/s valuation of receivables and liabilities	(3 163)	(2 769)	(3 437)	(4 176)
Difference between balance sheet and taxable value of unfinancial value assets	(1 627)	(4 683)	-	-
Cash flow hedges valuation*	(7 498)	(9 271)	(15 784)	(7 134)
Valuation of investments in subsidiaries	(106 961)	-	-	-
Other	(13 362)	(16 012)	(12 236)	(13 886)
Total	**(686 805)**	**(544 517)**	**(479 472)**	**(365 885)**
Net deferred tax assets	**476 430**	**684 473**	**258 037**	**265 224**

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

As at 31 December 2013 the calculation of deferred tax assets did not include purchased receivables of PLN 16 614 k and loans that will not be realised of PLN 105 361 k.

As at 31 December 2012 the calculation of deferred tax assets did not include purchased receivables of PLN 14 728 k and loans that will not be realised of PLN 56 485 k.

19. Assets classified as held for sale

Assets classified as held for sale	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Land and buildings	3 503	3 503	-	82 511
Equipment	-	-	-	93
Total	**3 503**	**3 503**	**-**	**82 604**

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

In thousands of PLN

20. Other assets

Other assets	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Receivables arising from insurance contracts**	770 048	-	-	-
Interbank and interbranch settlements	260 445	105 133	76 800	31 362
Sundry debtors	242 504	429 963	512 439	267 405
Prepayments	216 126	88 549	44 994	57 251
Repossessed assets*	60 965	72 348	74 764	-
Settlements of stock exchange transactions	30 989	52 332	44 287	50 826
Other	16 503	534	665	622
Total	**1 597 580**	**748 859**	**753 949**	**407 466**

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

** As a result of the acquisition of control over the companies BZ WBK-AVIVA TUO S.A. and BZ WBK-AVIVA TUŻ S.A. the Group recognized receivables arising from insurance contracts.

21. Deposits from banks

Deposits from banks	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Repo/sell-buy-back transactions	4 438 563	9 756 743	668 150	1 315 710
Term deposits, other	1 379 631	1 191 523	331 073	885 183
Loans from other banks	-	-	59 388	69 970
Current accounts	460 603	394 413	292 439	247 897
Total	**6 278 797**	**11 342 679**	**1 351 050**	**2 518 760**

22. Deposits from customers

Deposits from customers	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Deposits from individuals	**47 999 116**	**45 135 723**	**28 636 346**	**28 543 407**
Term deposits	22 345 562	19 608 561	15 991 323	15 992 371
Current accounts	25 590 954	25 464 622	12 605 499	12 517 512
Other	62 600	62 540	39 524	33 524
Deposits from enterprises	**27 045 417**	**26 769 562**	**16 538 707**	**15 228 158**
Term deposits	13 344 322	13 770 612	9 224 568	9 096 236
Current accounts	10 813 018	9 896 637	5 618 926	4 779 599
Sell-buy-back transactions	166 973	134 725	205 033	-
Loans	2 256 907	2 367 384	1 186 187	986 868
Other	464 197	600 204	303 993	365 455
Deposits from public sector	**3 498 449**	**4 282 727**	**1 902 041**	**2 626 226**
Term deposits	1 152 427	2 133 814	648 281	1 216 163
Current accounts	2 333 530	2 144 357	1 251 996	1 408 249
Other	12 492	4 556	1 764	1 814
Total	**78 542 982**	**76 188 012**	**47 077 094**	**46 397 791**

In thousands of PLN

23. Subordinated liabilities

Subordinated liabilities	Nominal value	Currency	Redemption date	31.12.2013
Tranche 1	100 000	EUR	05.08.2020	
Tranche 2	100 000	CHF	16.06.2018	
Tranche 3	165 000	CHF	29.06.2019	
Tranche 4	75 000	PLN	31.01.2019	
Subordinated liabilities - as at the end of the period				**1 384 719**

Movements in subordinated liabilities	31.12.2013	30.09.2013	31.12.2012	30.09.2012
As at the beginning of the period	**409 110**	**409 110**	**441 234**	**441 234**
Subordinated liabilities acquired in a business combination	**978 237**	**978 237**	**-**	**-**
Increase (due to):	**54 896**	**63 158**	**20 754**	**15 950**
- interest on subordinated loan	54 896	39 995	20 754	15 950
- FX differences	-	23 163	-	-
Decrease (due to):	**(57 524)**	**(40 928)**	**(52 878)**	**(45 930)**
- interest repayment	(54 481)	(40 928)	(19 560)	(15 300)
- FX differences	(3 043)	-	(33 318)	(30 630)
Subordinated liabilities - as at the end of the period	**1 384 719**	**1 409 577**	**409 110**	**411 254**
Short-term	4 352	3 937	4 378	3 987
Long-term (over 1 year)	1 380 368	1 405 640	404 732	407 267

24. Debt securities in issue

Debt securities in issue	Nominal value	Currency	Redemption date	31.12.2013
Tranche 1	500 000	PLN	19.12.2016	
Debt securities in issue - as at the end of the period				**500 645**

In thousands of PLN

25. Other liabilities

Other liabilities	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Settlements of stock exchange transactions	32 381	107 748	63 490	56 204
Interbank and interbranch settlements	250 941	324 006	217 711	277 804
Provisions:	1 555 026	394 547	226 696	197 738
Employee provisions	*293 617*	*252 285*	*190 865*	*158 970*
Provisions for legal claims	*45 104*	*45 165*	*15 912*	*16 131*
Provisions for off-balance sheet credit facilities	*95 934*	*93 797*	*16 619*	*15 337*
*Technical insurance provisions **	*1 117 071*	-	-	-
Other	*3 300*	*3 300*	*3 300*	*7 300*
Sundry creditors	291 946	324 391	250 671	138 217
Other deferred and suspended income	109 395	116 915	106 727	116 070
Public and law settlements	43 081	55 663	43 711	48 890
Accrued liabilities	161 646	117 347	67 121	77 246
Finance lease related settlements	37 158	25 318	21 650	20 660
Liabilities from insurance contracts and other*	30 801	984	735	533
Share purchase mandate adjustment *	640 906	-	-	-
Total	**3 153 281**	**1 466 919**	**998 512**	**933 362**

* As a result of the controlling stake at the companies BZ WBK-AVIVA TUO S.A. and BZ WBK-AVIVA TUŻ S.A. the Group recognized share purchase mandate adjustment, technical insurance provisions and liabilities from insurance contracts.

In thousands of PLN

Change in provisions	31.12.2013	30.09.2013	31.12.2012	30.09.2012
As at the beginning of the period	**226 696**	**226 696**	**252 387**	**252 387**
Employee provisions	190 865	190 865	206 274	206 274
Provisions for legal claims	15 912	15 912	17 590	17 590
Provisions for off-balance sheet credit facilities	16 619	16 619	21 223	21 223
Other	3 300	3 300	7 300	7 300
Provision acquired in a business combination	**1 303 973**	**186 902**	**-**	**-**
Employee provisions	94 766	94 766	-	-
Provisions for legal claims	28 961	28 961	-	-
Provisions for off-balance sheet credit facilities	63 175	63 175	-	-
Technical insurance provisions	1 117 071	-	-	-
Other	-	-	-	-
Provision charge	**545 803**	**389 767**	**226 677**	**155 342**
Employee provisions	280 953	193 376	183 058	125 910
Provisions for legal claims	2 449	2 155	711	473
Provisions for off-balance sheet credit facilities	262 401	194 236	42 908	28 959
Other	-	-	-	-
Utilization	**(255 718)**	**(224 986)**	**(185 847)**	**(173 690)**
Employee provisions	(255 042)	(224 528)	(184 201)	(172 278)
Provisions for legal claims	(460)	(452)	(1 622)	(1 391)
Provisions for off-balance sheet credit facilities	(216)	(6)	(24)	(21)
Other	-	-	-	-
Write back	**(258 745)**	**(184 224)**	**(66 521)**	**(36 301)**
Employee provisions	(10 942)	(2 194)	(14 266)	(936)
Provisions for legal claims	(1 758)	(1 411)	(767)	(541)
Provisions for off-balance sheet credit facilities	(246 045)	(180 619)	(47 488)	(34 824)
Other	-	-	(4 000)	-
Other changes	**(7 154)**	**392**	**-**	**-**
Employee provisions	(7 154)	-	-	-
Provisions for legal claims	-	-	-	-
Provisions for off-balance sheet credit facilities	-	392	-	-
Other	-	-	-	-
Balance at the end of the period	**1 555 026**	**394 547**	**226 696**	**197 738**
Employee provisions	**293 617**	**252 285**	**190 865**	**158 970**
Provisions for legal claims	**45 104**	**45 165**	**15 912**	**16 131**
Provisions for off-balance sheet credit facilities	**95 934**	**93 797**	**16 619**	**15 337**
Technical insurance provisions	**1 117 071**	**-**	**-**	**-**
Other	**3 300**	**3 300**	**3 300**	**7 300**

26. Contingent liabilities

Significant court proceedings

As at 31.12.2013 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 340 392 k, which is ca 2.35% of the Group's equity. This amount includes PLN 79 392 k claimed by the Group, PLN 200 245 k in claims against the Group and PLN 60 788 k of the Group's receivables due to bankruptcy or arrangement cases.

As at 31.12.2013 the amount of significant court proceedings which had been completed amounted to PLN 91 227 k.

As at 31.12.2012 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 135 433 k, which is ca 1.51% of the Group's equity. This amount includes PLN 44 411 k claimed by the Group, PLN 81 318 k in claims against the Group and PLN 9 704 k of the Group's receivables due to bankruptcy or arrangement cases.

As at 31.12.2012 the amount of significant court proceedings which had been completed amounted to PLN 100 002 k.

In thousands of PLN

Off-balance sheet liabilities

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

Contingent liabilities - sanctioned	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Liabilities sanctioned				
- financial	**17 592 801**	**16 461 563**	**10 842 863**	**10 465 934**
- credit lines	15 229 084	14 241 111	9 637 360	9 275 599
- credit cards debits	1 875 786	1 846 472	1 109 436	1 082 058
- import letters of credit	441 505	295 090	96 067	108 277
- term deposits with future commencement term	46 426	78 890	-	-
- guarantees	**3 822 213**	**3 858 884**	**2 221 092**	**1 524 063**
Total	**21 415 014**	**20 320 447**	**13 063 955**	**11 989 997**

27. 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	31.12.2013	30.09.2013	31.12.2012	30.09.2012
1.	**Term derivatives (hedging)**	**29 792 094**	**29 898 928**	**14 675 607**	**10 816 799**
a)	Single-currency interest rate swap	2 665 000	1 515 000	1 085 000	185 000
b)	Macro cash flow hedge -purchased (IRS)	3 229 513	3 244 472	2 213 144	2 219 925
c)	Macro cash flow hedge -purchased (CIRS)	11 847 013	12 355 350	5 585 823	4 089 173
d)	Macro cash flow hedge -sold (CIRS)	12 050 568	12 784 106	5 791 640	4 322 701
2.	**Term derivatives (trading)**	**128 271 971**	**141 673 676**	**69 595 853**	**89 865 447**
a)	Interest rate operations	81 693 883	88 260 670	35 333 886	41 202 393
	Single-currency interest rate swap	57 441 526	59 104 934	27 982 342	31 083 043
	FRA - purchased amounts	23 350 000	28 200 000	6 850 000	9 650 000
	Options	902 357	775 736	501 544	469 350
	Forward- sold amounts	-	180 000	-	-
b)	FX operations	46 578 088	53 407 452	34 261 967	48 663 054
	FX swap – purchased amounts	10 710 489	15 338 292	8 020 505	14 179 117
	FX swap – sold amounts	10 623 485	15 246 093	8 008 784	14 081 167
	Forward- purchased amounts	2 546 613	2 989 334	1 483 082	1 860 129
	Forward- sold amounts	2 585 261	3 017 610	1 482 429	1 865 821
	Cross-currency interest rate swap – purchased amounts	5 412 520	4 686 151	4 965 537	3 832 824
	Cross-currency interest rate swap – sold amounts	5 482 036	4 767 542	5 033 742	3 913 162
	FX options -purchased CALL	2 272 212	1 815 788	1 250 855	2 139 430
	FX options -purchased PUT	2 336 630	1 865 427	1 383 089	2 325 987
	FX options -sold CALL	2 272 212	1 815 788	1 250 855	2 139 430
	FX options -sold PUT	2 336 630	1 865 427	1 383 089	2 325 987
c)	Transactions concerning precious metals and commodities	-	5 554	-	-
	Commodity swap - purchased amounts	-	2 792	-	-
	Commodity swap - sold amounts	-	2 762	-	-
3.	**Currency transactions- spot**	**2 076 924**	**4 154 465**	**1 889 992**	**2 238 660**
	Spot-purchased	1 038 347	2 077 535	944 898	1 119 710
	Spot-sold	1 038 577	2 076 930	945 094	1 118 950
4.	**Transactions on equity financial instruments**	**302 358**	**70 793**	**11 300**	**88 298**
	Futures - purchased	11 275	217	-	252
	Futures - sold	291 083	70 576	11 300	88 046
	Total	**160 443 347**	**175 797 862**	**86 172 752**	**103 009 204**

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

In thousands of PLN

28. Basis of FX conversion

As at 31.12.2013, FX denominated balance sheet positions were converted into PLN in line with the NBP FX table no. 251/A/NBP/2013 dd. 31.12.2013.

