



**Unaudited Interim Condensed  
Consolidated Financial Report of  
Bank Gospodarki Żywnościowej S.A.  
Capital Group  
for the half-year period  
ended 30 June 2012**

***Prepared in accordance with International Financial  
Reporting Standards***

Warsaw, 7 August 2012

# Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the half-year period ended 30 June 2012

- data in PLN thousand



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## I INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated Income Statement

	Note	2nd quarter of 2012 period from 01.04.2012 to 30.06.2012 unaudited	Two quarters of 2012 period from 01.01.2012 to 30.06.2012 unaudited	2nd quarter of 2011 period from 01.04.2011 to 30.06.2011 unaudited	Two quarters of 2011 period from 01.01.2011 to 30.06.2011 unaudited
Interest income	2.1	528 243	1 033 609	398 177	765 889
Interest expense	2.1	(270 787)	(531 348)	(199 538)	(396 110)
<b>Net interest income</b>		<b>257 456</b>	<b>502 261</b>	<b>198 639</b>	<b>369 779</b>
Fee and commission income	2.2	91 302	174 133	78 129	150 273
Fee and commission expense	2.2	(13 729)	(25 951)	(9 938)	(18 021)
<b>Net fee and commission income</b>		<b>77 573</b>	<b>148 182</b>	<b>68 191</b>	<b>132 252</b>
Dividend income		3 396	3 396	3 554	3 554
Result on trading activities	2.3	11 213	39 992	15 720	53 967
Result on investing activities		9 930	17 545	(82)	(926)
Result on hedge accounting		-	-	-	-
Other operating income	2.5	17 998	33 968	18 560	31 706
Net impairment losses on loans and advances	2.7	(115 422)	(157 681)	(30 499)	(53 648)
General administrative expenses	2.4	(229 745)	(459 236)	(215 665)	(410 049)
Other operating expenses	2.6	(32 406)	(73 940)	(25 067)	(54 577)
<b>Operating result</b>		<b>(7)</b>	<b>54 487</b>	<b>33 351</b>	<b>72 058</b>
Share in profit (loss) of associates		(1 778)	(892)	1 084	2 009
<b>Profit (loss) before taxation</b>		<b>(1 785)</b>	<b>53 595</b>	<b>34 435</b>	<b>74 067</b>
Income tax expense	2.8	762	(14 139)	(7 982)	(13 785)
<b>Net profit (loss)</b>		<b>(1 023)</b>	<b>39 456</b>	<b>26 453</b>	<b>60 282</b>
- attributable to the shareholders of the Bank					
<b>Earnings per share</b> (in PLN per share):		<b>(0,02)</b>	<b>0,91</b>	<b>0,61</b>	<b>1,40</b>
From continuing and discontinued operations:		(0,02)	0,91	0,61	1,40
- Basic		(0,02)	0,91	0,61	1,40
- Diluted		(0,02)	0,91	0,61	1,40
From continuing operations:		(0,02)	0,91	0,61	1,40
- Basic		(0,02)	0,91	0,61	1,40
- Diluted		(0,02)	0,91	0,61	1,40

Notes included on pages 12 - 67 are an integral part of these unaudited interim condensed consolidated financial statements

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## Consolidated statement of comprehensive income

	2nd quarter of 2012 period from 01.04.2012 to 30.06.2012 unaudited	Two quarters of 2012 period from 01.01.2012 to 30.06.2012 unaudited	2nd quarter of 2011 period from 01.04.2011 to 30.06.2011 unaudited	Two quarters of 2011 period from 01.01.2011 to 30.06.2011 unaudited
<b>Profit (loss)</b>	<b>(1 023)</b>	<b>39 456</b>	<b>26 453</b>	<b>60 282</b>
<b>Other comprehensive income</b>				
Net (loss)/gain on valuation of available-for-sale financial assets	25 864	54 735	33 797	25 312
Net (loss)/gain on valuation of derivatives hedging future cash flows	5 250	5 250	-	-
Income tax effect	(5 911)	(11 397)	(6 421)	(4 809)
<b>Other comprehensive income (net)</b>	<b>25 203</b>	<b>48 588</b>	<b>27 376</b>	<b>20 503</b>
<b>Total comprehensive income</b>	<b>24 180</b>	<b>88 044</b>	<b>53 829</b>	<b>80 785</b>

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## Consolidated statement of financial position

	Note	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
<b>ASSETS</b>				
Cash and balances with the Central Bank		1 502 744	1 383 321	1 114 603
Amounts due from other banks	2.9	273 397	221 071	213 575
Receivables arising from reverse repo transactions	2.10	662 417	366 343	255 391
Held-for-trading securities	2.11	2 262 776	1 632 434	812 238
Derivative financial instruments, including	2.12	351 899	883 109	200 599
– hedging derivatives	2.13	15 554	-	-
Loans and advances to customers	2.14	25 270 400	24 222 391	21 047 493
Securities available for sale	2.15	3 663 762	3 624 750	3 603 734
Other debt securities	2.16	-	-	55 700
Investment property		63 401	63 401	63 900
Investments in associates		45 563	46 245	33 514
Intangible assets	2.17	140 420	146 443	90 081
Property, plant and equipment	2.18	472 029	485 943	462 190
Deferred tax asset		182 559	207 794	213 814
Current tax asset		46 242	-	44 800
Other assets	2.19	132 153	123 968	141 708
<b>TOTAL ASSETS</b>		<b>35 069 762</b>	<b>33 407 213</b>	<b>28 353 340</b>

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## Consolidated statement of financial position (continued)

	Nota	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
<b>LIABILITIES</b>				
Amounts owed to other banks	2.20	4 050 991	4 446 716	3 975 562
Liabilities arising from repo transactions	2.21	1 393 391	-	-
Derivative financial instruments and other liabilities held for trading, including	2.12	343 042	795 707	363 126
– hedging derivatives	2.13	-	-	-
Amounts owed to customers	2.22	24 123 812	22 941 652	19 548 216
Liabilities from issued debt securities		1 967 408	2 033 267	1 434 622
Other liabilities	2.23	383 502	474 952	380 575
Deferred tax liability		9 719	9 719	9 814
Current tax liabilities		-	-	17
Provisions	2.24	42 959	41 926	40 494
Liabilities arising from employee benefits	2.25	29 032	25 412	25 112
<b>TOTAL LIABILITIES</b>		<b>32 343 856</b>	<b>30 769 351</b>	<b>25 777 538</b>
<b>EQUITY</b>				
Issued share capital	4.1	43 137	43 137	43 137
Reserve capital		2 458 716	2 332 656	2 332 656
Accumulated profit/ (loss) from previous years		10 364	8 327	8 327
Other reserves		174 233	125 645	131 400
Undistributed profit		39 456	128 097	60 282
<b>TOTAL EQUITY</b>		<b>2 725 906</b>	<b>2 637 862</b>	<b>2 575 802</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>35 069 762</b>	<b>33 407 213</b>	<b>28 353 340</b>

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## Consolidated statement of changes in equity - unaudited

	Share capital	Reserve capital	Other reserves	Accumulated profit (loss) from previous years	Undistributed profit	Total
<b>As at 1 January 2012</b>	<b>43 137</b>	<b>2 332 656</b>	<b>125 645</b>	<b>8 327</b>	<b>128 097</b>	<b>2 637 862</b>
Net profit for the half-year period	-	-	-	-	39 456	39 456
Other comprehensive income for the period	-	-	48 588	-	-	48 588
Transfer from prior year profits	-	126 060	-	2 037	(128 097)	-
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>48 588</b>	<b>-</b>	<b>39 456</b>	<b>88 044</b>
<b>As at 30 June 2012</b>	<b>43 137</b>	<b>2 458 716</b>	<b>174 233</b>	<b>10 364</b>	<b>39 456</b>	<b>2 725 906</b>

## Consolidated statement of changes in equity (continued)

	Share capital	Reserve capital	Other reserves	Accumulated profit (loss) from previous years	Undistributed profit	Total
<b>As at 1 January 2011</b>	<b>43 137</b>	<b>2 220 155</b>	<b>110 897</b>	<b>8 487</b>	<b>112 341</b>	<b>2 495 017</b>
Net profit for the year	-	-	-	-	128 097	128 097
Other comprehensive income for the period	-	-	14 748	-	-	14 748
Transfer from prior year profits	-	112 501	-	(160)	(112 341)	-
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>14 748</b>	<b>-</b>	<b>128 097</b>	<b>142 845</b>
<b>As at 31 December 2011</b>	<b>43 137</b>	<b>2 332 656</b>	<b>125 645</b>	<b>8 327</b>	<b>128 097</b>	<b>2 637 862</b>

Notes included on pages 12 - 67 are an integral part of these unaudited interim condensed consolidated financial statements



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## Consolidated statement of changes in equity – unaudited (continued)

	Share capital	Reserve capital	Other reserves	Accumulated profit (loss) from previous years	Undistributed profit	Total
<b>As at 1 January 2011</b>	<b>43 137</b>	<b>2 220 155</b>	<b>110 897</b>	<b>8 487</b>	<b>112 341</b>	<b>2 495 017</b>
Net profit for the half-year period	-	-	-	-	60 282	60 282
Other comprehensive income for the period	-	-	20 503	-	-	20 503
Transfer from prior year profits	-	112 501	-	(160)	(112 341)	-
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>20 503</b>	<b>-</b>	<b>60 282</b>	<b>80 785</b>
<b>As at 30 June 2011</b>	<b>43 137</b>	<b>2 332 656</b>	<b>131 400</b>	<b>8 327</b>	<b>60 282</b>	<b>2 575 802</b>

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## Consolidated statement of cash flows

Note	2nd quarter of 2012 period from 01.04.2012 to 30.06.2012 unaudited	Two quarters of 2012 period from 01.01.2012 to 30.06.2012 unaudited	2nd quarter of 2011 period from 01.04.2011 to 30.06.2011 unaudited	Two quarters of 2011 period from 01.01.2011 to 30.06.2011 unaudited
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>Net profit/loss</b>	<b>(1 023)</b>	<b>39 456</b>	<b>26 453</b>	<b>60 282</b>
<b>Total adjustments:</b>	<b>(215 392)</b>	<b>250 168</b>	<b>(2 311 311)</b>	<b>(2 182 452)</b>
Current and deferred tax recognized in the financial result	(762)	14 139	7 982	13 785
Amortization and depreciation	23 296	45 425	19 558	38 206
Interest and dividends	(19 650)	(88 335)	(21 137)	(36 437)
Profit/Loss from investing activities	(10 434)	(18 049)	-	-
Change in provisions and liabilities from employee benefits	(1 841)	4 653	(2 359)	1 087
Change in amounts due from other banks	2 487	2 969	35 930	35 859
Change in receivables arising from reverse repo transactions	44 152	(296 074)	29 601	396 315
Change in held-for-trading debt securities	207 635	(630 342)	894 316	1 002 661
Positive change in valuation of derivative financial instruments except for hedging derivatives	112 310	546 764	2 034	20 388
Change in valuation of hedging instruments	(15 554)	(15 554)	-	-
Change in loans and advances to customers	(1 061 121)	(1 048 009)	(1 092 128)	(1 178 316)
Change in amounts owed to other banks	161 911	(247 875)	26 492	570 558
Change in liabilities arising from repo transactions	(160 827)	1 393 391	(339 613)	(1 268 921)
Negative change in valuation of derivative financial instruments	(147 566)	(452 665)	(120 814)	(368 972)
Change in amounts owed to customers	726 156	1 182 160	(1 747 467)	(1 503 499)
Change in deferred income tax and receivables arising from income tax	(68 371)	(54 427)	(55 791)	(63 430)
Change in other liabilities and liabilities arising from income tax	(27 005)	(91 450)	22 770	138 694
Other adjustments	19 792	3 447	29 315	19 570
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(216 415)</b>	<b>289 624</b>	<b>(2 284 858)</b>	<b>(2 122 170)</b>

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	2nd quarter of 2012 period from 01.04.2012 to 30.06.2012 unaudited	Two quarters of 2012 period from 01.01.2012 to 30.06.2012 unaudited	2nd quarter of 2011 period from 01.04.2011 to 30.06.2011 unaudited	Two quarters of 2011 period from 01.01.2011 to 30.06.2011 unaudited
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
<b>Inflows</b>	<b>21 228 771</b>	<b>38 287 473</b>	<b>12 322 135</b>	<b>34 043 155</b>
Sale and redemption of other debt securities	-	-	-	51 210
Sale of securities available for sale	21 225 375	38 284 077	12 322 279	33 991 373
Sale of intangible assets and property, plant and equipment	-	-	(144 )	572
Dividends received and other investment income	3 396	3 396	-	-
<b>Outflows</b>	<b>(20 670 033)</b>	<b>(38 190 529)</b>	<b>(12 677 694)</b>	<b>(34 283 634)</b>
Purchase of securities available for sale	(20 654 200)	(38 167 183)	(12 657 503)	(34 254 140)
Purchase of intangible assets, property, plant and equipment	(15 822)	(23 235)	(20 191)	(29 494)
Other investing outflows	(11)	(111)	-	-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>558 738</b>	<b>96 944</b>	<b>(355 559)</b>	<b>(240 479)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
<b>Inflows</b>	<b>811 500</b>	<b>2 405 500</b>	<b>3 747 441</b>	<b>5 169 441</b>
Long – term financing from other banks	-	-	2 394 441	2 394 441
Issue of debt securities to other financial institutions	811 500	2 405 500	1 353 000	2 775 000
<b>Outflows</b>	<b>(1 056 617)</b>	<b>(2 617 350)</b>	<b>(1 496 883)</b>	<b>(3 103 412)</b>
Repayment of long-term financing from other banks	(74 617)	(147 850)	(9 856)	(9 856)
Redemption of debt securities issued to other financial institutions	(982 000)	(2 469 500)	(1 487 027)	(3 093 556)
<b>TOTAL NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(245 117)</b>	<b>(211 850)</b>	<b>2 250 558</b>	<b>2 066 029</b>
<b>TOTAL NET CASH FLOW</b>	<b>97 206</b>	<b>174 718</b>	<b>(389 859)</b>	<b>(296 620)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1 670 161</b>	<b>1 592 649</b>	<b>1 704 077</b>	<b>1 610 838</b>
<b>Cash and cash equivalents at the end of the period, including:</b>	<b>2.26</b>	<b>1 767 367</b>	<b>1 314 218</b>	<b>1 314 218</b>
of restricted use	1 227	1 227	415	415

Notes included on pages 12 - 67 are an integral part of these unaudited interim condensed consolidated financial statements

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## 1 ADDITIONAL EXPLANATORY NOTES

### 1.1 General information

Bank Gospodarki Żywnościowej Spółka Akcyjna is the parent company of the BGŻ S.A. Capital Group (hereinafter referred to as the "Group").

Bank Gospodarki Żywnościowej Spółka Akcyjna (the "Bank" or "BGŻ S.A."), with its registered office in Warsaw, at Kasprzaka 10/16 Street, is entered in the National Court Register maintained by the District Court for the capital city of Warsaw, XII Economic Department, Entry no. KRS 0000011571. The Bank and the subsidiary entities of the Group shall continue until terminated.

### 1.2 Basis for the preparation of the unaudited interim condensed consolidated financial statements.

Accounting principles applied in the first half of 2012 do not differ from these applied in 2011 with the exception of hedge accounting, which was introduced by the Group in the second quarter of 2012 (the hedge accounting policies are described in paragraph 1.8). The accounting principles were described in detail in the consolidated financial statements for the year ended 31 December 2011 approved by the Management Board on 5 March 2012. The unaudited interim condensed consolidated financial statements for the half-year period ended 30 June 2011 were prepared in accordance with the International Financial Reporting Standards endorsed by the European Union applicable to interim reporting ('IAS 34') and in accordance with the requirements specified in the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information disclosed by issuers of securities (Journal of Laws of 2009 No. 33, pos. 259).

Based on the paragraph 101 point 2 of the above regulation the Bank does not publish consolidated quarterly report for the second quarter of 2012. Therefore the unaudited interim consolidated financial statements for the first half of 2012 contain additionally:

- the consolidated income statement,
- the consolidated statement of comprehensive income,
- the consolidated statement of cash flows

for the second quarter of 2012, i.e. the period from 1 April 2012 to 30 June 2012 and for the second quarter of 2011, i.e. the period from 1 April 2011 to 30 June 2011.

