

INTERIM REPORT 2009
OF BANK ZACHODNI WBK GROUP

2009

FINANCIAL HIGHLIGHTS		PLN k		EUR k	
		for the period ended :		30.06.2009	30.06.2008
Consolidated financial statements					
I	Interest and similar income	1 641 288	1 458 180	363 245	419 306
II	Fee and commission income	749 688	823 243	165 919	236 727
III	Operating profit	491 168	788 049	108 704	226 607
IV	Profit before tax	487 820	788 005	107 963	226 594
V	Net profit attributable to the Company's equity holders	376 970	567 538	83 430	163 198
VI	Total net cash flow	(1 589 168)	126 758	(351 710)	36 450
VII	Total assets	56 486 616	46 935 807	12 637 958	13 993 145
VIII	Deposits from banks	4 825 535	5 298 338	1 079 635	1 579 613
IX	Deposits from customers	41 912 301	33 958 174	9 377 193	10 124 075
X	Total liabilities	50 997 907	42 124 610	11 409 949	12 558 765
XI	Total equity	5 488 709	4 811 197	1 228 009	1 434 380
XII	Minority interest	76 839	203 294	17 191	60 609
XIII	Net profit attributable to the Minority	23 301	60 334	5 157	17 349
XIV	Number of shares	72 960 284	72 960 284		
XV	Net book value per share in PLN/EUR	75,23	65,94	16,83	19,66
XVI	Solvency ratio	11,56%	10,99%		
XVII	Profit per share in PLN/ EUR	5,17	7,78	1,14	2,24
XVIII	Diluted earnings per share in PLN/EUR	5,16	7,77	1,14	2,23
XIX	Declared or paid dividend per share in PLN/EUR	-	3,00	-	0,89

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

- for balance sheet items: 4.4696 PLN rate to EUR as at 30.06.2009 stated by National Bank of Poland (NBP), 3.3542 PLN rate to EUR as at 30.06.2008
- for profit and loss items - as at 30.06.2009: 4.5184 (an average PLN mid-rate to EUR in NBP on the last day of each month in 1H 2009), as at 30.06.2008: 3.4776 (an average PLN mid-rate to EUR in NBP on the last day of each month in 1H 2008).

**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS OF BANK ZACHODNI WBK GROUP
FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2009**

2009



WBK

Bank Zachodni WBK

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1. Consolidated income statement

	For reporting period:	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008
Interest and similar income		1 641 288	1 458 180
Interest expense and similar charges		(924 841)	(681 050)
Net interest income	Note 10	716 447	777 130
Fee and commission income		749 688	823 243
Fee and commission expense		(100 338)	(119 142)
Net fee and commission income	Note 11	649 350	704 101
Dividend income		75 990	69 634
Net trading income and revaluation	Note 12	129 054	56 389
Gains (losses) from other financial securities	Note 13	(1 751)	12 833
Net (loss) on sale of subsidiaries and associates		-	(196)
Other operating income		22 823	33 280
Impairment losses on loans and advances	Note 14	(283 386)	(19 837)
Operating expenses incl.:		(817 359)	(845 285)
<i>Bank's staff, operating expenses and management costs</i>	Note 15,16	<i>(745 631)</i>	<i>(784 148)</i>
<i>Depreciation/amortisation</i>		<i>(60 451)</i>	<i>(50 558)</i>
<i>Other operating expenses</i>		<i>(11 277)</i>	<i>(10 579)</i>
Operating profit		491 168	788 049
Share in net profits of entities accounted for by the equity method		(3 348)	(44)
Profit before tax		487 820	788 005
Corporate income tax	Note 17	(87 549)	(160 133)
Profit for the period		400 271	627 872
of which:			
attributable to the Company's equity holders		376 970	567 538
attributable to the Minority equity holders		23 301	60 334
Net earnings per share (PLN/share)			
Basic earnings per share		5,17	7,78
Diluted earnings per share		5,16	7,77

2. Consolidated statement of comprehensive income

	For reporting period:	01.01.2009 -30.06.2009	01.01.2008 -30.06.2008
Profit for the period		400 271	627 872
Other comprehensive income:			
Available-for sale financial assets valuation		39 114	(110 831)
Cash flow hedges valuation		23 354	1 608
Other comprehensive income for the period, net of income tax		62 468	(109 223)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		462 739	518 649
Attributable to:			
the Company's equity holders		438 502	459 927
the Minority equity holders		24 237	58 722

3. Consolidated statement of financial position

		as at:	30.06.2009	31.12.2008	30.06.2008
ASSETS					
Cash and balances with central bank	Note 18		2 304 520	3 178 107	2 469 407
Loans and advances to banks	Note 19		1 036 165	1 364 543	2 760 991
Financial assets held for trading	Note 20		1 798 805	3 224 867	1 533 477
Hedging derivatives			4 026	347	45 047
Loans and advances to customers	Note 21		36 222 576	35 137 202	28 272 646
Investment securities	Note 22,23		13 491 880	12 916 041	10 524 428
Investments in associates and joint ventures	Note 24		78 873	72 221	67 103
Intangible assets			172 328	173 934	126 524
Property, plant & equipment			610 588	637 486	559 880
Current income tax due			3 534	-	-
Deferred tax assets			231 213	210 495	141 569
Other assets			532 108	517 826	434 735
Total assets			56 486 616	57 433 069	46 935 807
LIABILITIES					
Deposits from central bank	Note 25		1 381 739	1 242 574	-
Deposits from banks	Note 26		4 825 535	4 095 477	5 298 338
Hedging derivatives			48 312	68 562	1 196
Financial liabilities held for trading	Note 20		1 747 485	3 153 932	1 294 135
Deposits from customers	Note 27		41 912 301	42 810 727	33 958 174
Debt securities in issue			75 481	153 918	282 368
Current income tax liabilities			-	13 638	12 973
Other liabilities			1 007 054	681 800	1 277 426
Total liabilities			50 997 907	52 220 628	42 124 610
Equity					
Parent company equity			5 411 870	4 972 569	4 607 903
Share capital			729 603	729 603	729 603
Other reserve funds			3 566 999	2 716 687	2 721 094
Revaluation reserve			397 038	335 507	255 353
Retained earnings			341 260	335 326	334 315
Profit of the current period			376 970	855 446	567 538
Minority interest			76 839	239 872	203 294
Total equity			5 488 709	5 212 441	4 811 197
Total equity and liabilities			56 486 616	57 433 069	46 935 807

4. Movements on consolidated equity

MOVEMENTS ON CONSOLIDATED EQUITY	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Minority interest	Total
Opening balance as at 31.12.2008	729 603	2 716 687	335 507	1 190 772	239 872	5 212 441
Total comprehensive income for 1H 2009	-	-	61 531	376 971	24 237	462 739
Share scheme charge	-	1 547	-	-	-	1 547
Dividend relating to 2008	-	-	-	-	(187 270)	(187 270)
Transfer to other capital	-	848 765	-	(848 765)	-	-
Other	-	-	-	(748)	-	(748)
As at 30.06.2009	729 603	3 566 999	397 038	718 230	76 839	5 488 709

As at the end of the period revaluation reserve in the amount of PLN 397 038 k comprises of debt securities and equity shares classified as available for sale of PLN (13 670) k and PLN 412 026 k respectively and additionally cash flow hedge activities of PLN (1 318) k.

MOVEMENTS ON CONSOLIDATED EQUITY	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Minority interest	Total
Opening balance as at 31.12.2007	729 603	2 061 578	362 963	1 206 622	235 174	4 595 940
Total comprehensive income for 2008	-	-	(27 456)	856 456	95 300	924 300
Share scheme charge	-	1 734	-	-	-	1 734
Dividend relating to 2007	-	-	-	(218 881)	(90 155)	(309 036)
Transfer to other capital	-	653 816	-	(653 816)	-	-
Other	-	(441)	-	391	(447)	(497)
As at 31.12.2008	729 603	2 716 687	335 507	1 190 772	239 872	5 212 441

As at the end of the period revaluation reserve in the amount of PLN 335 507 k comprises of debt securities and equity shares classified as available for sale of PLN (49 638) k and PLN 409 818 k respectively and additionally cash flow hedge activities of PLN (24 673) k.

MOVEMENTS ON CONSOLIDATED EQUITY	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Minority interest	Total
Opening balance as at 31.12.2007	729 603	2 061 578	362 963	1 206 622	235 174	4 595 940
Total comprehensive income for 1H 2008	-	-	(107 610)	567 537	58 722	518 649
Share scheme charge	-	6 141	-	-	-	6 141
Dividend relating to 2007	-	-	-	(218 881)	(90 155)	(309 036)
Transfer to other capital	-	653 816	-	(653 816)	-	-
Other	-	(441)	-	391	(447)	(497)
As at 30.06.2008	729 603	2 721 094	255 353	901 853	203 294	4 811 197

As at the end of the period revaluation reserve in the amount of PLN 255 353 k comprises of debt securities and equity shares classified as available for sale of PLN (194 773) k and PLN 448 518 k respectively and additionally cash flow hedge activities of PLN 1 608 k.

5. Consolidated statement of cash flows

	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008
Profit before tax	487 820	788 005
Total adjustments:	(801 634)	406 017
Share in net profits (losses) of entities accounted for by the equity method	3 348	44
Depreciation	60 451	50 558
Impairment losses	(17)	125
Gains (losses) on exchange differences	21 840	(2 420)
Interests and similar charges	95 709	85 453
Dividend received	(75 990)	(69 634)
(Profit) loss from investing activities	(185)	(16 561)
Change in provisions	(29 373)	(57 235)
Change in trading portfolio financial instruments	(10 777)	(37 854)
Change in loans and advances to banks	99	(124 151)
Change in loans and advances to customers	(1 107 214)	(4 320 936)
Change in deposits from banks	983 481	286 919
Change in deposits from customers	(904 513)	4 192 487
Change in liabilities arising from debt securities in issue	(928)	1 824
Change in assets and liabilities arising from deferred taxation	1 730	(283)
Change in other assets and liabilities	300 505	605 489
Paid income tax	(140 297)	(188 708)
Other adjustments	497	900
Net cash flow from operating activities	(313 814)	1 194 022
Inflows	2 918 123	1 601 667
Sale of shares or interests in subsidiaries, associates and joint ventures	-	2 525
Sale of investment securities	2 840 124	1 522 207
Sale of intangible and tangible fixed assets	2 003	7 297
Dividends received	75 990	69 634
Proceeds from other investments	6	4
Outflows	(3 799 001)	(2 761 466)
Purchase of subsidiaries, associates and joint ventures	(10 000)	(33 531)
Purchase of investment securities	(3 756 252)	(2 655 507)
Purchase of intangible and tangible fixed assets	(32 748)	(72 371)
Other investments	(1)	(57)
Net cash flow from investing activities	(880 878)	(1 159 799)
Inflows	99 295	873 538
Drawing of long-term loans	99 295	873 538
Outflows	(493 771)	(781 003)
Repayment of long-term loans	(207 467)	(345 644)
Debt securities buy out	(77 509)	(72 417)
Dividends and other payments to shareholders	(147 353)	(309 036)
Other financing outflows	(61 442)	(53 906)
Net cash flow from financing activities	(394 476)	92 535
Total net cash flow	(1 589 168)	126 758
Cash at the beginning of the accounting period	5 324 313	5 023 548
Cash at the end of the accounting period	3 735 145	5 150 306

Additional notes to consolidated financial statements

6. General information about issuer

Bank Zachodni WBK S.A. is a bank seated in Poland, 50-950 Wrocław, Rynek 9/11, TIN 896-000-56-73, National Official Business Register number (REGON) 930041341, registered in the District Court for Wrocław-Fabryczna, VI Economic Unit of the National Court Registry under 0000008723 number.

Interim consolidated financial statements of Bank Zachodni WBK S.A. includes bank's stand alone financial information as well as information from its subsidiaries (all together called Group), share of net assets of associated entities and joint ventures. The bank's ultimate parent company is Allied Irish Banks plc.

Group of Bank Zachodni WBK consists of the following entities:

Subsidiaries:

	Subsidiaries	Registered office	% of votes on AGM 30.06.2009	% of votes on AGM 30.06.2008
1.	BZ WBK Finanse Sp. z o.o.	Poznań	100,00	-
2.	BZ WBK Faktor Sp. z o.o.	Warszawa	100% of AGM votes is held by BZ WBK Finanse Sp. z o.o.	100,00
3.	BZ WBK Inwestycje Sp. z o.o.	Poznań	100,00	100,00
4.	Dom Maklerski BZ WBK S.A.	Poznań	99,99	99,99
5.	BZ WBK Finanse & Leasing S.A.	Poznań	99,99% of AGM votes is held by BZ WBK Finanse Sp. z o.o.	99,99
6.	BZ WBK Leasing S.A.	Poznań	99,99% of AGM votes is held by BZ WBK Finanse Sp. z o.o.	99,99
7.	BZ WBK Nieruchomości S.A.	Poznań	99,99	99,99
8.	BZ WBK AIB Asset Management S.A.*	Poznań	50,00	50,00
9.	BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A.	Poznań	100% of AGM votes is held by BZ WBK AIB Asset Management S.A.	100% of AGM votes is held by BZ WBK AIB Asset Management S.A.

* In case of BZ WBK AIB Asset Management S.A., the Bank is a co-owner of the company together with AIB Capital Markets plc. Both owners of BZ WBK AIB Asset Management S.A. are members of Allied Irish Banks Group and each holds an equal stake of 50% in the company's share capital. In practice, Bank Zachodni WBK S.A. exercises control over the company and its subsidiary, BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A., because through its agency the ultimate parent (Allied Irish Banks) pursues its policy in Poland. Therefore the company is treated as a subsidiary undertaking.

Associates:

Associates	Registered office	% of votes on AGM 30.06.2009	% of votes on AGM 30.06.2008
1. POLFUND - Fundusz Poręczeń Kredytowych S.A.	Szczecin	50,00	50,00
2. Metrohouse S.A.*	Warszawa	35,38	-
3. Krynicki Recykling S.A.*	Warszawa	30,37	-

* Metrohouse S.A. and Krynicki Recykling S.A are the associates of BZ WBK Inwestycje Sp. z o.o.

Joint ventures:

Joint ventures	Registered office	% of votes on AGM 30.06.2009	% of votes on AGM 30.06.2008
1. BZ WBK - Aviva Towarzystwo Ubezpieczeń Ogólnych S.A.	Poznań	50,00	50,00
2. BZ WBK - Aviva Towarzystwo Ubezpieczeń na Życie S.A.	Poznań	50,00	50,00

Compared with the end of June 2008, the Group includes an additional company – BZ WBK Finanse Sp. z o.o., formed by the bank on 18 December 2008 and registered on 13 January 2009. Bank Zachodni WBK acquired 100% stake in the company's share capital. The new entity is a holding company set up to centralise management of the bank's subsidiaries involved in provision of specialised services to business customers, i.e. BZ WBK Leasing S.A., BZ WBK Finanse & Leasing S.A. and BZ WBK Faktor Sp. z o.o.

In December 2008, BZ WBK Inwestycje Sp. z o.o. (bank's subsidiary) acquired 3 077 k newly issued shares of Krynicki Recykling S.A. (capital increase registered on 2 February 2009), representing 30.37% of the share capital. Krynicki Recykling S.A. is classified as associate and accounted for using the equity method.

7. 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 2008.

The consolidated financial statements of the Group for the year 2008 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 2009 to 30 June 2009 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) the Bank is required to publish the financial results for the six months ended 30 June 2009 which is deemed to be the current interim financial reporting period.

Accounting policies

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

The accounting policies have been applied consistently by Group entities.

Except as described below, the accounting policies applied by the Group in these condensed interim consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2008.

Changes in accounting policies

Since January 2009 the Bank has changed the accounting policy concerning the recognition or derecognition from financial statement of purchase or sale of financial asset using the trade date accounting rather than the settlement date. Other accounting policies have not changed and are the same as those applied in Consolidated Financial Statements of Bank Zachodni WBK Group for the year 2008.

Since January 2009 The Group have been presenting segmental information in accordance with the requirements of IFRS 8. The change has been applied retrospectively and any effect on financial data is described in a section "Comparability with results of previous periods". Since January 2009 the Group has applied changes to IAS 1 "Presentation of Financial Statements" by presenting "Consolidated statement of comprehensive income".

Comparability with results of previous periods

To ensure comparability, the following substantial changes were made to the presentation of financial data compared to 1H 2008 in:

a) consolidated income statement:

- change of presentation of income from FX forward transactions - currently in „Net trading income and revaluation" while previously the amount of PLN 8 517 k was classified as "Net fee and commission income"

b) consolidated statement of financial position:

- change of presentation of a regular way purchase or sale of financial asset and recognizing it in the statement of financial position using the trade date accounting rather than the settlement date. As at 30.06.2008 the increase in "Financial assets held for trading" in the amount of PLN 18 950 k, "Investment securities" in the amount of PLN 75 454 k and "Deposits from customers" in the amount of PLN 94 404 k.

As at 31.12.2008 there was no regular way purchase or sale of financial assets.

- According to IAS 28 adjustments of equity made by the Bank's associate – POLFUND Fundusz Poręczeń Kredytowych S.A. were applied consistently in consolidated statement of financial position of BZ WBK Group. In comparable periods as at 31.12.2007 and 30.06.2008 „Retained earnings” were increased by PLN 19 238 k, "Deferred tax assets" were decreased by PLN 4 512 k, „Investments in associates and joint ventures” were increased by PLN 23 750 k, as at 31.12.2008 – Retained earnings” were increased by PLN 20 250 k, "Deferred tax assets" were decreased by PLN 4 750 k and „Investments in associates and joint ventures” were increased by PLN 25 000 k.
- As a result of changes in the interpretation of IAS 12, the presentation of deferred tax assets and liabilities was changed. Since June 2009 the assets and liabilities have been presented as a net value. The change is reflected also in comparable periods therefore the total assets in the consolidated statement of financial position decreased in the amount of PLN 425 254 k as at 31.12.2008 and PLN 239 639 k as at 30.06.2008.

c) 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 January 2009 cash components have included other liquid financial assets with maturity up to 3 months. The details of reclassification are presented in the table below.

		31.12.2008		30.06.2008		31.12.2007	
		Before revision	After revision	Before revision	After revision	Before revision	After revision
Cash components:							
Deposits in other banks, current account *	(1)	20 355	1 361 786	24 705	2 614 739	26 571	2 555 201
Cash and current accounts in central bank		3 178 107	3 178 107	2 469 407	2 469 407	2 206 265	2 206 265
Debt securities held for trading*	(2)	-	168 618	-	3 610	-	53 447
Debt securities available for sale*	(3)	-	615 802	-	62 550	-	208 635
Total		3 198 462	5 324 313	2 494 112	5 150 306	2 232 836	5 023 548

* with maturity up to 3 months

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 of investment securities.

d) As a result of adoption of IFRS 8, which replaced IAS 14, segmental information was restated in order to conform to the requirements of this standard and the reportable segments are consistent with those identified by management accounting. A change is reflected also by the restated financial statements of a comparable period.

