

**2010**

# **Bank Zachodni WBK Group performance**

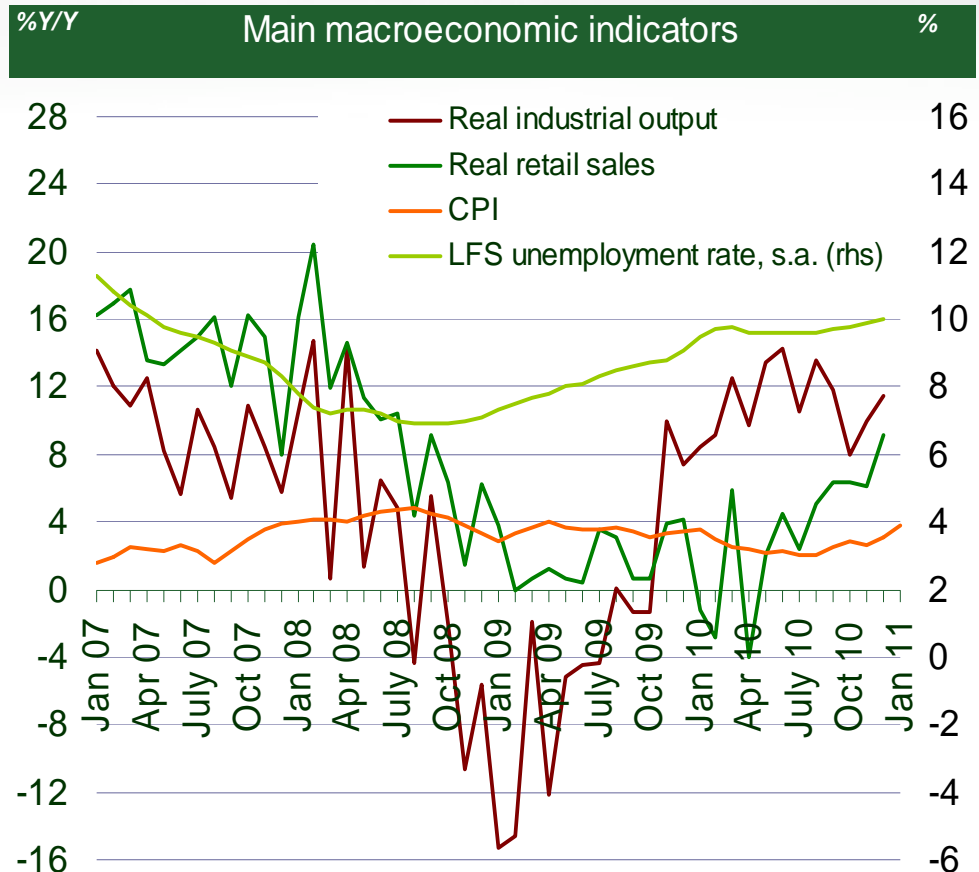
Warsaw, March 2011

# Disclaimer

- ▶ This presentation as regards the forward looking statements is exclusively informational in nature and cannot be treated as an offering or recommendation to conclude any transactions.
- ▶ Bank Zachodni WBK shall not be liable for any consequences of decisions taken based on the forward looking statements contained in this document.

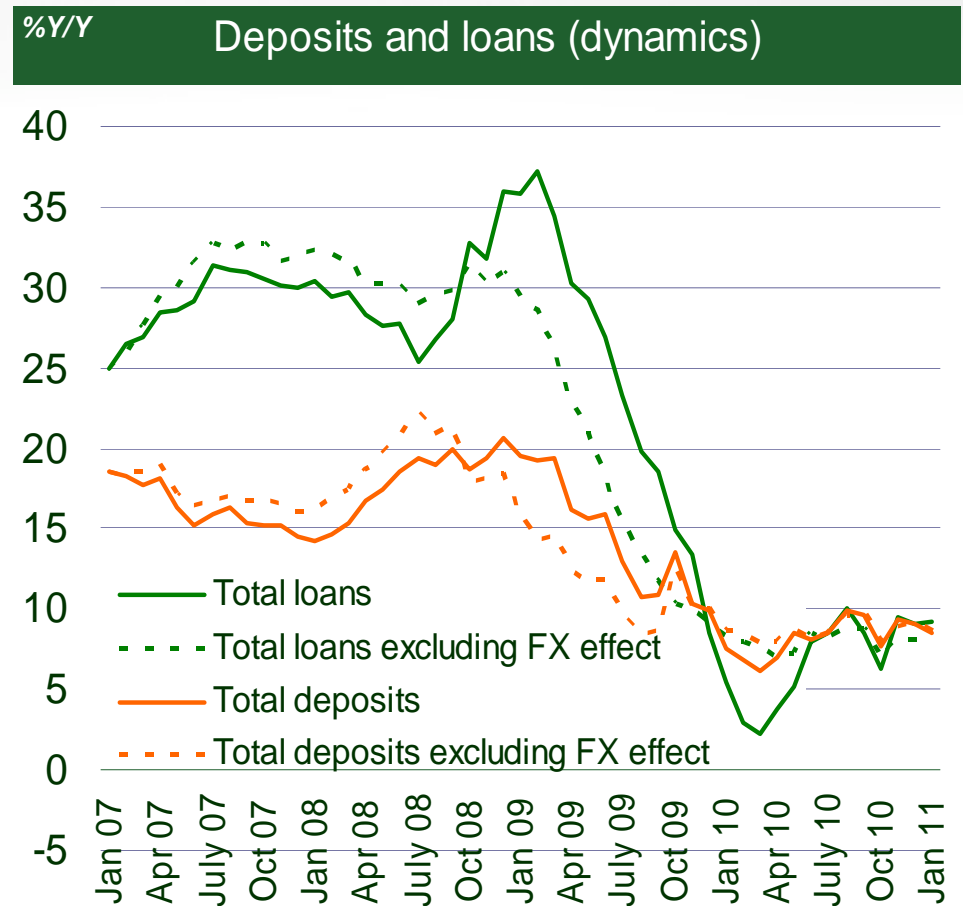
# Economic growth accelerated ...

- ▶ GDP growth in 2010 reached 3.8%, which implies that in Q4 growth accelerated to ca. 4.5%YoY
- ▶ Private consumption growth rose sharply at the end of 2010, partly due to precautionary shopping ahead of VAT hike, but also due to solid rise in households' revenue (wage growth surged 6%YoY in Q4, and employment growth continued)
- ▶ Investment growth disappointed, as it rose only ca. 1%YoY in Q4 2010, but it should grow in 2011
- ▶ Inflation bottomed out, rising to 3.1%YoY in December and 3.8% in January, pushed up by rising prices of commodities and effects of VAT hike



# ... while credit market is lagging behind

- ▶ Households' demand for loans remains robust, with mortgage loans remaining the key driver of growth; consumption loans in stagnation
- ▶ Market for corporate loans completely stagnant in 2010, slight increase recorded in January 2011
- ▶ In Q4 2010 most banks continued tightening their lending policies for households; slight relaxation of lending criteria for firms (except long-term loans for SME)
- ▶ Stable growth in deposits of households and companies, amid growing personal revenue and good financial results from business



# 2010 summary

PLN m	2010	2009	Change
Operating surplus	1 774	1 643	8%
Provision charge	-421	-481	-12%
PBT	1 357	1 162	17%
PAT (excl. non-controlling interest)	974	885	10%
C/I ratio	49.9%	50.0%	-0.1%
NPL's ratio	6.8%	5.5%	1.3%
Annualised total credit loss ratio	1.21%	1.31%	-0.1%
ROE	17.3%	17.6%	-0.3%
Solvency ratio	15.8%	13.0%	2.8%
Loan/Deposit ratio	78%	84%	-6%

# Total Deposits – 4% y/y

▶ Total Deposits entrusted to BZWBK Group y/y driven by:

- ▶ Customer deposits +2%
- ▶ Bank deposits -53%

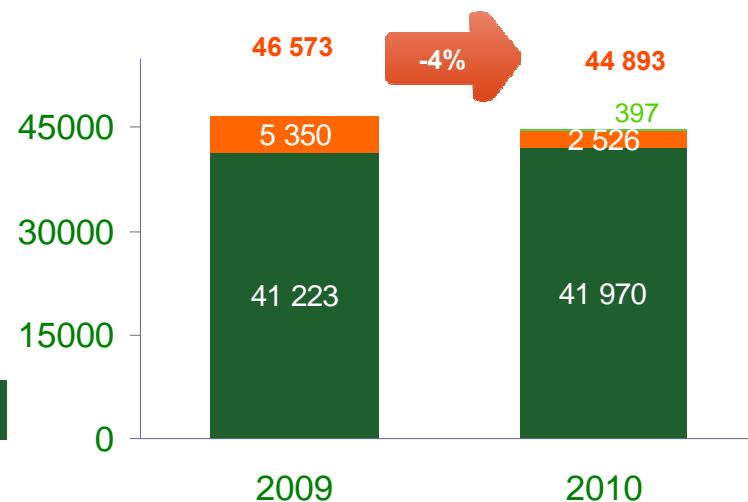
▶ Optimization of deposit base – decreasing number of deposit with negative margin

▶ In 4Q 2010:

- ▶ Total deposits increased by 5%
- ▶ Customer deposits increased by 6%

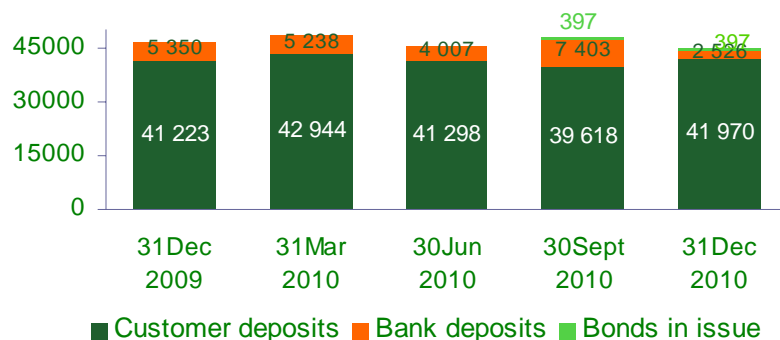
PLN m

## Total Deposits



PLN m

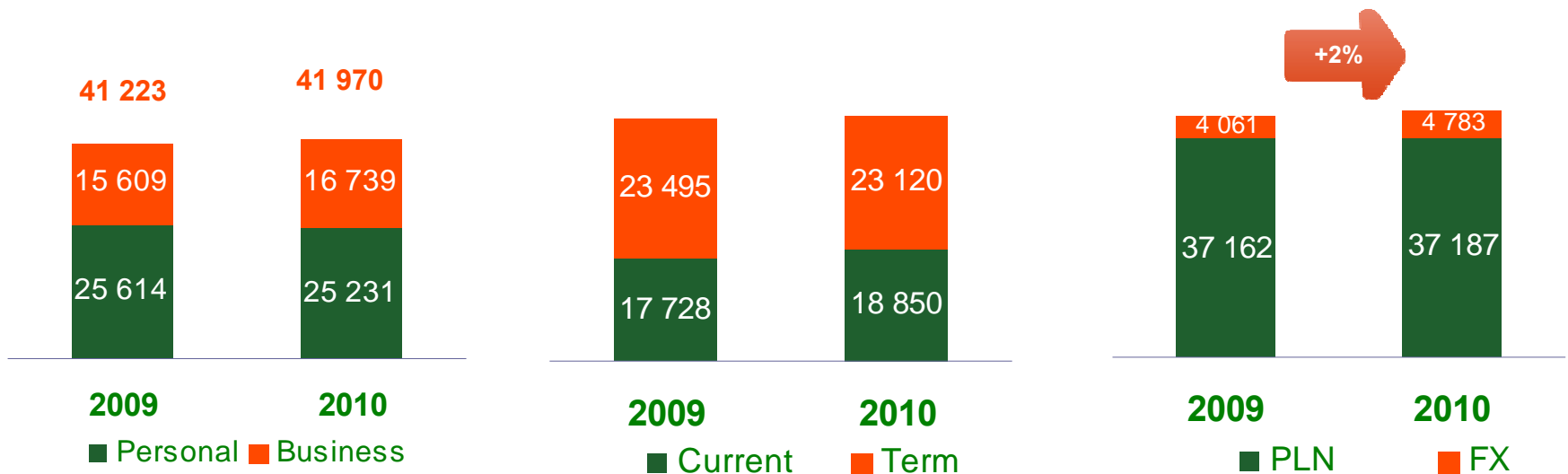
## Total Deposits



■ Customer deposits ■ Bank deposits ■ Bonds in issue

# Customer deposits +2% y/y

- ▶ Stable and robust deposit base maintained in 2010
  - ▶ Price sensitive deposits reduced
- ▶ FX rates marginally impacted deposit volumes
- ▶ Business deposits increased by 7% y/y:
  - ▶ Business term deposits increased by 11% y/y
  - ▶ Current deposits increased by 1% y/y
- ▶ Personal deposits decreased by 1% y/y:
  - ▶ increase by 9% in current deposits mainly attributable to current account campaigns in H1 2010
  - ▶ decrease by 10% in term deposits

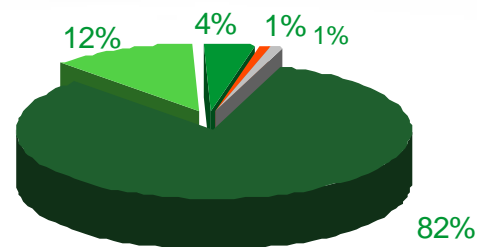


# PBT of BZ WBK Group by legal entity

- ▶ Contribution of bank entity increased to 82% - was 79% in 2009
- ▶ Contribution of AM&TFI and Brokerage House combined reduced to 16% from 17% in 2009
- ▶ Leasing Business profitability impacted by higher provision charge and higher funding costs

PLN m

PBT of BZ WBK Group



■ BZ WBK ■ BZ WBK AM & TFI ■ Brokerage House ■ Leasing ■ Other

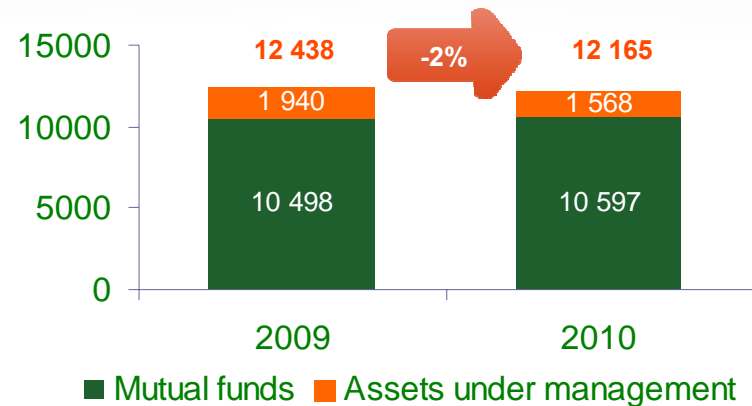
PLN m	BZ WBK SA	BZ WBK AM & TFI	Brokerage House	Leasing Entities	Other
NII	1 668	9	28	92	9
Other income	1 397	206	118	12	17
Provision charge	-364	-	-	-56	-
Operating costs	-1 595	-51	-87	-33	-13
<b>PBT 2010</b>	<b>1 106</b>	<b>164</b>	<b>59</b>	<b>15</b>	<b>13</b>
<b>PBT 2009</b>	<b>913</b>	<b>135</b>	<b>66</b>	<b>41</b>	<b>7</b>



# Mutual Funds and Assets Under Management

- ▶ Assets under management remain stable y/y
- ▶ 'Money market + Bonds' attracting most new business in the market
- ▶ 3rd position on the market with share at the end of December 2010: 9.12%
- ▶ Apart from increase in money market funds structure remains broadly unchanged y/y
- ▶ Transfer agent managed within the Group since 1Q 2010

## Mutual funds & Assets under management

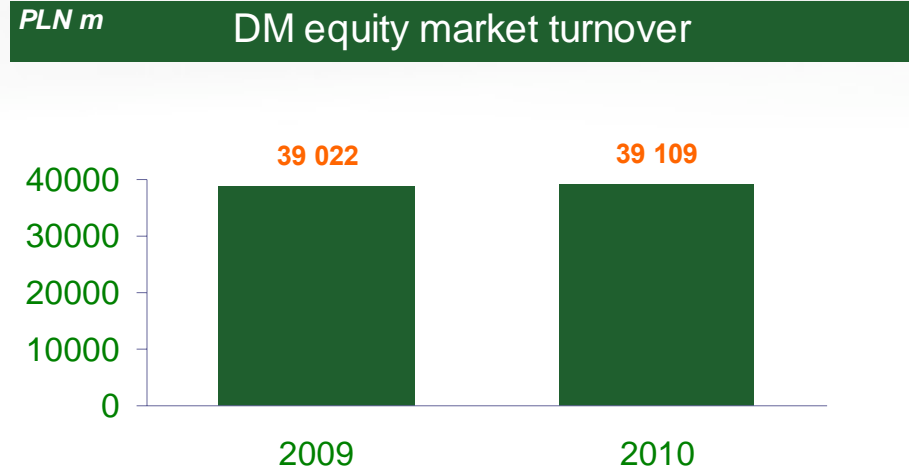


## Assets of BZ WBK AIB TFI Funds - structure by types

	31 Dec 2010	31 Dec 2009
Closed	8.7%	9.2%
Equity	36.9%	36.7%
Mixed	43.0%	44.6%
Bonds	4.4%	4.4%
Money Market	7.0%	5.0%

# Brokerage House

- ▶ Improving but highly competitive market:
  - ▶ Total turnover on the equities market in 2010 – PLN 473 bn, increased by 34% vs. 2009
- ▶ 3rd position in the equity market in 2010 with 8.3% market share
- ▶ 3rd position on futures market in 2010 with 13.7% market share
- ▶ 3rd position on options market in 2010 with 12.3% market share
- ▶ First place on the market in terms of IPO's number
- ▶ Substantial market share in big privatization deals (12-15%)
- ▶ PBT – 3rd place in the industry.