29. Merger of Bank Zachodni WBK and Kredyt Bank

Transaction

On 4 January 2013 (date of merger) the Bank registered the business combination of Bank Zachodni WBK and Kredyt Bank. 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 Bank Zachodni 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 quarter 4 2013 Bank Zachodni WBK Group performed valuation related to the Kredyt Bank acquisition.
The financial information as of 4 January 2013 of Kredyt Bank which formed the basis of this settlement were audited by a qualified auditor. Bank Zachodni WBK has 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 also completed the fair value estimation of intangible assets that can be recognized in transaction. As a result, calculation of the total additional deferred tax asset and liabilities is deemend to be final.

The auditor of Kredyt Bank, Ernst & Young Audit Sp. z o.o., has issued and audit opinion to Kredyt Bank Group consolidated financial statements for the year ended 31 December 2012 which contained the following qualification:

"As described in the note 4 to the attached consolidated financial statements the Management Board of Bank Zachodni WBK S.A. after the merger with Kredyt Bank S.A. has performed the analysis of the credit risk relating to Kredyt Bank S.A. loan portfolio as at 31 December 2012. The analysis has been based on new assumptions towards collection scenarios weighted by their probabilities and significantly discounted collaterals for selected individual exposures as well as changed parameters for the calculation of the collective impairment. As a result of the above analysis the Bank has increased the level of loan impairment allowances in the attached financial statements by approx. PLN 319 million for the loans assessed individually and by approx. PLN 258 million for the loans assessed collectively. We have performed a review of the above analysis and based on such review we concluded that we have not been presented with sufficient evidence supporting approx. PLN 333 million of the above increases of impairment

In thousands of PLN

allowances. Therefore, we are not able to give our opinion on the reasonableness of such part of the additional loan impairment allowances as at 31 December 2012, and the corresponding impairment charge in the profit and loss for the year ended 31 December 2012 as well as approx. PLN 61 million of deferred tax asset, which has been recognised in relation to such additional loan impairment allowances and the corresponding tax credit in the profit and loss for 2012. Additionally, PLN 258 million out of the above increase in impairment allowances which relates to IBNR and collective impairment was presented in "Provisions" in the liabilities which is not compliant with the adopted accounting standards."
With regard to the qualification relating to the collective provisions and IBNR of PLN 258m, as at 31.12.2013 the presentation of the above mentioned provisions was amended to meet the requirements arising from the standards. The provisions reduce relevant asset classes.

The following table shows 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 207 756 k 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.

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.

In thousands of PLN

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 as separate intangible assets as in this instance the conditions for their individual recognition have not been meet.

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

30. Shareholders with min. 5% voting power

According to the information held by the Bank's Management Board, the shareholder with a min. 5% of the total number of votes at the Bank Zachodni WBK General Meeting as at the publication date of the condensed interim consolidated report for Q4 2013 /30.01.2014/ is Banco Santander S.A.

Shareholder	Number of shares held		% in the share capital		Number of votes at AGM		Voting power at AGM	
	30.01.2014	24.10.2013	30.01.2014	24.10.2013	30.01.2014	24.10.2013	30.01.2014	24.10.2013
Banco Santander S.A.	65 481 563	65 481 563	70,00%	70,00%	65 481 563	65 481 563	70,00%	70,00%
Other	28 063 526	28 063 526	30,00%	30,00%	28 063 526	28 063 526	30,00%	30,00%
Total	**93 545 089**	**93 545 089**	**100%**	**100%**	**93 545 089**	**93 545 089**	**100,00%**	**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 Banco 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 annual general meeting of the shareholders of Bank Zachodni WBK.

  Banco 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.

In thousands of PLN

- 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 16.17% 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. ING OFE held 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.

- Bank Zachodni WBK S.A. hereby informs that on 31 July ING Otwarty Fundusz Emerytalny the notification on Company's shares sale and on the percentage share in the total number of votes, i.e. notification that Fund's stake in the share capital of the Company and in the total number of votes at the general meeting decreased below the threshold of 5%.

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

No. of Bank Zachodni WBK shares held and rights to them	As at 30.01.2014	As at 24.10.2013	Change
Members of the Supervisory Board	-	-	-
Members of the Management Board	48 627	48 627	-

Management Board members	30.01.2014		24.10.2013	
	No. of BZ WBK shares	Rights	No. of BZ WBK shares	Rights
Mateusz Morawiecki	3 591	10 120	3 591	10 120
Andrzej Burliga	606	4 282	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 Szyszkowiak	1 755	4 449	1 755	4 449
Total	**10 057**	**38 570**	**10 057**	**38 570**

In thousands of PLN

32. Related party disclosures

Transactions with associates and joint ventures	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Assets	**-**	**1 329**	**788**	**757**
Loans and advances to customers	-	1	-	-
Other assets	-	1 328	788	757
Liabilities	**7 168**	**129 133**	**480 770**	**406 756**
Deposits from customers	7 168	128 860	480 588	406 593
Other liabilities	-	273	182	163
Income	**130 894**	**93 535**	**114 472**	**85 151**
Interest income	42 033	29 863	24 266	16 138
Fee and commission income	88 703	63 577	89 893	68 766
Gains (losses) from other financial securities	-	-	21	21
Other operating income	158	95	292	226
Expenses	**11 645**	**9 318**	**25 787**	**17 731**
Interest expense	6 033	5 499	22 439	15 391
Fee and commission expense	3 641	2 341	1 572	1 042
Operating expenses incl.:	1 971	1 478	1 776	1 298
General and administrative expenses	*1 971*	*1 478*	*1 768*	*1 297*

In thousands of PLN

Transactions with Santander Group	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Assets	**802 305**	**660 855**	**335 686**	**312 188**
Loans and advances to banks, incl:	706 166	562 595	283 789	259 481
loans and advances	*674 579*	*547 644*	*197 009*	*185 591*
current accounts	*31 587*	*14 951*	*86 780*	*73 890*
Financial assets held for trading	93 723	96 995	48 729	51 356
Hedging derivatives	1 081	1 041	3 109	1 351
Loans and advances to customers	4	2	2	-
Other assets	1 331	222	57	-
Liabilities	**216 668**	**203 918**	**167 326**	**107 648**
Deposits from banks incl.:	71 485	66 186	36 328	32 363
current accounts	*71 485*	*66 186*	*36 328*	*32 363*
Hedging derivatives	6 235	12 241	-	2 948
Financial liabilities held for trading	85 784	61 710	121 440	60 234
Deposits from customers	48 970	18 765	9 089	8 860
Other liabilities	4 194	45 016	469	3 243
Income	**(46 459)**	**(44 211)**	**(24 131)**	**14 857**
Interest income	13 528	9 830	14 964	2 206
Fee and commission income	5 345	3 897	307	207
Other operating income	814	639	591	402
Net trading income and revaluation	(66 146)	(58 577)	(39 993)	12 042
Expenses	**23 137**	**18 582**	**5 873**	**4 115**
Interest expense	404	301	319	289
Fee and commission expense	14 927	13 254	-	-
Operating expenses incl.:	7 806	5 027	5 554	3 826
Bank's staff, operating expenses and management costs	*7 806*	*5 027*	*5 554*	*3 826*
Contingent liabilities	**117**	**345 038**	**259 418**	**149 995**
Sanctioned:	-	344 921	158 175	149 995
- guarantees	-	-	*158 175*	*149 995*
- financing-related	-	*344 921*	-	-
Received:	117	117	101 243	-
- guarantees	*117*	*117*	*101 243*	-
Derivatives' nominal values	**17 687 584**	**17 309 397**	**12 330 499**	**13 509 468**
Cross-currency interest rate swap – purchased amounts	2 733 296	2 720 940	1 872 728	1 709 588
Cross-currency interest rate swap – sold amounts	2 764 571	2 742 571	1 909 243	1 741 303
Single-currency interest rate swap	4 360 662	3 740 972	1 748 351	1 273 876
Options	822 678	711 144	468 004	435 404
FX swap – purchased amounts	1 592 208	2 258 448	1 808 349	1 988 994
FX swap – sold amounts	1 599 563	2 249 791	1 882 817	2 088 130
FX options -purchased CALL	1 044 075	778 214	669 822	1 004 317
FX options -purchased PUT	1 076 295	789 323	663 176	1 012 378
FX options -sold CALL	682 163	574 955	581 032	1 018 362
FX options -sold PUT	717 682	615 131	719 912	1 180 358
Spot-purchased	44 475	63 161	3 508	19 064
Spot-sold	44 563	63 096	3 557	19 014
Forward- purchased amounts	100 936	-	-	9 216
Forward- sold amounts	93 727	-	-	9 464
Commodity swap - sold amounts	-	1 651		-
Futures - purchased	10 690	-	-	-

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

Acquisitions and disposals of investments in subsidiaries, associates and joint ventures for 1-4Q 2013

Kredyt Trade

On 29 June 2012, the Extraordinary General Meeting of Kredyt Trade Sp. z o.o. adopted a resolution on dissolution and liquidation of Kredyt Trade Sp. z o.o.(a subsidiary of former Kredyt Bank). On 22 August 2013, the company was deleted from the National Court Register (KRS).

The Group has finally settled remaining assets and liabilities of the entity.
The liquidation result of PLN (312) k was taken to 'Profit or loss on sale/liquidation of subsidiaries and associates.'

Kredyt Trade provided auxiliary administrative services to the former Kredyt Bank, primarily in respect of managing and leasing properties and equipment.

Merger of BZ WBK leasing companies

On 29 March 2013, the BZ WBK leasing companies merged in accordance with Article 492 (1) (1) of the Code of Companies and Partnerships. The merger was effected by acquisition of BZ WBK Finanse & Leasing S.A. by BZ WBK Leasing S.A., being the acquiring entity, and by transfer of the whole of the assets of BZ WBK Finanse & Leasing S.A. to BZ WBK Leasing S.A. in exchange for shares to be issued by BZ WBK Leasing S.A. to the existing partner in BZ WBK Finanse & Leasing S.A.
The merger did not have any impact on the structure of the consolidated balance sheet or the financial results, as presented in this report.

Controlling stake at the companies BZ WBK AVIVA

Controlling stake at the companies BZ WBK-AVIVA Towarzystwo Ubezpieczeń na Życie S.A. and BZ WBK-AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A. has been described in detail in Note 34.

Acquisitions and disposals of investments in subsidiaries, associates and joint ventures in Q4 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 S.A. at PLN 1.22 per share. The total value of shares sold amounted to PLN 4,941,000.

34. Controlling stake at the companies BZ WBK-AVIVA Towarzystwo Ubezpieczeń na Życie S.A. and BZ WBK-AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A.

On 20 December 2013 Bank Zachodni WBK received from AVIVA International Insurance Limited 16% of shares in BZ WBK-AVIVA Towarzystwo Ubezpieczeń na Życie S.A. and BZ WBK-AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A.. In effect of the transaction, as at 31 December 2013 Bank held 66% of the total share capital and 66% of voting rights on a Shareholders' Meeting of both insurance companies. The complementary 34% of votes remains with AVIVA.

The merger will be accounted for using the acquisition method described in IFRS 3 "Business combinations". At the date of preparation of these interim condensed consolidated financial statements, the bank has completed the preliminary and provisional calculation of the excess of the purchase price over the net value of the acquired net assets and finalised the preliminary and provisional settlement of the acquisition. As a result:

- the bank identified in both Insurance Companies acquired intangible assets of PLN 153,263k. The intangible assets relate to the fair value of currently existing insurance contracts and are recognised in accordance with IFRS 3 "Business combinations",
- the bank conducted preliminary and provisional settlement of goodwill that totaled PLN 853,809k,
- revaluation of the existing 50% stake in both Insurance Companies to the fair value will generate an after tax profit in the 2013 consolidated profit and loss account of the Bank in the amount of PLN 334,657k.

As stated in current report No. 37/2013 dated 2 August 2013, AVIVA was granted a call option pursuant to which AVIVA or any company in the capital group of AVIVA nominated by AVIVA will be entitled to purchase from the Bank 17% of the share capital held by the Bank in each of the Insurance Companies on the terms and conditions set forth in the transaction documents.

As a result of the transaction following contingent liabilities resulted from conditions of the transaction agreement.

Bank Zachodni WBK granted a put option to AVIVA on 34% shareholding (the remaining part belonging to AVIVA) conditioned on negligence of Bank Zachodni WBK in the course of transaction. Strike price of the option totalled PLN 1,036,800k. As Bank Zachodni WBK is going to make all necessary efforts to finalize the deal in accordance with binding laws and in a professional manner, in the opinion of the Bank Zachodni WBK management probability of execution of the put option is close to zero. According to this the option does not require recognition in the consolidated financial statements.

Moreover Bank Zachodni WBK granted an additional put option to AVIVA on 34% shareholding conditioned on lack of regulatory consent to the call option execution by AVIVA. The potential liability arising from this option totaled PLN 684,288k. Despite the fact that both parties confirm that there is affirmative intention in both organizations to take all necessary actions to obtain the supervision, regulatory and antitrust authority consent, the liability was recognized in the consolidated statement of financial position as execution triggers are beyond BZ WBK's control and are contingent upon regulatory actions.

