

**CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS OF
BANK ZACHODNI WBK S.A.
FOR THE 6-MONTH PERIOD
ENDED 30 JUNE 2012**

2012



WBK | Bank Zachodni WBK S.A.

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Income statement of Bank Zachodni WBK S.A.

		01.04.2012- 30.06.2012	01.01.2012- 30.06.2012	01.04.2011- 30.06.2011	01.01.2011- 30.06.2011
	for reporting period:				
Interest income		917 203	1 831 699	795 530	1 559 301
Interest expense		(381 966)	(775 987)	(329 790)	(633 092)
Net interest income	Note 5	535 237	1 055 712	465 740	926 209
Fee and commission income		328 359	642 120	301 165	583 785
Fee and commission expense		(33 339)	(66 132)	(28 661)	(51 710)
Net fee and commission income	Note 6	295 020	575 988	272 504	532 075
Dividend income		53 061	115 895	135 266	182 395
Net trading income and revaluation	Note 7	54 380	93 404	70 259	108 949
Gains (losses) from other financial securities	Note 8	23 562	26 228	5 535	5 130
Other operating income		13 963	30 488	15 701	32 063
Impairment losses on loans and advances	Note 9	(138 838)	(220 251)	(75 651)	(163 908)
Operating expenses incl.:		(408 204)	(827 379)	(425 377)	(826 189)
<i>Bank's staff, operating expenses and management costs</i>	Notes 10, 11	<i>(375 412)</i>	<i>(761 246)</i>	<i>(384 821)</i>	<i>(748 989)</i>
<i>Depreciation/amortisation</i>		<i>(31 140)</i>	<i>(62 663)</i>	<i>(32 547)</i>	<i>(65 534)</i>
<i>Other operating expenses</i>		<i>(1 652)</i>	<i>(3 470)</i>	<i>(8 009)</i>	<i>(11 666)</i>
Operating profit		428 181	850 085	463 977	796 724
Profit before tax		428 181	850 085	463 977	796 724
Corporate income tax	Note 12	(80 857)	(158 643)	(68 098)	(123 590)
Profit for the period		347 324	691 442	395 879	673 134
Net earnings per share (PLN/share)					
Basic earnings per share		4,75	9,46	5,42	9,21
Diluted earnings per share		4,74	9,44	5,41	9,20

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

		01.04.2012- 30.06.2012	01.01.2012- 30.06.2012	01.04.2011- 30.06.2011	01.01.2011- 30.06.2011
	for reporting period:				
Profit for the period		347 324	691 442	395 879	673 134
Other comprehensive income:					
Available-for sale financial assets valuation		64 211	126 876	64 995	40 167
Cash flow hedges valuation		22 956	1 869	22 023	8 871
Other comprehensive income for the period, net of income tax		87 167	128 745	87 018	49 038
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		434 491	820 187	482 897	722 172

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

		as at:	30.06.2012	31.12.2011	30.06.2011
ASSETS					
Cash and balances with central banks	Note 13		1 570 283	1 425 537	2 186 575
Loans and advances to banks	Note 14		2 186 313	1 198 349	596 949
Financial assets held for trading	Note 15		3 742 151	5 779 309	3 594 368
Hedging derivatives			120 234	141 578	36 272
Loans and advances to customers	Note 16		38 445 104	37 422 196	34 015 373
Investment securities	Notes 17, 18		11 164 946	11 625 143	12 738 909
Investments in subsidiaries, associates and joint ventures	Note 19		264 599	264 599	259 599
Intangible assets			119 727	134 581	157 772
Property, plant and equipment			459 693	486 312	504 060
Current income tax assets			-	24 455	-
Net deferred tax assets			141 709	165 775	228 600
Assets classified as held for sale			82 604	82 604	47 839
Other assets			323 340	266 409	303 586
Total assets			58 620 703	59 016 847	54 669 902
LIABILITIES					
Deposits from banks	Note 20		2 676 061	2 361 433	5 637 918
Hedging derivatives			426 792	523 725	11 004
Financial liabilities held for trading	Note 15		813 438	937 982	637 701
Deposits from customers	Note 21		46 425 947	46 992 079	41 083 656
Subordinated liabilities	Note 22		425 929	441 234	398 015
Current income tax liabilities			47 269	-	19 056
Other liabilities			735 438	936 338	630 437
Total liabilities			51 550 874	52 192 791	48 417 787
Equity					
Share capital			730 760	730 760	730 760
Other reserve funds			4 966 213	4 382 125	4 368 155
Revaluation reserve			681 414	552 669	480 066
Profit of the current period			691 442	1 158 502	673 134
Total equity			7 069 829	6 824 056	6 252 115
Total equity and liabilities			58 620 703	59 016 847	54 669 902

Movements on equity of Bank Zachodni WBK S.A.

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

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

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

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

* On the last business day of 2011, Bank Zachodni WBK changed its intention regarding a portfolio of government bonds, which so far had been classified as 'held-to-maturity,' and reclassified them into the 'investment financial assets available for sale' category as a result of adapting the Bank's investment policy to the strategy, investment rules and risk management rules of Santander Group. The change pertained to financial instruments of a total carrying value of PLN 4 696 542 k, of which PLN 69 132 k was a recognised fair value. The same amount of fair value less the deferred tax was referred to the equity of the Bank.

Movements on equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2010	730 760	4 048 213	431 028	897 772	6 107 773
Total comprehensive income	-	-	49 038	673 134	722 172
Transfer to other capital	-	313 164	-	(313 164)	-
Dividend relating to 2010	-	-	-	(584 608)	(584 608)
Share scheme charge	-	6 778	-	-	6 778
As at 30.06.2011	730 760	4 368 155	480 066	673 134	6 252 115

As at the end of the period revaluation reserve in the amount of PLN 480 066 k comprises mainly of debt securities and equity shares classified as available for sale of PLN 39 930 k and PLN 429 252k, respectively. Additionally, it includes cash flow hedge activities of PLN 10 884 k. The revaluation reserve relates to the securities designated as available-for-sale.