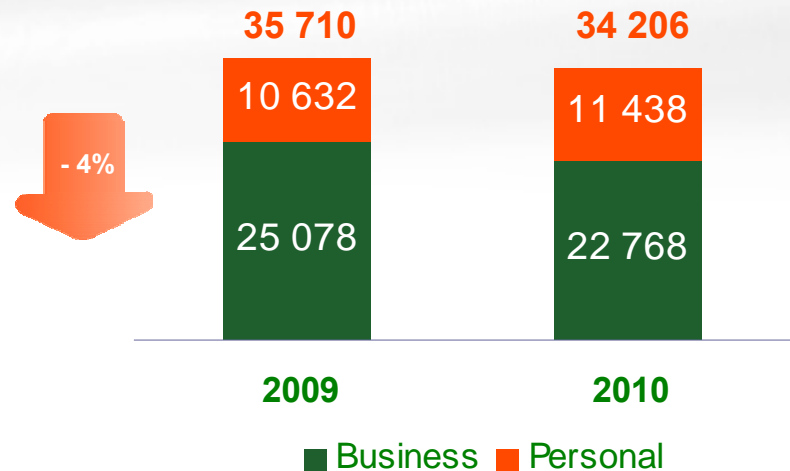


Market position – as at end of December 2010

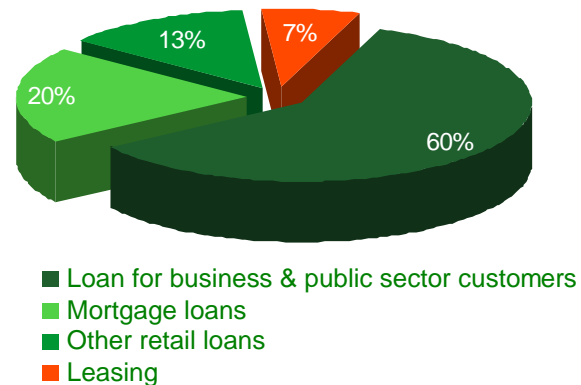
Shares	PLNm	%	Futures	Vol	%	Options	Vol	%
DM BH	68 404	14.6	DM BOS	5 072 517	18.1	DI BRE	286 842	21.2
ING Sec	47 608	10.2	DI BRE	3 924 691	14.0	PKO BP	254 538	18.9
DM BZWBK	38 742	8.3	DM BZWBK	3 823 542	13.7	DM BZWBK	165 659	12.3
IPOPEMA	37 445	8.0	PKO BP	1 377 627	4.9	DM BOS	125 448	9.3
DB Sec	29 455	6.3	ING Sec	1 326 829	4.7	AMERBROKER	108 524	8.0

# Total Gross Loans -4% y/y

- ▶ Decline by 4% on constant currency basis
- ▶ Growth in personal +8% y/y
- ▶ Mortgage loans +14% y/y
- ▶ Mortgage loans comprise 20% of total gross loan portfolio (Dec 2009: 17%)
- ▶ Business sector -9% y/y
- ▶ Reduction of PLN 2 bn in Property portfolio since Dec 2009
- ▶ In 2010 BZ WBK sold receivables of PLN 269m with total PBT impact of PLN 12.8m



PLN m Loan portfolio structure as at end of Dec 2010

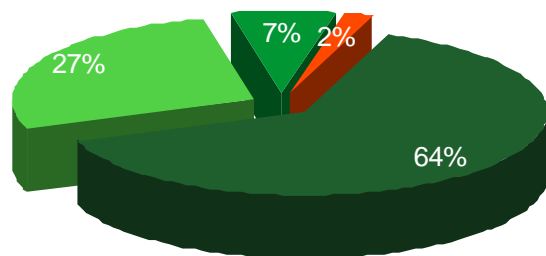


# Total Loans

- ▶ EUR loans relate mainly to commercial investment & development portfolios (Dec 2010: 70.23%); rental income also in EUR
- ▶ CHF exposure predominantly relates to residential mortgages

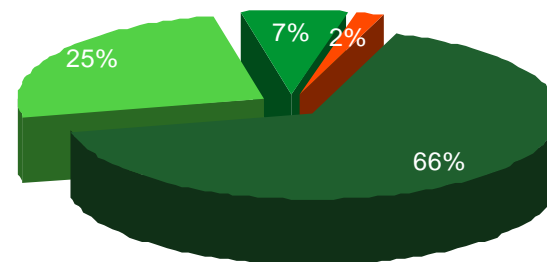
PLN m	31 Dec 2010	31 Dec 2009	y/y
PLN	21 749	22 438	-3 %
EUR	8 144	9 245	-12 %
CHF	2 347	2 282	+3 %
OTHER	598	605	0%
<b>Total net loans</b>	<b>32 838</b>	<b>34 570</b>	<b>-5 %</b>

FX structure 31 Dec 2009



■ PLN ■ EUR ■ CHF ■ OTHER

FX structure 31 Dec 2010



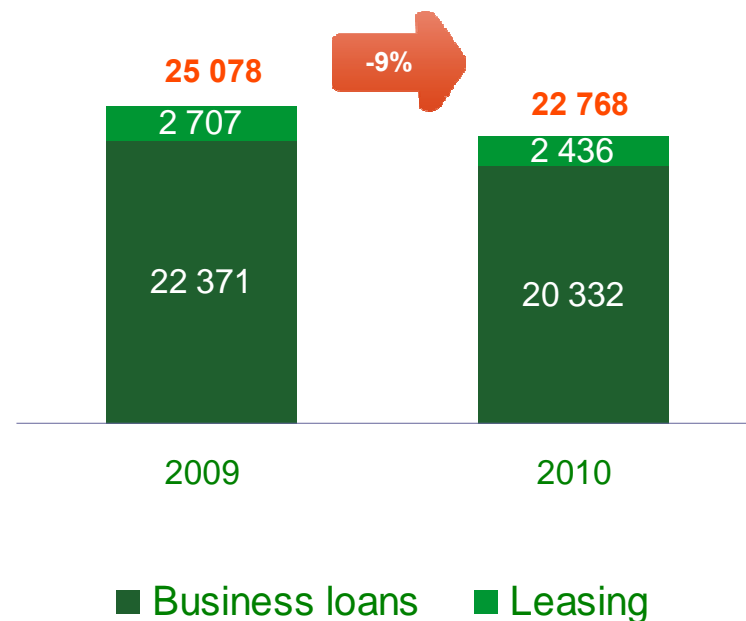
■ PLN ■ EUR ■ CHF ■ OTHER

# Business Lending -9% y/y

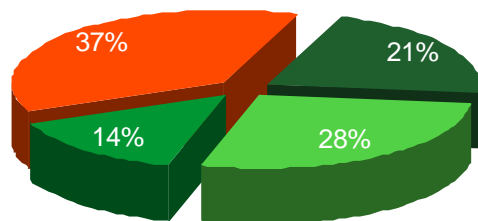
- ▶ Deleveraging of property portfolio amounting to 2 bn y/y
- ▶ Property – seeking new business opportunities in 2011
- ▶ Leasing advances decreased by 10% y/y
- ▶ New more flexible approach to customers in 2010
- ▶ Growth trend expected to return in 2011

PLN m

Total business loans



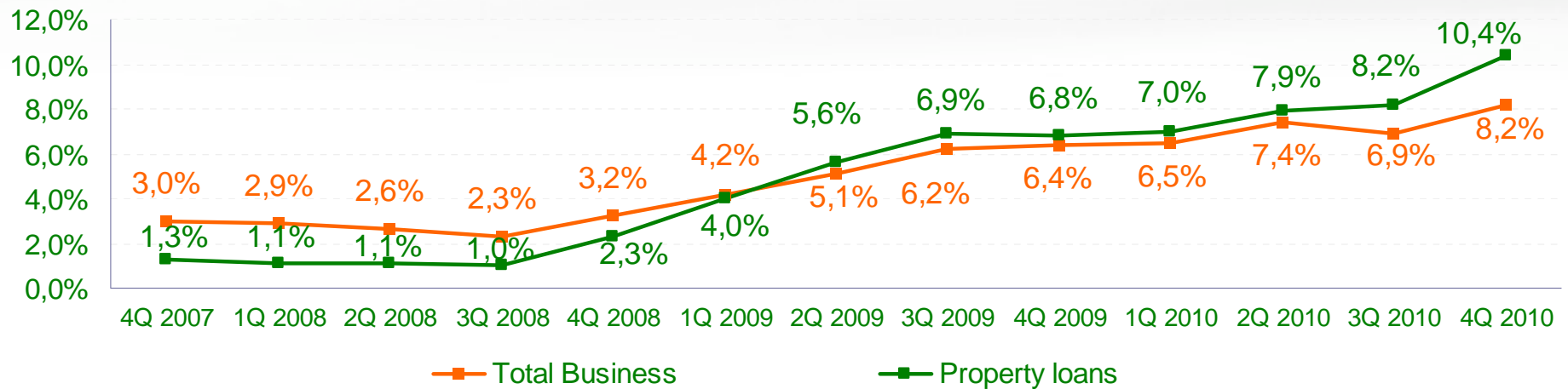
Business portfolio structure



■ Corporate ■ Business & SME ■ Leasing & Factoring ■ Property

# Business Lending

## NPL Ratio by Quarter

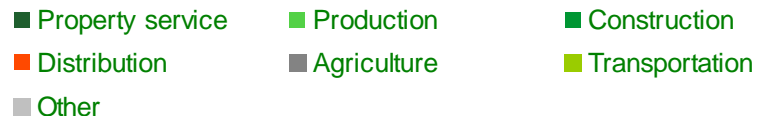
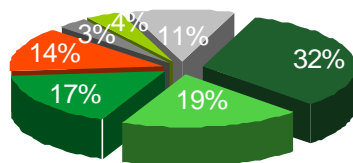


- ▶ Increase in percentage NPL's for property in 2010 is mainly due to reduction of total property portfolio
- ▶ NPL's for property increased by PLN 210m since Dec 09 to PLN 990 m. Property NPL's are well secured and generally require low provision cover
- ▶ The majority of the increase of NPL's in business lending was due to one case in property and one in commercial lending portfolio

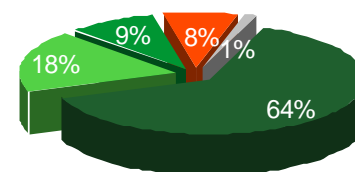
# Business Lending

- ▶ Property portfolio is concentrated on large cities (particularly Warsaw), in well located sites
- ▶ Commercial Development - good sectoral spread – retail 40%, office 58%, warehouse 2%
- ▶ Commercial investment - good sectoral spread – retail 39%, office 44%, warehouse 17%
- ▶ Property portfolio total exposure (incl. off-balance sheet) down by 22% y/y