Complete disclosures of the impact of the transaction on the consolidated financial statements of the Bank Zachodni WBK Group as required by the relevant financial reporting standards will be presented in the annual report for 2013 to be published on 27 February 2014.

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

Final approval of amendments to the Act on Open pension funds has caused the need for revaluation of PTE Aviva BZ WBK S.A. consideration held by Bank Zachodni WBK.

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

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

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

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

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

In the reporting period no such changes were made.

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

The business activity of Bank Zachodni WBK and its subsidiary undertakings 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 and Kredyt Bank is presented in Note 29 and merger of BZ WBK leasing companies is presented in Note 33, while controlling stake at the companies BZ WBK-AVIVA Towarzystwo Ubezpieczeń na Życie S.A. and BZ WBK-AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A. are presented in Note 34.

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

31.12.2013

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

- Acquisition of the bonds issued by Bank Zachodni WBK S.A. under the Programme of Own Debt Securities Issue up to PLN 500 000 k. The book-building for the bonds communicated in the report was finalised and all the bonds issued by the Bank for the total amount of PLN 500,000,000 (five hundred million PLN) were acquired by bondholders. The bonds were issued in a non-public offer, in one series, as unsecured bearer bonds denominated in PLN, with a 3-year maturity following their issuance (19 December 2016), with a variable interest rate (based on 6M WIBOR plus 1.2 % margin p.a.) and a half-year interest period. The first interest payment will take place on the 20 June 2014. The bonds issued have a Fitch rating of A+(pol).
  On 28 January 2014, the bearer bonds with a nominal value of PLN 1,000 (one thousand PLN) each, issued by Bank Zachodni WBK, started to be traded in the Catalyst system.

- 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 and Kredyt Bank is presented in Note 29.

31.12.2012

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 332 m worth of Bank Zachodni WBK shares of new issue to support the planned Bank Zachodni 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 Bank Zachodni 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 Bank Zachodni 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. Dividend per share

As of the date of publication of this report, the Management Board of Bank Zachodni WBK SA had not made a decision in respect of recommendation on dividend payout for 2013.

On 17 April 2013, The Annual General Meeting of Bank Zachodni WBK adopted a Resolution allocating PLN 710 943 k 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 584 608 k to dividend for shareholders, from the net profit for 2011, which meant that the proposed dividend was PLN 8 per share

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

As at 31.12.2013 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.

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

As at 31.12.2013 and as at 31.12.2012, either Bank Zachodni WBK or its subsidiaries 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.

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

From 1 January 2013 to 31 December 2013, Bank Zachodni WBK sold properties located in Wrocław, Kraków, Otwock, Poznań,Nowa Sól, Konin and Zielona Góra. The sales proceeds amounted to PLN 9 742 k. No significant fixed assets were sold or bought by the subsidiaries. There were no significant liabilities arising from purchase of fixed assets either.

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

Introduction to the Catalyst alternative trading system of A series bearer bonds of Bank Zachodni WBK

On 16 January 2014 the Management Board of Bank Zachodni WBK announced that it had received a message about adoption of Resolution no. 53 of the Management Board of the Warsaw Stock Exchange of 15 January 2014 regarding introduction to the Catalyst alternative trading system of 500 000 [five hundred thousand] bearer bonds with a nominal value of PLN 1,000 (one thousand PLN) each, issued by Bank Zachodni WBK.

47. Description of external environment in Q4 2013

Economic growth

The available macroeconomic data are suggesting that in 4Q 2013 the Polish economy was continuing a recovery that has started in the first half of the year. GDP growth probably accelerated once again, slightly exceeding 2.5% YoY (after 1.9% YoY in Q3 and merely 0.5% YoY in Q1). Acceleration of the economic growth was still to large extent driven by growing exports, which were underpinned by improving economic situation in Poland's main trade partners (Germany in particular), high price competitiveness of Polish products and attitude of Polish entrepreneurs, who were actively searching for new selling opportunities abroad. The improved export outlook was supportive of the industrial output, which climbed by nearly 5% YoY in Q4, at a similar pace as in Q3. The highest growth rates were recorded in export-oriented branches. At the same time, a gradual revival of domestic demand (which started already in the previous quarters) has been continued. It was reflected in, among others, improving growth of retail sales and construction output. After the sharp downturn in the construction market recorded in H1 2013, the last two quarters of the year saw a rebound, and as a result the output in this sector returned to the level seen one year earlier.

The still moderate scale of domestic demand revival caused that imports growth was lagging exports growth, which in turn resulted in decreasing payments imbalance. The fourth quarter of 2013 was probably the third one in a row with a surplus in trade of goods. At the same time the current account deficit decreased probably to the lowest level since mid-90. (below 2% of GDP).

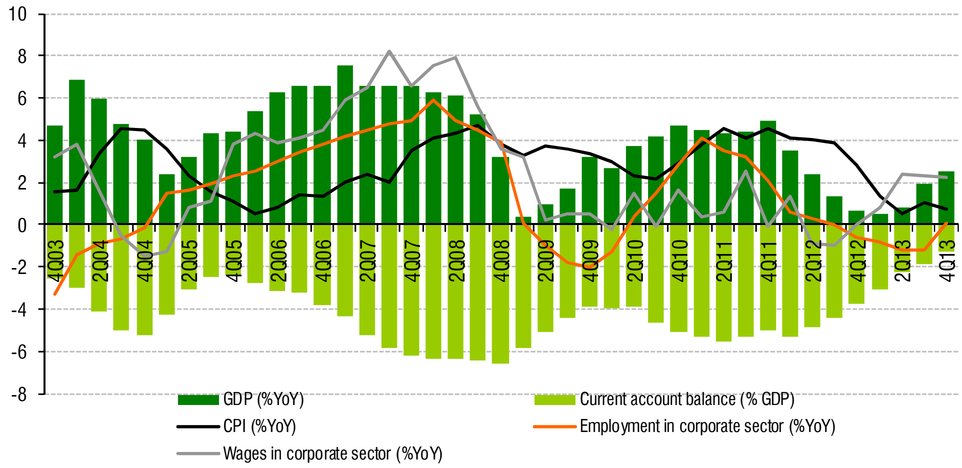
Inflation

CPI inflation slightly decreased in the final part of the year, reaching 0.7% YoY on average in Q4, versus 1.1% YoY in Q3. To a large extent it resulted from low growth of food prices, but also lower costs of telecommunication and education (after a change in the public education law). The main measure of core inflation (CPI excluding prices of food and energy) reached 1.2% YoY in Q4, versus 1.4% in Q3. The inflationary pressure remained low due to the still relatively weak consumption demand.

Labour market

Recovery in the labour market, which was signalled already in the middle of the year continued in Q4. Average employment rose gradually, and its annual growth rate in November turned positive for the first time in more than a year. Higher demand for new employees was generated mainly by export companies. Nominal wage growth remained moderate, close to 3% YoY, for the third quarter in a row. At the same time, low inflation had a positive impact on households' real purchasing power. The registered unemployment rate increased slightly at the end of the year due to seasonal effects, however detailed information from labour offices were confirming a gradual improvement of the situation — declining growth rate of the number of new jobseekers and a higher growth rate of the number of unemployed removed from unemployment rolls due to finding employment. The seasonally adjusted Labour Force Survey (LFS) remained stable, close to 10%.

Selected macroeconomic indicators



Monetary policy

The Monetary Policy Council kept the main interest rates stable in Q4 2013, at the record-low level of 2.5%. In the Council's assessment next quarters may bring further continuation of business climate improvement, however inflationary pressure will remain subdued. Therefore, the MPC declared that the main interest rates should remain unchanged at least until the end of H1 2014.

Credit and deposit markets

In Q4 2014, a revival was observed in two segments of the credit market: in consumption loans for households and in investment loans for companies. The former accelerated to ca. 4% YoY, the latter to ca. 6% YoY. Meanwhile, the pace of growth of total loans in the banking sector remained relatively low, stabilising below 4% YoY, similarly as in previous quarters. Low interest rates were undermining the deposit market and caused that savings were shifted to assets yielding higher profits. Thus, the growth rate of total deposits remained close to 6% YoY (similarly as in Q3). At the same time, a significant inflow of savings to mutual investment funds was recorded.

Financial market

After the quite volatile Q3, the final quarter of 2013 was a period of more stable situation in the world financial markets. Strengthening signals of economic recovery in the world's most important economies and slightly lower concerns about the possible impact of Fed's QE3 tapering triggered solid increases of prices on the global stock markets. The situation in the Warsaw Stock Exchange was less optimistic amid the expected changes in the pension system. The zloty gained considerably at the year-end, and EUR/PLN reached 4.15 at the end of December, the lowest level since May. According to Bloomberg, in 2013 the zloty was the third strongest emerging currency versus the euro, the US dollar, the Swiss franc and the British pound.

Polish bonds strengthened in Q4 2013, however during the quarter the volatility was quite high (mainly in the case of medium- and long-term bonds). Short end of the curves remained well anchored near 3% (for both bonds and IRS), which was the result of the dovish MPC's rhetoric and the low inflation. The ECB's surprising decision to cut rates in November by 25bp (to 0.25%) supported debt markets only temporarily, as concerns prevailed about the timing and scale of possible QE3 tapering by Fed. However, the Fed's December decision to start limiting asset purchases from January 2014 by $10bn had only moderately negative impact on the financial market. After this decision, the Polish debt market strengthened. Summing up, in Q4 2013 the bond yield curve decreased by 5-25bp (the biggest drop was noted in the case of 5Y bonds, the smallest in 2Y bonds), while IRS curve moved down by 0-20bp (2Y IRS saw the biggest decrease, with a stable long end).

48. Activities of Bank Zachodni WBK Group in Q4 2013

Retail Banking

Development of Product Proposition for Personal Customers

Personal Accounts

In view of the success of the spring edition of the Account Worth Recommending campaign (Konto Godne Polecenia), the bank launched a similar autumn edition in the period from 27 September to 8 November 2013. The campaign focused on such features as free-of-charge account maintenance and an opportunity to get up to PLN 700 bonus.

The second edition of the special offer "Even PLN 700 is Waiting for You" ("Nawet 700 zł czeka na Ciebie") was also targeted at holders of a new 1|2|3 Account introduced in September 2013.

Savings and Investment Products

Deposits

Bank Zachodni WBK focused on development of a medium and long-term deposit base. To that end, the following changes were introduced to the product proposition in November:

- New Easy Earning Deposit (Nowa Lokata Swobodnie Zarabiająca) was made available to customers with a view to attracting new funds. The deposit, which may be opened for 12 or 24 months, pays attractive interest at a fixed rate. The product offers flexible access to savings as it allows customers to withdraw funds at any time and keep 50% of the accrued interest. The sale of the New Easy Earning Deposit-New Money was supported by the "Big Yield from the Big Bank" campaign ("Duży procent w dużym Banku") run from November to December 2013 in all Bank Zachodni WBK communication channels.

- Price attractiveness of long-term Impet deposits with 12- and 24-month tenors was increased. These were made available via branches and electronic banking channel for new and existing customers.

- The bank modified its "Investment with a Bonus" offer ("Inwestycja z bonusem") for customers investing in Arka funds or InPlus Investment Programme which allows them to put a portion of funds in a high-interest paying deposit. The deposit is now opened for 12 months (formerly for 3 months) and pays interest at a standard or negotiated rate, depending on the deposit amount.

Furthermore, the bank launched a Deposit Pricing Tool for the new negotiated deposit model which offers more flexible pricing aligned with the Group's deposit management objectives.

Structured Deposits

In Q4 2013, Bank Zachodni WBK remained active in the segment of structured deposits. It carried out 14 subscriptions, making available to customers 29 products, of which:

- Ten subsrciptions were designed for all the interested customers:
  - ✓ In six of them, the bank offered deposits whose interest rate was linked to the EUR/PLN or USD/PLN rate. The customers could choose from three investment strategy options: FX rate increase, decrease or stabilisation.
  - ✓ In four subscriptions, the yield was linked to stock indices, i.e. WIG 20 and SX5E.

- Two subscriptions were made exclusively to VIP personal customers, with interest dependent on volatility of the USD/PLN exchange rate.

- Two other subscriptions were addressed to Wealth Management customers and offered yield linked to stock indices: SPX i SX5E.

In total, PLN 710.7m worth of deposit funds was acquired in the above-mentioned subscriptions.

Investment Funds

In Q4 2013, the balance of contributions and redemptions of the mutual funds managed by BZ WBK Investment Fund Corporation (BZ WBK Towarzystwo Funduszy Inwestycjnych/ BZ WBK TFI) was positive:

- The highest net sales were recorded by corporate bond funds (Arka Prestiż Obligacji Korporacyjnych and Arka BZ WBK Obligacji Korporacyjnych) and Arka Prestiż Akcji Polskich, which topped the league table of Polish equity funds at 2013 YE, with an annual yield of 16.6%. On 22 November 2013, BZ WBK TFI launched Arka Prestiż Gotówkowy subfund to which PLN 119m was contributed by the year end. Its assets are invested mainly in debt securities and money market instruments, while ensuring adequate safety of investments. The investment strategy focuses on protection of the real value of assets.

- In Q4 2013, the fastest outflow of funds was reported by subfunds investing in treasury bonds due to a continued downturn in the treasury bond market.