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

	for reporting period:	01.01.2012- 30.06.2012	01.01.2011- 30.06.2011
Profit before tax		850 085	796 724
Total adjustments:		(1 494 070)	836 814
Depreciation/amortisation		62 663	65 534
Interests and similar charges		119 576	93 027
Dividend received		(41 975)	(111 544)
(Profit) loss from investing activities		(26 345)	(3 616)
Change in provisions		(46 844)	(47 145)
Change in trading portfolio financial instruments		8 037	489 499
Change in loans and advances to banks		10 113	185 634
Change in loans and advances to customers		(1 022 908)	(2 062 774)
Change in deposits from banks		314 628	3 493 911
Change in deposits from customers		(566 132)	(1 015 554)
Change in other assets and liabilities		(217 412)	(74 395)
Paid income tax		(93 052)	(175 886)
Other adjustments		5 581	123
Net cash flow from operating activities		(643 985)	1 633 538
Inflows		8 217 066	1 807 566
Sale/maturity of investment securities		8 173 451	1 695 752
Sale of intangible assets and property, plant and equipment		1 637	265
Dividend received		41 975	111 544
Proceeds from other investments		3	5
Outflows		(7 630 144)	(1 136 650)
Sale of shares or interests in subsidiaries		-	(10 600)
Purchase of investment securities		(7 614 803)	(1 090 478)
Purchase of intangible assets and property, plant and equipment		(15 341)	(35 572)
Net cash flow from investing activities		586 922	670 916
Inflows		-	-
Outflows		(629 104)	(620 692)
Other financing outflows		(44 496)	(36 084)
Dividends and other payments to shareholders		(584 608)	(584 608)
Net cash flow from financing activities		(629 104)	(620 692)
Total net cash flow		(686 167)	1 683 762
Cash at the beginning of the accounting period		7 251 655	4 335 396
Cash at the end of the accounting period		6 565 488	6 019 158

Additional notes to financial statements

1. General information about issuer

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

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

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

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

2. Basis of preparation of condensed interim unconsolidated financial statements

In comparison with annual financial statements content of an interim financial report is condensed, therefore it should be read in conjunction with the financial statements of Bank Zachodni WBK for the year 2011 and with the condensed interim consolidated financial statements of BZ WBK Group for the six-month period ended 30 June 2012.

Statement of compliance

Condensed interim financial statements of Bank Zachodni WBK for the period from 1 January 2012 to 30 June 2012 were prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and other applicable regulations.

In accordance with Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259 as amended), the Bank is required to publish the financial results for the six months ended 30 June 2012 which is deemed to be the current interim financial reporting period.

Accounting policies

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

Taking into account the exceptions below, as described in the 'Comparability with profit or loss for previous accounting periods' section the accounting policies applied by the Bank in these condensed interim financial statements are the same as those applied by the Bank in its financial statements as at and for the year ended 31 December 2011.

Comparability with results of previous periods

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

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

ASSETS	30.06.2011		
	Before revision	Revision	After revision
Loans and advances to banks	782 591	(185 642)	596 949
Financial assets held for trading	3 664 579	(70 211)	3 594 368
Investment securities	12 588 098	150 811	12 738 909

LIABILITIES	30.06.2011		
	Before revision	Revision	After revision
Deposits from banks	5 737 887	(99 969)	5 637 918
Financial liabilities held for trading	642 774	(5 073)	637 701

ASSETS	31.12.2011		
	Before revision	Revision	After revision
Loans and advances to banks	1 238 467	(40 118)	1 198 349
Financial assets held for trading	5 803 575	(24 266)	5 779 309
Investment securities	11 637 455	(12 312)	11 625 143

LIABILITIES	31.12.2011		
	Before revision	Revision	After revision
Deposits from banks	2 413 078	(51 645)	2 361 433
Financial liabilities held for trading	963 033	(25 051)	937 982

Changes in judgments and estimates

The significant judgment and the key sources of estimation uncertainty were the same as those that applied to the Annual Report of Bank Zachodni WBK for 2011.

3. Risk management

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

4. Capital management

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

5. Net interest income

	01.04.2012	01.01.2012	01.04.2011	01.01.2011
	-30.06.2012	-30.06.2012	-30.06.2011	-30.06.2011
Interest income				
Loans and advances to enterprises	392 608	771 635	312 300	613 511
Loans and advances to individuals, of which:	285 674	569 148	256 165	501 312
<i>Home mortgage loans</i>	103 560	204 301	86 377	167 086
Debt securities incl.:	167 438	354 026	196 983	391 030
<i>Investment portfolio held to maturity</i>	-	-	74 641	155 698
<i>Investment portfolio available for sale</i>	139 135	284 685	91 135	175 775
<i>Trading portfolio</i>	28 303	69 341	31 207	59 557
Loans and advances to banks	21 009	42 799	19 225	34 886
Other from public sector	5 838	11 766	5 062	9 339
Reverse repo transactions	2 430	4 287	1 419	1 941
Interest recorded on hedging IRS	42 206	78 038	4 376	7 282
Total	917 203	1 831 699	795 530	1 559 301
Interest expense				
Deposits from individuals	(210 954)	(420 828)	(170 292)	(339 894)
Deposits from enterprises	(113 442)	(240 668)	(96 315)	(184 149)
Repo transactions	(24 459)	(52 868)	(38 502)	(65 337)
Public sector	(22 839)	(41 301)	(14 974)	(26 655)
Deposits/loans from banks	(4 965)	(9 191)	(4 617)	(7 007)
Subordinated liabilities	(5 307)	(11 131)	(5 090)	(10 050)
Total	(381 966)	(775 987)	(329 790)	(633 092)
Net interest income	535 237	1 055 712	465 740	926 209

6. Net fee and commission income

	01.04.2012	01.01.2012	01.04.2011	01.01.2011
	-30.06.2012	-30.06.2012	-30.06.2011	-30.06.2011
Fee and commission income				
eBusiness & payments	109 299	212 308	97 419	187 318
Current accounts and money transfer	61 777	121 130	62 737	123 405
Foreign exchange commissions	58 781	113 248	52 104	104 432
Credit commissions	29 881	59 342	24 561	46 923
Insurance commissions	26 184	48 786	18 450	30 486
Credit cards	17 042	35 915	15 133	30 243
Distribution fees	19 598	39 485	19 503	42 594
Off-balance sheet guarantee commissions	4 065	7 562	3 843	7 029
Issue arrangement fees	617	1 722	5 991	7 716
Other commissions	1 115	2 622	1 424	3 639
Total	328 359	642 120	301 165	583 785
Fee and commission expense				
eBusiness & payments	(20 968)	(44 129)	(20 601)	(34 505)
Commissions paid to credit agents	(4 504)	(5 773)	(2 889)	(5 858)
Credit cards	(2 036)	(4 896)	(1 755)	(3 403)
Other commissions incl.:	(5 831)	(11 334)	(3 416)	(7 944)
<i>paid to other banks</i>	(1 795)	(3 139)	(1 508)	(2 583)
<i>brokerage commissions</i>	(605)	(1 285)	(702)	(1 449)
<i>other</i>	(3 431)	(6 910)	(1 206)	(3 912)
Total	(33 339)	(66 132)	(28 661)	(51 710)
Net fee and commission income	295 020	575 988	272 504	532 075

