

**CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS OF
BANK ZACHODNI WBK S.A. FOR THE
6-MONTH PERIOD ENDED 30 JUNE 2010**

2010



WBK

| Bank Zachodni WBK S.A.

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

	for reporting period:	01.04.2010- 30.06.2010	01.01.2010- 30.06.2010	01.04.2009- 30.06.2009	01.01.2009- 30.06.2009
Interest and similar income		741 537	1 489 602	740 283	1 543 856
Interest expense and similar charges		(342 133)	(704 072)	(419 742)	(897 157)
Net interest income		399 404	785 530	320 541	646 699
Fee and commission income		294 500	572 522	292 822	575 398
Fee and commission expense		(41 546)	(71 225)	(32 172)	(62 235)
Net fee and commission income	Note 7	252 954	501 297	260 650	513 163
Dividend income	Note 8	78 949	131 358	113 658	317 213
Net trading income and revaluation		70 745	141 040	83 458	127 164
Gains (losses) from other financial securities		166	8 904	(7 295)	(1 924)
Other operating income		11 702	19 691	10 245	23 217
Impairment losses on loans and advances	Note 9	(128 099)	(187 894)	(114 490)	(268 349)
Operating expenses incl.:		(388 012)	(766 947)	(362 716)	(739 977)
<i>Bank's staff, operating expenses and management costs</i>		(353 414)	(697 430)	(331 878)	(676 734)
<i>Depreciation/amortisation</i>		(28 880)	(57 807)	(27 555)	(54 929)
<i>Other operating expenses</i>		(5 718)	(11 710)	(3 283)	(8 314)
Operating profit		297 809	632 979	304 051	617 206
Profit before tax		297 809	632 979	304 051	617 206
Corporate income tax		(53 744)	(138 697)	(44 083)	(64 066)
Profit for the period		244 065	494 282	259 968	553 140
Net earnings per share (PLN/share)					
Basic earnings per share		3,33	6,76	3,56	7,58
Diluted earnings per share		3,32	6,76	3,56	7,55

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

	for reporting period:	01.04.2010- 30.06.2010	01.01.2010- 30.06.2010	01.04.2009- 30.06.2009	01.01.2009- 30.06.2009
Profit for the period		244 065	494 282	259 968	553 140
Other comprehensive income:					
Available-for sale financial assets valuation		(32 312)	8 230	21 924	37 056
Cash flow hedges valuation		8 952	2 321	6 244	23 354
Other comprehensive income for the period, net of income tax		(23 360)	10 551	28 168	60 410
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		220 705	504 833	288 136	613 550



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

as at:		30.06.2010	31.12.2009	30.06.2009
ASSETS				
	Cash and balances with central banks	1 477 890	2 660 649	2 304 512
	Loans and advances to banks	1 010 308	647 559	1 019 811
	Financial assets held for trading	1 559 086	1 303 226	1 761 341
	Hedging derivatives	15 445	10 801	4 026
	Loans and advances to customers	32 562 368	32 626 176	33 910 774
	Investment securities	13 370 954	13 265 805	13 467 612
	Investments in subsidiaries, associates and joint ventures	238 349	234 349	234 349
	Intangible assets	154 511	162 693	154 502
	Property, plant and equipment	547 019	581 132	594 148
	Current income tax due	-	55 817	13 631
	Net deferred tax assets	251 594	228 156	193 719
	Other assets	390 791	169 918	362 718
	Total assets	51 578 315	51 946 281	54 021 143
LIABILITIES				
	Deposits from central bank	224 323	1 519 208	1 381 739
	Deposits from banks	2 412 010	2 301 492	2 738 576
	Hedging derivatives	48 178	32 933	48 312
	Financial liabilities held for trading	938 980	815 071	1 883 751
	Deposits from customers	41 445 100	41 262 174	42 103 067
	Current income tax liabilities	77 978	-	-
	Other liabilities	744 761	540 947	848 192
	Total liabilities	45 891 330	46 471 825	49 003 637
Equity				
	Share capital	730 760	730 760	729 603
	Other reserve funds	4 048 213	3 354 289	3 354 290
	Revaluation reserve	432 813	422 262	398 623
	Retained earnings	(19 083)	(18 149)	(18 150)
	Profit of the current period	494 282	985 294	553 140
	Total equity	5 686 985	5 474 456	5 017 506
	Total equity and liabilities	51 578 315	51 946 281	54 021 143

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 31.12.2009 (*)	730 760	3 354 289	422 262	967 145	5 474 456
Total comprehensive income	-	-	10 551	494 282	504 833
Transfer to other capital	-	693 924	-	(693 924)	-
Transfer to dividends for 2009	-	-	-	(292 304)	(292 304)
As at 30.06.2010	730 760	4 048 213	432 813	475 199	5 686 985

As at the end of the period revaluation reserve in the amount of PLN 432 813 k comprises of debt securities of PLN 17 918 k and equity shares classified as available for sale of PLN 410 657 k and additionally cash flow hedge activities PLN 4 238 k.