As at 31 December 2013, the total net assets managed by BZ WBK TFI were PLN 11.2bn, and increased slightly by 1.3% QoQ and 11.5% YoY.

In Plus Investment Programme

In November 2013, the list of unit-linked insurance funds available within the BZ WBK InPlus Investment Programme (the product of BZ WBK-AVIVA Towarzystwo Ubezpieczeń na Życie) was extended to include four new investment plans (two of them offer investments in the funds of Aviva Investors Poland TFI, and others in the specialist funds of BZ WBK TFI).

Credit Facilities

Mortgage Loans

In Q4 2013, the bank's mortgage sales were higher than expected, mainly due to attractive credit proposition and favourable macroeconomic environment.

Credit Cards

In the analysed period, all branches of Bank Zachodni WBK had a uniform credit card offer. Efforts continued to migrate ex KB customers to Bank Zachodni WBK credit cards.

Bancassurance

The Bancassurance Office pursued the integration process and delivered initiatives to support the sale of "Worry-free Loan" ("Spokojny Kredyt") insurance for cash borrowers and improve "Safe Money" ("Pewne Pieniądze") Financial Insurance Package and "Your Safety"("Twoje Bezpieczeństwo") insurance for credit card holders.

Cooperation with companies from Aviva Group

On 1 August 2013, Bank Zachodni WBK signed agreements with Aviva International Insurance Limited (Aviva), BZ WBK-AVIVA Towarzystwo Ubezpieczeń na Życie S.A.(BZ WBK-Aviva TUŻ) and BZ WBK-Aviva Towarzystwo Ubezpieczeń Ogólnych S.A. (BZ WBK-Aviva TUO) to change the terms of strategic bancassurance alliance in Poland and extend it until 31 December 2033 (for more details see section "Changes to the Structure of Bank Zachodni WBK Group"). The agreements came into force as of 20 December 2013.

Other

Prepaid Cards

In Q4 2013, Bank Zachodni WBK launched the co-operation with the City Transport Office of Poznań under an agreement providing for the sale of electronic urban cards (PEKA) to facilitate the use of public transport by the residents of Poznań and its district area.

New products were developed for the strategic partners of the bank, including Allegro Internet Card designed for online shopping via Allegro. The product enables to use Payback points to top up the card.

Payment Services

On 14 November 2013, Bank Zachodni WBK signed an agreement with Izba Rozliczeniowa Giełd Towarowych S.A. (Warsaw Commodity Clearing House) based on which it was admitted to act as a payer bank for members of the clearing house, including to operate accounts used to clear and settle exchange transactions executed on other commodity markets.

Development of Offering for Small Firms

In October 2013, Bank Zachodni WBK introduced the Fast Earning Business Deposit (Lokata Biznes Dynamicznie Zarabiająca), which is the first deposit for micro and small companies offering a progressive interest rate.

In November 2013, the bank extended its proposition to include new MasterCard Business Debit card available in two price options.

Business & Corporate Banking

Deposit, Credit and Transaction Management

The improving economy - observed in Q4 2013 - provided businesses with the impetus and confidence to once again start making investment decisions. In Corporate Banking it was evidenced by PLN 1.2bn in sanctions for the period and PLN 476m in facilities drawn. During Q4 2013 some companies continued to repay debt early, so the net position in loans is almost unchanged. However, the much better sentiment has created a significant pipeline of new transactions, which is expected to become reflected in the statement of financial position for the first months of 2014.

Corporate deposits business continued to be stable during Q4 with margins and liquidity being well managed. Successful performance of Transactional Banking and Trade Finance was maintained, affirmed by a revenue growth of 8% (excluding current accounts) and ca. 140 new customers won.

In Q4 2013, the iBiznes24 electronic banking system was expanded with the functionality of an on-line view of free funds in the multi-product / multi-facility line, a single-signature acceptance of multiple files with payment orders and a generation of new report formats.

Furthermore, within the BGK Portfolio Guarantee Line, the *De minimis* Guarantee can now be used to cover investment loans (guarantees up to PLN 3.5m, for a term no longer than 8 years). Previously, the guarantee could only be used for cash loans.

International Desk

In Q4 2013, International Desk in Business and Corporate Banking Division continued to acquire and maintain business relations with international clients, offering them access to new markets and support with expansion into all the geographies where Santander Group is present. As part of this activity several transactions were completed in the period under review, involving among others the Spanish and Argentinian market.

In October 2013, Bank Zachodni WBK S.A. co-organised a seminar devoted to investment opportunities in Chile which was conducted by Polish and Chilean experts and attended by 60 Polish companies. In November 2013, a similar meeting regarding the Mexican market was held in Wrocław.

Leasing Business

In 2013, BZ WBK Leasing S.A. (merged with BZ WBK Finanse & Leasing S.A.) and Kredyt Lease S.A. financed PLN 2,173.7m worth of net assets, up by 27.3% on the previous year. The most pronounced sales growth (+34.7% YoY) was reported by the vehicles segment, which increased to PLN 930.3m, while the sales in the plant & equipment segment grew by 25.2% YoY to PLN 1,154.9m.

Factoring Business

In 2013, the turnover of BZ WBK Faktor came in at PLN 10.9bn and increased 159% YoY, significantly exceeding the market growth rate of 16% YoY. This gave the company a market share of 11% and the fourth position in the ranking of the members of the Polish Association of Factoring Companies. The bulk of the factoring turnover was generated by customers of Bank Zachodni WBK who grew more interested in non-credit sources of finance. At the end of December 2013, the company's exposure was PLN 1,686.7m and higher by 75.4% YoY.

Global Banking & Markets

Below is the information about the performance of the main product lines of the Global Banking & Markets (GBM) which provides comprehensive services to the largest corporates of the bank (ca. 100 groups of companies).

Transactional Banking

In Q4 2013, Transactional Banking closed a number of deals in relation to financing and guarantees (e.g. with companies from fuel, energy, construction and finance sectors). Furthermore, a QoQ increase was noted in the volume of leasing and factoring transactions.

As at 31 December 2013, the value of balances in customer deposits and current accounts was PLN 4.3bn.

Credit Markets

In Q4 2013, the Credit Markets Department sanctioned further loans to its clients (e.g. to companies from the mining sector) and entered into an agreement towards funding a Merger and Acquisition (M&A) deal. In addition, it acted as a co-lender and advisor for Polish and international groups.

As at 31 December 2013, the Credit Markets loan-book, defined as a sum of open credit lines, totalled PLN 5.8bn.

Rates

In Q4 2013, the Rates Area continued an income diversification strategy based on the development of interest rate hedges and delivered an extensive information campaign among corporate and SME customers to highlight the benfits of interest rate and FX hedging.

Investment Banking

Investment Banking includes the Corporate Finance (which comprises the Corporate Finance Area and BZ WBK Inwestycje Sp. z o.o.) and Dom Maklerski BZ WBK (DM BZ WBK / the brokerage house).

Corporate Finance Area

In Q4 2013, the Corporate Finance Area acted as an advisor in a number of transactions, mainly mergers and acquisitions, public offerings and private placements. In the period under review, it successfully completed a M&A transaction in the construction sector. It also worked closely with DM BZ WBK on a number of transactions, including the issue of shares of Alior Bank. DM BZ WBK acted in this project as an arranger and co-book builder in a syndicate with Barclays Bank, Société Générale and Renaissance Capital. The issue was a success.

As the manager of the JESSICA Programme (Urban Regeneration Fund for the Greater Szczecin), the bank entered into another three JESSICA loan agreements for the purpose of rejuvenation of heritage buildings in Szczecin. Consequently, the total pool of funds under management was contracted in 2013, which means that the bank met its obligations arising from the Fund Investment and Management Agreement signed with the European Investment Bank on 29 March 2011.

Dom Maklerski BZ WBK

The performance of DM BZ WBK after the four quarters of 2013, as measured by the stock trading volumes in the main WSE markets, was as follows:

- Equity market: the fifth position maintained with the share in the stock trading at 7.1%.
- Futures market: the third position with the market share at 10.9%.

In the ranking of brokerage houses published by *Forbes* in October 2013, individual investors named DM BZ WBK the best broker. The company received high scores in all the analysed categories. It was particularly well scored for the reliability, speed and functionality of its platform. Customers also appreciated the professionalism of the company's experts and its direct service quality.

DM BZ WBK analyst team topped the annual ranking of *Parkiet* daily published on 8 January 2014. Also, individual analysts were ranked high in terms of the overall score, technical analysis and selected sectors (chemical, fuel and finance).

Other Information

Selected Distribution Channels

Branch Network and Complementary Channels

As at 31 December 2013, Bank Zachodni WBK had a network of 830 branches (physical locations) compared with 836 at the end of September 2013. The decrease is a result of continued rationalisation of banking outlets.

The bank's branch network was supported by 113 Partner outlets (110 outlets as at 30 September 2013) and 1,385 ATMs (1,406 as at 30 September 2013).

BZWBK24 Electronic Banking

In Q4 2013, the electronic banking system of Bank Zachodni WBK was enhanced as follows:

- A new mobile banking functionality was implemented to facilitate daily shopping via BZWBK24 mobile - Mobile Shopping Service. In addition, the application was re-designed to offer more intuitive navigation and access to scan & pay function before logging in.
- The bank launched a new communication channel - BZWBK24 TV app for Samsung Smart TVs - which enables the access to information about accounts and cards, transaction history or currency exchange rates.
- Customers were provided with a user-friendly transaction platform - BZWBK24 Mini Firma - which allows them to make transactions to BZ WBK accounts or pre-defined non-BZ WBK accounts, top up mobile phones or check information about accounts and cards.

In December 2013, the number of mobile banking users reached 239k, growing by more than 90% YoY.

In 2013, the sale of credit facilities in the “buy-by-click” formula was PLN 216m, an increase of 103% YoY.

Telephone and Electronic Banking Centre (TEBC)

TEBC expanded its model of customer service and sales processes. Among other initiatives, TEBC piloted the service of branch customers and accessed the national system of cancellation of lost / stolen cards. On 7 October 2013, an agreement was signed with Finance Care Sp. z o.o. providing for a transfer of certain services provided by TEBC functions.

Employment

As at 31 December 2013, the number of FTEs in Bank Zachodni WBK Group increased by 116 to 12,612 (12,496 FTEs as at 30 September 2013), of which 62 FTEs represent employment in BZ WBK Aviva insurance companies which have become controlled by the Bank based on the increased shareholding in each of them to 66%. Higher headcount results from the process of optimising the organisational structures of Business Support Centre and Branch Banking of the merged bank, with due regard to the current business needs and market conditions.

Capital Adequacy

The table below shows the calculation of the capital adequacy ratio for Bank Zachodni WBK Group as at 31 December 2013 and 30 September 2013.

PLN m

		31.12.2013	30.09.2013
I	Total capital requirement	6 693,9	6 759,6
II	Own funds after reductions	11 647,0	12 010,1
	CAD [II/(I*12.5)]	**13,92%**	**14,20%**

Issue of Bonds of Bank Zachodni WBK S.A.

On 19 December 2013, Bank Zachodni WBK SA issued PLN 500m worth of private placement bonds, all of which were acquired by the bondholders. One of them is EBRD, which invested PLN 100m as part of its new Financial Institutions Framework in Poland, whose aim is to support the Polish debt capital market. The bonds are unsecured, denominated in PLN, with a 3-year maturity and a variable coupon (based on 6M WIBOR + 120 bp p.a.) paid semi-annually. The purpose of the bond issue was to diversify the bank’s funding sources. The bonds issued have a Fitch rating of A+(pol). In January 2014, they were introduced to trading in the alternative system operated by BondSpot S.A. and the Warsaw Stock Exchange.

Re-Affirmed Ratings of Bank Zachodni WBK

On 4 December 2013, Fitch Ratings affirmed the international ratings of Bank Zachodni WBK S.A. of 14 June 2012. At the same time, in view of the bank's plans to issue PLN 500m senior unsecured bonds, the agency also assigned the bank a National Long-term rating of "A+(pol)EXP". The rating actions on Bank Zachodni WBK are summarised below:

Rating type	International Fitch Ratings of 14.06.2012 affirmed in the announcement of 10.01.2013 and 4.12.2013*	National Fitch Rating of 4.12.2013
Long-term IDR	BBB	
Outlook for the long-term IDR rating	stable	
Short-term IDR	F3	
Viability rating	bbb	
Support rating	2	
National long-term rating		A+(pol)
Senior unsecured debt national long-term rating		A+(pol)
PLN 500m senior unsecured bonds, national long-term rating		A+(pol)EXP

* *BZ WBK rating valid as at 31.12.2012 and 31.12.2013 r.*

The bank's long-term IDR is driven by the bank's intrinsic strength and is underpinned by the support available from its majority owner, Banco Santander (Santander, BBB+/Stable). The bank's Viability Rating (VR) reflects its strong franchise, stable performance, adequate liquidity and capitalisation and stable funding structure based on customer deposits. According to Fitch Ratings, the risks arising from the bank's exposure to commercial real estate and residential mortgages denominated in foreign currencies are adequately cushioned by the bank's capital position and healthy pre-impairment profitability. The planned acquisition of a 60% stake in Santander Consumer Bank (SCB) is expected to bring only minor changes in the Group's credit profile.