7. Net trading income and revaluation

	01.04.2012 -30.06.2012	01.01.2012 -30.06.2012	01.04.2011 -30.06.2011	01.01.2011 -30.06.2011
Net trading income and revaluation				
Profit on interbank FX transactions	21 542	51 404	19 551	41 283
Profit/(loss) on derivative instruments	27 302	32 462	43 714	53 108
Other FX related income	5 457	8 366	6 082	13 483
Profit on debt instruments	(29)	739	912	1 075
Profit on equity instruments	108	433	-	-
Total	54 380	93 404	70 259	108 949

Net trading income and revaluation includes the write-back of adjustments of derivatives resulting from counterparty risk in the amount of PLN 5 266 k for 1H 2012, PLN 4 858 k for 2Q 2012, and PLN 11 286 k for 1H 2011, PLN 10 484 k for 2Q 2011.

8. Gains (losses) from other financial securities

	01.04.2012 -30.06.2012	01.01.2012 -30.06.2012	01.04.2011 -30.06.2011	01.01.2011 -30.06.2011
Gains (losses) from other financial securities				
Profit on sale of equity shares	-	-	(34)	26
Profit on sale of debt securities	23 296	25 368	5 088	5 277
Total profit (losses) on financial instruments	23 296	25 368	5 054	5 303
Change in fair value of hedging instruments	(1 908)	(1 104)	(287)	2 191
Change in fair value of underlying hedged positions	2 174	1 964	768	(2 364)
Total profit (losses) on hedging and hedged instruments	266	860	481	(173)
Total	23 562	26 228	5 535	5 130

9. Impairment losses on loans and advances

	01.04.2012 -30.06.2012	01.01.2012 -30.06.2012	01.04.2011 -30.06.2011	01.01.2011 -30.06.2011
Impairment losses on loans and advances				
Collective and individual impairment charge	(161 281)	(248 733)	(79 955)	(168 057)
Incurred but not reported losses charge	23 756	20 423	1 883	1 021
Recoveries of loans previously written off	1 530	2 772	2 635	3 373
Off balance sheet credit related facilities	(2 843)	5 287	(214)	(245)
Total	(138 838)	(220 251)	(75 651)	(163 908)

10. Employee costs

	01.04.2012 -30.06.2012	01.01.2012 -30.06.2012	01.04.2011 -30.06.2011	01.01.2011 -30.06.2011
Employee costs				
Salaries and bonuses	(176 765)	(353 139)	(178 413)	(353 440)
Salary related costs	(29 522)	(60 629)	(27 316)	(57 145)
Staff benefits costs	(4 749)	(9 433)	(4 697)	(8 927)
Professional trainings	(4 992)	(8 190)	(4 543)	(8 342)
Retirement fund, holiday provisions and other employee costs	(583)	(1 768)	(1 257)	(2 514)
Total	(216 611)	(433 159)	(216 226)	(430 368)

11. General and administrative expenses

	01.04.2012	01.01.2012	01.04.2011	01.01.2011
	-30.06.2012	-30.06.2012	-30.06.2011	-30.06.2011
General and administrative expenses				
Maintenance and rentals of premises	(55 855)	(111 110)	(52 098)	(104 142)
IT systems costs	(21 093)	(41 384)	(18 347)	(37 943)
Marketing and representation	(13 884)	(40 481)	(29 210)	(42 962)
Postal and telecommunication costs	(9 982)	(20 072)	(10 148)	(22 975)
Other external services	(7 690)	(14 129)	(7 222)	(15 321)
Car, transport expenses, carriage of cash	(8 512)	(16 298)	(8 589)	(15 767)
Bank Guarantee Fund, Polish Financial Supervision Authority	(13 595)	(27 235)	(11 680)	(23 422)
Consulting fees	(5 618)	(14 104)	(8 100)	(11 288)
Stationery, cards, cheques etc.	(4 511)	(9 897)	(4 209)	(8 215)
Data transmission	(3 666)	(7 327)	(3 765)	(7 574)
Sundry taxes	(4 580)	(7 853)	(4 245)	(8 136)
Security costs	(3 073)	(5 453)	(3 849)	(7 282)
KIR, SWIFT settlements	(2 899)	(5 889)	(2 855)	(6 012)
Costs of repairs	(1 043)	(1 935)	(1 346)	(2 231)
Other	(2 800)	(4 920)	(2 932)	(5 351)
Total	(158 801)	(328 087)	(168 595)	(318 621)

12. Corporate income tax

	01.04.2012	01.01.2012	01.04.2011	01.01.2011
	-30.06.2012	-30.06.2012	-30.06.2011	-30.06.2011
Corporate income tax				
Current tax charge	(79 208)	(164 776)	(72 411)	(120 745)
Deferred tax	(1 649)	6 133	4 313	(2 845)
Total	(80 857)	(158 643)	(68 098)	(123 590)

	01.04.2012	01.01.2012	01.04.2011	01.01.2011
	-30.06.2012	-30.06.2012	-30.06.2011	-30.06.2011
Corporate total tax charge information				
Profit before tax	428 181	850 085	463 977	796 724
Tax rate	19%	19%	19%	19%
Tax calculated at the tax rate	(81 354)	(161 516)	(88 155)	(151 378)
Non-deductible expenses	(3 561)	(4 474)	(2 182)	(2 771)
Sale of receivables	(7 067)	(7 809)	(1 678)	(1 678)
Non-taxable income (dividends)	10 082	22 017	25 701	34 651
Non-tax deductible bad debt provisions	2 240	(3 551)	(1 862)	(2 173)
Other	(1 197)	(3 310)	78	(241)
Total income tax expense	(80 857)	(158 643)	(68 098)	(123 590)

	30.06.2012	31.12.2011	30.06.2011
Deferred tax recognised directly in equity			
The amount of deferred tax recognised directly in equity totaled:			
Relating to equity securities available-for-sale	(96 397)	(96 491)	(100 689)
Relating to debt securities available-for-sale	(50 820)	(20 965)	(9 366)
Relating to cash flow hedging activity	(12 621)	(12 183)	(2 553)
Total	(159 838)	(129 639)	(112 608)

13. Cash and balances with central bank

Cash and balances with central banks	30.06.2012	31.12.2011	30.06.2011
Current accounts in central banks	639 957	290 908	1 343 682
Cash	868 315	932 596	842 893
Term deposits	62 011	202 033	-
Total	1 570 283	1 425 537	2 186 575

BZ WBK holds an obligatory reserve on a current account in the National Bank of Poland. The figure is calculated as a fixed percentage of the monthly average balance of the customers' deposits. As at 30.06.2012 the rate was 3.5%, as at 31.12.2011 - 3.5%, as at 30.06.2011 - 3.5%. In accordance with the applicable regulations, the amount of the calculated provision is reduced by the equivalent of EUR 500 k.

