INTERIM REPORT 2013
OF BANK ZACHODNI WBK GROUP

2013

Bank Zachodni WBK S.A.

	FINANCIAL HIGHLIGHTS	PLN k		EUR k	
	for reporting period ended:	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	Consolidated financial statements				
I	Net interest income	1 550 398	1 128 766	367 916	267 189
II	Net fee and commission income	874 889	671 434	207 615	158 934
III	Operating profit	990 253	882 500	234 991	208 896
IV	Profit before tax	997 130	888 736	236 623	210 372
V	Net profit attributable to owners of BZ WBK S.A.	793 103	694 590	188 207	164 416
VI	Total net cash flow	(3 552 492)	(686 390)	(843 021)	(162 475)
VII	Total assets	101 341 438	59 336 115	23 408 814	13 924 416
VIII	Deposits from banks	8 016 541	2 760 278	1 851 737	647 755
IX	Deposits from customers	74 596 240	46 209 895	17 230 953	10 844 084
X	Total liabilities	88 092 162	51 647 856	20 348 370	12 120 211
XI	Total equity	13 249 276	7 688 259	3 060 444	1 804 205
XII	Non-controlling interests in equity	67 458	80 351	15 582	18 856
XIII	Profit of the period attributable to non-controlling interests	14 539	15 517	3 450	3 673
XIV	Number of shares	93 545 089	73 076 013		
XV	Net book value per share in PLN/EUR	141,64	105,21	32,72	24,69
XVI	Solvency ratio	14,33%	15,12%		
XVII	Profit per share in PLN/EUR	8,52	9,51	2,02	2,25
XVIII	Diluted earnings per share in PLN/EUR	8,50	9,49	2,02	2,25
XIX	Declared or paid dividend per share in PLN/EUR	7,60	8,00	1,76	1,88
	Stand alone financial statements				
I	Net interest income	1 472 718	1 055 712	349 482	249 896
II	Net fee and commission income	765 706	575 988	181 705	136 341
III	Operating profit	974 277	850 085	231 200	201 223
IV	Profit before tax	974 277	850 085	231 200	201 223
V	Profit for the period	805 462	691 442	191 140	163 670
VI	Total net cash flow	(3 552 613)	(686 167)	(843 050)	(162 422)
VII	Total assets	100 746 646	58 620 703	23 271 423	13 756 530
VIII	Deposits from banks	8 016 533	2 676 061	1 851 735	627 992
IX	Deposits from customers	74 864 817	46 425 947	17 292 991	10 894 785
X	Total liabilities	88 154 080	51 550 874	20 362 672	12 097 452
XI	Total equity	12 592 566	7 069 829	2 908 751	1 659 078
XII	Number of shares	93 545 089	73 076 013		
XIII	Net book value per share in PLN/EUR	134,61	96,75	31,09	22,70
XIV	Solvency ratio	14,43%	14,75%		
XV	Profit per share in PLN/EUR	8,65	9,46	2,05	2,24
XVI	Diluted earnings per share in PLN/EUR	8,63	9,44	2,05	2,23
XVII	Declared or paid dividend per share in PLN/EUR	7,60	8,00	1,76	1,88

	FINANCIAL HIGHLIGHTS for the period ended 31.12.2012	Consolidated statement of financial position		Statement of financial position	
		PLN k	EUR k	PLN k	EUR k
I	Total assets	60 019 177	14 681 077	59 196 103	14 479 747
II	Deposits from banks	1 351 050	330 476	1 291 655	315 947
III	Deposits from customers	47 077 094	11 515 360	47 162 169	11 536 170
IV	Total liabilities	51 041 463	12 485 070	50 912 042	12 453 413
V	Total equity	8 977 714	2 196 007	8 284 061	2 026 335
VI	Non-controlling interests in equity	93 347	22 833	-	-

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

- for balance sheet items – 4.3292 PLN rate to EUR as at 28.06.2013 stated by National Bank of Poland (NBP), 4.2613 PLN rate to EUR as at 29.06.2012 and 4.0882 PLN rate to EUR as at 30.12.2012
- for profit and loss items – as at 30.06.2013: 4.2140 (an average PLN mid-rate to EUR in NBP on the last day of each month in H1 2013), as at 30.06.2012: 4.2246 (an average PLN mid-rate to EUR in NBP on the last day of each month in H1 2012)

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF BANK ZACHODNI WBK GROUP FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2013

2013

Bank Zachodni WBK S.A.

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Consolidated income statement

for reporting period:		01.04.2013 30.06.2013	01.01.2013 30.06.2013	01.04.2012 30.06.2012	01.01.2012 30.06.2012
Interest income		1 327 570	2 718 578	946 170	1 890 031
Interest expense		(530 009)	(1 168 180)	(374 328)	(761 265)
Net interest income	Note 6	**797 561**	**1 550 398**	**571 842**	**1 128 766**
Fee and commission income		518 408	1 018 253	391 954	773 013
Fee and commission expense		(72 761)	(143 364)	(50 639)	(101 579)
Net fee and commission income	Note 7	**445 647**	**874 889**	**341 315**	**671 434**
Dividend income		57 520	57 520	53 718	53 719
Net trading income and revaluation	Note 8	28 770	83 115	54 071	94 105
Gains (losses) from other financial securities	Note 9	90 996	180 732	24 382	27 034
Other operating income	Note 10	23 865	48 312	16 396	32 763
Impairment losses on loans and advances	Note 11	(200 042)	(399 024)	(140 026)	(220 832)
Operating expenses incl.:		(730 196)	(1 405 689)	(446 747)	(904 489)
Bank's staff, operating expenses and management costs	*Notes 12, 13*	*(670 289)*	*(1 277 216)*	*(406 640)*	*(823 744)*
Depreciation/amortisation		*(57 420)*	*(114 409)*	*(33 417)*	*(70 282)*
Other operating expenses	*Note 14*	*(2 487)*	*(14 064)*	*(6 690)*	*(10 463)*
Operating profit		**514 121**	**990 253**	**474 951**	**882 500**
Share in net profits (loss) of entities accounted for by the equity method		6 533	6 877	3 075	6 236
Profit before tax		**520 654**	**997 130**	**478 026**	**888 736**
Corporate income tax	Note 15	(94 075)	(189 488)	(89 822)	(178 629)
Consolidated profit for the period		**426 579**	**807 642**	**388 204**	**710 107**
of which:					
attributable to owners of BZ WBK S.A.		*419 487*	*793 103*	*380 440*	*694 590*
attributable to non-controlling interests		*7 092*	*14 539*	*7 764*	*15 517*
Net earnings per share (PLN/share)					
Basic earnings per share		4.50	8.52	5.21	9.51
Diluted earnings per share		4.50	8.50	5.20	9.49

Consolidated statement of comprehensive income

for reporting period:	01.04.2013 30.06.2013	01.01.2013 30.06.2013	01.04.2012 30.06.2012	01.01.2012 30.06.2012
Consolidated profit for the period	**426 579**	**807 642**	**388 204**	**710 107**
Other comprehensive income which can be transferred to the profit and loss account:				
Available-for sale financial assets valuation	(238 430)	(319 835)	76 132	161 198
including deferred tax	*45 301*	*60 768*	*(14 465)*	*(30 628)*
Cash flow hedges valuation	(69 026)	(98 285)	28 340	2 307
including deferred tax	*13 116*	*18 675*	*(5 384)*	*(438)*
Other comprehensive income for the period, net of income tax	**(249 039)**	**(338 677)**	**84 623**	**132 439**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**177 540**	**468 965**	**472 827**	**842 546**
Attributable to:				
owners of BZ WBK S.A.	*170 474*	*454 433*	*464 988*	*826 747*
non-controlling interests	*7 066*	*14 532*	*7 839*	*15 799*

In thousands of PLN

Consolidated statement of financial position

as at:		30.06.2013	31.12.2012	30.06.2012
Assets				
Cash and balances with central banks	Note 16	2 498 203	4 157 274	1 570 287
Loans and advances to banks	Note 17	1 583 218	1 458 128	2 192 018
Financial assets held for trading	Note 18	2 971 004	831 715	3 789 834
Hedging derivatives	Note 19	229 515	253 553	120 176
Loans and advances to customers	Note 20	69 839 740	39 867 554	38 991 459
Investment securities	Notes 21, 22	19 936 248	11 716 133	11 190 793
Investments in associates and joint ventures	Note 23	117 512	115 685	110 748
Intangible assets		342 941	127 338	133 767
Goodwill	Note 32	1 688 516	-	-
Property, plant and equipment		610 003	479 811	472 565
Net deferred tax assets		765 499	258 037	222 889
Assets classified as held for sale	Note 24	2 644	-	82 628
Investment property		15 855	-	-
Other assets	Note 25	740 540	753 949	458 951
Total assets		**101 341 438**	**60 019 177**	**59 336 115**
Liabilities				
Deposits from banks	Note 26	8 016 541	1 351 050	2 760 278
Hedging derivatives	Note 19	863 849	321 950	426 792
Financial liabilities held for trading	Note 18	1 300 971	728 831	812 175
Deposits from customers	Note 27	74 596 240	47 077 094	46 209 895
Subordinated liabilities	Note 28	1 436 145	409 110	425 929
Current income tax liabilities		150 495	154 916	47 819
Other liabilities	Note 29	1 727 921	998 512	964 968
Total liabilities		**88 092 162**	**51 041 463**	**51 647 856**
Equity				
Equity attributable to owners of BZ WBK S.A.		**13 181 818**	**8 884 367**	**7 607 908**
Share capital		935 451	746 376	730 760
Other reserve funds		10 789 877	5 704 680	5 378 019
Revaluation reserve		533 730	872 400	677 475
Retained earnings		129 657	127 064	127 064
Profit of the current period		793 103	1 433 847	694 590
Non-controlling interests in equity		**67 458**	**93 347**	**80 351**
Total equity		**13 249 276**	**8 977 714**	**7 688 259**
Total equity and liabilities		**101 341 438**	**60 019 177**	**59 336 115**

8 Condensed interim consolidated financial statements of BZ WBK Group for the 6-month period ended 30 June 2013 In thousands of PLN

Consolidated statement of changes in 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	-	-	(338 670)	793 103	14 532	468 965
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	-	10 131	-	-	-	10 131
Other	-	(10)	-	-	-	(10)
As at 30.06.2013	**935 451**	**10 789 877**	**533 730**	**922 760**	**67 458**	**13 249 276**

As at the end of the period revaluation reserve in the amount of PLN 533 730 k comprises of debt securities and equity shares classified as available for sale of PLN 141 368 k and PLN 404 682 k respectively and additionally cash flow hedge activities of PLN (12 320) k.

* Detailed information on "Issue of shares" is included in Note 33.

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.