Affirmation of the bank's "2" Support Rating reflects the agency's view that Banco Santander will have a high propensity to provide support to the merged entity if needed, given the strategic importance of the bank to Santander Group.

In Fitch's view, no upgrade or downgrade of the long-term IDR of Bank Zachodni WBK is to be expected. Still, a renewed escalation of the eurozone crisis, which could result in increased impairment charges, could put downward pressure on BZ WBK's VR.

Changes to the Structure of Bank Zachodni WBK Group

Increase in the Number of Shares Held by Bank Zachodni WBK in BZ WBK-Aviva TUO and BZ WBK-Aviva TUŻ

Pursuant to the agreement of 20 December 2013 signed by Bank Zachodni WBK and Aviva International Insurance Limited (Aviva) under which the title to 16% of shares in BZ WBK-Aviva TUO and BZ WBK-Aviva TUŻ was transferred to the bank, the status of BZ WBK-Aviva TUO and BZ WBK-Aviva TUŻ changed from jointly controlled entities to subsidiaries. As a consequence, the bank holds 66% stake in the share capital and 66% of the total number of votes at the general meeting of each of the foregoing insurance companies, while the remaining 34% of the shares are held by Aviva. Aviva was granted a call option which entitles it or any other entity from Aviva Group as nominated by Aviva to purchase from the bank 17% of the share capital held by the bank in each of the above-mentioned insurance companies.

The above measures were taken in relation to the commitments made by the parties to the transaction in the agreement of 1 August 2013 re. amending the strategic bancassurance alliance in Poland and extending it until the end of 2033.

Investment Agreement Between Bank Zachodni WBK, Santander Consumer Finance S.A. and Banco Santander S.A. Regarding the Acquisition by Bank Zachodni WBK of Shares in Santander Consumer Bank S.A.

On 27 November 2013, Bank Zachodni WBK signed an investment agreement with Santander Consumer Finance S.A. (SCF) and Banco Santander S.A. whereby the bank agreed to acquire 3,120,000 ordinary and privileged shares in Wrocław-based Santander Consumer Bank S.A. (SCB) with a nominal value of PLN 100 each, representing 60% of the share capital of SCB and approximately 67% of the votes at the general meeting of the shareholders of SCB. Pursuant to the agreement, no later than three months following the conclusion of the transaction, the parties shall use their best efforts to waive the privileges currently attached to the SCB shares, as a result of which the bank will hold 60% stake in SCB share capital and 60% of voting power at SCB general meeting.

The Bank agreed to issue new shares which will be offered to and subscribed for solely by SCF as a consideration for an in-kind contribution of SCB shares. The value of the SCB shares as indicated in the agreement is PLN 2,156,414,400. The number of the new shares will be determined on the basis of the pre-defined formula after the receipt of no-objection decision from KNF.

The completion of the transaction is conditional on certain conditions precedent, among others, on the receipt of relevant consents from supervisory authorities, i.e. KNF decision confirming that it has no objection to the direct acquisition by the bank of shares in SCB representing more than 50% of the share capital and the votes in SCB (KNF no-objection decision) and KNF consent to the changes to the bank's statutes regarding the share capital increase in connection with the issuance of the new shares.

The transaction is being executed in order to fulfil the commitment made by Banco Santander towards KNF (and as reported by the bank in the current report no. 38/2012 dated 4 December 2012) under which Banco Santander committed to use available means to cause SCB to become a subsidiary of the bank by 31 March 2014.

49. Overview of Bank Zachodni WBK Group performance after Q4 2013

The consolidated financial statements contained in the Bank Zachodni WBK Group Report for Q4 2013 are the first financial statements prepared for the 12-month period after the merger with Kredyt Bank on 4 January 2013. The comparative annual and quarterly data for the previous year (prior to the legal merger) are derived from the consolidated financial statements of Bank Zachodni WBK as the acquiring entity, which accounts for the significant variances in individual financial items over 12 months. As currently these are only quarterly data that are fully comparable, this section focuses on presentation of the Group's activity based on the financial performance in Q4 2013 vs. the previous quarter.

Financial and Business Highlights (Q4 2013 vs. Q3 2013)

- Total income of Bank Zachodni WBK Group increased by 22.6% QoQ to PLN 1,815.5m. Excluding the gain on the liquidation/revaluation of connected entities (mostly the profit on the revaluation of BZ WBK-Aviva TUO and BZ WBK-Aviva TUŻ taken to Q4 2013 P&L), total recurring income decreased by 5.7% QoQ.
- Total costs increased by 25.7% QoQ to PLN 808.2m. Excluding the integration costs, the total cost base grew by 15.0% QoQ.
- Profit-before-tax was PLN 832.7m, and up 21.6% QoQ.
- Profit-after-tax attributable to the shareholders of Bank Zachodni WBK was PLN 651.8m and higher by 21.3% QoQ.
- Capital Adequacy Ratio stood at 13.9% (14.2% as at 30 September 2013).
- Return on Equity was 16.6% (14.3% as at 30 September 2013) or 15.6% after exclusion of the cost of integration with Kredyt Bank and the gain on the liquidation/revaluation of connected entities.
- Cost to income ratio was 44.5% (43.4% in Q3 2013), and 49.9% after exclusion of the cost of integration with Kredyt Bank and the gain on the liquidation/revaluation of connected entities (40.9% in Q3 2013).
- Net impairment losses on loans and advances amounted to PLN 177.2m compared with PLN 159.2m in Q3 2013.
- NPL ratio was 7.9%, while the ratio of impairment losses to the average gross credit volumes was 1.0% (flat on 30 September 2013).
- Loans to deposits ratio reached 86.7% as at 31 December 2013 compared with 91.5% as at 30 September 2013.
- Gross loans to customers declined by 2.4% QoQ to PLN 71,621.9m due to the decrease in loans to enterprises and the public sector (by 2.7% QoQ to PLN 34.478.3m) and to individuals (by 1.1% QoQ to PLN 34,041.4m).
- Deposits from customers increased by 3.1% QoQ to PLN 78,543.0m as a combined effect of the expansion of deposits from individuals (by 6.3% QoQ to PLN 47,999.1m) and the decline in deposits from enterprises & public sector (by 1.6% QoQ to PLN 30,543.9m).
- Net value of assets held by mutual funds and private portfolios grew by 1.1% QoQ and 9.2% YoY to PLN 11.6bn.
- The number of customers using the BZWBK24 and KB24 electronic banking services was close to 3m (+3.3% QoQ), while the Bank Zachodni WBK payment card base included 3.7m debit cards (+6% QoQ).

External Conditions Impacting Financial and Business Performance

- Acceleration of economic growth (to over 2.5% at the end of the year) and a gradual change of its structure – still high importance of exports, amid a gradual increase in the significance of domestic demand.
- Further improvement of the growth rate of industrial and construction output.
- Acceleration of retail sales growth suggesting a recovery of private consumption.

- Signals of revival in the labour market – a gradual increase of employment in the enterprise sector, declining unemployment and moderate wage growth.
- Low inflationary pressure, CPI inflation rate remaining well below the NBP's official target (2.5%).
- Stabilization of main interest rates and announcement of the Monetary Policy Council that rates may remain unchanged at least until the end of H1 2014.
- Changes of moods in international financial markets amid the expectations about the future policy of the US central bank (Fed).
- Relative stability of the zloty exchange rate against main currencies. A slight drop of yields of Polish bonds during the quarter.
- Still quite weak growth of loans in the banking sector, although some recovery visible in the case of consumer loans and business investment loans. Relatively slow growth rate of deposits amid low interest rates.
- Reversal of the downward trend in house prices in major cities and a slight increase in home sales in the secondary market.

Income Statement of Bank Zachodni WBK Group

Profit Earned by Bank Zachodni WBK Group in Q4 2013

PLN m

Condensed Income Statement (for analytical purposes)	Q4 2013	Q3 2013	QoQ Change	2013	2012*	YoY Change
Total income	**1 815,5**	**1 480,4**	**22,6%**	**6 089,9**	**4 136,3**	**47,2%**
- Net interest income	861,9	864,3	-0,3%	3 276,6	2 301,1	42,4%
- Net fee & commission income	458,5	445,2	3,0%	1 778,6	1 385,0	28,4%
- Other income	495,1	170,9	189,7%	1 034,7	450,2	129,8%
Total costs	**(808,2)**	**(643,2)**	**25,7%**	**(2 862,1)**	**(1 817,2)**	**57,5%**
- Staff, general and administrative expenses	(740,4)	(582,7)	27,1%	(2 607,6)	(1 653,1)	57,7%
- Depreciation/amortisation	(51,4)	(53,6)	-4,1%	(219,3)	(137,9)	59,0%
- Other operating expenses	(16,4)	(6,9)	137,7%	(35,2)	(26,2)	34,4%
Impairment losses on loans and advances	**(177,2)**	**(159,2)**	**11,3%**	**(729,3)**	**(501,8)**	**45,3%**
Profit/loss attributable to the entities accounted for using equity method	2,6	6,9	-62,3%	16,2	19,7	-17,8%
Profit-before-tax	**832,7**	**684,9**	**21,6%**	**2 514,7**	**1 837,0**	**36,9%**
Tax charges	(171,0)	(139,6)	22,5%	(500,1)	(374,4)	33,6%
Net profit for the period	**661,7**	**545,3**	**21,3%**	**2 014,6**	**1 462,6**	**37,7%**
- Net profit attributable to BZ WBK shareholders	**651,8**	**537,4**	**21,3%**	**1 982,3**	**1 433,8**	**38,3%**
- Net profit attributable to non-controlling shareholders	9,9	7,9	25,3%	32,3	28,8	12,2%

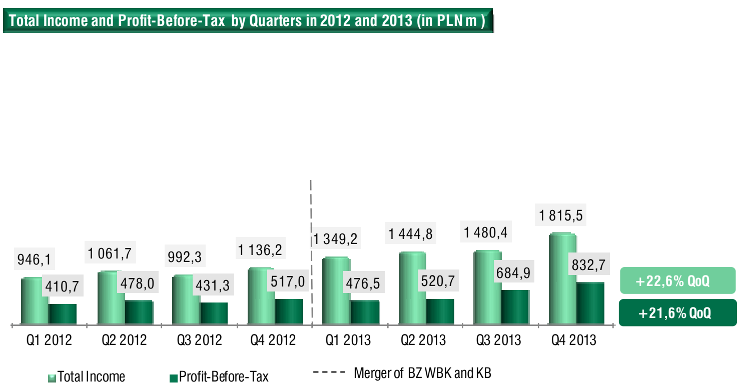
* *Financial data for 2012 represent BZ WBK Group's pre-merger performance (excluding former Kredyt Bank S.A.)*

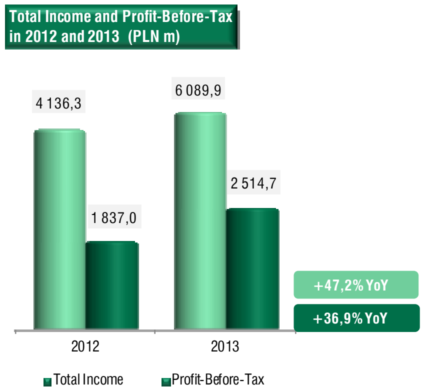
In Q4 2013, Bank Zachodni WBK Group posted a profit-before-tax of PLN 832.7m, up 21.6% QoQ. The profit for the period attributable to Bank Zachodni WBK shareholders was PLN 651.8m and higher by 21.3% QoQ.

Key Factors Affecting the Profit of Bank Zachodni WBK Group in Q4 2013:

- Q4 2013 profit was predominantly impacted by non-recurring items associated with structural changes pursued by Bank Zachodni WBK Group.
  - ✓ As a result of transfer from Aviva to Bank Zachodni WBK of 16% of shares in BZ WBK-Aviva TUO and BZ WBK-Aviva TUŻ, the bank's former stake in both companies (50% each) was restated to its fair value, which increased the Group's profit-before-tax by PLN 419m.
  - ✓ In Q4 2013, the bank incurred expenses in relation to the integration and development process underway. The total charge to the Q4 2013 income statement in relation to the integration costs was PLN 111.9m.

- Another important range of factors that affected the Group's bottom line was the economic environment and the prevailing financial market conditions.
  - ✓ High volatility of the bond market observed in 2013 affected the management of low credit risk financial asset structure. As a result of subdued prices and limted sales of available-for-sale treasury bonds, the Group's gain on "Other financial instruments" was reduced by PLN 98.1m QoQ.
  - ✓ The pressure from low interest rate environment, coupled with structural balance sheet changes such as a decline in loans and increase in the portfolio of investment securities supported by a growing deposit base (+PLN 2.4bn QoQ), contributed to the narrowing of the quarterly net margin (by 0.05 p.p.) and the drop in the net interest income (-PLN 2.4m QoQ).
  - ✓ The value of impairment losses rose by PLN 18m QoQ in view of deterioration in the financial standing of some companies as well as revaluations and adjustments arising from the prudent approach to the credit risk management embraced by the Group.





Profit Structure of Bank Zachodni WBK Group

The table below shows the profit contribution of respective members of Bank Zachodni WBK Group (based on the Group's composition as at 31 December 2013) to the consolidated income statement for Q3 and Q4 of 2013.

