

**BANK ZACHODNI WBK S.A. GROUP
WROCLAW, RYNEK 9/11**

**CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE 2013 FINANCIAL YEAR**

**WITH
AUDITOR'S OPINION
AND
AUDIT REPORT**

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REPORT ON THE ACTIVITIES OF THE BANK ZACHODNI WBK S.A. GROUP FOR THE 2013 FINANCIAL YEAR

AUDITOR'S OPINION

To the Shareholders and Supervisory Board of Bank Zachodni WBK S.A.

We have audited the attached consolidated financial statements of the Bank Zachodni WBK S.A. Group ("Capital Group"), with Bank Zachodni WBK S.A. as the Parent Company ("Parent Company", "Bank"), with its registered office in Wrocław, at Rynek 9/11, including consolidated statement of financial position prepared as of 31 December 2013, consolidated income statement and consolidated statement of comprehensive income, movements on consolidated equity, consolidated statement of cash flow for the financial year from 1 January 2013 to 31 December 2013 and notes comprising a summary of significant accounting policies and other explanatory information.

Preparation of consolidated financial statements and a report on the activities of the Capital Group in line with the law is the responsibility of the Management Board of the Parent Company.

The Management Board of the Parent Company and members of its Supervisory Board are obliged to ensure that the consolidated financial statements and the report on the activities of the Capital Group meet the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2013, item 330, as amended), hereinafter referred to as the "Accounting Act".

Our responsibility was to audit and express an opinion on compliance of the consolidated financial statements with the accounting principles (policy) adopted by the Capital Group and whether the financial statements present fairly and clearly, in all material respects, the financial and economic position as well as the financial result of the Capital Group.

Our audit of the financial statements has been planned and performed in accordance with:

- section 7 of the Accounting Act,
- national auditing standards, issued by the National Council of Statutory Auditors in Poland.

We have planned and performed our audit of the consolidated financial statements in such a way as to obtain reasonable assurance to express an opinion on the consolidated financial statements. Our audit included, in particular, verification of the correctness of the accounting principles (policy) applied by the Parent Company and the subsidiaries, verification – largely on a test basis – of the basis for the amounts and disclosures in the consolidated financial statements, as well as overall evaluation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the audited consolidated financial statements of Bank Zachodni WBK S.A. Group in all material respects:

- present fairly and clearly the information material to evaluate the economic and financial position of the Capital Group as of 31 December 2013 as well as its profit or loss in the financial year from 1 January 2013 to 31 December 2013,
- have been prepared in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published as European Commission regulations, and in all matters not regulated in the standards – in accordance with the provisions of the Accounting Act and secondary legislation to the Act,
- comply with the provisions of law applicable to the Capital Group which affect the contents of the consolidated financial statements.

The Report on the activities of the Capital Group for the 2013 financial year is complete within the meaning of Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member (Journal of Laws of 2014, item 133) states and consistent with underlying information disclosed in the audited consolidated financial statements.

Paweł Nowosadko
Key certified auditor
conducting the audit
No. 90119

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

Dariusz Szkaradek – Deputy Chairman of the Management Board of Deloitte Polska Sp. z o.o. – which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 26 February 2014

The above audit opinion together with audit report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL
STATEMENTS OF THE BANK ZACHODNI WBK S.A. GROUP
FOR THE 2013 FINANCIAL YEAR**

I. GENERAL INFORMATION

1. Details of the audited Parent Company

The Parent Company of the Capital Group operates under the business name Bank Zachodni WBK S.A. (Parent Company, Bank). The Company's registered office is located in Wrocław at Rynek 9/11.

The Bank operates as a joint stock company. The Bank was recorded in the District Court in Wrocław, VI Business Division of the National Court Register, based on the decision of 27 April 2001, under KRS number 00008723.

The Bank's tax identification number NIP is: 896-000-56-73.

The REGON number assigned by the Statistical Office is: 930041341.

The Bank operates based on the provisions of the Code of Commercial Companies and Bank's law.

