

**REPORT OF
BANK ZACHODNI WBK GROUP
FOR QUARTER 3 2011**

2011



WBK

| Bank Zachodni WBK S.A.

FINANCIAL HIGHLIGHTS		PLN k		EUR k	
		for reporting period ended:	30.09.2011	30.09.2010	30.09.2011
Consolidated financial statements					
I	Net interest income	1 529 332	1 320 725	378 426	329 959
II	Net fee and commission income	1 027 647	997 232	254 286	249 140
III	Operating profit	1 254 310	987 268	310 373	246 651
IV	Profit before tax	1 261 940	989 795	312 261	247 282
V	Net profit attributable to owners of BZ WBK S.A.	985 934	706 504	243 965	176 507
VI	Total net cash flow	3 983 658	1 852 963	985 737	462 928
VII	Total assets	58 765 867	55 485 414	13 321 968	13 916 582
VIII	Deposits from banks	4 977 527	7 412 836	1 128 384	1 859 252
IX	Deposits from customers	43 769 035	39 607 403	9 922 251	9 934 137
X	Total liabilities	51 532 117	48 971 482	11 682 108	12 282 790
XI	Total equity	7 233 750	6 513 932	1 639 860	1 633 793
XII	Non-controlling interests in equity	120 213	133 440	27 252	33 469
XIII	Profit of the period attributable to non-controlling interests	36 402	49 663	9 007	12 407
XIV	Number of shares	73 076 013	73 076 013		
XV	Net book value per share in PLN/EUR	98,99	89,14	22,44	22,36
XVI	Solvency ratio	15,09%	14,07%		
XVII	Profit per share in PLN/EUR	13,49	9,67	3,34	2,42
XVIII	Diluted earnings per share in PLN/EUR	13,46	9,65	3,33	2,41
XIX	Declared or paid dividend per share in PLN/EUR	8,00	4,00	1,81	1,00
Stand alone financial statements					
I	Net interest income	1 420 163	1 205 606	351 412	301 198
II	Net fee and commission income	812 074	754 785	200 944	188 569
III	Operating profit	1 189 644	890 123	294 372	222 381
IV	Profit before tax	1 189 644	890 123	294 372	222 381
V	Profit for the period	987 667	693 114	244 393	173 162
VI	Total net cash flow	3 986 606	1 850 429	986 466	462 295
VII	Total assets	57 954 403	53 493 663	13 138 013	13 417 021
VIII	Deposits from banks	4 798 138	6 154 283	1 087 717	1 543 587
IX	Deposits from customers	43 941 001	39 704 772	9 961 235	9 958 558
X	Total liabilities	51 345 501	47 581 875	11 639 803	11 934 255
XI	Total equity	6 608 902	5 911 788	1 498 210	1 482 766
XII	Number of shares	73 076 013	73 076 013		
XIII	Net book value per share in PLN/EUR	90,44	80,90	20,50	20,29
XIV	Solvency ratio	14,61%	13,56%		
XV	Profit per share in PLN/EUR	13,52	9,48	3,35	2,37
XVI	Diluted earnings per share in PLN/EUR	13,48	9,46	3,34	2,36
XVII	Declared or paid dividend per share in PLN/EUR	8,00	4,00	1,81	1,00

FINANCIAL HIGHLIGHTS for the period ended 31.12.2010	Consolidated statement of financial position		Statement of financial position	
	PLN k	EUR k	PLN k	EUR k
I Total assets	53 153 871	13 421 678	52 034 756	13 139 095
II Deposits from banks	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:

- for balance sheet items – 4.4112 PLN rate to EUR as at 30.09.2011 stated by National Bank of Poland (NBP), 3.9870 PLN rate to EUR as at 30.09.2010 and 3.9603 PLN rate to EUR as at 31.12.2010
- for profit and loss items – as at 30.09.2011: 4.0413 (an average PLN mid-rate to EUR in NBP on the last day of each month in 2011), as at 30.09.2010: 4.0027 (an average PLN mid-rate to EUR in NBP on the last day of each month in 2010)

As at 30.09.2011, FX denominated balance sheet positions were converted into PLN in line with the NBP FX table no. 190/A/NBP 2011 dd. 30.09.2011.

**CONSOLIDATED FINANCIAL
STATEMENTS OF
BANK ZACHODNI WBK GROUP
FOR QUARTER 3 2011**

2011



WBK

| Bank Zachodni WBK S.A.

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Consolidated income statement

for reporting period:		01.07.2011 - 30.09.2011	01.01.2011 - 30.09.2011	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010
Interest income		877 099	2 498 012	767 560	2 337 895
Interest expense		(344 870)	(968 680)	(309 614)	(1 017 170)
Net interest income	Note 4	532 229	1 529 332	457 946	1 320 725
Fee and commission income		390 460	1 174 709	373 090	1 159 487
Fee and commission expense		(50 195)	(147 062)	(42 657)	(162 255)
Net fee and commission income	Note 5	340 265	1 027 647	330 433	997 232
Dividend income		447	67 916	611	54 233
Net trading income and revaluation	Note 6	107 530	217 450	60 810	198 473
Gains (losses) from other financial securities	Note 7	1 505	6 790	1 301	10 173
Other operating income		8 778	42 226	7 104	26 072
Impairment losses on loans and advances	Note 8	(107 854)	(281 458)	(100 753)	(317 562)
Operating expenses incl.:		(445 971)	(1 355 593)	(450 812)	(1 302 078)
<i>Bank's staff, operating expenses and management costs</i>	Notes 9,10	(392 728)	(1 216 632)	(404 870)	(1 178 827)
<i>Depreciation/amortisation</i>		(34 466)	(106 082)	(32 356)	(96 032)
<i>Other operating expenses</i>		(18 777)	(32 879)	(13 586)	(27 219)
Operating profit		436 929	1 254 310	306 640	987 268
Share in net profits (loss) of entities accounted for by the equity method		2 733	7 630	1 161	2 527
Profit before tax		439 662	1 261 940	307 801	989 795
Corporate income tax	Note 11	(88 806)	(239 604)	(68 634)	(233 628)
Profit for the period		350 856	1 022 336	239 167	756 167
of which:					
<i>attributable to owners of BZ WBK S.A.</i>		344 857	985 934	222 916	706 504
<i>attributable to non-controlling interests</i>		5 999	36 402	16 251	49 663
Net earnings per share (PLN/share)					
Basic earnings per share		4,72	13,49	3,05	9,67
Diluted earnings per share		4,71	13,46	3,04	9,65

Consolidated statement of comprehensive income

for reporting period:		01.07.2011 - 30.09.2011	01.01.2011 - 30.09.2011	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010
Profit for the period		350 856	1 022 336	239 167	756 167
Other comprehensive income:					
Available-for sale financial assets valuation		(12 337)	27 476	25 208	34 076
Cash flow hedges valuation		38 772	47 643	2 202	4 523
Other comprehensive income for the period, net of income tax		26 435	75 119	27 410	38 599
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		377 291	1 097 455	266 577	794 766
Attributable to:					
<i>owners of BZ WBK S.A.</i>		356 845	1 061 434	249 962	744 664
<i>non-controlling interests</i>		20 446	36 021	16 615	50 102

Consolidated statement of financial position

as at:		30.09.2011	30.06.2011	31.12.2010	30.09.2010
ASSETS					
Cash and balances with central banks	Note 12	3 135 339	2 186 580	2 534 463	1 153 293
Loans and advances to banks	Note 13	1 704 661	798 441	619 655	1 724 843
Financial assets held for trading	Note 14	4 368 487	3 672 170	2 238 966	3 884 362
Hedging derivatives		109 828	36 272	14 768	21 554
Loans and advances to customers	Note 15	36 375 961	34 694 969	32 838 385	33 386 705
Investment securities	Notes 16, 17	11 542 133	12 625 033	13 395 355	13 676 997
Investments in associates and joint ventures	Note 18	101 038	93 327	87 360	83 077
Intangible assets		171 327	175 531	172 561	165 576
Property, plant and equipment		503 774	518 247	547 536	545 488
Net deferred tax assets		279 053	301 571	309 164	333 815
Other assets		474 266	477 704	395 658	509 704
Total assets		58 765 867	55 579 845	53 153 871	55 485 414
LIABILITIES					
Deposits from banks	Note 19	4 977 527	5 972 202	2 526 082	7 412 836
Hedging derivatives		8 593	11 103	16 441	48 991
Financial liabilities held for trading	Note 14	1 533 849	642 774	578 611	526 654
Deposits from customers	Note 20	43 769 035	40 769 594	41 970 454	39 607 403
Debt securities in issue	Note 34	-	-	-	397 721
Subordinated liabilities	Note 34	440 585	398 015	395 230	-
Current income tax liabilities		26 089	27 975	82 858	120 813
Other liabilities		776 439	908 735	810 620	857 064
Total liabilities		51 532 117	48 730 398	46 380 296	48 971 482
Equity					
Equity attributable to owners of BZ WBK S.A.		7 113 537	6 735 002	6 623 056	6 380 492
Share capital		730 760	730 760	730 760	730 760
Other reserve funds		4 691 943	4 678 606	4 344 640	4 342 765
Revaluation reserve		508 634	481 968	433 134	460 165
Retained earnings		196 266	202 591	140 299	140 298
Profit of the current period		985 934	641 077	974 223	706 504
Non-controlling interests in equity		120 213	114 445	150 519	133 440
Total equity		7 233 750	6 849 447	6 773 575	6 513 932
Total equity and liabilities		58 765 867	55 579 845	53 153 871	55 485 414

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	-	-	75 500	985 934	36 021	1 097 455
Transfer to other capital	-	333 648	-	(333 648)	-	-
Dividend relating to 2010	-	-	-	(584 608)	(66 327)	(650 935)
Share scheme charge	-	13 807	-	-	-	13 807
Other	-	(152)	-	-	-	(152)
As at 30.09.2011	730 760	4 691 943	508 634	1 182 200	120 213	7 233 750

As at the end of the period revaluation reserve in the amount of PLN 508 634 k comprises of debt securities and equity shares classified as available for sale of PLN 35 441 k and PLN 423 536 k respectively and additionally cash flow hedge activities of PLN 49 657 k. The revaluation reserve relates to the securities designated as available-for-sale.

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 of debt securities and equity shares classified as available for sale of PLN 19 839 k and PLN 411 280 k respectively and additionally cash flow hedge activities of PLN 2 015 k. The revaluation reserve relates to the securities designated as available-for-sale.

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

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

Consolidated statement of cash flows

	for reporting period:	01.01.2011 - 30.09.2011	01.01.2010 - 30.09.2010
Profit before tax		1 261 940	989 795
Total adjustments:		1 321 666	1 264 069
Share in net profits (losses) of entities accounted for by the equity method		(7 630)	(2 527)
Depreciation/amortisation		106 082	96 032
Impairment losses		-	(77)
Gains (losses) on exchange differences		(37 209)	7 205
Interests and similar charges		68 865	(64 847)
Dividend received		(67 916)	(54 233)
(Profit) loss from investing activities		(3 762)	(9 936)
Change in provisions		(49 973)	(9 180)
Change in trading portfolio financial instruments		1 036 696	(425 619)
Change in loans and advances to banks		(297)	(577)
Change in loans and advances to customers		(3 537 665)	1 185 142
Change in deposits from banks		2 728 161	2 271 847
Change in deposits from customers		1 371 797	(1 607 589)
Change in liabilities arising from debt securities in issue		-	(979)
Change in other assets and liabilities		(1 970)	13 185
Paid income tax		(283 745)	(134 047)
Other adjustments		232	269
Net cash flow from operating activities		2 583 606	2 253 864
Inflows		3 043 769	2 713 888
Sale/maturity of investment securities		2 975 048	2 658 291
Sale of intangible assets and property, plant and equipment		798	1 357
Dividend received		67 916	54 233
Proceeds from other investments		7	7
Outflows		(1 096 219)	(2 917 020)
Purchase of subsidiaries, associates and joint ventures		(5 018)	-
Purchase of investment securities		(1 036 926)	(2 887 502)
Purchase of intangible assets and property, plant and equipment		(54 252)	(29 294)
Other investments		(23)	(224)
Net cash flow from investing activities		1 947 550	(203 132)
Inflows		515 561	416 830
Drawing of long-term loans		515 561	18 130
Proceeds from issuing bonds / shares and capital contribution		-	398 700
Outflows		(1 063 059)	(614 599)
Repayment of long-term loans		(344 008)	(262 296)
Dividends and other payments to shareholders		(650 936)	(317 304)
Other financing outflows		(68 115)	(34 999)
Net cash flow from financing activities		(547 498)	(197 769)
Total net cash flow		3 983 658	1 852 963
Cash at the beginning of the accounting period		4 343 025	3 715 244
Cash at the end of the accounting period		8 326 683	5 568 207

Income statement of Bank Zachodni WBK S.A.

for reporting period:	01.07.2011 - 30.09.2011	01.01.2011 - 30.09.2011	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010
Interest income	846 142	2 405 443	727 296	2 216 898
Interest expense	(352 188)	(985 280)	(307 220)	(1 011 292)
Net interest income	493 954	1 420 163	420 076	1 205 606
Fee and commission income	310 565	894 350	275 613	848 135
Fee and commission expense	(30 566)	(82 276)	(22 125)	(93 350)
Net fee and commission income	279 999	812 074	253 488	754 785
Dividend income	140	182 535	8	131 366
Net trading income and revaluation	106 171	215 120	62 869	203 909
Gains (losses) from other financial securities	1 295	6 425	(1)	8 903
Other operating income	9 494	42 131	6 995	26 686
Impairment losses on loans and advances	(100 910)	(264 818)	(77 265)	(265 159)
Operating expenses incl.:	(397 223)	(1 223 986)	(409 026)	(1 175 973)
<i>Bank's staff, operating expenses and management costs</i>	<i>(354 998)</i>	<i>(1 103 987)</i>	<i>(367 047)</i>	<i>(1 064 477)</i>
<i>Depreciation/amortisation</i>	<i>(31 319)</i>	<i>(96 853)</i>	<i>(29 488)</i>	<i>(87 295)</i>
<i>Other operating expenses</i>	<i>(10 906)</i>	<i>(23 146)</i>	<i>(12 491)</i>	<i>(24 201)</i>
Operating profit	392 920	1 189 644	257 144	890 123
Profit before tax	392 920	1 189 644	257 144	890 123
Corporate income tax	(78 387)	(201 977)	(58 312)	(197 009)
Profit for the period	314 533	987 667	198 832	693 114
Net earnings per share (PLN/share)				
Basic earnings per share	4,30	13,52	2,72	9,48
Diluted earnings per share	4,29	13,48	2,71	9,46

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

for reporting period:	01.07.2011 - 30.09.2011	01.01.2011 - 30.09.2011	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010
Profit for the period	314 533	987 667	198 832	693 114
Other comprehensive income:				
Available-for sale financial assets valuation	(3 547)	36 620	23 769	31 999
Cash flow hedges valuation	38 772	47 643	2 202	4 523
Other comprehensive income for the period, net of income tax	35 225	84 263	25 971	36 522
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	349 758	1 071 930	224 803	729 636



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

as at:	30.09.2011	30.06.2011	31.12.2010	30.09.2010
ASSETS				
Cash and balances with central banks	3 135 334	2 186 575	2 534 458	1 153 289
Loans and advances to banks	1 689 293	782 591	601 637	1 706 261
Financial assets held for trading	4 346 913	3 664 579	2 200 930	3 851 610
Hedging derivatives	109 828	36 272	14 768	21 293
Loans and advances to customers	35 747 890	34 015 373	31 952 688	31 745 773
Investment securities	11 515 381	12 588 098	13 355 858	13 630 848
Investments in subsidiaries, associates and joint ventures	264 599	259 599	248 999	246 949
Intangible assets	154 606	157 772	155 055	149 619
Property, plant and equipment	490 506	504 060	533 443	532 588
Net deferred tax assets	203 265	228 600	242 949	266 431
Other assets	296 788	351 425	193 971	189 002
Total assets	57 954 403	54 774 944	52 034 756	53 493 663
LIABILITIES				
Deposits from banks	4 798 138	5 737 887	2 144 007	6 154 283
Hedging derivatives	8 593	11 004	16 441	48 991
Financial liabilities held for trading	1 538 946	642 774	578 611	588 878
Deposits from customers	43 941 001	41 083 656	42 099 210	39 704 772
Debt securities in issue	-	-	-	397 721
Subordinated liabilities	440 585	398 015	395 230	-
Current income tax liabilities	19 012	19 056	74 197	105 018
Other liabilities	599 226	630 437	619 287	582 212
Total liabilities	51 345 501	48 522 829	45 926 983	47 581 875
Equity				
Share capital	730 760	730 760	730 760	730 760
Other reserve funds	4 375 184	4 368 155	4 048 213	4 048 213
Revaluation reserve	515 291	480 066	431 028	458 784
Retained earnings	-	-	(19 083)	(19 083)
Profit of the current period	987 667	673 134	916 855	693 114
Total equity	6 608 902	6 252 115	6 107 773	5 911 788
Total equity and liabilities	57 954 403	54 774 944	52 034 756	53 493 663

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	-	-	84 263	987 667	1 071 930
Transfer to other capital	-	313 164	-	(313 164)	-
Dividend relating to 2010	-	-	-	(584 608)	(584 608)
Share scheme charge	-	13 807	-	-	13 807
As at 30.09.2011	730 760	4 375 184	515 291	987 667	6 608 902

As at the end of the period revaluation reserve in the amount of PLN 515 291 k comprises of debt securities and equity shares classified as available for sale of PLN 35 441 k and PLN 430 193 k respectively and additionally cash flow hedge activities of PLN 49 657 k. The revaluation reserve relates to the securities designated as available-for-sale.