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	-	-	132 157	694 590	15 799	842 546
Transfer to other capital	-	668 941	-	(668 941)	-	-
Dividend relating to 2011	-	-	-	(584 608)	(62 833)	(647 441)
Share scheme charge	-	10 194	-	-	-	10 194
As at 30.06.2012	**730 760**	**5 378 019**	**677 475**	**821 654**	**80 351**	**7 688 259**

As at the end of the period revaluation reserve in the amount of PLN 677 475 k comprises of debt securities and equity shares classified as available for sale of PLN 216 652 k and PLN 407 018 k respectively and additionally cash flow hedge activities of PLN 53 805 k.

In thousands of PLN

Consolidated statement of cash flows

for reporting period:	01.01.2013 30.06.2013	01.01.2012 30.06.2012
Profit before tax	**997 130**	**888 736**
Total adjustments:		
Share in net profits (losses) of entities accounted for by the equity method	(6 877)	(6 236)
Depreciation/amortisation	114 409	70 282
Impairment losses	(669)	495
Gains (losses) on exchange differences	15 525	12 837
(Profit) loss from investing activities	(176 355)	(27 155)
	943 163	**938 959**
Changes in:		
Provisions	(31 421)	(68 979)
Trading portfolio financial instruments	(975 379)	14 550
Loans and advances to banks	100 391	10 005
Loans and advances to customers	(2 370 942)	(974 286)
Deposits from banks	1 461 949	309 594
Deposits from customers	(3 486 909)	(608 085)
Equity arising from share issue for the acquisition purposes	4 543 840	-
Other assets and liabilities	(1 953 593)	(157 141)
	(2 712 064)	**(1 474 342)**
Interests and similar charges	(8 109)	125 022
Dividend received	(55 837)	(42 632)
Paid income tax	(286 769)	(119 059)
Net cash flow from operating activities	**(2 119 616)**	**(572 052)**
Inflows	**116 691 758**	**8 230 744**
Sale/maturity of investment securities	116 634 701	8 186 068
Sale of intangible assets and property, plant and equipment	1 220	2 044
Dividend received	55 837	42 632
Outflows	**(117 116 323)**	**(7 639 469)**
Purchase of investment securities	(117 077 114)	(7 620 807)
Purchase of intangible assets and property, plant and equipment	(39 209)	(18 662)
Net cash flow from investing activities	**(424 565)**	**591 275**
Inflows	**22 034**	**41 948**
Drawing of long-term loans	22 034	41 948
Outflows	**(1 030 345)**	**(747 561)**
Repayment of long-term loans	(193 823)	(113 017)
Dividends and other payments to shareholders	(751 364)	(584 608)
Other financing outflows	(85 158)	(49 936)
Net cash flow from financing activities	**(1 008 311)**	**(705 613)**
Total net cash flow	**(3 552 492)**	**(686 390)**
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	**5 986 786**	**6 571 199**

10 Condensed interim consolidated financial statements of BZ WBK Group for the 6-month period ended 30 June 2013 In thousands of PLN

Additional notes to consolidated financial statements

1. General information about issuer

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

The interim consolidated financial statements of Bank Zachodni WBK S.A. includes bank's stand alone financial information as well as information from its subsidiaries (all together called Group), share of net assets of associated entities and joint ventures.

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

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

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

Group of Bank Zachodni WBK consists of the following entities:

Subsidiaries:

	Subsidiaries	Registered office	% of votes on GMS 30.06.2013	% of votes on GMS 30.06.2012
1.	BZ WBK Finanse Sp. z o.o.	Poznań	100	100
2.	BZ WBK Faktor Sp. z o.o.	Warszawa	100% of GMS votes are held by BZ WBK Finanse Sp. z o.o.	100% of GMS votes are held by BZ WBK Finanse Sp. z o.o.
3.	BZ WBK Inwestycje Sp. z o.o.	Poznań	100	100
4.	Dom Maklerski BZ WBK S.A.	Poznań	99.99	99.99
5.	Kredyt Lease S.A. **	Warszawa	100% of GMS votes are held by BZ WBK Finanse Sp. z o.o.	-
6.	Lizar Sp. z o.o. **	Warszawa	100% of GMS votes are held by Kredyt Lease S.A.	-
7.	BZ WBK Leasing S.A. *	Poznań	100% of GMS votes are held by BZ WBK Finanse Sp. z o.o.	100% of GMS votes are held by BZ WBK Finanse Sp. z o.o.
8.	BZ WBK Finanse&Leasing S.A. *	Poznań	-	100% of GMS votes are held by BZ WBK Finanse Sp. z o.o.
9.	BFI Serwis Sp. z o.o. **	Warszawa	100	-
10.	Kredyt Trade Sp. z o.o. in liquidation **	Warszawa	100	-
11.	BZ WBK Nieruchomości S.A.	Poznań	99.99	99.99
12.	BZ WBK Asset Management S.A. ***	Poznań	50	50
13.	BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A.	Poznań	100% of GMS votes are held by BZ WBK Asset Management S.A.	100% of GMS votes are held by BZ WBK Asset Management S.A.

Financial statements of the subsidiaries are fully consolidated with financial statements of BZ WBK S.A., excluding Lizar Sp. z o.o., whose financial statements are not consolidated because its business activities and operating results are irrelevant.

* 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

In thousands of PLN

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., Kredyt Trade Sp. z o.o. in liquidation, BFI Serwis Sp. z o.o. and Lizar Sp. z o.o. were acquired in a merger of BZ WBK and Kredyt Bank.

*** In case of BZ WBK Asset Management S.A., the Bank is a co-owner of the company together with Banco Santander S.A. Both owners of BZ WBK Asset Management S.A. holds an equal stake of 50% in the company's share capital. In practice, Bank Zachodni WBK S.A. 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. Therefore the company is treated as a subsidiary undertaking.

Associates:

	Associates	Registered office	% of votes on GMS 30.06.2013	% of votes on GMS 30.06.2012
1.	POLFUND - Fundusz Poręczeń Kredytowych S.A.	Szczecin	50	50
2.	Metrohouse & Partnerzy S.A.*	Warszawa	21.23	21.23
3.	Krynicki Recykling S.A.*	Warszawa	22.41	24.54
4.	Holicon Group S.A.*	Poznań	-	47.09

* these are the associates of BZ WBK Inwestycje Sp. z o.o. - bank's subsidiary. They are accounted for using the equity method. Purchase of shares was a part of building a portfolio of pre-IPO type own investment.

Joint ventures:

	Joint ventures	Registered office	% of votes on GMS 30.06.2013	% of votes on GMS 30.06.2012
1.	BZ WBK-Aviva Towarzystwo Ubezpieczeń Ogólnych S.A.	Poznań	50	50
2.	BZ WBK-Aviva Towarzystwo Ubezpieczeń na Życie S.A.	Poznań	50	50

Joint ventures are accounted for using the equity method.

2. Basis of preparation of interim consolidated 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.inwestor.bzwbk.pl.

Statement of compliance

Condensed interim consolidated financial statements of Bank Zachodni WBK Group for the period from 1 January 2013 to 30 June 2013 were prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and other applicable regulations.

In accordance with Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259 as amended), the Bank is required to publish the financial results for the six months ended 30 June 2013 which is deemed to be the current interim financial reporting period.

Accounting policies

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

Section the accounting policies applied by the Group in these condensed interim consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2012, except for the described below change.

The Group analysed the amendments to IFRS 10, IFRS 11, IFRS 12, IAS 27(2011) and IAS 28 (2011) and decided to apply the standards earlier.

Comparability with results of previous periods

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

Changes in judgments and estimates

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

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	Changes in classification and measurement - the existing categories of financial instruments to be replaced by two measurement categories, i.e. amortised cost and fair value.	1 January 2015	The Group has not completed its analysis of changes.
IAS 32 Financial Instruments: Presentation	IAS clarifies its requirements for offsetting financial instruments.	1 January 2014	The Group has not completed its analysis of changes.
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	The Group has not completed its analysis of changes.
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	The Group has not completed its analysis of changes.
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	The Group has not completed its analysis of changes.
IFRIC interpretation 21 Levies (issued on 20 May 2013)	The interpretation clarifies how an entity should account for liabilities to pay levies imposed by governments, other than income taxes	1 January 2014	The Group has not completed its analysis of changes.

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Standards and interpretations or changes to existing standards or interpretations which were applied for the first time in the accounting year 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, jointly 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 IFRS 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 IFRS 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.

3. Segment reporting

Operational activity of Bank Zachodni WBK Group has been divided into four segments: Retail Banking, Business and Corporate Banking, Global Banking and 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

Retail Banking segment includes products and services targeted at individual customers as well as small and micro companies.

In the offer for customers of this segment there are a wide range of savings products, consumer and mortgage loans, credit and debit cards, insurance and investment products, clearing services, GSM phones top-ups, foreign payments and Western Union and private-banking services. For small and micro companies, the segment provides, among others, lending and deposit taking services, cash management services, leasing, factoring, letters of credit and guarantees. Furthermore, the Retail Banking segment generates income through offering asset management services within investment funds and private portfolios. It also covers insourcing services provided to retail customers based on mutual agreements with other banks and financial institutions.

Business and Corporate Banking

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

Global Banking and Markets

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

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

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

ALM and Centre

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

In thousands of PLN

Consolidated income statement (by business segments)

01.01.2013-30.06.2013	Retail Banking	Business and Corporate Banking	Global Banking and Markets	ALM and Centre	Total
Net interest income	**975 038**	**345 225**	**58 266**	**171 869**	**1 550 398**
incl. internal transactions	4 399	(63 317)	13 282	45 636	-
Other income	**676 314**	**128 986**	**163 234**	**218 514**	**1 187 048**
incl. internal transactions	26 298	24 553	(47 327)	(3 524)	-
Dividend income	**-**	**-**	**-**	**57 520**	**57 520**
Operating costs	**(915 800)**	**(146 361)**	**(94 091)**	**(135 028)**	**(1 291 280)**
incl. internal transactions	(891)	(2 168)	(2 030)	5 089	-
Depreciation/amortisation	**(87 937)**	**(15 652)**	**(6 713)**	**(4 107)**	**(114 409)**
Impairment losses on loans and advances	**(251 114)**	**(154 459)**	**932**	**5 617**	**(399 024)**
Share in net profits (loss) of entities accounted for by the equity method	**6 516**	**-**	**146**	**215**	**6 877**
Profit before tax	**403 017**	**157 739**	**121 774**	**314 600**	**997 130**
Corporate income tax					(189 488)
Non-controlling interests					(14 539)
Profit for the period					**793 103**