Business lending by sector - Dec 2010

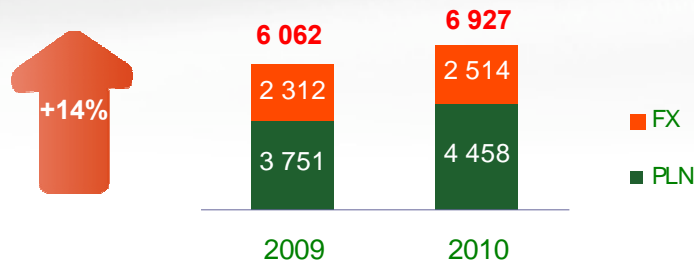


Property portfolio by type - Dec 2010



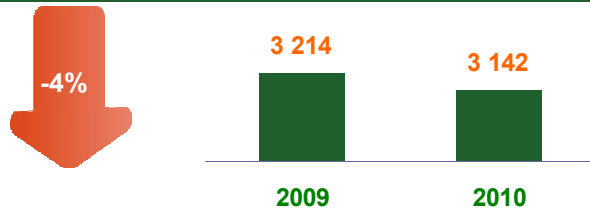
# Total Retail Loans +8% y/y

## Mortgage loans

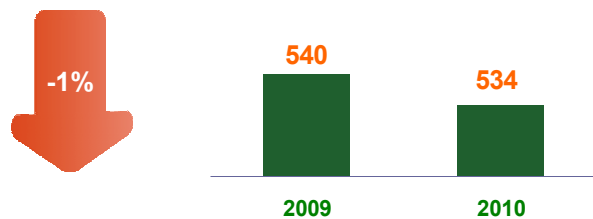


- ▶ Mortgage loans increased by 14% y/y:
  - ▶ PLN mortgage loans increased by 19% y/y
  - ▶ FX mortgage loans increased by 9% y/y
  - ▶ FX mortgages represent 36% of mortgage portfolio (Dec 2009: 38%)
  - ▶ Current LTV 66% vs. 62% in Dec 2009
  - ▶ NPL 1.05% vs. 0.83% in Dec 2009
- ▶ Cash loans -4% y/y:
  - ▶ NPL: 9.8% vs. 7.0% in Dec 2009
- ▶ Credit card loans decreased by 1% y/y:
  - ▶ NPL: 12% vs. 10.4% in Dec 2009
- ▶ Other retail loans totaled PLN 905 m:
  - ▶ Overdrafts + 13%

## Cash loans



## Credit card loans

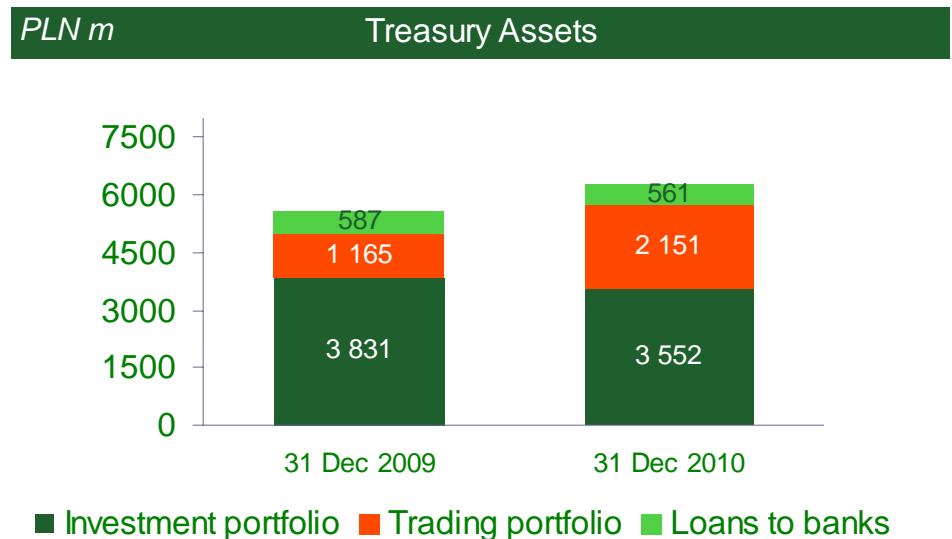




# Treasury Assets

## high quality of the portfolio

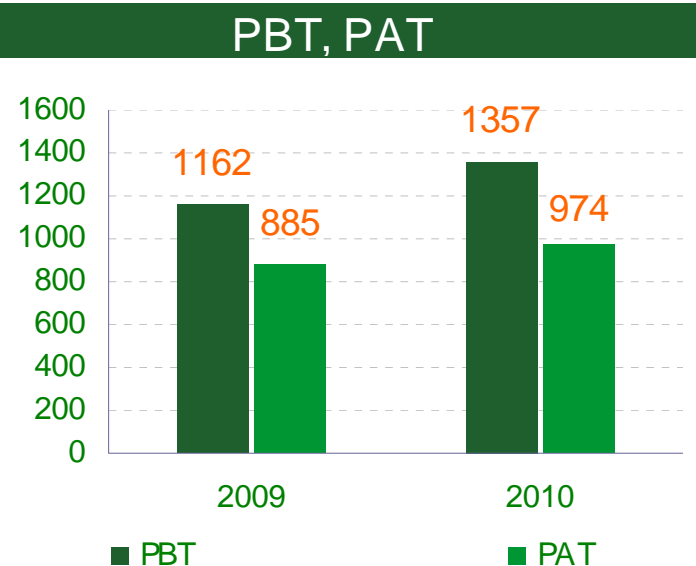
- ▶ Investment portfolio consists of Treasury securities
- ▶ Loans to banks -4% y/y
- ▶ Trading portfolio increased by 85% y/y due to significant investments in short term debt securities
- ▶ Trading portfolio comprises predominantly Polish Government Bonds and NBP Bills



# Financial highlights

## P&L

PLN m	2010	2009	y/y
<b>Total income</b>	<b>3 540</b>	<b>3 288</b>	<b>8%</b>
NII	1 822	1 563	17%
<i>NII (including swap points)</i>	<i>2 014</i>	<i>1 779</i>	<i>13%</i>
Net fee & commission income	1 344	1 314	2%
Other income	374	411	-9%
<i>Other income (excl. swap points)</i>	<i>182</i>	<i>195</i>	<i>-7%</i>
<b>Total costs</b>	<b>-1 766</b>	<b>-1 645</b>	<b>7%</b>
<b>Operating surplus</b>	<b>1 774</b>	<b>1 643</b>	<b>8%</b>
Provisions	-421	-481	-12%
Share in net profit of associates and joint ventures	4	-	-
<b>PBT</b>	<b>1 357</b>	<b>1 162</b>	<b>17%</b>
Taxation	-317	-223	42%
Non-controlling interest	-66	-54	22%
<b>Profit after tax to owners of BZ WBK</b>	<b>974</b>	<b>885</b>	<b>10%</b>



# Financial Highlights

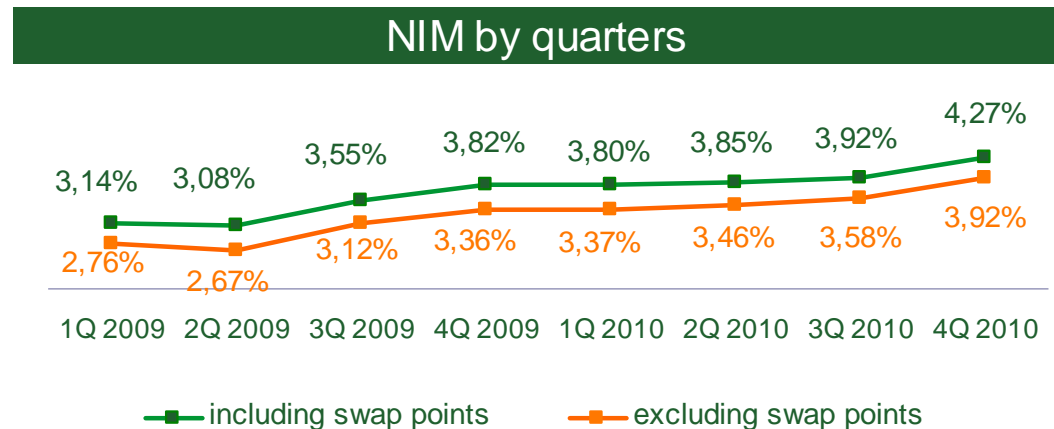
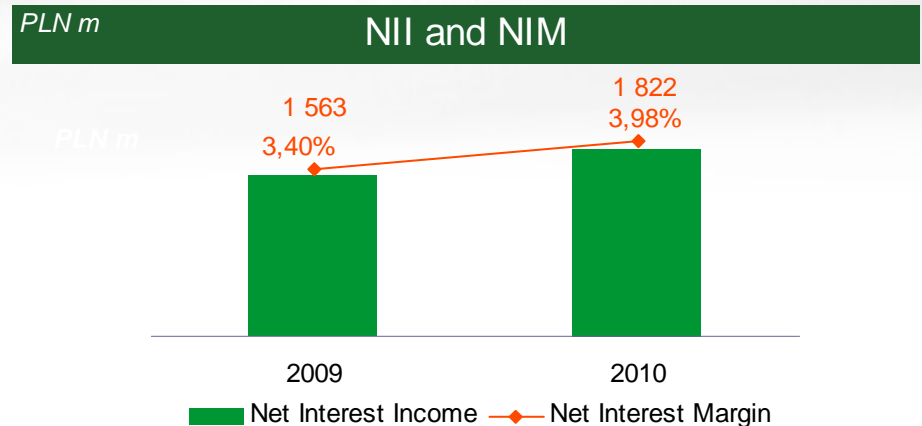
## P&L by quarters