These interim condensed consolidated financial statements for the first half of 2012 ended 30 June 2012 were subject to review by key certified auditor acting on behalf of Ernst & Young Audit Sp. z o.o., an entity authorized to audit financial statements. The review was conducted in accordance with the provisions of the law binding in Poland and national auditing standards issued by the National Council of Statutory Auditors in Poland. The quarterly data for the second quarter of 2012 and the second quarter of 2011 were not subject to a review nor audit by the certified auditor.

The unaudited interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements, therefore they should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2011 approved by the Management Board on 5 March 2012.

During the preparation of this unaudited interim condensed consolidated financial statements the accounting principles resulting from the following sources were applied:

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1. International Financial Reporting Standards issued by the International Accounting Standards Board and their interpretations issued by the International Financial Reporting Interpretations Committee.
2. International Accounting Standard no. 34 'Interim financial reporting'.

## Implementation of new Standards and Interpretations, which are issued, but not effective

Presented below are the IASs and IFRSs issued by the International Accounting Standard Board and new IFRIC interpretations, which are not effective:

- The first phase of IFRS 9 *Financial Instruments: Classification and Measurement* – effective for financial years beginning on or after 1 January 2015 – not endorsed by EU till the date of approval of these financial statements. In subsequent phases, the IASB will address hedge accounting and impairment. The application of the first phase of IFRS 9 will have impact on classification and measurement of the financial assets of the Group. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture,
- IFRS 10 *Consolidated Financial Statements* – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- IFRS 11 *Joint Arrangements* – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- IFRS 12 *Disclosure of Interests in Other Entities* – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- IFRS 13 *Fair Value Measurement* - effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- IAS 27 *Separate financial statement* - effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- IAS 28 *Investments in Associates and Joint Ventures* - effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 19 *Employee Benefits* - effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income* - effective for financial years beginning on or after 1 July 2012 – not endorsed by EU till the date of approval of these financial statements,
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* - effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- Amendment to IFRS 7 *Financial Instruments – Disclosures: Offsetting Financial Assets and Financial Liabilities* – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 32 *Financial Instruments – Presentation: Offsetting Financial Assets and Financial Liabilities* - effective for financial years beginning on or after 1

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January 2014 – not endorsed by EU till the date of approval of these financial statements,

- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Government Loans* - effective for financial years beginning on or after 1 January 2013 - not endorsed by EU till the date of approval of this financial statement.
- Amendments to IFRS 12 *Income Taxes: Deferred Tax: Recovery of Underlying Assets* - effective for financial years beginning on or after 1 February 2012 – not endorsed by EU till the date of approval of these financial statements,
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* - effective for financial years beginning on or after 1 July 2011. This interpretation did not have any effect on the financial position or performance of the Bank,
- Amendments resulting from IFRS review (published in May 2012) effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements.

The Management Board does not expect the implementation of the above standards and interpretations to have material impact on the accounting policies applied by the Bank, except for the changes resulting from modifications introduced by IFRS 9, 11 and 13. The Bank is currently analysing the impact of the implementation of these standards on the financial statement.

## 1.3 Going concern

These consolidated financial statements were prepared under the assumption that the Group's companies would continue as a going concern in the foreseeable future, i.e. for the period of at least 12 months following the reporting date. As at the date of signing the consolidated financial statements, the Management Board BGŻ S.A. is not aware of any facts or circumstances that would indicate a threat to the Group's continued activity or a significant limitation in the Group's companies business.

## 1.4 Authorization for issue

These interim financial statements were authorized for issue by the Management Board on 7 August 2012.

## 1.5 Changes in presentation

The Group did not implement any presentation changes in the prepared interim condensed consolidated financial statements, except for the changes aimed at the improvement of the presentation of selected items in the explanatory notes to the financial statement, e.g. paragraphs 2.1, 2.2, 2.4, 2.5, 2.14, 2.29.

## 1.6 Seasonality or periodicity of operations

In the operations of the Group there are no material seasonal or periodical occurrences.

## 1.7 Major estimates and judgments

The Group makes estimates and adopts assumptions that affect the value of the assets and liabilities recognized in the following period. The estimates and assumptions, which are subject to continuous valuation, are based on historical experience and other factors, including expectations regarding future developments which, in a given situation, are justified.

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## a) Impairment of loans and advances

According to IFRS, the following financial assets are assessed for impairment: financial assets carried at amortized cost, financial assets carried at cost and financial assets available-for-sale, which are not re-measured to fair value. The Bank assesses the impairment of financial assets on an individual basis and using the collective (group) approach. Individual assessment is performed on assets classified by the Bank as individually significant. Individually significant assets include, in particular, the following: exposures for which the total of the balance sheet principal and interest liability and off-balance sheet principal liability, at the valuation date, exceeds PLN 1 million (or its equivalent in a foreign currency); restructured exposures, for which the sum of the balance sheet principal and interest liability and off-balance sheet principal as at the valuation date exceeds PLN 100 thousands (or its equivalent in a foreign currency); all assets classified as individually significant in the previous period for which impairment was identified in the previous period; exposures with lower unit carrying amount if (due to the small number of such items) it is not possible to construct homogeneous and representative groups of assets, i.e., loan exposures to public sector entities, which have been found by the Bank to be impaired and loan exposures to financial entities. All financial assets that do not meet the criteria set forth for individually significant assets are considered to be individually insignificant. The methodology has changed with respect to the methodology applied as at 31.12.2011 only with respect to the fact, that individually significant impaired retail exposure are assessed on an individual basis instead of collective approach.

### Assessment of impairment of individually significant asset

Financial assets are assessed for whether or not there is objective evidence to show that they are impaired. An individual assessment is carried out by the Bank's employees for individually significant financial assets, and involves an individual impairment review of the financial assets. The individual assessment of impairment involves an estimate of the anticipated future cash flows, and the amount of the impairment loss is measured as the difference between the current (carrying) amount of an individually significant financial asset, and the value of any future cash flows to be derived from that financial asset, discounted using the effective interest rate from the moment of impairment recognition. Cash flows from collateral are included in the evaluation of future cash flows.

### Collective (group) assessment

A collective assessment is performed for assets classified as individually insignificant and those individually significant assets for which there is no objective evidence of impairment. For such group of assets, the Bank determines the amount of the impairment loss, if objective evidence of impairment is identified on a collective basis, or it determines the amount of the IBNR (Incurred But Not Reported) allowance if no impairment evidence is identified. Future cash flows from a group of financial assets assessed for impairment on a collective basis are estimated based on the history of losses incurred on assets with similar credit risk characteristics.

## b) Fair value of derivative financial instruments (derivatives)

The fair value of financial instruments not listed on active markets is determined using valuation techniques (e.g. pricing models). These methods are assessed and reviewed on a regular basis by qualified independent employees, i.e., employees not involved in developing these methods. All models are approved before they are used, and adjusted to ensure that the results obtained reflect the factual data and comparable market prices. The models that the Group currently applies are based exclusively on observable data obtained from the Reuters and/or Bloomberg information systems.

## c) Impairment of equity instruments available-for-sale



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The Group recognizes impairment of equity instruments available-for-sale if it has identified a significant or long-term decrease in their fair value below their initial cost. To determine whether impairment is significant or of a long-term nature, the Group must apply judgment. In making this judgment, apart from other factors, the Group must assess normal share price fluctuations. Furthermore, impairment losses may need to be recognized if there is evidence of a deterioration in the issuer's financial standing, the industry or economy sector, the technology or cash flows from operating and financing activities.

#### d) Investments held to maturity

The Group follows IAS 39 guidance concerning the classification of assets different from non-derivative financial assets with fixed or determinable payments and fixed maturity. This classification is, to a significant extent, based on the Group's judgment. In making this judgment, the Group assesses its intention and ability to hold these investments to maturity. If the Group does not hold these investments to maturity, it will have to change the classification of the entire category of these assets to assets available for sale (except for certain circumstances, such as the sale of investments of a small value shortly before maturity).

#### e) Impairment of fixed assets

At the end of each reporting period, the Bank assesses the existence of circumstances indicating impairment of fixed assets. In case of an identification of such a circumstance, the Bank estimates the residual value. The estimation of the fixed assets' value in use means, among other actions, making the assumptions concerning amounts and timing of future cash flows, which can be obtained by the Bank in respect of given fixed asset. While estimating the fair value less cost to sell, Bank relies on the available market data or valuations made by independent experts, which in fact are also based on estimates.

#### f) Provision for retirement benefits

The provision for retirement benefits were estimated using actuarial methods by an independent actuary. The assumptions adopted for this purpose are updated at the end of each financial year.

#### g) Deferred tax asset

The Bank recognizes deferred tax asset based on the assumption, that future tax profit will be achieved, allowing for its use. The future deteriorations of the taxable income would make this assumptions unjustified.

The estimated values did not change in comparison to 31 December 2011.

## 1.8 Hedge accounting

Hedge accounting recognizes results of offsetting changes in fair value of the hedging instrument and the hedged item, which influence the profit and loss statement. In accordance with the accepted principles of hedge accounting, the Group designates certain derivatives as a hedge of fair value and future cash flows of specific assets, under condition that certain criteria given in IAS 39 are met. Hedge accounting is used by the Group for hedging relationship, when all the following criteria are met:

- when the hedge is set, hedging relationship, as well as the goal of the Group risk management and strategy of setting the hedge were formally designated and documented. The documentation contains identification of hedging instrument, hedged item or the transaction, the nature of the hedged risk and the way the Group will evaluate the effectiveness of the hedging instrument in offsetting the



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exposure to changes in the fair value of the hedged item or cash flows connected with the hedged risk;

- it is expected that hedge relationship will be highly effective in offsetting changes in fair value (or cash flows) resulting from the hedged risk, in accordance with originally documented strategy of risk management, concerning this specific hedge relationship;
- in case of cash flow hedge, a planned transaction, which is a subject of the hedge, must be highly probable and must be subjected to the risk of changes in cash flows, which as a result may influence the profit and loss statement;
- the effectiveness of the hedge can be measured reliably, i.e. the fair value or the cash flows, connected with the hedged item and resulting from the hedged risk, as well as the fair value of hedging instrument, can be measured reliably;
- the hedge is constantly assessed and its high effectiveness is approved in all reporting periods, on which the hedge has been established.

Cash flow hedge, meeting the conditions of hedge accounting, are recognized by the Group in the following way:

- the effective part of the profit or loss connected with the hedging instrument is directly recognized in equity;
- the ineffective part of the profit or loss connected with the hedging instrument is recognized in the income statement.

The difference between interest income and interest expense corrects the outcome on the hedged item – in relation to the Group it influences on the interest income from preferential loans.

## 1.9 General information on the Capital Group

### 1.9.1 The entities accounted for in the unaudited consolidated financial statement

Bank Gospodarki Żywnościowej Spółka Akcyjna is an entity operating as part of the Rabobank Capital Group, whose parent company is Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A.

Bank Gospodarki Żywnościowej Spółka Akcyjna is the parent company of the BGŻ S.A. Capital Group (hereinafter referred to as the "Group"). The Group is composed of a subsidiary as at 30 June 2012:

1. **Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o.** – ('Actus') with its registered office in Warsaw, at Kasprzaka 10/16 Street. The company's main activities include:
  - acquisition and disposal of real estate and limited property rights relating to real estate,
  - management of own and third-party construction projects,
  - real estate trading intermediary services and lease of premises,
  - lease of real estate and rental of premises,
  - services relating to real estate valuation, management and advisory (real estate management agency activities).

The company is entered in the National Court Register maintained by the District Court for the capital city of Warsaw, XIII Economic Department of the National Court Register, Entry no. 0000023062.

BGŻ S.A. holds 100% of shares in the share capital of this company and 100% of the votes at the Shareholders' Meeting.

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BGŻ S.A. holds 49% of shares in the share capital of an associated company BGŻ Leasing Sp. z o.o. and 49% of the votes at the Shareholders' Meeting of this company. The remaining 51% of the shares in the share capital is held by De Lage Landen company, which is a part of Rabobank Group.

## Scope of consolidation

In accordance with the IFRS principles, consolidated financial statements include all subsidiaries as of 30 June 2012. The consolidation scope has not changed compared to 31 December 2011.

### 1.9.2 Related party transactions

All the transactions of the Bank, its subsidiaries and the related parties carried out in the first half-year of 2012 were concluded at arm's length and resulted from the operating activities.

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## 2 EXPLANATORY NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2.1 Net interest income

	2nd quarter of 2012 period from 01.04.2012 to 30.06.2012 unaudited	Two quarters of 2012 period from 01.01.2012 to 30.06.2012 unaudited	2nd quarter of 2011 period from 01.04.2011 to 30.06.2011 unaudited	Two quarters of 2011 period from 01.01.2011 to 30.06.2011 unaudited
<b>Interest income</b>				
Amounts due from other banks	10 641	21 061	9 675	17 239
Amounts due from customers under overdraft facilities	78 368	150 851	57 600	107 161
Loans and advances to customers, after considering reversal of loans interests discount on impairment losses, of which	366 247	719 195	276 417	535 642
- companies	129 747	258 827	88 770	171 785
- households	229 607	447 892	183 537	355 728
- public institutions	3 758	7 585	2 577	5 138
- other entities	3 135	4 891	1 533	2 991
Debt securities for all portfolios	72 987	142 502	54 485	105 847
- at fair value through profit or loss account (trading)	16 672	33 899	10 870	20 255
- available for sale	56 315	108 603	43 037	84 032
- other debt securities	-	-	578	1 560
	<b>528 243</b>	<b>1 033 609</b>	<b>398 177</b>	<b>765 889</b>
<b>Interest expense</b>				
Amounts owed to banks	46 570	90 975	26 994	51 690
- due to its own share issue	27 369	52 517	17 164	35 663
Amounts owed to customers, including:	224 217	440 373	172 544	344 420
- companies	53 567	112 487	41 379	84 559
- households	142 364	277 483	97 941	198 590
- public institutions	8 095	17 314	17 193	31 305
- other entities	20 191	33 089	16 031	29 966
	<b>270 787</b>	<b>531 348</b>	<b>199 538</b>	<b>396 110</b>
<b>Net interest income</b>	<b>257 456</b>	<b>502 261</b>	<b>198 639</b>	<b>369 779</b>

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## 2.2 Net fee and commission income

	2nd quarter of 2012 period from 01.04.2012 to 30.06.2012 unaudited	Two quarters of 2012 period from 01.01.2012 to 30.06.2012 unaudited	2nd quarter of 2011 period from 01.04.2011 to 30.06.2011 unaudited	Two quarters of 2011 period from 01.01.2011 to 30.06.2011 unaudited
<b>Fee and commission income</b>				
Fee and commission income from banks	4 171	8 132	3 587	6 954
Fee and commission income from customers, including:	87 131	166 001	74 542	143 319
- on loans and advances	34 475	61 997	25 607	47 824
- on domestic settlements	203	437	274	548
- on foreign settlements	1 123	2 146	1 254	2 386
- on account service	23 917	49 419	25 964	52 110
- on guarantee commitments	2 832	5 677	2 976	5 855
- on brokerage operations	2 792	5 598	3 485	7 069
- on payment cards	18 051	35 769	13 533	25 837
- other	3 738	4 958	1 449	1 690
	<b>91 302</b>	<b>174 133</b>	<b>78 129</b>	<b>150 273</b>
<b>Fee and commission expense</b>				
Fee and commission expense from banks	681	1 307	1 180	2 064
Fee and commission expense from customers, including:	13 048	24 644	8 758	15 957
- on loans and advances	4 803	6 355	1 005	2 132
- on guarantee commitments	-	-	1	5
- on payment cards	5 987	11 796	5 116	8 988
- other	2 258	6 493	2 636	4 832
	<b>13 729</b>	<b>25 951</b>	<b>9 938</b>	<b>18 021</b>
<b>Net fee and commission income</b>	<b>77 573</b>	<b>148 182</b>	<b>68 191</b>	<b>132 252</b>

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## 2.3 Result on trading activities

