

REPORT OF BANK ZACHODNI WBK GROUP FOR QUARTER 1 2011



2011

| FINANCIAL HIGHLIGHTS | | PLN k | | EUR k | |
|-----------------------------------|--|------------|------------|------------|------------|
| for reporting period ended: | | 31.03.2011 | 31.03.2010 | 31.03.2011 | 31.03.2010 |
| Consolidated financial statements | | | | | |
| I | Net interest income | 494 576 | 424 469 | 124 446 | 107 004 |
| II | Net fee and commission income | 339 239 | 331 938 | 85 360 | 83 678 |
| III | Operating profit | 350 294 | 348 870 | 88 141 | 87 946 |
| IV | Profit before tax | 353 465 | 348 659 | 88 939 | 87 893 |
| V | Net profit attributable to owners of BZ WBK S.A. | 270 216 | 233 479 | 67 992 | 58 857 |
| VI | Total net cash flow | 605 422 | 2 393 553 | 152 337 | 603 386 |
| VII | Total assets | 65 456 976 | 56 279 398 | 16 315 705 | 14 571 850 |
| VIII | Deposits from banks and central bank | 3 174 979 | 5 238 199 | 791 390 | 1 356 273 |
| IX | Deposits from customers | 41 667 795 | 42 944 022 | 10 386 050 | 11 119 057 |
| X | Total liabilities | 58 437 570 | 49 958 101 | 14 566 058 | 12 935 141 |
| XI | Total equity | 7 019 406 | 6 321 297 | 1 749 646 | 1 636 709 |
| XII | Non-controlling interests in equity | 165 197 | 124 696 | 41 177 | 32 286 |
| XIII | Profit of the period attributable to non-controlling interests | 14 713 | 16 177 | 3 702 | 4 078 |
| XIV | Number of shares | 73 076 013 | 73 076 013 | | |
| XV | Net book value per share in PLN/EUR | 96,06 | 86,50 | 23,94 | 22,40 |
| XVI | Solvency ratio | 14,66% | 13,55% | | |
| XVII | Profit per share in PLN/EUR | 3,70 | 3,20 | 0,93 | 0,81 |
| XVIII | Diluted earnings per share in PLN/EUR | 3,69 | 3,19 | 0,93 | 0,80 |
| XIX | Declared or paid dividend per share in PLN/EUR | 8,00 | 4,00 | 1,99 | 1,04 |
| Stand alone financial statements | | | | | |
| I | Net interest income | 460 469 | 386 126 | 115 864 | 97 338 |
| II | Net fee and commission income | 259 571 | 248 343 | 65 313 | 62 604 |
| III | Operating profit | 332 747 | 335 170 | 83 726 | 84 492 |
| IV | Profit before tax | 332 747 | 335 170 | 83 726 | 84 492 |
| V | Profit for the period | 277 255 | 250 217 | 69 763 | 63 077 |
| VI | Total net cash flow | 608 319 | 2 394 006 | 153 066 | 603 500 |
| VII | Total assets | 52 725 693 | 54 216 108 | 13 142 325 | 14 037 623 |
| VIII | Deposits from banks and central bank | 2 863 680 | 3 847 520 | 713 796 | 996 199 |
| IX | Deposits from customers | 41 869 238 | 43 035 457 | 10 436 262 | 11 142 731 |
| X | Total liabilities | 46 378 645 | 48 457 524 | 11 560 269 | 12 546 612 |
| XI | Total equity | 6 347 048 | 5 758 584 | 1 582 055 | 1 491 011 |
| XII | Number of shares | 73 076 013 | 73 076 013 | | |
| XIII | Net book value per share in PLN/EUR | 86,86 | 78,80 | 21,65 | 20,40 |
| XIV | Solvency ratio | 14,93% | 12,87% | | |
| XV | Profit per share in PLN/EUR | 3,79 | 3,42 | 0,95 | 0,86 |
| XVI | Diluted earnings per share in PLN/EUR | 3,79 | 3,42 | 0,95 | 0,86 |
| XVII | Declared or paid dividend per share in PLN/EUR | 8,00 | 4,00 | 1,99 | 1,04 |

| FINANCIAL HIGHLIGHTS | | Consolidated statement of financial position | | Statement of financial position | |
|---------------------------------|--------------------------------------|--|------------|---------------------------------|------------|
| for the period ended 31.12.2010 | | PLN k | | EUR k | |
| I | Total assets | 53 153 871 | 13 421 678 | 52 034 756 | 13 139 095 |
| II | Deposits from banks and central bank | 2 526 082 | 637 851 | 2 144 007 | 541 375 |
| III | Deposits from customers | 41 970 454 | 10 597 797 | 42 099 210 | 10 630 308 |
| IV | Total liabilities | 46 380 296 | 11 711 309 | 45 926 983 | 11 596 844 |
| V | Total equity | 6 773 575 | 1 710 369 | 6 107 773 | 1 542 250 |
| VI | Non-controlling interests in equity | 150 519 | 38 007 | - | - |

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

- statement of financial position items: 4.0119 PLN rate to EUR as at 31.03.2011 stated by National Bank of Poland (NBP), 3.8622 PLN rate to EUR as at 31.03.2010 and 3.9603 PLN rate to EUR as at 31.12.2010
- for profit and loss items - as at 31.03.2011: 3.9742 (an average PLN mid-rate to EUR in NBP on the last day of each month in 2011), as at 31.03.2010: 3.9669 (an average PLN mid-rate to EUR in NBP on the last day of each month in 2010).

**CONSOLIDATED FINANCIAL
STATEMENTS OF
BANK ZACHODNI WBK GROUP
FOR QUARTER 1 2011**

2011



WBK

| Bank Zachodni WBK S.A.

Table of Contents

| | |
|--|-----------|
| Consolidated income statement | 5 |
| Consolidated statement of comprehensive income | 5 |
| Consolidated statement of financial position | 6 |
| Movements on consolidated equity | 7 |
| Consolidated statement of cash flows | 8 |
| Income statement of Bank Zachodni WBK S.A. | 9 |
| Statement of comprehensive income of Bank Zachodni WBK S.A. | 9 |
| Statement of financial position of Bank Zachodni WBK S.A. | 10 |
| Movements on equity of Bank Zachodni WBK S.A. | 11 |
| Statement of cash flows of Bank Zachodni WBK S.A. | 12 |
| Additional notes to consolidated financial statements | 13 |
| 1. Basis of preparation of interim financial statements | 13 |
| 2. Description of organization of Bank Zachodni WBK Group | 15 |
| 3. Segmental reporting | 16 |
| 4. Net interest income | 19 |
| 5. Net fee and commission income | 20 |
| 6. Net trading income and revaluation | 20 |
| 7. Gains (losses) from other financial securities | 20 |
| 8. Impairment losses on loans and advances | 21 |
| 9. Employee costs | 21 |
| 10. General and administrative expenses | 21 |
| 11. Corporate income tax | 22 |
| 12. Cash and balances with central banks | 22 |
| 13. Loans and advances to banks | 22 |
| 14. Financial assets and liabilities held for trading | 23 |
| 15. Loans and advances to customers | 23 |
| 16. Investment securities | 24 |
| 17. Financial assets held to maturity | 24 |
| 18. Investments in associates and joint ventures | 25 |
| 19. Other assets | 25 |
| 20. Deposits from central bank | 25 |
| 21. Deposits from banks | 25 |
| 22. Deposits from customers | 26 |
| 23. Other liabilities | 26 |
| 24. Contingent liabilities | 26 |
| 25. Off-balance sheet liabilities relating to derivatives' nominal values | 27 |
| 26. Basis of FX conversion | 28 |
| 27. Shareholders with min. 5% voting power | 28 |
| 28. Changes in shareholding of members of the Management and Supervisory Board | 28 |
| 29. Related party disclosures | 29 |
| 30. Comments concerning the seasonal or cyclical character of the annual activity | 31 |
| 31. Character and amounts of items which are extraordinary due to their nature, volume or occurrence | 31 |
| 32. Issue of debt or equity instruments | 31 |
| 33. Acquisitions and disposals of investments | 31 |
| 34. Dividend per share | 32 |
| 35. Information concerning issuing loan and guarantees by an issuer or its subsidiary | 32 |
| 36. Events which occurred subsequently to the end of the interim period | 32 |
| 37. Macroeconomic situation in the first quarter of 2011 | 33 |
| 38. Activities of Bank Zachodni WBK Group in the first quarter of 2011 | 34 |
| 39. Financial position of Bank Zachodni WBK Group after the first quarter of 2011 | 40 |
| 40. Events which might affect financial performance over the next quarter and beyond | 50 |

Consolidated income statement

| | for reporting period: | 01.01.2011- 31.03.2011 | 01.01.2010- 31.03.2010 |
|--|-----------------------|---------------------------|---------------------------|
| Interest income | | 794 387 | 788 453 |
| Interest expense | | (299 811) | (363 984) |
| Net interest income | Note 4 | 494 576 | 424 469 |
| Fee and commission income | | 386 234 | 386 024 |
| Fee and commission expense | | (46 995) | (54 086) |
| Net fee and commission income | Note 5 | 339 239 | 331 938 |
| Dividend income | | 10 | 354 |
| Net trading income and revaluation | Note 6 | 38 847 | 67 398 |
| Gains (losses) from other financial securities | Note 7 | (170) | 8 764 |
| Other operating income | | 17 861 | 7 793 |
| Impairment losses on loans and advances | Note 8 | (94 854) | (70 362) |
| Operating expenses incl.: | | (445 215) | (421 484) |
| <i>Bank's staff, operating expenses and management costs</i> | Notes 9, 10 | (403 677) | (382 284) |
| <i>Depreciation/amortisation</i> | | (35 900) | (31 838) |
| <i>Other operating expenses</i> | | (5 638) | (7 362) |
| Operating profit | | 350 294 | 348 870 |
| Share in net profits (loss) of entities accounted for by the equity method | | 3 171 | (211) |
| Profit before tax | | 353 465 | 348 659 |
| Corporate income tax | Note 11 | (68 536) | (99 003) |
| Profit for the period | | 284 929 | 249 656 |
| of which: | | | |
| <i>attributable to owners of BZ WBK S.A.</i> | | 270 216 | 233 479 |
| <i>attributable to non-controlling interests</i> | | 14 713 | 16 177 |
| Net earnings per share (PLN/share) | | | |
| Basic earnings per share | | 3,70 | 3,20 |
| Diluted earnings per share | | 3,69 | 3,19 |

Consolidated statement of comprehensive income

| | for reporting period: | 01.01.2011- 31.03.2011 | 01.01.2010- 31.03.2010 |
|---|-----------------------|---------------------------|---------------------------|
| Profit for the period | | 284 929 | 249 656 |
| Other comprehensive income: | | | |
| Available-for sale financial assets valuation | | (26 364) | 41 802 |
| Cash flow hedges valuation | | (13 152) | (6 631) |
| Other comprehensive income for the period, net of income tax | | (39 516) | 35 171 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 245 413 | 284 827 |
| Attributable to: | | | |
| <i>owners of BZ WBK S.A.</i> | | 230 735 | 268 469 |
| <i>non-controlling interests</i> | | 14 678 | 16 358 |



Consolidated statement of financial position

| as at: | | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|---|--------------|-------------------|-------------------|-------------------|
| ASSETS | | | | |
| Cash and balances with central banks | Note 12 | 1 256 357 | 2 534 463 | 2 552 144 |
| Loans and advances to banks | Note 13 | 1 537 053 | 619 655 | 1 023 662 |
| Financial assets held for trading | Note 14 | 2 747 481 | 2 239 055 | 5 222 222 |
| Hedging derivatives | | 4 639 | 14 768 | 2 372 |
| Loans and advances to customers | Note 15 | 33 085 129 | 32 838 296 | 33 554 035 |
| Investment securities | Notes 16, 17 | 13 607 384 | 13 395 355 | 12 364 652 |
| Investments in associates and joint ventures | Note 18 | 91 065 | 87 360 | 81 676 |
| Intangible assets | | 165 654 | 172 561 | 176 009 |
| Property, plant and equipment | | 529 426 | 547 536 | 575 171 |
| Net deferred tax assets | | 314 617 | 309 164 | 298 709 |
| Other assets | Note 19 | 12 118 171 | 395 658 | 428 746 |
| Total assets | | 65 456 976 | 53 153 871 | 56 279 398 |
| LIABILITIES | | | | |
| Deposits from central bank | Note 20 | - | - | 1 023 474 |
| Deposits from banks | Note 21 | 3 174 979 | 2 526 082 | 4 214 725 |
| Hedging derivatives | | 18 675 | 16 441 | 42 885 |
| Financial liabilities held for trading | Note 14 | 580 565 | 578 611 | 632 045 |
| Deposits from customers | Note 22 | 41 667 795 | 41 970 454 | 42 944 022 |
| Subordinated liabilities | | 400 339 | 395 230 | - |
| Current income tax liabilities | | 14 162 | 82 858 | 66 006 |
| Other liabilities | Note 23 | 12 581 055 | 810 620 | 1 034 944 |
| Total liabilities | | 58 437 570 | 46 380 296 | 49 958 101 |
| Equity | | | | |
| Equity attributable to owners of BZ WBK S.A. | | 6 854 209 | 6 623 056 | 6 196 601 |
| Share capital | | 730 760 | 730 760 | 730 760 |
| Other reserve funds | | 4 348 692 | 4 344 640 | 3 567 001 |
| Revaluation reserve | | 393 653 | 433 134 | 456 994 |
| Retained earnings | | 1 110 888 | 140 299 | 1 208 367 |
| Profit of the current period | | 270 216 | 974 223 | 233 479 |
| Non-controlling interests in equity | | 165 197 | 150 519 | 124 696 |
| Total equity | | 7 019 406 | 6 773 575 | 6 321 297 |
| Total equity and liabilities | | 65 456 976 | 53 153 871 | 56 279 398 |

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 31.12.2010 | 730 760 | 4 344 640 | 433 134 | 1 114 522 | 150 519 | 6 773 575 |
| Total comprehensive income | - | - | (39 481) | 270 216 | 14 678 | 245 413 |
| Transfer to other capital | - | 3 634 | - | (3 634) | - | - |
| Other | - | 418 | - | - | - | 418 |
| As at 31.03.2011 | 730 760 | 4 348 692 | 393 653 | 1 381 104 | 165 197 | 7 019 406 |

As at the end of the period revaluation reserve in the amount of PLN 393 653 k comprises mainly of debt securities and equity shares classified as available-for-sale of PLN (6 029) k and PLN 410 820 k, respectively. Additionally, it includes cash flow hedge activities of PLN (11 138) 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 31.12.2009 | 730 760 | 3 566 999 | 422 005 | 1 208 368 | 108 338 | 6 036 470 |
| Total comprehensive income | - | - | 11 129 | 974 223 | 67 181 | 1 052 533 |
| Transfer to other capital | - | 775 765 | - | (775 765) | - | - |
| Dividend relating to 2009 | - | - | - | (292 304) | (25 000) | (317 304) |
| Other | - | 1 876 | - | - | - | 1 876 |
| As at 31.12.2010 | 730 760 | 4 344 640 | 433 134 | 1 114 522 | 150 519 | 6 773 575 |

As at the end of the period revaluation reserve in the amount of PLN 433 134 k comprises mainly of debt securities and equity shares classified as available-for-sale of PLN 19 839 k and PLN 411 280 k, respectively. Additionally, it includes cash flow hedge activities of PLN 2 015 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 31.12.2009 | 730 760 | 3 566 999 | 422 005 | 1 208 368 | 108 338 | 6 036 470 |
| Total comprehensive income | - | - | 34 989 | 233 480 | 16 358 | 284 827 |
| Transfer to other capital | - | 2 | - | (2) | - | - |
| As at 31.03.2010 | 730 760 | 3 567 001 | 456 994 | 1 441 846 | 124 696 | 6 321 297 |

As at the end of the period revaluation reserve in the amount of PLN 456 994 k comprises mainly of debt securities and equity shares classified as available-for-sale of PLN 48 159 k and PLN 413 548 k, respectively. Additionally, it includes cash flow hedge activities of PLN (4 713) k.