4Q 2009	PLN m	1Q 2010	2Q 2010	3Q 2010	4Q 2010
<b>882</b>	<b>Total income</b>	<b>840</b>	<b>910</b>	<b>859</b>	<b>931</b>
434	NII	424	439	458	501
494	<i>NII (including swap points)</i>	479	489	501	545
332	Net fee & commission income	332	335	331	346
116	Other income	84	136	70	84
56	<i>Other income (excl. swap points)</i>	29	86	27	40
<b>-439</b>	<b>Total costs</b>	<b>-421</b>	<b>-432</b>	<b>-451</b>	<b>-462</b>
<b>443</b>	<b>Operating surplus</b>	<b>419</b>	<b>478</b>	<b>408</b>	<b>469</b>
-101	Provisions	-70	-147	-101	-103
-	Share in net profit of associates and joint ventures	-	1	1	2
<b>342</b>	<b>PBT</b>	<b>349</b>	<b>332</b>	<b>308</b>	<b>368</b>
-72	Taxation	-99	-66	-68	-84
-16	Non-controlling interest	-16	-17	-16	-17
<b>254</b>	<b>Profit after tax to owners of BZ WBK</b>	<b>234</b>	<b>249</b>	<b>224</b>	<b>267</b>

# Net Interest Income +17% y/y

- ▶ NII incl. swap points +13% y/y
- ▶ NIM % back to pre crisis levels
- ▶ NIM increased due to:
  - ▶ Improving deposit margin trends
  - ▶ Y/Y increase in loan margin though now reducing
  - ▶ Costs of FX funding lower y/y although still volatile
- ▶ Business deposit margins are net positive since Q2 2010

▶ Calculation of Net Interest Margin includes interest-related income on FX derivatives (swap points) of PLN 192.1 m presented in "Net trading income and revaluation" (2009 PLN 215.4m)

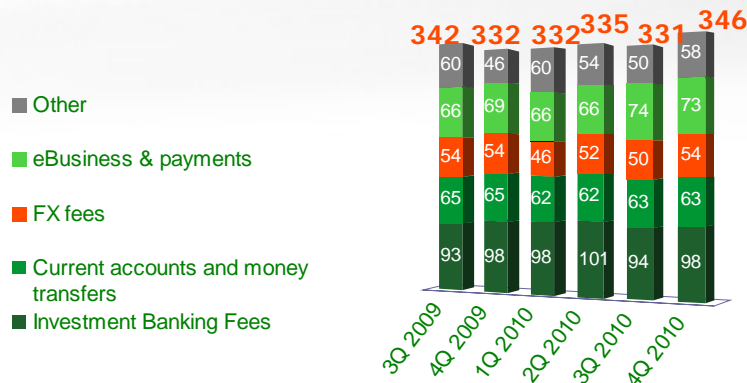


# Net Fee and Commissions +2% y/y

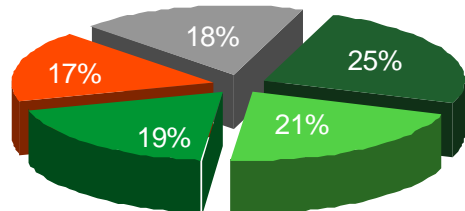
PLN m

Fee & Commissions

- ▶ Increase in Investment Banking fees +17% y/y
- ▶ FX fees improved in Q4 mostly due to Fx spot transactions
- ▶ Wide diversity of income streams maintained
- ▶ eBusiness & payments higher in 2H 2010 due to increasing turnover of non cash transactions

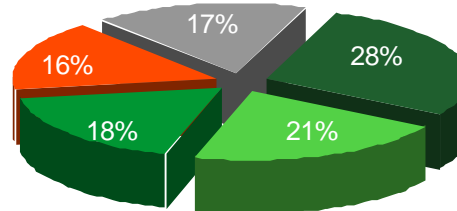


2009



- Investment banking
- eBusiness & payments
- Current account & money transfer
- FX fees
- Other

2010

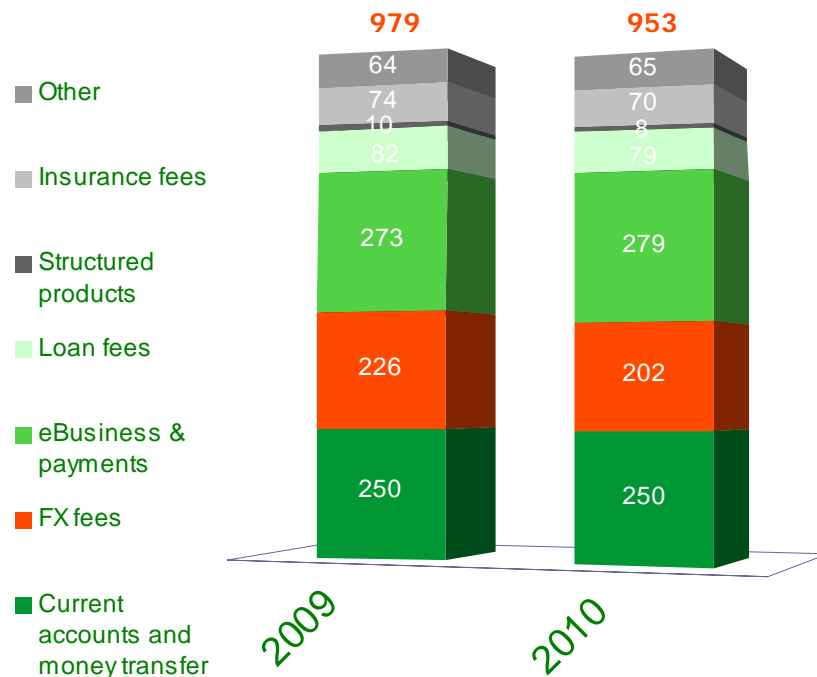


- Investment banking
- eBusiness & payments
- Current account & money transfer
- FX fees
- Other

# Net Fee and Commissions continued banking and other components -3% y/y

- ▶ FX fees decreased by 11% mostly due to lower turnover of corporate transactions
- ▶ eBusiness & Payments fees stable
  - ▶ Debit cards +25% y/y
  - ▶ Third party services -17% y/y mainly due to lower interchange rates on ATM's
- ▶ Insurance fees -5% y/y
  - ▶ Lower sales cash loans

PLN m Fees and commissions

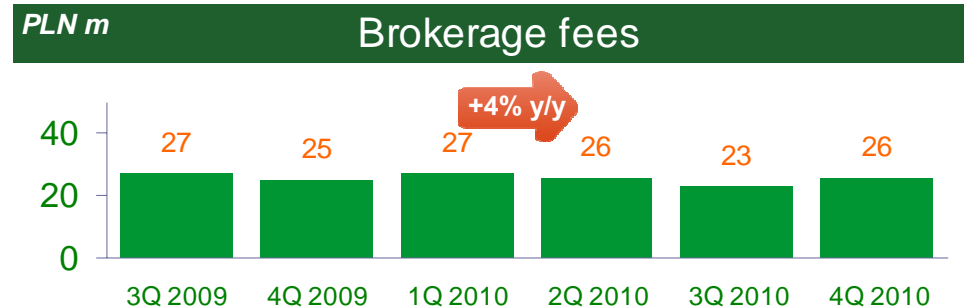
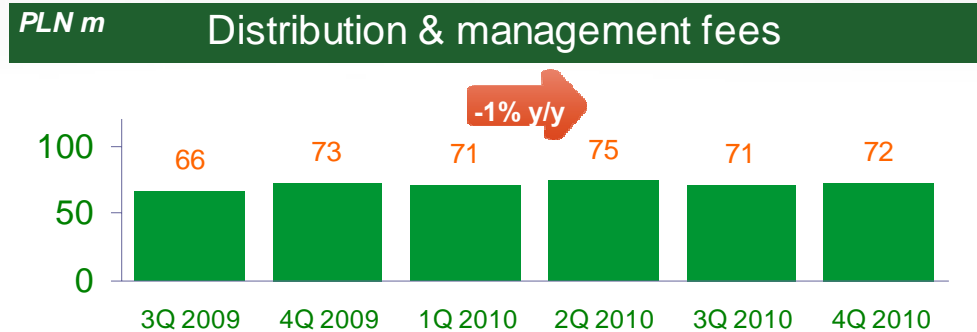


# Fees and Commissions continued

## Asset Management & Brokerage House +17% y/y

- ▶ Average Arka volumes at PLN 10.5 bn, +17% y/y
- ▶ Average AUM PLN 1.8 bn, +10% y/y
- ▶ Higher TFI sales in Q4 2010 / lower redemptions

- ▶ Secondary Market Fees -9% y/y
- ▶ Primary Market activities income PLN 9.4m in 2010 vs. PLN 4.7m in 2009
- ▶ Several new issues of structured bonds and certificates launched