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

Standard or interpretation	Character of changes	Effective from	Impact on the Group
Amendments to IFRS 5 <i>Non-current assets held for sale and discontinued operation</i>	The changes relate to the reclassification of assets and liabilities of a subsidiary due to the disposition that led to the loss of control over the subsidiary, and the different presentation of discontinued operations where a decision on a disposition is made, leading to the loss of control over a subsidiary.	1 July 2009	Amendments to IFRS 5 will not have a material impact of the financial statements.
IFRS 3 (Revised) <i>Business Combinations</i>	<p>The scope of the revised Standard has been amended and the definition of a business has been expanded. The revised Standard also includes a number of other potentially significant changes including: all items of consideration transferred by the acquirer are recognized and measured at fair value as of the acquisition date, including contingent consideration.</p> <p>Subsequent change in contingent consideration will be recognized in profit or loss.</p> <p>Transaction costs, other than share and debt issuance costs, will be expensed as incurred.</p> <p>The acquirer can elect to measure any non-controlling interest at fair value at the acquisition date (full goodwill), or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.</p>	1 July 2009	Revised IFRS 3 will not have a material impact of the financial statements.
Amendments to IAS 27 <i>Consolidated and Separate Financial Statements</i>	In the revised Standard the term minority interest has been replaced by non-controlling interest, and is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest.	1 July 2009	Amendments to IAS 27 will not have a material impact of the financial statements.

Amendment to IAS 39, <i>Financial Instruments: Recognition and Measurement</i>	The amended Standard clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. In designating a hedging relationship the risks or portions must be separately identifiable and reliably measurable; however inflation cannot be designated, except in limited circumstances.	1 July 2009	Amendments to IAS 39 will not have a material impact of the financial statements.
IFRIC 18 <i>Transfers of Assets from Customers</i>	The Interpretation applies to agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must use the PPE received either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods and services, or to do both. This Interpretation also applies to agreements in which the entity receives cash from customer when that amount of cash must be used only to construct or acquire an item of property. The entity that received a contribution in the scope of the interpretation recognises this item as an asset if it determines that the transferred item meets the definition of an asset. The corresponding amount will be recognised as revenue. The exact timing of the revenue recognition will depend on the facts and circumstances of each particular arrangement.	1 July 2009	IFRIC 18 will not have a material impact of the financial statements.

IFRIC 17 <i>Distributions of Non-cash Assets to Owners</i>	The Interpretation applies to non-reciprocal distributions of non-cash assets to owners acting in their capacity as owners. In accordance with the Interpretation a liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity and shall be measured at the fair value of the assets to be distributed. The carrying amount of the dividend payable shall be remeasured at each reporting date, with any changes in the carrying amount recognised in equity as adjustments to the amount of the distribution. When the dividend payable is settled the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss.	1 July 2009	IFRIC 17 will not have a material impact of the financial statements.
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Judgments and estimates

In the first half of 2009, Bank Zachodni WBK revised its estimate of fair value of Cross Currency Swaps on account of substantial increase in market spreads observed since 2008 year-end. The total fair value adjustment to these derivatives was PLN 39 361 k in the reporting period. These instruments are a source of funding and it is the Bank's intention to hold them until maturity. Their mark-to-market valuation will revert to zero on a case-by-case basis over their remaining life.

Other significant judgment and the key sources of estimation uncertainty were the same as those that applied to the Annual Report for 2008.

8. Segmental reporting

Operational activity of the BZ WBK S.A. Group has been divided into five segments: Retail Banking, Business Banking, Investment Banking, Treasury and Centre. They were identified based on customers and product types. Income and costs assigned to a given segment are generated on sale and service of products or services in the segment, according to description presented below. Such income and costs are recognized in the profit and loss account for the Group and may be assigned to a given segment either directly or based on reasonable assumptions. Settlements among business segments apply to payments for delivered services and include:

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

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

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

Retail Banking

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

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

Business Banking

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

Investment Banking

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

Treasury

Treasury involves the management of interest rate, currency and liquidity risks. The income is generated on currency and inter-bank transactions, as well as derivative instruments and debt securities transactions.

Centre

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

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

Consolidated income statement (by business segment)

30.06.2009	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
Interest and similar income	475 358	235 437	9 814	(18 876)	14 714	716 447
incl. internal transactions	-	(21 339)	22 219	-	(880)	-
Other income	423 413	42 040	135 011	164 649	34 363	799 476
incl. internal transactions	49 599	12 035	(29 188)	(32 883)	437	-
Dividend income	-	-	75 990	-	-	75 990
Operating costs	(558 154)	(99 364)	(67 161)	(19 660)	(12 569)	(756 908)
incl. internal transactions	9 681	(28 079)	(2 170)	11 990	8 578	-
Depreciation/Amortisation	(48 416)	(5 594)	(4 738)	(1 393)	(310)	(60 451)
Impairment losses on loans and advances	(147 182)	(136 204)	-	-	-	(283 386)
Share in net profits of entities accounted for by the equity method	(3 519)	-	171	-	-	(3 348)
Profit before tax	141 500	36 315	149 087	124 720	36 198	487 820
Corporate income tax						(87 549)
Profit of the period attributable to the Minority equity holders						(23 301)
Profit for the period						376 970

Consolidated statement of financial position (by business segment)

30.06.2009	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
Loans and advances to customers	14 665 887	21 468 258	59 290	-	29 141	36 222 576
Investments in associates and joint ventures	28 595	-	50 278	-	-	78 873
Other assets	7 372 224	2 313 859	987 413	6 715 127	2 796 544	20 185 167
Total assets	22 066 706	23 782 117	1 096 981	6 715 127	2 825 685	56 486 616
Deposits from customers	33 163 313	7 829 643	598 778	320 567	-	41 912 301
Other liabilities and equity	-	2 282 073	129 988	5 344 020	6 818 234	14 574 315
Total liabilities	33 163 313	10 111 716	728 766	5 664 587	6 818 234	56 486 616

Consolidated income statement (by business segment)

30.06.2008	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
Interest and similar income	488 689	211 801	12 360	42 264	22 016	777 130
incl. internal transactions	-	(22 528)	40 651	-	(18 123)	-
Other income	399 263	51 468	269 688	66 387	19 601	806 407
incl. internal transactions	81 429	18 686	(56 320)	(44 482)	687	-
Dividend income	-	-	69 634	-	-	69 634
Operating costs	(569 951)	(99 526)	(88 542)	(16 618)	(20 090)	(794 727)
incl. internal transactions	10 887	(30 538)	(2 766)	10 932	11 485	-
Depreciation/Amortisation	(40 603)	(4 364)	(3 912)	(1 337)	(342)	(50 558)
Impairment losses on loans and advances	(29 512)	9 675	15	-	(15)	(19 837)
Share in net profits of entities accounted for by the equity method	-	-	(44)	-	-	(44)
Profit before tax	247 886	169 054	259 199	90 696	21 170	788 005
Corporate income tax						(160 133)
Profit of the period attributable to the Minority equity holders						(60 334)
Profit for the period						567 538

Consolidated statement of financial position (by business segment)

30.06.2008	Retail Banking	Business Banking	Investment Banking	Treasury	Centre	Total
Loans and advances to customers	11 198 699	17 002 595	39 126	430	31 796	28 272 646
Investments in associates and joint ventures	33 073	-	34 030	-	-	67 103
Other assets	5 213 850	1 762 140	1 125 935	6 479 671	4 014 462	18 596 058
Total assets	16 445 622	18 764 735	1 199 091	6 480 101	4 046 258	46 935 807
Deposits from customers	26 765 282	6 073 614	942 120	177 158	-	33 958 174
Other liabilities and equity	-	2 124 740	428 785	4 607 850	5 816 258	12 977 633
Total liabilities	26 765 282	8 198 354	1 370 905	4 785 008	5 816 258	46 935 807

9. Risk management

During the first six months of 2009 BZ WBK Group carried out risk management activities based on the same policies and rules as described in Consolidated Financial Statements for 2008. As far as risk management is concerned, there are no significant changes in BZ WBK Capital Group during the reporting period except those listed below.

Operating risk

As far as operating risk management is concerned, there are no significant changes in BZ WBK Capital Group.

Credit risk

As far as credit risk management is concerned, there are no significant changes in BZ WBK Capital Group during the reporting period except those listed below.

Continued pro-active credit risk management is recognised as key to the Group's performance in the volatile markets and deteriorating economic growth conditions. During last six months the Group has taken the following actions:

- active management of property loan portfolio, orientated at strict monitoring of existing exposures and balancing the share of property loans in the total credit portfolio,
- initially significantly reduced, and then, ceased FX lendings
- continuously verifying its approach to credit risk management by adopting methods of risk assessments to new parameters and tightening existing credit policies.

Credit risk management

The Group's credit risk management depends on internal ratings that, for presentational purposes, are grouped in provision cover differentiated classes.

The table below presents a breakdown of BZ WBK Group's financial instruments into classes which correspond to different levels of impairment. There are separate percentage levels for unimpaired portfolio (both for the past-due and non-past due) and for impaired portfolio (identical for individually and collectively impaired).

30.06.2009	Provision cover	Loans and advances to customers	Loans and advances to banks	Investment securities	Financial assets held for trading*
Individually impaired					
<i>class 5</i>	<i>up to 50 %</i>	649 053			
<i>class 6</i>	<i>50% - 70%</i>	115 087			
<i>class 7</i>	<i>70% - 85%</i>	14 179			
<i>class 8</i>	<i>over 85 %</i>	93 297	5 969		
Gross amount		871 616	5 969	-	-
Allowance for impairment		(303 390)	(5 969)		
Net amount		568 226	-	-	-
Collectively impaired					
<i>class 5</i>	<i>up to 50 %</i>	433 226			
<i>class 6</i>	<i>50% - 70%</i>	104 090			
<i>class 7</i>	<i>70% - 85%</i>	129 873			
<i>class 8</i>	<i>over 85 %</i>	135 362			
Gross amount		802 551	-	-	-
Allowance for impairment		(377 339)			
Net amount		425 212	-	-	-
Not impaired portfolio (past-due and non-past due)					
<i>class 1</i>	<i>up to 0,10 %</i>	8 360 840	1 036 165	13 491 880	1 798 805
<i>class 2</i>	<i>0,10% - 0,30%</i>	9 626 368			
<i>class 3</i>	<i>0,30% - 0,65%</i>	5 718 424			
<i>class 4</i>	<i>over 0,65 %</i>	11 790 348			
Gross amount		35 495 980	1 036 165	13 491 880	1 798 805
Allowance for impairment		(357 423)			
Net amount		35 138 557	1 036 165	13 491 880	1 798 805
Other receivables		90 581	-	-	-
Off- balance sheet exposures					
Financing granted		7 116 369			
Guarantees		826 246			
Nominal value of derivatives -purchased					60 859 197
Off- balance sheet exposure- total		7 942 615	-	-	60 859 197

*the value of financial assets held for trading includes adjustments of the fair value as described in Note 20

31.12.2008	Provision cover	Loans and advances to customers	Loans and advances to banks	Investment securities	Financial assets held for trading*
Individually impaired					
class 5	up to 50 %	305 165			
class 6	50% - 70%	96 352			
class 7	70% - 85%	26 284			
class 8	over 85 %	170 799	5 969		
Gross amount		598 600	5 969	-	-
Allowance for impairment		(299 339)	(5 969)		
Net amount		299 261	-	-	-
Collectively impaired					
class 5	up to 50 %	147 395			
class 6	50% - 70%	73 444			
class 7	70% - 85%	109 216			
class 8	over 85 %	108 522			
Gross amount		438 577	-	-	-
Allowance for impairment		(271 774)			
Net amount		166 803	-	-	-
Not impaired portfolio (past-due and non-past due)					
class 1	up to 0,10 %	7 873 787	1 364 543	12 916 041	3 224 867
class 2	0,10% - 0,30%	9 678 028			
class 3	0,30% - 0,65%	6 999 737			
class 4	over 0,65 %	9 930 962			
Gross amount		34 482 514	1 364 543	12 916 041	3 224 867
Allowance for impairment		(318 170)			
Net amount		34 164 344	1 364 543	12 916 041	3 224 867
Other receivables		506 794	-	-	-
Off- balance sheet exposures					
Financing granted		9 528 754			
Guarantees		901 717			
Nominal value of derivatives -purchased					115 462 833
Off- balance sheet exposure- total		10 430 471	-	-	115 462 833

*the value of financial assets held for trading includes adjustments of the fair value as described in Note 20

30.06.2008	Provision cover	Loans and advances to customers	Loans and advances to banks	Investment securities	Financial assets held for trading
Individually impaired					
class 5	up to 50 %	121 587			
class 6	50% - 70%	18 127			
class 7	70% - 85%	12 044			
class 8	over 85 %	162 265	5 969		
Gross amount		314 023	5 969	-	-
Allowance for impairment		(198 887)	(5 969)		
Net amount		115 136	-	-	-
Collectively impaired					
class 5	up to 50 %	123 319			
class 6	50% - 70%	74 099			
class 7	70% - 85%	55 563			
class 8	over 85 %	123 892			
Gross amount		376 873	-	-	-
Allowance for impairment		(244 546)			
Net amount		132 327	-	-	-
Not impaired portfolio (past-due and non-past due)					
class 1	up to 0,10 %	14 271 103	2 760 567	10 524 428	1 533 477
class 2	0,10% - 0,30%	8 955 731			
class 3	0,30% - 0,65%	3 502 433			
class 4	over 0,65 %	1 359 554			
Gross amount		28 088 821	2 760 567	10 524 428	1 533 477
Allowance for impairment		(134 203)			
Net amount		27 954 618	2 760 567	10 524 428	1 533 477
Other receivables		70 565	424	-	-
Off- balance sheet exposures					
Financing granted		9 654 169			
Guarantees		876 936			
Nominal value of derivatives -purchased					140 944 416
Off- balance sheet exposure- total		10 531 105	-	-	140 944 416

IBNR portfolio

	Loans and advances to customers		
	30.06.2009	31.12.2008	30.06.2008
Non-past due	34 135 477	33 175 381	27 093 992
Past-due	1 360 503	1 307 133	994 829
0-30 days	1 056 262	1 068 200	838 526
30-60 days	204 508	180 260	117 953
60-90 days	99 733	58 673	38 350
Gross amount	35 495 980	34 482 514	28 088 821

Allowances for impairment by classes

	Provision cover	Loans and advances to customers			Loans and advances to banks		
		30.06.2009	31.12.2008	30.06.2008	30.06.2009	31.12.2008	30.06.2008
Individual allowances for impairment							
<i>class 5</i>	<i>up to 50 %</i>	(129 737)	(51 924)	(16 519)			
<i>class 6</i>	<i>50% - 70%</i>	(70 497)	(56 840)	(12 115)			
<i>class 7</i>	<i>70% - 85%</i>	(11 335)	(20 942)	(10 000)			
<i>class 8</i>	<i>over 85 %</i>	(91 821)	(169 633)	(160 253)	(5 969)	(5 969)	(5 969)
Total individual allowances for impairment		(303 390)	(299 339)	(198 887)	(5 969)	(5 969)	(5 969)
Collective allowances for impairment							
<i>class 5</i>	<i>up to 50 %</i>	(79 346)	(33 345)	(34 044)			
<i>class 6</i>	<i>50% - 70%</i>	(62 235)	(44 336)	(46 418)			
<i>class 7</i>	<i>70% - 85%</i>	(104 292)	(87 211)	(42 915)			
<i>class 8</i>	<i>over 85 %</i>	(131 466)	(106 882)	(121 169)			
Total collective allowances for impairment		(377 339)	(271 774)	(244 546)	-	-	-
IBNR							
<i>class 1</i>	<i>up to 0,10 %</i>	(4 348)	(4 346)	(9 857)			
<i>class 2</i>	<i>0,10%-0,30%</i>	(18 285)	(19 795)	(21 075)			
<i>class 3</i>	<i>0,30%-0,65%</i>	(26 352)	(32 718)	(19 740)			
<i>class 4</i>	<i>over 0,65 %</i>	(308 438)	(261 311)	(83 531)			
Total IBNR		(357 423)	(318 170)	(134 203)	-	-	-
Total allowances for impairment		(1 038 152)	(889 283)	(577 636)	(5 969)	(5 969)	(5 969)

Market risk

As far as market risk management is concerned, there are no significant changes in BZ WBK Capital Group during the reporting period except those listed below.

Interest rate risk

The table below presents risk levels in June and December 2008 and June 2009 (both measures assume 1 month holding time horizon):

Interest Rate Risk	Value at Risk			Stress scenario		
	30.06.2009	31.12.2008	30.06.2008	30.06.2009	31.12.2008	30.06.2008
1 month holding period						
<i>Average</i>	26 416	20 995	21 981	123 592	142 177	148 961
<i>High</i>	34 061	28 596	28 596	156 361	177 608	177 608
<i>Low</i>	17 563	12 698	12 698	82 710	101 898	125 820
<i>as at</i>	34 061	20 059	20 574	121 614	102 707	134 386

The Treasury Division operates within an operational VaR risk limit, which amounted to PLN 67 044 k (EUR 15 000 k) at the end of June 2009.

The tables below present the sensitivity of trading and banking portfolios at the end of June 2009 and comparable periods:

Interest Rate Risk		Sensitivity 30-06-2009		
parallel increase of yield curves by 1 bp	Trading book	Banking book	Total	
0-3m	12	62	74	
3m-1Y	(44)	(54)	(98)	
1Y-5Y	(27)	(446)	(473)	
over 5Y	6	(8)	(2)	
Total	(53)	(446)	(499)	

Interest Rate Risk		Sensitivity 31-12-2008		
parallel increase of yield curves by 1 bp	Trading book	Banking book	Total	
0-3m	12	30	42	
3m-1Y	5	(71)	(66)	
1Y-5Y	(25)	(280)	(305)	
over 5Y	2	(15)	(13)	
Total	(6)	(336)	(342)	

Interest Rate Risk		Sensitivity 30-06-2008		
parallel increase of yield curves by 1 bp	Trading book	Banking book	Total	
0-3m	(2)	(60)	(62)	
3m-1Y	16	(52)	(36)	
1Y-5Y	25	(340)	(315)	
over 5Y	4	(1)	3	
Total	43	(453)	(410)	

The following tables present interest rate sensitivities of each NIRIL portfolios at the end of June 2009 and comparable periods:

Interest Rate Risk		Sensitivity 30-06-2009		
parallel increase of yield curves by 1 bp	Capital portfolio	Business portfolio	Total	
0-3m	-	(4)	(4)	
3m-1Y	(33)	(45)	(78)	
1Y-5Y	(587)	(1 117)	(1 704)	
over 5Y	(873)	-	(873)	
Total	(1 493)	(1 166)	(2 659)	

Interest Rate Risk		Sensitivity 31-12-2008		
parallel increase of yield curves by 1 bp	Capital portfolio	Business portfolio	Total	
0-3m	-	-	-	
3m-1Y	(52)	(26)	(78)	
1Y-5Y	(1 036)	(590)	(1 626)	
over 5Y	-	(471)	(471)	
Total	(1 088)	(1 087)	(2 175)	

Interest Rate Risk		Sensitivity 30-06-2008		
parallel increase of yield curves by 1 bp	Capital portfolio	Business portfolio	Total	
0-3m	-	(2)	(2)	
3m-1Y	(28)	(59)	(87)	
1Y-5Y	(576)	(1 070)	(1 646)	
over 5Y	(509)	-	(509)	
Total	(1 113)	(1 131)	(2 244)	

FX risk

As far as FX risk management is concerned there are no significant changes in BZ WBK Capital Group during the reporting period except those listed below.