Movements on equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2009	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 of debt securities and equity shares classified as available for sale of PLN 19 843 k and PLN 409 170 k respectively and additionally cash flow hedge activities of PLN 2 015 k. The revaluation reserve relates to the securities designated as available-for-sale.

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

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


WBK
Bank Zachodni WBK S.A.

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

	for reporting period:	01.01.2011 - 30.09.2011	01.01.2010 - 30.09.2010
Profit before tax		1 189 644	890 123
Total adjustments:		892 997	983 563
Depreciation/amortisation		96 853	87 295
Impairment losses		-	26
Interests and similar charges		54 284	(81 317)
Dividend received		(182 535)	(131 366)
(Profit) loss from investing activities		(3 386)	(8 808)
Change in provisions		(34 592)	52
Change in trading portfolio financial instruments		1 009 607	(469 018)
Change in loans and advances to customers		(3 795 291)	879 498
Change in deposits from banks		2 654 131	2 333 583
Change in deposits from customers		1 355 581	(1 557 402)
Change in liabilities arising from debt securities in issue		-	(979)
Change in other assets and liabilities		(24 643)	14 743
Paid income tax		(237 244)	(83 016)
Other adjustments		232	272
Net cash flow from operating activities		2 082 641	1 873 686
Inflows		3 137 867	2 789 155
Sale/maturity of investment securities		2 954 965	2 656 691
Sale of intangible assets and property, plant and equipment		360	1 091
Dividend received		182 535	131 366
Proceeds from other investments		7	7
Outflows		(1 082 012)	(2 900 405)
Purchase of subsidiaries, associates and joint ventures		(15 600)	-
Purchase of investment securities		(1 019 375)	(2 874 378)
Purchase of intangible assets and property, plant and equipment		(47 037)	(25 827)
Other investments		-	(200)
Net cash flow from investing activities		2 055 855	(111 250)
Inflows		486 210	398 700
Proceeds from issuing bonds / shares		-	398 700
Drawing of long-term loans		486 210	-
Outflows		(638 100)	(310 707)
Dividends and other payments to shareholders		(584 608)	(292 304)
Other financing outflows		(53 492)	(18 403)
Net cash flow from financing activities		(151 890)	87 993
Total net cash flow		3 986 606	1 850 429
Cash at the beginning of the accounting period		4 335 396	3 709 121
Cash at the end of the accounting period		8 322 002	5 559 550

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 30 September 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 nine months ended 30 September 2011 which is deemed to be the current interim financial reporting period.

Accounting policies

The condensed interim consolidated financial statements are presented in PLN, rounded to the nearest thousand. The accounting policies have been applied consistently by Group entities.

Taking into account the exceptions below, as described in the 'Comparability with results of previous periods' section 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.

Comparability with results of previous periods

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

a) consolidated statement of financial position:

- sale/purchase of instruments with future transaction date in the amount of PLN 33 150 k have been moved from "Loans and advances to customers" to 'Loans and advances to banks' and the amount of PLN 10 305 k has been moved from 'Deposits from clients' to 'Deposits from banks' as at 30.09.2011. In other comparable periods there were no such transactions.
- settlements on account of matured and unpaid derivative instruments with bank customers (PLN 193 k as at 30.09.2011) have been moved from "Financial assets held for trading" to "Loans and advances to customers";

b) consolidated statement of cash flows: as a result of changes in the interpretation of IAS 7, the definition of cash components was revised and applied. Since 2009 cash components have included other liquid financial assets with original maturity up to 3 months. The details of reclassification are presented in the table below.

	30.09.2010		31.12.2009	
	Before revision	After revision	Before revision	After revision
Cash components:				
Cash and current accounts in central bank	1 153 293	1 153 293	2 660 658	2 660 658
Deposits in other banks, current account	1 679 837	1 714 914	653 748	654 858
Debt securities held for trading	2 700 000	2 700 000	449 354	399 728
Debt securities available for sale	879 004	-	1 793 330	-
Total	6 412 134	5 568 207	5 557 090	3 715 244

The changes were made to appropriate items of the statement of cash flows, i.e.:

- Change in loans and advances to banks,
- Change in trading portfolio financial instruments,
- Purchase/sale of investment securities.

Changes in judgments and estimates

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

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 had an adverse impact on the value of PTE Aviva shares. The value of shares was assessed as of 30 September 2011, based on laws and systems applicable at that time. Their carrying value, measured as a reasonably estimated fair value, was PLN 164 800 k (as of 31 December 2010 - PLN 199 999 k).

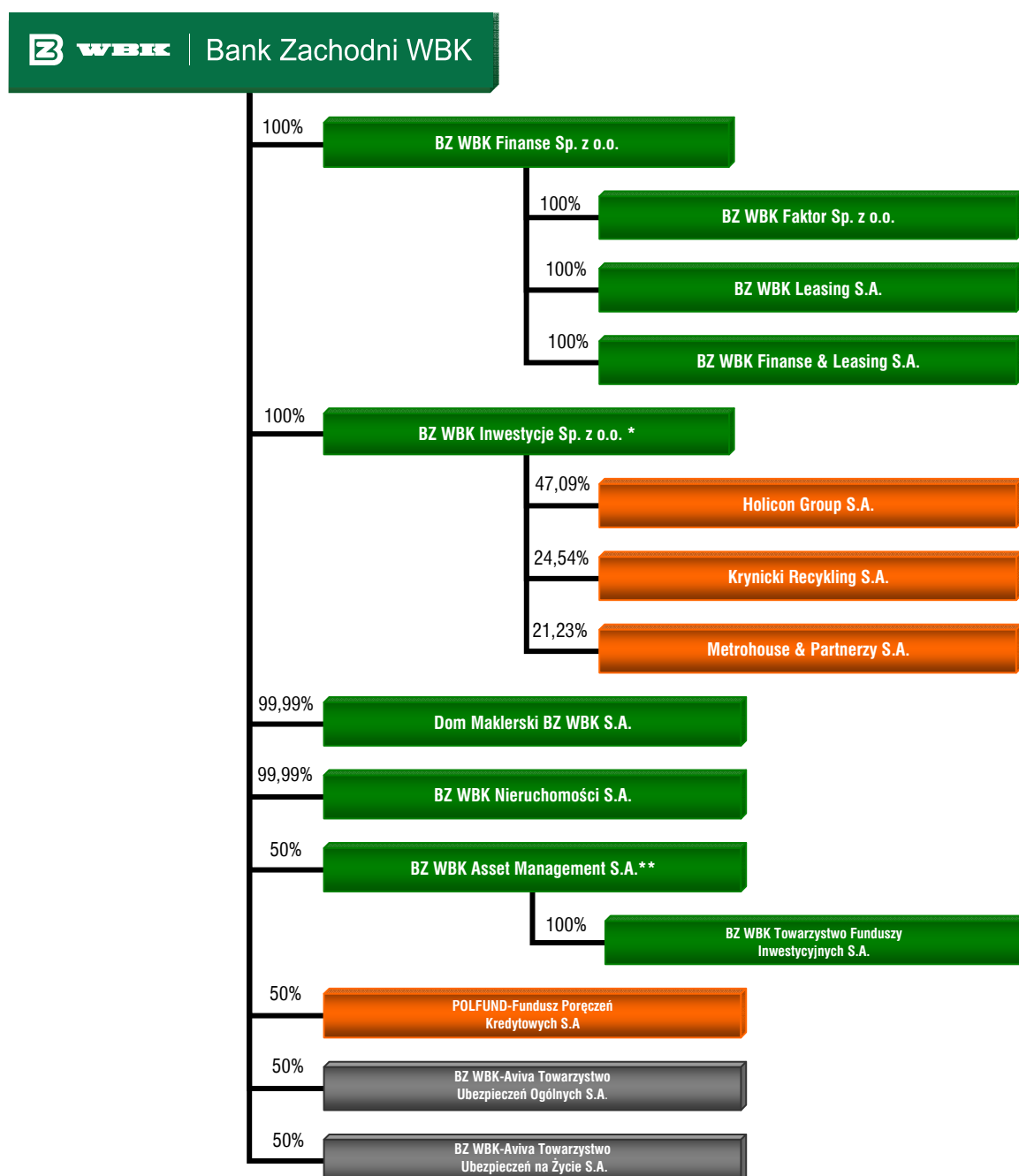
New standards and interpretations or changes to existing standards or interpretations which can be applicable to BZ WBK Group and are not yet effective or have neither been implemented earlier

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 2015	The Group has not completed its analysis of changes
IFRS 10 Consolidated Financial Statements	New standard supersedes the previous version of IAS 27 (2008) Consolidated and Separate Financial Statements together with the related interpretation SIC 12 Consolidation-Special Purpose Entities. Establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.	1 January 2013	The Group has not completed its analysis of changes
IFRS 11 Joint Arrangements	Supersedes SIC –13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures	1 January 2013	The Group has not completed its analysis of changes
IFRS 12 Disclosures of Interests in Other Entities	New standard requires the disclosure of information that enables users of financial statements to evaluate: - the nature of, and risks associated with, its interests in other entities; - the effects of those interests on its financial position, financial performance and cash flows	1 January 2013	The Group has not completed its analysis of changes

IFRS 13 Fair Value Measurement	IFRS establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs.	1 January 2013	The Group has not completed its analysis of changes
IAS 27 Separate Financial Statements	IAS 27 has the objective of setting standards to be applied in accounting for investments in subsidiaries, jointly ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.	1 January 2013	The Group has not completed its analysis of changes
IAS 28 Investments in Associates and Joint Ventures	The change prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 January 2013	The Group has not completed its analysis of changes
IAS 1 Presentation of Financial Statements	The amendments requires preparing presentation of items of other comprehensive income (OCI) in financial statements accordance with IFRSs and those accordance with GAAP.	1 January 2013	The Group has not completed its analysis of changes

2. Description of organization of Bank Zachodni WBK Group

Graphical representation of the Group's organization structure and information about types of connection within the Group as at 30.09.2011:



* Associated undertakings of BZ WBK Inwestycje Sp. z o.o., i.e. Holicon Group S.A., Metrohouse S.A. and Krynicky Recykling S.A. are classified as BZ WBK associates since the bank has a significant impact on their operations. The respective shareholdings were acquired as part of the bank's strategy to build a portfolio of "pre-IPO" investments.

**As at 30 September 2011, Bank Zachodni WBK was a co-owner of BZ WBK Asset Management S.A., together with Banco Santander S.A. Both owners are members of Santander Group and each holds an equal stake of 50% in the company's share capital. In practice, Bank Zachodni WBK exercises control over the company and its subsidiary, BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A., because through it Banco Santander pursues its policy in Poland. Consequently, the company is treated as a subsidiary.

3. Segment reporting

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

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

Settlements among business segments apply to payments for delivered services and include:

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

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

Assets and liabilities of a given segment are used for the operational activity and may be assigned to the segment directly or on a reasonable 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, management of strategic investments of the bank (dividends).

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.

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Consolidated income statement (by business segments)

30.09.2011	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
Net interest income	1 046 279	494 375	18 148	(62 601)	33 131	1 529 332
incl. internal transactions	-	(77 206)	53 323	-	23 883	-
Other income	688 276	85 889	222 002	228 980	68 966	1 294 113
incl. internal transactions	104 454	38 761	(68 919)	(73 378)	(918)	-
Dividend income	-	-	67 916	-	-	67 916
Operating costs	(921 307)	(163 246)	(113 496)	(28 429)	(23 033)	(1 249 511)
incl. internal transactions	887	(26 017)	(5 271)	18 158	12 243	-
Depreciation/amortisation	(83 993)	(10 567)	(7 517)	(2 855)	(1 150)	(106 082)
Impairment losses on loans and advances	(189 141)	(97 304)	-	-	4 987	(281 458)
Share in net profits (loss) of entities accounted for by the equity method	5 543	-	2 087	-	-	7 630
Profit before tax	545 657	309 147	189 140	135 095	82 901	1 261 940
Corporate income tax						(239 604)
Non-controlling interests						(36 402)
Profit for the period						985 934

Consolidated statement of financial position (by business segment)

30.09.2011	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
Loans and advances to customers	17 550 483	18 736 194	73 585	9 499	6 200	36 375 961
Investments in associates and joint ventures	40 207	-	60 831	-	-	101 038
Other assets	6 700 107	4 504 810	1 131 246	8 441 822	1 510 883	22 288 868
Total assets	24 290 797	23 241 004	1 265 662	8 451 321	1 517 083	58 765 867
Deposits from customers	33 201 691	9 880 027	623 132	64 185	-	43 769 035
Other liabilities and equity	2 501 691	4 595 652	345 868	5 486 056	2 067 565	14 996 832
Total equity and liabilities	35 703 382	14 475 679	969 000	5 550 241	2 067 565	58 765 867

Consolidated income statement (by business segments)

30.09.2010	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
Net interest income	886 199	455 944	18 357	(79 268)	39 493	1 320 725
incl. internal transactions	-	(47 436)	34 318	-	13 118	-
Other income	631 427	69 735	254 004	247 632	29 152	1 231 950
incl. internal transactions	88 057	28 411	(60 836)	(61 308)	5 676	-
Dividend income	-	-	54 233	-	-	54 233
Operating costs	(899 192)	(145 706)	(108 835)	(31 182)	(21 131)	(1 206 046)
incl. internal transactions	4 408	(31 452)	(3 640)	16 652	14 032	-
Depreciation/amortisation	(76 429)	(9 388)	(6 901)	(2 364)	(950)	(96 032)
Impairment losses on loans and advances	(318 998)	(14 747)	48	-	16 135	(317 562)
Share in net profits (loss) of entities accounted for by the equity method	832	-	1 695	-	-	2 527
Profit before tax	223 839	355 838	212 601	134 818	62 699	989 795
Corporate income tax						(233 628)
Non-controlling interests						(49 663)
Profit for the period						706 504

Consolidated statement of financial position (by business segment)