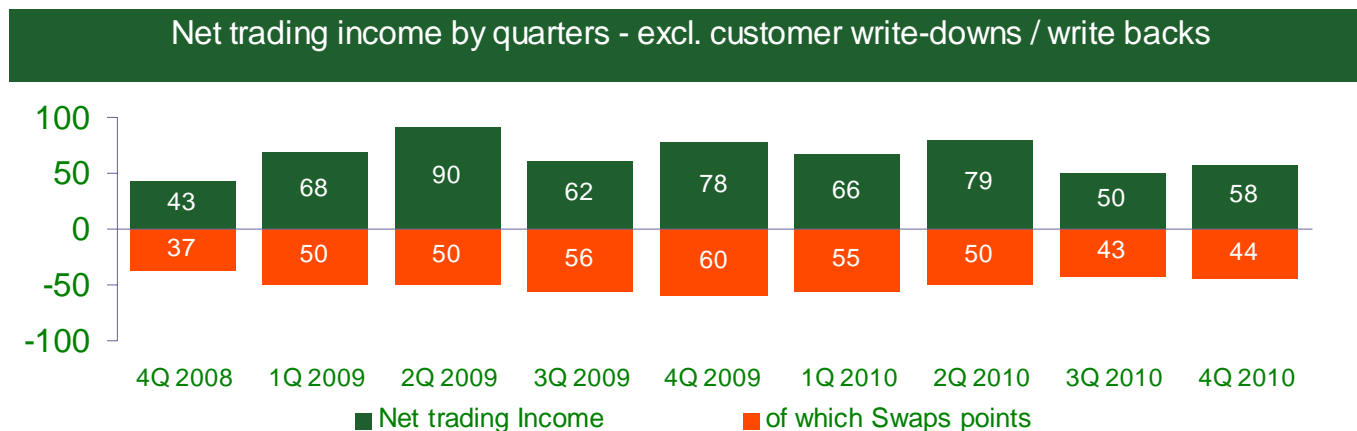


# Net Trading Income lower by 4% y/y

- ▶ Net trading income excl. swap points: + 26% y/y
- ▶ In 2010 net trading income includes write back of customer hedging derivatives of PLN +6m (2009: PLN -29m)
- ▶ Swap points included in interbank FX transactions
- ▶ Increase in confidence on interbank markets

PLN m	2010	2009
Interbank FX transactions	111	151
Derivative instruments	109	74
FX related income	27	31
Other	12	13
<b>Total</b>	<b>259</b>	<b>269</b>

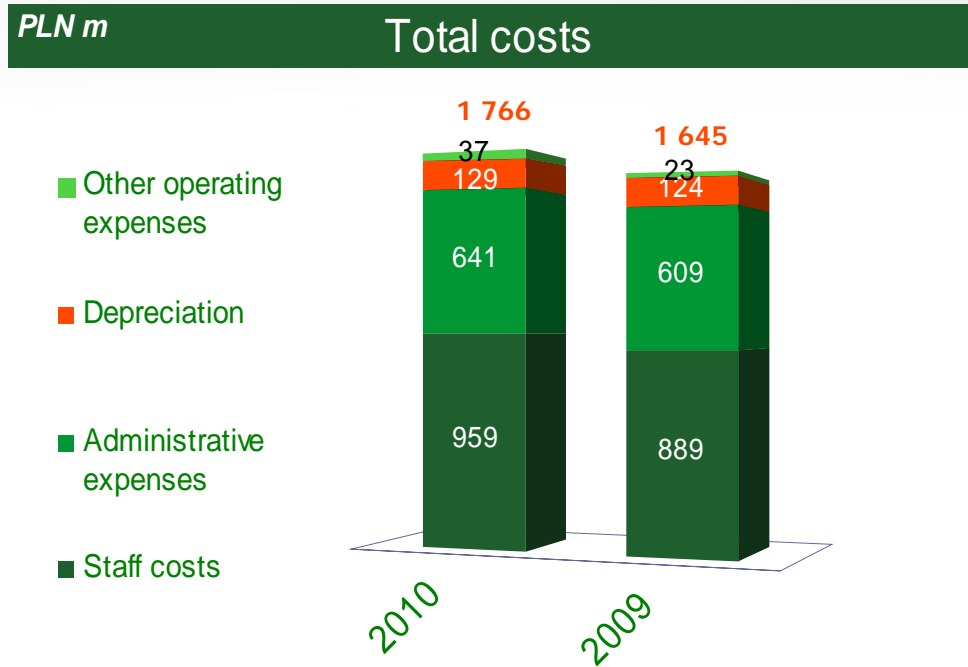
PLN m





# Total costs PLN 1,766m, +7% y/y

- ▶ Staff costs +8% y/y
  - ▶ Staff FTE numbers +387 FTE's y/y to 9 840 FTE
  - ▶ Higher level of bonuses in 2010 (also impacted by sale process)
- ▶ Administrative expenses
  - ▶ Higher consulting fees, marketing expenses indicating increase of business initiatives
  - ▶ Property and related costs +7% y/y
  - ▶ External services +42% y/y
  - ▶ Postal and telecommunication costs -12% y/y
- ▶ Depreciation increased by 4% y/y
  - ▶ Higher depreciation charge due to implemented capital expenditures projects



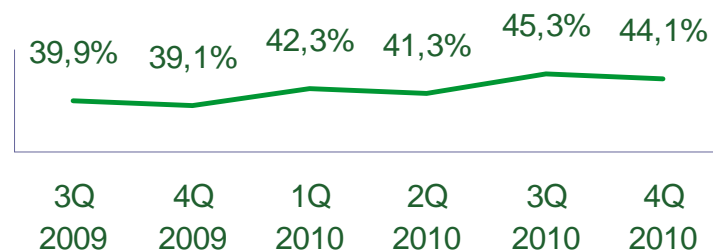
# Loan Portfolio Quality

- ▶ Net Impairment charges represent 1.21% of average credit principal
- ▶ Property cases well secured resulting in lower coverage ratio
- ▶ Q2 2010 charge includes upward adjustment to IBNR re Consumer Lending PLN 15m SME PLN 20m and Leasing PLN 12m
- ▶ Release of 35m IBNR property portfolio in Qtr 1 2010
- ▶ Property IBNR maintained at high level of PLN 142m equivalent to 1.4% of property portfolio

## NPL's



## Coverage ratio



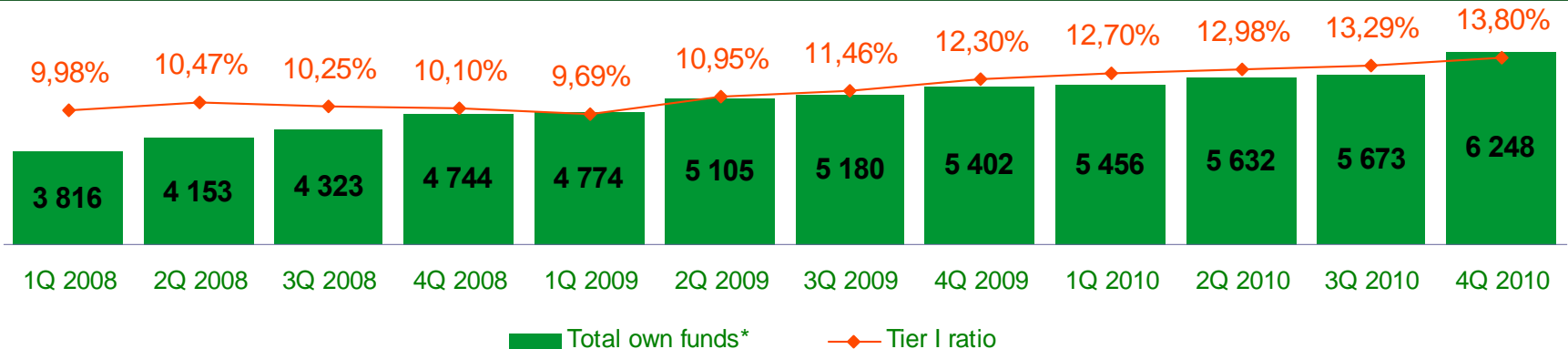
Impairment charges (PLN m)	2010	2009
Collective and individual	-475	-439
IBNR	35	-56
Recoveries	21	17
Off-balance sheet credit related items	-2	-3
<b>Total</b>	<b>-421</b>	<b>-481</b>

# Capital Management

- ▶ Basel II solvency ratio 15.77% calculated using standardized approach (Bank ratio at 15.29 %)
- ▶ Relevant Tier I ratio 13.80%
- ▶ Decrease in credit RWA in 2010 due to reduction of balance sheet exposures
- ▶ Management recommend to AGM dividend payout of PLN8 per share (payout ratio of 60% of consolidated profit)
  
- ▶ Continuation of Management actions in 2010:
  - ▶ Focus on internal capital generation – profitability (cost containment, margin and risk management)
  - ▶ BZWBK permitted by KNF to include in Tier II EBRD bonds of EUR 99m starting from Q4 2010

PLN m

Total own funds\* and Tier I ratio by quarters



\* Total own funds used for calculation of solvency ratio

# 2010 summary

- ▶ Rebalancing exposure - reduction of commercial property in favor of Personal and SME
- ▶ Bank seeking new good quality property and corporate lending opportunities
- ▶ Net interest margin percentage improvement especially in second half of 2010
- ▶ Increasing capital and solvency ratios
- ▶ Strong liquidity & funding position

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PAT (excl. non-controlling interest)	974	885	10%
ROE	17.3%	17.6%	-0.3%
Loan/Deposit ratio	78%	84%	-6%
Solvency ratio	15.8%	13.0%	2.8%