01.04.2013-30.06.2013	Retail Banking	Business and Corporate Banking	Global Banking and Markets	ALM and Centre	Total
Net interest income	**480 449**	**174 598**	**30 122**	**112 392**	**797 561**
incl. internal transactions	2 182	(31 724)	5 651	23 891	-
Other income	**343 851**	**60 770**	**84 401**	**100 256**	**589 278**
incl. internal transactions	12 978	14 797	(25 770)	(2 005)	-
Dividend income	**-**	**-**	**-**	**57 520**	**57 520**
Operating costs	**(459 918)**	**(70 664)**	**(46 346)**	**(95 848)**	**(672 776)**
incl. internal transactions	(405)	(1 136)	(1 069)	2 610	-
Depreciation/amortisation	**(43 598)**	**(8 058)**	**(3 297)**	**(2 467)**	**(57 420)**
Impairment losses on loans and advances	**(110 665)**	**(94 876)**	**2 640**	**2 859**	**(200 042)**
Share in net profits (loss) of entities accounted for by the equity method	**6 060**	**-**	**280**	**193**	**6 533**
Profit before tax	**216 179**	**61 770**	**67 800**	**174 905**	**520 654**
Corporate income tax					(94 075)
Non-controlling interests					(7 092)
Profit for the period					**419 487**

In thousands of PLN

Consolidated statement of financial position (by business segment)

30.06.2013	Retail Banking	Business and Corporate Banking	Global Banking and Markets	ALM and Centre	Total
Loans and advances to customers	42 262 278	23 190 207	4 256 827	130 428	69 839 740
Investments in associates and joint ventures	55 505	-	20 060	41 947	117 512
Other assets	2 785 633	891 812	3 562 093	24 144 648	31 384 186
Total assets	**45 103 416**	**24 082 019**	**7 838 980**	**24 317 023**	**101 341 438**
Deposits from customers	54 471 860	15 415 098	4 709 282	-	74 596 240
Other liabilities and equity	6 307 994	4 844 239	3 045 560	12 547 405	26 745 198
Total equity and liabilities	**60 779 854**	**20 259 337**	**7 754 842**	**12 547 405**	**101 341 438**

In thousands of PLN

Consolidated income statement (by business segments)

01.01.2012-30.06.2012	Retail Banking	Business and Corporate Banking	Global Banking and Markets	ALM and Centre	Total
Net interest income	**749 535**	**281 376**	**45 806**	**52 049**	**1 128 766**
incl. internal transactions	6 097	(62 293)	17 441	38 755	-
Other income	**543 190**	**68 869**	**129 227**	**84 050**	**825 336**
incl. internal transactions	23 688	14 217	(31 965)	(5 940)	-
Dividend income	**-**	**-**	**-**	**53 719**	**53 719**
Operating costs	**(635 817)**	**(85 628)**	**(81 229)**	**(31 533)**	**(834 207)**
incl. internal transactions	(1 149)	(2 597)	(2 152)	5 898	-
Depreciation/amortisation	**(53 711)**	**(7 341)**	**(6 393)**	**(2 837)**	**(70 282)**
Impairment losses on loans and advances	**(54 281)**	**(169 283)**	**(46)**	**2 778**	**(220 832)**
Share in net profits (loss) of entities accounted for by the equity method	**4 607**	**-**	**490**	**1 139**	**6 236**
Profit before tax	**553 523**	**87 993**	**87 855**	**159 365**	**888 736**
Corporate income tax					(178 629)
Non-controlling interests					(15 517)
Profit for the period					**694 590**

01.04.2012-30.06.2012	Retail Banking	Business and Corporate Banking	Global Banking and Markets	ALM and Centre	Total
Net interest income	**377 182**	**141 986**	**22 929**	**29 745**	**571 842**
incl. internal transactions	3 168	(31 914)	8 615	20 131	-
Other income	**279 680**	**33 631**	**66 115**	**56 738**	**436 164**
incl. internal transactions	11 935	7 951	(16 107)	(3 779)	-
Dividend income	**-**	**-**	**-**	**53 718**	**53 718**
Operating costs	**(313 147)**	**(41 856)**	**(42 339)**	**(15 988)**	**(413 330)**
incl. internal transactions	(634)	(1 592)	(1 166)	3 392	-
Depreciation/amortisation	**(26 373)**	**(3 241)**	**(2 369)**	**(1 434)**	**(33 417)**
Impairment losses on loans and advances	**(707)**	**(140 846)**	**1**	**1 526**	**(140 026)**
Share in net profits (loss) of entities accounted for by the equity method	**2 958**	**-**	**(353)**	**470**	**3 075**
Profit before tax	**319 593**	**(10 326)**	**43 984**	**124 775**	**478 026**
Corporate income tax					(89 822)
Non-controlling interests					(7 764)
Profit for the period					**380 440**

In thousands of PLN

Consolidated statement of financial position (by business segment)

30.06.2012	Retail Banking	Business and Corporate Banking	Global Banking and Markets	ALM and Centre	Total
Loans and advances to customers	19 262 730	17 588 377	2 035 120	105 232	38 991 459
Investments in associates and joint ventures	47 437	-	23 708	39 603	110 748
Other assets	1 258 533	473 054	2 204 645	16 297 676	20 233 908
Total assets	**20 568 700**	**18 061 431**	**4 263 473**	**16 442 511**	**59 336 115**
Deposits from customers	33 956 020	8 777 234	3 476 641	-	46 209 895
Other liabilities and equity	2 858 395	3 995 070	1 733 988	4 538 767	13 126 220
Total equity and liabilities	**36 814 415**	**12 772 304**	**5 210 629**	**4 538 767**	**59 336 115**

4. Risk management

In the first half of 2013, BZ WBK Group managed its risks in accordance with the principles laid down in the consolidated financial statements for 2012. Except as indicated below, no other material changes took place in the risk management process of BZ WBK Group.

Credit risk

In the reporting period, the credit risk management of BZ WBK Group did not undergo any material changes other than those described below.

BZ WBK Group is constantly improving its credit risk measurement, monitoring and management methods to ensure high quality of the credit portfolio. The Group keeps up-to-date with the macroeconomic environment and regulatory requirements, and monitors its credit portfolios adjusting its credit policy as and when necessary, and taking such measures as:

- bringing its retail exposures management policy in line with the updated Recommendation T;
- reviewing and modifying the approach to recognising impairment losses on the individually significant exposures by introducing scenario-based analyses that use the probability-weighted recovery strategies.

The merger between BZ WBK and KB did not result in any changes in the credit risk management as the relevant units of both entities have been successfully integrated.

The Group's credit risk management depends among others on internal ratings that, for presentational purposes, are grouped in provision cover differentiated classes.

The table below presents a breakdown of BZ WBK Group's financial instruments into classes which correspond to different levels of impairment. There are separate percentage levels for unimpaired portfolio (both for the past-due and non-past due) and for impaired portfolio (identical for individually and collectively impaired).

22 Condensed interim consolidated financial statements of BZ WBK Group for the 6-month period ended 30 June 2013 In thousands of PLN

30.06.2013	Provision cover	Loans and advances to customers	Loans and advances to banks	Investment securities	Financial assets held for trading*
Individually impaired					
	up to 50%	1 238 774	-	-	-
	50% - 70%	502 524	-	-	-
	70% - 85%	415 564	-	-	-
	over 85%	1 422 408	-	-	-
Gross amount		**3 579 270**	**-**	**-**	**-**
Charge due to impairment losses		(1 476 257)	-	-	-
Net amount		**2 103 013**	**-**	**-**	**-**
Collectively impaired					
	up to 50%	592 136	-	-	-
	50% - 70%	747 936	-	-	-
	70% - 85%	655 705	-	-	-
	over 85%	449 493	-	-	-
Gross amount		**2 445 270**	**-**	**-**	**-**
Charge due to impairment losses		(1 615 331)	-	-	-
Net amount		**829 939**	**-**	**-**	**-**
IBNR portfolio					
	up to 0,10%	24 861 934	1 583 218	19 936 248	2 971 004
	0,10% - 0,30%	20 967 258	-	-	-
	0,30% - 0,65%	7 919 157	-	-	-
	over 0,65%	13 320 340	-	-	-
Gross amount		**67 068 689**	**1 583 218**	**19 936 248**	**2 971 004**
IBNR		(456 496)	-	-	-
Net amount		**66 612 193**	**1 583 218**	**19 936 248**	**2 971 004**
Other receivables		**294 595**	**-**	**-**	**-**
Off-balance sheet exposures					
Financing granted		15 732 552	-	-	-
Guarantees		3 805 566	-	-	-
Nominal value of derivatives - purchased		-	-	-	117 116 329
Allowance for impairment		(85 624)	-	-	-
Off-balance sheet exposures - total		**19 452 494**	**-**	**-**	**117 116 329**

*the value of financial assets held for trading includes adjustment of the fair value as described in Note 18

In thousands of PLN

31.12.2012	Provision cover	Loans and advances to customers	Loans and advances to banks	Investment securities	Financial assets held for trading*
Individually impaired					
	up to 50%	552 172	-	-	-
	50% - 70%	314 238	-	-	-
	70% - 85%	139 137	-	-	-
	over 85%	125 776	-	-	-
Gross amount		**1 131 323**	**-**	**-**	**-**
Charge due to impairment losses		(534 955)	-	-	-
Net amount		**596 368**	**-**	**-**	**-**
Collectively impaired					
	up to 50%	346 584	-	-	-
	50% - 70%	260 096	-	-	-
	70% - 85%	321 353	-	-	-
	over 85%	197 162	-	-	-
Gross amount		**1 125 195**	**-**	**-**	**-**
Charge due to impairment losses		(672 365)	-	-	-
Net amount		**452 830**	**-**	**-**	**-**
IBNR portfolio					
	up to 0,10%	15 893 956	1 458 128	11 716 133	831 715
	0,10% - 0,30%	8 733 853	-	-	-
	0,30% - 0,65%	8 055 863	-	-	-
	over 0,65%	6 366 816	-	-	-
Gross amount		**39 050 488**	**1 458 128**	**11 716 133**	**831 715**
IBNR		(336 887)	-	-	-
Net amount		**38 713 601**	**1 458 128**	**11 716 133**	**831 715**
Other receivables		**104 755**	**-**	**-**	**-**
Off-balance sheet exposures					
Financing granted		10 858 874	-	-	-
Guarantees		2 221 700	-	-	-
Nominal value of derivatives - purchased		-	-	-	52 130 997
Allowance for impairment		(16 619)	-	-	-
Off-balance sheet exposures - total		**13 063 955**	**-**	**-**	**52 130 997**

*the value of financial assets held for trading includes adjustment of the fair value as described in Note 18

24 Condensed interim consolidated financial statements of BZ WBK Group for the 6-month period ended 30 June 2013 In thousands of PLN