In accordance with the Bank's by-laws articles of association, the scope of its activities includes:

- accepting term and on demand deposits and keeping their records of transactions; accepting money transfers from domestic and foreign banks,
- operating other bank accounts,
- granting loans,
- granting and confirming bank guarantees as well as opening and confirming letters of credit,
- issuing banking securities,
- financial settlements operations,
- issue of electronic money instrument,
- granting cash advances,
- concluding check and B/E transactions,
- issuing payment cards and processing card operations,
- performing term financial transactions,
- trading in receivables,
- safekeeping of objects and securities as well as providing access to safe deposit boxes,
- providing agency services in international funds transfers and settlements in international trade,
- purchasing, selling and intermediating in trade of receivables and liabilities,
- performing operations related to the issue of securities,
- acting as the representative of bond holders,
- purchase and sale of FX values.

Additionally the Capital Group offers services listed below:

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

As of 31 December 2013, the Company's share capital amounted to PLN 935,451 thousand and was divided into 93,545,089 ordinary shares with a face value of PLN 10 each.

As of 31 December 2013 the Bank's shareholders included:

- Banco Santander S.A. – 70.00% shares,
- Other shareholders – 30.00% shares.

Changes in the share capital of the Bank during the financial year:

- Increase of share capital by PLN 189,074,580 as a result of merger of Bank Zachodni WBK S.A. and Kredyt Bank S.A. - 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 represented the total of 18,907,458 merger shares with a nominal value of PLN 10 each.

After the balance-sheet date there were no changes in the Bank's share capital.

Changes in the structure of shareholders during the financial year:

- On 22 March 2013, KBC Bank NV and Banco Santander S.A. announced a secondary offering for the shares of Bank Zachodni WBK S.A. The offering was for 19,978,913 shares representing 21.36% 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.
- On 28 March 2013, Bank Zachodni WBK S.A. was advised that all of its 15,125,964 shares held by KBC Bank NV, representing 16.17% of the Bank's registered capital had been sold directly. As a result of the transaction, neither KBC Bank NV nor KBC Group NV hold directly or indirectly any shares of Bank Zachodni WBK S.A. 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 S.A. held by Banco Santander S.A. and reduction of the latter's share in the Bank's registered capital and votes at its General Meeting by 5.19 p.p. to 70%.
- On 2 April 2013 Bank Zachodni WBK S.A. 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 S.A.
- On 31 July 2013 Bank Zachodni WBK S.A. was notified by the open-ended pension fund ING OFE that it had sold part of Bank's shares and carrying after transaction less than 5% of the share capital and voting power at the General Meeting of Bank Zachodni WBK S.A.

During the audited period, the shareholding structure of the Bank's share capital did not undergo changes other than described above, among shareholders possessing at least 5% of the total number of votes at the General Meeting of Shareholders of Bank Zachodni WBK S.A.

As of 31 December 2013, the Capital Group's equity amounted to PLN 14,482,943 thousand.

The Capital Group's financial year is the calendar year.

Composition of the Management Board as of the date of the opinion:

- Mateusz Morawiecki – Chairman of the Management Board,
- Andrzej Burliga – Member of the Management Board,
- Eamonn Crowley – Member of the Management Board,
- Michael McCarthy – Member of the Management Board,
- Piotr Partyga – Member of the Management Board,
- Juan de Porras Aguirre – Member of the Management Board,

- Marcin Prell – Member of the Management Board,
- Marco Antonio Silva Rojas – Member of the Management Board,
- Mirosław Skiba – Member of the Management Board,
- Feliks Szyszkiwiak – Member of the Management Board.

In audited period there were no changes in the composition of the Management Board.

Composition of the Capital Group as of 31 December 2013:

- Parent Company – Bank Zachodni WBK S.A. and
- subsidiaries:
 - BZ WBK Inwestycje Sp. z o.o.,
 - BZ WBK Finanse Sp. z o.o.,
 - BZ WBK Faktor Sp. z o.o.,
 - BZ WBK Leasing S.A.,
 - BZ WBK Nieruchomości S.A.,
 - Dom Maklerski BZ WBK S.A.,
 - BZ WBK Asset Management S.A.,
 - BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A.,
 - Kredyt Lease S.A. (company was acquired in a merger of Bank Zachodni WBK S.A. and Kredyt Bank S.A. – on 31 January 2014 company changed its name to BZ WBK Lease S.A.),
 - Lizar Sp. z o.o. (company was acquired in a merger of Bank Zachodni WBK S.A. and Kredyt Bank S.A.),
 - BFI Serwis Sp. z o.o. in liquidation (company was acquired in a merger of Bank Zachodni WBK S.A. and Kredyt Bank S.A.),
 - BZ WBK – Aviva Towarzystwo Ubezpieczeń Ogólnych S.A.,
 - BZ WBK – Aviva Towarzystwo Ubezpieczeń na Życie S.A.
- associates:
 - POLFUND – Fundusz Poręczeń Kredytowych S.A.,
 - Metrohouse S.A.,
 - Krynicki Recykling S.A.

