

**REPORT OF
BANK ZACHODNI WBK GROUP
FOR QUARTER 3 2010**

2010



WBK

| Bank Zachodni WBK S.A.

FINANCIAL HIGHLIGHTS for reporting period ended:	PLN k		EUR k	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
Consolidated financial statements				
I Net interest income	1 320 725	1 129 354	329 959	256 712
II Net fee and commission income	998 436	981 934	249 441	223 202
III Operating profit	987 268	819 507	246 651	186 281
IV Profit before tax	989 795	818 997	247 282	186 165
V Net profit attributable to owners of BZ WBK S.A.	706 504	630 422	176 507	143 301
VI Total net cash flow	855 045	(173 115)	213 617	(39 351)
VII Total assets	55 485 414	56 378 802	13 916 582	13 351 680
VIII Deposits from banks and central bank	7 402 531	6 940 651	1 856 667	1 643 691
IX Deposits from customers	39 617 708	41 512 085	9 936 721	9 830 930
X Total liabilities	48 971 482	50 616 328	12 282 790	11 987 005
XI Total equity	6 513 932	5 762 474	1 633 793	1 364 674
XII Non-controlling interests in equity	133 440	92 260	33 469	21 849
XIII Net profit attributable to non-controlling interests	49 663	37 910	12 407	8 617
XIV Number of shares	73 076 013	73 076 013		
XV Net book value per share in PLN/EUR	89,14	78,86	22,36	18,68
XVI Solvency ratio	14,07%	12,16%		
XVII Profit per share in PLN/EUR	9,67	8,63	2,42	1,96
XVIII Diluted earnings per share in PLN/EUR	9,64	8,59	2,41	1,95
XIX Declared or paid dividend per share in PLN/EUR	4,00	-	1,00	-
Stand alone financial statements				
I Net interest income	1 205 606	1 021 121	301 198	232 110
II Net fee and commission income	754 785	775 038	188 569	176 173
III Operating profit	890 123	887 994	222 381	201 849
IV Profit before tax	890 123	887 994	222 381	201 849
V Profit for the period	693 114	771 806	173 162	175 438
VI Total net cash flow	852 532	(170 776)	212 989	(38 819)
VII Total assets	53 493 663	53 924 573	13 417 021	12 770 467
VIII Deposits from banks and central bank	6 143 978	5 195 869	1 541 003	1 230 490
IX Deposits from customers	39 715 077	41 482 473	9 961 143	9 823 917
X Total liabilities	47 581 875	48 666 455	11 934 255	11 525 234
XI Total equity	5 911 788	5 258 118	1 482 766	1 245 232
XII Number of shares	73 076 013	73 076 013		
XIII Net book value per share in PLN/EUR	80,90	71,95	20,29	17,04
XIV Solvency ratio	13,56%	11,84%		
XV Profit per share in PLN/EUR	9,48	10,56	2,37	2,40
XVI Diluted earnings per share in PLN/EUR	9,46	10,52	2,36	2,39
XVII Declared or paid dividend per share in PLN/EUR	4,00	-	1,00	-

FINANCIAL HIGHLIGHTS for the period ended 31.12.2009	Consolidated statement of financial position		Statement of financial position	
	PLN k	EUR k	PLN k	EUR k
I Total assets	54 065 025	13 160 271	51 946 281	12 644 536
II Deposits from banks and central bank	5 349 984	1 302 270	3 820 700	930 018
III Deposits from customers	41 222 871	10 034 290	41 262 174	10 043 857
IV Total liabilities	48 028 555	11 690 900	46 471 825	11 311 968
V Total equity	6 036 470	1 469 371	5 474 456	1 332 568
VI Non-controlling interests in equity	108 338	26 371	-	-

The following principles were applied in order to convert financial figures into EUR:

- statement of financial position items: 3.9870 PLN rate to EUR as at 30.09.2010 stated by National Bank of Poland (NBP), 4.2226 PLN rate to EUR as at 30.09.2009 and 4.1082 PLN rate to EUR as at 31.12.2009
- for profit and loss items - as at 30.09.2010: 4.0027 (an average PLN mid-rate to EUR in NBP on the last day of each month in 2010), as at 30.09.2009: 4.3993 (an average PLN mid-rate to EUR in NBP on the last day of each month in 2009).

**CONSOLIDATED FINANCIAL
STATEMENTS OF
BANK ZACHODNI WBK GROUP
FOR QUARTER 3 2010**

2010

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Consolidated income statement

for reporting period:		01.07.2010- 30.09.2010	01.01.2010- 30.09.2010	01.07.2009- 30.09.2009	01.01.2009- 30.09.2009
Interest income		767 560	2 337 895	795 991	2 437 279
Interest expense		(309 614)	(1 017 170)	(383 084)	(1 307 925)
Net interest income	Note 4	457 946	1 320 725	412 907	1 129 354
Fee and commission income		373 000	1 158 953	401 845	1 142 240
Fee and commission expense		(42 242)	(160 517)	(59 968)	(160 306)
Net fee and commission income	Note 5	330 758	998 436	341 877	981 934
Dividend income		611	54 233	316	76 306
Net trading income and revaluation	Note 6	60 810	198 473	62 969	192 023
Gains (losses) from other financial securities	Note 7	1 301	10 173	(2 454)	(4 205)
Other operating income		7 194	26 606	7 821	30 644
Impairment losses on loans and advances	Note 8	(100 753)	(317 562)	(97 238)	(380 624)
Operating expenses incl.:		(451 227)	(1 303 816)	(388 566)	(1 205 925)
<i>Bank's staff, operating expenses and management costs</i>	Note 9,10	(404 870)	(1 178 827)	(351 164)	(1 096 795)
<i>Depreciation/amortisation</i>		(32 356)	(96 032)	(31 062)	(91 513)
<i>Other operating expenses</i>		(14 001)	(28 957)	(6 340)	(17 617)
Operating profit		306 640	987 268	337 632	819 507
Share in net profits (loss) of entities accounted for by the equity method		1 161	2 527	2 838	(510)
Profit before tax		307 801	989 795	340 470	818 997
Corporate income tax	Note 11	(68 634)	(233 628)	(64 882)	(150 665)
Profit for the period		239 167	756 167	275 588	668 332
of which:					
<i>attributable to owners of BZ WBK S.A.</i>		222 916	706 504	260 979	630 422
<i>attributable to non-controlling interests</i>		16 251	49 663	14 609	37 910
Net earnings per share (PLN/share)					
Basic earnings per share		3,05	9,67	3,57	8,63
Diluted earnings per share		3,04	9,64	3,56	8,59

Consolidated statement of comprehensive income

for reporting period:		01.07.2010- 30.09.2010	01.01.2010- 30.09.2010	01.07.2009- 30.09.2009	01.01.2009- 30.09.2009
Profit for the period		239 167	756 167	275 588	668 332
Other comprehensive income:					
Available-for sale financial assets valuation		25 208	34 076	23 284	62 398
Cash flow hedges valuation		2 202	4 523	(587)	22 767
Other comprehensive income for the period, net of income tax		27 410	38 599	22 697	85 165
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		266 577	794 766	298 285	753 497
Attributable to:					
<i>owners of BZ WBK S.A.</i>		249 962	744 664	282 865	713 840
<i>non-controlling interests</i>		16 615	50 102	15 420	39 657



Consolidated statement of financial position

	as at:	30.09.2010	30.06.2010	31.12.2009	30.09.2009
ASSETS					
Cash and balances with central banks	Note 12	1 153 293	1 477 897	2 660 658	1 864 723
Loans and advances to banks	Note 13	1 689 713	1 024 302	663 027	1 480 301
Financial assets held for trading	Note 14	3 884 169	1 609 683	1 344 809	2 008 707
Hedging derivatives		21 554	16 247	10 801	1 688
Loans and advances to customers	Note 15	33 422 028	34 335 350	34 570 697	35 405 268
Investment securities	Note 16, 17	13 676 997	13 406 056	13 292 572	14 066 638
Investments in associates and joint ventures	Note 18	83 077	81 916	81 887	81 711
Intangible assets		165 576	170 861	181 620	171 217
Property, plant and equipment		545 488	560 200	596 154	593 784
Current income tax due		-	-	43 373	-
Net deferred tax assets		333 815	312 293	278 227	292 029
Other assets		509 704	589 014	341 200	412 736
Total assets		55 485 414	53 583 819	54 065 025	56 378 802
LIABILITIES					
Deposits from central bank	Note 19	-	224 323	1 519 208	908 175
Deposits from banks	Note 20	7 402 531	3 782 569	3 830 776	6 032 476
Hedging derivatives		48 991	48 178	32 933	52 272
Financial liabilities held for trading	Note 14	526 654	852 633	736 050	1 044 459
Deposits from customers	Note 21	39 617 708	41 298 498	41 222 871	41 512 085
Debt securities in issue		397 721	-	-	-
Current income tax liabilities		120 813	92 105	-	58 122
Other liabilities		857 064	1 038 158	686 717	1 008 739
Total liabilities		48 971 482	47 336 464	48 028 555	50 616 328
Equity					
Equity attributable to owners of BZ WBK S.A.		6 380 492	6 130 530	5 928 132	5 670 214
Share capital		730 760	730 760	730 760	730 760
Other reserve funds		4 342 765	4 342 765	3 566 999	3 566 999
Revaluation reserve		460 165	433 119	422 005	418 923
Retained earnings		140 298	140 298	323 110	323 110
Profit of the current period		706 504	483 588	885 258	630 422
Non-controlling interests in equity		133 440	116 825	108 338	92 260
Total equity		6 513 932	6 247 355	6 036 470	5 762 474
Total equity and liabilities		55 485 414	53 583 819	54 065 025	56 378 802

Movements on consolidated equity

Movements on consolidated equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Non-controlling interests in equity	Total
Opening balance as at 31.12.2009 (*)	730 760	3 566 999	422 005	1 208 368	108 338	6 036 470
Total comprehensive income	-	-	38 160	706 504	50 102	794 766
Transfer to other capital	-	775 766	-	(775 766)	-	-
Dividend relating to 2009	-	-	-	(292 304)	(25 000)	(317 304)
As at 30.09.2010	730 760	4 342 765	460 165	846 802	133 440	6 513 932

As at the end of the period revaluation reserve in the amount of PLN 460 165 k comprises of debt securities and equity shares classified as available for sale of PLN 42 194 k and PLN 411 531 k respectively and additionally cash flow hedge activities of PLN 6 440 k.

Movements on consolidated equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Non-controlling interests in equity	Total
Opening balance as at 31.12.2008 (*)	729 603	2 716 687	335 507	1 172 622	239 872	5 194 291
Total comprehensive income	-	-	86 498	885 258	55 737	1 027 493
Share issue related to vesting the share incentive scheme	1 157	-	-	-	-	1 157
Share scheme charge	-	1 547	-	-	-	1 547
Dividend relating to 2008	-	-	-	-	(187 271)	(187 271)
Transfer to other capital	-	848 765	-	(848 765)	-	-
Other	-	-	-	(747)	-	(747)
As at 31.12.2009	730 760	3 566 999	422 005	1 208 368	108 338	6 036 470

As at the end of the period revaluation reserve in the amount of PLN 422 005 k comprises of debt securities and equity shares classified as available for sale of PLN 4 962 k and PLN 415 125 k respectively and additionally cash flow hedge activities of PLN 1 918 k.

Movements on consolidated equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Non-controlling interests in equity	Total
Opening balance as at 31.12.2008 (*)	729 603	2 716 687	335 507	1 172 622	239 872	5 194 291
Total comprehensive income	-	-	83 416	630 422	39 659	753 497
Share issue related to vesting the share incentive scheme	1 157	-	-	-	-	1 157
Share scheme charge	-	1 547	-	-	-	1 547
Dividend relating to 2008	-	-	-	-	(187 271)	(187 271)
Transfer to other capital	-	848 765	-	(848 765)	-	-
Other	-	-	-	(747)	-	(747)
As at 30.09.2009	730 760	3 566 999	418 923	953 532	92 260	5 762 474

As at the end of the period revaluation reserve in the amount of PLN 418 923 k comprises of debt securities and equity shares classified as available for sale of PLN 8 517 k and PLN 412 312 k respectively and additionally cash flow hedge activities of PLN (1 906) k.

(*) Data converted as described in the note 1 'Correction of prior periods'

Consolidated statement of cash flows

	for reporting period:			
	01.07.2010- 30.09.2010	01.01.2010- 30.09.2010	01.07.2009- 30.09.2009	01.01.2009- 30.09.2009
Profit before tax	307 801	989 795	340 470	818 997
Total adjustments:	1 758 691	1 175 876	999 776	207 435
Share in net profits (losses) of entities accounted for by the equity method	(1 161)	(2 527)	(2 838)	510
Depreciation/amortisation	32 356	96 032	31 062	91 513
Impairment losses	107	(77)	14	(3)
Gains (losses) on exchange differences	6 574	7 205	28 221	(4 329)
Interests and similar charges	(113 622)	(64 847)	(101 012)	(5 303)
Dividend received	(611)	(54 233)	(316)	(76 306)
(Profit) loss from investing activities	(1 182)	(9 936)	2 650	2 465
Change in provisions	35 459	(9 180)	(25 651)	(55 024)
Change in trading portfolio financial instruments	(694 471)	(474 773)	(230 587)	(241 364)
Change in loans and advances to banks	(252)	(597)	(6 377)	(6 278)
Change in loans and advances to customers	926 019	1 150 724	852 708	(273 325)
Change in deposits from banks	3 422 484	2 261 542	959 251	2 015 941
Change in deposits from customers	(1 685 390)	(1 601 884)	(606 813)	(1 511 326)
Change in liabilities arising from debt securities in issue	(979)	(979)	(2 808)	(3 736)
Change in other assets and liabilities	(98 762)	13 185	171 977	483 505
Paid income tax	(67 835)	(134 047)	(69 861)	(210 158)
Other adjustments	(43)	268	156	653
Net cash flow from operating activities	2 066 492	2 165 671	1 340 246	1 026 432
Inflows	859 941	1 799 562	1 107 082	4 025 205
Sale/maturity of investment securities	859 140	1 743 965	1 106 428	3 946 552
Sale of intangible assets and property, plant and equipment	188	1 357	337	2 340
Dividend received	611	54 233	316	76 306
Proceeds from other investments	2	7	1	7
Outflows	(537 987)	(2 917 020)	(860 844)	(4 659 845)
Purchase of subsidiaries, associates and joint ventures	-	-	-	(10 000)
Purchase of investment securities	(525 827)	(2 887 502)	(847 522)	(4 603 774)
Purchase of intangible assets and property, plant and equipment	(11 960)	(29 294)	(13 321)	(46 069)
Other investments	(200)	(224)	(1)	(2)
Net cash flow from investing activities	321 954	(1 117 458)	246 238	(634 640)
Inflows	398 700	416 830	226 852	326 147
Drawing of long-term loans	-	18 130	225 695	324 990
Proceeds from issuing bonds / shares	398 700	398 700	1 157	1 157
Outflows	(82 312)	(609 998)	(397 283)	(891 054)
Repayment of long-term loans	(72 744)	(257 696)	(302 027)	(509 494)
Debt securities buy out	-	-	(72 673)	(150 182)
Dividends and other payments to shareholders	-	(317 304)	-	(147 353)
Other financing outflows	(9 568)	(34 998)	(22 583)	(84 025)
Net cash flow from financing activities	316 388	(193 168)	(170 431)	(564 907)
Total net cash flow	2 704 834	855 045	1 416 053	(173 115)
Cash at the beginning of the accounting period	3 707 301	5 557 090	3 735 145	5 324 313
Cash at the end of the accounting period	6 412 135	6 412 135	5 151 198	5 151 198