30.09.2010	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
Loans and advances to customers	15 909 243	17 409 998	60 087	-	7 377	33 386 705
Investments in associates and joint ventures	30 773	-	52 304	-	-	83 077
Other assets	6 547 541	4 345 804	1 272 761	9 133 321	716 205	22 015 632
Total assets	22 487 557	21 755 802	1 385 152	9 133 321	723 582	55 485 414
Deposits from customers	31 417 687	7 309 970	824 244	55 502	-	39 607 403
Other liabilities and equity	2 229 734	5 756 349	440 454	6 711 086	740 388	15 878 011
Total equity and liabilities	33 647 421	13 066 319	1 264 698	6 766 588	740 388	55 485 414

4. Net interest income

	01.07.2011 - 30.09.2011	01.01.2011 - 30.09.2011	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010
Interest income				
Loans and advances to enterprises	347 150	935 195	278 488	868 572
Loans and advances to individuals, of which:	273 013	775 431	241 158	716 938
<i>Home mortgage loans</i>	95 502	262 588	76 208	220 678
Debt securities incl.:	177 392	568 513	187 998	570 031
<i>Investment portfolio available for sale</i>	86 081	261 944	78 199	220 313
<i>Investment portfolio held to maturity</i>	66 402	222 100	91 323	274 520
<i>Trading portfolio</i>	24 909	84 469	18 476	75 198
Leasing agreements	46 081	131 607	43 537	130 817
Loans and advances to banks	20 693	55 577	14 380	43 528
Public sector	6 187	15 549	4 343	12 407
Reverse repo transactions	2 309	4 584	628	5 898
Interest recorded on hedging IRS	4 274	11 556	(2 972)	(10 296)
Total	877 099	2 498 012	767 560	2 337 895
Interest expense				
Deposits from individuals	(183 487)	(526 413)	(185 488)	(606 182)
Deposits from enterprises	(95 459)	(260 990)	(72 825)	(254 678)
Repo transactions	(37 950)	(103 288)	(25 131)	(71 766)
Public sector	(16 948)	(43 604)	(11 656)	(44 724)
Deposits from banks	(5 313)	(18 622)	(11 435)	(36 741)
Subordinated liabilities	(5 713)	(15 763)	(3 079)	(3 079)
Total	(344 870)	(968 680)	(309 614)	(1 017 170)
Net interest income	532 229	1 529 332	457 946	1 320 725

5. Net fee and commission income

Fee and commission income	01.07.2011 - 30.09.2011	01.01.2011 - 30.09.2011	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010
eBusiness & payments	100 327	287 622	86 181	267 967
Asset management fees	62 669	217 257	82 059	252 446
Current accounts and money transfer	61 158	184 217	62 776	187 709
Foreign exchange commissions	59 250	163 682	50 228	148 177
Brokerage commissions	32 129	103 104	28 313	94 870
Credit commissions (including factoring)	29 017	81 468	26 311	78 921
Credit cards	16 083	46 326	16 497	48 232
Insurance commissions	16 525	51 652	13 519	52 169
Distribution fees	3 865	11 301	1 470	9 253
Off-balance sheet guarantee commissions	3 180	9 576	2 737	8 184
Issue arrangement	4 346	12 361	1 430	6 230
Finance lease commissions	1 024	2 970	943	2 871
Other commissions	887	3 173	626	2 458
Total	390 460	1 174 709	373 090	1 159 487
Fee and commission expense	01.07.2011 - 30.09.2011	01.01.2011 - 30.09.2011	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010
eBusiness & payments	(20 724)	(55 229)	(12 339)	(61 043)
Distribution fees	(8 356)	(28 721)	(10 275)	(32 752)
Brokerage commissions	(7 067)	(22 178)	(5 938)	(20 345)
Commissions paid to credit agents	(2 646)	(8 609)	(4 155)	(16 218)
Asset management fees and other costs	(1 917)	(6 499)	(1 925)	(8 255)
Finance lease commissions	(1 703)	(5 304)	(1 601)	(4 716)
Credit cards	(1 769)	(5 172)	(2 326)	(5 697)
Other	(6 013)	(15 350)	(4 098)	(13 229)
Total	(50 195)	(147 062)	(42 657)	(162 255)
Net fee and commission income	340 265	1 027 647	330 433	997 232

6. Net trading income and revaluation

Net trading income and revaluation	01.07.2011 - 30.09.2011	01.01.2011 - 30.09.2011	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010
Profit/(loss) on derivative instruments	78 650	128 741	26 521	84 663
Profit on interbank FX transactions	18 806	60 090	23 597	86 083
Other FX related income	7 761	22 193	7 774	20 001
Profit on market maker activity	1 555	4 593	2 878	7 069
Profit on debt instruments	758	1 833	40	657
Total	107 530	217 450	60 810	198 473

Net trading income and revaluation includes the write-back of adjustments of derivatives resulting from counterparty risk in the amount of PLN 13 173 k for 1-3Q 2011, PLN 1 887 k for 3Q 2011, PLN 2 962 k for 1-3Q 2010 and PLN 10 427 k for 3Q 2010.

7. Gains (losses) from other financial securities

Gains (losses) from other financial securities	01.07.2011 - 30.09.2011	01.01.2011 - 30.09.2011	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010
Profit on sale of equity shares	88	189	1 272	4 287
Profit on sale of debt securities	712	5 990	-	5 657
Total profit (losses) on financial instruments	800	6 179	1 272	9 944
Change in fair value of hedging instruments	(190)	1 976	(1 090)	(5 446)
Change in fair value of underlying hedged positions	895	(1 365)	1 119	5 675
Total profit (losses) on hedging and hedged instruments	705	611	29	229
Total	1 505	6 790	1 301	10 173



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Bank Zachodni WBK S.A.

8. Impairment losses on loans and advances

	01.07.2011 - 30.09.2011	01.01.2011 - 30.09.2011	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010
Impairment losses on loans and advances				
Collective and individual impairment charge	(93 812)	(272 362)	(101 054)	(341 509)
Incurred but not reported losses charge	(15 599)	(14 087)	(1 393)	2 705
Recoveries of loans previously written off	1 756	5 435	1 770	16 311
Off balance sheet credit related facilities	(199)	(444)	(76)	4 931
Total	(107 854)	(281 458)	(100 753)	(317 562)

9. Employee costs

	01.07.2011 - 30.09.2011	01.01.2011 - 30.09.2011	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010
Employee costs				
Salaries and bonuses	(200 658)	(596 054)	(212 233)	(584 585)
Salary related costs	(27 332)	(91 332)	(30 771)	(91 744)
Staff benefits costs	(5 573)	(15 183)	(4 746)	(14 046)
Professional trainings	(2 304)	(11 216)	(2 262)	(8 094)
Retirement fund, holiday provisions and other employee costs	(514)	(2 655)	(1 105)	(4 061)
Total	(236 381)	(716 440)	(251 117)	(702 530)

10. General and administrative expenses

	01.07.2011 - 30.09.2011	01.01.2011 - 30.09.2011	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010
General and administrative expenses				
Maintenance and rentals of premises	(50 977)	(157 716)	(52 747)	(156 832)
IT systems costs	(21 618)	(65 015)	(21 551)	(62 663)
Marketing and representation	(17 323)	(62 585)	(14 641)	(62 645)
Postal and telecommunication costs	(11 094)	(36 509)	(11 744)	(38 053)
Bank Guarantee Fund, Polish Financial Supervision Authority and National Depository for Securities	(8 979)	(33 368)	(4 793)	(19 760)
Other external services	(8 262)	(25 587)	(8 791)	(25 190)
Cars, transport expenses, carriage of cash	(9 134)	(25 284)	(8 145)	(22 932)
Consulting fees	(6 629)	(23 069)	(7 178)	(18 453)
Sundry taxes	(4 318)	(13 982)	(4 857)	(12 891)
Stationery, cards, cheques etc.	(4 387)	(13 054)	(5 041)	(13 047)
Data transmission	(3 832)	(11 656)	(3 740)	(11 567)
Security costs	(3 080)	(10 400)	(3 481)	(10 033)
KIR, SWIFT settlements	(2 715)	(8 946)	(3 055)	(9 023)
Costs of repairs	(1 054)	(3 479)	(1 144)	(4 019)
Other	(2 945)	(9 542)	(2 845)	(9 189)
Total	(156 347)	(500 192)	(153 753)	(476 297)

11. Corporate income tax

Corporate income tax	01.07.2011 - 30.09.2011	01.01.2011 - 30.09.2011	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010
Current tax charge	(72 481)	(226 976)	(96 586)	(298 268)
Deferred tax	(16 325)	(12 628)	27 952	64 640
Total	(88 806)	(239 604)	(68 634)	(233 628)

Corporate total tax charge information	01.07.2011 - 30.09.2011	01.01.2011 - 30.09.2011	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010
Profit before tax	439 662	1 261 940	307 801	989 795
Tax rate	19%	19%	19%	19%
Tax calculated at the tax rate	(83 536)	(239 769)	(58 482)	(188 061)
Non-deductible expenses	(4 027)	(7 057)	(657)	(5 546)
Sale of receivables	(655)	(2 333)	(7 056)	(24 229)
Non-taxable income (dividends)	25	12 583	-	10 011
Non-tax deductible bad debt provisions	(909)	(3 082)	(2 371)	(7 818)
Adjustment of deferred tax asset on interest on debt securities	-	-	-	(16 897)
Other	296	54	(68)	(1 088)
Total income tax expense	(88 806)	(239 604)	(68 634)	(233 628)

Deferred tax recognised directly in equity	30.09.2011	31.12.2010	30.09.2010
The amount of deferred tax recognised directly in equity totaled:			
Relating to equity securities available-for-sale	(99 077)	(96 292)	(96 257)
Relating to debt securities available-for-sale	(8 313)	(4 653)	(9 896)
Relating to cash flow hedging activity	(11 648)	(473)	(1 511)
Total	(119 038)	(101 418)	(107 664)

12. Cash and balances with central banks

Cash and balances with central banks	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Cash	903 815	842 897	821 556	773 180
Current accounts in central banks	2 231 524	1 343 683	1 712 907	380 113
Total	3 135 339	2 186 580	2 534 463	1 153 293

BZ WBK holds an obligatory reserve on a current account in the National Bank of Poland. The figure is calculated as a fixed percentage of the monthly average balance of the customers' deposits. As at 30.09.2011 the rate was 3.5%, as at 31.12.2010 - 3.5%, as at 30.09.2010 - 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	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Loans and advances	347 297	175 199	304 313	1 428 363
Current accounts, other	970 644	623 242	315 342	296 480
Sell-buy-back transaction	386 720	-	-	-
Total	1 704 661	798 441	619 655	1 724 843

14. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading	30.09.2011		30.06.2011		31.12.2010		30.09.2010	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Trading derivatives	730 092	1 533 849	372 941	627 495	464 442	568 153	570 004	505 801
Interest rate operations	285 178	289 933	185 489	203 205	238 659	236 968	239 768	252 222
Options	169	169	50	50	68	68	41	41
IRS	271 378	276 933	181 114	199 608	236 209	235 422	237 282	250 796
FRA	13 631	12 831	4 325	3 547	2 382	1 478	2 445	1 385
FX operations	444 914	1 243 916	187 452	424 290	225 242	331 185	330 236	253 579
CIRS	55 784	604 430	67 288	271 319	65 543	171 730	75 443	112 112
Forward	117 981	42 619	22 267	15 449	25 765	9 937	32 026	10 242
FX Swap	168 359	494 738	35 692	75 633	90 104	105 658	173 027	81 612
Spot	5 025	4 364	2 014	1 698	1 363	1 393	688	560
Options	97 765	97 765	60 191	60 191	42 467	42 467	49 052	49 053
Other	-	-	-	-	541	-	-	-
Stock options	-	-	-	-	541	-	-	-
Debt and equity securities	3 638 395	-	3 299 229	-	1 774 524	-	3 314 358	-
Debt securities	3 620 494	-	3 286 898	-	1 728 184	-	3 273 419	-
Government securities:	119 422	-	233 965	-	526 989	-	571 775	-
- bills	-	-	-	-	206 799	-	267 435	-
- bonds	119 422	-	233 965	-	320 190	-	304 340	-
Central Bank securities:	3 497 375	-	3 050 000	-	1 199 300	-	2 700 000	-
- bills	3 497 375	-	3 050 000	-	1 199 300	-	2 700 000	-
Other securities:	3 697	-	2 933	-	1 895	-	1 644	-
- bonds	3 697	-	2 933	-	1 895	-	1 644	-
Equity securities:	17 901	-	12 331	-	46 340	-	40 939	-
- listed	17 901	-	12 331	-	46 340	-	40 939	-
Short sale	-	-	-	15 279	-	10 458	-	20 853
Total financial assets/liabilities	4 368 487	1 533 849	3 672 170	642 774	2 238 966	578 611	3 884 362	526 654

Financial assets and liabilities held for trading - trading derivatives include value adjustments resulting from counterparty risk in the amount of PLN (786) k as at 30.09.2011, PLN (1 617) k as at 30.06.2011, PLN (1 944) k as at 31.12.2010 and PLN (10 241) k as at 30.09.2010.

15. Loans and advances to customers

Loans and advances to customers	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Loans and advances to enterprises	22 908 344	21 728 293	20 251 489	20 861 336
Loans and advances to individuals, of which:	12 581 787	12 023 232	11 437 508	11 302 055
Home mortgage loans	7 532 402	7 182 545	6 926 647	6 732 177
Finance lease receivables	2 361 745	2 327 439	2 435 755	2 471 708
Loans and advances to public sector	162 891	158 576	101 089	137 632
Buy-sell-back transaction	100	3 477	10 118	147
Other	5 272	4 303	10 047	7 552
Gross receivables	38 020 139	36 245 320	34 246 006	34 780 430
Impairment write down	(1 644 178)	(1 550 351)	(1 407 621)	(1 393 725)
Total	36 375 961	34 694 969	32 838 385	33 386 705

Movements on impairment losses on loans and advances to customers	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Individual and collective impairment				
As at the beginning of the period	(1 069 646)	(1 069 646)	(766 110)	(766 110)
Charge/write back of current period	(272 362)	(178 550)	(474 770)	(341 509)
Write off/Sale of receivables	47 826	24 055	206 912	156 473
Transfer	11 077	10 885	(38 958)	(75 127)
F/X differences	(5 773)	(393)	3 280	3 070
Balance at the end of the period	(1 288 878)	(1 213 649)	(1 069 646)	(1 023 203)
IBNR				
As at the beginning of the period	(337 975)	(337 975)	(373 566)	(373 566)
Charge/write back of current period	(14 087)	1 512	35 317	2 705
Transfer	27	27	10	-
F/X differences	(3 265)	(266)	264	339
Balance at the end of the period	(355 300)	(336 702)	(337 975)	(370 522)
Impairment write down	(1 644 178)	(1 550 351)	(1 407 621)	(1 393 725)

16. Investment securities available for sale

Investment securities available for sale	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Available for sale investments - measured at fair value				
Debt securities	6 180 000	7 328 351	6 965 866	6 569 697
Government securities:	6 098 799	7 248 243	6 885 095	6 474 861
- bills	-	-	-	21 158
- bonds	6 098 799	7 248 243	6 885 095	6 453 703
Commercial securities:	81 201	80 108	80 771	94 836
- bonds	81 201	80 108	80 771	94 836
Equity securities	651 410	652 410	623 456	615 347
- listed	23 253	26 546	20 688	22 666
- unlisted	628 157	625 864	602 768	592 681
Investment certificates	52 087	53 247	56 625	56 706
Total	6 883 497	8 034 008	7 645 947	7 241 750

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 had an adverse impact on the value of PTE Aviva shares. The value of shares was assessed as of 30 September 2011, based on laws and systems applicable at that time. Their carrying value, measured as a reasonably estimated fair value, was PLN 164 800 k (as at 31 December 2010 – PLN 199 999 k).