During 2009 BZWBK Group has implemented changes to its policy on setting limits for non-bank customers as well as on monitoring and collateralizing respective exposures. Expected customers' inflows are monitored to assess whether they are sufficient to meet potential obligations from customers' derivative transactions. Stress test scenarios are used to identify those counterparties that may have difficulties settling their transactions as a result of significant FX rates volatility or low cash flows from operating activities. Additionally, transactions are secured with revolving loans, utilised in case of default, or deposits that collateralize negative valuation of contracts.

The table below presents risk levels in the first half of 2009 and comparable periods (data for both measures are scaled to 1 month holding period to make it comparable):

FX risk	Value at Risk			Stress scenario		
	30.06.2009	31.12.2008	30.06.2008	30.06.2009	31.12.2008	30.06.2008
1 month holding period						
Average	1 599	897	1 049	10 732	4 370	4 395
High	4 287	3 240	3 240	21 906	14 706	9 411
Low	435	160	216	3 388	842	1 326
as at	3 025	886	1 203	21 906	6 228	5 734

In 2009, the operational VaR risk limit was increased due to development of Bank's FX activity. At the end of first half of 2009 amounted to PLN 4 425 k (EUR 990 k). General increase of stress scenario levels were caused by significant market volatility noted last September and October, which currently are base for analysis.

The tables below present currency breakdown of selected consolidated balance sheet items as at 30.06.2009, 31.12.2008 and 30.06.2008:

30.06.2009	PLN	EUR	CHF	OTHER	TOTAL
ASSETS					
Cash and balances with central bank	2 100 680	124 382	4 115	75 343	2 304 520
Loans and advances to banks	419 104	421 542	4 186	191 333	1 036 165
Loans and advances to customers	22 748 571	10 211 414	2 556 146	706 445	36 222 576
Investment securities	12 563 940	701 262	-	226 678	13 491 880
Selected assets	37 832 295	11 458 600	2 564 447	1 199 799	53 055 141
LIABILITIES					
Deposits from central bank	1 381 739	-	-	-	1 381 739
Deposits from banks	2 712 088	1 671 130	35 404	406 913	4 825 535
Deposits from customers	37 768 021	2 905 944	32 377	1 205 959	41 912 301
Debt securities in issue	75 481	-	-	-	75 481
Selected liabilities	41 937 329	4 577 074	67 781	1 612 872	48 195 056

31.12.2008	PLN	EUR	CHF	OTHER	TOTAL
ASSETS					
Cash and balances with central bank	2 798 697	256 638	7 954	114 818	3 178 107
Loans and advances to banks	1 086 308	135 771	2 982	139 482	1 364 543
Loans and advances to customers	22 834 828	9 086 764	2 425 021	790 589	35 137 202
Investment securities	12 177 768	655 240	-	83 033	12 916 041
Selected assets	38 897 601	10 134 413	2 435 957	1 127 922	52 595 893
LIABILITIES					
Deposits from central banks	1 242 574	-	-	-	1 242 574
Deposits from banks	1 928 298	1 949 447	56 040	161 692	4 095 477
Deposits from customers	38 608 995	2 945 022	41 642	1 215 068	42 810 727
Debt securities in issue	153 918	-	-	-	153 918
Selected liabilities	41 933 785	4 894 469	97 682	1 376 760	48 302 696

30.06.2008	PLN	EUR	CHF	OTHER	TOTAL
ASSETS					
Cash and balances with central bank	2 325 608	90 303	2 194	51 302	2 469 407
Loans and advances to banks	2 435 317	277 847	8 569	39 258	2 760 991
Loans and advances to customers	20 678 790	6 112 369	1 011 169	470 318	28 272 646
Investment securities	9 718 779	627 682	-	177 967	10 524 428
Selected assets	35 158 494	7 108 201	1 021 932	738 845	44 027 472
LIABILITIES					
Deposits from banks	3 108 995	1 425 131	49 129	715 083	5 298 338
Deposits from customers	30 262 915	2 696 553	27 392	971 314	33 958 174
Debt securities in issue	282 368	-	-	-	282 368
Selected liabilities	33 654 278	4 121 684	76 521	1 686 397	39 538 880

Equity risk

As far as equity risk management is concerned, there are no significant changes in BZ WBK Capital Group during the reporting period except those listed below.

The table below presents risk levels in June 2009 and comparable period:

Equity risk	<i>Value at Risk</i>			<i>Stress scenario</i>		
	30.06.2009	31.12.2008	30.06.2008	30.06.2009	31.12.2008	30.06.2008
1 day holding period						
<i>Average</i>	835	1 172	1 690	1 860	2 076	2 093
<i>High</i>	5 168	3 217	3 454	12 282	6 784	6 511
<i>Low</i>	49	43	70	63	55	93
<i>as at</i>	962	143	70	1 948	544	93

BZ WBK Brokerage operates within the VAR operation limit, the maximum value of which reached PLN 5m in the first half of 2009. One-off insignificant (approx.3%) limit excess took place in June. The information on the excess was escalated on the Group level to all members of the Market Risk Committee. The portfolio risk below the applicable limit was reduced during the following trading session.

In May 2009, the Market Risk Committee allocated to BZ WBK Brokerage an additional limit with respect to market risk generated by proprietary positions in currencies (VAR limit = PLN 50 k). Risk measurement is based on the method applicable to equity portfolio. Until now this limit has not been exceeded.

Liquidity risk

As far as liquidity risk management is concerned, there are no significant changes in BZ WBK Capital Group during the reporting period except those listed below.

The liquidity profile of the Bank based on the Treasury management report at 30 June 2009, 31 December 2008 and 30 June 2008 is presented below:

Liquidity Risk	<1W	<1M	>1M
30-06-2009			
<i>Qualifying Liquid Assets</i>	10 294 606	759 648	1 500 000
<i>Treasury inflows</i>	2 015 804	3 914 804	11 731 208
<i>Other inflows</i>	384 126	448 537	37 320 993
<i>Treasury outflows</i>	(2 912 984)	(4 780 913)	(13 770 981)
<i>Other outflows</i>	(5 307 840)	(486 807)	(41 110 201)
GAP	4 473 712	(144 731)	(4 328 981)
Cumulative Gap	4 473 712	4 328 981	-
31-12-2008			
<i>Qualifying Liquid Assets</i>	11 382 962	566 552	1 300 540
<i>Treasury inflows</i>	2 476 074	6 961 845	12 223 334
<i>Other inflows</i>	629 768	249 314	36 286 296
<i>Treasury outflows</i>	(2 263 818)	(7 564 051)	(14 016 408)
<i>Other outflows</i>	(5 284 242)	(516 777)	(42 431 390)
GAP	6 940 744	(303 117)	(6 637 627)
Cumulative Gap	6 940 744	6 637 627	-
30-06-2008			
<i>Qualifying Liquid Assets</i>	9 654 636	-	298 754
<i>Treasury inflows</i>	4 032 395	4 452 834	11 980 823
<i>Other inflows</i>	758 250	191 977	29 659 059
<i>Treasury outflows</i>	(4 903 884)	(4 195 800)	(12 000 204)
<i>Other outflows</i>	(5 423 005)	(352 436)	(34 153 399)
GAP	4 118 392	96 575	(4 214 967)
Cumulative Gap	4 118 392	4 214 967	-

Capital Management

As far as capital management is concerned there are no significant changes in BZ WBK Capital Group.

10. Net interest income

Interest and similar income	01.01-30.06.2009	01.01-30.06.2008
Loans and advances to institutional clients	668 673	615 193
Loans and advances to individuals of which:	441 608	321 359
<i>Mortgage loans</i>	146 123	134 671
Debt securities incl.:	367 107	274 331
<i>Investment portfolio available for sale</i>	152 293	269 275
<i>Trading portfolio</i>	29 975	5 056
<i>Investment portfolio held to maturity</i>	184 839	-
Leasing agreements	105 175	106 595
Loans and advances to banks	44 201	99 645
Reverse repo transactions	10 823	21 648
Other from public sector	10 061	17 342
Interest recorded on hedging IRS	(6 360)	2 067
Total	1 641 288	1 458 180
Interest expense and similar charges	01.01-30.06.2009	01.01-30.06.2008
Deposits from individuals	(538 858)	(328 370)
Deposits from institutional clients	(196 264)	(175 236)
Repo transactions	(81 294)	(48 001)
Public sector	(54 446)	(42 863)
Deposits from banks	(51 537)	(78 068)
Debt securities in issue	(2 442)	(8 512)
Total	(924 841)	(681 050)
Net interest income	716 447	777 130

11. Net fee and commission income

Fee and commission income	01.01-30.06.2009	01.01-30.06.2008
eBusiness & payments	178 991	145 333
Current accounts and money transfer	120 255	113 467
Foreign exchange commissions	118 247	103 968
Asset management fees	116 867	261 540
Brokerage commissions	56 602	65 564
Insurance commissions	54 876	35 365
Credit commissions (including factoring)	48 749	36 725
Credit cards	33 224	25 700
Other distribution-related fee	6 636	10 433
Off-balance sheet guarantee commissions	6 196	6 149
Issue arrangement	3 714	7 284
Distribution fees due to asset management	3 089	10 372
Finance lease commissions	1 690	397
Other commissions	552	946
Total	749 688	823 243
Fee and commission expense	01.01-30.06.2009	01.01-30.06.2008
eBusiness & payments	(45 152)	(33 044)
Distribution fees	(13 807)	(32 270)
Brokerage commissions	(11 008)	(10 395)
Asset management fees and other costs	(8 105)	(15 655)
Credit intermediation costs	(6 724)	(12 533)
Credit cards	(3 781)	(3 403)
Finance lease commissions	(3 547)	(3 124)
Insurance commissions	-	(2 621)
Other	(8 214)	(6 097)
Total	(100 338)	(119 142)
Net commission income	649 350	704 101

12. Net trading income and revaluation

Net trading income and revaluation	01.01-30.06.2009	01.01-30.06.2008
Profit on interbank FX transactions	79 379	16 262
Profit on derivative instruments	27 514	24 391
Other FX related income	14 615	14 163
Profit on debt instruments	3 841	(1 748)
Profit on market maker activity	3 705	3 321
Total	129 054	56 389

Net trading income and revaluation includes value adjustments of derivatives resulting from counterparty risk in the amount of PLN (29 507) k.

In the first half of 2009, Bank Zachodni WBK revised its estimate of fair value of Cross Currency Swaps on account of substantial increase in market spreads observed since 2008 year-end. The total fair value adjustment to these derivatives was PLN 39 361 k in the reporting period. These instruments are a source of funding and it is the Bank's intention to hold them until maturity. Their mark-to-market valuation will revert to zero on a case-by-case basis over their remaining life.

In comparable period there were no such adjustments.

13. Gains (losses) from other financial securities

Gains (losses) from other financial securities	01.01-30.06.2009	01.01-30.06.2008
Profit on equity shares	2 017	23 473
Loss on debt securities	(1 602)	(10 575)
Reversal (charge) due to impairment losses	-	(110)
Total profit (losses) on available-for-sale financial instruments	415	12 788
Change in fair value of hedging instruments	12 450	7 448
Change in fair value of underlying hedged positions	(14 616)	(7 403)
Total profit (losses) on hedging and hedged instruments	(2 166)	45
Total	(1 751)	12 833

14. Impairment losses on loans and advances

Impairment losses on loans and advances	01.01-30.06.2009	01.01-30.06.2008
Collective and individual impairment charge	(246 164)	(25 321)
Incurred but not reported losses charge	(38 312)	6 563
Recoveries of loans previously written off	4 556	5 001
Off balance sheet credit related items	(3 466)	(6 080)
Total	(283 386)	(19 837)

15. Employee costs

Employee costs	01.01-30.06.2009	01.01-30.06.2008
Salaries and bonuses	(358 968)	(382 173)
Salary related costs	(59 870)	(60 837)
Professional trainings	(5 660)	(14 343)
Staff benefits costs	(10 252)	(10 284)
Retirement fund, holiday provisions and other employee-related costs	(1 906)	(2 803)
Total	(436 656)	(470 440)

16. General and administrative expenses

General and administrative expenses	01.01-30.06.2009	01.01-30.06.2008
Maintenance and rentals of premises	(99 354)	(73 964)
IT systems costs	(44 617)	(42 558)
Marketing and public relations	(36 025)	(59 456)
Postal and telecommunication costs	(29 353)	(26 407)
Bank Guarantee Fund, Polish Financial Supervision Authority and National Depository for Securities	(15 841)	(7 991)
Car, transport expenses, carriage of cash	(15 707)	(14 232)
Other external services	(12 284)	(13 764)
Consulting fees	(9 470)	(18 985)
Data transmission	(8 971)	(8 189)
Sundry taxes	(8 192)	(9 123)
Stationery, cards, cheques etc.	(7 492)	(9 507)
KIR, SWIFT etc. settlements	(6 376)	(5 417)
Security costs	(6 020)	(6 008)
Costs of repairs	(3 494)	(7 894)
Other	(5 779)	(10 213)
Total	(308 975)	(313 708)

17. Corporate income tax

Income tax charge	01.01-30.06.2009	01.01-30.06.2008
Current tax charge	(124 650)	(114 639)
Deferred tax charge	37 101	(45 494)
Total	(87 549)	(160 133)

Corporate total tax charge information	01.01-30.06.2009	01.01-30.06.2008
Profit before tax	487 820	788 005
Tax rate	19%	19%
Tax calculated at the tax rate	(92 686)	(149 721)
Non tax-deductible expenses	(3 033)	(4 795)
loss on sale of receivables	(5 050)	-
Non-taxable income (dividends)	14 007	152
Other:		
- write-offs on receivables	(268)	(181)
- other non tax-deductible costs	(30)	(4 856)
- other charges	(489)	(732)
Total income tax expense	(87 549)	(160 133)

Deferred tax recognised directly in equity	01.01-30.06.2009	01.01-30.06.2008
As at 30 June the amount of deferred tax recognised directly in equity totaled:		
Relating to equity securities available-for-sale	(96 074)	(104 849)
Relating to debt securities available-for-sale	3 206	45 666
Relating to cash flow hedging activity	309	(377)
	(92 559)	(59 560)

18. Cash and balances with central bank

Cash and balances with central bank	30.06.2009	31.12.2008	30.06.2008
Current account in central bank	1 487 811	2 004 861	1 829 044
Cash	816 706	1 173 243	640 272
Equivalents of cash	3	3	91
Total	2 304 520	3 178 107	2 469 407

19. Loans and advances to banks

Loans and advances to banks	30.06.2009	31.12.2008	30.06.2008
Loans and advances	900 764	831 331	1 605 474
Reverse-repo transactions	109 593	518 826	923 219
Current accounts	31 777	20 355	238 267
Gross receivables	1 042 134	1 370 512	2 766 960
Impairment write down	(5 969)	(5 969)	(5 969)
Total	1 036 165	1 364 543	2 760 991

There were no changes in the level of impairment write down in any reporting period.

20. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading	30.06.2009		31.12.2008		30.06.2008	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Trading derivatives	1 316 181	1 747 485	2 353 619	3 153 932	1 359 366	1 185 191
Interest rate transactions	504 668	472 903	906 590	884 101	435 247	479 918
Options	1	1	8	8	-	-
IRS	444 205	411 270	664 182	637 919	343 317	388 342
FRA	60 462	61 632	242 400	246 174	91 930	91 576
Currency derivatives	811 513	1 274 582	1 447 029	2 269 831	924 119	705 273
CIRS	71 412	585 678	63 259	410 610	254 969	39 343
Forward	232 629	121 441	352 024	210 347	71 811	94 136
FX Swap	319 185	379 725	683 470	1 259 958	536 808	511 553
Spot	1 841	2 034	4 182	3 787	1 933	1 643
Options	186 446	185 704	344 094	385 129	58 598	58 598
Debt and equity securities	482 624	-	871 248	-	174 111	-
Debt securities	444 650	-	868 605	-	168 732	-
Government securities:	444 627	-	868 583	-	168 709	-
- bills	346 495	-	549 120	-	3 874	-
- bonds	98 132	-	319 463	-	164 835	-
Other securities:	23	-	22	-	23	-
- bonds	23	-	22	-	23	-
Equity securities:	37 974	-	2 643	-	5 379	-
- listed	37 974	-	2 643	-	5 079	-
- unlisted	-	-	-	-	300	-
Reverse Repo/Short sale transactions	-	-	-	-	-	108 944
Total financial assets/liabilities	1 798 805	1 747 485	3 224 867	3 153 932	1 533 477	1 294 135

Financial assets and liabilities held for trading - trading derivatives include value adjustments resulting from counterparty risk in the amount of PLN (110 503) k.

In the first half of 2009, Bank Zachodni WBK revised its estimate of fair value of Cross Currency Swaps on account of substantial increase in market spreads observed since 2008 year-end. The total fair value adjustment to these derivatives was PLN 39 361 k in the reporting period. These instruments are a source of funding and it is the Bank's intention to hold them until maturity. Their mark-to-market valuation will revert to zero on a case-by-case basis over their remaining life.

21. Loans and advances to customers

Loans and advances to customers	30.06.2009	31.12.2008	30.06.2008
Loans and advances to enterprises	24 231 501	23 289 013	18 726 448
Loans and advances to individuals, of which:	9 975 803	9 239 641	7 371 441
<i>Real estate financing</i>	<i>5 671 470</i>	<i>5 450 515</i>	<i>4 260 685</i>
Finance lease receivables	2 919 774	2 959 037	2 581 583
Loans and advances to public sector	104 532	85 668	139 922
Reverse-repo transactions	9 763	441 783	13 812
Other	19 355	11 343	17 076
Gross receivables	37 260 728	36 026 485	28 850 282
Impairment losses in loans and advances to customers	(1 038 152)	(889 283)	(577 636)
Total	36 222 576	35 137 202	28 272 646

Movements on impairment recognised on loans and advances to customers	30.06.2009	31.12.2008	30.06.2008
Individual and collective impairment			
As at the beginning of the period	(571 113)	(439 545)	(439 545)
Charge/write back of current period	(246 164)	(192 276)	(25 321)
Write downs and write off's	143 389	65 646	19 994
Transfer	(3 659)	480	480
Impact of exchange rate	(3 182)	(5 418)	959
Balance at the end of the period	(680 729)	(571 113)	(443 433)
IBNR			
As at the beginning of the period	(318 170)	(145 423)	(145 423)
Charge/Write back of current period	(38 312)	(176 061)	6 563
Transfer	-	3 723	3 723
Impact of exchange rate	(941)	(409)	934
Balance at the end of the period	(357 423)	(318 170)	(134 203)
Total	(1 038 152)	(889 283)	(577 636)

22. Investment securities

Investment securities available for sale	30.06.2009	31.12.2008	30.06.2008
Available for sale investments - measured at fair value	6 812 353	6 527 764	10 524 428
Debt securities:	6 153 442	5 872 173	9 849 255
Government securities:	6 103 101	5 092 878	9 028 332
- bills	1 351 489	1 369 842	89 710
- bonds	4 751 612	3 723 036	8 938 622
Central Bank securities:	-	599 731	580 441
- bonds	-	599 731	580 441
Commercial securities:	50 341	179 564	240 482
- bonds	50 341	179 564	240 482
Equity securities	609 275	606 319	635 020
- listed	22 692	22 014	28 661
- unlisted	586 583	584 305	606 359
Investment certificates	49 636	49 272	40 153
Total	6 812 353	6 527 764	10 524 428

23. Financial assets held to maturity

Financial assets held to maturity	30.06.2009	31.12.2008	30.06.2008
Government securities:	6 679 527	6 388 277	-
-bonds	6 679 527	6 388 277	-
Total	6 679 527	6 388 277	-

24. Investments in associates and joint ventures

Investments in associates and joint ventures	30.06.2009	31.12.2008	30.06.2008
As at 1 January	72 221	37 128	37 128
Share of profits/(losses)	(3 348)	(777)	(44)
Transfers	-	2 225	-
Sale/acquisition	10 000	33 645	30 019
As at the end of the period	78 873	72 221	67 103

Details of sale/acquisition of associates and joint ventures are disclosed in note 30.