Movements on equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2008 (*)	729 603	2 543 577	338 213	791 015	4 402 408
Total comprehensive income	-	-	84 049	985 295	1 069 344
Share issue related to vesting the share incentive scheme	1 157	-	-	-	1 157
Share scheme charge	-	1 547	-	-	1 547
Transfer to other capital	-	809 165	-	(809 165)	-
As at 31.12.2009	730 760	3 354 289	422 262	967 145	5 474 456

As at the end of the period revaluation reserve in the amount of PLN 422 262 k comprises of debt securities of PLN 4 972 k and equity shares classified as available for sale of PLN 415 372 k and additionally cash flow hedge activities PLN 1 918 k.

Movements on equity	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2008 (*)	729 603	2 543 577	338 213	791 015	4 402 408
Total comprehensive income	-	-	60 410	553 140	613 550
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	534 990	5 017 506

As at the end of the period revaluation reserve in the amount of PLN 398 623 k comprises of debt securities of PLN (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.

(*) Data converted as described in the note 6 'Correction of prior periods'

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

	for reporting period:	01.01.2010- 30.06.2010	01.01.2009- 30.06.2009
Profit before tax		632 979	617 206
Total adjustments:		(817 695)	(1 563 539)
Depreciation/amortisation		57 807	54 929
Impairment losses		26	-
Interests and similar charges		37 551	49 390
Dividend received		(131 358)	(317 213)
(Profit) loss from investing activities		(8 852)	(169)
Change in provisions		(28 319)	5 634
Change in trading portfolio financial instruments		250 036	61 062
Change in loans and advances to customers		63 808	(1 256 511)
Change in deposits from banks		(1 184 367)	920 132
Change in deposits from customers		182 926	(1 278 838)
Change in other assets and liabilities		(26 443)	321 697
Paid income tax		(30 772)	(124 149)
Other adjustments		262	497
Net cash flow from operating activities		(184 716)	(946 333)
Inflows		1 017 260	3 158 940
Sale/maturity of investment securities		884 806	2 839 879
Sale of intangible assets and property, plant and equipment		1 091	1 843
Dividend received		131 358	317 213
Proceeds from other investments		5	5
Outflows		(2 374 080)	(3 786 563)
Purchase of subsidiaries, associates and joint ventures		-	(50)
Purchase of investment securities		(2 358 212)	(3 756 252)
Purchase of intangible assets and property, plant and equipment		(15 868)	(30 261)
Net cash flow from investing activities		(1 356 820)	(627 623)
Inflows		-	-
Outflows		(306 433)	(14 976)
Dividends and other payments to shareholders		(292 304)	-
Other financing outflows		(14 129)	(14 976)
Net cash flow from financing activities		(306 433)	(14 976)
Total net cash flow		(1 847 969)	(1 588 932)
Cash at the beginning of the accounting period		5 550 892	5 316 320
Cash at the end of the accounting period		3 702 923	3 727 388

6. Basis of preparation of condensed interim unconsolidated 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 for the year 2009 and with the condensed interim consolidated financial statements of BZ WBK Group for the six-month period ended 30 June 2010.

Statement of compliance

Condensed interim unconsolidated financial statements of Bank Zachodni WBK S.A. for the period from 1 January 2010 to 30 June 2010 were prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and other applicable regulations.

In accordance with Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) as amended, the Bank is required to publish the financial results for the six months ended 30 June 2010.

Accounting policies

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

Except as described below, the accounting policies applied by the Bank in these condensed interim financial statements are the same as those applied by the Bank in its financial statements as at and for the year ended 31 December 2009.

Correction of prior periods

As at 30 June 2010 the Bank conducted analysis of an insurance premium recognition policy for income gained together with BZ WBK -AVIVA joint ventures entities. As a result of this analysis, the Bank assured consistency of recognition of the income across the Bank. Aiming accurate presentation of the insurance product proceeds disclosed in the prior years, the Bank adjusted previously reported financial data in line with requirements of IAS 8. The table below presents reconciliation of adjustments applied to the statement of comprehensive income and statement of financial position:

		Fee and commission income	Profit before tax	Corporate income tax	Profit after tax	Deferred tax asset	Other liabilities	Equity
Q2 2009	prior adjustment	297 525	308 754	(44 977)	263 777	-	-	-
	adjustment	(4 703)	(4 703)	894	(3 809)	-	-	-
	after adjustment	292 822	304 051	(44 083)	259 968	-	-	-
H1 2009	prior adjustment	584 691	626 499	(65 832)	560 667	-	-	-
	adjustment	(9 293)	(9 293)	1 766	(7 527)	-	-	-
	after adjustment	575 398	617 206	(64 066)	553 140	-	-	-
30.06.2009	prior adjustment	-	-	-	-	187 696	816 492	5 043 183
	adjustment	-	-	-	-	6 023	31 700	(25 677)
	after adjustment	-	-	-	-	193 719	848 192	5 017 506
31.12.2009	prior adjustment	-	-	-	-	223 680	517 388	5 493 539
	adjustment	-	-	-	-	4 476	23 560	(19 084)
	after adjustment	-	-	-	-	228 156	540 948	5 474 455



Comparability with results of previous periods

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

- a) since 30 July 2010 the Bank has been presenting in the condensed income statement and statement of comprehensive income half-yearly and quarterly financial information for the reporting period ending on 30 July 2010. To ensure comparability requirements, the financial statements include also quarterly information for the period ending on 30 July 2009
- b) in consolidated statement of financial position:
 - As at result of changes in the Group's policy concerning presentation of derivative instruments, as at 31.12.2009 the items 'Financial assets held for trading' and 'Financial liabilities held for trading' have been increased by the amount of PLN 2 189 k.