30.06.2012	Provision cover	Loans and advances to customers	Loans and advances to banks	Investment securities	Financial assets held for trading*
Individually impaired					
	up to 50%	897 278	-	-	-
	50% - 70%	122 627	-	-	-
	70% - 85%	97 200	-	-	-
	over 85%	152 717	-	-	-
Gross amount		**1 269 822**	**-**	**-**	**-**
Charge due to impairment losses		(526 772)	-	-	-
Net amount		**743 050**	**-**	**-**	**-**
Collectively impaired					
	up to 50%	334 689	-	-	-
	50% - 70%	258 995	-	-	-
	70% - 85%	283 164	-	-	-
	over 85%	109 126	-	-	-
Gross amount		**985 974**	**-**	**-**	**-**
Charge due to impairment losses		(550 586)	-	-	-
Net amount		**435 388**	**-**	**-**	**-**
IBNR portfolio					
	up to 0,10%	15 392 260	2 192 018	11 190 793	3 789 834
	0,10% - 0,30%	8 928 921	-	-	-
	0,30% - 0,65%	6 562 631	-	-	-
	over 0,65%	7 173 700	-	-	-
Gross amount		**38 057 512**	**2 192 018**	**11 190 793**	**3 789 834**
IBNR		(332 034)	-	-	-
Net amount		**37 725 478**	**2 192 018**	**11 190 793**	**3 789 834**
Other receivables		**87 543**	**-**	**-**	**-**
Off-balance sheet exposures					
Financing granted		10 327 619	-	-	-
Guarantees		1 566 495	-	-	-
Nominal value of derivatives - purchased		-	-	-	63 896 622
Allowance for impairment		(15 940)	-	-	-
Off-balance sheet exposures - total		**11 878 174**	**-**	**-**	**63 896 622**

*the value of financial assets held for trading includes adjustment of the fair value as described in Note 18

IBNR portfolio

	Loans and advances to customers		
	30.06.2013	31.12.2012	30.06.2012
Non-past due	**62 891 844**	**37 236 020**	**35 537 842**
Past-due	**4 176 845**	**1 814 468**	**2 519 670**
1-30 days	3 402 945	1 298 818	2 256 493
31-60 days	486 155	398 948	183 018
61-90 days	275 488	105 352	73 121
> 90 days	12 257	11 350	7 038
Gross amount	**67 068 689**	**39 050 488**	**38 057 512**

In thousands of PLN

Allowances for impairment by classes

Provision cover		Loans and advances to customers			Loans and advances to banks		
		30.06.2013	31.12.2012	30.06.2012	30.06.2013	31.12.2012	30.06.2012
Individual allowance for impairment							
	up to 50%	(197 698)	(110 543)	(233 458)	-	-	-
	50% - 70%	(319 368)	(197 267)	(74 336)	-	-	-
	70% - 85%	(309 266)	(101 400)	(73 564)	-	-	-
	over 85%	(649 925)	(125 746)	(145 414)	-	-	-
Total individual allowance for impairment		**(1 476 257)**	**(534 956)**	**(526 772)**	**-**	**-**	**-**
Collective allowance for impairment							
	up to 50%	(195 322)	(83 818)	(68 336)	-	-	-
	50% - 70%	(461 051)	(153 454)	(156 951)	-	-	-
	70% - 85%	(513 716)	(249 742)	(219 990)	-	-	-
	over 85%	(445 242)	(185 351)	(105 309)	-	-	-
Total collective allowances for impairment		**(1 615 331)**	**(672 365)**	**(550 586)**	**-**	**-**	**-**
IBNR							
	up to 0,10%	(10 133)	(6 195)	(9 103)	-	-	-
	0,10%-0,30%	(37 117)	(15 210)	(16 460)	-	-	-
	0,30%-0,65%	(34 800)	(37 025)	(29 053)	-	-	-
	over 0,65%	(374 446)	(278 456)	(277 418)	-	-	-
Total IBNR		**(456 496)**	**(336 886)**	**(332 034)**	**-**	**-**	**-**
Total allowance for impairment		**(3 548 084)**	**(1 544 207)**	**(1 409 392)**	**-**	**-**	**-**

Market risk

In the reporting period, the market risk management of BZ WBK Group did not undergo any material changes other than those described below.

The merger between BZ WBK and KB did not result in any changes in the market risk organisation and reporting process as the relevant units of both entities have been successfully integrated. In the first half of 2013, the market risk policies were reviewed to reflect changes in the bank's organisational structure after the merger. The market risk measurement is based on the methodology of BZ WBK, while the updated parameters of the risk measurement models have been approved by the Risk Management Forum.

To manage banking book risk BZ WBK implemented following maximum limits in 2013 for:

- sensitivity of Net Interest Income (NII – sensitivity to 100 b.p. parallel movement in the interest rate curve) at PLN 130 m level,
- sensitivity of Market Value of Equity (MVE - sensitivity to 100 b.p. parallel movement in the interest rate curve) at PLN 200 m level.

The Trading Book management has been conducted under the following limits since the beginning of 2013:

- daily Value at Risk (VAR) calculated for IR and FX exposures,
- limit for positions sensitivity to change of market rates by 1 basis point, is set for each currency and dates of transaction repricing time buckets,
- limit of total Fx position as well as individual currencies open position limit,
- stop loss mechanism.

Annual process of determining the banking book and trading book limits as well as market risk appetite update is co-ordinated by the Financial Risk Department and approved by the internal committees of the bank.

The responsibility for independent monitoring, exposure measurement and market risk control rests with Risk Management Division (supervised by Chief Risk Officer) which incorporates Financial Risk Department.

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The table below summarizes the utilization of sensitivity limits for the banking book as at the end of June 2013.

	Net Interest Income Sensitivity (NII)		Market Value of Equity Sensitivity (MVE)	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
Maximum	114	90	94	140
Average	87	48	47	70
Value as at end of the period	52	90	94	131
Limit value	130	75	200	150

Between January and June 2013, the sensitivity limits applicable to the ALM were not exceeded.

The tables below present Group's key currency positions as at 30 June 2013 and in the comparative periods.

30.06.2013	PLN	EUR	CHF	Other	Total
ASSETS					
Cash and balances with central banks	2 042 984	297 899	12 432	144 888	2 498 203
Loans and advances to banks	224 401	1 101 070	24 501	233 246	1 583 218
Loans and advances to customers	43 149 648	13 999 722	11 460 360	1 230 010	69 839 740
Investment securities	18 714 997	1 221 251	-	-	19 936 248
Selected assets	**64 132 030**	**16 619 942**	**11 497 293**	**1 608 144**	**93 857 409**
LIABILITIES					
Deposits from banks	3 068 161	698 189	4 210 954	39 237	8 016 541
Deposits from customers	64 821 234	6 536 322	1 107 528	2 131 156	74 596 240
Subordinated liabilities	74 945	432 533	928 667	-	1 436 145
Selected liabilities	**67 964 340**	**7 667 044**	**6 247 149**	**2 170 393**	**84 048 926**

31.12.2012	PLN	EUR	CHF	Other	Total
ASSETS					
Cash and balances with central banks	3 813 867	261 539	6 911	74 957	4 157 274
Loans and advances to banks	177 431	923 101	21 087	336 509	1 458 128
Loans and advances to customers	27 630 869	9 334 513	2 051 604	850 568	39 867 554
Investment securities	11 011 199	704 934	-	-	11 716 133
Selected assets	**42 633 366**	**11 224 087**	**2 079 602**	**1 262 034**	**57 199 089**
LIABILITIES					
Deposits from banks	735 899	587 583	2 771	24 797	1 351 050
Deposits from customers	40 622 210	5 106 393	60 863	1 287 628	47 077 094
Subordinated liabilities	-	409 110	-	-	409 110
Selected liabilities	**41 358 109**	**6 103 086**	**63 634**	**1 312 425**	**48 837 254**

30.06.2012	PLN	EUR	CHF	Other	Total
ASSETS					
Cash and balances with central banks	1 363 560	135 873	5 161	65 693	1 570 287
Loans and advances to banks	468 023	1 232 373	712	490 910	2 192 018
Loans and advances to customers	26 328 979	9 401 741	2 263 387	997 352	38 991 459
Investment securities	10 831 331	219 734	-	139 728	11 190 793
Selected assets	**38 991 893**	**10 989 721**	**2 269 260**	**1 693 683**	**53 944 557**
LIABILITIES					
Deposits from banks	1 550 831	1 205 049	332	4 066	2 760 278
Deposits from customers	38 746 887	4 555 049	55 202	2 852 757	46 209 895
Subordinated liabilities	-	425 929	-	-	425 929
Selected liabilities	**40 297 718**	**6 186 027**	**55 534**	**2 856 823**	**49 396 102**

In thousands of PLN

The tables below show key risk measures applicable to the trading book as at 30.06.2013.

Interest rate risk	VAR	
1 day holding period	**30.06.2013**	**31.12.2012**
Average	1 901	2 089
Maximum	4 115	5 261
Minimum	602	165
as at the end of the period	2 170	745
Limit	**8 293**	**7 749**

FX risk	VAR		VAR Brokerage House	
1 day holding period	**30.06.2013**	**31.12.2012**	**30.06.2013**	**31.12.2012**
Average	533	613	5,7	3,8
Maximum	1 815	1 542	12,1	8,9
Minimum	72	142	2,5	1,4
as at the end of the period	694	382	4,2	5,0
Limit	**1 658**	**1 550**	**104,9**	**102,3**

Equity risk	VAR Brokerage House	
1 day holding period	**30.06.2013**	**31.12.2012**
Average	719	697
Maximum	2 135	3 074
Minimum	53	72
as at end of the period	170	138
Limit	**4 144**	**4 029**

In the current reporting period, the FX risk limit has been exceeded once, and closed immediately.

Liquidity risk

In the reporting period, the liquidity risk management of BZ WBK Group did not undergo any material changes other than those described below.

The merger between BZ WBK and KB did not result in any changes in the liquidity risk organisation and reporting process as the relevant units of both entities have been successfully integrated. In the first half of 2013, the liquidity risk policies were reviewed to reflect changes in the bank's organisational structure after the merger. The contingency plan has also been reviewed to provide for potential liquidity problems. The exercise was based on stress scenarios conducted on the balance sheet of the merged bank. The changes to the policies were approved by the Risk Management Forum and the Management Board. The liquidity risk measurement is based on the methodology of BZ WBK, while the updated parameters of the risk measurement models have been approved by the Risk Management Forum.

Operating Risk

In the reporting period, the operational risk management of BZ WBK Group did not undergo any material changes other than those described below.

In the first half of 2013, the operational risk regulations were reviewed. The bank implemented the "Operational Risk Management Strategy" approved by the Management Board.

At the merger date, all the units of the merged bank were bound by the same policies applicable to operational risk, information security, business continuity and outsourcing risk. Also, they used uniform reporting processes. The bank is working on elimination of any existing differences in the risk management policies according to a strict schedule.

In thousands of PLN

Legal & compliance risk

The key reason for changes in the compliance risk management process in the first half of 2013 was the merger between BZ WBK S.A. and Kredyt Bank S.A. As a result of the merger, the bank took over Kredyt Bank's licences for brokerage and custody services. Consequently, changes in respect of the following aspects were necessary:

1. In-house regulations governing inside information and professional secrecy, conflict of interests, as well as conclusion, oversight and monitoring of personal trading of persons connected with the bank and trade on their account. In the first half of 2013, two solutions - equally in line the law obligations - were used in ex-BZ WBK and ex-KB. The regulations were harmonised as of July 1.