	2nd quarter of 2012 period from 01.04.2012 to 30.06.2012 unaudited	Two quarters of 2012 period from 01.01.2012 to 30.06.2012 unaudited	2nd quarter of 2011 period from 01.04.2011 to 30.06.2011 unaudited	Two quarters of 2011 period from 01.01.2011 to 30.06.2011 unaudited
Debt instruments	(845)	9 097	1 157	1 607
Derivatives	(2 776)	(133 071)	116 319	371 213
Foreign exchange result	14 834	163 966	(101 756)	(318 853)
<b>Result on trading activities</b>	<b>11 213</b>	<b>39 992</b>	<b>15 720</b>	<b>53 967</b>

## 2.4 General administrative expenses

	2nd quarter of 2012 period from 01.04.2012 to 30.06.2012 unaudited	Two quarters of 2012 period from 01.01.2012 to 30.06.2012 unaudited	2nd quarter of 2011 period from 01.04.2011 to 30.06.2011 unaudited	Two quarters of 2011 period from 01.01.2011 to 30.06.2011 unaudited
Employee benefit costs, including:	118 326	244 051	111 719	217 640
- payroll	98 122	200 964	91 277	178 601
including: retirement pay	59	134	53	61
- salary overheads	14 446	30 927	12 619	25 275
- fringe benefits	1 267	3 251	3 440	5 747
- cost related to Company Social Benefits Fund	1 525	3 050	1 350	2 699
- other	2 966	5 859	3 033	5 318
Materials and energy	7 328	16 163	7 859	16 443
External services	46 532	93 313	50 333	92 504
Other non-personnel costs	48 082	86 841	37 217	67 110
Taxes and charges	1 513	3 006	1 996	3 307
Contributions and amounts transferred to BFG	6 137	12 275	5 058	10 123
Contributions and amounts transferred to the Polish FSA	1 827	3 587	1 483	2 922
<b>General administrative expenses, total</b>	<b>229 745</b>	<b>459 236</b>	<b>215 665</b>	<b>410 049</b>

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## 2.5 Other operating income

	2nd quarter of 2012 period from 01.04.2012 to 30.06.2012 unaudited	Two quarters of 2012 period from 01.01.2012 to 30.06.2012 unaudited	2nd quarter of 2011 period from 01.04.2011 to 30.06.2011 unaudited	Two quarters of 2011 period from 01.01.2011 to 30.06.2011 unaudited
From management of third-party properties	210	351	347	946
From sale or liquidation of property, plant and equipment, intangible assets and assets held-for-sale	473	481	262	1 314
From recovered statute –barred receivables, written off or bad debts, repayments of derecognised receivables, excluded from the statement of financial position	1 374	4 239	878	2 367
Sales of goods and services	2 497	4 685	2 698	4 818
Reversal of provisions for other receivables (excluding loan receivables)	284	343	176	335
Reversal of fixed asset impairment write-downs	2 512	2 516	3	7
Reversal of provisions for liabilities (Note 2.24, 2.25)	2 751	7 569	2 713	7 255
From recovery of costs incurred	656	1 202	502	905
From compensation of PARP expenses	198	678	1 335	2 142
Reversal of unused provisions for non-personnel costs	701	2 105	3 214	4 514
Other operating income*	6 342	9 799*	6 432	7 103
<b>Other operating income, total</b>	<b>17 998</b>	<b>33 968</b>	<b>18 560</b>	<b>31 706</b>

\* 'Other operating income' consists mainly of a release of the unused provision of personal costs from 2011.

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## 2.6 Other operating costs

	2nd quarter of 2012 period from 01.04.2012 to 30.06.2012 unaudited	Two quarters of 2012 period from 01.01.2012 to 30.06.2012 unaudited	2nd quarter of 2011 period from 01.04.2011 to 30.06.2011 unaudited	Two quarters of 2011 period from 01.01.2011 to 30.06.2011 unaudited
Due to the management of third-party assets	262	528	287	551
Due to the sale or liquidation of property, plant and equipment, intangible assets and assets or sale	484	592	406	742
Due to recognized provisions for other receivables (other than loans and advances)	565	5 331	184	255
Due to provisions for liabilities (Note 2.24, 2.25)	5 374	16 928	1 782	9 245
Due to debt recovery	1 475	3 327	1 751	3 278
Donations	734	1 380	735	1 365
Amortization and depreciation	23 296	45 425	19 558	38 206
Other operating expenses	216	429	364	935
<b>Other operating expenses, total</b>	<b>32 406</b>	<b>73 940</b>	<b>25 067</b>	<b>54 577</b>

## 2.7 Net impairment allowances on loans and advances

	2nd quarter of 2012 period from 01.04.2012 to 30.06.2012 unaudited	Two quarters of 2012 period from 01.01.2012 to 30.06.2012 unaudited	2nd quarter of 2011 period from 01.04.2011 to 30.06.2011 unaudited	Two quarters of 2011 period from 01.01.2011 to 30.06.2011 unaudited
Amounts due from other banks	(2)	16	88	116
Loans and advances to customers	(113 580)	(156 311)	(27 152)	(49 653)
Liabilities granted	(1 840)	(1 386)	(3 435)	(4 111)
<b>Impairment losses on loans and advances, total</b>	<b>(115 422)</b>	<b>(157 681)</b>	<b>(30 499)</b>	<b>(53 648)</b>

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## 2.8 Effective tax rate

	2nd quarter of 2012 period from 01.04.2012 to 30.06.2012 unaudited	Two quarters of 2012 period from 01.01.2012 to 30.06.2012 unaudited	2nd quarter of 2011 period from 01.04.2011 to 30.06.2011 unaudited	Two quarters of 2011 period from 01.01.2011 to 30.06.2011 unaudited
Current tax	15 114	(302)	(267)	(267)
Deferred tax	(14 352)	(13 837)	(7 715)	(13 518)
<b>Income tax expense</b>	<b>762</b>	<b>(14 139)</b>	<b>(7 982)</b>	<b>(13 785)</b>
Profit (loss) before taxation	(1 785)	53 595	34 435	74 067
Statutory tax rate	19%	19%	19%	19%
<b>Income tax based on profit before taxation</b>	<b>339</b>	<b>(10 183)</b>	<b>(6 543)</b>	<b>(14 073)</b>
Non tax-deductible costs	(1 050)	(3 633)	(2 045)	(3 246)
– receivables written-off	(837)	(3 003)	76	118
– non-tax-deductible material costs	(213)	(630)	(2 121)	(3 364)
Impairment allowance	63	(913)	1 999	6 088
Other differences	1 410	590	(1 393)	(2 554)
<b>Income tax charge of the Group's profit</b>	<b>762</b>	<b>(14 139)</b>	<b>(7 982)</b>	<b>(13 785)</b>

Based on the current actions taken by the Bank in respect to the treatment as tax-deductible impairment allowances on loans for the purposes of the corporate income tax, the basis for the calculation of the deferred tax asset as of 30 June 2012 amounting to PLN 538 155 thousands (31 December 2012: PLN 486 709 thousands and as of 30 June 2011 amounting to PLN 341 069 thousands) represents the best estimate of the impairment losses that are possible to be proved tax deductible in the foreseeable future. In 2011 and 2012, the Bank calculated the deferred tax asset in respect of receivables' impairment write-downs based on the historical analysis of the recognition of written-off unrecoverable receivables as tax-deductible costs.



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## 2.9 Amounts due from banks

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
Current accounts	76 918	197 829	49 532
Placements with other banks	183 146	10 244	149 016
Loans and advances	14 355	14 039	15 992
<b>Amounts due from other banks (gross)</b>	<b>274 419</b>	<b>222 112</b>	<b>214 540</b>
Impairment allowances (negative value)	(1 022)	(1 041)	(965)
<b>Amounts due from other banks (net), total</b>	<b>273 397</b>	<b>221 071</b>	<b>213 575</b>
	<b>30.06.2012 unaudited</b>	<b>31.12.2011</b>	<b>30.06.2011 unaudited</b>
<b>Impairment allowances on amounts due from other banks at the beginning of the period</b>	<b>1 041</b>	<b>1 105</b>	<b>1 105</b>
Allowance recognized	72	219	79
Allowance reversed	(88)	(341)	(195)
Other changes	(3)	58	(24)
<b>Impairment allowances on amounts due from other banks at the end of the period</b>	<b>1 022</b>	<b>1 041</b>	<b>965</b>

*Amounts due from banks classified as individually and collectively assessed*

	Individually assessed	Collectivel y assessed	TOTAL
<b>30.06.2012 unaudited</b>			
Current accounts	-	76 918	76 918
Placements with other banks	-	183 146	183 146
Loans and advances	1 003	13 352	14 355
<b>Total gross amounts due from banks</b>	<b>1 003</b>	<b>273 416</b>	<b>274 419</b>
<b>31.12.2011</b>			
Current accounts	-	197 829	197 829
Placements with other banks	-	10 244	10 244
Loans and advances	1 006	13 033	14 039
<b>Total gross amounts due from banks</b>	<b>1 006</b>	<b>221 106</b>	<b>222 112</b>
<b>30.06.2011 niebadane</b>			
Current accounts	-	49 532	49 532
Placements with other banks	-	149 016	149 016
Loans and advances	975	15 017	15 992
<b>Total gross amounts due from banks</b>	<b>975</b>	<b>213 565</b>	<b>214 540</b>

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*Impairment allowances on amounts from banks, classified as individually and collectively assessed*

	<b>30.06.2012 unaudited</b>	<b>31.12.2011</b>	<b>30.06.2011 unaudited</b>
Individually assessed	891	895	839
Collectively assessed	131	146	126
<b>Total impairment allowances</b>	<b>1 022</b>	<b>1 041</b>	<b>965</b>

## 2.10 Receivables arising from reverse repo transactions

	<b>30.06.2012 unaudited</b>	<b>31.12.2011</b>	<b>30.06.2011 unaudited</b>
Up to 1 month	662 417	76 669	255 391
1 – 3 months	-	289 674	
<b>Receivables arising from reverse repo transactions, total</b>	<b>662 417</b>	<b>366 343</b>	<b>255 391</b>

## 2.11 Held-for-trading securities

	<b>30.06.2012 unaudited</b>	<b>31.12.2011</b>	<b>30.06.2011 unaudited</b>
<b>Held for trading securities:</b>			
- treasury bills	405 614	22 899	82 259
- bonds issued by central government institutions	1 857 162	1 609 535	729 979
<b>Held-for-trading securities, total</b>	<b>2 262 776</b>	<b>1 632 434</b>	<b>812 238</b>
<i>including: valued using the market quotation method</i>	2 262 776	1 632 434	812 238

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## 2.12 Derivative financial instruments

<b>30.06.2012 unaudited</b>	<b>Nominal value</b>	<b>Fair value of assets</b>	<b>Fair value of liabilities</b>
Currency derivatives from OTC transactions	13 084 009	181 706	(162 044)
Interest rate derivatives from OTC transactions	53 493 893	142 600	(170 233)
Interest rate derivatives from regulated market transactions	30 671	345	-
Derivatives on indexes from OTC transactions	138 213	3 666	(7 790)
Commodity derivatives from OTC transactions	15 028	727	(727)
Interest rate derivative instruments from hedging OTC transactions	3 000 000	15 554	-
Settlements in respect of the purchase and sale of derivatives	X	16	-
Settlements in respect of the purchase and sale of options	X	7 285	(2 248)
<b>TOTAL</b>	<b>69 761 814</b>	<b>351 899</b>	<b>(343 042)</b>
<b>31.12.2011</b>			
Currency derivatives from OTC transactions	23 807 248	734 114	(590 932)
Interest rate derivatives from OTC transactions	49 644 453	142 828	(199 584)
Derivatives on indexes from OTC transactions	66 837	2 003	(4 945)
Settlements in respect of the purchase and sale of options	X	4 164	(246)
<b>TOTAL</b>	<b>73 518 538</b>	<b>883 109</b>	<b>(795 707)</b>
<b>30.06.2011 unaudited</b>			
Currency derivatives from OTC transactions	19 981 744	132 653	(246 171)
Interest rate derivatives from OTC transactions	52 345 842	58 942	(109 431)
Interest rate derivatives from regulated market transactions	50 227	5	(117)
Derivatives on indexes from OTC transactions	84 656	4 199	(7 247)
Settlements in respect of the purchase and sale of options	X	4 800	(160)
<b>TOTAL</b>	<b>72 462 469</b>	<b>200 599</b>	<b>(363 126)</b>

### Fair value of financial assets and liabilities

The Bank uses the following hierarchy for determining and disclosing the fair value of financial assets and liabilities:

#### Level 1

Financial assets and liabilities valued on the basis of prices quoted in active markets for identical assets or liabilities.

#### Level 2

Financial assets and liabilities valued using valuation techniques based on directly observable market quotations or other information based on market quotations.

#### Level 3

Financial assets and liabilities valued using valuation techniques based on market quotations which are not directly observable.

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Presented below are the carrying amounts of financial instruments re-measured to fair value, by the valuation levels described above:

<b>30.06.2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets:</b>	<b>4 922 263</b>	<b>1 259 111</b>	<b>89 762</b>	<b>6 271 136</b>
Financial assets at fair value through profit or loss	2 262 776	-	-	2 262 776
Derivatives	-	344 598	-	344 598
Financial assets available for sale	2 659 487	914 513	89 762	3 663 762
<b>Financial liabilities:</b>				
Derivatives	-	340 794	-	<b>340 794</b>
<b>31.12.2011</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets:</b>	<b>4 643 002</b>	<b>1 333 865</b>	<b>159 270</b>	<b>6 136 137</b>
Financial assets at fair value through profit or loss	1 632 434	-	-	1 632 434
Derivatives	-	878 953	-	878 953
Financial assets available for sale	3 010 568	454 912	159 270	3 624 750
<b>Financial liabilities:</b>	<b>-</b>	<b>795 461</b>	<b>-</b>	<b>795 461</b>
Derivatives	-	795 461	-	795 461
<b>30.06.2011</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets:</b>	<b>3 647 384</b>	<b>805 659</b>	<b>163 528</b>	<b>4 616 571</b>
Financial assets at fair value through profit or loss	812 238	-	-	812 238
Derivatives	5	200 594	-	200 599
Financial assets available for sale	2 835 141	605 065	163 528	3 603 734
<b>Financial liabilities:</b>	<b>117</b>	<b>363 009</b>	<b>-</b>	<b>363 126</b>
Derivatives	117	363 009	-	363 126

In year 2012 the Bank did not change the methodology of measurement to fair value which would result in a transfer of elements of material financial assets and liabilities between the above described levels.

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## 2.13 Hedge accounting

The Bank has applied the hedge accounting since the second quarter of 2012. The interest rate risk connected with the future cash flows of interests from the preferential loans, of which interests rates depend on the NBP rediscount rate (with a multiplier of 1.5 or 1.6) is hedged by IRS float-to-fix transactions. Above-mentioned IRS transactions exchange the interest payments based on 1M WIBOR on fixed interest income. The Bank hedges the margin above the rediscount rate in such a way that the nominal value of hedging IRS transactions is equal or lower than the nominal value preferential loans portfolio being the hedged item multiplied by the margin above NBP rediscount rate in the whole period of existence of hedge relationship. IRS transactions were assigned by the Bank as hedging instruments for the purpose of applying cash flow hedge accounting.

The table below presents the basic conditions of those transactions and their fair value in PLN as at 30 June 2012.