Income statement of Bank Zachodni WBK S.A.

	for reporting period:			
	01.07.2010- 30.09.2010	01.01.2010- 30.09.2010	01.07.2009- 30.09.2009	01.01.2009- 30.09.2009
Interest income	727 296	2 216 898	751 935	2 295 791
Interest expense	(307 220)	(1 011 292)	(377 513)	(1 274 670)
Net interest income	420 076	1 205 606	374 422	1 021 121
Fee and commission income	275 613	848 135	297 917	873 315
Fee and commission expense	(22 125)	(93 350)	(36 042)	(98 277)
Net fee and commission income	253 488	754 785	261 875	775 038
Dividend income	8	131 366	54	317 267
Net trading income and revaluation	62 869	203 909	64 380	191 544
Gains (losses) from other financial securities	(1)	8 903	(2 494)	(4 418)
Other operating income	6 995	26 686	7 876	31 093
Impairment losses on loans and advances	(77 265)	(265 159)	(89 597)	(357 946)
Operating expenses incl.:	(409 026)	(1 175 973)	(345 728)	(1 085 705)
<i>Bank's staff, operating expenses and management costs</i>	<i>(367 047)</i>	<i>(1 064 477)</i>	<i>(313 401)</i>	<i>(990 135)</i>
<i>Depreciation/amortisation</i>	<i>(29 488)</i>	<i>(87 295)</i>	<i>(28 288)</i>	<i>(83 217)</i>
<i>Other operating expenses</i>	<i>(12 491)</i>	<i>(24 201)</i>	<i>(4 039)</i>	<i>(12 353)</i>
Operating profit	257 144	890 123	270 788	887 994
Profit before tax	257 144	890 123	270 788	887 994
Corporate income tax	(58 312)	(197 009)	(52 122)	(116 188)
Profit for the period	198 832	693 114	218 666	771 806
Net earnings per share (PLN/share)				
Basic earnings per share	2,72	9,48	2,99	10,56
Diluted earnings per share	2,71	9,46	2,98	10,52

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

	for reporting period:			
	01.07.2010- 30.09.2010	01.01.2010- 30.09.2010	01.07.2009- 30.09.2009	01.01.2009- 30.09.2009
Profit for the period	198 832	693 114	218 666	771 806
Other comprehensive income:				
Available-for sale financial assets valuation	23 769	31 999	21 376	58 432
Cash flow hedges valuation	2 202	4 523	(587)	22 767
Other comprehensive income for the period, net of income tax	25 971	36 522	20 789	81 199
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	224 803	729 636	239 455	853 005

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

as at:	30.09.2010	30.06.2010	31.12.2009	30.09.2009
ASSETS				
Cash and balances with central banks	1 153 289	1 477 890	2 660 649	1 864 714
Loans and advances to banks	1 671 131	1 010 308	647 559	1 465 650
Financial assets held for trading	3 851 417	1 559 086	1 303 226	1 898 706
Hedging derivatives	21 293	15 445	10 801	1 688
Loans and advances to customers	31 781 096	32 562 368	32 626 176	33 247 315
Investment securities	13 630 848	13 370 954	13 265 805	14 040 238
Investments in subsidiaries, associates and joint ventures	246 949	238 349	234 349	234 349
Intangible assets	149 619	154 511	162 693	154 397
Property, plant and equipment	532 588	547 019	581 132	578 245
Current income tax due	-	-	55 817	-
Net deferred tax assets	266 431	251 594	228 156	247 351
Other assets	189 002	390 791	169 918	191 920
Total assets	53 493 663	51 578 315	51 946 281	53 924 573
LIABILITIES				
Deposits from central bank	-	224 323	1 519 208	908 175
Deposits from banks	6 143 978	2 412 010	2 301 492	4 287 694
Hedging derivatives	48 991	48 178	32 933	52 272
Financial liabilities held for trading	588 878	938 980	815 071	1 143 560
Deposits from customers	39 715 077	41 445 100	41 262 174	41 482 473
Debt securities in issue	397 721	-	-	-
Current income tax liabilities	105 018	77 978	-	47 190
Other liabilities	582 212	744 761	540 947	745 091
Total liabilities	47 581 875	45 891 330	46 471 825	48 666 455
Equity				
Share capital	730 760	730 760	730 760	730 760
Other reserve funds	4 048 213	4 048 213	3 354 289	3 354 290
Revaluation reserve	458 784	432 813	422 262	419 411
Retained earnings	(19 083)	(19 083)	(18 149)	(18 149)
Profit of the current period	693 114	494 282	985 294	771 806
Total equity	5 911 788	5 686 985	5 474 456	5 258 118
Total equity and liabilities	53 493 663	51 578 315	51 946 281	53 924 573

Movements on equity of Bank Zachodni WBK S.A.

Movements on equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2009 (*)	730 760	3 354 289	422 262	967 145	5 474 456
Total comprehensive income	-	-	36 522	693 114	729 636
Transfer to other capital	-	693 924	-	(693 924)	-
Transfer to dividends for 2009	-	-	-	(292 304)	(292 304)
As at 30.09.2010	730 760	4 048 213	458 784	674 031	5 911 788

As at the end of the period revaluation reserve in the amount of PLN 458 784 k comprises of debt securities of PLN 42 187 k and equity shares classified as available for sale of PLN 410 157 k and additionally cash flow hedge activities PLN 6 440 k.

Movements on equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2008 (*)	729 603	2 543 577	338 213	791 015	4 402 408
Total comprehensive income	-	-	84 049	985 295	1 069 344
Share issue related to vesting the share incentive scheme	1 157	-	-	-	1 157
Share scheme charge	-	1 547	-	-	1 547
Transfer to other capital	-	809 165	-	(809 165)	-
As at 31.12.2009	730 760	3 354 289	422 262	967 145	5 474 456

As at the end of the period revaluation reserve in the amount of PLN 422 262 k comprises of debt securities of PLN 4 972 k and equity shares classified as available for sale of PLN 415 372 k and additionally cash flow hedge activities PLN 1 918 k.

Movements on equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2008 (*)	729 603	2 543 577	338 213	791 015	4 402 408
Total comprehensive income	-	-	81 198	771 807	853 005
Share issue related to vesting the share incentive scheme	1 157	-	-	-	1 157
Share scheme charge	-	1 548	-	-	1 548
Transfer to other capital	-	809 165	-	(809 165)	-
As at 30.09.2009	730 760	3 354 290	419 411	753 657	5 258 118

As at the end of the period revaluation reserve in the amount of PLN 419 411 k comprises of debt securities of PLN 8 515 k and equity shares classified as available for sale of PLN 412 802 k and additionally cash flow hedge activities PLN (1 906) k.

(*) Data converted as described in the note 1 'Correction of prior periods'

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

	for reporting period:	01.07.2010- 30.09.2010	01.01.2010- 30.09.2010	01.07.2009- 30.09.2009	01.01.2009- 30.09.2009
Profit before tax		257 144	890 123	270 788	887 994
Total adjustments:		1 717 687	899 992	905 075	(658 464)
Depreciation/amortisation		29 488	87 295	28 288	83 217
Impairment losses		-	26	(3)	(3)
Interests and similar charges		(118 868)	(81 317)	(118 514)	(69 124)
Dividend received		(8)	(131 366)	(54)	(317 267)
(Profit) loss from investing activities		44	(8 808)	2 639	2 470
Change in provisions		28 371	52	(21 737)	(16 103)
Change in trading portfolio financial instruments		(768 208)	(518 172)	(188 624)	(127 562)
Change in loans and advances to banks		-	-	(5 994)	(5 994)
Change in loans and advances to customers		781 272	845 080	663 459	(593 052)
Change in deposits from banks		3 507 645	2 323 278	1 075 554	1 995 686
Change in deposits from customers		(1 730 023)	(1 547 097)	(620 594)	(1 899 432)
Change in debt securities in issue		(979)	(979)	-	-
Change in other assets and liabilities		41 187	14 744	140 082	461 779
Paid income tax		(52 244)	(83 016)	(49 602)	(173 751)
Other adjustments		10	272	175	672
Net cash flow from operating activities		1 974 831	1 790 115	1 175 863	229 530
Inflows		857 569	1 874 829	1 106 621	4 265 561
Sale/maturity of investment securities		857 569	1 742 365	1 106 428	3 946 307
Sale of intangible assets and property, plant and equipment		-	1 091	137	1 980
Dividend received		8	131 366	54	317 267
Proceeds from other investments		2	7	2	7
Outflows		(526 325)	(2 900 405)	(860 179)	(4 646 742)
Purchase of subsidiaries, associates and joint ventures		-	-	-	(50)
Purchase of investment securities		(516 166)	(2 874 378)	(847 522)	(4 603 774)
Purchase of intangible assets and property, plant and equipment		(9 959)	(25 827)	(12 657)	(42 918)
Expenses from other investments		(200)	(200)	-	-
Net cash flow from investing activities		331 244	(1 025 576)	246 442	(381 181)
Inflows		398 700	398 700	1 157	1 157
Proceeds from issuing bonds / shares		398 700	398 700	1 157	1 157
Outflows		(4 274)	(310 707)	(5 306)	(20 282)
Dividends and other payments to shareholders		-	(292 304)	-	-
Other financing outflows		(4 274)	(18 403)	(5 306)	(20 282)
Net cash flow from financing activities		394 426	87 993	(4 149)	(19 125)
Total net cash flow		2 700 501	852 532	1 418 156	(170 776)
Cash at the beginning of the accounting period		3 702 923	5 550 892	3 727 388	5 316 320
Cash at the end of the accounting period		6 403 424	6 403 424	5 145 544	5 145 544

Additional notes to consolidated financial statements

1. Basis of preparation of interim financial statements

In comparison with annual financial statements content of an interim financial report is condensed, therefore it should be read in conjunction with the financial statements of Bank Zachodni WBK Group for the year 2009.

The consolidated financial statements of the Group for the year 2009 are available at the Bank's official website - www.inwestor.bzwbk.pl.

Statement of compliance

Condensed interim consolidated financial statements of Bank Zachodni WBK Group for the period from 1 January 2010 to 30 September 2010 were prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and other applicable regulations.

In accordance with Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) as amended, the Bank is required to publish the financial results for the nine months ended 30 September 2010.

Accounting policies

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

The accounting policies have been applied consistently by Group entities.

Except as described below, the accounting policies applied by the Group in these condensed interim consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009.

Correction of prior periods

As at 30 June 2010 the Group conducted an analysis of insurance premium recognition policy for income gained together with BZ WBK-AVIVA joint ventures entities. As a result of this analysis, the Group assured the consistency of the recognition of the income across the Group. Aiming to accurately present the insurance product proceeds disclosed in the prior years, the Group adjusted previously reported financial data in line with requirements of IAS 8.

The table below presents reconciliation of adjustments applied to the consolidated income statement and consolidated statement of financial position:

		Fee and commission income	Profit before tax	Corporate income tax	Profit after tax	Deferred tax asset	Other liabilities	Equity
1-3Q 2009	prior adjustment	1 154 835	831 592	(153 058)	678 534	-	-	-
	adjustment	(12 595)	(12 595)	2 393	(10 202)	-	-	-
	after adjustment	1 142 240	818 997	(150 665)	668 332	-	-	-
Q3 2009	prior adjustment	405 147	343 772	(65 509)	278 263	-	-	-
	adjustment	(3 302)	(3 302)	627	(2 675)	-	-	-
	after adjustment	401 845	340 470	(64 882)	275 588	-	-	-
30.09.2009	prior adjustment	-	-	-	-	285 380	973 738	5 698 566
	adjustment	-	-	-	-	6 649	35 001	(28 352)
	after adjustment	-	-	-	-	292 029	1 008 739	5 670 214
31.12.2009	prior adjustment	-	-	-	-	273 751	663 158	5 947 215
	adjustment	-	-	-	-	4 476	23 559	(19 083)
	after adjustment	-	-	-	-	278 227	686 717	5 928 132

The table below presents reconciliation of adjustments applied to the income statement and statement of financial position of Bank Zachodni WBK S.A.:

		Fee and commission income	Profit before tax	Corporate income tax	Profit after tax	Deferred tax asset	Other liabilities	Equity
1-3Q 2009	prior adjustment	885 910	900 589	(118 581)	782 008	-	-	-
	adjustment	(12 595)	(12 595)	2 393	(10 202)	-	-	-
	after adjustment	873 315	887 994	(116 188)	771 806	-	-	-
Q3 2009	prior adjustment	301 219	274 090	(52 749)	221 341	-	-	-
	adjustment	(3 302)	(3 302)	627	(2 675)	-	-	-
	after adjustment	297 917	270 788	(52 122)	218 666	-	-	-
30.09.2009	prior adjustment	-	-	-	-	240 702	710 091	5 286 469
	adjustment	-	-	-	-	6 649	35 001	(28 352)
	after adjustment	-	-	-	-	247 351	745 092	5 258 117
31.12.2009	prior adjustment	-	-	-	-	223 680	517 388	5 493 539
	adjustment	-	-	-	-	4 476	23 559	(19 083)
	after adjustment	-	-	-	-	228 156	540 947	5 474 456

Comparability with results of previous periods

To ensure comparability, the following substantial changes were made to the presentation of financial data:

a) in segmental reporting, consolidated statement of financial position – comparative information:

- In 2010, the Group adjusted the method of presenting selected assets, liabilities and shareholders' equity. In the methodology, shareholders' equity and business-hedge derivatives are allocated to relevant segments; they are no longer presented together within the 'Centre' segment.