Consolidated statement of cash flows

| | for reporting period: | 01.01.2011- 31.03.2011 | 01.01.2010- 31.03.2010 |
|--|-----------------------|---------------------------|---------------------------|
| Profit before tax | | 353 465 | 348 659 |
| Total adjustments: | | 288 776 | 2 539 401 |
| Share in net profits (losses) of entities accounted for by the equity method | | (3 171) | 211 |
| Depreciation/amortisation | | 35 900 | 31 838 |
| Impairment losses | | (62) | (22) |
| Gains (losses) on exchange differences | | (5 433) | 6 929 |
| Interests and similar charges | | (88 079) | (42 950) |
| Dividend received | | (10) | (354) |
| (Profit) loss from investing activities | | 339 | (8 750) |
| Change in provisions | | (66 985) | (34 731) |
| Change in trading portfolio financial instruments | | 270 478 | (347 787) |
| Change in loans and advances to banks | | (452) | (156) |
| Change in loans and advances to customers | | (246 833) | 1 039 619 |
| Change in deposits from banks | | 724 310 | (112 926) |
| Change in deposits from customers | | (302 659) | 1 721 151 |
| Change in other assets and liabilities | | 104 784 | 305 423 |
| Paid income tax | | (133 415) | (18 353) |
| Other adjustments | | 64 | 259 |
| Net cash flow from operating activities | | 642 241 | 2 888 060 |
| Inflows | | 153 590 | 507 782 |
| Sale/maturity of investment securities | | 153 181 | 506 859 |
| Sale of intangible assets and property, plant and equipment | | 397 | 567 |
| Dividend received | | 10 | 354 |
| Proceeds from other investments | | 2 | 2 |
| Outflows | | (91 471) | (911 526) |
| Purchase of subsidiaries, associates and joint ventures | | (18) | - |
| Purchase of investment securities | | (82 373) | (905 671) |
| Purchase of intangible assets and property, plant and equipment | | (9 064) | (5 854) |
| Other investments | | (16) | (1) |
| Net cash flow from investing activities | | 62 119 | (403 744) |
| Inflows | | 4 300 | 18 130 |
| Drawing of long-term loans | | 4 300 | 18 130 |
| Outflows | | (103 238) | (108 893) |
| Repayment of long-term loans | | (76 344) | (91 366) |
| Other financing outflows | | (26 894) | (17 527) |
| Net cash flow from financing activities | | (98 938) | (90 763) |
| Total net cash flow | | 605 422 | 2 393 553 |
| Cash at the beginning of the accounting period | | 4 366 809 | 5 558 274 |
| Cash at the end of the accounting period | | 4 972 231 | 7 951 827 |

Income statement of Bank Zachodni WBK S.A.

| | for reporting period: | 01.01.2011- 31.03.2011 | 01.01.2010- 31.03.2010 |
|--|-----------------------|---------------------------|---------------------------|
| Interest income | | 763 771 | 748 065 |
| Interest expense | | (303 302) | (361 939) |
| Net interest income | | 460 469 | 386 126 |
| Fee and commission income | | 282 620 | 278 022 |
| Fee and commission expense | | (23 049) | (29 679) |
| Net fee and commission income | | 259 571 | 248 343 |
| Dividend income | | 47 129 | 52 409 |
| Net trading income and revaluation | | 38 690 | 70 295 |
| Gains (losses) from other financial securities | | (405) | 8 738 |
| Other operating income | | 16 626 | 7 989 |
| Impairment losses on loans and advances | | (88 257) | (59 795) |
| Operating expenses incl.: | | (401 076) | (378 935) |
| <i>Bank's staff, operating expenses and management costs</i> | | <i>(364 168)</i> | <i>(344 016)</i> |
| <i>Depreciation/amortisation</i> | | <i>(32 987)</i> | <i>(28 927)</i> |
| <i>Other operating expenses</i> | | <i>(3 921)</i> | <i>(5 992)</i> |
| Operating profit | | 332 747 | 335 170 |
| Profit before tax | | 332 747 | 335 170 |
| Corporate income tax | | (55 492) | (84 953) |
| Profit for the period | | 277 255 | 250 217 |
| Net earnings per share (PLN/share) | | | |
| Basic earnings per share | | 3,79 | 3,42 |
| Diluted earnings per share | | 3,79 | 3,42 |

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

| | for reporting period: | 01.01.2011- 31.03.2011 | 01.01.2010- 31.03.2010 |
|---|-----------------------|---------------------------|---------------------------|
| Profit for the period | | 277 255 | 250 217 |
| Other comprehensive income: | | | |
| Available-for sale financial assets valuation | | (24 828) | 40 543 |
| Cash flow hedges valuation | | (13 152) | (6 631) |
| Other comprehensive income for the period, net of income tax | | (37 980) | 33 912 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 239 275 | 284 129 |

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

| as at: | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|--|-------------------|-------------------|-------------------|
| ASSETS | | | |
| Cash and balances with central banks | 1 256 351 | 2 534 458 | 2 552 137 |
| Loans and advances to banks | 1 521 481 | 601 637 | 1 008 487 |
| Financial assets held for trading | 2 698 703 | 2 201 019 | 5 187 385 |
| Hedging derivatives | 4 639 | 14 768 | 2 368 |
| Loans and advances to customers | 32 280 941 | 31 952 599 | 31 709 614 |
| Investment securities | 13 571 773 | 13 355 858 | 12 336 280 |
| Investments in subsidiaries, associates and joint ventures | 248 999 | 248 999 | 234 349 |
| Intangible assets | 148 274 | 155 055 | 158 526 |
| Property, plant and equipment | 514 960 | 533 443 | 561 426 |
| Net deferred tax assets | 244 699 | 242 949 | 245 526 |
| Other assets | 234 873 | 193 971 | 220 010 |
| Total assets | 52 725 693 | 52 034 756 | 54 216 108 |
| LIABILITIES | | | |
| Deposits from central bank | - | - | 1 023 474 |
| Deposits from banks | 2 863 680 | 2 144 007 | 2 824 046 |
| Hedging derivatives | 18 675 | 16 441 | 42 885 |
| Financial liabilities held for trading | 580 622 | 578 611 | 673 876 |
| Deposits from customers | 41 869 238 | 42 099 210 | 43 035 457 |
| Subordinated liabilities | 400 339 | 395 230 | - |
| Current income tax liabilities | 7 657 | 74 197 | 54 441 |
| Other liabilities | 638 434 | 619 287 | 803 345 |
| Total liabilities | 46 378 645 | 45 926 983 | 48 457 524 |
| Equity | | | |
| Share capital | 730 760 | 730 760 | 730 760 |
| Other reserve funds | 4 048 213 | 4 048 213 | 3 354 289 |
| Revaluation reserve | 393 048 | 431 028 | 456 173 |
| Retained earnings | 897 772 | (19 083) | 967 145 |
| Profit of the current period | 277 255 | 916 855 | 250 217 |
| Total equity | 6 347 048 | 6 107 773 | 5 758 584 |
| Total equity and liabilities | 52 725 693 | 52 034 756 | 54 216 108 |

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 31.12.2010 | 730 760 | 4 048 213 | 431 028 | 897 772 | 6 107 773 |
| Total comprehensive income | - | - | (37 980) | 277 255 | 239 275 |
| As at 31.03.2011 | 730 760 | 4 048 213 | 393 048 | 1 175 027 | 6 347 048 |

As at the end of the period revaluation reserve in the amount of PLN 393 048 k comprises mainly of debt securities and equity shares classified as available for sale of PLN (6 024) k and PLN 410 210 k, respectively. Additionally, it includes cash flow hedge activities of PLN (11 138) k.

| Movements on equity | Share capital | Other reserve funds | Revaluation reserve | Retained earnings and profit for the period | Total |
|---|----------------|---------------------|---------------------|---|------------------|
| Opening balance as at 31.12.2009 | 730 760 | 3 354 289 | 422 262 | 967 145 | 5 474 456 |
| Total comprehensive income | - | - | 8 766 | 916 855 | 925 621 |
| Transfer to other capital | - | 693 924 | - | (693 924) | - |
| Dividend relating to 2009 | - | - | - | (292 304) | (292 304) |
| As at 31.12.2010 | 730 760 | 4 048 213 | 431 028 | 897 772 | 6 107 773 |

As at the end of the period revaluation reserve in the amount of PLN 431 028 k comprises mainly of debt securities and equity shares classified as available for sale of PLN 19 843 k and PLN 409 170 k, respectively. Additionally, it includes cash flow hedge activities of PLN 2 015 k.

| Movements on equity | Share capital | Other reserve funds | Revaluation reserve | Retained earnings and profit for the period | Total |
|---|----------------|---------------------|---------------------|---|------------------|
| Opening balance as at 31.12.2009 | 730 760 | 3 354 289 | 422 262 | 967 145 | 5 474 456 |
| Total comprehensive income | - | - | 33 911 | 250 217 | 284 128 |
| As at 31.03.2010 | 730 760 | 3 354 289 | 456 173 | 1 217 362 | 5 758 584 |

As at the end of the period revaluation reserve in the amount of PLN 456 173 k comprises mainly of debt securities and equity shares classified as available for sale of PLN 48 146 k and PLN 412 740 k, respectively. Additionally, it includes cash flow hedge activities of PLN (4 713) k.

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

| | for reporting period: | 01.01.2011- 31.03.2011 | 01.01.2010- 31.03.2010 |
|---|-----------------------|---------------------------|---------------------------|
| Profit before tax | | 332 747 | 335 170 |
| Total adjustments: | | 183 678 | 2 417 314 |
| Depreciation/amortisation | | 32 987 | 28 927 |
| Impairment losses | | - | (22) |
| Interests and similar charges | | (97 116) | (53 423) |
| Dividend received | | (47 129) | (52 409) |
| (Profit) loss from investing activities | | 669 | (8 810) |
| Change in provisions | | (48 855) | (10 347) |
| Change in trading portfolio financial instruments | | 279 213 | (435 026) |
| Change in loans and advances to customers | | (328 342) | 915 378 |
| Change in deposits from banks | | 719 673 | 26 820 |
| Change in deposits from customers | | (229 972) | 1 773 283 |
| Change in other assets and liabilities | | 17 352 | 232 699 |
| Paid income tax | | (114 874) | (18) |
| Other adjustments | | 72 | 262 |
| Net cash flow from operating activities | | 516 425 | 2 752 484 |
| Inflows | | 196 070 | 559 766 |
| Sale/maturity of investment securities | | 148 731 | 506 860 |
| Sale of intangible assets and property, plant and equipment | | 208 | 495 |
| Dividend received | | 47 129 | 52 409 |
| Proceeds from other investments | | 2 | 2 |
| Outflows | | (86 347) | (911 239) |
| Purchase of investment securities | | (80 370) | (905 671) |
| Purchase of intangible assets and property, plant and equipment | | (5 977) | (5 568) |
| Net cash flow from investing activities | | 109 723 | (351 473) |
| Inflows | | - | - |
| Outflows | | (17 829) | (7 005) |
| Other financing outflows | | (17 829) | (7 005) |
| Net cash flow from financing activities | | (17 829) | (7 005) |
| Total net cash flow | | 608 319 | 2 394 006 |
| Cash at the beginning of the accounting period | | 4 359 123 | 5 552 076 |
| Cash at the end of the accounting period | | 4 967 442 | 7 946 082 |

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 2010.

The consolidated financial statements of the Group for the year 2010 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 2011 to 31 March 2011 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 three months ended 31 March 2011 which is deemed to be the current interim financial reporting period.

Accounting policies

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

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 2010.

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 potential adjustment was deemed to have an immaterial impact on the previous reporting periods.

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 |
|--------------|------------------|---------------------------------|----------------------|-------------------------|---------------------|-----------------------|----------------------|-----------|
| 01.01.2010 - | | | | | | | | |
| 31.03.2010 | prior adjustment | 385 490 | 348 125 | (98 902) | 249 223 | - | - | - |
| | adjustment | 534 | 534 | (101) | 433 | - | - | - |
| | after adjustment | 386 024 | 348 659 | (99 003) | 249 656 | - | - | - |
| 31.03.2010 | prior adjustment | - | - | - | - | 294 334 | 1 011 919 | 6 215 251 |
| | adjustment | - | - | - | - | 4 375 | 23 025 | (18 650) |
| | after adjustment | - | - | - | - | 298 709 | 1 034 944 | 6 196 601 |



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 |
|--------------|------------------|---------------------------------|----------------------|-------------------------|---------------------|-----------------------|----------------------|-----------|
| 01.01.2010 - | | | | | | | | |
| 31.03.2010 | prior adjustment | 277 488 | 334 636 | (84 852) | 249 784 | - | - | - |
| | adjustment | 534 | 534 | (101) | 433 | - | - | - |
| | after adjustment | 278 022 | 335 170 | (84 953) | 250 217 | - | - | - |
| 31.03.2010 | prior adjustment | - | - | - | - | 241 151 | 780 320 | 5 777 234 |
| | adjustment | - | - | - | - | 4 375 | 23 025 | (18 650) |
| | after adjustment | - | - | - | - | 245 526 | 803 345 | 5 758 584 |

Comparability with results of previous periods

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

a) in consolidated statement of financial position:

- As a result of changes in the Group's policy concerning presentation of derivative instruments, as at 31.03.2010 the items 'Financial assets held for trading' and 'Financial liabilities held for trading' have been increased by the amount of PLN 2 189 k.

Judgments and estimates

The significant judgment and the key sources of estimation uncertainty were the same as those that applied to the Annual Report for 2010.

As of the publication date of the financial statements, the legislative process related to changes in the pension system had already been completed. Among others, premiums allocated to open pension schemes have been reduced. This change is likely to have an adverse impact on the value of PTE Aviva shares.

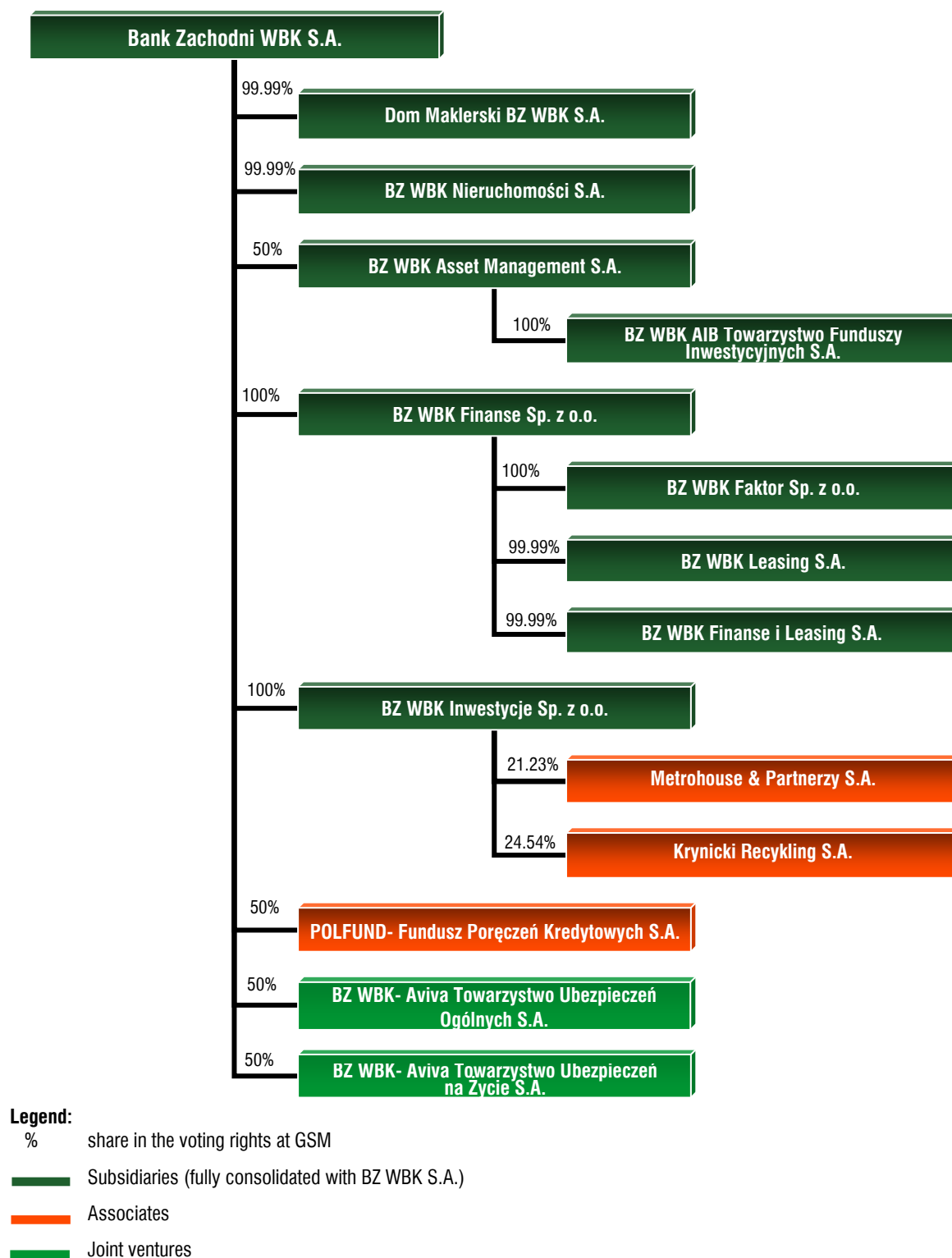
When the report was being written, the process was still underway and the impact of the changes on fair value of PTE Aviva shares held by BZWBK Group was not recognised. The value of shares was assessed as of 31 March 2011, based on laws and systems applicable at that time. Their carrying value was PLN 199 999 k.

New standards and interpretations or changes to the existing standards or interpretations, which can be applicable to BZ WBK Group and are not yet effective, or have neither been implemented earlier

| IFRS | Description of changes | Effective 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 | The Group has not completed its analysis of changes to IFRS 9 |
| IFRS 7 Financial instruments: disclosures | The change requires disclosure of information so that the readers of the financial statements may: understand the relation between the transferred financial asset which has not been fully excluded from the financial statements and the underlying financial obligations as well as assess the nature of the asset, associated risks and exposure towards the excluded asset. The change includes definition of "continuous engagement" to ensure compliance with disclosure requirements. | 1 July 2011 | Amendments to IFRS 7 will not have material impact over financial statement |

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 31.03.2011:


WBK

Bank Zachodni WBK S.A.

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 used by a given segment for operational purposes may be assigned to the segment directly or on an allocated basis.

The principles of income and cost identification, as well as assets and liabilities for segmental reporting purposes are consistent with the accounting policy applied in Bank Zachodni WBK Group. Thereby there are no discrepancies between the valuation of segments' profit or loss, assets or liabilities, presented to the Management Board and the valuation of these components for the Group, included in the consolidated financial statement.

Retail Banking

Retail Banking segment includes products and services targeted at individual customers as well as small and micro companies. In the offer for customers of this segment there are a wide range of savings products, consumer and mortgage loans, credit and debit cards, insurance and investment products, clearing services, GSM phones top-ups, foreign payments and Western Union and private-banking services. For small and micro companies, the segment provides, among others, lending and deposit taking services, cash management services, leasing, factoring, letters of credit and guarantees. Retail Banking Segment also renders services for retail customers of third party financial institutions (in-sourcing services).

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.