The periods in which cash flow hedge will occur, as well as the periods in which they will influence the financial results, have been presented below:

Typ of transaction	Terms of payment - face value			Terms of payment - interests		
	From	To	Frequency	From	To	Frequency
IRS	n/d	n/d	n/d	April 2012	April 2014	1M

The change in fair value of cash flow hedges is recognised in equity as follows:

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
<b>1. As at the beginning of the period</b>	-	-	-
2. The effective part of the profit or loss connected with the hedging instrument	4 855	-	-
3. The amounts recognized in the income statement, of which:	(395)	-	-
– the adjustments of interest income	(395)	-	-
– the adjustments of interest costs	-	-	-
– the adjustments of foreign exchange profits or losses	-	-	-
– the adjustments of hedge inefficiency	-	-	-
<b>As at the end of the period (1+2-3)</b>	<b>5 250</b>	-	-

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## 2.14 Loans and advances to customers

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
Amounts due from customers under overdraft facilities, including:	4 115 879	3 408 551	3 239 330
- corporates	2 225 948	1 814 091	1 765 389
- households:	1 850 826	1 575 122	1 450 926
- individual customers	117 790	132 123	130 053
- individual entrepreneurs	371 387	313 568	309 753
- farmers	1 361 649	1 129 431	1 011 120
Loans and advances to customers:	22 165 590	21 696 745	18 568 759
- corporates, including:	7 547 725	7 641 938	5 676 499
- investment loans	4 538 249	4 265 207	3 082 926
- operating loans	1 847 477	2 366 793	1 699 190
- households:	14 227 692	13 651 409	12 588 598
- individual customers, including:	8 651 867	8 331 162	7 891 657
- real-estate loans	7 392 994	7 118 474	6 689 794
- individual entrepreneurs	1 206 979	1 173 698	952 727
- farmers	4 368 846	4 146 549	3 744 214
- public sector institutions	282 399	288 652	205 555
- other entities	107 774	114 746	98 107
<b>Loans and advances to customers, gross, total</b>	<b>26 281 469</b>	<b>25 105 296</b>	<b>21 808 089</b>
Impairment allowances (negative value)	(1 011 069)	(882 905)	(760 596)
<b>Loans and advances to customers, net, total</b>	<b>25 270 400</b>	<b>24 222 391</b>	<b>21 047 493</b>

Preferential loans and advances granted to corporates, farmers and individual entrepreneurs amounted to a total of PLN 4 141 855 thousands as at 30.06.2012, PLN 4 057 019 thousands as at 31.12.2011, and PLN 3 738 334 thousands as at 30.06.2011.

The purchased receivables to customers amounted to a total of PLN 462 273 thousands as at 30.06.2012, PLN 400 382 thousands as at 31.12.2011 and PLN 345 237 thousands as at 30.06.2011.

### *Impairment losses on loans and advances*

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
<b>Losses incurred but not reported (IBNR)</b>			
Gross statement of financial position exposure	24 605 139	23 665 232	20 439 300
Impairment allowance on exposures analyzed on the portfolio basis	(109 122)	(95 001)	(71 023)
<b>Net exposure</b>	<b>24 496 017</b>	<b>23 570 231</b>	<b>20 368 277</b>
<b>Impaired exposures</b>			
Gross statement of financial position exposure	1 676 330	1 440 064	1 368 789
Impairment allowance on exposures analyzed on the portfolio and individual basis	(901 947)	(787 904)	(689 573)
<b>Net exposure</b>	<b>774 383</b>	<b>652 160</b>	<b>679 216</b>

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	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
Amounts due from customers under overdraft facilities, including:	132 773	120 013	114 841
- corporates	70 955	61 695	64 092
- households:	61 680	58 174	50 653
- individual customers	13 299	15 346	15 409
- individual entrepreneurs	32 076	26 870	22 500
- farmers	16 305	15 958	12 744
Loans and advances to customers:	878 296	762 892	645 755
- corporates, including:	326 591	246 855	213 185
- investment loans	54 714	50 508	43 686
- operating loans	188 157	124 851	99 377
- households:	544 013	502 620	420 549
- individual customers, including:	376 016	337 595	266 030
- real-estate loans	198 168	164 744	112 816
- individual entrepreneurs	60 774	54 408	48 662
- farmers	107 223	110 617	105 857
- public sector institutions	645	674	521
- other entities	7 047	12 743	11 500
<b>Impairment allowances, total</b>	<b>1 011 069</b>	<b>882 905</b>	<b>760 596</b>

Impairment allowances on preferential loans and advances granted to corporates, farmers and individual entrepreneurs amounted to a total of PLN 81 828 thousands as at 30.06.2012, PLN 87 016 thousands as at 31.12.2011, PLN 84 560 thousands as at 31.03.2011.

## *Individually and collectively assessed loans and advances*

30.06.2012 unaudited	Individually assessed	Collectively assessed	TOTAL
Amounts due from customers under overdraft facilities, including:	67 151	4 048 728	4 115 879
- corporates	56 852	2 169 096	2 225 948
- households:	10 299	1 840 527	1 850 826
- individual customers	-	117 790	117 790
- individual entrepreneurs	10 155	361 232	371 387
- farmers	144	1 361 505	1 361 649
Loans and advances to customers:	867 666	21 297 924	22 165 590
- corporates,	686 969	6 860 756	7 547 725
- households:	173 828	14 053 864	14 227 692
- individual customers	41 326	8 610 541	8 651 867
- individual entrepreneurs	51 806	1 155 173	1 206 979
- farmers	80 696	4 288 150	4 368 846
- public sector institutions	127	282 272	282 399
- other entities	6 742	101 032	107 774
<b>Total loans and advances</b>	<b>934 817</b>	<b>25 346 652</b>	<b>26 281 469</b>

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<b>31.12.2011</b>			
Amounts due from customers under overdraft facilities, including:	53 845	3 354 706	3 408 551
- corporates	45 038	1 769 053	1 814 091
- households:	8 807	1 566 315	1 575 122
- individual customers	-	132 123	132 123
- individual entrepreneurs	8 113	305 455	313 568
- farmers	694	1 128 737	1 129 431
Loans and advances to customers:	651 400	21 045 345	21 696 745
- corporates,	496 154	7 145 784	7 641 938
- households:	141 675	13 509 734	13 651 409
- individual customers	18 133	8 313 029	8 331 162
- individual entrepreneurs	47 898	1 125 800	1 173 698
- farmers	75 644	4 070 905	4 146 549
- public sector institutions	111	288 541	288 652
- other entities	13 460	101 286	114 746
<b>Total loans and advances</b>	<b>705 245</b>	<b>24 400 051</b>	<b>25 105 296</b>
<b>30.06.2011 unaudited</b>			
Amounts due from customers under overdraft facilities, including:	78 115	3 161 215	3 239 330
- corporates	71 334	1 694 055	1 765 389
- households:	6 781	1 444 145	1 450 926
- individual customers	-	130 053	130 053
- individual entrepreneurs	6 131	303 622	309 753
- farmers	650	1 010 470	1 011 120
Loans and advances to customers:	606 107	17 962 652	18 568 759
- corporates,	478 281	5 198 218	5 676 499
- households:	114 996	12 473 602	12 588 598
- individual customers	7 171	7 884 486	7 891 657
- individual entrepreneurs	38 347	914 380	952 727
- farmers	69 478	3 674 736	3 744 214
- public sector institutions	95	205 460	205 555
- other entities	12 735	85 372	98 107
<b>Total loans and advances</b>	<b>684 222</b>	<b>21 123 867</b>	<b>21 808 089</b>



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*Impairment allowances on loans and advances, classified as individually and collectively assessed*

<b>30.06.2012 unaudited</b>	<b>Individually assessed</b>	<b>Collectively assessed</b>	<b>TOTAL</b>
Amounts due from customers under overdraft facilities, including:			
- corporates	21 105	111 668	132 773
- households:			
- individual customers	-	61 680	61 680
- individual entrepreneurs	-	13 299	13 299
- farmers	-	32 076	32 076
Loans and advances to customers:			
- corporates,	341 863	536 433	878 296
- households:			
- individual customers	251 389	75 202	326 591
- individual entrepreneurs	83 656	460 357	544 013
- farmers	19 847	356 169	376 016
- public sector institutions	21 544	39 230	60 774
- other entities	42 265	64 958	107 223
	76	569	645
	6 742	305	7 047
<b>Total loans and advances</b>	<b>362 968</b>	<b>648 101</b>	<b>1 011 069</b>
<b>31.12.2011</b>			
Amounts due from customers under overdraft facilities, including:			
- corporates	17 313	102 700	120 013
- households:			
- individual customers	17 313	44 382	61 695
- individual entrepreneurs	-	58 174	58 174
- farmers	-	15 346	15 346
Loans and advances to customers:			
- corporates,	261 792	501 100	762 892
- households:			
- individual customers	178 279	68 576	246 855
- individual entrepreneurs	71 000	431 620	502 620
- farmers	7 733	329 862	337 595
- public sector institutions	19 466	34 942	54 408
- other entities	43 801	66 816	110 617
	60	614	674
	12 453	290	12 743
<b>Total loans and advances</b>	<b>279 105</b>	<b>603 800</b>	<b>882 905</b>

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## 30.06.2011 unaudited

Amounts due from customers under overdraft facilities, including:	22 759	92 082	114 841
- corporates	22 751	41 341	64 092
- households:	8	50 645	50 653
- individual customers	-	15 409	15 409
- individual entrepreneurs	8	22 492	22 500
- farmers	-	12 744	12 744
Loans and advances to customers:	226 319	419 436	645 755
- corporates,	152 589	60 596	213 185
- households:	62 441	358 108	420 549
- individual customers	3 118	262 912	266 030
- individual entrepreneurs	17 579	31 083	48 662
- farmers	41 744	64 113	105 857
- public sector institutions	34	487	521
- other entities	11 255	245	11 500
<b>Total loans and advances</b>	<b>249 078</b>	<b>511 518</b>	<b>760 596</b>

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
<b>Impairment allowances at the beginning of the period</b>	<b>882 905</b>	<b>698 817</b>	<b>698 817</b>
Allowance recognized	792 266	1 154 438	564 425
Allowance reversed	(635 955)	(997 788)	(514 772)
Write-off	(28 208)	(20 993)	(8 205)
Other changes (including FX differences and change in interest income in relation to IBNR)	61	48 431	20 331
<b>Impairment allowances at the end of the period</b>	<b>1 011 069</b>	<b>882 905</b>	<b>760 596</b>

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## 2.15 Securities available for sale

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
Debt securities carried at fair value:	3 659 435	3 621 702	3 599 343
- NBP money bills	909 395	449 808	599 925
- bonds issued by central government institutions	2 656 084	3 008 472	2 831 688
- debt securities issued by financial institutions	5 118	5 104	5 140
- debt securities issued by non-financial institutions	58 133	128 405	128 452
- bonds issued by public sector entities	30 705	29 913	34 138
- Equity securities	4 327	3 048	4 391
<b>Total securities available for sale</b>	<b>3 663 762</b>	<b>3 624 750</b>	<b>3 603 734</b>
<b>of which:</b>			
- valued using the market quotation method	2 659 487	3 010 568	2 835 141
- valued using model-based method	1 004 275	614 182	768 593

## 2.16 Other debt securities

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
Debt securities carried at amortized cost:	-	-	55 700
- restructuring bonds	-	-	55 700
<b>Total other debt securities</b>	<b>-</b>	<b>-</b>	<b>55 700</b>

## 2.17 Intangible assets

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
Licenses	116 646	122 997	71 915
Other intangible assets	526	648	649
Expenditures on intangible assets	23 248	22 798	17 517
<b>Intangible assets, total</b>	<b>140 420</b>	<b>146 443</b>	<b>90 081</b>

## 2.18 Property, plant and equipment

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
Property, plant and equipment, including:	461 430	470 301	452 200
- land and buildings	274 370	274 128	277 575
- tangible fixed assets	187 060	196 173	174 625
Assets under construction	10 599	15 642	9 990
<b>Property, plant and equipment, total</b>	<b>472 029</b>	<b>485 943</b>	<b>462 190</b>

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## 2.19 Other assets

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
<b>Other assets:</b>			
– settlements with debtors	81 621	101 830	88 591
– other prepayments	9 711	6 883	7 816
– commission income receivable	4 786	6 259	6 990
– settlements of card payments	27 307	28 870	48 188
– costs paid in advance	12 275	-	10 130
– other	23 445	3 981	5 200
<b>Other assets</b>	<b>159 145</b>	<b>147 823</b>	<b>166 915</b>
Impairment allowance (other than loans and advances)	(26 992)	(23 855)	(25 207)
<b>Other assets, total</b>	<b>132 153</b>	<b>123 968</b>	<b>141 708</b>

## 2.20 Amounts owed to other banks

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
Cash in current accounts	79 897	199 346	806 831
Term deposits	240 335	241 140	458 672
Loans and advances taken out	3 718 796	3 997 834	2 697 312
Other liabilities	11 963	8 396	12 747
<b>Amounts owed to other banks, total</b>	<b>4 050 991</b>	<b>4 446 716</b>	<b>3 975 562</b>

Deposits are with fixed and variable interest rates.

On the 22<sup>nd</sup> of April 2011 the Bank and Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. concluded an agreement under which the Bank will be provided with the funds amounting to CHF 1 008 million for the period of 12 years to finance the existing housing loans portfolio denominated in CHF. The credit facility was made available in tranches starting from the 29<sup>th</sup> of April 2011 to the 30<sup>th</sup> of September 2011. As of the 30<sup>th</sup> of June 2012 the Bank has utilized the total of the loan amounting to PLN 3 315 326 thousands.

The Bank received two loans from the European Bank for Reconstruction and Development, both amounting to EUR 50 million (the first one in the first half of 2010, the second in August 2011). As at 30<sup>th</sup> of June 2012 the balance of the loans amounts to PLN 395 692 thousands.

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## 2.21 Liabilities arising from repo transactions

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
Up to 1 month	1 393 391	-	-
<b>Liabilities arising from repo transactions, total</b>	<b>1 393 391</b>	<b>-</b>	<b>-</b>

## 2.22 Amounts owed to customers

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
<b>Other financial institutions:</b>	<b>1 371 133</b>	<b>817 751</b>	<b>1 158 052</b>
Current accounts	11 364	16 842	12 751
Term deposits	1 359 758	800 898	1 140 977
Other liabilities	11	11	4 324
- liabilities arising from monetary collateral	-	-	-
- other	11	11	4 324
<b>Retail customers:</b>	<b>14 497 332</b>	<b>13 433 828</b>	<b>11 498 062</b>
Current accounts	7 780 093	6 174 921	6 633 803
Term deposits	6 708 824	7 249 879	4 855 464
Other liabilities	8 415	9 028	8 795
- liabilities arising from monetary collateral	4 556	5 242	5 162
- other	3 859	3 786	3 633
<b>Corporate customers:</b>	<b>7 544 918</b>	<b>7 901 418</b>	<b>6 253 020</b>
Current accounts	2 948 990	3 442 366	3 375 233
Term deposits	4 527 811	4 382 143	2 786 948
Other liabilities	68 117	76 909	90 839
- liabilities arising from monetary collateral	67 516	76 456	90 386
- other	601	453	453
<b>Including farmers:</b>	<b>991 269</b>	<b>876 745</b>	<b>721 634</b>
Current accounts	806 979	722 838	686 444
Term deposits	178 201	149 479	26 884
Other liabilities	6 089	4 428	8 306
- liabilities arising from monetary collateral	6 067	4 409	8 278
- other	22	19	28
<b>Public sector customers:</b>	<b>710 429</b>	<b>788 655</b>	<b>639 082</b>
Current accounts	385 069	413 291	471 758
Term deposits	325 222	375 241	167 204
Other liabilities	138	123	120
- liabilities arising from monetary collateral	123	121	119
- other	15	2	1
<b>Amounts owed to customers, total</b>	<b>24 123 812</b>	<b>22 941 652</b>	<b>19 548 216</b>

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## 2.23 Other liabilities

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
Inter-bank settlements	166 738	206 131	149 160
Settlements with creditors	93 087	140 452	140 952
Accrued expenses	74 955	82 547	57 462
– including employee expenses	36 374	52 098	30 992
Deferred income	16 931	12 896	7 241
Other public settlements	31 791	32 926	25 760
<b>Other liabilities, total</b>	<b>383 502</b>	<b>474 952</b>	<b>380 575</b>

## 2.24 Provisions

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
Provision for guarantees, suretyships, unused credit facilities	6 721	6 018	4 897
Provision for court cases	15 829	14 810	14 316
Other provisions, including:	20 409	21 098	21 281
- provision in accordance with UOKiK (Office of Competition and Consumer Protection) decision	11 440	11 883	11 883
- provision for potential liabilities relating to the return of subsidies to preferential loans	7 536	7 991	7 874
<b>Total provisions</b>	<b>42 959</b>	<b>41 926</b>	<b>40 494</b>

<b>Provision for guaranties, suretyships and unused credit facilities</b>	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
<b>Carrying amount at the beginning of the period</b>	<b>6 018</b>	<b>4 050</b>	<b>4 050</b>
Increases	9 676	32 611	21 934
Utilization	(8 290)	(25 997)	(17 823)
Reversal	-	(4 517)	-
Other changes	(683)	(129)	(3 264)
<b>Carrying amount at the end of the period</b>	<b>6 721</b>	<b>6 018</b>	<b>4 897</b>

<b>Provision for court cases</b>	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
<b>Carrying amount at the beginning of the period</b>	<b>14 810</b>	<b>15 136</b>	<b>15 136</b>
Increases	6 098	1 348	677
Utilization	(5 595)	(1 718)	(1 605)
Reversal	(18)	(1 098)	(1 031)
Reclassification/transfer	534	1 142	1 139
<b>Carrying amount at the end of the period</b>	<b>15 829</b>	<b>14 810</b>	<b>14 316</b>

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Other provisions	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
<b>Carrying amount at the beginning of the period</b>	<b>21 098</b>	<b>22 511</b>	<b>22 511</b>
Increases	102	292	96
Utilization	(23)	(107)	(107)
Reversal	(443)	(421)	(42)
Reclassification/transfer	(325)	(1 177)	(1 177)
<b>Carrying amount at the end of the period</b>	<b>20 409</b>	<b>21 098</b>	<b>21 281</b>

## 2.25 Liabilities arising from employee benefits

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
<b>Carrying amount at the beginning of the period</b>	<b>25 412</b>	<b>22 822</b>	<b>22 822</b>
Increases	10 728	9 486	8 472
Reversal	(7 108)	(6 896)	(6 182)
<b>Carrying amount at the end of the period</b>	<b>29 032</b>	<b>25 412</b>	<b>25 112</b>

## 2.26 Cash and cash equivalents

Cash and cash equivalents presented in the statement of cash flows comprise the following balances, with maturity periods of 3 months or less.