2. Harmonisation of the investment products model – during the analysed period of time, work was underway on a single model. The new model will be implemented in stages and the parallel models will be used at least for some customers in the second half of 2013 and, partly, in 2014.

In addition, in Q1 2013, the Bank introduced the General Code of Conduct. This new code of ethics defines numerous ethical rules and principles for staff as well as rules for offering banking products to customers, cooperating with contractors and fulfilling legal obligations of the Bank.

5. Capital management

In the first half of 2013, BZ WBK Group managed its risks in accordance with the principles laid down in the consolidated financial statements for 2012. No other material changes took place in the capital management process of BZ WBK Group.

6. Net interest income

Interest income	01.04.2013-30.06.2013	01.01.2013-30.06.2013	01.04.2012-30.06.2012	01.01.2012-30.06.2012
Loans and advances to enterprises	425 547	882 227	377 786	741 380
Loans and advances to individuals, of which:	531 573	1 064 525	286 033	569 914
Home mortgage loans	*201 683*	*414 373*	*103 560*	*204 301*
Debt securities incl.:	206 862	431 446	167 440	354 029
Investment portfolio available for sale	*196 174*	*409 220*	*139 135*	*284 685*
Trading portfolio	*10 688*	*22 226*	*28 305*	*69 344*
Leasing agreements	41 014	87 473	43 310	87 569
Loans and advances to banks	27 081	59 688	21 111	43 015
Public sector	5 816	12 333	5 854	11 799
Reverse repo transactions	5 741	10 790	2 430	4 287
Interest recorded on hedging IRS	83 936	170 096	42 206	78 038
Total	**1 327 570**	**2 718 578**	**946 170**	**1 890 031**
Interest expenses	**01.04.2013-30.06.2013**	**01.01.2013-30.06.2013**	**01.04.2012-30.06.2012**	**01.01.2012-30.06.2012**
Deposits from individuals	(321 366)	(708 929)	(212 542)	(424 261)
Deposits from enterprises	(130 512)	(301 496)	(103 147)	(219 979)
Repo transactions	(30 416)	(53 662)	(24 459)	(52 868)
Deposits from public sector	(28 025)	(61 642)	(22 839)	(41 301)
Deposits from banks	(6 050)	(16 480)	(6 034)	(11 725)
Subordinated liabilities	(13 640)	(25 971)	(5 307)	(11 131)
Total	**(530 009)**	**(1 168 180)**	**(374 328)**	**(761 265)**
Net interest income	**797 561**	**1 550 398**	**571 842**	**1 128 766**

In thousands of PLN

7. Net fee and commission income

Fee and commission income	01.04.2013-30.06.2013	01.01.2013-30.06.2013	01.04.2012-30.06.2012	01.01.2012-30.06.2012
eBusiness & payments	136 802	271 183	109 290	212 283
Current accounts and money transfer	88 278	176 837	61 659	120 905
Asset management fees	60 544	118 241	54 932	110 464
Foreign exchange commissions	74 949	138 001	58 782	113 248
Credit commissions	59 783	116 845	33 116	65 676
Insurance commissions	26 382	52 746	31 825	57 178
Brokerage commissions	25 571	54 532	18 322	42 740
Credit cards	20 366	39 976	17 042	35 915
Off-balance sheet guarantee commissions	8 604	16 648	3 614	6 726
Finance lease commissions	1 475	2 939	1 182	2 318
Issue arrangement fees	2 982	3 704	618	1 722
Distribution fees	9 324	20 230	782	1 885
Other commissions	3 348	6 371	790	1 953
Total	**518 408**	**1 018 253**	**391 954**	**773 013**
Fee and commission expenses	**01.04.2013-30.06.2013**	**01.01.2013-30.06.2013**	**01.04.2012-30.06.2012**	**01.01.2012-30.06.2012**
eBusiness & payments	(36 584)	(73 978)	(20 967)	(44 128)
Distribution fees	(8 326)	(16 287)	(7 746)	(15 287)
Brokerage commissions	(4 041)	(8 235)	(4 589)	(10 087)
Credit cards	(3 578)	(6 903)	(2 037)	(4 896)
Asset management fees and other costs	(2 051)	(4 026)	(1 697)	(3 967)
Finance lease commissions	(2 772)	(5 363)	(2 064)	(4 206)
Commissions paid to credit agents	(4 009)	(4 826)	(4 668)	(5 943)
Other	(11 400)	(23 746)	(6 871)	(13 065)
Total	**(72 761)**	**(143 364)**	**(50 639)**	**(101 579)**
Net fee and commission income	**445 647**	**874 889**	**341 315**	**671 434**

8. Net trading income and revaluation

Net trading income and revaluation	01.04.2013-30.06.2013	01.01.2013-30.06.2013	01.04.2012-30.06.2012	01.01.2012-30.06.2012
Derivative instruments and interbank fx transactions	(526)	53 129	47 611	81 611
Other FX related income	29 776	23 030	6 125	9 080
Profit on market maker activity	83	1 408	256	2 242
Profit on equity instruments	2 530	6 128	108	433
Profit on debt instruments	(3 093)	(580)	(29)	739
Total	**28 770**	**83 115**	**54 071**	**94 105**

Net trading income and revaluation includes the write-back of adjustments of derivatives resulting from counterparty risk in the amount of PLN 2 289 k for H1 2013, PLN (130) k for 2Q 2013 and PLN 5 266 k for H1 2012, PLN 4 858 k for 2Q 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 (169) k, disclosed in Note 19 Hedging derivatives. The initial valuation will be subject to linear depreciation for maturity of CIRS.

BZ WBK Group for the 6-month period ended 30 June 2013 In thousands of PLN

9. Gains (losses) from other financial securities

Gains (losses) from other financial securities	01.04.2013-30.06.2013	01.01.2013-30.06.2013	01.04.2012-30.06.2012	01.01.2012-30.06.2012
Profit on sale of equity shares	1 371	874	830	829
Profit on sale of debt securities	87 366	176 750	23 296	25 368
Total profit (losses) on financial instruments	**88 737**	**177 624**	**24 126**	**26 197**
Change in fair value of hedging instruments	65 135	66 937	(1 857)	(722)
Change in fair value of underlying hedged positions	(62 876)	(63 829)	2 113	1 559
Total profit (losses) on hedging and hedged instruments	**2 259**	**3 108**	**256**	**837**
Total	**90 996**	**180 732**	**24 382**	**27 034**

10. Other operating income

Other operating income	01.04.2013-30.06.2013	01.01.2013-30.06.2013	01.04.2012-30.06.2012	01.01.2012-30.06.2012
Income on sale of services	3 177	5 655	3 598	7 122
Insurance indemnity received	72	1 775	172	353
Reimbursements of BGF charges	3 364	13 446	3 984	11 190
Release of provision for legal cases and other assets	1 718	4 600	4 205	4 712
Settlements of leasing agreements	1 506	2 381	1 017	1 776
Recovery of other receivables	825	1 254	1 018	1 818
Income on sales or liquidation of fixed assets, intangible assets and assets for disposal	8 185	8 185	791	958
Other	5 018	11 016	1 611	4 834
Total	**23 865**	**48 312**	**16 396**	**32 763**

11. Impairment losses on loans and advances

Impairment losses on loans and advances	01.04.2013-30.06.2013	01.01.2013-30.06.2013	01.04.2012-30.06.2012	01.01.2012-30.06.2012
Collective and individual impairment charge	(287 583)	(517 206)	(164 172)	(251 714)
Incurred but not reported losses charge	70 680	119 832	25 425	22 615
Recoveries of loans previously written off	1 453	2 791	1 564	2 980
Off-balance sheet credit related facilities	15 408	(4 441)	(2 843)	5 287
Total	**(200 042)**	**(399 024)**	**(140 026)**	**(220 832)**

12. Employee costs

Employee costs	01.04.2013-30.06.2013	01.01.2013-30.06.2013	01.04.2012-30.06.2012	01.01.2012-30.06.2012
Salaries and bonuses	(287 075)	(568 209)	(195 165)	(388 983)
Salary related costs	(48 225)	(100 880)	(32 022)	(66 470)
Staff benefits costs	(7 818)	(15 295)	(5 095)	(10 136)
Professional trainings	(3 529)	(5 624)	(5 265)	(8 630)
Retirement fund, holiday provisions and other employee costs	(953)	(2 691)	(579)	(1 763)
Total	**(347 600)**	**(692 699)**	**(238 126)**	**(475 982)**

In thousands of PLN

13. General and administrative expenses

General and administrative expenses	01.04.2013-30.06.2013	01.01.2013-30.06.2013	01.04.2012-30.06.2012	01.01.2012-30.06.2012
Maintenance and rentals of premises	(96 569)	(184 858)	(56 703)	(113 208)
Marketing and representation	(23 653)	(44 579)	(14 878)	(42 094)
IT systems costs	(36 125)	(69 887)	(23 425)	(45 917)
Bank Guarantee Fund, Polish Financial Supervision Authority and National Depository for Securities	(25 035)	(49 415)	(13 992)	(28 029)
Postal and telecommunication costs	(15 922)	(28 120)	(10 728)	(22 005)
Consulting fees	(60 265)	(74 377)	(7 444)	(17 771)
Cars, transport expenses, carriage of cash	(16 075)	(31 153)	(8 986)	(17 177)
Other external services	(15 015)	(30 313)	(8 226)	(15 312)
Stationery, cards, cheques etc.	(5 213)	(10 262)	(4 640)	(10 157)
Sundry taxes	(5 944)	(11 776)	(5 112)	(8 933)
Data transmission	(4 847)	(11 121)	(3 765)	(7 535)
KIR, SWIFT settlements	(3 981)	(8 172)	(3 013)	(6 124)
Security costs	(5 189)	(10 059)	(3 083)	(5 483)
Costs of repairs	(1 634)	(6 468)	(1 113)	(2 043)
Other	(7 222)	(13 957)	(3 406)	(5 974)
Total	**(322 689)**	**(584 517)**	**(168 514)**	**(347 762)**

14. Other operating expenses

Other operating expenses	01.04.2013-30.06.2013	01.01.2013-30.06.2013	01.04.2012-30.06.2012	01.01.2012-30.06.2012
Charge of provisions for legal cases and other assets	2 461	(3 674)	(171)	(366)
Debt recovery costs	(801)	(1 480)	(510)	(960)
Other memebership fees	(298)	(487)	(220)	(420)
Paid compensations, penalties and fines	(57)	(847)	(149)	(401)
Losses from past-due receivables	(11)	(18)	(175)	(192)
Donation paid	-	(7)	(1)	(2)
Other	(3 781)	(7 551)	(5 464)	(8 122)
Total	**(2 487)**	**(14 064)**	**(6 690)**	**(10 463)**