14. Loans and advances to banks

Loans and advances to banks	30.06.2012	31.12.2011	30.06.2011
Loans and advances	1 305 979	428 727	164 220
Current accounts, other	631 097	769 622	432 729
Buy-sell-back transaction	249 297	-	-
Gross receivables	2 186 373	1 198 349	596 949
Impairment write down	(60)	-	-
Total	2 186 313	1 198 349	596 949

15. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading	30.06.2012		31.12.2011		30.06.2011	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Trading derivatives	607 519	645 448	700 269	878 809	380 614	627 495
Interest rate operations	228 277	229 041	314 070	308 634	185 539	203 205
Options	1 229	1 229	132	132	50	50
IRS	222 749	224 334	304 438	300 255	181 164	199 608
FRA	4 299	3 478	9 500	8 247	4 325	3 547
FX operations	379 242	416 407	386 199	570 175	195 075	424 290
CIRS	45 271	140 518	42 149	126 852	74 911	271 319
Forward	47 005	32 821	97 509	32 182	22 267	15 449
FX Swap	227 734	184 290	150 924	316 003	35 692	75 633
Spot	2 781	2 327	2 015	1 536	2 014	1 698
Options	56 451	56 451	93 602	93 602	60 191	60 191
Debt securities	3 134 632	-	5 079 040	-	3 213 754	-
Government securities:	315 664	-	431 084	-	163 754	-
- bills	115 925	-	-	-	-	-
- bonds	199 739	-	431 084	-	163 754	-
Central Bank securities:	2 818 968	-	4 647 956	-	3 050 000	-
- bills	2 818 968	-	4 647 956	-	3 050 000	-
Short sale	-	167 990	-	59 173	-	10 206
Total financial assets/liabilities	3 742 151	813 438	5 779 309	937 982	3 594 368	637 701

Financial assets and liabilities held for trading - trading derivatives include value adjustments resulting from counterparty risk in the amount of PLN (45) k as at 30.06.2012, PLN (396) k as at 31.12.2011, PLN(1 617) k as at 30.06.2011.

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

Derivatives' nominal values		30.06.2012	31.12.2011	30.06.2011
1.	Term derivatives (hedging)	6 968 167	6 380 238	2 683 880
a)	Single-currency interest rate swaps	320 540	341 696	451 321
b)	Macro cash flow hedge	6 647 627	6 038 542	2 232 559
2.	Term derivatives (trading)	82 058 236	82 685 738	80 678 296
a)	Interest rate operations	39 241 048	49 447 691	51 058 199
	Single-currency interest rate swaps	29 269 265	31 483 908	32 691 734
	FRA - purchased amounts	9 600 000	17 900 000	18 350 000
	Options	371 783	63 783	16 465
b)	FX operations	42 817 188	33 238 047	29 620 097
	FX swap – purchased amounts	14 119 647	11 006 569	7 431 384
	FX swap – sold amounts	14 038 406	11 127 200	7 443 919
	Forward- purchased amounts	2 042 209	2 088 999	1 516 228
	Forward- sold amounts	2 044 941	2 041 784	1 518 676
	Cross-currency interest rate swaps – purchased amounts	2 893 815	1 320 069	4 642 310
	Cross-currency interest rate swaps – sold amounts	2 994 374	1 405 598	4 863 528
	FX options -purchased	2 341 898	2 123 914	1 102 026
	FX options -sold	2 341 898	2 123 914	1 102 026
3.	Currency transactions- spot	2 579 334	2 343 838	2 193 707
	spot-purchased	1 289 894	1 172 159	1 097 012
	spot-sold	1 289 440	1 171 679	1 096 695
	Total	91 605 737	91 409 814	85 555 883

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

16. Loans and advances to customers

Loans and advances to customers	30.06.2012	31.12.2011	30.06.2011
Loans and advances to enterprises	26 527 379	25 920 807	23 302 120
Loans and advances to individuals, of which:	13 054 410	12 553 314	11 999 103
Home mortgage loans	7 886 594	7 605 063	7 182 545
Loans and advances to public sector	163 294	259 057	158 576
Sell buy-back transaction	1 515	100	100
Other	8 181	2 960	4 302
Gross receivables	39 754 779	38 736 238	35 464 201
Impairment write down	(1 309 675)	(1 314 042)	(1 448 828)
Total	38 445 104	37 422 196	34 015 373

Movements on impairment losses on loans and advances to customers	30.06.2012	31.12.2011	30.06.2011
Individual and collective impairment			
As at the beginning of the period	(982 865)	(987 527)	(987 527)
Charge/write back of current period	(248 733)	(343 071)	(168 057)
Write off/Sale of receivables	227 404	328 571	17 165
Transfer	11 460	24 829	10 885
F/X differences	2 513	(5 667)	(393)
Balance at the end of the period	(990 221)	(982 865)	(1 127 927)
IBNR			
As at the beginning of the period	(331 177)	(321 683)	(321 683)
Charge/write back of current period	20 483	(6 233)	1 021
Transfer	(9 824)	27	27
F/X differences	1 064	(3 288)	(266)
Balance at the end of the period	(319 454)	(331 177)	(320 901)
Impairment write down	(1 309 675)	(1 314 042)	(1 448 828)



17. Investment securities available for sale

Investment securities available for sale	30.06.2012	31.12.2011	30.06.2011
Available for sale investments - measured at fair value			
Debt securities	10 511 301	10 971 563	7 474 843
Government securities:	9 285 897	10 893 773	7 394 735
- bills	143 871	-	-
- bonds	9 142 026	10 893 773	7 394 735
Commercial securities:	1 225 404	77 790	80 108
- bonds	1 225 404	77 790	80 108
Equity securities	608 577	608 719	629 001
- listed	2 377	2 568	7 057
- unlisted	606 200	606 151	621 944
Investment certificates	45 068	44 861	44 040
Total	11 164 946	11 625 143	8 147 884