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
Cash and balances with the Central Bank	1 502 744	1 383 321	1 114 603
Current accounts of banks and other receivables	81 679	199 328	50 822
Bank deposits with maturity of up to 3 months	182 944	10 000	148 793
<b>Cash and cash equivalents, total</b>	<b>1 767 367</b>	<b>1 592 649</b>	<b>1 314 218</b>

## 2.27 Solvency ratio

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
Own funds	2 508 048	2 399 781	2 439 180
Total capital requirement	2 106 545	1 980 349	1 725 289
<b>Solvency ratio (%)</b>	<b>9,5%</b>	<b>9,7%</b>	<b>11,3%</b>

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## 2.28 Off-balance sheet items

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
Liabilities granted	4 121 818	4 264 562	3 837 924
Liabilities received	12 559	5 438	1 059 121
Off-balance sheet financial instruments	66 698 356	71 597 041	71 028 665
F/X transactions	3 063 458	1 921 497	1 433 804
<b>Off-balance sheet items, total</b>	<b>73 896 191</b>	<b>77 788 538</b>	<b>77 359 514</b>
<b>Liabilities granted, unused credit lines</b>	<b>(6 721)</b>	<b>(6 018)</b>	<b>(4 897)</b>

## 2.29 Related party transactions



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Transactions with the BGŻ S.A. shareholders as at 30.06.2012

	STATE TREASURY	RABOBANK INTERNATIONAL HOLDING B.V.	COOPERATIEVE CENTRALE RAIFFEISEN- BOERENLEENBANK B.A.	COOPERATIEVE C.R-B B.A. (BRANCHES)	SUBSIDIARIES RABOBANK	TOTAL	% share in total assets/ financial result of BGŻ S.A.
<b>Assets</b>	<b>4 950 794</b>	-	<b>167 274</b>	-	<b>1 611</b>	<b>5 119 679</b>	<b>14,60%</b>
Current accounts	274	-	36	-	-	310	-
Interest	24 857	-	-	-	-	24 857	0,07%
Debt securities	4 918 860	-	-	-	-	4 918 860	14,03%
Receivables from derivative instruments	-	-	167 238	-	1 611	168 849	0,48%
Other	6 803	-	-	-	-	6 803	0,02%
<b>Liabilities</b>	<b>73 487</b>	-	<b>3 474 935</b>	<b>13 529</b>	<b>2 126</b>	<b>3 564 077</b>	<b>10,17%</b>
Loans taken out	-	-	3 315 326	-	-	3 315 326	9,46%
Current account	36 440	-	3 336	83	31	39 890	0,11%
Term deposits	36 717	-	-	-	-	36 717	0,11%
Interest payable	208	-	8 334	-	-	8 542	0,02%
Liabilities from derivative instruments	-	-	127 744	-	1 611	129 355	0,37%
Other	122	-	20 195**	13 446	484	34 247	0,10%
<b>Costs</b>	<b>1 266</b>	-	<b>25 268</b>	<b>5 205</b>	<b>1 944</b>	<b>33 683</b>	<b>0,01%</b>
Interest	1 266	-	23 531	4	1	24 802	0,01%
Commission	-	-	18	-	-	18	-
Result on trading activities	-	-	-	-	1 943	1 943	-
Other	-	-	1 719	5 201	-	6 920	-
<b>Revenue</b>	<b>242 599</b>	-	<b>25 640</b>	-	<b>312</b>	<b>268 551</b>	<b>0,10%</b>
Interest*	215 257	-	169	-	312	215 738	0,08%
Commission	195	-	-	-	-	195	-
Results on derivative instruments	-	-	25 471	-	-	25 471	0,01%
Results on trading activities	27 147	-	-	-	-	27 147	0,01%
<b>Other revenue</b>	-	-	-	-	-	-	-
<b>Contingent liabilities</b>	<b>3 726</b>	-	<b>9 485 776</b>	-	<b>600 000</b>	<b>10 089 502</b>	<b>13,65%</b>
Liabilities granted	3 726	-	704	-	-	4 430	-
Derivative instruments	-	-	9 485 072	-	600 000	10 085 072	13,65%

\* Line: Revenue – 'Interest' includes interest on preferential loans

\*\*Line „Other liabilities” includes PLN 26 722 thousand, which relates to COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. from acquiring a licence and services to launch a system for BGŻ Optima, that were capitalized by the Bank.

The above transactions/settlements with the State Treasury (public entities) relate mainly to ministries, voivodeship offices, courts and government agencies (including Agency of Restructuring and Modernisation of Agriculture, the Bank settles transactions with this Agency in respect of subsidized loans).

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Transactions with the BGŻ S.A. shareholders as at 31.12.2011

	STATE TREASURY	RABOBANK INTERNATIONAL HOLDING B.V.	COOPERATIEVE CENTRALE RAIFFEISEN- BOERENLEENBANK B.A.	COOPERATIEVE C.R-B B.A. (BRANCHES)	SUBSIDIARIES RABOBANK	TOTAL	% share in total assets/ financial result of BGŻ S.A.
<b>Assets</b>	<b>4 677 180</b>	-	<b>689 043</b>	-	-	<b>5 366 223</b>	<b>16,07%</b>
Current accounts	148	-	88	-	-	236	-
Interest	23 844	-	-	-	-	23 844	0,07%
Debt securities	4 640 906	-	-	-	-	4 640 906	13,90%
Receivables from derivative instruments	-	-	688 955	-	-	688 955	2,06%
Other	12 282	-	-	-	-	12 282	0,04%
<b>Liabilities</b>	<b>81 453</b>	-	<b>4 273 465</b>	<b>8 532</b>	<b>45</b>	<b>4 363 495</b>	<b>13,07%</b>
Loans taken out	-	-	3 547 917	-	-	3 547 917	10,62%
Current account	42 749	-	160 936	122	45	203 852	0,61%
Term deposits	38 417	-	-	-	-	38 417	0,12%
Interest payable	166	-	8 807	-	-	8 973	0,03%
Liabilities from derivative instruments	-	-	527 846	-	-	527 846	1,58%
Other	121	-	27 959**	8 410	-	36 490	0,11%
<b>Costs</b>	<b>21 228</b>	<b>123</b>	<b>153 502</b>	<b>7 478</b>	<b>687</b>	<b>183 018</b>	<b>0,03%</b>
Interest	21 228	-	27 580	4	5	48 817	0,01%
Commission	-	-	1 059	-	-	1 059	-
Result on derivative instruments	-	-	123 032	-	505	123 537	0,02%
Other	-	123	1 831	7 474	177	9 605	-
<b>Revenue</b>	<b>360 310</b>	<b>527</b>	<b>1 478</b>	-	<b>1 030</b>	<b>363 345</b>	<b>0,07%</b>
Interest*	355 630	-	1 478	-	1 030	358 138	0,07%
Commission	558	-	-	-	-	558	-
Results on trading activities	4 122	-	-	-	-	4 122	-
Other	-	527	-	-	-	527	-
<b>Contingent liabilities</b>	<b>852</b>	-	<b>25 666 913</b>	-	-	<b>25 667 765</b>	<b>33,00%</b>
Liabilities granted	852	-	704	-	-	1 556	-
Derivative instruments	-	-	25 666 209	-	-	25 666 209	33,00%

\* Line: Revenue – 'Interest' includes interest on preferential loans

\*\* Line: 'Other liabilities' concerns liabilities to COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. for the acquisition of licenses and services connected with the implementation of BGŻOptima IT system, which were capitalized as intangible assets.

The transactions with the Treasury (budgetary units) concern in particular ministries, voivodeship authorities, courts, government agencies (including the Agency of Restructuring and Modernization of Agriculture, with which the Bank conducts the settlements of payments of preferential loans).

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Transactions with the BGŻ S.A. shareholders as at 30.06.2011

	STATE TREASURY	RABOBANK INTERNATIONAL HOLDING B.V.	COOPERATIEVE CENTRALE RAIFFEISEN- BOERENLEENBANK B.A.	COOPERATIEVE C.R-B B.A. (BRANCHES)	SUBSIDIARIES RABOBANK	TOTAL	% share in total assets/ financial result of BGŻ S.A.
<b>Assets</b>	<b>3 729 629</b>	<b>24</b>	<b>126 466</b>	<b>-</b>	<b>50 007</b>	<b>3 906 126</b>	<b>13,79%</b>
Current accounts	134	-	42	-	-	176	-
Term deposits	-	-	-	-	50 000	50 000	0,18%
Interest	20 412	-	-	-	7	20 419	0,07%
Debt securities	3 699 625	-	-	-	-	3 699 625	13,06%
Receivables from derivative instruments	-	-	126 424	-	-	126 424	0,45%
Other	9 458	24	-	-	-	9 482	0,03%
<b>Liabilities</b>	<b>90 693</b>	<b>-</b>	<b>2 735 993</b>	<b>12 245</b>	<b>531</b>	<b>2 839 462</b>	<b>10,02%</b>
Loans taken out	-	-	2 495 102	-	-	2 495 102	8,81%
Current account	45 796	-	28 442	2 221	531	76 990	0,27%
Term deposits	44 664	-	-	-	-	44 664	0,16%
Interest payable	114	-	3 659	-	-	3 773	0,01%
Liabilities from derivative instruments	-	-	208 790	-	-	208 790	0,74%
Other	119	-	-	10 024	-	10 143	0,03%
<b>Costs</b>	<b>19 596</b>	<b>100</b>	<b>83 230</b>	<b>5 086</b>	<b>431</b>	<b>108 443</b>	<b>0,05%</b>
Interest	19 596	-	3 693	1	3	23 293	0,01%
Commission	-	-	812	-	-	812	-
Result on dividend instruments	-	-	78 725	-	428	79 153	0,04%
Other	-	100	-	5 085	-	5 185	-
<b>Revenue</b>	<b>159 831</b>	<b>-</b>	<b>65</b>	<b>-</b>	<b>437</b>	<b>160 333</b>	<b>0,08%</b>
Interest*	158 511	-	65	-	436	159 012	0,08%
Commission	326	-	-	-	1	327	-
Results on trading activities	994	-	-	-	-	994	-
Other	-	-	-	-	-	-	-
<b>Contingent liabilities</b>	<b>566</b>	<b>-</b>	<b>22 715 018</b>	<b>-</b>	<b>-</b>	<b>22 715 584</b>	<b>29,36%</b>
Liabilities granted	566	-	704	-	-	1 270	-
Liabilities received	-	-	831 701	-	-	831 701	1,07%
Derivative instruments	-	-	21 882 613	-	-	21 882 613	28,29%

\* Line: Revenue – 'Interest' includes interest on preferential loans

The transactions with the Treasury (budgetary units) concern in particular ministries, voivodeship authorities, courts, government agencies (including the Agency of Restructuring and Modernization of Agriculture, with which the Bank conducts the settlements of payments of preferential loans)

The terms of the transactions with related parties and BGŻ S.A. shareholders do not differ from the market conditions.

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## 3 BUSINESS SEGMENTS

### 3.1 Segment reporting

The group has divided its operations and applied identification of income and expenses, and assets and liabilities into following reporting operating segments: Retail Banking (the new direct banking channel BGŻOptima, introduced in November 2011, was included in the results), Institutional Banking (with separate Agro Clients segment), Financial Markets, ALCO and Other. This division reflects the principles of classification of customers into segments in accordance with the Bank's business model which is based on subjective and financial criteria as well as the type of activity.

The monitoring of the management results in the Group takes into account all the components of the profit and loss of each segment to the level of gross profit, i.e. each segment is accounted for revenues, expenses and net impairment losses. Management revenues include cash flows between the customer segments and the ALCO committee, valued using internal transfer pricing of funds based on market prices and liquidity margins determined for a given maturity and currency. The net interest income of each segment was divided into external and internal revenue and costs. Management segment costs include the direct costs of their activities and costs allocated in accordance with the allocation model adopted by the Group. The allocation of the indirect costs to each segment is executed by extracting several aggregate costs, homogenous in relation to area and scope of activity. For each of the units separate allocation keys are used, which also specifically tailored to the aggregate costs and carry their costs by segment revenue.

The Group's operating activities are limited to Poland. The significant differences in each of the risks, which could be influenced by the geographical location of the Group centers, cannot be distinguished, and therefore the Bank has waived the disclosure by geographic information. Due to the specific nature of the Bank, there are no seasonal or cyclical phenomenon. The Bank provides financial services, for which the demand is stable and the impact of seasonality is negligible.

### 3.2 Business segments characteristics

**The Retail Banking Segment** represents sales of products and services performed for private persons, including maintaining current accounts and deposit accounts, gathering term deposits, saving insurance policies, granting housing loans, cash loans, mortgage loans, current account loans, issuance of debit and credit cards, administration of foreign money transfers, entering into currency change transactions, sales of insurance products and other services with a minor impact on the Group's revenues. Within the Retail Banking Segment, the Bank presents: results from direct banking channel BGŻOptima, income from brokerage services and distribution of investment fund units.

Retail services are performed by branches of the Group and through alternative channels, i.e. internet banking (eBGŻ) and phone banking (TeleBGŻ) and the direct banking channel BGŻOptima. Additionally, selected products are distributed by financial intermediaries operating nationwide and locally.

**The Institutional Banking Segment** includes sales of products and services rendered to enterprises, companies, cooperatives, private entrepreneurs, farmers, non-commercial institutions and public sector. Institutional clients are divided into: Large companies, Small and medium enterprises and Micro-entrepreneurs. Services for the large companies are performed by consultants operating within the Corporate Centres. Services for the Small and medium enterprises and Micro-entrepreneurs are provided by branch consultants. Operating service for all institutional segments is provided by the Group's branches and additionally they also have access to the phone (TeleBGŻ) and internet banking (eBGŻ Firma). In

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addition, sales of selected products is performed by financial intermediaries, both nationwide and locally.

Products and services for Institutional Clients include maintaining current and saving accounts, gathering term deposits (including negotiable deposits), issuing business-type cards, granting current account loans, corporate investments and operating loans, agro-business financing loans (including preferential loans, operating loans for farmers, agricultural procurement loans, loans with refinancing from the European Bank for Reconstruction and Development, current account loans secured with mortgages on agricultural land, loans for realization of projects co-financed with the subsidies from the European Union), insurance for farmers, issuing debt securities, financing trading activities (including guarantees, suretyships, letters of credit, discounting of bills and factoring), leasing (in cooperation with BGZ Leasing) and entering into currency change and derivative transactions.

Within the Institutional Banking segment the Group separated **Agro Clients** i.e. individual farmers and companies operating in the food and agro sector. According to the principles of customer segmentation in the Group, farmers include natural persons, legal persons and organizational entities not being legal persons involved in agricultural activity in accordance with the Act on Agricultural Tax, whereas the segmentation of companies is done using classification of activities codes (PKD 2007). The main classes of activity of Agro clients include: food, beverages and tobacco production, retail sale and wholesale of food, beverages and tobacco, forestry and logging, production of machinery and other production means for agriculture and forestry, wholesale of agriculture machinery and equipment, manufacture of wood products, paper and paper products, packaging production, manufacture of machinery for food, beverage and tobacco processing.