The consolidated financial statements as of 31 December 2013 included the following entities:

- a) Parent Company – Bank Zachodni WBK S.A.

We have audited the financial statements of Bank Zachodni WBK S.A., the Parent Company, for the period from 1 January to 31 December 2013. As a result of our audit, on 26 February 2014 we issued an unqualified opinion.

- b) Companies subject to full consolidation:

Name and address of the Company	Interest in the capital (%)	Name of entity that audited the financial statements and type of opinion issued	Balance sheet date of the consolidated entity	Opinion date
BZ WBK Finanse Sp. z o.o. – Poznan	100%	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. No opinion was issued till the date of this report.	31 December 2013	Not applicable
BZ WBK Faktor Sp. z o.o. – Warsaw	100%*	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. Unqualified.	31 December 2013	31 January 2014
BZ WBK Inwestycje Sp. z o.o. – Poznan	100%	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. No opinion was issued till the date of this report.	31 December 2013	Not applicable

Dom Maklerski BZ WBK S.A. – Poznan	99.99%	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. Unqualified.	31 December 2013	19 February 2014
Kredyt Lease S.A. (since 31 January 2014 – BZ WBK Lease S.A.) - Warsaw	100%*	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. No opinion was issued till the date of this report.	31 December 2013	Not applicable
BFI Serwis Sp. z o.o. in liquidation - Warsaw	100%	Company is not subject to statutory audit.	31 December 2013	Not applicable
BZ WBK Leasing S.A. – Poznan	100%*	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. Unqualified.	31 December 2013	14 February 2014
BZ WBK Nieruchomości S.A. – Poznan	99.99%	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. No opinion was issued till the date of this report.	31 December 2013	Not applicable
BZ WBK Asset Management S.A. – Poznan	50%	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. Unqualified.	31 December 2013	31 January 2014
BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A. – Poznan	100%**	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. Unqualified.	31 December 2013	31 January 2014
BZ WBK – Aviva Towarzystwo Ubezpieczeń Ogólnych S.A. – Poznan	66%	PricewaterhouseCoopers Sp. z o.o. No opinion was issued till the date of this report.	31 December 2013	Not applicable
BZ WBK – Aviva Towarzystwo Ubezpieczeń na Życie S.A. – Poznan	66%	PricewaterhouseCoopers Sp. z o.o. No opinion was issued till the date of this report.	31 December 2013	Not applicable

* belongs to BZ WBK Finanse Sp. z o.o.

** belongs to BZ WBK Asset Management S.A.

c) Companies subject to equity method of consolidation:

Name and address of the Company	Interest in the capital (%)	Name of entity that audited the financial statements and type of opinion issued	Balance sheet date of the consolidated entity	Opinion date
POLFUND – Fundusz Poręczeń Kredytowych S.A. - Szczecin	50%	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. No opinion was issued till the date of this report.	31 December 2013	Not applicable
Metrohouse S.A. – Warszawa	21.23%*	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. No opinion was issued till the date of this report.	31 December 2013	Not applicable
Krynicky Recykling S.A. – Warszawa	22.32%*	HLB M2 Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. No opinion was issued till the date of this report.	31 December 2013	Not applicable

* Metrohouse S.A. and Krynicky Recykling S.A. are the associates of BZ WBK Inwestycje Sp. z o.o. - Bank's subsidiary.

The Parent Company preparing the consolidated financial statements did not simplify or alter consolidation principles in relation to the consolidated entities.

In the audited financial year, the Parent Company included in/excluded from consolidation the following entities:

- as a result of acquisition of control over BZ WBK - AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A. and BZ WBK-AVIVA Towarzystwo Ubezpieczeń na Życie S.A. on 20 December 2013, the above mentioned companies are subsidiaries as of 31 December 2013 and are subject to full consolidation,
- on 29 March 2013 the BZ WBK leasing companies merged – 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.,
- on 22 August 2013 subsidiary Kredyt Lease in liquidation Sp. z o.o. (company acquired in a merger of BZ WBK S.A. and Kredyt Bank) was deleted from the National Court Register (KRS), as a result as of 31 December was not subject to consolidation.