Consolidated income statement (by business segments)

| 31.03.2011 | Retail Banking* | Business Banking | Investment Banking | Treasury | Centre | Total |
|---|-------------------|------------------|--------------------|------------------|-----------------|-------------------|
| Net interest income | 325 083 | 165 128 | 5 413 | (5 233) | 4 185 | 494 576 |
| incl. internal transactions | - | (22 741) | 10 489 | - | 12 252 | - |
| Other income | 220 271 | 31 700 | 80 136 | 71 283 | (7 613) | 395 777 |
| incl. internal transactions | 32 450 | 13 731 | (21 330) | (24 748) | (103) | - |
| Dividend income | - | - | 10 | - | - | 10 |
| Operating costs | (303 321) | (53 529) | (38 388) | (10 953) | (3 124) | (409 315) |
| incl. internal transactions | 1 330 | (9 417) | (1 266) | 5 966 | 3 387 | - |
| Depreciation/amortisation | (29 104) | (3 526) | (2 375) | (821) | (74) | (35 900) |
| Impairment losses on loans and advances | (70 046) | (25 505) | - | - | 697 | (94 854) |
| Share in net profits (loss) of entities accounted for by the equity method | 2 358 | - | 813 | - | - | 3 171 |
| Profit before tax | 145 241 | 114 268 | 45 609 | 54 276 | (5 929) | 353 465 |
| Corporate income tax | | | | | | (68 536) |
| Non-controlling interests | | | | | | (14 713) |
| Profit for the period | | | | | | 270 216 |

Consolidated statement of financial position (by business segment)

| 31.03.2011 | Retail Banking* | Business Banking | Investment Banking | Treasury | Centre | Total |
|--|-------------------|-------------------|--------------------|------------------|------------------|-------------------|
| Loans and advances to customers | 16 085 405 | 16 769 727 | 63 580 | 151 265 | 15 152 | 33 085 129 |
| Investments in associates and joint ventures | 34 854 | - | 56 211 | - | - | 91 065 |
| Other assets | 6 595 930 | 4 225 221 | 12 846 088** | 7 658 777 | 954 766 | 32 280 782 |
| Total assets | 22 716 189 | 20 994 948 | 12 965 879 | 7 810 042 | 969 918 | 65 456 976 |
| Deposits from customers | 32 104 144 | 7 948 315 | 711 878 | 903 458 | - | 41 667 795 |
| Other liabilities and equity | 2 441 709 | 4 622 701 | 12 106 517** | 3 302 219 | 1 316 035 | 23 789 181 |
| Total equity and liabilities | 34 545 853 | 12 571 016 | 12 818 395 | 4 205 677 | 1 316 035 | 65 456 976 |

*Includes individual customers and small & micro companies

** Other assets and other liabilities and equity include outstanding transactions effected by Dom Maklerski BZ WBK S.A. related to the tender for BZ WBK shares announced by Banco Santander. The transactions were settled on 1 April 2011. Detailed information is provided in note 27 and 36.

Consolidated income statement (by business segments)

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

| 31.03.2010 | Retail Banking* | Business Banking | Investment Banking | Treasury | Centre | Total |
|---|-------------------|------------------|--------------------|------------------|-----------------|-------------------|
| Net interest income | 283 634 | 154 392 | 5 986 | (32 171) | 12 628 | 424 469 |
| incl. internal transactions | - | (15 888) | 12 109 | - | 3 779 | - |
| Other income | 208 142 | 21 210 | 87 621 | 88 768 | 10 152 | 415 893 |
| incl. internal transactions | 28 414 | 8 541 | (20 621) | (18 277) | 1 943 | - |
| Dividend income | - | - | 354 | - | - | 354 |
| Operating costs | (286 362) | (47 798) | (36 295) | (11 433) | (7 758) | (389 646) |
| incl. internal transactions | 1 346 | (10 093) | (1 235) | 5 500 | 4 482 | - |
| Depreciation/amortisation | (25 370) | (3 105) | (2 292) | (747) | (324) | (31 838) |
| Impairment losses on loans and advances | (100 716) | 24 018 | - | - | 6 336 | (70 362) |
| Share in net profits (loss) of entities accounted for by the equity method | (252) | - | 41 | - | - | (211) |
| Profit before tax | 79 076 | 148 717 | 55 415 | 44 417 | 21 034 | 348 659 |
| Corporate income tax | | | | | | (99 003) |
| Non-controlling interests | | | | | | (16 177) |
| Profit for the period | | | | | | 233 479 |

Consolidated statement of financial position (by business segment)

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

| 31.03.2010 | Retail Banking* | Business Banking | Investment Banking | Treasury | Centre | Total |
|--|-------------------|-------------------|--------------------|------------------|------------------|-------------------|
| Loans and advances to customers | 15 551 837 | 17 894 306 | 65 581 | 10 675 | 31 636 | 33 554 035 |
| Investments in associates and joint ventures | 31 025 | - | 50 651 | - | - | 81 676 |
| Other assets | 6 824 403 | 4 266 446 | 1 075 586 | 9 225 225 | 1 252 027 | 22 643 687 |
| Total assets | 22 407 265 | 22 160 752 | 1 191 818 | 9 235 900 | 1 283 663 | 56 279 398 |
| Deposits from customers | 31 823 500 | 10 331 418 | 730 535 | 58 569 | - | 42 944 022 |
| Other liabilities and equity | 2 212 666 | 5 519 335 | 344 624 | 4 419 617 | 839 134 | 13 335 376 |
| Total equity and liabilities | 34 036 166 | 15 850 753 | 1 075 159 | 4 478 186 | 839 134 | 56 279 398 |

*includes individual customers and small & micro companies

4. Net interest income

| | 01.01.2011- 31.03.2011 | 01.01.2010- 31.03.2010 |
|--|---------------------------|---------------------------|
| Interest income | | |
| Loans and advances to enterprises | 289 037 | 299 686 |
| Loans and advances to individuals, of which: | 245 712 | 238 548 |
| <i>Home mortgage loans</i> | 80 709 | 70 864 |
| Debt securities incl.: | 194 091 | 190 317 |
| <i>Investment portfolio available for sale</i> | 84 684 | 70 626 |
| <i>Investment portfolio held to maturity</i> | 81 057 | 93 325 |
| <i>Trading portfolio</i> | 28 350 | 26 366 |
| Leasing agreements | 41 946 | 42 830 |
| Loans and advances to banks | 15 674 | 13 681 |
| Other from public sector | 4 288 | 4 156 |
| Reverse repo transactions | 733 | 3 722 |
| Interest recorded on hedging IRS | 2 906 | (4 487) |
| Total | 794 387 | 788 453 |
| | 01.01.2011- 31.03.2011 | 01.01.2010- 31.03.2010 |
| Interest expense | | |
| Deposits from individuals | (170 987) | (216 476) |
| Deposits from enterprises | (79 589) | (92 981) |
| Repo transactions | (26 835) | (23 238) |
| Public sector | (11 681) | (18 563) |
| Deposits from banks | (5 759) | (12 726) |
| Subordinated liabilities | (4 960) | - |
| Total | (299 811) | (363 984) |
| Net interest income | 494 576 | 424 469 |



5. Net fee and commission income

| Fee and commission income | 01.01.2011- 31.03.2011 | 01.01.2010- 31.03.2010 |
|--|---------------------------|---------------------------|
| eBusiness & payments | 89 882 | 86 774 |
| Asset management fees | 79 319 | 84 625 |
| Current accounts and money transfer | 60 552 | 62 271 |
| Foreign exchange commissions | 52 328 | 45 782 |
| Brokerage commissions | 37 229 | 33 070 |
| Credit commissions (including factoring) | 25 200 | 27 459 |
| Credit cards | 15 110 | 15 776 |
| Insurance commissions | 14 266 | 19 186 |
| Distribution fees | 4 894 | 5 033 |
| Off-balance sheet guarantee commissions | 2 908 | 2 730 |
| Issue arrangement | 1 948 | 1 785 |
| Finance lease commissions | 989 | 890 |
| Other commissions | 1 609 | 643 |
| Total | 386 234 | 386 024 |
| Fee and commission expense | 01.01.2011- 31.03.2011 | 01.01.2010- 31.03.2010 |
| eBusiness & payments | (13 904) | (20 206) |
| Distribution fees | (10 088) | (11 189) |
| Brokerage commissions | (8 996) | (6 447) |
| Commissions paid to credit agents | (3 050) | (5 250) |
| Asset management fees and other costs | (2 333) | (4 244) |
| Finance lease commissions | (1 658) | (1 562) |
| Credit cards | (1 648) | (1 773) |
| Other | (5 318) | (3 415) |
| Total | (46 995) | (54 086) |
| Net fee and commission income | 339 239 | 331 938 |

6. Net trading income and revaluation

| Net trading income and revaluation | 01.01.2011- 31.03.2011 | 01.01.2010- 31.03.2010 |
|---|---------------------------|---------------------------|
| Profit on interbank FX transactions | 21 733 | 32 827 |
| Other FX related income | 7 717 | 5 869 |
| Profit/(loss) on derivative instruments | 7 662 | 25 335 |
| Profit on market maker activity | 1 573 | 2 540 |
| Profit on debt instruments | 162 | 827 |
| Total | 38 847 | 67 398 |

Net trading income and revaluation includes the write-back of adjustments of derivatives resulting from counterparty risk in the amount of PLN 802 k for 2011 and PLN 499 k for 2010.

7. Gains (losses) from other financial securities

| Gains (losses) from other financial securities | 01.01.2011- 31.03.2011 | 01.01.2010- 31.03.2010 |
|--|---------------------------|---------------------------|
| Profit on equity shares | 267 | 3 056 |
| Profit on debt securities | 189 | 5 657 |
| Total profit (losses) on financial instruments | 456 | 8 713 |
| Change in fair value of hedging instruments | 3 107 | (4 380) |
| Change in fair value of underlying hedged positions | (3 733) | 4 431 |
| Total profit (losses) on hedging and hedged instruments | (626) | 51 |
| Total | (170) | 8 764 |

8. Impairment losses on loans and advances

| Impairment losses on loans and advances | 01.01.2011 -31.03.2011 | 01.01.2010 -31.03.2010 |
|---|---------------------------|---------------------------|
| Collective and individual impairment charge | (95 070) | (107 325) |
| Incurred but not reported losses charge | (755) | 28 985 |
| Recoveries of loans previously written off | 1 002 | 6 347 |
| Off balance sheet credit related items | (31) | 1 631 |
| Total | (94 854) | (70 362) |

9. Employee costs

| Employee costs | 01.01.2011- 31.03.2011 | 01.01.2010- 31.03.2010 |
|--|---------------------------|---------------------------|
| Salaries and bonuses | (197 221) | (193 440) |
| Salary related costs | (33 472) | (32 711) |
| Staff benefits costs | (4 611) | (4 564) |
| Professional trainings | (4 096) | (2 053) |
| Retirement fund, holiday provisions and other employee-related costs | (1 213) | (1 576) |
| Total | (240 613) | (234 344) |

10. General and administrative expenses

| General and administrative expenses | 01.01.2011- 31.03.2011 | 01.01.2010- 31.03.2010 |
|--|---------------------------|---------------------------|
| Maintenance and rentals of premises | (53 552) | (52 019) |
| IT systems costs | (22 391) | (19 417) |
| Marketing and representation | (14 597) | (15 468) |
| Postal and telecommunication costs | (14 468) | (13 160) |
| Bank Guarantee Fund, Polish Financial Supervision Authority and National Depository for Securities | (12 225) | (7 424) |
| Other external services | (9 083) | (7 531) |
| Car, transport expenses, carriage of cash | (7 394) | (6 817) |
| Consulting fees | (5 851) | (4 956) |
| Sundry taxes | (4 575) | (4 039) |
| Stationery, cards, cheques etc. | (4 224) | (3 262) |
| Data transmission | (3 948) | (3 809) |
| Security costs | (3 457) | (2 843) |
| KIR, SWIFT settlements | (3 271) | (2 989) |
| Costs of repairs | (1 022) | (1 341) |
| Other | (3 006) | (2 865) |
| Total | (163 064) | (147 940) |



11. Corporate income tax

| Corporate income tax | 01.01.2011- 31.03.2011 | 01.01.2010- 31.03.2010 |
|----------------------|---------------------------|---------------------------|
| Current tax charge | (64 719) | (127 732) |
| Deferred tax | (3 817) | 28 729 |
| Total | (68 536) | (99 003) |

| Corporate total tax charge information | 01.01.2011- 31.03.2011 | 01.01.2010- 31.03.2010 |
|---|---------------------------|---------------------------|
| Profit before tax | 353 465 | 348 659 |
| Tax rate | 19% | 19% |
| Tax calculated at the tax rate | (67 158) | (66 245) |
| Non-deductible expenses | (745) | (1 779) |
| Sale of receivables | - | (27 844) |
| Non-taxable income (dividends) | (2) | 19 |
| Non-tax deductible bad debt provisions | (312) | (253) |
| Adjustment of deferred tax asset on interest on debt securities | - | (3 118) |
| Other | (319) | 217 |
| Total income tax expense | (68 536) | (99 003) |

| Deferred tax recognised directly in equity | 31.03.2011 | 31.03.2010 |
|---|------------------|-------------------|
| The amount of deferred tax recognised directly in equity totaled: | | |
| Relating to equity securities available-for-sale | (96 175) | (96 671) |
| Relating to debt securities available-for-sale | 1 414 | (11 296) |
| Relating to cash flow hedging activity | 2 612 | 1 106 |
| Total | (92 149) | (106 861) |

12. Cash and balances with central banks

| Cash and balances with central banks | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|--------------------------------------|------------------|------------------|------------------|
| Cash | 731 381 | 821 556 | 797 285 |
| Current accounts in central banks | 524 976 | 1 712 907 | 1 754 856 |
| Equivalents of cash | - | - | 3 |
| Total | 1 256 357 | 2 534 463 | 2 552 144 |

BZ WBK holds an obligatory reserve on a current account in the National Bank of Poland. The figure is calculated as a fixed percentage of the monthly average balance of the customers' deposits. As at 31.03.2011 the rate was 3.5%, as at 31.12.2010 - 3.5%, as at 31.03.2010 - 3%. In accordance with the applicable regulations, the amount of the calculated provision is reduced by the equivalent of EUR 500 k.

13. Loans and advances to banks

| Loans and advances to banks | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|-----------------------------|------------------|----------------|------------------|
| Loans and advances | 613 106 | 304 313 | 739 857 |
| Current accounts | 523 087 | 315 342 | 167 224 |
| Buy-sell-back transaction | 400 860 | - | 116 581 |
| Total | 1 537 053 | 619 655 | 1 023 662 |

14. Financial assets and liabilities held for trading

| Financial assets and liabilities held for trading | 31.03.2011 | | 31.12.2010 | | 31.03.2010 | |
|---|------------------|----------------|------------------|----------------|------------------|----------------|
| | Assets | Liabilities | Assets | Liabilities | Assets | Liabilities |
| Trading derivatives | 413 706 | 550 546 | 464 531 | 568 153 | 828 117 | 621 855 |
| Interest rate operations | 200 599 | 204 397 | 238 659 | 236 968 | 307 956 | 298 031 |
| Options | 54 | 54 | 68 | 68 | 23 | 23 |
| IRS | 197 519 | 202 419 | 236 209 | 235 422 | 305 036 | 295 201 |
| FRA | 3 026 | 1 924 | 2 382 | 1 478 | 2 897 | 2 807 |
| FX operations | 213 107 | 346 149 | 225 331 | 331 185 | 520 161 | 323 824 |
| CIRS | 64 649 | 184 754 | 65 543 | 171 730 | 166 877 | 163 671 |
| Forward | 22 763 | 15 579 | 25 765 | 9 937 | 95 136 | 16 958 |
| FX Swap | 65 379 | 85 585 | 90 193 | 105 658 | 217 114 | 103 258 |
| Spot | 1 128 | 1 043 | 1 363 | 1 393 | 971 | 874 |
| Options | 59 188 | 59 188 | 42 467 | 42 467 | 40 063 | 39 063 |
| Other | - | - | 541 | - | - | - |
| Stock options | - | - | 541 | - | - | - |
| Debt and equity securities | 2 333 775 | - | 1 774 524 | - | 4 394 105 | - |
| Debt securities | 2 279 269 | - | 1 728 184 | - | 4 344 897 | - |
| Government securities: | 376 965 | - | 526 989 | - | 344 534 | - |
| - bills | 84 759 | - | 206 799 | - | 165 130 | - |
| - bonds | 292 206 | - | 320 190 | - | 179 404 | - |
| Central Bank securities: | 1 900 000 | - | 1 199 300 | - | 3 999 611 | - |
| - bills | 1 900 000 | - | 1 199 300 | - | 3 999 611 | - |
| Other securities: | 2 304 | - | 1 895 | - | 752 | - |
| - bonds | 2 304 | - | 1 895 | - | 752 | - |
| Equity securities: | 54 506 | - | 46 340 | - | 49 208 | - |
| - listed | 54 506 | - | 46 340 | - | 49 208 | - |
| Short sale | - | 30 019 | - | 10 458 | - | 10 190 |
| Total financial assets/liabilities | 2 747 481 | 580 565 | 2 239 055 | 578 611 | 5 222 222 | 632 045 |

Financial assets and liabilities held for trading - trading derivatives include value adjustments resulting from counterparty risk in the amount of PLN (42 449) k as at 31.03.2011, PLN (42 773) k as at 31.12.2010 and PLN (95 415) k as at 31.03.2010.