Balance sheet value of associates and joint ventures	30.06.2009	31.12.2008	30.06.2008
Polfund - Fundusz Poręczeń Kredytowych S.A.	36 285	35 964	34 030
BZ WBK - Aviva Towarzystwo Ubezpieczeń Ogólnych S.A.	16 091	15 032	18 274
BZ WBK - Aviva Towarzystwo Ubezpieczeń za Życie S.A.	12 503	17 082	14 799
Metrohouse S.A.	3 975	4 143	-
Krynicki Recykling S.A.	10 019	-	-
Total	78 873	72 221	67 103

According to IAS 28 adjustments of equity made by the Bank's associate – POLFUND Fundusz Poręczeń Kredytowych S.A. were applied consistently in consolidated statement of financial position of BZ WBK Group. In comparable periods as at 31.12.2007 and 30.06.2008 the „Investments in associates and joint ventures” were increased by PLN 23 750 k, as at 31.12.2008 – „Investments in associates and joint ventures” were increased by PLN 25 000 k.

25. Deposits from central bank

Deposits from central bank	30.06.2009	31.12.2008	30.06.2008
Repo transactions	1 381 739	1 242 574	-
Total	1 381 739	1 242 574	-

26. Deposits from banks

Deposits from banks	30.06.2009	31.12.2008	30.06.2008
Repo transactions	2 129 754	1 358 084	1 869 248
Loans from other banks	2 076 766	2 127 825	1 822 619
Term deposits	557 532	568 972	1 458 390
Current accounts	61 483	40 596	148 081
Total	4 825 535	4 095 477	5 298 338

27. Deposits from customers

Deposits from customers	30.06.2009	31.12.2008	30.06.2008
Deposits from individuals	25 452 667	24 239 092	20 105 873
- term deposits	14 155 306	13 135 776	5 150 811
- current accounts	11 255 590	11 029 970	14 903 590
- repo transactions	-	1 927	-
- other	41 771	71 419	51 472
Deposits from enterprises	13 288 038	15 066 460	11 369 312
- term deposits	9 035 373	10 608 820	7 035 857
- current accounts	3 906 245	4 146 018	3 916 393
- credits	33 829	26 352	51 096
- repo transactions	-	1 827	3 863
- other	312 591	283 443	362 103
Deposits from public sector	3 171 596	3 505 175	2 482 989
- term deposits	1 697 258	1 958 735	1 220 097
- current accounts	1 443 178	1 545 909	1 168 204
- other	31 160	531	94 688
Total	41 912 301	42 810 727	33 958 174

28. Contingent liabilities

Significant court proceedings

As at 30 June 2009 no proceedings were instituted by court or by state administration agencies with relation to any claims made by or against the Group or its subsidiaries amounting to a minimum of 10% of the Group's equity.

The value of all litigation amounts to PLN 216 892 k, which is ca 3.95 % of Group's equity. This amount includes PLN 30 488 k claimed by the Bank, PLN 53 421 k in claims against the Bank and PLN 132 983 k are Bank's receivables due to bankruptcy or arrangement cases.

Off balance sheet liabilities

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

Contingent liabilities - sanctioned	30.06.2009	31.12.2008	30.06.2008
Liabilities sanctioned			
- financial	7 116 369	9 528 754	9 654 169
- credit lines	6 195 544	8 406 859	8 323 856
- credit cards debits	889 050	879 874	786 455
- term deposits with future commencement term	-	182 000	467 554
- import letters of credit	31 775	60 021	76 304
- guarantees	826 246	901 717	876 936
Total	7 942 615	10 430 471	10 531 105

29. Related party disclosures

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

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

Assets and liabilities relating to transactions with connected entities

30.06.2009

Assets	of which from subsidiaries	of which from associates and joint ventures	of which from the parent company (AIB Group)	Total
Loans and advances to banks	845 226	-	329 456*	1 174 682
Financial assets held for trading	672	-	207 762	208 434
Hedging derivatives	135 900	-	-	135 900
Loans and advances to customers	953 250	-	-	953 250
Other assets	22 968	-	1 182	24 150
Total	1 958 016	-	538 400	2 496 416

Liabilities	of which from subsidiaries	of which from associates and joint ventures	of which from the parent company (AIB Group)	Total
Deposits from banks	949 136	-	1 765 656**	2 714 792
Hedging derivatives	167	-	2 140	2 307
Financial liabilities held for trading	136 266	-	519 254	655 520
Deposits from clients	823 662	144 775	-	968 437
Debt securities in issue	139	-	-	139
Other liabilities	48 646	-	9 067	57 713
Total	1 958 016	144 775	2 296 117	4 398 908

* incl.: deposits in the amount of PLN 329 419 k and current accounts of PLN 37 k.

** incl.: loans granted to BZ WBK subsidiaries in the amount of PLN 889 791 k, repo transactions of PLN 558 208 k and deposits of PLN 317 657 k.

31.12.2008

Assets	of which from subsidiaries	of which from associates and joint ventures	of which from the parent company (AIB Group)	Total
Loans and advances to banks	1 128 384	-	254 035*	1 382 419
Financial assets held for trading	335	-	187 878	188 213
Hedging derivatives	99 355	-	-	99 355
Loans and advances to customers	857 055	-	-	857 055
Investment securities	19	-	129 164	129 183
Other assets	16 263	-	4 068	20 331
Total	2 101 411	-	575 145	2 676 556

Liabilities	of which from subsidiaries	of which from associates and joint ventures	of which from the parent company (AIB Group)	Total
Deposits from banks	852 810	-	1 885 144**	2 737 954
Hedging derivatives	154	-	1 489	1 643
Financial liabilities held for trading	99 356	-	671 136	770 492
Deposits from clients	1 103 157	121 191	-	1 224 348
Debt securities in issue	180	-	-	180
Other liabilities	45 735	-	15 123	60 858
Total	2 101 392	121 191	2 572 892	4 795 475

* incl.: deposits in the amount of PLN 253 549 k and current accounts of PLN 486 k.

** incl.: loans granted to BZ WBK subsidiaries in the amount of PLN 834 572 k, repo transactions of PLN 588 159 k and deposits of PLN 462 413 k.

The difference on transaction with subsidiaries in the amount of PLN 19 k results from prepaid expenses which are recognized in profit and loss account.

30.06.2008

Assets	of which from subsidiaries	of which from associates	of which from the parent company (AIB Group)	Total
Loans and advances to banks	1 542 258	-	273 042*	1 815 300
Financial assets held for trading	22 380	-	97 250	119 630
Hedging derivatives	2 175	-	2 001	4 176
Loans and advances to customers	688 698	-	-	688 698
Investment securities	102	-	187 974	188 076
Other assets	62 767	-	-	62 767
Total	2 318 380	-	560 267	2 878 647

Liabilities	of which from subsidiaries	of which from associates	of which from the parent company (AIB Group)	Total
Deposits from banks	683 524	-	1 739 973**	2 423 497
Hedging derivatives	22 111	-	-	22 111
Financial liabilities held for trading	2 259	-	61 398	63 657
Deposits from clients	1 520 293	55 531	-	1 575 824
Debt securities in issue	185	-	-	185
Other liabilities	89 906	-	19 581	109 487
Total	2 318 278	55 531	1 820 952	4 194 761

* incl.: deposits in the amount of PLN 272 842 k and current accounts of PLN 200 k.

** incl.: loans granted to BZ WBK subsidiaries in the amount of PLN 435 978 k, repo transactions of PLN 595 611 k and deposits of PLN 708 384 k.

The difference on transaction with subsidiaries in the amount of PLN 102 k results from prepaid expenses which are recognized in profit and loss account.

Revenues and expenses relating to transactions with connected entities

01.01.2009-30.06.2009

Income	of which from subsidiaries	of which from associates and joint ventures	of which from the parent company (AIB Group)	Total
Interest and similar income	41 827	-	4 603	46 430
Fee and commission income	44 581	4	253	44 838
Other operating income	4 041	-	1 402	5 443
Net trading income and revaluation	4 721	-	5 895	10 616
Gains from other financial securities	-	-	9 294	9 294
Total	95 170	4	21 447	116 621

Expenses	of which from subsidiaries	of which from associates and joint ventures	of which from the parent company (AIB Group)	Total
Interest expense and similar charges	45 375	3 438	19 573	68 386
Fee and commission expense	44 619	-	86	44 705
Losses from other financial securities	-	-	646	646
Other operating expenses incl.:	5 176	-	14 277	19 453
-Bank's operating expenses and management costs	5 146	-	14 277	19 423
-Other	30	-	-	30
Total	95 170	3 438	34 582	133 190

01.01.2008-30.06.2008

Income	of which from subsidiaries	of which from associates	of which from the parent company (AIB Group)	Total
Interest and similar income	63 679	-	10 054	73 733
Fee and commission income	84 818	-	-	84 818
Other operating income	3 357	-	8 712	12 069
Net trading income and revaluation	3 006	-	60 911	63 917
Total	154 860	-	79 677	234 537

Expenses	of which from subsidiaries	of which from associates	of which from the parent company (AIB Group)	Total
Interest expense and similar charges	65 498	1 535	27 946	94 979
Fee and commission expense	84 686	-	94	84 780
Gains from other financial securities	102	-	-	102
Other operating expenses incl.:	4 676	-	17 133	21 809
- <i>Bank's operating expenses and management costs</i>	4 646	-	17 133	21 779
- <i>Other</i>	30	-	-	30
Total	154 962	1 535	45 173	201 670

Off balance sheet positions relating to transactions with connected entities

30.06.2009

Intragroup transactions - off-balance sheet liabilities	of which from subsidiaries	of which from the parent company (AIB Group)
1. Sanctioned contingent liabilities	1 329 014	-
- financing-related	1 275 243	-
- guarantees	53 771	-
2. Received contingent liabilities	1 329 014	53 184
- financing-related	1 275 243	53 184
- guarantees	53 771	-
Total	2 658 028	53 184

31.12.2008

Intragroup transactions - off-balance sheet liabilities	of which from subsidiaries	of which from the parent company (AIB Group)
1. Sanctioned contingent liabilities	605 784	165 000
- financing-related	555 510	165 000
- guarantees	50 274	-
2. Received contingent liabilities	605 784	23 563
- financing-related	555 510	23 563
- guarantees	50 274	-
Total	1 211 568	188 563

30.06.2008

Intragroup transactions - off-balance sheet liabilities	of which from subsidiaries	of which from the parent company (AIB Group)
1. Sanctioned contingent liabilities	942 291	60 000
- financing-related	834 778	60 000
- guarantees	107 513	-
2. Received contingent liabilities	942 291	236 852
- financing-related	834 778	236 852
- guarantees	107 513	-
Total	1 884 582	296 852

TRANSACTIONS WITH MEMBERS OF MANAGEMENT AND SUPERVISORY BOARDS

REMUNERATION OF BANK ZACHODNI WBK S.A. MANAGEMENT AND SUPERVISORY BOARD MEMBERS

In 1H 2009 the amount of remuneration paid to the Management Board Members of Bank Zachodni WBK S.A. totalled PLN 4 886 k whereas additional benefits totalled PLN 1 468 k. No bonus has been paid in 2009 based on 2008 performance.

In 1H 2008 the amount of remuneration paid to the Management Board Members of Bank Zachodni WBK S.A. totalled PLN 11 511 k whereas additional benefits totalled PLN 824 k.

In 1H 2009 the total amount of remuneration paid to the Supervisory Board Members of Bank Zachodni WBK S.A. totalled PLN 493 k.

In 1H 2008 the total amount of remuneration paid to the Supervisory Board Members of Bank Zachodni WBK S.A. totalled PLN 475 k.

Members of the Management Board have signed non-competition agreements which remain in force after they step down from their function.

If a Member of the Management Board is removed from their function or not appointed for another term, he/she is entitled to a once-off severance pay. The severance pay does not apply if the person accepts another function in the Bank.

TRANSACTIONS WITH EXECUTIVES

30 June 2009

Loans and advances made by the Bank to the Members of the Management Board of BZ WBK S.A. and to their relatives totalled PLN 9 571 k. These facilities have been sanctioned on regular terms and conditions.

As of 30.06.2009, the total of loans, advances and guarantees provided to members of the Management Board of BZ WBK S.A. by the subsidiaries and associates amounted to PLN 24 k.

Social Fund loans and advances provided to the Members of the Management Board totalled nil.

31 December 2008

Loans and advances made by the Bank to the Members of the Management Board of BZ WBK S.A. and to their relatives totalled PLN 8 769 k. These facilities have been sanctioned on regular terms and conditions.

As of 31.12.2008, the total of finance lease receivable provided to members of the Management Board of BZ WBK S.A. by the subsidiaries and associates amounted to PLN 30 k.

Social Fund loans and advances provided to the Members of the Management Board totalled nil.

30 June 2008

Loans and advances made by the Bank to the Members of the Management Board of BZ WBK S.A. and to their relatives totalled PLN 6 981 k. These facilities have been sanctioned on regular terms and conditions.

As of 30.06.2008, the total of loans, advances and guarantees provided to members of the Management Board of BZ WBK S.A. by the subsidiaries and associates amounted to PLN 40 k.

Social Fund loans and advances provided to the Members of the Management Board totalled nil.

Profit sharing scheme

In 2006 selected subsidiaries of BZWBK Group introduced a motivation scheme for their key management in a form of a long term profit sharing scheme classified as other long-term benefits in accordance with IAS 19. The formal framework of the scheme is based on an issue of shares that are purchased by entitled individuals.

Considering underlying characteristics of the scheme it has been classified as a long term profit sharing scheme and recognized as a liability in the consolidated financial statements.

Shares issued under the scheme are deprived of voting rights, have significant limitations on disposal and are subject to conditional obligation to dispose shares at a price different from the fair value of shares.

Considering the above, BZWBK Group has estimated a present value of the future obligations to pay-outs resulting from rights granted under the scheme respectively to the service period of the entitled individuals participating in the scheme.

The value of the liability resulting from the scheme as at 30 June 2009 amounted to PLN 6 286 k and the amount recognized as the scheme related expense in the profit and loss account for the period was PLN 5 395 k.

The value of the liability resulting from the scheme as at 31 December 2008 amounted to PLN 17 712 k and the amount recognized as the scheme related expense in the profit and loss account for the period was PLN 20 309 k.

The value of the liability resulting from the scheme as at 30 June 2008 amounted to PLN 12 114 k and the amount recognized as the scheme related expense in the profit and loss account for the period was PLN 9 519 k.

30. Acquisitions and disposals of investments in subsidiaries and associates**ACQUISITIONS in 1H 2009*****Purchase of shares and registration of the Bank's new subsidiary***

On 14 January 2009 a new company BZ WBK Finanse Sp. z o.o. was registered.

The Bank acquired in BZ WBK Finanse Sp. z o.o. 1 000 shares with the nominal value of PLN 50 each which accounts for 100% of the share capital and 100% of votes at the General Meeting. The Bank acquired the shares for the total of PLN 50 k. The core business of the Company will be operating financial holdings.

The Bank's purchase of the shares in BZ WBK Finanse Sp. z o.o. is a long-term investment and has been financed with the Bank's own funds.

Additionally, an agreement was entered into by and between the Bank and the registered subsidiary on transferring the ownership title to shares of the Bank's selected Pursuant to the Agreement, the Bank transferred onto BZ WBK Finanse the ownership title to:

1. 1,216,919 shares of BZ WBK Leasing S.A. with a total nominal value of PLN 121 691 900.00 representing 99.99 % of the share capital and votes at the company's AGM, with the total value equalling the carrying value in the Bank's books of PLN 61,257,096.09. The value of shares in the BZ WBK Finanse books will total PLN 61,257,096.09;
2. 100 shares of BZ WBK Faktor Sp. z o.o. with a total nominal value of PLN 50 000.00 representing 100% of the share capital and votes at the company's AGM, with the total value equalling the carrying value in the Bank's books of PLN 6,200,073.20. The value of shares in the BZ WBK Finanse books will total PLN 6,200,073.20.

3. 504,999 shares of BZ WBK Finanse i Leasing S.A., with a total nominal value of PLN 50,499,900.00. representing 99,99% of the share capital and votes at the company's AGM, with the total value equalling the carrying value in the Bank's books of PLN 50 512 484,00. The value of shares in the BZ WBK Finanse books will total PLN 50,512,484.00;

The above shares represent the Bank's non-cash contribution to the BZWBK Finanse capital with a total value of PLN 117,969,653.29.

Purchase of shares of a new subsidiary Krynicki Recykling S.A.

BZ WBK Inwestycje Sp. z o.o. (the Bank's subsidiary) acquired in Krynicki Recykling S.A. 3,076,852 shares of its new issue (representing 30.37 % of the share capital) with the nominal value of PLN 3.25 each. The company acquired the shares for the total of PLN 9,999,769.00. The agreement was signed on 19th of December 2008, the registration of the share capital increase – on 2nd of February 2009.

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

Purchase of shares was a part of building a portfolio of pre-IPO type own investment.

31. Events after the balance sheet date

Corporate ownership

On 10 July 2009, the bank's share capital was increased from 72,960,284 to 73,076,013 shares following take-up of the series H shares issued as part of the first edition of the BZWBK Incentive Scheme introduced by the General Meeting resolution on 4 July 2006.

According to the information held by the bank's Management Board, as at 30 July 2009 the shareholder having a minimum 5% of the total number of votes at the Bank Zachodni WBK Annual General Meeting of Shareholders was Dublin-based AIB European Investments Ltd. full subsidiary of Allied Irish Banks p.l.c. (AIB Bank). The company's interest in the share capital and the voting power of Bank Zachodni WBK is 70.4%. The remaining shares are in free float.