2. Information about the consolidated financial statements for the prior financial year

The activities of the Capital Group in 2012 resulted in a net profit of PLN 1,462,635 thousand. The consolidated financial statements of the Capital Group for 2012 were audited by a certified auditor. The audit was performed by authorized entity Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. On 7 March 2013 the certified auditor issued an unqualified opinion on those financial statements.

The General Shareholders' Meeting which approved the consolidated financial statements for the 2012 financial year was held on 17 April 2013.

In accordance with applicable laws, the consolidated financial statements for the 2012 financial year were submitted to the National Court Register (KRS) on 18 April 2013.

3. Details of the authorized entity and the key certified auditor acting on its behalf

The audit of the consolidated financial statements was performed based on the agreement of 13 June 2013 concluded between Bank Zachodni WBK S.A. and Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered office in Warsaw, al. Jana Pawła II 19, recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors. On behalf of the authorized entity, the audit of the consolidated financial statements was conducted under the supervision of Paweł Nowosadko key certified auditor (No. 90119) in the registered office of the Parent Company from 14 October to 15 November 2013 and from 13 January 2014 to 14 February 2014 as well as outside the Bank's premises until the date of this opinion.

The entity authorized to audit the financial statements was appointed by the resolution of the Supervisory Board of Bank Zachodni WBK S.A. from 12 June 2013 based on authorization included in Article 32 point 10 of the Parent Company's articles of association.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and Paweł Nowosadko, key certified auditor, confirm that they are authorized to carry out audits and meet the requirements of Article 56 of the Act on statutory auditors and their self-governing body, auditing firms and on public oversight (Journal of Laws of 2009, No. 77, item 649, as amended) to express an unbiased and independent opinion on the consolidated financial statements of the Bank Zachodni WBK S.A. Group.

4. Availability of data and management's representations

The scope of our audit was not limited.

During the audit, all necessary documents and data as well as detailed information and explanations, were provided to the authorized entity and the key certified auditor, as confirmed e.g. in the written representation of the Management Board of the Parent Company of 26 February 2014.

II. ECONOMIC AND FINANCIAL POSITION OF THE CAPITAL GROUP

Presented below are the main items from the consolidated income statement as well as financial ratios describing the financial performance of the Capital Group and its economic and financial position compared to the prior year.

Information for period ended 31 December 2013 includes data after merger of Parent Company and Kredyt Bank S.A. (and subsidiaries: BZ WBK Lease S.A.(before: Kredyt Lease S.A.) and BFI Serwis Sp. z o.o. in liquidation acquired as a result of the merger of Parent Company and Kredyt Bank S.A.) and data after control acquisition over BZ WBK – AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A. and BZ WBK – AVIVA Towarzystwo Ubezpieczeń na Życie S.A.

Main items from the consolidated statement of financial position (PLN '000)

	<u>2013</u>	<u>2012</u>
Total assets	106,089,036	60,019,177
Cash and balances with central banks	5,149,686	4,157,274
Loans and advances to banks	2,212,704	1,458,128
Financial assets held for trading	2,344,901	831,715
Loans and advances to customers	68,132,143	39,867,554
Investments securities	22,090,764	11,716,133
Goodwill	2,542,325	0
Intangible assets	506,792	127,338
Property, plant and equipment	632,642	479,811
Deposits from banks	6,278,797	1,351,050
Financial liabilities held for trading	1,277,162	728,831
Deposits from customers	78,542,982	47,077,094
Other liabilities	3,153,281	998,512
Subordinated liabilities	1,384,719	409,110
Total equity, including:	14,482,943	8,977,714
- share capital	935,451	746,376

Main items from the consolidated income statement and consolidated statement of comprehensive income (PLN '000)

	<u>2013</u>	<u>2012</u>
Interest income	5,215,203	3,867,485
Interest expense	(1,938,643)	(1,566,408)
Net fee and commission income	1,778,556	1,384,986
Dividend income	58,738	55,748
Net trading income and revaluation	186,114	164,345
Operating expenses	(2,862,078)	(1,817,194)
Impairment losses on loans and advances	(729,301)	(501,793)
Profit for the period	2,014,611	1,462,635
Total comprehensive income for the period	1,851,124	1,789,724