New standards and interpretations or changes to existing standards or interpretations that are not yet effective and have not been early implemented

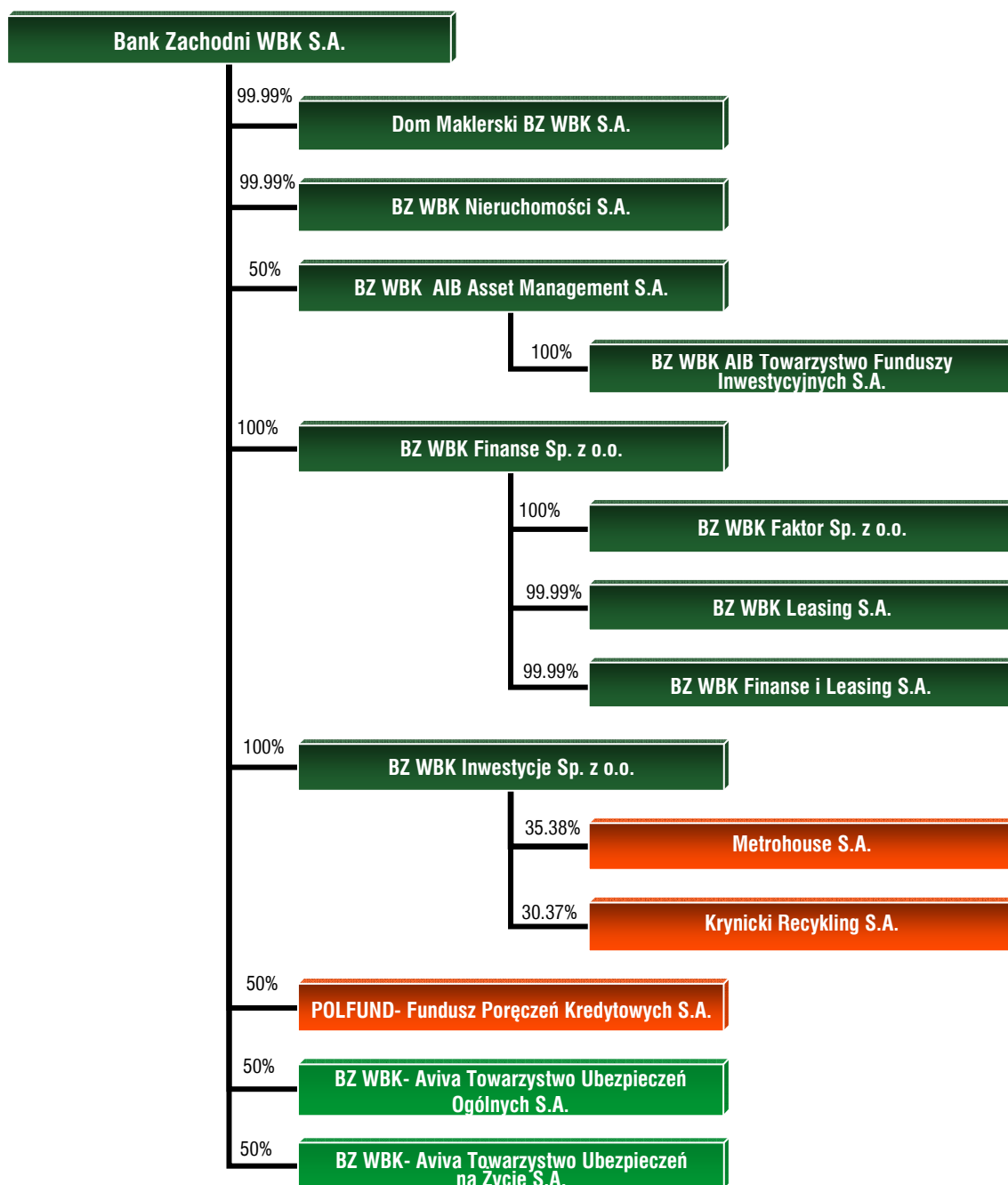
IFRS	Description of changes	Effective from	Impact on the Group
IFRS 9 Financial Instruments	Changes in classification and measurement - the existing categories of financial instruments to be replaced by two measurement categories, i.e. amortised cost and fair value.	1 January 2013- subject to EU endorsement	The Group has not completed its analysis of changes.
IAS 32 Financial Instruments: Presentation	The amendment pertains to the classification of rights issue.	1 January 2011	The Group has not completed its analysis of the amendment yet.
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with IAS 39.41. The above described equity instruments shall be measured at the fair value and the difference between the carrying amount of the financial liability extinguished and the initial measurement of the equity instruments issued should be recognized in profit or loss	1 January 2011	The Group has not completed its analysis of the amendment yet.
IAS 24 Related Party Disclosures	Change relating to simplified definition of a related party and removal of certain internal inconsistencies	1 January 2011	The Group has not completed its analysis of changes

Judgments and estimates

Accounting policies have not changed and are the same as those applied in Consolidated Financial Statements of Bank Zachodni WBK Group for the year 2009.

2. Description of organization of Bank Zachodni WBK Group

Graphical representation of the Group's organization structure and information about types of connection within the Group as at 30.09.2010:



3. Segmental reporting

Operational activity of the BZ WBK S.A. Group has been divided into five segments: Retail Banking, Business Banking, Investment Banking, Treasury and Centre. They were identified based on customers and product types.

Income and costs assigned to a given segment are generated on sale and service of products or services in the segment, according to description presented below. Such income and costs are recognized in the profit and loss account for the Group and may be assigned to a given segment either directly or based on reasonable assumptions. Settlements among business segments apply to payments for delivered services and include:

- sale and/or service of customers assigned to a given segment, via sale/service channels operated by another segment;
- sharing of income and costs on transactions in cases where a transaction is processed for a customer assigned to a different segment;
- sharing of income and cost of delivery of common projects.

Income and cost allocations are regulated by segments on a mutual basis, according to single rates for specific services or agreements concerning the breakdown of total income and/or cost.

Assets and liabilities of a given segment are used for its operational activity and may be assigned to the segment directly or based on reasonable premises.

Retail Banking

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

In the offer for customers of this segment there are a wide range of savings products, consumer and mortgage loans, credit and debit cards, insurance and investment products, clearing services, GSM phones top-ups, foreign payments and Western Union and private-banking services. For small and micro companies the segment additionally provides services such as cash management, leasing, factoring, trade finance and guarantees.

Business Banking

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

Investment Banking

Investment Banking segment includes such activities as underwriting financing via issue of securities, financial advisory services, brokerage services provided by Brokerage House and asset management services within investment funds and private portfolios.

Treasury

Treasury is responsible for the management of the bank's liquidity, interest rate risk and foreign exchange rate risks. It also provides interest rate and fx risk management products to the bank's customer base. Through its presence in the wholesale markets, it also generates revenues from interest rate and fx risk positioning activity.

Centre

The segment covers central operations, financing of other Groups' segments activity as well as other income and/or costs that cannot be reasonably assigned to one of the defined segments.

The principles of income and cost identification, as well as assets and liabilities for segmental reporting purposes are consistent with the accounting policy applied in Bank Zachodni WBK Group.

Consolidated income statement (by business segments)

30.09.2010	Retail Banking*	Business Banking	Investment Banking	Treasury	Centre	Total
Net interest income	862 850	415 760	16 361	(80 359)	106 113	1 320 725
incl. internal transactions	-	(47 436)	34 318	-	13 118	-
Other income	631 427	69 735	255 742	247 632	29 152	1 233 688
incl. internal transactions	88 057	28 411	(60 836)	(61 308)	5 676	-
Dividend income	-	-	54 233	-	-	54 233
Operating costs	(899 192)	(145 706)	(110 573)	(31 182)	(21 131)	(1 207 784)
incl. internal transactions	4 408	(31 452)	(3 640)	16 652	14 032	-
Depreciation/amortisation	(76 429)	(9 388)	(6 901)	(2 364)	(950)	(96 032)
Impairment losses on loans and advances	(318 998)	(14 747)	48	-	16 135	(317 562)
Share in net profits (loss) of entities accounted for by the equity method	832	-	1 695	-	-	2 527
Profit before tax	200 490	315 654	210 605	133 727	129 319	989 795
Corporate income tax						(233 628)
Profit of the period attributable to non-controlling interests						(49 663)
Profit for the period						706 504

Consolidated statement of financial position (by business segment)

30.09.2010	Retail Banking*	Business Banking	Investment Banking	Treasury	Centre	Total
Loans and advances to customers	15 909 243	17 409 998	60 087	33 150	9 550	33 422 028
Investments in associates and joint ventures	30 773	-	52 304	-	-	83 077
Other assets	6 547 541	4 345 804	1 272 761	9 100 171	714 032	21 980 309
Total assets	22 487 557	21 755 802	1 385 152	9 133 321	723 582	55 485 414
Deposits from customers	31 417 687	7 309 970	824 244	65 807	-	39 617 708
Other liabilities and equity	2 229 734	5 756 349	440 454	6 700 781	740 388	15 867 706
Total equity and liabilities	33 647 421	13 066 319	1 264 698	6 766 588	740 388	55 485 414

*includes individual customers and small & micro companies

Consolidated income statement (by business segments)

Data converted as described in the note 1 'Comparability with results of previous periods'

30.09.2009	Retail Banking*	Business Banking	Investment Banking	Treasury	Centre	Total
Net interest income	765 970	366 517	18 110	(40 892)	19 649	1 129 354
incl. internal transactions	-	(34 197)	34 802	-	(605)	-
Other income	629 928	63 388	213 026	255 243	38 811	1 200 396
incl. internal transactions	75 970	21 822	(46 905)	(51 814)	927	-
Dividend income	-	-	76 306	-	-	76 306
Operating costs	(827 903)	(145 266)	(103 041)	(29 593)	(8 609)	(1 114 412)
incl. internal transactions	13 713	(41 298)	(3 566)	17 174	13 977	-
Depreciation/amortisation	(73 330)	(8 493)	(6 880)	(2 073)	(737)	(91 513)
Impairment losses on loans and advances	(246 759)	(145 396)	-	-	11 531	(380 624)
Share in net profits (loss) of entities accounted for by the equity method	(975)	-	465	-	-	(510)
Profit before tax	246 931	130 750	197 986	182 685	60 645	818 997
Corporate income tax						(150 665)
Profit of the period attributable to non-controlling interests						(37 910)
Profit for the period						630 422

Consolidated statement of financial position (by business segment)

Data converted as described in the note 1 'Comparability with results of previous periods'

30.09.2009	Retail Banking*	Business Banking	Investment Banking	Treasury	Centre	Total
Loans and advances to customers	15 430 529	19 731 894	67 391	160 368	15 086	35 405 268
Investments in associates and joint ventures	31 140	-	50 571	-	-	81 711
Other assets	7 847 980	3 601 950	1 142 945	7 745 745	553 203	20 891 823
Total assets	23 309 649	23 333 844	1 260 907	7 906 113	568 289	56 378 802
Deposits from customers	32 585 001	7 640 355	914 333	372 396	-	41 512 085
Other liabilities and equity	1 837 106	5 392 062	424 272	6 285 679	927 598	14 866 717
Total equity and liabilities	34 422 107	13 032 417	1 338 605	6 658 075	927 598	56 378 802

*includes individual customers and small & micro companies

4. Net interest income

	01.07.2010 -30.09.2010	01.01.2010 -30.09.2010	01.07.2009 -30.09.2009	01.01.2009 -30.09.2009
Interest income				
Loans and advances to enterprises	278 488	868 572	311 317	982 412
Loans and advances to individuals, of which:	241 158	716 938	233 211	676 167
<i>Home mortgage loans</i>	76 208	220 678	64 353	210 476
Debt securities incl.:	187 998	570 031	190 081	557 188
<i>Investment portfolio held to maturity</i>	91 323	274 520	96 276	281 115
<i>Investment portfolio available for sale</i>	78 199	220 313	84 406	236 699
<i>Trading portfolio</i>	18 476	75 198	9 399	39 374
Leasing agreements	43 537	130 817	46 398	147 803
Loans and advances to banks	14 380	43 528	14 005	58 206
Other from public sector	4 343	12 407	4 147	14 208
Reverse repo transactions	628	5 898	2 091	12 914
Interest recorded on hedging IRS	(2 972)	(10 296)	(5 259)	(11 619)
Total	767 560	2 337 895	795 991	2 437 279

	01.07.2010 -30.09.2010	01.01.2010 -30.09.2010	01.07.2009 -30.09.2009	01.01.2009 -30.09.2009
Interest expense				
Deposits from individuals	(185 488)	(606 182)	(223 212)	(762 070)
Deposits from enterprises	(72 825)	(254 678)	(93 896)	(290 160)
Repo transactions	(25 131)	(71 766)	(24 389)	(105 683)
Public sector	(11 656)	(44 724)	(24 149)	(78 595)
Deposits from banks	(11 435)	(36 741)	(17 052)	(68 589)
Debt securities in issue	(3 079)	(3 079)	(386)	(2 828)
Total	(309 614)	(1 017 170)	(383 084)	(1 307 925)
Net interest income	457 946	1 320 725	412 907	1 129 354

5. Net fee and commission income

	01.07.2010	01.01.2010	01.07.2009	01.01.2009
	-30.09.2010	-30.09.2010	-30.09.2009	-30.09.2009
Fee and commission income				
eBusiness & payments	86 181	267 967	96 218	275 209
Asset management fees	82 059	252 446	76 295	193 162
Current accounts and money transfer	62 776	187 709	64 720	184 975
Foreign exchange commissions	50 228	148 177	54 099	172 346
Brokerage commissions	28 223	94 336	34 851	91 453
Credit commissions (including factoring)	26 311	78 921	26 838	75 587
Insurance commissions	13 519	52 169	21 342	66 925
Credit cards	16 497	48 232	17 954	51 178
Distribution fees	1 470	9 253	4 300	14 025
Off-balance sheet guarantee commissions	2 737	8 184	3 024	9 220
Issue arrangement	1 430	6 230	670	4 384
Finance lease commissions	943	2 871	1 029	2 719
Other commissions	626	2 458	505	1 057
Total	373 000	1 158 953	401 845	1 142 240
Fee and commission expense				
eBusiness & payments	(12 339)	(61 043)	(26 388)	(71 540)
Distribution fees	(10 275)	(32 752)	(9 543)	(23 350)
Brokerage commissions	(5 523)	(18 607)	(7 242)	(18 250)
Commissions paid to credit agents	(4 155)	(16 218)	(4 449)	(11 173)
Asset management fees and other costs	(1 925)	(8 255)	(4 435)	(12 540)
Credit cards	(2 326)	(5 697)	(1 656)	(5 437)
Finance lease commissions	(1 601)	(4 716)	(1 634)	(5 181)
Other	(4 098)	(13 229)	(4 621)	(12 835)
Total	(42 242)	(160 517)	(59 968)	(160 306)
Net fee and commission income	330 758	998 436	341 877	981 934

6. Net trading income and revaluation

	01.07.2010	01.01.2010	01.07.2009	01.01.2009
	-30.09.2010	-30.09.2010	-30.09.2009	-30.09.2009
Net trading income and revaluation				
Profit on interbank FX transactions	23 597	86 083	37 217	116 596
Profit/(loss) on derivative instruments	26 521	84 663	13 985	41 499
Other FX related income	7 774	20 001	9 706	24 321
Profit on market maker activity	2 878	7 069	2 002	5 707
Profit on debt instruments	40	657	59	3 900
Total	60 810	198 473	62 969	192 023

Net trading income and revaluation includes the write-back of adjustments of derivatives resulting from counterparty risk in the amount of PLN 10 428 k for 3Q 2010, positive adjustment of PLN 2 962 k for 1-3Q 2010, PLN 857 k for 3Q 2009 and PLN (28 651) k for 1-3Q 2009.