15. Corporate income tax

Corporate income tax	01.04.2013-30.06.2013	01.01.2013-30.06.2013	01.04.2012-30.06.2012	01.01.2012-30.06.2012
Current tax charge	(149 841)	(275 511)	(90 538)	(187 565)
Deferred tax	55 766	86 023	716	8 936
Total	**(94 075)**	**(189 488)**	**(89 822)**	**(178 629)**

32 Condensed interim consolidated financial statements of BZ WBK Group for the 6-month period ended 30 June 2013 In thousands of PLN

Corporate total tax charge information	01.04.2013-30.06.2013	01.01.2013-30.06.2013	01.04.2012-30.06.2012	01.01.2012-30.06.2012
Profit before tax	520 654	997 130	478 026	888 736
Tax rate	19%	19%	19%	19%
Tax calculated at the tax rate	(98 924)	(189 455)	(90 825)	(168 860)
Non-deductible expenses	583	(3 255)	(3 053)	(5 178)
Sale of receivables	(14 374)	(15 690)	(7 067)	(7 809)
Non-taxable income (dividends)	10 550	10 550	10 079	10 079
Non-tax deductible bad debt provisions	650	985	4 078	(3 551)
Technological relief	4 242	4 242	-	-
Other	3 198	3 135	(3 034)	(3 310)
Total income tax expense	**(94 075)**	**(189 488)**	**(89 822)**	**(178 629)**

Deferred tax recognised directly in equity	30.06.2013	31.12.2012	30.06.2012
Relating to equity securities available-for-sale	(94 902)	(94 386)	(95 516)
Relating to debt securities available-for-sale	(33 160)	(94 445)	(50 820)
Relating to cash flow hedging activity	2 890	(15 784)	(12 621)
Total	**(125 172)**	**(204 615)**	**(158 957)**

16. Cash and balances with central banks

Cash and balances with central banks	30.06.2013	31.12.2012	30.06.2012
Cash	1 621 499	1 084 108	868 319
Current accounts in central banks	481 663	3 073 166	639 957
Term deposits	395 041	-	62 011
Total	**2 498 203**	**4 157 274**	**1 570 287**

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

17. Loans and advances to banks

Loans and advances to banks	30.06.2013	31.12.2012	30.06.2012
Loans and advances	306 546	916 567	1 306 194
Current accounts, other	1 265 042	473 748	636 587
Buy-sell-back transaction	11 662	67 813	249 297
Gross receivables	**1 583 250**	**1 458 128**	**2 192 078**
Impairment write down	(32)	-	(60)
Total	**1 583 218**	**1 458 128**	**2 192 018**

In thousands of PLN

18. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading	30.06.2013		31.12.2012		30.06.2012	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Trading derivatives	**1 117 627**	**1 251 489**	**641 051**	**711 669**	**607 501**	**644 185**
Interest rate operations	**840 256**	**862 339**	**365 874**	**371 136**	**228 259**	**229 017**
Forward	33	-	-	-	-	-
Options	4 251	4 251	564	564	1 229	1 229
IRS	810 471	828 492	356 991	358 516	222 731	224 310
FRA	25 501	29 596	8 319	12 056	4 299	3 478
FX operations	**276 593**	**388 574**	**275 177**	**340 533**	**379 242**	**415 168**
CIRS	88 098	173 242	75 561	152 711	45 271	139 279
Forward	58 527	22 213	27 050	22 343	47 005	32 821
FX Swap	93 932	154 898	142 466	135 140	227 734	184 290
Spot	910	686	901	1 140	2 781	2 327
Options	35 126	37 535	29 199	29 199	56 451	56 451
Transactions concerning precious metals and commodities	**778**	**576**	**-**	**-**	**-**	**-**
Debt and equity securities	**1 853 377**	**-**	**190 664**	**-**	**3 182 333**	**-**
Debt securities	**1 839 065**	**-**	**176 963**	**-**	**3 138 371**	**-**
Government securities:	1 838 270	-	175 487	-	315 664	-
- bills	24 900	-	-	-	115 925	-
- bonds	1 813 370	-	175 487	-	199 739	-
Central Bank securities:	-	-	-	-	2 818 969	-
- bills	-	-	-	-	2 818 969	-
Other securities:	795	-	1 476	-	3 738	-
- bonds	795	-	1 476	-	3 738	-
Equity securities:	**14 312**	**-**	**13 701**	**-**	**43 962**	**-**
- listed	14 312	-	13 701	-	43 962	-
Short sale	**-**	**49 482**	**-**	**17 162**	**-**	**167 990**
Total financial assets/liabilities	**2 971 004**	**1 300 971**	**831 715**	**728 831**	**3 789 834**	**812 175**

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

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

	Derivatives' nominal values	30.06.2013	31.12.2012	30.06.2012
1.	**Term derivatives (hedging)**	**29 168 868**	**14 675 607**	**11 799 469**
a)	Single-currency interest rate swap	1 515 000	1 085 000	320 540
b)	Macro cash flow hedge -purchased (IRS)	3 269 470	2 213 144	2 249 349
c)	Macro cash flow hedge -purchased (CIRS)	11 847 620	5 585 823	4 398 278
d)	Macro cash flow hedge -sold (CIRS)	12 536 778	5 791 640	4 831 302
2.	**Term derivatives (trading)**	**143 317 568**	**69 595 853**	**86 227 424**
a)	Interest rate operations	91 605 322	35 333 886	39 175 282
	Single-currency interest rate swap	63 636 676	27 982 342	29 203 499
	FRA - purchased amounts	27 100 000	6 850 000	9 600 000
	Options	857 746	501 544	371 783
	Forward- sold amounts	10 900	-	-
b)	FX operations	51 686 582	34 261 967	47 052 142
	FX swap – purchased amounts	14 916 332	8 020 505	14 119 647
	FX swap – sold amounts	14 962 740	8 008 784	14 038 406
	Forward- purchased amounts	3 139 425	1 483 082	2 042 209
	Forward- sold amounts	3 124 438	1 482 429	2 044 941
	Cross-currency interest rate swap – purchased amounts	4 439 359	4 965 537	2 893 815
	Cross-currency interest rate swap – sold amounts	4 527 774	5 033 742	2 994 374
	FX options -purchased CALL	1 165 487	1 250 855	2 117 477
	FX options -purchased PUT	2 122 770	1 383 089	2 341 898
	FX options -sold CALL	1 165 487	1 250 855	2 117 477
	FX options -sold PUT	2 122 770	1 383 089	2 341 898
c)	Transactions concerning precious metals and commodities	25 664	-	-
	Commodity swap - purchased amounts	12 933	-	-
	Commodity swap - sold amounts	12 731	-	-
3.	**Currency transactions- spot**	**1 760 107**	**1 889 992**	**2 579 334**
	Spot-purchased	880 188	944 898	1 289 894
	Spot-sold	879 919	945 094	1 289 440
4.	**Transactions on equity instruments**	**11 452**	**11 300**	**39 125**
	Futures - purchased	11 452	-	-
	Futures - sold	-	11 300	39 125
	Total	**174 257 995**	**86 172 752**	**100 645 352**

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

19. Hedging derivatives

Hedging derivatives	30.06.2013		31.12.2012		30.06.2012	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
IRS hedging fair value	21 267	40 401	-	59 912	(59)	8 232
IRS hedging cash flow	208 248	823 448	253 553	262 038	120 235	418 560
Total hedging derivatives	**229 515**	**863 849**	**253 553**	**321 950**	**120 176**	**426 792**

In H1 2013, Hedging derivatives - IRS hedging cash flow includes adjustment to the valuation of day 1 profit or loss for start forward CIRS transactions in the amount of PLN (10 447) k in accordance with the principles set out in IFRS 7.
As at 30.06.2013, Net trading income and revaluation includes amortisation of adjustment to the valuation of day 1 profit or lost for start forward CIRS transactions in the amount of PLN (169) k.

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

In thousands of PLN

20. Loans and advances to customers

Loans and advances to customers	30.06.2013	31.12.2012	30.06.2012
Loans and advances to enterprises	35 465 636	25 280 604	24 809 126
Loans and advances to individuals, of which:	34 552 197	13 708 551	13 069 156
Home mortgage loans	*26 110 366*	*8 080 532*	*7 886 594*
Finance lease receivables	2 946 013	2 289 852	2 348 517
Loans and advances to public sector	294 326	105 366	163 294
Buy-sell-back transaction	66 116	15 234	1 515
Other	63 536	12 154	9 243
Gross receivables	**73 387 824**	**41 411 761**	**40 400 851**
Impairment write down	(3 548 084)	(1 544 207)	(1 409 392)
Total	**69 839 740**	**39 867 554**	**38 991 459**

Movements on impairment losses on loans and advances to customers	30.06.2013	31.12.2012	30.06.2012
Individual and collective impairment			
As at the beginning of the period	(1 207 321)	(1 069 296)	(1 069 296)
Individual and collective impairment acquired in a business combination	(1 667 026)	-	-
Charge/write back of current period	(517 206)	(538 908)	(251 714)
Write off/Sale of receivables	356 636	381 667	229 692
Transfer	(50 162)	16 215	11 460
F/X differences	(6 509)	3 001	2 500
Balance at the end of the period	**(3 091 588)**	**(1 207 321)**	**(1 077 358)**
IBNR			
As at the beginning of the period	(336 886)	(345 949)	(345 949)
IBNR acquired in a business combination	(198 306)	-	-
Charge/write back of current period	119 864	19 263	22 675
Transfer	(34 771)	(13 018)	(9 824)
F/X differences	(6 397)	2 818	1 064
Balance at the end of the period	**(456 496)**	**(336 886)**	**(332 034)**
Impairment write down	**(3 548 084)**	**(1 544 207)**	**(1 409 392)**

21. Investment securities available for sale

Investment securities available for sale	30.06.2013	31.12.2012	30.06.2012
Available for sale investments - measured at fair value			
Debt securities	**19 259 059**	**11 048 024**	**10 511 301**
Government securities:	14 720 794	7 711 424	9 285 897
- bills	-	-	143 871
- bonds	14 720 794	7 711 424	9 142 026
Central Bank securities:	2 089 847	2 099 256	-
- bills	2 089 847	2 099 256	-
Commercial securities:	2 448 418	1 237 344	1 225 404
-bonds	2 448 418	1 237 344	1 225 404
Equity securities	**650 550**	**627 180**	**626 151**
- listed	34 865	13 441	13 821
- unlisted	615 685	613 739	612 330
Investment certificates	**26 639**	**40 929**	**53 341**
Total	**19 936 248**	**11 716 133**	**11 190 793**