Effectiveness ratios

	<u>2013*</u>	<u>2012</u>
Return on equity ratio	15.20%	17.77%
Return on assets ratio	1.93%	2.44%
Cost to income ratio	50.47%	43.94%
Capital adequacy ratio	13.92%	16.53%
NPL ratio	7.88%	5.45%
Equity ratio	13.65%	14.96%

* Calculation of effectiveness ratios for period ended 31 December 2013 includes in the initial balances fair value of acquired assets and liabilities of Kredyt Bank S.A. as of 4 January 2013, calculated for merger purposes.

An analysis of the above figures and ratios indicated the following trends in 2013:

- return on equity ratio (ROE) as a relation of profit for the period to equity calculated as an average of balances as of the end of two last annual periods decreased at the end of 2013, reaching 15.20% in comparison to 17.77% at the end of 2012,
- return on asset ratio (ROA) as a relation of profit for the period to total assets calculated as an average of balances as of the end of two last annual periods decreased at the end of 2013, reaching 1.93% in comparison to 2.44% at the end of 2012,
- cost to income ratio as a relation of operating expenses to income calculated as sum of net interest income, net fee and commission income, dividend income, net trading income and revaluation, gains (losses) from other financial securities and other operating income increased in 2013, reaching 50.47% in comparison to 43.94% in 2012,
- capital adequacy ratio ratio as a relation of own funds to total capital requirement multiplied by 12.5 at the end of 2013 was 13.92%; at the end of 2012 solvency ratio was 16.53%,
- non-performing loans ratio as a relation of gross loans and advances to customers (individually and collectively impaired) to total gross loans and advances to customers increased at the end of 2013, reaching 7.88% in comparison to 5.45% at the end of 2012,
- equity ratio as a relation of equity to total equity and liabilities at the end of 2013 was 13.65% in comparison to 14.96% at the end of 2012,
- as a result of the merger of Bank Zachodni WBK S.A. with Kredyt Bank the calculation of the fair value of acquired assets and liabilities resulted in the goodwill of PLN 1,688,516 thousand. The settlement of the merger has been described in the note 55 of consolidated financial statements. As a result of acquisition of control over BZ WBK – AVIVA Towarzystwo Ubezpieczeń na Życie S.A. and BZ WBK – AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A. the provisional estimation of the fair value of acquired assets and liabilities resulted in the goodwill of PLN 853,809 thousand. The provisional settlement of the acquisition of control has been described in the note 49 of consolidated financial statements. Total amount of goodwill in consolidated financial statement regarding above mentioned transactions is PLN 2,542,325 thousand.

Application of prudence principles

During the audit we did not detect facts indicating that as of 31 December 2013 the Parent Company did not comply with prudence principles defined by provisions of the Banking Law, resolutions of the Management Board of the National Bank of Poland and resolutions of the Polish Financial Supervision Commission.

Capital adequacy ratio

During the audit we did not detect significant irregularities related to the calculation of the capital adequacy ratio as of 31 December 2013 for Bank Zachodni WBK S.A. Capital Group in accordance with resolution No. 76/2010 of the Polish Financial Supervision Commission of 10 March 2010 on the scope and detailed principles for defining capital requirements due to individual types of risks (with subsequent changes).

III. DETAILED INFORMATION

1. Information about the audited consolidated financial statements

The audited consolidated financial statements were prepared as of 31 December 2013 and include:

- consolidated income statement for the period from 1 January 2013 to 31 December 2013, with a net profit of PLN 2,014,611 thousand,
- consolidated statement of comprehensive income for the period from 1 January 2013 to 31 December 2013, with a total comprehensive income of PLN 1,851,124 thousand,
- consolidated statement of financial position prepared as of 31 December 2013, with total assets and liabilities plus equity of PLN 106,089,036 thousand,
- movements on consolidated equity for the period from 1 January 2013 to 31 December 2013, disclosing an increase in equity of PLN 5,505,229 thousand,
- consolidated statement of cash flows for the period from 1 January 2013 to 31 December 2013, showing a cash inflow of PLN 4,595,935 thousand,
- additional notes, comprising a summary of significant accounting policies and other explanatory information.