Shareholder	Number of Shares Held	Share in the Share Capital	Number of Votes at AGM	Voting Power at AGM
AIB European Investments Ltd.	51 413 790	70,4%	51 413 790	70,4%
Other	21 662 223	29,6%	21 662 223	29,6%
Total	73 076 013	100%	73 076 013	100%

Taking up the Bank's shares by the Management Board Members under the 2006 Incentive Scheme

On 21.04.2009, the Supervisory Board of Bank Zachodni WBK passed a resolution stipulating that conditions for the first Incentive Scheme of 2006 were met. In May 2009, subscription of H series shares issued by the bank under resolution made by General Meeting of Shareholders of 4 April 2006 on the conditional increase of share capital was completed. In total, 115,729 shares were allocated to 86 employees, of which 23 084 shares to members of the Management Board. On 10 July 2009, the H series shares were registered with the National Depository of Securities.

32. Share based incentive scheme

In 2006 BZWBK Group has introduced the Incentive Scheme ("the Scheme") on terms approved by the shareholders. The scheme is designed to provide market-competitive incentives for senior executives, in the context of the Bank's long-term performance against stretching growth targets over the next three financial years. Conditional awards of shares are made to employees with vesting to take place on the date of the AGM approving financial statements for the last year of the scheme. Subject to vesting conditions the scheme will be realized by distribution of shares only.

First edition vested in Q2 2009. All outstanding awards have been subscribed and fully paid in May-June 2009.

In case of 2nd and 3rd Edition, share will vest on a linear pattern between 25% and 100% remuneration contingent on EPS growth adjusted by Consumer Price Index (CPI). The range of the scale requires EPS growth adjusted for CPI between 8% and 16% for both editions.

During 2007 conditional awards of shares were granted to no more the 100 individuals. In 2008 third edition has been granted to no more than 600 individuals.

The Black Scholes model has been used to value awards granted at the grant date. The expected volatility is based on an analysis of historical volatility based on 160 sessions preceding the grant date. The following table details the assumptions used, and the resulting fair value.

Share based payments granted:

	2008	2007
Number of share based payments	288 112	78 341
Share price	149,00	292,50
Exercise price	10	10
Vesting period	3 years	3 years
Expected volatility	40,82 %	40,69 %
Award life	3 years	3 years
Risk free rate	6,87 %	4,90 %
Fair value per award	133,01 PLN	267,53 PLN
Dividend yield	2,01%	2,05%

Taking up the Bank's shares by the Management Board Members under the 2006 Incentive Scheme

All relevant information is disclosed in note 31 *Events after the balance sheet date*.

The following table summarizes the share based payments activity:

	6 months of 2009 Number of share based payments	6 months of 2008 Number of share based payments
Outstanding at 1 January	476 929	200 722
Granted	-	-
Exercised	(115 729)	-
Forfeited	(11 002)	(8 742)
Expired	-	-
Outstanding at 30 June	350 198	191 980
Exercisable at 30 June	-	-

Exercise price for all share based payments amounts to 10 PLN.

For the share based payments outstanding as at 30 June 2009 and as at 30 June 2008 the average remaining contractual life is approximately 1,5 years and 1,1 years respectively.

The total expense recognized with corresponding increase in equity (other reserve capital) for 6 months of 2009 and 2008 amounts to PLN 1 547 k and PLN 6 141 k respectively.

33. Dividend per share

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

SIGNATURES			
Signatures of Members of the Management Board			
Date	Name	Function	Signature
30-07-2009	Mateusz Morawiecki	President	
30-07-2009	Paul Barry	Member	
30-07-2009	Andrzej Burliga	Member	
30-07-2009	Declan Flynn	Member	
30-07-2009	Justyn Konieczny	Member	
30-07-2009	Janusz Krawczyk	Member	
30-07-2009	Jacek Marcinowski	Member	
30-07-2009	Michael McCarthy	Member	
30-07-2009	Marcin Prell	Member	
30-07-2009	Mirosław Skiba	Member	
30-07-2009	Feliks Szyszkowiak	Member	

Signature of a person who is responsible for maintaining the book of account			
Date	Name	Function	Signature
30-07-2009	Wojciech Skalski	Financial Accounting Area Director	



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This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

**INDEPENDENT AUDITORS' REVIEW REPORT
ON THE CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS OF
BANK ZACHODNI WBK S.A. GROUP
FOR THE PERIOD
FROM 1 JANUARY 2009 TO 30 JUNE 2009**

To the Shareholders of Bank Zachodni WBK S.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Bank Zachodni WBK S.A. Group, with its registered office in Wrocław, Rynek 9/11, 50-950 Wrocław that consist of the consolidated statement of financial position as at 30 June 2009, with total assets and total liabilities and equity of PLN 56,486,616 thousand, the profit and loss account for the period from 1 January 2009 to 30 June 2009 with a net profit of PLN 400,271 thousand, the consolidated statement of comprehensive income for the period from 1 January 2009 to 30 June 2009 with total comprehensive income of PLN 462,739 thousand, the consolidated statement of changes in equity for the period from 1 January 2009 to 30 June 2009 with an increase in equity of PLN 276,268 thousand, the consolidated statement of cash flow for the period from 1 January 2009 to 30 June 2009 with a decrease in cash amounting to PLN 1,589,168 thousand and selected explanatory notes.

Management of the Parent entity is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and other applicable regulations. Our responsibility is to express a conclusion on these condensed interim financial statements, based on our review.

Scope of Review

We conducted our review in accordance with Standard No. 4 of the professional standards *General principles for the review of financial statements* issued by the Polish National Council of Certified Auditors and with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements of Bank Zachodni WBK S.A. Group are not prepared, in all material respects, in accordance with International Accounting Standard 34 “*Interim Financial Reporting*” as adopted by the European Union.

Signed on the Polish original

.....
On behalf of KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
Stacy Ligas
Director

signed on the Polish original

.....
On behalf of KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
Certified Auditor No. 796
Bogdan Dębicki
Director

31 July 2009
Warsaw, Poland

**REPORT OF THE MANAGEMENT BOARD
ON BANK ZACHODNI WBK GROUP
PERFORMANCE IN THE **FIRST HALF** OF 2009**

2009



WBK | Bank Zachodni WBK

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I. Overview of the Group's Performance

Financial Performance

• Financial Highlights for 6 Months Ended 30 June 2009 and Year-on-Year Changes:

- Total income decreased by 3.7% y-o-y to PLN 1,591.9 m;
- Total costs decreased by 3.3% y-o-y to PLN 817.4 m, with staff and other administrative expenses reduced by 4.9% to PLN 745.6 m;
- Profit-before-tax of PLN 487.8 m was down 38.1% y-o-y;
- Profit-after-tax attributable to the Bank Zachodni WBK shareholders of PLN 377 m was down 33.6% y-o-y;
- Return on equity at 13.2% (23.9% as at 30 June 2008);
- Capital adequacy ratio at 11.56% (10.99% as at 30 June 2008);
- Cost to income ratio at 51.3% (51.1% in the first half of 2008);
- Net impairment losses on loans and advances amounted to PLN 283.4 m compared with PLN 19.8 m in the first half of 2008;
- NPL ratio increased to 4.5% (2.4% as at 30 June 2008) while the ratio of annualised net impairment losses to the average credit volumes was 1.53% (0.15% as at 30 June 2008);
- Loans-to-deposits ratio remained at a level which ensures adequate liquidity and access to the sources of funding (86.4% as at 30 June 2009 versus 83.3% as at 30 June 2008).

Key Factors Affecting the Group's Profit and Activity

• Business Factors:

- High y-o-y expansion of credit volumes driven by strong lending growth in H2 2008: cash loans (+46.7% y-o-y), home mortgage loans (+33.1% y-o-y), business loans (+29% y-o-y), lease receivables (+13.1% y-o-y);
- Significant growth in deposits (+23.4% y-o-y), in particular term deposits (+85.6% y-o-y);
- Further development of specialist business lines, e.g. bancassurance, products and services to third party institutions;
- Increase in the number of BZWBK24 electronic banking users (+19% y-o-y);
- Expansion of the debit and credit card base (+19% y-o-y and +6% y-o-y, respectively) due to the broad product offering and linked services;
- Decrease in the value of assets of mutual funds and private portfolios (-40.9% y-o-y) as a result of substantial fund redemptions and downward drift of stock prices from June 2008 to March 2009;
- Continued tightening of lending criteria since Q4 2008 and execution of risk mitigation strategies;
- Strict cost discipline reflected in the reduced staff and other administrative expenses.

- **External Factors:**

- Strong deceleration of economic growth in Poland triggered by global financial and economic crisis;
- Decrease in production and financial performance of companies;
- Significant fall in foreign trade turnover, both exports and imports;
- Slower growth of loans to households and enterprises;
- Adverse trends in the labour market (reduced employment and lower wage bill growth);
- Rebound in stock markets since March 2009 after a prolonged period of downturn which had resulted in the outflow of assets from mutual funds;
- Strong pressure on interest margins, in particular from customer deposits;
- Continued stagnation in the inter-bank market and high costs of FX funding;
- High volatility in the FX market with deep depreciation of the zloty against main currencies from October 2008 till February 2009;
- Further interest rate reductions by the Monetary Policy Council;
- Low number of transactions and decreasing prices in the property market due to weak demand and large supply of new residential properties;
- Private consumption slowdown.

II. Macroeconomic Situation in H1 2009

Economic Growth

The world's largest economies have entered into recession. According to final data, US annualised GDP fell by 5.5% in Q1 2009 and the euro zone's economy contracted by 4.9% y-o-y. Significant economic downturn abroad had an impact on Polish economy. Economic growth in Poland decelerated sharply, although a scale of a slowdown was much smaller than in highly developed countries. According to official data, GDP growth in Poland slowed down to 0.8% y-o-y in Q1 and was one of the highest in Europe. Based on monthly economic activity indicators for April-June period, Poland's GDP growth in Q2 is estimated at ca. 0.0%, which is still one of the strongest results in Europe.

Labour Market & Private Consumption

Private consumption has been weakening due to negative changes in the labour market. There was a significant slowdown in wage bill growth as a result of employment drop and lower average wage growth. On the other hand, there was quite a substantial increase in social security benefits in March (ca. 6%). Additional support for households' disposable income growth was a reduction in PIT and VAT rates (according to the government, in the entire year taxpayers will save ca. PLN 8 bn from PIT and PLN 2 bn from lower VAT rates). However, most of the money from lower PIT rates will go to people with higher than average income, and thus with lower propensity to consume.

Investment

Q1 2009 saw slight increase in fixed investments (by 1.2% y-o-y), although one should expect that along with completion of the long-lasting projects the investment activity will weaken. Increased inflow of funds from the EU (ca. 2 bn EUR in the entire year) provides some support to investment activity and to certain extent compensates for the effect of lower inflow of foreign direct investments observed this year.

Foreign Trade

First months of 2009 saw a rapid decline in foreign trade turnover. In Q1 exports value in euro fell by over 22% y-o-y and imports decreased by nearly 29% y-o-y. On the basis of available data for April-May period it may be estimated that in Q2 exports decline deepened to ca. 27% and imports fall accelerated to ca. 35% y-o-y. The exporters benefited from the weakening of the zloty. In zloty terms, in Q1 exports fell by 2.8% y-o-y while in Q2 it is estimated to decline by ca. 7% y-o-y. In the forthcoming months performance of the Polish export will depend on GDP growth in the European Union, although due to the weaker zloty a substitution effect in favour of Polish goods and services may take place. At the same time, weaker domestic demand (which is highly import-consuming, particularly in the case of investments) will lead to further decline in imports, resulting in positive contribution of net exports to GDP growth. Deeper fall in imports than in exports translates into the narrowing of the trade deficit and improvement in the current account balance of the country's balance of payments. The cumulated 12-month current account deficit at the end of May decreased to 3.2% of GDP from 5.4% at the end of 2008. This has a positive effect on the zloty performance.

Inflation

After the CPI inflation drop to 2.8% y-o-y in January, it was gradually rising in next months to 4.0% y-o-y in April due to significant hikes in prices of fuel and energy as well as due to the rapid weakening of the zloty observed until February. However, later on the CPI inflation started to decelerate and in June it returned to the upper limit of allowed fluctuations around the target, reaching 3.5% y-o-y. It seems that medium-term inflation prospects remain favourable as impact of significant zloty depreciation on inflation should be offset by strong deceleration in economic growth.

Significant weakening of domestic demand and considerable softening in labour market conditions act towards weakening of underlying inflationary pressures.

Interest Rates

In the first half of 2009 the Monetary Policy Council (MPC) reduced the main interest rates four times, by a total of 1.50 percentage points. The monetary policy easing was a response to substantial deterioration in economic growth prospects and favourable inflation outlook. Along with reduction in official interest rates, there was a gradual decline in money market rates – WIBOR for 1-month inter-bank loans (1M WIBOR) fell by ca. 1.6 pp, 3M WIBOR by 1.2 pp and 12M WIBOR by ca. 1.0 pp. The MPC also decided to reduce the reserve requirement rate by 50bps to 3% in order to increase liquidity in the banking system and revive credit activity.

FX Rates

There was a significant zloty weakening in the first months of 2009, which was triggered by a surge in risk aversion in international financial markets and investors' negative attitude towards the markets in Central and Eastern Europe, resulting from serious problems of some countries in the region (Baltic states, Hungary, Ukraine). However, towards the end of Q1 the zloty began to recover due to the gradually growing appetite for risk in the global markets and increased interest in buying assets in CEE region. Among other things, this is a result of the measures taken by international institutions to support financial stability of the countries from the region.

III. Basic Information

1. Scope of Bank Zachodni WBK's Activities

Universal Bank

Bank Zachodni WBK is a universal bank which provides a full range of services for personal customers, SMEs and large companies. The bank's offering is modern, comprehensive and satisfies diverse customer needs with regard to current/personal accounts, credit, savings, investment, settlement, insurance and card products. The bank aligns its product structure with the requirements of individual customer segments and combines its products into packages around current/personal accounts to provide their users with a precisely defined, tailored and comprehensive service. The financial services of Bank Zachodni WBK also include trade finance and transactions in capital markets, FX markets and money markets as well as in derivatives. The bank's own product range is complemented by specialist products offered by its connected companies, including: Dom Maklerski BZ WBK S.A., BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A., BZ WBK AIB Asset Management S.A., BZ WBK Leasing S.A., BZ WBK Finanse & Leasing S.A., BZ WBK Faktor Sp. z o.o., BZ WBK-Aviva Towarzystwo Ubezpieczeń Ogólnych S.A. and BZ WBK-Aviva Towarzystwo Ubezpieczeń na Życie S.A. In co-operation with all these companies, the bank offers its customers access to brokerage services, mutual funds, insurance, leasing and factoring products.

2. Share Capital and Ownership Structure

Share Capital & Ownership Structure

As at 30 June 2009, the share capital of Bank Zachodni WBK amounted to PLN 729,602,840 and was divided into 72,960,284 ordinary bearer shares with a nominal value of PLN 10 each.

On 10 July 2009, the bank's share capital was increased to 73,076,013 shares following take-up of the series H shares issued under the first edition of the Bank Zachodni WBK Incentive Scheme introduced by the General Meeting resolution of 4 April 2006.

According to the information held by the bank's Management Board, as at 30 July 2009 the shareholder having a minimum 5% of the total number of votes at the Bank Zachodni WBK Annual General Meeting of Shareholders was Dublin-based AIB European Investments Ltd., fully-owned subsidiary of Allied Irish Banks p.l.c. The company's interest in the share capital and the voting power of Bank Zachodni WBK is 70.4%. The remaining shares are in free float.

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

As at the date of approval of Interim Report 2009, the Management Board of Bank Zachodni WBK was not aware of any agreements that in the future might lead to changes in the current ownership structure.

3. Bank Zachodni WBK Rating

Bank Zachodni WBK has a credit rating agreement with Fitch Ratings Ltd.

In 2009, the agency released two announcements on the bank:

- In its announcement of 15 January 2009, the agency affirmed the bank's individual rating "C" (adequate bank), reduced its Long-term Issuer Default rating (IDR) from "A+" to "BBB+", the Short-term IDR from "F1" to "F2" and the Support rating from 1 to 2. The rating Outlook was assessed as Stable.
- In the announcement of 13 February 2009, Fitch Ratings Ltd. affirmed the Long-term IDR "BBB+", Short-term IDR "F2" and Individual "C" for Bank Zachodni WBK while downgrading the bank's Outlook from Stable to Negative and the Support rating from "2" to "3".

Reduction of the Long-term IDR, the Short-term IDR, the Support Rating and the rating outlook results from revised assessment of the bank's controlling shareholder (AIB) and reflects its lower ability to provide potential support to its subsidiaries. The AIB's individual rating was changed in the first half of 2009 from "B" to "C" and "D" due to the fall of its asset quality given the deteriorating macroeconomic conditions and the negative outlook for further economic development in the Republic of Ireland.

The long-term IDR, short-term IDR and individual rating of Bank Zachodni WBK are now based on the stand-alone strength of the bank and confirm the bank's strong market position, solid balance sheet, profitability and liquidity as well as adequate capitalisation whereas the revised outlook for the bank reflects the adverse operating environment in Poland, which is likely to result in pressures on revenue and increased impairment charges.

Fitch Ratings for BZWBK			
Rating Type	Current Rating of 13-02-2009	Rating of 15-01-2009	Rating of 17-07-2008*
Long-term Issuer Default Rating	BBB+	BBB+	A+
Short-term Issuer Default Rating	F2	F2	F1
Long-term and Short-term Rating Outlook	Negative	Stable	Negative
Individual Rating	C	C	C
Support Rating	3	2	1

* Rating as at the date of publication of the financial statements of Bank Zachodni WBK Group for the first half of 2008

4. Companies Connected with Bank Zachodni WBK

Composition of Bank Zachodni WBK Group

Bank Zachodni WBK forms a Group with the following nine subsidiaries which are fully consolidated in accordance with IAS 27. These are:

- 1) BZ WBK AIB Asset Management S.A.
- 2) BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. - subsidiary of BZ WBK AIB Asset Management S.A.
- 3) BZ WBK Inwestycje Sp. z o.o.
- 4) BZ WBK Faktor Sp. z o.o. - subsidiary of BZ WBK Finanse Sp. z o.o.

- 5) BZ WBK Finanse Sp. z o.o.
- 6) BZ WBK Finanse & Leasing S.A. - subsidiary of BZ WBK Finanse Sp. z o.o.
- 7) BZ WBK Leasing S.A. - subsidiary of BZ WBK Finanse Sp. z o.o.
- 8) BZ WBK Nieruchomości S.A.
- 9) Dom Maklerski BZ WBK S.A.

Compared with the end of June 2008, the Group includes an additional company – BZ WBK Finanse Sp. z o.o., formed by the bank on 18 December 2008 and registered on 13 January 2009. Bank Zachodni WBK acquired 100% stake in the company's share capital. The new entity is a holding company set up to centralise management of the bank's subsidiaries involved in provision of specialised services to business customers, i.e. BZ WBK Leasing S.A., BZ WBK Finanse & Leasing S.A. and BZ WBK Faktor Sp. z o.o.