15. Loans and advances to customers

| Loans and advances to customers | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|--|-------------------|-------------------|-------------------|
| Loans and advances to enterprises | 20 402 713 | 20 210 571 | 21 298 500 |
| Loans and advances to individuals, of which: | 11 493 737 | 11 437 508 | 10 739 298 |
| <i>Home mortgage loans</i> | <i>6 890 188</i> | <i>6 926 647</i> | <i>6 136 830</i> |
| Finance lease receivables | 2 338 738 | 2 435 755 | 2 576 278 |
| Loans and advances to public sector | 275 437 | 101 089 | 75 967 |
| Buy-sell-back transaction | 23 425 | 10 118 | 10 262 |
| Other | 4 916 | 10 047 | 42 184 |
| Gross receivables | 34 538 966 | 34 205 088 | 34 742 489 |
| Impairment write down | (1 453 837) | (1 366 792) | (1 188 454) |
| Total | 33 085 129 | 32 838 296 | 33 554 035 |



| Movements on impairment losses on loans and advances to customers | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|--|--------------------|--------------------|--------------------|
| Individual and collective impairment | | | |
| As at the beginning of the period | (1 028 817) | (766 110) | (766 110) |
| Charge/write back of current period | (95 070) | (474 770) | (107 325) |
| Write off/Sale of receivables | 9 064 | 206 912 | 23 352 |
| Transfer | 353 | 1 871 | - |
| F/X differences | (470) | 3 280 | 4 702 |
| Balance at the end of the period | (1 114 940) | (1 028 817) | (845 381) |
| IBNR | | | |
| As at the beginning of the period | (337 975) | (373 566) | (373 566) |
| Charge/write back of current period | (755) | 35 317 | 28 985 |
| Transfer | 21 | 10 | - |
| F/X differences | (188) | 264 | 1 508 |
| Balance at the end of the period | (338 897) | (337 975) | (343 073) |
| Impairment write down | (1 453 837) | (1 366 792) | (1 188 454) |

16. Investment securities

| Investment securities available for sale | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|--|-------------------|-------------------|-------------------|
| Available for sale investments - measured at fair value | | | |
| Debt securities | 7 097 247 | 6 965 866 | 5 271 510 |
| Government securities: | 7 016 309 | 6 885 095 | 5 191 779 |
| - bills | - | - | 483 971 |
| - bonds | 7 016 309 | 6 885 095 | 4 707 809 |
| Commercial securities: | 80 938 | 80 771 | 79 731 |
| - bonds | 80 938 | 80 771 | 79 731 |
| Equity securities | 623 149 | 623 456 | 609 412 |
| - listed | 20 183 | 20 688 | 20 487 |
| - unlisted | 602 966 | 602 768 | 588 926 |
| Investment certificates | 54 033 | 56 625 | 51 515 |
| Total | 7 774 429 | 7 645 947 | 5 932 438 |

As of the publication date of the financial statements, the legislative process related to changes in the pension system had already been completed. Among others, premiums allocated to open pension schemes have been reduced. This change is likely to have an adverse impact on the value of PTE Aviva shares.

When the report was being written, the process was still underway and the impact of the changes on fair value of PTE Aviva shares held by BZWBK Group was not recognized. The value of shares was assessed as of 31 March 2011, based on laws and systems applicable at that time. Their carrying value was PLN 199 999 k.

17. Financial assets held to maturity

| Financial assets held to maturity | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|--|-------------------|-------------------|-------------------|
| Government securities: | 5 832 955 | 5 749 408 | 6 432 214 |
| - bonds | 5 832 955 | 5 749 408 | 6 432 214 |
| Total | 5 832 955 | 5 749 408 | 6 432 214 |

18. Investments in associates and joint ventures

| Movements on investments in associates and joint ventures | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|---|---------------|---------------|---------------|
| Balance at 1 January | 87 360 | 81 887 | 81 887 |
| Share of profits/(losses) | 3 171 | 4 452 | (211) |
| Sale/acquisition | 18 | 41 | - |
| Other/dividend | 516 | 980 | - |
| Balance at the end of the period | 91 065 | 87 360 | 81 676 |

| Balance sheet value of associates and joint ventures | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|--|---------------|---------------|---------------|
| Polfund - Fundusz Poręczeń Kredytowych S.A. | 37 276 | 36 786 | 36 130 |
| BZ WBK - Aviva Towarzystwo Ubezpieczeń Ogólnych S.A. | 20 882 | 20 101 | 18 377 |
| BZ WBK - Aviva Towarzystwo Ubezpieczeń na Życie S.A. | 13 972 | 12 395 | 12 648 |
| Metrohouse & Partnerzy S.A. | 4 151 | 4 305 | 10 270 |
| Krynicki Recykling S.A. | 14 784 | 13 773 | 4 251 |
| Total | 91 065 | 87 360 | 81 676 |

Details of sales/acquisitions of associates and joint ventures are disclosed in note 33.

19. Other assets

| Other assets | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|--|-------------------|----------------|----------------|
| Settlements of stock exchange transactions | 11 772 982* | 73 797 | 85 968 |
| Sundry debtors | 233 264 | 236 133 | 251 675 |
| Prepayments | 70 634 | 39 929 | 48 159 |
| Interbank and interbranch settlements | 38 131 | 42 844 | 39 589 |
| Assets held for sale | 2 539 | 2 502 | 2 502 |
| Other | 621 | 453 | 852 |
| Total | 12 118 171 | 395 658 | 428 746 |

*The "Settlements of stock exchange transactions" line includes outstanding transactions effected by Dom Maklerski BZ WBK S.A. related to the tender for BZ WBK shares announced by Banco Santander. The transactions were settled on 1 April 2011. Detailed information is provided in note 27 and 36.

20. Deposits from central bank

| Deposits from central bank | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|----------------------------|------------|------------|------------------|
| Repo transactions | - | - | 1 023 474 |
| Total | - | - | 1 023 474 |

21. Deposits from banks

| Deposits from banks | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|------------------------|------------------|------------------|------------------|
| Repo transactions | 2 426 582 | 1 927 368 | 2 067 190 |
| Term deposits | 374 262 | 119 663 | 674 395 |
| Loans from other banks | 310 071 | 380 791 | 1 390 285 |
| Current accounts | 64 064 | 98 260 | 82 855 |
| Total | 3 174 979 | 2 526 082 | 4 214 725 |



22. Deposits from customers

| Deposits from customers | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|-----------------------------|-------------------|-------------------|-------------------|
| Deposits from individuals | 25 460 115 | 25 230 799 | 25 783 631 |
| <i>Term deposits</i> | 12 939 516 | 12 745 658 | 14 397 262 |
| <i>Current accounts</i> | 12 486 996 | 12 449 476 | 11 352 044 |
| <i>Other</i> | 33 603 | 35 665 | 34 325 |
| Deposits from enterprises | 13 668 466 | 14 605 812 | 14 764 594 |
| <i>Term deposits</i> | 8 607 135 | 8 757 801 | 10 385 383 |
| <i>Current accounts</i> | 3 948 383 | 4 958 514 | 3 851 703 |
| <i>Credits</i> | 609 373 | 600 805 | 215 086 |
| <i>Repo transactions</i> | 228 639 | - | - |
| <i>Other</i> | 274 936 | 288 692 | 312 422 |
| Deposits from public sector | 2 539 214 | 2 133 843 | 2 395 797 |
| <i>Term deposits</i> | 905 052 | 1 015 651 | 921 457 |
| <i>Current accounts</i> | 1 100 663 | 1 117 309 | 1 442 943 |
| <i>Other</i> | 533 499 | 883 | 31 397 |
| Total | 41 667 795 | 41 970 454 | 42 944 022 |

23. Other liabilities

| Other liabilities | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|---|-------------------|----------------|------------------|
| Settlements of stock exchange transactions | 11 773 157* | 67 936 | 84 605 |
| Interbank and interbranch settlements | 221 368 | 165 690 | 378 319 |
| Provisions: | 180 291 | 247 275 | 209 059 |
| <i>Employee provisions</i> | 145 505 | 212 540 | 177 333 |
| <i>Provisions for legal claims</i> | 17 539 | 17 518 | 17 834 |
| <i>Provisions for off balance sheet credit facilities</i> | 17 247 | 17 217 | 13 892 |
| Sundry creditors | 159 934 | 125 019 | 140 952 |
| Other deferred and suspended income | 103 508 | 95 104 | 94 106 |
| Public and law settlements | 74 104 | 35 270 | 48 504 |
| Accrued liabilities | 54 201 | 57 621 | 66 446 |
| Financial lease related settlements | 14 174 | 16 571 | 12 740 |
| Other | 318 | 134 | 213 |
| Total | 12 581 055 | 810 620 | 1 034 944 |

*The "Settlements of stock exchange transactions" line includes outstanding transactions effected by Dom Maklerski BZ WBK S.A. related to the tender for BZ WBK shares announced by Banco Santander. The transactions were settled on 1 April 2011. Detailed information is provided in note 27 and 36.

24. Contingent liabilities

Significant court proceedings

As at 31.03.2011 no proceedings were instituted by court or by state administration agencies with relation to any claims made by or against the Bank or its subsidiaries amounting to a minimum of 10% of the Group's equity.

The value of all litigation as at 31.03.2011 amounts to PLN 233 115 k, which is ca 3.32% of the Group's equity. This amount includes PLN 92 221 k claimed by the Group, PLN 131 461 k in claims against the Group and PLN 9 433 k of the Group's receivables due to bankruptcy or arrangement cases.

As at 31.03.2010 no proceedings were instituted by court or by state administration agencies with relation to any claims made by or against the Bank or its subsidiaries amounting to a minimum of 10% of the Group's equity.

The value of all litigation as at 31.03.2010 amounts to PLN 233 273 k, which is ca 3.69% of the Group's equity. This amount includes PLN 40 959 k claimed by the Group, PLN 70 412 k in claims against the Group and PLN 121 902 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 | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|---|------------------|------------------|------------------|
| Liabilities sanctioned | | | |
| - financial | 5 935 383 | 5 623 703 | 5 664 780 |
| - credit lines | 5 038 176 | 4 745 222 | 4 551 065 |
| - credit cards debits | 850 526 | 818 961 | 840 566 |
| - import letters of credit | 40 391 | 55 105 | 39 412 |
| - term deposits with future commencement term | 6 290 | 4 415 | 233 737 |
| - guarantees | 1 205 998 | 1 185 541 | 902 589 |
| Total | 7 141 381 | 6 809 244 | 6 567 369 |

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

Off-balance sheet liabilities relating to derivatives' nominal values as at 31.03.2011, 31.12.2010, 31.03.2010.

| Derivatives' nominal values | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|--|-------------------|-------------------|-------------------|
| 1. Term derivatives (hedging) | 2 007 771 | 1 669 876 | 2 957 814 |
| a) Single-currency interest rate swaps | 574 775 | 975 320 | 396 812 |
| b) Macro cash flow hedge | 1 432 996 | 694 556 | 2 561 002 |
| 2. Term derivatives (trading) | 64 034 899 | 55 583 100 | 54 248 153 |
| a) Interest rate operations | 37 747 649 | 28 179 598 | 23 058 269 |
| Single-currency interest rate swaps | 25 371 762 | 22 753 982 | 19 433 122 |
| FRA - purchased amounts | 12 350 000 | 5 400 000 | 3 600 000 |
| Options | 25 887 | 25 616 | 25 147 |
| b) FX operations | 26 287 250 | 27 403 502 | 31 189 884 |
| FX swap – purchased amounts | 6 384 273 | 7 840 597 | 9 324 451 |
| FX swap – sold amounts | 6 378 560 | 7 839 580 | 9 202 985 |
| Forward- purchased amounts | 1 473 755 | 1 008 250 | 1 562 333 |
| Forward- sold amounts | 1 474 478 | 993 640 | 1 475 844 |
| Cross-currency interest rate swaps – purchased amounts | 4 025 372 | 4 030 917 | 3 996 034 |
| Cross-currency interest rate swaps – sold amounts | 4 148 744 | 4 161 578 | 4 010 111 |
| FX options -purchased | 1 201 034 | 764 470 | 809 063 |
| FX options -sold | 1 201 034 | 764 470 | 809 063 |
| 3. Currency transactions- spot | 749 123 | 935 449 | 1 191 320 |
| spot-purchased | 374 604 | 467 710 | 595 706 |
| spot-sold | 374 519 | 467 739 | 595 614 |
| 4. Transactions on equity instruments | 46 985 | 993 | 47 156 |
| Futures | 46 985 | 993 | 47 156 |
| Total | 66 838 778 | 58 189 418 | 58 444 443 |

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



26. Basis of FX conversion

As at 31.03.2011, FX denominated balance sheet positions were converted into PLN in line with the NBP FX table no. 63/A/NBP/2011 dd. 31.03.2011.

27. 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 Q1 2011 /28.04.2011/ is Banco Santander.

| Shareholder | Number of shares held | | % in the share capital | | Number of votes at AGM | | Voting power at AGM | |
|-------------------------------|-----------------------|-------------------|------------------------|-------------|------------------------|-------------------|---------------------|-------------|
| | 28.04.2011 | 02.03.2011 | 28.04.2011 | 02.03.2011 | 28.04.2011 | 02.03.2011 | 28.04.2011 | 02.03.2011 |
| Banco Santander | 69 912 653 | - | 95.67% | - | 69 912 653 | - | 95.67% | - |
| AIB European Investments Ltd. | - | 51 413 790 | - | 70.36% | - | 51 413 790 | - | 70.36% |
| Other | 3 163 360 | 21 662 223 | 4.33% | 29.64% | 3 163 360 | 21 662 223 | 4.33% | 29.64% |
| Total | 73 076 013 | 73 076 013 | 100% | 100% | 73 076 013 | 73 076 013 | 100% | 100% |

Sale of shares in Bank Zachodni WBK

On 1 April 2011, Banco Santander finalised the purchase of Bank Zachodni WBK in the tender for the bank's shares. As a result, Banco Santander acquired a 95.67% stake in the bank. Consequently, Bank Zachodni WBK joined Santander Group. The acquisition price totalled EUR 3,989 m.

51,413,790 shares of Bank Zachodni WBK representing 70.36% of share capital and voting power were sold by AIB European Investments Limited in the tender. The transaction was settled on 1 April 2011. As a result, AIB European Investments Limited does not hold any shares of Bank Zachodni WBK or any voting rights attached to such shares.

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

| | No. of Bank Zachodni WBK shares held | | |
|----------------------------------|--------------------------------------|------------------|--------|
| | As at 28.04.2011 | As at 02.03.2011 | Change |
| Members of the Supervisory Board | - | - | - |
| Members of the Management Board | 19 728 | 19 728 | - |

Table below presents personal shareholding of Management Board Members as at 28.04.2011 and 02.03.2011:

| Management Board members | No. of shares 28.04.2011 | No. of shares 02.03.2011 |
|--------------------------|-----------------------------|-----------------------------|
| 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 |
| Michael McCarthy | - | - |
| Marcin Prell | 2 530 | 2 530 |
| Miroslaw Skiba | 1 575 | 1 575 |
| Feliks Szyszkowski | 3 438 | 3 438 |
| Total | 19 728 | 19 728 |

* Mr Declan Flynn, the member of the Management Board of the Bank, submitted his resignation from the Management Board effective from 13th April 2011.

29. 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 | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|--|------------------|------------------|------------------|
| ASSETS | 3 260 357 | 3 242 350 | 2 230 492 |
| Loans and advances to banks | 1 132 581 | 1 125 062 | 1 053 806 |
| Financial assets held for trading | 8 031 | 10 741 | 15 122 |
| Hedging derivatives | 49 | - | 28 784 |
| Loans and advances to customers | 2 109 848 | 2 096 202 | 1 121 977 |
| Other assets | 9 848 | 10 345 | 10 803 |
| LIABILITIES | 3 260 357 | 3 242 350 | 2 230 492 |
| Deposits from banks | 2 106 864 | 2 093 046 | 1 119 160 |
| Hedging derivatives | 8 023 | 10 741 | 2 075 |
| Financial liabilities held for trading | 57 | - | 41 831 |
| Deposits from customers | 1 121 238 | 1 114 478 | 1 038 971 |
| Other liabilities | 24 175 | 24 085 | 28 455 |
| INCOME | 67 865 | 255 667 | 61 413 |
| Interest income | 33 057 | 97 395 | 23 082 |
| Fee and commission income | 31 267 | 130 365 | 30 458 |
| Other operating income | 2 359 | 9 822 | 2 147 |
| Net trading income and revaluation | 1 182 | 18 085 | 5 726 |
| EXPENSES | 67 865 | 255 667 | 61 413 |
| Interest expense | 33 871 | 114 013 | 28 407 |
| Fee and commission expense | 31 179 | 128 945 | 30 448 |
| Operating expenses incl.: | 2 815 | 12 709 | 2 558 |
| <i>Bank's staff, operating expenses and management costs</i> | <i>2 783</i> | <i>12 689</i> | <i>2 555</i> |
| <i>Other</i> | <i>32</i> | <i>20</i> | <i>3</i> |
| CONTINGENT LIABILITIES | 2 534 802 | 2 355 328 | 2 657 436 |
| Sanctioned: | 1 267 401 | 1 177 664 | 1 328 718 |
| - <i>financing-related</i> | <i>1 017 984</i> | <i>931 446</i> | <i>1 089 158</i> |
| - <i>guarantees</i> | <i>249 417</i> | <i>246 218</i> | <i>239 560</i> |
| Received: | 1 267 401 | 1 177 664 | 1 328 718 |
| - <i>financing-related</i> | <i>1 017 984</i> | <i>931 446</i> | <i>1 089 158</i> |
| - <i>guarantees</i> | <i>249 417</i> | <i>246 218</i> | <i>239 560</i> |
| DERIVATIVES' NOMINAL VALUES | 766 818 | 674 662 | 3 375 903 |
| FX swap – purchased amounts | 229 | - | - |
| FX swap – sold amounts | 229 | - | - |
| Cross-currency interest rate swaps – purchased amounts | 334 400 | 334 400 | 1 625 343 |
| Cross-currency interest rate swaps – sold amounts | 320 952 | 316 824 | 1 683 919 |
| Single-currency interest rate swaps | 103 338 | 23 438 | 56 538 |
| Forward- purchased amounts | 3 845 | - | 5 067 |
| Forward- sold amounts | 3 825 | - | 5 036 |



| Transactions with associates and joint ventures | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|---|----------------|----------------|----------------|
| ASSETS | 3 583 | 514 | 846 |
| Loans and advances to customers | 3 583 | 514 | 846 |
| LIABILITIES | 328 534 | 361 038 | 100 471 |
| Deposits from customers | 328 534 | 361 038 | 100 471 |
| INCOME | 14 712 | 61 013 | 15 977 |
| Interest income | 1 181 | 1 037 | 12 |
| Fee and commission income | 13 398 | 59 714 | 15 950 |
| Other operating income | 133 | 262 | 15 |
| EXPENSES | 4 553 | 24 235 | 1 407 |
| Interest expense | 3 948 | 21 921 | 1 022 |
| Fee and commission expense | 176 | 604 | 11 |
| Operating expenses incl.: | 429 | 1 710 | 374 |
| <i>General and administrative expenses</i> | 429 | 1 710 | 374 |

| Transactions with AIB Group | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|--|-------------------|------------------|-------------------|
| ASSETS | 93 377 | 130 969 | 265 665 |
| Loans and advances to banks, incl: | 60 054 | 93 399 | 120 052 |
| <i>deposits</i> | - | - | 119 927 |
| <i>current accounts</i> | 60 054 | 93 399 | 125 |
| Financial assets held for trading | 32 772 | 36 968 | 144 104 |
| Other assets | 551 | 602 | 1 509 |
| LIABILITIES | 12 039 687 | 463 030 | 1 371 864 |
| Deposits from banks incl.: | 290 642 | 326 117 | 1 118 041 |
| <i>loans granted to BZ WBK subsidiaries</i> | - | - | 771 817 |
| <i>repo transactions</i> | 283 787 | 289 270 | 283 879 |
| <i>deposits</i> | 6 855 | 36 847 | 62 345 |
| Hedging derivatives | 551 | 887 | 1 566 |
| Financial liabilities held for trading | 80 612 | 124 466 | 241 721 |
| Other liabilities | 11 667 881* | 11 560 | 10 536 |
| INCOME | 19 294 | (41 125) | (33 326) |
| Interest income | (135) | 1 957 | 121 |
| Fee and commission income | 444 | 2 183 | 356 |
| Other operating income | 506 | 1 917 | 74 |
| Net trading income and revaluation | 18 144 | (46 009) | (32 665) |
| Gains (losses) from other financial securities | 335 | (1 173) | (1 212) |
| EXPENSES | 6 288 | 42 897 | 11 799 |
| Interest expense | 494 | 16 528 | 4 362 |
| Operating expenses incl.: | 5 794 | 26 369 | 7 437 |
| <i>Bank's staff, operating expenses and management costs</i> | 5 794 | 26 369 | 7 437 |
| DERIVATIVES' NOMINAL VALUES | 3 325 611 | 4 611 239 | 10 207 047 |
| Cross-currency interest rate swaps – purchased amounts | 365 145 | 372 205 | 918 100 |
| Cross-currency interest rate swaps – sold amounts | 366 788 | 362 070 | 932 432 |
| Single-currency interest rate swaps | 2 285 612 | 3 092 517 | 4 328 147 |
| Options | 25 887 | 25 616 | 25 147 |
| FX swap – purchased amounts | - | 186 807 | 1 624 646 |
| FX swap – sold amounts | - | 205 653 | 1 567 968 |
| FX options -purchased | 122 575 | 122 520 | 388 949 |
| FX options -sold | 127 805 | 127 976 | 420 114 |
| spot-purchased | 15 862 | 58 387 | 772 |
| spot-sold | 15 937 | 57 488 | 772 |

*The "other liabilities" line includes outstanding transactions effected by Dom Maklerski BZ WBK S.A. related to the tender for BZ WBK shares announced by Banco Santander. The transactions were settled on 1 April 2011. Detailed information is provided in note 27 and 36.