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

Movements on investment securities available for sale	Debt securities	Financial instruments representing equity rights	Total
As at 1 January 2011	6 958 333	648 117	7 606 450
Additions	1 577 887	6 565	1 584 452
Disposals (sale and maturity)	(2 298 604)	(3 798)	(2 302 402)
Fair value adjustment (AFS)	6 407	3 096	9 503
Movements on interest accrued	(16 258)	-	(16 258)
Reclassification*	4 627 410	-	4 627 410
Measurement at fair value of reclassified bonds	69 132	-	69 132
F/X differences	47 256	(400)	46 856
As at 31 December 2011	10 971 563	653 580	11 625 143

* On the last business day of 2011, Bank Zachodni WBK changed its intention regarding a portfolio of government bonds, which so far had been classified as 'held-to-maturity,' and reclassified them into the 'investment financial assets available for sale' category as a result of adapting the Bank's investment policy to the strategy, investment rules and risk management rules of Santander Group. The change pertained to financial instruments of a total carrying value of PLN 4 696 542 k, of which PLN 69 132 k was a recognised fair value. The same amount of fair value less the deferred tax was referred to the equity of the Bank.

Movements on investment securities available for sale	Debt securities	Financial instruments representing equity rights	Total
As at 1 January 2011	6 958 333	648 117	7 606 450
Additions	940 203	434	940 637
Disposals (sale and maturity)	(453 464)	(302)	(453 766)
Fair value adjustment (AFS)	18 451	25 082	43 533
Movements on interest accrued	20 060	-	20 060
F/X differences	(8 740)	(290)	(9 030)
As at 30 June 2011	7 474 843	673 041	8 147 884

18. Financial assets held to maturity

Financial assets held to maturity	30.06.2012	31.12.2011	30.06.2011
Government securities:	-	-	4 591 025
- bonds	-	-	4 591 025
Total	-	-	4 591 025

* On the last business day of 2011, Bank Zachodni WBK changed its intention regarding a portfolio of government bonds, which so far had been classified as 'held-to-maturity,' and reclassified them into the 'investment financial assets available for sale' category as a result of adapting the Bank's investment policy to the strategy, investment rules and risk management rules of Santander Group. The change pertained to financial instruments of a total carrying value of PLN 4 696 542 k, of which PLN 69 132 k was a recognised fair value. The same amount of fair value less the deferred tax was referred to the equity of the Bank.

19. Investment in subsidiaries, associates and joint venture

Investments in subsidiaries, associates and joint ventures	30.06.2012	31.12.2011	30.06.2011
Subsidiaries	218 068	218 068	218 068
Associates	8 000	8 000	8 000
Joint ventures	38 531	38 531	33 531
Total	264 599	264 599	259 599

Details of sales/acquisitions of subsidiaries and associates are disclosed in note 27.

20. Deposits from banks

Deposits from banks	30.06.2012	31.12.2011	30.06.2011
Repo transactions	1 920 015	2 240 824	5 443 497
Term deposits	529 625	12 495	125 653
Current accounts	226 421	108 114	68 768
Total	2 676 061	2 361 433	5 637 918

21. Deposits from customers

Deposits from customers	30.06.2012	31.12.2011	30.06.2011
Deposits from individuals	27 479 808	26 590 029	24 826 502
Term deposits	14 989 434	14 815 132	12 962 213
Current accounts	12 456 838	11 740 901	11 830 307
Other	33 536	33 996	33 982
Deposits from enterprises	16 790 838	18 565 366	14 021 831
Term deposits	10 475 832	12 041 716	8 675 233
Current accounts	4 961 075	5 295 101	4 647 255
Credits	852 460	883 781	398 936
Sell-buy-back transaction	191 527	-	-
Other	309 944	344 768	300 407
Deposits from public sector	2 155 301	1 836 684	2 235 323
Term deposits	773 552	806 083	1 132 613
Current accounts	1 379 836	1 028 711	1 101 028
Other	1 913	1 890	1 682
Total	46 425 947	46 992 079	41 083 656

22. Subordinated liabilities

Subordinated liabilities	Nominal value	Currency	Redemption date	As at the end of the period
Subordinated liabilities	100 000	EUR	05.08.2020	425 929
As at 30 June 2012				425 929

Movements in Subordinated Liabilities	30.06.2012	31.12.2011	30.06.2011
As at the beginning of the period	441 234	395 230	395 230
Increase (due to):	11 131	69 003	12 757
- interest on subordinated loan	11 131	21 921	10 050
- FX differences	-	47 082	2 707
Decrease (due to):	(26 436)	(22 999)	(9 972)
- interest repayment	(10 951)	(22 999)	(9 972)
- FX differences	(15 485)	-	-
Subordinated liabilities - as at the end of the period	425 929	441 234	398 015
Short-term	4 061	3 971	3 342
Long-term (over 1 year)	421 868	437 263	394 673

23. Contingent liabilities

Significant court proceedings

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

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

In 1H 2012 the amount of significant court proceedings which have been completed amounted to PLN 71 428 k.

As at 30.06.2011 no proceedings were instituted by court or by state administration agencies with relation to any claims made by or against the Bank amounting to a minimum of 10% of the Bank's equity.

The value of all litigation amounts to PLN 172 832 k, which is ca 2.76 % of the Bank's equity. This amount includes PLN 38 105 k claimed by the Bank, PLN 129 306 k in claims against the Bank and PLN 5 421 k are Bank's receivables due to bankruptcy or arrangement cases.

In 1H 2011 the amount of significant court proceedings which have been completed amounted to PLN 5 371 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	30.06.2012	31.12.2011	30.06.2011
Liabilities sanctioned			
- financial	11 483 260	9 268 180	6 911 423
- credit lines	10 299 052	8 139 811	5 942 274
- credit cards debits	1 046 891	970 702	871 084
- import letters of credit	84 958	157 172	93 281
- term deposits with future commencement term	52 359	495	4 784
- guarantees	1 893 453	1 796 851	1 534 800
Total	13 376 713	11 065 031	8 446 223

24. Basis of FX conversion

As at 30.06.2012, FX denominated balance sheet positions were converted into PLN in line with the NBP FX table no. 125/A/NBP/2012 dd. 29.06.2012.