PLN m

Stand-Alone Profit-Before-Tax of Subsidiaries Consolidated in the Income Statement for Q4 and Q3 2013	Q4 2013	Q3 2013	Change QoQ
Bank Zachodni WBK S.A.	**364,2**	**631,0**	**-42,3%**
Existing subsidiary undertakings:	**47,1**	**43,7**	**7,8%**
BZ WBK Asset Management S.A. and BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A.	23,3	19,5	19,5%
BZ WBK Leasing S.A., Kredyt Lease S.A. and Finanse Sp. z o.o. [1)]	9,1	16,9	-46,2%
Faktor Sp. z o.o.	7,8	0,8	875,0%
Dom Maklerski BZ WBK S.A.	6,7	9,3	-28,0%
Other subsidiary undertakings [2)]	0,2	(2,8)	-
Entities Accounted for Using the Equity Method in the Income Statement for Q4 and Q3 2013	**Q4 2013**	**Q3 2013**	**Change QoQ**
BZ WBK-Aviva Towarzystwo Ubezpieczeń Ogólnych S.A., BZ WBK-Aviva Towarzystwo Ubezpieczeń na Życie S.A. [3)]	2,2	5,8	-62,1%

1) *BZ WBK Leasing S.A. acquired BZ WBK Finanse & Leasing S.A. on 29 March 2013 r.*
2) *BZ WBK Faktor Sp. z o.o., BZ WBK Inwestycje Sp. z o.o., BZ WBK Nieruchomości S.A. and BFI Sewis Sp. z o.o. in liquidation.*
3) *BZ WBK-Aviva TUO S.A. and BZ WBK-Aviva TUŻ S.A. changed their status from joint ventures to subsidiary undertakings at the end of 2013. Throughout 2013 both entities were accounted for using the equity method. As at 31.12.2013 only their statements of financial position were consolidated with Bank Zachodni WBK.*

The unconsolidated profit-before-tax of Bank Zachodni WBK for Q4 2013 decreased by 42.3% QoQ on account of the lower gain on other financial instruments (-PLN 98.1m), increase in the integration costs (+PLN 73.6m) and growth of the impairment losses (+PLN 19.6m).

The profit-before-tax reported by the bank's consolidated subsidiaries was higher by 7.8% QoQ, driven mosty by the performance of two companies: Faktor and BZ WBK TFI. The increase in the factoring company's profit is attributable to the dynamic business growth, efficient risk monitoring and cost management. BZ WBK TFI improved its bottom line, among other things, due to a larger value of assets under management which reflected a growing popularity of commercial bond funds and positive sentiments on the stock exchange equity market towards the year end.

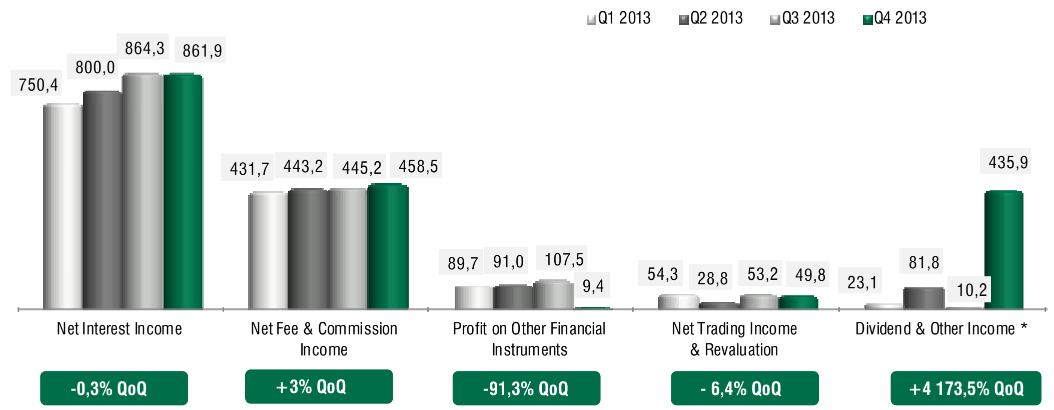
Leasing companies, together with their controlling entity, BZ WBK Finanse, generated a 46.2% lower pre-tax-profit on a QoQ basis as a result of the erosion of the net interest income in the environment of low interest rates and decreasing sales margins, and also under the impact of higher charges related to the operating integration with Kredyt Lease, including integration costs and movements in the balance of provisions arising from the validation of the company's impairment model.

The profit-before-tax posted by DM BZ WBK was down by 28% QoQ despite higher fee and commission income for servicing primary market offerings and corporate customer segment. A QoQ decline in profitability stems from lower trading gains on the market making activity and higher operating costs.

Total Income

The total income generated by Bank Zachodni WBK Group in Q4 2013 was PLN 1,815.5m and up 22.6% QoQ. Excluding revaluation of the bank's shares in BZ WBK-Aviva TUO S.A. and BZ WBK-Aviva TUŻ S.A. (PLN 419m) disclosed in the line item "Net gain on the sale/liquidation/revaluation of connected entities", the total recurring income decreased by 5.7% QoQ.

Total Income (PLN m) in Consecutive Quarters of 2013

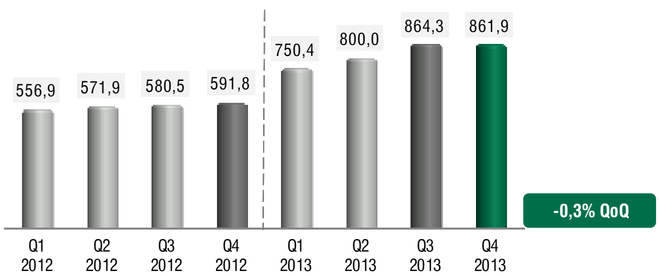


* *"Dividends and other income" include the dividend income, net gain on the sale/liquidation/revaluation of connected entities and other operating income*

Net Interest Income

In Q4 2013, the net interest income kept fairly flat at PLN 861.9m (down by 0.3% QoQ).

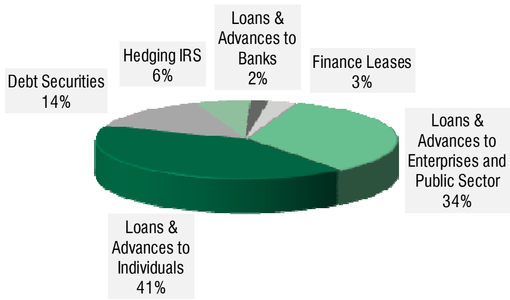
Net Interest Income by Quarters in Years 2012- 2013 (PLN m)



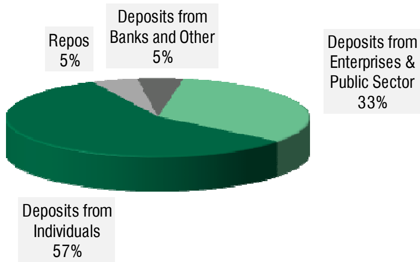
The net interest income includes interest income of PLN 55.2m in Q4 2013 (PLN 56.3m in Q3 2013) from CIRS transactions designated as hedging instruments under cash flow hedge accounting, which is disclosed in Note 4 "Net interest income" as part of the line item "Interest income from IRS hedges" showing PLN 71.0m in Q4 2013 vs. PLN 73.6m in Q3 2013.

Taking into account the Group's income from non-hedging CIRS transactions (PLN 5.4m in Q4 2013 vs. PLN 2.9m in Q3 2013) reported under "Net trading income and revaluation", the underlying net interest income held steady.

Structure of Interest Revenues in Q4 2013



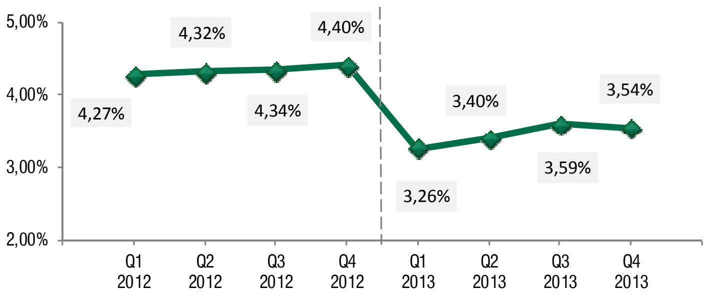
Structure of Interest Expense in Q4 2013



In Q4 2013, interest income came in at PLN 1,240.3m and was down 1.3% QoQ, while interest expense fell by 3.6% QoQ to PLN 378.4m. Compared to Q3 2013, the decline rate of interest expense clearly decelerated.

The most pronounced decreases in interest income (in percentage terms) were observed in debt securities available for sale (-55.8% QoQ) and loans to the public sector (-15.4% QoQ). The strongest decreases in interest expense were reported under reverse repo securities (-34,1% QoQ) and deposits from individuals (-2.5% QoQ).

Net Interest Margin by Quarters in Years 2012-2013 (including SWAP points*)



* *In 2013 the Bank conducted a revision of swap points allocation used for calculation of adjusted net interest margin. As a result, the allocation has been limited to derivative instruments dedicated solely for the liquidity management purposes, which caused a decrease in the adjustment and significantly limited volatility of reported margins.*

In Q4 2013, the quarterly net interest margin of Bank Zachodni WBK Group was 3.54% and down 0.05 p.p. QoQ under the combined pressure from all-time low NBP interest rates (2.5% since 4 July 2013), a mild downward movement of market interest rates (continued into the first part of Q4), competitive environment and evolution of the Group's balance sheet structure.

The net interest margin was most affected by the following changes in the business volumes: the decrease in the nominal value of loans (partly due to the zloty appreciation), expansion of the portfolio of financial instruments available for sale, and development of the deposit base on the back of term deposits from personal customers.

Net Fee and Commission Income

PLN m

Net Fee and Commission Income	Q4 2013	Q3 2013	2013	2012	QoQ Change	YoY Change
E-Business and payments [1]	117,1	117,3	455,3	346,5	-0,2%	31,4%
Account maintenance and cash transactions	74,8	75,8	303,3	244,2	-1,3%	24,2%
FX fees	79,9	78,8	296,7	233,8	1,4%	26,9%
Asset management and distribution	57,3	58,4	233,5	187,6	-1,9%	24,5%
Credit fees [2]	52,1	50,2	211,3	139,0	3,8%	52,0%
Insurance fees	28,6	25,1	106,0	108,4	13,9%	-2,2%
Brokerage fees	21,9	20,3	89,3	66,1	7,9%	35,1%
Other [3]	26,8	19,3	83,2	59,4	38,9%	40,1%
Total	**458,5**	**445,2**	**1 778,6**	**1 385,0**	**3,0%**	**28,4%**

Includes:

1) *Fees for foreign and mass payments, Western Union transfers, trade finance, debit cards, services for third parties as well as other electronic & telecommunications services.*
2) *Fees related to lending, leasing and factoring activities which are not amortised to interest income.*
3) *Credit card fees, guarantees & sureties, issue arrangement fees and others.*

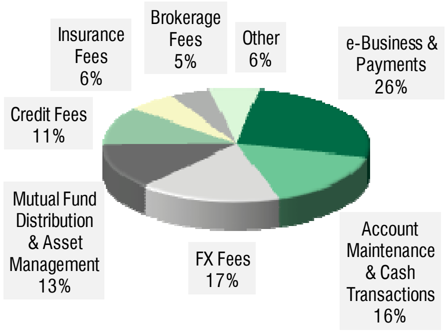
In Q4 2013, the net fee and commission income came in at PLN 458.5m, an increase of 3% QoQ.

The reporting period witnessed a pronounced growth of net insurance fee income (+13.9% QoQ), driven mainly by insurance packages for cash borrowers. A good growth rate was also reported by the net brokerage fee income (+7.9% QoQ) due to the participation of DM BZ WBK in a number of primary market offerings and larger income related to the maintenance of brokerage accounts and servicing corporate customer segment. The revival in the capital market also translated into higher income of BZ WBK Corporate Finance Area from the issue arrangement services, an increase of PLN 3.1m to PLN 5.6m disclosed under "Other fees" in the table above.

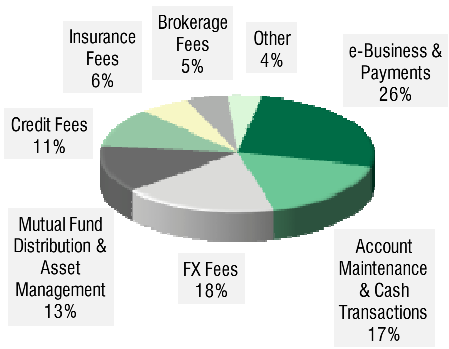
In the period under review, the net credit fees went up by 3.8% QoQ. Excluding credit agency costs (PLN 5.9m in Q4 2013 vs. PLN 2m in Q3 2013), whose level fluctuates due to the accounting policy adopted by the Group, the underlying value of credit fees grew by 11.1% QoQ in connection with the large financing schemes run by the Group.

Net fee and commission income from account maintenance and cash transactions declined slightly (-1.3% QoQ) due to substantial sales of free-of-charge Account Worth Recommending and costs of its promotion taken to the income statement in Q4. Lower net income from mutual fund distribution and asset management is attributable to a decrease in the value of assets managed by BZ WBK AM and larger share of its lower-margin portfolios. It is worth mentioning, however, that in the same period BZ WBK TFI reported an inflow of assets, which gave the company the top position among fund managers capitalising on the record high sales of mutual funds in 2013.