# Appendix

# Ratios and other information

<b>Selected Financial Data (PLN m)</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Total Assets *	53 153,9	54 065,0	57 433,1	41 116,0	32 698,7	28 995,4
Loans and Advances to Customers	32 838,3	34 569,5	35 136,6	23 949,7	17 620,1	14 194,5
Deposits from Customers	41 970,5	41 222,9	42 810,7	29 765,7	24 222,1	20 839,0
Total Equity	6 773,6	6 036,5	5 212,4	4 576,7	4 076,7	3 436,5
Profit Before Tax	1 357,2	1 161,8	1 210,6	1 391,4	1 065,5	689,5
Profit Attributable to Owners of BZ WBK	974,2	885,3	855,4	954,7	758,2	516,3
<b>Selected Ratios</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Cost to Income Ratio	49,9%	50,0%	51,6%	53,4%	55,1%	61,4%
Capital Adequacy Ratio	15,77%	12,97%	10,74%	13,27%	15,47%	16,05%
NPL Ratio	6,8%	5,5%	2,9%	2,8%	4,9%	6,9%
Earnings per Share (in PLN)	13,33	12,11	11,72	13,09	10,39	7,08
Net Book Value per Share (in PLN )	92,69	82,61	71,44	62,73	55,88	47,10
<b>Selected Non-Financial Data</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Number of Branches	527	512	505	406	372	383
Number of FTEs	9 840	9 453	10 221	9 086	7 955	7 654
Dividend (in PLN)	8	4	-	3	6	6
Number of Shares at the Year-End	73 076 013	73 076 013	72 960 284	72 960 284	72 960 284	72 960 284
Closing Share Price at the Year-End (in PL	214,9	190,0	110,8	251,0	225,0	141,5

\* *total assets as reported by BZ WBK Group for 2005, 2006 i 2007 have been adjusted by the amount of deferred tax liabilities due to the changed presentation of deferred tax assets and liabilities (both categories are now netted off)*

# Statement of financial position by quarters

	4 Q 2010	3 Q 2010	2 Q 2010	1 Q 2010	4 Q 2009	3 Q 2009	2 Q 2009	1 Q 2009
<b>ASSETS</b>								
Cash and balances with central bank	2 534 463	1 153 293	1 477 897	2 552 144	2 660 658	1 864 723	2 304 520	2 994 920
Loans and advances to banks	619 655	1 691 693	1 026 364	1 023 662	664 211	1 482 401	1 038 598	1 936 329
Financial assets held for trading & hedging	2 253 823	3 905 723	1 625 930	5 224 593	1 355 610	2 010 395	1 802 831	3 636 109
Loans and advances to customers	32 838 296	33 420 048	34 333 288	33 554 036	34 569 513	35 403 168	36 220 143	36 708 471
Investment securities	13 395 355	13 676 997	13 406 056	12 364 652	13 292 572	14 066 638	13 491 880	12 663 124
Investments in associates and joint ventures	87 360	83 077	81 916	81 676	81 887	81 711	78 873	79 294
Intangible assets	172 561	165 576	170 861	176 009	181 620	171 217	172 328	173 553
Property, plant & equipment	547 536	545 488	560 200	575 171	596 154	593 784	610 588	628 702
Current income tax due	-	-	-	-	43 373	-	3 534	-
Net deferred tax assets	309 164	333 815	312 293	298 709	278 227	292 029	237 236	256 022
Other assets	395 658	509 704	589 014	428 746	341 200	412 736	532 108	409 110
<b>Total assets</b>	<b>53 153 871</b>	<b>55 485 414</b>	<b>53 583 819</b>	<b>56 279 398</b>	<b>54 065 025</b>	<b>56 378 802</b>	<b>56 492 639</b>	<b>59 485 634</b>
<b>LIABILITIES</b>								
Deposits from central bank	-	-	224 323	1 023 474	1 519 208	908 175	1 381 739	2 479 021
Deposits from banks	2 526 082	7 402 531	3 782 569	4 214 725	3 830 776	6 032 476	4 825 535	6 044 650
Financial liabilities held for trading & hedging	595 052	575 645	900 811	674 929	768 983	1 096 731	1 795 797	3 209 305
Deposits from customers	41 970 454	39 617 708	41 298 498	42 944 022	41 222 871	41 512 085	41 912 301	41 439 137
Debt securities in issue	-	397 721	-	-	-	-	75 481	85 862
Subordinated liabilities	395 230	-	-	-	-	-	-	-
Current income tax liabilities	82 858	120 813	92 105	66 006	-	58 122	-	19 428
Other liabilities	810 620	857 064	1 038 158	1 034 945	686 717	1 008 739	1 038 754	1 003 019
Total liabilities	46 380 296	48 971 482	47 336 464	49 958 101	48 028 555	50 616 328	51 029 607	54 280 422
<b>Equity</b>								
Equity attributable to owners of BZ WBK S.A.	6 623 056	6 380 492	6 130 530	6 196 601	5 928 132	5 670 214	5 386 193	5 101 310
Share capital	730 760	730 760	730 760	730 760	730 760	730 760	729 603	729 603
Other reserve funds	4 344 640	4 342 765	4 342 765	3 567 001	3 566 999	3 566 999	3 566 999	2 718 239
Revaluation reserve	433 134	460 165	433 119	456 994	422 005	418 923	397 038	366 311
Retained earnings	140 299	140 298	140 298	1 208 367	323 110	323 110	323 110	1 171 871
Profit of the current period	974 223	706 504	483 588	233 479	885 258	630 422	369 443	115 286
Non-controlling interest	150 519	133 440	116 825	124 696	108 338	92 260	76 839	103 902
Total equity	6 773 575	6 513 932	6 247 355	6 321 297	6 036 470	5 762 474	5 463 032	5 205 212
<b>Total equity and liabilities</b>	<b>53 153 871</b>	<b>55 485 414</b>	<b>53 583 819</b>	<b>56 279 398</b>	<b>54 065 025</b>	<b>56 378 802</b>	<b>56 492 639</b>	<b>59 485 634</b>

# P&L by quarters

for the period:	4Q 2010	3Q 2010	2Q 2010	1 Q 2010	4 Q 2009	3 Q 2009	2 Q 2009	1 Q 2009
Interest and similar income	792 406	767 560	781 882	788 453	788 809	795 991	785 811	855 477
Interest expense and similar charges	(290 956)	(309 614)	(343 572)	(363 984)	(354 972)	(383 084)	(430 872)	(493 969)
<b>Net interest income</b>	<b>501 450</b>	<b>457 946</b>	<b>438 310</b>	<b>424 469</b>	<b>433 837</b>	<b>412 907</b>	<b>354 939</b>	<b>361 508</b>
Fee and commission income	396 305	373 000	399 929	386 024	392 173	401 845	382 396	357 999
Fee and commission expense	(50 080)	(42 242)	(64 189)	(54 086)	(59 795)	(59 968)	(52 225)	(48 113)
<b>Net fee and commission income</b>	<b>346 225</b>	<b>330 758</b>	<b>335 740</b>	<b>331 938</b>	<b>332 378</b>	<b>341 877</b>	<b>330 171</b>	<b>309 886</b>
Dividend income	281	611	53 268	354	20 286	316	75 964	26
Net trading income and revaluation	60 258	60 810	70 265	67 398	78 233	62 969	85 028	44 026
Gains (losses) from other financial securities	2 235	1 301	108	8 764	(1 880)	(2 454)	(7 131)	5 380
Gains (losses) from investment in subsidiaries and associates	-	-	-	-	-	-	-	-
Other operating income	20 733	7 194	11 619	7 793	19 058	7 821	9 390	13 433
Impairment losses on loans and advances	(103 192)	(100 753)	(146 447)	(70 362)	(100 410)	(97 238)	(122 674)	(160 712)
Operating expenses incl.:	(462 529)	(451 227)	(431 105)	(421 484)	(438 839)	(388 566)	(403 786)	(413 573)
<i>Bank's staff, operating expenses and management costs</i>	<i>(421 765)</i>	<i>(404 870)</i>	<i>(391 673)</i>	<i>(382 284)</i>	<i>(401 521)</i>	<i>(351 164)</i>	<i>(368 801)</i>	<i>(376 830)</i>
<i>Depreciation/amortisation</i>	<i>(32 735)</i>	<i>(32 356)</i>	<i>(31 838)</i>	<i>(31 838)</i>	<i>(31 960)</i>	<i>(31 062)</i>	<i>(30 328)</i>	<i>(30 123)</i>
<i>Other operating expenses</i>	<i>(8 029)</i>	<i>(14 001)</i>	<i>(7 594)</i>	<i>(7 362)</i>	<i>(5 358)</i>	<i>(6 340)</i>	<i>(4 657)</i>	<i>(6 620)</i>
Operating profit	365 461	306 640	331 758	348 870	342 663	337 632	321 901	159 974
Share in net profits (losses) of entities accounted for by the equity method	1 925	1 161	1 577	(211)	176	2 838	(422)	(2 926)
Profit before tax	367 386	307 801	333 335	348 659	342 839	340 470	321 479	157 048
Corporate income tax	(82 984)	(68 634)	(65 991)	(99 003)	(71 949)	(64 882)	(55 248)	(30 535)
<b>Profit for the period</b>	<b>284 402</b>	<b>239 167</b>	<b>267 344</b>	<b>249 656</b>	<b>270 890</b>	<b>275 588</b>	<b>266 231</b>	<b>126 513</b>
incl.:								
<b>attributable to owners of BZ WBK S.A.</b>	<b>267 719</b>	<b>222 916</b>	<b>250 109</b>	<b>233 479</b>	<b>254 836</b>	<b>260 979</b>	<b>254 157</b>	<b>115 286</b>
attributable to non-controlling interests	16 683	16 251	17 235	16 177	16 054	14 609	12 074	11 227



