

## **Fitch Affirms Poland's Bank Zachodni WBK at IDR 'A'**

Fitch Ratings-London-11 August 2006: Fitch Ratings has today affirmed Poland-based Bank Zachodni WBK's ("BZ WBK") ratings at Issuer Default 'A', Short-term 'F1', Individual 'C' and Support '1'. The Outlook is Positive.

“The bank is performing well, with improving asset quality, good profitability and strong capitalisation,” says Chris Birney, Director with Fitch's Financial Institutions Group. “The asset management and brokerage businesses are boosting earnings and improving revenue diversification, while the long-awaited return of corporate loan growth signals improved prospects.”

Fitch also notes that as the bank grows more confident in its risk management systems, it has been relaxing some of its credit granting procedures, with lengthening maturities for corporate lending and rapid growth of higher-risk asset classes such as cash retail loans. Additionally, an increasing portion of the loan portfolio consists of mortgage and other retail loans, which have a short history in Poland and have not been tested through a full economic cycle.

The Issuer Default, Short-term and Support ratings are based on the extremely high potential for support from BZ WBK's controlling shareholder, Allied Irish Banks ('AIB', rated 'AA-' (AA minus)/Stable Outlook). BZ WBK's Issuer Default rating is currently constrained by the Country Ceiling 'A' for Poland.

AIB is one of the largest banks in Ireland, with EUR8.4 billion of equity at end-2005. It employs over 24,000 people in more than 700 offices worldwide. AIB built a 60.1% stake in WBK between 1995 and 1996. In 1999 AIB acquired 80% of Bank Zachodni SA from the Polish State Treasury and in 2001 merged the two banks to create BZ WBK, in which AIB currently has a 70.5% stake.

BZ WBK is Poland's fifth largest bank by assets. The Bank operated through 372 branches and had 7,798 full-time employees and end-June 2006.

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