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Movements on investment securities available for sale	Debt securities	Financial instruments representing equity rights	Total
As at 1 January 2013	**11 048 024**	**668 109**	**11 716 133**
Investment securities available for sale aquired in a business combination	7 701 195	3 426	7 704 621
Additions	117 077 114	-	117 077 114
Disposals (sale and maturity)	(116 258 338)	(15 825)	(116 274 163)
Fair value adjustment	(473 315)	3 772	(469 543)
Movements on interest accrued	98 376	-	98 376
F/X differences	66 003	(9)	65 994
Transfer	-	17 716	17 716
As at 30 June 2013	**19 259 059**	**677 189**	**19 936 248**

Movements on investment securities available for sale	Debt securities	Financial instruments representing equity rights	Total
As at 1 January 2012	**10 971 561**	**680 634**	**11 652 195**
Additions	41 537 666	9 323	41 546 989
Disposals (sale and maturity)	(41 659 215)	(21 439)	(41 680 654)
Fair value adjustment	448 057	987	449 044
Movements on interest accrued	(226 281)	-	(226 281)
Allowances for impairment	-	(1 386)	(1 386)
F/X differences	(23 764)	(10)	(23 774)
As at 31 December 2012	**11 048 024**	**668 109**	**11 716 133**

Movements on investment securities available for sale	Debt securities	Financial instruments representing equity rights	Total
As at 1 January 2012	**10 971 561**	**680 634**	**11 652 195**
Additions	7 614 247	6 560	7 620 807
Disposals (sale and maturity)	(8 148 083)	(11 788)	(8 159 871)
Fair value adjustment	159 001	4 562	163 563
Movements on interest accrued	(75 083)	-	(75 083)
F/X differences	(10 342)	(476)	(10 818)
As at 30 June 2012	**10 511 301**	**679 492**	**11 190 793**

22. Financial assets held to maturity

Movements on financial assets held to maturity	30.06.2013	31.12.2012	30.06.2012
As at 1 January	**-**	**-**	**-**
Investment securities available for sale acquired in a business combination	**2 518 251**	**-**	**-**
Disposals (sale and maturity)	(2 467 838)	-	-
Fair value amortisation	379	-	-
Movements on interest accrued	(51 318)	-	-
F/X differences	526		
As at 30 June	**-**	**-**	**-**

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

In thousands of PLN

23. Investments in associates and joint ventures

Movements on investments in associates and joint ventures	30.06.2013	31.12.2012	30.06.2012
Balance as at 1 January	**115 685**	**104 512**	**104 512**
Share of profits/(losses)	6 877	19 746	6 236
Sale/acquisition	-	(4 541)	-
Dividend	(5 050)	(4 032)	-
Balance at the end of the period	**117 512**	**115 685**	**110 748**

Balance sheet value of associates and joint ventures	30.06.2013	31.12.2012	30.06.2012
Polfund - Fundusz Poręczeń Kredytowych S.A.	41 948	41 733	39 603
BZ WBK - Aviva Towarzystwo Ubezpieczeń Ogólnych S.A.	30 303	26 536	24 974
BZ WBK - Aviva Towarzystwo Ubezpieczeń na Życie S.A.	25 202	27 502	22 464
Krynicki Recykling S.A.	15 859	15 408	14 672
Metrohouse & Partnerzy S.A.	4 200	4 506	4 494
Holicon Group S.A.	-	-	4 541
Total	**117 512**	**115 685**	**110 748**

24. Assets classified as held for sale

Assets classified as held for sale	30.06.2013	31.12.2012	30.06.2012
Land and buildings	2 644	-	82 511
Equipment	-	-	117
Total	**2 644**	**-**	**82 628**

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

25. Other assets

Other assets	30.06.2013	31.12.2012	30.06.2012
Sundry debtors	356 511	512 439	269 085
Settlements of stock exchange transactions	70 805	44 287	80 824
Interbank and interbranch settlements	125 772	76 800	39 900
Prepayments	113 989	44 994	68 820
Repossessed assets*	73 199	74 764	-
Other	264	665	322
Total	**740 540**	**753 949**	**458 951**

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

26. Deposits from banks

Deposits from banks	30.06.2013	31.12.2012	30.06.2012
Repo/sell-buy-back transactions	7 085 719	668 150	1 920 015
Term deposits	472 413	331 073	529 625
Loans from other banks	-	59 388	83 189
Current accounts	458 409	292 439	227 449
Total	**8 016 541**	**1 351 050**	**2 760 278**

In thousands of PLN

27. Deposits from customers

Deposits from customers	30.06.2013	31.12.2012	30.06.2012
Deposits from individuals	**44 985 569**	**28 636 346**	**28 000 478**
Term deposits	18 126 469	15 991 323	15 000 710
Current accounts	26 793 428	12 605 499	12 966 232
Other	65 672	39 524	33 536
Deposits from enterprises	**25 445 707**	**16 538 707**	**16 054 113**
Term deposits	12 145 247	9 224 568	8 429 284
Current accounts	10 301 531	5 618 926	6 115 467
Sell-buy-back transaction	100 213	205 033	191 527
Loans	2 431 103	1 186 187	1 000 984
Other	467 613	303 993	316 851
Deposits from public sector	**4 164 964**	**1 902 041**	**2 155 304**
Term deposits	1 997 206	648 281	773 552
Current accounts	2 166 055	1 251 996	1 379 839
Other	1 703	1 764	1 913
Total	**74 596 240**	**47 077 094**	**46 209 895**

28. Subordinated liabilities

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

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

In thousands of PLN

29. Other liabilities

Other liabilities	30.06.2013	31.12.2012	30.06.2012
Settlements of stock exchange transactions	56 860	63 490	47 626
Interbank and interbranch settlements	739 937	217 711	286 467
Provisions:	360 207	226 696	176 108
Employee provisions	*222 201*	*190 865*	*136 783*
Provisions for legal claims	*45 331*	*15 912*	*16 085*
Provisions for off balance sheet credit facilities	*85 624*	*16 619*	*15 940*
Other	*7 051*	*3 300*	*7 300*
Sundry creditors	192 947	250 671	204 469
Other deferred and suspended income	118 235	106 727	123 297
Public and law settlements	69 489	43 711	45 853
Accrued liabilities	165 040	67 121	61 146
Finance lease related settlements	24 171	21 650	19 264
Other	1 035	735	738
Total	**1 727 921**	**998 512**	**964 968**

Change in provisions	30.06.2013	31.12.2012	30.06.2012
As at the beginning of the period	**226 696**	**252 387**	**252 387**
Employee provisions	190 865	206 274	206 274
Provisions for legal claims	15 912	17 590	17 590
Provisions for off balance sheet credit facilities	16 619	21 223	21 223
Other	3 300	7 300	7 300
Provision acquired in a business combination	**193 453**	**-**	**-**
Employee provisions	94 766	-	-
Provisions for legal claims	28 961	-	-
Provisions for off balance sheet credit facilities	63 175	-	-
Other	6 551	-	-
Provision charge	**261 568**	**226 677**	**101 322**
Employee provisions	125 586	183 058	82 586
Provisions for legal claims	1 503	711	349
Provisions for off balance sheet credit facilities	134 479	42 908	18 387
Other	-	-	-
Utilization	**(188 297)**	**(185 847)**	**(152 491)**
Employee provisions	(188 184)	(184 201)	(151 143)
Provisions for legal claims	(134)	(1 622)	(1 352)
Provisions for off balance sheet credit facilities	24	(24)	4
Other	(3)	-	-
Write back	**(131 780)**	**(66 521)**	**(25 110)**
Employee provisions	(832)	(14 266)	(934)
Provisions for legal claims	(911)	(767)	(502)
Provisions for off balance sheet credit facilities	(130 037)	(47 488)	(23 674)
Other	-	(4 000)	-
Other changes	**(1 433)**	**-**	**-**
Employee provisions	-	-	-
Provisions for legal claims	-	-	-
Provisions for off balance sheet credit facilities	1 364	-	-
Other	(2 797)	-	-
Balance at the end of the period	**360 207**	**226 696**	**176 108**
Employee provisions	**222 201**	**190 865**	**136 783**
Provisions for legal claims	**45 331**	**15 912**	**16 085**
Provisions for off balance sheet credit facilities	**85 624**	**16 619**	**15 940**
Other	**7 051**	**3 300**	**7 300**

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30. Contingent liabilities

Significant court proceedings

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

The value of all litigation amounts to PLN 320 467 k, which is ca 2.42% of Group's equity. This amount includes PLN 110 066 k claimed by the Group, PLN 149 809 k in claims against the Group and PLN 60 592 k are Group's receivables due to bankruptcy or arrangement cases.

In H1 2013 the amount of significant court proceedings which have been completed amounted to PLN 53 618 k.

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

The value of all litigation amounts to PLN 133 570 k, which is ca 1.74% of Group's equity. This amount includes PLN 44 643 k claimed by the Group, PLN 79 862 k in claims against the Group and PLN 9 065 k are Group's receivables due to bankruptcy or arrangement cases.

In H1 2012 the amount of significant court proceedings which have been completed amounted to PLN 78 902 k.

Off-balance sheet liabilities

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

Contingent liabilities - sanctioned	30.06.2013	31.12.2012	30.06.2012
Liabilities sanctioned			
- financial	**15 685 753**	**10 842 863**	**10 313 430**
- credit lines	13 386 408	9 637 360	9 129 222
- credit cards debits	1 799 762	1 109 436	1 046 891
- import letters of credit	260 669	96 067	84 958
- term deposits with future commencement term	238 914	-	52 359
- guarantees	**3 766 741**	**2 221 092**	**1 564 744**
Total	**19 452 494**	**13 063 955**	**11 878 174**

31. Basis of FX conversion

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

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

Transaction

On 4 January 2013 (date of merger) the Bank registered the business combination of Bank Zachodni WBK and Kredyt Bank S.A. The transaction was settled through the issue of merger shares. As a result, eligible shareholders of Kredyt Bank S.A. were entitled to acquire shares in accordance with the agreed exchange ratio of 6.96 Merger Shares for every 100 shares of the Kredyt Bank. This represents a total of 18,907,458 ordinary shares with a nominal value of PLN 10 each, with a total nominal value of PLN 189 074 580. For the purposes of the settlement, the price of the new shares was determined in the amount of PLN 240.32.

In thousands of PLN

This price was calculated on the basis of the average BZ WBK share price over the thirty trading days between 21 November 2012 and 8 January 2013, excluding trading days without required turnover. The table below shows the total amount of the consideration transferred in a business combination and its effects on the equity of the combined entity.

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

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

Analysis of acquired assets and liabilities on a merger day

As at the date of issuance of the Report of Bank Zachodni WBK Group for H1 2013 Bank Zachodni WBK Group performed a preliminary and provisional valuation related to the Kredyt Bank acquisition.
The financial information as of 4 January 2013 of Kredyt Bank which formed the basis of this provisional settlement were audited by a qualified auditor. Bank Zachodni WBK has not completed the process of fair value estimation for the selected assets and liabilities of the Kredyt Bank S.A. such as loans and advances to customers, non-current assets, deposits from customers and contingent liabilities. Bank has not completed the fair value estimation of intangible assets that can be recognized in transaction. As a result, the total additional deferred tax asset and liabilities have been calculated based on the best estimates of the Management Board.