17. Financial assets held to maturity

Financial assets held to maturity	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Government securities:	4 658 636	4 591 025	5 749 408	6 435 247
- bonds	4 658 636	4 591 025	5 749 408	6 435 247
Total	4 658 636	4 591 025	5 749 408	6 435 247



18. Investments in associates and joint ventures

Movements on investments in associates and joint ventures	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Balance at 1 January	87 360	87 360	81 887	81 887
Share of profits/(losses)	7 630	4 897	4 452	2 527
Sale/acquisition	5 018	18	41	-
Transfer	4 050	4 050	-	-
Other/dividend	(3 020)	(2 998)	980	(1 337)
Balance at the end of the period	101 038	93 327	87 360	83 077

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

Balance sheet value of associates and joint ventures	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Polfund - Fundusz Poręczeń Kredytowych S.A.	38 382	37 978	36 786	36 552
BZ WBK - Aviva Towarzystwo Ubezpieczeń Ogólnych S.A.	21 249	19 937	20 101	19 135
BZ WBK - Aviva Towarzystwo Ubezpieczeń na Życie S.A.	18 958	13 032	12 395	11 637
Metrohouse & Partnerzy S.A.	4 123	4 106	4 305	4 293
Krynicky Recykling S.A.	14 283	14 224	13 773	11 460
Holicon Group S.A.	4 043	4 050	-	-
Total	101 038	93 327	87 360	83 077

19. Deposits from banks

Deposits from banks	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Repo/sell-buy-back transactions	4 217 707	5 443 497	1 927 368	5 531 973
Term deposits	468 833	125 653	119 663	524 223
Loans from other banks	179 323	234 246	380 791	1 257 274
Current accounts	111 664	168 806	98 260	99 366
Total	4 977 527	5 972 202	2 526 082	7 412 836

20. Deposits from customers

Deposits from customers	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Deposits from individuals	26 171 356	25 482 085	25 230 799	25 379 275
Term deposits	13 866 079	13 140 785	12 745 658	12 984 230
Current accounts	12 265 987	12 307 318	12 449 476	12 356 808
Other	39 290	33 982	35 665	38 237
Deposits from enterprises	15 476 048	13 052 151	14 605 812	12 247 528
Term deposits	9 254 304	7 826 151	8 757 801	7 306 049
Current accounts	4 718 167	4 375 420	4 958 514	4 241 009
Credits	1 045 327	550 248	600 805	333 302
Other	458 250	300 332	288 692	367 168
Deposits from public sector	2 121 631	2 235 358	2 133 843	1 980 600
Term deposits	1 039 524	1 132 613	1 015 651	737 740
Current accounts	1 080 218	1 101 063	1 117 309	1 241 983
Other	1 889	1 682	883	877
Total	43 769 035	40 769 594	41 970 454	39 607 403

21. Contingent liabilities

Significant court proceedings

As at 30.09.2011 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 amounts to PLN 240 776 k, which is ca 3.33 % of the Group's equity. This amount includes PLN 99 147 k claimed by the Group, PLN 131 460 k in claims against the Group and PLN 10 169 k of the Group's receivables due to bankruptcy or arrangement cases.

As at 30.09.2011 the amount of court proceedings which had been completed amounted to PLN 24 736 k.

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

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

As at 30.09.2010 the amount of court proceedings which had been completed amounted to PLN 20 314 k.

Off balance sheet liabilities

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

Contingent liabilities - sanctioned	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Liabilities sanctioned				
- financial	7 472 304	6 484 546	5 623 703	5 348 215
- credit lines	6 432 533	5 518 994	4 745 222	4 504 235
- credit cards debits	930 661	871 084	818 961	789 105
- import letters of credit	109 110	89 684	55 105	51 390
- term deposits with future commencement term	-	4 784	4 415	3 485
- guarantees	1 229 876	1 227 239	1 185 541	1 071 294
Total	8 702 180	7 711 785	6 809 244	6 419 509

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

Off-balance sheet liabilities relating to derivatives' nominal values as at 30.09.2011, 30.06.2011, 31.12.2010 and 30.09.2010.

Derivatives' nominal values		30.09.2011	30.06.2011	31.12.2010	30.09.2010
1. Term derivatives (hedging)		2 687 842	2 683 880	1 669 876	2 425 698
a) Single-currency interest rate swaps		374 997	451 321	975 320	1 049 378
b) Macro cash flow hedge		2 312 845	2 232 559	694 556	1 376 320
2. Term derivatives (trading)		99 890 194	80 396 658	55 583 100	64 722 504
a) Interest rate operations		57 064 072	51 021 559	28 179 598	29 627 744
Single-currency interest rate swaps		31 599 977	32 655 094	22 753 982	22 601 898
FRA - purchased amounts		25 400 000	18 350 000	5 400 000	7 000 000
Options		64 095	16 465	25 616	25 846
b) FX operations		42 826 122	29 375 099	27 403 502	35 094 760
FX swap – purchased amounts		12 348 104	7 431 384	7 840 597	11 853 065
FX swap – sold amounts		12 633 535	7 443 919	7 839 580	11 738 731
Forward- purchased amounts		2 138 646	1 516 228	1 008 250	850 009
Forward- sold amounts		2 077 529	1 518 676	993 640	825 796
Cross-currency interest rate swaps – purchased amounts		4 688 231	4 516 910	4 030 917	3 969 787
Cross-currency interest rate swaps – sold amounts		5 297 761	4 743 930	4 161 578	4 032 642
FX options -purchased		1 821 158	1 102 026	764 470	912 365
FX options -sold		1 821 158	1 102 026	764 470	912 365
3. Currency transactions- spot		4 601 011	2 193 707	935 449	902 613
Spot-purchased		2 300 836	1 097 012	467 710	451 370
Spot-sold		2 300 175	1 096 695	467 739	451 243
4. Transactions on equity instruments		11 924	6 542	993	37 550
Futures		11 924	6 542	993	37 550
Total		107 190 971	85 280 787	58 189 418	68 088 365

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

23. Basis of FX conversion

As at 30.09.2011, FX denominated balance sheet positions were converted into PLN in line with the NBP FX table no. 190/A/NBP/2011 dd. 30.09.2011.

24. 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 condensed interim consolidated report for 3Q 2011 /27.10.2011/ is Banco Santander S.A.

Shareholder	Number of shares held		% in the share capital		Number of votes at AGM		Voting power at AGM	
	27.10.2011	27.07.2011	27.10.2011	27.07.2011	27.10.2011	27.07.2011	27.10.2011	27.07.2011
Banco Santander S.A.	70 334 512	70 334 512	96,25%	96,25%	70 334 512	70 334 512	96,25%	96,25%
Other	2 741 501	2 741 501	3,75%	3,75%	2 741 501	2 741 501	3,75%	3,75%
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.

AIB European Investments Limited sold 51,413,790 shares of Bank Zachodni WBK representing 70.36% of share capital and voting power 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.

As a consequence of Banco Santander's exceeding a 90% share in the total voting power at the General Meeting of Shareholders of Bank Zachodni WBK on 1 April 2011, the non-controlling shareholders became entitled to demand for a further three months that their shares be acquired by the majority shareholder. Based on the requests from shareholders, Banco Santander acquired an additional 421 859 shares of Bank Zachodni WBK, thus increasing its share in the share capital and voting power at the General Meeting of Shareholders to 96.25%

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

No. of Bank Zachodni WBK shares held and rights to them	As at 27.10.2011	As at 27.07.2011	Change
Members of the Supervisory Board	-	-	-
Members of the Management Board	64 580	60 577	4 003

Management Board members	27.10.2011		27.07.2011	
	No. of BZ WBK shares	Rights	No. of BZ WBK shares	Rights
Mateusz Morawiecki	3 591	10 120	3 591	10 120
Paul Barry*	-	-	-	-
Andrzej Burliga	1 606	4 282	1 606	4 282
Eamonn Crowley**	-	4 003	-	-
Justyn Konieczny	3 591	5 283	3 591	5 283
Janusz Krawczyk	3 397	3 854	3 397	3 854
Michael McCarthy	-	4 875	-	4 875
Juan de Porras Aguirre**	-	-	-	-
Marcin Prell	2 530	3 704	2 530	3 704
Miroslaw Skiba	1 575	4 282	1 575	4 282
Feliks Szyszkowiak	3 438	4 449	3 438	4 449
Razem	19 728	44 852	19 728	40 849

* Mr Paul Barry, the member of the Management Board of the Bank, submitted his decision to step down from his position in the Management Board of the Bank with effect from 31 July 2011

** Mr Eamonn Crowley and Mr Juan de Porras Aguirre were appointed as members of the Management Board of the Bank with effect from 1 September 2011

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

Transactions with associates and joint ventures	30.09.2011	30.06.2011	31.12.2010	30.09.2010
ASSETS	904	3 260	514	637
Loans and advances to customers	904	3 260	514	637
LIABILITIES	345 685	363 041	361 038	272 128
Deposits from customers	345 685	363 041	361 038	272 128
INCOME	47 250	32 100	61 013	42 856
Interest income	5 478	3 013	1 037	29
Fee and commission income	41 699	28 798	59 714	42 689
Gains (losses) from other financial securities	(281)	77	-	-
Other operating income	354	212	262	138
EXPENSES	14 670	9 551	24 235	6 597
Interest expense	12 914	8 358	21 921	4 894
Fee and commission expense	536	365	604	431
Operating expenses incl.:	1 220	828	1 710	1 272
General and administrative expenses	1 220	828	1 710	1 272

Transactions with:	Santander Group		AIB Group	
	30.09.2011	30.06.2011	31.12.2010	30.09.2010
ASSETS	123 676	14 672	130 969	1 218 027
Loans and advances to banks, incl:	93 421	13 160	93 399	1 179 440
<i>deposits</i>	85 453	13 075	-	1 046 841
<i>current accounts</i>	7 968	85	93 399	132 599
Financial assets held for trading	30 255	1 512	36 968	38 050
Other assets	-	-	602	537
LIABILITIES	210 014	233 426	463 030	1 257 559
Deposits from banks incl.:	179 656	165 769	326 117	1 092 094
<i>loans granted to BZ WBK subsidiaries</i>	-	-	-	797 609
<i>repo transactions</i>	179 003	161 520	289 270	290 738
<i>deposits</i>	653	4 249	36 847	3 747
Hedging derivatives	-	-	887	1 136
Financial liabilities held for trading	30 358	1 325	124 466	152 683
Other liabilities	-	66 332	11 560	11 646
INCOME	(6 819)	(116)	(41 125)	(52 385)
Interest income	471	332	1 957	369
Fee and commission income	146	44	2 183	1 549
Other operating income	102	-	1 917	1 050
Net trading income and revaluation	(7 538)	(492)	(46 009)	(53 690)
Gains (losses) from other financial securities	-	-	(1 173)	(1 663)
EXPENSES	748	297	42 897	32 209
Interest expense	748	297	16 528	13 104
Operating expenses incl.:	-	-	26 369	19 105
<i>Bank's staff, operating expenses and management costs</i>	-	-	26 369	19 105
CONTINGENT LIABILITIES	-	906	-	-
Sanctioned:	-	906	-	-
<i>- guarantees</i>	-	906	-	-
DERIVATIVES' NOMINAL VALUES	3 161 289	172 140	4 611 239	5 166 804
Cross-currency interest rate swaps – purchased amounts	-	-	372 205	370 250
Cross-currency interest rate swaps – sold amounts	-	-	362 070	364 512
Single-currency interest rate swaps	593 151	123 408	3 092 517	3 535 446
Options	45 877	-	25 616	25 846
FX swap – purchased amounts	767 989	-	186 807	202 650
FX swap – sold amounts	783 063	-	205 653	210 164
FX options -purchased	429 488	15 679	122 520	213 313
FX options -sold	529 263	18 455	127 976	225 051
Spot-purchased	6 238	7 304	58 387	9 817
Spot-sold	6 220	7 294	57 488	9 755

27. Acquisitions and disposals of investments in subsidiaries, associates and joint ventures

Acquisitions of subsidiaries, associates and joint ventures in Q3 2011

In Q3 2011 BZ WBK Group made a capital contribution of PLN 5 000 k to BZ WBK-AVIVA Towarzystwo Ubezpieczeń na Życie S.A. seated in Poznań. The raised capital was registered on 26.09.2011. BZ WBK share of votes remained unchanged at 50%.

In 3Q 2010, BZ WBK Group did not engage in any transactions impacting its equity investment in the subsidiary, joint venture or associated undertakings.

28. Changes in the business or economic circumstances that affect the fair value of the entity's financial assets and financial liabilities, whether those assets or liabilities are recognized at fair value or amortised costs

There were no changes in the business or economic circumstances that would affect the fair value of the entity's financial assets or financial liabilities, whether these assets or liabilities were recognised at fair value or amortised cost.

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

In the reporting period no such events took place.

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

In the reporting period and in the comparable period no transfers were made.

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

In the reporting period and in the comparable period no such changes were made.

32. 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.

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

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.

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

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).

On 13th October 2010 Bank obtained an approval of KNF for the inclusion of the funds raised through the issue of debt securities dated 5th August 2010 into the supplementary funds. The funds raised from this issue have been included in the calculation of the Group's adequacy ratio.

Detailed information on subordinated liabilities is presented below.

Subordinated liabilities	Nominal value	Currency	Redemption date	As at the end of the period
Subordinated liabilities	100 000	EUR	05.08.2020	440 585
As at 30 September 2011				440 585

Movements in Subordinated Liabilities	30.09.2011	30.06.2011	31.12.2010
As at the beginning of the period	395 230	395 230	-
Increase (due to):	62 278	12 757	403 965
- subordinated loan raised	-	-	396 030
- interest on subordinated loan	15 763	10 050	7 935
- FX differences	46 515	2 707	-
Decrease (due to):	(16 923)	(9 972)	(8 735)
- interest repayment	(16 923)	(9 972)	(4 756)
- FX differences	-	-	(19)
- subscription price	-	-	(3 960)
Subordinated liabilities - as at the end of the period	440 585	398 015	395 230
Short-term	3 876	3 342	3 160
Long-term (over 1 year)	436 709	394 673	392 070

35. Dividend per share

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

On 21 April 2010, the Annual General Meeting of Bank Zachodni WBK adopted a Resolution allocating PLN 292 304 k to dividend for shareholders, from the net profit for 2009, which meant that the proposed dividend was PLN 4 per share.

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

By the end of September 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.

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

Bank Zachodni WBK rating

In its announcement of 11 October 2011, Fitch Ratings affirmed its ratings for Bank Zachodni WBK (as announced on 5 April 2011, and confirmed on 16 June 2011) but changed the outlook on its long-term IDR from stable to negative. This is reflective of the downgrade of the long-term IDR rating of Banco Santander (the bank's main shareholder) from "AA" to "AA-" due to increased sovereign risk of the home country in which they are domiciled (Spanish sovereign rating was downgraded from "AA+" to "AA-").

As a result of these actions, the current ratings of Bank Zachodni WBK are as follows:

- ✓ **Long-term IDR:** "A+", negative outlook
- ✓ **Short-term IDR:** "F1"
- ✓ **Individual Viability Rating:** "bbb"
- ✓ **Individual rating:** "C"
- ✓ **Support rating:** "1"

38. Macroeconomic situation in the third quarter of 2011

Economic growth

GDP growth in Poland amounted to 4.3% y-o-y in Q2 2011 and according to our estimates the pace of economic growth stayed near 4% also in Q3. Economic growth is being fuelled mainly by private consumption and fixed investments. Apart from a high pace of investment growth in the public sector, which is due to, among others, delivery of infrastructure and EU funded projects, signs of revival in private investment are visible. The rebounding investment demand manifests itself in a rising appetite of firms for bank loans as well as high growth rate of construction and assembly output (our estimates point to ca. 16% y-o-y in 2011). Still, we expect that in the coming quarters the pace of investment growth will decelerate due to deterioration of entrepreneur's confidence amid weaker global economic growth. This will be accompanied by falling stock, which will lead to a lower positive contribution of gross capital formation to GDP growth. Our calculations show that in Q3 both trade deficit and surplus on services account declined. Consequently, net exports had a slight positive contribution to GDP growth. However, we still expect a gradual slowdown in the Polish exports, which will be related to the weakening economic activity of our main trading partners and falling exports orders. A considerable depreciation of the domestic currency will provide some support for Polish exporters but at the same time will constrain imports. Consequently, a positive contribution of net exports to GDP growth may be maintained in the coming quarters.