7. Gains (losses) from other financial securities

	01.07.2010 -30.09.2010	01.01.2010 -30.09.2010	01.07.2009 -30.09.2009	01.01.2009 -30.09.2009
Gains (losses) from other financial securities				
Profit on equity shares	1 272	4 287	1 543	3 560
Profit on debt securities	-	5 657	(3 996)	(5 598)
Total profit (losses) on financial instruments	1 272	9 944	(2 453)	(2 038)
Change in fair value of hedging instruments	(1 090)	(5 446)	3 520	15 970
Change in fair value of underlying hedged positions	1 119	5 675	(3 521)	(18 137)
Total profit (losses) on hedging and hedged instruments	29	229	(1)	(2 167)
Total	1 301	10 173	(2 454)	(4 205)

8. Impairment losses on loans and advances

	01.07.2010 -30.09.2010	01.01.2010 -30.09.2010	01.07.2009 -30.09.2009	01.01.2009 -30.09.2009
Impairment losses on loans and advances				
Collective and individual impairment charge	(101 054)	(341 509)	(95 275)	(341 439)
Incurred but not reported losses charge	(1 393)	2 705	(9 500)	(47 812)
Recoveries of loans previously written off	1 770	16 311	6 975	11 531
Off balance sheet credit related items	(76)	4 931	562	(2 904)
Total	(100 753)	(317 562)	(97 238)	(380 624)

9. Employee costs

	01.07.2010 -30.09.2010	01.01.2010 -30.09.2010	01.07.2009 -30.09.2009	01.01.2009 -30.09.2009
Employee costs				
Salaries and bonuses	(212 233)	(584 585)	(180 756)	(539 724)
Salary related costs	(30 771)	(91 744)	(26 588)	(86 458)
Staff benefits costs	(4 746)	(14 046)	(4 787)	(15 039)
Professional trainings	(2 262)	(8 094)	(978)	(6 638)
Retirement fund, holiday provisions and other employee-related costs	(1 105)	(4 061)	(57)	(1 963)
Total	(251 117)	(702 530)	(213 166)	(649 822)

10. General and administrative expenses

	01.07.2010 -30.09.2010	01.01.2010 -30.09.2010	01.07.2009 -30.09.2009	01.01.2009 -30.09.2009
General and administrative expenses				
Maintenance and rentals of premises	(52 747)	(156 832)	(49 037)	(148 391)
IT systems costs	(21 551)	(62 663)	(21 237)	(65 854)
Marketing and representation	(14 641)	(62 645)	(10 892)	(46 917)
Postal and telecommunication costs	(11 744)	(38 053)	(13 253)	(42 606)
Other external services	(8 791)	(25 190)	(5 205)	(17 489)
Car, transport expenses, carriage of cash	(8 145)	(22 932)	(7 968)	(23 675)
Bank Guarantee Fund, Polish Financial Supervision Authority and National Depository for Securities	(4 793)	(19 760)	(5 653)	(21 494)
Consulting fees	(7 178)	(18 453)	(4 178)	(13 648)
Stationery, cards, cheques etc.	(5 041)	(13 047)	(3 722)	(11 214)
Sundry taxes	(4 857)	(12 891)	(3 889)	(12 081)
Data transmission	(3 740)	(11 567)	(4 201)	(13 172)
Security costs	(3 481)	(10 033)	(3 113)	(9 133)
KIR, SWIFT settlements	(3 055)	(9 023)	(3 100)	(9 476)
Costs of repairs	(1 144)	(4 019)	(940)	(4 434)
Other	(2 845)	(9 189)	(1 610)	(7 389)
Total	(153 753)	(476 297)	(137 998)	(446 973)

11. Corporate income tax

	01.07.2010 -30.09.2010	01.01.2010 -30.09.2010	01.07.2009 -30.09.2009	01.01.2009 -30.09.2009
Corporate income tax				
Current tax charge	(96 586)	(298 268)	(124 999)	(247 919)
Deferred tax	27 952	64 640	60 117	97 254
Total	(68 634)	(233 628)	(64 882)	(150 665)

	01.07.2010 -30.09.2010	01.01.2010 -30.09.2010	01.07.2009 -30.09.2009	01.01.2009 -30.09.2009
Corporate total tax charge information				
Profit before tax	307 801	989 795	340 470	818 997
Tax rate	19%	19%	19%	19%
Tax calculated at the tax rate	(58 482)	(188 061)	(64 689)	(155 609)
Non tax-deductible expenses	(657)	(5 546)	688	(2 345)
Loss on sale of receivables	(7 056)	(24 229)	-	(5 050)
Non-taxable income (dividends)	-	10 011	6	14 013
Other:				
- non-tax deductible debt	(2 371)	(7 818)	(764)	(1 062)
- other	(68)	(17 985)	(123)	(612)
Total income tax expense	(68 634)	(233 628)	(64 882)	(150 665)

	30.09.2010	31.12.2009	30.09.2009
Deferred tax recognised directly in equity			
The amount of deferred tax recognised directly in equity totaled:			
Relating to equity securities available-for-sale	(96 257)	(96 995)	(96 332)
Relating to debt securities available-for-sale	(9 896)	(1 166)	(1 998)
Relating to cash flow hedging activity	(1 511)	(450)	447
Total	(107 664)	(98 611)	(97 883)



12. Cash and balances with central banks

Cash and balances with central banks	30.09.2010	30.06.2010	31.12.2009	30.09.2009
Current accounts in central banks	380 113	599 529	1 697 190	1 070 231
Cash	773 180	878 368	963 465	794 489
Equivalents of cash	-	-	3	3
Total	1 153 293	1 477 897	2 660 658	1 864 723

Parent entity of BZWBK Group holds an obligatory reserve on a current account in the National Bank of Poland. The figure is calculated as 3% of the monthly average balance of the customer deposits reduced by the equivalent of EUR 500 k.

13. Loans and advances to banks

Loans and advances to banks	30.09.2010	30.06.2010	31.12.2009	30.09.2009
Loans and advances	1 428 363	580 316	356 835	1 041 607
Sell buy-back transaction	-	-	-	399 215
Current accounts	261 350	443 986	306 192	45 448
Gross receivables	1 689 713	1 024 302	663 027	1 486 270
Impairment write down	-	-	-	(5 969)
Total	1 689 713	1 024 302	663 027	1 480 301

14. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading	30.09.2010		30.06.2010		31.12.2009		30.09.2009	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Trading derivatives	569 811	505 801	494 802	832 366	709 984	736 050	888 188	1 044 459
Interest rate operations	239 768	252 222	256 628	278 267	291 686	306 888	400 233	388 006
Options	41	41	40	40	-	-	1	1
IRS	237 282	250 796	253 780	276 321	283 294	297 410	356 915	346 993
FRA	2 445	1 385	2 808	1 906	8 392	9 478	43 317	41 012
FX operations	330 043	253 579	238 174	554 099	418 298	429 162	487 955	656 453
CIRS	75 443	112 112	66 774	269 955	128 700	289 168	100 350	345 231
Forward	32 026	10 242	43 894	11 517	58 527	29 198	137 744	52 555
FX Swap	173 116	81 612	89 487	228 800	165 554	46 239	162 476	172 236
Spot	688	560	1 282	602	1 003	1 325	1 439	1 417
Options	48 770	49 053	36 737	43 225	64 514	63 232	85 946	85 014
Debt and equity securities	3 314 358	-	1 114 881	-	634 825	-	1 120 519	-
Debt securities	3 271 775	-	1 060 578	-	587 097	-	1 010 416	-
Government securities:	571 775	-	360 646	-	187 369	-	302 855	-
- bills	267 435	-	143 553	-	71 808	-	209 970	-
- bonds	304 340	-	217 093	-	115 561	-	92 885	-
Central Bank securities:	2 700 000	-	699 932	-	399 728	-	707 561	-
- bills	2 700 000	-	699 932	-	399 728	-	707 561	-
Equity securities:	42 583	-	54 303	-	47 728	-	110 103	-
- listed	42 583	-	54 303	-	47 728	-	110 103	-
Sell buy-back transaction	-	20 853	-	20 267	-	-	-	-
Short sale	-	20 853	-	20 267	-	-	-	-
Total financial assets/liabilities	3 884 169	526 654	1 609 683	852 633	1 344 809	736 050	2 008 707	1 044 459

Financial assets and liabilities held for trading - trading derivatives include value adjustments resulting from counterparty risk in the amount of PLN (95 796) k as at 30.09.2010, PLN (106 713) k as at 30.06.2010, PLN (95 915) k as at 31.12.2009 and PLN (96 112) k as at 30.09.2009.

15. Loans and advances to customers

Loans and advances to customers	30.09.2010	30.06.2010	31.12.2009	30.09.2009
Loans and advances to enterprises	20 775 974	21 620 494	22 265 448	23 099 175
Loans and advances to individuals, of which:	11 302 055	11 253 931	10 632 415	10 372 101
<i>Home mortgage loans</i>	6 732 177	6 658 547	6 062 546	5 811 484
Finance lease receivables	2 471 708	2 541 113	2 706 516	2 800 044
Loans and advances to public sector	170 783	186 912	83 106	91 994
Sell buy-back transaction	147	147	10 083	9 894
Other	9 531	26 276	12 805	175 327
Gross receivables	34 730 198	35 628 873	35 710 373	36 548 535
Impairment write down	(1 308 170)	(1 293 523)	(1 139 676)	(1 143 267)
Total	33 422 028	34 335 350	34 570 697	35 405 268

Movements on impairment losses on loans and advances to customers	30.09.2010	30.06.2010	31.12.2009	30.09.2009
Individual and collective impairment				
As at the beginning of the period	(766 110)	(766 110)	(571 113)	(571 113)
Charge/write back of current period	(341 509)	(240 455)	(438 698)	(341 439)
Write off/sale of receivables	156 473	81 050	250 992	146 288
Transfer	10 428	2 933	(10 866)	(12 667)
F/X differences	3 070	(605)	3 575	1 344
Balance at the end of the period	(937 648)	(923 187)	(766 110)	(777 587)
IBNR				
As at the beginning of the period	(373 566)	(373 566)	(318 170)	(318 170)
Charge/write back of current period	2 705	4 098	(56 297)	(47 812)
F/X differences	339	(868)	901	302
Balance at the end of the period	(370 522)	(370 336)	(373 566)	(365 680)
Impairment write down	(1 308 170)	(1 293 523)	(1 139 676)	(1 143 267)

16. Investment securities

Investment securities available for sale	30.09.2010	30.06.2010	31.12.2009	30.09.2009
Available for sale investments - measured at fair value	7 241 750	7 065 095	6 623 017	7 287 239
Debt securities	6 569 697	6 399 888	5 957 601	6 625 384
Government securities:	6 474 861	6 316 944	5 873 630	6 596 099
- bills	21 158	120 885	1 105 854	1 565 443
- bonds	6 453 703	6 196 059	4 767 776	5 030 656
Commercial securities:	94 836	82 944	83 971	29 285
- bonds	94 836	82 944	83 971	29 285
Equity securities	615 347	614 994	613 011	610 757
- listed	22 666	22 426	24 151	21 874
- unlisted	592 681	592 568	588 860	588 883
Investment certificates	56 706	50 213	52 405	51 098
Total	7 241 750	7 065 095	6 623 017	7 287 239

17. Financial assets held to maturity

Financial assets held to maturity	30.09.2010	30.06.2010	31.12.2009	30.09.2009
Government securities:	6 435 247	6 340 961	6 669 555	6 779 399
- bonds	6 435 247	6 340 961	6 669 555	6 779 399
Total	6 435 247	6 340 961	6 669 555	6 779 399

18. Investments in associates and joint ventures

Movements on investments in associates and joint ventures	30.09.2010	30.06.2010	31.12.2009	30.09.2009
Balance at 1 January	81 887	81 887	72 221	72 221
Share of profits/(losses)	2 527	1 366	(334)	(510)
Sale/acquisition	-	-	10 000	10 000
Other/dividend	(1 337)	(1 337)	-	-
Balance at the end of the period	83 077	81 916	81 887	81 711

Details of sales/aquisitions of associates and joint ventures are disclosed in note 31.

Balance sheet value of associates and joint ventures	30.09.2010	30.06.2010	31.12.2009	30.09.2009
Polfund - Fundusz Poręczeń Kredytowych S.A.	36 552	36 323	36 373	36 455
BZ WBK - Aviva Towarzystwo Ubezpieczeń Ogólnych S.A.	19 135	17 410	18 405	18 067
BZ WBK - Aviva Towarzystwo Ubezpieczeń na Życie S.A.	11 637	13 703	12 872	13 073
Metrohouse S.A.	4 293	4 211	4 084	3 996
Krynicki Recykling S.A.	11 460	10 269	10 153	10 120
Total	83 077	81 916	81 887	81 711

19. Deposits from central bank

Deposits from central bank	30.09.2010	30.06.2010	31.12.2009	30.09.2009
Repo transactions	-	224 323	1 519 208	908 175
Total	-	224 323	1 519 208	908 175

20. Deposits from banks

Deposits from banks	30.09.2010	30.06.2010	31.12.2009	30.09.2009
Loans from other banks	1 257 274	1 370 143	1 518 901	1 734 483
Repo transactions	5 531 973	1 225 421	1 531 795	3 421 192
Term deposits	524 223	1 139 761	740 954	842 301
Current accounts	89 061	47 244	39 126	34 500
Total	7 402 531	3 782 569	3 830 776	6 032 476



21. Deposits from customers

Deposits from customers	30.09.2010	30.06.2010	31.12.2009	30.09.2009
Deposits from individuals	25 379 275	25 817 456	25 613 714	25 083 987
<i>Term deposits</i>	12 984 230	13 657 068	14 166 157	13 619 887
<i>Current accounts</i>	12 356 808	12 123 258	11 414 712	11 439 293
<i>Other</i>	38 237	37 130	32 845	24 807
Deposits from enterprises	12 247 528	13 301 865	13 284 728	13 450 032
<i>Term deposits</i>	7 306 049	8 560 329	8 319 717	8 997 309
<i>Current accounts</i>	4 241 009	4 051 715	4 484 720	3 944 280
<i>Credits</i>	333 302	346 302	227 614	243 929
<i>Reverse-repo transactions</i>	-	-	-	685
<i>Other</i>	367 168	343 519	252 677	263 829
Deposits from public sector	1 990 905	2 179 177	2 324 429	2 978 066
<i>Term deposits</i>	737 740	756 914	781 613	1 323 480
<i>Current accounts</i>	1 241 983	1 382 095	1 542 259	1 493 742
<i>Other</i>	11 182	40 168	557	160 844
Total	39 617 708	41 298 498	41 222 871	41 512 085

22. Contingent liabilities

Significant court proceedings

As at 30.09.2010 no proceedings were instituted by court or by state administration agencies with relation to any claims made by or against the Group or its subsidiaries amounting to a minimum of 10% of the Group's equity.

The value of all litigation as at 30.09.2010 amounts to PLN 307 818 k, which is ca 4.73 % of the Group's equity. This amount includes PLN 74 599 k claimed by the Group, PLN 119 342 k in claims against the Group and PLN 113 877 k of the Group's receivables due to bankruptcy or arrangement cases.

The increase in the value of claims in the cases in which the Bank is a party (compared with 30.09.2009) is a result of instigation of several high-value litigations with credit customers. The court cases are provided for in accordance with the applicable provisioning procedures.

As at 30.09.2009 no proceedings were instituted by court or by state administration agencies with relation to any claims made by or against the Group or its subsidiaries amounting to a minimum of 10% of the Group's equity.

The value of all litigation as at 30.09.2009 amounts to PLN 199 960 k, which is ca 3.47 % of the Group's equity. This amount includes PLN 31 307 k claimed by the Group, PLN 32 085 k in claims against the Group and PLN 136 568 k of the Group's receivables due to bankruptcy or arrangement cases.

Off balance sheet liabilities

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

Contingent liabilities - sanctioned	30.09.2010	30.06.2010	31.12.2009	30.09.2009
Liabilities sanctioned				
- financial	5 348 215	5 343 132	6 345 103	6 611 031
- credit lines	4 504 235	4 510 878	5 442 474	5 700 440
- credit cards debits	789 105	792 702	845 493	870 682
- import letters of credit	51 390	39 552	29 203	24 844
- term deposits with future commencement term	3 485	-	27 933	15 065
- guarantees	1 071 294	1 173 670	876 197	828 975
Total	6 419 509	6 516 802	7 221 300	7 440 006

23. Off-balance sheet liabilities relating to derivatives' nominal values

Off-balance sheet liabilities relating to derivatives' nominal values as at 30.09.2010, 30.06.2010, 31.12.2009 and 30.09.2009.