25. Shareholders with min. 5% voting power

According to the information held by the Bank's Management Board, the shareholder with a min. 5% of the total number of votes at the BZ WBK Annual General Meeting as at the publication date of the interim report for H1 2012 /26.07.2012/ is Banco Santander.

Shareholder	Number of shares held		% in the share capital		Number of votes at AGM		Voting power at AGM	
	26.07.2012	26.04.2012	26.07.2012	26.04.2012	26.07.2012	26.04.2012	26.07.2012	26.04.2012
Banco Santander S.A.	70 334 512	70 334 512	96,25%	96,25%	70 334 512	70 334 512	70 334 512	96,25%
Other	2 741 501	2 741 501	3,75%	3,75%	2 741 501	2 741 501	2 741 501	3,75%
Total	73 076 013	73 076 013	100%	100%	73 076 013	73 076 013	73 076 013	100%

Procedure for Merger

- The plan for the merger between Bank Zachodni WBK and Kredyt Bank was agreed and signed by the executive teams of both banks on 11 May 2012.
- According to the plan, the merger will be carried out under Article 492 § 1(1) of the Commercial Companies Code, i.e. by transferring all the assets of Kredyt Bank (the acquired entity) to Bank Zachodni WBK (the acquiring entity), with a simultaneous increase in the share capital of the acquiring entity by way of issue of up to 18,907,458 ordinary bearer shares series J with a nominal value of PLN 10 each (merger shares). The shares will be distributed to all the existing shareholders of Kredyt Bank.
- As a result of the merger, Bank Zachodni WBK will acquire all the rights and obligations of Kredyt Bank, which will be dissolved (without a liquidation procedure) on the date of registration of the merger by the court relevant to the registered office of Bank Zachodni WBK, and the registration of its share capital.
- On the merger date, the shareholders of Kredyt Bank will become the shareholders of Bank Zachodni WBK. The following exchange ratio was agreed: the shareholders of Kredyt Bank will receive 6.96 merger shares for each 100 shares of Kredyt Bank.
- As a result of the merger, the share capital of BZ WBK will be increased by a maximum amount of PLN 189,074,580 to not more than PLN 935,450,890.
- If, for any reason, the issue of 1,561,618 ordinary I series bearer shares of Bank Zachodni WBK to the EBRD, as approved on 10 May 2012, does not take place, the bank's share capital will be increased by a maximum amount of PLN 189,074,580 to not more than PLN 919,834,710.
- Bank Zachodni WBK will take steps to ensure the merger shares are admitted to the public trading on the regulated market of the Warsaw Stock Exchange.

- Finalisation of the merger is conditional on:
 - ✓ relevant resolutions of the General Meeting of Bank Zachodni WBK and the General Meeting of Kredyt Bank, specifically the resolutions approving the merger plan and changes to the Statutes of Bank Zachodni WBK;
 - ✓ KNF consent to the merger and changes to the Statutes of Bank Zachodni WBK;
 - ✓ KNF's confirmation that the information contained in the information memorandum of Bank Zachodni WBK comply in substance and form with the disclosure requirements for a share prospectus, in accordance with the Act on Public Offering;
 - ✓ decision of the European Commission, acknowledging the concentration resulting from the merger of the two banks as compliant with the single market;
 - ✓ where KBC Bank exceeds 10% voting power at the General Meeting of Bank Zachodni WBK, KNF's decision that no objections will be raised on account of such excess.
- The merged bank will trade as "Bank Zachodni WBK SA".
- As a result of the merger, the complementary businesses of the two banks will be integrated, which will increase the scope of the services offered and will expand the customer base, thus strengthening the bank's market penetration potential. With the economies of scale and harmonised risk management, the bank's profitability and effectiveness will increase. Cost synergies will be primarily achieved by improvement of processes, adoption of the most effective operational solutions, merger and optimisation of organisational structures and integration of IT systems. Revenue synergies will result from combination of the complementary offerings, cross-selling of the both banks' products, harmonisation of service styles and an increase in productivity. The merger will position the bank among the top three universal banks in Poland, and with the blended knowledge and experience of the two banks, the merged entity will be more effective and will boast a higher quality of its solutions. The higher number of Bank Zachodni WBK shares in free float will ensure they are more liquid and more attractive for investors.

26. Related party disclosure

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

Transactions with subsidiaries	30.06.2012	31.12.2011	30.06.2011
ASSETS	2 758 442	2 489 802	2 332 808
Financial assets held for trading	18	19	7 674
Loans and advances to customers	2 687 126	2 482 165	2 252 024
Other assets	71 298	7 618	73 110
LIABILITIES	2 789 576	1 009 466	1 315 993
Financial liabilities held for trading	1 263	6 265	-
Deposits from customers	2 757 448	974 177	1 304 359
Other liabilities	30 865	29 024	11 634
INCOME	110 308	213 058	99 006
Interest income	61 499	106 390	46 684
Fee and commission income	41 134	91 692	44 723
Other operating income	5 408	10 710	5 165
Net trading income and revaluation	2 267	4 266	2 434
EXPENSES	24 814	51 294	24 270
Interest expense	25 027	50 295	23 445
Fee and commission expense	104	277	43
Operating expenses incl.:	(317)	722	782
<i>Bank's staff, operating expenses and management costs</i>	<i>(337)</i>	<i>603</i>	<i>683</i>
<i>Other</i>	<i>20</i>	<i>119</i>	<i>99</i>
CONTINGENT LIABILITIES	2 109 592	1 874 462	1 130 668
Sanctioned:	2 109 592	1 874 462	1 130 668
- <i>financing-related</i>	<i>1 780 883</i>	<i>1 551 333</i>	<i>823 107</i>
- <i>guarantees</i>	<i>328 709</i>	<i>323 129</i>	<i>307 561</i>
DERIVATIVES' NOMINAL VALUES	469 185	584 777	281 638
Cross-currency interest rate swaps – purchased amounts	167 200	250 800	125 400
Cross-currency interest rate swaps – sold amounts	170 452	265 008	119 598
Single-currency interest rate swaps	131 533	68 969	36 640