Labour market

Q3 2011 showed a deterioration of positive tendency observed on the labour market earlier in the year. Average employment growth in corporate sector decelerated from 3.8% y-o-y recorded in the first half of the year to 3.1% y-o-y. In the manufacturing sector, the number of the employed plunged during two consecutive months, which might have been caused by lower exports orders. As a result, the seasonal drop of the unemployment rate (due to, among others, higher activity in agriculture) was only marginal and the registered unemployment rate reached ca. 11.7%, slightly more than in Q3 2010 (11.5%). On the other hand, according to the more reliable Labour Force Survey (LFS), the seasonally adjusted unemployment rate in July-August was lower than a year ago (9.4% versus 9.5% in 2010).

The pace of wage growth remained quite moderate in Q3 2011, staying slightly above 5% y-o-y in the enterprise sector. It seems quite probable that the pace of wage growth will gradually decelerate in the coming quarters as the gloomy economic outlook and slowdown in employment should constrain wage pressure.

Inflation

After the CPI inflation spiked in May to 5%, it abated to 3.9% y-o-y in September as a result of falling food prices (mainly vegetables and fruits) as well as clothing and footwear. At the same time, the core inflation (CPI excluding food and energy prices) continued the upward trend. In our view, the inflationary pressure has lost steam. Later in the year the CPI should stay close to 4% but in 2012 will start to decline towards NBP's inflation target at 2.5%. This will be also due to the high base effect from the previous year. At the same time, higher fuel and transport prices (increase of ticket prices for public transport) as well as the zloty depreciation (that elevates import prices) will push CPI up. We assume that weaker economic outlook reduced considerably the risk of second round effects.

Interest rates

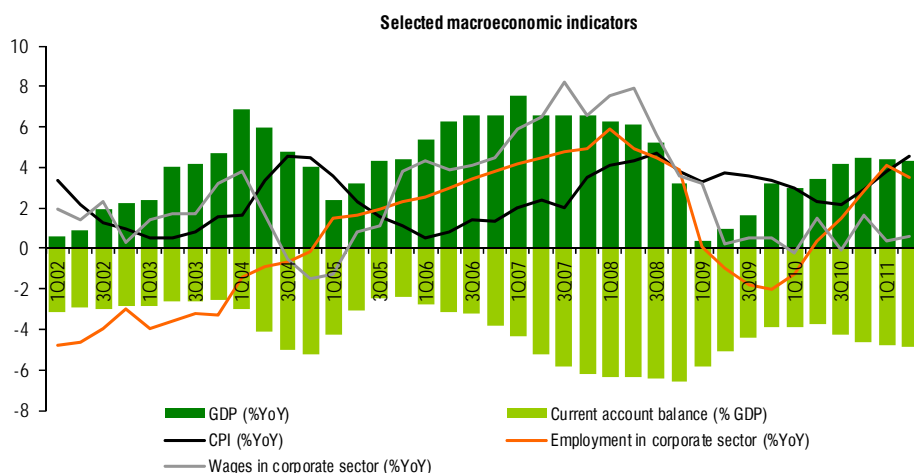
The Monetary Policy Council kept the main interest rates unchanged in Q3 2011, with the reference rate at 4.50%. The official MPC communiqués and comments of its members suggest that the Council has currently suspended the tightening cycle, but its informal bias remained restrictive. As the outlook for global economy has deteriorated, we expect the MPC to cut interest rates in H1 2012. Currently, MPC members refrain from suggesting the rate cuts in order not to trigger further the zloty depreciation (the BGK and NBP intervened several times on the currency market to limit its volatility) and that is why they still maintain the possibility of continued monetary policy tightening if the outlook for the inflation's return to the target deteriorates.

Credit market

The pace of growth of companies' demand for bank loans remains substantial (it increased by 10.8% y-o-y on average versus 6.4% y-o-y in Q2), but part of that increase is due to the zloty depreciation and growth of value of credits in foreign currency. It is worth noticing that the highest momentum is shown by investment loans (ca. 13% y-o-y in July-August), which confirms a revival in private investment activity. The pace of growth of households' demand for loans stabilised at quite a high level (average growth in Q3 by 13.4% y-o-y), mainly thanks to the appetite for mortgage loans, while consumer loans remain stagnant.

Financial market

The world financial markets in Q3 2011 were marked by significantly elevated volatility. The market sentiment was under pressure mainly due to: unsolved issue of Greece, worries over spreading of the debt crisis to other euro zone countries, fears of the euro zone's collapse and clear deterioration of the global economic growth outlook. Consequently, investors reduced their exposure to risky assets, which triggered a considerable depreciation of the zloty (in late September the EUR/PLN reached 4.5165) and dragged down stock indices (in Q3 2011 S&P500 fell by 14.3%, while WIG20 decreased by 21.9%). At the same time, yields of the German and US bonds reached all time lows. At the end of the third quarter the situation on the market improved slightly due to hopes that final decisions aiming at solving the debt crisis will be taken. Yields from the long end of the domestic curve were falling since the beginning of Q3, but then they surged amid worries that in 2011 the public debt to GDP ratio will rise above 55% amid the zloty depreciation. Interventions on the currency market and improvement of the market sentiment postponed that risk and Polish bonds managed to pare back some of the losses.



39. Activities of Bank Zachodni WBK Group in Q3 2011

Business Performance of Bank Zachodni WBK

Retail Banking

Loans

Personal loans

- In the third quarter of 2011, the bank expanded its promotional packaged offer of cash loans to include a package consisting of: cash loan, credit card, Moneyback Plus account and cash loan insurance "Worry-Free Loan". A customer who purchases the full package is exempt from the cash loan fee.
- In the period from 19 August to 30 September 2011, another edition of the promotional campaign featuring Antonio Banderas took place. The campaign was conducted concurrently on TV, radio and over the Internet under the slogan "Good Instalment is a Small Instalment". The strong marketing message combined with new product solutions and attractive pricing brought the expected sales effects.
- The bank launched a 0% fee offer for home mortgages and equity releases in PLN available under the standard Individual Pricing Policy. A constant feature of this proposition, effective from 4 July 2011, is a mortgage borrower insurance HIPOTEKA+, including both the Work Package (insurance against temporary inability to work and loss of work), and the Life Package (insurance against death and full inability to work).

Loans for companies

- On 21 September 2011, Bank Zachodni WBK entered into an agreement with the European Investment Bank (EIB) for EUR 100 m credit line. The facility will be used to finance projects promoted by SMEs in the sectors of industry and services. This is the second agreement of this type signed with EIB. The bank uses the credit proceeds to provide Biznes Ekspres EIB loans up to PLN 500 k which are designed to finance business activity in its broad sense, i.e. to cover working capital requirements or fund replacement or expansion investments.

Deposit and investment products

Current accounts for personal customers

- In the third quarter of 2011, the sales of PLN personal current accounts reached 72 k, including 38 k Konto<30 Accounts and 25 k Moneyback Accounts.

Current accounts for businesses

- On 1 July 2011, the bank added the Currency Business Package to its offer. To use the package, a customer must open a current account with the bank, and sign an electronic banking agreement for BZWBK24 Moja Firma Plus (including e-FX services). The package allows business customers to use additional current accounts in PLN and foreign currency, and to use the services of a dedicated dealer to negotiate currency rates for transactions exceeding EUR 10,000 (or an equivalent amount in another currency). As part of this package, customers have electronic access to economic updates and analyses.

Structured products

- In the third quarter of 2011, Bank Zachodni WBK arranged four subscriptions of structured deposits for mass retail customers and four corresponding ones for VIP customers. The first three deposits offered a yield tied to the EUR/PLN rate, while the fourth one was dependent on the CHF/PLN rate. Each subscription came with three possible strategies: appreciation, depreciation and stabilisation of the zloty against the foreign currency.
- In the third quarter of 2011, Dom Maklerski BZ WBK jointly with Bank Zachodni WBK offered structured bonds of two issues. These are two-year investments that provide 100% capital protection on redemption and an opportunity to earn on attractive investment strategies.
 - ✓ 04 July 2011 – 12 August 2011: subscription of the Market Potentates Bonds 2, whose yield depends on the growth of value of the shares of six international companies representing key industries.
 - ✓ 16 August 2011 – 30 September 2011: subscription of the Friendly Planet Bonds, whose yield depends on changes in the BNP Paribas Green Excess Return Index 12, based on quotations for companies from the four "green" industries.



CardsCards for personal customers

- In early August 2011, Bank Zachodni WBK joined the group of banks that give customers the option to assign their own debit card PIN at any time via BZWBK24 electronic banking.
- In the third quarter of 2011, a number of actions were taken to encourage customers to a more active use of their cards for traditional and Internet shopping:
 - ✓ In July 2011, a campaign ("With a Card, You Can Do More") was launched to demonstrate to the existing and potential customers the full range of functionality and safety of the bank's debit cards with a particular focus on the benefits of card payments (free chargeback, contactless transactions, return of 1% of the transaction value and earning PAYBACK points).
 - ✓ As part of the bonus sales "Take the Best from Poland", customers were encouraged to apply over the Internet for an FX card with an account and the BZWBK24 electronic banking services. The campaign was supported through advertising on third-party websites, and the competition "Awards for FX Card Payments".
 - ✓ The bank continued promotional campaigns together with Visa and MasterCard.

Credit cards for personal customers

- Bank Zachodni WBK enhanced its card offer with World MasterCard, a credit card that is covered by the MasterCard World Rewards programme whereby customers can exchange points received in non-cash transactions for different activity awards, including parachute jumps, balloon trip, horseback riding lessons, kitesurfing course, etc. The card also provides free access to the MasterCard Travel Assistance service, and travel and shopping insurance. The bank launched a dedicated website for this product (www.world.bzwbk.pl) and started a comprehensive promotional campaign (the branch network, promotional platform of MasterCard, press and Internet).

Pre-Paid cards

- The bank introduced the "Pre-paid Holiday Card" which was promoted by offering discounts on the purchase of Ryanair tickets. Also, the list of partners that offer discounts for the transactions made using the bank's prepaid and other cards has been expanded to more than 200.

PAYBACK cards

- In early July, the bank's customers were offered the MasterCard PAYBACK sticker, a modern version of the contactless card tied to the personal account which enables customers to make fast contactless payments and gather PAYBACK points.

Debit cards for businesses

- From 1 September to 31 December 2011, the bank will be promoting the Visa Business Electron debit cards offered as part of Business Packages (MINI, OPTI or MAXI) under the slogan "A Precious Card" ("Karta wiele warta"). The holders of this card will obtain 1% refund on all the non-cash transactions made with it over a closed period of several months, provided that the card is used actively.
- Since September 2011, all the Visa Business Electron cards, both new and existing ones, have been equipped with a new functionality for Internet payments. The customers who use their cards for web transactions will enjoy discounts offered as part of the bank's programme wystarczysiec.pl.

Insurance

- In July and August 2011, the bank held a competition titled "Cash for Holidays from BZ WBK-Aviva", which promoted the travel insurance offered by BZ WBK-Aviva.
- In August 2011, a number of actions were started to support the sale of insurance in the local markets under the programmes In Plus, Locum and Biznes Gwarant.
- In September 2011, the bank launched another subscription of its endowment insurance in the form of "Solid Brands" Investment Policy, accompanied by an information campaign.

Business and Corporate Banking

- In the third quarter of 2011, Business Services Centre (a central unit that provides administrative support to the bank's Business and Corporate Banking) expanded its services to cover another two regions of the bank (Warsaw and Poznan). Currently the Centre provides support to 6 out of 10 existing regions, with the remainder to be covered by the end of the year.
- Business and Corporate Banking Division has continued the process of splitting the administrative and sales functions in accordance with the new operating model adopted in 2011 to improve effectiveness of the bank's services for business borrowers. As a result, Advisors have become responsible for sales, day-to-day provision of services and long-term relationship management, while Credit Relationship Managers have focused on administrative tasks.

Investment Banking

Investment advice, and transactions in the primary and secondary market

- In the third quarter, Bank Zachodni WBK acted as an advisor in the IPO of Coal Energy, a PLN 225 m worth of transaction arranged in association with Dom Maklerski BZ WBK.
- The bank also rendered analytical and advisory services for its customers (in relation to public offerings, valuations, mergers and acquisitions), including financial / transaction advice in several privatisation processes, e.g. for SPEC S.A., PKP Cargo S.A., PKP Energetyka S.A., ZCh Police S.A., ZA Puławy S.A., Krajowa Spółka Cukrowa S.A., Bank Pocztowy S.A. and PGE Energetyka Odnawialna S.A.
- On 28 July 2011, the Fund for Development of City Areas of the Szczecin Metropolitan Area (established by Bank Zachodni WBK in collaboration with the EIB) started to accept applications for funding local urban regeneration projects as part of the European Jessica programme. The earmarked funds are available for preferential loans to a wide range of entities: private entrepreneurs, local authority units, municipal companies, universities, etc.

Debt securities

- In the third quarter of 2011, Bank Zachodni WBK arranged the issue of non-treasury securities for a third party entity with a total value of PLN 17.5 m. The issue was allocated to the entities indicated by the issuer.
- The bank also participated in the USD 53 m worth of issue of Agroton bonds in the European market as a co-lead manager.

Ownership supervision

- Bank Zachodni WBK participated in the issue of:
 - ✓ J series shares of Aviva Towarzystwo Ubezpieczeń Ogólnych S.A.
The bank acquired 127 of the new shares for a total amount of PLN 2.54 m. The share purchase did not change the company's ownership structure (BZ WBK still has 10% voting power in Aviva TUO).
 - ✓ B series shares of BZ WBK-Aviva Towarzystwo Ubezpieczeń na Życie S.A.
The bank acquired 1 250 of the new shares for a total amount of PLN 5 m. The share purchase did not change the company's ownership structure (BZ WBK still has 50% voting power in BZ WBK-Aviva TUZ).

Distribution channels

Branch network and complementary channels

- As at 30 September 2011, Bank Zachodni WBK operated through 527 branches. In the third quarter of 2011, one new branch was set up and one was liquidated. The bank's branch network was supported by a network of 92 partner outlets.

Business and Corporate Banking

- At the end of September 2011, Bank Zachodni WBK provided services to business customers through:
 - ✓ 3 Corporate Banking Centres and Departments (Property Dep., Large Corporate and Structured Finance Dep., Large Corporate and Sectoral Dep.);
 - ✓ 7 Business Banking Centres complemented by 7 representative offices.

Direct Banking***BZWBK24 electronic banking***

- On 1 August 2011, Bank Zachodni WBK offered a personal overdraft to its electronic banking customers, another product available "by click" via the BZWBK24 tool. Till the end of December 2011, the product will be sold at nil fee.
- In September 2011, a new mobile banking application was implemented for customers of the BZWBK24 electronic banking who use smartphones equipped with any of 5 most popular operating systems. The solution complements the previous mobile banking offer available for all mobiles with a web browser which was highly appreciated in the recent Newsweek ranking "Friendly Bank" (09/2011) and secured second place for Bank Zachodni WBK in the category "Mobile Bank".
- In the third quarter a number of promotional campaigns were held for the bank customers to encourage GSM mobile top-ups via the Internet. The campaigns included a lottery ("Jesienne Nagrodobranie") with prizes, and special offer for the customers of Plus and T-Mobile operators.

ATM network strategy and development

- At the end of September 2011, the ATM network of Bank Zachodni WBK comprised 1,046 machines. In the third quarter of 2011, another 50 ATMs were replaced by modern models as part of the planned network upgrade project. The number of ATMs with a voice-support function for the vision-impaired customers has been increased to 100.