Derivatives' nominal values	30.09.2010	30.06.2010	31.12.2009	30.09.2009
1. Term derivatives (hedging)	2 425 698	2 252 916	1 773 682	1 888 874
a) Single-currency interest rate swaps	1 049 378	745 040	573 682	688 874
b) Macro cash flow hedge	1 376 320	1 507 876	1 200 000	1 200 000
2. Term derivatives (trading)	64 722 504	54 487 043	50 171 003	66 002 437
a) Interest rate operations	29 627 744	24 169 107	22 490 837	31 588 911
Single-currency interest rate swaps	22 601 898	20 442 173	18 480 996	21 778 738
FRA - purchased amounts	7 000 000	3 700 000	4 000 000	9 800 000
Options	25 846	26 934	9 841	10 173
b) FX operations	35 094 760	30 317 936	27 680 166	34 413 526
FX swap – purchased amounts	11 853 065	9 170 959	7 219 044	10 235 220
FX swap – sold amounts	11 738 731	9 293 482	7 094 264	10 223 152
Forward- purchased amounts	850 009	1 047 415	1 345 501	1 969 097
Forward- sold amounts	825 796	1 013 383	1 309 044	1 876 032
Cross-currency interest rate swaps – purchased amounts	3 969 787	3 660 543	4 216 324	3 954 123
Cross-currency interest rate swaps – sold amounts	4 032 642	3 891 544	4 393 303	4 207 138
FX options -purchased	912 365	1 120 305	1 051 343	974 382
FX options -sold	912 365	1 120 305	1 051 343	974 382
3. Currency transactions- spot	902 613	927 221	1 119 621	1 875 307
spot-purchased	451 370	463 951	559 649	937 665
spot-sold	451 243	463 270	559 972	937 642
4. Transactions on equity instruments	37 550	52 075	47 938	114 143
Futures	37 550	52 075	47 938	114 143
Total	68 088 365	57 719 255	53 112 244	69 880 761

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

24. Basis of FX conversion

As at 30.09.2010, FX denominated balance sheet positions were converted into PLN in line with the NBP FX table no. 191/A/NBP/2010 dd. 30.09.2010.

25. Shareholders with min. 5% voting power

According to the information held by the Bank's Management Board, the shareholder with a min. 5% of the total number of votes at the BZWBK Annual General Meeting as at the publication date of the quarterly consolidated report for Q3 2010 /09.11.2010/ is AIB European Investments Ltd. based in Dublin.

Shareholder	Number of shares held		% in the share capital		Number of votes at AGM		Voting power at AGM	
	09.11.2010	28.07.2010	09.11.2010	28.07.2010	09.11.2010	28.07.2010	09.11.2010	28.07.2010
AIB European Investments Ltd.	51 413 790	51 413 790	70.4%	70.4%	51 413 790	51 413 790	70.4%	70.4%
Other	21 662 223	21 662 223	29.6%	29.6%	21 662 223	21 662 223	29.6%	29.6%
Total	73 076 013	73 076 013	100%	100%	73 076 013	73 076 013	100%	100%

Sale of AIB assets in Poland

On 10 September 2010, the Board of Allied Irish Banks (AIB) agreed to sell the Polish assets of AIB to Banco Santander S.A for a total amount of approx. EUR 3.1 bn. The transaction included the sale of AIB's entire shareholding in BZ WBK S.A., i.e. 51,413,790 shares representing 70.4% of the bank's share capital (for a price of EUR 2,938 m) and 50% shareholding in BZ WBK AIB Asset Management S.A. (for a price of ca. EUR 150 m). Banco Santander S.A. will acquire the shares through a public tender offer for 100% of the capital of the bank, addressed to all shareholders, in which AIB will tender all of its shares. Completion of the transaction is subject to certain regulatory approvals and AIB shareholder approval. The proposed disposal is part of AIB's capital raising initiatives as announced on 30 March 2010.

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

	No. of Bank Zachodni WBK shares held		
	As at 09.11.2010	As at 28.07.2010	Change
Members of the Supervisory Board	-	-	-
Members of the Management Board	23 125	23 125	-

Table below presents personal shareholding of Management Board Members as at 09.11.2010 and 28.07.2010:

Management Board members	No. of shares 09.11.2010	No. of shares 28.07.2010
Mateusz Morawiecki	3 591	3 591
Paul Barry	-	-
Andrzej Burliga	1 606	1 606
Declan Flynn	-	-
Justyn Konieczny	3 591	3 591
Janusz Krawczyk	3 397	3 397
Jacek Marcinowski	3 397	3 397
Michael McCarthy	-	-
Marcin Prell	2 530	2 530
Miroslaw Skiba	1 575	1 575
Feliks Szyszkowiak	3 438	3 438
Total	23 125	23 125

27. Related party disclosures

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

Intercompany transactions effected by the bank and its subsidiaries have been eliminated in the consolidation process.

Transactions between entities of BZWBK Group	30.09.2010	30.06.2010	31.12.2009	30.09.2009
ASSETS	2 489 166	2 375 390	2 269 450	2 274 218
Loans and advances to banks	1 146 280	1 070 686	1 050 201	1 148 652
Financial assets held for trading	9 831	3 706	6 145	102
Hedging derivatives	52 459	82 774	73 059	99 101
Loans and advances to customers	1 270 858	1 182 179	1 124 842	1 010 359
Other assets	9 738	36 045	15 203	16 004
LIABILITIES	2 489 166	2 375 390	2 269 450	2 274 218
Deposits from banks	1 268 234	1 179 683	1 121 781	1 006 739
Hedging derivatives	66	133	183	102
Financial liabilities held for trading	62 224	86 347	79 021	99 101
Deposits from customers	1 135 295	1 057 201	1 033 001	1 129 430
Other liabilities	23 347	52 026	35 464	38 846
INCOME	185 192	124 796	214 210	150 643
Interest income	69 668	46 570	88 534	64 038
Fee and commission income	93 703	63 600	102 280	71 130
Other operating income	7 118	4 568	8 994	6 376
Net trading income and revaluation	14 703	10 058	14 402	9 099
EXPENSES	185 192	124 796	214 210	150 643
Interest expense	83 245	55 857	100 867	71 492
Fee and commission expense	92 631	62 580	102 300	71 125
Operating expenses incl.:	9 316	6 359	11 043	8 026
<i>Bank's staff, operating expenses and management costs</i>	9 299	6 351	11 009	7 993
<i>Other</i>	17	8	34	33
CONTINGENT LIABILITIES	2 376 142	2 571 582	3 222 998	3 467 180
Sanctioned:	1 188 071	1 285 791	1 611 499	1 733 590
- <i>financing-related</i>	940 198	1 028 646	1 356 686	1 471 684
- <i>guarantees</i>	247 873	257 145	254 813	261 906
Received:	1 188 071	1 285 791	1 611 499	1 733 590
- <i>financing-related</i>	940 198	1 028 646	1 356 686	1 471 684
- <i>guarantees</i>	247 873	257 145	254 813	261 906
DERIVATIVES' NOMINAL VALUES	3 416 285	3 319 022	3 487 320	3 566 273
Cross-currency interest rate swaps – purchased amounts	1 629 206	1 553 071	1 637 460	1 639 518
Cross-currency interest rate swaps – sold amounts	1 738 332	1 724 653	1 791 175	1 841 054
Single-currency interest rate swaps	39 837	41 298	58 685	76 094
Forward- purchased amounts	1 171	-	-	4 809
Forward- sold amounts	1 166	-	-	4 798
Spot- purchased amounts	3 288	-	-	-
Spot- sold amounts	3 285	-	-	-



Transactions with associates and joint ventures	30.09.2010	30.06.2010	31.12.2009	30.09.2009
ASSETS	637	912	842	880
Loans and advances to customers	637	912	842	880
LIABILITIES	267 093	89 886	90 352	124 476
Deposits from customers	267 093	89 886	90 352	124 476
INCOME	1 390	855	5 882	5 791
Interest income	29	23	62	49
Fee and commission income	1 223	784	5 663	5 608
Other operating income	138	48	157	134
EXPENSES	6 597	2 955	8 340	6 686
Interest expense	4 894	2 001	6 199	4 941
Fee and commission expense	431	141	-	-
Operating expenses incl.:	1 272	813	2 141	1 745
<i>General and administrative expenses</i>	1 272	813	2 141	1 745
Transactions with AIB Group	30.09.2010	30.06.2010	31.12.2009	30.09.2009
ASSETS	1 218 027	270 084	495 282	383 908
Loans and advances to banks, incl:	1 179 440	241 173	376 170	230 374
<i>deposits</i>	1 046 841	241 142	376 075	230 109
<i>current accounts</i>	132 599	31	95	265
Financial assets held for trading	38 050	27 921	117 274	152 399
Other assets	537	990	1 838	1 135
LIABILITIES	1 257 559	1 849 281	1 918 015	2 321 815
Deposits from banks incl.:	1 092 094	1 547 908	1 631 612	1 931 499
<i>loans granted to BZ WBK subsidiaries</i>	797 609	829 286	819 759	842 167
<i>repo transactions</i>	290 738	302 572	305 653	531 458
<i>deposits</i>	3 747	416 050	506 200	557 874
Hedging derivatives	1 136	1 470	1 564	-
Financial liabilities held for trading	152 683	261 825	272 417	379 917
Other liabilities	11 646	38 078	12 422	10 399
INCOME	(52 385)	(55 288)	76 120	44 195
Interest income	369	92	4 375	4 349
Fee and commission income	1 549	983	1 042	566
Other operating income	1 050	571	2 951	1 978
Net trading income and revaluation	(53 690)	(55 450)	60 686	30 157
Gains (losses) from other financial securities	(1 663)	(1 484)	7 066	7 145
EXPENSES	32 209	25 532	62 822	48 392
Interest expense	13 104	8 634	30 405	25 146
Fee and commission expense	-	-	-	86
Operating expenses incl.:	19 105	16 898	32 417	23 160
<i>Bank's staff, operating expenses and management costs</i>	19 105	16 898	32 417	23 160
CONTINGENT LIABILITIES	-	-	44 319	43 183
Sanctioned:	-	-	7 419	13 000
<i>- financing-related</i>	-	-	7 419	13 000
Received:	-	-	36 900	30 183
<i>- financing-related</i>	-	-	36 900	30 183
DERIVATIVES' NOMINAL VALUES	5 166 804	7 896 255	11 062 622	16 171 809
Cross-currency interest rate swaps – purchased amounts	370 250	726 230	1 337 015	1 338 760
Cross-currency interest rate swaps – sold amounts	364 512	793 610	1 402 642	1 441 701
Single-currency interest rate swaps	3 535 446	3 971 057	3 364 991	3 445 353
FRA - purchased amounts	-	-	-	150 000
Options	25 846	26 934	9 841	10 173
FX swap – purchased amounts	202 650	853 780	1 961 714	4 361 433
FX swap – sold amounts	210 164	868 897	1 927 627	4 315 159
FX options -purchased	213 313	311 887	507 319	492 573
FX options -sold	225 051	334 418	547 364	599 372
spot-purchased	9 817	4 739	2 055	8 641
spot-sold	9 755	4 703	2 054	8 644

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

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

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

No items affecting the BZ WBK Group's structure of the statement of financial position and financial performance that are unusual because of their nature or volume occurred in Q3 2010.

30. Issue of debt or equity instruments

On 5 August 2010 Bank Zachodni WBK SA issued Subordinated Variable Rate Bonds with a nominal value of EUR 100 m, maturing in 2020. The bonds were acquired in full by the European Bank for Reconstruction and Development (EBRD) for development for SME Business and will improve the Bank's capital base.

31. Acquisitions and disposals of investments

No changes in the group structure (mergers, acquisitions and disposals of investments) occurred in BZ WBK Group during Q3 2010 or Q3 2009.

32. Dividend per share

On 21st April 2010, the Annual General Meeting of Bank Zachodni WBK adopted a Resolution allocating PLN 292 304 k to dividend for shareholders, i.e. the proposed dividend was PLN 4 per share.

The in-dividend day was 7 May 2010, and the dividend payment date was 21 May 2010.

On 21st April 2009 the Annual General Meeting of BZ WBK Shareholders allocated the net profit of 2008 to the reserve capital and to the general risk fund. Therefore, Bank Zachodni WBK S.A. didn't pay a dividend from the income it generated in 2008.

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

By the end of September 2010 Bank Zachodni WBK S.A. and its subsidiaries had not issued any guarantees to one business unit or a subsidiary totalling a minimum of 10% of the issuer's equity.

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

Change in the total number of votes held in Krynicki Recykling S.A. by BZ WBK Inwestycje Sp. z o.o.

Krynicki Recykling S.A. publicly announced that on 13 October 2010 it had learned about a change in the number of votes held in the company by its shareholder BZ WBK Inwestycje Sp. z o.o. As advised, as a result of the share capital increase through the issue of series E shares, the shareholder's previous voting power in the company had decreased by 8.56% from 30.37% to 21.81% of the total number of votes at the General Meeting of the company.

BZ WBK Inwestycje Sp. z o.o. has 3,076,852 shares, representing 21.81% of the company's share capital, and carrying 3,076,852 votes at the company's General Meeting, i.e. 21.81% of the total voting power.

Krynicki Recykling S.A., seated in Olsztyn, is quoted on the NewConnect market. It operates in the environmental protection industry sector.

**WBK****Bank Zachodni WBK S.A.**

Increase in the share capital of BZ WBK Inwestycje Sp. z o.o.

On 13 October 2010 General Meeting of BZ WBK Inwestycje Sp. z o.o. (subsidiary of Bank Zachodni WBK) adopted the resolution which increased the share capital from PLN 50,000 to PLN 100,000 as a result issuing additional 100 new shares of PLN 500 each. Total nominal value of a new issue amounted to PLN 50,000. Bank Zachodni WBK S.A. has taken up all new shares and covered them by cash.

KNF permission to include subordinated liabilities of Bank Zachodni WBK S.A. in Tier II supplementary own funds

Starting from 13 October 2010 Bank Zachodni WBK S.A. is permitted by the Polish Financial Supervision Authority to include in its Tier II supplementary own funds the amount of EUR 99,000 k representing 10-year debt securities in issue acquired by EBRD.

35. Macroeconomic situation in the third quarter of 2010

Economic Growth

After a discernible upswing in the world economy in H1 2010, Q3 brought some deceleration and growing concerns about the sustainability of economic recovery in developed countries. In view of the latest statistics, particularly uncertain is the outlook for the growth of the American economy, which has caused the Federal Reserve to announce another round of stimuli. Asia has not managed to veer off the slowdown, but the pace of growth there is still ahead of that in the developed countries. The Eurozone has been experiencing quite a moderate and patchy recovery. From the Polish perspective, a relatively high pace of GDP growth in Germany has been a positive contributor, although signs of weakening activity have also been visible there. In Poland, the increase in GDP in the third quarter of 2010 is believed to have accelerated to almost 4% from 3.5% recorded in the second quarter.

Industrial Output, Foreign Trade and Investments

The Polish economy continued its revival, particularly in export focused industry sectors. The dynamics of industrial output in Q3 reached the highest level for over three years, capitalising on, among others, a growth of export sales by over 20% year-on-year. This was fuelled by relatively strong demand in countries which are Poland's main trading partners (e.g. Germany), and a competitive exchange rate of the Polish zloty. At the same time, some symptoms of recovery could be observed in the domestic market. NBP studies have shown that utilisation of production capacity in Polish firms increased to 79.6% in the third quarter of 2010 from 76%-77% during the economic slowdown. This is much above the multi-year average and higher than the level that would previously trigger an increase in investments. According to the bank's estimates, in the third quarter investments began to grow again (after the decline in the first half of the year) due to increasing public investments (mainly on the back of EU-funding) and gradual revival in private investments of companies expanding their production potential.

Labour Market and Consumption

The increase in investment activity is also reflected in the continued revival of the Polish labour market. In the third quarter, the average employment in the enterprise sector increased by 1.6% y-o-y. It should be noted that the employment level in the entire economy some time ago returned to the "pre-crisis" level, and its fall during the downturn was exceptionally mild and short-lived. The registered unemployment rate decreased at the end of the third quarter to 11.5%. Despite the higher demand for labour, wages were growing rather moderately, at approx. 3% y-o-y in the third quarter compared with 3.8% growth y-o-y in the second quarter. Still, the real growth of the overall household income from salaries and social benefits continued to fuel consumer demand. In nominal terms, retail sales growth rate increased to 6.5% y-o-y in the third quarter, while according to our estimates the growth of individual consumption of households was sustained at approx. 3% y-o-y. One should note the strong increase in demand for durable goods, which indicates that the revival of consumer demand has firmly taken root.