Transactions with associates and joint ventures	30.06.2012	31.12.2011	30.06.2011
ASSETS	849	454	2 832
Loans and advances to customers	-	-	2 832
Other assets	849	454	-
LIABILITIES	381 955	392 664	359 349
Deposits from customers	381 950	392 251	359 349
Other liabilities	5	413	-
INCOME	13 660	64 536	31 973
Interest income	9 109	8 396	3 000
Fee and commission income	4 483	55 396	28 684
Gains (losses) from other financial securities	21	(21)	77
Other operating income	47	765	212
EXPENSES	11 279	19 473	9 158
Interest expense	10 410	17 765	8 300
Fee and commission expense	23	64	30
Operating expenses incl.:	846	1 644	828
<i>General and administrative expenses</i>	<i>845</i>	<i>1 644</i>	<i>828</i>

Transactions with Santander Group			
	30.06.2012	31.12.2011	30.06.2011
ASSETS	251 758	117 976	14 672
Loans and advances to banks, incl:	204 661	81 701	13 160
<i>deposits</i>	186 860	70 557	13 075
<i>current accounts</i>	17 801	11 144	85
Financial assets held for trading	45 529	35 230	1 512
Hedging derivatives	1 568	1 045	-
LIABILITIES	148 177	46 625	167 098
Deposits from banks incl.:	60 522	178	165 769
<i>current accounts</i>	60 522	-	-
<i>repo transactions</i>	-	-	161 520
<i>deposits</i>	-	178	4 249
Hedging derivatives	11 953	-	-
Financial liabilities held for trading	46 848	46 446	1 325
Deposits from customers	10 646	-	-
Other liabilities	18 208	1	4
INCOME	(1 492)	(22 470)	(154)
Interest income	1 361	1 010	331
Fee and commission income	140	158	6
Other operating income	262	230	-
Net trading income and revaluation	(3 255)	(23 868)	(491)
EXPENSES	2 100	946	297
Interest expense	183	946	297
Operating expenses incl.:	1 917	-	-
<i>Bank's staff, operating expenses and management costs</i>	1 917	-	-
CONTINGENT LIABILITIES	149 996	49 999	906
Sanctioned:	149 996	49 999	906
- <i>guarantees</i>	149 996	49 999	906
DERIVATIVES' NOMINAL VALUES	10 331 864	3 415 369	172 140
Cross-currency interest rate swaps – purchased amounts	1 194 900	-	-
Cross-currency interest rate swaps – sold amounts	1 204 355	-	-
Single-currency interest rate swaps	1 087 690	656 927	123 408
Options	336 419	45 542	-
FX swap – purchased amounts	2 184 983	564 471	-
FX swap – sold amounts	2 223 275	572 762	-
FX options -purchased	991 771	694 939	15 679
FX options -sold	1 086 419	877 099	18 455
Spot-purchased	1 388	1 813	7 304
Spot-sold	1 373	1 816	7 294
Forward- purchased amounts	9 827	-	-
Forward- sold amounts	9 464	-	-

Transactions with Members of Management and Supervisory Boards

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

30.06.2012

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.

As at 30.06.2012, the total finance lease receivable provided to members of the Management Board of BZ WBK S.A. by the subsidiaries and associates totalled nil.

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

30.06.2011

In 1H 2011 the amount of remuneration paid to the Management Board Members of Bank Zachodni WBK S.A. totalled PLN 4 768 k whereas additional benefits totalled PLN 878 k. Based on 2010 performance, the amount of PLN 14 848 k bonus has been paid.

In 1H 2011 the total amount of remuneration paid to the Supervisory Board Members of Bank Zachodni WBK S.A. totalled PLN 592 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 9 889 k.

As at 30.06.2011, the total finance lease receivable provided to members of the Management Board of BZ WBK S.A. by the subsidiaries and associates totalled nil.

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.

27. Acquisitions and disposals of investments in subsidiaries and associates

Acquisitions of subsidiaries and associates in 1H 2012 and in 1H 2011

In H1 2012 and in H1 2011, BZ WBK did not buy or sell any subsidiary or associate.

28. 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.

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

In 1H 2012 no such events took place.

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

In 1H 2012 and in comparable period no transfers have been made.

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

On the last business day of 2011, Bank Zachodni WBK changed its intention regarding a portfolio of government bonds, which so far had been classified as 'held-to-maturity,' and reclassified them into the 'investment financial assets available for sale' category as a result of adapting the Bank's investment policy to the strategy, investment rules and risk management rules of Santander Group. The change pertained to financial instruments of a total carrying value of PLN 4 696 542 k, of which PLN 69 132 k was a recognised fair value. The same amount of fair value less the deferred tax was referred to the equity of the Bank.

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

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

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

No items affecting the BZWBK Group's structure of the statement of financial position and financial performance that are unusual because of their nature, volume or occurrence occurred in H1 2012.

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

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

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

- The shares were taken up by virtue of Resolution of the Annual General Meeting of Bank Zachodni WBK dd. 10 May 2012 regarding the increase of the share capital through the issue of series I shares.
- In line with the Subscription Agreement dd. 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. After the planned merger, EBRD will have a minority stake in Bank Zachodni WBK.

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

Conclusion by Bank Zachodni WBK S.A., jointly with other banks, of an agreement setting out the terms & conditions for PGNiG Termika Spółka Akcyjna issuance of bonds worth up to PLN 1,500,000,000.00 and terms for underwriting the issued bonds by banks acting as underwriters, where the agreement is a significant agreement for Bank Zachodni WBK S.A.

The Management Board of Bank Zachodni WBK S.A. informs that on 4 July 2012 it has concluded jointly with other banks within a consortium the guarantee agreement and agency and depository agreement with PGNiG Termika Spółka Akcyjna, providing terms for PGNiG Spółka Akcyjna issue of bonds up to the value of PLN 1,500,000,000.00. Under the above mentioned agreements Bank Zachodni WBK S.A. committed to purchase bonds issued by PGNiG Termika Spółka Akcyjna for the value not exceeding PLN 235,000,000.00. Under the agreements the Bank will act as one of the four bonds issue underwriters and one of the three payment sub-agents and sub-depositaries.

The criterion for qualifying the abovementioned Bank Zachodni WBK S.A. commitments as ones arising from a significant agreement was the relation between the total value of Bank Zachodni WBK S.A.'s obligations under the above mentioned agreements and other agreements concluded with companies from PGNiG S.A. capital group within the preceding twelve months, particularly guarantee agreement and agency and depository agreement up to PLN 616,500,000.00 concluded on 25 November 2011 to the value of Bank Zachodni WBK S.A.'s own equity worth PLN 7,214,775,000.00 as at 31 March 2012. This indicates that the total value of obligations arising from those agreements exceed 10% of Bank Zachodni WBK S.A. own equity.