The structure of assets and liabilities plus equity as well as items affecting the financial profit or loss has been presented in the consolidated financial statements.

The audit covered the period from 1 January 2013 to 31 December 2013 and focused mainly on:

- verification of the correctness and fairness of the consolidated financial statements prepared by the Management Board of the Parent Company,
- verification of the consolidation documentation,
- evaluation of the correctness of the consolidation methods and procedures applied during consolidation,
- review of opinions and reports on audits of financial statements of subsidiaries and associated companies included in consolidation, prepared by other certified auditors.

2. Consolidation documentation

The Parent Company presented the consolidation documentation including:

- 1) financial statements of entities, included in the consolidated financial statements,
- 2) consolidation packages of controlled entities included in the consolidated financial statements, adjusted to IFRS rules and the accounting principles (policy) applied of Capital Group,
- 3) all consolidation adjustments and eliminations necessary for preparation of the consolidated financial statements,
- 4) calculation of minority interest.

Basis for the preparation of the consolidated financial statements

The consolidated financial statements of the Capital Group for the 2013 financial year have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union.

Entities in the Capital Group

The scope and method of consolidation as well as the relationship between entities in the capital group have been determined based on the criteria specified in the International Financial Reporting Standards.

Financial period

The consolidated financial statements have been prepared as of the same end of the reporting period and for the same financial year as the financial statements of the Parent Company – Bank Zachodni WBK S.A. Subsidiaries and associated companies included in consolidation prepared their financial statements as of the same end of the reporting period as the Parent Company. The financial year of all subsidiaries and associated companies included in consolidation ended on 31 December 2013.

Consolidation method

The financial statements of the subsidiaries were consolidated using the full method, i.e. full amounts of all relevant items of the financial statements of the Parent Company and the subsidiaries included in consolidation were summed up.

Once the values had been summed up, consolidation adjustments and eliminations were applied to:

- the cost of shares held by the Parent Company in subsidiaries and the part of net assets of subsidiaries corresponding to the interest of the Parent Company in these companies,
- mutual receivables and liabilities of entities included in consolidation,
- material revenue and expenses related to transactions between entities included in consolidation.

The equity method was applied with respect to associated entities. The value of the Parent Company's interest in the associated company was adjusted by increases or decreases in the equity of the associated company attributable to the Parent Company, which occurred in the period covered by consolidation, and decreased by dividends due from such companies.

3. Completeness and correctness of drawing up notes and explanations and the report on the activities of the Capital Group

The Parent Company confirmed the validity of the going concern basis in preparation of the consolidated financial statements. The notes to the consolidated financial statements give a correct and complete description of measurement principles regarding assets, liabilities, profit or loss and principles of preparation of the consolidated financial statements.

The Parent Company prepared notes in the form of tables to individual items of the consolidated statement of financial position and statement of comprehensive income as well as narrative descriptions, in line with the requirement of IFRS.

Notes describing property, plant and equipment, intangible assets, investments, liabilities and provisions correctly present increases and decreases as well as their basis during the financial year.

Limitations imposed on individual assets disclosed in the consolidated statement of financial position arising from security granted to creditors have been described.

Individual assets and liabilities as well as revenue and expenses have been correctly presented by the Parent Company in the consolidated financial statements. The consolidated statement of financial position, consolidated statement of comprehensive income, movements on consolidated equity and consolidated statement of cash flows as well as notes which constitute an integral part of the consolidated financial statements include all significant items required for disclosure in the consolidated financial statements under IFRS.

The Management Board prepared and supplemented the consolidated financial statements with a report on the activities of the Capital Group in the 2013 financial year. The report contains all information required under Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance Ordinance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states (Journal of Laws of 2014, item 133). We have audited the report with respect to the disclosed information derived directly from the audited consolidated financial statements.

IV. CLOSING COMMENTS

Management Board's Representation

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and the key certified auditor received a representation letter from the Parent Company's Management Board, in which the Board stated that the Capital Group complied with the laws in force.

Paweł Nowosadko
Key certified auditor
conducting the audit
No. 90119

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

Dariusz Szkaradek – Deputy Chairman of the Management Board of Deloitte Polska Sp. z o.o. – which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 26 February 2014