In March 2011, Bank Zachodni WBK S.A. made a number of short-term buy-sell-back transactions with the following mutual funds managed BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A.:

- Subfundusz Lukas Stabilnego Wzrostu (Lukas Stable Growth Subfund)
- Subfundusz Lukas Lokacyjny (Lukas Deposit Subfund)
- Subfundusz ARKA BZ WBK Ochrony Kapitału (ARKA BZWBK Capital Protection Subfund)

As of 31.03.2011, the balance of the transactions stood at PLN 13 096 k.

In March 2011, Bank Zachodni WBK S.A. made a number of short-term sell-buy-back transactions with the following mutual funds managed BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A.:

- Subfundusz Arka BZ WBK Akcji (ARKA BZWBK Equity Subfund)
- Subfundusz Arka BZ WBK Zrównoważony (ARKA BZWBK Balanced Subfund)
- Subfundusz Arka BZ WBK Akcji Środkowej i Wschodniej Europy (ARKA BZWBK CEE Equity Subfund)
- Subfundusz Arka BZ WBK Stabilnego Wzrostu (ARKA BZWBK Stable Growth Subfund)
- Subfundusz Arka BZ WBK Energii (ARKA BZWBK Energy Subfund)
- Subfundusz Arka BZ WBK Rozwoju Nowej Europy (ARKA BZWBK New Europe Subfund)
- Subfundusz Lukas Akcyjny (Lukas Equity Subfund)
- Subfundusz Lukas Dynamiczny Polski (Lukas Dynamic Poland Subfund)
- Subfundusz Arka Prestiz Akcji Polskich (Arka Prestige Polish Equity Subfund)
- Subfundusz Arka BZ WBK Obligacji (ARKA BZWBK Bonds Subfund)

As of 31.03.2011, the balance of the transactions stood at PLN 228 639 k. The transactions are secured with Treasury bonds.

As of 31.03.2010, there were no such transactions.

30. 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.

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

Notes 27 and 36 contain details on any unusual events which due to their type or size have impact on the structure of balance sheet items or the financial result.

32. 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 of the SME Business.

On 13 October 2010 the Bank obtained the approval from KNF for the inclusion of the funds raised through the issue of debt securities dated 5 August 2010 into the Group's supplementary funds which count towards the capital base used in the calculation of the Group's capital adequacy ratio.

33. Acquisitions and disposals of investments

On 17 March 2011, Krynicki Recykling S.A. announced that the President of the Management Board (Mr. Adam Krynicki) and Chairman of the Supervisory Board (Ms. Anna Barska) had sold their ordinary bearer shares in the company. This was an OTC transaction, (a package transaction) effected on 15 March 2011, involving 87,898 shares at their nominal value. The shares were purchased by BZWBK Inwestycje sp. z o. o., through the agency of the BZWBK S.A. Brokerage House.

As at 31 March 2011, BZ WBK Inwestycje Sp. z o.o. held 3,652,648 shares which represent 24.54 % of the share capital of Krynicki Recykling S.A. and carry 3,652,648 votes at the AGM, i.e. 24.54 % of total votes.

Krynicki Recykling S.A., based in Olsztyn operates in the environment protection industry and is listed on the NewConnect market.

The BZ WBK S.A. Group did not sell its interest in any subsidiary or associate in Q1 2010.

34. Dividend per share

On 20 April 2011, the Annual General Meeting of Bank Zachodni WBK adopted a Resolution that PLN 584 608 k of the Bank's net profit from 2010 will be allocated for dividend to shareholders, i.e. the proposed dividend was PLN 8 per share.

The in-dividend day is 9 May 2011, and the dividend payment date is 23 May 2011.

On 21 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.

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

By the end of March 2011 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.

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

Notification on the sale of shares by AIB European Investments Limited

On 1 April 2011, AIB European Investments Limited sold its 51,413,790 shares of Bank Zachodni WBK S.A. to Banco Santander in the tender offer for BZ WBK shares. AIB European Investments Limited does not hold any BZ WBK shares or voting rights attached to such shares.

On 19 April 2011, an entry was made in the shareholder register of BZ WBK Asset Management S.A., namely AIB Capital Markets was deleted and Banco Santander S.A. was recorded as the shareholder. Banco Santander S.A., with its registered office in Santander (Spain) acquired 67,500 shares, gaining 50% of the voting rights at AGM.

Change of the names of BZWBK subsidiaries

BZWBK AIB Asset Management S.A., a subsidiary of Bank Zachodni WBK S.A., has been renamed BZ WBK Asset Management S.A. On 28 March 2011, the new name was entered in the National Court Register by the District Court for Poznań – Nowe Miasto and Wilda, 8th Commercial Division.

BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. has been renamed BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A. On 1 April 2011, the new name was entered in the National Court Register by the District Court for Poznań – Nowe Miasto and Wilda, 8th Commercial Division.

General Meeting of Bank's Shareholders

On 20 April 2011, the Annual General Meeting of Bank Zachodni WBK Shareholders was convened which:

1. Accepted the financial accounts and consolidated financial accounts of the Bank Zachodni WBK S.A. Group for the period between 1 January 2010 to 31 December 2010.
2. Divided the net profit generated by the Bank in the year between 1 January 2010 to 31 December 2010 in the following way:
 - the amount allocated to cover the loss from the previous years totaled PLN 19 083 267.90
 - the amount allocated to shareholders dividend totaled PLN 584 608 104
 - the amount allocated to the reserve capital totaled PLN 313 164 064.08

The dividend per one share amounted to PLN 8.00 and will be paid on 23 May 2011 to the shareholders who owned shares of Bank Zachodni WBK S.A. on the day the right for a dividend was set, i.e. 9 May 2011.
3. Granted the word of approval to the Members of the Management Board and the Supervisory Board.
4. Resolved to amend the Bank's Statutes and to adopt the uniform text of the Bank's Statutes.
5. Approved the BZ WBK Supervisory Board's report on its activities in 2010, the BZ WBK Supervisory Board's report on the examination of: BZ WBK financial statements for 2010, consolidated financial statements of the BZ WBK Group for 2010; report on BZ WBK and BZ WBK Group operations.
6. Adopted 4th Incentive Scheme which will take three years starting from 2011. It will be addressed to BZWBK Group employees who significantly contribute to the Group's business.

AGM of BZWBK SA - list of shareholders with a block of shares in excess of 5%

At the Annual General Meeting of the Bank Shareholders held on 20 April 2011, Banco Santander S.A. with its registered office in Santander in Spain, was the only shareholder with at least 5% of the total voting power. The shares held by Banco Santander S.A. carried 69,912,653 votes, which constituted 99.8% votes on this Meeting and 95.67 total votes.

Appointed to the Bank's Supervisory Board for a new term

On 20 April 2011 the following persons have been appointed to the Bank's Supervisory Board for a new term of office:

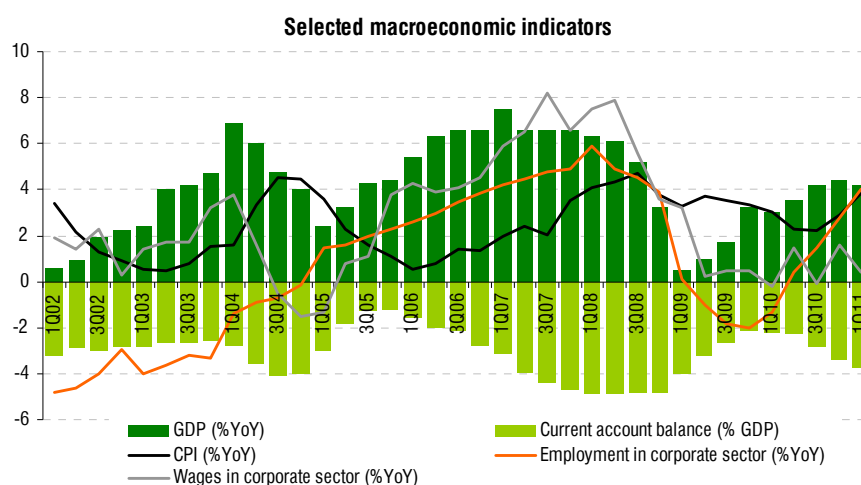
The Supervisory Board of Bank Zachodni WBK S.A.:

- Gerry Byrne – Chairman
- Jose Antonio Alvarez – Member
- Witold Jurcewicz - Member
- Jose Luis De Mora – Member
- Piotr Partyga – Member
- John Power – Member
- Jose Manuel Varela – Member

37. Macroeconomic situation in the first quarter of 2011**GDP Growth**

GDP growth in Poland accelerated to 4.4% y-o-y in the final quarter of 2010 and it seems very likely that it remained above 4% also in the first quarter of 2011. Economic growth is being fuelled mainly by a robust increase in private and public consumption, and by rebuilding inventories by firms after the crisis. Net exports' contribution to GDP growth is increasingly negative due to significant acceleration of imports, although export growth is still strong, supported by a solid external demand. There is still a persisting uncertainty about the pace of anticipated rebound in private firms' investment, but a strong growth of construction output in February and March and recovery of corporate loan growth in March suggest that the process has already started in the first quarter. Investment growth is predicted to accelerate, as private firms should start expanding their production potential, facing continuing inflow of new orders and a rise in capacity utilisation above a multi-year average. At the same time, public investment growth will remain high as the utilisation of the European funds reaches the peak. The annual investment growth in Q1 2011 will be also boosted by the statistical effect of very low base. Rapidly rising commodity prices create some risk for the assumed scenario of investment rebound, however at the same time there seems to be an increasing potential for export growth this year due to improving outlook for German economy. So overall, the risks for Poland's GDP growth forecast for 2011 are fairly balanced.

The recent macroeconomic data from the domestic economy confirmed a continuation of robust growth of activity in the industrial sector, and a recovery in the construction sector. After a temporary slump in January, caused by a VAT tax hike, retail sales growth rebounded sharply in February, proving high resilience of consumption demand. The latter is being supported by an improvement of situation in the labour market.



Labour Market

Employment has already increased above the pre-crisis level, and is still growing (ca. 4% y-o-y in the corporate sector, while according to Labour Force Survey, employment is growing at ca. 2% y-o-y) as companies are trying to expand their production capacity. Recent rise in registered unemployment rate (13.2% in February) resulted purely from a seasonal effect (while the seasonally adjusted LFS-based unemployment rate has remained unchanged for about six months at 9.7%), and it should start decreasing in the following months. Growing labour demand and high inflation expectations will lead to acceleration in wage growth later during the year, although for the time being it remains at a moderate level – in Q1 2011 the average wage growth in the corporate sector was ca. 4.3% y-o-y.

Inflation

CPI inflation increased to 3.6% y-o-y in January and February, and to 4.3% y-o-y in March, mainly as a result of a strong growth in the global commodity prices and the VAT increase. Although the annual revision in CPI weights caused a slight downward revision of inflation at the start of the year (from 3.8% to 3.6%), it will push inflation up later in the year, as the total share of categories with highest price dynamics (food, fuel, energy) has increased. Rising prices of food, oil and other commodities in global markets will continue pushing domestic inflation up, and there is also a risk of the so-called second round effects (resulting from price-wage spiral), which may have quite significant impact on inflation. It seems very likely that the inflation rate will remain above 4% until the end of this year.

Interest Rates

The Monetary Policy Council (MPC) increased the main interest rates in January and April (NBP reference rate rose to 4.0%) in reaction to growing inflationary pressure. As the current inflation is well above the target with upward tendency, the households' inflation expectations surged to 4.6%, the labour market situation is improving, the economic growth is at a decent level, driven by a strengthening domestic demand, the central bankers' fears that a supply-side price shock will transfer into persisting inflationary pressure via second round effects, are fully justified. Therefore, it is very likely that the MPC will continue monetary tightening.

Financial Markets

Corporate loans growth revived in March 2011 (4% y-o-y), after a period of stagnation. Households' demand for loans stabilised at a solid pace (13-14% y-o-y), mainly due to demand for mortgage loans, with a stagnation in the consumer loans segment.

The political unrest in the MENA region and the earthquake in Japan weighed on market sentiment in the first quarter, triggering a temporary depreciation of the zloty. However, at the end of the quarter optimistic moods started prevailing again, supported by positive information from companies and expectations that recovery of the global economy will not be significantly disrupted. Still, the risk factors have not disappeared completely and may cause increased volatility in the market. Growing inflation and expectations for monetary tightening triggered an increase in short-term market interest rates. In the middle and long end of the yield curve the yields were in downward trend at the end of the quarter, due to improved global risk appetite and lack of long-term bonds at Finance Ministry's auctions. Despite a temporary correction caused by the disaster in Japan and the events in the Middle East, stock market indices recorded a gain in the first quarter of 2011.

38. Activities of Bank Zachodni WBK Group in the first quarter of 2011

Business Development of Bank Zachodni WBK S.A.

Retail Banking

Loans

- In March 2011, the bank introduced a number of changes to the mortgage lending proposition for personal customers, including:

- Adoption of Individual Pricing model for PLN mortgage borrowers. The model, which has already proved effective for cash loans, enables to align the margin with the customer's risk profile to ensure optimum pricing for a given exposure.
- Full automation of the decision-making process related to the analysis of the repayment capacity of customers who have employment contracts and apply for mortgage loans of up to PLN 500 k. It helped reduce the wait time for approval, which in the case of customers who meet both criteria takes only 15 minutes.
- 28 March 2011 saw the launch of "Your own home in no time" campaign emphasizing short time-to-yes (15 mins), easy access to financing (decision via phone) and low margins.
- In Q1 2011, the bank introduced changes to the cash loan proposition to increase its competitiveness and improve cross-selling.
 - On 1 February 2011, the bank launched the sale of a cash loan bundled with a personal account and/or credit card. As part of the package offer, the bank introduced MoneyBack Plus account, which offers new pricing compared to the standard version and a lower arrangement fee for customers applying for a cash loan.
 - In January, a more competitive pricing grid was introduced for customers seeking a cash loan. In March, the minimum price was reduced to 5.99% for the lowest risk customers. It was accompanied by a marketing campaign emphasizing short process wait time and competitive pricing offered by the bank.
- In February and March 2011, an extensive communication campaign was carried out by the Bank to advise customers of changes to the schedule of fees and charges, personal account regulations and rules for issue and use of payment cards, effective from 1 April 2011.
- In January 2011, Bank Zachodni WBK expanded its product proposition to include a universal Business Express Mortgage loan addressed to SME sector. The loan is secured with a mortgage and may be earmarked for any purpose connected with the company's operations.

Structured products

- In Q1 2011, the bank made two issues of structured bonds. Both instruments represent two-year investments with a minimum nominal unit value of PLN 1,000. They provide 100% capital protection on redemption and an opportunity to earn on attractive investment strategies.
 - Between 13 December 2010 and 21 January 2011, the bank customers were invited to subscribe for Market Giants 3 bonds which track the price of large listed companies from the key sectors in Poland.
 - On 7 March 2011, the bank introduced a new structured product – Reputable Brands Bond, open for subscription until 8 April 2011. The yield is linked to the price of 10 companies covered by DAX Index which are the driving force for the German economy.
- The structured bond holders were also offered high interest paying term deposits.
- In Q1 2011, the bank made 5 subscriptions for structured term deposits with interest rate linked to EUR/PLN exchange rate movements under three alternative investment strategies: appreciation of the zloty (Złoty Plus), appreciation of the euro (Euro Plus) or stabilisation of the zloty (Złoty Stabilizacja). In February 2011, the bank's retail customers were invited for the first time to subscribe for structured deposits along with VIP customers.