Other material areas***Co-operation with international partners***

- In the third quarter of 2011, new NOSTRO accounts were opened with foreign banks whereby new currencies were added to the bank's FX table:
 - ✓ K&H Bank (Budapest/Hungary) - account in Hungarian forint (HUF);
 - ✓ AK Bank (Istanbul/Turkey) - account in Turkish lira (TRY);
 - ✓ Banca Comerciala Romana (Bucharest/Romania) - account in Romanian leu (RON);
 - ✓ Bank of New York Mellon (New York/USA) - multi-currency account in Russian rouble (RUB);
 - ✓ Banco Santander (Mexico City / Mexico) - account in Mexican pesos (MXN).
- Bank Zachodni WBK applied to the Polish Banking Supervision Authority (KNF) in order to withdraw notification of cross-border operations in the following countries: the United Kingdom, Ireland and Germany.

Services for financial institutions

- Bank Zachodni WBK has been co-operating with more than 20 banks as a provider of financial outsourcing services. The bank manages a network of 1,468 ATMs and supports 3.3 m Visa/Mastercard cards of third-party institutions.

Business development of subsidiaries**BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A.**

- Q3 2011 saw sharp falls in share prices on the WSE, bringing the WIG and WIG 20 indices down by 21% and 22%, respectively. The markets were down and volatile in the wake of fiscal pressures of the US and some European economies. Global stocks were hit by massive sell-offs and investors' retreat to safe assets amid growing concerns about future economic developments and increased risk aversion.
- As a result of the prevailing macroeconomic conditions and asset structure (higher than market average percentage of share-based funds), the value of net assets under management of BZ WBK Towarzystwo Funduszy Inwestycyjnych (BZ WBK TFI) declined by 13.9% over the last three months of 2011. With total net assets of PLN 8.31 bn, the subsidiary enjoyed a 7.7% share in the market and was ranked fifth in Poland.

- In line with the BZ WBK TFI strategy for 2011 assuming an increased share of funds investing in debt instruments (money-market bills and bonds), the assets of debt funds managed by the subsidiary grew by 60.6% to PLN 1.9 bn as at 30 September 2011. The share of BZ WBK TFI in the Polish debt mutual funds market increased in this period by 1.3 p.p. to 5%.
- Due to Lukas' rebranding to Credit Agricole, on 23 September 2011, the name of white label fund managed on behalf of the above bank was changed from Lukas FIO to Credit Agricole FIO. The subfunds were renamed accordingly.

BZ WBK Asset Management S.A.

- As at 30 September 2011, the value of assets in the portfolios managed by BZ WBK Asset Management was PLN 0.9 bn, a decrease of 24% q-o-q. A drop in the value of assets was driven by the bearish stock market, which adversely affected the price of financial instruments and customers' investment decisions. Other significant factors included the growing risk aversion and competitiveness on the local market.
- The structure of asset allocation to particular investment strategies reflects a decreased contribution of share-oriented strategies and a growing share of other investment strategies, in particular bond-oriented ones.

Dom Maklerski BZ WBK S.A.

- Over the last three quarters of 2011, the stock trading of Dom Maklerski BZ WBK (BZ WBK Brokerage House) was at PLN 43.1 bn and up 45.4% y-o-y, partly due to the fact that the company handled customer sell transactions for shares of Bank Zachodni WBK as part of a tender offer announced by Banco Santander. Such a performance secured the company the third position in Poland and a 9.5% market share (a decrease by 0.6 p.p. y-o-y).
- In the futures market, which is the second most important stock market in Poland, Dom Maklerski BZ WBK acted as an agent for concluding 2,698.1 k transactions. The volume of transactions dropped by 10.6%, giving the company the third position in Poland and a 12.2% market share, a decrease of 1.7 p.p. y-o-y attributable to the institutionalization of the turnover on this market.
- In Q3 2011, Dom Maklerski BZ WBK arranged the IPO of Ukraine-based Coal Energy for a total value of PLN 225 m. It is the eighth foreign company this year whose shares have been floated by Dom Maklerski BZ WBK. In the year to date, the company has maintained the leadership position on the IPO market in terms of the number of transactions arranged.
- Over the last three months of 2011, Dom Maklerski BZ WBK completed the issue of two structured bonds: Potentaci Rynku 1 and 2 (Market Potentates).
- In July 2011, BZ WBK Brokerage House launched a unique social networking service dedicated to equity investments: *gieldokracja.pl* which was called the "Facebook for investors" in an independent review at *bankier.pl*. The number of registered users exceeded 2 thousand within 10 weeks of the launch.
- Dom Maklerski BZ WBK came first in the ranking published by Parkiet daily (6.09.2011) in terms of net profit generated in H1 2011 (based on reports from brokerage houses). The business model catering for three market segments: personal customers, business customers and market making, proved to be the most effective.
- For many years now, Dom Maklerski BZ WBK has been ranked top in terms of customer service quality. In the ranking published by Forbes (10/2011) the company was voted second by both personal and business customers while the sales-traders team came third. Private investors recognized the company for its analytical products (1st rank) and the *Inwestor online* website. Business customers, on the other hand, appreciated the quality of IPO services (1st rank), analyses and recommendations, comprehensive proposition as well as flexibility and professional attitude in the relationships with customers.

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

- From 1 January to 30 September 2011, the companies financed net assets totalling PLN 1,142 m, i.e. up 20% y-o-y. A notable growth in sales was recorded both in the category of machines & equipment and vehicles.
- In July 2011, the leasing proposition was expanded to include financing of energy efficient machines and equipment as part of the PolSEFF programme delivered in liaison with the European Bank for Reconstruction and Development. The offer is addressed to customers who seek funding towards technologically-advanced, energy-efficient and environmentally-friendly projects. Customers may avail of leasing/advance of up to EUR 1m, incentive up to 15% of the facility amount and free access to professional support of PolSEFF consultants.

BZ WBK Inwestycje Sp. z o.o.

- In Q3 2011, BZ WBK Inwestycje acquired 2,900,000 shares of Pragma Trade S.A. representing 21.09% of the company's share capital and 12.21% of the voting power.
- BB Investment S.A. purchased 3,400 registered bonds for PLN 3,394,662, thereby finalising the acquisition of the entire package of 10,464 bonds totalling PLN 10,321,866.56.

BZ WBK Faktor Sp. z o.o.

- As at 30 September 2011, the total credit portfolio of the factoring company amounted to PLN 396 m, which was up 16% on 2010 YE. The value of purchased invoices increased by 50% y-o-y to PLN 1.7 bn amid strong interest of SMEs in the universal factoring product – "Faktoring Ekspres".
- In Q3 2011, the company expanded its proposition by factoring for local authority units.

Other information**Human Resources**

FTEs	30.09.2011	31.12.2010	30.09.2010
BZ WBK	8 879	9 163	9 040
BZ WBK Group	9 563	9 840	9 714

- As at 30 September 2011, the employment level in Bank Zachodni WBK Group was 9,563 FTEs, which is 181 FTEs less than three months before. This is an effect of rationalisation of the back-office function within the Branch Banking structure, and natural staff movements.
- In September 2011, the bank ended the project of transfer of the SAP system (including the e-HR Portal application) from AIB to Bank Zachodni WBK. The migration of personnel management system was required under the agreement for the sale of the shares of Bank Zachodni WBK.

40. Overview of BZ WBK Group performance in the period ending 30 September 2011**Financial highlights (year-to-date)**

- Total income of BZ WBK Group increased by 10.9% y-o-y to PLN 2,891.4 m.
- Total costs increased by 4.1% y-o-y to PLN 1,355.6 m with staff costs up 2% y-o-y to PLN 716.4 m.
- Profit-before-tax was PLN 1,261.9 m and up 27.5% y-o-y.
- Profit-after-tax attributable to shareholders of the parent company was PLN 985.9 m and 39.6% higher y-o-y.
- Capital adequacy ratio of 15.09% (15.77% as at 31 December 2010).
- Return on Equity of 21.2% (17.6% as at 31 December 2010).
- Cost-to-income ratio was 46.9% (49.9% for the first three quarters of 2010).
- Net impairment losses on loans and advances amounted to PLN 281.5 m compared with PLN 317.6 m after the first three quarters of 2010.
- NPL ratio decreased to 6.5% (6.8% as at 31 December 2010) with annualised impairment charge to average loans and advances at 1.1% (1.2% as at 31 December 2010).
- Loans to deposits ratio was 83.1% as at 30 September 2011 compared with 78.2% as at 31 December 2010.
- Gross loans to customers increased by 11% compared with the end of 2010 due to the expansion of business and personal loan portfolio to PLN 23,071.2 m (+13.4% y-t-d) and PLN 12,581.8 m (+10% y-t-d), respectively.
- Deposits from customers grew by 4.3% compared with the end of 2010, of which business deposits increased to PLN 17,597.7 m (+5.1% y-t-d) and personal deposits to PLN 26,171.4 m (+3.7% y-t-d).
- Decline in the value of assets held by mutual funds and private portfolios by 24.3% y-t-d to PLN 9.2 bn, reflecting growing uncertainty among investors about political and economic developments around the world.
- The number of BZWKB24 electronic banking service users reached almost 2 m and BZ WBK payment card base was comprised of ca. 2.3 m debit cards.

Profit and Loss Account of Bank Zachodni WBK Group

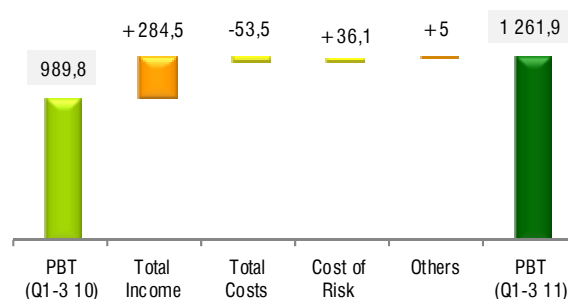
Composition of the profit earned by Bank Zachodni WBK Group in the first three quarters of 2011

PLN m

Condensed Profit & Loss Account (for analytical purposes)	Q1-3 2011	Q1-3 2010	Change
Total income	2 891,4	2 606,9	10,9%
- Net interest income	1 529,3	1 320,7	15,8%
- Net fee & commission income	1 027,6	997,2	3,0%
- Other income	334,5	289,0	15,7%
Total costs	(1 355,6)	(1 302,1)	4,1%
Impairment losses on loans and advances	(281,5)	(317,6)	-11,4%
Profit/loss attributable to the entities accounted for using equity method	7,6	2,6	192,3%
Profit-before-tax	1 261,9	989,8	27,5%
Tax charges	(239,6)	(233,6)	2,6%
Net profit for the period	1 022,3	756,2	35,2%
- Net profit attributable to BZ WBK shareholders	985,9	706,5	39,6%
- Net profit attributable to non-controlling shareholders	36,4	49,7	-26,7%

In the nine-month period ended 30 September 2011, Bank Zachodni WBK Group generated a profit-before-tax of PLN 1,261.9 m, an increase of 27.5% y-o-y. The net profit attributable to Bank Zachodni WBK shareholders was PLN 985.9 m and higher by 39.6% y-o-y. The main growth driver was the net interest income which went up by 15.8% y-o-y due to accelerated expansion of the Group's core business volumes in the high interest rate environment. The increase was also due to higher net fee and commission income, particularly from electronic banking services, and a lower loan impairment charge.

YoY Change in Profit-Before-Tax for Three Consecutive Quarters of 2010 and 2011 (PLN m)



Total Income and Profit-Before-Tax in Consecutive Quarters of 2010 and 2011 (PLN m)



WBK

Bank Zachodni WBK S.A.

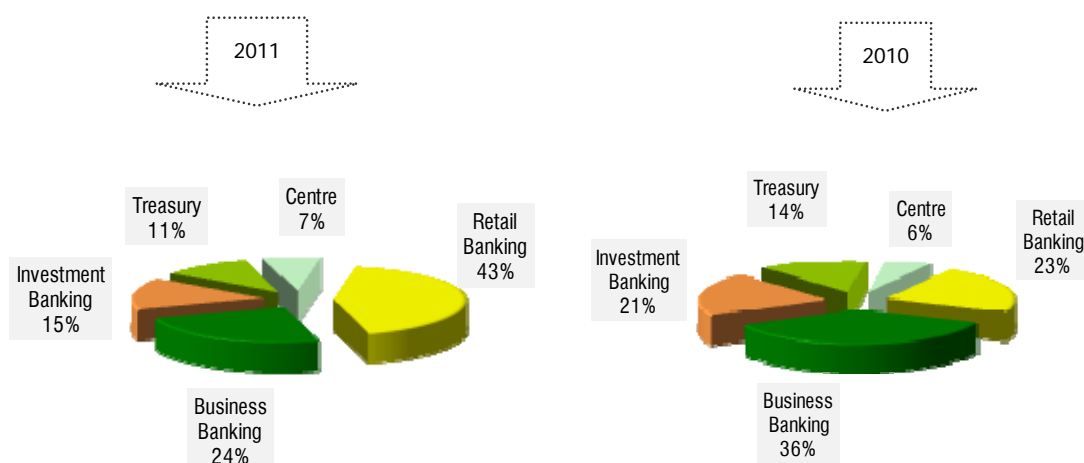
Structure of BZ WBK Group PBT by Contributing Entities

		PLN m
Structure of Profit-Before-Tax by Contributing Entities		
	Q1-3 2011	Q1-3 2010
Bank	1 189,6	890,1
Subsidiaries, of which:	276,4	272,1
Dom Maklerski BZ WBK	48,3	46,4
BZ WBK Leasing, BZ WBK Finanse & Leasing and BZ WBK Finanse	34,7	(0,6)
BZ WBK Asset Management and BZ WBK Towarzystwo Funduszy Inwestycyjnych	186,6	217,5
Other subsidiaries	6,8	8,8
Intercompany and consolidation adjustments	(204,1)	(172,4)
Total	1 261,9	989,8

In the year to date, the stand-alone profit-before-tax of Bank Zachodni WBK was higher by 33.6% y-o-y, while the subsidiaries reported a similar total profit (PLN 276.4 m vs. PLN 272.1 m for the first three quarters of 2010). Lower profits earned by BZ WBK Asset Management and BZ WBK Towarzystwo Funduszy Inwestycyjnych were more than offset by BZ WBK Leasing, BZ WBK Finanse & Leasing and BZ WBK Finanse. Weaker performance in the area of mutual funds distribution and asset management came in the wake of unfavourable developments in the financial markets in Poland and abroad, while the substantial growth in profits generated by the leasing companies is attributable to high impairment charges for leasing receivables recognised in the same period last year.

Structure of BZ WBK Group PBT by segments

Structure of the PBT earned by BZ WBK Group in the first three quarters of 2011 and 2010 - by segment



In the nine-month period ended 30 September 2011, Retail Banking Segment increased its contribution to the profit-before-tax of BZ WBK Group, while the share of Business Banking, Investment Banking and Treasury declined. The y-o-y changes result primarily from different levels of impairment charges and reversals reported in both reporting periods. They were also impacted by business developments, in particular: growth of interest income from personal customers (Retail Banking), lower income from mutual funds and asset management market with concurrent growth of dividend income (Investment Banking) and valuation of derivative transactions (Treasury and Centre).

Total income

The total income generated by Bank Zachodni WBK Group in the period ended 30 September 2011 was PLN 2,891.4 m and up 10.9% y-o-y.