The second notification of the planned merger with Kredyt Bank S.A.

On 16 July 2012, the Management Board of Bank Zachodni WBK, acting pursuant to Art. 504 § 1 and 2 of the Polish Commercial Companies Code, in accordance with Art. 4021 § 1 of the CCC, gives the second notification of the planned merger of the Bank with Kredyt Bank S.A.

Closing of the private placement of series I shares

On 17 July 2012, the Management Board of Bank Zachodni WBK S.A., announced that the private placement of I series ordinary bearer shares with the exclusion of the pre-emptive rights of the present shareholders in respect of the shares was completed. The shares were offered through a private placement for which no prospectus was required and were taken up by the European Bank for Reconstruction and Development.

The European Commission decision

The management board of Bank Zachodni WBK S.A. (the "Company") hereby announces that on 18 July 2012 the Company was informed that the European Commission has decided not to oppose the acquisition of control over Kredyt Bank S.A. by Banco Santander S.A., and consequently also by the Company, and to declare such acquisition of the control is compatible with the internal market and with the European Economic Area Agreement.

36. Dividend per share

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

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

37. Significant agreement for Bank Zachodni WBK S.A.

Conclusion by Bank Zachodni WBK S.A, jointly with other banks, of an agreement setting out the terms & conditions for ENEA S.A. issuance of bonds worth up to PLN 4,000,000,000.00 and terms for underwriting the issued bonds by banks acting as underwriters, where the agreement is a significant agreement for Bank Zachodni WBK S.A.

It has concluded a significant agreement on 21 June 2012 in Warsaw. This agreement ("Program Agreement") was concluded between ENEA S.A. based in Poznań and five banks acting as underwriters: Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Bank Handlowy w Warszawie S.A. and Nordea Bank Polska S.A. (jointly "Issue Underwriters"). ENEA and the Issue Underwriters stated in the Program Agreement the terms for ENEA issue of bonds up to the value of PLN 4,000,000,000.00 and the terms for underwriting the bonds issued by ENEA within the program ("Program") by the Issue Underwriters. Powszechna Kasa Oszczędności Bank Polski S.A. was appointed as the issue agent and the other banks as payment sub-agents and sub-depositories. Under the Program Agreement, Bank Zachodni WBK committed to purchase bonds issued by ENEA within the Program for the value not exceeding PLN 612,000,000.00.

The criterion for qualifying the abovementioned Bank Zachodni WBK S.A. commitments as ones arising from a significant agreement was the relation between the total value of Bank Zachodni WBK S.A.'s obligations under the Program Agreement and other agreements concluded with ENEA and ENEA's subsidiary in the preceding twelve (12) months (two overdraft agreements up to PLN 85,000,000.00 and PLN 150,000,000.00 concluded on 16 November 2011 and 18 July 2011 respectively) to the value of Bank Zachodni WBK S.A.'s own equity worth PLN 7,214,775,000.00 as at 31 March 2012. This indicates that the total value of obligations arising from those agreements exceed 10% of Bank Zachodni WBK S.A. own equity.

The purpose of the bond issue is to finance working capital requirements and investments of ENEA and its material subsidiaries, especially the purchase of a coal-fuelled power unit with supercritical parameters whose minimum and maximum net electric capacity is 900 MWe and 1000 MWe respectively, to be constructed as part of the operations of ENEA Wytwarzanie S.A., a subsidiary belonging to ENEA Capital Group (formerly known as Elektrownia Kozienice S.A.).

The term of the bond issue program is 10 years. Its completion date is 15 June 2022 while the Program's availability period in which the bonds will be issued expires on 31 December 2017. Bonds issued within the Programme will be unsecured.

The Program Agreement allows for bond issuance in multiple series, where the nominal value of each series will be minimum PLN 100,000,000.00 and the nominal value per share will be PLN 1,000,000.00. The issued bonds will be bearer bonds in a dematerialized form. ENEA will have the right to issue bonds worth not more than the Program amount, i.e. PLN 4,000,000,000.00 in total. In individual years of the Program's availability period, issue limits suitable for ENEA investment needs will apply.

The bond interest rate is variable, set annually based on 6M WIBOR plus fixed margin. Interest will be accrued from the issue date (inclusive) to the redemption date (exclusive).

The bonds will be issued in accordance with the Bond Act of 29 June 1995 and offered pursuant to sec. 9(3) of the same. The bonds will not be issued in public offering within the meaning of the Public Offering Act of 29 July 2005.

The Program Agreement was concluded for the duration of the Program or the date when the last bond is redeemed if not all bonds are repurchased on the last day of the Program.

Agreement with TAURON POLSKA ENERGIA SA on increasing the value of bond programme

On 29 June 2012, TAURON Polska Energia S.A. entered into an agreement with Bank Zachodni WBK S.A., Bank Handlowy w Warszawie S.A., ING Bank Śląski S.A., Bank Polska Kasa Opieki S.A., BRE Bank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Nordea Bank Polska S.A., Nordea Bank AB and BNP Paribas Bank Polska S.A. Under the agreement, the bond programme of TAURON Polska Energia S.A. ('Programme') has been extended to include tranches D and E of PLN 2,475m and PLN 275m, respectively, and the value of the Programme has come to a total of PLN 7,050m. Money raised through Tranche D and Tranche E will be used to finance investments of TAURON Group and working capital needs of TAURON Group, respectively.

Duration of Programme: 5 years from the issue date, however, no longer than 15 December 2017.

The bonds will be covered by an underwriting guarantee, i.e. the Programme Underwriters (the banks which are the parties to the agreement) will have an obligation to acquire the bonds issued by the Company (TAURON Polska Energia S.A.) under the Programme.

Signatures of Members of the Management Board			
Date	Name	Function	Signature
24.07.2012	Mateusz Morawiecki	President	
24.07.2012	Andrzej Burliga	Member	
24.07.2012	Eamonn Crowley	Member	
24.07.2012	Michael McCarthy	Member	
24.07.2012	Piotr Partyga	Member	
24.07.2012	Juan de Porras Aguirre	Member	
24.07.2012	Marcin Prell	Member	
24.07.2012	Miroslaw Skiba	Member	
24.07.2012	Feliks Szyszkowiak	Member	

Signature of a person who is responsible for maintaining the book of account			
Date	Name	Function	Signature
24.07.2012	Wojciech Skalski	Financial Accounting Area Director	