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.

Judgments and estimates

As at 30 June 2010, Bank Zachodni WBK revised spreads applied in calculations of fair value of Cross Currency Swaps which are more reliably reflecting fair value of the derivative instruments. The total fair value adjustment to these derivatives was PLN (17 874) 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 key sources of estimation uncertainty have not been changed.

Other information and disclosures

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.

7. Net fee and commission income

	01.04.2010 -30.06.2010	01.01.2010 -30.06.2010	01.04.2009 -30.06.2009	01.01.2009 -30.06.2009
Fee and commission income				
eBusiness & payments	95 024	181 812	91 817	179 001
Current accounts and money transfer	62 880	125 283	62 362	120 584
Foreign exchange commissions	52 167	97 949	56 923	118 247
Credit commissions	22 707	47 629	21 872	43 011
Insurance commissions	16 909	33 379	21 128	41 122
Credit cards	15 959	31 735	17 452	33 225
Distribution fees	20 040	40 195	15 333	29 066
Off-balance sheet guarantee commissions	2 987	6 023	3 017	6 236
Issue arrangement	3 701	5 486	2 160	3 714
Other commissions	2 126	3 031	758	1 192
Total	294 500	572 522	292 822	575 398
Fee and commission expense				
eBusiness & payments	(28 498)	(48 704)	(23 612)	(45 152)
Commissions paid to credit agents	(6 779)	(11 952)	(3 138)	(6 323)
Credit cards	(1 598)	(3 371)	(2 023)	(3 781)
Other commissions incl.:	(4 671)	(7 198)	(3 399)	(6 979)
paid to other banks	(1 650)	(2 486)	(1 556)	(3 529)
brokerage commissions	(765)	(1 284)	(682)	(1 083)
Other	(2 256)	(3 428)	(1 161)	(2 367)
Total	(41 546)	(71 225)	(32 172)	(62 235)
Net fee and commission income	252 954	501 297	260 650	513 163

8. Dividend income

	01.04.2010 -30.06.2010	01.01.2010 -30.06.2010	01.04.2009 -30.06.2009	01.01.2009 -30.06.2009
Dividend income				
Dividends from subsidiaries and joint ventures	26 337	78 645	39 917	243 446
Dividends from investment portfolio entities	52 612	52 713	73 741	73 767
Total	78 949	131 358	113 658	317 213

9. Impairment losses on loans and advances

	01.04.2010 -30.06.2010	01.01.2010 -30.06.2010	01.04.2009 -30.06.2009	01.01.2009 -30.06.2009
Impairment losses on loans and advances				
Collective and individual impairment charge	(114 680)	(211 330)	(113 125)	(230 954)
Incurring but not reported losses charge	(24 953)	3 924	(5 584)	(38 485)
Recoveries of loans previously written off	8 158	14 505	2 864	4 556
Off balance sheet credit related items	3 376	5 007	1 355	(3 466)
Total	(128 099)	(187 894)	(114 490)	(268 349)

10. Deposits from central bank

Deposits from central bank	30.06.2010	31.12.2009	30.06.2009
Repo transactions	224 323	1 519 208	1 381 739
Total	224 323	1 519 208	1 381 739

11. Deposits from banks

Deposits from banks	30.06.2010	31.12.2009	30.06.2009
Repo transactions	1 225 421	1 531 795	2 129 754
Term deposits	1 139 761	745 682	557 531
Current accounts	46 828	24 015	51 291
Total	2 412 010	2 301 492	2 738 576

12. Related party disclosed

Intercompany transaction has been presented in the note 24 of the Condensed Interim Consolidated Financial Statements of Bank Zachodni WBK Group for the 6-month period ended 30 June 2010.

Signatures of Members of the Management Board			
Date	Name	Function	Signature
27-07-2010	Mateusz Morawiecki	President	
27-07-2010	Paul Barry	Member	
27-07-2010	Andrzej Burliga	Member	
27-07-2010	Declan Flynn	Member	
27-07-2010	Justyn Konieczny	Member	
27-07-2010	Janusz Krawczyk	Member	
27-07-2010	Jacek Marcinowski	Member	
27-07-2010	Michael McCarthy	Member	
27-07-2010	Marcin Prell	Member	
27-07-2010	Mirostaw Skiba	Member	
27-07-2010	Feliks Szyzkowiak	Member	

Signature of a person who is responsible for maintaining the book of account			
Date	Name	Function	Signature
27-07-2010	Wojciech Skalski	Financial Accounting Area Director	