Net interest income

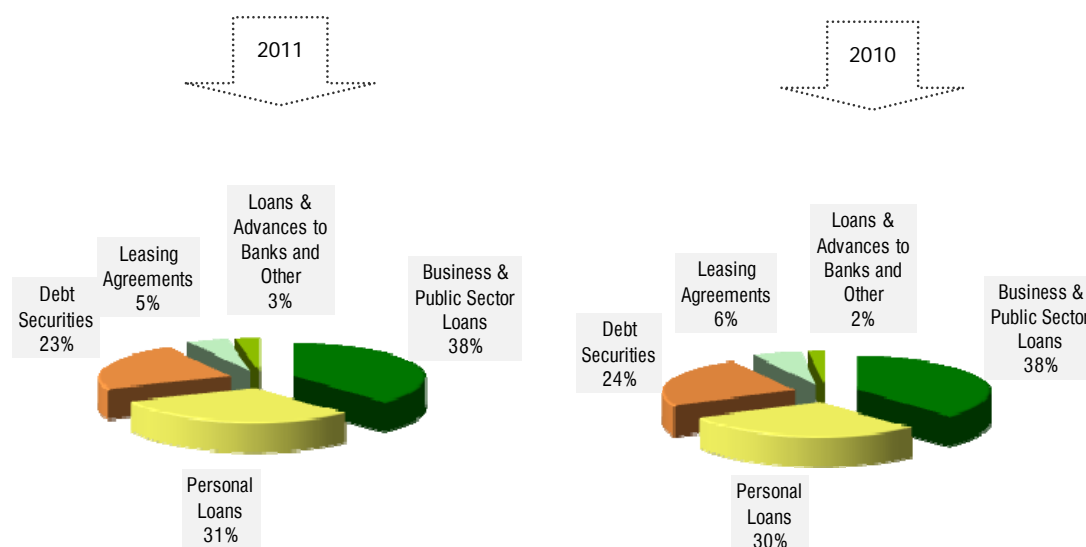
The y-t-d net interest income added up to PLN 1,529.3 m and was higher by 15.8% y-o-y. This performance was strongly influenced by the growth of deposit margins, which were supported by four official interest rate hikes announced during H1 2011 (by 100 b.p. in total). While deposit margins improved, credit margins, especially in the business and corporate banking segment, narrowed under increased competitive pressure in the quality loan market.

Annualised y-t-d net interest margin of Bank Zachodni WBK Group was 4.29% vs. 3.86% in 2010 y-t-d.

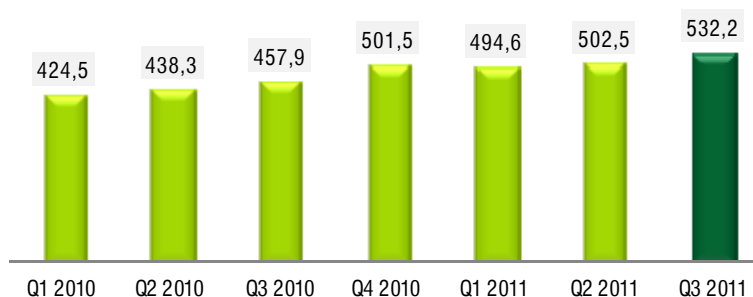
On a quarterly basis, the net interest margin was comparatively stable at 4.29% vs. 4.27% in Q2 2011 which witnessed a strong decline from Q1 (4.34%), reflecting the Bank's initiatives aimed to make the deposit offer more attractive to customers in the environment of growing inflationary pressure and reviving competition for short-term deposits.

Taking into account other interest-related income from FX Swaps and Basis Swaps (PLN 127.5 m in the year to date and PLN 148.3 m for the first three quarters of 2010), which are disclosed under "Net trading income and revaluation", net interest income increased by 12.8% y-o-y.

Structure of interest revenues earned by BZ WBK Group in the first three quarters of 2011 and 2010

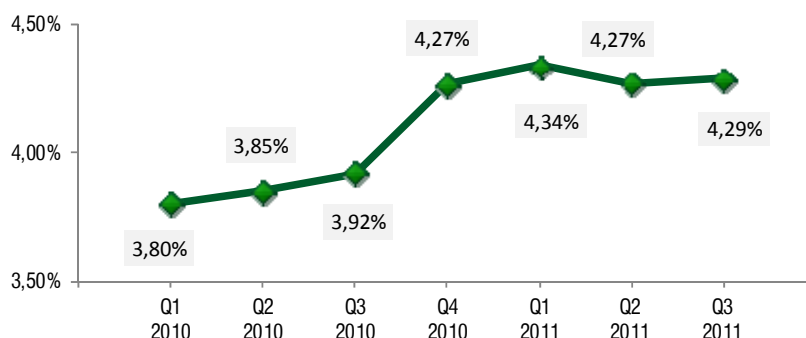


Net Interest Income in Consecutive Quarters of 2010 and 2011



WBK

Bank Zachodni WBK S.A.

**Net Interest Margin in Consecutive Quarters of 2010 and 2011
(including Swap points)**

PLN m

Net Fee & Commission Income	Q1-3 2011	Q1-3 2010	Change
Direct banking *	232,4	206,9	12,3%
Mutual fund distribution and asset management **	185,5	217,0	-14,5%
Account maintenance and cash transactions	184,2	187,7	-1,9%
FX fees	163,7	148,2	10,5%
Credit fees ***	121,3	111,6	8,7%
Brokerage fees	80,9	74,5	8,6%
Insurance fees	51,7	52,2	-1,0%
Other **	7,9	-0,9	-
Total	1 027,6	997,2	3,0%

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

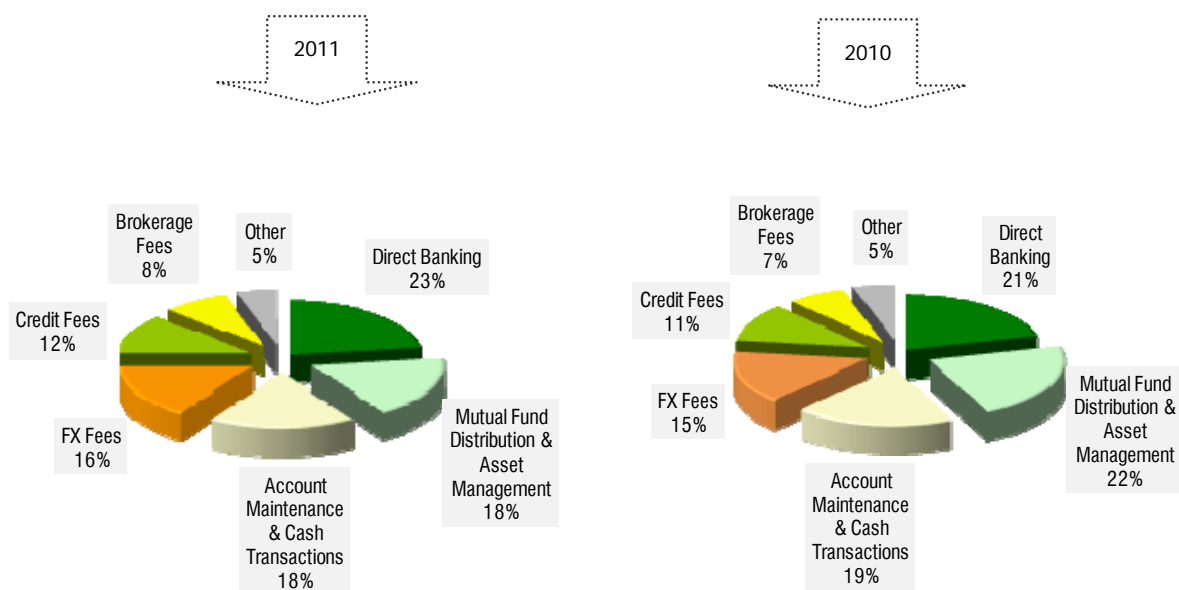
** fees for distribution of structured products (PLN 7.8 m in Q1-3 2011 against PLN 3.7 m in Q1-3 2010), which in Note 5 of this "Consolidated Financial Statements of BZ WBK Group for Quarter 3 2011" are recognized as distribution fee income, in the table above are included in other net fee and commission 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)

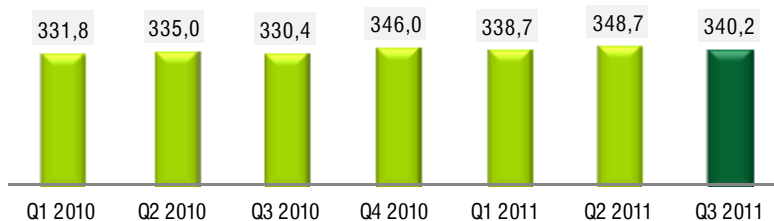
In 2011 to date, net fee and commission income added up to PLN 1,027.6 m and was 3% higher y-o-y. Changes in the main contributing items are as follows:

- Direct Banking services generated a net commission income of PLN 232.4 m, i.e. up 12.3% y-o-y. This growth was driven by revenues from debit cards which were on the rise along with the higher number (+ 32% y-o-y) and value (+24% y-o-y) of non-cash transactions effected by debit card holders. The income under review was also favourably affected by higher revenues from debit card issue and lower costs resulting from the reduction of interchange rate applied for customer cash withdrawals from third-party ATMs.
- The Group's income from mutual funds and asset management market was PLN 185.5 m, a decrease of 14.5% y-o-y. The direction and extent of this change was shaped by the situation on the WSE which was strongly impacted by developments worldwide (escalation of political conflicts in Northern Africa and Middle East, debt crisis of the euro zone and the USA, growing concerns about global economic situation). After relative stabilisation of indices in H1 2011 and a gradual increase of investors' risk aversion, in Q3 2011 the market slumped and saw investors retreat from risky assets. In such circumstances, the Group reported an 11% decrease in the average value of assets held by mutual funds and private portfolios y-o-y, which adversely affected the commission income.
- FX fee income went up by 10.5% y-o-y to PLN 163.7 m due to developments in the currency market.
- Net commission income earned by the BZ WBK Brokerage House increased by 8.6% y-o-y to PLN 80.9 m, driven by higher income from servicing mutual funds and public offerings in the primary market.
- Credit fee income amounted to PLN 121.3 m and was 8.7% up on the first three quarters of 2010 as a result of an increase in business volumes and decrease of agency costs with a modified settlement process in place.

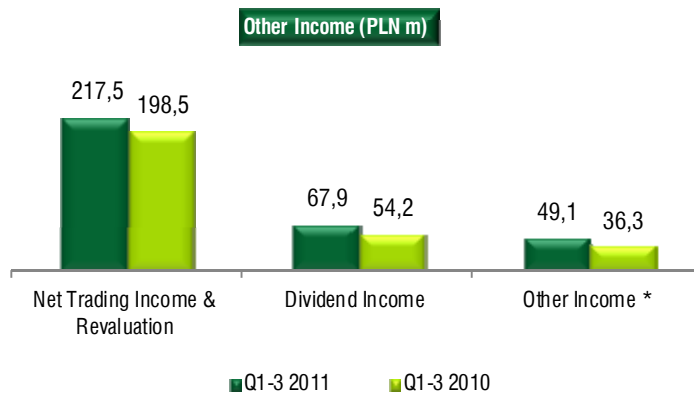
Structure of the net commission income earned by BZ WBK Group in the first three quarters of 2011 and 2010 - by type



Net Fee & Commission Income in Consecutive Quarters of 2010 and 2011



Other income



* including: other income on financial instruments and other operating income

Net trading income and revaluation

Net trading income and revaluation amounted to PLN 217.5 m, an increase of 9.6% y-o-y. A significant portion of this line comprises interest-related income from FX and Basis Swap transactions which totalled PLN 127.5 m for the first three quarters of 2011 compared with PLN 148.3 m for the three quarters of 2010. It also includes the write-back of adjustments to the value of derivative instruments related to the counterparty risk, totalling PLN 13.2 m vs. PLN 3 m in the corresponding period last year.

Higher net trading income and revaluation were driven primarily by CIRS transactions funding the bank's EUR and CHF loan portfolios. This year has seen higher turnover on such transactions coupled with an increase in spreads and FX rates versus PLN triggered by the developments on the global market.

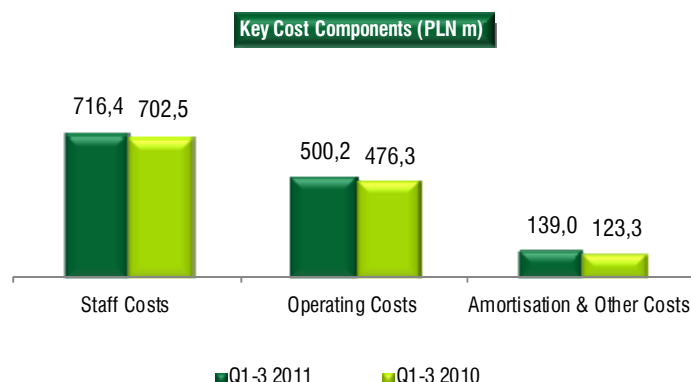
Dividend income

Dividend income of PLN 67.9 m increased by 25.3% y-o-y due to higher dividend payment in 2011 from Aviva Group companies which are part of the Group's portfolio of non-controlling investments. In 2010, Bank Zachodni WBK recognized lower dividend income from this source as a result of the interim dividend (PLN 20.3 m) in December 2009.

Impairment charges

In the nine-month period ended 30 September 2011, the loan impairment charge to the profit and loss account was PLN 281.5 m compared with PLN 317.6 m in the corresponding period.

The balance of provisions for identified losses (individual and collective) went down by 20.2% y-o-y to PLN 272.4 m, which reflects positive developments in the country's economic environment in 2011. Compared with the value of provisioning charges recognized from January through September 2010, the situation has improved both in the household and enterprise sector. It is worth noting, however, that in Q3 2010 a number of signals appeared which are indicative of vulnerability of the optimistic outlook for Poland. These include economic slowdown abroad, which translates into lower production growth and reduced employment in the industry sector, posing a potential future threat to timely debt service by customers of financial institutions.

Total costs

Between January and September 2011, total costs of Bank Zachodni WBK Group amounted to PLN 1,355.6 m and were up 4.1% y-o-y. With total income (+10.9% y-o-y) exceeding the growth rate of expenses, the Group's cost to income ratio improved markedly from 49.9% after the first three quarters of 2010 to 46.9% in the year to date.

Total costs grew y-o-y in the wake of higher obligatory fees and projects aimed to develop the business and improve the organisational efficiency (such as the development of IT infrastructure to support business operations, changes in the work flow in the branches, incentive scheme and ownership changes). The Group continues its focus on cost control and implementation of administrative, technological and procedural measures aimed to reduce the cost base.

In the year to date, staff costs increased by 2% y-o-y to PLN 716.4 m due to cost recognised as a result of implementation of the 4th edition of the "Performance-Share Programme" incentive scheme (PLN 13.8 m), average salary rise of 3.5% (introduced in April 2010 based on the performance review), and growth of training costs in connection with the deployment of the NEO (New Branch Energy) Project.

The Group's operating costs increased by 5% y-o-y to PLN 500.2 m. The most pronounced growth (+68.7% y-o-y) was seen in fees payable to market regulators, mainly in relation to the doubled maximum bank guarantee from the PLN equivalent of EUR 50 k to EUR 100 k. Consultancy and advisory fees, which are another growth driver (+24.9% y-o-y), include the expenses related to the ownership changes. Development projects and initiatives prompted by the strategic investor change-over impacted the costs of business travel disclosed under "Cars, transport and CIT services" (+10.5% y-o-y). Running costs associated with the IT system grew by 3.7% y-o-y following the upgrade of the Group's IT infrastructure, purchases of additional licenses in connection with the change of the strategic partner and development of tools for successful delivery of business projects.

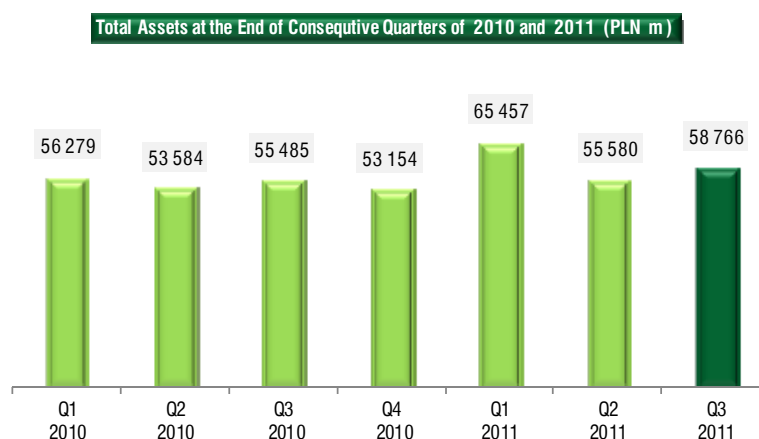
After the first three quarters of 2011, other costs incurred by the Group added up to PLN 139 m, including depreciation of PLN 106.1 m, which is up 10.5% y-o-y.