**The Financial Markets and ALCO** segments cover activities in the area of financial markets and liquidity management attributable to the Bank's own account as well as products and services for non-banking financial institutions and assets and liabilities management (including investing portfolio of debt securities, issued certificates of deposit, loans from other banks, liquidity margin balance, bid/ask spread between fund transfer prices of assets and liabilities). Additionally this segment presents differences resulting from different recognition of financial instruments in the management accounting compared to financial accounting.

**The Other** segment includes results that are not attributable to any of above listed segments (i.e. the loan portfolio under vindication and restructuring procedures, capital investments, results attributable to the Bank's own accounts and to clients' accounts not attributed to specified segment). In addition, the segment Other includes adjustments in interest income on impaired loans, not recognized in other segments.

### 3.3 Reconciliation of results with financial reporting data

**Result on financial operations and foreign exchange result** from the statement by operating segments reconciles with the sum of the following positions from the consolidated income statement:

- dividend income
- result on trading activities
- result on investing activities
- share in profits of associates

**Result on other operations and depreciation/amortization from the segment report** reconciles with the sum of the following income statement items:

- other operating income
- other operating costs

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	2nd quarter of 2012 period from 01.04.2012 to 30.06.2012 unaudited	Two quarters of 2012 period from 01.01.2012 to 30.06.2012 unaudited	2nd quarter of 2011 period from 01.04.2011 to 30.06.2011 unaudited	Two quarters of 2011 period from 01.01.2011 to 30.06.2011 unaudited
<b>Reporting by operating segments</b>				
Result on financial operations	5 371	26 634	5 984	31 573
Foreign exchange result	17 390	33 407	14 292	27 031
	<b>22 761</b>	<b>60 041</b>	<b>20 276</b>	<b>58 604</b>
<b>Income statement:</b>				
Dividend income	3 396	3 396	3 554	3 554
Result on trading activities	11 213	39 992	15 720	53 967
Result on investing activities	9 930	17 545	(82)	(926)
Share in income of associates	(1 778)	(892)	1 084	2 009
	<b>22 761</b>	<b>60 041</b>	<b>20 276</b>	<b>58 604</b>
Result on other operations	8 888	5 453	13 051	15 335
Depreciation	(23 296)	(45 425)	(19 558)	(38 206)
	<b>(14 408)</b>	<b>(39 972)</b>	<b>(6 507)</b>	<b>(22 871)</b>
<b>Income statement:</b>				
Other operating income	17 998	33 968	18 560	31 706
Other operating expenses	(32 406)	(73 940)	(25 067)	(54 577)
Result on financial operations	<b>(14 408)</b>	<b>(39 972)</b>	<b>(6 507)</b>	<b>(22 871)</b>

# Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the half-year period ended 30 June 2012

- data in PLN thousand



2nd quarter of 2012 unaudited Income Statement	Retail banking	Institutional banking	Including: Agro clients	Financial markets and ALCO	Other	BGŻ S.A. Capital Group
Net interest income	93 976	117 945	67 221	43 292	2 243	<b>257 456</b>
External interest income	124 257	297 279	186 379	82 578	24 129	<b>528 243</b>
External interest expenses	(130 360)	(92 847)	(23 762)	(47 578)	(2)	<b>(270 787)</b>
Internal interest income	155 778	108 772	32 780	(264 568)	18	-
Internal interest expenses	(55 699)	(195 259)	(128 176)	272 860	(21 902)	-
Net fee and commission income	24 730	51 800	24 826	20	1 023	<b>77 573</b>
Result on financial operations	1	495	242	3 258	1 617	<b>5 371</b>
Foreign exchange result	3 920	14 301	4 392	106	(937)	<b>17 390</b>
Result on other operations	189	(38)	(17)	1 444	7 293	<b>8 888</b>
Net impairment write-offs	(24 852)	(76 314)	(17 241)	(38)	(14 218)	<b>(115 422)</b>
Total costs of banking activities	(125 177)	(94 350)	(48 055)	(5 010)	(5 208)	<b>(229 745)</b>
Depreciation/Amortization	(13 082)	(9 470)	(4 834)	(392)	(352)	<b>(23 296)</b>
<b>Segment result</b>	<b>(40 295)</b>	<b>4 369</b>	<b>26 534</b>	<b>42 680</b>	<b>(8 539)</b>	<b>(1 785)</b>
Profit (loss) before taxation	-	-	-	-	-	<b>(1 785)</b>
Income tax expense	-	-	-	-	-	<b>762</b>
Net profit (loss)	-	-	-	-	-	<b>(1 023)</b>
<b>Statement of financial position as at 30.06.2012</b>						
Segment assets	8 369 760	16 619 428	10 208 893	6 174 794	3 905 780	<b>35 069 762</b>
Segment liabilities	14 578 716	8 390 641	2 803 585	7 023 510	2 350 989	<b>32 343 856</b>
Equity	-	-	-	-	-	<b>2 725 906</b>
Total equity and liabilities	-	-	-	-	-	<b>35 069 762</b>

Notes included on pages 12 - 67 are an integral part of these unaudited interim condensed consolidated financial statements

# Bank Gospodarki Żywnościowej S.A. Capital Group

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Two quarters of 2012 unaudited	Retail banking	Institutional banking	Including: Agro clients	Financial markets and ALCO	Other	BGŻ S.A. Capital Group
<b>Income Statement</b>						
Net interest income	183 292	229 046	130 263	85 039	4 884	<b>502 261</b>
External interest income	242 411	582 011	366 308	160 353	48 834	<b>1 033 609</b>
External interest expenses	(251 480)	(175 949)	(43 807)	(103 915)	(4)	<b>(531 348)</b>
Internal interest income	302 624	206 684	61 301	(509 341)	33	-
Internal interest expenses	(110 263)	(383 700)	(253 539)	537 942	(43 979)	-
Net fee and commission income	46 743	100 180	47 010	(788)	2 047	<b>148 182</b>
Result on financial operations	2	1 261	426	22 867	2 504	<b>26 634</b>
Foreign exchange result	7 681	26 057	8 386	194	(525)	<b>33 407</b>
Result on other operations	456	(4 661)	(39)	2 428	7 230	<b>5 453</b>
Net impairment write-offs	(47 718)	(88 179)	(22 430)	(132)	(21 652)	<b>(157 681)</b>
Total costs of banking activities	(252 651)	(184 913)	(90 652)	(12 328)	(9 344)	<b>(459 236)</b>
Depreciation/Amortization	(26 292)	(17 504)	(8 539)	(1 123)	(506)	<b>(45 425)</b>
<b>Segment result</b>	<b>(88 487)</b>	<b>61 287</b>	<b>64 425</b>	<b>96 157</b>	<b>(15 362)</b>	<b>53 595</b>
Profit (loss) before taxation	-	-	-	-	-	<b>53 595</b>
Income tax expense	-	-	-	-	-	<b>(14 139)</b>
Net profit (loss)	-	-	-	-	-	<b>39 456</b>
<b>Statement of financial position as at 30.06.2012</b>						
Segment assets	8 369 760	16 619 428	10 208 893	6 174 794	3 905 780	<b>35 069 762</b>
Segment liabilities	14 578 716	8 390 641	2 803 585	7 023 510	2 350 989	<b>32 343 856</b>
Equity	-	-	-	-	-	<b>2 725 906</b>
Total equity and liabilities	-	-	-	-	-	<b>35 069 762</b>

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# Bank Gospodarki Żywnościowej S.A. Capital Group

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- data in PLN thousand



2nd quarter of 2011 unaudited	Retail banking	Institutional banking	Including: Agro clients	Financial markets and ALCO	Other	BGŻ S.A. Capital Group
<b>Income Statement</b>						
Net interest income	80 903	94 448	50 128	17 853	5 435	<b>198 639</b>
External interest income	106 508	211 067	130 270	55 900	24 702	<b>398 177</b>
External interest expenses	(91 242)	(68 444)	(12 930)	(39 852)	-	<b>(199 538)</b>
Internal interest income	135 331	96 056	22 032	(231 398)	11	-
Internal interest expenses	(69 694)	(144 231)	(89 244)	233 203	(19 278)	-
Net fee and commission income	19 944	47 806	18 478	(764)	1 205	<b>68 191</b>
Result on financial operations	(5)	5	-	1 346	4 638	<b>5 984</b>
Foreign exchange result	3 844	10 280	2 898	72	96	<b>14 292</b>
Result on other operations	422	(6)	(5)	1 333	11 302	<b>13 051</b>
Net impairment write-offs	(18 886)	(8 433)	(2 712)	7	(3 187)	<b>(30 499)</b>
Total costs of banking activities	(107 953)	(89 723)	(41 324)	(4 787)	(13 202)	<b>(215 665)</b>
Depreciation/Amortization	(10 654)	(8 126)	(3 700)	(536)	(242)	<b>(19 558)</b>
<b>Segment result</b>	<b>(32 385)</b>	<b>46 251</b>	<b>23 763</b>	<b>14 524</b>	<b>6 045</b>	<b>34 435</b>
Profit (loss) before taxation	-	-	-	-	-	<b>34 435</b>
Income tax expense	-	-	-	-	-	<b>(7 982)</b>
Net profit (loss)	-	-	-	-	-	<b>26 453</b>
<b>Statement of financial position as at 30.06.2011</b>						
Segment assets	7 722 689	13 119 821	7 817 359	4 806 142	2 704 688	<b>28 353 340</b>
Segment liabilities	11 481 520	7 124 804	1 958 581	5 755 977	1 415 237	<b>25 777 538</b>
Equity	-	-	-	-	-	<b>2 575 802</b>
Total equity and liabilities	-	-	-	-	-	<b>28 353 340</b>

Notes included on pages 12 - 67 are an integral part of these unaudited interim condensed consolidated financial statements

# Bank Gospodarki Żywnościowej S.A. Capital Group

Unaudited Interim Condensed Consolidated Financial Report in accordance with International Financial Reporting Standards for the half-year period ended 30 June 2012

- data in PLN thousand



Two quarters of 2011 unaudited	Retail banking	Institutional banking	Including: Agro clients	Financial markets and ALCO	Other	BGŻ S.A. Capital Group
<b>Income Statement</b>						
Net interest income	151 427	179 804	93 561	27 456	11 092	<b>369 779</b>
External interest income	208 591	396 125	244 143	112 607	48 566	<b>765 889</b>
External interest expenses	(183 954)	(135 387)	(24 678)	(76 769)	-	<b>(396 110)</b>
Internal interest income	264 022	190 076	42 363	(454 118)	20	-
Internal interest expenses	(137 232)	(271 010)	(168 267)	445 736	(37 494)	-
Net fee and commission income	41 179	90 856	34 780	(2 114)	2 331	<b>132 252</b>
Result on financial operations	(6)	10	-	26 005	5 564	<b>31 573</b>
Foreign exchange result	7 407	19 304	5 390	117	203	<b>27 031</b>
Result on other operations	1 188	(7)	(6)	2 261	11 893	<b>15 335</b>
Net impairment write-offs	(29 945)	(10 039)	(1 312)	(60)	(13 604)	<b>(53 648)</b>
Total costs of banking activities	(209 338)	(171 134)	(77 799)	(9 135)	(20 442)	<b>(410 049)</b>
Depreciation/Amortization	(21 076)	(15 647)	(7 009)	(1 014)	(469)	<b>(38 206)</b>
<b>Segment result</b>	<b>(59 164)</b>	<b>93 147</b>	<b>47 605</b>	<b>43 516</b>	<b>(3 432)</b>	<b>74 067</b>
Profit (loss) before taxation	-	-	-	-	-	<b>74 067</b>
Income tax expense	-	-	-	-	-	<b>(13 785)</b>
Net profit (loss)	-	-	-	-	-	<b>60 282</b>
<b>Statement of financial position as at 30.06.2011</b>						
Segment assets	7 722 689	13 119 821	7 817 359	4 806 142	2 704 688	<b>28 353 340</b>
Segment liabilities	11 481 520	7 124 804	1 958 581	5 755 977	1 415 237	<b>25 777 538</b>
Equity	-	-	-	-	-	<b>2 575 802</b>
Total equity and liabilities	-	-	-	-	-	<b>28 353 340</b>

Notes included on pages 12 - 67 are an integral part of these unaudited interim condensed consolidated financial statements

# Bank Gospodarki Żywnościowej S.A. Capital Group

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## 4 OTHER INFORMATION

### 4.1 Shareholders of the Bank Gospodarki Żywnościowej S.A.

Shareholders' structure as of 30.06.2012, 31.12.2011 and 30.06.2011

Shareholders	30.06.2012		31.12.2011		30.06.2011	
	Number of shares	Structure (%)	Number of shares	Structure (%)	Number of shares	Structure (%)
Rabobank International Holding B.V.*	21 298 609	49,37	21 298 609	49,37	21 298 609**	49,37
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.*	4 303 695	9,98	4 303 695	9,98	4 303 695	9,98
State treasury	11 015 937	25,54	11 015 937	25,54	11 016 231***	25,54
Other shareholders	6 518 523	15,11	6 518 523	15,11	6 518 229	15,11
<b>TOTAL</b>	<b>43 136 764</b>	<b>100</b>	<b>43 136 764</b>	<b>100</b>	<b>43 136 764</b>	<b>100</b>

\* Rabobank Group

\*\* As a consequence of the dematerialisation of shares carried out as a part of the IPO, the number of BGŻ shares owned by Rabobank International Holding B.V was increased by 1 025. Those shares were acquired by Rabobank in 2007, however the existing shareholders, acting under Article 341 of the Commercial Companies Code, selling the shares to Rabobank, raised objection to place Rabobank in the share register. It resulted in suspension of the entries in the register.

\*\*\* the change in the presentation in comparison with the financial statement for the first half of 2011 - nil paid disposal shares were presented in "Other shareholder", due to the fact the Ministry of Treasury did not execute the voting rights from these shares

As at 30.06.2012, 31.12.2011, 30.06.2011 none of the members of the Management Board, Supervisory Board and key management staff had Banks' shares.

### 4.2 Granted loan suretyships and guarantees exceeding 10% of equity

In the BGŻ S.A. Group there were no loan suretyships nor guarantees granted exceeding 10% of equity.

### 4.3 Debt securities issued and redeemed

In 2008, the Bank signed with three financing banks a number of agreements for issue of bearer bank securities (Certificates of Deposit - CDs), denominated in PLN. Under the program, a short- and middle-term issue of securities is possible, in the amount not exceeding PLN 2.5 billion. CDs issued by the Bank may be purchased on the primary market exclusively by the financing banks. CDs are issued in tranches. The last issue date of bank securities issued under this program may not be later than 30 March 2013.

As at 30 June 2012 the value of CDs issued amounts PLN 1 980 500 thousands (nominal value), while as at 31 December 2011 it amounted to PLN 2 044 500 thousands (nominal value), and as at 30 June 2011 it amounted to PLN 1 438 000 thousands (nominal value).

# Bank Gospodarki Żywnościowej S.A. Capital Group

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## 4.4 Dividends paid

The Bank did not pay dividends for the year 2011. The Bank's Annual General Meeting decided on 25 June 2012 to transfer the Bank's net profit for the year 2011 to supplementary capital.

## 4.5 Legal issues

As of 30<sup>th</sup> of June 2012 the total value of the court proceedings in which the Bank is defendant amounted to PLN 67 028 thousands and the total value of the court proceedings in which the Bank is a claimant amounted to PLN 43 454 thousands. As of 31<sup>st</sup> December 2011 the total value of the court proceedings in which the Bank is defendant amounted to PLN 67 651 thousands, and the total value of the court proceedings in which the Bank is a claimant amounted to PLN 42 864 thousands. As of 30<sup>th</sup> June 2011 the total value of the court proceedings in which the Bank is defendant amounted to PLN 81 294 thousands, and the total value of the court proceedings in which the Bank is a claimant amounted to PLN 40 392 thousands.