Joint Ventures and Associates

In the consolidated financial statements of Bank Zachodni WBK for the first half of 2009, the following companies are accounted for using the equity method in accordance with IAS 28:

Joint ventures:

- 1) BZ WBK–Aviva Towarzystwo Ubezpieczeń Ogólnych S.A.
- 2) BZ WBK–Aviva Towarzystwo Ubezpieczeń na Życie S.A.

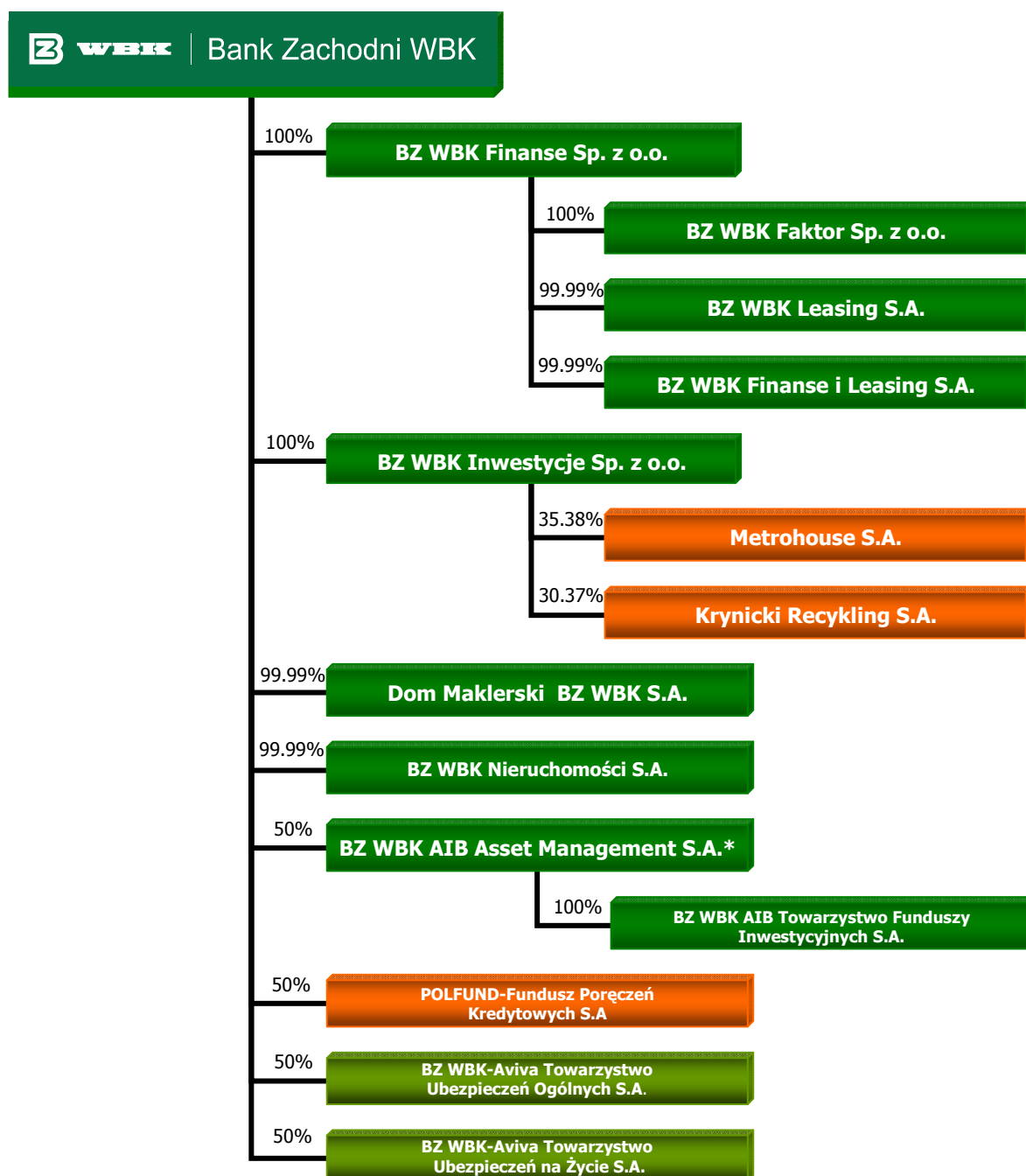
Associates:

- 1) Krynicki Recykling S.A. - associated undertaking of BZ WBK Inwestycje Sp. z o.o.
- 2) Metrohouse S.A. - associated undertaking of BZ WBK Inwestycje Sp. z o.o.
- 3) POLFUND - Fundusz Poręczeń Kredytowych S.A.

The first two entities were established by the bank in co-operation with Aviva International Insurance Ltd., London in 2008 under the name BZ WBK-CU Towarzystwo Ubezpieczeń Ogólnych S.A. and BZ WBK-CU Towarzystwo Ubezpieczeń na Życie S.A. As part of the Commercial Union's re-branding campaign designed to bring the global Aviva brand into the Polish market, on 1 June 2009 the companies were renamed to BZ WBK-Aviva Towarzystwo Ubezpieczeń Ogólnych S.A. and BZ WBK-Aviva Towarzystwo Ubezpieczeń na Życie S.A.

In addition to POLFUND - Fundusz Poręczeń Kredytowych S.A. (an associate), which is the bank's investment of long standing, the equity method approach is also used to account for Metrohouse S.A. and Krynicki Recykling S.A., the associates of BZ WBK Inwestycje Sp. z o.o. (bank's subsidiary). In July 2008, BZ WBK Inwestycje Sp. z o.o. acquired 2.3 m shares of Metrohouse S.A., representing 35.38% of its share capital. In December 2008, the company acquired 3.1 m newly issued shares of Krynicki Recykling S.A. (capital increase registered on 2 February 2009), representing 30.37% of the share capital. The above-mentioned shares were purchased as part of the bank's strategy of building a portfolio of "pre-IPO" investments. Both entities are classified as associates as the bank has a significant impact on their operations.

Organisational Chart of Bank Zachodni WBK Group and Other Connected Entities



* Bank Zachodni WBK is a co-owner of BZ WBK AIB Asset Management S.A. together with AIB Capital Markets plc. Both owners are members of AIB 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 AIB Towarzystwo Funduszy Inwestycyjnych S.A., because through its agency the ultimate parent (AIB) pursues its policy in Poland. Consequently, the company is treated as a subsidiary undertaking.

Legend:

- % Voting power
- █ Subsidiaries (fully consolidated with BZ WBK S.A.)
- █ Associates
- █ Joint ventures

IV. Development of Activities in 2009

1. Key Business Development Directions

In the first half of 2009, Bank Zachodni WBK Group was implementing its strategy for the years 2009-2011, striving to be distinctive in the market by its customer proposition and service quality, and taking actions to improve its brand image and awareness. At the same time, the Group flexibly responded to the challenging environment, taking appropriate measures to sustain its deposit base and ensure security of its credit portfolio. Efforts were also taken to reduce costs and mitigate risks in all areas of activity.

The most important areas of the Group's activity in the first half of 2009 are summarized below:

- Attracting deposits by offering competitively priced savings and investments products.
- Encouraging the customers with "business potential" to deepen their relationship with the bank through individual contact with advisors, CRM campaigns and other sales and promotional initiatives.
- Revision of the retail and business lending policy to maintain a high quality of credit exposures.
- Continued development of personal accounts, current accounts and other products and services to better align the Bank's proposition to the diverse customer needs.
- Expansion of the existing Business Banking Centres to bring the bank closer to a wider group of businesses and forge a quality relationship with them.
- Further quantitative and qualitative development and a closer integration of the key distribution channels.
- Supporting development of safe internet transactions, contactless/prepaid card payments and other innovative solutions.
- Continuous improvement of customer service quality, the bank's operating efficiency and streamlining procedures for customers.
- Tighter control of staff and other administrative expenses, renegotiation of contracts with suppliers and gradual implementation of savings initiatives.

2. Financial Performance

Profit and Loss Account

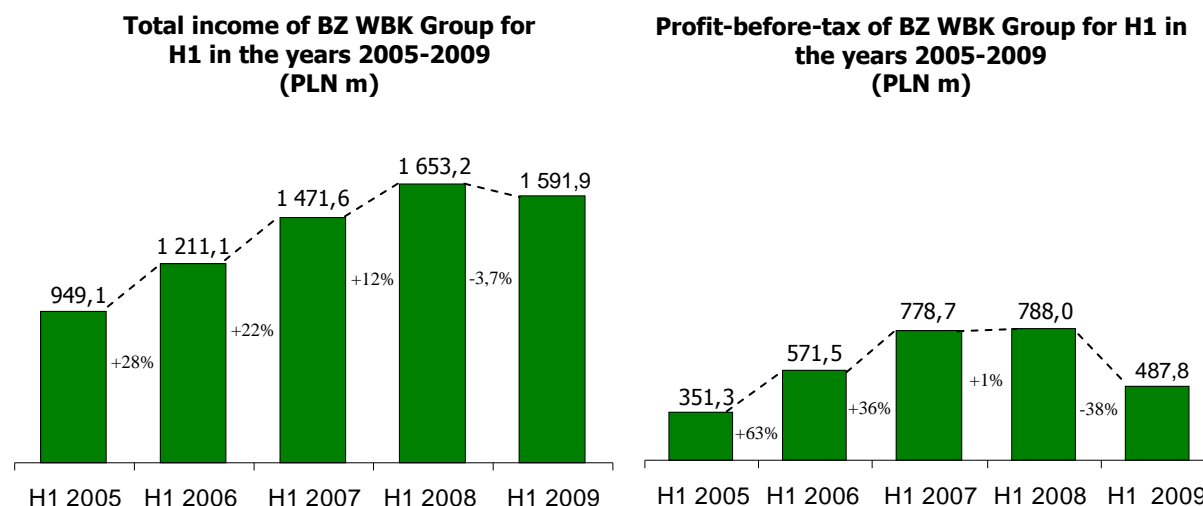
The table below shows year-on-year changes in key items of the Group's consolidated profit and loss account in the first half of 2009 compared with the same period last year.

PLN m

Condensed Profit and Loss Account	H1 2009	H1 2008	Change
Total income	1,591.9	1,653.2	-3.7%
Total costs	(817.4)	(845.3)	-3.3%
Impairment losses on loans and advances	(283.4)	(19.8)	+1,331.3%
Profit-before-tax *	487.8	788.0	-38.1%
Tax	(87.5)	(160.1)	-45.3%
Net profit for the period	400.3	627.9	-36.2%
- Net profit attributable to the shareholders of the parent	377.0	567.5	-33.6%
- Net profit attributable to minority shareholders	23.3	60.3	-61.4%

* includes shares in the losses attributable to the entities accounted for using the equity method (PLN -3.3 m in H1 2009 vs. PLN -0.04 m in H1 2008)

Amid the economic slowdown, the crisis of trust in the inter-bank market and the volatility of stock markets prevailing in the first half of 2009, Bank Zachodni WBK Group recorded the total income that was only 3.7% lower on a y-o-y basis. At the same time, the cost base was reduced by 3.3%. Operating costs were curbed despite the broader scale of operations propelled by expanded infrastructure and growing business volumes, in particular during the very dynamic second half of 2008. The first half of the year saw, however, much higher costs of risk, an effect of deteriorating financial standing of borrowers in the difficult macroeconomic environment.



As a result, after the first six months of 2009, Bank Zachodni WBK Group posted a profit-before-tax of PLN 487.8 m compared with PLN 788 m reported in the first half of 2008. The profit-after-tax attributable to the shareholders of Bank Zachodni WBK was PLN 377 m and 33.6% lower y-o-y.

Income

Total income generated by Bank Zachodni WBK Group in the first half of 2009 was PLN 1,591.9 m and PLN 61.3 m lower y-o-y. This performance was achieved in a much more challenging environment due to the diversification of income streams, business growth in many product lines and enhancement of the Group's sales potential in previous years.

PLN m

Total Income	H1 2009	H1 2008	Change
Net interest income	716.4	777.1	-7.8%
Net commission income	649.4	704.1	-7.8%
Dividend income	76.0	69.6	+9.2%
Net trading income and revaluation	129.1	56.4	+128.9%
Other non-interest income *	21.0	46.0	-54.3%
Total	1,591.9	1,653.2	-3.7%

* other non-interest income includes: 1) profit on disposal of subsidiaries and associates; 2) profit on other financial instruments; 3) other operating income

Net interest income amounted to PLN 716.4 m and decreased by 7.8% y-o-y despite the strong growth of the deposit and credit base and the favourable changes in the Group's balance sheet structure. This decline is due to the negative pressure of deposits which has become a feature of the Polish market since September 2008. Further downward pressure on deposit margins was caused by a series of interest rate cuts which commenced in November 2008. The Bank has been increasing margins on its lending to partly offset the impact of higher funding costs.

Taking into account other interest-related income from FX Swaps and Basis Swaps (PLN 100.1 m in the first half of 2009 and PLN 30.2 m in the corresponding period last year), which are disclosed under "Net trading income and revaluation", the underlying net interest income increased by 1.1% y-o-y.

Net commission income amounted to PLN 649.4 m and decreased by 7.8% y-o-y due to the strong downturn in the stock markets at the beginning of 2009 which adversely affected the level of fees for distribution of mutual funds, asset management and brokerage services. The other commission-earning business lines of Bank Zachodni WBK Group recorded increases propelled by rising volumes.

PLN m

Net Commission Income	H1 2009	H1 2008	Change
Direct banking *	133.8	112.3	+19.1%
FX fees	118.2	104.0	+13.7%
Account maintenance and cash transactions	120.3	113.5	+6.0%
Mutual fund distribution and asset management services	98.0	224.0	-56.3%
Credit fees **	75.8	49.9	+51.9%
Insurance (bancassurance) fees	54.9	32.7	+67.9%
Brokerage fees	45.6	55.2	-17.4%
Other ***	2.8	12.5	-77.6%
Total	649.4	704.1	-7.8%

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

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

*** other income includes fees for distribution of structured products

The drivers behind the major y-o-y movements in components of the net commission income:

- **Net fees and charges for direct banking services** increased by 19.1% y-o-y to PLN 133.8 m, mainly due to the growing number of payment cards processed and ATMs managed by the bank for third party institutions, and also due to the steady growth of debit cards held by the bank's customers along with cash and non-cash transactions made with these instruments.
- **Fees on customer FX transactions** increased by 13.7% y-o-y to PLN 118.2 m, reflecting the improved margins and higher volumes transacted at the branch banking level and via Treasury Services.
- **Net income on account fees and cash transactions** amounted to PLN 120.3 m, a 6% increase on the first half of 2008 driven by a growing number of personal accounts maintained by the bank.
- **The Group's net income from fund distribution and asset management** was PLN 98 m and 56.3% lower y-o-y as a result of the deep downturn in the domestic stock market until March 2009. The stock market sentiment translated directly into lower sales of mutual funds and a decrease in the volume of assets managed by BZ WBK AIB Asset Management S.A. (total assets of private portfolios and mutual funds decreased by 40.9% to PLN 10.3 bn).
- **Credit fees** increased by 51.9% y-o-y to PLN 75.8 m underpinned by the Group's larger exposure on overdrafts, higher volume of credit card balances and lower credit intermediation costs.
- **The bancassurance line** generated an income of PLN 54.9 m which exceeded the comparable period by 67.9% y-o-y driven by strong sales of credit insurance and cash loans insurance in particular.
- **Net commission income of BZ WBK Brokerage House** decreased by 17.4% y-o-y to PLN 45.6 m as a result of the substantial slowdown in the stock market observed in the first quarter of 2009. The impact of this downturn on the net income from brokerage fees was mitigated by the revival of market activity in the second quarter of the year and the subsequent higher levels of stock trading by the brokerage house.

Dividend income amounted to PLN 76 m and was 9.2% higher y-o-y primarily due to higher dividends from Aviva Group companies from the banks equity portfolio, i.e. Aviva Towarzystwo Ubezpieczeń na Życie S.A. and Aviva Powszechne Towarzystwo Emerytalne Aviva BZ WBK S.A. In the first half of 2009, dividends from this source totalled PLN 68.5 m compared with PLN 64.7 a year before.

Net trading income and revaluation was up by 128.9% y-o-y and totalled PLN 129.1 m. The movement in this line was most strongly affected by the wholesale FX Swaps transacted, among others, as part of the management of the EUR- and CHF-denominated credit portfolio.

The amount for the first half of 2009 includes the write-down of derivative instruments (PLN 29.5 m) related to customers' risk. It also contains interest-related income from FX Swaps and Basis Swaps which amounted to PLN 100.1 m, exclusive of funding costs (PLN 30.2 m in the same period last year).

In addition, in the first half of 2009, Bank Zachodni WBK revised its estimate of fair value of Cross Currency Swaps on account of substantial increase in market spreads observed since 2008 year-end. The total fair value adjustment to these derivatives was PLN 39.4 m in the reporting period. These instruments are a source of funding and it is the Bank's intention to hold them until maturity. Their mark-to-market valuation will revert to zero on a case-by-case basis over their remaining life.

Other non-interest income totalled PLN 21 m and was lower by 54.3% than in the corresponding period of 2008 when a profit of PLN 22.4 m on the sale of Mastercard Inc. shareholding was recognised.

Impairment

The loan impairment charge to the profit and loss account was PLN 283.4 m in the first half of 2009 compared with PLN 19.8 m in the corresponding period last year.

The provisioning level has been driven by the deteriorating macroeconomic environment. Slowdown has affected more and more industries in the Polish economy, resulting in the weaker financial performance and lower ability of businesses to meet their liabilities. Debt settlement failures set off a chain reaction by spreading cash flow problems among counterparties. Higher occurrences of irregular debt repayment have prompted the Group to raise additional impairment provisions.

The Group regularly reviews its exposures for indications of impairment, which ensures timely and adequate recognition of individual and portfolio impairment provisions (IBNR). Every effort is made to reduce the risks identified and pursue effective recovery of impaired debts.

Costs

Total costs of Bank Zachodni WBK Group amounted to PLN 817.4 m and were lower by 3.3% y-o-y. Key cost items:

PLN m

Total Costs	H1 2009	H1 2008	Change
Staff and other administrative expenses, including:	(745.6)	(784.1)	-4.9%
- <i>staff costs</i>	(436.6)	(470.4)	-7.2%
- <i>other administrative expenses</i>	(309.0)	(313.7)	-1.5%
Depreciation/amortisation	(60.5)	(50.6)	+19.6%
Other operating costs	(11.3)	(10.6)	+6.6%
Total	(817.4)	(845.3)	-3.3%

Staff and other administrative expenses of PLN 745.6 m decreased by 4.9% y-o-y as a result of the HR policy and intensified implementation of administrative, technological and procedural measures aimed to reduce the Group's costs. This is also due to the development of cost-saving mindset among employees.