Inflation

During the summer months, the inflation rate reached its local minimum at 2% y-o-y, clearly rebounding in September to 2.5%, i.e. the inflationary target of the Monetary Policy Council, which was primarily due to the strong increase in food prices (an effect of the rapidly growing food prices in the world, and the delayed impact of floods and weather anomalies on the domestic market) coupled with an increase in clothing and footwear prices. The subsequent months should see a further growth of the CPI to approx. 3% y-o-y at the end of 2010, and beyond this level in early 2011.

Interest Rates and Money Market Policy

The Monetary Policy Council (MPC) left the interest rates unchanged in the third quarter, though already at its meeting in August a voting took place on the proposal to increase interest rates by 50 bp, and the obligatory reserve rate by 50 bp. The "Monetary Policy Guidelines for 2011", a document approved by the MPC in September, does not contain any major changes compared with the previous years.

FX Rates

In the third quarter, the zloty appreciated against the euro, and – on a larger scale – against the US dollar, which came in the wake of a strong depreciation of the American currency against the euro. The weakening of the dollar was to some extent due to the disappointing news from the American economy and Fed's announcement of upcoming second round of quantitative relaxation of its monetary policy to support the dwindling economic revival. Overall, during the third quarter the EUR/PLN rate fell by nearly 4% and the USD/PLN by almost 14%, while at the same time the EUR/USD rate increased by about 11%. Investor demand for Polish bonds remained strong, which led to a pronounced fall in their yields, particularly at the long end of the yield curve. A decrease in the yields of shorter-term securities was curbed by the expectations of monetary policy tightening by the MPC. WIBOR rates remained rather stable, while FRA contracts increased reflecting the higher likelihood of interest rate increases by the MPC.

36. Activities of Bank Zachodni WBK Group in Q3 2010

Business Performance of Bank Zachodni WBK S.A.

Deposit and Investment Products

- On 20 August 2010, the bank introduced a new 9-month Easy-Earning Deposit ("Lokata Swobodnie Zarabiająca") coming with all the features of the previous 6-month Easy Earning Deposit except for a deposit period and interest rate.
- On 30 August 2010, a new product was added to the bank's "Investment with a bonus" offer – a 6-month bonus deposit which is an alternative to the existing 3-month bonus deposit. Both deposits are attractively priced and expand the possibilities of saving diversification. They are intended for customers who invest in structured bonds or selected Arka funds, and also for those who buy insurance under the "In Plus" Investment Programme.
- In the third quarter of 2010, BZ WBK continued the sale of structured bonds: FlexInvest BRIC III (issued from 14.06.2010 to 23.07.2010) and Market Giants (issued from 6.09.2010 to 8.10.2010). These are instruments with 2-year maturities and a nominal value of PLN 1 k each. Dom Maklerski BZ WBK acted as the issue agent for the above-mentioned bonds.
- The bank also arranged 3 subscriptions of structured deposits for customers from the VIP segment. The deposits were based on EUR/PLN rate and offered two investment strategies: earning on appreciation of the zloty (Zloty Plus) or earning on appreciation of the euro (Euro Plus).

Agreement with the European Bank for Reconstruction and Development (EBRD)

- On 29 July 2010, EBRD entered into an agreement with BZ WBK to purchase the Bank's entire issue of 10-year floating rate subordinated notes with the nominal value of EUR 100 m. According to the agreement, the Bank will use the proceeds to provide financing to eligible micro, small and medium-sized enterprises using a variety of facilities such as term loans, working capital loans, revolving loans, leasing, factoring and other appropriate instruments, excluding any property-related loans.

Payment Cards

- As part of a summer holiday promotion, all the holders of debit cards attached to PLN accounts could withdraw cash from foreign ATMs free of charge.
- On 17 August 2010, a contactless credit card MasterCard PAYBACK was offered to customers. The card is another product (after MasterCard PAYBACK debit card) issued under the PAYBACK Bonus Programme that allows users to gather bonus points.

Insurance

- Since 2 August 2010 the holders of Visa Elektron VIP cards have been covered with the following insurance packages:
 - Financial Insurance Package – providing cover against, inter alia: unauthorised use of the card and stealing of cash withdrawn from ATMs; it also includes the lowest price guarantee and protection of the items purchased with the card;
 - Concierge Services Package – offering an information service and a wide range of free of charge arrangement services, including those related to car maintenance, child care and travel.

Direct Banking

- In the third quarter of 2010, significant progress was made in migrating customers to a new version of the BZWBK24 transaction system. The new tool is currently used by 72% of customers. The system's functionality has been expanded to include new solutions, including:
 - possibility of sending electronic marketing letters to customers via "Mail in BZWBK24";
 - improved visual side of the service "Mail in BZWBK24" as a result of a new active icon advising of incoming messages from the Bank;
 - meeting arrangement with a branch advisor to discuss new insurance products (Payment Protection Plan and 'Locum' property insurance).
- The BZWBK24's "buy-by-click" service (buying products without signing/mailling bank documents) has been extended with the High Heels Account and a card to that account. The range of products sold over the phone or through web forms has been complemented with PLN and FX savings accounts.
- To encourage a more active use of POS, card and internet payments, customers were offered participation in the MasterCard "Four Seasons" programme; PAYBACK loyalty programme "5 Times More Points" (to mark the first anniversary of PAYBACK's presence in Poland); a competition for BZWBK24 customers "Bank with BZWBK24 and Win Prizes" and a new edition of a partnership campaign with web stores "Cheap On-Line Buying". Also, the bank opened a web store at www.allegro.pl offering pre-paid cards and contactless devices, and launched a portal for pre-paid cards at www.prepaid.bzwbk.pl.
- The third quarter saw a merger of the two units of the Bank – the Phone and Electronic Sales Centre (responsible for acquiring customers and selling products via phone and internet) and the Communication Centre (responsible for after-sales service over the phone). The new unit - Phone and Electronic Banking Centre - has a greater capability of handling customer queries and instructions, and of exploring the buying potential of internal customers.

Investment Banking

- BZ WBK acted as an advisor in the IPO of Tesgas S.A., a PLN 62 m worth of transaction arranged in association with Dom Maklerski BZ WBK.
- The bank also rendered analytical and advisory services for its customers (in relation to public offerings, valuations, mergers and acquisitions), and provided financial advice in several privatisation processes, including financial consultancy for a number of companies.
- In the third quarter of 2010, BZ WBK arranged 3 issues of non-treasury debt securities for 2 entities with a total value of PLN 23.9 m. These issues were allocated to the entities indicated by the issuers.
- In September 2010, the bank acquired 1,860 investment certificates of the Private Bank Alternative Investment Fund SICAV-SIF, Luxembourg, for a total amount of PLN 5.9 m.

Distribution Network

- At the end of September 2010, the BZ WBK branch network comprised of 519 outlets, which included one that opened in the third quarter of 2010.
- BZ WBK continued with the development of its partner outlets network and their integration with the branch banking. In the third quarter 2010, 14 new partner outlets were launched, which increased their total number to 93 as at 30 September 2010.
- Private Banking Department, providing services to the customers with free resources exceeding PLN 1 m, opened two new offices based in Szczecin and Cracow.
- At the end of September 2010, the ATM network of BZWBK comprised of 1,051 machines. In the third quarter the bank implemented a project to enhance a number of its ATMs to the needs of vision-impaired customers. Also, the bank launched the Hal-Cash service, i.e. a transfer by which cash can be withdrawn from an ATM using the transaction code and PIN (without a card).

Business Performance of BZ WBK Subsidiaries

BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A.

- The third quarter of 2010 was the fifth consecutive quarter of index growth out of the six quarters since the beginning of the bull market in February 2009. Stock prices were predominantly falling only in the second quarter of the year, which reduced the WIG index to the level recorded at the start of the year. Despite the sustained growth trend in the stock prices, the third quarter of 2010 saw an outflow of assets from the equity and mixed funds, causing a negative balance of investments to redemptions in the mutual funds market. In such an environment, the net assets under management of BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych increased y-o-y by 1.3% and decreased y-t-d by 0.6%. The volume of assets accumulated by the funds (PLN 10,437 m) secured the company the second position in the Polish mutual funds market with a share of 9.5% (vs. 11.6% at the end of September 2009 and 11.2% at the end of December 2009).
- During the third quarter of 2010, actions were continued to launch a specialist open-ended mutual fund for HNW customers that would offer investments in sub-funds with diversified risk and returns. The fund will exploit the investment potential of the countries from the Central and Eastern Europe. On 31 March 2010, the Polish Financial Supervision Commission approved the opening of the fund. On 1 September 2010, BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych announced its intention to start subscriptions for participation units in the three subfunds of the foregoing fund, and on 17 September 2010 an application was filed with the registry court in Warsaw to register the fund.

BZ WBK AIB Asset Management S.A.

- As at 30 September 2010, the value of assets in the private portfolios managed by BZ WBK AIB Asset Management was PLN 1,714.3 m, a decrease of 8% y-o-y and 12% y-t-d. The decline in the value of assets was driven by a stronger local competition and customers' concerns about developments on the stock exchange.

Dom Maklerski BZ WBK S.A.

- During the first three quarters of 2010, Dom Maklerski BZ WBK recorded the stock trading of PLN 29.7 bn, which is 5% higher than in the corresponding period last year. This performance secured the company the third position in Poland with a 8.9% market share (decrease by 2.4 p.p. y-o-y).
- In the futures market, which is the second most important stock market in Poland, Dom Maklerski BZ WBK acted as an agent for concluding 3,018.5 k transactions (cumulatively). This is a 20% increase y-o-y and gives the company the second position in Poland and a market share of 13.9% (increase by 1.5 p.p. y-o-y).
- In the third quarter of 2010, Dom Maklerski BZ WBK was offering shares of Tesgas and participated in a syndicate selling the shares of Krynicky Recykling and Zakłady Przemysłu Cukierniczego Otmuchów. In addition, the company was selling FlexInvest BRIC III and Market Giants bonds in association with BZ WBK.

BZ WBK Finanse & Leasing S.A. and BZ WBK Leasing S.A.

- From 1 January till 30 September 2010, the net value of assets financed by both leasing companies amounted to PLN 952.1m, i.e. 3.4% down y-o-y. The sales of property and vehicles declined, while the lease of machines and equipment increased.
- BZ WBK Leasing expanded its lease offer with a car loan for business customers. The loan is primarily intended for SMEs, and its key features include the possibility of VAT deduction from the financed car, freedom to select a supplier of the vehicle and an attractive insurance offer.

BZ WBK Inwestycje Sp. z o.o.

- In July 2010, BZ WBK Inwestycje sold its entire shareholding in TIM S.A., earning a profit of PLN 1.2 m.
- In July 2010, the subsidiary purchased a package of 10,464 zero-coupon, unsecured 1-year registered series-F bonds issued by BB Investment S.A. for a total of PLN 9.6 m.

BZ WBK Faktor Sp. z o.o.

- At the end of September 2010, the total credit portfolio of the factoring company was PLN 258.2 m, which is 3.2% lower y-o-y.
- In the third quarter the company launched a new product – Faktoring Ekspres – intended for SMEs.

Awards and Recognitions

- In the eighth ranking "Newsweek's Friendly Bank" based on the results of mystery shopping by MillwardBrown SMG/KRC, BZ WBK came second in the category "Friendly Bank – Retail Customer" and third in the category "Bank Friendly to Seniors" (October 2010). This is so far the bank's biggest achievement in this most prominent consumer survey in the Polish banking market.
- In the ranking of Polish mutual funds held by Gazeta Wyborcza and the website for investors Opiekun Inwestora (July 2010), which was based on a dynamic analysis of their performance (comparison of investments for different transaction start dates) over 3, 5 and 10-year horizons, ARKA BZ WBK Akcji FIO (Equity Fund) was placed in the second position for the 5 and 10-year term.
- In the ranking of cash loans organised by Gold Finance (October 2010) under the title "The Cheapest Cash Loan of September 2010", BZ WBK was placed in the fourth position, outpacing banks from its peer group. The bank came second in the category "Offering for Existing Customers".
- In the competition organised in September 2010 by the Polish Industrial Design Institute for the best-designed products and services in the Polish market, the Bank of Ideas website of BZ WBK received the "Good Design 2010" prize for the first place in the Services category. The evaluation panel was particularly impressed by the openness of the website to user proposals.

- As a result of the excellent work of the consultants and application of effective organisational and control tools, the BZ WBK product help line, managed by the Phone and Electronic Sales Centre, came top in the ranking "Customer Service Quality Survey in Bank Infolines in May/June 2010" prepared by the Research Institute ARC Rynek i Opinia.

Other Information

Personnel

- During the first three quarters of 2010, employment in BZ WBK Group increased by 261 FTEs to 9,714 FTEs as at 30 September 2010. The y-t-d increase in employment is an effect of natural staff fluctuations and the ongoing alignment of resources to the requirements of the Group's business in the evolving economic environment.
- On a y-o-y basis the average staff number declined by c. 188 FTEs due to high employment in the first months of 2009 when staff levels, even though decreasing, still exceeded 10,000 FTEs. Throughout 2009 the number of employees was steadily declining as a result of the decision taken by the BZ WBK Management Board in view of the economic slowdown to freeze employment and not to fill in natural vacancies. The staff reduction was also aided by the centralization of back-office functions and improvement of the IT infrastructure. This downward employment trend reversed in the last quarter of 2009.

Ratings of Bank Zachodni WBK S.A.

- On 15 September 2010, Fitch Ratings announced that the following ratings of BZ WBK were placed on Rating Watch Positive (RWP): long-term Issuer Default Rating (BBB+), short-term rating (F2) and support rating (3). The minimum support rating was confirmed at BB. The foregoing ratings did not affect the bank's individual rating.
- The rating changes came in the wake of the decision of Allied Irish Banks p.l.c., announced on 10 September 2010 to sell its entire stake in BZ WBK (70.4% of share capital) to Banco Santander S.A. Once the transaction is finalized, Fitch will revise its BZ WBK ratings placed on RWP. The support rating, long-term and short-term IDRs for BZ WBK will then be based on the strength of its new parent - Banco Santander.

The table below shows changes to the BZ WBK ratings assigned by Fitch Ratings in 2009-2010

Rating type	Announcement of 12.09.2010	Announcement of 12.05.2010	Announcement of 13.02.2009	Announcement of 15.01.2009
Long-term IDR	BBB+	BBB+	BBB+	BBB+
Outlook for the long-term rating	Rating Watch Positive	Stable	Negative	Stable
Short-term IDR	F2	F2	F2	F2
Individual Rating	C	C	C	C
Support Rating	3	3	3	2

Auditor

- In accordance with §32 point 10 of the Statutes of BZ WBK and the industry practice, on 22 September 2010 the bank's Supervisory Board passed a resolution appointing KPMG Audyt Sp. z o.o. as an auditor to examine the bank's stand-alone and consolidated financial statements for 2010. KPMG Audyt Sp. z o.o. audited the bank's financial statements for the prior years and through other KPMG companies provided tax and other consultancy services permitted by law and the bank's internal regulations, whereby adequate impartiality and independence of the auditor was ensured.