Neither the Bank nor any other company of the Capital Group are party to a court/arbitration court/public administration institution proceeding which value amounts to at least 10% of their equity

In the first half of 2012 a subsidiary Fundusz Nieruchomościowy Actus Sp. z o.o. (the Company) has been a part of a court proceeding resulting from a claim filed by SM INCO. The proceeding relates to the removal of inconsistency between the legal status of the property situated in Wrocław Marszowice and the real legal status of the said property by registering SM INCO as the owner of this property instead of presently BFN Actus. On 16 March 2011 the Court of first instance dismissed the lawsuit of SM INCO and on 20 January 2012 the District Court in Wrocław rejected an appeal. On 23 April 2012 SM INCO lodged a cassation claim against sentence of the Court of first instance from 20 January 2012. In the Bank's opinion probability of losing legal case as a result of lodging a cassation claim to the Supreme Court by SM INCO is low, i.e. significantly below 50%.

## 4.6 Risk management

In the 1<sup>st</sup> half of 2012 there were no significant changes in operating risk management in comparison with 2011.

## 4.7 Changes in the Bank's Management

Until the day of signing this Interim Condensed Consolidated Financial Statement there were no changes in the composition of the Management Board.

On 22 June 2012 Mr Roelof Dekker submitted his resignation from the position of Supervisory Board Member.

On 25 June 2012 the according to the Resolution of the Annual General Meeting Mr Evert Derks (Eric) Drok was appointed for the position of the Supervisory Board Member.

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## 4.8 Significant events

### **BGŻ share tender offer**

On 11 April 2012 Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and Rabobank International Holding B.V. announced tender offer for the sale of all outstanding shares of BGŻ with intention to obtain 100% of the shares of BGŻ. The offered call price was established at the level of 72.5 PLN per share. Within the tender offer Rabobank intends to purchase 17.262.669 Bank's shares and has undertaken to purchase shares if at the end of subscription order acceptance period the subscription would cover at least 6.478.478 Bank's shares.

The tender offer was conditional and due to the fact that till 22 May 2012 the condition concerning the lapse of time for issuance of the PFSA decision with the objection to the purchase of shares or issuance of the decision confirming lack of basis for the objection has not been fulfilled, the subscription order acceptance period was extended till 30 July 2012.

### **The change of the Bank's rating**

On 18 June 2012, the Moody's revised downward its rating for long-term Bank deposits to Baa2 from Baa1, with stable perspective. The Bank's Financial Strength Rating („BFSR”) has remained at the level „D” with stable perspective. The rating of the Bank's short-term deposits was confirmed at the level Prime-2.

The change in the rating closed the BGŻ ratings review started by the Moody's agency on 21 February 2012.

## 4.9 Significant events after the reporting date not accounted for in the financial statements

Polish Financial Supervision Authority has overruled the prohibition notice of using 50% or more of the voting rights at the General Shareholders' Meeting of Bank BGŻ, performed directly or through Rabobank International Holding B.V. by Coöperatieve Centrale Raiffeisen – Boerenleenbank BA from Holland.

The request was submitted due to exceeding in May 2012 50% of voting rights at the Shareholders' Meetings of BGŻ by the Rabobank International Holding BV, without former notification to PFSA, which was required by the law.

On 30 July 2012 the Ministry of Treasury decided accept the tender offer announced by Rabobank for the sale of 10 996 531 BGŻ shares for PLN 72.5 each.

As a result of the tender Rabobank International Holding BV took 16 371 351 shares, and thus the number of shares held by the Rabobank Group increased to 42 245 446 shares, i.e. 97,93% of share capital and the voting rights at the General Meeting of Shareholders

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## II INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS

### Income statement

	2nd quarter of 2012 period from 01.04.2012 to 30.06.2012 unaudited	Two quarters of 2012 period from 01.01.2012 to 30.06.2012 unaudited	2nd quarter of 2011 period from 01.04.2011 to 30.06.2011 unaudited	Two quarters of 2011 period from 01.01.2011 to 30.06.2011 unaudited
Interest income	528 243	1 033 609	398 177	765 889
Interest expense	(270 787)	(531 348)	(199 538)	(396 110)
<b>Net interest income</b>	<b>257 456</b>	<b>502 261</b>	<b>198 639</b>	<b>369 779</b>
Fee and commission income	91 301	174 133	78 130	150 274
Fee and commission expense	(13 728)	(25 951)	(9 937)	(18 020)
<b>Net fee and commission income</b>	<b>77 573</b>	<b>148 182</b>	<b>68 193</b>	<b>132 254</b>
Dividend income	3 396	3 396	3 554	3 554
Result on trading activities	11 213	39 992	15 720	53 967
Result on investing activities	9 930	17 545	(82)	(926)
Result on hedge accounting	-	-	-	-
Other operating income	18 480	34 968	19 041	32 699
Net impairment losses on loans and advances	(115 904)	(158 682)	(30 499)	(53 648)
General administrative expenses	(229 694)	(459 127)	(215 611)	(409 921)
Other operating expenses	(32 406)	(73 939)	(25 067)	(54 577)
<b>Operating result</b>	<b>44</b>	<b>54 596</b>	<b>33 888</b>	<b>73 181</b>
Share in profit (loss) of associates	<b>44</b>	<b>54 596</b>	<b>33 888</b>	<b>73 181</b>
<b>Profit (loss) before taxation</b>	<b>762</b>	<b>(14 139)</b>	<b>(7 982)</b>	<b>(13 785)</b>
Income tax expense	<b>806</b>	<b>40 457</b>	<b>25 906</b>	<b>59 396</b>

# Bank Gospodarki Żywnościowej S.A. Capital Group

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## Statement of comprehensive income

	2nd quarter of 2012 period from 01.04.2012 to 30.06.2012 unaudited	Two quarters of 2012 period from 01.01.2012 to 30.06.2012 unaudited	2nd quarter of 2011 period from 01.04.2011 to 30.06.2011 unaudited	Two quarters of 2011 period from 01.01.2011 to 30.06.2011 unaudited
<b>Profit (loss)</b>	<b>806</b>	<b>40 457</b>	<b>25 906</b>	<b>59 396</b>
<b>Other comprehensive income</b>				
Net (loss)/gain on valuation of available-for-sale financial assets	25 864	54 735	33 797	25 312
Net (loss)/gain on valuation of derivatives hedging future cash flows	5 250	5 250	-	-
Income tax effect	(5 911)	(11 397)	(6 421)	(4 809)
<b>Other comprehensive income (net)</b>	<b>25 203</b>	<b>48 588</b>	<b>27 376</b>	<b>20 503</b>
<b>Total comprehensive income</b>	<b>26 009</b>	<b>89 045</b>	<b>53 282</b>	<b>79 899</b>

# Bank Gospodarki Żywnościowej S.A. Capital Group

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## Statement of financial position

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
<b>ASSETS</b>			
Cash and balances with the Central Bank	1 502 744	1 383 321	1 114 603
Amounts due from other banks	273 397	221 071	213 575
Receivables arising from reverse repo transactions	662 417	366 343	255 391
Held-for-trading securities	2 262 776	1 632 434	812 238
Derivative financial instruments, including:	351 899	883 109	200 599
– hedging derivatives	15 554	-	-
Loans and advances to customers	25 287 306	24 238 267	21 062 329
Securities available for sale	3 663 762	3 624 750	3 603 734
Other debt securities	14 105	15 105	71 576
Investments in associates and subsidiaries	58 546	58 468	47 542
Intangible assets	140 420	146 443	90 081
Property, plant and equipment	472 029	485 943	462 190
Deferred tax asset	182 559	207 794	213 814
Current tax asset	46 242	-	44 800
Other assets	132 025	123 848	141 594
<b>TOTAL ASSETS</b>	<b>35 050 227</b>	<b>33 386 896</b>	<b>28 334 066</b>



# Bank Gospodarki Żywnościowej S.A. Capital Group

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## Statement of financial position (continued)

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
<b>LIABILITIES</b>			
Amounts owed to other banks	4 050 991	4 446 716	3 975 562
Liabilities arising from repo transactions	1 393 391	-	-
Derivative financial instruments and other liabilities held for trading, including:	343 042	795 707	363 126
– hedging derivatives	-	-	-
Amounts owed to customers	24 123 857	22 941 728	19 548 259
Liabilities from issued debt securities	1 967 253	2 033 112	1 434 467
Other liabilities	383 484	474 912	380 555
Current tax liabilities	-	-	17
Provisions	42 634	41 811	40 379
Liabilities arising from employee benefits	29 032	25 412	25 112
<b>TOTAL LIABILITIES</b>	<b>32 333 684</b>	<b>30 759 398</b>	<b>25 767 477</b>
<b>EQUITY</b>			
Issued share capital	43 137	43 137	43 137
Reserve capital	2 458 716	2 332 656	2 332 656
Other reserves	174 233	125 645	131 400
Undistributed profit	40 457	126 060	59 396
<b>TOTAL EQUITY</b>	<b>2 716 543</b>	<b>2 627 498</b>	<b>2 566 589</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>35 050 227</b>	<b>33 386 896</b>	<b>28 334 066</b>

# Bank Gospodarki Żywnościowej S.A. Capital Group

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- data in PLN thousand



## Statement of changes in equity - unaudited

	Share capital	Reserve capital	Other reserves	Undistributed profit	Total
<b>As at 1 January 2012</b>	<b>43 137</b>	<b>2 332 656</b>	<b>125 645</b>	<b>126 060</b>	<b>2 627 498</b>
Net profit for the first half of 2012	-	-	-	40 457	40 457
Other comprehensive income for the period	-	-	48 588	-	48 588
Transfer from prior year profits	-	126 060	-	(126 060)	-
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>48 588</b>	<b>40 457</b>	<b>89 045</b>
<b>As at 30 June 2012</b>	<b>43 137</b>	<b>2 458 716</b>	<b>174 233</b>	<b>40 457</b>	<b>2 716 543</b>

## Statement of changes in equity (continued)

	Share capital	Reserve capital	Other reserves	Undistributed profit	Total
<b>As at 1 January 2011</b>	<b>43 137</b>	<b>2 220 155</b>	<b>110 897</b>	<b>112 501</b>	<b>2 486 690</b>
Net profit for the year	-	-	-	126 060	126 060
Other comprehensive income for the year	-	-	14 748	-	14 748
Transfer from prior year profits	-	112 501	-	(112 501)	-
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>14 748</b>	<b>126 060</b>	<b>140 808</b>
<b>As at 31 December 2011</b>	<b>43 137</b>	<b>2 332 656</b>	<b>125 645</b>	<b>126 060</b>	<b>2 627 498</b>

Notes included on pages 12 - 67 are an integral part of these unaudited interim condensed consolidated financial statements

# Bank Gospodarki Żywnościowej S.A. Capital Group

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## Statement of changes in equity – unaudited (continued)

	Share capital	Reserve capital	Other reserves	Undistributed profit	Total
<b>As at 1 January 2011</b>	<b>43 137</b>	<b>2 220 155</b>	<b>110 897</b>	<b>112 501</b>	<b>2 486 690</b>
Net profit for the first half of 2011	-	-	-	59 396	59 396
Other comprehensive income for the period	-	-	20 503	-	20 503
Transfer from prior year profits	-	112 501	-	(112 501)	-
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>20 503</b>	<b>59 396</b>	<b>79 899</b>
<b>As at 30 June 2011</b>	<b>43 137</b>	<b>2 332 656</b>	<b>131 400</b>	<b>59 396</b>	<b>2 566 589</b>

Notes included on pages 12 - 67 are an integral part of these unaudited interim condensed consolidated financial statements

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## Statement of cash flows

	2nd quarter of 2012 period from 01.04.2012 to 30.06.2012 unaudited	Two quarters of 2012 period from 01.01.2012 to 30.06.2012 unaudited	2nd quarter of 2011 period from 01.04.2011 to 30.06.2011 unaudited	Two quarters of 2011 period from 01.01.2011 to 30.06.2011 unaudited
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>Net profit/loss</b>	<b>806</b>	<b>40 457</b>	<b>25 906</b>	<b>59 396</b>
<b>Total adjustments:</b>	<b>(217 143)</b>	<b>249 246</b>	<b>(2 310 644)</b>	<b>(2 181 446)</b>
Current and deferred tax recognized in the financial result	(762)	14 139	7 982	13 785
Amortization and depreciation	23 296	45 425	19 558	38 206
Interest and dividends	(19 650)	(88 335)	(21 137)	(36 437)
Profit/Loss from investing activities	(10 434)	(18 049)	-	-
Change in provisions and liabilities from employee benefits	(1 841)	4 443	(2 359)	1 125
Change in amounts due from other banks	2 487	2 969	35 929	35 806
Change in receivables arising from reverse repo transactions	44 152	(296 074)	29 601	396 315
Change in held-for-trading debt securities	207 635	(630 342)	894 316	1 002 661
Positive change in valuation of derivative financial instruments except for hedging derivatives	112 310	546 764	2 034	20 388
Change in valuation of hedging instruments	(15 554)	(15 554)	-	-
Change in loans and advances to customers	(1 061 636)	(1 049 039)	(1 092 643)	(1 179 340)
Change in amounts owed to other banks	161 911	(247 875)	26 492	570 558
Change in liabilities arising from repo transactions	(160 827)	1 393 391	(339 613)	(1 268 921)
Negative change in valuation of derivative financial instruments	(147 566)	(452 665)	(120 814)	(368 972)
Change in amounts owed to customers	726 187	1 182 129	(1 747 431)	(1 503 463)
Change in deferred income tax and receivables arising from income tax	(68 370)	(54 419)	(55 782)	(63 416)
Change in other liabilities and liabilities arising from income tax	(26 977)	(91 428)	22 824	138 717
Other adjustments	18 496	3 766	30 399	21 542
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(216 337)</b>	<b>289 703</b>	<b>(2 284 738)</b>	<b>(2 122 050)</b>

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## Statement of cash flows (continued)

	II kwartał 2012 okres od 01.04.2012 do 30.06.2012 niebadane	Dwa kwartały 2012 okres od 01.01.2012 do 30.06.2012 niebadane	II kwartał 2011 okres od 01.04.2011 do 30.06.2011 niebadane	Dwa kwartały 2011 okres od 01.01.2011 do 30.06.2011 niebadane
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
<b>Inflows</b>	<b>21 228 771</b>	<b>38 287 473</b>	<b>12 322 135</b>	<b>34 043 155</b>
Sale and redemption of other debt securities	-	-	-	51 210
Sale of securities available for sale	21 225 375	38 284 077	12 322 279	33 991 373
Sale of intangible assets and property, plant and equipment	-	-	(144)	572
Dividends received and other investment income	3 396	3 396	-	-
<b>Outflows</b>	<b>(20 670 111)</b>	<b>(38 190 608)</b>	<b>(12 677 814)</b>	<b>(34 283 754)</b>
Purchase of securities available for sale	(20 654 200)	(38 167 183)	(12 657 503)	(34 254 140)
Purchase of intangible assets, property, plant and equipment	(15 822)	(23 236)	(20 191)	(29 494)
Other investing outflows	(89)	(189)	(120)	(120)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>558 660</b>	<b>96 865</b>	<b>(355 679)</b>	<b>(240 599)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
<b>Inflows</b>	<b>811 500</b>	<b>2 405 500</b>	<b>3 747 441</b>	<b>5 169 441</b>
Long – term financing from other banks	-	-	2 394 441	2 394 441
Issue of debt securities to other financial institutions	811 500	2 405 500	1 353 000	2 775 000
<b>Outflows</b>	<b>(1 056 617)</b>	<b>(2 617 350)</b>	<b>(1 496 883)</b>	<b>(3 103 412)</b>
Repayment of long-term financing from other banks	(74 617)	(147 850)	(9 856)	(9 856)
Redemption of debt securities issued to other financial institutions	(982 000)	(2 469 500)	(1 487 027)	(3 093 556)
<b>TOTAL NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(245 117)</b>	<b>(211 850)</b>	<b>2 250 558</b>	<b>2 066 029</b>
<b>TOTAL NET CASH FLOW</b>	<b>97 206</b>	<b>174 718</b>	<b>(389 859)</b>	<b>(296 620)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1 670 161</b>	<b>1 592 649</b>	<b>1 704 077</b>	<b>1 610 838</b>
<b>Cash and cash equivalents at the end of the period, including:</b>	<b>1 767 367</b>	<b>1 767 367</b>	<b>1 314 218</b>	<b>1 314 218</b>
of restricted use	1 227	1 227	415	415

Notes included on pages 12 - 67 are an integral part of these unaudited interim condensed consolidated financial statements

# Bank Gospodarki Żywnościowej S.A. Capital Group

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## 1 ADDITIONAL EXPLANATORY NOTES

### 1.1. Statement of compliance with International Financial Reporting Standards

Unaudited interim condensed standalone financial statements for the half-year period ended 30 June 2012 are prepared in accordance with International Financial Reporting Standards ('IFRS') that were endorsed by the European Union ("IAS 34").