# Commission income by quarters

Net fee and commission income	4Q 2010	3Q 2010	2Q 2010	1 Q 2010	4 Q 2009	3 Q 2009	2 Q 2009	1 Q 2009
<b>Investment Banking Fees</b>								
Fund management fees	81	80	84	80	80	72	59	49
Distribution fees	(9)	(9)	(9)	(9)	(7)	(6)	(5)	(5)
Brokerage fees	26	23	26	27	25	27	26	20
<b>Other fees and commissions</b>								
Current accounts & money transfer	63	63	62	62	65	65	62	58
Fx fees	54	50	52	46	54	54	57	61
eBusiness & payments	73	74	66	66	69	70	68	66
Loan fees	18	21	18	22	19	22	21	20
Other distribution fees	4	0	1	3	3	1	2	4
Insurance fees	18	14	19	19	7	21	23	23
Other	18	15	16	16	17	16	17	14
<b>Total</b>	<b>346</b>	<b>331</b>	<b>335</b>	<b>332</b>	<b>332</b>	<b>342</b>	<b>330</b>	<b>310</b>

# Costs by quarters

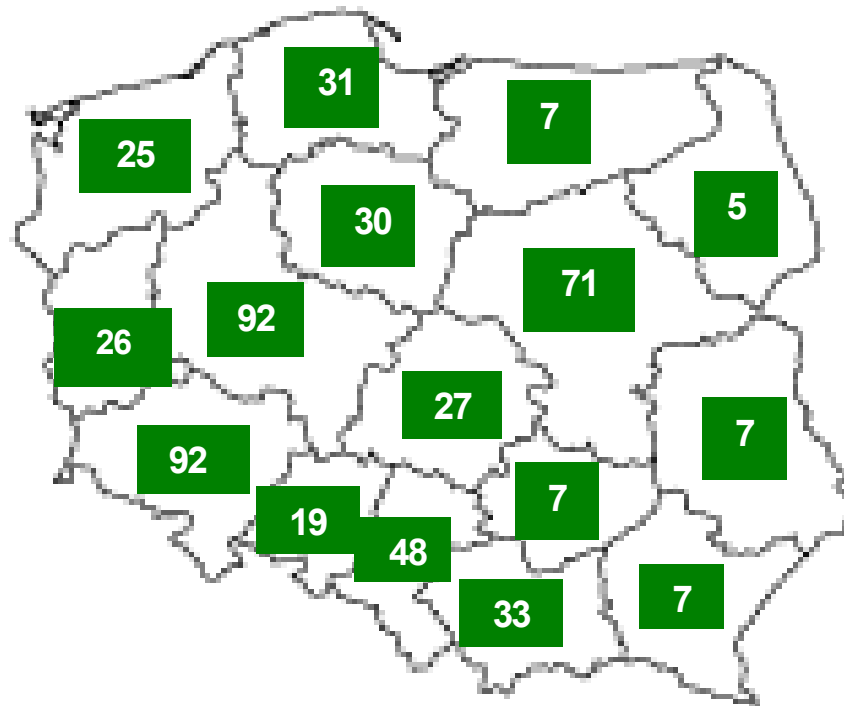
Costs	4Q 2010	3Q 2010	2 Q 2010	1 Q 2010
Staff costs	256,5	251,1	217,1	234,3
Administration costs	165,3	153,8	174,6	147,9
Depreciation	32,7	32,4	31,8	31,8
Other operating costs	8,0	14,0	7,6	7,4
<b>Total</b>	<b>462,5</b>	<b>451,3</b>	<b>431,1</b>	<b>421,4</b>

Costs	4 Q 2009	3 Q 2009	2 Q 2009	1 Q 2009
Staff costs	239,5	213,2	208,2	228,5
Administration costs	162,0	138,0	160,6	148,3
Depreciation	32,0	31,1	30,3	30,1
Other operating costs	5,4	6,3	4,7	6,6
<b>Total</b>	<b>438,9</b>	<b>388,6</b>	<b>403,8</b>	<b>413,5</b>

# Property Portfolio

31.12.2010	Total exposure	%	BS exposure	%	NPLs	%	Current LTV	Provisions (excl IBNR)	Provision Cover	Provision Cover (incl. IBNR)
Residential Investment	0,1	0,8%	0,1	0,8%	0,03	34,8%	57%	0,002	7,4%	-
Commercial Investment	6,2	63,0%	6,1	64,6%	0,06	1,0%	65%	0,002	3,7%	-
Residential Development	0,8	8,6%	0,8	8,1%	0,21	27,3%	65%	0,048	24,3%	-
Commercial Development	1,0	9,7%	0,8	8,7%	0,05	6,4%	71%	0,002	4,6%	-
Land Acquisition	1,8	18,0%	1,7	17,8%	0,64	37,6%	84%	0,183	31,0%	-
Total Exp & BS	9,9	100,0%	9,5	100,0%	0,99	10,4%	69%	0,237	25,8%	41,2%
30.09.2010	Total exposure	%	BS exposure	%	NPLs	%	Current LTV	Provisions (excl IBNR)	Provision Cover	Provision Cover (incl. IBNR)
Residential Investment	0,1	0,8%	0,1	0,8%	0,02	20,1%	55%	0,001	7,2%	-
Commercial Investment	6,3	60,2%	6,3	62,8%	0,07	1,1%	65%	0,002	3,7%	-
Residential Development	1,1	10,6%	1,0	10,0%	0,06	6,4%	66%	0,017	30,0%	-
Commercial Development	1,0	9,7%	0,7	7,4%	-	0,0%	64%	0,000	0,0%	-
Land Acquisition	2,0	18,7%	1,9	19,0%	0,67	35,0%	82%	0,195	31,1%	-
Total Exp & BS	10,5	100,0%	10,0	100,0%	0,82	8,2%	68%	0,216	28,2%	47,6%
30.06.2010	Total exposure	%	BS exposure	%	NPLs	%	Current LTV	Provisions (excl IBNR)	Provision Cover	Provision Cover (incl. IBNR)
Residential Investment	0,1	0,7%	0,1	0,7%	0,00	0,7%	56%	0,000	2,2%	-
Commercial Investment	6,5	58,4%	6,5	61,0%	0,05	0,8%	67%	0,002	3,7%	-
Residential Development	1,3	11,4%	1,2	11,1%	0,18	15,2%	70%	0,039	24,9%	-
Commercial Development	1,4	12,7%	1,1	9,9%	0,03	2,4%	70%	0,002	7,2%	-
Land Acquisition	1,9	16,8%	1,8	17,4%	0,58	31,8%	79%	0,155	27,9%	-
Total Exp & BS	11,1	100,0%	10,6	100,0%	0,84	7,9%	70%	0,197	25,1%	44,3%
31.03.2010	Total exposure	%	BS exposure	%	NPLs	%	Current LTV	Provisions (excl IBNR)	Provision Cover	Provision Cover (incl. IBNR)
Residential Investment	0,1	1,2%	0,1	1,3%	0,00	0,0%	52%	-	0,0%	-
Commercial Investment	5,9	52,5%	5,9	56,2%	0,03	0,5%	59%	0,001	1,6%	-
Residential Development	1,5	13,2%	1,2	11,9%	0,16	13,2%	81%	0,041	25,1%	-
Commercial Development	1,8	15,8%	1,3	12,6%	0,03	2,0%	68%	0,002	7,1%	-
Land Acquisition	1,9	17,3%	1,9	18,1%	0,50	26,6%	70%	0,142	28,3%	-
Total Exp & BS	11,2	100,0%	10,4	100,0%	0,72	7,0%	65%	0,185	25,7%	46,3%
31.12.2009	Total exposure	%	BS exposure	%	NPLs	%	Current LTV	Provisions (excl IBNR)	Provision Cover	Provision Cover (incl. IBNR)
Residential Investment	0,1	1,2%	0,1	1,2%	-	0,0%	50%	-	-	-
Commercial Investment	5,8	45,8%	5,7	49,9%	0,03	0,6%	60%	0,001	2,0%	-
Residential Development	1,7	13,6%	1,3	11,5%	0,19	14,3%	81%	0,040	22,5%	-
Commercial Development	2,9	23,1%	2,3	20,0%	0,04	1,8%	67%	0,004	9,1%	-
Land Acquisition	2,1	16,4%	2,0	17,4%	0,52	25,7%	69%	0,132	26,5%	-
Total Exp & BS	12,6	100,0%	11,5	100,0%	0,78	6,8%	66%	0,177	23,6%	47,8%

# Bank Zachodni WBK SA Branches



# Data and Forecasts

Indicator	2008	2009	2010	2011F
GDP (%YoY)	5.1	1.7	3.8	4.1
Private consumption (%YoY)	5.7	2.1	3.2	3.5
Fixed investments (%YoY)	9.6	-1.1	-2.0	11.0
C/A balance (% of GDP)	-4.8	-2.2	-3.3	-3.9
LFS unemployment rate (%. year-end. seasonally adj.)	7.1	9.1	10.0	7.6
Retail sales (%YoY, real terms)	5.0	1.7	3.4	5.5
Industrial output (%YoY)	3.6	-3.5	11.1	8.0
Construction output (%YoY)	12.1	2.5	3.8	11.2
Reference rate (% year-end)	5.00	3.50	3.50	4.50
EURPLN (annual average)	3.52	4.33	3.99	3.85
USDPLN (annual average)	2.41	3.11	3.02	2.81

# CONTACTS

**Agnieszka Dowżycka**

**[agnieszka.dowzycka@bzwbk.pl](mailto:agnieszka.dowzycka@bzwbk.pl)**

**+48 (61) 856 4521**

**Jędrzej Marciniak**

**[jedrzej.marciniak@bzwbk.pl](mailto:jedrzej.marciniak@bzwbk.pl)**

**+48 (61) 856 5400**