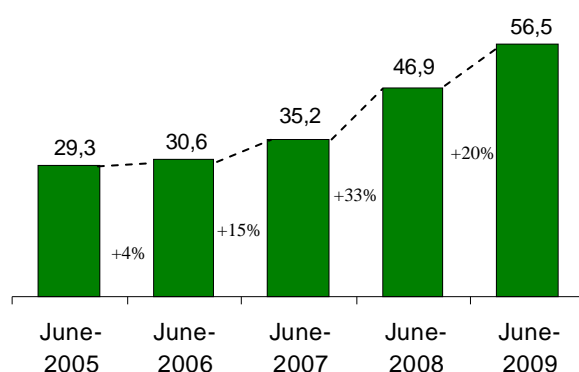
- **Staff costs** decreased by 7.2% to PLN 436.6 m primarily due to limiting manpower across the Group (by 233 FTEs y-o-y) in the wake of the Management Board decision to freeze employment and not to fill natural vacancies. Implementation on a wide scale of HR solutions, such as work time reduction, career break or unpaid leaves also contributed to cost savings. The choice of the solutions is adjusted to employee preferences and capabilities of individual organisational units.
- **The Group's other administrative expenses** decreased by 1.5% to PLN 309 m. This change was most strongly impacted by the reduced advertising and marketing spend, reflecting the smaller scale of promotional campaigns held in 2009. Consultancy costs were also a vital decelerating factor and these were significantly down with completion of projects requiring expert support. In addition, the Group increased its efforts to rationalise its cost base. Following a review of the existing policies, procedures, processes and contracts, a number of cost-saving initiatives were implemented and cost-effectiveness of processes was improved.

In the first half of 2009, **depreciation/amortisation** totalled PLN 60.5 m and rose by 19.6% y-o-y driven by fixed assets growth attributable to the expansion and upgrade of the bank's branch network.

Financial Position

As at 30 June 2009, total assets of Bank Zachodni WBK Group amounted to PLN 56,486.6 m and were 20.3% up y-o-y. The value and structure of the Group's financial position is determined by the bank (parent) which accounts for 95.6% of the consolidated total assets.

**Total assets of BZ WBK Group as at
30 June in 2005-2009
(PLN bn)***



* Total assets as of 30 June 2008 and 30 June 2009 include net deferred tax assets; in the previous reporting periods both deferred tax assets and liabilities were presented.

Assets

PLN m

Assets	30-06-2009	Structure 30-06-2009	30-06-2008	Structure 30-06-2008	Change
Loans and advances to customers*	36,222.6	64.1%	28,272.6	60.2%	+28.1%
Investment securities	13,491.9	23.9%	10,524.4	22.4%	+28.2%
Cash and operations with the Central Bank	2,304.5	4.1%	2,469.4	5.2%	-6.7%
Financial assets held for trading	1,798.8	3.2%	1,533.5	3.3%	+17.3%
Loans and advances to banks	1,036.2	1.8%	2,761.0	5.9%	-62.5%
Fixed and intangible assets	782.9	1.4%	686.4	1.5%	+14.1%
Other assets	849.7	1.5%	688.5	1.5%	+23.4%
Total	56,486.6	100.0%	46,935.8	100.0%	+20.3%

* net of impairment

The main asset growth driver during past 12 months was loans and advances to customers (+28.1% y-o-y). A substantial increase was also noted in investment securities (+28.2% y-o-y), based on the decisions made as part of the Group's structural balance sheet management. The line includes the State Treasury bonds which in October 2008 were reclassified from available-for-sale securities into held-to-maturity securities at their carrying value of PLN 6,406.6 m. The change of classification resulted in adoption of valuation principles that are more consistent with the purpose of the instruments. Financial assets held-for-trading continued to grow (+17.3% y-o-y), reflecting a higher share of Treasury bills. The increase in fixed and intangible assets paralleled the extension and upgrade of the bank's branch network and IT systems (+14.1% y-o-y). The value of cash and operations with the Central Bank decreased (-6.7% y-o-y) as part of the ongoing liquidity management which involves maintaining an obligatory reserve with the National Bank of Poland. Loans and advances to banks declined considerably (-62.5% y-o-y) due to the decrease in inter-bank activity of Bank Zachodni WBK and a shift to secure investments in government securities.

Credit Portfolio

PLN m

Gross Loans and Advances to Customers	30-06-2009	30-06-2008	Change
Loans and advances to business and public sector customers	24,336.0	18,866.4	+29.0%
Loans and advances to personal customers	9,975.8	7,371.4	+35.3%
Finance lease receivables	2,919.8	2,581.6	+13.1%
Other	29.1	30.9	-5.8%
Total	37,260.7	28,850.3	+29.2%

At the end of June 2009, gross loans and advances to customers were PLN 37,260.7 m and 29.2% up y-o-y due to increasing volumes of the Group's key portfolios: business loans, retail loans and lease receivables.

Loans and advances to business and public sector customers amounted to PLN 24,336 m and were 29% higher y-o-y (+15.9% y-o-y on a constant currency basis). This growth reflects the continuing demand of enterprises for loans to finance their inventory and working capital, and also very strong credit delivery in 2008, involving long-term investment projects, mainly in the commercial property market.

The value of retail loans increased by 35.3% y-o-y (+28,3% y-o-y on a constant currency basis) to PLN 9,975.8 m due to the strong growth in cash and home mortgage loans. Cash loans increased by 46.7% y-o-y to PLN 3,092.4 m, confirming the high quality of the bank's offer and the effectiveness of its pro-active promotion and sales methods. Home mortgage loans increased by 33.1% y-o-y to PLN 5,671.5 m due to the attractive structure of the credit facilities, effective customer service and flexibility in responding to market developments.

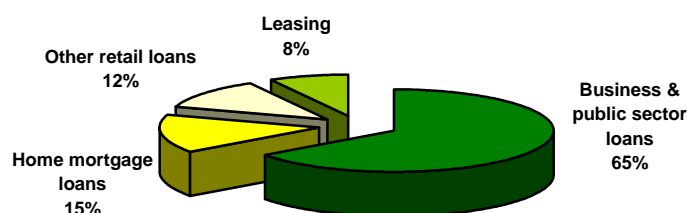
The financial leasing portfolio increased by 13.1% y-o-y to PLN 2,919.8 m, fuelled by the sales of vehicles, plant & equipment and properties as handled by the leasing subsidiaries.

At the end of June 2009, the impaired loans accounted for 4.5% of the gross portfolio versus 2.4% recorded 12 months before. The provision cover ratio for the impaired loans was 40.6% compared with 64.2% as at 30 June 2008, reflecting a higher proportion of property loans.

Bank Zachodni WBK Group complies with the standards under the Banking Act in relation to concentration of exposures to a single entity or a group of connected entities.

According to the Polish Classification of Businesses (PKD), as at the end of June 2009, the highest exposure was to the 'Property Services' and 'Production' industry sectors which contributed 19.8% and 14.8% to the total credit portfolio (27% and 20.3% to the business portfolio), respectively.

**Loans and advances to customers
of BZ WBK Group
as at 30-06-2009**



Equity and Liabilities

PLN m

Equity and Liabilities	30-06-2009	Structure 30-06-2009	30-06-2008	Structure 30-06-2008	Change
Deposits from customers	41,912.3	74.2%	33,958.2	72.3%	+23.4%
Deposits from banks	4,825.5	8.5%	5,298.3	11.3%	-8.9%
Financial liabilities held for trading	1,747.5	3.1%	1,294.1	2.8%	+35.0%
Amounts owed to the Central Bank	1,381.7	2.5%	-	-	-
Debt securities in issue	75.5	0.1%	282.4	0.6%	-73.3%
Other liabilities	1,055.4	1.9%	1,291.6	2.8%	-18.3%
Total equity	5,488.7	9.7%	4,811.2	10.2%	+14.1%
Total	56,486.6	100.0%	46,935.8	100.0%	+20.3%

On the liabilities side, the Group reported a substantial increase in deposits from customers (+23.4% y-o-y), mainly in the form of term deposits. The financial liabilities held for trading (+35% y-o-y) continued to grow driven by derivative transactions. Deposits from banks showed a falling trend (-8.9% y-o-y) as a result of the situation in the inter-bank market. The amounts owed to the Central Bank represent repo transactions, an effect of increased activity of the National Bank of Poland in the domestic money market. At the same time, the debt securities in issue continued to decrease (-73.3% y-o-y) due to the redemption of the matured bonds issued by the bank and its leasing subsidiaries in a total nominal amount of PLN 183.5 m.

The Group's equity increased by 14.1% y-o-y in the wake of the decision made by the General Meeting of Shareholders on allocating the entire profit earned by Bank Zachodni WBK in 2008 to reserve funds and general reserve. Compared with the previously released financial reports, the Group's retained earnings as at 30 June 2008 are higher by PLN 19.2 m as a result of an adjustment to the equity of Polfund-Fundusz Poręczeń Kredytowych S.A., an associate.

Deposit Base

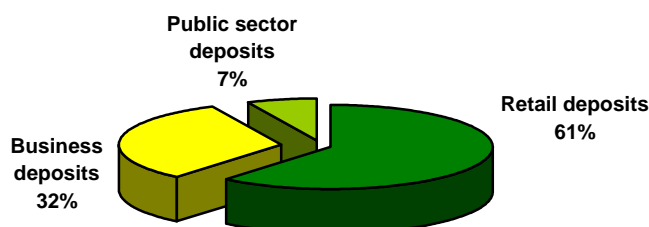
PLN m

Deposits from Customers	30-06-2009	30-06-2008	Change
Deposits from retail customers	25,452.7	20,105.9	+26.6%
Deposits from business customers	13,288.0	11,369.3	+16.9%
Deposits from public sector	3,171.6	2,483.0	+27.7%
Total	41,912.3	33,958.2	+23.4%

Deposits from customers, which represent 74.2% of the Group's total equity and liabilities are the primary source of funding of the Group's lending business. At the end of June 2009, customer deposits totalled PLN 41,912.3 m and were higher by 23.4% y-o-y. This value comprises the funds deposited in current accounts (PLN 16,605 m), term deposits (PLN 24,887.9) and other liabilities.

Over the last 12 months, particularly fast growth was noted in the balances in term deposit accounts which grew by 85.6% y-o-y. This growth is attributable to the bank's attractive deposit offer, including the IMPET term deposits for retail and business customers and innovative deposits launched in the first half of 2009, including the lottery-linked deposit. The balances in current accounts decreased by 16.9%, partly as funds were moved from savings accounts to term deposits.

**Deposits from customers
of BZ WBK Group as at 30-06-2009**



Key Financial Ratios

Selected Financial Ratios	H1 2009	H1 2008
Total costs/Total income	51.3%	51.1%
Net interest income/Total income	45.0%	47.0%
Net interest margin *	3.05%	3.96%
Net commission income/Total income	40.8%	42.6%
Customer deposits/ Total equity & liabilities	74.2%	72.4%
Customer loans/Total assets	64.1%	60.2%
Customer loans/Customer deposits	86.4%	83.3%
NPL ratio	4.5%	2.4%
NPL coverage ratio	40.6%	64.2%
ROE **	13.2%	23.9%
ROA ***	1.3%	2.4%
Capital adequacy ratio	11.56%	10.99%
Book value per share (in PLN)	75.23	65.94
Earnings per share (in PLN)	5.17	7.78

The following were used in computations:

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

** net profit attributable to shareholders of Bank Zachodni WBK for the 12-month period commencing on 1 July 2008 and equity as at the end of the reporting period, net of current year's profit and minority interests;

*** net profit attributable to shareholders of the parent for the 12-month period commencing on 1 July 2008 and average assets derived from the two comparative periods.

3. Expected Economic Conditions of Development in the Second Half of 2009

The following factors may affect financial results of the bank in the second half of 2009:

- negative GDP growth rate in the environment of the Polish economy (especially in the European Union), leading to a fall in Poland's exports, production, fixed investment, employment and consequently weaker financial standing of enterprises and worse labour market conditions, may result in deterioration of banks' credit portfolios and reduced demand for new loans;
- possible continuation of interest rate reduction by the Central Bank due to deterioration in economic growth prospects and still favourable inflation outlook in the medium-term;
- continuously elevated level of costs of financing the banks' assets, in particular through retail deposits and FX Swaps;
- volatile moods in the global markets and large changes in the stock markets, leading to further outflow of assets from mutual funds; at the same time lower increase in deposits due to deteriorating financial situation of households and enterprises;
- considerably lower demand for property and mortgages related to households' concerns about prospects for the economy and situation in the labour market; in the medium-term - due to deterred developers' investments - a sharp fall in the property market supply is likely, bringing renewed pressure on price growth.

V. Risk Management

During the first six months of 2009, Bank Zachodni WBK Group carried out risk management activities based on the same policies and rules as described in Consolidated Financial Statements for 2008.

In the first half of 2009, the following risk factors were identified:

1. Negative effect of the economic slowdown on the credit portfolio quality

This gives rise to:

- the risk of deterioration of the bank's financial performance;
- the risk of the bank's capital base reduction.

2. Liquidity risk

Given the very low liquidity in the inter-bank market, it is of paramount importance to secure adequate deposit base and maintain an adequate stock of qualifying liquid assets to protect against possible stress situation.

3. Net interest margin risk

Competition for customer deposits and high costs of FX funding through the wholesale market have an effect of eroding net interest margins.

Actions Taken in H1 2009

Credit risk increased in the wake of the deteriorating economy and this had a negative impact on the loan book quality, default rate and concentration of exposures in high risk sectors. With high volatility of FX rates, lending restrictions were necessary, contributing to a further slowdown in credit delivery. The challenging market and unfavourable operating environment encouraged credit frauds which was particularly evident in relation to consumer loans.

Continued pro-active credit risk management is recognised as key to the Group's performance in the prevailing economic conditions (volatile markets and economic downturn). The measures taken by the Group during last 6 months include the following:

- active management of the property loan portfolio with a focus on close monitoring of existing exposures and balancing the structure of the total credit portfolio,
- FX lending significantly reduced at first and eventually ceased,
- ongoing review and revision of the Group's approach to credit risk management by aligning the risk assessment methods to new parameters and by tightening credit policies.

In relation to customer FX hedging exposures, in the first half of 2009 Bank Zachodni WBK Group implemented changes to its policy on setting limits for non-bank customers as well as on monitoring and collateralizing respective exposures. Expected customers' inflows are monitored to assess whether they are sufficient to meet potential obligations from customers' derivative transactions. Stress test scenarios are used to identify those counterparties that may have difficulties settling their transactions as a result of significant FX rate volatility or low cash flows from operating activities. Additionally, transactions are secured with revolving loans, utilised in case of default, or deposits that collateralize negative valuation of contracts.

There is a credit fraud detection system embedded in the lending process underpinned by expert IT solutions and covering all channels via which unsecured consumer loans are sold.

Tight quality monitoring will be continued in selected portfolios and should the negative trends become more prominent, management actions will be taken to ensure that the risk is kept at an acceptable level.

Monitoring of card transactions and other retail products was enhanced with new specialist systems to make sure that the processes minimized the potential for fraud. Also, a number of initiatives were put in place, such as information campaigns, warnings and better efficiency of expert units, with a view to raising customer and staff awareness of fraud risks.

VI. Additional Information

1. Information on Governing Bodies

Changes to the Composition of the Supervisory Board

As at 30 June 2009, the composition of the Bank Zachodni WBK Supervisory Board was as follows:

Role	Composition as at 30-06-2009
Chairman of the Supervisory Board:	1. Aleksander Szwarc
Members of the Supervisory Board:	2. Gerry Byrne
	3. Waldemar Frąckowiak
	4. Aleksander Galos
	5. Maeliosa OhOgartaigh
	6. John Power
	7. Jacek Ślotała

The persons listed above were appointed by the AGM of 18 April 2008 for a new 3-year term of office. The original composition included James O'Leary, who stepped down from the Supervisory Board on 21 April 2009.

As at 30 June 2009, the following members of the Supervisory Board held an independent status: Waldemar Frąckowiak, Aleksander Galos, John Power, Aleksander Szwarc and Jacek Ślotała.

Changes to the Composition of the Management Board

As at 30 June 2009, the composition of the Bank Zachodni WBK Management Board was as follows:

Role	Composition as at 30-06-2009
Management Board President:	1. Mateusz Morawiecki
Members of the Management Board:	2. Paul Barry
	3. Andrzej Burliga
	4. Declan Flynn
	5. Justyn Konieczny
	6. Janusz Krawczyk
	7. Jacek Marcinowski
	8. Michael McCarthy
	9. Marcin Prell
	10. Mirosław Skiba
	11. Feliks Szyszkowski

The persons listed above were appointed by the Supervisory Board on 21 April 2009 for a joint 3-year term of office.

Changes to the composition of the bank's Management Board over the past 12 months:

- Due to the resignation of Michał Gajewski from the Management Board at the end of April 2008, on 22 July 2008 the bank's Supervisory Board appointed Mirosław Skiba to the Management Board as Head of the Customer Relationship and Sales Division (now Retail Banking Division).

- On 30 September 2008, James Murphy completed his term as Management Board Member in charge of Finance Division of Bank Zachodni WBK and took up a new role in AIB Group. On 12 June 2008, the Supervisory Board passed a resolution appointing Paul Barry as Management Board Member in charge of the Finance Division effective from 1 October 2008.
- On 16 December 2008, the Bank Zachodni WBK Supervisory Board nominated Michael McCarthy as Management Board Member in charge of the Business and Corporate Banking Division effective from 1 February 2009.

Shares in Possession of the Supervisory and Management Board Members

The table below presents the number of shares held by the Supervisory Board Members as at the date of approval of Interim Report 2009 of Bank Zachodni WBK Group:

Members of the Supervisory Board as at 30-06-2009	Number of BZ WBK shares	
	30-06-2009	31-12-2008
Waldemar Frąckowiak	278	278
Other Board Members	-	-

The first Incentive Scheme of 2006 has been fully exercised and 115 729 H series shares issued as part of the bank's share capital increase have been allocated to the entitled employees, of which the Management Board Members have been granted 23 084 shares (the H series shares were registered with the National Depository of Securities on 10 July 2009). The Management Board members have also a conditional right to acquire shares under the Performance Share Programme II and III. The table below shows the number of Bank Zachodni WBK shares and share entitlements held by the Management Board members as at the approval date of Interim Report 2009.

Members of the Management Board as at 30-06-2009	30-06-2009		31-12-2008	
	Number of BZ WBK Shares	Number of Share-Based Payments	Number of BZ WBK Shares	Number of Share-Based Payments
Mateusz Morawiecki	3,591	9,961	-	13,552
Paul Barry	-	-	-	-
Andrzej Burliga	1,606	4,417	-	6,023
Declan Flynn	-	-	-	-
Justyn Konieczny	3,591	7,847	-	11,438
Janusz Krawczyk	3,397	6,661	-	10,058
Jacek Marcinowski	3,397	6,661	-	10,058
Michael McCarthy	-	-	-	-
Marcin Prell	2,530	6,661	-	9,191
Mirosław Skiba	1,575	2,813	-	4,388
Feliks Szyzkowski	3,438	6,661	-	10,058
	23,125	51,682	-	74,766

2. Control System of Financial Statements

Internal Control System and Risk Management

The bank operates an internal control system which supports the decision-making processes and contributes to efficient operation of the bank, reliability of financial reporting and compliance with the internal and external regulations. The bank's internal control system is adjusted to its organisational structure and the risk management system, and includes the Business Support Centre units, branches and subsidiaries. Development, implementation and maintenance of the written strategies and procedures of the internal control system is the responsibility of the bank's Management Board. The Supervisory Board has oversight over implementation of the internal control system and evaluates its adequacy and effectiveness.