Payment cards

- In Q1 2011, the payment card proposition of Bank Zachodni WBK was expanded to include Superkarta MasterCard PAYBACK offered to employees of financial institutions as part of the PAYBACK loyalty programme.
- A communication campaign was launched to advise customers of the planned changes to the schedule of fees and charges (effective from 1 April 2011) which were aimed to make the bank's proposition more customer-friendly and competitive. The key changes included:
 - free-of-charge cash withdrawals as part of the Cash-Back service (all cards);
 - introduction of uniform charges for cash withdrawals from ATMs abroad and account balance checks in the ATMs of BZ WBK and other banks;
 - withdrawal of co-branded debit cards from the offer.

- In February 2011, Bank Zachodni WBK won a tender announced by the City Office of Poznań to issue personalised and non-personalised electronic cards as part of the Urban Card Project (PEKA). The card will feature a contactless payment functionality. The project will be delivered in close liaison with Mennica Polska S.A., which will run a website dedicated to the urban card and deliver a marketing campaign.

Insurance products

- In Q1 2011, the bank arranged one subscription for the unit-linked insurance policy (Endowment Policy). The European Giants policy was available from 24 January till 3 March 2011. The interest rate of respective coupons is linked to the price of a basket of major listed companies from key sectors of the European economy.
- The bank launched a promotional campaign of LOCUM home insurance policy. From 1 March 2011 on, all customers who had their property, movables or fittings insured were offered a free-of-charge 12-month Home Assistance package, featuring among others expert help and assistance after an attempted burglary.

Business and Corporate Banking

- In Q1 2011, the bank introduced changes to the existing business and corporate banking model aimed to improve effectiveness of operations and increase the bank's presence in the business and corporate banking sector. The key changes involved aligning the operational units with the new turnover-based customer segmentation and staff reorganisation to provide more support to front-office units.
- On 10 March 2011, the bank launched a new website addressed to customers of Business and Corporate Banking Area.
- The bank launched a pilot of the new distribution channel for business and corporate banking customers (iBiznes24).

Investment Banking

- Bank Zachodni WBK acted as an advisor in the following transactions effected together with Dom Maklerski WBK:
 - initial public offering of Inpro S.A. with a value of PLN 66 m;
 - initial public offering of Avia Solutions Group with a value of PLN 77 m;
 - initial public offering of PEP S.A. with a value of PLN 45 m.
- In Q1 2011, Bank Zachodni WBK arranged 4 issues of non-treasury debt securities for 2 entities with a total value of PLN 29.6 m, which were placed with the entities indicated by the issuers.
- An agency agreement was signed by both the bank and BZ WBK Brokerage House to arrange the public offering of corporate bonds of MCI Management S.A. on a best effort basis. Bank Zachodni WBK acted as an equity advisor in the issue. PLN 35.4 m worth of corporate bonds were taken up.
- The bank subscribed for 434,268 J-series shares of Bank Polskiej Spółdzielczości S.A. (BPS) (350,000 shares - by exercising the subscription rights, and 84,268 shares - under an additional subscription order). Following the capital increase registration, the total number of BPS shares held by the bank will amount to 1,134,268, which represents 0.57% of the share capital.
- European Investment Bank has selected Bank Zachodni WBK as its partner for JESSICA programme, a EU initiative. Under the agreement of 29 March 2011, Bank Zachodni WBK will be responsible for loans sanctioned towards urban rehabilitation projects in Szczecin Metropolitan Area. The programme is designed to change the pattern of allocating EU subsidies as it replaces non-returnable subsidies with investments.

Development of distribution channels

Branch network and complementary distribution channels

- As at the end of March 2011, Bank Zachodni WBK operated through 528 branches (vs. 513 as at 31 March 2010), while the number of Partner outlets grew to 98 (vs. 88 as at 31 March 2010).

Implementation of the New Branch Energy (NEO) project

- The pilot of the New Branch Energy (NEO) project launched in October 2010 was completed on 31 January 2011. The new “energetic” branch service model was piloted in 20 branches of 4 regions (Upper and Lower Silesia, Pomorsko-Kujawski and Warsaw) focusing on:
 - daily and weekly agenda;
 - activation of sales across dedicated customer portfolios;
 - effective use and improvement of sales tools;
 - sales coaching sessions addressed to branch advisors and managers;
 - sales performance monitoring identifying any areas for development;
 - development of staff skills;
 - incentives for proactive customer contact.
- The pilot proved the effectiveness of the proposed changes and gave a green light to the roll-out of the solutions developed as part of the NEO Project. Due to the scope of the project, the roll-out will be carried out in 3 successive phases which will ultimately cover the entire Branch Network.

Direct Banking

- New solutions were implemented as part of telephone banking development with a view to increasing the number of customers handled in sales and relationship campaigns as well as extending the range of automated services via phone. In addition, the customers can now receive a preliminary credit decision for mortgage loan via phone.
- In February 2011, Bank Zachodni WBK, in liaison with Mennica Polska S.A. (the only manufacturer of gold bars in Poland), opened an on-line store which offers investment gold bars (<http://sklep.mennica.com.pl/bzwbk/> or via wystarczysiec.pl). Gold bars of different basis weight are appended with a certificate and delivered to the buyer by a courier. Transactions are settled via Przelew24, an online fast payment system.
- Bank Zachodni WBK and Polkomtel, Plus network operator, concluded a memorandum of understanding regarding development and distribution of financial products using mobile technology. The purpose is to bring in unique financial products and services benefiting from modern telecom technologies.
- As at 31 March 2011, the bank’s ATM network comprised 1 048 machines (vs. 1 042 as at 31 March 2010).

Transfer Agent services

- Since 2011, the Transfer Agent of Bank Zachodni WBK has been operating under the business name of Financial Business Services. In Q1 2011, the unit launched a strategy focusing on:
 - active support for the sale of products offered by BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych;
 - cooperation with new entities including mutual funds, open-end pension funds and insurance companies.
- In March 2011, the unit received SAS 70 Type II Report by an independent auditor (a standard developed by the American Institute of Certified Public Accountants in compliance with the SOX Act) confirming that the controls in place for Transfer Agent are adequate and effective.

Business Performance of Subsidiaries

BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A.

- In the first quarter of 2011, the equity market was in a sideways trend. In late March, stock prices went up, producing a quarter-on-quarter increase in the WIG Index and WIG20 Index by 2.6% and 2.7%, respectively. The tense social and political situation in the Arab states coupled with a surge in commodity prices increased risk aversion among investors, triggering an outflow of funds from share-based mutual funds, and thus a negative balance of investments to redemptions in the respective section of the domestic mutual funds market.

- Over the first three months of 2011, the net assets under management of BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych decreased by 3.2% to PLN 10 255.8 m. This volume of assets secured the company a market share of 8.6% (vs. 9.1% at the end of December 2010), and the fourth position in Poland. The fastest growing subfunds were: Arka BZ WBK Energii (Energy Subfund) and Arka BZ WBK Ochrona Kapitału FIO (Capital Protection Subfund) along with Arka Prestiż SFIO subfunds launched in November 2010.
- On 28 February 2011, a notice was published on changes in the prospectus and Articles of Association of Arka BZ WBK FIO fund. The changes will become effective on 28 May 2011 and include, among others, the planned transformation of the regional equity subfund Arka BZ WBK Rozwoju Nowej Europy FIO (New Europe Development Subfund) into Arka BZ WBK Akcji Tureckich (Turkish Equity Subfund). The conversion will help customers increase their exposure to the promising Turkish market and will expand the subsidiary's offering with foreign Arka funds. This will also entail a change in the investment policy, involving an increase in the share of equity securities of companies operating in the Turkish market (66%-100% of assets) and a move away from the previous sectoral nature of the subfund.
- In November 2010, 7 independent Arka funds were transformed into subfunds, jointly forming one fund - Arka BZ WBK Fundusz Inwestycyjny Otwarty (Arka BZ WBK Open-Ended Investment Fund). On 17 March 2011, the subsidiary received the decision of the Polish Financial Supervision Authority (KNF) allowing it to transform the remaining 3 funds, i.e. Arka BZ WBK Akcji Środkowej i Wschodniej Europy FIO (CEE Equity Fund), Arka BZ WBK Obligacji Europejskich FIO (Arka European Bonds Fund) and Arka BZ WBK Funduszy Akcji Zagranicznych FIO (Arka Foreign Equity Fund) into subfunds of the umbrella Arka BZ WBK FIO fund. The conversion will become effective once the appropriate entry is made in the Court Register.

BZ WBK Asset Management S.A.

- As at 31 March 2011, the value of the assets in the private portfolios managed by BZ WBK Asset Management was PLN 1,376.7 m, a decrease of 12.2% over the first three months of the year. The lower volume of assets results from the increased competition in the local market, the prevailing stock exchange climate and the sustained risk-aversion among investors.

Dom Maklerski BZ WBK S.A.

- During the first three months of 2011, Dom Maklerski BZ WBK recorded a turnover of PLN 22.7 bn in the equity market, which is 115.6% higher than in the corresponding period of 2010 as the company handled customer sell transactions for shares of Bank Zachodni WBK. Such a performance secured the company the second position in Poland and a 13.6% market share (an increase by 3.5 pp 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 914 k transactions. This market is witnessing an increasing activity of institutional investors who do not avail themselves of Dom Maklerski BZ WBK's services to a large extent. The volume of transactions decreased by 12.7% y-o-y, giving the company the third position in Poland and a market share of 12.3% (a decrease by 1.2 pp y-o-y).
- In the first quarter of 2011, Dom Maklerski BZ WBK S.A. arranged three IPOs for a total value of PLN 188 m (Inpro S.A., Aviva Solution Group oraz PEP S.A.) and handled the sale of PLN 35 m worth of bonds of MCI Management in the corporate customers segment. In co-operation with Bank Zachodni WBK S.A., the company also distributed structured bonds Giganci Rynku 3 (Market Giants 3) and Solidne Marki (Sound Brands).

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

- In the period from 1 January to 31 March 2011, the two companies financed net assets totalling PLN 377.2 m, i.e. 29.7% more than in the corresponding period last year. A notable growth in sales was recorded in most asset categories, particularly plant & equipment, and vehicles.
- In response to the market demands, the leasing companies prepared a new proposal for freelancers, including doctors, lawyers and architects. In the promotional period until the end of June 2011, customers will be able to insure the financed asset for PLN 1.

BZ WBK Inwestycje Sp. z o.o.

- Spółka BZ WBK Inwestycje Sp. z o.o. acquired 4 thousand shares in Masterform Sp. z o.o., representing 10.59% of the company's share capital.
- It also acquired 175,796 shares in Krynicki Recykling S.A., thus increasing its stake in the company to 24.54%.

BZ WBK Faktor sp. z o.o.

- At the end of March 2011, the total credit portfolio of the factoring company was PLN 354 m, and remained similar year-on-year. The value of purchased invoices increased by 45% y-o-y to PLN 522 m, driven by the SME's strong interest in the universal factoring product "Factoring Express".
- In the first quarter of 2011, the company expanded its product range with non-recourse factoring with a foreign debtor. The new product is provided based on an insurance policy with KUKE S.A. and is designed for transactions with partners from OECD countries.

Other information

Human Resources

- In Q1 2011, the number of FTEs in Bank Zachodni WBK Group levelled off, totalling 9,838 as at 31 March 2011, i.e. 2 lower compared to 31 December 2010 and 349 higher y-o-y. Movements in the headcount stemmed from natural vacancies and alignment of staff levels with the Group's business needs in the changing economic environment.

Sale of shares in Bank Zachodni WBK

- On 1 April 2011, Banco Santander finalised the purchase of Bank Zachodni WBK under the tender offer for the bank's shares. As a result, Banco Santander acquired a 95.67% stake in the bank. Consequently, Bank Zachodni WBK joined Santander Group. The acquisition price totalled EUR 3,989 m.
- 51,413,790 shares of Bank Zachodni WBK representing 70.36% of share capital and voting power were sold by AIB European Investments Limited in the above-mentioned tender offer. The transaction was settled on 1 April 2011. As a result, AIB European Investments Limited does not hold any shares of Bank Zachodni WBK or any voting rights attached to such shares.
- On 19 April 2011, AIB Capital Markets p.l.c. was deleted from the shareholder register of BZ WBK Asset Management and Banco Santander S.A. with its registered office in Santander, Spain, was recorded as a shareholder, following the acquisition by the latter of 67,500 shares of BZ WBK Asset Management, representing 50% of the voting rights at the AGM.

Bank Zachodni WBK Rating

- In the announcement dd. 5 April 2011, Fitch Ratings upgraded Long-term Issuer Default Rating (IDR) of Bank Zachodni WBK from 'BBB+' to 'A+'. Fitch simultaneously removed the rating from Rating Watch Positive and assigned a Stable Outlook. The upgrade reflects the potential support from the new majority shareholder (Banco Santander; 'AA/Stable/F1+'). The ratings also takes into account the early stage of integration of Bank Zachodni WBK into Santander, and potential Polish country risks, given the sovereign foreign currency Long-term IDR of 'A-/Stable'. As a result of the rating actions, the current rating of Bank Zachodni WBK is as follows:
 - Long-term IDR:** upgraded from 'BBB+' to 'A+'; off RWP; Outlook Stable;
 - Short-term IDR:** upgraded from 'F2' to 'F1'; off RWP;
 - Support Rating:** upgraded from '3' to '1'; off RWP;
 - Individual Rating:** not affected
 - Support Rating Floor:** affirmed at 'BB' and withdrawn.

Awards and Recognitions

Awards:

- On 25 January 2011, the Warsaw Stock Exchange announced the new list of socially responsible companies covered by RESPECT Index. Bank Zachodni WBK was among 16 companies recognised by the WSE. The index comprises Polish companies listed on the main floor of the WSE which adhere to the superior corporate governance and disclosure practices, promote effective investor relations and are committed to ecology as well as social and employee relationship development.

- Bank Zachodni WBK and two other companies came joint first in the Investor Relations category of the Listed Company of the Year ranking published on 4 February 2011 by the "Puls Biznesu" daily. Investor Relations are one of five categories of survey conducted by TNS Pentor among analysts, advisors and brokers of Polish financial institutions.
- On 2 March 2011, "Parkiet" daily awarded the Bull and Bear Statuettes to Polish listed companies and equity institutions. The statuettes were awarded to, inter alia, the analyst of Dom Maklerski BZ WBK S.A. (the Industry category) and the Chief Economist Team of Bank Zachodni WBK.
- On 28 March 2011, Bank Zachodni WBK took the first position in the ranking of cash loans for non-customers published by TotalMoney.pl.
- "Buy-by-click" products of Bank Zachodni WBK were recognized among products of financial institutions in "2011 Best IT Solutions" Awards organised by "Gazeta Bankowa".
- BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych was one of the leaders of stable yield ranking published by "Forbes", assessing an eight-year investment horizon ("Market Leaders" by "Forbes", March 2011). Arka Funds were one of the two brands recognised for strong performance enjoyed by all funds: equity, balanced, stable growth, bond and cash funds. In addition, BZ WBK Arka Euit Fund boasted the best yield over a ten-year horizon.
- Dom Maklerski BZ WBK outstripped the long-time winner of the "Broker's Market Growth Index" ranking published on 8 March 2011 by "Puls Biznesu". The company was recognised for its leadership position in the equity and futures market as well as strong presence in the primary market (in 2010, BZWBK Brokerage House was awarded the IPO Leader title by "Puls Biznesu").
- Dom Maklerski BZ WBK was the winner of the 2nd Super Market Maker Awards held by the WSE (February 2011). The Brokerage House came first in all seven categories, which only confirmed its long-standing reputation of one of the best market makers on the Warsaw floor.
- On 3 March 2011, "Warsaw Business Journal" awarded the companies which boasted strongest performance in respective categories of Book of Lists 2011. Dom Maklerski BZ WBK came first in the category of brokerage houses.

39. Financial position of Bank Zachodni WBK Group after the first quarter of 2011

Financial Highlights

- Total income increased by 5.9% y-o-y to PLN 890.4 m;
- Total costs increased by 5.6% y-o-y to PLN 445.2 m, with staff expenses amounting to PLN 240.6 m and 2.7% higher y-o-y;
- Profit-before-tax was PLN 353.5 m and up 1.4% y-o-y;
- Profit-after-tax attributable to the Bank Zachodni WBK shareholders was PLN 270.2 m and up 15.7% y-o-y;
- Capital adequacy ratio at 14.66% (15.77% as at 31 December 2010);
- Return on Equity of 17.7% (17.6% as at 31 December 2010);
- Cost to income ratio was 50% (50.1% for Q1 2010);
- Net impairment losses on loans and advances amounted to PLN 94.9 m compared with PLN 70.4 m in Q1 2010;
- NPL ratio increased to 7% (6.8% as at 31 December 2010), while the ratio of impairment losses to the average credit volume was 1.11% (1.21% as at 31 December 2010);
- Loans to deposits ratio was 79.4% as at 31 March 2011 compared with 78.2% as at 31 December 2010.
- Key business volumes remained stable on a quarterly and annual basis. Deposits from business customers amounted to PLN 41,667.8 m while gross loans and advances to customers amounted to PLN 34,539 m.
- Net assets and mutual funds and private portfolios fell over the three months of 2011 by 4.4% to PLN 11,632.5 m as a result of events that increased investors' uncertainty about the future development of the global political and economic situation.
- The electronic banking system BZWBK24 has almost 2 m users, and the portfolio of Bank Zachodni WBK payment cards includes approximately 2.4 m debit instruments.

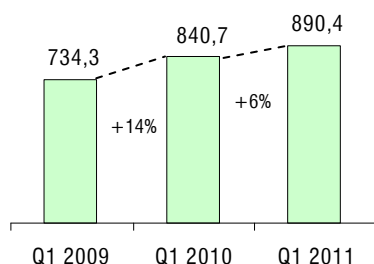
Income Statement

The table below presents major developments in key items of the consolidated income statement during the first quarter of 2011 compared with the corresponding period of 2010.