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

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

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

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

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

During the merger Bank recognized PLN 207 756 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. As at the release date of these financial statements, Bank has not completed the process of identification of intangible assets, which would be recognized in accordance with the principles set out in IFRS 3.

Non-controlling interest

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

Provisional calculation of goodwill

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

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

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

In thousands of PLN

33. Shareholders with min. 5% voting power

According to the information held by the Bank's Management Board, the shareholder with a min. 5% of the total number of votes at the BZ WBK General Meeting as at the publication date of the condensed interim consolidated report for H1 2013 /30.07.2013/ is Banco Santander and ING Otwarty Fundusz Emerytalny.

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

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

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

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

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

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

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

- On 22 March 2013, KBC Bank NV and Banco Santander S.A. announced a secondary offering for the shares of Bank Zachodni WBK. The offering was for 19,978,913 shares representing 21.4% of the bank's share capital, with 15,125,964 shares owned by KBC Bank NV, and 4,852,949 owned by Banco Santander S.A. The final price per share was set in a book-building process at PLN 245. The total value of the offering was PLN 4.9bn.

- On 28 March 2013, Bank Zachodni WBK was advised that all of its 15,125,964 shares held by KBC Bank NV, representing 16.7% of the bank's registered capital, had been sold directly. As a result of the transaction, neither KBC Bank NV nor KBC Group NV hold directly or indirectly any shares of Bank Zachodni WBK and effectively have no voting power at the bank's General Meeting.

- On 28 March 2013, the bank received a notice about disposal of 4,852,949 shares of Bank Zachodni WBK held by Banco Santander S.A. and reduction of the latter's share in the bank's registered capital and votes at its General Meeting by 5.19 p.p. to 70%.

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- On 2 April 2013, Bank Zachodni WBK was notified by the open-ended pension fund ING OFE that it had purchased the bank's shares and consequently exceeded 5% of the total number of votes at the bank's General Meeting. Before the transaction, ING OFE held 903,006 of the bank's shares carrying 0.97% votes at the General Meeting. Now ING OFE holds 4,966,506 of the bank's shares, representing 5.31% of the share capital and voting power at the General Meeting of Bank Zachodni WBK.

34. Related party disclosures

The tables below present intercompany transactions. They are effected between subsidiaries, associates, joint ventures and parent entity. Most of the transactions are banking transactions made as part of ordinary business activities and mainly include loans, deposits, guarantees and leasing. Intercompany transactions effected by the bank and its subsidiaries have been eliminated during the consolidation process.

Transactions with associates and joint ventures	30.06.2013	31.12.2012	30.06.2012
Assets	**1 294**	**788**	**936**
Loans and advances to customers	-	-	57
Other assets	1 294	788	879
Liabilities	**194 590**	**480 770**	**398 711**
Deposits from customers	194 320	480 588	398 575
Other liabilities	270	182	136
Income	**66 508**	**114 472**	**55 255**
Interest income	19 076	24 266	9 113
Fee and commission income	42 334	89 893	46 066
Dividend income	5 050	-	-
Gains (losses) from other financial securities	-	21	21
Other operating income	48	292	55
Expenses	**6 384**	**25 787**	**11 855**
Interest expense	3 885	22 439	10 441
Fee and commission expense	1 487	1 572	568
Operating expenses incl.:	1 012	1 776	846
General and administrative expenses	*1 012*	*1 768*	*845*

In thousands of PLN

Transactions with Santander Group	30.06.2013	31.12.2012	30.06.2012
Assets	**219 106**	**335 686**	**251 758**
Loans and advances to banks, incl:	110 846	283 789	204 661
deposits	*100 354*	*197 009*	*186 860*
current accounts	*10 492*	*86 780*	*17 801*
Financial assets held for trading	103 466	48 729	45 529
Hedging derivatives	1 452	3 109	1 568
Loans and advances to customers	-	2	-
Other assets	3 342	57	-
Liabilities	**395 583**	**167 326**	**211 012**
Deposits from banks incl.:	235 407	36 328	60 524
current accounts	*235 407*	*36 328*	*60 524*
Hedging derivatives	25 647	-	11 953
Financial liabilities held for trading	77 807	121 440	46 848
Deposits from customers	13 000	9 089	10 646
Other liabilities	43 722	469	81 041
Income	**(35 803)**	**(24 131)**	**(1 492)**
Interest income	6 547	14 964	1 361
Fee and commission income	3 583	307	140
Other operating income	478	591	262
Net trading income and revaluation	(46 411)	(39 993)	(3 255)
Expenses	**15 659**	**5 873**	**2 101**
Interest expense	212	319	184
Operating expenses incl.:	15 447	5 554	1 917
Bank's staff, operating expenses and management costs	*15 447*	*5 554*	*1 917*
Contingent liabilities	**161 451**	**259 418**	**149 996**
Sanctioned:	160 467	158 175	149 996
- guarantees	*160 467*	*158 175*	*149 996*
Received:	984	101 243	-
- guarantees	*984*	*101 243*	-
Derivatives' nominal values	**19 644 126**	**12 330 499**	**12 218 816**
Cross-currency interest rate swap – purchased amounts	2 534 338	1 872 728	1 194 900
Cross-currency interest rate swap – sold amounts	2 559 372	1 909 243	1 204 355
Single-currency interest rate swap	3 663 074	1 748 351	1 087 690
Options	786 254	468 004	336 419
FX swap – purchased amounts	3 749 870	1 808 349	2 184 983
FX swap – sold amounts	3 759 254	1 882 817	2 223 275
FX options -purchased CALL	669 694	669 822	950 091
FX options -purchased PUT	683 061	663 176	991 771
FX options -sold CALL	495 793	581 032	936 861
FX options -sold PUT	552 086	719 912	1 086 419
Spot-purchased	93 919	3 508	1 388
Spot-sold	93 903	3 557	1 373
Forward- purchased amounts	-	-	9 827
Forward- sold amounts	-	-	9 464
Commodity swap - sold amounts	3 508	-	-

Transactions with Members of Management and Supervisory Boards

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

30.06.2013

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

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

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

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

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

30.06.2012

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

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

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

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

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

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

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

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

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

Acquisitions of subsidiaries, associates and joint ventures in H1 2013

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

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.

Acquisitions of subsidiaries, associates and joint ventures in H1 2012

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

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

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

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

In H1 2013 no such events took place.

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

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

39. 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.

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

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

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

Detailed information on the merger of Bank Zachodni WBK S.A. and Kredyt Banku S.A. is presented in point 32.

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

30.06.2013
Registration and admission of new shares to trading on the stock exchange

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

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

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

Detailed information on the merger of Bank Zachodni WBK S.A. and Kredyt Banku S.A. is presented in point 32.

30.06.2012
Conclusion of an agreement with the European Bank for Reconstruction and Development

- On 29 March 2012, Bank Zachodni WBK (BZ WBK) signed an investment agreement with the European Bank for Reconstruction and Development (EBRD) and Banco Santander S.A., whereby EBRD agreed to subscribe for PLN 332 m worth of BZ WBK shares of new issue to support the planned BZ WBK - Kredyt Bank merger.

- The shares were taken up by virtue of Resolution of the General Meeting of Bank Zachodni WBK of Shareholders dated 10 May 2012 regarding the increase of the share capital through the issue of series I shares.

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

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

As at 30.06.2013 Bank Zachodni WBK and its subsidiaries had not issued any loan and 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 30.06.2013 and as at 30.06.2012, 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 29.

In thousands of PLN

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

In June 2013, Bank Zachodni WBK S.A. sold properties located in Wrocław, Kraków and Poznań. The sales proceeds amounted to PLN 8 250 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. Share based payments

In 2011 4th edition of the BZ WBK incentive scheme has been granted to no more than 500 individuals and is still in operation.

Vesting condition will be considered from two perspectives, separately for every year of operation of the scheme and on a cumulative basis after 3 years.

In every single year annual award not exceeding one third on total award will be considered. Shares will vest on a linear pattern between 25% and 100% contingent on profit before tax (PBT) growth. The range of the scale requires PBT growth between 8% and 15% in first year and between 15% and 22% in second and third year of duration of scheme.

Shares vested in any single year will be allocated to individual after maturity of the edition.

Additionally, after 3 years cumulative award will be considered. Shares will vest on a linear pattern between 25% and 100% contingent on PBT compound annual growth rate in 3 years' time between 12.6% and 19.6%. If number of shares resulting from cumulative assessment will be higher than sum of annual awards vested to date, additional shares will be allocated to individuals up to the amount resulting from cumulative assessment.

The Black Scholes model has been used to value awards granted at the grant date. The expected volatility is based on an analysis of historical volatility based on 160 sessions preceding the grant date. The following table details the assumptions used, and the resulting fair value.

Share based payments granted in 2011:

	2011
Number of share based payments	312 755
Number of share based payments allocated after initial grant date	6 312
Share price (PLN)	227,90
Excercise price (PLN)	10
Vesting period	2,75 years
Expected volatility	9,98%
Award life	3 years
Risk free rate	5,19%
Fair value per award	PLN 195,08
Dividend yield	3,51%

50 Condensed interim consolidated financial statements of BZ WBK Group for the 6-month period ended 30 June 2013 In thousands of PLN

The following table summarizes the share based payments activity:

	6 months of 2013	6 months of 2012
	Number of share based payments	Number of share based payments
Outstanding at 1 January	315 917	317 971
Granted	-	2 324
Exercised	-	-
Forfeited	(1 244)	(2 845)
Expired	-	-
Outstanding at 31 December	314 673	317 450
Exercisable at 31 December	-	-

Exercise price for all share based payments amounts to PLN 10.

For the share based payments outstanding as at 30 June 2013 and as at 30 June 2012 the average remaining contractual life is approximately 0.5 year and 1.5 year, respectively.

The total expense recognized with corresponding increase in equity (other reserve capital) for 6 months of 2013 and 2012 amounts to PLN 10 131 k and PLN 10 194 k, respectively.

47. Dividend per share

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 was 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.

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

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

Signatures of Members of the Management Board			
Date	**Name**	**Function**	**Signature**
25.07.2013	Mateusz Morawiecki	President	
25.07.2013	Andrzej Burliga	Member	
25.07.2013	Eamonn Crowley	Member	
25.07.2013	Michael McCarthy	Member	
25.07.2013	Piotr Partyga	Member	
25.07.2013	Juan de Porras Aguirre	Member	
25.07.2013	Marcin Prell	Member	
25.07.2013	Marco Antonio Silva Rojas	Member	
25.07.2013	Mirosław Skiba	Member	
25.07.2013	Feliks Szyszkowiak	Member	

Signature of a person who is responsible for maintaining the book of account			
Date	**Name**	**Function**	**Signature**
25.07.2013	Wojciech Skalski	Financial Accounting Area Director	