Net Commission Income Structure in Q4 2013



Net Commission Income Structure in Q3 2013



Gains on Other Financial Instruments

The gains on other financial instruments decreased by 91.3% QoQ to PLN 9.4m on the back of a lower profit on the sale of treasury bonds (-PLN 97.6m) as part of duration management on the available-for-sale debt securities portfolio, a process which depends on the market conditions and the Group's risk and liquidity management objectives.

Net Trading Income and Revaluation

Net trading income and revaluation ("Net trading income") amounted to PLN 49.8m and declined by 6.4% QoQ in line with the market evolution.

The largest element of this item, net income on interbank FX and derivative trading, reached PLN 62.9m vs. PLN 64.7m in the corresponding period. The second contributor, i.e. loss on other currency transactions was increased from PLN 12.7m in Q3 2013 to PLN 13.5m in Q4 2013. This performance reflects the market volatility of interest rates and FX rates, in particular the appreciation of the zloty against the main foreign currencies and a decrease in IRS yield most strong in the area of 2Y instruments, with more stability at the longer end of the curve.

The result on interbank FX and derivative trading includes an interest-related income of PLN 5.4m on non-hedging CIRS transactions (PLN 2.9m in Q3 2013). It excludes, however, the interest income from the CIRS transactions designated as hedging instruments under the cash flow hedge accounting (PLN 55.2m in Q4 2013 vs. PLN 56.3m in Q3 2013), which is disclosed in Note 4 "Net interest income" under "Interest income from IRS hedges".

Other Income Items

Dividend and other income increased by PLN 425.7m, of which PLN 419m arised upon fair valuation of the BZ WBK original stake in BZ WBK-Aviva TUO and BZ WBK-Aviva TUŻ (50% each) as at the date when the control was gained over both companies.

Impairment Charges

PLN m

Impairment Losses on Loans and Advances	Q4 2013	Q3 2013	2013	2012
Collective and individual impairment charge	(220,5)	(159,2)	(890,8)	(538,9)
Impaired but not reported losses charge	54,5	0,2	174,6	19,3
Recoveries of loans previously written off	(8,5)	9,0	3,3	13,3
Off-balance sheet credit related facilities	(2,7)	(9,2)	(16,4)	4,6
Total	**(177,2)**	**(159,2)**	**(729,3)**	**(501,8)**

In the last quarter of 2013, the loan impairment charge to the profit and loss account was PLN 177.2m, up 11.3% QoQ.

An increase in the positive balance of the incurred by not reported (IBNR) charges (which grew by PLN 54.3m to PLN 54.5m) was accompanied by an increase in the negative balance of the collective and individual impairment charges (which grew by PLN 61.3m to PLN 220.5m), as a consequence of the reclassification of selected exposures and credit portfolios from the portfolio of receivables without identified indications of impairment to the portfolio of receivables with an identified impairment. This transfer was a result of revision of the parameters and models used for the calculation of collective impairment charges. In the case of individual impairment charges, the changes came in the wake of deteriorating financial position of companies.

Furthermore, in Q4 2013, the Group sold overdue retail and SME receivables in the principal amount of PLN 263.4m vs. PLN 34.9m in the corresponding period of the previous year.

The changes in the value and structure of impairment charges are a result of the Group's prudential approach to credit risk management.

As at 31 December 2013, Bank Zachodni WBK Group's NPL ratio was 7.9%, the same as three months before.

Total Costs

PLN m

Total costs	Q4 2013	Q3 2013	2013	2012	QoQ Change	YoY Change
Staff, general and administrative expenses, of which:	(740,4)	(582,7)	(2 607,6)	(1 653,1)	27,1%	57,7%
- Staff expenses	(352,1)	(330,4)	(1 375,5)	(953,1)	6,6%	44,3%
- General and administrative expenses	(388,3)	(252,3)	(1 232,1)	(700,0)	53,9%	76,0%
Depreciation/amortisation	(51,4)	(53,6)	(219,3)	(137,9)	-4,1%	59,0%
Other operating expenses	(16,4)	(6,9)	(35,2)	(26,2)	137,7%	34,4%
Total costs	**(808,2)**	**(643,2)**	**(2 862,1)**	**(1 817,2)**	**25,7%**	**57,5%**
Integration costs	(111,9)	(37,6)	(264,4)	(37,8)	197,6%	599,5%
Underlying total costs	**(696,3)**	**(605,6)**	**(2 597,7)**	**(1 779,4)**	**15,0%**	**46,0%**

In Q4 2013, the total costs of Bank Zachodni WBK Group amounted to PLN 808.2m, and were 25.7% higher QoQ as a result of high integration costs (PLN 111.9m).

The integration costs incurred in Q4 resulted from:

- continued rationalisation of banking outlets (merging or liquidation of overlapping or loss-making branches to optimise the bank's distribution network);
- consultancy services for the individual stages of the Integration Programme;
- advertising and image-building campaign supporting the bank's new market positioning, and the promotion of selected products (Account Worth Recommending, mobile banking, SME loans and cash loans);
- IT services for the Mass Data Migration Programme.

General and Administrative Expenses

The integration projects had the strongest impact on the following cost lines of the Group: marketing and entertainment (+301,6% QoQ), consultancy and advisory services (+265.8% QoQ), maintenance and lease of premises (+19.4% QoQ).

Q4 2013 also saw a growth in the fees payable to the market regulators (+143.6% QoQ) following the implementation of the revised Banking Guarantee Fund Act in October 2013, which set up a stabilisation fund fed from the prudential fees paid by the banks participating in the guarantee system. Other increases included costs of stationery, cards and cheques (+73.7% QoQ), IT system (+14.7% QoQ) and external services costs (+36.5% QoQ).

In total, general and administrative expenses amounted to 388.3m and were higher by 53.9% QoQ.

Staff Expenses

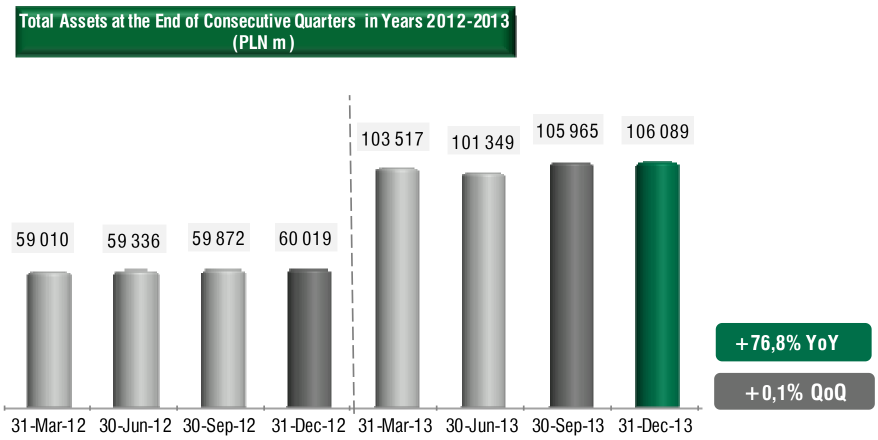
The staff expenses went up by 6.6% QoQ to PLN 352.1m. The key increases in this cost base were noted in the provisions for unutilised leaves, training costs and salaries. A big part of the total quarterly growth is attributable to the integration costs.

As the total costs and total income grew at a similar rate (+25.7% QoQ and +22.6% QoQ, respectively), the Group's cost-to-income ratio was 44.5% vs. 43.4% in the corresponding period. Excluding the non-recurring items, namely the integration costs and the result on liquidation / revaluation of connected entities, the ratio increased to 49.9%.

Financial position

Assets

As at 31 December 2013, total assets of Bank Zachodni WBK Group amounted to PLN 106,089.0m, growing slightly (by 0.1% QoQ) compared with the end of September 2013. The value and structure of the Group's statement of financial position is mainly affected by the parent company, which accounts for 97.4% of the consolidated total assets.



The table below presents major developments in the key categories of the consolidated assets of Bank Zachodni WBK Group as at 31 December 2013 versus 30 September 2013 and 31 December 2012.

PLN m

Assets (condensed presentation for analytical purposes)	31.12.2013	Structure 31.12.2013	30.09.2013	Structure 30.09.2013	31.12.2012	Structure 31.12.2012	Change QoQ	Change YoY
	1	2	3	4	5*	6*	1/3	1/5
Loans and advances to customers **	68 132,1	64,2%	69 687,6	65,8%	39 867,6	66,4%	-2,2%	70,9%
Investment securities	22 090,8	20,8%	20 554,7	19,4%	11 716,1	19,5%	7,5%	88,6%
Cash and operations with Central Banks	5 149,7	4,9%	5 767,9	5,4%	4 157,3	6,9%	-10,7%	23,9%
Financial assets held for trading and hedging derivatives	2 666,8	2,5%	2 760,3	2,6%	1 085,3	1,8%	-3,4%	145,7%
Loans and advances to banks	2 212,7	2,1%	2 991,5	2,8%	1 458,1	2,4%	-26,0%	51,8%
Fixed assets, intangibles and goodwill	3 681,8	3,4%	2 627,9	2,5%	607,1	1,0%	40,1%	506,5%
Other assets	2 155,1	2,0%	1 575,4	1,5%	1 127,7	2,0%	36,8%	91,1%
Total	**106 089,0**	**100,0%**	**105 965,3**	**100,0%**	**60 019,2**	**100,0%**	**0,1%**	**76,8%**

* *Financial data of BZ WBK Group as at 31.12.2012 prior to the merger with Kredyt Bank of 4.01.2013.*
** *Includes impairment write-down.*

The statement of financial position of Bank Zachodni WBK Group as at 31 December 2013 consolidates for the first time the insurance companies BZ WBK-Aviva TUO and BZ WBK-Aviva TUŻ, which became controlled by the bank upon a transfer by Aviva of 16% stake in either entity. Consequently, the specific categories of the Group's consolidated assets were increased, notably the goodwill (PLN 853.8m), other assets (PLN 930.9m), investment securities (PLN 148.0m) and financial assets held for trading (PLN 123.2m).

During Q4 2013, the highest growth in terms of value was observed in "investment securities" (+PLN 1.5bn). This movement is primarily due to the purchases, sales and redemptions of debt securities, mainly NBP bills and treasury bonds. Compared with 30 September 2013, the portfolio of short-term NBP bills grew significantly (+47.4% QoQ), while the value of the treasury bonds portfolio was slightly reduced (-2.7% QoQ).

The increase in investment securities was accompanied by declines in: cash and balances with the central bank (-21.1% QoQ), loans and advances to banks (-26% QoQ) and financial assets held for trading (-5.8% QoQ).

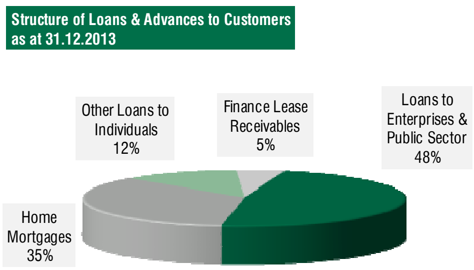
Net loans and advances to customers decreased by 2.2% over the last quarter of 2013 to reach PLN 68,132.1m as at 31 December 2013, representing 86.7% of the deposits from non-financial entities funding them, as compared with 91.5% at the end of September 2013.

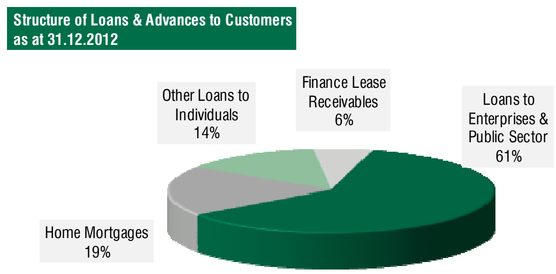
Credit Portfolio

PLN m

Gross Loans and Advances to Customers	31.12.2013 1	30.09.2013 2	31.12.2012 3*	Change QoQ 1/2	Change YoY 1/3
Loans and advances to enterprises and public sector customers	34 478,3	35 432,7	25 386,0	-2,7%	35,8%
Loans and advances to individuals	34 041,4	34 412,4	13 708,6	-1,1%	148,3%
Finance lease receivables	3 052,1	2 967,8	2 289,9	2,8%	33,3%
Other	50,1	541,3	27,3	-90,7%	83,5%
Total	**71 621,9**	**73 354,2**	**41 411,8**	**-2,4%**	**73,0%**

** Financial data of BZ WBK Group as at 31.12.2012 prior to the merger with Kredyt Bank of 4.01.2013.*

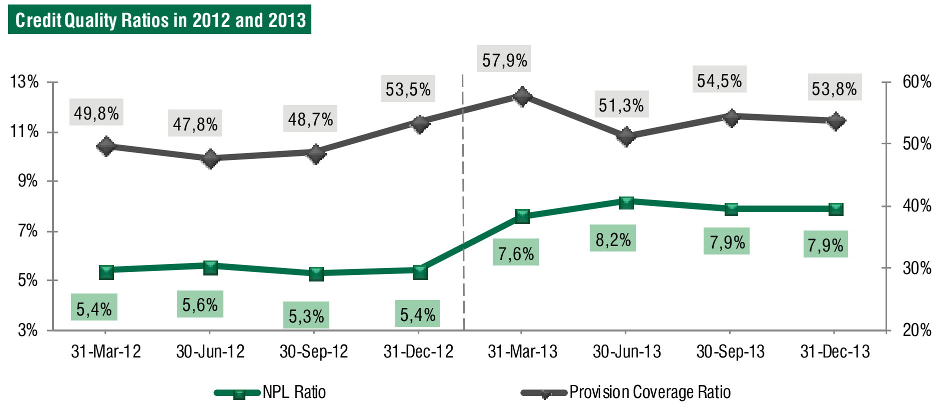




As at 31 December 2013, gross loans and advances to customers amounted to PLN 71,621.9m and were lower by 2.4% QoQ. One of the factors that reduced the value of the Group's credit exposures was the strengthening of the zloty, which particularly affected the residential mortgages and property loans. On a constant currency basis, the total credit portfolio decreased by 1.7% QoQ.