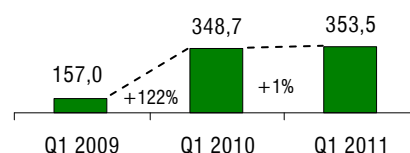
| | PLN m | | |
|--|--------------|--------------|--------------|
| Condensed Income Statement | Q1 2011 | Q1 2010 | Change |
| Total income | 890,4 | 840,7 | 5,9% |
| Total costs | (445,2) | (421,5) | 5,6% |
| Impairment losses on loans and advances | (94,9) | (70,4) | 34,8% |
| Profit/loss attributable to the entities accounted for using equity method | 3,2 | (0,1) | - |
| Profit-before-tax | 353,5 | 348,7 | 1,4% |
| Tax charges | (68,6) | (99,0) | -30,7% |
| Net profit for the period | 284,9 | 249,7 | 14,1% |
| - Net profit attributable to owners of BZ WBK | 270,2 | 233,5 | 15,7% |
| - Net profit attributable to non-controlling shareholders | 14,7 | 16,2 | -9,3% |

In the first quarter of 2011, Bank Zachodni WBK Group posted a profit-before-tax of PLN 353.5 m, which is 1.4% higher than in the same period last year. The profit-after-tax attributable to the shareholders of Bank Zachodni WBK was PLN 270.2 m and higher by 15.7% y-o-y.

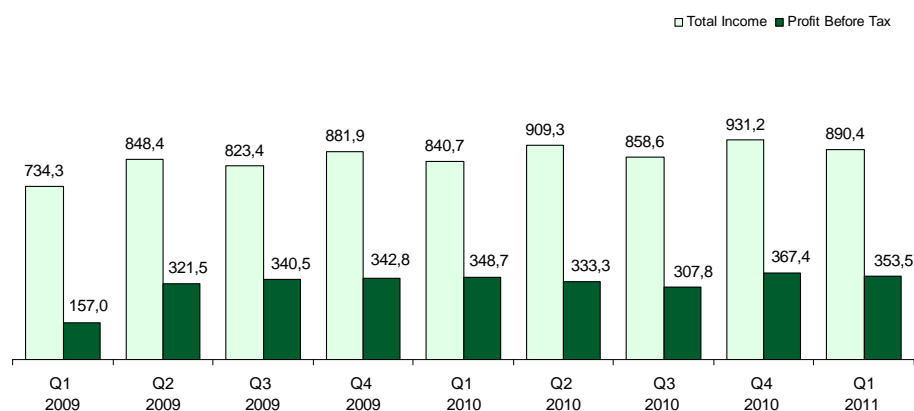
Total Income of BZ WBK Group
for Q1 in years 2009-2011 (PLN m)



Profit-Before-Tax of BZ WBK Group
for Q1 in years 2009-2011 (PLN m)



Total income and profit-before-tax of BZ WBK Group in the individual quarters of 2009-2011 (PLN m)



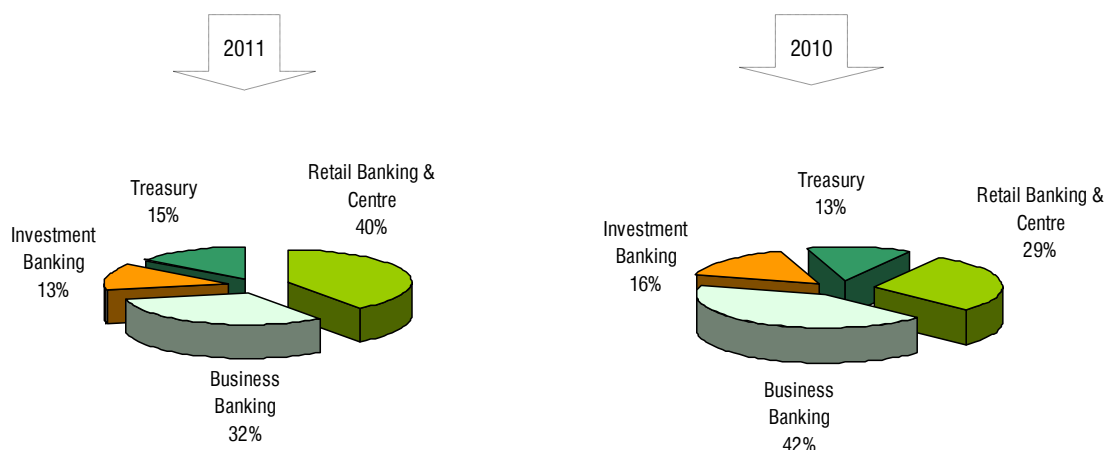
Structure of PBT of BZ WBK Group

Structure of PBT of BZ WBK Group in Q1 of 2011 and 2010 - by entities

| | PLN m | |
|---|--------------|--------------|
| | Q1 2011 | Q1 2010 |
| Bank | 332,7 | 335,2 |
| Subsidiaries, of which: | 65,7 | 66,3 |
| BZ WBK Asset Management S.A. and BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. | 37,0 | 40,0 |
| Dom Maklerski BZ WBK S.A. | 16,6 | 19,1 |
| Leasing S.A. and Finanse & Leasing S.A. | 10,2 | 6,1 |
| Other subsidiaries | 1,9 | 1,1 |
| Mutual transactions & consolidation adjustments | (44,9) | (52,8) |
| Total | 353,5 | 348,7 |

In the first quarter of 2011, the stand-alone profit-before-tax of Bank Zachodni WBK was similar year-on-year. A slight profit decrease was noted by the subsidiaries operating in the capital markets. Dom Maklerski BZ WBK suffered from higher operating expenses, including costs associated with IT usage and provision of stock exchange information to customers whereas BZ WBK Asset Management and BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych generated lower income from asset management and distribution of mutual funds. At the same time, the leasing companies recorded an increase in profits, having posted lower impairment charges on their lease receivables in the first quarter of 2011.

Structure of PBT of BZ WBK Group in Q1 of 2011 and 2010 - by segments



In the first quarter of 2011, Retail Banking Segment increased its contribution to the consolidated profit-before-tax while the share of the Business Banking Segment decreased. The y-o-y changes primarily result from the different levels of impairment charges and reversals reported in both reporting periods.

Income

The total income achieved by Bank Zachodni WBK Group in the first quarter of 2011 was PLN 890.4 m and 5.9% higher y-o-y.

| | PLN m | | |
|--|--------------|--------------|-------------|
| | Q1 2011 | Q1 2010 | Change |
| Total Income | | | |
| Net interest income | 494,6 | 424,5 | 16,5% |
| Net fee and commission income | 339,2 | 331,9 | 2,2% |
| Net trading income and revaluation | 38,8 | 67,4 | -42,4% |
| Gains (losses) from financial securities | (0,2) | 8,8 | - |
| Other operating income * | 18,0 | 8,1 | 122,2% |
| Total | 890,4 | 840,7 | 5,9% |

* includes dividend and other operating income

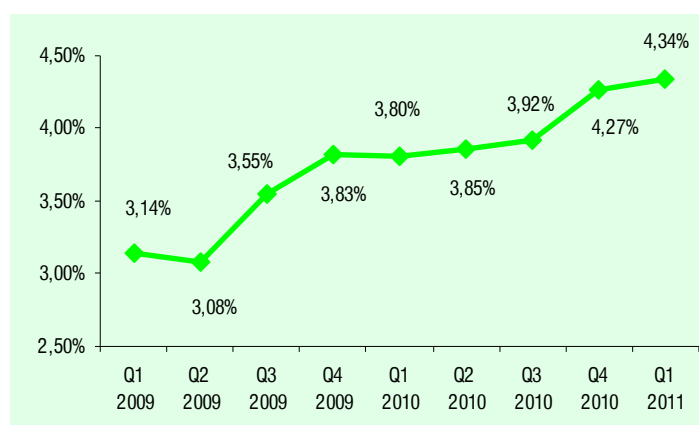
Net Interest Income

The net interest income was PLN 494.6 m and up 16.5% year-on-year. This item was strongly influenced by improving deposit margins which over the course of the first quarter of 2011 were further enhanced by 25 bps hike announced by the NBP in January. While deposit margins increased, credit margins, especially in the business and corporate banking segment, narrowed under increased competitive pressure for good quality lending business.

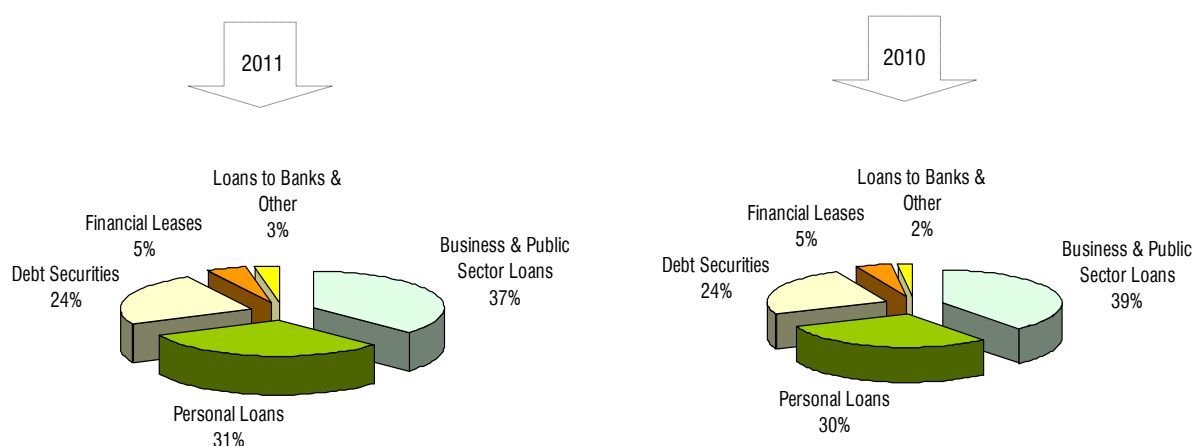
The annualised net interest margin of Bank Zachodni WBK Group was at 4.34% in the first quarter of 2011 versus 3.80% in the corresponding period last year.

Taking into account other interest-related income from FX Swaps and Basis Swaps (PLN 40.4 m in the first quarter of 2011 and PLN 54.7 m in the first quarter of 2010), which are disclosed under "Net trading income and revaluation", the underlying net interest income increased by 11.6% y-o-y.

Net interest margin of BZ WBK Group in the individual quarters of 2009-2011
(including SWAP points)



Structure of interest income of BZ WBK Group for Q1 of 2011 and 2010

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

Net Fee and Commission Income

PLN m

| Net Fee and Commission Income | Q1 2011 | Q1 2010 | Change |
|--|--------------|--------------|-------------|
| Direct banking * | 76,0 | 66,6 | 14,1% |
| Mutual fund distribution and asset management ** | 68,2 | 71,6 | -4,7% |
| Account maintenance and cash transactions | 60,6 | 62,3 | -2,7% |
| FX fees | 52,3 | 45,8 | 14,2% |
| Credit fees *** | 37,9 | 38,3 | -1,0% |
| Brokerage fees | 28,2 | 26,6 | 6,0% |
| Insurance fees | 14,3 | 19,2 | -25,5% |
| Other ** | 1,7 | 1,5 | 13,3% |
| Razem | 339,2 | 331,9 | 2,2% |

* includes fees for foreign and mass payments, Western Union transfers, trade finance, debit cards, services for third parties as well as other electronic & telecommunications services

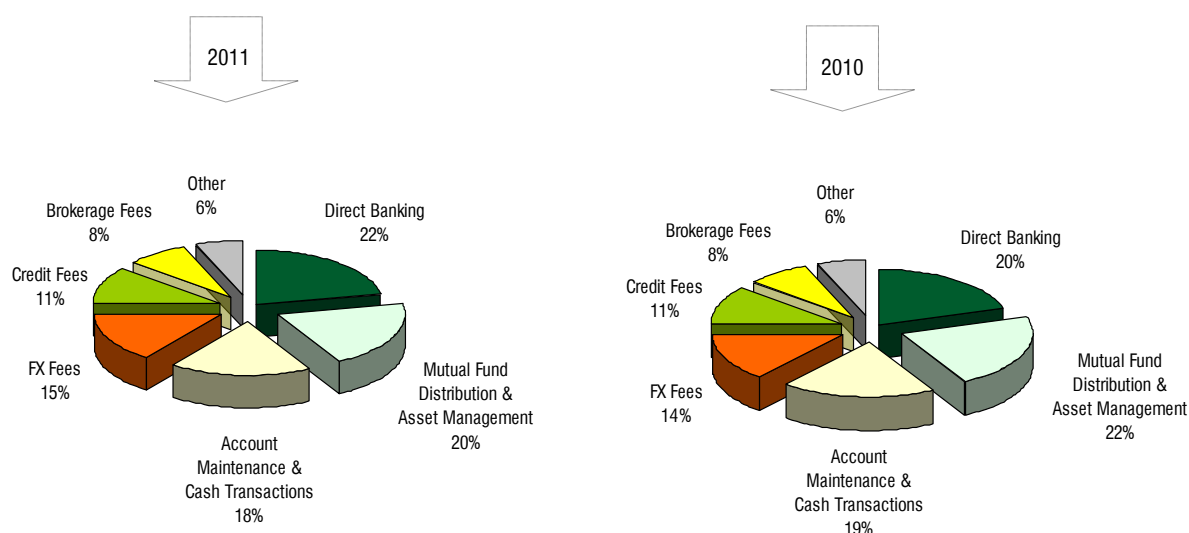
** fees for distribution of structured products (PLN 3.6 m in Q1 2011 against PLN 2.6 m in Q1 2010), which in Note 5 of the financial statements herein are recognized as "distribution fees", in the table above are included in other net fee and commission income

*** includes selected fees related mainly to lending, leasing and factoring activities which are not amortised to interest income (e.g. credit cards and overdrafts)

In the first quarter of 2011, net commission income amounted to PLN 339.2 m and increased by 2.2% y-o-y. Changes in the main contributing items are presented below:

- Direct banking services generated a net commission income of PLN 76 m, which increased by 14.1% y-o-y. The growth was driven by revenues from debit card-related services which were on the rise with an increasing number and value of debit card transactions and expanding card base (+13% y-o-y).
- The Group's income from mutual funds and asset management amounted to PLN 68.2 m and decreased by 4.7% y-o-y. The direction and value of this change was affected by the situation in the Warsaw Stock Exchange, especially stabilisation of indices in the narrow volatility band, and investors' aversion to risk-bearing assets, especially in response to the increased tensions in the Northern Africa and the Middle East. In such circumstances, the average value of net assets of mutual funds and private portfolios fell by 6% y-o-y, which adversely affected income earned from asset management. The income from distribution of mutual funds decreased as well, as a result of sluggish sales and lower distribution fees for customers, reflecting the market trends.
- Despite the growth in the number of personal and current accounts, the Group's income from account maintenance and money transactions (PLN 60.6 m) decreased by 2.7% y-o-y as a result of more favourable pricing offered to customers in respect of selected accounts and payment services.
- Income from FX fees increased by 14.2% to PLN 52.3 m amid the substantial increase in the corporate and SME customer FX trading processed via Treasury services units.
- Credit fee income amounted to PLN 37.9 m and remained stable y-o-y as the business volumes were similar in the comparable periods.
- Net fee income of Dom Maklerski BZ WBK S.A. increased by 6% y-o-y to PLN 28.2 m as a result of the higher income from brokerage fees in the secondary market as well as management of mutual funds and initial public offerings.
- Income from insurance, mainly related to cash loan insurance, declined by 25.5% y-o-y to PLN 14.3 m. This movement does not reflect current trends in sales as the Group's accounting approach to insurance income recognition involves time deferment and impedes perception of early business trends.

Structure of fee income of BZ WBK Group for Q1 of 2011 and the comparable period - by type

**Net Trading Income and Revaluation**

Net trading income and revaluation amounted to PLN 38.8 m, a decrease of 42.4% y-o-y. A significant portion of this line comprises interest income from FX Swap and Basis Swap transactions, which totalled PLN 40.4 m in the first quarter of 2011 compared with PLN 54.7 m a year before.

Impairment

In the first quarter of 2011, the loan impairment charge to the income statement was PLN 94.9 m compared with PLN 70.4 m in the corresponding period.

| Impairment Losses on Loans and Advances | Q1 2011 | Q1 2010 |
|---|---------------|---------------|
| Collective and individual impairment charge | (95,1) | (107,3) |
| Impaired but not reported losses (IBNR) | (0,8) | 29,0 |
| Recoveries of loans previously written off | 1,0 | 6,3 |
| Off-balance sheet credit related items | - | 1,6 |
| Total | (94,9) | (70,4) |

The increase in the cost of risk shown in the table above results from the Group's decision made in the first quarter of 2010 to write back the provision for incurred but not reported losses (IBNR) in the property portfolio. This move was supported by the revised outlook for the sector and tactical changes in the structure of the Group's credit receivables.

It should be noted that the balance of collective and individual impairment charge is by 11.4% lower y-o-y, which is indicative of the positive developments in the country's economic environment. The liquidity position of Polish companies has clearly stabilised, although certain threats do persist. Counterparty risk is still heightened while commodity and fuel prices are continuously driving production costs. Despite the revival in the property market, some elements of the construction sector has been witnessing payment problems resulting from relatively low profitability of projects. An improvement is also noted in the retail segment, although higher unemployment level and price increases impair payment discipline of retail customers.

Costs

Total costs of Bank Zachodni WBK Group amounted to PLN 445.2 m and were higher by 5.6% y-o-y.

The Group places an ongoing focus on cost control and continues administrative, technological and enablement efforts to reduce its cost base. The cost increase in the first quarter of 2011 was driven by higher mandatory charges and the Group's aspiration to enhance business development and increase effectiveness of operations (including development of IT infrastructure to support business activity, communication with customers and modification of workflow in branches).