Sale of AIB Assets in Poland

- On 10 September 2010, the Board of Allied Irish Banks (AIB) agreed to sell the Polish assets of AIB to Banco Santander S.A. for a total amount of approx. EUR 3.1 bn. The transaction included the sale of AIB's entire shareholding in BZ WBK, i.e. 51,413,790 shares representing 70.4% of the bank's share capital (for a price of EUR 2,938 m) and 50% shareholding in BZ WBK AIB Asset Management S.A. (for a price of ca. EUR 150 m). Banco Santander S.A. will acquire the shares through a public tender offer for 100% of the capital of the bank, addressed to all shareholders, in which AIB will tender all of its shares. Completion of the transaction is subject to regulatory and AIB shareholder approvals. The proposed disposal is part of AIB's capital raising initiatives as announced on 30 March 2010.

37. Financial performance of Bank Zachodni WBK Group in the third quarter of 2010

Financial Highlights

- Total income increased by 8.4% y-o-y to PLN 2,608.6 m;
- Total costs increased by 8.1% y-o-y to PLN 1,303.8 m, with staff and other administrative expenses of PLN 1,178.8 m higher by 7.5% y-o-y;
- Profit-before-tax of PLN 989.8 m was up by 20.9% y-o-y;
- Net profit attributable to owners of BZ WBK was PLN 706.5 m and up 12.1% y-o-y;
- Capital adequacy ratio of 14.07% (12.91% as at 31 December 2009);
- Return on Equity of 16.9% (17.6% as at 31 December 2009);
- The Cost to Income ratio was at 50%, which is the same level as in 2009;
- Net impairment losses on loans and advances amounted to PLN 317.6 m compared with PLN 380.6 m after the three quarters of 2009;
- NPL ratio increased to 6% (5.5% as at 31 December 2009), while the ratio of impairment losses to the average credit volumes was 1.2% (1.3% as at 31 December 2009);
- Loans to deposits ratio of 84.4% as at 30 September 2010 compared with 83.9% as at 31 December 2009.

Key Factors Affecting the Group's Profit and Activity in the Three Quarters of 2010

Business Factors:

- Decline in deposits from customers (-3.9%) compared with the end of 2009 with a decrease in business (-8.8%) and personal (-0.9%) deposits;
- Slight decrease in gross loans and advances to customers (-2.7%) compared with the end of 2009, mainly as a result of a decline in the value of commercial property loans (-13.1%) and lease receivables (-8.7%) paralleled by an increase in personal lending (+6.3%), particularly in home mortgages (+11%);
- Improved creditworthiness of business borrowers as Polish economy recovers;
- Tight risk monitoring in all areas of the Group's business and flexible approach to the changing macroeconomic conditions;
- Decrease in net assets of mutual funds and private portfolios (-2.3% over 9 months) due to the sustained negative balance of purchases and redemptions, a reflection of investors' concerns about further developments in the equity market fuelled by seasonal price fluctuations;
- Increase in the number of users of BZWBK24 electronic banking (+17%) and Moja Firma Plus package (+11%) during the three quarters of 2010;
- Steady growth of cards base (+12%) with an expansion of additional services and intensive efforts encouraging a more active card use;
- More widespread use of relationship marketing in CRM and sales campaigns with a focus on building relations with new retail and business customers;
- Sustained focus on process improvement, cost monitoring and efficiency gains.

External Factors:

- Continued economic recovery following the global economic and financial crisis (estimated GDP growth in 3Q 2010 accelerated to almost 4% from 3.5% y-o-y in Q2);
- Further improvement of positive trends in the labour market; acceleration of employment growth in the enterprise sector to 1.6% y-o-y from 0.4% in Q2 with simultaneously modest growth in average wage at around 3% y-o-y (weaker than in Q2);
- NBP reference rate remains at 3.5%; gradual intensification of expectations regarding the first interest rate hikes by the MPC;

- Gradual appreciation of the zloty and strengthening of the local debt market amid improving sentiment in the global financial markets;
- Slight acceleration in loans growth (after elimination of the FX effect), mainly in the case of household loans with still weak demand for loans from enterprises;
- Stagnation in the real estate market with a slight demand revival after holidays;
- Strong rise in foreign trade turnover (both exports and imports in euro terms rose by more than 20% y-o-y) with a strengthening tendency for faster growth of imports than exports.

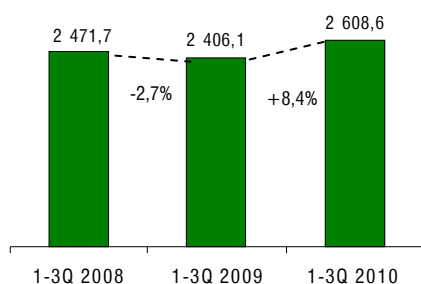
Profit and Loss Account

The table below shows year-on-year changes in key items of the Group's consolidated profit and loss account for the first three quarters of 2010 compared with the corresponding period last year.

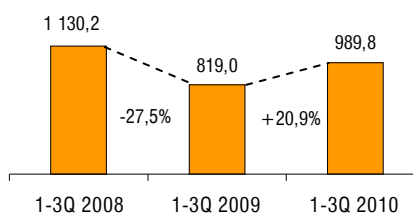
Condensed Profit & Loss Account	PLN m		
	Q1-3 2010	Q1-3 2009	Change
Total income	2 608,6	2 406,1	8,4%
Total costs	(1 303,8)	(1 205,9)	8,1%
Impairment losses on loans and advances	(317,6)	(380,6)	-16,6%
Profit/loss attributable to the entities accounted for using equity method	2,6	(0,6)	-
Profit-before-tax	989,8	819,0	20,9%
Charges	(233,6)	(150,7)	55,0%
Net profit for the period	756,2	668,3	13,2%
- Net profit attributable to owners of BZ WBK	706,5	630,4	12,1%
- Net profit attributable to minority shareholders	49,7	37,9	31,1%

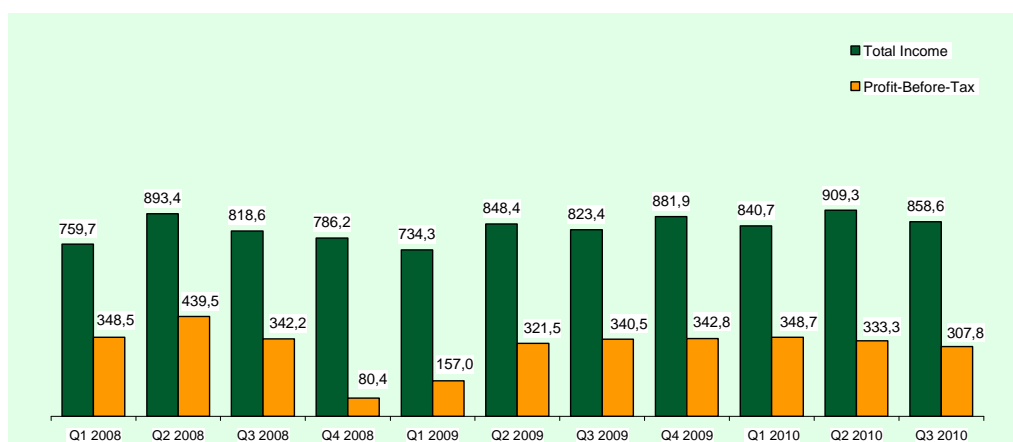
During the nine months of 2010, BZ WBK Group posted a profit-before-tax of PLN 989.8 m, an increase of 20.9% y-o-y. The net profit attributable to owners of BZ WBK was PLN 706.5 m and higher by 12.1% y-o-y.

**Total Income of BZ WBK Group
from 1 January to 30 September in the Years
2008-2010 (PLN m)**



**Profit-Before-Tax of BZ WBK Group
from 1 January to 30 September in the Years 2008-
2010 (PLN m)**



Total Income and Profit-Before-Tax of BZ WBK Group by Quarters in the Years 2008-2010 (PLN m)**Income**

The total income earned by BZ WBK Group in the first three quarters of 2010 was PLN 2,608.6 m and up 8.4% y-o-y.

	PLN m		
Total Income	Q1-3 2010	Q1-3 2009	Change
Net interest income	1 320,7	1 129,4	16,9%
Net fee and commission income	998,4	981,9	1,7%
Net trading income and revaluation	198,5	192,0	3,4%
Dividend income	54,2	76,3	-29,0%
Other non-interest income *	36,8	26,5	38,9%
Total	2 608,6	2 406,1	8,4%

* other non-interest income includes: 1) gains (losses) from other financial instruments; 2) other operating income

Net Interest Income

Net interest income amounted to PLN 1,320.7 m and increased by 16.9% y-o-y as the situation in the Polish deposits market continued to improve. The price war for deposits that last escalated in the first quarter of 2009 resulted in severe erosion of margins. Under the impact of declining money market prices, improved liquidity position of Polish banks and slower credit delivery, the competition for customer deposits has gradually changed in nature and intensity, which is also reflected in the increase of BZ WBK Group's net interest margin from 3.25% at the end of September 2009 to 3.86% at the end of September 2010. In the third quarter of 2010, market rates were kept within a narrow fluctuations band while recovering deposit margins were able to offset reduced lending margins. As a result, the Group's net interest margin (on a cumulative basis) stabilized at 3.86% at the end of June and September 2010.

Taking into account other interest-related income from FX Swaps and Basis Swaps (PLN 148.3 m in the three quarters of 2010 and PLN 155.8 m in the corresponding period last year), which are disclosed under "Net trading income and revaluation", the underlying net interest income increased by 14.3% y-o-y.

Net Fee and Commission Income

PLN m

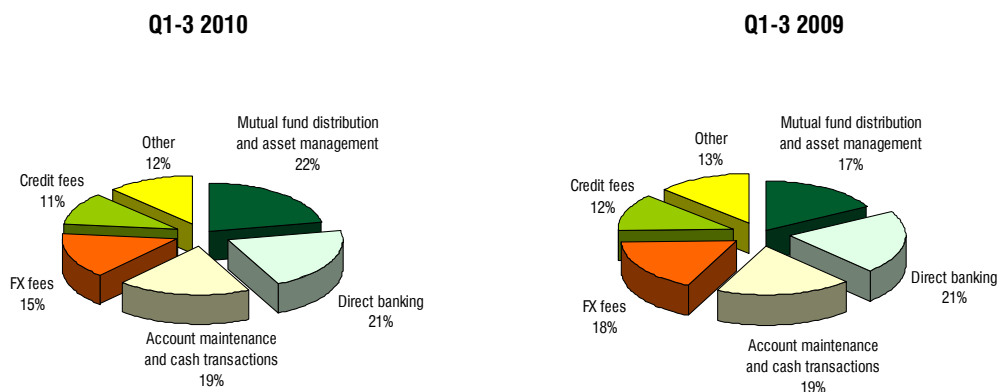
Net Fee and Commission Income	Q1-3 2010	Q1-3 2009	Change
Mutual fund distribution and asset management *	217,0	163,7	32,6%
Direct banking **	206,9	203,7	1,6%
Account maintenance and cash transactions	187,7	185,0	1,5%
FX fees	148,2	172,3	-14,0%
Credit fees ***	111,6	116,9	-4,5%
Brokerage fees	75,7	73,2	3,4%
Insurance fees	52,2	66,9	-22,0%
Other *	(0,9)	0,2	-
Total	998,4	981,9	1,7%

* fees for distribution of structured products (PLN 3.7 m for the three quarters of 2010 and PLN 7.6 m for the three quarters of 2009) which in Note 5 "Net Commission Income" of this quarterly report are disclosed under "Distribution Fees" have been transferred here to other net fee and commission income
 ** includes fees for foreign and mass payments, Western Union transfers and trade finance, debit cards and services for third party institutions as well as other electronic and telecommunication services
 *** includes selected fees related mainly to lending, leasing and factoring activities which are not amortised to interest income (e.g. credit cards, overdrafts)

After the first three quarters of 2010, net fee and commission income amounted to PLN 998.4 m and increased by 1.7% y-o-y. The key changes in the components of this aggregate amount were as follows:

- The income earned by the Group from its activities in the mutual funds and asset management market amounted to PLN 217 m, showing the highest y-o-y growth (+32.6%) and the largest contribution to the net fee and commission income (22%). The direction and extent of movement under this line was determined by asset management fees, which were growing along with the average net value of assets held in mutual funds and private portfolios (+22.5%). This growth is primarily due to the upward trend observed on the Warsaw Stock Exchange since February 2009 despite intermittences of increased price volatility.
- Income from FX fees decreased by 14% to PLN 148.2 m amid lower value of customer FX trading processed via BZ WBK branch network and Treasury service units.
- Income from insurance fell by 22% to PLN 52.2 m due to slower sales of cash loans insurance offered in co-operation with Aviva joint ventures and the Group-wide harmonisation of the approach to the insurance income recognition.
- Other fee income of BZ WBK Group, i.e. income from account fees, cash transactions, Direct Banking services, credit and brokerage operations show small business-as-usual fluctuations resulting from the prevailing market conditions, marketing actions as well as customer attitudes and perceptions of the bank's products and services.

Net Fee and Commission Income Structure of BZ WBK Group



Dividend Income

Dividend income of PLN 54.2 m decreased by 29% y-o-y. In 2010, BZ WBK recognized lower dividend income from companies representing Aviva Group as a result of the precipitated dividend payout (PLN 20.3 m) made by one of them (Aviva Towarzystwo Ubezpieczeń na Życie S.A.) in December 2009.

Net Trading Income and Revaluation

Net trading income and revaluation amounted to PLN 198.5 m, up 3.4% y-o-y. A significant portion of this line is the interest income from FX Swap and Basis Swap transactions, which totalled PLN 148.3 m for the first three quarters of 2010 compared with PLN 155.8 m for the corresponding period last year. Net trading income and revaluation also includes a fair value adjustment of derivatives resulting from counterparty risk which in the current reporting period amounted to PLN 3 m (reversal of adjustment) compared with a negative figure of PLN (28.7) m for the three quarters of 2009.

Impairment

After 9 months of 2010, the loan impairment charge to the profit and loss account was PLN 317.6 m compared with PLN 380.6 m in the corresponding period last year.

	PLN m	
Impairment Losses on Loans and Advances	Q1-3 2010	Q1-3 2009
Impairment recognised on incurred and reported losses (individual and collective)	(341,5)	(341,4)
Impairment recognised on incurred but not reported losses (IBNR)	2,7	(47,8)
Recovered debts	16,3	11,5
Impairment recognised on off-balance sheet items	4,9	(2,9)
Total	(317,6)	(380,6)

The impairment level is an effect of more favourable macroeconomic conditions in Poland compared with 2009 which saw the accumulation of adverse developments triggered by the economic slowdown. In 2010, the financial and market position of Polish companies has been gradually improving, and so has their debt service. Signs of recovery are also coming from the property market, positively affecting investors, real estate developers, their business partners and contractors.

The economic slowdown of 2009 and its after-effects have most strongly impacted the SME sector and weakened solvency of its representatives. Higher impairment has also been recognized in BZ WBK Group's leasing portfolio as a result of lower prices of leased assets that collateralize receivables from customers.

Also, a number of personal customers have been confronted with delayed effects of the economic crisis, unemployment and slow salary growth, which reflects negatively on their debt repayment capacity.

Costs

Total costs of BZ WBK Group amounted to PLN 1,303.8 m and were 8.1% higher y-o-y due to the requirements of the Group's business, staff and organisation growth. The C/I ratio stabilised at 50% as costs and income were growing at a similar pace.