In Q4 2013, Bank Zachodni WBK Group carried on its effective credit delivery via all its sales structures, including Branch Banking, Business & Corporate Banking and Global Banking & Markets. The loans and advances to enterprises & public sector customers decreased by 2.7% QoQ to PLN 34,478.3m while the loans and advances to individuals declined by 1.1% QoQ to PLN 34,041.4m. The mortgage portfolio, which makes the largest contribution to the latter loan-book, fell by 1.0% QoQ to PLN 25,294.8m amid the zloty appreciation against the euro and the Swiss franc (with stable high rate of quarterly sales). Cash loans, another key component of the loans and advances to individuals, remained fairly stable on the previous quarter (+0.8% QoQ) and amounted to PLN 5,646.3m.

As at 31 December 2013, the finance lease receivables, including the portfolio of BZ WBK Leasing and Kredyt Lease, increased by 2.8% QoQ to PLN 3,052.1m amid the robust sales growth of vehicles and plant & equipment.



As at 31 December 2013, non-performing (impaired) loans to customers accounted for 7.9% of the gross portfolio (the same as three months before). The provision cover for the impaired loans was 53.8% compared with 54.5% as at 30 September 2013.

Equity and Liabilities

The table below presents major developments in the key categories of the consolidated equity and liabilities of Bank Zachodni WBK Group as at 31 December 2013 versus 30 September 2013 and 31 December 2012.

PLN m

Liabilities & Equity (condensed presentation for analytical purposes)	31.12.2013	Structure 31.12.2013	30.09.2013	Structure 30.09.2013	31.12.2012	Structure 31.12.2012	Change QoQ	Change YoY
	1	2	3	4	5*	6*	1/3	1/5
Deposits from customers	78 543,0	74,0%	76 188,0	71,9%	47 077,1	78,4%	3,1%	66,8%
Deposits from banks	6 278,8	5,9%	11 342,7	10,7%	1 351,1	2,3%	-44,6%	364,7%
Financial liabilities held for trading and hedging derivatives	1 644,7	1,5%	1 670,4	1,6%	1 050,8	1,7%	-1,5%	56,5%
Subordinated liabilities	1 384,7	1,3%	1 409,6	1,3%	409,1	0,7%	-1,8%	238,5%
Debt securities in issue	500,6	0,5%	-	-	-	-	-	-
Other liabilities	3 254,3	3,1%	1 607,5	1,5%	1 153,4	1,9%	102,4%	182,1%
Total equity	14 482,9	13,7%	13 747,1	13,0%	8 977,7	15,0%	5,4%	61,3%
Total	**106 089,0**	**100,0%**	**105 965,3**	**100,0%**	**60 019,2**	**100,0%**	**0,1%**	**76,8%**

** Financial data of BZ WBK Group as at 31.12.2012 prior to the merger with Kredyt Bank of 4.01.2013.*

As the Bank gained control over BZ WBK-Aviva insurance companies and consolidated their statements of financial position as at 31 December 2013, the Group's consolidated equity and liabilities saw a major growth in "Other liabilities" which incorporate PLN 1.1bn worth of technical and insurance provisions of the above-mentioned subsidiaries.

The transaction of taking over from Aviva the 16% stake in either insurance company involved the grant of a call option, wherby Aviva or another member from Aviva Group that it might indicate was given the right to acquire from the bank a 17% stake in the share capital of each entity. The bank's obligation was estimated at PLN 684.3m and recognised in "Other liabilities" (+102.4% QoQ) in correspondence with "Other Reserve Capital".

The new obligation in respect of debt securities of PLN 500.6m relates to the bonds of Bank Zachodni WBK issued on 19 December 2013 in a non-public offer. The bonds are 3-year, unsecured, bearer instruments with a nominal value of PLN 500m and a variable coupon. The purpose of the issue was to diversify the bank's funding sources.

As part of the process of ongoing liquidity management, the equity and liabilities of the Group's consolidated statement of financial position as at 31 December 2013 showed a substantial decrease in the repo/sell-buy-back transactions with banks (-54.5% QoQ). At the same time "Deposits from customers" increased by 3.1% QoQ, mainly as a result of higher balances of personal term deposits.

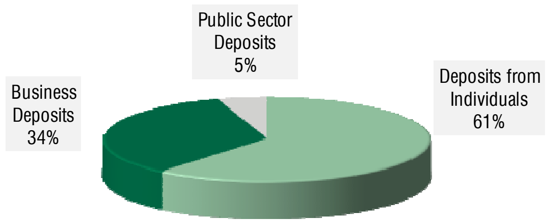
Deposit Base

PLN m

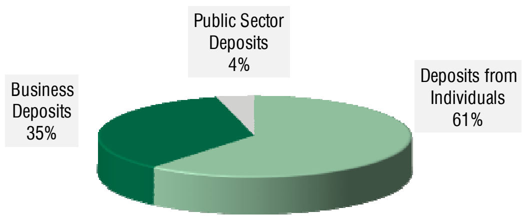
Deposits from Customers	31.12.2013	30.09.2013	31.12.2012	Change QoQ	Change YoY
	1	2	3*	1/2	1/3
Deposits from individuals	47 999,1	45 135,7	28 636,3	6,3%	67,6%
Deposits from enterprises and public sector customers	30 543,9	31 052,3	18 440,8	-1,6%	65,6%
Total	**78 543,0**	**76 188,0**	**47 077,1**	**3,1%**	**66,8%**

** Financial data of BZ WBK Group as at 31.12.2012 prior to the merger with Kredyt Bank of 4.01.2013.*

Structure of Customer Deposits as at 31.12.2013 r.



Structure of Customer Deposits as at 31.12.2012 r.



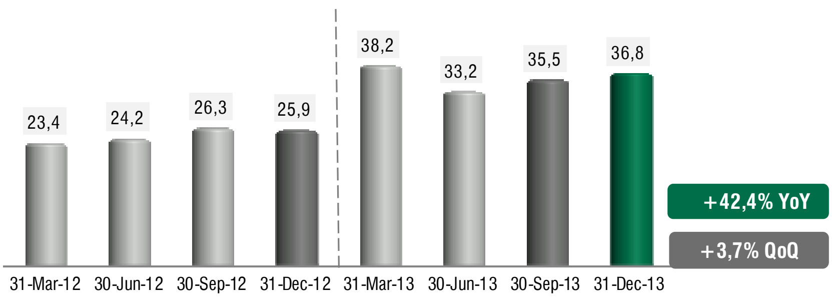
Deposits from customers, which represent 74.0% of the Group's total equity and liabilities, are the primary source of funding the Group's lending business. Compared with the end of September 2013, their value increased by 3.1% to PLN 78,543.0m as at 31 December 2013.

In the last quarter of the previous year, deposits from individuals increased by 6.3% to PLN 47,999.1m. Their growth was driven by term deposits, which went up by 14% QoQ to PLN 22,345.6m, among others, owing to the inflow of new funds to the attractively-priced medium and long-term deposits that offered a partial payment of interest before the maturity date. This performance is a result of the selective management of the Group's deposit base with a focus on expansion of the long-term pool of funds. At the same time, the current account balances increased by 0.5% QoQ to PLN 25,591.0m despite lower balances in savings accounts.

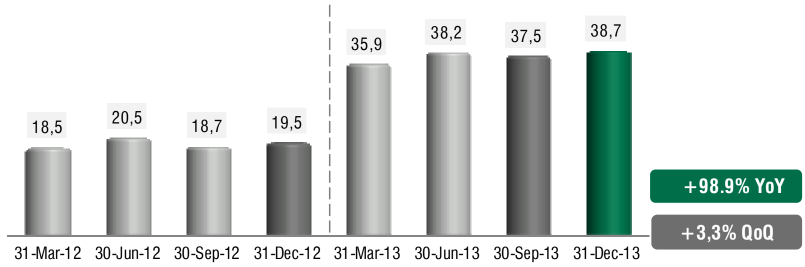
Deposits from enterprises & public sector customers decreased by 1.6% QoQ to PLN 30,543.9m, mainly as a result of short-term deposit from the public sector. A moderate decline was also noted in the term deposits from enterprises, but it was amply counterbalanced with the inflow of funds to business current accounts.

In the total amount of deposits from customers, term deposits amounted to PLN 36,842.3m, up 3.7% QoQ, current accounts were worth PLN 38,737.5m, up 3.3% QoQ, and other liabilities decreased by 6.5% QoQ to PLN 2,963.2m. The last item represents the credit facilities extended by the European Investment Bank to finance the bank's lending activity (reported under "Loans"). The 4.7% decrease in this figure over the last quarter results from the debt repayments in compliance with contractual terms.

Term Deposits at the End of Consecutive Quarters of 2012 and 2013 (PLN bn)



Current Accounts* at the End of Consecutive Quarters of 2012 and 2013 (PLN bn)



** includes savings accounts*

Selected Financial Ratios

Selected Financial Ratios	Q4 2013	Q3 2013	2013	2012
Total costs/Total income [1)]	44,5%	43,4%	47,0%	43,9%
Net interest income/Total income	47,5%	58,4%	53,8%	55,6%
Net interest margin [2)]	3,5%	3,6%	3,5%	4,3%
Net commission income/Total income	25,3%	30,1%	29,2%	33,5%
Customer loans/Customer deposits	86,7%	91,5%	86,7%	84,7%
NPL ratio	7,9%	7,9%	7,9%	5,4%
NPL coverage ratio	53,8%	54,5%	53,8%	53,5%
Credit risk ratio [3)]	1,0%	1,0%	1,0%	1,2%
ROE [4)]	16,6%	14,3%	16,6%	21,1%
ROA [5)]	1,9%	1,7%	1,9%	2,4%
Capital adequacy ratio	13,9%	14,2%	13,9%	16,5%
Book value per share (in PLN)	154,8	147,0	154,8	120,3
Earnings per share (in PLN) [6)]	7,0	5,8	21,3	19,4

1) *Excluding integration costs and impact of gaining control over BZ WBK-Aviva insurance companies, the adjusted cost-to-income ratio was 40.9% for Q3 2013, 49.9% for Q4 2013, 45,8% for 2013 and 43% for 2012.*
2) *Net interest income (including Swap points) to average interest-bearing assets, net of impairment write-down.*
3) *Impairment losses on loans and advances to average gross loans and advances to customers.*
4) *Net profit attributable to the shareholders of BZ WBK to average equity calculated based on total equity (as at the beginning and end of the reporting period), net of the current period profit, non-controlling interests and dividend due to BZ WBK shareholders.*
Excluding the impact of one-offs, adjusted ROE as at 31.12.2013 and 30.09.2013 was 15.6% and 15.8%, respectively.
5) *Net profit attributable to the shareholders of BZ WBK to average total assets.*
6) *Net profit for the period attributable to the shareholders of BZ WBK divided by the number of ordinary shares.*

50. Factors which may affect financial results of the issuer in the next quarter and beyond

The most important factors that may affect the financial performance of Bank Zachodni WBK Group in the nearest future are as follows:

- Predicted further gradual improvement of economic growth in the world economy, in particular in the euro zone, which implies improving prospects for Polish exports.
- Further acceleration of the Polish economic growth with an important role of exports but also with a gradual recovery of domestic demand, especially of consumption and investment.
- Relatively favourable growth rate of real households' disposable income due to the low inflation, the moderate employment growth and the gradual acceleration of wage growth.

- Stabilization of NBP's interest rates at all-time lows. Low financing costs for households and companies, which should be supportive of a gradual rise in demand for bank loans. At the same time, the low interest on deposits should encourage banks' clients to look for alternative forms of saving / investing.
- Changes in the cost of asset financing linked to the pace and scale of changes in the main interest rates, changes in the zloty exchange rate, development of liquidity situation of the banking sector and intensity of price competition between the banks regarding collecting deposits.
- Changes in the pension system (transfer of T-bonds portfolio from OFE to ZUS and ban for OFE on investing in bonds from February), which can elevate sensitivity of the Polish debt market to swings in global financial market moods.
- Possible increase of volatility of financial market in the case of disappointment about the pace of global economic revival or worries about the too fast pace of monetary policy tightening by the Fed.
- Further developments on the global stock market and its impact on the willingness to purchase investment funds units or keeping savings on safe bank deposits as an alternative.

Signature of a person who is responsible for maintaining the book of account			
Date	**Name**	**Function**	**Signature**
24.01.2014	Marco Antonio Silva Rojas	Member of the Management Board	
24.01.2014	Wojciech Skalski	Financial Accounting Area Director	