Total costs and income were growing at a similar pace on a year-on-year basis, which stabilized cost-to-income ratio at c. 50%.

| Total Costs | Q1 2011 | Q1 2010 | Change |
|--|----------------|----------------|-------------|
| Staff and other administrative expenses, including | (403,7) | (382,3) | 5,6% |
| - staff expenses | (240,6) | (234,3) | 2,7% |
| - other administrative expenses | (163,1) | (148,0) | 10,2% |
| Depreciation/amortisation | (35,9) | (31,8) | 12,9% |
| Other operating expenses | (5,6) | (7,4) | -24,3% |
| Total | (445,2) | (421,5) | 5,6% |

In the first quarter of 2011, staff expenses amounted to PLN 240.6 m and increased by 2.7% y-o-y as a result of an average salary rise of 3.5% (effected in April 2010 as part of the annual performance review) and the increase in training costs triggered by the NEO (New Branch Energy) Project.

The Group's total other administrative expenses amounted to PLN 163.1 m and were higher by 10.2% y-o-y. The biggest increase (+65% y-o-y) was noted in the line representing charges payable to market regulators which was impacted by the doubling of the maximum bank deposit guarantee from EUR 50k to EUR 100k (in PLN equivalent). Total expenses were also driven by the cost of IT usage, which increased by 15% y-o-y due to the need to further develop the Group's IT infrastructure, secure the additional licences as a result of the change of the strategic partner and develop the tools that facilitate effective implementation of business projects. The higher cost of third party services (+21% y-o-y) result from outsourcing of debt collection, while an increase in postal fees (+10% y-o-y) is an effect of increased correspondence to customers advising them of material changes to the schedule of fees and charges.

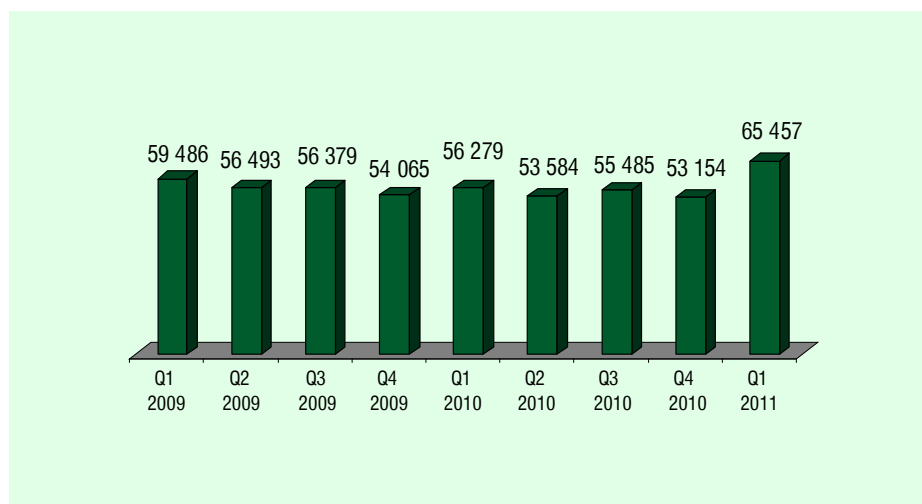
In the first quarter of 2011, depreciation amounted to PLN 35.9 m and was by 12.9% higher year-on-year.

Financial position

Assets

As at 31 March 2011, total assets of Bank Zachodni WBK Group amounted to PLN 65,457 m, up 23.1% on 31 December 2010. This increase results from settlements of PLN 11.7 bn between Dom Maklerski BZ WBK and the National Depository of Securities (KDPW) in respect of the sale of Bank Zachodni WBK shares under the tender offer announced by Banco Santander. The value and structure of the Group's financial position is determined by the bank (parent), which accounts for 80.6% of the consolidated total assets.

Total assets of BZ WBK Group in 2009-2011 on a quarterly basis (PLN m)



The table below presents major developments in the key categories of the consolidated assets of Bank Zachodni WBK Group as at 31 March 2011 versus 31 December 2010 and 31 March 2010.

PLN m

| Assets | 31.03.2011 | Structure 31.03.2011 | 31.12.2010 | Structure 31.12.2010 | 31.03.2010 | Structure 31.03.2010 | Change | Change |
|--|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|--------------|--------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 1/3 | 1/5 |
| Loans and advances to customers * | 33 085,1 | 50,5% | 32 838,3 | 61,8% | 33 554,0 | 59,6% | 0,8% | -1,4% |
| Investment securities | 13 607,4 | 20,8% | 13 395,4 | 25,2% | 12 364,7 | 22,0% | 1,6% | 10,1% |
| Financial assets held for trading | 2 747,5 | 4,2% | 2 239,1 | 4,2% | 5 222,2 | 9,3% | 22,7% | -47,4% |
| Loans and advances to banks | 1 537,1 | 2,4% | 619,7 | 1,2% | 1 023,7 | 1,8% | 148,0% | 50,2% |
| Cash and operations with Central Banks | 1 256,4 | 1,9% | 2 534,5 | 4,8% | 2 552,1 | 4,5% | -50,4% | -50,8% |
| Fixed and intangible assets | 695,1 | 1,1% | 720,1 | 1,3% | 751,2 | 1,3% | -3,5% | -7,5% |
| Other assets | 12 528,4 | 19,1% | 806,8 | 1,5% | 811,5 | 1,5% | - | - |
| Total | 65 457,0 | 100,0% | 53 153,9 | 100,0% | 56 279,4 | 100,0% | 23,1% | 16,3% |

* including impairment write-down

In the consolidated statement of financial position as at 31 March 2011, a major change on the assets side was witnessed in "Other" which includes settlements arising from the tender offer of Banco Santander for the shares of Bank Zachodni WBK. As part of the Group's ongoing liquidity management, "Loans and advances to banks" increased by 148% q-o-q while "Cash and operations with Central Bank" were reduced by 50.4% q-o-q. The financial assets held for trading increased by 22.7% q-o-q as a result of further development of the portfolio of short-term NBP money bills. Net loans and advances to customers remained stable q-o-q.

Credit Portfolio

PLN m

| Gross Loans and Advances to Customers | 31.03.2011 1 | 31.12.2010 2 | 31.03.2010 3 | Change 1/2 | Change 1/3 |
|--|-----------------|-----------------|-----------------|---------------|---------------|
| Loans and advances to business and public sector customers | 20 678,2 | 20 311,7 | 21 374,5 | 1,8% | -3,3% |
| Loans and advances to personal customers | 11 493,7 | 11 437,5 | 10 739,3 | 0,5% | 7,0% |
| Finance lease receivables | 2 338,7 | 2 435,8 | 2 576,3 | -4,0% | -9,2% |
| Other * | 28,4 | 20,1 | 52,4 | 41,3% | -45,8% |
| Total | 34 539,0 | 34 205,1 | 34 742,5 | 1,0% | -0,6% |

* other receivables include, among others, repo transactions

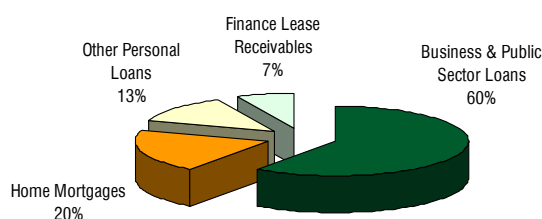
As at 31 December 2011, gross loans and advances to customers amounted to PLN 34,539 m, and remained close to the level recorded on 31 December 2010.

During 3 months of 2011, loans and advances to business and public sector customers increased by 1.8% to PLN 20,678.2 m at the end of March 2011. Property loans, which make up a large portion of this portfolio, decreased by 3.5% q-o-q to PLN 9,211.9 m, reflecting scheduled credit repayments and gradual acquisition of new business amid low fixed investment.

Limited investment activity of businesses had also an adverse impact on the finance lease portfolio, which declined by 4% q-o-q to PLN 2,338.7 m.

Loans to retail customers were stable compared with the end of 2010 and totalled PLN 11,493.7 m, of which home mortgage loan-book amounted to PLN 6,890.2 m and cash loan-book was worth PLN 3,248 m.

Loans and advances to customers of BZ WBK Group as at 31.03.2011 and 31.12.2010
(no changes vs. the comparable period)

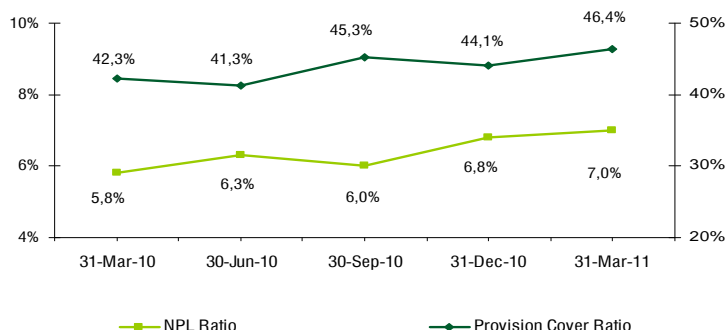


WBK

Bank Zachodni WBK S.A.

At the end of March 2011, impaired loans accounted for 7% of the gross portfolio versus 6.8% recorded on 31 December 2010. The provision cover ratio for the impaired loans was 46.4% compared with 44.1% recorded three months before.

The Group's NPL and provision cover ratio
at the end of individual quarters in the period from 31.03.2010 to 31.03.2011



Equity and Liabilities

The table below presents major developments in key categories of the consolidated equity and liabilities of Bank Zachodni WBK Group at the end of March 2011 versus 31 December 2010 and 31 March 2010.

PLN m

| Equity & Liabilities | Structure | | Structure | | Structure | | Change | Change |
|--|-----------------|---------------|-----------------|---------------|-----------------|---------------|--------------|--------------|
| | 31.03.2011 | 31.03.2011 | 31.12.2010 | 31.12.2010 | 31.03.2010 | 31.03.2010 | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 1/3 | 1/5 |
| Deposits from customers | 41 667,8 | 63,7% | 41 970,5 | 79,0% | 42 944,0 | 76,3% | -0,7% | -3,0% |
| Deposits from banks | 3 175,0 | 4,9% | 2 526,1 | 4,8% | 4 214,7 | 7,5% | 25,7% | -24,7% |
| Financial liabilities held for trading | 580,6 | 0,9% | 578,6 | 1,1% | 632,0 | 1,1% | 0,3% | -8,1% |
| Subordinated liabilities | 400,3 | 0,6% | 395,2 | 0,7% | - | - | 1,3% | - |
| Amounts owed to the Central Bank | - | - | - | 0,0% | 1 023,5 | 1,8% | - | -100,0% |
| Other liabilities | 12 613,9 | 19,2% | 909,9 | 1,7% | 1 143,9 | 2,0% | - | - |
| Total equity | 7 019,4 | 10,7% | 6 773,6 | 12,7% | 6 321,3 | 11,3% | 3,6% | 11,0% |
| Total | 65 457,0 | 100,0% | 53 153,9 | 100,0% | 56 279,4 | 100,0% | 23,1% | 16,3% |

Compared with the end of 2010, the statement of financial position as at 31 March 2011 shows a significant growth in other liabilities relating the tender offer of Banco Santander for the shares of Bank Zachodni WBK. An increase of 25.7% q-o-q was also noted in "Deposits from banks". Other items of the statement of financial position remained stable.

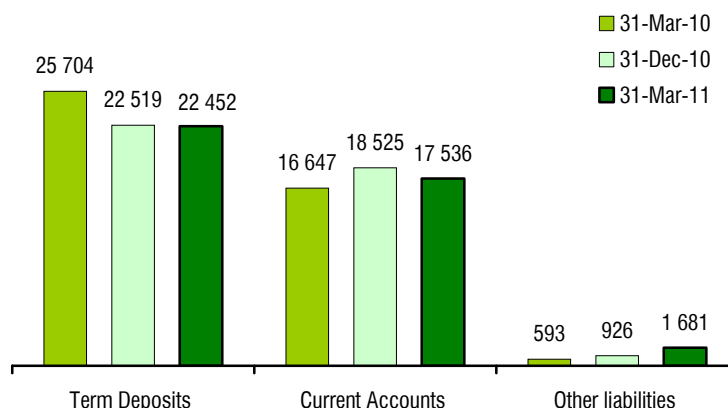
Deposit Base

PLN m

| Deposits from Customers | 31.03.2011 | 31.12.2010 | 31.03.2010 | Change | Change |
|--|-----------------|-----------------|-----------------|--------------|--------------|
| | 1 | 2 | 3 | 1/2 | 1/3 |
| Deposits from personal customers | 25 460,1 | 25 230,8 | 25 783,6 | 0,9% | -1,3% |
| Deposits from business and public sector customers | 16 207,7 | 16 739,7 | 17 160,4 | -3,2% | -5,6% |
| Total | 41 667,8 | 41 970,5 | 42 944,0 | -0,7% | -3,0% |

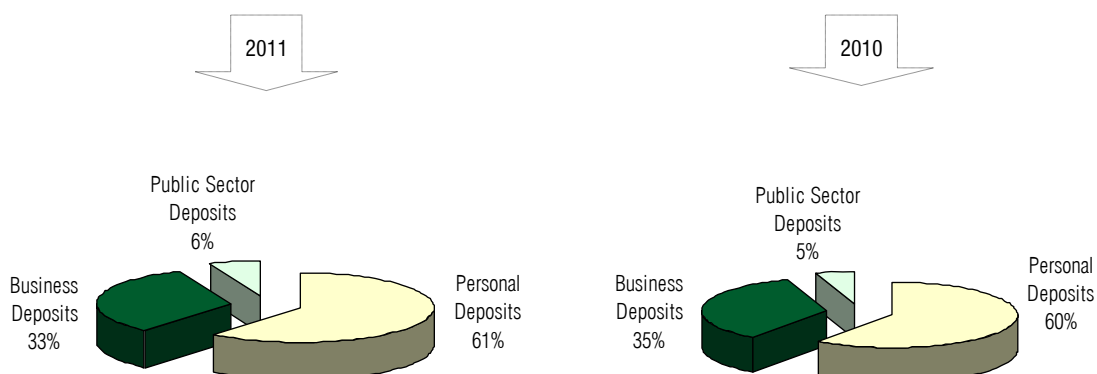
Deposits from customers, which represent 63.7% of the Group's total equity and liabilities are the primary source of funding the Group's lending business. At the end of March 2011, these amounted to PLN 41,667.8 m and remained close to the level recorded at the end of December 2010. The figure is comprised of term deposits of PLN 22,451.7 m (-0.3% q-o-q), current account balances of PLN 17,536.0 m (-5.3% q-o-q) and other obligations, including a credit line of EUR 100 m from the European Investment Bank for SME lending and unsettled purchase of securities.

Deposits from customers of BZ WBK Group (by deposit type)
as at 31.03.2010, 31.12.2010 and 31.03.2011 (PLN m)



As at 31 March 2011, the Group's deposits from personal customers amounted to PLN 25,460.1 m and increased slightly quarter-on-quarter. The most popular among customers were the Daily Earning Deposit (Lokata Codziennie Zarabiająca), the Easy Earning Deposit (Lokata Swobodnie Zarabiająca) and a savings account. Deposits from business and public sector customers totalled PLN 16,207.7 m and were by 3.2% lower compared with the end of 2010 due to the decrease in the current account balances.

Deposits from customers of BZ WBK Group as at 31.03.2011 and 31.12.2010



Key Financial Ratios

| Selected Financial Ratios | 31.03.2011 | 31.12.2010 | 31.03.2010 |
|--|------------|------------|------------|
| Total costs / Total income | 50,0% | 49,9% | 50,1% |
| Net interest income / Total income | 55,5% | 51,5% | 50,5% |
| Net interest margin * | 4,34% | 3,98% | 3,80% |
| Net commission income / Total income | 38,1% | 38,0% | 39,5% |
| Customer loans/Customer deposits | 79,4% | 78,2% | 78,1% |
| NPL ratio | 7,0% | 6,8% | 5,8% |
| NPL coverage ratio | 46,4% | 44,1% | 42,3% |
| Impairment losses on loans and advances / Average loans and advances | 1,11% | 1,21% | 1,25% |
| ROE ** | 17,7% | 17,6% | 19,5% |
| ROA *** | 1,8% | 1,8% | 1,8% |
| Capital adequacy ratio | 14,66% | 15,77% | 13,55% |
| Book value per share (in PLN) | 96,06 | 92,69 | 86,50 |
| Earnings per share (PLN) **** | 3,70 | 13,33 | 3,20 |

* annualised interest income (including Swap points) to the quarterly average of interest-bearing assets (net of impairment write-down)

** net profit attributable to the shareholders of Bank Zachodni WBK for the last 4 quarters to the average equity as at the end of five consecutive quarters, i.e. starting from the corresponding period of the previous year to the current reporting period, net of the current period profit, non-controlling interests and dividend (change of calculation method since Q1 2011)

*** net profit attributable to shareholders of Bank Zachodni WBK for the last 4 quarters to the average total assets as at the end of five consecutive quarters, starting from the corresponding period of the previous year to the current reporting period (change of calculation method since Q1 2011)

**** net profit attributable to the shareholders of Bank Zachodni WBK for the reporting period divided by the number of ordinary shares

40. 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:

- Deceleration of economic growth abroad, including Poland's major trading partners, which to some extent will weaken the rise in exports and industrial output. However, the external demand is likely to remain strong enough to stimulate - together with the strengthening domestic demand - investment activity and thus demand for corporate loans and other banks' products for firms.
- Further improvement in labour market conditions, positively affecting quality of the credit portfolio in the household segment. Gradually increasing demand for new consumption and continued robust demand for mortgage loans.
- Continuation of the interest rate hikes started by the MPC in January amid positive prospects for economic growth and inflation running above the central bank's inflation target.
- Changes in the costs of funding the banks' assets depending on the scale and pace of hikes in the NBP interest rates, zloty exchange rate, changes in liquidity position of the banking sector and intensity of banks' competition for retail deposits.
- Continued high volatility in the financial markets connected with geopolitical tensions, uncertainty regarding debt problems in many countries and possible aggressive monetary tightening in major global economies.
- Further developments in the global and domestic equity markets and their influence on clients' interest in directing savings towards mutual funds or banks' deposits.

| Signature of a person who is responsible for maintaining the book of account | | | |
|--|------------------|------------------------------------|-----------|
| Date | Name | Function | Signature |
| 28.04.2011 | Paul Barry | Member of the Management Board | |
| 28.04.2011 | Wojciech Skalski | Financial Accounting Area Director | |