	PLN m		
Total Costs	Q1-3 2010	Q1-3 2009	Change
Staff and other administrative expenses, including	(1 178,8)	(1 096,8)	7,5%
- staff expenses	(702,5)	(649,8)	8,1%
- other administrative expenses	(476,3)	(447,0)	6,6%
Depreciation/amortisation	(96,0)	(91,5)	4,9%
Other operating expenses	(29,0)	(17,6)	64,8%
Total	(1 303,8)	(1 205,9)	8,1%

After the three quarters of 2010, staff expenses increased by 8.1% y-o-y to PLN 702.5 m, mainly as a result of accruals for staff bonuses linked to the Group performance in 2010. Base salaries, which reflect the average 3.5% pay increase (effected in April 2010 as part of the annual performance review), remained stable y-o-y due to the reduction of the average employment by nearly 188 FTEs.

The Group's other administrative expenses increased by 6.6% y-o-y to PLN 476.3 m driven by the cost of advertising, marketing, building maintenance and lease, consultancy and other third party services. The higher consultancy costs (+35.2%) are connected with the Group's projects that required legal advice, research work and expert knowledge. A significant year-on-year growth was also noted in the marketing costs (+33.5%), a result of the Group's wider mass media advertising campaigns. In 2010, the Group focused its marketing efforts on promotion of the Moneyback Account. Advertising campaigns were also held to promote the High Heels account, e-Konto<30 account, Aktywni 50+ account, Business Packages and mutual funds. The cost of building maintenance and lease increased (+5.7%) along with the growing office space, rental rates and price of electricity and heating.

The Group places an ongoing focus on cost control and continues administrative, technological and enablement efforts to reduce its cost base. Over the first three quarters of 2010, cost reductions were achieved in data transmission (-12.2%), postal/telecommunication fees (-10.7%) and IT usage (-4.8%), which is an effect of review of the key contracts and renegotiation of rates with service providers.

After nine months of 2010, depreciation was PLN 96 m and 4.9% higher y-o-y.

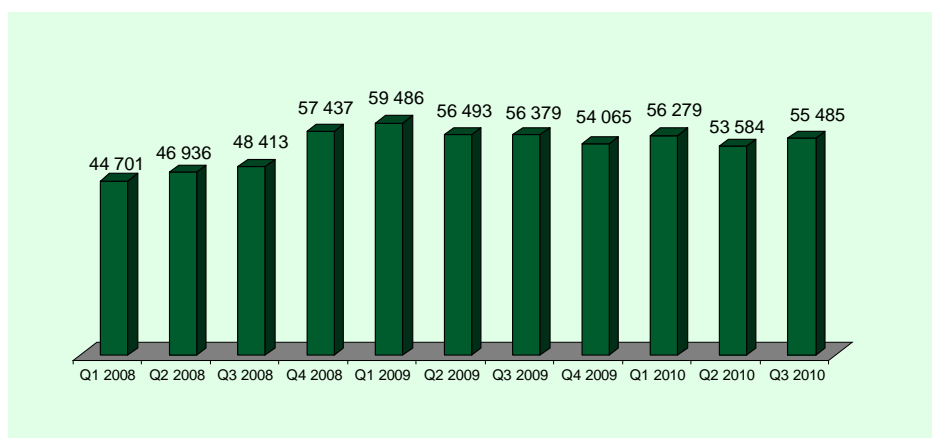
Other operating expenses increased by 64.8% to PLN 29 m as a result of provisions raised for legal risk cases.

Financial Position

Assets

As at 30 September 2010, total assets of BZ WBK Group amounted to PLN 55,485.4 m, up 2.6% on 31 December 2009. The value and structure of the Group's financial position is determined by the bank (parent), which accounts for 96.4% of the consolidated total assets.

Total Assets of BZ WBK Group in 2008-2010 Quarter by Quarter (PLN m)



The table below presents major developments in the key categories of the consolidated assets of BZ WBK Group as at 30 September 2010 versus 31 December 2009 and 30 September 2009.

Assets	PLN m							
	30.09.2010	Structure 30.09.2010	31.12.2009	Structure 31.12.2009	30.09.2009	Structure 30.09.2009	Change	Change
	1	2	3	4	5	6	1/3	1/5
Loans and advances to customers *	33 422,0	60,2%	34 570,7	63,9%	35 405,3	62,8%	-3,3%	-5,6%
Investment securities	13 677,0	24,6%	13 292,6	24,6%	14 066,6	25,0%	2,9%	-2,8%
Financial assets held for trading	3 884,2	7,0%	1 344,8	2,5%	2 008,7	3,6%	188,8%	93,4%
Cash and operations with Central Banks	1 153,3	2,1%	2 660,7	4,9%	1 864,7	3,3%	-56,7%	-38,2%
Loans and advances to banks	1 689,7	3,1%	663,0	1,2%	1 480,3	2,6%	154,9%	14,1%
Fixed and intangible assets	711,1	1,3%	777,8	1,5%	765,0	1,3%	-8,6%	-7,0%
Other assets	948,1	1,7%	755,4	1,4%	788,2	1,4%	25,5%	20,3%
Total	55 485,4	100,0%	54 065,0	100,0%	56 378,8	100,0%	2,6%	-1,6%

* net of impairment losses

Changes in the value of assets over the first three quarters of 2010 were mainly driven by the "financial assets held for trading", which increased by 188.8% y-t-d as the Group expanded its portfolio of short-term NBP bills and Treasury bills. Loans and advances to banks increased by 154.9% y-t-d along with higher deposits lodged in the inter-bank market as part of the collateral mechanism established to manage risk in derivative transactions. The growth in these asset categories was accompanied by the significant decrease in cash and operations with the Central Bank (-56.7% y-t-d) and net loans and advances to customers (-3.3% y-t-d). Cash and operations with the Central Bank decreased due to the reduction of the bank's balance in its NBP account as part of day-to-day liquidity management. It is worth noting, however, that in the periods covering the analysed balance sheet dates, i.e. 30 September 2010 and 31 December 2009, a similar requirement applied with regard to maintenance of an average monthly obligatory reserve.

Credit Portfolio

Gross Loans and Advances to Customers	PLN m				
	30.09.2010	31.12.2009	30.09.2009	Change	Change
	1	2	3	1/2	1/3
Loans and advances to business and public sector customers	20 946,8	22 348,6	23 191,2	-6,3%	-9,7%
Loans and advances to personal customers	11 302,1	10 632,4	10 372,1	6,3%	9,0%
Finance lease receivables	2 471,7	2 706,5	2 800,0	-8,7%	-11,7%
Other *	9,6	22,9	185,2	-58,1%	-94,8%
Total	34 730,2	35 710,4	36 548,5	-2,7%	-5,0%

* other receivables include repo and other transactions

As at 30 September 2010, gross loans and advances to customers amounted to PLN 34,730.2 m, down 2.7% on the end of December 2009.

During 9 months of 2010, loans and advances to business and public sector customers decreased by 6.3% to PLN 20,946.8 m. As of the end of September 2010, property loans, which make up a large portion of this portfolio, decreased by 13.1% y-t-d to PLN 9,986.4 m in line with declining credit exposures to the commercial property sector as required by the Group's credit policy.

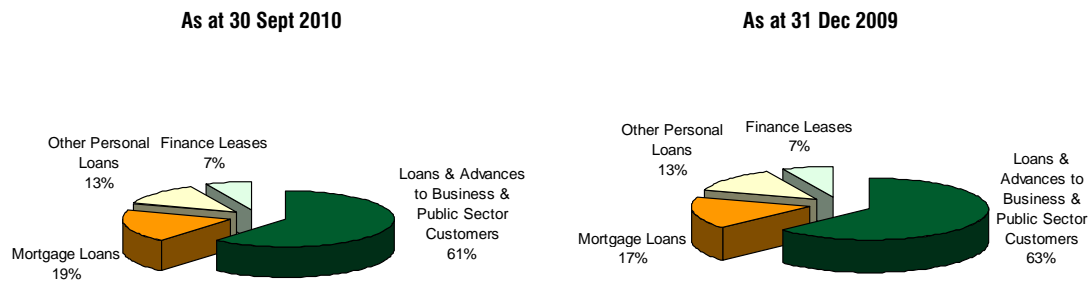
Reviving but still low investment activity of businesses had an adverse impact on the finance lease portfolio, which declined by 8.7% y-t-d to PLN 2,471.7 m.

Loans to personal customers amounted to PLN 11,302.1 m, an increase of 6.3% y-t-d. The growth of this portfolio was primarily driven by mortgage loans, which went up by 11% y-t-d to PLN 6,732.2 m as of the end of September 2010 on account of the bank's strong and competitively-priced mortgage proposition, efficient credit delivery and insurance package. The cash loan portfolio was PLN 3,141.6 m and lower by 2.3% over nine months.

On a constant currency basis, the loan-book decreased by 2.6% y-t-d, of which the portfolio of business loans and finance leases declined by 5.7% while personal loans increased by 4.8%.

At the end of September 2010, impaired loans accounted for 6% of the nominal value of total portfolio versus 5.5% recorded on 31 December 2009. The provision cover ratio for the impaired loans was 45.3% compared with 39.1% as at 31 December 2009.

Structures of Loans and Advances to Customers of BZWBK Group



Equity and Liabilities

The table below presents major developments in key categories of the consolidated equity and liabilities of BZ WBK Group at the end of September 2010 versus 31 December 2009 and 30 September 2009.

Equity & Liabilities	PLN m							
	30.09.2010	Structure 30.09.2010	31.12.2009	Structure 31.12.2009	30.09.2009	Structure 30.09.2009	Change	Change
	1	2	3	4	5	6	1/3	1/5
Deposits from customers	39 617,7	71,4%	41 222,9	76,2%	41 512,1	73,6%	-3,9%	-4,6%
Deposits from banks	7 402,5	13,3%	3 830,8	7,1%	6 032,5	10,7%	93,2%	22,7%
Financial liabilities held for trading	526,7	1,0%	736,1	1,4%	1 044,5	1,9%	-28,4%	-49,6%
Debt securities in issue	397,7	0,7%	-	-	-	-	-	-
Amounts owed to the Central Bank	-	-	1 519,2	2,8%	908,2	1,6%	-100,0%	-100,0%
Other liabilities	1 026,9	1,9%	719,5	1,3%	1 119,0	2,0%	42,7%	-8,2%
Total equity	6 513,9	11,7%	6 036,5	11,2%	5 762,5	10,2%	7,9%	13,0%
Total	55 485,4	100,0%	54 065,0	100,0%	56 378,8	100,0%	2,6%	-1,6%

On the equity and liabilities side, a significant increase was noted in deposits from banks (+93.2% y-t-d), which along with the increase in placements to banks reflects greater activity of BZ WBK Group in the inter-bank market. At the same time, the Group's obligations towards the Central Bank reduced to nil, reflecting stabilisation in the inter-bank market and decelerated NBP open market funding operations. Debt securities in issue represent subordinated BZ WBK bonds with a nominal value of EUR 100 m, which were purchased by EBRD in August 2010. Other liabilities increased significantly (+42.7% y-t-d) due to the higher value of items to be settled in the course of ordinary business, differences in the operation mode of settlement systems on the last day of the year and beyond the financial year closure, and finally the recognition of current income tax liabilities. Financial liabilities held for trading decreased by 28.4% y-t-d on account of lower volume of derivative transactions.

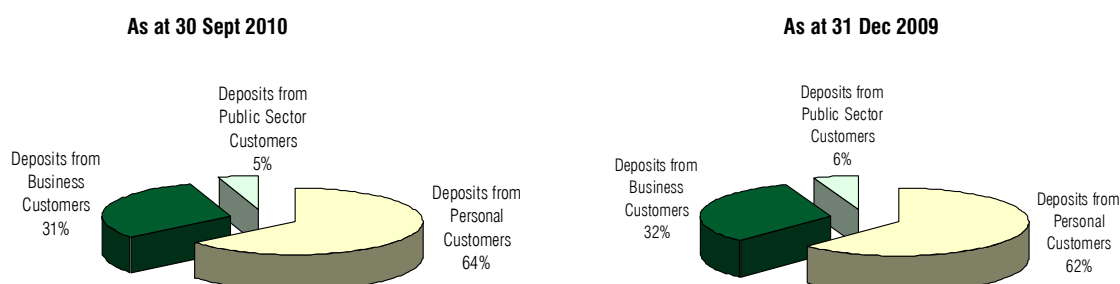
Deposit Base

Deposits from Customers	PLN m				
	30.09.2010	31.12.2009	30.09.2009	Change	Change
	1	2	3	1/2	1/3
Deposits from personal customers	25 379,3	25 613,7	25 084,0	-0,9%	1,2%
Deposits from business and public sector customers	14 238,4	15 609,2	16 428,1	-8,8%	-13,3%
Total	39 617,7	41 222,9	41 512,1	-3,9%	-4,6%

Deposits from customers, which represent 71.4% of the Group's total equity and liabilities are the primary source of funding the Group's lending business. At the end of September 2010 they amounted to PLN 39,617.7 m, down 3.9% on 31 December 2009. This item comprises term deposits of PLN 21,028.0 m (-9.6%), funds deposited in current accounts of PLN 17,839.8 m (+2.3%) and other liabilities.

As at 30 September 2010, the Group's deposits from personal customers amounted to PLN 25,379.3 m and was similar to the end of 2009. The structure of these deposits changed as a result of transfer of funds from term deposits to current accounts, which is attributable to the increase in the number of personal and savings accounts, and lower attractiveness of term deposits in the low interest rates environment. Deposits from business customers amounted to PLN 14,238.4 m and were 8.8% lower than 9 months before.

Structures of Deposits from Customers of BZ WBK Group



Key Financial Ratios

Selected Financial Ratios	30.09.2010	31.12.2009	30.09.2009
Total costs/Total income	50,0%	50,0%	50,1%
Net interest income/Total income	50,6%	47,5%	46,9%
Net interest margin *	3,86%	3,40%	3,25%
Net commission income/Total income	38,3%	40,0%	40,8%
Customer loans/Customer deposits	84,4%	83,9%	85,3%
NPL ratio	6,0%	5,5%	5,4%
NPL coverage ratio	45,3%	39,1%	40,1%
Impairment losses on loans and advances / Average loans	1,2%	1,3%	1,4%
ROE **	16,9%	17,6%	13,3%
ROA ***	1,7%	1,6%	1,3%
Capital adequacy ratio	14,07%	12,91%	12,16%
Book value per share (in PLN)	89,14	82,61	78,86
Earnings per share (PLN) ****	9,67	12,11	8,63

* net interest margin includes interest-related income on FX Swaps and Basis Swaps

** net profit attributable to owners of BZ WBK for the 12-month period to equity as at the end of the reporting period, excluding the current year profit and non-controlling interests in equity

*** net profit attributable to owners of BZ WBK for the 12-month period to average assets derived from the two comparative periods

**** net profit attributable to owners of BZ WBK for the reporting period divided by the number of ordinary shares

38. Events which might affect financial performance over the next quarter and beyond

The most important factors, which may affect financial results of the Group in future are:

- developments in major economies in the world, particularly in the European Union absorbing the vast majority of Polish exports, which will have a significant influence on domestic production, and further on the financial situation of the national companies and the labour market conditions, and this in turn will determine trends in the loan portfolio quality and the strength of demand for new loans;
- predicted beginning of hikes in the NBP interest rates amid prospects for a moderate economic recovery and inflation increase above the central bank's target;
- further changes in costs of financing banks' assets, depending among others on the zloty exchange rate performance, liquidity situation in the banking sector and intensity of the price competition in area of retail deposits;
- further development of the situation in the global stock and bond markets and its influence on flows between mutual funds and safer assets' classes;
- changes in situation on the housing market and related to that tendency in demand for mortgages.

Signature of a person who is responsible for maintaining the book of account			
Date	Name	Function	Signature
09-11-2010	Paul Barry	Member of the Management Board	
09-11-2010	Wojciech Skalski	Financial Accounting Area Director	