Financial position

Assets

As at 30 September 2011, total assets of Bank Zachodni WBK Group amounted to PLN 58,765.9 m, an increase of 10.6% on 31 December 2010. The value and structure of the Group's financial position is determined by the bank (parent), which accounts for 98.6% of the consolidated total assets.

Total assets of BZ WBK Group in years 2010-2011 by quarter (PLN m)



* The consolidated statement of financial position as at 31 March 2011 reports total assets of PLN 65.5 bn which includes short-term settlements of PLN 11.7 bn between BZ WBK Brokerage House and the National Depository of Securities regarding the sale of Bank Zachodni WBK shares through a public tender announced by Banco Santander.

The table below presents major developments in the key categories of the consolidated assets of Bank Zachodni WBK Group as at 30 September 2011 versus the previous 9 and 12 months.

Assets	PLN m							
	30.09.2011	Structure 30.09.2011	31.12.2010	Structure 31.12.2010	30.09.2010	Structure 30.09.2010	Change	Change
	1	2	3	4	5	6	1/3	1/5
Loans and advances to customers *	36 376,0	61,9%	32 838,4	61,8%	33 386,7	60,2%	10,8%	9,0%
Investment securities	11 542,1	19,6%	13 395,4	25,2%	13 677,0	24,6%	-13,8%	-15,6%
Financial assets held for trading	4 368,5	7,4%	2 239,0	4,2%	3 884,4	7,0%	95,1%	12,5%
Cash and operations with Central Banks	3 135,3	5,3%	2 534,5	4,8%	1 153,3	2,1%	23,7%	171,9%
Loans and advances to banks	1 704,7	2,9%	619,7	1,2%	1 724,8	3,1%	175,1%	-1,2%
Fixed and intangible assets	675,1	1,2%	720,1	1,3%	711,1	1,3%	-6,2%	-5,1%
Other assets	964,2	1,7%	806,8	1,5%	948,1	1,7%	19,5%	1,7%
Total	58 765,9	100,0%	53 153,9	100,0%	55 485,4	100,0%	10,6%	5,9%

* including impairment write-down

Compared to the end of 2010, the highest changes were observed in the following asset categories that are all subject to the Group's ongoing liquidity management: "Loans and advances to banks" (+175.1% y-t-d), "Financial assets held for trading" (+95.1% y-t-d) and "Cash and operations with Central Banks" (+23.7% y-t-d). Loans and advances to banks increased due to larger deposits lodged in the inter-bank market as part of the collateral mechanism established to manage risk in derivative transactions and higher activity on the buy-sell-back market. The growth of financial assets held for trading results from expansion of the Group's portfolio of short-term NBP bills, which are increasingly used for sell-buy-back transactions. Cash and operations with the Central Bank went up driven by higher balance held by the bank in the NBP account.

Investment securities declined by 13.8% y-t-d, mainly due to the redemption at maturity of Treasury securities from the held-to-maturity portfolio.

An increase was also observed in net loans and advances to customers (+10.8% y-t-d) which represent 83.1% of the bank's deposits from non-financial entities against 78.2% as at 31 December 2010.

Credit portfolio

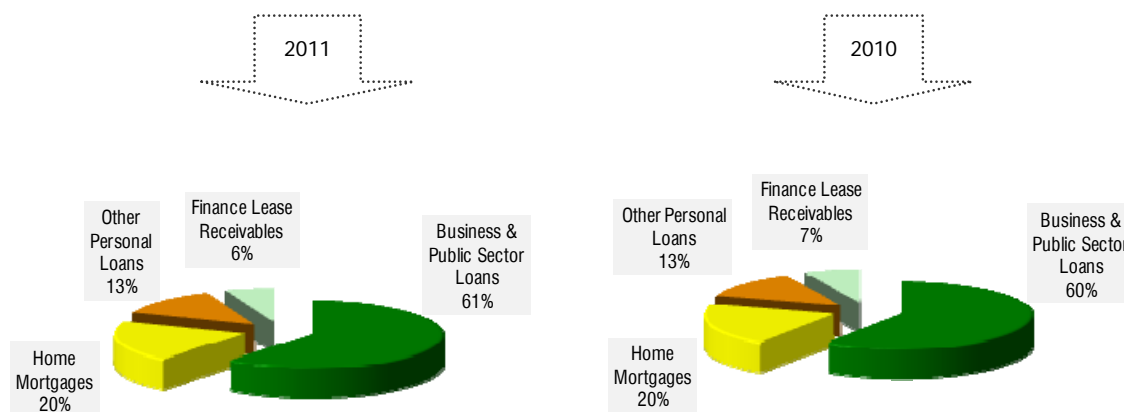
As at 30 September 2011, gross loans and advances to customers amounted to PLN 38,020.1 m, up 11% on 31 December 2010.

Over the first 9 months of 2011, loans and advances to business and public sector customers increased by 13.4% to PLN 23,071.2 m. This movement is attributable to economic growth in 2011, which translated into higher demand for credit, particularly from large enterprises, and brought signs of revival in the investment loan market. Income producing real estate loans, which make up a large portion of loans and advances to business and public sector customers, decreased by 2.6% y-t-d to PLN 9,301.2 m as at the end of September 2011, reflecting scheduled credit repayments and gradual acquisition of new business amid moderate investment activity in the real estate market.

Relatively low capex of businesses and limited demand for FX financing curbed the growth of financial leasing receivables which went down by 3% y-t-d to PLN 2,361.7 m.

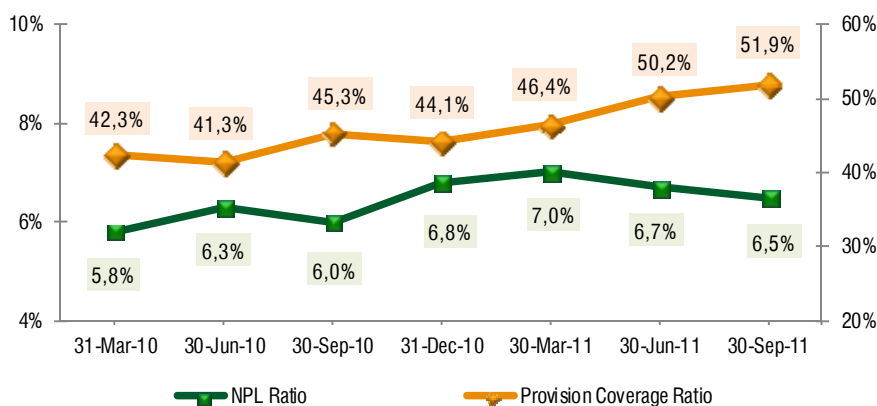
Loans to personal customers increased by 10% y-t-d to PLN 12,581.8 m, of which mortgage loan-book amounted to PLN 7,532.4 m (+8.7% y-t-d) and cash loan-book was worth PLN 3,664.3 m (+19.3% y-t-d). High growth rate of cash loan portfolio results from the Group's continuous efforts to make the respective product proposition more attractive (fast turnaround time, competitive pricing, promotional bundled offer) and stronger brand awareness enhanced by an intensive advertising campaign.

Loans and advances to customers of BZ WBK Group as at 30.09.2011 and 31.12.2010



At the end of September 2011, the impaired loans accounted for 6.5% of the gross portfolio versus 6.8% recorded as at 31 December 2010. The provision coverage ratio for impaired loans was 51.9% compared with 44.1% reported 9 months earlier.

The NPL ratio and provision coverage ratio of BZ WBK Group at the end of consecutive quarters from 31.03.2010 to 30.09.2011



Historical ratios provided in the figure above, have not been adjusted for the change in the presentation of matured, past-due customer derivatives which effective from Q2 2011 have been recognized in loans and advances to customers rather than in financial assets held for trading.

Liabilities

The table below presents major developments in the key categories of the consolidated liabilities of Bank Zachodni WBK Group as at 30 September 2011 versus the previous 9 and 12 months.

Equity & Liabilities	PLN m							
	30.09.2011	Structure 30.09.2011	31.12.2010	Structure 31.12.2010	30.09.2010	Structure 30.09.2010	Change	Change
	1	2	3	4	5	6	1/3	1/5
Deposits from customers	43 769,0	74,5%	41 970,5	79,0%	39 607,4	71,4%	4,3%	10,5%
Deposits from banks	4 977,5	8,5%	2 526,1	4,8%	7 412,8	13,4%	97,0%	-32,9%
Financial liabilities held for trading	1 533,8	2,6%	578,6	1,1%	526,7	0,9%	165,1%	191,2%
Subordinated liabilities	440,6	0,7%	395,2	0,7%	-	-	11,5%	-
Other liabilities	811,2	1,4%	909,9	1,7%	1 424,6	2,6%	-10,8%	-43,1%
Total equity	7 233,8	12,3%	6 773,6	12,7%	6 513,9	11,7%	6,8%	11,1%
Total	58 765,9	100,0%	53 153,9	100,0%	55 485,4	100,0%	10,6%	5,9%

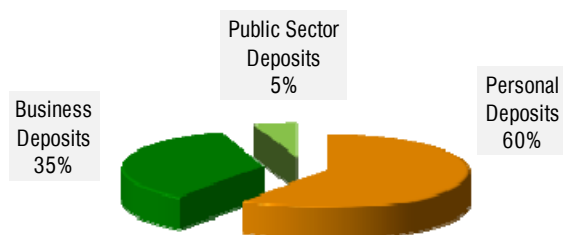
A significant rise in financial liabilities held for trading (+165.1% y-t-d) from the 2010YE level was impacted by CIRS transactions. Deposits from banks increased (+97% y-t-d) due to more intensive activity on the sell-buy-back market based on NBP bills. The growth was also reported by deposits from customers (+4.3% y-t-d). Subordinated liabilities of EUR 100 m represent 10-year bonds issued by the bank in August 2010.

Deposit base

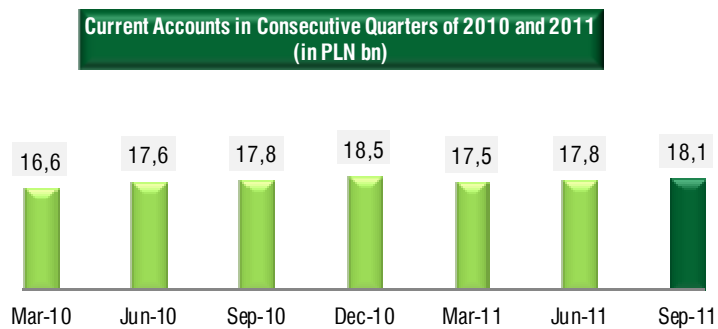
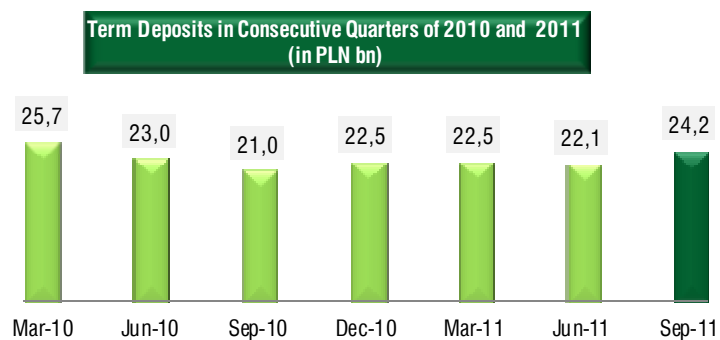
Deposits from customers, which represent 74.5% of the Group's total liabilities are the primary source of funding the Group's lending business. As at 30 September 2011, they amounted to PLN 43,769 m, up 4.3% y-t-d. Deposits from personal customers added up to PLN 26,171.4 m (+3.7% y-t-d), while balances held by businesses totalled PLN 17,597.7 m (+5.1% y-t-d). In the reporting period Daily Earning Deposit was the most popular product among personal customers whereas business customers would go for short-term deposits, including the negotiated ones.

Deposits from business customers comprised term deposits of PLN 24,159.9 m (+7.3% y-t-d), current account balances of PLN 18,064.4 m (-2.5% y-t-d), and other liabilities of PLN 1,544.8 m (+66.8% y-t-d), including a utilised portion of the credit lines of EUR 200 m in total from the European Investment Bank intended for SME funding.

Structure of deposits from customers of BZ WBK Group as at 30.09.2011 and 31.12.2010
(no changes against the corresponding period)



Structure of deposits from customers of BZ WBK Group (by deposit type)
at the end of consecutive quarters from 31.03.2010 to 30.09.2011 (PLN bn)



Financial Ratios

Selected Financial Ratios	30.09.2011	31.12.2010	31.09.2010
Total costs / Total income	46,9%	49,9%	49,9%
Net interest income / Total income	52,9%	51,5%	50,7%
Net interest margin *	4,29%	3,98%	3,86%
Net commission income / Total income	35,5%	38,0%	38,3%
Customer loans/Customer deposits	83,1%	78,2%	84,3%
NPL ratio **	6,5%	6,8%	6,0%
NPL coverage ratio **	51,9%	44,1%	45,3%
Impairment losses on loans and advances / Average loans and advances	1,1%	1,2%	1,2%
ROE ***	21,2%	17,6%	17,8%
ROA ****	2,2%	1,8%	1,7%
Capital adequacy ratio	15,09%	15,77%	14,07%
Book value per share (in PLN)	98,99	92,69	89,14
Earnings per share (in PLN) *****	13,49	13,33	9,67

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

** comparable periods have not been adjusted for the presentation change involving matured and past-due customer derivatives on grounds of immateriality

*** annualised net profit attributable to the shareholders of BZ WBK (4 consecutive quarters) to the quarterly average of equity calculated based on balances of total equity at the end of five consecutive quarters, net of the current period profit, non-controlling interests and dividend due to BZ WBK shareholders (change of calculation method since Q1 2011)

**** annualised net profit attributable to the shareholders of BZ WBK (4 consecutive quarters) to the quarterly average of total assets calculated based on balances as at the end of five consecutive quarters (change of calculation method since Q1 2011)

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

41. Events which might affect financial results of the Group within the next quarter and beyond

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

- Gradual deceleration of economic growth abroad, including Poland's major trading partners, which to some extent will weaken the rise in exports and industrial output. Significant slowdown or even fall of the external demand could limit investment activity (especially new investment), thus reducing demand for corporate loans and other banks' products for firms.
- Further deterioration in labour market conditions, especially significant decrease of employment in the enterprise sector, which will limit the wage pressure, negatively affect the quality of the credit portfolio in the household segment and decrease demand for new consumption and mortgage loans.
- Stabilization of interest rates by the MPC until the year-end. In our view, interest rates cuts are possible in H1 2012 when the inflation declines to the target (2.5%), the economic outlook deteriorates further (an increasing number of international financial institutions revises downward their growth forecasts for the world's main economies and also for the CEE region, including Poland), the financial markets stabilize and the ECB implements monetary easing in the euro zone.
- The changes of assets' financing cost depend on the pace and scale of the main interest rates cuts, changes of the zloty exchange rate, development of liquidity situation of the banking sector and intensity of price competition between the banks for deposits.
- Persisting high volatility on the financial markets due to uncertainty regarding debt problems of many economies and worries over global economic outlook.
- Further developments on the global stock market and its impact on customer willingness to purchase mutual funds units or keep savings in safe bank deposits as an alternative.
- Certain Bank Zachodni WBK accounting policies may be adjusted so as to be aligned with Banco Santander.

Signature of a person who is responsible for maintaining the book of account			
Date	Name	Function	Signature
25.10.2011	Eamonn Crowley	Member of the Management Board	
25.10.2011	Wojciech Skalski	Financial Accounting Area Director	