Financial data preparation for the purpose of statutory reporting is automated and based on the consolidated General Ledger. Data inputs in the source systems are subject to formal operational and approval procedures which state responsibilities of individual staff members. A set of specialist controls is also applicable to the General Ledger processing. Any manual corrections or management overrides are under strict control.

The financial statements are formally approved by the Disclosure Committee which is responsible for ensuring that the data are true and compliant with law. The Disclosure Committee recommends the financial statements to the Management Board for ratification. The financial statements are also reviewed by the Audit Committee of the Supervisory Board.

In addition, the efficiency of control mechanisms is assessed annually as part of the certification process for compliance with Sarbanes-Oxley Act.

Internal Control Compliant with the Sarbanes-Oxley Act

Bank Zachodni WBK as a subsidiary of the AIB Group must fulfil the requirements arising from the Sarbanes-Oxley (SOX) Act insofar as it relates to the Group. This regulation introduced strict rules with respect to exercising internal control over the company's financial reporting. As part of the AIB Group certification process for 2008, the bank's management confirmed that relevant processes operated properly across Bank Zachodni WBK Group and that the Group's internal control system was robust. Appropriate certificates were also submitted at the end of the first and the second quarter of 2009.

Selection of Auditor

In accordance with §32 point 10 of the Statutes of Bank Zachodni WBK and the industry practice, on 24 June 2009 the bank's Supervisory Board passed a resolution appointing KPMG Audyt Sp. z o.o. as an auditor to review the bank's stand-alone and consolidated financial statements for the first half of 2009 and to audit the full accounts for 2009. KPMG Audyt Sp. z o.o. audited the bank's financial statements for the prior years and through other KPMG companies provided consulting services permitted by law and the bank's internal regulations, whereby adequate impartiality and independence of the auditor was ensured.

3. Other Information

Transactions with Connected Entities

Transactions between the bank and its subsidiaries are banking operations carried out on an arms length basis as part of the ordinary business and represent mainly loans, deposits and guarantees.

As at 30 June 2009, total exposure on loans to subsidiaries (mainly BZ WBK Leasing S.A., BZ WBK Finanse & Leasing S.A., BZ WBK Faktor Sp. z o.o.) was PLN 953.3 m versus PLN 688.7 m a year before. Guarantees to subsidiaries (BZ WBK Finanse & Leasing S.A., BZ WBK Leasing S.A., Dom Maklerski BZ WBK S.A., BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A., BZ WBK Nieruchomości S.A.) totalled PLN 53.8 m versus PLN 107.5 m as at 30 June 2008.

As at 30 June 2009, deposits held by the subsidiaries with Bank Zachodni WBK totalled PLN 823.7m vs PLN 1,520.3 m 12 months before.

The intercompany items have been eliminated from the consolidated accounts.

Guarantees

As at 30 June 2009, guarantees sanctioned by Bank Zachodni WBK Group amounted to PLN 826.2 m as compared to PLN 876.9 m 12 months before.

Bank Zachodni WBK guarantees are obligations arising from customers' operating activities. These are: payment guarantees, performance bonds, warranty bonds, bid bonds, loan repayment guarantees and customs guarantees. In accordance with the Bank Zachodni WBK Regulations for provision of non-consumer credit services, the bank provides civil law guarantees (mainly: loan repayment guarantees, guarantees of payments for goods or services, advance payment guarantees, performance bonds, customs guarantees) as well as guarantees under Bills of Exchange Law (mainly: loan repayment guarantees, guarantees of payment for goods or services).

The process and information required are similar to the lending process. Relevant regulations are contained in the SME Lending Manual and the Corporate Lending Manual.

Selected off-Balance Sheet Items

Commitments and Derivatives

Guarantees and commitments of Bank Zachodni WBK Group and nominal amounts of derivative transactions are as follows:

PLN m

Guarantees and Commitments (Sanctioned)	30-06-2009	30-06-2008
Financial commitments	7,116.4	9,654.2
Guarantees	826.2	876.9
Total	7,942.6	10,531.1

PLN m

Derivatives by Nominals	30-06-2009	30-06-2008
Forward (hedging)	1,948.0	1,543.1
Forward (trading)	94,145.6	211,084.0
Current FX transactions	1,829.6	1,497.1
Trading in equities	36.5	3.5
Total	97,959.7	214,127.7

Operating Leases

Bank Zachodni WBK Group leases offices in compliance with operating lease agreements. As a standard, agreements are concluded for 5-10 years. Total payments of all the non-cancellable operating leases (including land perpetual usufruct) are as below:

PLN m

Payments by Maturity	30-06-2009	30-06-2008
Less than 1 year	138.3	112.4
1-5 years	331.8	370.8
over 5 years	299.0	309.3
Total	769.1	792.5

Significant Court Proceedings

As at 30 June 2009 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 litigations totalled PLN 216.9 m which is ca 3.95% of the Group's equity as at end-June 2009 (compared to PLN 273.7 m as at 30 June 2008 which is ca. 5.71% of the Group's equity). This amount includes PLN 30.5 m claimed by the Bank, PLN 53.4 m in claims against the bank and PLN 133 m of the bank's receivables due to bankruptcy or arrangement cases.

VII. Representations of the Management Board

True and Fair Presentation of the Financial Statements

According to the Management Board's best knowledge and belief, the financial figures and the comparable data presented in the financial statements forming part of the "Interim Report 2009 of Bank Zachodni WBK Group" were prepared in keeping with the applicable accounting policies and give a true and fair view of the assets and financial performance of Bank Zachodni WBK and its Group. The Management Board's Report contained in this document shows a true picture of the Group's development, achievements and position (including the underlying risks) in the first half of 2009.

Selection of Auditor

The auditing firm responsible for reviewing the interim consolidated financial statements of the bank and its group was selected in compliance with the applicable legislation. The auditing firm and its auditors satisfied the necessary conditions to ensure they provide an unbiased and independent report compliant with Polish law and the professional standards.

Date	Name	Role	Signature
30-07-2009	Mateusz Morawiecki	President of the Management Board	
30-07-2009	Paul Barry	Management Board Member	
30-07-2009	Andrzej Burliga	Management Board Member	
30-07-2009	Declan Flynn	Management Board Member	
30-07-2009	Justyn Konieczny	Management Board Member	
30-07-2009	Janusz Krawczyk	Management Board Member	
30-07-2009	Jacek Marcinowski	Management Board Member	
30-07-2009	Michael McCarthy	Management Board Member	
30-07-2009	Marcin Prell	Management Board Member	
30-07-2009	Mirosław Skiba	Management Board Member	
30-07-2009	Feliks Szyszkowiak	Management Board Member	

**CONDENSED INTERIM UNCONSOLIDATED FINANCIAL
STATEMENTS OF BANK ZACHODNI WBK S.A.
FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2009**

2009



WBK

Bank Zachodni WBK

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1. Income statement of Bank Zachodni WBK S.A.

For reporting period:	01.01.2009- 30.06.2009	01.01.2008- 30.06.2008
Interest and similar income	1 543 856	1 360 549
Interest expense and similar charges	(897 157)	(652 969)
Net interest income	646 699	707 580
Fee and commission income	584 691	523 098
Fee and commission expense	(62 235)	(53 671)
Net fee and commission income	522 456	469 427
	Note 6	
Dividend income	317 213	218 309
Net trading income and revaluation	127 164	54 780
Gains (losses) from other financial securities	(1 924)	12 041
Net gain on sale of subsidiaries and associates	-	226
Other operating income	23 217	24 728
Impairment losses on loans and advances	(268 349)	(15 965)
Operating expenses incl.:	(739 977)	(748 412)
<i>Bank's staff, operating expenses and management costs</i>	<i>(676 734)</i>	<i>(696 725)</i>
<i>Depreciation/amortisation</i>	<i>(54 929)</i>	<i>(45 853)</i>
<i>Other operating expenses</i>	<i>(8 314)</i>	<i>(5 834)</i>
Operating profit	626 499	722 714
Profit before tax	626 499	722 714
Corporate income tax	(65 832)	(116 124)
Profit for the period	560 667	606 590
Net earnings per share (PLN/share)		
Basic earnings per share	7,68	8,31
Diluted earnings per share	7,67	8,30

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

For reporting period:	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008
Profit for the period	560 667	606 590
Other comprehensive income:	60 410	(105 038)
Available-for sale financial assets valuation	37 056	(106 646)
Cash flow hedges valuation	23 354	1 608
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	621 077	501 552

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

	as at:	30.06.2009	31.12.2008	30.06.2008
ASSETS				
Cash and balances with central bank		2 304 512	3 178 099	2 469 396
Loans and advances to banks		1 019 811	1 347 832	2 538 785
Financial assets held for trading		1 761 341	3 222 357	1 550 269
Hedging derivatives		4 026	347	45 047
Loans and advances to customers		33 910 774	32 654 263	26 011 655
Investment securities		13 467 612	12 894 385	10 504 860
Investments in associates and joint ventures		234 349	234 225	190 442
Intangible assets		154 502	155 459	112 953
Property, plant & equipment		594 148	618 705	542 373
Current income tax due		13 631	-	-
Deferred tax assets		187 697	168 141	102 150
Other assets		362 717	337 243	269 246
Total assets		54 015 120	54 811 056	44 337 176
LIABILITIES				
Deposits from central banks		1 381 739	1 242 574	-
Deposits from banks		2 738 576	1 957 609	3 465 570
Hedging derivatives		48 312	68 562	1 196
Financial liabilities held for trading		1 883 751	3 253 289	1 296 394
Deposits from customers		42 103 067	43 381 905	34 483 230
Debt securities in issue		-	-	102 312
Current income tax liabilities		-	10 971	380
Other liabilities		816 492	475 588	848 513
Total liabilities		48 971 937	50 390 498	40 197 595
Equity				
Share capital		729 603	729 603	729 603
Other reserve funds		3 354 290	2 543 577	2 547 985
Revaluation reserve		398 623	338 213	255 403
Profit of the current period		560 667	809 165	606 590
Total equity		5 043 183	4 420 558	4 139 581
Total equity and liabilities		54 015 120	54 811 056	44 337 176

4. 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 31.12.2008	729 603	2 543 577	338 213	809 165	4 420 558
Total comprehensive income for 1H 2009	-	-	60 410	560 667	621 077
Share scheme charge	-	1 548	-	-	1 548
Transfer to other capital	-	809 165	-	(809 165)	-
As at 30.06.2009	729 603	3 354 290	398 623	560 667	5 043 183

As at the end of the period revaluation reserve in the amount of PLN 398 623 k comprises of debt securities of (13 664) k and equity shares classified as available for sale of PLN 413 605 k and additionally cash flow hedge activities PLN (1 318) k.

MOVEMENTS ON EQUITY	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2007	729 603	1 951 251	360 441	809 474	3 850 769
Total comprehensive income	-	-	(22 228)	809 165	786 937
Share scheme charge	-	1 733	-	-	1 733
Dividend relating to 2007	-	-	-	(218 881)	(218 881)
Transfer to other capital	-	590 593	-	(590 593)	-
As at 31.12.2008	729 603	2 543 577	338 213	809 165	4 420 558

As at the end of the period revaluation reserve in the amount of PLN 338 213 k comprises of debt securities of PLN (51 895) k and equity shares classified as available for sale of PLN 414 781 k and additionally cash flow hedge activities PLN (24 673) k.

MOVEMENTS ON EQUITY	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2007	729 603	1 951 251	360 441	809 474	3 850 769
Total comprehensive income	-	-	(105 038)	606 590	501 552
Share scheme charge	-	6 141	-	-	6 141
Dividend relating to 2007	-	-	-	(218 881)	(218 881)
Transfer to other capital	-	590 593	-	(590 593)	-
As at 30.06.2008	729 603	2 547 985	255 403	606 590	4 139 581

As at the end of the period revaluation reserve in the amount of PLN 255 403 k comprises of debt securities of PLN (194 742) k and equity shares classified as available for sale of PLN 448 537 k and additionally cash flow hedge activities PLN 1 608 k.

5. Cash flow statement of Bank Zachodni WBK S.A.

	01.01.2009	01.01.2008
for the period:	- 30.06.2009	- 30.06.2008
Profit before tax	626 499	722 714
Total adjustments:	(1 572 832)	462 657
Depreciation	54 929	45 854
Impairment losses	-	11
Interests and similar charges	49 390	38 996
Dividend received	(317 213)	(218 309)
(Profit) loss from investing activities	(169)	(14 677)
Change in provisions	5 634	(14 319)
Change in trading portfolio financial instruments	61 062	(165 931)
Change in loans and advances to banks	-	(123 942)
Change in loans and advances to customers	(1 256 511)	(3 861 446)
Change in deposits from banks	920 132	320 175
Change in deposits from customers	(1 278 838)	4 218 496
Change in liabilities arising from debt securities in issue	-	2 964
Change in other assets and liabilities	312 404	303 062
Paid income tax	(124 149)	(69 177)
Other adjustments	497	900
Net cash flow from operating activities	(946 333)	1 185 371
Inflows	3 158 940	1 709 219
Sale of shares or interests in subsidiaries and associates	-	2 525
Sale of investment securities	2 839 879	1 481 403
Sale of intangible and tangible fixed assets	1 843	6 978
Dividends received	317 213	218 309
Proceeds from other investments	5	4
Outflows	(3 786 563)	(2 750 956)
Purchase of subsidiaries and associates	(50)	(38 131)
Purchase of investment securities	(3 756 252)	(2 648 464)
Purchase of intangible and tangible fixed assets	(30 261)	(64 320)
Other investments	-	(41)
Net cash flow from investing activities	(627 623)	(1 041 737)
Inflows	-	-
Outflows	(14 976)	(225 792)
Dividends and other payments to shareholders	-	(218 881)
Other financing outflows	(14 976)	(6 911)
Net cash flow from financing activities	(14 976)	(225 792)
Total net cash flow	(1 588 932)	(82 158)
Cash at the beginning of the accounting period	5 316 320	5 016 237
Cash at the end of the accounting period	3 727 388	4 934 079

6. Basis of preparation of condensed interim unconsolidated financial statements

The accounting policies applied by the Bank in these condensed interim unconsolidated financial statements for the 6-month period ended 30 June 2009 are the same as those applied by the Group in the note 7 of its condensed interim consolidated financial statements, except for those concerning the method of accounting for the investment in subsidiaries, associates and joint ventures.

Investment in subsidiaries, associates and joint ventures - recognition and measurement

In the condensed interim unconsolidated financial statements of Bank Zachodni WBK S.A., investment in subsidiaries, associates and joint ventures are accounted for at cost in accordance with IAS 27 "Consolidated and Separate Financial Statements", less impairment. For losses arising from impairment on investments in subsidiaries, associates and joint ventures, the IAS 36 "Impairment of Assets" is applied.

Except as described below, other information and explanations included in condensed interim consolidated financial statements of Bank Zachodni WBK Group fully stand in for notes to these interim unconsolidated financial statements.

Fee and commission income	01.01-30.06.2009	01.01-30.06.2008
eBusiness & payments	179 001	145 500
Current accounts and money transfer	120 584	114 050
Foreign exchange commissions	118 247	103 968
Insurance commissions	50 415	32 147
Credit commissions	43 011	31 316
Credit cards	33 225	25 700
Distribution fees due to asset management	24 979	50 289
Off-balance sheet guarantee commissions	6 236	6 289
Other distribution-related fee	4 087	5 311
Issue arrangement	3 714	7 284
Other commissions	1 192	1 244
Total	584 691	523 098
Fee and commission expences	01.01-30.06.2009	01.01-30.06.2008
eBusiness & payments	(45 152)	(33 043)
Credit intermediation costs	(6 323)	(12 147)
Credit cards	(3 781)	(3 403)
Other commissions incl.:	(6 979)	(5 078)
<i>paid to other banks</i>	<i>(3 529)</i>	<i>(2 118)</i>
<i>brokerage commissions</i>	<i>(1 083)</i>	<i>(1 203)</i>
<i>other</i>	<i>(2 367)</i>	<i>(1 757)</i>
Total	(62 235)	(53 671)
Net fee and commission income	522 456	469 427

SIGNATURES			
Signatures of Members of the Management Board			
Date	Name	Function	Signature
30-07-2009	Mateusz Morawiecki	President	
30-07-2009	Paul Barry	Member	
30-07-2009	Andrzej Burliga	Member	
30-07-2009	Declan Flynn	Member	
30-07-2009	Justyn Konieczny	Member	
30-07-2009	Janusz Krawczyk	Member	
30-07-2009	Jacek Marcinowski	Member	
30-07-2009	Michael McCarthy	Member	
30-07-2009	Marcin Prell	Member	
30-07-2009	Mirosław Skiba	Member	
30-07-2009	Feliks Szyszkowiak	Member	

Signature of a person who is responsible for maintaining the book of account			
Date	Name	Function	Signature
30-07-2009	Wojciech Skalski	Financial Accounting Area Director	



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This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

**INDEPENDENT AUDITORS' REVIEW REPORT
ON THE CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL STATEMENTS OF
BANK ZACHODNI WBK S.A.
FOR THE PERIOD
FROM 1 JANUARY 2009 TO 30 JUNE 2009**

To the Shareholders of Bank Zachodni WBK S.A.

Introduction

We have reviewed the accompanying condensed interim unconsolidated financial statements of Bank Zachodni WBK S.A., with its registered office in Wrocław, Rynek 9/11, 50-950 Wrocław that consist of the unconsolidated statement of financial position as at 30 June 2009, with total assets and total liabilities and equity of PLN 54,015,120 thousand, the unconsolidated profit and loss account for the period from 1 January 2009 to 30 June 2009 with a net profit of PLN 560,667 thousand, the unconsolidated statement of comprehensive income for the period from 1 January 2009 to 30 June 2009 with total comprehensive income of PLN 621,077 thousand, the unconsolidated statement of changes in equity for the period from 1 January 2009 to 30 June 2009 with an increase in equity of PLN 622,625 thousand, the unconsolidated statement of cash flow for the period from 1 January 2009 to 30 June 2009 with a decrease in cash amounting to PLN 1,588,932 thousand and selected explanatory notes.

Management of the Bank is responsible for the preparation and presentation of these condensed interim unconsolidated financial statements in accordance with the International Accounting Standard 34 "*Interim Financial Reporting*" as adopted by the European Union and other applicable regulations. Our responsibility is to express a conclusion on these condensed interim financial statements, based on our review.

Scope of Review

We conducted our review in accordance with Standard No. 4 of the professional standards *General principles for the review of financial statements* issued by the Polish National Council of Certified Auditors and with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial statements of Bank Zachodni WBK S.A. are not prepared, in all material respects, in accordance with International Accounting Standard 34 “*Interim Financial Reporting*” as adopted by the European Union.

Signed on the Polish original

.....
On behalf of KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
Stacy Ligas
Director

signed on the Polish original

.....
On behalf of KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
Certified Auditor No. 796
Bogdan Dębicki
Director

31 July 2009
Warsaw, Poland