Unaudited interim condensed standalone financial statements do not include all information and disclosures required in the annual consolidated financial statements, therefore they should be read in conjunction with the interim condensed consolidated financial statements for the first half of 2012 and with the Bank's financial statements for the year ended 31 December 2011 that were approved by the Management on the 5<sup>th</sup> of March 2012.

During the preparation of this unaudited interim condensed standalone financial statements the accounting principles resulting from the following sources were applied:

1. International Financial Reporting Standards issued by the International Accounting Standards Board and their interpretations issued by the International Financial Reporting Interpretations Committee.
2. International Accounting Standard no. 34 'Interim financial reporting'

New standards and interpretations have been described in the paragraph 1.2 of the interim consolidated financial statements for the first half of 2012.

### 1.2. Significant accounting policies

Accounting policies and methods relating to accounting estimates adopted during the preparation of the Bank's interim condensed standalone financial statements are consistent with the accounting policies adopted for the Group's interim condensed consolidated financial statements, which are described in section I.1.2., except for the valuation of associates, which are recognized at purchase price in the standalone financial statements.

## 2 EXPLANATORY NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS

### 2.1 Related party transactions

The Bank presents transactions with its subsidiaries and main shareholders.

In order to improve the presentation of transactions with related parties the presentation of the tables has changed similarly to the interim consolidated financial statements for the first half of 2012 years.

# Bank Gospodarki Żywnościowej S.A. Capital Group

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- data in PLN thousand



Transactions with the related parties and BGŻ S.A. shareholders as at 30.06.2012

	STATE TREASURY	RABOBANK INTERNATIONAL HOLDING B.V.	COOPERATIEVE CENTRALE RAIFFEISEN- BOERENLEENBANK B.A.	COOPERATIEVE C.R-B B.A. (BRANCHES)	SUBSIDIARIES RABOBANK	BGŻ Leasing Sp. z o.o.	ACTUS Sp. z o.o.	TOTAL	% share in total assets/ financial result of BGŻ S.A.
<b>Assets</b>	<b>4 950 794</b>	-	<b>167 274</b>	-	<b>1 611</b>	<b>12 540</b>	<b>32 782</b>	<b>5 165 001</b>	<b>14,73%</b>
Loans and advances	-	-	-	-	-	12 536	-	12 536	0,04%
Current accounts	274	-	36	-	-	-	-	310	-
Interest	24 857	-	-	-	-	2	22 222	47 081	0,13%
Debt securities	4 918 860	-	-	-	-	-	10 560	4 929 420	14,06%
Derivative instruments	-	-	167 238	-	1 611	-	-	168 849	0,48%
Other	6 803	-	-	-	-	2	-	6 805	0,02%
<b>Liabilities</b>	<b>73 487</b>	-	<b>3 474 935</b>	<b>13 529</b>	<b>2 126</b>	<b>56 111</b>	<b>44</b>	<b>3 620 232</b>	<b>10,33%</b>
Loans taken out	-	-	3 315 326	-	-	-	-	3 315 326	9,46%
Current account	36 440	-	3 336	83	31	272	44	40 206	0,11%
Term deposits	36 717	-	-	-	-	55 346	-	92 063	0,26%
Interest payable	208	-	8 334	-	-	480	-	9 022	0,03%
Derivative instruments	-	-	127 744	-	1 611	-	-	129 355	0,37%
Other	122	-	20 195**	13 446	484	13	-	34 260	0,10%
<b>Costs</b>	<b>1 266</b>	-	<b>25 268</b>	<b>5 205</b>	<b>1 944</b>	<b>1 409</b>	-	<b>35 092</b>	<b>0,01%</b>
Interest	1 266	-	23 531	4	1	1 340	-	26 142	0,01%
Commission	-	-	18	-	-	69	-	87	-
Result on derivative instruments	-	-	-	-	1 943	-	-	1 943	-
Other	-	-	1 719	5 201	-	-	-	6 920	-
<b>Revenue</b>	<b>242 599</b>	-	<b>25 640</b>	-	<b>312</b>	<b>1 501</b>	<b>1 037</b>	<b>271 089</b>	<b>0,10%</b>
Interest*	215 257	-	169	-	312	274	1 029	217 041	0,08%
Commission	195	-	-	-	-	1 128	1	1 324	-
Results on derivative instruments	-	-	25 471	-	-	84	-	25 555	0,01%
Results on trading activities	27 147	-	-	-	-	-	-	27 147	0,01%
Other	-	-	-	-	-	15	7	22	-
<b>Contingent liabilities</b>	<b>3 726</b>	-	<b>9 485 776</b>	-	<b>600 000</b>	<b>23 921</b>	-	<b>10 113 423</b>	<b>13,69%</b>
Liabilities granted	3 726	-	704	-	-	23 921	-	28 351	0,04%
Derivative instruments	-	-	9 485 072	-	600 000	-	-	10 085 072	13,65%

\* Line: Revenue – 'Interest' includes interest on preferential loans

\*\* Line: 'Other liabilities' concerns liabilities to COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. for the acquisition of licenses and services connected with the implementation of BGŻOptima IT system, which were capitalized as intangible assets.

The transactions with the Treasury (budgetary units) concern in particular ministries, voivodeship authorities, courts, government agencies (including the Agency of Restructuring and Modernization of Agriculture, with which the Bank conducts the settlements of payments of preferential loans).

Notes included on pages 12 - 67 are an integral part of these unaudited interim condensed consolidated financial statements

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- data in PLN thousand



Transactions with the related parties and BGŻ S.A. shareholders as at 31.12.2011

	STATE TREASURY	RABOBANK INTERNATIONAL HOLDING B.V.	COOPERATIEVE CENTRALE RAIFFEISEN- BOERENLEENBANK B.A.	COOPERATIEVE C.R-B B.A. (BRANCHES)	SUBSIDIARIES RABOBANK	BGŻ Leasing Sp. z o.o.	ACTUS Sp. z o.o.	TOTAL	% share in total assets/ financial result of BGŻ S.A.
<b>Assets</b>	<b>4 677 180</b>	-	<b>689 043</b>	-	-	<b>18 008</b>	<b>31 753</b>	<b>5 415 984</b>	<b>16,22%</b>
Loans and advances	-	-	-	-	-	17 030	-	17 030	0,05%
Current accounts	148	-	88	-	-	-	-	236	-
Interest	23 844	-	-	-	-	3	21 193	45 040	0,14%
Debt securities	4 640 906	-	-	-	-	-	10 560	4 651 466	13,93%
Derivative instruments	-	-	688 955	-	-	-	-	688 955	2,06%
Other	12 282	-	-	-	-	975	-	13 257	0,04%
<b>Liabilities</b>	<b>81 453</b>	-	<b>4 273 465</b>	<b>8 532</b>	<b>45</b>	<b>65 340</b>	<b>77</b>	<b>4 428 912</b>	<b>13,27%</b>
Loans taken out	-	-	3 547 917	-	-	-	-	3 547 917	10,63%
Current account	42 749	-	160 936	122	45	7 224	77	211 153	0,63%
Term deposits	38 417	-	-	-	-	57 661	-	96 078	0,29%
Interest payable	166	-	8 807	-	-	455	-	9 428	0,03%
Derivative instruments	-	-	527 846	-	-	-	-	527 846	1,58%
Other	121	-	27 959**	8 410	-	-	-	36 490	0,11%
<b>Costs</b>	<b>21 228</b>	<b>123</b>	<b>153 502</b>	<b>7 478</b>	<b>687</b>	<b>2 128</b>	-	<b>185 146</b>	<b>0,03%</b>
Interest	21 228	-	27 580	4	5	2 023	-	50 840	0,01%
Commission	-	-	1 059	-	-	-	-	1 059	-
Result on trading activities	-	-	123 032	-	505	-	-	123 537	0,02%
Other	-	123	1 831	7 474	177	105	-	9 710	-
<b>Revenue</b>	<b>360 310</b>	<b>527</b>	<b>1 478</b>	-	<b>1 030</b>	<b>4 559</b>	<b>2 079</b>	<b>369 983</b>	<b>0,07%</b>
Interest*	355 630	-	1 478	-	1 030	402	2 064	360 604	0,07%
Commission	558	-	-	-	-	23	1	582	-
Results on derivative instruments	-	-	-	-	-	47	-	47	-
Results on trading activities	4 122	-	-	-	-	-	-	4 122	-
Other	-	527	-	-	-	4 087	14	4 628	-
<b>Contingent liabilities</b>	<b>852</b>	-	<b>25 666 913</b>	-	-	<b>19 700</b>	-	<b>25 687 465</b>	<b>33,02%</b>
Liabilities granted	852	-	704	-	-	19 700	-	21 256	0,02%
Derivative instruments	-	-	25 666 209	-	-	-	-	25 666 209	33,00%

\* Line: Revenue – 'Interest' includes interest on preferential loans

\*\* Line: 'Other liabilities' concerns liabilities to COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. for the acquisition of licenses and services connected with the implementation of BGŻOptima IT system, which were capitalized as intangible assets.

The transactions with the Treasury (budgetary units) concern in particular ministries, voivodeship authorities, courts, government agencies (including the Agency of Restructuring and Modernization of Agriculture, with which the Bank conducts the settlements of payments of preferential loans).

Notes included on pages 12 - 67 are an integral part of these unaudited interim condensed consolidated financial statements



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Transactions with the related parties and BGŻ S.A. shareholders as at 30.06.2011

	STATE TREASURY	RABOBANK INTERNATIONAL HOLDING B.V.	COOPERATIEVE CENTRALE RAIFFEISEN- BOERENLEENBANK B.A.	COOPERATIEVE C.R-B B.A. (BRANCHES)	SUBSIDIARIES RABOBANK	BGŻ Leasing Sp. z o.o.	ACTUS Sp. z o.o.	TOTAL	% share in total assets/ financial result of BGŻ S.A.
<b>Assets</b>	<b>3 729 629</b>	<b>24</b>	<b>126 466</b>	-	<b>50 007</b>	<b>14 133</b>	<b>30 712</b>	<b>3 950 971</b>	<b>13,94%</b>
Loans and advances	-	-	-	-	-	13 993	-	13 993	0,05%
Deposits	-	-	-	-	50 000	-	-	50 000	0,18%
Current accounts	134	-	42	-	-	-	-	176	-
Interests	20 412	-	-	-	7	2	20 152	40 573	0,14%
Debt securities	3 699 625	-	-	-	-	-	10 560	3 710 185	13,09%
Derivative instruments	-	-	126 424	-	-	1	-	126 425	0,45%
Other	9 458	24	-	-	-	137	-	9 619	0,03%
<b>Liabilities</b>	<b>90 693</b>	-	<b>2 735 993</b>	<b>12 245</b>	<b>531</b>	<b>42 895</b>	<b>43</b>	<b>2 882 400</b>	<b>10,17%</b>
Loans taken out	-	-	2 495 102	-	-	-	-	2 495 102	8,81%
Current account	45 796	-	28 442	2 221	531	128	43	77 161	0,27%
Term deposits	44 664	-	-	-	-	42 767	-	87 431	0,31%
Interest payable	114	-	3 659	-	-	-	-	3 773	0,01%
Derivative instruments	-	-	208 790	-	-	-	-	208 790	0,74%
Other	119	-	-	10 024	-	-	-	10 143	0,03%
<b>Costs</b>	<b>19 596</b>	<b>100</b>	<b>83 230</b>	<b>5 086</b>	<b>431</b>	<b>982</b>	-	<b>109 425</b>	<b>0,05%</b>
Interest	19 596	-	3 693	1	3	894	-	24 187	0,01%
Commission	-	-	812	-	-	-	-	812	-
Result on trading activities	-	-	78 725	-	428	-	-	79 153	0,04%
Other	-	100	-	5 085	-	88	-	5 273	-
<b>Revenue</b>	<b>159 831</b>	-	<b>65</b>	-	<b>437</b>	<b>1 128</b>	<b>1 030</b>	<b>162 491</b>	<b>0,08%</b>
Interest*	158 511	-	65	-	436	170	1 023	160 205	0,08%
Commission	326	-	-	-	1	13	-	340	-
Results on derivative instruments	-	-	-	-	-	945	-	945	-
Results on trading activities	994	-	-	-	-	-	-	994	-
<b>Contingent liabilities</b>	-	-	-	-	-	-	7	7	-
Liabilities granted	<b>566</b>	-	<b>22 715 018</b>	-	-	<b>12 267</b>	-	<b>22 727 851</b>	<b>29,38%</b>
Loans taken out	566	-	704	-	-	-	-	1 270	-
Commitments received	-	-	831 701	-	-	9 994	-	841 695	1,09%
Derivative instruments	-	-	21 882 613	-	-	2 273	-	21 884 886	28,29%

\* Line: Revenue – 'Interest' includes interest on preferential loans.

The transactions with the Treasury (budgetary units) concern in particular ministries, voivodeship authorities, courts, government agencies (including the Agency of Restructuring and Modernization of Agriculture, with which the Bank conducts the settlements of payments of preferential loans).

The terms of the transactions with related parties and BGŻ S.A. shareholders do not differ from the market conditions.

Notes included on pages 12 - 67 are an integral part of these unaudited interim condensed consolidated financial statements

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## 2.2 Solvency ratio

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
Own funds	2 500 874	2 394 441	2 400 435
Capital requirements	2 111 781	1 983 850	1 728 654
<b>Solvency ratio (%)</b>	<b>9,5%</b>	<b>9,7%</b>	<b>11,1%</b>

## 3 OTHER INFORMATION

The notes presenting changes in the particular positions are presented in the interim condensed consolidated financial statements for the first half on 2012.

### 3.1 Seasonality or periodicity of operations

In the operations of the Group there are no material seasonal or periodical occurrences.

### 3.2 Debt securities issued and redeemed

The issuance and redemption of securities are described in the paragraph 4.3 of the interim consolidated financial statements for the first half of 2012.

### 3.3 Dividends paid

The Bank did not pay dividends for the year 2011. The Bank's Annual General Meeting decided on 25 June 2012 to transfer the Bank's net profit for the year 2011 to reserve capital.

### 3.4 Off-balance sheet items

	30.06.2012 unaudited	31.12.2011	30.06.2011 unaudited
Liabilities granted	4 121 818	4 264 562	3 837 924
Liabilities received	12 559	5 438	1 059 121
Off-balance sheet financial instruments	66 698 356	71 597 041	71 028 665
F/X transactions	3 063 458	1 921 497	1 433 804
<b>Off-balance sheet items, total</b>	<b>73 896 191</b>	<b>77 788 538</b>	<b>77 359 514</b>
<b>Liabilities granted, suretyships, unused credit lines</b>	<b>(6 721)</b>	<b>(6 018)</b>	<b>(4 897)</b>

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## 3.5 Significant events

Significant events in the Bank in the first half of 2012 are described in point 4.8 of the interim condensed consolidated financial statements for the first half of 2012.

## 3.6 Significant events after the reporting date not accounted for in the financial statements

Significant events after the reporting date not accounted for in the financial statements are described in the note 4.9 of the interim condensed consolidated financial statements for the first half of 2012.

.....  
Jacek Bartkiewicz  
*President of the Management Board*

.....  
Gerardus Cornelis Embrechts  
*First Vice-President  
of the Management Board*

.....  
Witold Okarma  
*Vice-President  
of the Management Board*

.....  
Andrzej Sieradz  
*Vice-President  
of the Management Board*

.....  
Johannes Gerardus Beuming  
*Vice-President  
of the Management Board*

.....  
Dariusz Odzioba  
*Vice-President  
of the Management Board*

.....  
Wojciech Sass  
*Vice-President  
of the Management Board*

.....  
Magdalena Legęć  
*Vice-President  
of the Management Board*

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Katarzyna Romaszewska-Rosiak  
*Chief Financial Officer  
Chief Accountant*

Warsaw, 7 August 2012